



W E N D E L

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Wendel announces a transformational transaction in line with its strategic roadmap

- Acquisition of Monroe Capital LLC dramatically expands Wendel's Asset Management platform and rebalances its business model towards more recurring cash flows and growth
- Wendel's Asset Management platform will represent c.€31 billion¹ of AuM in private assets and is expected to generate c.€160 million² of Fee Related Earnings and c.€185 million of total pre-tax profit in 2025

Wendel (MF-FP) today announced that it has entered into a definitive partnership agreement including the acquisition of 75% of Monroe Capital LLC ("Monroe Capital" or "the Company"), and a sponsoring program of \$800 million to accelerate Monroe Capital's growth, and will invest in GP commitment for up to \$200 million.

For Wendel, the acquisition of a controlling stake in Monroe Capital, a private credit market leader focused on the U.S. lower middle market that has established an outstanding track record, would represent a significant and transformational advancement of the strategy it announced in March 2023 to develop its third-party asset management platform to complement its longstanding principal investments business.

This transaction follows Wendel's recent acquisition of IK Partners, a European leader in middle market private equity, as it seeks to build a scaled third-party asset management platform, based on strong performing General Partners with distinctive and focused expertise, an entrepreneurial mindset and an emphasis on the middle market. The embedded organic growth of those acquisitions will be complemented by Wendel's unique value proposition which includes:

- Capital to sponsor new strategies and fund organic and inorganic initiatives (\$800 million in the sponsoring program and up to \$200m of GP commitment for Monroe Capital)
- 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 opportunities by combining the expertise and client bases of GPs
- Development of centralized fundraising platform to address new markets

The transaction is subject to the satisfaction of closing conditions and receipt of regulatory approvals. It is expected to be completed in the first half of 2025.

¹ As of September 2024

² c.€101m of FRE expected in 2025, Wendel share.

A private credit leader in the U.S. middle market with a demonstrated strong track record across market cycles

Founded in 2004 by Ted Koenig, Monroe Capital provides private credit solutions to borrowers in the U.S. and Canada, managing \$19.5¹ billion of assets across 45+ investment vehicles. Monroe Capital's strategic verticals are Lower Middle Market Direct Lending, Alternative Credit, Software & Technology, Real Estate, Venture Debt, Independent Sponsor and Middle Market CLOs. Each vertical has demonstrated strong investment performance and offers potential for significant organic growth.

Through July 1, 2024, Monroe Capital has directly originated over 700 transactions, has invested over \$44 billion and has earned c.10% gross unlevered IRR² for its directly originated transactions. Monroe Capital's LP base is very broad and diversified, including public pensions, insurance companies, family offices and high net worth individuals from across the globe.

The firm, which is headquartered in Chicago, maintains eleven offices, of which nine are in the U.S., one in Abu Dhabi, UAE and one in Seoul, South Korea. Monroe Capital has grown to a team of over 270 employees, including 110 investment professionals.

A transaction aligning strategic interests of all stakeholders over the long-term

The envisaged transaction is a strategic partnership in which Monroe Capital's teams — who remain committed for the long term — will continue to operate independently and autonomously in day-to-day management of current markets and strategies, under the same brand. Monroe Capital's Investment Committee also would remain fully independent.

A key feature of the planned partnership will be the commitment of significant capital by Wendel to support Monroe Capital's present and future funds, as well as the development of new strategies. The contemplated transaction would lead to the full acquisition by Wendel of Monroe Capital over time, with subsequent transactions structured to ensure alignment of interests of all stakeholders:

(i) Initial transaction

As part of the initial transaction, which is expected to be finalized in the first half of 2025, Wendel shall invest \$1.13 billion, to acquire 75% of Monroe Capital's shares (50% from Monroe management and 25% from Bonaccord Capital Partners who is a minority interest owner of Monroe) together with rights to c.20% of the carried interest generated on past and future funds. Monroe management will continue to own 25% of the Company post-closing.

