

Tikehau Capital set to accelerate its profitable growth journey and double its AuM by 2026

Tikehau Capital is hosting today its second Capital Markets Day, in London, during which its founders and executive team will outline the Group's next growth chapter. Powered by its strong balance sheet and unique corporate culture, the Group will materially accelerate its expansion and profit generation with the ambition to:

- Reach more than **€65bn of AuM** for its asset management business by 2026, thus **doubling** the size of its AuM.
- Generate more than **€250m of fee-related earnings** by 2026, a 2.6x progression vs 2021.
- Drive its **return on equity to mid-teens** level by 2026.

In addition to this strong outlook, Tikehau Capital announces the following milestones recorded during the first months of 2022:

- The launch of an innovative impact fund focused on **green assets** within its private equity business;
- The completion of a landmark \$500m transaction in the **credit secondaries** space;
- The opening of an **office in Israel**, the firm's 13th office worldwide;
- The gain of two large mandates with (i) a €100m **impact lending** mandate in the Netherlands and (ii) Tikehau Capital's first ever corporate co-investment mandate in **real estate** for €250m.

Finally, on 21 March 2022, Tikehau Capital has been assigned an **investment grade credit rating by Standard & Poor's at BBB- with stable outlook**, a further act of acknowledgement of the strength of both its business model and financial structure. In January 2022, Fitch Ratings had re-affirmed Tikehau Capital's credit rating at BBB-, outlook stable.

A virtuous compounding model, fuelling a strong outlook for 2026

Scalability



>€65bn

Asset Management AuM

x2

vs. 2021 AM AuM

Operating leverage



>€250m

Fee-related earnings (FRE)

x2.6

vs. 2021 FRE

Value creation



Mid-teens

Return on Equity
by 2026

vs. 10%

In 2021



**Antoine Flamarion and Mathieu Chabran,
co-founders of Tikehau Capital, said:**

"Since its IPO in 2017, Tikehau Capital has delivered significant growth, more than tripling its assets under management and consistently outperforming its targets. This amazing journey is first and foremost a credit to our talented and dedicated teams. Today we embark on a new chapter of accelerated growth and profitability, setting ambitious new targets for 2026. We aim to double the size of our AuM, scaling up our platform and pursuing the expansion of our geographical footprint, while maintaining our performance and generating value for our investors and shareholders. Tikehau Capital builds its future success on its unique entrepreneurial culture and strong balance sheet, which serves as a powerful growth compounder. Thanks to our diverse talent base, constant ability to innovate and strong commitment to sustainability, Tikehau Capital will continue to stand out as a strong value-creation generator for all its stakeholders."

**"We aim to double the size of our AuM, scaling up
our platform and pursuing the expansion of our
geographical footprint"**

The Group's Capital Markets Day will start at 13:00 pm GMT (14:00 pm CET) and will be broadcasted live. To watch the presentation, please connect to our website: <https://www.tikehaucapital.com/en/finance/capital-markets-day>. A replay will be available after the live presentation.



A second to none European track record of profitable growth

- Tikehau Capital has built a **solid track record of profitable growth** since IPO. The firm's differentiating business model, powered by its strong growth-compounding balance sheet, has powered an outstanding 31% AuM CAGR since 2016, coupled with a 104% FRE¹ CAGR over the same period.
- In addition, the firm has demonstrated **consistent over-achievement of targets** set since IPO, delivering 2 years ahead the 2020 AuM target communicated in March 2017 and achieving in 2021 over 95% of each of its 2022 guidance, which had been communicated in 2019.
- The Group's outstanding growth since IPO has been supported by its **entrepreneurial culture**, placing alignment of interests, innovation and performance at its core. The firm has also built a unique and differentiating platform with:
 - A **robust balance sheet**, allowing Tikehau Capital to fuel its asset management business growth, maintaining a high level of alignment of interests with its shareholders and investor-clients as well as carrying out accretive acquisitions, and
 - **Top talent across the firm**, with complementary expertise and backgrounds, a key asset to source investment opportunities and drive investment performance.
- Those **two strategic enablers** will continue to be at the heart of the Group's growth trajectory by 2026.



