

Quarterly Update

For the quarter to 31 October 2016

Embargoed until 7:00am on 9 December 2016



Performance overview

- Net asset value per share Total Return¹ for the quarter of 3.2% (nine months to 31 October 2016 of 13.5%), with the net asset value per share at 813.5p. In the last twelve months, net asset value per share increased by 19.4%, while the share price increased by 8.8% against a 12.2% increase in the FTSE All-Share Index
- The Portfolio¹ is valued at £518.6m at 31 October 2016, driven by strong underlying growth of 8.6%, and favourable foreign exchange movements of 9.9% for the nine months to 31 October 2016
- In line with our strategy of becoming fully invested and reflecting the benefit of being part of ICG, the investment rate increased in the quarter with investments of £43.4m outstripping realisations of £17.3m
- Share price up to 650p (implying a 20.1% discount to the net asset value) from 545p at 31 January 2016, with a Share price Total Return for the period of 22.5%. The FTSE All-Share Index was up 16.6% in the same period
- The long term performance² of the Company remains strong, with the net asset value outperforming the FTSE All-Share Index over one, three and ten years

Performance to 31 October 2016	1 year	3 year	5 year	10* year
Net asset value per share	19.4%	28.5%	57.1%	118.8%
Share price	8.8%	27.6%	92.4%	107.1%
FTSE All-Share Index	12.2%	16.8%	57.4%	76.5%

* As the Company changed its year end in 2010, the ten year figures are for the 121 month period to 31 October 2016.

Commenting on performance, Mark Fane, Chairman, said

“The environment for realisations continues to be positive despite volatility in markets and geopolitical concerns, and the prospects for further growth in unrealised valuations remain strong. Our investment strategy, which is fundamentally unchanged following the move to ICG, gives us the flexibility to adapt the mix of primary funds, secondaries and co-investments to changing market conditions and to deploy cash where we see the best relative value. The move to ICG is generating significant new investment opportunities. In addition, ICG is providing access to a range of specialist functions to provide support and enhance the management of the Company.”

Footnote

1. Included in this Quarterly Update are Alternative Performance Measures (“APMs”). APMs have been used if considered by the Board and the Manager to be the most relevant basis for shareholders in assessing the overall performance of the Company, and for comparing the performance of the Company to its peers and its previously reported results. The Glossary includes further details of APMs and reconciliations to IFRS measures, where appropriate. The rationale for the APMs was discussed in detail in the Manager’s Review in the July 2016 interim results. The Glossary includes a reconciliation of the Portfolio to the most relevant IFRS measure.
2. All performance figures are on a total return basis, including the effect of re-invested dividends.

Activity in the quarter to 31 October 2016

Investment activity

The Portfolio generated £17.3m of proceeds in the quarter to 31 October 2016. This brings the total proceeds year to date to £62.8m (nine months to 31 October 2015: £88.2m).

Seven full realisations were completed during the quarter, accounting for £7.7m of the proceeds received at an average return of 2.8 times cost. The remaining £9.6m of total proceeds was generated by a combination of refinancings, sell-downs of listed holdings by third party managers and other partial realisations.

In the nine months to 31 October 2016, 30 full realisations were completed with 22 post-crisis investments generating an average uplift on realisation of 32% for a return of 2.9 times cost. The eight pre-crisis investments dragged the average return down generating an average uplift on realisation of 8% at a return of 1.2 times cost.

New investment activity in the quarter totalled £43.4m, comprising fund drawdowns of £24.0m and secondary purchases and co-investments of £19.4m. This brings the total invested in the nine months to £73.7m (nine months to 31 October 2015: £37.5m), in part reflecting the investment opportunities generated from our relationship with ICG.

During the quarter to 31 October 2016 three new commitments were made to third party funds, BC European Capital X (€15.0m), Permira VI (€10.0m) and Gridiron Capital III (\$15.0m). A further two new commitments were made to ICG funds, \$15.0m to ICG Asia Pacific III and €0.5m to ICG Europe V through a secondary transaction. Finally, two new co-investment commitments were made to System One (\$10.0m) and Roompot (€10.0m). Please refer to further information in the supplementary information.

Since the change of Manager on 1 February 2016, 13 new commitments and discretionary investments totalling £135m have been completed, of which 40% has been sourced directly or indirectly from ICG.

Cash and liquid assets¹

Cash and liquid assets decreased by £33.0m to £77.4m mainly as a result of a net £26.1m invested in the Portfolio in the three months to 31 October 2016. Non-investment cash flows and favorable currency movements increased cash by £1.0m. The interim dividend of 10.0p per share returned £7.1m to shareholders. The Company also bought back 98,919 shares for £0.6m.

