

Acquisition of Monroe Capital LLC : Wendel announces a transformational transaction in line with its strategic roadmap



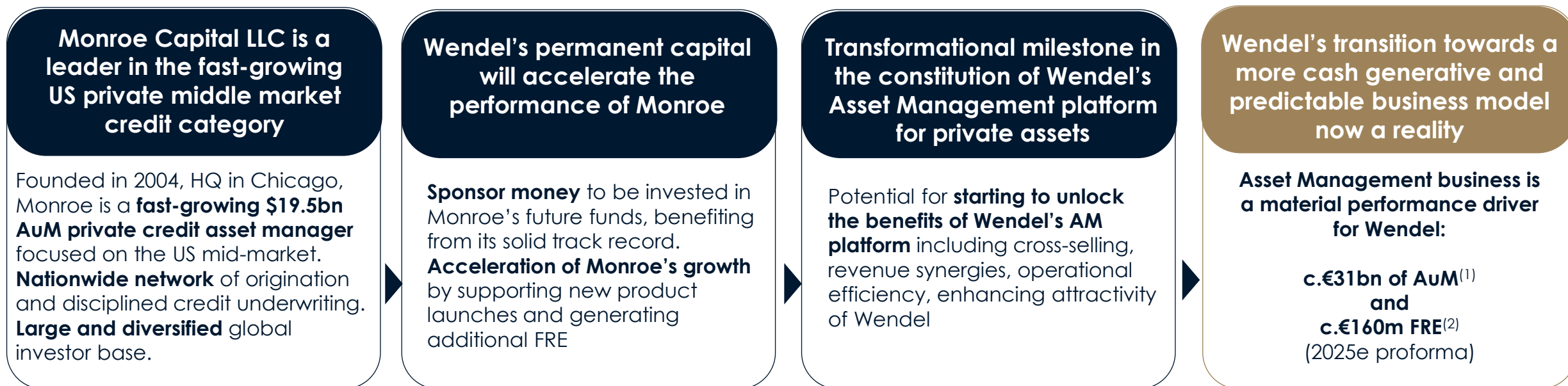
October 22, 2024

Investing *for the long term*

2024



— Acquisition of Monroe Capital : a transformational step in building Wendel's third-party AM platform



Initial transaction of \$1,130m for 75% acquisition of Monroe shares and c.20% of legacy & future carried interest.
The total consideration, including earn-out payment, would correspond to c. 14.7x to 18.5x 2025e pre-tax FRE and a 4.2x 2025e pre-tax PRE

Strong value creation potential and increased diversification for Wendel and its shareholders

- + **Return on sponsor money** committed in Monroe + acceleration of Monroe growth
- + **Stronger predictable cash flows** from sponsor money investments + recurring dividends (targeting c.85% payout)
- + **Performance Related Earnings** (carried interest) from past and future funds
- + **Strong confidence in surpassing the €150m 2027 FRE target (Wendel share)** based on Monroe and IK's internal growth potential

—Monroe is a fast-growing \$19.5bn AUM private credit manager focused on the US mid-market

**A market leader in the large and growing US middle market
targeting \$5m-\$40m EBITDA companies requiring \$25m-\$200m debt**

Inception: 2004

Team: 270+ (o/w 110 IP)

Diversified sectors with specializations in :

- Business services
- Healthcare
- Software & technology
- Media
- Specialty finance
- Distribution
- Manufacturing
- Consumer goods



\$19.5bn managed across
45 investment vehicles
dedicated to different LP
segments

28% AUM CAGR 2013-24

c.10% Gross Unlevered IRR ⁽¹⁾

700+ directly originated
transactions

1.5% of default rate since
inception with c.70% recovery
rate on directly originated
transactions

11 offices (o/w 9 In the US)

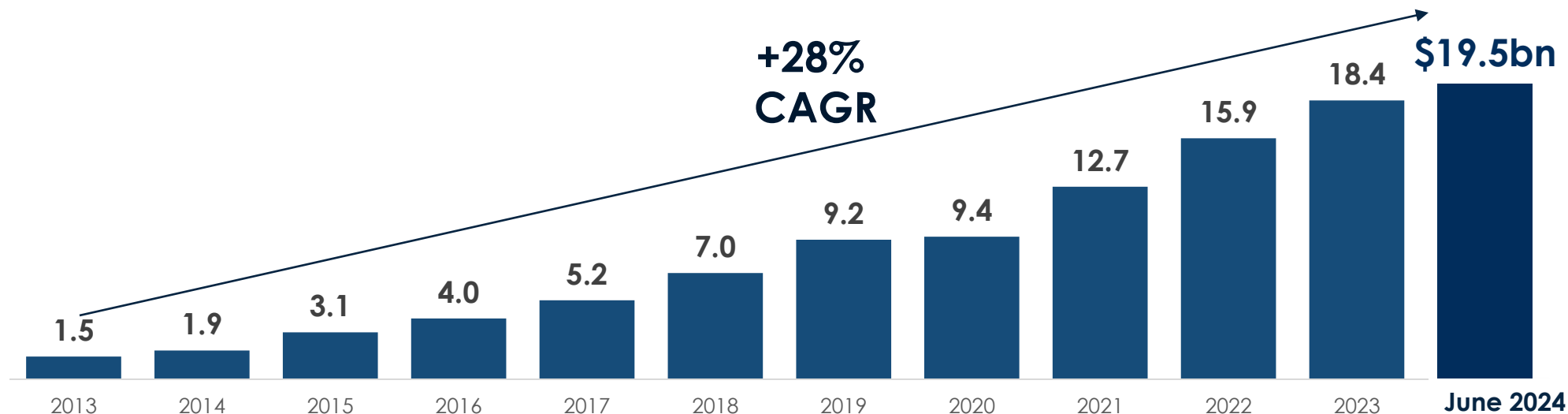


**Proud
signatory**

PRI Principles for
Responsible
Investment
May 2019

WE SUPPORT
UN GLOBAL COMPACT
March 2021

— Monroe has been increasing Assets Under Management at a 28% CAGR since 2013

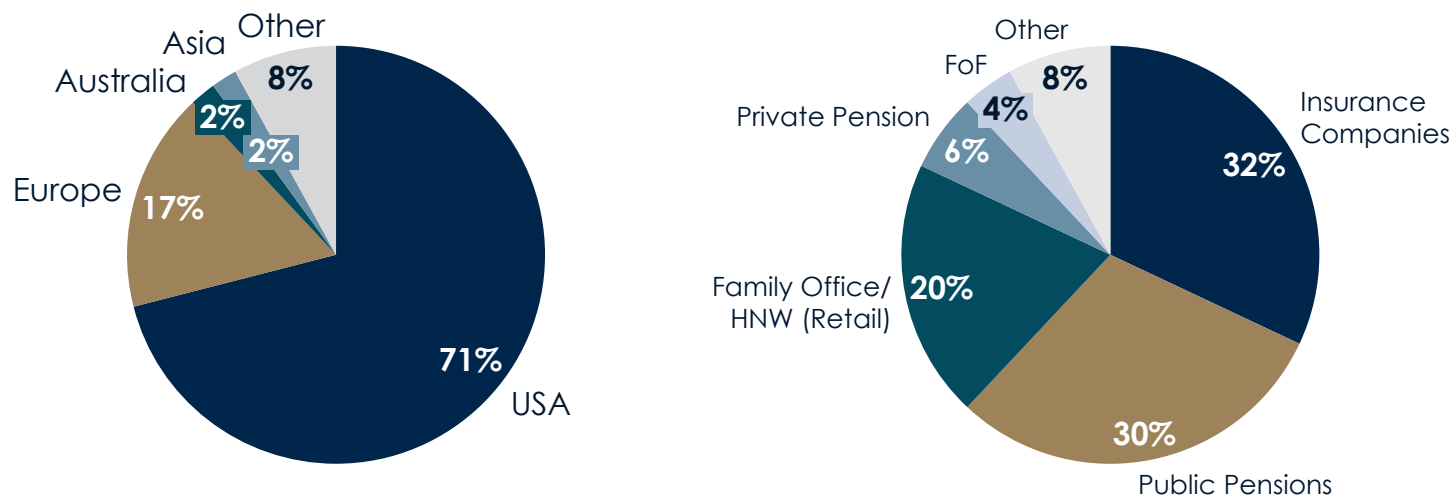


Joining the Wendel Platform will further enhance Monroe's fundraising capacity:

