



PRESS RELEASE

Paris, 29 March 2018

2017 Results

Strong growth in results confirms Tikehau Capital as an upcoming European leader in alternative asset management

- **Net income (Group share): €314.4 million driven by the profitability of the asset management activities and income from investment activities**
- **Assets under management: €13.8 billion¹ as at 31 December 2017, a 38.2% increase compared with 31 December 2016**
- **Dividend per share: €1**
- **Strong ambitions for 2018 drawing on a high level of investment management performances, strengthening our international presence and accelerating fundraising and further strategic growth initiatives**

2017 has been another year of strong growth and excellent performances

2017 consolidated results

The supervisory board meeting held on 29 March 2018, examined the consolidated financial statements² as at 31 December 2017.

Net income (Group share) for 2017 reached €314.4m (compared to €124.6m in 2016 on a *pro forma* basis).

As expected, operating income from the asset management activities increased more rapidly than investment operating income, at €16.0m (compared to €3.5m for 2016 on a

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. *Pro forma* data provided in the press release have not been audited.

pro forma basis). **Operating income from investments came to €347.3m** (compared to €119.2m for 2016 on a *pro forma* basis).

Assets under management totalled €13.8bn as at 31 December 2017, a 38.2% growth compared to 31 December 2016. **The €3.8bn increase in assets under management during 2017** results primarily from net inflow of €3.9bn, incremented by the rise in the markets (+€0.4bn) and offset by distribution (-€0.5bn). **The Group's four business lines recorded net positive inflow across the year:** private debt (+€1.5bn), real estate (+€0.4bn), liquid strategies (+€1.1bn) and private equity (+€0.9bn). Group's assets under management are divided into two distinct activities, namely asset management (€11.4bn) and private equity / direct investments (€2.4bn).

Asset management activities: operating income multiplied by 4.6x in 2017

During 2017, the **asset management revenues increased by 47%** (€57.9m in 2017 compared to €39.4m in 2016 on a *pro forma* basis). This increase reflects the growth in Group's assets under management during 2017.

The increase in assets under management and revenues from the asset management activities, combined with stringent cost management's efforts, reflects the Group's operating leverage under its existing infrastructure. In 2017, operating costs increased by 16.7% (compared to +47% for revenues). **Asset management operating margin came to 27.6% in 2017, which is in line with the Group's objective to maintain operating margin above 25%.**

€m – at 31/12/2017	2017	2016 (<i>pro forma</i>)	2015 (<i>pro forma</i>)
Asset management revenues	57.9	39.4	27.9
Operational costs & others	(41.9)	(35.9)	(28.9)
Operating margin	+27.6%	+9.0%	-3.9%

Within the €11.4bn assets in the asset management business line, 81% (i.e. €9.2bn) generate revenues and over 15% (i.e. almost €1.7bn) are expected to in the future, which leaves room for significant potential revenue growth. Within the €9.2bn assets generating revenues, over 90% of assets in closed-end funds generate revenues over a period in excess of 3 years.³

In 2017, **investments carried out by Tikehau Capital funds increased significantly to €3.3bn** (compared to €1.8bn in 2016), which contributed towards fund dynamics.

³ See information at the end of the press release for further details

Investment activities: operating income driven by the performances of the investment portfolio

Investment income came to €347.3m in 2017 (compared to €119.2m in 2016 on a *pro forma* basis). This result reflects the excellent performance from the Tikehau Capital investment portfolio, combined with a €323.2m positive change in fair value and €64.1m of revenues from portfolio assets.

Contributions to portfolio revenues result primarily from the disposal of the Company's stake in DRT (Les Dérivés Résiniques et Terpéniques) for a total of €160m, corresponding to an IRR of 128% and a multiple of 5.0x, and Eurazeo's revenues and revaluation for a total of €104m. Income from investments benefits from the contribution of other stakes, such as HDL-Assystem, and of the performances of Tikehau Capital funds.

