Quarterly Announcement Q4 2019

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Q4 2019 Overview

Christian Sinding

CEO and Managing Partner, EQT Group

Introduction

Good morning, everyone, and welcome to the EQT Q4 announcement. I just want to start with a quick reminder that we publish updates on our investments and our exit activity, as well as our AUM developments and the valuation of key funds, on a quarterly basis. That means that today we are not presenting our fiscal year financials. They are going to be presented at our meeting on 12th February. Today I will be presenting in the beginning, then I will be handing over to Kim Henriksson, our CFO. Caspar will then round off the call. We also have Åsa and Pawel from Shareholder Relations today attending, and we will all be there for the Q&A.

Q4 2019 in short

So we have a presentation that you should see on screen. Starting with page 2, the highlights for the quarter, the total investments by the EQT funds amounted to €1.9 billion here in the last quarter of the year. New investments include SHL Medical in Switzerland and Recover Nordic in Norway. Both of those are in EQT VIII and Private Capital. We also invested in Metlifecare in New Zealand through our EQT Infrastructure IV fund, which is in the real asset segment. On the flip side, we have had quite a busy exit quarter, which is good, with a total gross fund exits of €2.4 billion.

Looking at the full fiscal year, which we believe is more interesting, actually, it has been a year of record activity. Total investments by the EQT funds ended up at €11.9 billion, up 38% versus last year, and we have also there had very strong, good exit activity for the year with total exit of €8 billion, and that is about 58% up year over year.

Looking at the overall portfolios, we are pleased to see value creation in our key funds developing according to plan, both in private equity and in infrastructure, and actually above plan in Infrastructure III.

On the fundraising side, we have been also quite active during 2019. As everybody saw, we announced Ventures II at the hard cap a few months ago. We are continuing with our fundraising of real estate; that remains with its target of €750 million to €1 billion. And we then ended up at an AUM for the year at €39.9 billion. This is slightly down versus Q3, and it is natural because it is a result of the positive exit activity, which then of course reduces the net invested capital.

As a firm, we are continuing to grow. We are now over 700 employees, and we are continuing to build the business for the future.

As everyone saw, we recently also announced the target fund size for EQT IX. That is the successor fund to our flagship PE fund, EQT VIII. The target size is set to €14.75 billion and we expect the terms to be materially the same as EQT VIII. And as a reminder, in our industry there are quite strict marketing rules that restrict public statements relating to fundraising. Therefore, we cannot provide additional detailed comments on our capital-raising activities. But probably the one question that people will have is, what is the hard cap of the fund? We do not set the hard cap until we get nearer to the first close of the fund, so we will not be able to comment more on that today.

Back to deals. Yesterday we announced quite an interesting and thematic investment in renewables in India. This is in our global infrastructure business, in Infrastructure IV, and, with that, Infrastructure IV is now 60% to 65% invested. This is a region where we have had cooperation with Temasek for quite some time.

Also in this context, a comment on the next Infra fund here. You should not expect us to be fundraising two flagship funds at the same time. So private equity and infra, or equity and infra, will not be fundraising simultaneously. I remind everybody that the typical investment pace is about 20% to 25% of a fund per year. However, if this investment pace remains in infrastructure at the relatively high pace that it is at, we will investigate solutions to either bridge or extend the Infrastructure IV fund.

Finally, we have initiated a strategic review of the EQT Credit business segment, and we are going to come back to that with some more details later in the call.

Mission statement

I will maybe go to the next page. I wanted to just take a step back and remind everybody of the purpose of EQT. Our purpose is to future-proof companies and make a positive impact. What we mean by future-proofing is really everything that we do on the investing side, really investing thematically for the long term and pursuing attractive long-term secular trends and then driving positive change in companies through, for example, digitalisation. Our companies should be better suited for the future when we sell them than when we buy them.

On making a positive impact, this is something that we believe has two facets. One is that we do work very hard to transform and improve and develop the companies that we invest in and the assets that we invest in. But it also has a sustainability element, and we are integrating sustainability in everything that we do, from deal selection to our value creation plans and actions. Since we want to make a positive impact with everything we do, it means also that you should not expect us to have a separate impact fund, but rather that we work to have a positive contribution to society in everything we do.

