

2018 Activity Report

C R E A T I N G

S U S T A I N A B L E

V A L U E

A C H I E V I N G

G L O B A L S C A L E

ARDIAN

We are a world-leading private investment house, managing and advising more than \$90bn of assets for governments, financial institutions and high net worth individuals globally. We are a pioneer of responsible investment practices across our five areas of activity: Fund of Funds, Direct Funds, Infrastructure, Private Debt and Real Estate. We generate sustainable, long-term performance that benefits all our stakeholders and seek to create positive social impacts. We are an employee-controlled business whose values are excellence, loyalty and entrepreneurship.



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Foreword



Dominique Senequier
PRESIDENT

What defines success in our industry? For decades, success has depended on our ability to deliver outstanding returns to our investors. Ardian has built an excellent performance record of which I am extremely proud, but I do not believe this will be enough to ensure our success over the next 20 years. The pressure on our industry to deliver sustainable results and demonstrate social value is increasing steadily. There is only one answer: world leaders in investment must become world leaders in sustainability.

This is why we are accelerating the drive to realize our vision of Ardian as an investment company with sustainability and positive impact at its heart. For the past decade, we have been progressively embedding these values into every aspect of our work and during 2018 we have made them even more central to our mission.

We continue to sharpen our focus on the Environmental, Social and Governance agenda across all our portfolio companies and investments, and to set new standards in how we measure and communicate our ESG performance. We have also formally set out our own company's social manifesto: to empower individuals collectively to create sustainable value that will benefit all stakeholders.

Now that we have taken this step, our corporate mission and our ESG activities are more closely aligned than ever. I believe this is crucial because, as one of the largest private investment managers in the world, with \$90bn under management or advised, we are in a strong position to put our corporate values into practice, notably through our work as investors. Our ability to influence this huge portfolio of private investments enables Ardian to have a powerful multiplier effect as we seek to promote our vision of sustainable, shared success.

We are therefore redoubling our attention on the impacts that our activities have in all areas to ensure Ardian makes a positive contribution. We are considering launching impact investment activities but will move cautiously in this already crowded market and we are determined that anything we do must be distinctive, innovative and must fully reflect Ardian's unique culture.

We also plan to reflect Ardian's accelerating global growth by significantly increasing our funding for the Ardian Foundation. This will allow it to expand its international activities and support more social projects that provide opportunities for people from disadvantaged backgrounds. Its programs are growing quickly and one-fifth of our employees are already actively involved in its work. I am particularly pleased that 3,2,1 the Foundation's program to back entrepreneurs in deprived areas, has entered its second year.

As a company, we are also very proud that our leadership on corporate profit sharing has been recognized by the French government. Our example and advocacy have led to changes in the law to allow companies to distribute profit shares to their staff more tax efficiently, and to enable wider distribution of free shares. We see this as a major endorsement of Ardian's long-established sharing agenda and we have found a way to extend this initiative to all our offices.

These are all important steps in advancing our mission as a company. Anyone who knows Ardian recognizes that we have a strong corporate culture and clear values. These factors have been absolutely fundamental to our success from the beginning: as our growth accelerates and our numbers increase, our values will only become more important to the future success of Ardian.

Supervisory Board



From left to right

Didier Deconinck,
Vice-President of the Supervisory Board

Olaf Bonotto

Jean-Michel Verhaegen

François Morrisson

Patrick Thomas,
Chairman of the Supervisory Board

Pascal Christory

Ardian's continued success depends on many critical factors—access to the best talent, an entrepreneurial corporate culture, outstanding governance and risk management, excellent investment performance and clear understanding of our social responsibilities, to name just a few. Over the past year, the Supervisory Board has worked to strengthen the company in all these areas and has supported the management in taking vital steps, including the promotion of a new generation to the Executive Committee.

This process of renewal is vital to ensure a sustainable business model and safeguard Ardian's distinctive corporate culture. Wide employee ownership is another vital element in the company's culture, and we have supported the management in promoting this so that today 60% of staff are shareholders, a claim few other companies can make. This helps to unite everyone around Ardian's vision and gives them a deeper interest in ensuring its performance remains strong and sustainable.

Over the past year, our Audit Committee has focused very closely on risk management. The safety and security of our investors' interests is our paramount concern and we have approved big increases in investment in areas including data protection, safeguarding money transfers and cybersecurity. We now have more than 20 full-time staff dedicated to compliance and risk management, and regularly engage external specialists to stage cyberattacks on our global systems to help identify and remedy potential weaknesses.

Ardian faces a range of risks, not all of which are within its power to control, and I believe the central challenge for this company is to turn

those risks into opportunities. The asset markets Ardian must invest in are expensive by historic standards and if it is to maintain its performance record and satisfy its customers, Ardian must focus more than ever on investment excellence, access to outstanding talent and prudent management of the company's rapid growth.

The Supervisory Board fully supports the management's conviction that sustainability and responsible investment are central to Ardian's long-term success. We applaud the decision to strengthen and expand the Ardian Foundation and set more ambitious objectives for our social engagement and philanthropy. We also thank the many employees who helped to shape the company's sustainability strategy and who showed—through small, everyday initiatives such as the Green Challenge—their willingness to live by the standards we set for our investments.

In small things as in everything else, Ardian is defined by the standards it sets for itself. In discharging our duties as a Supervisory Board, we must measure this company's governance, risk management and compliance against the standards expected of public companies.

With this in mind, we have devoted considerable time over the past year to defining and maintaining a fair balance between the interests of Ardian's LPs and Co-Investors, our shareholders and our employees. These three stakeholders are all critical contributors to the company's success, and therefore one of the Supervisory Board's most important roles is to ensure that the increasing value that Ardian creates is shared equitably between them. If we are careful to maintain this balance, we can be confident that Ardian will continue to prosper.

Patrick Thomas

CHAIRMAN OF THE SUPERVISORY BOARD

Executive Committee

Managing growth the right way

Ardian's growth and progress are accelerating. We are becoming simultaneously bigger, more global and yet we are maintaining our agility. In just 22 years, we have grown into Europe's leading private investment manager, with \$90bn under management or advised.

Appetite to invest in our funds has never been stronger. Our expanded global network is allowing us to attract more LPs and form deeper relationships with them: the fast-growing commitments we are receiving from institutions in Asia and Latin America demonstrate the success of our most recent office openings. The strength of the Ardian brand and the trust we have built up with LPs around the world are enabling us to raise much larger generations of our flagship funds including Secondary Fund of Funds, Buyout, Infrastructure and Co-Investment, and quicker than ever. Our Mandates offering is going from strength to strength, doubling the amount raised last year. More than 80% of the investors in our new Growth fund are entrepreneurs, underlining our outstanding reputation among the business leaders of tomorrow.

At the same time, Ardian's sourcing and execution capabilities are enabling us to deploy our LPs' and Co-Investors' money rapidly into excellent opportunities.

Ardian's global leadership in Secondary Fund of Funds is undisputed, with multiple deals of \$1bn-plus completed in 2018, and we are the leading private investment company in the major eurozone economies. Our growing range of direct investment activities in North America are gaining momentum, signaling the next chapter in Ardian's growth story. Late 2018, we extended our Buyout activity to the US.

Digitalization is a major focus across all our portfolio companies and forms a key element of the investment case for all our direct teams. Like the companies we support, Ardian is itself directly affected by the process of digital transformation. We are therefore re-engineering our organization to harness the potential of digital technologies in areas including investor relations, LP reporting, deal origination and due diligence, to support our rapid pace of growth.

Ardian now numbers more than 590 people, many of whom are shareholders in our company. If we are to achieve our ambition of creating a world-leading private investment manager with its roots in Europe, we must continue to be a first-choice employer for the brightest talents in our industry. Recent innovations such as the Millennial Executive Committee and the Ardian Startup Studio show our strong commitment to put talented young people at the heart of our organization and nurture their spirit of innovation and entrepreneurialism. Ardian's growing global success is a tribute to the energy and dynamism all our people contribute to this company.



Dominique Senequier
President of Ardian



Vincent Gombault
Head of Fund of Funds
and Head of Private Debt



Philippe Poletti
Head of Ardian Buyout



Mathias Burghardt
Head of Ardian Infrastructure



Jérémie Delecourt
Head of Corporate,
International Development,
supervising Human Resources,
Communications,
Fund Finance, Valuation
and Purchasing



Benoît Verbrugge
Head of Ardian US and
Head of Investor Relations



Mark Benedetti
Co-Head of Ardian US



Vladimir Colas
Co-Head of Ardian US



Olivier Decannièrre
Head of Ardian UK



Nicolò Saidelli
Head of Ardian Italy



Jan Philipp Schmitz
Head of Ardian Germany
and Head of Asia

Ardian in numbers



880

INVESTORS

\$28Bn

RAISED IN 2018

\$12.7Bn

DISTRIBUTED TO OUR
INVESTORS IN 2018

\$11.1Bn

invested in secondaries
in 25 transactions

€3.3Bn

invested across our Direct,
Infrastructure and Real Estate
activities in 79 transactions,
of which 34 build-ups

€35M+

Since 2008, more than €35m of
capital gains has been distributed
to 14,000 employees from
24 companies exited by Ardian

Review of 2018

February

ARDIAN ANNOUNCES THE OPENING OF AN OFFICE IN TOKYO, JAPAN

The new office will deepen already established relationships in Japan, as well as consolidate the company's growth across the Asia Pacific region.



April

ARDIAN RAISES €250 MILLION FOR SECOND GROWTH FUND

The fund was raised in only four months and is three times bigger than Fund I. It confirms Ardan Growth's leading position in the European growth equity market. The strong demand highlights the quality of the team and its track record, combining knowledge of entrepreneurship with deep sector expertise.



March

ARDIAN REAL ESTATE RAISES €738 MILLION FOR INAUGURAL FUND

The fund has an investment sweet spot of €50m to €150m and targets European office buildings in the Core-Plus / Value-Added segment; it seeks to significantly enhance rental income through active asset management.

May

ARDIAN RAISES MORE THAN \$800 MILLION FOR INAUGURAL AMERICAN INFRASTRUCTURE FUND

The fund, which was raised in less than six months, will provide investors with opportunities to invest in high-quality US and other OECD American essential infrastructure assets in the transport and energy sectors.



June

ARDIAN OPENS AN OFFICE IN SANTIAGO DE CHILE

This new office will enhance our presence in the region and reinforce our multilocal approach and long-term commitment to the Latin American private equity industry.

November

ARDIAN OPENS AN OFFICE IN SEOUL, SOUTH KOREA

The office will act as a hub for Ardian to serve its growing base of leading, domestic Korean institutional investors including pension funds, as well as increase private equity investment in Korean companies.





Pushing back the boundaries

As our relationships with investors and the scope of our activity continues to expand globally, we are enlarging our footprint with new offices. With this network, Ardian deploys its unique multilocal approach. Our most recent additions are Tokyo, Seoul and Santiago.



Paris
Frankfurt
Jersey
London
Luxembourg
Madrid
Milan
Zurich

Singapore
Beijing
Tokyo
Seoul

15

OFFICES ACROSS
THE GLOBE

590

EMPLOYEES

220+

INVESTMENT
PROFESSIONALS

Scaling up in North America





Mark Benedetti

Co-Head of Ardian US and Member of the Executive Committee



Vladimir Colas

Co-Head of Ardian US and Member of the Executive Committee

“We are expanding our footprint in the US steadily and making rapid progress across investment strategies.”

The US has long been a major market for Ardian’s Fund of Funds platform, but we are now building a significant presence in direct investment activities and the tempo is increasing everywhere. Under the leadership of Benoît Verbrugghe, we expanded our US team to 80 during 2018, adding people on the east and west coasts. Following the opening of our Chile office, we now have our first permanent presence in Latin America. This is already yielding important gains, with strong commitments from Latin American LPs to multiple Ardian strategies.

The US Fund of Funds team recorded its biggest year ever in 2018, completing \$9bn of deals including by far the largest secondary infrastructure transaction ever, with a large Canadian insurer. Overall, we completed five secondary deals of more than \$1bn each, illustrating the growing scale of the opportunity we see in the US secondary funds market.

Alongside this, Ardian’s direct investment activities in the US have been a key focus over the last two years, and we are showing excellent progress. With Benoît, we have created a new structure for our US Co-Investment team with more people on the ground in New York and increased integration with our Fund of Funds team, allowing us to capitalize more effectively on the excellent relationships we have built up with top-tier US GPs. This approach is key to investing ARDIAN Co-Investment Fund V which closed at \$2.5bn, and is already showing good results in terms of deal flow quantity and quality.

In Infrastructure, our first dedicated Americas Infrastructure team already completed two platform investments as well as several build-ups, positioning Ardian as a visible and recognized player in the American infrastructure landscape.

The Ardian North America Fund, targeting smaller mid-cap industrial companies, has already completed two platform deals and one build-up. The team has a strong pipeline, with several deals expected in 2019. Ardian’s European Buyout team has also established a presence in the US, with the arrival of Thibault Basquin. The team is beginning to invest in the US, looking at platform deals and cross border investments, as well as build-ups for European companies and is already composed of three members.

Our long-term strategy of building a large, multi-asset platform in the US is firmly on track.

1999

First steps in Ardian’s international expansion with the opening of the NY office.

2015

Expansion into the US West Coast with the opening of the San Francisco office.

2018

The two offices gather more than 80 employees from the Fund of Funds, Infrastructure, Ardian North America Fund and Buyout activities.

Growing ambitions in Asia





Jan Philipp Schmitz

Head of Ardian Asia, Head of Ardian Germany and Member of the Executive Committee

“We experienced a strong client growth in Asia; over time we want to invest more in Asia also.”

We see huge growth potential in Asia. As incomes across the region increase and the pool of savings grows, appetite among institutions to invest in private equity globally is getting much stronger. Our client numbers in both South Korea and Japan are growing fast. We have received commitments from Asian investors to all the funds Ardian has launched over the past two years including Secondary Infrastructure, Co-Investment, Private Debt, European and North American Infrastructure and Fund of Funds Secondary. The pipeline for Real Estate and Buyout commitments from LPs is strong.

In response, we have recently added to our longstanding presence in Singapore and Beijing with new offices in Seoul and Tokyo, allowing us to provide full local servicing to Japanese and South Korean LPs.

The short-term priority for our new offices is to cement relationships and win increased commitments for future generations of Ardian’s funds—we have already attracted more than \$2bn from Japanese and \$1.4bn from Korean clients and we expect to see these totals rise very significantly over the coming year. Further, we have seen increased commitments from many clients in Greater China, especially in Taiwan and Hong Kong.

In the longer term we see great potential on the investment side. To date we have deployed more than \$3bn through our Fund of Funds platform into more than 100 primary and secondary funds in Asia, along with about \$500m of co-investments into 18 Asian companies. But as our presence grows over the next few years, we also intend to become a bigger direct investor in Asian economies. Private Equity in Asia is still a relatively immature asset class but one with huge potential to grow. We believe this rapidly developing region, which accounts for 60% of the world’s population, will inevitably play a major role in Ardian’s future.

2005

With its brand new Singapore office Ardian officially sets foot in Asia to be closer to its investors and to prospect key LPs.

