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Candover Investments plc

Presentation to analysts 1st March 2011

Agenda

- Overview – Malcolm Fallen
- Financial results – Matthew Harrison
- Fund and portfolio update – John Arney
- Summary – Malcolm Fallen
- Appendices
  - Ten largest investments and analysis
  - Investment valuation movements
  - Exceptional non-recurring costs analysis

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Overview

Malcolm Fallen

Overview

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- **Strategy for Candover Investments clear**
  – Value from the progressive return of cash from portfolio realisations
  – Distribution to shareholders once in net cash position
- **Financial position significantly strengthened**
  – Reduced net debt, improved LTV position and lowered outstanding fund commitments through strip sale to Pantheon
  – Traded an element of the upside for greater certainty of return to shareholders
  – Balance sheet simplified to reflect "run off" nature of the Investment Trust with future liabilities either crystallised or provided against
- **Established appropriate future operating model**
  – Stabilised manager with additional incentive structure provided by Pantheon
  – Cost of managing investments now tracks value of investments
- **Transaction on track to complete by end of Q1**
  – Outstanding consents (regulatory/portfolio company) in hand
  – Tag process underway with take-up currently anticipated to be low

2010 headlines

Key financials	*Dec 2009*	*June 2010*	*Dec 2010*	*Status*
NAV pre-transaction impact	**1038p**	**903p**	**1026p**	
Change in NAV by period		**-13%**	**+14%**	
NAV post-transaction impact	**1038p**	**903p**	**814p**	
Change in NAV by period		**-13%**	**-10%**	
Net debt	**£75m**	**£59m**	**£91m**	
LTV ratio	**26%**	**25%**	**33%**	
Outstanding commitments	**£81m**	**£73m**	**£39m**	
Pro-forma net debt			**£27m**	
Pro-forma LTV ratio			**14%**	
Pro-forma commitments			**£28m**	
Portfolio concentration	**88%**	**90%**	**87%**	

Financial position transformed

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Financial results

Matthew Harrison

Net assets

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	£m	p	%
Opening net asset value	**227.0**	**1038**	
Gain on financial instruments and other income	12.7		
Recurring administrative expenses	(7.0)		
Finance costs	(6.5)		
Other (including tax)	2.1		
Pre-currency impact and exceptionals	**228.3**	**1045**	**+1%**
Currency impact on unrealised investments	(5.9)		
Restatement of cash and cash equivalents	(6.3)		
Translation of loan and swap balances	8.2		
Pre-exceptionals	**224.3**	**1026**	**-1%**
Loss from CPL disposal group ('discontinued operations')	(21.7)		
Loss relating to assets subject to strip ('discontinued operations')	(19.6)		
Exceptional non-recurring costs	(5.1)		
Closing net asset value	**177.9**	**814**	**-22%**

+14% since June

Investments

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	£m	£m
Opening investment value (including accrued income)		**319.9**
Disposals at valuation		(33.1)
Additions		34.7
Less: release of financial liability on equity commitments		(12.2)
Investments adjusted for additions and disposals		**309.3**
Valuation movements before currency	7.6	
Currency impact on unrealised investments	(6.9)	
		0.7
Investments at 31st December 2010 (incl. assets held as part of the strip disposal)		**310.0**
Investments held for resale (assets subject to strip disposal and ICG funds)		(80.0)
Closing investment value (including accrued income)		**230.0**

Strip assets included £77m

Net debt

£m	Dec 2009	June 2010	Dec 2010	Pro-forma
Loans and borrowings	194.6	203.6	200.5	200.5
Fair value hedge adjustment	(13.3)	(17.7)	(16.5)	(16.5)
Deferred costs	1.3	1.2	1.0	1.0
Value of bonds (due end-2014)	**182.6**	**187.1**	**185.0**	**185.0**
Value of related swaps	(1.5)	(28.2)	(14.1)	(14.1)
Cash	(106.3)	(100.1)	(79.9)	(144.2)
Net debt	**74.8**	**58.8**	**91.0**	**26.7**
LTV ratio	**26.4%**	**25.0%**	**32.6%**	**13.7%**

The pro-forma adjusts for the strip disposal (net of related costs) and realisation proceeds received post year end (excl. deferred consideration)

