



HgCapital Trust plc

Full Year Results to 31 December 2003

Analyst Briefing – 11 March 2004

Introduction

- Solid net asset value growth.
- Significant net capital deployed in the year.
- New valuation guidelines introduced with no material impact on the net asset value.
- Exceptional dividend due to release of loan stock interest provision.

Financial Highlights

	At 31 December 2003	At 31 December 2002	% change
Assets			
Net assets (£'000)	96,965	83,837	15.7%
Net assets per share	385.0p	332.9p	15.7%
Share price (mid-market)	289.5p	219.5p	31.9%
Discount (%)	24.9	34.1	36.9%
Revenue			
Net revenue (£'000)	3,969	2,148	84.8%
Earnings per share	15.76p	8.53p	84.8%
Dividend per share	12.00p	8.00p	50.0%

Performance – Total Return

	7 Years to 31 Dec 2003	5 years to 31 Dec 2003	3 years to 31 Dec 2003	1 year to 31 Dec 2003
Net assets per share	11.6%	8.5%	0.3%	19.3%
FTSE All-Share	4.2%	-1.1%	-6.8%	20.9%
FTSE SmallCap	4.6%	6.4%	-5.6%	39.7%
Share price	7.4%	6.8%	-6.7%	31.9%

Figures are annualised and are total return numbers.

Investments

Company Name	Business Description	Sector	Geography	Cost £m	Deal Size m
Xtx Ltd t/a Xyratex	Data storage and network technology	Technology	UK	8.0	£108
W.E.T. Automotive Systems AG	Car seat-heating	Industrial	Germany	7.6	€169
Classic Copyright (Holdings) Ltd (t/a Boosey & Hawkes)	Classical music publisher	Media	UK	6.0	£84
Hoseasons Group Ltd	Self-catering holidays	Leisure	UK	2.1	£40
Rolfe & Nolan Holdings plc	Back-office bankings software	Technology	UK	2.9	£17
Further investments				3.0	-
				29.6	

Note the Trust takes a share of all HgCapital investments.



