

12

ANNUAL
REPORT

CONTENTS

- P. 3 PROFILE
- P. 6 2012 HIGHLIGHTS
- P. 8 A SHARED VISION DEPLOYED ACROSS
FOUR DIVISIONS
- P. 10 MESSAGE FROM VIRGINIE MORGON
- P. 12 INTERVIEW WITH OLIVIER MILLET
- P. 16 THE EURAZEO PME TEAM
- P. 18 GOVERNANCE GUIDELINES
- P. 20 SUPERVISORY BOARD

P. 22 STRATEGY

- P. 24 ACTING AS A LONG-TERM
SHAREHOLDER
- P. 30 PORTFOLIO OVERVIEW
- P. 32 KEY FIGURES ON COMPANIES
- P. 34 CONSOLIDATED FINANCIAL
STATEMENTS

P. 36 CSR APPROACH

- P. 38 OFFERING GUIDANCE
IN SOCIAL DEVELOPMENT
- P. 40 THE BASIS OF OUR COMMITMENT
- P. 42 THE STEPS IN OUR APPROACH
- P. 44 2012 ESG REPORTING

P. 56 PORTFOLIO COMPANIES

- P. 58 DESSANGE INTERNATIONAL
- P. 64 THE FLEXITALLIC GROUP
- P. 70 LÉON DE BRUXELLES
- P. 76 GAULT & FRÉMONT
- P. 82 IMV TECHNOLOGIES
- P. 86 FONDIS BIORITECH
- P. 90 BFR GROUP

WE ARE DEDICATED
TO TRANSFORMING
FRENCH SMEs INTO
INTERNATIONAL
INTERMEDIATE-SIZED
COMPANIES

PROFILE

At Eurazeo, we form the team dedicated to offering guidance to French Small and Medium-sized Enterprises (SMEs) in their transformation into intermediate-sized companies.

OUR MISSION is to understand and develop their growth potential while allowing them the time needed for their transformation.

OUR BUSINESS of long-term shareholder is to provide the financial resources, high level of expertise and confidence needed for an entrepreneurial approach.

OUR VISION places Corporate Social Responsibility (CSR) at the heart of our investment strategy. We firmly believe that CSR provides the means to transform SMEs. We offer guidance for responsible and sustainable development on governance, growth and product innovation.

PROFILE

Eurazeo PME is a shareholder in seven soundly positioned companies that boast experienced teams. Five of these investments are majority-owned.

We do not take a short-term speculative approach to investing in and developing companies. Instead, we adapt to their growth cycle and provide guidance over a period of five to ten years.

We benefit from a number of advantages for a successful transformation. Our solid financial investment capacity comes from our attachment to the Eurazeo Group. Our team experienced in investment, finance and CSR identifies the factors that drive the transformation of the companies in our portfolio and implements them.

+23%

A year of sharp growth in our NAV (Net Asset Value)

€427 million

in consolidated revenue, up 27%* on 2011

€70 million

in consolidated EBITDA, up 42%* on 2011

€22 million

on the sale of our investment in Mors Smitt, *i.e.* a multiple of 3.5 times our initial investment for an IRR of 27% over a period of more than six years

3 TRANSFORMATIVE ACQUISITIONS ABROAD

AGS (Canada) and Custom Rubber Products (United States) for The Flexitallic Group and Fantastic Sams (United States) for Dessange International

€227 million

Eurazeo PME's portfolio valuation at the end of 2012, up €43 million on 2011.

* Adjusted for the sale of Mors Smitt.

2012 HIGHLIGHTS



FDS GROUP BECOMES THE FLEXITALLIC GROUP

FDS Group enlarged its scope with the acquisition of **AGS** in Canada (revenue of \$86 million) and **Custom Rubber Products** (revenue of \$45 million) in Houston, Texas. These deals represent Eurazeo PME's third and fourth investment in FDS Group. The company has changed its name to The Flexitallic Group.

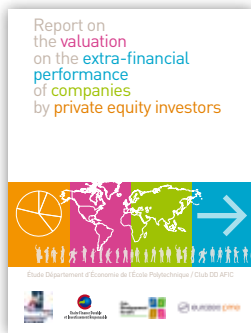
DESSANGE INTERNATIONAL COMPLETES THE ACQUISITION

of the US network of 1,200 hair salons, **Fantastic Sams**. A Managing Director was appointed to strengthen the Group's global management.



SALE OF MORS SMITT

to the US rail equipment manufacturer, Wabtec. After being backed by Eurazeo PME for six years, Mors Smitt will pursue its geographical and technological growth with the US group Wabtec. Eurazeo PME generated a multiple of 3.5 times its initial investment and an IRR of 27%.



REPORT ON THE VALUATION OF EXTRA-FINANCIAL PERFORMANCE

Produced in partnership with Eurazeo PME, the AFIC (French Private Equity Association) Sustainable Development Club and the Sustainable Finance and Responsible Investment Chair (*École Polytechnique*, IDEI-TSE, AFG), the report was presented to the AFIC on 17 October 2012 at the event SRI Week (*Investissement Socialement Responsable*) in Paris. It examined the valuation of companies' extra-financial performance by private equity investors.

EURAZEO PME INVESTMENT CONVENTION

This second edition focused on cross-cultural business. Its speakers included two experts and executives from two of its holdings, The Flexitallic Group and IMV Technologies. Seventy people attended the event.

CSR MORNING WITH INVESTMENTS

Before the CSR team of six investments, the Eurazeo PME team and the Eurazeo PME CSR team presented, in collaboration with PwC, the new regulations on ESG reporting (Articles 225 and 75 of the French Grenelle II law) and the latest CSR tools developed (2012 ESG reporting and the Best Practices of the CSR Charter).



ROME MARATHON

After the New York Marathon in 2010, the Eurazeo PME team tackled a new challenge at the Rome Marathon on 18 March, with nine participants and times between 3:29 and 4:45. The team is getting ready for the Berlin Marathon in 2013.

EURAZEO: A SHARED VISION DEPLOYED ACROSS FOUR DIVISIONS

The Eurazeo Group is one of the leading listed investment firms in Europe. Eurazeo covers four labels, four areas of expertise joined in a shared vision of responsible investment and guidance for companies.

Each division focuses on a specific, coherent investment universe and area of development: **Eurazeo Capital** with large companies, **Eurazeo Patrimoine** with property management and investment businesses, **Eurazeo PME** with medium-sized companies and **Eurazeo Croissance** with high-potential companies on promising growth markets.



POSITIONING

Large companies

SIZE

Enterprise value:
> €150 M-€200 M
Investments:
> €75 M-€100 M

MAIN INVESTMENTS

Accor,
APCOA,
Elis,
Europcar,
Foncia,
Moncler,
Rexel



POSITIONING

Medium-sized companies

SIZE

Enterprise value:
< €150 M-€200 M
Investments:
€15 M-€75 M

MAIN INVESTMENTS

Dessange International,
Léon de Bruxelles,
The Flexitallic Group (FDS),
Gault & Frémont



POSITIONING

High-potential
companies

SIZE

Investments:
€30 M-€70 M

MAIN INVESTMENTS

Fonroche,
3SP Group,
I-Pulse



POSITIONING

Investment and
management of property
assets

MAIN INVESTMENTS

ANF Immobilier,
Colyzeo

MESSAGE FROM VIRGINIE MORGON

CHAIRWOMAN OF THE SUPERVISORY BOARD

2011 was the year Eurazeo PME was acquired by Eurazeo, while 2012 was the year of its successful integration into the Group.

A year ago, I was expressing my conviction that our merger was a natural one that would bring many opportunities, for Eurazeo and for Eurazeo PME and its portfolio companies. I am happy to see that we were right about 2012, and in more than one way.

First, in addition to both being in the business of professional long-term shareholder, Eurazeo PME and Eurazeo share the same vision of their business: providing the management of the companies in which we invest with the active support they need to accelerate their transformation and the same philosophy of responsibility. This shared DNA has enabled the teams to work together effectively and in harmony.

Eurazeo PME has naturally become our investment platform for SMEs, alongside Eurazeo Capital for large companies and Eurazeo Croissance for high-potential companies. This integration is a major focus in Eurazeo's development strategy in the months and years to come and an opportunity for Eurazeo PME to benefit from all the Group's financial and human resources to realise a number of projects.

We got it right last year; the universe of SMEs is definitely a sector teeming with growth. In 2012 Eurazeo PME continued to guide its companies, particularly in their international development. That is precisely the role of Eurazeo PME, helping French SMEs transform into the international intermediate-sized global companies that the French economy needs. Three major acquisitions were made over the year by The Flexitallic Group and Dessange International in North America.

2012 also displayed the quality of the Eurazeo PME portfolio. Its companies turned in strong performances despite a particularly challenging economy. Eurazeo PME actively worked with its companies and sold Mors Smitt after six years of support. An exceptional year that is reflected in the figures, in both operating earnings and value creation through NAV growth.

All these factors justify Eurazeo PME's place within Eurazeo. With many diverse development opportunities to come! Eurazeo PME is today a market leader.



Eurazeo PME
is today a market
leader.”



INTERVIEW WITH OLIVIER MILLET

CHAIRMAN OF THE EXECUTIVE BOARD

What highlights will be connected with 2012?

_ Overall, 2012 was not a favourable environment for SMEs in France. Yet, thanks to the profile of the companies in our portfolio, we were involved in impressive growth performances with our investments. More than half of their revenue is now generated abroad, in areas of the world where the economy currently offers better prospects.

For example, Dessange integrated a leading US franchise network. The Flexitallic Group (formerly FDS) made several acquisitions, completely changing its company profile and development potential. In six years, the company has increased its revenue tenfold. For most of the companies in our portfolio, their globalisation continued, while others focused on streamlining their strategy or boosting their teams.

In essence, in 2012 our investments, like Eurazeo PME itself, maintained their global growth trend and confirmed their ability to create value over the long term.

What figures best represent this overall strength?

_ Business was brisk, with one sale and three acquisitions made by the investments Dessange International and The Flexitallic Group (formerly FDS). Consolidated revenue of all investments rose from €361 million in 2011 to €427 million in 2012. Consolidated EBITDA grew from €54 million to €70 million.

How is value creation reflected within investments?

_ The efforts made by our investments can be measured and interpreted in two ways: one based on their profitability (EBITDA), the other on their net asset value. Our adventure with Mors Smitt is the perfect example. One of the highlights of 2012 was the sale of this Franco-Dutch company, one of the world leaders on its market, to a rail equipment manufacturer listed on the New York Stock Exchange. Over our six years of collaboration, the revenue of Mors Smitt doubled and EBITDA climbed 43%. The company moved into a number of new international markets but, of equal importance, it also improved its productivity, bolstered its innovation capacity and modernised its production systems.



“With each new development phase of its investments, Eurazeo PME actively supports company managers by offering them adapted financial, managerial or organisational guidance.”

INTERVIEW WITH OLIVIER MILLET

Have your strategy and commitment to CSR also benefited from new developments?

_ Maybe we should back up a little for a better idea of where we stand. Our vision of the business of long-term shareholder and the integration of ESG criteria into our strategy have not changed fundamentally since 2006. We are simply increasingly aware of the social responsibility set upon long-term shareholders in developing the national fabric of SMEs.

Our CSR approach has gradually been defined and applied. For example, in 2012, we contributed to drafting Eurazeo Group's CSR Charter. We also worked on establishing the formal approach and CSR reporting. As such, Eurazeo PME and all of its holdings are "ahead" on future legal and social requirements in the area.

The CSR approach that we apply to the companies in our portfolio is based on very concrete initiatives. Together, we adapt the various criteria of the basic method to each of our investments. Many of them draw on this CSR approach to innovate on their respective markets. A case in point is Dessange International, which structured a new environmental and community-based approach to its procurement of raw materials.

IMV Technologies launched the world's first biodegradable glove used in animal reproduction. Léon de Bruxelles banned the use of palm oil, etc.

What is your approach for 2013?

_ We will of course have to adapt to the new financial and legislative framework, but our 2013 investment and value development strategy will follow on from the strength of 2012. We will gradually increase the portion of our assets in SMEs to more than €400 million, and new investments in France and abroad are under review. Furthermore, we are seeking new investments for Eurazeo PME: medium-sized companies worth between €30 million and €150 million with a long-term profile. These companies feature high maturity in their business, a quality team, recurring cash flow and genuine strengths to drive their transformation into intermediate-sized companies. In 2013, our commitment to guiding entrepreneurs will focus on boosting confidence.



We are increasingly aware of the social role of long-term shareholders in developing the fabric of French SMEs. ”



THE EURAZEO PME TEAM

Olivier MILLET

> *Chairman of the Executive Board*
Six years with Eurazeo PME

Olivier Millet began his career in 1986 by setting up Capital Finance, the leading French private equity magazine. He then joined 3i in 1990 (4 years) before moving to Barclays Private Equity France, where he contributed to development for 11 years.

In 2009, he played a role in creating the AFIC (French Private Equity Association) Sustainable Development Club, which has become the AFIC ESG commission in 2013.

École Supérieure de Commerce et de Marketing

Elisabeth AUCLAIR

> *Member of the Executive Board – Chief Financial Officer*

Five years with Eurazeo PME

Formerly with Ernst & Young (5 years) then the Finance Department of Imaje (Industry, 6 years) and GSE (Construction Engineering, 7 years).

