

25 July 2023

Bridgepoint

2023 Interim Results

Bridgepoint Group plc

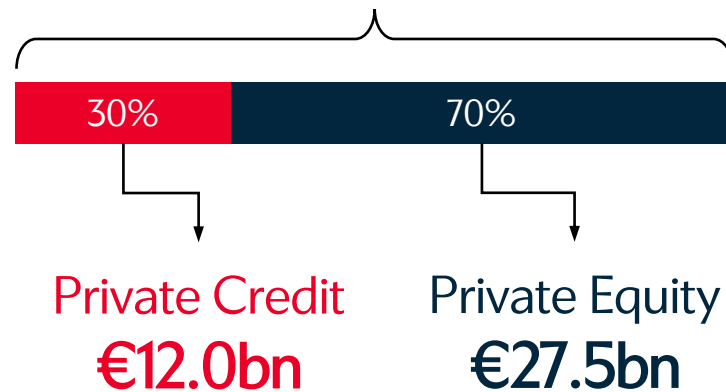
Introduction

Bridgepoint H1 2023 results summary: strong performance in a volatile market

Platform overview

€39.5bn

Assets under management
up 48% since IPO



FRE Margin^② growth
H2 '22: 22% → H1 '23: 34%

Bridgepoint

Key highlights

- Fundraising making good progress
- Continued high quality, resilient and stable fund performance
- Fund deployment on track across all funds and improving momentum in M&A market activity
- Attractive conditions for the deployment of credit funds
- 2023/24 exit targets unchanged: H1 vs H2 phasing back end weighted in 2023
- Business well positioned for current times with multiple routes to delivering performance
- €0.8bn of private equity capital committed year to date including to:



EQUATIV

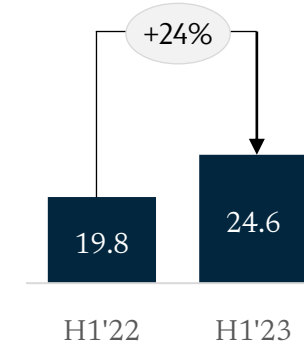
VIVACY
LABORATORIES

DataExpert

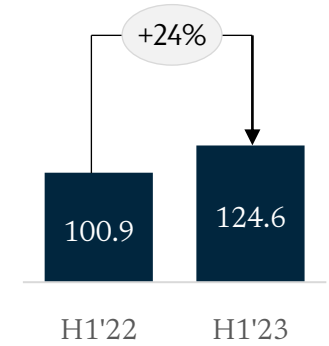


Performance snapshot

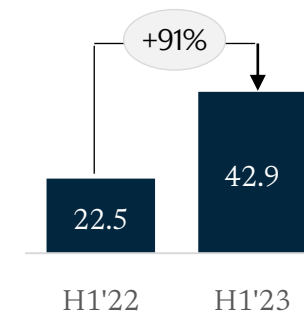
FPAUM^①



Management & other fees



FRE^②



EBITDA^③



Why invest in Bridgepoint? Growth and value



Great market positioning

- Strong medium term sector tailwinds driven by long term growth in alternatives allocations
- Double digit CAGR forecast in private markets AUM over the next 5 years



Depth of track record

- Proven investment strategy tested through cycles
- Consistently outperformed public market equivalents



Resilient performance

- “All weather” profile drives resilience and high quality returns
- Portfolio value driven by growth, not leverage



Growth

- Significant organic potential in existing strategies and product expansion
- Ability to selectively grow via mergers and acquisitions



Operational leverage

- 11.5 percentage point increase in underlying EBITDA margin from 2018 to H1 2023, with fee-charging AUM growth driving margin expansion



Driving returns

- Asset light model
- Balance sheet investment equivalent to approximately 0.9% of total AUM
- Shares offer total return and growth potential

Market leading positions in middle market credit and private equity

Fundraising Update

Fundraising: continued progress despite macro uncertainty

Market

Well documented slowdown in alternatives fundraising:

- Macro volatility leading to investor caution
- Many mature investors facing allocation issues:
 - Denominator effect exacerbated by asset class outperformance
 - Lower returns of capital from exits

Impact:

- Mature markets most impacted
- Investors focused on re-ups

But:

- Balanced by significant new capital continuing to access the asset class

Bridgepoint fundraising positioning

Positives:

- Strong investment performance
- Middle market the most active market and positioning attractive to LPs
- Deep and well resourced investment platform, disciplined investment strategy, consistent deployment pace and highly experienced team all proving valuable
- BE VII fund size already larger than BE VI with over 85% of target capital now raised

But:

- Investor base has a proportion of mature LPs impacted by allocation issues which has slowed processes

Activity

BE VII:

- Substantially complete with €6bn of commitments to date of €7bn target
- Will remain open and continue to raise capital until Q1 2024

BDL III: Closed at €3.4bn for fund and associated SMAs

Three live fundraises due to close in the next 12 months:

BE VII

BCO IV

BG II

Three funds to begin fundraising in the next 12 months:

BDC V

BDL IV

BCO V

Market update

Investing through today's conditions

New pricing paradigm: end of low-cost debt in volume

2023 returns being generated from real growth and cash generation

Improving momentum in M&A activity

Portfolio construction, discipline and sector selection are critical

Hands-on approach to value creation

Focus on sectors and niches where we have real conviction





Investment Strategy

Delivering robust performance
and returns through cycles

Returns generation based on two pillars

Following Bridgepoint's long-standing, thematic driven approach

Prudent Asset Selection

-  Focus on defined niches with structural growth
-  Taking advantage of European areas of expertise
-  Exceptional quality of earnings (earnings visibility and margins)
-  Strong cash conversion

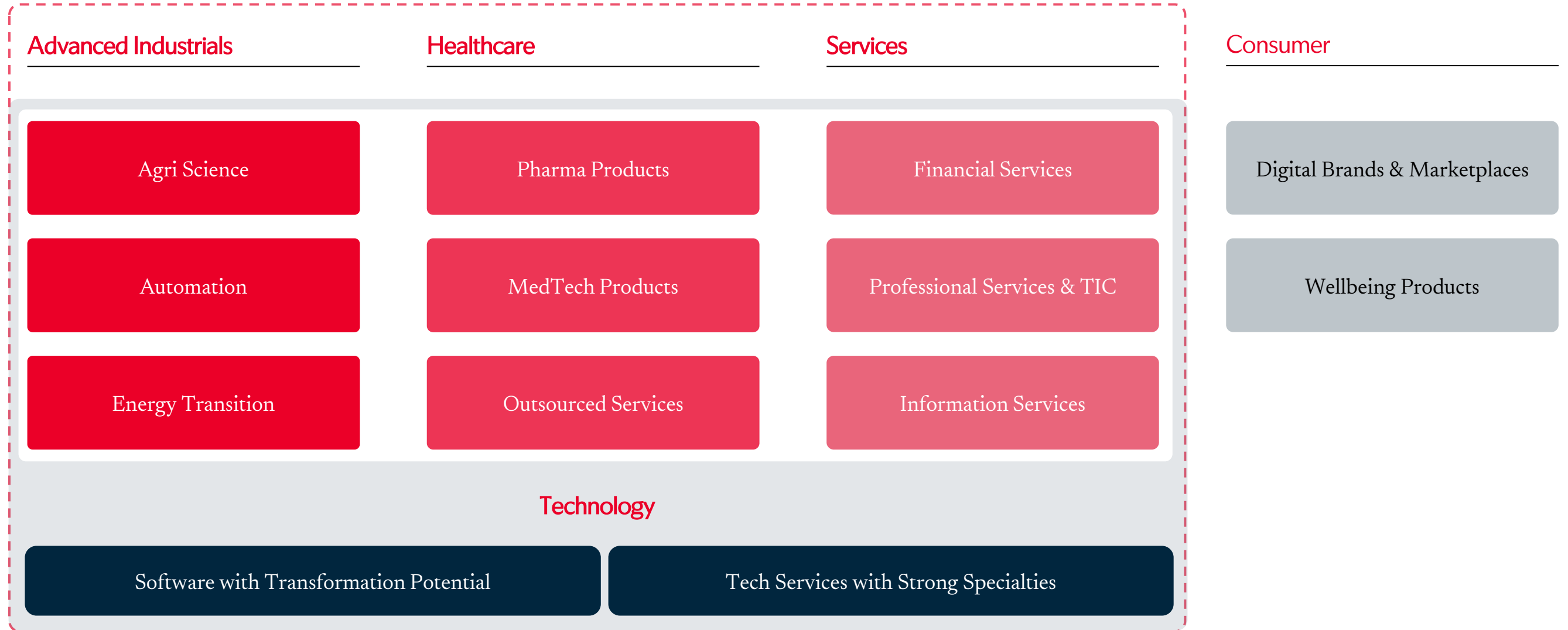
Hands-on Value Creation

-  International expansion
-  Buy-and-build programmes
-  Operational excellence
-  Repositioning potential

