

| 2018 |

ACTIVITY OF FRENCH PRIVATE EQUITY

30th edition
March 28^{tr}, 2019



The France Invest study on the activity of the French private equity players has been the benchmark in the French market since 1991.

It is undertaken on the basis of information provided by the members of France Invest via a European data collection platform (European Data Cooperative), and audited by Grant Thornton, which ensures the completeness and reliability of the published figures.



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2018

FRENCH PRIVATE EQUITY MAINTAINS ITS GROWTH

Funds raised

€**18.7**bn

in savings raised,
which will be invested
over
the next five years
predominantly in
French
companies.

Investments

€**14.7**bn

invested

in more than

2,200

companies.

Divestments

More than

1,500

companies

were partially
or totally divested.

Reminder 2017

€16.5bn

€14.3bn in
2,100 companies

1,500 exits



€18.7bn raised to be invested in the next five years in the French economy

- ✓ Increase in funds raised in 2018, +13% compared to 2017.
- ✓ Strong increase in funds raised from pension funds and pension schemes (+83% vs. 2017) as well as sovereign wealth funds, public sector, individuals and family offices.
- ✓ 48% of capital was raised abroad in 2018 (vs. 39% on an annual average between 2008 and 2017).

€14.7bn invested in more than 2,200 mainly French companies

- ✓ Investments continue to grow, amounting to €14.7bn invested (average annual growth rate of +16% between 2012 and 2018).
- ✓ Over 2,200 companies backed, growing steadily over the past three years (+34% compared to the annual average for 2006-2017).
- ✓ 21% of amounts invested in Europe, excluding France (10% in 2017).
- ✓ Numerous investments have been made in all segments of private equity (except in turnaround capital).

More than 1,500 companies have been partially or totally divested

- ✓ The number of divested companies grow for the sixth consecutive year (average annual growth rate of +9% between 2012 and 2018).

FUNDS RAISED IN 2018

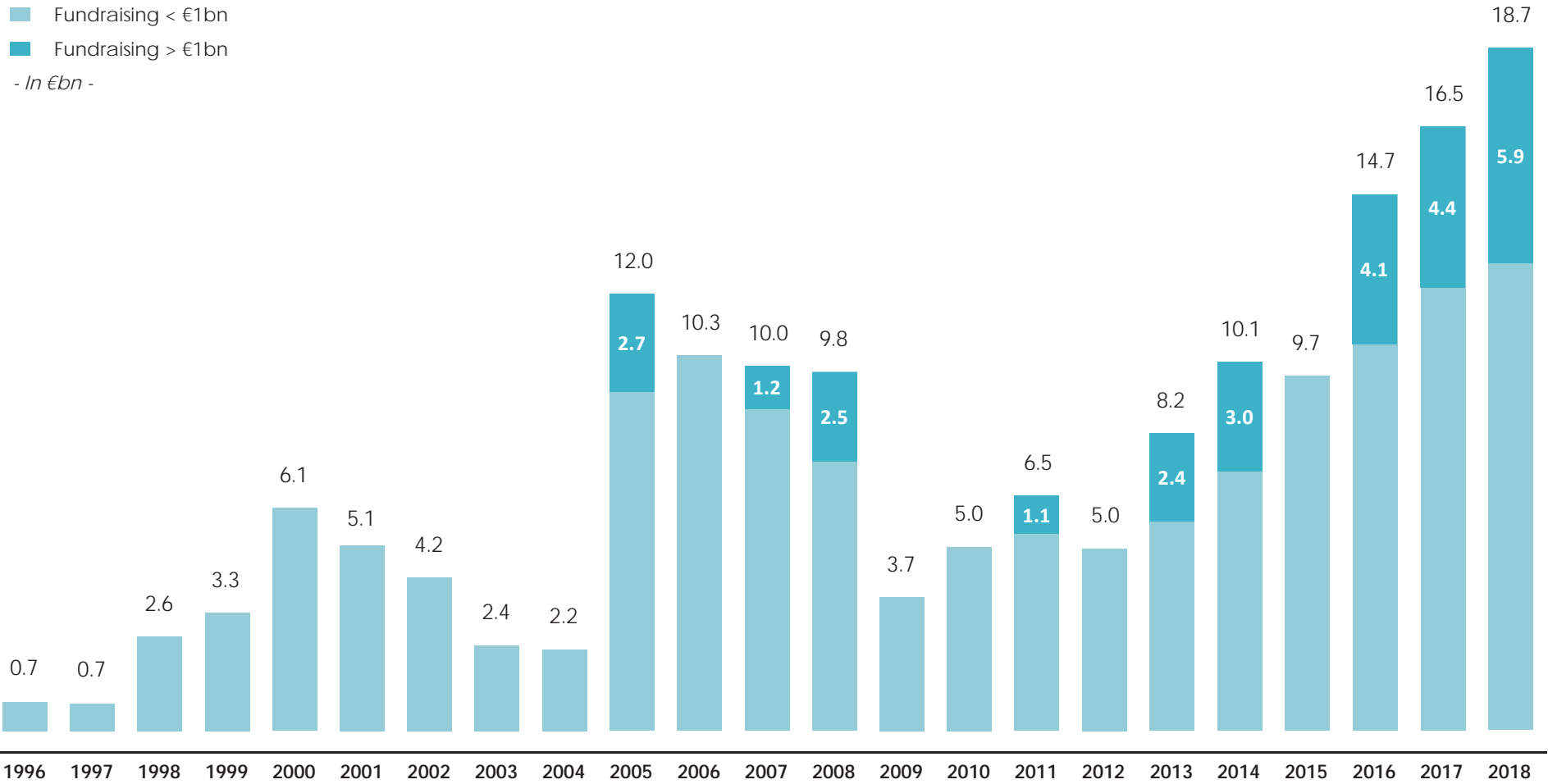
€18.7bn in funds raised (+13% vs. 2017).

48% of the capital was raised internationally in 2018
(vs. 39% on an annual average between 2008 and 2017).

€2.6bn to be invested in venture capital in the coming years.



Fundraising continues to grow at a rapid pace (+13% vs. 2017).



Source: France Invest / Grant Thornton



Strong increase in funds raised from pension funds and pension schemes. Subscriptions by sovereign funds, public sector, individuals and family offices also up.

TOTAL PRIVATE EQUITY	AMOUNTS RAISED** IN €m - IN %	France	Abroad	CHANGE 2018 VS 2017
FUNDS OF FUNDS	€4,206m - 23%			+7%
INSURANCE COMPANIES - MUTUAL INSURERS	€3,035m - 16%			-8%
PENSION FUNDS	€2,899m - 16%			+83%
PRIVATE INDIVIDUALS - FAMILY OFFICES ***	€2,811m - 15%			+22%
PUBLIC SECTOR	€2,245m - 12%			+25%
SOVEREIGN FUNDS	€1,328m - 7%			+32%
BANKS	€1,091m - 6%			-30%
CORPORATES	€704m - 4%			-31%

* Historical data for fundraising by type of subscribers is available in the appendix (p. 42). ** Are not represented here the category "Others" (€374m).

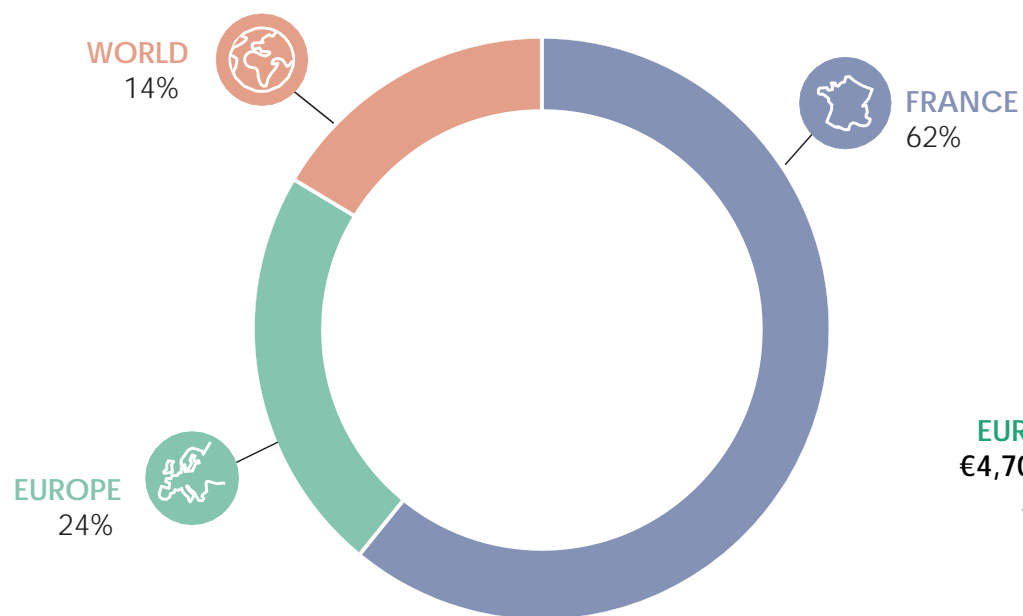
*** The share of fundraising from FCPI and FIP funds amounted to €327m (versus €764m in 2017).



