



Graphite Enterprise Trust PLC

Investing in long term growth

Presentation to analysts
28 March 2013

Graphite Enterprise

Analysts presentation – March 2013

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2. Performance
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4. Investment activity
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1. Introduction

Graphite Enterprise has a distinct offering in the listed private equity sector

HYBRID MODEL

Investor in funds and directly into companies

FOCUSED STRATEGY

European buy-outs – mature, profitable companies

HIGHLY EXPERIENCED TEAM

The senior team has extensive direct investment experience

CONSISTENTLY STRONG PERFORMANCE RECORD

NAV per share has outperformed the peer group average over 1, 3, 5 and 10 years

CONSERVATIVE APPROACH

Balance sheet management and portfolio construction are both conservative

STRONG BALANCE SHEET

Well placed to take advantage of current opportunities

2. Performance

The net asset value per share increased by 10.9% to 631.5p over the year

	31 Jan 2013	Change in 12 months	Change in 3 months
Net asset value per share	631.5p	+10.9%	+6.5%
Share price	487.0p	+36.4%	+16.4%
FTSE All-Share Index	3,287	+12.1%	+8.7%

- The share price significantly outperformed the Index
- The net asset value marginally underperformed over one year as the Index rose by 4% in January

2. Performance

The net asset value per share has outperformed the All-Share over 3, 5 and 10 years

Years to 31 January 2013*

	3	5	10
Total return			
Net asset value per share	+38.4%	+26.8%	+171.5%
Share price	+64.0%	+9.3%	+178.2%
FTSE All-Share Index	+32.1%	+20.4%	+146.4%

- The net asset value has increased for four consecutive financial years, by 44.5% in total
- Since inception, the Company has generated a return of more than 26x the amount subscribed

* Measured using the Company's reporting dates, so 37, 61 and 121 month periods to 31 January 2013 as the Company changed its year end during 2010. Source – Morningstar, Company

2. Performance

The portfolio continues to perform strongly, increasing by 14.3% in local currencies

Year to 31 Jan 2013	% of opening portfolio	% of opening NAV	£m
Underlying valuation gains	14.3%	13.0%	54.1
Currency	1.7%	1.6%	6.3
Total portfolio	16.0%	14.6%	60.4
Dividend		(0.9)%	(3.6)
Expenses and other		(2.8)%	(11.6)
Total NAV movement		10.9%	45.2

- Realised gains accounted for over half of underlying growth in the portfolio in the year
- Over 4 years the average annualised underlying portfolio growth is 18%

2. Performance

Graphite Enterprise has consistently outperformed the peer group average

Year to 31 Jan 2013¹

Total return

	1	3	5	10
Graphite Enterprise NAV	11.8%	38.4%	26.8%	171.5%
Peer group ² average NAV	3.5%	26.6%	3.5%	152.9%

- This outperformance is despite taking lower balance sheet risk than the peer group
- Over 1,5 and 10 years the Company is the best performer

Notes 1. 12, 37, 61 and 121 month periods to 31 January 2013 2. Peer group: Aberdeen, F&C PE, Harbourvest, JPM PE, NBPE, Pantheon, Princess, SLEPET. Data: total return, local currencies (Morningstar)

3. Balance sheet

An increase to the bank facility of £40 million has been agreed

- The new tranche has a term of 4 years to March 2017: 2 years beyond the existing facility
- The cost is significantly lower than the original facility (see below)
- We have also achieved savings on the original facility for its remaining life
- The lenders are RBS and Lloyds who continue in a 50:50 ratio
- The new facility is structured as parallel facilities of £20 million and €23.6 million

	Arrangement fee	Non-utilisation fee	Margin over LIBOR / EURIBOR
£40m tranche	1.75%	1.05%	3.00% ¹
£60m tranche	n/a (was 3.50%)	1.90% (was 2.00%)	3.00% ¹ (was 3.50%)

3. Balance sheet

The balance sheet remains strong

	Jan 2013 £m	Jan 2012 £m	Change £m	Jan 2013 %	Jan 2012 %
Investments	415	378	+37	88%	89%
Net current assets	56	46	+10	12%	11%
Total assets less current liabilities	471	424	+47	100%	100%
Outstanding commitments	127	143			
Undrawn bank facility ¹	100	59			
Total liquidity ²	155	103			
Over/(under)commitment ³	(28)	40			
Over/(under)commitment %	-6%	9%			

- The annualised drawdown rate is below £35 million per annum
- Since the period end⁴
 - £9.8 million has been invested in the portfolio and £5.4 million received
 - £20.6 million of new commitments have been made

