

Apax Global Alpha Ltd

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**Apax**  
GLOBAL ALPHA

# SECA Conference

**Ralf Gruss, COO, Apax Partners LLP**

July 2016



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SECTOR EXPERTISE | GEOGRAPHIC FLEXIBILITY | TRANSFORMATIONAL OWNERSHIP

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The place of performance and the place of jurisdiction is at the registered office of the Swiss Representative

Date: 27 June 2016

# The Investment Advisor

## Apax Partners

SECTOR EXPERTISE | GEOGRAPHIC FLEXIBILITY | TRANSFORMATIONAL OWNERSHIP

### Industry leader

Over €34 billion equivalent of funds raised to date

### Pioneer in Private Equity

Established in 1969 in the US and 1972 in Europe<sup>1</sup>

### Significant global reach

8 offices in 7 countries

### Deep bench of industry specialists

c.100 investment professionals

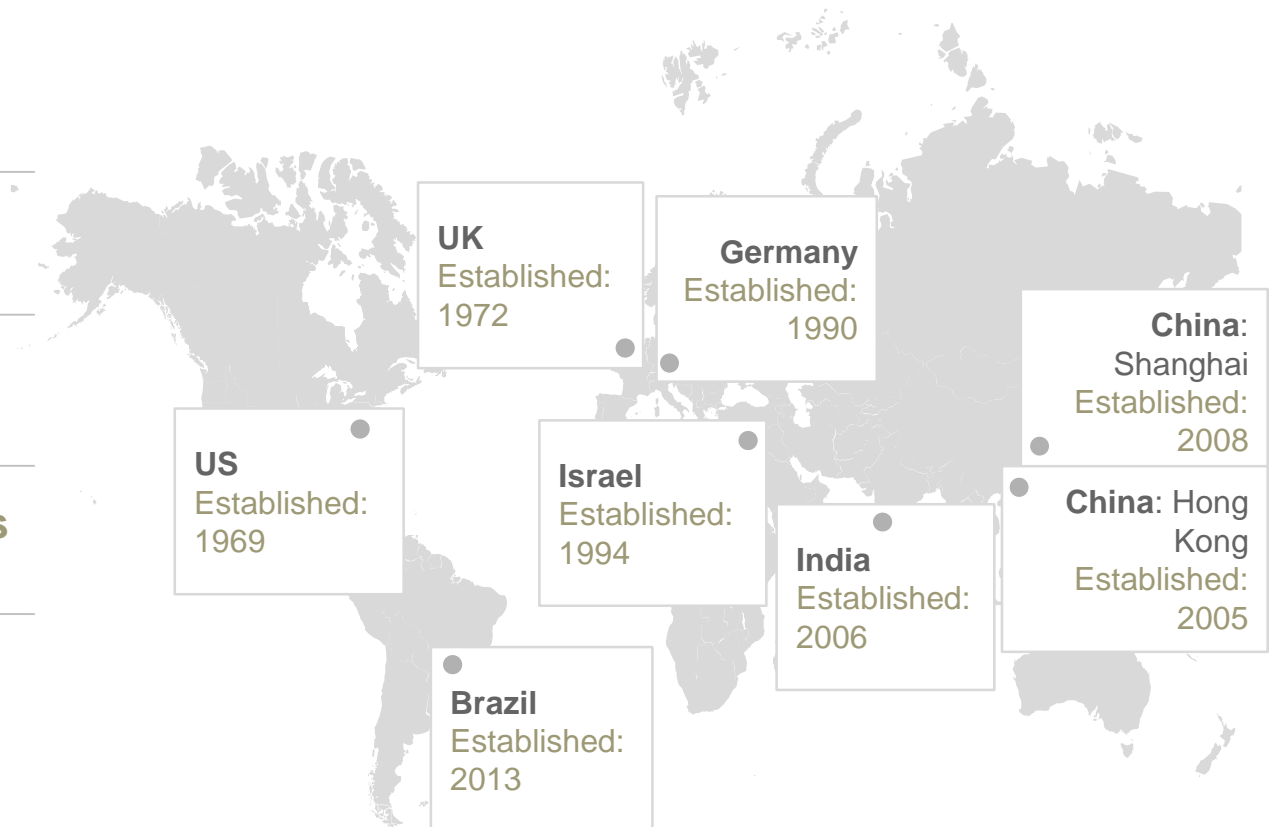
### Industry focused investments

Tech & Telco

Services

Healthcare

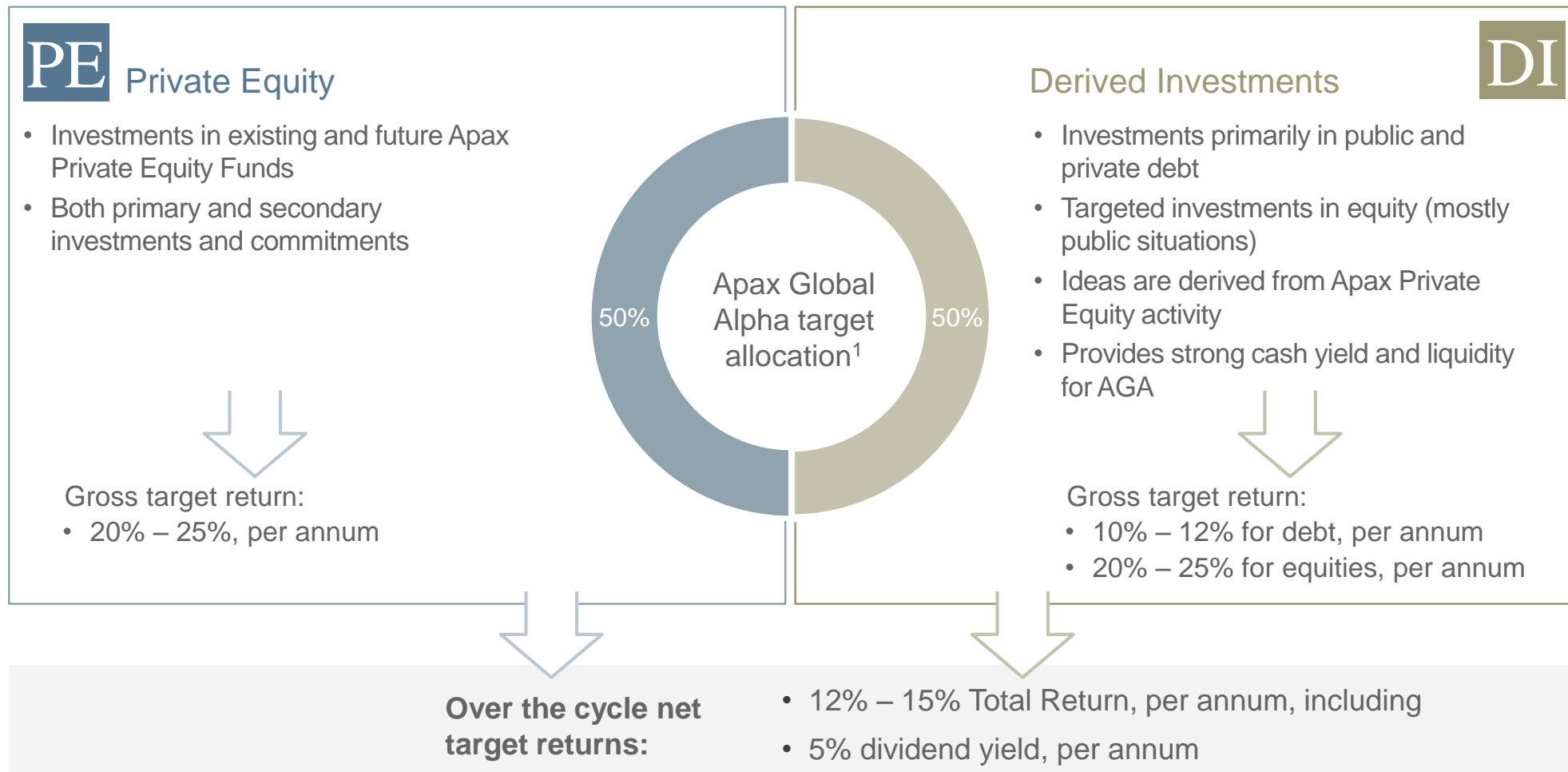
Consumer



# Apax Global Alpha

## Investing in Apax Partners investment insight

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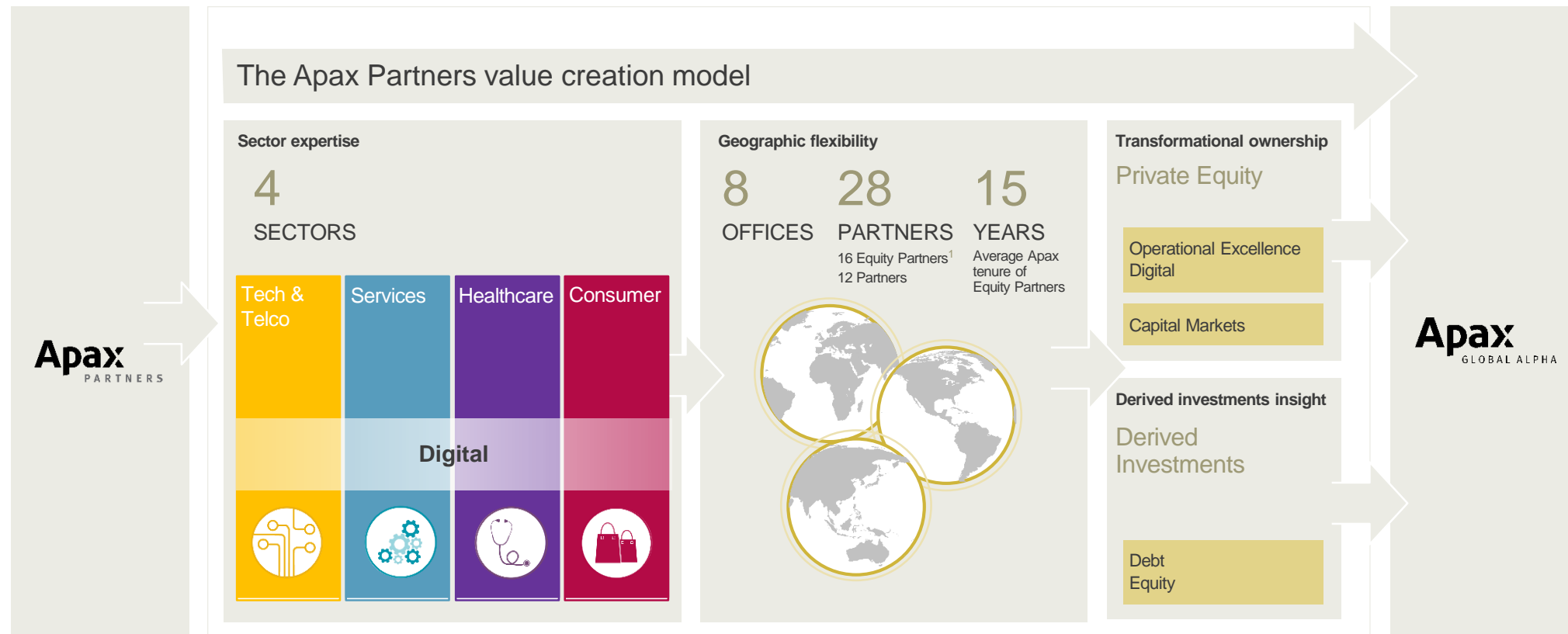


