

Investcorp announces 60 percent increase in ordinary share dividend

- Near record levels of investment and fundraising activity drives strong core operating performance even as overall net income declined primarily driven by higher operating expenses reflecting an investment in resources and infrastructure to support the Firm's medium term growth strategy
- Substantial progress on setting the foundations for the Firm's strategy to more than double AUM over the medium term
- Strong liquidity and capital position, together with a significant equity investment by Mubadala positions the Firm well to pursue inorganic growth opportunities

Bahrain, August 11, 2016 - Investcorp, a global provider and manager of alternative investment products, today announced its full year results for the year ending 30 June 2016 (FY16), with a 60 percent increase in dividends to shareholders.

Strong results across all its core business operations comprising new investment acquisitions, realizations and fundraising, and a resulting growing cushion of surplus capital and liquidity, has enabled the Firm to increase ordinary shareholder dividends to 24 cents per share, from 15 cents per share last year.

Over the period, Investcorp saw near record levels of activity across the business, driven by a series of significant transactions and solid fundraising activity in the US and the Gulf including \$810 million in AuM acquired through the acquisition of SSARIS Advisors' Hedge Fund of Funds business in November 2015.

This continued fundraising momentum underlines the strong appetite of the Firm's clients for attractive diversified alternative investment opportunities. The Firm's investment in broadening its Gulf office network to be closer to its investors has been a key driving factor of its performance and has helped the Firm in becoming one of the most active private investment institutions in the GCC.

Net income was \$90.1 million compared with \$116.7 million in the previous year, which represents a decline of 23% in net income from the previous year, predominantly attributable to an increase in operating expenses from Investcorp's investment in the requisite resources and infrastructure to support the Firm's medium term growth strategy. Net income for the second half of the fiscal year (H2 FY16) was \$39.2 million versus \$71.4 million in H2 FY15.

Over the period, Investcorp made a series of strategic hires with an 8 percent increase in its global headcount across the Gulf, Europe and the US in all its core businesses to provide the foundations for executing upon its medium-term strategy. Fully diluted earnings were \$0.94 per ordinary share, and return on average ordinary shareholders' equity was a solid 10%.

Fee income for the full year was \$307.5 million and asset-based income was \$76.0 million (FY15: \$308.2 million and \$73.0 million respectively), driven by increased transactional activity and strong operating performance of the corporate investment portfolio. The Firm saw near record levels of new investment activity with \$1.5 billion of capital deployment in aggregate for corporate investment and real estate, an increase of 47% year on year. Asset-based income for corporate investment more than doubled on the back of strong EBITDA growth in the Firm's corporate investment portfolio companies.

The Firm's existing strong liquidity and capital buffers were further strengthened during the period through a significant equity investment from Mubadala. With a capital base of over \$1 billion and accessible liquidity of more than \$800 million, the Firm is well positioned to support its organic growth objectives and act rapidly to pursue inorganic acquisition-led growth opportunities with a few such options currently under consideration.

Mohammed Mahfoodh Alardhi, Executive Chairman, said: "We are in a particularly exciting phase of development as we see tangible results of putting our ambitious growth strategy in action, with a purposeful investment across the business. We've added headcount in all areas of the business and strengthened our balance sheet through two significant strategic partners over the last two years, which will help drive growth of the business organically and through acquisitions across all product areas. The substantial increase in shareholder dividends further underscores the Firm's confidence in the continued growth and prospects of the business."

“Despite challenging markets this year we have demonstrated the resilience of our business model and delivered a robust performance. The performance of our corporate investments portfolio, the fundraising pipeline in our Alternative Investment Solutions business and our continued strength in US real estate has led to another year of solid performance for Investcorp and our shareholders and clients while staying committed to navigating a prudent course through these volatile conditions.”

Total assets at June 30, 2016, were \$2.5 billion, up from \$2.2 billion as at June 30, 2015. The Firm's balance sheet is in a solid position with equity over \$1.0 billion, a capital adequacy ratio at 30.3% and strong liquidity which substantially covers all outstanding medium term debt maturing over the next three years.

Highlights for the period:

- Aggregate equity deployed in new corporate investments during FY 2016 was \$648 million across seven deals.
- Real estate investment activity reached an all-time high in Investcorp's 34 year history since inception; including the first club investments. The aggregate equity deployed in new real estate investments in FY16 was \$763 million, primarily across three new portfolios and the two club deals.
- Realizations and other distributions to Investcorp and its clients for the period exceeded \$1.5 billion. Successful exits for the firm included the sale of GL Education, CSID, Icopal, Veritext, and the IPO of L'azurde.
- The tumultuous macro-economic environment which experienced continued market shocks impacted the Alternative Investment Solutions business, with returns for the period significantly down on previous years. However, fundraising for the year saw a year-on-year increase of 154% to \$637 million. The period also saw the successful acquisition of the hedge fund of funds business unit of SSARIS Advisors, which added \$810 million in discretionary and advisory assets, and clients from across U.S. and Asia.

- Investcorp raised more than \$1.0 billion in new money from Gulf investors for the second year in a row. Investcorp's commitment to the region continues to play a vital role in ensuring the Firm stays close to its core investor base. This has been one of the driving factors of its performance and success as the most active international private investor in KSA which was cemented through the recent acquisition of Bindawood and the landmark IPO of L'azurde, the first majority private equity-owned business in Saudi Arabia to list on the KSA stock exchange.

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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 London, Bahrain, New York, Saudi Arabia, Abu Dhabi and Doha. Investcorp has three business areas: corporate investment, real estate investment and alternative investment solutions (formerly known as hedge funds). As at June 30, 2016, the Investcorp Group had \$10.8 billion in total assets under management ('AUM'), including assets managed by third party managers and assets subject to a non-discretionary advisory mandate where Investcorp receives fees calculated on the basis of AUM. Further information, including our most recent periodic financial statements, which details our assets under management, is available at www.investcorp.com.

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