



# Fiscal Year 2018 Fourth Quarter and Full Year Results

Earnings Presentation - June 7, 2018



**Mario Giannini**  
Chief Executive Officer



**Erik Hirsch**  
Vice Chairman



**Randy Stilman**  
Chief Financial Officer



**Jeff Meeker**  
Chief Client Officer



**Demetrius Sidberry**  
Head of Investor Relations

## Business Performance

- Total asset footprint (assets under management/advisement) reached a record amount of approximately \$451 billion, growing 32% compared to March 31, 2017
- Assets under management and fee-earning assets under management were approximately \$54 billion and \$31 billion, respectively, as of March 31, 2018, increases of 28% and 14%, respectively, compared to March 31, 2017

## Financial Results

*USD in millions except per share amounts*

	FY18 QTD	FY18 YTD	vs. FY17
Management and advisory fees	\$48.7	\$195.0	13%
GAAP net income	\$13.5	\$17.3	N/A <sup>1</sup>
GAAP EPS	\$0.68	\$0.93	N/A <sup>1</sup>
Non-GAAP EPS <sup>2</sup>	\$0.58	\$1.64	84%
Fee Related Earnings <sup>2</sup>	\$18.8	\$81.2	12%
Adjusted EBITDA <sup>2</sup>	\$47.5	\$132.6	60%

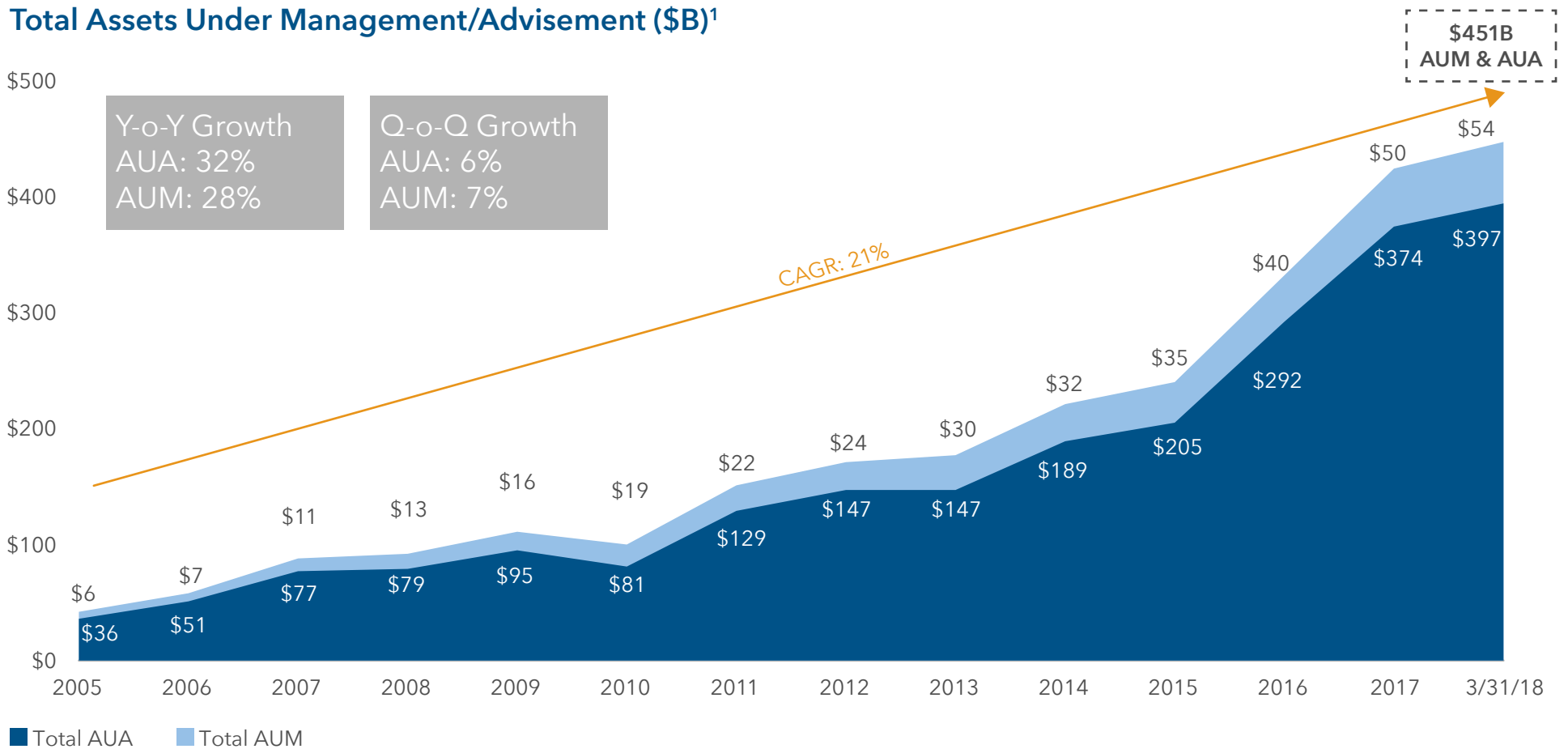
## Dividend

- Declared a quarterly dividend of \$0.2125 per share of Class A common stock to record holders at the close of business on June 18, 2018

<sup>1</sup> Prior year GAAP results are for the period from March 6, 2017 through March 31, 2017, the period following the Reorganization and IPO

<sup>2</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 18 and 24 of this presentation.