Almost 50% of the funds raised in 2018 stemmed from foreign investors.

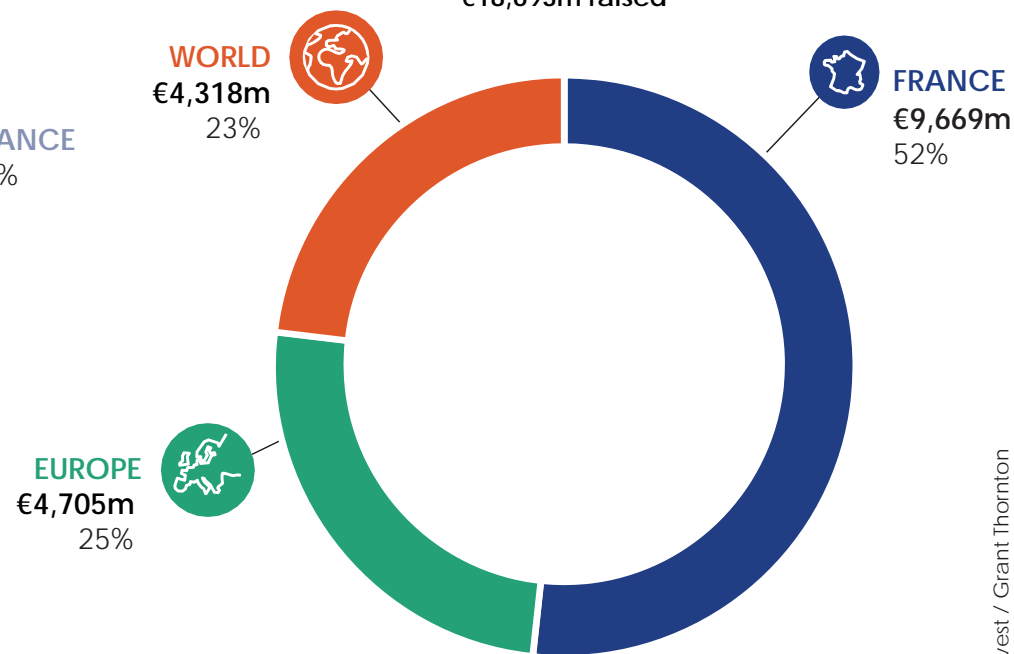
Average annual weight over 10 years*

€89,237m raised in the period



Year 2018

€18,693m raised



Reminder 2017

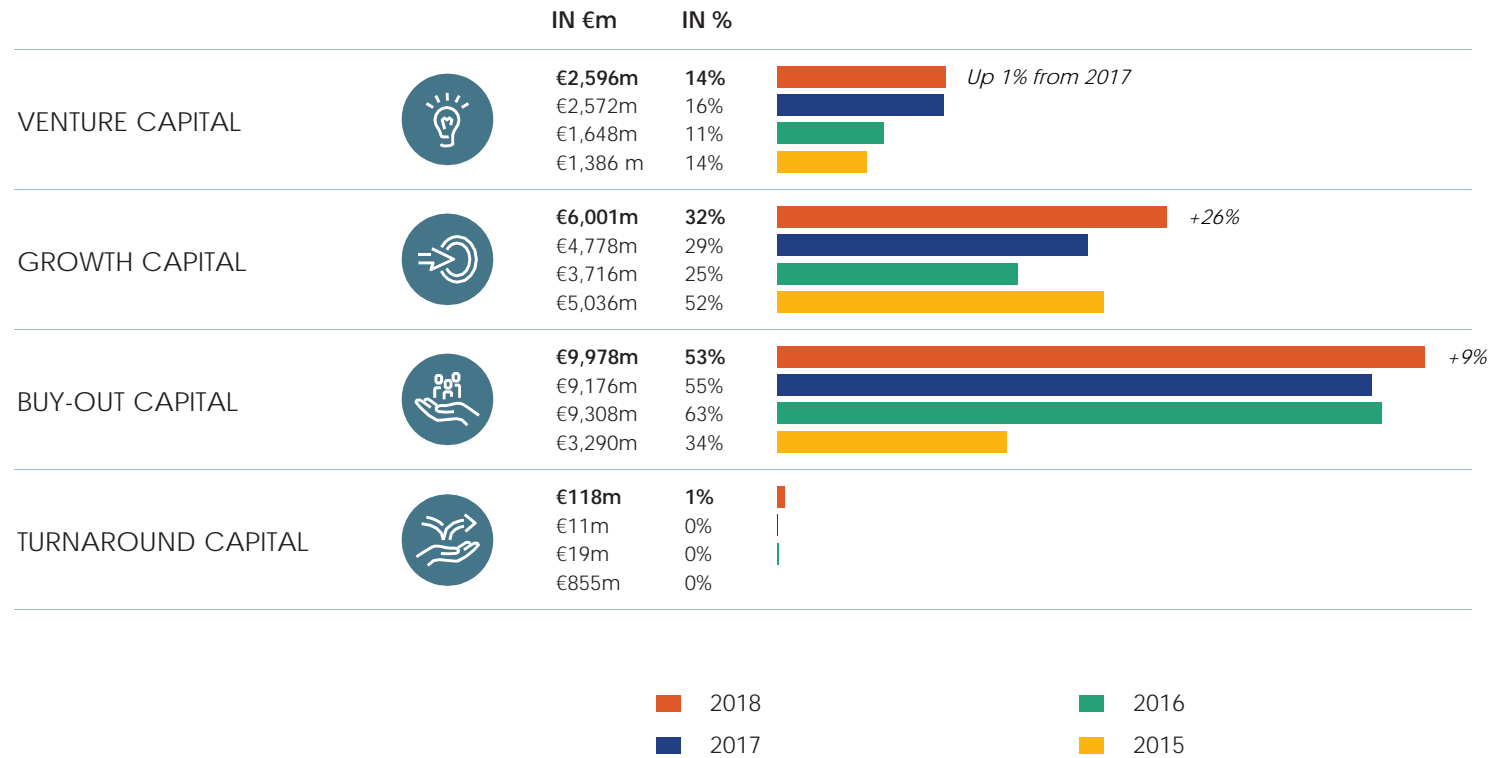
France: €10,367m - Europe: €3,634M - World: €2,537m

* PERIOD 2008 - 2017



High intentions to invest in venture capital and growth capital.

