General Update on COVID-19

Thursday, 19th March 2020

Introduction

Christian Sinding

CEO, EQT

Welcome, everybody to this call and I wanted to introduce the team that's going to be on the call first of all. Here, it's Christian Sinding. I'm the Managing Partner and CEO of EQT. Together with me on the line, I have Caspar Callerström, our COO, Kim Henriksson, our CFO, Åsa Riisberg, Head of Shareholder Relations and Pawel, who is also a Director in Shareholder Relations.

First of all, I wanted to start with hoping that all of you and your families are well and safe in these turbulent times and our priority, similarly, and during this period, is to ensure that all of our staff and all our families and out other stakeholders are staying safe and healthy. Operationally, we've decided since more than a week that all EQT employees across the offices in Europe, the UK and the US actually work from home as much as possible, and that means that the majority of EQT's offices are still operational but at a much smaller scale.

Luckily, thanks to our strategy of futureproofing ourselves, we have an extremely modern, digital set-up and modern tools to work and collaborate remotely, and it actually works very, very well across the firm. We are completely cloud based in all of our software solutions. And that means that people can work effectively from any device and any location, and today that's obviously extremely helpful.

Furthermore, we have very, very strict travel policies now. There is basically no travel and we, of course, encourage video-conference meetings rather than physical meetings and also even rather than telephone meetings, as we want people to engage with each other as much as possible by seeing each other live.

This call is really intended to give you an update on EQT and our funds as well, in light of the current market turbulence and the COVID-19 pandemic that we have now. So, I'll start a little bit and then Caspar will come in and Kim will round it off.

So, a little of a recap on EQT first. We are a purpose- and culture-driven private markets firm with really people at our core, and that's important in these times. More broadly, we have around €40 billion in fee-generating assets under management and these are mostly in private equity and in infrastructure. We've been operating for 25 years. We've been through a number of cycles and crises before. We have about 700 people present in 19 different countries around the world and we have our – you know, our people are split basically 50% between those working with transactions and [?] portfolio companies and clients and 50% of our personnel are working to support in the best possible way our operations.

Our market that we're operating in, the private market, is an attractive long-term market. It's expected to continue to grow for the longer term – 10% per annum or more – and this is obviously generated by the performance that's driven – that we drive in our investments and we provide to our clients, and we've generated around 20% net IRR since our inception and around 2.5 times multiple invested [?] costs.

Our vision is to be the most reputable investor and owner and that's even more true and more important in today's really volatile market. And we do invest for the long term and we want to act as a responsible owner in both good and bad times.

So with that as a backdrop, I wanted to share a few observations on the current market environment. Our funds portfolio is fairly robust. The composition of our funds is a reflection of the thematic investments that we've been pursuing for a long time. We have a focus on non-cyclical companies, driven by long-term macro trends, long-term secular trends, such as the continued digitalisation of our society, demographics, lifestyle, even regulatory trends – trends that are not necessarily connected to the economic cycle. And if I look at the private equity side, the equity portfolio and our equity funds is focused on the preferred sectors of healthcare, TMT and services. That's roughly 90% of the capital in those three sectors. And I want to look at our infrastructure portfolio. Around 50% of the capital is in fibre infrastructure and all of the companies there are providing essential services to society.

When it comes to leverage, we have our structuring our new deals over the past years with a range of anywhere between three times and seven times EBITDA. Typically, we don't max out leverage. We typically don't use hold [?] [inaudible] notes, etc, and we typically don't, you know, continuously leverage our companies to take smaller dividends. This means that we have, you know, somewhat more conservative capital structures than most. Even in some companies we have no leverage if they are growing very rapidly. And if you look at our overall financing structures, we have about 75% of them are already covenant-lite structures. And those where we do have covenants, those are mostly in the Nordic region, with relationship banks, where we have a really good overview and very good cooperation with our relationship banks.

Now, in addition, over the past 24 months or so, we've been talking about the storm that's going to come at some point in time and that means that we've prepared for a downturn for a long time and we've actually refinanced a large part of the portfolio. We're moving covenants and pushing out maturities. We've also pushed out – yeah – sorry, pushed out maturity. We have also – for some companies now, we have drawn down the revolver, to be prepared for a more complicated time. But as I'll get back to you, and so will Casper, we don't see a need for that in all of our portfolio companies and we really work on a portfolio company by portfolio company basis, together with our financing providers.

