



Tikehau Investment Management

Colloque Retraite & Placements

November 8th, 2016

Quebec

November 8th, 2016

Confidential – Strictly reserved for Limited Partners of TDL III Fund

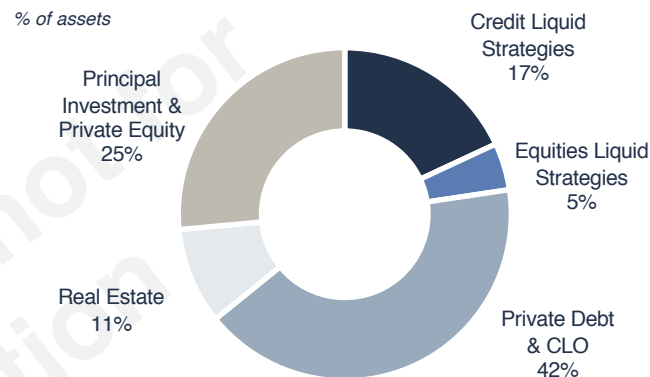
Tikehau Capital Overview

Organisation

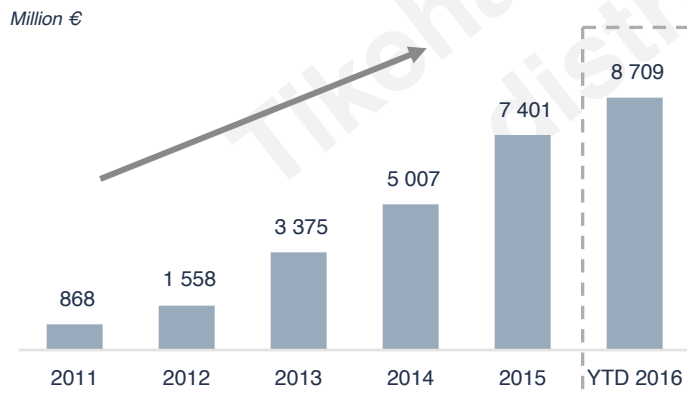
SNAPSHOT

- Founded in 2004
- A diversified investment firm active across the capital structure
- C. **€ 8.7bn** in assets ⁽¹⁾
- Of which c. **€ 1.5bn** of permanent capital ⁽¹⁾
- **170+** employees and partners
- Established track record in Private and Public markets
- Pioneer & Leader in alternative financing for SMEs in Europe

