



Bridgepoint Group Plc **2021 Preliminary Results**

24 March 2022





William Jackson

Executive Chairman



Bridgepoint 2021 preliminary results: performance snapshot



- First set of results since July 2021 IPO
- Performance ahead of expectations set at IPO
- Revenues up by 41% and profits up by 72% from 2020
- Better than expected fund performance in 2021
- Good start to 2022
- Fund raisings on track

Bridgepoint recap: a global leader in private assets investing

176
investment
FTEs, **10**
offices

- Scalable platform
- On the ground presence
- High quality origination
- Very experienced team

30 year
track
record

- Delivering compelling investor and shareholder returns
- We construct “all weather” portfolios
- Relevant and suited to current conditions

High
Quality
Returns

- BE V currently harvesting
- Diversified by geography, sector and timing of investment
- On track for gross returns of over 2.5x MM

€33bn
AUM,
>400
investors

- Blue chip investor base
- Responsible investor supporting growth companies
- AUM grown >10x over last 20 years

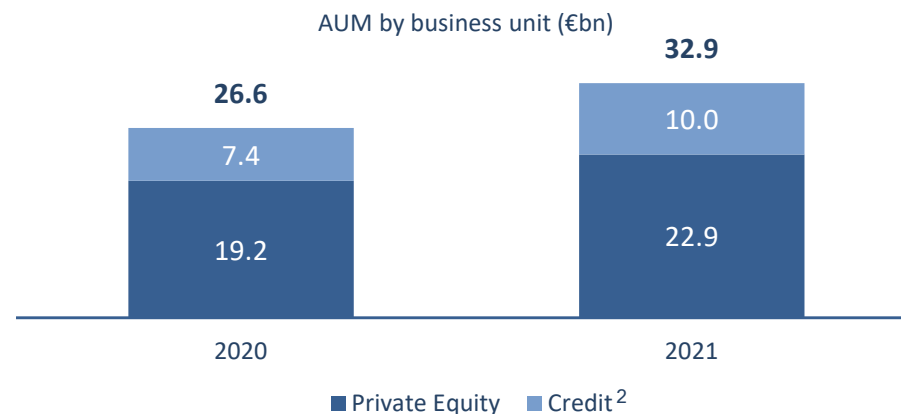
Average contractual fund life of 9.3 years

Strong 2021 performance – 72% growth in EBITDA and PBT¹

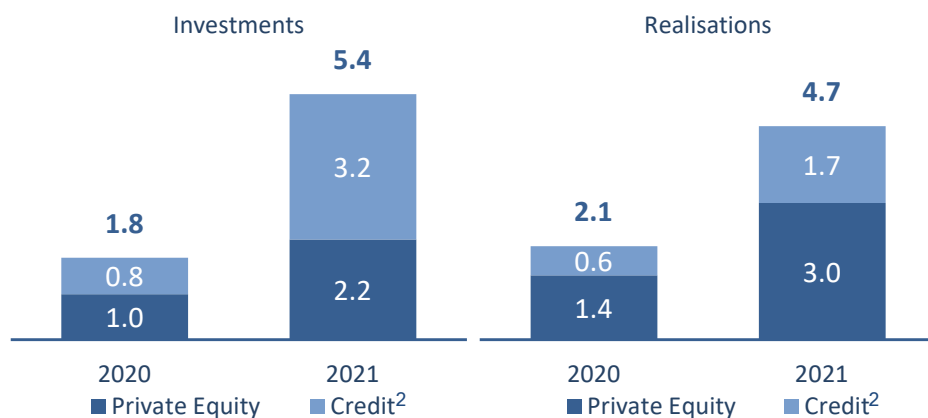
Strong investment performance

- Strong investment returns and valuation uplifts in 2021
- Capital deployment on plan
- Capital returns ahead of plan

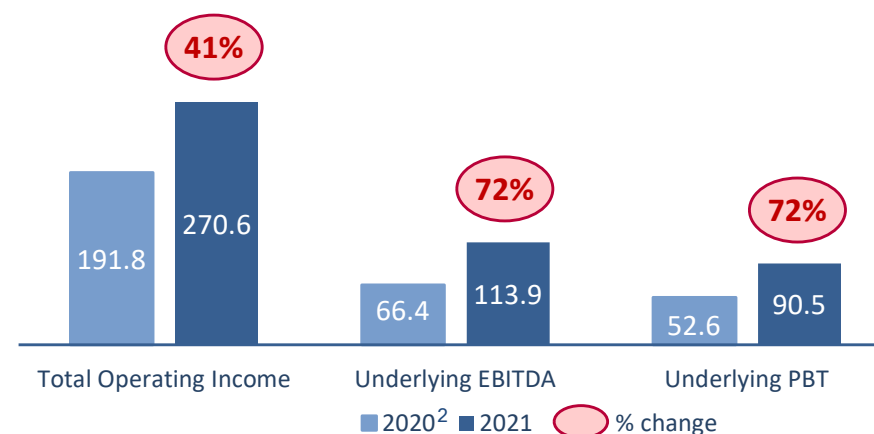
Growth in AUM (€bn)



Increased deal activity (€bn)



Material growth in financial results (£m)

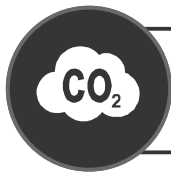


Bridgepoint: fund raising and fund investment progress



- Fund raising market remains congested as previously noted but good progress with BE VII and DL III: targets unchanged
- Strong investment activity in BE VI:
 - Highly accretive bolt-on programme accelerated in Q4 2021
 - Fund now over 90% committed
 - Investment discipline strictly maintained
 - Transition guidance for BE VI to BE VII: 30 June 2022
- Strong returns of capital from private equity funds: €3.3 billion in 2021

The right kind of returns



The environment

We are committed to supporting the transition to net zero and for all portfolio businesses to achieve net zero by 2040

Target: all portfolio companies to have net zero strategy in place by the end of 2023 or within 12 months of Bridgepoint investment



Diversity, equity and inclusion

We aim for Bridgepoint and our portfolio companies to be even more reflective of the communities in which we operate

Target: investment team 40% women

Actioned: Bridgepoint companies have diverse Boards and we are intent on further improving their diversity



Our communities

We believe that businesses should be a force for good

Target: as Bridgepoint portfolio businesses grow they:

- Create new jobs
- Generate greater tax revenues
- Continue to pay fair wages
- Contribute more to their communities



Governance

We believe well-governed businesses perform better and are more resilient

Actioned: work with portfolio companies to put policies in place on:

- Cyber security
- Grievance procedures
- GDPR
- Bribery and corruption
- Modern slavery
- Whistleblowing

