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France M&A Financial Services

Newsletter

January to December 2016

Foreword

The purpose of this document is to provide **an overview of recent M&A activity in the French financial services industry.**

This first edition covers the full 2016 year and will be followed by quarterly updates throughout 2017. The information contained herein is based upon publicly available information only.

Brice Chasles

**M&A Transaction Services FSI,
Managing Partner**

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Overview

Focus : France overview

2016 has seen a significant volume of M&A deals in the financial services industry in France: 79 transactions were announced in FY16 versus 60 in FY15.

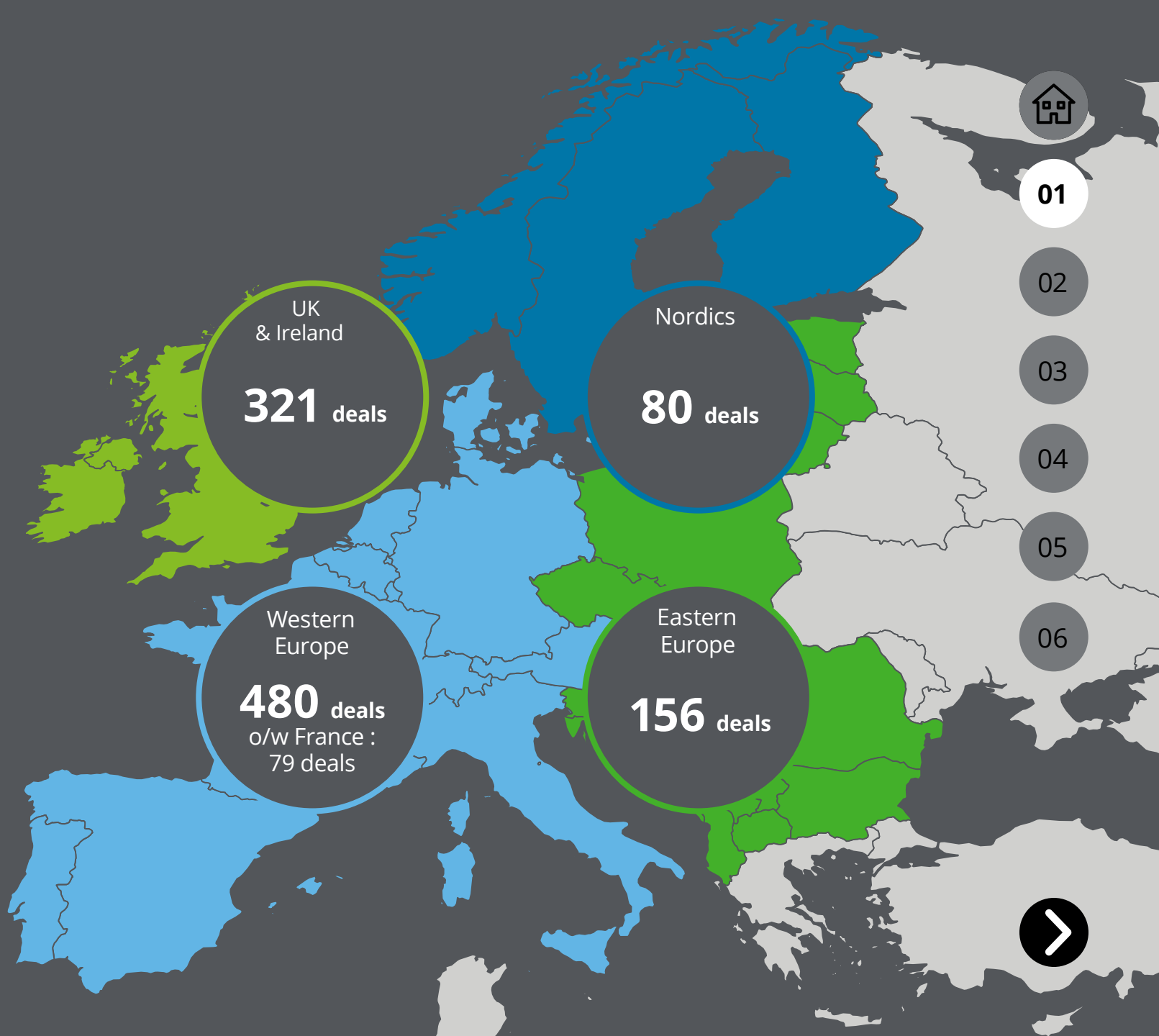
In the banking sector the three main themes encouraging M&A activity were:

- regulatory burden: disposal of non-core businesses
- private equity funds investments in regulated activities
- technology and innovation: strategic acquisitions used as growth driver.

