

Apax Global Alpha Limited

Interim results for the period ended 30 June 2023

Apax Global Alpha (LON:APAX), the closed-ended investment company providing access to the Apax Private Equity Funds, today announced its interim results for the period ended 30 June 2023.

Key highlights

- AGA achieved a Total NAV Return¹ of 2.4% (3.6% constant currency) in the six months ended 30 June 2023. Adjusted NAV² was largely unchanged at €1.3bn (31 Dec 2022: €1.3bn) or €2.64/£2.27 per share.
- The main drivers of Total NAV Return were value creation across the Private Equity portfolio as well as strong returns from the Debt portfolio.
- In Private Equity, continued momentum saw portfolio companies achieve average LTM EBITDA growth of 14.1%³ despite some slowdown in earnings growth in Q2 2023.
- AGA received €35m in distributions from the Apax Funds, primarily from three full exits achieved at an average uplift of 24%⁴. This brings total distributions received from the Apax Funds in the last 5 years to €998m compared to calls of €651m in the same period.
- AGA deployed €11.4m⁵ across three new investments in the first six months of 2023, including the first standalone investment in the Apax Global Impact Fund to which AGA has committed \$60m. The pipeline for new investments remains healthy with Apax XI, the latest global buyout fund, signing its first two investments in May and July.
- The Debt portfolio, which primarily consists of first and second lien loans to complement the Private Equity portfolio, achieved a Total Return¹ of 5.3% in the first six months of 2023. The portfolio had a yield to maturity of 13.3% and, with 99% of investments being floating rate loans, the income yield was 11.4% at 30 June 2023.
- Dividend of 5.70p per share declared for the half year 2023, in line with AGA's stated dividend policy of distributing 5% of NAV per annum.

Tim Breedon, Chairman of AGA, said:

“Against an uncertain market backdrop, AGA’s performance remained resilient driven primarily by value creation in the Private Equity portfolio and strong returns from the Company’s debt investments. Over the last five years AGA has delivered a total annualised return of c.12% and returned nearly €300m in dividends to shareholders. This is testament to the strength of AGA’s portfolio and the Apax Funds’ ‘all-weather’ investment strategy.”

Financial highlights

- AGA was 93% invested as at 30 June 2023. The Company's unfunded commitments to the Apax Funds (together with callable distributions) reduced by €20m in the six months period to €985m at 30 June 2023 (31 Dec 22: €1.0bn).
- At 30 June 2023, AGA's invested portfolio was split 71% in Private Equity and 28% in Debt investments, with the remaining 1% invested across three Equity positions.
- On 5 September 2023, AGA entered into a new multi-currency revolving credit facility of €250m with SMBC Bank International plc and JPMorgan Chase, N.A., London Branch, replacing the facility with Credit Suisse AG, London Branch. The new facility has an initial term of 2.5 years, and the margin will be 300-335bps (over SOFR or EURIBOR) p.a.

	H1 2023 (EUR)	H1 2023 (GBP)	FY 2022 (EUR)	FY 2022 (GBP)
Adjusted NAV ²	1,299m	1,116m	1,299m	1,150m
Adjusted NAV ² per share	2.64	2.27	2.65	2.34

NAV ² per share	2.65	2.28	2.65	2.34
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	% of NAV	H1 2023	H1 2023 constant currency
Total NAV Return ¹		2.4%	3.6%
Total Return ¹ – Private Equity	66%	1.9%	3.2%
Total Return ¹ – Debt Investments	26%	5.3%	6.9%
Total Return ¹ – Derived Equity	1%	2.9%	3.8%
Cash & Others	7%		

Portfolio highlights

- AGA offers access to a portfolio of hidden gems, mostly private companies that shareholders can't buy elsewhere. These companies operate globally across the core Apax sectors of Tech & Digital, Services, Healthcare, and Internet/Consumer.
- At 30 June 2023, the invested portfolio consisted of 39% invested in Tech & Digital, 28% in Services, 17% in Healthcare, and 16% in Internet/Consumer.
- In Private Equity, earnings growth was a key driver of performance with average LTM EBITDA growth to 30 June 2023 of 14.1%³ across portfolio companies. Valuation multiples reduced to 16.3x³ compared to 17.2x at 31 December 2022, reflecting multiple compression from Paycor and Thoughtworks, two publicly listed holdings that were IPO'd in 2021, as well as a change to the comparables set of certain companies as a result of the impact of M&A.
- Leverage across the Apax Funds' portfolio reduced slightly to 4.4x³ at 30 June 2023 (31 December 2022: 4.8%). The Funds' portfolio is well-positioned to weather the current interest rate environment and 83%⁶ of portfolio companies have debt maturities extending beyond 2027 and about three quarters of debt outstanding at a fixed rate.
- AGA's Debt portfolio continued to perform strongly and delivered a Total Return¹ of 5.3% in H1 2023. This portfolio has achieved a 46.8% cumulative constant currency Total Return over the past five years, outperforming the S&P/LSTA leveraged loan index⁷ which delivered 22.4% for the same five-year period.
- The Derived Debt portfolio absorbs cash not invested in Private Equity, enhances the robustness of AGA's balance sheet, provides a steady flow of income to support dividends, and additional returns.
- Derived Equity now makes up a very small part of the portfolio and at 30 of June 2023, the portfolio held three positions valued at €13.8m. This portfolio delivered a Total Return¹ of 2.9% in H1 2023.

