

Paris, 21 March 2019

2018 Results

Tikehau Capital's growth dynamic is confirmed and opens up promising opportunities and new targets

- **€22 billion of assets under management¹ as at 31 December 2018, increased by +59% compared with 31 December 2017**
- **Net operating profit from asset management activities increased by 25% to €20.0 million**
- **Net operating profit from investment activities (-€113.1 million) and net profit Group share (-€107.4 million) were affected by adverse changes in the value of certain listed assets**
- **Proposed dividend of €0.25 per share**
- **The Group defines new 2022 targets: assets under management above €35 billion and net operating profit for the asset management activities at over €100 million**

The dynamic growth of the asset management activities was confirmed in 2018, noticeably accelerated by the announced re-balancing between asset classes.

Supported by the **strong internationalisation of the investor client base** and the prudent and selective **deployment** of the managed funds, the asset management platform continues to grow.

This trend allows Tikehau Capital to target **by 2022**, a level of **assets under management exceeding €35 billion** for the Group and, additionally, a net operating profit **of more than €100 million for the asset management activities**, showcasing a 5x growth in 4 years.

¹ Data relating to assets under management have not been audited.

2018 Consolidated results

Tikehau Capital's Supervisory Board met on 20 March 2018 and reviewed the consolidated financial statements² as at 31 December 2018.

At 31 December 2018, Tikehau Capital's **assets under management** totalled €22.0 billion, exceeding the €20 billion target set for 2020 at the time of the IPO, achieving this target two years earlier than anticipated. The assets under management growth over the past 12 months totalled €8.2 billion (+59%), including the assets under management of Sofidy and ACE Management; acquisitions finalised in December 2018.

Excluding these acquisitions, the Group's assets under management as at 31 December 2018 totalled €16.5 billion, in line with the Group's target, and representing an increase of €2.7 billion, or 20% over one year. This strong growth reflects particularly solid net inflows of +€3.7 billion, less -€1.1 billion in distributions, plus +€0.2 billion in positive market effects.

Assets under management as at 31 December 2018 are broken down as follows: **€20.4 billion for the asset management scope** (€14.9 billion excluding the Sofidy and ACE Management acquisitions) and **€1.6 billion for investment activities**.

Net operating profit from asset management activities amounted to €20.0 million (compared with €16.0 million in 2017). **Net operating profit from investment activities was -€113.1 million**, impacted by unfavourable changes in the value of certain listed assets in 2018. As a result, **the Group's net profit Group share** for 2018 is a loss of -€107.4 million.

Operating profit from the asset management activity was up by 25% in 2018

Excluding acquisitions, the growth in assets under management for this activity totalled +€3.5 billion (+31%). This strong growth at constant scope, above all reflects particularly strong net inflows of +€4.3 billion, less -€1.0 billion in distributions to which are added plus +€0.3 billion in positive market effects. The Group's strong success with international investors was an important feature of 2018. For the first time, fundraising abroad from third-party investors exceeded the one from French investors (60% of subscribers based outside of France), which remains dynamic. The contribution of foreign investors to total assets under management (excluding the acquisitions of Sofidy and ACE Management) reached 37% at the end of December 2018, up by +10 points.

Of the €14.9 billion of assets in the asset management business at the end of 2018 (excluding acquisitions), fee-paying assets under management reached €11.1 billion (74%), up by 21%. Of this €11.1 billion, 94% of assets under management derived from closed-ended funds have a duration of 3 years or more.

Future fee-paying assets under management (excluding acquisitions) totalled €2.8 billion, representing a significant revenue growth potential for the Group.

² An audit of the financial statements is currently being carried out by the statutory auditors.

Revenue from the asset management activities increased by +30% (€75.2 million in 2018 compared with €57.9 million in 2017). This increase reflects the strong growth of the Group's assets under management in 2018, particularly across fee-paying assets.

