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Candover Investments plc

Presentation to analysts 1st March 2010

Agenda



- Headlines and overview

Malcolm Fallen

- Financial results

Matthew Harrison

- Fund and portfolio update

John Arney

- Summary

Malcolm Fallen

- Questions

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Headlines and overview

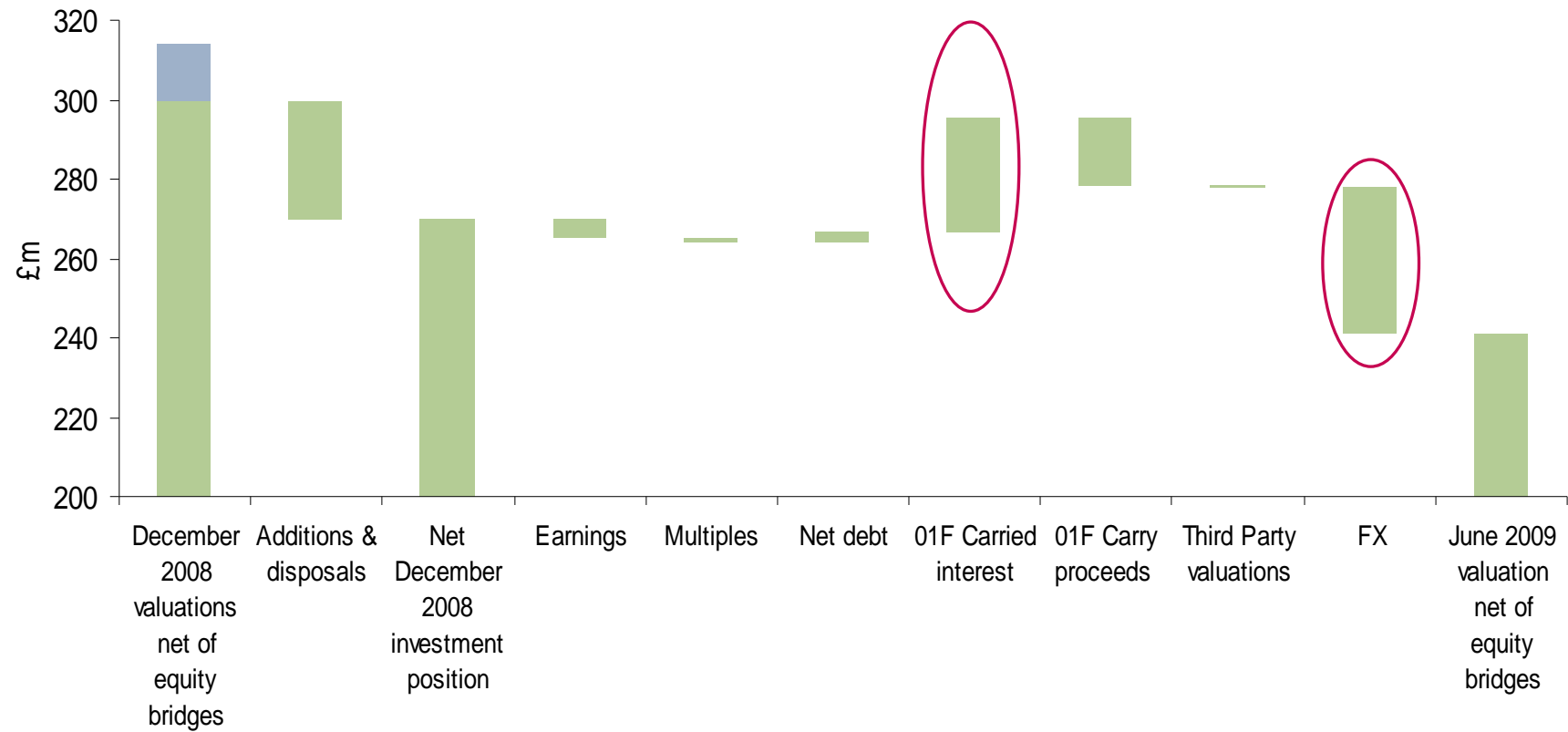
Malcolm Fallen

2009 headlines

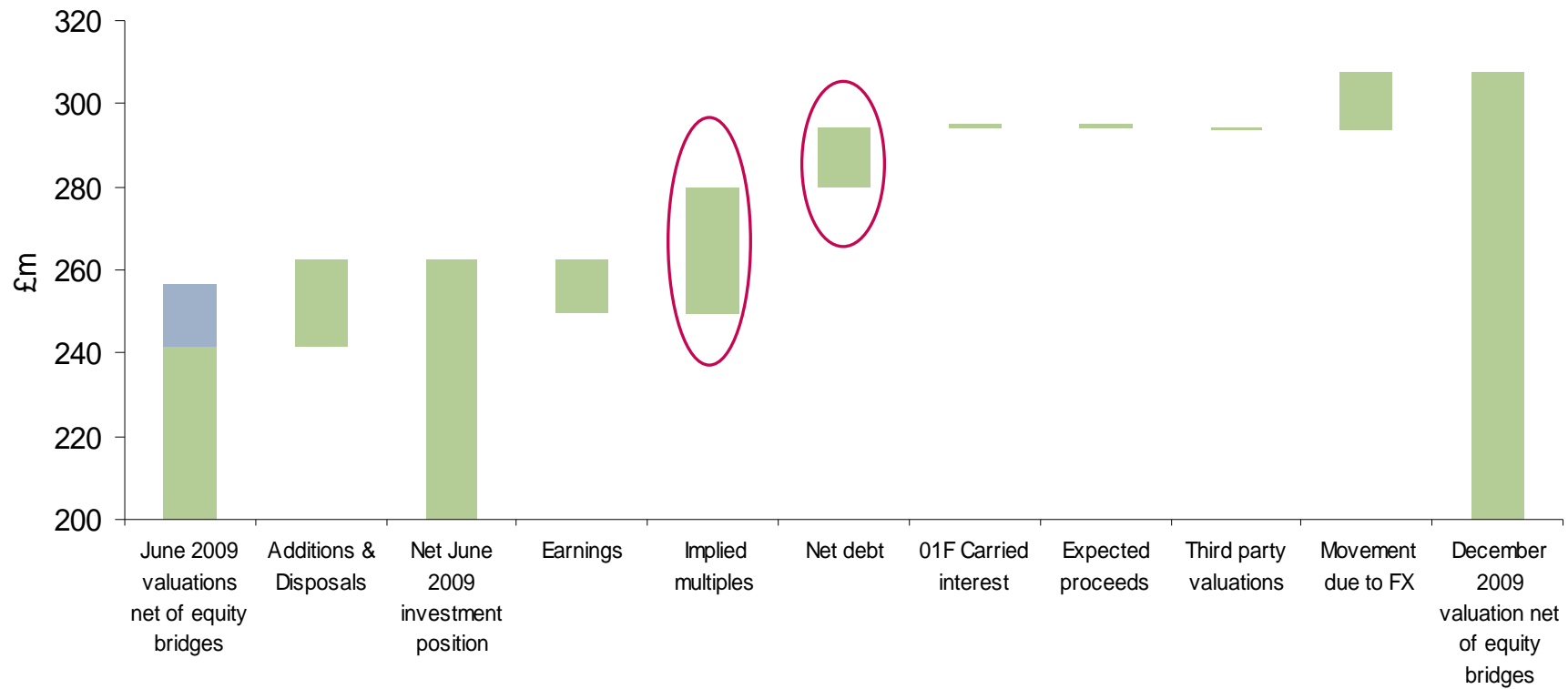


Key financials	H1	H2	Status
NAV (pence per share)	902	1038	
Change in NAV	↓ 12.1%	↑ 15.1%	
LTV	25%	26%	
Impact of 2008 Fund restructuring			
Uncalled commitments/NAV	3.9x	0.4x	
Cash & undrawn facilities/ uncalled commitments	0.2x	2.5x	
Portfolio concentration			
	2008	2009	
Ten largest investments	85.4%	87.7%	
Dividend per share			
	2008	2009	
	22p	nil	

Investment valuation drivers for H1 2009



Investment valuation drivers for H2 2009



Overview – strategic review

Where were we at H1?