2012

With an office in Beijing, the firm strengthens its relationships with key private equity market players and the business community in Asia.

2018

Ardian opens new offices in Tokyo and Seoul to complement its increasing pan-Asian focus and to reinforce its multilocal approach and commitment to investors.





P A V E
T H E W A Y

22.

Inspiring others
by investing responsibly

24.

The Ardian Foundation:
committing to social mobility

Inspiring others by investing responsibly

As a pioneer of **Responsible Investment** in private markets for more than a decade, we believe it is crucial that we continue to innovate.



“Impact and ESG are about identifying opportunities to create sustainable competitive advantages. If we think of them just as risk management tools, we miss the bigger picture.”

Candice Brenet
Head of Sustainability

During 2018, we not only undertook the most comprehensive ESG analysis to date of our portfolio companies, but for the first time we expanded our work to assess their impact on society, using the UN’s Sustainable Development Goals. This takes into account not only how they manage their operations, but also the impact they have on society through their supply chains and the products and services they sell.

Next year we plan to go further by developing a methodology to measure this impact more precisely, so that we can monitor it and improve our portfolio companies’ performance during our period of ownership.

This is an important step because the major shareholdings we acquire as a private investment manager give us direct responsibility and influence over many companies. As a result, our efforts to improve their social and environmental impacts enjoy a ‘multiplier effect’ far greater than other businesses of our size. This matters because we believe companies that create positive social and environmental impacts will enjoy increasing competitive advantages in future, as well as exposing their investors to lower risks.

As well as gaining a competitive edge, viewing their performance through the wider lens of impact allows our portfolio companies to increase their resilience and understand better how they can contribute positively to society, taking into account a wider variety of stakeholders.

60%

OF THE 590+ EMPLOYEES ARE SHAREHOLDERS OF THE COMPANY

€35M+

OF CAPITAL GAINS HAS BEEN SHARED BETWEEN 14,000 EMPLOYEES FROM 24 PORTFOLIO COMPANIES SINCE 2008

2018

ESG PERFORMANCE ANALYSIS: COVERED 44 COMPANIES AND 155 GPs

4

FULL-TIME STAFF IN THE SUSTAINABILITY TEAM

Ardian's Impact

Viewing our activities in terms of their impact allows us to see the common themes that unite our work as an investment manager and our involvement in social causes through the Ardian Foundation.

During 2018, we formalized our vision of sustainability into a mission statement that encompasses all our activities, both professional and philanthropic:

'Ardian empowers individuals to collectively create sustainable value for all stakeholders.'

We apply this idea of individual action and collective achievement everywhere: at the corporate level and within our fund portfolios. Our profit-sharing policy is a good example of our commitment to share sustainable value across all stakeholders. Since 2008, we have shared more than €35 million of capital gains between 14,000 employees from 24 portfolio companies and assets that Ardian has exited. This vision also applies to Ardian as a company. For instance, the Green Challenge that we launched in 2018 asks every employee to change their behavior in small but concrete ways that will improve Ardian's environmental impact, for example by giving up disposable drinks cups and using mugs instead.

ARDIAN'S PRI SCORES

The Principles for Responsible Investment (PRI) are given by the UN PRI and calculate the integration of ESG criteria.

- A+** Strategy and Governance
- A+** Infrastructure
- A** Property (Real Estate)
- A+** Direct Private Equity investments
- A+** Fund of Funds



Case study: Solina

Our sustainability roadmap for Solina, the food ingredients company we acquired in 2016, included extending the procurement policy to give more weight to health & safety concerns, securing the supply chain, ensuring quality, and addressing fair trade concerns.

Key successes, in light of current challenges in the industry:

Imported pepper presented a challenge because up to 40% of pepper imported into Europe breaches EU rules on pesticide concentration. To address this issue Solina:

- Switched sourcing to Vietnam, the most trusted global supplier;
- Created a new production operation in India in 2016 with OLAM, a global spices supplier, that complies with EU rules and follows sustainable agricultural practices. First crop in 2019, reaching full capacity in 2021 to meet 100% of Solina's needs.

Nitrite Salt, widely used as a preservative and colorant in ham, is classified by the International Agency for Research on Cancer as potentially carcinogenic. To address this issue Solina:

- Launched Nitrilow, an R&D program to reduce nitrite concentration in meat products and identify a natural replacement;
- Released new low-nitrite products, resulting in a 90% reduction in nitrite concentration in ham and other products since 2016.

The Ardian Foundation: committing to social mobility

The Ardian Foundation gathers our social impact initiatives. Through it, we support projects that provide education and work skills to talented children and young people from disadvantaged backgrounds.

The Foundation's work allows us to use a share of Ardian's profits to promote our vision of social mobility, and it enables our 590 employees to donate their time and professional skills to benefit the communities where we operate. Around a quarter of our staff support the Foundation's work, many acting as long-term mentors to the young people in our programs.

Main initiatives in 2018

A wider age range: Having previously focused on secondary and undergraduate students, we are expanding the Foundation's support for younger children, initially by backing École M, a recently launched primary school in France that uses new teaching techniques. Half the pupils of École M pay fees, the remainder are sponsored by charities, including the Foundation.

A bigger international network: We are expanding the Foundation's activities beyond France to allow more Ardian colleagues around the world to support social impact projects in their communities. We have appointed country managers to co-ordinate activities in all our major territories and are assessing new partnerships in several countries. We also provide match-funding for projects that colleagues around the world wish to support themselves.

A wider focus: Entrepreneurship is one of Ardian's three core values but until recently it has not been part of the Foundation's remit. This changed in 2018 with the successful conclusion of our 3,2,1 pilot project, which funded seven unemployed people from a deprived area of Greater Paris to set up businesses.



“With 3,2,1 we help entrepreneurs who don't necessarily have the skills or network to succeed.”

Yann Bak

Managing Director in the Buyout team, took over as President of the Ardian Foundation in early 2018.

PRIORITIES FOR 2019 AND BEYOND

The Foundation's major aims for the coming year are to internationalize the Foundation's activities further and to explore how we can use digital tools to enhance the effectiveness of our education programs. In these areas we are closely aligned with the concerns of Ardian itself. It has also been decided to increase significantly the Foundation's budget.

3,2,1

A PROGRAM BY THE
ARDIAN FOUNDATION

3,2,1 is our flagship entrepreneurship program, now in its second year with a greatly expanded intake.

Ardian employees, along with staff from our partner organizations, provide six months of training and mentoring to unemployed applicants who want to start their own business, after which they pitch for grant funding.

In our pilot year, seven people completed the six-month program to create a business plan for their venture, which they then presented to the 3,2,1 investment committee. The proposals included a café-theater project, a hair salon, a fabric business, a vegan restaurant and a women's clothing brand. All seven received awards of between €5,000 and €30,000.

In its second intake, the candidates made their presentations to the Foundation's investment committee in April 2019.



3,2,1's second edition



3,2,1's first edition contestants





F U E L I N G
S U C C E S S
T H R O U G H
T A L E N T



28.

Embedding excellence
in our culture

30.

Millennial Executive Committee:
Ardian's next generation
gains a voice



Embedding excellence in our culture

With more than 590 employees around the world, Ardian still carries a unique and strong culture.



“We have to carry on finding new ways to preserve and develop Ardian’s distinctive culture as the company reaches almost 600 people and expands in North America and Asia.”

Jérémie Delecourt

Head of Corporate and International Development, and Member of the Executive Committee

We are an ambitious company aiming to be among the largest private investment managers, not just in Europe but globally. To achieve this we must attract growing numbers of talented and ambitious young people to every part of the company. We offer one of the best places for them to realize their potential.

The distinctive corporate culture that we have created over the past 22 years is key. We have always prized excellence, a strong culture of service and a willingness to assume responsibility. But to remain strong—especially when we are growing so quickly—our culture must develop to reflect the aspirations and priorities of new and more diverse generations of talent.

The young people we attract today are more concerned than ever with Ardian’s social mission and impact: they want fulfilling jobs that use their abilities to the full, but they also want to know that we are concerned with more than just financial performance. They expect Ardian to make a positive contribution to society—and to help them do so as well through the Ardian Foundation.

We have already established initiatives such as the Ardian University to help everyone who joins understand how the different parts of our company work, and learn about our common culture and values. More recently, we have set up the Millennial Executive Committee so that younger staff members can play a bigger role in deciding Ardian’s future direction.

During 2018, we went further and set up Ardian Startup Studio to encourage people to put forward ideas that are good for the company and for their personal development and satisfaction at work. We value creativity and want people to share new ways of thinking.

Our people show the power of their ideas: Ardian Startup Studio.

Over two and a half days in May 2018, more than 40 employees devised and developed ideas ranging from HR initiatives to new digital tools. Nine teams pitched their ideas to the sponsors of the Startup Studio—led by Executive Committee members Philippe Poletti and Mathias Burghardt—who selected the first four projects we are supporting. We are confident they will be the first of many.

2018's Startup Studio Winners

TALENT BY ARDIAN

A web app that shares job vacancies internally and allows staff to recommend people from their networks.



GREEN CHALLENGE

A project to encourage staff to reduce the environmental impact of Ardian's offices by organizing challenges to meet measurable goals.



HORUS

An online tool that helps staff identify internal and external experts to advise on investments.



CONNECT BY ARDIAN

A private social network to strengthen working relationships between employees across all departments.

Millennial Executive Committee: Ardian's next generation gains a voice

“The Millennial Executive Committee works because we have a different perspective from the Executive Committee that allows us to focus on different subjects. This diversity of views is a strength.”

One of Ardian's key priorities is to make sure that we preserve and pass on our distinctive culture and way of doing business as the company grows. Established in 2017, the Millennial Executive Committee is a vital part of this mission. Now in its second year, the Millennial Executive Committee brings together 12 under-35 Ardian team members from our global network of offices to represent the views of the next generation and help it consider how the company should develop over the coming decades.

The Millennial Executive Committee encourages innovation and creative thinking within Ardian. It empowers the next generation of employees to contribute to the company's development, it helps strengthen Ardian's culture, and it motivates talented young people to pursue careers with us.

The group meets twice a year in person and by video-conference every six weeks to focus on key topics that will help to shape Ardian's long-term

success. These topics currently include talent retention, technological change, cohesion, and our social impact and reputation. The Committee agrees upon the initiatives it wants to pursue and closely works in smaller groups with different internal departments to bring each project to life. At least once a year, the Millennial Executive Committee presents its work to the Executive Committee, which signs off on projects that require significant spending or changes to Ardian's structure.

One of the main initiatives over the past year has been to assist the Ardian Foundation with decentralizing its management in order to give our global network of offices more control of the Foundation activities in their territory. As a result, the number of Ardian employees participating in the Foundation's work has doubled since 2016, reinforcing its work to promote social mobility for talented young people from underprivileged backgrounds.

Other Millennial Executive Committee completed projects have notably included expanding Ardian's diversity and inclusion programs, revamping Ardian's integration seminar for newcomers, and increasing the company's presence at universities. In 2019, several additional initiatives are in the works in coordination with the Investor Relations, Human Resources and the Sustainability team. The Millennial Executive Committee looks forward to sharing these updates.



From left to right

Julie Burgermeister
Investor Relations—Paris

Colin Wang
Fund of Funds—Beijing

Gonzague Boutry
Infrastructure—Paris

Inigo Weston
Fund of Funds—London

Maxime Letissier
Communications—Paris

Jason Yao
Fund of Funds—Beijing

Monica Lumsden
Fund Finance—London

Edmond Delamalle
Buyout—Paris

Wilfred Small
Fund of Funds—San Francisco

Giacomo Forti
Buyout—Milan

Leonarda Orani
Infrastructure—Milan

Fabian Wagener
(missing)
Buyout—Frankfurt





P R E P A R E
F O R
T O M O R R O W

34.

Modern tools transform
the investor experience

36.

We explore the potential
of digital

38.

Heralding the age of
augmented infrastructure

Modern tools transform the investor experience

Ardian has attracted many new LPs over the past two years and now has more than 880 investors, including 350 High Net Worth Individuals.



Benoît Verbrugghe
Head of Ardian US and of Investor Relations, and Member of the Executive Committee

“The challenge now is to provide our LPs with access to our data in a much more flexible way. The digital dashboard we are developing will transform the way we report to our LPs.”

As the number of investors we engage with grows, and our range of funds continues to expand, we have expanded our network of offices with new bases in Tokyo, Seoul and Santiago. Our goal is to provide an excellent personal service for our investors, and to invest in high-quality digital tools that will give them the flexibility to access the data they need on demand.

We have already streamlined certain of our processes through technology, for example to gather information and process LPs’ due diligence questionnaires. However, we are now looking to go further, and digitize our LP reporting with a new online portal.

Ardian has always believed in full, transparent reporting to LPs but up to now the quarterly information we provide has been static. Our plan is to replace this with a digital dashboard that will allow LPs to see all the information on their different investments with us in one place. The dashboard will provide full real-time performance data for their portfolios along with cash-flow projections. We also plan to give our LPs direct access to the underlying data on their holdings so that they can do their own analysis.



We are growing rapidly and attracting large numbers of new LPs—half the investors in our latest Co-Investment Fund are new to Ardian, for example. Digital technology holds the key to providing a fast, efficient, high-quality Investor Relations service to a growing global pool of LPs.

880

INVESTORS, INCLUDING
350 HIGH NET WORTH
INDIVIDUALS

3.1

PRODUCTS PER CLIENT
ON AVERAGE

ARDIAN LAUNCHES FIRST FEEDER FUNDS

As part of our fundraising for Co-Investment Fund V, we have successfully launched our first feeder funds with three private banks in France and a fourth in Luxembourg. Under these partnerships, the banks pooled commitments from clients who wished to invest less than the fund's minimum ticket size of €1m.

This project represents a new distribution channel for our funds and met with strong demand. The four feeders each attracted between 50 and 150 investors, opening a new pool of investors for Ardian and providing an attractive, differentiated product offering for our four private banking partners.

We explore the potential of digital

At the beginning of 2018 Ardian established its Digital Think Tank made up of nine millennial-generation staff from across the company under the leadership of Mathias Burghardt.



