



HgCapital Trust plc

Full Year Results to 31 December 2004

Analyst Briefing – 9 March 2004

Introduction

- Solid net asset value growth.
- Slow down in the pace of deployment after a strong 2003 – down circa 25% on prior year, principally due to pricing.
- Good flow of realisations during the year with a good pipeline of prospects.
- Narrowing of the discount, as sector and stock re-rated.
- Inclusion in the FTSE All-Share index.

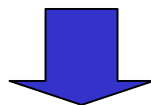
Financial Highlights

	At 31 December 2004	At 31 December 2003	% change
Assets			
Net assets (£'000)	120,025	96,965	23.8%
Net assets per share	476.5p	385.0p	23.8%
Share price (mid-market)	451.5p	289.5p	56.0%
Discount (%)	5.2	24.9	79.0%
Revenue (1)			
Net revenue (£'000)	2,649	3,969	(33.3%)
Earnings per share	10.5p	15.8p	(33.3%)
Dividend per share	8.0p	12.0p	(33.3%)

(1) Revenue down on prior year due to the receipt in 2003 of rolled up loan stock interest from Tunstall that was previously not accrued by the Company.

Performance – Total Return

	10 years to 31-December-04	7 years to 31-December-04	5 years to 31-December-04	3 years to 31-December-04	1 year to 31-December-04
Share price	16.1%	16.3%	13.0%	19.3%	62.0%
Net assets per share	14.8%	11.7%	9.2%	10.4%	25.8%
FTSE All-Share	8.1%	2.8%	(3.0%)	1.8%	12.8%
FTSE SmallCap	7.6%	5.2%	0.2%	4.9%	14.0%



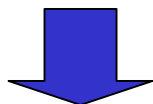
Consistent long-term performance

Figures are annualised.

HgCapital 

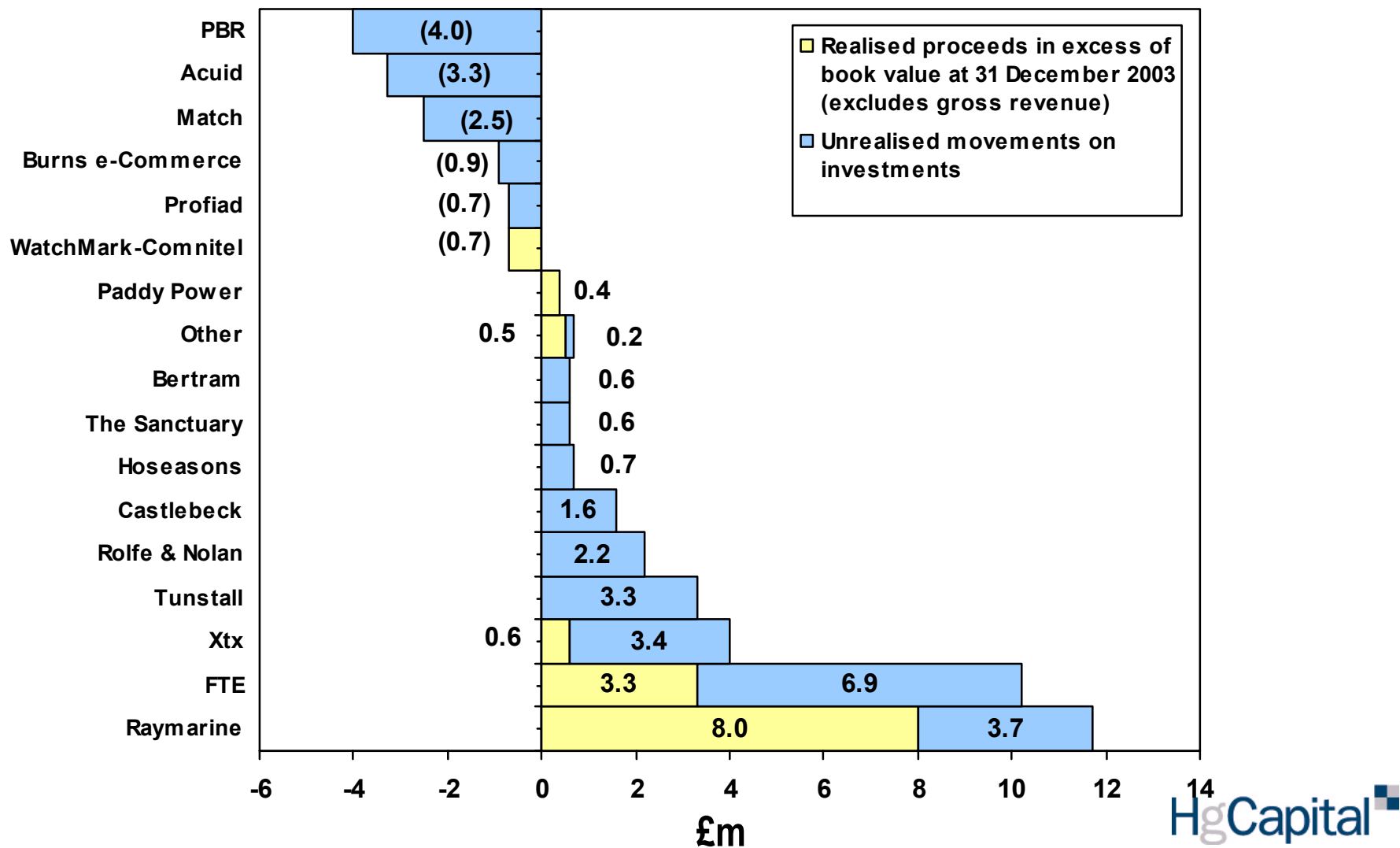
Attribution analysis of current year movement in NAV

