



HgCapital Trust plc } 2017 Interim Results Presentation September 2017

This document accompanies the Interim Report & Accounts for the six months ended 30 June 2017 and contains a summary of information set out in that document. 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 25 and 26. References in this document to HgCapital Trust plc have been abbreviated to 'the Company'.

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14% p.a.

Share price
total return CAGR
over the past twenty years

13% p.a.

NAV per share
total return CAGR
over the past twenty years

- The Company offers exposure to a portfolio of more than 30 unquoted businesses with consistent strong growth in sales and EBITDA and high cash generation
- HgCapital has been managing the Company for over 20 years and specialises in investing in technology and technology-enabled service companies primarily in Europe
- These businesses are sourced by HgCapital using a deep sector focus to identify companies with specific business models that can perform across the economic cycle
- The Company is HgCapital's largest client with a fully independent Board that makes all decisions on commitments to invest alongside HgCapital Funds
- The Company is a 'direct investor' and only invests alongside HgCapital across multiple funds and vintages

KEY FINANCIAL HIGHLIGHTS



STRONG TRADING HAS CONTINUED TO DRIVE POSITIVE PERFORMANCE FROM THE UNREALISED PORTFOLIO OVER THE FIRST SIX MONTHS OF 2017

PERFORMANCE

+12%

NAV per share
total return growth

- As at 30 June 2017 NAV per share of £17.97, net assets of £671 million
- Driven by strong trading across the unrealised portfolio and exits above book value
- As at 31 August 2017 NAV per share of £18.61, net assets of £695 million, primarily reflecting the sale of Sequel and positive currency movements

+13%

Share price total
return growth

- As at 30 June 2017 the share price was £16.90, market capitalisation of £631 million
- As at 31 August 2017 share price of £17.00, market capitalisation of £635 million

16p

Interim dividend

- Ten year dividend yield average of 3%
- Payable in October 2017, total dividend payments p.a. are anticipated to be no less than 46p per share

Note: As at 30 June 2017. All performance figures on a total return basis assuming all historic dividends have been reinvested.



£182m

Liquid resources

- Representing 26% of NAV
- Up from £119 million at the half year to include post-period realisations
- £80 million undrawn bank facility

£464m

Outstanding
commitments

- Represents 67% of NAV
- Down from £478 million at the half year to include post-period investment
- Includes commitments to HgCapital 8 (£350 million) and Mercury 2 (£80 million) which we would expect to be drawn-down over the next four to five years
- The Company has the benefit of an opt-out provision should it not have enough cash to invest in HgCapital 7, HgCapital 8 and Mercury 2, to protect the balance sheet

Note: As at 31 August 2017.

KEY FINANCIAL HIGHLIGHTS



TOP 20 BUYOUTS (82%)

Aggregate sales of £2.5 billion and profits of £626 million, average margins of 25%

PORTFOLIO METRICS

+11%

Average growth
in sales

- Consistent double-digit performance in many of our larger companies including Visma, IRIS, Sovos Compliance and Ullink (>40% of the total portfolio by value)
- A strong start from some of the newer companies to the portfolio including Mitrastech and CogitalGroup
- High degree of visibility on future revenues across much of the portfolio, given business model characteristics
- Top 20 has grown revenues consistently by **11% p.a. on average for the last 3 years**

+19%

Average growth
in EBITDA

- 80% by value (14 companies) in the top 20 seeing double digit growth
- Profits growing at a materially faster rate than sales reflecting both the benefit of previous periods of investment, consistent strong growth from many of the larger underlying companies and new additions to the portfolio
- Top 20 has grown EBITDA by **17% p.a. on average for the last 3 years**

Note: As at 30 June 2017.

KEY FINANCIAL HIGHLIGHTS



TOP 20 BUYOUTS (82%)

Ratings up from 2016 year-end, high cash generation across the portfolio

PORTFOLIO METRICS

16.0x

Average EV to EBITDA
multiple

- Ratings up from 2016 year end, reflecting the impact of the investments in two of our higher growth businesses, Mitrtech and Visma
- There remains **a continued shift in the mix of the portfolio to higher growth businesses**, in particular in technology and technology-enabled services
- Overall exits have been made at higher multiples to valuations

5.0x

Average debt to EBITDA
ratio

- Many of our businesses have **very predictable revenues**, strong earnings growth and are highly cash generative, enabling us to use debt to gear our returns
- Over the past six months, we have refinanced three companies: Visma returning £12.9m (32% of the original investment); A-Plan returning £5.2m (35% of the original investment) and Ullink returning £4.3 million (43% of the original investment)

Note: As at 30 June 2017.