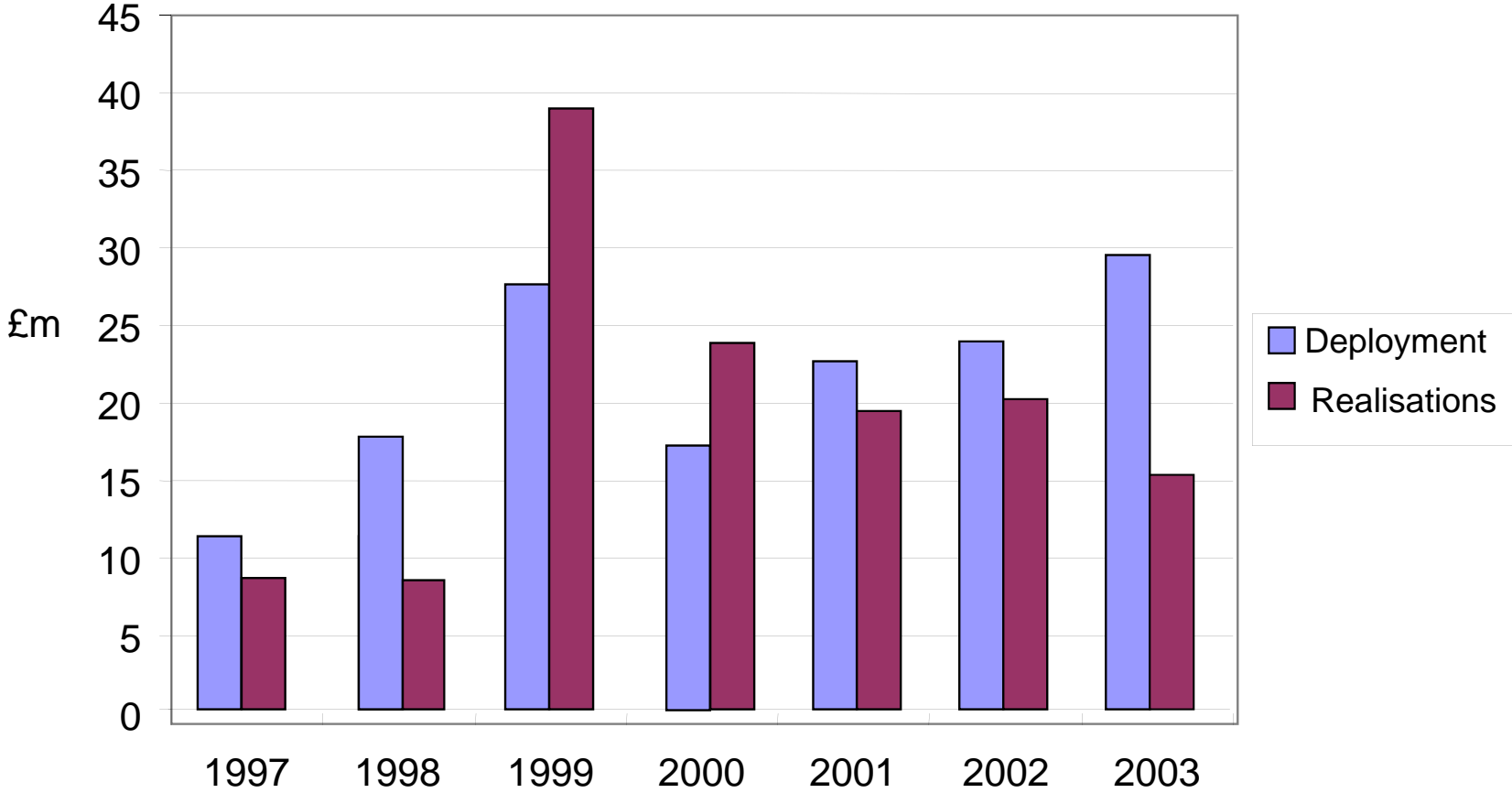
Realisations

Company Name	Type	Cost £m	Carrying⁽¹⁾ Value £m	Proceeds⁽²⁾ £m	Investment IRR
Alizyme plc	Quoted sale	2.3	2.8	9.4	37%
PII Group Ltd	Partial release of escrow	-	-	1.4	44%
Partial realisations		1.6	3.3	3.9	-
Other (6)		2.4	0.7	0.4	-
		6.3	6.8	15.1	

(1) As at 31/12/02 (2) Includes yield



Investment Activity



NAV Analysis

	At 31 December 2003		At 30 June 2003		At 31 December 2002	
	£m	%	£m	%	£m	%
Unlisted investments	89.2	92.0	67.0	76.8	62.6	74.7
Listed investments	6.1	6.3	9.5	10.9	5.1	6.1
Cash/Government securities	0.6	0.6	7.2	8.2	14.9	17.8
Other asstes/liabilities	1.1	1.1	3.6	4.1	1.3	1.4
Net Assets	97.0	100.0	87.3	100.0	83.8	100.0

Note: At 31 December 2003 the undrawn borrowing facility amounted to £21.5m.

Portfolio

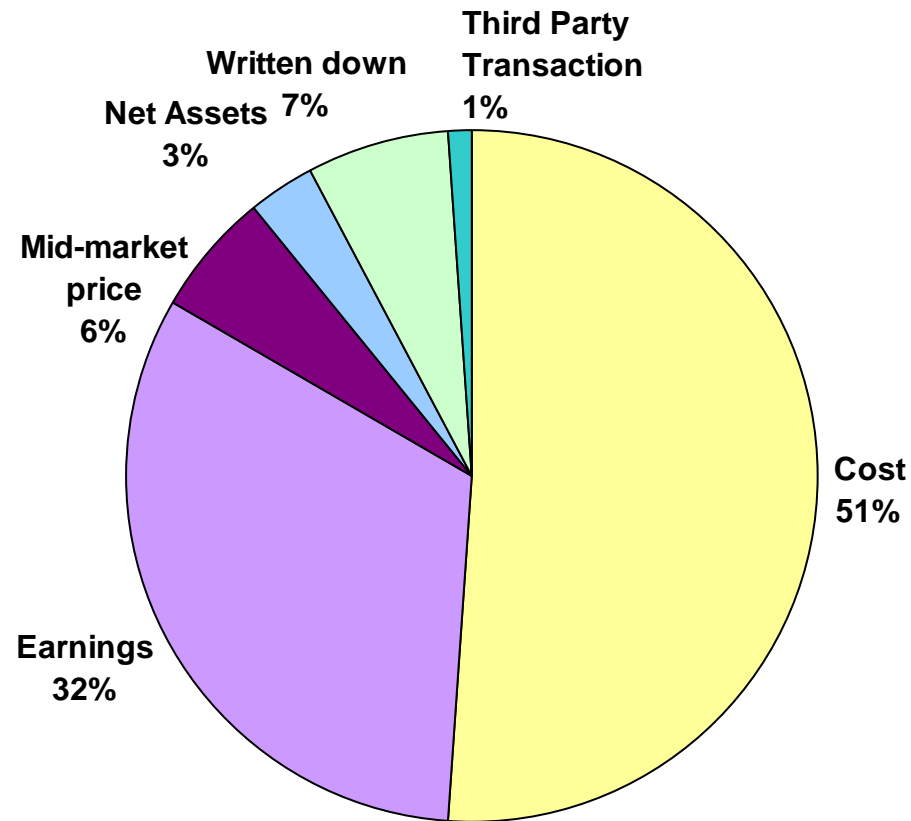
Top 15 investments by value:

