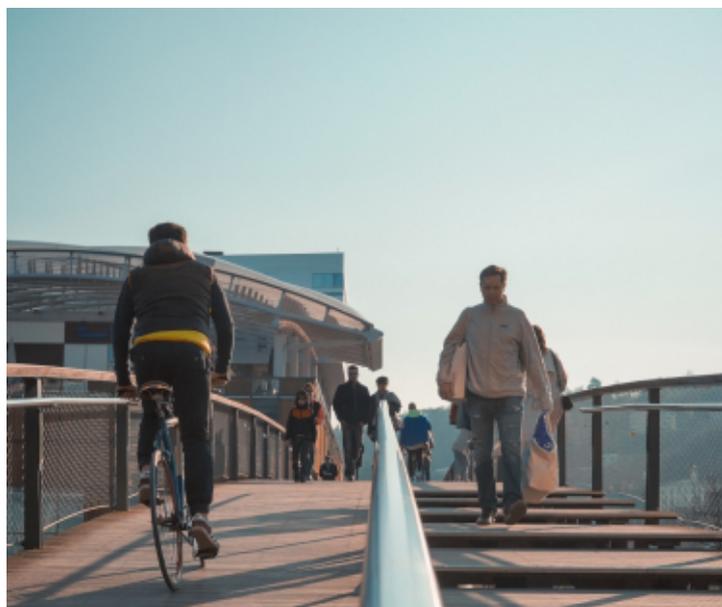
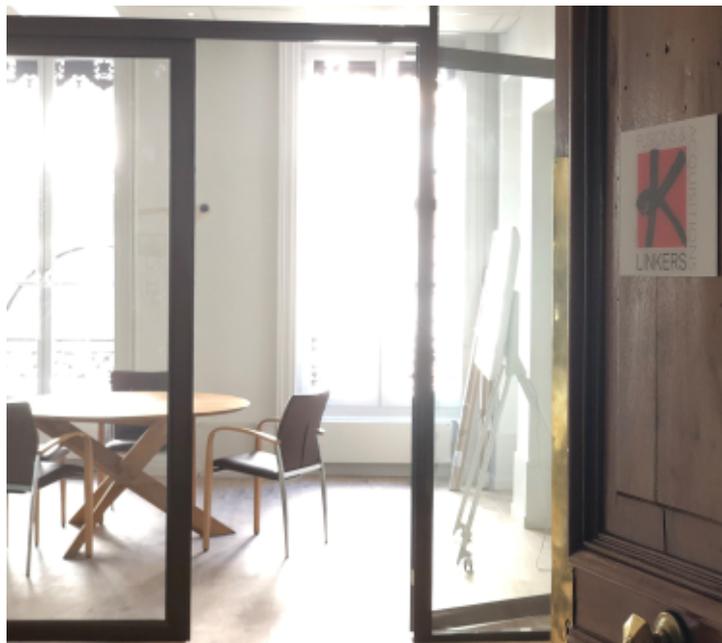


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MAY 2022

LINKERS NEWSLETTER

**WORKING CAPITAL
IS KEY TO
INDUSTRIAL RECOVERY**



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WORKING CAPITAL IS KEY TO INDUSTRIAL RECOVERY

Paolo ZOPPI

Partner, LINKERS

In response to the Covid pandemic, the French government has introduced a number of measures to counteract the significant downturn in economic activity: government-backed loans, furloughs, extensions for payment of payroll and tax liabilities, etc.

These measures, however praiseworthy, have created a wall of debt that is not readily compatible with industrial redevelopment. This is especially true since industrial businesses with long operating cycles and low advance payments are backed into a corner.

The eagerly-awaited industrial economic recovery remains particularly fragile against a backdrop of geopolitical instability that increases operating cycle times due to lack of supplies. The shortage of even a single electronic component can bring an automotive production line to a halt and delay lead times by several months.

Current circumstances, with international disruption caused by Covid, and more recently by the ongoing war in Europe, have led us to put forward some ideas to facilitate French industrial autonomy while encouraging sustainable development.

We felt it advisable to distinguish medium/ long-term measures from short-term measures.

Medium to long term measures

1- Moving towards a reform of public sector accounting

Although implementation of titles I and III of decree 2012-1246 concerning public sector budgetary and accounting management has provided some flexibility, the division of authority places the ordering party and the government accountant in "opposition". While the latter pays negotiable instruments within a reasonable time-frame, scheduling nonetheless suffers from chronic inefficiency. When EDF acquired Areva, which subsequently became Orano, no fewer than nine signatures were required to authorise payment, even without a written submission of claims. This has sounded the death knell for a number of sub-contractors, and our nuclear reactor base is operating at half capacity.