Movement in liquid assets £m

	3 months to 31 October 2016	9 months to 31 October 2016
Additions	(43.4)	(73.7)
Cash proceeds generated by the portfolio (including income)	17.3	62.8
Net cash generated by the investment portfolio	(26.1)	(10.9)
Non-investment cash flows	(2.2)	(6.8)
Effect of changes in foreign exchange rates	3.2	5.9
Cash outflow before shareholder distributions	(25.1)	(11.8)
Dividends	(7.1)	(11.4)
Share buy-backs settled in the period	(0.8)	(3.2)
Net cash movement	(33.0)	(26.4)
Opening cash and liquid assets	110.4	103.8
Closing cash and liquid assets	77.4	77.4

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.

Balance sheet

The summary balance sheet and commitment position at 31 October 2016 is set out below.

	31 October 2016 £m	% of total assets	31 January 2016 £m	% of total assets
Total portfolio	518.6	87.6%	428.2	80.3%
Cash and liquid assets	77.4	13.1%	103.8	19.5%
Other net current (liabilities)/assets	(4.3)	(0.7%)	1.3	0.2%
Net assets	591.7	100.0%	533.3	100.0%
Equity shareholders' funds	575.7		521.3	

	31 October 2016 £m	31 January 2016 £m
Cash and liquid assets	77.4	103.8
Undrawn bank facility	105.3	97.1
Total liquidity	182.7	200.9
Outstanding commitments	334.3	253.8
Less: Total liquidity	(182.7)	(200.9)
Over-commitment	151.6	52.9
Overcommitment as % of shareholders' funds	26.3%	10.1%

Enquiries

Analyst / Investor enquiries:

Emma Osborne, Portfolio Manager, ICG	+44 (0) 20 3201 1302
Mark Crowther, Investor Relations, ICG	+44 (0) 20 3201 7842
Anthony McKay, Finance, ICG	+44 (0) 20 3201 7700

Disclaimer

This Quarterly Update may contain forward looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report and should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

These written materials are not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act of 1933, as amended, or an exemption therefrom. The issuer has not and does not intend to register any securities under the US Securities Act of 1933, as amended, and does not intend to offer any securities to the public in the United States. No money, securities or other consideration from any person inside the United States is being solicited and, if sent in response to the information contained in these written materials, will not be accepted.

This Quarterly Update contains information which, prior to this announcement was insider information.

Supplementary information

The 30 largest underlying investments

The table below presents the 30 companies in which the Company had the largest investments by value at 31 October 2016. These investments may be held directly or through funds, or both. 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 investment portfolio
1	Micheldever ⁺ Distributor and retailer of tyres	Graphite Capital	2006	UK	5.1%
2	City & County Healthcare Group Provider of home care services	Graphite Capital	2013	UK	3.1%
3	Education Personnel ⁺ Provider of temporary staff for the education sector	ICG	2014	UK	2.4%
4	nGAGE Provider of recruitment services	Graphite Capital	2014	UK	2.4%
5	R&R Ice Cream ⁺ Manufacturer and distributor of ice cream products	PAI Partners	2013	UK	2.1%
6	Skillsoft ⁺ Provider of off-the-shelf e-learning content	Charterhouse	2014	USA	2.0%
7	Standard Brands ⁺ Manufacturer of fire lighting products	Graphite Capital	2001	UK	2.0%
8	PetSmart ⁺ Retailer of pet products and services	BC Partners	2015	USA	1.8%
9	Frontier Medical ⁺ Manufacturer of medical devices	Kester Capital	2013	UK	1.6%
10	TMF Provider of management and accounting outsourcing services	Doughty Hanson	2008	Netherlands	1.6%
11	System One ⁺ Provider of temporary staff and other associated services	Thomas H. Lee Partners	2016	USA	1.6%
12	U-POL Manufacturer and distributor of automotive refinishing products	Graphite Capital	2010	UK	1.5%

