

## Tikehau Capital Q3 2023 announcement

### Strong momentum supported by a global and diversified platform

#### Strong growth in Asset Management AuM<sup>1</sup>

€41.4bn

at 30 September 2023

+14%

YoY growth

#### Dynamic and selective deployment

€4.2bn

deployed over 9m 2023

#### Robust realizations momentum

€1.5bn

realized over 9m 2023

#### Strong level of AM net new money

€4.7bn

raised over 9m 2023

- In Q3 2023, Tikehau Capital saw **positive momentum across its growth pillars** and continued to execute on its strategy building on a **multi-local and diversified platform** as well as a proven track record of delivering performance.
- Throughout the quarter, the firm benefitted from continued **franchise expansion and recognition** across geographies and client types, with **net new money of €1.4bn in Q3** (+31% vs. Q3 2022) and **€4.7bn year to date** (+10% vs. YTD 2022)
- The firm is reaping the benefits of offering **complementary and relevant investment strategies** allowing to effectively address investor-client needs and to offer compelling risk-adjusted returns in the current context. This is particularly the case for the firm's **private credit strategies**, which attracted close to **65% of year-to-date commitments** and accounted for approximately **70% of year-to-date capital deployment**.
- Tikehau Capital continued to carry out **value-creating exits totalling €0.7bn in the quarter**, which is equivalent to the level realized over the first half, amid a subdued exit environment.
- Tikehau Capital's virtuous model of investing its robust balance sheet in priority in its own investment strategies allows the firm to generate **continued alignment of interests** with LPs and to benefit from attractive associated returns, thus compounding future growth. At 30 September 2023, the firm's **€3.7bn investment portfolio is c. 65% exposed to its own "Yield" strategies**, offering increased risk-adjusted returns in the current rising rate environment.

**Building on a healthy fundraising and deployment pipeline ahead with several flagship strategies ramping up, the firm is confident that it will exceed €42.5bn of AuM for its asset management business by end-2023 and confirms its 2026 targets.**

<sup>1</sup> 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:**

*“Once again, this quarter, Tikehau Capital remained focused on executing its strategy with confidence and vigilance. The current uncertain market environment generates dislocations and opportunities for the firm, across its business lines, as long as we remain laser-focused on investment discipline, as we have always been.*

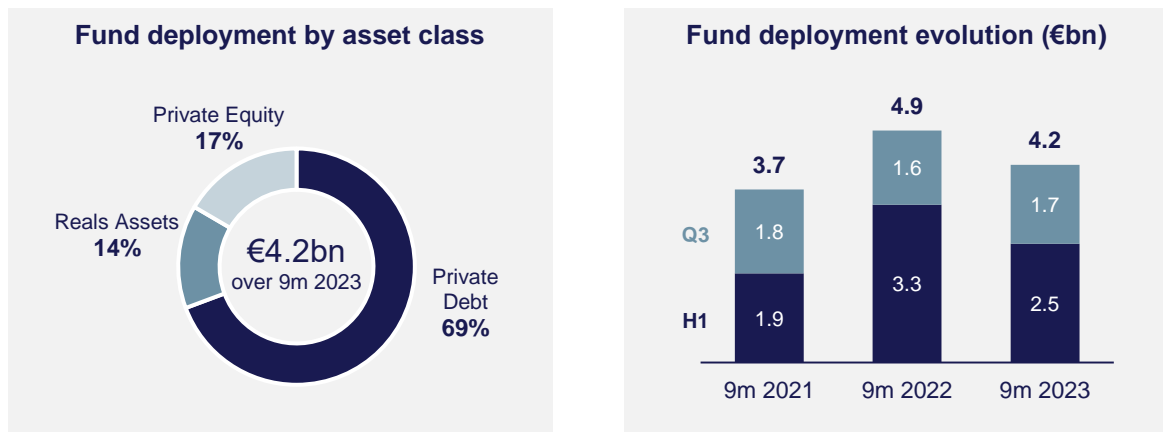
*As our platform expands, we are reaping the fruits of our differentiating model, with a focus on thematic investments and downside protection, while providing our clients and our shareholders with attractive risk-adjusted returns. Our entrepreneurial DNA focused on alignment of interests and our strong compounding balance sheet are more critical assets than ever and position us to stand out in an increasingly competitive and changing environment.*