Growth is in our DNA

On the next page, also taking a step back, we are operating in a growing industry and we are a growth company. We are continuing to invest for future growth, and we are well positioned for that. We see quite a lot of opportunities across various investment strategies and geographies. Caspar will come back to that a little bit later. In order to pursue these opportunities, we do need to continue to scale, digitise and automate our business, and we are making quite a lot of investments and taking actions to make sure that we have a continued strong platform for the future.

We work a lot with our people. We are developing EQT Academy, and obviously our push for diversity and gender diversity is a big part of our agenda now and going forward. We will also continue with the high level of hirings that we have now, given the opportunity in the market, and we are expanding our geographic footprint. We are opening both the Paris office and our Sydney office here in Q1. Obviously, we want to make sure that we manage our growth wisely, as we have done also in the past.

High level of activity in the past 12 months in EQT funds

Then we go to page 6. This is a bit more detail on our activities. In 2019, again, a record year of investments, €11.9 billion, and a continued strong investment pace, and that is really the two axes of EQT being local with locals and driving thematic investing through our sector teams. Our sourcing efforts are really working very well, and our ratio of deal wins is good when we decide that we want to go after something. We are focusing in private equity primarily on healthcare, TMT, services and industrial tech. And in addition, in infrastructure we have energy and environmental and transport and logistics. In both of the flagship funds, we have quite a few bilateral and proprietary deals, even in this market, which means, again, that the way that we source and find deals is working well.

However, the market, of course, is super competitive. There are very high valuations for assets, lots of competition from all kinds of sources, strategic buyers, IPO and financial buyers. So we are focused on situations where we have clear angles and where we can really add value to the business. We are looking at buy-and-builds. We are looking at really good companies in strong industries where we can help them accelerate. And, given where we are in the cycle, we are looking for non-cyclical businesses.

We apply fully our value creation toolbox to everything that we do. We try to shy away from broad auctions. And on the financing side, we do spend a lot of work with Jim and our team to make sure that we have long-term robust financing structures that, if a storm comes, can survive a more turbulent time. And in general, we do have plans for all of our companies if a turbulent time would occur.

Metlifecare

Before we move on, I would like to mention a couple of deals that are I think are quite thematic and interesting. The most recent one, Metlifecare in New Zealand – our first major transaction in Asia Pacific for some time. This is a $1 billion operator and developer, actually, of retirement villages, providing a continuum of care for seniors in New Zealand. It is a social infrastructure deal proactively sourced by our Asia team, who are based in Singapore and now shortly in Sydney. This is really leveraging our thematic approach and our healthcare sector experience as well.

On the exit side, we have had quite good activity, like I said, and we have used the relatively good market now to finalise some older funds such as EQT Greater China II, which ended up with quite strong returns, and also taking care of and exiting some portfolio companies across the group that have not performed so well. And those are always more difficult to sell, so we are quite happy with that achievement also.

AutoStore

One example of a super thematic investment and also exit is AutoStore, which we sold in the middle of last year. It is a Norwegian robotic warehouse system. We sold it to another player in the industry who will continue on the growth path of the company. During that ownership, AutoStore was transformed into a global logistics automation leader. We quadrupled sales and EBITDA compared to the time of acquisition, and all that growth was purely organic. Actually, margins also went up during that time. So the sourcing of that deal was classic – these two axes. The Norwegian local team visiting the company up in the fjords of Norway, together with the thematic industrial tech team working together, and those two axes actually both made us win the deal and also helped us develop the company. That is actually the fifth best deal in EQT's history in terms of MOC, and the best exit that we have done in the last ten years. So the reason I mentioned that is that we believe that our approach to the market is working quite well.

So that is what I wanted to cover on business and investment activities. So, with those words, I hand over to Kim.

Financials

Kim Henriksson

CFO, EQT Group

Our business model is long-term, simple and scalable

Thank you, Chris. Let me start with a reminder of our business model. I know I have been through this slide before, but it is an important one. EQT is a performance-driven firm, which means that everything we do starts with generating good and consistent returns to our fund investors. And we are convinced that these good fund returns, in turn, will drive our assets under management, which as a result will generate income, both management fees and carried interest and investment income to EQT AB. As before, our cost base is mainly people – employees and other costs driven by the number of employees.

