

PARIS, JULY 27, 2017

**A very active first semester serving SMEs:**

**Eurazeo PME III successful fundraising at €658m,**

**2 acquisitions (€100m invested) and 6 build-ups,**

**Disposal of Colisée (€236m)**

**Turnover increases by +13% at €616m**

**and EBITDA by +14% at €76m**

**Olivier Millet, Eurazeo PME Executive Board Chairman, declared:** *“In the first half of 2017, we accelerated the transformation of Eurazeo PME. The rotation of our asset portfolio was substantial, with the acquisition of the Smile Group and of In’Tech Medical, both real “small treasures”, and the disposal of the Colisée Group. In this period, we also expanded our investment capacity through a €658 million fundraising for Eurazeo PME III. Finally, our corporate expertise in CSR, digitalisation and internationalisation for the managers of companies in which we hold an interest enabled us to register six build-ups in our portfolio”.*

**I. SUCCESS OF FUND-RAISING FOR THE EURAZEO PME III TO €658m**

Eurazeo PME successfully closed its third fundraising, in the amount of €658 million, thereby reaching its hard cap. The Eurazeo PME III fund constitutes a significant increase in investment capacity following the success of the Eurazeo PME II launched in March 2015 (€520 million, of which €156 million from third parties). For this third fundraising, alongside the equity capital commitment of Eurazeo of €408 million, €250 million was raised from third-party investors, already investors of Eurazeo PME II, as well as renowned new investors. This operation was part of the strategy to increase the third-party asset management business of the Eurazeo Group. Eurazeo PME now manages three vehicles for a total of €1.3 billion, including €400 million on behalf of third parties.

This new investment capacity will enable us to support the growth of French and European SMEs. This operation also expands Eurazeo PME’s international network, with leading institutional investors in France, Europe and the US. It is an additional asset with which to speed up the roll-out of companies in which Eurazeo PME is a shareholder and which it supports in their international growth.

## **II. TWO ACQUISITIONS : €100m invested**

**On May 30, 2017, Eurazeo PME, has just completed its first investment in a high-growth mid-cap through its new fund, Eurazeo PME III: the SMILE group, a digital services company and leading European integrator and outsourcer of open source solutions, for €47 million.**

With nearly 1,100 employees, of which approximately 900 in France, Smile has set a 2017 revenue target of €83 million. Reporting significant annual growth of 20% since 2007 and expanding internationally with 15 agencies in 7 countries, Smile is managed by an experienced and dedicated team led by Marc Palazon, Chairman of the Executive Board since 2007.

Created over 25 years ago, Smile has become a pivotal player in its market, thanks to a unique service range combining technical and business expertise in the areas of digital technology, E-business, embedded systems, the Internet of things, infrastructures, and business apps. Relying on the best open source solutions, Smile's ambition is to free up IT to release the innovation potential that lies in all companies.

**On July 12, 2017 Eurazeo PME acquired In'Tech, a world leader in the orthopedic surgical instruments manufacturing sector, with an investment of €53m (80% of the capital), alongside the founders and management.** This acquisition is the Eurazeo PME III fund's second investment.

Founded in 1999, In'Tech Medical manufactures orthopedic surgical tools to be used in the highly demanding spinal surgery sector. In'Tech Medical group is a world leader in the following markets: knees, shoulders and hips. Currently with 500 employees, the In'Tech Medical group owns two French production sites (Rangs-du-Fliers in the north of France and Toulon in the south of France), one in the USA (Athens in Alabama) and in Malaysia (Penang). With two-thirds of its sales generated in the US market, In'Tech Medical is a key international player. In 2016, its revenues reached 55M€ with an average annual growth rate of 15% over the past 15 years. The In'Tech Medical group also acquired the American company, Turner Medical in 2015, and the Malaysian company, Ortho Solutions in 2016.

## **III. ONE DIVESTMENT AND TWO REFINANCING DEBTS**

**On June 20, 2017 Eurazeo PME sold Colisée group to IK Investment Partners.** Colisée is a key player in the global health care and old-age dependency sector and the 4th largest French operator of nursing homes. The sale price for Eurazeo PME is €236 million, an investment multiple of 2.5x and an IRR of 35%.

Spurred by Eurazeo PME and with the support of the founder Patrick Teycheney, the Colisée group has bolstered its position as sector consolidator in France and launched its international expansion in Italy, Spain and China. In 2014, the company numbered 46 facilities and 2,200 employees. It now has 90 facilities, nearly 7,000 beds, 6,700 employees and close to 70 senior home care agencies. Pro forma 2017 revenue should amount to around €390 million, i.e. a twofold increase since 2014, demonstrating its operational excellence under the leadership of Christine Jeandel, the Group's Chairwoman.

On May 24<sup>th</sup> 2017, the Péters Surgical Group refinanced its debt, enabling a partial redemption of Eurazeo PME's investment in bonds in the amount of €16 million.

On 3 May 2017, Dessange International restructured its debt, enabling the repayment of €18 million to Eurazeo PME.

