

CAPZA

October 2021

The European Private Debt Market : Tips and Guidance

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CAPZA : Leading European private investment house dedicated to small and mid-caps

2004

Establishment of
CAPZA Group

90

Professionals
within the Group

€5.6bn

Assets managed or advised
for a broad range of investors ⁽¹⁾

€3.4bn

Assets in
Private Debt

256

Investments since
creation ⁽²⁾

UNIQUE EXPERTISE IN PROVIDING
TAILOR MADE FINANCING TO SMALL AND MID-CAP COMPANIES
AT EVERY STAGE OF THEIR DEVELOPMENT

REGIONAL FOOTPRINT WITH A FOCUS ON CONTINENTAL EUROPE



CAPZA is majority owned by its employees backed and backed by AXA group as a minority shareholder at 46%; ⁽¹⁾ As of October 2021, of which assets managed by a third party and advised by Artemid SAS, valuations as of June 2021 also including funds raised until October 2021; ⁽²⁾ As of 30/06/2021 (including Artemid, Transition, and Time for Growth's remaining portfolio managed by CAPZA)

CAPZA

No matter the pandemic : stay disciplined

Crisis is not over and more is to come

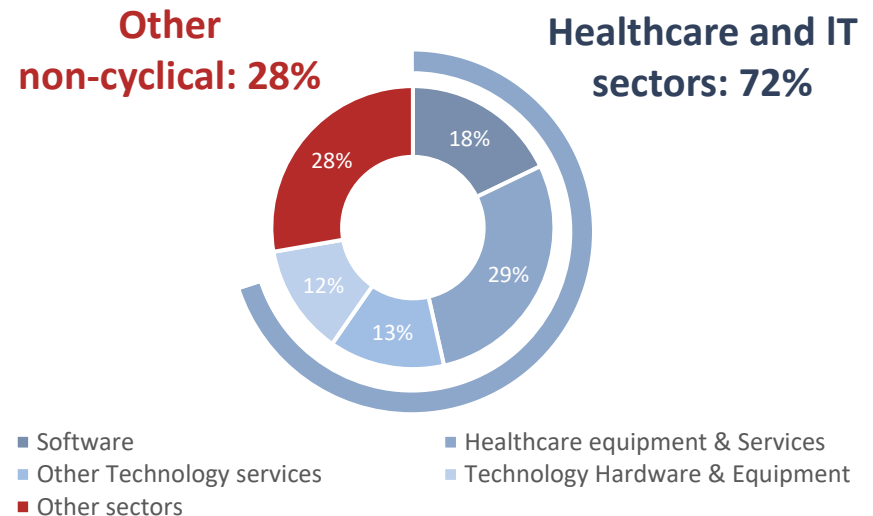
Most fragile companies should take a further toll in 2021 and 2022.
Further defaults are expected especially in Private Debt portfolios

OUR VIEW

Be disciplined: sector allocation is key

Non cyclical sectors such as **Healthcare and IT** have been at the heart of CAPZA' strategy, representing today in aggregate **72%** of our existing portfolios ⁽³⁾

Breakdown of transactions by industry⁽⁴⁾



Source: CAPZA; (3) In Capzanine 4 Private Debt and Capza 5 Private Debt as at 30/06/2021 (4) There is no guarantee that past allocation would reflect future allocation;

ESG at the heart of the investment strategy

Non financial risks are more important than ever

Covid crisis has highlighted the importance of non financial risks

World Economic Forum, 2021 Global Risk Report: Out of the 10 short term major risks (societal, environmental etc...) there is only 1 economic risk

Climate, health, social cohesion etc... are a growing challenge for companies

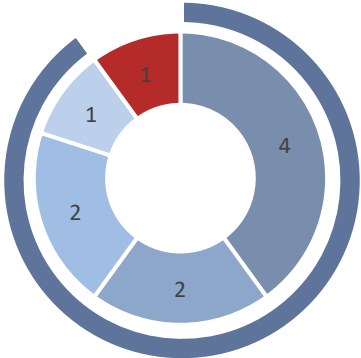
OUR VIEW

ESG at the heart of the strategy

CAPZA has developed a robust and innovative 360 approach to integrate ESG in its investment process