## 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.

## AUM

### Customized Separate Accounts



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

- \$2.9B of net FEAUM added during fiscal 2018
- ~70% of our gross contributions during fiscal 2018 came from existing clients

### Specialized Funds



Select funds in market:

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

- Nearly \$1B of net FEAUM added during fiscal 2018
- Fund closing subsequent to 3/31/18:
  - Credit-oriented fund: \$889M<sup>1</sup>
- FEAUM added subsequent to 3/31/18:
  - Private equity fund-of-funds: ~\$55M

## AUA

### Advisory Services



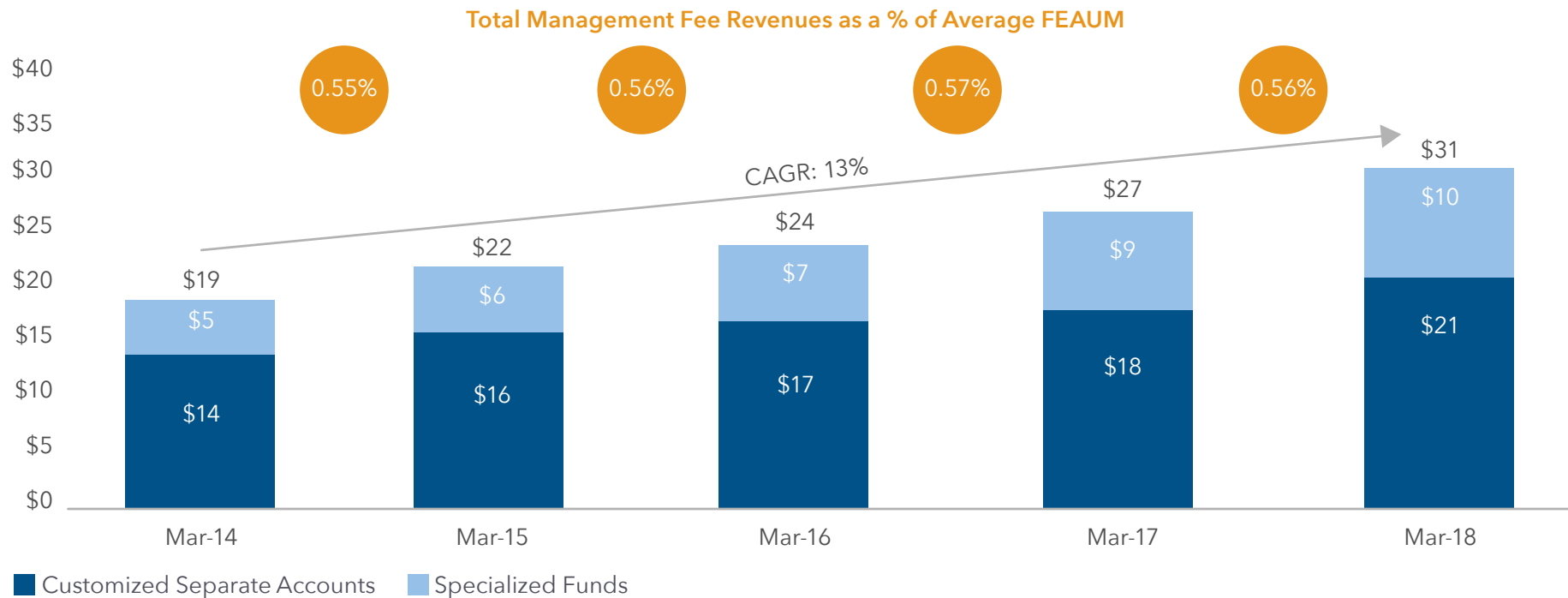
Typically larger clients with wide-ranging mandates; opportunity set continues to be robust

- Nearly \$100B in AUA added during fiscal 2018

<sup>1</sup> Note: Management fees charged on net invested capital

## Fee-earning AUM growth continues...

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



**...and annual fee rates are stable**

### Y-o-Y Drivers of Growth

\* Customized Separate Accounts:

- New client wins
- Client re-ups

\* Specialized Funds:

- Closed secondary and credit oriented (2017) funds
- Fundraising co-investment, credit oriented (2018) and fund of funds products

\* Acquisition of Real Assets firm:

- Closed Q2 FY18
- ~\$700M of FEAUM in total acquired

### **Growth Opportunities**

- New geographies
- New strategies
- Technology
- Talent acquisition

### **Debt Paydown**

- Conservative balance sheet of <1x debt to Adjusted EBITDA

### **Dividend Philosophy**

- Paid \$0.70 in fiscal 2018
- Fiscal 2019 target of \$0.85, up 21% year-over-year

## The Partnership

**Relationship Management**  
Client Service

**Client Staff  
& Trustees**

## The Platform

**Monitoring &  
Reporting**

**Legal & Compliance**

**Research**

**Investment Teams**

- Relationship Management Team is a partner and can serve as extension of staff depending on a client's needs
- Client decides how they want to leverage our resources
- Relationship Management Team aligns Hamilton Lane expertise with client needs




Hamilton Lane Private Markets Index						
Strategy		Annualized Time-Weighted Return (as of 12/31/17)				
		1 Year	3 Year	5 Year	10 Year	15 Year
All Private Markets <sup>1</sup>		16.5%	10.5%	12.0%	7.8%	12.6%
Private Equity	All Equity Strategies	20.3%	12.9%	14.5%	9.6%	13.7%
	Developed Markets Buyout	22.3%	14.2%	14.7%	9.9%	15.4%
	Developed Markets Venture / Growth	15.4%	10.9%	16.3%	10.4%	10.2%
	Rest of World Equity <sup>2</sup>	20.7%	11.0%	10.6%	6.3%	9.7%
Public Equities	Global Equity Public Benchmark (MSCI World) <sup>4</sup>	22.4%	9.3%	11.6%	5.0%	8.9%

Source: Hamilton Lane Data via Cobalt (May 2018). Return figures are geometric averages of USD time-weighted returns. Returns longer than one year are annualized.

