

Tikehau Capital Q1 2023 announcement

Continued growth supported by solid fundamentals

During the first quarter of 2023, in an environment marked by persistent macro-economic and geopolitical uncertainties, Tikehau Capital continued to deliver solid growth, building on its differentiating approach.

As such, the Group saw robust momentum across the three pillars of its Asset Management business: capital deployment was dynamic while remaining highly disciplined, fund performance was robust reflecting portfolio assets' quality as well as value-creating exits and client demand showed resilience.

The diversity and complementarity of Tikehau Capital's strategies were key strengths allowing the Group to capture client demand across institutional and private investors.

In this context, Tikehau Capital reached €38.9bn in Asset Management AuM, up 14% over the last twelve months and representing a compounded annual growth of 27% since 2016.

KEY FIGURES OF THE QUARTER¹

Strong growth in Asset Management AuM

€38.9bn

at 31 March 2023

+14%

YoY growth

Dynamic yet highly selective deployment

€1.3bn

in Q1 2023

Robust realizations momentum

€0.4bn

in Q1 2023

Solid level of AM net new money

€1.2bn

in Q1 2023

¹ Figures have been rounded for presentation purposes, which in some cases may result in rounding differences.



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

“Tikehau Capital has delivered solid growth in the first quarter of the year amid persistent economic and geopolitical uncertainty. This success is testament to our differentiated, innovative and selective approach as well as our teams’ restless commitment.

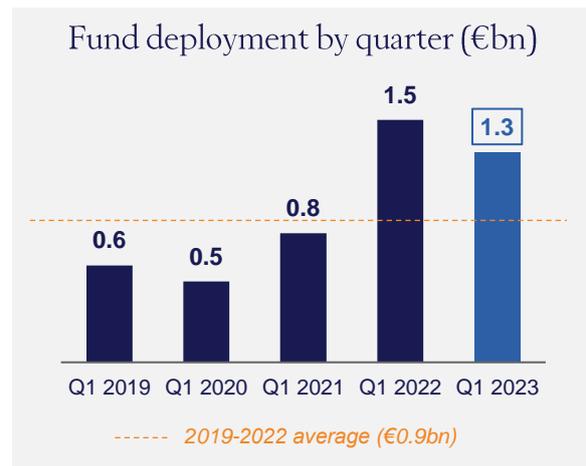
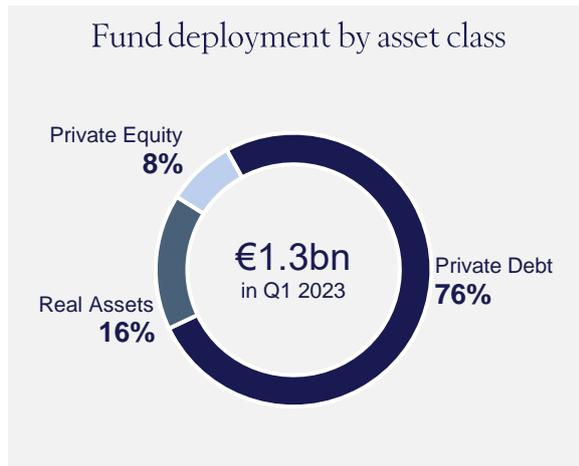
As liquidity and funding sources become increasingly restrictive, alternative asset management players like Tikehau Capital are, more than ever, well positioned to offer debt or equity financing solutions. The robust performance of our funds, our diverse strategies and the dynamic yet selective deployment of our capital reflect our resilient approach. These strengths, coupled with our strong balance sheet, will allow us to further capitalize on value-driven opportunities.

Looking ahead, we believe Tikehau Capital is well-positioned to capture client demand across institutional and private investors. We will remain committed to our investment approach and focus on high-quality assets benefitting from secular megatrends.”

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ASSET MANAGEMENT BUSINESS

- **Investment momentum** was dynamic in the first quarter of 2023. Closed-end funds managed by Tikehau Capital deployed a total of €1.3bn, driven by the firm’s solid multi-local platform and deal sourcing capabilities while discipline remained a core focus of investment teams.