Key funds on plan for expected value creation

So how are we doing on performance? Well, first of all, one quarter is a very short period for our business model, but the Temasek investment approach that Chris mentioned, our value creation toolbox, our focus on digitalisation and sustainability is playing out well. You can see here on the chart that value creation is good. We continue to develop on plan for all our private equity and infra flagship funds, and even above plan in one of the infra funds, Infra III.

AUM in Q4 2019 remains at similar levels as per Q3 2019

AUM increased with 9% in 2019, driven primarily by the Infra IV fundraising, but also Ventures II and other funds, but we also continued to grow our net invested capital in some of our funds, such as EQT VII, that has continued to make new add-on investments in the post-commitment period. Some of the gross inflow was offset by exits, as Chris mentioned, which then reduces the net invested capital.

So, at the end of Q4, AUM stood at €39.9 billion, as there were no major movements in AUM in the fourth quarter in that period. During that period, we did close out the Ventures II fund with approximately €620 million in fee-generating AUM, which was offset by exits then reducing the invested capital base.

How does EQT's AUM and management fee model work?

On the back of the EQT IX announcement last week, we thought it might be relevant to remind everyone also about how the management fee model works. So, a few points on page 10. Firstly, when a fund is raised, management fees are charged at a fixed percentage rate on the committed capital. As we have mentioned many times, a successor fund is normally starting to invest when 80% to 90% of the predecessor fund is invested. And when that successor fund starts to invest, the predecessor will start charging management fees on the net invested capital. So that is what is called a step down. There is not a step down in the management fee rate. And then over time, as the predecessor fund exits companies, the net invested capital then declines. After eight to 12 years, the fund is typically terminated.

Carried interest recognition update

Also, a brief reminder of our carried interest recognition on page 11. The rule of thumb that we have said is that you should expect a fund to start recognising carry when you have gross MOIC in the region of 1.7 to 1.8 times, and you should usually have made a few exits. This would typically be, though there is wide variance, four to six years after the first investment. And you can see here that in Q4 our gross MOIC moved up somewhat in the two relevant funds here, which means we are getting close to recognising carry in EQT VII. However, we reiterate what we have said before, that we do not expect carried interest income in 2019 from that fund. And then you can ask why not, given the rule of thumb. Well, that is exactly because it is a rule of thumb. It is not an exact science, but we are expecting to be in carry recognition mode soon on EQT VII.

Continued growth in number of employees

Moving over to the employee base, we have had continued growth in employees in 2019, adding about 105 net new employees. As mentioned, FTE+ is a good indicator of our overall cost base. And, as Chris said, we will continue to scale and digitise our business and to pursue growth opportunities. Therefore, for this year, 2020, we will continue with a high level of hiring given the current opportunities in the market, but at the same time we will ensure to manage our growth properly, of course. But you should expect most likely more net FTEs in 2020 across geographies and investment strategies, and broadly similar growth percentage as in 2019.

With that, over to you, Caspar.

Strategic Options

Caspar Callerström

COO, EQT Group

Review of Strategic options for Credit initiated

Thanks, Kim. As Chris said, we are reviewing the strategic options for our Credit business. By means of background, Credit has developed well since inception some ten years ago. It has €3.9 billion in assets under management at year end, which is roughly 10% of our total AUM and around 6% of our revenues. The growth prospects are good. However, these growth avenues that we see in Credit are in areas that are further away from EQT's core strategy, as illustrated on this graph.

So, when we think that we can make a strong impact and fully utilise the EQT platform and our USPs, that is where we see the core of our strategy. And when we are in less influential and more commoditised products, we see our edge is not as strong. And for this reason, we have initiated a review of the future strategic options for Credit. We are still early in this process, and no decision has been taken. However, we have appointed JP Morgan as a financial adviser. In the meanwhile, it will be business as usual during the process. I also think that the decision to review strategic options for Credit should be seen in the context of scaling our business. We believe that we should operate all our investment strategies at scale, and this means we will continue to drive the growth initiatives in ventures with growth in public value, in APAC and in real estate. And in the case of Credit, growing this business would be in areas further away from EQT's core, and, I must also add, with a bit less in common to the rest of EQT also on the operations side, and that is the main driver for doing the strategic review. In terms of timing, we aim to have concluded this review before summer. And also, to be clear, all options are on the table, including also exit.