In 2018, the Group continued to invest in its asset management platform, which is a key feature for its continuing development both in France and internationally. In particular, these investments focus across the research analysis function (economic, financial as well as environmental, social and governance factors - ESG), which is a cornerstone of Tikehau Capital's independent model. As a result, operating costs increased by 32% over the financial year. **The net operating profit margin of asset management is 26.6% in 2018**, in-line with the Group's objective of maintaining a sustainable net operating profit margin of asset management above 25%.

Mathieu Chabran, co-founder of Tikehau Capital stated: "The strengthening and internationalisation of our asset management platform, which are key pillars to our growth, accelerated in 2018. We therefore look to the coming years with enhanced strengths to attract investors and to deploy efficiently the funds we have been entrusted with."

Net operating profit from investment activities was noticeably impacted by revaluations of listed assets

Revenues from investment activities totalled -€39.8 million in 2018.

- Revenues from changes in fair value were negative by -€109.6 million in 2018, due in particular to adverse changes totalling -€132.3 million linked to the investments in Eurazeo and DWS.
- Revenues from dividends, coupons and distributions totalled €69.8 million, up by +9% over the year.

The 2017 financial year benefited from positive changes in fair value for €323,2 million, related in particular to the sale of the Group's stake in DRT (*Dérivés Résiniques et Terpéniques*) for €160 million and positive fair value changes from Eurazeo for €97.5m.

After taking into account operating costs of -€74.5 million as well as the €1.3 million share of the net profit of equity-accounted companies, investment activities recorded a net operating loss of -€113.1 million for the 2018 financial year.

A solid financial structure, with €2.3 billion of shareholders' equity

As at 31 December 2018, the Group's shareholders' equity totalled €2.3 billion compared with €2.5 billion in 2017. The Group's investment portfolio totalled €2.1 billion compared with €1.6 billion at 31 December 2017.

Within Tikehau Capital's investment portfolio on a consolidated basis, **the Group's investments in its own strategies totalled €906 million as at 31 December 2018** (43% of

the portfolio), up by +77% compared to 2017. This proportion of investments in Tikehau Capital's business lines is likely to increase over the coming years, in-line with the Group's strategy and along the launch of new funds, as in 2018.

At 31 December 2018, the Group had a positive gross cash position of €463 million on a consolidated basis, compared with €975 million at 31 December 2017. These changes reflect portfolio investments of €565 million (net of disposals), as well as acquisitions made by the Group (€183 million), in particular those of Sofidy and ACE Management, and the repurchase of a minority shareholder's stake in Tikehau Capital Europe, a British subsidiary of Tikehau Capital managing securitisation vehicles for CLOs³. **Financial debt amounted to €796 million** compared with €548 million in 2017 with a gearing ratio of 35%.

On 30 January 2019, Tikehau Capital announced that it had obtained its inaugural rating from the financial rating agency Fitch Ratings. This **Investment Grade rating (BBB-)** with a stable outlook confirms Tikehau Capital's robust financial profile and confirms the strength of its model and financial structure.

Dividend and distribution policy

A dividend of €0.25 per share for 2018 will be submitted to the General Shareholder's Meeting.

This proposal reflects the Group's wish to continue to provide return to its shareholders in spite of the non-cash technical effects that have affected the Group's net profit Group share in 2018.

The ex-dividend date is scheduled for 24 May 2019 with payment on 28 May 2019.

Tikehau Capital has a clear and ambitious strategy for 2022

The Group intends to enhance further the trajectory defined at the time of the IPO. This means continuing to implement, in 2019 and the following years, its strategy to develop innovative corporate financing and alternative investment products.

The Group's strategy aims to establish its position as one of the leading European players on the alternative asset management market, where there is strong growth potential. The implementation of this strategy will be carried out through the following strategic goals:

Strengthening its asset management platform and international footprint

The integration of Sofidy and ACE Management is a key element in strengthening the asset management platform. Beyond the obvious operational complementarities between the structures, key foundation for the acquisitions, the integration process will be helped by the appointments of Guillaume Arnaud to Sofidy's Management Board, and of Guillaume Benhamou to ACE Management's Management Board.

