

| 2018 |
**ACTIVITY OF
PRIVATE DEBT FUNDS
IN FRANCE**

2nd edition
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The French private debt market: strong growth in 2018

- ✓ €3.5bn in capital raised in 2018 by French funds to finance companies in private debt (up 48% from 2017).
- ✓ €7.0bn invested in 2018 (up 16% from 2017) to support 147 transactions (up 20% from 2017).
- ✓ 50% of transactions carried out to finance buyout transactions.
- ✓ France is the second largest European market in terms of the number of transactions carried out.

France Invest and Deloitte study on the French private debt fund market

- ✓ The players covered in this study are:
 - French private debt funds (members of the France Invest Private Debt Committee);
 - international establishments with an office in France or a team dedicated to transactions in France.
- ✓ The fundraising statistics cover vehicles managed in France.

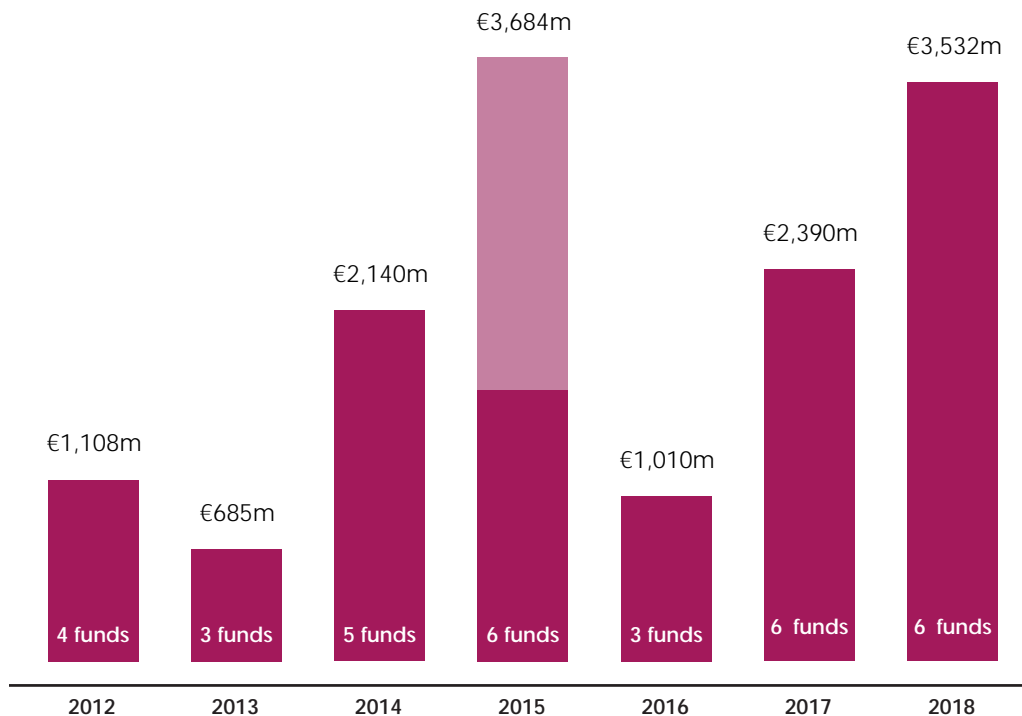


CAPITAL RAISED BY FRENCH PRIVATE DEBT FUNDS



Fundraising by French private debt funds reached €3.5bn in 2018 (up 48% from 2017).

- Fundraising < €1bn
- Fundraising > €1bn
- In €m -



* Capital raised by funds managed in France.