École Supérieure de Commerce de Montpellier, Chartered accountant

Emmanuel LAILLIER

> *Member of the Executive Board*
Eurazeo PME since 2011

12 years of experience in private equity deals
Formerly with EPF Partners (9 years), Fonds Partenaires Gestion (3 years) and Nomura (2 years)
École Polytechnique

Pierre MEIGNEN

> *Associate Director*
Eight years with Eurazeo PME

Participated in the deals involving Auto Escape, Axson, MSH, Credirec, IMV Technologies, Léon de Bruxelles, Dessange International
Formerly with IDPC (2 years) MSG and Master's degree in Management, DESS post-graduate degree in Finance

Erwann LE LIGNÉ

> *Associate Director*
Six years with Eurazeo PME

Participated in the deals involving The Flexitallic Group, Gault & Frémont and BFR Group
Formerly with Crédit Agricole Ile-de-France
Post-graduate degree in international management, DESS post-graduate degree in Finance from Paris Dauphine University

Mathieu BETRANCOURT

> *Investment Director*
Five years with Eurazeo PME

Participated in the deals involving Gault & Frémont, Dessange International and Mors Smitt
Formerly with Astorg (1 year)
ENST

Rodolphe de TILLY

> *Investment Director*
Three years with Eurazeo PME

Participated in the deals involving The Flexitallic Group and Fondis
Formerly with Société Générale (2 years)
EDHEC

Rafaëlle FAIBIS

> *Analyst*
Joined Eurazeo PME in 2012

Formerly with HSBC, Xerfi Reims Management School, ESCP
Master's degree in Finance

Yannick GRANDJEAN

> *Head of ESG*
Joined Eurazeo PME in 2012

Previously an investor with the OFI Private Equity team
Centrale Lyon, ISFA

Clara CHATILLON

> *Financial Controller*

Véronique DUBOIS

> *Head of Accountancy*

Christine LE PAIRE

> *Executive Administrator in charge of Communication*

Carole BOURDEAUX

> *Office Manager*

Amélie JARAN

> *Assistant-Receptionist*



The Executive Committee, from left to right: Pierre MEIGNEN, Emmanuel LAILLIER, Elisabeth AUCLAIR, Erwann LE LIGNÉ, Olivier MILLET

GOVERNANCE

PRINCIPLES

THE GOVERNANCE OF A PROFESSIONAL AND RESPONSIBLE SHAREHOLDER

Eurazeo PME is a Limited Company with an Executive Board and Supervisory Board. The operational duties entrusted to the Executive Board are strictly separate from the duties of oversight and monitoring entrusted to the Supervisory Board.

Eurazeo PME's Executive Board is composed of three members: Olivier Millet, its Chairman, Emmanuel Laillier and Elisabeth Auclair.

The Executive Board is sovereign in making investment decisions. It is assisted by an Executive Committee, comprised of the Executive Board members and the two Associate Directors. The Executive Committee aims to involve the team as much as possible in the success of the company's strategy.

The Supervisory Board consists of six members, of which two independent members and two observers. Two specialised committees assist the Supervisory Board in its decisions: the Audit Committee and the Compensation and Selection Committee. The Audit Committee, made up of three members including one

independent member, assists the Supervisory Board in answering questions about the preparation and control of financial and accounting information and monitoring the efficiency of internal control and risk management systems.

The Compensation and Selection Committee was formed in 2012. It comprises three members, two of which are independent.

The statutory auditors, PricewaterhouseCoopers Audit and Deloitte & Associés, are represented at each Supervisory Board and Audit Committee meeting.

THE CSR APPROACH IS DEVELOPED WITH ENTREPRENEURS AND INDEPENDENT EXPERTS

The Sustainable Development Expert Committee, comprised of seven independent experts and entrepreneurs, has the role of guiding Eurazeo PME in developing its strategy and the operational implementation of its CSR policy and ensuring compliance with the CSR Charter.

RULES APPLICABLE TO AN AMF-APPROVED PORTFOLIO MANAGEMENT COMPANY

Eurazeo PME has the status of a Portfolio Management Company. It manages the OFIPEC 1, OFIPEC 2 and Eurazeo PME Fonds 3 FCPRs (French private equity funds), the OFICAP FCPR and the direct investment segment of the OFI Europa 1 FCPR under delegated management. This AMF approval means that the company must meet certain management principles and monitor compliance with rules of conduct. The framework for internal control and compliance management is documented, and its operational efficiency inspected on a regular basis. Eurazeo PME must notably consult a five-member Investment Advisory Committee before any investment or divestment in excess of €0.5 million. The role of this committee is to analyse the investment proposed by the Executive Board of Eurazeo PME and provide additional analyses on top of the due diligence performed.

“Listed until 2011, Eurazeo PME has upheld rigorous governance principles. As an AMF-approved Portfolio Management Company, it is required to apply strict business control rules.”

SUPERVISORY BOARD



Virginie MORGON

Chairwoman of the Supervisory Board
Member of the Executive Board of Eurazeo
Chief Investment Officer

Professional experience

Virginie Morgon has been a member of Eurazeo's Executive Board since January 2008 and Chief Investment Officer since December 2012. As the head of Eurazeo Capital, she is responsible for the investments in Accor, Apcoa, Elis, Moncler and Intercos. She also supervises the deal flow, NAV, corporate and financial communication with the Chief Financial Officer and Eurazeo's fund-raising operations. Virginie Morgon had previously been a managing partner of Lazard Frères et Cie in Paris since 2000, after working as a banking advisor in New York and London.

Education

Institut d'Études Politiques in Paris (degree in Economics and Finance) and Master's in Economics and Management from Bocconi University (Milan, Italy)

Fabrice de GAUDEMAR

Vice-Chairman of the Supervisory Board
Member of the Executive Board of Eurazeo in charge of Eurazeo Croissance and CSR

Professional experience

Fabrice de Gaudemar is a member of the Executive Board of Eurazeo and the head of Eurazeo Croissance. In 2010, he launched the division which invests in high-potential companies that need capital to boost their growth. He is also in charge of Eurazeo's CSR approach. Since joining Eurazeo in 2000, Fabrice has been involved in making or monitoring the investments in Eutelsat, Cegid, Rexel, Europcar, Apcoa and Elis, as well as the investments in Fonroche, 3SP Group and I-Pulse for Eurazeo Croissance. He was previously a telecommunications engineer.

Education

École Polytechnique, Télécom ParisTech (formerly ENST)

Bruno KELLER

Member of the Supervisory Board
Chief Operating Officer of Eurazeo

Professional experience

Bruno Keller has been the Chief Operating Officer and a member of Eurazeo's Executive Board since May 2002. He joined Eurazeo in 1990 as Chief Financial Officer before being appointed Deputy Chief Operating Officer in June 1998. Bruno Keller previously held the positions of Auditor (Price Waterhouse: 1976-1982), Finance Manager (Finance Department of Elf Aquitaine: 1982-1989) and Asset Manager (Banque Indosuez: 1989-1990).

Education

Rouen Business School

Frans TIELEMAN

Member of the Supervisory Board
Member of the Executive Committee of Eurazeo

Professional experience

Frans Tieleman is responsible for seeking out new investments in the priority sectors identified by Eurazeo and oversees the fund-raising team. He has made and monitored eight investments in France and Europe for a total of €1.5 billion in equity since he joined Eurazeo in 2001. Frans Tieleman previously worked as a strategy and operations consultant at McKinsey in Paris and then with the venture capital fund of Reuters PLC in London and San Francisco.

Education

École Polytechnique, École Nationale des Ponts et Chaussées, Insead



Patrick DUPUY

Member of the Supervisory Board

Professional experience

Patrick Dupuy is Chairman and founder of Dardel Industries (1988) – LMBO of a division of Schlumberger Industries – a diversified holding company: capital goods, industry services.

Education

Centrale Paris, MS from Stanford

Pascal LEBARD

Member of the Supervisory Board

Professional experience

Pascal Lebard began his career in 1986 at CCF in London and Paris, before joining the investment firm 3i in 1988, where he became Associate Director in 1990. In 1991, he became Equity Investment Director at Exor (Agnelli Group) then joined Worms & Cie in 2004, where he was a Board member and Deputy Managing Director. He became a Board member and Managing Director and Chairman of the Executive Committee of Sequana (formerly Worms & Cie) in 2007. Pascal Lebard is also Chief Executive Officer of Arjowiggins (since 2008) and Antalis (since 2009). He serves as a Board member of Club Med, LISI and CEPI (Confederation of European Paper Industries).

Education

EDHEC

Jean-Luc BRET

Observer

Professional experience

Jean-Luc Bret is Chairman and founder of the fast food pastry/sandwich shop chain "La Croissanterie" (180 restaurants in shopping centres, city centres and transport stations) for which he led two LBOs: with Barclays Private Equity and Pragma Capital. He is also the Chairman of Procos, the Federation for urban planning and the development of specialised trade with more than 250 large member companies, and the Chairman of ISTEAC.

Education

Institut Supérieur des Sciences, Techniques et Économie Commerciales – ISTEAC

Christophe KARVELIS

Observer

Professional experience

Christophe Karvelis joined 3i France in 1987 and became Associate Director and member of the Management Committee in 1992. In 1995, he contributed to setting up the fund EPF Partners, sponsored by the Natixis Group. From 1998 to 2004, he oversaw the General Management of ABN AMRO Capital France, which targeted LBOs valued between €40 million and €700 million. In 2004, he set up Capzanine with David Hoppenot. Christophe Karvelis is also a director of Sofival and COFIP and a member of the investment fund committee of the Mulliez Group (Creadev).

Education

IEP PARIS, MBA from the J.L. Kellogg Graduate School of Management, Northwestern University, Chicago

OUR CONVICTIONS
STRUCTURE OUR
STRATEGY
AND OUR DIFFERENCE

Fundamentally, private equity does not follow the short-term speculative approach of financial markets, but the investment period of many private equity firms is too short to complete the transformation of an SME. The time requirement increases in a macro-economic environment of slow growth. Eurazeo PME solves this strategic issue by emphasising the long-term and international development and incorporating CSR criteria, the vectors for sustainable growth.

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- P. 24 ACTING AS A LONG-TERM SHAREHOLDER
 - P. 30 PORTFOLIO OVERVIEW
 - P. 32 KEY PORTFOLIO FIGURES
 - P. 34 CONSOLIDATED FINANCIAL STATEMENTS

ACTING AS A LONG-TERM SHAREHOLDER IN THE REAL ECONOMY, PARTICULARLY IN THE FABRIC OF FRENCH SMEs

SMEs represent one of the main drivers of growth and job creation, as did the “Mittelstand”, the medium-sized companies that launched the return to growth in Germany. French SMEs have been faced with a restrictive environment over the past several years. Threshold to get support from banks and through the stock markets has risen significantly. Banks and the stock market only address the needs of companies that have already reached their critical mass.

Private equity is therefore vital for SMEs, especially in a crisis environment.

Banks and insurance companies must also meet new requirements, restricting their investments in SMEs.

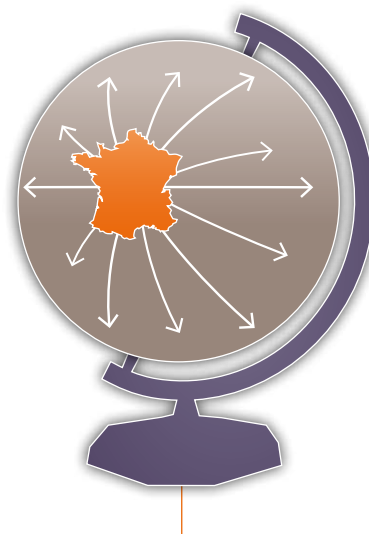


**In France,
private equity
supports 1 out of 10 jobs
across 5,000 companies**

GUIDING ENTREPRENEURS IN THE TRANSFORMATION OF DEVELOPMENT MODELS

Entrepreneurs look for investors with an investment approach in line with their own growth cycle. They first need to work with the support of a shareholder with adequate financial capacity, but also an active one to help them structure the expertise that the SME has not yet integrated into its management. Entrepreneurs also need the time and economic stability necessary to manage the development of their teams and their adaptation to the market. An SME's transformation process primarily includes projects to prepare management, adjust to the market and boost innovation. In 90% of cases, transformation means internationalisation. SMEs have to move from a single product and a single market to an international business that offers a product range geared towards the different markets.

This shift involves identifying key markets to set up long-term operations, notably through acquisitions, rather than only through exports. The role of active shareholder consists in guiding the company and entrepreneur in the acquisition and post-acquisition process, ensuring that governance is in line with the development of the new group. The active shareholder also assists in managing the risks taken in these growth transactions.



**In 2012, more than 50%
of the consolidated revenue
of Eurazeo PME portfolio
companies was generated
outside France**

EURAZEO PME

ENCOURAGING A 360° VIEW OF THE COMPANY TO STRUCTURE LONG-TERM VALUE CREATION



Eurazeo PME defines its role as investor in this new environment: acting from a long-term viewpoint with a transformative approach that is implemented in close collaboration with the company's management.

Its approach takes into consideration the entire environment and all of the company's stakeholders: the government and the legislation it passes, the financial market and its performance requirements and the human side, the company's most important capital.

From a financial point of view, respecting the company's growth pace means engineering investments based on equity and mezzanine capital as well as debt voluntarily limited in line with the company's cash flow and investment needs.

In addition to fixing the limits of this financial commitment, the teams of Eurazeo PME and the company need to determine how it should develop to create value and build strength to set itself apart in a globalised world.

Solutions are hybrid and holistic. Improving governance, increasing transparency, sharing strategic ideas and structuring expertise are the first steps to climbing the “Himalaya” of a successful transformation.

The company’s international expansion requires defining a business model that can be “duplicated” on its different potential markets.

A 360° view of the company’s environment and high availability are needed to seize market opportunities and be receptive to the signs that guide teams in their decisions and actions.

“Eurazeo PME’s core business is not just buying and selling. It is guiding companies in their transformation and development.”

THE PERFECT EXAMPLE: MORS SMITT

6 YEARS OF TRANSFORMATION AND DIALOGUE

A TALE OF SHARED SUCCESS

On 15 June 2012, Eurazeo PME announced the sale of Mors Smitt to the US rail equipment manufacturer Wabtec. Six years after its initial investment in the Franco-Dutch company, the global leader in on-board electromechanical relays for the rail industry, what assessment do the two actors make of their partnership?