1. Once fully invested. AGA's target allocation will fluctuate over time due to market conditions and other factors, including calls for and distributions from Apax Private Equity Funds, the timing of making and exiting Derived Investments and the Company's ability to invest in future Apax Private Equity Funds

# Investment Process

## Generating Alpha

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1. As at end of March 2016

# AGA's IPO

## The rationale for listing

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### Raise additional capital to continue investment strategy

- Strong historic track record
- Strong deal flow of high alpha opportunities
- Scalability of investment amounts per transaction

### Provide public investors access to Apax Partners investment platform

- First and only listed fund

### Ongoing support from pre-IPO shareholders

- Staggered lock-ups up to 10 years

# Results to Date

## Executing the strategy

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### Objective at IPO

Invest new proceeds within  
12 months from IPO

### Results to date

98%

Invested at  
31 December 2015

95%

Invested at  
31 March 2016



Over the cycle net target returns  
of 12-15%

13.6%

Total Return  
in 2015

2016

Off to robust start  
despite volatility



Target 5% annual dividend

2.5%<sup>1</sup>

Semi-annual dividend  
declared in March 2016



Balanced exposure to Private  
Equity and Derived Investments<sup>2</sup>

52%

Portfolio invested in  
Private Equity

48%

Portfolio invested in  
Derived Investments



Continue to invest in Apax Private  
Equity Funds

\$350m

AGA commitment to Apax IX