	£'000
Opening net asset value as at 1 January 2004	96,965
Gross revenue	4,905
Expenditure	(3,339)
Taxation	(514)
Dividend payable	(2,015)
Realised proceeds in excess of book value at 31 December 2003 (excludes gross revenue)	12,132
Unrealised movements on investments	11,793
Closing net asset value as at 31 December 2004	120,025



2004 was a positive year for realisations and also for earnings growth

Principal realised and unrealised movements in NAV



Investments

Company Name	Business Description	Sector	Geography	Cost £m (1)	Total Deal Size £m
<u>New</u>					
Blue Minerva (Iris)	Accounting and business software	Technology	UK	6.6	£103
Clarion Events	Exhibition organiser	Media	UK	4.3	£49
Hirschmann Electronics	Electronics equipment and components	Industrial	Germany	2.7	€ 115
Doc M Sarl (Doc Morris)	Mail order pharmacy	Healthcare	Germany	1.9	€ 70
Tir Mostyn	Wind farm	Renewable Energy	UK	1.0	£21
				16.5	
<u>Further</u>					
ClinPhone	Purchase of retiring founders stock	Healthcare	UK	1.8	
PBR	Deferred consideration to vendor	Healthcare	Holland	1.0	
Tunstall	Purchase of a minority interest	Healthcare	UK	0.7	
Acuid	Support of early stage investment	Technology	UK	0.7	
Other				1.2	
				5.4	



