



Quarterly Update

For the three months to 31 October 2017

Highlights

- Realisation activity key driver of growth in the quarter – NAV per share of 930p
- Highly cash generative portfolio
 - YTD distributions exceed total proceeds received in the previous two financial years
- Continued progress against strategic goals
 - Selective investment in compelling opportunities and increased exposure to ICG managed assets
- Move to progressive annual dividend policy and quarterly payments
- NAV and share price continue to outperform FTSE All-Share over one, three, five and ten years

Realisation activity key driver of growth in the quarter

- Net asset value per share of 930p
 - Total Return¹ of 0.4% for the quarter; 9.1% for the nine months
- Investment portfolio valued at £578.4m, 89.7% of net assets
 - 1.2% return for the quarter; 2.5% on a constant currency basis
 - 11.1% return for the nine months; 11.3% on a constant currency basis
- Portfolio continues to be highly cash generative
 - 19 full realisations in the quarter - £63.0m of proceeds received
 - Realisations at an 36% uplift to carrying value; 1.9x multiple of cost
 - Standard Brands largest exit generating proceeds of £16.1m
 - 47 full realisations in the nine months - £180.1m of proceeds received
 - 35% uplift to carrying value; 2.4x multiple of cost

Selective investment in compelling opportunities

- Total new investment of £33.7m in the quarter; £98.5m in the nine months
- Co-investment of £8.1m in Visma, provider of accounting software and business outsourcing services, alongside ICG Europe VI
 - Including previous co-investment alongside Cinven, Visma now the third largest portfolio company, valued at £14.7m

¹ Including 10p interim dividend paid in November 2017

Continued progress against strategic goals

- More fully invested - investment portfolio represents 89.7% of net assets
- High conviction investments of ICG directly controlled investments, third-party co-investments and secondary investments represent 43% of investment portfolio
 - Four of the largest 10 companies managed by ICG with total weighting to ICG managed investments increasing to 17.0% of the portfolio, up from 10% at January 2017
- Two co-investments alongside ICG Europe Fund VI completed in the nine months totalling £23.4m along with a £10.4m secondary in ICG Recovery 2008B
- Increased exposure to US market - £31.8m committed to US opportunities in the nine months
 - 23.0% of the portfolio at October 2017

Progressive annual dividend policy and move to quarterly dividend payments

- The Board anticipates paying a minimum dividend of 20.0p per share each year and, in the absence of unforeseen circumstances, intends to grow the annual dividend progressively
- The Company to move to quarterly dividend payments, with a quarterly dividend of 5p payable on 2 March 2018. The ex-dividend date will be 8 February 2018 and the record date 9 February 2018
 - Quarterly dividend, together with interim dividend of 10p paid in November takes dividend payments to 15p
 - Final dividend will continue to be subject to shareholder approval

Strong balance sheet and continued buybacks of shares

- High level of realisations increased cash and liquid assets by £8.7m during the quarter to £83.6m
- Uncalled commitments of £319m
 - £187.7m total liquidity (£83.6m of cash and £104.1m undrawn bank line)
- 110,000 shares bought back at an average discount of 16%, adding 0.03% to net asset value per share in the quarter

Continued strong realisation activity and selective investment since October

- £35.4m of proceeds received in the two months to 31 December 2017, taking total proceeds to £215.5m year-to-date
 - A record period for realisations - outweighing total proceeds received in the previous two financial years
- £26.0m of new investments in the two months to 31 December 2017, taking total investments year-to-date to £124.5m, in-line with 12 months to January 2017
 - Focus on defensive businesses that are relatively uncorrelated to economic cycles and highly cash generative
- £36.9m of new commitments made to two existing managers – PAI VII (£22.0m) and TH Lee (£14.9m)
- £7.5m primary commitment signed to a new manager relationship, Leeds Equity Partners VI, a US based mid-market private equity firm focused on education, training, business services and information services and software industries
 - Co-investment of £7.5m signed alongside Leeds Equity Partners, expected to close prior to year-end

Consistent strong performance

The performance of the Company remains strong over the short, medium and long term, with the NAV and share price outperforming the FTSE All-Share Index over one, three, five and ten years.

Performance to 31 October 2017	3 months	9 months	1 year	3 years	5 years	10* years
Net asset value per share	+0.4%	+9.1%	+16.8%	+46.9%	+73.4%	+112.0%
Share price	+12.5%	+21.6%	+30.7%	+57.6%	+123.4%	+123.9%
FTSE All-Share Index	+2.8%	+10.1%	+13.4%	+31.0%	+62.5%	+78.4%

* As the Company changed its year end in 2010, the ten-year figures are for the 121 month period to 31 October 2017.

Emma Osborne, Head of Private Equity Fund Investments, ICG, commented:

“The portfolio remains highly cash generative with over £215m of realisations year-to-date, a record period for the portfolio, and outweighing total proceeds received in the previous two financial years.

