Antin Infrastructure Partners
Full-year 2021 results

24 March 2022

Patrice Schuetz: Good morning. I am Patrice Schuetz, Group CFO and Partner. With me this morning is Alain Rauscher, our Chairman and CEO, and Mélanie Biessy, Senior Partner and COO.

2021 was an eventful year for Antin, and we've made significant progress on our business and on the delivery of our strategy. We'll start by sharing with you an update on the business activity, our operations, and our growth plans, and then we'll talk about our financial results for the year 2021. We'll conclude the call with a Q&A, where you will have an opportunity to ask questions.

With that, I will hand over to Alain.

Strategic update

Alain Rauscher: Thanks Patrice. Indeed, 2021 has been a milestone year for Antin in many aspects. First of all, we launched Mid Cap Fund I, which reached its hard cap of €2.2 billion in only four months, among the fastest fundraising we have ever completed since inception. Mid Cap Fund I has already made three investments, two in Europe and one in the US, and, as we stand, about 26% of the capital has been invested.

We also launched fundraising for our new NextGen strategy, which targets investments in infrastructure of the future. To do so, we have hired a team of 15 people that is fully operational, including four partners. We have defined a target fund size of €1.2 billion and a €1.5 billion hard cap. We made a first close in December 2021 and fundraising is in progress and doing well. We expect to complete fully the fundraising of this new strategy in the course of this year.

As a result of this, our fee-paying assets under management increased by 14% and we now manage three different infrastructure lines.

We have also completed some strong capital deployment and investment performance has been extremely pleasing. All of our funds are performing either on plan or ahead of plan, and this is evidently the bedrock of our business and of our future growth. We also delivered robust financial results. Patrice will talk more about that in a few minutes.

We invested in the build-up of the team. As you are aware, human capital is our most important resource and, in 2021, we have hired 53 employees across investment, fundraising and operations. And while we expect to hire additional talents in 2022, we are well-resourced to support future growth.

ESG has become a very core priority to Antin and to the way we operate, and it's really embedded in our way of operating, first as a corporate but also in our portfolio companies. And Mélanie will give you an update on the progress we have made and where we want to go.

We have succeeded in raising, in the process of our IPO on the Euronext Paris stock exchange, more than €400 million in primary proceeds, and this provides us with the resources we need to support our growth going forward.

Now a few metrics about the Antin share price. IPO was completed at €24 per share, on top of the range. We had a peak of €35.2, corresponding to a 47% increase at year end 2021. The low was about a month ago, at €22.3, and yesterday's close was about – in excess of €29 per share, so corresponding to a 25% increase compared to the IPO price. So, as you can see, it is volatile, but we managed to get a good performance.

Fundraising, investments, and exits for 2021 have been on-track to our expectations.

On fundraising. We raised €2.5 billion across the Mid Cap and the NextGen funds, and an amount of €3.8 billion, including co-investments. We have formally launched Fund V yesterday and we have announced that to our LPs. So, we are on track with our time horizon for raising Fund V.

On investments. We have invested €1.7 billion in three acquisitions and add-on equity to support the growth of our portfolio companies, and the amount invested accrues to €3.3 billion, including co-investment by some of our LPs. Major investments include Origis Energy, which is a vertically integrated US renewable energy platform, completed by Flagship Fund IV and which is its our third US investment. ERR, European Rail Rent, which is one of Europe's leading asset managers for rail freight cars, which has been completed by our Mid Cap Fund. Pulsant, which is a leading provider of data centres and cloud infrastructure in the UK, also completed by Mid Cap Fund I. And in 1Q 2022 we have acquired a company called Lake State Railway, which is a Michigan-based, regional freight railway, which has been also completed through Mid Cap Fund I. It is the first Mid Cap deal in North America – the fourth deal in North America at large. This acquisition is not included in the numbers above, which relate to 2021.

On exits. Gross exits amount to €1.3 billion across two deals, Amedes and Almaviva, and €1.6 billion, including co-investments. The slide also shows the cost of the acquisitions, which reveals a very hefty multiple on exits. All three exits, including Roadchef, which has been announced in 1Q 2022, accrued to gross money multiples in excess of 2x, and two out of three of these disposals have been completed at 2.5x to 3x gross multiples. So very good exit activity.

