

**VENTURE CAPITAL
IN FRANCE AND EUROPE**
NOVEMBER 2013



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Paris, November 2013

VENTURE CAPITAL IN FRANCE AND EUROPE



Dear Madam, dear Sir,

You will find hereafter a comprehensive study on Venture Capital market in Europe, with a particular focus on the Digital Industry in France.

Over the past 10 years, Venture Capital has become increasingly professional in France and across Europe, a change which has led to the development of a high-performance ecosystem. The European success stories rely on its entrepreneurs and venture capital fund managers, who have both experience and expertise in this field to help firms grow global and become world-leading companies.

Europe's venture capital funds are highly important to the region's economy as they help companies at early stage. Venture Capital has an even more preeminent role since small and medium-sized companies contribute the most to the economy.

Although risk aversion remains high, European institutional investors and large Family Offices are showing an increasing interest in venture capital investments.

Best regards,

Christophe Bavière
CEO & Managing Partner

A handwritten signature in black ink, appearing to read 'CBavière', with a long horizontal stroke at the end.

Founded in 1997, Idivest Partners is a leading independent European Private Equity and Venture Capital company, currently managing over 4 bn € for third party clients, from which 1,1 bn € invested in Venture Capital. Idivest Partners has become the largest VC located in France.

Idivest's new Venture Capital fund, Idivest Digital Fund II, designed to support European innovative companies, active in Internet and Technology space, has announced its first closing in October. The Fund will continue the successful strategy of its predecessors to ensure an attractive risk-return profile to our Corporate and Institutional investors.

We do hope that this passionate asset class is of interest for you. Please, feel free to contact us any time, should you need any additional information.

Benoist Grossmann
Managing Partner

A handwritten signature in black ink, appearing to read 'Grossmann', with a long horizontal stroke at the end.

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THE EUROPEAN VENTURE CAPITAL MARKET

The European venture capital is in really good shape even if Europe has crossed a tumultuous period recently. Many start-ups have given birth to worldwide companies, generating high profit returns for their investors and Europe's Venture Capital funds.

Over the past 10 years, venture capital has become increasingly professional in France and across Europe, a change which has led to the development of a high-performance ecosystem. Success stories such as Dailymotion, Deezer, Criteo, Priceminister or Meetic have led the way, providing career opportunities and fostering a particularly dynamic environment.

The German market is just as dynamic, if a little less structured, and Berlin has become a key hub for the sector. The Nordic countries also offer strong opportunities, on a case by case basis (Spotify). Spain, with its low wage costs, is also worth watching. And London, of course, remains particularly competitive vis a vis the Anglo-American funds.

The digital economy is also a highly dynamic sector, characterised by the regular growth of e-commerce, rising internet traffic (video in particular), marketing budgets moving to "online" media, the emergence of new consumer patterns, and the development of B2B. Furthermore, the business models in this line of activity are rarely capital-intensive. Companies are nimble and able to adapt quickly to their environment. This means that the growth models carry fewer risks and are faster to implement.



EUROPEAN VENTURE CAPITAL ECOSYSTEM 01

The European success stories rely on its entrepreneurs and venture capital fund managers, who have both experience and expertise in this field to help firms grow global and become world-leading companies. Entrepreneurs and venture capitalists have in hand the keys to enhance innovation and technologies in order to support companies in a larger scale and build world-leaders.

A DEVELOPED ECOSYSTEM

Europe is home to attractive growth opportunities even if the European market is smaller and less homogeneous than the US market. Europe is nowadays a hub for Venture capital thanks to the rise of start-ups, institutions, venture capital funds all over the continent.

Many hubs flourished around cities all across Europe, attracting talent, entrepreneurs, funders, universities and technology giants who collaborate, share ideas and experiences.

Many business schools and universities have set up entrepreneurial courses; and some competitive clusters have been active in producing "champions". The development of business angels and large corporations are strong drivers for the growth of the Venture Capital market.

BUSINESS ANGELS

Following the strong growth of business incubators, many business angels' funds have been created in Europe to provide more start-ups with capital and consulting.

The market is now extremely active and favourable for funds dedicated to A and B series. In France, successful entrepreneurs have launched seeding funds to help French start-ups in their development:

- Jaina Capital, launched by Marc Simoncini, serial entrepreneur (Meetic, Sensee);
- Isai, founded by Pierre Kosciusko-Morizet (PriceMinister), Geoffroy Roux de Bezieux (Virgin Mobile), Stéphane Treppoz (Sarenza) and Ouriel Ohayon (ex TechCrunch.fr);
- Kima Ventures, founded by Xavier Niel (Free) and Jérémie Berrebi (NetZone, Zlio);
- And others financed by the FNA.

All the super angel funds below have contributed to the development of Europe's VC ecosystem by removing the barriers of seed-capital and improving the quality and quantity of deal flow for European VCs.



Set up in 2007 by Index Ventures partner Saul Klein and Reshma Sohoni, formerly of 3i, Vodafone and eVentures India. An early-stage mentoring and investment fund, it is backed by an almost equal mix of 27 angel investors and venture capitalists.



Startupbootcamp Provides seed funding, mentoring and free co-working space, software and services.



Runs the largest business plan competition in the world and has so far helped create over 80 start-ups.



A pre-seed investment company established by XING founder Lars Hinrichs.



Created by MessageLabs founders Jos and Ben White.



Created in 2006 by Niklas Zennström (Skype, Kazaa) and has invested in 40 companies.

source : EVCA

CORPORATE VENTURE PROGRAMS

Parallel to the rise in seed-funding with business angel funds, Europe is hosting more and more corporate venturing programs.

Large corporations are particularly attentive to the “start-up environment” when developing their open innovation strategy. They enter into strategic partnerships and act as growth drivers for smaller companies, which can sometimes lead to fund exits.

Corporates seek to invest strategically in innovative start-ups and, at the same time, to be part of the ecosystem so they can stay ahead of competitors. Many US companies are now watching European start-ups with attention.

Information technology has witnessed both the largest number of corporate venture investments and the highest number of acquisitions. Activity in the IT sector is being driven by a combination of healthy corporate cash balances and the rapid pace of technological change as the rise of mobile, big data and cloud computing creates a disruptive business environment.

According to Morgan Stanley, US corporate held over \$ 3 trillion of cash reserves of which \$ 1 trillion are intended for technology companies. Moreover, US acquirers accounted for 43% of the value of M&A in Europe in the first 2012 semester, according to Dealogic figures.

EUROPEAN VENTURE CAPITAL OPPORTUNITIES 02

EUROPE: AN INNOVATIVE MARKET

Europe welcomes many famous companies as Total, Danone, Dassault System, Nestlé, and Royal Dutch Shell. But Europe is also one of the most innovative continent in the world, with 7 european countries leading the top ten ranking of the 2013 Global Innovation Index.

Investments in research and science projects as well as high quality academic institutions are important drivers for innovation and technological development in Europe.

Moreover, entrepreneurs act fast to commercialize their idea and create successful companies on a global scale. Hence, over the past few years, many markets have been transformed after welcoming European companies such as Skype, My SQL, Last.fm and Betfair. Alike those highly profitable companies, many venture capital fund invested in imminent world-leading companies.

For instance, Spotify was named as a Technology Pioneer by the World Economic Forum for 2011 and in the same yearn Wonga was pointed out as Europe's fastest-growing company. Investments in research and science projects as well as high quality academic institutions are important drivers for innovation and technological development in Europe.

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TALENTED ENTREPRENEURIAL BUSINESSES

Experience and determination

European entrepreneurs learned a lot from the bubble and bust of the early 2000s, only a minority was successful but they all came back with more skills and experience. The post-crisis period has witnessed a wave of successful investments: Spotify, Crocus, Skype, Shazam, Lastminute.com...

Many successful entrepreneurs kept on innovating and creating new businesses, such as Niklas Zenström and Janus Friis, founders of Skype; and, in France, Xavier Niel (Free), Marc Simoncini (Meetic).

A research led by Harvard academy has proven that serial entrepreneurs increase the likelihood of success, and now, more and more funds invest in companies managed by serial entrepreneurs.

Education and talents

The success stories of the last decade attracted highly qualified profiles drawing out a pool of talented people from large corporations. This is adding to the quality of education in Europe with respect to schools, universities and research institutions that play an important role in the entrepreneurial culture.

Higher education is a key factor in the expansion of entrepreneurship. Industrial and academic research and development (R&D) expenditure significantly correlates with VC activity. The innovative capacity of a country and the technical sophistication and literacy of its people affect the need for venture capital.

Generally speaking, research shows a direct correlation between entrepreneurship in a given country and the level of education, particularly at a higher level. Universities and laboratories play an important role to foster a growing venture capital industry.

Incubators have become increasingly important in the tech startup scene in recent years. A number of startups have emerged from these programs, encouraging more new entrepreneurs to apply. Not only are they popping up in many cities, but also in specific verticals, such as education.

These programs provide new entrepreneurs with mentorship, advice and practical training on technical, business and fundraising topics to help them get from idea to product to launch and beyond. They typically take a small piece of equity in exchange for a small amount of cash and entry into the program.

In France, a number of engineering schools (Central Paris, Telecom Paris, Arts et Métiers ParisTech, Ecole des Mines, EPITA) and business schools (HEC Paris, ESSEC, ESCP Europe, EM Lyon Business School, EDHEC or Grenoble Business School) have set up incubators designed to support the business projects of their students, graduates and alumni.

These incubators can offer work space, training sessions, privileged access to teachers and researchers within the school, and facilitate relationships with former alumni.

They also provide access to the available aids (loans of honor, other incubators...), and facilitate connections with investors with a view to holding a first round of fundraising.

PARIS

700 STARTUPS

Focus : Media, advertising, e-commerce, wireless

Academic institutions : HEC Paris, Telecom Paris

Institut de Recherche et D'Innovation

Also home to : LeWeb, LeCamping

Birthplace of :



Big names include :



source : EVCA

BERLIN

285 STARTUPS

Focus : Digital media, social games, consumer web services

Academic institutions : Freie Universität Berlin, Humboldt University of Berlin,

Technical University of Berlin

Also home to : TechOpen Air

Birthplace of :



Big names include :



source : EVCA

LONDON 800 TECHNICAL & CREATIVE BUSINESSES

Focus : Consumer web services, digital media, e-commerce and finance

Academic institutions : Imperial College London, Loughborough University

Also home to : Seedcamp

Birthplace of :



Big names include :



source : EVCA

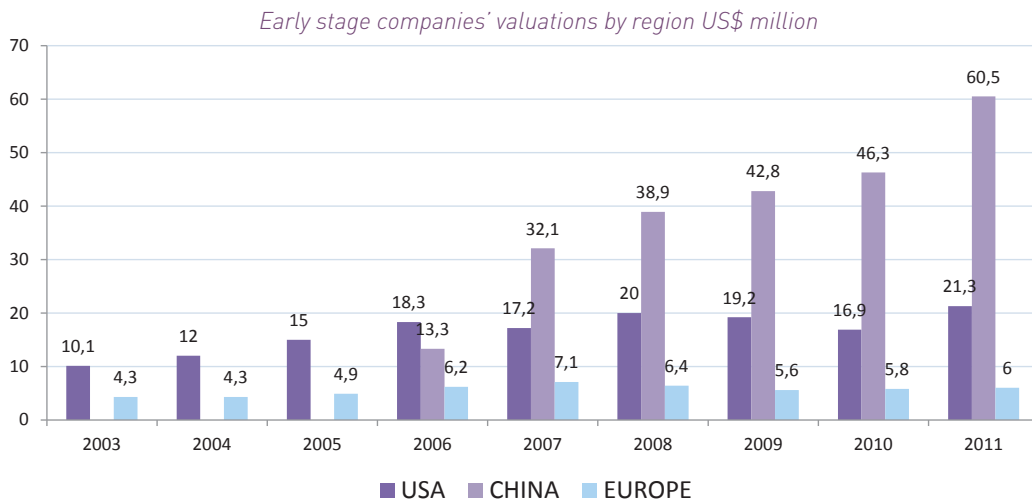
EUROPE: HOME FOR GLOBAL-LEADER COMPANIES

The European Venture Capital market is relatively young compared with the US industry that started in the 1980's and emerged 10 years after in Europe. Yet, European VC caught up its US counterpart in terms of experience and skill levels.

