

EDITORIAL

BUILDING ON THE MULTIPLYING EFFECT OF THE RECOVERY

Last year Jeff Immelt clinched General Electric's biggest acquisition ever, the \$17 billion purchase of Alstom's energy assets. Fosun of China ended France's longest takeover battle with its final knockout bid for Club Med. More recently US logistics business group XPO acquired French transport giant Norbert Dentressangle and Nokia of Finland acquired France's leading telco equipment manufacturer Alcatel-Lucent. These acquisitions of market-leading French companies show that the long-term interest in France is alive and that a recovery is on the way.

Indeed, in the first quarter of 2015, French GDP climbed by +0.6% thereby beating expectations and surpassing GDP growth in Germany, the UK and the USA.

Activa Capital's team has worked hard with the managers of its portfolio companies across this period of transition. During what seems an endless crisis in France – and without any macroeconomic boost – our management teams have never changed their strategic priority. On the contrary, they have endeavoured to constantly achieve growth with Activa Capital's support.

Since 2003, Activa Capital has acquired 66 companies, with 20 primary investments and 46 external or build-up growth acquisitions. Armatis-lc, leader in French Call Centre outsourcing, recently opened a new contact centre in Portugal. Our aerospace engineering company, Nexeya, established itself in Canada, a first step into the North American market, the impact of which was immediately amplified by the takeover of the Canadian company Cabletest.

20 companies and 46 build-up transactions

This active investment strategy, together with a steady search for growth, has a virtuous multiplying effect and puts companies in a position to profit from the first sign of recovery as soon as it materialises. Our hands-on investing has been from the start and will remain Activa Capital's philosophy. Of the 20 companies Activa Capital has backed since its inception, 10 have already been transferred to new shareholders.

After the first closing of Activa Capital Fund III at €220 million including co-investments, representing about two thirds of the targeted sum, Activa Capital's team is currently making the first investments with a view to finalising fundraising in 2015.

Activa Capital's large team, with more than 20 professionals, pro-actively supports the SME's in the fund's portfolio, with the aim to grow them into larger, more robust companies able to find new sources of growth beyond 2015, in France as well as abroad. ■

Activa Capital Team

- Jean-François Briand • Pierre Chabaud • Charles Diehl • Michael Diehl • Grégory Fradelizi • Philippe Latorre • Alexandre Masson • Benjamin Moreau • Christophe Parier • David Quatrepoint • Sophie Rouland • Frédéric Singer • Samuelle Thevenet •

The economic recovery just might finally be on the way

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A story of build-ups

ERGALIS IN A FEW FIGURES

Originally a corporate spin-off from the Randstad group, Ergalis, with a staff of 270, is a specialised buy-and-build platform dedicated to Temporary Staffing Solutions and Human Resources. Under Activa Capital's ownership between 2010 and 2014, its growth strategy increased revenues from €63 million to €150 million.

Joint interview of Philippe Latorre, Partner at Activa Capital and Frédéric Noyer, President of Ergalis Group.

How has Activa Capital contributed to the growth of Ergalis Group?

Frédéric Noyer: I had already worked out the strategy in my mind, a mix of internal growth and acquisitions. But its implementation required a strong cooperation with my shareholder. Not only to support the project but also to be involved in its execution.

The deterioration of the economic situation could have caused us to become cautious. Instead, by thinking things through with Activa Capital, we decided that seeking growth was more than ever the most appropriate strategy. Activa Capital also agreed to dilute its ownership in our capital so that we could purchase Plus RH in 2011. Alone and without this support, we would have wavered a lot and in the end we would not have advanced as fast and as far.



Wasn't 4 years too short an investment period?

Philippe Latorre: From the start, the investment horizon was clear to both parties. The transfer to a new shareholder makes it possible to measure and to materialise the success of the strategy. It is also an important step that rewards the management for its success.

Frédéric Noyer: The arrival of a new shareholder after Activa Capital takes place within a context of continuity. The strategy will not change. On the contrary, the success of the preceding Activa Capital investment validates the strategy of management and the company's forward trajectory. ■

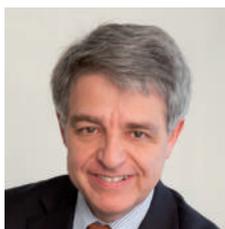
Philippe Latorre: The relationship between Ergalis and Activa Capital was very clear from the start; we shared this strategy and vision of growth. This initial clarity simplified the execution and contributed to the success of the investment leading to Activa Capital's successful exit in 2014.

Between the entry of the fund into the capital in 2010 and its exit in 2014, Ergalis made six acquisitions – despite an adverse economic situation. Did you ever think of cutting back a bit?