- Achieving stabilisation
 - Wood Mackenzie/Ciclad realisations and carry crystallised in H1
 - Cost base reduction and office closures
 - Strategic review process on-going with regard to 2008 Fund
- 2008 Fund on-going discussions
 - Standstill until 6th October
 - Active dialogue between LPs, CPL and PLC

Where are we now?

- Continuing stabilisation
 - Recovery in investment values
 - Realisation of Springer with further carried interest
 - Restructuring completed and cost base reduced and better aligned to fee income
 - Satisfactory conclusion of discussions on the 2008 Fund
- 2008 Fund resolved
 - Investment period terminated with surrender of 2008 carried interest
 - No penalty
 - No litigation
 - No further investment commitment

Overview – strategic review

Where were we at H1?

- Candover Partners
 - Management changes announced
 - Alternative ownership model being reviewed in context of 2008 Fund discussions

Where are we now?

- Candover Partners
 - Management succession completed with fully restructured asset management team
 - Focus on delivering value from portfolio – showing signs of success
 - Alignment of interests of parent and subsidiary
 - Investment Management Agreement concluded between parent (“investor”) and subsidiary (“manager”)
 - Reviewing options to rebuild investment capacity

Priority is to build on the progress made, exploring options which enhance value for investors

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Financial results

Matthew Harrison

Financial results



- Summary
- Net assets
- Investments
- Cash flow statement
- Net debt
- Net revenue

Summary



■ Net assets

- NAV per share up 1.2% to 1038p at 31st December 2009 (2008: 1026p) – reflecting continuing stabilisation
- 15.1% increase in NAV from 902p at 30th June 2009 – reflecting a steady recovery in the underlying portfolio valuations
- Value per share of 1208p before FX and exceptional costs of 92p and 78p a share respectively – increase of 17.7% over the year

■ Portfolio value

- Increase in valuations pre-FX of 20.5% over the year largely due to the increase in comparable multiples
- Portfolio concentration increased with the top ten representing 87.7% of the investment portfolio (2008: 85.4% on like-for-like basis)
- Expro represents 29.9% (42.1% of NAV) including residual stake from 2008 syndication vehicle guaranteed by Candover

■ Realisation & investment activity

- Realisation proceeds of £45.1m over the year: Wood Mackenzie and Candover 2001 carried interest payment
- No new investments made other than acquisition of £40.0m of Expro shares

Summary cont.



■ Earnings

- Underlying net revenue before exceptional non-recurring costs was £10.4m (2008: £5.2m) resulting from the benefit of restructuring our cost base to offset lower management fee income and improving accrued investment income as the underlying portfolio improves
- Exceptional non-recurring costs of strategic review and right-sizing the business of £17.1m, of which £15.4 was charged in H1.

■ Net debt and facilities

- Net debt at 31st December 2009 of £74.8m (2008: £54.5m) reflecting realisations, investment activity and exceptional costs
- LTV ratio at 31st December 2009 declined to 26.4% (2008: 33.6%) – pro-forma post-Springer of 22.7% and net debt of £60.1m
- Outstanding commitment to the 2005 Fund more than twice covered by cash and undrawn facilities

Net assets – H1 and H2 movements



£m	H1 2009	H2 2009
Opening net asset value	224.3	197.2
Investment movements (before currency)	22.1	22.8
Net revenue before exceptional non-recurring costs	5.2	5.2
Capitalised expenses	(7.7)	(4.6)
Other	(1.5)	(1.5)
	18.1	21.9
Currency impact on realised and unrealised investments	(39.6)	12.3
Restatement of cash and cash equivalents	(15.9)	7.9
Translation of loan and swap balances	25.7	(10.6)
	(29.8)	9.6
Exceptional non-recurring costs	(15.4)	(1.7)
Closing net asset value	197.2	227.0

