



Quarterly Update

For the 3 months to 30 April 2020

FOCUS ON DEFENSIVE GROWTH DRIVES RESILIENT PERFORMANCE IN THE QUARTER

Highlights

- NAV per share of 1,100p; a total return of -4.1%
- Investment portfolio return of -3.8%
- Resilient performance reflects our focus on defensive growth
- Q1 dividend declared of 5.0p

Business review

Resilient performance with single digit decline in Portfolio valuation

- Investment Portfolio valued at £774m¹
 - Return of -3.8% on the Investment Portfolio; -7.0% in local currency
 - High conviction investments (42% of Portfolio).
 - Underlying fall in local currency valuations of less than 3%
 - Significant bias to defensive sectors or investments that benefit from structural downside protection
 - Top 30 companies (46% of Portfolio) weighted towards high conviction investments
 - A number of the Top 30 investments are continuing to trade well
 - Third party funds portfolio (58% of Portfolio)
 - Underlying fall in local currency valuation of 10%
 - Portfolio is focused on top tier managers in the mid-market and large segment of the market.
 - Portfolio performance during the first quarter of the year is encouraging given the sharp decline seen in public markets
 - We anticipate the impact from COVID-19 on global economic activity and on company valuations will continue to weigh on valuations in the coming months

¹ 84% of the Portfolio is valued using 31 March 2020 (or later) valuations from underlying managers.

Portfolio is well positioned in current environment

- The majority of Portfolio falls into a low to moderate range when assessing the impact of COVID-19
 - Detailed assessment covered 84% of the Portfolio and is based on discussions we with the underlying managers and a review of recent financial performance and liquidity of the underlying companies
 - Portfolio is well balanced across a range of developed markets and has large exposures to more resilient sectors such as healthcare and education (24%), business services (14%) and technology (15%).
 - Exposure to Industrials (15%) and Consumer (16%) sectors with higher potential impact of COVID-19, is concentrated in 'High Conviction' investments with defensive characteristics and in a number of cases, structural downside protection.
 - Limited exposure to energy and financials
 - We continue to monitor the impact of global macroeconomic events on our Portfolio closely and are in regular contact with our third party managers and colleagues at ICG

Continued cash generation and uplifts

- 10 full realisations in the quarter with £34m of proceeds received (4% of opening portfolio value).
 - Majority of the proceeds derived from transactions agreed before the impact of the COVID-19 pandemic had become apparent
 - Full realisations were at a 7% uplift to carrying value and at an average of a 2.1x multiple of cost
 - Largest realisation was French vinyl floor manufacturer, Gerflor, from ICG funds, generating total proceeds in the period of £6m
 - £5m received from the completion of a secondary sale at a premium to the underlying manager's valuation
 - We continue to manage the Portfolio actively, drawing on the team's significant expertise in the secondary market

Selective new commitments

- £32m of new investments in the quarter
 - All new investment cashflows related to drawdowns on existing commitments with no new co-investment or secondary activity
- £13m new primary commitments to two funds in the quarter
 - €10m (£9m) commitment to Apax X, a global buyout fund, focused on the Technology & Telecoms, Services, Healthcare, and Consumer sectors
 - \$5m (£4m) commitment to Hg Saturn 2, a fund managed by Hg Capital.

Signs of slowdown in activity since quarter end²

- Further £5m of proceeds received since the quarter end and £1m of new investment, both significantly below the trend observed in recent years.
 - We believe that the level of drawdowns and new realisations are likely to remain low over the next 3-6 months before returning to a normal pace as economic activity begins to recover

The balance sheet remains robust

- Closing net asset value of £757m; investment Portfolio represents 102% of net asset value
- During the quarter £40m was drawn down from the bank facility as a precautionary short term liquidity measure
- Gross cash balance of £49m (£9m cash, £40m drawn from facility); uncalled commitments of £451m
 - £164m total liquidity (including £40m drawn and £115m undrawn bank facility)
 - £91m of commitments outside their investment periods.

