

INTEGRATED REPORT

2016

SHARE OUR CONFIDENCE  
IN THE SUSTAINABLE  
GROWTH OF FRENCH

SME'S

# 2016

## HIGHLIGHTS

### COLISÉE LAUNCHES THE MY COLISÉE APPLICATION

My Colisée is the first secure and private information sharing network in real time for interaction between the families of residents and the Group's nursing homes. Adapted to new digital uses and unprecedented in France, the application allows families to receive information on the daily life of their loved ones and strengthen their family relationships.



### VIGNAL LIGHTING GROUP DOUBLES ITS INDUSTRIAL CAPACITY IN FRANCE

Vignal Lighting Group has opened a new plant in Corbas, near Lyon. Backed by Eurazeo PME, the group has invested nearly €13 million in this new R&D and production center, which is double the size of the former site in Vénissieux. The group will also open a new plant in China in 2017.



# 79% OF THE EURAZEO PME II FUND INVESTED

€80M earmarked to support international growth and investments to modernize existing companies.

## €147M INVESTED BY EURAZEO PME IN ASSURCOPRO, MK DIRECT AND OROLIA

In 2016, Eurazeo PME invested

€55M in **AssurCopro**, the French leader in joint ownership insurance brokerage.

€49M in the **MK Direct group**, household linen leader in France, with the Linvosges and Françoise Saget brands.

and €43M in **Orolia**, global specialist in GPS positioning and navigation solutions.

## €7.2M

### SAVED

Thanks to the CSR programs set up by the portfolio companies.



### EURAZEO PME ATTENDED THE USI CONFERENCE FOR THE FIRST TIME

International conference on digital transformation, USI – Unexpected Source of Inspiration – deciphers our digital society, frees up analogical creative thinking and adds to the understanding of digital issues.

## 12 OPERATIONS CARRIED OUT

**3 ACQUISITIONS:** Orolia, MK Direct & AssurCopro.

**6 BUILD-UP:** Coiff'idis, CEA, Vectec, NHS, Balm, Interassurances.

**2 REFINANCINGS:** Vignal Lighting Group & DESSANGE International.

**1 DELISTING:** Orolia.



# SUMMARY



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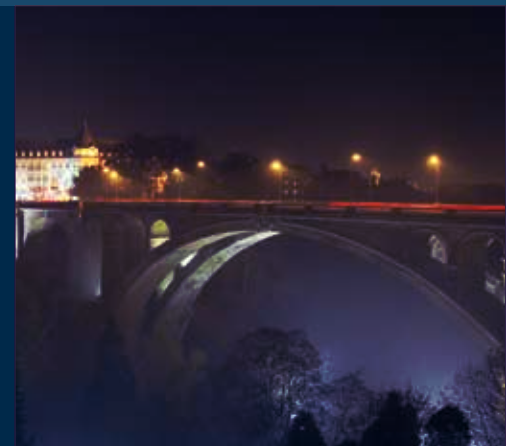
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# EURAZEO PME IS COMMITTED TO A NEW DECADE OF CONSTANT GROWTH

Following 10 successful years, during which the group gained maturity and expertise, we are excited to embark on a new trajectory of sustainable growth, specifically the structuring of Eurazeo's third fund, Eurazeo PME III.

## **Eurazeo PME is preparing the future for tomorrow's champions**

In 2016, we pursued our investment strategy in SMEs with high growth potential, carrying out three major acquisitions: MK Direct, Orolia and AssurCopro.

We carried out six external growth transactions and two refinancing operations. We also delisted Orolia after purchasing 97% of its share capital. This is the third delisting carried out by Eurazeo PME.

## **A new form of professional share ownership adapted to the modern world**

Having learned from experience that an alliance between managerial and shareholder talent is a source of long-term value creation, we have created the role of Operating Partner to help propel our investments' transformation. Our ambition is clear: to prepare our investments for the future's challenges and ensure their ability to react, rebound and grow.

For the third consecutive year, we have published an integrated report that is aligned with the guiding principles of the IIRC framework. Using this approach, initiated in 2014, we wish to better explain our business and its added value for our stakeholders in a transparent manner. We have

thus chosen to detail the various stages of value creation this year, following the presentation of our strategic priorities last year.

## **We are betting on tomorrow!**

The continued transformation of corporations and the economy have generated tremendous opportunities in France and abroad, despite some real concerns. Our task as a responsible and visionary shareholder is to offer our portfolio companies the keys to their transformation, which is to say both short and long term thinking - while accustoming them to anticipate future disruptions.

The creation of the Eurazeo PME III Fund in 2017 will provide us with the financial resources to fulfil our ambition: betting on tomorrow with the talented management teams of our future companies.

**OLIVIER MILLET**  
CHAIRMAN OF THE EXECUTIVE BOARD

EURAZEO

PME

OUR AMBITION  
CREATE SHARED  
VALUE



An investment company and subsidiary of Eurazeo, Eurazeo PME invests in French SMEs/SMIs valued at between €50 million and €200 million.

**A long-term and majority shareholder,** Eurazeo PME provides its investments with the financial, human and organizational resources for their long-term transformation.

It accompanies its portfolio companies in their sustained and responsible growth.

# OUR VISION BROADEN OUR HORIZONS



**OLIVIER MILLET**  
CHAIRMAN OF THE EXECUTIVE BOARD

**“Like our portfolio companies, we are a booming SME that is accelerating its transformation”**

**2016 completes a strong growth cycle since the creation of Eurazeo PME. How would you assess these last 10 years?**

**Olivier Millet** First, a strong conviction: the alliance between the talent of our entrepreneurs and a patient shareholder that relies on an international network and corporate teams with cutting-edge expertise is now crucial if we are to offer SMEs profitable, sustained and responsible growth in an increasingly complex environment. In 10 years, the net asset value of our portfolio has increased from €23 million to €599 million. We have carried out 16 acquisitions and 31 growth operations and sold 6 intermediate-sized businesses. This virtuous cycle ended with an excellent 2016, during which we continued to develop our investments at a sustained pace and maintained our acquisition momentum. We thus became a shareholder in three new companies for a total investment of €150 million: Orolia, specialist in reliable GPS-type signals; MK Direct, a flagship company in the home linen sector in France; and AssurCopro, a joint ownership insurance broker.

**Virginie Morgon** Eurazeo is an investment company with highly diversified assets. The SME/SMI segment is strategic and complementary to our other three business divisions: Eurazeo Capital, Eurazeo Croissance and Eurazeo Patrimoine. With a dedicated investment team of 10 specialists and the back-up of an Operating Partner since July, Eurazeo PME has stepped up the transformation and internationalization of its companies and contributed its expertise and experience to management in order to achieve both international scope and digital transformation, and meet the principles of Corporate Social Responsibility (CSR)... The goal that we all share is to turn these companies into international champions.





**VIRGINIE MORGON**  
CHAIRWOMAN OF THE SUPERVISORY BOARD

**You are about to launch a third fund – Eurazeo PME III – which will provide you with the means to fulfil your ambitions for this segment. What will be your investment philosophy?**

**VM** Transformation opportunities for SMEs and intermediate-sized businesses are numerous in France: the current investment dynamic is a reliable indicator of the upcoming European economic recovery. As a major European private equity player, we support bold and sustainable development projects by summoning our talents to serve the companies in which we invest. Eurazeo PME III will make this ambition a reality.

**OM** Indeed, with the support and confidence of Eurazeo, we will launch a new fund – Eurazeo PME III – in 2017, for a budgeted amount of approximately €600 million. Our previous results and our relevant and forward-looking business model are attractive! While Eurazeo remains our primary backer, we are currently holding discussions with investors who wish to renew their confidence, as well as with new French and foreign institutional partners.

**“Today’s transformation levers are global, and we must extend our reach beyond France including for SMEs/SMLs. The recently opened New York office should facilitate our success in the Americas”**

**Can you specify the main strategic priorities?**

**OM** Like our portfolio companies, we are a high-growth SME that can count on its main shareholder for long-term support. We can re-affirm our strategy: become a majority shareholder in ten or so French companies, while remaining highly selective, and then accelerate their transformation, particularly digital, and their international growth thanks to external growth operations.

**VM** Digital transformation is without doubt a major issue for SMEs/SMLs: it plays an amazing role as an accelerator by effectively eliminating entry barriers for new players. Companies must therefore rapidly reach a critical mass while remaining flexible, so as to anticipate future disruptions relating to the new practices of their clients. Driven by this conviction, we draw on the cutting-edge digital expertise we have gained to accompany our companies’ operations.

**OM** Practically speaking, I would cite as an example the roll-out of the MyColisée application, an information-sharing platform for the residents of Colisée retirement homes and their families, or the digitization of package tracking for Flash Europe. These examples demonstrate that by allying our competencies with those of Eurazeo and our investments we have the power to reveal the latter’s full potential.

INTERVIEW  
OLIVIER MILLET AND VIRGINIE MORGON

**How do you assist companies with their international development?**

**OM\_** The internationalization of the companies in which we hold shares is not an option. It is vital, and with the help of Eurazeo's international network in the US, Brazil or Asia, we are able to tap into the opportunities in these regions.

**VM\_** While the primary objective of our recently established New York team is to invest directly in US mid-cap companies, its purpose is also to accelerate the international development of the thirty-four companies in which we have an interest – following the model of our Shanghai and São Paulo offices. In China, the Colisée roll-out has been aided by Eurazeo's business development office in Shanghai, as has the siting study for a Vignal Lighting Group production facility.

**OM\_** The major benefit of this contribution at the international level is that it provides real large-cap resources to small caps.

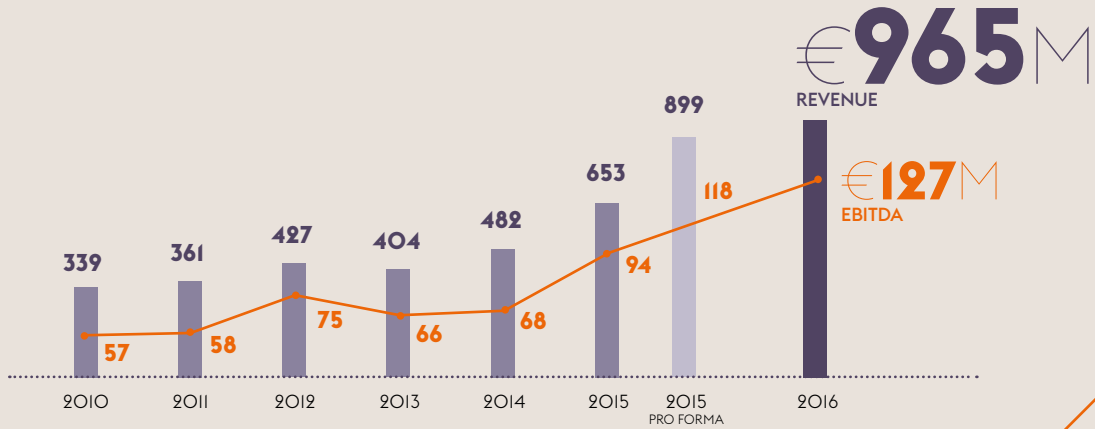
**What can we wish you for the next ten years?**

**OM\_** That we can create shared value over the long term! France and its companies offer tremendous advantages. It is up to (all of) us to make the best use of them so that economic growth is not achieved to the detriment of the environment and people.

