



HgCAPITAL TRUST PLC  
INTERIM RESULTS FOR THE PERIOD ENDED 30 JUNE 2024

## **STRONG TRADING IN THE UNDERLYING PORTFOLIO CONTINUES TO DRIVE GROWTH**

London, 16 September 2024: HgCapital Trust plc ('HgT'), today announces its interim results for the period ended 30 June 2024.

HgT provides investors with a listed vehicle to invest in unquoted businesses managed by Hg ('the Manager'), Europe's largest investor in software & services companies.

The objective of HgT is to provide shareholders with consistent long-term returns in excess of the FTSE All-Share Index by investing predominantly in unquoted businesses where value can be created through strategic and operational change.

**This objective has been demonstrated with a 10-year share price total return of +20.0% p.a.**

**Highlights over the first half of 2024 include:**

- **Strong portfolio trading continued to be the main driver of performance, contributing to a total return NAV increase of 6.4%, closing the period at 527.9p NAV per share and net assets of £2.4 billion.**
- **Share price total return of +12.7% over the period, closing at 485.0p per share and a market capitalisation of £2.2 billion.**
- **Discount narrowed from 13% to 7%.**
- **Continued investment, with £310 million of new and further investments by HgT across the core investment clusters targeted by Hg; with a further estimated £183 million of transactions signed pending closing in H2 2024.**
- **£348 million of gross realisations, with full and partial realisations at an average uplift of 16% to carrying value; an estimated further £75 million of realisations signed and due to complete in H2 2024.**

For the third year in a row, HgT topped a list of investment companies that would have made investors more than £1 million, if they had invested the full annual ISA allowance in the same trust each year, according to research from The Association of Investment Companies (AIC). Investing the full ISA allowance annually from 1999 to 2023, a total of £306,560, and reinvesting the dividends in HgT shares would have generated a tax-free amount of over £2.2 million by 31 January 2024.

**Jim Strang, Chairman of HgT, commented:**

Past performance is not a reliable indicator of future results. The value of shares and the income from them can go down as well as up as a result of market and currency fluctuations and investors may not get back the amount they originally invested.

*“HgT delivered another solid performance over the first six months of the year, successfully navigating challenging private market conditions. The portfolio continued to experience strong underlying trading performance over the period with sales and EBITDA across the top 20 investments (78% of the portfolio) growing at 19% and 26% respectively. Investment activity in businesses continued at a pace both in the first half and post period in order to generate good future returns to shareholders. These positive fundamentals supported a near 13% increase in the share price over the period and a halving of the discount to 7%.”*

**David Toms, Head of Research at Hg, commented:**

*“The resilience of the Hg portfolio continues to be demonstrated by valuations and profitability remaining stable. Hg's companies are typically characterised by visible and greater than 90% recurring revenues, attractive margins of over 30%, and by the ability to grow EBITDA organically by 10 to 15% each year, with further growth coming from M&A activity. These characteristics provide exceptional resilience when the cycle swings downward and form a stable platform for accelerating growth when market conditions recover.”*

**SUMMARY PERFORMANCE**

	31 August 2024	% YTD Total return	30 June 2024	31 December 2023	% H1 Total return
NAV per share	518.5p	+4.5%	527.9p	500.5p	+6.4%
Share price	515.0p	+19.7%	485.0p	434.5p	+12.7%
FTSE All-Share Index		+11.3%			+7.4%
		YTD 2024 Movement			H1 2024 Movement
Net Asset Value	£2.4bn	+£83m	£2.4bn	£2.3bn	+£126m

Source: Hg, Factset. All references to total return allow for all historic dividends being reinvested

Note: Hg undertakes full revaluations of the portfolio on a quarterly basis, the next process being 30 September 2024, therefore the movement in unrealised value of the portfolio to the end of August 2024 is attributable to FX only.

**PERFORMANCE OVERVIEW**

Net assets of £2.4 billion, with continued long-term outperformance of the FTSE All-Share.

- NAV per share of 527.9p, a total return of +6.4% for the six months to 30 June 2024.
- Share price total return of +12.7% over the period.
- Interim dividend of 2.0p per share (2023 interim dividend 2.0p per share).

**Strong double-digit growth from the top 20 portfolio:**

- Revenue and EBITDA growth of 19% and 26% respectively across the top 20 investments (78% of the portfolio) over the last twelve months, EBITDA margin of 34%.
- Valuation multiple (EV/EBITDA) of 25.9x and net debt to EBITDA ratio of 7.4x for the top 20 investments (78% of the portfolio).

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### **Continued portfolio activity to drive future value:**

- Continued investment with £310 million invested over the period on behalf of HgT into companies that Hg (the Manager) has known for many years and have demonstrated a track record of strong performance across market cycles.
- £348 million of gross realisations, including full and partial exits.

### **POST PERIOD TO 31 AUGUST 2024**

- Pro forma NAV per share of 518.5p.
  - The change from the 30 June 2024 NAV per share is attributable to FX movements only. The full portfolio will be revalued at the end of September 2024.
- Pro forma Net assets of £2.4 billion.
- Share price of 515.0p, performance of +19.7% since 31 December 2023.

### **Realisations and investments**

- Realisations yet to complete in H2 2024 estimated to return c.£827 million of proceeds to Hg clients, including c.£75 million to HgT.
- Estimated £183 million invested by HgT, into four new investments.

### **Liquid resources and commitments**

- Having increased the revolving credit facility by £25 million earlier in the year, to £375 million, the facility was c.£65 million drawn in July to cover investment opportunities.
- Available liquid resources post-completion of all announced transactions and the interim year dividend payable in October 2024, are £458 million (19% of 31 August pro-forma NAV).
- Outstanding commitments of £707 million (30% of 31 August pro-forma NAV). We expect these to be drawn down over the next three to four years.

## **OUTLOOK**

### **Commentary from Hg:**

#### **The combination of the long-term nature of listed private equity investment with the types of business that Hg invests in, and robust double-digit growth in trading is expected to continue to drive long-term performance**

- Resilient trading performance underpinned by mission-critical nature of products and services provided by portfolio companies
- Improving deal environment is supportive of increased investment activity
- We continue to focus on consistency of realisations, with further liquidity events anticipated

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- We remain excited by the long-term investment opportunity, as businesses seek to automate workflow to improve productivity and manage rising labour costs

- Ends -

HgT's 2024 Interim Report, results presentation, fact sheet and an animated presentation from Hg to accompany the results are available to view at: <http://www.hgcapitaltrust.com/>.

**For further details:**

**HgCapital Trust plc**

George Crowe	+44 (0)20 8152 5880
Laura Dixon	+44 (0)20 8078 9139

**Brunswick**

Azadeh Varzi	+44 (0)20 7404 5959
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**About HgCapital Trust plc**

HgCapital Trust plc is an investment company whose shares are listed on the London Stock Exchange (HGT.L). HGT gives investors exposure, through a liquid vehicle, to a portfolio of high-growth unquoted companies, managed by Hg, an experienced and well-resourced private equity firm with a long-term track record of delivering superior risk-adjusted returns for its investors.

For further details, see [www.hgcapitaltrust.com](http://www.hgcapitaltrust.com) and [www.hgcapital.com](http://www.hgcapital.com)

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