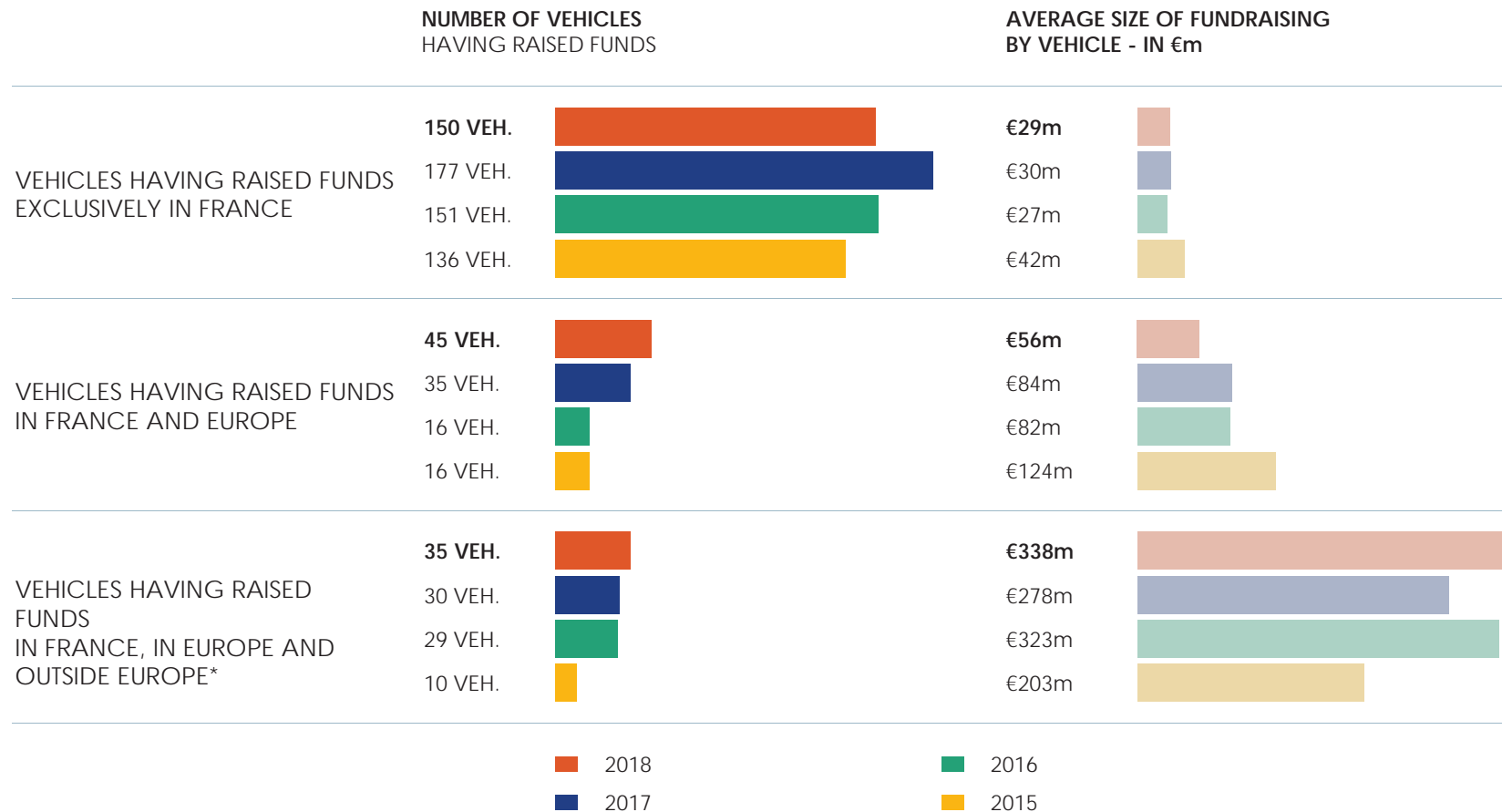
FORECASTS ALLOCATION OF FUNDS RAISED



Source: France Invest / Grant Thornton



Tripling of the number of funds having raised in and outside France between 2015 and 2018.



* Interpretation: the 35 vehicles that have raised funds in France, in Europe and outside Europe have an average size of €338m

INVESTMENTS IN 2018

€14.7bn in more than **2,200** companies.

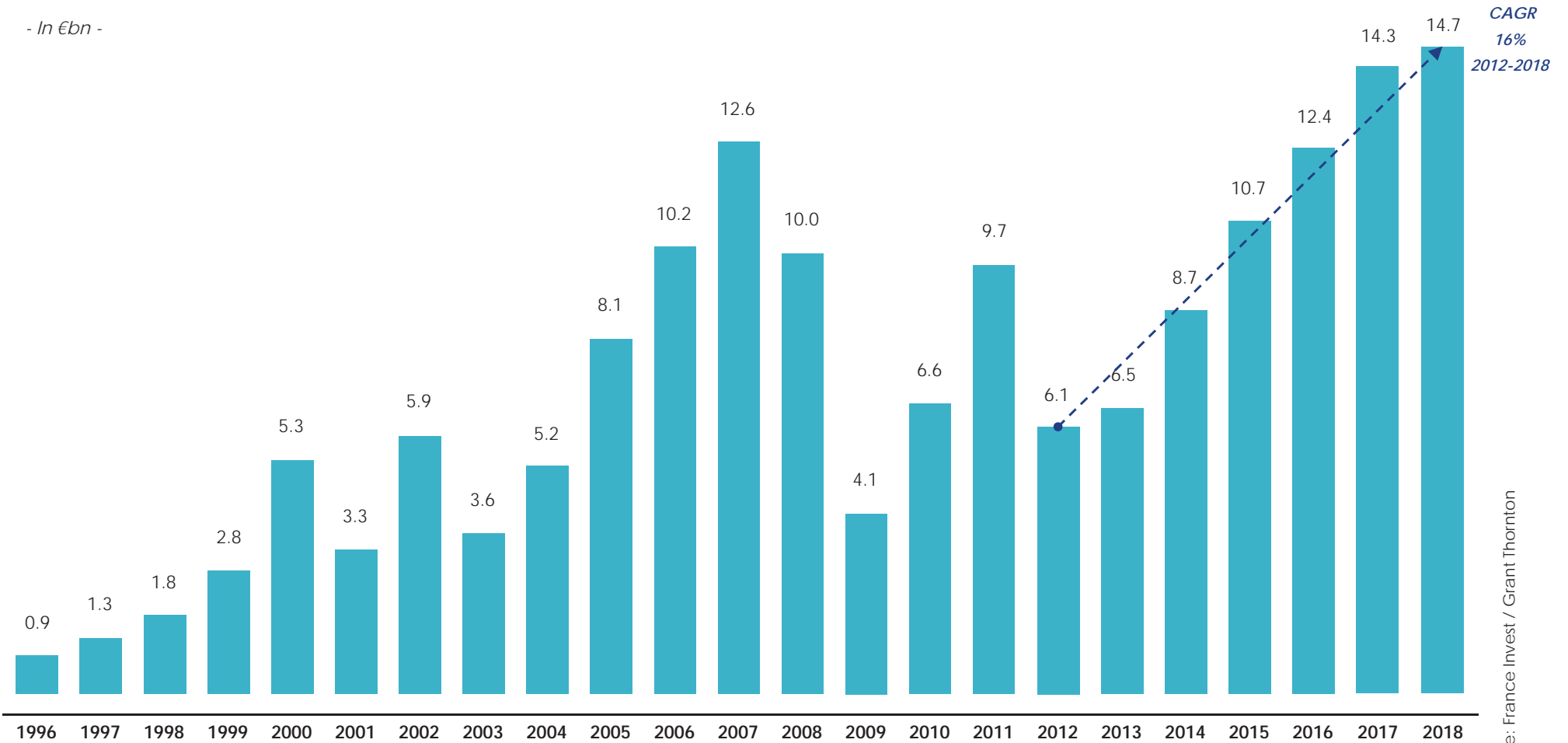
Growth in number of investments across all segments
(except in turnaround capital).

84% of the companies invested are based in France.



Amounts invested continue to increase (CAGR* of +16% between 2012 and 2018).

- In €bn -



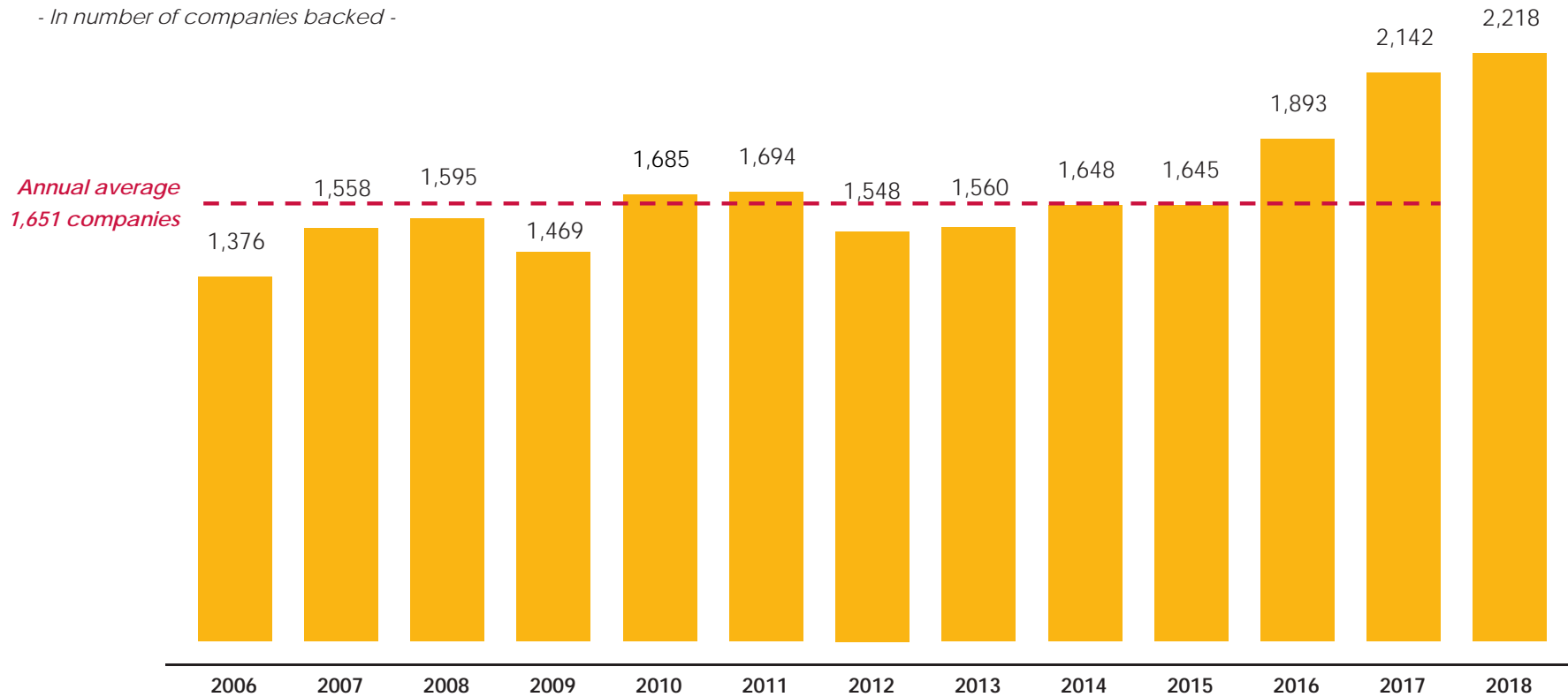
Source: France Invest / Grant Thornton

* CAGR: compound annual growth rate.