- The transaction **will enable IK Partners and Monroe Capital LLC to be an even stronger partner to LPs**, providing investment opportunities across a **broader range of asset classes and return profiles**
- Combines long-standing, **complementary investor bases by nature of LPs and geography**

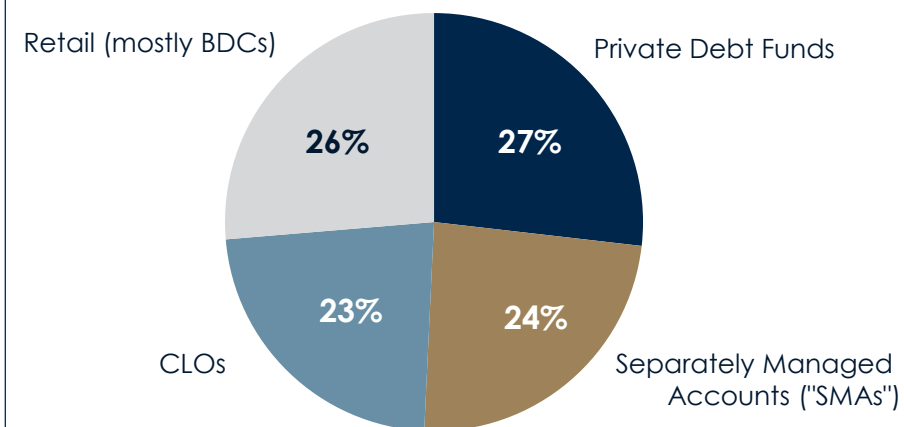
A large and diversified LP base with noticeable exposure to the attractive retail segment and a significant portion of permanent capital

LP type & geographical breakdown



- **150+ global institutional LPs** across pensions, insurance companies, SWFs, foundations, etc.
- **37-person dedicated business development and investor relation teams**

AuM split by products



- **26% of the AuM in the growing retail segment**
- **c.50% of retail and SMA capital providing good revenue visibility**

Data as of June 30, 2024

— Monroe has a broad range of Investment Products for both Institutional and HNW / Retail clients

Flagship Institutional Funds

- Closed-end “PE style” fund structures in levered / unlevered vehicles
- Senior secured, unitranche and opportunistic directly originated loans
- Primarily focused in North America

Target: 9-14% levered net IRR
Current AUM: c.\$5bn

SMA

- Customized “fund of one” structures in partnership with the firm’s largest LPs in both levered / unlevered vehicles
- Senior secured and unitranche directly originated loans, opportunistic and CLO equity

Target: 10-12+% levered net IRR
Current AUM: c.\$3.5bn

STARR

- Invests in companies whose value proposition is driven by software and technology
- Provides investors with consistent and attractive current yield distributed quarterly with minimal volatility

Target: 10-13+% levered net IRR
Current AUM: c.\$1.0bn

High Net Worth / Retail

- Publicly traded permanent capital vehicle, non-traded BDC, and institutional / HNW targeted vehicle in Canada
- Unitranche, senior secured, junior and mezzanine debt

Target: 6-9+% levered net IRR
Current AUM: c.\$5bn

CLOs

- Focused on senior secured traditional middle market loans
- Focus on lower leverage, diversity and conservative structures

Target Return on Equity: 15+% levered net IRR
Current AUM: c.\$5bn

Alternative Credit

- Specialty finance, asset heavy corporate credit, highly structured real estate lending, and secondary investments

