

# 19 Nineteen Messine

## From Avenue de Messine to the Elysée...

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Emmanuel Macron joined Rothschild & Co Investment Banking in 2008 and was promoted to managing partner two years later. Inspectors of finance who are also ENA alumni are known for rapid career rises; Emmanuel Macron's was meteoric. Now, at age 32, he has broken all previous records. His investment banking career has probably determined his political choices which are sometimes in contradiction with traditional left wing policy, as evidenced by his highly publicised remarks such as: "Taxing the highest income brackets at 75% is like Cuba with no sun" or "Left-wing romantics need to take a reality check" and also "We need young French people who want to be millionaires", among others.

Ultimately, the real question is not whether the present government is pursuing a left wing programme but rather if the main principles are efficient.

The implementation of a flat tax is definitely a step in the right direction:

- reduced taxation on capital gains because, previously, France had the highest levels of taxation (a 64.5% marginal tax bracket which included IRPP\*, CEHR\*\* and social contributions);
- a clearer, more uniform taxation of different sources of capital-linked revenues (dividends, realized capital gains, interest income etc.);
- simplification by elimination of case-by-case adjustments (tax deductions by holding period, exemptions, deductions on dividends etc.).

Globally, "runoff" (to use a highly mediated expression) from the transformation of the ISF into the IFI\*\*\* but also from the flat tax, should encourage investments in the productive economy, limit fiscal expatriation and even result in a few returns from abroad, thus freeing up potential for job creation.

Fiscal policy is, however, a complex subject because however salutary grand principles may be, it is always necessary to juggle with budgetary constraints and, more generally, with the effects of redistribution through entire swaths of the economy.

For example, the government has decreed that investing in property is not as positive as investing in the 'real economy'. Is this an economic hypothesis or merely dogma?

The housing sector in the largest sense, which represents nearly 22% of GNP and 19% of jobs in France, does, in effect, contribute more than investments in Euro Funds or the purchase of shares in listed companies which contribute no cash flow to the emitting companies at all. Unfortunately, the proposed fiscal policy for 2018 is a blow for real-estate: assets are hit by the IFI\*\*\* and a 66.2% marginal tax rate on income from real-estate (45% IRPP\* + 17.2% in social contributions + 4% CEHR\*\*), unlike financial assets which benefit from a 30% flat tax (+4% of marginal tax rate on CEHR\*\*).

How will this affect the real-estate sector over the short-to-medium term?

Another measure: the implementation of a flat tax on life insurance for holders of contracts worth more than €150K (€300K for couples). This is a good idea, despite further complications due to the distinction between purchases made before or after September 27, 2017. In addition, it could impact the entire French insurance industry by eliminating one of its advantages. Until now the relatively punitive taxation of security holdings for high income brackets (64.5%) encouraged investment in life insurance tax envelopes which were taxed at a lower rate if the assets were held for 8 years (23%). The reform, on the other hand, favours investment in securities, with no time constraints. Will this have any impact on the sector: companies, brokers, asset management companies, CGPs etc.?

The elimination of the ISF on small and medium-sized companies (PMEs) is another paradox which undermines an important means of capital financing for French PME (€516m collected in 2016) and is in total contradiction with the intended and endorsed support of creating businesses. This could be detrimental to many new start-ups.

It is clear that while critical analysis is quite easy, finding the most appropriate system is much more complex.

(\*) IRPP: Personal income tax

(\*\*) CEHR: Exceptional taxation on highest income brackets

(\*\*\*) IFI: Real estate taxation



## Successful Missions:



### Internet / Media Sale

The media group UNIQUE HERITAGE MEDIA (UHM) is continuing to grow following the recent acquisition of **WONDERCITY**, the "digital mums" site.

LINKERS was the advisor for this site which is a reference for parents in search of the best early learning activities and games for children. Each week nearly 400 000 "digital mums" receive recommendations for activities and outings pour the weekend and school holidays.

This operation is part of a global strategy to build up group specializing in media for children. Among others UHM has acquired Fleurus Presse (Pirouette, Abricot, National Geographic Kid etc.), the publisher *Quelle Histoire* and the e-learning *Pili Pop Labs*.