Investment operating costs totalled €40m for 2017 compared to €30.4m for 2016 on a *pro forma* basis.

Human capital: diversified teams driving innovation and growth

In 2017, the number of Tikehau Capital employees continued to grow steadily to 198 at the end of 2017.

Tikehau Capital co-founders said "*diversity is the simplest means to stimulate dialogue and to confront ideas within a company, and therefore to innovate*". Tikehau's human capital is now composed of diverse profiles spanning 18 nationalities; it is gender-balanced and boasts a variety in levels of experience.

Financial structure: shareholders' equity increased to €2.5bn to bolster the business model

As at 31 December 2017, shareholders' equity – Group share totalled €2.5bn compared to €1.5bn in 2016 on a *pro forma* basis. The sharp rise in shareholders' equity reflects another year of growth acceleration with, since the IPO, a capital increase of €702m in July 2017 and performances achieved during 2017.

As at 31 December 2017, the Company's investment portfolio totalled c. €1.6bn (compared to €0.9bn on 31 December 2016 on a *pro forma* basis). Within the Tikehau Capital consolidated investment portfolio, investments in Group's business lines totalled €512m as at 31 December 2017, i.e. +36% over 2017 (compared to *pro forma* 2016 financial statements). The proportion of investments in the Group's business lines is set to increase over the next few years in line with the Group's strategy and with the progressive launch of new funds.

As at 31 December 2017, the consolidated Group cash position came to €975m compared to €520m on 31 December 2016 on a *pro forma* basis. The cash position reflects the Group's capacity to continue expanding according to its business model and strategy. The Group also strengthened its resources in 2017 through unsecured bank financing totalling €1bn (of which 40% from non-French banks) and the launch of a €300m inaugural bond issue. **Financial debt came to €548m compared to €205m in 2016 with total gearing of 22%.**

Antoine Flamarion commented: *“Tikehau Capital strongly believes that significant shareholders’ equity provides an asset manager with a competitive edge. Tikehau Capital plans to use its shareholders’ equity to accelerate the development of its asset management activities, which should become its main driver of income.”*

Dividend and distribution policy in line with 2017 performance

A dividend pay-out of €1 per share for 2017 will be submitted to the General Shareholder’s Meeting. The total dividend includes a €0.50 reference dividend plus an additional €0.50 reflecting the 2017 annual results.

The Company aims to continue creating maximum long-term value for its shareholders by allocating its capital in a way, which optimises income and returns on shareholders’ equity. The Company plans to implement a pay-out policy distributing a stable or higher dividend compared to the initial reference set at €0.50.

The ex-dividend date is scheduled for 30 May 2018 with payment on 1 June 2018.

2018: Strong ambitions with a structured action plan

Tikehau Capital exceeded its target of €13bn of assets under management at the end of 2017 and confirms its objective of reaching €20bn in 2020. For 2018, the Group intends to implement its strategy to continue delivering high returns to its shareholders and investors, focusing on the following priorities.

Stronger international presence

International development is a priority for the Group which saw the proportion of international clients in the assets under management of the asset management activities increase to 27% in 2017, i.e. a compound annual growth rate (CAGR) of 84% since the end of 2015.

Mathieu Chabran commented: *“In 2018, Tikehau Capital intends to continue broadening its international presence, drawing on its network of offices and benefitting fully from the renewed global appeal of the Eurozone, specifically France, among investors”.*

Pursuing strategic initiatives

Tikehau Capital has built its success on its capacity to innovate by proposing distinctive investment solutions and responding to the needs of its clients. Further innovation may take the form of industrial and commercial partnerships or external acquisitions. Following the deals announced in 2017 with Groupama AM and Sofiprotéol, the Group is currently negotiating the following partnerships with DWS and Total SA.

DWS/Tikehau Capital Partnership - Tikehau Capital has taken a 2.8% capital stake in DWS during the IPO, which was recently finalised.