Slow down as we became more selective

(1) HgCapital Trust has a 19% allocation to HgCapital investments

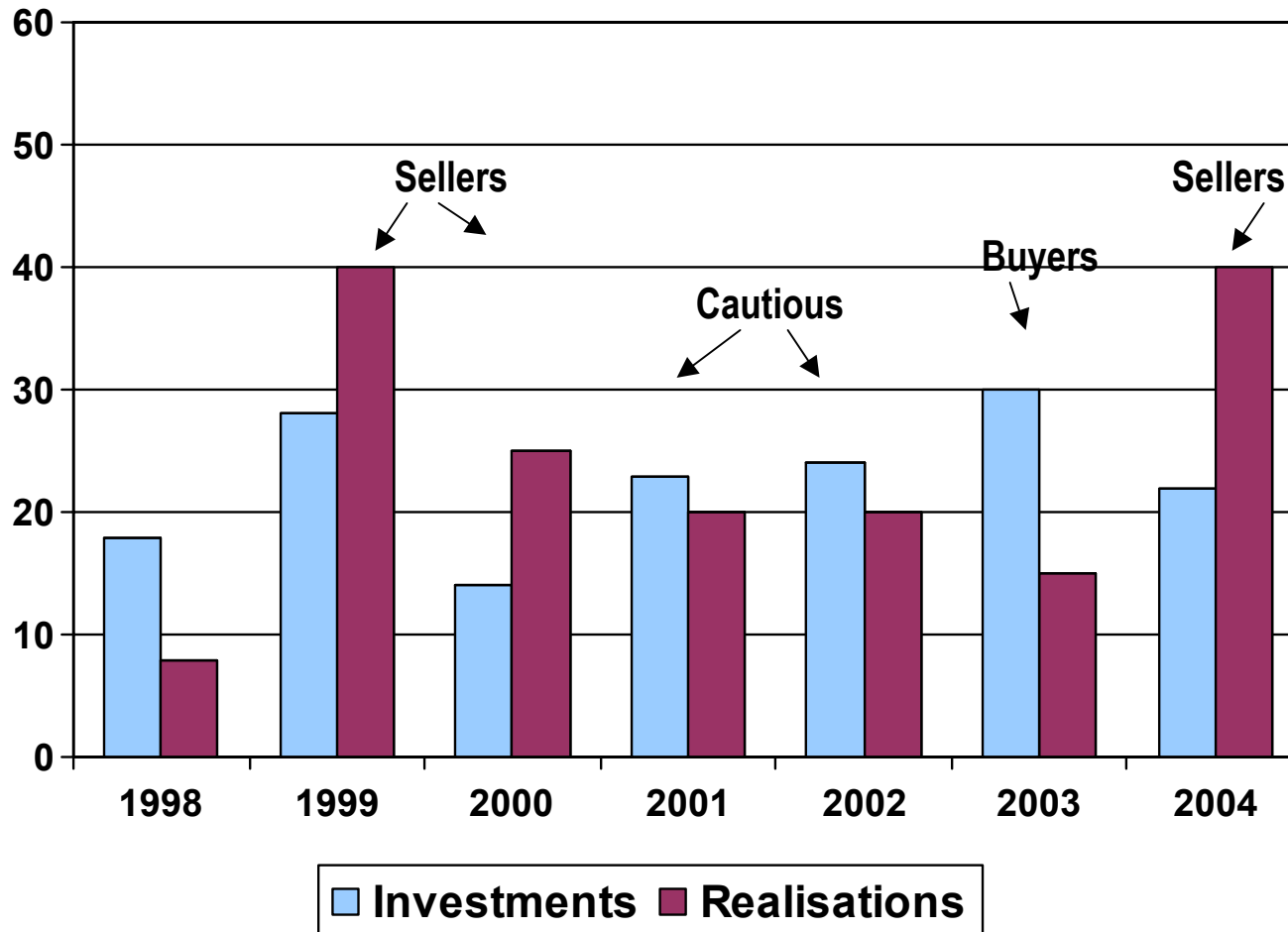


Realisations

Company Name	Status	Type	Proceeds (1) £m	Cost £m	Total Return in period £m
Raymarine	Partial	IPO	18.4	5.8	12.6
FTE Automotive	Partial	Re-capitalisation	11.7	6.8	4.9
Patientline	Full	Quoted	3.7	0.4	3.3
Tunstall	Partial	Re-capitalisation	3.3	-	3.3
Rolfe & Nolan	Partial	Re-capitalisation	3.2	2.7	0.5
Paddy Power	Full	Quoted	1.7	0.2	1.5
Xtx	Partial	IPO	1.6	1.0	0.6
Other (9)			3.5	4.5	(1.0)
			47.1	21.4	25.7

(1) Includes yield

Investment Activity



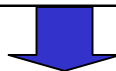
NAV Analysis

	At 31 December 2004		At 30 June 2004		At 31 December 2003	
	£m	%	£m	%	£m	%
Unlisted investments	85.6	71.3	90.7	87.2	89.2	92.0
Listed investments	17.6	14.7	15.4	14.8	6.1	6.3
Cash/Government securities	13.1	10.9	0.6	0.6	0.6	0.6
Other asstes/liabilities	3.7	3.1	-2.7	-2.6	1.1	1.1
Net Assets	120.0	100.0	104.0	100.0	97.0	100.0

In addition the Company has a £25m borrowing facility to fund investment opportunities.

Portfolio – Top 15 represent 81% by value

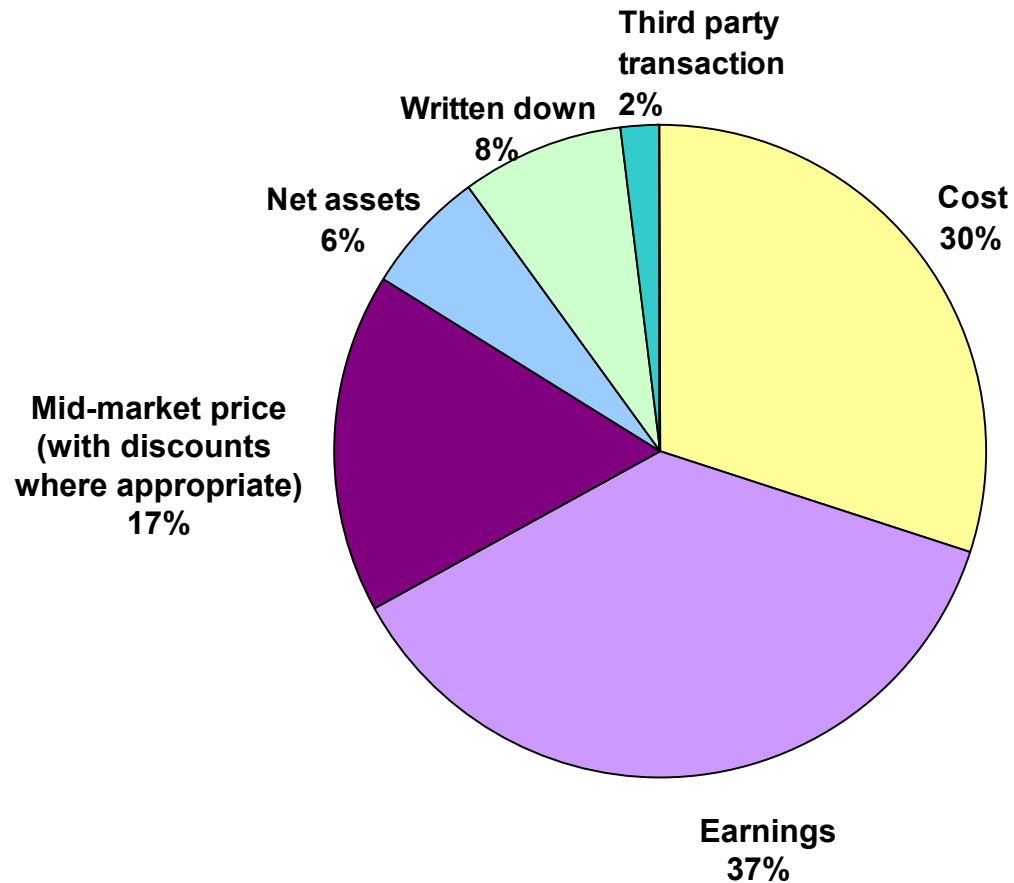
Investment	Sector	Holding value at 31/12/2004 £m	Holding value at 31/12/2003 £m	% of invested portfolio 31/12/2004	Reason for Change
Tunstall Holdings Ltd	Healthcare	11.0	6.9	10.6	Earnings
Xtx Ltd t/a Xyratex	Technology	10.4	8.0	10.1	IPO
W.E.T. Automotive Systems AG	Industrials	7.8	7.8	7.6	Forex
FTE Automotive GmbH	Industrials	7.1	7.5	6.9	Earnings/Cash flow
Blue Minerva Ltd	Technology	6.6	-	6.5	New investment
Classic C'right t/a Boosey & Hawkes	Media	6.0	6.0	5.8	-
Raymarine Group Ltd	Consumer	5.4	10.0	5.2	IPO
Castlebeck Group Ltd	Healthcare	5.4	3.7	5.2	Earnings
Clarion Events Ltd	Media	4.3	-	4.1	New investment
Eagle Rock Entertainment Ltd	Media	4.2	3.7	4.1	Third party valuation
Travelsphere Holdings Ltd	Leisure	4.0	4.1	3.9	Earnings
ClinPhone	Healthcare	3.6	2.4	3.5	Further investment
Hoseasons Group Ltd	Leisure	2.9	2.2	2.8	Earnings/Cash flow
Hirschmann Electronics Holdings SA	Industrials	2.8	0.0	2.7	New investment
Rolfe & Nolan Holdings plc	Technology	2.4	2.9	2.3	Earnings
Total		83.9	65.2	81.3%	



In aggregate the compound annual growth rate of both sales and profit is currently in excess of 20%.