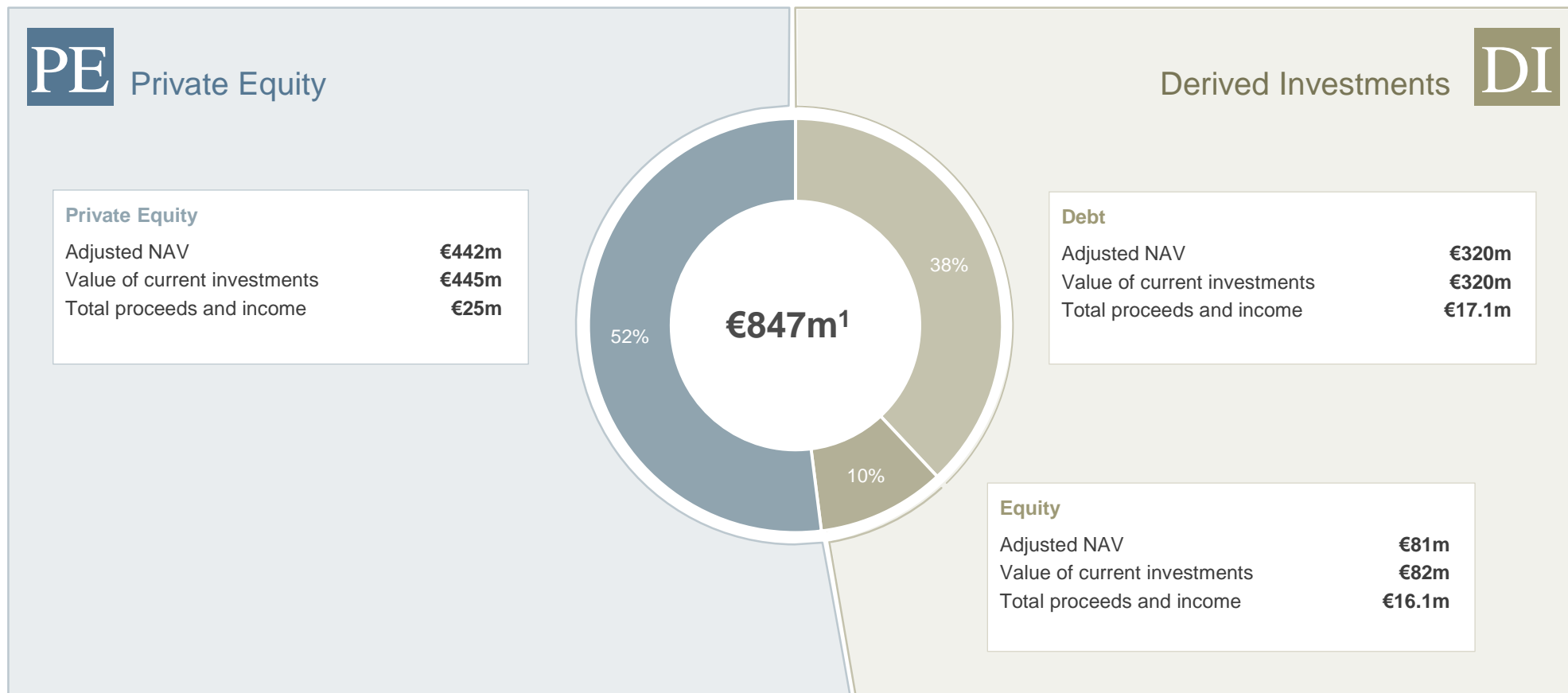
1. As at 31 December 2015

2. As at 31 March 2016

# AGA Portfolio Split

## Balanced between Private Equity and Derived Investments

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1. Excludes cash and cash equivalents and net current assets, including these the NAV is €887m as at 31 March 2016



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## AGA Private Equity

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# Private Equity Commitments

## Different stages of maturity

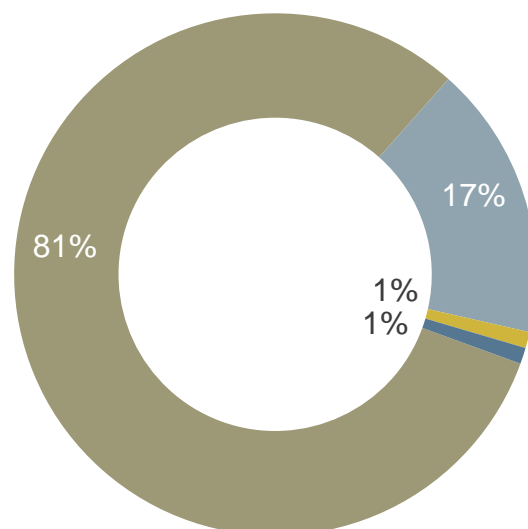
March 2016 figures unless otherwise noted

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### Existing Commitments by Private Equity NAV

24%

AGA PE Gross IRR  
Since Inception<sup>2</sup>



**AVIII**

AGA NAV: €361m  
Active Companies: 20  
Full Exits: 1  
Invested %<sup>1</sup>: 79%  
Paid In %<sup>1</sup>: 87%

**AEVII**

AGA NAV: €77m  
Active Companies: 18  
Full Exits: 16  
Invested %: 107%  
Paid In %: 99%

**AEVI**

AGA NAV: €3m  
Active Companies: 11  
Full Exits: 24  
Invested %: 105%  
Paid In %: 100%

**AMI**

AGA NAV: €3m  
Active Companies: 2  
Invested %: 11%  
Paid In %: 14%

### Upcoming Funds

**AIX**

Commitment of \$350m

Please note that AVIII has co-invested on a number of investments with AEVII, which also has co-invested on a number of investments with AEVI. As a result of the overlap, the sum of the Active Companies across the individual Apax Private Equity Funds double counts a number of the underlying holdings

1. Invested % and Paid in % shown for AVIII corresponds to figures for AVIII – EUR. The corresponding AVIII – USD figures are: Invested %: 80%, Paid In %: 87%