All funds have been performing on or ahead of plan and have achieved uplift in gross multiples in 2020 and 2021. You see on this chart the evolution of NAV of the various fund series quarter after quarter, so that you can have a vision of where we stand in terms of value creation fund by fund. Evidently, Flagship Fund II and Flagship Fund I are – well, in the case of Fund I it's fully realised; and in the case of Fund II, it is fully realised, except for one final disposal to come. And the numbers are, for that reason, very high as opposed to Flagship Fund III, Fund III-B and, of course, Flagship Fund IV, which are still in periods of active investment. However, as you can see here, they are performing on or ahead of plan compared to the earlier vintages, which is very satisfactory.

The growth of Antin is evidently powered by this strong investment performance, and if I were just to give to you two figures to illustrate the robustness of our company: on the 14 disposals that we have completed we have achieved a 2.7x gross money multiple and a 24% gross IRR. So on the back of that, quite evidently we have been able to grow our fund size accordingly and launch new strategies such as Mid Cap and NextGen.

This performance, of course, is the bedrock of our growth story. We will continue to grow in a responsible manner, and Mélanie will share with you what we have in mind when it comes to ESG, very much in detail. And, secondly, we'll evidently never compromise on performance, on our performance-first approach at the expense of growing assets under management for the sake of it. So, performance first is absolutely priority for us.

I think, going forward, talking about growth, there really are two ways to think about that. The first one is to scale-up some existing strategies and the second one is to expand in other territories or strategies.

I think that all our strategies today have significant room to scale-up. Our Flagship Fund Series illustrates this trend very much. Flagship Fund IV has reached €6.5 billion, a strong growth vs previous vintages as you could see on slide 8, and Fund V has a target of €10 billion, in line with what has been communicated at the time of the IPO. It does not mean it will be the final number, but it is a target size. You also have to bear in mind that our largest value-add peers are raising funds larger than €20 billion for some of them. So, our ability to deploy across Europe and North America will give us capacity to raise larger funds in the future, and we are very comfortable in our capacity to increase the size of our funds beyond Fund V.

Mid Cap Fund I has been raised at €2.2 billion in just over four months, investing across Europe and the US. A quarter of commitments has been invested, and a three-year investment cycle, which we more and more tend to observe, suggests a new fund raise starting in 2024. And we may split, as we indicated during the IPO roadshow, this Mid Cap strategy into two vehicles, one focused on North America and another one focused on Europe. Evidently, size for those new funds will be considered once we have raised our Flagship Fund V.

NextGen, which is currently raising €1.2 billion with a €1.5 billion hard cap, clearly has significant room to scale-up over time. If, as I expect, this strategy is successful, it will become much, much bigger over the next few years.

Expansion beyond scale-up. We see three avenues, really, for Antin to grow further. The first one is geographical expansion. North America is clearly our main priority. We are investing a lot of people, we have an amazing team out there, and it will remain our main priority of growth geographically. We also opened an office in Singapore, which, for the time being, has been launched to focus on fundraising and allowing us to deepen our relationship with our Asian LPs. The second one is strategy expansion. We are constantly evaluating opportunities to expand investment strategies in adjacent markets. We take our time, we are diligent, but we certainly will focus on leveraging our existing experience on areas that can make a meaningful impact for Antin. In other words, we shall not invest in smallish, unscalable strategies. So, we need, when we're reviewing new strategies, to see that we can make a difference, and, basically, make it successfully and with a very limited risk. M&A, finally, is one of the options that we, evidently, are considering. We have, thanks to our IPO, a strong balance sheet that we can leverage to accelerate growth. Clearly, our focus is, unsurprisingly, on scalable strategies. Cultural fit is of paramount importance for us, and, of course, value creation to shareholders and discipline will be, of course, very seriously considered when reviewing such opportunities.

So, with that, I hand over to Mélanie.

Mélanie Biessy: Thank you, Alain. Growth cannot be achieved without a very strong fundraising platform, and we've made significant expansion of our fundraising team and platform in 2021. We've almost doubled the size of our fundraising team by prioritising the establishment of a strong presence in North America, with the hire of four senior professionals bringing experience from LPs, consultants, and private equity. We've also reinforced our investor relations services team to efficiently increase our ability to permanently raise funds, given the two new fund series that we've launched in 2021. So, we've hired six professionals on top of the four senior professionals in America.