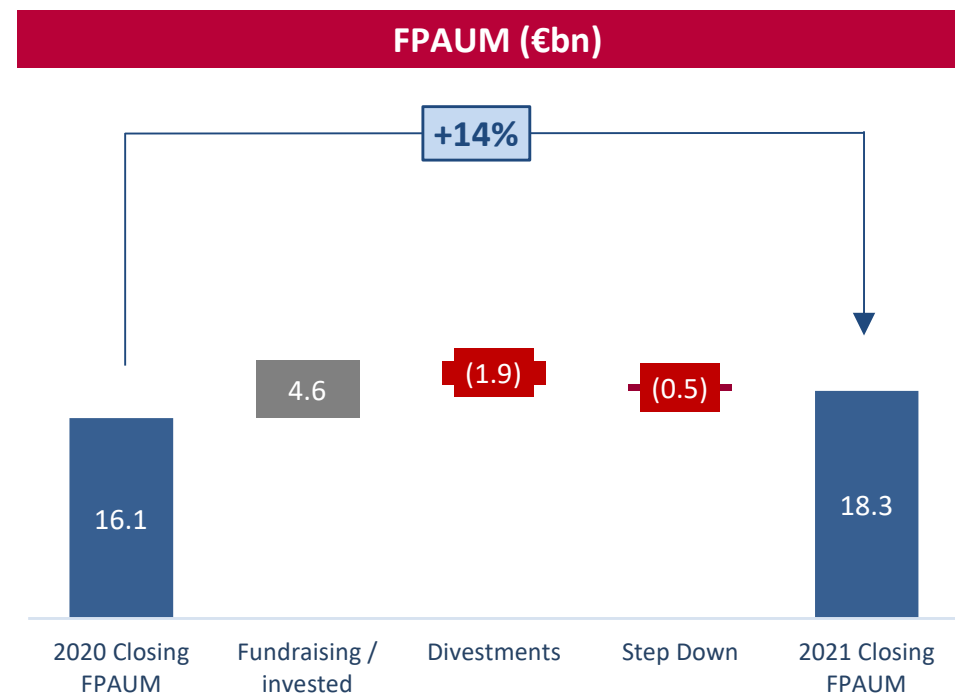
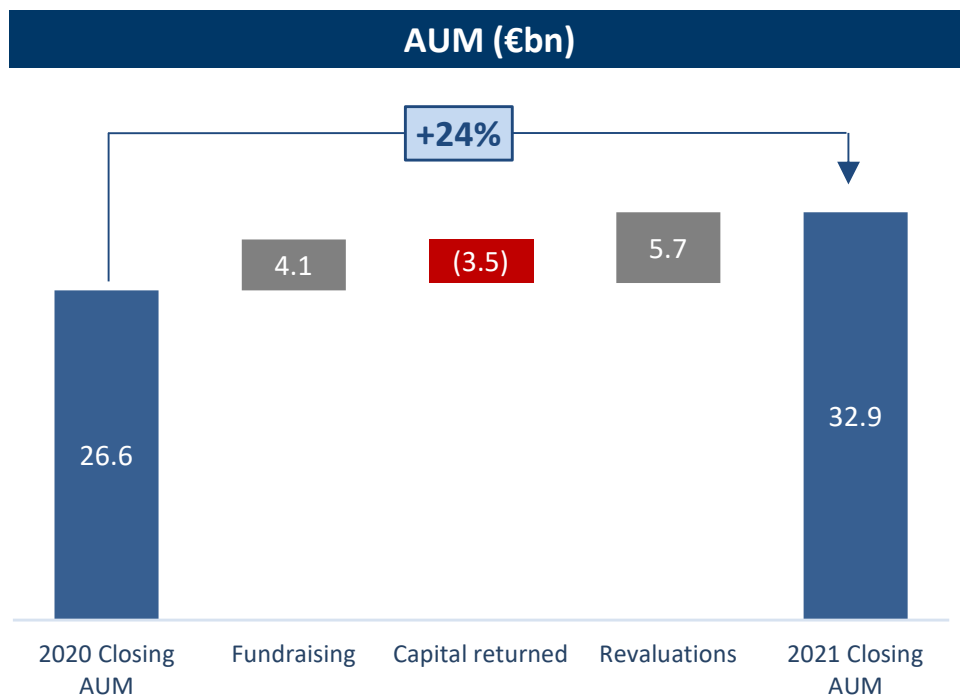


Adam Jones

Chief Financial Officer



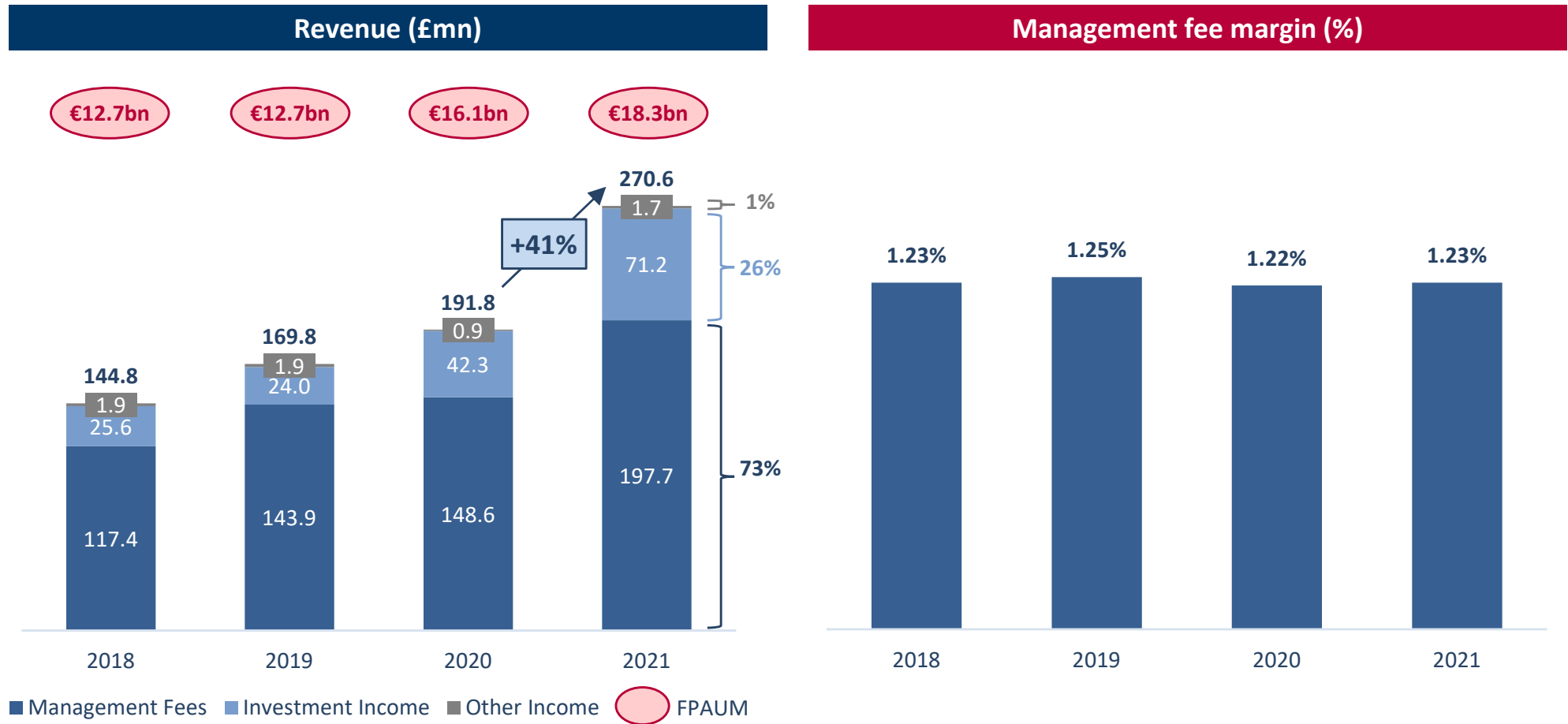
Growth of AUM & FPAUM...



