CANDOVER INVESTMENTS PLC

ANNUAL GENERAL MEETING PRESENTATIONS

1 Cloth Fair, London
on Thursday 20th May 2010 at 12.00 noon

Gerry Grimstone – Chairman

Malcolm Fallen – Chief Executive Officer

John Arney – Managing Partner, Candover Partners Limited

GERRY GRIMSTONE - CHAIRMAN

Ladies and Gentlemen, I would like to welcome you to the annual general meeting of Candover Investments plc. The time is now after 12-o-clock and we can start the proceedings. As the requisite quorum of two is present, I declare the meeting open.

I should start by introducing the Board. I am Gerry Grimstone and I am Chairman of the Board.

To my left at the end of the table is Richard Stone, who chairs the Remuneration Committee, next to him is Lord Jay, Michael Jay, next to Lord Jay is Jan Oosterveld and finally next to me is Malcolm Fallen, our Chief Executive Officer.

To my right, at the far end of the table, we have Antony Hichens, who chairs the Nominations Committee and is our Senior Independent Director, then Chris Russell who chairs the Audit Committee. Next to Chris, is Philip Price, our Legal Counsel and Company Secretary. Nicholas Jones has asked me to convey his apologies to shareholders for not being here today due to an inescapable prior commitment.

As I am sure you know, on the 27 April the Board of Candover issued an announcement with regard to discussions that are taking place following an approach by a third party to acquire the Company. These discussions which are ongoing may or may not lead to an offer being made for the whole of the Company's issued share capital. Any offer is expected to be at a price no higher than the last reported net asset value per share of 1,038p per share as at the 31 December 2009. I must stress at this point, however, that there can be no certainty as to the outcome of these discussions.

I know that shareholders will find this very frustrating but I'm afraid that confidentiality undertakings, and rules and regulations that are applicable to potential UK takeovers restrict us from saying anything further about the approach at this stage.

We will, of course, tell shareholders more as soon as we are able to. In evaluating any approach, your Board will be entirely guided by the need to maximise shareholder value.

Turning to the current position of your company, I am pleased to say that our position is much improved compared to that of 12 months ago. A year ago I outlined how our long standing business model had been severely tested by the events of 2008. The decisive action that we took has led to a reshaped Candover, much greater clarity of the relationship between Candover Partners and Candover Investments plc, and a more stable business. This stability has been driven by a resolution of the matters surrounding the 2008 Fund, some timely portfolio realisations and, at least until recently, an upturn in the external environment.

Our financial results for 2009 very much reflect the overall improvement in our underlying financial position and our Chief Executive, Malcolm Fallen will cover these in more detail shortly. Malcolm is our first ever executive employee to devote his attention exclusively to the interests of Candover Investments plc, and he has played an immensely important role in driving the business forward.

During the year, Candover Partners implemented its long-planned succession strategy, with John Arney appointed Managing Partner and Marek Gumienny becoming Chairman. John leads a high calibre team who are working hard to build on the value we believe exists within Candover's portfolio of companies, and you will hear from him after Malcolm. Following the resolution of the 2008 Fund discussions, Colin Buffin left Candover after 25 years and we would like to thank him for his contribution to the development of the business.

We have also decided to make some changes to your Board to reflect the fact that Candover is now a smaller company managed by a full time CEO. The Board is reducing in size to four non-executive positions, with Antony Hichens, Chris Russell and Nicholas Jones stepping down following this AGM. I would like to thank them on your behalf for their service to Candover, particularly Antony who has been a Board member for 21 years. The remaining non-executives will be taking on new roles, with Richard Stone becoming Chairman of the Audit, Risk and Valuation Committee, Lord Jay becoming the Senior Independent Director and Jan Oosterveld becoming Chairman of the Remuneration Committee. I will become Chairman of the Nominations Committee.

I know shareholders are concerned about our ceasing to pay dividends. Although our financial results have improved, the Board does not yet feel that it is appropriate to start paying a dividend again. However it remains our intention to restart dividend payments when further progress has been made.

I would now like to introduce you to Malcolm Fallen, our Chief Executive Officer, who will add some more colour to the actions taken over the last 12 months, provide the detail behind our financial results for 2009, and outline the current priorities for Candover.

