



# Fiscal Year 2019 Second Quarter

Earnings Presentation - November 6, 2018

# Today's Speakers

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**Mario Giannini**  
Chief Executive Officer



**Hartley Rogers**  
Chairman



**Erik Hirsch**  
Vice Chairman



**Randy Stilman**  
Chief Financial Officer



**Karen Greene**  
Head of Investor Relations

## Business Performance

- Total asset footprint (assets under management/advisement) reached an amount of approximately \$452 billion, growing 12% compared to September 30, 2017
- Assets under management and fee-earning assets under management were approximately \$58 billion and \$32 billion, respectively, as of September 30, 2018, increases of 21% and 8%, respectively, compared to September 30, 2017

## Financial Results

USD in millions except per share amounts

	Q2 FY19 QTD	Q2 FY19 YTD	vs. Q2 FY18 YTD
Management and advisory fees	\$53.2	\$104.2	6%
GAAP net income	\$11.2	\$20.1	98%
GAAP EPS	\$0.49	\$0.88	56%
Non-GAAP EPS <sup>1</sup>	\$0.55	\$0.92	56%
Fee Related Earnings <sup>1</sup>	\$22.4	\$43.2	0%
Adjusted EBITDA <sup>1</sup>	\$25.9	\$56.3	15%

## Dividend

- Declared a quarterly dividend of \$0.2125 per share of Class A common stock to record holders at the close of business on December 14, 2018

<sup>1</sup> Non-GAAP earnings per share, Fee Related Earnings and Adjusted EBITDA are non-GAAP financial measures. For the reconciliations of our non-GAAP financial measures to the most directly comparable GAAP financial measures, see pages 16 and 22 of this presentation.

# Abraaj-related Financial Exposure

**Total Exposure to Abraaj: ~\$382M**

## AUM

Total AUM: ~\$58B  
Abraaj Exposure: ~\$376M  
% of Abraaj in Total AUM: <1%

## AUA

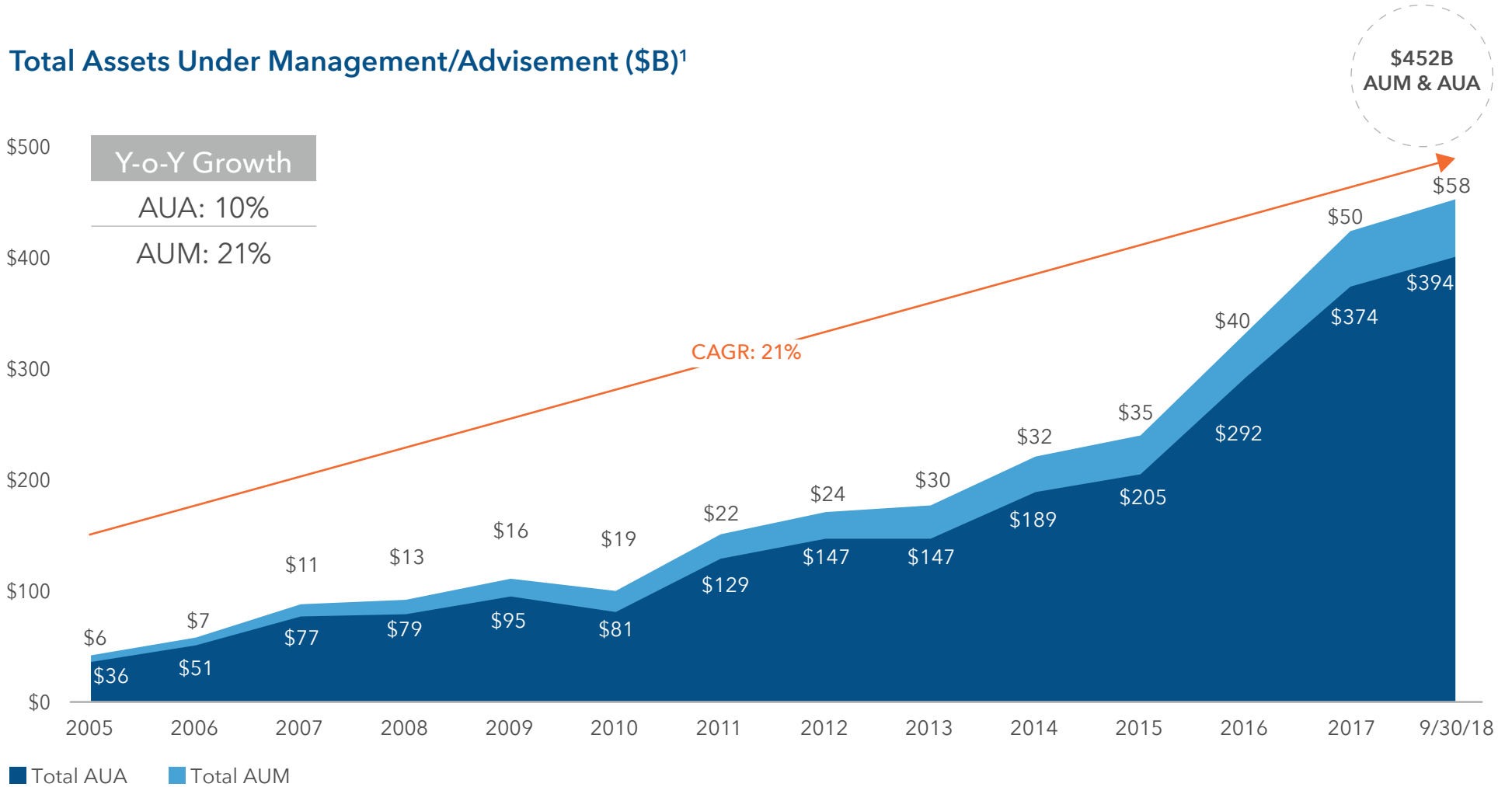
Total AUA: ~\$394B  
Abraaj Exposure: ~\$5M  
% of Abraaj in Total AUA: <0.01%

## Balance Sheet

Total Balance Sheet Investments: ~\$134M  
Investments in Abraaj: ~\$0.5M  
% of Abraaj in Total Balance Sheet Investments: <1%

