

Investcorp reports 34% increase in profitability as strategic initiatives deliver results

Alardhi: A highly successful year underpinned by strategic achievements

- Significant progress in execution of Investcorp's growth strategy, with AuM doubling to \$21.3 billion
- Distributions to investors, including from the newly acquired credit management business, more than doubled to \$3.4 billion, the highest level in Investcorp's history
- More than \$4 billion of funds raised from a diverse range of global investors including record deal-by-deal placement in the Gulf
- Total investment activity across all four product businesses of \$2.1 billion
- Balance sheet strength supports pursuit of both inorganic and organic growth opportunities

Bahrain, August 9, 2017 – Investcorp (or 'the Firm'), a global provider and manager of alternative investment products, today announced its full year results for the twelve months ending 30 June 2017 ('FY17').

The Firm has seen significant progress in the execution of its growth strategy which produced a healthy level of activity across all its businesses in terms of investments, realizations, fundraising and portfolio performance during a year characterized by a challenging macroeconomic and geo-political backdrop.

Investcorp extended its track record of solid profitability, with profit for the year of \$120.3 million (FY16: \$90.1million), a 34% increase over the same period last year. Gross operating income was 10% higher at \$421.7 million (FY16: \$383.5 million), reflecting solid performance from core operations, including the newly acquired and fully integrated credit management business. Fully diluted earnings per share for the period increased 33% to \$1.25 (FY16: \$0.94 per share), while return on equity increased to 12% (FY16: 10%). Profit for the second half of the fiscal year (H2

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FY17) was \$84.6 million (H2 FY16: \$39.2 million), a 116% increase over the same period last year.

During the year, distributions to Investcorp and its clients from investment realizations and other distributions more than doubled to \$3.4 billion, the highest level in the Firm's history.

The Firm's focus on strengthening its Gulf-based placement team is yielding positive results. The addition of 10 new members to the team over the last two years has helped the Firm achieve its highest ever deal-by-deal placement in the Gulf, totaling \$1.1 billion. More broadly, the Firm raised \$4.1 billion from its broad range of clients in the Gulf and institutional investors in the US, Europe and Asia. This is in line with the Firm's strategic goal of diversifying its investor base geographically, by segment and by asset class.

In parallel, significant progress has been made against a number of growth initiatives during the period. In March 2017, the Firm completed its acquisition of 3i's debt management business and rebranded it as Investcorp Credit Management, adding a further \$10.8 billion to the Firm's AUM with immediately accretive contributions to the group's gross operating income.

The Real Estate business continued to grow both geographically and in terms of new products, with the newly established European team now fully ramped up and functional having already made a couple of investments in the UK, and the US team successfully adding Core-lite club style office properties to its traditional Core-plus product offerings. The Firm continues to invest in its client-facing resources to deepen client relationships in the Gulf. These developments were all received well by the market as corporate investment and real estate deal placement in the Gulf reached an aggregate record level of \$1.1 billion in FY17.

Building on the success of the first three funds that have seen Investcorp develop a reputation as a leading investor in technology-based enterprises, the Firm successfully launched its fourth Technology Fund in FY17 and completed a first closing at \$215 million in short order. The Fund also made its first two investments during the year.

Fee income during the period was \$316.5 million (FY16: \$307.5 million) and asset-based income was \$105.2 million (FY16: \$76.0 million), driven by increased recurring fees and strong performance of the co-investment portfolio.

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Aggregate operating expenses increased 7% to \$239.9 million (FY16: \$224.3 million) reflecting the expansion in the Firm's capabilities and resources and the Firm's investment in the future growth of the business, resulting in increased profitability. The Firm's cost-to-income ratio improved to 67% at the end of the period from 71% in FY16.

Investcorp remains well capitalized with total assets as at June 30, 2017, at \$2.7 billion, up from \$2.5 billion as at June 30, 2016. Total liquidity remains strong at \$1.0 billion and more than covers the bonds and bank debt maturing over the next five years. The Bank's capital adequacy ratio, at 31.7%, remains strong and is more than double the requirements of the Central Bank of Bahrain (12.5%). The Bank remains well within the required leverage ratio and maintains significant headroom in all financial covenants. Fitch upgraded its rating outlook on Investcorp to "positive" in November 2016.

The strength of the balance sheet positions the Firm well to take advantage of both inorganic and organic growth opportunities as they arise.

Mohammed Alardhi, Executive Chairman, said: "This has been a pivotal and successful year for Investcorp. We have made significant progress towards delivering on our ambitious growth strategy, as well as producing robust financial results for our investors. The Firm is making great headway executing a number of initiatives that are designed to diversify the Firm's client base, product offering, geographical reach and, ultimately, better serve the needs of our clients wherever they are in the world."

"We have seen strong returns to clients and record levels of activity, and our pipeline of strategic initiatives and investment opportunities remains very strong. There is real momentum across the business and we enter our new financial year with a fresh sense of confidence and ambition."

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About Investcorp

Investcorp is a leading global provider and manager of alternative investments, offering such investments to its high-net-worth private and institutional clients on a global basis. Led by a new vision, Investcorp has embarked on an ambitious, albeit prudent, growth strategy. The Firm continues to focus on generating investor and shareholder value through a disciplined

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investment approach in four lines of business: corporate investment, real estate, alternative investment solutions and credit management.

As at June 30, 2017, the Investcorp Group had \$21.3 billion in total 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.

Since its inception in 1982, Investcorp has made over 170 corporate investments in the U.S., Europe and the Middle East and North Africa region, including Turkey, across a range of sectors including retail and consumer products, technology, business services and industrials, and more than 450 commercial and residential real estate investments in the US, for in excess of \$55 billion in transaction value.

Investcorp employs approximately 390 people across its offices in Bahrain, New York, London, Abu Dhabi, Riyadh, Doha, and Singapore. It is publicly traded on the Bahrain Bourse (INVCORP). For further information, including our most recent periodic financial statements, which details our assets under management, please visit: www.investcorp.com.

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