3. Balance sheet

We expect to increase commitments significantly in the coming year

- New commitments will include a commitment to Graphite Capital's next buy-out fund
 - At least as much as the £70m committed to Fund VII in 2007
- New primary commitments will help ensure the Company stays close to full investment
 - Drawdowns will fall quickly if new commitments are not made
 - Primary commitments are critical to support secondary and co-investment dealflow
- Now is an attractive time to be committing to new funds
 - An unprecedented number of managers are raising new funds concurrently
- Secondary fund purchases and co-investments continue to be a key part of the strategy
 - Volumes are dependent on cash inflows as well as deal flow

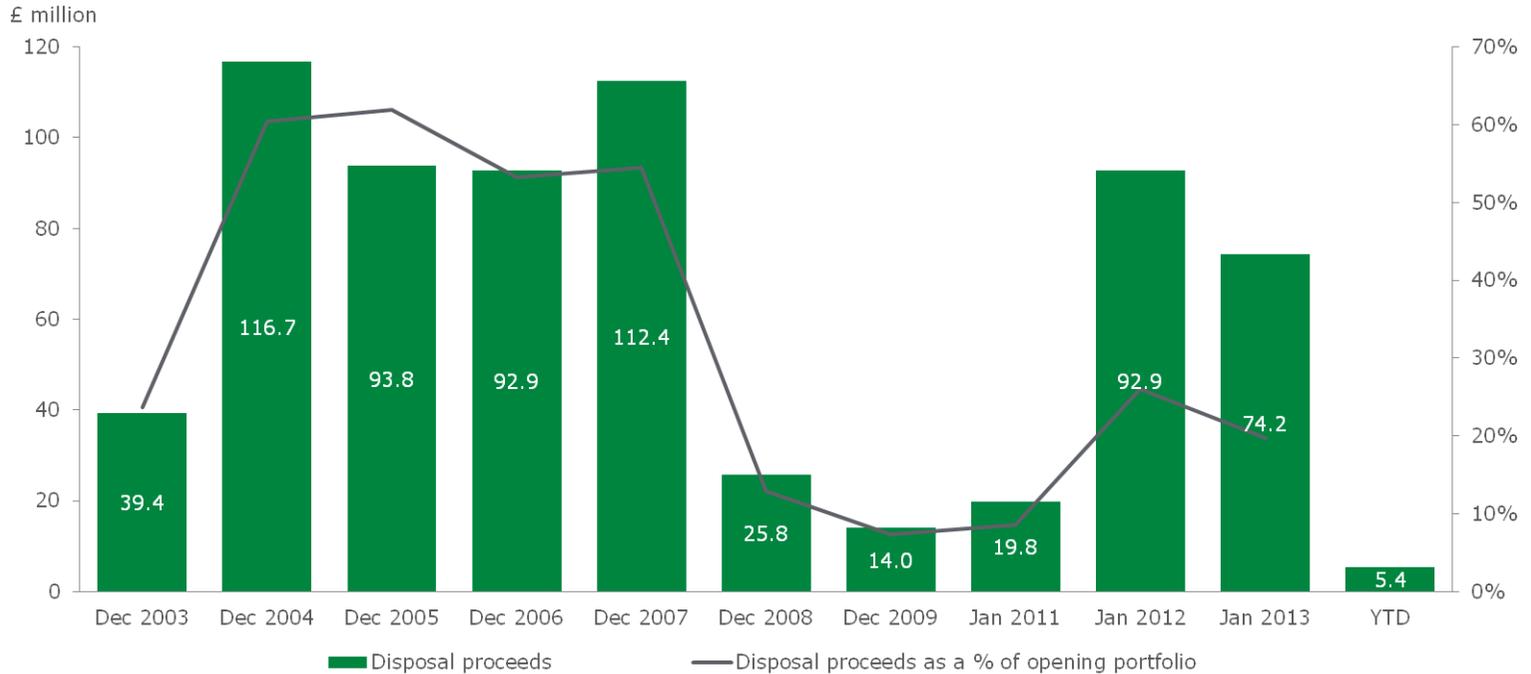
3. Balance sheet

Balance sheet management will continue to be conservative

- We have a strong record of conservative balance sheet management
 - At the end of 2008 the Company had cash of 42% whereas the peer group was geared
- Overcommitment is only one of several relevant metrics
- Others include:
 - maturity of commitments (2.9 years to end of investment period at Jan-13)
 - maturity of portfolio (4.5 years at Jan-13)
 - annualised drawdown rate (£35 million at Jan-13)
 - number of years drawdowns are covered by available liquidity if realisations are zero
 - potential gearing
 - realisation prospects
- Overcommitment could increase to 20-30% this year (including the bank facility)

4. Investment activity

Disposal proceeds were lower than the prior year but higher than expected



- Prior year figure included several of the largest holdings, so we expected proceeds to fall