# Growing Asset Footprint & Influence

## Total Assets Under Management/Advisement (\$B)<sup>1</sup>

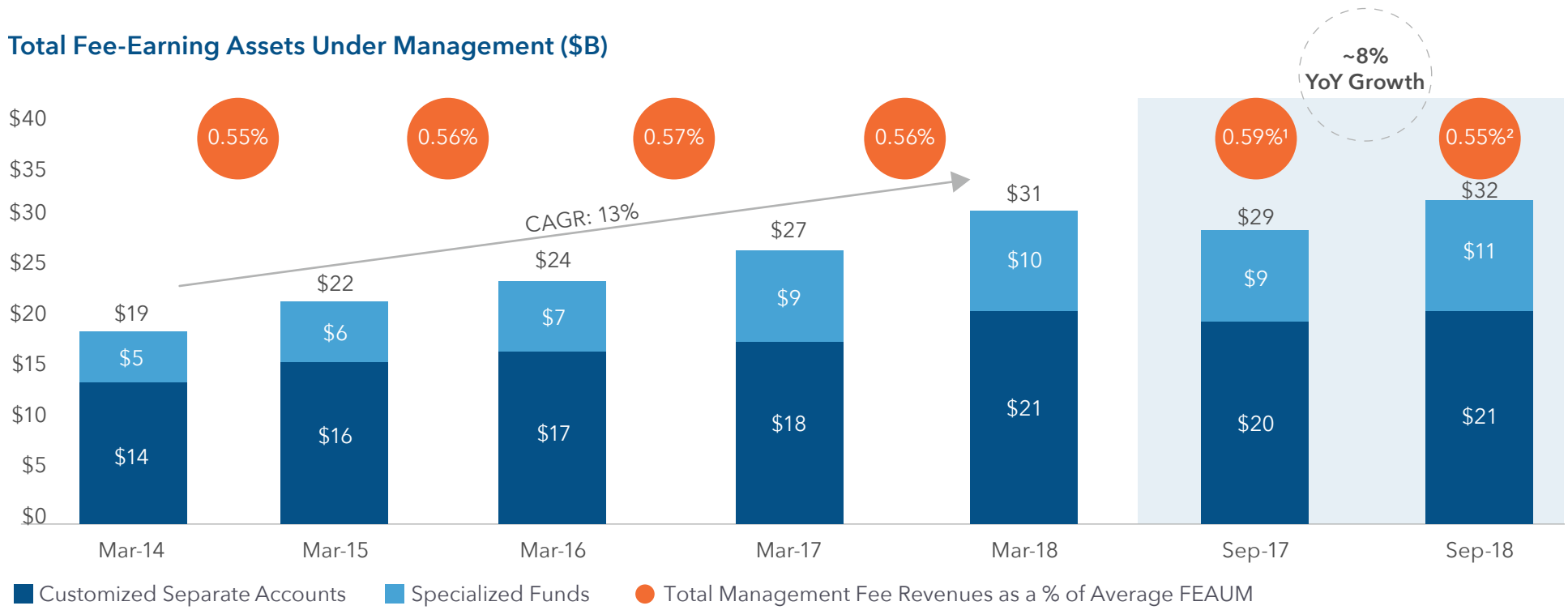


<sup>1</sup> Data as of calendar year end 12/31 unless otherwise noted. Numbers may not tie due to rounding.

# Fee-Earning AUM Driving Revenues

Fee-earning AUM growth continues...

## Total Fee-Earning Assets Under Management (\$B)



\* Numbers may not tie due to rounding

<sup>1</sup> Reflects retroactive fees of \$5.8M

<sup>2</sup> Reflects retroactive fees of \$0.8M

...and annual fee rates are stable

## Y-o-Y Drivers of Growth

### Customized Separate Accounts:

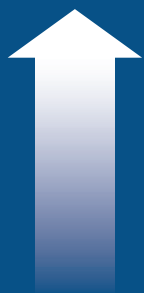
- New client wins
- Client re-ups

### Specialized Funds:

- Closed credit oriented fund (2018)
- Fundraising co-investment, credit oriented (2019) and fund-of-funds products

## AUM

### Customized Separate Accounts



Diverse mix of existing and prospective clients seeking to further or establish relationship with Hamilton Lane

### Specialized Funds



Select funds in market:

- Co-investment fund
- Credit-oriented funds
- Private equity fund-of-funds

### Advisory Services



Typically larger clients with wide-ranging mandates which include customized, technology-driven reporting, monitoring and analytics services; opportunity set continues to be robust

- +70% of our gross contributions during the last 12 months came from existing clients

- FEAUM added during Q2 FY19:
  - Co-Investment fund: \$158M
  - Credit-oriented fund (2018): \$149M

- \$37B in AUA added compared to prior year period



# Financial Highlights

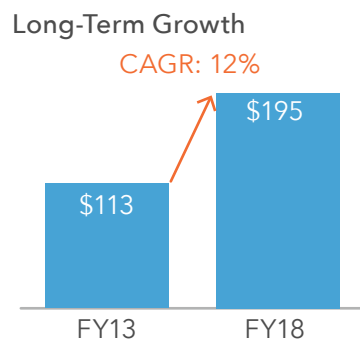
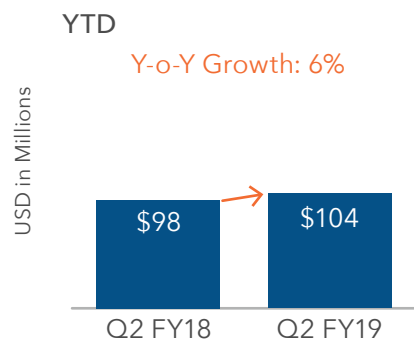
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# Consolidated Revenue