- Credit fundraises made excellent progress
- Capital returns ahead of plan
- Strong revaluation of fund investments

- BDC IV became fee paying in 2021
- Increased invested capital in Credit strategies

... combined with stable fee margins and strong investment performance drives significantly enhanced revenue



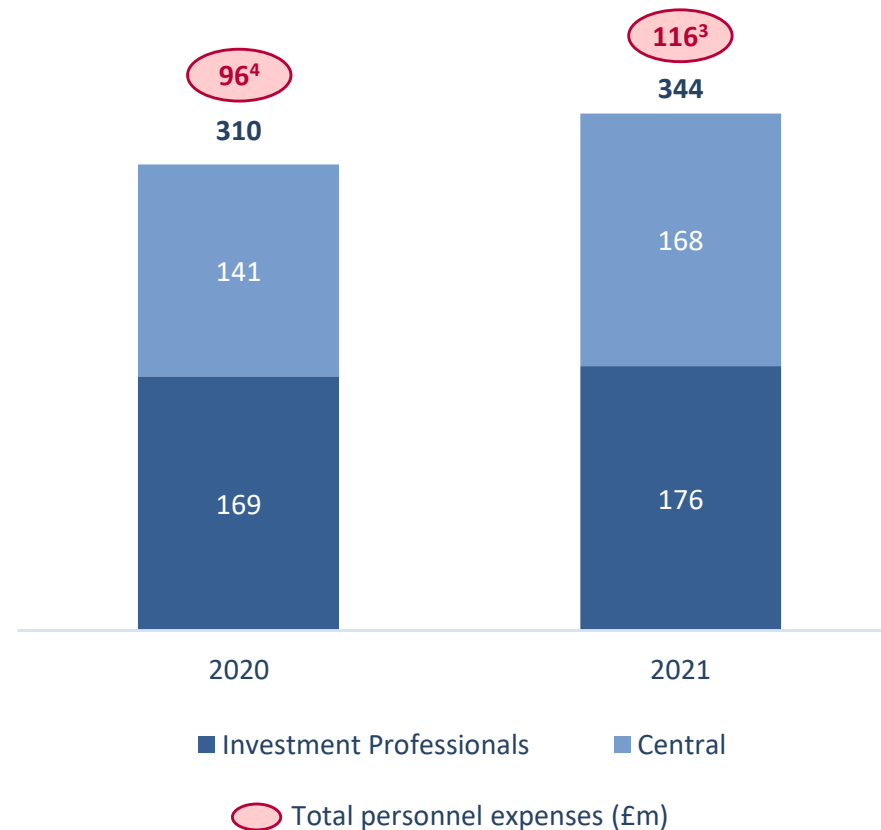
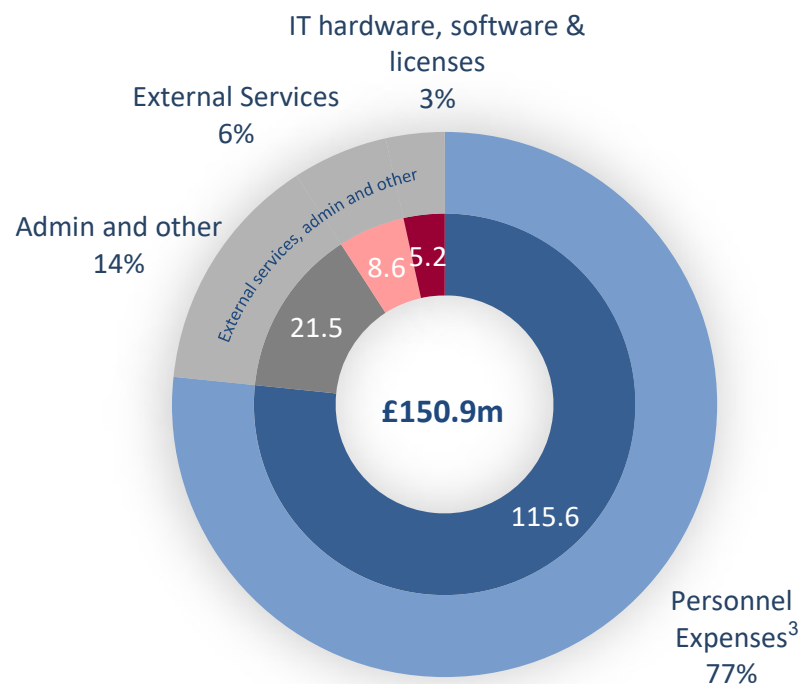
We expect fee margins to remain stable

Investment made ahead of future growth



Breakdown of operating expenses³ (£m)

FTE growth

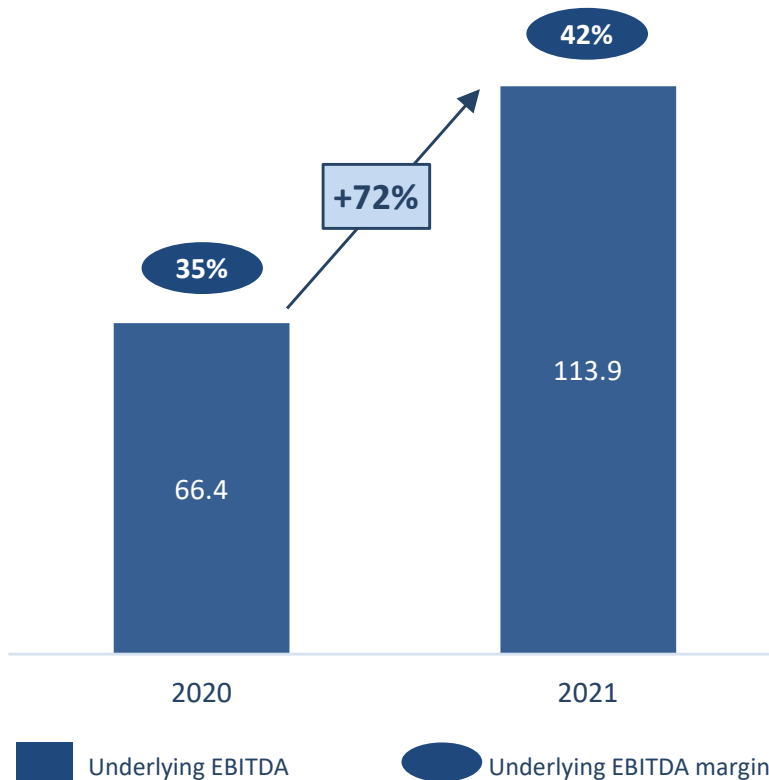


Further investment in Credit, IR and Specialist teams in 2021, including plc roles, will conclude in 2022. Modest growth in headcount and personnel costs planned after 2022 given recent investment in central functions

