

## **Investcorp reports fifth consecutive year of profits, with 25% increase in net income for Fiscal 2014**

- Almost \$2 billion in new funds raised from clients during FY14
- Significant levels of activity on all fronts generating \$266.2 million of deal fees

Bahrain, August 4th, 2014 - Investcorp, a global provider and manager of alternative investment products, today announced its results for the 12 months ended June 30, 2014 (FY14).

Investcorp reports continued momentum in its performance with a strong 25% growth in net income and a very significant 84% growth in fully diluted earnings per share over the prior year. FY14 net income is \$131.2 million (FY13:\$104.9 million), representing a fully diluted EPS of \$129 per ordinary share (FY13:\$70 per ordinary share) and a return on average equity (ROAE) of 16%.

FY14 saw high levels of activity on all fronts – acquisitions, realizations and fund-raising - which have been a key driver of this strong performance, and reflect the continued appetite from investors for attractive alternative investments around the world.

This fiscal year marks five consecutive years of strong performance for Investcorp, reflecting a sustained and robust recovery from the global financial crisis of 2008-09. Since the end of FY09, Investcorp has seen its book value per ordinary share grow by 64%, while delivering aggregate earnings of \$401 per ordinary share and an average return on equity of 11.4% per annum.

Over the last five years, despite turbulent markets, Investcorp has continued to invest in its business, its investor franchise and its product capabilities, adding people and expanding its office network to put in place a robust platform to support its recovery and growth trajectory. This has been further supplemented by prudent financial management, the de-risking and strengthening of the Firm's balance sheet, while maintaining a clear focus on delivering optimal investor returns. Relative to the beginning of FY09, balance sheet leverage has come down by more than 50 per cent to 1.2x and capital adequacy has gone up by more than 60 per cent to 30.4%.

Aggregate realization proceeds in this five-year period exceeded \$5.7 billion, with total fundraising of over \$7 billion. Total capital deployed in new investments over this period reached \$3 billion with deal-by-deal placements totalling over \$2.5 billion. Through the financial crisis and beyond Investcorp has built a strong, sustainable platform which it believes positions the Firm optimally for continued delivery of strong performance for all its stakeholders.

The Firm's performance in FY14 is a continuation of this five year trajectory, and reflects a successful business model which forms a bridge for its clients into attractive corporate, real estate and hedge fund investment opportunities in the US, Europe and the Gulf.

Total fee income in FY14 grew to \$343.9 million, up 4% over the prior year. Investcorp raised more than \$1.9 billion in new funds from clients during the year, 21% higher than last year and marking a continued increase in fund raising since FY08. Gulf fundraising for the period was \$971 million representing a 29% increase over FY13 (\$751 million). Corporate Investment placement activity totalled \$571 million, a 16% increase over FY13. Real estate placement reached \$285 million, representing a 42% increase. New hedge fund subscriptions from institutional investors reached \$1 billion with total hedge fund assets under management reaching the key milestone of \$5 billion.

Asset-based income of \$47.6 million represented a 48% increase over the prior year, driven by successful realizations and solid growth in the value of the corporate investment portfolio. Asset based income was also buoyed by hedge fund returns, which generated \$28.2 million and continued to benefit from a more positive macroeconomic environment compared to FY13. Overall, gross operating income for FY14 was up 8% to \$391.5 million. Net income for the second half of FY14 was \$71.1 million versus \$65.7 million over the same period in FY13, an 8.3% increase.

The Board of Directors has proposed a dividend of \$15.00 per ordinary share, along with the full dividend of 12% on the preference shares.

Over this fiscal year, Investcorp has continued to invest in its people and infrastructure – with several new strategic hires including Lionel Erdely as Head of Hedge Funds and Gary Appel as Vice Chairman for Corporate Investments in North America. The year also saw Investcorp further enhance its Gulf presence with a new office in Abu Dhabi in addition to its offices in

Riyadh and Bahrain – with a new office in Qatar planned for the coming fiscal year. The Firm organized several successful investor-focussed events and conferences through the course of the year in Bahrain, Abu Dhabi and Berlin, further reinforcing its Gulf-based franchise and global credentials.

**Nemir A. Kirdar, Executive Chairman and CEO, said:**

“Our strong performance once again confirms the success of our model and is indicative of the high level of activity in all geographies in which we operate. We continue to invest in our business and in the on-going expansion of our office network across the Gulf, thereby strengthening our franchise’s ability to expand our client base and drive attractive returns for our shareholders and investors.

“Underpinned by our strong placement capability, we will continue to identify attractive global investment opportunities that we believe have the potential to deliver superior risk adjusted returns for our investors. With a fifth consecutive year of profitability, we are confident of our skill and talent base, solid foundation as well as the quality of our performance and upward momentum.”

