

# Bridgepoint Group

## Bridgepoint Group plc 2025 Interim Results | July 18, 2025

Moderator:

Good day, ladies and gentlemen, and welcome to Bridgepoint Group PLC 2025 interim results. The presentation will commence shortly. After the presentation, we will conduct a Q&A session. If you wish to ask a question, you'll be able to ask a question either through the Zoom webinar link provided separately or by submitting written questions using the Ask a Question button on the Spark Live webcast page.

If you've joined us via Zoom webinar, please note this call is being livestreamed to a webcast for a wider audience and will be recorded. During the Q&A element of this morning's call, if you wish to ask a question, we ask that you please use the raise hand function at the bottom of your Zoom screen. If you already have a question, please do this now, ready for when Q&A begins. I would now like to hand over to Raoul Hughes, CEO, to open the presentation.

Raoul Hughes:

Good morning, everybody and welcome to Bridgepoint's 2025 interim results.

I'm Raoul, The Group's Chief Executive and I'm joined in the room again by Ruth, our CFO.

I'm going to start with a high-level snapshot of performance over the first half before spending more time on our existing business with a particular focus on our leading European mid-market private equity platform. Ruth will then walk you through our financial performance and update on guidance in detail before we open for Q&A.

Back in March, when we presented our full-year results, I said that we were increasingly confident in the outlook for 2025 and beyond. I'm really pleased to be able to report that we continue this trend of strong financial performance throughout H1 despite continuing geopolitical and economic volatility.

Both FRE and PRE are on track, with a decent pipeline of exits in the next 18 months across the business, which should allow us to keep returning capital to our fund investors in addition to the 2.6 billion euros returned in the first half of this year.

Importantly, we are increasingly confident on delivering our fundraising target of 24 billion euros by the end of '26, as a result of strong fund performance, product diversification, and the investments we have made in our investor services team together with a further strengthening of inbound LP interest in the newly fashionable European middle market.

Now while today we're specifically focused on current trading, and any updates on our existing business, one quick word on the inorganic strategy, not least to save a question later. Although I don't have anything specific to report on in the four months since our full-year results, we continue to explore

multiple options to develop the business, and I remain highly confident in our ability to deliver the inorganic component of our journey to \$200 billion of AUM.

So now on to performance. AUM, at the end of June, stood at some \$87 billion, 20% higher than a year ago, with fee-paying AUM of 37.5 billion euros. This drove 11% growth in management and other fees and 22% growth in fee-related earnings once catch-up fees, which were material last year at 30 million pounds, are excluded.

EBITDA increased by 7% due to the relative timings of PRE recognition, and perhaps an overly cautious decision we took to not reflect the uplift in the Constellation share price since the announcement of the Calpine sale. Looking on a 12-month basis, though, PRE is up 40%.

In terms of fundraising, overall, we have now raised over a third of our 24 billion euro target having closed BDC V and BG II earlier this year, we have now started the pre-marketing phase for BE VIII, with a formal launch to follow post the summer break. We continue to expect it to become fee-paying in the second half of '26, but not be fully raised until '27. And so, a full fund is not included in the 24 billion. I'll update you more on progress at the full year.

Diversifying sources of capital beyond the institutional LP investor base is a key opportunity, and we expect to launch our wealth product, Generations, on the 1st of October. As a reminder, this will be an open-ended evergreen private equity vehicle that will deliver our flagship strategies to individual investors and will be distributed principally through regionally focused private banks.

We've made good progress with fundraising for ECP VI, which became fee-paying in May and has already received closed or fully approved capital of around half its cover number. ECP is also raising its core plus evergreen product, which closed on the significant anchor investor announced in March, and will initially attract further institutional capital before entering the wealth market.

In credit, BDL IV has made strong progress, and we've commenced fundraising for Credit Opportunities V, which is expected to start investing and charging fees shortly. In our syndicated debt strategy, having priced CLO VIII in March, CLO IX is now in warehousing and is expected to price later this quarter.

I've talked previously about the investment we've made in our investor services team. Our fund investor services that is. Scale has enabled us to do this, and we've resources to afford the investment in the sales team, but importantly we now have the diversification of product to keep them all busy.

Since IPO, our client services team has more than doubled, with 13 new people joining, including 16 senior colleagues focused solely on coverage. Perhaps more strikingly, where not too long ago the team was based in 3 locations, it is now in 11 globally. The impact of that growth is best illustrated by the fact that the number of meetings we held with LPs in the first half of '25 was six times the number in the first half of 2022.

Looking at the most recent fund from each of our business units, we're beginning to see the benefits of this investment in sales coverage, not just accelerating the number of meetings held, but converting those meetings too, with a significant uptick in both the number of new investors to the platform and the number of existing investors coming into a new strategy, a trend that given the current pipeline is set to continue as we build out ECP VI and then launch BE VIII after the summer break.