And basically, we have three different types of companies that are affected by the crisis in different ways. First, we have those that are temporarily impacted. And this is where the underlying the trends in the sector are still intact and they'll have a temporary hit, but the companies will actually recover forgone profits. The second category is temporary but lasting impact, where the underlying trends will – are still intact. There'll be a temporary hit but the companies will not recover their forgone profits. And the third element is the one that have a structural impact, where there are structural changes to demand in that sector, that are accelerated by the crisis and where the underlying trends actually don't come back to a – you know, to a real, positive future. Those that are most affected in the final category are right now, well, actually, this is a slightly separate point, but the most affected sectors right now short term are of course travel and leisure, oil and gas, and retail. And those sectors consist – are in total less than 10% of our total portfolio across the EQT funds. So, this is another way to describe why the lion part of our portfolio is robust for the long term. Furthermore, with what we currently know, we will need significantly less than 5% of our total fund capital to support the companies in the equity and infrastructure portfolios. So that means that with our level of invested capital today, we have plenty of dry powder to support our businesses.

Furthermore, we have the people, the resources and the talent to work with our portfolio companies and to look at new transactions, as Caspar will come back to. And we have a large network of senior advisors that work with all of our portfolio companies around the world. They [?] have very strong professional boards with industry specialists and very strong management teams. And everyone around us is of course helping to handle this current challenging situation in the economy.

So, with that introduction, I'd actually hand over to Casper, who will continue and talk about some other elements.

Operational Update

Caspar Callerström

COO, EQT

Okay. Thank you, Chris. And I think we have obviously tried to learn a lot from the previous crisis and mainly the financial crisis. We, as Chris alluded to, we have in the past two years worked quite a bit on the portfolio side to put plans in place or to put plans in drawers, you can say, in all our portfolio companies. And those are the downturn plans that are now taken out from the drawer and being actioned upon. And I think our experience from historical crises is that action is of essence and that you move quickly and take decisions and therefore, you know, it's essential to have, you know, not to be forced to haggle about what you should do but everybody knows and it's just execution. And I think so the portfolio companies as well as our staff has sort of been mentally prepared for a downturn.

On the deployment or investment pace, I think it's pretty clear that the pace will be impacted, especially in the short term. We expect that the current market turbulence today will lead a postponement or a significant slowdown in this [?]. For how long this will last, it's hard to predict. We will see. But right now, the market for financing new deals is more or less closed. However, as we saw in 2008 as well, this new environment can also open up for new opportunities. But that said, the main focus right now at the moment is on the current portfolio.

On dry powder, key funds are 70% to 75% invested, which means we have capital to support our companies, as well as capturing any new opportunities that may arise in the current situation. This will also impact our exits. As we said in the Q4 call, our exits are tilted to the second half of this year, so we're continuing with exit preparation, but the market obviously needs to recover for these exits to happen, and you know, time will tell. But that said, we have a young portfolio. Our oldest portfolio company is roughly eight years old in our portfolio and that is Anticimex, which is also one of our stars and strong performers. So, we have no pressure whatsoever on us from our investors or legally or anything else to be selling any assets. So, we can sit on the assets for quite some time before we come into any sort of problems in that area, for years.

We also – a reminder to you, we don't have sort of open-ended funds. I mean, these are closed-end funds, so we don't have any outflows or anything like that. Our funds' capital is committed for ten-plus years, which means that we would rather wait for a market recovery and generate returns and carry than to sell at a low valuation.

On the fundraising side, as you've seen, we announced last night – or this morning, depending on how you sit – the hard cap on EQT 9, at €15 billion. This we – you should have anticipated. We talked about that in January. And what this means is that we have now then communicated to our LTs – our investors in the funds – that the maximum amount of commitments that are going to be accepted in EQT 9 is then €15 billion.

And as usual, this is basically the only thing we are allowed to say specifically about the fundraising of EQT 9. But what we can say, of course, fundraisings in general will certainly take a longer time in this environment than it would in the environment we had three months ago.

So, I think with those words, I'll hand over to Kim, our CFO.