Note: Excludes proceeds from secondary sales

4. Investment activity

Realisations continue to generate significant uplifts over prior valuations

Full realisations	No.	Gross multiple of cost	Gross valuation uplift on exit¹
13 months to January 2011	6	2.3x	70%
Year to January 2012	18	2.5x	51%
Year to January 2013	14	2.7x	52%

- Eight investments were sold to trade buyers and six to private equity
- The sale of NES added 1.2% to the NAV in the year

Note 1: From most recent valuation prior to any uplift on disposal

4. Investment activity

Example – NES Group (Graphite Capital disposal)



Background

- International technical recruitment group
- Places highly skilled contract engineers with blue chip, multi-national clients
- Acquired in a secondary management buy-out in September 2006
- Enterprise value of £70 million on acquisition

Performance

- Grew EBITDA organically every year since the buy-out
- Revenue more than doubled and EBITDA trebled under Graphite's ownership
- Transformed from a UK focus to a global operator
- Overseas EBITDA contribution increased six-fold
- 20 new offices, staff numbers more than doubled, contractors more than trebled

Exit

- Acquired by funds managed by AEA Investors in a tertiary buy-out
- Proceeds of £12.4 million received from Graphite Capital Partners VI
- A gross valuation uplift of 64% since January 2012
- **Achieved a multiple of cost of 4.7x and an IRR of 30%**

4. Investment activity

Example – Data Explorers (Co-investment disposal)



Background

- Provider of securities lending and short selling data to global financial markets
- Acquired by Bowmark in April 2007
- Graphite Enterprise co-invested £4m alongside Bowmark Fund III – total cost £4.5m

Performance

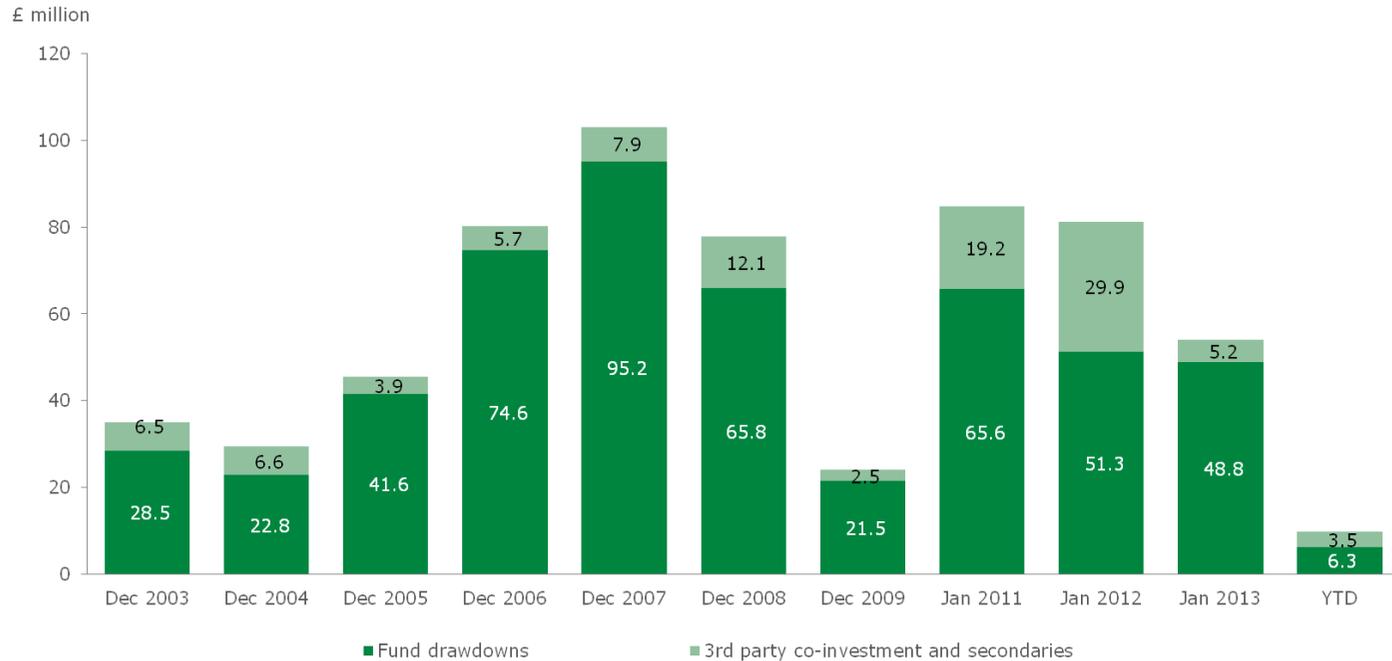
- Expanded operations significantly, opening offices in USA and Asia
- Developed new products
- Grew revenue and EBITDA at compound annual rates of over 30% and over 40% respectively

