

EDITO

ACTIVA CAPITAL CONTINUES TO GROW

Following investments in Abrisud and Findis in the first half of 2011, Activa Capital ended the year on a great note with the purchase of Primavista, the French leader in maternity and school photography (*see p.2*).

An active partner, Activa Capital also proved its commitment in expanding all its portfolio companies in 2011, closing no less than four build-up deals over the year:

- Albarelle (a platform bringing together medical and paramedical training schools) took over Assisteo Formation (*see p.2*);
- Abrisud, the European leader in swimming pool enclosures, widened its product range through the acquisition of Sun Abris (*see p.3*);
- Findis became the leading wholesale distributor in household appliances and audio/video equipment through the buy-out of Cocélec (*see p.2*);
- Ergalis, a specialist in temporary employment, expanded its services in healthcare jobs by taking over Interim Medical Service (*see p.3*).

With around thirty build-up deals in 10 years, Activa Capital has acquired solid experience in this field, a key factor in the success of investments (*see p.3*).

More good news from the last few months comes in the strengthening of the investment team, which was joined by three new members at the end of 2011. Activa Capital also continues to work closely with a wide array of sector experts working within its Industrial Committee. In spite of a complex economic environment, investors and operating partners will continue to work together to support French SMEs in France and internationally (*see p.4*). ■



THE ACTIVA CAPITAL PARTNERS
(from left to right)
Charles Diehl, Michael Diehl, Philippe Latorre,
Olivier Nemsguern and Christophe Parier.



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> FLASH

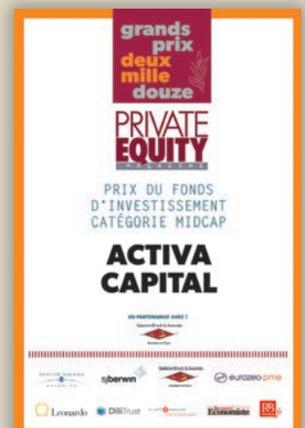
Two awards for Activa Capital



Two Prizes, won one after another, confirm Activa Capital's position in the French mid-market.

■ In November, at the Private Equity Exchange, Activa Capital was, for the second year running, awarded the **2011 Gold Trophy** in the «French Lower Mid-Market LBO Fund» category, in recognition of the quality of its long-term performance in LBOs in this segment.

■ On 13 February last, Activa Capital was awarded the **“Investment Fund Prize in the Midcap Category”** at the seventh Private Equity Magazine Grand Prize event. ■



[PORTFOLIO ACTIVITY

ALBARELLE SAS

Albarelle is a platform bringing together healthcare job training schools. Since 2010, Albarelle has made two acquisitions: Galien and Assisteo Formation.

Three questions to Dr Jean-François Poncet, CEO of Albarelle

How would you define Albarelle?

Albarelle groups together schools specialising in medical and paramedical training. "Le Cours Galien" and "La Prépa" prepare pharmacy and medical students mainly for first-year competitive entrance examinations and for internships. Assisteo Formation, which joined Albarelle in 2011, provides training for healthcare assistants and medico-psychological assistants. In all, we train 10,000 students each year among whom 5,000 medical and pharmacy students.



What are your trump cards in your sector?

The healthcare job training sector is highly fragmented. Student demand, meanwhile, is growing: between 70% and 80% of medical students use this type of training. Albarelle, via its three subsidiaries, is the undisputed leader in this sector and is profiting from the growth in its market. Our schools stand out for the quality of their results: 40% of our students succeed in the competitive exam targeted.

What are your growth drivers?

Our watchword is expansion. We have plans for acquisitions based on two main criteria: the business, because we are going to stay in healthcare occupations, and the methodology for assistance in preparing competitive exams. ■

www.cours-galien.fr

[INVESTMENTS

ACTIVA CAPITAL INVESTS IN PRIMAVISTA

groupe **primavista**

Activa Capital acquires a majority stake in the French leader in maternity and school photography.

Number 1 in maternity and school photography in France, with €76m in revenues, Primavista now forms part of Activa Capital's family photo. Primavista plays a key role for expectant and young mothers. The maternity kits contain



sample of major brands and advice guide books highly valued by mums. The albums with birth photos produced by professionals are enhanced by exclusive designer birth books, frames and enlargements. A real success, with a 63% purchase rate.

AN SME WITH VERY HIGH POTENTIAL

"Primavista already stood out from its competitors through its strong brand recognition, its diversification and the scope of its network. We very quickly

noted that the group has fine growth drivers," explains Activa Capital Partner Christophe Parier. Primavista has a customer file that could boost its firepower and interest brands targeting young mothers.