Frédéric Noyer: In such circumstances, the role of the shareholder is critical. Because in addition to providing active financial support, it should act as a sparring partner. The relation with Activa Capital has proved very fruitful.



Philippe Latorre,
Partner at Activa Capital



Frédéric Noyer,
President of Ergalis Group

www.ergalis.fr

Organic relaunch



Christophe Parier,
Partner at Activa Capital

Activa Capital recruited a new manager for ProNatura which helped relaunch the company before it was sold last November. French leader in organic fruit and vegetable distribution, ProNatura is now well on the way to becoming European leader in its field.



Lionel Wolberg,
President of ProNatura

ProNatura experienced a strong recovery after you took the helm of the company at the beginning of 2013. What were the first steps you took?

Lionel Wolberg: ProNatura had experienced fast development driven by its founder but by the end of 2012 the company needed to catch a second breath. I met with the managers of the different divisions and was impressed by their competence and their dedication. Together we worked out a new, ambitious but realistic strategic plan. We recruited new talent from outside with different profiles and experience to drive growth and launch new projects. We launched a new line of stone fruits. We also worked on reallocating investments to make profitable growth of the company a priority, and to seize opportunities offered by an underlying market that is growing about 10% every year. As a result, the company is now back in a virtuous circle of dynamism. ProNatura posted €14 million in additional revenues in my first year, reaching €82 million total annual sales.



Lionel Wolberg: Activa Capital's support has been crucial. It was necessary to create an atmosphere of trust so that the new management could focus on operations. Furthermore, Activa Capital supported our development projects, such as the opening in the large national markets of both Rungis and Nantes.

With Activa Capital's exit at the end of 2014, ProNatura changed shareholders. How is it doing today?

Lionel Wolberg: Better than anticipated since we expect 15% growth in 2015, about twice the growth of the market. ProNatura, as a 100% organic fruit and vegetables distributor, is the French and European leader with 45,000 tons distributed yearly, 1,500 affiliated producers, 6 logistical hubs and 1,000 shops supplied each day. The organic market offers strong growth prospects. It represents just 3% of the French fruit and vegetable market versus 8% in Germany. Our objective is to rely on the success of our French base to duplicate our model in new territories. ■

Activa Capital's support has allowed management to focus on operations.

In this context, what role did Activa Capital play?

Christophe Parier: It was crucial to encourage knowledge-sharing between Lionel Wolberg and ProNatura's founder, who remained engaged at our side, to make sure all stakeholders were aligned. The goal was to make a detailed diagnostic of the situation as soon as possible in order to put the company back on track and to consider a change of shareholder, 9 years after Activa Capital's initial investment.

www.pronatura.com

LIFE OF THE PORTFOLIO
B2B GAS DISTRIBUTOR

Three questions to Yann Evin, General Manager of Gaz Européen

Thanks to its local sales strategy, Gaz Européen has become the leading supplier of gas to the residential apartment sector in France.

How did Gaz Européen become the leading independent supplier of natural gas in France?

Originally a family business, the company expanded in the 1950s as a coal supplier and heating system operator in Paris. In December 2005, when the French gas market was liberalised, the company obtained a national license for the distribution of natural gas and as such started to compete with the large national distributors. That was the beginning of **Gaz de Paris**. Our development then accelerated in 2005 thanks to two main factors: a focus on the condominium apartment block target and the creation of **regional agencies** in large urban areas. We could thus cover the whole national territory with a **local offer**, as symbolised by the names of our various operators (Gaz de Nantes, Toulouse, Marseille, Lyon and Lille). This investment paid off. From 500 contracts in 2010, Gaz Européen now serves 9,000 accounts. In the same time period, sales grew from €8 million to €145 million. This rate of growth allows us to aim for €200 million sales in 2015.



What are Gaz Européen's advantages over its large competitors?

We are an **atypical alternative operator** and the only **independent** one, which gives us great agility. Our commercial strategy has enabled us to develop **a real service of proximity with our clients**. We focus on a very specific clientele: apartment block administrators, public lessors and some tertiary sectors such as real estate companies, hotels and nursing homes. **Gaz Européen today serves more than 400,000 co-owners.**



Do you plan to expand into other energy distribution services, such as electricity, or into other markets?

Our group remains exclusively focused on **natural gas** and **the French market**. The opening to competition of this market still offers great perspectives of growth and increased market share. Our approach, guaranteeing subscribers lower prices compared to regulated tariffs or fixed prices during a predetermined period, has been highly successful.

The opening to competition of the French gas market provides great growth opportunities.

Yann Evin

We wish to capitalise on this know-how. However, we remain **innovative and flexible**. Gaz Européen continues to develop new services for its clients. The aim is to help them better manage and optimise their consumption of gas and other resources. The arrival in 2013 of Activa Capital in the company's capital has enhanced this expansion strategy. ■

www.gaz-europeen.com

COMPANY NEWS
CALL-CENTER OUTSOURCING



Armatis-lc pursues its internationalisation



Porto, 2 million inhabitants of whom many are fluent French speakers.

