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France's Mid-Market Is Resisting Tough Economic Conditions

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France's Mid-Market Is Resisting Tough Economic Conditions

French mid-market companies--the backbone of the economy--remain hesitant to kick-start capital expenditure programs and pursue merger and acquisition opportunities given an uncertain economic outlook. Without this new funding growth, most demand from companies so far has been limited to refinancing and met by local relationship banks in France. However, alternative sources of funding--as a complement to bank funding--are developing, driven in particular by innovative and increasingly international mid-market companies and willing institutional investors.

Last year was a difficult one for French mid-market companies, which experienced weaker profits. Sluggish economic conditions have been weighing on consumer discretionary industries as well as on construction industries, two segments in which many French midsize companies are active relative to larger corporates. Moreover, cost competitiveness remains an issue for the whole French industrial base, partly owing to rising unit labor costs in a context of weak pricing power.

While economic conditions are likely to remain challenging in France for the rest of the year, particularly for mid-market companies with weaker competitive positions, we believe that for the most part, the segment can counteract the pressure due to prudent balance sheet management and conservative financial profiles since the 2008 financial crisis.

In this context, and in light of a more pronounced restriction across the board from the banking sector, some French mid-market companies have started to diversify their sources of funding, accessing the public and private debt markets, taking advantage of favorable interest rates and flexible financing terms. However, this group remains mostly limited to larger mid-market companies and those benefiting from an overall superior credit quality assessment. On the other end of the spectrum, smaller and/or lower credit quality mid-market companies are still less able to access alternative funding markets, partly explained by their lack of knowledge about these options and a lack of transparency about credit quality that would attract investors--as well as a very competitive cost of funding on offer by local banks. With adequate funding, these companies could contribute more to the French economy, where the mid-market already comprises more than one-third of all corporate investment and research and development spending.

Overview

- The business credit profile for most French mid-market companies in our study has deteriorated on the back of weakening profit margins; the most resilient are not necessarily the largest in size, but those with a strong competitive advantage, such as a leading or dominant niche positioning with significant international development.
- We expect profit margins for the market to recover slowly, which should improve medium-term investment prospects. We estimate that the segment will need to raise up to between €650 billion and €690 billion of debt in the next five years.
- We find that French mid-market companies have been operating with prudent financial policies, which is buffering declining profitability amid weak economic conditions.
- Although bank disintermediation came to a halt in the first half, it is a long-term trend that is more likely to leave out smaller mid-market companies or those with lower credit quality. In this context, the French private placement

market and direct lending initiatives are developing slowly to cater increasingly to mid-market funding needs.

The Sluggish Economic Outlook Is Weighing On French Companies

Our economic forecasts for the eurozone show that France is lagging a European recovery led by Germany. We now expect French GDP to expand by only 0.5% in 2014 (compared with 0.7% in our initial forecast that was revised in September). This compares with our forecast of 1.0% growth for the eurozone as a whole, 1.8% growth for Germany and a relatively robust 3.1% for the U.K. (see table 1). France has been in a slow growth mode since the beginning of the year, after having displayed a certain economic resilience during the sovereign credit crisis (0.4% GDP growth in both 2012 and 2013). For 2015, we are forecasting a slight pickup in growth to 1.1%, which we believe means that mid-market companies will tread water for the rest of this year, but will slowly start to drive investment growth as confidence recovers on the back of a better macroeconomic outlook.

Table 1

Europe GDP Growth And Unemployment (Baseline Forecasts)

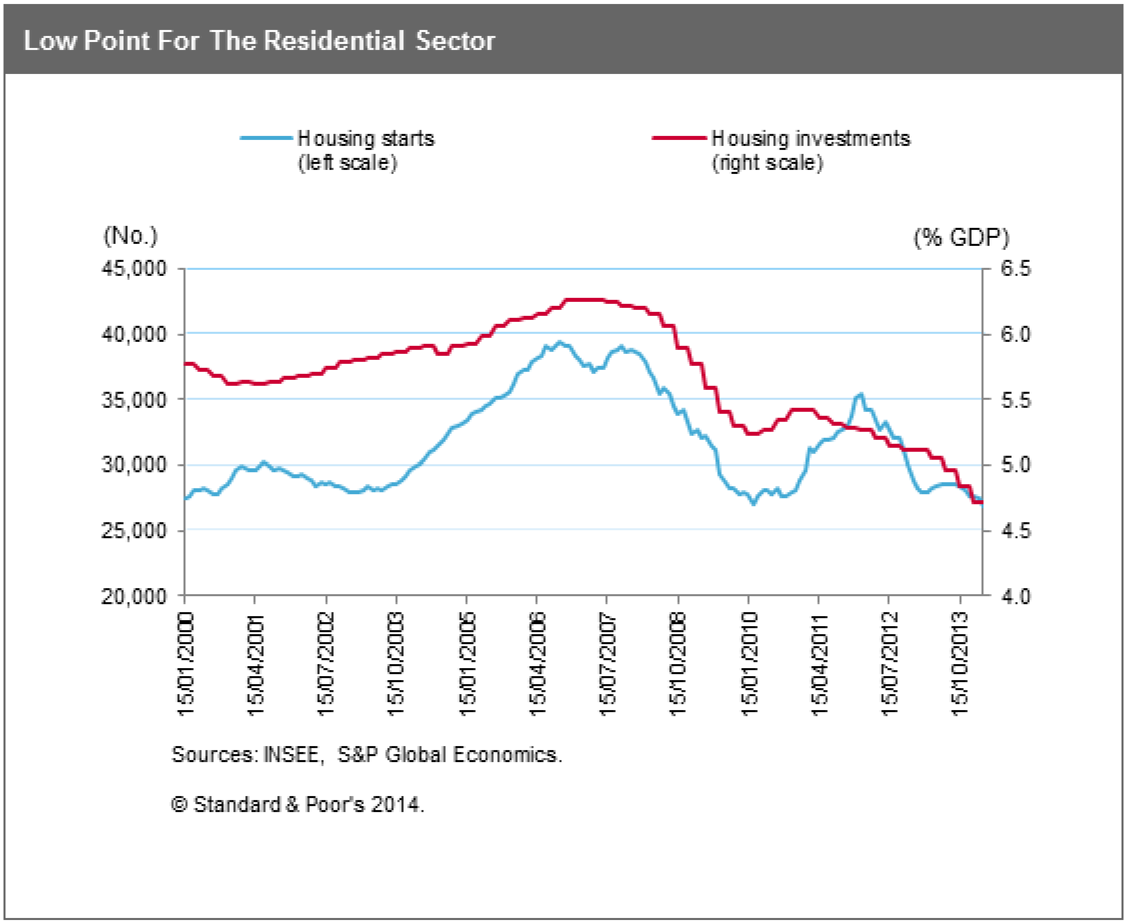
	--Real GDP--			--Unemployment--		
(%)	**2013**	**2014f**	**2015f**	**2013**	**2014f**	**2015f**
France	0.4	0.5	1.1	10.3	10.3	10.2
Germany	0.5	1.8	2.0	5.3	5.1	5.1
Italy	(1.8)	0.0	0.7	12.2	12.4	12.5
Netherlands	(0.7)	0.8	1.3	6.7	7.1	7.1
Spain	(1.2)	1.3	1.8	26.1	24.2	23.0
Eurozone	(0.4)	1.0	1.5	12.0	12.0	11.4
Switzerland	2.0	2.0	2.3	3.2	3.1	2.9
U.K.	1.7	3.1	2.5	7.5	6.4	6.1

f--Forecast. Source: S&P Global Economics.

Industrial production trends are still weak. French manufacturing production, severely hit in 2008 and 2009 by the economic crisis, stabilized in 2013 at 16% below that of 2007. In contrast, German industry had regained its pre-crisis level by the end of 2013. This year so far has been a mixed picture for France, with an overall lower decrease in manufacturing output of 0.9% year on year, with business climate surveys still pointing to general economic uncertainty.

We've observed a soft patch since the beginning of the year across manufacturing industries, although construction is currently the main drag on economic activity. Indeed, the residential sector continues to decline, owing notably to the implementation of new French regulations in recent quarters. It now stands at a 15-year low--even lower than its 2009 low point at the time of recession--and will knock off 40 basis points from GDP growth in 2014 (see chart 1). Public infrastructure spending is also unlikely to increase following the €3 billion planned reduction of central government transfers to local communities over 2014 and 2015, after three years of a freeze.

Chart 1



Consumer spending remains the main GDP growth driver, even if it will progressively be constrained by the fiscal drag, with French households bearing the burden of a €10 billion tax increase in 2014. Consumption is getting a temporary boost by the low inflation rate (0.8% in the first half; see chart 2), which is buoying the gross disposable income of French households, which itself is offsetting, for the time being, the rise in unemployment. Nonetheless, the savings rate of French households, historically much higher than the eurozone average (see chart 3), was on the rise again in the second quarter, suggesting that the observed boost in consumption is not a structural factor but more of a one-off support linked to disinflation.