Investment	Sector	Holding value at 31/12/2003 £m	Holding value at 31/12/2002 £m	% of invested portfolio 31/12/2003
Raymarine Group Ltd	Consumer	10.0	11.6	10.4
Xtx Ltd t/a Xyratex	Technology	8.0	-	8.4
W.E.T. Automotive Systems AG	Industrials	7.8	-	8.2
FTE Automotive GmbH	Industrials	7.5	6.9	7.8
Tunstall Holdings Ltd	Healthcare	6.9	2.9	7.3
Classic C'right t/a Boosey & Hawkes	Media	6.0	-	6.3
Match Holdings Ltd	Healthcare	4.8	4.1	5.1
Pharma Bio-Research BV	Healthcare	4.3	4.0	4.5
Travelsphere Holdings Ltd	Leisure	4.1	4.1	4.3
Castlebeck Group Ltd	Healthcare	3.7	3.7	3.9
Eagle Rock Entertainment Ltd	Media	3.7	3.7	3.8
Patientline plc	Healthcare	3.6	1.7	3.8
Acuid Ltd	Technology	3.1	2.6	3.2
Rolfe & Nolan Holdings plc	Technology	2.9	-	3.1
Castlegate 211 Ltd t/a ClinPhone	Healthcare	2.4	2.2	2.5
Total		78.8	47.5	82.6%

Note: the movement between 2002 and 2003 holding value is also impacted by new investments / further investments / divestments