*Looking ahead, we are excited by the growth avenues we see for Tikehau Capital, and remain committed to delivering strong value to all our stakeholders.”*

**“Our entrepreneurial DNA focused on alignment of interests and our strong compounding balance sheet are more critical assets than ever.”**

## DYNAMIC AND SELECTIVE DEPLOYMENT DRIVEN BY PRIVATE DEBT STRATEGIES

Building on its multi-local platform and its solid deal sourcing capabilities, Tikehau Capital's closed-end funds deployed **€4.2bn** since the beginning of the year, bringing total investments to **€6.2bn** over the last twelve months. Capital deployment reached **€1.7bn** in Q3 2023, representing a 6% growth compared to Q3 2022. Discipline remained a core focus for the investment teams in a market which has not yet stabilized.

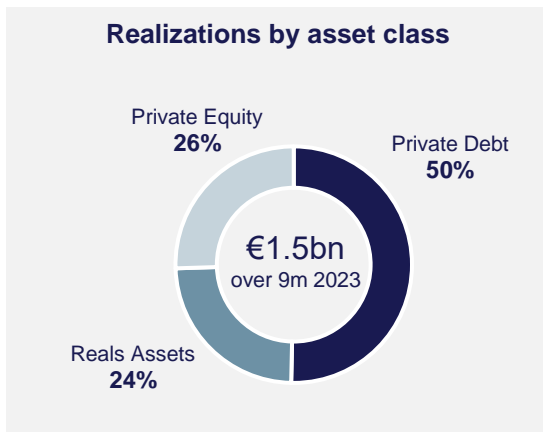


- **Private Debt** funds accounted for 69% of year-to-date deployment, driven by the firm's European and US CLO platform, as well as its flagship Direct Lending and Secondaries strategies. Tikehau Capital's Direct Lending strategies continued to benefit from a dynamic deal flow resulting from the firm's solid positioning and track record coupled with the scarcity experienced in other sources of mid-market financing. In Private Debt Secondaries, the firm is well positioned to capture attractive investment opportunities, capitalizing on its early mover positioning in a context marked by active portfolio management and LPs seeking liquidity.
- Capital deployment across the firm's **Real Assets** strategies accounted for 14% of year-to-date deployment and was spread across the firm's European sale and leaseback practice, its European value-add strategy as well as granular investments for Sofidy and IREIT, the firm's listed REIT based in Singapore. Since late 2022, Tikehau Capital has adopted a prudent and targeted approach in capital deployment in Real Assets, while taking advantage of potential compelling investment opportunities offered by a dislocated market.
- **Private Equity** funds accounted for 17% of year-to-date deployment, driven by investments across its European platform.
- At 30 September 2023, Tikehau Capital had **€6.7bn of dry powder**<sup>2</sup> (stable level compared to 30 June 2023 and compared to €6.1bn at 31 December 2022), allowing the funds managed by the firm to capture attractive investment opportunities.

<sup>2</sup> Amounts available for investment at the level of the funds managed by the Group.

## ROBUST REALIZATIONS MOMENTUM AND FUND PERFORMANCE

Realizations within Tikehau Capital's closed-end funds amounted to **€1.5bn** over the nine months, a 4% growth compared to the same period last year. This includes **€0.7bn** of realizations in Q3 2023, which is equivalent to the level realized in the first half of the year. Year-to-date realizations were driven by Private Debt (50% of total exits) followed by Private Equity (26%) and Real Assets (24%).