- In **Private Debt**, capital deployment reached €1.0bn (76% of total), driven by Direct Lending strategies and the CLO platform in Europe and in the US.
 - In **Direct Lending**, Tikehau Capital continued to benefit from its market positioning and track record in an environment where debt remained scarce. The firm provided £115m in debt facilities to support Sun European Partners’ acquisition of **K3 Capital Group**, a UK-based professional services group of 14 agencies providing transaction, restructuring and tax advisory services to clients across the UK. In Italy, Tikehau Capital supported Ardian Expansion in the acquisition of **Assist Digital**, specialized in providing digital CRM services and IT consulting advisory solutions to international clients. Tikehau Capital provided total debt facilities of c.€110m through a follow-on financing. In addition, Tikehau Capital provided c.€60m in debt facilities to support Waterland in the acquisition of **Elk**, a Dutch real estate maintenance and renovation service provider, which operates at the forefront of the energy transition megatrend, driving the conversion of real assets towards carbon neutrality. This transaction highlights the firm’s commitment to contribute to a sustainable European economy as well as the strong relationship with Waterland, representing the 4th deal completed with the European private equity sponsor.
 - In addition, the firm maintained solid momentum for its **CLO business** with the pricing of its European CLO IX, which reached €400m in size as well as the launch of the warehouse of its US CLO IV for \$150m.

- Capital deployment across Tikehau Capital's **Real Assets** strategies amounted to €0.2bn (16% of total).
 - In January 2023, Tikehau Capital's second vintage of value-add real estate strategy completed the acquisition of a **prime hotel located in central Paris** for c.€120m. The strategy is to renovate, reposition and upgrade the hotel via a comprehensive capex program to reach an administrative entry level 5-star lifestyle hotel with enhanced food & beverage offerings while creating additional rooms.
 - The real estate funds managed by **Sofidy** continued to selectively deploy in granular assets and accounted for around a third of Real Assets deployment for the first quarter of 2023.

- In **Private Equity**, capital deployment reached €0.1bn (8% of total), driven by the cybersecurity, aerospace and special opportunities strategies. Q1 2023 was marked by the first investment of Tikehau Capital's 3rd vintage of special opportunities strategy, which structured a €35m mezzanine financing to support Stirling Square in the acquisition of **Tapi**, an Italian-based player focused on the specialty packaging space. In the current fast-changing environment, the firm's special opportunities strategies can leverage their flexible investment mandate and solid velocity of their deal-flow to pivot towards more private market transactions to capture value, after a 2022 year oriented towards public market transactions.

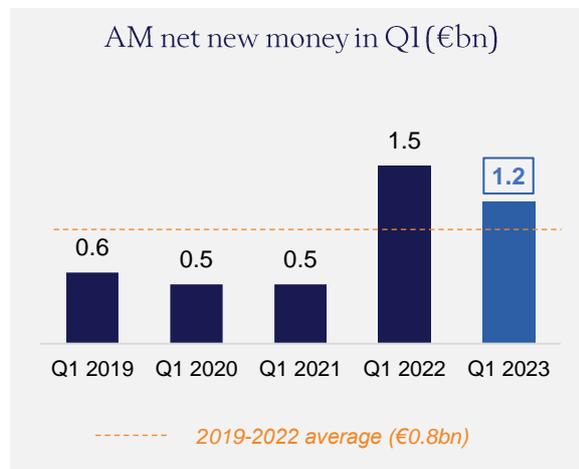
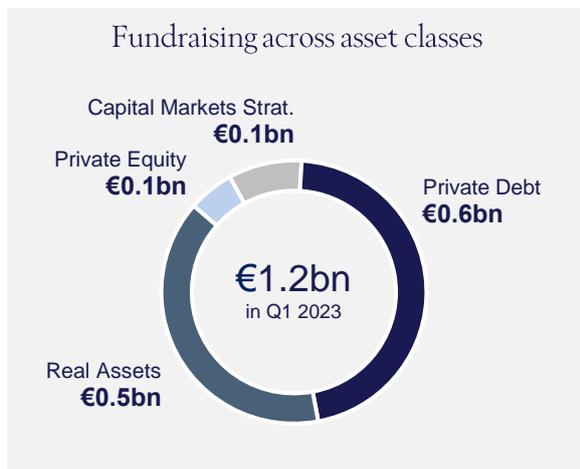
- At 31 March 2023, Tikehau Capital had **dry powder of €5.8bn** (compared to €6.1bn at 31 December 2022), allowing the funds managed by the Group to capture attractive investment opportunities.

● **Realizations** within Tikehau Capital funds amounted to €0.4bn in Q1 2023.



