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**PRIVATE DEBT, A FORM OF  
FINANCING THAT  
COULD BE IN YOUR  
BEST INTEREST!**



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## PRIVATE DEBT, A FORM OF FINANCING THAT COULD BE IN YOUR BEST INTEREST!

**Romain GERLA**

Director LINKERS Marseille

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*R. Gerla, LINKERS*

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#### A buoyant market environment

Ever since the end of the subprime crisis, businesses have benefited from very favourable financing conditions, with interest rates at an all-time low, or even negative. This trend peaked after the Covid-19 pandemic, when the French government decided to take action on a massive scale by offering guaranteed financing solutions such as government-backed loans (Prêts Garantis par l'État - PGEs) and recovery equity loans (Prêts Participatifs Relance - PPRs). **This aid has created new financial conditions enabling businesses, whether in good health or in difficulty, to increase their level of debt.**

In these new conditions, with the injection of fresh funding backed by the government, businesses have turned away from equity investment funds. Originally, equity investment funds were used to finance increases in capital or acquisitions, especially when businesses could no longer borrow conventional senior debt due to the lending banks' requirement for a concurrent increase in shareholder equity. With large amounts of cash and few assets "for sale", investors had no choice but to drive up valuations to win bids.

This trend, however, was reversed in early 2023, forcing borrowers to face a surge in interest rates. This rapid rise, coupled with inflation and the war in Ukraine, has contributed to **a downturn in the previously very active senior debt market.** The increased cost of debt combined with macro-economic uncertainty has led to a reduction in debt levels, in turn increasing the return for lenders while reducing their risk.

#### An effective tool between senior debt and equity

Beyond these new market conditions, it is worth noting that **many French SMEs are family-owned, and wish to remain so.** They are therefore not often in favour of seeking new equity investors, but they do have to find new sources of funding to support their growth, wherever possible. In

this context, private debt comes into its own as a key solution for these businesses, which can no longer take out senior debt with their long-standing banking partners, but whose owners nonetheless wish to avoid equity dilution. Products such as unitranche debt and subordinated (or junior) debt are therefore making a comeback.

Unitranche debt lies halfway between senior debt and subordinated (or junior) debt. The principal is repaid at loan maturity (6 to 8 years), and the interest rate ranges from 6% to 10%.

In other words, if a borrowing company defaults, the order of repayment of creditors goes from the most senior to the most junior debt, with priority of payment and specific guarantees for senior debt creditors. Unitranche creditors come after senior debt lenders, but before subordinated debt creditors.

**Since the risk taken by an investor is in correlation with the agreed interest rate, the more junior a debt is in comparison with other debts, the higher its interest rate will be.**

Subordinated debts are generally last in line. The principal is payable at maturity, and given its position in the order of repayment it has the highest interest rate of the various forms of "non-dilutive" funding. This rate is usually composed of "cash" interest and capitalised interest, and fluctuates between 10% and 15%, with the possible addition of an equity kicker.

Today, an increasing number of equity investment funds are starting to offer private debt opportunities with a view to diversifying and ensuring returns. This enables them to offer their investors a guaranteed IRR, to give them a clear view of the return on invested funds and at the same time to obtain regular cash flows with the receipt of cash interest.

**Business owners should make the most of this multi-faceted offering by combining costly but non-dilutive debt financing with equity financing.**

## RECENT TRANSACTIONS



### WALL INSULATION & RENOVATION DISPOSAL

**ALLIANCE ECOCONSTRUCTION** and **INOBAT** (Group revenue: €6.5M) are leading players in external wall insulation (EWIS) and facade renovation in the Rhône-Alpes region; they take on around thirty projects per year for a diversified client base consisting largely of public-sector clients. Their owner, Marc Fayolle, transferred the totality of shares in the two companies to three key long-term managers. This acquisition was financed by the group's long-standing bank, the CIC Lyonnaise de Banque, for the senior debt.

**CLAUDIA FERNANDES**  
**ALEXANDRE ZOPPI**  
SELL-SIDE ADVISORS



### INDUSTRIAL CLEANING SERVICES ACQUISITION

**CIEL BLEU** (revenue: €20M) is a cleaning group specialising in offices, common areas of buildings and public spaces. Well-established in the Île-de-France region, the group now also operates in south-eastern France and is strengthening its base in Montpellier with the acquisition of **IMMOBUSOL PROPRETE**. This second external growth operation under LINKERS' guidance also enables CIEL BLEU to consolidate its position with property management companies as cleaning specialists for common areas.