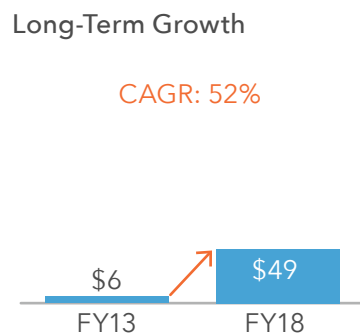
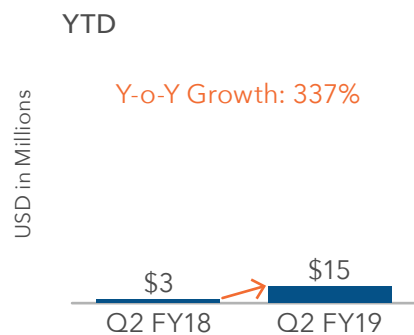
## Strong revenue growth across management and advisory fees and incentive fees

### Management and Advisory Fees



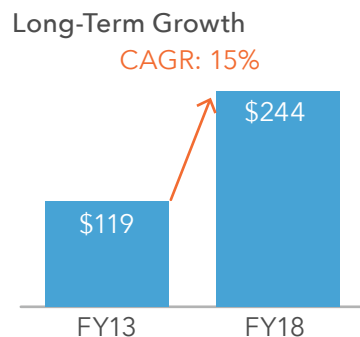
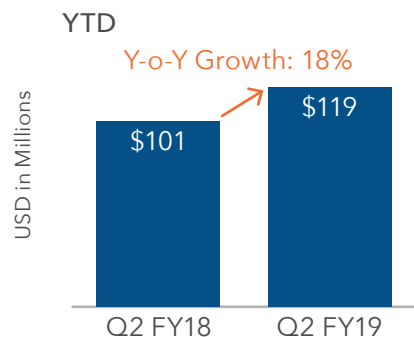
- Represented an average of 90% of total revenues over the past five fiscal years
- Y-o-Y increase of 6%
- \$5.8M in retroactive fees from our latest secondary fund in the prior year period and \$0.8M in retroactive fees from our latest co-investment fund in the current year period

### Incentive Fees



- Incentive fees derived from a highly diversified pool of assets and funds
- Allocated carried interest of \$333M as of 9/30/18 diversified across +3,000 assets and +50 funds
- Y-o-Y growth in incentive fees driven by \$6.3M recognition of carried interest from Co-Investment Fund II and \$7.2M from customized separate accounts
- \$2.5M of deferred carried interest from Co-Investment Fund II recognized in Q1 FY19

### Total Revenues

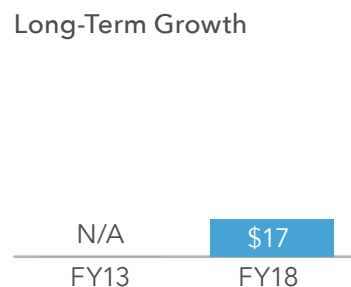
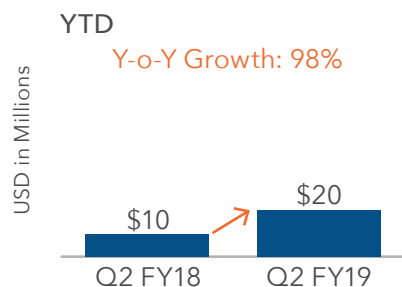


- Total revenues increased by 18%, driven by incentive fee growth and recurring management and advisory fee growth across core offerings

# Consolidated Earnings

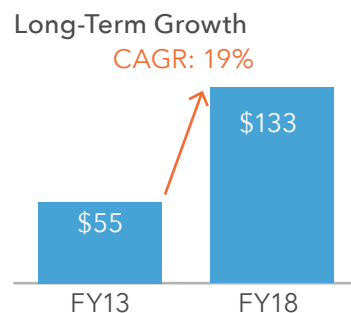
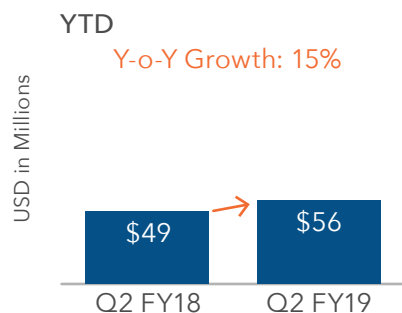
## Profitability stable and growing

### Net Income Attributable to HLI



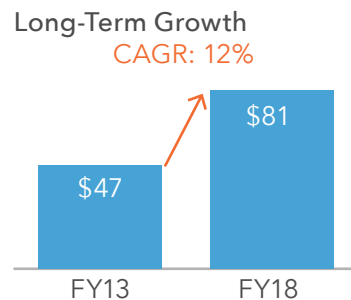
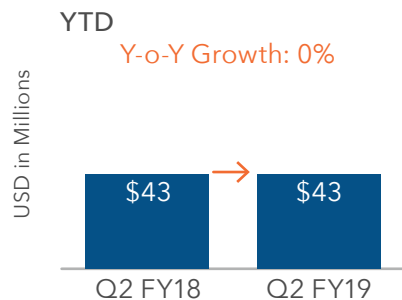
- Y-o-Y growth of 98%
- \$11M in net income attributable to HLI for the quarter

### Adjusted EBITDA<sup>1</sup>



- Y-o-Y growth of 15%
- Margins decreased Y-o-Y due to retroactive fees in the prior year period

### Fee Related Earnings<sup>1</sup>

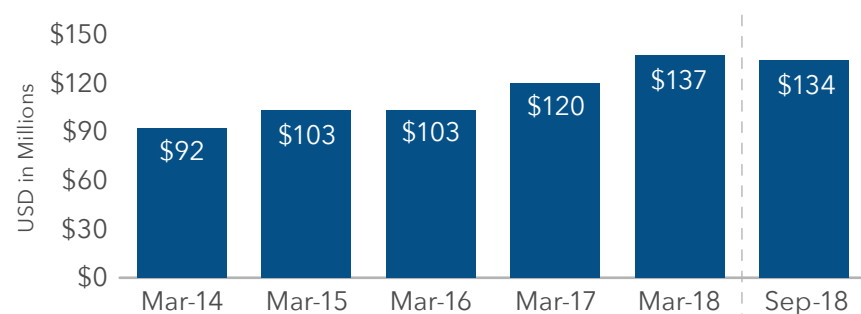


- Y-o-Y flat due to retroactive fees in the prior year period
- Long-term double digit growth in Fee Related Earnings

<sup>1</sup> Adjusted EBITDA and Fee Related-Earnings are non-GAAP financial measures. For a reconciliation from GAAP financial measures to non-GAAP financial measures, see pages 16 and 22 of this presentation.

