

# 19 *Nineteen* *Messine*

NEWSLETTER  
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## OUR WORLD IS A VILLAGE...

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It is commonplace in France nowadays to hear it said that globalisation has virtually abolished national borders and that every day numerous French businesses start operating under a foreign, not to say "alien" flag. Haphazard examples are given of Chinese helping themselves to Bordeaux wineries, emirs making a grab for sports clubs and luxury Parisian hotels or Russian oligarchs buying up energy operators.

If it is true to say that some sectors are highly coveted, these high-profile acquisitions can be likened to the tree that hides the forest of SMEs. It is legitimate to ask if these buyers from abroad really occupy such a significant place in the disposal of French businesses.

Actual figures show that vendors still stay close to home, although changes do seem to be under way: nearly 25% of sales of French businesses for under 50 million euros find a foreign buyer!

Amongst these cross-border disposals, Europeans represent a little over half of foreign buyers: about 35% of these are from the euro zone, with Germany in the lead, and 18% (essentially British) from the non-euro zone. North Americans account for nearly 20% and BRIC countries (Brazil, Russia, India, China and South Africa) represent slightly under 10%, of which only half are from Asia.

So as we can see, the "yellow peril" is not yet imminent.

As for acquisitions, the situation is the same in spite of the efforts made by French groups to gain access to expanding markets in the BRICs and emerging countries, which are true growth areas for European businesses. Over the last three years, French buyers have done nearly 50% of their shopping in France, 15% in the rest of Europe and 17% in North America. Acquisition targets in the BRICs tempted only one in ten of French buyers.

There are many reasons for this relative timidity, but almost all of them are due to the difficulty for vendors and buyers of SMEs to obtain reliable and effective advisors beyond their own borders.

For cross-border transactions require in-depth understanding of the national business fabric, whether to identify and contact acquisition targets or to gauge the interest of potential buyers.

Furthermore, particular attention must be paid to regulatory issues and constraints in target countries, as well as cultural differences which might undermine these highly complex undertakings. A perfect knowledge of the target's legal, fiscal, HR and financial environment is also indispensable, without mentioning a command of the

language (even if speaking English is often sufficient in most scenarios).

The M&A Worldwide network actively pursues a growth strategy and now counts 35 advisory firms throughout the world. Its members offer their clients comprehensive cross-border solutions to secure and accelerate transactions: research and identification of acquisition and disposition targets, providing contacts, analysis, national benchmarking, negotiations conducted by mother-tongue speakers, selection of local legal experts and auditors, process coordination and organising closing of transactions.

The M&A Worldwide network also creates opportunities by pooling (in a confidential and secure manner) research carried out by its members, who can then pass on the advantage to their clients.

Lastly, M&A Worldwide encourages an intermingling of economic cultures, original ideas, and members' experience and expertise for the ultimate benefit of clients, including for their domestic transactions.

**Our world is a village - and M&A Worldwide knows all the alleys!**

Sources: *Etudes Epsilon Research & CNCF, PwC & ARFA.*

## Recent deals

### IT Services Acquisition



**ELCIMAÏ** group strengthens its historical business on the ERP M3 dedicated to manufacturing, retail and maintenance companies, thanks to the acquisition of B-Fine Consulting. It also complements the other historical activity of the group, the Third Party Application Management.

Pascal Denier, the founder chairman of ELCIMAÏ group, comments: « Our ambition is to become a major actor in the business of systems integration to serve clients in search of appropriate solutions to their production requirements with reasonable costs and maintenance. We can build on a global offer, a large staff (50 consultants) and a solid partnership with the publisher ». ELCIMAÏ has now all the trump cards needed to compete against the leaders of the market. Through this external growth transaction, ELCIMAÏ completes its technical expertise with a functional expertise acknowledged by all the users.

