



Listed access to
the 2nd largest
software
business in
Europe

March 2021
FY 2020 Update

 **Hg** Capital
Trust plc



Get connected

To a universe of software and service businesses

This document accompanies the Annual Report & Accounts for the twelve months ended 31 December 2020. The information in this document contains a summary of information set out in this reports. Reference should be made to the full Report & Accounts rather than relying on this summary. The reader's attention is also drawn to the provisions on pages 26 and 27. References in this document to HgCapital Trust plc have been abbreviated to 'HGT'.

A long-term investment into unquoted software and business service companies that may otherwise be inaccessible to public market investors

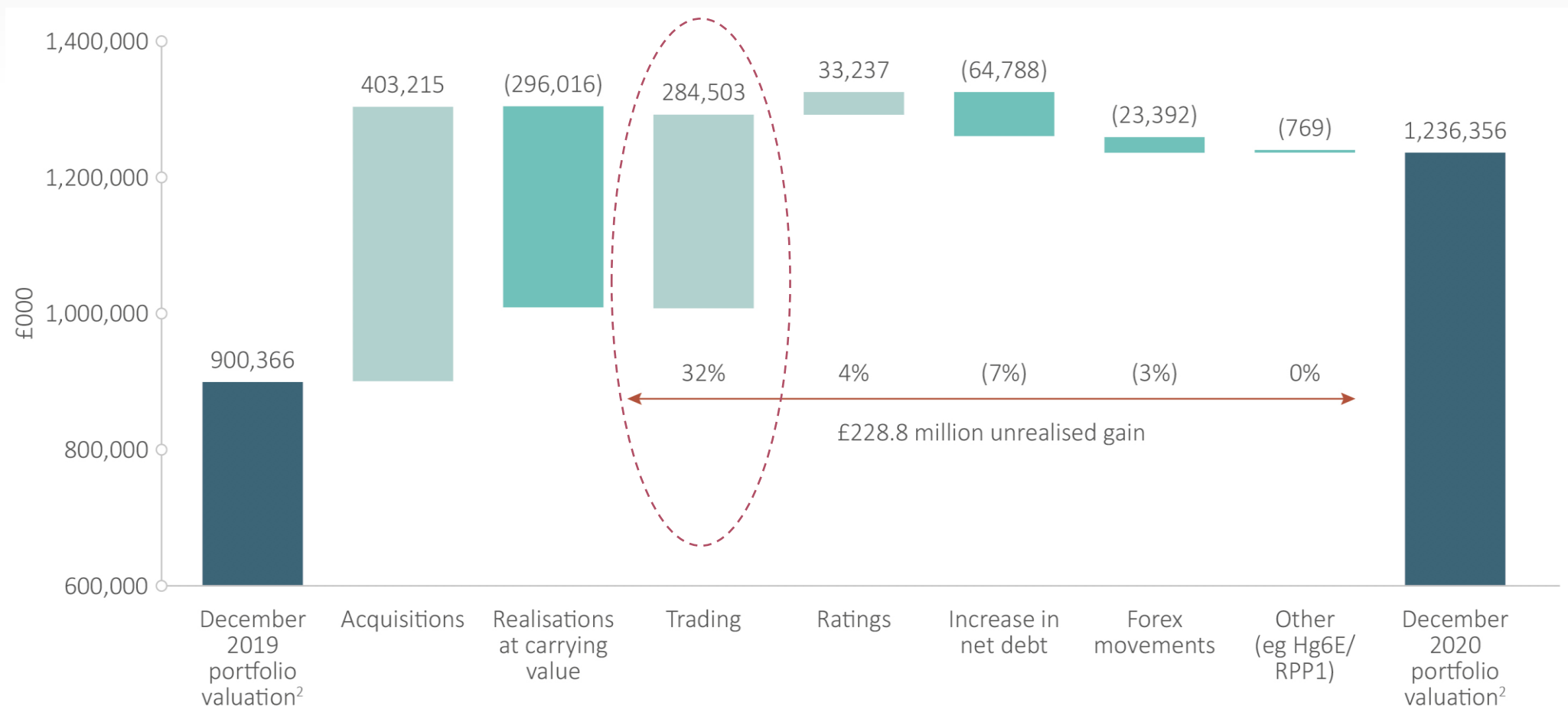
- FTSE 250 investment company listed on the LSE
- Providing listed access to the 2nd largest (unquoted) software company in Europe
- ‘Direct’ investor only invested in Hg portfolio companies and committed to Hg funds
- Board of 6 NEDs with a wide range of skill sets and strong focus on strategy and governance who make all decisions on commitments to Hg funds
- Invested on similar terms to all other LPs
- Managed by Hg for more than 25 years
- Share price has seen **compound growth of 14% p.a. over the last 20 years**
- The power of long-term investing further advocated by the AIC over the last 3 years, putting HGT as the eighth-best performing ISA eligible investment company over the last 21 years

A strong year for HGT with NAV per share outperforming the FTSE All-Share by > 30%

<p>+24.0% total return 310.3p NAV per share</p>	<ul style="list-style-type: none"> ▪ c. £1.3 billion net assets ▪ Performance primarily driven by double-digit trading and uplifts to book value at exit ▪ £25 million raised through tap issuance ▪ NAV per share as at 28 February 2021 of 305.2p, -1.7x% YTD due to FX movements
<p>+20.9% total return 305.0p share price</p>	<ul style="list-style-type: none"> ▪ c. £1.3 billion market capitalisation ▪ Predominantly trading at a premium over past 18 months ▪ Full year dividend of 5.0p up 0.2p from 2019, yield of 1.6% ▪ Share price as at 28 February 2021 of 332.5p, +9% YTD
<p>+22% LTM revenue + 31% LTM EBITDA</p>	<ul style="list-style-type: none"> ▪ Consistently robust trading growth from the top 20 investments (83% of the portfolio) ▪ 22.1x EV to EBITDA multiple ▪ 6.4x net debt to EBITDA ratio
<p>£403 million invested £364 million returned</p>	<ul style="list-style-type: none"> ▪ A record year for investment and realisations, additional liquidity events expected over the next year ▪ Further investment activity likely in the next 12 months ▪ Bolt-ons and strategic M&A within the portfolio remain a key focus

Performance generated from consistently strong trading and realisations above book value

Majority of NAV growth from strong earnings in the unrealised portfolio valuation over 2020