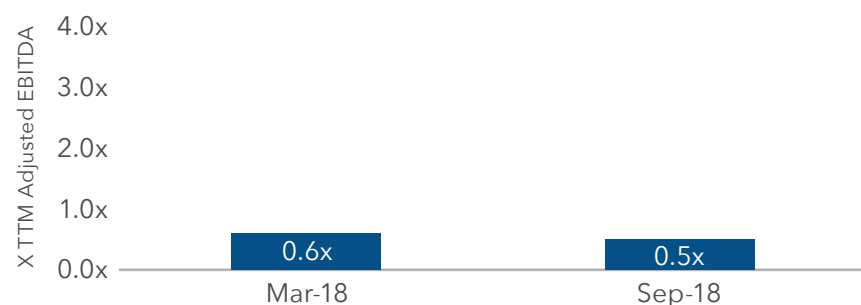
## Strong balance sheet with investments in our own products and a modest amount of leverage...

### Investments



- Investment balance decreased year-to-date due to \$23M in distributions from the sales of two technology investments
- For 9/30/18, the total investment balance consisted of ~\$128M in equity method investments in our funds and ~\$6M in technology-related investments

### Gross Leverage Profile<sup>1</sup>



- Principal amount of debt outstanding of \$73.1M as of 9/30/18

<sup>1</sup> Ratio of principal amount of debt outstanding to trailing twelve months Adjusted EBITDA. See page 23 for additional detail on calculation of gross leverage ratio.

# Share Repurchase Program

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- Board has authorized the repurchase of up to 6%, or up to \$50 million, of Hamilton Lane Class A Common Stock
- Authorization is in place for the next twelve months
- The timing of purchases and the exact number of shares to be purchased will depend on market conditions
- The repurchase program does not include specific price targets or time tables and may be suspended or terminated at any time
- The Company intends to finance the purchases using available working capital and/or debt resources



Hamilton Lane®

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# Appendix



# Condensed Consolidated Statements of Income (Unaudited)

<i>(Dollars in thousands except share and per share amounts)</i>	Three Months Ended September 30,			Six Months Ended September 30,		
	2017	2018	% Change	2017	2018	% Change
<b>Revenues</b>						
Management and advisory fees	46,298	53,248	15%	97,982	104,227	6%
Incentive fees	2,411	2,585	7%	3,428	14,968	337%
<b>Total revenues</b>	<b>48,709</b>	<b>55,833</b>	<b>15%</b>	<b>101,410</b>	<b>119,195</b>	<b>18%</b>
<b>Expenses</b>						
Compensation and benefits	20,279	22,771	12%	40,241	49,393	23%
General, administrative and other	8,424	11,695	39%	16,882	22,743	35%
<b>Total expenses</b>	<b>28,703</b>	<b>34,466</b>	<b>20%</b>	<b>57,123</b>	<b>72,136</b>	<b>26%</b>
<b>Other income (expense)</b>						
Equity in income of investees	4,252	5,276	24%	10,171	5,162	(49)%
Interest expense	(3,512)	(728)	(79)%	(4,618)	(1,493)	(68)%
Interest income	89	43	(52)%	405	85	(79)%
Other non-operating income (loss)	87	12,194	13,916%	(19)	12,059	63,568%
<b>Total other income</b>	<b>916</b>	<b>16,785</b>	<b>1,732%</b>	<b>5,939</b>	<b>15,813</b>	<b>166%</b>
<b>Income before income taxes</b>	<b>20,922</b>	<b>38,152</b>	<b>82%</b>	<b>50,226</b>	<b>62,872</b>	<b>25%</b>
Income tax expense	2,688	5,580	108%	6,380	7,197	13%
<b>Net income</b>	<b>18,234</b>	<b>32,572</b>	<b>79%</b>	<b>43,846</b>	<b>55,675</b>	<b>27%</b>
Less: Income attributable to non-controlling interests in general partnerships	84	514	512%	982	394	(60)%
Less: Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	13,462	20,836	55%	32,712	35,214	8%
<b>Net income attributable to Hamilton Lane Incorporated</b>	<b>\$4,688</b>	<b>\$11,222</b>	<b>139%</b>	<b>\$10,152</b>	<b>\$20,067</b>	<b>98%</b>
Basic earnings per share of Class A common stock	\$0.26	\$0.49		\$0.56	\$0.89	
Diluted earnings per share of Class A common stock	\$0.26	\$0.49		\$0.56	\$0.88	
Weighted-average shares of Class A common stock outstanding - basic	18,113,781	22,671,865		18,049,146	22,461,363	
Weighted-average shares of Class A common stock outstanding - diluted	18,646,866	23,257,419		18,559,583	23,015,445	

