

Tikehau Capital delivers on all fronts over H1 2021, achieving robust and increasingly profitable growth

Tikehau Capital's value-creation strategy in the alternative asset management space, combined with an increasingly profitable business model and a robust balance sheet, has powered the firm to deliver strong growth during the first half of 2021.

- **Double-digit growth from top to bottom line**
 - **Record high fundraising** over the last twelve months with **€5.5bn¹** in net new money since 30 June 2020 for the asset management business, of which **€2.4bn** was raised during H1 2021
 - **20% growth** for Group assets under management (AuM) over the last 12 months, reaching **€30.9bn** at end-June 2021, driven by a **23% increase** in AuM for the asset management business at **€29.4bn**
 - Rapid expansion of Tikehau Capital's range of **impact-investing products** across the Group's asset classes
 - Management fees² up **+39% yoy to €121.1m** with average fee rate increasing to **1.04%** at end-June 2021 (vs. 0.94% at end-June 2020)
 - Fee-related earnings³ (FRE) up **+62% yoy to €44.5m** at end-June 2021, bringing **FRE margin to 36.7%**, up 5.2 points compared to H1 2020
 - **Material increase in net result, Group share**, reaching **€176.1m** at end-June 2021⁴
- **Accelerated fund deployment and recognized expertise in financing the real economy**
 - **€1.9bn invested by the firm's closed-end funds** over the first half (vs. €0.8bn in H1 2020), while maintaining a high level of selectivity in investments
 - **Tikehau Capital recognized as a key partner by European governments** to support corporates and help finance the post-Covid economic recovery
- **Second-to-none alignment of interests**
 - Successful completion of the firm's **reorganisation**, strongly supported by shareholders, with close to 100% approval rate
 - **€221m of new capital committed** during H1 2021 by Tikehau Capital in its own strategies, thanks to the Group's strong balance sheet
- **Favorable outlook**
 - Target to reach at least **€33bn in Group AuM at 31 December 2021**
 - **Confirmation** of 2022 organic targets to reach more than €35bn for Group's assets under management and generate more than €100m of fee-related earnings (FRE).

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

² Corresponding to management fees, subscription fees and arrangement fees.

³ Fee-Related Earnings (FRE) correspond to net operating profit from asset management less performance fees and carried interest.

⁴ Pro forma financial information taking into account the Group reorganization effective as of 15 July 2021 and retroactive to 1 January 2021.

The Tikehau Capital Supervisory Board met on 14 September 2021 to review the consolidated financial statements⁵ at 30 June 2021.

1. RECORD LEVELS OF FUNDRAISING AND HEALTHY DEPLOYMENT

- **Very strong fundraising in H1 2021**

At 30 June 2021, AuM for the asset management business reached **€29.4bn, up €5.4bn or 22.5%** over the last twelve months. This increase was mainly driven by **€2.4bn in net new money** for the first half of the year, twice the level of fundraising achieved during H1 2020, reflecting the strong performance of the firm's strategies and the continued interest of investors in the asset classes in which Tikehau Capital is positioned. All asset classes contributed positively to net new money, in particular the private debt and real assets strategies, which accounted for nearly two-thirds of total fundraising over H1 2021. Over the last twelve months, net new money for the asset management business reached **€5.5bn**, a Group record.

With this strong fundraising momentum, Tikehau Capital continued to expand its international client base, with **international investors accounting for 35%** of the firm's asset management AuM at 30 June 2021, reaching €10.1bn, a 31% increase compared to 30 June 2020. The firm has also continued to diversify its client base, notably with the launch of new initiatives dedicated to individual investors through tailor-made investment products across asset classes.

- **Expansion of Tikehau Capital's impact platform**

Tikehau Capital has continued to **expand its impact-investing platform** during H1 2021 and now operates dedicated impact strategies across the majority of its asset classes. In particular, during the first six months of 2021, the Group completed fundraising for its private equity strategy focused on energy transition with over €1 billion raised, outperforming its original fundraising goal. In private debt, the Group is currently raising capital for its impact lending strategy, which aims to provide more favourable financing conditions to companies which meet their sustainability goals. Within the Group's capital markets strategies, July 2021 was marked by the launch of Tikehau Impact Credit, pioneering an impact approach in the high yield universe. **These strategies are classified "Article 9" as per the European Sustainable Finance Disclosure Regulation (SFDR)**, a set of EU rules which aim to make the sustainability profile of funds more comparable and better understood by end-investors. Tikehau Capital intends to continue launching in priority fund strategies that support and accelerate sustainable business models and the decarbonisation of economies.

