INVESTMENT NOTE

BU / Fund: Private Debt / Omnes Mezzanis 3

Confidential

Date: 3 December 2019

Company/Project	MCA Ingénierie / Myriam project
Sector/Activity	Engineering and Technology Consulting
Description of the operation	Secondary LBO of the MCA Group initiated by the Founding Manager
Financial information	2018 revenue: €99.7m, 2018 EBITDA: €13.2m 2019 revenue (B): €114.6m, 2019 EBITDA (B): €14.6m 2019 revenue (Att): €111.7m, 2019 EBITDA (Att): €15.5m EV: €110.8m (7.1x Att. 2019 EBITDA) Equity: €55.2m, Mezzanine: €5.0m, Senior Debt: €58.6m Cash flow: €10.5m
Proposed amounts	Total: €5.0m OMNES CAPITAL unit: 100%
Instruments used	OBSA
Co-investors	N/A
File Manager(s)	Camille Delibes, Avi Corcos, Nicolas Noël

RECIPIENTS OF THE INVESTMENT NOTE:

- Members of the relevant BU
- Finance Department (Stéphanie Fehrenbach (ENR, Mid and Small Cap) or Roman Harel (Private Debt, FOF BU, Danone, Israel) or Claude Villien Merel (Venture Capital, Co-invest, Secondary Market BU)) Legal Department (Philippe Trolez)
- Communications and Investor Relations Division (Martine Sessin-Caracci)
- Compliance and Internal Control Manager / Financial Risk Manager (Perrine Nollet)

CONVENTIONS AND GLOSSARY

<normal> Body text

For tables, graphs and other illustrations, please put a title and a source using the attached style sheet to make them easier to read and to search sources,

Figure 1: Market segmentation between 2002 and 2007

Illustration

Source: Selling memo p.22 or OMNES CAPITAL analysis on DD Strat base p.18 and DD Fin p.46

In the same spirit, please comply with the following common glossary:

- Omnes list level 1
- Business Plan: BP
- Not applicable: n.a.
- Not available: NA
- Non-significant: N/A
    - Omnes list level 2
    - Income statement: P&L
    - Review: B/S or BS
    - Cash flow statement: CFS
        - Omnes list level 3
        - Income statement: P&L
        - Balance sheet: B/S or BS
        - Cash flow statement: CFS
        - Annual growth rate: CAGR

1 Executive summary

1.1 Key elements of the investment memorandum

Company / Group	MCA Ingénierie/MCA Group
Sector / Activity	ICT (Engineering and Technology Consulting)
Manager(s) **(Key Persons)**	Pierre Ebenstein/Pierre Humbert
Context of the deal	Origin: I-DEAL DEVELOPMENT Specific angles: Good relations with the intermediary with whom we closed the Nalys dossier
Key considerations (know-how / market)	Group that has historically developed through organic growth and has had a 27-year presence in the ICT sector
Key figures	see table below
Type of investment	Mezzanine
Enterprise value / Investment ticket	€110.8m / €5.0m
Equity story	Development of international coverage and strengthening of the digital transformation offer
Exit & performance	Exit after 5 years through a refinancing, a tertiary LBO or an industrial sale The expected return on this investment is 13.5% (10.5% PIK, 3% BSA).

Key figures:

(in €m)	Year (2016/12) R	Year (2017/12) R	Year (2018/12) R	Year (2019/12) A
REVENUE	74.4	86.1	99.7	111.7
EBITDA	9.2	11.7	13.2	15.5
Margin	*12.4%*	*13.7%*	*13.3%*	*13.9%*
Net debt	(3.5)	30.1	23.6	n.d.
Net debt / EBITDA	*(0.3) x*	*2.6x*	*1.8x*	*x*

Calendar	Closing scheduled for end of December

1.2 SWOT, OGIVE analyses, Risk matrix

1.2.1 SWOT

Strengths	**Weaknesses**
International group specialising in engineering and present in this sector since 1992 Strong presence in the automotive and aeronautical sectors Group with offices in France, Germany, Belgium, the Netherlands, Italy, Spain and Sweden Average sales CAGR between 2016 and 2018 of 15.6% EBITDA margin over the last three financial years of 13.6% Expertise recognised by customers on specific needs A level 1 or 2 listing with the main customers One of the highest consultant supervision rates in the market (1:12 vs. 1:15-20) A staff activity rate of more than 95% An average Intercontract Rate of 2.0%	Increase in the founder's stake to more than 80% in the Group, which has historically curbed its growth to maintain its strong profitability An intermediate-sized group that has grown almost exclusively through organic growth in a consolidating market The Group has little presence in the flat rate or cost-plus markets
Opportunities	**Threats**
A structural deficit of engineers in Europe estimated at 900,000 per year and 1.0m per year in the USA The digitisation of the economy The leading R&D market in France is the automotive one Increased need for AI, IoT, electric cars, Factory 4.0	Development of flat rate contracts Review of listing criteria by customers (insufficient size)

1.2.2 OGIVE

Omnes Guide to Improving Value and Excellence ("OGIVE")

Omnes Mezzanis 3 is involved in mezzanine financing. The implementation of an improvement plan will be carried out by the Founding Manager according to his own criteria.

In the context of the investment, Omnes benefits from an observer role, which should allow (i) periodic communication between the Group and Omnes and (ii) consultation of the Omnes team on specific points:

Strategy	Top Line Growth	Cost efficiency	Finance Optimisation	Management	Digital	ESG
Strategic Positioning	New Clients	Process / Manufacturing review	KPI reporting	Hiring key managers	IT tools	ESG set up

Divestment acquisition	Replicate the model in untapped markets	Sourcing efficiency	Cash generation	Governance	Digital penetration
Geographic expansion	Optimization of pricing	Cost reduction	Real estate value optimization		
	Sales Force efficiency		Capex review		
	New service & Added Value		Financial structure optimization		

OGIVE: the study of the investment project has identified areas for improvement in which Omnes wishes to play a role within the Group:

- **In terms of strategy**: The Group intends to strengthen its position in the digital transformation area, position itself in growth driver businesses (IoT, Cybersecurity, AI, etc.) and expand in the Energy, Life Science, Defence and Aeronautics sectors.

- **In terms of revenue growth**: The Group intends to expand in countries where it is already present by opening other agencies.

- **In terms of the WCR**: Raising the Group's awareness of the cash culture

In ESG terms: Commitments will be included in the agreement.

Specify the list of OGIVE value drivers and the associated toolbox (potential initiatives to be launched when a value driver is identified & Specify the OGIVE plan that must be documented and updated throughout the portfolio company's holding period.

1.2.3 Risk matrix

Risks	Level of risk	Risk mitigation / comments
Human risk		Concentration of capital in the hands of the Founding Manager
Market risk		The market is structurally lacking in engineers
Product risk		The Group has always managed to adapt to changes in its market
Financial risk		A CFO was recruited in September 2019, Julien Dalcorso (former CFO of Mc2i under LBO)
Regulatory risk		Companies in the sector could theoretically be accused of illegal subcontracting
Risk of a conflict of interest		

The risk matrix must be adapted to the type of deal and may include the following risks: development risk, clinical risk, construction risk, technical risk, resource availability risk, electricity price risk, etc.

Absence of risk   Minimal risk   Medium risk   Significant risk

1.3 Compliance points

1.3.1 Co-investment, Additional investment, Carry-Transfer

Any investment project whose **EV exceeds €10m** will be allocated to the OM3 PI, OM3 A and OM3 B funds according to the following rule:

- €0.8m on OM3 PI given its tax quota and the end of its investment period;

- then the remainder in proportion to the subscription commitments of each fund within the limits of the risk division ratios of each fund and provided that the investment opportunity concerned is in line with their investment strategies. At this stage, the allocation would therefore be as follows for an investment of €5.0m:

	OM 3 FT	OM 3 A	OM 3 B
Commitments	€13,944,950	€26,353,000	€58,232,324
€5,000,000 at closing	€1,394,495	€1,123,314	€2,482,191
Total	€1,394,495	€1,123,314	€2,482,191

1.3.2 Eligibility of the investment

Legal quota: the investment will be made in full in bonds with share subscription warrants, i.e. securities giving access to the capital. These securities will not be traded on a regulated market.

Tax quota: the investment meets the criteria issued for the legal quota. Furthermore, the company's registered office is in France, a member country of the European Union.

The investment strategy of Omnes Mezzanis 3 covers companies with:

- An enterprise value of between €10 million and €300 million
- Historical performance and confirmed growth potential
- An involved and experienced management team

The MCA group is included in the investment scope and the amount of mezzanine financing of €5.0m also complies with regulatory and contractual ratios.

1.3.3 Crossing of threshold and/or Taking of control

- Indicate whether or not the investment concerns an SME in the Community sense, i.e. whether, on the basis of the most recent audited (or consolidated if applicable) accounts:
  - Place of registered office in an EU state YES ☒ NO ☐
  - Staff numbers < 250: YES ☐ NO ☒
  - Revenue < = €50m or balance sheet total < = €43m: YES ☐ NO ☒

- If NO is answered to any of the 3 questions, specify:
  - The % of voting rights held before and after the investment is 0%
  - There is no direct or indirect acquisition of control

1.3.4 Fed - Bank Holding Company Act (BHCA)

(This paragraph does not concern funds subscribed by natural persons (e.g.: FCPI, etc.))

The company / group directly or indirectly does business in the United States and / or directly or indirectly controls one or more subsidiaries / holdings in the United States: YES ☐ NO ☒

If yes to one of the 2 questions, specify whether a BHCA declaration has been sent to CASA, specify the CASA's response if applicable (Any direct or indirect link with a site in the United States must be the subject of a declaration to Compliance).

1.4 Environmental, Social and Governance (ESG) considerations

- An ESG audit is being carried out by Indefi

2 Market

Digital Services Companies (ESN) operating in engineering and technology consulting (ICT) are companies that sell intellectual services to other companies (generally large industrial groups). ICT is at the heart of the management of transformations that occur in the various industrial sectors.

2.1 Overall market

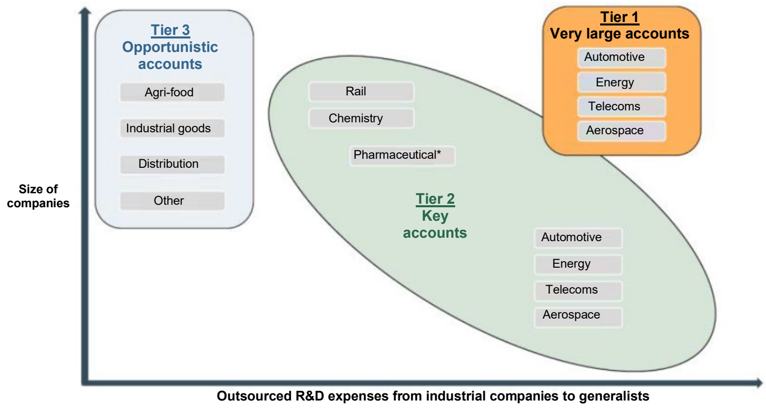
The ETC market covers all the design and industrialisation operations of mainly industrial products and equipment. It is segmented into several activities: R&D consulting, technical studies, feasibility studies, product design and engineering, prototyping, testing and assistance with industrialisation.

According to a Xerfi study, overall growth in sector sales in 2018 (+7%) was driven by the surge in technology consulting activity (+8%). Many companies, keen to adapt to new technologies, have increased their R&D spending (+2.8% in 2018) and further outsourced this activity. Indeed, the trend towards outsourcing would increase in most segments, driven by the need for customer transformation and the assimilation of new emerging technologies (AI, blockchain, big data, IoT, etc.), making R&D increasingly technical through digital transformation. This technological shift will encourage companies to dedicate more funds to the development of new products and processes, thus inflating the volume of ICT activity.

France's growing research attractiveness will also create opportunities for operators: the number of R&D projects in France increased by 85% in 2018 according to Ernst & Young.

The activity of technology consulting companies is intrinsically linked to that of the underlying customer markets. As mentioned above, the three main markets of MCA Engineering are automotive, aeronautics and space and energy. A 4th segment is experiencing strong growth: information systems (10% of 2018 sales).

Customer mapping



Source: LEK Consulting Strategic Due Diligence p.21

2.1.1 Automotive industry

The automotive industry is the flagship market for technology consulting companies for R&D projects with a 2018 budget of €5.9 billion in France.

The automotive industry is constantly looking to develop its products. At the same time, regulatory changes (anti-pollution standards, safety, etc.), digital technology, sustainability, AI, the emergence of smart cities, etc. are also important drivers. To this end, French companies in the sector are investing massively in R&D to remain competitive: Renault will invest €18bn as part of its “Drive The Future” plan for the period 2018-2022, in addition to running the largest research centre in France, the Guyancourt Technocentre (Paris region) which hosts 10,000 researchers over 400,000 m². The PSA group devotes 8% of its annual sales to R&D.

In addition to external factors affecting the industry, production methods are also undergoing a transformation. We are witnessing the emergence of new types of so-called "4.0" factories, the objective of which is to maintain an operational dynamic aimed at improving industrial performance, in addition to enabling a reduction in production costs.

2.1.2 Aeronautical and space industry

The aeronautical and space industry encompasses all companies producing aircraft (aircraft, helicopters, drones, etc.), spacecraft and parts of these machines, for civil or military use. The sector accounted for 3.2% of French GDP in 2018 and experienced historic growth in its production of +3.5% in 2017 and +3.0% in 2018.

This sector is marked by high capital intensity and significant R&D costs: with a budget of €5.1bn in 2018, the activity will benefit in particular from the increase in production by Airbus Group (A350, A320, A330, etc.), the leading player in the sector in France (followed by Dassault Aviation, Safran and Thalès).

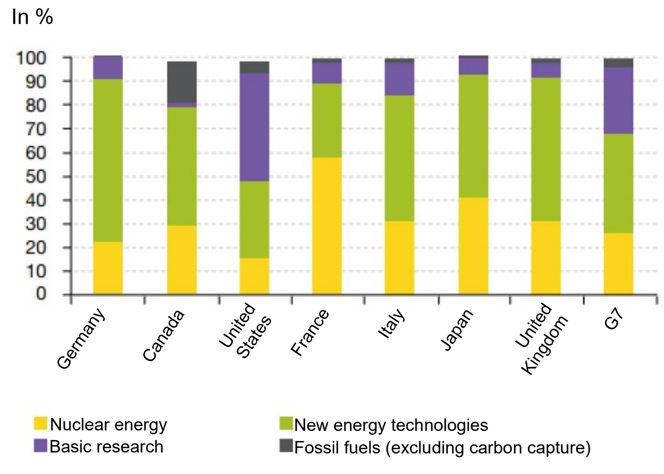
2.1.3 Energy industry

The energy industry includes all energy-producing companies (fossil, renewable, nuclear), for civil or military use. The major players in this field are EDF, Engie, Framatome, Total, etc.

In 2018, the energy sector accounted for 2% of value added in France and €1.1 billion in public expenditure on R&D (5% of GDP), i.e. an increase of 2% compared with 2017, raising France to second place among the G7 countries (after Japan). This increase was driven by nuclear for an amount of €635m (58% of expenditure). New energy technologies, strategic for the energy transition, account for 31% of public spending (i.e. an amount of €342m). Basic research and fossil fuels represent respectively €103m (9%) and €18m (2%).

Among the G7 countries (Germany, Italy, Japan, France, the United States, Canada and the United Kingdom), the choice of preferred technologies varies depending on their resources, energy policy objectives and industrial guidelines. However, the trend is towards an increase in the weight of new energy technologies: these represented the largest expenditure item in all G7 countries in 2018 (except France, with the nuclear sector in the lead).

Breakdown of R&D spending by area for G7 countries in 2018



Source: Report on public R&D expenditure on energy in 2018, General Commission for Sustainable Development

2.1.4 Information systems

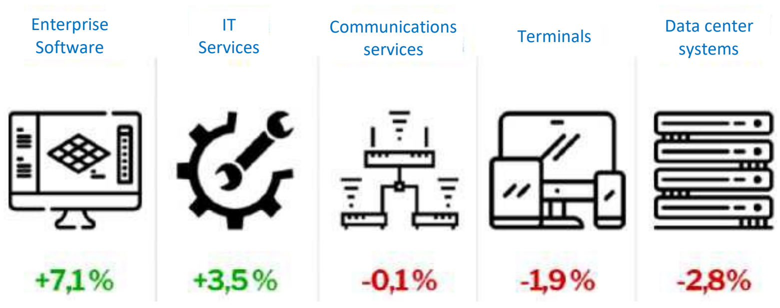
The digital transformation is a phenomenon that is profoundly transforming companies by favouring connectivity and the use of digital tools. The development of these tools and online platforms allows for lower costs and improved productivity, offering new growth opportunities and access to new markets. Similarly, the rise of digital technologies, AI, connected objects, blockchain and soon 5G (in the deployment phase) are also vectors of business innovation.

The Information System segment, also called Business Informatics, therefore represents a growing share of the global IT services market: by offering software development services or specific applications, etc., it enables companies to avoid being overwhelmed by the speed at which technological innovations are spreading.

According to Euler Hermès, French companies invested €7bn in digitisation strategies in 2018, nearly 66% of the growth in their total investments.

Although down at the global level, growth in global IT spending is expected to reach 3.2% in 2019 (versus 3.9% in 2018), with approx. €3.4bn split between communication services (€1.3bn), IT services (€0.9bn), terminals (€0.6bn), business software (€0.4bn) and datacenter systems (€0.2bn) according to Gartner.

Growth in planned IT spending by sector for 2019 compared to 2018



Source: Gartner report January 2019

2.2 Type of intervention

There are two types of billing in this sector: cost-plus contracts or flat-rate contracts. Each model has its advantages and disadvantages, but the cost-plus model remains the most widespread (80% of cases according to Xerfi – July 2019).

2.2.1 Cost-plus contracts

The cost-plus model is the billing model historically used by technology consulting companies: it corresponds to the billing of the time spent by the consultant at the customer's premises.

The expenses of the design office are controlled by the developer on the basis of a negotiated hourly rate. In the event that the contract is capped, the company is no longer remunerated above the cap. The hourly rate is often indexed to the Syntec index, which measures changes in labour costs, mainly of an intellectual nature, for services provided.

This billing method makes it possible to limit the risks of litigation between the parties and therefore reduces risk exposure for engineering companies. However, it offers them less visibility due to short-term contracts (a few weeks to several months).

2.2.2 Flat-rate remuneration

Flat-rate remuneration allows customers to set the cost of the service in advance and to protect themselves against any investment overruns. Rigorous project management (deadlines, purchases, etc.) can thus guarantee better cost control. The flat rate may relate solely to design services, work and supplies.

In addition, this type of contract allows risk to be transferred from the client to the service provider. The latter must anticipate the amount of work involved in a project in order to deduce the fixed price.

2.2.3 Advantages and disadvantages of the two models

In general, flat-rate contracts are recommended when the duration of the assignment is unknown, while cost-plus contracts are preferred for well-defined assignments.

The workplace also influences the billing method. If development is to take place on the premises of the client company, cost-plus contracts are almost always chosen. If it is done at the engineering company, a flat rate is often mandatory.

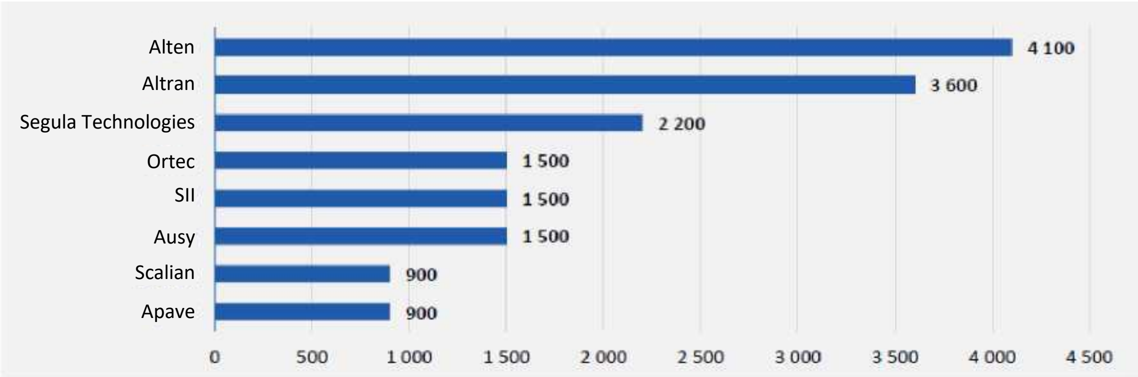
Finally, it is important to remember that the development of flat-rate business, which is a trend for all customers, all sectors combined, exposes engineering companies to risks (for example delays on projects leading to penalties) related to the execution of these contracts.

2.3 Shortage of engineers

According to the Commission des titres d'Ingénieurs, in France the number of institutions offering engineering training is decreasing: there were just 201 in 2018, compared to 220 in 2001 (phenomenon of concentration of these institutions to gain competitiveness against international competition). The number of graduating engineers is also decreasing: there were approximately 39,000 in 2015 compared to approximately 37,500 in 2018.

However, the surge in activity experienced by ICT firms combined with high turnover rates (which may exceed 20% per year) implies significant recruitment needs in this sector. According to OPIIEC, approximately 27,000 net jobs will be created between 2018 and 2021. However, groups find it difficult to obtain profiles in line with their expectations as the number of technicians entering the labour market each year falls short of demand (the majority of students continue their training after their two-year degree).