Cash flow

	£m	£m
Cash flow from operations	(15.1)	
Tax	0.8	
Interest	(6.1)	
Net cash from operating activities		**(20.5)**
Purchase of property, plant and equipment	(0.4)	
Purchase of financial investments	(34.7)	
Sale of financial investments	35.5	
Net cash from investing activities		**0.4**
(Decrease) in cash and cash equivalents		**(20.1)**
Opening cash and cash equivalents		**106.3**
Effect of FX on cash and cash equivalents		(6.3)
Closing cash and cash equivalents		**79.9**

Post year-end a further £15m received from EQT and ICG sales with an additional £8m deferred (due by June)

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Fund and portfolio update

John Arney

Portfolio update

- **Valuation movements & multiples**
  - Of top ten investments by value seven written up and three written down YoY
  - Strong recovery in earnings of Stork, Capital Safety and Technogym driving valuation uplifts
  - Alma written down as discrete market pressures result in weaker earnings and prospects
  - Whilst long term KPIs are improving Expro held at H1 valuation
  - Weighted average valuation multiple of 7.6x as compared to 8.5x at December 2009
- **Sustainable earnings growth**
  - Six of our top ten investments by value delivering earnings above prior year
  - Assets all have strong EBITDA to cash conversion (de-leveraging over the year)
  - Multiple initiatives to stimulate growth in 2011 and beyond
- **Capital structures**
  - Top ten assets have de-levered to 5.1x from 5.3x over the year
  - Excluding Expro (HYB) the top ten assets have de-levered to 3.6x from 4.6x
  - Successful restructuring of DX Group and covenant reset on ETG during the year
  - Post year-end successful refinancing of PQR US – providing additional acquisition fire power for the group

Investment activity

- **Realisations (all figures include carried interest proceeds)**
  - Springer Science+Business Media realised - 1.8x total return and 28% IRR – proceeds to Candover Investments plc of £11.7m
  - Ontex realised - 0.7x total return – initial proceeds received by Candover Investments plc of £17.3m with deferred proceeds of £10.6m due by September 2012 at the latest
  - Post year end realisation of Equity Trust – 1.5x total return and 6% IRR - delivering proceeds already received of £14.1m and deferred proceeds of £7.1m due by June 2010 at the latest
- **Follow-on investments**
  - Expro – acquisition of PTI (£1.5m invested by Candover Investments plc)
  - DX Group balance sheet restructuring (£2.2m)
  - EurotaxGlass as part of restructuring (£2.4m)
  - Hilding Anders to repay an acquisition facility (£6.8m)
  - Technogym to repay an equity bridge facility (£21.6m)

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Summary

Malcolm Fallen

Summary

- Balance sheet significantly de-levered and significant LTV headroom created
- Commitments reduced
- Financially secure and able to capture potential value in underlying portfolio
- Manager’s future clarified
- Flexible cost base established
- Return of cash to shareholders will ultimately track realisation activity of manager

Appendices

Ten largest investments

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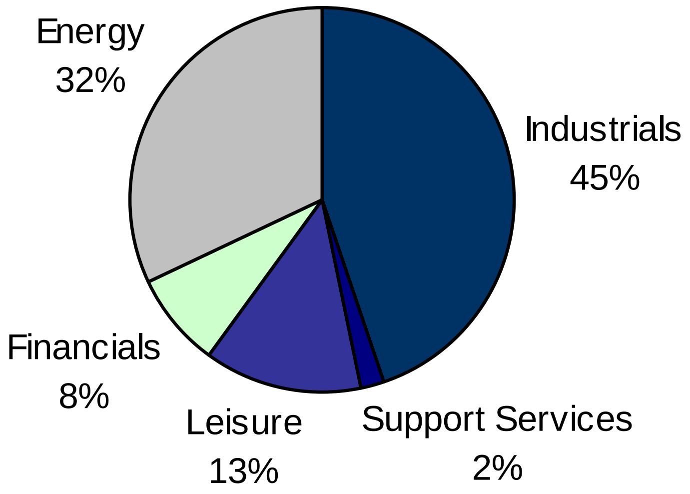
£m	Date of acquisition	Residual cost	Value at 31.12.09 (adjusted for additions)	Valuation movement	Valuation movement attributable to FX	Value at 31.12.10	Valuation movement (pence per share)	% of net assets
Expro International	Apr 08	110.9	97.3	(14.2)	3.3	86.4	(50)	49
Stork	Jan 08	48.9	43.8	19.9	(2.2)	61.5	82	35
Parques Reunidos	Mar 07	25.7	34.7	3.0	(1.7)	36.0	6	20
Capital Safety Group	Jun 07	11.9	10.9	7.7	0.3	18.9	37	11
Qioptiq	Dec 05	9.6	15.8	2.1	(0.8)	17.1	6	10
Technogym	Aug 08	41.2	10.3	6.0	0.6	16.0	30	9
Equity Trust	May 03	8.3	12.6	3.3	(0.6)	15.3	12	9
Innovia	Sep 04	3.8	5.0	2.0	(0.2)	6.8	8	4
Alma Consulting	Dec 07	20.5	30.9	(23.0)	(1.7)	6.2	(113)	3
EurotaxGlass	Jun 06	19.8	13.8	(6.8)	(1.4)	5.6	(38)	3