- **Healthy pace of fund deployment, with continued high selectivity**

Deployment pace has accelerated within the closed-end funds managed by Tikehau Capital, which deployed **€1.9bn over H1 2021**, more than twice the level invested during H1 2020 (€0.8bn), confirming the firm's key role in financing the real economy. Fund deployment in H1 2021 was mainly driven by private debt funds, followed by real assets. Tikehau Capital maintained a disciplined and selective deployment approach while keeping a strong focus on ESG across asset classes.

Looking ahead, the Group has a rich deployment pipeline across asset classes. At end-June 2021, Tikehau Capital had **dry powder of €6.4bn** within the funds it manages, enabling them to capture attractive investment opportunities. This compares to €6.2bn at 31 December 2020 and €4.7bn at 30 June 2020.

- **Tikehau Capital at the heart of the economic recovery**

Tikehau Capital's expertise in providing tailor-made financing solutions to corporates makes it a **partner of choice for European governments** looking to support the economic recovery following the Covid-19 pandemic. This was first evidenced in July 2020 when Tikehau Capital was appointed by the **French government** and leading aerospace players to manage a dedicated private equity fund to support that industry. Mirroring that initiative, the **Spanish government** selected Tikehau Capital in June 2021 to manage a new private equity fund, which will invest in lower and upper midmarket companies active in the Spanish aerospace and defence sector. More recently, in September 2021, the

⁵ On 15 September 2021, the Statutory Advisors submitted their report without comments or reservations on the condensed consolidated financial statements at 30 June 2021.

Belgian federal authorities selected Tikehau Capital to manage the Belgian Recovery Funds aiming at financing Belgian companies negatively impacted by the Covid-19 pandemic. All these initiatives confirm Tikehau Capital's positioning as a key player able to **support Europe's economic recovery**.

2. MATERIAL INCREASE IN ASSET MANAGEMENT PROFITABILITY

- **39% growth in management fees⁶ in H1 2021, with continued fee margin progression**

At 30 June 2021, **fee-paying AuM amounted to €24.4bn**, up 20% yoy. This growth was partly driven by fundraising within private equity, capital markets strategies and Sofidy, in addition to active deployment within Tikehau Capital's private debt funds, for which management fees are charged on invested capital. Future fee-paying assets under management stood at €3.6bn (up 33% yoy) and represent over €30m of potential additional revenue for the Group's asset management business.

Management fees grew considerably over the last twelve months to **€121.1m (up 39% yoy)**, reflecting the material increase in fee-paying AuM. They also include late management fees related to the T2 Energy Transition strategy, for which fundraising was finalized during Q1 2021. Management fees represent 99% of revenue from asset management at 30 June 2021 and are primarily generated by the long-dated closed-end funds managed by Tikehau Capital, therefore giving high visibility to the firm's revenue generation.

Weighted average management fee rate, calculated as management fees divided by average fee-paying AuM, increased to **1.04% at 30 June 2021**, compared to 0.94% last year. The level of management fee rate increased steadily by 10 bps per year since 30 June 2019 and by over 30 bps since the firm's IPO in 2017. This significant progression has been driven in particular by Tikehau Capital's accretive business mix evolution with the increasing contribution of private equity and real assets, which generate higher management fees than the current Group average.

- **Material increase in FRE margin, reaching 36.7% at end-June 2021**

Since the beginning of 2021, Tikehau Capital has continued to invest in its asset management platform with the arrival of new talents and experienced hires across all geographies and asset classes. **Operating expenses thus rose by 28%** in H1 2021 reaching €76.6m, growing at a slower pace than revenues.

As a consequence, **fee-related earnings (FRE) amounted to €44.5m in H1 2021**, up significantly compared to 30 June 2020 (+62%). FRE margin grew by 5.2 percentage points reaching **36.7%**, thus demonstrating the relevance of Tikehau Capital's profitable growth model within the alternative asset management space.