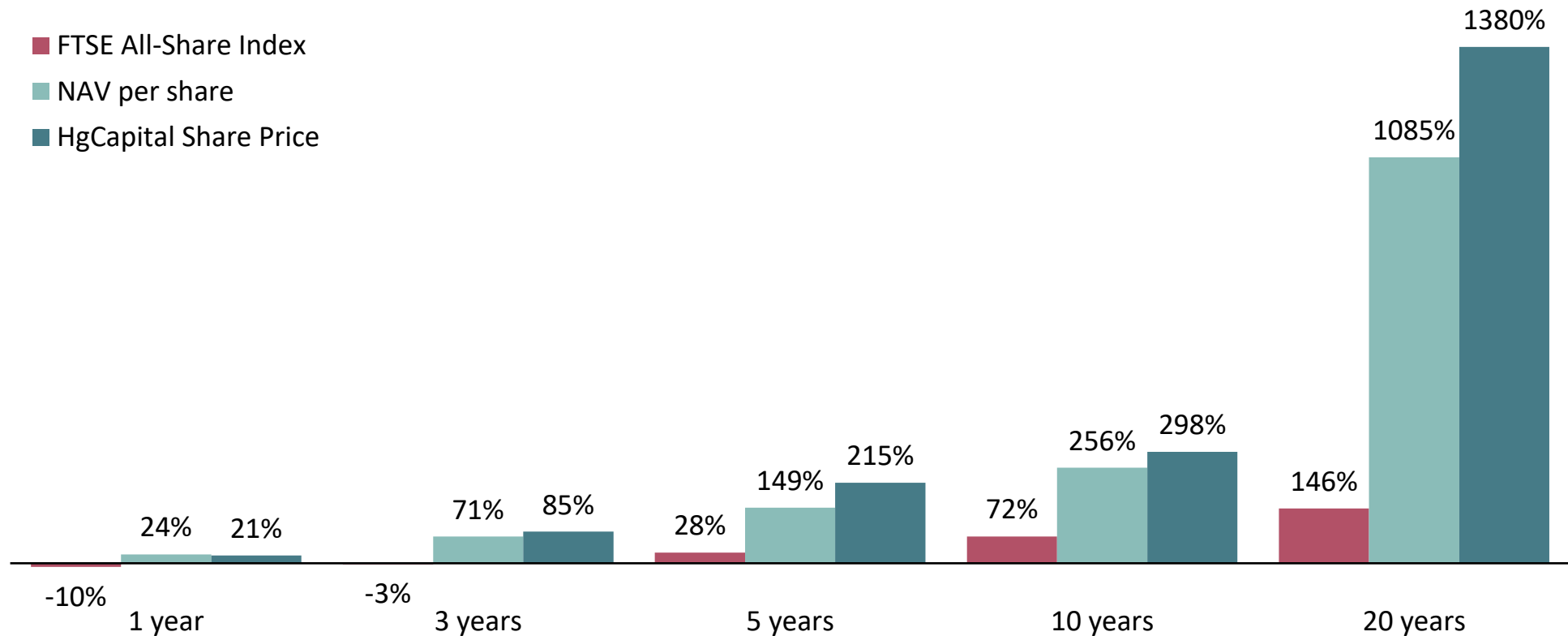


Performance primarily generated from consistently strong trading

¹ Including accrued income and excluding carried interest provision. ² Before the deduction of the carried interest provision.

Long-term track record of outperformance

The HGT share price has seen compound growth of > 14% p.a. over the past 20 years v. 5% p.a. from the FTSE All-Share



Based on HGT's share price at 31 December 2020 and allowing for all historic dividends being reinvested, an investment of £1,000 made 20 years ago would now be worth £14,799, a total return of 1,380%. An equivalent investment in the FTSE All-Share Index would be worth £2,463

A healthy balance sheet

Pro-forma balance sheet

as at 28 February 2021

£543m (43% of NAV)
commitments

£102m (8% of NAV)
liquid resources

£200m further credit facility completed in October 2020,
currently undrawn

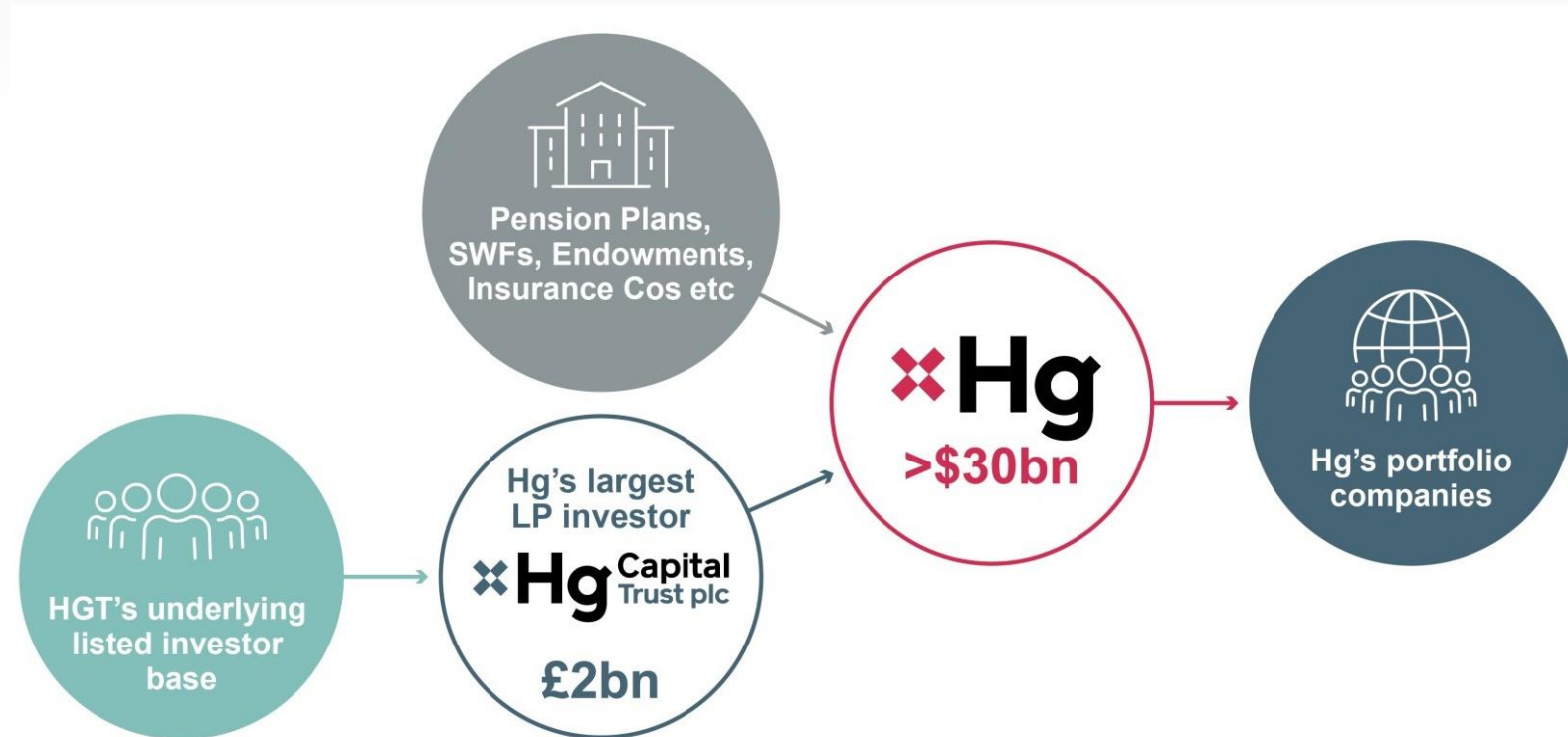
£25m in new equity raised over 2020 through tap issuances
at a premium to NAV

HGT can opt out of a new investment without penalty, across
all funds, should it not have the cash available to invest

- Commitments likely to be invested over the next 3 to 4 years (c. £155m p.a.)
- Further realisations expected over the next 12 months returning cash to HGT