<sup>1</sup> Includes Private Equity, Private Credit, and Private Real Assets strategies

<sup>2</sup> Includes buyout, growth, venture capital and co-investment focused funds

<sup>3</sup> MSCI World USD, net reinvested dividends



Re-ups to maintain  
allocation targets



Additional  
commitments to  
reach allocation  
targets



New entrants to the  
private markets



Long-term  
outperformance

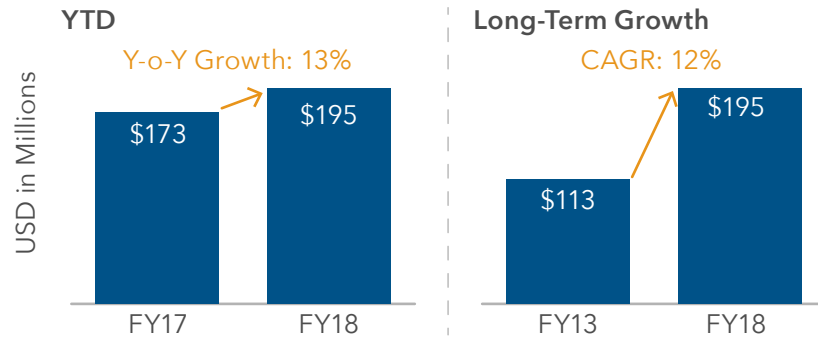


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## Financial Highlights

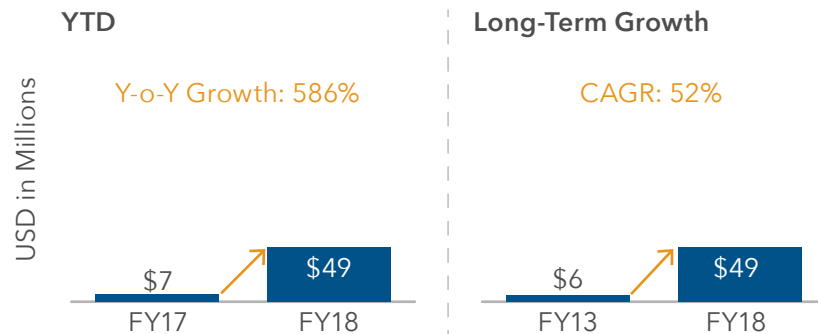
## Strong revenue growth across management and advisory fees and incentive fees

### Management and Advisory Fees



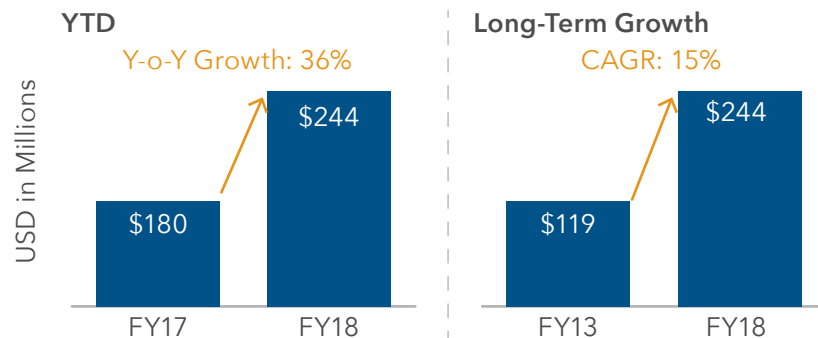
- Represented an average of 90% of total revenues over the past five fiscal years
- Y-o-Y growth of 13%
- Double-digit growth across all management and advisory fee offerings

### Incentive Fees



- Incentive fees derived from a highly diversified pool of assets and funds
- Allocated carried interest of \$304M as of 3/31/18 diversified across +3,000 assets and +40 funds
- Y-o-Y growth in incentive fees driven by \$40.6M recognition of deferred carried interest from Co-Investment Fund II
- Recognition of deferred carried interest positively impacted EPS by \$0.30 in Q4 and \$0.46 in FY18