Performance-related revenues amounted to €1.1m in H1 2021, mainly driven by some of Tikehau Capital's open-ended funds, thus taking the Group's **NOPAM⁷ to €45.6m** in H1 2021, up 59% over the last 12 months. NOPAM margin at end-June 2021 stands at **37.3%**, up 4.9 percentage points over the last twelve months.

3. RESILIENT PORTFOLIO PERFORMANCE

Alignment of interest is at the heart of the Tikehau Capital's capital allocation policy, as evidenced by the material share (64%) of its portfolio coming from commitments made by the Group's balance sheet in its own strategies.

At 30 June 2021, Tikehau Capital's investment portfolio totalled **€2.9bn** (vs. €2.4bn at 31 December 2020), of which:

- **€1.8bn** invested in the asset management strategies developed and managed by the firm (64% of total portfolio), an 18% increase compared to 30 June 2020. In addition, Tikehau Capital has also **€1.0bn** of undrawn commitments in its own funds, which will be progressively called as they deploy capital. Therefore, the total of drawn and undrawn commitments from Tikehau Capital's balance sheet in its funds and strategies amounted to **€2.8bn** at 30 June 2021, highlighting the firm's strong alignment with its investor-clients.

⁶ Management fees, subscription fees and arrangement fees

⁷ Net operating profit for the asset management business, defined as the sum of Fee-Related Earnings and Performance-Related earnings.

- **€1.0bn** invested in direct assets, of which around half is invested in listed assets (mainly Eurazeo) and the other half in unlisted assets, such as direct private equity investments, co-investments or investments in third-party funds.

Portfolio performance proved very solid in H1 2021 in a favourable market environment. **Group portfolio revenues amounted to €252.2m** at 30 June 2021, of which:

- **€78.1m of “realized” revenues**, up 19% compared to H1 2020, which breaks down as follows:
 - **Realized capital gains of €5.9m** linked to ongoing portfolio rotation;
 - **Dividends, coupons and distributions of €72.2m**, up 71% yoy. Within these revenues, the contribution from Tikehau Capital funds in which the firm has invested continues to increase, amounting to €40.1m over the first half of 2021, compared to €31.2m during H1 2020, i.e a 29% increase yoy. This further demonstrates the relevance of Tikehau Capital’s capital allocation policy and the solid performance of its asset management strategies.
- **€174.1m of “unrealized” revenues**, which reflect the change in fair value of the assets held in the Group’s portfolio. During H1 2021, the positive changes in fair value were mainly due to €112m positive contribution from listed portfolio investments (of which €93m relate to Eurazeo), €38m from unlisted investments and €25m from Tikehau Capital funds.

4. STRONG NET PROFIT GENERATION

Group corporate expenses for the first half of 2021 amounted to €20.4m, including the effects from the Group’s reorganisation, which became effective as of 15 July 2021 and was retroactive to 1 January 2021. These expenses have been more than halved compared to the €47.3m cost published in at 30 June 2020⁸.

Financial interest expenses improved materially to -€9.1m⁹ in H1 2021, to be compared to -€19.2m in H1 2020, reflecting the Group’s relevant debt management policy.

Net profit Group share for the first half-year 2021¹⁰ was €176.1m, a significant improvement compared to H1 2020¹¹. It includes -€0.3m of net result from associates, a -€71.9m one-off impact from the derivatives portfolio (which has been fully unwound during Q1 2021), a -€19.9m income tax expense, as well as minority interests payments of -€0.2m.

5. A ROBUST BALANCE SHEET, KEY DIFFERENTIATING FACTOR

Tikehau Capital has a robust and liquid balance sheet that enables the firm to launch innovative new products, invest in its own funds to align its interests with its Limited Partners, and seize accretive external growth opportunities. At 30 June 2021, **consolidated shareholders’ equity came to €2.9bn**, compared with €2.8bn at 31 December 2020.

At 30 June 2021, Tikehau Capital’s **consolidated cash position reached €964m¹²**, compared to €845m at end-December 2020. This evolution takes into account the €500m proceeds from the firm’s inaugural sustainable bond issuance, partly offset by capital calls from vehicles in which the Group has invested, in particular Tikehau Capital funds and Pegasus Europe, the firm’s first SPAC, which successfully launched during H1 2021.