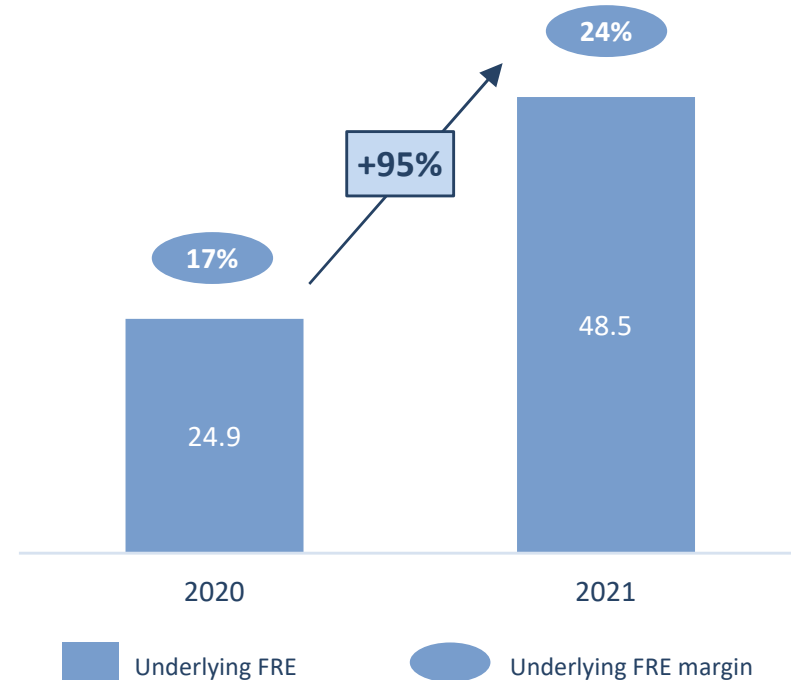
Operating leverage drives EBITDA and FRE growth



Underlying EBITDA growth⁵ (£m)



Underlying FRE growth⁶ (£m)

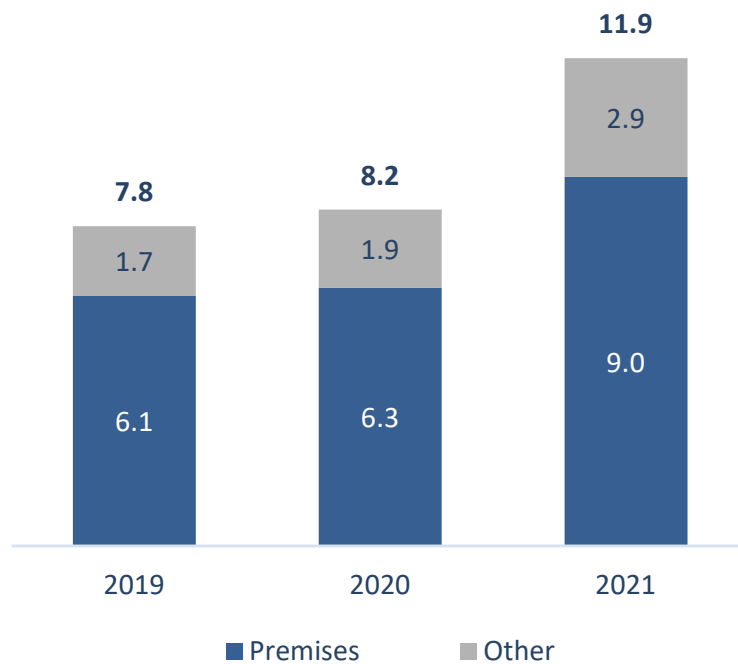


Making progress towards longer term FRE margin of 45-50%

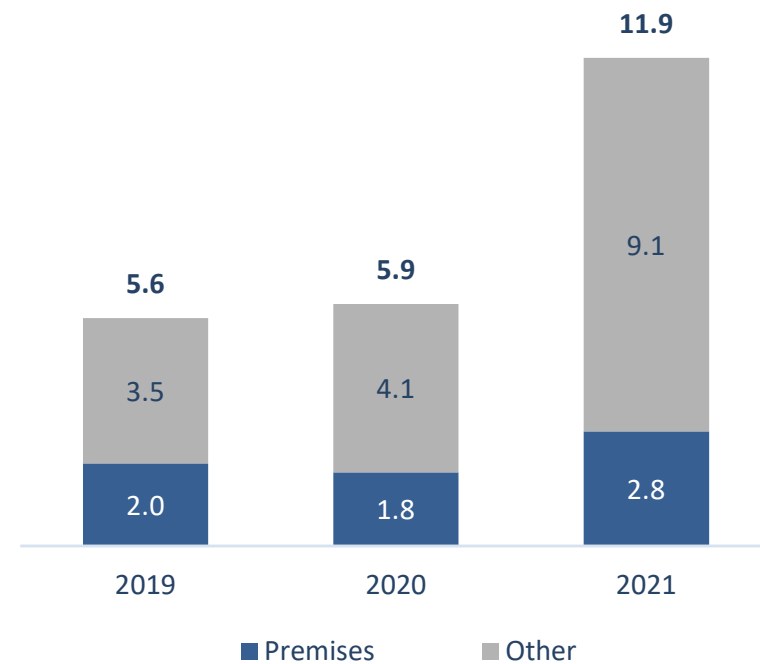
Limited costs below EBITDA



Depreciation (£m)



Finance costs⁷ (£m)