**VM\_** That we have the ability to manage our growth, which is to say maintain our flexibility and local presence, the courage to examine all opportunities, anticipate tomorrow's issues and continue to be an ethical and committed player. In short: persist in our role as an enabler of constant transformation for our portfolio companies

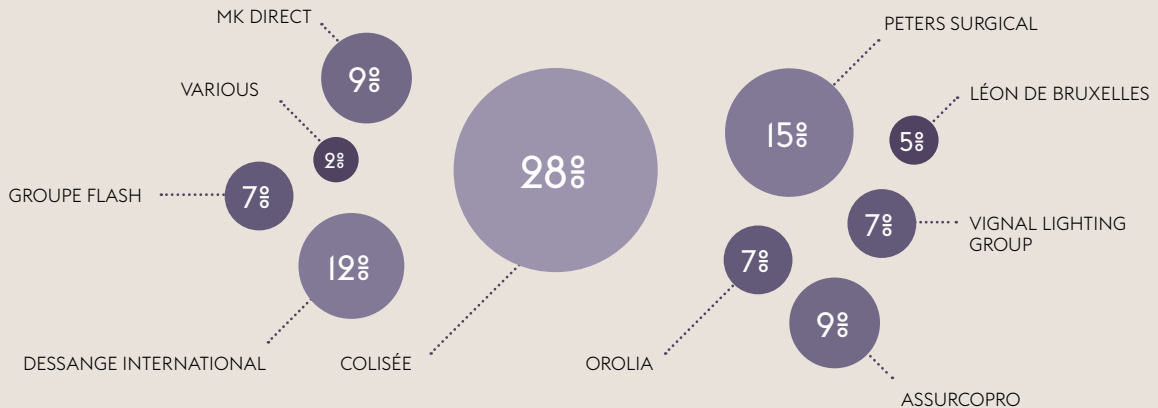
# KEY FIGURES

## CONSOLIDATED REVENUE AND EBITDA OF INVESTMENT



## NAV TO 12/31/2016

€599M  
NET ASSET VALUE



EURAZEO PME helps SMEs and SMLs reinvent themselves  
and expand the boundaries of their activities  
by investing over the long term. It is by providing operational expertise  
in addition to financial resources that we express all our added value  
and stand out from other funding sources



PARIS, FRANCE

# OUR STRATEGY

## ACCELERATE OUR DEVELOPMENT

### Financing a new growth cycle

As the European economies appear to be entering a new growth cycle, our previous results demonstrate that venture capital is the appropriate response for French companies who require expertise and stable capital sources.

In a context of low interest rates where French and foreign institutional investors remain highly active (€14.7 billion raised in France in 2016<sup>(1)</sup>), our challenge is to attract investors that wish to participate in a new long-term growth cycle. Our ambition for the PME III fund: raise €600 million from French and foreign institutional investors to finance companies that are reviving or accelerating their growth projects.

### Stand out through a high value-added operational support

We are local business players working in the real economy, and French SMEs are already looking towards the future. While they represent 49% of jobs in France, 36% of revenue, and more than 40% of the country's investment, French SMEs and intermediate-sized businesses are also among the most innovative companies. In a time of economic and technological transformation that is increasingly more rapid and difficult to anticipate, the necessity of a long-term vision and the structuring of sustained business models is obvious.

This is why we focus on preparing the future. In 2016, we created the Operating Partner function. Our objective: strengthen the operational support of our companies.

For the past several months, our assessments of target acquisitions have systematically included digital and technological reviews. These analyses then serve as a basis for the transformation plan.

Lastly, 2016 marked the launch of a training program for all the teams – internal and investment management – regarding technological issues. Hence, Eurazeo PME invited managers to the landmark international USI conference, which attracts key players of the digital revolution.

### Better explain the positive socio-economic impacts of our business

CSR (Corporate Social Responsibility) has always been an essential and differentiating component of the Eurazeo PME model. In 2016, Eurazeo PME extended the study of avoided impacts (see page 31) to 5 companies of its portfolio, thus confirming the significance of the economic benefits associated with CSR programs. We also broadened our understanding of stakeholders, with a materiality analysis.

### INVESTMENTS VOLUMES IN FRANCE UP BY

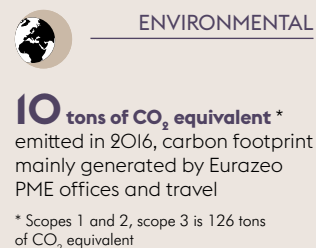
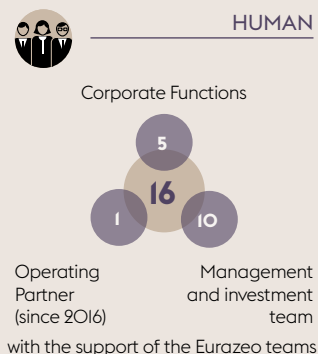
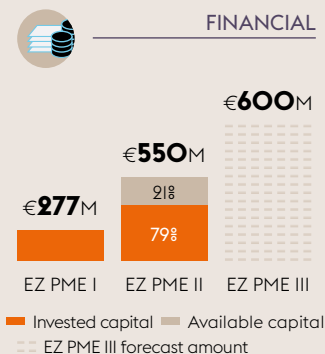
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IN 2016 COMPARED TO 2015.

<sup>(1)</sup> Source AFIC  
2016 Grant Thornton study

# OUR BUSINESS MODEL MULTIPLIES THE VALUE OF OUR RESOURCES

## EURAZEO PME RESSOURCES



## BUSINESS MODEL

### MANAGE THE EURAZEO PME COMPANY

- Attract and develop talent
- Manage risks and opportunities by means of structured and professional governance



ATTRACT CAPITAL



DETECT HIGH-GROWTH COMPANIES

We reaffirm a business model that has proven its resilience over ten years, and which is based on an alliance between management and shareholder talent.

## IMPACTS ON THE ECOSYSTEM

### PROVIDE REGULAR AND TRANSPARENT INFORMATION

- Provide regular reporting
- Publish an annual integrated report
- Report on the financial and non-financial performance of companies

3

ACT AS  
A MAJORITY  
SHAREHOLDER

4

MATERIALIZE  
AND SHARE THE  
VALUE CREATED



#### FINANCIAL

For the 6 companies sold:

**2,1x**  
average investment  
multiple on  
divestment

**21%**  
average annual return over  
the transformation period



#### HUMAN

**7,610 jobs**  
in the portfolio companies  
in 2016,

i.e.

**€215M**  
payroll



#### MANUFACTURING

**€100M** invested  
by the companies for  
their development in 2016



#### INTELLECTUAL

**€4.6M** devoted by  
the companies to research  
& development programs  
in 2016



#### SOCIAL & RELATIONSHIP

**€333M** devoted  
to purchasing that  
contributed to the economy  
and to job growth in 2016

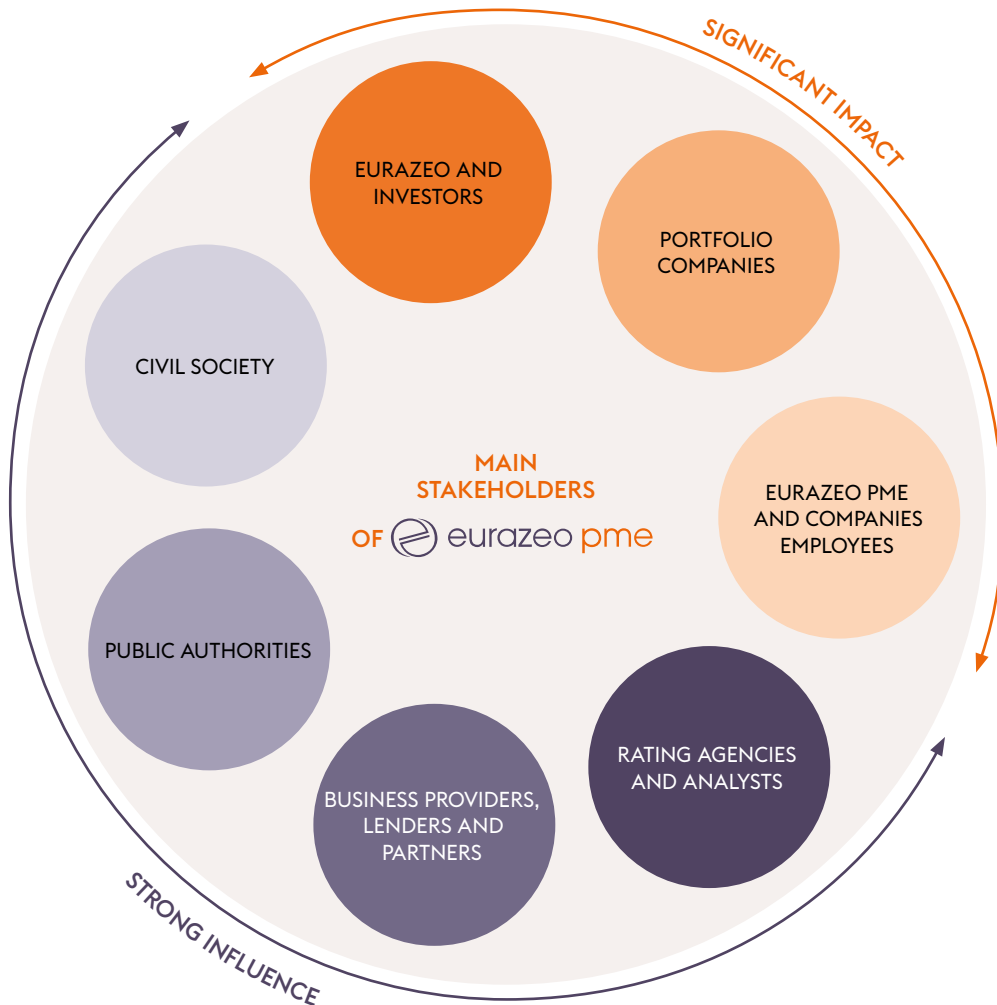


#### ENVIRONMENTAL

**10,700 tons\***  
of CO<sub>2</sub> equivalent emitted  
by all the companies in 2016

\* Scopes 1 and 2

# OUR STAKEHOLDERS CREATING RESPONSIBLE AND SUSTAINABLE VALUE



Eurazeo PME has been mapping its stakeholders since 2011. A further step was taken this year with the publication of a materiality matrix. This work will rank and compare the priority challenges of Eurazeo PME and stakeholders.



The materiality matrix created in 2016 was used to identify economic, social, environmental, and governance challenges deemed as priorities by Eurazeo PME and its stakeholders. It sets out high and converging expectations with regard to value creation: responsibility and long-term commitment.





OUR TEAM SEASONED  
AND COMMITTED TO MEET OUR  
NEXT CHALLENGES





Eurazeo PME has assembled a team of 16 seasoned, loyal and enthusiastic professionals whose expertise has been forged through numerous multi-sector experiences in management and private equity. Convinced that the economic performance expected by our investors can only be achieved through responsible share ownership, they are actively cooperating with the management teams of our portfolio companies.

# WE ARE A TEAM OF PASSIONATE AND CURIOUS PROFESSIONALS

## THE EXECUTIVE BOARD

The Eurazeo PME Executive Board has 3 members:

### **Olivier Millet**

Chairman of the Eurazeo PME Executive Board since 2005, Olivier Millet has also been Chairman of AFIC\* (the French Private Equity Association) since June 2016.

He was also Vice-Chairman of AFIC\* (2014-2016) and Chairman of AFIC's ESG Commission from 2009 to 2015.

In 2005, Olivier Millet became Chairman of the Executive Board of OFI Private Equity, an investment company floated on the stock market in 2007. In 2011, OFI Private Equity became Eurazeo PME and it is now a Eurazeo group subsidiary.

Olivier is also Member of the Eurazeo Executive Committee.

### **Élisabeth Auclair**

*Member of Executive Board,  
Chief Financial Officer*

After five years with Ernst & Young, Elisabeth Auclair held during 12 years various responsibilities within international groups owned by investment funds, the Imaje group (industry) and the GSE group (engineering/construction). Elisabeth joined Eurazeo PME in 2008 where she is Chief Financial Officer.

### **Emmanuel Laillier**

*Member of the Executive Board*

Emmanuel has 18 years' experience in private equity, which has given him the opportunity to lead a number of deals. He joined Eurazeo PME in 2011, bringing his prior experience in two private equity companies. He has participated in around twenty investments, particularly in the health sector. In Eurazeo PME, he has participated, in particular, in the acquisition or oversight of the investments in Péters Surgical and Colisée.



### **OLIVIER MILLET IS CHAIRMAN OF THE AFIC**

Following its General Meeting held on Wednesday, June 15, 2016, the Board of Directors of the AFIC unanimously elected Olivier Millet as the new AFIC Chairman for a term of two years. With some 300 active members, the AFIC brings together virtually all the private equity teams that operate in France. Through its ethics, control and market practice development mission, it is one of the two associations recognized by the AMF. Management companies seeking certification must be AFIC members. It is the only professional

association specializing in private equity. This new function will serve as a platform for Olivier Millet in terms of promoting French private equity:

"A true capitalist revolution is underway: private equity appears to be the fourth pillar of a capitalism that is more collective and adapted to new growth challenges, alongside the more traditional forms: shareholding, family holdings, stock market trading and State investment. It is now a structured investment vehicle that provides sustainable long-term growth."