Target: 14-15+% levered net IRR
Current AUM: c.\$0.5bn

— A seasoned Senior Management and Investment Committee



THEODORE KOENIG

Chairman & CEO



ZIA UDDIN

President & Co-PM,
Institutional Portfolios



MICHAEL EGAN

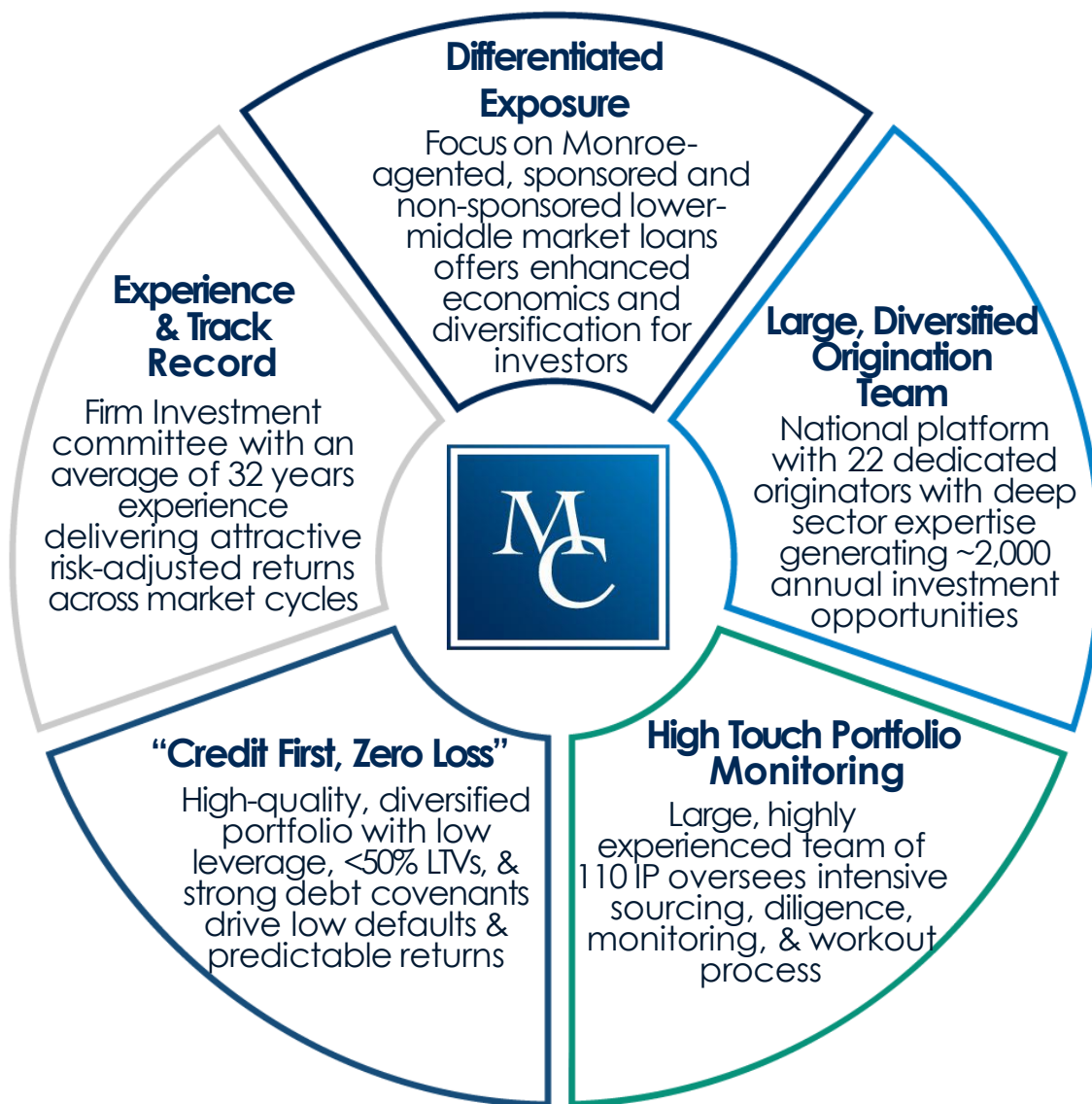
Vice Chairman, Chief
Credit Officer



THOMAS ARONSON

Vice Chairman,
Head of
Originations

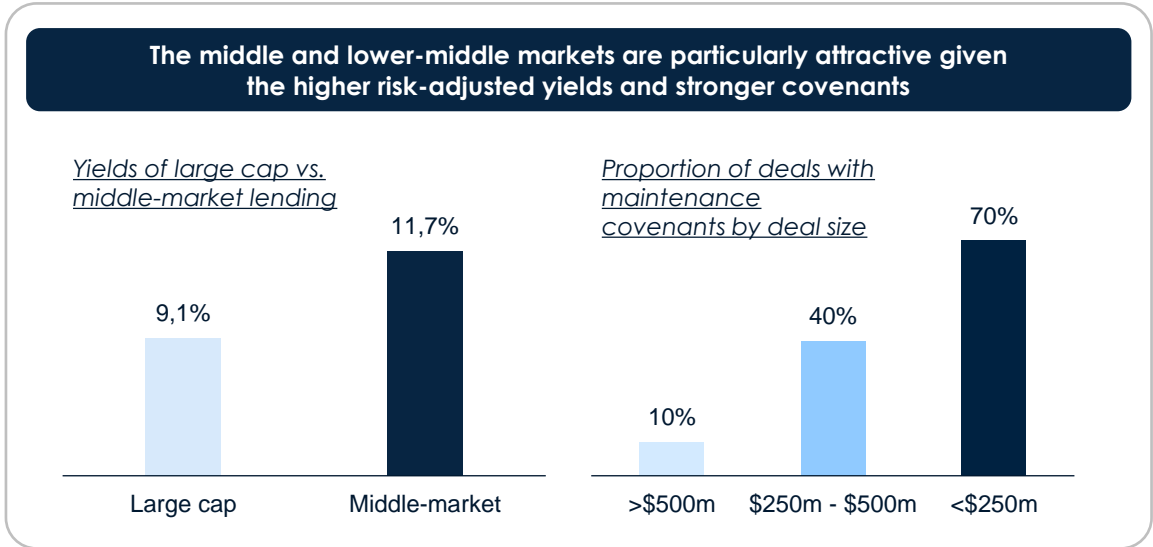
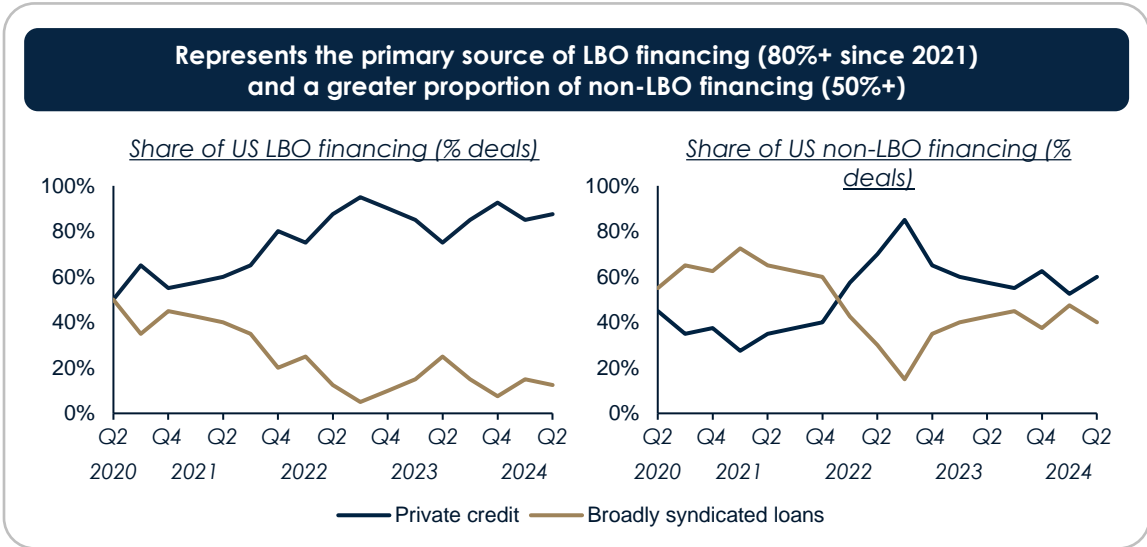
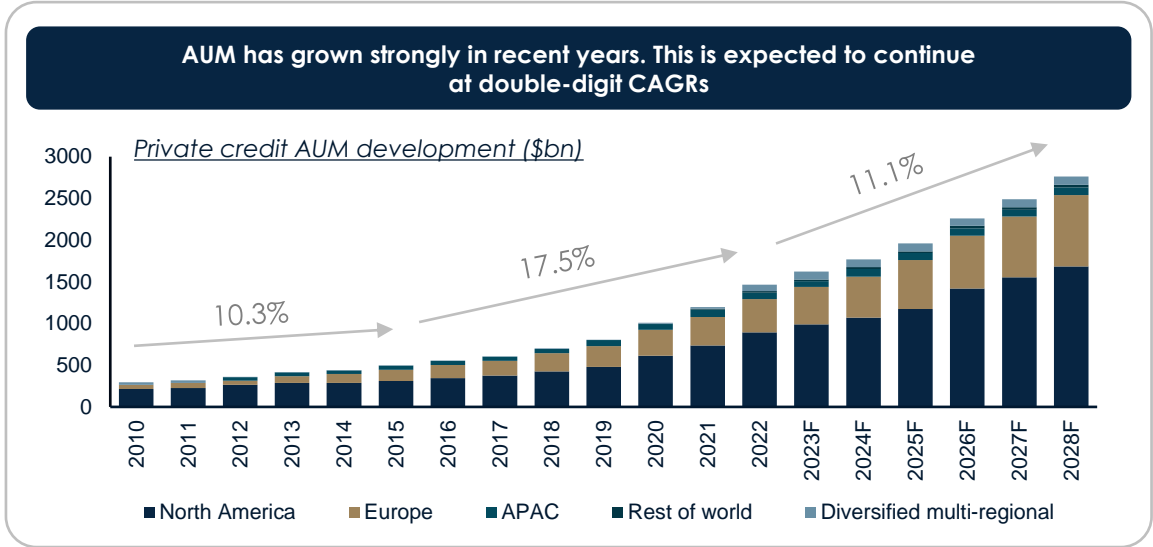
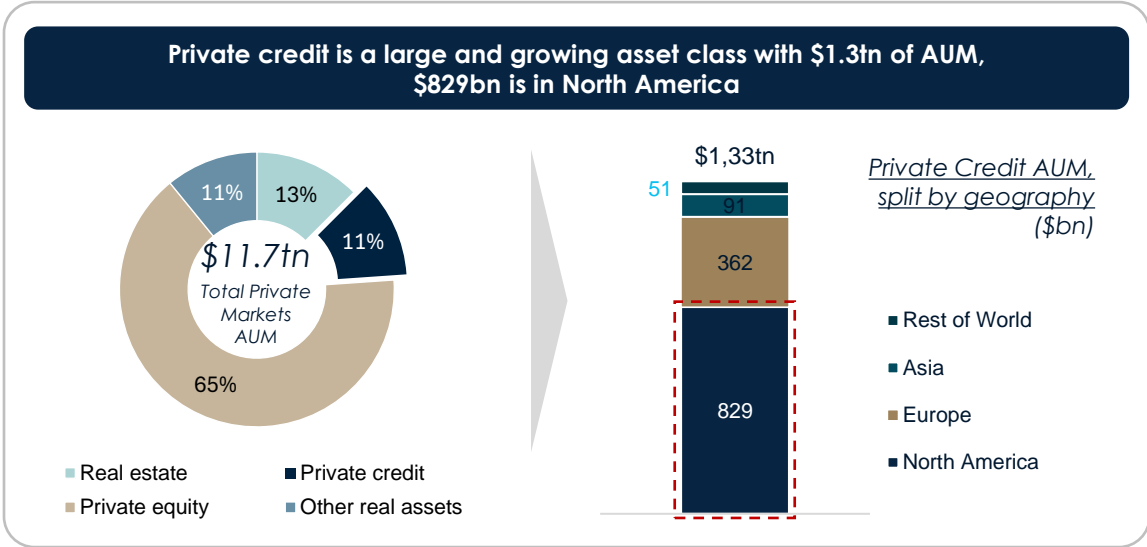
A Market Leader in the Lower-Middle-Market : A fragmented market with attractive risk returns