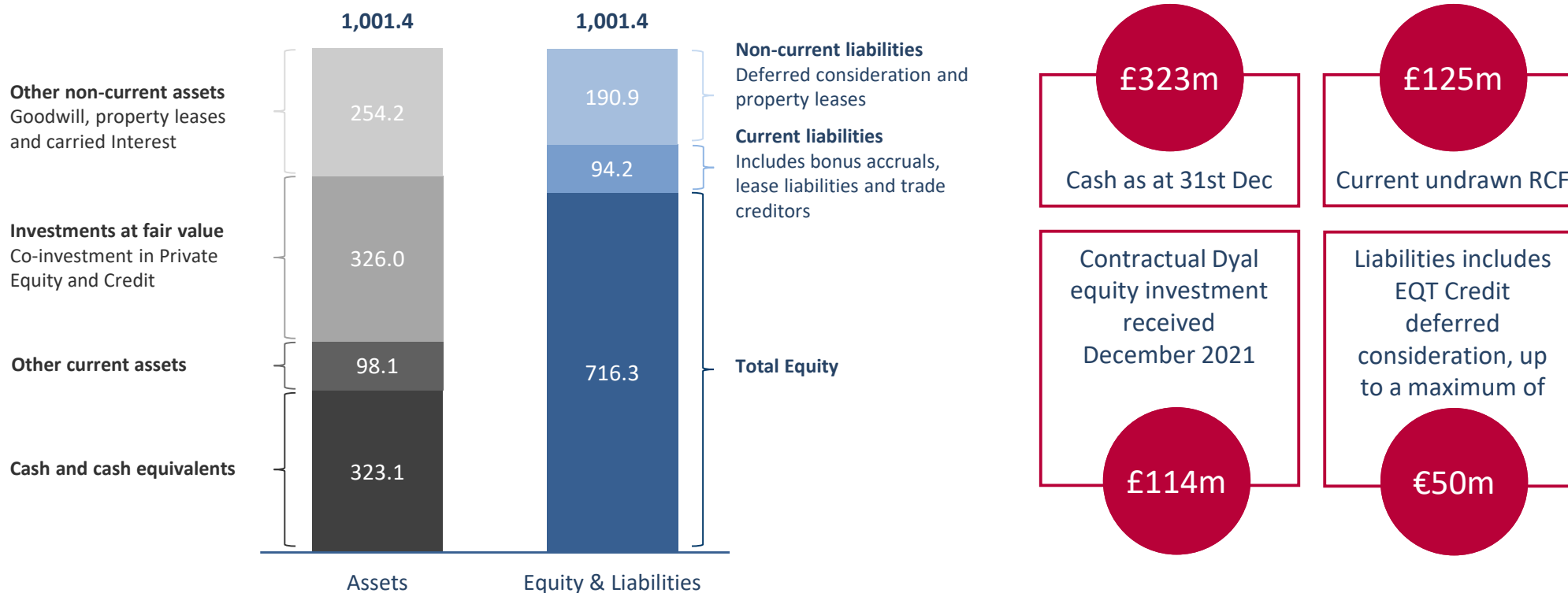


2021 premises costs reflect impact of transition year for London premises: expected to peak in 2022 and then normalise in 2023

Simple and capital light balance sheet



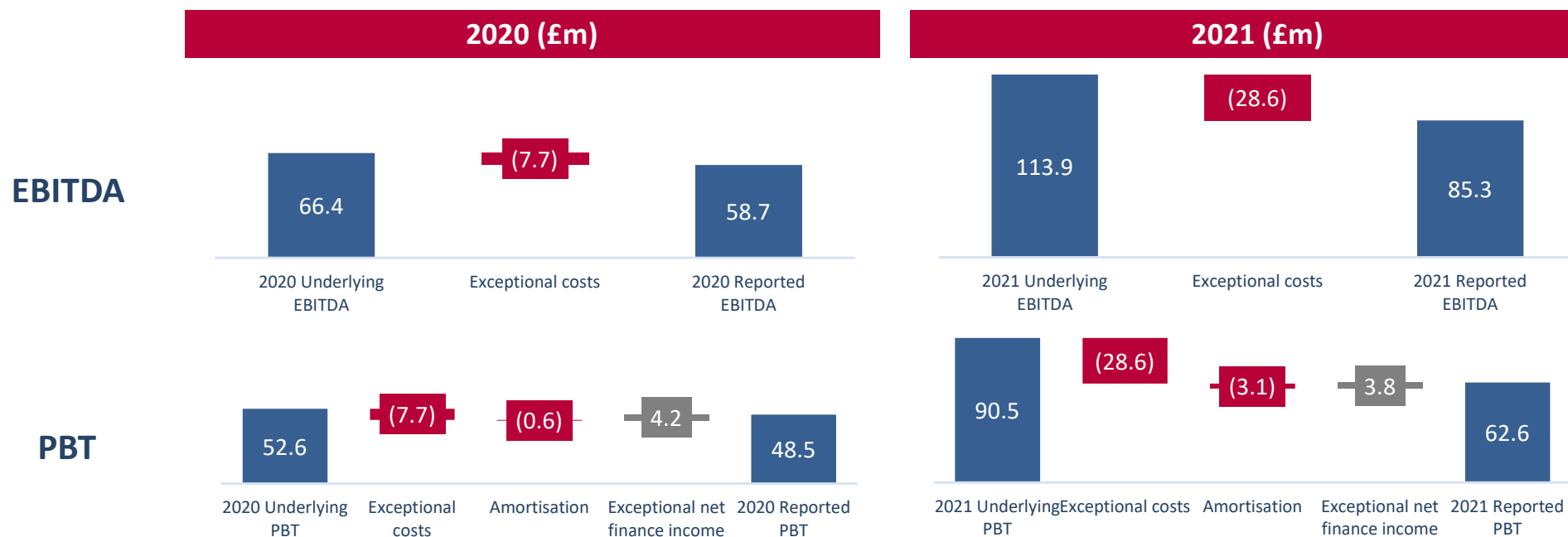
High level overview of the underlying balance sheet⁸ (31 December 2021 excluding CLOs)



Asset light model – co-investments represent just 1.2% of AUM

Preliminary Statutory P&L

Preliminary Statutory P&L and exceptional items



Underlying PBT excludes exceptional costs, the amortisation of EQT Credit customer relationship asset and exceptional finance income

- 2021 exceptional costs are IPO costs (£27.1m), costs relation to the EQT Credit acquisition (£1.0m) and strategic M&A costs (£0.5m)
- Total IPO costs were £45.5m, which includes £18.4m in equity
- Exceptional finance income made up of discount unwind on Dyal receivable and remeasurement of EQT deferred consideration

Dividend and guidance



Dividend

- Dividend of £30 million or 3.64 pence per share proposed in respect of the period since IPO
- We expect to grow our dividend progressively as our business scales

Guidance

- Transition guidance for BE VI to BE VII: 30 June 2022
- Management fee rates expected to continue to remain stable across our businesses
- Investment income guidance unchanged
- Target of 2-3% co-investments in future funds
- Expect modest growth in headcount and personnel costs (relative to fee rate growth) over near term after 2022
- FRE margin expected to reach 45-50% in longer term
- Effective tax rate guidance remains unchanged



William Jackson

Executive Chairman





Strong start to 2022

- Sale of Miller Homes (4.0x MM)
- Sale of Element Materials (3.7x MM)
- Total of €1.8 billion from exits to be returned to fund investors
- Funds deployment on target



Business development

- Continue to make progress towards adding a third strategy
- Board and its committees working well
- Will appoint two further NEDs in the next year

Outlook for 2022



Q&A



Appendix



Predictable revenues – committed capital fee model (1/2)