- Within Private Debt, more than 80% of year-to-date realizations were carried out by the firm's **Direct Lending and Corporate Lending strategies**, corresponding to financings repayments. The third quarter was notably marked by the repayment of the firm's financing to **Flex Composite Group (FCG)**, a leading specialist in technical fabrics, following its acquisition by Michelin. Leveraging on the depth of its private debt platform, Tikehau Capital acted as a long-term financial partner to FCG, allowing the company to carry out a successful buy-and-build strategy. This transaction generated a gross exit multiple of 1.7x and a gross IRR of 20%. In addition, this repayment marked the complete realization of the firm's second vintage of Direct Lending strategy, which stands as one of the most high-performing vintages of its category with a gross IRR exceeding 12.5%.
- **Private Equity** accounted for 26% of year-to-date realizations. Since the beginning of the year, Tikehau Capital successfully completed the IPO of **EuroGroup Laminations**, generating a gross exit multiple of c.3.1x and a gross IRR of 55%<sup>3</sup>. The firm also carried out two value-creating exits with the disposal by the firm's private equity secondary fund of its stake in **Total Eren** to TotalEnergies<sup>4</sup> and the disposal by the firm's growth equity fund of its stake in the Italian company **Ecopol** to SK Capital, generating gross exit multiples of 2.0x and 3.1x respectively.
- The firm's **special opportunities** strategy has been repaid for its financing to **Shaftesbury Asset Management**, a leading European real estate asset management firm, dedicated to bridge portfolio sale preparation, generating a gross exit multiple of 1.4x and a gross IRR of 17%.

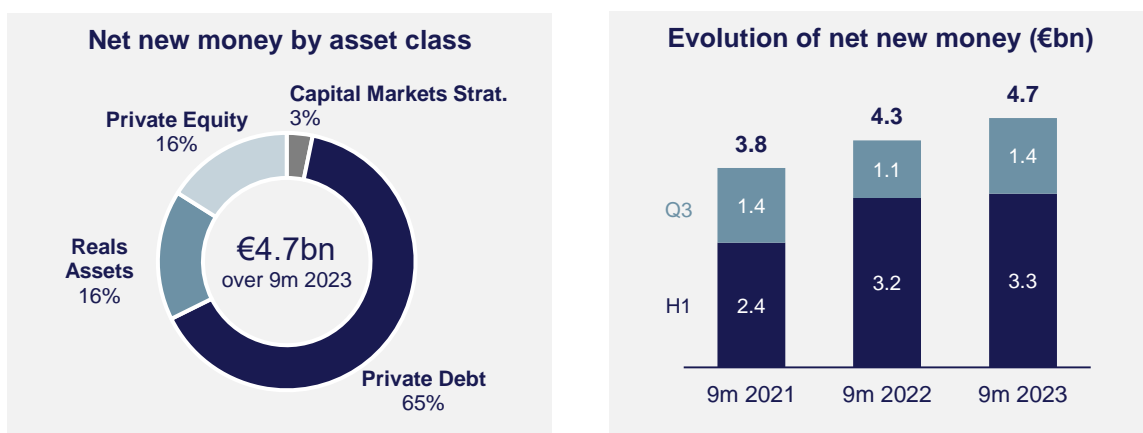
<sup>3</sup> The returns are calculated on the realized portion equal to c.50% of the firm's first vintage of decarbonization fund's stake. Please refer to dedicated press release dated 10 February 2023.

<sup>4</sup> Please refer to press release dated 25 July 2023.

- Realizations in **Real Assets** were mainly driven by ongoing asset disposals from the firm’s European Real Estate vehicles and US infrastructure funds.
- **Fund performance** across the firm’s asset classes remained solid reflecting the historically disciplined investment approach adopted by Tikehau Capital, with a focus on mitigating risks and offering downside protection:
  - **Assets valuation** remained resilient for the firm’s key funds with strong value appreciation across Private Equity decarbonization portfolio companies and stable marks across real estate and private debt strategies as well as in growth equity holdings;
  - **Levels of leverage** remained limited for portfolio companies within the firm’s Direct Lending strategies and across the firm’s Real Estate strategies with weighted average net leverage of 4.4x<sup>5</sup> at closing and average loan-to-value levels standing at around 25% respectively;
  - **Portfolios of Real Estate assets** remained highly granular with a balanced and diversified exposure to underlying sectors and geographies while maintaining a high level of financial occupancy rate at around 90% across strategies;
  - Companies within the firm’s Private Equity and Private Debt strategies continued to generate **solid revenue and profitability growth**.