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Chart 2

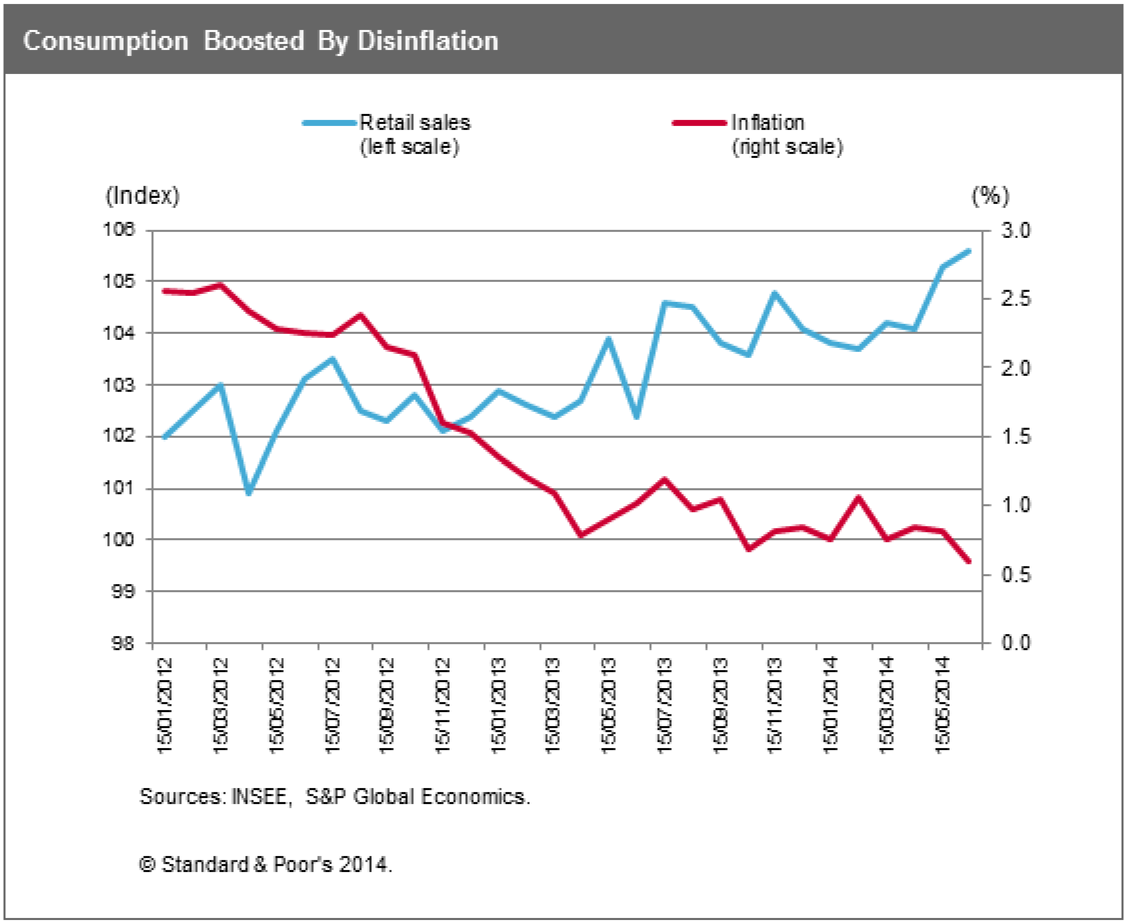
Consumption Boosted By Disinflation
Retail sales
(left scale)
Inflation
(right scale)
(Index)
(%)
106
105
104
103
102
101
100
99
98
3.0
2.5
2.0
1.5
1.0
0.5
0.0
15/01/2012
15/03/2012
15/05/2012
15/07/2012
15/09/2012
15/11/2012
15/01/2013
15/03/2013
15/05/2013
15/07/2013
15/09/2013
15/11/2013
15/01/2014
15/03/2014
15/05/2014
Sources: INSEE, S&P Global Economics.
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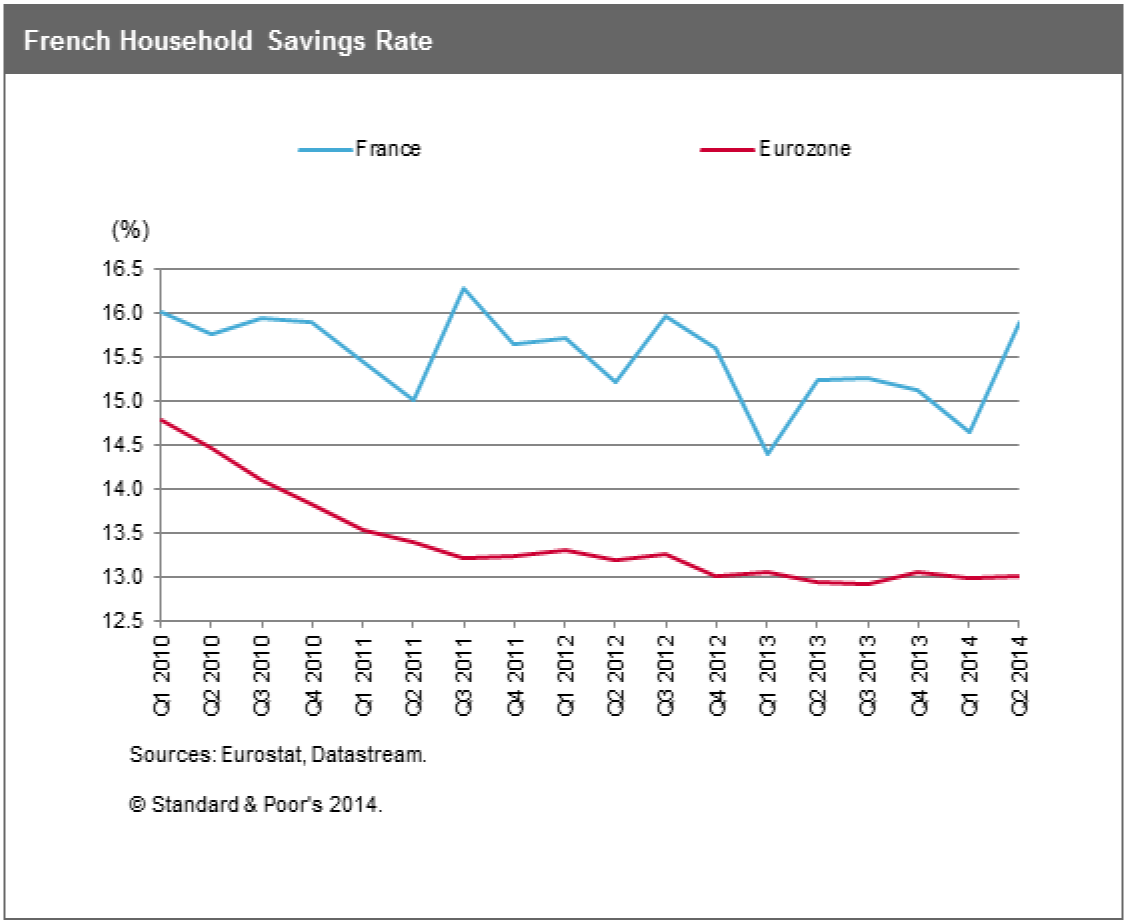
Chart 3



As for the investment component of GDP growth, we are expecting a low contribution of 0.8% in 2014 and 1.4% in 2015--remaining relatively lower than elsewhere in the eurozone. We see this as a long-term trend that could be explained by the relatively lower importance of capital-intensive industries in France. In 2013, the investment rate reached 19%, still below the European average of 19.5%. (The business investment rate, as defined by Eurostat, is gross fixed capital formation divided by gross value added; this ratio relates the investment of non-financial businesses in fixed assets with the value added created during the production process. Although only applicable to net fixed assets, this indicator is closely correlated with longer-term expectations of corporates in terms of investment).

One of the other key reasons behind the lower structural investment rate in France relates to a lower return on capital as a result of high labor costs weighing on profit margins. The lackluster economic performance of the past two years has also helped to depress business confidence, which is highly correlated with capital expenditure. We expect profit margins to recover only slowly, and continue to weigh on short-term investment prospects, but not as much on medium-term plans.

Indeed, we believe the main drivers of a profit margin recovery to a pre-crisis level are unlikely to materialize in the short term. A productivity rebound would need to be induced by higher corporate investment, and then by a decline in real wages. But since the current pace of wage growth is already low at 0.5% a year, reducing that would be difficult in

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a period of low inflation. However, the aftertax profitability of French companies should benefit from recent fiscal policy decisions. Indeed, the French government is starting to roll out tax cuts to the corporate sector of €40 billion starting this year through 2017. Despite uncertainty about how they will be implemented, they could also potentially benefit mid-market companies.

External trade is not a major support to GDP growth either, unlike in other countries in the eurozone such as the U.K. and Germany. While Germany's world market share in external trade has been stable over 2000-2013 (ranging from 7.7% to 7.8%), France's has been declining, to 3.2% in 2013 compared to 4.7% in 2000. Exports constitute a source of weakness for the French economy, especially for small enterprises. We believe mid-market companies are a little less affected since they currently contribute to 38% of total French exports (sources: INSEE and ASMEP ETI).

Credit Quality Is Relatively Good Despite Weak Profitability

Standard & Poor's has analyzed the impact of current economic trends on the profitability and financial profiles of French mid-market companies, as well as on their flexibility and demand for external financing.

