



HgCapital Trust plc } Interim Results Presentation June 2016

This document accompanies the Interim Report & Accounts for the six months ended 30 June 2016 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 20 and 21.

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13% p.a.

Share price
total return CAGR
over the past twenty years

- Established in 1989, HgCapital Trust has been managed by HgCapital for over 20 years

- The Trust is HgCapital's largest client with a fully independent Board that makes all decisions on commitments to Hg Funds

13% p.a.

NAV per share
total return CAGR
over the past twenty years

- The Trust only invests in HgCapital across multiple funds and vintages

- HgCapital Partners and staff invest in the Trust, alongside their substantial direct investments into the underlying Hg funds; as at 30 June 2016, this investment represented c. 4% of the Trust's share register

KEY FINANCIAL HIGHLIGHTS

STRONG TRADING HAS CONTINUED TO DRIVE POSITIVE PERFORMANCE FROM THE UNREALISED PORTFOLIO OVER THE FIRST SIX MONTHS OF 2016

PERFORMANCE

+13%

NAV per share YTD

- As at 31 August 2016 NAV per share of £15.63, net assets of £584 million
- Increase from 30 June 2016, NAV per share of £15.48, net assets of £578 million, six month total return of 12%
- Driven by strong trading across the unrealised portfolio, exits above book value and positive currency movements

+19%

Share price YTD

- As at 31 August 2016 the share price was £12.83, market capitalisation of £479 million
- Increase from 30 June 2016, share price of £11.95, six month total return of 11%

BALANCE SHEET

£40m

Pro-forma liquid resources

- Representing 7% of NAV
- Increase from £21m (4% of NAV) at 30 June 2016
- £40 million undrawn bank facility, rising to £80 million in 2017

£92m

Pro-forma outstanding commitments

- Represents 16% of NAV with the majority of commitments expected to be drawn down over the next 18 months
- Decrease from £98m (17% of NAV) at 30 June 2016
- The Board has indicated to the Manager an appetite to commit c. £350 million to its Hg8 fund when fundraising begins.
- Opt-out provision should the Trust not have enough cash to invest, to protect the balance sheet

Note: As at 31 August 2016. All performance figures on a total return basis assuming all historic dividends have been reinvested.

KEY FINANCIAL HIGHLIGHTS

TOP 20 BUYOUTS (83%)

Aggregate sales of £2.6 billion and profits of £623 million, average margins of 24%

PORTFOLIO METRICS

+12%

Average growth in sales

- Consistent double-digit performance in many of our larger companies including Visma, IRIS, P&I, JLA and Zenith (40% of the total portfolio by value)
- Top 20 has grown revenues consistently by 11% p.a. on average for the last 3 years
- High degree of visibility on future revenues across much of the portfolio, given business model characteristics

+22%

Average growth in EBITDA

- Profits growing at a materially faster rate than sales reflecting both the benefit of previous periods of investment and high growth additions to the portfolio
- Top 20 has grown EBITDA by 14% p.a. on average for the last 3 years
- On-going investment into Achilles and The Foundry: strengthening management; improving sales and marketing capabilities; and other operational improvements, holding back short-term EBITDA growth

14.1x

Average EV to EBITDA multiple

- Ratings broadly flat over the first six months of 2016
- There remains a continued shift in the mix of the portfolio to higher growth businesses, in particular in the software sector where we hold a number of companies with substantial opportunities to grow their SaaS business

4.5x

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
- During 2016, we refinanced P&I returning £12.6m (60% of the original investment) and Allocate Software returning £1.8 million (30% of the original investment); we will continue to look for opportunities to return cash

Note: As at 30 June 2016.

