

2024-2027 AMBITION: BECOME THE LEADING PRIVATE ASSET MANAGER ACROSS EUROPEAN MID-MARKET, GROWTH, AND IMPACT

Paris, November 30, 2023

Eurazeo sets out its strategic objectives for the period 2024-2027:

- build a leader in the attractive private market industry
- deliver steady earnings growth
- accelerate the transition to an asset-light model, combined with a significant increase in shareholder return

Eurazeo is holding a Capital Markets Day today, during which **Christophe Bavière** and **William Kadouch-Chassaing**, Eurazeo's co-CEOs, will present the Group's strategic objectives for the period 2024-2027:



"Eurazeo has a rich and prestigious history over more than 50 years of identifying and supporting European business champions with global ambitions and enjoying trust from leading shareholders, entrepreneurs, and clients. Over this period, the Group has transformed itself to become a major player in alternative asset management.

The Group, which has almost 34 billion euros in assets under management, strong client franchises, and a recognized brand and talent base, enters a new phase of development and scaling up of its business model.

Our ambition is to create Europe's leading alternative asset manager in the mid-market, growth and impact segments. To fulfill this ambition, we will concentrate on:

First, focus the value proposition for our clients on our areas of excellence. Building on our integrated platform model and our local presence in eleven countries, we strive for leadership in attractive and growing segments of the private equity market. We have a diversified and recognized offering in the European mid-market segment, through investment strategies with high performance and significant potential: Buyout, Secondary, Private Debt, Real Assets and Growth Equity. Across all our investment and asset management activities, we are a player focused on growth, thanks to a value creation playbook aiming at building global champions, our sector

choices (business services, specialty financial services, healthcare, climate transition and the future of consumer) and our leading position in European Tech. In addition to focusing on our existing strengths in the mid-market and growth segments, we will also strengthen our offering of positive-impact funds, which are witnessing a strong demand from both institutional and retail clients, building on our demanding ESG approach and the success we have already achieved in several asset classes.

Second, accelerate the transition towards an asset-light business model. The Group is aiming for a unique asset management business model, in which the balance sheet is used to develop competitive advantages and ensure optimal alignment with our clients' interests. A more active management of our capital allocation will enable a gradual reduction in the weight of the balance sheet in our funds. Given the asset rotation expected over the next few years, this dynamic use of our balance sheet will generate excess capital of around four billion euros over the period. More than half of this excess capital will be returned to shareholders in the form of dividends and share buybacks, allowing the Group to retain significant strategic flexibility within an industry in consolidation.

Third, grow and diversify our client franchises to accelerate fundraising. Eurazeo has an extensive, stable, and loyal international institutional client base, as well as a leading wealth franchise in France. We aim to grow our institutional client base and gain market share internationally, notably by strengthening senior coverage in key geographic areas and deepening our client focus. Our plan also calls for the roll-out of our private-wealth offering in Germany, Benelux, and Italy.

Fourth, improve our operational efficiency. We already pay particular attention to mutualizing resources across the platform, from support functions to front-office expertise. Further rigorous cost management, simplification and improvement of operational processes, digitization and the use of artificial intelligence will enable the Group to absorb the expected rise in volumes in a cost efficient way, while improving client satisfaction.

These strategic changes will enable us to generate dynamic and steady growth in our revenues, combined with an increase in our operating profitability".

FINANCIAL OUTLOOK 2024-2027

Outlook for the asset management business from 2024-2027

- According to Preqin, worldwide private markets should see their AUM grow by around 11% in average per year over the next few years.¹
- Expected growth in Eurazeo's third-party AUM above market growth:
 - Strengthening our strategies in each of our asset classes
 - Increased market share with international LPs
 - Expansion of the Wealth franchise, particularly outside France. This channel should account for 20% of third-party AUM by 2027
- Expected growth in management fees (recurring revenues):
 - from third parties: +15% increase per year on average
 - from the balance sheet: voluntary reduction in balance sheet commitments
- Fee Related Earnings (FRE) margin target confirmed at 35-40% over the medium term:
 - Expected revenue growth
 - Cost discipline, notably thanks to automation and digitization
- Third-party performance fees should represent more than 10% of third-party revenues through the cycle

Value creation on the balance sheet portfolio expected to be in line with historical trends

- Eurazeo's balance sheet portfolio was valued at €8.5bn at the end of September 2023
- The portfolio is highly diversified, invested in high-quality companies that are rigorously evaluated.
- Portfolio net value creation expected at around 12% per year consistent with the last 10 years average
- *Since 2023, portfolio companies are no longer consolidated (IFRS10 exemption). The portfolio's net value creation is recognized through the P&L*

Expected excess capital generation of c.4 billion euros over the 2024-2027 period

- Realizations of around €7bn, i.e. c.25% of the portfolio's value per year, in line with the Group's historical trend (24% p.a. over the last 10 years)
- Reinvestments limited to c.€3bn. Objective of reducing the maximum weight of the balance sheet in funds to 20% by 2027, compared with an average of around 35% over recent vintages
- Invested capital (€6.6bn at the end of September 2023) is expected to decline by 30% over the period

Use of excess capital favoring shareholder returns, alongside greater strategic flexibility

- Expected shareholders' return of €2.3bn over 2024-2027:
 - c.800m€ in ordinary dividends, with a 10% increase in the 2024 dividend
 - €1,500m in share buybacks, i.e. €200m per year in purchases through the year, supplemented with additional share buybacks to be executed with ramp-up of realization program
- The remainder of the excess capital generated will give the Group greater strategic flexibility in a market in consolidation

¹ Study to December 31, 2022

ABOUT EURAZEO

- Eurazeo is a leading European investment group with €33.5bn in diversified assets under management, including €23bn on behalf of institutional and private clients through its private equity, private debt, real estate and infrastructure strategies. The Group supports more than 600 *mid-market* companies, leveraging the commitment of its 400 employees, its sector expertise, its privileged access to global markets via 12 offices in Europe, Asia and the United States, and its responsible approach to value creation based on growth. The company's institutional and family shareholding structure, and its solid financial structure, ensure its long-term viability.
- Eurazeo has offices in Paris, New York, London, Frankfurt, Berlin, Milan, Madrid, Luxembourg, Shanghai, Seoul, Singapore and Sao Paulo.
- Eurazeo is listed on Euronext Paris.
- ISIN : FR0-00121121 - Bloomberg- : RF FP - Reuters : EURA.PA.

EURAZEO FINANCIAL CALENDAR

March 7, 2024	Annual results 2023
May 16, 2024	Q1 revenues 2024
July 25, 2024	Half-year results 2024

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