

IEQT



2020

QUARTERLY ANNOUNCEMENT

CEO COMMENT - SECOND QUARTER 2020

"I am pleased to report that we are executing on EQT's defined strategy, despite the ongoing pandemic and challenging markets - it proves how resilient and long-term our business model is. We have signed an agreement to divest EQT Credit, we see good fundraising momentum and recently announced the target fund size for EQT Infrastructure V at EUR 12.5 billion. We are also breaking new grounds with the ESG-linked credit facility related to EQT IX, the largest ever in the global fund financing markets. And deals are being made across the different business segments, albeit fewer exits. Within the portfolio, our longstanding thematic investment strategy, makes the companies more resilient and less affected by the crisis. But we are all affected one way or the other, we stay cautious - prepare for the worst and hope for the best - while also capturing opportunities."

Christian Sinding, CEO

Executing on our strategy**HIGHLIGHTS DURING THE SECOND QUARTER 2020**

- Total investments by the EQT funds in the quarter amounted to EUR 1.3bn, of which EUR 0.4bn within Credit
- Investments made during the quarter include Schülke in Germany (EQT VIII) and Freepik in Spain (EQT Mid Market Europe)
- Total gross fund exits in the quarter amounted to EUR 0.3bn, of which the vast majority within Credit
- Expected value creation (Gross MOIC) remains "On plan" in key funds in Private Capital and Real Assets, while EQT Infrastructure III, as of June 30, 2020, continued to develop "Above plan"
- An agreement to sell the business segment Credit to Bridgepoint has been signed, as announced on June 18, 2020. The transaction is expected to close in the fourth quarter of 2020
- The target size for EQT Infrastructure V was set at EUR 12.5bn as announced on June 30, 2020
- Successful execution of both the Annual General Meeting and the Annual Investor Meeting through a fully digital solution, leading the way in digitalisation and sustainability
- EQT's integrated approach to sustainability emphasized through launch of an ESG-linked fund level bridge facility for EQT IX of EUR 2.3bn – first of this size in the global fund financing markets
- EQT's Paris office was officially opened

Executing on our strategy

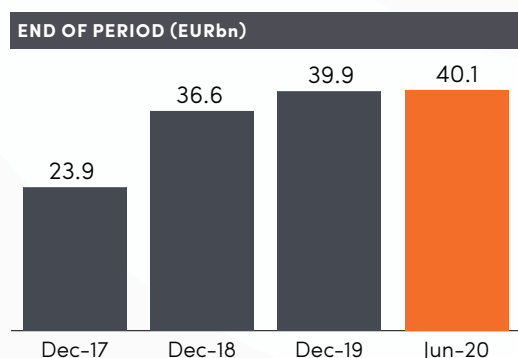
HIGHLIGHTS DURING THE LAST TWELVE MONTHS (COMPARED TO LTM ENDING JUNE 2019)

- Total fund investments of EUR 8.5bn (EUR 12.2bn), of which EUR 2.3bn (EUR 1.6bn) within Credit
- Investment level in key funds as of June 30, 2020, excluding events after the reporting period: 70-75% in EQT VIII (50-55% as of June 30, 2019) and 80-85% in EQT Infrastructure IV (40-45% as of June 30, 2019)
- Total gross fund exits of EUR 3.8bn (EUR 7.0bn), of which EUR 1.0bn (EUR 1.1bn) within Credit
- Fee-generating AUM of EUR 40.1bn as of June 30, 2020 (EUR 40.1bn)
- Number of full-time equivalent employees and on-site consultants (FTE plus) amounted to 742 (646) at the end of the period, of which FTEs amounted to 688 (587)

EVENTS AFTER THE REPORTING PERIOD

- The fundraising of EQT IX (target fund size of EUR 14.75bn and hard cap of EUR 15.0bn) runs according to plan and is anticipated to be materially concluded during the third quarter - the fundraising efforts will shift to focus mainly on EQT Infrastructure V
- With the acquisition of IFS by EQT VIII and EQT IX announced on July 14, 2020, EQT VIII is expected to be 80-85% invested and the commitment period has been terminated (remaining commitments to be used primarily for add-on acquisitions and strategic capital injections as well as for ongoing expenses)
- Simultaneously, the successor fund EQT IX was activated and consequently started charging management fees. With the acquisition of IFS, EQT IX will be 5-10% invested based on the target fund size of EUR 14.75bn
- EQT Infrastructure IV, through a controlled entity, has entered into a new scheme implementation agreement to acquire Metlifecare at a reduced price, as announced on July 10, 2020 (investment included in the 80-85% investment level as of June 30, 2020)
- EQT VIII portfolio company SUSE acquired Rancher labs as announced on July 8, 2020

FEE-GENERATING ASSETS UNDER MANAGEMENT (AUM)



INVESTMENT DATA AS OF JULY 16, 2020

EQT VIII		EQT INFRASTRUCTURE IV	
Start date	May 2018	Start date	Nov 2018
Fund size	EUR 10.9bn	Fund size	EUR 9.1bn
Investments	16	Investments	11
Exits	0	Exits	0
% Invested	80-85%	% Invested	80-85%

Note: 14 investments have closed in EQT VIII and 9 in EQT Infrastructure IV.