Over the last decade, the European Venture Capital has matured, and fund managers are looking for solid business with the capacity to grow even in challenging periods. Europe has become home to world-leaders young companies.

Armed with the experience of bringing successful companies to a global market, Europe's VCs now have an international outlook.

European valuations are more attractive than those in the US as they remain low by global standards, making European early and later-stage companies some of the cheapest around. Once significant returns are generated, valuations will inevitably go upwards. It is a real opportunity for investors that are looking for businesses with high growth potential at low pricing.



Source: Ernst & Young
Pre-2006 data not available for China

European low valuation is also attracting US Venture Capitalists that are facing intense competition and high valuations in their home market.

US investors are expected to fill the investment gap in Europe, particularly for late-stage rounds that lack of capital. Family offices and corporates are also attracted by the VC market.

The European Venture Capital benefits from a wider global network and established relationships with corporates across the world, with an increased appetite among emerging countries that are looking for innovative technologies and strong brands.

FOSTERING ECONOMIC GROWTH

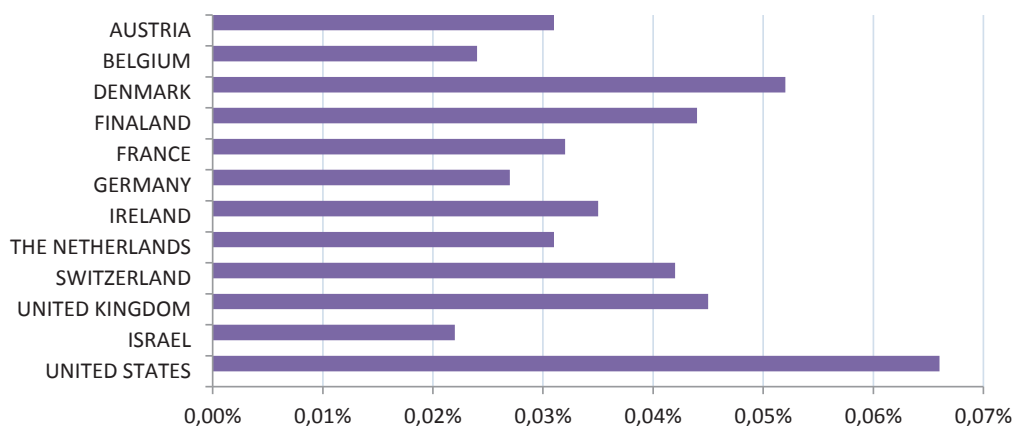
Europe's venture capital funds are highly important to the region's economy as they help companies at early stage that wouldn't find funding elsewhere.

Venture Capital has an even more preeminent role since small and medium-sized companies contribute the most to the economy. SMEs and mid cap companies are thus the hardest hit by the lack of financing and tighter bank lending conditions. Yet according to the OECD, SMEs and mid caps make up 95% to 99% of all businesses, depending on the country, and provide 60% to 70% of net new jobs.

This makes SMEs and mid caps an important link in the chain of European economic growth and job creation. These companies are currently faced with an imbalance in their funding requirements.

Moreover, according to a recent research by Deutsche Bank, a rise in VC investments of 0.1% of GDP can generate a GDP growth of 0.3%. It says: "Countries with high VC activity typically have stronger economic growth."

Venture investment as % of GDP in 2011



Source: EVCA

European venture capital-backed companies witness a positive impact on their productivity and growth. They are more likely to enhance innovation, which is now a key driver of economic growth, and to create jobs even during crisis periods.

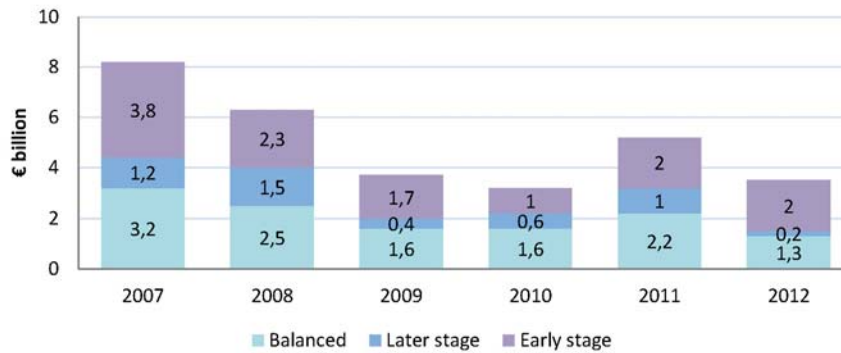
THE VC INVESTMENT ACTIVITY

01 FUNDRAISING

Investment in young and high-potential companies has always been a strong area of focus for the private equity industry. In addition to fostering innovation and high growth for a large number of companies, Growth Capital is also an important component within many investors' portfolios, and a key investment strategy for many funds.

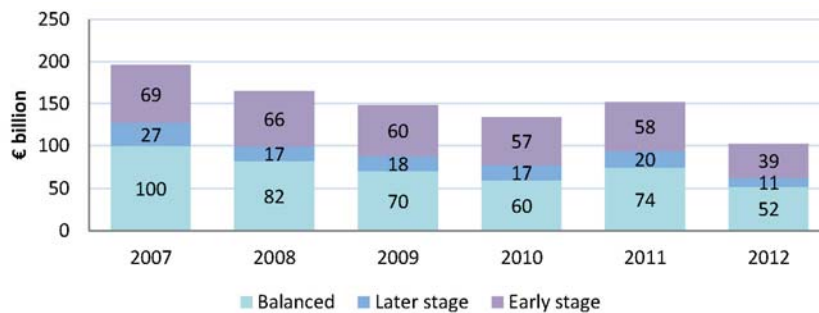
2007-2012: VC fund raising in Europe

2007-2012: VC fund raising in Europe



Source: EVCA, data as of 31/12/2012

2007-2012: Number of closings in the year (final or intermediary)



Source: EVCA, data as of 31/12/2012

Top 20 Venture Capital Deals in 2013

Deal	Rank	Region	
SUPERCELL	1	NORDIC	
AURIS MEDICAL	2	DACH	
CROCUS TECHNOLOGY	3	FRANCE	FINANCED BY IDINVEST
OPSONA THERAPEUTICS	4	UK	
GENSIGHT BIOLOGICS	5	FRANCE	
NUMBERFOUR	6	DACH	
INFIRST	7	UK	
SUPERSONIC IMAGINE	8	FRANCE	
RESEARCHGATE	9	DACH	
PRIVALIA VENTA DIRECTA	10	SOUTHERN EUROPE	
WITHINGS	11	FRANCE	FINANCED BY IDINVEST
DELIVERY HERO	12	DACH	
HAILO	13	UK	
FOODPANDA	14	DACH	
CARDIO3 BIOSCIENCES	15	BENELUX	
GENTICEL	16	FRANCE	FINANCED BY IDINVEST
ELASTICSEARCH	17	BENELUX	
STAT DIAGNOSTICA	18	SOUTHERN EUROPE	
SCALITY	19	FRANCE	FINANCED BY IDINVEST
MISTER SPEX	20	DACH	

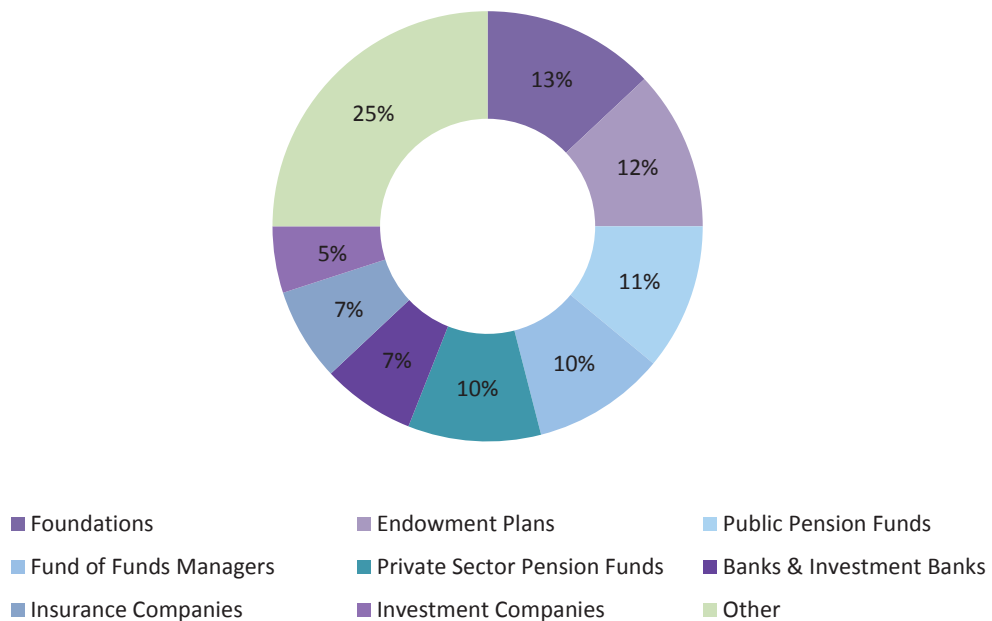
Source : Unquote



02 INVESTOR PROFILES

Although risk aversion remains high, European institutional investors are showing interest in venture capital investments. According to the Preqin barometer, 73% of investors who took part in the survey either had a favourable opinion on venture capital or were already invested in the asset class. In terms of investor type, foundations make up the largest share of the universe (13%), followed by Endowment Plans (12%) and Public Pension Funds (11%).