Financial Update

Kim Henriksson

CFO, EQT

Thank you. Thank you, Caspar. I'd like to spend a little bit of time and say a few words on how all of this will affect EQT AB. And let's start with a reminder on our financial model, how it works. So, we have two kinds of revenues. We have management fees and we have carried interest – carried interest and the investment income. And the management fee, which is the vast majority of our revenues, firstly, it's calculated on committed capital in the funds that are in the investment phase and then it's on invested capital in the post-investment period, in the older funds. So, at no point are the revenues based on market values in those funds. It's also worth mentioning that our fund investors have never defaulted on a capital call during our 25-year history, so that is not something we expect to happen.

The second part of our revenue stream is carried interest and under IFRS, carry recognition will require an underlying positive development in the fund valuations and/or an exit of portfolio companies. And it's too early to quantify at this point, but if this turmoil continues, it will have an impact on the timing of carried interest recognition. So, carry recognition may be delayed but not cancelled, as also Caspar alluded to. This is very important, that we are – we are focused on the – not the IRRs but the money multiples instead. On the valuation side, we have a very structured quarterly process for valuation of our portfolio companies. The quarter has not yet closed, so the valuation process is not yet finalised, so no further comments on that at this point in time.

Together with carry, we also report investment income is a very small part of our earning or our revenue for now, but that is based on – on mark-to-market methodology, so it may be impacted more directly by the market turmoil. We currently have invested roughly €[?]70 million out of our balance sheets or – as of year-end.

As you know, our cost base is largely our employees and our long-term plans to grow the firm obviously remains. However, the practicalities around hiring is likely to impact the hiring speed, where people work from home and do not have the possibility to meet in person. So, our growth in people is likely to slow down from what we had expected. This is not going to impact immediately, because people commencing in the next few months have already been hired by now, so that it's a slightly longer-term potential impact. We will also have lower travel costs for a while as people work from home.

That's on the cost side. As you remember, we did announce a review – a strategic review of other [?] credit segment in January. There are no change to those plans. As we have communicated earlier, we will revert before the summer then with the outcome and conclusions of such strategic review and that is still the case.

And finally, with – as there is very much focus on liquidity and balance-sheet strength, worth noting that with relation to EQT AB, we have a very strong balance sheet and a very strong liquidity position, with at year-end approximately €900 million in cash. And with that, I'd like to hand back to Chris for some concluding remarks.

Conclusion

Christian Sinding

CEO, EQT

Thank you both and thank you everyone for listening in. Please stay safe out there and let's hope that we all get through this difficult situation as soon as possible.

With that overview, we are then open for any questions that the audience might have.

Q&A

Peter Kessiakoff (SEB): Yes, hi and thanks for the updates. Much appreciated. Just a few questions. The first one is on perhaps the ability to invest in this environment and that, of course, relates to the fundraising of EQT 9. Given where markets are today, I mean, would you – and let's assume that this is – this continues for throughout the year, do you think that there's ability of you to invest capital further within these funds, or are the markets pretty much closed, meaning that of course the fundraising of EQT 9 would be something that comes into 2021? That's perhaps my first question.

Christian Sinding: Okay, I'll take that one. You know, it's – of course, right now in the middle of the crisis, when there's so much uncertainty, it's – it's hard for sellers and buyers to meet. That's just the reality. You know, for mid-sized transactions, you know, we're actually not – we're actually not dependent on the financing markets because then we can use our own equity capital. So, we have the possibility to do transactions and we are working on a number, you know, and there are interesting opportunities out there, like certain public companies that could be interesting that, you know, certain sellers that are maybe even more distressed or would like to refocus their resources. So, you know, we're actively looking. And of course, as you know, we follow the investments that we're making, we typically follow the companies and the sectors for years. So, it's hard to say exactly how many investments we're going to be able to do in this – in this marketplace. We of course hope that once things stabilise, what our experience was from the last crisis was that when things stabilise, then actually sellers and buyers can meet and you can start to transact. When it's as, you know, as volatile as now, I would say it's, you know, relatively unlikely, but there might be one or two situations that are possible to convert. And when it comes down to the fundraising, the fundraising itself of course is one process and Caspar can talk a bit more about that if you like, but the – of course, we're not activating the new funds until the previous funds are fully invested, and they're typically fully invested between 80% and 90%. So, those are the two equations and right now I can't tell you, you know, exactly what the timing of that will be.