Asset Selection

Deep experience in defined niches

Core Focus



Sector-based investment strategy delivers proprietary opportunities

Bridgepoint

Europe VI | Europe VII

80%+ | 100%

Investments sourced from
core sector thematics




83% | 100%

Proprietary opportunities or
limited auctions

4 | 5 years

Average tracking
period

Origination thematic in practice

		Thematic	Acquired From	Market Position	Market Growth	Asset Revenue CAGR
Services		Professional Services	Founders	#1 Globally	16% 2021-25E	22% 2018-21A
Healthcare		Pharma Products	Family	#3-4 Globally	12% 2022-23E	21% 2018-22A
Advanced Industrials		Energy Transition	Family	Top 3 Globally	20%+ 2022-30E	22% 2019-22A

Building resilient portfolios

Private Equity

BE V | **BE VI**

Exceptional
Revenue Visibility

50% | **86%**

Average % of contracted
or predictable revenue at
entry

High
EBITDA Margins

26% | **29%**

Average
at entry

Strong Cash Conversion

89% | **88%**

Average cash conversion
rate at entry

Loss Ratio

<2%

Realised loss ratio across
funds

Private Credit

BDL II | **BDL III**

Senior Secured
Lending

89% | **87%**

First lien investments

Attractive EBITDA
Margins

31% | **30%**

Average EBITDA
margin at entry

Strong Equity Value
Cover

60% | **67%**

Weighted average equity
value cover at entry

Highly Cash
Generative

86% | **91%**

Cash flow as a % of
EBITDA

Healthy Interest
Coverage

2.8x | **2.5x**

Average interest cover at
entry

Loss Ratio

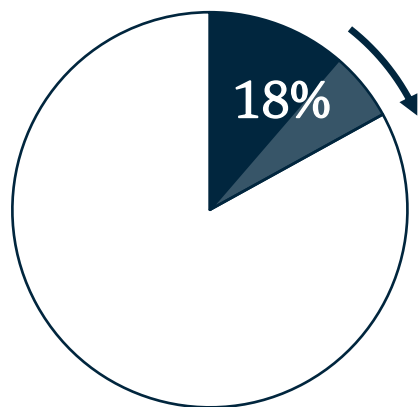
0%

Realised loss ratio across
vintages

Current funds deploying well

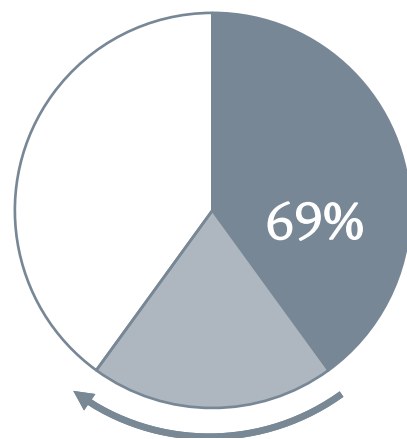
Private Equity

BE VII



+ 6% H1 '23

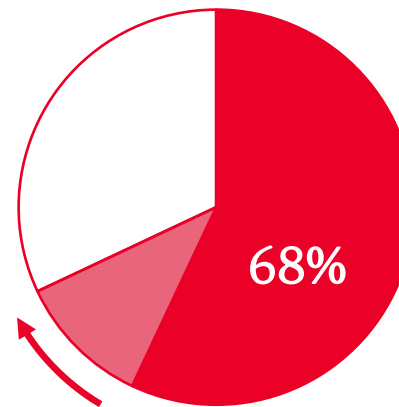
BDC IV



+ 29% H1 '23

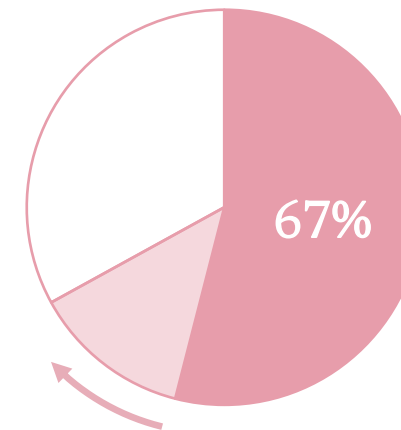
Private Credit

BDL III



+11% H1 '23

BCO IV



+ 13% H1 '23

Funds are on track against deployment targets^④

Private Equity funds committed capital July '23
Private Credit funds invested capital Q1 '23

Value Creation

Strong value creation approach to portfolio companies

Bridgepoint Governance Model

- Board composition and reporting systems
- Designed for fast decision making
- Capable of supporting VCP implementation

Digitalisation and Sustainability mindset applied at all stages



Operational Levers

- Transform / Protects execution of business model
- Drives EBITDA and Cash Flow generation

Strategic Levers

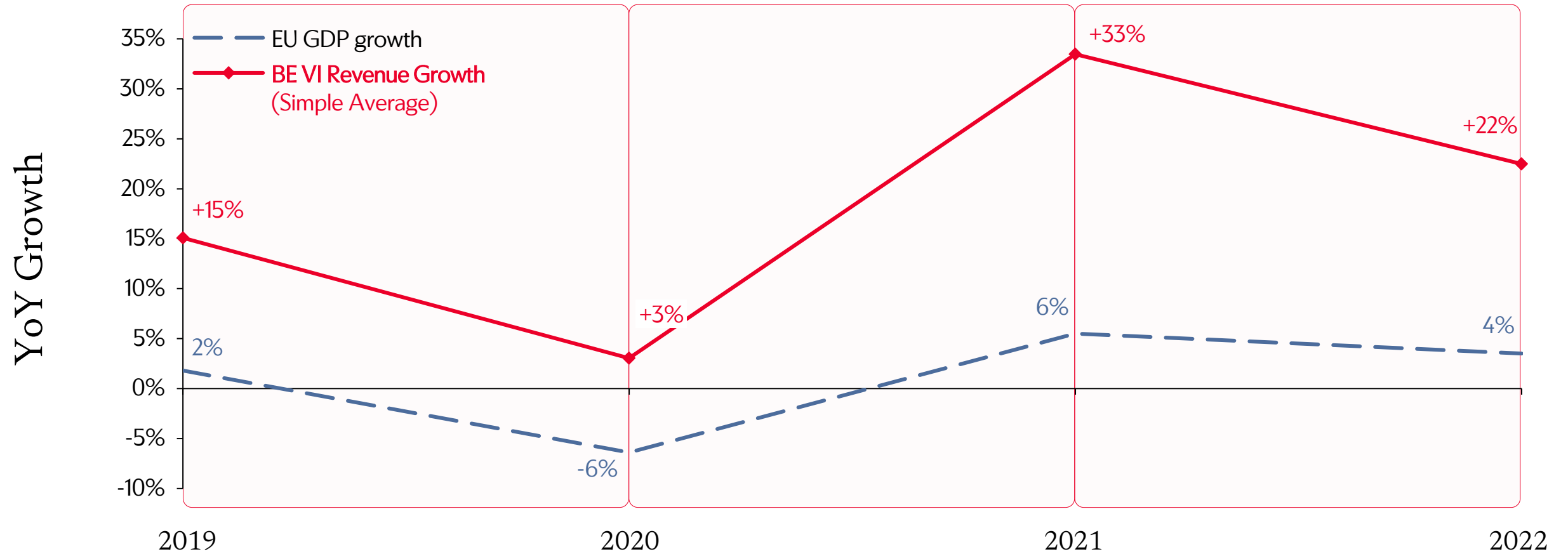
- Transform business model
- Drives Multiple