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



### HOME EQUIPMENT DISPOSAL

**BOULET**, a family-owned specialist in window accessories and hardware since 1924, manufactures and distributes decorative curtain rods, indoor blind mechanisms, and straight and curved tracks for trade customers (home decor stores, fitters, wholesalers and retailers). Its comprehensive offering of more than 4,000 models is distributed in over 1,000 retail outlets. LINKERS assisted Bertrand Boulet, head of the company and principal shareholder, in selling the company to Alban Mulliez holding, AMH.

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



### ESN SPONSORLESS LBO

**TOMCO** provides assistance for digital transformation in the public sector (Ministry of the Interior, Ministry of Justice...) and is moving towards diversification by entering the private sector. Co-founder Bruno Fontaine, who contributed to the company's initial development, has retired and no longer plays an operational role. Jérôme Clier has been the operational director since 2014. LINKERS assisted management in structuring and financing the acquisition of shares held by B. Fontaine.

**PHILIPPE LAURENT**  
**FLORENT COUDRAY**  
ADVISORS TO THE MANAGERS



### DIGITAL & ENERGY NETWORKS ACQUISITION

**ENSIO** (revenue: €530M), which specialises in the deployment of digital and energy networks, has provided services to key accounts (GRDF, Orange, Enedis, etc.) for over 45 years. Based in the Île-de-France region and owned since 2020 by its management team and MONTEFIORE INVESTMENT, the group has been expanding in south-eastern France and diversifying into the energy sector with the acquisition of **SIR**, which has recognised expertise in connection services and maintenance of gas networks and EV charge points.

**JÉRÔME LUIS**  
BUY-SIDE ADVISOR



### SECURITY SYSTEMS ACQUISITION

Founded in 2004 and managed by David Berda, **TEVAH SYSTEMES** (revenue: €43M) is a major player in the import and distribution of electronic security systems for professionals in this high-growth sector (+30% over the last decade). With the acquisition of **ONYX-VISION**, a high value-added distributor of video-surveillance equipment, TEVAH has become the French market leader. LINKERS advised TEVAH for this acquisition, which is launching a phase of development through external growth.

**SIDNEY SERVAL**  
BUY-SIDE ADVISOR



### ENERGY & CLEANTECH 6<sup>th</sup> ACQUISITION

**MPH ENERGIE** (revenue: €70M), a leader in the energy transition thanks to its solutions and services for measuring, transferring and distributing fluids, has acquired **GAZDETECT**, which specialises in the distribution and maintenance of gas detectors and category 3 PPE in France and abroad. With GAZDETECT, MPH ENERGIE strengthens its service hub for low-carbon energy distribution with a one-stop shop for the group's clients. This is MPH ENERGIE's sixth acquisition with the assistance of LINKERS.

**PHILIPPE DELECOURT**  
**ARNAUD MARCHANDIER**  
BUY-SIDE ADVISORS



### SOFTWARE COMPANY DISPOSAL

**BUSIT** is a software company developing operational and energy efficiency software for industry, construction and infrastructure. The company has sold its business to the **MITRIM** group, a leading provider of data-driven software and services for industry. The acquisition of BUSIT enables the MITRIM group to strengthen its position in the industrial software sector, and marks a new phase in its growth strategy, with a stronger commitment to innovation and excellence in industry.

**DIDIER BUSQUET**  
SELL-SIDE ADVISOR

## ENTREPRENEURS' VIEWPOINT

Brice Lionnet and Séverin Lefaire from ISATIS Capital, majority shareholder of MPH ENERGIE



**ISATIS CAPITAL acquired a majority stake in MPH ENERGIE through an LBO in 2021; what was the rationale for this operation?**

We were confident in the relevance of MPH ENERGIE's model, and its ability to assist the mobility and industrial markets in the energy transition. Already leader in the biogas service station market, MPH ENERGIE struck us as a strong candidate for the growing number of hydrogen tenders.

**Did you feel that external growth was necessary in order to develop faster?**

Yes. Despite significant organic growth in MPH's long-standing markets, we felt that the group should draw on complementary skills and know-how to provide its clients with turnkey solutions. The two managing directors had a proven track record in terms of integrating targets and deploying synergies; everything was in place for a successful conclusion to this ambitious strategy.



Brice LIONNET Séverin LEFAURE



**Why did you call on LINKERS for this external growth operation?**

LINKERS knows the MPH group well, having already provided guidance for four acquisitions between 2016 and 2018. Considering the success of our past collaboration, it was a natural choice for us to renew our vote of confidence in LINKERS.

