



Public tender offers barometer

2018

ALANTRA

Introduction

Introduction

- The *public tender offers barometer* is the opportunity for ALANTRA to provide all interested parties (e.g. issuers, shareholders, family offices, investment funds, lawyers, accountants) with quantitative and qualitative elements to better understand public tender offers filed in France
- This fifth edition of the barometer focuses on transactions that took place during the full year 2018 (mentioned as “2018”)
- We hope that this initial information will help guide your thinking with respect to listed companies, refine your planning of transactions and support you in their execution, by sharing with you the full and unique benefit of our teams' years of practical experience

2018 Key figures

- **Number of public tender offers:** 25 effectively filed (-39% vs. 2017) and 7 announced but not yet filed to the AMF in 2018
- **Types of offers:** a stabilization of the proportion of “closing” offers¹⁾
- **Use of the pre-offer:** a decreasing use of the pre-offer mechanism (68% of offers)
- **Types of offerors:** a stabilization of offers initiated by financial investors (20% of offers)
- **Delisting intentions:** a slight decreasing number (but not proportionally) of offers with delisting intention
- **Premiums on the share price:** premiums increasing compared to 2017 (average premium of 27% on spot price in 2018 vs. 23% in 2017)



Olivier Guignon
Managing Partner

Experience

- Olivier has 20+ years experience in public M&A
- 37 public tender offers filed
- Before joining ALANTRA, Olivier worked for Lazard and Oddo BHF
- He graduated from ESCP Europe and holds a law degree from *Barreau de Paris*

Recent transactions

- Simplified public tender offer followed by a delisting initiated by BGI on SOBOA
- Simplified public tender offer initiated by Five Arrows on Harvest
- Simplified public tender offer followed by a squeeze-out initiated by Sangamo Therapeutics on TxCell
- Exemption of public tender offer filing for LFPI on Umanis
- Public tender offer initiated by Coyote on Traqueur
- Simplified public tender offer initiated by Jolt and Ambrosia on Alpha MOS

Contact

- +33 1 70 91 35 83
- olivier.guignon@alantra.com



Public tender offers market overview

Valuations offered by offeror

Recent trends & developments

Appendices

Number of public tender offers

32 offers announced, of which 25 effectively filed (-39% vs. 2017) to the AMF in 2018



- After a banner year in 2017, the number of offers filed during 2018 strongly decreased (-39% vs. 2017): 32 offers announced, of which 25 effectively filed (-39% vs. 2017) to the AMF in 2018
- **Offers announced but not yet filed to the AMF in 2018:** Krief Group on Fauvet Girel, Bouygues Telecom on Keyyo, Horizon on Parrot, Five Arrows on Harvest, Vorwerk on Guy Degrenne, Publicis Groupe on Soft Computing, CVC Capital Partners on April

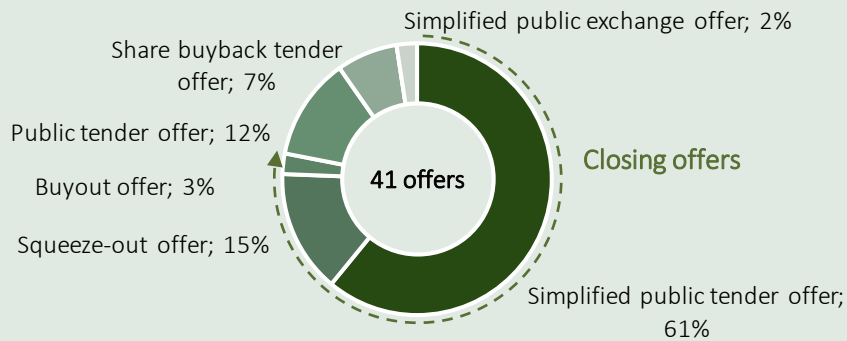
Note: 1 additional offer was announced in 2017 but still has not been filed to the AMF in 2018 – Krief Group on Financière Marjols

Types of offers

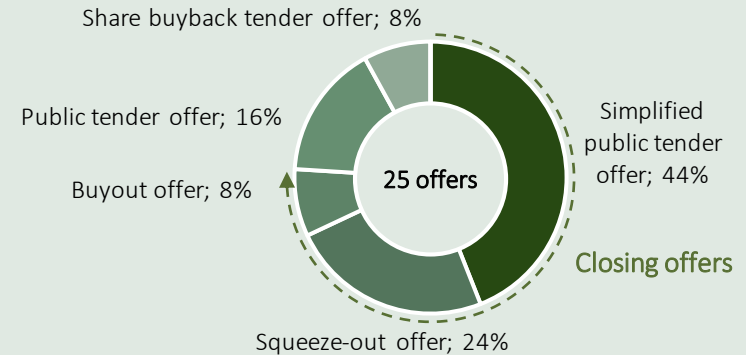
A stabilization of the proportion of “closing” offers⁽¹⁾