2012 Investors profile in European Venture Capital funds

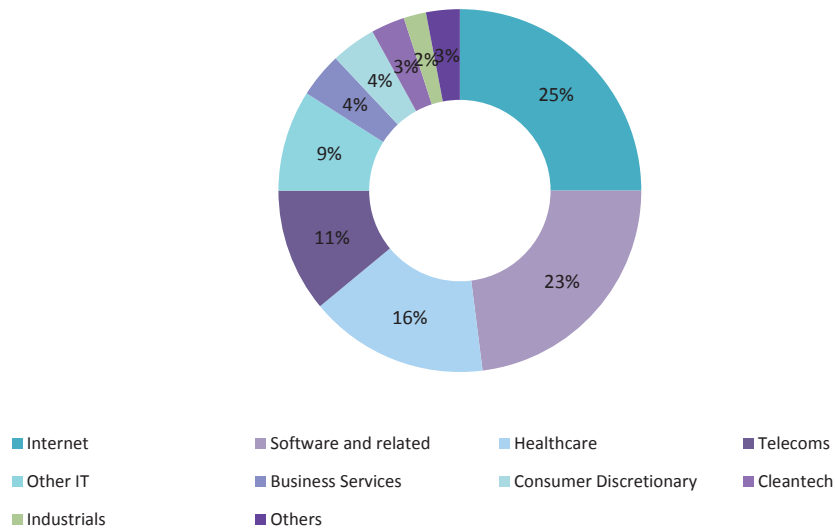


Source: Preqin

The proportion of European institutional investors wishing to gain exposure to venture capital rose sharply towards the end of 2012. Investors' appetite for the asset class grew considerably at the time, notably due to the high quality of exits in the first half of 2012 - including Facebook, Instagram and LinkedIn, Inc. These contributed to raising awareness on the robust opportunities available in the venture capital space, as well as on the attractive returns that these investments can potentially yield.

03 THE MAIN SECTORS

Global Venture Capital Deals by industry



Source: Preqin

Venture capital principally focuses on digital technologies and healthcare. The internet-digital sector accounted for 25% of all venture capital deals worldwide during Q1 2013. Software and related industries have grown since Q4 2012 and now account for 23% of all venture capital deals in Q1 2013 (vs. 14% in Q4 2012). Investments in the healthcare sector remained stable and made up 16% of all deals.

The technology and healthcare sectors generally attracted the largest number of investors as the development of an efficient ecosystem contributed towards boosting these industries.

Healthcare

Europe is a leader in research concerning life sciences and in creating successful life sciences companies such as BioVex (oncology drug development company), Domantis, Preglem, Prosensa, GenticeL...

Many innovations related to medicine have come from Europe (stents, treatment devices), which has become a world-wide expert in this field.

Moreover, many European companies benefit from US medical technology companies moving to Europe where skilled and experienced people are available.

IT and internet (communications, computer and consumer electronics)

Over the past few years, Europe has seen its number of ICT companies increase with the adoption of new technologies. As an example, Shazam has 250m users who tag more than 300m songs each month.

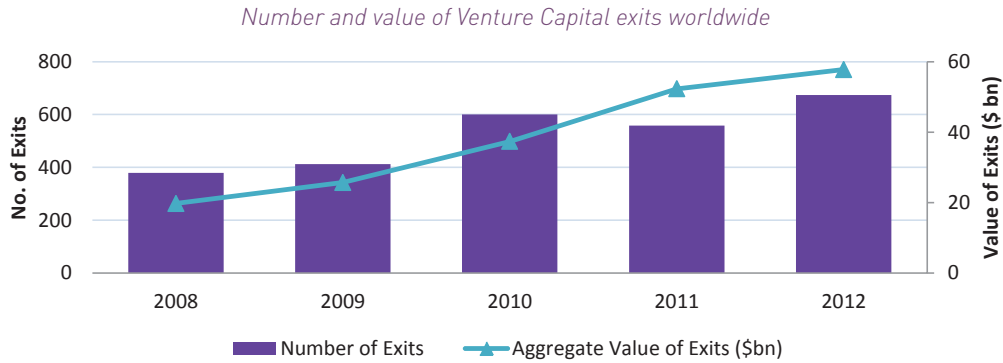
Innovation and technological progress have helped drive the growth of a digital culture. According to the EVCA, in 2012, \$8.8bn and \$3.2bn were raised by technology and healthcare sector global venture capital funds respectively. These sector funds account for 43% of the total capital raised between January and December 2012.

In fund raising terms, sector funds generally make up a larger share of the market than diversified funds

04 EXITS

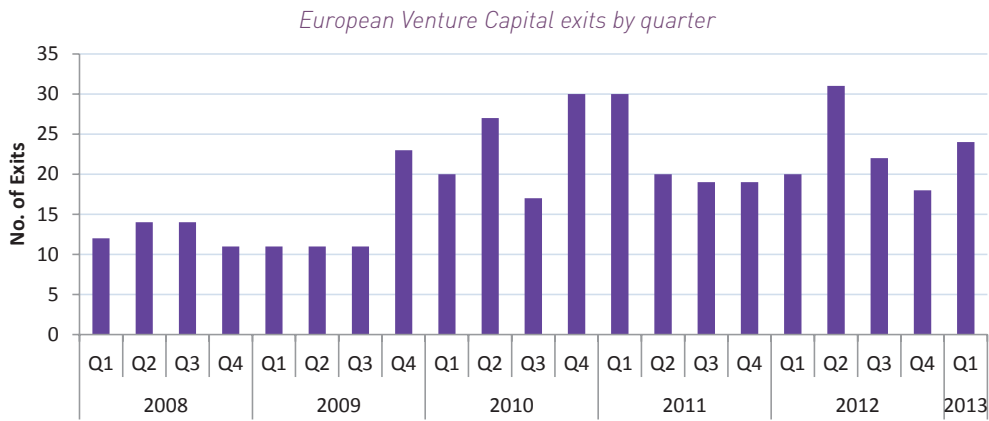
Despite the challenging conditions for exits in today's market, 2012 was one of the strongest years for exit valuations. The number of VC exits increased significantly between 2008 and 2012 (+82%), reaching 674 exits in 2012.

The annual value of VC exits grew 200% between 2008 and 2012, rising from \$19bn to \$58bn.



Over the past 10 years, the global Venture Capital market saw high-profile exits, including Skype, MySQL, VistaPrint, and Criteo in Europe.

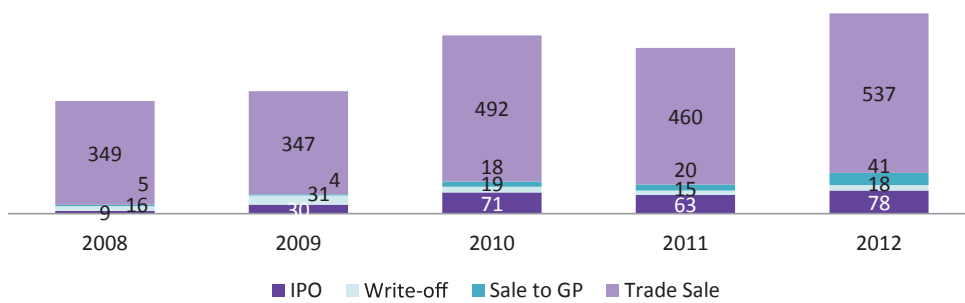
Prosensa Therapeutics - provider of ribonucleic acid-modulating (RNA-modulating) therapeutics for the treatment of genetic disorders - completed the largest venture-backed IPO in Europe during Q213, raising EUR60m for its Nasdaq listing at the end of June.



The most prominent exit routes for venture-backed companies were trade sales, write-offs or transfers to another private equity firm. Trade sale exits continued to dominate the venture capital exit market in 2012; this route accounted for 80% of exits.

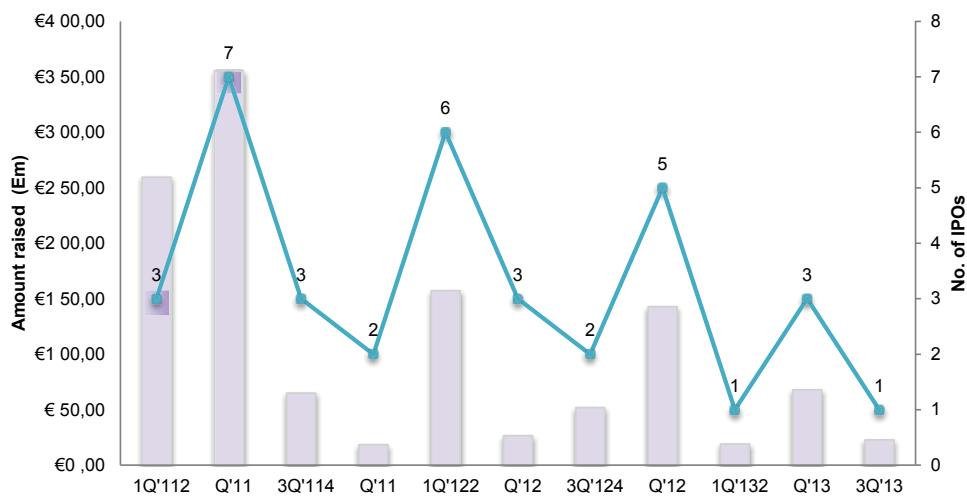
As equity markets stabilized, 2012 saw an increase in venture capital-backed IPO activity. Overall, 78 exits were made via listings in 2012, for a total value of \$23bn.

Global number of Venture Capital exits by type



Source: Preqin, April 2013

European VC-backed IPO Activity (2011 - 2013)



Source: Dow Jones Venture Source, Q3 2013

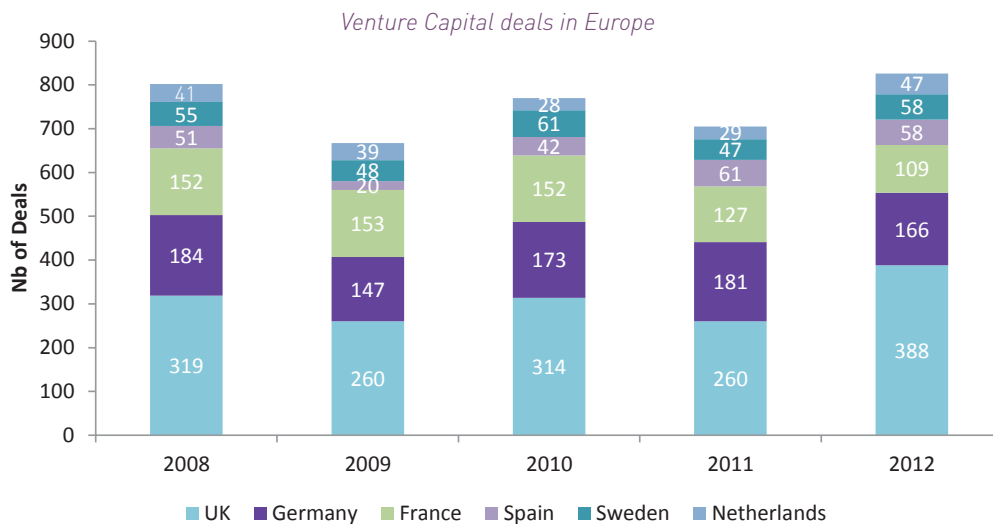
05 PERSPECTIVES

Venture Capital will play an important role in financing growth as companies' needs in equity will increase in the coming years.