EXPERTISE ⁽¹⁾



GROWTH IN ASSETS ⁽¹⁾



INTERNATIONAL



⁽¹⁾ Source: Tikehau Capital - As at 30.09.2016

Tikehau Investment Management

AMF approval in

2007

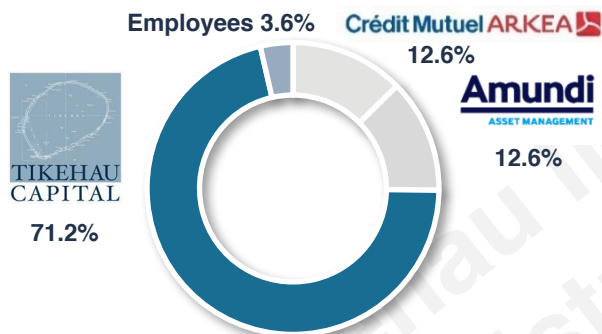
€6,1 bn ⁽¹⁾
AuM

110+
employees

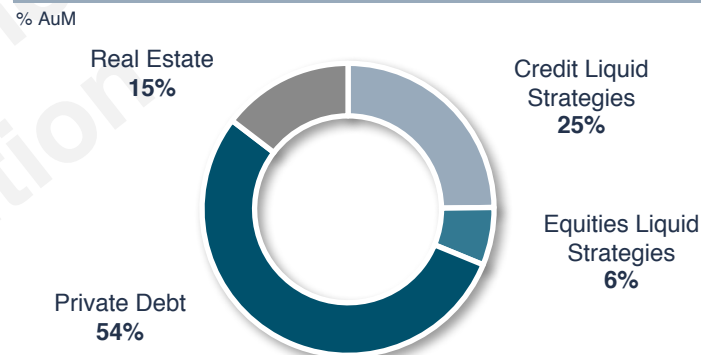
A team of
30+
Fund managers &
analysts

40+
Open-ended and
closed-ended funds

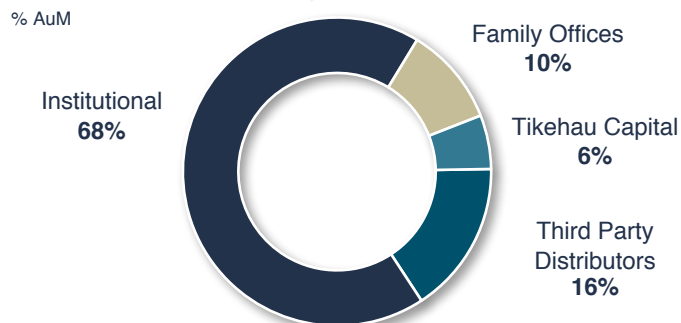
REFERENCE PARTNERS



AUM BREAKDOWN



A PRIVILEGED RELATIONSHIP



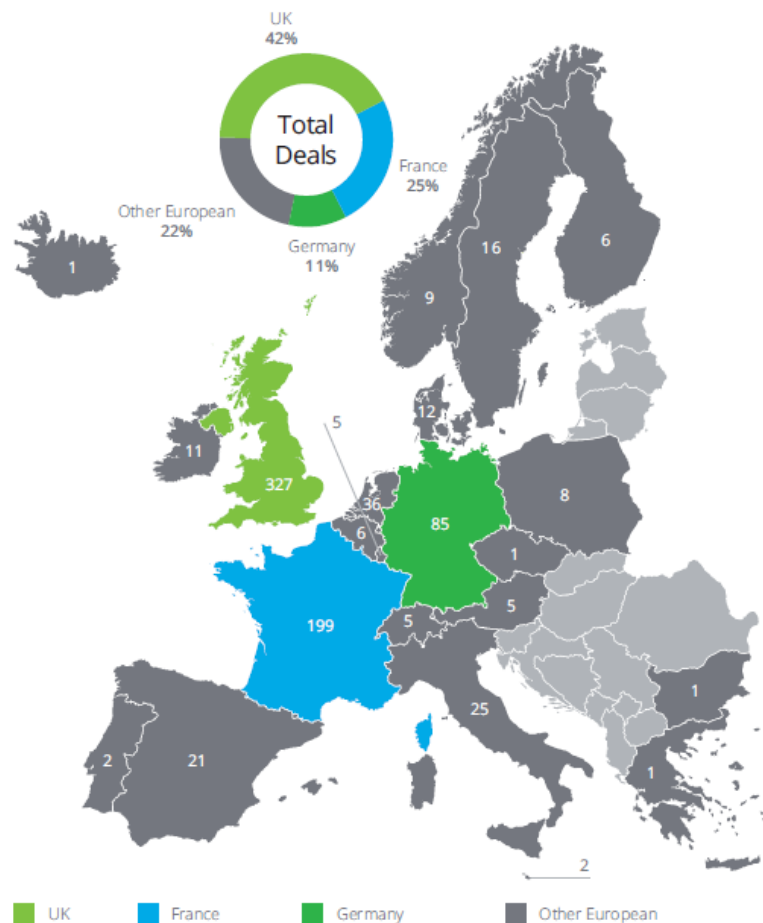
INVESTMENT PHILOSOPHY

- Independence
- Fundamental analysis
- Patrimonial approach
- Transparency
- Strong alignment of interest