Recruitment announced by the main engineering groups in 2019



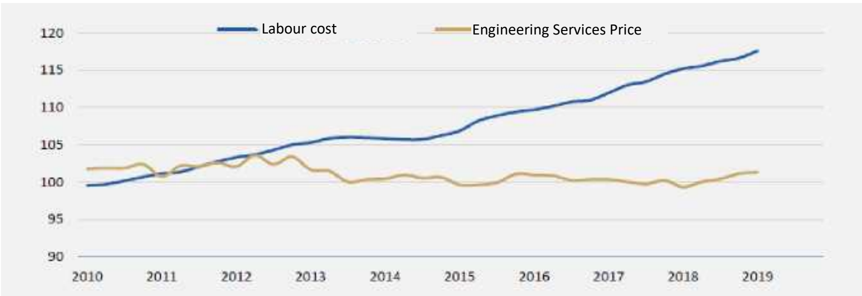
Source: Xerfi study July 2019

New technologies are also transforming the profession: profiles in Building Information Modeling ("BIM") projection, data scientists and cybersecurity experts are highly sought after, leading operators to increase initiatives to attract and retain talent.

This shortage of engineers is putting upward pressure on wages. The cost of labour for services of an intellectual nature increased by nearly 12% between 2013 and 2018, a development in line with the increases in remuneration that companies in the sector have implemented to attract and retain talent.

This issue is particularly acute for ICT companies, which are faced with rising turnover rates. For example, the average replacement rate of 3 technology consulting groups (Altran, Alten, and Akka Technologies) increased by one point to 22% in 2018.

Cost of Intellectual Labour and Price of Engineering Services



Source: Xerfi study July 2019

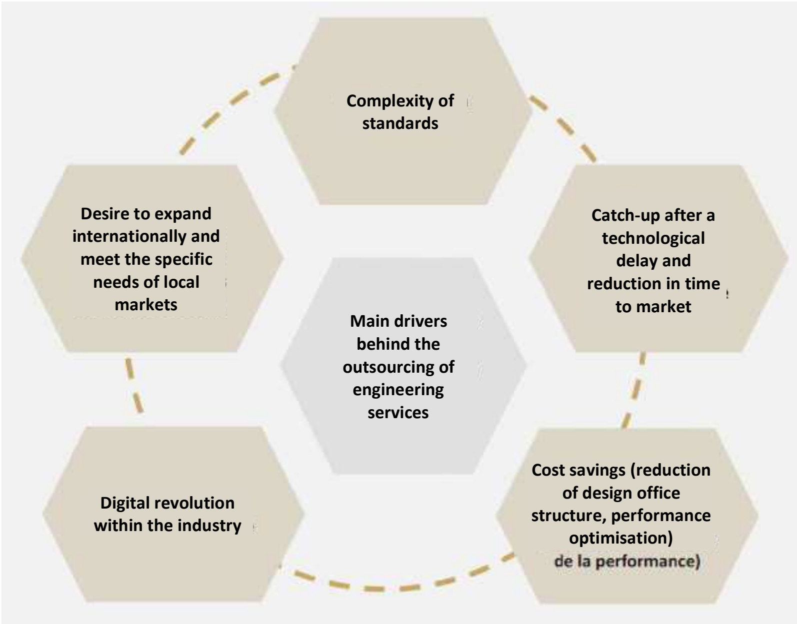
2.4 Subcontracting

Subcontracting strategies have multiplied in recent years: the complexity of R&D projects encourages manufacturers to use specialist third-party players because it involves greater training needs in cutting-edge technological areas.

Companies derive their competitiveness from a competitive advantage in their core business (patents, specific know-how, production organisation method, etc.) and the activities included in the core business can be subcontracted, in whole or in part. The complexity of construction processes and the commercial challenge around the launch of new technologies are encouraging manufacturers to use external engineering providers because they do not necessarily have the in-house skills.

Conversely, factors may be detrimental to outsourcing: costs of exiting the business, loss of control over the business, hidden costs and transaction costs resulting from outsourcing, etc.

Reasons for using subcontracting



Source: Xerfi study (July 2019)

2.5 Competitive Landscape

Engineering and technical studies cover intellectual services used in all areas comprising a complex production process (industry, energy, construction and public services). In 2017, the sector, mainly composed of very small structures, included more than 22,000 firms with more than one employee for a total of more than 275,000 employees.

The sector includes engineering subsidiaries of industrial groups (Thalès Services, Alstom Power Systems) and engineering services firms. Among the latter, various profiles stand out: technology consulting specialists (Altran, Alten, Akka Technologies), construction engineering (Egis, GSE) or transport (Systra), players involved in the engineering of major industrial projects, particularly in the oil services sector (TechnipFMC, Saipem) or in the environment (Veolia) or multi-disciplinary firms (Artelia).

In France, the four largest players (Altran, Alten, Akka and Assystem) have a combined market share of around 43%. Among the generalist leaders, Altran benefited most from the reduction in the panels of listed service providers to take market share from the smallest players. Akka has opted for an acquisition strategy to increase its market share. In this area, MCA has less than 1% market share.

Segmentation of the ICT sector in France and Belgium

	Company	Shareholder	2015 revenue FR+BE* (€m)	2015 EBITDA margin (global)	# Employees (Global)	Weight of industry in sales				Share of flat rate / Cost-plus	Comments
						Auto	Aero	Energy	Pharma		
Generalist leaders	Altran	Listed	864	9.6%	c.30 000	High	High	High	Medium		World leader in innovation and engineering consulting; particularly active in automotive, aerospace and energy
Generalist leaders	Alten	Listed	848	9.9%	c.24 000	High	High	Medium	Medium		Co-leader in France in the engineering services market, particularly active in automotive and aerospace
Generalist leaders	Assystem	Listed	557	6.4%	c.12500	High	High	High	Medium		International group founded in 1966 and present in 19 countries
Generalist leaders	Akka	Listed	470	6.1%	c.13300	High	High	Medium	Medium		International group founded in 1984 and present in 20 countries
Intermediate players	Abylsen	Naxicap	79	9.5%	c.1 000	High	Medium	High	Medium		Multi-sector group founded in 2005 and present in 5 countries
Intermediate players	Euro-Engineering	Adecco	68	(0.8%)	c.3 000	Medium	High	High	Medium		Subsidiary of the temporary employment group Adecco specialising in engineering
Intermediate players	Agap2	Hiq Consulting	64	10.3%	c.3 000	Medium	Medium	High	Medium		Multi-sector group founded in 2005 and present in 9 countries
Intermediate players	MCA.	Founders	45	10.6%	c.1 000	High	Medium	Medium	Medium		Multi-sector group founded in 1991 and present in 7 countries
Intermediate players	Segula	Founders	20***	(25%)	c.10 000	Medium	Medium	Medium	Medium		Multi-sector group founded in 1995 and present in 26 countries
Small specialists	CVO Europe	Founders	27	8.3%	c.350	Low or nil	Low or nil	Low or nil	High		Specialist firm founded in 1995 and present in France, Belgium and Switzerland
Small specialists	HTi	Apside	23	0.4%	c.400	High	Low or nil	Low or nil	Low or nil		Subsidiary of the Apside group specialising in automotive
Small specialists	Emysis	Founders	8	6.1%	c.150	Low or nil	Low or nil	Medium	Medium		Multi-sector firm founded in 2010 and present in France
Small specialists	Alierys	Founders	2	2.7%	c.30	Low or nil	Low or nil	High	Low or nil		Specialist firm founded in 2010 and present in France

Note: *In France and Belgium; **Sales including Germany and Switzerland; ***France only; ^Most recent global data

Importance: High Medium Low or nil

Source: LEK Consulting Strategic Due Diligence p.49

With sales in France of around €1bn in 2018, Alten and Altran dominate technology consulting with 11,000 and 14,000 employees respectively in France. They are followed by Akka Technologies (more than €600m in sales and just under 8,000 employees), Segula Technologies and Expleo (formerly Assystem Technologies).

Most of these players address a wide variety of customer markets, while those related to mobility (automotive, aeronautics and rail) remain their largest outlets in terms of sales. France remains the main market for these groups, despite a trend towards the internationalisation of these groups.

Main players in the sector in France

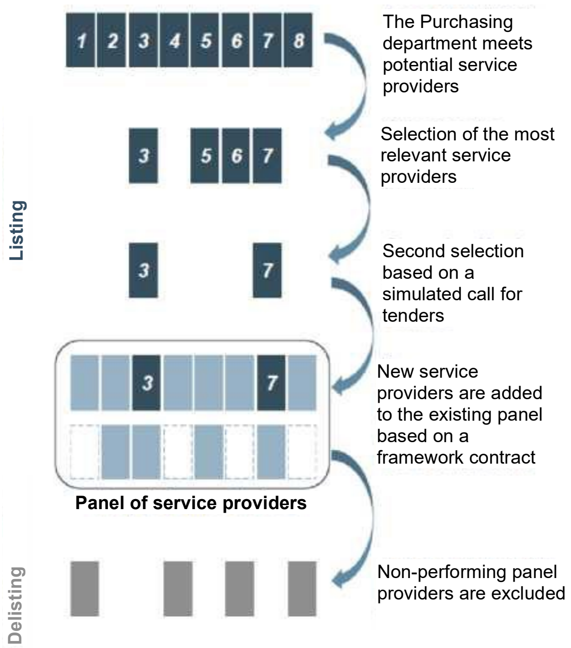
Stakeholders	Country of origin	Consolidated sales (2018)	Weight in the sector in France
ALTRAN	France	€2,916m	
ALTEN	France	€2,270m	
AKKA TECHNOLOGIES	France	€1,505m	
ARTELIA	France	€550m	
SYSTRA	France	€597m	

Source: Xerfi ICT study (July 2019)

2.5.1 Listing

Given the high number of service providers in the engineering sector, listing is an increasingly widespread practice among customers. It consists of selecting the service providers (classified by tier 1 or 2) listed by a company's purchasing department (whose role is to select a provider list). The listing process is an opportunity for providers to sign framework contracts where ADRs are negotiated. These panels are reviewed every 3-4 years by the teams in the purchasing department, which examines new service providers and reviews historical service providers according to a set of predefined criteria (team CVs, track record, etc.).

Listing and delisting process



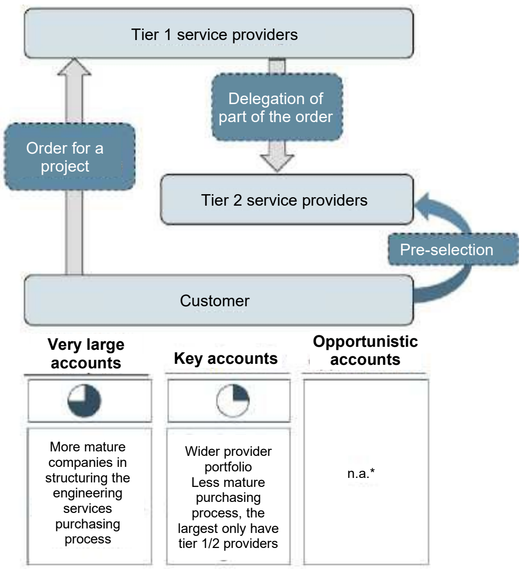
Source: LEK Consulting strategy due diligence p.32

This system involves continuous monitoring and evaluation of the services provided; the purchasing departments then implement reporting and audit systems to assess the quality of the service and the performance of the service providers. In the case of framework contracts, the ADRs are reviewed annually.

In order to streamline purchasing processes and minimize costs, customers tend to limit the number of tier 1 listed providers. In tier 2, there are generally small firms covering a wider range of assignments whose teams are more specialised.

Tier 2 service providers are pre-selected by customers and subsequently interact directly with tier 1 service providers. Clients delegate the management of their portfolio to the providers themselves.

Listing in tier 1 and tier 2



Source: LEK Consulting strategy due diligence p.34

To be listed, the key elements identified are the track record and the ADR grid by experience level. Once listed, contracts are won above all by the responsiveness and quality of the CVs offered.

Importance of purchasing criteria

Source: LEK Consulting strategy due diligence p.37

Customer loyalty to a panel of listed suppliers therefore remains fairly high but does not guarantee stable business volume. According to the interviews conducted by LEK Consulting, the service provider's history and performance within an account increases the trust of the client, who will prefer to use a service provider with whom he has already worked. In addition, better knowledge of the customer-context makes it possible to reduce the ramp-up time for a new project while being able to quickly identify the customer's needs.

However, although the listing process is costly (depreciation over 3-4 years), the prerequisite remains the technical competence and CV of the consultants, which can be to the detriment of a historical service provider.

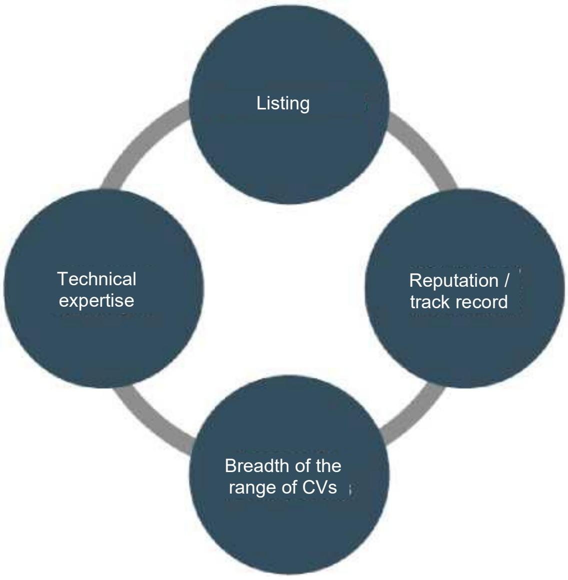
2.5.2 Barriers to entry

For a new entrant, the main difficulty will be to be listed with key accounts because, in addition to the skills and reliability criteria, it will have to demonstrate its financial strength.

It is also more difficult for new entrants to recruit the best profiles in a market that is currently experiencing a labour shortage: size is therefore a key factor in attracting experienced talent and consultants in order to have a complete CV offering.

The company's reputation is also a major barrier: customers are more likely to work with companies with a strong track record or with whom they have already worked. Finally, technical expertise is an element that is worked on over time: it is difficult for a new entrant to be competitive on this point.

Main barriers to entry



Source: LEK Consulting Strategic Due Diligence p.52

Conclusion	The ICT market has a structural shortage of engineers: the challenge for consulting companies is to recruit and retain employees. The outsourced R&D market is dominated by the 4As (Altran, Alten, Akka, Assystem) without any real differentiating factor between the various players. Listing is key for players in the sector, but it is always possible to overcome specific needs by addressing them.

3 Company presentation

3.1 History

Founded in 1992 by Pierre Ebenstein, the group's majority shareholder, MCA Ingénierie operates in France and in six European countries. The company received the Enterprise of the Year award in 2018 and is the winner of the Happy At Work label at the European level (award given to companies that demonstrate excellent managerial practices and motivated employees).

Since 2006, the Group has launched a sustained expansion strategy by opening four new offices in France (Aix-en-Provence, Lille, Lyon, Nantes) and six subsidiaries in Europe (in Belgium in 2006, then between 2013 and 2016 in Sweden, Germany, the Netherlands, Spain and Italy). In parallel, MCA launched an information systems business, Axileo, to expand its range of services.

Development history

1992	Creation of MCA in France by Pierre Ebenstein, current president.
2006	First international expansion: creation of MCA Benelux.
2011	MCA acquires an engineering consulting company and an engineering firm specialised in energy.
2012	Implementation of an internalisation strategy New branches in France: Aix en Provence, Lille, Lyon and Nantes. Creation of a company specialized in information systems, Axileo (France).
2013	Creation of MCA GmbH (Germany), MCA DV (The Netherlands) and MCA AD (Sweden).
2015	Creation of MCA SL (Spain) and MCA SRL (Italy).
2016	Creation of MCA IT Services in Belgium, which was renamed Axileo Belgium.
2019	Launch of the MCA AUGMENTED 2022 plan.

Source: Vendor Financial Due Diligence NG Finance p.17

3.2 Activity and organisation

3.2.1 Geographical presence

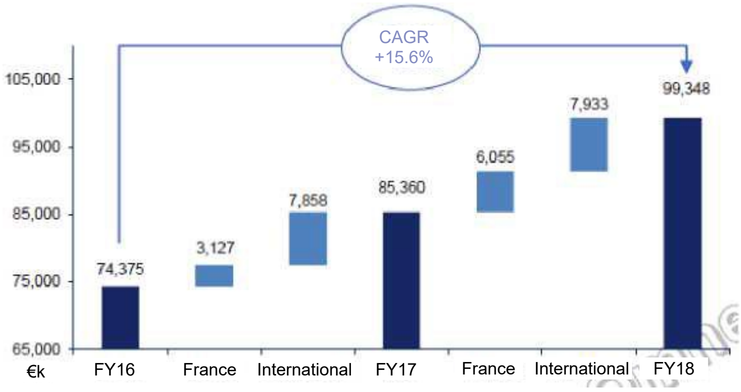
At 31/12/2018, MCA Engineering's sales of €99.3m were still largely driven by France (52% of 2018 sales), while the Belgian, German and Dutch offices accounted for 17%, 11% and 9% of 2018 sales respectively.

Geographical presence of MCA Ingénierie

Source: Management Presentation p.29

This large geographical presence at the European level is beneficial for MCA Ingénierie, insofar as the countries in which it operates contribute most to the growth in the group's sales.

Revenue bridge by division

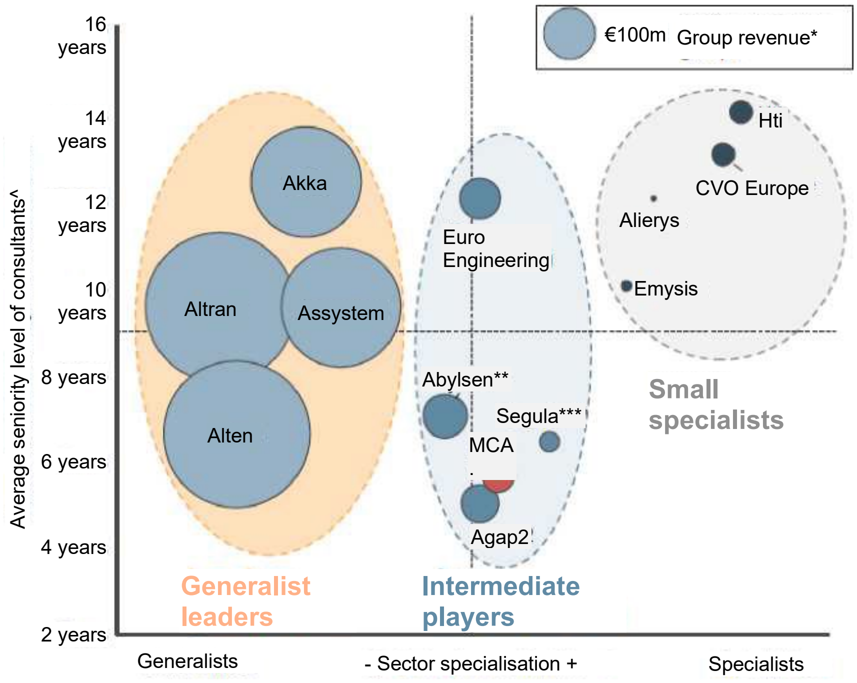


Source: Vendor Due Diligence NG Finance p.23

3.2.2 Strategic positioning

ICT players are differentiated by their sector specialisation, the level of seniority of their employees and the range of services offered. Intermediate players have become multi-sector, but often with a predominance in one or two sectors with variable seniority levels. This is the case for MCA Ingénierie: by recruiting young profiles and developing expertise in the automotive, aerospace, energy and information systems sectors, the group is positioning itself as a leading intermediate player.

Competitive landscape



Source: LEK Consulting Strategic Due Diligence p.48

By building a track record in a reference industry, while penetrating other sectors opportunistically, intermediate players can then target very large accounts, retain key accounts and work with new customers. This strategy focuses mainly on competitive price positioning and efficient commercial firepower.

3.2.3 KPIs

NG Finance identified 5 KPIs for the ICT sector:

1. The staff activity rate excluding leave (TACE), which measures operational performance and is calculated by dividing the number of days billed by the total billable days less paid leave.
2. The staff activity rate including leave (TACI), which also measures operational performance and is calculated by dividing the number of days billed by the total of billable days.
3. Intercontract rate, which measures the period an employee is waiting for a new assignment and is calculated by dividing the number of non-placement days by the number of billable days.
4. Employee turnover rate, which measures the number of departures and arrivals of employees by calculating the ratio of the number of departed employees to the number of employees at the beginning of the period plus the number of new recruits.
5. Average Daily Rate (ADR), which is the amount billed to customers for goods and services provided by employees and is calculated by dividing revenue by the number of days billed.

The intercontract rate is a key factor in the profitability of consulting firms. It is mainly conditional on specific demand for consultant profiles and methods of monitoring and anticipating projects used by business managers.

According to data provided by I-Deal Development, MCA Ingénierie's intercontract rate was 2.4% in FY18, better than the average rate in the global market of around 7% according to Xerfi.

This outperformance is explained by the ability of MCA sales teams to anticipate the end of contracts in order to optimize the reallocation of consultants. In addition, MCA negotiates with its consultants so that they can apply for leave during intercontract periods to limit their absence.

According to LEK, MCA uses the hiring of more junior profiles than its competitors in order to offer competitive ADRs compared to the 4As.

The turnover rate is 34.3% according to NG Finance and 68.4% according to Advance's calculations in 2018 (compared with 25-30% among competitors), well above the market average. The main reasons put forward by management for turnover are the willingness of engineers to join customers, the interest of the missions proposed by competitors, and the management of the intercontract rate.