Innovations and new technologies will be the drivers of huge opportunities in Europe. The internet proliferation and the increased computing power of smart phones and new mobile devices are changing what services can be delivered to mobile users. The US lead in software and internet industry will be reduced as technologic and innovative companies become more global.

Venture Capital supports the creation of the most successful, innovative businesses and contributes to entrepreneurial activity. It also accelerates the transformation of highly qualified start-ups into global leaders.

Venture Capital is going to continue to drive innovation, economic growth across Europe. Investors are seeking to back the best opportunity in a given market segment wherever it may be. It's true that London was seen as a hub for innovation, but other European cities are increasingly of interest of investors.



Source: Preqin, data as of 31/12/2012

Top 20 Venture Capital exits in Europe since 2003

Exit date	Deal name	Exit value €m	Industry	Country	Buyer	Exit route
SEPT 2005	SKYPE	2 114,08	TECHNOLOGY	SWEDEN	EBAY INC	TRADE SALE
OCT 2010	BETFAIR (FLUTTER.COM)	1 599,17	CONSUMER SERVICES	UK	N/D	IPO
JAN 2011	BIOVEX	747,85	HEALTH CARE	UK	AMGEN	TRADE SALE
APR 2007	XCHANGING	726,40	INDUSTRIALS	N/D	N/D	IPO
DEC 2006	JUST RETIREMENT	626,21	FINANCIALS	N/D	N/D	IPO
OCT 2007	TELECITY	624,61	TECHNOLOGY	UK	N/D	IPO
JUL 2010	BOSIF PORTFOLIO	582,81	CONSUMER SERVICES	UK	CAVENDISH SQUARE PARTNERS LP	DIRECT SECONDARY
MAR 2009	COREVALVE	554,85	HEALTH CARE	FRANCE	MEDTONIC	TRADE SALE
NOV 2007	LOYALTY MANAGEMENT UK	530,64	FINANCIALS	UK	AEROPLAN	TRADE SALE
APR 2004	KELKOO	475,00	TECHNOLOGY	FRANCE	YAHOO	TRADE SALE
JUNE 2013	NEOLANE	461,77	TECHNOLOGY	FRANCE	ADOBE	TRADE SALE
SEPT 2009	ESBATECH AG	403,65	HEALTH CARE	SWITZERLAND	ALCON INC	TRADE SALE
JUL 2006	AZZURRI COMMUNICATIONS	384,77	TECHNOLOGY	UK	PPM CAPITAL	SECONDARY BUYOUT
OCT 2009	FOVEA PHARMACEUTICALS	370,00	HEALTH CARE	FRANCE	SANOFI-AVENTIS	TRADE SALE
OCT 2003	WOLFSON MICROELECTRONICS	357,95	TECHNOLOGY	N/D	N/D	IPO
JAN 2010	NOVEXEL	350,14	HEALTH CARE	FRANCE	ASTRAZENECA	TRADE SALE
OCT 2010	PREGLEM SA	331,64	HEALTH CARE	SWITZERLAND	GEDEON RICHTER PLC	TRADE SALE
JUL 2010	QLIKTECH	325,68	TECHNOLOGY	SWEDEN	NASDAQ GLOBAL MARKET	IPO
JUN 2005	TOWERGATE UNDERWRITING GROUP	324,73	FINANCIALS	N/D	PETER CULLUM, FOUNDER	BUY-BACK
AUG 2013	NOVALED	260,00	INDUSTRIALS	GERMANY	SAMSUNG ELECTRONICS	TRADE SALE

Source: Unquote Database

Top 10 M&As in Europe in 2013

Exit date	Deal name	Exit value €m	Industry	Country	Buyer
JUN 2013	NEOLANE	461,77	TECHNOLOGY	FRANCE	ADOBE
AUG 2013	NOVALED	260,00	INDUSTRIALS	GERMANY	SAMSUNG ELECTRONICS
MAY 2013	OKAIROS AG	247,15	HEALTH CARE	SWITZERLAND	GLAXOSMITHKLINE PLC (GSK)
AUG 2013	PROFIBRIX BV	240,00	HEALTH CARE	NETHERLANDS	THE MEDICINES COMPANY
JUL 2013	SYNTAXIN LTD	158,00	HEALTH CARE	UNITED KINGDOM	IPSEN
JUN 2013	ENERGY MICRO	130,83	TECHNOLOGY	NORWAY	SILICON LABS
AUG 2013	ENDONSENSE	129,02	HEALTH CARE	SWITZERLAND	ST JUDE MEDICAL
APR 2013	AEPONA	94,93	TECHNOLOGY	UNITED KINGDOM	INTEL
MAR 2012	ALDEBARAN ROBOTICS	74,43	TECHNOLOGY	FRANCE	SOFTBANK
DEC 2012	PANOPSYS / VIVACTA	69,25	HEALTH CARE	UNITED KINGDOM	NOVARTIS

Source: Unquote

REGIONAL ANALYSIS OF THE VENTURE CAPITAL MARKET



UK & IRELAND

The UK Venture market continues to assert its prominence as a hub for European venture, with 388 deals out of 826 recorded in Europe by Preqin.

Apart from exciting new investments and impressive exits, the UK venture fundraising market appears to be challenging during the last decade, with the value of investment in British early-stage companies fell by 44% on the first quarter 2013 to €211 million, its lowest amount since 2009, according to Dow Jones VentureSource.

The UK has traditionally been Europe's main region for venture investment that accounted for about one third of European Venture deals' value before the financial crisis.

During the last quarter of the year, Germany was a more popular destination, taking a 20% share of all investments, while France equaled the UK percentage.

Despite government's efforts to facilitate investments in British companies through tax incentives, the UK's market share felt for the benefit of Germany and France.

BENELUX

Benelux Venture Capital market is mainly focused on two industries: technology and healthcare. While activity in Luxembourg remains decisively quiet, the Netherlands and Belgium witnessed an abundance of funding in internet, software, pharmaceuticals and biotech.

However, the financial crisis has not spared the Benelux's healthcare sector despite active Venture players such as Gimv. The annual number of healthcare deals has declined from 21 in 2008 to 7 last year, according to unquote data.

The economic downturn has not only affected its venture capital players, but its private equity ones as well. According to unquote, the Netherlands saw a €1.6bn drop in investments across the private equity spectrum last year, due to lack of interesting opportunities with a critical mass and the potential to go public later or be acquired by big pharmaceutical group.

Belgium, however, has been more resilient for the last couple of years in terms of venture deal flow for its biotech industry. The Belgian government plays a key role in supporting the best scientists and the best projects by all kinds of tax incentives for starting companies. After experiencing a heavy drop in the number of deals in 2010, the country made a modest recovery and has since stayed at a steady constant not dissimilar to its capacity during the boom years. 2013 seems to do the same, with almost two thirds of the country's venture capital investments flowed in Belgian life sciences companies during Q3 2013.

DACH

According to Unquote data, the value of transactions in the DACH region has fallen from €168.8m in the first half of 2012, to €127.1m in the same period this year. The early-stage segment accounted for €60.68m in H1 2013, down from €106.89m last year. Despite the decrease of the Venture Capital deal flow, German GPs remain committed to investing in start-ups.

Some brand names such as Zalando has grown rapidly during recent years, but the company received a large part of its funding from foreign investors such as Swedish Kinnevik, a major sponsor of Zalando's parent company Rocket Internet.

German Venture Capital GPs believe that start-ups have to prove that they are able to prosper locally at first; internationalization has to wait until the company has shown constant and solid growth within Germany or the German-speaking region.

German GPs approach is undoubtedly less risky as local businesses are easier to build, but they are also missing out on very interesting opportunities and big exits.

However, as well as in the rest of Europe, German Venture Capital fundraising activity faces some difficulties, which reduces the possibilities of funding later stage investments.

FRANCE

The French venture community gained unprecedented exposure in the mainstream press in the second half of last year with the "Pigeons" movement, organized by tech entrepreneurs and investors. The movement protests against the planned capital gains tax (CGT) reform proposed by the French government. The entrepreneurs and investors together warned of dramatic consequences under the proposed tax regime for the many start-ups that emerge each year in the country, highlighting their role in fostering France's capacity for innovation and business creation. The "Pigeons" media coverage has finally scored a decisive victory, as the government quickly back-pedaled and significantly amended its plans.

The first semester of 2013 has witnessed a confidence recovery as the volume and overall value of Venture Capital activity have reached their highest levels in nearly 18 months, according to unquote data.

Moreover, the French Venture market has reaffirmed its capacity to weight in the tech venture scene: home to six venture transactions valued at more than €10m so far this year, and the most represented country in Unquote top 20 largest VC deals of 2013.

According to Unquote, Iris Capital and Idinvest Partners are the largest contributors in the French Venture activity during the first half of 2013. Idinvest Partners accounted for six investments, and put significant capital to work investing in four out the six French VC deals valued in excess of €10m. Idinvest Partners notably led a €34m funding round for Crocus Technology, a supplier of magnetic semiconductors and sensors, in July, ranked number 3 in the Unquote 20 European top deals.

NORDICS

Sweden accounted for around half of the investments in the Nordic region, followed by Denmark. Finland has also participated to the funding activity with its major players DFJ Esprit and Finnish Industry Investment, and several other backers committing to a series-A financing round.

Despite the fact that Nordics are not the most active market in Venture Capital, the region has seen some impressive wave of investments such as Skype in 2002-2003 and Spotify recently. Today's start-up employees have grown up in an environment with plenty of role models and surrounded by entrepreneur activity, which it may lead to a next wave of investments.

However, the regulated housing market makes recruitment challenging in the Nordic region. In addition, the size of Nordic countries makes start-ups' initial profits small, which can also be seen as an opportunity for Nordic start-ups to expand internationally early on, an advantage compared to countries such as Germany.

SOUTHERN EUROPE

Southern European is still suffering from the recent economic recession that hit Italy and Spain. The Venture Capital deal flow in Southern Europe does not compare levels witnessed in Germany, the UK, or France.

Despite tough economic conditions, venture capital activity has remained remarkably resilient in 2013 in Southern Europe. The S1 2013 saw Spain home to two of the 20 largest venture capital rounds in Europe.

CEE

Among the CEE countries, Russia stands out as a major player in the European e-commerce industry. Despite the low deal flow in venture capital, Russia looks set to create a multi-billion-dollar market representing an untapped investment opportunities for the country's venture capital players.

Russia's internet economy has recently increased steeply to become the largest in Europe, while its e-commerce industry reached 1.9% of total retail sales in the country last year, equivalent to \$12bn. And the e-commerce sector is forecast to grow to 7% of the country's total retail sales by 2020, according to Morgan Stanley, which would create a market worth \$72bn.

