

# Press Meeting

## Paris – 30 November 2004



# AXA Private Equity's funds under management exceed EUR 6.5 billion

- Dominique Senequier: Chief Executive Officer
- Dominique Gaillard: Head of Direct Funds
- Vincent Gombault: Head of Fund of Funds
- Stephan Illenberger: Managing Director Frankfurt office
- James Pitt: Managing Director London office

# AXA Private Equity's funds under management exceed EUR 6.5 billion

- With its third generation of secondary funds AXA Private Equity has raised its total assets under management to more than EUR 6.5 billion.
- AXA Secondary Fund III, whose final closing took place in mid-november, now has USD 1.04 billion of committed capital, while the AXA Early Secondary fund has EUR 237 million of committed funds.

# [The six main trends in 2004

- Rapid fund-raising by teams (i.e. less than six months) with excellent track records and recognised stability.
- Significant interest in both the euro and strategic allocations in private equity outside the USA.
- Continued appetite for alternative asset classes (hedge funds, private equity, real estate).

# [The six main trends in 2004

- Even stricter due diligence requirements on the part of LPs:
  - Full transparency (in regard to the trading account of management companies; meetings with directors of acquired companies, checks on the coherence of statements by different GPs on the same topic);
  - Longer due diligence questionnaires;
  - Monitoring the reliability of back/middle office methodology and valuations.

# [ The six main trends in 2004

- The large volumes of assets allocated to private equity by some institutional investors and the weight, in terms of both time and costs, of due diligence associated with these investments is more « economically » handled by the large GPs. The same applies to large-scale consultants who can speed up their due diligence processes.

Thus AXA Private Equity depth and scale allows it to capture commitments from the same investor in several of its different funds.

- A certain standardization of private equity in which the «brand» and investors' confidence in the brand and the GP is becoming increasingly important.

# The consequences for AXA Private Equity going forward

- AXA Private Equity will enhance its global reach by opening an office in Singapore at the end of 2004 which will have three functions:
  - To provide a platform for the Funds of Funds activity in Asia;
  - To grow the Venture activity in Asia by backing innovative companies already in our portfolio (mainly French);
  - To support some Euro zone companies in our Buyout funds which are either involved in joint venture in China or are delocalising their activities to Asia.

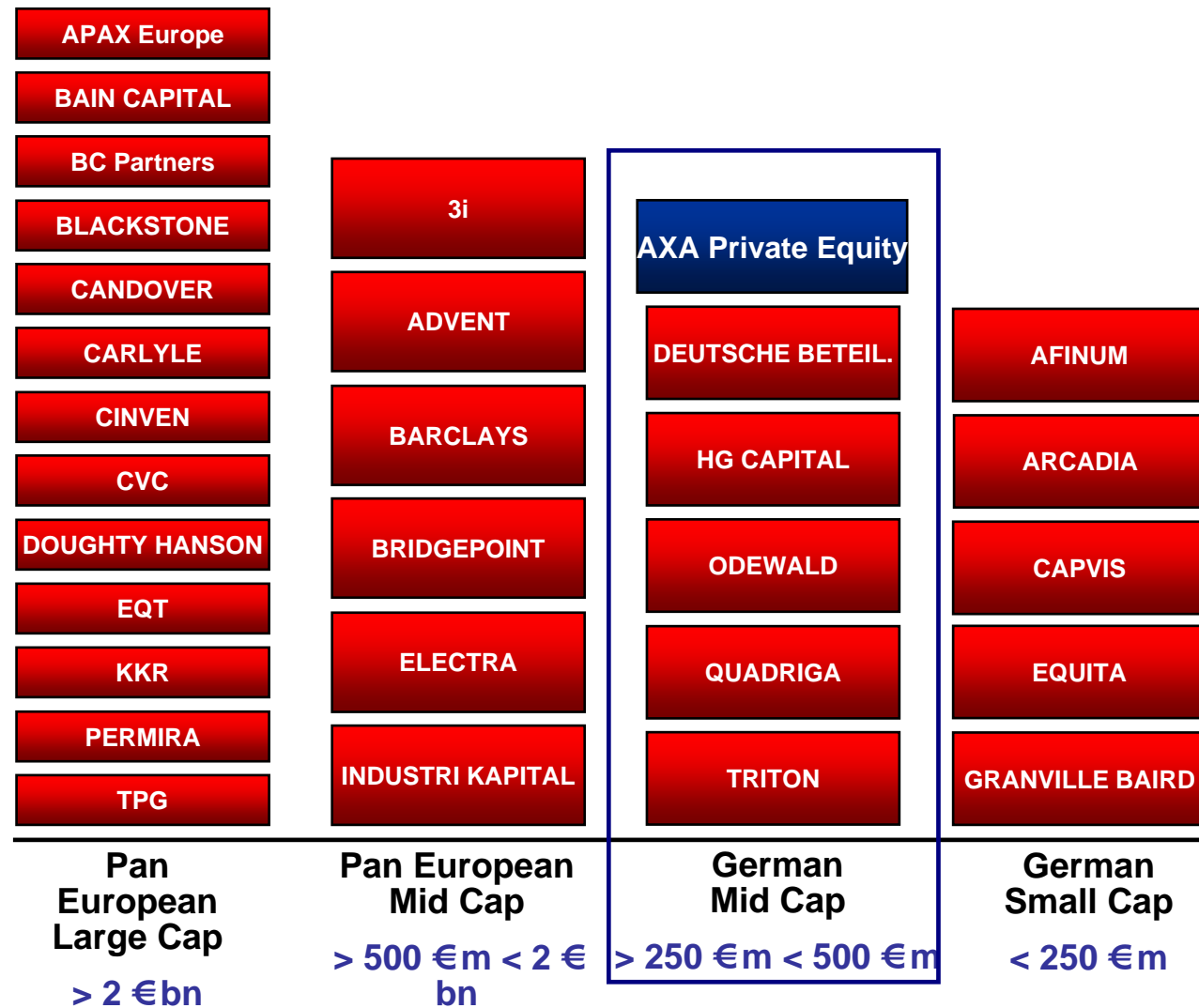
# The consequences for AXA Private Equity going forward

