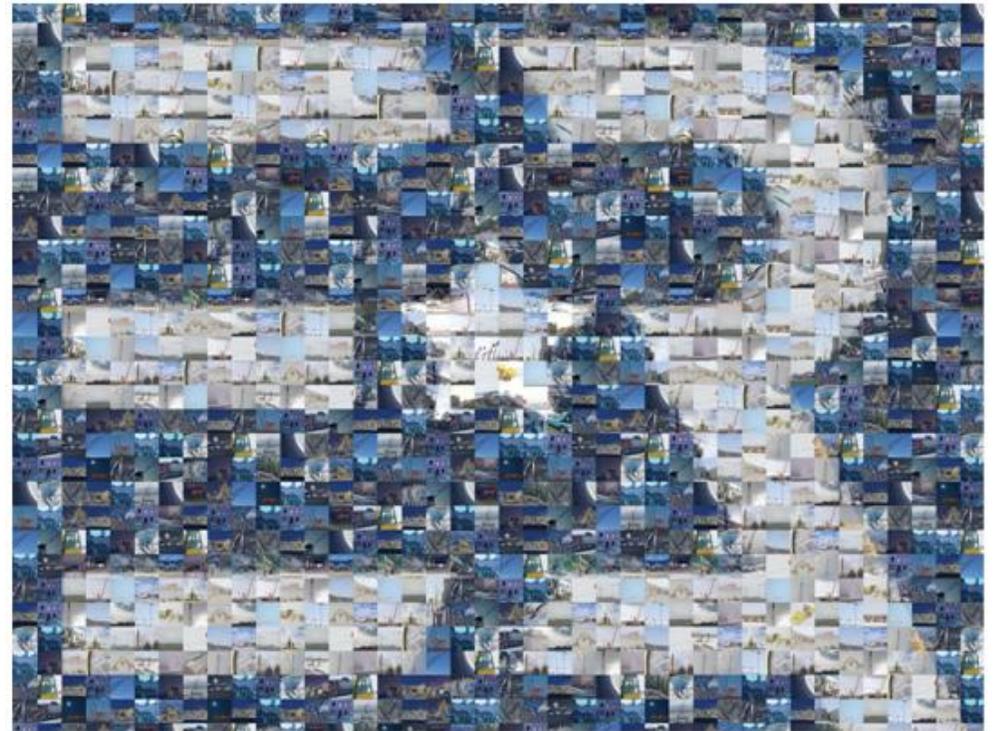


ERA Convention 2012

“Changing Rental”

**PRIVATE OWNERSHIP VS.
FINANCIAL EQUITY**

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Brief overview of Sagard

- **Sagard is a financial investor backed by a small group of industrial families**
- **Despite being a private equity firm, Sagard is looking for industrial value creation ahead of financial engineering**
 - Supporting management teams in implementing ambitious development strategies...
 - And therefore driven by a longer term horizon and a custom-made structuring...
 - Considering controlling positions as well as minority stakes
- **20 investments and over €1.3bn deployed since April 2004**
- **Strong domestic footprint in France, Switzerland and Belgium**
- **Equity tickets ranging from €30m to €150m**

Sagard involvement in the equipment rental industry

- **Acquisition of a controlling stake in Kiloutou (2005)**
 - Francky Mulliez, founder, remains as a minority shareholder and chairman of the board
 - Top managers become significant shareholders
 - Employees have the possibility to acquire shares (500+ out of 2000 employees)
 - Low leverage at entry (<2.5x) to secure ambitious development plan
- **Despite economical crisis, strong value creation over the period 2005-2011**
 - Our investment thesis: Kiloutou is a fantastic business model which can be developed
 - Revenue and EBITDA are multiplied by 2 over the period
 - 172 branch opening, €360m invested in equipment, €30m invested in acquisitions
- **In 2011, Sagard sold a controlling stake to PAI, remaining a significant shareholder alongside management and Francky Mulliez**

Why this transition from private ownership to financial equity has been a success ?

- **Franky Mulliez, founder, achieved personal objectives**
 - Wealth diversification
 - Find a professional shareholder allowing him, at the age of 60, to focus on other centers of interest...
 - While remaining a significant minority shareholder and chairman of the board
- **The transaction allowed employees ownership**
 - A strong incentive program build for top management
 - Corporate culture secured, notably through employees ownership (a real asset during tough times)
- **Lastly, the transaction generated benefits for the business**
 - Financial shareholder securing Kiloutou's development (human & financial resources)
 - Financial shareholder securing independence, mobility and reactivity
- **On top of all this, strong value creation for all parties**

The appeal of financial equity

- **Financial equity can solve potential private ownership issues**
 - Allows wealth diversification...
 - Or succession issues...
 - According to tailor made structuring (minority / majority ownership)
- **Financial equity brings financial resources, but not only**
 - Financial fire power but also support of a professional and independent shareholder
 - Financial discipline / cash management
 - Network benefits / economical sensors
- **Financial equity allows management / employees ownership**
 - Financial incentive
 - Cement for corporate culture / LBO effect
- **Financial equity could facilitate leverage**
 - Bank debt / Convertible bonds / Tax efficiency

=> A a unique growth catalyts

Private ownership and financial equity can also complement

- **Kiloutou as an example**
 - Financial equity ownership....
 - But strong influence / rights of private ownership
- **Financial equity can serve as a temporary bridge**
 - Different timing horizon
 - A bridge between two generations of a family
 - A bridge to accompany a transformational event (acquisition, IPO ...)
- **Both have to learn from each other !**