Continued underlying profitability pre-currency and exceptional costs

Costs of strategic review and right-sizing the business

Currency exposure is currently managed for loan to value covenant purposes

Investments – H1 and H2 movements



£m	H1 2009	H2 2009
Opening investment value (including accrued income)	313.9	256.6
Disposals at valuation	(46.5)	(2.6)
Additions (net of transfer of provision)	0.1	23.1
	267.5	277.1
Revaluation of investments:		
Valuation movements before currency	26.1	33.1
Currency impact on unrealised investments	(37.0)	9.7
	(10.9)	42.8
Closing investment value (including accrued income)	256.6	319.9

Disposal of interest in Ciclad funds and Wood Mackenzie (includes carry proceeds)

Acquisition of warehoused Expro shares net of the opening value provision

Growing stabilisation in the underlying investment value of the portfolio

Cash flow statement



£m	H1 2009	H2 2009
Cash flow from operations	0.7	(5.0)
Tax	3.9	(0.1)
Interest	(7.2)	(3.8)
Exceptional non-recurring costs	(4.3)	(7.5)
Net cash from operating activities	(6.9)	(16.4)
Purchase of financial investments	(0.1)	(39.9)
Sale of financial investments	41.6	2.8
Net cash from investing activities	41.5	(37.1)
Increase/(decrease) in cash and cash equivalents	34.6	(53.5)
Opening cash and cash equivalents	133.3	151.9
Effect of FX on cash and cash equivalents	(16.0)	7.9
Closing cash and cash equivalents	151.9	106.3

Compares to outstanding commitments to the 2005 Fund of £80.8m

Net debt



£m		31 st December 2009	31 st December 2008
	Currency movements		
Loans and borrowings		194.6	217.7
Fair value hedge adjustment		(13.3)	(21.0)
Deferred costs		1.3	1.6
Value of bonds (due end-2014)		182.6	198.1
Value of related swaps	Costs of restructuring	(1.5)	(10.4)
Cash		(106.3)	(133.2)
Net debt	Falls to £60.1m when pro-forma for Springer proceeds	74.8	54.5

LTV ratio 26.4% v 33.6% (2008) with pro-forma 22.7% post Springer disposal, all within the threshold of 40%

Net revenue



£m	H1 2009	H2 2009
Income from investments and cash balances	6.5	6.8
Management fee income	9.8	8.8
Expenses (gross)	(13.7)	(11.2)
Capitalised expenses	3.6	1.6
Finance costs	(1.0)	(0.8)
Net revenue before exceptional non-recurring costs	5.2	5.2
Redundancy costs	(6.8)	(0.7)
Advisor costs (strategic review)	(2.7)	(1.4)
Placing agents' fees written-off	(1.7)	-
Asia and Eastern Europe (losses and redundancy)	(4.2)	0.4
	(15.4)	(1.7)
Net revenue before tax and other comprehensive income	(10.2)	3.5

Impact of lower fee income offset by the benefits of restructuring our cost base

(0.3)

(0.8)

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Fund and portfolio update

John Arney

Fund and portfolio update



- Overview of manager
- Fund updates
- Portfolio update
- Expro case study

Overview of manager



- Management succession implemented
- 17 investment executives and 25 support staff
 - 102 at start of year comprising: CPL 88; Asia and CEE 14.
- Maximised continuity of portfolio management
- Challenged status quo and strengthened portfolio management processes, with enhanced focus on:
 - Sustainable earnings growth
 - Robust, appropriate capital structures
 - Strong and motivated management teams
- Exploring options to rebuild investment capacity

Fund update



■ 2001 Fund

- Wood Mackenzie realised – 2.7x total return and 56% IRR
- Post year end realisation of Springer – 1.8x total return and 28% IRR
- Overall returns to date - €3.4bn returned on €2.7bn of committed capital
- Six investments remain to be realised