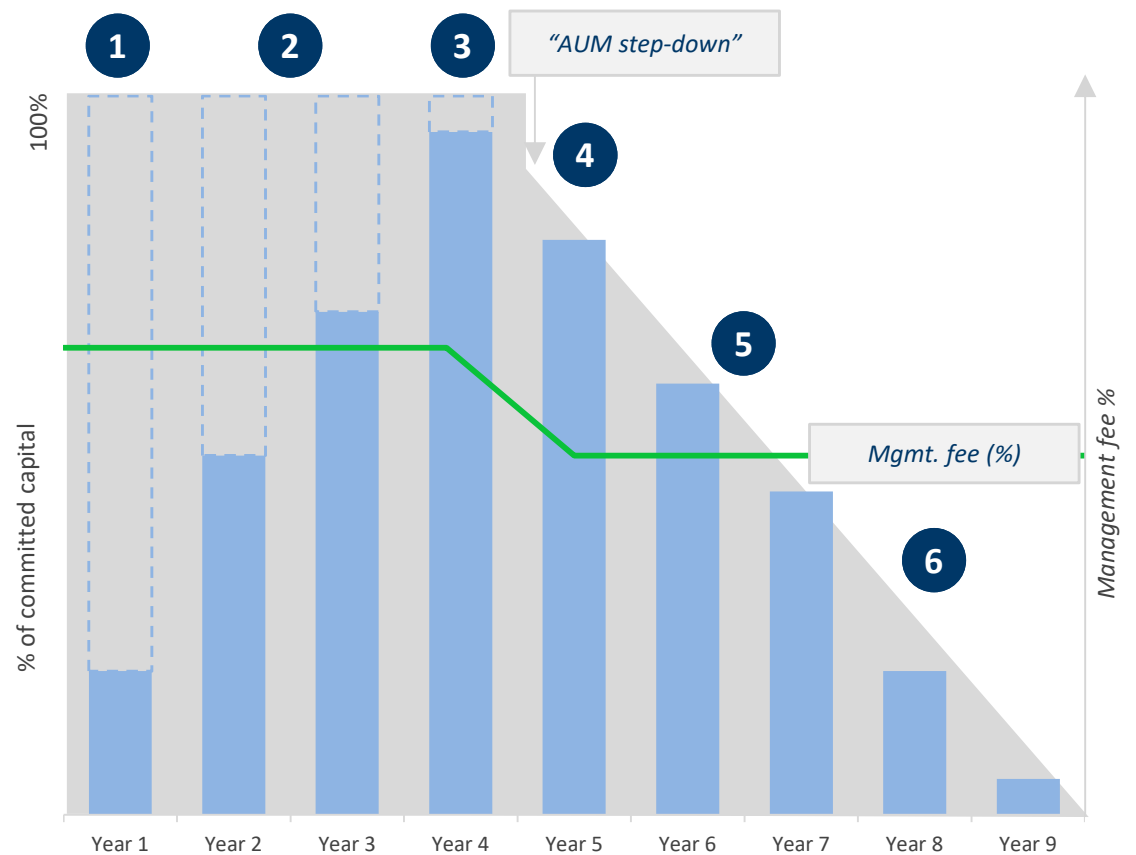


Illustrative

All Private Equity funds
Credit Opportunities I – III

AUM (fee-paying) Acc. Invested capital
Management fee (%)

- 1 A fund is raised and fees are charged on **total committed capital** (typically 1.5% - 2.0%)
- 2 As long as the fund invests in new portfolio companies, fees are charged on committed capital
- 3 Successor fundraisings normally launched when 85-90% of the fund is invested
- 4 Management fee is then charged on **invested capital**
- 5 **Management fee reduces from 1.5% to 1.2%** for flagship funds after the step-down on remaining invested capital
- 6 As the fund exits companies, the **invested capital base is reduced**. After c.10 years, the fund is typically terminated



Predictable revenues – invested capital fee model (2/2)



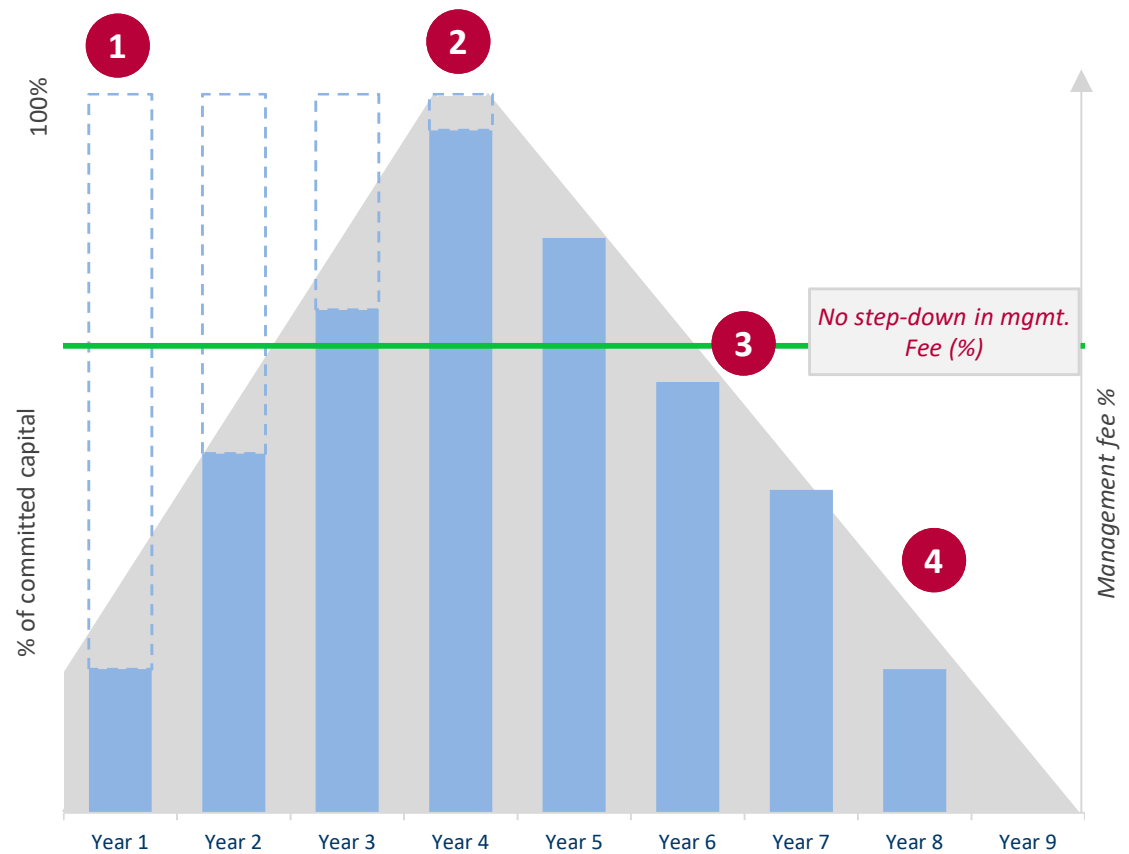
All Direct Lending funds
 Future Credit Opportunities funds

Illustrative

AUM (fee-paying)
 Acc. Invested capital

 Management fee (%)

- 1 Fund is raised and fees are charged on **total invested capital** throughout the fund life
- 2 Successor fundraisings normally launched when 85-90% of the fund is invested
- 3 **Same fee rate** is still charged after investment period ends
- 4 As the fund exits companies, the **invested capital base is reduced**. After 8–12 years, the fund is typically terminated