#### **IV. ROBUST BUSINESS GROWTH FOR THE PORTFOLIO COMPANIES**

**Eurazeo PME consolidated revenue was €616 million for the half-year ended June 30, 2017**, up +50% on a reported basis, +13% on a constant Eurazeo scope basis (restated for changes relating to the acquisition of Orolia, MK Direct and AssurCopro, and Colisée' disposal), and +5% adjusted for external growth transactions carried out by the companies in 2016 and 2017 and foreign exchange impacts.

**The Colisée group** continued to expand, growing +31% to May 31, 2017, the date of its exit from the Eurazeo scope. This growth was partly due to the acquisition of Nouvel Horizon Services and Bien à la Maison. The group acquired a group of 12 facilities in March 2017, and one facility in April 2017. It now has a total of 90 facilities, with 83 in France, 6 in Italy and 1 in Spain.

**The Péters Surgical group** consolidated the integration of Vectec, acquired in December 2016, a French manufacturer of disposable medical equipment for laparoscopic surgery.

**Vignal Lighting Group** reported a revenue surge, both in Europe and the US, with growth of +25% in H1 2017, and +16% on a constant scope basis adjusted for the CEA acquisition. The group is pursuing its transformation with the ramp-up of its new industrial center in Corbas (productivity gains, R&D), the current opening of a plant in China and the signing of several local contracts.

**The Flash group** revenue rose +20% in H1 2017 on a constant scope basis. The group's core business, Premium Freight, has developed substantially both in France and internationally. Following the July 2016 sale of its non-core subsidiary Biologicistic and the January 2017 acquisition of EF Express, a player in the same segment mainly active in Germany, the Flash group pursued its development with the March 2017 acquisition of Upela, an e-shipping specialist in France and internationally. At the same time, Flash Europe is boosting its investments in the digital platform currently being rolled out and is studying the possibility of further build-ups.

**MK Direct group**, the cross-channel leader in home linen in France with the Linvosges and Françoise Saget brands, posted steady revenue in H1 2017. Linvosges will open in Germany this year in the wake of the 2015 launch of Françoise Saget. Several external growth transactions are also being considered.

**The Orolia group**, global leader in reliable positioning, timing and navigation products and solutions, posted a solid performance in H1 2017, with growth of +17%. The group continued its roll-out with the April 18, 2017 purchase of Netwave, leader in the Voyage Data Recorder sector for the maritime market. Several external growth transactions are also being considered in the United States.

**The AssurCopro group**, the French leader in joint ownership insurance brokerage, is consolidated by Eurazeo PME since January 1. The group has carried out three external growth acquisitions since Eurazeo PME's investment: Interassurances group, a French specialist in rent guarantee insurance and landlord home insurance, in December 2016, the Jacques Boulard brokerage firm in March 2017 and a Parisian brokerage firm in June 2017. For the period ended June 30, 2017, AssurCopro revenue rose by 4% on a constant Eurazeo scope basis, and +7.4% on an historical scope basis.

**Dessange International** recorded steady revenue over the period. The group continues to develop, with the purchase of a master franchise in the US at the start of the year.

**Léon de Bruxelles** revenue grew +1% compared to June 30, 2016, clearly outperforming the market, impacted by unfavorable weather conditions.

Finally, **the Smile group**, in which Eurazeo PME invested on May 30, 2017, will be consolidated as of July 1, 2017.

**Consolidated EBITDA of the investments stood at €76 million**, up +42% compared to December 31, 2016 on a reported basis, and +14% on a constant Eurazeo PME scope basis. Restated for the build-ups, the item rose by +9%.

As of June 30 2017, consolidated net debt of the investments stood at €486 million, representing senior leverage of 4.1x their 12-month EBITDA.

#### **V. ANNUAL NAV GROWTH OF +27%**

As of June 30, 2017, the portfolio under management amounted to €436 million (including €119 million for third parties), compared to €599 million as of December 31, 2016. The change is related to Colisée disposal for 236m€ (last nav at €169million), scope additions with smile €47million and early redemptions following the debt refinancing for Dessange International and Péters Surgical. On a comparable scope basis, the increase stood at +10% for the semester.

#### **About Eurazeo PME**

Eurazeo PME is an investment firm and subsidiary of Eurazeo dedicated to majority investments in French SMEs with a value of less than €200 million. Eurazeo PME acts as a long-term shareholder, providing its portfolio companies with all the financial, organizational, and human resources they need for a sustained transformation. With an investment horizon generally ranging from 4 to 6 years, the group guides its portfolio companies in creating sustained and, hence, responsible growth. This commitment is formalized and deployed through a CSR (Corporate and Social Responsibility) policy.

In 2016, Eurazeo PME generated €965 million in consolidated revenues and accompanied the development of 11 companies: Dessange International, Léon de Bruxelles, Péters Surgical, Vignal Lighting Group, Groupe Flash, MK Direct, Orolia, AssurCopro, Smile and In'Tech Medical. These companies are solidly positioned on their markets and led by experienced management teams.

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