

Apax Global Alpha Limited

Full year results for the year ended 31 December 2023

Apax Global Alpha (LON:APAX), the closed-ended investment company providing access to the Apax Private Equity Funds, today announced its full year results for the year ended 31 December 2023.

Key highlights

- AGA's Adjusted NAV¹ was €1.29bn (FY22 €1.30bn) in 2023, equivalent to an Adjusted NAV per share of €2.62/£2.27. Movement in Adjusted NAV was driven by an increase in NAV of the Debt and Private Equity portfolios, offset by €65m of dividends paid to shareholders and FX movements.
- Total NAV Return² was 4.1% (6.1% constant currency), with significant return contribution from the Debt portfolio, a unique feature of AGA which absorbs capital not invested in Private Equity to generate returns and income.
- Private Equity performance was primarily driven by earnings growth across the underlying portfolio companies, with average LTM EBITDA³ growth of 18.0% at 31 December 2023, broadly in line with the prior year (FY22 18.5%).
- AGA received €90m in distributions from the Apax Funds during the year, including from six full exits achieved at an average uplift of 20%⁴.
- During 2023, AGA deployed c.€95m on a look-through basis across ten new investments⁵. The majority of this capital was invested in the second half, as the outlook improved, and more compelling opportunities emerged.
- Consistent with previous periods, and in the context of the Private Equity commitments made by AGA and future calls, the Debt portfolio maintained a greater exposure to first lien loans. The portfolio achieved a Total Return² of 11.8% in the year (14.4% constant currency).
- During 2023, and in light of the increasing share price discount to NAV, the Board undertook a detailed review of the Company's capital allocation policy. No change was made, but a key priority was reaffirmed to ensure continued cash returns to shareholders via regular dividends. The Board is pleased to have now returned c.€444m, or c.50% of the original IPO NAV, to shareholders in this way and has determined a final dividend of 5.64 pence per share for 2023, expected to be paid on 4 April 2024.
- Post year-end, on 1 March 2024, Karl Sternberg joined the Board as a Non-Executive Director. It is intended that he will replace Tim Breedon as Chairman in the second half of 2024. Concurrent with Karl's appointment, Chris Ambler retired as a Director on 1 March, after nearly nine years in the role.

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

"Over the past five years AGA has delivered an average Total NAV Return of nearly 13% p.a. and returned more than €300m in dividends to shareholders. The NAV contribution from both the Debt and Private Equity portfolios against the more challenging economic backdrop of 2023 highlights the strength of the Company's strategy. With investment activity in Private Equity ramping up in the second half of the year, there is strong momentum across the portfolio, with Apax's focus on driving performance through operating value creation being well suited in current markets."

Financial highlights

- AGA was 93% invested as at 31 December 2023 and had unfunded commitments to the Apax Funds (together with recallable distributions) of €919m, reducing by c.€86m from 31 December 2022: (c.€1.0bn).
- At 31 December 2023, AGA's invested portfolio was split 74% in Private Equity and 25% in Debt Investments, with the remaining 1% invested across three Derived Equity positions.
- At the period end, AGA had €94m in cash (including net current assets) in anticipation of capital calls from Apax XI, ADF, and AGI and the dividend payable in Q1 2024.

- 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 was undrawn as at 31 December 2023.

	FY 2023 (EUR)	FY 2023 (GBP)	FY 2022 (EUR)	FY 2022 (GBP)
Adjusted NAV ¹	1,288m	1,116m	1,299m	1,150m
Adjusted NAV ¹ per share	2.62	2.27	2.65	2.34
NAV ¹ per share	2.64	2.28	2.65	2.34

	% of NAV	FY 2023	FY 2023 constant currency
Total NAV Return ²		4.1%	6.1%
Total Return ² – Private Equity	69%	2.4%	4.5%
Total Return ² – Debt Investments	23%	11.8%	14.4%
Total Return ² – Derived Equity	1%	14.8%	16.8%
Cash & Others	7%		