	Company	Manager	Year of investment	Country	Value as a % of investment portfolio
13	Co-investment ⁺ (We are not permitted to disclose details of this investment)				
	Provider of business services	Large buy-out manager	2014	Europe	1.5%
14	Beck & Politzer				
	Provider of industrial machinery installation and relocation	Graphite Capital	2016	UK	1.4%
15	Algeco Scotsman				
	Supplier and operator of modular buildings	TDR Capital	2007	USA	1.4%
16	Roompot ⁺				
	Operator and developer of holiday parks	PAI Partners	2016	Netherlands	1.4%
17	The Laine Pub Company ⁺				
	Operator of pubs and bars	Graphite Capital	2014	UK	1.4%
18	David Lloyd Leisure ⁺				
	Operator of premium health and fitness clubs	TDR Capital	2013	UK	1.3%
19	CPA Global ⁺				
	Provider of patent and legal services	Cinven	2012	UK	1.3%
20	NWTC				
	Operator of distinctive pub restaurants	Graphite Capital	2016	UK	1.3%
21	Cambium				
	Provider of educational solutions and services	ICG	2016	USA	1.1%
22	Formel D				
	Provider of quality control for automotive services	Deutsche Beteiligungs	2013	Germany	1.0%
23	Ceridian ⁺				
	Provider of payment processing services	Thomas H. Lee Partners	2007	USA	0.9%
24	Cognito ⁺				
	Supplier of communications equipment, software and services	Graphite Capital	2002	UK	0.9%
25	Swiss Education ⁺				
	Provider of hospitality training	Invision Capital	2015	Europe	0.9%
26	Quironsalud				
	Provider of private healthcare services	CVC Capital	2011	Spain	0.9%

	Company	Manager	Year of investment	Country	Value as a % of investment portfolio
27	Parques Reunidos Operator of attraction parks	Arle Capital	2007	Spain	0.9%
28	Aero Technics Provider of civil aircraft maintenance	Graphite Capital	2015	UK	0.8%
29	InVentiv Health Provider of healthcare and pharmaceutical consulting	Thomas H. Lee Partners	2010	USA	0.8%
30	Gerflor Manufacturer of vinyl flooring	ICG	2011	France	0.8%
Total of the 30 largest underlying investments					47.2%

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

The 30 largest fund investments

The 30 largest funds by value at 31 October 2016 are:

	Fund	Year of commitment	Country/ region	Value £m	Outstanding commitment £m
1	Graphite Capital Partners VIII * Mid-market buy-outs	2013	UK	43.0	48.3
2	Graphite Capital Partners VI ** Mid-market buy-outs	2003	UK	24.6	2.1
3	CVC European Equity Partners V ** Large buy-outs	2008	Europe/ USA	21.0	1.3
4	Thomas H. Lee Parallel Fund VI Large buy-outs	2007	USA	18.0	1.1
5	BC European Capital IX ** Large buy-outs	2011	Europe	17.8	4.2
6	Graphite Capital Partners VII */** Mid-market buy-outs	2007	UK	14.5	7.6
7	Fifth Cinven Fund Large buy-outs	2012	Europe	14.5	2.1
8	Deutsche Beteiligungs Fund V Mid-market buy-outs	2006	Germany	14.4	0.3
9	TDR Capital II Mid-market and large buy-outs	2006	Europe	13.4	0.9
10	ICG Europe V Mezzanine	2012	Europe	12.5	1.2
11	Activa Capital Fund II Mid-market buy-outs	2007	France	11.4	0.4
12	PAI Europe V ** Mid-market and large buy-outs	2007	Europe	10.8	1.1
13	Doughty Hanson & Co V ** Mid-market and large buy-outs	2006	Europe	10.4	6.8
14	Bowmark Capital Partners IV Mid-market buy-outs	2007	UK	9.5	-
15	ICG Velocity Partners Co-Investor** VSS IV fund restructuring	2016	USA	9.2	1.6
16	IK VII Mid-market buy-outs	2013	Europe	8.9	0.6

	Fund	Year of commitment	Country/region	Value £m	Outstanding commitment £m
17	ICG European Fund 2006 B **				
	Mezzanine	2014	Europe	8.4	2.2
18	Permira V				
	Large buy-outs	2013	Europe	8.4	1.2
19	Deutsche Beteiligungs Fund VI				
	Mid-market buy-outs	2012	Germany	7.5	1.2
20	CVC Capital Partners VI				
	Large buy-outs	2013	Global	6.4	10.7
21	Candover 2005 Fund **				
	Large buy-outs	2005	Europe	6.1	0.1
22	Hollyport Secondary Opportunities V				
	Tail-end secondary portfolios	2015	Global	5.9	4.1
23	Piper Private Equity Fund V				
	Small buy-outs	2010	UK	5.9	0.7
24	PAI Europe VI				
	Mid-market and large buy-outs	2013	Europe	5.3	12.5
25	Nordic Capital Partners VIII				
	Mid-market and large buy-outs	2013	Nordic	5.0	4.3
26	Activa Capital Fund III				
	Mid-market buy-outs	2013	France	4.8	8.0
27	TDR Capital III				
	Mid-market and large buy-outs	2013	Europe	4.6	4.8
28	Thomas H. Lee Fund VII				
	Large buy-outs	2015	USA	4.4	12.1
29	Egeria Private Equity Fund IV				
	Mid-market buy-outs	2012	Europe	4.3	4.4
30	Bowmark Capital Partners V				
	Mid-market buy-outs	2013	UK	4.2	5.8
Total of the largest 30 fund investments				335.1	151.7
Percentage of total investment portfolio				64.6%	

* Includes the associated Top Up funds.