*Advisors to the Buyer*  
**Georges-Edouard Buet**  
**Jérôme Luis**

### Sales outsourcing solutions Acquisition



As part of the development of its sales management activity, **ADHRENA** has acquired the Axiome France activity dedicated to in-store sales for the mobile operator Virgin Mobile France, representing an annual turnover of about €4 million. ADHRENA is a specialist in commercial outsourcing initially positioned on food industry and HPC (Household and Personal Care) brands and distributed on the mass-market network. ADHRENA has recently created a department dedicated to management of point-of-sale promotions and events to complete its initial offer based on annualized management of additional permanent sales forces.

This new activity is highly complementary with the company's core business and enjoys a rapid growth. In 2012, ADHRENA will generate a turnover of €12 million

*Advisor to the Buyer*  
**Philippe Laurent**

### Education Services 5 new Acquisitions

**Five new companies joined NOVETUDE Santé. The group, initiated in 2010 has become the number one private actor in training for healthcare students and professionals with support from LINKERS (15 deals closed).**

**NOVETUDE Santé** combines leader schools in medical education - preparatory classes for medical diploma, training schools (osteopathy, optical, dietary...) and continuing medical education. With presence in 12 university cities and over 10,000 students enrolled, NOVETUDE generates revenues of nearly €40 million.

- Established 22 years ago, **ISIS** has been a pioneer in the training of clinical nurses in France and then in specific trainings dedicated to the independent nurses. The training institute has integrated key elements in its approach that will be the standards of tomorrow in assessment and analysis tools for professional practices.

- Stan'Santé**, founded by 2 doctors and a clinic director, is specialized in preparation for medicine exams in 1st and 5th years, in Nancy, Metz, Angers and Saint-Etienne.

- Conférences Hermes** is the most important player of training for 5th years med students that want to become interns in hospitals, present in Paris, Angers and Bordeaux. Stan Santé and Hermes will be developed on the main cities in which are med schools.

- Located in Bordeaux, **Cours Accés** is the historical leader in preparation for entrance exams covering different medical specialties (medicine, odontology, midwifery, pharmacy and physiotherapy) has

developed a dedicated know-how in instructional efficiency measurement and students coaching that will be implemented in other schools of the group.

- The **Institut Toulousain d'Ostéopathie (ITO)** joins NOVETUDE Ostéo, confirming the group key role in the teaching of osteopathy, with 7 schools located in Paris, Toulouse, Strasbourg, Nantes, Bordeaux, Aix en Provence, and a total of over 2,400 students.

*Advisor to the Buyer*  
**Didier Busquet**

### Shopfitting Disposal

**REPNONSE**, the French leader in shopfitting, with turnover of €80m, sold **Design Creation**, its subsidiary specializing in special layout for shopping centres and supermarkets, with turnover of €4.5m to **Solution Equipement (SE)**.

Headed by Luc-Eric Krief, SE completes its range of products and activities (metal protections for shelves and car park equipment).

*Advisor to the Vendor*  
**Didier Busquet**

### Customer loyalty programs management LBO

Thierry Millet, founder of **AVOMARK**, takes over the company through a sponsorless LBO operation.

**AVOMARK**, a pioneer in marketing for loyalty programs, helps numerous retailers to improve their turnover.

As « turnover booster », **AVOMARK** maintains its growth despite a deflated retail activity since 2008 thanks to its efficiency. The company has launched in the same time an investment program to spread its services.

*Advisor to the Manager*  
**Didier Busquet**

## Training seminars: Valuation - LBO

UPCOMING TRAINING WORKSHOPS RUN BY LINKERS' ASSOCIATES:

- Making a success of a LBO: seminar organized by " Les Echos Formation "**

Speakers: P. Laurent, P. Delecourt, M. Fine with the participation of Maître J.L. Médus from law firm PRAXES, and the interview of Thierry Daffos (former managing director at Packinox).