The insurance sector remained active in 2016 with 17 deals announced versus 27 in 2015. The main catalyst in the insurance sector was the creation of several strategic partnerships as well as the brokerage segment which saw the completion of several bolt-on acquisitions by new entrants in the market.

The other segment regroups various niche sectors such as crowdfunding, investment management, payment solutions, clearing, Fintech and has fuelled the M&A activity with 50 deals in 2016, almost double in comparison with 2015.

Worth noting is the asset management sector where the M&A activity was dominated by small to medium sized transactions mainly initiated by independent boutiques aiming to diversify their product range and/or distribution channels.



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European FSI M&A

Number of FSI M&A transactions in Europe (announced and completed at 31/12/2016)

Country	Banking	Insurance	Other financials	Total
UK and Ireland	18	61	242	321
Western Europe*	106	71	303	480
<i>o/w France</i>	13	17	49	79
Nordics	9	11	60	80
Eastern Europe	45	15	96	156
Total	178	158	701	1 037

Note: excluding UK, Ireland and Nordics

Source: Thomson Reuters – classification by industry target and country of the target



Banking

French Banking Sector (January to December 2016 deals)

In 2016, the French telecommunication operator Orange bought a 65% stake in Groupama Banque to accelerate the digital strategy of the bank and leverage on the Orange branch network.

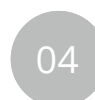
The other M&A driver in 2016 was the completion of restructuring plans by international Groups also influenced by industry regulatory burden:

- General Electric sold its equipment finance and receivable finance businesses in France and Germany to French mutual bank, Banque Federative du Credit Mutuel for a total consideration of €6.6bn
- GE Capital sold its French consumer finance business to Cerberus Capital Management. The transaction was completed in 2017.
- UK private equity firm, Anacap, is finalising the acquisition of the French retail banking and insurance operations of UK bank, Barclays plc.

The Anacap and Cerberus transactions are noteworthy as, if completed, would be the first M&A transactions in the regulated banking market involving private equity firms as investors.

At the very end of 2016, Equistone Partners announced that they had entered into exclusive talks with Goldman Sachs for the sale of French online loan broker, Meilleurtaux.com. The deal was completed in early 2017.

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Banking

Announcement date	Target name	Percentage of acquisition	Bidder Name	Deal Status at 31/12/2016
Dec-16	Finizy SAS "Meilleurtaux"	100%	Goldman Sachs Group Inc	Pending
Dec-16	Banque Leonardo SA	100%	UBS(France)SA	Pending
Dec-16	Société Générale Splitska Banka d.d.	100%	OTP Bank Plc	Pending
Nov-16	RBS Asia Limited	100%	Credit Agricole	Completed
Oct-16	Pixeo SAS	100%	Finizy SAS	Completed
Aug-16	Credit Agricole - Regional banks	25%	Sacam Mutualisation	Completed
Jul-16	Fidor Bank	100%	BPCE	Completed
Jun-16	GE Money Bank	100%	Cerberus Capital Management LP	Pending
Jun-16	Cie Financiere Martin Maurel	Merger	Rothschild & Co SCA	Pending
Apr-16	Barclays PLC-French Ret Bking	LBO	AnaCap Financial Partners LLP	Pending
Mar-16	GE-Financial Businesses	100%	BFCM SA	Completed
Jan-16	Immopret France SARL	100%	Financiere Holding CEP SAS	Completed
Jan-16	Groupama Banque SA	65%	Orange SA	Pending
Completed				6
Pending				7
Total number of deals				13

Source: Thomson Reuters – classification by industry target



Insurance

French insurance sector (January to December 2016 deals)

The domestic M&A activity was rather limited in the regulated insurance space, with a few large operations being the acquisition of :

- 1- 7.6% of Scor by Covea Participations from Sompo Japan Nipponkoa Holdings,
- 2- the strategic partnership between AG2R La Mondiale and CNP Assurances to create a leading player in corporate retirement savings and
- 3- the acquisition by La Banque Postale of 50% of La Banque Postale Prevoyance as part of the broader partnership agreement with CNP Assurances for the distribution of insurance contracts for another 10 years.

The most active sector was insurance brokerage with 12 deals: the proposed acquisition of AssurCorpro by Eurazeo PME and several build-up operations, including the acquisition of Capmarine by Siaci Saint Honoré.