Mathias Burghardt

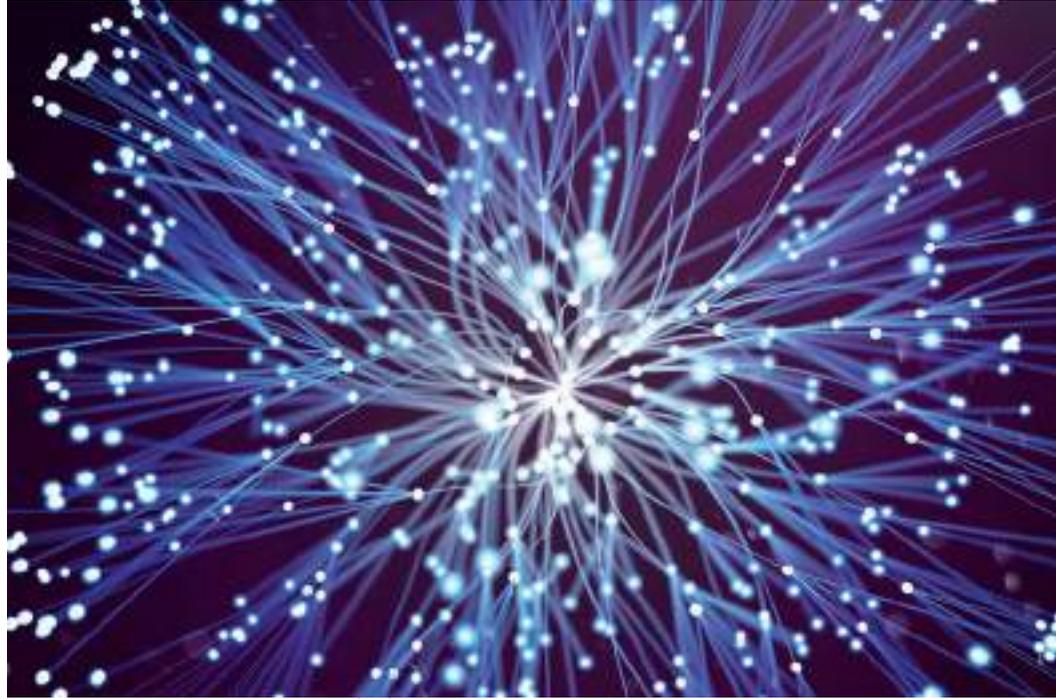
Head of Infrastructure and Member
of the Executive Committee

“The role of the Digital Think Tank is to generate a flow of new ideas for digital solutions within our organization, and to anticipate disruption in the private equity market.”

The Think Tank has two main tasks: collaborating with Ardian’s IT team on internal projects to enhance the company’s digital capabilities and operational efficiency, and ensuring Ardian stays abreast of potentially disruptive developments across the private equity industry.

This initiative complements Ardian’s drive to enhance its service delivery to LPs through digitization projects in its Investor Relations function, including the online LP dashboard that is now in development.

One of the Digital Think Tank’s early projects has been developing new AI-based tools to augment the investment teams’ deal origination capabilities by automating research and data gathering on companies in target sectors. Ardian Growth had already implemented a sophisticated CRM system that allows the team to assemble and process much larger volumes of both structured and unstructured data on potential targets. This has the potential to transform the way the team identifies opportunities and produce a stronger flow of proprietary deals. It should be extended and adapted to Ardian’s other Direct Investment teams over the coming months.



The Think Tank is also examining developments in the US market, where GPs have launched internet platforms that allow investors to subscribe to funds online with significantly smaller ticket sizes. These online platforms have the potential to allow much more efficient, lower-cost distribution of private investment funds, widening the pool of LPs that asset managers can address. However, they raise important issues in areas such as investment suitability and compliance that require detailed scrutiny.

The members of the Think Tank meet on a regular basis, and frequently update the Executive Committee.

Heralding the age of augmented infrastructure

Digitalization is disrupting the infrastructure market by combining physical assets with digital services to create new propositions. This changes the way people access the essential infrastructure around them, and it changes how value is created from infrastructure investments.



As Europe's leading infrastructure investor, Ardian joined with French digital consultancy Fabernovel, to create a new framework for understanding the digitalization of this asset class: *Augmented Infrastructure*. This comprehensive study demonstrates how digitalizing infrastructure creates new opportunities for both owners and users, thanks to the connectivity and huge flows of real-time data that digitalization unlocks. But it also highlights the regulatory and competition issues that digital disruption brings with it.

Ardian Infrastructure now scores all potential investments against five attributes as part of the due diligence process, allowing us to benchmark each asset against its peers to identify opportunities and best practices. This process allows us to map the market opportunity under each heading, indicating where the major value creation opportunities and obstacles lie. We will review our portfolio every year using the same system.

Debate organized on October 11, 2018, following the publication of the study.

5

KEY ATTRIBUTES
OF AUGMENTED
INFRASTRUCTURE

Augmented Infrastructure proposes a new valuation methodology based on the five key attributes of digitalized infrastructure. These assets are:



01. Intelligent

Capable of monitoring their own operational performance and capacity in real time and maximizing the efficiency of the service they deliver. Our portfolio company Ascendi, a motorway operator, uses SustIMS, a system developed with two Portuguese universities, to monitor the condition of its assets, schedule inspections, assess risks and model deterioration and maintenance costs.



02. Open

Forming part of an ecosystem that is open to other players and can support additional services. Amsterdam's Schiphol Airport has opened its API platform to give external developers access to its business data, enabling them to create services that will benefit their customers as well as airport users generally.



03. Prolific

Able to support a growing range of services and provide opportunities to monetize them. 5G mobile has the potential to become 'the platform of platforms,' providing the basic infrastructure that will enable connectivity for everything, everywhere. It will have ten times the capacity of 4G, one tenth of the latency and consume 100 times less power per unit of data transferred.



04. Resilient

Able to absorb shocks and adapt to a changing environment. In 2017, our portfolio company Indigo converted 16,000sqm of car parking in the Paris district of La Défense into co-working, events and exhibition space. This met local demand for new facilities, adjusted to reduced demand for parking space and protected the asset's long-term cash flows.



05. Impactful

Aiming to have a positive impact on society, and as a minimum working to reduce negative externalities. Our renewable energy platform in Italy, 3New, has multiplied its generation capacity ten-fold since 2007, creating sustainable jobs and providing clean energy to thousands of customers. Its growth reinforces the ESG principles that are central to Ardian's investment strategy.



I N V E S T M E N T A C T I V I T I E S



44.
Fund of Funds

48.
Mandates

52.
Buyout

60.
Expansion

66.
Growth

72.
Ardian North America Fund

76.
Co-Investment

82.
Infrastructure

88.
Private Debt

94.
Real Estate

Ardian invests across five private markets. We are the world's biggest Secondary Fund of Funds investor and a major provider of Mandates solutions. In Direct Funds, we are a leading player in the core eurozone economies, from growth capital to large-cap Buyouts. Ardian Infrastructure is the biggest investor in Europe and is expanding rapidly in the Americas. We are one of the largest Private Debt managers in Europe, focusing on Buyout finance. And in our newest activity, Real Estate, we raised and successfully invested the biggest-ever debut fund.

FUND OF FUNDS

US\$51Bn

Primary

Early Secondary

Secondary

Mandates

DIRECT FUNDS

US\$16Bn

Buyout

Expansion

Growth

Ardian North America Fund

Co-Investment

INFRASTRUCTURE

US\$15Bn

PRIVATE DEBT

US\$7Bn

REAL ESTATE

US\$1Bn

Fund of Funds

The world's biggest Secondary player



Vincent Gombault

Head of Ardian Fund of Funds and Ardian Private Debt, and Member of the Executive Committee

Ardian has the world's biggest Secondary Fund of Funds platform and dominates the upper end of the market.

The team partners with major government and private-sector institutions to undertake the largest and most complex transactions, frequently buying portfolios between \$1bn and \$2bn from institutional investors, including pension plans, sovereign wealth funds and insurers. During 2018, Ardian again claimed a major share of the largest secondary deals, including a \$2.4bn transaction with a North American insurance company involving a diversified portfolio of 275 LP interests, which was syndicated to a number of top-tier LPs.

The Fund of Funds team is currently investing its seventh generation secondary platform which closed in April 2016 at \$14bn including co-investment commitments. By the end of 2018, the fund was 83% invested. Ardian also remains a leading investor in Primary Fund of Funds and has continued to significantly grow its Mandates operation, investing around \$2bn in leading buyout managers during 2018.

In addition, the team continues to build on its market leading position by expanding its expertise in energy and infrastructure secondaries. Deals in 2018 included the \$2bn acquisition of a portfolio of infrastructure interests from a North American insurance company, which was also syndicated to a number of top-tier LPs.

“As primary market funds get bigger, the secondary market naturally follows. We think deal flow of \$100bn a year is likely to happen in the near future.”

70

SIZE OF TEAM

25

NUMBER OF
TRANSACTIONS IN 2018

\$11.1Bn

INVESTED IN SECONDARY
TRANSACTIONS IN 2018

S E L E C T E D P R I M A R Y
C O M M I T M E N T S

\$ 1.8 Bn

TOTAL AMOUNT DEPLOYED IN PRIMARY
COMMITMENTS IN 2018 IN 50 FUNDS

Global funds



**KKR Global
Infrastructure III**
03/2018

**Warburg Pincus Global
Growth**
11/2018

EQT Infrastructure IV
12/2018

Lindsay Goldberg V
12/2018

**North America
funds**



Centre VII
01/2018

Thoma Bravo XIII
06/2018

TPG VIII
10/2018

**Blackstone Energy
Partners III**
12/2018

Harvest VIII
12/2018

Europe funds



EQT VIII
02/2018

Triton V
02/2018

Carlyle Europe V
04/2018

KKR Europe V
11/2018

**Macquarie European
Infrastructure VI**
11/2018

Asia funds



Redview II
03/2018

CPE China III
06/2018

HOPU III
09/2018

PAG Asia III
11/2018

SELECTED SECONDARY
TRANSACTIONS

\$11.1 Bn

TOTAL AMOUNT DEPLOYED IN SECONDARIES
IN 2018 IN 25 TRANSACTIONS

Secondary



\$2.4Bn

North American
Insurance Company

275 LP interests
09/2018



\$1.5Bn

North American
Pension Fund

44 LP interests
12/2018

Early Secondary



€100M

European Financial
Institution

1 LP interest
10/2018



\$80M

North American
Pension Fund

2 LP interests
03/2018

Infrastructure
Secondary



\$2Bn

North American
Insurance Company

7 Direct interests
03/2018



\$48M

European Endowment

1 LP interest
12/2018

Energy Secondary



\$94M

European Pension
Fund

3 LP interests
06/2018



\$78M

Various Sellers

1 LP interest
06/2018

Mandates

**Unrivalled flexibility and access
to top managers across the world**



Olivier Decannière

Head of Ardian UK and Member of the Executive Committee

Customized investment mandates—one of the key focus areas of Ardian particularly since the time of the spinoff—broke yet another record in 2018: new mandates with projected future commitments of over \$3bn were confirmed. To Ardian, this tells not only about the overall growth in investor demand for tailored investment portfolios, but also about the trust and satisfaction that investors have in Ardian’s mandate management and services.

But why have Ardian Mandates grown so strongly? Ardian believes it is because of flexibility and access. At Ardian, we tailor each mandate around the client’s organization, investment needs and preferred ways of collaboration. We combine funds across private market strategies, segments and regions. For this, the large Fund of Funds platform that we have today is key, with around \$5bn on average invested annually in primaries and secondaries, providing access to top managers across the world. We offer discretionary and non-discretionary mandates, giving the investors the choice to decide how much they want to be involved in their mandate. Our investors define their own investment horizon and targets and when those targets change, the mandate solution adapts. And in addition, of course, our investors get the operational and reporting services they need.

Within Europe, appetite for Ardian Mandates is also increasing outside our core markets of Germany, Switzerland and France. Southern Europe became a new investor region for Ardian Mandates in 2018. Outside of Europe, we are seeing demand particularly in Latin America and in Asia. Finally, we continue to develop our mandate offering for the relatively mature market in North America.

“Particularly for institutions looking to start investing in private market assets, Ardian Mandates are an excellent entry-route because these investors can benefit from Ardian’s scale and infrastructure from day one.”

\$3Bn+

OF NEW MANDATE
COMMITMENTS IN 2018

\$5Bn

DEPLOYED IN 2018

2

NEW INVESTOR REGIONS
ADDED IN 2018

The power of sharing market intelligence

IN DISCUSSION WITH SYLVAIN GAREAU, VICE PRESIDENT, AT DESJARDINS, THE LEADING COOPERATIVE FINANCIAL GROUP IN CANADA, MARK BENEDETTI AND VLADIMIR COLAS, CO-HEADS OF ARDIAN US, AND LUCAS COLEON, DIRECTOR AT ARDIAN



Mark Benedetti (on the left) and **Vladimir Colas** (on the right)



Lucas Coleon

Sylvain Gareau: We have historically been an investor in many of Ardian's activities including Secondary Fund of Funds, Buyout, Expansion and Infrastructure. In addition, we have had a Primary Mandate in place with you since 2013, to which we have committed a total of \$180m through three series. The main reasons we decided to set up the Mandate was that we wanted exposure to North American mid-cap managers and the Ardian Fund of Funds platform gave us access to the best GPs in that market. This is clearly the best solution for a small team like ours because we get all of the benefits of Ardian's scale in terms of access, information and analysis. Ardian already has relationships with the top names in the industry and has great visibility on which GPs will raise money, when, and what their historic performance has been. It would be impossible for us to track the market with this level of detail on our own and get access to these managers as a first time investor.

Ardian: Our coverage of the North American market is very deep, for sure. We grew from 20 to 25 people in the US Fund of Funds team last year and we will be adding more in 2019, which means we can track hundreds of funds every quarter. Our Secondary business depends on us building very detailed quarterly estimates for each underlying company in those funds. That level of market analysis is an advantage we can share with our Mandates clients to help them achieve their objectives.

S.G.: Ardian essentially acts as an advisor to us: you select the best funds that match our objectives and we retain the right to make the final call if needed. Although, we trust your judgment because you have a lot of expertise in this market and an excellent track record. As a smaller team trying to access a market like this one, where you need deep knowledge because the landscape is constantly evolving, it's essential to build a really strong partnership like the one we have with Ardian. We know that we are getting impartial advice from you at all times.



Sylvain Gareau

Ardian: We always say that we want to be an open book to our clients. We gather a huge amount of data and market intelligence and we share it because it strengthens our relationships and shows that we are committed to supporting them for the long term. It also gives us the ability to accompany our clients as their needs or strategy evolve over time.

S.G.: That has definitely been our experience as well. Your team regularly shares a lot of very detailed information with us about the market and our portfolio and that has been the key to the trusting relationship we've built with Ardian. It's very different to what we have experienced with other managers. Ardian's openness and client servicing is far from typical. We are currently looking to expand the mandates to GPs in Europe and Asia and we are certain that Ardian will already have the capabilities in place to offer us the same level of advice in these geographies.

Ardian: It's a two-way street. Being in constant communication helps us understand your needs better which gives us the capacity to share even more relevant advice. Our teams are also in contact at several different levels of our respective organizations in order to keep the dialog active and to facilitate our integration within your process.

S.G.: That's an aspect of the relationship that really works for us too. We now have access to lots of people within Ardian, not just our contact on the team actually running our Mandate. If we want to discuss our global strategy in infrastructure we can speak directly to Mathias Burghardt, for example, or we can speak to Benoît Verbrugge when we need to. So I would say the overall level of service we receive is excellent. Ardian's monitoring is top quartile: the information is well structured and organized and it's bespoke to our requirements. We like the fact that we receive not only very detailed quarterly reporting on every underlying company in our funds, but also market trend analysis which is very useful, especially for a small team like ours.



Buyout

**Transforming ambitious European
companies into global players**



Philippe Poletti

Head of Ardian Buyout and Member of the Executive Committee

Ardian Buyout occupies a unique position among European investors that gives us major advantages in today's expansive and highly competitive markets.