\* Association Française des Investisseurs pour la Croissance

## THE EXECUTIVE COMMITTEE

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The Eurazeo PME Executive Committee comprises the Executive Board and two associate directors.

### **Pierre Meignen**

*Managing Director,  
Member of the Executive  
Committee*

Pierre joined Eurazeo PME in 2005 and currently has 13 years' private equity experience. He has participated in more than 15 investments and particularly the acquisitions of MSH, IMV Technologies, Léon de Bruxelles, DESSANGE International, Cap Vert Finance, Vignal Lighting Group and AssurCopro.

### **Erwann Le Ligné**

*Managing Director,  
Member of the Executive  
Committee*

Erwann joined Eurazeo PME in 2006 after four years in acquisition finance in charge of senior debt arrangement in buy-out deals involving medium-sized companies. Erwann participated in the acquisition of BFR Group, The Flexitallic Group, Inc., Gault & Frémont, Groupe Colisée, Péters Surgical, Groupe Flash & Orolia.

## THE INVESTMENT TEAM

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### **Mathieu Betrancourt**

Principal

### **Joanne Dubail**

Principal

### **Paul Vaissié**

Principal

### **Rafaelle Faibis**

Senior Associate

### **Clément Morin**

Senior Associate

## THE DIGITAL AND CSR TEAM

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### **Sophie Flak and Noëlla de**

**Bermingham** coordinate the CSR and digital strategy of Eurazeo and Eurazeo PME.



## THE CORPORATE TEAM

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**Patrice Henry** – Operating Partner

(5) **Clara Chatillon** – Financial Controller

(1) **Véronique Dubois** – Accounting Manager

(3) **Nicolas Becque** – Fund Management Officer

(4) **Sophie Botzke** – Executive Administrator,  
Communication Officer

(2) **Amélie Jaran** – Assistant

## UNDERSTANDING AND ACCOMPANYING DIGITAL TRANSFORMATION

The digital age has profoundly transformed business models and working methods. A major challenge for our investments, it has intensified competitive pressure and revolutionized the products and services offering. To better understand these substantial changes and identify the levers activated by digital transformation upstream, our teams received specific training in 2016 covering big data, agile working, design thinking, the user experience and the methods used by web giants.

# OUR GOUVERNANCE

## STABLE AND AGILE

A professional and responsible shareholder, Eurazeo PME ensures that its own governance principles also apply to its investments.

### Stability, an essential component of flexibility

Eurazeo PME ensures that the governance of its portfolio companies is robust, so as to enable effective, independent and balanced decision-making, as well as reliable reporting to shareholders. We believe that our investment governance must reflect the coherence of our corporate project and respect all stakeholders through a subtle combination of risk management and entrepreneurial audacity.

### Confidence, a constant requirement

Confidence and responsibility, key corporate values of Eurazeo PME which are expressed through the governance systems of our investments. They are supported by employees with varied and complementary profiles that have a substantial understanding of the sector and strategic, financial, marketing, managerial and CSR expertise, so as to leverage resources and results.

### A responsibility towards all our stakeholders

Governance is the foundation of a company's durability. It must enable the company's long-term strategic thinking and ensure the confidence of investors who raise their own equity. This is why Eurazeo PME has instituted exemplary governance bodies within all its portfolio companies, Our objectives: implement audit committee, compensation committee ; counting 30% of independent administrators and 40% of women administrators in all our companies at horizon 2020.

### THE REGULATIONS GOVERNING A PORTFOLIO MANAGEMENT COMPANY AUTHORIZED BY THE AMF

Eurazeo PME has the status of a portfolio management company; it manages the OFIPEC I, OFIPEC II, Eurazeo PME IIA, Eurazeo PME IIB and Eurazeo PME Co-invest private equity funds. Under authorization obtained from the AMF, it pledges to comply with a certain number of management standards and is bound to respect the rules of good conduct. The internal control and ethics principles are precisely worded and regularly verified. Specifically, prior to any investment or divestment exceeding €0.5 million, Eurazeo PME must consult its five-member Investment Advisory Committee.

The Supervisory Board has five members - including two independent members - and two independent non-voting members.

#### Virginie Morgon

Deputy CEO of Eurazeo  
Chairwoman of the Eurazeo PME  
Supervisory Board

#### Philippe Audouin

Chief Financial Officer  
of Eurazeo

#### Frans Tieleman

Member of the Eurazeo Executive Committee

#### Bernard Loth

Independent member  
Representative of the Albingia insurance  
company

#### Patrick Dupuy

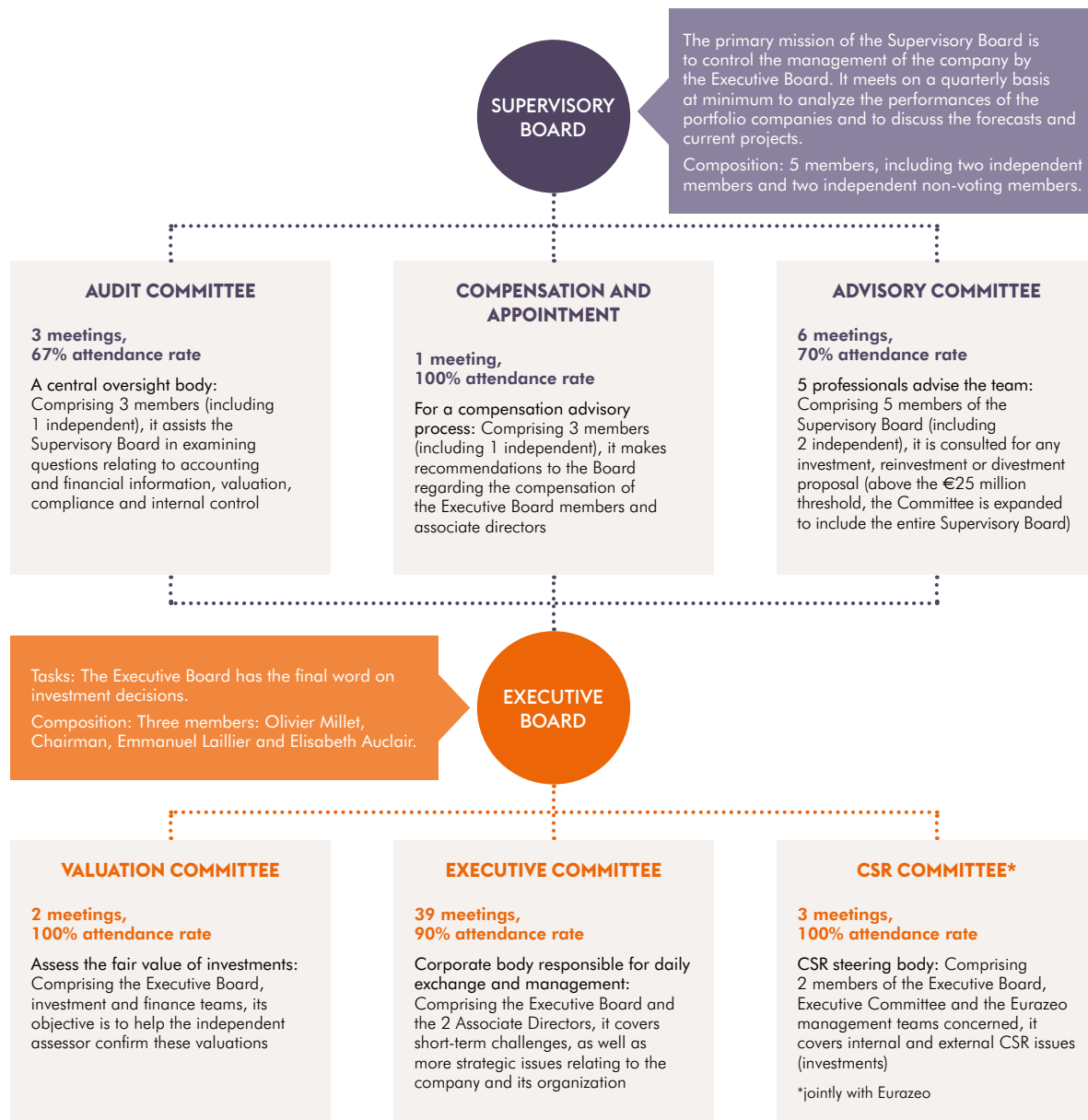
Independent member  
Founding Chairman of Dardel industrie

#### Christophe Karvelis

Non-voting member,  
Co-founding Partner of Capzanin

#### Jean-Luc Bret

Non-voting member,  
Founding Chairman of La Croissanterie



The search for balanced governance, which serves the social interest of stakeholders, is a constant for us, and a factor of stability and confidence in our investment management. Our governance is flexible since it associates a long-term investment horizon with short-term actions that are necessary for the transformation and external growth of our holdings.

The main issues discussed by the Supervisory Board in 2016 covered Eurazeo PME's business performance, investment projects, financial position and results.

# OUR PORTFOLIO

## 9 COMPANIES

### WITH STRONG POTENTIAL

#### EURAZEO PME I



Serving its clients for over 100 years, Léon de Bruxelles offers mussels and chips and Belgian cuisine in its 81 restaurants.

**€117M**  
2016 REVENUE

**1 400**  
EMPLOYEES

**59%**  
EURAZEO PME STAKE

**2008**  
INVESTMENT



A prestigious luxury brand, DESSANGE International has a unique network of over 2,000 hairdressing salons in 50 countries.

**€101M**  
2016 REVENUE

**611**  
EMPLOYEES

**74%**  
EURAZEO PME STAKE

**2008**  
INVESTMENT



Specializing in medical equipment, Péters Surgical distributes its products in over 90 countries.

**€68M**  
2016 REVENUE

**585**  
EMPLOYEES

**87%**  
EURAZEO PME STAKE

**2013**  
INVESTMENT



European firm specializing in lighting and signaling for industrial vehicles, Vignal Lighting Group is now developing in America and Asia.

**€83M**  
2016 REVENUE

**340**  
EMPLOYEES

**77%**  
EURAZEO PME STAKE

**2014**  
INVESTMENT





In 2016, the Eurazeo PME portfolio comprised 9 companies that are being transformed into global, integrated and responsible intermediate-sized businesses.

## EURAZEO PME II



A reference in the French retirement home sector, Colisée welcomes more than 5,954 residents and patients.

**€283M**

2016 REVENUE

**3 364**

EMPLOYEES

**64%**

EURAZEO PME STAKE

**2014**

INVESTMENT



European leader in same day and time sensitive premium freight, Flash Group relies on its innovative digital platform (investment made in September 2015).

**€157M**

2016 REVENUE

**422**

EMPLOYEES

**43%**

EURAZEO PME STAKE

**2015**

INVESTMENT



A world leader in positioning, navigation, timing, supervision and communication solutions through reliable GPS-type signals.

**€86M**

2016 REVENUE

**376**

EMPLOYEES

**50%**

EURAZEO PME STAKE

**2016**

INVESTMENT



Sole cross-channel player in its segment, specializes in home linen with the Linvosges and Françoise Saget brands.

**€198M**

2016 REVENUE

**457**

EMPLOYEES

**54%**

EURAZEO PME STAKE

**2016**

INVESTMENT



AssurCopro is a joint ownership insurance broker based in Paris, Cannes and Nice, and a historical player and pioneer of highly specialized property ownership services.

**€21M**

2016 REVENUE

**75**

EMPLOYEES

**50%**

EURAZEO PME STAKE

**2016**


INVESTMENT



EURAZEO

PME

OUR BUSINESS  
MATERIALIZE  
THE POTENTIAL OF  
OUR COMPANIES



At each key stage,  
we make maximum use  
of the resources made available to us  
by acting as a responsible majority shareholder



SÃO PAULO, BRAZIL

# A COLLECTIVE APPROACH TO CREATE SUSTAINED VALUE



## ATTRACT CAPITAL



Structure funds



Raise capital



Maintain relations with investors



## DETECT HIGH-GROWTH COMPANIES



Monitor societal trends



Identify investment opportunities



Carry out strategic and operational  
due diligence



Negotiate and finalize the acquisition



Eurazeo PME guides companies over the long term to assist them in deploying all their growth potential well beyond a future sale

3

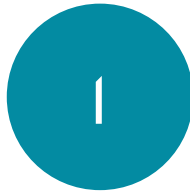
### ACT AS A MAJORITY SHAREHOLDER

- Establish strong and exemplary governance
- Strengthen the organization's flexibility
- Adapt the business model
- Facilitate organic and external, national and international growth
- Privilege innovation
- Roll out an integrated CSR policy

4

### MATERIALIZE AND SHARE THE VALUE CREATED

- Sell:
  - to an industrial company
  - to a financial investor
- Conduct an Initial Public Offering
- Remunerate:
  - investors
  - managers and employees
  - the Eurazeo PME management team



## ATTRACT CAPITAL

# Mobilize investors around a common ambition

**W**e confirm our 10-year old investment strategy: finance a portfolio c. of ten French SMEs with solid fundamentals that wish to develop internationally in order to have the means to bet on the future, and ensure a significant and regular return for our investors.