Increase for the third consecutive year of the number of companies backed (+34% compared to the average for 2006-2017).

- In number of companies backed -



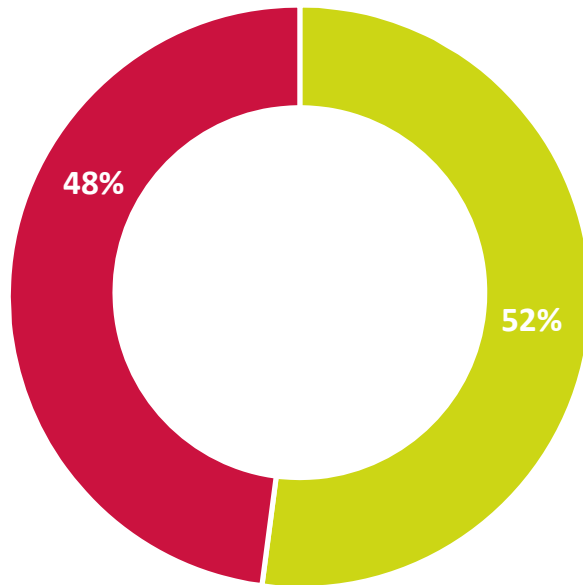
Source: France Invest / Grant Thornton



More than 50% of the amounts invested in companies opening their capital for the first time in 2018.

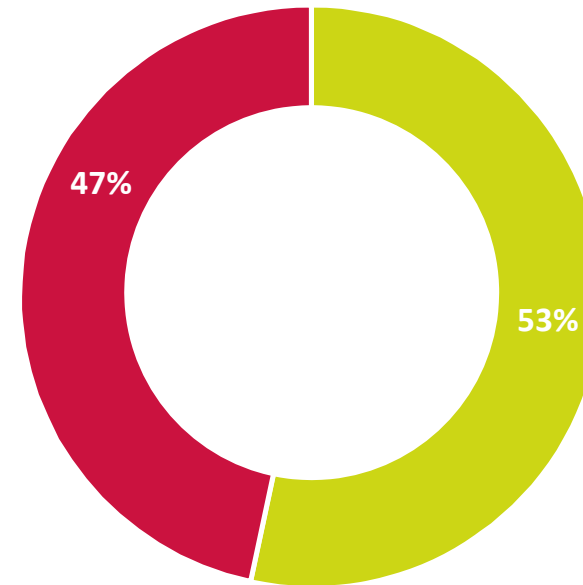
Average annual weight over 10 years*

€8,915m invested on an annual average over 10 years



Year 2018

€14,711m invested



■ Reinvestments ■ Initial investments

* Period 2008 - 2017

** Funds received by a company that has opened up its capital for the first time to a member of France Invest is considered as new investments. Flows that occur 6 months after this initial investment are considered as reinvestments regardless of the GP investing. A company may therefore be recorded in both categories in the same year.



Increased number of companies invested in industry and consumer goods sector. Strong growth in amounts invested in digital technology.

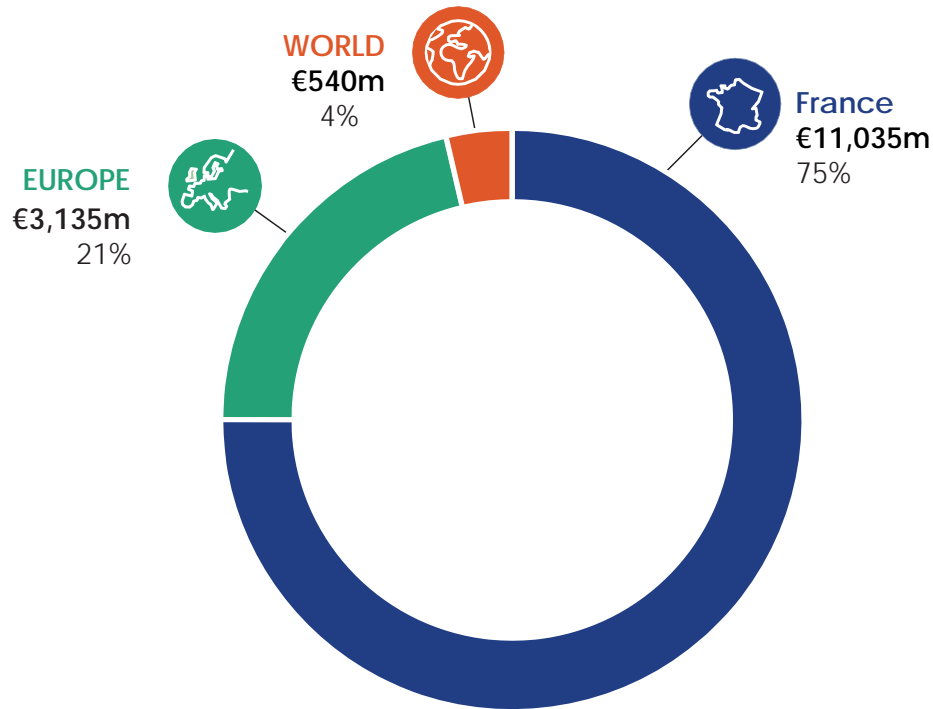
		AMOUNTS INVESTED IN €M		NUMBER OF COMPANIES BACKED	
TOTAL PRIVATE EQUITY		€14,276m invested in 2017	€14,771m invested in 2018	2,142 companies in 2017	2,218 companies in 2018
INDUSTRIAL GOODS AND SERVICES & CHEMICAL		€4,613m	€4,629m	438	469
CONSUMER GOODS AND SERVICES		€3,726m	€3,641m	458	508
MEDICAL & BIOTECHNOLOGIES		€2,272m	€1,995m	303	265
IT & DIGITAL		€1,441m	€1,844m	568	569
FINANCIAL SERVICES & TRANSPORT SERVICES		€951m	€1,344m	117	161
TELECOMMUNICATION & COMMUNICATION		€177m	€815m	81	78
OTHER SECTORS		€119m	€167m	48	59
PUBLIC WORKS / CONSTRUCTION		€751m	€157m	74	58
ENERGY		€227m	€119m	55	51

Source: France Invest / Grant Thornton



84% of the companies backed are based in France and represent 75% of the amounts invested.