Next session: 6-7 December 2012, in Paris

- "How to assess the true valuation of a company", organized by CEGOS**

2-day seminars run by Jérôme Luis - Next session: 21-22 February 2013



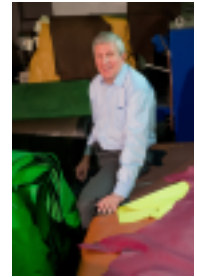
## Interview with an entrepreneur

### The sale of Tanneries Roux to LVMH

"After making **TANNERIES ROUX** a leading supplier of calf leather to French and international luxury leather goods manufacturers (such as Louis Vuitton, Hermès and Cartier) I was convinced of the necessity for me to prepare for retirement in order to successfully transfer my business. I had already worked with Philippe Laurent at several stages of the company's life and I appreciated his objectivity and judgement. Long before I took the decision to sell, we had reflected together on various possibilities and followed several trails.

Once the disposal process took shape around LVMH's proposal, Philippe helped me to determine terms for valuation and for implementing the sale. He then played a key role in managing the complex (for an SME) process which leads from an agreement in principle with a significant buyer represented by a highly qualified team, to an actual sale. Thanks to him, this transaction took place in a way that was absolutely in line with my initial expectations, in a very short time-span. »

Jean-Claude Ricomard, Chairman of TANNERIES ROUX - October 2012.



**Jean-Claude Ricomard**  
Chairman of TANNERIES ROUX

## Local ongoing missions

Ref.	Buying Mandates
A162	Shopfitting
A255	Training courses / Preparatory schools
A270	Certification / Technical analysis
A271	Plastic injection
A364	Building services engineering
A369	Architectural office

Ref.	Buying Mandates
A760	Digital marketing software
A941	Syndic and Rental management
A957	Manufacturer and distribution of LED lighting equipment
A965	Physical & digital archiving
A966	Videosurveillance

**LINKERS mainly acts on the basis of sell-side assignments. These, for reasons of confidentiality, are not subject to any communication prior to closing.**

## Guest writer

### Contributions audit: simplification measures

As an alternative or complement to selling a business, contributions in kind are the transfer of assets to a company by an individual or entity; remuneration takes the form of equity shares issued by the business. A contribution of shares by an individual to any business liable for corporation tax gives rise to a deferment of taxation on capital gains (article 150-0 B of the French General Tax Code), which becomes immediately taxable on disposal. It is frequently used in mergers, leveraged transactions or when preparing to transfer a business.

However, such an operation nonetheless requires the services of an auditor, with a legal mandate to verify that contributions are not overvalued. If legislation has been passed over the last few years to reduce the scope of audits for contributions and mergers, this is not the case for those which verify that share capital is fully paid up. However, a simplification measure concerning the designation process was introduced by the Warsmann II

Act of 22nd March 2012. The auditor is now designated unanimously by the shareholders, or failing that, by a court ruling. Previously, the only possible avenue (except for the initial share capital of an SARL (French limited liability company)) was designation by court order issued by the President of the commercial court at the location of the business's registered office. This simplification measure should enable the rapid involvement of a single independent professional, whereas the courts' decisions often lead to two or even three being designated, depending on the size of the transaction.

Auditing these operations implies a full command of all their intricacies and the requisite expertise in valuation, drawing on specific know-how (real estate, trademarks, etc.) whenever necessary. Methodology for valuation of contributions in the context of mergers and related transactions is governed by regulation CRC 2004-01 of 4th May 2004. Contributions by individuals,

outside the scope of this regulation, must be made at market value. With particular regard to contributions of company shares, assuming that the contribution accompanies a disposal (for example the contribution by directors or managers of their shares, in the context of a leveraged buyout), the price of sale constitutes in principle a reference value for the contribution. Failing that, an approach based on a selection of criteria can be used to assess the value, by using the habitual methods for company valuation.

Bearing in mind that over-valuation of contributions is a criminal offence, information concerning the value of the contribution is made public in all cases: the auditor's report must be filed with the Registry of the Commercial Court within 8 days preceding approval of the contribution. It is therefore important to accurately determine or adjust the value.