### Confirm the performance of our current investments

Based on the performances of our companies and the sales carried out, we have posted an annual performance rate of 21% for the funds we currently manage (Eurazeo PME I and Eurazeo PME II) and an average multiple of 2.1 for the companies sold.

At the end of 2016, 79% of Eurazeo PME II was invested, leaving a financial flexibility for external growth operations in the coming years. These operations will be conducted in parallel to new acquisitions carried out as part of Eurazeo PME III.

As of December 31, 2016, the value of the portfolio under management amounted to €599 million, reflecting the quality of our portfolio of companies and the last three acquisitions.

The growth in profit (+7% of EBITDA) and revenue of our companies (+7%) was driven by the vitality of our managers who, supported by their employees, were able to ally the transformation of their organizations, the capture of new markets and the development of new services.

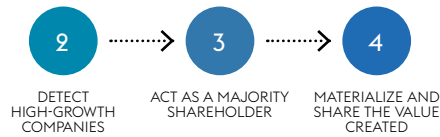
### Clearly share our robust investment strategy

Because of encouraging economic outlooks for the coming years, French SMEs are investing in growth and digital modernization projects in France and internationally. Hence, the methods used to calculate return on investment must be adapted to consider investments that are increasingly immaterial and whose value contribution is significantly correlated to the company's mid to long-term economic value.

The investment strategy that we are implementing within Eurazeo PME III is aligned with that of our previous funds and is based on four fundamental principles:

- top-quality companies with a proven business model,
- developing in a business sector with a mid to long-term economic visibility,
- having a seasoned management team very much associated with capital,
- for which we structure a financial arrangement that is consistent with the industrial development project.

This selectivity is the basis of the virtuous circle that creates value for our investments and our companies.



## Build a joint project with our investors: Eurazeo PME III

With the creation of Eurazeo PME III, which will be operational in 2017, we are reinforcing our ability to act. As long-term investors, we are re-affirming our strategy to accelerate transformation, stimulate innovation and strengthen the global presence of SMEs in our portfolio so that they become international intermediate-sized businesses.

French private equity volume should double in five years. This will be materialized not only by an increase in the size of funds, but also the multiplication of players, thus generating intense competition.

In our market segment (investments between €25 and €100 million in French SMEs/SMIs), our main competitors are nearing or surpassing the €1 billion mark in funds raised.

This facility might have prompted us to raise funds in excess of €1 billion, but our objective is not to enter a frenzied race towards size: our priority is to be able to fund our actions and therefore accompany the sustained growth of our companies.

€600M  
EURAZEO PME III FORECAST CAPITAL

Backed by our majority shareholder Eurazeo, we wish to continue building the relationships of mutual trust forged with unlisted third-party investors who have financed Eurazeo PME II, as well as integrate new institutional investors.

To accomplish this, Eurazeo's status as a listed investment company, bringing with it discipline, international visibility, strength and longevity, is an undeniable asset, as are our success stories and the quality of our current third-party investors.

Moreover, the international external growth operations we have carried out with our investments have bolstered our international profile and enabled us to more easily attract new foreign investors, for whom investing in France remains complicated and who value an investment intermediary of confidence.

**“We are currently holding discussions with numerous French and foreign institutional investors who have given us a warm welcome. This supports the team in its strategic choices”**

ÉLISABETH AUCLAIR, Chief Financial Officer, Member of the Executive Board .

## DETECT HIGH-GROWTH COMPANIES

## Linking the needs of SMEs with those of our investors

**E**urazeo PME finances entrepreneur-managers who require capital to successfully accelerate their transformation. Far more than financing, we advise and support the companies we assist, in order to guide them in their long-term growth. Above all, we invest based on ambitious and shared corporate projects, which we assess as of the due diligence procedures.

### Assessing an overall corporate project

In 2016, we were both very active and very selective, with three acquisitions – Orolia, MK Direct, and AssurCopro – and five external growth operations covering Colisée, Vignal Lighting Group, DESSANGE International and Péters Surgical. These operations are in line with our strategy: invest in French SMEs with sufficient financial and non-financial assets so as to be able to accelerate their transformation.

A thorough financial and non-financial due diligence procedure was conducted for each file. A complete audit assessing the strategic, economic, financial, legal, social, societal and environmental situation it is crucial since it evaluates the company's ability to roll out the growth project, anticipate risks and prepare future cooperation.

Backed by these components, we define the strategic road map for the next 5 to 7 years with management. Indeed, even if a due diligence process serves to justify a purchase price above all, it also enables us to identify transformation drivers and the resources and methods we have to activate them.

### Anticipate digital innovations and socio-economic changes

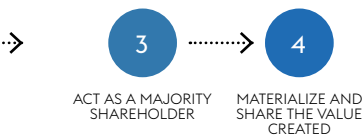
Digital transformation results from the will to innovate, as well as a need to find new sources of revenue and productivity in current business models, industrial systems and tools. Everything seems to be new: regions, industries, players, practices, skills, jobs.

These new dimensions rapidly emerge and disrupt the socio-economic rules. While the AFAAM (Alphabet, Facebook, Amazon, Apple and Microsoft), NATU (Netflix, AirBnB, Tesla, and Uber) and future unicorns are currently center stage, we are convinced that digital transformation will represent a formidable source of growth for so-called traditional SMEs and SMIs. This is why we closely monitor these major changes and develop partnerships to better anticipate trends that will create a true competitive advantage for our investments and Eurazeo PME.

### Act as a benchmark in our market segment

Because of the investments made in recent years, we have been able to boost our reputation and forge a solid network of partners who are interested in investing in high-potential companies. Accordingly, the quality of our investments has been enhanced, since we examine potential projects that are aligned with our strategy and for which we have been identified as a high value-added shareholder well in advance. In 2016, we thus analyzed nearly 80% of the projects presented to the market and, for the majority of them, we were contacted directly by the companies or their representatives.





## A CSR ASSESSMENT IS CONDUCTED FOR ALL OUR DUE DILIGENCE



### 1 - INVEST RESPONSIBLY

AMBITION: Integrate CSR at all phases of the investment cycle

100% of due diligence in the advanced study phase of acquisitions to incorporate a CSR section

The objective of Eurazeo PME is to obtain a complete view of the CSR challenges, risks and opportunities of its portfolio companies. Accordingly, Eurazeo PME has developed an approach that covers all dimensions (environment, social, societal, supply chain, ethics, governance) over the long term.

At each step of the investment process, we activate them in a logic of steady progress:

- During the due diligence procedures for target investments, the criteria analyzed arise from a cross analysis between several recognized French and international frameworks, including the IO principles of the UN Global Compact, the work of the ESG Commission of the AFIC, the Responsible Investment Principles, the subjects of Article 225 of the Grenelle II law, or the Sustainability Accounting Standards Boards' Materiality Map on which Eurazeo PME has relied since the end of 2016 to identify the sector-based material issues of investment targets.

### 2 - ESTABLISH EXEMPLARY GOVERNANCE

AMBITION : Ensure that all companies have exemplary governance bodies

### 3 - CREATE SUSTAINABLE VALUE

AMBITION : Ensure that all companies have a CSR progress plan

### 4 - ACT AS VECTOR FOR SOCIAL PROGRESS

AMBITION : Ensure that all companies improve their social footprint

100% of divestment operations to incorporate CSR information

- During the transformation phase, an action plan is defined with the company. It is drafted based on the material issues identified during due diligence procedures and comprises 7 CSR essentials that are part of Eurazeo PME's CSR strategy.

● Finally, as ESG performances demonstrate the quality of a company's long-term management, a CSR evaluation is also performed when the company is sold. It presents the progress accomplished and values the environmental and social impacts the company has avoided since it was acquired by Eurazeo PME.

Specific due diligence procedures covering climate change may also be conducted to determine the extent of the company's exposure to physical and transition risks. The inclusion of ESG criteria in the investment policy is detailed on our website ([www.eurazeo-pme.com](http://www.eurazeo-pme.com)).

## ACT AS A MAJORITY SHAREHOLDER

## The Operating Partner: a new function to accompany transformation



To deal with the higher number of investment transformation projects, the Operating Partner role was created in 2016. Patrice Henry, who joined the team in March, describes his task and the success factors of his work with the investment management teams.

**You joined the Eurazeo PME teams this year as an Operating Partner, a newly created position. Can you describe it?**

Eurazeo PME's belief that the alliance between managerial and shareholder talent is a source of sustained value creation has been reinforced by the experience acquired over the last ten years. The Operating Partner function is fully integrated in a line of thinking whereby cooperation with the management of our portfolio companies is at once strategic, operational and financial.

I contribute at various key moments: during due diligence to define a shared ambition and determine a realistic roadmap, when we act as a majority shareholder to accelerate company transformations, and during a sale to help companies ready a new growth phase.

My role is not to ensure a link between the investment teams and the investments since they are already quite close, but rather to act as a kind of sparring partner. Which is to say a trusted person who, while challenging you, allows you to step back and improve your results by providing you with specific expertise in terms of execution.

**“The Operating Partner has to be the Swiss army knife of transformation: simple, agile, pragmatic and effective”**

*PATRICE HENRY, Operating Partner*

### Can you give a few examples of your actions?

Before giving you some concrete examples, I would like to insist on our cooperative approach: the premise defined by Eurazeo PME management is that I only intervene when the company's management agrees or asks that I do so.

Since my arrival, my actions have turned out to be quite varied, reflecting the diversity of the expectations and needs of the investment representatives. It's what makes this job fascinating!

For example, I have worked with our investment managers on an operational integration plan that will rapidly maximize the identified synergies covering sales and marketing, the supply chain and the back office by prioritizing and activating them and finally having them adopted by the management team.

I also assisted another manager with an information system reorganization and the roll-out of a European-wide software package. This involves long-term accompaniment during which I draw on current best practices, which I then combine with those I have encountered in order to come up with the most appropriate solution. This is how we will achieve the slated objectives while anticipating and managing the risks inherent to all transformation.

### What are the conditions that guarantee successful cooperation?

Above all the ability to listen and independence. Your experience only has value if the growth levers you propose are applicable to the company's specific context. As for independence, it allows to gain the confidence of your network while remaining free to tackle sensitive issues.

Then comes responsiveness and flexibility. To transform our French SMEs into international intermediate-sized businesses, we have to accompany them with strategic and operational issues within multicultural contexts. You need a tailored approach without reinventing the wheel.

Internally, we are currently creating a methodology database of best practices that can be shared with our companies, and we are configuring an ecosystem of consultants who know how to adapt to the problems and culture of SMEs, and who will be able to assist us with specialized assignments.

Finally, I would mention the achievement of concrete results. The Operating Partner must be a strong vector for value creation, combining simplicity, pragmatism and efficiency.

## MATERIALIZED AND SHARE THE VALUE CREATED

## Privilege responsible growth levers

**A** long-term shareholder and a pioneer in its CSR approach, Eurazeo PME guides its portfolio companies in order to ally financial, social and environmental performances.

### Proven value creation

To value the impact of social and environmental actions and demonstrate that the implementation of CSR policies is a performance and value creation lever for companies, Eurazeo PME – with the support of Eurazeo – has drawn up a methodology to assess avoided impacts and their financial repercussions in association with a specialized firm.

### KEY METHODOLOGY POINTS

Defined in collaboration with PWC, the methodology evaluates avoided impacts by comparing the 2016 consumption ratio with that of the benchmark year.