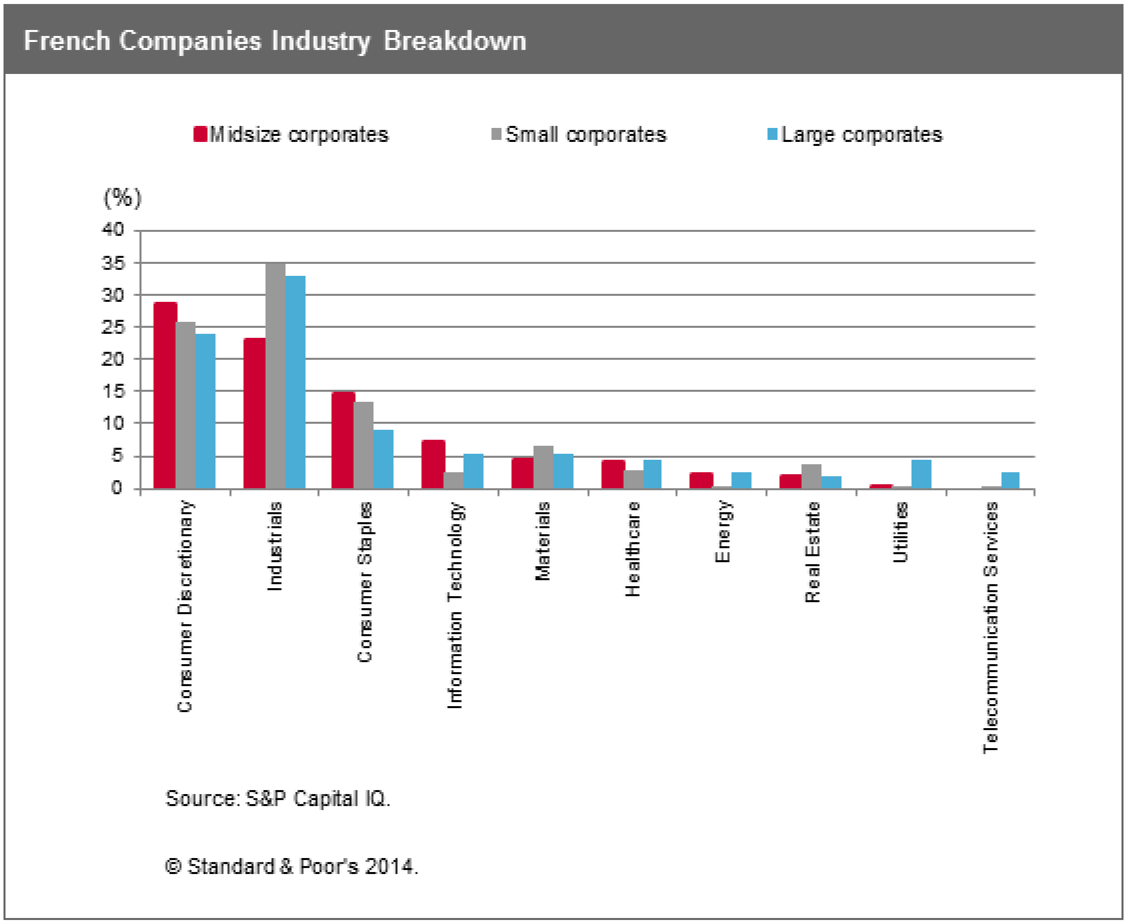
For the purposes of this report, we studied two different groups of companies. The first group offers an overview of the financial performance of French companies for which key financial data from 2007-2013 was available from S&P Capital IQ, in particular debt, equity, revenues, operating income, cash and investments, total assets, interest expenses, EBITDA, and shareholder equity. This group consisted of 93 large companies (with revenues of greater than €1.5 billion), 271 midsize companies (with revenues between €100 million and 1.5 billion, according to our definition of a mid-market company) and 8,373 small companies (those with revenues of less than €100 million). Out of the total sample comprising 8,737 companies, 3% are listed and 0.5% are rated, which is much less than the group used for our German study, reflecting the structure of the French economy, which is more biased toward small than midsize companies. By comparison, the German sample consisted of 2,455 companies (112 large, 630 mid-market, 1,713 small) of which 14% are listed and 1.4% rated.

The second group is a specific mid-market sample consisting of 145 unrated and listed companies primarily from France, Germany, and the U.K. for which we performed a more detailed creditworthiness analysis. The French sample has been enlarged to 44 companies in the past year (30% of the total sample size), 52 companies for Germany (26%), and 44 for the U.K. (30%).

The mid-market has a stronger exposure to consumer discretionary

Our study on the first group shows that French mid-market companies generally mirror the larger market, with stronger exposure to consumer discretionary and a lower representation in the broad industrials sector (see chart 4).

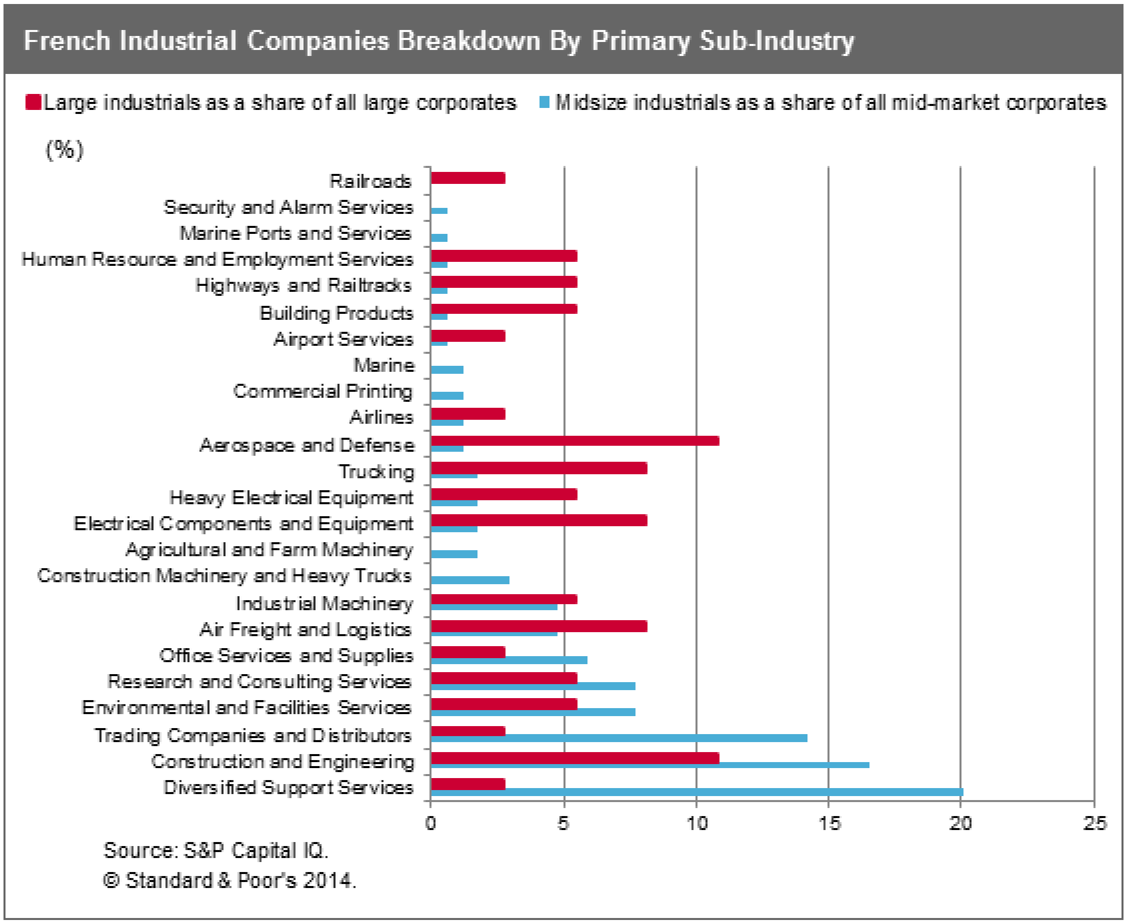
Chart 4



In France's consumer discretionary sector, by far the largest proportion of mid-market companies is in the distribution subsegment (almost 40%) far ahead of automotive retail (12%). This characteristic is common to both Germany and the U.K.

Breaking down the broad industrial sector into subsectors (see chart 5), the largest numbers of mid-market companies are in diversified services (20%), construction and engineering (17%), as well as trading companies and distributors (14%). In comparison to last year, the construction segment recorded a substantial drop from the most represented industry position (25%), in line with the difficulties of the French housing market. In addition, the number of companies operating in the subindustrial machinery segment halved over the course of the year for both mid-market and larger French corporates, highlighting the weakness of the French upstream production chain, relative to Germany. French midsize companies continue to be well represented in growing industries, with a higher proportion than larger corporates operating in the information technology and services sectors. As for mid-market peers in the U.K., there is a much higher percentage of companies operating in the business services sector, including office services and supplies, research and consulting, human resources, and other diversified support services.

Chart 5



Rising labor costs and weak pricing power are hurting profitability

French midsize companies suffer from structurally lower profit margins than larger corporates. Indeed, EBIT margins generated by mid-market companies since 2007 have been consistently lower and more volatile than those of larger companies both in France and Europe (see charts 6 and 7). This trend is similar to those in Germany and the U.K. (although margins have been less volatile in those two countries) and can be partly explained by the differences in the industries in which they operate. French mid-market corporates tend to be more present on a fuller range of the consumer discretionary sector, cyclical by nature and whose performance is correlated to changes in gross disposable income, which has been weakened in recent years by the rise in unemployment.