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

Portfolio analysis

The following tables analyse the companies in which ICG Enterprise had investments at 31 October 2016.

Portfolio by investment type	% of value of underlying investments
Large buy-outs	45.7%
Mid-market buy-outs	42.5%
Mezzanine	8.5%
Small buy-outs	3.3%
Total	100.0%

Portfolio by geographic distribution based on location of company headquarters	% of value of underlying investments
UK	41.9%
North America	19.7%
Germany	10.4%
France	9.7%
Benelux	6.0%
Scandinavia	5.3%
Italy	2.5%
Spain	2.3%
Other Europe	1.9%
Rest of world	0.3%
Total	100.0%

Total Continental Europe 38.1%

Portfolio by year of investment	Valuation as multiple of cost	% of value of underlying investments
2016	1.0x	14.5%
2015	1.3x	12.3%
2014	1.2x	20.4%
2013	1.8x	16.1%
2012	1.7x	6.5%
2011	1.2x	4.9%
2010	1.6x	6.0%
2009	2.6x	1.4%
2008	1.0x	4.3%
2007	1.5x	4.8%
2006 and before	1.3x	8.8%
Total	1.3x	100.0%

Portfolio by sector	% of value of underlying investments
Business services	21.2%
Healthcare and education	16.7%
Consumer goods and services	15.0%
Industrials	14.5%
Leisure	11.7%
Automotive supplies	7.6%
Financials	5.8%
Technology and telecommunications	3.5%
Media	2.7%
Chemicals	1.3%
Total	100.0%

Quoted equity holdings at 31 October 2016

All quoted equity holdings are held indirectly through third party funds and may have restrictions on their sale. The timing of any disposal of these interests is determined by the managers of those funds.

Underlying investment	Ticker	£m	% of investment portfolio
Parques Reunidos	PQR	4.2	0.8%
Ahsell	AHSL	2.9	0.6%
VWR International	VWR	2.6	0.5%
Party City	PRTY	2.2	0.4%
Black Knight	BKFS	2.1	0.4%
JRP	JRP	1.5	0.3%
ComHem	COMH	1.5	0.3%
Technogym	TGYM	1.1	0.2%
Fogo de Chao	FOGO	0.7	0.1%
West Corporation	WSTC	0.7	0.1%
First BanCorp	FBP	0.6	0.1%
FleetCor	FLT	0.5	0.1%
Others (less than £0.5m)		1.4	0.3%
Total		22.0	4.2%

Closing portfolio by value at 31 October 2016

	Third party £m	Graphite Capital £m	ICG £m	Total £m	% of investment portfolio
Primary investments in funds	234.5	69.4	12.7	316.6	61.1%
Secondary investments in funds	41.3	12.7	21.9	75.9	14.6%
Direct and co-investments	77.1	37.3	11.7	126.1	24.3%
Total portfolio	352.9	119.4	46.3	518.6	100.0%
% of portfolio	68.1%	23.0%	8.9%	100.0%	

Largest new underlying investments

Investment	Description	Manager	Country	Cost £m
System One	Provider of temporary staff and other associated services	Thomas H. Lee Partners	USA	8.2
Roompot	Operator and developer of holiday parks	PAI Partners	Netherlands	7.1
NWTC	Operator of distinctive pub restaurants	Graphite Capital	UK	6.8
Atlas for Men	Retailer of outdoor clothing	Activa	France	1.3
LOOK Cycle	Manufacturer of bicycle equipment	Activa	France	1.1
Total of 5 largest new underlying investments				24.5

Largest underlying realisations

Investment	Manager	Year of investment	Realisation type	Proceeds £m
Spheros	Deutsche Beteiligungs	2011	Trade	9.0
David Lloyd Leisure	TDR Capital	2013	Recapitalisation	5.0
Swissport	PAI Partners	2011	Trade	3.4
La Maison Bleue	Activa	2008	Secondary	3.1
Stork	Candover 2005	2008	Trade	2.0
Total of 5 largest underlying realisations				22.5

Commitments analysis

The following tables analyse commitments at 31 October 2016. Original commitments are translated at 31 October 2016 exchange rates.