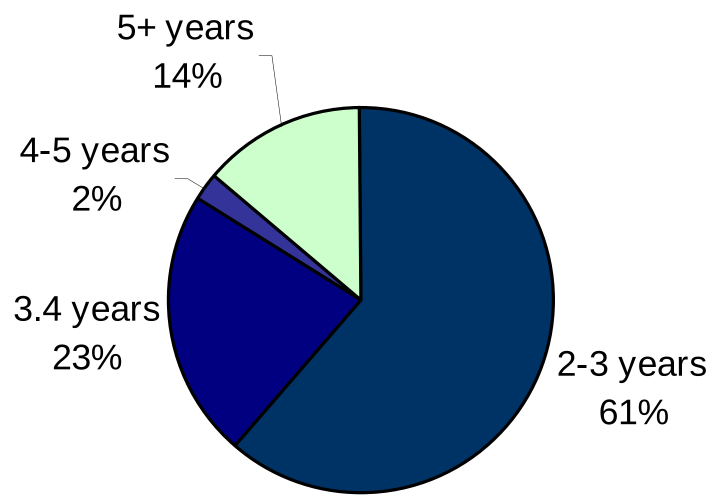
The ten largest investments represent 87.0% of the portfolio,
with the 2001 Fund Carried Interest representing a further 5.6%