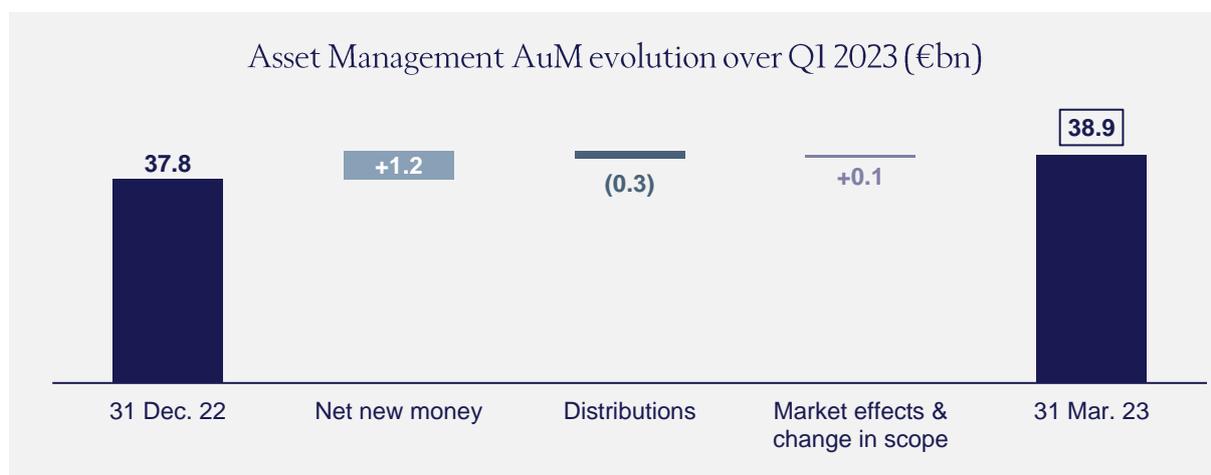
- Exits were driven by Private Debt (57% of total realized) followed by Private Equity (25%) and Real Assets (18%).

- In Private Debt, c.80% of total realizations were carried out by the firm's **Direct Lending strategies**, including:
 - the repayment of a unitranche facility arranged for **Freeland**, the French leading service platform providing HR support to freelancers and their clients,
 - the repayment of a unitranche financing for **The Independents**, a global marketing and communication group dedicated to industry leaders across luxury and lifestyle industries,
 - the repayment of its sponsor-less investment in **Profand**, one of the leading providers of fresh and frozen seafood in Spain.
 - Realizations in **Real Assets** were mainly driven by ongoing asset disposals from the firm's real estate vehicles (including Sofidy's funds) as well as the firm's US infrastructure funds.
 - In Private Equity, Q1 2023 was mainly marked by the **successful IPO of EuroGroup Laminations**, the Milan-based leader in the design and production of the motor core for electric motors and generators. The IPO follows the execution of a successful growth strategy since Tikehau Capital's acquisition of a 30% stake in the company in September 2020. The investment was made mainly through its European energy transition private equity fund.
- **Client demand** was robust in Q1 2023 with net new money reaching **€1.2bn**, validating the firm's positioning, investment performance and the relevance of its multi-local footprint.



- **Private Debt** strategies were the main contributors to Q1 fundraising with €0.6bn raised, followed by **Real Assets** and **Private Equity** strategies which attracted respectively €0.5bn and €0.1bn of net new money in the quarter.
- In Q1 2023, in an environment marked by continued macroeconomic volatility, the Group successfully launched the warehouse of its **US CLO IV** for \$150m and priced its **CLO IX** in Europe, reaching €400m in size. The firm's ninth European CLO welcomed a wide range of investors from new geographies, evidencing Tikehau Capital's global footprint and franchise.