Advisor to the Vendor  
**Nicolas du Rivau**

The company has raised €1.2m with FADEGEST, Family Office of the Henry Desjonquères family. The company which has attracted clients such as Airbus Helicopters, Safran, Leonard etc., intends to use this capital to accelerate international development, particularly in the USA.



Advisor to the Company  
**Jérôme Luis**

### Health Sector Training Acquisition

Created in 1991 by Thierry and Nathalie Balandret, **BERSOT FORMATION**, is considered the model for pre-examination coaching for first-year health sector programmes (medicine, midwifery, physiotherapy and odontology) in Besançon.

To ensure the continued existence of their business, the Balandret family has decided on an alliance with **SUPEXAM**, with collaborative framework for the transition.

SUPEXAM was founded in 1979 in Montpellier by three university professors and is one of the eldest private schools in France specializing in health sector examination coaching.

Advisor to the Buyer  
**Didier Busquet**

### Industrial Laundry Acquisition

**ANETT**, largest family-owned group in the rental-maintenance of textile and hygiene items sector (€113m of turnover and 1 500 employees) has acquired **BLANCHISSERIE MIDI-PYRENEE** (turnover = €4m) based in Pamiers (Ariège), specializing in rental-maintenance of linen services. This acquisition has reinforced the presence of ANETT in the South-West.

Previously, LINKERS advised ANETT in the acquisition of **HYRIS** (€14m of turnover, situated in north-eastern France).

Advisors to the Buyer  
**Philippe Delecourt**  
**Michèle Fine**

### Transport and Value Added Logistics Sale

**WARNING** is a family-owned group created in 1993, specializing in 'last

mile' transportation. In the past two years, they have implemented an active external growth strategy assisted by CM-CIC Investissement for their capital funding.

The acquisition of **NRJ** (turnover = €23m), one of the leaders of value added distribution of technical equipment in France provides **WARNING** with an additional activity and increases its consolidated turnover in transportation and logistics to more than €50m.

Advisors to the Vendor  
**Philippe Delecourt**  
**Michèle Fine**

### Last Mile Urban Logistics Sale

Specializing in controlled temperature deliveries, **KAPLAN** has a turnover of €3m with more than 70 vehicles dedicated to delivery in Ile-de-France.

This acquisition has reinforced **WARNING** Group's position in the 'Last Mile' logistics sector, its original activity.

In the past two years, **WARNING**, principally in dedicated distribution for the automobile sector and home delivery for supermarkets, has undertaken an active build-up strategy with **KAPLAN** as its third acquisition, following that of **PARIS EXPRESS** (turnover = €5m) and **NRJ** (turnover = €23m).

Advisors to the Vendors  
**Philippe Delecourt**  
**Michèle Fine**

### Sound, Lights & Video 3 Acquisitions

As a result of 3 new acquisitions advised by LINKERS, the turnover of **B LIVE** Group is nearing €75m: **MELPOMEN** (turnover = €9m), the Nantes affiliate of the British **SSE AUDIO GROUP**, has added to its French network of sound, lighting and video professionals while developing its equipment installation activity (among their clients are the Stade de France and the Longchamp Racecourse). **CININTER** and **CICAR** (turnover = €2.5m) have reinforced the competencies and equipment inventory of **TRANSPALUX** and **TRANSAGRIP**, subsidiaries of **B LIVE** dedicated to the cinema industry.

Advisors to the Buyer  
**Philippe Delecourt**  
**Sidney Servat**



## An entrepreneur's viewpoint:

### M. Samakh, CEO of Agence CCC, acquired by GL events

**Mr. Samakh, how did your entrepreneurial adventure begin?** I created a medical sector publishing company 25 years ago (Regifax). In addition, I knew CCC, organisers of medical conventions, where my future associate Patrick Ducrey worked, very well. In 2010 we became associates to acquire CCC from the managing shareholder.

**Why the merger?** In 2016, we decided that our company needed to merge with a manufacturer to fulfil our development potential as organisers of medical conventions and strengthen our position in a constantly evolving regulatory environment. You have remained at the head of CCC.

**What was it like to transition from your position as the head of a relatively small company to that of director of an affiliate of a large group?** The integration circumstances were excellent thanks to GL event's savoir-faire. For the moment there has been little impact on the operational side of our traditional projects, however we now have access to all the support services of GL events and can take advantage of their strong branding in event management. I find it reassuring and rewarding to be able to exchange ideas with other directors in the group working in the same sectors as CCC.

