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LINKERS NEWSLETTER | MAY 2023

**DEINDUSTRIALISATION:  
A LASTING  
RECOVERY?...**





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## DEINDUSTRIALISATION: A LASTING RECOVERY AFTER A SEVERE DOWNTURN?

**Philippe LAURENT**

*Partner, LINKERS*

It is now a recognised fact that **the contribution of the industrial sector to France's GDP has eroded since 1973, as it has in other developed economies, but in our country this phenomenon gathered momentum between 1995 and 2015.** The share of industry in the French economy has more than halved, representing 13.4% of the French GDP in 2018, a far lower figure than the EU average in general and that of Germany (25.5%) in particular. Foreign trade, a yardstick for industrial competitiveness, has plummeted in correlation, and the goods trade deficit widened to an abysmal €85 bn in 2021.

The causes of this are legion: high labour costs due to our very generous "social model", amplified by the 35-hour week; an "administrative smorgasbord" generating mandatory levies (excluding social security contributions) 5.7 points higher than the average in the euro zone at 47.5% in 2020; low business margins and a mere 2.3% share of R&D in the GDP; priority given to globalised national champions investing abroad rather than SMEs and regional industrial ecosystems; the disaster of theoretical vocational training neglecting practical work-place experience; and the decline of an industrial culture in favour of an expanding tertiary sector and financialisation of the economy, etc.

**Yet the source of value creation is first and foremost industry and industrial services. Technological innovation and investment are the keys to achieving it.**

Deindustrialisation led simultaneously to regional depopulation, a drop in France's position in global GDP per capita rankings, and impoverishment of the middle classes, the minimum/median wage ratio of French households being very high (60%). French democracy has been weakened by this: frustration with a deterioration in economic status, a feeling of national decline and the loss of sovereignty have led to a rise in populism.

**This all goes to show the extent to which the recovery of our national industry is a critical political issue, and not just economic.**

Recognition of this can be traced to the end of the 2000s, but **supply-side policy was only belatedly implemented in 2015** with the CICE (tax credit for competitiveness and employment) and an accountability pact to reduce the

cost of labour. In 2019, France became the leading destination for foreign investors in Europe, a position that it has maintained ever since. This supply-side policy includes a gradual reduction of corporate tax through capital tax concessions, the reform of unemployment benefits, and some key amendments to labour and corporate law. The leverage effect on private investment of public funds managed by the BPI is widely and increasingly directed at industry: a portion of the €100 bn recovery plan introduced in 2020 due to Covid, and €34 bn over 5 years to fund forward-looking sectors as part of the France 2030 plan.

**The impact on our industry is clearly beneficial:** after hitting a low of -610 in 2015, the cumulative loss of factories since 2009 has gradually decreased and now stands at -343. France recorded a positive balance of 150 new factories in 2021, and of 80 in 2022 with 150 openings and 70 closures.

But with the geopolitical context and ensuing rise in energy prices, the recovery of the French manufacturing sector seems to be running out of steam in early 2023. The trade deficit is growing wider owing to imported energy. **The industrial contribution to the GDP is therefore stabilized at best.**

On a positive note, the number of industrial jobs continues to rise due to the expansion of existing factories, the widespread use of apprenticeships and a reduction in offshoring, even a reversal of the trend.

**France's industrial redevelopment will take time, and involves patiently maintaining the course set less than a decade ago:** developing centres of excellence and sector ecosystems, mobilising public funds and savings for research and industry, investing in national sources of decarbonised energy, specialising in forward-looking sectors, increasing the duration of working life, investing in training and qualifications, and developing the number of mid-cap businesses.