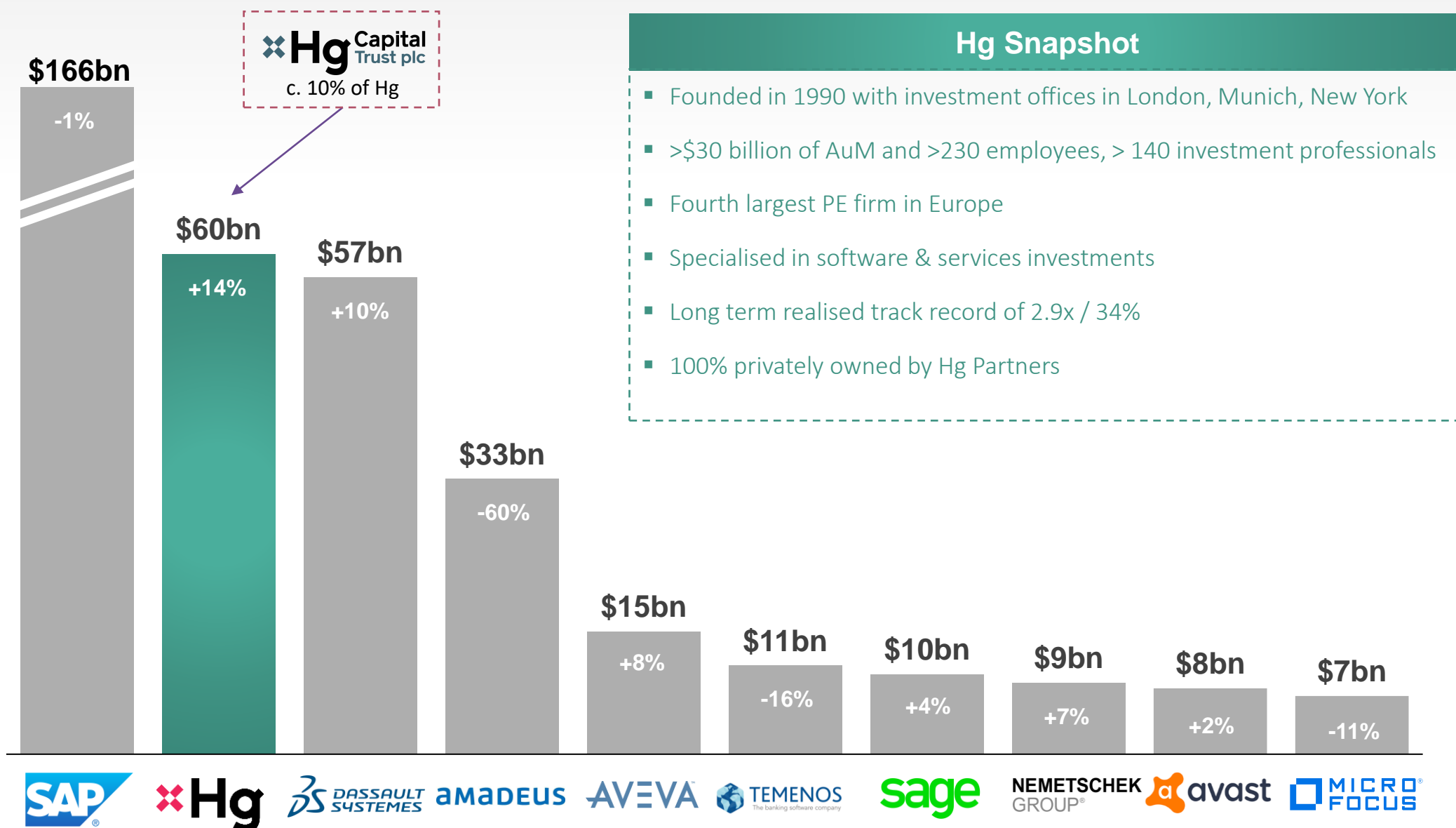
**Several levers in place to aid balance sheet management,
regularly reviewed by the Board and the Manager**

HGT is Hg's largest client, committed to all Hg funds



HGT provides shareholders with access to an unquoted software portfolio that would otherwise be inaccessible to listed investors

✖ Hg is the #2 largest software and #4 largest PE firm in Europe



AA++

2020 UNPRI
rating

c 30

Nationalities

4.5

Average
Glassdoor score

27%

Women in Hg's
executive team

1%

of every fund's carry
committed to the
Hg Foundation

1%

of LLP profit donated to
charity annually

Three core tenets to Hg's ESG and Sustainability strategy...

Charitable giving



- Hg donates 1% of annual firm profits to charitable causes and the Hg Foundation
- Hg donates 1% of each fund's carry to charitable causes and the Hg Foundation
- In 2018, Hg broke a record for Impetus-PEF, committing the largest ever one-off donation; a share of Hg's profits arising from an investment fund are committed to the charity

Sustainable business practice



- Becoming carbon neutral
- Invest behind "sustainable" businesses, compliant with ESG framework and managed for the long term