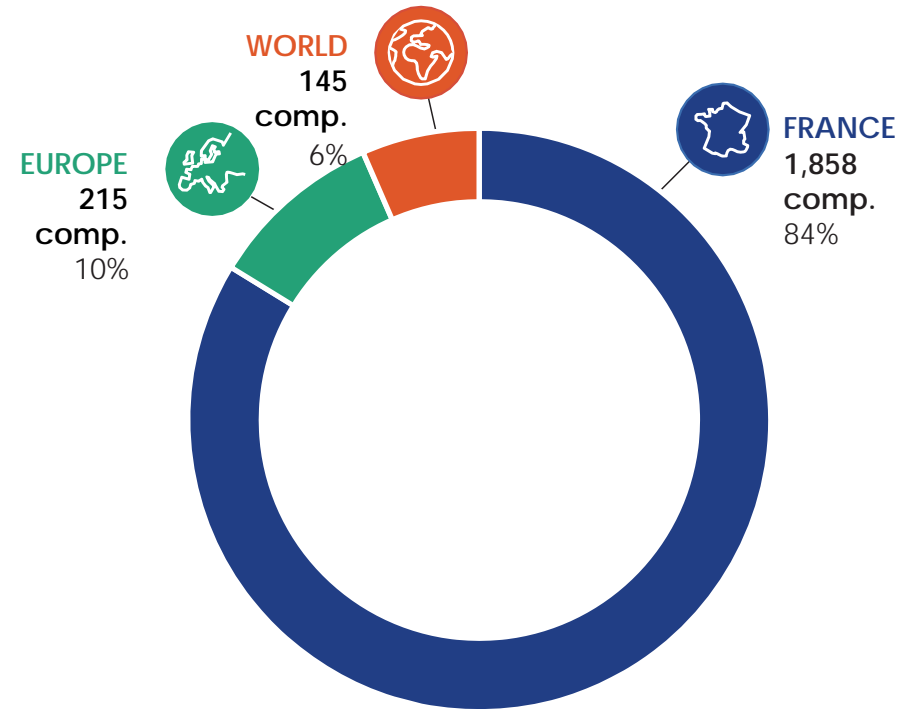
€14,711 €m invested in 2018



Reminder 2017

France: €11,574 m - Europe : €1,565m - World: €1,137m

...in 2,218 companies



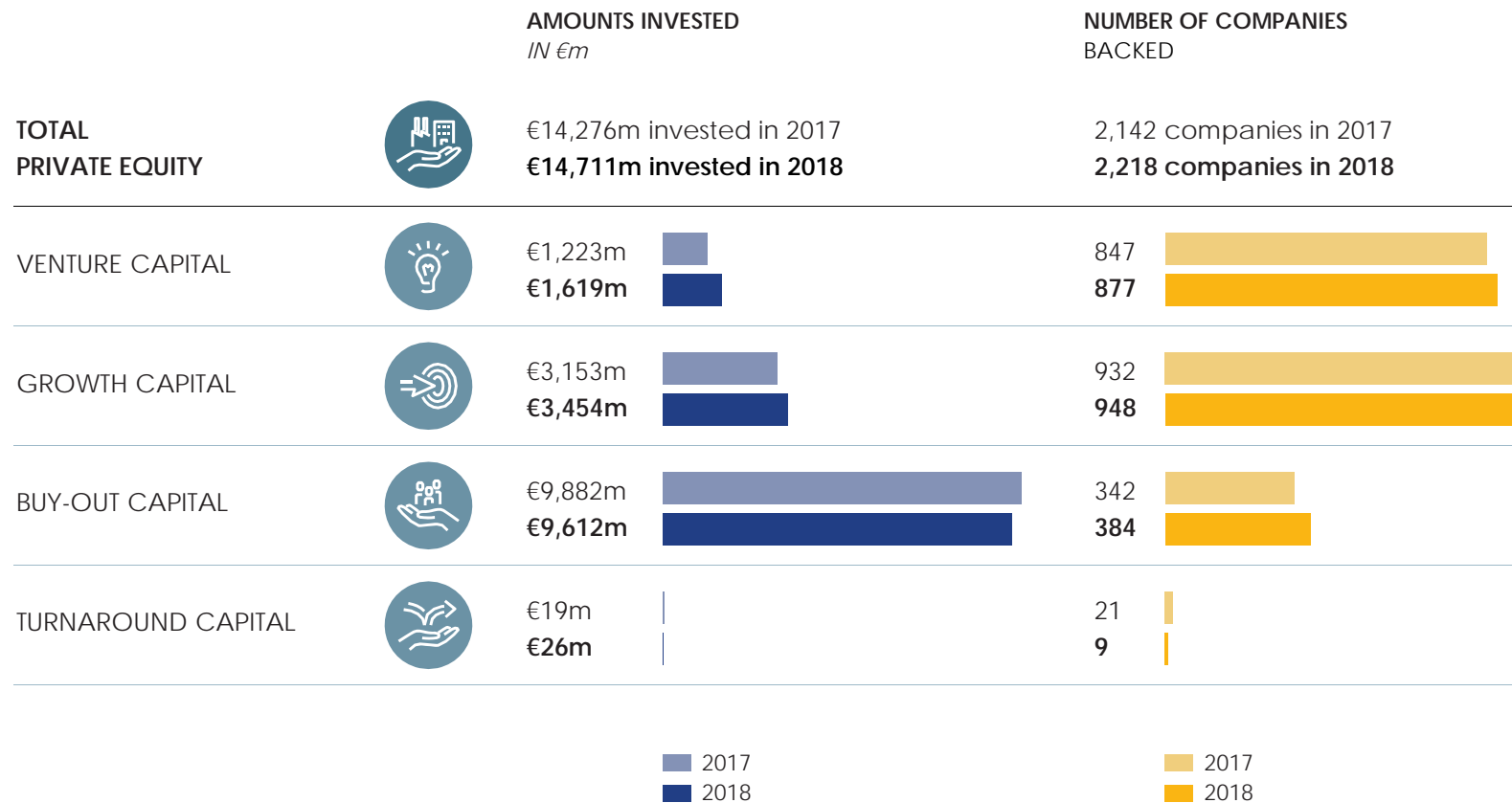
Reminder 2017

France: 1,811 - Europe: 203 - World: 128

Source: France Invest / Grant Thornton



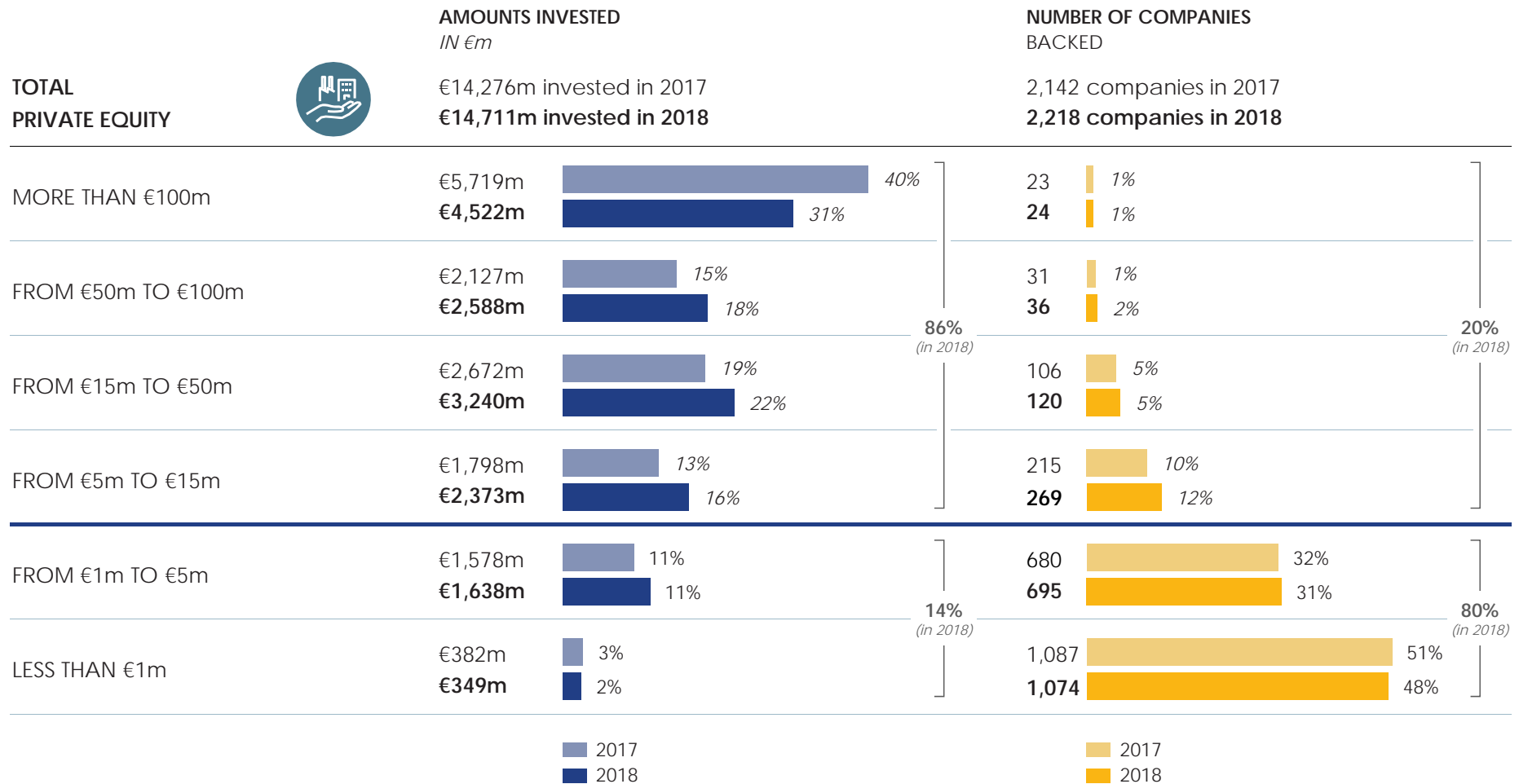
Investments, in number of companies, increase in all segments *(except in turnaround capital)*.