KEY FINANCIAL
HIGHLIGHTS



REALISATION AND INVESTMENT ACTIVITY IN 2017YTD

Net divestors over the period, taking advantage of a buoyant environment for realising value at good prices

PORTFOLIO ACTIVITY

£134m

Returned to
the Company

- £0.9 billion realised on behalf of HgCapital clients
- 3 realisations and 3 refinancings completed over the period
- Further 5 realisations completed or due to complete by 30 September 2017 returning an estimated £78 million



£40m

Invested on behalf of
the Company

- £264 million invested on behalf of HgCapital clients
- 3 investments completed in businesses that we know well within our targeted 'sweet spot'
- Includes £11.5 million in co-investment (Mitratesch and Esendex)
- Further £13.2 million invested post period, due to complete in September 2017

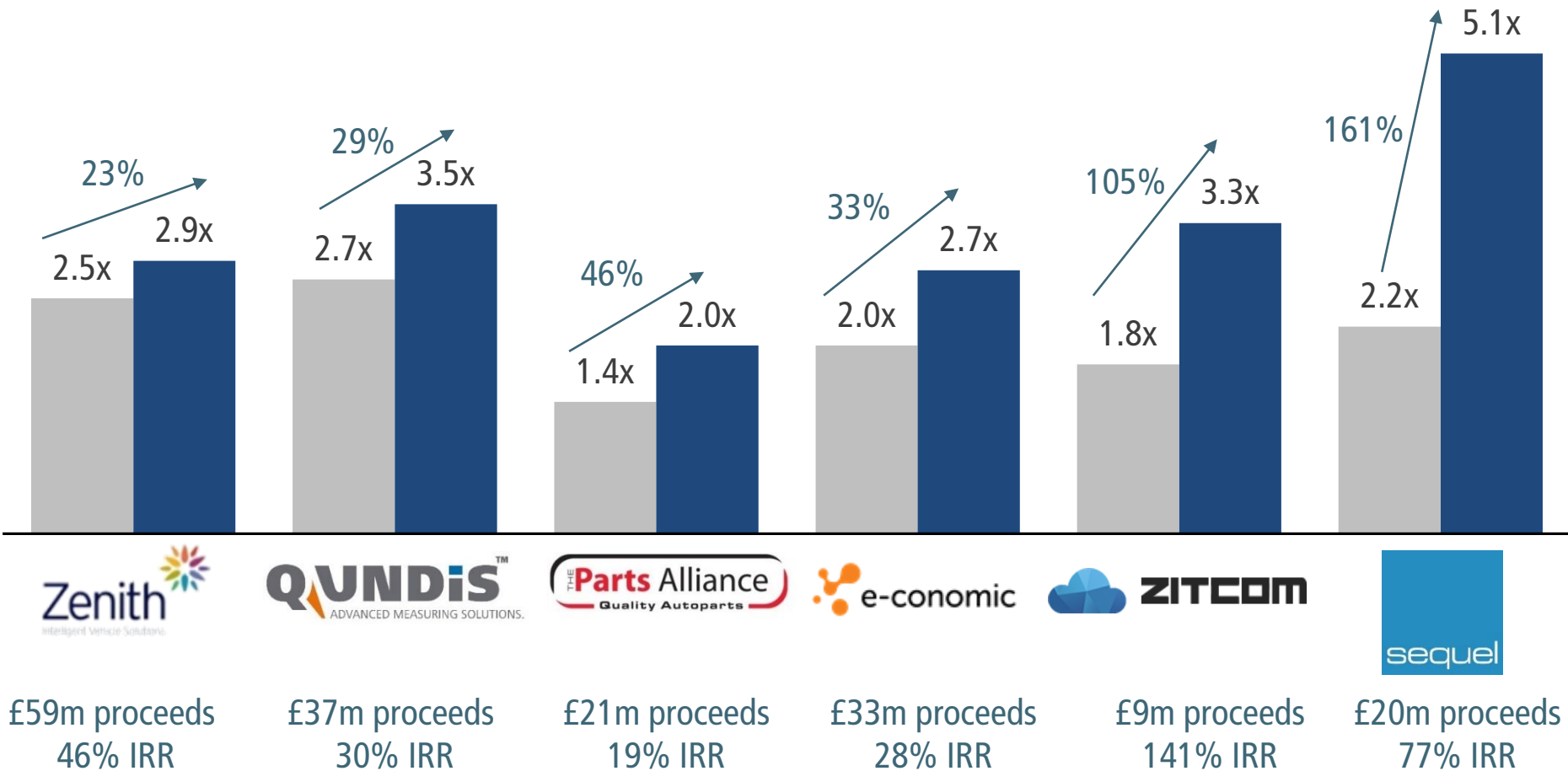


Note: All figures as at 30 June 2017.