The situation is even grimmer in the building industry when joint contracts are involved, an increasingly common practice, for which it is almost impossible to convert intermediary receivables. The CNME - Caisse Nationale des Marchés de l'Etat - forerunner of the BPI, founded in 1936, did not prevent the government and local authorities from being poor payers, and given their respective weights in the economy this has had a fundamental impact on working capital requirements.

*WCR: Working Capital Requirement

2- Moving towards a reform of private sector accounting

a) Reappraisal of tax-free assets

The last one took place in 1973, 50 years ago! Balance sheets do not reflect the current asset status of capital-intensive businesses.

b) Commitments received

There is no mention in a company's corporate accounts of supplier credits granted by credit managers, or the credit insurance that covers the suppliers in question.

Yet the main credit by far granted to businesses is inter-company credit, which is not acknowledged when taken individually. This is even more serious in duopoly scenarios (Pilkington - Saint Gobain for glass, Lafarge, Vicat, Cemex for cement, two European suppliers for some stainless steels...). A note appended to corporate accounts would make it possible to estimate the date of a possible cash crunch during an Independent Business Review.

c) The French law on new economic regulations

While the NRE law sets satisfactory guidelines on payment terms for accepted invoices, nothing governs the effective timeframe for acceptance of invoices, in particular as far as public tenders are concerned. Remedying this situation is no easy task but should not, however, be presumed insurmountable.

Short-term measures

- Facilitate transformation of government-backed loans (PPG - Prêts Garantis par l'État) into government-backed participatory loans (PPE - Prêts Participatifs Soutenus par l'État). Re-establish the RTPME loans introduced in 2009, issued by BPI to enable SMEs to restructure liquid assets.
- Strongly increase the BPI guarantee fund for credit insurance.
- Not downgrade Banque de France ratings for deferred repayment of government-backed loans.
- Not downgrade company ratings through debt for property investment partnerships owned in common with an operating company.
- Facilitate and encourage recognition - and not validation - of preventive conciliation measures.
- Reassess valuation of company shares by:
 - reappraising their asset value and thus net worth.
 - avoiding the repercussions of net financial debt, which grows incrementally with Enterprise Value and impacts share price but encourages "just-in-time" management and tends to lengthen supplier credit terms and lower the normative working capital requirement.

There can be no strong recovery for the industrial economy without measures to finance working capital requirements.

RECENT TRANSACTIONS



TELEASSISTANCE

SALE

LINKERS assisted **SECURITAS France** (revenue €617 M) in selling its phone assistance subsidiary to **BLUELINEA**, a listed company and major operator in the "silver economy" sector.

SECURITAS TELEASSISTANCE worked directly with customers (B2C), as well as property managers, non-profit organisations and home care services.

This operation enables the new unit to enter the top 5 in the French phone assistance market, with nearly 50,000 subscribers and a 7% market share.

SIDNEY SERVAL
JEAN-MARIE PICHON
SELL-SIDE ADVISOR

SaaS
SUPPLY-CHAIN
SALE

FLUID-E runs a collaborative B2B SaaS supply management platform providing the means for all supply chain operators (manufacturers, wholesalers, logistics providers, retailers, etc.) to connect. Procurement is streamlined and quality of service optimised due to this visibility in real time. Its clients include Auchan, Carrefour, Monoprix, Metro, Simply Market... Fluid-e has been acquired by **DDS Logistics** (revenue €10 M), French leader in transportation management systems, thereby completing its range of solutions (international sourcing, joint procurement management and transport management).

JEROME LUIS
SELL-SIDE ADVISOR



BRANDING & DESIGN

SALE

APPARTEMENT 103 is a branding and design studio based in Paris, leader in the wines and spirits sector, working in more than 30 countries for globally renowned clients: Hennessy, Château de Pommard, l'Oréal Luxe, Lalique, etc.

It has joined forces with the **MARIE CLAIRE BEAUTY GROUP**, developing their expertise for the benefit of premium luxury brands, and to this end will soon be operating abroad, in particular from the group's premises in New York and Shanghai.