So that was it on the strategic review. Chris, back to you.

Financial Targets and Dividend Policy

Christian Sinding

CEO and Managing Partner, EQT Group

Thank you, Caspar. The final page here is a recap of our targets and our dividend policy. These remain unchanged. The first one, having total revenue growth exceeding the private markets' long-term growth rates. We talk about that over a fund cycle, so for the long term. Profitability: our target over the long-term is an adjusted EBITDA margin of 55% to 65%. And our dividend policy is to generate a steadily increasing annual dividend in absolute euro-denominated terms. We expect the board of directors to propose a dividend of €200 million in respect of fiscal 2019. And what we have announced before is that we expect those to be paid in two equal parts here in 2020.

So, with that presentation, I think we are ready to open up for the Q&A.

Q&A

Arnaud Giblat (Exane BNP Paribas): Good morning. I have got two questions, please. Firstly, on the comments you made about not fundraising to two flagship funds at the same time, do you need to have hit your final close on fund IX to be able to launch fund V? And you also mentioned that you are looking at options to extend Infrastructure fund IV. Is it possible to go to the LPS to ask for extra commitments in fund IV? Is that what you are talking about, in effect?

And my second question is on the strategic review on private Credit. You have clearly mentioned that it is not where your focus is, but the outlook is good. I am just wondering, is the idea that you are trying to get extra bandwidth for management time to focus on the businesses that matter, or are there any other constraining factors that are limiting you when thinking about the business? Thank you.

Christian Sinding: Very good questions. Thank you. I will take the first one, and Caspar will take the second one. On the timing, there are lots of contingencies here. Any decision will be dependent on our investment pace. What we do know now is that we have started the fundraising of EQT IX. And what we also say is that we do not have the capacity, and we do not think it is appropriate, to try to raise two flagship funds simultaneously, if that were required, if Infrastructure 4 continues to invest at this higher pace. Exactly the timing between fundraisers is not something that we have yet deliberated, so I will not be able to comment on that.

With regards to the solutions that are out there, there are actually quite a few. There is the one you mentioned, which is extending the size of the fund with the current LPs, there is utilising the secondary market in different ways, and there are bridges to the next fund. So there are a number of different alternatives, and if we continue with this investment pace at a higher level, we will dig into which one of those solutions is the most appropriate for the fund, actually, and thus also for EQT. Obviously, we will keep the market informed if we take any major decisions.

Caspar Callerström: Yes, so addressing your question, I think, first, we have not concluded on the strategic review. It is still a review. But I think you are spot on in the sense that the way that we think about this, and life in general, is of course that we need to focus our resources, whether it is management time, capital, etc. We cannot do everything, right? So focusing the resources would be one thing that we would look into. And the other thing is reducing complexity in our business. Of course, if we keep adding products that are different both from an operational perspective as well as from an investing perspective, that adds complexity to our business.

Arnaud Giblat: Great. Thank you.

Peter Kessiakoff (SEB): Yes, good morning. So, three questions from my side on the strategic review. The first one is, why now? We know that, going back to that deal, it was quite clear that this was a niche segment. What has happened now, compared to some six months ago when the IPO process was ongoing, for you to make this decision?

Then, just in terms of a small reminder, are you able to say anything in terms of what the fee model looks like and the fee levels look like on the Credit side?

And then, just finally, are there any synergies really with Credits and the other strategies and your operating platform, or is it just so that there are close to none, and that is pretty much why you are taking this decision?

Kim Henriksson: I think I will take this question. So, starting with why now, I think basically we have come to a position where we have to make some decisions, both on the Credit side in terms of strategies and in terms of growth perspectives, as well as the rest of EQT, and that puts us in a position where we need to make up our mind what we really want to do. And so that is what has triggered this review.

And your second question on the fee model. I think we also covered this in the prospectus and the analyst presentation, but I think the fee model for Credit is slightly different than them for the rest of the firm. Typically the majority of the fees are based on deployed rather than committed capital, so the revenue curve looks different. And then, of course, Credit products in general terms have a lower management fee level per AUM, so to speak, which is also then the reason that, if you look at our AUM, 10% and revenue 6%. That is how the math works.