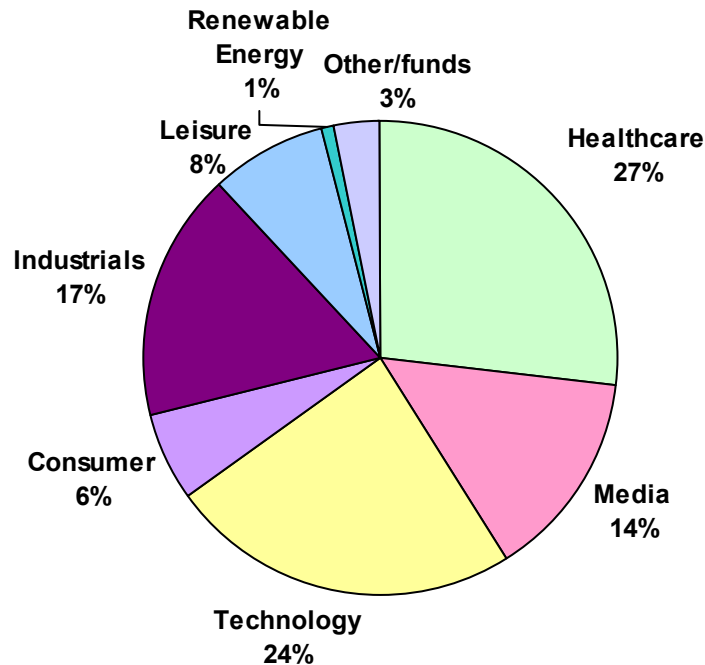
HgCapital

Valuation Basis

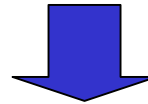
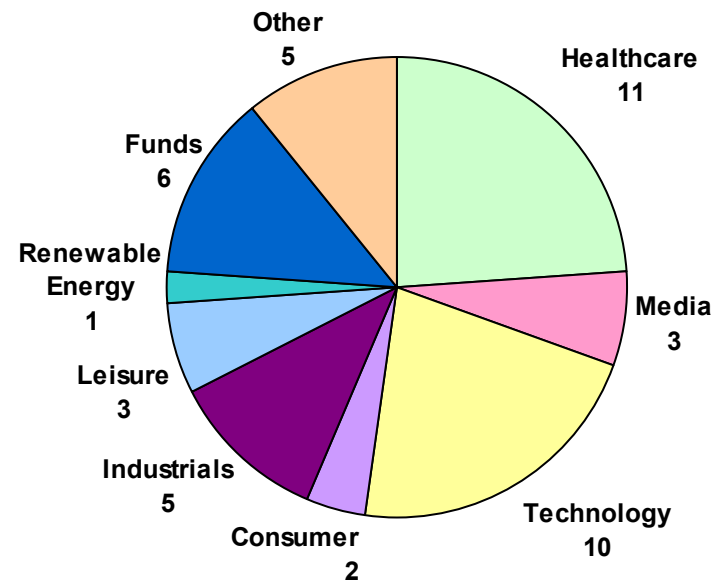


Sector Coverage of investments

By value



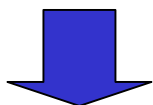
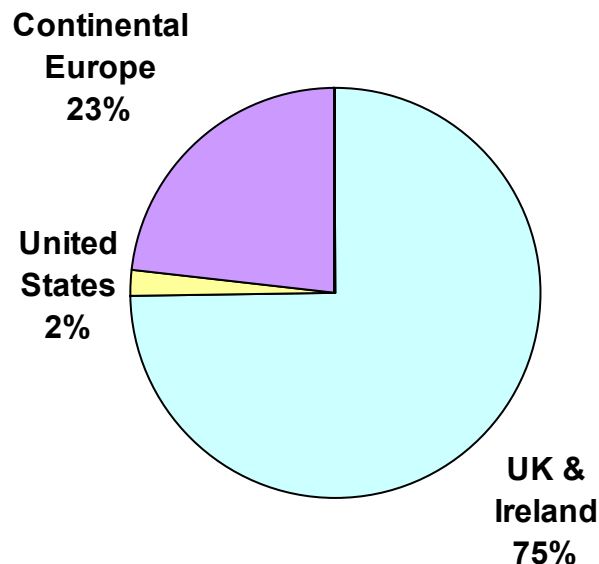
By number