PHILIPPE DELECOURT
MICHELE FINE
SELL-SIDE ADVISOR



EDTECH

SALE

Founded by Stéphane Molinaro, **LEARNPERFECT**, is a digital learning specialist (40,000 learners, hundreds of key account and SME clients).

A digital native, **LEARNPERFECT** has since the outset developed remote and blended learning programmes, giving it an indisputable leading edge today.

The acquisition of the company by **NOVA Formation**, the OPHILIAM group's training division, will enable the group to rapidly achieve €10 M in revenue.

PHILIPPE DELECOURT
ARNAUD MARCHANDIER
SELL-SIDE ADVISOR



CLEANING SERVICES

ACQUISITION

Assisted by LINKERS since 2014, the **EMN GROUP** cleaning company network (revenue > €40 million) has finalised its fourteenth external growth operation with the acquisition of **EUROPE ENTRETIEN**.

This transaction, following the previous acquisitions, reinforces the company's presence in Ile-de-France and position of leading operator with property management companies as cleaning specialist for common areas of buildings.

PHILIPPE LAURENT
FLORENT COUDRAY
BUY-SIDE ADVISOR

PROFESSIONAL
TRAINING
FUNDRAISING

BPIFRANCE INVESTISSEMENT has acquired a stake in **DAWAN** (revenue: €10 M), a professional training provider specialising in IT.

This operation enables **DAWAN** to fund its strong growth and to develop long training programmes. The training pathways available are designed to help people who are changing careers, and who do not initially meet computer service companies' recruitment criteria for IT jobs.

FLORENT COUDRAY
PHILIPPE LAURENT
ADVISOR TO THE COMPANY



ESN

LBO

MIND7 is a computer service company recognised by key account clients for its technical expertise (architecture, specific languages). Its founders and LINKERS set up a capital transaction that meets three essential specifications:

- increase share options for some of the executive directors;
- handle the requirements of some of these executives who wish to fund personal projects;
- retain sufficient liquidities for future external growth.

DIDIER BUSQUET
ADVISOR TO THE FOUNDERS

ENTREPRENEURS' VIEWPOINT

Patrick Gaillard and Luc Deshours, CEOs of PAZZARO and EOLE, which owns 8 businesses specialising in coach transport, acquired by the GALEO group



Patrick and Luc, can you tell us about your group?

Founded in 1970 by Louis Deshours, Luc's grandfather, the group is based in Vauvert in the Department of Gard, and is specialised in passenger transportation by coach. It primarily runs regular urban, inter-urban and school transportation services in the Departments of Gard, Hérault and Bouches-du-Rhône through the following companies: Transports Gardois, Rapides de Camargue, Arc en Ciel Autocars, Cars Méditerranée Montpellier, Cars Méditerranée Littoral and Cars Métropolitains Nîmois. Our group also owns Midi Tourisme Accueil, a company specialising in tourism. Lastly, Eole Mobilité centralises management services and technical support for all the companies.

Why did you choose the GALEO group?

Joining forces with GALEO was an obvious choice, as we share the same values and know each other well, notably through the COOP VOYAGEURS 30 network. It was essential for us that the divestiture provide continuity for our staff and partners: Yves Plessis and Didier Fouilloux, respectively CEO and CFO of the GALEO group, reassured us and convinced us that this would be the case.

What was LINKERS' role in this transaction?

Claudia Fernandes and Paolo Zoppi assisted us throughout the divestiture process. As it happens, they had already played an advisory role in several operations concerning coach transportation, acquiring expertise that was invaluable for this mission. The LINKERS team assisted us in our search for potential buyers, particularly in identifying and approaching the GALEO group, whose project ensures a bright future for our group. LINKERS also successfully carried out the negotiations for the operation and peripheral aspects, reaching an entirely satisfactory agreement.



ONGOING MISSIONS

Buying Mandates *

Training / Digital learning

Facility Management

Industrial cleaning services

Wealth management advisory services

Insurance brokerage

Medical Laboratory for PCB

Security

Education - Nurseries

* LINKERS travaille également dans le cadre de missions de vente et de levée de fonds : celles-ci, pour des raisons de confidentialité, ne font l'objet d'aucune communication avant leur finalisation.

EXPERT OPINION

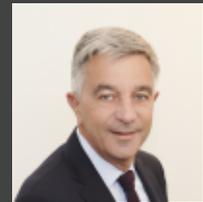
The ad hoc mandate

If there is one tool above all others in the "toolbox" for dealing with businesses that run into difficulties, it is the ad hoc mandate.