⁽¹⁾ Source: Tikehau Capital - As at 30.09.2016, excluding Lyxor portfolio

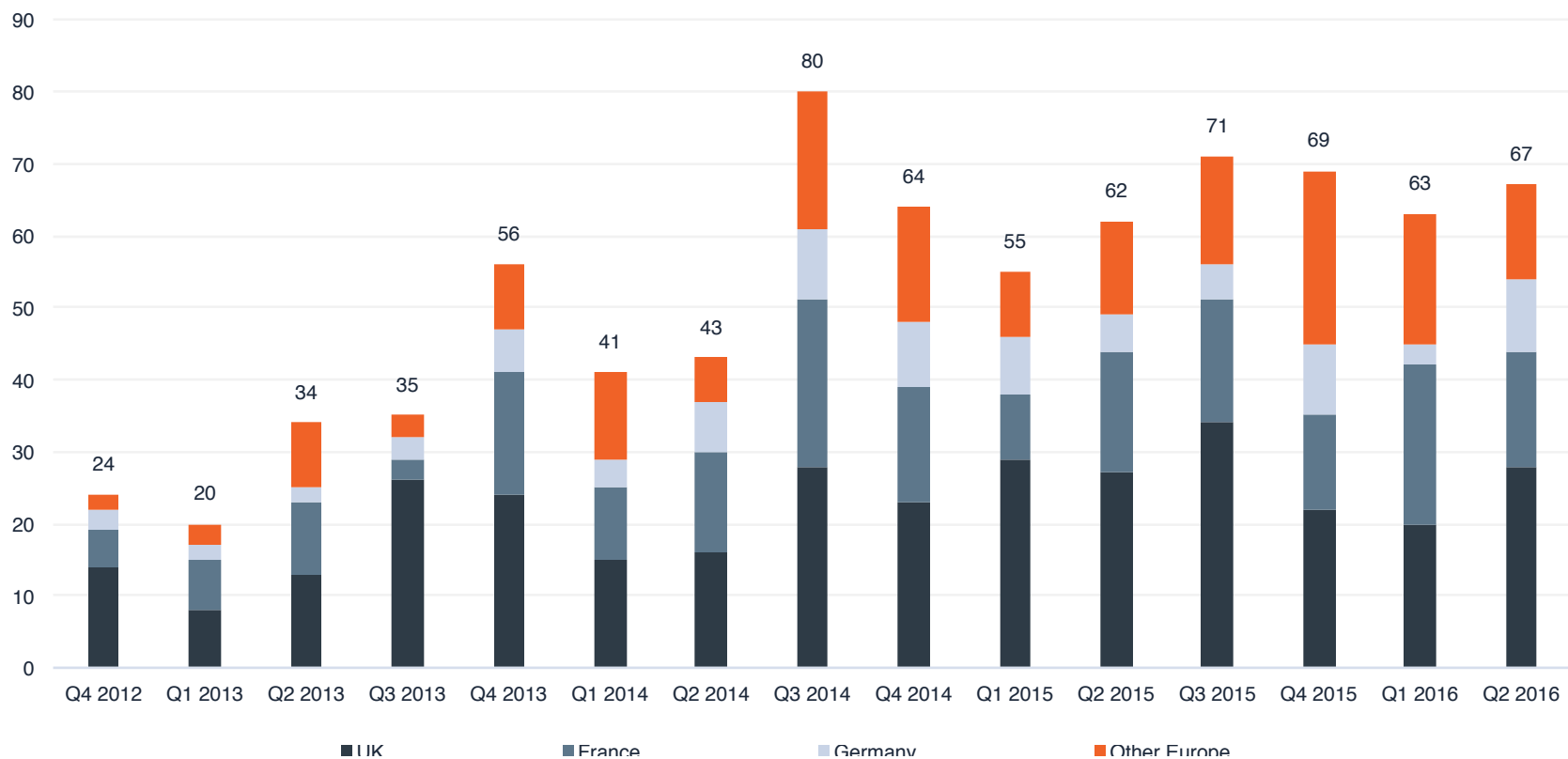
EUROPEAN DEAL TRACKER

- 47 leading alternative lenders have completed 784 deals (327 UK and 457 others European) over the past 15 quarters (from Q4 2012 to Q2 2016)
- Market share: the UK (42%), France (25%), Germany (11%) and others (22%)
- Over the last 12 months, split of deals by sectors:
 - UK: TMT (18%) has been followed by Business, Infrastructure & Professional Services and Manufacturing with respectively 16% and 11%;
 - Europe: TMT (17%), Healthcare (17%), Business and Infrastructure (14%)