The number of internet users in Russia has hit more than 50% this year. According to eBay's vice president, a Russian consumer places an order on eBay every three seconds. In 2006, less than 10% of Russians used the internet at least once a week, according to Levada analytical Russian center. A decade ago, more than 90% of Russians never used the internet – around the same time that the UK and US passed the 50% mark.

If this emerging trend continues, the Russian market will become a global leader in terms of e-commerce and create unexploited opportunities for Venture Capital players.



KEY FIGURES FOR THE FRENCH MARKET

VENTURE CAPITAL IN FRANCE :

VENTURE COUNTS FOR

OVER 6%

OF ALL PRIVATE EQUITY
INVESTMENTS IN FRANCE IN
2011 AND 2012,

CLOSE TO €5.5BN

INVESTED IN VENTURE OVER
THE PAST 10 YEARS,

€784M INVESTED IN 2012

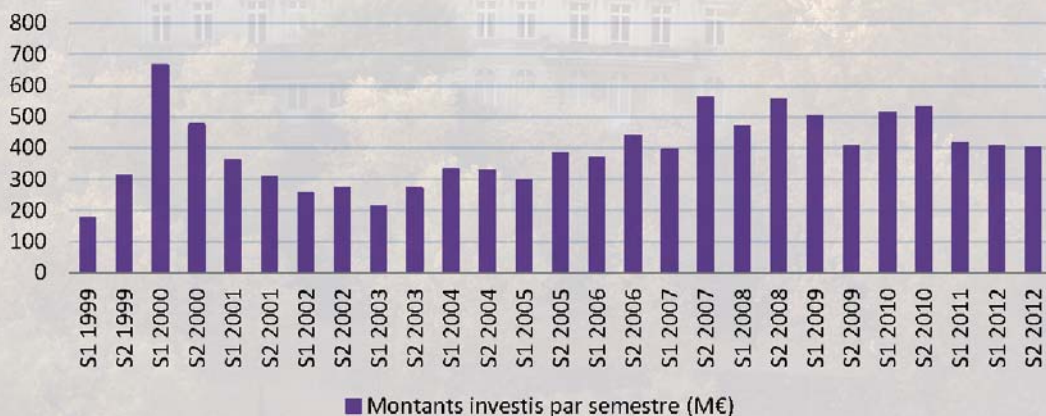
(CHAUSSON FINANCE INDICATOR)

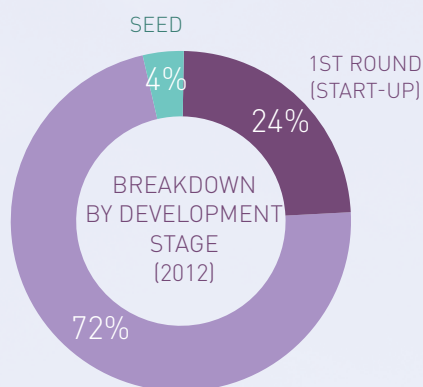
DURING THE PAST TWO YEARS,
HEADCOUNTS HAVE GROWN BY

20.7%

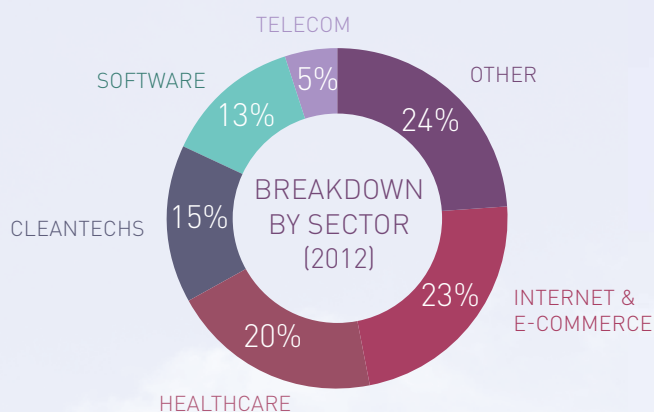
AND TURNOVER IS UP BY **10.5%**
FOR COMPANIES SUPPORTED BY
VENTURE CAPITAL FUNDS.

Size of investments in French companies





2ND ROUND AND FOLLOWING



HEALTHCARE

IDINVEST PARTNERS **37,8**
 OTC ASSET MANAGEMENT **33,2**
 A PLUS FINANCE **30,0**
 TRUFFLE CAPITAL **27,7**

> €25M

ACE MANAGEMENT **24,7**
 IRIS CAPITAL **20,4**
 SEVENTURE PARTNERS **20,5**
 MIDI CAPITAL **19,6**
 VENTECH **18,3**
 OMNES CAPITAL **17,3**
 SOFINNOVA **16,8**

> €10M

> €15M

ENTREPRENEUR VENTURE **14,6**
 CM-CIC CAPITAL PRIVÉ **13,5**
 AMUNDI **12,9**
 XANGE PRIVATE EQUITY **11,0**

MOST ACTIVE VENTURE CAPITAL FIRMS IN 2012

TOP 10 FUND RAISING IN FRANCE IN 2012

Criteo	30	FINANCED BY IDINVEST
Amplitude	28	
Spartoo	25	
Viadeo	24	FINANCED BY IDINVEST
Delta Recyclage	21	
Gamber	20	
Sensee	18	FINANCED BY IDINVEST
Devialet	15	
Crocus Technologies	13	FINANCED BY IDINVEST
ExoSun	12	

THE ENTREPRENEURIAL LANDSCAPE IN FRANCE

THE POLITICAL & LEGAL ENVIRONMENT IN FRANCE

Entrepreneurs recognise the key role played by governments in creating a favourable environment in which they can develop their companies. 47% consider that progress has been made over the past 5 years. 93% are convinced that the measures designed to encourage innovation will have a considerable impact on their future growth.

GOVERNMENT INITIATIVES: 3 KEY AREAS OF FOCUS

For over three months, the “Assises de l’entrepreneuriat” think-tank gathered more than 300 leading figures from the economic and social world as well as members of the government in 9 working groups. The aim of these meetings was to come up with new measures that would favour the creation and growth of new companies, but also improve the income generated from investing in these companies, with the view to creating employment.



Stimulate entrepreneurship and harness all skills

- Educational programme covering issues of entrepreneurship and innovation in secondary schools and universities.
- Launch of a fund dedicated to business creation in low income neighbourhoods as early as summer 2013.
- Creation of a " Student Entrepreneur" scheme which will allow students who launch their business after having completed their studies to continue to enjoy student status.
- Cancel the Banque de France Fiben «040» indicator in order to help entrepreneurs rebound.
- Creation of an "Entrepreneur Visa" - or equivalent, to attract young foreign talents to France.

Help companies with their growth

- Creation of "International Support Offices" in Asia and the US to help our SMEs establish a presence abroad.
- Encouraging large corporations to invest in young innovative SMEs through a scheme based on the fiscal depreciation of invested capital.
- Extend the social security tax exemptions enjoyed by young innovative companies (Jeunes Entreprises innovantes (JEI)) to include the cost of employing staff dedicated to innovation.
- Creation of BPI fund for social innovation in order to facilitate the growth of social and solidarity-based companies in France.
- Creation of a "Digital Entrepreneur Pass" to improve the personal mentoring given to the entrepreneur.

Recognise the risks inherent in investing and the benefits for employment

- Reform the capital gains tax on securities to improve clarity and render investment more attractive
- Boost the stock market segment dedicated to SMEs and second-tier companies.
- Reform the equity investment scheme, "Plan Epargne en Actions" by upping the maximum limit to €150k and allowing investors to include an additional €75k in SMEs and second-tier companies.
- Set up a legal framework for the development of Crowdfunding in France.

YOUNG INNOVATIVE COMPANY STATUS (YIC)*

The Young Innovative Company status is a precious tool for small companies that allocate at least 15% of their budget to R&D. The draft Budget Bill for 2014 suggests granting these companies social security tax exemptions with a view to supporting their development.

This special status for young innovative companies was introduced in the French Budget Bill for 2004. The scheme is designed for SMEs that were created less than 8 years ago and spend 15% minimum of their budget in R&D. Under certain conditions, they can benefit from social security and tax exemptions.

ALMOST
3,000 YICs
IN FRANCE

50% OF YICs
ARE ACTIVE IN THE IT
AND COMMUNICATIONS
INDUSTRIES

75% OF YICs
ARE SMALL COMPANIES WITH
FEWER THAN 10 EMPLOYEES

ON AVERAGE, EACH OF THESE
COMPANIES ENJOYS SOCIAL
SECURITY TAX EXEMPTIONS OF
€30,000+

RESEARCH TAX CREDIT (RTC)**

The Research Tax Credit (RTC) is a tax rebate calculated on the basis of companies' R&D expenditure. This tax assistance is designed to support and encourage companies' R&D efforts, irrespective of their sector, size or organisational structure.

TO STRENGTHEN COMPANIES'
COMPETITIVENESS THROUGH
RESEARCH AND PUBLIC/
PRIVATE PARTNERSHIPS

TO PROVIDE LEVERAGE FOR
INNOVATION

TO ENCOURAGE THE
RECRUITMENT OF TRAINED
SCIENTISTS OR EMPLOYEES
WITH A BACKGROUND IN
SCIENCE

*Jeune entreprise innovante

** Crédit Impôt Recherche

FCPI FUNDS

FCPI:

A "Fonds commun de placement dans l'innovation" (or FCPI in short) is a French-domiciled mutual fund registered with the AMF which enables individuals to invest in private equity: 60% of the assets raised (regulatory minimum) must be invested in non-listed SMEs exhibiting innovative characteristics.

In France, individuals who invest in these funds are able to deduct 18% of their total investment from their income tax. Investors are also exempt from capital gains tax upon exit from the fund.

Since January 1st 2008, the TEPA law has included an additional fiscal incentive applicable to FCPI funds for tax payers subjected to the French solidarity tax on wealth (ISF).

FCPI funds are a precious and essential tool for the funding of innovative companies.

Today, FCPI funds are essential to the funding of SMEs and to the funding of the French economy as a whole.

According to a survey carried out by Afic and AFG, individuals invested €646m in FCPI funds in 2012:

- 2012 saw the launch of 83 funds by 34 investment firms
- Total capital raised in 2012 amounts to €646m, and is broken down as follows:
 - Flows into funds created in 2012: €628m (down 15%)
 - Flows into funds created in earlier years: €18m
- 83,000 investors in 2012. Average amount per subscription: €7,560 (down 7%)

Impact of FCPI funds on SMEs and on the economy

The capital raised will principally be invested in innovative companies able to offer real growth potential and which are active in high added value sectors (essentially within IT, healthcare and environment-related sectors). These companies, which act as growth drivers and sources of employment, are at the heart of entrepreneurial business in European Union countries and are true engines for economic growth.