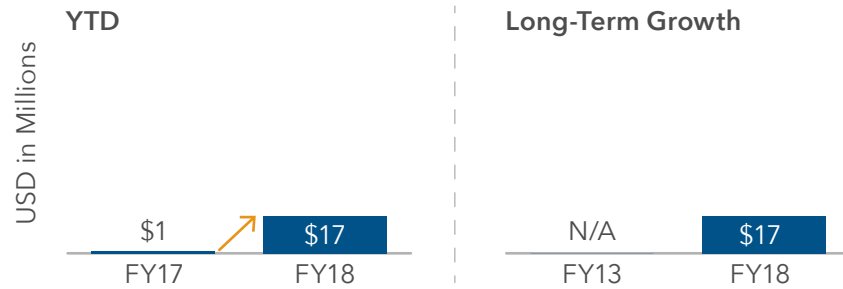
### Total Revenues



- Total revenues increased by 36%, driven by growth across core offerings

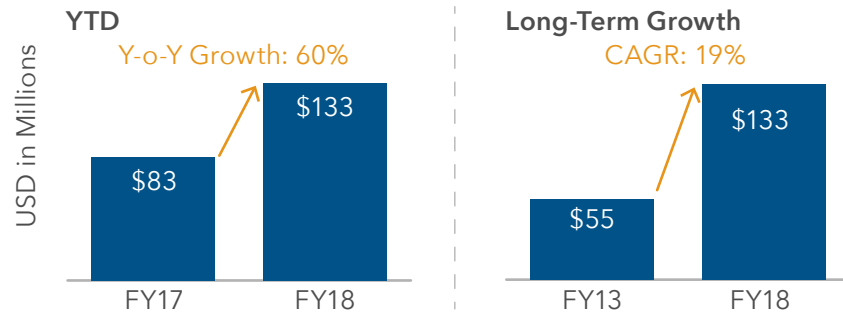
## Profitability stable and growing

### Net Income Attributable to HLI



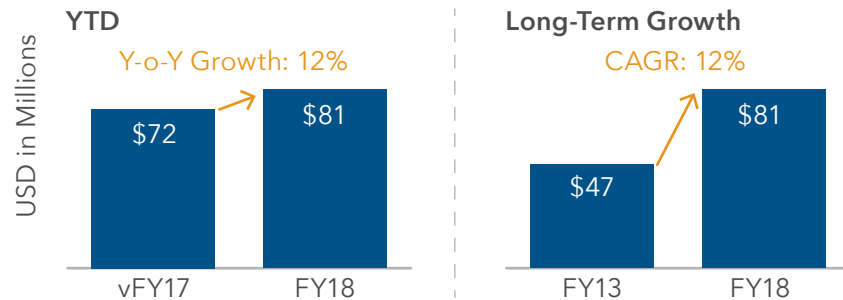
- \$13M in net income attributable to HLI for the quarter

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



- Y-o-Y growth of 60%
- Margins increased Y-o-Y due to recognition of deferred carried interest with no associated expense due to accounting treatment

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

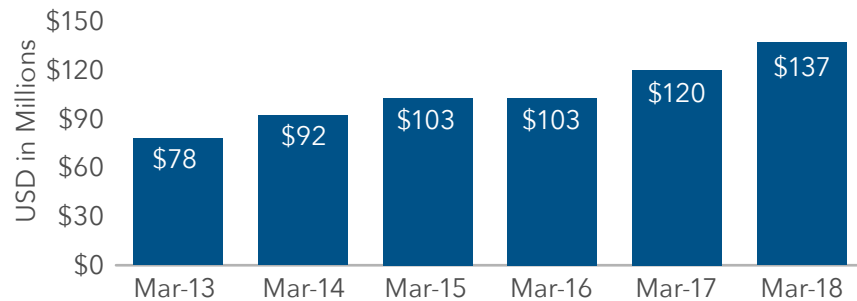


- Y-o-Y growth of 12%
- Long-term double digit growth in Fee Related Earnings

<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 18 and 24 of this presentation.

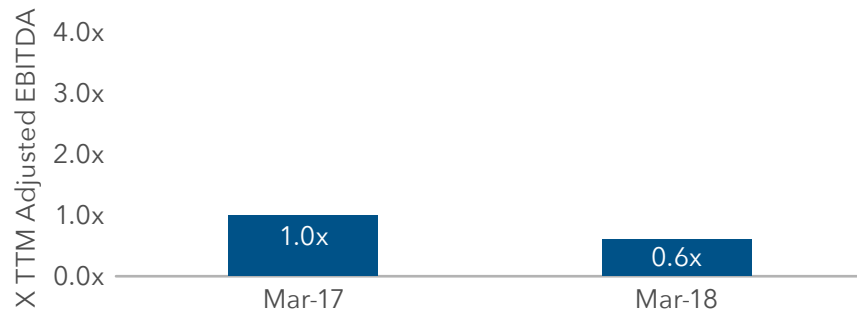
**Strong balance sheet with investments in our own products and a modest amount of leverage...**

**Investments**



- Vast majority of our investments are those made alongside our clients
- For 3/31/18, the total investment balance consisted of ~\$120M in equity method investments in our funds and ~\$17M in technology-related investments

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



- Principal amount of debt outstanding of \$84.5M as of 3/31/18

<sup>1</sup> Ratio of principal amount of debt outstanding to trailing twelve months Adjusted EBITDA. See page 25 for additional detail on calculation of gross leverage ratio.



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# Appendix





# Hamilton Lane Condensed Consolidated Statements of Income (Unaudited)

(Dollars in thousands except share and per share amounts)

	Three Months Ended March 31,			Year Ended March 31,		
	2017	2018	% Change	2017	2018	% Change
<b>Revenues</b>						
Management and advisory fees	\$46,401	\$48,704	5%	\$172,674	\$195,030	13%
Incentive fees	278	28,905	10,297%	7,146	49,003	586%
<b>Total revenues</b>	<b>46,679</b>	<b>77,609</b>	<b>66%</b>	<b>179,820</b>	<b>244,033</b>	<b>36%</b>
<b>Expenses</b>						
Compensation and benefits	18,955	22,621	19%	72,116	82,868	15%
General, administrative and other	8,664	10,626	23%	31,589	38,212	21%
<b>Total expenses</b>	<b>27,619</b>	<b>33,247</b>	<b>20%</b>	<b>103,705</b>	<b>121,080</b>	<b>17%</b>
<b>Other income (expense)</b>						
Equity in income of investees	3,919	4,036	3%	12,801	17,102	34%
Interest expense	(5,785)	(707)	(88)%	(14,565)	(5,989)	(59)%
Interest income	161	56	(65)%	320	528	65%
Other non-operating income (loss)	(149)	867	N/A	83	5,036	5,967%
<b>Total other income (expense)</b>	<b>(1,854)</b>	<b>4,252</b>	<b>N/A</b>	<b>(1,361)</b>	<b>16,677</b>	<b>N/A</b>
<b>Income before income taxes</b>	<b>17,206</b>	<b>48,614</b>	<b>183%</b>	<b>74,754</b>	<b>139,630</b>	<b>87%</b>
Income tax expense	580	3,996	589%	316	33,333	10,448%
<b>Net income</b>	<b>16,626</b>	<b>44,618</b>	<b>168%</b>	<b>74,438</b>	<b>106,297</b>	<b>43%</b>
Less: Income attributable to non-controlling interests in general partnerships	168	698	315%	1,192	2,448	105%
Less: Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	15,846	30,422	92%	72,634	86,508	19%
<b>Net income attributable to Hamilton Lane Incorporated</b>	<b>\$612</b>	<b>\$13,498</b>	<b>2,106%</b>	<b>\$612</b>	<b>\$17,341</b>	<b>2,733%</b>
Basic earnings per share of Class A common stock	\$0.03	\$0.69		\$0.03	\$0.94	
Diluted earnings per share of Class A common stock	\$0.03	\$0.68		\$0.03	\$0.93	
Weighted-average shares of Class A common stock outstanding - basic	17,788,363	19,504,124		17,788,363	18,414,715	
Weighted-average shares of Class A common stock outstanding - diluted	18,341,079	20,216,258		18,341,079	18,990,369	