2. Since inception of PCV Group

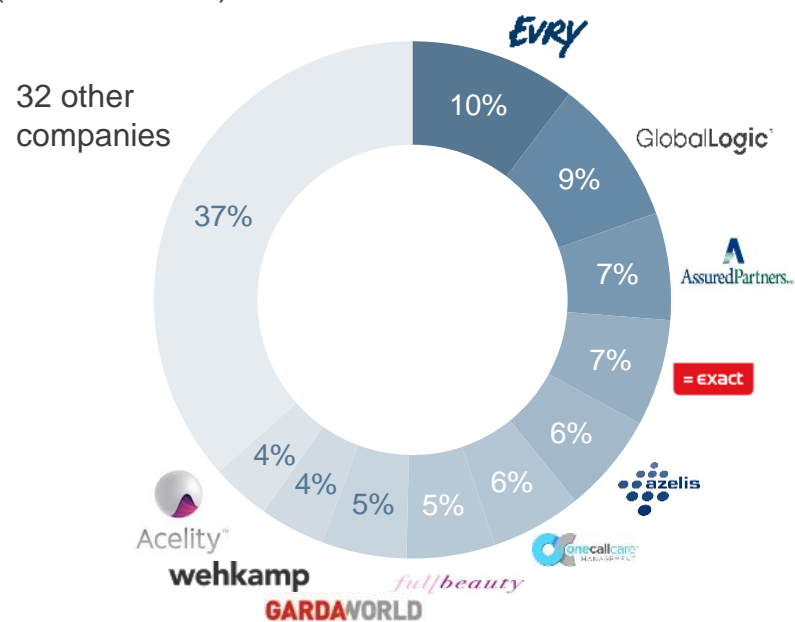
# Private Equity Portfolio Composition

## 42 companies across 4 funds

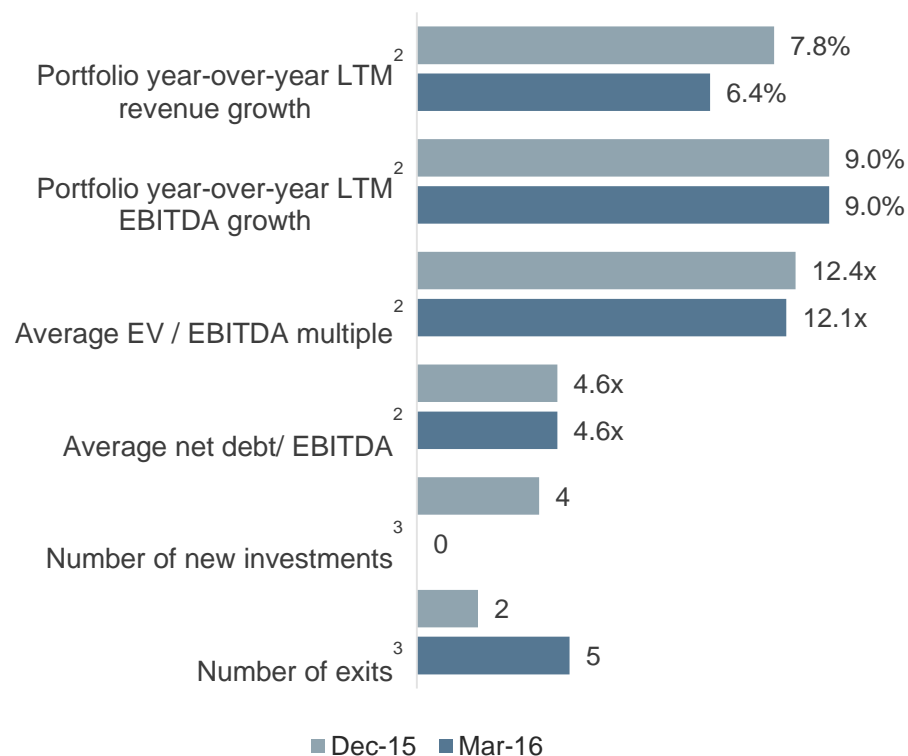
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### Look-through PE - Portfolio Composition<sup>1</sup>

(31 March 2016)



### Private Equity – Operational Metrics



LTM: Last Twelve Months

1. On a look through basis reflecting AGA's underlying exposure to investments in various Apax Private Equity Funds

2. Represents the weighted average of the respective metrics across the underlying portfolio companies using latest available information

3. Represents investments and exits during the quarter ended at the indicated date. In Q1 2016 there were 2 full exits of Rhiag and King and 3 partial exits represented by the IPO of Ascential, secondary sale of Auto Trader shares and a secondary sale of Capio shares. There were no new investments.

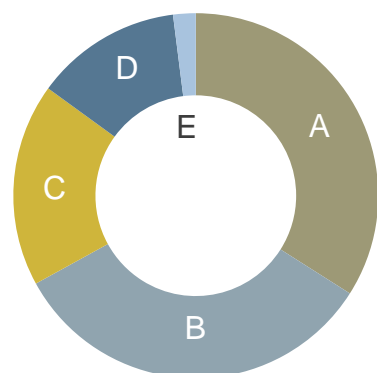
# Private Equity Portfolio Composition

## Diversification across sectors and geographies

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### Portfolio Split by Sector

(31 March 2016)

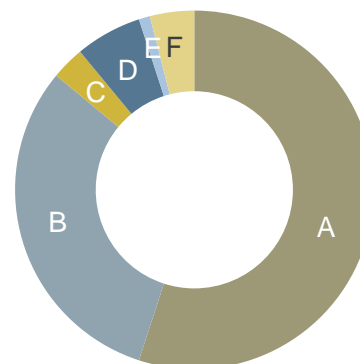


A.	Tech & Telco	34%
B.	Services	33%
C.	Consumer	18%
D.	Healthcare	13%
E.	Other	2%

- Overweight towards Tech & Telco and Services
- Largely represents 'lumpiness' of Private Equity investments
- Over longer term would expect an equal split between Tech & Telco, Services, Healthcare and Consumer

### Portfolio Split by Geography

(31 March 2016)



A.	North America	55%
B.	Rest of Europe	31%
C.	United Kingdom	3%
D.	India	6%
E.	China	1%
F.	Rest of World	4%

- Overweight towards North America. Reflection of past relative investment attractiveness
- Over longer term would expect more balance between North America and Europe
- India has presented the most attractive investment opportunities amongst emerging markets

# Case Studies

## Private Equity

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Auto Trader  
2007 –

### Thesis

- First online marketplace deal for Apax Partners
- Transformational ownership from publishing to digital platform
- Build value from organic growth and de-gearing

### Status

- Substantially realised

### Outcome

- MOIC / Gross IRR<sup>1</sup>: 4.6x / 26%



Rhiag  
2013 – 2016

### Thesis

- Apax Partners' sector focus and geographic network discovered the opportunity
- A clear market leader
- Good growth in a very stable market

### Status

- Realised

### Outcome

- MOIC / Gross IRR<sup>1</sup>: 3.2x / 71%



GlobalLogic  
2013 –

### Thesis

- Attractive new niche identified through Apax Partners' deep subsector expertise
- Global footprint
- Significant expected growth