THE BANQUE PUBLIQUE D'INVESTISSEMENT (BPI)

BPI France, state-owned entity, supports companies from the seeding stage to their first listing on the stock market, providing credit or capital. BPI France pools together OSEO, CDC Entreprises, FSI and FSI Régions in order to offer funding solutions adapted to all stages in the life of a company:

- Assisting with companies' early investment needs: seeding, guarantee, innovation;
- Supporting the growth of SMEs across the country: growth and venture capital, build-up, co-funding, guarantee;
- Helping to strengthen second-tier companies as they grow and expand globally: growth capital and transfer, co-funding, export credit, assistance;
- Providing support to large companies as they expand their reach and stabilise their capital: transfer of capital, co-funding, credit export, assistance.

By 2017, BPI France will invest close to €12bn in French companies, providing support from the seeding stage to their first listing on the stock market, from credit to capital.

According to Dow Jones VentureSource, CDC Entreprises (part of BPI) is the second most active investor in Europe in 2013 (<http://privateequity.com/europes-most-active-vc-firm/>).

CORPORATE VENTURE

Large companies are increasingly investing in innovative start-ups through venture capital. These corporations buy stakes in the capital of young and dynamic SMEs with a view to acquiring new technologies and identifying new markets. On the one hand, these young start-ups help to jostle up large corporations with a shot of entrepreneurship, and on the other, the younger companies can take advantage from their larger counterparts' networks and expertise.

Despite the difficult context, some types of investor are starting to offer a solution to this problem: corporate venture funds – or venture capital structures backed by industrial groups such as Orange, Total, Alstom or Lagardère. These groups invest as minority stakeholders (usually less than 20% of the capital) alongside traditional funds. The teams responsible for this activity manage budgets running up to tens of millions of euros and report to the company's financial or strategic directors.

Three industries are particularly keen on venture capital: the digital economy, life sciences and clean energy. However companies in other sectors have also shown interest in corporate venture in recent years, such as retail group Casino, the Ticket Restaurant® meal voucher specialist Edenred, or Seb the manufacturer of electric goods. The latter, which also owns the Krups, Tefal and Rowenta brands, launched its own fund, Seb Alliance, a French simplified joint stock company (SAS) with capital of €30m.

For these multinationals, industrial venture capital is an effective way to gain competitive intelligence on innovative companies and markets. It also enables them to “pounce” on a given technology. Industrial venture capital is therefore mainly used as a way for large corporations to gain strategic market intelligence.

For instance, STMicroelectronics launched the ST New Ventures fund in September last year. The objective of the fund is to help the company plan its future positioning on the various markets for semi-conductors. After PCs, mobile phones and the automobile sector, the group is considering a large number of opportunities within the medical sector (cameras, motion detectors, X rays) and in 'intelligent' infrastructures similar to cloud computing.

Unlike traditional funds, industrial venture capital schemes offer a long or very long-term vision.

Media for Equity

Since 2009, investment in the TV advertising market has fallen sharply. This is a considerable shortfall for advertising network agencies which have difficulty monetizing their inventories. As a result, large advertising corporations are currently giving advertising space to start-ups in exchange for stakes in the company's equity.

Two schemes exist. The first, Media for Equity, involves swapping advertising space for stakes in the company. In the second scheme, Media for Revenues, the start-up pays back a share of its income in exchange for advertising space.

ENTREPRENEURIAL CULTURE IN FRANCE

Three different cultural factors can favour entrepreneurship in a country:

- The general level of education, particularly higher education, as well as specific training dedicated to entrepreneurship
- The ecosystem for entrepreneurs, including associations, but also formal or informal networks
- Cultural factors, such as how entrepreneurship is perceived by society

EDUCATION

The quality of higher education is a key factor in the expansion of entrepreneurship. Generally speaking, research shows a direct correlation between entrepreneurship in a given country and the level of education, particularly at a higher level. In order to grow, high-tech companies need engineers. In this respect, France can rely on a large number of highly-trained scientists and engineers having graduated from leading universities or schools. Large tech corporations are increasingly present around these campuses.

According to the Eurobarometer (Entrepreneurship Survey of the EU25, 2012), the percentage of graduate entrepreneurs is higher in France than it is in most countries. The same study also showed that a French graduate has a higher chance of becoming an entrepreneur than graduates from other countries.

Within the G20 countries, mentoring is considered to be the most important factor in improving the support received by entrepreneurs over the past five years. It is also recognized as the factor with the highest potential in years to come. Over 20% of French students take part in entrepreneurship courses – a higher rate than the European average.

ENTREPRENEUR ASSOCIATIONS

The digital economy enjoys a high-performance ecosystem including incubators, such as entrepreneur and innovation company associations, as well as business angel networks and seeding funds.

Silicon Sentier Silicon Sentier, for instance, is an association of innovation companies which embodies the identity of the Paris-based digital industry. The association was created in 2000 in order to promote start-ups and pool resources. Today, Silicon Sentier helps foster a “digital culture” in France and supports the emergence of individual or group projects in the Île-de-France region.

In 2011, Silicon Sentier launched Le Camping. The aim of this initiative is to accelerate the growth of start-ups by offering young companies within the ICT sector a new type of support. The programme draws on a fast-growing and global trend as seen with Ycombinator in the Silicon Valley.

With a focus on innovative web projects or disruptive software technology, Le Camping enables 12 start-ups - selected on the basis of a twice-yearly call for projects- to access an intensive 6-month programme. This scheme is based on a unique combination of mentorship and group dynamics to turn an idea into a business.



L'Accélérateur was set up by French “serial entrepreneurs” and is designed to support companies and help them access the French entrepreneurial and web ecosystem, in exchange for stakes in the capital.

L'Accélérateur was inspired by the “Y Combinator” project in the Silicon Valley which has already given support to 400 start-ups, including success stories such as AirBnB, DropBox, Reddit, etc.

Since its launch in 2012, L'Accélérateur has already supported 45 companies. In January 2013, it raised significant amounts of capital from the Leclercq family (founders of the Oxyane-Décathlon group).

CroissancePlus

Launched in 1997, CroissancePlus is an association of entrepreneurs whose aim is to bring together directors of fast-growing companies and potential partners (large banks; law, consulting, auditing, chartered accounting, recruitment, venture capital firms; and business angels).

Its members, located throughout France, come from various sectors (High Tech, biotech, services, industry...), and include Soitec, The Phone House, Micropole-Univers, Kiala, or Virgin Mobile.

CroissancePlus is also:

- Over 14 years' track record
- Over 300 directors of fast-growing businesses
- Companies of different sizes (from start-ups to large-sized SMEs) located throughout the country (Paris area (80%) / other regions (20%))
- Over 20,000 jobs created in under 10 years

Other examples – such as Jeunes Entrepreneurs, Le Cercle des Jeunes Entrepreneurs or l'Association Nationale des Jeunes Entrepreneurs are associations designed for secondary schools, sixth-form colleges, students and their teachers/professors. Their aim is to get young people interested in entrepreneurship and in developing a project of their own.

France Entrepreneurs, 100 000 Entrepreneurs or Femmes Entrepreneurs are also worthy of mention.



BUSINESS ANGELS ASSOCIATIONS

In another vein, Paris Business Angels is a particularly dynamic association within the sector (11 innovation companies were financed in 2012). Paris Business Angels is one of the partners of the 14th Tremplin Entreprises Competition organised by the Senate and by Essec business school – a key event in the entrepreneurship ecosystem.

Every year, this nationwide competition dedicated to innovation companies brings together venture capital and funding professionals. The 30 winners are selected by an expert committee specialised in the following fields:

- Energy, materials and components (telecom equipment, electronics, optics, energy, industrial innovation...)
- Internet and services (goods and service providers for individuals and corporates, e-commerce, marketing...)
- Software and systems (corporate software, games, embedded software, web access software, CAD, other technical software...)
- Life sciences (biotechnology, biopharmaceuticals, medical devices, bioinformatics, diagnosis...)

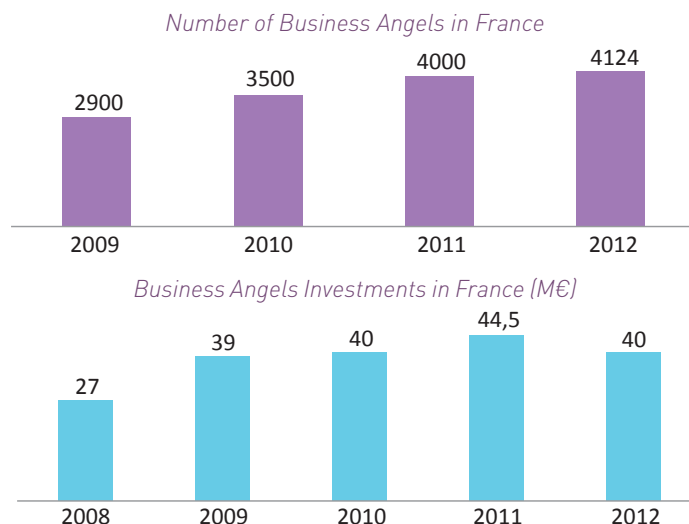
Selection criteria are based on innovation, the expertise of the team carrying out the project and the outlook for growth and profitability.

France Angels is a similar association which brings together 84 networks of individual investors who have invested in young companies and provide support to the entrepreneurs on a voluntary basis, throughout the country.

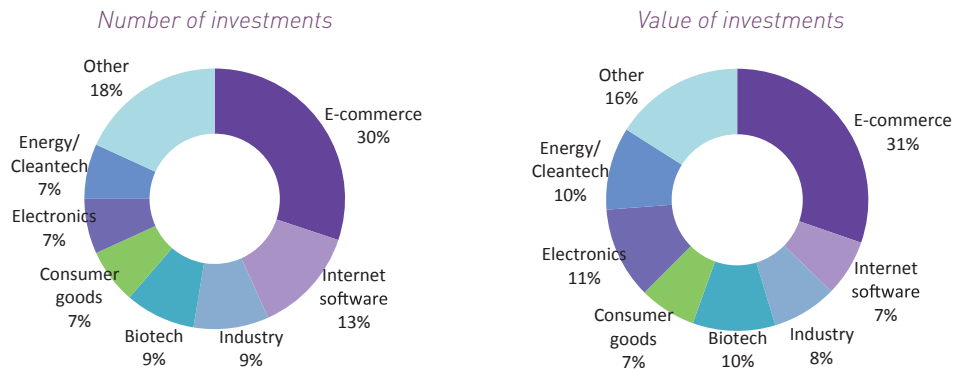
According to France Angels, the number of business angels who invest a percentage of their wealth in innovation companies should double over the next two to three years in France – where there is no shortage of capital.

In 2012, French business angels syndicated over €100m in order to fund the growth of around 350 start-ups in the country.

82 NETWORKS AND OVER 4,100 BUSINESS ANGELS
 €40M INVESTED IN 352 COMPANIES
 AVERAGE INVESTMENT PER FINANCED COMPANY: €114,000
 1/3 OF INVESTED CAPITAL IS USED FOR REFINANCING PURPOSES
 COMPANIES FINANCED IN 2012 HAVE CREATED 2,600 JOBS



Source: France Angels



Source: France Angels

THE AFIC (ASSOCIATION FRANÇAISE D'INVESTISSEMENT EN CAPITAL)

The AFIC is active in the field of business ethics, risk control, and the development of industry-wide best practices. As such, the association is one of two recognised by the AMF (Autorité des Marchés Financiers). The AFIC is the only professional association specialised in the private equity space and has close to 300 active members.