**Key highlights for the period**

- For FY14, Investcorp deployed \$609 million in five new direct corporate investments. New investments included Tyrrells English Crisps, the premium manufacturer of crisps; Paper Source, a premier multi-channel retailer offering a selection of uniquely designed and curated gifts and stationery; Namet, the leading Turkish producer of fresh cut and packaged processed red meat products; Isotoner Corporation, a leading global designer, marketer and distributor of functional accessories and SPG Prints, a Dutch-based global manufacturer of consumables for printed textiles, labels and other industries.
- Investments in two Saudi Arabia-based companies, Theeb Rent a Car, one of Saudi Arabia’s leading car rental companies, and Leejam Sports Company JSC, one of the leading health and fitness club management companies in the country (operates under the Fitness Time brand name), were closed in FY13 and announced this fiscal year.

- Investcorp continues to focus on the acquisition of core and core-plus real estate assets situated in the 30 largest markets in the US. During the fiscal year, the Firm invested \$312 million in real estate, of which \$285 million was deployed in new investments across six portfolios. In keeping with the Firm's strategy, these investments were primarily in commercial, office, and residential properties in key U.S. growth markets, including California, Florida, Illinois, Minnesota, Nevada, and Texas.
- Within the Hedge Funds business, Investcorp entered a strategic relationship with London-based Eyck Capital Management LLC, providing acceleration capital and offering Investcorp and its investors access to a specialized event-driven and distressed credit strategy spanning Europe. Following the success of Investcorp's Special Opportunities Portfolio products, Investcorp launched Special Opportunities Portfolio III ("SOP III") and Special Opportunities Portfolio IV ("SOP IV") to provide access to the US commercial mortgage backed securities and the US residential non-performing loans market, respectively.
- For FY14, Investcorp returned approximately \$1.3 billion in proceeds from realizations and distributions. Eight corporate investment realizations took place in FY14, including Armacell, which saw sales increase by 30% through Investcorp's work with the management team to grow the business organically and expand into new geographic markets; the partial realization of Skrill Group (formerly Moneybookers) which has grown EBITDA from €3.7 million to €50 million during Investcorp's ownership; and the final sale of Fleetmatics, which Investcorp had listed on the NYSE in late 2012. Within real estate, successful realizations included a medical office building in the Bethesda Health Centre; the remaining interest in The Bravern, which is comprised of two 29-story residential condominium towers; Ashford, a garden and townhouse style apartment complex; and State Farm Drive, a large office property. In October 2013, Investcorp had co-originated a \$10 million mezzanine loan secured by the equity interests in Nashville City Center, a Class A office building in downtown Tennessee. Investcorp sold its portion of the mezzanine loan in early July 2014, thereby realizing this investment in less than one year.
- On average, Investcorp's portfolio of direct investments in 22 mid-market companies in US, Europe and MENA increased their EBITDA by approximately 14% year-on-year, in line with the steady improvement in the economic environment. Aggregate EBITDA for these companies was approximately \$1.3 billion.

- In May, Investcorp successfully issued a 125 million Swiss Franc (\$140 million) bond, which was the first Swiss franc bond issued by a Bahrain-based company. The bond issue, which was significantly oversubscribed, is an important strategic step for Investcorp as it opens up another channel for funding in the international capital markets after the Firm's dollar bond debut two years ago. In June, Investcorp also signed a US \$400 million Revolving Credit Facility which attracted more than US\$650 million in commitments. The new facility replaced Investcorp's existing 3-year multi-currency bank facility that was maturing in Sept 2015 and extended the tenor to over four years.
- Investcorp's balance sheet profile continues to be robust with total liquidity of approximately \$700 million fully covering all medium and long term debt maturing over the next four years. Total assets as at June 30, 2014 were \$2.3 billion. The Firm's capital adequacy ratio was 30.4%, well in excess of the Central Bank of Bahrain's minimum requirement of 12%. Investcorp's pro-forma Basel III capital adequacy was 29.8%.

**-Ends-**

### **About Investcorp**

Investcorp is a leading provider and manager of alternative investment products and is publicly traded on the Bahrain Bourse (INVCORP). The Investcorp Group has offices in the Kingdom of Bahrain, New York, London, the Kingdom of Saudi Arabia and Abu Dhabi. Investcorp has three business areas: corporate investment in the US, Europe and the Gulf, real estate investment in the US and global hedge funds. As at June 30, 2014, Investcorp had \$11.4 billion in total assets under management. Further information, including our most recent periodic financial statements, which details our assets under management, is available at [www.investcorp.com](http://www.investcorp.com).

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