TIKEHAU CAPITAL

PRESS RELEASE

Paris, 20 September 2018

2018 First Half-Year Results

A notable increase in the profitability of asset management activities driven by continued growth in assets under management

- **Assets under management: €14.8bn[1] as at 30 June 2018, a 7.0% increase compared with 31 December 2017**
- **Solid momentum for asset management activities, with operating margin multiplied by 2.2 to 25.7%**
- **Investment activities affected by adverse changes in value of certain listed assets over the half year**
- **Including the acquisition of Sofidy, the Group would exceed the €20bn target of assets under management as early as 2018, two years ahead of schedule**

The Supervisory Board meeting of Tikehau Capital held on 20 September 2018, examined the consolidated financial statements[2] as at 30 June 2018.

The total Group assets under management increased by +€1.0bn (+7.0%) in comparison to 31 December 2017, to stand at €14.8bn at 30 June 2018. This change was primarily driven by fundraising for +€1.5bn thanks to the strong momentum of asset management activities, less distribution for -€0.6bn, plus +€0.1bn of mark-to-market effect.

Assets under management at 30 June 2018 are separated into €13.2bn for the asset management activities and €1.6bn for the investment activities.

1 Data relating to assets under management have not been audited.
2 An audit of the financial statements is currently being carried out by the Statutory Auditors.

Strong momentum for asset management activities driven by the launch of new funds

New growth in assets under management

The first half-year 2018 was marked by the solid momentum of Tikehau Capital's asset management activities, particularly through the launch of new funds in the real estate, private debt and private equity sectors:

- TGE II (Tikehau Growth Equity II), a private equity fund dedicated to minority investment in growth companies, generally in support of families or entrepreneurs;
- A private equity fund dedicated to energy, launched in partnership with Total Group;
- TREO (Tikehau Real Estate Opportunity 2018), the first discretionary real estate fund launched by Tikehau Capital, which will follow a value added strategy by investing in commercial real estate, hotels and real estate development in the European market;
- NOVO 2018, structured as a French Debt Securitisation Fund (FCT) and designated as a loan fund for the economy (FPE). It follows an investment strategy similar to that of the NOVO 2 fund, which enabled financing of around twenty medium-sized companies.

In parallel, the Group has continued to see inflows into its other funds, in particular in the private debt sector. In Liquid Strategies, the TTV fund (Tikehau Taux Variables) benefits from a favourable momentum and exceeded the €2bn AuM mark at end-June 2018.

The strong growth in assets under management over the first half-year mainly comes from a **solid and balanced net inflow of +€2.1bn**. The four business lines of the asset management activity recorded net positive inflows across the period: private debt (+€0.8bn), real estate (+€0.3bn), liquid strategies (+€0.5bn) and private equity (+€0.5bn).

This robust net inflow was incremented by positive mark-to-market effects (+€0.2bn) and offset by distribution during the period (-€0.5bn).

At 30 June 2018, **the assets under management in the asset management activity were up +€1.8bn (+15.8%)** to reach €13.2bn, compared to €11.4bn at 31 December 2017. Fee-paying assets under management amounted to €10.7bn at 30 June 2018, up +16.3% since 31 December 2017.

In line with its strategy to guarantee a growing alignment of interests between its management team, shareholders and investor clients, Tikehau Capital allocates a growing share of its resources to commitments in its own funds. During the first half of 2018, the Group consequently committed a total of €0.6bn in its asset management strategies.

It is important to note that the growth in assets under management at 30 June 2018 does not take into account initiatives launched during the first half-year, these positive impacts will take effect during the second part of the year. (See below for the second half-year outlook).

A level of profitability multiplied by 2.2

Revenues from asset management activities amounted to €35.8m compared to €25.1m at 30 June 2017, up 42.6% in one year. This strong growth reflects the increase of the Group's fee-paying assets under management.

The growth in revenues from asset management activities took place in a **context of controlled cost evolution**. During the first half-year, operating costs increased by +18.0% (compared to +42.6% for revenues), as part of the continued development of the asset management platform, in particular with the recruitment of experienced and highly qualified people, notably in the real estate and private equity sectors.

Consequently, **the operating margin ratio for asset management activities was multiplied by 2.2 from 11.6% to 25.7% over the period (+14.1 points)** reflecting the strong operating leverage for these activities. The operating income for these activities was multiplied by almost 3.2 to reach €9.2m for the first half-year 2018.