Portfolio analysis – ten largest investments

Sector analysis

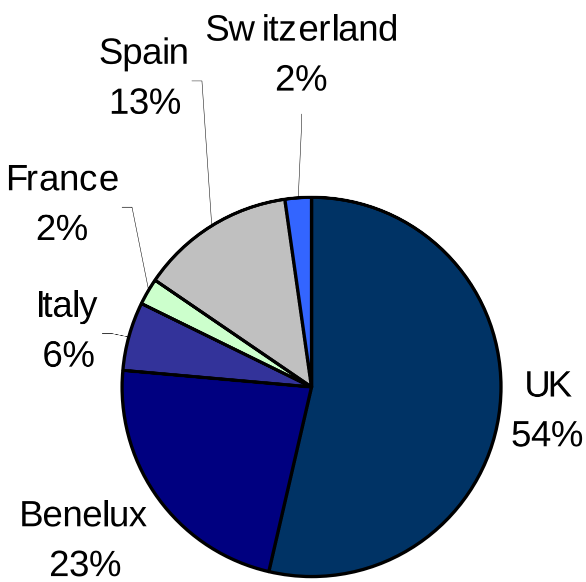


Age analysis

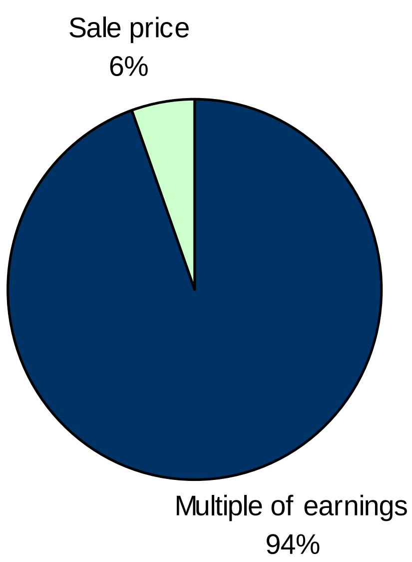


Portfolio analysis - top ten investments

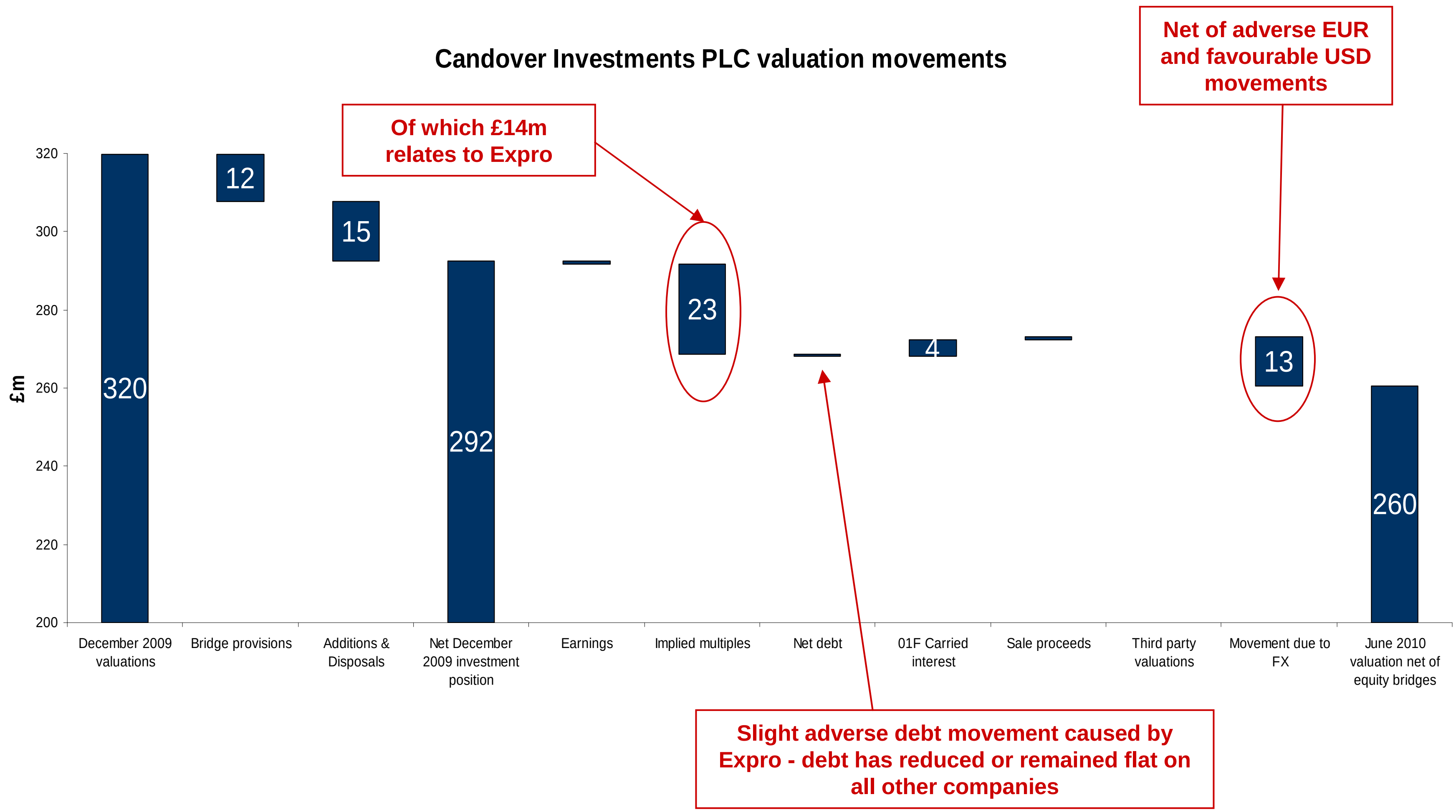
Geographical analysis



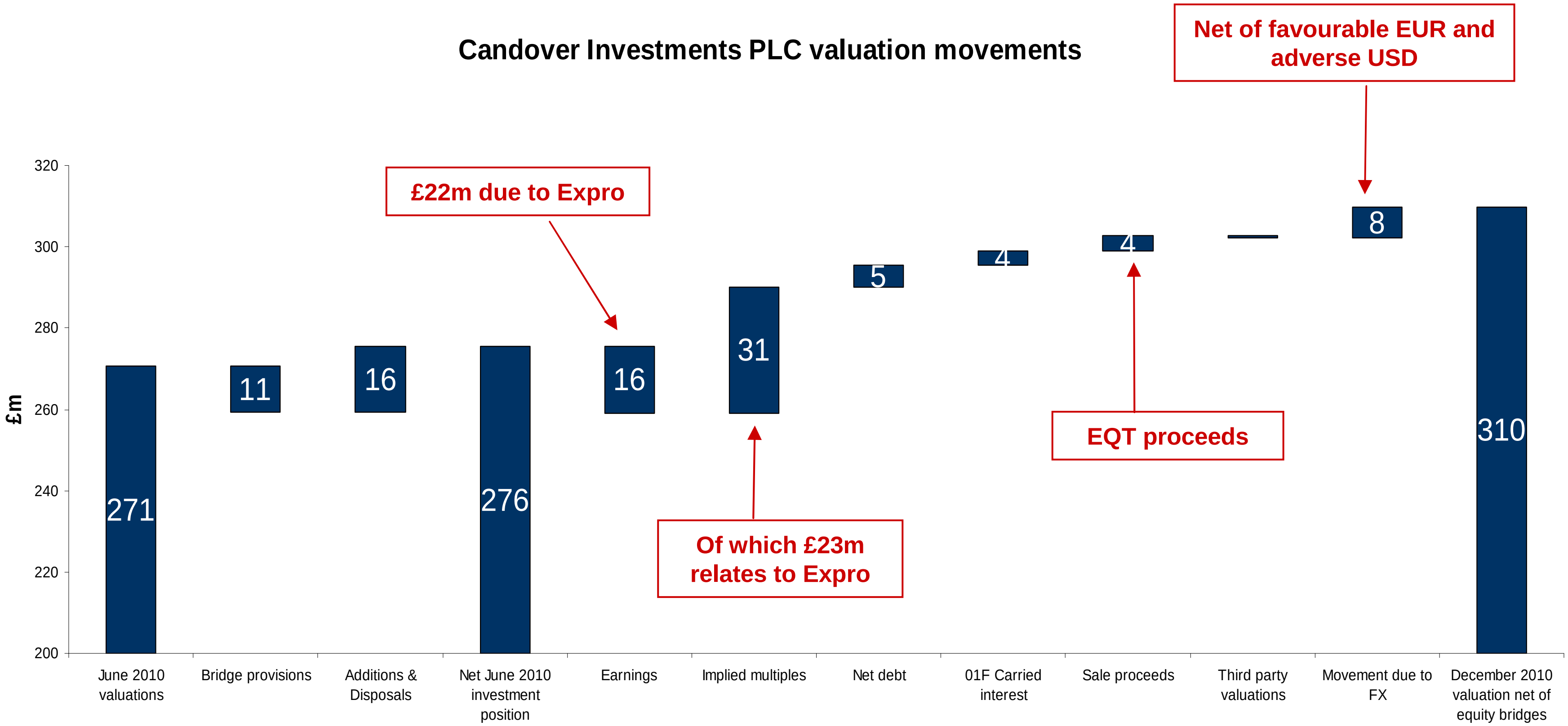
Valuation basis



Investment valuation drivers for H1 2010



Investment valuation drivers for H2 2010



Exceptional non-recurring costs (1)

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Loss from CPL disposal group ("discontinued operations")

	£m
Management fees from third parties	14.6
Management fees charged to continuing group	5.0
Total fee income	19.6
Payroll and administrative expenses	(20.1)
Redundancy costs	(2.3)
Net operating deficit	(2.8)
Write-off on deferred tax asset	(3.4)
Net income before exceptional non-recurring charges	(6.2)
Exceptional non-recurring charges:	
Discretionary contribution to EBT	(3.3)
Payment of future deferred incentives	(0.9)
Advisor costs	(3.6)
Bond consent fee	(0.9)
Write-off on fixed assets	(2.1)
Accelerated write-off on deferred incentive arrangements	(4.7)
Loss from CPL disposal group ("discontinued operations")	(21.7)

Of the charges incurred above £11.1 million will result in cash payments post year end.

Exceptional non-recurring costs (2)

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Loss relating to assets subject to strip disposal ("discontinued operations")

	Revenue £m	Capital £m	Total £m
Gains/losses on financial instruments at fair value through profit and loss			
Unrealised gains and losses	-	(4.1)	(4.1)
Investment and other income	1.9	-	1.9
Movement in fair value of derivatives	(1.9)	(15.5)	(17.4)
Loss relating to assets subject to strip disposal ("discontinued operations")	-	(19.6)	(19.6)

Exceptional non-recurring costs for the continuing group.

Exceptional non-recurring costs for the continuing group include a provision of £4.5 million in respect of an onerous property lease.