On top of that, we've also established our presence in Asia with the opening of our Singapore office, headed by one of our historic investor relations professionals. This strategy will help us being closer to our investors, will allow a deepening of our existing relationships and reaching out to new investors. And this strategy is really paying off. As you can see on the screen, the amount of capital raised outside Europe has significantly increased from 7% at the early days of Antin to 45% in 2021.

A further good illustration of these efforts that are paying off can be witnessed with the Mid Cap Fund. This Mid Cap strategy has been launched early 2021. It has been exceptionally welcomed by investors. Allocation has been done within a four-month period and we've been able to raise 22% of new money out of the total funds raised. Just as a reminder, this fund had a target of €1.5 billion and we've reached the hard cap of €2.2 billion. Out of the 22% new money, you have 15% that is allocated to new North American investors.

As Alain said, we have set a very strong focus on sustainability. This has been another very positive year on the sustainability front for Antin, marked by the reinforcement of our sustainability governance structure and resources, and the enhancement of our approach to being both a responsible company and a responsible investor.

To start with, on governance and framework. We have established an operational sustainability committee that is responsible for monitoring sustainability progress throughout our organisation. This is led by the sustainability team that reports to the sustainability committee members on a monthly basis. Following our IPO, we have added a layer to this committee, and we've formed a sustainability committee at board level which is responsible for overseeing the implementation of our sustainability strategy. Frequency is bi-annual, and this committee is monitoring Antin's compliance with applicable sustainable finance regulations. We have also significantly reinforced the sustainability team by adding two new professionals, one in Paris and one in New York.

In terms of processes, we have made lots of progress as well. We have developed several new internal guidelines, tools and framework to help our deal teams better address ESG risk and opportunities throughout the investment cycle. It includes a specific tool dedicated to early-stage process of an acquisition to identify the potential ESG red flags or material ESG risks. We have also added strong guidance for the investment team, outlining the minimum scope of ESG due diligence review work to be performed on a systematic manner, starting from NBO stage. We have, of course, trained our investment professionals on that new sustainability guidance.

On the environment front, we continued our efforts to support the global transition to a net zero economy by taking several actions to mitigate our climate impact, at both corporate and portfolio levels. At corporate level, we have developed a strategy to reduce and offset our carbon emissions, which includes implementation of sustainable travel guidelines that aim at rationalising the frequency of our business trips and prioritising more carbon-efficient transportation.

We have also established a five-year partnership with a reforestation project in Uganda. And any carbon emission that cannot be reduced will be transformed into a tree planting. One tree will be planted for each tonne of carbon that cannot be reduced.

At portfolio level, we kept actively engaging with our portfolio companies to help them measure, reduce and offset their carbon emissions. And as of today, results are pretty good. 100% of our portfolio companies have implemented carbon reduction measures. Eight of them have formal carbon reduction roadmaps and six of them have committed to achieve net zero emissions.

We have put in place ESG-linked financings, which are driven by ESG objectives. We have done that at two portfolio companies for the time being, and this will further expand as we develop. We have also put that in place at Fund level, with a first ESG-linked equity bridge facility for our Mid Cap Fund.

On social, very important as well. We have taken several actions to promote diversity, equity, and inclusion, both internally at Antin, and externally within the financial industry. What have we done exactly? We formalised our Group diversity, equity and inclusion policy and statement. We have also created a firm-wide women's network to create a dedicated space for women at Antin to discuss issues of mutual concern. And very importantly, we have joined the ILPA Diversity in Action initiative, which is one of the world's most important initiative focused on advancing DEI in the private equity industry.

We have also maintained our efforts to achieve the gender balance within our organisation. And I am very pleased to say that 41% of all of our new hires in 2021 have been women.

Before moving to the financial information that will be presented by Patrice, I'd like to comment on the current risk and challenges of the economic environment and that our business activity may be faced with. We will speak about inflation, of course, interest rates, and then about also the conflict between Russia and Ukraine.

