

ARDIAN

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

Pierre Donnersberg, Executive Chairman of SIACI SAINT HONORE, and Philippe Poletti, Head of Ardian Buyout and Member of the Executive Committee, explain what made their partnership a success.

SIACI SAINT HONORE

2,500+ Employees

€400M Turnover 2018

21 A Leading position in 21 African countries

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



Pierre (on the left) and Philippe (on the right)

IN CONVERSATION

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 Philippe was the only one who fully supported our strategy from day one. I was amazed, he had understood that there were other options.

Philippe Poletti: From our point of view it's interesting because 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 very severe profit warning. It was a disaster that we didn't see coming but Philippe gave everyone confidence. His behaviour towards the management board was amazing.

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 The second bad surprise was that we found the IT systems were more out of date than we had realized, so we had to recruit a new head of IT and invest heavily in the technology. We strengthened the executive team very 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.

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 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.

“ Over three years we did eight acquisitions that have repositioned the group and lifted EBITDA from €50M to €87M.”

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 part in a tax-free investment scheme.

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.