Types of offers in 2017



Types of offers in 2018



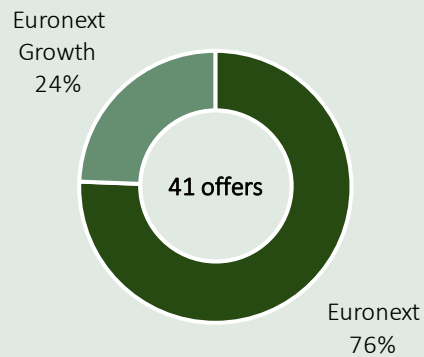
- A stabilization of the **high number of « closing » offers⁽¹⁾** representing 76% of the offers filed in 2018 (44% of simplified public tender offers; 24% of squeeze-out offers; 8% of buyout offers) vs. 78% in 2017 (61% of simplified public tender offers; 15% of squeeze-out offers; 3% of buyout offers)
- **Simplified public exchange offers⁽²⁾ remain rarely used by offerors** (no offer in 2018 vs. 1 offer in 2017), mainly due to their complex execution and maybe their lower attractiveness

Stock exchange compartments

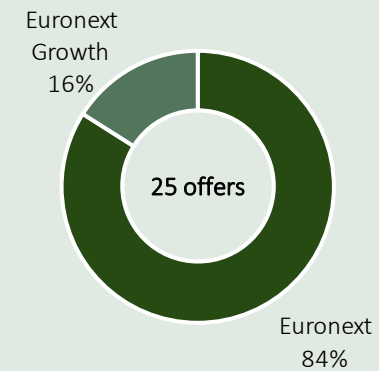
A decreasing proportion of public tender offers targeting companies listed on Euronext Growth



Stock exchange compartments in 2017



Stock exchange compartments in 2018



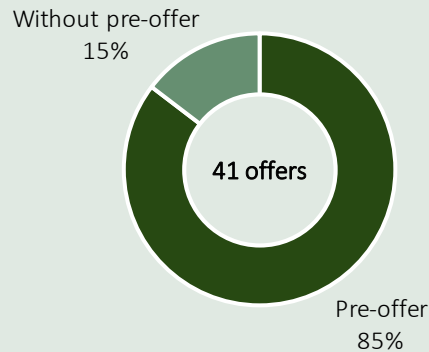
- A **decreasing number** of public tender offers filed on Euronext Growth in 2018, **after three years of increase**

Use of the pre-offer mechanism

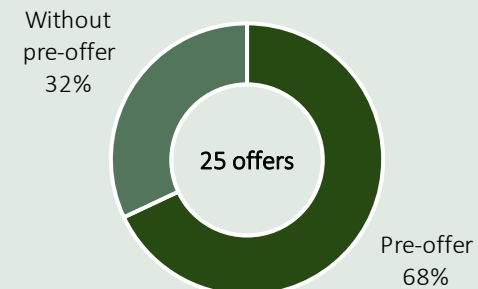
A decreasing use of the pre-offer mechanism (68% of offers in 2018 vs. 85% in 2017)



Use of the pre-offer mechanism in 2017



Use of the pre-offer mechanism in 2018



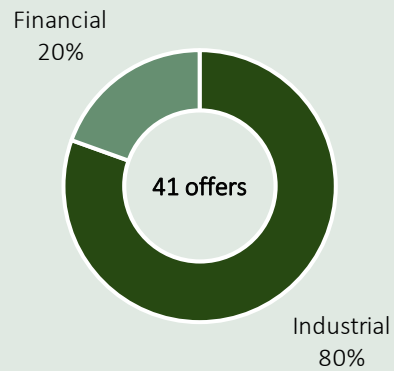
- The pre-offer mechanism⁽¹⁾ is decreasingly used by offerors in 2018, reaching 68% of offers (vs. 85% in 2017)
- This decrease may be explained by the sharp increase of buyout offers (24% in 2018 vs. 15% in 2017) which usually do not require a pre-offer mechanism as the offeror holds more than 95% of the capital and voting rights before the announcement
- Therefore, no conditions precedent (anti-trust, foreign investment, consultation of employee representative bodies) should be required, which often lead to a pre-offer triggering