We screened the market together, leading us to two new acquisitions: FPS (handling of green gas, construction of energy distribution infrastructures and sale of high value-added products and solutions) in May 2024, and GazDetect (distribution and maintenance of gas detectors and category 3 PPE) in September. The synergies from these acquisitions can already be felt, and new external growth opportunities are being examined.

**What value does LINKERS add to these transactions?**

In addition to Philippe Delecourt's and Arnaud Marchandier's command of the acquisition processes and their knowledge of MPH ENERGIE's market, their warm and personalised approach with the targets helped establish a climate of trust conducive to relaxed discussions. This enabled us to resolve the most sensitive points of the negotiation quickly, and rapidly focus on working with the management teams in place.

**And in conclusion?**

We're already working with Philippe and Arnaud on our next acquisition, so you can see how satisfied we are with our partnership!

## ONGOING MISSIONS

### Buying Madates \*

Engineering / Environment

Training / Digital learning

Facility management

Industrial cleaning services

Wealth management advisory

Customer relations / Loyalty

Energy Transition

Security

Education - Childcare centres

\* LINKERS travaille également dans le cadre de missions de vente et de levée de fonds : celles-ci, pour des raisons de confidentialité, ne font l'objet d'aucune communication avant leur finalisation.

## EXPERT OPINION

**SASs (simplified joint stock companies): collective decisions can only be taken with a majority vote.**

**The issue:** a divergence of assessment between two visions of the SAS. One is founded on contractual freedom (anything not prohibited by law is permitted), the other on the necessity to affirm that minority shareholders cannot, on principle, impose their decisions on majority shareholders.

**The facts:** a capital increase implemented despite a majority of shareholders opposing the operation; the company's articles of incorporation allowed for collective decisions to be taken by one third of votes. Following a motion to declare the increase null and void, the request was rejected in the Court of Appeal and the ruling was then overturned in the French Court of Cassation, on the grounds that "an SAS's resolutions cannot be adopted with a number of votes lower than the simple majority of votes cast." The second Court of Appeal upheld its



Elie SOUFFAN  
Lawyer - Gramond & Associés



initial assessment, considering that, on the contrary, only the voting threshold specified in the articles of incorporation was valid; the law imposes no threshold for this type of decision, and no infringement of the shareholders' right to participate in collective decisions was observed.

**Ruling of 15/11/2024 (n°23-16.670):** the Court of Cassation (in plenary session) definitively settled the dispute and overturned the appeal ruling; collective decisions must be taken with a majority of votes cast, and the articles of incorporation cannot provide for any voting rules contrary to this principle.

## LINKERS' INTERNATIONAL NETWORK

### Africa:

Morocco

### Americas:

Argentina | Brazil | Canada | Ecuador | Panama | Peru | USA

### Asia / Oceania:

China | Japan | Malaysia | New-Zealand | Singapore  
Thailand | Vietnam

### Europe:

Belgium | Denmark  
Finland | France | Germany  
Great-Britain | Greece | Hungary  
Ireland | Island | Israel | Italy | Lithuania  
Netherlands | Norway | Poland | Portugal  
Romania | Spain | Turkey



## 42<sup>ème</sup> CONVENTION M&A WORLDWIDE: 13-15th NOVEMBER, 2024 IN LONDON

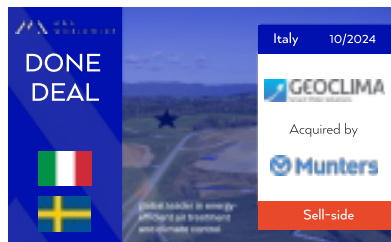


## M&A WORLDWIDE: RECENT CROSS-BORDER DEALS

DHT Corporate Finance AS (Norway) has advised the owners of **60 GRADER NÆRINGSMEGLING AS** on the sale of 100% of the shares in the company to **CBRE AS**. Located in Oslo, 60 GRADER specializes in transactions and valuation of commercial property and residential projects, as well as leasing in the industrial and logistics sectors where 60 GRADER is currently the market leader in Norway.

AVVALOR Corporate Solutions (Italy) assisted **GEOCLIMA** during its acquisition by the Swedish industrial investor **MUNTERS Group**, a global leader in energy-efficient air treatment and climate control solutions and listed on Nasdaq Stockholm. GEOCLIMA (Sales: €40m) is a privately owned Italian company that manufacture air- and water-cooled chillers, founded in 1994 by the founder and current CEO, Ing. Paolo Ferraris.