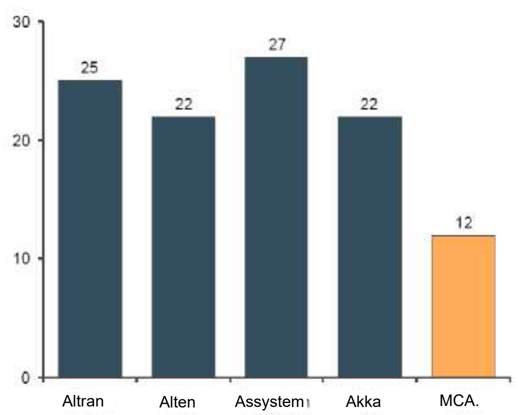
3.2.4 Commercial performance

MCA's sales force accounts for nearly 70% of non-productive staff. Each salesperson has a portfolio of accounts to which he or she is committed both to detecting needs and to monitoring the progress of missions.

A high variable share in the total remuneration of sales staff (around 50% compared with 25% among competitors) makes it possible to involve them more in performance and to improve the efficiency of the sales force. MCA Ingénierie's salespeople are encouraged to solicit new customers and maintain existing business relationships through demanding management and weekly obligations.

Salespeople are required to coach consultants in order to manage assignment allocation more effectively through daily project monitoring and to better understand client expectations. The consultant supervision rate is also lower at MCA than at its competitors. MCA's salespeople closely monitor their customers while being proactive.

Number of consultants per salesperson



Source: LEK Consulting Strategic Due Diligence p.64

3.2.5 Breakdown of revenue

The type of service sold by MCA Ingéniere can be divided into two groups:

- Technical Assistance (unitary or globalised, approx. 95% of 2018 sales) and;
- Flat-rate or CPC (approx. 5% of 2018 sales).

3.3 Customers

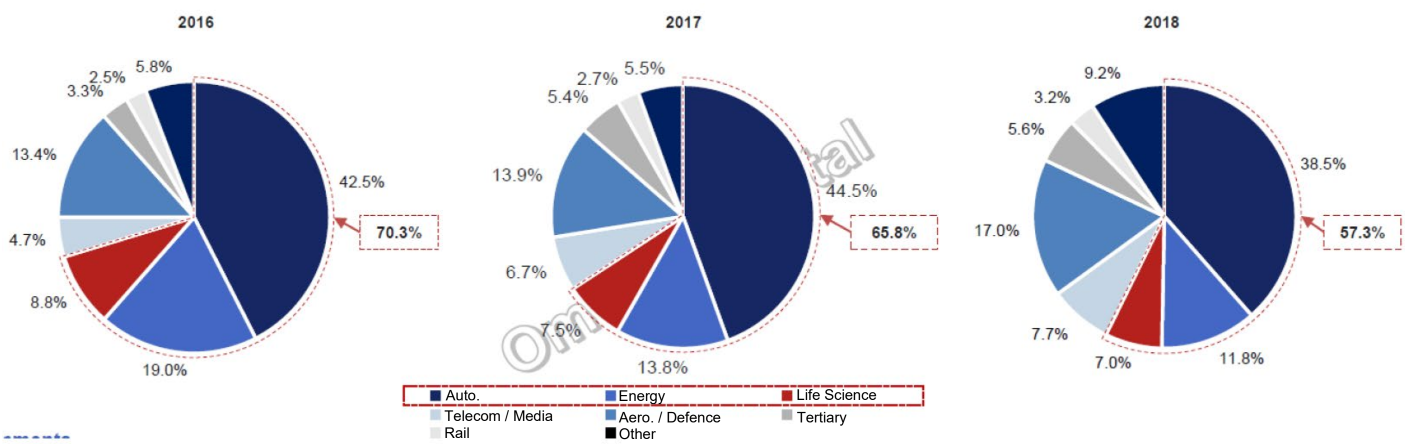
Revenue by business sector since 2010

	2010 12 months	2011 12 months	2012 12 months	2013 12 months	2014 12 months	2015 12 months	2016 12 months	2017 12 months	2013 12 months	2019 6 months	CAGR 10 - 18
AUTOMOTIVE	13,520	17,562	12636	11,011	12,763	20,261	32,030	33769	39,690	19,531	14.4%
AERO JSPATIAL/DEF EN CE	2,404	2,883	3392	4231	4,979	7,425	9,503	11,143	15,396	9,071	26.1%
ENERGY	8,269	15437	19357	20163	18,588	17,242	14108	11,751	11,741	7,208	4.5%
TELECOM & MULTIMEDIA	-	21	300	854	2,022	2,566	3,466	5717	7,676	4,676	n.a.
LIFE SCIENCE & PHARMACY	1,883	3,651	4646	4633	4,087	5,398	6,547	6407	6,913	3,697	17.7%
TERTIARY	9	307	370	730	1,381	1,524	2,448	4574	5,565	3,093	123.3%
Other	3,332	9,368	10,571	7347	5,673	6101	6,293	7,099	12,368	8,214	17.3%
Total	**29,425**	**49,230**	**51,271**	**49,019**	**49,499**	**60,516**	**74,394**	**35,460**	**99,348**	**55,490**	**16.4%**

Source: VDD and Dataroom review - Advance p.25

MCA Ingénierie's exposure to the automotive market fell over the period 2016-2018 (42.5% to 38.5%) and is expected to reach 35% in 2019 under the effect of growth in other sectors. Conversely, the energy segment should experience new growth driven by energy transition policies to reach 13% of the group's sales in 2019 (according to management). Aerospace is also expected to grow and generate 15% of 2019 sales.

Change in sector breakdown of MCA Ingénierie



Source: Vendor Due Diligence NG Finance p.25

In 2018, the top 20 customers represented 55.8% of MCA's sales, up €12.2m compared with 2017 and down 2.4% in Total sales.

The top 20 is dominated by automotive (Renault, Volvo Trucks, Volvo Cars, Valeo, Lear Corporation, PSA, Delphi, Aisin AW, Volkswagen, Groupe Agnelli), aerospace (Dassault, Thalès, Safran, AVL LMM), and energy (Engie, EDF, Areva). It is mainly made up of long-standing customers, with 85% of them recording an increase in sales each year.

3.4 Information systems

The Group has a CEGID Y2 Integrated Management Software which manages:

- Accounting
- Pay
- The CRM and invoicing
- The NDFs
- Consolidation and taxation

MCA Ingénierie has invested in proprietary business cycle and HR management software, Manageo. This tool makes it possible to manage the entire sales activity and customer relationship, allowing the group to avoid losing accounts if consultants leave.

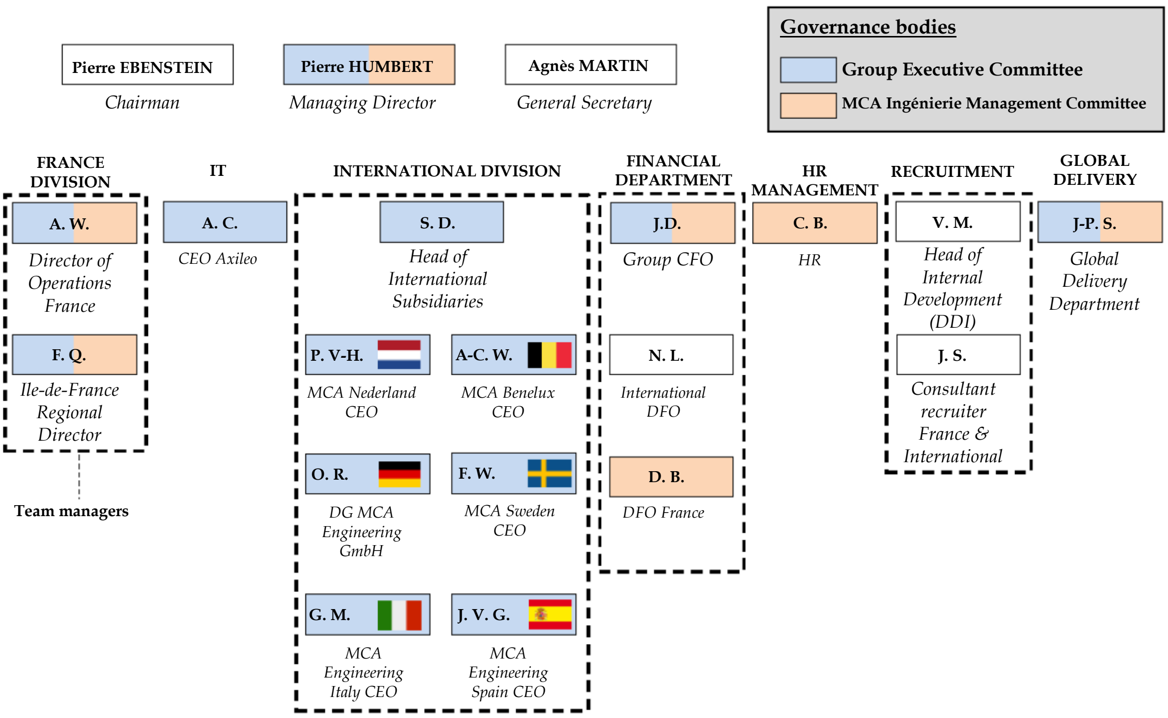
Manageo also enables MCA Ingénierie to better manage the follow-up of missions and post-missions in addition to real-time management of the group's commercial activities.

3.5 Human resources

3.5.1 Functional organisation

MCA Ingénierie employs 1,196 consultants as at June 2019, 85% of whom have a Bac +5 level. The number of consultants is growing strongly: from 933 in 2017 to 1,085 in 2018. The group is expected to reach 1,253 FTE by the end of 2019.

Functional organisational chart of the Group



Source: Management Presentation p.21

MCA Ingénierie has decided to develop a multi-sectoral approach (automotive, aerospace, energy, pharmaceuticals and technology) to ICT. In doing so, the group opted for a divisional structure where each subsidiary is managed independently.

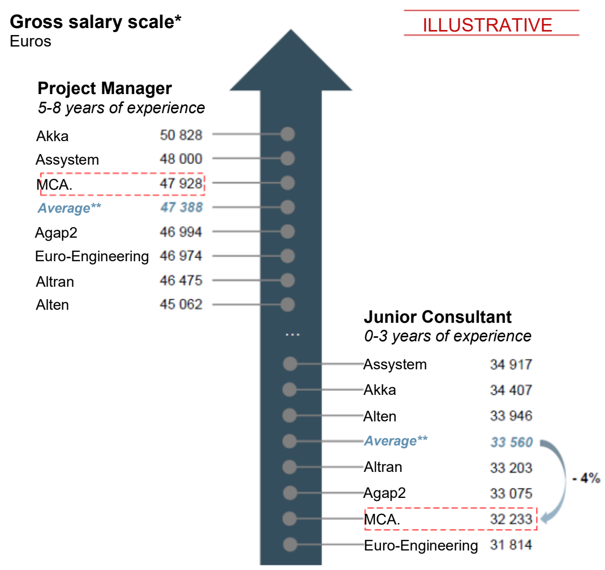
3.5.2 Recruitment

According to LEK, in the consulting sector, the key factor for success is the company's ability to attract and manage the best talent. According to LEK, MCA has a good ability to attract young graduates, the Group being perceived as a good employer for starting careers.

In order to recruit the best profiles, MCA stands out from the large groups, which recruit in volume terms, by the selectivity of its recruitment. In 2016, out of 10,317 applications received, only 319 candidates were recruited after their trial period (i.e. approximately 3%). This selectivity ensures quality profiles that will be easily recruited/extended by customers.

The average age of MCA's consultants is younger than its competitors (52.6% of the workforce is under 30 years old, source VDD NG Finance), with lower salaries. At the junior level, the salaries offered by MCA are 4% lower than the market average, while for senior profiles (+ 5 years of experience) the salaries are around the market average.

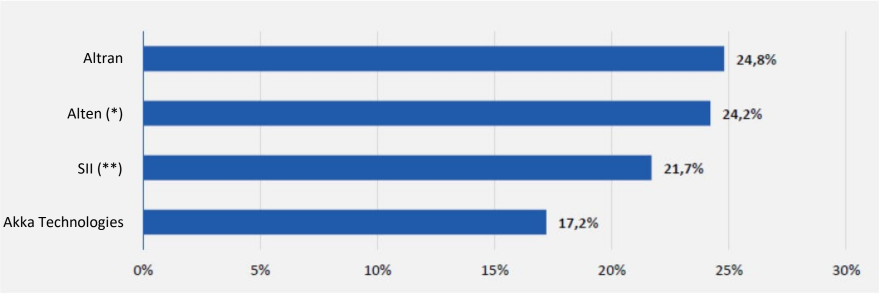
Comparison between MCA and the market



Source: LEK Consulting Strategic Due Diligence p. 72

The difference in salary when hiring juniors does not prevent MCA from attracting specialist profiles for whom salary is less important than career prospects in a specific area of expertise. On average, a consultant remains within the group for around two years.

Turnover rate of the main ICT players

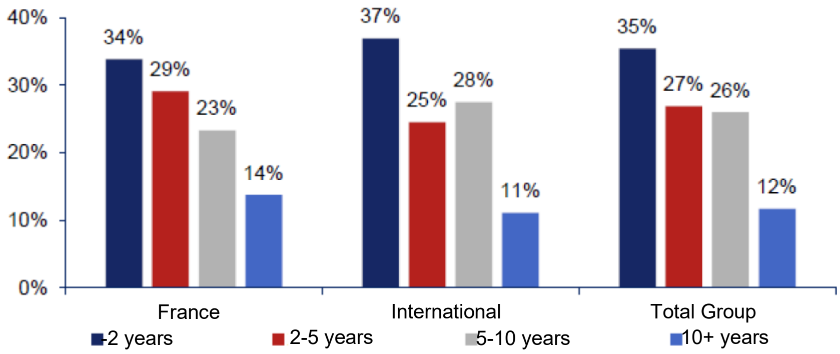


Source: Xerfi study (July 2019)

On average, 35% of MCA Ingénierie's workforce has less than two years of experience.

Within the international divisions, the German and Italian teams are the least senior compared to the Spanish and Dutch teams.

Years of consultant experience at 12/31/2018



Source: Vendor Due Diligence p.29

3.5.3 Founder and key managers

Key managers

Pierre Ebenstein

Chairman and founder of the MCA group, age 56

- Began his career as an engineer specialising in structural calculations and then as an R&D manager in a digital services company.
- 1991-Present: Foundation of the MCA Ingénierie group
- Training: DESS in Applied Mathematics (Paris VI)

Pierre Humbert

Deputy CEO, 45 years old

- 2005: Joined MCA Ingénierie as Department Director
- 2009-2012: Operational Division of MCA Ingénierie
- 2012-2017: Head of international subsidiaries (creation and management)
- 2019: CEO of MCA
- Training: Polytech Nancy

Florent Ormaechea

Deputy CEO, 52 years old (outgoing)

- 1994-2008: Department Management, Operational Management and Management Committee within the Altran and Alten groups
- 2012-2019: General Management and Partner of MCA Ingénierie
- Present: Retirement with an exit from the capital during the planned transaction
- Training: ESPCI and ENSPM

Other key managers

Antoine Coulaud

Chief Executive Officer of Axileo, 38 (leaving in June 2020)

- 2004-2010: External consultant for the telecommunications industry
- 2010-2011: Business Manager at Wincor Nixdorf
- 2012-Present: Takes over the management of Axileo, a subsidiary of MCA Ingénierie dedicated to information system and technology consulting
- Training: Engineering degree from ESIGETEL

Julien Dalcorso

CFO of MCA Ingénierie Group (arrived in September 2019)

- 2002-2007: Consultant at KPMG Corporate Finance
- 2007-2009: Financial analyst at Oddo Securities then at Servisair
- 2009-2013: Head of Finance at SunGard Global Service
- 2013-Present: CFO at mc2i, new position at MCA in September 2019 as group CFO
- Training: HEC Paris, Imperial College London

Agnès Martin

General Secretary, Quality & Safety Director, 50 years old

- 1992-1998: Administration and management, then Accounting and Finance Manager
- 1998-2013: Administrative and Financial Director at MCA Ingénierie
- 2013-Present: Promoted to Quality and Safety Director
- 2019: Group General Secretary
- Training: IAE de Rouen, HEC Paris (MGA - in the process of being obtained)

Anne-Charlotte Wagenknecht

Director of MCA Benelux, 36 years old

- 2005-2007: Business Unit Manager in a digital services company
- 2007-2009: Joins MCA as Agency Manager
- 2009-2011: Business Unit Director in Benelux
- 2011-Present: Operational Director of MCA Benelux and MCA IT Services
- Training: ENSCL Chemical Engineer

3.6 Organisation chart, scope of the transaction

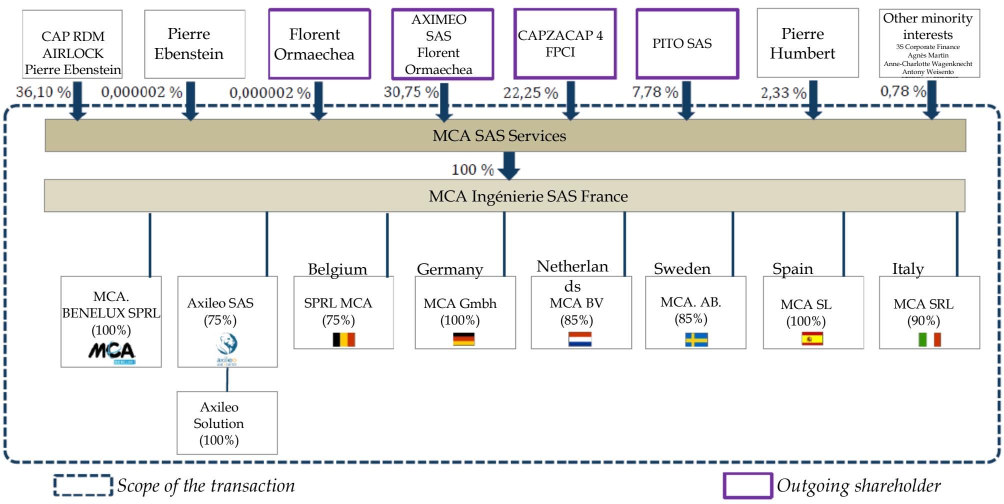
In 2017, an initial LBO was carried out, allowing the managers to receive a cash-out and to bring in Capza as a minority shareholder (30% of the capital for an investment of €20m in equity and €5m in mezzanine debt).

Pierre Ebenstein wants to take over the majority of the group's capital by buying out minority interests and Capza. He entered into a buyback agreement with the vendors for a total amount of €56m.

The proposed transaction resulted in 100% reinvestment of the shares of Pierre Ebenstein, Pierre Humbert and the management remaining in the transaction. Pierre Ebenstein reinvested €15m in cash. Financing was supplemented by the raising of €58.6m of bank debt and €5m of mezzanine debt for which Omnes was solicited.

To complete the financing, available cash was used for an amount of €10.5m.

Legal organisation chart



Source: Management Presentation p.18

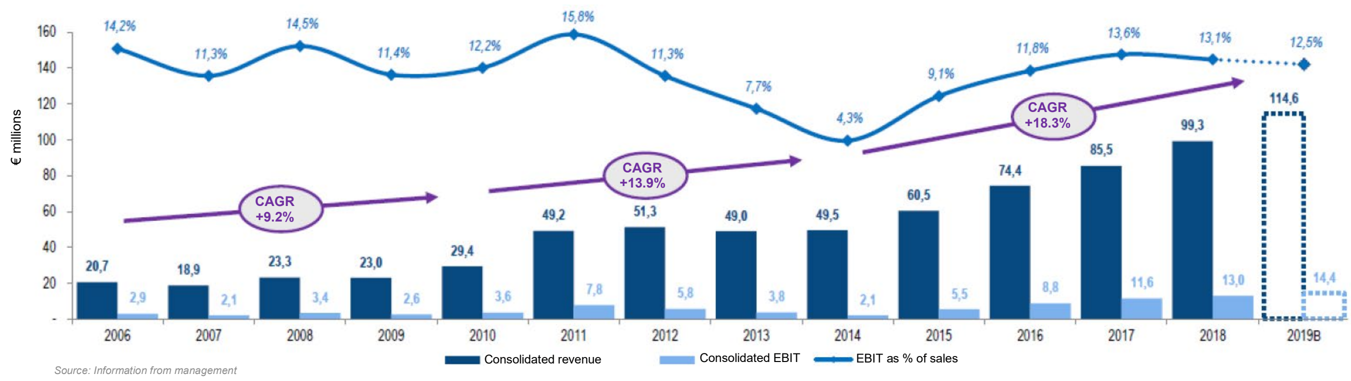
Conclusion	MCA Ingénierie is an engineering and technology consulting firm operating in six European countries with around 1,200 employee consultants. The Group's profitability (13.6% EBITDA margin) places it among the best players in the sector. MCA Ingénierie has developed a multi-sector approach in order to quickly penetrate large accounts in a sustainable manner. This strategy enabled the group to achieve sales of €100m in 2018, split evenly between France and international markets. The Group is led by Pierre Ebenstein - its founder - and by Pierre Humbert, with Florent Ormaechea having taken a back seat in the life of the company.