So I do feel we are in good shape, both strategically and from a fundraising perspective. Not a surprise as we have three great businesses. So I wanted to take a bit of time now to look at each of them in turn.

Let's start with credit. Four years ago at IPO, the credit business had two strategies and an AUM of just over 7 billion. Since then, we've doubled AUM to over 14 billion as a result of launching and scaling the CLO business to over 3 billion and increasing deployment and fund sizes in direct lending. As a result of operating leverage, EBITDA has increased seven times and EBITDA margin more than tripled over this period.

The credit team of 70 operates at scale and is based across seven local offices in Europe, plus our office in New York. The team is part of, and so draws on, the industry knowledge and network of our firm-wide sector teams and benefits significantly from our on-the-ground origination capabilities across Europe. That scale is reflected in the growth of the number of portfolio companies in which the credit business has invested, which now stands over 260.

As part of the continued diversification of our credit investments as the business grows, the credit opportunity strategy has been looking for uncorrelated credits. In the first half, it made our first asset-backed lending commitments, an area we'll be looking to grow further going forward.

Importantly, the credit team has established a strong track record of performance, with a direct lending strategy having invested around 9 billion euros so far in middle market European companies and delivered targeted performance across its first three funds. Now some of you will know I'm always slightly hesitant about the next stat, but it continues to be true. The strategy has experienced zero losses to date.

This backdrop has set the team up well to raise our fourth direct lending fund, which now stands at 2.2 billion euros and is on track to very comfortably exceed the 2.9 billion size of the predecessor fund.

Turning to ECP, our infrastructure business, it is in a sweet spot given the continued strong investor demand for exposure to a sector whose growth trajectory is underpinned by several megatrends, most known to be electricity demand growth and a corresponding shortage of power generation supply in the US. Aggregate demand growth is expected to increase by one and a half to two times by 2040 due to the onshoring of manufacturing, electrification of transportation, and additional data centres. The extra capacity is expected to come from a mixture of natural gas and renewables, driving corresponding investments in carbon capture and gas storage.

I've said a lot about ECP since the transaction, and the summary today is that the business is doing exactly what it should be doing, making good progress with fundraising for ECP VI and preparing to invest a significant proportion of the anchor capital for the evergreen product. There is a strong pipeline of deployment, multiple exit processes targeted over the next 18 months, and we expect to close the Calpine exit later this year.

There's been a lot of talk about the impact of the recent US budget on renewables. Now it has passed, the impact is less than feared, and there is no impact on renewables which are already operating or on new developments started pre-2027. Given this and the diversified nature of investments across energy transition, we believe ECP's overall portfolio remains well-positioned in the new environment.

Now I thought I'd take a few minutes to talk about the fundamentals underpinning our private equity strategy and why we can build resilient portfolios which deliver strong returns through cycles. I thought I'd use the next series of slides, which I've taken from our fund marketing deck, to illustrate the story.

There are three elements to our strategy, disciplined investment, creating value, and then exiting. In each of them, the middle market offers the opportunity to drive returns through cycles. In short, we use our market position to buy well, create value, and then sell well. I'll talk to each of them turn in a minute.

But before I do, a quick recap on where we are today. With the transactions we've all recently announced BE VI is at 70% DPI, which puts us in a standout market position ahead of the launch of BE VIII fundraising. BE VII is 70% deployed, right on track with one year to go until we expect a transition to BE VIII, and a strong near-term pipeline of opportunities.

Now I know there's been a lot of chatter in the public equity market about the performance of the '21 and '22 vintages in the wider PE industry. So I'd like to address that here. Clearly a lot of capital was raised and deployed at pace in those two years, but we are careful not to buy at prices where good companies cease to be good investments.

As a result, I'm pleased to say that across our PE funds, BE, BDC, and BG, these two vintages are currently held at average money multiples of 2.1 and 1.5 times, in line or perhaps slightly ahead of the value creation profile you would expect to see at this stage of their investment cycle. Importantly, we maintained our vintage discipline in BE VI, as deployment was broadly evenly spread across the three and a half year investment period.

Okay. So with that established, I'll now turn to why you should be excited about the middle market. If you look at the global private equity market, almost 90% of the deals are below 1.5 billion euros of enterprise value, the part of the market that we cover. We track all the opportunities we generate and we look at around 3,300 private equity deals per year across the three platforms.

The scale and depth of our origination machine, which is one of our key strengths, is very difficult to replicate. This scale of opportunity gives us the optionality, and it also means that deployment is not a limiting factor as we continue to grow our fund sizes.

We use the origination process to develop real conviction about the assets that we want to bring into our funds and make sure that we're acquiring them at fair prices. The evidence of this can be seen when you compare our entry multiples in our equity business with those of the relevant transactions over the previous decade.

As an example, this slide shows Bridgepoint Europe VI. Firstly, we're consistently buying in the bottom third of the long-term sector valuation ranges, as shown by the blue lines, over the shaded multiple range. You can see how these investments are well-spread across the vintage years of the deployment period.