Exit

- In April 2012 Bowmark sold Data Explorers to trade buyer Markit
- The realisation generated £8.7m of proceeds
- A strong (but undisclosed) multiple of original cost
- Uplift on realisation of 56%

4. Investment activity

New investment was lower as we completed fewer secondaries and co-investments



- Drawdowns were only slightly lower than last year

4. Investment activity

We completed a mix of primary commitments and co-investments in the year

- We made 4 new primary commitments totalling £27.3m
 - DBAG VI (€10m)
 - ICG V (€10m)
 - Egeria IV (€10m)
 - Advent GPE VII (€4m)
- We completed 3 co-investments totalling £5.2m
 - CPA Global, alongside Cinven 4 (£2.5m)
 - Spheros, alongside DBAG V (€2.7m)
 - A £0.4m follow-on in Vue to fund an add-on acquisition
- Since the year end we have completed 3 primary commitments and a secondary
 - IK Investment Partners VII (€10m)
 - Towerbrook IV (\$5m)
 - Cinven 5 (€10m, in addition to €10m committed last year)
 - GCP Capital Partners Europe (£3.5m secondary)



EGERIA



Cinven

GCP Capital Partners

5. Portfolio

Graphite Capital directly manages 23% of the portfolio

Graphite portfolio	Third party portfolio			
 Graphite Capital	  	  	  	  
23%	Funds 71%		Direct co-invests 6%	

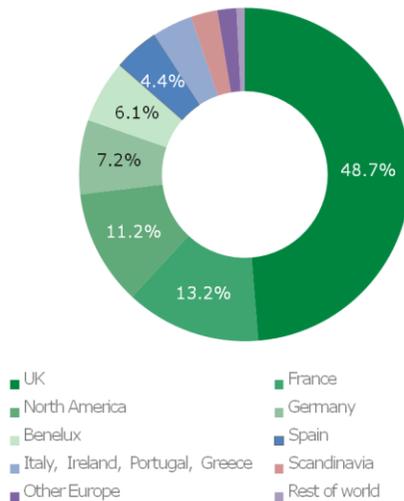
- 12% of the portfolio was acquired through secondary fund purchases

5. Portfolio

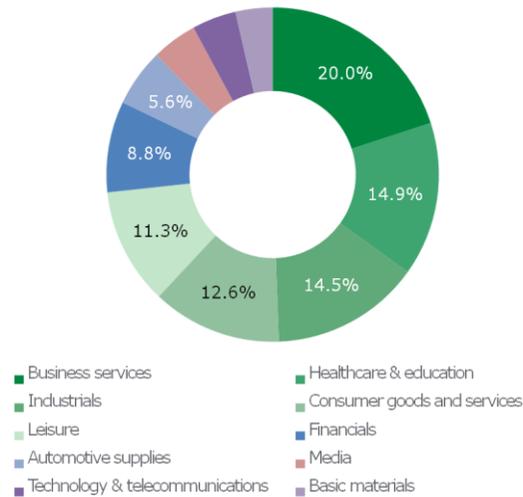
The portfolio is balanced and well diversified

- The portfolio strikes a good balance between diversification and concentration
 - Exposure to 336 underlying companies
 - The top 30 underlying companies represent 43% of the portfolio value