A diversified portfolio along sector lines

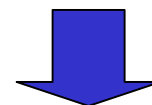
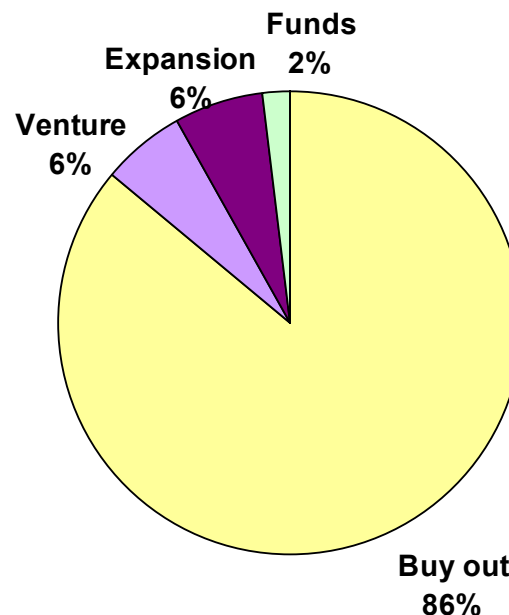
Geography / Stage

By geography



Increasing exposure to Continental Europe

By stage

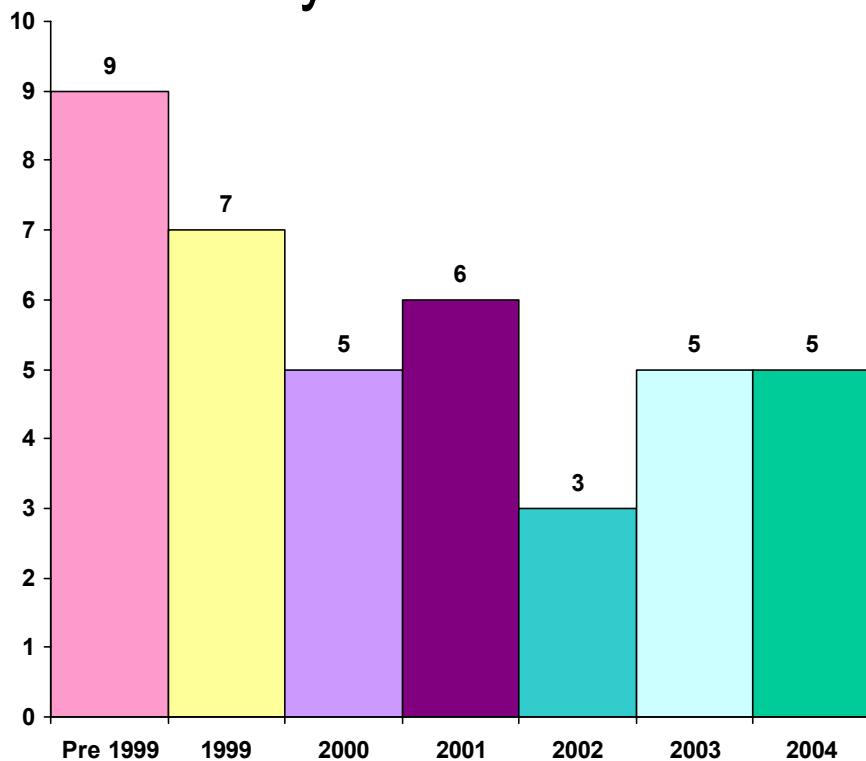


Focus on Buy-outs

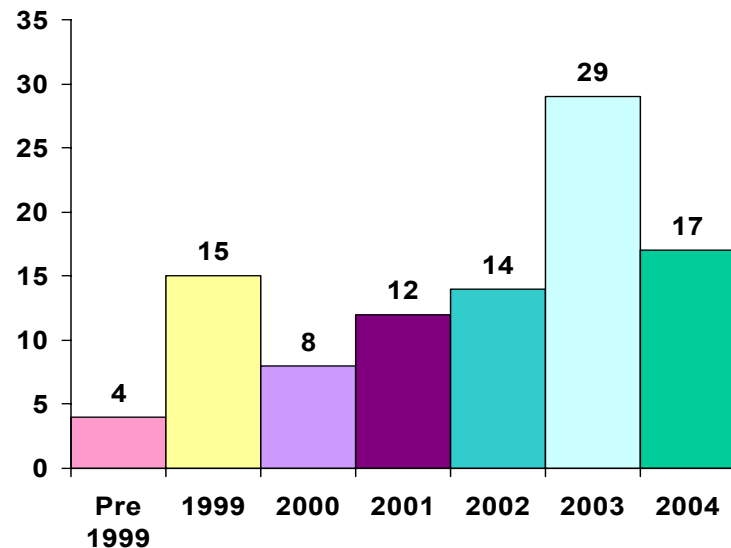
Note: Analysis by value

Vintage Year: Volume and Value

By number



By value (£m)



The charts above exclude 6 fund investments made pre 99 valued in aggregate at £3.7m.

Market Outlook

- Global challenges around shifting exchange rates; slowing growth, low pricing power, economic imbalances and increasing energy costs.
- UK market attracting an increasing number of investors, and increasing fragmentation. Less so in Germany and Benelux, but still competitive.
- Highly liquid debt market with benign interest rate environment.
- Secondary buyouts here to stay.
- Conjunction of competition, investment agendas and debt liquidity driving prices up and prospectively average returns down.
- Recently announced fiscal changes likely to reduce aggregate returns on new investments, all else being equal, but not hugely relative to other factors. Prices may fall to compensate and hence potentially PE share of the M&A market. Greatest impact on investments where returns most focussed on cash flow vs growth and performance improvement. Portfolio looks well positioned due to relatively low loan stock levels; come April 2007 nature of more recent investments, geographic spread and realisation strategies.
- Still expect material out-performance versus quoted markets from experienced investors.