**For one of the essential levers is developing the number of regional, mid-cap industrial companies with stable capital structures, generating revenues of several hundred million to several billion euros, and with the capacity to invest, to innovate, to up-scale, to manage subsidiaries, to enter foreign markets and to provide properly paid jobs.**

## RECENT TRANSACTIONS



**FREIGHT SHIPPING & LOGISTICS**  
LBO

**TEMPO ONE** (Revenue=€220M) is a haulage and logistics business based in Marseille, founded in 2008 by Joseph Arakel. LINKERS advised on a sponsor-less LBO allowing his son Olivier Arakel, chairman since 2022, and his managing director Fabrice Billet, to acquire a majority stake in the ARENC LOGISTIQUE holding. This transmission was partly funded by a vendor loan and by bank debt with BP Sud and BP Med. TEMPO ONE runs operations at around 40 locations worldwide, and has a workforce of 700 employees.

**SIDNEY SERVAL**  
BUY-SIDE ADVISOR



**FINANCIAL COMMUNICATION ACQUISITION**

Founded by L. Rouyrès, **LABRADOR** (Revenue=€25M) has assisted more than two of every three SBF 120 companies for the last 30 years in ensuring transparency of financial and non-financial information (URD, ESEF, ESG, code of ethics...). With the acquisition of ARGYLE in the USA, the group has achieved its ambition of creating a multinational established in Paris, NY, Atlanta and Manila. LINKERS advised on the acquisition in close collaboration with Focus, the American partner of M&A Worldwide, which covers more than 40 countries worldwide.

**JÉRÔME LUIS**  
**MICHÈLE FINE**  
BUY-SIDE ADVISORS



**LAST-MILE LOGISTICS**  
SALE

After advising Alexandre Guesdon, director of **LM2S**, during an OBO with Isatis Capital in 2016, LINKERS again assisted the directors and shareholders in divesting the business to STACI. LM2S is a company specialised in last-mile logistics for mobile professionals (technicians, sales representatives, etc.) through a B2B distribution-point network called PUDO® (Pick Up Drop Off). The process conducted in late 2022 captured the interest of French and foreign potential buyers.

**PHILIPPE LAURENT**  
**FLORENT COUDRAY**  
SELL-SIDE ADVISORS



**TRANSLATION AGENCY**  
MERGER

Founded over 25 years ago, **A.D.T.** (€7M in revenue) is a long-standing operator and independent leader in the French translation services market, with a loyal client base of key accounts and legal stakeholders (intellectual property, law firms...). ADT has been acquired by the Danish LanguageWire (€70M in Rev.) established in 13 countries in several continents. This merger will enable LanguageWire to strengthen its position in the French market, notably in the legal field and ADT to benefit from LanguageWire's technological solutions (automation, AI...).

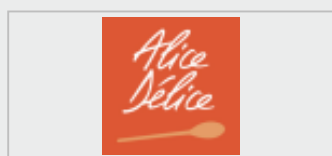
**JÉRÔME LUIS**  
ADVISOR TO THE SHAREHOLDER



**INDUSTRIAL CLEANING SERVICES**  
2 ACQUISITIONS

The **EMN** network has finalised its 4th external growth operation in 6 months with the acquisition of SOLVITNET (Côtes-d'Armor) and HYGENIE (Nantes), which contribute an additional €7 M in revenue and strengthen EMN's presence in Brittany. Assisted by LINKERS, the Normandy-based company, which generated €6.7M in revenue in its region in 2013, has become over the last decade a multi-regional network established in the Grand-Quest and Ile-de-France with consolidated revenue of over €53 M.

**PHILIPPE LAURENT**  
**FLORENT COUDRAY**  
BUY-SIDE ADVISORS



**RETAIL**  
SALE

**ALICE DELICE** is a retailer specialising in cookware, which aims to make the benefits of home-made cooking as widely accessible as possible. The company generates €26M in revenue and distributes its products through 25 bricks-and-mortar stores and a website. This is the second time that LINKERS has advised the shareholder, the ADEO/LEROY MERLIN group, on disposal of its subsidiary to Terrence Capital, managed by Thierry Le Guénic.

