



Candover Investments plc

Interim results to 30th June 2014

August 2014

Agenda



- Overview & financial results – Malcolm Fallen
- Fund & portfolio update – Arle Capital Partners
- Summary – Malcolm Fallen



Overview & financial results

Malcolm Fallen

Update



- Encouraging portfolio value uplift:
 - Portfolio up 4.5% on constant currency basis but Sterling's strength has eroded the bulk of the gains
 - NAV per share at 722p up 7 pence (+1%)
- Portfolio trading improved with LTM EBITDA growth to June of over 8% per annum
 - Parques in particular has improved leading to an uplift of £5.1m (13.6%) on constant currency basis
- Realisation activity picked up in H1 with £20.2m of proceeds received from DX and Innovia; £5.2m expected in H2 2014 from Ono sale
- Net debt reduced to £30.4m compared to £47.7m at the start of the year; loan-to-value ratio much improved

2014 Interims - headlines



<i>Key financials</i>	<i>June 2013</i>	<i>Dec 2013</i>	<i>June 2014</i>	<i>Status</i>
NAV	627p	715p	722p	
Change in NAV v prior period		+14%	+1%	
Net debt	£38m	£48m	£30m	
LTV ratio	24%	25%	17%	
Outstanding commitments	£6m	Nil	Nil	
Concentration (% portfolio) - Top 3	68%	76%	83%	

Net assets – up 1%



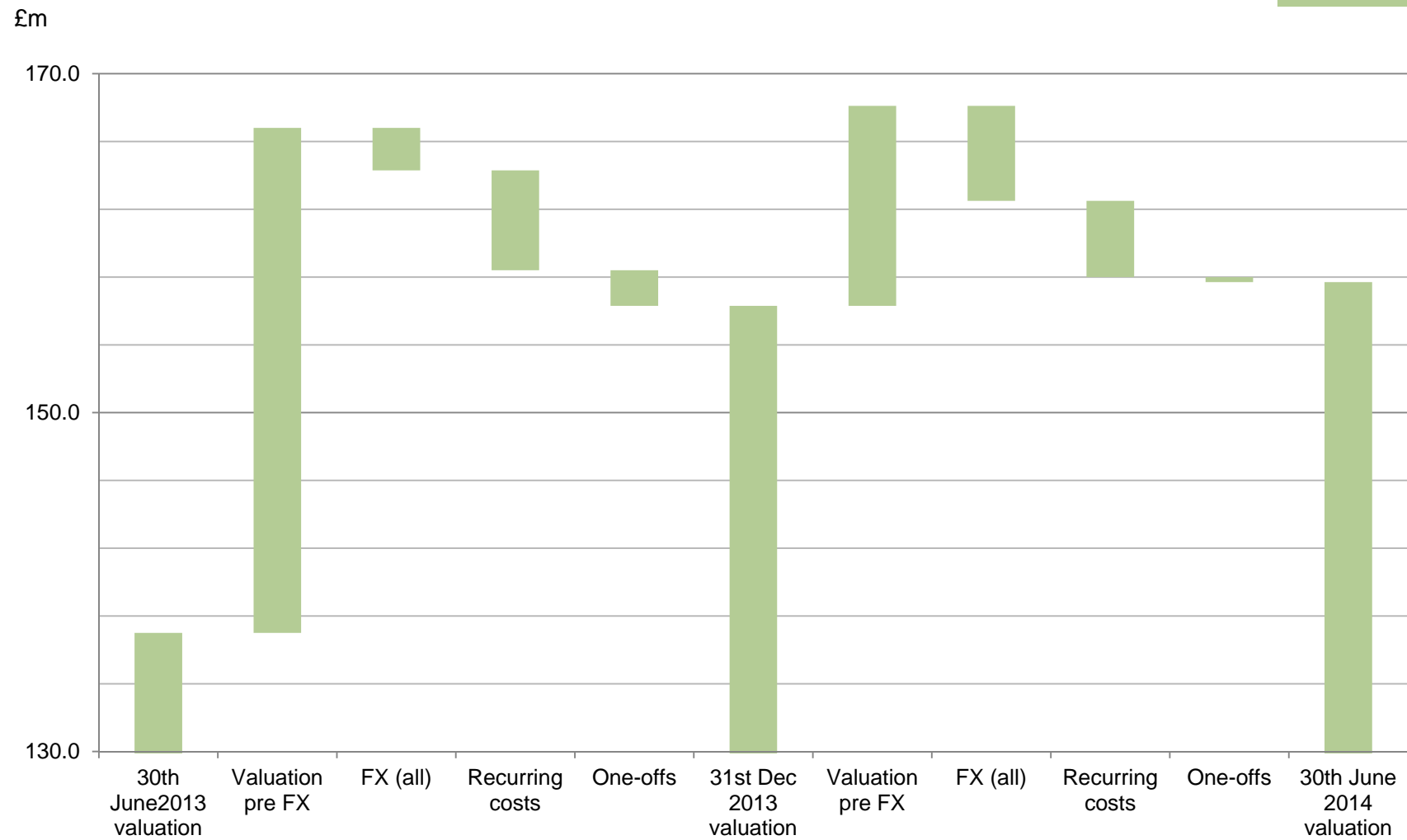
	£m	p
OPENING NAV	156.3	715
Revaluation of investments		
• Gain on financial instruments and other income	11.8	55
• Currency impact on unrealised investments	(6.6)	(30)
	<u>5.2</u>	
Impact of carrying costs		
• Recurring administrative expenses	(2.1)	(10)
• Finance costs	(2.4)	(11)
• Other non-recurring	(0.3)	(1)
	<u>(4.8)</u>	
• Restatement of cash and cash equivalents	(0.4)	(2)
• Translation of loan and fair value hedge adjustment balances	1.4	6
	<u>1.0</u>	
CLOSING NAV	157.7	722