Short-term and long-term opportunities, with clear responsibilities, deadlines and prioritisation based on potential value impact

Objective: Structural growth

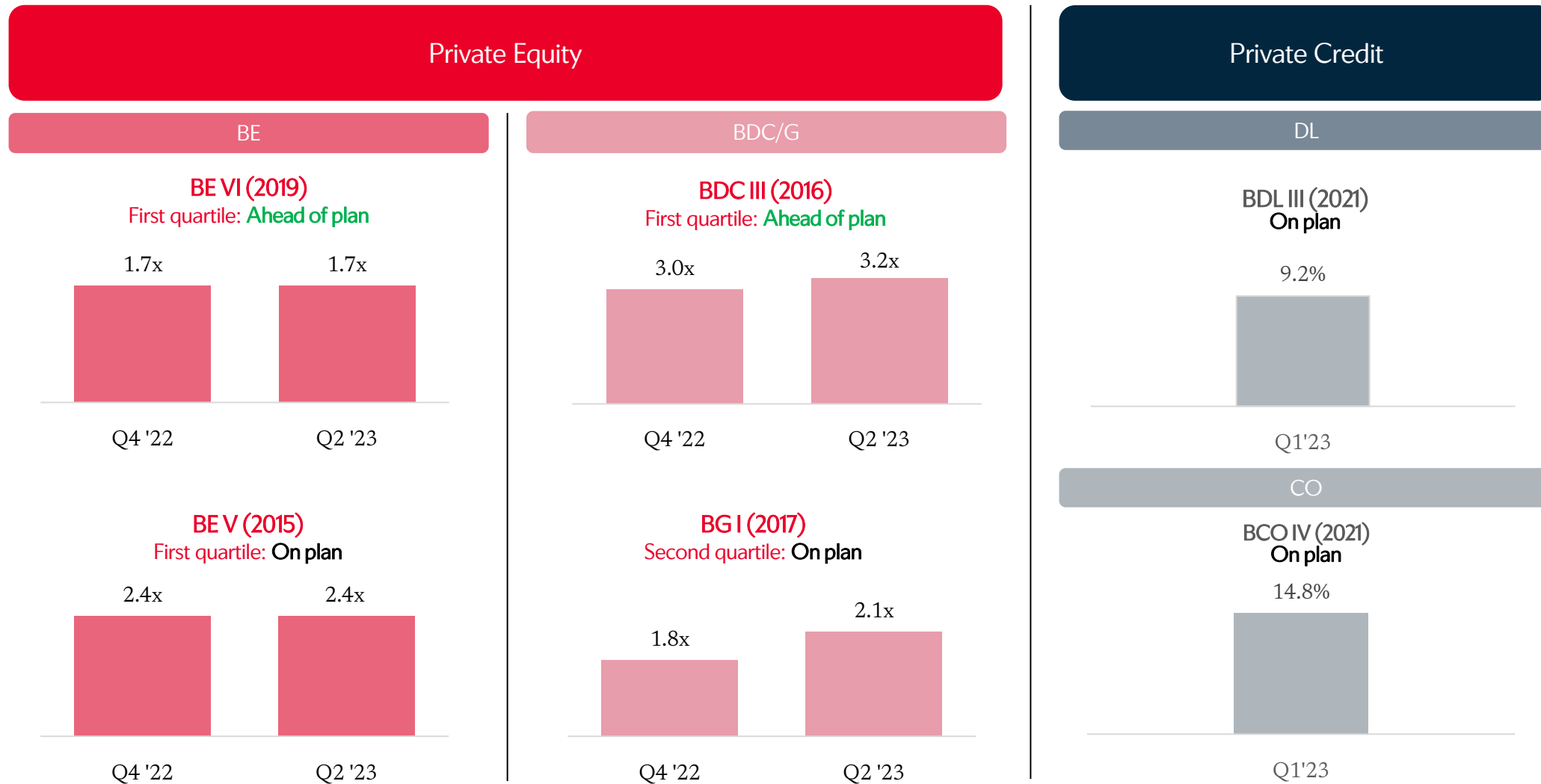
Bridgepoint

Europe VI



Fund Performance

Underlying fund performance remains on track



MOIC shown for all PE funds – Q2 '23 preliminary valuations / PE benchmark data Q4'22 Hamilton Lane Net IRR

Credit funds showing latest Net IRR available (on unlevered), prior year not relevant for Credit due to the relative immaturity of the funds

Exit Outlook

PE portfolio exit outlook

Challenges



Complex macro environment

Buyers more cautious (but the buy/sell expectation gap is narrowing)

Leverage more expensive and available in lower volume

Opportunities



Possibility of market turn, triggering wave of M&A activity

The value of growth remains at a premium

Safe strategic assets highly sought after

Embedded and portable leverage highly attractive to buyers

Middle market companies are more attractive to large corporates in cautious times

98% of Bridgepoint's realisations delivered via private transactions

Outlook



H1: A slower exit market, as anticipated

H2: Good and active pipeline of potential exits

Likely some movement in exits from 2023 to 2024

We expect to deliver current expectations for 2023 and 2024 investment income in aggregate, weighted towards 2024

Credit

Strong progress in credit strategy to date

Since the acquisition of EQT Credit:

- Growth in AUM of over €5bn
- Invested more than €8bn in over 200 companies
- Recently held final closes for first post-acquisition vintage, BDL III
- Full launch of the CLO strategy, with four CLOs priced to date, CLO V expected to launch in 2023
- Significant team growth and successful integration of the team within the Bridgepoint platform

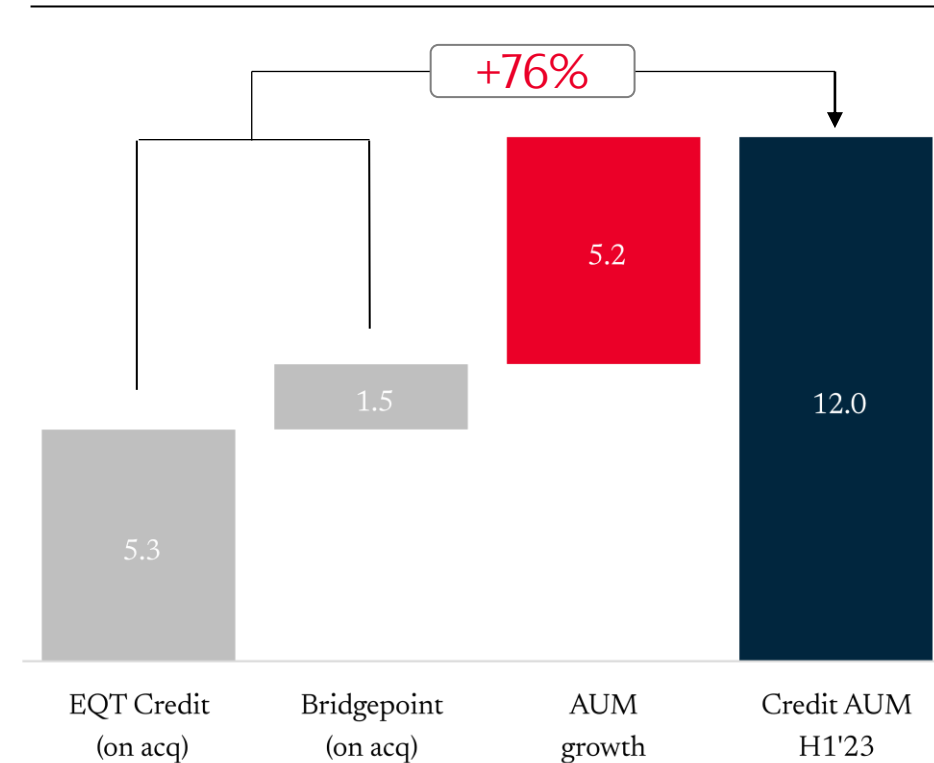
Two fundraise vintages closed or closing in 2023:



Two vintages to begin fundraising in the next 12 months:



Credit AUM growth

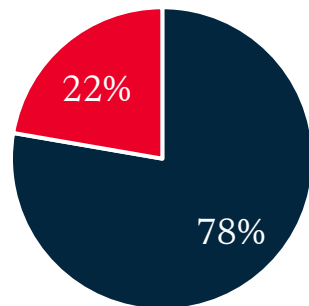


AUM of €12.0bn
at 30 June 2023,
up 76% since acquisition

Consistent growth of credit FPAUM

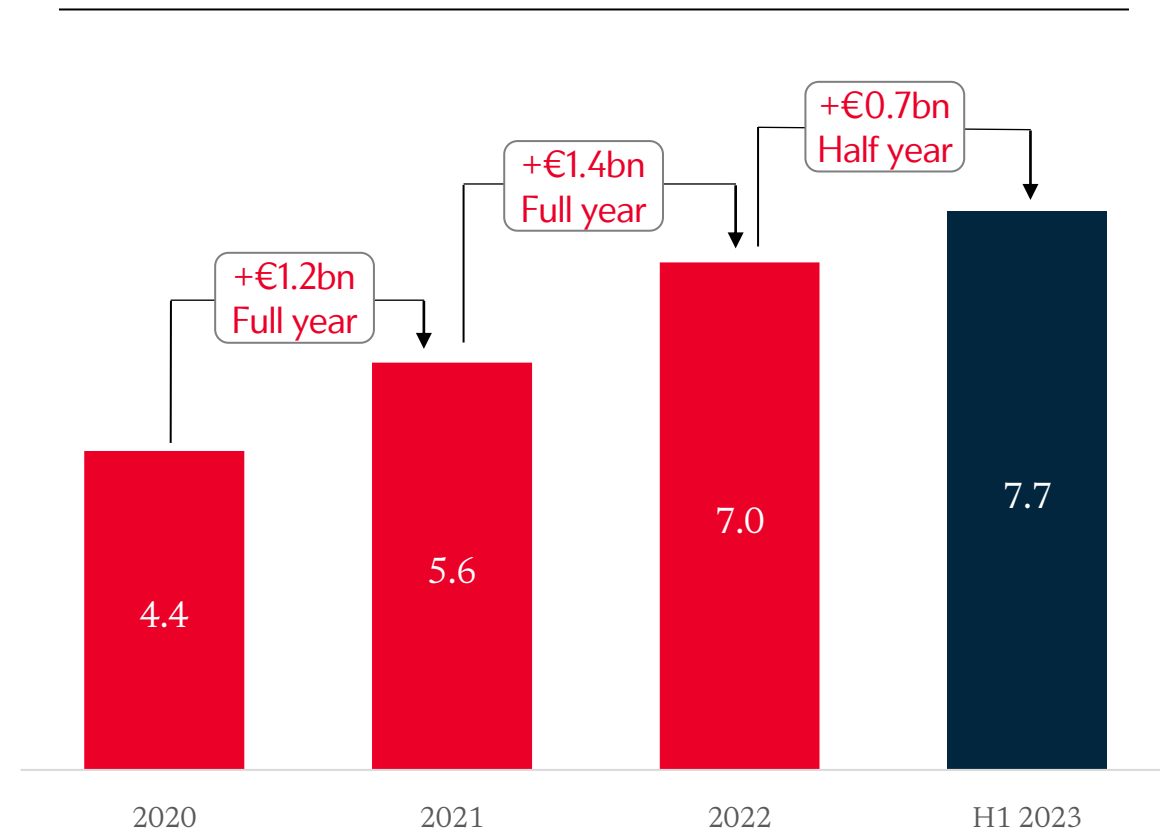
- Growing track record of consistent FPAUM growth
- On track for c.€1.3bn FPAUM growth in 2023
- The mix of credit capital has moved towards separately managed accounts (SMAs) and other bespoke vehicles
- Strength of origination and sophistication of the platform enables us to provide credit investors with vehicles to match their risk appetite and other investment criteria

Indicative composition of current vintages Q1 '23



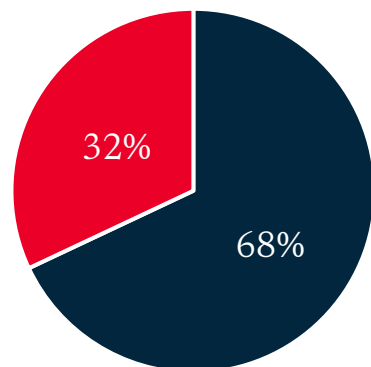
■ Fund commitments ■ SMA & other vehicles

Credit FPAUM^① growth (€bn)

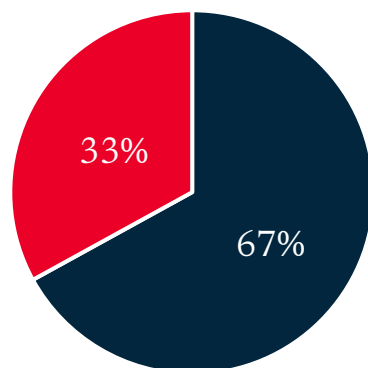


Credit deploying capital at pace and market outlook is positive

BDL III
Capital committed H1 '23



BCO IV
Capital invested Q1 '23



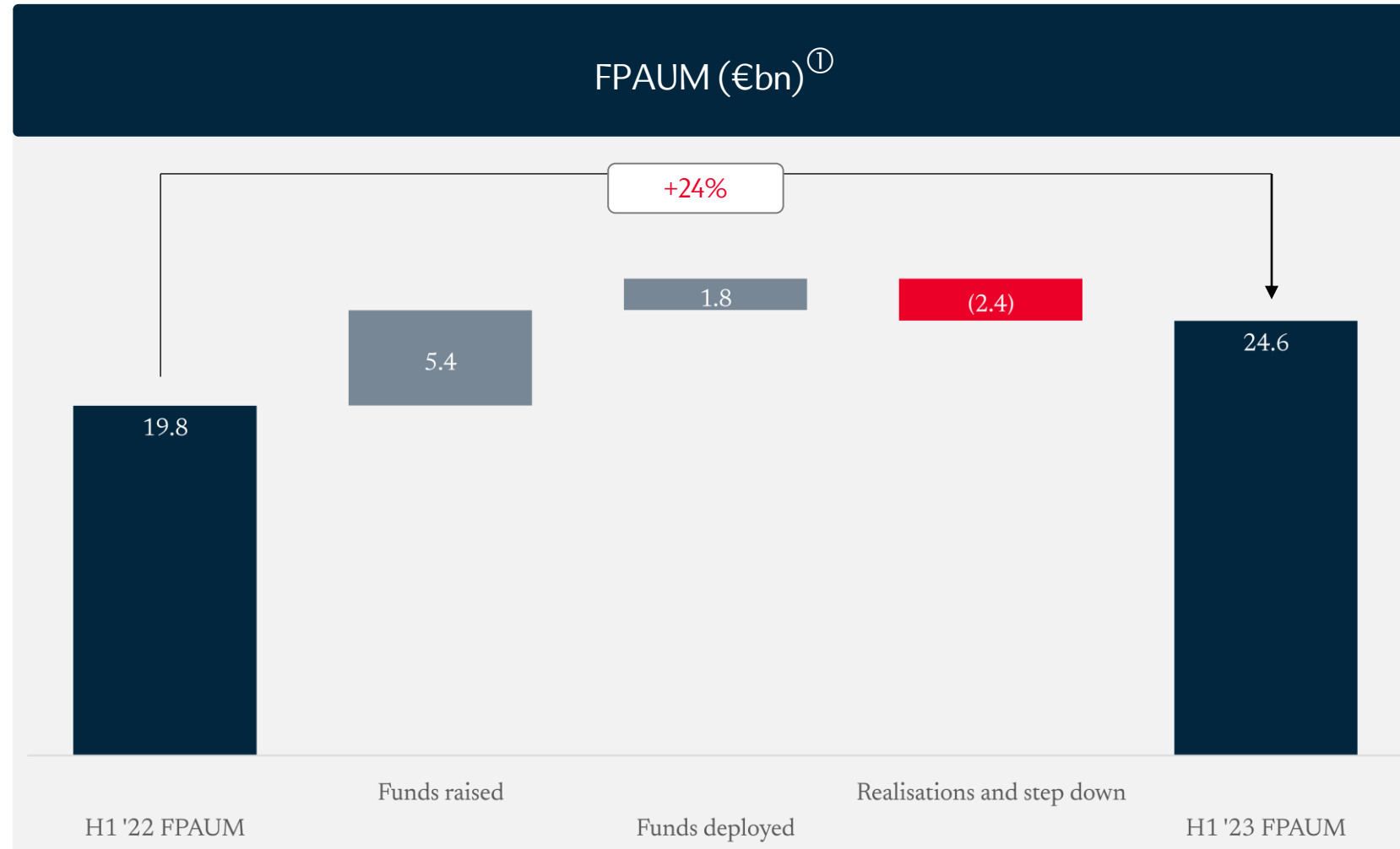
■ Invested capital ■ Remaining investable capital