Powerful secular trends underpinning the alternative industry growth

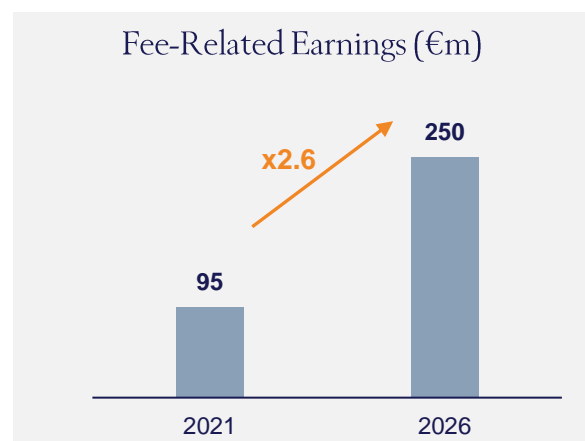
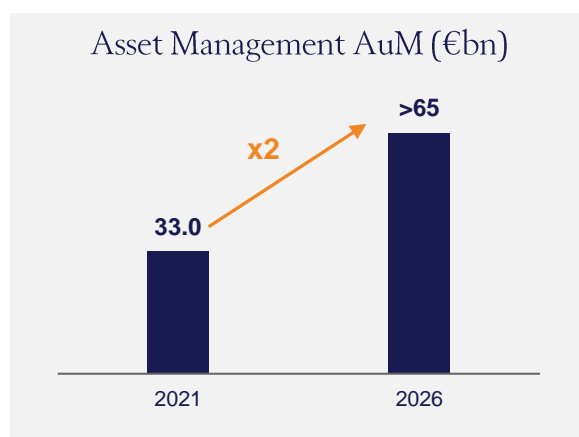
- Tikehau Capital is positioned on a fast-growing market benefiting from **strong structural tailwinds**. The alternative asset management space has indeed grown by a 11% CAGR over 2015-2020² and is expected to keep growing at a fast pace by 2025. Investors in search for **diversification** and **high risk-adjusted returns** are set to keep allocating to the private markets.
- While the alternative assets will represent 16% of global AuM by 2025, they will account for the largest pool of revenues (46%). The Group is therefore positioned on the **most profitable segment** of the asset management market.
- In addition to these strong secular trends, Tikehau Capital will leverage **its differentiating investment approach** to seize attractive growth opportunities, especially in a world currently in transition. The investment areas on which the Group has built a growing exposure over the recent years, such as energy transition, digitalization, cybersecurity or real estate asset reconversion have proven to be resilient through cycles. The Group is convinced that these investment focus will keep driving long-term value creation.

¹ Fee-Related earnings

² Source: BCG Global Asset Management 2021.

An increasingly profitable growth momentum in asset management

- Tikehau Capital is on track to accelerate its asset management business growth based on two main pillars:
 - **Keep growing and scaling its “Yield” strategies**, which offer predictable, inflation-hedged regular returns as well as high operating leverage and strong potential for adjacencies. Those strategies include the firm’s private debt, European Core / Core+ Real Estate and fixed income strategies.
 - **Accelerate the transition of its “Value-Add” strategies to the next level.** Tikehau Capital’s Value-Add strategies, which are less mature, generate higher returns derived from asset transformation, higher management fees and offer strong potential for scalability ahead. Those strategies include the firm’s private equity, value-add real estate and infrastructure as well as equity and flexible strategies.
- **Scalability** will be a powerful growth driver for all Tikehau Capital strategies. The different phases of maturity for the firm’s strategies offer multiple scalability drivers across the platform, be it by launching large successor vintages poised to scale thanks to strong performance, by maintaining a regular flow of funds in market to capture client demand, by expanding LP base globally in existing and new geographies or by leveraging existing core expertise to launch adjacent initiatives, among others.
- Tikehau Capital’s financial model within its asset management business is increasingly profitable. On the one hand, platform scalability will drive **strong operating leverage** going forward for both Yield and Value-Add strategies and, on the other hand, performance fees are poised to represent a growing part of the Group’s profits as its funds approach their respective maturities.
- Building on strong scalability and operating leverage prospects, Tikehau Capital targets to:
 - **Reach over €65bn of Asset Management AuM by 2026³**, i.e 2 times the level of AM AuM at 31 December 2021. While the Group has grown its AM AuM by +€24bn over the past 5 years, this new guidance implies a +€32bn growth of that metric over the next 5 years
 - **Generate over €250m of Fee-related earnings (FRE) by 2026³**, representing a +21% CAGR over 2022-2026, and a **FRE margin in the mid-forties area**, compared to 36% of FRE margin at 31 December 2021