MALCOLM FALLEN – CHIEF EXECUTIVE OFFICER

As this is my maiden AGM for Candover, I would like to say how pleased I am to have the opportunity to be here today and to have the opportunity of meeting more of Candover's shareholders.

I am well aware that the events of the last year have affected you all, but as Gerry has said, we are in a much better position now than we were a year ago. I think we have made good progress, with the general improvement in the external environment in the second half of the year benefitting the Company.

In terms of our results, our key performance measure of Net Asset Value per share rose only marginally for the full year, from 1026p to 1038p. This movement masked the adverse effects of currency movements and one off costs associated with the restructuring of the business, offset by the recovery in the value of the portfolio during the second half of the year.

At the half way point we reported a 12.1% decline in NAV per share, but over the second half of the year we saw this rise by 15.1%.This second half increase was driven by the steady recovery in the underlying value of the portfolio which was mainly due to an increase in the profit multiples which are used to value our assets.

In the first half of last year, we undertook a comprehensive strategic review of your business. Every option was put on the table for consideration from expressions of interest in acquiring the entire business through to raising new share capital to improve our balance sheet. We also reviewed when and how we should implement a necessary restructuring in the scope and scale of our operations.

We concluded that, at that time, none of the third party proposals would deliver superior value for shareholders compared to the anticipated benefits from realising the portfolio over time. Shareholders will, I am sure, recall that around this time last year the share price had dipped as low as 82 pence.

What we did implement was a business restructuring to align our costs with a plan that was in the near term focussed on maximising value from the current investments. The restructuring sadly involved making some staff cuts with the team reducing from 100 at the start of 2009 to 39 today. We also closed our fledgling operations in Asia and Eastern Europe.

Our decision to rule out a number of the options was influenced by some timely asset sales by Candover Partners which made a major contribution to our financial stabilisation – Wood Mackenzie in July of last year and Springer Science+Business Media in the first quarter of this year. These sales not only produced cash in their own right for Candover but also included carried interest payments from the Candover 2001 Fund which crystallised at the time of the Wood Mackenzie sale. We also sold our interest in three French buyout funds during last year.

All of these events have helped us manage our net debt position and enhanced our ability to meet the covenant obligations on our loan notes. Since the year end we have received the proceeds from the sale of Springer together with further carried interest payments from the 2001 Fund. This means our pro forma net debt at 31 December would have been £58.1million, down from £74.8 million actually reported at the year end. This in turn has a favourable effect on another important key performance measure for the Company, namely our loan to value ratio. On a pro forma basis this reduces to 21.9%, compared to 26.4% at the year end and 33.6% a year ago. The ratio is well within the required threshold of 40%.

Our work on strategy went hand in hand with the process of reaching agreement with Candover Partners and the Limited Partners of the Candover 2008 Fund over the future of that fund. Resolution was achieved at the beginning of this year. The Fund's investment period was terminated and its sole investment is in Expro, the oil services company.

The impact of the formal termination of the 2008 Fund, which effectively released us from our €1billion commitment, together with the proceeds from the asset sales during the year have equipped us with the resources to meet our remaining investment commitments to the Candover 2005 Fund. These commitments of £80 million are now more than twice covered by our current cash and undrawn bank facilities.

During 2009 we also looked long and hard at the structure of our business model and reviewed the various internal arrangements that operated within the group, most of them relatively informal. We decided that these were not sufficiently robust, and so since the year end we have entered into a binding agreement with Candover Partners. The agreement formalises the relationship between the Company as an investor and Candover Partners as its asset manager, including establishing market-based financial arrangements with Candover Partners.

2009, therefore, was a busy and challenging year. But a rewarding one too, in terms of the progress we made moving the company forward from its precarious position at the start of the year. This work will continue during 2010. Our priority, my priority, for the year ahead is to build on this progress, exploring the options we now have to maximise and create value for all of Candover's investors.