³ This increased the Group's stake in this subsidiary to 100%

International development is a priority for the Group, the proportion of international clients in the assets under management of the asset management activity more than doubled between 2015 and 2018 (at constant scope), reaching 37% at the end of December 2018. At the end of 2018, the Group relies on an asset management platform counting more than 430 employees of 25 nationalities in 8 countries. This key asset enables it to benefit from real local expertise in each of the countries, which is essential to further internationalise its investor base and to be as close as possible to the best investment opportunities for the funds it manages.

Tikehau Capital will thus continue to invest in its platform in the coming years, both through the recruitment of new talent and the expansion into new regions. More specifically, the Group will enlarge its international presence in 2019 with the opening of an office in Japan. This will be the 9th country in which Tikehau Capital has a permanent presence.

Continue to rebalance the business mix

After a year 2018 marked by many commercial successes, the Group will continue to capitalize on its strong track record and key expertise and to raise funds in its Private Debt strategies, in particular Direct Lending, while deploying the funds raised during the year.

Tikehau Capital will also pursue initiatives to rebalance its business mix, increasing the share of Real Estate and Private Equity in its assets under management.

This will lead to pursue the fundraising for its first discretionary Real Estate fund, launched in 2018 and targeting the highest yields. The Group will also continue to market its first Private Equity funds, also launched in 2018, the first successes of which were recorded during the year. Finally, the Group's best performing liquid strategy funds in 2018 will be at the heart of marketing efforts in 2019.

All these initiatives will enable the Group to strengthen its positioning in growth strategies generating higher revenues, driven particularly by a more attractive management fee profile compared with the Group's current average.

Increasing investments in own funds

Finally, over the coming years Tikehau Capital will continue its policy of aligning interests by continuing to make important investments in funds to be launched. The Group has a solid balance sheet and substantial financial resources, which will be deployed, as a priority, in its own funds.

The Group finds this differentiating strategy attractive for two reasons:

- it strengthens the growth of its asset management activity, by aligning its interests with those of its clients; and
- it improves the visibility of its revenues, with the growing contribution of the performance of its own funds to the portfolio's revenues.

The Group thus confirms its objective to increase the share of its own strategies in its investment portfolio to range between 65% and 75% by 2022.

In addition, in a consolidating asset management market, the Group intends to continue to identify external growth opportunities enabling it to accelerate the development of its platform and extend its offer of products and services.

All of these initiatives allow the Group to set two structural targets (excluding any potential acquisitions) for 2022:

- to reach **over €35 billion of assets under management**, i.e. an amount over 60% higher than the €22.0 billion of assets under management at the end of 2018;
- **to generate over €100 million of net operating profit in asset management**, i.e. over five times the amount recorded in 2018 for this activity.

Antoine Flamarion, co-founder, stated: "Since our initial public offering, we have managed to successfully deploy a differentiating strategy in the alternative asset management sector in Europe. Building on this success, we are approaching the coming years with confidence and ambition, whilst remaining particularly mindful of the development of our markets."

Key figures 2018

Assets under management

| In billions of euros | Assets under management at 31/12/2018* | | Change compared with 31/12/2017 | |
|--------------------------------------|--|-------------|---------------------------------|-------------|
| | Amounts (€ bn) | Weight (%) | In % | In € bn |
| Private debt | 8.3 | 38% | +39% | +2.3 |
| Real Estate | 7.6 | 35% | x3 | +5.3 |
| Liquid strategies | 3.3 | 15% | +5% | +0.1 |
| <i>Private Equity (a)</i> | 1.2 | 5% | ns | +1.2 |
| Asset management activity | 20.4 | 93% | +79% | +9.0 |
| Investment activity** (b) | 1.6 | 7% | ns | -0.8 |
| Total assets under management | 22.0 | 100% | +59% | +8.2 |
| <i>Total Private Equity (a+b)</i> | 2.8 | 13% | +14% | +0.3 |