Market outlook

- Excellent point in the cycle to be in the credit market
- Higher interest rates boosting returns
- Elevated volatility contributing to wider credit spreads and providing interesting opportunities for credit opportunities strategy
- Slower M&A activity calls for disciplined asset selection
- Bank appetite remains constrained and public markets are inactive: sponsors continue to value the benefits of a Private Debt solution

Group Interim Financial Results

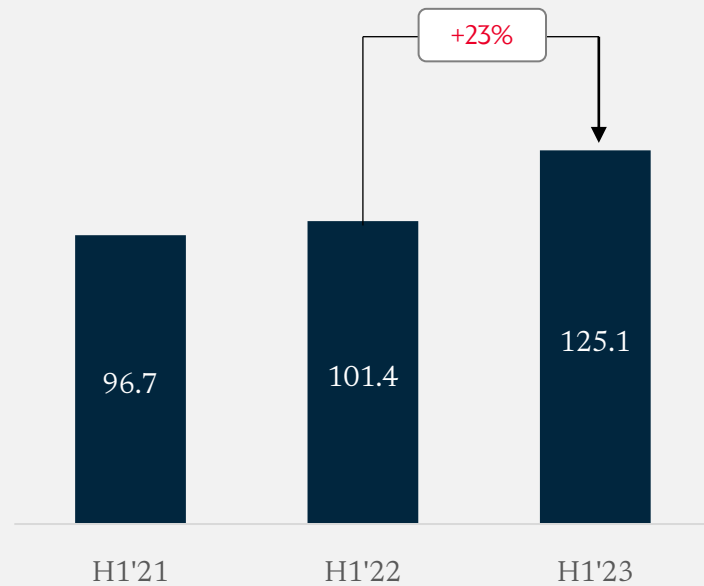
Growth of FPAUM...



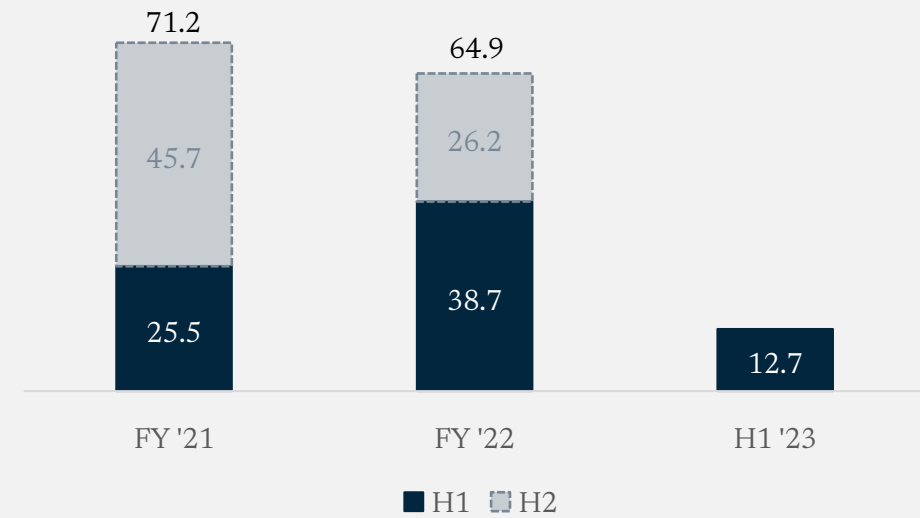
...drives growth in fee related income

Strong growth in fee-related income with catch up in investment activity expected in the second half

Management fees¹ & other operating income (£m)



Investment income (£m)

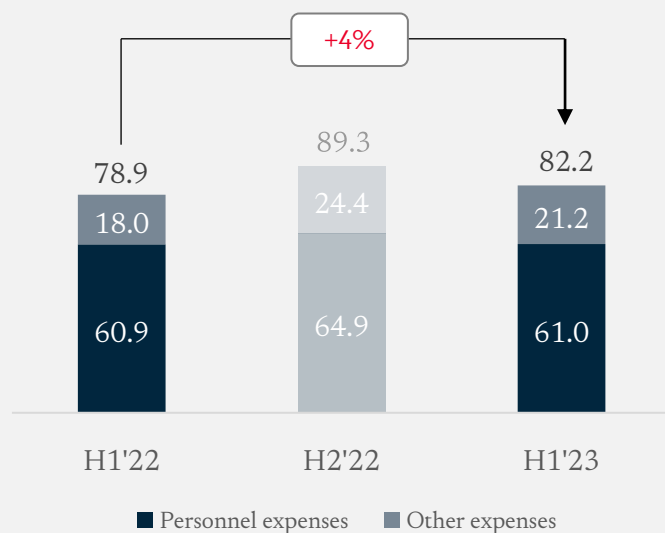


1. Management and other fees

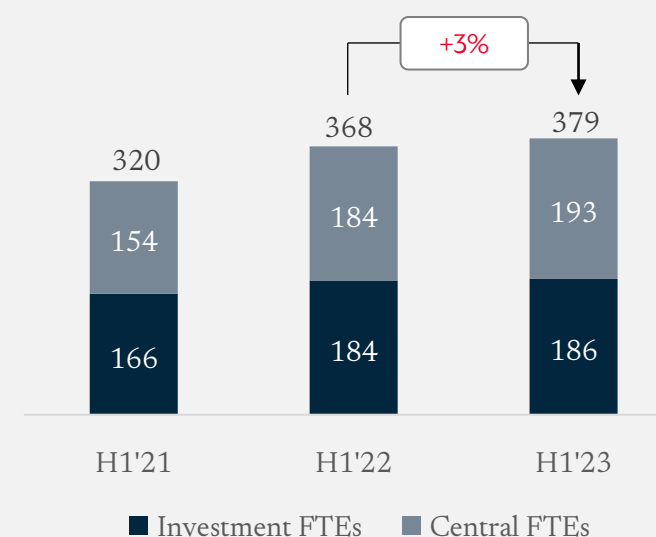
Investment in the platform in line with fundraising

H1 cost growth below high single digit guidance. Cost growth for full year expected to be in line with guidance