■ 2005 Fund

- Investment period ended in August 2009 – one realisation to date
- In excess of €600m available for follow-on in the remaining nine investments
- Growing stabilisation of the portfolio eg Hilding Anders debt restructured

■ 2008 Fund

- Investment period terminated in January 2010
- Expro is the only investment held by the Fund
- €100m of committed follow-on investment capacity from the LPs

Portfolio update



■ Sustainable earnings growth

- Six of our top ten investments by value delivering earnings above prior year
- Assets all have strong EBITDA to cash conversion
- Multiple initiatives to stimulate growth in 2010 and beyond

■ Capital structures

- Top ten 2001 Fund assets have de-levered from 4.2x to 3.4x over the year
- Top ten 2005 Fund assets (ex. Expro) have remained steady at 5.2x
- Expro capital structure more robust across the cycle following successful HYB issue
- Successful restructuring of Hilding Anders – retained majority ownership, capitalised mezz
- Only one re-financing required on a top ten asset prior to 2014

■ Management teams

- Strengthening management teams where necessary
- Ensuring appropriate and aligned incentive packages remain in place

Expro – case study



- Expro is a leading provider of services and products that measure, improve, control and process flow from high-value oil and gas wells
- Headquartered in the UK with 4,500 employees and operations worldwide across seven regions and 50 countries
- Robust industry fundamentals and significant exposure to high growth subsea market drives long term value
- Strong competitive position (number 1 or number 2) in core markets
- Long standing and diversified customer base of blue-chip IOCs and NOCs

Expro – case study



- Re-aligned capital structure for long term growth
 - \$1.4bn HYB – ensuring that its financial structure is better suited to the cyclical nature of the oil and gas sector
 - Bond proceeds used to refinance senior debt, mezzanine retained with enhanced headroom – seven year bond term with no refinancing requirement before 2016

- Experienced and incentivised management team capable of delivering value
 - Highly regarded management team focussed on executing their growth strategy
 - Track record of value creation under public ownership

- Significant potential to grow earnings organically and acquisitively
 - Subsea market anticipating double-digit growth rates over medium term
 - Existing global platform can bolt-on complementary products and services

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Summary

Malcolm Fallen

Summary



- Financial stability enhanced
 - Costs reduced
 - Realisation benefits
 - Valuations improving
 - Investment commitments now well covered
- 2008 Fund discussions resolved with no penalties and no further commitments
- Restructuring of CPL and management succession completed with formalisation of arrangements between parent “investor” and subsidiary “manager”
- Priority is to build on the progress made, exploring options which enhance value for investors



Questions?

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Appendices

Ten largest investments



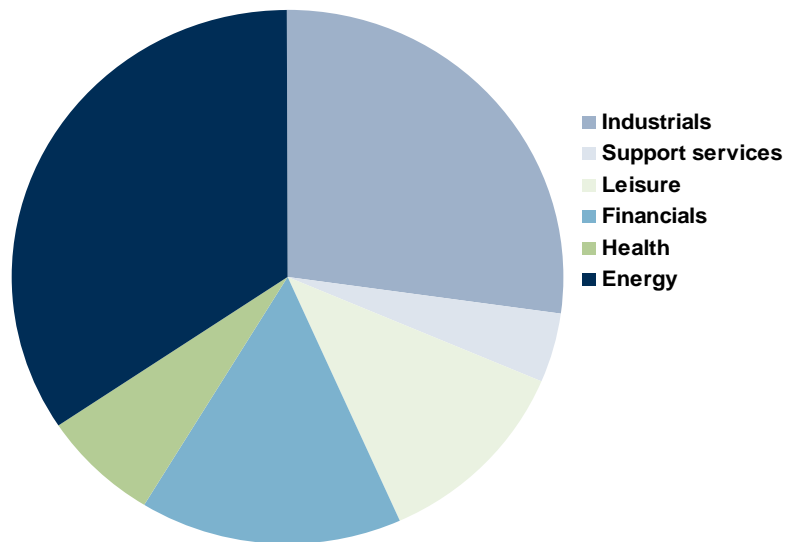
£m	Date of acquisition	Residual cost	Value at 31.12.08 (adjusted for additions)	Valuation movement	Valuation movement attributable to FX	Value at 31.12.09	Valuation movement (pence per share)	% of net assets
Expro International	Jul 08	69.4	71.4	34.7	(10.3)	95.8	112	42
Stork	Jan 08	48.9	47.0	-	(3.2)	43.8	(15)	19
Parques Reunidos	Mar 07	25.7	33.9	3.4	(2.6)	34.7	4	15
Alma Consulting	Dec 07	20.5	26.8	6.4	(2.3)	30.9	19	14
Ontex	Jan 03	21.3	15.9	5.4	(1.5)	19.8	18	9
Qioptiq	Dec 05	9.6	19.8	(2.8)	(1.2)	15.8	(18)	7
Equity Trust	May 03	8.3	11.3	2.2	(0.9)	12.6	6	6
EurotaxGlass	Jun 06	17.4	16.2	(4.0)	(0.8)	11.4	(22)	5
Capital Safety Group	Jun 07	11.8	15.2	(3.2)	(1.2)	10.8	(20)	5
Innovia	Sep 04	3.8	-	5.4	(0.4)	5.0	23	2