## SOLID LEVEL OF NET NEW MONEY REACHING €4.7BN OVER THE NINE MONTHS

Leveraging its solid track record and market positioning coupled with a multi-local and multi-channel platform, Tikehau Capital continued to successfully capture a growing share of client demand. Over the nine months, the firm attracted **€4.7bn** of net new money for its asset management business, bringing fundraising over the past twelve months to **€6.8bn**. Over the third quarter, fundraising remained robust reaching **€1.4bn**, representing a **31%** growth compared to Q3 2022. This level of client demand was mainly driven by the firm’s “Yield” strategies, which offer largely predictable, inflation-hedged regular returns.



<sup>5</sup> Weighted average net leverage at closing is calculated for the fifth vintage of the firm’s Direct Lending strategy.

Net new money for the third quarter was driven by the following successes:

- Third-party commitments for the **sixth vintage of the firm's Direct Lending strategy**, which aims to reach between €4bn and €5bn of total commitments, supported by a leadership position in Europe and a solid track-record;
- Continued momentum for the firm's CLO business. In Q3 2023, the firm launched and priced its **European CLO XI** at a size of c.€350m and launched the warehouse of its **US CLO V** for \$200m;
- Commitments for the firm's **second vintage of secondary private credit strategy**, which aims to reach between \$0.7bn and \$1bn of total commitments, leveraging on the robust returns delivered by the first vintage;
- Continued inflows for the firm's **third vintage of special opportunities strategy**, benefitting from a good level of re-up from investors that committed into the predecessor fund;
- The successful **preferential offering completed by IREIT**, raising c. €51m (\$76m), surpassing expectations with a subscription rate of 135%. The proceeds of the offering were used to finance the acquisition of a portfolio of assets which are fully let to B&M Retail;
- Increasing demand within Capital Markets Strategies for the firm's **fixed income and dated funds**, which benefit from robust performance. These funds also drive the firm's outreach to private investors who are attracted to the level of visibility and returns they provide.

Since the beginning of the year, Tikehau Capital successfully pursued the **globalization of its franchise**, strengthening existing global relationships and forging new connections in new geographies. As such, the firm has notably been entrusted with the management of a €200m multi-asset mandate from a large Middle East sovereign wealth fund and has also welcomed its second Chinese LP within the secondary private credit strategy for c.\$100m. More recently, Tikehau Capital also attracted a major Swiss institutional investor few months after establishing an office in Zurich while securing the commitment of a leading Japanese institutional investor, who anchored the firm's latest European CLO issuance for c.€210m.

In addition, the firm further strengthened its position as a leading player in the **democratization of private markets** supported by its multi-channel platform. The firm's private debt unit-linked products launched with MACSF, Société Générale Assurances and Suravenir continued to benefit from robust momentum and attracted close to €250m of inflows since the beginning of the year. Across asset classes and leveraging on the innovative initiatives the firm launched over the past few years, Tikehau Capital raised a total of €0.9bn from private investors since 1 January 2023, representing 22% of third-party net new money during the period.