Breakdown of operating expenses (£m)⑤



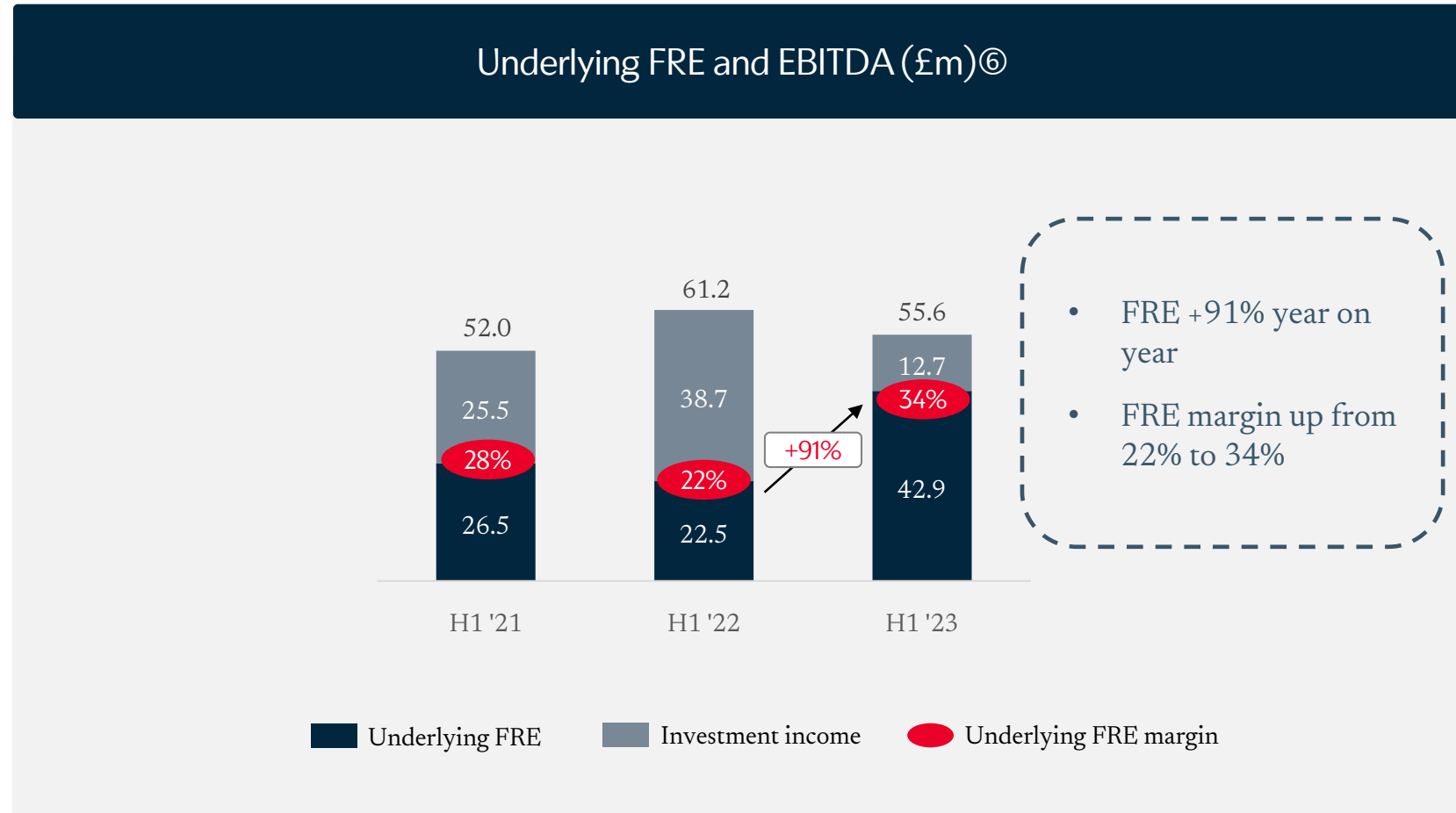
FTE



Operating expenses have been restated to exclude non-operating foreign exchange gains/losses

Increased FRE driven by fundraising and operational leverage

Material improvement in FRE margin following launch of BE VII



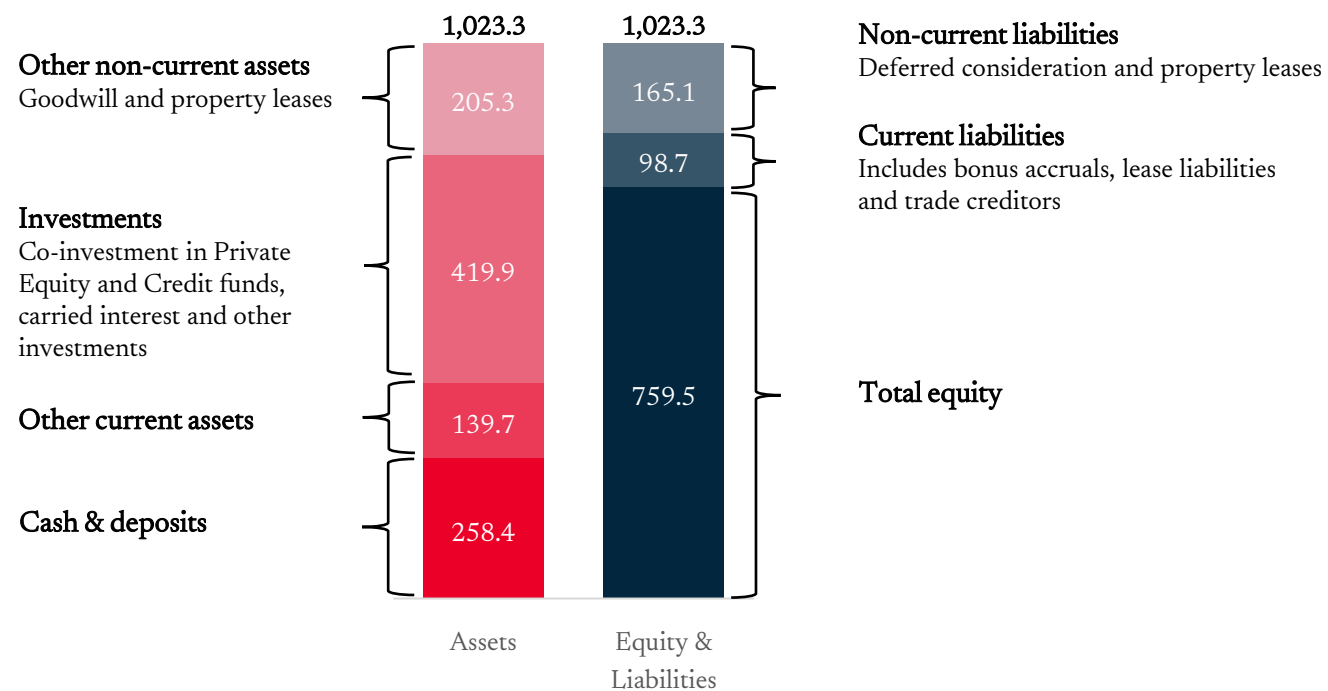
Underlying FRE, Underlying FRE margin and Underlying EBITDA have been restated to exclude non-operating foreign exchange gains/losses

Depth and strength of balance sheet

High level overview of the balance sheet

(30 June 2023 excluding consolidated CLOs)