Source: Deloitte, Tikehau Group

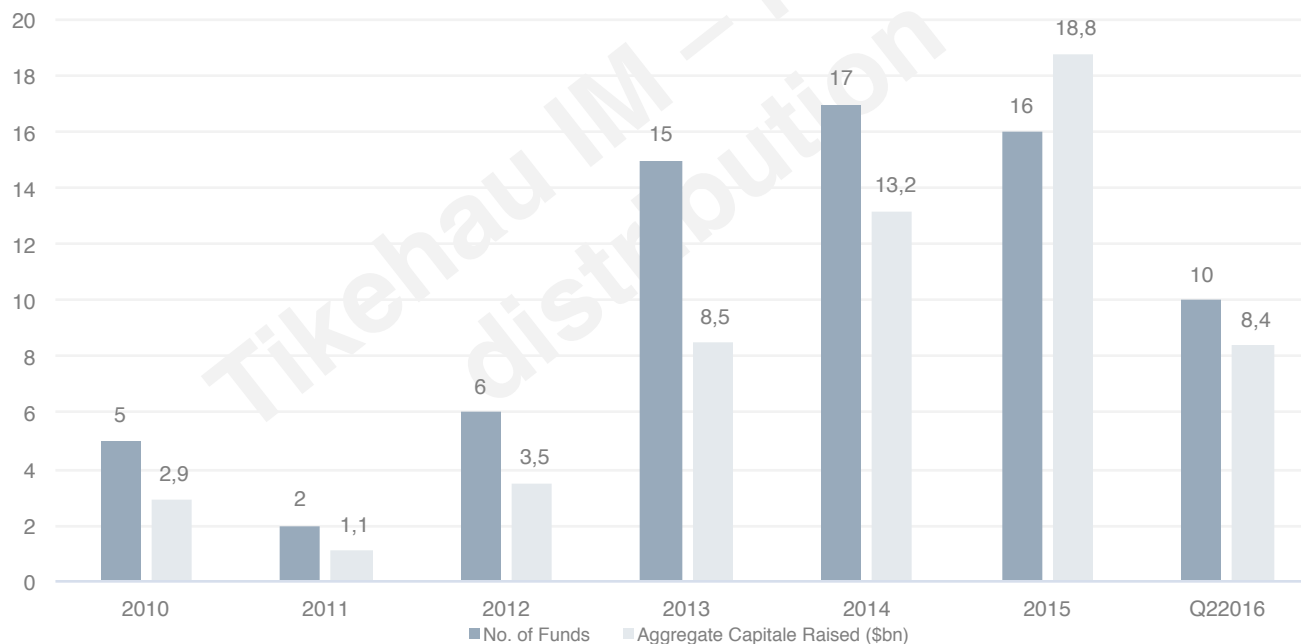
HISTORICAL BREAKDOWN BY COUNTRY



Source: Deloitte, Tikehau Group

EUROPE FOCUSED DIRECT LENDING FUNDRAISING BY YEAR

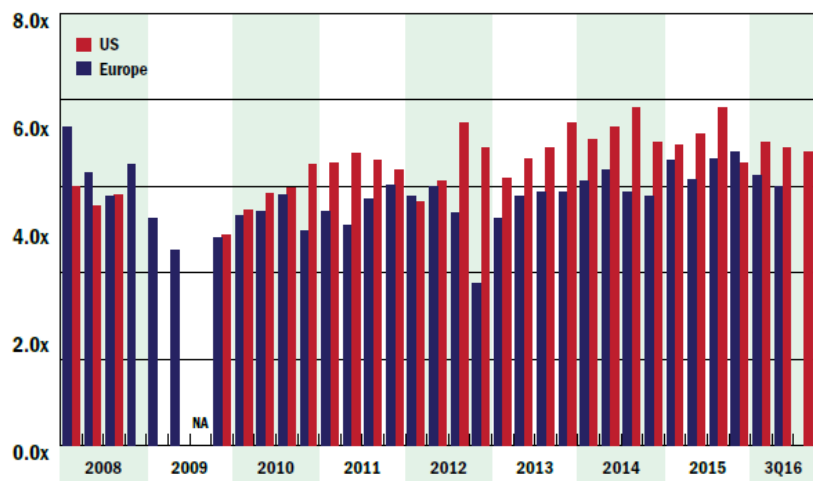
- \$15.7bn raised in Q2 2016 globally of which Europe focused funds represent \$8.4bn



