

# Corporates: Maximising M&A

A study of French corporate M&A sentiment

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In association with



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## Methodology

In January 2009, Remark, the research and publishing arm of mergermarket, canvassed the opinion of 50 French corporates who have undertaken an M&A transaction in the last three years. Respondents were asked a number of questions relating to extant M&A issues and how they exchange critical information during a transaction. All answers were reported confidentially and in aggregate.

# Foreword



As the leading provider of critical information exchange solutions, IntraLinks is pleased to sponsor this Mergermarket “**Maximising M&A France**” study. We hope you find it interesting reading.

Given the prevailing economic circumstances, it comes as no surprise that the majority of respondents hold a neutral view regarding the outlook for cross-border and domestic transactions in 2009, with many suggesting that French corporates will now pursue a more opportunistic approach to dealmaking.

However, it is interesting to note that almost half of those surveyed expect the Central & Eastern European region to experience the greatest level of annual growth in M&A activity and that almost a quarter of those surveyed expect Chinese bidders to be most aggressive in the region.

The study also highlights some of the key issues surrounding the challenges for French corporates when conducting due diligence, with many highlighting information and transparency issues, as well as confidentiality, as key factors.

In the current climate the benefits of using a virtual dataroom (VDR) in an M&A transaction, become increasingly valuable. Using an IntraLinks Exchange can dramatically increase the speed and efficiency of a transaction by eliminating the cost and hassle of creating physical datarooms; tracking all disclosure online; reaching more buyers and monitoring interest throughout the process.

In addition, multiple buyers can conduct due diligence simultaneously, eliminating scheduling conflicts and the need to travel. By accelerating the process companies can reduce the impact of market factors - on average using an IntraLinks Exchange can shave up to 30 days off a deal.

It is also interesting to read that respondents suggest that IntraLinks Exchanges can be used for a variety of departments outside of the M&A process. They suggest both Legal and Financial departments would benefit from taking the exchange of critical information online, indeed, this is a trend which we are already seeing in the market.

At IntraLinks we are committed to delivering a fast, easy and safe way to control the exchange of critical information. We have certainly gained some valuable insight – from the corporate perspective – into the use of technology and the key issues surrounding the French M&A market, and we look forward to working with all participants in the region over the coming year.

**Andrew Pearson**

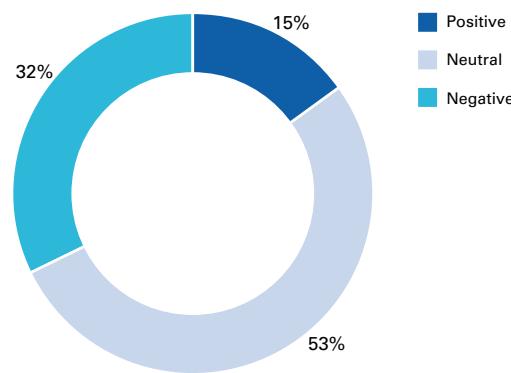
Managing Director, EMEA

**IntraLinks Ltd**

# M&A Outlook

**With respect to cross-border M&A activity involving French corporates in the next year, over half of respondents remain neither pessimistic, nor optimistic**

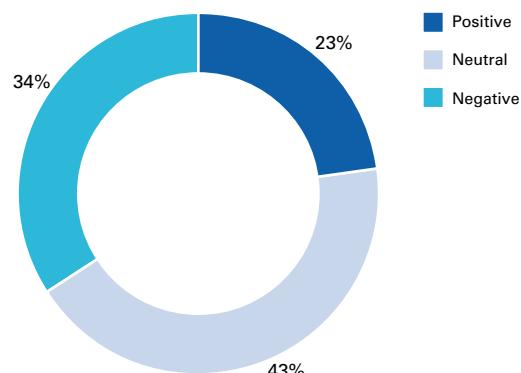
**What is your forecast for cross-border M&A activity levels involving French corporates in the next 12 months?**