Balance sheet (£m)⑦



Asset light balance sheet usage

Investment in Bridgepoint funds provides material upside

0.9% of AUM

Group investment in Bridgepoint funds

30 – 50%

Unrealised value discount applied in carry calculation

Strong cash position to support growth

£258m

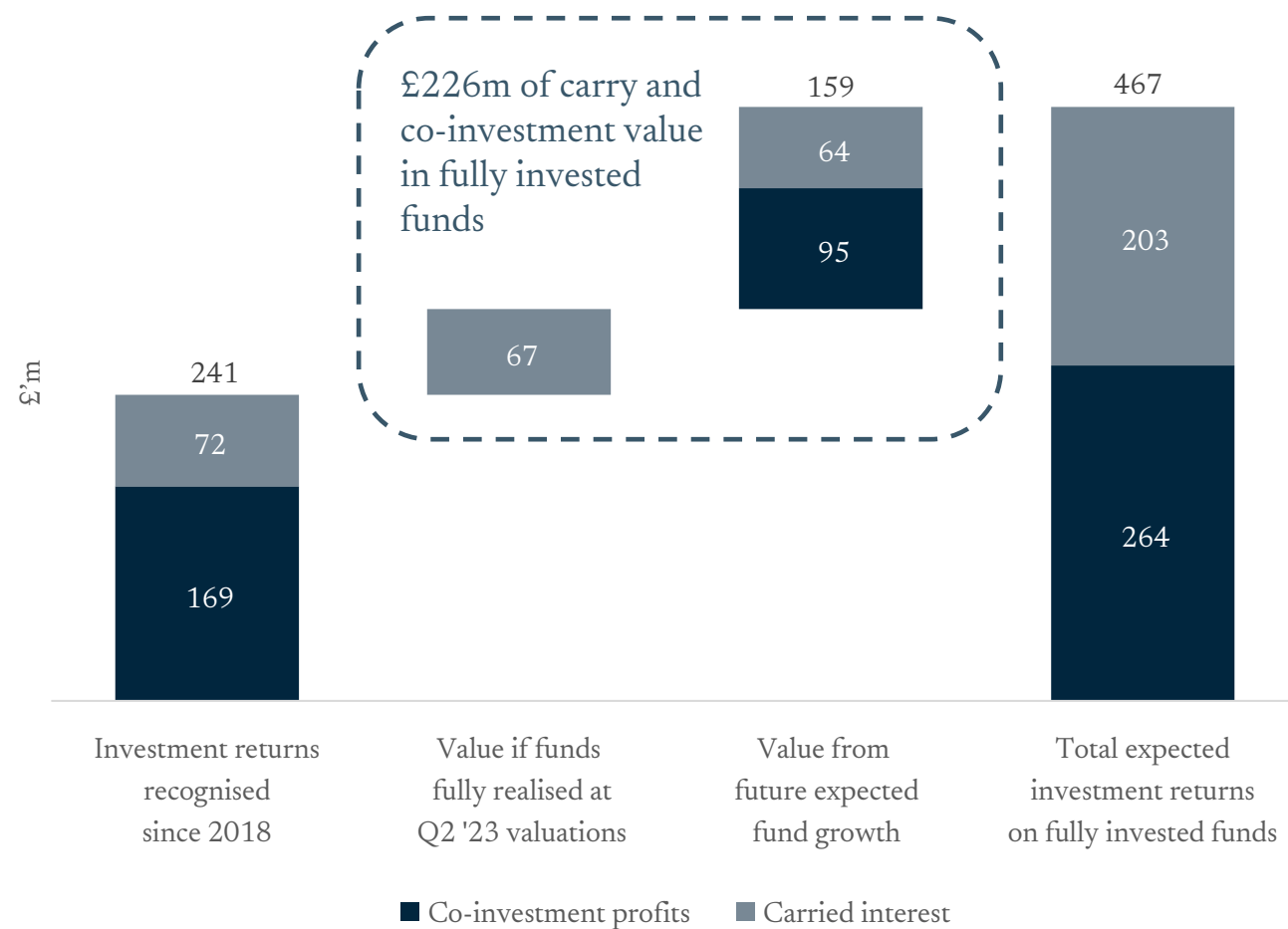
Cash as at 30 June 2023

£200m

Current undrawn RCF

Medium term investment returns outlook

Material future investment return value from fully invested funds



- More than £220m of future investment return value in Bridgepoint's fully invested funds (excluding CLOs) if they perform as expected
 - £67m of carried interest tied up in the discount applied on the unrealised value of each fund
 - Additional £159m of investment returns if fully invested funds deliver as expected
- Graph excludes further material contribution from funds currently investing (BE VII, BDC IV, BDL III and BCO IV) where the Group's co-investment will naturally increase with upsized funds

Guidance and dividend

Fundraising

Continued progress on BE VII which is expected to hold its final close in early 2024. The target remains €7bn

BDC V, BDL IV and BCO V expected to begin fundraising within the next 12 months

Investment income

Continue to expect investment income to represent around 20% of total income in the short term

In 2023, we now expect investment income to be c.15%, with a catch up in 2024

Costs

Some inflationary pressures on costs in the near term and more modest growth in headcount and personnel costs over medium term

Actual cost growth in H1 was below high single digit guidance despite inflationary pressures being evident

This reflects deliberate phasing of investment team hires to match fundraising progress

FRE Margin

Short term guidance remains unchanged at 30-35%

2024 expected to be slightly below the bottom of the short-term guidance, reflecting the usual margin profile of a PE cycle where continued successful divestments in 2023 and 2024 will, as expected, reduce fees recognised on invested capital ahead of BDC V generating fees from January 2025

Credit deployment

Expect to deploy at least €1bn of incremental FPAUM each year in Credit in the short term

Tax

Subject to any changes in the UK tax code, we expect our 2023 effective tax rate to be at the top end of the 5% - 10% long term range

Summary Guidance



Well positioned to deliver 2023 inline with current expectations

Dividend



Interim dividend of 4.4 pence per share

Combined with capital return of ca. 3.8 pence per share via share buyback in H1 2023, total capital return to shareholders in H1 2023 more than double that in H1 2022

Summary

Summary: outlook for the remainder of 2023

- Well positioned to deliver 2023 performance in line with current expectations – good momentum across business
- BE VII fundraise has attracted strong support from new and existing investors, is nearing completion and will accept new investors until Q1 2024 to allow investors to use both 2023 and 2024 allocations
- Multiple avenues for organic growth – momentum in BE VII, BG II now launched, BDL IV and BCO V in planning and strong prospects for BDC V given performance of BDC III
- Remain committed to continuing to deepen and broaden our middle market investment platform as set out at IPO
- Asset light with <1% of AUM as investments on balance sheet, and over £300m of cash and discounted carried interest receivable
- Private markets are set for long term growth, creating an exciting backdrop for the business
- Bridgepoint offers shareholders both growth, value, income and quality