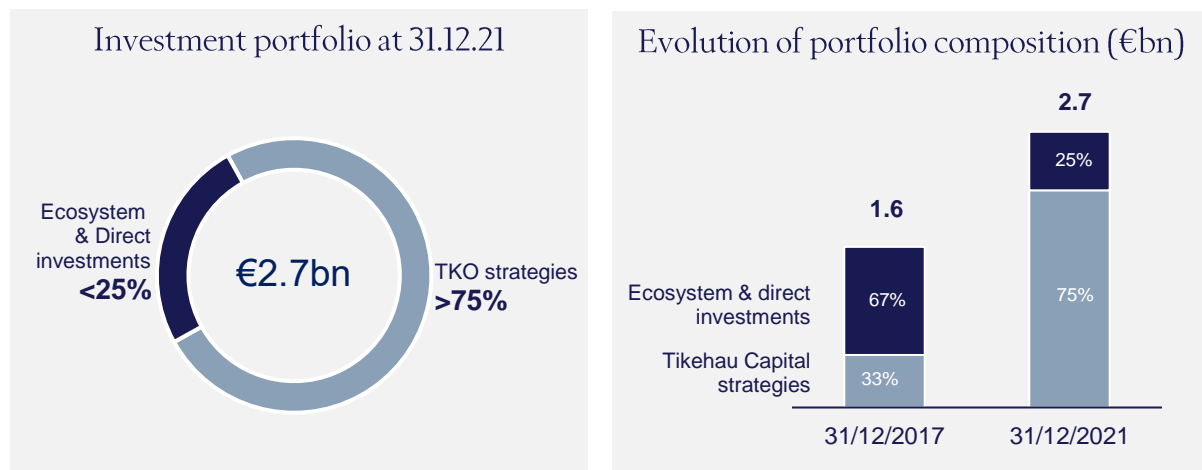
³ Excluding potential acquisitions.

A synergetic, profitable and disciplined portfolio allocation

- At 31 December 2021, Tikehau Capital's investment portfolio reached €2.7bn, of which 75% invested in its own strategies. The Group has therefore achieved, one year ahead, the **upper-range of its 2022 target**. This compares to 33% of investment portfolio exposed to own strategies at 31 December 2017.
- Going forward, Tikehau Capital will keep leveraging on its strong **balance sheet** to continue to:
 - **Invest in priority in its own strategies**, generating significant skin in the game and therefore compounding third-party fundraising. It will also allow the firm to provide sponsor capital to new or existing strategies, helping to accelerate time to market.

Between 2017 and 2021, Tikehau Capital has committed approximately €0.5bn per year in its own asset management strategies, which are now on the way to scale up and increasingly contribute to Group's profits. **Tikehau Capital expects to keep committing on average an equivalent amount within its own strategies annually from 2022 to 2026**. Such commitments shall be called and cashed out over a longer time horizon, in line with funds deployment pace.

- **Carry out ecosystem investments**, aiming at serving Tikehau Capital's asset management franchise by complementing the firm's expertise and geography, generating ancillary business as well as developing long-term strategic partnerships.
- The returns, capital gains and capital recycling from by the Group's portfolio investments represent **sizeable financial means** to fund future organic and inorganic growth opportunities.



A financial model on the way to deliver its full potential

Since its IPO in 2017, Tikehau Capital delivered **compelling profitable growth while consistently overachieving its targets from top to bottom line**. As such, between 2017 and 2021, the Group has been doubling its fee-related earnings on average every year, demonstrating the relevance of its profitable growth model in the alternative asset management space.

Going forward, **Tikehau Capital's financial model is on track to deliver its full capacity**, since investments in the Group's platform and funds are yet to crystallize all their potential, on top of the firm's strong future growth prospects.