In addition to the services provided to its members (economic, legal, regulatory, accounting and fiscal intelligence; research and statistics; training and publishing; business development and communication...), the aim of AFIC is to bring together, represent and promote private equity to institutional investors, entrepreneurs, opinion leaders and government authorities.

On the basis of a constant dialogue, AFIC helps to improve the funding of the economy - particularly within the SME segment - to drive growth and promote entrepreneurship.

CULTURAL FACTORS

While in many countries, failure is associated with positive risk taking, bold creativity and drive, failing in France remains an almost permanent black mark for any future corporate project. In order to change this mentality, 61% of entrepreneurs recommend focusing on the large number of jobs created thanks to entrepreneurs.

FOCUS ON THE DIGITAL ECONOMY IN FRANCE



The Insee public statistics agency pools together the digital economy with Information and Communication Technology (ICT) and more specifically, with sectors producing information and communications goods. According to the OECD and the Insee, the ICT sector is comprised of all companies producing goods and services supporting the digitalization of the economy – or in other words, the transformation of information used or provided into digital information (IT, telecoms, and electronics).

THE FUNDING OF DIGITAL SECTOR COMPANIES

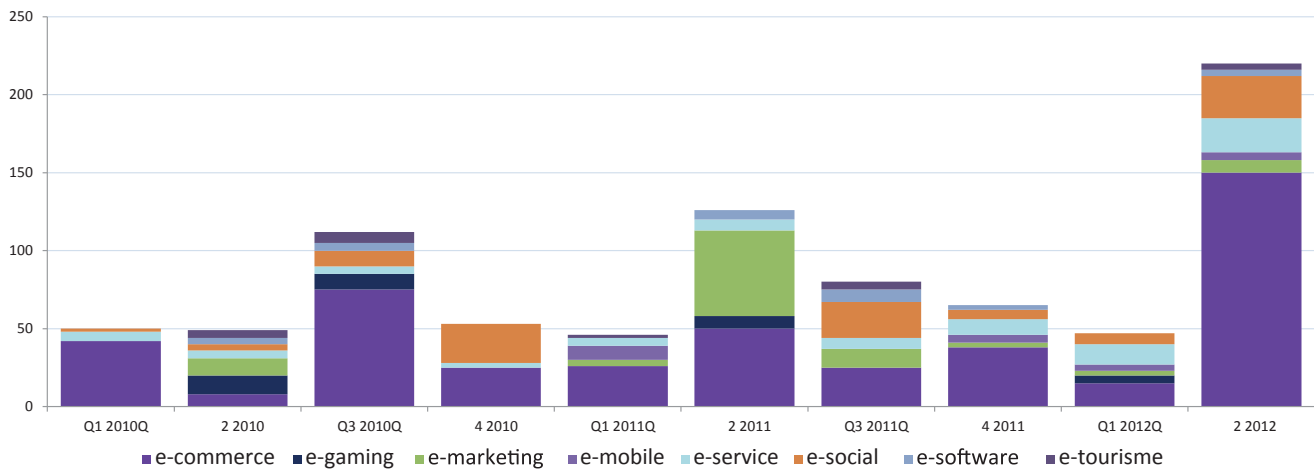
Digital innovation has become a genuine economic power, with a fast-growing business and recruitment dynamics that are unrivalled in other sectors. Fundraising within web companies has been growing steadily since early 2010. The fast-growing e-commerce industry accounts for one third of all investments, with €404m invested over the past 2 ½ years in the country.

Between January 1st 2010 and 30th June 2012, French internet start-ups raised approximately €830m in capital.

KPMG blames the “regulatory context in which banks and insurance are constrained by new requirements, made worse by the lack of visibility on the fiscal environment” for the drop in investments.

Confirming the rising importance of online commerce, the survey shows that investments in the e-commerce segment now account for 32% of all fundraising in internet funds during the period. This segment is also the strongest in capital terms, as it now accounts for 49% of the total amounts invested, or €404m. Similarly, the average investment is €4.3m, which is considerably higher than average.

Sector breakdown – quarterly basis (in terms of funds raised)



Source : KPMG

Looking more closely at how these investments are deployed, during the first half of 2012 47% were dedicated to business development: “gaining market share through investments in marketing and by diversifying the product offering” adds KPMG. In 21% of cases, funds are used to increase the start-ups’ international presence. Identical to investment in technology, which also weighed 21%.

The research study also classified investors by type. Investment funds account for 55% of investors, followed closely by private investors and business angels (44%). Public capital funds take part in 9% of deals, while IPOs only involved three companies over the period, or 1% of investments.

02 A FAST-GROWING SECTOR AND A DRIVING FORCE FOR THE ECONOMY

With its contribution to GDP constantly rising, the digital industry is set to become one of the pillars of tomorrow's economy. Weighing 3.2% of GDP in 2011, McKinsey/Google forecast a minimum 2 percentage point rise over the next two to three years, to reach 5.5% in 2015.

TURNOVER UP 40% FOR DIGITAL COMPANIES

In an uncertain environment, in which very few companies can exhibit two-figure growth, digital companies are growing extremely fast, recording sales figures up 33%. This growth is driven by strong international expansion for these "born global" start-ups which operate globally and generate 39% of their income outside of France.

POSITIVE SOCIAL IMPACT

Digital start-ups tend to create durable employment (87% in permanent contracts) for younger people (aged 32 on average) and offer a better distribution of the added-value created by the company. 83% say they use capital instruments, notably BSPCE (Bons de Parts de Créateur d'Entreprise).

Negative unemployment and jobs for young people

- On average, 87% of the staff employed by digital innovation companies is hired on a permanent basis. By comparison, the national average is 76% and one third of CAC40 index company staff are employed on precarious terms.
- A 24% rise in the number of permanent contracts every year.
- The average age of new recruits is 32. It is 37 in SMEs and 41 in large corporations.
- By creating new areas of business, this sector is a source of attractive opportunities for the young. They can take part in the development of new skills which can be applied throughout the industrial and economic sectors.

A NEW CORPORATE MODEL

The digital industry has also led to the emergence of a new corporate model: dynamic companies with long-term visions and aligned interests.

- Low wage gaps: the average gap between wages is 2.6x.
- Shareholder employees: employees own stakes in 83% of digital companies.
- Real, long-term shareholders who hold their stocks for 5 years or more. No dividend pay-outs and virtually no financial debts.

Responsible companies promoting a different culture based on supporting young people in the workplace and fostering upward social mobility.



SUCCESS STORIES IN FRANCE



Idinvest Partners is a leading player in the private equity space. The investment firm's portfolio includes some of the highest performing digital companies within the industry.

Europe's 100 hottest startup 2012 : Paris

1. DAILYMOTION
2. CRITEO
3. DEEZER
4. La Ruche qui dit Oui!
5. Lokad
6. Chauffeur-Privé
7. La Fourchette
8. SENSEE
9. LEETCHI.COM
10. Vente Privée

Idinvest Partners
investments

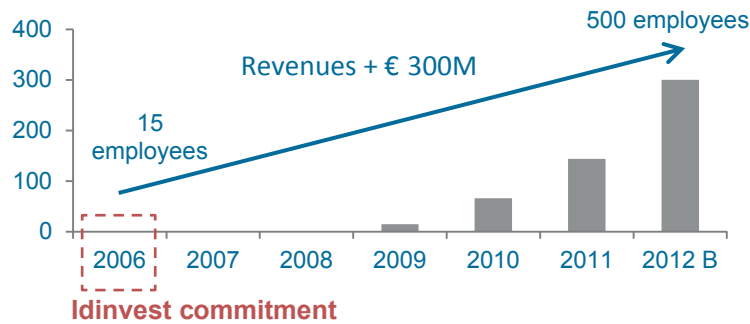
source : wired.com

Telecom Software	Media E-Commerce	Social Networking	Online Marketing
talend Withings SECRLITY dIP ONEACCESS erenis steek fluxus LEA	Cyber Group Studios DEEZER sarenzo.com Questico Dailymotion lastminute.com pure people CCM Benchmark appsfire VESTIAIRE COLLECTIVE sensee	mestic viadeo kobojo CURSE W paddy shoppe EREPUBLIC V2.com Crystal City socialpoint PUMBE	leetchi.com criteo >MEDIASTAY< LEAD media NetBooster ifeelgoods BZAKUS CONCOURS MANIA

criteo.

Invested amount: €1 0M

Estimated Enterprise Value : €600M



27x
on investment

82,3% IRR
with proceeds partially realised

Key facts

Sector : Internet

Headcount: 800

Launch date : 03/11/2005

Headquarters: 32, rue Blanche 75009 Paris

Country: France

Website: www.criteo.com

Status: Limited Company with Board of Directors

First investment: 03/03/2006

Idinvest Partners holds one seat on Criteo's Board of Directors.

Activity

Criteo is a company specialised in personalised retargeting advertising solutions, serving online display advertisements to internet users based their browsing history. Criteo benefits from a particularly innovative business model and significant technological lead over its competitors. Between 2006 and 2011, Criteo's income rose from 0 to €1,150m.

Recent events

Criteo markets its retargeting advertising engine to a large number of European and American retail websites. This engine enables e-commerce companies to vastly improve their conversion rates.

Criteo is also enjoying strong growth in new markets such as Japan and Brazil. The company is now present on the five continents.

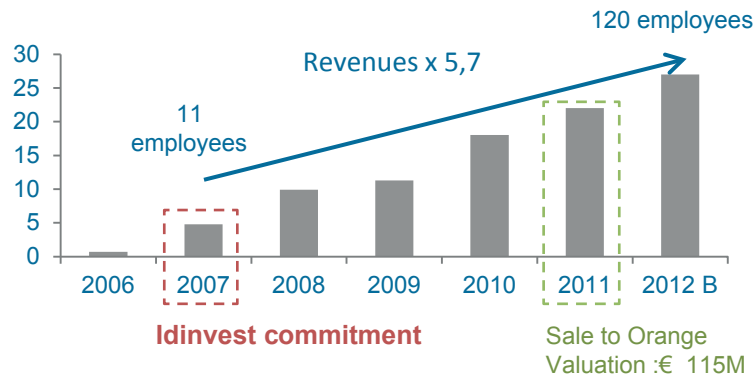
Criteo's sales figures are growing particularly fast. A €30m financing round was carried out in September 2012 with the view to accelerating the company's international expansion.

In October 2013, Criteo had a successful IPO on the Nasdaq SE, that has enabled Idinvest to generate a multiple over 50 times the value of their initial investment during the first round of funding.

Dailymotion

Invested amount: €1 1M

Estimated Enterprise Value : €115M



1,7x
on investment

14% IRR
with proceeds totally realised

Key facts

Sector : Internet
 Headcount: 200
 Launch date : 05/08/2005
 Headquarters : 49-51 rue Ganneron 75018 Paris
 Country: France
 Website: www.criteo.com
 Status : Limited Company with Board of Directors
 First investment: 31/08/2007
 Idinvest Partners holds one seat on Criteo's Board of Directors.