It's also worth noting that we're doing this with relatively low leverage for the private equity market at least. In this fund, the average leverage on entry was 4.9 times, meaning that revenue and EBITDA growth are key to driving overall returns.

Operating in the middle market, once we've bought well, we typically have more levers for value creation. When we invest in a business, we have good products, good services, and it will be in a high-

growth niche, but it won't be perfect. As we scale them, we bring best-in-class capabilities, and we do that in collaboration with a company and its management team.

Usually on entry, a portfolio company would have a leading position in one or two countries, and we can then expand the business into other European countries, or we can take it to the US or to Asia with help from our offices in New York and Shanghai.

We do a lot of bolt-on acquisitions for our portfolio companies. In Bridgepoint Europe VI, there were 18 platform investments, but we've done add-ons worth 3.6 billion euros, often using our low-entry leverage to fund these through incremental debt, further enhancing equity returns. Overall, this increased control over value creation means that fund performance is more driven by microeconomics than by macro, which leads to consistent performance through cycles.

So turning to exits, here is a version of the chart you saw of a BE VI. This shows the outcomes for our two most recent mature funds, BE IV and V, plus those exits from BE VI which have already closed. This chart shows exit multiples as red lines. You can see that we are almost exclusively exiting at a higher multiple reflecting value creation in the business through growth in revenue and margins and largely independent of cycles. It's a function of our added value, not luck.

Coming full circle on the depth and resilience of transaction volumes in the middle market. We have a track record of delivering exits through cycles and we are really seeing the benefit of that at the moment as we're able to carry on returning capital to our fund investors. When it comes to exiting, because of the size of our companies, we are not dependent on the IPO market. Actually, aside from a couple of reverses during the short-lived SPAC boom, we've done only one IPO in the last 20 years, and that was back in 2007. We sell to trade buyers, to larger PE funds and sometimes to trade buyers backed by large PE funds.

As an example, let's look at our most recent sale Kereis, which we have sold to a large cap sponsor. We invested well at an entry multiple of 9.3x EV at an enterprise value of 1.3 billion euros. Successful value creation, notably from 25 bolt on acquisitions resulted in a 9% EBITDA CAGR during our ownership. This is actually lower than our average. We still exited at 2.2x money multiple for a fund with a capital return of going on for a billion euros to fund investors. This is just the most recent example of our ability to exit through cycles.

And with that, I'll hand over to Ruth. Ruth.

Ruth Prior:

Thank you, Raoul. Good morning. I will take you through our financial performance in the first half of '25 and then the guidance for the full year, which we are reaffirming this morning. I'll present underlying results for the group as a whole, assuming ECP had been in the group for the full six months of the first half of last year.

Fee-paying AUM increased by 2% on a reported basis, which would've been 5% without the headwinds of FX when converting ECP's Fee-paying AUM into Euros. Fundraising of 8 billion euros since mid '24, leaves us well-placed to reach our target of 24 billion euros by the end of next year. Underlying FRE was 76 million pounds, an FRE margin of 37%. ECP VI started paying fees from May and this will drive a

step-up in income and margin for the full year. EBITDA was 128 million pounds with a margin of 48% and in line with our guidance for the split of PRE in-year to be weighted towards the second half. We have recognised carried interest from BE VI for the first time this half year and have a good pipeline of exits for the next 18 months. Lastly, we are all well aware that the low level of trading liquidity in our shares is an issue for some investors. We are very focused on this and exploring options to increase the free float and therefore trading liquidity of our shares. We intend to engage with our major shareholder groups to discuss how best to achieve this, which could include measures such as a secondary offering of shares. There can be however, no certainty as to whether any action will be taken in this regard.

So my summary for the first half is that we have delivered performance entirely consistent with our full year guidance despite concerns in some quarters about the delivery of PRE.

Assets under management grew to 86.6 billion dollars. Over the last 12 months, we raised a total of 7.2 billion euros across our strategies and delivered 8.6 billion euros of divestments. Valuation gains in our funds added a further 9.9 billion euros. Finally, FX was a headwind of 2.1 billion dollars and consequently AUM finished 10% ahead of half on '24, at 73.7 billion euros.

Turning to Fee-paying AUM, in the last year, we raised 4.3 billion euros and deployed 3.3 billion of new fee-paying capital across our credit strategies. Set against this, reductions in fee paying assets from the sale of investments and return of capital total 5.9 billion euros and FX represented a headwind of a further billion euros. So by the end of June, Fee-paying AUM had increased by 2% to 37.5 billion euros.

We have included constant currency reporting in the interim accounts for the first time so that you can track the underlying performance of the business, excluding the impact of currency swings.