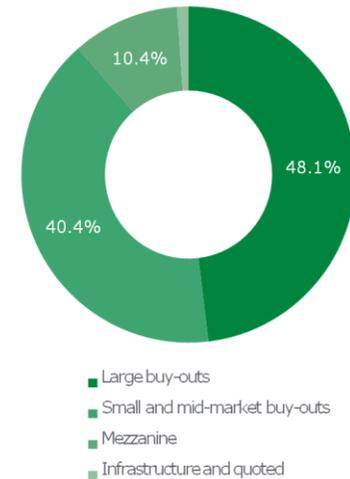
Geography



Sector



Type



Note Geography denotes where a company is headquartered

5. Portfolio

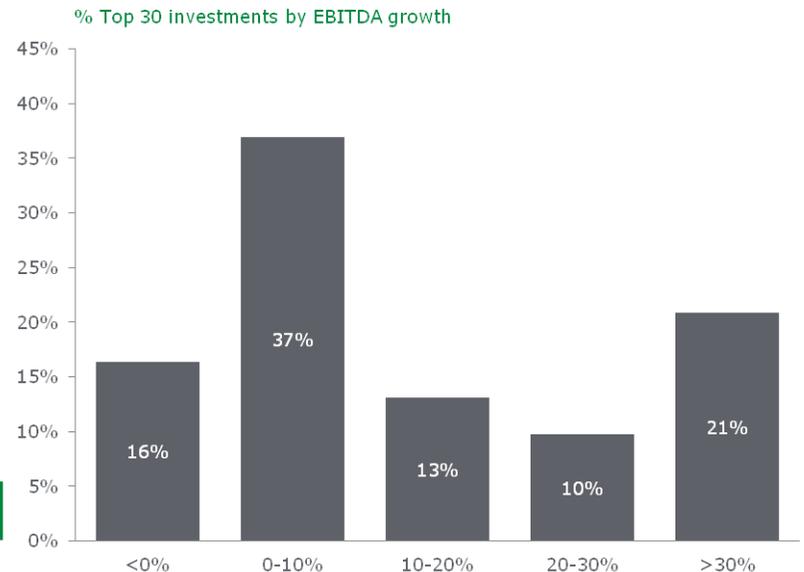
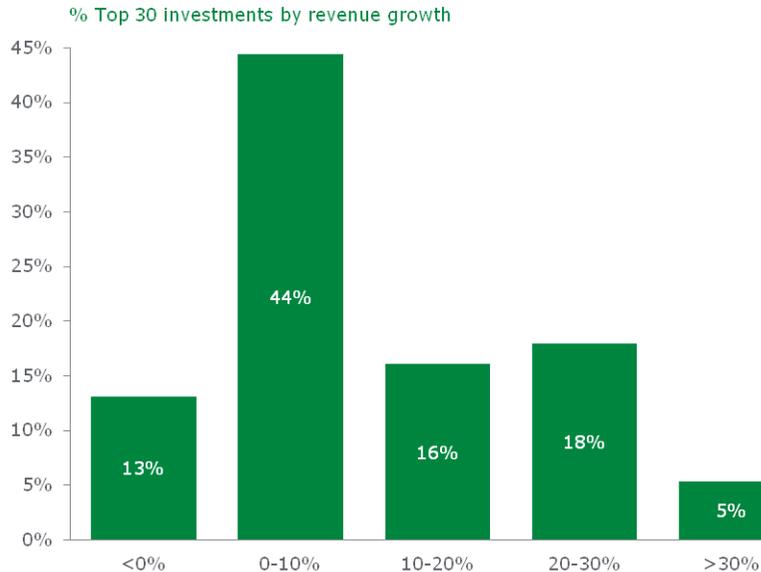
Six of the top ten holdings are managed directly by Graphite Capital

	Company	Country	Manager	% of portfolio
1	 Distributer and retailer of tyres	UK	Graphite	3.6%
2	 Supplier and operator of modular buildings	USA	TDR	3.0%
3	 Provider of recruitment process outsourcing	UK	Graphite	2.6%
4	 Operator of caravan parks	UK	Graphite	2.3%
5	 Provider of foster care services	UK	Graphite	2.2%
6	 Provider of temporary staff for education sector	UK	Graphite	1.7%
7	 Provider of technical engineering services	Netherlands	Candover	1.6%
8	 Manufacturer of automotive refinishing products	UK	Graphite	1.6%
9	 Manufacturer of cable management products	UK	Doughty Hanson	1.5%
10	 Manufacturer of aerospace engine components	Italy	Cinven	1.4%
				<u>21.5%</u>

5. Portfolio

The Top 30 companies continue to perform strongly

- Revenues grew by an average of 12% and EBITDA by an average of 13% (LTM to Dec 2012)
- By contrast, revenues of the FTSE 250 fell by 4% whilst EBITDA grew by 2% in 2012