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USA 05.2011



## M&A Worldwide Convention - Paris 15-16 November

It is an honour and privilege for LINKERS to support the next bi-annual M&A Worldwide Convention and to welcome in Paris members across over 30 countries.

The agenda of this 2-day seminar is quite intensive: workshops dedicated to the best practices of an M&A boutique, case studies of

particularly successful cross-border deals, presentation of business opportunities, etc.

Participants will have the opportunity to hear 2 guest speakers: the founder of a growth strategy consulting firm will relate her experience, and a French-Belgian investor will share his

vision about European Private Equity.

At nightfall, they will relax to the rhythm of music, in a trendy Parisian restaurant or during an elegant dinner cruise on the Seine.

**The next M&A Worldwide Convention will be held in MILANO in spring 2013.**



Germany 11.2010



Turkey 05.2009



Norway 06.2007

**M&A WORLDWIDE**  
THE NETWORK FOR MERGERS & ACQUISITIONS

## Cross-border deals

**SALES:** CEMM THOME to AMPHENOL (USA), AGIS-Di Pasto to TER BEKE (Belgium), FRANCE Hybrides to HENDRIX Genetics (Netherlands), CORIANCE to A2A (Italy), ECONOCOM Switzerland to LEASE-IT (Germany), CELLIOSE to CIN (Portugal), AXYS to META 4 (Spain), TYSIS to ULTRA Electronics (GB), ELYSEES WEST to HOTUSA Hotels (Spain), FILEC to AMPHENOL (USA)...

**ACQUISITIONS:** BRAND PROJECT (Sweden) by WEDIA, PC GARANT (Germany) and CITYMAIN (GB) by SPB Group...

## International network

- **Austria:** TJP Advisory Services
- **Baltic Countries:** United Partners
- **Belarus / Ukraine:** Capital Times
- **Belgium:** Vandecruys
- **Brazil:** Cypress
- **Bulgaria:** Transacta
- **Canada:** Maxima Divestitures Group
- **Croatia:** Grubisic & Partners
- **Czech Republic:** VICF
- **Denmark:** Nordic M&A
- **Egypt:** FinCorp Investment Holding
- **France:** LINKERS; MBA Capital
- **Germany:** S&P M&A
- **Great Britain:** Precision Corp. Group; Rickitt Mitchell & Partners
- **Hong Kong:** SCS Hong Kong Ltd.
- **Hungary:** International M&A
- **India:** Corporate Catalyst India
- **Israel:** Cukierman & Co. M&A
- **Italy:** Avvalor Corp. Solutions; Bridge Kennedy International
- **Japan / Malaysia:** SCS Global
- **Mexico:** Corp. Finance Services
- **Morocco:** Actipar
- **Norway:** DHT Corp. Services
- **Poland:** Capital One Advisers JP Weber Sp.
- **Romania:** FRD Center
- **Russia:** Rye, Man & Gor Securities
- **South Africa:** IBN Consulting
- **Spain:** ARS Corporate
- **Sweden:** Stockholm Corp. Finance
- **Switzerland:** Adbodmer Capital
- **The Netherlands:** T&T
- **Turkey:** Crossborder Corp.
- **USA:** Focus LLC

## Team



P. de Bernis, P. Laurent, S. Serval, J. Luis, S. Prénat, D. Busquet, G-E Buet, M. Fine, P. Delecourt, Y. Billardon, M. Belbéoc'h



[www.m-and-a-worldwide.com](http://www.m-and-a-worldwide.com)

LINKERS draws on the experience of its 11 consultants to assist companies from all industry sectors and provides personal advice on:

- **Financial Engineering:** valuations (fairness opinion), MBO's and OBO's
- **Mergers & Acquisitions:** selling and buying mandates, corporate restructurings ...
- **Fundraising:** selection and contact of investors, supervision of legal documentation (shareholders agreements, protocols...)



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