

Investcorp reports full year results for the period ended 30 June 2020

Continued growth in Assets Under Management and diversification strategy drove resiliency to mitigate negative impact from COVID-19 and was further cushioned by strong capital and liquidity positions

Posts net loss of US\$ 165 million attributable to the shareholders of the parent for fiscal year 2020

Bahrain, 6 August 2020 – Investcorp (the “Firm”, symbol: INVCORP) today announced its fiscal year results for the twelve months ended 30 June 2020 (FY20). The press release and the full set of financial statements are available on Bahrain Bourse’s website.

Financial results for the six months ended 30 June 2020 (H2 FY20) and for the full FY20 have been impacted by the COVID-19 crisis resulting in a net loss of US\$ 165 million for the fiscal year ended 30 June 2020.

H2 FY20 Financial Results

| | H2 FY20 | H2 FY19 |
|---|---------|---------|
| Net (loss) profit attributable to shareholders of the parent (US\$ million) | (213) | 73 |
| Diluted earnings per share (US\$) | (3.22) | 0.73 |
| Total comprehensive (loss) income attributable to the shareholders of the parent (US\$ million) | (256) | 68 |

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FY20 Financial Results

| | FY 20 | FY 19 |
|---|--------|-------|
| Net (loss) profit attributable to shareholders of the parent (US\$ million) | (165) | 131 |
| Diluted earnings per share (US\$) | (2.57) | 1.47 |
| Total comprehensive (loss) income attributable to the shareholders of the parent (US\$ million) | (210) | 124 |

Total shareholders' equity (excluding non-controlling interest) as of June 30, 2020 was US\$ 867 million, a 24% decline compared to US\$ 1,145 million as of June 30, 2019. Total assets at the end of FY20 were US\$ 2,123 million compared to US\$ 2,361 million as of FY19, representing a 10% decline. The FY20 recommendation for distribution of preferred and ordinary dividends is US\$ 22 million, with the proposed ordinary dividend being US\$ 0.10 per share versus US\$ 0.30 per share for FY19.

Financial and operational highlights

- The COVID-19 crisis, and its associated effects, impacted the Firm's profitability as fee income contracted to US\$ 288 million for FY20, a decline of 23% compared to US\$ 376 million for FY19.
- Despite reduced fee income, the increased reliance on and stability of recurring fee income helped to cover the Firm's operating expenses.
- The sharp recession originating from the crisis also affected the Firm's asset based income, resulting in a US\$ 110 million loss reported for FY20, compared to a gain of US\$ 89 million in FY19. The loss was largely attributable to fair value declines related to a limited number of assets operating in secularly challenged industries, mainly retail.
- As of June 30, 2020, total equity was US\$ 867 million and total accessible liquidity was in excess of US\$ 1.2 billion. Prudent capital and liquidity management have served the Firm well during this unprecedented crisis allowing a focus on employees' safety and business continuity.

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- Continuing diversification across geographies, clients and products translated into a broad-based increase in Assets Under Management (AUM) to US\$ 32.2 billion, an increase of 14.6% from US\$ 28.1 billion in June 2019.
- Various strategic transactions and initiatives were also completed during the period to further broaden the distribution platform, scale businesses and source investments from new growth areas.
- Achieved significant levels of investment activity in FY20 of US\$ 3.1 billion (US\$ 2.9 billion in FY19), placement and fundraising of US\$ 4.9 billion (US\$ 5.7 billion in FY19) and distributions of US\$ 2.6 billion (US\$ 4.0 billion in FY19).
- Even during the Q4 lockdown period the Firm managed to raise US\$ 0.9 billion through virtual roadshows and meetings with the closing of two fully subscribed funds in the Credit Management and Absolute Return Investment businesses. Investment activity was also solid with two acquisitions in Private Equity and the pricing of one new CLO. Several exits in Real Estate and Private Equity were also realized in Q4FY20 at no discount to fair values.
- The size of the balance sheet contracted by 10% despite the impact of US\$ 100 million from the adoption of IFRS 16 (new standard defining how companies must account for leases). Balance sheet contraction was partly due to lower valuations, but also as a result of lower underwriting and improved working capital management.
- Net debt increased to US\$ 672 million in FY20 from US\$ 499 million in FY19 due to IFRS 16 adoption and completion of some strategic / corporate investments.

Mohammed Alardhi, Executive Chairman, said: “The growth and diversification strategy we introduced in 2015 has helped increase our Firm’s resilience during challenging periods by offering a stronger and more diverse, multi-asset class, global platform. The unprecedented global impact of the COVID-19 pandemic negatively affected our results. We continue to remain confident in our growth strategy, having entered this crisis and approaching our 2021 fiscal year in a position of strength with now US\$ 1.2 billion in accessible liquidity and US\$ 32.2 billion in AUM.

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“While the short-term economic outlook remains uncertain due to the ongoing pandemic, we are committed to advancing our growth strategy and reaching US\$ 50 billion in AUM over the medium term. As we move forward, we will continue to leverage our fundamental strengths, including our world-class talent, robust balance sheet and increasingly global and diversified platform to meet our clients’ needs with innovative investment solutions.”

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About Investcorp

Investcorp specializes 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.

As of June 30, 2020, Investcorp Group had US \$32.2 billion in total AUM, including assets managed by third party managers, and employed approximately 450 people from 44 nationalities globally across its offices in New York, London, GCC, Mumbai and Singapore. For further information, visit www.investcorp.com and follow us @Investcorp on [LinkedIn](#), [Twitter](#) and [Instagram](#).

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