Financial debt at end-June amounted to €1.5bn, with a gearing¹³ ratio of 52%. The Group also benefitted from an undrawn revolving credit facility of €500m at end-June 2021, which has been increased to €700m on 15 July 2021. Following this refinancing as well as the successful issuance of a €500m inaugural sustainable bond in March 2021, ESG-linked debt account for c. 60% of the Group’s total debt to date.

Tikehau Capital is thus benefitting from a sound financial position, with ample means to finance its future growth.

⁸ Pro forma the reorganisation, corporate expenses for H1 2020 were €21.6m

⁹ Financial information pro forma the reorganisation

¹⁰ Financial information pro forma the reorganisation

¹¹ On a published basis, net loss for H1 2020 amounted to €240.9m. Pro forma the reorganisation, net loss for H1 2020 was €219.5m.

¹² Financial information pro forma the reorganisation

¹³ Gearing = Total financial debt / Shareholders’ Equity, Group share.

6. SHARE BUYBACK PROGRAMME

Tikehau Capital extended under the same conditions to 9 November 2021 (included), date of the Group's assets under management at 30 September 2021 release, the share buyback mandate, which was signed and announced on 19 March 2020 and extended on 29 July 2021 until today.

As of today, 3,097,714 shares were repurchased under the share buyback programme. The description of the share buyback programme (published in paragraph 8.3.4 of the Tikehau Capital Universal Registration Document filed with the French financial markets authority on 1 April 2021 under number D. 21-0246) is available on the company's website in the Regulatory Information section (<https://www.tikehaucapital.com/en/finance/regulatory-information>).

7. FAVOURABLE OUTLOOK

Tikehau Capital has been delivering on all fronts during H1 2021, from top to bottom line, demonstrating the relevance of its differentiated growth model in the alternative asset management space.

Since its listing in 2017, Tikehau Capital has made significant progress in **growing its asset management platform** while **improving its profitability**. Furthermore, as evidenced by the Group's capital allocation policy and the recently-completed reorganization, **alignment of interests** stands at the core of Tikehau Capital's corporate culture. These developments have contributed to improving the firm's profile as a listed company. Going forward, in line with the feedback from existing and potential shareholders, Tikehau Capital believes that a larger free float and higher stock liquidity would help unlock value and further **improve its stock market profile**.

During the second half of 2021, the Group will maintain a solid pace of capital deployment with continued selectivity and discipline, expand its asset management platform and invest for future growth. As such, Tikehau Capital is planning on launching new initiatives, in particular sustainability-themed and impact strategies, and is targeting to reach at **least €33bn for Group AuM** at end-December 2021¹⁴.

Tikehau Capital is in working order to exceed €35bn of Group AuM and €100m of fee-related earnings (FRE) by 2022, as per its organic guidance.

CALENDAR

9 November 2021	Assets under management at 30 September 2021 (after market close)
3 February 2022	Assets under management at 31 December 2021 (after market close)
9 March 2022	2021 annual results (after market close)
21 April 2022	Assets under management at 31 March 2022 (after market close)

¹⁴ At constant AuM for the Capital markets strategies.



ABOUT TIKEHAU CAPITAL

Tikehau Capital is a global alternative asset management group with €30.9 billion of assets under management (as of 30 June 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 (€2.9 billion of shareholders' equity as of 30 June 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 629 employees (as of 30 June 2021) across its 12 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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APPENDIX

Assets under management

In €m	AuM at 30-Jun-2021		YoY change		YTD change	
	Amount (€m)	Weight (%)	In %	In €m	In %	In €m
Private debt	9,865	32%	+18.4%	+1,536	+5.6%	+523
Real assets	10,934	35%	+14.4%	+1,374	+5.8%	+601
Capital markets strategies	4,679	15%	+22.0%	+843	+11.8%	+495
Private equity	3,936	13%	+71.5%	+1,641	+12.8%	+446
Asset Management	29,415	95%	+22.5%	+5,394	+7.5%	+2,064
Direct investment	1,495	5%	(11.2)%	(188)	+26.7%	+315
Total AuM	30,909	100%	+20.3%	+5,205	+8.3%	+2,379