Job creation

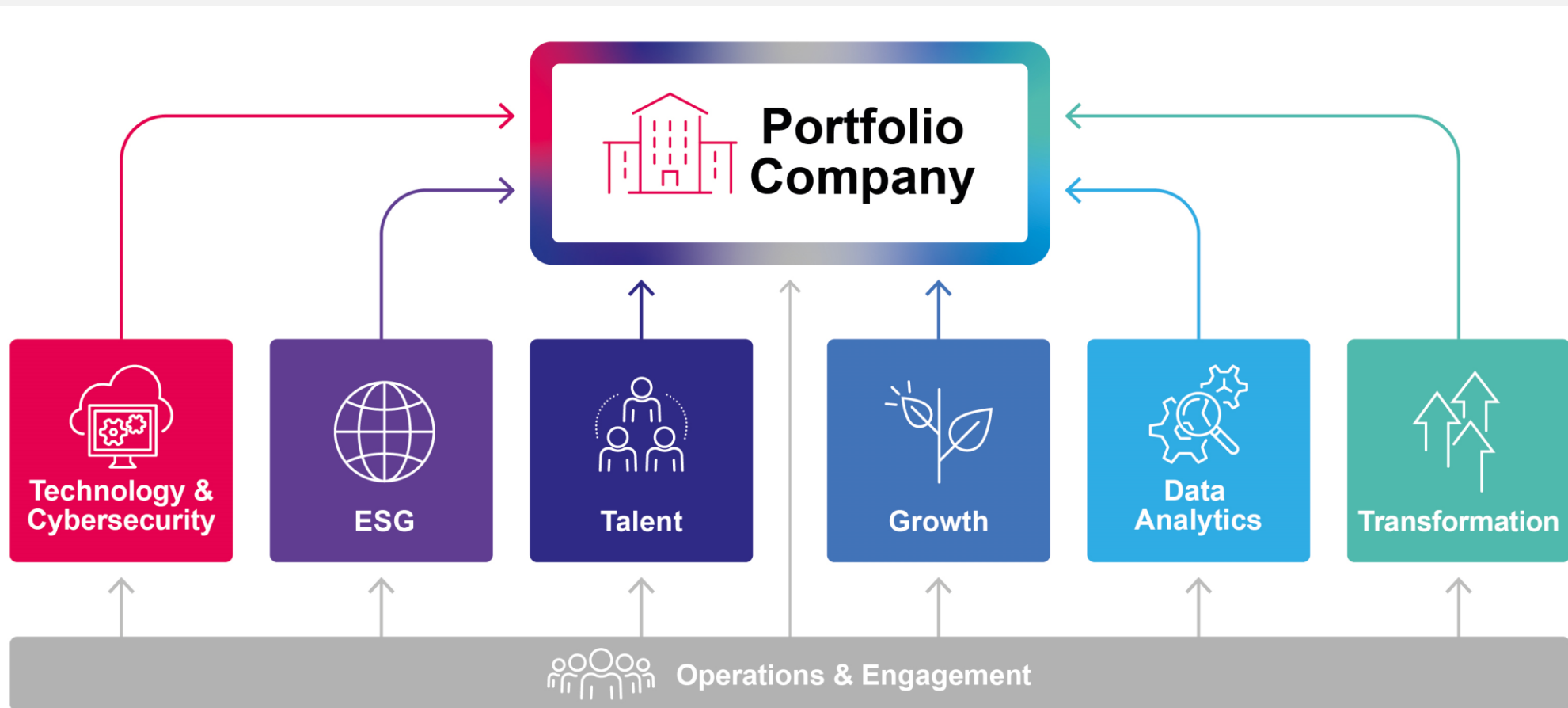


- Building diverse teams, both internally and amongst portfolio companies
- Generate employment growth across our portfolio

The Hg Foundation



Hg aims to be the most sustainable private equity firm in Europe



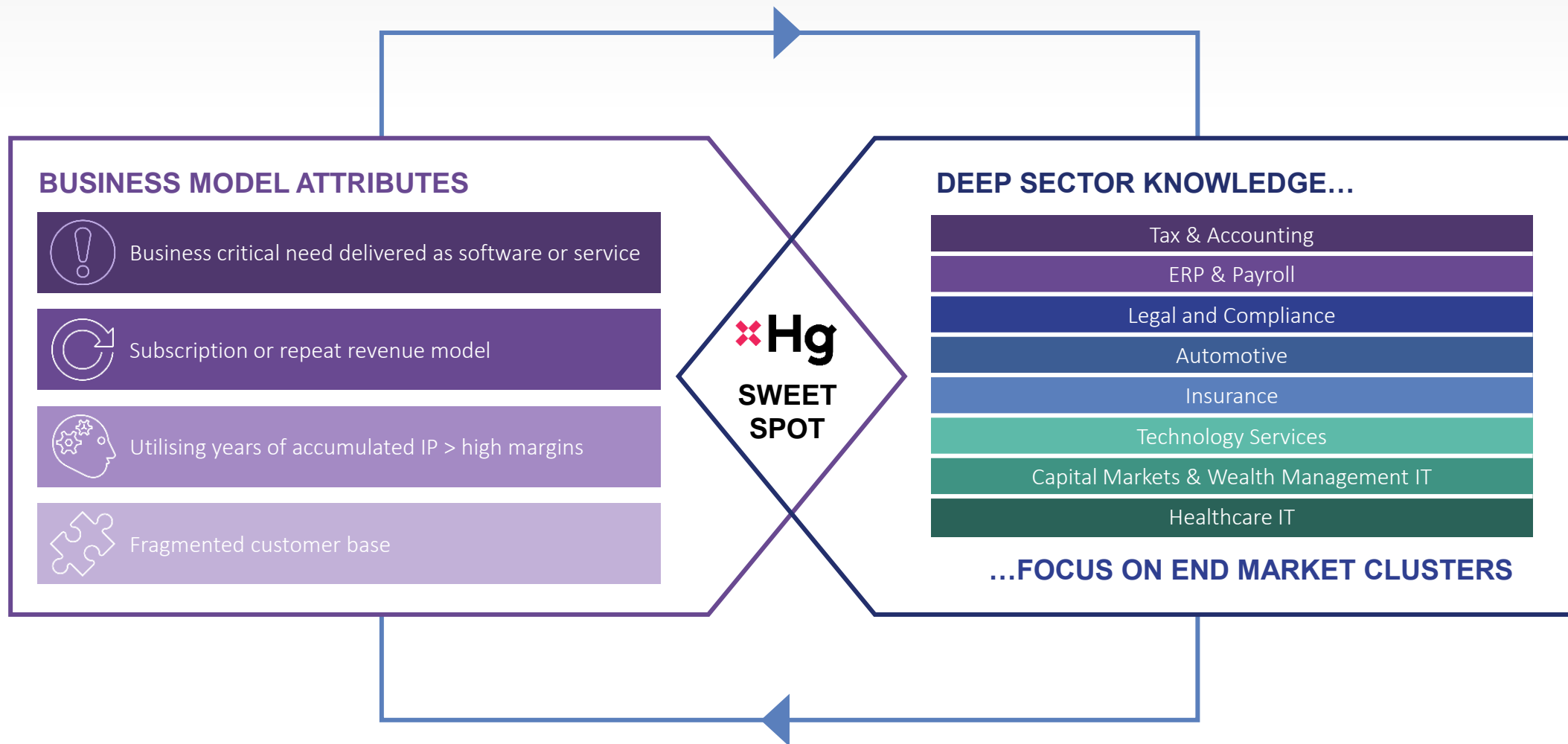
Promoting a culture of working together sharing ideas and experiences across the portfolio. In 2020:
>75 portfolio led events (with more in the diary)
>1.500 total attendees

Hive

Hg's online community for everyday collaboration

Sharing best practice and resources with tailored teams of technical experts, Hg works closely with the portfolio businesses to ensure they gain the tools and guidance required for success

The portfolio team has 40 members including 34 professionals and continues to grow