Q1 dividend of 5.0p

- Q1 interim quarterly dividend of 5.0p declared
 - Maintained at Q1 2019 level
 - Will be paid 4 September 2020
 - The ex-dividend date will be 13 August 2020 and the record date 14 August 2020

Significant outperformance of public markets over the medium and long term

- The Company continues outperformed the FTSE All Share Index over 1,3, 5 and 10 years in terms of both its NAV growth and share price growth.

| Performance to 30 April | 3 months | 1 year | 3 years | 5 years | 10* years |
|--------------------------------|----------|--------|---------|---------|-----------|
| Net asset value per share (TR) | -4.1% | +5.0% | +34.1% | +76.7% | +177.9% |
| Share price (TR) | -23.4% | -14.3% | +8.1% | +46.7% | +181.8% |
| FTSE All-Share Index (TR) | -18.8% | -16.7% | -7.5% | +4.8% | +61.1% |

* As the Company changed its year end in 2010, the 10-year figures are for the 121 month period to 30 April 2020.

Oliver Gardey, Head of Private Equity Fund Investments, ICG, commented:

“We are encouraged by the resilience shown by the Portfolio in the first quarter of the year, with the majority of our portfolio companies expected to experience only short term headwinds or to be minimally impacted by the COVID-19 pandemic and its economic fallout. We note a number of our portfolio companies are performing well as their business models have adapted to current market conditions. We are also seeing the benefits of the private equity model in more challenged investments, where the ability to react quickly and decisively to the changing economic environment is now more vital than ever.

² As at 31 May 2020

Our investment approach means that we have built a Portfolio that is focused almost exclusively on buy-outs in developed markets and has minimal exposure to early stage investments or sectors such as financials and energy. Our focus on top tier managers with experience of managing through cycles gives the portfolio access to strong in-house operating capabilities and dedicated support in areas such as managing liquidity and financing, which we believe means they are well placed to manage through current market volatility.

We are pleased with the seamless transition of our team's remote working capabilities which has allowed our business operations to continue uninterrupted during these challenging times; our staff are the most important part of the business and we are still taking the necessary actions to protect them. Having navigated the initial stages of the crisis, our focus is on actively managing the Portfolio and remaining nimble. While in the short term, we do not expect to see significant new investment activity, when markets stabilise we are well placed to benefit from more favourable entry valuations and take advantage of the opportunities as they arise”

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Disclaimer

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Supplementary information

The 30 largest underlying investments

The table below presents the 30 companies in which ICG Enterprise had the largest investments by value at 30 April 2020. These investments may be held directly or through funds, or in some cases in both ways. The valuations are gross and are shown as a percentage of the total investment Portfolio.

| | Company | Manager | Year of investment | Country | Value as a % of Portfolio |
|----|--|-----------------------|--------------------|-------------|---------------------------|
| 1 | DomusVi + Operator of retirement homes | ICG | 2017 | France | 3.9% |
| 2 | PetSmart + Retailer of pet products and services | BC Partners | 2015 | USA | 3.4% |
| 3 | Minimax + Supplier of fire protection systems and services | ICG | 2018 | Germany | 3.0% |
| 4 | City & County Healthcare Group Provider of home care services | Graphite Capital | 2013 | UK | 2.6% |
| 5 | Leaf Home Solutions Provider of gutter protection solutions | Gridiron | 2016 | USA | 2.5% |
| 6 | Roompot + Operator and developer of holiday parks | PAI Partners | 2016 | Netherlands | 2.1% |
| 7 | Yudo + Manufacturer of components for injection moulding | ICG | 2018 | Hong Kong | 1.9% |
| 8 | Visma + Provider of accounting software and accounting outsourcing services | ICG | 2017 | Norway | 1.9% |
| 9 | Doc Generici + Retailer of pharmaceutical products | ICG | 2019 | Italy | 1.8% |
| 10 | Supporting Education Group +^ Provider of temporary staff for the education sector | ICG | 2014 | UK | 1.8% |
| 11 | Froneri^ Manufacturer and distributor of ice cream products | PAI Partners | 2019 | UK | 1.8% |
| 12 | IRI + Provider of data and predictive analytics to consumer goods manufacturers | New Mountain | 2018 | USA | 1.5% |
| 13 | System One + Provider of specialty workforce solutions | Thomas H Lee Partners | 2016 | USA | 1.5% |
| 14 | Endeavor Schools + Operator of schools | Leeds Equity Partners | 2018 | USA | 1.4% |
| 15 | nGAGE Provider of recruitment services | Graphite Capital | 2014 | UK | 1.3% |