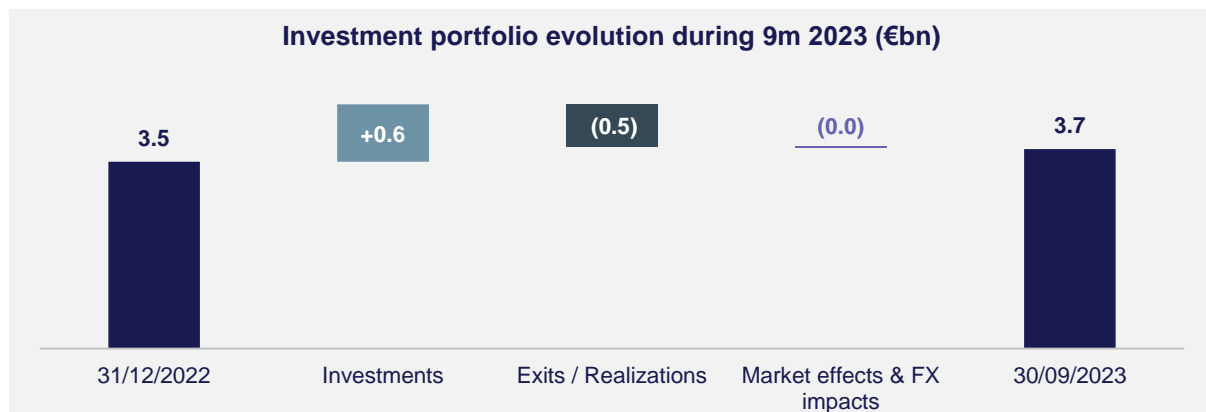


## ROBUST BALANCE SHEET COMPOUNDING FUTURE GROWTH

### Balance sheet investment portfolio

Tikehau Capital's **balance sheet investment portfolio reached €3.7bn** at 30 September 2023, compared to €3.5bn at 31 December 2022. This variation resulted from:

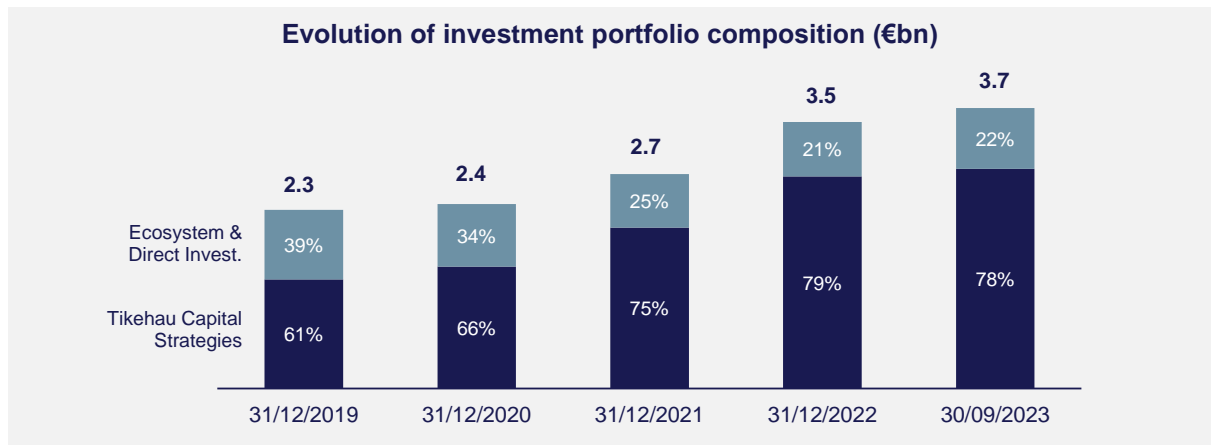
- **€0.6bn of investments**, of which €0.5bn was into the firm's asset management strategies (mainly CLOs, Private Equity and special opportunities) and co-investments alongside its strategies.
- **€(0.5)bn of exits**, including returns of capital driven by the firm's secondaries strategies and CLOs.
- **Fair value changes were virtually neutral**, notably driven by solid performance for the firm's Private Equity strategies being offset by market effects linked to its listed REITs.



The firm's investment portfolio at 30 September 2023 broke down as follows:

- The firm's investment portfolio is primarily comprised of investments in the asset management strategies developed and managed by the firm for **€2.9bn** (78% of total portfolio<sup>6</sup>), generating a high alignment of interests with its investor-clients. At 30 September 2023, Tikehau Capital's investment portfolio is c. 65% exposed to its own "Yield" strategies, allowing the firm to benefit from increased risk-adjusted returns in the current rising rate environment.
- 22% of the portfolio or **€0.8bn**, is invested in ecosystem and direct investments, notably direct private equity investments, co-investments or investments in third-party funds, complementary to the Group's asset management strategies, most of which aim at serving Tikehau Capital's asset management franchise globally.