- The strong AuM growth journey on which Tikehau Capital is embarking, coupled with a growing operating leverage resulting from the platform's scalability, is expected to allow the Group to **multiply its FRE** by more than 2.6 times over the next 5 years, with the target to reach more than €250m by 2026.
- Furthermore, since Tikehau Capital has expanded rapidly in strategies eligible to performance fees, and given that such strategies are delivering compelling returns, the contribution of **performance-related revenues** to the Group's earnings is expected to rise materially in the medium-term.
- Finally, Tikehau Capital's **balance sheet is a critical asset** in the Group's model. This perpetual capital base, which is invested with discipline in priority within the Group's asset management strategies, is on track to generate growing and increasingly predictable returns.

Thanks to these powerful profit engines, Tikehau Capital is targeting to generate a return on equity at mid-teens level by 2026 (vs 10% in 2021).

Tikehau Capital is committed to strong shareholder value creation, as evidenced also by its guidance to **distribute more than 80% of its asset management EBIT⁴** to shareholders as ordinary dividend.

At 31 December 2021, Tikehau Capital relied on **€3.0bn of shareholders' equity and €1.1bn of consolidated cash position**, as well as an undrawn revolving credit facility of €725m. Furthermore, **the Group's investment portfolio amounted to €2.7bn** at 31 December 2021, of which 75% was invested in the Group's asset management strategies. The Group therefore has **significant financial resources** to fund its growth trajectory over the medium term in order (i) to remain at forefront in innovation through regular funds launches (ii) to continue to support its scaling asset management strategies and (iii) seize inorganic growth opportunities.

Tikehau Capital has been assigned an **investment grade credit rating** (BBB-, stable outlook) by Fitch Ratings in 2019 (confirmed in January 2022), and by Standard & Poor's in March 2022, thus acknowledging the strength of both Tikehau Capital's business model and financial structure.

Sustainability at the service of resilience and value creation

- The uncertain geopolitical context that characterizes the beginning of 2022 is set to undoubtedly accelerate some of the **megatrends** on which the Group has built a growing exposure over the recent years, in particular energy transition, cybersecurity and the broad range of impact-dedicated strategies which aim at providing sustainable growth and resilience.

⁴ Defined as Fee-Related earnings + Performance-Related Earnings

- Acting as a pioneer, Tikehau Capital initiated **thematic and impact investing** as early as 2018 as part of the creation of a European Energy Transition fund in private equity. Since then, the firm has been driven by a strong dedication to accelerate in that field and has developed an innovative platform dedicated to impact around four key themes: (i) climate and biodiversity, (ii) innovation, (iii) economic development and social inclusion, and (iv) health.
- The Group's responsible investment policy covers the full spectrum of responsible investing through four pillars ranging from exclusions to the development of products dedicated to sustainable themes. At end-December 2021, **c.70% of AuM and over 80% of Private Equity AuM were classified SFDR Article 8 & 9 funds**⁵. Tikehau Capital intends to keep launching impact-dedicated strategies going forward, as evidenced in 2022 for example by the launch of a decarbonization private equity fund in North America or a green assets private equity strategy.

Key achievements in 2022 to date

Over the first months of 2022, Tikehau Capital has been very active in delivering further progress across its strategies and launching new promising initiatives. In particular, the Group announces the following achievements:

- **Tikehau Capital launches a new impact fund within the Group's private equity business**

Focused on green assets, this fund is an impact fund as defined by Article 9 of the SFDR and follows the firm's ambition to accelerate in its contribution to address the climate urgency. This fund supports companies promoting decarbonising solutions or companies engaged in ambitious decarbonisation plans. This fund buys, finances, builds, owns and operates small decentralised assets that enable to reduce the carbon footprint of their end-users.

As such, the fund contributes to the acceleration of adoption of green assets in the real economy in order to meet the 2030 objectives of the European Union and will participate to accelerate the adoption of the European Fit For 55 & REPowerEU packages aiming respectively at reducing by 55% the CO₂ by 2030 and ensuring energy security in Europe. The fund focuses on energy efficiency of building and industrial sites, low carbon mobility, sustainable agriculture, circular economy and clean energy generation. Total commitments of the first closing of the fund reached more than €100m.