KEY FINANCIAL
HIGHLIGHTS

SIGNIFICANT REALISATIONS 2017 YTD

£212m returned to the Company with a gross investment multiple of 3.0x / 36% gross IRR

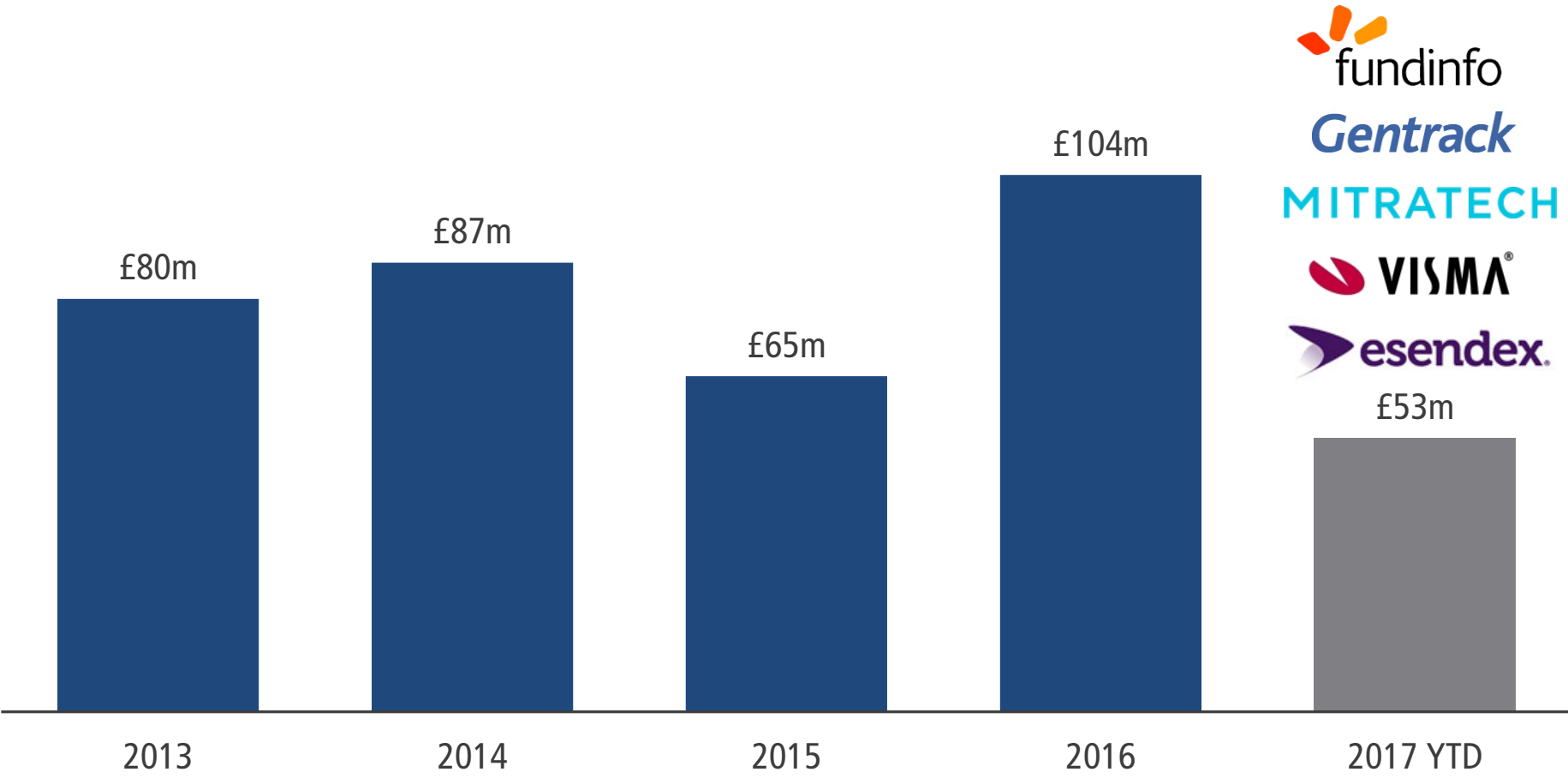


Book value as at: ■ Dec-16 ■ Exit

KEY FINANCIAL
HIGHLIGHTS

INVESTMENTS

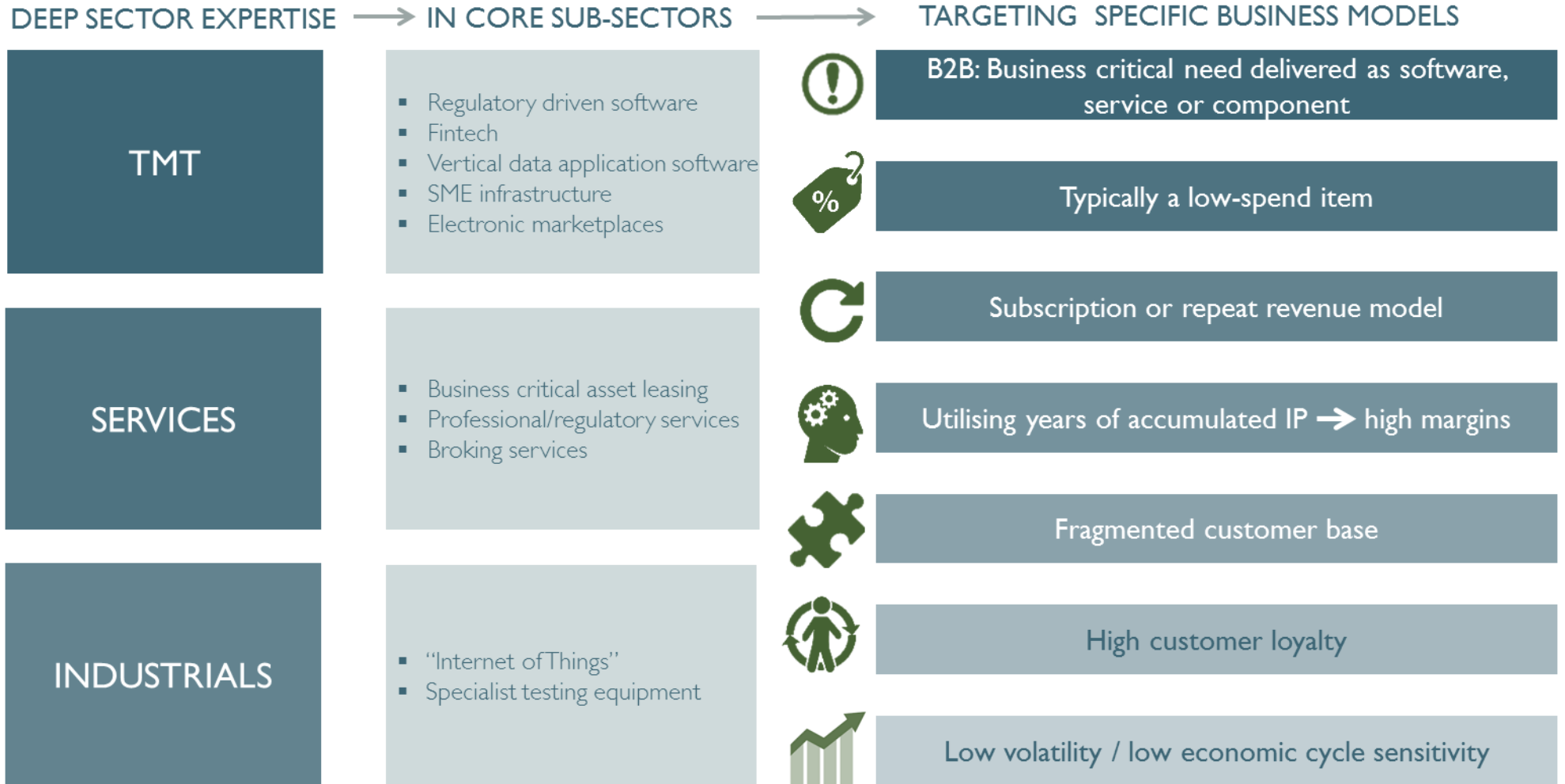
Continuing to make good investments with a cautious and disciplined strategy





THE HgCAPITAL 'SWEET SPOT'

Focus on investing in companies with specific business characteristics in tech and tech-enabled services that we believe have the ability to grow across market cycles... and are attractive to future buyers