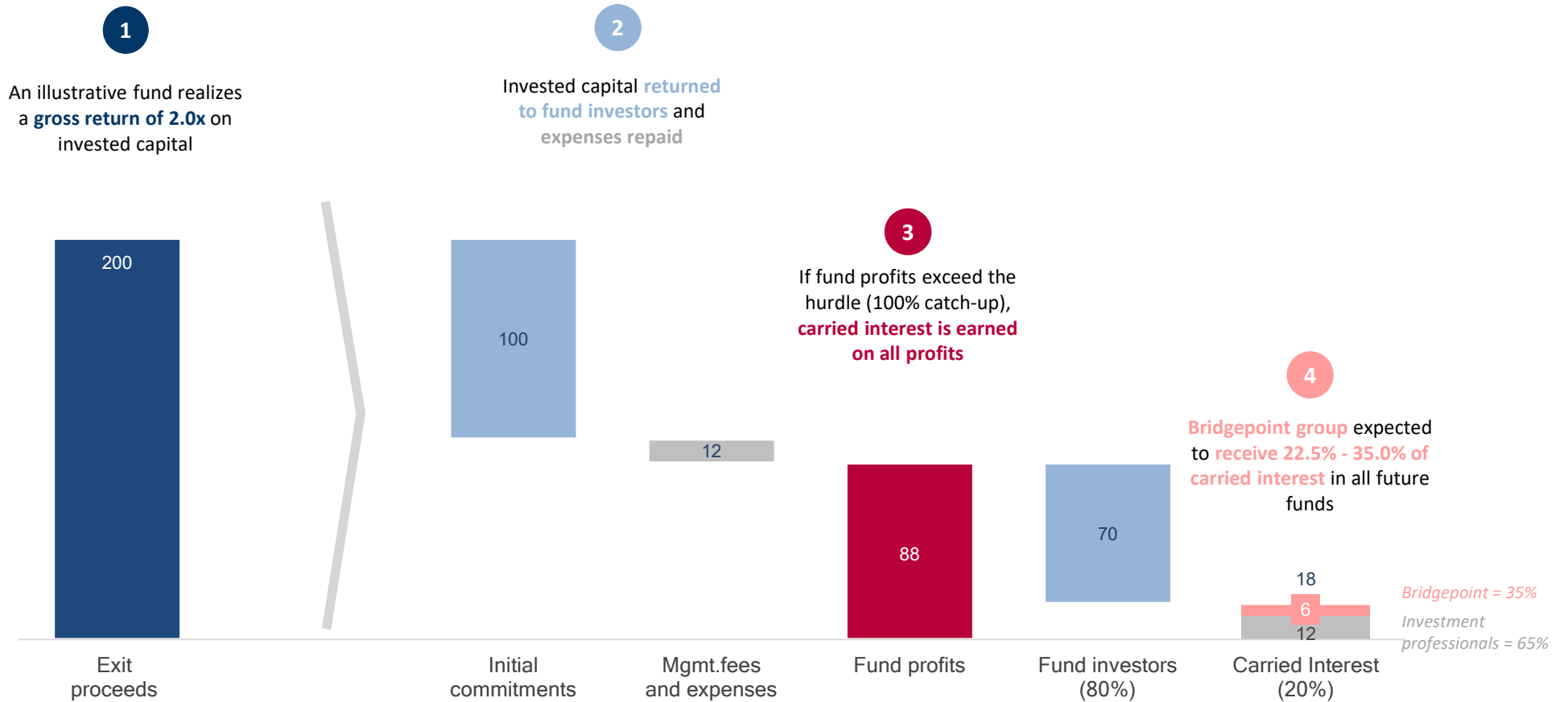
Overview of carry model – illustrative waterfall



Investment return and drawn commitments

Distribution of profits

Illustrative



Overview of carry model – IFRS recognition

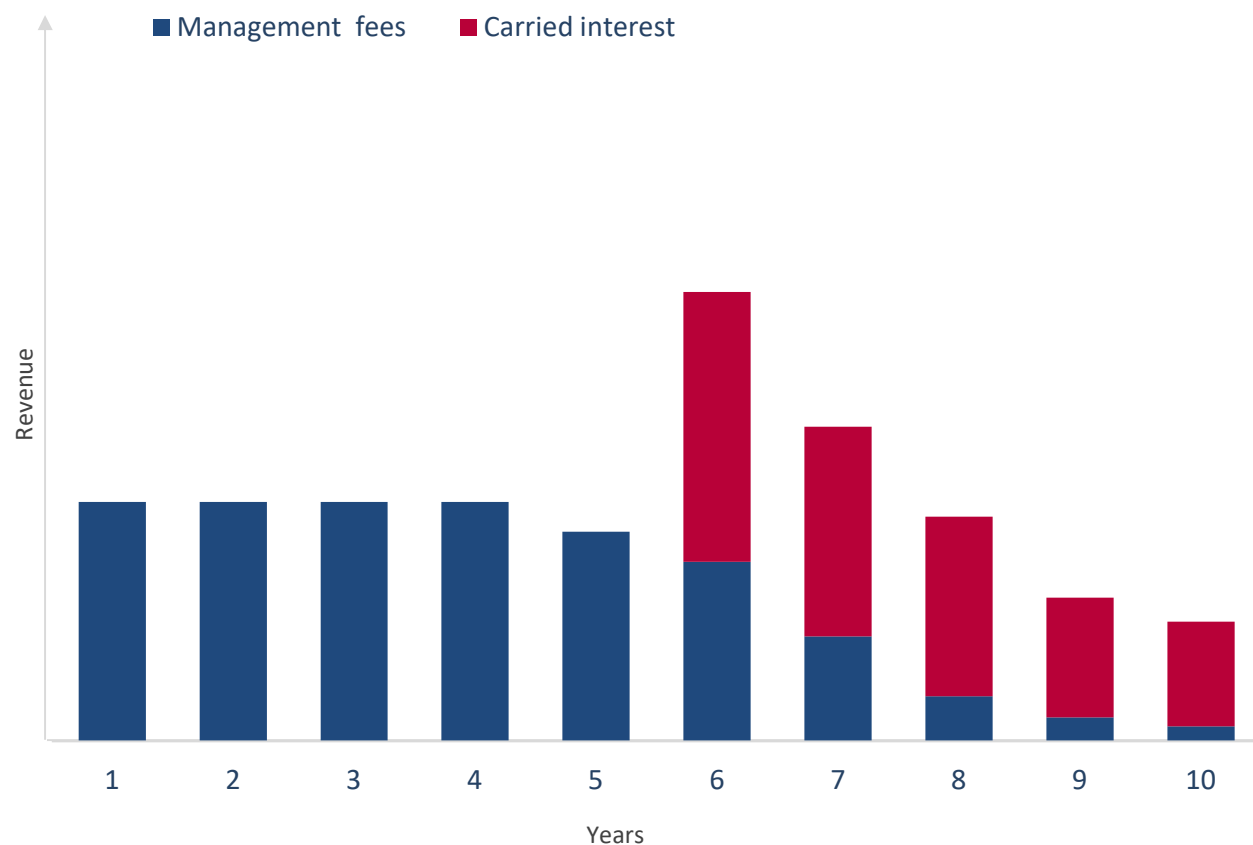


IFRS recognition

- Carried interest recognized once **highly probable** that it would **not result in significant reversal**
- In practice, this means unrealized fair values are **discounted at 30–50%** (depending on investment strategy and lifetime left for fund)
- Initial revenue recognition for carried interest typically from **5–6 years** after first investment
- Timing of recognition depending on **deployment, exits** and **fund performance**
- Initial revenue recognition normally when the fund reaches **gross MOIC of 1.7–1.8x**, with some exits realised to partially unwind discount