CAPZA is an early mover in ESG margin ratchets mechanism

World Economic Forum top 10 short term risks ⁽⁵⁾



Non financial risks:
9/10

■ Societal ■ Environmental ■ Technological ■ Geopolitical ■ Economic (Prolonged Stagnation)

CAPZA 360 approach

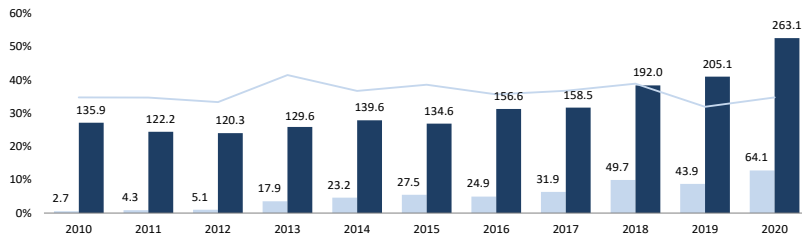


(5) Source: World Economic Forum Global Risks Perception Survey 2020

Proprietary deal flow is essential

Competition is intensive: lots of money to be deployed

Historical European Private Debt & PE dry powder ⁽⁶⁾



- Global private debt dry powder as % of AUM⁽⁶⁾ (left axis)
- Europe private debt dry powder (\$bn)
- Europe private equity dry powder (\$bn)

OUR VIEW

Importance of proprietary deal flow

In a competitive environment, proprietary / repeat deal flow is essential :

At CAPZA, more than **1 out of 2** Private Debt transaction is proprietary ⁽⁷⁾

Focus on mid-market companies with EBITDA ideally between €12m and €75m



A sweet spot that is less crowded of both private debt players and banks

(6) Source: Preqin - As % of global private debt AUM -- (7) Based on Capzanine 4 Private Debt and CAPZA 5 Private Debt portfolios

Focus on continental Europe

UK market is growing at slower pace than continental Europe

UK market is highly competitive and intermediated compared to continental Europe

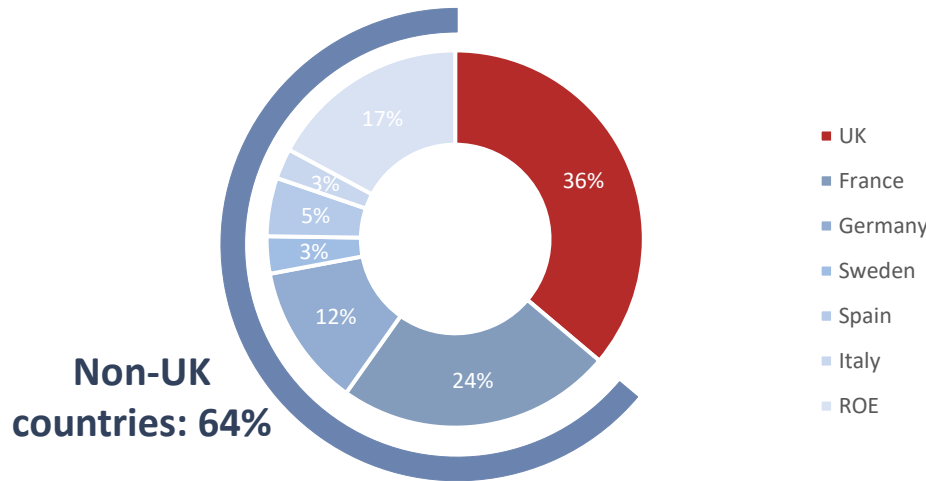
Local presence in continental Europe

Important to have local teams on the ground in continental Europe in order to create value

CAPZA has regional presence in France, Germany, Spain and Italy with deep and senior local connections

OUR VIEW

Europe direct lending deal geographies ⁽⁸⁾



(8)Source: Deloitte; number of geographies over the last months

Conclusion

Stay disciplined



ESG at the heart of
the investment strategy



Proprietary
deal flow



Focus on continental
Europe



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