- AXA Private Equity will step up its presence in Germany.

# The consequences for AXA Private Equity going forward

- Dominique Gaillard: Head of Direct Funds
- Stephan Illenberger: Managing Director Frankfurt office

# The German Mid-Market Competition



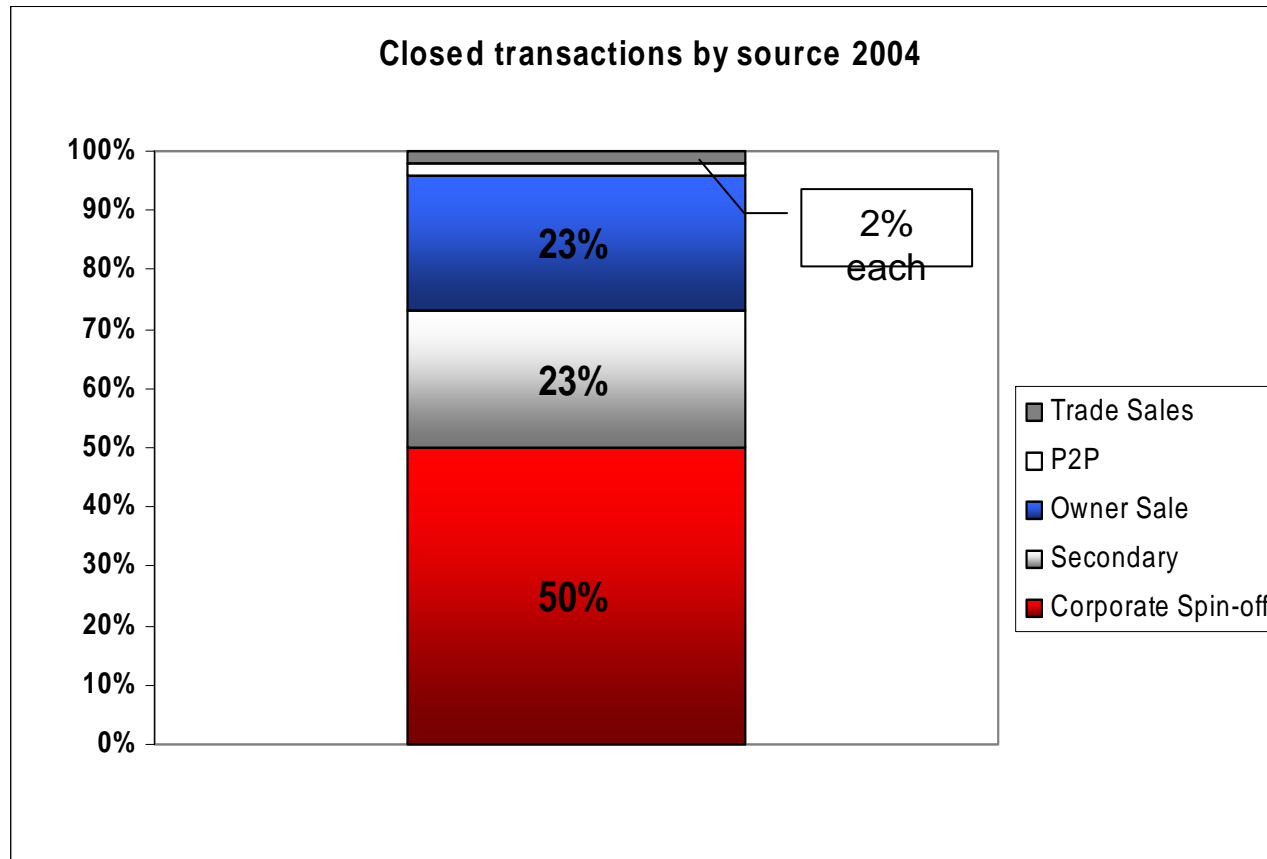
With 4 transactions completed over the last 24 months, AXA LBO Fund has quickly become a recognized player in the German mid-market