Apart from the enlargement of its offer thanks to digital technology and direct marketing, expansion will be achieved by entering new territories in France and Europe. ■

www.primavista.fr

1 000 employees
€76m in consolidated sales

[BUILD-UP

GRUPE **FINDIS**

COCELEC
DISTRIBUTION ELECTROMENAGER

FINDIS BUYS OUT COCÉLEC

Via the acquisition of its main competitor Cocélec, Findis has become French number one in the sector of distribution to local stores operating in household appliances, audio/video equipment and the art of cooking.

Unlike Findis, Cocélec has booked losses in recent years, notwithstanding its valuable commercial assets: a strong network of local stores, two strong brands (Extra and Domial) and high-quality field teams.

"The buyout of this company was a great opportunity to grow, making us N° 1 in the sector in terms of sales and our network of around 1,000 branded stores", explains Findis Group CEO Frédéric Jumentier.

The aim is to strengthen the Findis quality distribution model while optimising the costs of Cocélec's operations. Eventually, the group should post sales of €350m.

The combination of the two distributors should also generate synergies: ■ economies of scale due to critical size, ■ geographic complementarity and better national coverage.

Activa Capital organised the capital increase to finance the



425 employees
€300m in consolidated sales

purchase of 100% of the shares of Cocélec and the company's restructuring.

"In organising this ambitious and complex deal, Activa Capital's support was of fundamental importance", says the manager. Findis is on track to complete the reorganisation and integration of Cocélec before the end of the year. ■

www.groupefindis.fr

[BUILD-UP

ABRISUD TAKES OVER ITS COMPETITOR SUN ABRIS

Great end of year 2011 for Abrisud which took over its competitor Sun Abris to become leader in the swimming pool shelter sector and extend its product range.



300 employees, €60m in consolidated sales

By acquiring Sun Abris, the leading manufacturer of wooden swimming pool shelters, Abrisud can now offer top-of-the-range products. "With €6m in sales, Sun Abris has a very good market reputation for the quality of its products," explains Activa Capital Partner Olivier Nemsguern.



These shelters have great export potential, in particular for business customers such as hotels and camping grounds. "In the coming months, Abrisud plans to continue its international expansion and to further extend its product range," concludes Olivier Nemsguern. ■

www.abrisud.fr

Cross-talk with Charles Diehl and Oliver Gottschalg, Professor at HEC and author of a study on build-ups in partnership with Activa Capital.



Charles Diehl,
Activa Capital Partner



Oliver Gottschalg,
Professor at HEC

Build-ups: a winning strategy?

How did you conduct this study?

OG: We worked on a sample of 2,000 private equity transactions in Europe, one-third of which were build-up transactions.

We selected transactions which took place between the early 1990s and 2008 and which all entailed an exit. Our aim was to compare the risk/return ratio for transactions with build-ups and those without build-ups. We took into account the industrial sector of the transaction, its size, the investment date, the private equity fund's approach, the period of ownership, etc.

What are the results?

OG: The study shows that build-ups imply good performance over longer periods of ownership than non-build-ups.

Charles Diehl: This first conclusion seems appropriate; for an investment to be successful, especially with a build-up, you must take the time to integrate the company and know it in-depth in order to create synergies to be able to get the best from it.

This therefore makes it possible to create more value over longer periods of time, which is highly appreciated by investors.

OG: The second observation is that the experience of the private equity fund is a decisive factor in the performance of build-up investments whereas it is not for non-build-up transactions.

CD: Build-up transactions are more complex; you have to keep an eye on details and pool the expertise of the team of investors and management. The decision making process is more thorough. It seems to me logical that experience should pay.

What are the inherent risks in build-ups?

OG: Analysis shows that the failure rate of build-up investments is less than that of other types of investments. This can be explained notably by the lower leverage of build-ups and less risk taking.

CD: I would add that, on average, the entry conditions for primary build-up transactions are better because they are often smaller. ■

[BUILD-UP



ERGALIS ACQUIRES IMS

Ergalis adds to its temporary employment business in healthcare jobs.



180 employees, 3 000 temporary workers, €130m in consolidated sales

After the buyout of Selpro and Plus RH in 2010 and 2011, Activa Capital continues to expand in the temporary employment business.

Ergalis, the parent holding company, recently strengthened its position in the healthcare sector through the acquisition of Interim Medical Service, expert in medical and paramedical recruitment.

"We were already present in the medical sector, which is relatively non-cyclical. The strong demand for – and shortage of – professionals makes it one of the most attractive sectors for recruitment and temporary employment.", emphasises Activa Capital Partner Philippe Latorre.