During 2018 we deployed €1.2bn in five transactions, four of which were primary and proprietary deals at double the market average. With each fund our ability to acquire high-quality companies in off-market transactions has increased along with our fund size, proving the strength of our multilocal approach and our focus on key verticals with strong growth potential.

Focusing on proprietary situations allows us to build closer relationships with management teams and develop a deeper understanding of each business before we invest. It also means we can move faster to implement our transformational strategies, especially international buy-and-build, where we have a strong record of helping portfolio companies enter new territories.

We have also taken advantage of buoyant market conditions to exit five companies and carry out three recapitalizations. Together, these decisions have enabled us to return almost €2bn to our LPs during 2018. The Buyout team has now established a permanent presence in New York and we will have the capability to invest up to 10% of its next fund in North America.

"In our core markets, we are in most cases the preferred partner for family buyouts or carve-outs."

€2Bn

RETURNED TO LPs
DURING 2018



42

INVESTMENT
PROFESSIONALS



€300M to
€2Bn

VALUATION OF TARGETED
COMPANIES

First steps across the Atlantic



Ardian Buyout is preparing to make its first investments in North America. Thibault Basquin, Head of Americas Investments for Ardian Buyout Fund, explains how Ardian plans to bring a distinctive proposition to the world's biggest private equity market.

Why have you decided to base a team in North America?

We believe it's critical to have a local presence in North America for multiple reasons: it's a key destination for our portfolio companies; we see a growing appetite for them from US buyers; and we have seen some nice opportunities of cross border transactions. But for us, it is also equally important to have a North American base which allows us to build closer relationships with our existing clients, while also attracting new LPs. Being on the ground here allows us to spend dedicated time understanding our investors' needs and getting far more granular in explaining our approach. Now we can do more face-to-face meetings and reporting which we believe is invaluable. And for me personally, after 18 years with Ardian, moving to New York to lead a strategic project in the world's biggest private investment market was a great intrapreneurial opportunity.

What makes your proposition different to the other buyout players?

The North American upper mid-cap buyout players are very domestically focused, usually with a single office and a more limited network of relationships in Europe. This is where we see our major opportunity. We can identify cross-border and transatlantic opportunities – European companies looking to grow in the US and vice versa, US companies that want to expand in Europe. To that end, we have



Thibault Basquin

Head of Americas Investments
for Ardian Buyout Fund

“We are focused on a core number of verticals and growth themes where we have a strong reputation and deep experience garnered from our European portfolio.”

a unique multilocal footprint in the major European markets and deep relationships with the key European companies and families, so we offer significant advantages to North American companies that have an eye on Europe and want to accelerate their expansion there. On the flip side of that, we have a strong track record helping our European portfolio companies with build-ups in the North American region.

Which sectors are you planning to target?

We are focused on a core number of verticals and growth themes where we have a strong reputation and deep experience garnered from our European portfolio. We will notably look at companies involved in the food value chain, including ingredients and agribusinesses, chemicals, and in healthcare, including pharma and medical devices. In addition to leveraging our experience, strong relationships and track-record in these areas, we will identify business models that can be replicated worldwide, organically and/or through acquisitions. Lastly, we'll also be working with North American funds that don't have a European arm by offering sellers the chance to roll over part of their investment to benefit from our European roots. In terms of deal size, we expect to invest minimum equity tickets of US\$200m per transaction.

How much experience did you have in North America before moving here?

We have been active here for a long time. Ardian has bought more than 30 North American businesses as add-ons for our European portfolio companies over the past 10 years as they implemented their transformational growth M&A strategies. For example, I managed our investment in Trescal, and we did 27 add-ons for that company, nearly half of them in North America. So we have a lot of exposure to North America through our European assets and we have also successfully sold several businesses to North American strategic and financial buyers. Furthermore, Ardian is well known here for our Secondary Fund of Funds platform and our Co-Investment activity, and we are leveraging their GP relationships to build our network in the US. We already had strong relationships here but having a permanent presence is going to give us a much deeper North American network and much better market intelligence.

What have your priorities been since you arrived in New York?

My first job was to recruit the team. Given this is such an integral aspect of our success, it took me some time as I met a vast group of potential candidates. Our initial team is now in place and consists of four professionals, soon to be five. I've also been spending a lot of time meeting with M&A banks, building our local senior advisory network, talking to our existing LPs, meeting potential clients to explain our strategy and growth plans, and taking advantage of the excellent GP relationships that we have built up over the years through our Fund of Funds activity here. All of these activities are really helping our progress and bringing deal flow our way. I'm very excited about the potential -- we already have several live situations! However, as always, we will move carefully and concentrate on sourcing only the highest-quality transactions.

How we created a continental insurance brokerage to take on the Anglo-Saxon groups

IN CONVERSATION WITH PIERRE DONNERSBERG, EXECUTIVE CHAIRMAN OF SIACI SAINT HONORÉ AND PHILIPPE POLETTI, HEAD OF ARDIAN BUYOUT AND MEMBER OF THE EXECUTIVE COMMITTEE



Pierre Donnersberg (on the left) and **Philippe Poletti** (on the right)



French leaders in insurance brokerage and consulting services

2,500+

employees

€400M

turnover 2018

21

a leading position in 21 African countries



Presence in Singapore, China, the Middle East, Canada and Europe

Pierre Donnersberg: We first met in 2014 when Edmond de Rothschild unexpectedly proposed a stock swap with Jardine Lloyd Thompson which would have led to the takeover of the group by JLT. We didn't want to go down that route so we decided to contact some private equity funds. Ardian entered into the process quite late but when Philippe and I met, we immediately got along. We wanted to remain independent and carry on building an alternative to the big Anglo-Saxon brokers. Philippe was the only one who fully supported our strategy from day one—everyone else was scared of JLT which was threatening to withdraw the international network. I was amazed. Philippe had understood that there were other options.

Philippe Poletti: From our point of view it's interesting as before 2013 we weren't allowed to look at insurance brokers because we were owned by AXA, but we had already done two very good deals in the insurance sector: Icare and Cornhill France. As soon as we became independent, we identified SIACI SAINT HONORE as the best platform to consolidate this market. It was a little like our own story at Ardian: we said to ourselves, "we're going to create a European leader that will stand alongside the big Anglo-Saxon players." Pierre's attitude was exactly the same and so we were allowed into the process. We were convinced JLT wasn't the only option, SIACI SAINT HONORE had to create an international network.

P.D.: That was the start of a new chapter but just six months after Ardian invested we issued a profit warning. It was a disaster that we didn't see coming but Philippe said, "No problem; stay calm; we trust you. I'm sure we'll get out of this hole." His behavior toward the management board was amazing. It gave everyone confidence.

P.P.: But at the same time, we needed to take action. We had to restructure the Middle East, which was losing money, Canada and China, where our profits were cut in half. The second unfortunate surprise was that we found the IT systems were more out of date than we had realized, so we had to recruit a new head of IT and invest heavily in technology. We strengthened the executive team significantly and started to make progress again. Over three years we did eight acquisitions that have repositioned the group and lifted EBITDA from €50m to €87m.

P.D.: The group totally changed over those three years. We were a French company with a small-scale international life insurance business and nothing in property and casualty. Today we are a global company with strong overseas growth. We're now in 21 African countries. We've become a leader with major growth potential thanks to Ardian and to Philippe, who was extraordinary.

P.P.: We have an experienced team at Ardian and SIACI SAINT HONORE could see that we're 100% behind the company. Yann Bak and Edouard Level spent a lot of time with the management team. We agreed the strategy, talked to the team on the ground and helped them as much as we could. Ultimately, we realized our aim, which was to build an independent rival to the major American groups. Then in 2018 there was an approach by one of these American groups to buy the company, which we discussed with Pierre. We felt it was a little early to sell but the management wanted to realize some of their gains so we started a process with only four or five funds and no strategics. Pierre and his team now own the majority of the company and Charterhouse is the new sponsor.

P.D.: But you didn't walk away.

P.P.: Yes, we rolled over 10% so we're still involved with the story because there's a lot more consolidation to come.

We're one of the few funds that can say we've sold companies to their managements without seeking maximum value, because in the end it was a good outcome for everyone. It was also good for the employees because they were able to take the control. Most others don't think that way, which is another thing that makes Ardian different.

P.D.: I will never forget the support of Ardian, even at the worst moments. That's when you find out who your real friends are, not when everything is fine. It felt like the end of the world, but Philippe was confident while I was stressed out. He understood it was a cyclical problem, not a structural one. Within three years, SIACI SAINT HONORE was seeing significant international growth, had moved its head office, wholly restructured its IT and strengthened its management structure.

P.P.: After 20 years in this business we know what it feels like when things aren't going your way. Once we're sure of our strategic vision, we're confident we can deal with bumps in the road.

Investments

Inula

Date of investment: Dec. 2018
Sector: Natural therapies

Ardian purchased a majority stake in Inula, a leading provider of herbal remedies in fast-growing sub-sectors including aromatherapy, gemismotherapy and Bach flowers. Inula is present in more than 25 countries with leading positions in France, Belgium, Spain, Italy and the US.

Neopharmed Gentili

Date of investment: Nov. 2018
Sector: Pharmaceuticals

Ardian has acquired a majority stake in Neopharmed Gentili, a Milan-based maker of cardiovascular, respiratory, antibiotic and over-the-counter drugs, as part of a strategic partnership with its founders, the Del Bono family, to accelerate the company's international growth.



DRT

closed in 2018, already mentioned in 2017 activity report

SFAM

Date of investment: Feb. 2018
Sector: Insurance

Ardian has invested in SFAM, a leading European distributor of extended warranties for smartphone and multimedia devices. The fast-growing company, with 1,300 staff, aims to expand its presence significantly across Europe.



Monbake

closed in 2018, already mentioned in 2017 activity report

Exits

SIACI SAINT HONORÉ

Date of investment: May 2015
Date of exit: Nov. 2018
Sector: Insurance

After three years, Ardian sold most of its stake in SIACI, the leading French insurance broker to the group's management, backed by Charterhouse. Thanks to the group's excellent prospects, Ardian retained part of its interest in the company to support SIACI's future growth.

Italmatch Chemicals

Date of investment: Jul. 2014
Date of exit: Oct. 2018
Sector: Chemicals

Ardian exited its shareholding in Italmatch, a global producer of specialty chemical additives, selling the company to Bain Capital. Over the past four years, the company, which has 17 manufacturing sites globally, has more than doubled its sales to €400m through organic growth and nine acquisitions.



ESIM Chemicals

Date of investment: Aug. 2015
Date of exit: June 2018
Sector: Chemicals

Ardian has sold Austrian fine chemicals manufacturer ESIM, a leading supplier to companies in agriculture, food, drugs, cosmetics, paints and coatings, to Sun European Partners. Under Ardian's ownership, ESIM experienced strong organic growth, increasing headcount by 20%.

Trescal and Fives

closed in 2018, already mentioned in 2017 activity report

Company	Invest. date	Activity	Country	2018 estimated revenues (M€)
 Inula	12/2018	Laboratory of natural therapies	Belgium	93
 Santitas	11/2018	Specialty pharmaceutical company	Italy	169
 DRT	04/2018	Producer of ingredients derived from plant-based chemistry	France	481
 Santitas	02/2018	Broker of smartphone and multimedia insurance	France	268
 Mimbarke	02/2018	Frozen bread and bakery producer and distributor	Spain	306
 OUI	09/2017	Engineering services provider	France	1,080
 TMO	04/2017	Fresh food specialty retail	France	-
 UMITHIB	03/2017	Pharmaceutical CDMO	France	286
 SLV	01/2017	Lighting of residential and commercial spaces	Germany	209
 Walter subcontrat	12/2016	Automobile subcontractors	Germany	154
 HYPREO	11/2016	Biosafety, disinfection and hygiene solutions	France	208
 Dedalus	07/2016	Medical software	Italy	165
 EVENSON PHARMA	07/2016	Medical communications software	United Kingdom	127
 TRIGO	07/2016	Inspection quality control services	France	436
 stacotechnik	02/2016	Audio equipment manufacturer	Germany	128
 OLMA	02/2016	Food ingredient mixes	France	440
 AGI INVESTOR GROUP	05/2015	Brokerage and consulting services	France	405
 Schleich	07/2014	Toy manufacturer	Germany	170
 NHV	01/2014	Helicopter transport	Belgium	171
 RIEMSER	08/2012	Specialty pharmaceutical company	Germany	131
 PHOTONIS	09/2011	Industrial group specializing in photo-sensor technology	France	141
 DIGI	07/2011	Online travel agency	France	509
 HSE24	03/2010	Teleshopping group	Germany	840
 LÖWEN PLAY	04/2008	Gaming arcades operator	Germany	308

Expansion

**Building Europe's lower mid-cap
growth champions**



François Jerphagnon
Head of Ardian Expansion

The Expansion team specializes in helping entrepreneurs to accelerate growth and expand their company's international footprint, notably with selective acquisitions. Ardian Expansion's strong reputation for supporting management teams to execute growth strategies helped them complete four acquisitions in France, Italy and Belgium during 2018 with typical commitments of €25m-€100m per transaction.

A key ingredient in the Expansion team's success to date is their detailed scrutiny and testing of growth plans. This is especially important in today's highly valued markets where strong revenue growth, coupled with robust margins, helps to cushion the portfolio against any decline in earnings multiples between acquisition and exit. On that measure, 2018 was an excellent year, with average organic revenue growth across the portfolio of 10.5%.

This was also a strong year for exits, with seven companies sold by the year end including the first exit in Fund IV. Five of the disposals were from Fund III, which has now seen seven of its 13 holdings sold.

"The key for us is to spend as much time as possible with management teams well before any sale process begins, to be sure we understand their growth plans and how we can help."

17

BUILD-UPS COMPLETED
IN 2018

22

INVESTMENT
PROFESSIONALS

€50M to
€300M

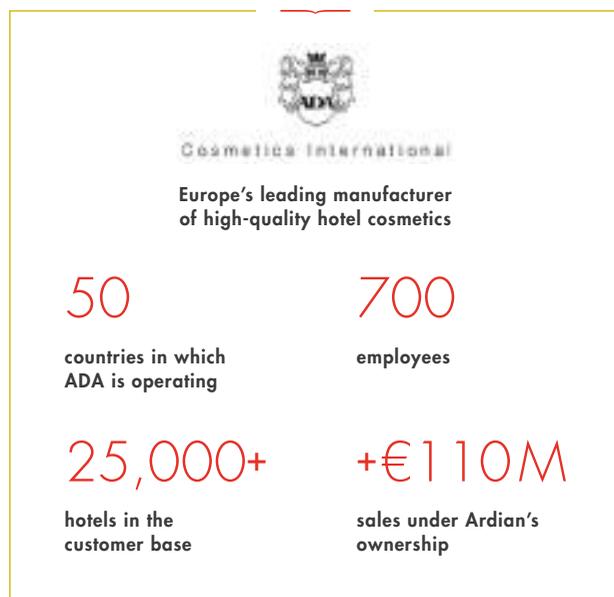
VALUATION OF TARGETED
COMPANIES

Executing a buy-and-build strategy to unlock rapid international growth

IN CONVERSATION WITH WILHELM KOENNING, CHIEF EXECUTIVE OFFICER OF ADA COSMETICS, AND MARC ABADIR, MANAGING DIRECTOR AT ARDIAN EXPANSION



Wilhelm Koenning (on the left) and **Marc Abadir** (on the right)



Wilhelm Koenning: We had an extremely successful partnership with the team at Ardian over four years and the foundation of that was that they really understood our business and they were 100% committed to the growth plan we agreed at the beginning. One of the main reasons they knew our business so well was that 2014 was the third time they had considered investing in ADA. If a potential partner is that committed and has a lot of insight into your industry, it helps a lot.