# German Private Equity market provides healthy flow of transactions

<b>Year</b>	<b>2003</b>	<b>2004 (f)</b>
Total volume	17 € bn	18 € bn
Nº of transactions closed	61	67
New transactions coming to market	90	114

Source: L.E.K.

# Corporate Spin-offs remain target sources of transactions in Germany



Source: Deutsche Unquote, L.E.K


Note: closed transactions only

# German Mid-Cap LBO Market

- Number of transactions completed by range

Year	2003	2004
Number of transactions		
€ 25 m - € 50 m	4	na
€ 50 m - € 100 m	1	na
€ 100 m - € 250 m	8	na
<b>Total €25 m - €250 m</b>	<b>13</b>	<b>na</b>
Completed by AXA Private Equity	2	2

Source : CMBOR / AXA Private Equity

 AXA Private Equity has rapidly become a recognized player in the German mid-market with 4 transactions completed within 24 months

# German Mid-Cap LBO Market

- Main mid-market transactions in Germany 2003

Company	Equity sponsors
Babcock Borsig PS	Deutsche Beteiligung AG
Minimax	Investcorp
<b>Tetra</b>	<b>AXA Private Equity, Triton</b>
TFL	Odewald & Compagnie
WET Automotive Systems	HgCapital
Oase Wübker	Electra Partners Europe
<b>Undisclosed deal</b>	<b>AXA Private Equity, Arcadia</b>
Polytan GmbH	German Equity Partners
Mauser GmbH	One Equity Partners
Casco Impregnated Papers	Harvest Partners
Preh-Werke GmbH & Co KG	Deutsche Beteiligung AG
Scholz & Friends	Electra Partners Europe
SAM Electronics GmbH	EquiVest GmbH