<sup>6</sup> Includes investments in funds managed by Tikehau Capital, co-investments alongside Tikehau Capital asset management strategies and SPAC sponsoring.



- Tikehau Capital's investment portfolio benefits from a high level of granularity with more than 300 investments spread across several industry sectors and geographies, thus complementing the firm's asset management activity exposure. On top of generating continued alignment of interests with investor-clients, the portfolio also allows the firm to foster opportunities and long-term relationships with partners.
- Tikehau Capital will continue to use its balance sheet, a differentiating factor and enabler of growth, to strengthen its platform by supporting its families of products and vehicles, and also maintain alignment of interests with its shareholders and investor-clients.

**A stronger financial profile**

- Early September, Tikehau Capital successfully priced a **new sustainable bond issue for €300m** maturing in March 2030. This issue of senior unsecured sustainable bond is associated with a fixed annual coupon of 6.625%.
- The transaction is a testament to Tikehau Capital's credit quality as evidenced by a strong investors response. Clearly oversubscribed, it has been placed with a diversified base of more than 60 investors and has been subscribed by more than 80% of non-domestic investors.
- This sustainable bond is rated BBB- by the financial rating agencies S&P Global Ratings and Fitch Ratings. During the second quarter of 2023, both agencies confirmed Tikehau Capital's Investment Grade credit rating (BBB-) with a stable outlook, confirming the strength of the firm's financial profile.
- The issuance of this second sustainable bond reinforces the position of Tikehau Capital as a pioneer in sustainability. The net proceeds of this issuance will be used to carry out investments as part of Tikehau Capital's sustainable bond framework available on the Group's website ([link](#)).
- Through this operation, Tikehau Capital extends its average debt's maturity to 5.3 years, compared to 4.0 years without the issuance.



## SHARE BUY-BACK

- Tikehau Capital announces it has extended until 28 February 2024 (included), date of the Group’s 2023 full-year results announcement, the share buy-back mandate, which was signed and announced on 19 March 2020 and extended until today.
- As of 18 October 2023, 5,147,075 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 remains focused on executing its long-term growth plan and on delivering performance. Building on a healthy fundraising and deployment pipeline ahead with several flagship strategies ramping up, the firm is confident that it will exceed €42.5bn<sup>7</sup> of AuM for its asset management business by end-2023.
- Looking ahead, Tikehau Capital is confident in its ability to **successfully navigate the current challenging environment**. The firm has built a global franchise with complementary investment strategies, focused on secular megatrends, allowing to effectively address client needs and offer compelling risk-adjusted returns in the current context. Coupled with strong skin in the game at the heart of its operating model, the firm will continue to deliver solid returns to its stakeholders.
- Tikehau Capital confirms it is **on track to deliver on its 2026 targets**.

## CALENDAR

|                  |   |
|------------------|---|
| 28 February 2024 | FY 2023 results (before market open)        |
| 23 April 2024    | Q1 2024 announcement (after market close)   |
| 6 May 2024       | Annual General Meeting                      |
| 30 July 2024     | 2024 half-year results (after market close) |
| 22 October 2024  | Q3 2024 announcement (after market close)   |

<sup>7</sup> At constant AuM for Capital Markets Strategies vs. 30 September 2023.



## ABOUT TIKEHAU CAPITAL

Tikehau Capital is a global alternative asset management group with €42.0 billion of assets under management (at 30 September 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 30 June 2023), 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 757 employees (at 30 September 2023) across its 15 offices in Europe, Middle East, 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](http://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

### Key operating metrics

| In €m, AM perimeter | 9m 2019 | 9m 2020 | 9m 2021 | 9m 2022 | 9m 2023      |
|---------------------|---------|---------|---------|---------|--------------|
| Capital deployment  | 2,429   | 1,244   | 3,675   | 4,927   | <b>4,198</b> |
| Realizations        |         |         | 1,148   | 1,422   | <b>1,480</b> |
| Net new money (NNM) | 2,458   | 2,571   | 3,772   | 4,292   | <b>4,715</b> |