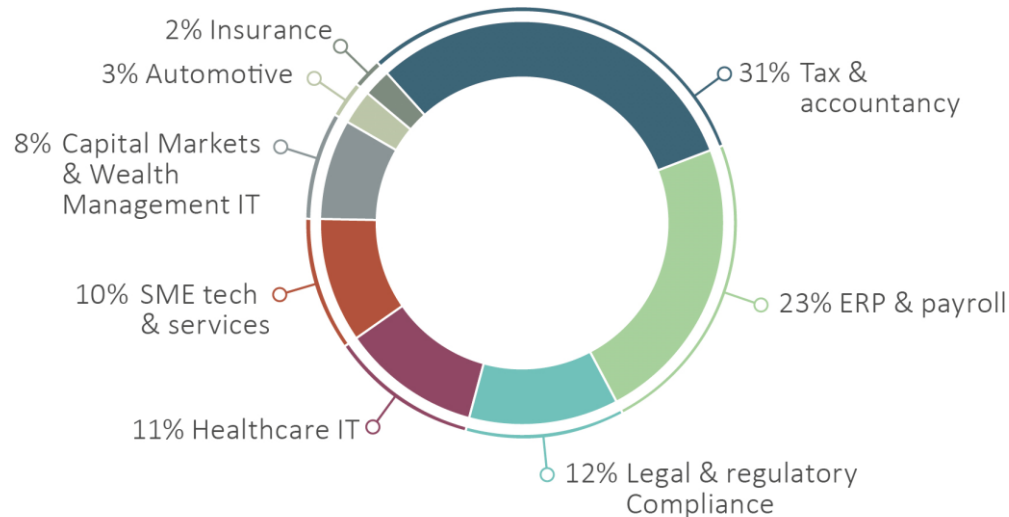
Cluster

Portfolio

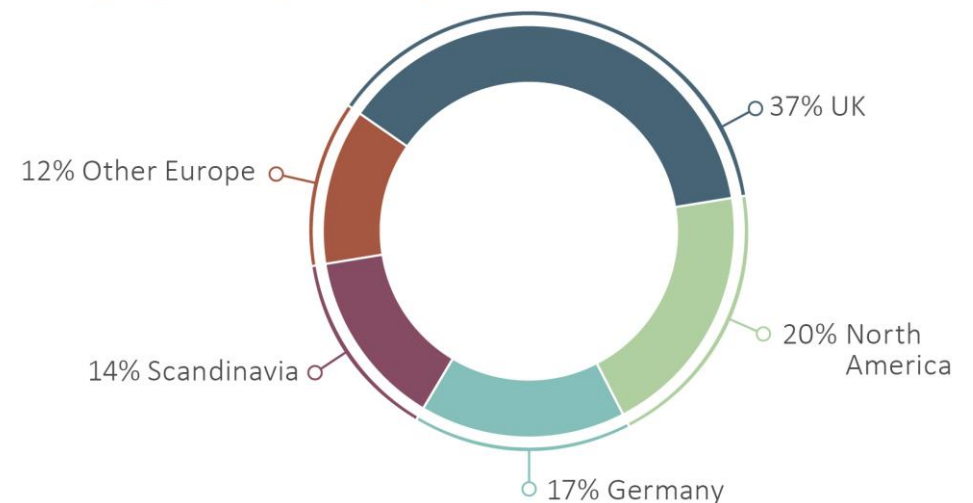
 Tax & Accounting 17+ years	 TeamSystem®  VISMA  IRIS  SOVOS  AZETS  silverfin  Prophix®  CASEWARE  GenII ^{Well-run funds.}
 ERP & Payroll 17+ years	 TeamSystem®  VISMA  IRIS  access  TRANSPOREON  P&I PURE HR  brightpay  benevity
 Legal & Reg Compliance 14+ years	 Achilles  TRACEONE  MITRATECH  LITERA  septeo <small>INNOVATING FOR SMART SOLUTIONS</small>
 Automotive 12+ years	 MeinAuto.de
 SME Tech & Services 11+ years	 Commify  iRelation  teamblue  () REGISTER  F24  Geomatikk  The Citation Group
 Capital Mkts & Wealth Mgmt IT 7+ years	 FE fundinfo  argus  smartTrade
 Insurance 7+ years	 Gossler, Gobert & Wolters Gruppe  Howden Group Holdings
 Healthcare IT 6+ years	 Evaluate  ALLOCATE  MEDIFOX  LYNIATE  Intelerad.

High growth companies with resilient and defensive characteristics continuing to perform in a challenging environment