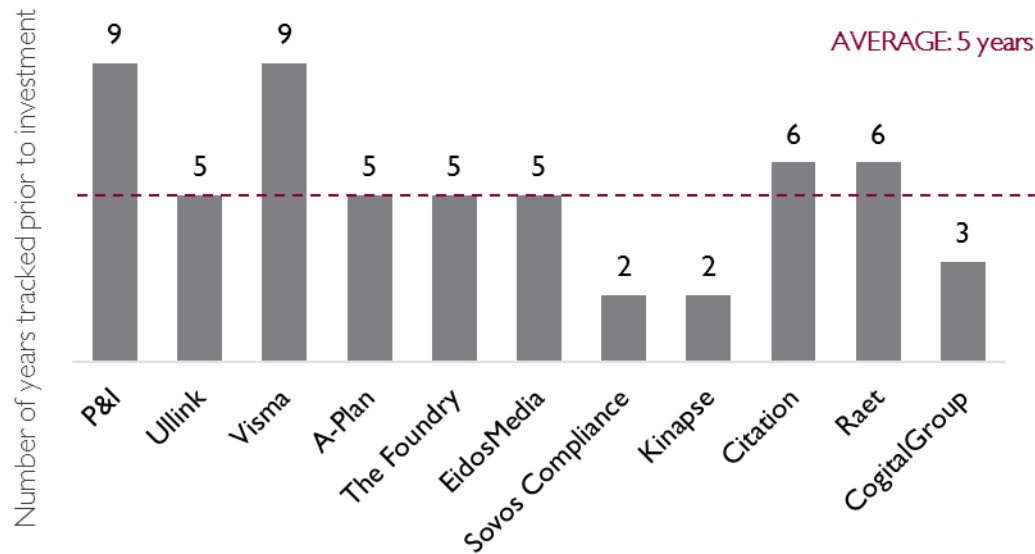
SOURCING STRATEGY



Synergies through material M&A deals – creating global players from a combination of regional leaders

Exclusivity / off-market deals, transacting with founders, who have significant stakes

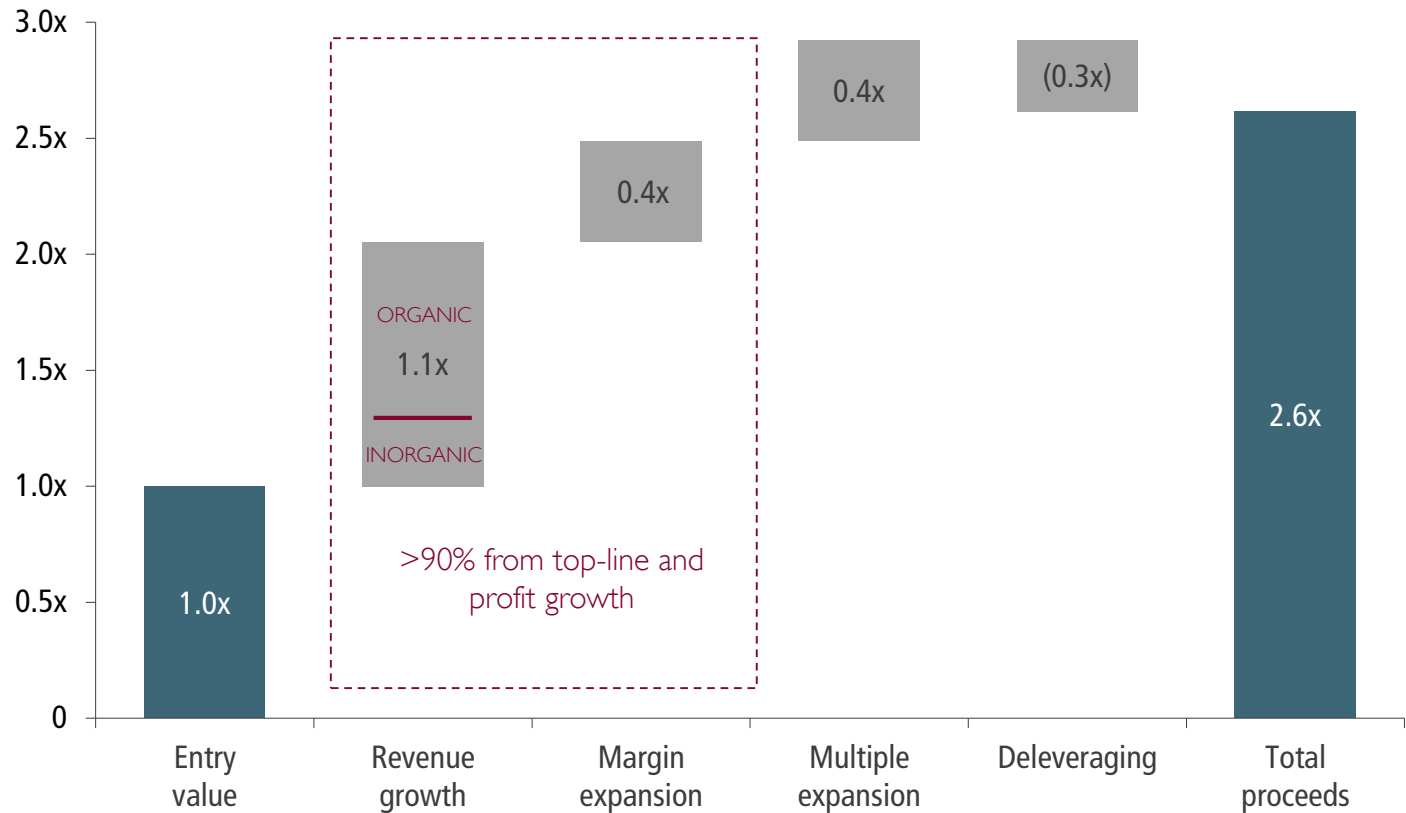
5-10+ years of in-depth knowledge of the company