We enjoyed good deployment across all investment strategies since year-end, BE VII has committed 70% of its capital across 14 investments. 12 of these have been off market or bilateral processes, drawing on our network of sector teams and local offices to identify and convert opportunities. The most recent investment was Safe Life. The global leader in the distribution of defibrillators based in Stockholm. BDC V started investing in Q4 2024 and is now 25% deployed, having bought two platform companies, Finzzle Group, a leading wealth management consultancy in France and NMi Group, a Pan European provider of independent advisory testing, inspection, certification, and calibration services.

Credit has continued to deploy well with 2 billion euros deployed across direct lending credit opportunities and the CLOs with BDL III over 90% committed. We have now started to deploy and charge fees for BDL IV where fundraising continues with good momentum. And lastly in infrastructure, ECP V is now 75% deployed the level which allowed ECP VI to become fee-paying in May 2025.

As well as strong deployment. We have continued to return significant amounts of capital to our fund investors. In PE, we received competition clearance for the sale of Dorna and also agreed the sale of Kereis. 1.1 billion euros was returned to BE VI investors by the half year and combined with a further distribution shortly, capital return to them will be over 2 billion euros for so far this year. These returns of capital clearly position us well as we embark on the next cycle of fundraising in BE, after the summer. ECP returned 1 billion euros to its fund investors while credit return 0.5 billion. The Calpine transaction remains subject to regulatory approval and is not included in these figures. Calpine would add a further

\$1.4 billion on completion and then an additional roughly 6 billion once the shares are out of lockup and sold, subject of course to the share price at that time.

Ultimately, fund performance underpins our business model and allows us to raise successor funds and across our three verticals, our funds continue to perform strongly. Valuation uplifts in our private equity funds were trading driven with 92% of unrealised valuation multiples either flat or reduced over the period, which really does underscore the strength of the earnings performance within our portfolio.

Our management fees are stable, they're contracted locked in revenues, and our current portfolio has an average fee of 1.18% charged on funds with an average life of over nine years. We currently have visibility over around 85% of fee income in 25 from funds already raised. Excluding catch-up fees, which were material at 30.4 million pounds in the first half of 2024, total management fees and other income increased by 11% and exceeded 200 million pounds in a half year for the first time.

The exits and associated capital returns and fund performance I've just talked about drove PRE of 57.6 million pounds. This positions us well to deliver our PRE guidance for the full year of around 25% of total income subject, as always, to the recognition of further carrying BE VI and the closing of the Calpine exit. As Raoul mentioned earlier, given that we have not yet received all regulator approvals, we have held the value of the Constellation shares at around the 255 dollar per share level. They were at the announcement of the transaction.

Turning now to EBITDA, we are on track to deliver a full year EBITDA margin in line with our guidance of the lower end of the range of 52 to 55% as we continue to expect PRE to be around two-thirds weighted to the second half of the year.

Capital allocation for us is relatively straightforward. We support organic growth, we co-invest in our funds, M&A is on the agenda, and then there are capital distributions to shareholders. In the chart on the right-hand side, you can see how our dividend policy has resulted in a growing dividend per share each year and in the table below you can see the increase in the aggregate amount of capital returned to shareholders with the increase in fully diluted share count when the ECP transaction closed in 2024.

You will have seen that we have put a further buyback programme in place last month. We continue to feel that the balance between attractive growth opportunities for that capital versus buybacks has moved in favour of growth opportunities. However, we want to have the flexibility to buy stock in the event of significant market dislocation as we saw with Liberation day. Lastly, I've included a chart of the lock-up expiries relating to both pre-IPO shares and OP units issued as part of the ECP transaction. This assumes the maximum possible number of ECP related restricted share units is issued and that the maximum possible earn out is achieved at ECP, neither of which is yet certain. So this is the fully diluted picture. As you can see, a further 81.3 million shares will unlock on the 26th of this month and then a further 250.2 million shares and share equivalents next year. This will of course be reflected in index weightings and in time as and when colleagues choose to sell in the free float. And by the end of 2029, the great majority of our share capital will be freely tradeable.

Finally, let me talk you through the guidance.

We are increasingly confident in raising 24 billion euros by the end of 2026. That will be split roughly evenly between strategies and where previously, we had thought there might be slightly less in credit,

recent fundraising experience suggests credit will play its full part. While we expect BE VIII to become fee-paying in mid '26, we expect fundraising for it to continue into 2027. So as Raoul said at the outset, the full amount for BE VIII will not count towards the 24 billion target. Continued investment in the platform capabilities necessary for growth will result in expenses growing at a high single-digit percentage each year. We continue to expect PRE to be around 25% of total income in both '25 and '26. As always, this is a matter of timing and there are exits which may fall into Q4 of this year or Q1 next year, notably Calpine, as well as the timing of further carried recognition for BE VI. We expect our EBITDA margin to be in the range of 52 to 55% in '25 and '26 before increasing to 55 to 60% in line with industry peers by the time that we reach 200 billion of AUM.

And with that, let me hand you back to Raoul to conclude before we take questions.