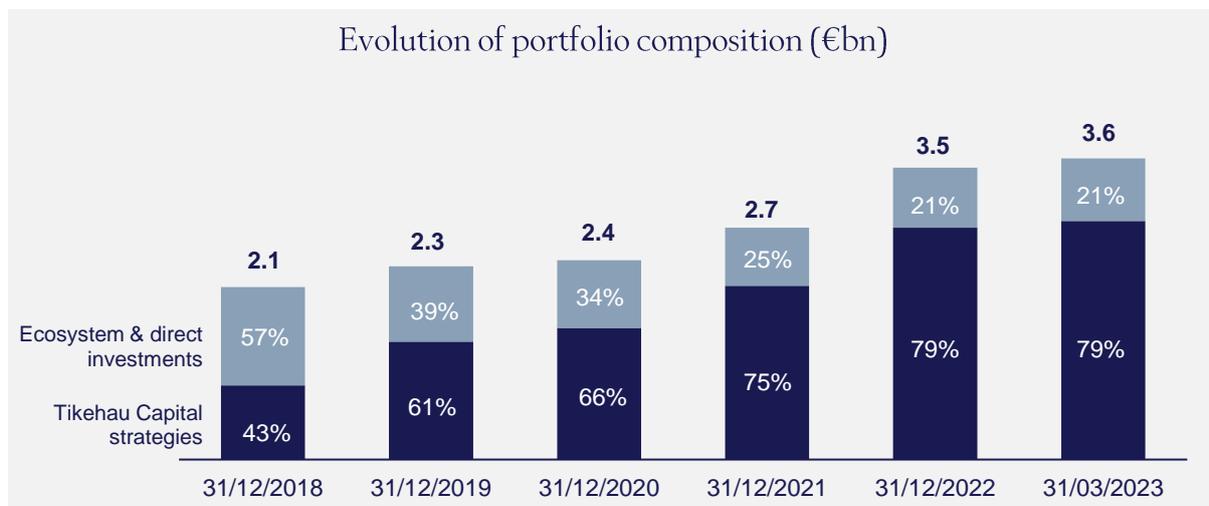
- In **Real Assets**, the real estate funds managed by Sofidy continued to benefit from robust momentum, attracting €0.3bn of net new money in the quarter. Client demand in Q1 was also driven by the firm’s second vintage of **European value-add real estate strategy**, which was launched in 2022.
 - In **Private Equity**, net new money was driven by the firm’s **3rd vintage of special opportunities fund**, which was launched in Q3 2022. This fund is particularly well-positioned to seize investment opportunities triggered by global uncertainties, the dislocated macroeconomic environment as well as inflation and the increase of interest rates. Tikehau Capital benefits from a healthy fundraising pipeline for strategies focused on selected verticals including continued fundraising for the firm’s regenerative agriculture and cybersecurity strategies as well as the launch, in the coming quarters, of the successor flagship strategy focused on decarbonization.
 - In the first quarter, **Capital Markets Strategies** recorded net inflows of €0.1bn, mainly driven by solid demand for the firm’s fixed income and dated funds. These funds respectively provide investors with a defensive approach as well as a substantial level of visibility and returns, and benefit from solid performance.
 - In addition, Tikehau Capital further strengthened its position as a leading player in the **democratization of private markets** with the launch, in partnership with Societe Generale Assurance, of a new private debt unit-linked product providing individual investors with the opportunity to finance unlisted French and European companies, while supporting the reduction of their greenhouse gas and carbon emissions. Across asset classes, the firm raised a total of **€0.5bn from private investors** over the quarter, representing **41%** of third-party net new money during the period.
- **AuM for Tikehau Capital’s asset management business** amounted to **€38.9bn** at 31 March 2023, up 3% compared to 31 December 2022 and up 14% compared to a year ago.
 - **Group AuM** at 31 March 2023 reached **€39.7bn**, up 2% compared to 31 December 2022 and up 12% compared to a year ago.



INVESTMENT PORTFOLIO

- Tikehau Capital's **investment portfolio** amounted to **€3.6bn** at **31 March 2023**, compared to €3.5bn at 31 December 2022. This variation resulted from:
 - **+€0.3bn of investments** carried out over the quarter, mainly into the Group's own asset management strategies, in line with the firm's capital allocation strategy which aims at aligning interests with investor-clients.
 - **-€0.1bn of exits**, mainly relating to divestments and capital repayments.

- Tikehau Capital's **investment portfolio** at **31 March 2023** broke down as follows:
 - **€2.9bn** of investments in the Asset Management strategies developed and managed by the firm (79% of total portfolio²), generating a substantial alignment of interests with its investor-clients.
 - **€0.8bn** (21% of total portfolio) invested in ecosystem and direct investments, notably direct private equity investments, co-investments or investments in third-party funds, most of which aim at serving Tikehau Capital's asset management franchise globally.



- Tikehau Capital will continue to use its balance sheet, a differentiating factor and enabler of growth, to strengthen its platform by launching new families of products and vehicles, and also maintain solid alignment of interests with its shareholders and investor-clients.

² Includes investments in funds managed by Tikehau Capital, co-investments alongside Tikehau Capital asset management strategies and SPAC sponsoring.