VALUE CREATION - CURRENT SECTOR REALISED DEALS¹

- Consistent growth has supported multiple expansion at exit
- Highly cash generative businesses, but cash often reinvested for growth and M&A



¹ As at June 2017. Includes 31 full buyout exits from MUST 4, HgCapital 5 and HgCapital 6, HgCapital 7, Mercury I in current sectors (TMT, Services and Industrials). Discrepancies may exist due to sweet equity, loan notes and rounding. Note: Past performance is not indicative of future results. Please see notes to recipients on pages 25 and 26 of this document.



13%

REVENUE
CAGR



20%

EBITDA CAGR



+9%

MARGIN
EXPANSION

In March, HgCapital completed the sale of Zenith to Bridgepoint in a transaction totalling £750 million.

BUSINESS DESCRIPTION

Largest UK independent vehicle leasing business formed through the merger of Zenith and Leasedrive in March 2014, creating a strategically valuable asset with the potential to generate significant synergies.

BUSINESS MODEL CHARACTERISTICS

- Business-essential services;
- Long-term contracts (95% visibility on next year); and
- High customer loyalty.

SUPPORTING MANAGEMENT

- Identifying the synergies available from the merger;
- Refinancing in 2015 returning 45% of the original investment; and
- Value creation initiatives: market segmentation and strategy reviews; improving digital presence; and supply chain savings.

PERFORMANCE

- Strong revenue and EBITDA CAGR since 2014, driven by strong organic revenue growth and leading technology platform driving high customer loyalty.
- £10 million of synergies on integration delivered.

“Zenith and HgCapital have enjoyed a successful partnership over the last three years with a shared vision on creating value. We look forward to continuing our growth story from these foundations.”

Tim Buchan, CEO of Zenith



56%
REVENUE
CAGR



69%
EBITDA CAGR



+6%
MARGIN
EXPANSION

In June, HgCapital completed the sale of Zitcom to Intelligent, a Belgian headquartered strategic acquiror.

BUSINESS DESCRIPTION

A leading Danish hosting and cloud solutions provider; formed through the merger of Zitcom and ScanNet in 2013. The group has demonstrated over 10 years of consistent revenue growth and provides cloud services to over 100,000 customers in Denmark.

SUPPORTING MANAGEMENT

- Integration of acquisitions to consolidate the company's position and deliver material synergies
- Enlarging the management team
- Setting the brand and marketing strategy to accelerate growth and realise the benefits of the business' scale in Denmark.

BUSINESS MODEL CHARACTERISTICS

- Danish SME hosting is an attractive, growing sector;
- Loyal customer base with highly recurring revenues;
- Strong management team; and
- Potential for further accretive M&A.

PERFORMANCE

- Strong organic revenue and EBITDA CAGR over the investment period, driven by the close collaboration of Zitcom's management and the HgCapital team.
- Integration of four companies has helped double the customer base and revenue while close to tripling profits of the Group.

"HgCapital has been a fantastic partner for Zitcom Group and has helped us mature – both as a business and as individuals. HgCapital has been a huge asset in developing Zitcom Group into a strong and market leading hosting group ready for new challenges and new ownership."

Stefan Rosenlund, CEO of Zitcom Group

PORTFOLIO REVIEW

TRADING PERFORMANCE OVERVIEW OF TOP 20 BUYOUT INVESTMENTS (82%)

Aggregate sales of £2.5 billion and profits of £626 million, average margins of 25%

Year of Investment	Pre-2010	2010 - 2013	2014 - 2016	2017
STRONG PERFORMANCE 75% BY VALUE £385m		  	    	    
LOWER GROWTH 9% BY VALUE, £46m				
INVESTING FOR GROWTH 7%, BY VALUE, £37m				
BEHIND PLAN 9%, BY VALUE, £46m				

Note: All percentage figures as a proportion of the Top 20



- A busy 2017 year-to-date with eight realisations, three refinancings, three new investments and two significant further investments
 - As stated over the past 12 months we believe that we are in a seller's market and will concentrate our efforts on returning further value from the portfolio over the next year for good prices, and at uplifts to their book value
 - The medium to long-term pipeline of investment opportunities continues to build in our 'sweet spot' where we believe we can still make good investments in this market with a cautious and disciplined strategy
 - We believe we have a very strong portfolio of highly cash generative businesses with good visibility on future earnings which remain in demand from both trade and financial buyers
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APPENDIX