#### SCOPE AND APPROACH

The calculations were performed over a period extending from the year Eurazeo PME acquired an interest in the investment considered until 2016 inclusively or, if the data was unavailable, the first year of reporting: for Léon de Bruxelles, the benchmark year is 2009 for the social component, and 2011 for the environmental aspect, while for DESSANGE International, the benchmark year is 2011.

#### CALCULATION METHODOLOGIES

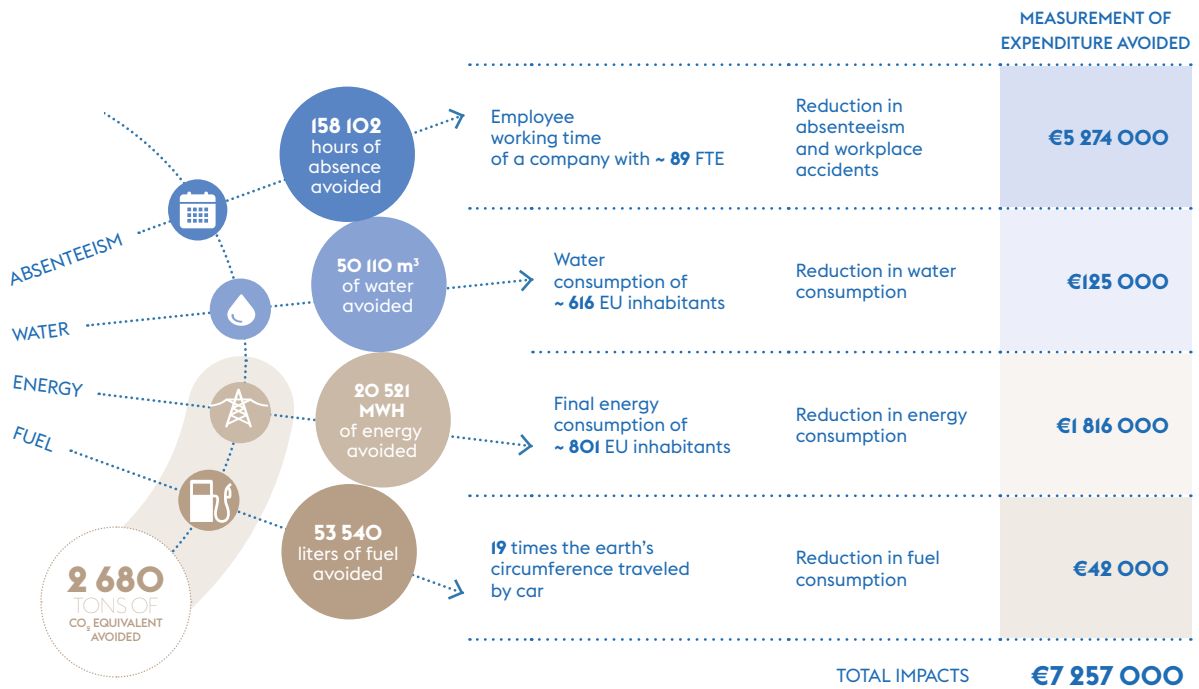
Whenever possible, calculations were based on operating indicators (e.g.: a ratio by number of meals served for Léon de Bruxelles). In the absence of an operating indicator, calculations were based on revenue. A benchmark year was determined for each company, so as to then measure the change (improvement or decline) for each indicator. The progress was gaged and aggregated for each year in relation to the benchmark year.

Indicators that were subject to impact calculations were defined according to criteria covering the existence of improvement processes in the company, materiality and the availability and quality of data for the years considered. The detailed methodology is available on the Eurazeo PME website under the Responsibility tab.

Indicators measured					
Geographical scope	 Or 92% of activity in 2016	 Or 40% of activity in 2016	 2 countries or 100% of activity in 2016	 Or 100% of activity in 2016	 2 countries or 81% of activity** in 2016
Year of reference	2015	2011	2014	2009/2011*	2014
Year of acquisition	2014	2008	2014	2008	2013

\* For Léon de Bruxelles, the year of reference is 2009 for social indicators, and 2011 for environmental indicators.

\*\* For Péters surgical, the scope was limited to France for social indicators.



The breakdown of analyses is available on the Eurazeo PME website.

## MATERIALIZE AND SHARE THE VALUE CREATED

## Sell companies that are solid and ready to take a new direction

**T**he sale of a company is a special moment for Eurazeo PME and its investors since it puts a value on the work accomplished and the close cooperation of the teams over the years. It is above all a key moment for companies undertaking a new development phase.

### Consolidate the socio-economic impact of our companies, particularly in France

Our companies actively participate in the socio-economic development of their regions. Conscious of their determining role in the social cohesion of their employment markets, we privilege growth that is direct, indirect and inclusive. Our strategy, as a stimulator of innovation and economic growth, involves the constant mobilization of personnel in France: the international growth of our companies is not achieved to the detriment of French employment and business. On the contrary, this growth is a vector of sustainability and development for the French teams.

DESSANGE International is a fine example with the purchase of Coiff'Idis, the French leader in the distribution of hair salon products and equipment, with nearly 300 employees.

While the Colisée Group is certainly developing at the international level, and particularly in Italy, it nevertheless continues to open nursing homes in France. In 2016, the opening of the La Tramontane residence in Leucate in the Aude region will ultimately generate more than 50 permanent jobs in the administration, management, hotel and care activities.

### Knowing when to pass the torch

We organize and anticipate the sale with the management of our companies. As responsible shareholders, we ensure that the companies remain attractive for new investors who, like us, will assess the company in the light of its growth and transformation potential. We regularly discuss opportunities with management, and together, we structure a responsible and attractive project for the next shareholders.

Just as in crises, these atypical phases are revealing in terms of the quality of management: it is necessary to consider the company's assets, maintain client and employee relations, act with determination to preserve the company's flexibility and, first and foremost, remain serene and overcome the uncertainty. Governance quality is also assessed through the company's ability to face the future with a new shareholder, which is to say in the balance of power, but also the aptitude to define strategic directions and ensure their operational implementation.

### Provide faith in the future

We have faith in the vitality of our companies and the markets in which they are evolving. We wish to build inclusive and generous growth for our main stakeholders. Upon the sale, we ensure that the value is fairly shared between our investors, management, the personnel of our companies and the investment team. The objective is to enable each individual to reap the rewards of his or her efforts and ensure that our binding relationship of trust is not disrupted.

55  
OPERATIONS  
REALISED

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ACQUISITIONS

- Siem
- Mors Smitt
- Gault et Frémont
- DESSANGE International
- Fondis Electronic
- Léon de Bruxelles
- Siem/Flexitallic
- Cap Vert Finance
- Péters Surgical
- Siem/Flexitallic
- Groupe Flash
- IMV
- Soho
- Mors Smitt
- IMV
- Vignal Lighting Group
- Colisée
- Orolia
- MK Direct
- AssurCopro

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BUILD-UPS

- Flexitallic (US)
- Bioritech
- Montgolfier
- Nelson Tech. (CN)
- Sts Rail (UK)
- Idéal Résidences
- Phoenix
- Stericat (IN)
- iSenior (IT)
- EF Express (GER)
- Novus (UK)
- Cryovet
- CiePlast (IT)
- Gènes Diffusions
- Sealex (UK)
- Nifa technologies (NI)
- Biofood Pack
- AGS (CA)
- Custom Rubber (US)
- Fantastic Sams (US)
- DCS (IT)
- Vitalitec
- Filmed
- ABL Lights
- Aditia
- Asclépios
- Coiff'idis
- NHS
- CEA (CH)
- BALM
- Vectec
- Interassurances
- J Boulard
- Upela
- I2 Colisée

6

EXITS: a multiple of 2.1x

- IMV
- Soho
- Mors Smitt
- Flexitallic
- Cap Vert Finance
- Gault et Frémont

2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 MARCH 2017

We prepare the sale with the companies' management by choosing the appropriate moment, carrying out a comprehensive assessment of the company's value and characterizing the strategic priorities of its post-sale growth that must be confirmed by the new investor. Hence, during the valuation phase, a full situation review is conducted for all criteria in

order to measure the progress made since Eurazeo PME's acquisition. Depending on the issue's materiality, the climate change and carbon risk may also be the subject of a specific analysis in order to clarify any risks or opportunities beyond Eurazeo PME's holding period.

# Transforming risks into opportunities

Monitored by the Executive Board, risks are managed by the Executive Committee, which decides the measures to undertake to best anticipate such risks and provide effective solutions. Our approach is holistic, which is to say it includes material financial and non-financial risks that impact Eurazeo PME, the portfolio companies and the investors.

## > Have exemplary governance and act as a responsible investor

RISK DESCRIPTION	TRANSFORMATION INTO AN OPPORTUNITY
Non-compliance of Eurazeo PME or one of its investments regarding the strict rules enacted by the AMF governing oversight of the activity (fraud, anti-money laundering and terrorist financing, etc.)	Human resources (CFO, CICO, Audit Committee, etc.) and stringent risk control processes (multi-party review of fund flows, anti-money laundering procedure and due diligence, etc.) <i>Structuring of decision-making processes in the investments</i>
Challenge of the transformation project in the event of key personnel departure(s) in the companies or the investment team	Development of a corporate project and an attractive remuneration system <i>Sharing of the strategy with management</i>
Poor interpretation of information that was nevertheless communicated by Eurazeo PME for the sake of transparency	An organization, resources and processes that are structured so as to produce reliable financial and non-financial reporting <i>Optimization of company management</i>
Reputation risks relating to incidents or bad practices resulting in controversies and a deterioration in Eurazeo PME's image	<i>Systematic CSR Due diligence, CSR roadmap</i> <i>Identification of non-financial value creation levers</i>

## > Have the necessary financial resources to develop our portfolio and accelerate company transformations

RISK DESCRIPTION	TRANSFORMATION INTO AN OPPORTUNITY
Withdrawal of an institutional investor compromising investment capacity as part of the Eurazeo PME III fundraising	Experience of the Eurazeo PME team and support of Eurazeo <i>Expansion of the number of investors</i>



## > Optimize the detection and selection of growth investments

RISK DESCRIPTION	TRANSFORMATION INTO AN OPPORTUNITY
Development of non-standard financing sources without intermediation (crowdfunding) and access to low-rate debt	Promotion of the majority shareholder's specific expertise in the company's transformation <i>Sourcing of opportunities by partners</i>
Decrease in the value of the businesses in the event of an economic decline. Poor assessment of the company's growth potential	Resilience of companies sought: international potential, experienced management, solid competitive advantage, entry barriers, etc. <i>Financial and operational requirement over the long term</i>
Insufficient liquidity to finance investment opportunities (refinancing of investments + external growth operations)	Investment strategy based on a permanent reinvestment capacity <i>30% of capital earmarked for complementary development</i>

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## > Materialize the transformation expected from each investment

### > Optimize the timetable and terms and conditions of investment sales

RISK DESCRIPTION	TRANSFORMATION INTO AN OPPORTUNITY
Market turnaround at the time of sale: business cycles, new market players with disruptive innovations	Identification of the right moment to monetize value while allowing the business to develop sustainably over the long term <i>Create a momentum that is shared by all</i>

## > Be a company that is responsible for employees and attractive for candidates

RISK DESCRIPTION	TRANSFORMATION INTO AN OPPORTUNITY
Alteration of the deal flow and loss of expertise should a key employee or manager leave	Monitoring of investments by two people in the investment team <i>Continuous training of employees</i>

EURAZEO

PME

FINANCIAL  
AND NON-FINANCIAL  
INFORMATION



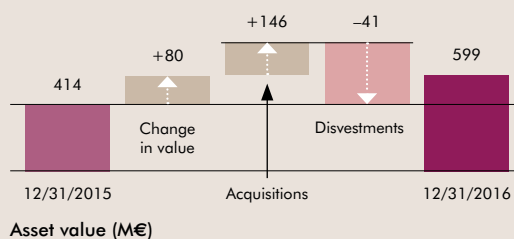
NEW YORK, UNITED STATES

# FINANCIAL INFORMATION

## NET ASSET VALUE

As of December 31, 2016, the value of the portfolio under management amounted to €599 million (of which €194 million for third parties as part of the management of the Eurazeo PME II funds raised in March 2015 with French and international institutional investors), compared to €414 million as of December 31, 2015.

