



Source: Refinitiv

Market data

EPIC/TKR	OCI
Price (p)	453
12m high (p)	456
12m low (p)	355
Shares (m)	176
Mkt cap (£m)	799
NAV p/sh (Dec'22, p)	662
Discount to NAV	-32%
Country/Ccy	UK/GBP
Market (UK)	Main Market SFS

Description

Oakley Capital Investments (OCI) has generated market-beating returns from its concentrated, three-sector-focused portfolio of private equity (PE) investments via Oakley Capital (Oakley) PE funds. Oakley has a proven model for sourcing investments, and an excellent track record of identifying resilient value opportunities and delivering superior returns.

Company information

Chair	Caroline Foulger
Ind. NEDs	R Lightowler, F Beck
NEDs	P Dubens, S Porter
Inv. Mgr.	Oakley Capital
Contact	Steven Tredget
oci-investorrelations@oakleycapital.com	

Key shareholders (Aug'22)

Peter Dubens/Directors	11%
AVI (Jan'23)	11%
Lombard Odier	7%
City of London IM, HL	6%
Sarasin,	5%
Jon Wood & family, Fidelity, II	4%
Hawksmoor	3%

Diary

9 Mar	FY results
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Analyst

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Discloser note: The relevant analyst is a shareholder in Oakley Capital Investments.

OAKLEY CAPITAL INVESTMENTS LTD

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In its *FY'22 trading update* OCI reported i) net asset value (NAV) per share of 662p and NAV of £1,167m, ii) total NAV return per share of 24% (+128p), iii) investments of £269m and share of proceeds of £244m, iv) year-end cash and available debt of £210m, v) outstanding commitments of £929m (not all of which will be drawn over the next five years), and vi) the buyback and cancellation of 2.2m shares. Of the realised and unrealised portfolio value uplift in the year, 65% was driven by EBITDA growth, and 35% as a result of multiple expansion, driven primarily by exits. The largest contributions came from IU Group (strong growth in enrolments), Contabo (sale), and Primavera (strategic combination with Cegid).

- **Proceeds and realisations:** Realisations totalled £234m from five exits at an average 5x gross money multiple and premium to carrying value of ca.70%. Refinancings added £10m. New investments totalled £214m with follow-on investments of £55m. 2.2m shares were bought back at an average of 407p.
- **Cash and commitments:** OCI's total liquidity as at 31 December 2022 was £210m, (£110m cash and a £100m facility). OCI's recent €30m commitment to Oakley Capital PROfounders Fund III took its total outstanding commitments to the Oakley Funds to £929m, to potentially be deployed over five years.
- **Valuation:** Against the December NAV, OCI trades at a 32% discount, despite its strong absolute, peer and market-beating relative performance. OCI has delivered consistently, with especially robust performance through COVID-19, demonstrating its downside resilience. OCI yields 1.0%.
- **Risks:** While OCI's costs are slightly above-average, post-expense returns are still market-beating. Sentiment towards economic cycles may be adverse, even though downside protection has been proved repeatedly. OCI's portfolio is concentrated, and we believe its permanent capital is right for private assets.
- **Investment summary:** OCI provides investors with liquid access to the attractive PE market by investing in funds managed by Oakley Capital, benefitting from Oakley's incremental origination and active management skills. Oakley Funds focus on mid-market, tech-enabled European companies that operate in the technology, consumer and education sectors. Accounting and governance appear conservative. There are risks – primarily sentiment-driven – around costs and cyclicity, as well as the liquidity and valuation of the underlying private assets. There is potential upside from the one-off closing of the discount, but also relatively quickly gained by ongoing NAV growth.

Financial summary and valuation

Year-end Dec (£m)	2019	2020	2021	2022E	2023E
Interest income	9,218	10,466	10,073	15,147	14,079
Realised gains	17,840	208,536	56,593	70,040	28,262
Unrealised gains	127,741	(133,086)	191,335	135,000	141,310
Total income	153,157	100,006	252,485	221,180	183,952
Costs	(17,888)	(7,620)	(3,751)	(5,000)	(5,000)
EPS (p)	66.3	47.9	138	124	103
NAV per share (£)	3.45	4.03	5.38	6.62	7.61
S/P prem./disc. (-) to NAV*	-38%	-22%	-29%	-37%	-40%
Investments	661	505	799	1,064	1,292
DPS (p)	4.5	4.5	4.5	4.5	4.5

*2019-22 actual NAV and share price, 2023 forecast NAV to current share price

Source: Hardman & Co Research