

IEQT



44

2019

QUARTERLY ANNOUNCEMENT

Good exit activity in the fourth quarter. Strategic options for Credit being evaluated

HIGHLIGHTS DURING THE FOURTH QUARTER 2019

- Total investments by the EQT funds in the quarter amounted to EUR 1.9bn
 - Private Capital: Investments include, among others, SHL Medical in Switzerland and Recover Nordic in Norway (both in EQT VIII)
 - Real Assets: Investment in Metlifecare in New Zealand (EQT Infrastructure IV)
 - Credit: Investments across Special Situations, Direct Lending and Senior Debt
- Total gross fund exits in the quarter amounted to EUR 2.4bn and were mainly within Private Capital
- EQT Ventures II closed at approximately EUR 620m in fee-generating AUM. Other fundraising efforts in the period focused on EQT Real Estate II and preparations for EQT IX
- Expected value creation (Gross MOIC) developing "On plan" in key funds in Private Capital and Real Assets, while EQT Infrastructure III as of December 31, 2019, continued to develop "Above plan"

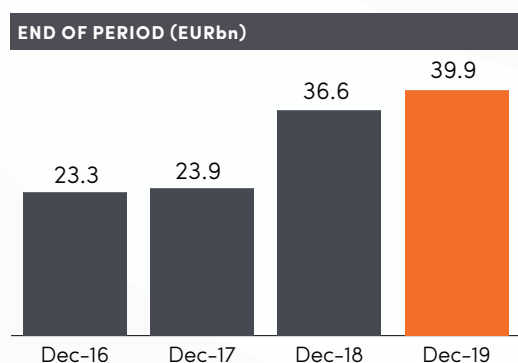
HIGHLIGHTS DURING 2019 (JAN - DEC 2018)

- Good investment activity across the EQT funds with total fund investments of EUR 11.9bn (EUR 8.6bn), of which EUR 2.3bn (EUR 1.1bn) within Credit
- Investment level in key funds as of December 31, 2019: 70-75% in EQT VIII (30-35% as of December 31, 2018) and 55-60% in EQT Infrastructure IV (5-10% as of December 31, 2018)
- Good exit activity with EUR 8.0bn (EUR 5.1bn) in total gross fund exits across the EQT funds, of which EUR 1.1bn (EUR 1.0bn) within Credit
- Fee-generating AUM increased to EUR 39.9bn as of December 31, 2019 (EUR 36.6bn). This was primarily driven by the successful closing of EQT Infrastructure IV with a final close in March 2019
- Number of full-time equivalent employees and on-site consultants (FTE plus) amounted to 706 (601) at the end of the period, of which FTEs amounted to 645 (527)

EVENTS AFTER THE REPORTING PERIOD

- Investment level in key funds as of January 23, 2020, were 70-75% in EQT VIII and 60-65% in EQT Infrastructure IV
- The target size for the EQT IX fund has been set at EUR 14.75bn
- EQT has initiated a review of future strategic options for the business segment Credit
 - The growth prospects of Credit are in avenues further away from EQT's core business of active ownership where EQT can make a strong impact and fully utilize the EQT platform
 - JP Morgan has been appointed as financial advisor to evaluate strategic options for Credit

FEE-GENERATING ASSETS UNDER MANAGEMENT (AUM)



INVESTMENT DATA AS OF JANUARY 23, 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	14	Investments	10
Exits	0	Exits	0
% Invested	70-75%	% Invested	60-65%

Note: 12 investments have closed in EQT VIII and 8 in EQT Infrastructure IV.

Fee-generating assets under management (AUM)

DEVELOPMENT IN THE FOURTH QUARTER 2019

AUM BY SEGMENT (EURbn)	Private Capital	Real Assets	Credit	Total
At September 30, 2019	21.9	14.8	3.7	40.5
Gross inflows	0.3	0.1	0.4	0.8
Step-downs	-	-	-	-
Exits	(0.2)	(0.9)	(0.2)	(1.3)
FX and other	(0.0)	(0.1)	-	(0.1)
At December 31, 2019	22.0	14.0	3.9	39.9
<i>Since September 30, 2019</i>	<i>0.2%</i>	<i>-5.5%</i>	<i>5.7%</i>	<i>-1.4%</i>

DEVELOPMENT DURING THE FULL YEAR 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	2.2	4.4	1.1	7.7
Step-downs	(0.3)	(0.1)	-	(0.4)
Exits	(2.3)	(1.3)	(0.4)	(4.0)
FX and other	0.0	0.0	(0.0)	0.0
At December 31, 2019	22.0	14.0	3.9	39.9
<i>Since December 31, 2018</i>	<i>-1.6%</i>	<i>26.9%</i>	<i>23.8%</i>	<i>9.2%</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 DECEMBER 31, 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	10.7	8.1	2.6	2.4x
EQT VII	Jul-15	5.0	6.9	6.1	1.1	5.0	11.0	2.8	8.2	1.8x
EQT VIII	May-18	10.9	10.9	7.1	-	7.1	8.0	-	8.0	1.1x
Real Assets										
EQT Infrastructure II	Oct-12	0.7	1.9	1.7	1.0	0.7	3.5	2.7	0.8	2.1x
EQT Infrastructure III	Nov-16	3.3	4.0	3.3	0.0	3.3	4.9	0.1	4.8	1.5x
EQT Infrastructure IV	Nov-18	9.2	9.1	3.8	-	3.8	4.0	-	4.0	1.1x
Other		9.5		10.2			12.8			
Total		39.9		36.5			54.9			

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

	Gross MOIC (December 31, 2018)	Gross MOIC (December 31, 2019)	Expected Gross MOIC (December 31, 2019)
Private Capital			
EQT VI		2.3x	2.4x
EQT VII		1.3x	1.8x
EQT VIII		1.0x	1.1x
Real Assets			
EQT Infrastructure II		1.9x	2.1x
EQT Infrastructure III		1.2x	1.5x
EQT Infrastructure IV		n.a.	1.1x

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, SEP Holdings BV, CBTJ Financial Services 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 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. With strong values and a distinct corporate culture, EQT manages and advises funds and vehicles that invest across the world with the mission to generate attractive returns to the fund investors.

EQT's talent base and network allow it to pursue a unique value creation approach and thematic investment strategy, with the aim of future-proofing the companies which EQT invests in, creating superior returns and making a positive impact with everything EQT does.

EQT has more than EUR 62 billion in raised capital since inception, currently around EUR 40 billion in assets under management across 19 active funds within three business segments – Private Capital, Real Assets and Credit. EQT is a thought leader within the private markets industry with deep expertise in responsible and long-term ownership, corporate governance, operational excellence, digitalization and sustainability. EQT has offices in 15 countries across Europe, Asia Pacific and North America with more than 700 employees.

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

Financial calendar

Year-end Report January–December 2019	12 February
Annual Report 2019	3–6 April
Quarterly Announcement January–March 2020	24 April
Annual Shareholders' Meeting 2020	8 June
Quarterly Announcement April–June 2020	16 July
Half-year Report 2020	20 August
Quarterly Announcement July–September 2020	21 October
Year-end Report January–December 2020	26 January 2021

Auditor's review

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

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