(Dollars in thousands except share and per share amounts)	Three Months Ended March 31,			Year Ended March 31,		
	2017	2018	% Change	2017	2018	% Change
<b>Adjusted EBITDA</b>						
Management and advisory fees	\$46,401	\$48,704	5%	\$172,674	\$195,030	13%
Total expenses	27,619	33,247	20%	103,705	121,080	17%
Less:						
Incentive fee related compensation <sup>1</sup>	87	(1,165)	(1,439)%	(3,283)	(3,874)	18%
Contingent compensation related to acquisition	-	(2,201)	N/A	-	(3,399)	N/A
Management fee related expenses	27,706	29,881	8%	100,422	113,807	13%
<b>Fee Related Earnings</b>	<b>\$18,695</b>	<b>\$18,823</b>	<b>1%</b>	<b>\$72,252</b>	<b>\$81,223</b>	<b>12%</b>
Incentive fees <sup>2</sup>	278	28,905	10,297%	7,146	49,003	586%
Incentive fees attributable to non-controlling interests <sup>2</sup>	-	(895)	N/A	-	(1,729)	N/A
Incentive fee related compensation <sup>1</sup>	87	(1,165)	(1,439)%	(3,283)	(3,874)	18%
Interest income	161	56	(65)%	320	528	65%
Equity-based compensation	1,175	1,272	8%	4,681	5,544	18%
Depreciation and amortization	475	495	4%	1,915	1,891	(1)%
<b>Adjusted EBITDA</b>	<b>\$20,871</b>	<b>\$47,491</b>	<b>128%</b>	<b>\$83,031</b>	<b>\$132,586</b>	<b>60%</b>
<b>Adjusted EBITDA margin</b>	<b>45%</b>	<b>61%</b>		<b>46%</b>	<b>54%</b>	
<b>Non-GAAP earnings per share reconciliation</b>						
<b>Net income attributable to Hamilton Lane Incorporated</b>	<b>\$612</b>	<b>\$13,498</b>		<b>\$612</b>	<b>\$17,341</b>	
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	15,846	30,422		72,634	86,508	
Income tax expense	580	3,996		316	33,333	
Write-off of deferred financing costs <sup>3</sup>	3,359	-		3,359	2,544	
Impact of Tax Act on TRA liability <sup>4</sup>	-	(778)		-	(4,964)	
IPO related compensation including impact of Tax Act <sup>5</sup>	1,935	-		1,935	(669)	
Contingent compensation related to acquisition	-	2,201		-	3,399	
<b>Adjusted pre-tax net income</b>	<b>22,332</b>	<b>49,339</b>	<b>121%</b>	<b>78,856</b>	<b>137,492</b>	<b>74%</b>
Adjusted income taxes <sup>6</sup>	(8,986)	(18,247)	103%	(31,732)	(50,432)	59%
<b>Adjusted net income</b>	<b>\$13,346</b>	<b>\$31,092</b>	<b>133%</b>	<b>\$47,124</b>	<b>\$87,060</b>	<b>85%</b>
<b>Adjusted shares outstanding<sup>7</sup></b>	<b>52,779,748</b>	<b>53,334,091</b>		<b>52,779,748</b>	<b>53,103,352</b>	
<b>Non-GAAP earnings per share</b>	<b>\$0.25</b>	<b>\$0.58</b>	<b>131%</b>	<b>\$0.89</b>	<b>\$1.64</b>	<b>84%</b>

<sup>1</sup> Incentive fee related compensation includes incentive fee compensation expense as well as bonus and other revenue sharing allocated to carried interest classified as base compensation.

<sup>2</sup> Incentive fees for the three and twelve months ended March 31, 2018 includes \$40.6 million of non-cash carry related to the \$41.5 million of incentive fee payments received in fiscal 2016. Of the \$40.6 million, \$38.9 million is included in net income and \$1.7 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 during the year ended March 31, 2018 and write-down of amortized discount and debt issuance related to the \$160 million payoff of outstanding indebtedness under the predecessor term loan during the year ended March 31, 2017.

<sup>4</sup> Represents change in payable to related parties pursuant to the TRA as a result of being re-measured due to the tax rate change. The change in liability was recorded to other non-operating income in the Condensed Consolidated Statements of Income.