Chart 6

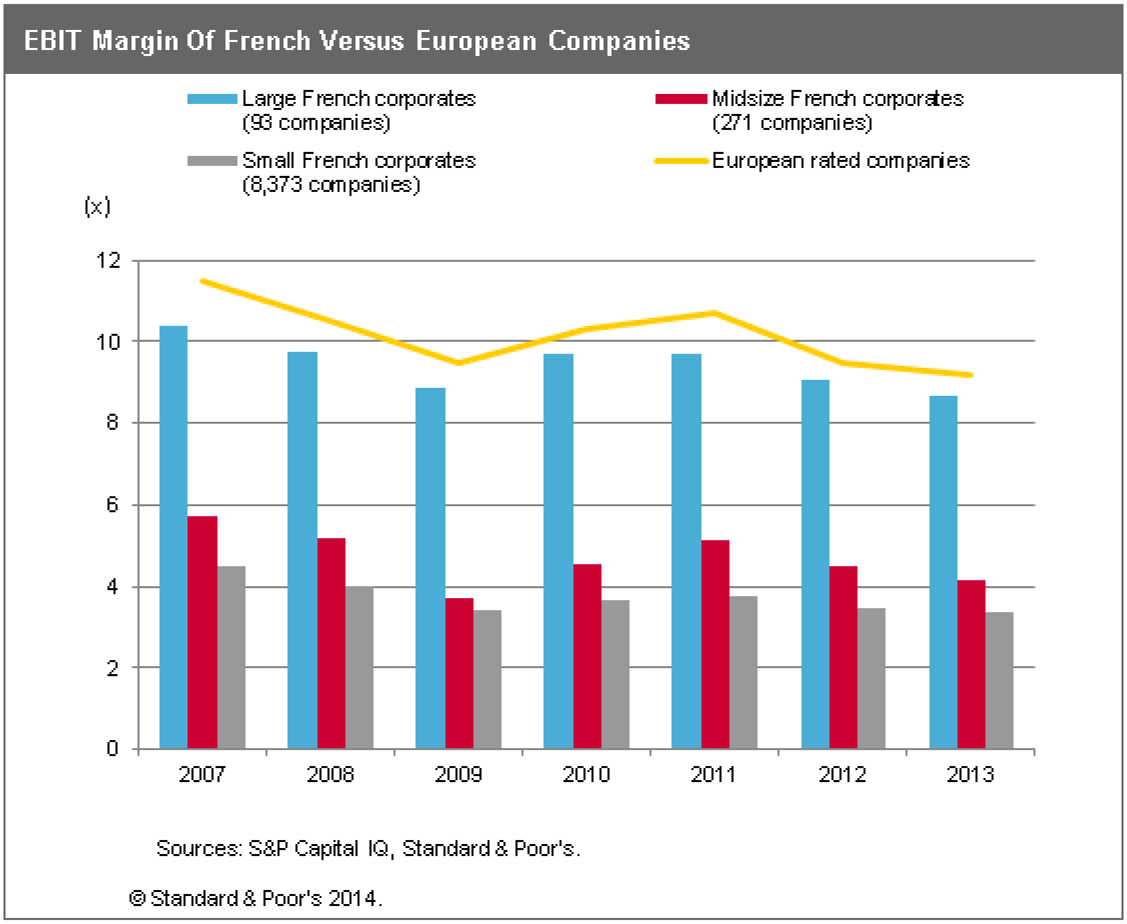
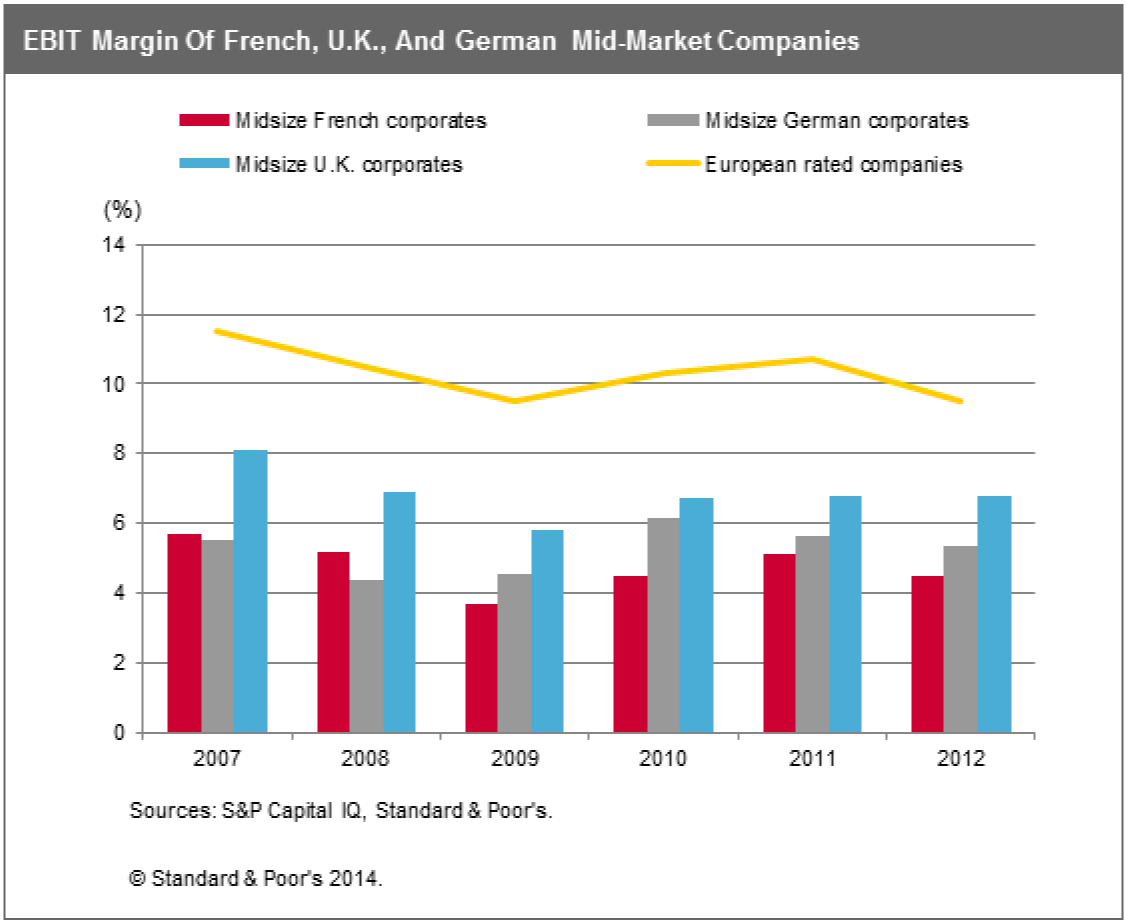
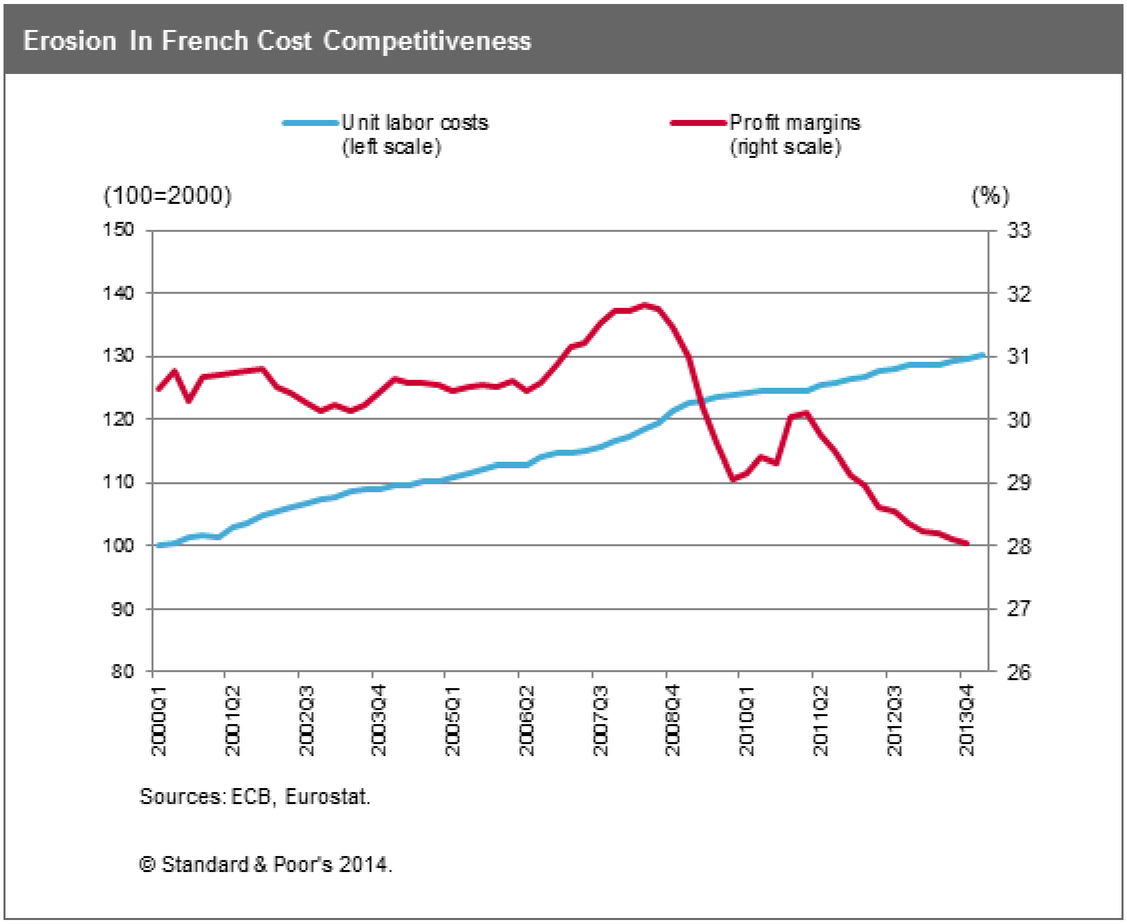

EBIT Margin Of French Versus European Companies
Large French corporates (93 companies)
Midsize French corporates (271 companies)
Small French corporates (8,373 companies)
European rated companies
(x)
12
10
8
6
4
2
0
2007
2008
2009
2010
2011
2012
2013
Sources: S&P Capital IQ, Standard & Poor's.
© Standard & Poor's 2014.

Chart 7



Operating margins should be analyzed in the context of the wider issue of French cost competitiveness, which has deteriorated further since the 2008 financial crisis. Unit labor costs have risen 30% in France since 2000, attributed mainly to an increase in social contributions, compared with an about 10% rise in Germany (see chart 8). In parallel, French companies, due to their weak pricing power, have been compelled to cut prices to maintain market share amid international competition. As a result, their profit margins have declined by more than 200 basis points since 2011. Because of their lower international diversification on average than larger corporates and weaker pricing power resulting from smaller scale, the profitability of French midsize companies has taken more of hit. French midsize companies demonstrate, however, a willingness to expand and operate internationally.

Chart 8



Companies are managing their balance sheets prudently

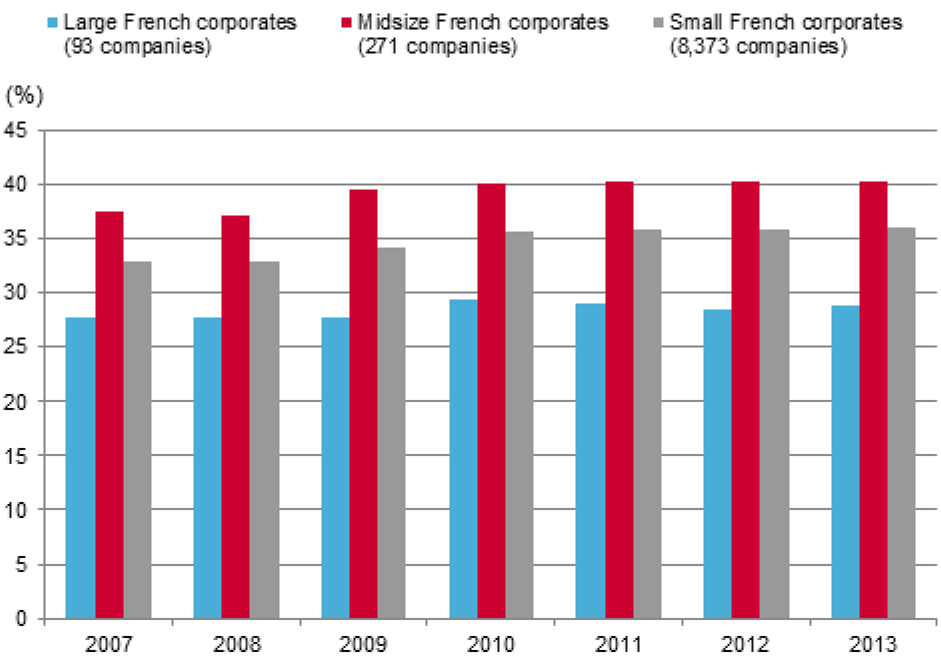
While French corporates have suffered from pressured profit margins since 2007, they have exhibited a more conservative financial profile overall than large corporates in Europe over the past seven years, especially regarding the cash buffer they have accumulated and their equity levels (see charts 9 and 10).