- The volume of foreign acquisitions carried out by French companies declined by a modest 7% last year, lower than the 17% decline of inbound acquisitions into the French market. Somewhat unsurprisingly, the fall in cross-border activity for both inbound and outbound deals was more pronounced in the second half of the year as the deal making environment worsened.
- That said, the largest cross-border transactions involving French companies occurred in the second half of 2009. In the largest inbound deal, Qatari Diar, the Real Estate arm of the Gulf state's sovereign wealth fund, paid out €1.7bn for Cegelec, the French electrical engineering firm, at auction in August. In the following month, Electricite de France paid €15.1bn for British Energy Group in the largest outbound deal – notably, this was just one of 12 outbound acquisitions valued at €1bn+ last year.
- Similarly with respondents' outlook for domestic deal making, it is notable that a bearish forecast for cross-border M&A activity in the year ahead is rather limited despite falls in cross-border M&A in 2008. Indeed, 53% of respondents remain neither pessimistic nor optimistic with respect to cross-border M&A activity involving French corporates in the next 12 months, while 15% of those surveyed maintain a positive view. "There are opportunities out there for those who have the means – we just did one big acquisition in the United States, and we may do a few more this year," states one respondent.
- Just under one-third of respondents (32%) maintain a negative forecast for cross-border M&A involving French corporates over the coming year. One respondent states: "There will be little change for domestic M&A next year compared with the past year, but I think there will be a greater decline in cross-border transactions."

**Two-thirds of respondents hold a neutral or positive view with respect to the domestic M&A outlook for France over the coming year**

**What is your forecast for domestic M&A activity levels involving French corporates in the next 12 months?**

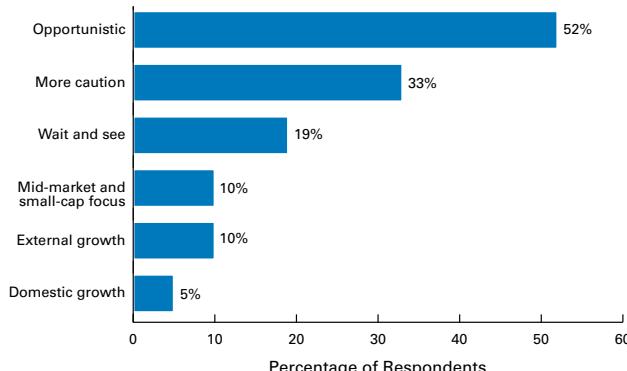


- A combined two-thirds of respondents maintain a neutral (43%) or positive (23%) forecast for domestic M&A involving French corporates over the next 12 months. It is notable that such a large proportion of respondents are not more bearish with respect to the domestic M&A outlook for the year ahead given that the volume of domestic transactions fell by over 20% in 2008.
- Indeed, only 34% of those surveyed maintain a negative view. Elsewhere, one respondent holding a neutral view explains "I'm undecided as there are two conflicting forces at play. On the one hand, I'm pessimistic because of the current economic situation and lower liquidity levels. On the other hand, I'm optimistic as the economic situation will lead to greater structural benefits, with increasing consolidation amongst sectors, which will eventually start the path to economic recovery."



**Over half of respondents describe their broad strategy for M&A over the coming year as opportunistic**

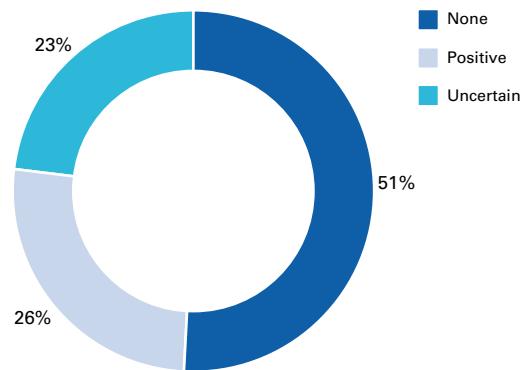
**Many market observers believe that M&A activity may have peaked last year – what is your company's broad strategy for M&A in the year ahead?**



Note: Respondents were able to choose more than one answer

**All respondents support President Sarkozy's economic reform proposals, though more than half do not believe it will have a direct effect on M&A in the region**

**What impact would President Sarkozy's plans to deregulate the labour market and cut income tax have on M&A in the region?**