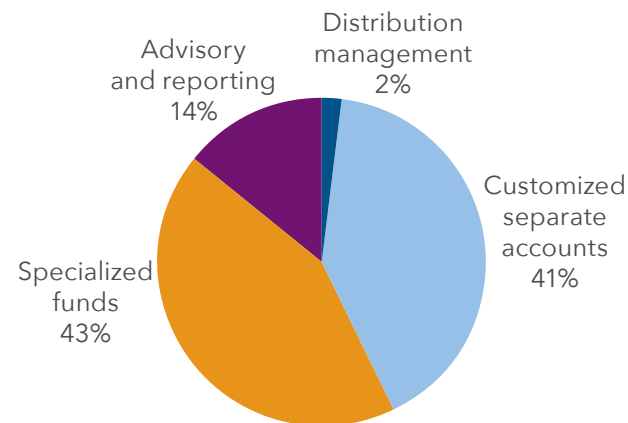
<sup>5</sup> Represents accrual of one-time payments to induce members of HLA to exchange their HLA units for HLI common stock in the Reorganization during the year ended March 31, 2017 and the change in the expense accrual due to the impact of tax rate changes pursuant to enactment of the Tax Act during the year ended March 31, 2018.

<sup>6</sup> Represents corporate income taxes at our estimated statutory tax rate of 36.68% for the year ended March 31, 2018 applied to adjusted pre-tax net income. The 36.68% is based on a blended federal tax statutory rate of 35.00% for 275 days and 21.00% for 90 days and a combined state income tax rate net of federal benefits of 5.13%. Represents corporate income taxes at assumed effective tax rate of 40.24% for the year ended March 31, 2017. The 40.24% is based on a federal tax statutory rate of 35.00% and a combined state income tax rate net of federal benefits of 5.24%.

<sup>7</sup> Represents the weighted-average number of shares that would have been outstanding assuming the full exchange of Class B and Class C units in HLA for Class A common stock of HLI pursuant to the exchange agreement.

<i>(Dollars in thousands)</i>	Three Months Ended March 31,			Year Ended March 31,		
	2017	2018	% Change	2017	2018	% Change
<b>Management and advisory fees</b>						
Customized separate accounts	\$18,467	\$20,891	13%	\$71,261	\$79,144	11%
Specialized funds	21,268	19,569	(8)%	74,675	83,151	11%
Advisory and reporting	6,118	7,401	21%	23,798	28,359	19%
Distribution management	548	843	54%	2,940	4,376	49%
<b>Total management and advisory fees</b>	<b>\$46,401</b>	<b>\$48,704</b>	<b>5%</b>	<b>\$172,674</b>	<b>\$195,030</b>	<b>13%</b>

### Twelve Months Ended March 31, 2018



<i>(Dollars in thousands)</i>	Three Months Ended March 31,			Year Ended March 31,		
	2017	2018	% Change	2017	2018	% Change
<b>Incentive fees</b>						
Secondary Fund II	\$183	\$-	(100)%	\$2,293	\$2,239	(2)%
Co-investment Fund II	-	26,072	N/A	-	40,650	N/A
Other specialized funds	28	150	436%	4,202	1,012	(76)%
Customized separate accounts	67	2,683	3,904%	651	5,101	684%
<b>Incentive fees</b>	<b>\$278</b>	<b>\$28,905</b>	<b>10,297%</b>	<b>\$7,146</b>	<b>\$49,003</b>	<b>586%</b>

	March 31, 2017	December 31, 2017	March 31, 2018	YoY % Change	QoQ % Change
<b>Allocated carried interest</b>					
Secondary Fund II	\$8,476	\$6,031	\$6,305	(26)%	5%
Secondary Fund III	27,649	34,158	36,335	31%	6%
Secondary Fund IV	3,041	11,815	16,818	453%	42%
Co-investment Fund I	715	-	-	(100)%	N/A
Co-investment Fund II	97,313	94,385	68,431	(30)%	(27)%
Co-investment Fund III	14,070	29,978	35,635	153%	19%
Other specialized funds	13,670	26,641	32,520	138%	22%
Customized separate accounts	68,766	97,519	107,722	57%	10%
<b>Total allocated carried interest</b>	<b>\$233,700</b>	<b>\$300,527</b>	<b>\$303,766</b>	<b>30%</b>	<b>1%</b>

<i>(Dollars in millions)</i>	March 31, 2017	December 31, 2017	March 31, 2018	YoY % Change	QoQ % Change
<b>Assets under management / advisement</b>					
Assets under management	\$41,794	\$50,295	\$53,679	28%	7%
Assets under advisement	300,426	374,132	396,837	32%	6%
<b>Total assets under management / advisement</b>	<b>\$342,220</b>	<b>\$424,427</b>	<b>\$450,516</b>	<b>32%</b>	<b>6%</b>
<b>Fee-earning assets under management</b>					
<b>Customized separate accounts</b>					
Balance, beginning of period	\$17,737	\$19,721	\$20,383	15%	3%
Contributions	1,410	783	2,267	61%	189%
Distributions	(1,142)	(443)	(1,691)	48%	281%
Foreign exchange, market value and other	23	322	(28)	(222)%	(109)%
<b>Balance, end of period</b>	<b>\$18,028</b>	<b>\$20,383</b>	<b>\$20,931</b>	<b>16%</b>	<b>3%</b>
<b>Specialized funds</b>					
Balance, beginning of period	\$8,487	\$9,439	\$9,274	9%	(2)%
Contributions	417	240	925	122%	285%
Distributions	(114)	(401)	(443)	289%	11%
Foreign exchange, market value and other	3	(4)	2	(33)%	N/A
<b>Balance, end of period</b>	<b>\$8,793</b>	<b>\$9,274</b>	<b>\$9,758</b>	<b>11%</b>	<b>5%</b>
<b>Total</b>					
Balance, beginning of period	\$26,224	\$29,160	\$29,657	13%	2%
Contributions	1,827	1,023	3,192	75%	212%
Distributions	(1,256)	(844)	(2,134)	70%	153%
Foreign exchange, market value and other	26	318	(26)	(200)%	(108)%
<b>Balance, end of period</b>	<b>\$26,821</b>	<b>\$29,657</b>	<b>\$30,689</b>	<b>14%</b>	<b>3%</b>