# Non-GAAP Financial Measures

(Dollars in thousands except share and per share amounts)	Three Months Ended September 30,			Six Months Ended September 30,		
	2017	2018	% Change	2017	2018	% Change
<b>Adjusted EBITDA</b>						
Management and advisory fees	\$46,298	\$53,248	15%	\$97,982	\$104,227	6%
Total expenses	28,703	34,466	20%	57,123	72,136	26%
Less:						
Incentive fee related compensation <sup>1</sup>	(1,183)	(1,243)	5%	(1,682)	(5,970)	255%
Contingent compensation related to acquisition	(427)	(2,327)	445%	(427)	(5,100)	1,094%
Management fee related expenses	27,093	30,896	14%	55,014	61,066	11%
<b>Fee Related Earnings</b>	<b>\$19,205</b>	<b>\$22,352</b>	<b>16%</b>	<b>\$42,968</b>	<b>\$43,161</b>	<b>0%</b>
Incentive fees <sup>2</sup>	2,411	2,585	7%	3,428	14,968	337%
Incentive fees attributable to non-controlling interests <sup>2</sup>	-	(52)	N/A	-	(263)	N/A
Incentive fee related compensation <sup>1</sup>	(1,183)	(1,243)	5%	(1,682)	(5,970)	255%
Interest income	89	43	(52)%	405	85	(79)%
Equity-based compensation	1,572	1,597	2%	2,988	3,184	7%
Depreciation and amortization	473	632	34%	910	1,141	25%
<b>Adjusted EBITDA</b>	<b>\$22,567</b>	<b>\$25,914</b>	<b>15%</b>	<b>\$49,017</b>	<b>\$56,306</b>	<b>15%</b>
<b>Adjusted EBITDA margin</b>	<b>46%</b>	<b>46%</b>		<b>48%</b>	<b>47%</b>	
<b>Non-GAAP earnings per share reconciliation</b>						
<b>Net income attributable to Hamilton Lane Incorporated</b>	<b>\$4,688</b>	<b>\$11,222</b>	<b>139%</b>	<b>\$10,152</b>	<b>\$20,067</b>	<b>98%</b>
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	13,462	20,836	55%	32,712	35,214	8%
Income tax expense	2,688	5,580	108%	6,380	7,197	13%
Write-off of deferred financing costs <sup>3</sup>	2,544	-	(100)%	2,544	-	(100)%
Contingent compensation related to acquisition	427	2,327	445%	427	5,100	1,094%
<b>Adjusted pre-tax net income</b>	<b>\$23,809</b>	<b>\$39,965</b>	<b>68%</b>	<b>\$52,215</b>	<b>\$67,578</b>	<b>29%</b>
Adjusted income taxes <sup>4</sup>	(9,304)	(10,795)	16%	(20,735)	(18,253)	(12)%
<b>Adjusted net income</b>	<b>\$14,505</b>	<b>\$29,170</b>	<b>101%</b>	<b>\$31,480</b>	<b>\$49,325</b>	<b>57%</b>
<b>Adjusted shares outstanding<sup>5</sup></b>	<b>53,085,535</b>	<b>53,438,643</b>		<b>52,998,252</b>	<b>53,406,893</b>	
<b>Non-GAAP earnings per share</b>	<b>\$0.27</b>	<b>\$0.55</b>	<b>104%</b>	<b>\$0.59</b>	<b>\$0.92</b>	<b>56%</b>

<sup>1</sup> Incentive fee related compensation includes incentive fee compensation expense, bonus and other revenue sharing related to carried interest that is classified as base compensation. Incentive fee related compensation for the six months ended September 30, 2018 excludes compensation expense related to the \$2.5 million recognition of incentive fees included in net income from one of our co-investment funds during the period as the related incentive fee compensation was recognized in fiscal 2016.

<sup>2</sup> Incentive fees for the six months ended September 30, 2018 include \$2.8 million of non-cash carry. Of the \$2.8 million, \$2.5 million is included in net income and \$0.3 million is attributable to non-controlling interests.

<sup>3</sup> Represents write-off of debt issuance costs and realized loss on interest rate caps related to the payoff of our predecessor credit facility in the prior year period.

<sup>4</sup> Represents corporate income taxes at our estimated statutory tax rate of 27.01% for the six month period ended September 30, 2018 and 39.71% for the six month period ended September 30, 2017 applied to adjusted pre-tax net income. The 27.01% is based on a federal tax statutory rate of 21.00% and a combined state income tax rate net of federal benefits of 6.01%. The 39.71% was based on a federal tax statutory rate of 35.00% and a combined state income tax rate net of federal benefits of 4.71%.

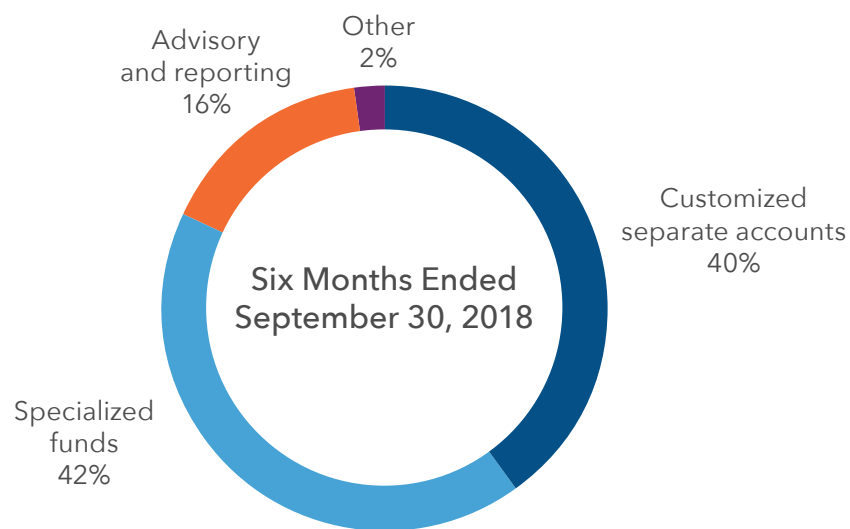
<sup>5</sup> Assumes the full exchange of Class B and Class C units in HLA for Class A common stock of HLI pursuant to the exchange agreement.



# Management and Advisory Fees

(Dollars in thousands)

	Three Months Ended September 30,			Six Months Ended September 30,		
	2017	2018	% Change	2017	2018	% Change
<b>Management and advisory fees</b>						
Customized separate accounts	\$19,609	\$21,106	8%	\$38,393	\$41,493	8%
Specialized funds	19,244	22,736	18%	44,450	43,751	(2)%
Advisory and reporting	6,829	8,315	22%	13,479	16,474	22%
Distribution management	616	710	15%	1,660	1,798	8%
Fund reimbursement revenue	-	381	N/A	-	711	N/A
<b>Total management and advisory fees</b>	<b>\$46,298</b>	<b>\$53,248</b>	<b>15%</b>	<b>\$97,982</b>	<b>\$104,227</b>	<b>6%</b>



