

2007 STUDY >

FRENCH PRIVATE EQUITY INDUSTRY ACTIVITY

HIGHLIGHTS

- In 2007, French private equity firms provided a record €12.6 billion in financing to more than 1,550 portfolio companies.
- The number of private equity portfolio companies and the investment volume increased in each private equity segment.
- Nearly 1,100 companies were the object of a divestment transaction, a 13% increase from the previous year.
- Fundraising remained at a high level, with €10 billion collected.

FUNDRAISING:

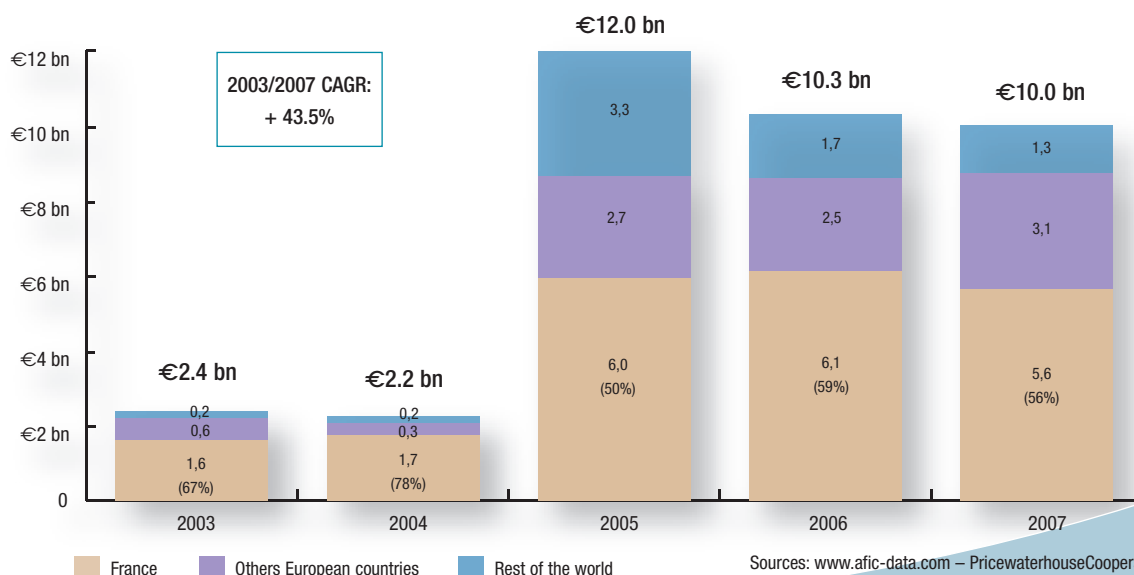
FUNDRAISING REMAINS AT A HIGH LEVEL

- Stable fundraising volume of €10 billion.
- A 24% increase in the number of private equity firms that raised funds, 94 in all.
- Balanced fundraising both in terms of the geographic origin of the investments: France and other countries, and the types of investors: insurance companies, individuals, funds of funds, banks, pension funds and retirement savings funds.
- 75% of all funds were raised through private equity funds (FCPR) and €1.2 billion were raised through innovation funds (FCPI) and regional investment funds (FIP).

With €10 billion collected by nearly 100 private equity firms, fundraising volume remained at a comparable level to 2006. The relative share of funds raised in France remained more or less the same, accounting for more than 55% of the total in 2007. The relative share of private equity fundraising in France from other European investors increased and now accounts for more

than 30% of the total, compared with less than 25% in 2006. The top 10 fundraising transactions accounted for more than 55% of the total.

The volume of funds raised over the past three years is roughly equivalent to the investment volume, which reflects the industry's lack of capital accumulation.