The ten largest investments represent 87.7% of the portfolio, with the 2001 Fund Carried Interest representing a further 8.7%

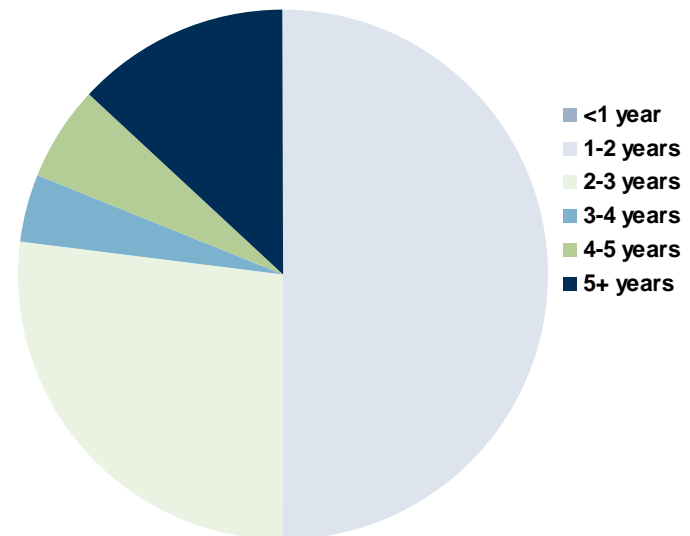
Portfolio analysis – ten largest investments



Sector analysis



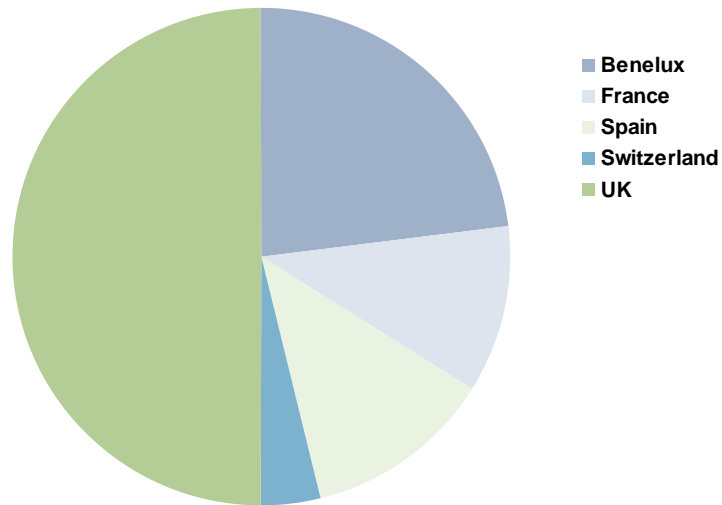
Age analysis



Portfolio analysis - top ten investments



Geographical analysis



Valuation basis

