

## Investcorp growth continues with net income rising to \$125 million

*Fundraising activities increase by 77% to \$7.3 billion*

- Robust levels of investment, divestment and fundraising activity, expanded global presence and product diversification helped drive continued year-on-year profitability growth together with higher quality fee income relating to AuM growth
- AuM increased by 6% to \$22.6 billion, and with Investcorp Credit Management's full first year contribution, AuM fees have grown by 27%
- Asset based income growth of 30%, driven by successful corporate investment realizations in US and Europe
- Investment activity rose 36% to \$2.8 billion
- Strong fundraising and placement across all products of \$7.3 billion, including more than \$1.0 billion of deal by deal fundraising in the Gulf
- Good returns from exits and high levels of CLO reset and refinancing activity led to distributions of \$7.0 billion across the business lines, the highest in the Firm's history
- Strong liquidity and capital position to support continued organic and inorganic growth

August 8, 2018 – Investcorp (or 'the Firm'), a global provider and manager of alternative investment products, today announced its results for the year ended June 30, 2018 (FY 2018), showing continued growth momentum and healthy levels of activity on all dimensions across business lines.

Aggregate net income increased 4% year-on-year to \$125 million (FY2017: \$120 million), with fully diluted earnings per share increasing by 4% to \$1.30 (FY17: \$1.25). Income for second half of FY18 was \$70 million (FY17: \$72 million). The Board is proposing a full year dividend of \$0.24 per ordinary share (FY17: \$0.24 per share).

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Investcorp continues to make good progress in relation to its growth strategy. Continued geographical diversification of the Firm's investor base and product set has helped support record levels of activity in terms of distributions to clients, investment activity and fundraising across all markets. The strong performance is set against the backdrop of uncertain macroeconomic and geopolitical conditions, particularly in the Gulf.

Marking a strong performance across the business, investment activity in the period rose 36% to \$2.8 billion (FY17: \$2.1 billion) while total placement and fundraising activities rose by 77% to \$7.3 billion (FY17: \$4.1 billion) reflecting, in part, a full year's contribution from Investcorp Credit Management ("ICM") and the Firm's broadening and active client base. Distributions more than doubled to \$7.0 billion (FY17: \$3.4 billion).

Continued growth in assets under management, which increased by 6% to \$22.6 billion in the period, has also, as a consequence of the ICM business, resulted in higher recurring income derived from AuM fees, with AUM fees growing by 27% to \$173 million (FY17: \$136 million). Asset based income also grew by 30% to \$133 million (FY17: \$102 million), primarily driven by successful corporate investment realizations. This drove an increase in gross operating income of 8% to \$454 million (FY17: \$422 million).

## **Strong performance across the platform**

Underlying performance in the Corporate Investment business remained solid with healthy levels of investment activity resulting in three new deals totaling \$406 million, two follow on fundings, \$75 million invested through and alongside Investcorp's Technology Funds III and IV and a further \$48 million invested in two special opportunities. \$580 million was raised from investors during the full year period with \$789 million returned in distributions.

In the US, Investcorp acquired KSI, a leading distributor of replacement auto body parts and ICR, a leading strategic communications and advisory firm. In Europe, Investcorp acquired Kee Safety, a global supplier of safety solutions and products, and established a platform to enter the highly fragmented German dental sector, with its first acquisition being Privatzahnarztlinik Schloss Schellenstein GmbH, one of the leading centres for implantology and dental surgery in Germany. Investcorp also exited CEME Group, a global manufacturer of fluid control solutions serving critical functions; it partially exited SPG Prints, a leading global provider of integrated solutions for rotary screen and digital printing for textiles and industrial applications; and it exited Nobel Learning

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Communities, one of the leading providers of private education in the United States (from pre-school up to high school) in June 2018.

In MENA, Investcorp made its third healthcare investment to construct a new landmark hospital in Abu Dhabi in partnership with VAMED, a leading global provider of rehabilitation and other services for hospitals.