(ii) Long-term alignment and subsequent transactions

This transaction aims to maintain a long term and uncapped alignment of interests between Wendel and Monroe Capital's 23 partners and employees:

The initial transaction involving 75% of Monroe Capital would be complemented by an earn-out mechanism in the maximum amount of \$255 million, subject to Fee Related Earnings ("FRE") performance thresholds (Max if CAGR above c.26%) in the period, and if achieved would be paid in cash in 2028.

The total consideration for the 75% would correspond to c. 14.7x to 18.5x 2025e pre-tax FRE depending on the earn out effectively paid and a 4.2x 2025e pre-tax Performance Related Earnings.

Wendel will have a path to purchase the remaining 25% of Monroe Capital's shares in subsequent transactions (put / call mechanisms) that would take place in three instalments over 2028 and 2032 and be payable in cash. The purchase of the remaining 25% shares would be valued through variable purchase multiples determined depending on realized FRE growth.

¹ committed and managed capital (as of July 1, 2024)

² Across fully exited companies

(iii) Capital commitment

In addition, to accelerate Monroe Capital's growth, Wendel would seed future new initiatives launched by the Company, with sponsor money, up to a maximum of \$800 million in total, thereby supporting Monroe's growth and diversifying Wendel's investments in asset classes. In addition, Wendel will fund GP commitment of c.1% of funds to be raised, up to a maximum of \$200 million. In total, Wendel will invest \$1 billion into Monroe Capital's funds.

(iv) AXA IM Prime's investment alongside Wendel

In addition, Wendel and Monroe Capital intend for AXA IM Prime to participate in the transaction. Wendel and AXA IM Prime have longstanding relationship and have jointly worked since inception on the current transaction. Both companies are now in discussion to confirm AXA IM Prime investment (up to \$50m) as a minority shareholder, through its GP-stake fund "AXA IM Prime Capital Partners I" ("PCP I"), alongside Wendel in Monroe Capital. AXA Group (CS-FP) is the anchor investor of PCP I and already a significant and historic Limited Partner in Monroe Capital's funds.

Wendel to become an Asset Manager alongside its historical Principal Investment activity

Wendel's ambition is to build a sizeable Asset Management platform managing investments in multiple private asset classes, alongside its historical Principal Investment activity. The development of the third-party Asset Management platform will provide Wendel with recurring and growing cashflows as well as exposure to multiple and high performing asset classes. As a result, Wendel's dual business model is expected to generate an attractive and recurring return to shareholders.

With IK Partners and Monroe Capital, Wendel's third party private asset management platform will reach c.€31 billion in AUM¹, c.€ 455 million revenues, c.€160 million pre-tax FRE (c.€101 million in pre-tax FRE (Wendel share) by 2025 and is expected to reach €150 million (Wendel share) in pre-tax FRE by 2027 through double-digit organic growth.

This evolution of Wendel's business model is designed to enable the development, over time, of a value-creating platform with the potential to generate operational synergies.

The third-party Asset Management platform will be developed alongside Wendel's Principal Investment strategy, with the objective of generating double-digit Total Shareholder Return.

Laurent Mignon, Wendel Group CEO, commented:

"One year after announcing the acquisition of 51% of IK Partners, we are proud to announce the acquisition of 75% of Monroe Capital LLC, creating a strong partnership with a private credit leader in the U.S. lower midmarket. This acquisition marks an important step forward for Wendel's asset management platform, which we are committed to scaling. Wendel is becoming an asset manager alongside our decades-long activity as a long-term equity investor. Monroe Capital, founded by Ted Koenig in 2004, is a terrific company that has consistently delivered strong performance across various market cycles in North America, bolstered by a surge in demand for private credit solutions and with the scale to capitalize on the growing opportunity set we see in private credit. Monroe Capital is strategically positioned to capitalize on this increasing demand, attracting both institutional and retail investors.