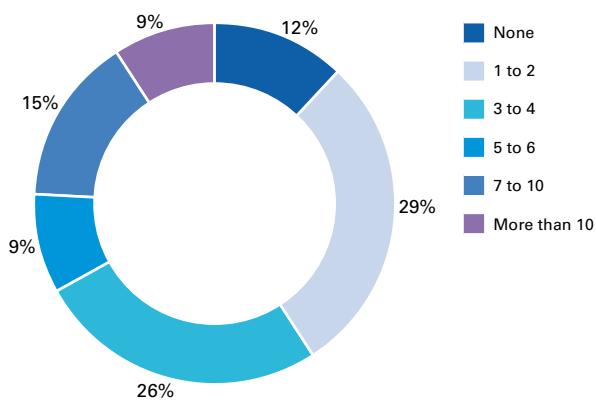
- Given the changing economic landscape, it is of little surprise that just over half of respondents (52%) describe their broad strategy for M&A over the coming year as opportunistic. One respondent comments: "Strictly speaking we have nothing in the pipeline, but we would like to expand into certain markets so we'll be looking for bargains," while another respondent says, "it is in times of crisis that you get the best deals."
- One third of respondents plan to carry out a more cautious approach to M&A over the year ahead. One such respondent remarks, "we'll be very cautious, firstly because of the current financial situation, and secondly because we deem that our debt ratio is a bit too high and we don't want to add more to it." Just under one-fifth of respondents say they will adopt a wait-and-see approach to M&A over the coming year in light of the current global financial crisis.
- 10% of respondents state that their firms will target mid-market and small-cap companies, while another one-tenth plan to pursue external growth opportunities. Conversely, a smaller 5% of respondents plan to focus their M&A activities within the French market.

- Notably, all respondents support President Sarkozy's plans to deregulate the French labour market and cut income taxes. That said, just over half (51%) do not believe that implementation of these reforms will have a direct impact on M&A in France.
- Just over one-quarter (26%) of respondents are uncertain what impact implementation of the reforms will have on M&A, while a marginally smaller proportion (23%) believe it will have a positive effect on deal making in the country. One respondent comments: "It will definitely have a positive impact on M&A as it will make French companies more attractive to foreign bidders," while another explains: "There will be an indirect impact on M&A, as companies' balance sheets will be in better shape, which will augment deal flow."

## M&A Outlook

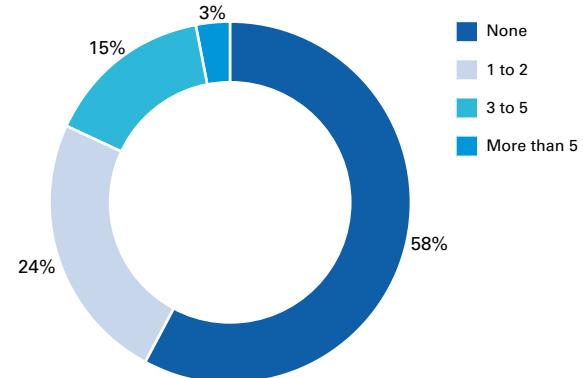
**Only a small proportion of respondents say their companies did not make any acquisitions over the past two years**

**How many acquisitions have you made in the past two years?**



**Respondents' companies have been less active at disposals than acquisitions, with the majority of those surveyed indicating no divestment activity over the past two years**

**How many disposals have you made in the past two years?**



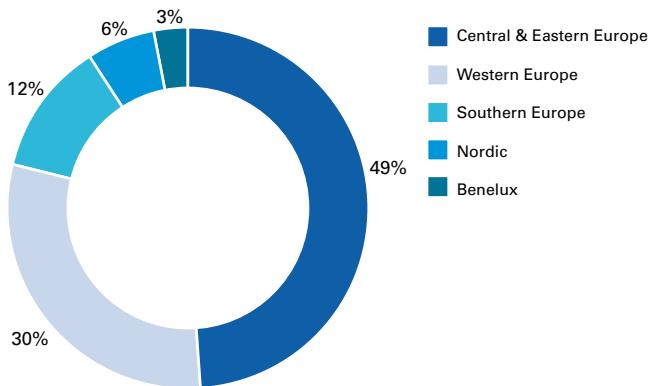
- Just 12% of respondents say their firms have not made any acquisitions in the past two years. The largest proportion (29%) of those surveyed, say their firms have made one to two acquisitions in the past two years, while a marginally smaller proportion (26%) have made three to four buyouts. Smaller shares of those surveyed respond that their firms have made five to six acquisitions (9%) and seven to ten acquisitions (15%).
- Notably, 9% of respondents' companies have made more than 10 acquisitions in the past two years, with some respondents citing 20 or more such transactions over the period.