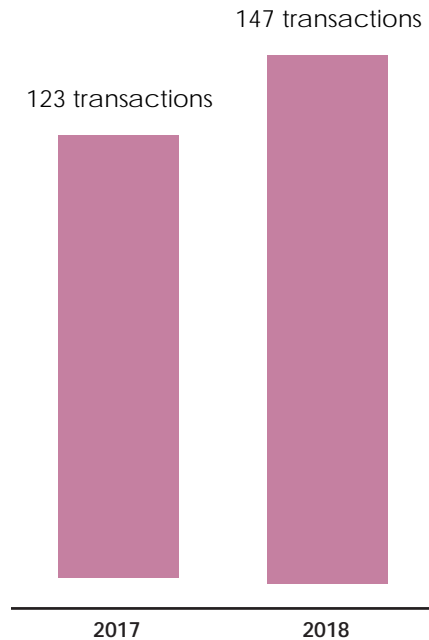
INVESTMENTS IN FRANCE IN 2018*

* Activity in France by French and foreign funds.



Growth in investments in terms of number (+20%) and amounts (+16%) in 2018.
The average amount invested in 2018 was €49m per transaction (€47m in 2017).

NUMBER OF TRANSACTIONS



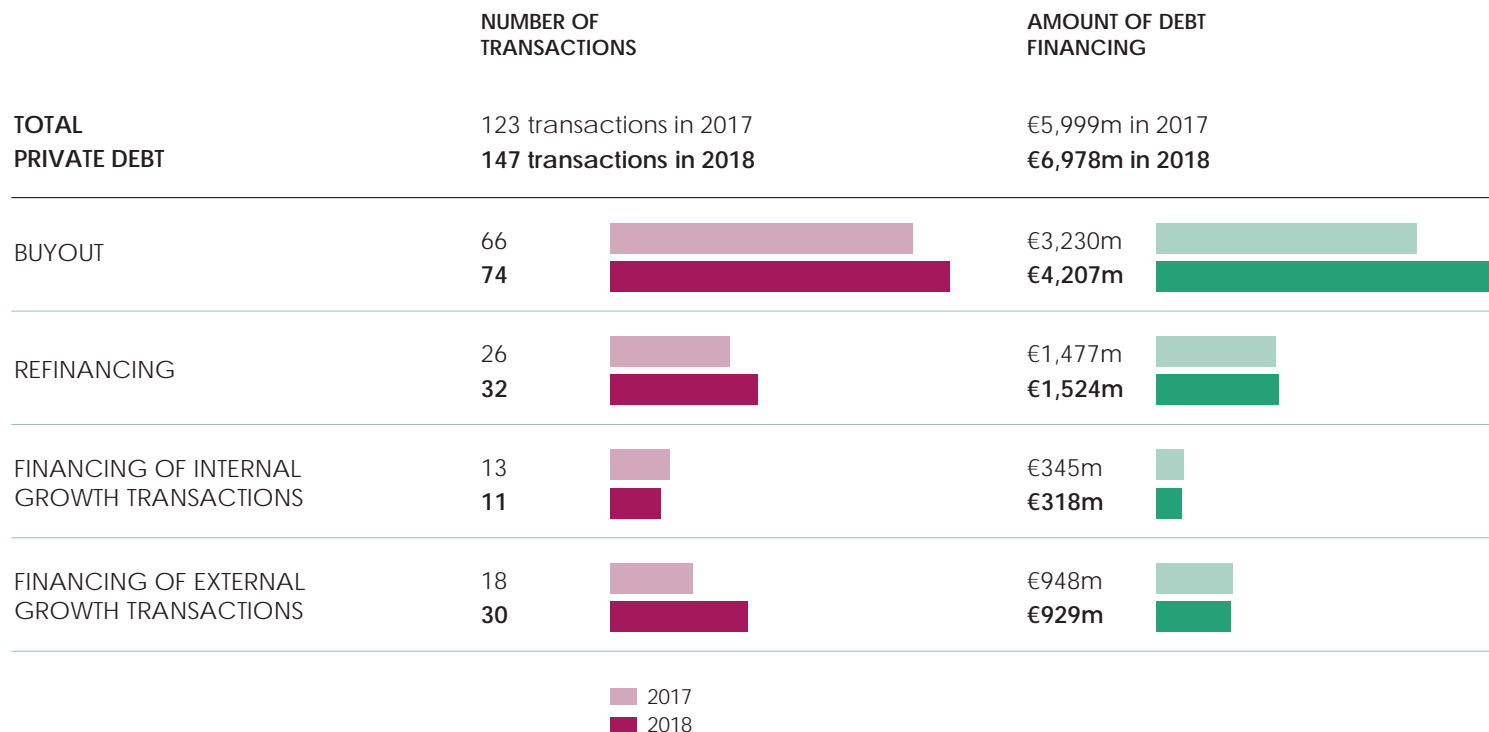
AMOUNT OF DEBT FINANCING IN €M



* Activity in France by French and foreign funds.



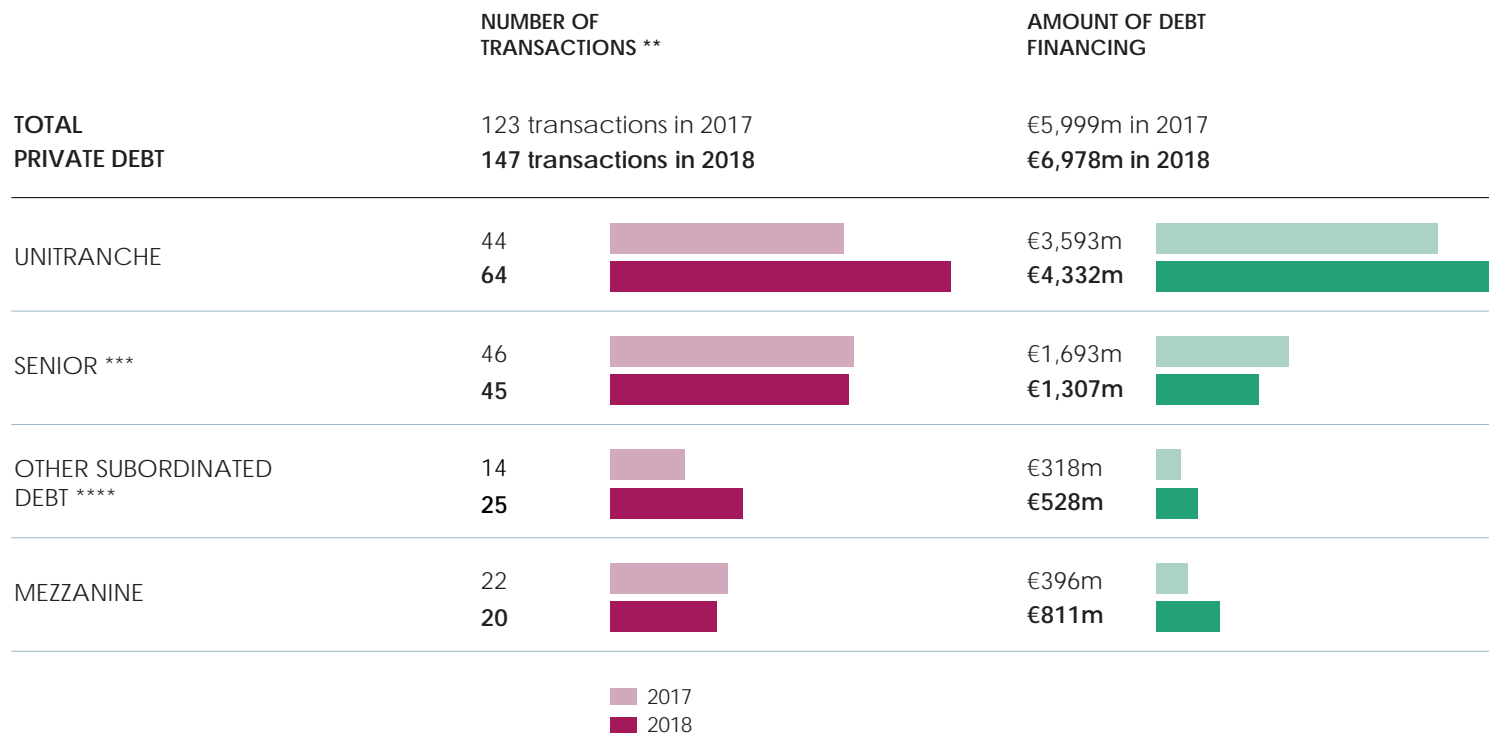
The majority of transactions carried out were in buyout (50%).