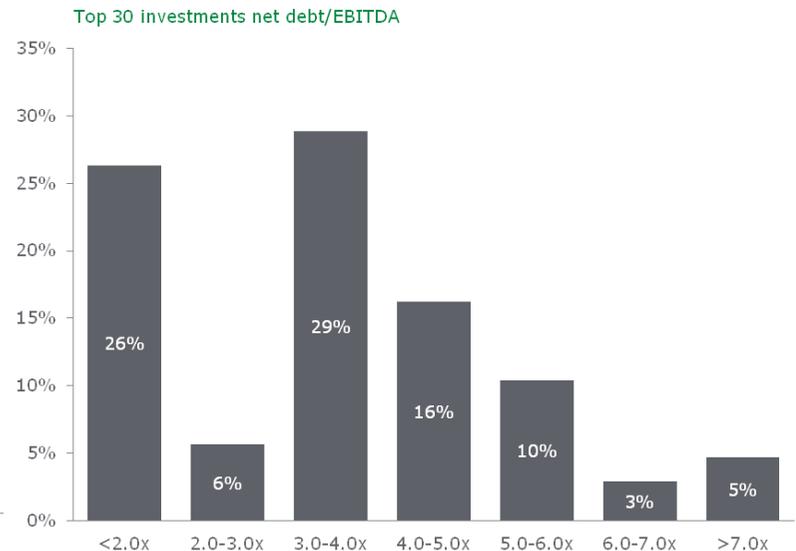
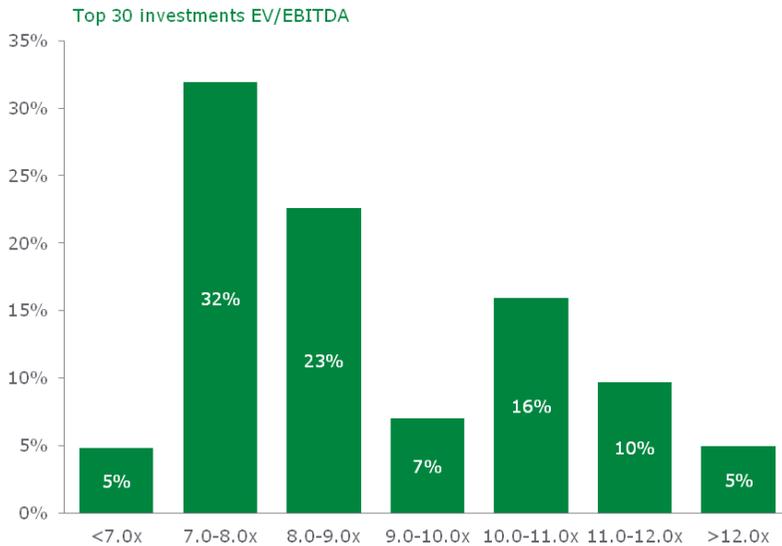


Note: Excludes one Top 30 Company (London Square: immature) where EBITDA is not a meaningful measure.

5. Portfolio

The Top 30 were valued on average at 9.1x EBITDA and had 3.5x EBITDA net debt

- Valuation and net debt multiples were little changed in the year (9.0x and 3.8x at Jan-12)
- Compares with 9.2x EBITDA current valuation of FTSE 250

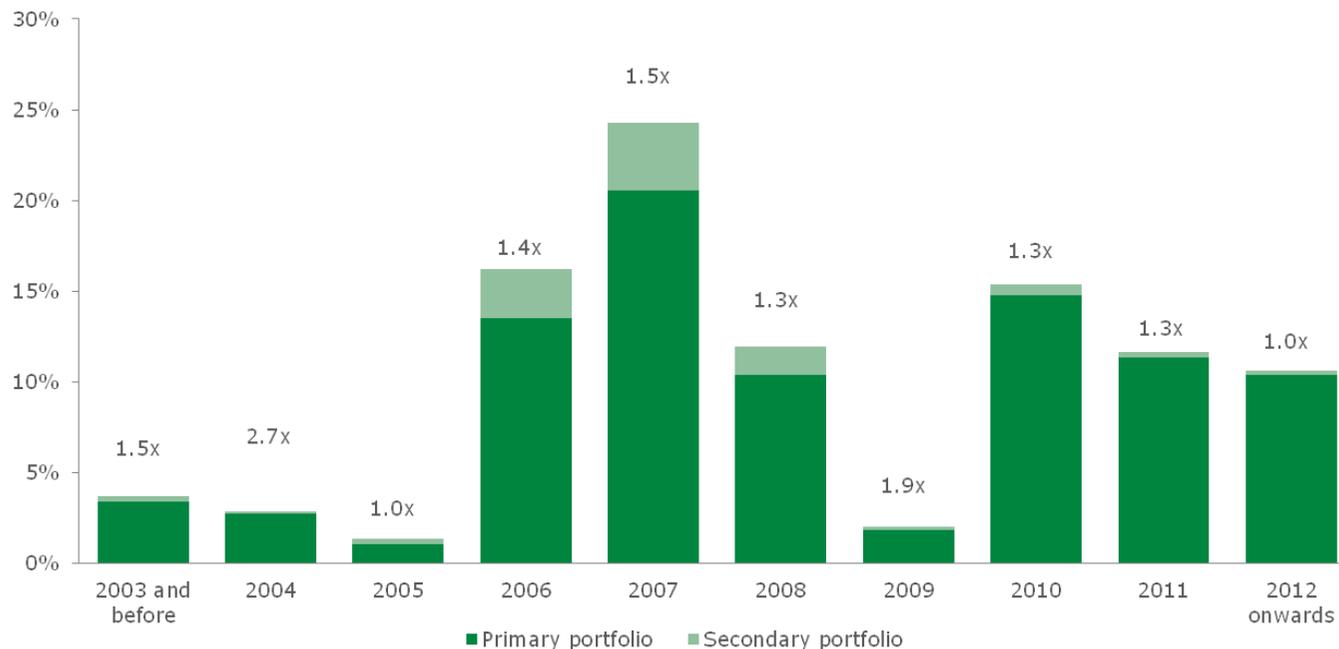


Note: Excludes one Top 30 Company as per page 20.