(Dollars in thousands except share and per share amounts)

	March 31, 2017	March 31, 2018
<b>Assets</b>		
Cash and cash equivalents	\$32,286	\$47,596
Restricted cash	1,849	1,787
Fees receivable	12,113	14,924
Prepaid expenses	2,593	2,301
Due from related parties	3,313	3,236
Furniture, fixtures and equipment, net	4,063	4,782
Investments	120,147	137,253
Deferred income taxes	61,223	73,381
Other assets	3,030	8,535
<b>Total assets</b>	<b>\$240,617</b>	<b>\$293,795</b>
<b>Liabilities and Equity</b>		
Accounts payable	\$1,366	\$1,700
Accrued compensation and benefits	3,417	8,092
Deferred incentive fee revenue	45,166	6,245
Debt	84,310	84,162
Accrued members' distributions	2,385	11,837
Payable to related parties pursuant to tax receivable agreement	10,734	34,133
Accrued dividend	-	3,893
Other liabilities	6,612	7,659
<b>Total liabilities</b>	<b>153,990</b>	<b>157,721</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; 23,139,476 and 19,151,033 issued and 23,139,476 and 19,036,504 outstanding as of March 31, 2018 and 2017, respectively	19	22
Class B common stock, \$0.001 par value, 50,000,000 authorized; 25,700,068 and 27,935,255 issued and outstanding as of March 31, 2018 and 2017, respectively	28	26
Additional paid-in-capital	61,845	73,829
Accumulated other comprehensive loss	(311)	-
Retained earnings	612	4,549
Less: Treasury stock, at cost, 0 and 114,529 shares of class A common stock as of March 31, 2018 and 2017, respectively	(2,151)	-
Total Hamilton Lane Incorporated stockholders' equity	60,042	78,426
Non-controlling interests in general partnerships	9,901	7,266
Non-controlling interests in Hamilton Lane Advisors, L.L.C.	16,684	50,382
Total equity	86,627	136,074
<b>Total liabilities and equity</b>	<b>\$240,617</b>	<b>\$293,795</b>

<i>(Dollars in thousands)</i>	Year Ended March 31,		
	2016	2017	2018
<b>Operating activities</b>			
Net income	\$55,852	\$74,438	\$106,297
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	2,027	1,915	1,891
Change in deferred income taxes	730	26	22,983
Change in payable to related parties pursuant to tax receivable agreement	-	-	(5,076)
Amortization of deferred financing costs	857	845	167
Write-off of deferred financing costs	2,408	3,359	1,657
Equity-based compensation	3,730	4,681	5,544
Gain on sale	(5,408)	-	-
Equity in income of investees	(1,518)	(12,801)	(17,102)
Proceeds received from investments	4,105	10,843	14,391
Changes in operating assets and liabilities	46,275	(1,704)	(35,304)
Other	117	77	1,244
<b>Net cash provided by operating activities</b>	<b>\$109,175</b>	<b>\$81,679</b>	<b>\$96,692</b>
<b>Investing activities</b>			
Purchase of furniture, fixtures and equipment	\$(921)	\$(1,275)	\$(2,254)
Cash paid for acquisition of business	-	-	(5,228)
Distributions received from investments	21,587	8,782	16,055
Contributions to investments	(18,164)	(24,222)	(30,346)
<b>Net cash (used in) investing activities</b>	<b>\$2,502</b>	<b>\$(16,715)</b>	<b>\$(21,773)</b>
<b>Financing activities</b>			
Repayments of debt	(121,680)	\$(162,600)	\$(87,038)
Borrowings of debt, net of deferred financing costs	253,988	-	85,066
Contributions from non-controlling interest in general partnerships	629	532	276
Distributions to non-controlling interest in general partnerships	(5,458)	(3,191)	(5,359)
Proceeds from IPO, net of underwriting discount	-	203,205	-
Payment of deferred offering costs	-	(5,844)	-
(Repurchase) issuance of Class B common stock	-	28	(2)
Sale of membership interests	3,268	4,669	-
Purchase of restricted stock for tax withholdings	-	(2,151)	(6,473)
Purchase of membership interests	(173,622)	(55,983)	-
Proceeds received from option exercises	586	1,192	313
Dividends paid	-	-	(9,511)
Members' distributions paid	(67,815)	(80,457)	(36,943)
Other	-	(611)	-
<b>Net cash (used in) financing activities</b>	<b>\$(110,104)</b>	<b>\$(101,211)</b>	<b>\$59,671</b>
<b>Increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>1,573</b>	<b>(36,247)</b>	<b>15,248</b>
Cash, cash equivalents, and restricted cash at beginning of year	68,809	70,382	34,135
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>\$70,382</b>	<b>\$34,135</b>	<b>\$49,383</b>

## Reconciliation from Net Income

(Dollars in thousands)