“Pricing for new investments is high and there is intense competition for good quality assets. Our flexible investment strategy allows us to be nimble, giving us greater control and visibility on the portfolio and enabling us to increase exposure to companies we believe will outperform through the cycle. In the current market conditions, our focus has been on high quality, defensive direct co-investments and secondary investments in both Europe and the US. As always discipline is key.”

Enquiries

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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 31 October 2017. 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	City & County Healthcare Group Provider of home care services	Graphite Capital	2013	UK	3.4%
2	DomusVi+^ Operator of retirement homes	ICG	2017	France	3.0%
3	Visma+ Provider of ERP software and BPO services business in the Nordic region	ICG & Cinven	2014 & 2017	Europe	2.5%
4	Education Personnel+^ Provider of temporary staff for the education sector	ICG	2014	UK	2.3%
5	Froneri+^ Manufacturer and distributor of ice cream products	PAI Partners	2013	UK	2.2%
6	CPA Global+ Provider of patent and legal services	Cinven	2012	UK	2.1%
7	David Lloyd Leisure+ Operator of premium health clubs	TDR Capital	2013	UK	2.1%
8	nGAGE Provider of recruitment services	Graphite Capital	2014	UK	2.1%
9	Gerflor^ Manufacturer of vinyl flooring	ICG	2011	France	2.1%
10	PetSmart+ Retailer of pet products and services	BC Partners	2015	USA	2.0%
11	Skillsoft+ Provider of off the shelf e-learning content	Charterhouse	2014	USA	1.7%
12	The Laine Pub Company+ Operator of pubs and bars	Graphite Capital	2014	UK	1.6%
13	Frontier Medical+ Manufacturer of medical devices	Kester Capital	2013	UK	1.6%
14	TMF^ Provider of management and accounting outsourcing services	Doughty Hanson	2008	Netherlands	1.5%
15	System One+ Provider of specialty workforce solutions	Thomas H Lee Partners	2016	USA	1.5%

	Company	Manager	Year of investment	Country	Value as a % of Portfolio
16	Roompot+ Operator and developer of holiday parks	PAI Partners	2016	Netherlands	1.4%
17	ICR Group Provider of repair and maintenance services to the energy industry	Graphite Capital	2014	UK	1.4%
18	Swiss Education+ Provider of hospitality training	Invision Capital	2015	Switzerland	1.2%
19	Beck & Pollitzer Provider of industrial machinery installation and relocation	Graphite Capital	2016	UK	1.2%
20	New World Trading Company Operator of distinctive pub restaurants	Graphite Capital	2016	UK	1.1%
21	Cambium^ Provider of educational solutions and services	ICG	2016	USA	1.1%
22	U-POL^ Manufacturer and distributor of automotive refinishing products	Graphite Capital	2010	UK	1.1%
23	Cognito+ Supplier of communications equipment, software & services	Graphite Capital	2002	UK	1.0%
24	Ceridian+ Provider of payment processing services	Thomas H Lee Partners	2007	USA	0.9%
25	Random42 Provider of high-quality medical animation and digital media services to the healthcare and pharmaceutical industry	Graphite Capital	2017	UK	0.9%
26	inVentiv Health Provider of commercial solutions for healthcare companies	Advent & Thomas H Lee Partners	2010 & 2016	USA	0.7%
27	AVS Group Manufacturer of traffic safety products	Fynamore Advisers	2013	Germany	0.7%
28	CeramTec Manufacturer of high performance ceramics	Cinven	2013	Germany	0.6%
29	Explore Learning Provider of after-school tuition	Graphite Capital	2012	UK	0.6%
30	Intervias Operator of petrol station forecourts	TDR Capital	2014	UK	0.6%
Total of the 30 largest underlying investments					46.2%

+ 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 31 October 2017 are:

Fund	Year of commitment	Country/ region	Value £m	Outstanding commitment £m
1 Graphite Capital Partners VIII * Mid-market buyouts	2013	UK	61.8	33.7
2 ICG Europe VI ** Mezzanine and equity in mid-market buyouts	2015	Europe	21.6	3.6
3 BC European Capital IX ** Large buyouts	2011	Europe	20.3	1.1
4 Fifth Cinven Fund Large buyouts	2012	Europe	14.8	1.6
5 Graphite Capital Partners VII * / ** Mid-market buyouts	2007	UK	14.4	4.7
6 Thomas H Lee Parallel Fund VI Large buyouts	2007	USA	12.2	1.0
7 CVC European Equity Partners V ** Large buyouts	2008	Europe/USA	11.2	0.5
8 ICG Strategic Secondaries Fund II Secondary fund restructurings	2016	North America	11.1	17.3
9 Thomas H Lee Equity Fund VII Mid-market and large buyouts	2015	USA	10.7	5.9
10 ICG Velocity Partners Co-Investor ** Mid-market buyouts	2016	USA	10.6	2.1
11 Permira V Large buyouts	2013	Europe	10.4	0.6
12 TDR Capital III Mid-market and large buyouts	2013	Europe	10.3	3.1
13 CVC European Equity Partners VI Large buyouts	2013	Global	9.8	7.8
14 Bowmark Capital Partners IV Mid-market buyouts	2007	UK	9.6	-
15 IK VII Mid-market buyouts	2013	Europe	9.4	0.4
16 PAI Europe VI Mid-market and large buyouts	2013	Europe	9.1	7.1
17 Nordic Capital Partners VIII Mid-market and large buyouts	2013	Nordic	9.1	2.6
18 One Equity Partners VI Mid-market buyouts	2016	USA/Western Europe	9.0	3.1
19 Hollyport Secondary Opportunities V Tail-end secondary portfolios	2015	Global	8.7	2.3
20 Doughty Hanson & Co V ** Mid-market and large buyouts	2006	Europe	8.6	6.7