### Status

- Unrealised

1. Returns shown represent returns to the Apax Private Equity Funds, as at 31 March 2016





# Apax Global Alpha Ltd

## AGA Derived Investments

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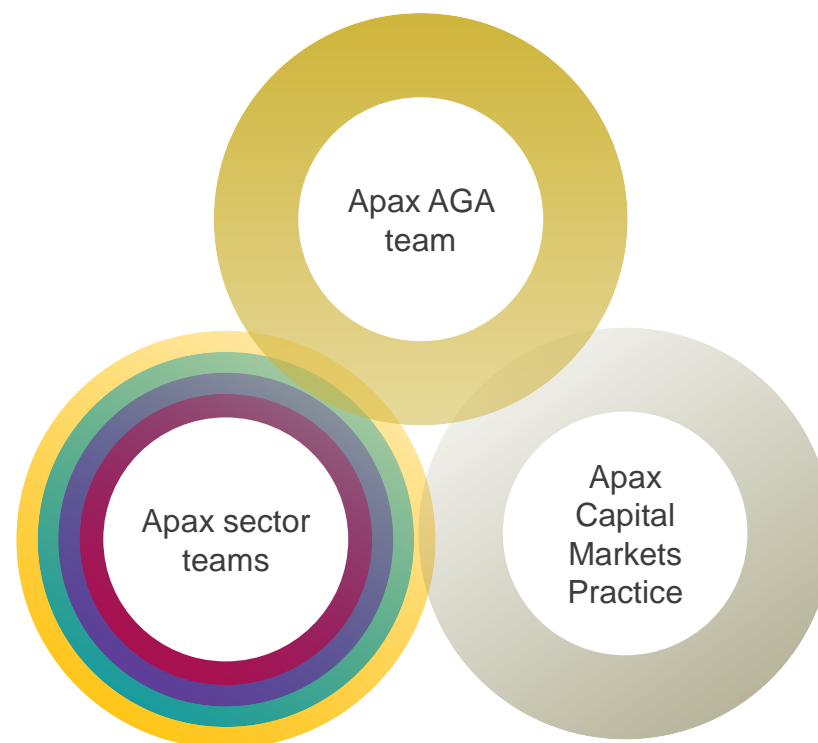
# Investment Approach

## A typical Derived Investment

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### Typical Characteristics<sup>1</sup>

- Within Apax Partners' four core sectors
- Does not fit investment criteria or investment strategy of Apax Private Equity Funds
- Non-controlling listed equity or debt investments
- Holding periods average between one and three years
- Apax Capital Markets Practice plays an integral role to support debt investments
- Focus on value investing
- Gross target returns of 10-12% for debt, 20-25% for equity across the portfolio



1. Illustrative description of the characteristics of Derived Investments that AGA would typically make. See Prospectus for definition of Derived Investments

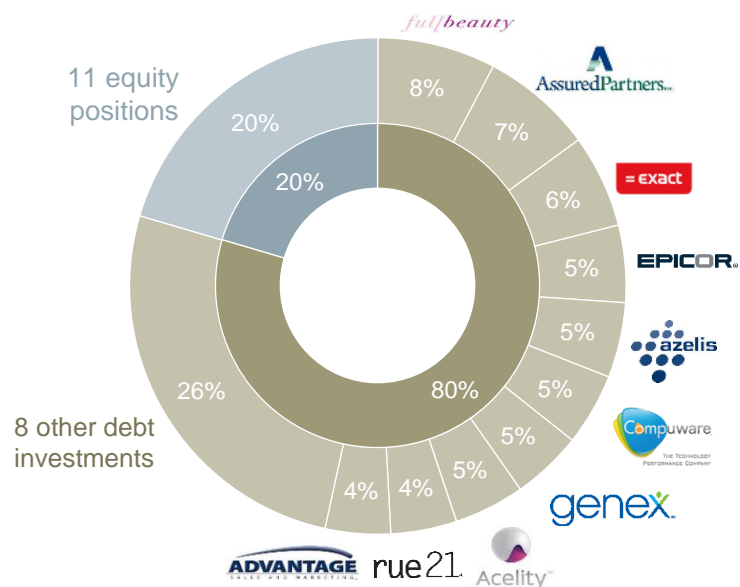
# Derived Investment Portfolio Composition