And, sorry, your last question? Synergies on the operating platform. I think there are of course some similarities, but Credit funds are [inaudible] there to some extent, but not as synergetic as the other funds are together. On the front end, it also depends a little bit on the product, but what you can say is that the more commoditised products, like CLOs etc, there are very limited synergies with the rest of EQT.

Peter Kessiakoff: If I may just shoot a follow-up question on the why now, going back to the IPO, I believe one of the areas where you would use your own balance sheet in order to fund new strategies could potentially be CLO, and you mentioned that product in particular, and then now you are coming with this strategic review. Is it so that something has changed in the general pricing environment within the Credit strategy, that there are pricing pressures and so on, which are perhaps making it less attractive?

Kim Henriksson: No, there is nothing that has happened between then and now in that perspective. I think, in general terms, where you see a fee pressure in this industry in general terms would probably be more in Credit than in the others, but that has not changed from a half year until now. That remains the same. I think we are using the balance sheet to fund our CLO expansion, so we are doing what we said we were going to do. But that, again, puts the finger on is this the way that we should spend our resources in growing CLOs? It is not a bad business. It is actually a fairly good business. But is it our business? I think that is the big question. So, I think, very relevant questions from you. And maybe I should add that I think also we have a very large strategic agenda with a lot of initiatives and activities, and that also puts us a little bit on the spot where we need to make up our mind where we should focus the resources.

Peter Kessiakoff: All right. Thanks.

Jakob Brink (Nordea): Thank you and good morning. Just three quick questions. The first one is on coming back to the business unit Credit. How many FTEs are employed in that segment, roughly?

Caspar Callerström: Roughly 40.

Jakob Brink: 40, okay, thank you. Then, also partly related to what we talked about before, I think, Christian, you mentioned that you did not have the capacity to do fundraising in two major funds at one time. Do you maybe consider maybe doing some changes to the way you do fundraising, then, going forward so that would not happen? Or is this extending Infra IV a good solution or a good enough solution, or how do you look at that?

Christian Sinding: That is a good question, and given that we have multiple fund strategies we are always raising several funds at the same time. The one thing that we think is probably not the right use of resources would be to try to raise two flagship funds at the same time, because of the intensity of the effort and the size of the fundraising and just the sheer number of employees globally around the world. So that is the decision that we have taken. Yes, your question is right also that the solutions that are out there, we have used them before, even ten years ago. So those kinds of solutions are relatively straightforward to implement, and we think is probably the best way to move this. If we get into the situation where we would be needing to fundraise at the same time, which we are not yet, those solutions are good and we are quite confident they will work.

Jakob Brink: Okay. Thanks. And then just finally, just so I understand, how would the terms be? Let us say you go out and raise new money to Infra IV from not the current LPs.

How would the terms be? It varies, so I guess there must be some way that this is their money and this is their investment, or how would that work?

Christian Sinding: Yes, I mentioned three of the solution possibilities earlier in the call, and depending on the timing, the size and which route we go, there are quite a lot of variables there. I think it is actually too early for me to comment on that at this point in time.

Jakob Brink: Okay, thank you.

Patrik Brattelius (ABG): Hi, good morning. I have a question regarding the number of FTEs. You said that we can expect more FTEs in absolute numbers in 2020 compared to 2019 here. How is that expected to be divided throughout the year? Is it equally, or first or second half? Could you shed some light on that?

Caspar Callerström: Yes, it would typically be so that the second half of the year would have more net hires, just because of the way the finance industry works with bonuses etc. That would be typical. Do we have an exact plan per month how it is going to look like? Yes, but is it always going to play out exactly like that? No. So that is it.

Patrik Brattelius: And how is this connected with your strategic overview within the Credit segment? Are you still going to hire within that segment, or is that a little bit on hold?

Casper Callerström: It is business as usual in Credit during the strategic review.

Patrik Brattelius: Okay, and what about the cost per FTE? Has that changed anything? Will that change anything in 2020 compared to 2019?

Casper Callerström: We are not going to comment on that at this point in time.

Patrik Brattelius: Okay. No further questions from me, then.