5. Portfolio

The portfolio was valued at 1.4x cost and its average maturity was 4.5 years

Portfolio by underlying vintage year, with multiple of original cost

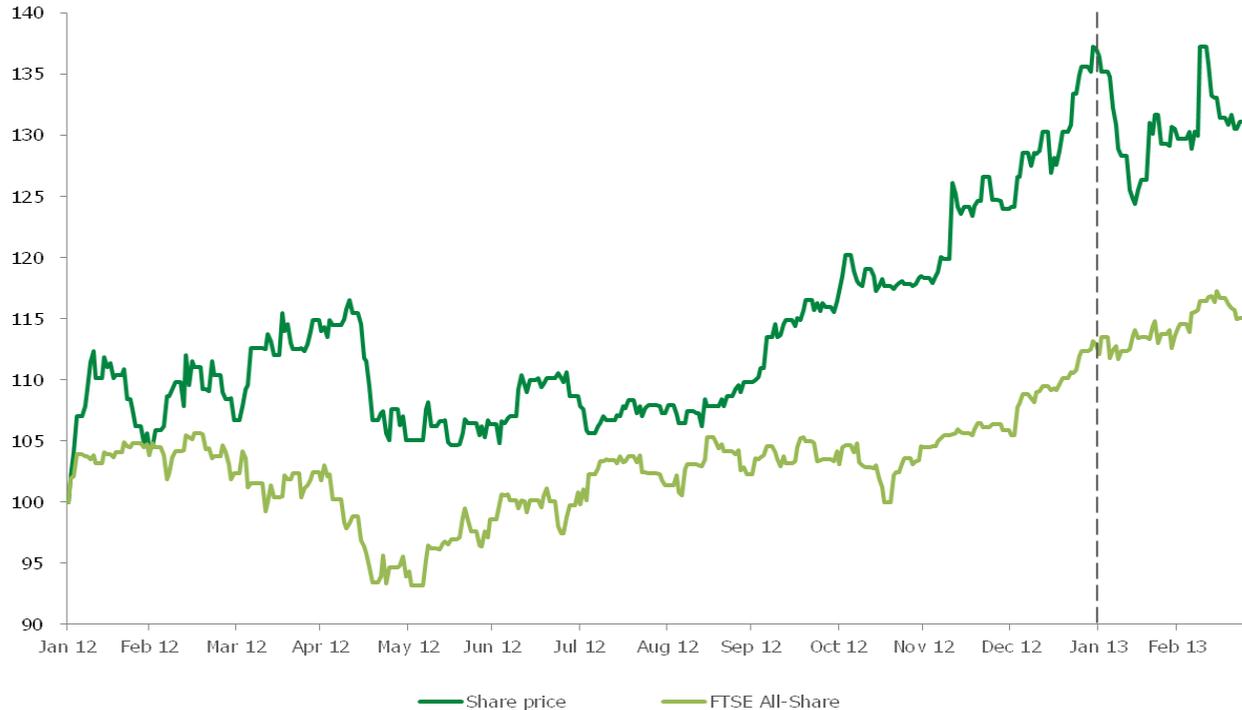


- The portfolio has considerable upside potential as it matures

Note 1. Multiples of cost include amounts realised by current portfolio companies and reflect managers' gross valuations.