In terms of inflation, we would like to flag that inflation protection is systematically verified in our Antin Infrastructure test, which means that no asset will pass the infra test if we have not, at investment committee level, tested that there is an inflation protection. It could be either through contractual protection, or because, as an operator, we have the ability to pass through the price increases to the end users. As a result of that, close to 90% of our portfolio companies are protected against inflation.

In terms of interest rates, we have a dedicated financing team that negotiates those interest rates: either they are fixed rates, or we hedge them.

In terms of access to deal funding and to debt funding, we should really emphasise the fact that we've never ever been in difficulty with deal funding. Access to debt has always been there because the infra-asset class is clearly perceived as a very solid asset class and pretty protected from the economic cycles.

Overall, we believe Antin is well placed to even benefit from inflation. Infra-asset class traditionally performed well in inflationary market environments. And we expect that our investors, who will commit to our funds and allow us to generate management fees will continue to allocate capital to this asset class. It will even accelerate because we have this strong embedded inflation protection.

As per now, Russia and Ukraine. First of all, we are deeply saddened by those events and the human tragedies. We do not have any direct exposure to those two countries, no indirect exposure, no physical location, no business activity, no meaningful economic relations. And we do not have any fund investors coming from Russia or from Ukraine.

To support the humanitarian relief efforts, Antin partners (individuals at Antin, not the firm) have decided to donate more than €2 million in cash to the United Nations High Commissioner for Refugees. Antin has a long tradition of giving back to society, and we are very proud to donate to a cause that is so close to our hearts.

On that note, I will leave the floor to Patrice.

Financial performance

Patrice Schuetz: Thank you, Mélanie. I would start our financial presentation by saying that our overall results for 2021 have been very robust, and very much in line with the expectations that we set out at the time of the IPO.

Starting on the left-hand side of this page, I will talk about our fee-paying AUM, which were up from €12 billion in 2020 to €13.8 billion in 2021. This increase of 14.4% is driven really by two things. First of all, the fundraising of our Mid Cap Fund I, and then, to a much lesser extent, by the first closing we have achieved on NextGen Fund I in December 2021.

I will move now to the right-hand side to talk about our revenue. Our revenue is up from €179.6 million to €180.6 million in 2021, an increase of 0.5%. If we were to exclude the effect of the catch-up that we've had in 2020, revenue would be up 17.8%.

Now, it is important to say that the catch-up is an ordinary part of the business. You may have it in some years, and you may not have it in other years. But for comparability reasons, it does make sense to exclude it from one year to the other. Catch-up essentially is when we have a first close in one particular year and then have a final close in the second year and would be charging a catch-up fee to investors that are coming into the fund sort of at the back end or in the second part of the year. Essentially it ensures that all investors are paying the same level of fees, irrespective of when they entered the fund.

When we look at our effective management fee rates, we have been at 1.38% in 2021, pretty much flat from the prior year, and I would even say pretty much flat since the inception of the firm.

I will move now to our next page to talk a little bit more about the precise revenue breakdown and the transition from 2020 to 2021. Let me take you through this step by step.

On the left-hand side, we see decreases in management fee revenue related to Flagship Fund II and Fund III, due to realisations in those funds. For Flagship Fund II, it is the sale of Eurofiber and Inicea, and for Flagship Fund III it is the transition of assets to Fund III-B. There has been no change on management fees related to Flagship Fund IV, yet you can see a decrease due to the catch-up effect that I mentioned before.

If we look at the positives, we had an increase in management fee revenue related to Fund III-B as we continue to deploy capital in that fund. We have also had an increase in management fee revenue for Mid Cap Fund I, €24.2 million. That is probably the most substantial positive change in 2021. That revenue started to accrue from 2 April onwards. So clearly, as we move into the next year, there will be a pick-up as you're going to see full year effect come through.

Finally, you can see on the bridge a smaller amount of revenue related to NextGen Fund I – the first closing of NextGen Fund I, which started from December onwards, still on a relatively modest amount. There is obviously a lot more to come in 2022.

Carried interest and investment income was €4.8 million higher. I will talk more about that on the next slide.

