

Apax Global Alpha Limited

Quarterly results for the period ended 30 September 2023

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

Key highlights

- AGA achieved a Total NAV Return¹ of (0.1%) ((1.9%) constant currency) in the three months ended 30 September 2023. Adjusted NAV² was largely unchanged at €1.3bn (30 June 2023: €1.3bn), equivalent to a NAV per share of €2.57/£2.23.
- Performance from the Debt portfolio helped offset multiple driven declines in Private Equity in Q3 2023.
- The Private Equity portfolio remained resilient in the face of an uncertain market environment and earnings growth continued to be the main driver of NAV returns with portfolio companies achieving an average LTM EBITDA growth of 16.4%³ to the end of September.
- AGA received €35m in distributions from the Apax Funds, including from two full exits achieved at an average uplift of 11%⁴.
- There was continued momentum in the Private Equity portfolio with AGA deploying €28m⁵ across two new Private Equity investments in the quarter with a further five investments post quarter end.
- The Debt portfolio, which primarily consists of first and second lien loans, achieved a Total Return¹ of 5.6% in the quarter.

Ralf Gruss, Partner at Apax and a member of the AGA investment committee, said:

“Despite a more challenging market backdrop, AGA is well positioned as seen by the resilience of the Private Equity portfolio and returns achieved by the Company’s debt investments. Over the past five years AGA has delivered an average Total NAV Return of c. 12% and returned more than €300m in dividends to shareholders. In the last quarter we have seen a step-up in activity across the Private Equity portfolio and we believe that Apax’s focus on operating value creation is highly relevant in current markets.”

Financial highlights

- AGA was 90% invested as at 30 September 2023 and had unfunded commitments to the Apax Funds (together with recallable distributions) of €988m (30 June 23: €985m).
- At 30 September 2023, AGA’s invested portfolio was split 74% in Private Equity and 25% in Debt investments, with the remaining 1% invested across three Equity positions.
- At the period end, AGA had €119m in cash in anticipation of calls from the Private Equity portfolio in Q4 2023.
- 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. The new facility remained undrawn as at 30 September 2023.

	Q3 2023 (EUR)	Q3 2023 (GBP)	H1 2023 (EUR)	H1 2023 (GBP)
Adjusted NAV ²	1,264m	1,096m	1,299m	1,116m
Adjusted NAV ² per share	2.57	2.23	2.64	2.27
NAV ² per share	2.59	2.24	2.65	2.28

	% of NAV	Q3 2023	Q3 2023 constant currency
Total NAV Return ¹		(0.1%)	(1.9%)

Total Return ¹ – Private Equity	67	(1.7%)	(3.6%)
Total Return ¹ – Debt Investments	22	5.6%	3.4%
Total Return ¹ – Derived Equity	1	(3.4%)	(3.8%)
Cash & Others	10		

Portfolio highlights

- AGA offers shareholders access to a global portfolio of mostly private companies that are not available to them elsewhere.
- At 30 September 2023, the invested portfolio was split across the four core Apax sectors: Tech & Digital (39%), Services (28%), Healthcare (17%), and Internet/Consumer (16%).
- In Private Equity, earnings growth remained a key driver of performance with average LTM EBITDA growth to 30 September 2023 of 16.4%³ across portfolio companies (30 June 2023: 14.1%). The increase was largely driven by M&A, notably EcoOnline's acquisition of Ecometrica and Ole Smoky's acquisition of Tanteo.
- LTM Revenue growth to 30 September 2023 was 14.7% (30 June 2023: 16.0%) and the weighted average valuation multiple across the portfolio reduced slightly to 16.2x³ (30 June 2023: 16.3x).
- Leverage across the Apax Funds' portfolio was 4.5x³ at 30 September 2023 (30 June 2023: 4.4x), at the lower end of the peer average.
- AGA's Debt portfolio continued to provide attractive returns, achieving a 42.3% cumulative constant currency Total Return over the past five years compared to the S&P/LSTA leveraged loan index⁶ return of 24.4% in the same 5-year period.
- The 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.
- There was one new investment in Debt in Q3 2023 and six realisations. There were no new investments or exits in Derived Equity.

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 ⁷	Q3 2023 Total
Adjusted NAV at 30.06.23	858.9	352.4	86.4	-	-	1.0	1,298.7
+ Investments	39.3	4.8	(44.1)	-	-	-	-
- Distributions/ divestments	(34.7)	(73.5)	100.7	-	-	7.5	-
+ Interest and dividend income	-	-	9.3	-	-	0.8	10.1
+/- Gains/(losses)	(29.8)	3.0	-	-	-	-	(26.8)
+/- FX gains/(losses) ⁸	15.8	6.5	0.1	-	-	-	22.4
+/- Costs and other movements	-	-	(0.4)	-	-	(4.4)	(4.8)
- Dividends paid	-	-	(32.8)	-	-	-	(32.8)
+/- Performance fee reserve ⁹	-	(2.6)	-	-	-	-	(2.6)
+/- Shares purchased	-	-	-	-	-	-	-
+/- Revolving credit facility drawn/repaid	-	-	-	-	-	-	-
Adjusted NAV at 30.09.23	849.5	290.6	119.2	-	-	4.9	1,264.2

Private Equity – operational metrics

Private Equity – operational metrics	30 September 23	30 June 23
Portfolio year-over-year LTM revenue growth ³	14.7%	16.0%
Portfolio year-over-year LTM EBITDA growth ³	16.4%	14.1%
Enterprise Value / EBITDA valuation multiple ³	16.2x	16.3x
Net debt / EBITDA multiple ³	4.5x	4.4x

Derived Investments – operational metrics

Derived Investments – operational metrics	30 September 23	30 June 23
Debt average yield to maturity	12%	13.3%
Debt average years to maturity	4.6	4.6
Debt average income yield	10%	11.4%

Other Invested Portfolio highlights

Invested Portfolio analysis ¹⁰	€m	€m	%	%
- AEVI	2.2		0%	
- AEVII	23.7		3%	
- AVIII	60.4		5%	
- AIX	286.8		25%	
- AX	410.8		36%	
- AXI	(11.3)		(1%)	
- AMI	14.7		1%	
- AMI II	(1.4)		(0%)	
- ADF	52.0		5%	
- ADF II	5.7		0%	
- AGI	5.9		0%	
Private Equity		849.5		74%
- Derived Debt	283.1		25%	
- Derived Equity	13.1		1%	
Derived Investments		296.2		26%
Total		1,145.7		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 €1,269.9m less performance fee reserve of €5.7m
- 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 relating to portfolio company debt 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 Q3 2023. For Apax Funds which are yet to hold their final close, these amounts remain subject to change due to equalisation adjustments
- 6 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
- 7 Other reflects net current assets.
- 8 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
- 9 Movement in the performance fee reserve reflects the performance fee reserve accrued by the Company's at 30 September 23. This does not represent the underlying Private Equity portfolio's carried interest.
- 10 Invested Portfolio excludes cash and cash equivalents, revolving credit facility drawn and net current assets, including these the NAV was €1,269.9m and Adjusted NAV was €1,264.2m reflecting adjustment of €5.7m for the estimated performance fee reserve accrued.

Notes

- 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"
- Please be advised that this announcement may contain inside information as stipulated under the Market Abuse Regulations (EU) NO. 596/2014 ("MAR")
- 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
- 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
- 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 Company makes Private Equity investments in Apax Funds, and has a portfolio of primarily 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.