Types of offerors: financial vs industrial

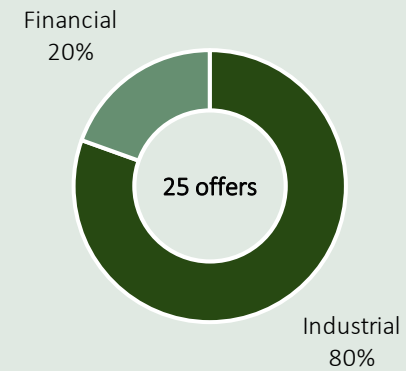
A stabilization of offers initiated by financial investors (20% of offers)



Types of offerors in 2017



Types of offerors in 2018



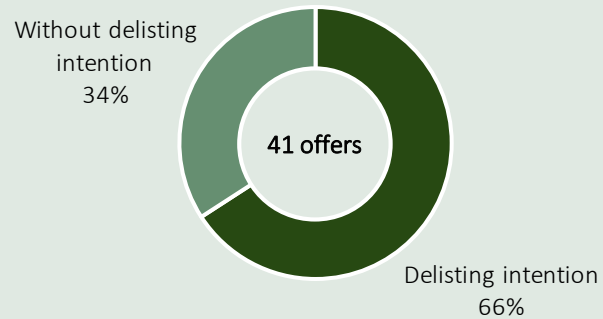
- The proportion of offers initiated by financial investors was maintained at 20% in 2018

Delisting intentions

A slight decreasing number (but not proportionally) of offers with delisting intention



Delisting intentions in 2017



Delisting intentions in 2018



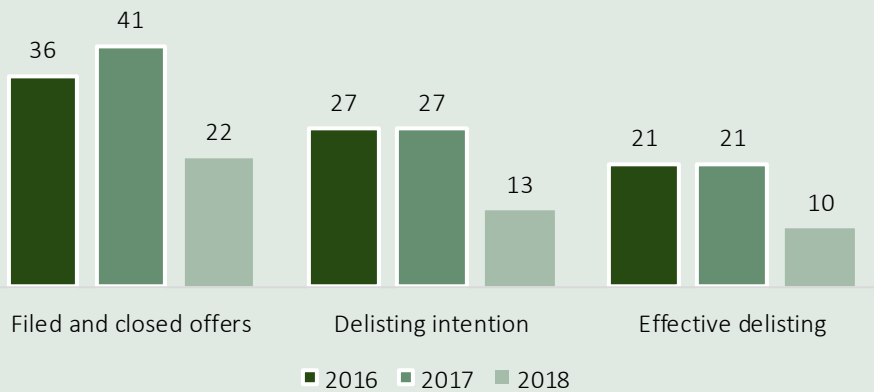
- A stabilization of the proportion of offers that tend to delist the target (64% offers with delisting intention in 2018 vs. 66% in 2017)
- This can be explained by:
 - The **willingness to take control**, without necessarily delist
 - A **need to reduce potential risks of overbid on the premium** following minority shareholder actions

Effective delisting implementation

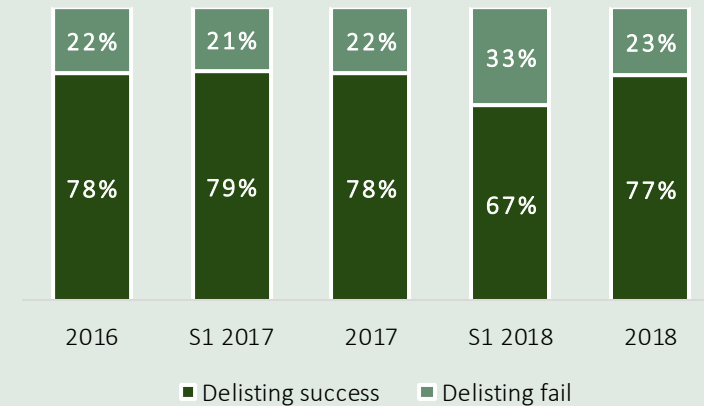
A 77% delisting success rate in 2018 (vs. 78% in 2017)