**13  
transactions**

Source: Deutsche Unquote, Interviews, AXA Private Equity



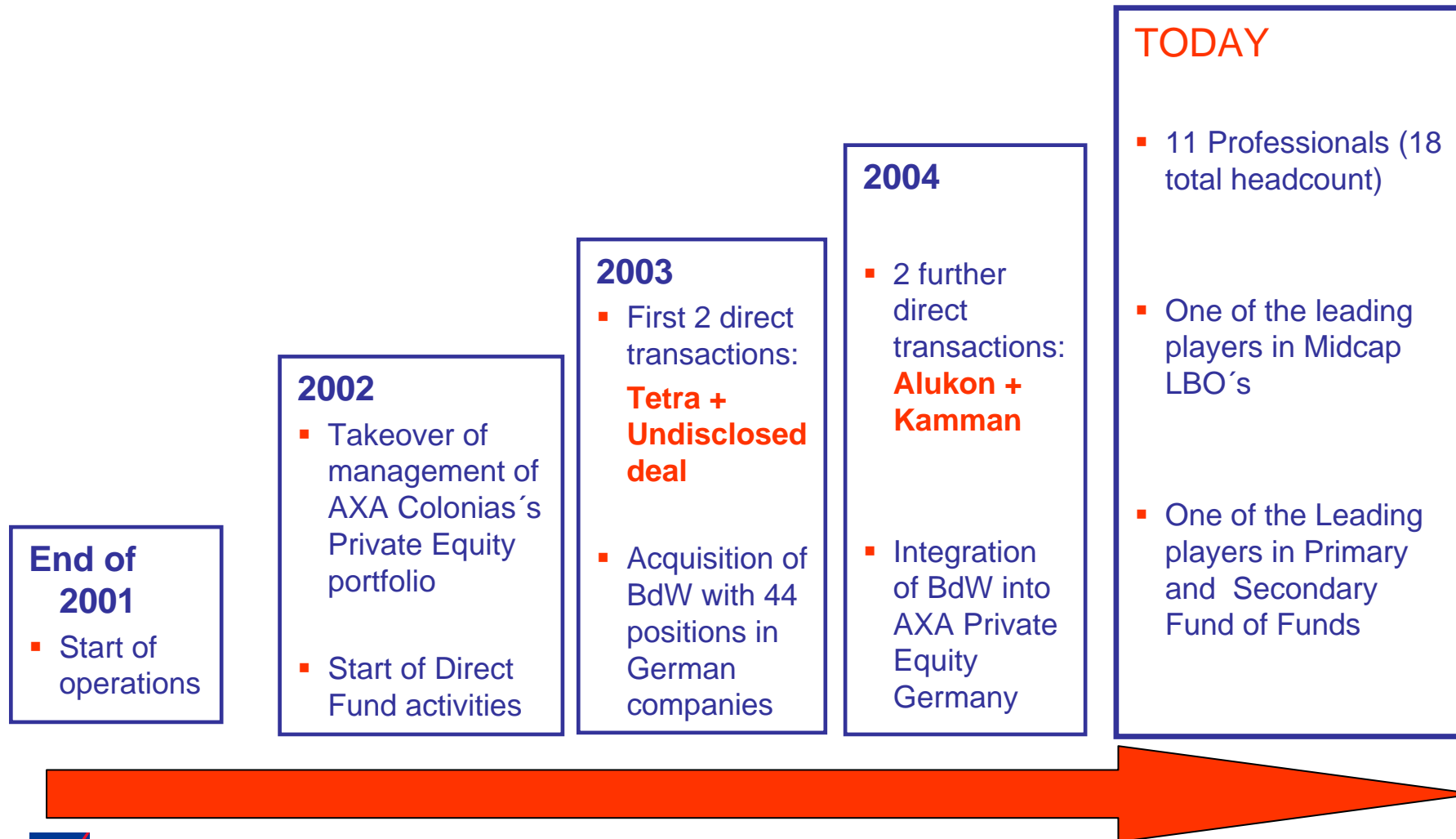
# German Mid-Cap LBO Market

- Main mid-market transactions in Germany H 1 2004

Company	Equity sponsors
Sueddekor Druckerei	Bain Capital, Odewald & Compagnie
EMPE Holding GmbH	AlpInvest Partners
VTG – Lehnkering	Triton
<b>Alukon</b>	<b>AXA Private Equity</b>
Stinnes Interfer AG	Bain Capital
Lichtwer Pharma AG	3i Group
ADI Alpha Holding GmbH	Odewald & Compagnie
Hirschmann Electronics	HgCapital
Essener Hochdruck – Rohrleitung	Capiton AG
City Point	Warburg Henderson
<b>Kamman</b>	<b>AXA Private Equity, Arcadia</b>
Isola AG	Texas Pacific Group
Otto Sauer Achsenfabrik	Deutsche Beteiligung AG
Karl Konzelmann GmbH	Nord Holding
SIG Kautex	Adcuram Beteiligungs AG
FEP Fahrzeugelektrik Prina	Barclays Private Equity

**15  
transactions  
first half year**

# Development of AXA Private Equity in Germany



# The consequences for AXA Private Equity going forward

- In light of the funds raised by AXA Secondary Fund III, AXA Private Equity will focus large secondary fund transactions which are still growing.