# Incentive Fees

<i>(Dollars in thousands)</i>	Three Months Ended September 30,			Six Months Ended September 30,		
	2017	2018	% Change	2017	2018	% Change
<b>Incentive fees</b>						
Secondary Fund II	\$477	\$142	(70)%	\$1,115	\$583	(48)%
Co-investment Fund II	-	1,182	N/A	-	6,340	N/A
Other specialized funds	34	761	2,137%	(6)	886	N/A
Customized separate accounts	1,900	500	(74)%	2,319	7,159	209%
<b>Incentive fees</b>	<b>\$2,411</b>	<b>\$2,585</b>	<b>7%</b>	<b>\$3,428</b>	<b>\$14,968</b>	<b>337%</b>

	As of				
	September 30, 2017	June 30, 2018	September 30, 2018	YoY % Change	QoQ % Change
<b>Allocated carried interest</b>					
Secondary Fund II	\$7,145	\$5,798	\$5,698	(20)%	(2)%
Secondary Fund III	32,074	36,592	38,278	19%	5%
Secondary Fund IV	10,884	20,778	24,922	129%	20%
Co-investment Fund II	108,907	61,327	66,932	(39)%	9%
Co-investment Fund III	28,775	32,924	45,001	56%	37%
Other specialized funds	24,576	33,391	37,392	52%	12%
Customized separate accounts	87,998	102,083	114,458	30%	12%
<b>Total allocated carried interest</b>	<b>\$300,359</b>	<b>\$292,893</b>	<b>\$332,681</b>	<b>11%</b>	<b>14%</b>

# Assets Under Management

<i>(Dollars in millions)</i>	September 30, 2017	June 30, 2018	September 30, 2018	YoY % Change	QoQ % Change
<b>Assets under management / advisement</b>					
Assets under management	\$47,819	\$56,684	\$58,092	21%	1%
Assets under advisement	356,774	414,796	394,083	10%	(5)%
<b>Total assets under management / advisement</b>	<b>\$404,593</b>	<b>\$471,480</b>	<b>\$452,175</b>	<b>12%</b>	<b>(4)%</b>
<b>Fee-earning assets under management</b>					
<b>Customized separate accounts</b>					
<b>Balance, beginning of period</b>	\$18,186	\$20,931	\$20,209	11%	(3)%
Contributions	1,295	1,073	999	(23)%	(7)%
Distributions	(229)	(1,863)	(267)	17%	(86)%
Foreign exchange, market value and other	469	68	(109)	(123)%	(260)%
<b>Balance, end of period</b>	<b>\$19,721</b>	<b>\$20,209</b>	<b>\$20,832</b>	<b>6%</b>	<b>3%</b>
<b>Specialized funds</b>					
<b>Balance, beginning of period</b>	\$9,437	\$9,758	\$10,333	9%	6%
Contributions	97	746	547	464%	(27)%
Distributions	(98)	(166)	(101)	3%	(39)%
Foreign exchange, market value and other	3	(5)	(6)	(300)%	20%
<b>Balance, end of period</b>	<b>\$9,439</b>	<b>\$10,333</b>	<b>\$10,773</b>	<b>14%</b>	<b>4%</b>
<b>Total</b>					
<b>Balance, beginning of period</b>	\$27,623	\$30,689	\$30,542	11%	0%
Contributions	1,392	1,819	1,546	11%	(15)%
Distributions	(327)	(2,029)	(368)	13%	(82)%
Foreign exchange, market value and other	472	63	(115)	(124)%	(283)%
<b>Balance, end of period</b>	<b>\$29,160</b>	<b>\$30,542</b>	<b>\$31,605</b>	<b>8%</b>	<b>3%</b>

# Condensed Consolidated Balance Sheets (Unaudited)

(Dollars in thousands except share and per share amounts)

	March 31, 2018	September 30, 2018
<b>Assets</b>		
Cash and cash equivalents	\$47,596	\$75,181
Restricted cash	1,787	2,176
Fees receivable	14,924	13,678
Prepaid expenses	2,301	2,855
Due from related parties	3,236	1,791
Furniture, fixtures and equipment, net	4,782	7,096
Investments	137,253	134,256
Deferred income taxes	73,381	108,439
Other assets	8,535	10,769
<b>Total assets</b>	<b>\$293,795</b>	<b>\$356,241</b>
<b>Liabilities and Equity</b>		
Accounts payable	\$1,700	\$476
Accrued compensation and benefits	8,092	30,399
Deferred incentive fee revenue	6,245	3,704
Debt	84,162	72,802
Accrued members' distributions	11,837	8,715
Payable to related parties pursuant to tax receivable agreement	34,133	65,048
Dividends payable	3,893	4,729
Other liabilities	7,659	8,221
<b>Total liabilities</b>	<b>157,721</b>	<b>194,094</b>
Preferred stock, \$0.001 par value, 10,000,000 authorized, none issued	-	-
Class A common stock, \$0.001 par value, 300,000,000 authorized; 25,910,442 and 23,139,476 issued and outstanding as of September 30, 2018 and March 31, 2018, respectively	22	25
Class B common stock, \$0.001 par value, 50,000,000 authorized; 24,228,382 and 25,700,068 issued and outstanding as of September 30, 2018 and March 31, 2018, respectively	26	24
Additional paid-in-capital	73,829	86,089
Retained earnings	4,549	15,178
Total Hamilton Lane Incorporated stockholders' equity	78,426	101,316
Non-controlling interests in general partnerships	7,266	6,873
Non-controlling interests in Hamilton Lane Advisors, L.L.C.	50,382	53,958
Total equity	136,074	162,147
<b>Total liabilities and equity</b>	<b>\$293,795</b>	<b>\$356,241</b>