Over the first half-year of 2018, **the investments carried out by all funds amounted to €1.5bn,** a comparable amount to the first half-year 2017, reflecting a continued strong selectivity in fund deployment. For example, the acquisition of a minority stake alongside the management team in Nexteam Group, a major player in the machining of complex parts and hard metals for the aeronautical and aerospace industries, which was announced in May, was quickly followed by an external growth operation for this industrial group.

Investment activities affected by the revaluations of listed assets

Revenues from investment activities over the first half-year 2018 stood at -€36.0m.

- Revenues linked to fair value adjustments are negative at end-June 2018, reaching -€71.8m, due to unfavourable evolutions linked to stakes held in Eurazeo and DWS.

- Revenues from dividends, coupons and distributions reach €35.8m, up by a significant +55.7% year-on-year.

Please note that the first-half of 2017 benefitted from €32.4m in non-recurring income[3] and from favourable fair value adjustments[4].

After taking into account operating costs for -€36.6m as well as the share of net income from equity method companies for +€0.5m, investment activities at 30 June 2018 recorded an operating loss of -€71.9m.

[3] Elements related to the revaluation of Salvepar shares

[4] As a reminder, the revaluation of listed securities held at 30 June 2017 had a favourable impact of +€57m over the first half-year 2017.

Net profit, Group share, of €(81.4)m

The evolution of net profit, Group share, at end-June 2018 reflects in particular the income from investment activities over the first half.

It also includes financial interest for €(12.6)m as well as €(3.2)m of non-recurring costs linked to share-based payments. Tax reaches €(2.2)m and minority interest amount to €(0.6)m.

The net profit, Group share, reaches €(81.4)m at 30 June 2018 (to be compared with a €85.9m profit a year ago).

High level of shareholders' equity, a differentiating advantage in a changing environment

At 30 June 2018, the Group's shareholders' equity stood at €2.3bn compared to €2.5bn at 31 December 2017. The Company's **investment portfolio was over €1.9bn** (compared to €1.6bn at 31 December 2017).

Within Tikehau Capital's investment portfolio on a consolidated basis, **the investments in the Group's business lines amounted to €688m at 30 June 2018** up €176m (+34%) since 31 December 2017. This share of investments in the Group's business lines is expected to increase over the coming years in line with the Group's strategy and the progressive launch of new funds , as during the first half-year 2018.

As at 30 June 2018, the consolidated Group cash position came to €539m compared to €975m on 31 December 2017. This change notably reflects the investments made by Tikehau Capital in the funds launched by the Group during the first half-year 2018. **Financial debt was stable at €554m compared to €548m at end December 2017, with a gearing of 24%.**

The outlook for the second half-year 2018 shows the ramp-up and realization of the initiatives launched during the first half-year, in line with the announced ambitions

The second half of the 2018 financial year should see an acceleration in the growth of assets under management, thus confirming the momentum of the first half-year. Several successes have already been recorded in July 2018, including the achievement of over €1bn commitments for the private debt fund Tikehau Direct Lending IV (TDL IV), and the launch by Tikehau Capital Europe of its fourth CLO, for €412m. The Group also recently signed a dedicated private debt mandate with an institutional investor for €400 m.

During the second half-year, Tikehau Capital will continue to implement its action plan to create value for its shareholders and investors, through the following development focuses:

- **Stronger international presence**, by further increasing the proportion of international clients in the assets under management of the asset management business, supported by its platform and local teams. The Group will benefit from the ramp-up of recently opened foreign offices, notably Madrid and New York.

- **Pursuing strategic initiatives**
  - In partnership with Groupama AM and the European Investment Fund (EIF), the Group is finalising the launch of a fund dedicated to financing the French economy. This new fund will be dedicated to senior debt financing of predominantly French SMEs. It will support international development, investment, organic and external growth operations.

- **Broadening the range of funds to balance the business mix**
  - For private equity activities: this translates into an acceleration in fundraising in the new funds, which started during the first half-year, and the ongoing structuring of this business line with the arrival of Emmanuel Laillier as Head of Private Equity in September;
  - For real estate activities: coupled with the acceleration in fundraising started during the first half-year, the entry into exclusive negotiations announced today for the acquisition of Sofidy (see dedicated press release) is a structuring external growth operation that should enable Tikehau Capital to rapidly and efficiently accelerate its presence in this market.