Source: France Invest / Grant Thornton



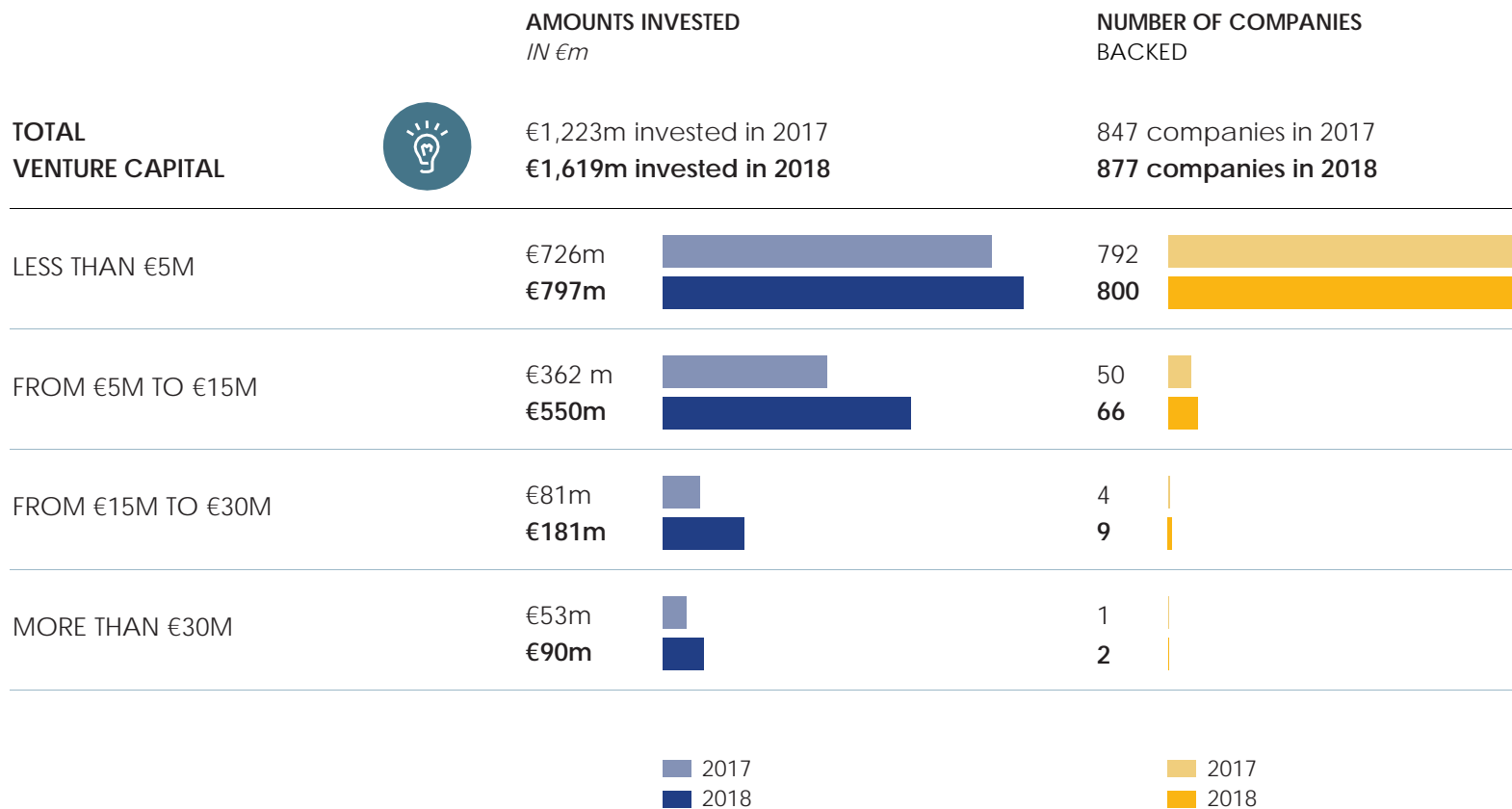
Tickets of less than €5 million account for nearly 80% of companies invested and 14% of amounts invested.



Source: France Invest / Grant Thornton



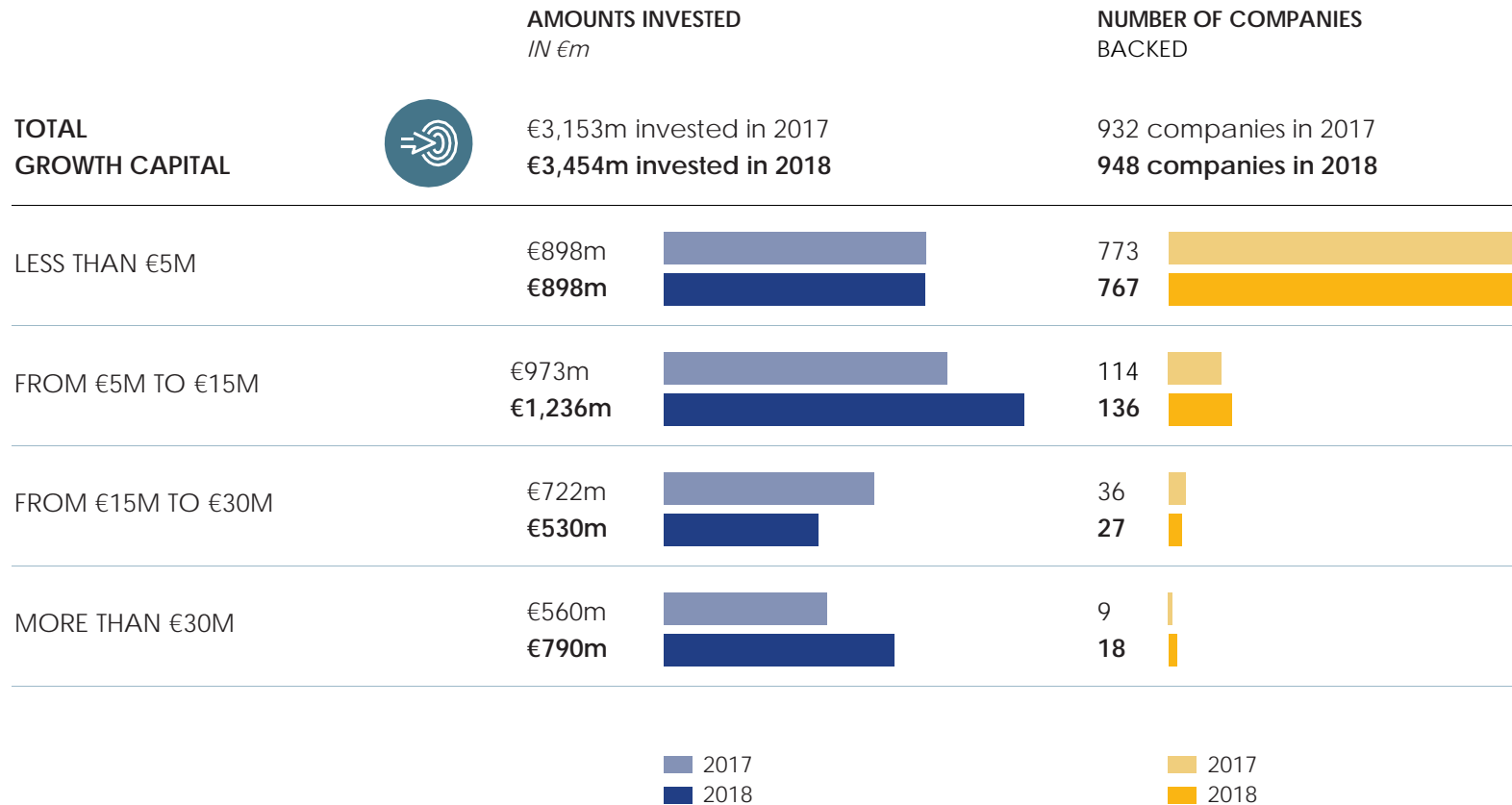
Investments in tickets in excess of €5 million have clearly increased (+66% in amounts, +40% in number).



Source: France Invest / Grant Thornton



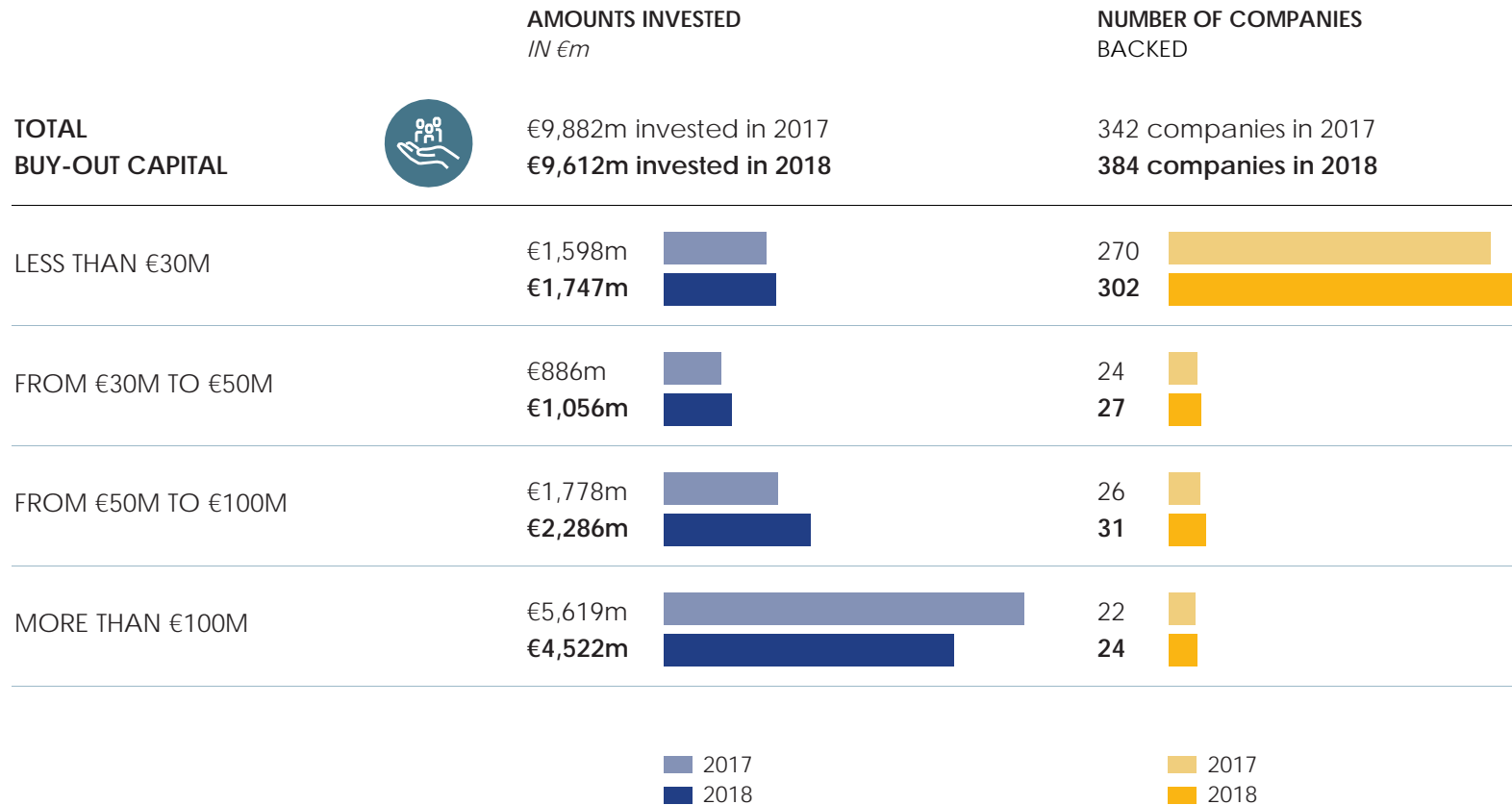
Doubling of the number of companies having received over €30 million in growth capital by members of France Invest.