Portfolio highlights

- AGA offers access to a global portfolio of mostly private companies that are not available to public market investors elsewhere.
- The invested portfolio is well diversified across the four Apax sectors with Tech & Digital (41%) making up the largest exposure, followed by Services (27%), Healthcare (15%), and Internet/Consumer (17%) at 31 December 2023.
- The Private Equity portfolio is balanced across Apax Fund vintages, with 40% in the investing phase, 38% in the maturity phase, and 22% in the harvesting phase.
- In the Private Equity portfolio, valuation multiples decreased slightly from 17.2x to 16.6x at 31 December 2023, having already readjusted from the peak in December 2021. Most of the decline was due to negative movements from the Apax Funds' listed holdings which represented c.7% of the Private Equity portfolio at 31 December 2023. Average leverage reduced to 4.6x net debt / EBITDA at year-end (FY22: 4.8x).
- Capital not invested in Private Equity is primarily invested in Debt Investments to absorb excess liquidity not invested in Private Equity, thereby limiting cash drag, producing additional returns, and enhancing the robustness of AGA's balance sheet.
- Over the last five years, the Debt portfolio has achieved a 45.9% cumulative constant currency Total Return, versus 32.5% for the S&P/LSTA Leveraged Loan Index in the same 5-year period⁶.
- AGA invested €45.2m across four new Debt positions and received €100.6m from ten full and partial disposals.
- AGA still has a small exposure to Derived Equity, and following the sale of two positions in 2023, AGA currently holds three positions valued at €15.6m.

For further information regarding the announcement of AGA's FY 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 Adjusted NAV

Adjusted NAV movements (€m)	Private Equity	Debt Investments	Derived Equity	Cash	Treasury Shares/ Facility drawn	Other ⁷	Total
Adjusted NAV at 31.12.22	871.0	340.6	23.5	68.0	-	(3.7)	1,299.4
+ Investments	89.7	45.2	-	(128.1)	-	(6.8)	-
- Distributions/ divestments	(90.4)	(100.6)	(10.6)	202.2	-	(0.6)	-
+ Interest and dividend income	-	-	-	31.2	-	6.3	37.5
+/- Gains/(losses)	38.4	17.2	3.0	-	-	-	58.6
+/- FX gains/(losses) ⁸	(18.0)	(8.2)	(0.3)	0.3	-	-	(26.2)
+/- Costs and other movements	-	-	-	(6.9)	-	(2.9)	(9.8)
- Dividends paid	-	-	-	(65.3)	-	-	(65.3)
+/- Performance fee reserve ⁹	-	(6.0)	(0.6)	-	-	-	(6.6)
+/- Shares purchased	-	-	-	-	-	-	-
+/- Revolving credit facility drawn/repaid	-	-	-	-	-	-	-
Adjusted NAV at 31.12.23	890.7	288.2	15.0	101.4	-	(7.7)	1,287.6

Private Equity – operational metrics

Private Equity – operational metrics	31 December 2023	31 December 2022
Portfolio year-over-year LTM revenue growth ³	12.1%	21.5%
Portfolio year-over-year LTM EBITDA growth ³	18.0%	18.5%
Enterprise Value / EBITDA valuation multiple ³	16.6x	17.2x
Net debt / EBITDA multiple ³	4.6x	4.8x

Debt Investments – operational metrics

Debt Investments – operational metrics	31 December 2023	31 December 2022
Debt average yield to maturity	12.0%	12.1%
Debt average years to maturity	4.4	5.1
Debt average income yield	10.4%	9.9%

Other Invested Portfolio highlights

Invested Portfolio analysis ¹⁰	€m	€m	%	%
- AEVI	2.3		0%	
- AEVII	25.2		2%	
- AVIII	60.9		5%	
- AIX	268.0		22%	
- AX	447.3		37%	
- AXI	4.1		0%	
- AMI	14.9		1%	
- AMI II	(0.5)		0%	
- ADF	53.6		5%	
- ADF II	8.9		1%	
- AGI	6.0		1%	
Private Equity		890.7		74%
Debt Investments		294.2		25%
Derived Equity		15.6		1%
Total		1,200.5		100%

Footnotes

- 1 Adjusted NAV reflects Total NAV of €1,294.2m less performance fee reserve of €6.6m
- 2 "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
- 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 FY 2023. For Apax Funds which are yet to hold their final close, these amounts remain subject to change due to equalisation adjustments
- 6 Debt Investments 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 31 December 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 €1,294.2m and Adjusted NAV was €1,287.6m reflecting adjustment of €6.6m 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 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.