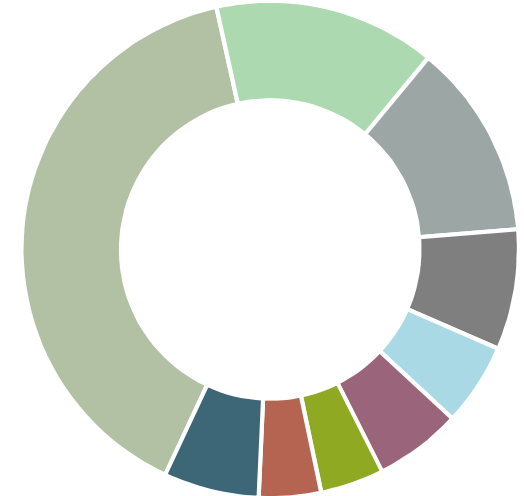


£97m

Pro-forma returned to HgCapital Trust

- £656 million realised on behalf of HgCapital clients
- 6 realisations (5 to trade buyers)
- 2 refinancings
- Up from £71 million at 30 June 2016

- TeamSystem
- NetNames
- P&I
- Casa Reha
- IRIS
- SFC Koenig
- Manio Vire
- Relay Software
- Other



£79m

Pro-forma invested on behalf of HgCapital Trust

- £643 million invested on behalf of HgCapital clients
- 8 investments made in businesses that we know well within our targeted 'sweet spot'
- Includes £8.0 million in co-investment (Sovos Compliance)
- Up from £73 million at 30 June 2016

- Sovos Compliance
- Raet
- Citation
- Kinapse
- Trace One
- STP
- Blick Rothenberg
- Moby



Note: All figures as at 31 August including all announced transactions.



THE HgCAPITAL 'SWEET SPOT'

Focus on investing in companies with specific business characteristics in sub-sectors we know well and believe have the ability to grow across market cycles... and are attractive to future buyers

DEEP SECTOR EXPERTISE → IN CORE SUB-SECTORS → TARGETTING SPECIFIC BUSINESS MODELS

TMT

- Regulatory driven software
- Fintech
- Vertical data application software
- SME infrastructure
- Electronic marketplaces

SERVICES

- Business critical asset leasing
- Professional/regulatory services
- Broking services

INDUSTRIALS

- "Internet of Things"
- Specialist testing equipment



B2B: Business critical need delivered as software, service or component



Typically a low-spend item



Subscription or repeat revenue model



Utilising years of accumulated IP → high margins



Fragmented customer base



High customer loyalty



Low volatility / low economic cycle sensitivity



SOURCING STRATEGY

Well-defined target B2B business models

Core sub-sectors

Identified targets

Long-term tracking of wish list

- Provides greater comfort on valuation
- Enhances ability to pre-empt sales processes or outmanoeuvre competition