Peter Kessiakoff: And perhaps if –

Christian Sinding: Caspar, do you want anything?

Peter Kessiakoff: Okay.

Christian Sinding: No, go ahead, Peter.

Caspar Callerström: No, no, I think you covered it well.

Christian Sinding: Okay, okay.

Peter Kessiakoff: Just if I just follow up on that question, in terms of valuation levels, given where kind of if you take equity markets as a proxy for how valuations perhaps in within your portfolio have developed, are the valuation levels any issue in terms of getting buyers and sellers to meet and perhaps for you to sell or exit companies and thereby generate carried interest to the level where you would be satisfied and that is in line with your – with the targets that you've set out for your funds?

Christian Sinding: Yeah. When it comes to exits, you know, the same thing applies. You know, when there's a huge amount of uncertainty, as of right now, then we're unlikely to execute on any exits, just because it's – you know, we're not under pressure, as Caspar said, to sell and we want to make sure that we deliver the best possible long-term returns for our investors and we're quite comfortable with our overall portfolio, as you heard. So, again, you know, we need some kind of market stability for exits to happen and of course you can exit – and when that happens, you can exit those companies that are in very healthy sectors and are performing in a strong way, and those that have been more affected, we're going to have to continue to work with them and keep them for the longer term. And Caspar might want to make a comment on the valuation.

Caspar Callerström: Yeah. I think – I don't think it's – I mean, the stock market is maybe not the perfect proxy, to be quite honest, and the reason for that is of course, if I, you know, play with the thought that we would launch a public tender for a company today, would we be able to buy that company with a 30% premium? And I would say probably not. So – so, the price of an entire company is something different than a price for a marginal [?] share, so of course, the price of a full company's affected, but not to the same extent as a marginal share, I would say. So, maybe a bit theoretical, but I think it's actually true also in practice. So – so, and that is also why it's a little bit difficult to meet with the buyers and sellers when you have this high turmoil and high uncertainty and as things calm down, you typically find where the correct price – clearing price in that market is.

Peter Kessiakoff: Okay. And then, just perhaps a final question. In terms of the hard cap, which is very close to the target AUM, when looking at previous fundraising cycles for you, and if we I guess go back to EQT 8 and maybe 7 as well, the raised amount of capital was a few billion euros above the target that you set out.

Should we – how should we view the hard cap that is now set? Is it – is it a reflection of that perhaps in these volatile times it's difficult to raise much more capital than the target and perhaps just achieving the target is good enough? Or is it that perhaps the size of the funds are becoming so large now that you don't really want to take in more capital, because in the end you need to generate returns on that money as well?

Christian Sinding: Your questions are good, but you can't really extrapolate the past because every fundraise and every market situation is different. The way I think about it is that we set a target here which we were happy with and which we think fits our – an investable set of companies and which we think we can deliver an excellent return around over the long term, and now we set the hard cap slightly above that. I think what you should also look at is, and I think has been indicated before, you should also look at the increase in size and absolute numbers from the fund. And the percentage increases are one thing, the absolute increases are another. But I think the way we are, you know, I think we are quite happy with ending up at the hard cap and that's what we're going to be working on for the foreseeable future.

Peter Kessiakoff: All right, thanks.

Christian Sinding: Thank you.

Magnus Andersson (ABG): Yes, hi, if I could just follow-up a bit on the fundraising. Caspar, you mentioned that, obviously, the fundraising of EQT IX now could take or most likely would take longer than it otherwise would have done. Can you tell us something also about the potential size and fee pressure? Are you already now feeling that clients that are hit by public equities are becoming over-exposed and thereby that demand for alternative investments are going down and that potentially therefore could end up below the €15 billion? And, also, anything on negotiations? On terms, what would it take for clients to start to become more aggressive on management fees or rates, etcetera? Are we there yet, or?