Joint interview with
Kees Verduin, Chairman of Mors Smitt,
and **Olivier Millet**

How far back does your collaboration go?

_ Kees Verduin: Our collaboration hand in hand dates back to 2006. At the time, we had another financial partner that wanted to sell the company after seven years. So we began looking for a new investor. We went through an intermediary that selected six funds.

_ Olivier Millet: Eurazeo PME was one of these funds. Mors Smitt matched our eligibility criteria, and we were very interested in the opportunity.

Why did you choose Eurazeo PME?

_ K. V.: We ended up choosing Eurazeo PME based on human criteria and the flow of communication. Together, we established rules for managing strategic development and financial control. Our targets were clear and simple. We wanted to develop our business internationally while maintaining high profitability.

_ O. M.: As for us, we were convinced by the quality of the company's management team and its sense of responsibility.

Through its relations with its primary client, SNCF (France's national railway system), Mors Smitt was well-informed about CSR issues and met very specific sustainability requirements.

_ K. V.: What worked best in this initial phase was the collaboration method. Regarding day-to-day operations, we remained extremely independent. Everyday business was managed within Mors Smitt. We met regularly with the Supervisory Board to present strategic decisions involving investments.

_ O. M.: This way of operating is not specific to our collaboration with Mors Smitt. That's how we do things. We believe that it's more effective not to interfere with a company's day-to-day operations while remaining involved to better understand the challenges they face.

At what point was this collaboration the most crucial?

_ O. M.: I think that Kees will agree with me that the period when we refinanced the mezzanine debt was very important in the company's development. It significantly reduced the financial pressure on the company and its long-term debt.

_ K. V.: This is especially true as we had to deal with the set-up of an office in Hong Kong, a Chinese plant and an acquisition in the

United Kingdom at the same time. All that represented a colossal amount of work for our in-house teams. During these complex times, I would like to stress how positive the relations were that we had with the managers at Eurazeo PME. We have always been able to discuss the opportunities and challenges we faced openly with them. Their openness, accessibility and intelligence of the market were a valuable asset throughout the period.

From Eurazeo PME's point of view, what were the highlights of your collaboration?

_ O. M.: We are also very pleased to have supported Mors Smitt Relais through its fundamental transformation over the past six years. Arne Wijnmaalen, Kees Verduin and their entire team have led the company through milestones of growth and globalisation. Revenue nearly doubled, and the group created 194 jobs, going from 177 to 371. Today Mors Smitt is a robust, innovative and responsible company that we have chosen to hand over to a leading industrial group capable of taking the company to new heights.

PORTFOLIO OVERVIEW

DESSANGE INTERNATIONAL

Three brands worldwide serving the beauty of women

REVENUE
€61.1 M

EURAZEO PME'S
EQUITY INTEREST
74%

THE FLEXITALIC GROUP

High-technology sealing solutions

REVENUE
€172.9 M

EURAZEO PME'S
EQUITY INTEREST
62%

LÉON DE BRUXELLES

Belgian specialty brasseries specialised in mussels dishes and chips

REVENUE
€119.0 M

EURAZEO PME'S
EQUITY INTEREST
59%

GAULT & FRÉMONT

Pastry and bakery packaging

REVENUE
€41.3 M

EURAZEO PME'S
EQUITY INTEREST
70%



IMV TECHNOLOGIES

Reproduction biotechnology

REVENUE

€59.7 M

EURAZEO PME'S
EQUITY INTEREST

11%



FONDIS BIORITECH

Portable diagnostic and
scientific instrumentation

REVENUE

€13.0 M

EURAZEO PME'S
EQUITY INTEREST

45%



BFR GROUP

Distribution of packing and
packaging machinery for the
food industry

REVENUE

€27.3 M

EURAZEO PME'S
EQUITY INTEREST

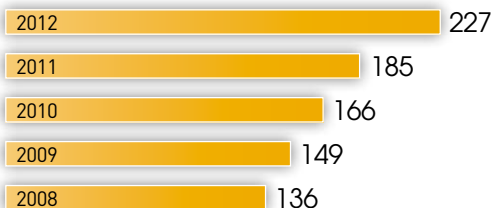
28%



GROWTH IN PORTFOLIO VALUE

PORTFOLIO

€227 M



A SALE IN 2012: MORS SMITT

€22 M

SALE PRICE

3.5x

MULTIPLE

27%

OF IRR

€15 M

NAV AT 31/12/2011

+ 41%

INCREASE IN NAV

CHANGE IN 2012

+ €40 M NEW INVESTMENTS

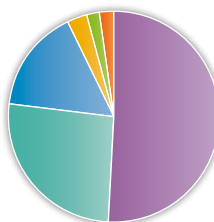
+ €34 M GROWTH IN VALUE

- €22 M SALE OF MORS SMITT

- €10 M SYNDICATED INVESTMENT
IN THE FLEXITALLIC GROUP

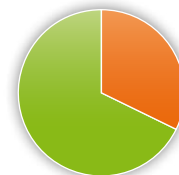
+ €42 M

PORTFOLIO BREAKDOWN



- THE FLEXITALLIC GROUP
- DESSANGE INTERNATIONAL
- LÉON DE BRUXELLES
- GAULT & FRÉMONT
- IMV TECHNOLOGIES
- OTHERS

€227 M

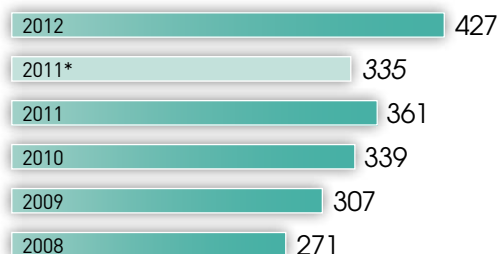


- €159 M Equity Portfolio
- €69 M Mezzanine Portfolio

GROWTH IN COMPANY BUSINESS

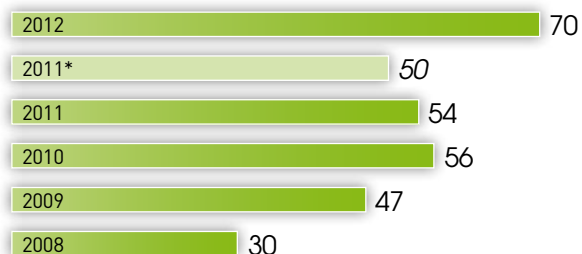
CONSOLIDATED REVENUE

€427 M



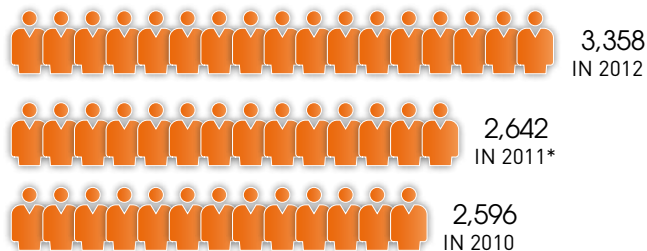
CONSOLIDATED EBITDA

€70 M



NUMBER OF EMPLOYEES

3,358



INTERNATIONAL BUSINESS

90
COUNTRIES

50%
OF REVENUE ABROAD



* On a comparable structure basis (adjusted for the sale of Mors Smitt).

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

In €M	2012	2011
Revenue from operations	426.8	361.3
EBITDA	70.0	54.1
<i>% of revenue</i>	<i>16.4%</i>	<i>15.0%</i>
Depreciation, amortisation and provisions excluding intangible assets	-15.7	-14.1
EBIT	54.3	40
Depreciation, amortisation and provisions on intangible assets	-5.9	-4.0
Other operating income and expenses	-1.3	20.3
Operating income	47.1	56.3
Financial income	-30.9	-26.0
Income tax	-8.4	-1.7
NET INCOME	7.8	28.6
Net income attributable to equity holders of the parent	6.5	8.8
Net income from minority interests	1.3	19.8

Consolidated revenue from operations rose in 2012 from €361 million to €427 million, up 18.2% in reported data, up 27% on a comparable Eurazeo PME structure basis (adjusted for the sale of Mors Smitt only) and up 9% on a comparable structure basis adjusted for the sale of Mors Smitt and roll-up strategies at portfolio companies. Business grew sharply (up 85%) for The Flexitallic Group (formerly FDS), mainly due to the acquisition of AGS Canada. Like-for-like, revenue rose 21% thanks to highly active maintenance programmes, strong order books and its ongoing development in emerging countries. Custom Rubber Products was included in the scope on 31 December

2012. Its 2012 revenue of \$44.5 million was not consolidated. Dessange group's business grew 14%, mainly due to the acquisition of the group Fantastic Sams in the United States in January. Léon de Bruxelles saw its business rise 1.1% in 2012.

The investment in Mors Smitt was sold in June 2012 and contributed to 2012 revenue for the first five months of the year.

EBITDA from recurring operations rose from €54.1 million to €70 million. This includes EBITDA from consolidated operating investments, equal to €74.8 million (compared with €57.6 million in 2011). The EBITDA margin of investments gained 1.6 point to 17.6%. This

performance is essentially attributable to the strong performance of The Flexitallic Group as well as acquisitions made over the year.

"Other operating income and expenses" includes €8.8 million in income generated from the deconsolidation of Mors Smitt, offset by the expenses essentially arising from its roll-up strategy.

After taking into account the Group's cost of debt (€31 million) and income tax (€8.4 million), net income came out at €7.8 million at 31 December 2012, with €6.5 million attributable to equity holders of the parent.

BALANCE SHEET

ASSETS In €M	2012	2011	EQUITY AND LIABILITIES In €M	2012	2011
Goodwill	160.6	106.4	Equity attributable to owners of the parent	92.9	81.7
Other intangible assets	252.3	225.4	Minority interests	45.5	24.2
Property plant and equipment	65.6	66.7	Total shareholders' equity	138.4	105.9
Other non-current assets	14.6	20.6	Long-term financial liabilities	292.4	230.2
Non-current assets	493.1	419.1	Other non-current liabilities	74.8	73.5
Inventories and receivables	106.0	91.9	Non-current liabilities	367.1	303.7
Cash and cash equivalents	56.9	52.6	Short-term financial liabilities	55.8	61.5
Current assets	162.9	144.5	Other current liabilities	94.6	92.5
			Current liabilities	150.4	154.0
TOTAL ASSETS	656.0	563.6	TOTAL EQUITY AND LIABILITIES	656.0	563.6
			Net debt	291.3	239.1

SHAREHOLDERS' EQUITY

Shareholders' equity attributable to equity holders of the parent amounted to €92.9 million at 31 December 2012 against €81.7 million at 31 December 2011.

Minority interests essentially include the equity ownership of managers and other co-investors.

CASH FLOW AND FINANCING

Consolidated net debt rose from €239 million at 31 December 2011 to €291 million at 31 December 2012.

The change in debt net of cash derives primarily from additional debt contracted by some holdings to finance further investments in the year. This is partly offset by the sale of Mors Smitt.

The Group's consolidated cash totalled €56.9 million at 31 December 2012. Each of the five majority-owned companies posted a cash surplus.

The net debt presented in the consolidated balance sheet of Eurazeo PME Capital includes:

- The net debt of the majority holdings in the Eurazeo PME Capital portfolio as at 31 December 2012, which is made up of:

- €96.6 million in bank loans or leases taken out to finance acquisitions or their development;
 - €53.4 million in cash,
- Net bank debt totalled €43.2 million for the five majority investments;
- €216.9 million in junior (€20.6 million) and senior (€196.2 million) mezzanine debt.

The leverage of investments, excluding junior mezzanine debt, came out at 3x their EBITDA versus 3.4x in 2011.

Eurazeo PME cannot be held liable for this debt as it did not act as guarantor or for any other investment in its portfolio.

- The net debt of Eurazeo PME Capital is made up of €34.7 million in a current account with Eurazeo SA and €3.5 million in cash.

At 31 December 2012, all investments repaid their outstanding bank loans on schedule and respected their bank debt covenants.

WE HAVE
A CONCRETE,
STRATEGIC

CSR APPROACH
THAT DRIVES GROWTH

A responsible shareholder in responsible companies, Eurazeo PME has had a dedicated CSR (Corporate Social Responsibility) structure and governance system since 2008. This approach is integrated into each step of the investment process. At the time of acquisition, the specific CSR topics are mentioned in the letter of interest, and at the time of sale, the CSR assessment is highlighted in the vendor due diligence. In the meantime between these two events, the guidance offered to investments is both strategic and concrete, by creating dedicated committees, defining assessments and ESG (Environment, Social and Governance) reporting, performing carbon assessments (*Bilan Carbone*) and sharing information between portfolio companies.

In 2012, Eurazeo PME defined a new CSR reporting procedure that was reviewed by one of the statutory auditors (PwC) on the processes for preparing consolidated environmental, social and governance information. A summary of the initiatives taken for the CSR policy and ESG reporting is presented on the following pages.

-
- P. **38** OFFERING GUIDANCE IN SOCIAL DEVELOPMENT
 - P. **40** THE BASIS OF OUR COMMITMENT
 - P. **42** THE STEPS IN OUR APPROACH
 - P. **44** 2012 ESG REPORTING

OFFERING GUIDANCE IN SOCIAL DEVELOPMENT

OUTLOOK FOR 2013

Eurazeo PME is taking increasingly concrete steps with its investments. Several initiatives are expected to lead to the next stage in social development:

- The different stakeholders will be defined to help identify new areas of CSR development at Eurazeo PME and its investments.
- The process for sharing best practices is beginning to take form at the different investments to define a framework of guidelines and areas for improvement.
- The final and most crucial initiative consists in investors and the CSR Manager working in tandem at Eurazeo PME to allow for greater consistency in the relations with investments and the operational application of the CSR approach.