4 Financial information

4.1 Income statement

4.1.1 Sales and EBITDA trend since 2006

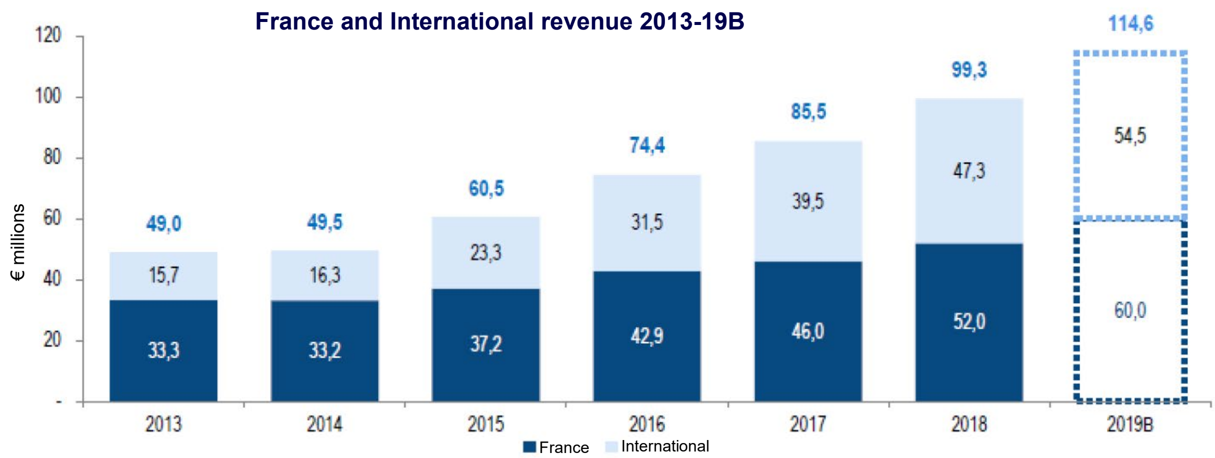
Long-term trend in consolidated sales and EBIT



Source: Advance Capital due diligence p.5

The Group has experienced continuous growth in its sales and EBITDA since 2006. Between 2012 and 2015, MCA experienced stagnation in its activity combined with a deterioration in its EBIT margin. A commercial reorganisation plan was implemented with the objective of renewing the sales force, setting up a business ERP, creating Axileo and opening several subsidiaries internationally.

Revenue growth France and International 2013-2019B



Source: VDD and Dataroom review - Advance p.5

Since 2016, the Group's growth has been driven mainly by subsidiaries opened in Europe.

4.1.2 Consolidated income statement

P & L - €K	2016	2017	2018	16-18 CAGR
Consolidated Revenue	**74,375**	**85,360**	**99,348**	***15.6%***
% growth	**n.a.**	**14.8%**	**16.4%**	
Other revenue	-	431	76	***n.a.***
% Consolidated Revenue	-	*0.5%*	*0.1%*	
CIR/Adjustment withholding	-	306	300	***n.a.***
% Consolidated Revenue	-	*0.4%*	*0.3%*	
Consolidated Operating Revenue	**74,375**	**86,097**	**99,724**	***15.8%***
% growth	***n.a.***	***15.8%***	***15.8%***	
Consolidated Production Costs	(48,956)	(57,042)	(65,289)	***15.5%***
% Consolidated Revenue	*65.8%*	*66.8%*	*65.7%*	
Production Margin	**25,419**	**29,055**	**34,435**	***16.4%***
% Consolidated Revenue	***34.2%***	***34.0%***	***34.7%***	
% growth	***n.a.***	***14.3%***	***18.5%***	
Consolidated Contribution Costs	(8,066)	(10,278)	(13,199)	***27.9%***
% Consolidated Revenue	*(10.8)%*	*(12.0)%*	*(13.3)%*	
Contribution Margin	**17,353**	**18,778**	**21,236**	***10.6%***
% Consolidated Revenue	***23.3%***	***22.0%***	***21.4%***	
% growth	***n.a.***	***8.2%***	***13.1%***	
Consolidated fixed costs	(8,849)	(8,043)	(9,145)	***1.7%***
% Consolidated Revenue	*11.9%*	*9.4%*	*9.2%*	
Reporting adjustments	729	919	1,125	
% Consolidated Revenue	*(1.0)%*	*(1.1)%*	*(1.1)%*	
Consolidated EBITDA	**9,233**	**11,654**	**13,216**	***19.6%***
% Consolidated Revenue	***12.4%***	***13.7%***	***13.3%***	
% growth	***n.a.***	***26.2%***	***13.4%***	

Source: Omnes

The Group recorded average annual sales growth of 15.6% between 2016 and 2018. This growth was mainly driven by the ramp-up of foreign subsidiaries, particularly Germany, the Netherlands and Sweden.

The Production Margin corresponds to Revenue less the cost of the consultants charged. It improved over the period from 34.2% in 2016 to 34.7% in 2018.

The Contribution Margin includes expenditure relating to Sales, HR and technical support. It fell over the period from 23.3% to 21.4%, impacted by international business. The growth in this activity was not enough to cover the strengthening of the marketing sales and recruitment functions in the new subsidiaries.

Fixed costs consist of holding costs, bank charges, back office costs, rents as well as general expenses. On average, they account for 10% of annual sales.

The group EBITDA margin amounted to 13.3% of consolidated sales in 2018. Over the period 2016-2018, the CAGR was 19.6%.

4.1.3 Group KPI

MCA Ingénierie KPIs

MCA Group-KPI	Consolidated Group		
In a	Dec-16 12M	Dec-17 12M	Dec-18 12M
Consolidated revenue	74.375	85.978	99.724
Control Management revenue - total*	74.237	84.932	99.209
HE Consultants - employed	766	865	1.034
HE Consultants - subcontractor	60	68	52
FTE Consultants - total	826	933	1087
ADR Consultants - employed	412	421	426
ADR Consultants - subcontractor	530	542	535
ADR - total*	421	430	432
Number of total chargeable days	209.351	234.597	274.310
Number of total charged days	176.415	197.357	229.756
TACI Consultants - employed	84.1%	84.0%	83.6%
TACI Consultants – subcontractor	86.9%	86.3%	86.5%
TACI – total	84.3%	84.1%	83.8%
Number of inter-contract days	4.188	4.399	6.618
Inter-contract rate	2.0%	1.9%	2.4%
TACE	96.1%	95.9%	95.5%
Number of business days	253	251	252

Note *: ADR computed with the revenue adjusted by the Control Management.

Source: Vendor Financial Due Diligence NG Finance p.21

Over the period, the Group saw an increase in its consultants of 261 FTE by reducing the number of subcontractors to 52.

The Group ADR for the period increased by €11. The intercontract rate is around 2.0% compared with an estimated market average of 7.0%. The TACI stands at around 84% and the TACE at around 96%.

These indicators partly explain the profitability of the MCA Group and are subject to detailed management via the monitoring tool developed internally by Manageo.

Management is pursuing a very rigorous internal policy geared towards performance through training business engineers in management and sales ("Impulse").

Profitability is favoured over market share gains, so low-profitability contracts (<12% margin/coefficient 2) are rejected.

Turnover rate for the period 2018-2019 (30/09/19)

	31/12/2018 12 months	30/09/2019 9 months
Headcount at 1 January	975	1,133
Entries	744	526
Types	(590)	(475)
Headcount at the end of the financial year	1,129	1,184
Turnover - Approach 1	34.3%	28.6%
Turnover - Approach 2	66.4%	44.2%

Source: Reporting
Note (*) The above FTEs, also derived from management reports, show insignificant differences with productive FTEs by company
→ differences related to the method used to calculate FTE per company

- Turnover - Approach 1 = Exits / (Workforce at opening + Entries) → **method applied in the VDD;**
- Turnover - Approach 2 = Average (Entries + Exits) / Workforce at opening → **usual method.**

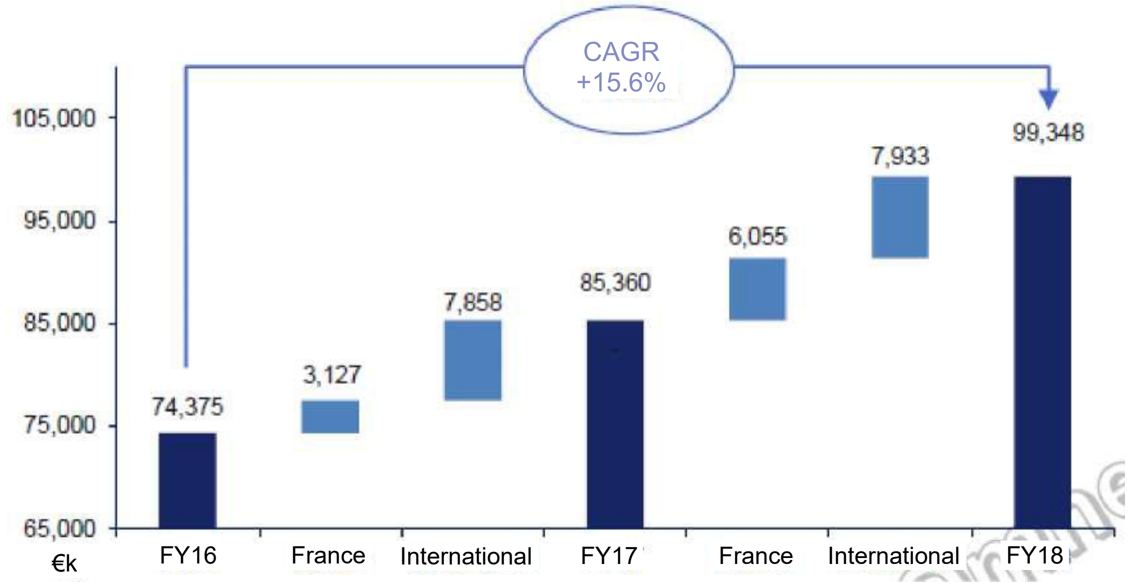
Source: VDD and Dataroom review - Advance p.26

The turnover rate was 34.3% at 31/12/2018 and 28.6% at 30/09/2019 according to the calculation proposed by NG Finance.

Advance indicates that this method is not usual and proposes the following calculation: Average (incoming + outgoing) / Workforce at the opening date. According to this methodology, turnover was 68.4% at 31/12/2018 and down sharply at 44.2% at 30/09/2019.

4.1.4 Turnover

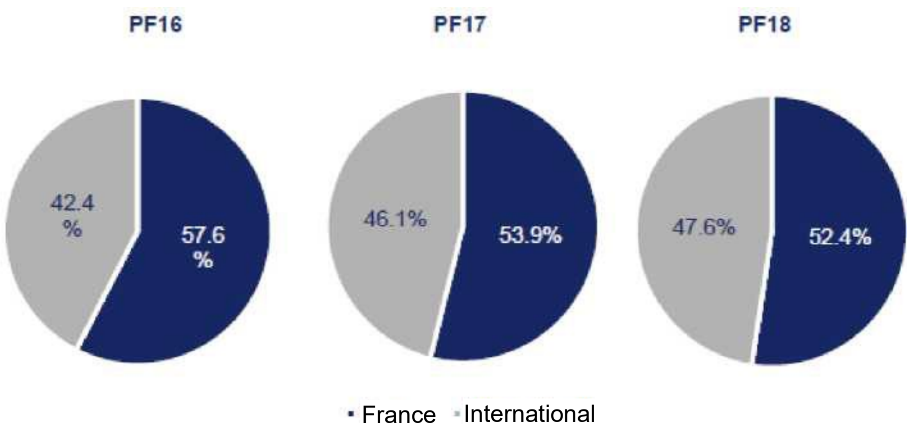
Revenue bridge by subsidiary 2016-2018



Source: Vendor Financial Due Diligence NG Finance p.23

Group sales grew at a CAGR of 15.6% between 2016 and 2018. The Group thus increased its revenues by €25.0m, including €9.2m in France and €15.8m internationally.

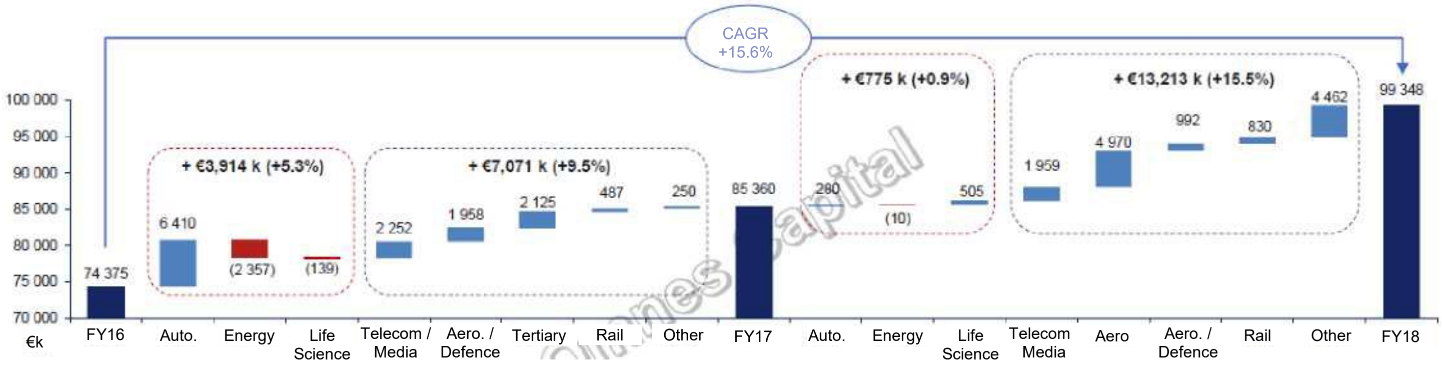
Change in revenue distribution between France and international markets



Source: Vendor Financial Due Diligence NG Finance p.23

Over the last three years, the weight of France as a whole has increased from 57.6% to 52.4%.

Revenue bridge by subsidiary 2016-2018



Source: Vendor Financial Due Diligence NG Finance p.24

Between 2016 and 2017, sales growth was driven by automotive (Lear Corp: €1.7m, PSA Group: €1.7m, Volvo Cars: +€0.6m). The biggest declines were in the energy sector (-€2.4m).

In 2018, aerospace generated €5.0m and the "other" category (Man Truck, Forsee Power, Hutchinson) €4.5m.

4.1.5 Adjusted EBITDA -QOE

Adjusted EBITDA

Recurring results approach	NG Finance			NG Finance adjustment applied?	Advance Capital			
€ thousands	2016 12 months	2017 12 months	2018 12 months		2016 12 months	2017 12 months	2018 12 months	2019B 12 months
Consolidated revenue	**74,375**	**15,360**	**99,348**		**74,375**	**85,360**	**99,348**	**114,555**
EBITDA carried forward	**9,233**	**11,654**	**13,218**		**9,233**	**11654**	**13,218**	**14,007**
as % of sales	*12.4%*	*13.7%*	*13.3%*		*12.4%*	*13.7%*	*13.3%*	*12.8%*
Proposed adjustments – NG Finance								
(1) Remuneration of corporate officers	500	-	-	Yes	500	-	-	-
(2) External consultant	264	-	-	Yes	264	-	-	-
(3) Donations	107	-	-	Yes	107	-	-	-
(4) Expenses for previous years (Axileo)	(103)	-	-	Yes	(103)	-	-	-
(5) AGEFIPH tax	-	45	(45)	Yes	-	45	(45)	-
(6) Employee profit-sharing	71	-	-	Yes	71	-	-	-
Adjustments proposed by management	**839**	**45**	**(45)**		**839**	**45**	**(45)**	
Pro forma EBITDA adjusted by management	**10,072**	**11,699**	**13,171**		**10072**	**11,999**	**13,171**	**14,007**
as % of sales	*13.5%*	*13.7%*	*13.3%*		*13.5%*	*13.7%*	*13.3%*	*12.6%*
(7) CFS	-	(14)	-	Yes	-	(14)	-	-
(8) Rent in the Netherlands	-	-	(75)	Yes	-	-	(75)	-
(9) TAX	-	(306)	(300)	Yes	-	(306)	(300)	-
(10) Compliance with financial organisation	24	-	-	Yes	24	-	-	-
(11) Costs related to legal restructuring	-	-	115	Yes	-	-	115	-
(12) CVAE	556	-	-	No	-	-	-	-
(13) Construction effort	(17)	17	-	Yes	(17)	17	-	-
(14) Insurance adjustment	(52)	52	-	No	-	(52)	52	-
Adjustments proposed by NG Finance	**511**	**(252)**	**(260)**		**7**	**(355)**	**(208)**	**-**
VDD adjusted pro forma EBITDA	**10,583**	**11,447**	**12,911**		**10,079**	**11,344**	**12,963**	**14,007**
as % of sales	*14.2%*	*13.4%*	*13.0%*		*13.6%*	*13.3%*	*13.0%*	*12.8%*
Additional adjustments – Advance Capital								
(15) CVAE					-	(591)	(738)	(900)
(10) Collection of customer receivables					?	0	?	?
(17) CICE adjustment @6%					-	(158)	-	-
Additional Advance Capital adjustments	-	-	-		**-**	**(749)**	**(738)**	**(900)**
Advance Capital adjusted pro forma EBITDA	**10,583**	**11,447**	**12,911**		**10,079**	**10,505**	**12,225**	**13,707**
as % of sales	*14.2%*	*13.4%*	*13.0%*		*13.6%*	*12.4%*	*12.3%*	*12.0%*

Source: VDD and Dataroom review - Advance p.8

The main adjustments made by management concern salary levels and the remuneration of an external consultant to management, which has not been renewed since 2017.

The adjustments made by NG Finance relate mainly to the CIR. The Group has been subject to a reassessment and has decided to no longer apply for it.

After adjustments, EBITDA amounted to €12.9m in 2018 compared with €13.2m for accounting purposes.

In its review, Advance considers that the restatement relating to the CVAE is unnecessary and proposes its reinstatement. The effect on the financial year is €(0.7)m, i.e. EBITDA of €12.2m.

4.1.6 Income statement France

Income statement - MCA Ingénierie France

MCA Group – French division	MCA Ingénierie SAS			Axileo SAS			Axileo Solution SAS		
In €k	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M
Production revenue	36.392	38.319	43.828	6.386	7.674	8.147	-	13	67
IC revenue	2.373	3.444	4.092	128	75	114	-	16	62
Reversal of depreciations and provisions	49	16	55	7	12	21	-	-	-
Total revenue	**38.814**	**41.779**	**47.974**	**6.521**	**7.762**	**8.281**	-	**29**	**129**
Revenue growth (in %)	*n.a.*	*7.6%*	*14.8%*	*n.a.*	*19.0%*	*6.7%*	-	*n.a.*	*339.6%*
Production costs	(24.497)	(26.299)	(29.540)	(4.273)	(5.316)	(5.452)	-	(25)	(113)
Production margin	**14.316**	**15.480**	**18.434**	**2.248**	**2.445**	**2.829**	-	**4**	**16**
Production margin (in %)	*36.9%*	*37.1%*	*38.4%*	*34.5%*	*31.5%*	*34.2%*		*13.9%*	*12.3%*
Contribution costs	(4.491)	(5.473)	(6.677)	(686)	(833)	(1.018)	-	-	-
Contribution margin	**9.825**	**10.007**	**11.757**	**1.562**	**1.613**	**1.811**	-	**4**	**16**
Contribution margin (In %)	*25%*	*24.0%*	*24.5%*	*24.0%*	*20.8%*	*21.9%*	-	*13.9%*	*12.3%*
Fixed costs (incl. D&A)	(5.510)	(5.365)	(6.176)	(473)	(625)	(757)	-	(4)	(5)
EBIT	**4.315**	**4.642**	**5.581**	**1.090**	**988**	**1.054**		**(0)**	**11**
EBIT margin (in %)	*11.1%*	*11.1%*	*11.6%*	*16.7%*	*12.7%*	*12.7%*	-	*(0.5%)*	*8.2%-*
Management reporting reconciliation with statutory accounts									
EBIT	**4.315**	**4.642**	**5.581**	**1.090**	**988**	**1.054**	-	**(0)**	**11**
CVAE	-	-	(631)	-	-	(72)	-	-	-
Profit sharing	-	-	733	-	-	152	-	-	-
Reversal	-	165	-	-	-	-	-	-	-
Financial result	0	-	-	-		2	-	-	-
Exceptional result	-	36	-	-	(5)	(4)	-	-	-
Remaining difference	0	(6)	(0)	0	0	3	-	0	0
Statutory account EBIT	**4.316**	**4.837**	**5.683**	**1.090**	**984**	**1.135**	-	**(0)**	**11**
Statutory account EBIT (In %)	*11.1%*	*11.6%*	*11.8%*	*16.7%*	*12.7%*	*13.7%*	-	*(0.4%)*	*8.3%*

Source: Vendor Financial Due Diligence NG Finance p.33

In 2018, France accounted for 52.3% of Group sales. The activity is broken down into three parts:

- MCA Ingénierie, which comprises the Engineering business (82.2% of France 2018 sales)
- Axileo SAS, which houses the IT business (Management IT (14.7% of France 2018 sales)
- Axileo Solution is a wage portage company (3.1% of sales in France 2018). Management indicated that this subsidiary, originally created to carry wages, is no longer part of the Group's strategy.

Over the period 2016-2018, France recorded a CAGR of 11.5%. The Engineering business recorded a CAGR of 11.2% and IT a CAGR of 12.7%.

France's EBIT margin grew in the Engineering business from 11.1% to 11.6% over the period, driven by an improvement in the ADR of €14 over the period.

Axileo saw a fall in its EBIT margin in 2016 and then a stabilisation from 2017 at 12.7%.