The absorption of IMS is highly synergy-creative: the

IMS personnel are already physically integrated into the Selpro teams specialised in the medical field. **IMS also brought a very fine customer portfolio and a strong database of temporary workers.**

The next objective of Ergalis group? **To post revenues of €300m in the medium term** by continuing its organic and external growth. ■

www.selpro.fr
www.plusrh.fr

[INTERVIEW

ACTIVA CAPITAL BELIEVES IN EUROPE

INTERVIEW WITH MICHAEL DIEHL



Michael Diehl,
Activa Capital Partner

What is the position held by private equity funds in France?

Private equity plays a major role in the French economic landscape: according to the AFIC, **around 5,000 businesses are at present supported by private equity funds in France.** The goal? To fund growth companies with plans for national, European or international expansion. Private equity also creates a link between institutional investors and small companies,

and accordingly adopts the long-term view of these players. In 2011, France was the leading European country in terms of the amount invested in private equity, exceeding the United Kingdom for the first time.

What is the role of Activa Capital in this context?

The Activa Capital teams are close to the field but always adopt a global view: **80% of our investors are non-French.** This opening up to foreign countries will be formalised soon, because Activa Capital is in the process of forming a network with other European funds in the United Kingdom, Germany and Southern Europe. This plan is designed to achieve several objectives, including the pooling of sector competencies. This European club also plans to facilitate value creation work in the

companies in the portfolio, in particular by promoting international build-up deals. Finally, the plan forms part of a strategy of consolidation in light of the growing clout of emerging countries such as Brazil, Russia, India, China and South Africa.

Why do institutional investors want to invest in local funds?

Institutional investors have an increasingly sophisticated approach to asset management. At present, **they prefer to choose their own local private equity teams in each country,** with a thorough knowledge of their markets. The Europe of private equity is full of contrasts and marked by the cultures specific to each region. Unlike the large funds, small local funds allow institutionals **to co-invest with them in SMEs.** |

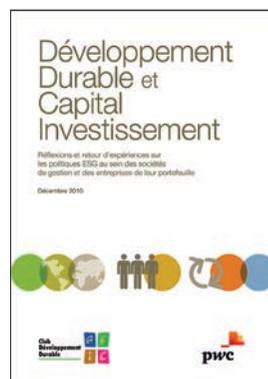
ACTIVA CAPITAL COMMITTED TO ENVIRONMENT, SOCIAL AND GOVERNANCE CRITERIA

Activa Capital was one of the earliest French players in establishing ESG (Environment, Social and Governance) criteria. In particular, it was one of the five writers of the Private Equity White Paper on Sustainable Development published by the AFIC, the objective of which was **to include ESG criteria in investment decision making** and in the life of the portfolio companies.

"This year Activa Capital has undertaken to introduce ESG criteria concretely by establishing **a total carbon balance and conducting an in-depth ESG audit** in the investment firm, and in all its holdings", explains Activa Capital Partner Christophe Parier. The diagnosis of its holdings, based on stringent criteria, has entailed the production of specifications and the **definition of projects to be undertaken in cooperation with management as of 2012.**

Activa Capital did not hesitate to set the standard high. "This demand is due to institutional investors and more stringent regulations, and **perpetuates the performance of the holdings**", comments Christophe Parier. The holdings must, for example, obtain information on the social policy of their suppliers. "We have a 'best endeavour' obligation, he says. "There's no question of passing judgment or applying penalties: Activa Capital's goal is to monitor a series of indicators and help everyone progress. |

Signatory of:



[COMMUNITY INVOLVEMENT



Activa Capital supports Fondation Thierry Latran

The Fondation Thierry Latran, set up on 25 June 2008 with the support of the Fondation de France, aims to finance European research on amyotrophic lateral sclerosis and the motor neuron. The donations received by the Foundation help to support specialist researchers in their efforts to prevent this disease, which affects more than **8,000 people** in France, i.e. twice the number of road accident casualties.



Dr Pierre-François Pradat, Pitié-Salpêtrière Hospital, Paris

Already, more than **200 donors**, including Activa Capital, have committed themselves to provide more than **7 million euros over the next 10 years.**

Charles Diehl says: "Unlike other major diseases that mobilise thousands of researchers and hundreds of millions of euros, the funds allocated to research on ALS are still insufficient. The mission of this Foundation is therefore essential in order to unite high-quality European research. We are happy to be associated with such a cause." |

A new donor for the École Internationale du Rire Médecin

The "École Internationale du Rire de Médecin", a charity supported by Activa Capital, receives a new donor: **Materne**, producer of Pom'Potes and a former Activa Capital portfolio company.



The charity has found numerous points in common with the specialist in non-chilled fruit dessert, which recently joined Activa Capital as a co-sponsor of the school. |



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