Following full integration, ICM made a significant first full year contribution, as had been expected at the time of acquisition. ICM's performance reflects a crystalization of the Firm's strategy to diversify its product offering and its client base by attracting a broader private and institutional client base to attractive investment opportunities across its product platform. ICM reported a 6% increase in AuM to \$11.5 billion (FY 2017: \$10.8 billion) and showed strong levels of activity with \$5.6 billion of fundraising including \$1.6 billion of new CLO issuance activity and \$5.5 billion of distributions (including refinancing and resets of existing CLOs).

The Firm's real estate division performed well in another active year that saw the team execute its first fundraising for European investments. The Firm raised \$569 million in the period for real estate investments, 10% more than last year, including from Asian based investors for the first time. Distributions from real estate investments more than doubled to \$713 million (FY17: \$300 million).

In the US, the Firm maintained its position as a leading investor in US real estate, making investments totaling \$419 million in a diverse set of properties across the residential, office and industrial sectors. In Europe, the team completed the acquisition of its first two UK real estate portfolios as well as a substantial office property acquisition in Germany, making investments of \$147 million in aggregate. The team continues to seek further opportunities across Europe.

Investcorp's Alternative Investment Solutions business produced equally strong returns. AuM increased by 7% to \$3.7 billion (FY 2017: \$3.5 billion) driven by strong performance across its products. During the year, the Firm announced strategic partnerships with two managers - Shoals Capital Management, which currently manages approximately \$160 million of AuM; and Steamboat, which was a new launch.

In April 2018, the Firm announced senior management changes designed to further accelerate its growth strategy. The changes were partly catalyzed by Mohammed Al-Shroogi's decision to retire as co-CEO effective August 2018. He will remain with the Firm as a Senior Advisor. Joining Rishi

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Kapoor as Co-CEO from 1 August is Hazem Ben Gacem, previously head of the Firm's European Corporate Investment team. Daniel Lopez-Cruz succeeded Mr Ben Gacem. The Firm also announced the appointment of Jan Erik Back as Investcorp's new CFO. Jan Erik will join in September 2018.

The Firm's balance sheet remains robust, maintaining the flexibility to take advantage of inorganic investment opportunities consistent with its stated growth strategy. Total assets as at June 30, 2018 stood at \$2.5 billion and total accessible liquidity remains strong at \$1 billion. This strong liquidity position is maintained despite the full repayment of a \$250 million bond which matured in November 2017, and the repayment of \$100 million of preference shares during the year. The Firm's capital adequacy ratio of 31.5% remains significantly in excess of the requirements of the Central Bank of Bahrain (12.5%).

## **Mohammed Alardhi, Executive Chairman, said:**

"As we continue our growth momentum across the business, we are pleased that the Firm has continued to report strong performance across a range of our key indicators delivering high quality earnings.

Following the successful integration of Investcorp Credit Management, I am pleased to see the delivery of the anticipated strategic benefits of the acquisition in terms of diversification of both products and clients. Our real estate division produced strong results this year, while our corporate investment and alternative investment solutions teams continued to deliver.

2018 has presented a number of geopolitical and economic challenges, particularly in the Gulf region, yet fundraising activity remains high, there is an impressive pace of capital being deployed, and we have significantly expanded our global investor base. Our robust balance sheet, experience and expertise will enable us to take advantage of interesting investment opportunities globally and allow us to continue the growth trajectory that we have set. We look forward with great confidence as we become a bigger, more geographically diversified firm and are committed to continuing to seek superior returns for our clients and shareholders.

Finally, I'd like to take this opportunity to thank Mohammed Al-Shroogi who has elected to retire from his role as Co-CEO on 1 August. Mohammed has been one of the driving forces behind the Firm's successes over the last few years and I am delighted he will remain with us as a Senior Advisor."

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

As at 30 June 2018, the Investcorp Group had \$22.6 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 175 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 600 commercial and residential real estate investments in the US and Europe, for in excess of \$57 billion in transaction value.

Investcorp employs approximately 390 people across its offices in Bahrain, New York, London, Abu Dhabi, Riyadh, Doha, and Singapore. For further information, including our most recent periodic financial statements, which details our assets under management, please visit: [www.investcorp.com](https://www.investcorp.com).

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