For further information regarding the announcement of AGA's Interim 2023 Results, including the Company's results presentation and details for today's analyst and investor webcast at 9.30am (UK time), please visit www.apaxglobalalpha.com.

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APPENDIX
Movements in NAV

Adjusted NAV movements (€m)	Private Equity	Derived Investments	Cash	Treasury Shares	Facility drawn	Other ⁸	H1 2023 Total
Adjusted NAV at 31.12.22	871.0	364.2	68.0	-	-	(3.8)	1,299.4
+ Investments	6.9	5.9	(16.8)	-	-	4.0	-
- Distributions/ divestments	(35.0)	(19.1)	54.4	-	-	(0.3)	-
+ Interest and dividend income	-	-	14.8	-	-	4.1	18.9
+/- Gains/(losses)	26.5	10.1	-	-	-	-	36.6
+/- FX gains/(losses) ⁹	(10.5)	(5.6)	0.3	-	-	-	(15.8)
+/- Costs and other movements	-	-	(1.8)	-	-	(3.0)	(4.8)
- Dividends paid	-	-	(32.5)	-	-	-	(32.5)
+/- Performance fee reserve ¹⁰	-	(3.1)	-	-	-	-	(3.1)
+/- Shares purchased	-	-	-	-	-	-	-
+/- Revolving credit facility drawn/repaid	-	-	-	-	-	-	-
Adjusted NAV at 30.06.23	858.9	352.4	86.4	-	-	1.0	1,298.7

Private Equity – operational metrics

Private Equity – operational metrics	30 June 23	31 December 22
Portfolio year-over-year LTM revenue growth ³	16.0%	21.5%
Portfolio year-over-year LTM EBITDA growth ³	14.1%	18.5%
Enterprise Value / EBITDA valuation multiple ³	16.3x	17.2x
Net debt / EBITDA multiple ³	4.4x	4.8x

Derived Investments – operational metrics

Derived Investments – operational metrics	30 June 23	31 December 22
Debt average yield to maturity	13.3%	12.1%
Debt average years to maturity	4.6	5.1
Debt average income yield	11.4%	9.9%

Other Invested Portfolio highlights

Invested Portfolio analysis ¹¹	€m	€m	%	%
- AEVI	2.2		0%	
- AEVII	23.5		2%	
- AVIII	62.8		6%	
- AIX	309.5		25%	
- AX	394.0		32%	
- AXI	(8.2)		0%	
- AMI	26.1		2%	
- AMI II	(1.1)		0%	
- ADF	51.4		4%	
- ADF II	0.5		0%	
- AGI	(1.8)		0%	
Private Equity		858.9		71%
- Derived Debt	341.7		28%	
- Derived Equity	13.8		1%	
Derived Investments		355.5		29%
Total		1,214.7		100%

Footnotes

- 1 "Total NAV Return" means the movement in the Adjusted NAV per share over the quarter plus any dividends paid. "Total Return" reflects the sub-portfolio performance on a stand-alone basis. It excludes items at the overall AGA level such as cash, management fees, and costs

- 2 Adjusted NAV reflects Total NAV of €1,301.8m less performance fee reserve of €3.1m
- 3 Gross Asset Value weighted average of the respective metric across the portfolio. LTM Revenue growth and LTM EBITDA growth rates exclude companies where EBITDA is not meaningful such as financial services or high growth business with fluctuations in EBITDA. Net debt/EBITDA multiple and EV/EBITDA valuation multiple excluded companies where EBITDA is not meaningful such as financial services or high growth business valued on a revenue basis.
- 4 Valuation uplifts on exits are calculated based on the total actual or estimated sales proceeds and income as appropriate since the last Unaffected Valuation. Unaffected Valuation is determined as the fair value in the last quarter before exit, when valuation is not affected by the exit process (i.e. because an exit was signed, or an exit was sufficiently close to being signed that the Apax Funds incorporated the expected exit multiple into the quarter end valuation). Where applicable, average uplifts of partial exits and IPO's includes proceeds received and the closing fair value at period end. Private Equity Aggregate Gross IRR and Gross MOIC calculated based on the expected aggregate cash flows in euro across all funds for the deals signed and/or IPO'd in the period. Gross IRR represents concurrent Gross IRR.
- 5 Represents AGA's look-through cost to investments acquired by the Apax Funds during H1 2023. For Apax Funds which are yet to hold their final close, these amounts remain subject to change due to equalisation adjustments
- 6 Weighted by AGA invested cost in AVIII, AIX and AX at 30 June 2023. Excludes financial services companies where Net Debt/EBITDA is not relevant. Excludes maturity dates in relation to portfolio companies with public equity. Excludes AMI, AMI II, ADF, ADF II and AGI.
- 7 Derived Debt constant currency returns and S&P LSTA leveraged loan index rebased to 100 and compounded on a quarterly basis. Bloomberg source for S&P LSTA leveraged loan index
- 8 Other reflects net current assets.
- 9 FX on cash includes the revaluation of cash balances and net gain or losses arising from the differences in exchange rates between transaction dates and settlement dates, and unrealised net gains or losses arising from the translation into euro of assets and liabilities (other than investments) which are not denominated in euro
- 10 Movement in the performance fee reserve reflects the performance fee reserve accrued by the Company's at 30 June 23. This does not represent the underlying Private Equity portfolio's carried interest.
- 11 Invested Portfolio excludes cash and cash equivalents, revolving credit facility drawn and net current assets, including these the NAV was €1,301.8m and Adjusted NAV was €1,298.7m reflecting adjustment of €3.1m for the estimated performance fee reserve accrued.