On the basis of the operations that have been carried out or that are yet to materialise, Tikehau Capital's target, excluding the acquisition of Sofidy, is to reach €16.5bn in assets under management by the end of 2018, i.e. an increase of 20% in assets under management for the full financial year[5]. Taking into account the acquisition of Sofidy, this target would be increased to over €21bn, leading the Group to exceed its target of €20bn in assets under management in 2018, two years ahead of schedule.

[5] This objective is listed subject to stability in the assets currently under management in the liquid strategies.

Key figures for the first half 2018

Assets Under Management

	Amount at 30/06/2018 (in €bn)	**Growth compared to 30/06/2017**	**Growth compared to 31/12/2017**
Private debt	6.4	+28%	+7%
Real Estate	2.6	+36%	+18%
Liquid Strategies	3.6	+39%	+18%
Private equity	0.6	n.a	n.a
Assets under management in asset management activities	**13.2**	**+39%**	**+16%**
Of which fee-paying assets under management	*10.7*	*+37%*	*+16%*
Of which future fee-paying assets under management	*1.9*	*+56%*	*+13%*
Of which non-fee paying assets under management	*0.6*	*+30%*	*+29%*
Assets under management in investment activities	**1.6**	**-2%**	**-34%**
Total assets under management	**14.8**	**+33%**	**+7%**

Simplified income statement

In millions of euros	Items from the income statement	30 June 2018	30 June 2017
Asset management activities	Revenues from asset management activities	35.8	25.1
	Average weighted fee rate	*74bps*	*73bps*
	Operating expenses and others	(26.6)	(22.2)
	Asset management net operating profit	**9.2**	**2.9**
Investment activities	Revenues from investment activities	(36.0)	121.6
	Operating expenses and others	(36.4)	(22.6)
	Net results from associates & non-recurring items	0.5	-
	Investments net operating profit	**(71.9)**	**99.0**
	Financial interest	(12.6)	(9.7)
	Non-recurring free-share-based payments[6]	(3.2)	-
	Tax	(2.2)	(5.8)
	Minority interests	(0.6)	(0.6)
	Net result - Group share	**(81.4)**	**85.9**

6 Non-recurring free-share-based payments mainly refer to the costs of the free share plan (IFRS 2) of 1 December 2017, including social contributions, implemented after the IPO.

Simplified balance sheet

In millions of euros	Balance sheet figures	
	30 June 2018	**31 Dec. 2017**
Investment portfolio	1,941	1,565
Cash & financial treasury assets	539	975
Other current & non-current assets	424	595
Total assets	**2,904**	**3,135**
Shareholders' equity – Group share	2,293	2,499
Minority interests	20	30
Financial debt	554	548
Other current & non-current liabilities	37	58
Total liabilities	**2,904**	**3,135**
Gearing[7]	24%	22%
LTV[8]	1%	(20%)
Undrawn committed facilities	900	900

The half-yearly results presentation will be broadcast on 21 September 2018 from 9am (CET) on the site www.tikehaucapital.com.

Agenda

- Publication of AUM as at 30 September 2018: 15 November 2018
- Publication of AUM as at 31 December 2018: 28 February 2019
- Publication of 2018 Annual Results: 21 March 2019
- Annual General Shareholders' Meeting: 23 May 2019
- AUM as at 31 March 2019: 28 May 2019
- Publication of AUM as at 30 June 2019: 30 July 2019
- Publication of 2019 half-yearly results: 19 September 2019
- Publication of AUM as at 30 September 2019: 28 November 2019

[7] Gearing = Total financial debt / shareholders' equity - Group share
[8] LTV = (Financial debt – Cash & financial treasury assets) / (Total assets – Cash & financial treasury assets)

About Tikehau Capital

Tikehau Capital is an asset management and investment group, which manages €14.8 bn of assets (as at 30 June 2018), with shareholders' equity of €2.3 bn (as at 30 June 2018). The Group invests in various asset classes (private debt, real estate, private equity and liquid strategies), including through its asset management subsidiary Tikehau IM, on behalf of institutional and private investors. Controlled by its managers, alongside leading institutional partners, Tikehau Capital employs 230 staff (as at 30 June 2018) in its Paris, London, Brussels, Madrid, Milan, New York, Seoul and Singapore offices.

Tikehau Capital is listed on the regulated market of Euronext Paris, Compartment A (ISIN code: FR0013230612; Ticker: TKO.FP)

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