

Apax Global Alpha Limited

Quarterly results for the period ended 30 September 2021

Key highlights

- Total NAV Return¹ of 9.9% in the quarter (8.3% constant currency).
- Total Adjusted NAV increased to c.€1.5bn with Adjusted NAV per share, growing from €2.81 (£2.41) to €3.02 (£2.59) in the three months to 30 September 2021.
- Performance in Private Equity driven primarily by earnings growth in the portfolio and an increase in multiples, mainly as a result of ThoughtWorks IPO in the quarter.
- Private Equity exits achieved at healthy uplifts² of 56.9%.
- Strong investment pace in Private Equity, with AGA deploying c.€47m on a look through basis across three new Private Equity investments in the period.
- Distributions of c.€85m received from Private Equity, including proceeds from one full exit (TietoEvry), one partial exit (Wizeline) and two public listings (ThoughtWorks and Paycor) in the period.
- Five Derived Investments positions were realised in the quarter for a total of c. €70m, providing net realisations of c. €43m that can be used to meet future Private Equity calls.
- Liquidity position is healthy with available cash after net liabilities of €73m, and the evergreen revolving credit facility of €140m remaining undrawn. Derived Investments of c.€394m³ provide a further source of funding for AGA.

Ralf Gruss, COO of Apax Partners, said:

“It has been another strong quarter and we are pleased to see that AGA’s investment strategy and sector focus have continued to deliver robust NAV performance. In Private Equity, we have seen a number of transactions, primarily in the Tech sector. There continues to be a solid pipeline of deals and real momentum across the portfolio.”

Financial highlights

- Growth in Adjusted NAV³ to c. €1.5 billion, up from c. €1.4 billion as at 30 June 2021.
- Portfolio weighted towards Private Equity (72%), vs. Derived Debt (24%) and Derived Equity (4%).
- AGA was 95% invested as at 30 September 2021 and had outstanding commitments to the Apax Funds (together with callable distributions) of €434m.

	Q3 2021 (EUR)	Q3 2021 (GBP)
Adjusted NAV ³	EUR 1,483m	GBP 1,274m
Adjusted NAV ³ per share	EUR 3.02	GBP 2.59
NAV ³ per share	EUR 3.03	GBP 2.61

	Exposure	Q3 2021	Q3 2021 constant currency
Total NAV Return ¹		9.9%	8.3%
Total Return ¹ – Private Equity	68%	13.6%	11.8%
Total Return ¹ – Derived Debt	23%	3.4%	1.5%
Total Return ¹ – Derived Equity	4%	6.5%	5.4%
Cash & Others	5%		

Private Equity portfolio highlights

- The Private Equity portfolio performed strongly in the quarter: Total Return¹ of 13.6% (11.8% constant currency).
- Deal activity reflective of Apax's 'good to great' investment strategy and sub-sector expertise, focusing on companies where a significant re-rating opportunity exists based on business quality improvement.
- Aggregate Gross IRR⁴ and Gross MOIC⁴ on Private Equity exits in Q3 2021 were 73.6% and 6.5x respectively. Exits were achieved at an average uplift² of 56.9%, reflecting the quality of the portfolio.
- On a look-through basis, AGA invested c.€47m⁵ in three new investments in Tech that closed during the period.
- Continued strong earnings growth and operating performance from the portfolio companies: LTM Revenue⁶ and EBITDA growth⁶ of 22% and 41% respectively across the Private Equity portfolio.
- LTM Enterprise Value/EBITDA valuations multiples increased to 23.5x from 18.0x in June 2021, primarily driven by the re-rating of ThoughtWorks achieved at IPO.
- The Apax Digital Fund II, to which AGA has made a commitment of \$90m, closed at its \$1.75bn hard cap in the period.