After Poland and Tunisia, Armatis-lc opened a **third overseas site abroad** last year, in Portugal. Located in Porto, this new contact centre has 500 positions for a staff of 650 and already generates revenues of more than €10 million. Overall, the group has more than 6,500 advisors present in **15 sites in Europe**, 12 of which are in France. **As the leading French independent operator of externalised call centres**, Armatis-lc accompanies all major customers within the French market. ■

www.armatis.com

COMPANY NEWS
ELECTRONIC ENGINEERING



Nexeya sets up in Canada



Composite carbon-aluminium structures produced by Nexeya for the space sector.

Nexeya has made an important first step in the North American market. As a specialist in critical electronic solutions for the Aerospace, Energy and Defense industries, Nexeya has launched its Canadian subsidiary. This creation was immediately strengthened by **the acquisition early 2015 of Cabletest**, a Canadian company specialised in the testing of on-board flight equipment. This will allow Nexeya to accompany its large customers such as the Airbus group, Thales or Safran on the North American continent. Nexeya is backed by Activa Capital, employs more than one thousand staff and had revenues of €113 million in 2014. **The group aims to double its revenue within three years.** ■

www.nexeya.com

[ESG

A long-term commitment by Activa Capital

As one of the pioneers of ESG in France, Activa Capital has made a long-term commitment with an annual ESG report to its investors.

Environmental, Social and Governance issues (ESG), are part of Activa Capital's DNA. The Activa Capital team began thinking very early about how to integrate ESG in its operations. Activa Capital was one of five funds that in 2010 drafted the first document on how to assess compliance of investments in France with ESG criteria. This led to the creation of an **ad hoc commission within the French Association of Investors in Growth (AFIC)**. Activa Capital is also a **signatory of the Principles for Responsible Investment** prepared under the auspices of the United Nations (UN-PRI).



Signatory of:



Activa Capital goes further by engaging and training its team on ESG and the benefits of integrating ESG criteria in their work.

A carbon footprint assessment has also been carried out to measure the impact of Activa Capital on its environment. *"We must ourselves set an example to be able to ask our portfolio companies to show us their commitment to ESG"*, explains Christophe Parier, the Partner in charge of promoting ESG along with Samuelle Thevenet, Finance Director at Activa Capital.



Samuelle Thevenet,
Finance Director
of Activa Capital

Two concrete steps have been taken to put these commitments into practice. The first is an annual ESG report, measuring the evolution of ESG criteria in portfolio companies. The second is to ask every year that portfolio companies voluntarily commit to improving one or several selected objectives (energy consumption, training...). *"It is an approach of continuous improvement to strengthen the company while benefiting all its stakeholders"*, comments Samuelle Thevenet. ■

[CHARITY

Caring for sick children through laughter

Since 2011, Activa Capital has sponsored Le Rire Médecin by providing financial support and resources to this very successful charity. This relationship additionally led to the creation of an international training institute that brings new resources to the charity.



The more commercial orientation taken by this training institute has made it easier for us to help the charity prepare its business plan and set up the new school", explains Charles Diehl, Partner at Activa Capital.

This school trains the charity's clowns but also offers its skills to external companies. Aéroports de Paris for instance trained a part of its security personnel in contact with children in distress. *"Just as we do with our portfolio companies, Activa Capital gives Le Rire Médecin long term financial support and pro-active strategy brainstorming, aiming to enhance its ability to take care*

A red nose can help in the care of serious illness... Created by Caroline Simonds in 1991, **Le Rire Médecin sends professional clowns to perform in children's hospitals**. Activa Capital has been a sponsor since 2011. The cooperation is not limited to financial sponsorship provided each year: **"We helped create L'Ecole Internationale du Rire Médecin – a school for clowns and other professionals working in a challenging children's environment.**



of a larger number of children and grow their business", adds Charles Diehl.

This investment is "not-for-profit", according to Charles Diehl: *"The reward for financially supporting a charity of this kind is in the goodwill it creates. But above all, it confronts us with less tangible concerns than those we are used to address with our portfolio companies and this is very important to our team"*, as with the other charities we support, the **Agence du Don en Nature** (the French "Gifts in Kind") and the **Thierry Latran Foundation** (ALS medical research in Europe). ■

> NOT-FOR-PROFIT

Le Rire Médecin and Activa Capital were both featured during **BFM Business'** radio broadcast "Non-profit" presented by Didier Meillerand on February 1st 2015. To listen to the program, go to the radio's website: fbmbusiness.bfmtv.com/mediaplayer/live-audio/



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