

IEQT



3

2019

QUARTERLY ANNOUNCEMENT

Good investment activity in the EQT funds continued in the third quarter

HIGHLIGHTS DURING THE THIRD QUARTER 2019

- Total investments by the EQT funds in the period amounted to EUR 3.4bn
- Private Capital: Investments include, among others, Aldevron and Waystar in North America (both in EQT VIII) and Ellab in Denmark (EQT Mid Market Europe)
- Real Assets: Investments include, among others, Inexio in Germany (EQT Infrastructure IV) and Pegasus Optimization Managers in North America (EQT Infrastructure IV), an add-on acquisition to further strengthen portfolio company Kodiak Gas Services
- Credit: EUR 0.7bn invested across funds within Special Situations, Direct Lending and Senior Debt
- Total gross fund exits in the period amounted to EUR 0.8bn and were mainly within Real Assets
- In addition to continuous client relationship management, fundraisings in the period focused on EQT Real Estate II and EQT Ventures II
- Expected Gross MOIC currently developing "On plan" in EQT's key funds in Private Capital and Real Assets, except for EQT Infrastructure III which as per September 30, 2019, continued to develop "Above plan"
- First day of trading in EQT AB's share on Nasdaq Stockholm on September 24, 2019

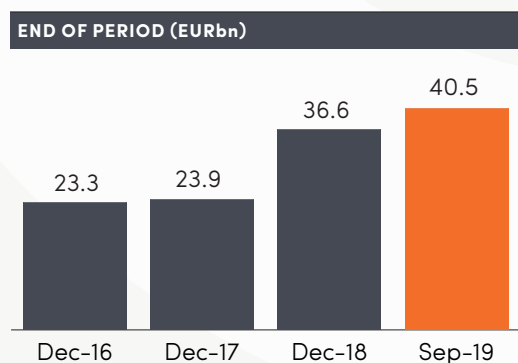
HIGHLIGHTS DURING THE FIRST NINE MONTHS 2019 (JAN - SEP 2018)

- Good investment activity across the EQT funds with total fund investments of EUR 10.1bn (EUR 5.5bn), of which EUR 1.7bn (EUR 0.8bn) within Credit
- Investment level in key funds as of September 30, 2019: 65-70% in EQT VIII (25-30% as of September 30, 2018) and 50-55% in EQT Infrastructure IV (start-date November 30, 2018)
- Supportive exit environment with EUR 5.6bn in total gross fund exits across the EQT funds (EUR 4.6bn), of which EUR 0.6bn (EUR 0.7bn) within Credit
- Fee-paying AUM increased to EUR 40.5bn as of September 30, 2019, (EUR 31.7bn). This has primarily been driven by the successful closing of EQT Infrastructure IV with a fund size of EUR 9.1bn
- Number of full-time equivalent employees and on-site consultants (FTE plus) amounted to 675 (571) at the end of the period, of which FTEs amounted to 617 (503)

EVENTS AFTER THE REPORTING PERIOD

- Investment level in key funds as of November 5, 2019, continued to be 50-55% in EQT Infrastructure IV and 65-70% in EQT VIII. In light of the investment level of EQT VIII, preparations for the successor fund EQT IX are intensifying and fundraising of EQT IX is expected to begin in 2020

FEE-PAYING ASSETS UNDER MANAGEMENT (AUM)



Note: As of September 30, 2019.

INVESTMENT DATA

EQT VIII		EQT INFRASTRUCTURE IV	
Start date	May 2018	Start date	Nov 2018
Fund size	EUR 10.9bn	Fund size	EUR 9.1bn
Investments	12	Investments	8
Exits	0	Exits	0
% Invested	65-70%	% Invested	50-55%

Note: As of November 5, 2019.