HgCapital Manager Outlook

- Continuous adaptation to stay ahead.
- Remain committed to mid-market strategy (£25m-£250m EV).
- Focus on buy-outs.
- Ongoing measured shift of resources to Germany and Benelux.
- Continue to deepen sector based strategy which is serving us well.
- Continue to deepen portfolio management resources and expertise.
- Continue cautious exploration of new sectors to deploy capital consistent with investment objective.

Investment and Portfolio Outlook

- Realisations increased as expected and more to go, subject to market conditions.
- New investment activity slowed in 2004 from 2003 despite more opportunities seen. Expect increased investment rate with focus on buy-outs.
- Portfolio well under control with value growth expected from good earnings growth and cash flow.
- Attention should be focused on medium to long term out performance in net asset value growth which we believe we are well positioned to deliver as we have done in the past.

Events Since the Year End

- Net asset value at 28 February 2005 was 480.3p.
- Second tranche of proceeds from the Rolfe & Nolan recapitalisation of £0.8m.
- We have today announced the sale of FTE to PAI Partners a French PE house. The deal is subject to merger clearance (estimated end of April).

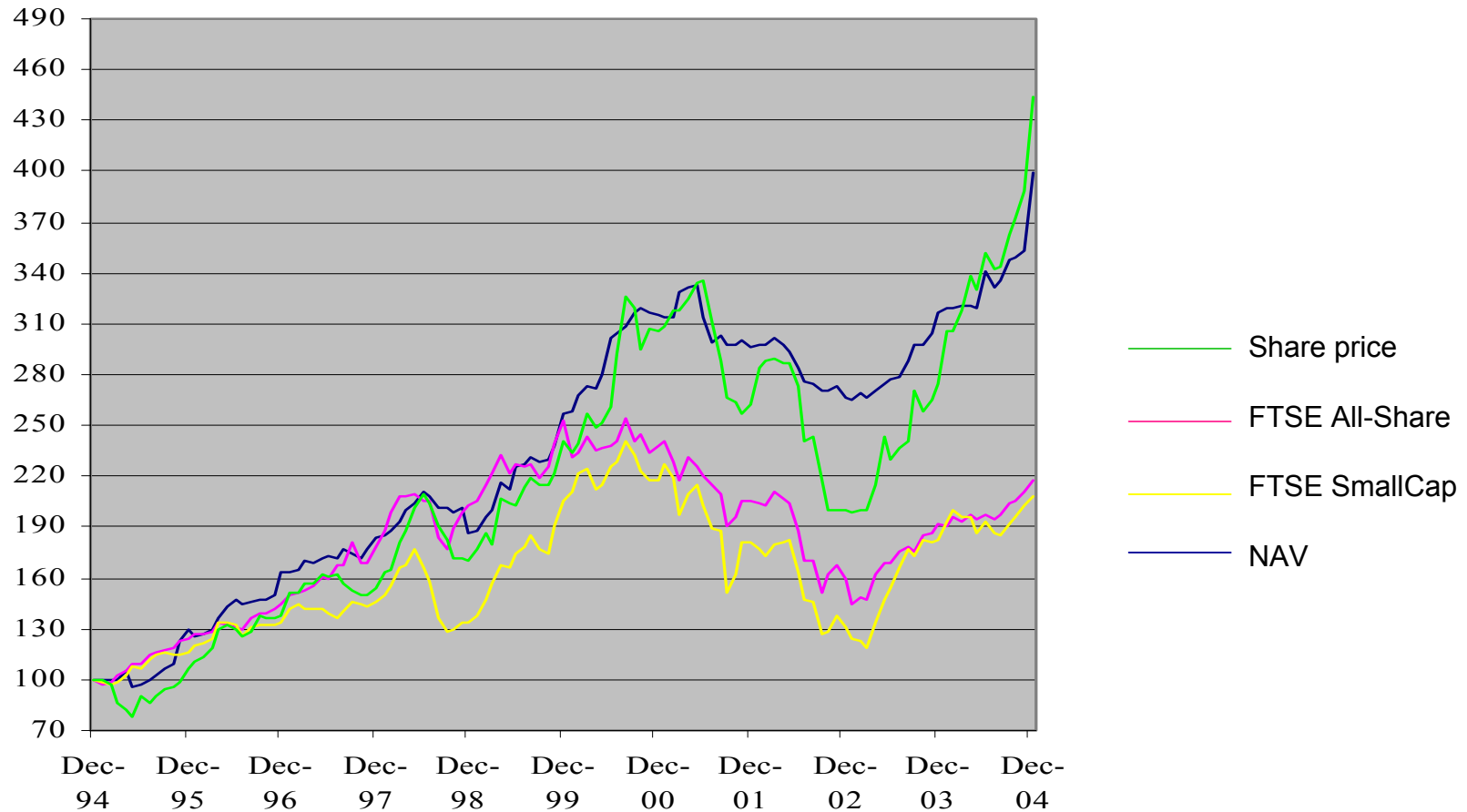
Proceeds for the Trust will amount to circa £14.2m, an uplift against book value of £7.1m. The estimated impact on the Net Asset Value of the Trust would be 28p per share.

Conclusion

- Strong growth in net assets expected to continue.
- Next 12 months should see a number of realisations.
- Expect to see better opportunities to deploy capital in 2005/6.
- Overall the portfolio is in good shape with good earnings growth and cash flow.