BUYOUT PORTFOLIO

The top 10 buy-out investments represent 61% of the portfolio value

Investment	Year of investment	Sector	Location	Residual Cost £'000	Total valuation £'000	Portfolio value %	Cumulative value %	Change in value over 2017 YTD
1 Visma ¹	2014	TMT	Scandinavia	41,396	112,140	17.9%	17.9%	↑
2 IRIS	2011	TMT	UK	26,109	75,362	12.0%	29.9%	↑
3 Sovos Compliance ²	2016	TMT	North America	24,284	44,466	7.1%	37.0%	↑
4 JLA	2010	Services	UK	3,511	26,162	4.2%	41.2%	↑
5 CogitalGroup ³	2016	Services	UK	20,966	23,281	3.7%	44.9%	↑
6 Mitratesch ⁴	2017	TMT	North America	22,258	21,263	3.4%	48.3%	→
7 Parts Alliance ⁵	2012	Services	UK	10,495	21,125	3.4%	51.7%	↑
8 Achilles ⁵	2008	TMT	UK	15,218	20,015	3.2%	54.9%	→
9 A-Plan	2015	Services	UK	10,447	19,752	3.1%	58.0%	↑
10 Ullink	2014	TMT	France	7,393	19,163	3.1%	61.1%	↑
Top 10 Investments				182,077	382,729	61.1%		

¹ Including co-investment of £20 million ² Including co-investment of £8 million ³ Including co-investment of £5 million ⁴ Including co-investment of £6 million ⁵ Including co-investment of £10 million
All figures as at 30 June 2017

APPENDIX



BUYOUT PORTFOLIO

The top 20 buy-out investments represent 82% of the portfolio value

Investment	Year of investment	Sector	Location	Residual Cost £'000	Total valuation £'000	Portfolio value %	Cumulative value %	Change in value over 2017 YTD
11 Raet	2016	TMT	Netherlands	16,127	18,457	2.9%	64.0%	↑
12 The Foundry	2015	TMT	UK	15,175	18,266	2.9%	66.9%	↑
13 Esendex ⁶	2016	TMT	Italy	14,283	15,788	2.5%	69.4%	→
14 Radius	2013	Services	UK	17,992	15,535	2.5%	71.9%	↓
15 Allocate Software	2014	TMT	UK	4,094	12,425	2.0%	73.9%	↑
16 Citation	2016	Services	UK	10,233	11,742	1.9%	75.8%	→
17 Lumesse	2010	TMT	UK	20,807	10,520	1.7%	77.5%	→
18 Trace One	2016	TMT	France	4,489	9,685	1.5%	79.0%	↑
19 IntelliFlo	2013	TMT	UK	3,978	9,447	1.5%	80.5%	↑
20 Sequel Business Solutions	2014	TMT	UK	2,252	8,962	1.4%	81.9%	↑
Top 20 Investments				291,507	513,556	81.9%		

⁶ Including co-investment of £6 million
All figures as at 30 June 2017



RENEWABLE ENERGY FUND INVESTMENTS

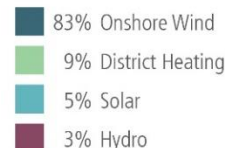
High quality European renewable energy projects currently representing 3.5% of the portfolio value

- The Company is invested via LP interests in HgCapital's two Renewable Energy Funds, RPP1 (2006) and RPP2 (2010)
- Exposure to renewable power assets anticipated to deliver returns through yield during operation and capital gain at exit
- By bringing individual investments together into platforms, HgCapital can enhance value through economies of scale, shared expertise and aggregated generation capacity
- The UK wind portfolio was fully exited in 2013, resulting in an overall investment multiple of 1.8x and a gross IRR of 17% p.a.
- The Irish platform build has gone very well, with four fully operational assets, two in construction and a large development pipeline
- Fund performance has continued to be impacted by adverse regulatory changes in Spain and depressed power prices in Sweden

In July 2017, it was announced that Invis Energy (Irish Onshore Wind) had agreed the sale of a 60% in wind farms to a consortium comprising Sojitz Corporation, Kansai Electric Power Co. Inc and Mitsubishi UFJ Lease & Finance Co.Ltd

	Total Valuation £'000
Irish Onshore Wind	17,036
Swedish District Heating	2,066
Swedish Onshore Wind	1,317
Spanish Hydro	643
Other	301
RPP2 fund	21,363
Spanish Solar	992
Other	21
RPP1 fund	1,013
Total Renewable Fund Investments	22,376