Fee-paying assets under management (AUM)

DEVELOPMENT IN THE FIRST NINE MONTHS 2019

AUM BY SEGMENT (EURbn)	Private Capital	Real Assets	Credit	Total
At December 31, 2018	22.3	11.0	3.2	36.6
Gross inflows	1.9	4.3	0.7	7.0
Step-downs	(0.3)	(0.1)	-	(0.4)
Exits	(2.1)	(0.5)	(0.2)	(2.7)
FX and other	0.0	0.1	(0.0)	0.1
At September 30, 2019	21.9	14.8	3.7	40.5
<i>Since December 31, 2018</i>	<i>-1.8%</i>	<i>34.3%</i>	<i>17.1%</i>	<i>10.8%</i>

DEVELOPMENT IN THE THIRD QUARTER 2019

AUM BY SEGMENT (EURbn)	Private Capital	Real Assets	Credit	Total
At June 30, 2019	22.3	14.5	3.3	40.1
Gross inflows	0.6	0.2	0.5	1.2
Step-downs	-	-	-	-
Exits	(0.9)	(0.0)	(0.0)	(0.9)
FX and other	0.0	0.1	-	0.2
At September 30, 2019	21.9	14.8	3.7	40.5
<i>Since June 30, 2019</i>	<i>-1.5%</i>	<i>2.1%</i>	<i>13.4%</i>	<i>1.0%</i>

Note: Any included transaction activity is based on its contribution to fee-paying AUM. Transactions in the period are therefore included based on their remaining or realized cost, only for transactions which have closed in the period and in funds which are charging fees based on net invested capital.

Gross investment performance of EQT's key funds

AS OF SEPTEMBER 30, 2019

(EURbn)	Start date	AUM	Committed capital	Cost of investments			Value of investments			Gross MOIC
				Total	Realized	Remaining	Total	Realized	Remaining	
Private Capital										
EQT VI	Jun-11	1.3	4.8	4.4	3.1	1.3	10.4	7.9	2.6	2.4x
EQT VII	Jul-15	5.0	6.9	6.1	1.1	5.0	10.1	2.8	7.4	1.7x
EQT VIII	May-18	10.9	10.9	5.6	0.0	5.6	5.9	0.0	5.9	1.1x
Real Assets										
EQT Infrastructure II	Oct-12	1.3	1.9	1.7	0.4	1.3	3.6	1.8	1.8	2.1x
EQT Infrastructure III	Nov-16	3.5	4.0	3.5	0.0	3.5	4.9	0.0	4.9	1.4x
EQT Infrastructure IV	Nov-18	9.3	9.1	2.8	0.0	2.8	2.8	0.0	2.8	1.0x
Other		9.1		8.7			11.0			
Total		40.5		32.8			48.8			

Note: Cost and value of investments reflect only closed transactions as per the reporting date.

	Gross MOIC (September 30, 2018)	Gross MOIC (September 30, 2019)	Expected Gross MOIC (September 30, 2019)
Private Capital			
EQT VI		2.3x	2.4x
EQT VII		1.3x	1.7x
EQT VIII		1.0x	1.1x
Real Assets			
EQT Infrastructure II		1.9x	2.1x
EQT Infrastructure III		1.2x	1.4x
EQT Infrastructure IV		n.a.	1.0x

Note: Data for current Gross MOIC reflects only closed investments and realizations. For Private Equity funds (part of segment Private Capital), target Gross MOIC amounts to 2.3x and "On Plan" refers to expected Gross MOIC between 2.0-2.5x. For Infrastructure funds (part of segment Real Assets), target Gross MOIC amounts to 2.0x and "On Plan" refers to expected Gross MOIC between 1.7-2.2x.

AUM

Assets Under Management (“AUM”) represents the total committed capital from fund investors and net invested capital to which the EQT AB Group is entitled to receive management fees. All of the Group’s AUM is fee-paying

Active funds

Funds currently investing or with not yet realized investments

Credit

Business segment comprised of EQT’s platform for credit investments comprised of Special Situations, Direct Lending and Senior Debt

Committed capital

The total amounts that fund investors agree to make available to a fund during a specified time period

Commitment period / Investment period

First phase of a fund lifecycle after fundraising, in which most of a fund’s committed capital is invested into portfolio companies. Management fees are normally based on committed capital during this period

Current Gross MOIC

A fund’s Gross MOIC based on the current total value and cost of its underlying investments