- **Tikehau Capital completes a landmark \$500m transaction in the credit secondaries space**

Tikehau Capital announces the acquisition of approximately \$500 million of Limited Partnership interest from a leading Asian financial institution via its Private Debt Secondaries business, in a direct lending fund managed by a leading US alternative asset manager.

The transaction, which has been sourced and negotiated bilaterally, is an LP-led secondary transaction involving a single private debt fund focusing on the upper mid-market. To date, this transaction represents one of the largest private debt secondaries deals in the market.

The underlying portfolio is comprised of 30+ performing, high-quality borrowers, diversified across geographies and sectors, and backed by blue-chip equity sponsors. This represents the 8th private debt secondaries investment completed by Tikehau Capital's private debt secondaries team.

⁵ Excluding Real Assets AuM - European Sustainable Finance Disclosure Regulation (SFDR) is a set of EU rules which aim to make the sustainability profile of funds more comparable and better understood by end-investors

- **Tikehau Capital opens an office in Israel, the firm’s 13th office worldwide**

The Israeli market has significant untapped growth potential for Tikehau Capital. Its dynamic and high-growth OECD economy has accelerated its position as a global innovation hub with sophisticated institutional and business communities.

As an early mover among global alternative asset managers, Tikehau Capital wants to build a strong local presence in Israel in order to capture the growing demand for alternative assets from local investors, driven by structural market shifts. With this new permanent presence, the Group has the ambition to accelerate its expansion in the region, drawing on its expertise, resources, and global network across its various asset classes (private debt, real assets, private equity, and capital markets strategies), and direct investment activities

- **Tikehau Capital wins a €100m impact lending mandate in The Netherlands**

Tikehau Capital has been entrusted by Pensioenfond Detailhandel, the pension fund for the retail sector in The Netherlands, to manage a €100m impact private debt mandate, through its Impact Lending strategy.

The investment mandate issued follows Pensioenfond Detailhandel’s decision to allocate c.1% of their total assets to three managers active in the impact investing space. Tikehau Capital was selected for its pan-European capabilities combined with its highly regarded impact investing platform and expertise.

Launched in December 2020, Tikehau Capital’s Impact Lending strategy seeks to contribute to a sustainable European economy while providing investors with competitive returns. It primarily invests in SMEs which contribute to the sustainable economic transition through their product offering, resource management, or processes.

- **Tikehau Capital wins its first ever corporate co-investment mandate in real estate for €250m**

In March 2022, Tikehau Capital was awarded a €250m real-estate evergreen investment mandate by a leading global industrial company for its German pension fund. Tikehau Capital has leveraged its broad Real Estate platform, by proposing a fully dedicated fund that would combine direct investments in Core / Core + assets as well as indirect investments in Value-Add assets through the Group’s real estate value-add strategy. This is a key milestone for Tikehau Capital’s German footprint, following the opening of the Group’s Frankfurt office in 2021.



CALENDAR

21 April 2022

Q1 2022 announcement (after market close)

28 July 2022

2022 first half results (after market close)

 ABOUT TIKEHAU CAPITAL

Tikehau Capital is a global alternative asset management group with €34.3 billion of assets under management (at 31 December 2021).

Tikehau Capital has developed a wide range of expertise across four asset classes (private debt, real assets, private equity and capital markets strategies) as well as multi-asset and special opportunities strategies.

Tikehau Capital is a founder-led team with a differentiated business model, a strong balance sheet, proprietary global deal flow and a track record of backing high quality companies and executives.

Deeply rooted in the real economy, Tikehau Capital provides bespoke and innovative alternative financing solutions to companies it invests in and seeks to create long-term value for its investors, while generating positive impacts on society. Leveraging its strong equity base (€3.0 billion of shareholders' equity at 31 December 2021), the firm invests its own capital alongside its investor-clients within each of its strategies.

Controlled by its managers alongside leading institutional partners, Tikehau Capital is guided by a strong entrepreneurial spirit and DNA, shared by its 683 employees (at 31 December 2021) across its 13 offices in Europe, Asia and North America.

Tikehau Capital is listed in compartment A of the regulated Euronext Paris market (ISIN code: FR0013230612; Ticker: TKO.FP). For more information, please visit: www.tikehaucapital.com

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