	Original commitment £m	Outstanding commitment £m	Average drawdown percentage	% of Outstanding commitments
Investment period not commenced	64.8	64.8	n/a	19.4%
Funds in investment period	414.3	222.8	46.2%	66.6%
Funds post investment period	583.0	46.7	92.0%	14.0%
Total	1,062.1	334.3	68.5%	100.0%

Remaining investment period of commitments	% of commitments
Investment period not commenced	19.4%
4-5 years	12.4%
3-4 years	22.5%
2-3 years	10.7%
1-2 years	18.9%
<1 year	2.1%
Investment period complete	14.0%
Total	100.0%

Movement in outstanding commitments in the quarter	£m
As at 1 August 2016	296.8
New primary commitments	46.3
New commitments relating to co-investments	17.1
New commitments arising through secondary purchase of fund interests	0.4
Drawdowns	(39.3)
Currency and other movements	13.0
As at 31 October 2016	334.3

New commitments in the quarter to 31 October 2016

Fund	Strategy	Geography	£m
<i>Primary commitments</i>			
BC European Capital X	Large buy-outs	Europe	12.9
ICG Asia Pacific III	Mezzanine	Rest of the World	12.3
Gridiron Capital III	Mid-market buy-outs	USA	12.2
Permira VI	Large buy-outs	Europe	8.9
Total primary commitments			46.3
<i>Commitments in relation to co-investments</i>			
Roompot	Operator and developer of holiday parks	Netherlands	8.9
System One	Provider of temporary staff and other associated services	USA	8.2
Total co-investment commitments			17.1
<i>Commitments arising from secondary purchases</i>			
ICG Europe V	Mezzanine	Europe	0.4
Total new commitments			63.8

Portfolio currency exposure				
	31 October 2016 £m	31 October 2016 %	31 January 2016 £m	31 January 2016 %
Sterling	236.9	45.7%	209.1	48.8%
Euro	139.3	26.8%	122.8	28.7%
US dollar	97.4	18.8%	60.9	14.2%
Other European	37.2	7.2%	33.5	7.8%
Other	7.8	1.5%	1.9	0.5%
Total	518.6	100.0%	428.2	100.0%

Outstanding commitment currency exposure				
	31 October 2016 £m	31 October 2016 %	31 January 2016 £m	31 January 2016 %
Sterling	90.8	27.2%	102.3	40.3%
Euro	185.8	55.6%	131.2	51.7%
US dollar	55.6	16.6%	18.4	7.2%
Other European	2.1	0.6%	1.9	0.8%
Total	334.3	100.0%	253.8	100.0%

Glossary

Portfolio

Throughout, reference is made to the “Portfolio”, which represents the aggregate of the investment portfolios of the Company and of its subsidiary limited partnerships. This is consistent with the commentary in previous annual and interim reports. The Board and the Manager consider that this is the most relevant basis for shareholders to assess the overall performance of the Company and comparison with its peers.

The closest equivalent amount reported on the balance sheet is “investments at fair value”. A reconciliation of these two measures is presented below.

£m	Investments at fair value as per balance sheet	Cash held by subsidiary limited partnerships	Balances receivable from subsidiary limited partnerships	Co-investment incentive scheme accrual	Portfolio
31 October 2016	502.4	(3.1)	3.3	16.0	518.6
31 January 2016	414.1	-	2.1	11.9	428.2

FTSE All-Share Index Total return - The change in the level of the FTSE All-Share Index Index, assuming that dividends are re-invested on the day that they are paid.

Net asset value per share Total Return - The change in the Company’s net asset value per share, assuming that dividends are re-invested at the end of the quarter in which the dividend was paid.

Share price Total Return - The change in the Company’s share price, assuming that dividends are re-invested on the day that they are paid.

Total Return is a performance measure that assumes the notional re-investment of dividends. This is a measure commonly used by the listed private equity sector and listed companies in general.

The tables below set out the share price and the net asset value per share growth figures for periods of 1, 3, 5 and 10 years to the balance sheet date, on both an unadjusted basis (i.e. without dividends re-invested) and on a Total Return basis.

Unadjusted performance in years to 31 October 2016

	1 year	3 year	5 year	10 year
Net asset value per share	17.1%	19.7%	44.0%	91.2%
Share price	5.9%	17.1%	72.4%	74.1%
FTSE All-Share Index	8.1%	5.1%	31.7%	23.5%

Total Return performance in years to 31 October 2016

	1 year	3 year	5 year	10 year
Net asset value per share	19.4%	28.5%	57.1%	118.8%
Share price	8.8%	27.6%	92.4%	107.1%
FTSE All-Share Index	12.2%	16.8%	57.4%	76.5%

Underlying valuation movement is the change in the valuation of the Company’s Portfolio, before the effect of currency movements.