SHARING CONVICTIONS AND METHODOLOGY

Eurazeo PME places CSR at the heart of its investment strategy and argues that CSR provides the tools that are key to transforming SMEs. Eurazeo PME does not merely want to share this conviction with its investments. It wants to turn it into a new paradigm of governance and investment in the fabric of SMEs. Signing up to the UN PRI, Principles for Responsible Investment, was a way of asserting its commitment. Furthermore, the driving force behind the creation of the AFIC Sustainable Development Club, Eurazeo PME spearheaded the coordination of conferences with PwC. The Club, chaired by Olivier Millet, became the AFIC ESG commission in February 2013 to better achieve its goals. The topics discussed in 2012 include the new regulatory requirements under the Grenelle II law concerning ESG reporting for investment managers and their investments (implementing decrees of Art. 224), “ESG, the guarantee of long-term performance



for investors and companies” and “Private equity, the financial valuation of ESG performance”.

REACHING OUT AND HIGH TO DIFFERENT AUDIENCES

Eurazeo PME, represented by the Chairman of its Executive Board Olivier Millet, worked with public and private players on a regular basis: a “Green Dating” session (monthly sustainable economy meeting) on “What does the future hold for SRI?”, a conference on “Issues and impacts of responsible and community-driven finance” at the ENA (France’s prestigious *École nationale d’administration* for future political leaders), CSR presentations at law and auditing firms, a CSR conference organised by the Paris Region Regional Council, a Responsible Investment Forum organised by Private Equity International (PEI) in Amsterdam, etc. Eurazeo PME made contributions to publications, including reports published by APIA (the French association of



professional independent directors) on “The independent director and social responsibility of SMEs”, “All about private equity” and “Private equity investors and CSR communication”.

Olivier Millet also launched a blog on the website of the AGEFI trade and information services group, where he posts regularly.

BETTER MEASURING THE IMPACT OF EXTRA-FINANCIAL PERFORMANCE

In partnership with the AFIC Sustainable Development Club, Eurazeo PME also contributed to financing and conducting a report led by the Sustainable Finance and Responsible Investment Chair (*École Polytechnique*, IDEI-TSE, AFG) to quantify the impact of a company’s extra-financial performance on its valuation and its financing by private equity investors. The report used an experimental method to concretely identify the potential gains of a company with strong CSR management and, conversely, the value lost due to poorly managed ESG issues. The findings



showed that a solid environmental or social policy increased a company’s value by about 5%, while poorly managed social and environmental issues caused it to lose about 10%, and poor governance 15%.

GETTING INVOLVED...

The teams of Eurazeo PME and two portfolio companies, Léon de Bruxelles and The Flexitallic Group, took part in the “Get your sneakers on in your company” campaign organised by the ELA, European Leukodystrophy Association, to promote awareness about the disease and raise funds for the organisation.



THE BASIS OF OUR COMMITMENT THE CSR CHARTER

GUARANTEE STRONG GOVERNANCE AND LEADERSHIP



_ EURAZEO PME'S BELIEF

Eurazeo PME believes that strong quality governance is a key factor for success, credibility and sustainability in business.

_ EURAZEO PME'S COMMITMENT

Eurazeo PME is committed to adopting and applying governance best practices for transparency, independence, oversight, business ethics and stakeholder-related risk assessment and anticipation.

As a responsible shareholder, Eurazeo PME already factors CSR criteria into its investment analyses and decisions. It offers management teams guidance in the strategic development of their companies by affording equal importance to both financial and extra-financial performance.

PRACTISE RESPONSIBLE HUMAN RESOURCES MANAGEMENT



_ EURAZEO PME'S BELIEF

Eurazeo is convinced that the individual and collective performance of employees plays a particularly crucial role in the competitiveness and sustainability of the companies in which it invests. This requires constant change and adaptability in operational and organisational methods.

_ EURAZEO PME'S COMMITMENT

Eurazeo PME is committed to encouraging responsible human resources management at all its portfolio companies, notably in the following areas:

- job skills development through knowledge management and training;
- constructive labour relations within the company;
- health care, retirement and disability coverage;
- work-related health and safety risk prevention measures;
- job re-assignment and employment assistance measures when a challenging economic environment leads to staff reductions;
- anti-discrimination measures.

SHARE BUSINESS PLANS WITH EMPLOYEES



_ EURAZEO PME'S BELIEF

Eurazeo PME is convinced that management team and employee support for an overall business plan is a key factor to the success of an investment or longer-term business plan.

_ EURAZEO PME'S COMMITMENT

Eurazeo PME is committed to encouraging management teams to keep employees informed about transformation projects, rallying their involvement and participation. The plan should include a strategic view of the company, clearly defined financial and non-financial goals, and a policy of sharing value creation.

FOSTER GENDER EQUALITY IN THE WORKPLACE



_ EURAZEO PME'S BELIEF

Eurazeo PME believes that workplace equality among equally qualified men and women is a competitive business advantage.

_ EURAZEO PME'S COMMITMENT

Eurazeo PME is committed to fostering gender equality in the workplace at all levels and ensuring that gender equality becomes progressively ingrained in the culture of its portfolio companies, while respecting each profession and business sector.

OPTIMISE ENERGY CONSUMPTION AND PRESERVE WATER AND BIODIVERSITY



_ EURAZEO PME'S BELIEF

Eurazeo PME believes that a company can create lasting value while minimising its environmental impacts. Eurazeo PME is

convinced that the Group and its portfolio companies can make a difference in the three major environmental issues facing the planet: energy, water and biodiversity. Eurazeo PME believes that finding solutions to conserve these resources will also contribute to the business growth of its portfolio companies.

_ EURAZEO PME'S COMMITMENT

Eurazeo PME is committed and encourages commitment from its portfolio companies to these three environmental issues:

- optimising energy resource management and ensuring a lower environmental impact and higher proportion of renewable energy sources in the energy mix;
- encouraging responsible water resource management and close attention to water quality improvement, notably by producing lower pollution in effluents;
- promoting responsible practices to limit company impact on biodiversity, ecosystems and respect for nature. Developing effective partnerships in these areas.

Furthermore, Eurazeo PME encourages its portfolio companies to factor these environmental impacts into their innovation processes.

PROMOTE SOCIAL RESPONSIBILITY IN LINE WITH THE COMPANY'S BUSINESS



_ EURAZEO PME'S BELIEF

Eurazeo PME believes that social responsibility in line with the company's business can play a team-building role by strengthening employees' sense of professional involvement and their loyalty to the company. Moreover, Eurazeo PME is convinced that such projects can drive innovation at the company.

_ EURAZEO PME'S COMMITMENT

Eurazeo PME is committed to encouraging social responsibility projects in line with its role as an investment firm and to promoting engagement in social responsibility among all its portfolio companies.

THE STEPS IN OUR APPROACH

In 2008 Eurazeo PME began establishing a formal CSR approach internally and integrating it into its guidance of portfolio companies. The company came to the realisation that long-term investors needed to play a social role as opinion leaders in seeking effective initiatives with other structures.

2008

GOVERNANCE TAKES A STANCE ON CSR

Eurazeo PME set up a Sustainable Development Department that would report directly to the Chairman of the Executive Board. An initial seminar raised the awareness of the entire Eurazeo PME team about the importance of this cross-functional issue.

2009

EURAZEO PME'S CSR APPROACH IS FORMALLY DEFINED

Eurazeo PME signed up to the UN PRI, Principles for Responsible Investment. The principles are backed by a Sustainable Development Expert Committee composed of seven independent members (entrepreneurs and experts) and represented on the Investment Committee. A CSR Charter was defined focusing on four major areas: structured and responsible governance, the role of human capital in strategy, reduction of

the environmental impact and introduction of a socially responsible approach.

A number of tangible measures were taken: the first ESG assessment of each majority shareholding, the first global ESG assessment and a consolidated carbon assessment (*Bilan Carbone*) of Eurazeo PME for the investment management firm and its majority-owned companies.

Eurazeo PME published its first sustainable development report.

This extra-financial initiative immediately received an AA rating, scoring 3.5 out of 5, from the rating agency Ethifinance. Eurazeo PME played a role in creating the AFIC Sustainable Development Club, chaired by Olivier Millet.

2010

THE CSR APPROACH IS EXTENDED...

All Eurazeo PME employees signed the CSR and AFIC Charters and the PRI.

ESG reporting was consolidated for the first time based on 94 performance indicators for Eurazeo PME and five out of six of its majority-owned companies.

The company was included in the Gaia Index, the first SRI (Socially Responsible Investment) stock market index for listed mid-caps.

... COMMUNICATION AND AWARENESS ARE DEVELOPED

A convention was held for all Eurazeo PME investments to focus on "Sustainable development and Social Responsibility of Companies". AFIC, Eurazeo PME and its partner PwC co-authored the book "Sustainable Development and Private Equity". Private Equity Magazine awarded its first prize in Sustainable Development to Eurazeo PME.

2011

THE MATURITY PHASE

The integration of Eurazeo PME into the Eurazeo Group brought new momentum. A Group-wide charter was defined. The Grenelle II law on the environment generated new ESG reporting in line with the draft decree 225. The ESG reporting, carried out with PwC, included all majority-owned companies.

2012

ADVANCES ARE MADE IN PRACTICAL APPLICATION

Eurazeo PME offered guidance on applying the new regulations from the Grenelle II law for all of its investments. A new reporting system including 203 indicators was designed in conjunction with Eurazeo.

The close collaboration between investors and the CSR team at Eurazeo PME and the sharing of best practices between portfolio companies contributed to accelerating the integration of ESG issues.

2012 ESG REPORTING

2012 Key Figures* – social

2,764 EMPLOYEES

4,573,044 HOURS WORKED

1,957 PEOPLE TRAINED

2012 Key Figures* - environment

172,199 M³ OF WATER CONSUMED

81,888 MWH OF ENERGY CONSUMED

8,376 TONNES OF WASTE PRODUCED

* Coverage rate between 77% and 100%.

NEW EXTRA-FINANCIAL REPORTING

To prepare for the third consolidated ESG reporting process, Eurazeo PME drew on the principles of its CSR Charter and the implementing decree of Article 225 of the Grenelle II law passed in 2012.

This year, the reporting included 203 indicators and 119 ratios covering environmental, social and governance issues.

Reporting this information is a fundamental step for portfolio companies. Not only does it quantify the CSR issues of each company, but it can also be used to manage their CSR strategy over the long-term.

Eurazeo PME is proud to be a leader in applying advanced ESG reporting practices at the level of the SMEs in which it is a shareholder and fully realises the work involved in collecting and consolidating data for the management teams.

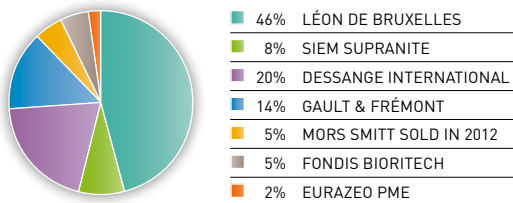
A NEW REPORTING SCOPE

At 31 December 2012, the ESG reporting scope covered the five majority-owned companies (Fondis Electronic, Gault & Frémont, Dessange, Léon de Bruxelles and The Flexitallic Group) and the investment management firm Eurazeo PME.

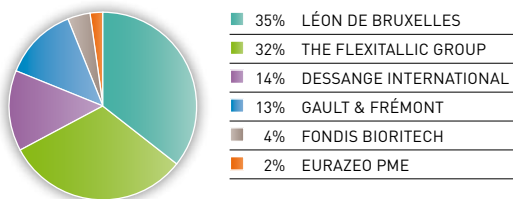
The major change in scope compared with 2011 was that all the subsidiaries of The Flexitallic Group were included in ESG reporting, whereas only the French subsidiary Siem Supranite was taken into account in the 2011 reporting.

The ESG reporting scope does not include the acquisitions or sales made during the year (AGS, Fantastic Sams, Custom Rubber, Mors Smitt), or the minority investments (IMV Technologies, BFR Group).

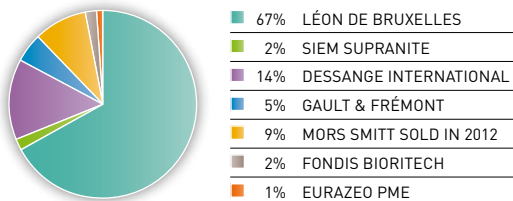
Proportion in CSR Reporting in terms of revenue - 2011



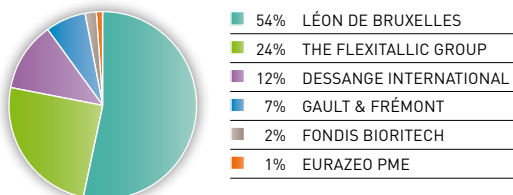
Proportion in CSR Reporting in terms of revenue - 2012*



Proportion in CSR Reporting in terms of number of employees – 2011 – 2,153 employees



Proportion in CSR Reporting in terms of number of employees – 2012 – 2,764 employees*



* Scope excluding 2012 acquisitions (AGS, Fantastic Sams and Custom Rubber) and the sale in 2012 (Mors Smitt).

COVERAGE RATE

Some of the 203 reporting indicators take time to establish or are not yet monitored by all of the portfolio companies.

Eurazeo PME introduced a coverage rate to determine what proportion of ESG information is monitored in terms of employees or consolidated revenue. The coverage rate is calculated for each indicator.

Typically, the number of work-related accidents is monitored by all portfolio companies, with the consolidated figure covering 100% of the ESG reporting scope. The coverage rate for this indicator is therefore 100%. However, it is very difficult to determine the exact consumption of water in cubic meters of some jointly occupied offices. Consolidated water consumption is only reported for 93% of the ESG reporting scope, standing at 172,199 m³.