# Condensed Consolidated Statements of Cash Flows (Unaudited)

<i>(Dollars in thousands)</i>	Six Months Ended September 30,	
	2017	2018
<b>Operating activities</b>		
Net income	\$43,846	\$55,675
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	910	1,141
Change in deferred income taxes	2,913	2,866
Change in payable to related parties pursuant to tax receivable agreement	(112)	(839)
Amortization of deferred financing costs	139	27
Write-off of deferred financing costs	1,657	-
Equity-based compensation	2,988	3,182
Equity in income of investees	(10,171)	(5,162)
Gain on sale of investments	-	(11,133)
Proceeds received from investments	8,025	7,525
Changes in operating assets and liabilities	11,568	19,708
Other	1,028	66
<b>Net cash provided by operating activities</b>	<b>\$62,791</b>	<b>\$73,056</b>
<b>Investing activities</b>		
Purchase of furniture, fixtures and equipment	\$(719)	\$(3,225)
Proceeds from sales of other investments	-	22,532
Cash paid for acquisition of business	(5,414)	-
Distributions received from investments	7,151	4,105
Contributions to investments	(11,910)	(14,832)
<b>Net cash provided by (used in) investing activities</b>	<b>\$(10,892)</b>	<b>\$8,580</b>
<b>Financing activities</b>		
Proceeds from offering	\$-	\$129,626
Purchase of membership interests	-	(129,626)
Repayments of debt	(86,100)	(11,387)
Borrowings of debt, net of deferred financing costs	85,066	-
Contributions from non-controlling interest in general partnerships	213	17
Distributions to non-controlling interest in general partnerships	(2,235)	(804)
Repurchase of Class B common stock	-	(2)
Repurchase of Class A shares for employee tax withholding	(680)	(174)
Proceeds received from option exercises	313	-
Dividends paid	(6,339)	(8,622)
Members' distributions	(25,549)	(32,690)
<b>Net cash used in financing activities</b>	<b>\$(35,311)</b>	<b>\$(53,662)</b>
<b>Increase in cash, cash equivalents, and restricted cash</b>	<b>16,588</b>	<b>27,974</b>
Cash, cash equivalents, and restricted cash at beginning of the period	34,135	49,383
<b>Cash, cash equivalents, and restricted cash at end of the period</b>	<b>\$50,723</b>	<b>\$77,357</b>

# Non-GAAP Reconciliation

## Reconciliation from Net Income

(Dollars in thousands)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2017	2018	2017	2018
<b>Net income attributable to Hamilton Lane Incorporated</b>	<b>\$4,688</b>	<b>\$11,222</b>	<b>\$10,152</b>	<b>\$20,067</b>
Income attributable to non-controlling interests in general partnerships	84	514	982	394
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	13,462	20,836	32,712	35,214
Incentive fees <sup>1</sup>	(2,411)	(2,585)	(3,428)	(14,968)
Incentive fee related compensation <sup>2</sup>	1,183	1,243	1,682	5,970
Interest income	(89)	(43)	(405)	(85)
Interest expense	3,512	728	4,618	1,493
Income tax expense	2,688	5,580	6,380	7,197
Equity in income of investees	(4,252)	(5,276)	(10,171)	(5,162)
Contingent compensation related to acquisition	427	2,327	427	5,100
Other non-operating (income) loss	(87)	(12,194)	19	(12,059)
<b>Fee Related Earnings</b>	<b>\$19,205</b>	<b>\$22,352</b>	<b>\$42,968</b>	<b>\$43,161</b>
Depreciation and amortization	473	632	910	1,141
Equity-based compensation	1,572	1,597	2,988	3,184
Incentive fees <sup>1</sup>	2,411	2,585	3,428	14,968
Incentive fees attributable to non-controlling interests <sup>1</sup>	-	(52)	-	(263)
Incentive fee related compensation <sup>2</sup>	(1,183)	(1,243)	(1,682)	(5,970)
Interest income	89	43	405	85
<b>Adjusted EBITDA</b>	<b>\$22,567</b>	<b>\$25,914</b>	<b>\$49,017</b>	<b>\$56,306</b>
<b>Non-GAAP earnings per share reconciliation</b>				
<b>Net income attributable to Hamilton Lane Incorporated</b>	<b>\$4,688</b>	<b>\$11,222</b>	<b>\$10,152</b>	<b>\$20,067</b>
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	13,462	20,836	32,712	35,214
Income tax expense	2,688	5,580	6,380	7,197
Write-off of deferred financing costs <sup>3</sup>	2,544	-	2,544	-
Contingent compensation related to acquisition	427	2,327	427	5,100
<b>Adjusted pre-tax net income</b>	<b>23,809</b>	<b>39,965</b>	<b>52,215</b>	<b>67,578</b>
Adjusted income taxes <sup>4</sup>	(9,304)	(10,795)	(20,735)	(18,253)
<b>Adjusted net income</b>	<b>\$14,505</b>	<b>\$29,170</b>	<b>\$31,480</b>	<b>\$49,325</b>
<b>Weighted-average shares of Class A common stock outstanding</b>	<b>18,646,866</b>	<b>23,257,419</b>	<b>18,559,583</b>	<b>23,015,445</b>
Exchange of Class B and Class C units in HLA <sup>5</sup>	34,438,669	30,181,224	34,438,669	30,391,448
<b>Adjusted shares outstanding</b>	<b>53,085,535</b>	<b>53,438,643</b>	<b>52,998,252</b>	<b>53,406,893</b>
<b>Non-GAAP earnings per share</b>	<b>\$0.27</b>	<b>\$0.55</b>	<b>\$0.59</b>	<b>\$0.92</b>

<sup>1</sup> Incentive fees for the six months ended September 30, 2018 include \$2.8 million of non-cash carry. Of the \$2.8 million, \$2.5 million is included in net income and \$0.3 million is attributable to non-controlling interests.

<sup>2</sup> Incentive fee related compensation includes incentive fee compensation expense, bonus and other revenue sharing related to carried interest that is classified as base compensation. Incentive fee related compensation for the six months ended September 30, 2018 excludes compensation expense related to the \$2.5 million recognition of incentive fees included in net income from one of our co-investment funds during the period as the related incentive fee compensation was recognized in fiscal 2016.

<sup>3</sup> Represents write-off of debt issuance costs and realized loss on interest rate caps related to the payoff of our predecessor credit facility in the prior year period.

<sup>4</sup> Represents corporate income taxes at our estimated statutory tax rate of 27.01% for the six month period ended September 30, 2018 and 39.71% for the six month period ended September 30, 2017 applied to adjusted pre-tax net income. The 27.01% is based on a federal tax statutory rate of 21.00% and a combined state income tax rate net of federal benefits of 6.01%. The 39.71% was based on a federal tax statutory rate of 35.00% and a combined state income tax rate net of federal benefits of 4.71%.