| | Company | Manager | Year of investment | Country | Value as a % of Portfolio |
|---|---|---------------------------|---------------------------|----------------|----------------------------------|
| 16 | Beck & Pollitzer Provider of industrial machinery installation and relocation | Graphite Capital | 2016 | UK | 1.2% |
| 17 | Berlin Packaging + Provider of global packaging services and supplies | Oak Hill Capital Partners | 2019 | USA | 1.2% |
| 18 | YSC Provider of leadership consulting and management assessment services | Graphite Capital | 2017 | UK | 1.2% |
| 19 | ICR Group Provider of repair and maintenance services to the energy industry | Graphite Capital | 2014 | UK | 1.2% |
| 20 | VitalSmarts + Provider of corporate training courses focused on communication skills and leadership development | Leeds Equity Partners | 2019 | USA | 1.1% |
| 21 | U-POL^ Manufacturer and distributor of automotive refinishing products | Graphite Capital | 2010 | UK | 1.0% |
| 22 | PSB Academy + Provider of private tertiary education | ICG | 2018 | Singapore | 1.0% |
| 23 | Compass Community Provider of fostering services and children residential care | Graphite Capital | 2017 | UK | 0.9% |
| 24 | David Lloyd Leisure + Operator of premium health clubs | TDR Capital | 2013 | UK | 0.8% |
| 25 | Cognito +^ Supplier of communications equipment, software & services | Graphite Capital | 2002 & 2014 | UK | 0.7% |
| 26 | EG Group Operator of petrol station forecourts | TDR Capital | 2014 | UK | 0.7% |
| 27 | Alerian^ Provider of data and investment products focused on natural resources | ICG | 2018 | USA | 0.7% |
| 28 | TeamViewer Provider of secure remote support and online meeting software | Permira | 2014 | Germany | 0.6% |
| 29 | RegEd + Provider of regulatory compliance and management software products | Gryphon Investors | 2019 | USA | 0.6% |
| 30 | Ceridian + Provider of payroll and human capital software | Thomas H Lee Partners | 2007 | USA | 0.6% |
| Total of the 30 largest underlying investments | | | | | 45.9% |

+ All or part of this investment is held directly as a co-investment or other direct investment.

^ All or part of this investment was acquired as part of a secondary purchase.

The 30 largest fund investments

The 30 largest funds by value at 30 April 2020 are:

| | Fund | Year of commitment | Country/ region | Value £m | Outstanding commitment £m |
|----|---|--------------------|----------------------|----------|---------------------------|
| 1 | Graphite Capital Partners VIII * Mid-market buyouts | 2013 | UK | 69.3 | 14.7 |
| 2 | Gridiron Capital Fund III Mid-market buyouts | 2016 | North America | 24.6 | 4.5 |
| 3 | CVC European Equity Partners VI Large buyouts | 2013 | Europe/USA | 18.5 | 3.0 |
| 4 | ICG Europe VI ** Mezzanine and equity in mid-market | 2015 | Europe | 18.2 | 3.4 |
| 5 | ICG Europe VII Mezzanine and equity in mid-market | 2018 | Europe | 15.9 | 21.3 |
| 6 | Thomas H Lee Equity Fund VII Mid-market and large buyouts | 2015 | USA | 15.9 | 1.6 |
| 7 | ICG Strategic Secondaries Fund II Secondary fund restructurings | 2016 | Europe/USA | 15.7 | 14.6 |
| 8 | BC European Capital IX ** Large buyouts | 2011 | Europe/USA | 15.6 | 1.5 |
| 9 | PAI Europe VI Mid-market and large buyouts | 2013 | Europe | 15.3 | 1.6 |
| 10 | PAI Strategic Partnerships ** Mid-market and large buyouts | 2019 | Europe | 14.9 | 1.6 |
| 11 | Sixth Cinven Fund Large buyouts | 2016 | Europe | 13.9 | 4.3 |
| 12 | Graphite Capital Partners VII * / ** Mid-market buyouts | 2007 | UK | 13.7 | 2.8 |
| 13 | Advent Global Private Equity VIII Large buyouts | 2016 | Europe/USA | 13.1 | 0.9 |
| 14 | Silverfleet II Mid-market buyouts | 2014 | Europe | 13.1 | 1.0 |
| 15 | One Equity Partners VI Mid-market buyouts | 2016 | Europe/USA | 11.7 | 0.9 |
| 16 | BC European Capital X Large buyouts | 2016 | Europe | 11.5 | 2.1 |
| 17 | Permira V Large buyouts | 2013 | Europe/USA | 11.3 | 0.9 |
| 18 | TDR Capital III Mid-market and large buyouts | 2013 | Europe | 10.5 | 1.6 |
| 19 | CVC European Equity Partners VII Large buyouts | 2017 | Europe/North America | 10.4 | 10.4 |
| 20 | Gryphon V Mid-market buyouts | 2019 | North America | 10.4 | 2.1 |