Marc Abadir: It's true that we looked at the business several times and over those years we came to appreciate ADA and its management team more and more. When it came to 2014 we were convinced this was a great opportunity and we were determined to do the deal. Although by then it was a tertiary buyout, we knew this was a deal with big potential because the previous private equity owners had left one of the main value creation levers for ADA—buy-and-build—untouched. The company was extremely well positioned in the German speaking region of Europe with strong organic growth and a management team that was keen to start consolidating their market. It was an excellent platform.

W.K.: We had reviewed several buy-and-build opportunities with our previous sponsor but for various reasons they didn't pursue them. This time we needed a partner that was totally committed to the strategy—Ardian's track record of international buy-and-build and their approach were the real differentiators for us. When we signed the deal, we had a list of at least ten potential targets and in cases like Scandinavian Amenities we had already spoken to them and were confident a deal was possible. It was the same with the company we acquired in Malaysia: we knew them well and we were able to get straight into bilateral talks. Pacific Direct was different since that was an auction driven by their private equity owner. It was by far our biggest acquisition, but we knew exactly what we were buying because they were in the same business.

M.A.: Because we had the same vision as ADA's management from the start, we could begin executing the strategy immediately. We invested in ADA in August 2014 and did our first acquisition in April 2015, buying Scandinavian Amenities and shortly thereafter we acquired Pacific Direct in September 2015. That meant that we almost doubled the size of the group in a year.

W.K.: Ardian executed the plan with us in a very timely way and I'm really thankful for that because it is not the norm. But that's what good management does: analyzing, planning and executing what you've said you would do. We were very pleased to be moving ahead at last, but we suddenly found we'd taken a major leap in size, especially after Pacific Direct. Our back office didn't fit the new organization any more, we had three production facilities instead of one, our supply chain was getting stretched and we had to integrate three companies with more than 400 new employees. It was a steep learning curve but we looked at everything from the perspective of best practice. That helped a lot because once people see that's how you're doing it, they buy into the process much more easily.

M.A.: The most important thing was to fit the different cultures together. I think their desire to adopt best practice, no matter which part of the organization it came from, was key. But it was also crucial to bring in an outside expert to help with the integration process.

W.K.: Yes, since we were new to acquisitions, Ardian supported us, for example in hiring a post-merger integration manager who stayed for about a year and did a superb job in helping us to tie up all the loose ends. In the end we realized a substantial amount of the synergies we had identified prior to the acquisitions. We made tremendous progress over those four years but we knew our partnership was for a limited period—unfortunately the more successful you are

the shorter it is. It was a mutual understanding that our next stage, particularly in North America, would be done with a new financial partner.

M.A.: Whenever you exit a great company you do it with both smiles and tears. We had our challenges, but due to a strong partnership with the management team of ADA, we overcame them. We'll watch how ADA evolves with great interest and hope their next partnership is as fruitful as this one. It was an excellent investment for Ardian.

Investments

Technology & Strategy

Date of investment: Jan. 2019

Sector: Technology consulting

Fast-growing tech consultancy which specializes in engineering, IT, digital and project management consulting in Europe, T&S has joined the Expansion portfolio. Over the last five years, T&S has achieved organic growth of above 20% a year as well as completing several acquisitions.



Trustteam

Date of investment: Oct. 2018

Sector: Information & Communications Technology services

Ardian has acquired Trustteam, a Belgian information and communications technology outsourcer that serves the SME market. The company aims to further expand its client base of around 1,500 companies, particularly in France, by pursuing a buy-and-build strategy.

Opteven

Date of investment: Oct. 2018

Sector: Insurance

Ardian Expansion bought a majority stake in Opteven, a specialist in vehicle breakdown cover, maintenance contracts and roadside assistance, from the insurance company Aviva and Capzanine. More than 150 employees had the opportunity to reinvest or become shareholders as part of the transaction.

Corob

Date of investment: Aug. 2018

Sector: Industrial automation

Ardian has invested in Corob, a leading global supplier of automated dosing and dispensing equipment for chemicals, paint, coatings and inks industries. The Italian company, founded in 1984, has 700 employees and generates nearly 60% of its revenue in the US and Asia.



Exits

ADA International

Date of investment: Aug. 2014

Date of exit: Oct. 2018

Sector: Hotel toiletries and cosmetics

Ardian Expansion sold Europe's leading maker of high-end hotel toiletries to Moonlake Capital. ADA doubled in size under Ardian's ownership, greatly extending its international footprint with three key acquisitions, as well as registering rapid organic growth.

DIAM Group

Date of investment: Sept. 2016

Date of exit: June 2018

Sector: Point-of-Purchase Display

Having seen revenues rise more than 50% between 2015 and 2017, Ardian Expansion sold its majority stake to management, backed by EMZ Partners and BNP Paribas Développement. DIAM is the global leader in merchandising solutions for luxury and cosmetic brands. Ardian has also supported DIAM on its digital transformation journey and in its CSR activities, alongside following market evolutions and providing higher value solutions to its clients.

Serma Group

Date of investment: Apr. 2015

Date of exit: May 2018

Sector: Electronic engineering

Ardian agreed the sale of Serma to its management backed by Chequers Capital after a three-year investment. Serma is specialized in electronic technologies for aerospace, transport, energy and medical customers. The group has grown strongly, both organically and via four niche acquisitions.

Groupe Bio7

Date of investment: Jul. 2014

Date of exit: Mar. 2018

Sector: Clinical laboratories

Cerba HealthCare has acquired Groupe Bio7, a leading French clinical pathology specialist with more than 75 laboratories, from Ardian Expansion. Under Ardian's ownership, Bio7 doubled in size and enlarged national coverage, with revenues at around €110m in 2018.



EXPANSION PORTFOLIO

Company	Invest. date	Activity	Country	2018 estimated revenues (M€)
	01/2019	Specialist in engineering and IT consulting	France	117
	10/2018	Integrated one-stop-shop ICT provider for SMEs	Belgium	24
	10/2018	Insurance company specialized in mechanical breakdown cover and roadside assistance	France	157
	08/2018	Supplier of tinting machines for point of sales	Italy	85
	01/2018	BPO (Business Process Outsourcing) service provider	Germany	238
	12/2017	Builder of single homes	France	190
	09/2017	Manufacturer of machine systems for the dental and manufacturing industries	Germany	39
	12/2016	Laser systems for eye surgeries	Germany	45
	09/2016	Non-invasive orthopedic equipment	France	83
	07/2016	Cold sterilization services	France	36
	04/2016	RFID-based access, locking, time control and vending systems solution provider	Austria	63
	02/2016	Business process outsourcing (HR / Finance)	Italy	59
	07/2015	E-commerce retailer	Germany	186
	06/2015	Automotive components manufacturer	Italy	41
	07/2014	Global construction and public works contractor	France	1,967
	12/2013	Provider of location and data collection satellites	France	129
	12/2013	Contract Development Manufacturing Organization	France	128
	09/2006	Industrial framework for single family houses	France	38

CENTRAL & EASTERN EUROPE PORTFOLIO

Company	Invest. date	Activity	Country	2018 estimated revenues (M€)
	12/2016	Distributor and servicer of tyres and wheels, fleet servicing	Hungary	79
	12/2015	Animal feed manufacturer	Poland	128
	02/2014	Fitness clubs	Romania	28
	05/2011	Fiber broadband internet, cable TV and IPTV service provider	Latvia	17
	02/2011	Manufacturer and distributor of agrifood products	Poland	36
	11/2010	Ophthalmology clinics	Poland	12

Growth

**The leading growth capital investor
in continental Europe**



Laurent Foata
Head of Ardian Growth

Ardian Growth took a major step forward during 2018, closing Ardian Growth II at €250m, nearly four times the size of its predecessor. More than 80% of the LPs in the new fund are entrepreneurs, confirming Ardian's position as the key brand in growth capital across continental Europe with access to an unrivaled network of contacts.

The Growth team invests in businesses across multiple industries that are benefiting from digital transformation, on top of their franchise in software publishing, IT services, online marketing and e-commerce. They combine sophisticated big data analysis of news, financial and social media sources populating their proprietary IT screening platform with an active events program to connect with high-growth companies and entrepreneurs all over continental Europe.

Through 2018, Ardian Growth completed four new investments, extending its position in southern Europe with its second deal in Spain, as well as two further transactions in Italy. The team has expanded significantly to reflect Ardian's increasing presence in growth capital, adding four new members during the year.

"In our line of business, with primary exposure to digitalization's secular trend, far-reaching access to information and extracting actionable insights from it in real time is a must have. We learned this from our entrepreneurs, and practice daily to stay ahead of the crowd."

12

INVESTMENT
PROFESSIONALS

€250M

ARDIAN
GROWTH II

6

PORTFOLIO COMPANIES'
FOUNDERS RELOCATED
TO THE USA TO LEAD GROWTH

The entrepreneurial DNA that drives Ardian Growth

IN CONVERSATION WITH MATTEO DE BRABANT,
FOUNDER OF JAKALA AND LAURENT FOATA,
HEAD OF ARDIAN GROWTH



Laurent Foata (on the left)
and **Matteo de Brabant** (on the right)

JAKALA
SOLUTIONS

The Italian leader in the outsourcing
of marketing services

400+

clients in portfolio

€250M

turnover in 2018

500

employees

12

offices across
8 countries

Matteo de Brabant: Three years ago we had no international revenues, but now we're among the top five in Europe, with €250m in turnover and half of that outside Italy. So we've grown very fast, and this gave us a lot of options to raise money—strategic investors, private equity, even an IPO. But I decided to join forces with Ardian because Laurent Foata, Bertrand Schapiro and the team have an entrepreneurial approach and they really know both B2B markets and digitalization, which isn't very common in private equity. As soon as we started talking, we were exchanging ideas about possible growth plans and acquisition targets. We're very focused on growing in Europe, especially France and Spain, and these are geographies where Ardian has a strong footprint too.

Laurent Foata: It's much harder to build a business and reach critical mass in our sectors if you're based in fragmented markets like Italy, France or Spain than it is in the US. To succeed as Matteo and his team have done, you need an incredible instinct for survival and reinvention. For us, as growth investors at home in Southern Europe, that's crucial. Put that together with Jakala's ability to disrupt its markets and Matteo's very strong personality, and you have the kind of company we search for—a needle in the haystack.

M.d.B.: I think Italians are used to unpredictable situations and that's why we're very flexible. I can't say where Jakala will be five years from now but I'm very focused on growth and scale. We are always ready to experiment and try new things, that's our attitude.

L.F.: It's a very European approach. We're not going to take a predefined market vertical and limit ourselves to just applying the industry's best practices. We're going to proceed pragmatically, stay close to our customers so we understand how to deliver value and at the same time be bold and ambitious in our approach. The advantage when you start in a market like Italy is that

you quickly outgrow it, so you have no other choice than expanding internationally. It's Darwinian—a question of ambition. And if you build on the core values we've discussed—that ability to be flexible and reinvent yourself—you have everything you need to become the undisputed leader in Europe.

M.d.B.: My dream is to become a global leader. Unlike most Italian entrepreneurs, I've never worried about being the majority shareholder. I've always been focused on building relationships with the different stakeholders: the management team, shareholders, clients, suppliers and potential partners. The key to achieving my dream is to find great managers who complement my approach and have the expertise I don't have. My job is 'just' to motivate and convince them to share my vision.

L.F.: This kind of international growth project is precisely what we look for at Ardian Growth and it's precisely what we're set up to support. We have more than a decade of experience in continental European markets, deep knowledge of the sectors we focus on and a huge network of entrepreneurs and managers who can help Jakala. Over the coming years we will use these strengths to help Matteo build up this company's influence and achieve his ambitions.

M.d.B.: We have made more than ten acquisitions in the last 15 years and I'm convinced that we need strong organic growth as well as M&A. Organic growth is obviously at the core but without M&A, you miss those moments of discontinuity that allow you to change the organization, look again at your offer and question your pricing. A company like ours needs these moments because we must keep adapting and innovating. If you have a strong management team and a great partnership with your investors—as we do with Ardian—you can achieve the growth we are aiming at. The reason I also invested

personally in Ardian's Growth fund is the same: I choose people and companies that I like and trust, who leverage on a really strong relationship.

L.F.: Great entrepreneurs like Matteo represent 80% of the investors in our new fund. This is a massive advantage, not just in terms of market intelligence, insight on business models or expansion of our ecosystem reach, but also because they give Ardian huge credibility when we're approaching new entrepreneurs. It helps us to source deals or build-ups and also to put forward a strong independent candidate for a seat on their board. The value we create like this is much greater than if we were working alone.

M.d.B.: Whenever I talk to another entrepreneur who is looking at options, I naturally introduce them to the partners I have chosen.

L.F.: It may seem funny but the thing that we've learned through our networking events for entrepreneurs is that when we want to convince someone new to partner with Ardian Growth, the best people to explain what we do isn't us—it's our entrepreneurs.

Investments

IWD

Date of investment: Jul. 2018

Sector: Software

Ardian Growth took a stake in IWD, an innovative publisher of 2D, 3D and Virtual Reality software that helps luxury brands develop their merchandising strategies and carry out training programs.

JAKALA

Date of investment: Jul. 2018

Sector: Digital marketing services

Ardian Growth took a minority stake in Jakala, Europe's third-largest digital marketing services provider, as part of a club deal alongside a group of Italian investors. Jakala has revenues of €250m and aims to expand its European presence and extend its suite of digital services.



FiloBlu

Date of investment: June 2018

Sector: E-commerce consulting

Leading Italian e-commerce consultancy FiloBlu welcomed a partnership with Ardian Growth by opening its capital in mid 2018. The deal will support FiloBlu, which develops digital strategies for brands and retailers, to strengthen its international presence and invest in technology innovation.



MKD

Date of investment: June 2018

Sector: Fleet management

Ardian Growth increased its presence in Spain with an investment in MKD, an online service that enables vehicle fleet managers to outsource maintenance and repair services. Founded in 2014, MKD has revenues of more than €20m and serves leading global car hire companies and corporate fleets.

Exits

Plebicom

Date of investment: June 2010

Date of exit: Dec. 2018

Sector: Web marketing

Plebicom offers innovative and omnichannel marketing solutions targeted at customer conquest, loyalty and monetization, leveraging on its expertise in affiliate marketing, sourcing and loyalty program setup and management. Having helped the founders diversify and expand the business, Ardian Growth sold its stake through a sponsorless buyout.

Consort NT

Date of investment: Jan. 2012

Date of exit: Jul. 2018

Sector: IT consultancy

Having helped leading digital services company Consort NT increase its revenues fivefold to €150m and expand from 400 to 2,200 employees Ardian Growth sold its minority stake in the company as part of a management buyout.

