

Paris, September 19 2019

First half-year 2019 results

Strong growth in the Group's results, with an increased contribution from asset management activities

- **€23.4 billion of assets under management** ¹ as at 30 June 2019, up by 6% over the first-half and up by 16% over the last 12 months on a like-for-like basis²;
- **Net operating profit from asset management activities increased by 15% to €20.5 million like-for-like, and increased by a multiple of 2.2x on a reported basis;**
- **Net operating profit from investment activities up strongly to €119.4 million, compared to a loss of -€71.9 million the previous year;**
- **Robust net profit Group share at €97.2 million, compared to -€81.4 million as at 30 June 2018;**
- **Outlook: Target of between €24.5 billion and €25 billion of assets under management at end-2019, and confirmation of 2022 organic outlook.**

For Tikehau Capital, the first half of the 2019 financial year was marked by the **continued growth in its assets under management**, particularly driven by its asset management activities, over a high comparison base in 2018.

As such, the Group is reaping the rewards of its development strategy, with **asset management activities doubling their contribution** to revenues and results, and a **highly profitable investment activity** over the half-year. As a result of these two components, net profit Group share has increased significantly.

Lastly, the **Group's balance sheet remained particularly robust**, notably following the capital increase completed in June 2019 for a final amount of €715 million.

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

² *Pro forma* the acquisitions of Sofidy and ACE Management

Consolidated first half-year 2019 results

Tikehau Capital's Supervisory Board met on 18 September 2019 and reviewed the consolidated financial statements³ as at 30 June 2019.

Tikehau Capital's **assets under management** totalled €23.4 billion as at 30 June 2019, up €1.4 billion (+6%) since the start of the year and up €3.2 billion (+16%) over the past twelve months (including contributions from Sofidy and ACE Management⁴). These are broken down into €21.2 billion for the asset management scope and €2.1 billion for the investment activities.

Net operating profit from **asset management activities** continued to grow and amounted to €20.5 million at end June 2019, compared to €9.2 million the previous year. On a comparable basis⁵, this translates into robust growth of +15% year-on-year, driven by the strong increase in management fees generated over the half-year. Net operating profit from the **investment activities** stood at €119.4 million, compared with a loss of -€71.9 million the previous year, which was mainly due to the unfavourable changes in the value of certain listed assets.

Thus, the Group's net profit share at end June 2019 was strongly positive at €97.2 million, compared to a loss of -€81.4 million the previous year.

Operating profit from the asset management activities is up by +15%

As at 30 June 2019, **Tikehau Capital's asset management activity totalled €21.2 billion assets under management**, up 15% over the last 12 months (on a *pro forma* basis, including the acquisitions of Sofidy and ACE Management) and up 4% over the first six months of 2019. The increase over the first half-year 2019 is the result of dynamic fundraising of +€1.2 billion, driven mainly by the private equity and real estate activities, less distributions of -€0.5 billion, mainly due to private debt strategies, plus +€0.2 billion of positive market effects.

Of the €21.2 billion of assets under management for the asset management activity at end June 2019, **fee-paying assets under management** reached €17.4 billion, up 7% on a comparable basis, and represented 82% of total assets under management for the asset management scope, versus 79% at end-December 2018. These fee-paying assets under management mainly come from closed-ended funds, over long investment durations, and therefore enable the Group to have good visibility over its future revenue generation.

Whilst confirming its selective, disciplined approach, the Group maintained a **positive investment momentum within its funds** over the first half-year. Thus, the investments carried out during the half-year through the closed-ended funds managed by Tikehau Capital reached €1.5 billion, up +25% year-on-year on a like-for-like basis.

³ An audit of the financial statements is currently being carried out by the statutory auditors.

⁴ As a reminder, the Group's assets under management published as of 30 June 2018 amounted to €14.8 billion, of which €13.2 billion for the asset management activities and €1.6 billion for investment activities. *Pro forma* with the acquisitions of Sofidy and ACE Management, assets under management at 30 June 2018 amounted to €20.1 billion, of which €18.5 billion for the asset management scope and €1.6 billion for the investment activities.

⁵ *Pro forma* with the acquisition of Sofidy and ACE Management, net operating profit for the asset management scope at end June 2018 was €17.8 million.