| Fund | Year of commitment | Country/ region | Value £m | Outstanding commitment £m |
|---|---------------------------|------------------------|-----------------|----------------------------------|
| 21 ICG Asia Pacific Fund III | | | | |
| Mezzanine and equity in midmarket buyouts | 2016 | Asia Pacific | 10.1 | 2.8 |
| 22 Resolute II ** | | | | |
| Mid-market buyouts | 2018 | USA | 9.5 | 1.9 |
| 23 Activa Capital Fund III | | | | |
| Mid-market buyouts | 2013 | France | 9.2 | 0.9 |
| 24 Oak Hill Capital Partners IV | | | | |
| Mid-market buyouts | 2017 | USA | 8.7 | 2.8 |
| 25 New Mountain Partners V | | | | |
| Mid-market buyouts | 2017 | North America | 8.7 | 3.8 |
| 26 IK VIII | | | | |
| Mid-market buyouts | 2016 | Europe | 8.4 | 0.8 |
| 27 Permira VI | | | | |
| Large buyouts | 2016 | Europe | 8.1 | 0.9 |
| 28 Resolute IV | | | | |
| Mid-market buyouts | 2018 | USA | 7.8 | 5.6 |
| 29 Bain Capital Europe IV | | | | |
| Mid-market buyouts | 2014 | Europe | 7.5 | 0.6 |
| 30 Charterhouse Capital Partners X | | | | |
| Large buyouts | 2015 | Europe | 7.5 | 5.9 |
| Total of the largest 30 fund investments | | | 429.0 | 120.8 |
| Percentage of total investment Portfolio | | | 55.4% | |

* Includes the associated Top Up

** All or part of an interest acquired through a secondary fund purchase.

Portfolio analysis

All balance sheet data is presented on a look-through basis to the investment portfolio held by the Company, which is consistent with the commentary in previous annual and interim reports

| Investment category | % of portfolio |
|--|-----------------------|
| High conviction portfolio | |
| ICG | 22.9% |
| Third party co-investments | 14.1% |
| Third party secondary investments | 5.2% |
| Total High Conviction investments | 42.2% |
| Third party primary funds | 57.8% |
| Total | 100.0% |

| Portfolio by investment type | % of value of underlying investments |
|-------------------------------------|---|
| Large buyouts | 47.0% |
| Mid-market buyouts | 40.0% |
| Small buyouts | 10.3% |
| Other | 2.7% |
| Total | 100.0% |

| Portfolio by calendar year of investment | % of value of underlying investments |
|---|---|
| 2020 | 1.8% |
| 2019 | 19.5% |
| 2018 | 20.3% |
| 2017 | 18.6% |
| 2016 | 14.7% |
| 2015 | 7.4% |
| 2014 | 8.2% |
| 2013 | 5.0% |
| 2012 | 1.3% |
| 2011 | 0.1% |
| 2010 | 1.4% |
| 2009 | 0.6% |
| 2008 | 0.0% |
| 2007 | 0.8% |
| 2006 and before | 0.3% |
| Total | 100.0% |