	Three Months Ended March 31,		Year Ended March 31,	
	2017	2018	2017	2018
<b>Net income attributable to Hamilton Lane Incorporated<sup>1</sup></b>	<b>\$612</b>	<b>\$13,498</b>	<b>\$612</b>	<b>\$17,341</b>
Income attributable to non-controlling interests in general partnerships	168	698	1,192	2,448
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	15,846	30,422	72,634	86,508
Incentive fees <sup>2</sup>	(278)	(28,905)	(7,146)	(49,003)
Incentive fee related compensation <sup>3</sup>	(87)	1,165	3,283	3,874
Interest income	(161)	(56)	(320)	(528)
Interest expense	5,785	707	14,565	5,989
Income tax expense	580	3,996	316	33,333
Equity in income of investees	(3,919)	(4,036)	(12,801)	(17,102)
Contingent compensation related to acquisition	-	2,201	-	3,399
Other non-operating (income) loss	149	(867)	(83)	(5,036)
<b>Fee Related Earnings</b>	<b>\$18,695</b>	<b>\$18,823</b>	<b>\$72,252</b>	<b>\$81,223</b>
Depreciation and amortization	475	495	1,915	1,891
Equity-based compensation	1,175	1,272	4,681	5,544
Incentive fees <sup>2</sup>	278	28,905	7,146	49,003
Incentive fees attributable to non-controlling interests <sup>2</sup>	-	(895)	-	(1,729)
Incentive fee related compensation <sup>3</sup>	87	(1,165)	(3,283)	(3,874)
Interest income	161	56	320	528
<b>Adjusted EBITDA</b>	<b>\$20,871</b>	<b>\$47,491</b>	<b>\$83,031</b>	<b>\$132,586</b>
<b>Non-GAAP earnings per share reconciliation</b>				
<b>Net income attributable to Hamilton Lane Incorporated<sup>1</sup></b>	<b>\$612</b>	<b>\$13,498</b>	<b>\$612</b>	<b>\$17,341</b>
Income attributable to non-controlling interests in Hamilton Lane Advisors, L.L.C.	15,846	30,422	72,634	86,508
Income tax expense	580	3,996	316	33,333
Write-off of deferred financing costs <sup>4</sup>	3,359	-	3,359	2,544
Impact of Tax Act on TRA liability <sup>5</sup>	-	(778)	-	(4,964)
IPO related compensation including impact of Tax Act <sup>6</sup>	1,935	-	1,935	(669)
Contingent compensation related to acquisition	-	2,201	-	3,399
<b>Adjusted pre-tax net income</b>	<b>22,332</b>	<b>49,339</b>	<b>78,856</b>	<b>137,492</b>
Adjusted income taxes <sup>7</sup>	(8,986)	(18,247)	(31,732)	(50,432)
<b>Adjusted net income</b>	<b>\$13,346</b>	<b>\$31,092</b>	<b>\$47,124</b>	<b>\$87,060</b>
<b>Weighted-average shares of Class A common stock outstanding</b>	<b>18,341,079</b>	<b>20,216,258</b>	<b>18,341,079</b>	<b>18,990,369</b>
Exchange of Class B and Class C units in HLA <sup>8</sup>	34,438,669	33,117,833	34,438,669	34,112,983
<b>Adjusted shares outstanding</b>	<b>52,779,748</b>	<b>53,334,091</b>	<b>52,779,748</b>	<b>53,103,352</b>
<b>Non-GAAP earnings per share</b>	<b>\$0.25</b>	<b>\$0.58</b>	<b>\$0.89</b>	<b>\$1.64</b>

<sup>1</sup> Prior to our IPO, HLI was a wholly-owned subsidiary of HLA with no operations or assets.

<sup>2</sup> Incentive fees for the three and twelve months ended March 31, 2018 includes \$40.6 million of non-cash carry related to the \$41.5 million of incentive fee payments received in fiscal 2016. Of the \$40.6 million, \$38.9 million is included in net income and \$1.7 million is attributable to non-controlling interests.

<sup>3</sup> Incentive fee related compensation includes incentive fee compensation expense and bonus and other revenue sharing allocated to carried interest classified as base compensation.

<sup>4</sup> Represents write-off of debt issuance costs and realized loss on interest rate caps related to the payoff of our predecessor credit facility during the year ended March 31, 2018 and write-down of amortized discount and debt issuance related to the \$160 million paydown of outstanding indebtedness under the predecessor term loan during the year ended March 31, 2017.

<sup>5</sup> Represents change in payable to related parties pursuant to the TRA as a result of being re-measured due to the tax rate change. The change in liability was recorded to other non-operating income in the Condensed Consolidated Statements of Income.

<sup>6</sup> Represents accrual of one-time payments to induce members of HLA to exchange their HLA units for HLI common stock in the Reorganization during the year ended March 31, 2017 and the change in the expense accrual due to the impact of tax rate changes pursuant to enactment of the Tax Act during the year ended March 31, 2018.

<sup>7</sup> Represents corporate income taxes at our estimated statutory tax rate of 36.68% for the year ended March 31, 2018 applied to adjusted pre-tax net income. The 36.68% is based on a blended federal tax statutory rate of 35.00% for 275 days and 21.00% for 90 days and a combined state income tax rate net of federal benefits of 5.13%. Represents corporate income taxes at assumed effective tax rate of 40.24% for the year ended March 31, 2017. The 40.24% is based on a federal tax statutory rate of 35.00% and a combined state income tax rate net of federal benefits of 5.24%.

<sup>8</sup> Represents the weighted-average number of shares that would have been outstanding assuming the full exchange of Class B and Class C units in HLA for Class A common stock of HLI pursuant to the exchange agreement.



<i>(Dollars in thousands)</i>	Year Ended March 31,	
	2017	2018
Principal amount of debt outstanding	\$86,100	\$84,513
Adjusted EBITDA	83,031	132,586
Gross leverage ratio	1.0x	0.6x

**Adjusted EBITDA** is our primary internal measure of profitability. 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**, or fee-earning AUM, 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” and similar expressions are used 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 business 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, 2017, 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.