Raoul Hughes:

Great, thank you very much, Ruth.

Briefly then to wrap up, the business has continued to deliver strong financial performance in the first half, achieving what we said we would do, a trend we expect to continue. As we speak to you today, we expect investment activity to continue to be robust across deployment, realisations, and PRE in the second half of the year. And in an uncertain world, our fundraising is on track, and this reinforces our confidence in achieving the target of 24 billion euros by the end of '26, our product set, market leading European PE, credit, and value-added US energy transition positions us well to benefit from the opportunities in the middle market as we continue on our journey to the 200 billion dollars of AUM I've outlined in the past. And now with that, we'll go to Q&A.

Operator:

Ladies and gentlemen, we will now begin the question and answer session. Participants can submit questions in written format via the webcast page by clicking the 'Ask a Question' button. If you are dialled into the call and wish to ask a question, please use the raise hand function at the bottom of your zoom screen. If you are dialling in via phone, you can raise your hand using star nine and unmute yourself pressing star six. We'll pause for a moment to assemble the queue. We'll take our first question from Arnaud Giblat of BNP Paribas Exane, please go ahead.

Arnaud Giblat

Hi, good morning. Hopefully you can hear me.

Raoul Hughes:

Hi. Morning.

Arnaud Giblat

Hello? Morning.



Raoul Hughes:

I can hear you. Sorry.

Arnaud Giblat

Great, great. Thanks for the presentation. I've got three quick questions, please.

Raoul Hughes:

Okay.

Arnaud Giblat

If you could start with the exit of Kereis, I was wondering, given you're quite far up the process, what should we be thinking in terms of uplift on carrying value? And generally, if you could expand that question to your broader exit pipeline. Are you expecting to see some decent uplifts as you have had in the past?

My second question is on value creation. So MOICs are up 0.1, 0.2 times over the period. I heard you on new holding multiples flat. I was just wondering if you could quantify the value creation in percentage terms of the portfolios and how the EBITDA growth in the underlying portfolio companies are moving.

And my final question is on BDC V, a 25% deployment in the space of six months. I'm wondering how we should be thinking about the pace of deployment there. Is there a blue sky scenario where you could have a very fast deployment and come back quicker with the BDC VI fund? Thank you.

Raoul Hughes:

Okay. I think I caught all of those. It wasn't the best sound.

Let me answer the third one first, BDC. I wouldn't assume that we invest that fund quicker than we have alluded to in the past. We're very careful in our sort of pace of deployment. I mean, it's reasonable to assume that the BDC V fundraise has got off to a very good start. But it's lumpy. Deployment in our industry is very lumpy and I wouldn't assume that the fact we've committed 25% relatively quickly means that we can accelerate the pace. That wouldn't be worth assuming.

Exits. If you take the five-year view of the increase in multiple on exit versus latest holding valuation, the valuation, it's in the 30% increase. Some assets are a lot higher than that, some assets are lower. And that partly depends upon the nature of the exit. It also depends on how long it's taken to get through competition clearance and various other things. I don't think we would assume looking ahead that that sort of 30-odd-percent increase will be maintained. But it depends. It's asset by asset.

Value creation. I think we've said historically that the material component of the return that we deliver in our fund comes through EBITDA growth as opposed to deleveraging and what have you. But we also do benefit on exit, as you're seeing from the chart that I showed, in elements of EBITDA multiple increases on exit. And that's a function, as I've said, of us taking a business and making that business better and more valuable during the time of our ownership.

If you look at the underlying valuations in our portfolio, we tend to be more conservative on multiples that we used to value in the portfolio as opposed to what we then end up achieving when we exit. And that's part of the reason for this sort of delta on exit of the 30-odd-percent.

So I think the growth in valuation and value creation tends to come from EBITDA more than anything else within our sort of unrealised portfolio, but we do tend to get multiple increases on exit.

Arnaud Giblat

That's great. Thank you very much.

Operator:

We'll take our next question from Nicholas Herman of Citi. Please go ahead.

Nicholas Herman:

Yes. Good morning both of you. I hope you can hear me okay and the line's better this time.

Raoul Hughes

Yeah. Yeah.

Nicholas Herman:

Super.

Ruth Prior

Yes.

Nicholas Herman:

Three questions from my side as well, please.

So the first question is on M&A. I guess, given you opened your comments on growing the platform, I'll start there as well. It sounds like you're incrementally more optimistic on doing deals now and so I guess is that true? Is that a correct interpretation on which asset classes look most interesting at present?

Second question. You've been very comprehensive on the guidance, but I think there's one thing missing here from my perspective, which is partnerships. It's been almost a year since you announced the 50 billion partnership with KKR and I think you more recently announced the 25 billion partnership with ADQ as well. So can you please give us a sense now how you expect those partnerships to translate into fund deployment for ECP VI, as well as fee-paying SMAs, co-investments and the like please for the business.