The average coverage rate for portfolio companies is broken down in the table below:

Coverage rate	Environmental indicators	Social Indicators
Léon de Bruxelles	90%	93%
The Flexitallic Group	79%	91%
Dessange International	87%	84%
Gault & Frémont	100%	91%
Fondis Bioritech	100%	100%
Consolidated	87%	92%

One of the priorities of Eurazeo PME's CSR strategy is to increase the coverage rate because it indicates that every year companies quantify a growing number of indicators and are therefore in a better position to take action on a larger number of resulting impacts.

2012 ESG REPORTING



GUARANTEE

STRONG GOVERNANCE AND LEADERSHIP

Since 2008, Eurazeo PME has been involved in improving the governance of its portfolio companies, in particular on CSR issues:

CSR governance areas for improvement	2012 Assessment
Establishing a formal in-house CSR organisation	For 4 portfolio companies: <ul style="list-style-type: none"> - CSR Manager appointed - An Executive Board member appointed in charge of CSR issues - CSR Committee set up
Establishing formal CSR commitments	For 4 portfolio companies: <ul style="list-style-type: none"> - CSR Charter defined
CSR policy introduced	For all portfolio companies: <ul style="list-style-type: none"> - Carbon footprint assessment (<i>Bilan Carbone</i>) performed - CSR action plan defined
Tools to quantify progress	For all portfolio companies: <ul style="list-style-type: none"> - Monthly/quarterly/yearly CSR performance monitoring indicators

ESG reporting includes a governance section for reporting information on governance structure and areas for improvement in broad terms (e.g. list of management bodies and operational committees, frequency of meetings), and more specifically the implementation of CSR governance (charter, CSR manager, etc.).

Indicators also provide an idea of companies' maturity in risk management: risk committee, risk map, details on risk prevention measures, etc. All portfolio companies have taken steps to prevent risks and are gradually establishing a formal risk prevention policy. They have also all developed policies relating to business ethics: code of conduct or code of values was put in place at four companies, two companies have signed up to the United Nations Global Compact.

Lastly, a "Shareholder governance" section sets out the shareholder governance bodies: Supervisory Board, Compensation Committee, Audit Committee, Financial/Strategic Committee, number of independent directors, etc.



PRACTISE

RESPONSIBLE HUMAN RESOURCES MANAGEMENT

Since 2008, Eurazeo PME has encouraged the companies in its portfolio to practise responsible human resources management.

Challenges of the CSR Charter	Areas for improvement	2012 Assessment*
Development of job skills	• Encourage permanent employment contracts/Promote long-term employment	91% of jobs are permanent employment contracts (or equivalent outside France)
	• Develop training	83% of employees have taken training, as against 79% in 2011
	• Better knowledge management	All of the companies have implemented a formalised annual employee review process, and 51% of employees benefited from a review, versus 48% in 2011
	• Reduce turnover/absenteeism	Turnover: 17.9% excluding Léon de Bruxelles, versus 18.5% in 2011 Absenteeism: 8% versus 9% in 2011
Health care/retirement/disability coverage	• Improve HC/R/D coverage	100% of employees have health care coverage** 100% have retirement coverage 100% have disability coverage**
Working/health/safety conditions	• Improve working, health and safety conditions	137 work-related accidents, versus 180 in 2011 The accident frequency rate fell from 49 to 30 The number of days on leave dropped 10%
Diversity/Anti-discrimination measures	• Anti-discrimination and diversity policy	4 companies out of 5 have developed diversity policies
	• Integration of disabled workers	The 5 majority-owned companies have taken measures to promote the integration of disabled workers
Labour relations	• Communication between managers and employee representative organisations	All companies have set up procedures for communicating with employee representatives For companies with no employee representatives, internal communication procedures were developed

* Consolidated data for 96% of the ESG scope.

** Consolidated data for 71% of the ESG scope for health care and 85% of the scope for disability.

2012 ESG REPORTING

Social reporting features 110 indicators and 101 ratios, covering the main social issues included in the Charter:

- Job skills development: measuring employability means measuring the policies introduced to promote long-term employment, validate professional experience and develop expertise. These policies are measured through indicators covering changes in the number of employees, the breakdown between permanent/fixed-term employment contracts and management/non-management contracts, the hours worked and hours absent, the number of employees trained and number of training hours, the number of annual employee appraisals, etc.
- Health care/Retirement/Disability coverage: indicators show how many employees are covered, and if the coverage is mandatory or optional.
- Working/health/safety conditions: work-related accidents with leave are monitored, as are the various associated ratios (frequency rate and index, severity rate). Indicators also cover occupational illnesses and stress-related risks.
- Diversity/anti-discrimination measures: the number of women, young people, seniors and disabled workers is requested from each company. Details on anti-discrimination policies are also provided.
- Labour relations: to understand the quality of labour relations, indicators cover employee representative organisations, agreements and strike days.



FOSTER

GENDER EQUALITY IN THE WORKPLACE AT ALL LEVELS

Most companies have developed practices to encourage gender equality in the workplace (pay, training, management positions, etc.).

Employee gender breakdown*

- 39% of staff are women
- 32% of managers are women
- 39% of internal promotions involve women
- 3 company Executive Boards include a female member
- 34% of Management Committee/Executive Committee members are women

* Consolidated data for 96% of the ESG scope.

As reflected in the consolidated data, ESG reporting covers several aspects of gender equality: female members in operational and shareholder governance bodies, women on permanent/fixed-term employment contracts and management/non-management contracts, pay differences between male and female employees for managers and non-managers, the proportion of women being promoted and a qualitative indicator used to describe the company's gender equality policies.



OPTIMISE

ENERGY CONSUMPTION AND PRESERVE WATER AND BIODIVERSITY

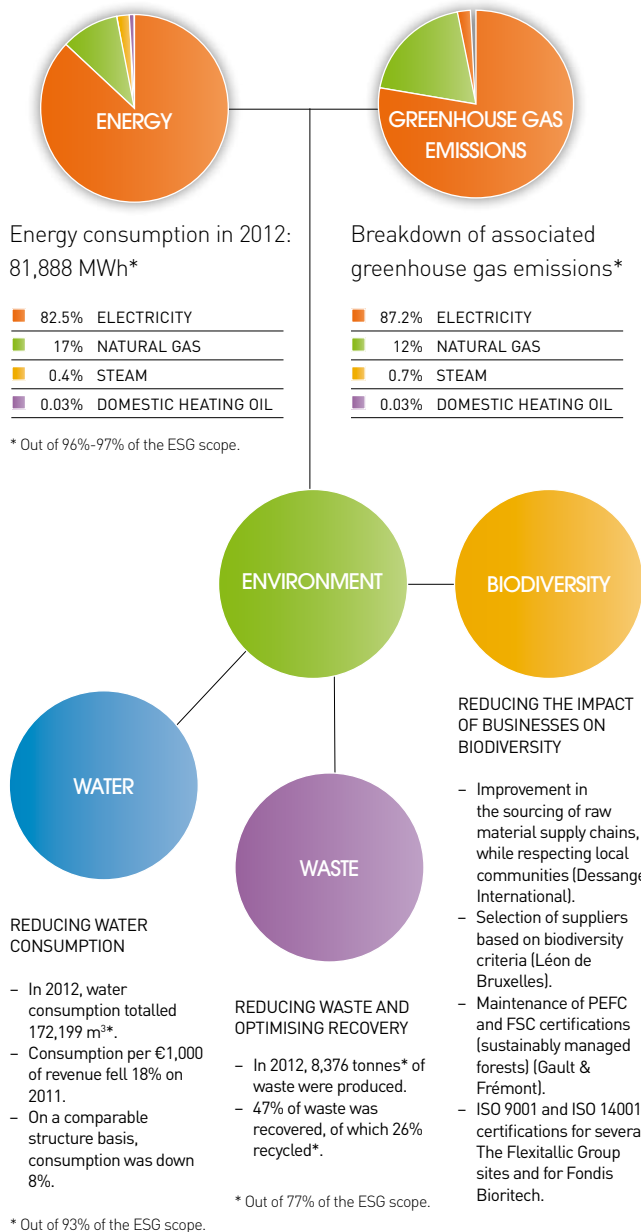
Since 2008, Eurazeo PME has encouraged the companies in its portfolio to advance in their environmental programme in three main areas:

- optimising energy and water consumption;
- reducing recovering and recycling waste;
- promoting responsible practices to limit the impact of their businesses on biodiversity.

Environmental reporting includes 61 indicators and 13 ratios used to monitor water, energy and fuel consumption, along with the resulting greenhouse gas emissions. Waste and waste recovery are also monitored.

In addition to the quantitative data, qualitative indicators assess the policies implemented in each area (water/energy/waste) and the protection of biodiversity.

Lastly, a number of indicators are used to describe environmental governance: specialised organisations, resources and training implemented, certifications obtained and measures taken to prevent the environmental risks resulting from businesses and products.



2012 ESG REPORTING



PROMOTE

SOCIAL RESPONSIBILITY IN LINE
WITH THE COMPANY'S BUSINESS

Eurazeo PME is committed to supporting and encouraging the companies in its portfolio in their approach to social responsibility. All portfolio companies are involved in one or more social responsibility projects related to their business:

- Dessange forged a unique partnership with Man and Nature to develop the sourcing of raw materials that respect the environment and local communities.
- Léon de Bruxelles has been taking CSR issues into account in selecting its suppliers for many years. In 2012 the Group also joined several research projects alongside the SNRTC, the French National Union of Themed and Commercial Restaurants, and the ADEME, the French Environment and Energy Management Agency.
- The Flexitallic Group works with public structures, such as Chambers of Commerce, and develops partnerships with local suppliers.
- Fondis Bioritech is a member of the professional organisation Ressources, which pools the management of radioactive sources.
- Gault & Frémont participated in the third edition of the "Made in Touraine" trade fair along with several hundred industrial companies to raise its profile among young people.
- Eurazeo PME was the driving force behind the creation of and remains involved in the AFIC Sustainable Development Club, which has become an ESG commission in 2013. Eurazeo PME is also a partner to the "Green Dating" monthly sustainable economy meetings and a member of the EVPA – European Venture Philanthropy Association.

Four companies have developed partnerships with not-for-profit organisations or NGOs on issues not directly related to their businesses. Léon de Bruxelles has supported the *Mouvement pour les Villages d'Enfants* (Movement for Children's Villages, a child protection organisation) for six years. Dessange supports Cosmetic

Executive Women, The Flexitallic Group is involved in several charitable organisations and events, and Gault & Frémont organises plant tours for schools.

In 2012, Eurazeo PME became involved with the ELA, European Leukodystrophy Association, to promote awareness of the rare disease. Léon de Bruxelles and The Flexitallic Group joined Eurazeo PME in the National "Get your company running" Day.

In the reporting, 15 qualitative indicators cover social issues to establish the relations maintained with each type of stakeholder.



Eurazeo PME voluntarily enlisted one of its statutory auditors (PwC) to review and verify the reporting processes for the consolidated environmental and social information published in this report.

With its sustainable development teams, PwC verified:

- The existence of methodological procedures to define the data to be collected and calculation methods;
- The consistency between the information published and the scope indicated for this information;
- The existence and appropriateness of internal control procedures implemented by Eurazeo PME to ensure that processes are followed;
- On a test basis, that environmental and social data are consolidated accurately.

EURAZEO PME CONSOLIDATED ESG REPORTING METHODOLOGY

Eurazeo PME's consolidated ESG reporting for 2012 was based on the dashboard of 203 indicators and 119 ESG ratios (Environment: 61 indicators and 13 ratios, Social: 110 indicators and 101 ratios, and Governance: 32 indicators and 5 ratios) completed by the five majority-owned companies and the investment management company. The companies consolidated in 2012 are part of an international scope and come from five different business sectors: restaurants, hair salons/beauty and accessories, pastry and bakery packaging, high-technology sealing solutions and the distribution of portable diagnostic and scientific instrumentation. The consolidation of these indicators should be analysed taking into account the diversity of the business sectors represented.

• Process

The extra-financial reporting process between Eurazeo PME and its five majority-owned companies is laid out in an ESG reporting procedure that defines the objectives, scope, period, indicators, organisation and responsibility, data

collection and entry, control, validation, consolidation and timetable.

• Standards

The ESG reporting indicators were defined based on several frameworks: Decree 2012-557 of Article 225 of the Grenelle II law, the Global Reporting Initiative (GRI), the ISO 26000 standard and Eurazeo PME's CSR Charter.

• Consolidation scope

The consolidation scope includes the five companies in Eurazeo PME's portfolio as at 31 December 2012 and covers an international scope. Companies included or removed from the consolidation scope are not included, except for the five new Léon de Bruxelles restaurants.

• For 2012, the international scope included:

- Léon de Bruxelles: head office + school + 62 restaurants;
- The Flexitallic Group: Flexitallic UK and USA, Sealex UK, Novus, Siem Supranite, Induseal, FST China (excluding AGS and Custom Rubber in Canada, acquired in 2012);

- Dessange International: head office, Dba/Guidel site, schools and 8 subsidiary salons (excluding the Fantastic Sams business acquired in 2012);
- Gault & Frémont: Gault & Frémont (industrial site), Bio Food Pack and Montgolfier;
- Fondis Bioritech: head office;
- Eurazeo PME: investment management company.

• Control, responsibility and data validation
Eurazeo PME's Sustainable Development Department performed internal control checks with the majority-owned companies' chief financial officers and sustainable development directors on data consistency and traceability: verification of calculations, comments on changes since 2011, supporting documents. A formal process was implemented on the exchange with companies at the various ESG reporting stages.

DESSANGE INTERNATIONAL



Phytodess white tea shampoo.