**BENJAMIN LE GUILLOU**  
**ARNAUD MARCHANDIER**  
SELL-SIDE ADVISORS



**VEHICLES**  
SALE

**KIT UTILITAIRE**, the main subsidiary of the group founded by Stéphane Poppoff in 2008, designs and sells kits for fitting out light utility vehicles for professional clients. **MYKITVAN**, the second subsidiary, transforms utility vehicles into leisure vehicles thanks to a team of technicians with proven know-how. LINKERS advised the founder in disposing of his group to Sparring Capital, with the support of the buyer, Pierre-Yves Buisson and the management team.

**BENJAMIN LE GUILLOU**  
**ARNAUD MARCHANDIER**  
SELL-SIDE ADVISORS



**DIGITAL MARKETING**  
SALE

Founded in 2010 by Robert Chazal, who was joined early on by Jérémy Lellouche (Managing Director), **CARDATA** has developed data and performance marketing solutions in France and abroad. LINKERS assisted the group's founder and minority shareholders in a divestiture to European Digital Group (EDG), and some of its managers in setting up an MBO enabling them to acquire a stake in the new entity, DATAVENTURE.

**BENJAMIN LE GUILLOU**  
**GUILLAUME ANSELIN**  
SELL-SIDE ADVISORS



## LINKERS' INTERNATIONAL NETWORK

### Europe:

Belgium | Denmark | Finland | France | UK | Greece  
Hungary | Ireland | Iceland | Israel | Italy | Lithuania  
Netherlands | Norway | Poland | Portugal | Spain | Turkey

### Americas:

Argentina | Brazil | Canada | Chile | Ecuador | Peru | USA

### Asia:

China | India | Japan  
Malaysia | Singapore  
Thailand | Vietnam

### Oceania:

New Zealand

M & A  
WORLDWIDE



## 39th CONVENTION M&A WORLDWIDE IN BUDAPEST: 12-14 APRIL 2023



The 39th M&A WORLDWIDE Convention was recently held in Budapest, on the initiative of our partner IM&A.

It was an opportunity to welcome a new member (Misti Capital in Chile), bringing the number of companies represented in the network to 36. LINKERS also had the honour of seeing one of the transactions it advised on voted "Deal of the Year" (see below).



## A FRANCO-AMERICAN DEAL IN THE M&A WORLDWIDE NETWORK

### A joint mandate with FOCUS (USA)

For the last 30 years, LABRADOR has assisted listed companies in communicating and developing financial and non-financial documents (URD, code of ethics, climate report, etc.). Labrador has become the French leader in this market, positioned with a focus on the transparency of information.

Due to its unique know-how, the group has built long-term relationships with a client-base of blue-chip companies: SG, Publicis Groupe, Airbus, Engie, Sanofi, Veolia, etc. Since 2010 LABRADOR has also developed a highly successful subsidiary in the United States with clients such as Delta, Google/Alphabet and Moderna.

The acquisition of ARGYLE, one of its American competitors, fast became a strategic goal for LABRADOR, since the two businesses share the same DNA and the same vision of financial transparency. Furthermore, it has enabled LABRADOR to become a major player in the American market and to achieve its ambition of creating a multi-national company established in Paris,



Atlanta, New-York and Manila.

In order to increase the chances for success, LINKERS (M. Fine and J. Luis) naturally turned to its American partner (FOCUS) represented by two senior bankers (R. Thomas and C. Schlup). The transaction was complex and multi-faceted. ARGYLE was a business unit belonging to the DG3 printing solutions group, in turn owned by the Resilience fund. The operation therefore involved a carve-out transaction of the asset deal type, always more complex than purchasing securities, especially across the Atlantic. The Franco-American team successfully guided LABRADOR in negotiating price and payment terms, and securing funding.

This acquisition, which was voted "Deal of the Year" at the last M&A Worldwide Convention, is representative of the value added that LINKERS can provide to its clients through its partners in the international network.