Source: France Invest / Grant Thornton



Investments in buyout capital increased in amount (+19%) and in number of companies (+13%) for tickets of less than €100 million.

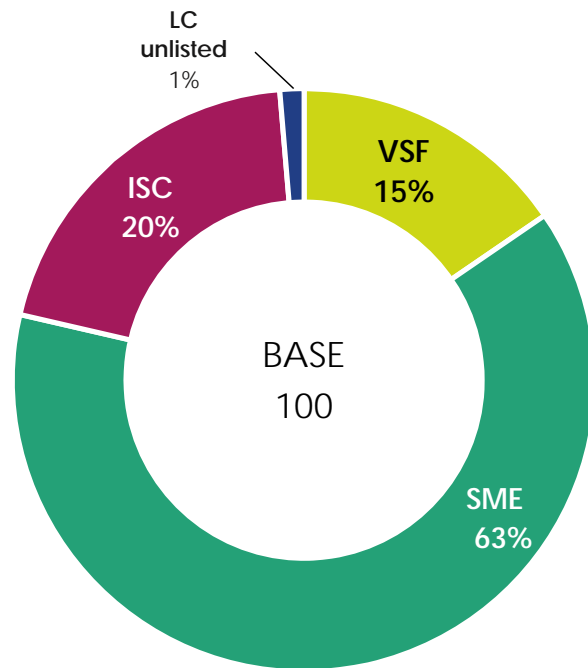


Source: France Invest / Grant Thornton

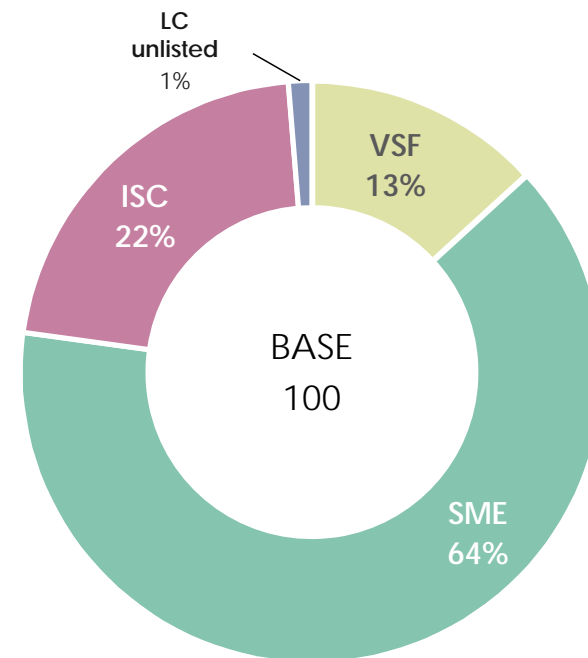


Three out of four of French portfolio companies are start-ups or SMEs.

Investments in 2018



Stock end-2017



- VSF (very small firms): companies with less than 10 employees and annual revenues of less than €2m at end 2017
- SME (small and medium-sized enterprises): companies with less than 250 employees and annual revenues of less than €50m at end 2017
- ISC (intermediate-sized companies): companies with between 250 and 5,000 employees and annual revenues of less than €1,500m in end-2017
- LC (large companies): companies with more than 5,000 employees or annual revenues of more than €1,500m in end-2017

Source: France Invest / Grant Thornton



DIVESTMENTS IN 2018

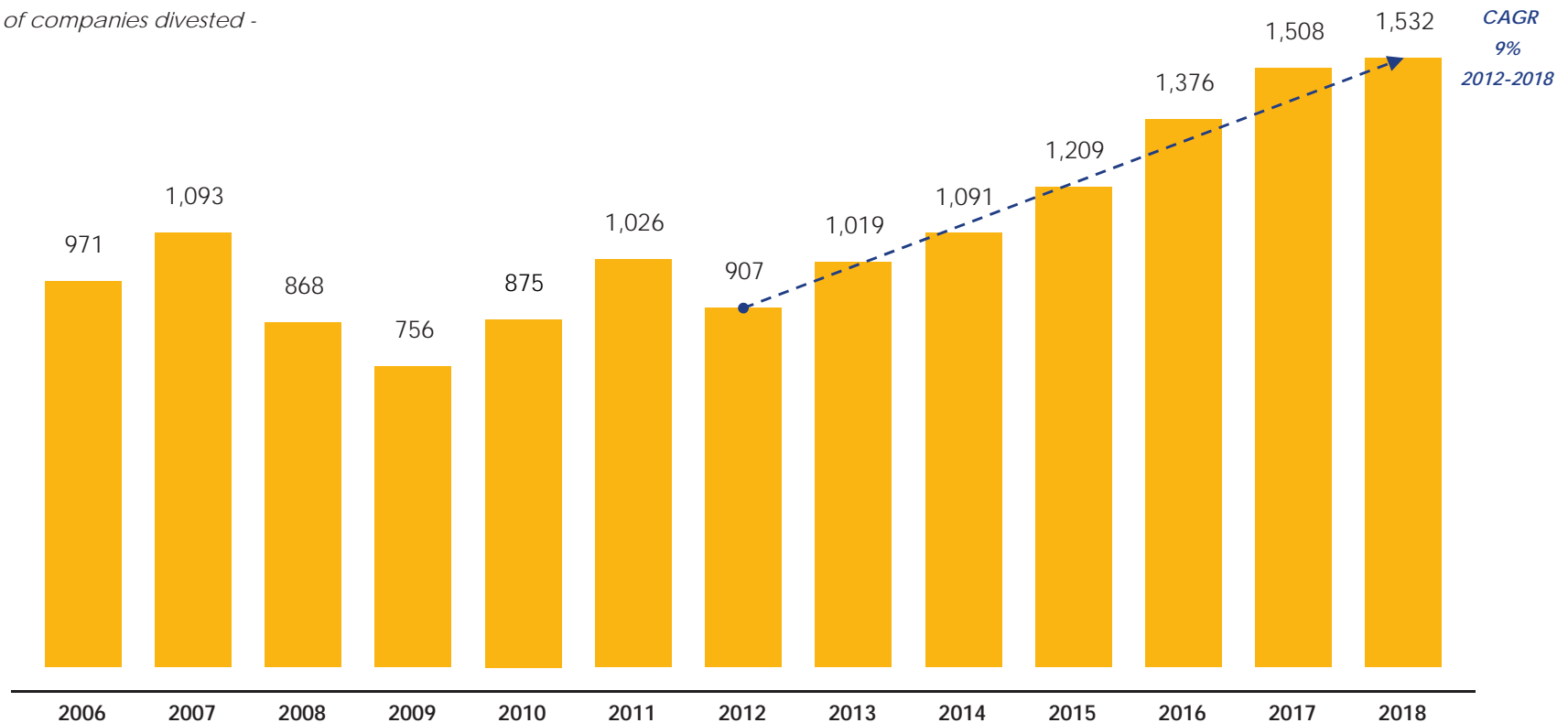
More than 1,500 companies were partially or totally divested.

The number of companies divested has been growing continuously since 2012 (+69%).



The number of divested companies grow for the sixth consecutive year (CAGR* of +9% between 2012 and 2018).