The increase is due to scope impacts for €105 million and the increase in the portfolio's value for €80 million. Growth on a comparable scope basis stood at 19% for the year.



## IFRS CONSOLIDATED BALANCE SHEET (EXTRACT)

ASSETS € million	2016	2015
Goodwill	388.3	274.7
Other intangible assets	542.2	362.8
Property, plant and equipment	174.3	120.4
Other non-current assets	90.3	51.4
<b>Non-current assets</b>	<b>1,195.0</b>	<b>809.3</b>
Inventories and receivables	347.3	168.5
Cash and cash equivalents	154.6	107.0
<b>Current assets</b>	<b>501.8</b>	<b>275.4</b>
Assets held for sale	1.0	-
<b>TOTAL</b>	<b>1,697.9</b>	<b>1,084.8</b>

LIABILITIES € million	2016	2015
Equity attributable to owners of the parent	206.9	202.4
Minority interests	226.7	120.4
<b>Total shareholders' equity</b>	<b>433.7</b>	<b>322.8</b>
Long-term borrowings	620.7	409.9
Other non-current liabilities	183.5	119.3
<b>Non-current liabilities</b>	<b>804.2</b>	<b>529.2</b>
Short-term borrowings	147.4	35.5
Other current liabilities	312.0	197.2
<b>Current liabilities</b>	<b>459.4</b>	<b>232.7</b>
Liabilities held for sale	0.6	-
<b>TOTAL</b>	<b>1,697.9</b>	<b>1,084.8</b>
Net financial debt	613.6	338.1

Equity attributable to owners of the parent amounted to €207 million as of December 31, 2016, compared to €202 million as of December 31, 2015.

The change is primarily due to the net income for the year of (€4.6 million). Minority interests essentially comprise the share of managers and other co-investors in the holdings.

Consolidated net financial debt increased from €338 million as of December 31, 2015 to €614 million as of December 31, 2016,

mainly due to scope changes during the year. As a reminder, these debts are without possible recourse to Eurazeo PME, as it does not act as guarantor, nor has it granted guarantees to any other portfolio company. As of December 31, 2016, the consolidated net financial debt of investments stood at €511 million, representing a senior leverage of 3.2x their EBITDA over 12 months. All portfolio companies complied with the covenants governing their bank and mezzanine debts.

## CONSOLIDATED INCOME STATEMENT (EXTRACT)

€ million	12/31/2016	12/31/2015	12/31/2015*
Revenue from operations	965.3	652.9	899.4
<b>EBITDA Operating income recurring</b>	<b>117.4</b>	<b>83.1</b>	<b>107.0</b>
<b>of which EBITDA of investments</b>	<b>126.9</b>	<b>94.1</b>	<b>118.1</b>
<b>% of revenue of the investments</b>	<b>13.1%</b>	<b>14.4%</b>	<b>13.1%</b>
Depreciation, amortization and provisions excluding intangible assets	-23.5	-18.3	
<b>EBIT</b>	<b>93.9</b>	<b>64.7</b>	
Depreciation, amortization and provisions including intangible assets	-5.7	-6.5	
Other operating income and expenses	-19.8	12.8	
<b>Operating income</b>	<b>68.3</b>	<b>70.9</b>	
Finance cost	-41.3	-25.7	
Income tax	-13.9	-11.2	
<b>NET INCOME</b>	<b>13.1</b>	<b>34.0</b>	
Net income attributable to equity holders of the parent	4.6	27.8	
Minority interests	8.5	6.3	

Proforma \*: 12/31/2015 at 2016 scope.

In 2016, the Group carried out three acquisitions and six build-ups.

Group consolidated revenue stood at €965 million for the year ended December 31, 2016, up +47.9% on a reported basis, +7.3% on a constant Eurazeo scope basis\* and +3.7% on a constant Eurazeo scope basis restated for external growth transactions carried out by the holdings in 2015 and 2016.

Consolidated EBITDA of investments stood at €127 million, an increase of +35% compared to December 31, 2015 on a reported basis, and +7% on a constant Eurazeo PME scope basis\*. Restated for the six build-ups and on a constant Eurazeo PME scope basis, it rose by +5%. This growth is due to the solid performance of all the Group companies.

Other operating income and expenses primarily comprise costs for studies and financial arrangements covering acquisitions and build-ups of the various Group companies.

After consideration of the cost of net financial debt (€41 million) and corporate income tax, net income for the year ended December 31, 2016 amounted to €13 million, while net income attributable to equity holders of the parent stood at €4.6 million.

(\*) restated for changes relating to the acquisition of Groupe Flash, Orolia and MK Direct - the latter two being consolidated as of July 1, 2016 - and the sale of Cap Vert Finance in July 2015.

# NON-FINANCIAL INFORMATION

	AMBITIONS	2020 OBJECTIVES	2016	2015
1	<b>INVEST RESPONSIBLY</b> Integrate CSR at all stages of the investment cycle	<ul style="list-style-type: none"> <li>100% of due diligence in the advanced study phase of acquisitions to incorporate a CSR sections <sup>(1)</sup></li> <li>100% of portfolio companies to perform CSR reporting</li> <li>100% of divestment operations to incorporate CSR information</li> </ul>	80%	100%
2	<b>ESTABLISH EXEMPLARY GOVERNANCE</b> Ensure that all companies have exemplary governance bodies	<ul style="list-style-type: none"> <li>100% of companies to have at least 40% women directors on the Board <sup>(2)</sup></li> <li>100% of controlled companies to have at least 30% independent directors on the Board <sup>(2)</sup></li> <li>100% of companies to have an Audit Committee and a Compensation Committee</li> </ul>	0%	17%
3	<b>CREATE SUSTAINABLE VALUE</b> Ensure that all companies have a CSR progress plan	<ul style="list-style-type: none"> <li>100% of portfolio companies to have deployed Eurazeo's "CSR essentials" <sup>(3)</sup></li> </ul> <p>The 7 "CSR essentials" <sup>(4)</sup></p> <ul style="list-style-type: none"> <li>Appoint a CSR manager</li> <li>Establish annual CSR reporting</li> <li>Create an operational CSR committee</li> <li>Include CSR issues on the agenda of Board meetings at least once a year</li> <li>Conduct an environmental and/or greenhouse gas assessment every three years</li> <li>Perform a social barometer every three years</li> <li>Conduct CSR audits of priority suppliers</li> </ul> <ul style="list-style-type: none"> <li>100% of portfolio companies to have quantified CSR progress targets</li> <li>100% of portfolio companies to be involved in at least one CSR acceleration program <sup>(5)</sup></li> </ul>	73%	71%
4	<b>BE A VECTOR OF CHANGE IN SOCIETY</b> Ensure that all companies improve their societal footprint	<ul style="list-style-type: none"> <li>100% of portfolio companies to improve the protection and well-being of employees</li> <li>100% of portfolio companies to share value created or company profits with employees</li> <li>100% of portfolio companies to reduce their environmental impact</li> </ul>	57%	67%
			86%	67%
			100%	100%

(1) Due diligence is deemed to be in the advanced study phase when legal due diligence has been performed. The indicator covers all companies reviewed, including those that were not ultimately acquired.

(2) On Supervisory Boards (SB) or Boards of Directors (BD).

(3) The result is expressed as an average percentage of actions undertaken by the companies.

(4) The results are expressed in the number of companies.

(5) Eurazeo PME has three CSR acceleration programs: environmental footprint, gender equality and responsible purchasing. An environmental footprint (or Life Cycle Analysis) measures energy consumption, the use of raw materials and environmental emissions, as well as potential environmental impacts associated with a product, a process or a service, over the entire life cycle (based on the ISO 14040 definition).

Companies included: Colisée, DESSANGE International, Eurazeo PME, Groupe Flash, Léon de Bruxelles, Péters Surgical and Vignal Lighting Group.

>> Full methodology available on the website [www.eurazeo-pme.com](http://www.eurazeo-pme.com)

## LABOR RELATIONS

<b>WORKFORCE*</b> (permanent workforce, number of employees) <sup>(1)</sup>	<b>Eurazeo PME</b>	<b>Eurazeo PME &amp; subsidiaries</b>
Number of employees	15	5,522
Percentage of women	47%	69%
Percentage of permanent employment contracts <sup>(2)</sup>	88%	88%

<b>HIRES*</b> (permanent workforce, number of employees)	<b>Eurazeo PME</b>	<b>Eurazeo PME &amp; subsidiaries</b>
Total hires	2	1,372

<b>TRAINING*</b> (permanent and non-permanent workforce)	<b>Eurazeo PME</b>	<b>Eurazeo PME &amp; subsidiaries</b>
Total number of training hours	135	89,946
Training expenditure (in thousands of euros) <sup>(3)</sup>	32	1,810

## SOCIETAL

<b>SPONSORSHIP - FINANCIAL SUPPORT*</b> (in thousands of euros)	<b>Eurazeo PME</b>	<b>Eurazeo PME &amp; subsidiaries</b>
Amount allocated to associations and NGOs	18	164

## ENVIRONMENT

<b>ENERGY CONSUMPTION EXCLUDING FUEL*</b> (in MWh)	<b>Eurazeo PME</b>	<b>Eurazeo PME &amp; subsidiaries</b>
Electricity	52	32,689
Renewable energies	8	17,968
Natural gas (in MWh NCV)	20	33,903
Heavy fuel oil and heating oil	0	1,524
Other energies (other gases, urban networks)	0	0
Total energy consumption	80	86,084
Energy expenditure (in thousands of euros)	6	7,163

<b>WATER CONSUMPTION**</b> (in m <sup>3</sup> )	<b>Eurazeo PME</b>	<b>Eurazeo PME &amp; subsidiaries</b>
Water consumption	175	526,634
Water consumption expenditure (in thousands of euros)	0.6	1,805

<b>CO<sub>2</sub> EMISSIONS*<sup>(4)</sup></b> (in tons of CO <sub>2</sub> equivalent)	<b>Eurazeo PME</b>	<b>Eurazeo PME &amp; subsidiaries</b>
Scope 1 <sup>(5)</sup>	8	8,232
Scope 2 <sup>(6)</sup>	2	2,466
<b>TOTAL</b>	<b>10</b>	<b>10,698</b>

\* The coverage rate for Eurazeo PME and its subsidiaries was 100% of the Grenelle scope.

\*\* The coverage rate for Eurazeo PME was 100%. For Eurazeo PME and its subsidiaries, it was 86-100%.

(1) The permanent workforce corresponds to all employees under open-ended contracts.

(2) The total workforce combines total permanent and temporary (employees under open-ended or fixed-term contracts).

(3) Training expenditure does not include employee costs.

(4) Emission factors used to convert the activity data: 2016 Intergovernmental Panel on Climate Change (combustibles and fuel) and the International Energy Agency (electricity consumption) following the methodology of the Greenhouse Gas Protocol.

(5) Scope 1 emissions are emissions from fuel consumption on site (gas, oil, etc.), fuel consumption in vehicles and leakage of refrigerant substances.

(6) Scope 2 emissions are emissions caused by the generation of electricity, steam, heating or cooling bought and consumed.

EURAZEO

PME

PORTFOLIO  
COMPANIES





LUXEMBOURG

SERVING ITS CLIENTS FOR OVER 100 YEARS, LÉON DE BRUXELLES OFFERS MUSSELS AND CHIPS AND BELGIAN CUISINE IN ITS 81 RESTAURANTS.

## Interview with Laurent Gillard

**LAURENT GILLARD**  
CHAIRMAN OF THE  
EXECUTIVE BOARD

### **What were the major highlights of 2016?**

**LG** It was a year of renewal for us, the fruit of our strategy of the past two years. A revamped menu focusing on fresh produce – classic specialties such as fish&chips, fish caught at sea, selections of meats and platters to share –, a brand signature: “Léon de Bruxelles, la recette des bons moments,” unique services such as home delivery and the opening of a trendy urban concept in Paris: Léon de B. Freshness, the company’s new motto, is central to this repositioning. Léon de Bruxelles became the first catering chain to offer freshly cut French fries with an authentic taste made from French and Belgian potatoes.

### **What does your Revival strategy involve?**

**LG** Customers are looking for authentic experiences, they want to rediscover simple pleasures and the taste of good things and fresh produce. We quickly became aware that this basic trend was going to force players in the catering industry to change in order to meet these expectations, at the risk of being abandoned by their customers. After two years of hard work and investment, with the constant backing of the Eurazeo PME team, this step forward enabled us to outperform the market in 2016.