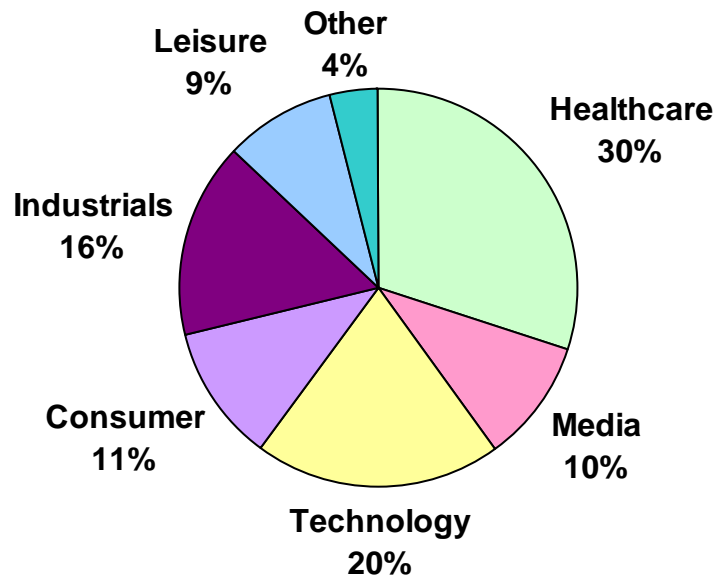


Valuation Basis

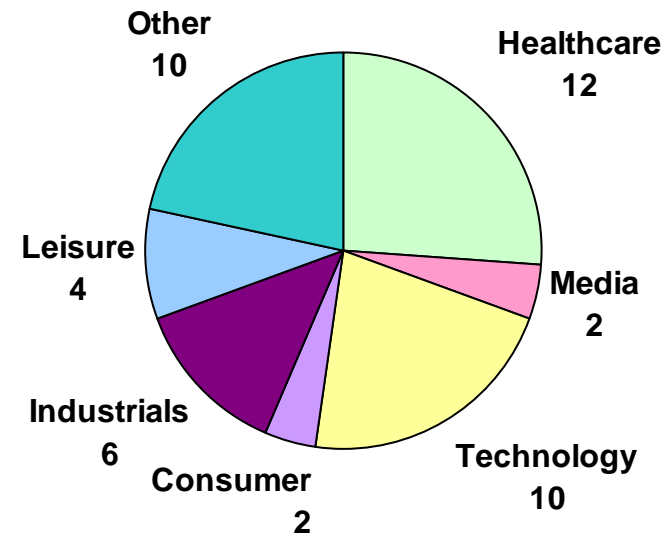


Sector Coverage

By value

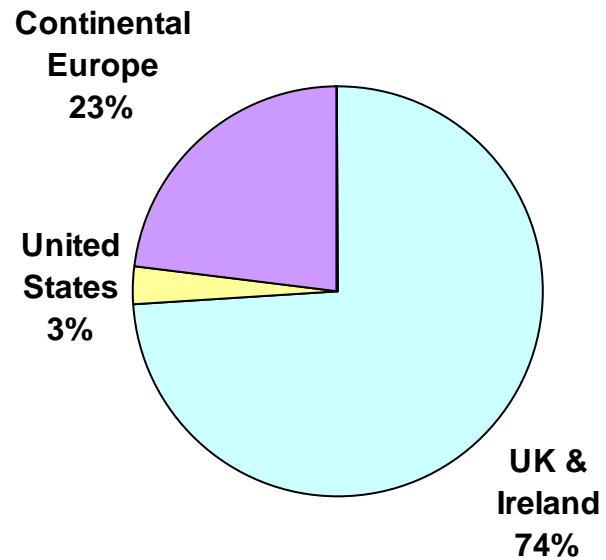


By number of investments

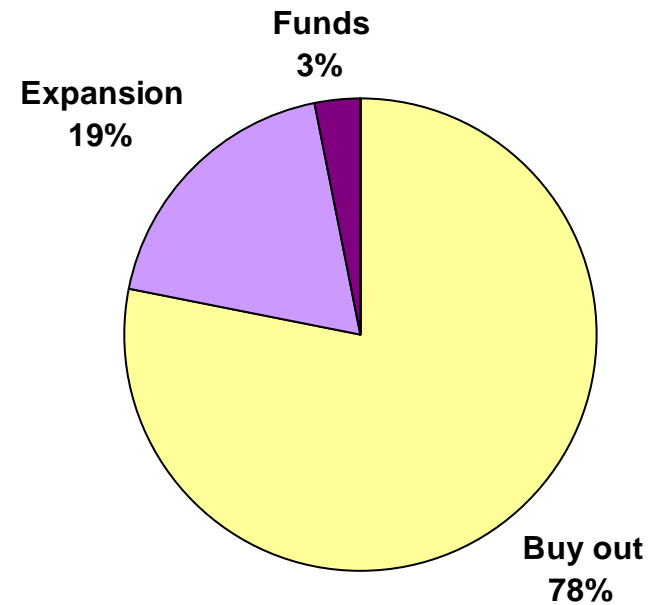


Geography / Stage

By geography



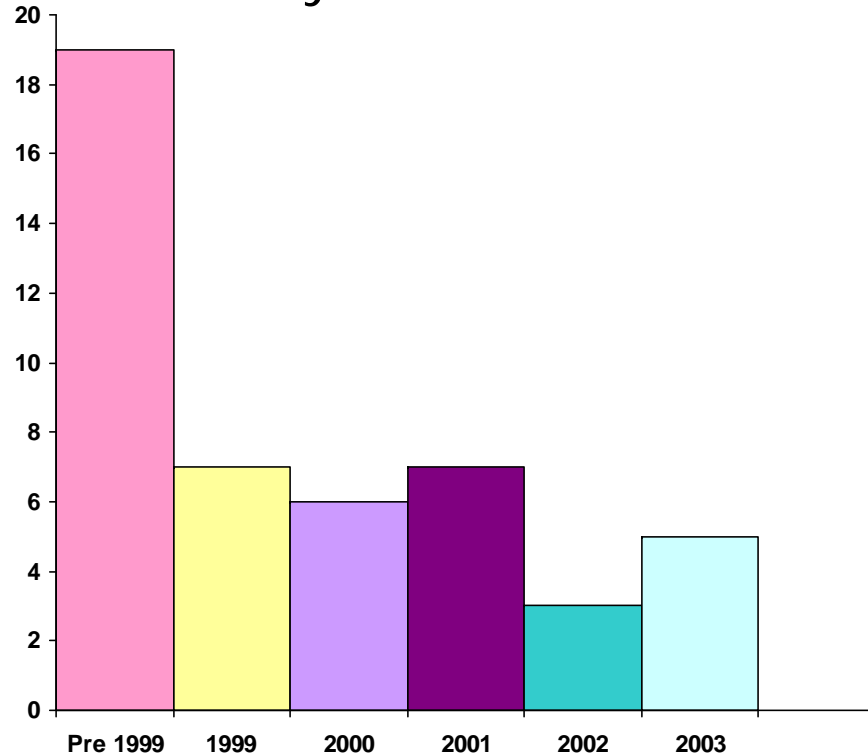
By stage



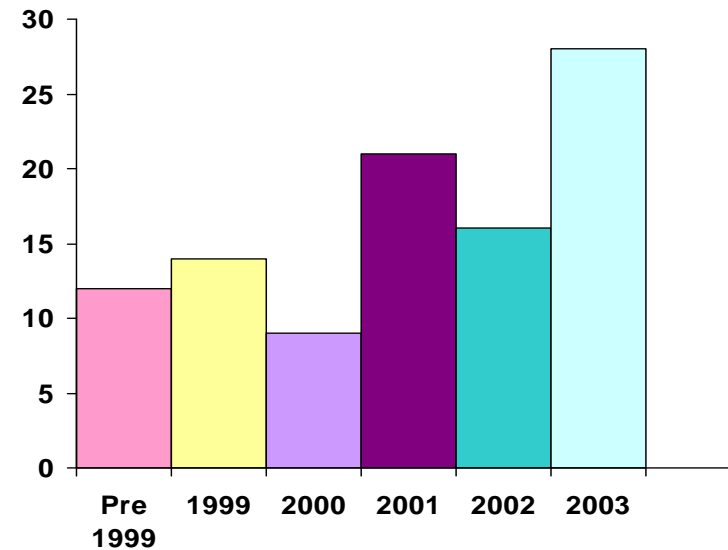
Note: Analysis by value

Vintage Year: Volume and Value

By number



By value



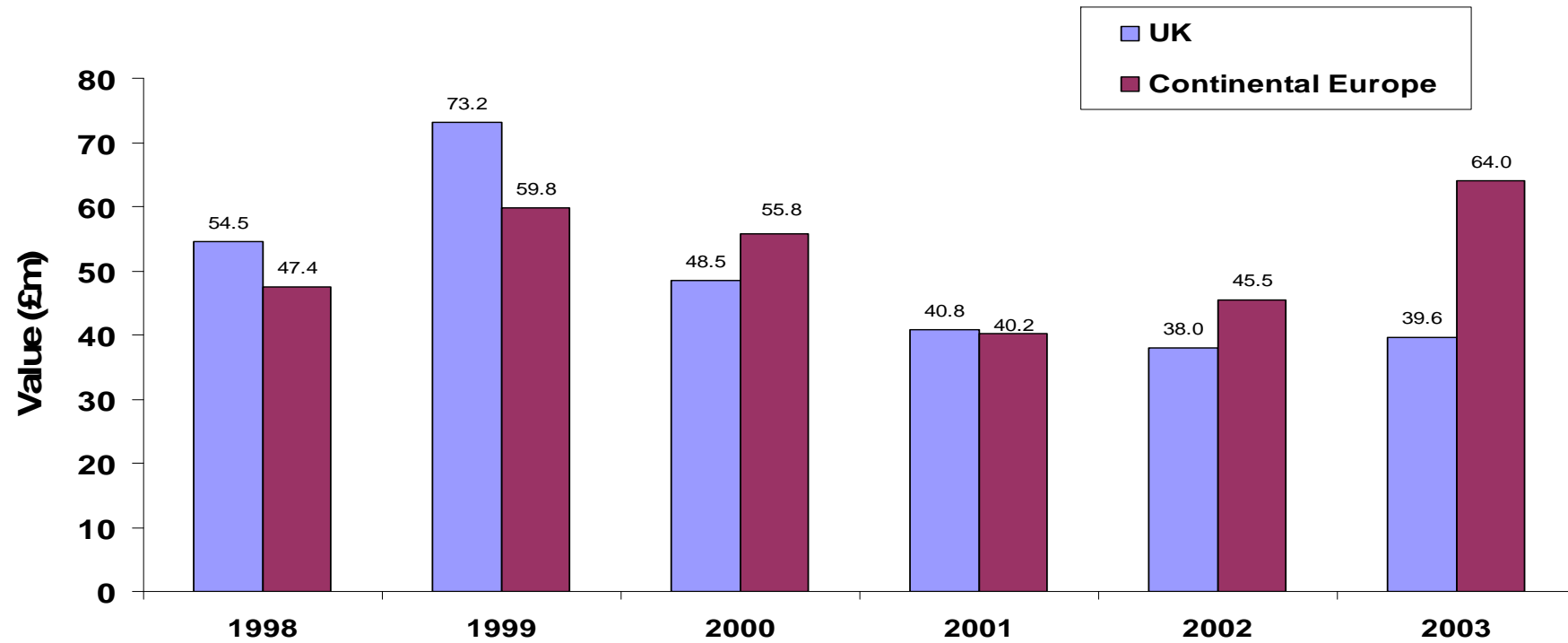
The majority of pre-1999 investments are residual investments in funds and largely realised.

Based on 31 December 2003 valuations.



Investment Environment

Value of buy-outs in the range of £25m-£250m – UK and Continental Europe.



Source: Initiative Europe



Market Outlook

- Economic environment likely to improve, although some risks remain.
- M&A activity expected to increase.
- Debt availability increasing.
- Competition remains strong – need to differentiate.

HgCapital Outlook

- HgCapital's strategy – built on sector expertise and active management – is serving us well.
- Management changes and business initiatives continue to yield positive results. Overall, portfolio companies are making good progress.
- 2003 investment vintage is looking good and we expect to see continued good buying opportunities in 2004.
- A number of portfolio companies should return cash either by way of IPO, trade sale or leveraged recapitalisation during the year, subject to market conditions.