SHARE BUY-BACK

- Tikehau Capital announces it has extended until 27 July 2023 (included), date of the Group’s half-year results, the share buy-back mandate, which was signed and announced on 19 March 2020 and extended until 20 April 2023 (included). The size of this mandate is increased from €120m to €140m.
- As of 19 April 2023, 4,726,433 shares were repurchased under the share buy-back mandate. The description of the share buy-back program (published in paragraph 8.3.4 of the Tikehau Capital Universal Registration Document filed with the French Financial Markets Authority on 21 March 2023 under number D. 23-0120) is available on the company’s website in the Regulated Information section (<https://www.tikehaucapital.com/en/finance/regulatory-information>).

OUTLOOK

- Tikehau Capital has built, over the years, a **resilient and prudent set-up** allowing the Group to navigate through economic cycles and capitalise on opportunities arising from periods of dislocation. Nonetheless, uncertainties generated by the current macro-economic and geopolitical environment can generate delays in fundraising decisions from institutional investor-clients.
- Looking ahead, Tikehau Capital will continue to **keep selectivity at the heart of its investment approach** and focus on mid-market, high-quality assets positioned on secular megatrends.
- The Group will leverage its **complementary and diversified asset classes** to:
 - Keep building on the attractive risk-reward profile of its **“Yield” strategies**, in particular in private debt (direct lending and secondaries) and real estate.
 - Keep growing its **“Value-Add” strategies** in private equity (decarbonization, regenerative agriculture, cybersecurity), special opportunities and real estate.
- Tikehau Capital confirms its mid-term ambitions revealed during its 2022 Capital Markets Day, to reach, by 2026, **more than €65bn of AuM** for its asset management business, **more than €250m of Fee-Related Earnings**, and drive its **return on equity to mid-teens level**.

CALENDAR

16 May 2023	Annual General Meeting of Shareholders
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27 July 2023	2023 first half results (after market close)
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19 October 2023	Q3 2023 announcement (after market close)
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 ABOUT TIKEHAU CAPITAL

Tikehau Capital is a global alternative asset management group with €39.7 billion of assets under management (at 31 March 2023).

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 (€3.1 billion of shareholders' equity at 31 December 2022), 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 742 employees (at 31 December 2022) across its 14 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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Certain statements and forecasted data are based on current forecasts, prevailing market and economic conditions, estimates, projections and opinions of Tikehau Capital and/or its affiliates. Due to various risks and uncertainties, actual results may differ materially from those reflected or expected in such forward-looking statements or in any of the case studies or forecasts. All references to Tikehau Capital's advisory activities in the US or with respect to US persons relate to Tikehau Capital North America.



APPENDIX

Assets under Management

In €m	AuM at 31-Mar-2023		YoY change		QoQ change	
	Amount (€m)	Weight (%)	In %	In €m	In %	In €m
Private Debt	15,263	38%	+24%	+2,912	+3%	+470
Real Assets	14,042	35%	+12%	+1,449	+2%	+303
Capital Markets Strategies	4,286	11%	(12%)	(592)	+3%	+140
Private Equity	5,278	13%	+23%	+997	+2%	+116
Asset Management	38,869	98%	+14%	+4,765	+3%	+1,029
Investment activity	860	2%	(36%)	(487)	(10%)	(94)
Total AuM	39,730	100%	+12%	+4,278	+2%	+935

YTD evolution In €m	AuM at 31-12-2022	Net new money	Distri- butions	Market effects	Change in scope	AuM at 31-03-2023
Private Debt	14,793	+544	(113)	+39	-	15,263
Real Assets	13,739	+481	(92)	(86)	-	14,042
Capital Markets Strategies	4,146	+110	(5)	+34	-	4,286
Private Equity	5,162	+68	(68)	+116	-	5,278
Total Asset Management	37,841	+1,203	(278)	+104	-	38,869

LTM evolution In €m	AuM at 31-03-2022	Net new money	Distri- butions	Market effects	Change in scope	AuM at 31-03-2023
Private Debt	12,351	+3,429	(636)	+156	(37)	15,263
Real Assets	12,593	+2,108	(407)	(252)	-	14,042
Capital Markets Strategies	4,879	(427)	(7)	(158)	-	4,286
Private Equity	4,281	+1,014	(311)	+294	-	5,278
Total Asset Management	34,104	+6,124	(1,362)	+40	(37)	38,869