### **What does this renewal project entail?**

**LG** Primarily a completely revamped product offering drawing on the company’s signature dish — mussels and chips — and its promise of conviviality. This is characterized by the new brand signature based on fresh produce, “Léon, la recette des bons moments,” deployed in our restaurants where each and everyone can share precious moments in a simple fashion. The project was also reflected in the offer of new customer services such as the opening of a second Léon de B in the 19th district of Paris, a young urban concept, or the take-out and home delivery service in Paris that attracted more than 70,000 customers.

### **What was its impact on the new product offering?**

**LG** It is a winning formula for attracting customers that also unites our teams around a major corporate project. In the current context, it’s all about going the distance, not about going fast! We tested our convictions with our employees and customers on a daily basis. We took a simple idea and turned it into a clear message for our customers: if our core offering – mussels and chips – is fresh, then so is the rest.



“With a new menu and the development of a fresh concept, Léon de Bruxelles is ready for a new phase of dynamic growth, particularly in urban areas”

MATHIEU BÉTRANCOURT

#### THE TEAM

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Laurent Gillard  
Chairman of the Executive Board



Christine Eynaud  
Chief Financial Officer



Fabrice Gaudriot  
Marketing Director

#### KEY FIGURES

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€117M 2016 REVENUE

1400 EMPLOYEES

81 RESTAURANTS

865 TONS OF CO<sub>2</sub>  
EQUIVALENT AVOIDED  
SINCE 2011

A PRESTIGIOUS LUXURY BRAND, DESSANGE INTERNATIONAL HAS A UNIQUE NETWORK OF OVER 2,000 HAIRDRESSING SALONS IN 50 COUNTRIES.

## Interview with Benjamin Dessange

**BENJAMIN DESSANGE**  
CHAIRMAN OF THE  
EXECUTIVE BOARD

### **What were the highlights of 2016 in terms of development?**

**BD\_** Firstly, the successful integration of Coiff'Idis, no. 1 distributor of professional hairdressing products in France, into the Group due to the synergies created between the teams: availability of a more extensive product and equipment catalogue for the DESSANGE network's beauty salons or even the savings made on overheads. In the United States, the Group pursued its strategy by acquiring two master franchises and continuing to develop Phytodess. The Group's 5<sup>th</sup> largest brand therefore benefited from distributor-specific training and now has its own website. In Europe, the successful penetration of the DESSANGE brand in the German market — via the DESSANGE Professional Competency license (managed by L'Oréal) launched in 2016 — has paved the way for the launch of salons in Western Europe's leading hair care market. Finally, in the UK, DESSANGE signed a master franchise agreement.

### **How have the Dessange and Camille Albane networks developed?**

**BD\_** In light of their commendable results in a difficult market, particularly France, the Group decided to capitalize on each brand's unique positioning. Launched in 2015 within the DESSANGE network, the salon classification, "En route vers l'Excellence", led to a twofold increase

in the number of top-notch salons and an upscaling of the French network in 2016. It extends to our master franchises abroad. The Camille Albane network was boosted by the success of its new hair care range, which combines the best of science and nature, 100% made in France and has eco-responsible packaging. Finally, the visibility of both brands has become a priority of the Group's new digital strategy: Internet appointments, digital transformation of salon windows via the installation in 2017 of a new beauty shop in the DESSANGE network. Regarding CSR, we launched *Empreinte(s)*, an "environmental toolbox" designed to inform managers on the impact of their activity. In 2016, it was distributed within the network of 200 DESSANGE salons in France and Belgium and the 200 Camille Albane salons in France.

### **What was the contribution of the Eurazeo PME teams?**

**BD\_** In connection with the integration of Coiff'Idis, Eurazeo PME provided us with its Operating Partner who helped speed up the process of determining and creating synergies.



“The integration of Coiff’Idis demonstrates our common wish to develop DESSANGE International, both in France and abroad”

PIERRE MEIGNEN

#### THE TEAM



Benjamin Dessange  
Chairman of the Executive Board



Emmanuel Gasnot  
Chief Executive Officer



Philippe Vincent  
Deputy CEO

#### KEY FIGURES

€101M 2016 REVENUE

611 EMPLOYEES

2000  
HAIRDRESSING SALONS

111 TONS OF CO<sub>2</sub> EQUIVALENT  
AVOIDED SINCE 2011

## Interview with **Jean-Marc Chalot**

**JEAN-MARC CHALOT**  
CHAIRMAN AND  
CHIEF EXECUTIVE  
OFFICER

### **In 2016, you created the Comité Avenir. Why?**

**J-MC\_**To be sustainable, a company must constantly adapt and change with the times. As part of our discussions on the Mid-Term Plan, in 2016 we decided to inject a component that is more human than business oriented by having our “young” employees help build the Péters Surgical of tomorrow. A group of 10 under-35s, equally representative of all our French sites and our departments, has worked on ways to modernize the company and adapt it to its environment. Full of ideas, the group then suggested setting up workshops, each one sponsored by a member of the Management Committee. In 2017, four were approved: Happiness/Motivation/Well-being; Training in existing collaborative tools and set-up of new tools; Development of the managerial culture, in coordination with HR; Involvement in a humanitarian and/or ecological event. Our next MTP and the 2017 Comité Avenir meeting will focus on their results.

### **You have acquired Vectec. What added value do you expect to obtain?**

**J-MC\_**Vectec designs, develops, manufactures and sells disposable sterilized medical equipment for laparoscopic surgery. These products are fully consistent with our plans to branch out into the disposable sterilized medical equipment chosen by surgeons and the fields of cardiovascular, digestive, urological and gynecological surgery. This extended offering provides cross-selling opportunities by drawing on our current customer base, modifies the basis for negotiating volumes with centers and private hospitals and, what’s more, gives us a foothold in the mini-invasive surgery market. Now incorporated into our offering in France and abroad, via our subsidiaries and distributors, this product portfolio, already managed by our sales team, has won over new customers and revealed interesting potential.

### **How did the Eurazeo PME teams contribute to these new phases for your Group?**

**J-MC\_**They always assist us in realizing growth projects, by identifying potential targets and helping to assess them and set up the integration process. And let us not forget their dynamic role in the ongoing refinancing of Péters Surgical.



“Through its investments in innovation and the acquisition of Vectec, Peters Surgical has strengthened its positioning as an operating theatre specialist, with an expanded product range”

ERWANN LE LIGNÉ

THE TEAM



Jean-Marc Chalot  
Chairman ad Chief Executive Officer



Thierry Col  
Sales Director



Laurence Safont  
Chief Financial Officer

KEY FIGURES

€68M 2016 REVENUE

585 EMPLOYEES

6 FOREIGN SUBSIDIARIES

687 TONS OF CO<sub>2</sub>  
EQUIVALENT AVOIDED  
SINCE 2014

EUROPEAN EUROPEAN LEADER IN LIGHTING AND SIGNALING FOR COMMERCIAL AND INDUSTRIAL VEHICLES, VIGNAL LIGHTING GROUP IS DEVELOPING IN AMERICA AND ASIA.

## Interview with **Jean-Louis Coutin**

**JEAN-LOUIS COUTIN**  
CHIEF EXECUTIVE  
OFFICER

### **What were the major highlights of 2016?**

**J-LC** This year was marked by a very sharp acceleration in our European SME's transformation into a global intermediate-sized company. Naturally, we wish to offer the best products and services to earn the confidence of our customers and therefore guarantee profitable growth. However, these objectives are coherent with an ambitious CSR policy. We will therefore discontinue intercontinental transport and secure an extensive industrial presence in America, Europe and Asia, thus reducing our environmental footprint, limiting CO<sub>2</sub> discharges and offering the best flexibility and responsiveness to our customers. To achieve this, each site will set up a "Best in Class" industrial tool in order to guarantee optimum quality and be competitive and responsive across the globe, offer new product ranges to our customers to streamline the architectures for their vehicles and propose ambitious — even disruptive — technological innovations that could stimulate the interest of their own customers.

On the industrial front, we completed the construction of the main industrial site of the Group in Lyon-Corbas (France), pursued the renovation of the site in Caen (France), and relaunched the industrial expansion of the site in Mosinee (United States). We created our Vignal entity in Changzhou (China) and, at the same time, acquired the Swiss company CEA.

### **What opportunities did the acquisition of CEA create for you?**

**J-LC** The new safety product ranges for special vehicles offered by the leading beacon manufacturer are an apt addition to our sales offerings and will strengthen our position in certain European markets, particularly in agriculture. Given the many obvious synergies, everyone is fully committed to a timely integration within the group. By means of this transaction, Vignal Lighting Group has secured a first-rate manufacturing site based in Rancate, Switzerland, offering significant expertise in optics, electronics and mechanics.

### **What was the contribution of the Eurazeo PME teams?**

**J-LC** These major projects were spearheaded by experienced, efficient and highly motivated teams. Based on its expertise and market position, Eurazeo PME also managed our debt refinancing and syndication, enabling us to organize our internal growth and seize external growth opportunities. The year 2016 was both truly exciting for all our teams and "transformative" for the group.





“Under our proactive CSR policy and working with the management of Vignal, we are supporting sustainable development through the elimination of intercontinental transport and closer links between manufacturing sites and their markets”

PIERRE MEIGNEN

#### THE TEAM

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Jean-Louis Coutin  
Chief Executive Officer



Michael Preuss  
Chief Financial Officer



Fabrice Jahan  
Sales Director



Emmanuel Magat  
CSR & Industrials Director

#### KEY FIGURES

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€83M<sub>2016</sub> REVENUE

340 EMPLOYEES

N°1 IN EUROPE

117 TONS OF CO<sub>2</sub>  
EQUIVALENT AVOIDED  
SINCE 2014

## Interview with **Christine Jeandel**

**CHRISTINE JEANDEL**  
CHAIRMAN

### **What were the highlights of 2016?**

**CJ\_** Through our elderly homecare development division, we have bolstered our business in France with the successive acquisitions of *Nouvel Horizon Services* and *Bien à la Maison*. With 70 agencies, we currently lead this sector nationally, and thus we have taken a decisive step in Colisée's expansion. This is a way of affirming our commitment to serving seniors, and the search for growth opportunities and new development prospects for the teams. In terms of digital technology, we are continuing to equip all our sites. This mainly involves privileging the use of tablets by our teams on a daily basis, emphasizing communication via the private social network *My Colisée* for the benefit of residents and their loved ones, and playing the teamwork card with our *IDay*. We designated October 6 as an innovation day, where all our employees were invited to collectively imagine our future. They rose to the challenge, with 6,000 ideas posted and 21,000 "likes" exchanged between colleagues, the most relevant of which will be implemented in 2017.

### **How do the acquisitions of *Nouvel Horizon Services* and *Bien à la Maison* fit in with your overall homecare strategy?**

**CJ\_** The elderly homecare sector is still highly fragmented. This will bring about consolidation, professionalization and investment, particularly in digital technology and team training to better improve customer service. Moreover, need has increased due to demographic changes, and the latest regulatory trends clearly show a will on the part of public authorities to support this sector's development. It was time for us as a leading player to seize this opportunity. This is why our activity must initially be built on solid foundations in terms of management, organization, information systems and marketing. Our action plan is unfolding as scheduled, and we are beginning to look at opening new agencies and/or acquiring existing businesses.

### **What have the *Eurazeo PME* teams contributed to this strategic diversification?**

**CJ\_** In parallel to their elderly nursing home market study, which resulted in *Eurazeo PME*'s acquisition of Colisée in September 2014, they also took an interest in all home healthcare services. We were soon convinced of the strategic interest in a convergence between institutional and home-based care for the elderly. *Eurazeo PME* thus assisted the Colisée teams in identifying and analyzing various opportunities.



“The development of Colisée is a true reflection of our determination to support management in terms of boosting the group’s growth, and accelerate the digitization of services offered to families and residents”

EMMANUEL LAILLIER

#### THE TEAM

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Christine Jeandel  
Chairman



Arnaud Mejane  
Chief Operating Officer



Julien De Paz  
Chief Financial Officer



Brigitte Siad  
Legal Affairs Director



Estelle Prot  
HR Director

#### KEY FIGURES

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€283M 2016 REVENUE

6 000 RESIDENTS

901 TONS OF CO<sub>2</sub>  
EQUIVALENT AVOIDED  
SINCE 2015

EUROPEAN LEADER IN SAME DAY AND TIME SENSITIVE PREMIUM FREIGHT,  
FLASH GROUP RELIES ON ITS INNOVATIVE DIGITAL PLATFORM.