# [The Secondary Market

- Vincent Gombault: Head of Fund of Funds
- James Pitt: Managing Director London office

# Secondaries Market Introduction

- **What is a secondary?**

*The acquisitions of LP interests in private equity funds and, or the acquisition of portfolios of direct interests*

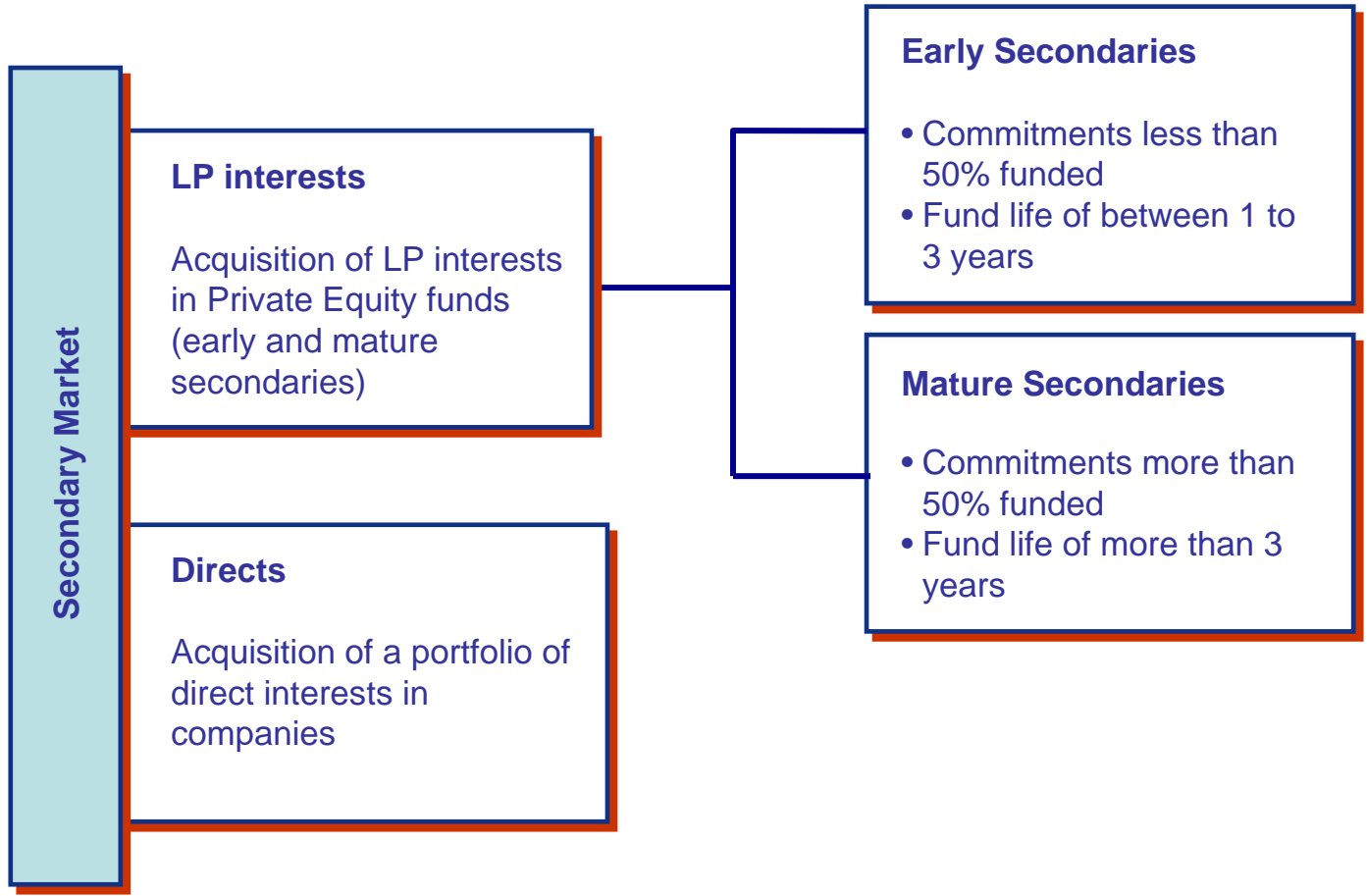
- **What fuels the secondary market?**

*Secondary transactions permit sellers to meet liquidity needs, satisfy new regulatory constraints, or optimise asset allocation*