Revenue streams to Bridgepoint group

Illustrative



Income statement

Commentary

- 1 Increase in management fees primarily due to impact of the EQT Credit business following its acquisition in 2020 and BDC IV which started charging management fees in 2021
- 2 Investment income increase driven by BE V and BE VI co-investment and BE V and BDC III carried interest
- 3 Increase in personnel expenses due to acquisition of EQT Credit, continuing investment in the Group's operating platform and bonuses linked to the BE V carried interest income
- 4 2021 exceptional costs are made up of IPO costs and further costs relation to the EQT Credit acquisition
- 5 Increase in deprecation & amortisation reflects impact of transition year for London premises and full year impact of amortisation of the intangible assets acquired with the EQT Credit business (fund customer relationships)

£m	2020	2021
1 Management Fees	148.6	197.7
2 Investment Income	42.3	71.2
Other Income	0.9	1.7
Operating Income	191.8	270.6
3 Personnel expenses	(96.0)	(121.4)
Other expenses	(29.4)	(36.4)
Foreign exchange gains/(losses)	-	1.1
Underlying EBITDA	66.4	113.9
4 Exceptional costs	(7.7)	(28.6)
EBITDA	58.7	85.3
5 Depreciation & amortisation	(8.8)	(15.0)
Operating profit	49.9	70.3
Net finance cost	(1.4)	(7.7)
Profit before tax	48.5	62.6
Tax	(0.8)	(4.8)
Profit after tax	47.7	57.8

Balance sheet⁹

Commentary

- 1 Goodwill arising from acquisition EQT Credit business
- 2 Increase in value and investment into Bridgepoint funds
- 3 Increase due to IPO proceeds
- 4 Increase in lease liabilities due to recognition of 5 Marble Arch property lease
- 5 Repayment of borrowings under the Group's RCF
- 6 Increase in retained earnings from the proceeds of the new issue of shares at IPO

£m	2020	2021
Non-current assets		
Property, plant and equipment	41.6	75.8
1 Goodwill and intangible assets	125.7	122.6
Carried interest receivable	27.9	38.9
2 Investments	255.5	326.0
Trade and other receivables	6.9	16.9
Total non-current assets	457.6	580.2
Current Assets		
Trade and other receivables	176.7	88.2
Derivative financial instruments	0.7	9.9
3 Cash and cash equivalents	42.3	323.1
Total current assets	219.7	421.2
Total assets	677.3	1,001.4
Non-current liabilities		
Trade and other payables	(32.2)	(43.5)
Borrowings and other financial liabilities	(6.2)	(46.9)
4 Lease liabilities	(35.9)	(80.8)
Deferred tax liabilities	(15.9)	(19.7)
Total non-current liabilities	(90.2)	(190.9)
Current liabilities		
Trade and other payables	(85.9)	(90.2)
5 Borrowings and other financial liabilities	(99.7)	-
Derivative financial instruments	(4.9)	-
Lease liabilities	(6.1)	(4.0)
Total current liabilities	(196.6)	(94.2)
Net Assets	390.5	716.3
Equity		
Share capital and premium	(241.4)	(289.9)
Other reserves	(27.7)	(13.8)
6 Retained earnings	(39.7)	(412.6)
Capital and reserves attributable to equity shareholders	(308.8)	(716.3)
Non-controlling interests	(81.7)	-
Total equity	(390.5)	(716.3)

Cash flow statement

Commentary

- 1 Operating cash flow is driven by EBITDA although timing differences will occur from year-to-year
- 2 Cash from investing activities includes investments in and proceeds from the Group's co-investments in private equity and credit funds and proceeds from CLO repurchase agreement
- 3 Financing activities include proceeds from the IPO, the receipt of deferred investment proceeds from Dyal, offset by the repayment of borrowings under the Group's RCF

£m	2020	2021
1 Cash from operating activities	28.4	23.1
Payments for property, plant and equipment	(3.2)	(6.3)
Investments in co-investments	(19.8)	(11.2)
Payments for acquisition of subsidiary	(86.3)	-
Proceeds from CLO sale and repurchase agreements	-	28.1
2 Net cash flow from investing activities	(109.3)	10.6
Proceeds from IPO	-	305.1
Proceeds from issue of shares by subsidiary	-	4.7
IPO costs	-	(36.4)
Investment proceeds from Dyal	71.4	114.3
Payments to shareholders (incl. non-controlling interests)	(11.0)	(30.0)
Net repayment of banking facilities	56.8	(97.7)
Other financing movements	(9.1)	(8.7)
3 Cash from financing activities	108.1	251.3
Net increase/(decrease) in cash	27.2	285.0
Cash at beginning of year	12.1	42.3
Impact of FX	3.0	(4.2)
Cash at end of year	42.3	323.1

Overview of Bridgepoint funds

Fund	Fund size	AUM	Fee-charging AUM	Vintage	Invested %	Hurdle rate	Carried interest	Catch-up rate	Group share of carried interest
Equity									
BE IV	€4,835m	€1,638m	€1,168m	2008	93%	8%	20%	100%	9%
BE V	€4,000m	€4,850m	€3,164m	2015	93%	8%	20%	100%	2%
BE VI	€5,766m	€7,466m	€5,735m	2019	71%	8%	20%	100%	5%
BDC II	€353m	€25m	€0m	2012	96%	8%	20%	100%	3%
BDC III	€605m	€1,140m	€597m	2016	87%	8%	20%	100%	25%
BDC IV	£1,559m	€1,858m	€1,857m	2021	16%	8%	20%	100%	35%
Growth I	£105m	€137m	€125m	2017	82%	8%	20%	100%	35%
BEP IV	€728m	€883m	€823m	2019	115%	8%	10%	100%	25%
BDCP II	€222m	€205m	€187m	2021	84%	Variable	Variable	100%	20%
Credit									
Credit Opps II	€845m	€423m	€92m	2012	11%	8%	20%	100%	9%
Credit Opps III	€1,272m	€1,404m	€877m	2016	69%	8%	20%	100%	19%
Credit Opps IV	€225m	€225m	€130m	2021	59%	7%	20%	100%	tbc
BC I	€182m	€169m	€61m	2019	71%	5%	12.50%	100%	22%
BC II	€681m	€681m	€231m	2020	87%	5%	12.50%	100%	25%
BDL I	€525m	€422m	€217m	2015	43%	5% / 5%	10% / 20%	100% / 0%	26%
BDL II	€2,256m	€2,457m	€1,459m	2017	92%	5% / 6%	10% / 15%	50% / 50%	18%
BDL III	€1,054m	€1,167m	€398m	2021	41%	5% / 6%	10% / 15%	100%	tbc
CLOS ¹⁰	€1,064m	€1,064m	€0m	2020	100%	10%	20%	n/a	40%

End notes



Page number	Note	Reference
Page 5	1	EBITDA and PBT are underlying and exclude exceptional costs, amortisation and exceptional net finance income
	2	2020 includes 2 months of the acquired EQT Credit business
Page 11	3	Excludes investment linked bonus
	4	2020 includes 2 months of the acquired EQT Credit business
Page 12	5	Underlying EBITDA excludes exceptional costs
	6	Underlying FRE excludes exceptional costs and investment linked bonuses
Page 13	7	Finance Costs, excluding exceptional income
Page 14	8	Excludes consolidated CLOs
Page 27	9	Excludes consolidated CLOs
Page 29	10	Includes CLO 1, CLO 2 and CLO 3

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