* Activity in France by French and foreign funds.



Unitranche debt accounted for 42% of the amounts invested in 2018 (amount up 21% from 2017).



* Activity in France by French and foreign funds.

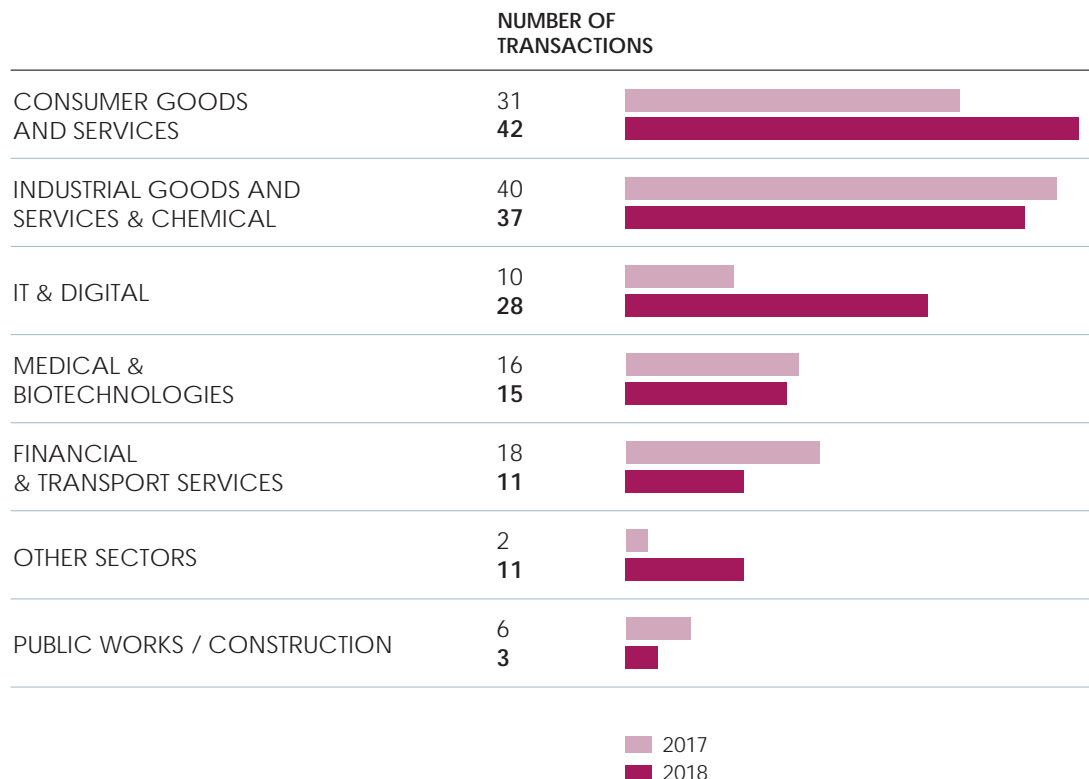
** A transaction may include several types of debt transactions.

*** Debt with an interest rate lower than E+6.5% is classified as senior debt.

**** Of which 9 PIK transactions in 2017, and 17 in 2018.



The consumer goods and services sector accounted for 29% of transactions in 2018.



