

Apax Global Alpha Limited

Interim results for the period ended 30 June 2021

Key highlights

- Strong performance across the portfolio in the first six months of 2021: AGA's Total NAV Return¹ was 17.4% (14.9% constant currency).
- Total Adjusted NAV increased to c. €1.4bn with Adjusted NAV per share increasing from €2.45 (£2.19) to €2.81 (£2.41) in the six months to 30 June 2021.
- Focus on four target sectors and a “good-to-great” strategy of business improvement in Private Equity driving strong returns in the portfolio.
- The Apax Funds were able to identify attractive opportunities to invest, with AGA deploying €85m across eleven new Private Equity investments (seven in Apax X, two in the Apax Digital Fund, one in the AMI Opportunities Fund, and one joint investment by the AMI Opportunities Fund and the Apax Digital Fund).
- Record distributions of €131.1m received from full and significant partial Private Equity exits, deployed into 13 new Derived Debt positions to absorb liquidity in the fund into attractive yield investments.
- New commitment of \$90m to the Apax Digital Fund II, the successor fund to the Apax Digital Fund which invests in minority equity and growth buyout opportunities in mid-market technology companies.
- Liquidity position is healthy with available cash after net liabilities of €29m, and undrawn evergreen revolving credit facility of €140m. Derived Investments of €439m³ provide a further source of funding for AGA.
- Interim dividend of 5.97 pence per share declared, in line with the stated policy to distribute 5% of NAV p.a.

Tim Breedon CBE, Chairman of Apax Global Alpha, said:

“The focus on global opportunities and sectors that continue to show strong structural growth has delivered good results in the first half of the year. AGA’s portfolio is now mature with the Private Equity portfolio diversified across fund vintages and generating substantial cash distributions. As the Covid-19 vaccine rollout continues and global economies further rebound, AGA is well positioned to continue to provide long-term value and attractive income for shareholders.”

Commenting on the results, Ralf Gruss, COO of Apax Partners, said:

“AGA’s strong NAV performance in the first six months reflects the quality of the portfolio. There is good momentum as seen through several successful realisations with good uplifts, and there was a good pace of deployment, with new investments in both Private Equity and Derived Debt. There is a strong pipeline of new investments, and AGA is well positioned for emerging opportunities.”

Financial highlights

- Significant growth in Adjusted NAV³ to just under €1.4 billion, up from €1.2 billion as at 31 December 2020, despite dividend payment of 5.28 pence per share during the first quarter.
- Portfolio weighted towards Private Equity (68%), vs. Derived Debt (29%) and Derived Equity (3%).
- Reflecting the strong investment pace in Q2, AGA was 98% invested as at 30 June 2021 and had outstanding commitments to the Apax Funds (together with recallable distributions) of €419m.

	H1 2021 (EUR)	H1 2021 (GBP)
Adjusted NAV ³	EUR 1,380m	GBP 1,183m

Adjusted NAV ³ per share	EUR 2.81	GBP 2.41
NAV ³ per share	EUR 2.82	GBP 2.42

	Exposure	H1 2021	H1 2021 constant currency
Total NAV Return ¹		17.4%	14.9%
Total Return ¹ – Private Equity	66%	24.5%	21.9%
Total Return ¹ – Derived Debt	29%	7.3%	4.5%
Total Return ¹ – Derived Equity	3%	28.6%	25.0%
Cash & Others	2%		

Private Equity portfolio highlights

- The Private Equity portfolio performed strongly in the first six months of 2021: Total Return¹ of 24.5% (21.9% constant currency).
- Deal activity reflective of Apax's 'good to great' investment strategy and sub-sector expertise, focusing on opportunities where there is a significant re-rating at exit based on business quality improvement.
- Aggregate Gross IRR⁴ and Gross MOIC⁴ on Private Equity exits in H1 2021, excluding the InnovAge and Global-e IPOs (primary only), were 52.4% and 3.9x respectively. Exits were achieved at an average uplift² of 25.7%, reflecting the quality of the portfolio.
- On a look-through basis, AGA invested c.€85m⁵ in eleven new investments that closed during the period.
- Continued strong earnings growth and operating performance from the portfolio companies: LTM Revenue⁶ and EBITDA growth⁶ of 22.3% and 42.7% respectively across the Private Equity portfolio.

Derived Investments portfolio highlights

- Good performance across the portfolio with Derived Investments achieving a Total Return¹ of 9.8% (7.0% constant currency) in H1 2021, driven by performance in Derived Debt which makes up 88% of the Derived Investments portfolio, with a Total Return¹ of 7.3% (4.5% constant currency).
- In Derived Debt the focus remained on investments in lower risk first and second lien loans where there is a high degree of visibility on cash flow, and in target sub-sectors where Apax has unique insights gained from the Private Equity investment activity - €161.3m deployed across 13 new debt positions in H1 2021.
- Strong operating performance from underlying Derived Debt portfolio companies: LTM EBITDA growth from 26.2% to 37.3% in the six months to 30 June 2021.
- Reflecting the increased share of first lien loans and the impact of lower base rates in the portfolio, the overall yield to maturity of the portfolio reduced to 6.8% at 30 June 2021.
- Derived Equity delivered Total Return¹ of 28.6% (25.0% constant currency) in the first six months of 2021.