Investments – up 0.7% (4.5% on constant currency basis)



£m	
Opening investment value (including accrued income)	191.2
Disposals at valuation	(16.1)
	175.1
Revaluation of investments:	
Valuation movements before currency impact	7.8
Currency impact on unrealised investments	(6.6)
	1.2
Closing investment value (including accrued income)	176.3

NAV bridge – last twelve months



Net debt



£m	June 2013	Dec 2013	June 2014
Loans and borrowings	156.2	48.6	47.8
Fair value hedge adjustment	(5.4)	-	-
Deferred costs	0.3	2.1	1.5
Value of bonds (due end of 2015)	151.1	50.7	49.3
Cash	(113.2)	(3.0)	(18.9)
Net debt	37.9	47.7	30.4
LTV ratio	24%	25%	17%

Cash flow statement



£m

Cash flow from operations	0.4
Interest paid	(2.0)
Net cash outflow from operating activities	(1.6)
Purchase of financial investments	-
Sale of financial investments	17.9
Net cash inflow from investing activities	17.9
Repayment of debt	-
Increase in cash and cash equivalents	16.3
Opening cash and cash equivalents	3.0
Effect of FX on cash and cash equivalents	(0.4)
Closing cash and cash equivalents	18.9



Fund & portfolio update

Arle Capital Partners

- > NAV of investments managed by Arle increased by 7% since December 2013
- > Candover's investment portfolio was flat since December 2013
 - The difference was due to negative FX movements given Candover reports in GBP

- > H1 2014 highlights included:
 - Earnings of the actively managed portfolio grew by 8.5% in the 12 months to 30 June 2014
 - Three businesses were sold generating total proceeds of c£217m¹, a 25%¹ uplift on the combined valuation at 31 December 2013:
 - DX floated on AIM at a market capitalisation of £200 million
 - Sold all shares at flotation
 - Innovia was sold to a syndicate of international investors managed by Arle
 - EV of €498 million
 - The sale of Ono to Vodafone was announced in March and completed in July
 - New CEOs appointed at Fokker Technologies, Hilding Anders and Parques Reunidos

1 Includes estimated Ono proceeds; final proceeds will depend on EUR:GBP exchange rate when funds are distributed

CANDOVER REALISATION PROCEEDS



H1 2014 Summary

> During the period

- DX Group IPO proceeds	£3.4m
- Innovia sale proceeds	£10.5m
- Candover 2001 Fund carried interest	£6.3m

Total £20.2m

> Post period end

- Ono sale proceeds	£3.4m
- Candover 2001 Fund carried interest	£1.8m

Total £25.4m

> **Expro International**

- Strong trading continues with FY14 adjusted revenues up 15% on prior year with adjusted operating profit up 32% on prior year
- In June, Expro filed a registration statement with the Securities Exchange Commission. This was the first step in a potential IPO in the United States
- Candover's valuation decreased by £2.6m, including downward FX adjustment of £2.2m (12p per share)

> **Parques Reunidos**

- Strong start to the year, due to successful 'holiday' campaigns in Europe and the continued economic recovery in Spain
- Yann Caillère appointed CEO
- Continued roll-out of new organic growth strategies
- Amend & Extend of European debt facilities
- Acquisition of Miami Seaquarium post the period end
- Valuation uplift of £3.5m after adverse FX movements of £1.6m (16p per share)