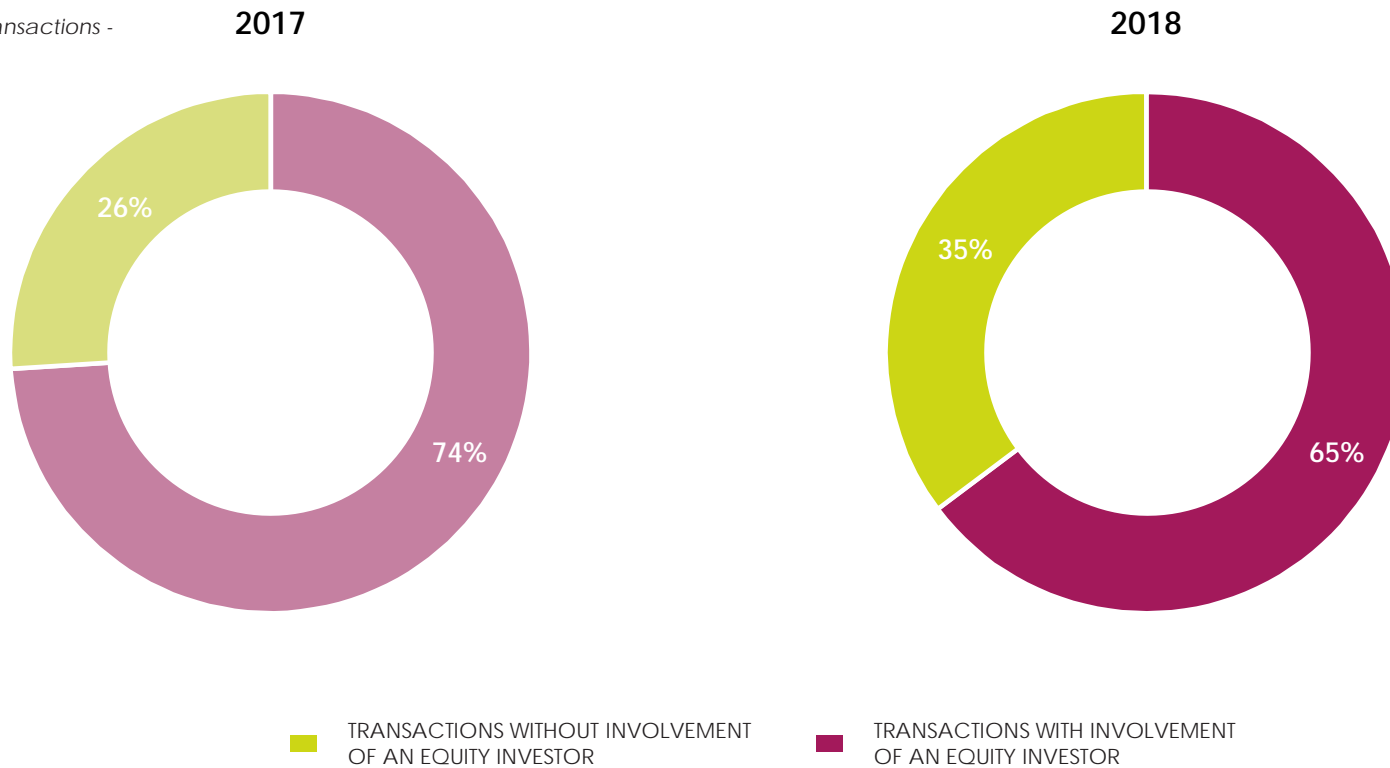
* Activity in France by French and foreign funds.

A PRIVATE EQUITY FUND WAS INVOLVED IN THE TRANSACTION*



65% of transactions in France in 2018 were carried out with the involvement of an equity investor.