- **What are the key benefits of investing in the secondary market?**

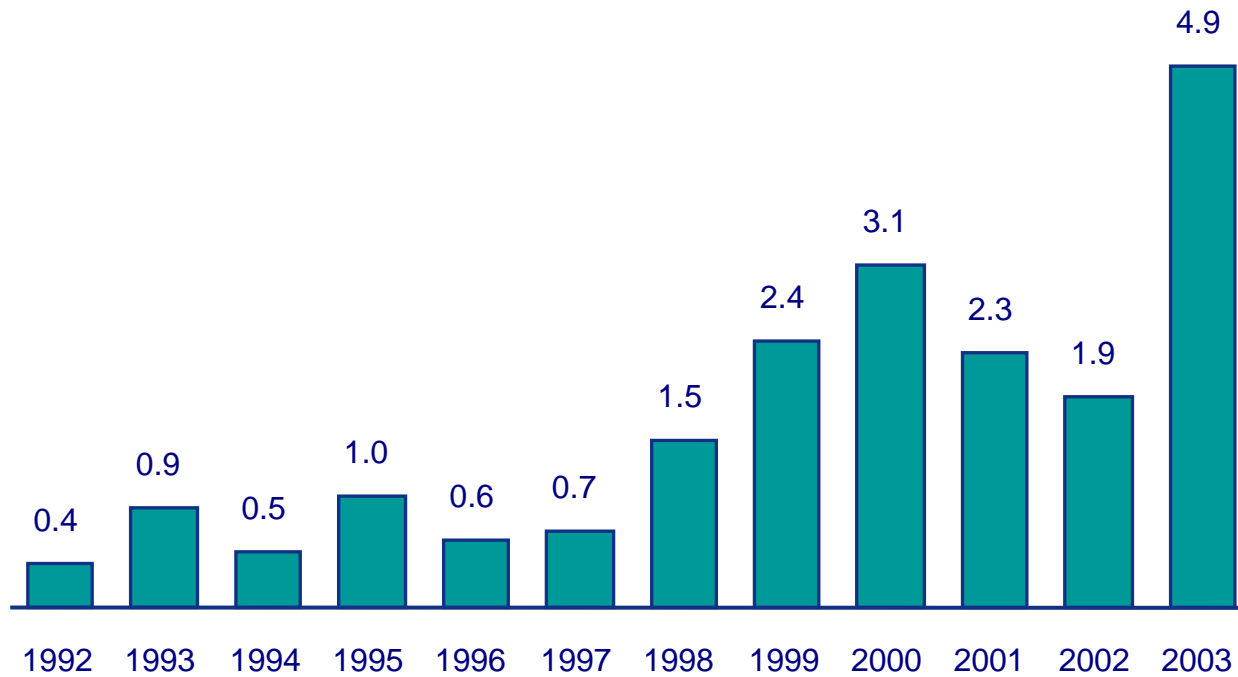
- Accelerated cash flows (acquisition of mature portfolios)
- Diversification benefits (assets, GPs, Geography, businesses, vintages)
- Asset transparency
- Fund access