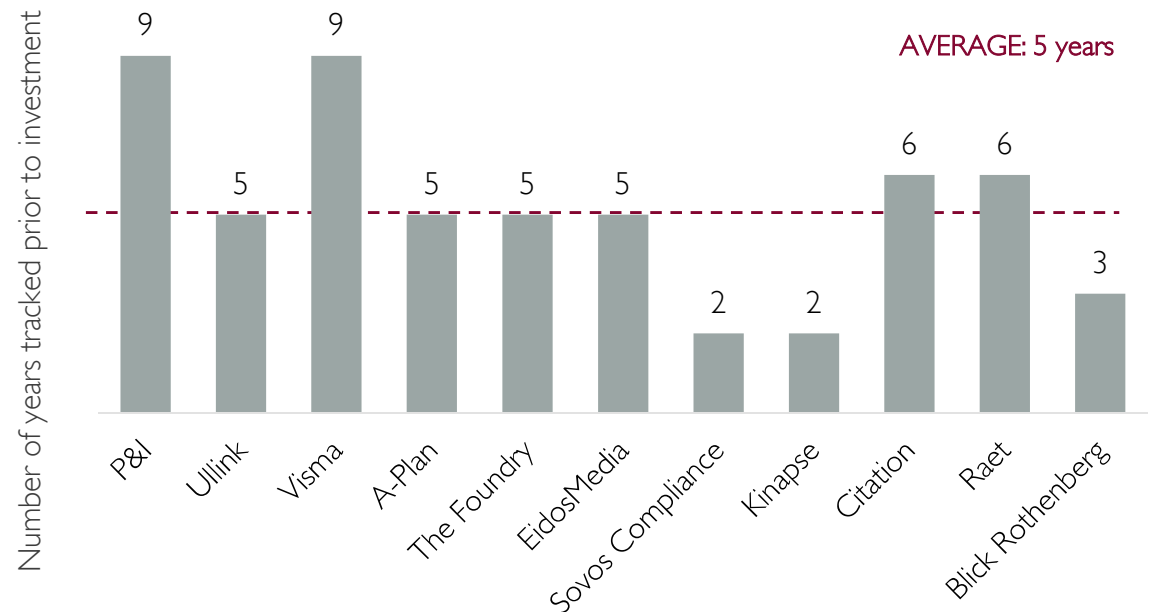


= INVESTMENTS

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





PILLARS OF VALUE CREATION

- 1 BUILDING A SUSTAINABLE BOOK OF BUSINESS**
 - Buying an established book of customers
 - Keeping customers happy = lower customer churn
 - Selling existing customers more = cross and up-selling
 - Generating incremental sales from new customer acquisitions

- 2 SMART POSITIONING**
 - Position assets such that they will be attractive to multiple buyers and achieve a premium valuation upon exit
 - Refining strategic focus
 - Changing business perception
 - Developing business footprint

- 3 INVESTING IN MANAGEMENT AND BUSINESS INFRASTRUCTURE**
 - Heavy investment in management and business infrastructure to facilitate expansion:
 - Building management capabilities
 - Process optimisation (internal reporting and governance)
 - Salesforce improvement (new hires and training programmes)
 - Upgrading business systems (ERP / CRM / OPS)

VALUE CREATION - CURRENT SECTOR REALISED DEALS¹



¹ As at 31 August 2016. Includes 24 full exits from MUST 4, HgCapital 5 and HgCapital 6 in current sectors (TMT, Services and Industrials) with current business model focus (i.e. excludes venture investments and partial realisations). Note: Past performance is not indicative of future results. Please see notes to recipients on pages 20 and 21 of this document.