Piz'Wich

Date of investment: Dec. 2016

Date of exit: Apr. 2018

Sector: Food

Piz'Wich, maker of the innovative Pizza Pocket frozen snack, was sold to Frostkrone of Germany, one of Europe's leading makers of frozen convenience foods and snacks, having achieved rapid growth through a successful strategy of global industry partnerships.

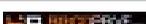
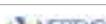
Bricoprivé.com

Date of investment: June 2015

Date of exit: Apr. 2018

Sector: E-commerce

Ardian Growth sold its stake in the leading French private sales website for DIY, gardening and home improvement products to Florac Investments. During Ardian's investment period, Bricoprivé expanded into Italy, Spain and Portugal and increased revenues from €28m in 2015 to €100m in June 2018. Ardian kept a stake in the company.

Company	Invest. date	Activity	Country
	07/2018	Merchandising software publisher	France
	07/2018	Outsourcing of marketing services	Italy
	06/2018	Digital consulting and e-commerce delegation platform	Italy
	06/2018	Online platform that offers maintenance supervision and repair services for the fleet management sector	Spain
	06/2017	Marketing e-mail software editor	France
	04/2017	Spanish digital agency	Spain
	04/2017	Online parapharmacy	France
	03/2017	Software and IT for architects	France
	07/2016	Comparison service	France
	04/2016	Mobile programmatic buying agency	France
	12/2015	Cloud digital agency	France
	12/2015	Equipment and technology for air and water quality measurement	France
	12/2015	Windev software development software for IS architecture	France
	06/2015	Information systems consulting for human resources	France
	06/2015	Gardening and DIY e-commerce	France
	05/2015	Self check-in / check-out solutions in hotels	France
	01/2015	Digital and mobile consultancy and design	France
	01/2015	Project management software publisher	France
	12/2014	Software editor for telecoms supervision	France
	05/2014	Web and cloud hosting solutions	France
	05/2014	Load-testing software editor for web or mobile apps	France
	01/2014	IT services and software editor	France
	04/2013	Online marketing and interactive advertising	France
	04/2013	Plastic card personalization solutions	France
	07/2011	Facebook marketing agency	France
	04/2011	Online payment solutions provider	France
	04/2011	Publisher in the e-buying solutions as well as sustainable development markets	France
	07/2010	Online travel agency	Italy
	01/2010	Online marketing and interactive advertising	France



Vincent Fandozzi

Head of Ardian North America Fund

Ardian North America Fund's team has committed to their first two investments, Revere Plastics and HDT Automotive Solutions. Ardian North America Fund is the first direct investment activity established as part of Ardian's long-term expansion strategy in North America.

The eight-strong investment team, led by Vincent Fandozzi, targets cash-generative lower mid-market industrial companies with EBITDA of \$10m-\$50m, aiming to improve operational performance and build their international presence with the aid of Ardian's global reach in buyout markets.

During 2018, the post-acquisition process of transformation and investment continued at both HDT and Revere, laying the foundations for the much stronger operational performance that is now coming through. The deal pipeline also grew significantly as the year progressed and the team entered 2019 in advanced discussions on three further transactions, signaling a pick-up in deployment of the fund this year.

"We now have much stronger deal flow while prices remain attractive for the high-quality industrial assets we target."

\$10M to
\$50M

EBITDA OF THE TARGETED
COMPANIES

8

INVESTMENT
PROFESSIONALS

The integration of auto parts makers create a global group

IN CONVERSATION WITH PATRICK PAIGE,
CHIEF EXECUTIVE OFFICER OF HDT GROUP,
AND VINCENT FANDOZZI, HEAD OF ARDIAN
NORTH AMERICA FUND



Vincent Fandozzi



Manufacturer and supplier of fluid-handling systems and precision aluminum parts

10

manufacturing facilities



servicing the North American, European and Asian automotive markets

4,000+

employees

Why was Patrick Paige the ideal CEO for this integration?

Vincent Fandozzi: Patrick has 32 years' experience in industrial companies and the job we asked him to do was to turn this into a truly global organization, as opposed to a set of global assets. He has created a team at the top of the company and now they're setting out a five-year vision for the business. The work Patrick and his team are doing backs up our investment thesis when we underwrote the transaction, which was that these were strong companies with great customer relationships and putting them together would give us a broader set of opportunities. But it needed melding into one management team with a single vision. We can see that happening now and we're starting to see the benefits of creating a single, global organization that can do more for its customers. For example, Ford had never given business to Huron outside North America, but now we've qualified our Polish plant and we're getting business from Ford in Europe for the first time. We're also talking to customers about other significant projects, so we're starting to see what this business is capable of, once it's been properly integrated.



“We had strong products and customer relationships, but we are now putting systems in place to allow us to operate as one very strong and highly profitable global unit.”

Patrick Paige

What have your priorities been since you took over as CEO in early 2018?

Patrick Paige: My first job was to create a stronger organization at the top. I’ve brought in a new CFO and a new head of HR, and we’ve promoted internal candidates for the Chief Commercial Officer and Chief Information Officer roles. Then we worked on creating one organization from the companies that Ardian merged to form HDT: Huron, which was US-based, and Dynamic Technologies, which had nine plants outside the US. I soon realized that every plant had different operating systems and practices, so effectively we were ten separate businesses, not two. The group was extremely fragmented and many of the people running the plants had never met each other. Likewise, many senior managers in the company had never met in person. We had strong products and customer relationships, but no systems in place to let us operate as one global unit. We’ve made

progress in this regard but we still have much work to do. However, what made the first few months even more challenging was that in Canada we were building up for the biggest product launch in the company’s history and the plant there was having problems. I knew before I joined that we needed to improve our operations significantly and we started with Canada. In 2018, I spent 80% of my time there—we’ve now implemented lean operating principles and we have strong traction. We finished 2018 much stronger than the year started and 2019 may be the best year in the plant’s history.

What are your major objectives for the company now?

P.P.: Now that we’ve got a plan to install the same operating system in every plant, I’ve brought together our top 17 executives globally to develop a strategic vision, supported by a detailed plan for HDT. We’re confident we can deliver tens of millions of dollars of operating improvements over the next few years and generate very strong organic growth in both revenue and EBITDA. We’re also looking carefully at the opportunities in electric and hybrid vehicles. Our major expertise is in cooling systems for vehicle powertrains and the number one challenge the electric vehicle market faces today is cooling the batteries. The engineering principles that apply to our cooling systems are transferable, so a big objective for me is to position us for success in battery cooling systems and technologies for electric vehicles.

Co-Investment

**Diversified exposure to top-tier
private equity deals**



Alexandre Motte, Head of Co-Investment (on the left) and **Patrick Kocsi**, Managing Director of Co-Investment in North America (on the right)

With the strong support of three members of the Executive Committee: Benoît Verbrugge, Mark Benedetti and Vladimir Colas

With the successful close of Co-Investment Fund V at \$2.5bn, more than three-times the size of the previous generation, Ardian has cemented its position among the world's biggest Co-Investment players. The new fund attracted a much more global spread of investors than previous generations, including LPs from Germany, Italy, Chile, Colombia and Korea. It also marked the first time the company had raised money through feeder funds managed by four European private banks.

To reflect Ardian's growing Co-Investment capacity, we have expanded our team and created a structure that integrates the investment managers more closely with our Fund of Funds platform, so that Co-Investment can capitalize more efficiently on Ardian's deep relationships with the world's leading GPs. In the US and Europe, Co-Investment now has local investment professionals working alongside a dedicated GP relations team responsible for deal origination.

This change is already producing results: deal flow has increased from 87 proposed transactions in 2017 to well over 100 in 2018. We have completed 11 deals to date in Fund V, evenly split between the US and Europe, and ranging in size from \$10m to \$60m. Up to 10% of the fund can also be invested in Asian deals.

"We adapted our approach in the US to better answer the demands of investors."

Benoît Verbrugge

26

INVESTMENT
PROFESSIONALS

50

DEALS TARGET
IN FUND V

50%

OF LPs IN FUND V
ARE NEW TO ARDIAN

Reinforced structure to support greater deal flow

IN CONVERSATION WITH ALEXANDRE MOTTE, HEAD OF CO-INVESTMENT AND PATRICK KOCSI, MANAGING DIRECTOR OF CO-INVESTMENT IN NORTH AMERICA

Alexandre Motte: Over the past year we've created a much stronger team for Co-Investment in New York in preparation for our investment period with the new fund. Now that we are managing a far bigger pool of capital in Fund V, we are going to be looking at a lot more deals in the US so we needed a more robust and formal structure, both to handle a bigger flow of deals and to liaise more closely with the major North American GPs we will be working with on transactions.

Patrick Kocsi: The idea of the new team structure is that we will work very closely with the Fund of Funds team in New York so that we can capitalize better on their excellent GP relationships and ensure we can look at opportunities quickly and efficiently. The structure now works in two parts. I head the Co-Investment deal execution team in the US and Daryl Li, Managing Director in the Fund of Funds team, heads a four-strong GP relations team for Co-Investment.

A.M.: We have also replicated this structure in Europe with Ingmar Vallano and in Asia with Jan Philipp Schmitz, with separate deal execution and GP relations teams that bring Co-Investment and the Fund of Funds platform closer together. Before this, with previous generations of the fund, we always split our investments approximately evenly between Europe and the US, but we managed our US transactions from Paris with only junior staff in New York and more informal collaboration with the Fund of Funds team there.

P.K.: The way it now works is that when a GP calls us or we reach out to a GP about an investment, that communication initially runs through Daryl Li's GP relations team, who will be speaking to the Investor Relations team on the GP's side. Then, as we start working on a transaction, whether or not we end up pursuing it, the execution team take over the conversation on our side and start talking to the GP's deal team about due diligence and so on. It's a nice structure because it means the Co-Investment deal team doesn't have to spend a lot of time on GP relationships, but can concentrate on due diligence and execution.

A.M.: It's very noticeable that the flow of US opportunities that we're seeing has increased since we put the new structure in place and started raising Fund V. There are several reasons for that. It's partly because of the growth in our Fund of Funds business, which has roughly tripled in size in the period between raising Co-Investment Fund IV and our new fund. Also, now that we have a much bigger Co-Investment fund, we can look at much larger individual tickets, up to \$150m or €150m each. That opens up areas of the market that we couldn't touch with our previous funds, so we have a bigger set of transactions to choose from. And finally, now that we have Patrick and his team on the ground in New York, we can speak directly to more GPs at a senior level and that also makes a big difference.

P.K.: Overall our deal flow in the US was up about 50% year-on-year in 2018. Although the overall market for Buyout transactions in the US is very healthy, it didn't grow by 50% last year, so you can see the effect of having a new team structure to invest a much larger fund.

A.M.: It's also interesting that in Fund V, partly because we now have an expanded US Co-Investment team, we've received commitments from US LPs for the first time. Our investor base is still dominated by

European LPs and a growing number from Asia, but now we are seeing real interest from US investors as well. Most of our investors choose to split their subscriptions evenly between our dollar and euro pockets, which reflects our broad intention for the fund. We will keep our investments roughly balanced between Europe and the US but we'll also be pragmatic and look for the best opportunities.

P.K.: The fact we can now look at much larger transactions is a major change too. In Fund V we have already completed two deals of about \$50m and we have one much bigger deal in progress. One of our main aims in strengthening the Co-Investment setup was to push up our average deal size and we're seeing proof that it's happening.

A.M.: Obviously, with a much larger fund investing in an expensive market, we receive questions from LPs about how we plan to deploy the money. The answer is that we are going to continue doing what has worked very well for us in previous funds: we concentrate on backing quality companies. Every business we have invested in is either number one or two in its niche, so we're happy to pay for quality.



"The reinforcement of the team has allowed us to industrialize our processes and accommodate a bigger deal flow."

Benoît Verbrughe

Head of Ardian US and
Head of Investor Relations



"As we have the potential to invest more than \$1bn with US GPs, we need a full team on the ground with senior leaders."

Mark Benedetti

Co-Head
of Ardian US

Vladimir Colas

Co-Head
of Ardian US



"Before a \$50m deal would have been extremely large and today thanks to our organization, it is an average amount."

Daryl Li

Managing Director
in the Fund of Funds team

Investments

SUSE

Date of investment: signed in Oct. 2018
Activity: Operating system
Lead Investor: EQT Partners

Ardian invested in SUSE, a pioneer in open source software, providing reliable, software-defined infrastructure and application delivery solutions that give enterprises greater control and flexibility.

Florida Food Products

Date of investment: Sept. 2018
Activity: Ingredients
Lead Investor: MidOcean Partners

Florida Food Products is the leading US maker of natural and clean label food ingredients, with a 50% share of the clean label cures market. Clean label cures replace sodium nitrate as a preservative for meat with nitrate derived from celery and other plants. It also supplies plant-derived ingredients to the food and beverage industry.

ACA Compliance

Date of investment: May 2018
Activity: Regulatory compliance
Lead Investor: Starr Investment Holdings

ACA Compliance is the leading provider of regulatory compliance services and technology to asset managers, serving a highly diverse group of more than 2,800 clients. It is based in New York, with 500 staff in the US and UK.

AVS/Ramudden

Date of investment: Mar. 2018
Activity: Highway safety Equipment
Lead Investor: Triton Partners

Ardian invested in two transactions involving leading makers and distributors of traffic safety equipment including barrier walls. AVS is the market leader in Germany, while Ramudden is the leading Swedish provider. The companies employ a total of 800 people.

P O R T F O L I O

Company	Invest. date	Activity	Country	2018 estimated revenues (M€)
Project Credit Report	signed in 12/2018	Commercial credit data provider	United States	1,485
	12/2018	Provider of third-party claims management and property loss adjusting services	United States	2,354
	signed in 10/2018	Linux operating systems ('OS') for enterprises	Germany	315
	09/2018	Manufacturer of natural and clean label food ingredients	United States	77
	05/2018	Regulatory compliance consultancy	United States	157
	05/2018	Skincare brand	United States	1,391
	05/2018	Industrial engineering group	France	1,951
	03/2018	Traffic safety services provider	Germany & Sweden & United Kingdom	284
Project Home Care	02/2018	Nursing home operator	Germany	698
	01/2018	Airport ground support material	France	609
	01/2018	BPO (Business Process Outsourcing) service provider	Germany	238
	12/2017	HR services	United States	240
	11/2017	Mobile water treatment provider	United States	31
	10/2017	Security systems and solutions	United Kingdom	389

Company	Invest. date	Activity	Country	2018 estimated revenues (M€)
	02/2017	UK caravan holiday park operator	United Kingdom	604
	02/2017	BPO services for the US freight industry	United States	784
	01/2017	Non-food online retailer	Poland	500
	11/2016	Flexible packaging manufacturer	United States	1,166
	08/2016	Cloud services for mid-size companies	United States	90
	08/2016	Industrial cleaning services	United States	154
	08/2016	Regulatory ethics review of medical protocols	United States	293
	06/2016	Chemicals for use in everyday products	France	1,020
	06/2016	Healthcare cost management solutions	United States	883
	06/2016	Nuclear measurement equipment and services	United States	377
Project Research	05/2016	Electronic data collection and analysis solutions for clinical trials	United States	478
	03/2016	Marketing communications services	United States	151
	03/2016	Medication management and mail-order pharmacy	United States	172
	03/2016	Vehicle leasing and fleet management services	Netherlands	1,489
	02/2016	Rural retailer	United States	1,277
	12/2015	Food ingredient solutions	France	440
	04/2015	Designer and manufacturer of custom rechargeable power systems	United States	257
	04/2015	Provider of air medical services	United States	2,929
	03/2015	Provider of pet products and services	United States	8,484
	03/2015	Manufacturer of aseptic packaging systems	Switzerland	1,676
	06/2014	Manufacturer of automotive and industrial belts and hoses	United States	2,839
	03/2014	Publisher of business management and e-commerce software	United States	187
	12/2013	Manufacturer of generic pharmaceutical products	Switzerland	313
	11/2012	Engineering services and products to oil companies	United Kingdom	499
	01/2012	Windows and doors manufacturer	United States	3,686
	07/2011	Online travel agency	France	509
	12/2007	Safety closures and aluminum screw caps manufacturer	Korea	8,070
	09/2007	Payment processing services provider	United States	7,341

Infrastructure

**Building a global leader
in key economic assets**



Mathias Burghardt

Head of Ardian Infrastructure and
Member of the Executive Committee

Ardian cemented its position among the top-tier of infrastructure players during 2018 with a series of strategically important transactions in Europe and North America.