# Various Forms of Secondary Investing



# Fast Evolving Secondary Market...

## Reported secondary transaction volumes (in Bn\$)



Source: Private Equity Analyst

# [...Expected to continue to expand going forward

- **Regulatory changes**

- IAS 27 (consolidation of portfolios)
- Basel II

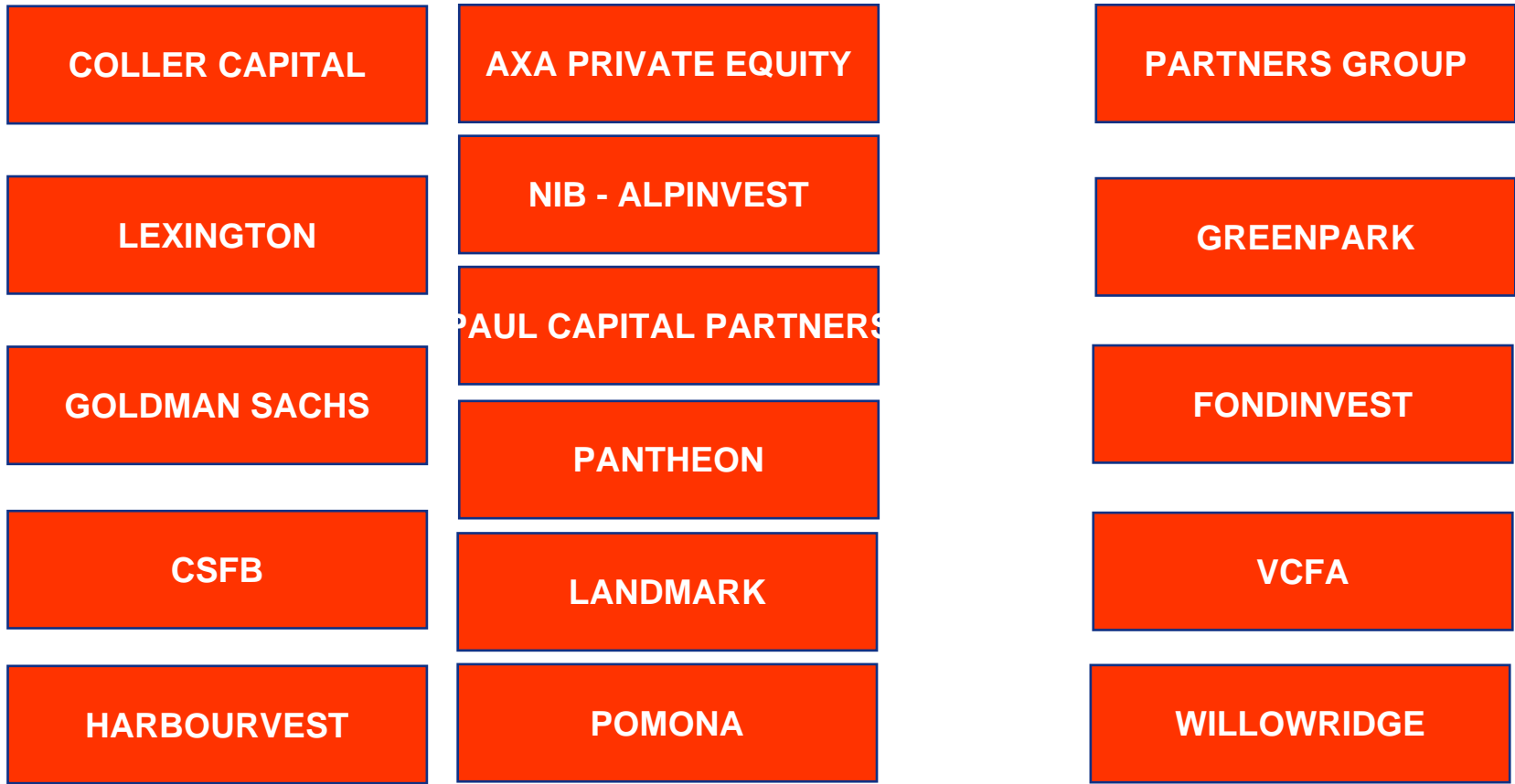
- **Financial requirements**

- Liquidity management
- Portfolio management
- Financial distress

- **Strategic changes**

- Focus on core/profitable GP leveraged finance relationships
- Asset re-allocation
- Financial institutions M&A activity and post-merger asset management
- Corporate strategy changes

# Established Secondary Players



Large to Medium size

Small

# Evolution of the Secondary Market

## ■ Increasing market

- Shift from single interest sales to portfolios of interests
- Increasing number of opportunities : different rationale for selling

## ■ Transaction characteristics

- More intermediary/advisor specialists involved in the selling process
- More competition – fund of funds, public pension plans are entering the market with lower cost of capital, especially for smaller deals or single fund interests
- Longer selling process - deeper due diligence expertise & more time spent in deal negotiation
- More common-place use of financial engineering (vendor loans, leverage) to increase overall returns
- More portfolios of directs and emergence of new specific players (Saints, Nova,..)