Further to this transaction, a partnership between the two groups is to cover (i) a pooling of co-investment opportunities and deal-flow among alternative strategies and (ii) joint initiatives in terms of products' distribution.

This partnership would enable Tikehau Capital to develop its presence in Germany with a leading partner. This partnership would also enable DWS to pursue its development in the field of alternative asset management.

Total/Tikehau Capital Fund - Total SA is participating alongside Tikehau Capital in the creation of a dedicated energy transition private-equity fund. This fund will finance the development of medium-sized players in the field of energy transition and support the transformation of their business models and their international expansion.

The team managing this private equity fund is composed of investment professionals of Tikehau Capital and energy specialists assigned by Total. The team will report to an investment committee with representative members from both partners.

The fund has already received a commitment of €200m from the two partners and targets major institutional investors. Goldman Sachs will act as placement agent towards major institutional investors on behalf of Tikehau Capital.

Broadening the range of funds to rebalance the business mix

Tikehau Capital ultimately plans to increase the proportion of real estate and private equity assets under management. In practical terms, this will involve the launch of an opportunistic real estate fund targeting higher yields, along with a private equity fund dedicated to minority investments. Both of these new funds will draw on the Group's proven track-record developed through dedicated funds and balance-sheet investments. In addition, the Group will raise further tranches of capital to launch new vintages of its existing funds, which are fully invested (as with the NOVO 2018 fund which finalised its fundraising round at the end of March 2018).

Lastly, Tikehau Capital is anticipating further portfolio rotation in 2018, being said that under its alignment-of-interest policy, the Group will continue to invest heavily into the new funds launched in 2018.

2017 Key Figures

€m – at 31/12/2017	Balance sheet figures	
	2017	2016 <i>(pro forma)</i>
Investment portfolio	1,565	934
Cash & financial treasury assets	975	520
Other current & non-current assets	595	359
Total assets	3,135	1,813
Shareholders' equity – Group share	2,499	1,512
Minority interests	30	18
Financial debts	548	205
Other current & non-current liabilities	58	77
Total liabilities	3,135	1,813
Gearing ⁴	22%	14%
LTV ⁵	(20%)	(24%)
Undrawn committed facilities	900	100

⁴ Gearing = Total financial debt / shareholders' equity - Group share

⁵ LTV = (Financial debt – Cash & financial treasury assets) / (Total assets – Cash & financial treasury assets)

€m at 31/12/2017	2017	2016 <i>(pro forma)</i>	
Asset management activities	Asset management revenues	57.9	39.4
	Operating costs & others	(41.9)	(35.9)
	Asset management net operating profit	16.0	3.5
Investment activities	Investment revenues	387.3	90.5
	Operating costs & others	(40.0)	(30.4)
	Net results from associates & non-recurring items	(0.1)	59.1
	Investments net operating profit	347.3	119.2
Group	Financial interest	(28.2)	(7.9)
	Tax	(19.0)	10.6
	Minority interests	(1.6)	(0.9)
	Net profit – Group share	314.4	124.6

Agenda

- 2017 Registration Document: 30 April 2018 at the latest
- AUM as at 31 March 2018: 17 May 2018
- Annual General Meeting: 25 May 2018
- Ex-dividend: 30 May 2018
- Dividend payment: 1 June 2018
- Interim results: 20 September 2018

About Tikehau Capital

Tikehau Capital is an asset management and investment group, which manages €13.8bn of assets, with shareholders' equity of €2.5bn. 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 approximately 200 staff in its Paris, London, Brussels, Madrid, Milan, New York, Seoul and Singapore offices.

Tikehau Capital is listed on Euronext Paris, compartment A (ISIN code: FR0013230612; Ticker: TKO.FP)

www.tikehaucapital.com

Press Contacts:

Tikehau Capital: +33 1 40 06 18 40
Julien Sanson - jsanson@tikehaucapital.com

Image 7: +33 1 53 70 74 70

Grégoire Lucas & Florence Coupry – tikehaucapital@image7.fr

ADDITIONAL INFORMATION

The operating indicators detailed below are defined in the section “Definitions”.