Appendices

Ten year total return performance



Portfolio: 31 December 2004

Investment	Year	Residual cost	Valuation	% of portfolio
		£000	£000	
Tunstall Holdings Ltd	1999	6,998	10,950	10.6%
Xtx Ltd t/a Xyratex **	2003	6,995	10,386	10.1%
W.E.T. Automotive Systems A.G.	2003	7,623	7,816	7.6%
FTE Automotive GmbH	2002	0	7,132	6.9%
Blue Minerva Limited t/a Iris software	2004	6,626	6,626	6.4%
Classic Copyright (Holdings) Ltd t/a Boosey & Hawke	2003	6,033	6,033	5.8%
Raymarine plc *	2001	187	5,413	5.2%
Castlebeck Group Ltd	2002	3,731	5,375	5.2%
Clarion Events Ltd	2004	4,257	4,257	4.1%
Eagle Rock Group Ltd	2001	3,856	4,236	4.1%
Travelsphere Holdings Ltd	2000	3,899	4,018	3.9%
ClinPhone Holdings Ltd	1996	2,361	3,648	3.5%
Hoseasons Group Ltd	2003	2,147	2,850	2.8%
Hirschmann Electronics Holdings S.A	2004	2,669	2,792	2.7%
Rolfe & Nolan Holdings Plc	2003	238	2,408	2.3%
Match Holdings Ltd	1999	3,854	2,284	2.2%
Doc M SARL t/a DocMorris	2004	1,956	1,951	1.9%
Bottomline Technologies, Inc. **	1999	952	1,582	1.5%
The Sanctuary Spa Group Ltd	1995	118	1,380	1.3%
Weston Presidio Capital III, L.P.	1998	2,288	1,374	1.3%
Verigen AG	2000	3,463	1,330	1.3%
PBR Holding SA	2002	4,973	1,308	1.3%
Newchurch Ltd	2000	2,366	1,220	1.2%
Hg Renewable UK Holdings I Limited t/a Tir Mostyn	2004	1,015	1,015	1.0%
Axiom Holdings Ltd	2001	1,721	983	1.0%
Trados, Inc.	2000	2,492	858	0.8%



Portfolio: 31 December 2004

Investment	Year	Residual cost £000	Valuation £000	% of portfolio
Orbiscom Ltd	2001	3,063	681	0.7%
Bertram Group Holdings Ltd	1999	2,848	548	0.5%
Acuid Ltd	2001	4,448	539	0.5%
Euroknights III L.P.	1996	1,457	525	0.5%
PARC Group Ltd	1995	48	361	0.4%
Wand Equity Portfolio II L.P.	1998	651	360	0.4%
South Wharf plc ~	1992	47	229	0.2%
Burns e-Commerce Solutions	2001	3,244	222	0.2%
MedNova Ltd	1998	82	221	0.2%
Worldmark International Ltd	2000	2,389	154	0.2%
ACT Venture Capital Ltd	1994	0	102	0.1%
Weston Presidio Capital II, L.P.	1995	0	85	0.1%
Orbis plc *	1997	3,378	20	0.0%
Azinger Ltd	1993	211	0	0.0%
Biovector Therapeutics S.A.	1997	998	0	0.0%
Euroknights International Ltd	1990	83	0	0.0%
Global People Network Ltd	1999	510	0	0.0%
Luxfer Holdings plc	1996	46	0	0.0%
Profiad Ltd	1999	1,653	0	0.0%
SGI (Holdings) Ltd	1999	2,469	0	0.0%
Total		110,444	103,272	100.0

* Listed on the London Stock Exchange

** Traded on NASDAQ

~ Listed on the London and Dublin Stock Exchange



Portfolio by Sector: 31 December 2004

Technology Investments	Year	Stage	Geography	Valuation Basis	Residual cost £'000	Valuation £'000	Portfolio %
Xtx Ltd	2003	Buy-out	UK and Ireland	Quoted	6,995	10,386	10.0%
Blue Minerva Ltd	2004	Buy-out	UK and Ireland	Cost	6,626	6,626	6.0%
Rolfe & Nolan Holdings Plc	2003	P2P	UK and Ireland	Earnings	238	2,408	2.0%
Bottomline Technologies Inc	1999	Buy-out	UK and Ireland	Quoted	952	1,582	2.0%
Axiom Holdings Ltd	2001	Expansion	UK and Ireland	Written down /off	1,721	983	1.0%
Trados Inc	2000	Expansion	Continental Europe	Written down /off	2,492	858	1.0%
Orbiscom Ltd	2001	Expansion	UK and Ireland	Other	3,063	681	1.0%
Acuid Ltd	2001	Expansion	UK and Ireland	Written down /off	4,448	539	1.0%
Burns e-Commerce Solutions	2001	Buy-out	UK and Ireland	Written down /off	3,244	222	0.0%
Global People Network Ltd	1999	Expansion	UK and Ireland	Written down /off	510	-	0.0%
					30,289	24,285	24.0%
Media Investments							
Classic Copyright (Holdings) Ltd	2003	P2P	UK and Ireland	Cost	6,033	6,033	6.0%
Clarion Events Limited	2004	Buy-out	UK and Ireland	Cost	4,257	4,257	4.0%
Eagle Rock Entertainment Ltd	2001	Buy-out	UK and Ireland	Net assets	3,856	4,236	4.0%
					14,146	14,526	14.0%
Leisure Investments							
Travelsphere Holdings Ltd	2000	Buy-out	UK and Ireland	Earnings	3,899	4,018	4.0%
Hoseasons Group Ltd	2003	Buy-out	UK and Ireland	Earnings	2,147	2,850	3.0%
The Sanctuary Spa Group Ltd	1995	Expansion	UK and Ireland	Earnings	118	1,380	1.0%
					6,164	8,248	8.0%