A very fragmented lower-middle market results in inefficiencies offering disciplined lenders the opportunity to earn attractive risk-adjusted returns

- **Less Competitive** – provides greater selectivity, even in less active markets, while commanding higher coupons & fees
- **Smaller Deals** – average deal size of ~\$100mm allows Monroe greater control and more favorable terms
- **Better Structures** – more conservative leverage multiples and LTVs
- **Stronger Covenant Packages** – no cov-lite transactions
- **Superior Access** – direct access to management during diligence and post-close
- **Stronger Legal Documentation** – tighter credit agreements and fewer EBITDA adjustments
- **Better Portfolio Monitoring** – monthly financial statements, customized KPIs, and direct management access

US Private credit is a large and growing asset class...



— Why Monroe is the right partner for Wendel to enter the debt segment?

A market leader in US lower middle-market direct lending...

- **US Direct lending is large and growing** with secular tailwinds
- **Mid Market (<\$40m EBITDA) offers good risk reward** with less competition
- **Monroe is one of the leading player in this market** (\$19.5bn AUM)

... providing capital solutions to clients in the U.S & Canada

- A **sizeable US middle-market** (200k businesses, 1/3 of US Private Sector GDP) with attractive growth prospects which enhance the diversification of Wendel
- **~70% of LPs are from the US** and **20% are Family offices/High Net Worth individuals**

... with a differentiated approach to Private Credit

- **Strong proprietary Originations** with 22 originators and 270+ sponsor relationships across the US allowing local knowledge, selectivity and specialization
- **80%+ of private fund investments are “agented” by Monroe** allowing better terms and intensive monitoring
- Underwriting and monitoring teams are centralized **and independent from local origination**

... supported by a seasoned and committed team

- **270+ FTE** (of which 110 Investment Professionals)⁽¹⁾
- A committed Senior Management with **strong ambition to grow the platform**
- A large management team with **23 equity incentivized partners**
- **A multi layer management team** and a process-oriented firm allowing smooth management transition

... delivering superior results

- **28% AUM CAGR 2013-2024**
- **Gross IRR target in line with Wendel target**, over the last 15y in a low-rate environment
- **1.5% default rate since inception on directly originated transactions**

— Our partnership with Monroe Capital: 4 levers to accelerate growth



Provide capital
to support growth

- Capital to sponsor new strategies and fund organic and inorganic initiatives (\$800m in the sponsoring program and up to \$200m of GP commitment for Monroe Capital)



Benefit of Wendel network to
develop partnership

- Wendel's network to develop long term strategic partnerships with highly regarded LPs (Wendel and Monroe Capital intend for AXA-IM Prime to participate in the transaction)



Cross selling between our
different strategies

- No product overlap
- Complementarity of the LP base between IK Partners (Europe and Asia) and Monroe Capital (mainly US). First touch point



Build a centralized
fundraising platform where
appropriate

- After an intense period of M&A, Wendel will focus on building additional fundraising capabilities to accelerate the development of its affiliates. MENA and APAC region will be the priority

— AXA IM Prime, through its GP stake fund, has entered into discussions to invest alongside Wendel in Monroe Capital with the aim to partner and support the next phase of growth of the platform



- Establishing **virtuous strategic partnerships with renowned investors** is part of Wendel AM strategy.
- **As part of their longstanding relationships, Wendel and AXA IM Prime** have entered into discussions in order for AXA IM Prime through its GP-stake fund “AXA IM Prime Capital Partners I” (“PCP I”) to invest up to \$50m, as a minority shareholder, alongside Wendel in Monroe Capital. AXA Group is the anchor investor of PCP I and already a significant and historic Limited Partner in Monroe Capital’s funds.
- These discussions aim **to strengthen the cooperation between the parties to support Monroe Capital LLC development** over the long term.

— The transaction structure preserves Monroe's ability to deliver consistent performance for its LPs while maintaining strong alignment of interests between Management, LPs and Wendel



Post-transaction Monroe's governance

Autonomy

of the Monroe management for day-to-day activities
Monroe's Investment Committee to remain fully independent

Long-term Partnership

Put / call mechanisms over 2028-2032
No leaver and incentivization of the new generation of partners
Identified succession plan

Strategy and Oversight

Wendel to chair Monroe's board

Complementary and clear separation

of investment mandates between Monroe,
Wendel and IK



Alignment of interests

Significant management exposure to future performance

- **Earn-Out component in the transaction**– Selling shareholders are exposed to an earn-out on initial transaction subject to FRE performance
- **Acquisition of remaining 25% of GP secured** – via put / call mechanisms over 8 years

\$800m of sponsor money + up to \$200m in funds to be raised

Wendel to invest GP commitment and sponsor money in future funds fostering alignment with LPs and supporting Monroe's growth, together with GP Commitments

Shared carried interest upside: c. 20%⁽¹⁾ attributable to Wendel

Carried interest split 80-20% between Monroe's teams and Wendel for legacy and future funds, ensuring strong alignment of incentives

— Transaction summary

100% of Monroe to be acquired from its shareholders



- **75% acquired upfront at closing** (50% from Monroe management, 25% from Bonaccord Capital Partners), + c.20% of legacy & future carried interest
- **Commitment to acquire the remaining 25% over time** through put and call arrangements, with a price/multiple based on FRE growth



\$1,130m initial consideration, payable in cash at closing

- Including acquisition of c.20% of the GP's legacy and future carried interest

Long term alignment through transaction structure



- **Earn-out of up to \$255m, payable in early 2028**, subject to FRE performance threshold (Max if CAGR above 26%)
- Remaining 25% to be acquired over 8 years, through a put/call agreement at a pre-tax FRE multiple depending on realized growth. **All partners staying as shareholders**