- In number of transactions -



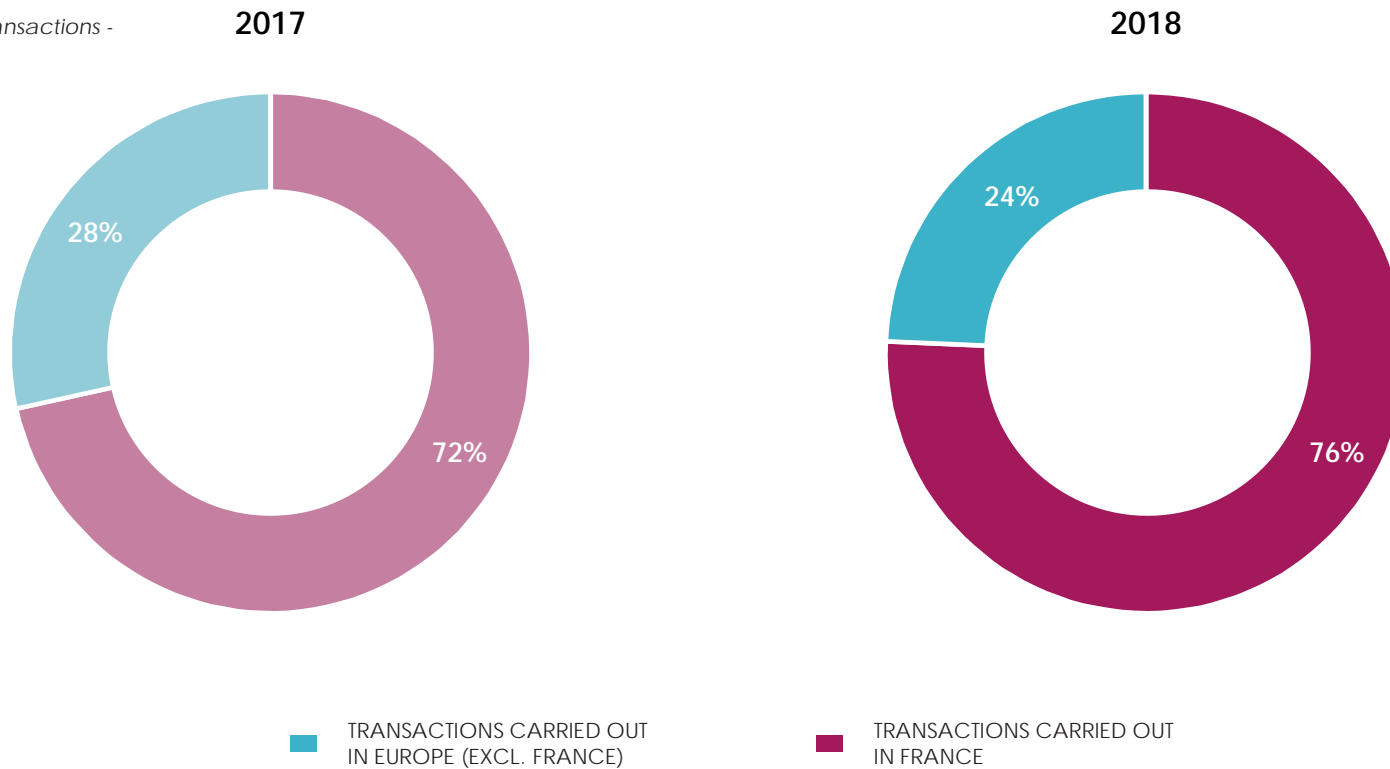
* Activity in France by French and foreign funds.

FRENCH MANAGERS' ACTIVITY IN FRANCE AND EUROPE (MANAGEMENT COMPANIES WHOSE PARENT COMPANY IS BASED IN FRANCE)



In 2018, French managers carried out 76% of their transactions in France (up 4% from 2017).