Portfolio by Sector: 31 December 2004

Industrial Investments	Year	Stage	Geography	Valuation Basis	Residual Cost £'000	Valuation £'000	Portfolio %
W.E.T. Automotive Systems A.G.	2003	P2P	Continental Europe	Cost	7,623	7,816	8.0%
FTE Automotive GmbH	2002	Buy-out	Continental Europe	Earnings	-	7,132	7.0%
Hirschmann Electronics Holdings S.A	2004	Buy-out	Continental Europe	Cost	2,669	2,792	3.0%
South Wharf plc	1992	Buy-out	UK and Ireland	Quoted	47	229	0.0%
Worldmark International Ltd	2000	Buy-out	UK and Ireland	Written down /off	2,389	154	0.0%
Luxfer Holdings plc	1996	Buy-out	UK and Ireland	Written down /off	46	-	0.0%
					12,774	18,123	18.0%
Healthcare Investments							
Tunstall Holdings Ltd	1999	Buy-out	UK and Ireland	Earnings	6,998	10,950	11.0%
Castlebeck Group Ltd	2002	Buy-out	UK and Ireland	Earnings	3,731	5,375	5.0%
ClinPhone	1996	Expansion	UK and Ireland	Earnings	2,361	3,648	4.0%
Match Holdings Ltd	1999	Buy-out	UK and Ireland	Written down /off	3,854	2,284	2.0%
Doc M SARL	2004	Buy-out	Continental Europe	Cost	1,956	1,951	2.0%
Verigen AG	2000	Expansion	Continental Europe	Third party	3,463	1,330	1.0%
PBR	2002	Buy-out	Continental Europe	Written down /off	4,973	1,308	1.0%
Newchurch Ltd	2000	Expansion	UK and Ireland	Written down /off	2,366	1,220	1.0%
Profiad Ltd	1999	Expansion	UK and Ireland	Written down /off	1,653	-	0.0%
MedNova Ltd	1998	Expansion	UK and Ireland	Third party	82	221	0.0%
Biovector Therapeutics S.A.	1997	Expansion	Continental Europe	Written down /off	998	-	0.0%
					32,435	28,287	27.0%
Consumer Investments							
Raymarine plc	2001	Buy-out	UK and Ireland	Quoted	187	5,413	5.0%
Bertram Group Holdings Ltd	1999	Buy-out	UK and Ireland	Written down /off	2,848	548	1.0%
					3,035	5,961	6.0%

Portfolio by Sector: 31 December 2004

Renewable Energy	Year	Stage	Geography	Valuation Basis	Residual cost £'000	Valuation £'000	Portfolio %
Hg Renewable UK Holdings I Ltd	2004	Expansion	UK and Ireland	Cost	1,015	1,015	1.0%
					1,015	1,015	1.0%
Fund / Other Investments							
Weston Presidio Capital III, L.P.	1998	Fund	United States	Net assets	2,288	1,374	1.0%
Euroknights III L.P.	1996	Fund	Continental Europe	Net assets	1,457	525	1.0%
PARC Group Ltd	1995	Buy-out	UK and Ireland	Earnings	48	361	0.0%
Wand Equity Portfolio II L.P.	1998	Fund	United States	Net assets	651	360	0.0%
ACT Venture Capital Ltd	1994	Fund	UK and Ireland	Net assets	0	102	0.0%
Weston Presidio Capital II, L.P.	1995	Fund	United States	Net assets	0	85	0.0%
Orbis plc	1997	Buy-out	UK and Ireland	Quoted	3,378	20	0.0%
Azinger Ltd	1993	Buy-out	UK and Ireland	Written down /off	211	0	0.0%
Euroknights International Ltd	1990	Fund	Continental Europe	Written down /off	83	0	0.0%
SGL (Holdings) Ltd	1999	Buy-out	UK and Ireland	Written down /off	2,469	0	0.0%
					110,444	103,272	100.0%

Principal realised and unrealised movements in NAV during 2004

	Realised gain/(loss)	Unrealised gain/(loss)	Total
	£'m	£'m	£'m
Raymarine plc	8.0	3.7	11.7
FTE Automative GmbH	3.3	6.9	10.2
Xtx Ltd	0.6	3.4	4.0
Tunstall Holdings Ltd		3.3	3.3
Rolfe & Nolan Holdings Plc		2.2	2.2
Castlebeck Group Ltd		1.6	1.6
Hoseasons Group Ltd		0.7	0.7
The Sanctuary Spa Group Ltd		0.6	0.6
Bertam Group Holdings Ltd		0.6	0.6
Paddy Power plc	0.4		0.4
WatchMark-Comnitel Corporation	(0.7)		(0.7)
Profiad Ltd		(0.7)	(0.7)
Burns e-Commerce Solutions		(0.9)	(0.9)
Match Holdings Ltd		(2.5)	(2.5)
Acuid Ltd		(3.3)	(3.3)
PBR		(4.0)	(4.0)
Other	0.5	0.2	0.7
	12.1	11.8	23.9

Disclaimer

HgCapital's communications are only directed at market counterparties and intermediate customers. HgCapital acts for its investors and for no one else in relation to its business. It will not advise, provide services to or be responsible for providing customer protections to any other person.

HgCapital is the trading name of Hg Investment Managers Limited and Hg Pooled Management Limited. Registered office Third Floor, Minerva House, 3-5 Montague Close, London SE1 9BB. Authorised and regulated by the Financial Services Authority.