And then finally, I guess a somewhat related question on ECP. I guess the perception of the market is that the 5 billion cover figure is conservative, especially given ECP is in clearly a very attractive spot and with prior funds performing very strongly. Equally, on the flip side, investors appear to be reducing their US overweight positions as well. So I guess in that context, how has fundraising progressed versus your

expectations and are you and Doug still as optimistic on ECP VI as you were previously? And I guess finally, when do you expect to announce a hard cap? Thank you.

Raoul Hughes

Right. Shall I tackle the first and the third and you do the partnership one in the middle?

Ruth Prior:

Yes. Yes. Okay.

Raoul Hughes

So I'll do the third one. I mean Doug's not here, so you're not going to get the exuberance. I think we feel very confident about ECP and where their fundraise is sitting. Within a world where there has been an element of shift with investors looking to deploy capital outside the US, I think that doesn't mean that isn't an awful lot of capital wanting to be deployed in the US. And ECP and in the energy space in particular and everything to do with electricity in the States in particular, it is still a very attractive space. They've closed on or will relatively imminently have closed on half of the cover number. I think that is on track or perhaps slightly ahead of where we had anticipated being at this point in time on that fundraise. And there is a very strong pipeline of interest that they're talking to which will be closed during the second half of 2025 and into 2026. So this fundraising will go through until probably this time next year. As you'd expect, there is a varying degree of excess optimism around the organisation about where it's going to going to land at the end. We are being relatively cautious within the business about where it ends up, but we are confident that it will be a very successful fundraising.

M&A. I think we've always been pretty confident. I've been pretty confident for a while, and I think I said this in the Capital Markets Day in October. I'm confident if you take the medium term view and you look at what's happening in our industry and you look at where our business is placed within that industry and the story that we have around being the sort of added value alternative player and with a very collaborative embracing culture as evidenced by the ECP transaction, how those guys have come together with Bridgepoint and we're now as one, I think this is a very attractive home for other alternatives, added value alternatives, platforms that want to join as our industry consolidates and grows.

So am I more confident than I was? I wouldn't have said so because I was pretty confident before. Where would we look? Well, there are areas around expanding the existing platform that we have. So we're in private equity and private debt and then infrastructure. Changing the geographies that we're in, infrastructure in Europe, whether we do anything in private equity in the US at some point in the future. Our credit business has got plenty of scope. I mentioned I think in my introduction just now, that asset back lending is an interesting place for us to go. So I think there's plenty of places to both geographically and expanding the product within the existing three verticals.

And as we said consistently, if we could find the right platform to go into real estate or secondaries, we'd be very keen to do it. So hopefully that answers that one.

Partnerships, Ruth.

Ruth Prior:

The partnerships, yes. So the way that we think of the two partnerships that have been announced are as origination vehicles really. Let's take the KKR example. KKR have experience around data centres. We have the infrastructure experience and we go to market together to source really interesting large projects, particularly with the hyperscalers.

We then fund those projects through a combination of KKR, ourselves and our part of the funding will be through, as you understand, the flagship fund and SMAs. Now the reason it's not yet really clear in guidance is that I would call this the year of developing those partnerships, developing those projects. These are big, big projects. They're billions of pounds. They take time to put together. They take time to really understand the regulatory environment that they're in. So I would imagine that by the end of next ... the next time we speak to you, we will be clearer. But it is, we will fund them through the flagship with a number of SMAs. I guess your question to me is when, how many, and what size?

Nicholas Herman:

Indeed.

Ruth Prior:

And clearly we will give you more as we get a little bit more clarity ourselves.

Just to say or to note, the ECP team announced the early stage of a project – Tuesday, wasn't it, in Pennsylvania – and the first sort of KKR related project will be announced imminently. So we'll start to be able to give you more flavour around this shortly.

Nicholas Herman:

That's helpful. Thank you. I mean just ... Hello? Can you hear me?

Raoul Hughes:

Yeah, yeah, we can. Yeah.

Nicholas Herman:

Oh, I see. Sorry. I was just going to say, coming back to on M&A, you talked about infrastructure in Europe, asset backed. Some of this stuff I guess could also be done organically as well, whereas clearly you're not in secondaries, you're not in real estate. It seems like the real estate cycle is likely to turn as well. So does that make those ... Presumably some of I guess infrastructure in Europe could be more of an organic action. So is that fair? Is that the right interpretation and therefore if you're going to be buying, it's going to be more the real estate or secondary's part with white space or is that the wrong interpretation of your comments?

Raoul Hughes:

I think your comments about ability to do things organically and inorganically is true. There's always an issue in our industry with doing something organically which is the pace at which you can grow something. It tends to take longer and it also ... But the inorganic becomes a function of the availability of really interesting platforms in which to partner with. And I think where we look at it is we have an open mind about what's the best way to deliver and it can range from an inorganic acquisition if we find a really interesting platform through to a team lift, through to just recruiting individuals and doing it organically.