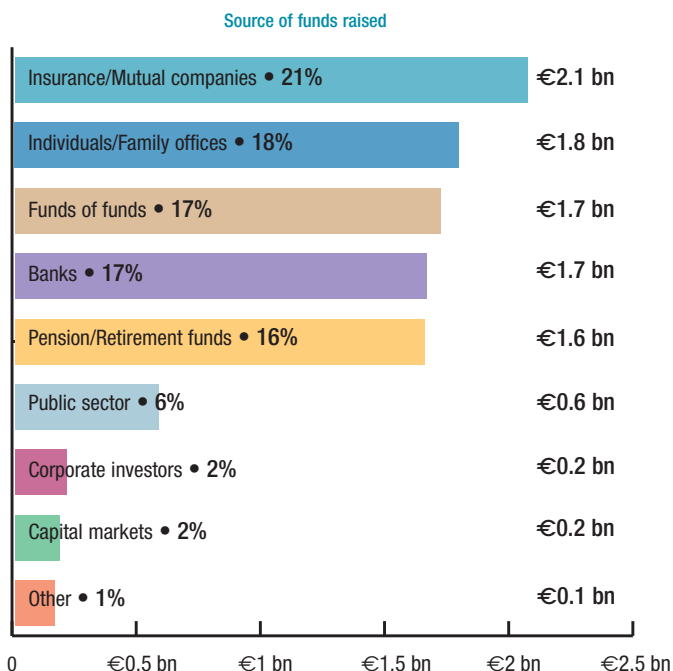


Insurance companies, individuals, funds of funds, banks, pension funds and retirement savings funds all provided balanced contributions to the overall fundraising volume.

The leading investors were still the insurance companies, followed by individuals, funds of funds whose contributions continue to grow, and banks whose investment volume slightly decreases.

75% of all funds were raised through private equity funds (FCPR) and €1.2 billion were raised through innovation funds (FCPI) and regional investment funds (FIP).

With nearly 75 private equity funds (FCPR) participating in this fundraising, they are still the most popular investment vehicle. Similarly, the nearly 70 investment vehicles established as innovation funds (FCPI) or regional investment funds (FIP) reflect the growing interest of individual investors in private equity.



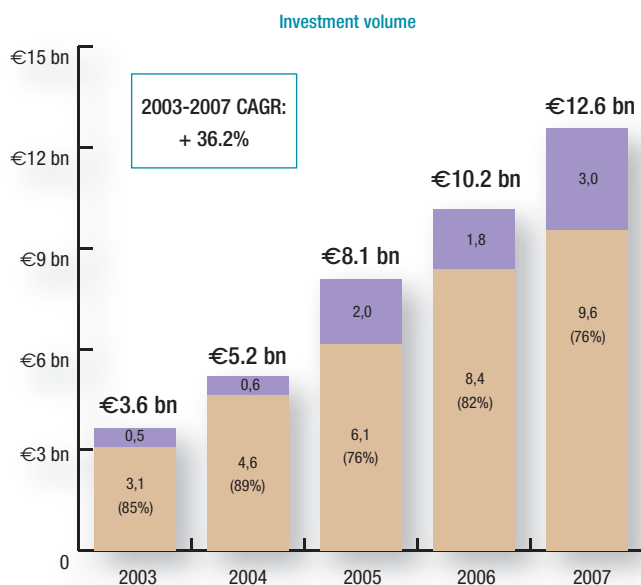
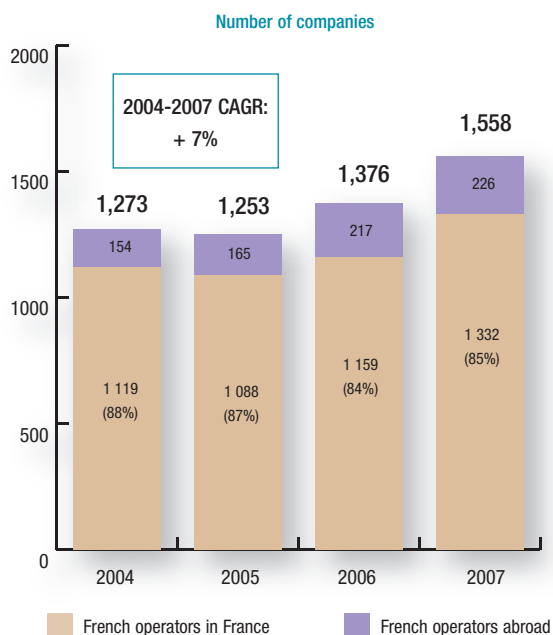
Sources: www.afic-data.com – PricewaterhouseCoopers

INVESTMENTS: SIGNIFICANT GROWTH IN THE NUMBER OF PRIVATE EQUITY PORTFOLIO COMPANIES

- 24% increase in investment volume to €12.6 billion.
- 13% increase in the number of portfolio companies to 1,558.
- Investment volume growth in each segment:
 - + 26% in Venture Capital,
 - + 24% in Expansion Capital,
 - + 22% in Buyout Capital / LBO (< €100 million),
 - + 35% in Large LBOs (> €100 million).

French private equity activity once again reached a new high. With investment volume of more than €12.6 billion in 2007, the activity has grown steadily since 2003 to reach a level seven times greater than 10 years ago.