# Recent Significant Transactions

**SocGen**

**Goldman Sachs**

**Sept. 2004**

**Seller**

**Buyer**

**Date**

**Deutsche Bank**

**AXA Private Equity**

**July 2004**

**Credit Agricole**

**AXA Private Equity**

**June 2004**

**Abbey National  
2004**

**Coller Capital**

**January**

**BdW  
2003**

**AXA Private Equity**

**December**

**UBS  
2003**

**Harbourvest**

**November**

**Deutsche Bank**

**CSFB**

**July 2003**

**CDC IXIS  
2003**

**AXA Private Equity**

**August**

**Private Equity Holdings**

**CSFB**

**May 2003**

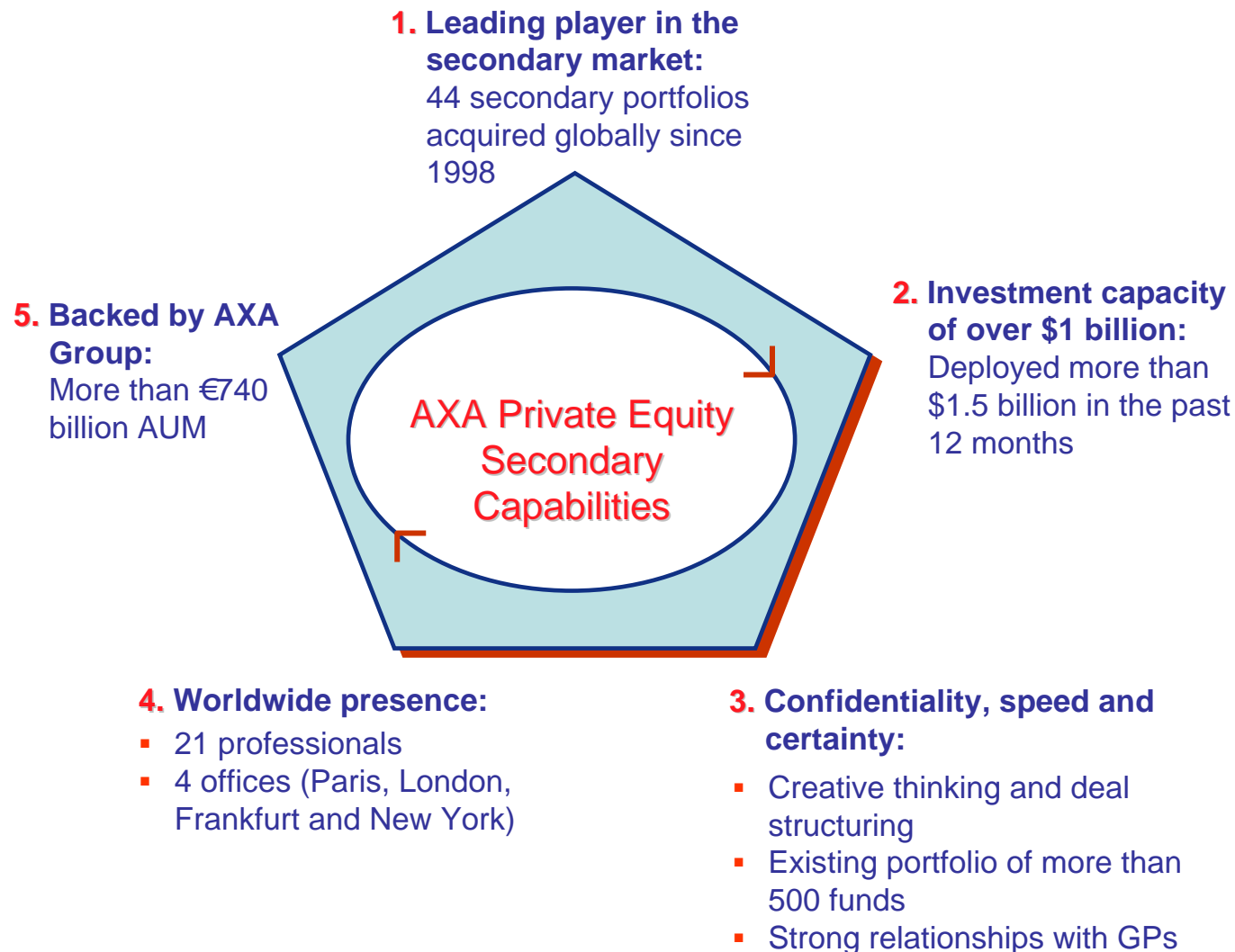
**Deutsche Bank/ Mid Ocean**

**Various**

**July 2003**



# AXA Private Equity Secondary Capabilities



# [The participants

## JOURNALISTS

### ■ GERMANY

- Michaël Höfling Welt am Sonntag
- Holger Alich Handelsblatt
- Ulrike Lüdke Finance
- Caroline Heidig Der Fonds

### ■ LONDON

- Neil Sen Acquisitions Monthly
- Cindy Heidebluth Alt Assets
- Amy Carroll Real Deals
- Jonathan Braude The Deal
- Samer Iskander Financial News

### ■ FRANCE

- Franck Caron Private Equity Magazine
- François Vidal Les Echos
- Agathe Zilber Capital Finance
- Gwenaëlle Le Solleu La Tribune
- Jean-Philippe Mocci L'Agefi

# [The participants

- **AXA PRIVATE EQUITY**

- Dominique Senequier CEO
- Dominique Gaillard Head of Direct Funds
- Vincent Gombault Head of Fund of Funds
- Stephan Illenberger Managing Director Frankfurt office
- James Pitt Managing Director London office
- Sylvie Deneubourg Head of Communications

- **FRENCH AGENCY**

- Philippe Heymann P.H. Consultants

- **UK AGENCY**

- Melanie Gerlis Finsbury

- **GERMANY AGENCY**

- Dirk Schmitt A&B Financial Dynamics