Mike Warren (UBS): Thank you. Just to go back to the fundraising question, with regards to Infra V. I believe, given that you closed Infra IV November '18 and EQT VIII in May '18, there might have been a bit of an overlap when you were doing your last round of fundraising for your flagship products. Was there anything specific? Can you confirm that there was an overlap back then, and then was there any specific lesson that you learned – any takeaway, any challenges coming from clients – that are impacting your decision to ensure that you are not doing overlaps in terms of fundraising this time around? Thank you.

Kim Henriksson: Actually, there was no overlap. We made the first investment or commitment to EQT VIII in May or so, but the fund was actually closed in February, if I remember correctly. It might have been March, but I think it was February. So there was actually no overlap in the fundraising at that point in time. So we have not actually tried to do this, so we do not have any explicit lessons learned. Rather, if you can imagine, in both of those flagship funds we have more than 100 institutional investors globally. Each of those investors needs a lot of time, attention, care, information, visits etc in order to commit their capital to us for the long term, which they are. And we really want to respect that. We want to spend the appropriate time with them, and therefore structure the fundraise so that it is as positive an experience as it can be, even though it is tough for us and it is tough for the clients, actually, these big projects. So it is rather our own internal process and our client service mindset that is driving it.

Mike Warren: Thank you.

Gurjit Kambo (JP Morgan): Hi. Just two questions. Firstly, you obviously had a pickup in the investments that you have made during 2019 versus 2018. Could you just perhaps give us some colour in terms of perhaps the size of the investments? Have you seen a pickup in the average size of what you are investing in? So that is the first one. And then secondly, just on the exit environment, any colour on where the investments are being made – whether it is IPOs, whether it is other PE firms or strategic buyers? Thank you.

Christian Sinding: Yes, I would say, given that over time we are growing our funds in size, we are doing that of course not in the same geographic footprint, not always in the same thematic investment area. In other words, we are expanding both geographically and thematically, so there is not a direct correlation between our increasing size and increasing deal size. But we have in 2019 made some very large transactions like Zayo, like Galderma. So if you were to look at an average, there is certainly some more equity capital being put to work, although, as I mentioned before, we have done these kinds of large transactions all the way back since the early 2000s with companies like ISS and Gambro etc.

And, sorry, what was the second question? The exit environment. What we try to do is we try to buy companies that have all three exit alternatives possible. So IPO, trade sale and financial sale. And if you look at EQT's portfolio, both on the buy side and on the sell side, we do somewhat less or fewer secondary sales and purchases than others. So last year we did a number of strategic sales. We did some financial buyer sales and we also did some IPOs. And I would expect that also for this year, where the exit environment continues to be pretty strong and we have a combination of all those elements this year as well.

Gurjit Kambo: Okay. Thank you.

Bruce Hamilton (Morgan Stanley): Hi. Morning, guys. Thanks for taking my questions. A couple of follow-ups on fundraising on the Credit business. So, just to check, given you have already started fundraising EQT IX where does this become a crunch point for infra? If we were expecting infra is raised second half 2021, is that doable on the normal fundraising timeline? I am just trying to suss how big a gap you might have to bridge in timing terms.

And then secondly, on the Credit business, I think you said 6% of revenues at the moment come from this. So if we think about – say you were to completely exit the gap in terms of revenues and profits, would the profits similarly be around 6%?

And then, linked to that, I guess you have done a really good job with partnerships, Wallenberg, Temasek and so forth. I know it is very early in the process, but would partnerships perhaps be the most likely outcome, or we should think more clean break on the Credit business?

Christian Sinding: Okay, thanks. I will take the first one. I understand why you are trying to ask the question. You are trying to extrapolate when we would actually be fundraising Infra V. I cannot tell you that, obviously, first of all, because it is dependent on us getting to the 80% to 90% of the fund committed, which is something that is going to happen at some point in the future. When that happens, then we will evaluate the bridging option if we need it. And when we then deploy that additional capital, then we will go into fundraising. So the exact timing is actually just the logic of how it probably will work, unless there is not any overlap and then we could actually go into fundraising directly. So I cannot be much more specific. What I can say is that once we formally start fundraising, as we did last week with

EQT IX, our flagship funds, the bulk of the of the fundraising typically happens in about six to seven months. Not that it necessarily closes that quickly, but that is where the bulk of the work is. This gives you a little bit of a feel for the intensity of it.