Indeed, our research shows that French midsize corporates display the highest percentage of equity to total assets (stabilized at 40% in 2013), ahead of their German and U.K. peers. (For more details, see "Why Germany's Mid-Market May Slowly Seek New Ways To Fund Growth," July 30, 2014, and "Midsize U.K. Companies Seek New Funding Sources To Unlock Growth," Nov. 26, 2013.) They have also maintained a high level of cash and short-term investments to total assets at about 10%, above European average of about 8%. The smallest French companies continue to be the most conservative in terms of balance sheet management. They need to preserve a higher liquidity buffer because of the typically higher volatility they face, and need to rely more on cash as their primary source of funding over external lending.

Since 2012, notably, the liquidity reserves of French mid-market companies have decreased slightly from their comfortable levels, related to weakening operating margins and operating cash flows. The ratio of cash and short-term investments to total assets was 9.8% for French midsize corporates (2013), below the ratio for their German counterparts (11.2% in 2012) but above the ratio for their U.K. peers (7.8% in 2012).

Chart 9

Equity to Total Assets



Sources: S&P Capital IQ; Standard & Poor's.

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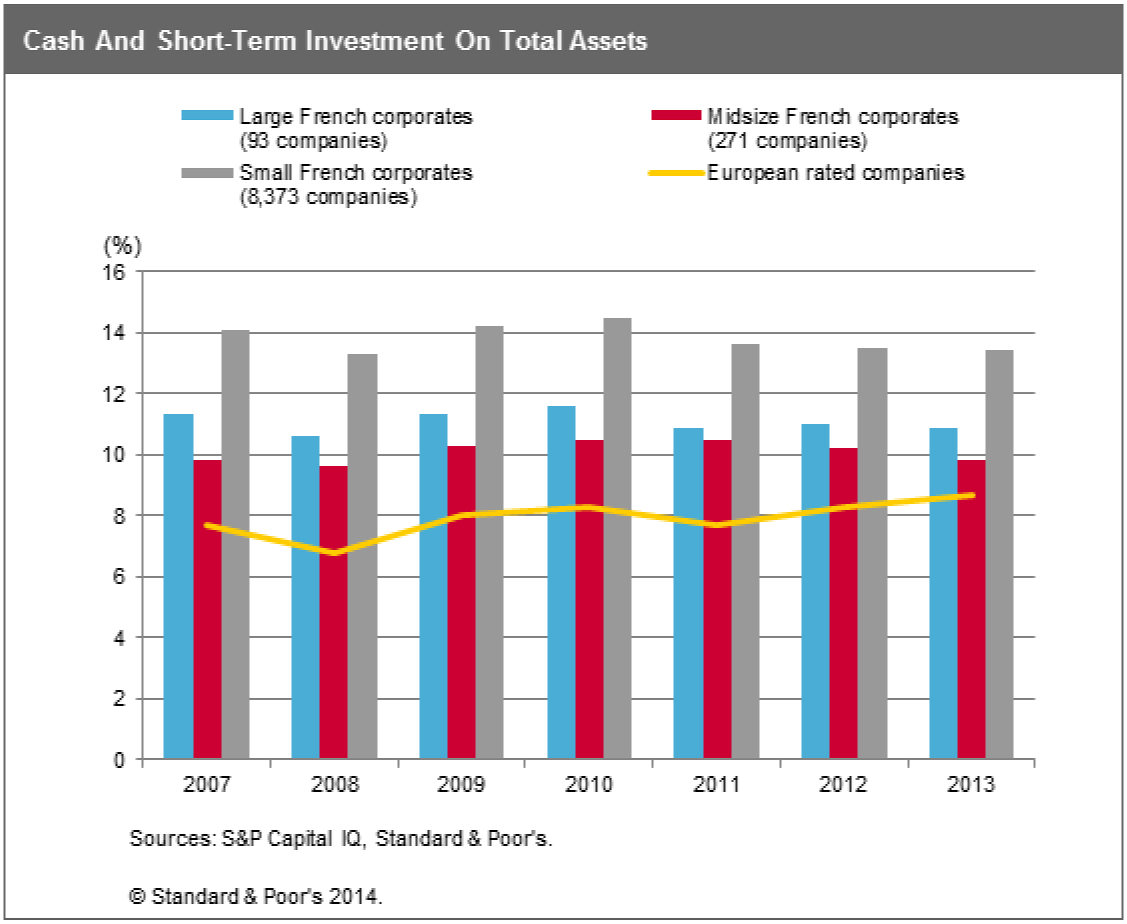
Chart 10



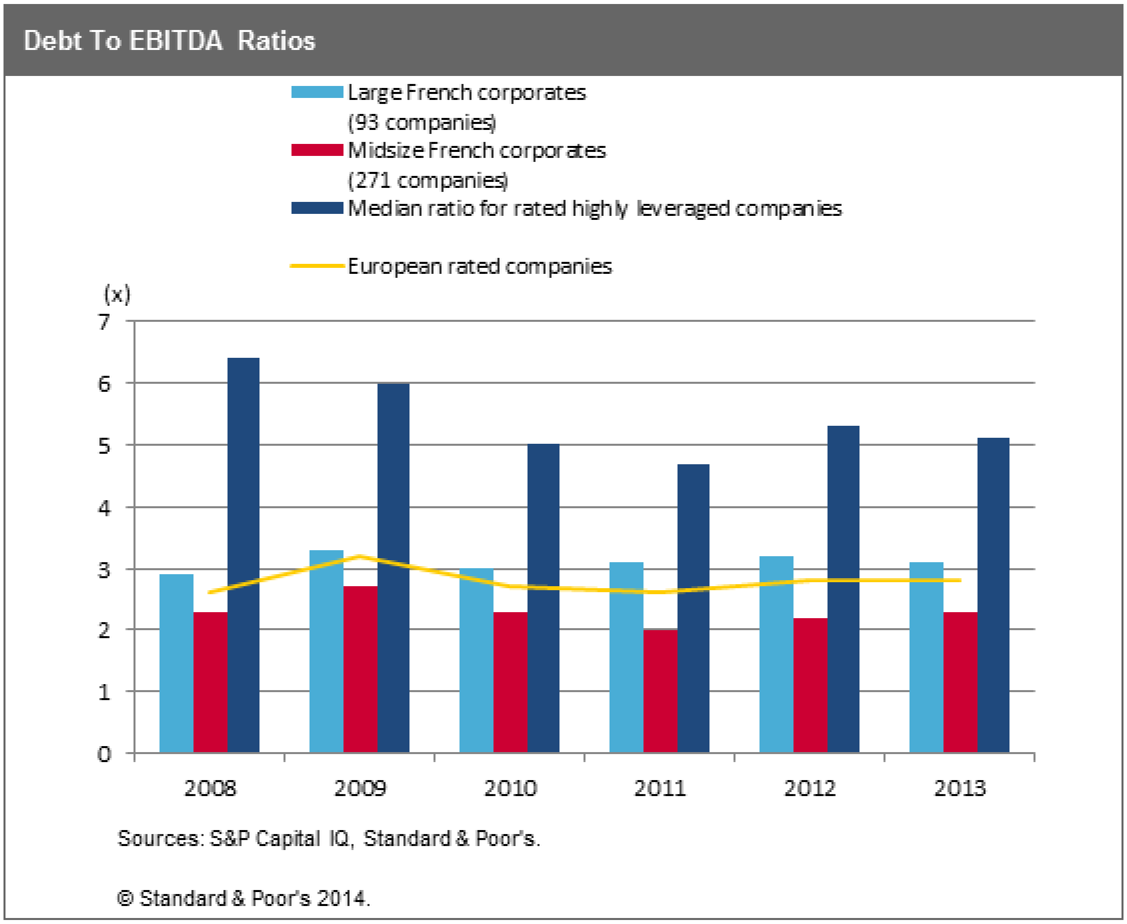
Leverage and interest coverage are conservative in European comparison

Leverage patterns highlight conservativeness in financial policy for French mid-market companies, including in the financial crisis year 2009, with an on average 0.8x lower debt-to-EBITDA ratio than larger companies (see chart 11). What's more, leverage for mid-market companies has been declining steadily to 2.3x in 2013 from 2.7x since 2009.

In general, French midsize corporates typically maintain approximately 3x less leverage than the average leveraged buyout deal. That's because mid-market companies, which are mostly family-owned and entrepreneurs, tend to adopt less aggressive capital structures.

However, leverage levels among French mid-market companies despite being aligned with those of German peers, were higher than those of U.K. counterparts by 0.4x on average in the 2007-2012 period. One explanation, we find, is that overall, profit margins for mid-market companies in France are lower than in the U.K.