Caspar Callerström: I think I can start answering, and, Chris, you fill in if you want to. I think when it comes to the size of the fundraising, I think we just went out with a hard cap and that is what we're striving to achieve. So that is it. I think when you talk a little bit about the allocations to PE in general, it's something that you could see a little bit in the financial crisis, it's called the denominator effect, so meaning that if you have significant movement in stock prices you become "over-allocated" to a little bit less price sensitive private markets and therefore we – it was tough at times. I don't think we're at that point now. Of course, if this continues, you know, with another 30% down then it's a different story. But we're not there now, not that we can see, anyway. And I don't think it's the allocation to – I mean, our investors, they are very professional, they're very long-term, they don't change strategy from one month to another. So they typically have a target allocation that they're working towards in good times and in bad, but it's not, sort of, a blip in the curve will not change that. They will say, you know, how much and how deep this downturn will go? Anyone's guess.

Magnus Andersson: And the same goes for fees then I guess? You're not – if you're not worried about size you're probably not worried about fees either?

Caspar Callerström: I think we said that we are going out with fundraising on virtually the same terms as the last fund, and I think we stick to that, and that's what we believe.

Magnus Andersson: Okay, thank you.

Arnaux Gibleaut[?] (EXN): Yeah, good morning, I've got a couple of quick questions. Firstly, on the mechanics of fundraising. So you've got several closings, and I think it's at the point of the first close which makes reference and any further closings thereafter are subject to late fees. Is that right? So, I mean, I suppose the key milestone we're looking for is the first closing? That's my first question.

And, secondly, a couple of months ago, you were talking about bridge financing for, or solutions to raise more capital until the next infrastructure fund is raised. Does that still remain valid in this environment and are we looking roughly to 2021 now? Which part of 2021 could you foresee the raising of infrastructure fund size? Thank you.

Christian Sinding: Thanks. I'll answer the last question and then Caspar can comment on the first one. With regards to the bridge, which we call a parallel investment vehicle, a PIV, that process in ongoing and it's also a fundraising process, so I can't comment on it, other than to say it's ongoing. And it probably also, you know, the general statements we're making probably also or definitely also apply that all fundraising will now take a little bit longer both for – just because of the status of financial markets but also just practically in the way that everybody has to work now is obviously over digital solutions, etcetera. And, therefore, I also won't make a prognosis as to the timing of the next infrastructure fund. You know, it's 70-75% invested, the current one, and we typically flow funds somewhere between 80-90%. And so, when that is done, we've typically started fundraising by that time period. But, you know, to give a prognosis right now of any timing would be, I think, yeah, it's not possible, and I think we've given you the dynamics around it.

Caspar, do you want to take the mechanics of the fundraise?

Caspar Callerström: Yeah, sure. So, I think you're right. So, basically, the main things are from the first close and onwards.

Arnaux Gibleaut: Okay. Thank you very much.

Liz Miliapey[?] (Bank of America): Good morning gentlemen, a few questions. Firstly, on the EQT fund line. On the first quota, I'm not sure if you're allowed to mention it or not, but have we actually had the first quota? The second question would be given the current environment would you be interested in potentially looking at a distressed fund and raising a fund in that sort of strategy? And then finally, Kim, you mentioned that there may be a slowdown in staff hiring for this year. I think you had hired for 100 FTE for 2020. Are you able to give us, you know, an approximation – will it be 70 or 80 people or what that number might look like for 2020 and even 2021? Thank you.

Christian Sinding: Thanks. Regarding the fundraising we're just not at liberty to say because of – primarily because of American securities marketing rules. So I don't think I can – I don't think I would be able to help you there, unfortunately.

On the third question, Kim will step in.

On the second one, we have two ways of investing in either distressed securities or distressed structures or in a company that has a distressed balance sheet. One is through our – in our private equity and infrastructure funds. We have the capability there to buy companies that are in distress. But those strategies would focus on companies that are where the company is actually but the balance sheet is struggling rather than an actual, you know, looking for a turnaround or distressed companies which we – which is not EQT's core strategy in any sense.

We do, however, have a credit fund, Credit Opportunities III, which is investing in distressed securities, and also has the ability to do loan-to-own type of strategies. And they, of course, are very active in the market right now.