Revenues from the asset management activities increased strongly over the half-year, amounting to €75.9 million at end June 2019. This amount compares to €35.8 million in revenues reported as at 30 June 2018, and €61.1 million *pro forma*, including the acquisitions of Sofidy and ACE Management, i.e. a +24% growth at comparable scope.

This growth was mainly driven by the increase in **management fees**, both linked to the investments carried out by the Group's private debt and real estate funds, where management fees are charged on invested capital, and also from the fundraising carried out in **private equity**, where management fees are based on commitments from investor-clients.

The **average fee rate** applied by the Group's funds amounted to 84 basis points at end June 2019, compared to 69 basis points published at end June and end December 2018. This strong increase was due to the growing contribution of real estate and private equity activities, with fee rates higher than the Group's average. This rebalancing of Tikehau Capital's business mix, a key component of its strategy, has materialized over the last 12 months through both the organic growth initiatives and also the acquisitions made in 2018 (Sofidy and ACE Management).

On the back of the robust revenues growth momentum during the first half-year 2019, Tikehau Capital continued to **invest in its asset management platform**, which is a key asset for its ongoing development both in France and internationally. In the first half of 2019, operating costs increased by +28% on a like-for-like basis, notably due to the ramp-up of private equity activities and the opening of the Tokyo office in Spring 2019.

As a result, **net operating profit from the asset management activities reached €20.5 million at end June, up 15%** on a like-for-like basis. On a reported basis, the contribution from these activities to Group's financial results has been multiplied by 2.2 over the last twelve months. The net operating profit margin for this activity was 27.0% at end June 2019 compared to 25.7% the previous year in reported data⁶.

Investment activities greatly contribute to the increase in profit

Revenue from investment activities over the first half-year 2019 totalled €157.7 million, compared to a loss of €36.0 million at end June 2018 (due to unfavourable changes in the value of certain listed assets). These revenues are broken down as follows:

- Revenues from **dividends, coupons and distributions** totalled €49.0 million at end June 2019, increasing significantly by 37% year-on-year.
- Revenues related to **changes in fair value** were positive at €108.7 million over the half-year reflecting positive value adjustments from several assets within the portfolio, whether they are listed, unlisted or investments in funds.

⁶ At comparable scope, the operating margin for the asset management scope at end June 2018 was 29.1%.

Of note, revenues coming from investments made by the Group in its own funds reach €34 million at end-June 2019, up 47% year-on-year, which represents an average annualized return on capital invested of 6.5%, up 30 basis points compared to the return realized over the fiscal year 2018. The Group confirms its target to reach a rate of return generated by its investments within its own funds of approximately 10% to 15% on a run-rate basis.

After taking into account operating costs of -€37.5 million as well as the -€0.8 million share of net profit from equity-accounted companies, investment activities recorded a **strong positive net operating profit of €119.4 million** as at 30 June 2019.

Net profit Group share reached €97.2 million over the half-year

Besides the positive contributions of the asset management and investment activities to Group's results, financial interest expenses amount to -€22.0 million and a non-recurring charge linked to free share allocations amounts to -€3.1 million. The income tax expense was -€17.6 million and minority interests payments represented -€0.1 million.

Net profit Group share for the first half-year 2019 was €97.2 million, compared to a net loss of -€81.4 million the previous year.

Tikehau Capital's particularly solid balance sheet is a differentiating asset

Tikehau Capital has a particularly robust balance sheet, which was reinforced during the first half-year, in order to continue to invest in its own funds and seize external growth opportunities in the alternative asset management space, in line with its strategy.

As at 30 June 2019, the Group's shareholders' equity totalled €3.1 billion compared to €2.3 billion at 31 December 2018. As a reminder, on 25 June 2019, the Group completed a capital increase for a gross amount of €715 million. This capital increase, the most significant in Tikehau Capital's history, and also the most significant conducted in France during the first half, enables the Group to assert its positioning in the growing alternative asset management market. This operation also demonstrates the strong appetite of investors, particularly international investors, for the differentiated business model developed by Tikehau Capital in its market.

The Group's investment portfolio totalled €2.4 billion compared with €2.1 billion at 31 December 2018. Within this portfolio, **the Group's investments in its own strategies amounted to €1.2 billion as at 30 June 2019** (up €0.3 billion compared to end December 2018), thus representing **49% of the portfolio** at end June 2019. This share of investments in the Group's business lines is expected to increase over the coming years in line with Tikehau Capital's strategy and alongside the launch of new funds. The Group thus confirms its objective to increase the share of its own strategies within its investment portfolio to between 65% and 75% by 2022.