Events Since the Year End

- Net asset value at 28 February 2004 up from 385p to 388p (post 12p dividend).
- Exchanged contracts for €115m buy-out of Hirschmann Electronics GmbH & Co. KG. The Trust's investment will be £2.6m.
- The board appointed Close Brothers Securities - February 2004.

HgCapital Differentiated Strategy

- **Independent Private Equity Fund Manager**
 - Consistent mid-market focus (£25m-£250m).
- **Significant investment in resources**
 - 50 people today (27 professionals and 23 support), for €1.1 billion of funds under management.
 - Directors average 15 years' experience. Offices in London and Frankfurt.
- **Sector-focused**
 - Generalist fund organised in six dedicated sector teams, c.75% market coverage.
 - Sector knowledge leverages our abilities in deal origination, deal conversion, portfolio management and realisation.
- **Active investment management**
 - Management team development.
 - Rigorous business planning and exit processes.



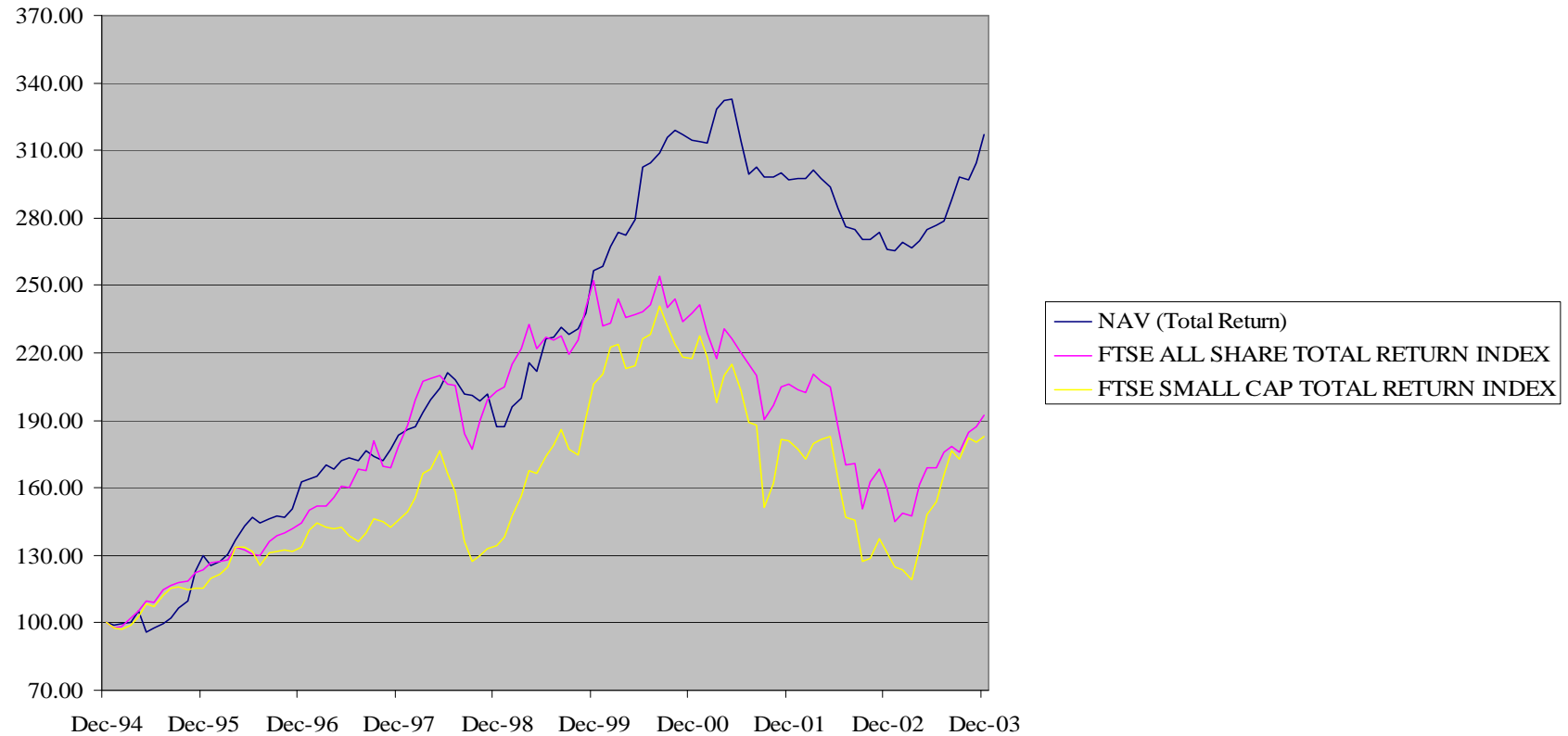
Conclusion

- Growth in net assets expected to continue.
- Diversified portfolio along sector lines.
- Continue to see good opportunity to deploy capital.
- Next 12 months could see increased realisations.