## 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); Axyx to Meta4 (Spain); Econocom CH to Lease-It (Germany); Tisys to Ultra Electronics (UK); Elysees West to Hotusa Hotels (Spain); Filec to Amphenol (USA); Eboutich to Maus (Switzerland); Genetel to Anite (UK); Packinox to Alfa Laval (Sweden); Climpack-Metnext to Weathernews (Japan); SVD to Exertis (Ireland); Camping&Co to Rocket Internet (Germany); SecludIT to Outpost24 (Sweden); Editel (Mauritius) to GL Events; Adonis Environnement (Madagascar) to Veolia Africa; L'Officiel Du Déménagement to Movinga (Germany); Stoll Trucks (Luxembourg) to Turenne Capital and Euro Capital; Alco to CTA (Italy); WeeSafe to KOLMI HOPEN - Groupe MEDICOM (Canada); A.D.T. International to LanguageWire...

**ACQUISITIONS:** Argyle (USA) by Labrador; Ibrams (Germany) and Brand Project (Sweden) by Wedia; PC Garant (Germany), Citymain (UK), Cap Protection (Belgium) and Insurance2Go (UK) by SPB; Frölich u. Walter (Germany) by CUC; Pratik (Germany) by Pratique Paul Budde Communication (Australia) by Ubiquick; Martin GmbH (Germany) by Infraneo...

## ENTREPRENEUR'S VIEWPOINT

**Stéphane POPPOFF, Founder and Manager of KIT UTILITAIRE sold to SPARRING CAPITAL**

*Can you tell us about the K France group, which you founded 15 years ago?*

The K France group is composed of two subsidiaries, KIT UTILITAIRE created in 2008 and MYKITVAN, launched in 2018. The idea behind them, in this era of DIY, was to popularise and give everyone access to apparently complex products, or those reserved for professional utility vehicle fitters. The group covers both a B2B client base with KIT UTILITAIRE, which specialises in designing and selling exterior equipment and kits for fitting out the interiors of light utility vehicles, and a B2C client base with MYKITVAN, a specialist in transforming light utility vehicles into leisure vehicles sold under an own brand name.



**Stéphane POPPOFF**  
Founder of Kit Utilitaire



*What were your reasons for choosing the tandem formed by the new head of the company, Pierre-Yves BUISSON, and the investment fund SPARRING CAPITAL as a buyer?*

Sparring Capital was an obvious choice for this MBI operation, both for their skill in this type of transaction and for the entrepreneurial vision of their teams; and from my first meeting with Pierre-Yves Buisson I knew that he possessed all the qualities that I lacked to take the group to a new level.

*What was LINKERS' role in this transaction?*

The role of the LINKERS team was highly valuable during the entire process, which comprises numerous stages before reaching sale/closing, and I must admit that without the astute advice of this investment bank the deal would probably not have been secured. I therefore cannot thank Benjamin, Arnaud and Giuseppe enough for their precious guidance.



## ONGOING MISSIONS

### Buy-Side Missions \*

Training / Digital learning

Facility management

Industrial cleaning services

Wealth management advisory

Insurance brokerage

Medical laboratory for PCB

Security

Education - Nurseries

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

## EXPERT OPINION

AON

### Insurance and M&A



**Olena VLASYUK**

Head of M&A & transactional Solutions  
AON France

Analysing and quantifying strategic, financial, operational, environmental and human risks in order to outsource them can be key to satisfactorily concluding a transaction.

Representations and warranties (R&W) insurance covers financial loss resulting from breaches of the representations and warranties made by the seller in the disposal agreement.

By transferring the major potential repercussions of an R&W guarantee (deductible, cap) to a third party, it enables a vendor to make a "clean exit" without being compelled to immobilise a portion of the sales proceeds, and to cap their risk by replacing it with a fixed premium.

Its development has increased the offering, lowered costs, reduced constraints, and now makes managing complex multinational operations easier; it has also become a differentiating factor for buyers in competitive processes.

Additionally, it has broadened the scope of possible applications: beyond unknown

risks (strong increase in claims for environmental liabilities, risks relating to planning permission, etc.), insurers can now consider identified risks relating for example to ongoing disputes or tax matters (VAT, substance, management packages, etc.), which would otherwise be handled through deductions, combined with possible supplements and uncapped. Another key factor at a time when investor portfolio turnover rates are high is that it eliminates time constraints.