Transaction to be financed with cash on balance sheet

Implying a pro forma⁽¹⁾ LTV of ~19%



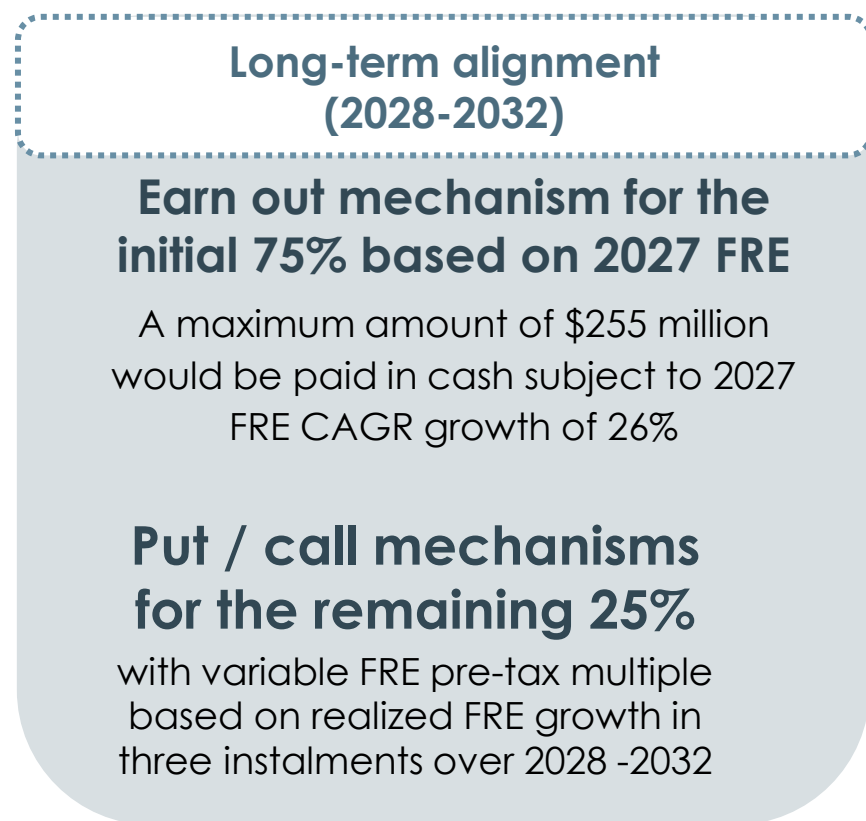
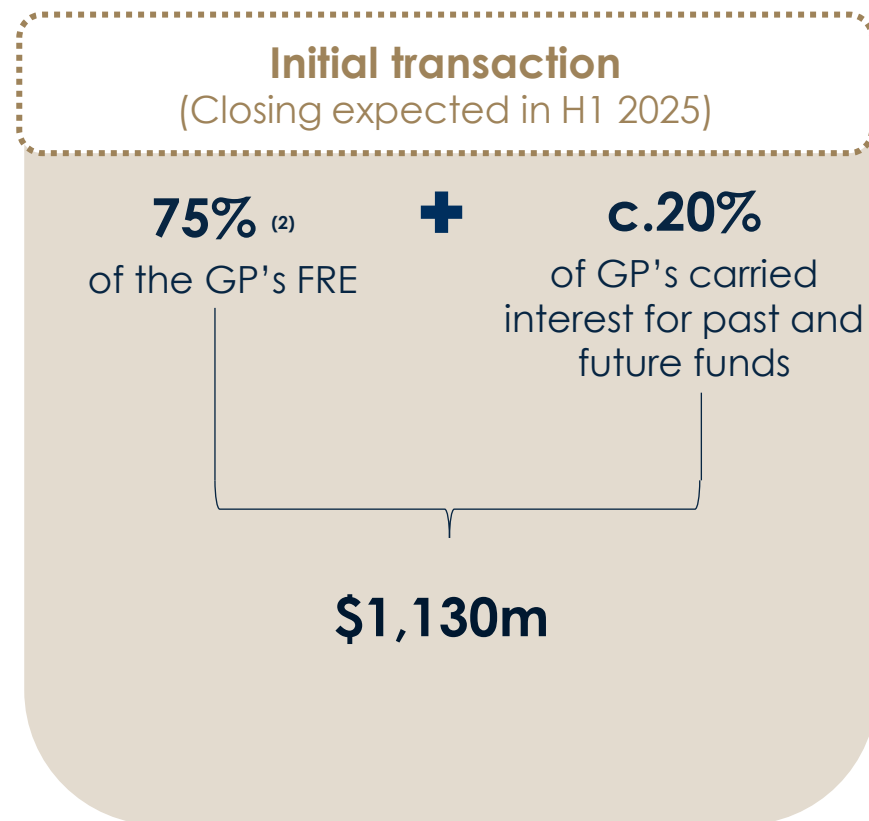
Closing expected to occur in H1 2025

Subject to customary and regulatory approvals

(1) Based on June 2024 NAV and Including Bureau Veritas dividend paid in July, Globeducate, €400m of IK Partners funds commitments, IK Partner transaction's deferred consideration, Monroe transaction (including the estimated earnout) and \$200m of Monroe GP commitments. It excludes the put/call mechanisms of the IK Partners and Monroe transactions over 2028-2032.

Details of the acquisition structure

**Complete scope
of the transaction**
100% of GP
+
**GP's share of carried
interests for past and
future funds (+/- 20% of
carried rights)⁽¹⁾**
Paid in cash



**The total consideration for the 75%,
including earn-out payment, would correspond to c. 14.7x to 18.5x
2025^e pre-tax FRE and a 4.2x 2025^e pre-tax PRE**

- 1) GP share on all past (100%) and futures vehicles (75%) (SMA and Closed end funds).
The remaining carried interest rights (80%) stays for the management
- 2) AXA Prime interests will be part of the 75% during the ownership period (5 to 7 years)

Asset Management business is now a significant performance driver for Wendel



W E N D E L

Wendel's target model in third-party asset management is scaling up

Creating **a sizeable and comprehensive third-party private assets manager** through both **external and organic growth** and generating significant value through **regular cash-flow generation** (management fees) and **capital appreciation** (carried interest, sponsor money returns and valuation of GP)

Target Operating Model in Third-Party Asset Management



Unique benefits for Wendel's Asset Managers

1. **Full autonomy:** no disruption of the business
2. **No conflict of interest:** 1 manager by vertical
3. **Wendel's ample and growing resources** (human and capital) **dedicated to a small number of managers**
4. **Long term vision** with **continued investment** in the managers **over time**
5. **Cross-selling through global ecosystem of LPs** seeking access to alpha-generative private markets solutions

Wendel's Asset Management platform reaching critical mass in Private Assets

**Wendel
AM platform**

cumulated 2025E proforma figures

IK Partners

Private Equity



Private Debt

€31bn

of third-party AUM

- From 0 one year ago to €30+bn today, a sizeable private asset manager
- In two fast growing verticals: Private Equity and Private Debt
- **Two Tier1 managers of private assets: IK Partners and Monroe Capital LLC**
- International exposure: Europe and North America

c.€125m

Wendel share of Pre Tax Profit⁽¹⁾
or c.€184m for 100%

- From 0 one year ago to PF 2025E c.€455m revenue and c.€160m FRE platform (c.€101m FRE, Wendel share)
- Exposure to significant additional PRE (c.€24m secured for 2025, Wendel share)
- Organic growth potential enhanced by Wendel Sponsor Money
- **€150m 2027 FRE target, Wendel share, to be achieved organically based on IK & Monroe growth potential**