- In number of transactions -

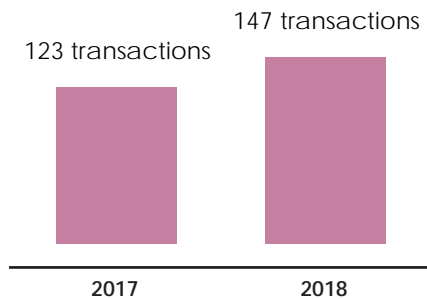


Source: France Invest / Deloitte



France is the second largest market in Europe in 2018 (35% of transactions carried out).

NUMBER OF TRANSACTIONS IN FRANCE



NUMBER OF TRANSACTIONS IN EUROPE



Source : France Invest / Deloitte / Alternative LenderDeal Tracker



DEFINITIONS & METHODOLOGY



Fundraising

- ✓ Fundraising corresponds to funds raised that will be invested in corporate debt.

A financing transaction

- ✓ A transaction is debt financing received by a company from one or more private debt funds. A company may be involved in several transactions during the year.

Types of private debt financing

- ✓ Senior: Senior debt is similar to bank debt. It benefits from specific guarantees and priority repayment compared to other (so-called subordinated) debt. In this study, debt with an interest rate lower than Euribor + 650 basis points is considered senior.
- ✓ Unitranche: Specific to LBO financing, unitranche debt can be substituted for senior and subordinated debt. A bullet loan repayable at maturity, it is provided by investment funds for a cost between that of senior debt and subordinated debt.
- ✓ Mezzanine: This is subordinated debt provided by private debt funds and the repayment of which comes after that of senior debt. Given the risk taken, the return on this debt is higher than on senior debt.
- ✓ Other subordinated debt: Concerns all types of subordinated debt other than mezzanine debt, such as 2nd lien or PIK loans.



Scope

- ✓ The statistics on the activity in France of private debt funds are derived from data collected by Deloitte and France Invest from members of the France Invest Private Debt Committee and from foreign establishments that have a team specialising in France or a representative office in France.
- ✓ **A representativeness rate of 84%** (31 out of 37 respondents surveyed - *of which 3 respondents without activity in France in 2017 and 2018*).
- ✓ Investments concern transactions carried out in France by French or foreign private debt funds.

Processing principles

- ✓ Funds raised are recognised at the time of final closing.
- ✓ Co-financings are counted as one transaction.

About France Invest

France Invest comprises almost all the private equity teams operating in France. It has over 300 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 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, visit the France Invest website:

www.franceinvest.eu

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France Invest contacts:

Simon PONROY - Head of Economic and Statistical Studies | s.ponroy@franceinvest.eu

Julie DUBERNET - Junior Economist | j.dubernet@franceinvest.eu

Deloitte contacts:

Floris HOVINGH - Partner | fhovingh@deloitte.co.uk

Olivier MAGNIN - Managing Director | omagnin@deloitte.fr

Guillaume LEREDDE - Assistant Director | gleredde@deloitte.co.uk



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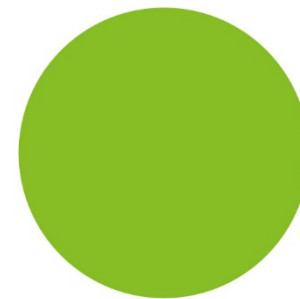
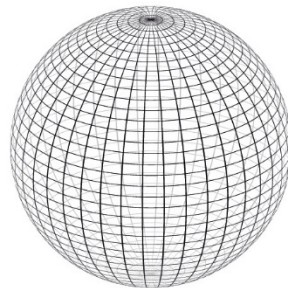
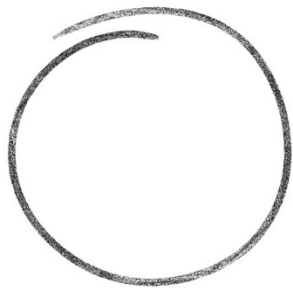
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Think. Create. Do.

* Imaginer. Créer. Faire.

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