GOVERNANCE

- Supervisory Board comprised of 7 members
- Recruitment of a Managing Director
- Greater structure in governance bodies: Executive Board and Management Committee, set-up of a transatlantic governance system

SOCIAL

- Internal communication on the values in the Sustainable Development Charter, notably on protecting biodiversity
- The Human Resources Director, who joined Dessange International in 2011, optimised job skills development through training and the validation of professional experience – training and annual employee appraisals, needs management, employee requests and formal HR tools
- Training programmes reputed for their excellence in the two internal schools (Dessange Paris and Camille Albane), raising the standards and developing the technical and creative expertise of employees of subsidiary and franchise salons
- A new e-learning 2.0 platform for Camille Albane, providing all employees with access to training through role plays of professional situations

- The implementation of a gender equality action plan at some entities in collaboration with the HR Director and stress management training for salon managers for better risk prevention
- An inter-company day care partnership for parents to enjoy peace of mind while at work
- Since 2009, a programme in place at its industrial site to improve working conditions and risk prevention (workstation ergonomics and workplace design: new electric handling equipment, heating in the order preparation area, etc.), in partnership with the CARSAT (retirement and occupational health insurance fund) and the occupational doctor

ENVIRONMENT

In 2010, Dessange International initiated an environmental approach:

- at its salons: new, more environmentally-friendly furniture/equipment
- at its industrial site: waste sorting and recycling policy (9 sorting chains)
- for its products: priority on respecting biodiversity and local communities through a programme introduced in 2011, in collaboration with the foundation Man & Nature, to certify the sourcing of raw materials and conduct research on new active ingredients for the Phytodess hair care

line. In 2012, 7 new Phytodess products were brought to market, compared with 3 in 2011

SOCIETAL

- Involvement in the NRSC (Natural Resources Stewardship Circle), binding the Group in the “preservation of ecological processes and of species and genetic variability as well as the respect of the knowledge, innovations and practices of indigenous and local communities”
- In 2006, partnership established with the organisation CEW Cosmetic Executive Women, which set up beauty centres in more than 25 hospitals to help nearly 98,000 women live better with their illness (availability of products and technical expertise)
- Since 2011, partnership with the hairdressing school of the *Institut National des Jeunes Sourds* (French national institute for young hearing-impaired adults)

THE FLEXITALLIC GROUP



GOVERNANCE

- Supervisory Committee comprised of 5 members and 2 observers. The group's operational governance is overseen by the GEC, Group Executive Committee, made up of the 7 key Group managers
- As part of the project launched in 2011 with PwC to define CSR issues, The Flexitallic Group drafted its first CSR Charter and joined the United Nations Global Compact. A medium-term CSR action plan was also developed, and CSR managers were appointed at each entity

SOCIAL

- The group's HR strategy is to create a very high-quality work environment in order to attract, retain and motivate employees
- The group aims to encourage its employees' leadership and entrepreneurial qualities through collective and individual training programmes and through succession planning for the key managers from the different entities

- The Flexitallic Group set up the Flexitallic Academy, which provides personalised guidance programmes for high-potential managers
- The group harmonised the HR policies of different entities in recruitment, diversity, compensation and skills development

ENVIRONMENT

- All sites of The Flexitallic Group are ISO 9001 certified, 2000 version
- The Novus Sealing Ltd site obtained ISO 18001 certification, in addition to ISO 14001
- The Flexitallic Ltd site obtained ISO 14001 and ISO 18001 certifications and won several local awards for its environmental performance, notably for the greatest reduction in waste and water and energy consumption
- Some subsidiaries have already applied an environmental policy, mainly to reduce energy consumption and encourage their employees to adopt environmentally-friendly behaviour

SOCIETAL

- The Flexitallic Group is involved in organisations related to its business sector (member of the ESA, European Sealing Association, and the Energy Institute) and opened the "Academy of Joint Integrity", a training centre which offers eight training modules for professional qualifications, open to all sector professionals
- The group sponsored a number of events with organisations and, in France, Siem Supranite participated alongside Eurazeo PME in the "Get your sneakers on at Avenue Hoche" event organised by the ELA, an association that works with children with leukodystrophy

LÉON DE BRUXELLES



GOVERNANCE

- Supervisory Board comprised of 5 members
- Executive Board comprised of 3 members
- New governance system: the Chairman oversees the new Executive Committee in developing strategy, while the Managing Director supervises the new Operational Committee, which implements strategic decisions
- The set-up of a Development Department and overhaul of the Scientific Committee into a Food Safety Committee, which offers guidance for changes in operational requirements
- CSR governance: Quality and Sustainable Development Director, SD Committee and in 2011 a Sustainable Development Charter founded on the company's core values: Transparency, Respect, Autonomy, Conviviality and Standards

SOCIAL

- Managing people is a priority for the management team of Léon de Bruxelles, which champions a rigorous model for its employee relations: *"Being the best employer for the best employee"*
- An agreement signed on the career and skills management planning programme, which focuses on 5 areas: the integration of young workers, identifying potential and

professional development, development of training and maintaining the employment of seniors

- Gender equality agreement
- A strong commitment to its policy on diversity, anti-discrimination and equal opportunity: more than 70 nationalities represented at Léon de Bruxelles, recruitment of young and disabled workers and guidance offered for seniors
- A focus on employees to develop their skills and guide them in their career path: a training school for management staff, an e-learning programme for restaurant employees, a "challenger" programme to prepare future managers, validation of expertise and experience with the creation of the positions "expert server", "experienced assistant" and "experienced dishwasher"

ENVIRONMENT FOOD SAFETY

- Continuous improvement in the energy efficiency of restaurants: installation of low-energy light bulbs, replacement of high voltage neon lamps with 56w fluorescent tubes
- Waste sorting policy: continued installation of glass grinders and cardboard machines, paper recycling at the head office, ongoing study on biowaste

- Optimised management of health risks: training on hygiene and set-up of a medical unit with a specialised provider
- Launch of a water reduction policy at restaurants
- The elimination of bisphenol A in paper used for receipts

SOCIETAL

- Growing involvement with stakeholders in the sector: participation in commissions of the SNRTC, the French National Union of Themed and Commercial Restaurants, and a working group with the ADEME, the French Environment and Energy Management Agency, on biowaste
- Ongoing partnership with the foundations *Mouvement pour les Villages d'Enfants* (Movement for Children's Villages, a child protection organisation or MVE) and *Agir contre l'Exclusion* (Act Against Exclusion foundation)
- Participation in the "Get your sneakers on at Avenue Hoche" event organised by the ELA, an association that works with children with leukodystrophy

GAULT & FRÉMONT



Bio Food Pack baking moulds, entirely biodegradable and compostable.



GOVERNANCE

- Supervisory Board comprised of 5 members
- An Executive Committee comprised of 5 members and a Management Committee made up of 8 employees
- A new organisation chart that redefines the Sales Department
- Assistance in change management for all Executive Board members provided by a specialised firm (individual coaching sessions then collective coaching)
- 2.5 days of training for the Management Committee and key company managers (15 people) on turning company strategy into simple and concrete actions for staff members
- Governance system structured with the set-up of Quality and Continuous Improvement departments
- CSR governance: appointment of a Quality and CSR Manager with a seat on the Management Committee, a Sustainable Development Committee, Sustainable Development Charter and a member of the United Nations Global Compact

SOCIAL

- A business plan built on the management method of "responsibility-oriented organisations" to promote the responsibility of each individual in contributing to safety:
 - The PIPAC (*Projet Individuel de Professionnalisation et d'Acquisition*

des Compétences or individual professionalisation and expertise project) programme for each new employee to raise their awareness about occupational health and safety

- "Responsibility-oriented" training on managing safety risks and on quality, prevention plans and the responsibility of managers, in addition to first-aid and fire safety training
- 4 CHSCT (Health and Safety Committee) meetings in the year and a Monitoring Committee meeting every 6 weeks
- Update of the Group-wide guidelines for all operational staff
- Development of internal mobility: creation of management functions with relevant training
- Since 2012 all company employees have an official annual appraisal meeting with their line management
- Increase in the proportion of the additional health insurance paid by the company for all employees

FOOD SAFETY

- Continued application of the HACCP (Hazard Analysis Critical Control Point) method launched in 2010: management of hygiene in the manufacture of food packaging to assess and manage the main food hygiene and safety risks (physical, chemical and microbiological risks)
- Preliminary hygiene audit based on McDonald's Europe standards as a first step

to obtaining accreditation in the first half of 2013

ENVIRONMENT

- Renewal of FSC and PEFC certifications (supply of paper and cardboard from sustainably managed forests) for all stocks
- The Bio Food Pack brand offers entirely biodegradable and compostable baking moulds
- Renewal of the Imprim'Vert certification
- Continuation of the PEFC-certified range of cardboard boxes "NaturaGF"® in partnership with La Mie Câline and the G&F (Green & Future) label
- Reduction of the environmental footprint of offices: dematerialisation of supplier orders
- Energy reduction measures: double-glazing insulation installed on the entire western façade of the site offices

SOCIETAL

- Partnership with schools (plant tours, workshops and apprenticeships) and support for organisations from employee volunteers
- Partnership with an establishment that employs and offers assistance for disabled workers

7
COMPANIES
MAKE UP
OUR PORTFOLIO

Coming from a variety of sectors, the seven companies in the Eurazeo PME portfolio hold strong positions on their market and are all growing internationally. These two factors represented valuable advantages as the economy in 2012 varied considerably depending on geographical region and business sector. All of the investments confirmed their strength and ability to create value in collaboration with Eurazeo PME.

- P. **58** DESSANGE INTERNATIONAL
- P. **64** THE FLEXITALLIC GROUP
- P. **70** LÉON DE BRUXELLES
- P. **76** GAULT & FRÉMONT
- P. **82** IMV TECHNOLOGIES
- P. **86** FONDIS BIORITECH
- P. **90** BFR GROUP

DESSANGE INTERNATIONAL



Global network of more
than 2,000 franchise hair salons



2,000 SALONS WORLDWIDE

14 NEW COUNTRIES IN TWO YEARS

42 TRAINING CENTRES

471 EMPLOYEES

- A luxury brand: Dessange Paris
- A high-end brand: Camille Albane
- A family segment brand, No. 1 in the United States: Fantastic Sams
- Hair care and beauty products developed and manufactured at the Group's industrial site in France
- A licence for hair care products distributed in hypermarkets and supermarkets with L'Oréal
- A licence for hair care appliances with Remington
- A licence for hair accessories distributed in hypermarkets and supermarkets with La Brosse et Dupont
- An industrial site (R&D, production and logistics) based in Guidel (France) that has been ISO 9001 certified since 2001 and applies the new regulations for Good Manufacturing Practices at all of its workshops and stores as of 1 January 2013



DESSANGE International asserts its status of “pocket-sized” multinational, but its transformation has only begun with a number of developments under way. ”

BENJAMIN DESSANGE

Chairman of the Executive Board
of Dessange International

DESSANGE INTERNATIONAL

IN 1954, THE FIRST DESSANGE HAIR SALON OPENED NEAR THE CHAMPS-ELYSEES

Initiating the system of franchises for hair salons in the 1970s, the Dessange brand capitalised on its image and expertise to move into other networks. Today, the Dessange International group builds its growth on its network of high-end Camille Albane salons and the No. 1 family segment network in the United States, Fantastic Sams. Through 2,000 salons across more than 45 countries, the Group disseminates its passion for women, based on unique expertise and products developed at its own industrial site. The growth strategy, supported by Eurazeo PME, continues to be implemented in 2013.



2012, completion of major acquisitions

2012 kept the promises of the previous year. With the integration of the American master franchise for the Dessange brand in 2011 and the acquisition of Fantastic Sams in 2012, the Group now operates on the largest hair care market, the United States. The market is estimated at \$38 billion out of a global market valued at \$50 billion. The subsidiary Dessange International Inc. is expected to develop the Fantastic Sams franchise to 2,000 salons on its market over the next five years. This acquisition also provides growth drivers for the Group's hair care product brands and networks.

Additional master franchises for the Dessange and Camille Albane brands were signed in 2012 for Oceania, the Middle East and Europe. A number of new salons were opened in Morocco, Georgia and Oman, to name a few, confirming the Group's international expansion. This strong development across the globe is still in its early phases, with a number of agreements planned for 2013. The Group also boasted sharp revenue growth in Eastern Europe and the Middle East. European countries delivered performances in line with their track record.

Structuring the offer and consolidating brand positioning

Dessange International continued to restructure its Dessange and Camille Albane brands.

Dessange confirmed its unique position as a prestigious luxury brand in the world of beauty with a passion and specific expertise in hair care. It is deployed across France and abroad through a growing number of Spa salons (City Spa and Hair Spa) and the continuous improvement of its services and the quality of care given to each customer.

The Dessange Spa salons are devoted to taking care of women "from head to toe". These services confirm the Group's passion for the well-being of women across the world – a passion whose

inherent expertise is passed on to all employees through its own beauty and hair care training centre. Spa salons continue to open in Europe, including Eastern Europe, and the Middle East. In France, all of the salons featuring a surface area of 150 m² to 200 m² will gradually adopt this concept.

Positioned in a high-end segment and backed by a rigorous training policy, Camille Albane is destined for strong development in both France and abroad. With the brand having confirmed its ultra-feminine, trendy position in 2011, it is building its reputation through a digital communication strategy, a new salon concept and new product partners. A number of new salons are planned to open in France and the Middle East.

DESSANGE
was the first hair care network, in 2010, to set up an e-learning platform available in 6 languages: the Learning Lounge



DESSANGE INTERNATIONAL



The acquisition of the Fantastic Sams network in the United States will serve as a driver to open 300 Camille Albane salons in North America within the next five years.

Dessange and the Silver Screen

Building on its international reputation, Dessange International is developing the power of the Dessange brand image. This is especially true in its long-standing ties to the cinema as an official and exclusive partner to the International Cannes Film Festival for more than 25 years. The brand is now a leading official partner at most major festivals.



The group's current expansion is based on a model initiated in 2008. The integration into Eurazeo enabled it to purchase the Dessange franchise in the United States in April 2011 and acquire Fantastic Sams in 2012. Eurazeo PME also supports Dessange International in developing its strategy for further acquisitions and distributing its products through other channels in France and abroad.