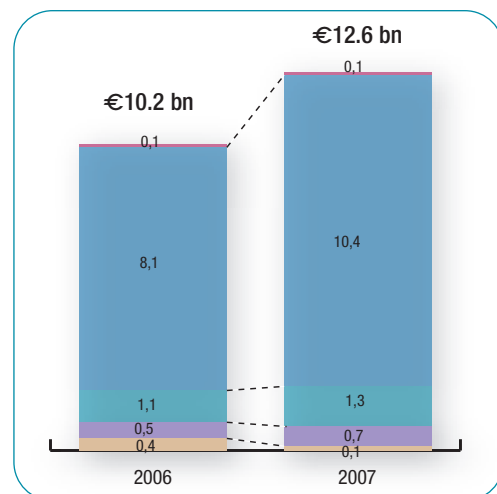
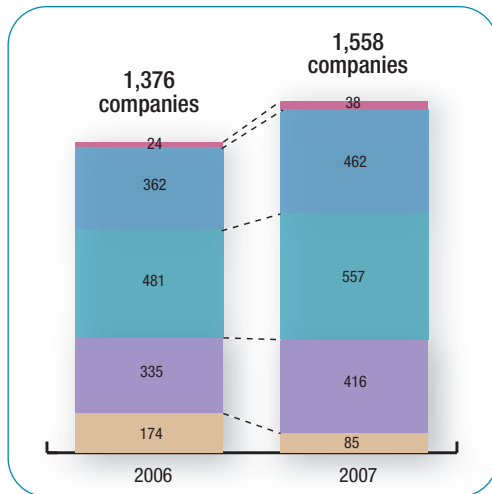
More than 1,550 companies in the venture, expansion, buyout or turnaround stages received financing in 2007, which was 13% more than in 2006, when the comparable number was below 1,400.



Sources: www.afic-data.com – PricewaterhouseCoopers

The Venture Capital, Expansion Capital and Buyout Capital / LBO segments all recorded strong growth, both in terms of the number of portfolio companies as well as the investment volume. With nearly €700 million in investment volume and 400 portfolio companies, Venture Capital was resurgent and reached a record level topped only by the 2000 vintage. The Expansion Capital segment also posted strong gains, as investment volume increased by 24% to €1.3 billion and the number of portfolio companies rose by 16% to more than 550. Meanwhile, the Buyout Capital / LBO segment recorded a 28% increase in investment volume to more than €10 billion. It accounted for 82%

of total private equity investment in 2007. More than 460 portfolio companies were involved in buyout transactions. In 2007, more than 80% of the portfolio companies were small- and medium-sized businesses (SMEs) with fewer than 250 employees and sales under €50 million. More than 40% of the portfolio companies are active in the innovation / technology areas (information technologies, medical and biotechnology, telecoms and communication), 85% are French and more than 55% are located outside of the Île-de-France region (greater Paris), mainly in regions with a high density of SMEs (Rhône-Alpes, Provence-Alpes-Côte-d'Azur, North).



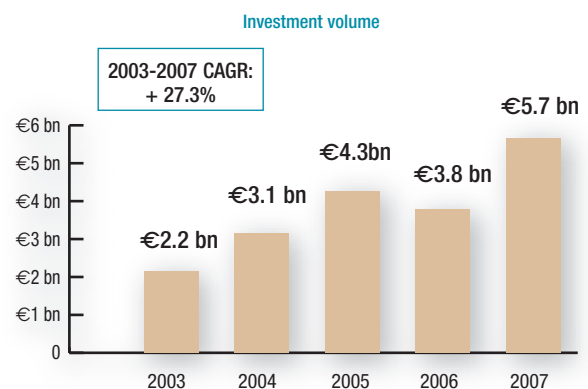
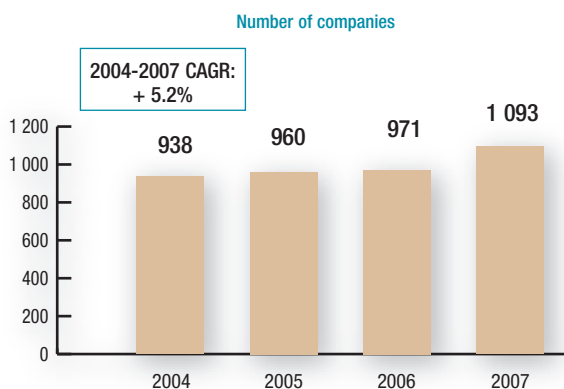
Legend: Venture Capital (purple), Expansion Capital (teal), Buyout Capital/LBO (blue), Turnaround Capital (pink), Other (orange). Sources: www.afic-data.com – PricewaterhouseCoopers

DIVESTMENTS: STEADY GROWTH IN THE NUMBER OF EXITS SINCE 2003

- A 13% increase in the number of exits, 1,093 companies in all.
- Public offerings, trade sales and sales to other private equity funds accounted for 75% of all exits.