Bruce Hamilton: Okay. That is helpful. Thanks.

Caspar Callerström: And then, on the Credit side, remind me, what was the question?

Bruce Hamilton: So I guess it was twofold. One, and this may be tough, but on the strategic review, if I look at EQT's business model, you have been very strong on building business through partnerships, Temasek, Wallenberg family connections and so forth. So is that the natural approach one should expect, rather than a clean exit, was point one. And then secondly, I guess we look at our models and think three years in the future the gap in revenues of – you are saying 6%, I think, is the current revenue contribution from Credit. Is it similar to profits? If we think about how much he would need to make up through other growth, for example, to meet those expectations.

Caspar Callerström: Yes, I think let us start with the possibility of doing some sort of partnership setup. As I said, I think all options are on the table, and that would be one of them as well. And I think the honest answer is we have not made up our mind what is the best route forward. We have not made up our minds to find out. And as soon as we think that we have come to that conclusion, we will let you guys know. But I think that is on the table, let us say. I think, if you look at the margin of our business segment, Credit in the first half was 5% of the divisional EBITDA at a 38% margin. So, a slightly lower margin than we have on the PE side or the real asset side. And that is basically reflecting that it is a slightly different business model with lower fees. I am not sure if that answers your question, but that is as far as I can go.

Bruce Hamilton: Okay. That is helpful. Thank you.

Roberta De Luca (Goldman Sachs): Hi, good morning. The first question is on Credit. You said business as usual. Does that mean you are still expecting to launch a CLO with the primary proceeds from the IPO? And then the second question, still on your strategic review, sorry. At the time of the IPO I remember you explained to us that the reason for having set up the Credit business in the first place was basically mainly requests from clients to have diversification within your portfolio. And obviously that is a trend we have seen throughout the market, so I wonder how you assess basically this issue in your strategic review.

And then, final question: investments. We have talked, I think, a bit about the size of the investments, but I guess more specifically maybe in Q4 we have seen slightly lower investments. Obviously, it is just one quarter. There is not much read-across, probably, but maybe it would be helpful to hear a bit more on the market environment and the trends you have seen and your expectations for this year.

Kim Henriksson: Okay. I will start with the Credit questions, and then Chris can maybe take the investment ones. On the CLO side, we are deploying money from the balance sheet to buy the assets to be able to print the first CLO. So that is work in progress. So, as said, we continue with business as usual for Credit until we have taken a decision.

And on your remark on our clients' request, I think that is a very valid point. As we have said, I think the synergies on the back end of our business and on the front end are sort of maybe diminishing a little bit. To find out how our clients think about this is also something that we are doing during this review. There has historically been somewhat of a push from them, but this market has also evolved. So let us see where we end up here.

Christian Sinding: I can maybe add to that that those who look at the CLO as typically the – our clients are not investing in the CLO themselves. So, back to Caspar's comment on where the Credit business is moving. It is also a little bit away from our core LP base.

On the market, I would not actually read anything into one quarter of deals. Of course, we report it because we are required to, but one quarter is a little bit short. And as you have seen, you know, after the quarter, we announced a number of deals. We announced SHL Medical, we announced Metlifecare. We announced the O2 Renewables Investment in India. And of course, those have been deals that we were working on in Q3 and Q4, but they happened to be finalised here in January. So I think it is better to look on a 12-month basis, because then you get some of the seasonality out. And on that 12-month basis, I think the market, as I said earlier in the call, is still quite good. There is some bifurcation. I would say that for high-quality assets, there is a huge amount of interest and competition, both on the buy side and on the sell side. For lower-quality assets or more cyclical assets, it is more difficult. It seems, though, now as the world is expecting the low-interest-rate environment to continue for quite a long time and the world economy to continue to grow slowly but surely and be a little bit more stable. So it may be that some of the more cyclical companies could come back into interest, but that is not what EQT focuses on. That is more from an overall market point of view, what we see is happening out there. We are focusing, as I talked about earlier, very much on our thematic investment strategy and our sectors and our geographies.

Okay, very good then. Then I thank everybody for your participation. Excellent questions, and we look forward to talking with you in a few weeks when we come with our financial results. Thank you very much. Have a great day.

[END OF TRANSCRIPT]