OMNICAP (Belgium) has advised **VANAS Engineering BV**, active in warehouse design and warehouse management systems (WMS), on its sale to **MODULA**, an Italian manufacturer of vertical lift modules, picking solutions and WMS software. By integrating VANAS Engineering, its distributor in the Benelux region for over a decade, MODULA aims to strengthen its position as a leader in the intralogistics industry.



## CROSS-BORDER DEALS

**SALES:** Luisina to Schütte group (Germany); ADT International to LanguageWire (Denmark); TEB GmbH (Germany), TEB Polska (Poland) and TEB Iberica (Spain) to Scutum group; WeeSafe to Kolmi Hopen – Medicom group (Canada); Alco to CTA (Italy); L'Officiel du Déménagement to Movinga (Germany); Adonis Environnement (Madagascar) to Veolia Africa; Editiel (Mauritius) to GL Events; SecludIT to Outpost24 (Sweden); Camping&Co to Rocket Internet (Germany); SVD to Exertis (Ireland); Climpack-Metnext to Weathernews (Japan); Genetel to Anite (UK); Packinox to Alfa Laval (Sweden); Eboutich to Maus (Switzerland); Elysees West to Hotusa Hotels (Spain); Tisys to Ultra Electronics (UK); Econocom CH to Lease-It (Germany); Axys to Meta4 (Spain); La Celliose to CIN (Portugal); Coriance to A2A (Italia); France Hybrides to Hendrix Genetics (NL); Agis-Di Pasto to Ter Beke (Belgium); Filec to Amphenol (USA); Cemm Thome to Amphenol (USA); Stoll Trucks (Luxembourg) to Turenne Capital and Euro Capital...

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

## LINKERS HOISTS THE FLAG IN MARSEILLE...

After Lyon in 2021, LINKERS is now dropping anchor in Marseille! And Pierre-Alexandre Suide, partner and recognised M&A expert based in Marseille since 2014, is at the helm of the new office. Having advised on more than fifty deals, Pierre-Alexandre and his team are the preferred intermediaries for business owners in south-eastern France for disposals, LBOs, external growth operations and raising capital with valuations of between €3M and €50M.



After a stint with an investment fund, Pierre-Alexandre's former colleague Romain Gerla, Director, has joined him in this ambitious new project, strengthening deal origination and execution, notably with investment funds in the south of France. The team also includes Charlotte Berthelot, Associate, and Samuel Joly, Analyst.

## ...AND GROWS STRONGER IN LYON

After the sudden death this summer of its charismatic leader Paolo Zoppi, a well-known figure in the Lyon region's entrepreneurial and financial circles, the LINKERS team has expanded and is moving forward thanks to closer links forged with Rémi d'Ersu and Christian Navarro, recognised specialists in the transport and logistics sector based in Lyon for three decades. This will enable Claudia Fernandes, Director, and Alexandre Zoppi, Associate, assisted by Louis Murat, Analyst, to continue and step up their efforts with business owners and investors for whom they provide assistance in M&A transactions.

At the same time, Rémi and Christian will benefit from M&A WORLDWIDE's global reach to increase their cross-border transactions in the transport and logistics sector.



Rémi D'ERSU

Christian NAVARRO

## A FRENCH CHAMPION WITH A BRITISH TWIST!



M. Fine, E. Lebon, G. Bailey et P. Delecourt

**LINKERS OPEN, the French Dragon Championship** took place from 21 to 24 June in Deauville Bay. 27 contestants competed, delighting spectators with their technical prowess.

For the first time this year, the French Champion title could be awarded to a foreign skipper; previously the title went to the best-placed French contestant. This year, an English Dragon was crowned winner: the legendary Bluebottle, a magnificent Dragon presented by the Island

Sailing Club to Princess Elizabeth and Prince Philip on their marriage in 1947!

### The podium:

- 1st and French Champion: Graham Bailey on *Bluebottle* (Royal Yacht Squadron)
- 2<sup>nd</sup>: Gery Trentesaux on *Bande à part* (La Trinité-sur-Mer)
- 3<sup>rd</sup>: Anatoly Loginov on *UAE17* (Yacht Club de Cannes)

## LINKERS TEAM



G. Anselin

. Berthelot

D. Busquet

F. Coudray

P. Delecourt

C. Fernandes

M. Fine

R. Gerla

S. Joly

A. Lacordaire

P. Laurent

B. Le Guillou

J. Luis

A. Marchandier

S. Serval

P.A. Suide

A. Zoppi

M. Belbéoch



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