Ardian Infrastructure became the world's second-biggest owner of toll roads with significant presence in Italy, Brazil, Portugal, Spain and France following the acquisition of a 40% stake in Gavio Group in addition to a previous toll road transaction with Ascendi.

In the US, Ardian's four-strong team, now including Co-Head Mark Voccola, undertook a series of transactions through Skyline Renewables, the US renewable energy platform created in partnership with TPH. These deals, which bring Skyline's generation capacity to 800MW, are important steps in Ardian's strategy to create a major independent renewable power business in the US focused on onshore wind farms.

Alongside the team's investment activities, Ardian Infrastructure has carried out industry-leading work on the opportunities for infrastructure owners and investors from the digitalization of the asset class. The 'Augmented Infrastructure' report published at the end of the project explains how the blending of digital services with physical assets can create value. Ardian now assesses its portfolio regularly using the benchmarks set out in 'Augmented Infrastructure.'

"Ardian is more than a financial investor in infrastructure. We have now reached a scale and level of expertise where we can approach governments as a legitimate industrial player."

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INVESTMENT
PROFESSIONALS

33

INVESTMENTS SINCE
2005

€6.1 Bn

SIZE OF ARDIAN
INFRASTRUCTURE FUND V

The partners creating a major independent player in US renewable energy

IN CONVERSATION WITH MARTIN MUGICA, CHIEF EXECUTIVE OFFICER OF SKYLINE RENEWABLES, AND STEFANO MION, CO-HEAD OF ARDIAN INFRASTRUCTURE US



Martin Mugica (on the left) and **Stefano Mion** (on the right)



Stefano Mion: Our partnership with Martin and his team at Skyline Renewables is a cornerstone of our direct investment strategy in the US. Renewables globally account for more than 40% of total infrastructure deal flow, and in 2017 they accounted for 10.4% of the world's energy consumption, which shows how important this sub-sector is for our overall strategy and how important it was for us to identify the right management team to help us build this platform.

Martin Mugica: I'm a big believer in the opportunity for renewables in the US. I moved here with my family back in 2006 to work in the sector with my former company, Iberdrola, and I first spoke to Ardián when I was still there. After I left in 2015 we spoke again, and the fit was very close because we were a management team looking for investors to build a renewable energy platform in the US and they wanted to enter the market by backing a proven team.

S.M.: We've been investing in renewables with our European funds for more than ten years, which meant we had more realistic expectations than some other investors of what is achievable in terms of the risk/return profile of the investment. That made it easy to reach an agreement with Martin and his team. The US is the biggest consumer of electricity in the world, but renewables still have a very small share of the market, while coal accounts for a third. That's not sustainable. If you consider the growth potential of wind and solar, as well as future developments in energy storage, being in the renewable space is a must.

M.M.: The other key point is that the US has massive renewable energy resources: lots of wind and sun, and plenty of land to build these facilities. But even today the share of renewables is insignificant: they're probably 5%-6% of generation in the US compared with 10%, 15% or even 30% in other countries. So the sky's the limit. The potential of the market is immense.

S.M.: Our current business plan is for a platform of 3,000MW and in the first year after setting up Skyline we have already gathered more than 800MW of capacity. We've acquired four wind farms in Texas: Whirlwind (60MW), Hackberry (166MW), plus two 230MW wind farms, Electra and Horse Creek, where we own 51%. The portfolio consists of four assets in Iowa, Pennsylvania, Kansas and Wyoming.

M.M.: Given the size of the US market, building a platform of 3,000MW is perfectly doable and we could certainly go further. There are a lot of assets to buy and we have very strong relationships in the market. But our biggest achievement this year is that we are now on the map—we already have more than 800MW under management and that makes us a significant player. Now we are building the structures we need within the company to continue growing. We don't just want to buy and operate assets, we want to develop and build our own projects. That's the best way to create a platform that can continue growing and create the greatest possible value.

Concentrating on wind farms is another very important element of our strategy. Subsidies for wind power in the US are going to expire, but even without tax credits wind is still the cheapest way of generating electricity. Solar is getting more competitive but today there's nothing cheaper than wind and the technology is still improving. Wind has issues like variability, so you can't generate power whenever you want, but that can be priced in and it will still be competitive. Nevertheless, Skyline is actively pursuing solar opportunities and monitoring the evolution of power storage as we see a lot of potential there too.

+40%

**RENEWABLES GLOBALLY
ACCOUNT FOR MORE
THAN 40% OF TOTAL
INFRASTRUCTURE DEAL FLOW**

Investments

Skyline Renewables

Date of investments:

Jan./Sept./Oct. 2018

Sector: Renewable energy

Ardian Infrastructure made its first acquisition of US renewable energy assets with a deal to acquire Whirlwind Energy, a wind farm in north-west Texas comprising 26 turbines with a total capacity of 60MW. Skyline Renewables, significantly increased its generation capacity with its second acquisition, which added a second wind farm in north-west Texas, to its portfolio. The Hackberry farm has 72 turbines and a capacity of 166MW. Skyline tripled its generation capacity after buying 51% stakes in two more Texas wind farms from Starwood Energy Group Global. The two farms, Horse Creek and Electra, which came on stream in late 2016, have a combined capacity of 460MW.



ASTM

Date of investment: Sept. 2018

Sector: Toll road

Ardian Infrastructure set up a strategic partnership with the Gavio Group, the third largest toll road operator worldwide, by setting up a new joint venture (Nuova Argo Finanziaria) with the Gavio family. Ardian paid €850m for a 40% stake in the joint venture, which directly controls ASTM, the industrial holding of the group. ASTM is listed on the Milan Stock Exchange and operates a network of around 4,063km through 23 concessions in Italy and Brazil.

Exits

Kallista Energy Investment

Date of investment: Jul. 2011

Date of exit: Apr. 2018

Sector: Renewable energy

Kallista Energy, one of the largest renewable generators in France, was sold to Boralex of Canada, the leading independent wind energy company in France. Since Ardian acquired Kallista in 2011, the company has doubled in size and its capacity reached 163MW.

London Luton Airport

Date of investment: Feb. 2013

Date of exit: Apr. 2018

Sector: Transport

After five years of ownership, Ardian sold its 49% interest in London Luton Airport, the UK's fifth largest in terms of passenger traffic, to AMP Capital. Ardian and co-owner Aena invested more than £160m to upgrade Luton Airport, lifting passenger numbers from 9.7m in 2013 to 15.8m in 2017 and creating 3,000 direct and indirect jobs.

Encevo

Date of investment: Jul. 2012

Date of exit: Jul. 2018

Sector: Power utility

Ardian sold its minority stake in Encevo, a Luxembourg electricity and gas utility with interests in renewable electricity generation, to China Southern Power Grid International (HK).

CLH

Date of investment: Feb. 2011

Date of exit: Dec. 2018

Sector: Transportation and storage of refined products

Ardian sold its remaining 10% stake in CLH, the Spanish oil refined products transportation and storage company with more than 6,000km of pipelines. Ardian has been a shareholder of CLH since 2011 and has increased its stake up to 25% since then. As a key shareholder, Ardian has supported CLH in its internationalization process, expanding its presence to the United Kingdom, Ireland, Oman and Panama.

Company	Invest. date	Activity	Country	2018 estimated revenues (M€)
 SKYLINE RENEWABLES	10/2018 09/2018 01/2018	Wind energy	United States	60
 ASTM	09/2018	Toll road	Italy	1,723
Ausines	02/2018	Wind energy	Spain	7
Parrot	02/2018	Wind energy	Spain	6
 LBC	09/2017	Oil and petrochemical storage	United States	107
 Autosole Pagine	06/2017	Toll road	Italy	52
 N	06/2017	Oil transportation	France	78
Tolve Wind farms Holding	06/2017	Wind energy	Italy	-
Ataca	09/2016	Solar energy	Chile	8
Pampul	09/2016	Solar energy	Peru	5
Lyrestad	06/2016	Wind energy	Sweden	9
 EGE PALEA ARSA	03/2016	Solar energy	Italy	2
 HAINET JELLYNDROKRAFT AS	01/2016	Wind energy	Norway	91
 ASCENDI PT II	01/2017 05/2016 02/2016	Toll road	Portugal	494
 géosef	09/2017 12/2015	Oil storage	France	74
 Túnelo	05/2015	Toll road	Spain	63
 21 Airport	04/2015	Airport	Italy	394
 INDIGO	09/2016 06/2014	Car park	France	917
 Wind energy	09/2011	Wind energy	France	39
 NEW	07/2011	Solar energy	Italy	47
 Rail	06/2011	Rail	France	233
 TRAMOS45	01/2011	Toll road	Spain	31
 21 Rete Gas	12/2013 09/2009	Gas distribution	Italy	1,074
 Toll road	06/2009	Toll road	France	59
 NEW	04/2009 07/2007	Renewable energy	Italy	18
 Hsi	10/2007	Hospitals	Italy	14

Private Debt

**Opening up fund-led finance
for European mid-caps**



Mark Brenke

Head of Ardian Private Debt

Ardian Private Debt completed ten transactions in 2018, including the first five in the company's fourth-generation fund. The team enjoyed strong investment momentum throughout the year as the fund-led market continued to expand and take market share from the banking sector.

Ardian's multilocal team, based in Paris, London and Frankfurt, concentrates on European mid-cap buyouts, taking advantage of the strong deal flow generated by the local teams as well as Ardian Fund of Funds' extensive relationships with leading GPs. Although large-cap buyouts have seen a steady shift to cov-lite funding, European mid-cap remains a covenanted market where Ardian enjoys a strong position in the capital structure as sole lender on the deals it signs.

The team has been investing since 2005 and pioneered the use of unitranche facilities in buyout transactions. In our fourth generation fund, the team has expanded its offering to include stretched senior debt, enabling the team to address more of the buyout market and compete more effectively against bank lenders, particularly on more complex transactions.

"We are venturing more and more into territory that used to belong exclusively to the banks."

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INVESTMENT
PROFESSIONALS

10

DEALS COMPLETED
IN 2018

€1Bn

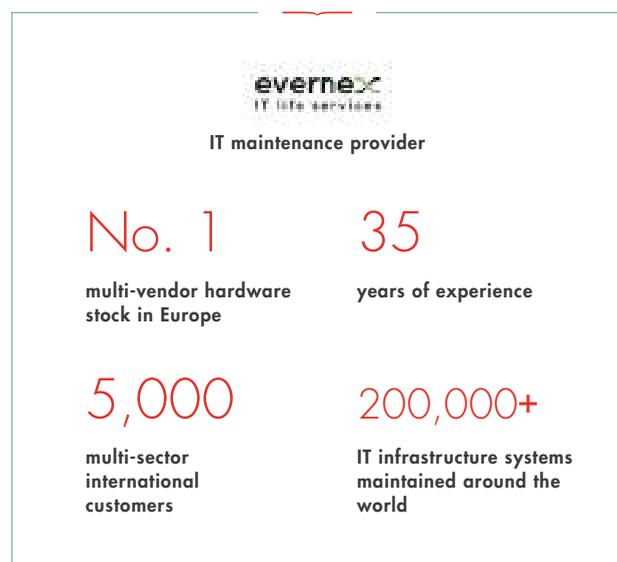
AMOUNT INVESTED
IN 2018

How flexible funding unlocks growth opportunities

IN CONVERSATION WITH VLADIMIR LASOCKI, MANAGING DIRECTOR AND CO-HEAD OF CARLYLE EUROPE TECHNOLOGY, MARK BRENKE, HEAD OF ARDIAN PRIVATE DEBT, AND OLIVIER BERMENT, HEAD OF ARDIAN GLOBAL DEBT FUND



Mark Brenke (on the left), **Olivier Berment** (in the middle) and **Vladimir Lasocki** (on the right)



Vladimir Lasocki: We've looked at a lot of opportunities with Ardian before we worked with them on the refinancing of Evernex and that's an important point to make at the beginning, because in today's market we all have to look at five things to get one done, when it used to be three or two. That means you must ask your debt providers to work on things that don't happen, so the relationship with debt providers is no longer merely transactional, you need to form a mutual understanding and great working relationship with people like Ardian.

Olivier Berment: It's definitely the relationship that you build up by working together over the years that makes the difference. The point is that it's our two firms working together that can make a transaction happen. In this case, we saw a good opportunity in Evernex and decided early on to pursue it because it was a deal where our product was a great fit. This deal is a good example of the advantages you get with a private debt facility. It was a straight refinancing of the bank debt that was in place when they bought the company three years ago—so the same quantum on day one, but Carlyle chose to pay more for the debt than before because we could help them execute their growth strategy for Evernex.

V.L.: Choosing a private debt solution was more expensive for us, but the value comes in having more flexibility in the way we execute our growth plans. Fast forward three years from when we bought the company: it had roughly doubled in size and we still had five banks in our banking pool, but we wanted to borrow more money for external growth and we wanted to be more agile, while putting less of a burden on the management in terms of day-to-day relationship management and reporting to the banks.

Mark Brenke: This is where it makes sense to work with a debt provider who has more entrepreneurial DNA. We understand why they want a more flexible arrangement that includes an additional acquisition line, and they understand that this comes at a higher cost than bank funding. But the point is that this way makes it easier for them to execute their strategy.

V.L.: Since we completed the refinancing with Ardian we've already bought one company in Brazil and we've just bought one in Argentina. Maybe we could have done it with other forms of financing, but the fact of not having to worry about that at all has a lot of value to us. That's one of the key points from our side—deliverability. That's what our partnership with Ardian brings: a mindset where the people who make the decisions are relatively close to the people who analyze the opportunities. It's the exact opposite of the bank market, where the guy who makes the decision, by definition, is sitting far away from the company.

O.B.: I think it's also important to point out that we've evolved our product range over the past few years. Five or six years ago it was mainly higher-priced debt but over time we've added lower-risk, lower-return products that are probably more relevant for sponsors like Carlyle Tech, that are more conservative users of debt.