* Including the acquisitions of Sofidy and ACE Management

** On own account

| In billions of euros | Assets under management at 31/12/2018 | Change compared with 31/12/2017 | |
|---|---------------------------------------|---------------------------------|-------------|
| | Amounts (€ bn) | In % | In € bn |
| Asset management activity | 20.4 | +79% | +9.0 |
| Of which changes in scope ⁴ | 5.5 | ns | +5.5 |
| Asset management activity (constant scope) | 14.9 | +31% | +3.5 |
| <i>Of which fee-paying assets under management</i> | 11.1 | +21% | +1.9 |
| <i>Of which future fee-paying assets under management</i> | 2.8 | +64% | +1.1 |
| <i>Of which non-fee-paying assets under management</i> | 1.0 | x2 | +0.5 |

| | 2018 | 2017 | Change |
|---|--------|--------|--------|
| Average fee-paying assets under management (excluding acquisitions ⁴ - € bn) | 10.2 | 7.6 | +34% |
| Weighted average fee rate | 69 bps | 71 bps | -2 bps |

⁴ Acquisitions of Sofidy and ACE Management

Condensed balance sheet

| In millions of euros at 31/12/2018 | Balance sheet figures | |
|---|-----------------------|--------------|
| | 2018 | 2017 |
| Investment portfolio | 2,083 | 1,565 |
| Cash & cash equivalents | 463 | 975 |
| Other current & non-current assets | 601 | 595 |
| Total assets | 3,147 | 3,135 |
| Shareholders' equity – Group share | 2,274 | 2,499 |
| Minority interests | 1 | 30 |
| Financial debt | 796 | 548 |
| Other current & non-current liabilities | 76 | 58 |
| Total liabilities | 3,147 | 3,135 |
| Gearing ⁵ | 35% | 22% |
| LTV ⁶ | (12%) | (20%) |
| Undrawn committed facilities | 580 | 900 |

Condensed income statement

| In millions of euros at 31/12/2018 | 2018 | 2017 | |
|------------------------------------|--|----------------|--------------|
| Asset management activities | Revenues from Asset Management activities | 75.2 | 57.9 |
| | Operating expenses and others | (55.2) | (41.9) |
| | Revenue from asset management activities | 20.0 | 16.0 |
| Investment activities | Revenues from the investment activities | (39.8) | 387.3 |
| | Operating expenses and others | (74.5) | (40.0) |
| | Net results from associates & non-recurring items | 1.3 | (0.1) |
| | Net operating profit from investment activities | (113.1) | 347.3 |
| Group | Financial interest | (23.8) | (28.2) |
| | Non-current share-based payments ⁷ | (5.7) | - |
| | Tax | (15.2) | (19.0) |
| | Minority interests | - | (1.6) |
| | Net result - Group share | (107.4) | 314.4 |

⁵ Gearing = Total financial debt / shareholders' equity - Group share

⁶ LTV = (Financial debt – Cash & financial treasury assets) / (Total assets – Cash & cash equivalents)

⁷ Non-current share-based payments mainly refer to the costs of the plan to award free shares (IFRS 2) of 1 December 2017, including social charges, put in place following the IPO

Agenda

- Capital Markets Day in London 15 May 2019
- Annual General Meeting of shareholders: 22 May 2019
- Publication of assets under management at 31 March 2019: 28 May 2019
- Publication of assets under management at 30 June 2019: 30 July 2019
- Publication of 2019 half-year results: 19 September 2019
- Publication of assets under management at 30 September 2019: 28 November 2019

About Tikehau Capital :

Tikehau Capital is an asset management and investment group with €22.0 billion of assets under management and shareholders' equity of €2.3 billion (as at 31 December 2018). The Group invests in various asset classes (private debt, real estate, private equity and liquid strategies), including through its asset management subsidiaries, on behalf of institutional and private investors. Controlled by its managers, alongside leading institutional partners, Tikehau Capital employs 430 staff (as at 31 December 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)

www.tikehaucapital.com

Press Contacts:

Tikehau Capital: Julien Sanson – +44 20 3821 1001
Finsbury: Arnaud Salla & Charles O'Brien – +44 207 251 3801
press@tikehaucapital.com

Shareholders and Investors Contact:

Louis Igonet - +33 1 40 06 11 11
shareholders@tikehaucapital.com

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