Derived Investments portfolio highlights

- Steady performance across the portfolio with Derived Investments achieving a Total Return¹ of 3.8% (2.0% constant currency) in the quarter, driven by Derived Debt which makes up 87% of the Derived Investments portfolio.
- Continued focus 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 – c.€27m deployed across 4 new debt positions in Q3 2021.
- Five Derived Investments positions were realised during the quarter with net distributions of c. €43m. The realisations reflect AGA's strategy of creating liquidity from the Derived Investments portfolio to support capital calls from the Apax Private Equity funds.
- Strong operating performance from underlying Derived Debt portfolio companies: c.33% LTM EBITDA growth to 30 September 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 stands at 6.5% at 30 September 2021.
- No new investments in Derived Equity.
- Derived Debt delivered a Total Return¹ of 3.4% (1.5% constant currency) and Derived Equity delivered Total Return¹ of 6.5% (5.4% constant currency) in the quarter.

For further information regarding the announcement of AGA's 2021 third quarter results, including the Company's 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	Q3 2021 Total
Adjusted NAV at 30.6.21	916.6	434.7	78.4	-	-	(49.4)	1,380.3
+ Investments	59.2	27.1	(122.1)	-	-	35.8	-
- Distributions/ divestments	(84.8)	(70.2)	154.7	-	-	0.3	-
+ Interest and dividend income	-	-	11.8	-	-	0.6	12.4
+/- Gains/(losses)	108.9	(2.8)	-	-	-	-	106.1
+/- FX gains/(losses) ⁷	16.2	7.0	(0.4)	-	-	-	22.8
+/- Costs and other movements	-	-	(2.2)	-	-	0.1	(2.1)
- Dividends paid	-	-	(34.4)	-	-	-	(34.4)
+/- Performance fee reserve	-	(2.1)	-	-	-	-	(2.1)
+/- Treasury shares	-	-	-	-	-	-	-
+/- Revolving credit facility drawn/repaid	-	-	-	-	-	-	-
Adjusted NAV at 30.9.21³	1,016.1	393.7	85.8	-	-	(12.6)	1,483.0

Private Equity – operational metrics

Private Equity – operational metrics	30 September 2021	30 June 2021
Portfolio year-over-year LTM revenue growth ⁶	21.5%	22.3%
Portfolio year-over-year LTM EBITDA growth ⁶	41.0%	42.7%
Enterprise Value / EBITDA valuation multiple ⁶	23.5x	18.0x
Net debt / EBITDA multiple ⁶	3.4x	3.7x

Derived Investments – operational metrics

Derived Investments – operational metrics	30 September 2021	30 June 2021
Debt year-over-year LTM EBITDA growth ⁸	32.6%	37.3%
Debt average income yield to maturity ⁸	6.5%	6.8%
Debt average years to maturity	6.2	5.9
Debt average income yield ⁹	6.5%	6.4%

Other Invested Portfolio highlights

Invested Portfolio analysis ¹⁰	€m	€m	%	%
- AMI	52.5		4%	
- AEVI	7.3		0%	
- AEVII	23.4		2%	
- AVIII	164.8		11%	
- AIX	576.4		41%	
- ADF	38.3		3%	
- AX	153.4		11%	
Private Equity		1,016.1		72%
- Derived Debt	348.8		24%	
- Derived Equity	51.5		4%	
Derived Investments		400.3		28%
Total		1,416.4		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 June 2021, uplift calculated by taking proceeds received in Q3 2021 plus remaining fair value at 30 September 2021 compared to fair value at 30 June 2021
3. NAV was €1,489.6m whilst Adjusted NAV was €1,483.0m reflecting the estimated performance fee reserve of €6.6m at period end. Private Equity NAV and Adjusted NAV were the same at €1,016.1m. Derived Investments NAV was €400.3m compared to an Adjusted NAV of €393.7m which has an adjustment of €6.6m for the performance fee reserve.
4. Private Equity Aggregate Gross IRR and Gross MOIC, combined in EUR, of 73.6% and 6.5x calculated based on the aggregate cash flows across all funds for the 1 full exit, 1 partial exit and 2 IPOs
5. €47m of invested cost in new Private Equity investments remains subject to final closing adjustments
6. Gross Asset Value weighted average of the respective metric across the portfolio. At June 2021 and September 2021, 21 and 24 investments were excluded (investments in the financial services sector; companies with negative EBITDA or moving from negative to positive EBITDA; investments that are written-off; companies where EBITDA is not meaningful for specific reasons)
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 €1,489.6m and Adjusted NAV was €1,483.0m reflecting adjustment of €6.6m for the estimated performance fee reserve

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 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.