At 30 June 2019, the Group had a positive cash position of €909 million on a consolidated basis, compared with €463 million at 31 December 2018. This change notably reflects the investments made by Tikehau Capital in its own funds during the half-year, which were more than offset by the proceeds from the capital increase of June 2019. **Financial debt was almost stable** at €802 million compared with €796 million at end December 2018, with a gearing ratio of 26%.

On 30 January 2019, the Group has been assigned its **inaugural rating by financial rating agency Fitch, at BBB-**. Supported by a stable outlook, this investment grade rating confirms the strength of Tikehau Capital's financial profile.

The Group remains committed to an active management of its balance sheet, both through the rotation of its portfolio and the attention paid to the level and structure of its debt.

Launch of a share buyback programme

Tikehau Capital announces its intention to entrust an investment services provider with a mandate for the repurchase of shares under its buyback programme authorised by the Annual General Meeting of Shareholders of 22 May 2019. The repurchased shares are designed to cover Tikehau Capital's free share and performance share plans and/or be delivered as part of possible external growth, merger, spin-off or contribution transactions, up to a maximum of 5% of the share capital in accordance with law.

This mandate, signed today, concerns a maximum volume of 1,400,000 Tikehau Capital shares, i.e. around 1% of the share capital, at a price not exceeding the limits set by the seventh resolution adopted by the General Meeting of 22 May 2019.

In respect of the mandate, repurchases will be able to take place up until 31 December 2019.

The description of the share buyback programme (included in paragraph 8.3.4 of Tikehau Capital's Registration Document filed by the AMF (French Financial Markets Authority) on 18 April 2019 under number R. 19-008) and the text of the seventh resolution indicated above (indicated in paragraph 9.4 of the said Registration Document) are available on the Company's website in the Regulatory Information section.

(<https://www.tikehaucapital.com/fr/shareholders/regulatory-information>).

Outlook

The first half-year 2019 confirmed the relevance of Tikehau Capital's strategy, particularly with the growing contribution of asset management activities to the Group's revenues and results.

Since 30 June 2019, the Group has progressed in implementing its strategy:

- Within the private debt field of expertise, **on 19 July 2019, the Group completed its 5th CLO** (Collateralized Loan Obligation) for €0.5 billion, with a diversified and highly international investor base. This reflects the strong recognition of the Group's expertise, which now manages €2.1 billion in this area.
- The Group announces the **launch of a new private equity fund**, which will take over, on a secondary basis, six investments formerly held under Tikehau Capital's balance sheet. This secondary fund will be fully invested from inception, with a targeted amount of €210 million assets under management reflecting the value of the contributed assets, as well as additional commitments to be called by the fund from its investors. This initiative enables Tikehau Capital **to expand its private equity offering** for third-party investors whilst also **maintaining active management of its balance sheet**, with the aim in particular, of rebalancing its investment portfolio towards its own funds. The transfer of these investments had a positive effect of €10.3 million on the portfolio's revenues during the first half-year 2019.
- Tikehau Capital also announces it has signed an agreement to **dispose of its stake in HDL Development, the holding company controlling Assystem Group** (ASY.PA). In December 2013, the Group had invested €40 million in HDL Development (of which €35 million for the balance sheet and €5 million via a fund managed by the Group) to finance a tender offer on Assystem alongside Chairman and Founder Dominique Louis. In the context of this repurchase agreement with HDL Development, which should be unwound in the course of November 2019, the Group will receive €55 million in cash (of which around €48 million for the balance sheet) and 657,895 Assystem shares (representing 4.2% of the capital, and of which 575,659 shares will be received by the balance sheet), which amounts to 2.5 times the initial investment⁷. This agreement carries a potential price supplement on the disposal of Assystem's stake in Expleo Group. Tikehau Capital is pleased to have supported Assystem and its team, led by M. Dominique Louis, over the past six years.

⁷ Multiple calculated based on an Assystem share price of €38.

- Lastly, the Group continued its international expansion, with the opening of its Luxembourg office and, on 2 September 2019 the announcement of the **signature of a commercial and financial alliance with T&D Insurance Group**, a leading Japanese insurance company, which will focus on the distribution of Tikehau Capital's private debt products in Japan, and which could later be extended to other asset classes managed by the Group. To reinforce this long-term strategic alliance, T&D Insurance Group⁸ expressed its intention to become shareholder in Tikehau Capital through the acquisition of outstanding Tikehau Capital shares.

