

Press Release

A Committed Player in a New Decade of Transformation, Siparex Aims to Reach €5 Billion in Assets Under Management

Siparex has entered the new decade with great ambitions for helping investee companies transform their businesses and for updating its own value- and growth-creation model.

Brisk Business in 2019

The Siparex Group's five operating segments—Midmarket, Midcap, Mezzanine, Small Cap, and Innovation Financing, spanning the entire corporate growth cycle—reported high business volume in 2019, with €306 million in investments, including €73 million co-invested by the Group's limited partners, €210 million in exits, and fund raisings totaling €250 million.

Scaling Up

In 2019 Siparex committed **higher unit amounts** to midmarket companies. It invested a total of €155 million on three new deals—Jacky Perrenot and Sintex NP, in which it acquired majority stakes, as well as Batibig—with Siparex Group's limited partners co-investing €73 million. The fund Siparex ETI 4 is now 80% invested.

Five of the eight holdings in the portfolio of the fund Midcap 3 are majority interests, the most recent one being the investment in Groupe Rondot.

Business in the Mezzanine segment was buoyant. The team made five new investments on sponsorless deals, corresponding to the final three investments by the fund Intermezzo 1 (Vignal, Camerus, and Devglass) and the **first two by Intermezzo 2, in amounts exceeding €10 million.**

The Innovation segment, operated by XAnge, invested nearly €50 million on a number of deals including Sweagle, Implicity, Misakey, Treefrog, Apiax, and AerospaceLab. It also completed several follow-on investments including Welcome To The Jungle and 360 Learning.

The Small Cap segment invested €47 million, up 24% over the amount in 2018. Investees included Atecna, Optim, and HandiPharm.

Aiming for Sustainable Performance

Consistent with its drive to achieve sustainable performance, Siparex reported a sharp increase in its average exit multiple, which reached 2.8x in 2019 for its Equity activities (versus 2.5x in 2018 and 2.2x in 2017).

The Midcap segment made a significant contribution to this performance for the second consecutive year, reporting €55 million in disposals (including Mauffrey and L2G).

The fund Siparex ETI 3 completed an additional two exits in 2019 (Sateco and FPPE), for an aggregate IRR of 22% to date.

Disposals by the fund Siparex Intermezzo 1 also generated high returns. Half of the portfolio has now been sold, generating a gross average IRR of 20%. It made three new majority exits, including a trade sale, in 2019 (Celeste, Steliau Technology, and Groupe Omega).

XAnge, the Group's Innovation Financing arm, also reported high exit volume (€55 million), generating noteworthy returns, particularly on the Odo, Sculptéo, Itris, and Believe disposals.

The Small Cap segment doubled the amount of its disposals, to €40 million (including Emresa, Passman, and Snadec).

Pursuing Organic Growth

As part of its expansion plans, Siparex is greatly increasing the amount of its funds under management.

Following a first closing of €125 million in August 2019, the fund **Siparex Intermezzo has now raised more than €180 million in capital commitments**, with the outlook for **a minimum final closing size of €200 million (hard cap)** in the first half of 2020, which is double that of the previous fund.

Siparex ETI 5's fundraising is launched in early 2020. This new-generation fund will have increased resources to help portfolio companies with digital transformation, business development, environmental, and societal issues. The successor fund to ETI 4 (€315 million), **with a target of €500 million**, will specialize in midmarket companies with up to €500 million in sales. It will make unit investments of up to €60 million focusing on mobility, agribusiness, digital technologies, specialty industries, construction, and infrastructure—sectors that are fostering profound changes in the economy and in society.

The Small Cap segment will finalize the raising of the fund Siparex Entrepreneurs 3 in 2020 with a target of €50 million.

Anticipating Changes that are Impacting Economic Models

Siparex relies on the trendspotting team at XAnge to gain a better understanding of the deep learning, software, digital health, and deep tech sectors, and to help all investee companies keep pace with changes in their economic models.

XAnge will begin raising the fund **XAnge Digital 4** with a target on the order of €200 million, twice the size of the previous fund. This new fund will invest in startups on the occasion of Series A and Series B funding rounds.

Enhancing Resources to Assist Investee Companies

As a private equity investor that recognizes the need to help its investee companies through their transformation, Siparex has begun to strengthen its operational resources by organizing an Operating Team. After recruiting a Chief Digital Officer in 2018, it added a Startup Success Manager to this team in 2019, and an International Performance Manager will join their ranks early in 2020. These two dedicated functions will help managers of startups and intermediate/midmarket companies solve their business development issues. The Operating Team will receive support from the Group's in-house ESG, communication, and debt structuring departments.

In the meantime, Siparex continues to establish itself outside France, with the upcoming opening of a Benelux office, while fostering new ties to international partners, particularly in Germany and China.

Outlook

Having set itself the ambitious goal of reaching €5 billion in assets under management, Siparex is accelerating the transformation of its model by executing a strategy that will change the scale of its operations. The Group plans to increase substantially the size of the funds it manages, as it has already done for the Midmarket and XAnge businesses, which are launching bigger new-generation funds, as well as to attract an international clientele.

Siparex is continuing to broaden its offering, including a project for a growth fund that will address a business segment that it does not yet serve on the financing spectrum from startups to midmarket companies. At the same time, Siparex is striving to make private equity investment products available to private individuals, including through endowment insurance policies.

In addition to organic growth, which remains one of the bases of the Group's expansion, Siparex seeks to pursue its deployment strategy in conjunction with major partners.

Now that it has organized itself to assist investee managers with their ESG issues, Siparex has moved a step further by creating a Foundation to provide financial support to public interest projects that aim to facilitate access to entrepreneurship, such as those dealing with training or scholastic and occupational reintegration.

To quote Bertrand Rambaud, "The sweeping changes brought on by the digital revolution and increasing attention to societal and climate-related issues (ESG) have disrupted companies' business models. We firmly believe that it is our role to help them speed up their transition."

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About Siparex

Siparex Group, founded 40 years ago, is France's independent private equity specialist in the midmarket and intermediate-sized companies sectors. The Group has €2 billion in assets under management in the Midmarket, Midcap, Mezzanine, and Small Cap operating segments, as well as in Innovation finance under the XAnge brand (start-ups in the digital, deep tech, and societal impact sectors). Siparex serves companies nationwide from its offices in Paris, Lyon, Nantes, Lille, Strasbourg, and Toulouse, and it has a presence in Milan, and Munich.

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