Defined in just five lines in article L.611-3 of the French Commercial Code, this system opens up a wide range of solutions to handle any dispute or difficulty that a company might encounter during its existence. The ad hoc mandate is most frequently used to enable a business encountering difficulties to negotiate a moratorium, or even a reduction of debt, with its major creditors or to allow a new investor to acquire a stake in the capital. The ad hoc mandate can also be used during a conflict between partners.

The company is assisted by an ad hoc representative appointed by the president of the Commercial Court by court order. This procedure is completely private, since the hearing is not attended by the court clerk nor by a magistrate. The company director can choose the representative that they would like the president to appoint, who must submit a fee quotation in advance for the entire mission. The company director naturally retains full authority.

They are able to draw on the expertise of a professional with good negotiating skills.



Me Marc VILLEFAYOT
Partner, HADENGUE

The objective is to ensure the company's turnaround and future.

It is advisable to use the services of a professional registered on the list of administrative receivers available on the CNAJMJ and ASPAJ websites, for example.

The negotiation results in a memorandum of understanding, which observes a fine balance between public-sector and private creditors (banks, lessors, shareholders and possible investors). When an agreement is about to be reached, the ad hoc mandate is introduced in mediation and the memorandum of understanding signed by both parties is then recorded as part of the mediation by order of the president of the Commercial Court.

A simple record is often preferred to formal validation, which must be approved through a judicial procedure and is by nature public.

LINKERS' INTERNATIONAL NETWORK

Europe:

Belgium | Croatia | Denmark | Finland | France
Germany | Great-Britain | Hungary | Ireland
Italia | Lithuania | Norway | Poland | Portugal
Spain | Sweden | The Netherlands

Americas:

Argentina | Brazil | Canada | Ecuador | USA

Asia:

China | Hong Kong | India | Israel
Japan | Malaysia | Singapore
Thailand | Turkey | Vietnam

Oceania:

Australia



A SUCCESSFUL 2021 FOR THE M&A WORLDWIDE NETWORK



For the last four years, M&A WORLDWIDE's investment bankers have brought more than 2,500 missions to fruition (of which **567 occurred in 2021**), for **€9.7 billion** in overall funding.

2022 presents an equally promising dynamic; below is a selection of recent cross-border operations made public. (<https://www.ma-worldwide.com/services/transactions>):

• **Brazil / Canada:** Cypress Cypress advised on the sale of TecnoBlu, specialised in creating, designing, producing and selling labels for clothing, for CAD 19.1 M to Checkpoint, the Canadian subsidiary of the CCL Industries Group (Revenue: CAD 9.7 M), listed on the Toronto stock exchange;

• **Ireland / USA:** FOCUS Capital Partners advised on the sale of Foxpak Flexibles, Irish provider of packaging solutions recognised for its pioneering development of digital printing on packaging, to Sealed Air (SEE Venture), an American company listed on the NYSE;

• **Finland / Sweden:** Armatori Corporate Finance advised Manna & Co, owner of fashion brands (revenue €90 M, 350 employees), in acquiring 100% of Lexington (revenue €30 M, EBITDA €2.7M), a company listed on the Stockholm stock exchange and very well-known in Sweden for clothing and decoration design;

• **Netherlands / Belgium:** Aeternus advised on the divestiture of Wall ! Supply, a leader in the 3D decorative panel market, to the Belgian leader in mural decoration Grandeco Wallfashion, a group belonging to GIMV's majority-owned private equity fund.

Brazil / Canada	Ireland / USA
 Acquired by 	 Acquired by
SELL-SIDE	SELL-SIDE

Finland / Sweden	Netherlands / Belgium
 Acquired 	 Acquired
BUY-SIDE	BUY-SIDE



A TRUCK FOR UKRAINE

On the road... The first lorry has delivered its load*, and a convoy of three more is planned for mid-May. LINKERS, founding member of the association, supports and is actively involved in this humanitarian initiative.

