

## Newsletter

October 2013

### Results for the six months to 31 July

In September, the Company released its results for the half year, which showed that the net asset value grew by 8.1%, compared with 6.8% for the FTSE All-Share Index.

The performance of the portfolio was strong, driven by continued growth in underlying profits and by a number of successful realisations including Doughty Hanson's disposal of Vue Entertainment (see case study overleaf).

Over both the short term and the long term, the Company's net asset value has been a top performer in the listed private equity sector. Over one, three and five years, our net asset value total return is the best of our peer group\*.

Since the release of the results, the share price has risen to 539p<sup>†</sup>. In the last twelve months, the share price has increased by 30%. The interim report is available to download at [www.graphite-enterprise.com](http://www.graphite-enterprise.com)

### Activity – 1 August to 18 October

Realisations have continued to be strong with proceeds of £35.8 million exceeding additions to the portfolio of £18.7 million. New investments include an £11.3 million secondary purchase of two funds: CVC V and Charterhouse IX. We have also made commitments of £100 million to Graphite VIII, Graphite Capital's most recent buy-out fund, €10 million to Nordic Capital VIII and £3 million to Hollyport IV.

The strength of our balance sheet, with total liquidity of over £170 million, leaves us well placed to capitalise on opportunities for new investment. The strength of our portfolio should continue to drive net asset value performance.

\*Funds-of-funds: Aberdeen Private Equity, F&C Private Equity, HarbourVest Private Equity, JPMorgan Private Equity, NB Private Equity, Pantheon International Participations, Princess Private Equity, Standard Life European Private Equity. (Source: Morningstar, total return in local currencies)

<sup>†</sup>As at the close on 18 October

### Financial summary – Six months to 31 July 2013

# +8.1%

Net asset value per share

# +9.3%

Underlying value of the investment portfolio in local currencies

# £39.6m

Realisation proceeds

### General information

#### Investment focus

Private equity – European buy-outs

**Year end** 31 January

**Listing** London (premium listing)

#### Ticker / ISIN / SEDOL

GPE.LN / GB0003292009 / 0329200

**Broker** JP Morgan Cazenove

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# 682.3p

Net asset value per share at 31.07.13

# 539.0p

Share price at 18.10.13

# £393m

Market capitalisation at 18.10.13

## About Graphite Enterprise

Graphite Enterprise ("the Company") aims to provide shareholders with long term capital growth through investment in unquoted companies.

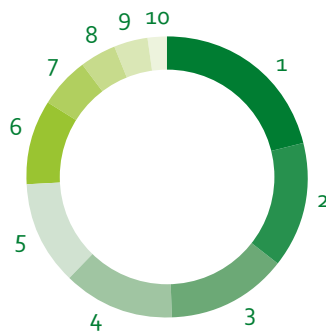
To achieve this, the Company invests in private equity funds and also directly in private equity backed companies.

The Company is managed by Graphite Capital. As a fund-of-funds manager which also has a long history as a direct buy-out manager, Graphite Capital has an unusually broad perspective from which to assess opportunities to invest in other managers' funds and to make selective co-investments alongside those funds.

Typically 20-25% of the portfolio is in investments managed by Graphite Capital. Investments in other UK companies and in overseas markets are made through funds managed by third parties.

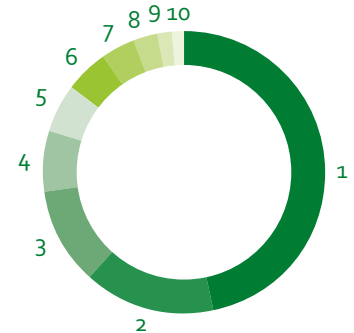
The Board has a conservative approach to portfolio and balance sheet management.

### Portfolio — Sector analysis 31.07.13



1. Business services	21.4%
2. Industrials	14.4%
3. Healthcare and education	13.8%
4. Consumer goods and services	12.6%
5. Leisure	12.0%
6. Financial services	9.8%
7. Automotive supplies	5.9%
8. Media	4.1%
9. Technology and telecommunications	4.0%
10. Chemicals	2.0%

### Portfolio — Geographical distribution 31.07.13



1. UK	46.9%
2. France	14.9%
3. North America	11.1%
4. Germany	7.1%
5. Benelux	5.5%
6. Spain	4.9%
7. Greece, Ireland, Italy, Portugal	3.9%
8. Scandinavia	2.9%
9. Other Europe	1.6%
10. Rest of world	1.2%

## Case study: Vue Entertainment

**In June 2013,  
Doughty Hanson sold  
Vue Entertainment for  
£935 million, generating  
proceeds of £8.2 million  
for Graphite Enterprise**

Doughty Hanson & Co V acquired Vue, the UK's third largest cinema chain, in 2010. Graphite Enterprise co-invested in Vue and also held an indirect interest through Doughty Hanson V following a primary commitment and the acquisition of a secondary position. Under Doughty's ownership, Vue became the pan-European market leader and one of the largest cinema operators in the world. Doughty Hanson V sold Vue for £935 million, more than doubling its investment.

## The portfolio at 31.07.13



## Top ten underlying holdings at 31.07.13

	Company	Country	Manager	% of portfolio	
1	<b>Micheldever</b>	Distributor and retailer of tyres	UK	Graphite	3.7%
2	<b>Algeco Scotsman</b>	Supplier and operator of modular buildings	USA	TDR	3.2%
3	<b>CEVA</b>	Manufacturer and distributor of animal health products	France	Euromezzanine	3.0%
4	<b>National Fostering Agency</b>	Provider of foster care services	UK	Graphite	2.6%
5	<b>Park Holidays UK</b>	Operator of caravan parks	UK	Graphite	2.4%
6	<b>Alexander Mann Solutions</b>	Provider of recruitment process outsourcing	UK	Graphite	2.3%
7	<b>Education Personnel</b>	Provider of temporary staff for education sector	UK	Graphite	1.6%
8	<b>U-POL</b>	Manufacturer of automotive refinishing products	UK	Graphite	1.6%
9	<b>Partnership*</b>	Provider of retirement solutions	UK	Cinven	1.4%
10	<b>Avio</b>	Manufacturer of aerospace engine components	Italy	Cinven	1.4%
					<b>23.2%</b>

\*Quoted

## Key figures at 31.07.13

	£m
Total equity	507.8
Portfolio value	451.1
Net cash and other liquid assets	55.3
Undrawn bank facility	100.9
Total liquidity	156.2
Outstanding commitments	154.2

**At 31 July 2013  
Graphite Capital  
directly managed  
22% of the portfolio  
and six of the top ten  
investments**

### Important information

This Newsletter has been compiled primarily using information set out in the Company's Interim Report for the six months ended 31 July 2013. The delivery of this Newsletter shall not create any implication that there has been no change in the affairs of the Company since 31 July 2013. Past performance is not necessarily a guide to the future and the value of shares and the income from them can go down as well as up. The information contained in this Newsletter is selective and does not purport to contain all the information that recipients may require on the Company. No information contained in this Newsletter shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Nothing in this Newsletter constitutes an offer to sell or a solicitation of any offer to buy any securities of the Company in any jurisdiction. We do not offer investment advice. If you are unsure of the meaning of the above information, you should consult your own independent financial advisor. Further information and all announcements relating to the Company can be found on the Company's website [www.graphite-enterprise.com](http://www.graphite-enterprise.com). This Newsletter has not been audited or reviewed by the Company's auditors.