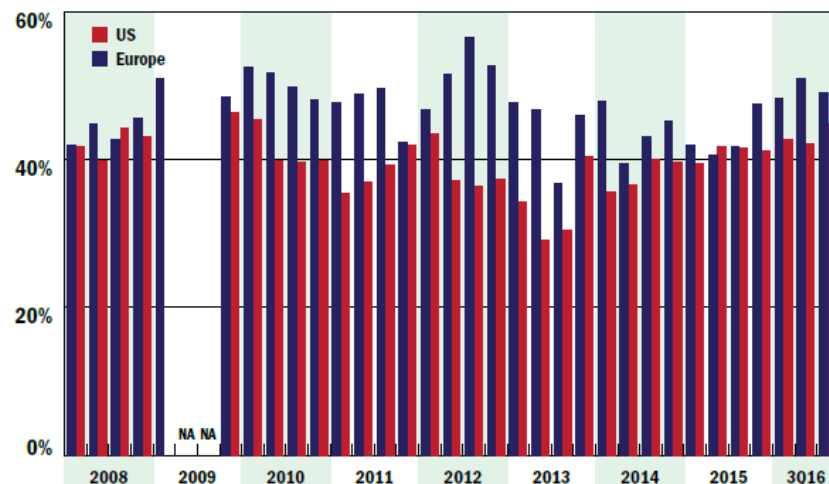
Source: Preqin

Historical Leverage and Equity Contribution

Leverage (Total Debt/EBITDA) ⁽¹⁾

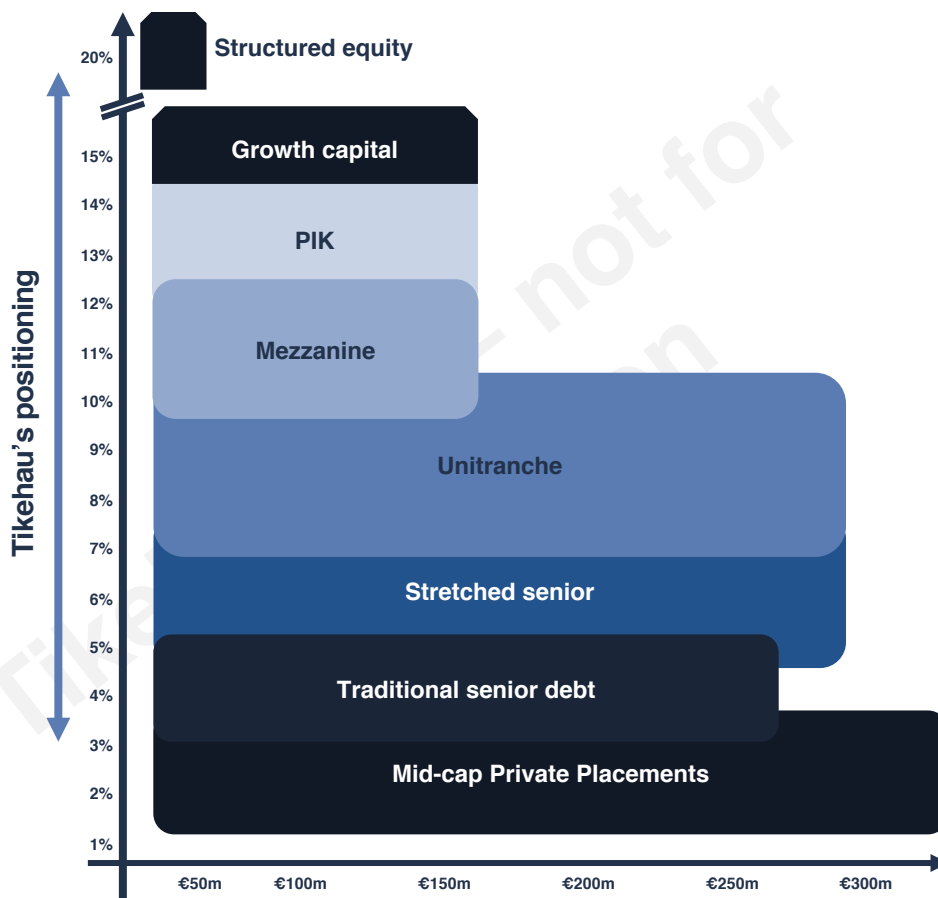


Average Equity Contribution ⁽¹⁾



(1) S&P Q32016

What is direct lending?



A number of alternative lenders are able to fund across the whole capital structure from senior debt to structured equity