After a 2018 financial year marked by growth in assets under management linked in particular to the fourth generation of the Group's Direct Lending funds, for which fundraising was completed in the very first months of 2019, the current year - like the first half-year - will be marked by the deployment of these funds and by the ramp-up of real estate and private equity strategies.

Tikehau Capital is thus targeting to reach **between €24.5 billion and €25 billion of assets under management by end of 2019**. Furthermore, **the operating margin for the asset management activities** in the second half of 2019 is expected to exceed the level reached in the first half.

Tikehau Capital is on track to achieve its structuring targets for 2022, which include reaching above €35 billion in assets under management and generating over €100 million in net operating profit from asset management activities.

The meeting to present the half-year results will be broadcast on 19 September 2019 from 9:00 am (CET) on the website www.tikehaucapital.com.

Calendar

28 November 2019 - Assets under management at end September 2019

13 February 2020 - 2019 Assets under Management

19 March 2020 - 2019 Annual Results

⁸ Through its subsidiary T&D United Capital Co., Ltd.

Key figures for the first half-year 2019

Assets under management

	Amount at 30/06/2019 (in € billion)	Growth compared to 30/06/2018 ⁹	Growth compared to 31/12/2018
Private debt	8.4	+31%	+1%
Real Estate	8.0	+9%	+6%
Liquid strategies	3.3	-8%	+2%
Private equity	1.5	+39%	+17%
Assets under management from the asset management activities	21.2	+15%	+4%
<i>Of which fee-paying assets under management</i>	17.4	+12%	+7%
<i>Of which future fee-paying assets under management</i>	2.7	+29%	-10%
<i>Of which non-fee paying assets under management</i>	1.1	+38%	-8%
Assets under management from the investment activities	2.1	+29%	+35%
Total assets under management	23.4	+16%	+6%

⁹ Pro forma, i.e including Sofidy and ACE Management

Condensed income statement

(in millions of €)	Items from the income statement		
	30 June 2019	30 June 2018 (published) ¹⁰	
Asset management activities	Revenues from Asset Management activities	75.9	35.8
	<i>Weighted average fee rate</i>	<i>84bps</i>	<i>69bps</i>
	Operating expenses	(55.4)	(26.6)
	Net operating profit from asset management activities	20.5	9.2
Investment activities	Revenues from the investment activities	157.7	(36.0)
	Operating expenses	(37.5)	(36.4)
	Net results from associates & non-recurring items	(0.8)	0.5
	Net operating profit from investment activities	119.4	(71.9)
Group	Financial result	(22.0)	(12.6)
	Non-recurring free share allocation expense ¹¹	(3.1)	(3.2)
	Tax	(17.6)	(2.2)
	Minority interests	(0.1)	(0.6)
	Net result - Group share	97.2	(81.4)

¹⁰ On a *pro forma* basis, i.e including the contributions of Sofidy and ACE Management, revenue and Net operating profit from asset management activities in H1 2018 amount to €61.1 million and €17.8 million respectively

¹¹ Non-recurring free share allocation expense 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.

Condensed balance sheet

(in millions of €)	Balance sheet figures	
	30 June 2019	31 Dec. 2018
Investment portfolio	2,447	2,083
Cash & cash equivalents and Cash management financial assets	909	463
Other current & non-current assets	639	601
Total assets	3,995	3,147
Shareholders' equity – Group share	3,065	2,274
Minority interests	1	1
Financial debt	802	796
Other current & non-current liabilities	127	76
Total liabilities	3,995	3,147
Gearing ¹²	26%	35%
LTV ¹³	(3)%	12%
Undrawn committed facilities	650	580

About Tikehau Capital:

Tikehau Capital is an asset management and investment group with €23.4 bn of assets under management and shareholders' equity of €3.1 bn (as at 30 June 2019). 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 more than 480 staff (as at 30 June 2019) in its Paris, London, Brussels, Madrid, Milan, Luxembourg, New York, Seoul, Singapore and Tokyo offices.

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

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¹² Gearing = Total financial debt / shareholders' equity - Group share

¹³ LTV = (Financial debt – Cash & financial treasury assets) / (Total assets – Cash & cash equivalents)

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