Evolution of delisting intentions



Delisting success rate



- In 2018, **77% of the filed and closed offers** (10 out of 13) led to an effective delisting
- Therefore, 3 offerors have failed in their delisting intention:
 - TF1 on Auféminin (offer from April 2018)
 - Orange on Business & Decision
 - Sofiouest on Spir Communication



Public tender offers market overview

Valuations offered by offeror

Recent trends & developments

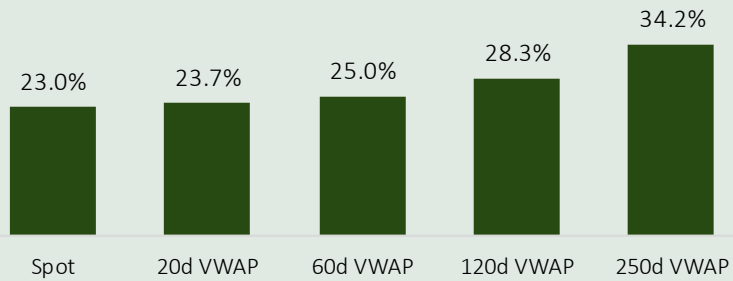
Appendices

Premiums on the share price

Increasing premiums compared to 2017 (average premium of 26,9% on spot price in 2018 vs. 23,0% in 2017)



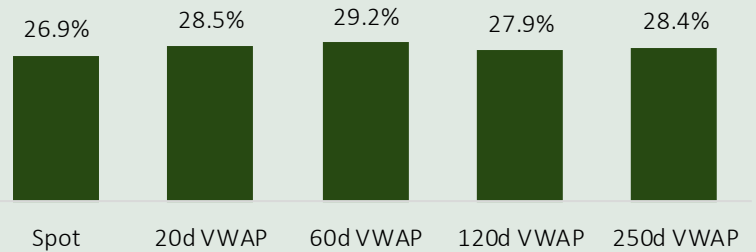
Offers effectively filed in 2017



CAC 40 performance in 2017: +9.3%
SBF 120 performance in 2017: +10.8%



Offers effectively filed in 2018



CAC 40 performance in 2018: (11.0%)
SBF 120 performance in 2018: (11.7%)

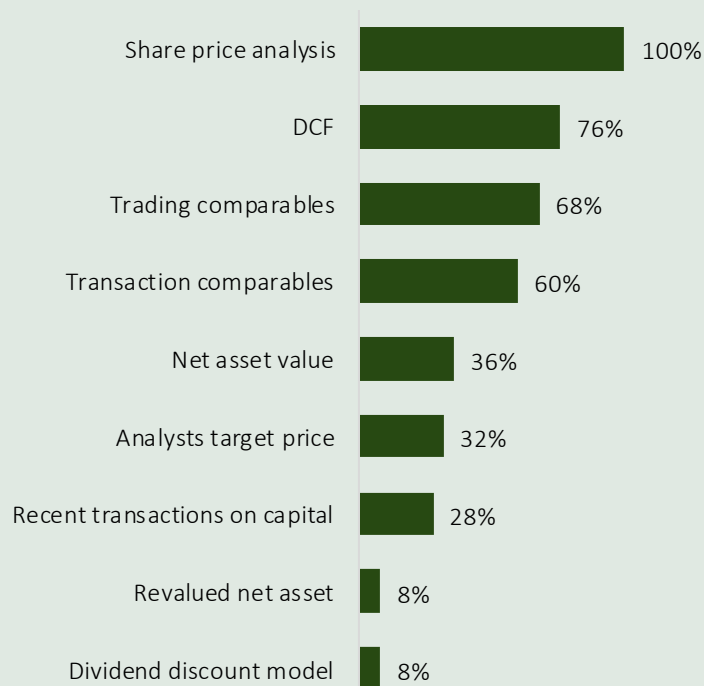
- A 17% increase on the offered average premium in 2018 compared to 2017, mainly explained by:
 - The strong decrease of the CAC 40 and SBF 120
 - The sharp decrease of offered premiums in 2017

Retained valuation methods

Share price analysis, DCF and trading comparables remain the most used valuation methods in 2018