Fund	Year of commitment	Country/ region	Value £m	Outstanding commitment £m
21 ICG Europe V ** Mezzanine and equity in mid-market buyouts	2012	Europe	8.5	0.8
22 Graphite Capital Partners VI ** Mid-market buyouts	2003	UK	8.2	2.1
23 Egeria Private Equity Fund IV Mid-market buyouts	2012	Europe	8.2	2.6
24 ICG European Fund 2006 B Mezzanine and equity in mid-market buyouts	2014	Europe	7.5	2.1
25 Deutsche Beteiligungs Fund VI Mid-market buyouts	2012	Germany	7.4	1.3
26 Steadfast Capital III Mid-market buyouts	2011	Europe	6.9	0.2
27 Gridiron Capital Fund III Mid-market buyouts	2016	North America	6.5	5.9
28 Activa Capital Fund III Mid-market buyouts	2013	France	6.4	6.8
29 Advent Global Private Equity VIII Large buyouts	2016	Europe/North America	5.8	7.2
30 Activa Capital Fund II Mid-market buyouts	2007	France	5.7	1.9
Total of the largest 30 fund investments			353.8	136.1
Percentage of total investment Portfolio			61.2%	

* Includes the associated Top Up funds.

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

Portfolio analysis

Investment category	% of portfolio
High conviction portfolio	
ICG	17.0%
Third party co-investments	18.8%
Third party secondary investments	7.5%
Total High Conviction investments	43.3%
Third party funds' portfolio	
Graphite Capital primary funds	13.8%
Third party primary funds	42.9%
Total diversified fund investments	56.7%
Total	100.0%

Portfolio by investment type	% of value of underlying investments
Large buyouts	41.1%
Mid-market buyouts	47.3%
Small buyouts	6.3%
Other	5.3%
Total	100.0%

Portfolio by calendar year of investment	% of value of underlying investments
2017	15.2%
2016	20.5%
2015	13.3%
2014	18.8%
2013	14.0%
2012	5.8%
2011	2.5%
2010	2.5%
2009	1.2%
2008	2.1%
2007	1.8%
2006 and before	2.3%
Total	100.0%

Portfolio by sector	% of value of underlying investments
Healthcare and education	22.5%
Business services	17.2%
Industrials	15.5%
Consumer goods and services	14.8%
Leisure	11.8%
TMT	10.2%
Financials	5.2%
Other	2.8%
Total	100.0%

Portfolio by geographic distribution based on location of Company headquarters

% of value of underlying investments

UK	36.2%
North America	23.0%
Europe	39.4%
Rest of world	1.4%
Total	100.0%

Balance sheet information

Movement in liquid assets

£m	3 months 31 October 2017	9 months 31 October 2017
Additions ²	(36.4)	(98.5)
Cash proceeds generated by the portfolio (including income) ³	55.5	172.6
Net cash generated by the investment portfolio	19.1	74.1
Non-investment cash flows	(0.4)	(8.6)
Effect of changes in foreign exchange rates	(1.1)	0.5
Cash inflow before shareholder distributions	17.6	66.0
Dividends paid to shareholders	(6.9)	(13.9)
Share buy-backs settled in the period	(1.9)	(7.1)
Net cash movement	8.8	45.0
Opening cash and liquid assets	74.8	38.6
Closing cash and liquid assets	83.6	83.6

Footnote

1. 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.
2. Additions cash figure for quarter to 31 October includes £2.6m of drawdowns paid which were accrued at the prior quarter end.
3. During the quarter ended 31 October a secondary disposal was completed which included £7.5m of deferred consideration. As a result cash proceeds do not equal total realisations in the period.

The summary balance sheet and commitment position at 31 October 2017 is set out below.

	31 October 2017	% of net assets	31 January 2017	% of net assets
	£m		£m	
Total portfolio	578.4	89.7%	594.4	97.0%
Cash and liquid assets	83.6	13.0%	38.6	6.3%
Other net current liabilities	(16.9)	(2.7%)	(20.3)	(3.3)%
Net assets	645.1	100.0%	612.7	100.0%

Uncalled commitment coverage

	31 October 2017	31 January 2017
	£m	£m
Cash and liquid assets	83.6	38.6
Undrawn bank facility	104.1	103.0
Total liquidity	187.7	141.6
Outstanding commitments	319.0	300.3
Less: Total liquidity	(187.7)	(141.6)
Over-commitment	131.3	158.7
Over-commitment as % of net assets	20.4%	25.9%