Appendices

Performance

NAV Performance since December 1994



Portfolio: 31 December 2003

Raymarine Group Ltd	2001	6,015	9,957	10.4
Xtx Ltd t/a Xyratex	2003	7,977	7,977	8.4
W.E.T. Automotive Systems AG	2003	7,623	7,779	8.2
FTE Automotive GmbH	2002	6,805	7,468	7.8
Tunstall Holdings Ltd	1999	6,295	6,946	7.3
Classic C'right t/a Boosey & Hawkes	2003	6,033	6,033	6.3
Match Holdings Ltd	1999	3,854	4,815	5.1
Pharma Bio-Research BV	2002	3,946	4,331	4.5
Travelsphere Holdings Ltd	2000	4,046	4,092	4.3
Castlebeck Group Ltd	2002	3,731	3,731	3.9
Eagle Rock Entertainment Ltd	2001	3,668	3,668	3.8
Patientline plc	1996	413	3,619	3.8
Acuid Ltd	2001	3,701	3,086	3.2
Rolfe & Nolan Holdings plc	2003	2,919	2,919	3.1
Castlegate 211 Ltd t/a ClinPhone	1996	613	2,368	2.5
Hoseasons Group Ltd	2003	2,155	2,155	2.3
Weston Presidio III L.P.	1998	2,209	1,537	1.6
Paddy Power plc	2000	223	1,334	1.4
Verigen AG	2000	3,262	1,225	1.3
Newchurch Ltd	2000	2,178	1,041	1.1
Bottomline Technologies, Inc.	1999	952	1,014	1.1
The Sanctuary Spa Group Ltd	1995	321	979	1.0
Trados Inc	2000	2,492	920	1.0
Burns e-Commerce Solutions	2001	2,985	826	0.9
Orbiscom Ltd	2001	2,791	779	0.8
Watchmark-Comnitel Corporation	2001	2,405	763	0.8



Portfolio: 31 December 2003

Profiad Ltd	1999	1,653	711	0.7
Euroknights III L.P.	1996	1,490	657	0.7
Axiom Holdings Ltd	2001	1,721	614	0.6
Weston Presidio II, L.P.	1995	-	514	0.5
Wand Equity Portfolio II L.P.	1998	672	410	0.4
Parc Group Ltd	1995	50	314	0.3
Mednova Ltd	1998	85	267	0.3
Worldmark International Ltd	2000	2,388	153	0.2
ACT Venture Capital Ltd	1994	-	124	0.1
Ardagh plc	1992	47	84	0.1
Orbis plc	1997	3,378	69	0.1
Bertram Group Holdings Ltd	1999	3,309	60	0.1
Weston Presidio I, L.P.	1991	-	8	-
JBS Industries Ltd	1994	4	4	-
Luxfer Holdings plc	1996	46	-	-
Euroknights International Ltd	1990	83	-	-
Azinger Ltd	1993	210	-	-
Global People Network Ltd	1999	510	-	-
Biovector Therapeutics SA	1996	998	-	-
Nigra plc	1994	1,004	-	-
SGI (Holdings) Ltd	1996	2,624	-	-
Total		109,884	95,351	100.0

Portfolio by Sector: 31 December 2003

Technology Investments	Year	Stage	Geography	Valuation Basis	Residual cost £'000	Valuation £'000	Portfolio %
Xtx Ltd (Xyratex)	2003	Buy-out	UK and Ireland	Cost	7,977	7,977	8.4%
Acuid Ltd	2001	Expansion	UK and Ireland	Cost	3,701	3,086	3.2%
Rolfe & Nolan Holdings plc	2003	P2P	UK and Ireland	Cost	2,919	2,919	3.1%
Bottomline Technologies Inc	1999	Buy-out	UK and Ireland	Quoted	952	1,014	1.1%
Trados Inc	2000	Expansion	Continental Europe	Written down /off	2,492	920	1.0%
Burns e-Commerce Solutions	2001	Buy-out	UK and Ireland	Written down /off	2,985	826	0.9%
Orbiscom Ltd	2001	Expansion	UK and Ireland	Written down /off	2,791	779	0.8%
WatchMark-Comnitel Corporation	2001	Expansion	UK and Ireland	Third part transactions	2,405	763	0.8%
Axiom Holdings Ltd	2001	Expansion	UK and Ireland	Written down /off	1,721	614	0.6%
Global People Network Ltd	1999	Expansion	UK and Ireland	Written down /off	510	-	0.0%
					28,453	18,898	19.9%
Media Investments							
Classic C'right t/a Boosey & Hawkes	2003	P2P	UK and Ireland	Cost	6,033	6,033	6.3%
Eagle Rock Entertainment Ltd	2001	Buy-out	UK and Ireland	Cost	3,668	3,668	3.8%
					9,701	9,701	10.1%
Leisure Investments							
Travelsphere Holdings Ltd	2000	Buy-out	UK and Ireland	Earnings	4,046	4,092	4.3%
Hoseasons Group Ltd	2003	Buy-out	UK and Ireland	Cost	2,155	2,155	2.3%
Paddy Power plc	2000	Expansion	UK and Ireland	Quoted	223	1,334	1.4%
The Sanctuary Spa Group Ltd	1995	Expansion	UK and Ireland	Earnings	321	979	1.0%
					6,745	8,560	9.0%