Kim Henriksson: It's Kim here to comment on your third question there. So, as I mentioned, for H1 the change in hiring speed will really not have any significant effect because those are already signed up and it's more a question of when do they start? And then after that, it's anybody's guess how long this will last. But if we are back to normal, soon thereafter, I would not expect a big change to the earlier communicated pace. And if this continues throughout the year, then the hiring pace will be significantly slower, I would say in the latter part of the year as well. So anybody's guess, I'm afraid.

Liz Miliapey: Okay, thank you. Perhaps just one more question. I suppose the credit business is still under review, but is your – is the review potentially going to be changed due to the current environment or your view of that credit business, has that changed due to the current environment? Thank you.

Kim Henriksson: So, I mean, no. There has been no changes to the review or the process that we are – the staffing there. That's all underway as planned.

Christian Sinding: Thank Kim, I was on mute. So, I agree.

Liz Miliapey: Thank you.

Pierre Jurgensen (I&P Asset Management): Yes, thank you for taking my question. This slowdown has come very quickly and very much abrupt. If you look at your experience from former crises, do you expect to see any catch-up effect in either selling or buying companies? That's my first question.

My second question is on the pipeline management. Do you see any reason for changing that? Do you see an acceleration in looking at companies so you can act maybe more promptly when the Fund IX has been launched? That's my second question.

My third question is actually you mentioned before that 2020 should be seen more as an exit year due to valuations and all that, and now the market has suddenly turned. Do you see more aggressive buying later this year? Thank you.

Christian Sinding: Yeah, thank you. A good question. You know, with regards to the catch-up effect, of course, nobody knows exactly how the – how and when the economy will come back, but they certainly will. And like you heard, our portfolio is skewed towards what we believe are the healthy long-term friends. So yes, typically, after a period of time where there's been very little happening I would expect that there's some activity. But I think it will be – it will probably be very spread out according to different regions and different sectors.

So, in some sectors, I think the activity will actually come back quickly, and other sectors, it will take longer. That's the experience I've had from other crises.

And your next question, the pipeline management. The way we work, is we work – we're kind of on the axis of local with locals and thematic investing sector-based investing on the other one. So where those two meet, you know, we're following companies for a long time. I don't remember exactly the number, but if I remember right, from EQT VIII and EQT VII, I think we've been following those companies for an average for four to five years before we actually invested in them. And that means our pipeline management continues irregardless of the cycle. And then we're – what we have to do, of course, though, is the, you know, when things are uncertain, as now, we have to be extremely selective for the reasons we discussed earlier.

And then on the third question on the exit year, yeah, I think Caspar also mentioned it in his overview, we are not under any pressure to sell. And we think it's very difficult to sell any assets in this environment. So – and that's probably going to take some time before everything comes back. So I would expect exits to be – you know, exits are, I would say, in Q4 I think is when exits were pushed back into the second half, and that might be further pushed. You know, there will be fewer exits and later.

Pierre Jurgensen: Yeah, okay. Just on the fundraising, I know it's not a topic that you want to discuss too much, but are there any changes in the dynamics? Because a lot of clients coming into the EQT line, they know you from VII or VI, and so on. So it is, not to say that it's easy to do fundraising, but the clients know you, so you don't need to meet up in person, and so on. Is it a way to get the fundraising done and the reason that you actually today a message about the hard cap, are there any changed dynamics as you see it?

Christian Sinding: Changed? Well, I think the changed dynamic is that the overall fundraising process will take some more time both because of the disruption that's happening in the markets and because of the practicalities. Now, we started our fundraising of EQT IX in January, so, of course, quite a lot of work has already been done. But I don't think I can comment much more than that. I'll see if any of my colleagues want to add anything?

Caspar Callerström: No, I think it's difficult to say much more. Because of regulations, we cannot comment on the dynamics of fundraising.

Pierre Jurgensen: No, fair enough. It was not to get a thing about that. It's just, you know, the dynamics that was what I'm after.

Caspar Callerström: I think –

Christian Sinding: Yeah, unfortunately – go ahead, Caspar.

Caspar Callerström: Yeah, to answer your, sort of, broad question. I think what we see is, of course, that the vast majority of the investors in a fund typically are coming from an earlier fund investment, so a "re-up", as we call it in our lingo. And I would say that would be valid for all our flagship fundraising. So that's probably, you know, more than a majority. The vast majority of the money is coming from old relations.