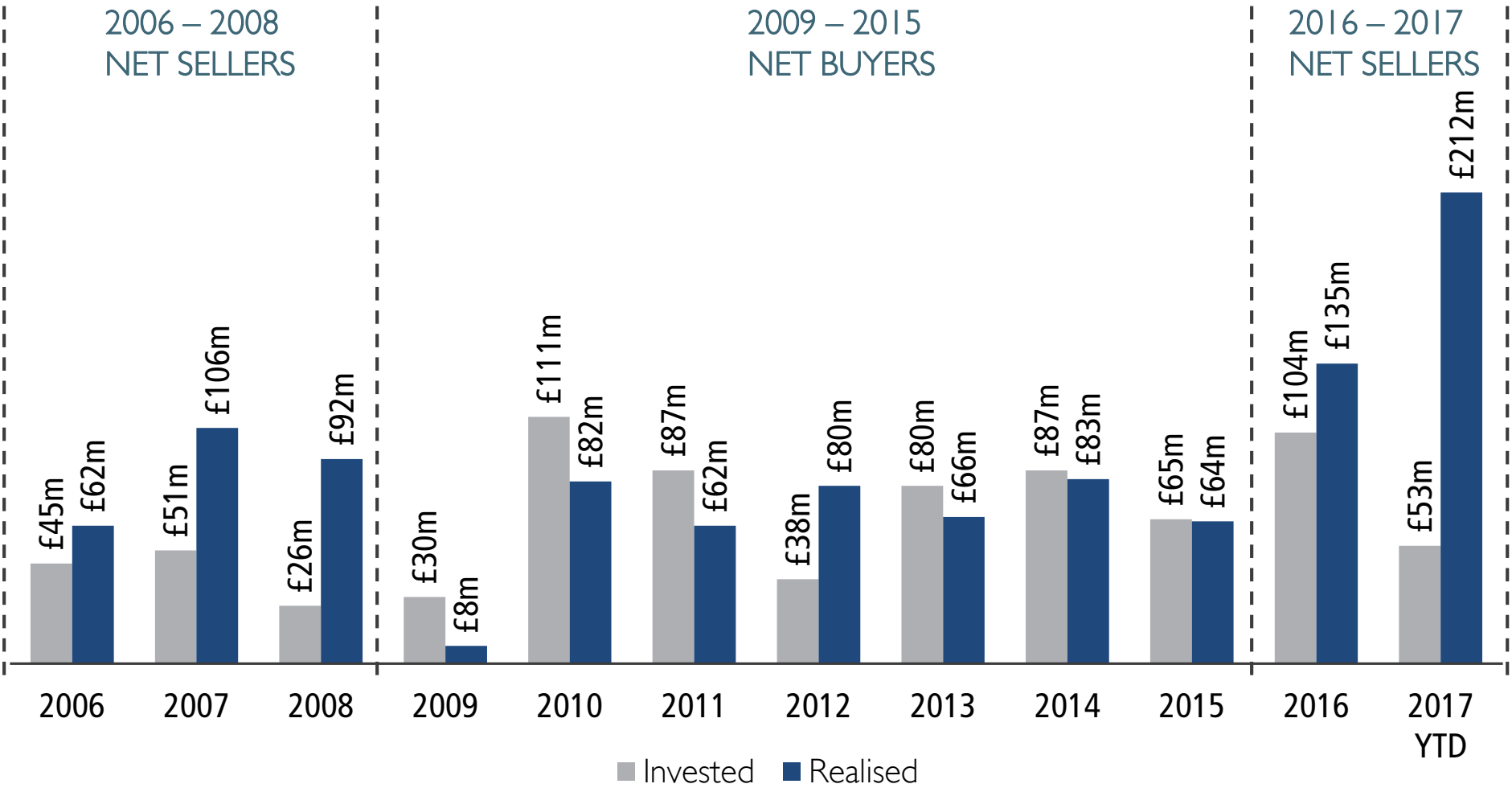
Resource



Geography



HgCAPITAL TRUST PLC - HISTORIC INVESTMENT AND REALISATION ACTIVITY





		Realised Returns (gross)	Overall Returns (gross)	% Invested Returned in Cash
HgCapital 5 £958 million 2006	<ul style="list-style-type: none"> Phase: Realisation 11 out of 12 investments realised £1.4 billion in proceeds 	2.1x / 16%	2.1x / 16%	195%
HgCapital 6 £1.9 billion 2009	<ul style="list-style-type: none"> Phase: Realisation 14 out of 19 investments realised £2.6 billion in proceeds 	2.4x / 24%	2.0x / 17%	140%
HgCapital 7 £2.0 billion 2013	<ul style="list-style-type: none"> Phase: End of Investment c. 91% invested across 13 companies 1 exit to date 	2.3x / 36%	1.5x / 27%	30%
Hg Mercury 1 £380 million 2012	<ul style="list-style-type: none"> Phase: End of Investment c. 85% invested across 12 companies 3 exits to date 	3.0x / 44%	2.1x / 41%	80%

Note: As at June 2017, Mercury figures adjusted for exit of Sequel post-period end events (except net figures which are at quarter end)

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

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