AON has a specialist team supported by an integrated global network, which works with private equity funds and businesses, and also provides services in the spheres of risk and insurance due diligence, intellectual property, Cyber/IT, ESG, HR and cashflow optimisation.

## A NAUTICAL SPONSORSHIP FULL OF MEANING FOR LINKERS



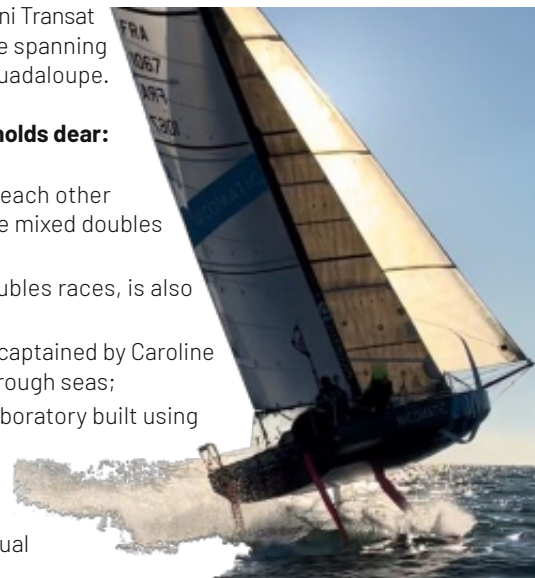
Benoît MARIE and Caroline BOULE

**A new challenge for LINKERS: to help 25-year-old sailor Caroline Boule to become the first woman to win the Mini Transat race!**

LINKERS is for the 3rd time embarking on the Mini Transat adventure, a solo, unassisted transatlantic race spanning 4,050 nautical miles from Sables d'Olonne to Guadaloupe.

**This project embodies values that LINKERS holds dear:**

- **gender diversity**, for while the Mini Transat is a solo race the sailors compete against each other during preparatory races, some of which, like the Mini-Fastnet and the Calvados Cup, are mixed doubles events.
- **sharing and skills transmission**, as Benoît Marie, Caroline's co-skipper during the doubles races, is also her coach and she will benefit from his experience as winner of the 2013 Mini Transat.
- **a taste for risk and technological innovation**, as the prototype designed by Benoît and captained by Caroline is equipped with foils that will enable it to literally fly one metre above the water even in rough seas;
- **sustainable development**, as the boat was developed with the assistance of a yacht laboratory built using 97% reclaimed materials, notably from the aeronautic industry;
- **ecology**, as the foils with which the boat is equipped are designed to one day be adapted to maritime transport ships to enable them to reduce their carbon footprint;
- **solidarity**, as although there is a keen competitive spirit, it always leaves room for mutual assistance between sailors in the event of an accident.



## WELCOME ABOARD

**Geneviève Lebranchu** joins LINKERS Lyon. Working in the field with businesses as manager of restructuring- or compliance-related projects, she has a specific interest in continuous improvement. Geneviève provides her knowledge of the stakeholders who drive innovation, particularly in tech, data and training.



**Geneviève LEBRANCHU**  
Senior Advisor, LINKERS

## LINKERS OPEN IN DEAUVILLE: 16-19 JUNE

The **LINKERS Open International in Deauville**, organised by the Deauville Yacht Club under the auspices of the Fédération Française de Voile (FFV), is one of the major European Dragon boat regattas. Each year it is attended by a very strong line-up, with champions from all over Europe, such as Pieter Heerema in 2021 (Vendée Globe).



## LINKERS TEAM



P. Delecourt

P. Zoppi

M. Belbéoch

S. Servat

P. Laurent

M. Fine

F. Coudray

B. Le Guillou

J. Luis

C. Fernandes

D. Busquet

G. Anselin

A. Marchandier

A. Zoppi