4.1.7 KPI France

KPIs - MCA Ingénierie France

MCA Group - French KPI Division	MCA Ingénierie SAS			Axielo SAS			Axileo Solution SAS		
In €k	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M
Control Management revenue – total*	36.178	37.902	43.412	6.493	7.721	8.235	-	-	129
FTE Consultants - employed	406	426	481	42	45	62	-	-	1
FTE Consultants - subcontractor	22	20	21	20	28	18	-	-	-
FTE Consultants - total	**429**	**446**	**502**	**62**	**73**	**79**	**-**	**-**	**1**
ADR Consultants - employed	383	390	398	430	443	459	-	-	418
ADR Consultants - subcontractor	509	518	533	565	567	549	-	-	-
ADR – total*	**390**	**396**	**404**	**473**	**492**	**479**	**-**	**-**	**418**
Number of total chargeable days	108.867	112.493	127.012	15.778	18.403	20.081	-	-	364
Number of total charged days	92.688	95.632	107.461	13.714	15.684	17.192	-	-	310
TACI Consultants - employed	85.0%	84.9%	84.5%	87.3%	84.9%	85.5%	-	-	85.0%
TACI Consultants - subcontractor	88.4%	87.0%	87.6%	86.2%	85.7%	86.0%	-	-	-
TACI - total	**85.1%**	**85.0%**	**84.6%**	**86.9%**	**85.2%**	**85.6%**	**-**	**-**	**85.0%**
Number of inter-contract days	1.902	1.714	2.657	155	217	347	-	-	-
Inter-contract rate	1.7%	1.5%	2.1%	1.0%	1.2%	1.7%	-	-	-
TACE	97.0%	96.6%	96.3%	98.2%	97.3%	97.2%	-	-	100.0%
Number of business days	254	252	253	254	252	253	-	-	253

Note *: ADR computed with the revenue adjusted by the Control Management..

Source: Vendor Financial Due Diligence NG Finance p.34

The KPIs for France show an increase in the number of consultants in all sectors (+90) over the period 2016-2018. At the same time, the ADR in engineering increased by €14 to €502 and the IT rate rose by €6 to around €480.

The inter-contract rate is particularly low at around 2%. TACI and TACE are at high levels of 85.0% and 97.0% respectively.

4.1.8 Belgium income statement

Belgium is the second largest contributor to the Group. Sales stabilised at around €17m, with EBIT down in 2018.

Management indicated that the manager had two maternity leaves in a very short period in a market that shrunk a little. The subsidiary is in a structuring process with the promotion of an internal manager to support the current manager. In parallel, the Group will carry out a more detailed breakdown of geographical areas in order to better address the entire scope through greater autonomy.

Income statement - MCA Ingénierie Benelux

MCA Group – French division	MCA Ingénierie SAS			Axileo SAS			Axileo Solution SAS		
In €k	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M
Production revenue	36.392	38.319	43.828	6.386	7.674	8.147	-	13	67
IC revenue	2.373	3.444	4.092	128	75	114	-	16	62
Reversal of depreciations and provisions	49	16	55	7	12	21	-	-	-
Total revenue	**38.814**	**41.779**	**47.974**	**6.521**	**7.762**	**8.281**	-	**29**	**129**
Revenue growth (in %)	*n.a.*	*7.6%*	*14.8%*	*n.a.*	*19.0%*	*6.7%*	-	*n.a.*	*339.6%*
Production costs	(24.497)	(26.299)	(29.540)	(4.273)	(5.316)	(5.452)	-	(25)	(113)
Production margin	**14.316**	**15.480**	**18.434**	**2.248**	**2.445**	**2.829**	**-**	**4**	**16**
Production margin (in %)	*36.9%*	*37.1%*	*38.4%*	*34.5%*	*31.5%*	*34.2%*		*13.9%*	*12.3%*
Contribution costs	(4.491)	(5.473)	(6.677)	(686)	(833)	(1.018)	-	-	-
Contribution margin	**9.825**	**10.007**	**11.757**	**1.562**	**1.613**	**1.811**	**-**	**4**	**16**
Contribution margin (In %)	*25%*	*24.0%*	*24.5%*	*24.0%*	*20.8%*	*21.9%*	-	*13.9%*	*12.3%*
Fixed costs (incl. D&A)	(5.510)	(5.365)	(6.176)	(473)	(625)	(757)	-	(4)	(5)
EBIT	**4.315**	**4.642**	**5.581**	**1.090**	**988**	**1.054**		**(0)**	**11**
EBIT margin (in %)	*11.1%*	*11.1%*	*11.6%*	*16.7%*	*12.7%*	*12.7%*	-	*(0.5%)*	*8.2%-*
Management reporting reconciliation with statutory accounts									
EBIT	**4.315**	**4.642**	**5.581**	**1.090**	**988**	**1.054**	**-**	**(0)**	**11**
CVAE	-	-	(631)	-	-	(72)	-	-	-
Profit sharing	-	-	733	-	-	152	-	-	-
Reversal	-	165	-	-	-	-	-	-	-
Financial result	0	-	-	-		2	-	-	-
Exceptional result	-	36	-	-	(5)	(4)	-	-	-
Remaining difference	0	(6)	(0)	0	0	3	-	0	0
Statutory account EBIT	**4.316**	**4.837**	**5.683**	**1.090**	**984**	**1.135**	**-**	**(0)**	**11**
Statutory account EBIT (In %)	*11.1%*	*11.6%*	*11.8%*	*16.7%*	*12.7%*	*13.7%*	-	*(0.4%)*	*8.3%*

Source: Vendor Financial Due Diligence NG Finance p.35

4.1.9 KPI Belgium

KPIs - MCA Ingénierie Benelux

Sources: MCA Reporting. NG Finance Analysis

MCA Group - International KPI Division	MCA Benelux SPRL			Axileo Belgium		
In €k	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M
Control Management revenue - total*	17.415	17.486	17.276	195	976	1.175
FTE Consultants - employed	184	180	183	0	5	9
FTE Consultants - subcontractor	8	11	6	1	3	2
FTE Consultants - total	**192**	**191**	**189**	**2**	**8**	**11**
ADR Consultants - employed	430	433	438	375	463	489
ADR Consultants - subcontractor	465	496	511	546	642	644
ADR - total*	**431**	**436**	**441**	**527**	**535**	**522**
Number of total chargeable days	48.552	48.028	47.809	409	2.085	2.743
Number of total charged days	40.385	40.072	39.171	370	1.824	2.252
TACI Consultants - employed	83.0%	83.3%	81.8%	77.4%	87.4%	80.5%
TACI Consultants - subcontractor	87.9%	85.8%	85.4%	92.3%	87.6%	88.6%
TACI - total	33.2%	83.4%	81.9%	90.4%	87.5%	82.1%
Number of inter-contract days	1.186	1.215	1.702	-	67	119
Inter-contract rate	2.4%	2.5%	3.6%	-	3.2%	4.3%
TACE	94.7%	95.6%	93.6%	99.7%	95.1%	91.7%
Number of business days	253	252	253	253	252	253

Note *: ADR computed with the revenue adjusted by the Control Management..

Source: Vendor Financial Due Diligence NG Finance p.36

KPIs, although at a high level, have deteriorated over the last three financial years, reflected in a declining EBIT margin.

4.1.10 Income statement Germany, Netherlands, Sweden

The three entities were created in 2016 and posted strong sales growth in the case of Germany and the Netherlands (CAGR 35.8% for Germany and CAGR 69.0% for the Netherlands). Management indicated that Sweden has not yet reached its maturity in terms of profitability.

Income statement - MCA Ingénierie international subsidiaries (Germany, Netherlands, Sweden)

MCA Group – International Division	MCA Engineering GmbH			MCA Nederland BV			MCA Sweden AB		
In €k	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M
Production revenue	5.898	8.736	10.891	2.844	4.430	8.160	4.978	6.174	6.369
IC Revenue	93	223	192	14	-	3	-	-	-
Reversal of depreciations and provisions	19	19	-	-	-	1	-	7	-
Total revenue	**6.009**	**8.978**	**11.083**	**2.858**	**4.430**	**8.164**	**4.978**	**6.181**	**6.369**
Revenue growth (in %)	*n.a.*	*49.4%*	*23.5%*	*n.a.*	*55.0%*	*84.33%*	*n.a.*	*24.2%*	*3.0%*
Production costs	(4.059)	(5.870)	(7.358)	(1.828)	(2.839)	(5.035)	(3.650)	(4.320)	(4.644)
Production margin	**1.960**	**3.108**	**3.725**	**1.030**	**1.590**	**3.129**	**1.328**	**1.861**	**1.725**
Production margin (in %)	*32.5%*	*34.6%*	*33.6%*	*35.0%*	*35.9%*	*38.3%*	*26.7%*	*30.1%*	*27.1%*
Contribution costs	(741)	(893)	(1.219)	(461)	(681)	(1.070)	(546)	(798)	(807)
Contribution margin	**1.209**	**2.215**	**2.506**	**569**	**909**	**2.059**	**782**	**1.062**	**918**
Contribution margin (In %)	*20.1%*	*24.7%*	*22.6%*	*19.9%*	*20.5%*	*25.2%*	*15.7%*	*17.2%*	*14.4%*
Fixed costs (incl. D&A)	(780)	(710)	(1.033)	(275)	(391)	(569)	(493)	(499)	(445)
EBIT	**429**	**1.505**	**1.473**	**234**	**518**	**1.490**	**290**	**564**	**473**
EBIT margin (in %)	*7.1%*	*16.8%*	*13.3%*	*10.3%*	*11.7%*	*18.3%*	*5.8%*	*9.1%*	*7.4%*
Management reporting reconciliation with statutory accounts									
EBIT	**429**	**1.505**	**1.473**	**294**	**518**	**1.490**	**290**	**564**	**473**
Financial result	-	-	10		-	-	(53)	-	-
Corporate Taxes position	46	-	-	-	-	-	-	-	-
Remaining difference	-	(0)	1	1	0	1	(3)	-	
Statutory account EBIT	**475**	**1.505**	**1.485**	**295**	**518**	**1.491**	**234**	**564**	**473**
Statutory account EBIT (In %)	*7.9%*	*16.8%*	*13.4%*	*10.3%*	*11.7%*	*18.3%*	*4.7%*	*9.1%*	*7.4%*

Source: Vendor Financial Due Diligence NG Finance p.37

4.1.11 KPI Germany, Netherlands, Sweden

KPIs - MCA Ingénierie international subsidiaries (Germany, Netherlands, Sweden)

MCA Group - International KPI Division	MCA Engineering GmbH			MCA Nederland BV			MCA Sweden AB		
In €k	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M
Control Management revenue – total*	5.897	8.832	10.948	2.853	4.433	8.150	4.866	6.147	6.346
FTE Consultants – employed	59	86	109	28	42	72	43	61	68
FTE Consultants – subcontractor	-	0	1	1	1	1	7	4	3
FTE Consultants - total	**59**	**86**	**110**	**29**	**43**	**72**	**50**	**65**	**71**
ADR Consultants - employed	501	503	497	450	483	507	456	461	437
ADR Consultants – subcontractor	0	309	279	600	590	530	561	535	536
ADR - total	**501**	**503**	**495**	**459**	**488**	**509**	**470**	**465**	**442**
Number of total chargeable days	14.675	21.254	27.413	7.384	10.916	18.357	12.589	16.206	17.717
Number of total charged days	11.758	17.571	22.111	6.218	9.091	16.000	10.341	13.211	14.375
TACI Consultants – employed	80.1%	82.6%	80.6%	84.2%	83.2%	87.3%	82.1%	81.2%	81.0%
TACI Consultants – subcontractor	-	93.5%	89.2%	85.0%	85.7%	70.4%	82.5%	87.0%	84.3%
TACI - total	**80.1%**	**82.7%**	**80.7%**	**84.2%**	**83.3%**	**87.2%**	**82.1%**	**81.5%**	**81.1%**
Number of inter-contract days	368	107	496	293	504	304	284	503	611
Inter-contract rate	2.5%	0.5%	1.8%	4.0%	4.6%	1.7%	2.3%	3.1%	3.4%
TACE	93.4%	96.0%	95.3%	94.3%	93.6%	96.9%	94.7%	93.6%	93.2%
Number of business days	250	247	249	255	254	254	253	251	250

Note *: ADR computed with the revenue adjusted by the Control Management..

Source: Vendor Financial Due Diligence NG Finance p.38

The intercontract rate in Germany and the Netherlands as well as the TACE reached the Group average. Sweden is still in the ramp-up phase.

4.1.12 Italy and Spain income statement

The entities in Italy and Spain were created in 2016. Although growing, profitability remains low for Italy and negative for Spain.

Management indicated that the outlook is very good for Italy (ahead of budget).

Spain seems more complex with several changes of directors. A new manager (ex-Alten) has been recruited and is due to arrive in January 2020.

Income statement - MCA Ingénierie international subsidiaries (Italy and Spain)

MCA Group - International Division	MCA Engineering SRL			MCA Engineering SL		
In €k	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-13 12M
Production revenue	238	1.178	2.726	45	368	914
IC revenue	-	-	-	58	15	-
Reversal of depreciations and provisions	-	-	0	1	-	0
Total revenue	**238**	**1.178**	**2.726**	**104**	**383**	**914**
Revenue growth (in %)	*n.a.*	*394.9%*	*131.3%*	*n.a.*	*267.2%*	*138.9%*
Production costs	(147)	(781)	(1.826)	(77)	(259)	(666)
Production margin	**91**	**398**	**900**	**27**	**123**	**248**
Production margin (in %)	*38.2%*	*33.8%*	*33.0%*	*26.4%*	*32.3%*	*27.1%*
Contribution costs	(211)	(238)	(481)	(127)	(170)	(204)
Contribution margin	**(120)**	**160**	**419**	**(100)**	**(47)**	**44**
Contribution margin (in %)	*(50.5%)*	*13.5%*	*15.4%*	*(95.7%)*	*(12.2%)*	*4.8%*
Fixed costs (incl. D&A)	(66)	(118)	(257)	(45)	(60)	(109)
EBIT	**(187)**	**41**	**162**	**(145)**	**(107)**	**(64)**
EBIT margin (in %)	*(78.4%)*	*3.5%*	*5.9%*	*(139.4%)*	*(27.8%)*	*(7.1%)*
Management reporting reconciliation with statutory accounts						
EBIT	(187)	41	162	(145)	(107)	(64)
Remaining difference	0	(0)	0	(1)	0	(0)
Statutory account EBIT	**(187)**	**41**	**162**	**(146)**	**(106)**	**(64)**
Statutory account EBIT (in %)	*(78.4%)*	*3.5%*	*5.9%*	*(140.2%)*	*(27.8%)*	*(7.1%)*

Source: Vendor Financial Due Diligence NG Finance p.39

4.1.13 KPI Italy and Spain

KPIs - MCA Ingénierie subsidiaries (Italy and Spain)

MCA Group - International KPI Division	MCA Engineering SRL			MCA Engineering SL		
In €k	Dec-16 12M	Dec-17 12M	Dec-18 12M	Dec-16 12M	Dec-17 12M	Dec-18 12M
Control Management revenue – total*	240	1.055	2.640	100	382	898
FTE Consultants – employed	2	15	36	1	6	14
FTE Consultants – subcontractor	1	0	1	-	-	-
FTE Consultants - total	**3**	**15**	**37**	**1**	**6**	**14**
ADR Consultants - employed	345	359	331	301	286	302
ADR Consultants - subcontractor	530	353	488	0	-	-
ADR - total*	**394**	**359**	**334**	**301**	**286**	**302**
Number of total chargeable days	734	3.737	9.382	363	1.477	3.431
Number of total charged days	608	2.936	7.915	332	1.337	2.971
TACI Consultants - employed	82.2%	78.5%	84.3%	91.5%	90.5%	86.6%
TACI Consultants - subcontractor	84.6%	100.0%	87.4%	-	-	-
TACI - total	**82.8%**	**78.6%**	**84.4%**	**91.5%**	**90.5%**	**86.6%**
Number of inter-contract days	-	58	214	JL.	14	170
Inter-contract rate	-	1.6%	2.3%	0.3%	“0.9%	5.0%
TACE	97.9%	87.6%	94.0%	99.4%	98.5%	93.9%
Number of business days	251	250	253	253	249	249

Note *: ADR computed with the revenue adjusted by the Control Management..

Source: Vendor Financial Due Diligence NG Finance p.40

The ADR is considered immaterial to date.

4.2 Group balance sheet

Balance Sheet - MCA Group

Consolidated balance sheet

€ thousands	31/12/2016	31/12/2017	31/12/2018
Goodwill	1,934	70248	70,248
Net intangible assets	17	18	69
Net tangible fixed assets	427	386	473
Net financial assets	8,680	1,546	491
Fixed assets	**10,967**	**72,208**	**71,281**
Customers	22,554	23,076	27,642
Suppliers	(2,008)	(2,166)	(2,506)
Operating working capital	20,546	20,910	25,136
Tax and social security liabilities	(5,999)	(9,046)	(11,000)
Corporation tax liabilities	(71)	(123)	(779)
Net deferred tax	108	230	377
Other assets and liabilities	131	561	492
Non-operating WCR	(5,749)	(8309)	(10,910)
WC	**14,796**	**12,601**	**14,227**
Provisions for liabilities and charges	**(1,131)**	**(85)**	**(1,091)**
Cash and cash equivalents	9,180	8,560	11,690
VMP	3,000	1,000	-
Current accounts	(170)	2	(1)
Borrowing	(1,512)	(34,465)	(29,914)
Bonds	(7,152)	(5,150)	(5,411)
Deposits and guarantees received	-	2	1
Cash / Net (Debt)	**3,346**	**(30,056)**	**(23,634)**
Net assets	**27,970**	**54,668**	**60,782**
KPIs			
Average DSO (in days of sales)	*91.0 days*	*81.0 days*	*83.5 days*
Average DPO (in purchase days)	*72.1 days*	*62.5 days*	*73.9 days*
Average WCR (in days of sales)	*71.6 days*	*53.1 days*	*51.6 days*

Source: Consolidated financial statements
Note: the above DSO and DPO were calculated on a VAT basis at 20%

Source: VDD and Dataroom review - Advance p.13

4.2.1 Assets

4.2.1.1 Fixed assets

The Group operates in the service sector and is not very capital-intensive. Goodwill relates to the 2017 transaction.

The "Net financial fixed assets" item was impacted by the capital reorganisation of the Group following the entry of Capza and the acquisition of MCA Groupe by MCA Services.

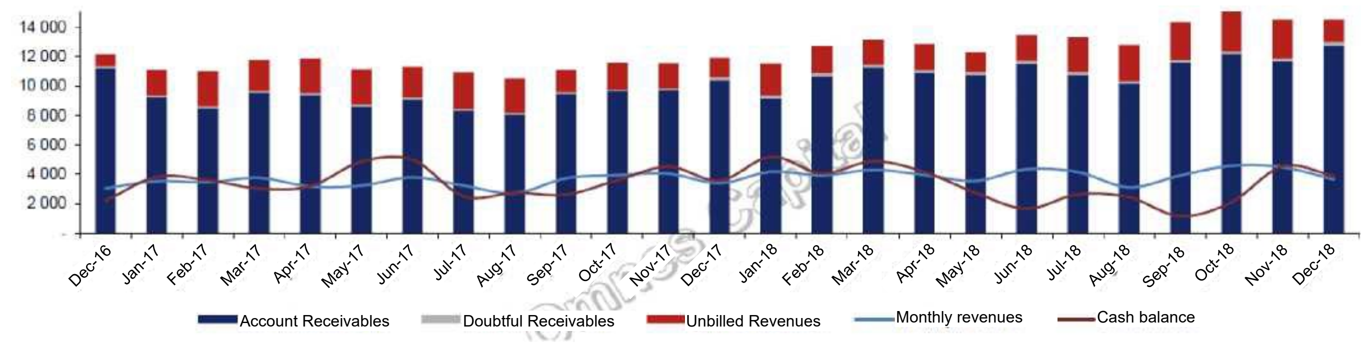
4.2.1.2 WCR

Structure of the WCR

MCA Group - Working capital structure			
In €k	Dec-16 12M	Dec-17 12M	Dec-18 12M
Trade WC	**20.546**	**20.910**	**25.130**
Trade receivables, net	**22.554**	**23.076**	**27.642**
Customer receivables	22.545	23.057	27.590
Doubtful customers	148	207	230
Bad debt provision	(140)	(187)	(178)
Trade payables, net	**(2.008)**	**(2.166)**	**(2.512)**
Non-trade WC	**(5.894)**	**(9.104)**	**(11.558)**
Social & Tax debts	(6.025)	(8.849)	(11.389)
Deferred income	(194)	(221)	(333)
Expanded prepaid	628	332	506
Other receivables	47	59	84
Other Payables	(351)	(425)	(426)
VJC	**14.652**	**11.806**	**13.572**
WC Adjustments			
CIR / Redistributable income	(1.964)	(1.370)	(919)
Refundable CICE	(772)	(546)	(249)
DSO impact on receivables	(2.127)	368	(428)
Adjustments	**(4.862)**	**(1.547)**	**(1.596)**
Adjusted WC	**9.790**	**10.258**	**11.977**
KPIs - as a % of Group consolidated revenue			
Group consolidated revenue	74.375	85.360	99.348
Working capital	19.7%	13.8%	13.7%
Average 2 years			13.7%
Adjusted Working capital	13.2%	12.0%	12.1%
Average 2 years			12.0%

Source: Vendor Financial Due Diligence NG Finance p.49

WCR trend



In €k	2017 Min	2017 Max	2017 Average	2018 Min	2018 Max	2018 Average
Revenues	2.705	4.018	3.400	3.095	4.560	3.993
Account Receivables	8.054	10.377	9.164	9.154	12.741	11.112
Cash Balance	2.478	4.979	3.576	1.134	5.186	3.280

Source: Vendor Financial Due Diligence NG Finance p.53

Trade Working Capital deteriorated by €4.2m between December 2017 and December 2018.