## Majority of investments in Debt

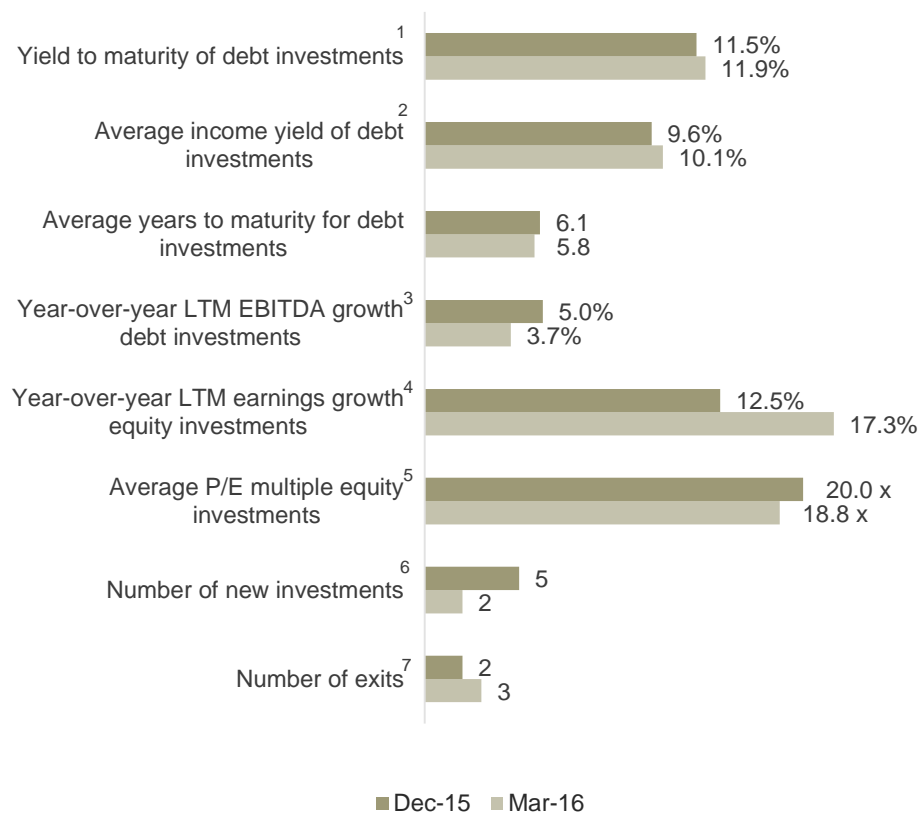
SECTOR EXPERTISE | GEOGRAPHIC FLEXIBILITY | TRANSFORMATIONAL OWNERSHIP

### Derived Investments - Portfolio Composition

(31 March 2016)



### Derived Investments – Operational Metrics



LTM: Last twelve months

1. GAV weighted average yield to maturity (YTM) of the Derived Debt Investments portfolio 2. GAV weighted average of the current full year income (annual coupon/clean price as at 31 March 2016) for each debt position in the Derived Debt Investments at 31 March 2016 3. GAV weighted average of latest available year-over-year LTM EBITDA growth of the underlying Derived Debt Investments

4. GAV weighted average of latest available year-over-year LTM earnings growth of the underlying Derived Equity Investments 5. GAV weighted average Price Earnings multiple of Derived Equity Investments 6. New investments in equity in Q1 2016 represents one new investment in Sophos and an add-on position in Strides Shasun Ltd 7. Disposals in Q1 2016 consisted of one debt realisation in Physiotherapy 2<sup>nd</sup> lien debt and realisation of listed investments Greene King and Zhaopin



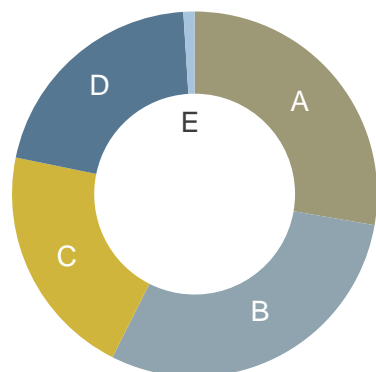
# Derived Investment Portfolio Composition

## Diversification across sectors and geographies

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### Portfolio Split by Sector

(31 March 2016)

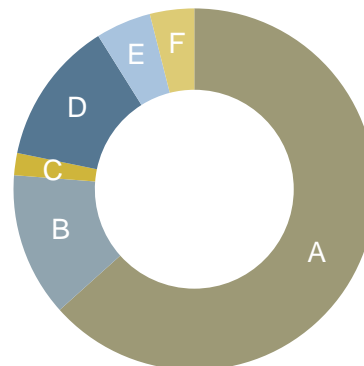


A.	Tech & Telco	28%
B.	Services	30%
C.	Consumer	21%
D.	Healthcare	21%
E.	Other	1%

- Overweight towards Tech & Telco and Services
- Sector split for Derived Investments follow sector approach of Private Equity
- 16 of 29 Derived Investments are currently portfolio companies of Apax Private Equity Funds<sup>1</sup>

### Portfolio Split by Geography

(31 March 2016)



A.	North America	64%
B.	Rest of Europe	13%
C.	United Kingdom	2%
D.	India	13%
E.	China	5%
F.	Switzerland	4%

- Overweight towards North America largely driven by Debt investments
- Reflection of relative investment attractiveness of US junior debt markets
- India and China investments are Equity only

1. As at 31 March 2016

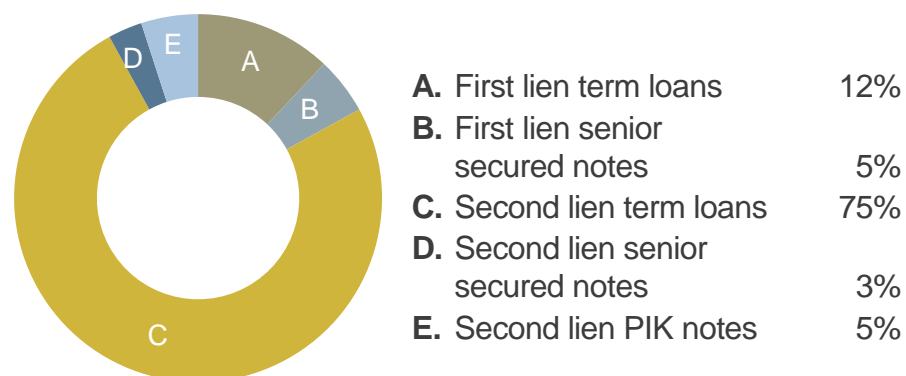
# Derived Debt Investment Portfolio Composition