Perhaps I wouldn't be quite as black and white as you've alluded to in terms of which bit you do which, because you could do either in anything.

Nicholas Herman:

Got it. Very clear. Thank you very much.

Operator:

We'll take our next question from Angeliki Bairaktari of JPMorgan. Please go ahead.

Angeliki Bairaktari:

Good morning and thank you for taking my questions.

Raoul Hughes

Morning. Pleasure.

Angeliki Bairaktari:

Just three for me please. So first of all, you sounded quite optimistic about the pre-marketing phase for Bridgepoint Europe VIII. With Bridgepoint Europe VII at 7 billion last year, what is the aspiration for the size of BE VIII?

Then secondly, can you please quantify the extra carry you would recognise today if you were to account for Constellation's current share price, which I think is above 300 dollars.

And lastly, with regards to the VIII again, I noticed that one of your competitors, CVC in the large cap space obviously but they have repositioned their growth fund to now focus on European mid-markets. Is that at all a concern for you in terms of competition, both for fundraising and also in terms of origination opportunities?

Raoul Hughes

Okay.

Ruth Prior:

We're glad you asked that one. Go on.

Raoul Hughes

Which way? So let's do the third one first. I mean, I think the mid-market is a very large part of the private equity market. I think, did I say 90% of the transactions sit within that EV range that we cover? We've been doing it for 30 years plus. And one of the stats that Ruth also mentioned in her piece was that 12 of the 16 transactions in the latest fund have been off-market. So you can only achieve that if you've got deep expertise across Europe on the ground and expertise specifically in the middle market 'cause it is a different origination structure than it would be in the larger buyout space. And that's why our industry tends to be structured with these definitions based on size. The routes to market are different and the assessment of businesses is different. So we've got the best origination platform across Europe specialising in the space, and it's a very deep market and we're an individual stock picker. So I think I would look at it more the other way around, that actually there is real investor appetite to want to invest in the European middle market and we are the natural place to come.

The other thing I would say, in our words, that there've always been tourists entering our space. It's been going on for years and years and years and they tend to come and go.

The other interesting bit is although... And I'll talk to BE VIII in a minute, we are feeling reasonably confident about where we sit and reasonably confident in our fundraising, but the fundraising world is still really difficult. There hasn't been a sudden turning on of the tap. It is still a difficult market to raise capital and whereas there may be people entering our market, there are also quite a few funds who are really struggling to raise capital.

And so as well as people coming into the market, I think over the next year or two years we are going to see various GPs coming out of the market because they're unable to raise capital. So it's not just a question of who comes in, it's also who comes out. But either way, we feel we're really well established as the go-to place in that market.

BE VIII, we are feeling confident, but also the confidence also makes me slightly nervous that we get overly confident in it. As I said, the fundraising market is still difficult. We're exceptionally well-placed and there is a real feeling that... and I think one of the other questions came out earlier about the move away from the US, we're definitely seeing appetites to invest across from global LPs to want to commit capital into Europe and into the mid-market. So we are feeling quietly confident about where we are in that fundraise, but it is ahead of us and we haven't started.

I'm not going to be drawn at this point on where we think it's going to end up. It's too early. I don't want to create a sense of hubris in the organisation, to be perfectly honest. As I said in my introduction earlier, we'll be in a much better place to talk to you about how it's going and where it is when we come back for the full year results. Third question, do you want to...

Ruth Prior:

The third question.

Raoul Hughes

Constellation's share. That's definitely in your camp, not mine.

Ruth Prior:

I might just expand a little bit rather than give a completely short answer. Just as a reminder for those listening that the Constellation deal was clearly huge, but the exposure of the plc to Constellation, we were only exposed to 10% of the carry across funds IV and Constellation co-invest [continuation fund]. So it's not as big for us as... I mean it is big, but it's not as big as it could have been. But in terms of your direct question, how much more PRE if we took the valuation up to 300 dollars per share? It would be 20 million roughly.

Angeliki Bairaktari:

Thank you very much. As a reminder, participants can submit questions in written format via the webcast page by clicking the ask a question button. If you are dialled into the call and wish to ask a question, please use the raise hand function at the bottom of your Zoom screen. If you're dialling in via phone, you can raise your hand using star nine and unmute yourself, pressing star six. We'll take our next question from Nicholas Herman of Citi. Please go ahead.

Nicholas Herman:

Hi, guys. I just had two further questions but I wanted to leave them until they-

Raoul Hughes

Yeah, I thought you'd sneaked in before. Go on.

Nicholas Herman:

Two more technical questions

Speaker 3:

Go on, go on.

Nicholas Herman:

Two more technical questions please. On page 42 of your deck, it suggests that BE V is no longer fee-paying. Can I just ask why? Because I appreciate every fund is on a case by case basis, but I noted that BE IV, I think, was fee-paying until 2023 and that was a much earlier vintage, so 10 years or thereabouts didn't seem like, I guess that seems it's a fund maturity, but I guess I would've thought though you would continue to charge fees a little bit longer, given some extensions and so on. So just curious about that and what we should read into the future into other funds that also extend beyond 10 years.