€1.4bn

Invested to acquire GPs

- **Strong cash yield for shareholders**
- Diversification in terms of asset class and geography
- Capital allocation towards predictable cash flows
- €1.3 bn of Sponsor Money, to be deployed, will generate c.15% IRR in average to Wendel and will accelerate GPs' FRE future growth

Platformization to accelerate growth and profitability over time

(1) Pre-tax profit: FRE+PRE before tax

Wendel's 3rd Party Asset Management reaching meaningful scale

In m€	2025 pf
AuM	31bn ⁽¹⁾
Management fees & other	430
In bp	c.140bp
Carried interests (PRE)	25
Total revenues	455
Total expenses ⁽²⁾	271
Pretax profit (PRE+FRE)	184
Margin	c.40%
o.w. FRE ⁽³⁾	160
FRE margin	>35%
Net Profit PF Tax benefit, Wendel share ⁽⁴⁾	105

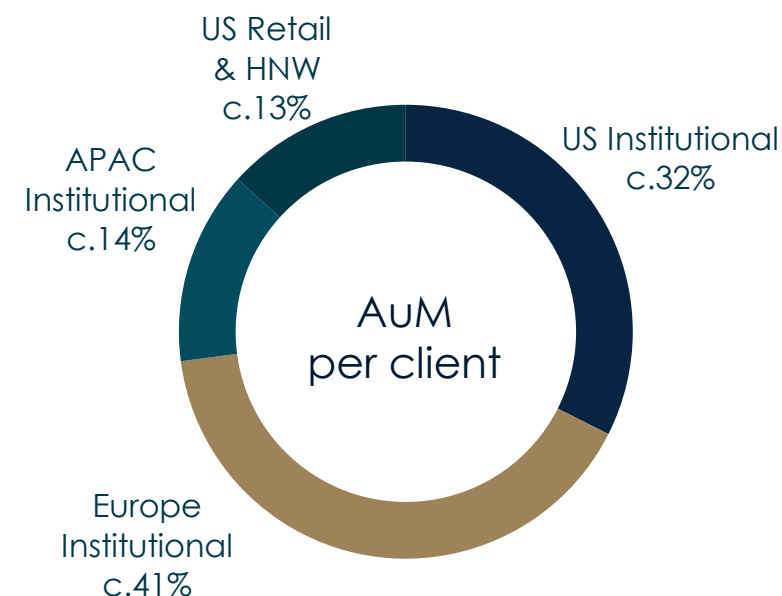
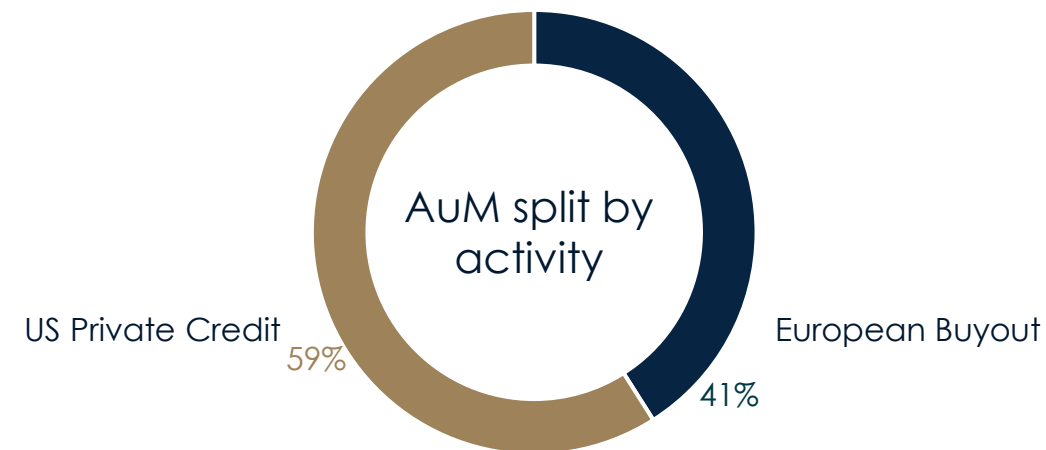
EUR/USD: 1.1

1) As of September 2024

2) Ow total headcount of 480 (210 IK, 270 Monroe), including 210 investment professional

3) Excluding carried interest contribution

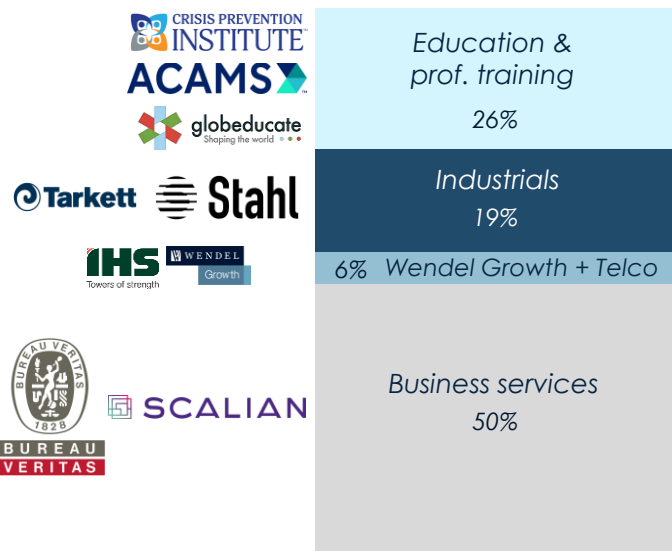
4) Including tax goodwill benefit in the US and tax integration benefit in France



Wendel's Group now manages close to €40 billion of assets

Principal Investment - €7.4bn

(Assets excl. €2.3bn of cash)



As of Jun 30, 2024

3rd Party AM platform – c.€31bn AuM⁽¹⁾

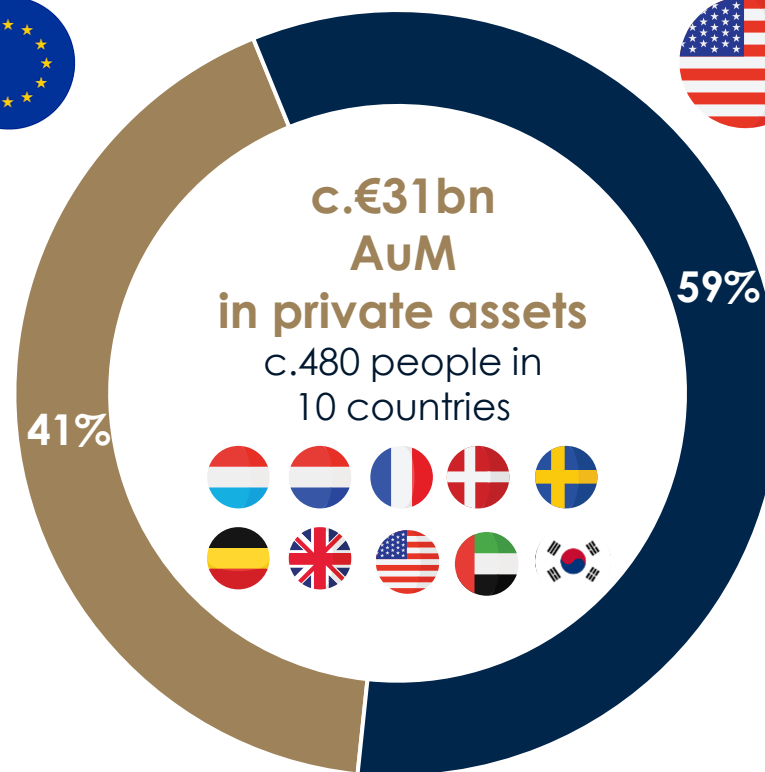
c.€160m FRE 2025E (c.€101m, Wendel share)