In 2015 there were c.20 M&A transactions in the insurance brokerage space, including visible deals like the acquisition of 57% of Siaci Saint Honoré by the private equity firm Ardian and the acquisition of Santiane and LSA Courtage (formerly known as Lucheux) by the private equity firm BlackFin Capital.

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Insurance

Announcement date	Target name	Percentage of acquisition	Bidder Name	Deal Status at 31/12/2016
Nov-16	Pil & Geoffroy Assureurs 88	100%	Coparco Assureurs Conseils SAS	Completed
Oct-16	Alan SA	Undisclosed minority stake	Investor Group	Completed
Oct-16	Groupe Dufaud Courtage SAS	100%	Siaci Saint Honore SA	Pending
Sep-16	MBA Geodesk SAS	100%	Asselio SARL	Completed
Jul-16	AssurCopro SAS	Undisclosed minority stake	Eurazeo PME Capital SA	Pending
Jul-16	Texa SAS	Undisclosed majority stake	Naxicap Partners SA	Completed
May-16	Cabinet ACBS SARL	100%	FINAXY Entreprise Ile de SASU	Completed
Apr-16	SCOR SE	7,6%	Covea Groupe SAS	Completed
Apr-16	Arial CNP Assurances	Undisclosed	CNP Assurances SA	Completed
Mar-16	Cap Marine SAS	100%	Siaci Saint Honore SA	Completed
Feb-16	Groupe Identicar SAS	LBO	Investor Group	Completed
Feb-16	La Banque Postale Prevoyance	50%	La Banque Postale SA	Pending
Feb-16	Vitae Assurances SAS	100%	Axelliance Groupe SASU	Completed
Feb-16	JLM Assurances SEP	100%	Finaxy Group SASU	Completed
Jan-16	SFAM SAS	Undisclosed minority stake	Winch Capital 3	Completed
Jan-16	CRF Conseils SAS	100%	Investor Group	Completed
Jan-16	Avilog SAS	100%	April Group SA	Completed

Completed	14
Pending	3
Total number of deals	17

Source: Thomson Reuters – classification by industry target



Other financial services

French other financial services sector (January to December 2016 deals)

French Fintech companies mainly cover payment services (online payment, FX, money transfer), lending (direct lending, marketplace lending) and wealth management (robo-advisors, equity crowdfunding). In 2016, financial service companies tried to accelerate their digital strategy and pursued various investments in innovative financial solutions: a group of investors including CNP Assurances took a minority interest in French crowdfunding specialist Lendix.

In December 2016, Euronext made an irrevocable all cash offer to buy LCH Clearnet SA, the French regulated clearing house subsidiary of the London Stock Exchange. In 2017, the deal was canceled by the seller after the European Commission blocked the merger between LSE and Deutsche Boerse.

The other area of focus from investors in 2016 was the asset management sector:

- The most notable transactions of 2016 in asset management was Amundi agreeing to buy Pioneer from Unicredit bank for €3.6bn and the acquisition by UK investor Bridgepoint of 52.5% in the independent French wealth manager and broker, Primonial.
- Other transactions comprise the acquisition of Vivienne Investissement by Credit Mutuel Arkea, Eres Gestion acquired by Parquest Capital and the increase of Amundi's stake in Tobam to 20%.
- In 2015, the largest M&A transaction in the investment management sector was the acquisition of a 71% stake in the independent boutique, DNCA Finance by Natixis Asset Management. DNCA Finance had c.€17bn AuM at the time of the acquisition.

Also worth noting that in November 2015, Amundi raised €1.5bn from the IPO floating ca 24% of its capital on Euronext. Other M&A deals comprised the acquisition of Malesherbes Gestion Privée by Cyrus Conseil SAS and the acquisition of the asset management arm of Malakoff-Mederic, Federis Gestion d'Actifs by La Banque Postale.

See next page for full list.