The first thing I would say before we jump into carried interest and investment income is that we are primarily a management fee-centric business model. That means that 95% of our revenue are contracted management fee revenue, that are recurring and highly predictable. Nevertheless, we did record in 2021 a very strong increase in our investment income. And we also saw carried interest come through the P&L.

Most of the €5.8 million investment income that you see on the left-hand side relates to the revaluation of Fund III-B that we hold on balance sheet, and a very small part of it related to Mid Cap. The majority of the carried interest relates to a portion of carried interest in Fund II that we acquired from an employee that left the firm.

As you know, we have instituted a policy at the time of the IPO to allocate 20% of future carried interest to Antin with probably the majority of that carried interest materialising at some point in the future when the associated funds hit carried interest thresholds. So, we are probably going to see a little bit more than the €1.5 million for 2021 in the coming years, but a large part of carried interest is going to come somewhat later.

When we look at the capital intensity of the business, we held about €31 million in balance sheet investments, the majority of which was co-investments, essentially in Fund III-B, and a smaller share of carried interest. In addition to those €31 million, we also had €33 million in capital commitments that have not been called.

So, what you are going to see as we move forward is that those investments are going to increase as a result of those commitments being called, but they are also going to increase as we continue to fund future carried interest and as we continue to coinvest 1% alongside our fund investors for future funds. We will still have a balance sheet-light business model, but those numbers will grow.

Moving on to the next slide and talking about our EBITDA and our net income. I would start by saying that 2021 was really a transition year for Antin. We invested substantially in our platform, and we are now very well-positioned to manage a materially larger pool of assets in the near future. Those investments are important. They are important because we prepared the firm to raise a much larger fund for Flagship Fund V. And they are also important because we launched our NextGen and our Mid Cap initiatives. So, in short, we made some upfront investments for which with revenue essentially will be coming through the P&L in the future.

On the left-hand side of the page, you can see that our EBITDA declined from €132 million to €108 million, a 17.9% decrease, yet a 2.6% increase if we were to exclude the catch-up fees that I mentioned before. The EBITDA margin came in at 60%, consistent with the guidance that we gave at the time of the IPO.

If we move to the right-hand side of the page and we talk about our underlying net income, it decreased from €92.7 million to €74.4 million, a decrease of 19.7%. Underlying net income margin was 41%, slightly better than the guidance we gave at the time of the IPO.

I will now move to the next slide, and I will talk a little bit more about our operating expenses and the hiring activity we have had in the year. Total operating expenses increased by 51.6% to €72.3 million. This is a combination of the increase of personnel expenses, but also an increase in other operating expenses.

The personnel expenses are very much linked to the hiring activity. We hired 53 employees in the year, really across the board with a strong focus on building out our platform of investment professionals in North America. And that's really a strategic priority for us to grow our platform in that market. As Mélanie had mentioned before, we have grown substantially our fundraising team to increase our fundraising capacity. But we have also grown our operations team to operate as a listed company and have all the central functions in place that are required.

On the other operating expenses, we had a substantial increase of 68%. Some of those expenses are sort of quasi one-off expenses. You have part of €1.3 billion related to the launch of our NextGen strategy, which will be falling away. There is a very substantial part related to recruitment fees to support the hiring of professionals, including very senior individuals in this particular year.

We think these amounts will somewhat moderate, as we continue to have a somewhat more moderate hiring in the year of 2022 and going forward.

With that, I would hand over to Alain to wrap up the year.

Alain Rauscher: Thank you, Patrice. I think key takeaways from this meeting is that 2021 has been a very strong year. In terms of business activity, we have been very active on fundraising with two new strategies added. We have been very active in investments and also active and successful in making some good exits.

Our financial performance at large reflects the very high growth of our platform and the fact that we have strengthened our setup to meet with these new strategies and larger funds going forward.

In terms of dividend, we propose a dividend of €0.11 per share to be paid in addition to the €0.28 per share, which has been paid prior to the IPO. This proposed dividend will be the object of an approval by the General Shareholders' Meeting, which will be held in May. This will take the full year dividend pay-out ratio to about 90% based on underlying net income.

Now if I were to give you some very high picture guidance as to where we expect to go onwards, I would say that the medium-term guidance expressed during the IPO roadshow remains unchanged.