Assets under management and management fees

Group’s assets under management (€13.8bn) are divided into the asset management activities (€11.4bn) and the private equity / direct investments activities (€2.4bn). The asset management activities (€11.4bn) is composed of:

- 81% of fee-paying assets under management (i.e. €9.2bn at the end of 2017 compared to €6.0bn at the end of 2016);
- 15% of future fee-paying assets under management (i.e. €1.7bn at the end of 2017 compared to €2.2bn at the end of 2016); and
- 4% of non-fee paying assets under management (i.e. €0.5bn at the end of 2017 compared to €0.3bn at the end of 2016).

Weighted average fee rate

The average amount of fee-paying assets under management increased from €3.6bn in 2015 to €5.2bn in 2016 and then to €7.6bn in 2017, i.e. an annual average growth rate of +45%.

A weighted average fee rate can be calculated based on this average amount and the asset management fees received.

The weighted average fee rate reached 71 basis points in 2017 compared to 75 basis points in 2016 and 71 basis points in 2015.

The weighted average fee rate is an indicator, which enables the Group to monitor the change in revenues with regard to assets under management.

Definitions

The operating indicators listed below are not reflected in Tikehau Capital’s consolidated financial statements and are defined as follows:

- Fee-paying assets under management – Fee-paying assets under management by business line correspond to:
 - (a) For liquid strategies: (i) the net assets value of the funds, and (ii) for investment management mandates, the net assets value of the funds minus available cash and investments in certain funds managed by the Group’s investment management companies;
 - (b) For private debt: (i) during the periods of fundraising and investment, to net assets of the funds and to the commitments called, or the total commitments according to fund subscription terms, and (ii) once the investment period has ended, to the net assets value of the funds;
 - (c) For real estate: asset acquisition costs;

- (d) For private equity activities on behalf of client-investors of the Group's investment management companies: (i) during the periods of fundraising and investment, to fund net assets and to the commitments called or the total commitments according to fund subscription terms, and (ii) once the investment period has ended, to the net assets value of the funds.
- Future fee-paying assets under management – Future fee-paying assets under management, depending of each business line, correspond to (i) either investor commitments which have not yet been called, (ii) or commitments or unit classes which do not yet generate management fees but will do so under certain conditions (e.g. after a given proportion of the commitments have been called or after a given unit holding period).
- Non-fee paying assets under management – Non-fee paying assets under management correspond to the proportion of assets under management, which inherently do not generate management fees and are not intended to do so. Non-fee paying assets under management by business line correspond to:
 - (a) For liquid strategies: investments and available cash in certain funds managed by the Group's asset management companies;
 - (b) For private debt: unit classes, whether called or not, which inherently do not generate management fees and are not intended to do so;
 - (c) For real estate: the spread between (i) the latest real estate fund assets fair valuation available and (ii) the cost of acquisition of these assets;
 - (d) For private equity activities on behalf of client-investors of the Group's investment management companies: unit classes whether called or not, which inherently do not generate management fees and are not intended to do so.
- The average fee-paying assets under management corresponds to the average total fee-paying assets under management during the period between 31 December of the previous year and 31 December of the current year.
- The weighted average fee rate corresponds to the average fee rate weighted for each of the four Group's business lines applied to fee-paying assets under management, i.e. for each of the four business lines, the ratio between:
 - (a) total fees generated by business line, based on Group consolidated financial statements; and
 - (b) average fee-paying assets under management.

Under the definitions of the five operating indicators mentioned above, the term "management fees" encompasses the following items:

- management fees (and assimilated fees);
- other fees including waiver fees, agency commissions, assimilated commissions; and arrangement fees.