V.L.: I've been in this business for 19 years and the type of debt funding we're talking about here has only been an option for us in three of those 19 years. The fact that people are now offering these products means there's a way for us to address the issues that we face in a slightly richer valuation environment. We're in a more competitive world for deals but part of the answer to that has to be that you put more arrows in your bow to go and create that value, through more dynamic buy-and-build strategies in particular. That requires agile capital like we have accessed with Ardian. It's much more difficult to do with a traditional bank setup.

M.B.: This is a professional market with sophisticated players. If they decide to go with us and take on slightly more expensive funding, it's because they value the flexibility and agility they get in partnering with a single lender that understands their way of thinking. If you want to go for growth—which is why we provided the acquisition line, after all—you need a partner with the same DNA as you.



Investments

SER

Date of investment: Dec. 2018
Sector: ECM software

Ardian provided a stretched senior financing solution to support Carlyle's acquisition of SER Group, the leading independent ECM software provider in the German market.

DLPK Group

Date of investment: Nov. 2018
Sector: Financial services

Ardian has provided unitranche funding to support DLPK's acquisition of Sélection 1818 and APREP. DLPK is a leading French service provider to finance professionals, offering life insurance, securities accounts and asset management. The two acquisitions make DLPK the biggest distribution platform for financial advisers in France, with AUM of about €13bn.

Alpega

Date of investment: Nov. 2018
Sector: Logistics software

Existing portfolio company Alpega, a provider of logistics software, has received additional funding from Ardian Private Debt to finance its acquisition of wtransnet, the largest freight exchange in Spain and Portugal.

Mobility Holding

Date of investment: Sept. 2018
Sector: Leasing services

Ardian provided a unitranche financing for HgCapital's acquisition of Mobility Holding to further support the growth of the group.

IT Relation

Date of investment: Sept. 2018
Sector: IT services

Ardian arranged unitranche and associated acquisition facilities to support HgCapital's purchase of IT Relation, the leading provider of cloud-based IT services to SMEs in Denmark.

Mademoiselle Desserts

Date of investment: Jul. 2018
Sector: Food

Ardian has extended its support for portfolio company Mademoiselle Desserts by providing a €50m subordinated facility to fund IK Investment Partners's acquisition of the company. Mademoiselle Desserts will also have access to a committed acquisition line to continue its growth.

Evernex

Date of investment: Jul. 2018
Sector: IT maintenance

Ardian Private Debt has agreed a unitranche facility to refinance the existing debt of Evernex, a leading global provider of outsourced IT infrastructure maintenance, and has committed an additional funding line to finance the company's growth plans with its sponsor, Carlyle Europe Technology Partners.

ECS Group

Date of investment: Jun. 2018
Sector: Air cargo management

European Cargo Services has been acquired by Naxicap Partners using a unitranche facility provided by Ardian Private Debt. ECS, founded in 1998 in Paris, manages almost 1m tonnes of air cargo on behalf of airlines a year, representing sales worth more than €1bn, and intends to expand globally through acquisitions.

Medifox

Date of investment: May 2018
Sector: Healthcare software

Ardian has provided a unitranche funding to support the investment by HgCapital in Medifox, a provider of software to elderly and community-based care services in Germany that employs 265 people.

Cyrus Group

Date of investment: Mar. 2018
Sector: Financial services

Ardian provided a unitranche facility to fund the buyout of a minority interest owned by BlackFin Capital Partners, allowing the management and staff to become sole shareholders. Ardian is also providing an additional acquisition line for Cyrus, a leading independent wealth manager operating in France, with €3.4bn under management.

Company	Invest. date	Activity	Country	2018 estimated revenues (m€)
	12/2018	ECM software development and consulting services	Germany	n/a
	11/2018	Conception and distribution of financial products for finance professionals	France	47
	09/2018	Provider of B2B/B2C vehicle leasing/fleet management solutions	Germany	55
	09/2018	Supplier of managed IT services to SMEs	Denmark	77
	07/2018	IT maintenance provider	France	93
	07/2018	Frozen pastries	France	224
	06/2018	General sales and services agent	France	98
	05/2018	Developer of software solutions for patient care service providers	Germany	35
	03/2018	Independent Financial Advisor	France	45
	10/2017	Care homes	Germany	200
	10/2017	Insurance broking software	Netherlands	60
	08/2017	Transport and logistics software	Belgium	50
	05/2017	Facilities management procurement	United Kingdom	98
	02/2017	Specialty packaging	France	72
	08/2015	Pharmaceutical contract manufacturing	France	179
	08/2015	Technology infrastructure provider	United Kingdom	112
	06/2014	Veterinary pharmaceuticals	France	1,062
	04/2014	Premium 'food-to-go'	United Kingdom	110
	08/2013	Specific sealing solutions	France	156
	08/2012	Fire resistant polyamide-imide fibers	France	37
	03/2010	Do-It-Yourself retail	Benelux	1,371



Stéphanie Bensimon

Managing Director, Ardian Real Estate France

Bernd Hagenmüller

Managing Director, Ardian Real Estate Germany

Rodolfo Petrosino

Managing Director, Ardian Real Estate Italy

Ardian Real Estate has fully deployed its debut European fund, the largest first-time Real Estate fund ever raised in Europe at €738m.

The multilocal investment team, operating from offices in Frankfurt, Milan and Paris, have followed an innovative Core-Plus, Value-Added strategy targeting well-located office buildings in key European cities.

The teams' local knowledge and extensive contacts allow them to identify properties where focused investment and active asset management can unlock significant increases in both capital values and rental yields. In Value-Add transactions this involves refurbishment creating international-quality office space in sought-after districts where it is in short supply. Core-Plus deals focus on more minor upgrades to improve the leasing potential of the building and realize higher rental income. The fund holds approximately 51% of its assets in France, 16% in Germany and 33% in Italy.

Ardian Real Estate has developed a proprietary, industry-leading ESG benchmarking system that it applies from due diligence through the holding period. This approach has already helped to achieve the fund's first two exits at above-target rates of return.

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INVESTMENT
PROFESSIONALS

€50M to
€150M

EQUITY COMMITMENTS
PER TRANSACTION



“The cities we concentrate on are experiencing faster growth than the overall economies of their countries, and this is fueling demand for high-quality office space.”

Olivier Piani

Senior Advisor and Chairman of the Investment Committee

Focus on France



WestBridge building in Levallois-Perret



In France, Ardian Real Estate focuses on Paris, the country's most active and liquid market, which is benefiting from strong tenant demand and a limited supply of new products. The fund aims to capitalize on the shortage of high-quality office space in central locations close to good transport links, enabling employees to commute easily from the city's outer districts.

To serve this market, Ardian Real Estate's French team has acquired well-located Value-Added opportunities that have the potential to deliver significant rental increases once the buildings have been redeveloped to modern standards. To date, the fund has acquired four buildings, each of which is undergoing major remodeling and refurbishment to bring them up to Grade A standards after long periods of owner-occupation.

The fund made its first French acquisition in mid-2017, partnering with LaSalle Investment Management to acquire the landmark WestBridge building from French industrial group Lagardère. In March 2018, it added two further properties in Paris's 8th arrondissement and in July Ardian purchased an office complex located between the Central Business District and La Défense. Ardian expects to complete the renovations progressively from late 2020 onward.

"All four of our Paris properties have excellent refurbishment potential and we expect to unlock a lot of value once we bring them up to prime standards and re-market them."

Stéphanie Bensimon



Wappenhalle building in Munich



Ardian focuses on the seven largest cities in Germany, all of which are seeing strong demand from international investors that has compressed prime real estate yields. Demand in the leasing market remains very strong, underpinning a significant rise in rental values particularly in Berlin and Munich.

On the supply side, meanwhile, the amount of new space reaching the market has consistently failed to keep pace with tenant demand over the past few years, thanks to a lack of finance for speculative developments and a trend of conversions to residential use that have further depleted the stock of office property. As a result, vacancy rates in some areas are at ten-year lows. Ardian has focused on Core-Plus transactions in Germany, acquiring well-located office properties and working to increase occupancy and re-lease space at higher rates as it becomes available.

Ardian Real Estate made its first investment from Fund I in Germany, purchasing Munich's landmark Konrad office complex in November 2016. It has since added a second office complex in Munich, purchased in late 2017, and two offices in Berlin that will be extensively modernized during 2019. The Fund's German portfolio now consists of approximately 91,000sqm of gross lettable space.

"We're not playing the market cycle—we're using active management to improve the capital value and rental yield from each building no matter what the market environment is like."

Bernd Haggemüller

Focus on Italy



Palazzo A in Milan



Via Veneto building in Rome

Ardian Real Estate concentrates on the office markets in Milan and Rome, which have seen rapidly rising demand in recent years, particularly from international real estate investors. Both cities have a long-term shortage of modern Grade A office space, which underpins prices and creates the potential for significant value creation in the Core-Plus and Value-Added segments that the fund targets.

Ardian Real Estate's Italian portfolio originally consisted of six buildings, three in Milan, two in Rome and a small asset in Bari, purchased in a single transaction from a fund managed by Prelios. In October 2018, the team completed the first exit from Ardian Real Estate European Fund I, selling two Milan properties to an international investor and achieving above-target returns on the deal, thanks to the major improvements in the buildings' quality and rental profile during the 18-month holding period. In addition, one of the two Rome properties, Via Colombo 80, will be fully refurbished to meet the needs of its existing tenant, PwC, which has signed a new, long-term lease.

Ardian's Italian Real Estate team also played a leading role in drawing up the ESG framework that is now being used to benchmark and improve performance across the entire portfolio.

"Our first exit from the fund strongly validates our Core-Plus, Value-Added investment strategy and the high level of demand for quality office space in Milan and Rome."

Rodolfo Petrosino

Investments

Lützowstrasse 105/106

Country: Germany
Date of investment: Dec. 2018

Ardian Real Estate partnered with two LPs in Fund I to acquire this office complex close to Potsdamer Platz and the city park at Gleisdreieck, one of Berlin's most sought-after, up-and-coming office locations. The 30,000sqm complex, built in 1974, was last renovated in 2000 and will be extensively upgraded by the end of 2019. It consists of a six-floor main building and an 11-story tower with more than 200 parking spaces. The building is 87% let, the main tenant being an internet service provider, although a significant proportion of the space is due for renewal in the next few years and provides further rental upside.

Spichernstrasse 2-3

Country: Germany
Date of investment: Sept. 2018

This eight-storey office complex on the edge of City West, Berlin's premier office district, has about 12,600sqm of modern office space. Each floor can be divided into three rental units, allowing the space to be used efficiently and flexibly. Built in 1993, Spichernstrasse 2-3 is close to two major shopping streets, with excellent transport connections and an underground car park with 80 spaces. It was acquired fully let to eight companies.

46-48 Avenue de la Grande Armée

Country: France
Date of investment: Jul. 2018

This 8,120sqm post-Haussmann style complex comprises two interconnected buildings of six and eight floors and will be redeveloped in accordance with key environmental certifications to optimize the available space and improve facilities for tenants. The property is well located, between Paris's Central Business District and La Défense, next to the Argentine metro station, and on the edge of Porte Maillot, where numerous redevelopment projects are due to complete in the next few years along with major new transport connections.

Place Rio-de-Janeiro

Country: France
Date of investment: Mar. 2018

Ardian Real Estate purchased this well-located building in Paris's 8th arrondissement, from a long-term owner-occupier. The building has an outstanding façade, but the internal spaces are obsolete and will be completely redesigned to bring them up to international standards and increase the available floor area. The project will complete in 2021.

Renaissance Building, rue François 1^{er}

Country: France
Date of investment: Mar. 2018

Also located in the 8th arrondissement, this 9,000sqm building is the second that Ardian has purchased from the media group Lagardère and was home to the Europe 1 radio station from its launch in 1955. It will be refurbished throughout to provide prime office space, while at street level four retail units will be upgraded to provide premium retail units. Delivery is expected in early 2021.



Listen to our podcast "In conversation" on our website: Tristan Auer and Stéphanie Bensimon explain how they designed the interior of the Renaissance building.

Exit

Via Giorgio Washington 70 and Corso Italia 13

Country: Italy
Date of investment: Feb. 2017
Date of exit: Oct. 2018

Ardian sold these two Core-Plus buildings in central Milan to an international institution, just over 18 months after buying them as part of a portfolio acquisition from Prelios, the Italian Real Estate manager. The two offices, with a total rental area of about 23,500sqm, were renovated during Ardian's ownership in line with the fund's value creation strategy to reduce vacancies and improve rental yields.

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GROUP RISK APPETITE STATEMENT 2018

Ardian Group's mission is "to invest responsibly in order to create lasting value, outstanding returns and shared outcomes for our investors and partners, for our portfolio companies and their employees and for our own people." We have a conservative long-term approach to creating value that emphasizes industrial growth and strategic or operational excellence over leverage and financial engineering.

Overall, we have a moderate appetite for risk. We operate in fast-moving and highly competitive markets, but aim to do so in a prudent, considered manner consistent with our mission and core values. Our external investors are predominantly institutions and qualified professionals, meaning we have limited exposure to certain legal and regulatory risks.

At fund level, we avoid investment strategies that rely mainly on significant leverage or complex financial instruments. Our use of derivatives is restricted largely to hedging foreign-exchange and interest-rate exposures linked to the long-term nature of some fund cashflows. Our funds operate within strict guidelines that set various diversification and other limits agreed with our investors. We accept the risks that come from our ability to identify and close transactions quickly because this is one of our competitive advantages. As we expand into new asset classes and pursue new investment opportunities, we fully intend to maintain the disciplines that have led to our investment success. Wherever possible we will monitor our approach to ensure that we understand key risk trends, such as the growing importance of digital technologies.

At Group level, we accept significant exposures to macro-economic risks related to the fact that most of our products are spread across several regions and industrial sectors. However, we believe that management of these interconnected risks is our essential core competence. We generate stable

returns in part because we benefit from diversification, via our different types of funds and the selected portfolio investments within them, and from our ability to manage our assets flexibly across unpredictable economic and financial cycles.

We aim at all times to maintain prudent cash balances and reserves to meet expected and unexpected demands and/or regulatory capital requirements in specific jurisdictions.

We have a particularly low appetite for risks that could threaten our reputation and we vigorously pursue the monitoring and mitigation of these risks. We continually assess our governance, our internal processes and procedures, the conduct of our directors and employees, as well as our awareness of unavoidable exposure to the actions and activities of third parties, including our fund administrators.

We accept operational risks associated with core IT systems, with data privacy and cybersecurity and with business continuity, but seek ways to mitigate these risks, including by making effective use of insurance. We are strongly committed to building and maintaining a world-class compliance and risk culture, in the belief that this will considerably reduce our overall risk exposure. Our people and all those with whom we transact are vital to the good conduct of our business and we seek at all times a proper combination of fairness, incentives and vigilance.

Ardian is a fast-growing company measured by assets under management, by client and staff numbers and by geographical coverage. As we have continued to expand, some of the risks we face have been increasing. We are committed to ensuring that we have the appropriate management and systems in place to manage these risks so that by embracing growth we can achieve the next phase of our strategic goals.

ARDIAN