<sup>5</sup> Assumes the full exchange of Class B and Class C units in HLA for Class A common stock of HLI pursuant to the exchange agreement.

# Gross Leverage Ratio

<i>(Dollars in thousands)</i>	Twelve Months Ended	
	March 31, 2018	September 30, 2018
Principal amount of debt outstanding	\$84,513	\$73,125
Adjusted EBITDA	132,586	139,876
Gross leverage ratio	0.6x	0.5x

**Adjusted EBITDA** is used to measure our profitability including carried interest. We believe Adjusted EBITDA is useful to investors because it enables them to better evaluate the performance of our core business across reporting periods. Adjusted EBITDA represents net income excluding (a) interest expense on our outstanding debt, (b) income tax expense, (c) depreciation and amortization expense, (d) equity-based compensation expense, (e) other non-operating income and (f) certain other significant items that we believe are not indicative of our core performance.

**Fee Related Earnings ("FRE")** is used to highlight our earnings from recurring management fees. FRE represents net income excluding (a) incentive fees and related compensation, (b) interest income and expense, (c) income tax expense, (d) equity in income of investees, (e) other non-operating income and (f) certain other significant items that we believe are not indicative of our core performance. We believe FRE is useful to investors because it provides additional insight into the operating profitability of our business. FRE is presented before income taxes.

**Non-GAAP earnings per share** measures our per-share earnings excluding certain significant items that we believe are not indicative of our core performance and assuming all Class B and Class C units in HLA were exchanged for Class A common stock in HLI. Non-GAAP earnings per share is calculated as adjusted net income divided by adjusted shares outstanding. Adjusted net income is income before taxes fully taxed at our estimated statutory tax rate. We believe Non-GAAP earnings per share is useful to investors because it enables them to better evaluate per-share operating performance across reporting periods.

Our **assets under management ("AUM")** comprise primarily the assets associated with our customized separate accounts and specialized funds. We classify assets as AUM if we have full discretion over the investment decisions in an account. We calculate our AUM as the sum of:

- (1) the net asset value of our clients' and funds' underlying investments;
- (2) the unfunded commitments to our clients' and funds' underlying investments; and
- (3) the amounts authorized for us to invest on behalf of our clients and fund investors but not committed to an underlying investment.

Management fee revenue is based on a variety of factors and is not linearly correlated with AUM. However, we believe AUM is a useful metric for assessing the relative size and scope of our asset management business.

Our **assets under advisement ("AUA")** comprise assets from clients for which we do not have full discretion to make investments in their account. We generally earn revenue on a fixed fee basis on our AUA client accounts for services including asset allocation, strategic planning, development of investment policies and guidelines, screening and recommending investments, legal negotiations, monitoring and reporting on investments and investment manager review and due diligence. Advisory fees vary by client based on the amount of annual commitments, services provided and other factors. Since we earn annual fixed fees from the majority of our AUA clients, the growth in AUA from existing accounts does not have a material impact on our revenues. However, we view AUA growth as a meaningful benefit in terms of the amount of data we are able to collect and the degree of influence we have with fund managers.

**Fee-earning assets under management (Fee-earning "AUM" or "FEAUM")**, is a metric we use to measure the assets from which we earn management fees. Our fee-earning AUM comprise assets in our customized separate accounts and specialized funds from which we derive management fees. We classify customized separate account revenue as management fees if the client is charged an asset-based fee, which includes the majority of our discretionary AUM accounts but also includes certain non-discretionary AUA accounts. Our fee-earning AUM is equal to the amount of capital commitments, net invested capital and net asset value of our customized separate accounts and specialized funds depending on the fee terms. Substantially all of our customized separate accounts and specialized funds earn fees based on commitments or net invested capital, which are not affected by market appreciation or depreciation. Therefore, revenues and fee-earning AUM are not significantly affected by changes in market value. Our calculations of fee-earning AUM may differ from the calculations of other asset managers, and as a result, this measure may not be comparable to similar measures presented by other asset managers. Our definition of fee-earning AUM is not based on any definition that is set forth in the agreements governing the customized separate accounts or specialized funds that we manage.

**Hamilton Lane Incorporated** (or "**HLI**") was incorporated in the State of Delaware on December 31, 2007. The Company was formed for the purpose of completing an initial public offering ("**IPO**") and related transactions ("**Reorganization**") in order to carry on the business of Hamilton Lane Advisors, L.L.C. ("**HLA**") as a publicly-traded entity. As of March 6, 2017, HLI became the sole managing member of HLA.



Some of the statements in this presentation may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934 and the Private Securities Litigation Reform Act of 1995. Words such as “will,” “expect,” “believe,” “estimate,” “continue,” “anticipate,” “intend,” “plan,” and similar expressions are intended to identify these forward-looking statements. Forward-looking statements discuss management’s current expectations and projections relating to our financial position, results of operations, plans, objectives, future performance and business. All forward-looking statements are subject to known and unknown risks, uncertainties and other important factors that may cause actual results to be materially different, including risks relating to our ability to manage growth, fund performance, risk, changes in our regulatory environment and tax status; market conditions generally; our ability to access suitable investment opportunities for our clients; our ability to maintain our fee structure; our ability to attract and retain key employees; our ability to consummate planned acquisitions and successfully integrate the acquired businesses with ours; our ability to manage our obligations under our debt agreements; defaults by clients and third-party investors on their obligations to us; our ability to comply with investment guidelines set by our clients; and our ability to receive distributions from Hamilton Lane Advisors, L.L.C. to fund our payment of dividends, taxes and other expenses.

The foregoing list of factors is not exhaustive. For more information regarding these risks and uncertainties as well as additional risks that we face, you should refer to the “Risk Factors” detailed in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended March 31, 2018, and in our subsequent reports filed from time to time with the Securities and Exchange Commission. The forward-looking statements included in this presentation are made only as of the date presented. We undertake no obligation to update or revise any forward-looking statement as a result of new information or future events, except as otherwise required by law.