Using rate by valuation method



Valuation methods overview

- **Analogic approach**
 - **Trading comparables:** application of valuation multiples from comparable listed companies to target's aggregates
 - **Transaction comparables:** application of valuation multiples induced by comparable transactions to target's aggregates
- **Intrinsic approach**
 - **Discounted Cash Flow (DCF):** all future cash flows are estimated in a business plan and discounted at the Weighted Average Cost of Capital (WACC) and then added to a terminal value calculated beyond the business plan horizon
 - **Net asset value:** asset method based on an historical costs logic
 - **Revalued net asset:** theoretical value of shareholders' equity obtained by revaluation of assets, liabilities and off-balance sheet items
 - **Dividend Discount Model (DDM):** value the price of a stock by using the predicted dividends and discounting them by the company's cost of equity
 - **Analysts target price:** mean or median of target prices stated by equity research analysts
 - **Recent transactions on capital:** valuation based on significant transactions that recently occurred on the target company
 - **Share price analysis:** implied premium on spot price and volume weighted average price from several periods (20 to 250 days)



Public tender offers market overview

Valuations offered by offeror

Recent trends & developments

Appendices

Target industries

Offers mainly target companies operating in the TMT and Energy sectors



Offers effectively filed by sector



- Telecom, Media & Technologie (TMT) and Energy** sectors are the most represented in 2018 with respectively 8 and 4 operations:
 - Telecom, Media & Technologie:** Perfect Commerce on Hubwoo, TF1 on Auféminin (May 2018), Orange on Business & Decision, Sofiouest on Spir Communication, Afone Participations on Afone Participations, TF1 on Auféminin (October 2018), Mannai Corporation on GFI Informatique, Financière WATT on Serma Group
 - Energy:** Engie Energie Services on Compagnie Financière de Chauffage Urbain, Engie on Electro Power Systems, Axens on Heurtey Petrochem, Total on Direct Energie



Public tender offers market overview

Valuations offered by offeror

Recent trends & developments

Appendices

List of 2018 public tender offers^(1/2)

Announce date	Filing date	Target	Offer type	Market
29-12-18	Pending	April	Simplified public tender offer	Euronext
20-12-18	Pending	Soft Computing	Simplified public tender offer	Euronext
17-12-18	Pending	Harvest	Simplified public tender offer	Euronext
17-12-18	Pending	Guy Dregrenne	Squeeze-out offer	Euronext
27-11-18	Pending	Parrot	Public tender offer	Euronext
25-10-18	Pending	Keyyo	Public tender offer	Euronext Growth
20-06-18	Pending	Fauvet Girel	Public tender offer	Euronext
12-07-17	Pending	Financière Marjos	Public tender offer	Euronext
18-10-18	21-12-18	Selectirente	Public tender offer	Euronext
26-06-18	20-12-18	Locindus	Buyout offer	Euronext
13-11-18	28-11-18	Serma Group	Simplified public tender offer	Euronext Growth
02-06-17	13-11-18	Baccarat	Public tender offer	Euronext
07-11-18	07-11-18	Malteries Franco-Belges	Simplified public tender offer	Euronext
26-09-18	06-11-18	GFI Informatique	Squeeze-out offer	Euronext
07-09-18	03-10-18	Auféminin	Squeeze-out offer	Euronext
23-07-18	02-10-18	TxCeLL	Simplified public tender offer	Euronext
18-04-18	06-07-18	Direct Energie	Simplified public tender offer	Euronext
29-05-18	27-06-18	Afone Participations	Share buyback tender offer	Euronext
26-06-18	26-06-18	Heurtey Petrochem	Squeeze-out offer	Euronext Growth
21-06-18	21-06-18	Dom Security	Share buyback tender offer	Euronext
07-06-18	07-06-18	Spir Communication	Buyout offer	Euronext
26-03-18	07-06-18	Naturex	Public tender offer	Euronext
18-05-17	06-06-18	Business & Decision	Simplified public tender offer	Euronext
12-12-17	22-05-18	Auféminin	Simplified public tender offer	Euronext
15-01-18	09-05-18	Compagnie Foncière Internationale (CFI)	Simplified public tender offer	Euronext

List of 2018 public tender offers^(2/2)

Announce date	Filing date	Target	Offer type	Market
04-05-18	04-05-18	Altamir	Public tender offer	Euronext
24-01-18	29-03-18	Electro Power Systems	Simplified public tender offer	Euronext
23-03-18	23-03-18	Compagnie Parisienne de Chauffage Urbain	Squeeze-out offer	Euronext
23-02-18	21-03-18	Euler Hermès Group	Simplified public tender offer	Euronext
06-02-18	19-03-18	A2micile Europe	Squeeze-out offer	Euronext Growth
14-02-18	16-03-18	Vexim	Squeeze-out offer	Euronext Growth
16-06-17	19-01-18	SES Imagotag	Simplified public tender offer	Euronext
17-01-18	17-01-18	Hubwoo	Simplified public tender offer	Euronext