Hg cluster by value



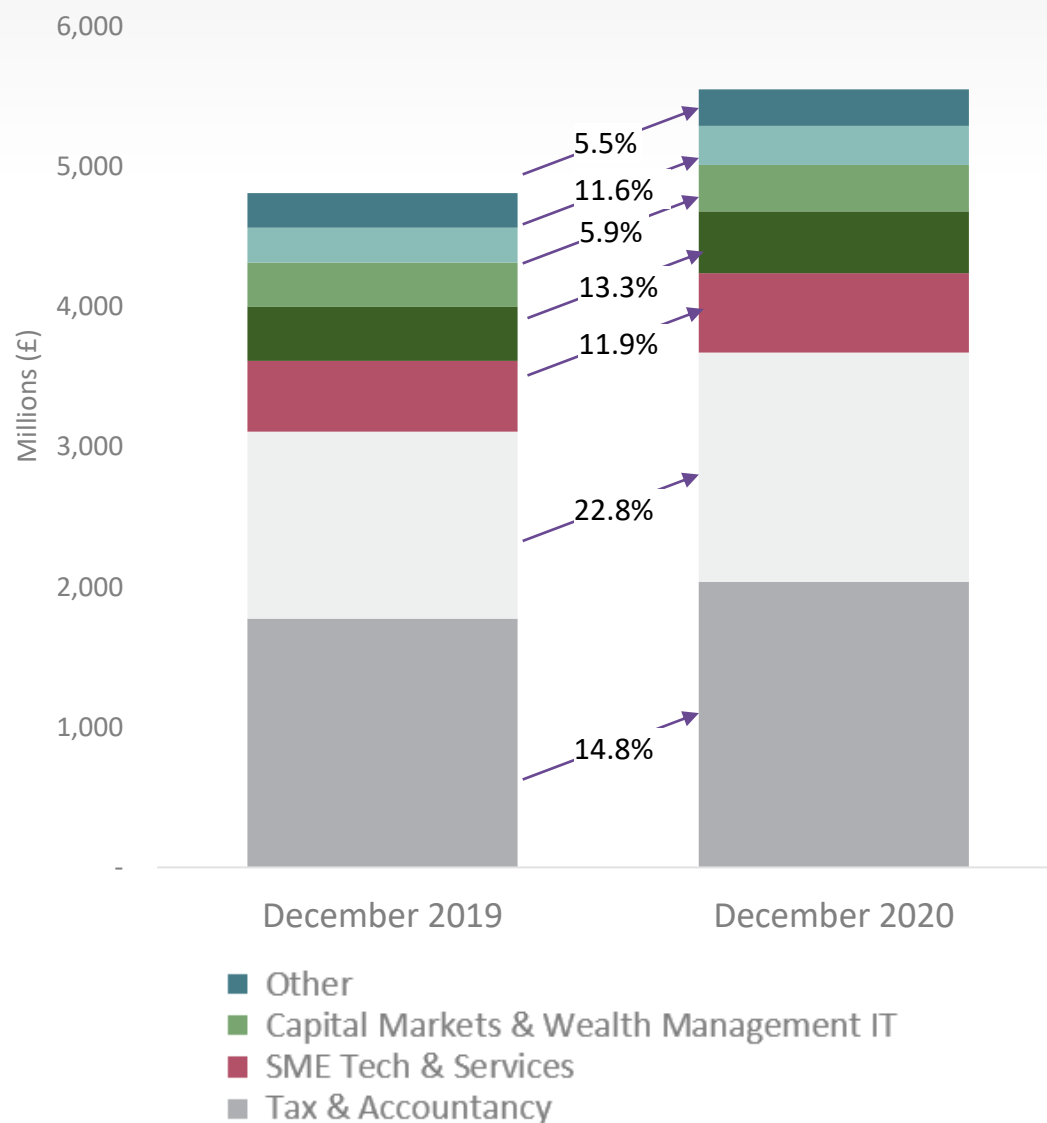
Geographic spread by value



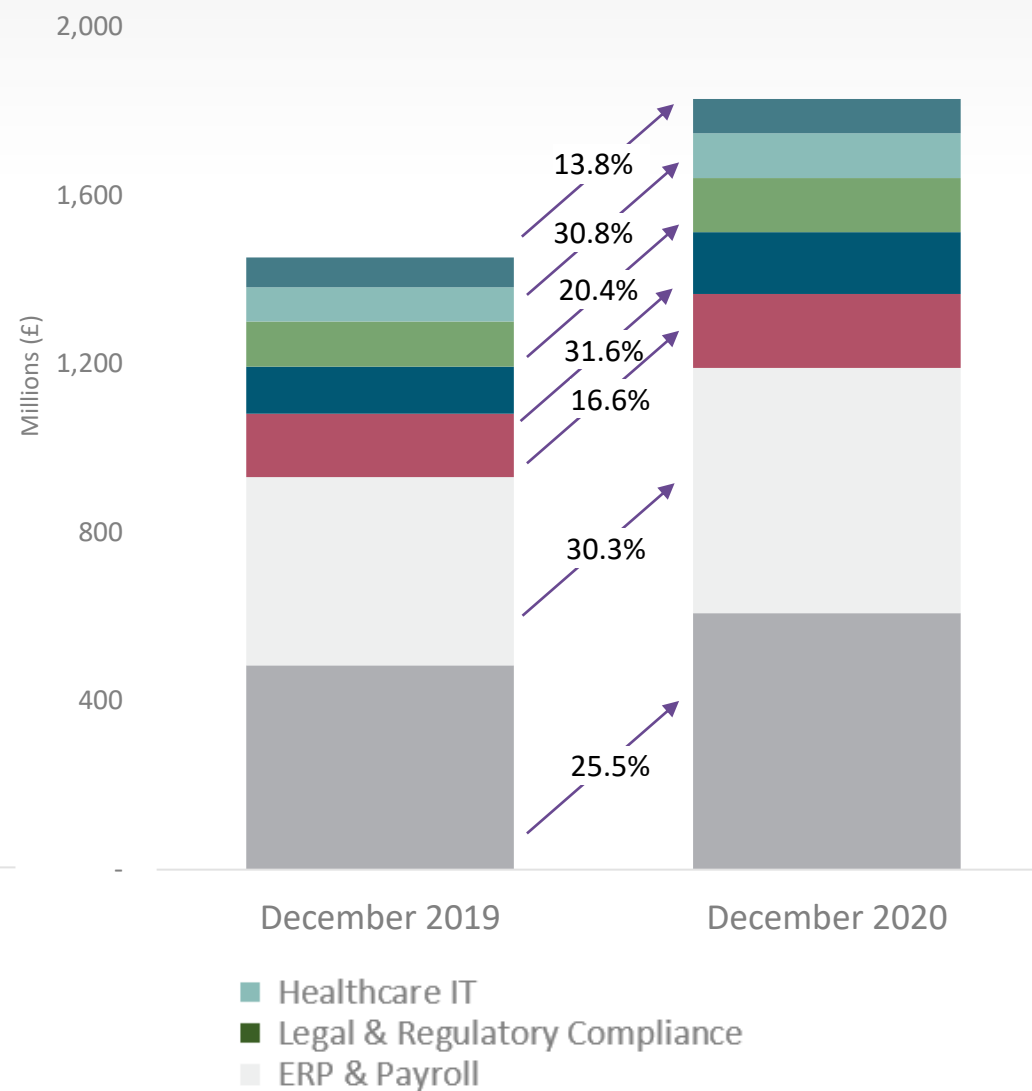
“Sometimes, it’s the small things that make the biggest difference. For example, automating those dull tasks that nobody likes to do”. David Toms, Hg

LTM trading by cluster

LTM Reported Revenue Growth by Cluster



LTM Reported EBITDA Growth by Cluster

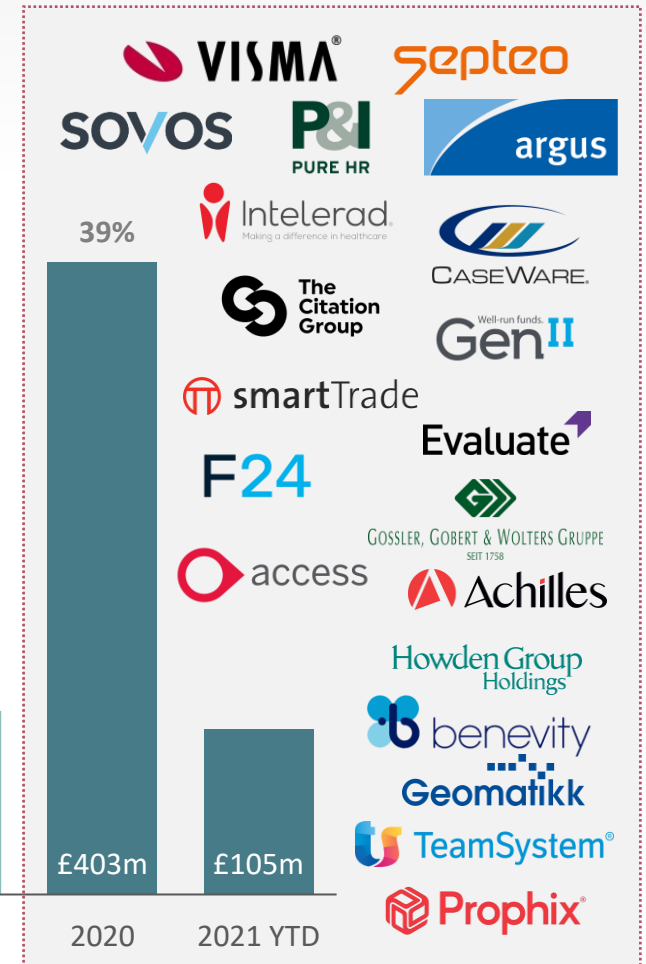
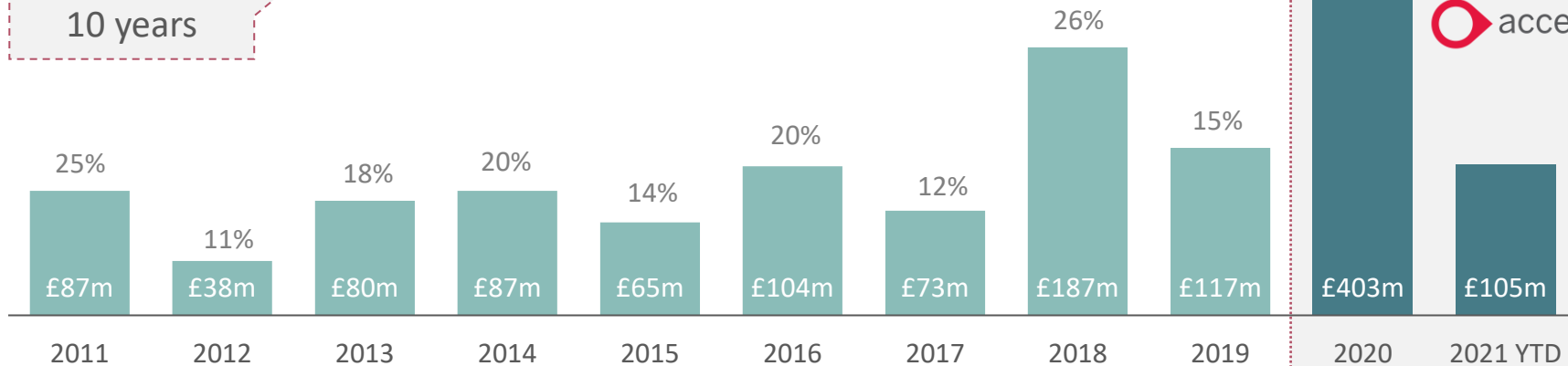


Note: All figures are based on unweighted financials across the full portfolio.

Hg has continued to selectively invest in companies tracked for many years...