## Focus on junior debt – majority is floating rate

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### Portfolio Split by Debt Category

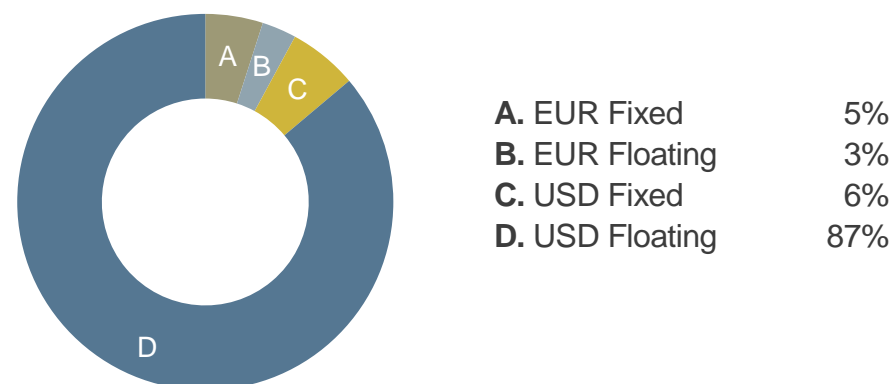
(31 March 2016)



- Portfolio is overweight towards junior debt
- Private Equity insight critical in evaluating value for these tranches
- All but 5% of portfolio is cash pay

### Portfolio Split by Type of Instrument

(31 March 2016)



- 90% of portfolio is in floating rate instruments. Significantly mitigates interest exposure
- USD focus reflects geographical exposure of portfolio

# Case Studies

## Derived Investments

### Debt example: Synlab – senior unsecured bond

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Synlab  
2015 – 2015

#### Thesis

- Company initially considered by Apax Partners from a potential PE deal perspective, giving excellent knowledge of the business
- Strong growth and cash flow profile
- Potential upside to the marketed synergies
- At issuance, pricing offered relative value to comparable bonds

#### Status

- Realised

#### Outcome

- MOIC / Gross IRR<sup>1</sup>:  
1.1x / 18.7%

### Debt example: second lien loan



Berlin  
Packaging  
2014 –

#### Thesis

- Company initially considered by Apax Partners from a potential PE deal perspective
- Historically stable business with strong credit fundamentals
- Good risk/return profile compared to other available opportunities

#### Status

- Unrealised

### Equities example



Telecity  
Group  
2014 – 2015

#### Thesis

- Apax Partners familiar with European data centre markets from previous PE activities
- Valuations at a substantial discount to peers
- Poised to increase its equity value from organic growth with no multiple expansion
- Potential to re-rate to peers from strong execution or strategic takeover

#### Status

- Realised

#### Outcome

- MOIC / Gross IRR<sup>1</sup>:  
1.5x / 171%

### Equities example

1. Realised returns

# Endnotes

## References to Apax Private Equity Funds

Private Equity Funds advised by Apax Partners LLP to which AGA is committed are AMI Opportunities Fund ("AMI"), Apax VIII ("AVIII") – consisting of a Euro tranche ("AVIII – EUR") and a US Dollar tranche ("AVIII – USD") – Apax Europe VII ("AEVII") and Apax Europe VI ("AEVI"). Please note that throughout this Presentation both the funds full name and abbreviated forms are used interchangeably.

## Information with Respect to AGA Performance including Gross IRRs, Net IRRs and MOICs

Where we discuss trading or investment performance for periods prior to the acquisition of PCV Lux S.C.A. by AGA and AGA's listing on 15 June 2015, these include trading and investment performance of PCV Lux S.C.A. ("PCV") and its subsidiaries (collectively the "PCV Group") prior to the acquisition of AGA. "Gross IRR" as used throughout this Presentation, and unless otherwise indicated, means an aggregate, annual, compound, gross internal rate of return calculated on the basis of cash receipts and payments together with the valuation of unrealised investments at the measurement date. Foreign currency cash flows have been converted at the exchange rates applicable at the date of receipt or payment by the relevant entity.

For the Company's Private Equity Investments, Gross IRR is net of fees and carried interest paid to the underlying investment manager and/or general partner of the relevant fund. For Derived Investments, Gross IRR does not reflect expenses to be borne by the relevant investment vehicle or its investors including, without limitation, performance fees, management fees, taxes and organisational, partnership or transaction expenses. "Net IRR" means Gross IRR less any expenses borne by the relevant investment vehicle or its investors including, without limitation, carried interest, management fees, taxes and organisational or transaction expenses. Please note that Multiples of Invested Capital ("MOICs") are presented in this Presentation on the basis indicated.

In certain instances, the Gross IRR shown is a Concurrent IRR, meaning a gross annual IRR, calculated as if the first cash flow associated with all investments started in the same month.

Where AGA IRRs are shown "since inception", returns are based on unaudited data since inception of the PCV Group in August 2008 to 31 March 2016.