Notes

1. Note that references in this announcement to Apax Global Alpha Limited have been abbreviated to "AGA" or "the Company". References to Apax Partners LLP have been abbreviated to "Apax" or "the Investment Adviser"
2. Please be advised that this announcement may contain inside information as stipulated under the Market Abuse Regulations (EU) NO. 596/2014 ("MAR")
3. This announcement is not for release, publication or distribution, directly or indirectly, in whole or in part, into or within the United States or to "US persons" (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "Securities Act")) or into or within Australia, Canada, South Africa or Japan. Recipients of this announcement in jurisdictions outside the UK should inform themselves about and observe any applicable legal requirements in their jurisdictions. In particular, the distribution of the announcement may be restricted by law in certain jurisdictions
4. The information presented herein is not an offer for sale within the United States of any equity shares or other securities of Apax Global Alpha Limited ("AGA"). AGA has not been and will not be registered under the US Investment Company Act of 1940, as amended (the "Investment Company Act"). In addition, AGA's shares (the "Shares") have not been and will not be registered under the Securities Act or any other applicable law of the United States. Consequently, the Shares may not be offered or sold or otherwise transferred within the United States, or to, or for the account or benefit of, US Persons, except pursuant to an exemption from the registration requirements of the Securities Act and under circumstances which will not require AGA to register under the Investment Company Act. No public offering of the Shares is being made in the United States
5. This announcement may include forward-looking statements. The words "expect", "anticipate", "intends", "plan", "estimate", "aim", "forecast", "project" and similar expressions (or their negative) identify certain of these forward-looking statements. These forward-looking statements are statements regarding AGA's intentions, beliefs or current expectations concerning, among other things, AGA's results of operations, financial condition, liquidity, prospects, growth and strategies. The forward-looking statements in this presentation are based on numerous assumptions regarding AGA's present and future business strategies and the environment in which AGA will operate in the future. Forward-looking statements involve inherent known and unknown risks, uncertainties and contingencies because they relate to events and depend on circumstances that may or may not occur in the future and may cause the actual results, performance or achievements of AGA to be materially different from those expressed or implied by such forward looking statements. Many of these risks and uncertainties relate to factors that are beyond AGA's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behaviour of other market participants, the actions of regulators and other factors such as AGA's ability to continue to obtain financing to meet its liquidity needs, changes in the political, social and regulatory framework in which AGA operates or in economic or technological trends or conditions. Past performance should not be taken as an indication or guarantee of future results, and no representation or warranty, express or implied, is made regarding future performance. AGA expressly disclaims any obligation or undertaking to release any updates or revisions to these forward-looking statements to reflect any change in AGA's expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based after the date of this announcement, or to update or to keep current any other information contained in this announcement. Accordingly, undue reliance should not be placed on the forward-looking statements, which speak only as of the date of this announcement.

About Apax Global Alpha Limited

AGA is a Guernsey registered closed-ended investment Company listed on the London Stock Exchange. It is regulated by the Guernsey Financial Services Commission.

AGA's objective is to provide shareholders with capital appreciation from its investment portfolio and regular dividends. The Company is targeting an annualised Total Return, across economic cycles, of 12-15% (net of fees and expenses) including a dividend yield of 5% of Net Asset Value.

The investment policy of the Company is to make Private Equity investments in Apax Funds, and Debt Investments, derived from the insights gained via Apax's Private Equity activities.

Further information regarding the Company and its publications are available on the Company's website at www.apaxglobalalpha.com.

About Apax Partners LLP

Apax Partners LLP ("Apax") is a leading global private equity advisory firm. For over 50 years, Apax has worked to inspire growth and ideas that transform businesses. The firm has raised and advised funds with aggregate commitments of more than \$65 billion. The Apax Funds invest in companies across four global sectors of Tech, Services, Healthcare, and Internet/Consumer. These funds provide long-term equity financing to build and strengthen world-class companies. For further information about Apax, please visit www.apax.com.

Apax is authorised and regulated by the Financial Conduct Authority in the UK.