OUR YEAR IN CSR

Given the prestige of its brands and offering, Dessange International places CSR as a top priority within the Group. Every year, its social and environmental advances reflect this commitment. The approach began 10 years ago and has brought about the formation of a Sustainable Development Committee and a Sustainable Development Charter, which was circulated internally and is displayed in salons.

An environmental approach

The Dessange group has taken concrete steps to promote sustainable development: ongoing initiatives in partnership with Olivier Behra, founder of the NGO Man & Nature, to identify new supply chains that respect the environment and local communities. Phytodess brand products are designed and developed entirely based on active ingredients from these sustainable procurement channels. This long-term approach aims for reasonable sourcing for all of the natural active ingredients in its formulas.

One of the highlights in 2012 was the success of the sulphate-free hair care product line launched in 2009, with the introduction of the new sulphate-free shampoo Dessange Paris Couleur Collection.

Involvement in social issues

The Group boosts its involvement in social issues every year. In 2012, in addition to internationalising its e-learning platforms, Dessange International emphasised consistency in training for all entities. An action plan to promote gender equality was also initiated.

The focus on protecting the environment and employees and customers culminated in two initiatives taken in 2012: availability of single-use gloves in nitrite (hypoallergenic material offering better protection against colouring agents) and the replacement of cellophane bags with oxo-biodegradable film.

THE TEAM



From left to right | B. DESSANGE | P. VINCENT | E. GASNOT

6,000 HRS

THE LEARNING LAB:
the Camille Albane collaborative training platform, which generated 6,000 hours of training in 6 months (the equivalent of 2 years of classroom training)



THE FLEXITALLIC GROUP



Global group specialised in sealing solutions



€210 MILLION IN REVENUE*

1,200 EMPLOYEES



3 MAIN MARKETS:
UPSTREAM, DOWNSTREAM, POWER



JOINTS FROM 10 MM TO 4.5 METRES IN DIAMETER

* Pro forma for acquisitions made in 2012.



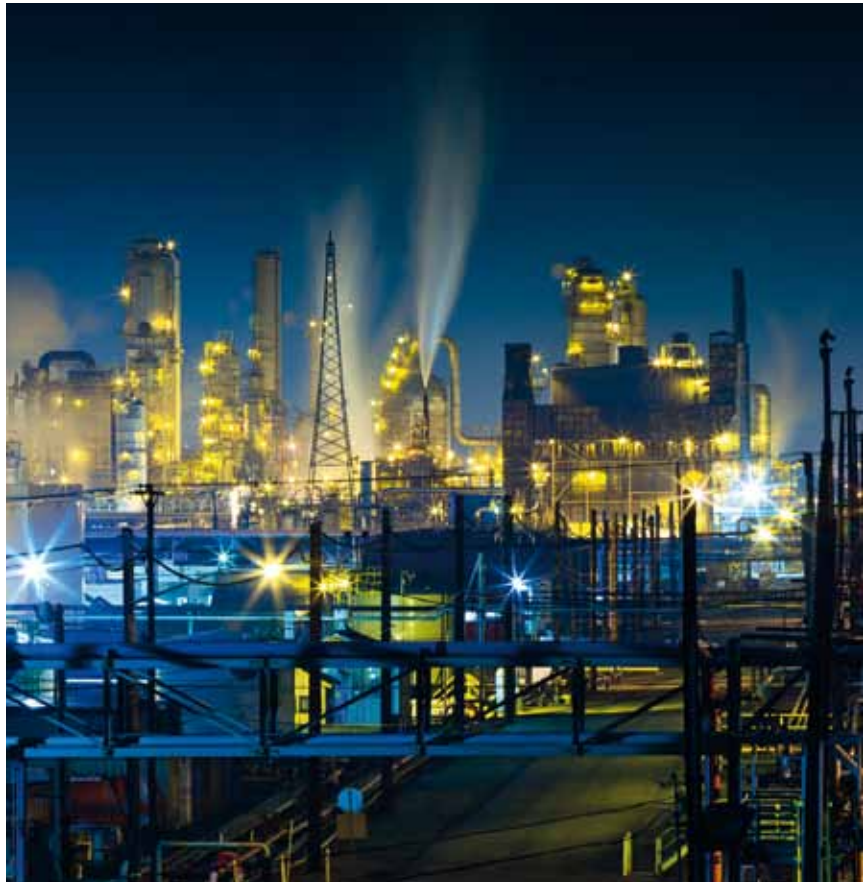
We take the approach of a global group with brands that work in synergy to serve its clients. Our common goal is to develop products and solutions of uncompromising reliability and safety. ”

RÉMI TOLEDANO
Chairman and CEO
of The Flexitallic Group

THE FLEXITALLIC GROUP

TO CAPITALISE ON ITS BRAND THAT IS BEST KNOWN INTERNATIONALLY, FDS GROUP BECAME THE FLEXITALLIC GROUP IN JANUARY 2013

The Flexitallic Group serves the oil, gas, electricity production, chemical and petrochemical industries worldwide. Eurazeo PME began backing The Flexitallic Group in 2006 and has offered its support in all the acquisitions made since, also guiding the company in its global structuring.



A high-technology business

Adapted to the changing needs in the energy and chemicals sectors, the design, manufacture and distribution of industrial joints is a critical business. It can impact the reliability of production, which represents a genuine economic risk for clients. It is also a response to another major risk: the safety of individuals working on site. For example, in the residue hydrocracking process used at oil refineries, the joints must be able to resist temperatures in excess of 580° with pressure of 200 bar. Products used in deep hole drilling (“upstream”) and the primary circuit at nuclear power plants and steam generators have to meet requirements that are just as extreme.

At industrial sites, the interdependence of processes may cause major operations losses if production shuts down. A breakdown can cause operations to shut down for anywhere between one day and one week. It is estimated that the source of 80% of the leaks that can cause the release of acid and toxic steam into the atmosphere is valves.

The products offered by The Flexitallic Group are therefore highly specific to better respond to any situation. For example, the spiral wound gasket, adapted to hydrocracking, includes a metal part and a flexible part.

These solutions are the fruit of the close collaboration between industrial companies and teams of The Flexitallic Group.

Further development for the Group

With acquisitions made in the past few years in the United States and the United Kingdom, a subsidiary set up in China and the Middle East and a joint venture in Kazakhstan, The Flexitallic Group featured a global structure and an extensive network of licensed distributors and manufacturers.

2012 was a pivotal year for the Group. The acquisition of AGS in Canada

established the Group’s positioning in the upstream business on the second-largest oil reserves in the world. With its unique expertise in design and manufacture, AGS can offer sealing solutions that are highly tailored to local industrial applications.

The Group’s geographical expansion also advanced with a new manufacturing facility opened in Saudi Arabia through a joint venture. Lastly, the Group further extended its product offer for its clients, with the acquisition of Houston-based Custom Rubber Products, a company specialised in the design and manufacture of elastomeric sealing solutions for the upstream market.

+21%

In 2012, The Flexitallic Group registered 21% growth resulting from the performance of all of its entities worldwide, particularly in Canada, the United States and France



THE FLEXITALLIC GROUP

Synergy, a strategic factor for growth

The Flexitallic Group has defined a global strategy that uses and capitalises on the expertise of its various entities, which boast extensive experience in their market and with their clients. The numerous sources of growth stem from the multiple business, industrial and innovation synergies among teams. On many occasions, collaboration has emerged naturally from issues faced by clients: accompanying French teams in China on nuclear projects, selling flexible products by the United Kingdom on the US market, accompanying upstream clients outside the United States and Canada...

New projects, new organisation

Bringing products in line with client specifications is strategic for the company. Today, The Flexitallic Group is the only company in its sector active on the upstream, downstream and power markets. By covering the entire value chain, The Flexitallic Group develops close ties and collaboration with its clients, moving into geographical regions where they are present. In 2013, the Group

expects to strengthen its operations in Europe, in Germany or the United Kingdom. Projects are also being rolled out in Southeast Asia, Australia and South America.

OUR YEAR IN CSR

Collaborative management remains a priority for The Flexitallic Group. In 2010 the Group Executive Committee was set up, comprising 7 Group managers, with a mission to create a safe and sustainable environment on the cutting edge of new industrial requirements. This commitment is concretely reflected in the GEC's five-year development plan, defined in collaboration with Eurazeo PME. In 2012, a strategic CSR review was initiated in conjunction with PwC, aimed at establishing a sector benchmark for sealing solutions to be used as a reference by the Group and its clients.



Since 2006, Eurazeo PME has offered its strategic and financial support to all the acquisitions alongside the Group's management. Eurazeo PME reinforced its stake in the share capital of The Flexitallic Group and restructured the Group's balance sheet in 2011 so that it could implement its strategy and pursue its international development.



2012 HIGHLIGHTS

Emergence of The Flexitallic Group culture. Phase 2

The Academy of Joint Integrity is located near production areas to provide training on how to use the equipment. A number of employees and clients worldwide have benefited from its programmes.

Phase 2 involves training group managers to ensure long-term performance.

In 2012, a director was recruited for the Corporate University to assess and implement model leadership that is shared by all Group managers in order to boost the Group's cohesion and responsiveness. The initial training session was attended by 15 people who will go on to manage a department in different countries across the world.

The Group also created new cross-functional positions: a legal director, corporate director, purchasing director, logistics manager and an international sales manager.

THE TEAM



From left to right | R. TOLEDANO | D. MITCHELL | G. ENGLISH | J. LASTOVICA
| K. MILLER | P. KELSHAW | P. POTTIER

LÉON DE BRUXELLES



Belgian Brasserie theme-based restaurants

100 YEARS OF KNOW-HOW

1,500 EMPLOYEES

NO. 1 MUSSELS DISTRIBUTOR ON THE RESTAURANT MARKET

MORE THAN €119 MILLION IN BUSINESS REVENUE IN 2012

67 ESTABLISHMENTS IN PARIS AND THE REST OF FRANCE

6 MILLION CUSTOMERS PER YEAR

8 TONNES OF MUSSELS EATEN EVERY DAY
IN LÉON DE BRUXELLES RESTAURANTS



Adjusted to consumer demand, our offer has enabled us to grow despite a sluggish market. ”

MICHEL MORIN

Chairman of the Executive Board
of LÉON DE BRUXELLES

LÉON DE BRUXELLES

LÉON DE BRUXELLES IS ONE OF THE FAVOURITE THEME-BASED RESTAURANT BRANDS OF THE FRENCH

The restaurant emphasises the friendly atmosphere at its restaurants, in the great tradition of Belgian brasseries, and the authenticity of its menu and recipes based on mussels and chips. Since Eurazeo PME invested in the company in 2008, the number of active restaurants has grown from 44 to 69, and the number of employees from 1,000 to 1,500. Opening new establishments remains a priority for the chain.



New concepts and test establishments to face increased competition

The market has seen a growing number of theme-based restaurants. In recent years they have focused on concepts that emphasise price and generosity. Competition from players operating on very large surface areas of approximately 1,000 m² has also increased.

As a result, frequentation at Léon de Bruxelles restaurants fell by 4%. This was offset by a higher “average basket”, a sign that the offer is adapted to consumer demand.

Over the course of 2012, Léon de Bruxelles opened two restaurants while testing new concepts. The new restaurant in Auxerre can already be considered a huge success. The restaurant in the Lyon city centre has not yet delivered all of its teachings but looks promising. It confirms one of the chain’s strategic focuses to return to city centres. This had become a priority given the poor performance of establishments located in edge-of-town retail complexes. Abroad, after the first franchise restaurant opened in London, United Kingdom, a second and possibly third are expected to follow in 2013.

234

**A meal equals
234 emails sent
Equivalence in carbon
emissions**

As new restaurants open, communication is developed on product freshness

In line with consumer demand, Léon de Bruxelles is introducing more and more recipes with an emphasis on regional products, e.g. mussels with Maroilles cheese or Montbéliard mussels. The chain has also initiated a loyalty programme and discount coupons to motivate “regulars”. But the highest demand remains for transparency on product freshness. The freshness of mussels and other star products will feature in a special communication campaign.



LÉON DE BRUXELLES

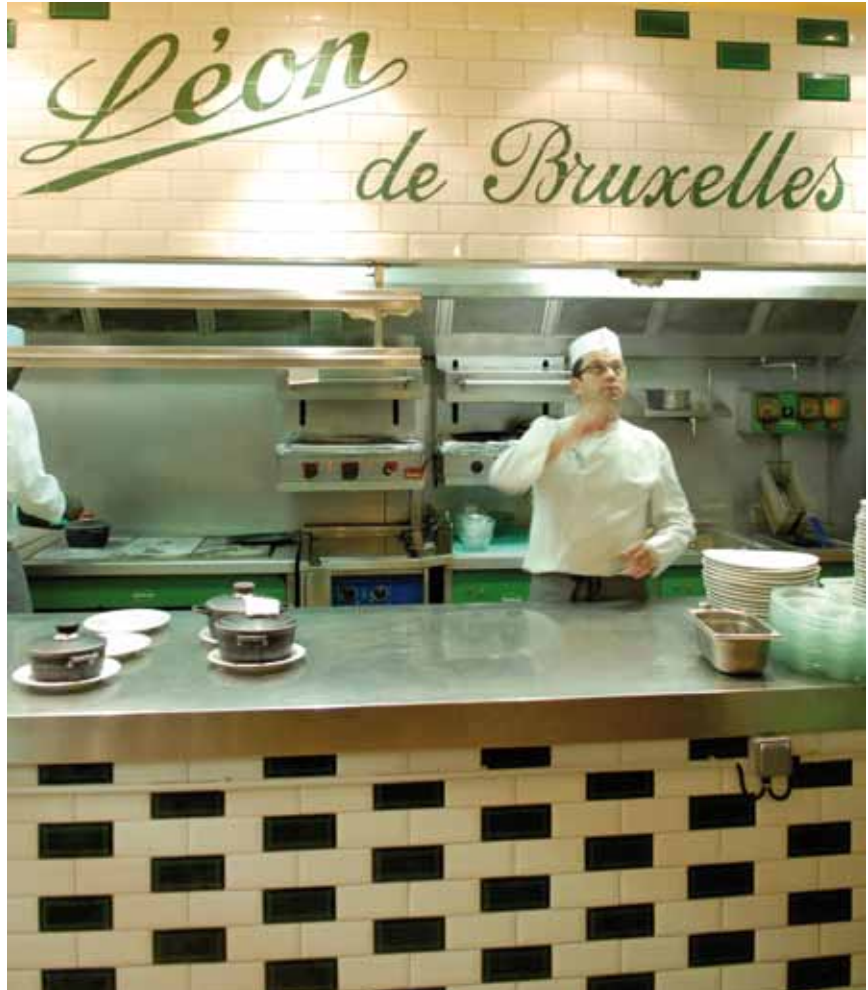
OUR YEAR
IN CSR

Léon de Bruxelles led an extensive awareness and mobilisation campaign aimed at the 67 restaurant managers to reduce the environmental impact of its business.