Pierre Jurgensen: Yeah, good. Okay, fair enough. Thank you.

Christian Sinding: Thank you.

Gergely Campbell[?] (JP Morgan): Hi, good morning guys, and thanks for the update – just a couple of questions. Firstly, in terms of the business now, are there, sort of, significant differences between 2009, obviously, I know you weren't listed then, you know, in terms of either size of the companies, your investing, you know, perhaps the mix just to give us a sense of, you know, maybe were there any funds that missed the target last time? That's the first question.

Secondly, just on the secondary market, because I suspect there would be quite a lot of opportunities where other managers or investors are lacking liquidity which may create opportunities for somebody like EQT who has clearly more firepower. So, you know, what are you thinking about that?

And then finally, just Kim for yourself, is there any part of the portfolio or the balance sheet where there could be any, sort of, even small mark-to-market adjustments that we need to factor into our numbers?

Christian Sinding: Okay, I'll take the first two and then Caspar can take the third one. And thanks for joining. The, you know, I think the main difference between the previous cycle or before the great financial crisis and now is that we are – or since the financial crisis, we've actually been investing thematically, as you heard us talk a lot about. Which means that we work to avoid cyclical exposures, we work to avoid highly capital intensive industries, and we try to find investable trends which are not related to the economic cycle so much but rather other trends. And that's why we have investments in a lot of fibre and broadband, and we have veterinary care, and we have a number of healthcare companies – pharma, MedTech, etcetera. So that I think is the big difference.

If you look at our portfolio 15 years ago, we had a broader spread where we also had building products, and other types of companies that had more cyclicality and more capital intensity. So that's it.

And, but even so, you know, the main fund, the flagship fund that was invested mostly before the financial crisis happened was EQT V, and EQT V delivered two times MOC, so that was, you know, that was in 2006 vintage, which they also call the 'vintage of death' in private equity. And in that vintage, we delivered the top quartile return of two times.

And so in the secondary market, the – definitely. And there are, you know, we are – but it will work in the same way. We're working thematically and locally together and we're talking to a lot of different sellers these days, and we want to be as well-positioned as we can to make those kinds of transactions happen. That was your question.

Gergely Campbell: Yeah, that's great. Thanks.

Caspar Callerström: And the mark-to-market adjustment, and I think we have, according to IFRS financial investment you are valuing on a mark-to-market. We have at year-end roughly €70 million on our balance sheet in financial investments, i.e., investments in our fund, maybe that's slightly more in Q1. But that's sort of the basis on which you will see mark-to-market adjustments in Q1 that we will see that.

Gergely Campbell: That's very helpful, thank you.

Mike Warner[?] (UBS): Thank you very much. Most of my questions have been asked, but I do have one additional. I guess, you know, in previous private equity funds, EQT VII, VIII, and maybe even going back to VI, I was just wondering what the break down was in terms of existing clients versus new clients, i.e., what percent of the committed capital came from clients from your predecessor funds and what percent of – were essentially new clients that you see at the time? And I guess as a potential follow-up, you know, what are you targeting? Are you targeting, kind of, a specific mix for EQT IX?

Christian Sinding: Yeah. Caspar, do you want to take that one, because I don't know what we disclose and not disclose.

Caspar Callerström: Yeah, I can take because I know what we disclose. In the press release of EQT VIII, we said that new – that we had existing investors were coming from 70% in the equity fund previous – the previous equity fund, EQT VII. So 70% was old money, you can say.

Christian Sinding: Yeah. And I think in Infra, it was 80-something, 85%, I believe the number was, in Infra IV. That gives you, kind of, a range to work with.

Mike Warner: Thank you, that's helpful.

Christian Sinding: And with regards to the target mix, it doesn't – it's not really – it doesn't really work that way. What we're – what we, of course, try to do is keep excellent relationships with our existing LPs, and over time, also bring in new LPs that we think are a good fit for us and for them as we grow and develop. So we don't really think about it in terms of the target mix.

Mike Warner: Got it, thank you.

Christian Sinding: Thank you. Thank you everyone for joining on short notice. We appreciate it and we look forward to staying in touch. Have a great day and stay safe out there.

[END OF TRANSCRIPT]