### AuM evolution

|                            | AuM at 30-09-2023 |             | YoY change  |               | QoQ change |             |
|----------------------------|-------------------|-------------|-------------|---------------|------------|-------------|
|                            | Amount (€m)       | Weight (%)  | In %        | In €m         | In %       | In €m       |
| Private Debt               | 17,193            | 41%         | +23%        | +3,213        | +6%        | +988        |
| Real Assets                | 13,925            | 33%         | +2%         | +336          | (0%)       | (60)        |
| Capital Markets Strategies | 4,429             | 11%         | +5%         | +212          | +2%        | +106        |
| Private Equity             | 5,892             | 14%         | +27%        | +1,242        | (2%)       | (101)       |
| <b>Asset Management</b>    | <b>41,439</b>     | <b>99%</b>  | <b>+14%</b> | <b>+5,002</b> | <b>+2%</b> | <b>+933</b> |
| Investment activity        | 518               | 1%          | (52%)       | (551)         | (7%)       | (37)        |
| <b>Total AuM</b>           | <b>41,958</b>     | <b>100%</b> | <b>+12%</b> | <b>+4,451</b> | <b>+2%</b> | <b>+896</b> |

| LTM evolution, in €m          | AuM at 30-09-2022 | Net new money | Distributions  | Market effects | Change in scope | AuM at 30-09-2023 |
|-------------------------------|-------------------|---------------|----------------|----------------|-----------------|-------------------|
| Private Debt                  | 13,980            | +4,120        | (966)          | +58            | -               | <b>17,193</b>     |
| Real Assets                   | 13,589            | +1,365        | (574)          | (455)          | -               | <b>13,925</b>     |
| Capital Markets Strategies    | 4,218             | +25           | (6)            | +224           | (32)            | <b>4,429</b>      |
| Private Equity                | 4,650             | +1,304        | (406)          | +344           | -               | <b>5,892</b>      |
| <b>Total Asset Management</b> | <b>36,437</b>     | <b>+6,814</b> | <b>(1,952)</b> | <b>+171</b>    | <b>(32)</b>     | <b>41,439</b>     |

| YTD evolution, in €m          | AuM at 31-12-2022 | Net new money | Distributions  | Market effects | Change in scope | AuM at 30-09-2023 |
|-------------------------------|-------------------|---------------|----------------|----------------|-----------------|-------------------|
| Private Debt                  | 14,793            | +3,036        | (747)          | +111           | -               | <b>17,193</b>     |
| Real Assets                   | 13,739            | +768          | (403)          | (179)          | -               | <b>13,925</b>     |
| Capital Markets Strategies    | 4,146             | +153          | (6)            | +167           | (32)            | <b>4,429</b>      |
| Private Equity                | 5,162             | +757          | (312)          | +285           | -               | <b>5,892</b>      |
| <b>Total Asset Management</b> | <b>37,841</b>     | <b>+4,715</b> | <b>(1,469)</b> | <b>+384</b>    | <b>(32)</b>     | <b>41,439</b>     |

| Q3 2023, in €m                | AuM at<br>30-06-2023 | Net new<br>money | Distri-<br>butions | Market<br>effects | Change in<br>scope | AuM at<br>30-09-2023 |
|-------------------------------|----------------------|------------------|--------------------|-------------------|--------------------|----------------------|
| Private Debt                  | 16,205               | +1,278           | (282)              | (8)               | -                  | 17,193               |
| Real Assets                   | 13,985               | +70              | (163)              | +32               | -                  | 13,925               |
| Capital Markets Strategies    | 4,323                | +45              | -                  | +61               | -                  | 4,429                |
| Private Equity                | 5,993                | +35              | (162)              | +27               | -                  | 5,892                |
| <b>Total Asset Management</b> | <b>40,506</b>        | <b>+1,428</b>    | <b>(607)</b>       | <b>+112</b>       | <b>-</b>           | <b>41,439</b>        |