A record year for investment, with £4.5bn deployed by Hg including £403m by HGT into 15 businesses with continued transactions into 2021

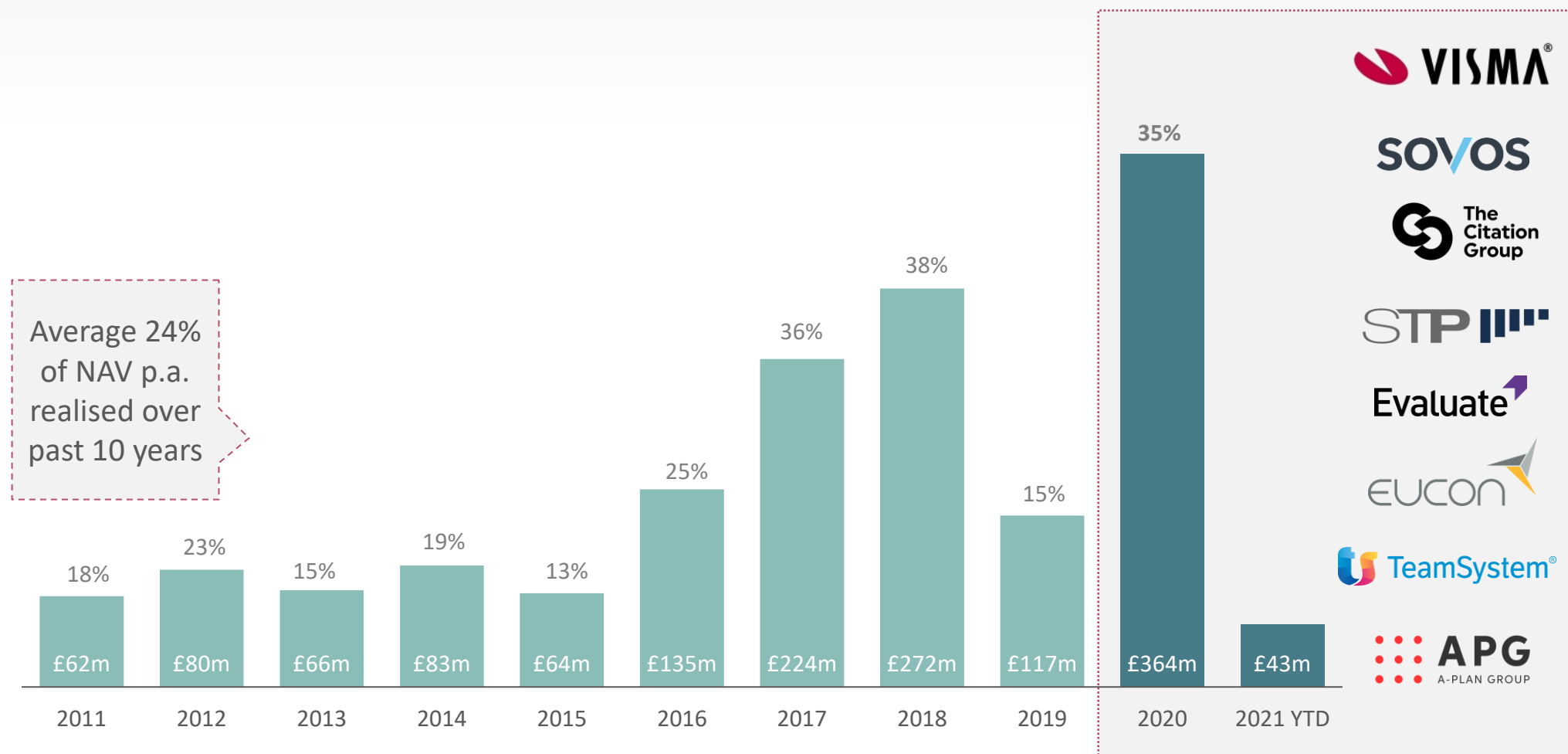
Average 20% of NAV invested p.a. over the past 10 years



Making repeatable investments into companies and 'clusters' that Hg knows well, sharing similar defensive business models and tracked for many years, building a store of future value for HGT shareholders

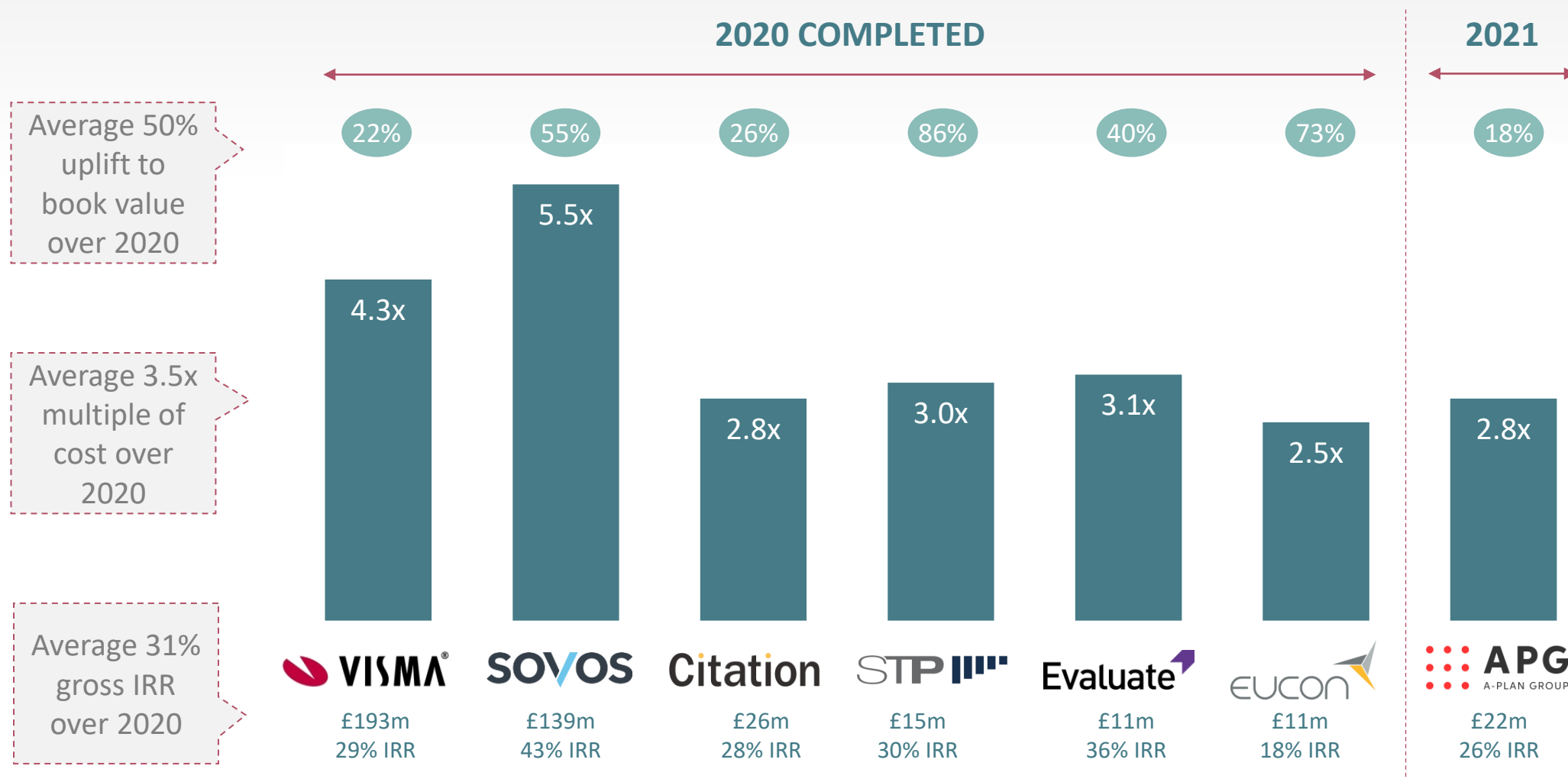
...and return cash to HGT

A record year for realisations, with £4.2bn returned to clients by Hg including £364m to HGT