**What are GL events Group's ambitions for your sector?** There is a real entrepreneurial spirit within the group which motivates and inspires us to create new projects targeting congress participants, learned societies and sponsorship partners.

**What was the actual acquisition process like for you?** A merger process is an impressive experience in view of the quality requirements of large groups and the limited amount of time allotted for analysis and production of a quantity of legal and financial documents. In this respect, the input of LINKERS and one of their partners, B. Le Guillou, was crucial. His reactivity enabled us to optimise deadlines and his experience fostered a high-quality dialogue with everyone implicated in the sale.



**Renaud SAMAKH**  
President of Agence CCC



## Missions in progress:

| Ref. | Buy-side Mandates  |
|------|--|
| A255 | Undergraduate Training   |
| A272 | White goods for Hypers & Supermarkets  |
| A274 | Industrial measurement instruments   |
| A279 | Specialist veterinary products manufacturer: medication, food supplements, medical apparatus |

| Ref. | Buy-side Mandates                   |
|------|-------------------------------------|
| A773 | Industrial Cleaning Services        |
| A868 | B2B Climate Control Distribution    |
| A976 | Wealth Management Advisory Services |
| A977 | Insurance brokerage                 |
| A978 | Energy / Oil & Gas                  |
| A979 | Precision machining / Aeronautics   |

**LINKERS deals mainly in sell-side opportunities. For reasons of confidentiality no information on these transactions is divulged before they are finalised.**

## On board with...

### Trade debt is riding the Fintech wave, by J.Y. BAJON, CEO of Smart Tresco

**SMART TRESO deals in short-term financing through debt repurchasing which provides the accessibility, quality service and flexibility needed to adapt to businesses' requirements.**

Factoring is developing rapidly at a 2 figure growth rate. In the French environment where late payments are the rule (an average of 12 days beyond the normal 60-day deadline), its progress is linked to industrialisation: an oligarchy of five banks control 90% of a market which finances 240bn EUR per year in trade debt / an average amount of 40bn EUR. This domination results from the fact that banks have:

1. progressively eliminated traditional forms of commercial debt mobilisation (daily and discounted);
2. preferred factoring, using liquid assets as security, rather than provide traditional overdrafts.

Nevertheless, this method of financing is complicated and exacting

for businesses; requiring minimums of receivables, daily cash inflow reporting, notification of debtors, exclusion of some types of invoices such as advance payment invoices etc. Technical development of on-line trading platforms, in addition to non-bank solutions (securitisation) have led to the development of new markets: straightforward sale of this type of debt to specialized funds through the agency of an entirely virtual facility.

Two advantages: **simplicity** (non-recourse sales for a fixed price as opposed to a loan in exchange for a subrogation of any right to the debt) and **flexibility** (sales as needed rather being obliged make recurring sales of trade debt from a portfolio of customers).

These new scenarios are accessible to small and medium-sized businesses that were previously poorly served by factors.

Businesses complain that their local bank branches, handicapped by all-powerful and distant credit committees and risk departments, are often inadequate.

Securitisation mechanisms, combined with the flexibility of specialized funds, have now reintroduced this type of financing, formerly one of the great strengths of the banking sector, which understands and adapts to the needs of businesses.

Consequently, in terms of risks and contingencies, these platforms clearly attract sellers and/or debt that factors tend to refuse...



**Jean-Yves BAJON**  
President of Smart Tresco  
X-Ponts, ex-Coface group  
and Ministry of Economy

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## Révolte in Deauville!

A Dragon called *Révolte*, with a member of the Deauville Yacht Club at the helm was the winner of this year's **LINKERS Deauville Open International!** *Révolte* outstripped *Storm*, a magnificent British Dragon based at the Royal Corinthian Club. This 4-day regatta, which always takes place at the end of June, was the fourth edition of the Dragon French Cup which attracted 25 Dragons from all over Europe.