We think the long-term growth of Antin will be above the infrastructure market at large, and near growth will be well in excess of the market based on Fund V target commitments (which has been formally launched yesterday) and continued scale up of the Mid Cap Fund Series going forward.

We also confirm that EBITDA margin should be largely flat in 2022 due to continued big investments in our platform, but that it will increase in 2023 very materially when the full effects of Fund V fundraise will be in the P&L, and therefore will allow us to meet the target of 70%.

Majority of profits will continue to be distributed as dividend with absolute dividends to grow over time.

And with that, we are prepared to answer to your questions.

Questions and Answers

Operator: As a reminder, if you would like to ask a question or make a contribution, please press star one on your telephone keypad. You will be advised when you can ask your question. The first question comes from the line of Andrew Coombs from Citi. Please go ahead.

Andrew Coombs (Citi): Morning. One big picture question and then one more on the numbers. The bigger picture question: you have outlined you have no direct exposure to Russia. If I am just thinking about indirect implications, most notably the step up in oil and gas prices, the slight disruption we have seen in the broader commodity complex. Any indirect fallout for your names from that? I mean, the ones that come to mind are Pisto and Kellas, but you have obviously exited those. So just thinking of any other potential implications that you could talk about for your investments?

And then the second question, more specifically on the numbers, particularly on the personnel expense. You have obviously seen a big step up in headcount this year. You have added 53 people, given the rollout of the Mid Cap, the NextGen, the planned launch of Fund V. Any thoughts on what we can expect that headcount increase going into 2022 and 2023? Thank you.

Patrice Schuetz: Maybe I can start by answering the first part of your question. As you know well, we have been exposed to some pipeline assets and logistical assets for the oil and gas industry. But those assets have been disposed. So, as we stand today, we are no longer exposed directly to the evolution of oil and gas prices.

The second thing is that Kellas transported gas in the Scottish North Sea to the UK for a UK local domestic consumption. It is a transit type of business. So even in that case, I do not know what the performance of the business is today, but it would most likely remain very robust. Anyway, we are excited about that.

Maybe Mélanie, you want to take the second point?

Mélanie Biessy: Yes, on people. Of course, on people, indeed we have invested a lot in our resources in 2021. We will continue the journey in 2022. Our forecast is that we anticipate hiring between 30 to 40 people to continue reinforcing our presence in North America and reinforcing our expertise across the whole organisation.

This will slow down in 2023, because we will then reach the critical size to be able to implement and execute our operations on the various fund series that we have, including Fund V. We anticipate to-date that Fund V will mean between 15 to 20 more people on board.

Andrew Coombs: Great. Thank you.

Operator: Next question comes from the line of Arnaud Giblat from BNP. Please go ahead.

Arnaud Giblat (Exane BNP Paribas): Yeah, good morning. I have got three questions, please. Firstly, on the investment pipeline. Could you give us perhaps a bit of an update as to how things are looking there, given the market backdrop? Are there any opportunities to deploy capital? Particularly, I am thinking of the launch of the next fund: is the predecessor, Fund IV, 75% invested? So, is there anything in the hopper there, just wondering?

And secondly, given your answer on hiring for 2022. Should we expect a higher level of non-personnel cost in 2022, as we saw in 2021, and for that to fall back to kind of 2020 levels post that? That's my second question.

And finally, could you give us perhaps a bit more colour on new strategies? You mentioned splitting the Mid-Market Fund into several geographies. I'm wondering if you are making progress on a core-plus strategy perhaps or anything else?

Another fourth question if I may, sorry. Recently, some of your larger peers in the value-add space launched a very significant fund, more than double the size of its predecessor. How should we read into that in terms of appetite for fundraising? Thank you.

Alain Rauscher: Okay. I can take some questions. On the pipeline, to be quite frank, it is largely unaffected by the current situation, because of very fundamental reasons. First, funding and debt funding in particular remains available for our projects. And it is one of the very strong features about infrastructure investing that we have experienced since inception, that even in very, very difficult market conditions, infrastructure is still able to perform and to invest and divest.