IK Partners

€13.1bn
AuM



€17.9bn
AuM



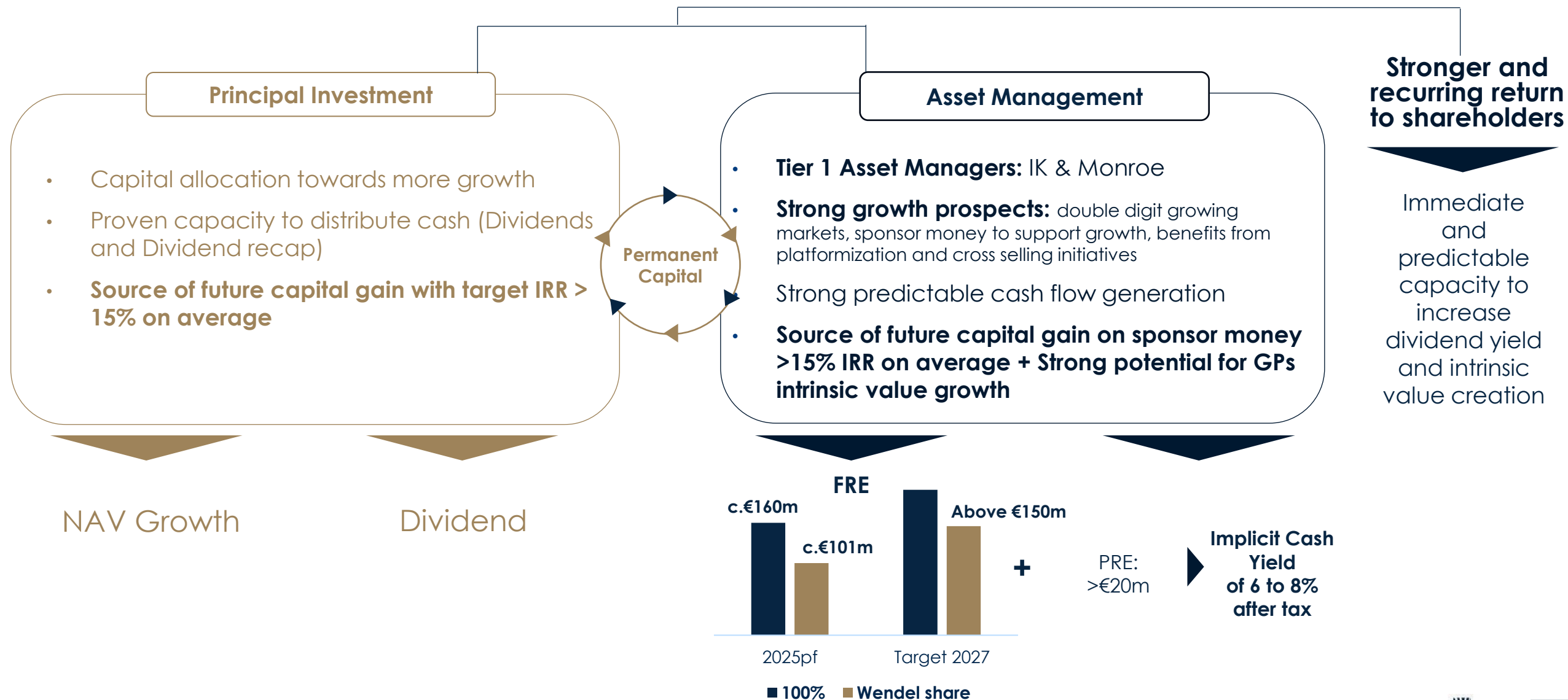
(1) September 2024 pro forma figures for IK Partners and Monroe Capital total AuM

Key takeaways



W E N D E L

Strong and Material Increase of Wendel Value Creation and Cash flow Generation Profile



— Wrap-up



Alongside its historical Principal investment, **Wendel is becoming a true sizeable Private Asset Manager** with presence in US and Europe in both debt and equity, with highly regarded teams, delivering superior performance, proven fundraising capabilities and strong track record.



A tipping point for Wendel: dual model now a reality with AM platform having reached a critical mass (**c.€160m in FRE⁽¹⁾ / c.€31bn AuM**)



A larger exposure to the US economy, well known by Wendel : Strong track record of Wendel in USA, with more than \$2Bn deployed since 2006, generating double-digit IRR



Active work on the Principal Investment portfolio **to create capital appreciation with permanent capital**