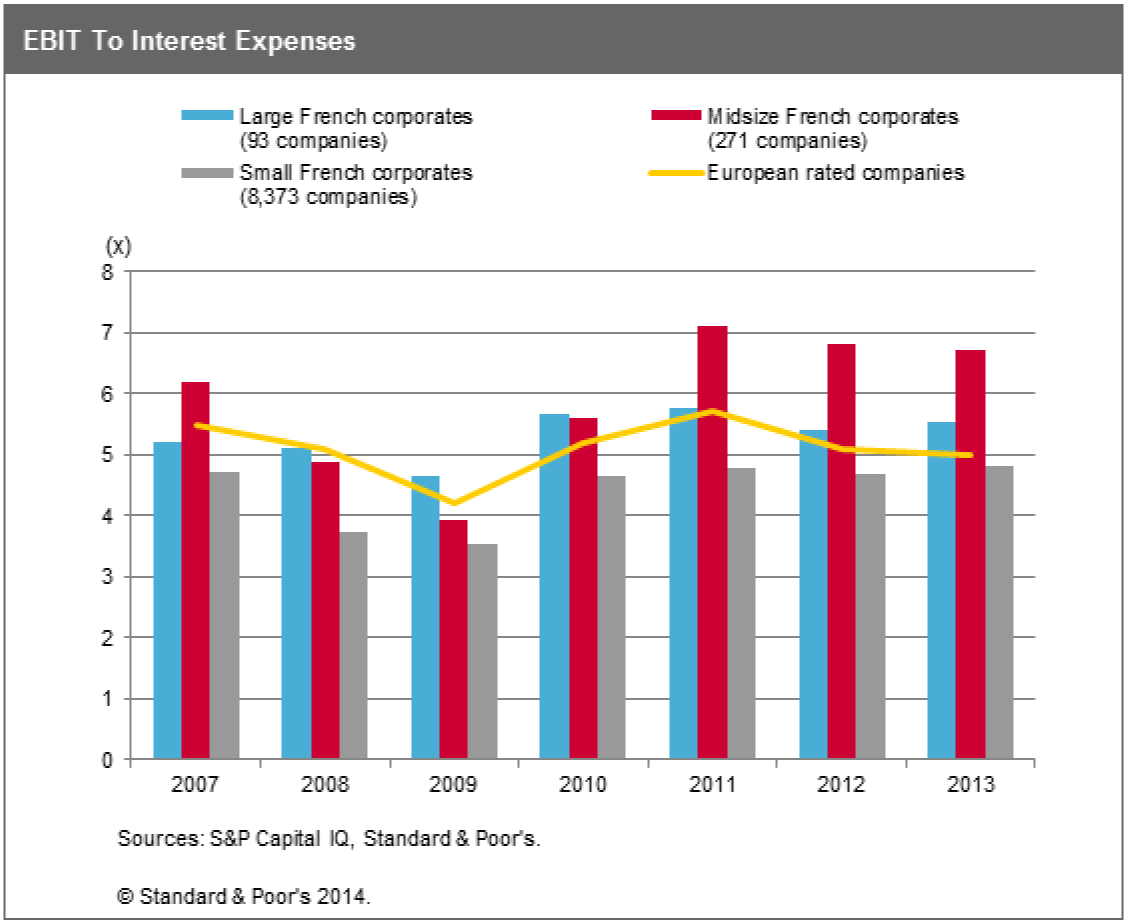
Chart 11



Since the financial crisis, with operating income under strain, French midsize companies have also been reinforcing their interest coverage ratios by keeping their interest expenses under control through lower leverage (see chart 12). They also relied on internal cash generated for refinancing and funding their albeit low growth. Our research shows that in the past two years, French mid-market companies have displayed a more conservative interest coverage ratio (averaging 6.9x) than larger corporates since 2010 (5.6x), and higher than the European average for our rated universe (5.3x).

In Germany, by contrast, a different pattern has developed, where larger companies display higher interest coverage. This difference can probably be explained by a higher burden of interest expenses, related to a higher proportion of indebtedness for German peers, which have been investing more than French mid-market companies amid better economic conditions.

Chart 12



Our Research Points To Widely Ranging Credit Quality

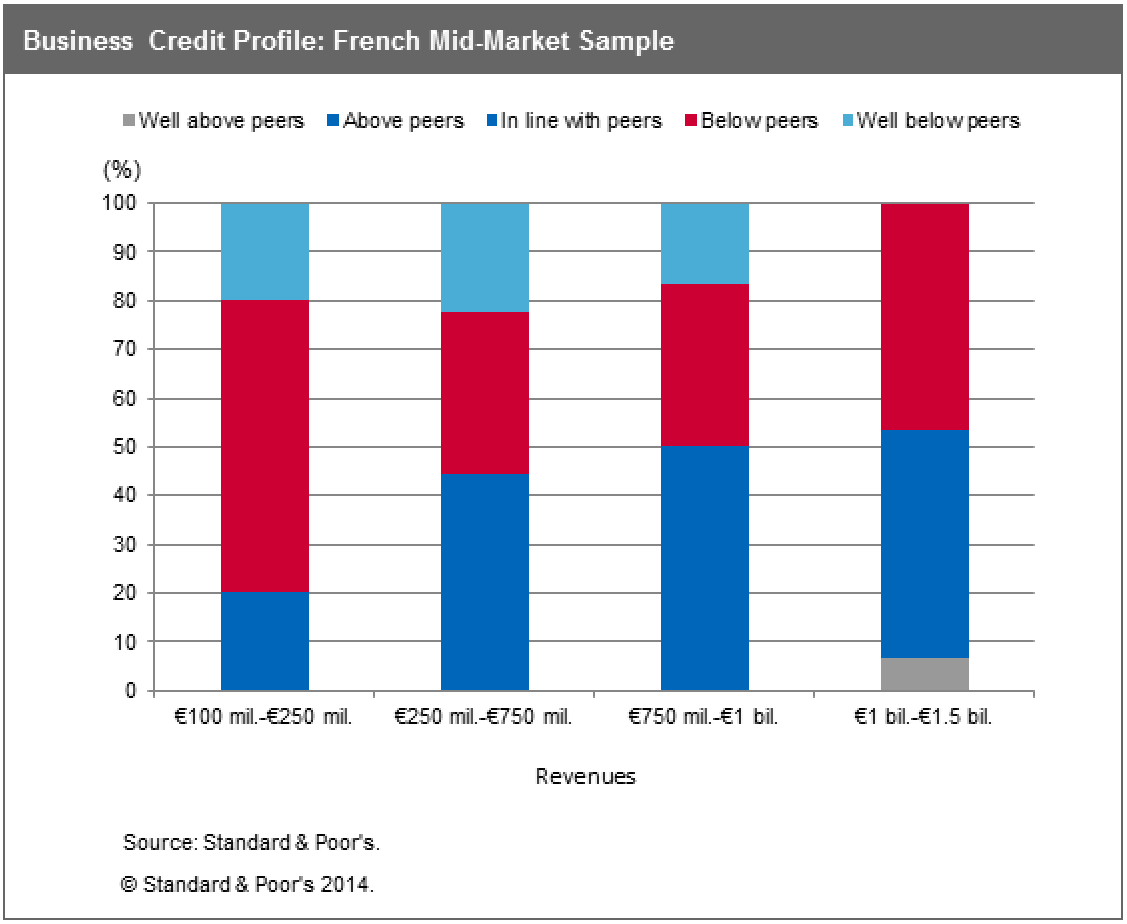
To come up with an overall indicative credit risk profile for mid-market companies in France, we started with a sample of 44 French mid-market corporates. Given the small sample size and limitations posed by only having access to public information, the results of this analysis should be viewed as indicative. We believe, however, that the assessment allows us to draw some conclusions on the much larger non-public mid-market universe in France, as we have done previously for Germany and the U.K.

For the assessment, we have applied our Mid-Market Evaluation (MME) framework (see "Mid-Market Evaluation Methodology," published June 25, 2014, and "Credit FAQ: Standard & Poor's Mid-Market Evaluations Explained," published June 27, 2014, on RatingsDirect). An MME is an opinion about a mid-market company's creditworthiness relative to other mid-market companies on a specific scale ranging from 'MM1' (highest) to 'MM8' (lowest) and 'MMD' (default). The criteria apply to companies with annual revenues below €1.5 billion and total reported debt facilities (drawn and undrawn) below €500 million, or the local currency equivalents.

Size is not a clear discriminating factor

Although we observe a stronger business credit profile assessment for companies with revenues above €1 billion (well above peers, according to our definition), companies with revenues between €100 million and €1 billion display a wide range of business credit profiles (from well below peers to above peers; see chart 13).

Chart 13



Most of the companies in our sample, 52%, belong to either the below or well below peers category. This could be related to profit margin compression, since we assign a high proportion of companies in our sample (40%) a weak profitability assessment. This could also be explained by their greater vulnerability to cyclicality and volatility than larger and diversified peers.

Interestingly, on the other end of the spectrum, 15% of French mid-market companies (versus 9% for German peers) enjoy a strong business credit profile (in the categories well above peers and above peers). We found that this is correlated with a combination of an effective niche positioning, notably through innovation, and strong international diversification. Moreover, all those companies enjoyed a strong profitability assessment.

Competitive advantages come from niche positioning and an international focus

Indeed, a little more than 40% of French companies in our survey hold a leading or a good position in a niche market (23% and 18%, respectively), predominantly in the manufacturing industry (41%) but also in consumer discretionary

(24%) and information technology services (18%). In addition, international development remains a key characteristic of the majority of our sample, with 57% of French midsize companies having operations on more than one continent, 27% in the eurozone, and only 16% exclusively in France.

Combining those two positive credit factors, 33% of our total sample has a leading or good niche positioning that has been exported outside of Europe. Companies operating in niches typically demonstrate a competitive advantage through quality services, a key technological know-how, leading to high barriers to entry, thereby mitigating competition and assuring relatively stable and higher profitability. An international focus also provides some growth potential, counterbalancing exposure to challenging French economic conditions.

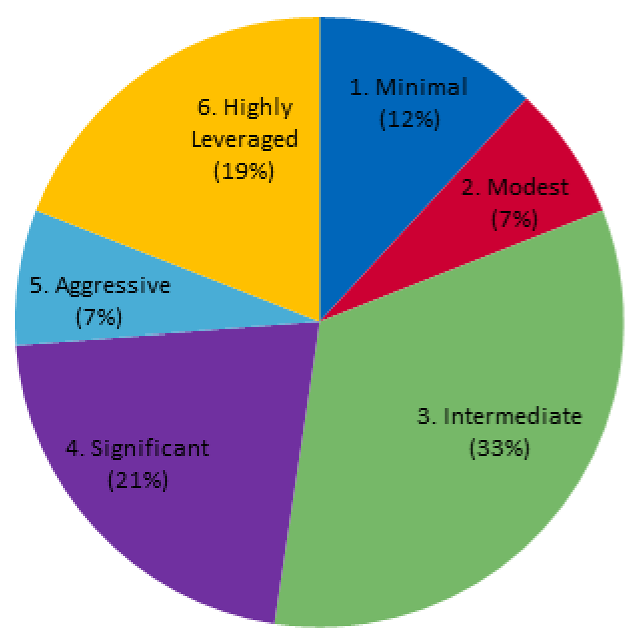
Financial strategy remains prudent overall

With respect to the financial credit profiles of French mid-market companies, 54% show a prudent financial policy (falling within the first three categories on the scale), 16 points higher than for our sample of German mid-market companies. On the other hand, we deem 18% to be highly leveraged, which would be similar to an LBO-type total leverage of more than 5x (see chart 14).