And then the second question was, I was just looking at your MOIC progression across your strategies and it looked like, I don't know if I got it right, that the strongest value creation came from the ECP funds. And I guess I was just curious if you could elaborate what parts of the portfolios drove that please. I mean, I guess I appreciate that things have not been as bad as feared in renewables. Clearly ECP's not just renewables, but I was a little bit surprised that given, at the time, when US valuations have been a little

bit more under pressure. And so just curious on your thoughts of why, what has driven such strong increases in MOICs there and the outlook please. Thank you.

Raoul Hughes:

Yeah, I think on the fees, I think it's probably reasonable to assume that fees cease to be charged once a fund gets to its 10th anniversary of its final close. If you go back, and these are all very long vehicles aren't they because obviously they're 10-year vehicles. They're all 10-year vehicles. You have extensions, you can run things into liquidation rather than extending them. If you roll back pre-GFC, funds had much more flexibility about the length of time they could charge. And I'm not just talking about our funds, funds generally in our industry had much more flexibility around what you did and how you charged fees once you got to the end of the 10-year life of a fund.

As with all commercial negotiations, things change over time and ability to charge fees at the back end of a fund has become much more of a focus or became much more of a focus for LPs in the discussions and the negotiations post the GFC, and as you look through, then at the previous decade. So across the industry, it's a reasonable assumption that once you get beyond 10 years, the probability is that you won't be charging fees.

Nicholas Herman:

Got it. Helpful.

Raoul Hughes:

As a general principle. What tends to happen when you get to that point as well though is that you are likely to have a fund, if you've been successful at least, that is pregnant with carry and is exceptionally pregnant with carry and therefore there's still a real alignment and motivation on the part of the manager to continue to maximise the value of those funds, and LPs realise that and that tends to be what the commercial negotiation is.

Nicholas Herman:

And just to clarify, that's across all the private equity funds, so from BE down to BDC and BG as well as ECP and... Yeah.

Raoul Hughes:

It will depend on individual fund by fund negotiations and discussions. My comment is more aimed at the wider industry to be perfectly honest as well as us.

Nicholas Herman:

Okay.



Raoul Hughes:

Value creation.

Ruth Prior:

In ECP.

Raoul Hughes:

In ECP. I suspect that chunk of that's going to be the recognition of the Calpine exit as a sort of a material number within it. Where do they sit in their valuations? I think the diversified portfolio, renewables is a part of it, but it is a reasonable part of it, but it's by no means a majority of what they do. There has been some element of valuation compression because the perceptions about what renewables in the US have brought multiples of renewables assets down a bit. And so if you look within ECP, there will be an element of valuation multiples coming off a bit in the part of their portfolio that's really part of renewables. It is interesting, and if you look at now that the great big bill or whatever it's called, has actually been announced, the worries that people had about renewables are not quite manifested themselves in it and the existing subsidies will be maintained for any project that is started before some point in 2027.

So there is quite a material off ramp. And then once you get beyond it, I think the market will recalibrate in pricing. And our ECP friends feel that looking forward there are real opportunities now to invest in the renewables space. So I think there will be some element of multiples coming off of it in that, but it's been more than compensated by other bits. And what you'll also see, it's happening in the US that the valuation of electricity assets and power generation assets have gone up. And you talk to Doug about it. He said he spent 40 years in his career without any base growth in electricity and all of a sudden electricity demand is going through the roof in the US and that's manifested itself in the investing opportunity. It also manifests itself in the pricing of energy assets and they're benefiting from part of that in their portfolio too.

Nicholas Herman:

Okay, thank you.

Operator:

There are no further questions on the Zoom webinar. We will now address the questions submitted via the webcast page. I will now hand over to Adam Key to read out the written questions.

Adam Key:

The question comes from Smaranda Morosanu of JP Morgan. "Can you provide some colour on the potential avenues you are exploring to improve the liquidity of the shares?"

Raoul Hughes:

Okay. Do you want to do that one, Ruth?

Ruth Prior:

Yeah. I think, since IPO, we've consistently over-delivered what we said we were going to do. I think we look at our share price and we hear a number of concerns from our investors around the level of our share price and also the volatility in it, which is due to, we believe, the very thin free float that we've got. Clearly, as we unlock, there are more shares coming into the market. I think at the moment, we feel, would be a good time to talk to all of our shareholder groups to figure out what they would like us to do. And that's all that we are really announcing at this moment. We haven't got a particular plan, but over the next few months we will talk to our shareholder groups about trying to resolve this particular issue.

Raoul Hughes:

Adam, any others? Anything else? No? That's it. Okay.

Well thank you very much, everybody, and we'll see you in a few months time. Thanks.