Other financial services

Announcement date	Target name	Percentage of acquisition	Bidder Name	Deal Status at 31/12/2016
Dec-16	LCH Clearnet SA	100%	Euronext NV	Pending
Dec-16	Expert & Finance SA	100%	Crystal Finance SA	Pending
Dec-16	Pioneer	100%	Amundi SA	Pending
Dec-16	Irdi-Sodirec Gestion	100%	Sodirec SA	Completed
Nov-16	Montmartre Asset Management	100%	IM Square	Pending
Nov-16	Kreaxi	100%	Groupe Rhône-Alpes Création	Completed
Nov-16	Rapidoprêt SAS	Undisclosed minority stake	Cogedis	Completed
Nov-16	AMC Conseil	100%	L'Institut du Patrimoine	Completed
Nov-16	Payplug	100%	BPCE	Pending
Nov-16	Emertec Gestion SA	Merger	Demeter Partners	Pending
Nov-16	Sogama Credit Associatif SA	Undisclosed minority stake	Investor Group	Completed
Nov-16	Groupe Primonial SAS	50%	Bridgepoint Advisers Group Ltd	Pending
Nov-16	Galimmo SCA	8,2%	Primonial Capimmo SCI	Pending
Nov-16	Tobam SAS	20%	Amundi SA	Completed
Oct-16	Finadvance SA	100%	A Plus Finance SA	Pending
Oct-16	Equitis Gestion SAS	Merger	SGG SA	Completed
Oct-16	Wiseprofits SAS	10%	La Poste SA	Completed
Oct-16	Infnitis SAS	100%	CGP Entrepreneurs SASU	Completed
Oct-16	E-Cotiz SAS	55%	S-Money SASU	Completed
Oct-16	Sudinnova SA-Startup Portfolio	100%	Investor Group	Completed
Sep-16	Icade Asset Management SAS	100%	Colliers International Group	Completed

Source: Thomson Reuters – classification by industry target



Other financial services

Announcement date	Target name	Percentage of acquisition	Bidder Name	Deal Status at 31/12/2016
Sep-16	Vivienne Investissement SA	28%	Credit Mutuel Arkea SCA	Completed
Sep-16	Eres Gestion SASU	Undisclosed minority stake	Parquest Capital SAS	Completed
Sep-16	Ulule SAS	Undisclosed minority stake	Investor Group	Completed
Sep-16	Unilend	Undisclosed minority stake	New Alpha Asset Mgmt SAS	Completed
Sep-16	AKYA Consulting SAS	100%	June Partners SASU	Completed
Aug-16	Sicavonline SA,Sicavonline	Remaining 35%	Ageas France SA	Pending
Jul-16	Financiere De l'Echiquier SA	Remaining 60%	Investor Group	Completed
Jul-16	Sully Asset Management SA	100%	Invest Securities	Completed
Jul-16	Craigston Finance SAS	100%	Invest Securities	Completed
Jul-16	Tikehau Capital Advisors SAS	16,5%	Investor Group	Completed
Jul-16	ACG Capital SA-Acto Mezzanine	100%	EdRIP SAS	Completed
Jul-16	Contentia	100%	EOS Group	Completed
Jun-16	Y Capital SAS	Undisclosed minority stake	Elaia Partners SAS	Completed
Jun-16	Kepler Cheuvreux SA	5%	Cooperatieve Rabobank UA	Completed
Jun-16	Raise Investissement SAS	Undisclosed minority stake	Credit Mutuel Arkea SCA	Completed
May-16	SereniPay SAS	80%	Investor Group	Completed
May-16	Easton Corporate Finance SAS	35%	Arkea Banque E&I SA	Completed
May-16	Innovation Capital SAS	100%	LBO France Gestion SAS	Completed
May-16	Applicam	100%	Docapost SAS	Completed
Apr-16	Moneyline Banking Systems SA	100%	Moneyline Bking Sys SA SPV	Completed
Apr-16	Lendix SA	Undisclosed minority stake	Investor Group	Completed
Apr-16	Beyond Ratings SAS	Undisclosed minority stake	Investor Group	Completed

Source: Thomson Reuters – classification by industry target



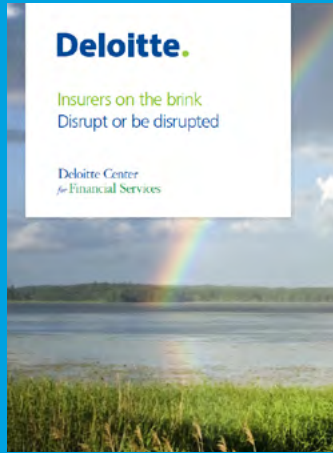
Other financial services

Announcement date	Target name	Percentage of acquisition	Bidder Name	Deal Status at 31/12/2016
Mar-16	AFPP SAS	100%	Ace Credit Web SAS	Completed
Mar-16	K Partners SAS	Undisclosed minority stake	Inter Invest SA	Completed
Feb-16	Parcours	undisclosed majority stake	ALD Automotive	Completed
Feb-16	Lione & Associes	Undisclosed majority stake	Invest Securities	Completed
Feb-16	Enerfip SAS	Undisclosed minority stake	SOFILARO	Completed
Jan-16	Sentinelle SAS	100%	Advize Group SA	Completed
Completed				39
Pending				10
Total number of deals				49

Source: Thomson Reuters – classification by industry target



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