* Exclusively medication, toiletries, and non-perishable goods

CROSS-BORDER DEALS:

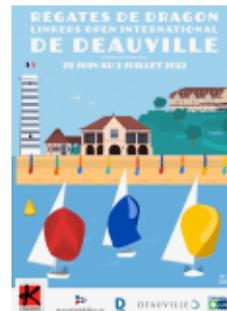
SALES: Cemm Thome to Amphenol (USA); Agis-Di Pasto to Ter Beke (Belgium); France Hybrides to Hendrix Genetics (NL); Coriance to A2A (Italy); La Celliose to CIN (Portugal); Axys to Meta4 (Spain); Econocom CH to Lease-It (Germany); Tisys to Ultra Electronics (GB); Elysees West to Hotusa Hotels (Spain); Filec to Amphenol (USA); Eboutich to Maus (Suisse); Genetel to Anite (GB); Packinox to Alfa Laval (Suède); Climpact-Metnext to Weathernews (Japon); SVD to Exertis (Irlande); Camping&Co to Rocket Internet (Allemagne); SecludIT to Outpost24 (Suède); Editiel (Maurice) to GL Events; Adonis Environnement (Madagascar) to Veolia Africa; L'Officiel Du Déménagement à Movinga (Allemagne); Stoll Trucks (Luxembourg) to Turenne Capital and Euro Capital; Alco to CTA (Italie)...

ACQUISITIONS: Ibrams (Allemagne) and Brand Project (Suède) by Wedia; PC Garant (Allemagne), Citymain (GB), Cap Protection (Belgique) et Insurance2Go (GB) by SPB; Frölich u. Walter (Allemagne) by CUC; Pratikis (Allemagne) by Pratique; Paul Budde Communication (Australie) by Ubiquick; Insurance2Go (UK) by SPB; Martin GmbH (Allemagne) by Infraneo...

LINKERS OPEN INTERNATIONAL DE DEAUVILLE 2022

From 29 June to 2 July, the Deauville Yacht Club is organising the 19th edition of its famous Dragon Regatta, one of the sport's major European fixtures. The best European Dragon-class sailors will compete against the most prestigious French sailing clubs over four days off the famous Deauville-Trouville beaches.

Will a French helmsman win the LINKERS OPEN for the first time since June 2017? The Dragon is an elegant 9-metre racing keelboat with a crew of three yachtsmen, who take part each year in regattas worldwide, in traditional single class competitions.



CFNews 2021 Investment Banks rankings for the number of "M&A Corporate" type operations

INVESTMENT BANKS	CATEGORY	NB CORPORATE DEALS
Crédit Agricole	Bank	50
KPMG	Audit group	40
Réseau Eurallia	Integrated network	40
Rothschild & Co	Bank	39
BNP Paribas	Bank	39
In Extenso	Audit group	38
Lazard	Bank	27
Société Générale	Bank	18
Degroof	Bank	16
LINKERS	#1 Independent	15
MBA	Integrated network	15
Edmond de Rothschild	Bank	15
Natixis Partners	Bank	14
Lincoln	Independent	13
PWC	Audit group	13
CIC	Bank	13
Cambon	Independent	12
Largillière	Independent	12
Cleanwater	Independent	11
Septentrion	Independent	11

LINKERS STILL HIGHLY RANKED IN 2021!



Having advised on 20 transactions in 2021 (2 acquisitions, 13 divestitures, 2 LBOs and 3 funding operations), LINKERS takes first place amongst independent investment banks for the number of corporate M&A type operations, in the CFNews 2021 rankings.

For over 10 years, LINKERS has regularly appeared amongst the top 20 French players in mergers and acquisitions (across all categories), and the top 5 independent operators.

LINKERS advised on 20 operations in 2021



WELCOME ON BOARD

A new member joins the LINKERS crew: Alexandre Zoppi

A graduate of the Rennes School of Business with a Master's degree specialising in finance, Alexandre has joined LINKERS' Lyon-based team as Mergers & Acquisitions associate. Alexandre has worked with the commitments and risks department at Crédit Agricole Centre-Est, with the MFGI group (a Lyon-based family office specialised in the aeronautic, automotive and nuclear sectors) as well as with Clairfield International. He has developed expertise in "traditional" M&A operations as well as with businesses in difficulty in various sectors such as industry, industrial mechanics, cosmetics and transport.



Alexandre Zoppi

LINKERS TEAM



P. Delecourt P. Zoppi M. Belbéoc'h S. Servat P. Laurent M. Fine F. Coudray B. Le Guillou J. Luis C. Fernandes D. Busquet G. Anselin A. Marchandier A. Zoppi



19 avenue de Messine
75008 Paris, France

+33 1 53 53 59 30
www.linkers.fr

54 rue du Président E. Herriot
69002 Lyon, France