Fee-generating assets under management (AUM)

DEVELOPMENT IN THE SECOND QUARTER 2020

AUM BY SEGMENT (EURbn)	Private Capital	Real Assets	Credit	Total
At March 31, 2020	21.8	14.2	4.0	40.0
Gross inflows	0.2	0.3	0.0	0.6
Step-downs	-	-	(0.1)	(0.1)
Exits	(0.0)	(0.0)	(0.3)	(0.3)
FX and other	0.0	(0.1)	-	(0.0)
At June 30, 2020	22.0	14.4	3.7	40.1
<i>Since March 31, 2020</i>	<i>1.3%</i>	<i>1.6%</i>	<i>(8.4%)</i>	<i>0.4%</i>

DEVELOPMENT DURING THE LAST TWELVE MONTHS

AUM BY SEGMENT (EURbn)	Private Capital	Real Assets	Credit	Total
At June 30, 2019	22.3	14.5	3.3	40.1
Gross inflows	1.1	0.7	1.0	2.8
Step-downs	-	-	(0.1)	(0.1)
Exits	(1.4)	(0.9)	(0.5)	(2.7)
FX and other	(0.0)	0.1	-	0.1
At June 30, 2020	22.0	14.4	3.7	40.1
<i>Since June 30, 2019</i>	<i>(1.2%)</i>	<i>(0.7%)</i>	<i>12.3%</i>	<i>0.1%</i>

Note: Any investment activity in above tables (part of gross inflows and/or exits) is included based on its impact on fee-generating AUM. Individual deals in a period are therefore included based on remaining or realized cost, timing of transaction closing and only in funds which are charging fees based on net invested capital.

Gross investment performance of key EQT funds

AS OF JUNE 30, 2020

(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	10.2	8.3	1.9	2.3x
EQT VII	Jul-15	5.2	6.9	6.2	1.1	5.1	10.3	2.8	7.5	1.7x
EQT VIII	May-18	10.9	10.9	7.5	-	7.5	9.0	-	9.0	1.2x
Real Assets										
EQT Infrastructure II	Oct-12	0.7	1.9	1.7	1.0	0.7	3.4	2.7	0.7	2.0x
EQT Infrastructure III	Nov-16	3.4	4.0	3.4	0.0	3.4	5.5	0.1	5.4	1.6x
EQT Infrastructure IV	Nov-18	9.2	9.1	5.7	-	5.7	6.1	-	6.1	1.1x
Other		9.5		11.3			14.1			
Total		40.1		40.2			58.6			

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

	Gross MOIC (Jun 30, 2019)	Gross MOIC (Dec 31, 2019)	Gross MOIC (Mar 31, 2020)	Gross MOIC (Jun 30, 2020)	Expected Gross MOIC (Jun 30, 2020)
Private Capital					
EQT VI	2.4x	2.4x	2.3x	2.3x	On plan
EQT VII	1.6x	1.8x	1.6x	1.7x	On plan
EQT VIII	1.1x	1.1x	1.1x	1.2x	On plan
Real Assets					
EQT Infrastructure II	2.0x	2.1x	2.1x	2.0x	On plan
EQT Infrastructure III	1.4x	1.5x	1.5x	1.6x	Above plan
EQT Infrastructure IV	1.0x	1.1x	1.0x	1.1x	On plan

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

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 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 (for the avoidance of doubt excluding the EQT funds and their 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 AB Group’s payroll

FTE plus

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

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

About EQT

EQT is a differentiated global investment organization with a 25-year track-record of consistent investment performance across multiple geographies, sectors, and strategies. EQT has raised more than EUR 62 billion since inception and currently has around EUR 40 billion in assets under management across 19 active funds within three business segments – Private Capital, Real Assets and Credit.

With its roots in the Wallenberg family's entrepreneurial mindset and philosophy of long-term ownership, EQT is guided by a set of strong values and a distinct corporate culture. EQT manages and advises funds and vehicles that invest across the world with the mission to future-proof companies, generate attractive returns and make a positive impact with everything EQT does.

The EQT AB Group comprises EQT AB (publ) and its direct and indirect subsidiaries, which include general partners and fund managers of EQT funds as well as entities advising EQT funds. EQT has offices in 17 countries across Europe, Asia Pacific and North America with more than 700 employees

More info: www.eqtgroup.com
Follow EQT on LinkedIn, Twitter, YouTube and Instagram

Financial calendar

Half-year Report 2020	20 August
Quarterly Announcement July–September 2020	21 October
Year-end Report January–December 2020	26 January, 2021
Quarterly Announcement January–March 2021	22 April, 2021

Auditor's review

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

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