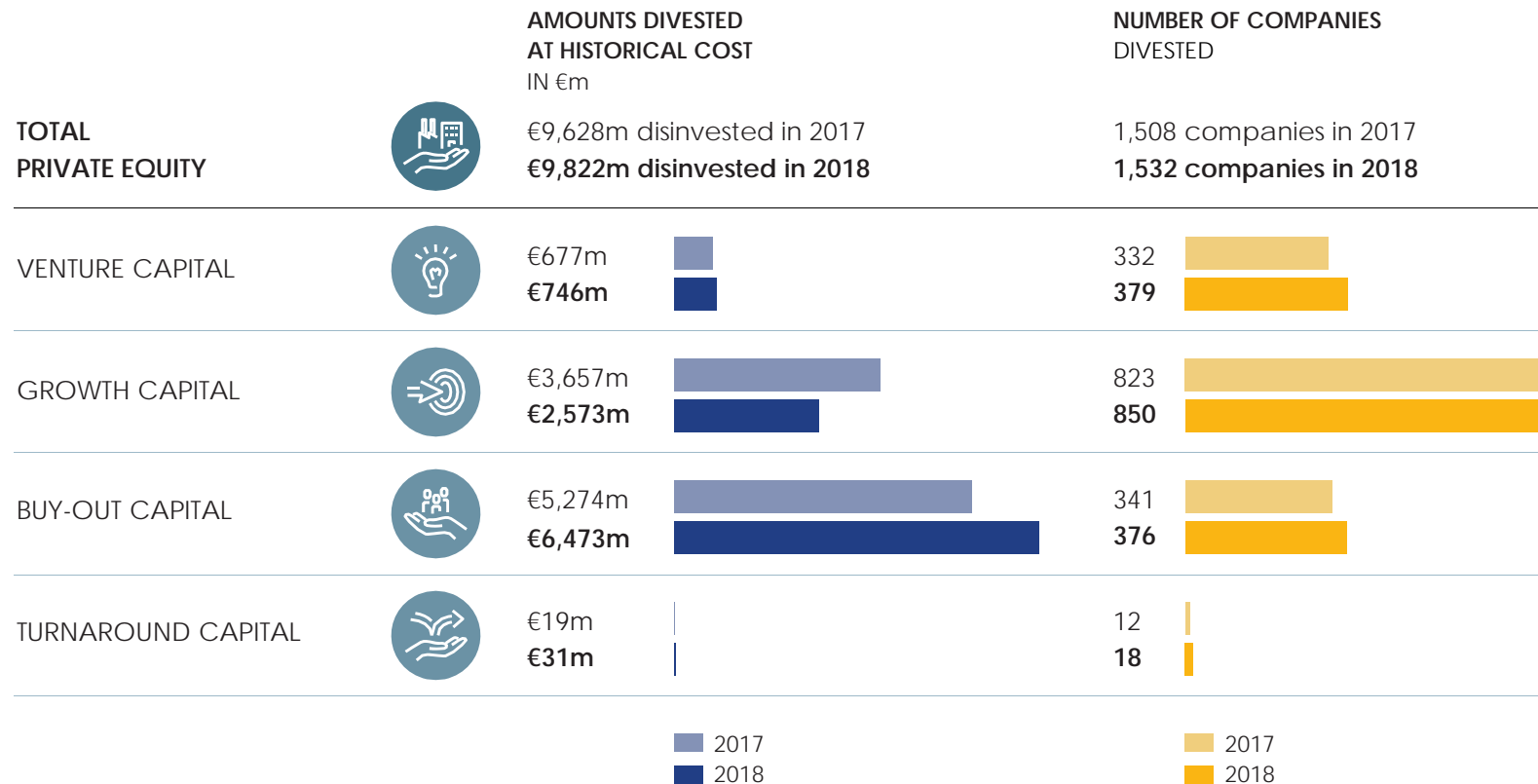
- In number of companies divested -



* CAGR: compound annual growth rate.



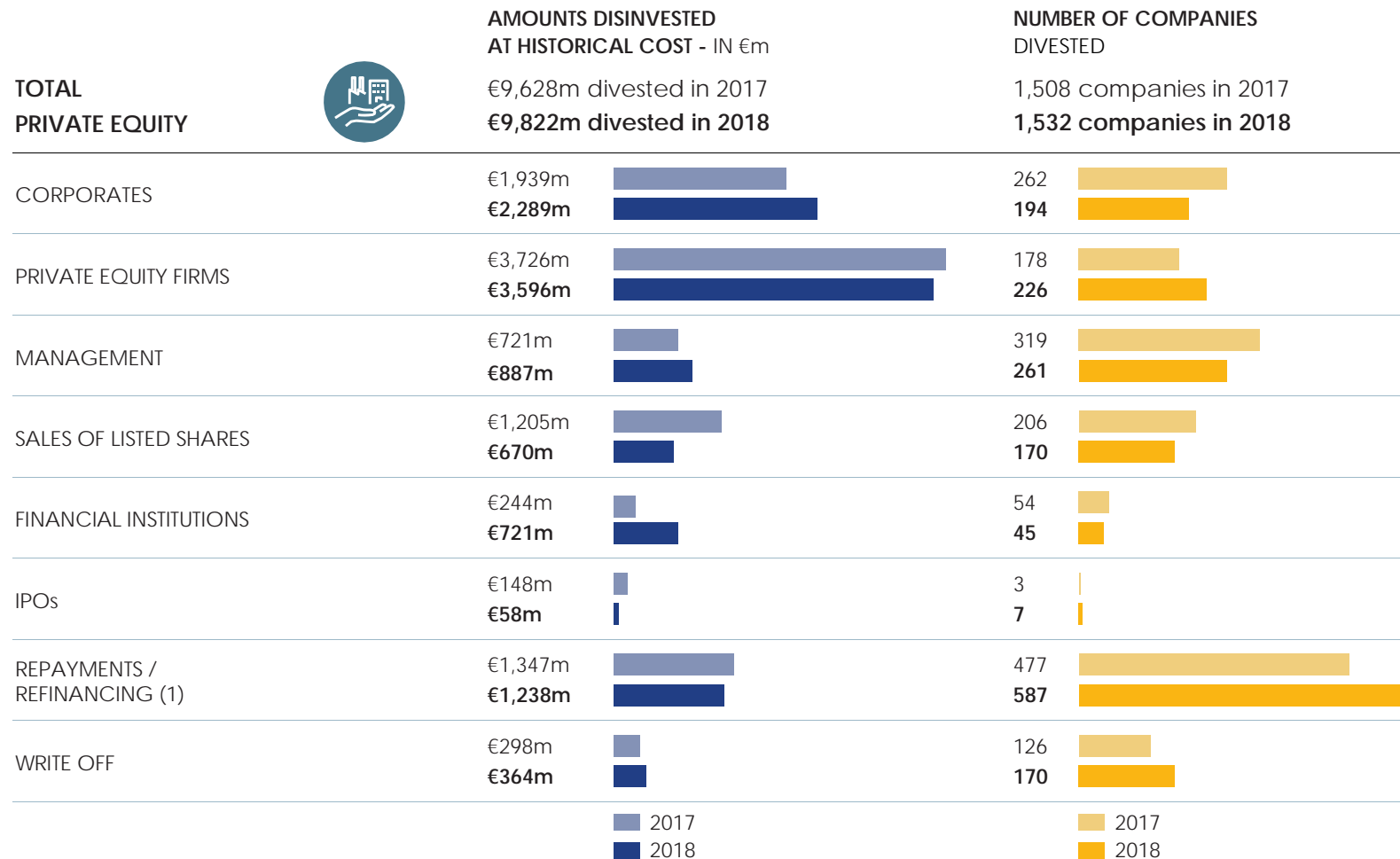
Increase in the number of sales in all market segments.



* Stage of development at the time of the GP's first investment in a company.
A company divested by two different GP may therefore appear in two historically different market segments.



Ever increasing sales to industrial companies and private equity companies
(in amounts disinvested at historical cost).



* Some companies may be subject to several forms of divestment.

(1) Includes all other divestment flows.



APPENDIX

Methodology



Objectives of the partnership

- ✓ Exhaustiveness of the transactions (fundraising, investments, divestments)
- ✓ Likelihood of amounts declared
- ✓ Consistency in the conversion of disaggregated data to aggregates

Work and conclusions

- ✓ Completeness of answers with the Grant Thornton database (press sources)
- ✓ Verification of cut-off rules (no duplicates between the periods 2017 and 2018)
- ✓ Consistency check of the information collected, verification of the processing carried out and calculation of the aggregates
- ✓ Identification of discrepancies, analyses and comments from France Invest followed by an update of the database if required





Data collection principles

- ✓ Transactions recorded by the members deal by deal via the european-data-cooperative.eu secure website
- ✓ A response rate of 94% for 2018 (259 respondents / 275 members surveyed versus 94% in 2017)
- ✓ A methodology identical to previous studies, in accordance with the new statistics collection process and the new harmonised definitions between the different European private equity associations

Processing principles

- ✓ Only transactions made by the French offices of France Invest members are taken into account
- ✓ Transactions taken into account at the effective date of cash outflow/inflow (closing date)

About France Invest

France Invest comprises almost all the private equity teams operating in France. It has over 310 active members and almost 200 associate members. Through its compliance, control and best practices development mission, it is one of only two associations recognised by the French financial markets authority (AMF), and membership in the association by asset management companies is one of the conditions for authorisation. It is the only industry association specialising in private equity.

France Invest's priorities include promoting the position and role of private equity, actively participating in its development by serving as a hub for the entire industry and establishing best practices, methods and tools for professional and responsible shareholder conduct.

For more information: France Invest's website: www.franceinvest.eu.

About Grant Thornton France

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