The bias toward a prudent financial strategy among French mid-market companies, greater than we find in Germany, helps them lessen the effects of declining profitability in a less favorable economic environment. In addition, we find that 28% of companies in our sample have secured financing through the private placement market or direct lending.

Chart 14

Financial Credit Profile: French Mid-Market Sample



Source: Standard & Poor's.

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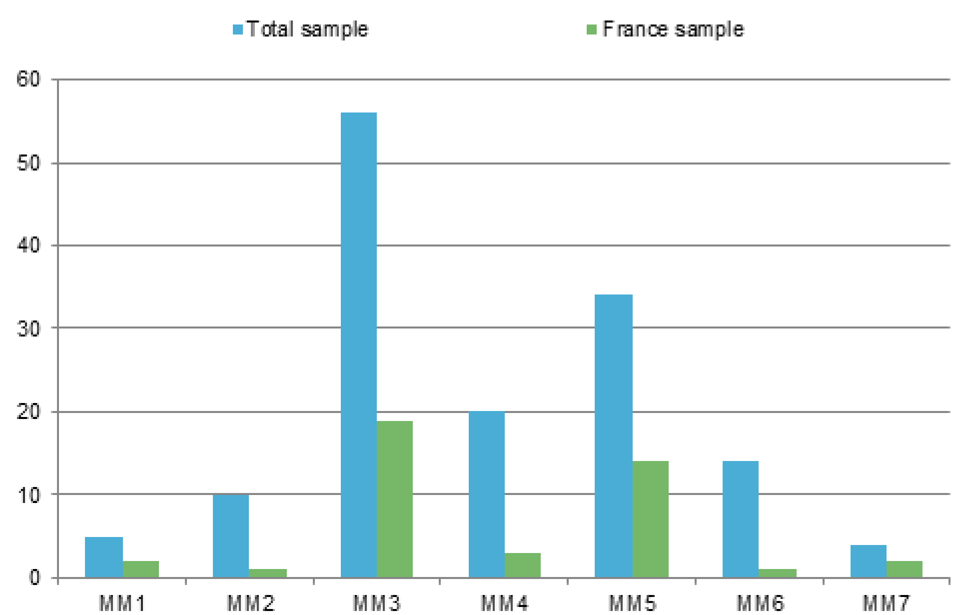
Our assessments fall mainly in the MM3-MM5 categories

The resulting overall indicative credit risk assessment based on our MME methodology shows that the majority of French companies in our study have MMEs spread across the 'MM3' and 'MM5' categories (see chart 15). However, the most represented category assessment remains 'MM3' (45% of our sample) which indicates relatively good creditworthiness, suggesting they have a good to reasonably adequate capacity to meet their financial commitments relative to other mid-market companies.

Between 'MM3' and 'MM5', the main driver of overall credit quality is the financial credit profile. Indeed, 90% of companies with an 'MM5' have either an aggressive or highly leveraged financial profile. Companies with either an 'MM1' or 'MM2' assessment display a very conservative financial credit profile, combined with a leadership niche positioning achieved through a technological edge or a strong brand recognition. In addition, those companies are all internationally diversified, with a presence on more than one continent.

Chart 15

Indicative Credit Risk: French Mid-Market Sample



Source: Standard & Poor's.

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Alternative Financing Picks Up, But A Lack Of Transparency Is A Restraint

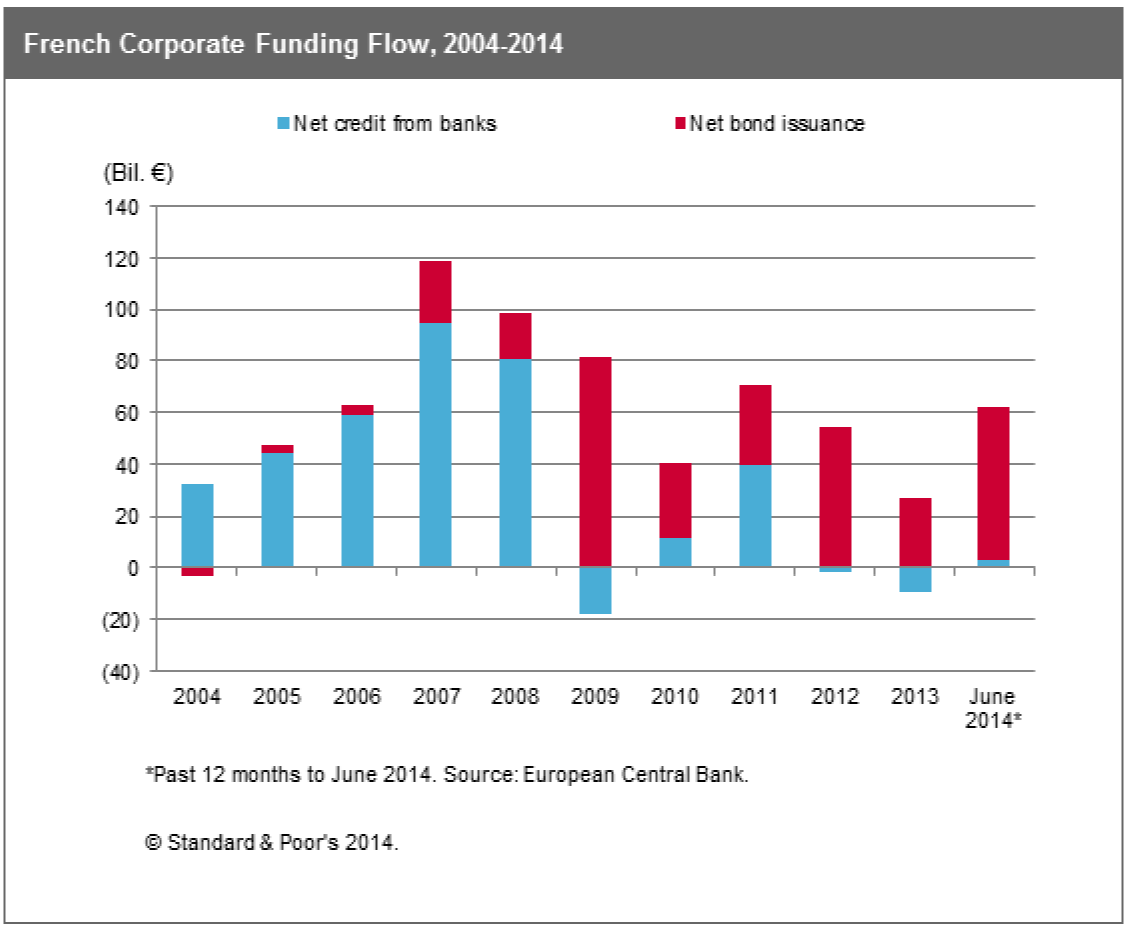
Despite the slow GDP growth that we forecast for France for the current year, we anticipate a small pickup in 2015 and a steady improvement thereafter. Based on this central macroeconomic scenario, Standard & Poor's estimates that

France's mid-market will need to raise up to about €650 billion to €690 billion of debt within the next five years to honor their financing commitments (€610 billion) and fund growth (between €40 billion and €80 billion). Refinancing represents the biggest part of these funding needs in a context of relatively low capital expenditure correlated to overall GDP growth.

In France, we believe that funding for the mid-market is much less likely to come entirely from banks in coming years. Banking disintermediation in France--where banks are providing less funding than in the past--came to a halt in the first half of 2014. However, we believe the trend will resume and hold for the longer term (see chart 16). Net credit from banks returned to positive territory as of June 14, after a significant dip in 2013. At the same time, corporates have increasingly tapped the public bond market with net bond issuance rising to its highest level since 2009 (see chart 18 in Appendix I).

To fill the funding gap left by banks, the private placement or direct lending markets have begun to step in to help mid-market companies diversify their sources of funding.