6. Share price and discount

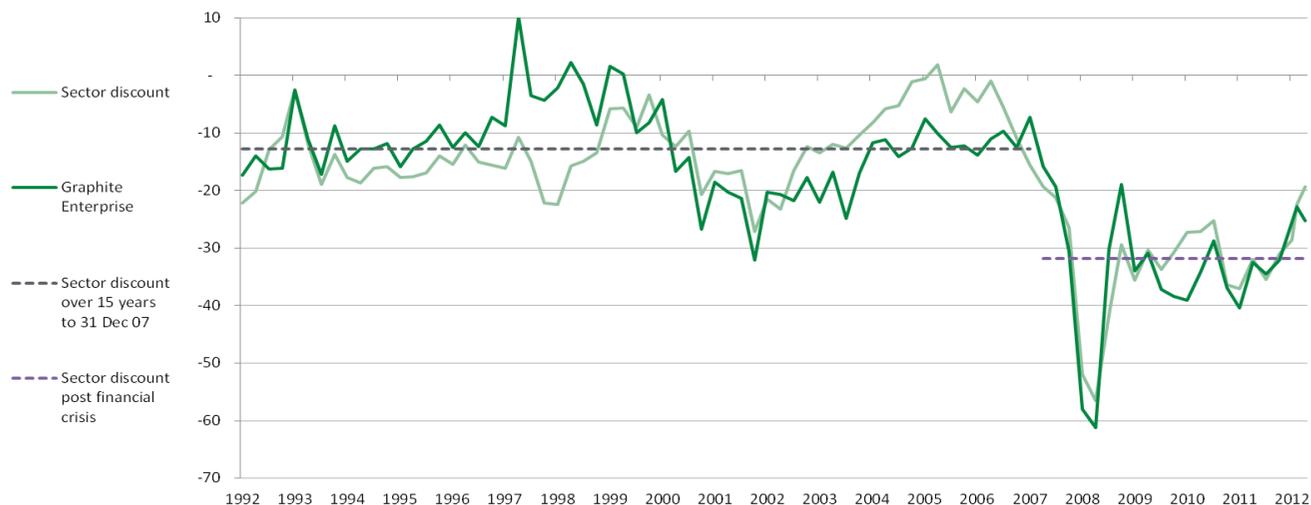
The share price outperformed the FTSE All-Share by 24.3% in the financial year



Note To the close on 27 March 2013 (SP = 472.5p, FTAS = 3,367.36). Increases from 31 Jan 2012: SP +32.4%, Index +14.8%

6. Share price and discount

Graphite Enterprise's discount is closely correlated with the listed private equity sector



- At 27 March 2013, the discount was 25.2% (share price 472.5p)
 - The Company's average discount in the 15 years prior to the financial crisis was 10%
 - The average discount in the period since Dec 2007 is 33%

Note Sector includes 3i, Aberdeen, Candover, Dunedin, Electra, F&C, HarbourVest, HgCapital, JP Morgan, NBPE, Pantheon, Princess, Standard Life, SVG

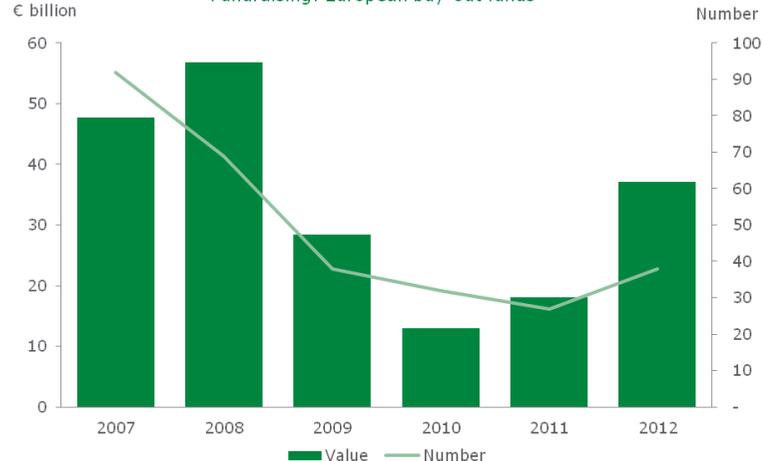
7. Outlook

The European buy-out market

€ billion New investments: European buy-out funds



€ billion Fundraising: European buy-out funds



- Activity remained relatively subdued in 2012
- Pricing remains relatively high for good quality companies
- Debt availability remains variable depending on the quality of company and sponsor
- Fundraising is picking up
- Many new funds are being raised or are expected to launch in the next 12 months

7. Outlook

Graphite Enterprise is well positioned to grow further

- The portfolio continues to perform well
 - Average annualised underlying growth of 18% over 4 years
- European economies are likely to remain depressed for some time
 - But the portfolio has proved to be resilient
- Significant capacity is available to make new investments at a good time in the cycle
 - Approximately 11% of net assets (£53m) is in cash and the £100m facility is undrawn
- The valuation is attractive compared with quoted markets:

	Top 30	FTSE 250
EBITDA growth 12m to 31 December 2012	13%	2%
Implied EBITDA multiple at 27 March 2013*	7.5x	9.2x

* Applies share price discount to the valuation of the 30 largest underlying companies at 31 January.

Useful information

Structure: Company registered in England and Wales
Investment trust tax status
Registered company number: 01571089

Ticker: GPE.LN
ISIN: GB0003292009
SEDOL: 0329200

Listing: Premium London listing

Broker: J.P.Morgan Cazenove Angus Wilton (sales): + 44 (0) 20 7155 8122

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Graphite Enterprise is a founder member of LPEQ, the industry association of listed private equity companies.



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