According to NG Finance, this is mainly due to:

- The Group's growth with a direct impact on trade receivables;
- the departure on maternity leave of the person in charge of sales administration and;
- the non-replacement of the person responsible for debt collection.

Management indicated that it was aware of the issue and planned to implement the appropriate solutions. The recruitment of a Credit Manager is under consideration.

4.2.2 Liabilities

4.2.2.1 Indebtedness - QOD

The debt corresponds to that put in place during the previous LBO in 2017. The Group has a good level of cash (€16.5m at 30/09/2019) in relation to its historical cash generation.

Structure of net financial debt

Cash approach / (Debt) Net economic

€ thousands	NG Finance 31/12/2017	NG Finance 31/12/2018	Adjustment applied?	Advance Capital 31/12/2017	Advance Capital 31/12/2018	Advance Capital 30/09/2019
Financial instruments	1,000	-		1,000	-	-
Cash and cash equivalents	8,560	11,690		8,560	11,690	16,520
Bank overdraft	(0)	-		(0)	-	-
Convertible bonds	(5,150)	(5,411)		(5,150)	(5,411)	(5,615)
Bank loans	(34,467)	(29,914)		(34,467)	(29,914)	(26,989)
Associates' current accounts	2	(1)		2	(1)	-
Cash flow / Pro forma net (debt)	**(34,056)**	**(23,636)**		**(30,956)**	**(23,636)**	**(16,084)**
Proposed adjustments - NG Finance						
(1) Provisions for liabilities and charges	-	(952)	Yes	-	(952)	
(2) WCR adjustment	(23)	26	No	-	-	
(3) CICE receivable	546	249	Yes	546	249	
(4) DSO impact on trade receivables	(366)	428	No	-	-	
Sub-total	**155**	**(249)**		**546**	**(703)**	**n.a.**
Cash/(Debt) Net economic VDD	**(29,901)**	**(23,684)**		**(29,510)**	**(24,338)**	**n.a.**
Additional adjustments - Advance Capital						
(5) Tax audit 2014 & 2015				-	(380)	
(6) Tax audit 2016 & 2017				-	(403)	
(7) Non-controlling interests				(586)	(768)	
(8) ECL received				(221)	(333)	
(9) Corporation tax liabilities				(123)	(779)	
(10) Net deferred taxes				298	377	
(10) Dividends payable				(250)	?	
(11) Employee profit-sharing				(744)	(885)	
(12) Other provisions for liabilities and charges				(85)	(139)	
Sub-total	**-**	**-**		**(1,711)**	**(3,310)**	**n.a.**
Cash/adjusted economic net debt	**(29,901)**	**(23,684)**		**(31,221)**	**(27,458)**	**n.a.**
Additional adjustments - Advance Capital						
(13) Penalty for early repayment of loan	-	tbd	Yes	-	?	
(14) Acquisition of minority interests in AXILEO	-	(2,000)	Yes	-	(2,000)	
(15) Acquisition of other minorities	-	tbd	Yes	-	?	
(16) IDR provision				-	?	

Source: Advance Capital financial statements & analysis

Source: VDD and Dataroom review - Advance p.16

Advance estimates net debt at 31/12/2018 at €(27.6)m compared with €(23.6)m according to the VDD carried out by NG Finance.

The main adjustments made by Advance concern the integration of penalties linked to tax audits in 2014-2017 (€0.8m), the Group's non-controlling interests (€0.8m), corporate tax debt (€0.8m) and employee profit-sharing (€0.9m).

4.2.2.2 Provisions

The research tax credits collected by the Group between 2014 and 2017 were rejected. An amount of €1.0m, corresponding to the nominal plus late payment interest, was provisioned in the financial statements at 31/12/2018 for the 2014 and 2015 financial years. NG Finance indicated that the penalty for deliberate breach in the amount of €0.4m had not been provisioned.

The amount provisioned at June 30, 2019 was €0.4m for the 2016-2017 financial years.

Following these adjustments, the Group has indicated that it no longer applies for research tax credits.

4.3 Group cash flow

The Group had an EBITDA to operating cash flow conversion ratio of 66.7% in 2018 and around 100% in 2017 thanks to a negative WCR effect that is mainly explained by an increase in social security and tax receivables.

Cash flow statement

€ thousands	2017 12 months	2018 12 months
EBITDA reporting	**11,655**	**13,216**
Non-cash items	(193)	(92)
Cash non-recurring income	(2289)	132
Cash out of corporation tax	(4,126)	(2,426)
Change in gross WCR excluding corporation tax	3,022	(2,343)
Cash flow from operations	**10,130**	**8,482**
Investments & securities	(378)	(384)
Disposals of fixed assets	253	17
Other items	(83)	3
Cash flow from investments	**(207)**	**(364)**
Free cash flow	**9,922**	**8,118**
Sale of CRITT M2A shares	-	1,318
Bonus paid	-	(1,368)
Net impact of CRITT M2A sale	**-**	**(50)**
Capital restructuring operation	(64,516)	148
Financing of capital restructuring	37,700	-
Borrowings	253	(4,551)
Current accounts	(172)	3
Deposits and guarantees received	2	(4)
VMP	2,000	1,000
Other cash financial items	(810)	(1,284)
Financial cash flow	**(25,543)**	**(4,687)**
Share capital	15,000	-
Dividends paid	-	(250)
Net cash flow	**(621)**	**3,131**
Opening cash	9,180	8,560
Closing cash	8,560	11,690

Source: VDD and Dataroom review - Advance p.14

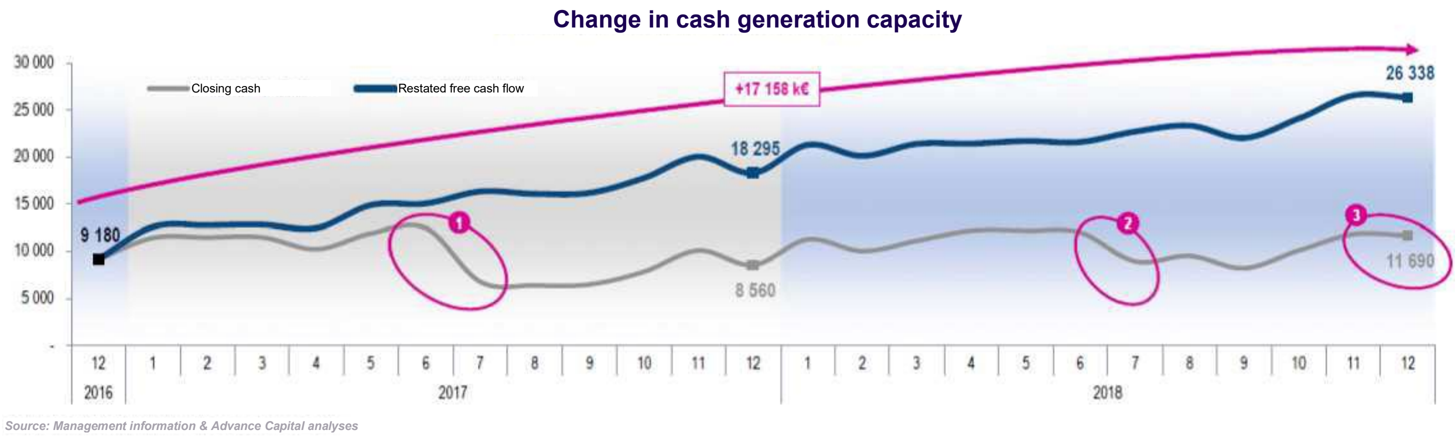
The 2017 LBO resulted in negative cash flow of €2.6m relating to the implementation of the LBO.

The Group acquired a stake in CRITT (an engineering company), which it sold in 2018. The impact on 2018 cash flow was €(50) thousand.

In 2018, CF was adversely affected by the increase in customer outstandings (impact on business and DSO) and the amortization of debt (€4.6m).

4.3.1 Seasonality of cash generation

Cash flows



Source: VDD and Dataroom review - Advance p.15

Cash generation was almost continuous over the period until June 2018, when senior debt was amortized. The Group's model and growth have historically led to strong growth in cash generation (+€17.2m) between 2016 and 2018.

June 2017 saw a €4.0m cash outflow related to the implementation of the LBO.

4.4 Current trading

4.4.1 Situation as at 30/09/2019

Income statement at 30/09/2019

	Current month							Year (total)				
EURK	September 2019	September 2019 budget	September 2018	August 2019	ΔAct Bud	ΔActN-1	ΔAct-M-1	September 2019	September 2019 budget	September 2018	ΔAct-Bud	ΔAct-N 1
Consolidated revenue	**€9,431K**	**€9,958K**	**€8,153K**	**€7,572K**	*(5.3)%*	*15.7 %*	*24.5 %*	**€82,359K**	**€85,082K**	**€73,268K**	*(3.2)%*	*12.4 %*
Consolidated operating income	€9,431K	€9,958K	€8,153K	€7,651K	*(5.3)%*	*15.7 %*	*23.3 %*	€82,537K	€85,082K	€73,269K	*(3.0)%*	*12.6 %*
TOTAL Consolidated Productive Costs	(€5,930K)	(€6,558K)	(€5,412K)	(€5,058K),	*(9.6)%*	*9.6 %*	*17.2 %*	(€52,699K)	(€55,895K)	(€47,657K)	*(5.7)%*	*10.6 %*
Consolidated Productive GM	**€3,501K**	**€3,400K**	**€2,740K**	**€2,514K**	*3.0 %*	*27.7 %*	*39.2 %*	**€29,660K**	**€29,187K**	**€25,612K**	*1.6%*	*15.8 %*
GM % Consolidated Revenue	*37.1 %*	*34.1 %*	*33.6 %*	*33.2 %*	*8.7 %*	*10.4 %*	*11.8 %*	*36.0 %*	*34.3 %*	*35.0 %*	*5.0 %*	*3.0 %*
TOTAL Consolidated Contribution Costs	(€1,391K)	(€1,482K)	(€1,239K)	(€932K)	*(6.1)%*	*12.3 %*	*49.3 %*	(€11,491K)	(€11,795K)	(€9,659K)	*(2.6)%*	*19.0 %*
Consolidated contribution GM	**€2,110K**	**€1,918K**	**€1,502K**	**€1,583K**	*10.0 %*	*40.5 %*	*33.3 %*	**€18,169K**	**€17,391K**	**€15,953K**	*4.5 %*	*13.9 %*
GM % Consolidated contribution	*22.4 %*	*19.3 %*	*18.4 %*	*20.9 %*	*16.1 %*	*21.5 %*	*7.0 %*	*22.1 %*	*20.4 %*	*21.8 %*	*7.9 %*	*1.3 %*
TOTAL Consolidated fixed costs	(€792K)	(€802K)	(€795K)	(€576K)	*(1.2)%*	*(0.3)%*	*37.6 %*	(€7,165K)	(€7,007K)	(€6,171K)	*2.3 %*	*16.1 %*
Consolidated operating expenses excluding depreciation and amortisation	(€8,109K)	(€8,842K)	(€7,446K)	(€6,747K)	*(8.3 %)*	*8.9 %*	*20.2 %*	(€48,213K)	(€74,698K)	(€63,486K)	*(35.5)%*	*(24.1)%*
Consolidated EBITDA	**€1,322K**	**€1,116K**	**€707K**	**€826K**	*18.4 %*	*87.0 %*	*60.0 %*	**€11,109K**	**€10,384K**	**€9,783K**	*7.0 %*	*13.6 %*
%	*14.0 %*	*11.2 %*	*8.7 %*	*10.8 %*	*25.0 %*	*61.7 %*	*29.8 %*	*13.5 %*	*12.2 %*	*13.4 %*	*10.3 %*	*0.8 %*
Eliminations / Restatements	(€20K)	(€21K)	(€12K)	€54K	*(3.9)%*	*63.1 %*	*(136.5)%*	(€93K)	(€186K)	(€156K)	*(50.0)%*	*(40.3)%*
Consolidated EBIT	**€1,302K**	**€1,095K**	**€695K**	**€880K**	*18.9 %*	*87.4 %*	*47.9 %*	**€11,016K**	**€10,198K**	**€9,627K**	*8.0 %*	*14.4 %*
%	*13.8 %*	*11.0 %*	*85 %*	*11.5 %*	*25.5 %*	*62.0 %*	*20.0%*	*13.3 %*	*12.0 %*	*13.1 %*	*11.3 %*	*1.6 %*

Source: Group reporting

At 30/09, the Group had cumulative EBITDA of €11.1m for sales of €82.4m.

Sales were up 12.4% compared with 2018, but down 3.2% compared with the Budget. This is due to a delay in recruitment (-23 FTEs compared with the Budget) and an intercontract rate of 2.8% compared with 1.9% at the end of September 2018.

The Productive Gross Margin, which corresponds to revenue less the cost of consultants, is up by 1.6% compared with the Budget and by 15.8% compared with 2018.

Cumulative EBITDA of €11.1m was up by 13.6% compared with 2018 and by 7.0% compared with the Budget, i.e. +€0.7m. Advance attributes this good performance to France, with a stable ADR and a slight decline in the ADC (average daily cost).

4.4.1.1 Cumulative sales by activity

Sector breakdown

%	Achieved September 2019	Achieved September 2018	Year 2018 actual
Automotive	35%	41%	40%
Aero. / Space / Defence	16%	15 %	15%
Energy / Nuclear / Petrochemical	13%	12 %	12%
Other Industries	11%	9 %	9%
Life Science / Pharmaceutical	7%	7 %	7%
Telecom / Multimedia / Computers / Software	9%	8%	8%
Services / Bank / Insurance	5%	6%	6%
Rail Industry	4%	3 %	3%
Total	**100%**	**100%**	**100%**

Source: Group reporting

At the end of September, there was a relative fall in the proportion of automotive in sales, which fell from 41% in 2018 to 35% because of growth in other business sectors.

Top 20 customers

# Top 20 customers	SALES/ADM	2017	2018	30.09.2018	30.09.2019	Country	% of group revenue	ΔRéa - N-1
1 RENAULT	Revenue	€5,448K	€6,636K	€4,483K	€5,020 K	100%	6.1 %	12%
	ADR/ N-I classification	€370	€393	1	€393			
2 ASML	Revenue	€1,934K	€5,339K	€3,711K	€4,919K	NL100%	6.0%	33%
	ADR/ N-I classification	€491	€520	4	€538			
3 VOLVO	Revenue	€4,380K	€5,247K	€3,880K	€4,487K	100%	5.4 %	16%
	ADR / Ranking N -1	€ 385	€ 391	3	€ 379			
4 ENGIE	Revenue	€4,707K	€5,910K	€4,335K	€4,420K	FR 39% / BE 61%	5.4 %	2%
	ADR / Ranking N -1	€ 423	€ 425	2	€ 429			
5 DASSAULT GROUPE	Revenue	€1,071K	€3,109 K	€2,068K	€3,859K	FR 85% / BE 15%	4.7 %	87%
	ADR/ N-I classification	€471	€484	8	€490			
6 ZHEJIANG GEELY HOLDING GROUP	Revenue	€2,833K	€3,992 K	€2,809K	€3,452K	IS 100%	4.2 %	23%
	ADR / N-L classification	€499	€447	5	€430			
7 EDF	Revenue	€385K	€2,379K	€1,606K	€2,818K	100%	3.4%	75%
	ADR/Ranking N 1	€453	€422	12	€434			
8 GSK	Revenue	€3,299K	€2,710K	€1914K	€2,690K	BE 100%	3.3 %	41%
	ADR/ N-I classification	€457	€453	9	€477			
9 FIAT	Revenue	€948K	€1,874K	€1,311K	€2,407K	IT 100%	2.9 %	84%
	ADR/ N-I classification	€371	€351	14	€343			
10 LEAR CORPORATION	Revenue	€2,531K	€2,957K	€2,398 K	€1,644K	78% / IT 2%	2.0 %	-31%
	ADR / Ranking N -1	€474	€459	7	€461	20%		
11 VOLKSWAGEN	Revenue	€637K	€1,684K	€1,097K	€1,634K	84% / IT 16%	2.0 %	49%
	ADR / Ranking N -1	€447	€459	15	€473	BE 0%		
12 ALTEN Group	Revenue	€139K	€821K	€463K	€1,470K	100%	1.8 %	217%
	ADR/N-Classification	€561	€353	31	€367			
13 VALEO	Revenue	€4,317K	€3,275K	€2,609K	€1,318K	FR 85%/ 12%	1.6 %	-49%
	ADR / N-L classification	€398	€400	6	€415	BE 3%		
14 FEB Group	Revenue	€626K	€954K	€645K	€1,243K	55%/FR 45%	1.5 %	93%
	ADR/ N-I classification	€307	€353	23	€394			
15 BMW	Revenue	€0 K	€606K	€323K	€1,236K	100%	1.5 %	282%
	ADR / N-L classification		€445	47	€455			
16 GENERAL SOCIETY	Revenue	€410K	€621 K	€401 K	€1,085K	100%	1.3 %	171%
	ADR/ N-I classification	€496	€560	39	€560			
17 DELPHI	Revenue	€2,219K	€2,068K	€1,632K	€1,059K	FR 92% / SWE 8%	1.3 %	-34%
	ADR / Ranking N -1	€375	€379	11	€376			
18 AVL THE MODERN ENGINE	Revenue	€1,783K	€1,665K	€1,340K	€952 THOUSAND	100%	1.2 %	29%
	ADR / Ranking N -1	€344	€339	13	€354			
19 PARROT	Revenue	€895K	€805K	€661K	€828 K	100%	1.0 %	25%
	ADR/N-Classification	€415	€424	22	€442			
20 THALES GROUPS	Revenue	€759 K	€1230K	€981K	€791K	FR 9% / BE 84%	1.0 %	-19%
	ADR/ N-I classification	€432	€432	16	€415	IT 17%		

ADR = management control revenue / number of days invoiced
Exceptional sales are not restated

Source: Group reporting

All but five of the Top 20 customers showed growth (Lear Corp, Valeo, Delphi, AVL Le Moteur moderne and Groupe Thalès). At 30/09/2019, these five customers accounted for 7.1% of Group sales and 12.1% of Top 20 sales.

ADRs are up compared to 2018 for 15 customers in the top 20, i.e. 75%.

4.4.1.2 Debt as at 30/09/2019

Change in debt over 9 months

In €k	December	September
Cash and cash equivalents	11,690	16,520
Cash at bank	**11,690**	**16,520**
OBSA MCA Services	(5,253)	(5,520)
Accrued interest on OBSA MCA Services	(157)	(95)
OBSA debt	**(5,411)**	**(5,615)**
Group MCA loans	-	-
Interest on borrowings from MCA Group	-	-
MCA Services loans	(29,785)	(26,870)
Accrued interest on MCA Services Loans	(129)	(119)
Bank loans and other bank borrowings	**(29,914)**	**(26,989)**
Miscellaneous loans and financial debts	-	-
Net financial debt	**(23,635)**	**(16,084)**
Net financial debt (excluding bonds with share subscription warrants)	**(18,224)**	**(10,469)**
Normative EBITDA	**13,216**	**11,109**

Source: Group reporting

At the end of September 2019, the Group had net financial debt of €10.5m, consisting of €27.0m of senior debt, €5.6m of bonds with stock warrants and €16.5 million of cash.

4.5 End-of-year results

Based on figures at the end of September 2019 (budgets and reports), Advance, which we have mandated to carry out the financial audit, expects the budgeted turnover to be missed by €2.9m, with EBITDA of €15.5m, an improvement of €0.9m compared with the budget.

Income statement - 2019 results

	2018 Actual			2019 Budget			2019 End-of-year results			Difference between forecast and budget		
€ thousands	*France*	*International*	Total	*France*	*International*	Total	*France*	*International*	Total	*France*	*International*	Total
Revenue	***52,042***	***47,306***	**99,348**	***60,038***	***54,517***	**114,555**	***58,761***	***52,941***	**111,702**	***(1,277)***	***(1575)***	**(2,853)**
Productive costs	*(34,634)*	*(29,786)*	(64,621)	*(39,533)*	*(35,697)*	(75,230)	*(38,039)*	*(33,765)*	(71,744)	*1,494*	*1,992*	3,486
Productive gross margin	***17,208***	***17,519***	**34,728**	***20,505***	***18,820***	**39,325**	***20,722***	***19,236***	**39,959**	***217***	***416***	**634**
As % of revenue	*33.1 %*	*37.0 %*	*35.0 %*	*34.2 %*	*34.5 %*	*34.3 %*	*35.3 %*	*36.3 %*	*35.8 %*	*1.1 pts*	*1.8 pts*	1.4 pts
Contribution costs	*(7,962)*	*(5,090)*	(13,053)	*(6,167)*	*(7,258)*	(15,445)	*(9,087)*	*(6,060)*	(15,167)	*(900)*	*1,178*	278
Contribution gross margin	***9,246***	***12,429***	**21,675**	***12,318***	***11,562***	**23,880**	***11,635***	***13,157***	**24,791**	***(583)***	***1,595***	**911**
As % of revenue	*17.8 %*	*26.3 %*	*21.8 %*	*20.5 %*	*21.2 %*	*20.8 %*	*19.8 %*	*24.9 %*	*22.2 %*	*(0.7) pts*	*3.6 pts*	1.3 pts
Fixed costs			(8,459)			(9,273)			(9,273)			-
EBITDA			**13,216**			**14,607**			**15,518**			**911**
As % of revenue			*13.3 %*			*12.8 %*			*13.9 %*			1.1 pts

Source: VDD and Dataroom review - Advance p.12

Advance explains the expected EBITDA surplus by better profitability in France at the end of September 2019 with a higher productive margin of 3.0 points linked to an Average Daily Cost (ADC) well below budget (€272 versus €282) and lower contribution costs of €0.5m in international markets.