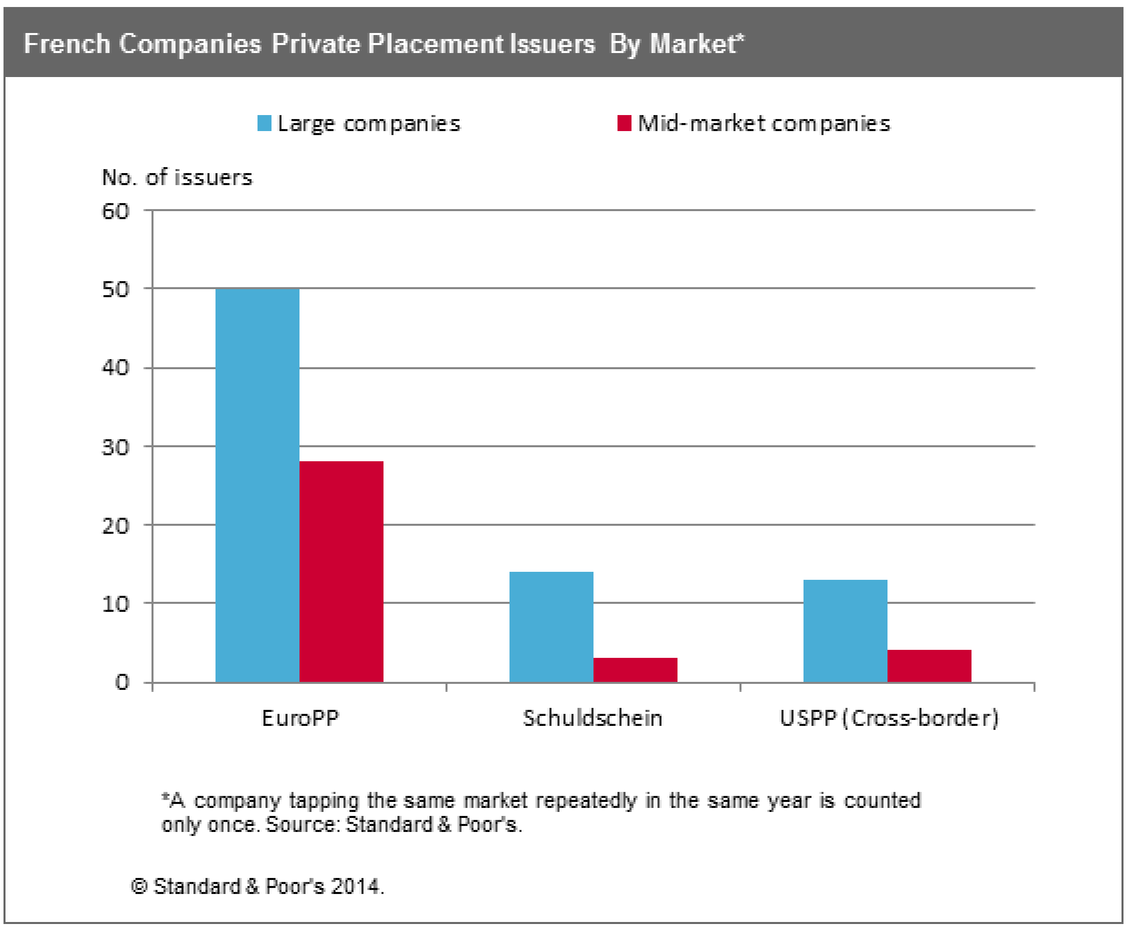
Chart 16



As of July 2014, approximately 30 French mid-market companies issued a private placement, compared with double that number for large companies. Based on public data, since 2011 French mid-market companies have concluded 27 euro private placements (Euro PP), four U.S. private placements, and three Schuldschein deals, raising a total of €1.7 billion, of which €465 million in the first six months of 2014 and €611 million in 2013. In addition, the French Euro PP market has evolved to incorporate a progressively smaller deal size, reflecting the appeal of this market for midsize issuers (See table 2 in Appendix II for a selected list of mid-market companies that have been tapping the private placement markets in 2013 and through July 2014).

The Euro PP market is the preferred alternative funding tool for French mid-market companies (see chart 17). It totaled €3.9 billion in 2013, up from €3.2 billion in 2012, with a large majority of French issuers. As of Aug. 31, 2014, about €2 billion was raised on the Euro PP, which indicates that the trend this year is similar to that 2013's. Note that these figures are not exhaustive as they do not take into account private placements or direct lending in the form of loans, which have developed over the past two years and for which public information is usually not available. Until recently, many of these deals were from companies larger than mid-market firms and took the form of listed bonds (90% of total issuance volume in 2013) although it is interesting to note that smaller issuers are gradually expanding their share of the market: larger issuers represented 84% of total volume in 2013, down from 96% of the total in 2012.

Chart 17



One of the reasons behind the development of the Euro PP market for midsize companies is the flexibility in documentation and the growing appetite of investors in search for yield and diversification in a low interest rate environment.

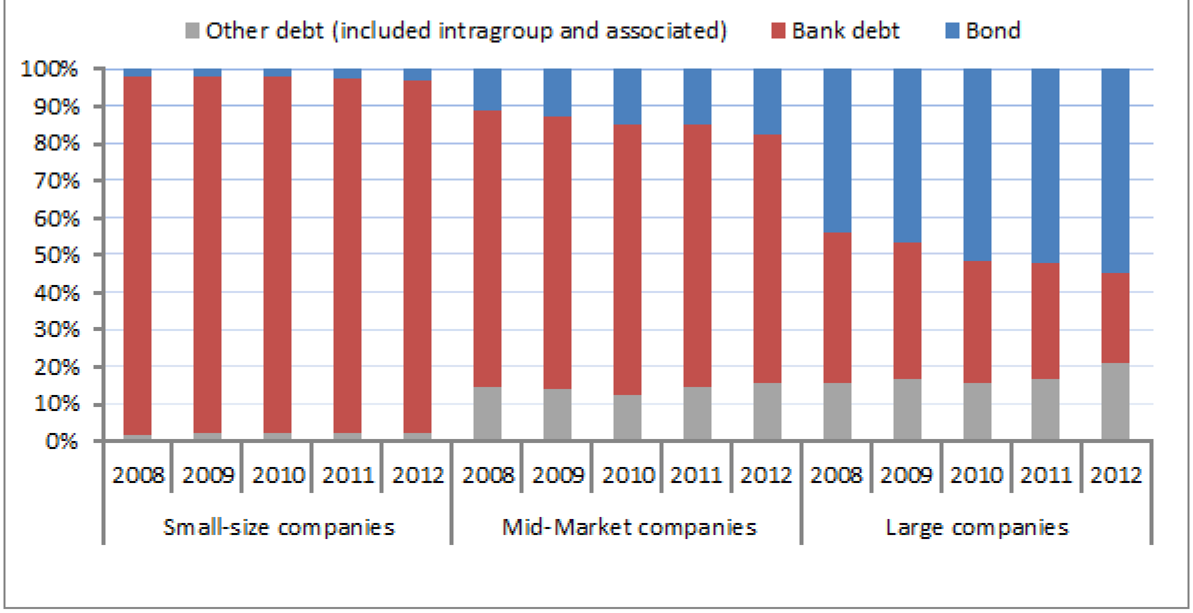
Indeed, the standardized and well-developed U.S. private placement (US PP) and Schuldschein markets still lend primarily--but not exclusively--to investment-grade issuers. There is increasing but still very limited investor appetite for moving down the credit risk curve into cross-over territory (the 'BBB' and 'BB' rating categories) and smaller deals. In contrast, we observe that investors on the French Euro PP market are showing slightly more interest in a wider range of credits, focusing on companies with implied ratings of 'BB' or above. We believe that improved transparency about issuer credit quality will help to expand the Euro PP market to include issuers with lower credit risk in 'BB+' and 'BB' categories. Indeed, credible, external transparency supports a fair pricing of credit risk for investors and a complement to their own credit analysis. Transparency also benefits issuers, by giving access to new investors and establishing a fair cost of funding. It can also help them negotiate credit conditions with banks, and allow issuers to raise their image and financial communication.

Aside from the private placement markets, direct lending is helping the French mid-market diversify its funding. Examples of direct lending--where funds partner with institutional investors such as insurance companies, pension schemes, and asset managers--are multiplying since the first partnership that was concluded in June 2012 between Société Générale and AXA. More recently, French asset manager Amundi teamed up with Unicredit for German Mittelstand lending, and repeated the experience with French banks to provide funds to the French mid-market segment.

Greater transparency is needed for these funding options to become a more comprehensive solution for the French mid-market, across the ratings scale and across the size spectrum. As we have found in our study of the French mid-market, credit quality is not entirely correlated with the size. Larger French mid-market companies are favored by investors primarily because they are lacking thorough knowledge about smaller mid-market champions. This means that smaller mid-market companies have an opportunity to attract investors by offering them the transparent information they need about their business and financial credit profiles, which our MMEs are designed to provide.

Appendix I: Financial Debt Of French Corporates

Chart 18
Split Of Financial Debt Of French Corporates By Company Size



Appendix II: Examples Of French Mid-Market Private Placements

Table 2

Selected French Mid-Market Private Placements In 2013 And To July 2014*

Company	Market	Issuance date	Industry	Country	Deal amount (Mil. €)	Average Maturity (years)	Coupon or indicative spread (%)	Capital IQ revenue (Mil. €)	Capital IQ debt (Mil. €)†
LISI SA	US PP	Oct-13	Manufacturing	France	58	7	3.64	1,163	162
Adéo	EU PP	Jan-13	Consumer Discretionary	France	100	7	2.75	24	345
Akka Technologies	EU PP	Mar-13	Information Technology	France	100	5	4.45	827	123
Altrad SA	EU PP	Oct-13	Industrials	France	100	7	4.40	605	94
Aurea	EU PP	Jun-13	Industrials	France	14	6	4.75	174	17
Fonciere Atland	EU PP	Mar-13	Real Estate	France	5	5	5.50	14	75
Fonciere Inea	EU PP	Jun-13	Real Estate	France	30	6	4.35	27	204
GL events	EU PP	Jul-13	Consumer services	France	50	6	4.70	835	401
Groupe Laurent-Perrier	EU PP	Feb-13	Consumer Staples	France	15	6	3.75	223	295
LFB	EU PP	Feb-13	Healthcare	France	50	6	3.85	466	111
Rémy Cointreau SA	EU PP	Aug-13	Consumer Staples	France	65	10	4.00	1,193	466
Reside Etudes Investissement	EU PP	Oct-13	Real Estate	France	44	6	5.20	322	135

Table 2

Selected French Mid-Market Private Placements In 2013 And To July 2014* (cont.)									
Tessi SA	EU PP	Jan-13	Information Technology	France	20	6	3.95	247	125
Touax SCA	EU PP	Aug-13	Industrials	France	21	6	5.00	358	492
Ubisoft	EU PP	May-13	Information Technology	France	40	6	3.99	1,256	133
Faiveley Transport S.A.	Schuldschein	Mar-14	Industrials	France	130	7	N.A.	982	459
Compagnie des Alpes S.A.	EU PP	May-14	Consumer Discretionary	France	100	10	3.50	678	448
Direct Energie S.A.	EU PP	Jul-14	Utilities	France	40	6	4.79	763	3
Frey S.A.	EU PP	Jul-14	Real Estate	France	25	5	4.38	29	228
GFI Informatique S.A.	EU PP	Jun-14	Information Technology	France	15	6	3.94	743	95
Idex energies S.A.S	EU PP	Apr-14	Industrials	France	57	7	5.00	37	17
Foncière des Jeromis Associés S.A.S	EU PP	Jun-14	Real Estate	France	45	6	5.80	11	53
SCBSM S.A.	EU PP	Jul-14	Real Estate	France	23	5	5.25	17	164

*As per Standard & Poor's definition excluding financials. †Latest available financial year-end or semi-annual (GL events). Sources: S&P Capital IQ; Standard & Poor's.

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