Through this partnership with Monroe Capital, we are thrilled to collaborate with Ted Koenig, Chairman and CEO, Zia Uddin, President, and their talented teams to support their success and their ability to deliver robust financial performance over the coming years. It will be also a great privilege for Wendel to partner with such a renowned investor as AXA IM Prime.

Wendel is executing its strategic plan with determination, rigor and financial discipline, as demonstrated by this transformational acquisition, while also focusing on premium assets in our principal investment activities, highlighted by the recent acquisition of Globeducate. Our transformation to a dual-strategy model is now well-grounded, with top partners in asset management such as IK Partners in private equity and now Monroe Capital in private credit. Our priority for the near future will be to build our platform and to work on the rotation of our Principal Investment assets.

¹ As of September 2024

I would like to express my gratitude to the Wendel teams for their unwavering dedication and to the Supervisory Board of Wendel for its constant support in driving this ambitious strategy forward.”

Theodore L. Koenig, Chairman & CEO of Monroe Capital commented:

“We are excited to partner with Wendel and AXA IM on this next chapter of Monroe’s growth. Their commitment to our business will provide meaningful and stable capital to thoughtfully scale our platform and better capture the attractive and expanding opportunity in middle market private credit. Specifically, Wendel’s \$1 billion commitment will accelerate our client-centric growth strategy and deliver meaningful benefits to our global investor base.”

UBS acted as exclusive financial advisor to Wendel and Kirkland & Ellis LLP acted as legal counsel to Wendel. Wendel was also assisted by Fenchurch Advisory for this transaction. Goldman Sachs & Co. LLC acted as exclusive financial advisor to Monroe Capital, and Fried, Frank, Harris, Shriver & Jacobson LLP acted as legal counsel to Monroe Capital.

About Monroe Capital

Monroe Capital LLC (“Monroe”) is a premier asset management firm specializing in private credit markets across various strategies, including direct lending, technology finance, venture debt, alternative credit solutions, structured credit, real estate and equity. Since 2004, the firm has been successfully providing capital solutions to clients in the U.S. and Canada. Monroe prides itself on being a value-added and user-friendly partner to business owners, management, and both private equity and independent sponsors. Monroe’s platform offers a wide variety of investment products for both institutional and high net worth investors with a focus on generating high quality “alpha” returns irrespective of business or economic cycles. The firm is headquartered in Chicago and maintains 11 offices throughout the United States and Asia.

About Wendel

Wendel is one of Europe’s leading listed investment firms. The Group historically has made long-term equity investments in European and North American companies that are leaders in their field, including its current investments ACAMS, Bureau Veritas, Crisis Prevention Institute, Globeducate, IHS Towers, Scalian, Stahl and Tarkett. With Wendel Growth, Wendel also invests via funds or directly in innovative, high-growth companies. In 2023, Wendel announced its intention to build out a third-party private asset management platform to complement its principal investment activities. In the first step in advancing this dual-strategy model, Wendel in May 2024 finalized the acquisition of a 51% stake in IK Partners.

Wendel is listed on Eurolist by Euronext Paris.

Standard & Poor’s ratings: Long-term: BBB, stable outlook – Short-term: A-2 since January 25, 2019

Wendel is the Founding Sponsor of Centre Pompidou-Metz. In recognition of its long-term patronage of the arts, Wendel received the distinction of “Grand Mécène de la Culture” in 2012.



For more information: wendelgroup.com

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Agenda

Thursday, October 24, 2024

Q3 2024 Trading update – Publication of NAV as of September 30, 2024 (post-market release)

Friday, December 6, 2024,

2024 Investor Day.

Wednesday, February 26, 2025

Full-Year 2024 Results – Publication of NAV as of December 31, 2024, and Full-Year consolidated financial statements (post-market release)

Thursday, April 24, 2025

Q1 2025 Trading update – Publication of NAV as of March 31, 2025 (post-market release)

Thursday, May 15, 2025

Annual General Meeting

Wednesday, July 30, 2025

H1 2025 results – Publication of NAV as of June 30, 2025, and condensed Half-Year consolidated financial statements (post-market release)

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