

Investcorp reports half year results for the period ended 31 December 2020

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Continued growth in Assets Under Management (AUM) to a record US \$35 Billion, driven by strong demand for Investcorp’s offerings

Net profit of US\$ 63 million attributable to the shareholders of the parent for the first half of fiscal year 2021

Bahrain, 10 February 2021 – Investcorp (symbol: INVCORP) today announced its financial results for the six months ended 31 December 2020 (H1 FY21). The press release and the full set of financial statements are available on the Bahrain Bourse website.

Financial results for H1 FY21 were driven by solid performance across all business lines. Net profit attributable to the shareholders of the parent grew by 31% from US\$ 48 million in H1 FY20 to US\$ 63 million in H1 FY21.

Diluted earnings per share was US\$ 0.88 in H1 FY21, up 35% compared to US\$ 0.65 in H1 FY20. Total comprehensive income attributable to the shareholders of the parent of US\$ 67 million in H1 FY21 grew by 46% compared to US\$ 46 million in H1 FY20.

Total shareholders’ equity (excluding non-controlling interests) as of December 31, 2020 was US\$ 957 million, a 10% increase compared to US\$ 867 million as of June 30, 2020. Total assets at the end of H1 FY21 were US\$ 2,449 million compared to US\$ 2,123 million as of FY20, representing a 15% increase.

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Financial and Operational Highlights

- Continued progress on strategy to drive greater recurring fee revenues enhances earnings profile. Fee income of US\$ 172 million was unchanged compared to H1 FY20; recurring AUM fees of US\$ 101 million grew by 16% compared to US\$ 87 million in H1 FY20, while deal fees of US\$ 71 million were 16% lower than the US\$ 85 million recorded in H1 FY20.
- The partial re-opening of economies and the recovery in asset values, driven by improved operating results of underlying portfolio companies as well as buoyant financial markets, resulted in a positive asset-based income of US\$ 45 million for H1 FY21, up 221% compared to US\$ 14 million in H1 FY20. The increase in asset-based income was broad-based and supported by a strong rebound from the unrealized losses recorded in FY20 for both the private equity and credit management portfolios.
- As of December 31, 2020, total equity (excluding non-controlling interests) was US\$ 957 million and total accessible liquidity was approximately US\$ 1.1 billion. The recovery in total equity was driven by improved profitability in H1 FY21 and by the sale of Treasury shares to employees.
- Assets Under Management (AUM) grew to a record US\$ 35 billion, a 9% increase compared to US\$ 32 billion as of June 30, 2020, driven by the broad-based diversification of the franchise across geographies, clients and products.
- Investcorp's business strategy continued to evolve in line with the stated objectives of driving greater recurring revenues while diversifying across clients and geographies and enhancing its resiliency, with operating expenses excluding variable compensation for the H1 period being fully covered by recurring fee revenues.
- Activity metrics were solid with investment activity in H1 FY21 of US\$ 1.4 billion (US\$ 1.9 billion in H1 FY20), placement and fundraising of US\$ 1.6 billion (US\$ 2.5 billion in H1 FY20) and distributions of US\$ 1.1 billion (US\$ 1.3 billion in H1 FY20). The lower activity levels, when compared to H1 FY20, are mainly a reflection of the initially slow but progressively accelerating rebound in activity from the COVID-19 impacted levels seen earlier in the year. The pace of activity at the end of the period was at higher levels than a year ago, providing the potential for what we hope will be supportive tailwinds for H2 FY21.

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- Placement and fundraising reached \$1.6 billion in H1 FY21 with most activity still happening through virtual roadshows and meetings. Deal-by-deal placement was over US\$ 600 million and included seven new private equity, real estate and credit products. Over US\$ 500 million was raised for fund products and one new CLO of over US\$ 400 million was issued in Europe.
- Investment activity of US\$ 1.4 billion was driven by two new private equity investments in the US and Europe and two add-on acquisitions in addition to eight investments in businesses across Asia. Investment in real estate in the US and Europe was above US\$ 300 million. Exit activities included the realization of Avira, a technology investment which was acquired in April 2020; the IPO of BinDawood Holding and the full realization of L'Azurde, both in Saudi Arabia; and the sale of multiple real estate properties in the US and Europe.
- The size of the balance sheet expanded by 15% to US\$ 2.4 billion as a result of stronger business activity which translated into increased underwriting and higher valuations for the co-investment portfolio. Net working capital movements reflected a higher risk appetite on the back of supportive placement velocity.
- Net debt increased to US\$ 936 million in H1 FY21 from US\$ 672 million in FY20 largely due to the completion of two private equity acquisitions during the month of December.
- Post December 31, 2020 Investcorp announced important business and financial developments, available on its website. In particular, these include the appointment of Frances Fragos Townsend to its Board of Directors, the issuance of US\$ 252.2 million of Series E Preference Shares and the extension of the US\$ 350 million Revolving Credit Facility to March 2025.

Mohammed Alardhi, Executive Chairman, said: "The progress we have delivered on our growth and diversification strategy, coupled with our robust investment and distribution platform, has not only helped Investcorp absorb the shock from the COVID-19 pandemic, but we believe that it will drive our continued success and resilience amidst this uncertain market environment. Our first half fiscal year 2021 results were marked by solid performance across all business lines as economies partially reopened. The robust 9% AUM growth also demonstrates strong demand for our offerings as well

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as our ability to identify and originate products that meet the sophisticated needs of our expanding client base.”

Alardhi added: “We remain focused on executing on our plans to drive sustainable growth and value creation and we are confident in our ability to achieve our ambitious long-term objectives. As we grow, we are committed to continuing our prudent and disciplined approach to capital and liquidity management given the overall market uncertainties while advancing our evolution as a firm. During the period, we delivered important progress on our Environmental, Social and Governance and Diversity & Inclusion initiatives, from appointing new leaders to implementing new policies and practices. We look forward to building upon these areas as we move forward on behalf of our stakeholders and communities, and in pursuit of our corporate purpose to enrich the lives of future generations.”

The press release and the full set of financial statements are available on Bahrain Bourse website.

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About Investcorp

Investcorp is a global investment manager, specializing in alternative investments across private equity, real estate, credit, absolute return strategies, GP stakes and infrastructure. Since our inception in 1982, we have focused on generating attractive returns for our clients while creating long-term value in our investee companies and for our shareholders as a prudent and responsible investor.

We invest a meaningful portion of our own capital in products we offer to our clients, ensuring that our interests are aligned with our stakeholders, including the communities that we operate within, towards driving sustainable value creation. We take pride in partnering with our clients to deliver tailored solutions for their needs, utilizing a disciplined investment process, employing world-class talent and combining the resources of a global institution with an innovative, entrepreneurial approach.

Investcorp has today a presence in 12 countries across the US, Europe, GCC and Asia, including India, China and Singapore. As of December 31, 2020, Investcorp Group had US \$35 billion in total AUM, including assets managed by third party managers, and employed approximately 430 people from 43 nationalities globally across its offices. For further information, visit www.investcorp.com and follow us @Investcorp on [LinkedIn](#), [Twitter](#) and [Instagram](#).

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