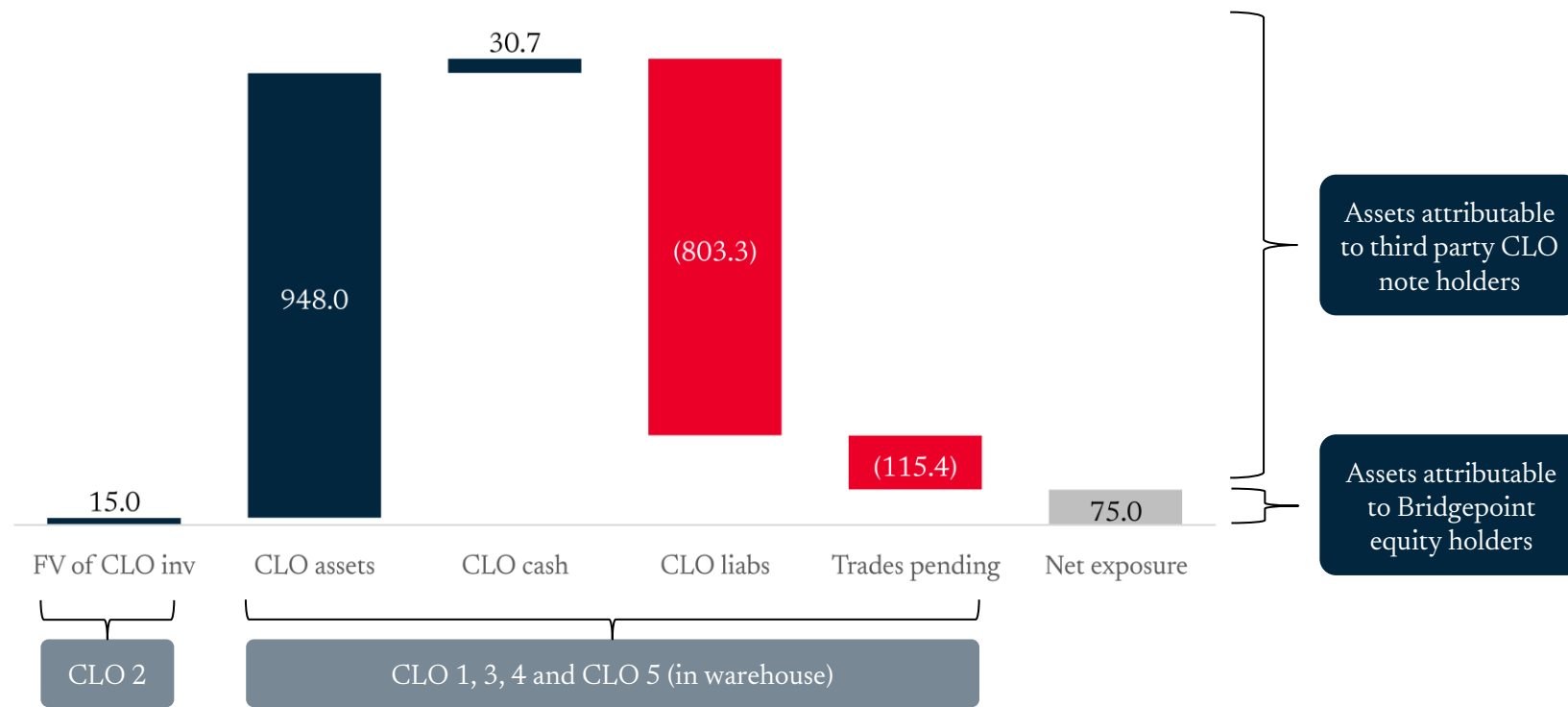
Q&A

Appendix

CLO consolidation

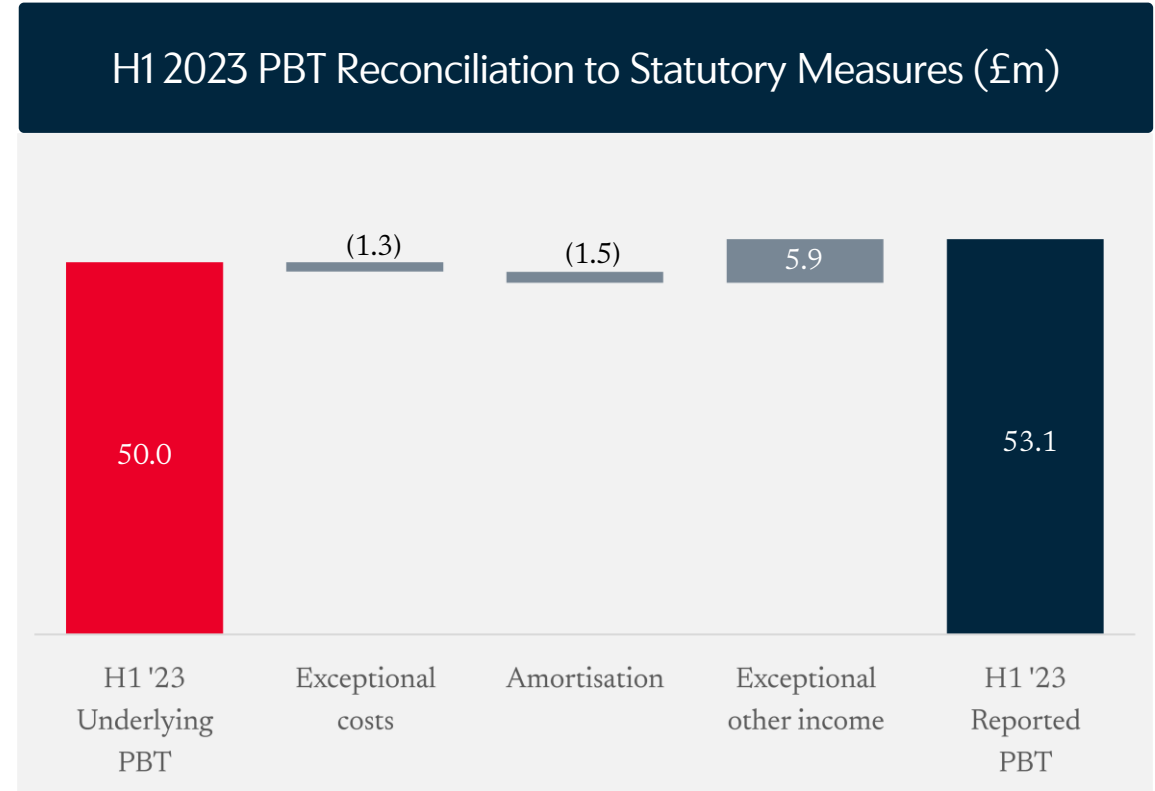
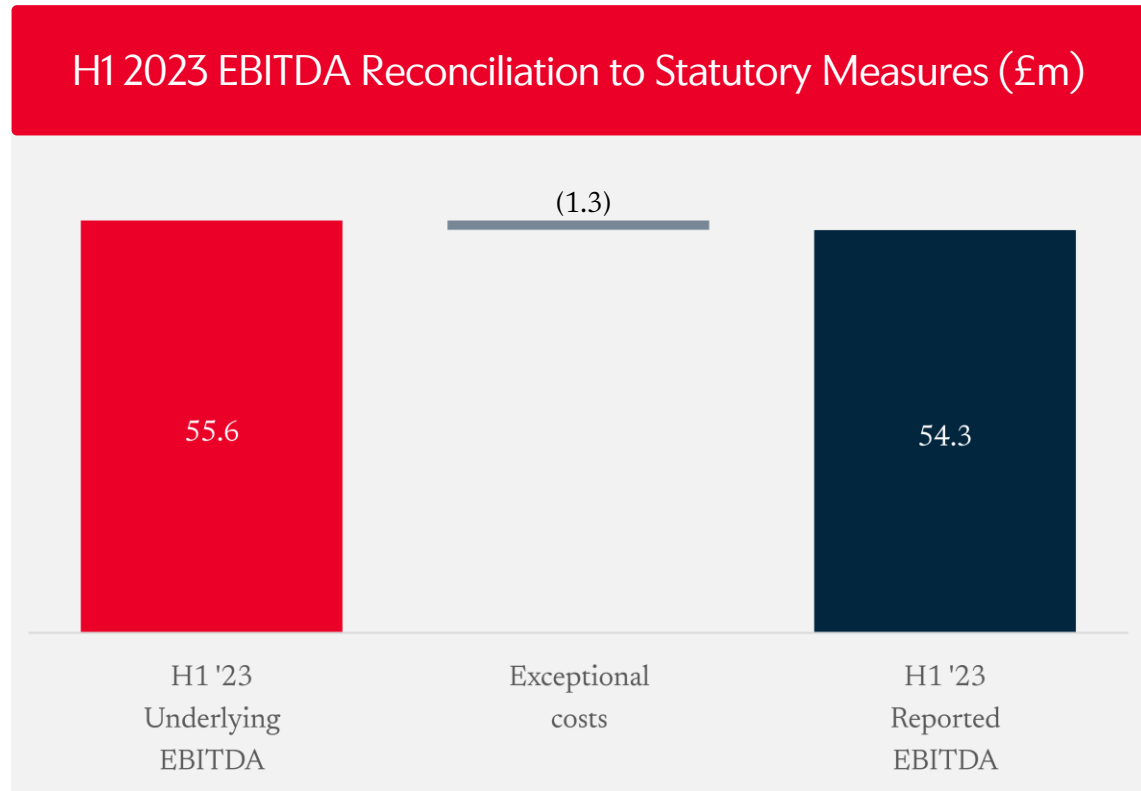
Group exposure to CLOs is £75.0m

Group exposure to CLO investments at 30 June 2023 (£m)



- Risk retention rules require minimum 5% investment into CLOs
- IFRS requires consolidation of CLO 1, 3, 4 and CLO 5 (in warehouse), where Group holds an investment in equity tranche
- Consolidation may create misleading view of Group's exposure
- Total exposure is £75.0m, which also includes investment in CLO 2

Statutory P&L



Underlying PBT excludes exceptional costs, the amortisation of EQT Credit customer relationship asset and exceptional finance income/expense

H1'23 exceptional costs relate to the EQT Credit acquisition (£0.3m) and strategic M&A costs (£1.0m)

Exceptional other income includes the remeasurement of EQT deferred consideration

End notes

Slide	Note	Reference
Slide 3, 27 & 30	1	FPAUM includes CLO AUM, unlike last year's interim presentation (H1' 22 restated)
Slide 3	2	FRE is underlying and excludes exceptional costs. H1 '22 FRE restated to exclude non-operating foreign exchange gains/losses
Slide 3	3	EBITDA is underlying and excludes exceptional costs, amortisation and exceptional net finance income and expense. H1 '22 EBITDA has been restated to exclude non-operating foreign exchange gains/losses
Slide 16	4	Of primary capital
Slide 32	5	Operating expenses are underlying and include investment linked bonuses
Slide 33	6	Underlying FRE, underlying FRE margin and underlying EBITDA exclude exceptional costs
Slide 34	7	Excludes consolidated CLOs

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