Investment level / % Invested

Measures the share of a fund’s total commitments that has been utilized. Calculated as the sum of (i) closed and/or signed investments, including announced public offers, (ii) any earn-outs and/or purchase price adjustments and (iii) less any expected syndication, as a % of a fund’s committed capital

EQT

Where used on its own, is an umbrella term and may refer interchangeably to the EQT AB Group, SEP Holdings Group and/or EQT funds, as the context requires

EQT AB Group or the Group

EQT AB and/or any one or more of its direct or indirect subsidiaries (excl. the EQT funds and portfolio companies)

Exits

Cost amount of realized investments (realized cost) from an EQT fund

Expected Gross MOIC

A fund’s expected Gross MOIC at termination, when a fund is fully realized, based on the estimated total value and cost of its underlying investments upon realization

FTE

The number of full-time equivalent personnel on EQT’s payroll

FTE plus

The number of full-time equivalent personnel and contracted personnel working for EQT

Fund size

Total committed capital for a specific fund

Gross inflows

New commitments through fundraising activities or increased investments in funds charging fees on net invested capital

Gross fund exits

Value of realized investments (realized value) from an EQT fund. Refers to signed realizations in a given period

Gross MOIC (Multiple of Invested Capital)

Total value of investments divided by total cost of investments

Investments

Investments by an EQT fund, measured at cost, net of any co-investments. Refers to signed investments in a given period

Key funds

Funds with commitments that represent more than 5% of total commitments in active funds, respectively, as well as EQT Infrastructure II

Net invested capital

Total cost of investments not yet realized (remaining cost). Management fees are generally based on net invested capital after the commitment period / investment period

Post-commitment period / Divestment period

Phase of a fund lifecycle after the commitment period, in which most of a fund’s investments are realized. Management fees are normally based on the net invested capital during the period

Private Capital

Business segment comprised of business lines Private Equity, Mid Market Asia, Ventures and Public Value

Real Assets

Business segment comprised of business lines Infrastructure and Real Estate

Realized value / (Realized cost)

Value (cost) of an investment, or parts of an investment, that at the time has been realized

Remaining value / (Remaining cost)

Value (cost) of an investment, or parts of an investment, currently owned by the EQT funds

Start date

A fund’s start date is the earlier of the first closed investment or the date when management fees are charged from fund investors

Step-down

Step-downs in AUM generally resulting from the end of the investment period in an existing fund or when a subsequent fund starts to invest. Fees in a specific fund will normally be charged on net invested capital post step-down

Target Gross MOIC

Measure used in fundraising of an EQT fund as a fund’s target level of investment return based on Gross MOIC

EQT AB Group in brief

EQT is a differentiated global investment organization with a 25-year history of investing in, developing and owning companies, and has a demonstrated track-record of consistent attractive returns across multiple geographies, sectors and strategies. EQT manages and advises a range of specialized investment funds and other investment vehicles that invest across the world with the mission to generate attractive returns and future-proof companies.

EQT has three business segments – Private Capital, Real Assets and Credit. All business segments are guided by a responsible approach, a digital transformation agenda as well as a thematic investment strategy.

Since inception in 1994, EQT has been a thought-leader in the private markets industry. As one of the first private equity firms in Northern Europe, EQT has grown its geographical presence and successfully scaled strategies such as Infrastructure, Real Estate, Venture Capital and Credit, and established new investment strategies such as Public Value. Today, the EQT AB Group conducts its businesses through offices in 15 countries across three continents with more than 675 employees.

EQT's well-established platform, ability to generate consistent attractive returns and long-term relationships with fund investors, and its unique culture, values and brand, have enabled EQT to raise EUR 62 billion of commitments since inception.

The EQT AB Group comprises EQT AB (publ) and its direct and indirect subsidiaries, which includes entities advising EQT funds as well as general partners and fund managers of EQT funds.

Financial calendar

Quarterly announcement Q4 2019	24 Jan 2020
Year-end report 2019	12 Feb 2020
Annual report 2019	3-6 Apr 2020
Quarterly announcement Q1 2020	24 Apr 2020
Annual shareholders' meeting 2020, Stockholm	8 Jun 2020

Auditor's review

This quarterly announcement has not been reviewed by EQT AB's auditors.

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