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JOHN ARNEY, MANAGING PARTNER, CANDOVER PARTNERS LIMITED

I took over as Managing Partner of Candover Partners in 2009 as part of a planned succession strategy, albeit one which was accelerated to match the year's events! I have worked in the industry for 15 years, the last eight at Candover and I am proud to be leading such a high calibre, successful and focused team of people as we complete our workout of legacy issues and build our options for the future.

So my job today is to provide you with some insight into key events in the portfolio since the last AGM, and what our overall strategy has been with regard to managing that portfolio for value through a downturn.

For the first time in Candover's 29 year history, following the suspension of the Candover 2008 Fund in March, we made no new investments during the year. And to be fair, neither did a large proportion of our peer group. For most of the year, the European buyout market suffered from the fragility in the broader economic environment, with deal values and volumes falling to levels last seen in the early 1990s. Just €23bn of deals were completed, nearly 70% down on the prior year and 90% down on 2007.

Our portfolio company management teams faced a very challenging economic climate during 2009, and our priority throughout the year were to ensure that each company was well positioned to cope with the negative impacts of a down turn, as well as being equipped to build value for the future.

Working closely with the portfolio, we identified three core areas which we felt were most important to achieving these priorities:

- Making sure each company had an appropriate and sustainable capital structure in place

- That the management teams had clearly identified the challenges facing their business and had strategies to address them; and

- That the businesses remained growth and profit orientated, either organically or by acquisition

Four companies completed financial restructurings or re-financings during the year and Candover Partners played a very central role in each of them. At two, Ferretti, a luxury yacht manufacturer and ALcontrol, a food and environmental testing business, we were unable to agree with lenders on appropriate capital structures in the context of a weakening economic environment and consequently we exited both investments at no value.

By contrast, in the case of Hilding Anders, Europe and Asia's market-leading manufacturer of mattresses and beds, we were able to restructure the company's borrowings and retain control of the business. In doing so, the Candover 2005 Fund and plc together provided additional funding of €29 million for future acquisitions.

In the case of Expro International, we successfully led a refinancing of the group's entire senior debt by raising a US$1.4 billion high yield bond and resetting the mezzanine covenants. This has provided the company with a capital structure that is better suited to the cyclical nature of the oil and gas sector and one which will allow Expro to fulfill its substantial potential over the mid and long terms.

Since the year end, one more company has undertaken a restructuring. In April, DX, a leading provider of business to business mail services in the UK agreed a capital refinancing and as part of the transaction the Candover 2005 Fund provided £15 million of new equity, and as in the case of Hilding Anders, retained its majority shareholder position.

The vast majority of our portfolio companies now have appropriate capital structures that have enabled them to weather the economic storms of late, and which will leave them well positioned to take full advantage of an upturn. Resuming a strong organic growth trajectory is a priority for all of them, while some, such as Hilding Anders, Parques Reunidos and Capital Safety Group have also been pursuing and completing acquisitions during the first quarter of this year.

We have had two significant realisations; Wood Mackenzie in June of last year, and Springer in February of this year. The sale of Wood Mackenzie generated proceeds of £36.4 million in total for Candover, of which £16.8 million resulted from the crystallisation of carried interest payments from the Candover 2001 Fund. The Candover 2001 Fund, managed by Candover Partners, first invested in Wood Mackenzie in 2005 in order to facilitate its growth plans and became the majority shareholder in 2007 in a follow-on transaction. It was a very successful investment for us, generating an investment return of 2.7 times and and IRR of 56%.

The sale of Springer Science+Business Media generated proceeds of £16.7 million for Candover, which included further carried interest distributions relating to the Candover 2001 Fund. Springer, too, has been a successful investment for Candover, generating an investment multiple of 1.8 times and an IRR of 28%.

I hope this provides you with some insight into our activities over the last year or so – all of which have been focused on maximising the value in our portfolio, working closely with investee company management teams. These are businesses at various stages of the trading cycle in the current environment, but they are all businesses on a mission, with a common goal to maximize their growth potential. We are fortunate to be working with such a group of high quality managers.

Our priorities for 2010 remain the same, and whilst the economic outlook remains uncertain, the overall performance of the top ten portfolio companies continues to be resilient as was reported in the Interim Management Statement issued by Candover earlier today.