Conclusion	Over the period 2016-18, the Group recorded a revenue CAGR of 15.6%, driven in part by international business. The EBITDA margin averaged 13.6% over the period, at the upper end of the sector range. Based on figure at 30/09, 2019 EBITDA is forecast to be €0.9m higher than the budget at €15.5m.

5 Business Plan

5.1 Development outlook and strategy

The Group benefits from solid fundamentals that are driving growth in the engineering and technology consulting market. (i) Automotive groups are investing heavily in electric vehicles, (ii) the development of the IoT is leading to the integration of electronics in all equipment, which will create large databases to be processed, and (iii) the digitisation of the professional world that has talked about since the 2000s is only taking shape today.

The Group has developed a 3-year development plan ("*Plan Augmented 2022*") based on three pillars.

Geographical expansion:

Driven by the success of its international and regional development, MCA Group wishes to draw on its know-how to grow in countries where it is already present in order to expand its network in these regions. For example, the Group is present in Germany with 150 employees in Munich. It believes he can increase its presence in Germany by a factor of 10 in the next decade with further openings in Stuttgart, Hamburg and Frankfurt.

"Business Line and Offer" development

The Group intends to strengthen its offering to capitalise as much as possible on the main market drivers to fuel its growth.

"HR / Governance" development

The Group plans to continue its efforts in recruitment, with an increasing number of recruitment channels and platforms.

The Group has also introduced an internal "*Impulse*" training programme for sales staff and managers. For specific technologies, the Group uses external organisations to train its profiles.

5.2 Main assumptions applied

The Management BP provided by the Group forecasts:

- An organic revenue CAGR of 15.3% over the period 2019 - 2025
- A stable productive gross margin of 34.3% of revenue
- A stable contribution gross margin of 20.8% of revenue
- A slight fall in EBITDA margin in 2020 (12.5% vs 12.8%), gradually returning to its 2019 level in 2025.
- A stable change in the WCR representing 13.3% of the change in revenue on an annual basis.
- Capex stable at 0.6% of annual revenue, i.e. investments of €0.8 - €1.5m per year over the period.

The Omnes BP is a flat case based on 2019 levels. The assumptions for changes in the WCR and capex remain unchanged. The change in the WCR is therefore zero over the period of the business plan, and capex is set at €0.7m per year.

The worst-case business plan simulates a continuous deterioration in the customer portfolio (-5% revenue per year for four years) with a deferred adjustment of variable costs, and fixed costs stable at €9.3m per year (2019 level). These fixed costs, which represent 8.1% in 2019, amount to 10.5% of turnover in 2025. The assumptions for changes in the WCR and capex remain unchanged compared with the management business plan. The change in the WCR therefore has a positive impact each year of €0.7m, and capex represents €0.5-0.7m annually.

Summary of assumptions applied (P & L)

P & L - €k	Dec.-19 E.	Dec. 20	Dec. 21	Dec. 22	Dec. 23	Dec. 24	Dec. 25	19-25 CAGR
Management case		130,917	150,609	174,440	202,034	233,208	268,801	15.3%
growth %		*14.3%*	*15.0%*	*15.8%*	*15.8%*	*15.4%*	*15.3%*	
Omnes case		114,555	114,555	114,555	114,555	114,555	114,555	0.0%
growth %		-	-	-	-	-	-	
Adverse case		108,827	103,386	98,217	93,306	93,306	93,306	-3.4%
growth %								
Net revenue		**130,917**	**150,609**	**174,440**	**202,034**	**233,208**	**268,801**	15.3%
Growth %		***14.3%***	***15.0%***	***15.8%***	***15.8%***	***15.4%***	***15.3%***	
Management case		27,231	31,327	36,284	42,023	48,507	55,641	15.1%
% of revenue		*20.8%*	*20.8%*	*20.8%*	*20.8%*	*20.8%*	*20.7%*	
Omnes case		23,881	23,881	23,881	23,881	23,881	23,881	0.0%
% of revenue		*18.2%*	*15.9%*	*13.7%*	*11.8%*	*10.2%*	*8.9%*	
Worst case		18,153	18,681	19,111	19,451	19,451	19,451	-3.4%
% of revenue		*13.9%*	*12.4%*	*11.0%*	*9.6%*	*8.3%*	*7.2%*	
Contribution gross margin	**23,881**	**27,231**	**31,327**	**36,284**	**42,023**	**48,507**	**55,641**	15.1%
% of revenue	***20.8%***	***20.8%***	***20.8%***	***20.8%***	***20.8%***	***20.8%***	***20.7%***	
Management case		16,430	18,902	21,980	25,658	29,849	34,406	15.3%
% of revenue		*12.5%*	*12.6%*	*12.6%*	*12.7%*	*12.8%*	*12.8%*	
Omnes case		14,607	14,607	14,607	14,607	14,607	14,607	0.0%
% of revenue		*12.8%*	*12.8%*	*12.8%*	*12.8%*	*12.8%*	*12.8%*	
Adverse case		8,879	9,407	9,837	10,177	10,177	10,177	-5.8%
% of revenue		*8.2%*	*9.1%*	*10.0%*	*10.9%*	*10.9%*	*10.9%*	
EBITDA	14,607	16,430	18,902	21,980	25,658	29,849	34,406	15.3%
% of revenue	***12.8%***	***12.5%***	***12.6%***	***12.6%***	***12.7%***	***12.8%***	***12.8%***	

Source: Omnes

Summary of assumptions applied (cash flow)

CF items - €k	Dec. 19	Dec. 20	Dec. 21	Dec. 22	Dec. 23	Dec. 24	Dec. 25
Management case		(2,176)	(2,619)	(3,170)	(3,670)	(4,146)	(4,734)
% change in revenue		*13.3%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*
Omnes case		-	-	-	-	-	-
% change in revenue		*13.3%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*
Adverse case		762	724	688	653	-	-
% change in revenue		*13.3%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*
Change in working capital	**(1,838)**	**(2,176)**	**(2,619)**	**(3,170)**	**(3,670)**	**(4,146)**	**(4,734)**
% change in revenue	***1.6%***	***13.3%***	***13.3%***	***13.3%***	***13.3%***	***13.3%***	***13.3%***
Management case		(786)	(878)	(1,017)	(1,178)	(1,360)	(1,567)
% of revenue		*(0.6%)*	*(0.6%)*	*(0.6%)*	*(0.6%)*	*(0.6%)*	*(0.6%)*
Omnes case		(687)	(668)	(668)	(668)	(668)	(668)
% of revenue		*(0.6%)*	*(0.6%)*	*(0.6%)*	*(0.6%)*	*(0.6%)*	*(0.6%)*
Adverse case		(653)	(603)	(573)	(544)	(544)	(544)
% of revenue		*(0.6%)*	*(0.6%)*	*(0.6%)*	*(0.6%)*	*(0.6%)*	*(0.6%)*
Capex	**(668)**	**(786)**	**(878)**	**(1,017)**	**(1,178)**	**(1,360)**	**(1,567)**
% of revenue	***0.6%***	***0.6%***	***0.6%***	***0.6%***	***0.6%***	***0.6%***	***0.6%***

Source: Omnes

5.3 Business Plan Management Case

Based on the assumptions presented above, the company will generate €8.8m in FCF in 2020 (vs. €8m expected in 2019), with growth each year. These FCF forecasts are sufficient to cover the amortisation of senior debt as well as to generate sufficient cash to honour the repayment of the debt tranches at maturity: the TL B in 2026 and mezzanine debt in 2027.

Management case	E.	Business Plan						Extrapolation		
P&L-€K	**Dec. 19**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24**	**Dec. 25**	**Dec. 26**	**Dec. 27**	**19-27 CAGR**
Net revenue	**114,555**	**130,917**	**150,609**	**174,440**	**202,034**	**233,208**	**268,801**	**268,801**	**268,801**	***11.3%***
growth %		*14.3%*	*15.0%*	*15.8%*	*15.8%*	*15.4%*	*15.3%*	-	-	
EBITDA	**14,607**	**16,430**	**18,902**	**21,980**	**25,658**	**29,849**	**34,406**	**34,406**	**34,406**	***11.3%***
% of revenue	*12.8%*	*12.5%*	*12.6%*	*12.6%*	*12.7%*	*12.8%*	*12.8%*	*12.8%*	*12.8%*	
Depreciation, amortisation and provisions	(573)	(655)	(753)	(872)	(1,010)	(1,166)	(1,344)	(1,344)	(1,344)	
% of revenue	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	
EBIT	**14,034**	**15,775**	**18,149**	**21,108**	**24,648**	**28,683**	**33,062**	**33,062**	**33,062**	*11.3%*
% of revenue	*12.3%.*	*12.0%*	*12.1%*	*12.1%*	*12.2%*	*12.3%*	*12.3%*	*12.3%*	*12.3%*	
Financial result	n.a^	(2,466)	(2,428)	(2,399)	(2,377)	(2,365)	(2,362)	(2,370)	(2,057)	
Exceptional income and expenses	-	-	-	-	-	-	-	-	-	
Profit on ordinary activities before tax	**n.a.**	**13,310**	**15,721**	**18,709**	**22,271**	**26,318**	**30,700**	**30,692**	**31,005**	
Taxes	(4,042)	(4,642)	(5,350)	(6,016)	(7,032)	(8,044)	(9,205)	(9,203)	(9,297)	
tax rate %	*(32.9%)*	*(34.9%)*	*(34.0%)*	*(32.2%)*	*(31.6%)*	*(30.6%)*	*(30.0%)*	*(30.0%)*	*(30.0%)*	
Net income (loss)	n.a.	8,668	10,370	12,693	15,239	18,274	21,495	21,490	21,709	
% of revenue	*n.a.*	*6.6%*	*6.9%*	*7.3%*	*7.5%*	*7.8%*	*8.0%*	*8.0%*	*8.1%*	

Cash flow	**Dec. 19**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24**	**Dec. 25**	**Dec. 26**	**Dec. 27**
EBITDA	**14,607**	**16,430**	**18,902**	**21,980**	**25,658**	**29,849**	**34,406**	**34,406**	**34,406**
Change in working capital	(1,838)	(2,176)	(2,619)	(3,170)	(3,670)	(4,146)	(4,734)	-	-
% change in revenue	*1.6%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*	-	-
Total Capex	(668)	(786)	(878)	(1,017)	(1,178)	(1,360)	(1,567)	(1,567)	(1,567)
% of revenue	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*
Taxes	(4,042)	(4,642)	(5,350)	(6,016)	(7,032)	(8,044)	(9,205)	(9,203)	(9,297)
Free cash flow	**8,059**	**8,826**	**10,055**	**11,778**	**13,778**	**16,299**	**18,900**	**23,636**	**23,542**
conversion rate %	*55%*	*54%*	*53%*	*54%*	*54%*	*55%*	*55%*	*69%*	*68%*
Financial expenses	n.a.	(1,266)	(1,132)	(999)	(866)	(732)	(599)	(466)	-
Repayment	-	(6,667)	(6,667)	(6,667)	(6,667)	(6,667)	(6,667)	(18,620)	(11,114)
Debt service	**n.a.**	**(7,932)**	**(7,799)**	**(7,666)**	**(7,532)**	**(7,399)**	**(7,266)**	**(19,086)**	**(11,114)**
Cash flow related to the transaction	(10,500)	-	-	-	-	-	-	-	-
Change in cash and cash equivalents	**n.a.**	**894**	**2,256**	**4,112**	**6,246**	**8,900**	**11,635**	**4,551**	**12,428**
Opening cash		6,045	6,939	9,195	13,307	19,552	28,453	40,087	44,638
Closing cash	6,045	6,939	9,195	13,307	19,552	28,453	40,087	44,638	57,066

Source: Omnes (from management data)

The Group deleverages significantly over the BP period, from total net leverage of 3.9x (budgeted EBITDA) at closing to 0.8x in 2023 (-0.8x per year on average), thanks to strong cash generation, annual amortisation of tranche A and EBITDA growth.

Credit ratios	**Closing**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24**	**Dec. 25**	**Dec. 26**	**Dec. 27**
Senior net debt leverage (x EBITDA)	3.6x	2.7x	1.9x	1.2x	0.5x	-0.1x	-0.6x	-1.3x	-1.7x
Total net debt leverage (x EBITDA)	3.9x	3.1x	2.2x	1.5x	0.8x	0.2x	-0.4x	-1.0x	-1.7x
Debt coverage (FCF/Debt service)		1.1x	1.3x	1.5x	1.8x	2.2x	2.6x	1.2x	2.1x

Source: Omnes (from management data)

5.4 Business Plan OMNES CAPITAL Case

Based on the assumptions presented above, the company will generate €9.9m of FCF in 2020. This level of cash flow is higher than the management's BP of €1.1m in 2020, due to the absence of a change in WCR (+€2.2m) and lower corporate tax (+€0.6m), which offsets the fall in EBITDA (-€1.8m). Over the period as a whole, FCF grows very slightly, due to the decrease in the expected tax rate.

These FCF forecasts are sufficient to cover the amortisation of senior debt as well as to generate sufficient cash to honour the repayment of the debt tranches at maturity: the TL B in 2026 and mezzanine debt in 2027.

Omnes case	E.	Business Plan						Extrapolation		
P&L-€K	**Dec. 19**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24**	**Dec. 25**	**Dec. 26**	**Dec. 27**	**19-27 CAGR**
Net revenue	**114,555**	**114,555**	**114,555**	**114,555**	**114,555**	**114,555**	**114,555**	**114,555**	**114,555**	-
growth %		-	-	-	-	-	-	-	-	
EBITDA	**14,607**	**14,607**	**14,607**	**14,607**	**14,607**	**14,607**	**14,607**	**14,572**	**14,572**	*(0.0)%*
% of revenue	*12.8%.*	*12.8%.*	*12.8%*	*12.8%*	*12.8%*	*12.8%*	*12.8%*	*12.7%*	*12.7%*	
Depreciation, amortisation and provisions	(573)	(573)	(573)	(573)	(573)	(573)	(573)	(573)	(573)	
% of revenue	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	
EBIT	**14,034**	**14,034**	**14,034**	**14,034**	**14,034**	**14,034**	**14,034**	**13,999**	**13,999**	*(0.0)%*
% of revenue	*12.3%.*	*12.3%*	*12.3%*	*12.3%*	*12.3%*	*12.3%*	*12.3%*	*12.2%*	*12.2%*	
Financial result	n.a.	(2,466)	(2,428)	(2,399)	(2,377)	(2,365)	(2,362)	(2,370)	(2,057)	
Exceptional income and expenses	-	-	-	-	-	-	-	-	-	
Profit on ordinary activities before tax	**n.a.**	**11,569**	**11,606**	**11,636**	**11,657**	**11,669**	**11,672**	**11,630**	**11,943**	
Taxes	(4,042)	(4,035)	(3,950)	(3,741)	(3,681)	(3,567)	(3,500)	(3,487)	(3,581)	
tax rate %	*(32.9%)*	*(34.9%)*	*(34.0%)*	*(32.2%)*	*(31.6%)*	*(30.6%)*	*(30.0%)*	*(30.0%)*	*(30.0%)*	
Net income (loss)	**n.a.**	**7,534**	**7,656**	**7,894**	**7,976**	**8,103**	**8,172**	**8,143**	**8,362**	
% of revenue	*n.a.*	*6.6%*	*6.7%*	*6.9%*	*7.0%*	*7.1%*	*7.1%*	*7.1%*	*7.3%*	

Cash flow	**Dec. 19**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24**	**Dec. 25**	**Dec. 26**	**Dec. 27**
EBITDA	**14,607**	**14,607**	**14,607**	**14,607**	**14,607**	**14,607**	**14,607**	**14,572**	**14,572**
Change in working capital	(1,838)	-	-	-	-	-	-	-	-
% change in revenue	*1.6%*	-	-	-	-	-	-	-	-
Total Capex	(668)	(687)	(668)	(668)	(668)	(668)	(668)	(668)	(668)
% of revenue	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*
Taxes	(4,042)	(4,035)	(3,950)	(3,741)	(3,681)	(3,567)	(3,500)	(3,487)	(3,581)
Free cash flow	**8,059**	**9,885**	**9,989**	**10,198**	**10,258**	**10,372**	**10,439**	**10,417**	**10,323**
conversion rate %	*55%*	*68%*	*68%*	*70%*	*70%*	*71%*	*71%*	*71%*	*71%*
Financial expenses	n.a.	(1,266)	(1,132)	(999)	(866)	(732)	(599)	(466)	-
Repayment	-	(6,667)	(6,667)	(6,667)	(6,667)	(6,667)	(6,667)	(18,620)	(11,114)
Debt service	**n.a.**	**(7,932)**	**(7,799)**	**(7,666)**	**(7,532)**	**(7,399)**	**(7,266)**	**(19,086)**	**(11,114)**
Cash flow related to the transaction	(10,500)	-	-	-	-	-	-	-	-
Change in cash and cash equivalents	**n.a.**	**1,953**	**2,190**	**2,532**	**2,726**	**2,973**	**3,174**	**(8,668)**	**(791)**
Opening cash		6,045	7,998	10,188	12,720	15,446	18,420	21,594	12,925
Closing cash	6,045	7,998	10,188	12,720	15,446	18,420	21,594	12,925	12,135

Source: Omnes

The Group deleverages over the BP period, from a total net leverage of 3.9x at closing to 1.6x in 2023 (-0.6x per year on average), thanks to strong cash generation and annual amortisation of tranche A, and despite flat EBITDA.

Credit ratios	**Closing**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24**	**Dec. 25**	**Dec. 26**	**Dec. 27**
Senior net debt leverage (x EBITDA)	3.6x	3.0x	2.4x	1.8x	1.1x	0.5x	-0.2x	-0.9x	-0.8x
Total net debt leverage (x EBITDA)	3.9x	3.4x	2.8x	2.2x	1.6x	1.0x	0.4x	-0.2x	-0.8x
Debt coverage (FCF/Debt service)		1.2x	1.3x	1.3x	1.4x	1.4x	1.4x	0.5x	0.9x

Source: Omnes

5.5 Adverse Event Business Plan

Based on the assumptions presented above, the company will generate €7.0m of FCF in 2020. Strongly impacted by the simulation of customer portfolio attrition, the Group is gradually restoring its EBITDA margin by adjusting its cost base, mainly linked to operations.

The cash left at closing (€6m) is partly used in the first two years to honour the amortisation of senior debt (requirement of €1.4m over the first two years). However, this cash usage remains compatible with the low seasonality of the business (see section 4.3.1. Seasonality of cash generation). Cash generation after depreciation is €0m for the rest of the business plan.

Adverse case	E.	Business Plan						Extrapolation		
P&L-€K	**Dec. 19**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24**	**Dec. 25**	**Dec. 26**	**Dec. 27**	**19-27 CAGR**
Net revenue	**114,555**	**108,827**	**103,386**	**98,217**	**93,306**	**93,306**	**93,306**	**93,306**	**93,306**	*(2.5)%*
growth %		*(5.0)%*	*(5.0)%*	*(5.0)%*	*(5.0)%*	-	-	-	-	
EBITDA	**14,607**	**8,879**	**9,407**	**9,837**	**10,177**	**10,177**	**10,177**	**10,149**	**10,149**	*(4.4)%*
% of revenue	*12.8%*	*8.2%>*	*9.1%*	*10.0%*	*10.9%*	*10.9%*	*10.9%*	*10.9%*	*10.9%*	
Depreciation, amortisation and provisions	(573)	(544)	(517)	(491)	(467)	(467)	(467)	(467)	(467)	
% of revenue	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	*0.5%*	
EBIT	**14,034**	**8,335**	**8,890**	**9,346**	**9,711**	**9,711**	**9,711**	**9,682**	**9,682**	*(4.5)%*
% of revenue	*12.3%*	*7.7%*	*8.6%*	*9.5%*	*10.4%*	*10.4%*	*10.4%*	*10.4%*	*10.4%*	
Financial result	n.a.	(2,466)	(2,428)	(2,399)	(2,377)	(2,365)	(2,362)	(2,370)	(2,057)	
Exceptional income and expenses		-	-	-		-	-	-	-	
Profit on ordinary activities before tax	**n.a.**	**5,870**	**6,462**	**6,947**	**7,334**	**7,346**	**7,349**	**7,312**	**7,626**	
Taxes	(4,042)	(2,047)	(2,199)	(2,234)	(2,316)	(2,245)	(2,203)	(2,193)	(2,286)	
tax rate %	*(32.9%)*	*(34.9%)*	*(34.0%)*	*(32.2%)*	*(31.0%)*	*(30.0%)*	*(30.0%)*	*(30.0%)*	*(30%)*	
Net income (loss)	**n.a.**	**3,822**	**4,263**	**4,714**	**5,018**	**5,101**	**5,145**	**5,120**	**5,339**	
% of revenue	*n.a.*	*3.5%>*	*4.1%*	*4.8%>*	*5.4%>*	*5.5%*	*5.5%>*	*5.5%*	*5.7%>*	

Cash flow	**Dec. 19**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24**	**Dec. 25**	**Dec. 26**	**Dec. 27**
EBITDA	**14,607**	**8,879**	**9,407**	**9,837**	**10,177**	**10,177**	**10,177**	**10,149**	**10,149**
Change in working capital	(1,838)	762	724	688	653	-	-	-	-
% change in revenue	*1.6%*	*13.3%*	*13.3%*	*13.3%*	*13.3%*	-	-	-	-
Total Capex	(668)	(653)	(603)	(573)	(544)	(544)	(544)	(544)	(544)
% of revenue	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*	*0.6%*
Taxes	(4,042)	(2,047)	(2,199)	(2,234)	(2,316)	(2,245)	(2,203)	(2,193)	(2,286)
Free cash flow	**8,059**	**6,941**	**7,329**	**7,718**	**7,971**	**7,388**	**7,430**	**7,412**	**7,318**
conversion rate %	*55%*	*78%*	*78%*	*78%*	*78%*	*73%*	*73%*	*73%*	*72%*
Financial expenses	n.a.	(1,266)	(1,132)	(999)	(866)	(732)	(599)	(466)	-
Repayment		(6,667)	(6,667)	(6,667)	(6,667)	(6,667)	(6,667)	(18,620)	(11,114)
Debt service	**n.a.**	**(7,932)**	**(7,799)**	**(7,666)**	**(7,532)**	**(7,399)**	**(7,266)**	**(19,086)**	**(11,114)**
Cash flow related to the transaction	(10,500)	-	-	-	-	-	-	-	-
Change in cash and cash equivalents	**n.a.**	**(991)**	**(470)**	**53**	**439**	**(11)**	**164**	**(11,673)**	**(3,796)**
Opening cash		6,045	5,054	4,584	4,636	5,075	5,064	5,228	(6,445)
Closing cash	6,045	5,054	4,584	4,636	5,075	5,064	5,228	(6,445)	(10,241)

Source: Omnes

In 2020, leverage reached 5.9x, due to the drastic fall in EBITDA linked to the Group's reaction mechanism for reducing expenses when revenue falls by 5%. The gradual adjustment of charges per business makes it possible to restore margins and, combined with the depreciation of the TL A, to deleverage by nearly 1.0x EBITDA per year.