We actually got started during the GFC, subprime crisis, Lehman crisis, the Greek crisis. And so, we learned the hard way. And it is quite remarkable that even when the buyout market was shut down for debt funding, the infrastructure market remained open. That's one thing. Our investment pipeline, in a way, is unaffected today in the two regions we invest in, which is Europe and North America. And it is the same for disposals. We managed to make some disposals very recently at very, very strong returns, which, frankly, were not affected at all by the very dreadful situation we know today.

Concerning new strategies, it is quite early to tell because we are very much focused on people. And for today, we focus essentially on raising a new large cap flagship fund, on deploying capital for Mid Cap and on making NextGen a big success. So that is really where we have work on. Clearly, some people in our profession are thinking about core or sort of a core-plus type of fund strategies. We evidently are reviewing that. But we have a lot on our plate today.

The third thing I would like to say is that we view ourselves as being on the journey to raising larger funds. And the funds you mentioned earlier, that are raised by some of our competitors, which are north of €20 billion give you an idea of the direction of the journey that we are embarked on. We are not there yet of course. It will take time. We want to be very methodical and very prudent, but certainly very ambitious, too.

There is a journey to raise bigger and bigger funds, because there are more and bigger and targets to be acquired. On hirings and the impact maybe you can say a word, Patrice?

Patrice Schuetz: Yes, we can talk about the operating expenses and how we think those will evolve in light of continued hiring. So about €1.8 million included in our operating expenses today will be falling away in 2022, because that's been related to the NextGen initiative, and also to the set-up of the legal entity structure. So sort of a one-off within that.

And then about €1.2 million is an optical increase, but essentially you have an offsetting effect in our revenue line, because what we do is we have an agreement with the Antin Luxembourg entity, which is essentially providing fund administration services to Antin. So we record that both as a revenue and a cost line. And essentially, it increases our other operating expenses, but it also increases the revenue line in a corresponding manner.

If you strip that out, that's about €3 million of increase in other operating expenses that are not recurring.

Now, as we move forward, we expect that the operating – other operating expenses will continue to increase as we hire people but certainly at a much smaller pace, and certainly excluding sort of those non-recurring one-off effects that I just mentioned.

Arnaud Giblat: Thank you very much.

Operator: As a reminder, if you would like to ask a question, please press star one. The next question comes from the line of Gurjit Kambo of JP Morgan. Please go ahead.

Gurjit Kambo (JP Morgan): Hi, good morning. Thank you for the presentation. Just two questions. Firstly, could you just provide a bit more colour around the liquidity contract relationship you have signed with BNP, just how that works and what the objective of that contract is?

And then secondly, just in terms of Asia, what's the sort of strategy there? Is it to source more clients, which I presume it is, but also is there a view to maybe potentially do more investments in the Asian markets?

Patrice Schuetz: Maybe I'll start with the liquidity contract. It's quite customary in the French market, in particular, to have a liquidity provider. The objective really is for BNP to use the €2 million that we have allocated to that contract, to trade the stock and add liquidity to the stock, essentially to reduce the spread and make the stock more investable to institutional investors. So, we think ultimately as a result of that, liquidity in the stock will improve and it will be a benefit to investors.

Alain Rauscher: When it comes to Asia, clearly, today, our intention is, as you rightly put it, to offer a better service to our existing clients and develop new clients in Asia to invest in the Antin funds. This being said, Asia is a place of a great interest when it comes to investments. You have seen recently one of our peers, not to mention the name EQT, buying Baring Private Equity Asia.

Clearly, we are giving thought to what we may do in Asia in terms of investment strategy. We probably will go with a very moderate manner if we decide to go by recruiting some team and take the time to really focus on those countries, where we think that we can make a difference in a safe manner. But clearly today, our main strategy relates to developing new clients and taking care of our existing clients, which are very important in Asia by the way.

Gurjit Kambo: Okay. Thank you.

Operator: We currently have no questions on the line. If you would like to ask a question, please press star one. There are no more questions on the line.

Alain Rauscher: Well, with that, we will conclude. Thank you for your attention. Thank you very much. Goodbye. Good day.

Mélanie Biessy: Thank you.

Patrice Schuetz: Thank you.

Operator: Thank you for joining today's call. You may now disconnect.

[END OF TRANSCRIPT]