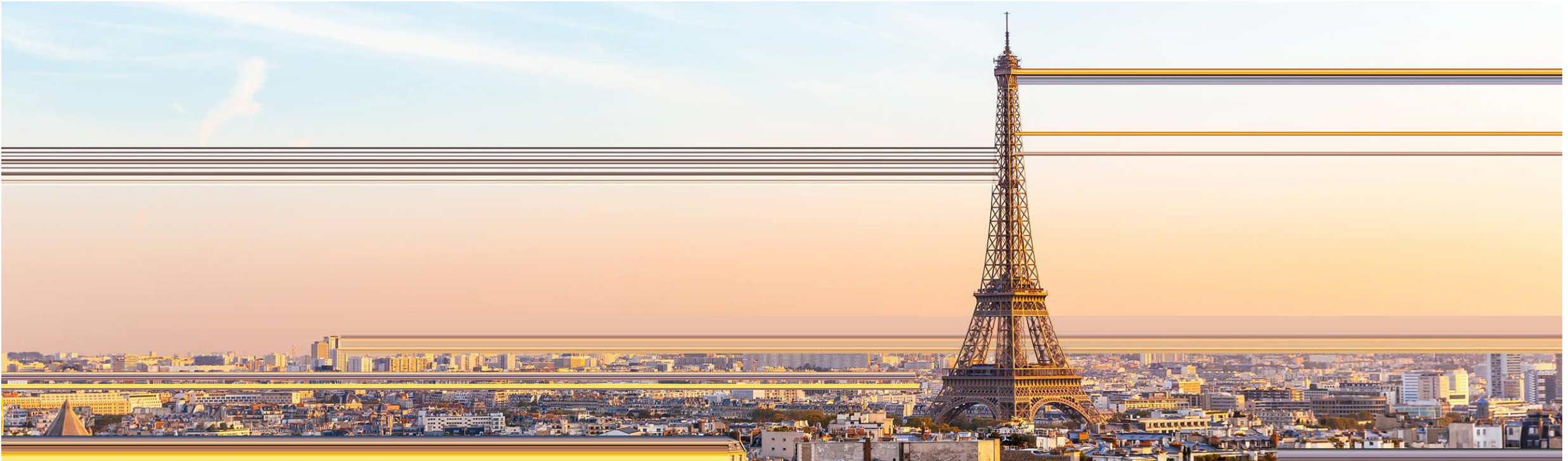


Next step: building the platform



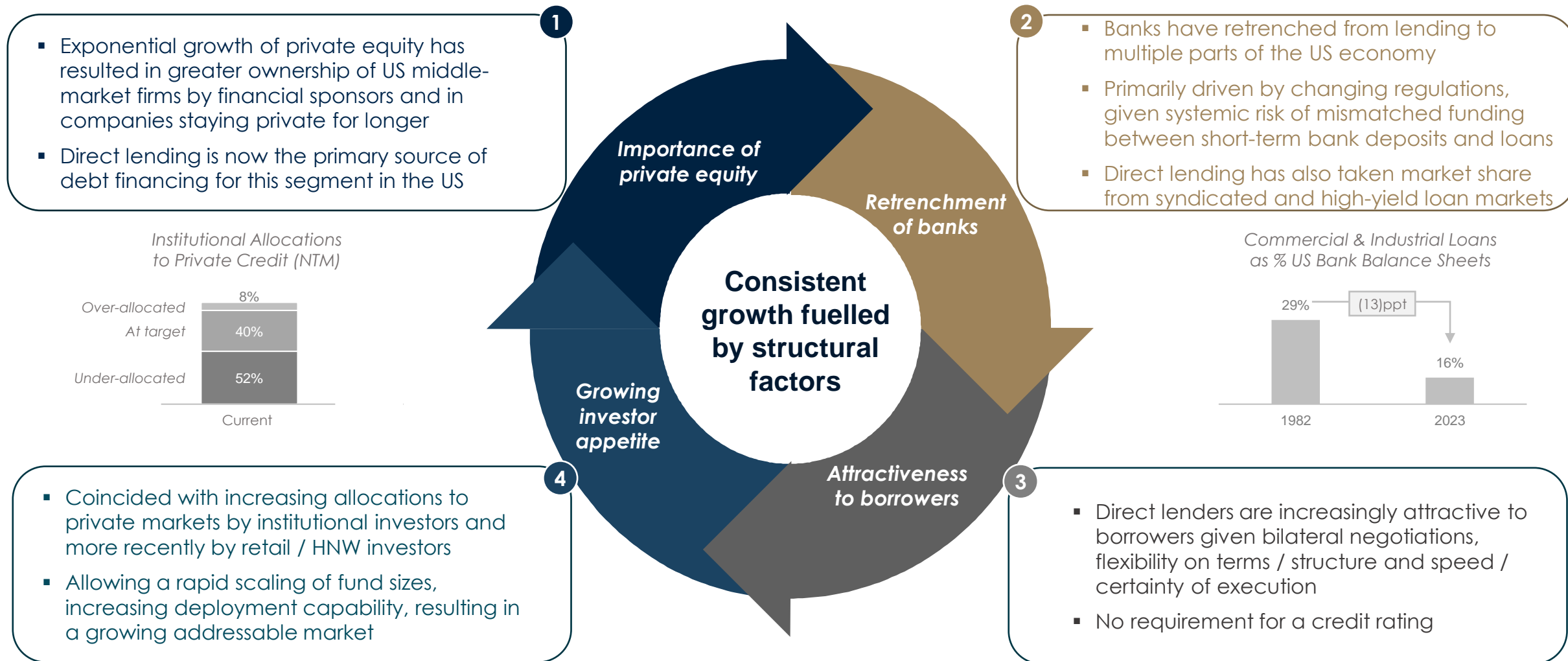
More details to be provided at **Wendel's Investor Day (Dec. 6)**

Appendices



W E N D E L

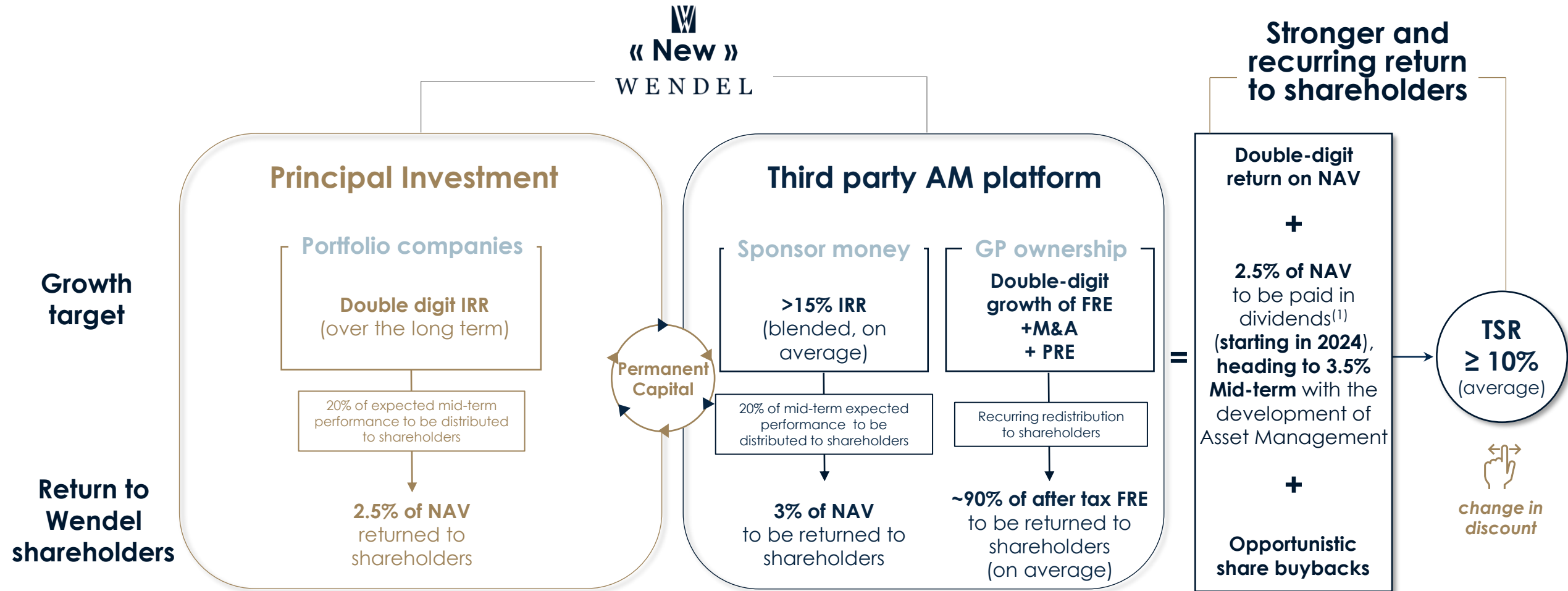
Private credit growth is underpinned by structural factors



Trends increasingly prevalent in Europe, where a similar growth trajectory is expected over the next 5-10 years

Value creation through Wendel's dual complementary model: double-digit TSR target

Acceleration of capital appreciation + dividend distribution increased to 2.5% of NAV in 2024, heading to 3.5% mid-term



(1) Based on N-1 December NAV and with a minimum objective of maintaining stability of dividend vs. previous year.

Glossary of Terms

AUM	Assets under Management	Corresponding – for a given fund – to total investors' commitment (during the fund's investment period) or total invested amount (post investment period)
BDC	Business Development Company	Structured as a closed-end fund to invest primarily in the debt of US small- and medium-sized private companies. Can be public or private vehicles and offered to retail investors.
CLO	Collateralized Loan Obligation	Securitized pool of actively managed, sub-investment grade corporate loans. Loans are funded through the sale of multiple debt tranches with various interest rates and payment priorities, and an equity tranche to take the underlying collateral risk.
FRE	Fee-Related Earnings	Earnings generated by recurring fee revenues (mainly management fees). It excludes earnings generated by more volatile performance-related revenues such as performance fees, carried interest of investment income
GP	General Partner	Entity in charge of the overall management, administration and investment of the funds. The GP is paid by management fees charged on assets under management (AuM)
IRR	Internal Rate of Return	Compound annual rate of return of an investment
LP	Limited Partners	External investors (i.e. other than the investment team) investing capital in a fund
PRE	Performance-Related Earnings	Earnings generated by performance-related revenues (such as performance fees or carried interest)
Preqin		Reference platform in the alternative assets industry, providing financial data, insights and tools on the alternative assets market
SMA	Separately managed account	Portfolio managed for a single client offering greater customization than pooled vehicles with a separate fee schedule.

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WENDEL

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