In 2026, the group must refinance its debt to repay the TL B: the refinancing risk is 0.6x EBITDA 2026, i.e. €6.4m. At the maturity of the mezzanine debt (2027), refinancing risk was 1.0x EBITDA, i.e. €10.2m.

Credit ratios	**Closing**	**Dec. 20**	**Dec. 21**	**Dec. 22**	**Dec. 23**	**Dec. 24**	**Dec. 25**	**Dec. 26**	**Dec. 27**
Senior net debt leverage (x EBITDA)	3.6x	5.3x	4.3x	3.5x	2.6x	2.0x	1.3x	0.6x	1.0x
Total net debt leverage (x EBITDA)	3.9x	5.9x	5.0x	4.1x	3.4x	2.8x	2.2x	1.6x	1.0x
Debt coverage (FCF / Debt maturity)		0.9x	0.9x	1.0x	1.1x	1.0x	1.0x	0.4x	0.7x

Source: Omnes

5.6 Group break-even analysis

The adverse scenario highlights the group's breakeven point, which shows cash generation of €0-1m when EBITDA is €9-10m, i.e. a margin of 32% - 40% based on estimated EBITDA for 2019.

Conclusion	This strong cash generation enables the Group to envisage the implementation of a senior debt repayment of €6.7 million per year. As operating costs are more than 90% related to sales (head office costs and other fixed costs represent 9.3% of total costs), the Group should be able to adjust its expenses in the event of a slowdown in activity to protect its EBITDA margin and cash generation. The relatively high turnover of the productive teams is an indicator of the Group's ability to quickly adjust its payroll if necessary.

6 Planned Transaction

6.1 Context of the transaction

Secondary LBO arranged by Founding Manager Pierre Ebenstein to buy shares in Capza, Florent Ormaechea, and certain minority shareholders for a cumulative amount of €56.0m. Pierre Ebenstein is thus parting company with his CEO, Florent Ormaechea, with whom he has been in disagreement since the first LBO of July 2017.

He is taking advantage of the exit of Capza and minority shareholders to increase his stake (83.1%) and to give his current deputy CEO, Pierre Humbert, a 10.1% stake. Pierre Humbert is destined to become the Group CEO.

6.2 Valuation and peers

6.2.1 Valuation

At closing, the valuation used for the Group was €110.8m. This valuation implies a multiple of 8.4x 2018 EBITDA, and 7.1x 2019 projected EBITDA.

Valuation	31/122018 R	12/31/2019 B	31/12/2019 Att
REVENUE	99,724	114,555	111,702
x sales	1.1x	1.0x	1.0x
EBITDA	13,216	14,607	15,518
x EBITDA	8.4x	7.6x	7.1x
EBIT	13,216	14,034	n.d.
x EBIT	8.4x	7.9x	
Enterprise value	110,833	110,833	110,833

Source: Omnes

6.2.2 Peers

Listed

In €m

Company	REVENUE	EBITDA	EBIT	EV	x REVENUE	x EBITDA	x EBIT	Year
Alten	2,270	232	218	3,589	1.6x	15.5x	16.5x	2019
Altran	2,916	367	300	4,836	1.7x	13.2x	16.1x	2019
Akka	1,503	128	106	1,538	1.0x	12.0x	14.5x	2019
Assystem	444	29	26	579	1.3x	20.0x	22.3x	2019
Average					1.4x	15.2x	17.3x	
Median					1.4x	14.3x	16.3x	

Unlisted

In €m

Company	REVENUE	EBITDA	EBIT	EV	x REVENUE	x EBITDA	x EBIT	Year
Scalian	190	20 - 25	n.d.	200	1.1x	8.0x - 10.0x	n.d.	2018
Vulcan	150	n.d.	n.d.	220	1.5x	n.d.	n.d.	2019

Source: Omnes

The listed peers, the "4As", are valued a little more than one times sales and on average at 15.2x EBITDA.

By applying a 30% discount to the listed peers, we have an average multiple of 10.6x.

In transaction terms, Scalian, which was sold by Andera Partners (Winch) at the end of 2018, was valued by Cobepa on a multiple of between 8.0x and 10.0x EBITDA. Vulcain was acquired in June 2019 by Equistone Partners on the basis of an EV of €220m for a multiple of 1.5x sales.

6.3 Structure

6.3.1 Uses-sources of the operation

Uses	€K	Sources	€K	% sources	%
Enterprise value	110,833	Pierre Ebenstein	33,449		83.1%
Total debt	32,539	Pierre Humbert	4,044		10.1%
Cash	16,520	Other managers			6.8%
Value of securities	**94,813**	**Ordinary Shares**	**40,232**		**100.0%**
		Convertible bonds			
		Total equity	**55,232**	**42.7%**	**100%**
Capza bonds with stock warrants attached (OBSA)	5,000				
Tranche C	8,000				
Tranche B	7,200				
Tranche A	11,670	OBSA	5,000		8%
Interest	669	Tranche B	18,620		29%
Refinanced debt	**32,539**	Tranche A	40,000		63%
		Total debt	**63,620**	**49.2%**	**100%**
Transaction fees	2,000	**Use of cash**	**10,500**	**8.1%**	
Total uses	**129,352**	**Total sources**	**129,352**		

Source: Omnes

The transaction is financed by the contribution of 100% of the shares of Pierre Ebenstein, Pierre Humbert and the remaining managers. Pierre Ebenstein invested €15.0m in cash in convertible bonds bearing PIK interest of 8.0%.

Senior debt in the amount of €58.6m represents net leverage based on 2019 EBITDA at 3.4x. Including the mezzanine tranche, net leverage rises to 3.7x.

€10.5m of available cash will be used to complete the transaction.

6.3.2 Levers

Levers	Pre-closing				Post-closing			
	Dec-19 E		Dec-19 Att.		Dec-19 E		Dec-19 Att.	
EBITDA	**14,607.0**		**15,518.0**		**14,607.0**		**15,518.0**	
(Cash)	(16,519.7)	(1.1x)	(16,519.7)	(1.1x)	(6,019.7)	(0.4x)	(6,019.7)	(0.4x)
Tranche A	11,734.4	0.8x	11,734.4	0.8x	40,000.0	2.7x	40,000.0	2.6x
Tranche B	7,200.0	0.5x	7,200.0	0.5x	18,620.1	1.3x	18,620.1	1.2x
Tranche C	8,000.0	0.5x	8,000.0	0.5x	-	0.0x		0.0x
Senior net debt	**10,414.7**	**0.7x**	**10,414.7**	**0.7x**	**52,600.4**	**3.6x**	**52,600.4**	**3.4x**
Mezzanine	5,565.7	0.4x	5,565.7	0.4x	5,000.0	0.3x	5,000.0	0.3x
Total net debt	**15,980.4**	**1.1x**	**15,980.4**	**1.0x**	**57,600.4**	**3.9x**	**57,600.4**	**3.7x**

Source: Omnes

Given the high visibility on 2019 earnings, the most relevant post-transaction leverage is that calculated on 2019 EBITDA, i.e. total net leverage of 3.7x and senior net leverage of 3.4x EBITDA, based on the latest forecasts.

6.4 Exit and IRR

In the absence of a sponsor, an exit within a time frame of 4 to 5 years is less systematic. However, the early de-leveraging in the management case suggests that in the absence of a liquidity event (tertiary LBO, industrial sale, etc.) the Group will refinance the bonds with another less costly instrument. In the BSA segment, we negotiated the right to 5-year liquidity.

These different factors have led us to use a 5-year exit as the baseline scenario.

Management case

Performance	Closing	Dec. 20	Dec. 21	Dec. 22	Dec. 23	Dec. 24	Dec. 25	Dec. 26	Dec. 27
EBITDA	14,607	16,430	18,902	21,980	25,658	29,849	34,406	34,406	34,406
EBITDA multiple	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x
Enterprise value	**110,833**	**124,665**	**143,422**	**166,776**	**194,684**	**226,483**	**261,060**	**261,060**	**261,060**
Total net debt	57,575	50,390	41,870	31,525	19,078	4,012	(13,751)	(36,343)	(59,263)
CB	15,000	16,200	17,496	18,896	20,407	22,040	23,803	25,707	27,764
Ordinary shares before dilution	38,258	58,075	84,055	116,356	155,198	200,431	251,008	271,696	292,559
Ordinary shares after dilution		58,499	84,479	116,779	155,622	200,855	251,432	272,119	292,983
Mezzanine									
Exercise of stock warrants		(424)	(424)	(424)	(424)	(424)	(424)	(424)	(424)
Equity		610	881	1,218	1,623	2,094	2,622	2,837	3,055
BSA capital gain		186	457	794	1,199	1,670	2,198	2,413	2,631
Exit n+1	(5,000)	5,711							
Exit n+2	(5,000)	150	6,396						
Exit n+3	(5,000)	150	161	7,179					
Exit n+4	(5,000)	150	161	173	8,062				
Exit n+5	(5,000)	150	161	173	186	9,049			
Exit n+6	(5,000)	150	161	173	186	200	10,129		
Exit n+7	(5,000)	150	161	173	186	200	215	10,940	
Exit n+8	(5,000)	150	161	173	186	200	215	231	11,797
IRR		14.2%	14.6%	14.8%	14.9%	14.9%	14.8%	14.2%	13.7%

Source: Omnes (from management data)

Based on management's business plan, the 5-year IRR is 14.9%. The share subscription warrants enhance the performance of the bonds by +€1.7m, +4.4pts of IRR.

Omnes case

Performance	Closing	Dec. 20	Dec. 21	Dec. 22	Dec. 23	Dec. 24	Dec. 25	Dec. 26	Dec. 27
EBITDA	14,607	14,607	14,607	14,607	14,607	14,607	14,607	14,572	14,572
EBITDA multiple	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x
Enterprise value	110,833	110,833	110,833	110,833	110,833	110,833	110,833	110,567	110,567
Total net debt	57,575	49,331	40,877	32,112	23,185	14,045	4,743	(4,630)	(14,331)
CB	15,000	16,200	17,496	18,896	20,407	22,040	23,803	25,707	27,764
Ordinary shares before dilution	38,258	45,302	52,460	59,825	67,241	74,747	82,286	89,490	97,135
Ordinary shares after dilution		45,726	52,883	60,249	67,665	75,171	82,710	89,914	97,559
Mezzanine									
Exercise of stock warrants		(424)	(424)	(424)	(424)	(424)	(424)	(424)	(424)
Equity		477	551	628	705	784	862	937	1,017
BSA capital gain		53	127	204	282	360	438	514	593
Exit n+1	(5,000)	5,578							
Exit n+2	(5,000)	150	6,067						
Exit n+3	(5,000)	150	161	6,589					
Exit n+4	(5,000)	150	161	173	7,145				
Exit n+5	(5,000)	150	161	173	186	7,738			
Exit n+6	(5,000)	150	161	173	186	200	8,370		
Exit n+7	(5,000)	150	161	173	186	200	215	9,040	
Exit n+8	(5,000)	150	161	173	186	200	215	231	9,760
IRR		11.6%	11.7%	11.6%	11.6%	11.5%	11.4%	11.4%	11.3%

Source: Omnes

Based on the Omnes BP, the 5-year IRR stands at 11.5%. The share subscription warrants enhance the performance of the bonds by +€0.4m, +1pts of IRR.

Adverse case

Performance	Closing	Dec. 20	Dec. 21	Dec. 22	Dec. 23	Dec. 24	Dec. 25	Dec. 26	Dec. 27
EBITDA	14,607	8,879	9,407	9,837	10,177	10,177	10,177	10,149	10,149
EBITDA multiple	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x	7.6x
Enterprise value	110,833	67,373	71,379	74,640	77,221	77,221	77,221	77,005	77,005
Total net debt	57,575	52,425	46,808	40,730	34,333	28,460	22,494	16,503	10,241
CB	15,000	16,200	17,496	18,896	20,407	22,040	23,803	25,707	27,764
Ordinary shares before dilution	38,258	(1,252)	7,075	15,015	22,481	26,721	30,924	34,795	39,001
Ordinary shares after dilution		(805)	7,522	15,461	22,928	27,168	31,371	35,242	39,447
<u>Mezzanine</u>									
Exercise of stock warrants		(447)	(447)	(447)	(447)	(447)	(447)	(447)	(447)
Equity		(9)	83	170	252	298	345	387	433
BSA capital gain		(456)	(364)	(277)	(195)	(148)	(102)	(60)	(14)
Exit n+1	(5,000)	5,525							
Exit n+2	(5,000)	-	6,105						
Exit n+3	(5,000)	-	-	6,746					
Exit n+4	(5,000)	-	-	-	7,455				
Exit n+5	(5,000)	-	-	-	-	8,237			
Exit n+6	(5,000)	-	-	-	-	-	9,102		
Exit n+7	(5,000)	-	-	-	-	-	-	10,058	
Exit n+8	(5,000)	-	-	-	-	-	-	-	11,114
IRR		10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%

Source: Omnes

Based on the adverse scenario business plan, the 5-year IRR is 10.5%. The contractualisation of our remuneration at 10.5% PIK makes it possible to guarantee the return.

6.5 Timetable

The closing is scheduled for around 20 December.

6.6 Presentation of partners

The operation is led by Pierre Ebenstein, Founding Manager of MCA. The Group has grown primarily through organic growth and will achieve full-year sales of €111.7m for EBITDA of €15.5m, i.e. a margin of 13.9%.

Pierre Ebenstein is carrying out the transaction with the support of the Senior Banks, whose agent is Crédit du Nord, which takes 30% of the total financing. The rest will be split between Arkea (20%), Bred (20%), CE-IdF (20-25%), Palatine (5-10%), and possibly BPRI.

6.7 Due diligence

Strategic, financial, legal, tax and social due diligence was carried out by Capza during the July 2017 transaction.

The strategic audit was carried out by LEK, the financier by ACA Nexia, the legal and social audit by Bonna Auzas, and the tax audit by Nabarro & Hinge. In their conclusions, the audits did not identify any major risks.

Given the recency of the audits, we have limited the scope of our due diligence:

- Advance VDD and Dataroom reviews of the Group
- ESG audit being carried out by Indefi

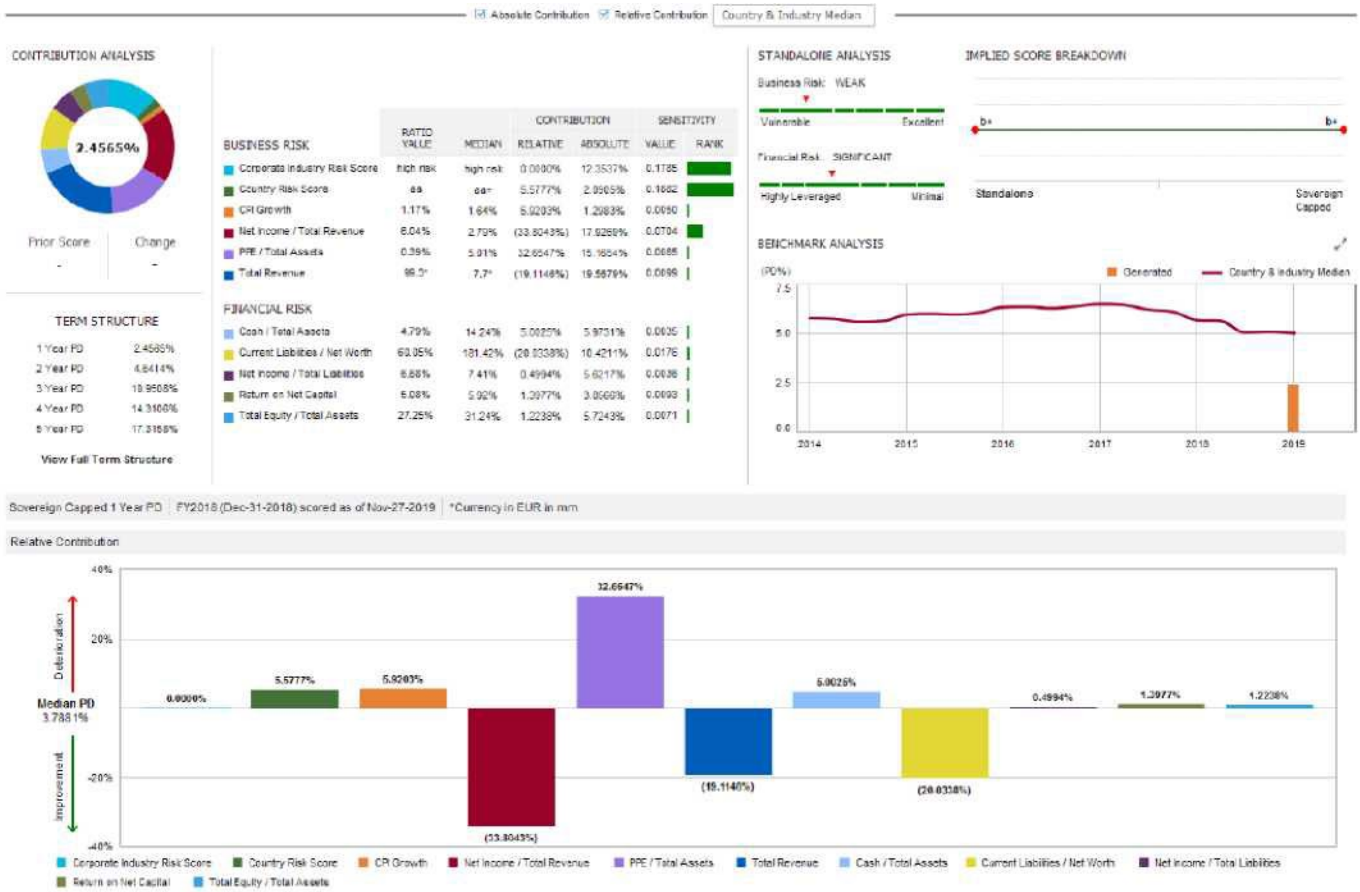
6.8 Main clauses of the legal documentation

- To come

Conclusion	MCA is a group operating in the ICT sector with sales of €111.7m in 2019 for estimated EBITDA of €15.5m. The Group's history of growth and its results have an attractive profile for the Fund. We therefore recommend investing €5m in bonds with stock warrants (OBSA), bearing a total yield of 13.5%.

7 Appendices

7.1 S&P rating



7.2 Internal rating

Description of the transaction	
Borrower	MCA Ingénierie
Sector	Construction & Engineering
Description of the transaction	Mezzanine / Sponsorless
Revenue	114.6m
EBITDA	€14.6m
Enterprise value	€110.8m
Investment ticket	€5.0m

Key
Low rating
Average rating
High rating

Credit profile						
				1	2	3
Categories	Sub-categories	Rating	Input:	Rating scale:		
Business	Customer diversification	Average	2	Low	Average	High
	Geographic diversification	Average	2	Low	Average	High
	Recurring income	Average	2	Low	Average	High
	Historical performance	Average	2	Poor	Average	Good
	Business rating	Medium	**2.00**	Low	Medium	High
Market	Market trends	Upside	3	Downside	Stable	Upside
	Market share	< 5%	1	< 5%	5-20%	>20%
	Cyclicity	Low cyclicality	2	Very cyclical	Low cyclicality	No
	Competition / Pressure on prices	High	1	High	Average	Low
	Market rating	Medium	**1.75**	Low	Medium	High
Governance	Management team	High	3	Low	Average	High
	Shareholding structure	High	3	Low	Medium	High
	Governance rating	High	**3.00**	Low	Medium	High
Finance	**S&P model results**	B+ or BB-	**2**	<B+	B+ or BB-	>BB
Transaction	Cash-out	No	3	Important	Yes	No
	% cash interest / total return	Low	1	Low	Standard	High
	Controlled transfer	Partially	2	No	Partially	In full
	Transaction rating	Medium	**2.00**	Low	Medium	High
Overall credit profile		Medium	**2.15**	Low	Medium	High

Yield					
Cash + PIK + BSA	13.5%	**1.60**	Low	Medium	High

Yield/credit ratio					
Yield / Credit	Very attractive	**-0.55**	Not attractive	Attractive	Very attractive