Investcorp reports 56% increase in net income for Fiscal Year 2013

Bahrain, July 30, 2013 - Investcorp, a global provider and manager of alternative investment products, today announced its results for the 12 months ended June 30, 2013 (FY13).

The Firm delivered a strong overall performance despite continuing uncertainty in the global economic environment. Net income grew considerably, by 56% year-on-year, to $104.9 million (FY12: $67.4 million). This result reflects a notable increase in investment and placement activity driven by continued demand from clients in the Gulf for alternative investments, supported by a steady flow of profitable realizations. Gross operating income increased by 35% in FY13 to $361.8 million (FY12: $267.1 million). Second half net income was $65.7 million (H2 FY12: $62.2 million).

The Firm saw strong fee income growth of 40% year-on-year to $329.5 million in FY13 (FY12: $236.0 million), primarily driven by a very strong increase in deal activity fees, which more than doubled to $193.4 million and represented 58.7% of total fee income. During the year, Investcorp concluded eight new corporate investments and there were four significant realizations.

Asset-based income was up slightly year-on-year, with the strong turnaround in hedge fund returns offset by flat returns on Corporate and Real Estate investments. The mix of performance across the three asset classes during the year highlighted the benefit of diversification within the balance sheet co-investment portfolio and the lower risk to asset-based earnings from lower return correlation.

During the period the Firm continued to delever through the repayment of medium and long term debt. This has reduced financial leverage down to 1.3x and the balance sheet co-investment portfolio is now more than 100% covered by long-term or permanent sources of capital. The regulatory capital adequacy ratio increased to 33.8%.

In November 2012, the Firm successfully completed a $250 million bond issue in the public markets. Reflecting Investcorp's global business footprint, the profile of bond investors was geographically well-diversified with 46% from Europe, 27% from the Middle East, 15% from Asia and 12% from the United States. Proceeds from the issue were used to repay drawn revolving facilities and prepay term debt facilities that were due to mature in March 2013.

With no near term debt maturities, the bonds, which mature in November 2017, add further flexibility and extend the Group's overall liquidity and funding profile.

Nemir A. Kirdar, Executive Chairman and CEO, said: "We are pleased by the progress we have made against a backdrop of slow recovery in the world economy, which is a testament to our model of offering investors the opportunity for international portfolio diversification. As we enter our fourth decade, our plans to invest in our office network across the Gulf are well underway, with our Riyadh office expanded and new offices in Abu Dhabi and Doha pending regulatory approval. By being closer to our clients we believe we will strengthen our unique ability to raise money across the Gulf, the US and Europe and continue to drive returns for our shareholders and investors."

The Board of Directors has proposed a dividend of $15 per ordinary share (FY12: $7.50 per ordinary share), along with the full dividend of 12% on the preference shares.

Highlights for the period:

- Total fundraising was over $1.5 billion of which roughly half, or $751 million, was raised in the Gulf, an increase of 117% over FY12 and the highest amount since the 2008 financial crisis. This very strong performance is underpinned by Investcorp's focus on leveraging its brand in the Gulf to capture an increasing share of investable wealth in the GCC region and the secular shift of investment allocations into alternative assets.
- Placement of Corporate Investment deals was $494 million which represented a 130% increase over FY12. Real estate placement was $201 million which represented a 52% increase. New subscriptions into hedge funds from institutional investors were $844 million.
- New corporate investment acquisitions totalled $653 million in FY13. Over the year, clients and Investcorp received $2.1 billion in proceeds from realizations and distributions.
- Following the successful acquisition of four companies in the first half of the fiscal year, including Georg Jensen, FishNet Security, Automak Automotive and Orka Group, Investcorp successfully made another four investments in the second half of the year. These investments include Hydrasun, a leading specialist provider to the international oil and gas industry; AYTB, a leading provider of technical industrial support services to the petrochemical and oil & gas industries; and two further significant minority stakes in companies in the GCC, both of which will be announced in H1 FY14. These acquisitions

were in line with the firm's strategy of looking for companies with strong cash flow and leadership positions in high growth sub-sectors within their industry. A number of add-on acquisitions were made across the portfolio.

- Performance of the portfolio companies continued to improve. On average, Investcorp's US & European Corporate Investment portfolio of 18 companies increased their EBITDA by over 10% year-on-year, despite the challenging economic environment in Europe. Aggregate EBITDA for these companies was approximately $975 million.
- The Firm made significant realizations in FY13, including FleetPride, which added sales of over $270 million from 31 add-on acquisitions; CCC where Investcorp worked with the company to increase organic EBITDA growth by over 59%; IPH which had tripled its sales from EUR 293 million to EUR 860 million and grew EBITDA from EUR 12 million to over EUR 62 million in 2012; and Armacell which saw sales grow by over 30% as it evolved to become the global market leader in elastomeric insulation foam and extend its overall geographic footprint outside of Europe. Additional realizations included Welcome Break, Fleetmatics, Kentrox and a dividend recapitalization for Berlin Packaging.
- Aggregate new investment in real estate in FY13 was $240 million, including investments in four North American office portfolios and an additional two properties which have been underwritten for placement in FY14.
- In hedge funds, seeding partnerships were formed with Kingsguard Advisors, L.P. in October 2012 and Kortright Capital Partners in June 2013. Following the success of the Special Opportunities Portfolio product launched in April 2011, a $55 million Special Opportunities Portfolio II (SOP II) product was established in May 2013. SOP II's key objective is to capitalize on continued improvement in U.S. commercial real estate.

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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 and the Kingdom of Saudi Arabia. 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, 2013, Investcorp had $10.5 billion in total assets under management. Further information is available at www.investcorp.com.

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