

PARIS, MARCH 24, 2016

EURAZEO PME ENTERS INTO EXCLUSIVE NEGOCIATIONS TO ACQUIRE THE MK DIRECT GROUP, THE HOME LINEN LEADER IN FRANCE WITH THE LINVOSGES AND FRANCOISE SAGET BRANDS

Eurazeo PME has signed an exclusivity agreement to invest in MK Direct group, alongside its management. Eurazeo PME will hold approximately 55% of the share capital. The group seeks to boost its European growth through the strength of its brands and its cross-channel model. The transaction is expected to be closed in May 2016.

Founded in 1923 and 1982, respectively, Linvosges and Françoise Saget are complementary brands specialized in home linen, with a strong identity that combines quality and creativity. Certified Entreprise du Patrimoine Vivant (Living Heritage Company), Linvosges has its own workshop in Gérardmer (Vosges), where linen articles are custom-made by highly qualified artisans. Located in Les Fougères (Brittany), Françoise Saget offers one of the market's most extensive product ranges, with 50% of new products each year.

Using a versatile business model that combines a catalogue, the web and a national network of boutiques, MK Direct both managers, Marie-Françoise Kerhuel - Chairman, and Stéphane Poumailloux - CEO, have been able to position the Group as the sole cross-channel player in its segment. The leader in France with a market share of over 20%, MK Direct has more than five million customers. With some 500 employees, the Group generated revenue of €186m in 2015, up significantly, for an average annual growth rate of +9% over 10 years. MK Direct is already established in Germany, Belgium and Switzerland.

Alongside management, Eurazeo PME will invest to accompany the Group in its ambitious development plan: accelerated cross-channel distribution in France and brand expansion in Europe, through organic growth and build-ups. Eurazeo PME will contribute to the group's operational excellence strategy through its business network and expertises (international, digital, CSR, etc.). The bank financing is supported by the historical banks of the Group (Banque Palatine, CACIB, and Société Générale) and by debt funds (Artemid, Muzinich and Lyxor).

The consultation process with the employee representative bodies has been initiated. The transaction is expected to be concluded in May 2016 subject to the authorization of the relevant competition authorities.

As stated by Olivier Millet, Chairman of the Eurazeo PME Executive Board: “We were very impressed by the management team and its track record in terms of revitalizing the two brands over the past 10 years. The Group was able to capitalize on its creativity and French heritage to become the undisputed leader in the home linen market. We firmly believe in the many possibilities offered by the cross-channel model, in France as well as in Europe. We are thrilled at the idea of accompanying the tandem of Marie-Françoise Kerhuel and Stéphane Poumailloux as they accelerate the growth of MK Direct.”

Marie-Françoise Kerhuel, MK Direct group’s Chairman, declared: “We chose Eurazeo PME to assist us in this new phase of development, which now has an international scope. We are fully confident in their ability to support us in the transformation we are planning through organic and external growth. We share the Eurazeo PME governance philosophy, which is respectful of managers and companies.”

About Eurazeo PME

Eurazeo PME is an investment firm and subsidiary of Eurazeo dedicated to majority investments in French SMEs with a value of less than €200m. Eurazeo PME acts as a long-term shareholder, providing its portfolio companies with all the financial, organisational, and human resources they need for a sustained transformation. With an investment horizon generally ranging from 5 to 10 years, the group guides its portfolio companies in creating sustained and, hence, responsible growth. This commitment is formalised and deployed through a CSR (Corporate Social Responsibility) policy.

In 2015 Eurazeo PME generated €653m in consolidated revenues and accompanied the development of eight companies: Dessange International, Léon de Bruxelles, Péters Surgical, Colisée, Vignal Lighting Group, Flash Europe, and The Flexitallic Group and Fondis Bioritech as a minority shareholder. These companies are solidly positioned on their market and led by experienced management teams.

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