Activity

Dailymotion is the leading independent website dedicated to video-sharing.

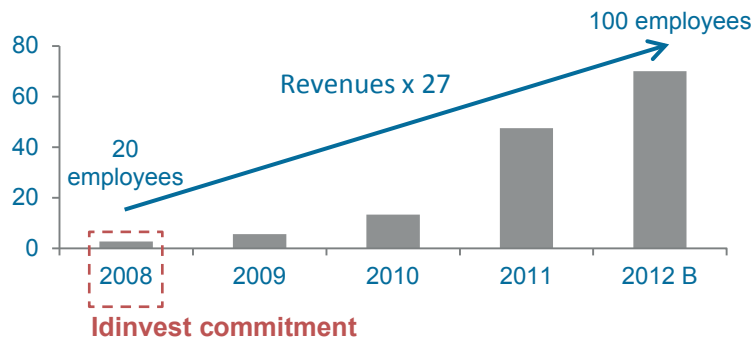
Recent events

The company's worldwide audience is continuing to expand and now exceeds 100 million unique visits. Dailymotion was recently sold to Orange (France Telecom group) after having entered into a strategic partnership with the company.



Invested amount: €6 M

Estimated Enterprise Value : €305M



6x

on investment

91% IRR

with proceeds partially realised

Key facts

Sector : Internet

Headcount: 200

Launch date : 09/04/2009

Headquarters : 12 Rue d'Athènes 75019 Paris

Country: France

Website: www.criteo.com

Status : Limited Company with Board of Directors

First investment: 27/07/2009

Idinvest Partners holds one seat on Criteo's Board of Directors.

Activity

Deezer is the world's leading web-based music streaming service (deezer.com). Deezer's high quality management has enabled the company to generate a significant growth in revenue, up from €12.6m in 2008 to €147m in 2011 (3 years).

The company runs a particularly efficient B2B2C strategy and is starting to develop internationally. Deezer has opened up around 20 offices across the world and offers its on-line music service in over 60 countries. South America and Poland stand out as the most active countries in these new markets.

The third round generated a 91.5% TRI and a 6.0x multiple for Idinvest.

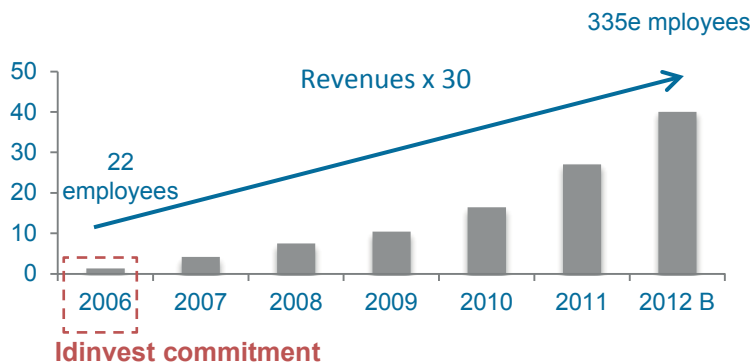
Recent events

Deezer is now present in all European countries and is pursuing its global expansion - with the exception of Japan and the US. The company has recently completed a €100m fundraising with a prestigious US fund, which will help materialize Deezer's ambitious international strategy.



Invested amount: €9 M

Estimated Enterprise Value : €175M



2,3x
on investment

24% IRR

Key facts

Sector : Internet

Headcount : 335

Launch: 15/12/2005

Headquarters : 30, rue de la Victoire 75009 Paris

Country : France

Website : www.viadeo.com

Status : Limited Company with Board of Directors

First investment : 22/06/2006

Idinvest Partners holds one seat on Viadeo's Board of Directors.

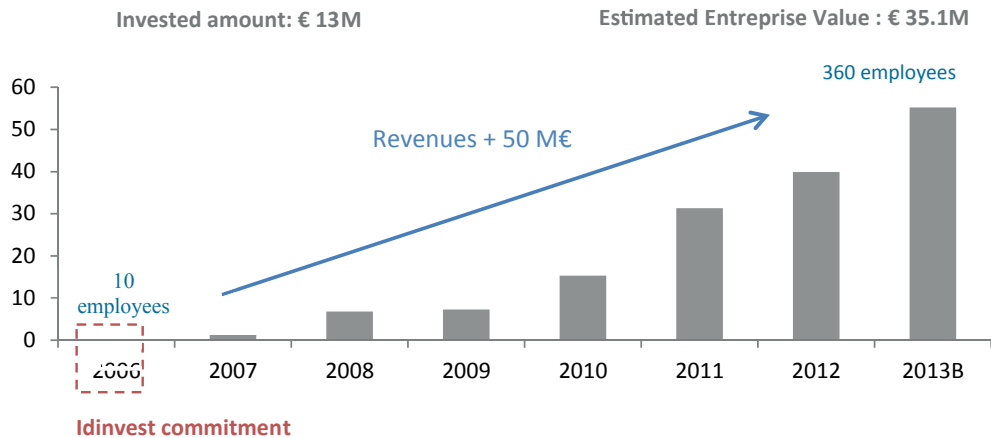
Activity

Viadeo is an internet based professional social network which was developed at the same time as LinkedIn. Viadeo is currently the leading professional social network in China and is continuing to expand internationally. Between 2007 and 2011, the company's income grew sevenfold, rising from €14m to €128m. The funding round alongside the FSI enabled Idinvest to generate a 24% TRI and a 3.3x multiple.

Recent events

Viadeo is growing steadily in France. The company's international expansion is going well, particularly in China and Russia. In April 2012, the company carried out a €25m round of funding with the FSI (Fonds Stratégique d'Investissement). Viadeo's sales figures are on a steady upward trend and its Chinese subsidiary carries real strategic value: Viadeo is the leading professional social network in China.

talend*



2,5x
on investment

27% IRR

Key facts

Sector : Computer Software
 Headcount : 360
 Launch : 19/09/2005
 Headquarters : 19, rue Pages 92150 Suresnes
 Country : France
 Website : www.talend.com
 Status : Limited Company with Board of Directors
 First Investment : 14/07/2006

Activity

Talend is a world-leading software company with an innovative, open source business model and outstanding technology.

The 2010 financing round with Silverlake implies a return to Idinvest of 26.6% IRR and 2.5x total cost. The cost multiple is 5x for the seed round led by Idinvest in 2006. The launch of Talend Unified Platform in May 2011 marked a step forward in improving the synergy between Talend's data integration and application integration capabilities.

Recent events

After a strong growth in 2011, and despite a 2012 difficult economic situation, Talend still has a strong growth potential, especially in the United States where the company is now well established. Idinvest currently values its investment in Talend at \$ 260m, reflecting the valuation of 2013 financing round with BPI France. The company has received significant interest from a number of very large strategic buyers. It is also considering a potential IPO on NASDAQ next year.

In 2013, the American information technology research and advisory firm Gartner recognized Talend as a "Visionary" and underlined the company's strong reputation.

APPENDIX 1: DIGITAL CITY: LONDON OR PARIS?

(Le Figaro (14/06/2013), excerpts)

Looking at the different criteria, here are the main conclusions from the Paris-London match:

Infrastructure: Paris wins

London has 1,300 new tech companies and offers many sites for start-ups within its Tech City. This technology cluster, which has been dedicated to the digital economy since 2010, was a project backed by Prime Minister David Cameron and by London Mayor Boris Johnson. Partly funded by Google in America, the Google Campus is present in Tech City and focuses on the development of small companies and on co-working. "Working space of this kind is necessary, as London rents are much higher than they are in Paris" points out Gregory Vincent, a French entrepreneur who set up his start-up business Sponsume in London. However, Paris wins by sheer numbers. The French capital will offer 100,000 m² of incubators by 2014, including its own tech cluster, the Grand Lieu intégré de l'innovation (Glii), in the Sentier district of Paris. The government is also working on the ambitious "Paris Digital Capital" project, backed by the Minister for the Digital Economy, Fleur Pellerin, but rather unpopular with the Mayor's office. One thousand start-ups could be housed in the nave of the Halle Freyssinet, in the XIIIth arrondissement.

Public grants: Paris wins

Paris-based start-ups can rely on a large number of financial grants. Many of them use Oséo as a channel. Oséo is a public company dedicated to financing the growth of SMEs which is itself funded by the city, the region and private funds. "I'm not even French and was able to receive cash!" said Hugo Bailey, CTO of Darjeelin. While there are plenty of grants, these are rather dispersed. "We have to hunt for grants" explains Mickael Jordan, technical director at Augment, a start-up launched in 2011. In London, the policy seems to move away from the French model and there are very few grants for start-ups.

Communication: London wins

London went the extra mile to publicise Tech City. TCIO, the non-governmental entity in charge of developing Digital London, spent a budget of €340,000 on marketing between 2011 and 2012. "They have a very aggressive policy as they want to pinch our start-ups" believes Jean-Louis Missika, deputy mayor on Paris responsible for innovation. Paris does not invest much in communication, but this should "soon" change.

Investors: a draw

Things are getting tight in Paris. According to Mickael Jordan, from Augment, "the business angels network is becoming increasingly structured in France, but we are still hugely behind America". It is difficult for Paris-based start-ups to raise large amounts of capital. "Paris is a good place to get started" summarises the young entrepreneur. But the grass is not much greener in London. "London is very focused on financial markets" explains Gregory Vincent from Sponsume. For the majority of start-ups, the solution to access funds is still to be found ... in the US.

"We want to reward people who invest" says Benjamin Southwork, CEO of TCIO, the non-governmental entity in charge of developing London as a Digital City.

Taxation: London wins

London bases its communications strategy on low taxation. Small companies can qualify for a tax deduction on half their expenses. And investors understand this. "We want to reward people who invest" says Benjamin Southwork, CEO of TCIO. But Paris is not far behind. Start-ups there benefit from the research tax deduction, calculated on the basis of their R&D expenditure.

International: London wins

The British capital has a natural advantage, namely the English language. Although the gap is narrowing with time. The cliché of the Frenchman unable to string two words together belongs to the past. "All our entrepreneurs speak English" assures Jean-Louis Missika. But London has another trick up its sleeve. Launched in 2011, the Entrepreneur Visa means the city can attract entrepreneurs thanks to simplified immigration rules. For instance, London now houses the offices of Yammer, the leading enterprise social network bought by Microsoft for over €1bn euros. "London remains the main gateway to the US market" explains Gregory Vincent.

Education: Paris wins

All concerned agree that Paris produces excellent IT engineers. "We have strong development skills and engineers are cheaper here than they are in the US", points out Mickael Jordan. The French capital can boast a strong concentration of leading universities and IT schools. London is lagging in this respect, despite its proximity to prestige universities. According to Benjamin Southwork, Tech City's priority today is education in order to ensure future prosperity.



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