## Merger in Germany

**Camping and co** Founded in 2012 and with the support of Newfund and Otium Capital, **CAMPING & CO** has rapidly become the leader in on-line camping reservations in France and has developed activity in Spain and Italy. **LINKERS** and Active M&A (Germany) joined forces to sell the company to Campsy, an affiliate of the German **ROCKET** Internet which also developed Zalando and HelloFresh. As a result of this acquisition Campsy has more than 100000 clients and 2000 partner camping sites in France, Italy, Spain, Germany, Belgium and the Netherlands.

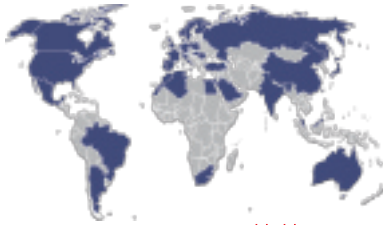
## Acquisition in Australia

**UBIQUICK Group** Created by 4 partners in 2001, **UBIQUICK Group** is an aggregator of markets studies better known as ReportLinker, and had a 16m€ turnover in 2016. **LINKERS** approached Australian Paul Budde Communication (PBC), specialist in high value-added statistical and strategical research in the Telecom sector. The acquisition of PBC provides the Lyon-based editor with both the proprietary content and the technological platform.

## Cross-border Missions:

**SALES:** CEMM THOME to AMPHENOL (USA); AGIS-Di Pasto to TER BEKE (Belgium); FRANCE HYBRIDES to HENDRIX Genetics (Netherlands); CORIANCE to A2A (Italy); LA CELLIOSE to CIN (Portugal); AXYS to META 4 (Spain); ECONOCOM Switzerland to LEASE-IT (Germany); TISYS to ULTRA Electronics (GB); ELYSEES WEST to HOTUSA Hotels (Spain); FILEC to AMPHENOL (USA); EBOUTIC to MAUS (Switzerland); GENETEL to ANITE (GB); PACKINOX to ALFA LAVAL (Sweden); CLIMPACT-METNEXT to WEATHERNEWS (Japan); SVD to EXERTIS (Ireland); **CAMPING & Co** to **ROCKET** Internet (Germany)...

**ACQUISITIONS:** IBRAMS (Germany) and BRAND PROJECT (Sweden) by WEDIA; PC GARANT (Germany), CITYMAIN (GB) and CAP PROTECTION (Belgium) by SPB; FRÖHLICH und WALTER (Germany) by CUC; PRATIKS (Germany) by PRATIQUE; PAUL BUDDE COMMUNICATION (Australia) by UBIQUICK...



Upcoming M&A Worldwide Forum in **BARCELONA**: 26-27 October 2017...

## International Network:

- **Algeria / Tunisia:** Emergence
- **Argentina:** Finanzaz & Gestión
- **Australia:** Johnsons Corporate
- **Belgium:** Omnicap
- **Brazil:** Cypress Associates
- **Bulgaria:** Innimmo Advisers
- **Canada:** Robbinex
- **China:** Morgan Evan Advisory
- **Czech Republic:** Sauter Rentsch
- **Denmark:** Gigno
- **Egypt:** FinCorp Investment
- **Finland:** Armatori Corp. Finance
- **France:** LINKERS; MBA Capital
- **Germany:** Active M&A Experts;
- **S&P Mergers & Acquisitions**
- **Hong Kong:** SCS Global
- **Hungary:** International M&A
- **India:** Corporate Catalyst India
- **Israel:** M&A Team
- **Italy:** Avvalor Corp. Solutions; Bridge Kennedy International
- **Japan:** SCS Global Consulting KK
- **Luxembourg:** T&T M&A
- **Malaysia/Singapore:** SCS Global
- **Mexico:** Corp. Finance Services
- **Morocco:** Actipar
- **Netherlands:** Aeternus ; T&T M&A
- **Norway:** DHT Corporate Services
- **Poland:** JP Weber Investments
- **Portugal:** Fingeste Business
- **Romania:** FRD Center
- **Saudi Arabia:** Amwal
- **South Africa:** IBN Solutions
- **Spain:** ARS Corporate
- **Sweden:** Stockholm Corp. Finance
- **Switzerland:** Adbodmer Capital
- **Thailand / Vietnam:** PYI Capital
- **Turkey:** Crossborder Corporate
- **UK:** Bluebox Corporate Finance; Rickitt Mitchell & Partners
- **Ukraine:** America 2030 LLC
- **USA:** Focus LLC

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