Portfolio by Sector: 31 December 2003

Industrial Investments	Year	Stage	Geography	Valuation Basis	Residual Cost £'000	Valuation £'000	Portfolio %
W.E.T Automotive Systems AG	2003	P2P	Continental Europe	Cost	7,623	7,779	8.2%
FTE Automotive GmbH	2002	Buy-out	Continental Europe	Cost	6,805	7,468	7.8%
Worldmark International Ltd	2000	Buy-out	UK and Ireland	Written down /off	2,389	153	0.2%
Ardagh plc	1992	Buy-out	UK and Ireland	Quoted	47	84	0.1%
JBS Industries Ltd	1994	Buy-out	UK and Ireland	Cost	5	5	0.0%
Luxfer Holdings plc	1996	Buy-out	UK and Ireland	Written down /off	46	-	0.0%
					16,915	15,489	16.2%
Healthcare Investments							
Tunstall Holdings Ltd	1999	Buy-out	UK and Ireland	Earnings	6,295	6,946	7.3%
Match Holdings Ltd	1999	Buy-out	UK and Ireland	Earnings	3,854	4,815	5.0%
Pharma Bio-Research BV	2002	Buy-out	Continental Europe	Cost	3,946	4,331	4.5%
Castlebeck Group Ltd	2002	Buy-out	UK and Ireland	Cost	3,731	3,731	3.9%
Patientline plc	1996	Expansion	UK and Ireland	Quoted	413	3,619	3.8%
Castlegate 211 Ltd t/a ClinPhone	1996	Expansion	UK and Ireland	Earnings	613	2,368	2.5%
Verigen AG	2000	Expansion	Continental Europe	Written down /off	3,262	1,225	1.3%
Newchurch Ltd	2000	Expansion	UK and Ireland	Written down /off	2,178	1,041	1.1%
Profiad Ltd	1999	Expansion	UK and Ireland	Written down /off	1,653	711	0.7%
MedNova Ltd	1998	Expansion	UK and Ireland	Other	85	267	0.3%
Biovector Therapeutics S.A.	1997	Expansion	Continental Europe	Written down /off	998	-	0.0%
Nigra plc	1996	Expansion	UK and Ireland	Written down /off	1,004	-	0.0%
					28,032	29,054	30.5%
Consumer Investments							
Raymarine Group Ltd	2001	Buy-out	UK and Ireland	Earnings	6,015	9,957	10.4%
Bertram Group Holdings Ltd	1999	Buy-out	UK and Ireland	Written down /off	3,309	60	0.1%
					9,324	10,017	10.5%

Portfolio by Sector: 31 December 2003

Other Investments	Year	Stage	Geography	Valuation Basis	Residual cost £'000	Valuation £'000	Portfolio %
Weston Presidio Capital III, L.P.	1998	Fund	United States	Net Assets	2,209	1,537	1.60%
Euroknights III L.P.	1996	Fund	Continental Europe	Net Assets	1,490	657	0.70%
Weston Presidio Capital II, L.P.	1995	Fund	United States	Net Assets	-	514	0.50%
Wand Equity Portfolio II L.P.	1998	Fund	United States	Net Assets	672	410	0.40%
PARC Group Ltd	1995	Buy-out	UK and Ireland	Earnings	50	314	0.30%
ACT Venture Capital Ltd	1994	Fund	UK and Ireland	Net Assets	-	124	0.10%
Orbis plc	1997	Buy-out	UK and Ireland	Quoted	3,378	69	0.10%
Weston Presidio I L.P.	1991	Fund	United States	Net Assets	-	8	0.00%
Euroknights International Ltd	1990	Fund	Continental Europe	Written down /off	83	-	0.00%
Azinger Ltd	1993	Buy-out	UK and Ireland	Written down /off	210	-	0.00%
SGI (Holdings) Ltd	1999	Buy-out	UK and Ireland	Written down /off	2,624	-	0.00%
					10,716	3,633	3.70%

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