Further realisation and refinancing processes currently underway or planned for the next 12 months

... with significant realisations at uplifts to book value



Continuing to focus on opportunities to crystallise value and return money to our clients

Summary and outlook

Robust double-digit growth continues to underpin a resilient portfolio

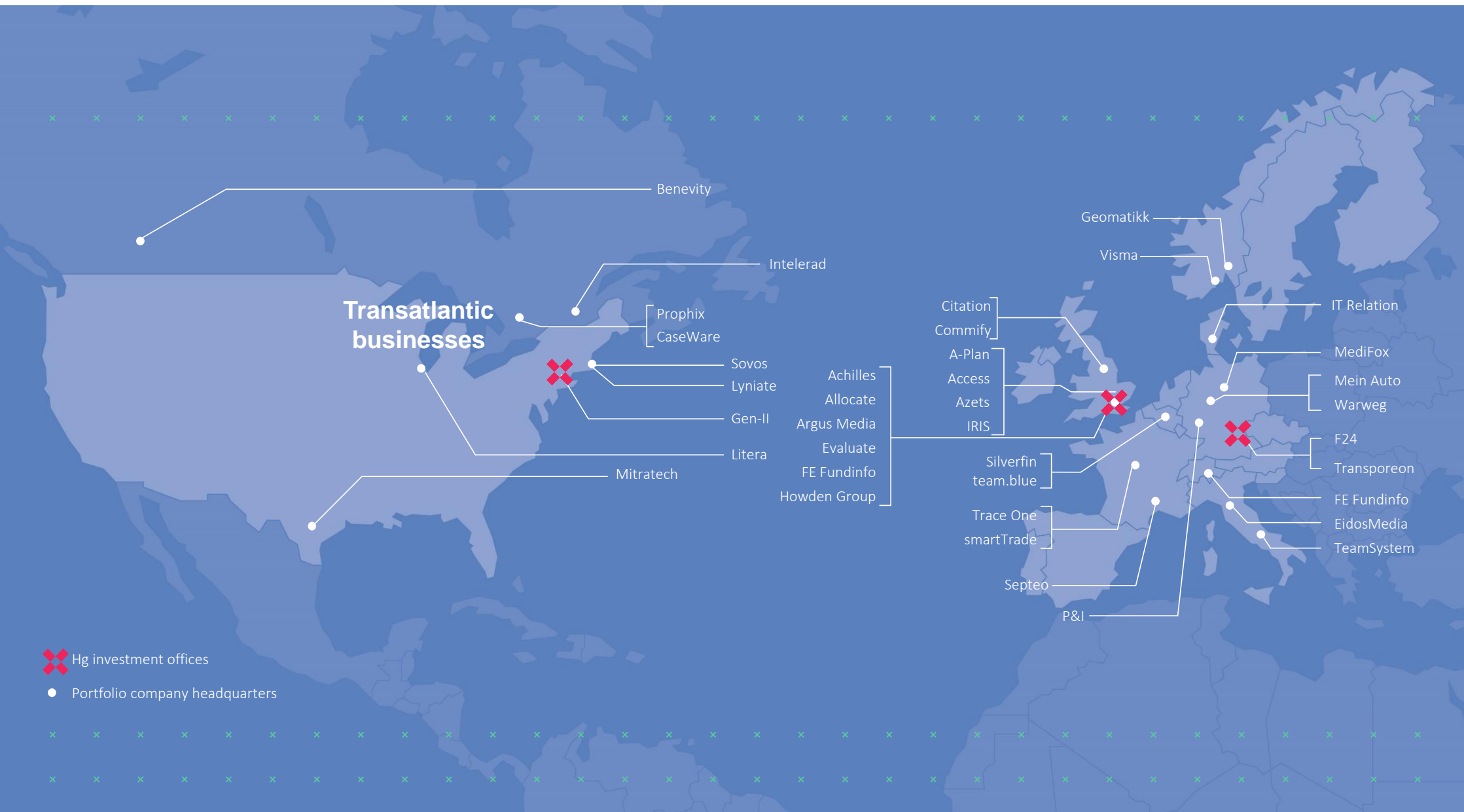
- Against the backdrop of COVID-19, Hg's portfolio has performed well and contributed positively to stakeholders' livelihoods and retirements.
- The overall portfolio valuations were up over 25% for the year to 31 December 2020, returning over £4 billion of liquidity to Hg investors, including £364 million to HGT.
- As highlighted previously, COVID-19 has had a limited direct impact on the portfolio, given its defensive growth characteristics and we believe our investments will continue to benefit from ongoing trends in the digitalisation of business processes, across sectors and geographies.
- The UK-based businesses have seen limited direct consequences from Brexit. Where regulatory complexity exists, software typically provides part of the solution and we are seeing several instances of this across the portfolio.
- The portfolio companies remain focused on selling business-critical and non-discretionary software and services to their underlying customers, typically with highly predictable business models and robust levels of recurring revenue.
- Across our funds, we expect investment activity in the next 12 months to continue – cautiously and with discipline – into businesses that we have tracked for many years.
- It has been a record year for realisations and further liquidity events are expected over the next twelve months.
- Bolt-ons and strategic M&A within the portfolio remain a key focus and across the current portfolio we have multiple live M&A situations.




The combination of the long-term nature of listed private equity investment with the types of business that Hg invests in, will continue to drive long-term growth

The background features a teal vertical bar on the left containing a white grid of 'x' marks. To the right, there are complex wireframe structures, including a hand-like shape and a spherical object, all composed of interconnected points and lines. The overall aesthetic is technical and digital.

Appendices

A focus on Western Europe with experience building transatlantic businesses



	 Mercury	 Genesis	 Saturn	
Strategy	Lower-mid market	Mid-market	Upper mid-market	
Target enterprise value	€100 - 500 million	€500 - €1,500 million	>€1,500 million	
Target investment equity	€50 - 200 million	€200 - 600 million	>€600 million	
COMMON FEATURES				
Identical investment strategy	Dedicated execution teams per fund	Integrated origination and coverage	Shared Investment Committee and Realisation Committee	Benefit from c. 50 person transaction support and Portfolio team

Contact

For further information on HgCapital Trust plc, please visit our website:

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Or contact our Investor Relations Team at: investorrelations@hgcapitaltrust.com

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Return targets are targets only and are based over the long-term on the performance projections of the investment strategy and market conditions at the time of modelling and are therefore subject to change. There is no guarantee that any target return can be achieved. Investors should not place any reliance on such target return in deciding whether to invest in HgCapital Trust plc. Past performance is not necessarily a reliable indicator of future results.

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