LTM evolution (in €m)	AuM at 30-06-2020	Net new money	Distributions	Market effects	Change in scope	AuM at 30-06-2021	Change (%)	Change (€m)
Private debt	8,329	2,177	(747)	106	-	9,865	+18.4%	+1,536
Real assets	9,560	1,067	(290)	58	539	10,934	+14.4%	+1,374
Capital markets strategies	3,836	586	(8)	266	-	4,679	+22.0%	+843
Private equity	2,296	1,621	(56)	26	49	3,936	+71.5%	+1,641
Total Asset Management	24,021	5,451	(1,101)	456	588	29,415	+22.5%	+5,394

H1 2021 (in €m)	AuM at 31-12-2020	Net new money	Distributions	Market effects	Change in scope	AuM at 30-06-2021	Change (%)	Change (€m)
Private debt	9,342	882	(384)	25	-	9,865	+5.6%	+523
Real assets	10,334	682	(144)	63	-	10,934	+5.8%	+601
Capital markets strategies	4,184	398	(6)	103	-	4,679	+11.8%	+495
Private equity	3,491	394	(33)	36	49	3,936	+12.8%	+446
Total Asset Management	27,351	2,355	(567)	227	49	29,415	+7.5%	+2,064

In €m	Amount	YoY change		YTD change	
		In %	In €m	In %	In €m
Fee-paying AuM	24,411	+20.1%	+4,092	+5.0%	+1,167
Future fee-paying AuM	3,595	+33.3%	+897	+19.3%	+583
Non-fee-paying AuM	1,408	+40.3%	+404	+28.7%	+314
Asset Management AuM	29,415	+22.5%	+5,394	+7.5%	+2,064

Fee-paying assets under management

In €m	30-Jun-2019	30-Jun-2020	30-Jun-2021
Private debt	6,009	6,735	7,485
Real assets	6,868	8,026	9,258
Capital markets strategies	3,305	3,836	4,679
Private equity	1,237	1,723	2,990
Fee-paying AuM	17,419	20,320	24,411

Weighted average management fee rate

In bps	30-Jun-2019	30-Jun-2020	30-Jun-2021
Private debt	69	79	85
Real assets	99	107	105
Capital markets strategies	53	62	56
Private equity	>150	>150	>150
Management fees¹⁵	84	94	104
Performance-related fees	1	5	3
Total weighted average fee-rate¹⁶	85	99	107

Simplified consolidated P&L

In €m	H1 2020		H1 2021
	Published	Proforma ¹⁷	Proforma ¹⁵
Management fees & other revenues	87.1	87.1	121.1
Operating costs	(59.7)	(59.7)	(76.6)
Fee Related Earnings (FRE)	27.4	27.4	44.5
<i>FRE margin</i>	31.5%	31.5%	36.7%
Realized Performance-related earnings (PRE)	1.2	1.2	1.1
AM net operating profit (NOPAM)	28.6	28.6	45.6
<i>NOPAM margin</i>	32.4%	32.4%	37.3%
Realized portfolio revenues	66.1	66.1	78.1
Change in fair value (unrealized)	(143.3)	(143.3)	174.1
Corporate expenses	(47.3)	(20.9)	(20.4)
Net result from associates	(0.4)	(0.4)	(0.3)
Financial interests	(19.2)	(19.3)	(9.1)
Derivative portfolio result	(165.4)	(165.4)	(71.9)
Non-recurring items ¹⁸	(1.3)	(1.3)	-
Tax	41.4	36.6	(19.9)
Minority interests	(0.0)	(0.0)	(0.2)
Net result, Group share	(240.9)	(219.5)	176.1

¹⁵ Corresponding to management fees, subscription fees and arrangement fees.

¹⁶ Implied fee rates are calculated based on average fee-paying AuM.

¹⁷ Financial information pro forma the reorganisation.

¹⁸ Includes in particular non-recurring share-based payments primarily refer to the cost of the free share grant (IFRS 2) of 1 December 2017, including social security costs, put in place following the IPO.

Simplified consolidated balance sheet

In €m	31-Dec-2020	30-Jun-2021
Investment portfolio	2,410	2,878
Cash & cash equivalents	845	964
Other current and non-current assets	764	789
Total assets	4,018	4,632
Shareholders' equity, Group share	2,797	2,898
Minority interests	7	6
Financial debt	999	1,506
Other current and non-current liabilities	216	221
Total liabilities	4,018	4,632
<i>Gearing¹⁹</i>	36%	52%
<i>Undrawn credit facilities</i>	500	500

¹⁹ Gearing = Total financial debt / Shareholders' Equity, Group share.