Private Debt allows for flexible structure between senior bank debt and equity



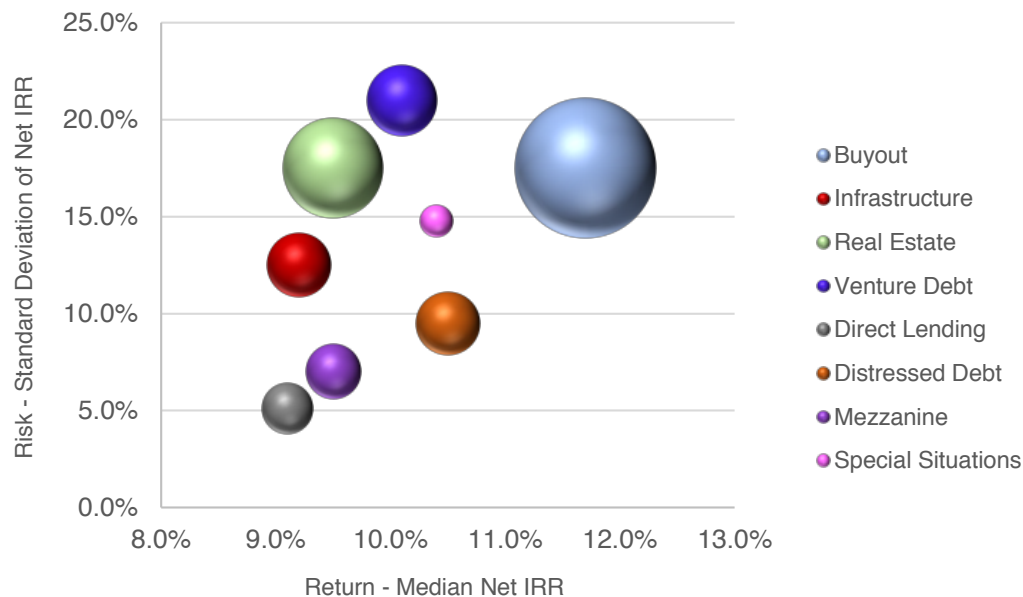
Capital Structure	Gross Return	Leverage ⁽¹⁾	Key Features
Senior debt and asset-backed lending	2 - 4%	1 - 3x	<ul style="list-style-type: none"> ▪ Current yield – generating recurring income on average E + 500 bps, generally paid quarterly ▪ Floating rate – hedge against rising interest with Euribor / Libor floor in most transactions ▪ Secured – typically on the assets of the issuers ▪ Conservative covenants to closely monitor operating performance and protect lenders
Stretched senior debt	4 - 7%	3 - 4x	
Unitranche and subordinated debt	7 - 10%	3 - 6x	
Mezzanine debt	11 - 14%	5 - 7x	
PIK debt	12 - 16%	5 - 7x	
Equity	> 15%	> 5x	

(1) Debt / EBITDA

Rationale for investors: an attractive risk profile

An Attractive Risk Return Profile...

Risk and Return by Strategy (Vintage 2003 – 2013 Funds)



... with Interesting Features

1. Regular coupon
2. Interest risk protection (Floating Rate)
3. Downside protection though seniority over capital structure
5. Some equity upside through warrants
6. Favorable Solvency II treatment (look-through dashboard reporting)
7. Long-term investments – good match for liabilities
8. Diversification
9. Not market driven

A Different Risk / Return Profile

	Senior	Unitranche	Mezzanine-PIK	Equity
Expected return	4%-7%	7%-10% (incl. warrants)	11%-14% (incl. warrants / equity)	20%-30%
Terms	Cash coupon: Euribor (floor 0.5-1%) + margin 3-5%	Cash coupon: Euribor (floor 0.5-1%) + margin 3-5% PIK 3-6% + Warrants (optional)	Cash coupon: Euribor (floor 0.5-1%) + margin 3-5% PIK 3-6% + Warrants	n.a.
Key investment criteria	Capacity to reimburse the debt / loan to value	Capacity to reimburse the debt / loan to value	Capacity to reimburse the debt / loan to value	Value creation
Portfolio profile	High diversification	High diversification	High geographical and sector diversification (40+ companies)	Low diversification (5-15 companies)
Protection	1 st ranking securities	1 st ranking securities	Better than Equity / Riskier than Senior/Unitranche	Higher risk possible
Usual main features	4-7 years Amortizing and bullet	6-8 years Non call 2 years Bullet debt	8-10 years Non call 2yrs, 2% then 1% prepayment penalty – Bullet debt	n.a.
Value creation	Interest received + nominal repaid	Interest received + nominal repaid	Interest received + nominal repaid + warrants	Growth of results / Leverage effect / Acquisitions
Involvement in management of the companies	n.r.	Observer Seat	Observer Seat	Core Business

Represent 80% of our activity



The information contained in this presentation is confidential and is for the exclusive use of the original listed recipient(s). The contents of this presentation are for informational purposes only, and should not be regarded as an offer to sell or a solicitation of an offer to buy any securities, futures, options, investment products, share of funds or other financial product or services. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. This presentation is not intended for distribution to, or use by, any person or entity in any location where such distribution or use would be contrary to law or regulation, or which would subject TIM to any registration requirement within such location.

TIKEHAU INVESTMENT MANAGEMENT
32, rue Monceau – 75008 Paris
Tél.: +33 1 53 59 05 00 – Fax: +33 1 53 59 05 20
491 909 446 RCS Paris
AMF certification number: GP 07000006
Insurance broker registered under number: ORIAS 09 051 177