CASE STUDY: EXIT

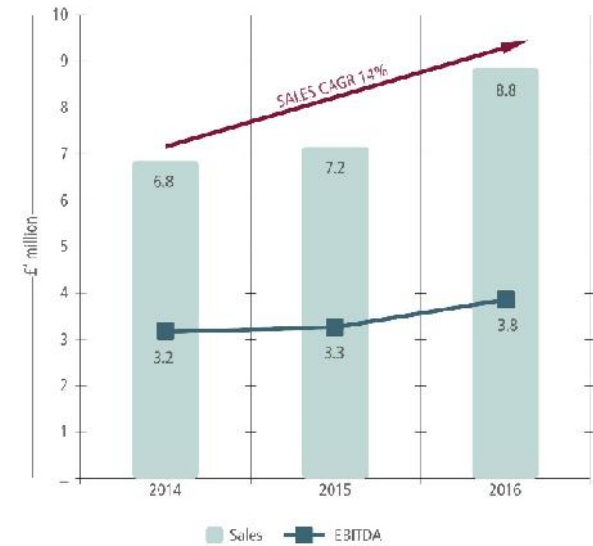


RELAY SOFTWARE

2.2x original cost and c. 40% gross IRR over a two year period



- HgCapital partnered with Relay Software in 2014 representing the third investment for the Mercury Fund
- A leading provider of software to insurance brokers, underwriters and insurers in the Republic of Ireland
- Shares many of the business model characteristics that we look for including:
 - Fragmented and loyal customer base;
 - Strong organic recurring revenue growth; and
 - Proven founding management team who remained committed to the business
- During HgCapital's ownership period, Relay delivered 14% revenue CAGR, driven by new customer wins and an expansion into complementary adjacent customer segments such as Commercial Insurance and Wealth Management.
- HgCapital supported the business' management team on a number of initiatives including:
 - Investing in new product offerings;
 - Improving operational capabilities; and
 - Delivering accretive bolt-on M&A
- The company has also grown from 71 to 92 employees in the same time period
- Sold to a large US trade buyer in August 2016 as part of their internationalisation strategy, providing a leadership position in the Irish insurance market



SECTOR: Mercury TMT

LOCATION: Ireland

TRUST VALUE AT EXIT: £4.0m

UPLIFT TO DEC 15 BV: 73%



SOVOS COMPLIANCE

A continuation of HgCapital's theme of working with tax and regulatory compliance software and services businesses



- Sovos is a global provider of taxation compliance solutions, headquartered in the US
- A “sweet spot” HgCapital investment in terms of sub-sector and business model, displaying a number of the investment characteristics we target:
 - Business-critical software with 96% recurring revenues;
 - Track record of strong double-digit organic growth (13% p.a. between 2012 – 2015);
 - Opportunity for significant margin improvement;
 - Opportunity to create a leading European tax technology platform through value-accretive M&A; and
 - A talented management team, who remain committed to the business
- HgCapital will support the management in a number of areas including:
 - Continuing to deliver strong organic growth through loyal customer base and upselling;
 - Exploring M&A in both Europe and the U.S.;
 - Pre-identified margin improvements; and
 - Grow adjacencies such as FATCA, ACA and VAT, and further expand into CRS, SMB S&U tax and Filing software
- In July Sovos announced the acquisition of Atlanta and Sao Paulo-based Invoiceware International
- Early days under HgCapital ownership but performing ahead of expectations



SECTOR: TMT

LOCATION: Boston, US

TRUST VALUE: £38.2m
(inc. £12.6 million in co-investment)

% PORTFOLIO: 6.3%

PORTFOLIO REVIEW



TRADING PERFORMANCE OVERVIEW OF TOP 20 BUYOUT INVESTMENTS (83%)

Aggregate sales of £2.6 billion and profits of £623 million, average margins of 24%

Year of Investment	Pre-2010	2010 - 2012	2013 - 2015	2016
<p>STRONG PERFORMANCE 77% BY VALUE £388m</p>				
<p>LOWER GROWTH 10% BY VALUE, £49m</p>				
<p>INVESTING FOR GROWTH 8%, BY VALUE, £43m</p>				
<p>BEHIND PLAN 5%, BY VALUE, £24m</p>				

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



OUTLOOK & PROSPECTS

Confidence in a portfolio with strong earnings and cash generation driving further NAV value

- Over and above the general economic and political uncertainty we are all facing over the coming months, we do not expect there to be any specific negative consequences associated with the EU referendum vote, on the performance of the portfolio

 - The two key areas of focus for us over the next 12 months are to:
 - continue to return cash to our clients through a combination of sales to both trade and financial buyers and some further refinancings; and
 - continue to work with our existing portfolio to drive value by supporting management to deliver their business plans and improve the operations of their businesses

 - Over the last few years we believe we have assembled the strongest portfolio of businesses we have ever had and we are confident that we will continue to grow equity value in these companies over the next 12 months
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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 2016
1 Visma ¹	2014	TMT	Nordic Region	53,659	86,245	14.2%	14.2%	↑
2 IRIS	2011	TMT	UK	21,654	56,563	9.3%	23.5%	↑
3 Zenith	2013	Services	UK	16,245	43,601	7.2%	30.7%	↑
4 Sovos Compliance ²	2016	TMT	US	24,284	38,153	6.3%	37.0%	↑
5 P&I ³	2013	TMT	Germany	11,044	34,230	5.6%	42.6%	↑
6 Achilles ⁴	2008	TMT	UK	15,218	28,319	4.6%	47.2%	→
7 JLA	2010	Services	UK	3,511	23,850	3.9%	51.1%	↑
8 QUNDIS	2012	Industrials	Germany	12,540	21,733	3.6%	54.7%	↑
9 Radius	2013	Services	UK	17,966	21,020	3.4%	58.1%	↑
10 A-Plan	2015	Services	UK	14,573	20,409	3.3%	61.4%	↑
Top 10 Investments				190,694	374,123	61.4%		