Since 2011, the chain has enforced a waste sorting policy and installed 30 glass grinders and 17 cardboard machines at various restaurants.

In 2012, Léon de Bruxelles joined a working group organised by the ADEME on biowaste and continues to focus on the energy efficiency of restaurants, with the continued installation of low-energy light bulbs and solar panels.

Léon de Bruxelles also rolled out a water consumption reduction plan in 2012.





Assistance in the successful delisting and implementation of a governance system adapted to a growth SME

Eurazeo PME bought a 40% stake in Léon de Bruxelles in 2008 to delist the group and apply operational and financing methods that were better adapted to the development of an SME.

After a few months, Eurazeo PME held 95% of the share capital through a public offering, thus prompting Léon de Bruxelles to file a buyout bid and delist.

2012 HIGHLIGHTS

A model of employee integration and internal development

With 72 nationalities represented, Léon de Bruxelles promotes diversity and has developed a model for employee integration and internal development for all employees that is in line with the brand's practices and values: transparency and respect. The company rolled out comprehensive training programmes in a number of areas, with many *via* e-learning. A policy was also enforced to identify internal potential and develop expertise. It is paying off, as 70% to 80% of the managers were promoted internally, trained at the Léon de Bruxelles School.

THE TEAM



From left to right | M. MORIN | L. GILLARD | I. PELLETIER

GAULT & FRÉMONT



Company specialised in pastry
and bakery packaging



€41.3 MILLION IN REVENUE

200 EMPLOYEES, OF WHICH 28 RECENT HIRES

110 MILLION CARDBOARD BOXES

MORE THAN A BILLION AND A HALF PAPER BAGS

2,500 DIFFERENT PRODUCTS



In 2012, we rolled out the strategy introduced in 2010 to drive growth, with the development of recent acquisitions, strengthened positions in the “away from home food” segment and new product offers. ”

RÉMI BOTTIER

Chairman of GAULT & FRÉMONT

GAULT & FRÉMONT MANUFACTURES AND DISTRIBUTES A WIDE RANGE OF PAPER AND CARDBOARD PACKAGING: BOXES, BAGS AND BAKING PRODUCTS – CARDBOARD AND PAPER MOULDS

With the two sides of its business, Gault & Frémont acts a single point of contact between major retailers and food manufacturers. Being active on a niche market, Gault & Frémont develops, in collaboration with the Eurazeo PME teams, a highly segmented growth strategy.



New horizons for a lasting business

Paper and cardboard packaging offers qualities in terms of food safety, becoming a necessity in our daily lives. A needs analysis led to a number of diversifications in 2012. For example, Gault & Frémont moved into events food service with the French Open tournament and a number



of events at the Stade de France stadium near Paris. The development of the parchment paper range enlarged the “small moulds” offer.

Gift box lines were also successfully launched. The printing quality of its products established the group’s position on these “high-end” packaging lines. With its logistics and service capacity, Gault & Frémont stands out in terms of reliability and speed of delivery, developing its revenue in both the traditional and modern “away from home” segment.

Logistics is the key to success

Gault & Frémont has become a leader in the retail and food industries thanks to its high production capacity and product quality. The company boasts an end-to-end production system covering the printing, cutting, folding, gluing and pallet packing of paper and cardboard packaging. As such Gault & Frémont offers enormous flexibility and very short delivery times.

Self-monitoring is performed by production operators for all workstations and is integrated into Gault & Frémont’s internal global quality system.



Along with these “productive” advantages is the logistics structure that focuses on adapting to the needs of each client. 15,000 tonnes of goods are shipped every year with guaranteed delivery between 24 and 72 hours depending on the destination.

Two-thirds of the 24,000 m² on the site are used for logistics. Gault & Frémont features the equipment capacity to meet the toughest client requirements, managing broad ranges that are available instantly, with 2,500 listed finished products, and storing up to 5,000 pallets.

GAULT & FRÉMONT



OUR YEAR IN CSR

Gault & Frémont, a company founded in 1850, has been openly involved in social issues for many years

The company has formed active operational committees and appointed health, safety and quality representatives. Its management methods are based on responsibility and delegation. Labour relations are a major concern in the CSR policy. This priority is reflected in the ongoing "PIPAC" (*Parcours Individuel de Professionnalisation et Acquisition des Compétences* or individual professionalisation and expertise project) programme, which is followed by each new employee: raising awareness about working conditions, offering comprehensive operational assistance, promoting a culture of continuous improvement. The optimisation of operational methods continues and has reduced the frequency and severity rates of work-related accidents compared with 2011.

2012 HIGHLIGHTS

Teaching young people about new fields

The company's emphasis on its social role brought about a new form of commitment in 2012.

Gault & Frémont understands that young job seekers are not always well-informed about the sources of employment in their own region and therefore decided to participate in the third annual "Made in Touraine" trade fair along with about a hundred industrial companies. Gault & Frémont representatives took the opportunity to present the diversity of the company's businesses.





As in any business on a mature market, Gault & Frémont's development is based on clearly identifying growth niches. In addition to the two acquisitions made in 2010 and 2011 thanks to the close collaboration with Eurazeo PME's teams, several avenues for strategic development were defined in specific market segments: Distribution, Retail, the Food and Non-Food Industry and export. By applying its clearly structured development roadmap, gains in market share are expected on these segments in 2013.

THE TEAM



From left to right | R. BOITIER | F. LEDUC | J-B. LEMAIGRE
| S. DESBORDES | X. DESPRES

IMV TECHNOLOGIES



World leader in the design, manufacture and distribution of equipment and consumables in animal reproduction biotechnology

80% OF REVENUE GENERATED BY EXPORTS

70% OF THE GLOBAL BOVINE MARKET

30% OF THE SWINE MARKET

5 SUBSIDIARIES

(UNITED STATES, INDIA, CHINA, ITALY AND THE NETHERLANDS)

A HISTORICAL DISTRIBUTION NETWORK

COVERING MORE THAN 120 COUNTRIES



Half of the growth in 2012 came from export regions, a trend expected to climb in 2013, with the launch of 5 new products. ”

GILLES DE ROBERT DE LAFREYGÈRE

Chairman of IMV Technologies

IMV TECHNOLOGIES

IMV TECHNOLOGIES IS THE GLOBAL LEADER IN ITS SECTOR

Develops unique products and technologies that simplify all processes, from semen collection to its injection. A leader on the bovine and swine markets, the Group has expanded its expertise to a number of other species.

IMV Technologies operates extensively in Western Europe and North America and is gradually consolidating its activity abroad, opening subsidiaries in the United States, India, China, Italy and the Netherlands.



Diverse but active markets

On the mature markets in Europe, particularly in France, revenue fell slightly due to the current high concentration of operators. Legislation on animal protection is expected to lead to further concentration of producers and closures for smaller operators. The US market is stable but driven by exports.

The Group's emerging markets – Latin America, China, Eastern Europe and India – are growing. Its operations in China on the swine market were set up too recently to offer any real visibility. An initial biobanking machine is a new addition.

OUR YEAR IN CSR

The "IMV Green Team" was formed to apply the best practices in line with the health and environmental requirements specific to its business. This task force comprises 12 employees and represents IMV's different business lines. It generates new ideas to promote global performance. Concrete developments in 2012 include a swine probe and biodegradable insemination glove.

1st biodegradable insemination glove in the world

IMV designed and produced the polyethylene glove made from corn starch for rapid degradation.

The market prospects for the product are positive. This innovation confirmed IMV's maturity level on environmental issues.

HAND IN HAND

After delisting IMV Technologies in 2007, Eurazeo PME guided the Group through four roll-up acquisitions and 20 R&D projects, many of which feature environmental advantages. A portion of its holding in IMV was sold in 2010, but the Group continues to receive partial backing from Eurazeo PME through its minority stake.

THE TEAM



From left to right | G. DE ROBERT DE LAFREYGÈRE | A. DE MIRLYN | E. SCHMITT
| F. KELLER | L. HUET | L. RUELLAN

FONDIS BIORITECH



Distribution of portable diagnostic equipment solutions

€13 M IN REVENUE

47 EMPLOYEES, INCLUDING 40 ENGINEERS

4 KEY MARKETS:

CONSTRUCTION, INDUSTRY, ENVIRONMENT, LABORATORIES



Our business plan was stepped up in 2012, with a new governance system and development working groups.”

JEAN-PIERRE DAVERIO

Chairman of FONDIS BIORITECH

FONDIS BIORITECH GAINED ITS REPUTATION BY RIGOROUSLY SELECTING UNIQUE INSTRUMENTS AND BEING ONE OF THE FIRST COMPANIES TO FOCUS SOLELY ON PORTABLE EQUIPMENT

The first turning point occurred in 1988, with the introduction in France of the ultra-thin window in microanalysis. The second came in 1998, with an instrument that would set the global benchmark in portable X-ray fluorescence. The Group has since signed exclusive distribution agreements with innovative North American, German and Japanese companies, which have become world leaders. Today, Fondis Bioritech is active on four markets – construction, industry, the environment and laboratories – and offers a wide range of services: consulting, specific business applications, training, maintenance, etc.



A year of consolidation in a mixed environment

In 2012, Fondis Bioritech recorded stable revenue on 2011, with slight growth in EBITDA. Its diversification into four segments has enabled the company to maintain overall stability, but each segment has diverging trends.

The construction sector was down, with 10% fewer deals over the year. The industry sector declined slightly, with many companies postponing their projects to 2013, while the environment segment helped offset the impact of the crisis. The laboratories sector also saw strong business growth driven by products for cancer and microscopy as a result of heavy government investment in research over the past two years. Fondis has aligned its products with demand, cementing the company's growth over the next several years. It anticipates clear visibility in 2013 and 2014 and new ties with US operators.

Growth strategy focused on 3 areas

> Growth through product diversification

New products were added to the portfolio in 2012: gas detectors, small medical equipment and water analysis systems. Fondis has about thirty key products on each of its markets, along with a number of small equipment items. The Group is always on the lookout for innovative and reliable instruments available at a reasonable price.

> Growth by developing expertise

This development primarily involves the strategy of Fondis to offer comprehensive solutions that optimise the use of the instrument and adapt equipment to client needs by recruiting specialised engineers.

> Growth by geographical expansion and the diversification of sales channels

Local operations will be expanded in Spain, Morocco and Algeria. The implementation of an e-commerce site also offers new sales prospects.

THE TEAM



From left to right | J.-P. DAVERIO | A. CROUZAT | E. VANBALINGHEM | A. GEC

BFR GROUP

The logo for BFR Groupe, featuring the letters 'BFR' in a bold, white, sans-serif font inside a black rectangular box, followed by the word 'Groupe' in a smaller, black, sans-serif font.

Specialist in the design and distribution of packaging machinery for the food industry

€27 M IN REVENUE

STAFF OF 120 PEOPLE

In just over 50 years, BFR Group has become a leader in the distribution of packing and packaging machinery in the food industry. BFR Group is made up of four operating companies: Latinpack, Lassoudry and Eurocri, three companies strengthened by the expertise of ultrasonic cutting specialist Ermatec, integrated in early 2013.

Diversification continues

BFR Group is made up of four operating companies: Latinpack, which distributes packing and packaging machinery at the end of the production chain, Lassoudry, which specialises in transformation equipment, and Eurocri, an engineering company that offers tailored services in the design of production and packing lines. At the beginning of 2013, BFR expanded to include the expertise of Ermatec, a specialist in ultrasonic cutting, especially for the cheese market.



Internationalisation picks up...

International business continues to rise, now standing at 70% of Group orders versus 60% in 2011. In early 2013, business has seen notable growth in Russia and Brazil.

This international development is boosted as additional resources are allocated. For example, in Spain the business network was enlarged with the objective of developing in Mexico, where a technical base completes the system in South America. A sales representative was also recruited to strengthen business in Eastern Europe.

... despite a sluggish domestic market

The Group's brisk exports have helped offset the challenges faced by the French food industry, which declined from ranking in the top position in Europe to importing 40% of French consumption.

New synergies harnessed

Between the distribution division – Latinpack and Lassoudry – and the industrial division – Eurocri and now Ermatec, synergies have developed in performing needs analyses and in designing industrial systems and services.

The Group's close client relationships have enabled it to better respond and adapt to their specific requirements. The major order placed in Brazil is a prime example, with many new developments expected to follow.

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Photos by Peter Allan

Additional writing by Design Media

Design and production **DESIGN MEDIA** +33 (0)1 40 55 16 66



32, rue de Monceau - 75008 Paris - Tel.: +33 (0)1 53 83 81 60
www.eurazeo-pme.com