## Interview with Philippe Higelin

**PHILIPPE HIGELIN**  
CHAIRMAN OF THE  
EXECUTIVE BOARD

### **What are the objectives, ambitions and strengths of your business plan?**

**PH\_**Our ambitions focus on three major areas: double our size by 2020 through internal and external growth, further our development in other continents by accompanying our clients and, finally, digitally transform our activities and services. In our business plan, these objectives translate into a steady growth rate, an improvement in our profitability identical to that of revenue, as well as a secured investment budget earmarked for the group's digital transformation.

### **What extensive work did you carry out in 2016 to prepare your business plan?**

**PH\_**To carry out this transformation, we have four major focal points. First, the core business, with an enhancement of our offering and competitiveness. The keys to 2016 were the signing of a European contract with the Volvo Truck group and the extension of our General Motors contract across Europe. In terms of digital transformation, our objective is to be the disrupter not the disrptee. We have therefore created a dedicated and

independent organization, with the group acting as a business incubator and financial investor. To date, four start-ups have been launched. We will accelerate our growth and meet our ambitions thanks to M&A. In this sector, and before performing any acquisitions, we disposed our non-core Healthcare activities to DPD (Biologistic). At the same time, our Acquisitions activity intensified thanks to dedicated resources. The first acquisition was signed in Germany on Christmas Eve. Finally, we have structured our corporate services so as to support our business and ambitions. Accordingly, we hired a legal director and an accounting & consolidation director, created a position dedicated to CSR, switched to IFRS and launched a Finance Accounting ERP project that will be rolled out in 2017. Naturally, our IT — the teams, organization and management — was completely overhauled for our digital transformation.

### **What was the contribution of the Eurazeo PME teams to this transformation work?**

**PH\_**In these key moments, Eurazeo PME was, for us, a decisive sparing partner who listens, shares, encourages and "brainstorms." The team was fully involved in all major issues. Eurazeo PME provided us to access to its network and ecosystem. Its solid responsiveness and pro-business guidance enabled us to "think big and act small." Not to mention its financial strength and an investment timeframe compatible with business constraints.



“Digital innovation is central to the Flash development strategy and reflects a bold yet controlled effort on the part of management to transform its business model”

ERWANN LE LIGNÉ

THE TEAM



Philippe Higelin  
Chairman of the Executive Board



Jean-François Collenot  
Operations Director BU Auto-Indus



Gianni Maes  
Sales Director BU Auto-Indus



Jan Schüller  
Chief Strategic Development Officer



Dimitri Borchtch  
Chief Financial Officer



Frederik Luz  
Emerging Business Director



Ignacio Tirado  
Chief Digital Officer



Florian Kemmerling  
Managing Director Easy4Pro

KEY FIGURES

€157M 2016 REVENUE

422 EMPLOYEES

PRESENT IN OVER 18 COUNTRIES

-20% OF CO<sub>2</sub> EMISSIONS IN 5 YEARS

## Interview with Jean-Yves Courtois

**JEAN-YVES COURTOIS**  
CHIEF EXECUTIVE  
OFFICER

### **What were the major highlights of 2016?**

**J-YC\_** Following Eurazeo’s investment in our company, we launched our transformation project Orolia 3.0. The objective is to overhaul our organization, combine our brands and activities and expand the Executive Committee in charge of general operational management. The purpose of this transformation into a truly united company is to streamline cooperation between the Group’s various entities, facilitate the roll-out of synergies and extend our offering towards more comprehensive solutions. With one aim: provide our clients with highly reliable positioning, navigation and timing (PNT) data to guarantee the security, regulatory compliance and operational performance of their critical operations.

### **In December 2016, you forged a strategic partnership with Satelles, a US company. How does this merger bolster your offering and bring new growth opportunities?**

**J-YC\_** We can now develop and propose new PNT solutions based on the STL (Satellite Time and Location) technology designed by Satelles. STL is a unique space PNT technology which provides very robust positioning and timing data that

are independent of traditional GPS and GNSS (Global Navigation Satellite Systems) satellite signals. With this technology, Orolia solutions can become even more invulnerable and therefore more resistant to “decoying,” interference and jamming problems associated with GPS/GNSS signals. This major innovation is ideal for critical applications, where the slightest problem of PNT data accuracy, availability and stability can result in a network outage, a complete telecommunications system failure or even failed rescue operations. Thanks to our sales agreement with Satelles, we now have exclusive usage and marketing rights for STL in several of our key applications, thus giving us a unique competitive edge on which we plan to capitalize in order to develop our business worldwide.

### **How have the Eurazeo PME teams contributed since their investment in Orolia?**

**J-YC\_** The common goal of expanding through sustainable growth, by providing the necessary time and the required investment capacity, together with an equitable sharing of the created value.



« The international success of Orolia, in United States in particular, demonstrates that it is possible to build a global company with right technological know-how »

ERWANN LE LIGNÉ

#### THE TEAM

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Jean-Yves Courtois  
Chief Executive Officer



Christopher Loizou  
Chief business development officer



Irwin Rodriguez  
Executive Vice President and CTO



Jonas Olsen  
Chief Strategy Officer

#### KEY FIGURES

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€86M 2016 REVENUE

376 EMPLOYEES

9 ACQUISITIONS SINCE 2007  
IN THE US AND IN FRANCE



SOLE CROSS-CHANNEL PLAYER IN ITS SEGMENT, SPECIALIZES IN HOME LINEN WITH THE LINVOSGES AND FRANÇOISE SAGET BRANDS.

## Interview with Marie-Françoise Kerhuel

**MARIE-FRANÇOISE  
KERHUEL**  
PRESIDENT  
**STÉPHANE  
POUMAILLOUX**  
CHIEF EXECUTIVE  
OFFICER

### **Eurazeo PME invested in MK Direct in 2016. Why did you choose this new shareholder? What were the factors behind your decision?**

— This is our third LBO with Eurazeo PME. Based on experience, we know that with a majority shareholder the most important thing is to get on well and understand each other! From our first contacts, we were particularly impressed by the compassion, confidence, respect and attentiveness of the Eurazeo PME teams. We met the managers of numerous funds — all with the same mechanisms and modus operandi —, but it was their enthusiasm for our business, their analysis of our potential and their support for our project that made the difference. We very quickly got the feeling that they were going to turn us into what we wanted to be...

We also really liked their notion of a “long time frame.” Eurazeo PME accompanies its investments over the long term, which is fundamental in our business. Especially in a period when we are looking to boost our international development and step up our external growth. Finding the right acquisition at the right time and gaining useful knowledge to expand into new realms, all that takes time!

### **MK Direct has adopted an ambitious development plan to accelerate its cross-channel sales model in France and expand into European markets. Can you tell us more about this road map?**

— We aim to achieve annual growth of 3-4% in our home linen distance selling market based on our improved cross-channel expertise. And we are targeting an 8% annual growth rate through international expansion. We wish to launch our two brands in Germany, the largest European home linen and distance selling market. To achieve this, we have to make “adjustments” at two levels: the offering — adapt our products to German standards — and distribution — create a new client database through a tailored media policy.

### **What do you expect from Eurazeo PME?**

— Time and understanding. In our business, the creation of key success factors lies in flexibility and a very precise system of constant adjustments. Such finely balanced measures do not always produce results immediately. Lacking patience and taking short cuts are therefore incompatible with our way of working. Eurazeo PME understands that you mustn't confuse speed with haste... especially when the devil is in the detail!





“This is the story of a meeting of minds involving a management team with unique expertise and an ambitious project of group transformation and, on our part, a commitment to boosting this growth trajectory. Growth for the two brands will most definitely be driven by cross-channel distribution and international expansion”

JOANNE DUBAIL

#### THE TEAM

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Marie-Françoise Kerhuel  
President



Stéphane Poumailloux  
Chief Executive Officer

#### KEY FIGURES

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€198M 2016 REVENUE

457 EMPLOYEES

N°1 IN EUROPE IN HOME  
LINEN DISTANCE SELLING

ASSURCOPRO IS AN INSURANCE BROKER DEDICATED TO CONDOMINIUMS, BASED IN PARIS, CANNES AND NICE, AND A HISTORICAL PLAYER AND PIONEER OF HIGHLY SPECIALIZED PROPERTY OWNERSHIP SERVICES.

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## Interview with **Henri Combremont**

**HENRI COMBREMONT**  
CHAIRMAN OF THE  
EXECUTIVE BOARD

### **What is the added value of your highly specialized offering in the real estate and condominium market?**

**HC\_**We are a broker specializing in multi-risk insurance for joint property owners, and the French market leader. Our core business is the drafting of “riders”, i.e. clauses that derogate from the general policy terms and conditions of insurance firms with respect to both the deductible and guarantee limits. In certain cases, new guarantees can also be created. This year, our offering was expanded with AssurTreso, a contract negotiated with a legal insurance company to assist co-owners with cash problems. Under this contract, any unpaid amounts are settled by advancing cash on behalf of the defaulting co-owner.

### **You acquired Interassurances in December 2016. How does this support your development strategy?**

**HC\_**Interassurances focuses closely on IT and Internet sales. As its two flagship products — landlord home insurance and rent guarantee insurance — are regularly sought by AssurCopro clients, we can now better satisfy their expectations as a result of this acquisition. Conversely, we have an extensive portfolio of property managers at three sites — Nice, Cannes and Paris — and have close contacts in the companies. This creates an advantage by expanding the field of suppliers used by Interassurances, which until now relied on a single company.

### **What do you expect from Eurazeo PME?**

**HC\_**Technical support in certain areas, particularly in the digital sector, but also guidance with acquisitions and governance, not to mention possible insurance business synergies with certain Eurazeo PME investments.



“Our goal is to help AssurCopro boost its leader position by adding to its product range, particularly through acquisitions”

PAUL VAISSIÉ

THE TEAM



Henri Combremont  
Chairman of the Executive Board



Christophe Chombard  
Chief Executive Officer



Muriel Marchesini  
Chief Executive Officer



Virginie Lorrain  
Chief Executive Officer



Alexandre Lesèche  
Secretary general



Gérard Deray  
Chief Executive Officer of Intersurances

KEY FIGURES

€21M 2016 REVENUE

75 EMPLOYEES

# Glossary

**AFIC:** various associations represent private equity investors. This is for regulatory reasons (the law requires that all management companies be affiliated with a professional association), but also to monitor the tax and legal issues of members, propose training, conduct studies and defend the interests of the profession before political representatives. The Association Française des Investisseurs pour la Croissance (AFIC) was created in 1984 and represents virtually all private equity investors in France. The equivalent for Europe is the European private equity and venture Capital association (EVCA).

**Due Diligences:** when a company seeks investors, its management team prepares a business plan. The purpose of the due diligence conducted by potential acquirers is to validate or adjust this business plan to obtain, in a world of uncertainty, the clearest picture of the company's future. Among other areas, due diligence procedures cover market issues, positioning and relevance of the company's strategy, industrial, human and managerial organization, CSR challenges, tangible and intangible assets, as well as the risks and challenges pertaining to legal, tax, and environmental matters, the question of insurance, etc.

**Vendor Due Diligences (VDD):** due diligence prepared by the vendors of a company and their advisors, prior to a sale process, so that the vendors, the company's managers and the potential acquirers obtain complete and reliable information in order to save considerable time in the company's analysis.

**Governance:** system of rules by which a company is directed and controlled. It breaks down the rights and obligations of the various stakeholders within the company, such as the shareholders or managers. With respect to private equity investment, governance is completed by bylaws and a shareholder agreement, thus establishing a genuine professional dialogue between shareholders and managers.

**IRR (internal rate of return):** reference standard for measuring private equity investor performance. Measures the annualized rate of return on invested capital.

**Investment multiple:** also measures the performance of invested capital invested but unlike the IRR, it does not include the time factor and therefore is highly complementary to the latter in assessing the quality of the performance achieved by private equity investors.

**EBITDA:** earnings before interest, taxes, depreciation and amortization (including goodwill amortization), also known as gross operating income.

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