For further information regarding the announcement of AGA's 2021 interim results, including the Company's interim report, results presentation and dial-in 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 ³ movements (€m)	Private Equity	Derived Investments	Cash	Treasury Shares	Facility drawn	Other	H1 2021 Total
Adjusted NAV at 31.12.20	788.3	319.4	124.6	-	-	(31.1)	1,201.2
+ Investments	78.7	161.3	(218.6)	-	-	(21.4)	-
- Distributions/ divestments	(131.1)	(69.8)	196.8	-	-	4.1	-
+ Interest and dividend income	-	-	9.4	-	-	0.4	9.8
+/- Gains/(losses)	161.0	17.8	-	-	-	-	178.8
+/- FX gains/(losses) ⁷	19.7	10.5	0.2	-	-	-	30.4
+/- Costs and other movements	-	-	(4.0)	-	-	(1.4)	(5.4)
- Dividends paid	-	-	(30.0)	-	-	-	(30.0)
+/- Performance fee reserve	-	(4.5)	-	-	-	-	(4.5)
+/- Treasury shares	-	-	-	-	-	-	-
+/- Revolving credit facility drawn/repaid	-	-	-	-	-	-	-
Adjusted NAV at 30.6.21³	916.6	434.7	78.4	-	-	(49.4)	1,380.3

Private Equity – operational metrics

Private Equity – operational metrics	30 June 2021	31 December 2020
Portfolio year-over-year LTM revenue growth ⁶	22.3%	6.6%
Portfolio year-over-year LTM EBITDA growth ⁶	42.7%	20.8%
Enterprise Value / EBITDA valuation multiple ⁶	18.0x	16.9x
Net debt / EBITDA multiple ⁶	3.7x	3.9x

Derived Investments – operational metrics

Derived Investments – operational metrics	30 June 2021	31 December 2020
Debt year-over-year LTM EBITDA growth ⁸	37.3%	26.2%
Debt average income yield to maturity ⁸	6.8%	8.1%
Debt average years to maturity	5.9	5.7
Debt average income yield ⁹	6.4%	7.3%

Other Invested Portfolio highlights

Invested Portfolio analysis ¹⁰	€m	€m	%	%
Private Equity		916.6		68%
- AMI	50.0		4%	
- AEVI	6.6		0%	
- AEVII	26.2		2%	
- AVIII	172.2		13%	
- AIX	522.6		38%	
- ADF	35.3		3%	
- AX	103.7		8%	
Derived Investments		439.2		32%
- Derived Debt	388.6		29%	
- Derived Equity	50.6		3%	
Total		1,355.8		100%

Footnotes

1. "Total NAV Return" means the movement in the Adjusted NAV per share over the period 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. 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). Average uplift of full exits and significant partial exits in the current period calculated based on the expected sales proceeds and/ or the fair value remaining. For investments where there were subsequent partial realisations since December 2020, uplift calculated by taking proceeds received in H1 2021 plus remaining fair value at 30 June 2021 compared to fair value at 31 December 2020
3. NAV was €1,384.8m whilst Adjusted NAV was €1,380.3m reflecting the estimated performance fee reserve of €4.5m at period end. Private Equity NAV and Adjusted NAV were the same at €916.6m. Derived Investments NAV was €439.2m whilst it's Adjusted NAV was €434.7m reflecting the adjustment for the performance fee reserve of €4.5m.
4. Private Equity Aggregate Gross IRR and Gross MOIC of 52.4% and 3.9x calculated based on the expected aggregate cash flows across all funds for the 12 full or significant partial exits or IPOs
5. Invested cost remains subject to closing on investments signed which have yet to close
6. 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. TietoEVRY is also excluded due to the unavailability of reported data. Net debt/EBITDA multiple and EV/EBITDA valuation multiple excluded companies where EBITDA is not meaningful such as financial services or companies with negative EBITDA, or high growth business valued on a revenue basis. MATCHESFASHION.COM is excluded due to low EBITDA from opex investments and short-term fluctuations in EBITDA. Cole Haan has been excluded at June 2021 as it has negative EBITDA
7. FX on cash includes the revaluation of cash balances and net losses arising from the differences in exchange rates between transaction dates and settlement dates, and unrealised net losses arising from the translation into euro of assets and liabilities (other than investments) which are not denominated in euro
8. Gross Asset Value weighted average of the respective metric across the Derived Debt portfolio
9. Gross Asset Value weighted average of the current full year income (annual coupon/clean price as at the respective date) for each debt position in the Derived Debt portfolio as at the respective date
10. Invested Portfolio excludes cash and cash equivalents, revolving credit facility drawn and net current assets, including these the NAV was €1,384.8m and Adjusted NAV was €1,380.3m reflecting adjustment of €4.5m 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 Partners" 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 collective investment scheme incorporated as a non-cellular company that listed on the London Stock Exchange on 15 June 2015. 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 Derived Investments which are investments in equities and debt derived from the insights gained via Apax Partners' 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 nearly 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 \$60 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 Partners is authorised and regulated by the Financial Conduct Authority in the UK.