Divestment volume remained at a high level in 2007. The number of divestments accelerated, exceeding the 1,000 threshold to reach nearly 1,100, up from 971 in 2006. Divestment volume at cost increased by nearly 50% to reach €5.7 billion, which reflects the excellent liquidity of the assets. Public offerings, trade sales and sales to other private equity firms accounted for more than 75% of all exits. Public offerings and sales of quoted equity remain the leading source of exits, thanks

in particular to the dynamism of the Alternext market. Trade sales remain a mainstay exit strategy; this level of activity can be attributed to the health of the mergers and acquisitions market. The relative number of management buyouts and sales to other private equity firms continues to grow, thereby confirming the role of private equity in helping a new category of entrepreneurs to emerge.



Sources: www.afic-data.com – PricewaterhouseCoopers

KEY FIGURES

NUMBER OF COMPANIES	2006	2007	2006/2007
Investments	1,376	1,558	+ 13%
- of which, Venture Capital	335	416	+ 24%
- of which, Expansion Capital	481	557	+ 16%
- of which, Buyout Capital / LBO	362	462	+ 28%
< €100 million	350	438	+ 25%
> €100 million	12	24	+ 100%
- of which, Turnaround Capital	24	38	+ 61%
- of which, other	174	85	
Divestments	971	1,093	+ 13%

INVESTMENT VOLUME (€ millions)	2006	2007	2006/2007
Investments	10,164	12,554	+ 24%
- of which, Venture Capital	536	677	+ 26%
- of which, Expansion Capital	1,057	1,310	+ 24%
- of which, Buyout Capital / LBO	8,075	10,340	+ 28%
< €100 million	4,063	4,938	+ 22%
> €100 million	4,012	5,402	+ 35%
- of which, Turnaround Capital	95	84	- 12%
- of which, other	401	143	
Divestments (at cost)	3,796	5,660	+ 49%
Funds raised	10,280	9,995	- 3%

Sources: www.afic-data.com – PricewaterhouseCoopers

METHODOLOGY

AFIC and **PricewaterhouseCoopers** sought to measure the activity of French private equity firms by segment – Venture, Expansion, Buyout and Turnaround Capital – and by type of investment vehicle – private equity fund (FCPR), innovation fund (FCPI), regional investment fund (FIP), private equity company (SCR), investment companies, etc.

The data was compiled in a database hosted on an AFIC secure website: www.afic-data.com. Created in July 2006 and dedicated to AFIC members, this online platform makes it possible to gather results on business activity, performance as well as economic and employment impacts broken down by private equity segment and investment vehicle. The transactions are entered directly by the members on a deal by deal basis.

The methodology was identical to the previous studies: there was no extrapolation with respect to non-respondents, the survey is consistent with European standards and the published data meets the confidentiality requirements of AFIC members. The analyses presented in the study pertain exclusively to French private equity market participants that are AFIC members and have an office in France. The transactions are recorded on the date that payment is received or made. Fundraising totals are included only if the investment vehicle belongs to a French firm. The response rate was 96% on the year. The survey was distributed to 226 private equity investors, and 217 responded.

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Given its responsibilities in the areas of compliance, control and the development of industry standards, AFIC is one of the two associations recognized by the AMF (French financial market regulator). To receive AMF authorization, private equity firms must belong to AFIC. It is the only professional association focusing specifically on Private Equity.

AFIC's priorities include promoting the importance and role of Private Equity and actively participating in its growth by federating the entire industry and establishing best practices, methods and tools for the professional conduct of private equity investors. The association includes all Private Equity market participants located in France, and thereby has more than 260 active members.

www.afic.asso.fr

Backed by a network of approximately 3,000 professionals, PricewaterhouseCoopers Transaction Services participates in cross-border and domestic transactions, working closely with all PricewaterhouseCoopers business lines. PwC is the world's leading intellectual services organization, with 146,000 people in 150 countries. PricewaterhouseCoopers Transaction Services is developing a multi-disciplinary approach that taps the know-how of experts (environmental specialists, sector experts, lawyers and tax specialists, etc.) while taking into account the specifics of each deal throughout the entire transaction process. Present in 60 countries, the PricewaterhouseCoopers Transaction Services network has 19 partners in France and includes more than 165 experienced professionals; it is structured along departmental lines, thereby ensuring the quality of our services.

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