

Investcorp reports 16% rise in net income for the first six months of FY2018

- Strong levels of activity and significant progress on key strategic initiatives helps drive continued year-on-year profitability growth
- Approximately \$3.6 billion of funds raised from a diverse range of global investors
- Strong balance sheet provides flexibility to pursue additional inorganic growth opportunities

Bahrain, February 7, 2018 – Investcorp (or ‘the Firm’), a global provider and manager of alternative investment products, today announced its fiscal half year (H1 FY18) results for the six months ending December 31st, 2017.

Investcorp’s global focus and product diversification helped to offset the backdrop of unusually higher geopolitical and economic uncertainty in the Gulf, with the Firm maintaining its profitability momentum with net income for the period up 16% to \$55.3 million (H1 FY17: \$47.7 million), driven by continued strong transactional activity and significantly higher overall AuM resulting from the credit management line of business. Fully diluted earnings per share for the period increased 8% to \$0.70 per share (H1 FY17: \$0.65 per share) while return on equity for the period remained steady at 9% on an annualized basis (H1 FY17: 9%).

Fee income for the period increased 7% to \$137.5 million (H1 FY17: \$128.0 million), with a 45% increase in AuM fees somewhat offset by lower deal fees as a result of lower placement fee contribution primarily due to the uncertain market environment in the Gulf. As the short-term uncertainty clears, we anticipate a healthy pick-up in fee income as clients revert to a normalized level of investment activity.

Asset based income in the period was \$71.0 million (H1 FY17: \$40.3 million) with strong performance across all business lines. Overall, gross operating income was correspondingly higher at \$208.5 million (H1 FY17: \$168.3 million).

Significant progress has been made against a number of growth initiatives during the period. Earlier in H1, the Firm announced its minority investment in an independent Swiss-regulated private bank based in Geneva and Luxembourg, subject to receiving regulatory and other approvals which we hope to receive shortly. The recently established European Real Estate team completed the formation of its first portfolio with the acquisition of seven additional logistics assets in UK, and the portfolio was subsequently substantially placed with investors. The team continues to seek further opportunities in Germany and France.

More broadly, Investcorp's continued investment in building out its global distribution capabilities is delivering positive results. The Firm has started receiving some interest as a consequence of its recently established presence in Asia, whilst total fundraising from clients and institutional investors globally stood at \$3.6 billion. During the period, distributions to clients and the Firm from realizations and other distributions totaled \$3.5 billion

Aggregate operating expenses increased 34% to \$117.3 million (H1 FY17: \$87.5 million) reflecting the incremental costs of the credit management business, continued investment in broadening the Firm's product capabilities and client-facing resources and higher accruals for variable compensation in line with the higher income for the period. The Firm's cost-to-income ratio was 69% at the end of the period (H1 FY17: 65%).

Investcorp remains well capitalized with total assets as at December 31, 2017, at \$2.7 billion and a capital adequacy ratio of 30%, which is more than double the requirements of the Central Bank of Bahrain (12.5%). Total accessible liquidity remains strong at \$0.9 billion despite the repayment of a \$250 million bond which matured in November 2017. The Bank maintains a conservative leverage ratio and maintains significant headroom in all financial covenants. The strength of the balance sheet provides the Firm with flexibility to assess potential strategic opportunities both by organic and inorganic channels as they arise.

Mohammed Alardhi, Executive Chairman, said: "We are pleased to report strong growth in profitability during the period, driven by the positive underlying performance across all asset classes and supportive market conditions in the US and Europe. Whilst potential pockets of risk remain, mainly stemming from geopolitical factors, our robust balance sheet, experience and expertise enables us to take advantage of interesting investment opportunities globally.

We look forward to the rest of 2018 and beyond with great confidence as a bigger, more geographically diversified firm with a broader range of products which we hope will see us continue to deliver value to our clients and shareholders."

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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 December 31, 2017, the Investcorp Group had \$22.2 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 500 commercial and residential real estate investments in the US and Europe, for in excess of \$56 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.

Media Contacts:

Investcorp
Firas El Amine
+973 39987838
felamine@investcorp.com

FTI Consulting
Neil Doyle
+44 (0)20 3727 1141 / +44 (0)777 1978 220
Neil.Doyle@fticonsulting.com



Firas El-Amine