Public tender offers reminders^(1/2)

The various types of public tender offers

The various types of public tender offers

▪ Voluntary or mandatory offer

- A public offer may be **voluntary** or **mandatory**. On the regulated market, a **mandatory** offer has to be filed by any person who:
 - Cross the 30% threshold (capital and voting rights)
 - Already holds between 30% and 50% of the share, and increases its stake of more than 1% in less than a year
- On Euronext Growth, the threshold triggering the mandatory offer is 50% of the capital or voting rights
- In this case, **the price offered by the offeror** must be at least equal to **the highest price** paid by the offeror in the last twelve months. The AMF may request or authorize a price change in some cases

▪ Hostile or friendly public tender offer

- A public tender offer can be:
 - « **Friendly** » or « **solicited** » when the offer is submitted under the agreement of the target's executive or supervisory board
 - « **Hostile** » or « **unsolicited** » in other cases

▪ Cash or exchange offer

- **Public tender offer**: the issuer acquires target's shares against cash
- **Public exchange offer**: the issuer acquires target's shares against shares, issued or to be issued
- **Mix & match offer**: the issuer acquires target's shares against cash and shares
- **Alternative offer**: the issuer offers to choose between shares, cash, or both
- In any case, the target's shareholders remain free to tender or not their shares

▪ Squeeze-out offer

- At the end of any public offer, if the non-tendered shares represent **less than 5% of the capital and voting rights**, the majority shareholder may trigger a squeeze-out on these shares
- The **minority shareholders** are then **compensated** and the **target** is **delisted**
- An **independent appraiser** is mandated by the target company to issue a **fairness opinion** on the squeeze-out price

Public tender offers reminders^(2/2)

Procedure and calendar

Offer filing procedure

- **Filing of a draft offer**
 - **The issuer files a draft offer to the AMF** presenting investors with all the characteristics. As soon as it is filed, it is immediately published on AMF's website, but remains subject to review by the AMF, which may request substantive and formal amendments
 - In parallel, **the issuer publishes a press release** which presents the critical elements of the draft offer
 - **The target may then publish a press release** in order to make known the board opinion regarding the offer and, if applicable, the results of the independent appraiser report and works council opinion
 - In most cases, the **target files its own draft offer in response** to the AMF. This document is available to the public. It is subject to review by the AMF and contains, in particular, the reasoned opinion of the board on the offer and, if applicable, the fairness opinion of the independent appraiser it has appointed and the works council opinion
- **Review of the offer by the AMF**
 - The AMF controls all public offers targeting listed companies on Euronext and Euronext Growth
 - It ensures compliance with the principles (free play of offers and bids, equal treatment and information, transparency, market integrity, loyalty in transactions and competition) and rules applicable to offers, in particular on price matters
 - The company remains the only responsible of information provided during the entire execution of the offer

Offer calendar

- The AMF publishes the offer calendar. It depends on the offer type
 - For a public tender offer or an exchange offer under a **normal procedure** (when the issuer holds less than 50% of the target capital or voting rights), the offer is open during 25 trading days. It may be reopened, outbid, or counter-bid filed by a third party
 - For an offer under a **simplified procedure** (when the issuer holds more than 50% of the target capital or voting rights), the offer is open during 10 trading days (15 days for an exchange offer)
- At closing, the AMF publishes the result of the offer on its website

Disclaimer

This document has been prepared by ALANTRA France Corporate Finance (hereinafter "ALANTRA") for information purpose only.

The materials contained in this document have been prepared by ALANTRA from public information available on the Company. ALANTRA assesses that such information is fair, true and accurate and therefore did not carry out any independent verification in connection therewith. ALANTRA gives no guarantee, representation or warranty, express or implied, as to the accuracy, completeness and correctness of the information contained in this document.

The information and analysis included in such document shall not create any liability towards ALANTRA nor constitute the unique basis of an investment making decision. Opinions expressed herein reflect the judgement of ALANTRA as of the date hereof and may be subject to change without notice if ALANTRA becomes aware of any information which may have a material impact on any such opinions. ALANTRA does not accept liability for any direct, consequential or other losses arising out from reliance on these materials.

This document, including its content, belongs to ALANTRA and is strictly confidential. It must not be disclosed or made available, by any means, in whole or in part, or summarized, without the prior written consent of ALANTRA, to any third party (individual or legal entity).