| Portfolio by sector | % of value of underlying investments |
|-----------------------------|---|
| Healthcare and education | 23.9% |
| Consumer goods and services | 15.8% |
| TMT | 14.7% |
| Industrials | 14.5% |
| Business services | 14.3% |
| Leisure | 6.6% |
| Financials | 6.0% |
| Other | 4.2% |
| Total | 100.0% |

| Portfolio by geographic distribution based on location of Company headquarters | % of value of underlying investments |
|---|---|
| Europe | 36.0% |
| North America | 32.3% |
| UK | 24.8% |
| Rest of world | 6.9% |
| Total | 100.0% |

Balance sheet information

The summary balance sheet at 30 April 2020 is set out below.

| | 30 April 2020 | % of net assets | 31 January 2020 | % of net assets |
|-------------------------------|--------------------------|----------------------------|----------------------------|----------------------------|
| | £m | | £m | |
| Total portfolio | 773.9 | 102.3% | 806.4 | 101.6% |
| Cash and liquid assets | 48.9 | 6.5% | 14.5 | 1.8% |
| Bank facility repayable | (40.0) | (5.3)% | 0.0 | 0.0% |
| Other net current liabilities | (26.2) | (3.5)% | (27.4) | (3.4)% |
| Net assets | 756.6 | 100.0% | 793.5 | 100.0% |

| Movement in the portfolio | 30 April 20 |
|---|------------------------|
| £m | |
| Opening Portfolio* | 806.4 |
| Third-party funds portfolio drawdowns | 25.9 |
| High conviction investments – ICG funds, secondary investments and co-investments | 6.2 |
| Total new investment | 32.1 |
| Realisation Proceeds | (33.8) |
| Net cash (inflow)/outflow | (1.7) |
| Underlying Valuation Movement** | (56.2) |
| Currency movement | 25.4 |
| Closing Portfolio* | 773.9 |
| % underlying Portfolio growth (local currency) | (7.0)% |
| % currency movement | 3.2% |
| % underlying Portfolio growth (Sterling) | (3.8)% |

** 84% of the Portfolio is valued using 31 March 2020 (or later) valuations (31 Jan 20: 95%).

Movement in liquid assets

| £m | 3 months 30 April 20 |
|---|-------------------------|
| Additions | (32.1) |
| Cash proceeds generated by the portfolio (including income) | 33.8 |
| Net cash generated by the investment portfolio | 1.7 |
| Drawn from credit facility | 40.0 |
| Non-investment cash flows | (33.3) |
| Effect of changes in foreign exchange rates | 0.2 |
| Cash inflow before shareholder distributions | 38.6 |
| Dividends paid to shareholders | (3.4) |
| Share buy backs | (0.8) |
| Net cash movement | 34.4 |
| Opening cash and liquid assets | 14.5 |
| Closing cash and liquid assets | 48.9 |
| Bank facility repayable | (40.0) |
| Closing net cash position | 8.9 |

Uncalled commitment coverage

| | 30 April 2020 £m | 31 January 2020 £m |
|------------------------------------|------------------------|--------------------------|
| Cash and liquid assets | 48.9 | 14.5 |
| Undrawn bank facility | 114.9 | 147.8 |
| Total liquidity | 163.8 | 162.3 |
| Outstanding commitments | 451.0 | 458.6 |
| Less: Total liquidity | (163.8) | (162.3) |
| Over-commitment | 287.2 | 296.3 |
| Over-commitment as % of net assets | 38.0% | 37.3% |

| Total undrawn commitments | Original commitment £'000 | Outstanding commitment £'000 | Average drawdown percentage | % of commitments |
|---------------------------------|---------------------------------|------------------------------------|-----------------------------------|---------------------|
| Investment period not commenced | - | - | 0.0% | 0.0% |
| Funds in investment period | 544,331 | 360,448 | 33.8% | 79.9% |
| Funds post investment period | 862,149 | 90,541 | 89.5% | 20.1% |
| Total | 1,406,480 | 450,989 | 67.9% | 100.0% |