¹ Including co-investment of £20 million
All figures as at 30 June 2016

² Including co-investment of £8 million

³ Including co-investment of £5 million

⁴ Including co-investment of £10 million



BUYOUT PORTFOLIO

The top 20 buy-out investments represent 83% of the portfolio value

Investment	Year of investment	Sector	Location	Residual Cost £'000	Total valuation £'000	Portfolio value %	Cumulative value %	Change in value over 2016
11 Raet	2016	TMT	The Netherlands	16,127	17,519	2.9%	64.3%	↑
12 Ullink	2014	TMT	France	10,034	15,469	2.5%	66.8%	↑
13 The Foundry	2015	TMT	UK	15,175	14,158	2.3%	69.1%	↓
14 Parts Alliance	2012	Services	UK	10,495	14,058	2.3%	71.4%	↑
15 Frösunda	2010	Healthcare	Nordic Region	14,296	13,884	2.3%	73.7%	↑
16 Net SOLD lines	2011	TMT	UK	14,249	12,805	2.1%	75.8%	→
17 Lumesse	2010	TMT	UK	20,807	11,496	1.9%	77.7%	→
18 Citation	2016	Services	UK	10,068	10,127	1.7%	79.4%	→
19 Kinapse	2016	Services	UK	9,959	9,959	1.6%	81.0%	→
20 Trace One	2016	TMT	France	8,581	9,737	1.6%	82.6%	↑
Top 20 Investments				320,485	503,335	82.6%		

All figures as at 30 June 2016



RENEWABLE ENERGY FUND INVESTMENTS

High quality European renewable energy projects currently representing 3% of NAV

- The Trust is invested via limited partnership 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 out is going very well, with three fully operational assets, one 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

	Total Valuation £'000
Irish Onshore Wind	10,405
Swedish Onshore Wind	2,844
Swedish District Heating	883
Spanish Hydro	827
Other	776
UK Solar	345
RPP2 fund	16,080
Spanish Solar	901
Other	213
Swedish Onshore Wind	57
RPP1 fund	1,171
Total Renewable Fund Investments	17,251

Resource

- 82% Onshore wind
- 5% District heating
- 8% Solar
- 5% Hydro

Geography

- 64% Ireland
- 23% Sweden
- 11% Spain
- 2% UK





		Realised Returns (gross)	Overall Returns (gross)	% Invested Returned in Cash
<p>HgCapital 5 £958 million 2006</p> <ul style="list-style-type: none"> Phase: Realisation 11 out of 12 investments realised £1.4 billion in proceeds 		2.1x / 17%	2.2x / 17%	195%
<p>HgCapital 6 £1.9 billion 2009</p> <ul style="list-style-type: none"> Phase: Realisation 10 out of 19 investments realised £1.5 billion in proceeds 		2.1x / 21%	1.8x / 16%	86%
<p>HgCapital 7 £2.0 billion 2013</p> <ul style="list-style-type: none"> Phase: Investment c. 70% invested across 11 portfolio companies 		n/a	1.4x / 30%	7%
<p>Hg Mercury £380 million 2012</p> <ul style="list-style-type: none"> Phase: Investment 1 out of 10 investments realised c. 66% invested 		2.2x / 40%	1.4x / 27%	22%

Note: As at June 2016. Adjusted for post period end investments.

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