PORTFOLIO OVERVIEW



- > **Stork (comprising Stork Technical Services and Fokker Technologies)**
 - Held flat before adverse FX movements of £1.4 million (6p per share)
- > **Stork Technical Services**
 - Significant improvement in trading during the half year, particularly in the Oil & Gas sector in the Benelux, Colombia and Australia
 - EBITDA up 27% year-on-year to €34.8 million
 - Healthy order book of €1.3 billion, with major long term maintenance contracts and plant modification projects in the global Oil & Gas sector awarded
- > **Fokker Technologies (“FT”)**
 - Traded broadly in line with expectations during the half year
 - In April, Hans Büthker, former COO of FT, was appointed CEO
- > **Technogym**
 - Traded ahead of expectations during the first half
 - Valuation held flat before adverse FX movements of £0.7 million (3p per share)
- > **Hilding Anders**
 - Traded well in the first half, with sales and EBITDA ahead of prior year
 - In January, Alex Myers was appointed CEO
 - Valuation held flat before adverse FX movements of £0.2 million (1p per share)

- > Focus on further growth in trading performance, preparation and execution of exits
- > The remaining investments will be realised at an appropriate time



Summary

Malcolm Fallen

Summary



- Continued signs of recovery in the performance of the portfolio are encouraging ahead of the realisation of the investments
- Candover's liquidity position is much improved following the recent realisations completed by Arle
- FX may continue to create volatility with the majority of assets Euro denominated



Appendices

Candover Portfolio

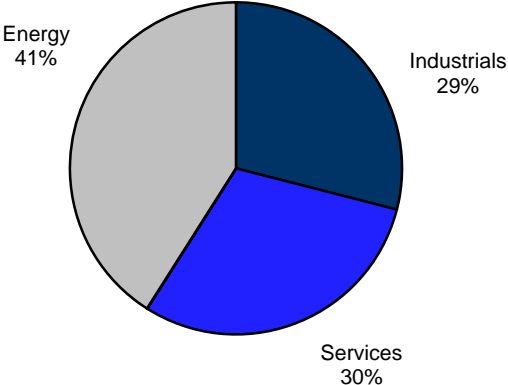


£m	Date of acquisition	Residual cost	Value at ¹ 31.12.13	Valuation movement excl. FX	Valuation movement attributable to FX	Value at 30.06.14	Valuation movement (pence per share)	% of net assets
Expro International	Jul 08	92.1	72.6	(0.4)	(2.2)	70.0	(12)	44.4
Parques Reunidos	Mar 07	30.0	37.4	5.1	(1.6)	40.9	16	25.9
Stork	Jan 08	42.5	34.5	-	(1.4)	33.1	(6)	21.0
Technogym	Aug 08	29.2	16.2	-	(0.7)	15.5	(3)	9.8
Hilding Anders	Dec 06	24.3	5.7	-	(0.2)	5.5	(1)	3.5
GET	Dec 07	1.2	4.8	0.6	(0.2)	5.2	2	3.3
Ono	Nov 05	2.2	2.2	1.3	(0.1)	3.4	5	2.2
Alma Consulting Group	Dec 07	15.3	-	-	-	-	-	-

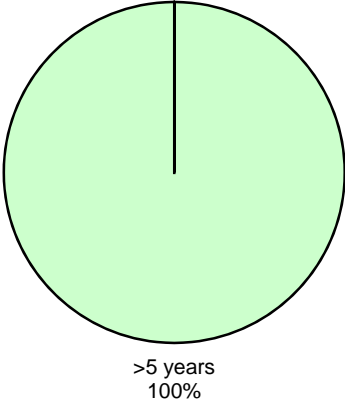
Portfolio analysis – by sector & age



Sector analysis



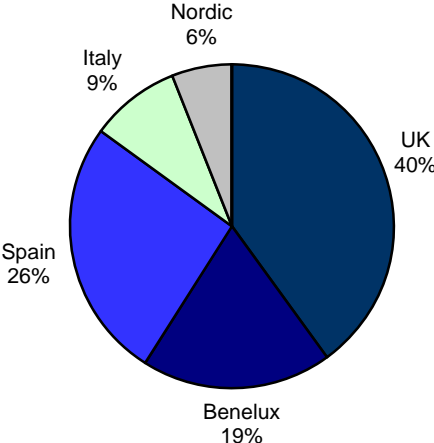
Age analysis



Portfolio analysis – by region & valuation method



Geographical analysis



Valuation basis