- Interestingly, when looking at the sell-side of M&A deals the majority of those surveyed (58%) indicate their firms have not made any disposals over the past two years. Slightly less than one-quarter (24%) have made one to two disposals over the period, while 15% have made three to five divestments. Lastly, a small proportion of respondents (3%) say their companies have made more than five disposals over the past two years.
- Looking forward, distressed situations and the restructuring of operations will likely lead to an increase in disposals as companies seek to merge or divest non-core operations to better weather the economic downturn. However, vendors who are experiencing difficulties but are able to survive in the short term without engaging in M&A may well look to do so, waiting for valuations to increase.

# Regional Activity

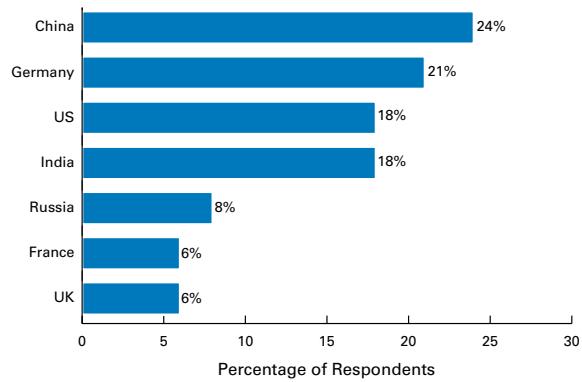
**Slightly less than one-half of respondents expect the Central & Eastern European region to experience the greatest level of annual growth in M&A**

**In what European region do you expect to see the most year-on-year growth in M&A?**



**Almost one-quarter of respondents expect Chinese bidders will be the most aggressive acquirers of French targets over the next 12 months**

**From which countries do you believe the most aggressive acquirers of French businesses will originate from in the next 12 months?**



Note: Respondents were able to choose more than one answer

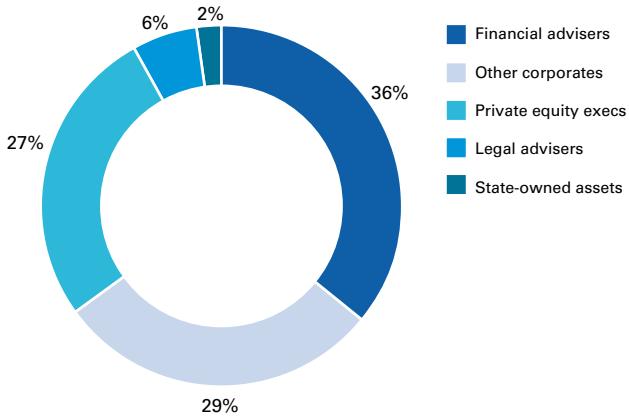
- Almost half of those surveyed (49%) expect Central & Eastern Europe (CEE) to experience the greatest level of year-on-year growth in M&A activity over the coming 12 months. It is arguable these expectations reflect the fact that valuations for assets are significantly depressed in the CEE region, thus affording acquirers more M&A opportunities. Similarly, for multinational corporations restructuring operations, CEE companies may become more attractive targets as they offer comparatively lower production costs.
- 30% of respondents expect M&A growth will be highest in Western Europe over the period. In this respect, one respondent, mindful of the effects of the recent global financial crisis, comments: "I think M&A activity will move toward Western Europe and away from Central & Eastern Europe."
- Southern Europe was identified by 12% of respondents as the region they expect to witness the greatest annual increase in M&A over the next year, while 6% expect the Nordics to witness the largest expansion in deal flow. Lastly, just 3% of respondents expect the Benelux region to experience the most year-on-year growth in M&A activity over the coming year.

- Recognising the relative preponderance of cash rich corporates in developing Asian economies, 24% of respondents expect Chinese bidders to be the most aggressive acquirers of French businesses over the next 12 months, while 18% of respondents expect it will be from companies in India. Another 18% of respondents believe the most active acquirers of French assets will come from the US.
- European countries as a bloc are the primary source of foreign direct investment to the French market, and of these, German bidders will be the most aggressive acquirers of French targets according to 21% of respondents. 9% of those surveyed expect Russian bidders will most actively seek French targets, while the UK and France itself are each cited by 6% of respondents apiece.
- Notably, 15% of respondents cite other countries. These include countries from the Middle East, Central & Eastern Europe and Asia (excluding China and India). emblematic of the systemic uncertainty in the global economy, just under one-fifth of respondents (18%) are uncertain about where the most aggressive acquirers of French companies will originate over the coming year.

# Competitive Outlook

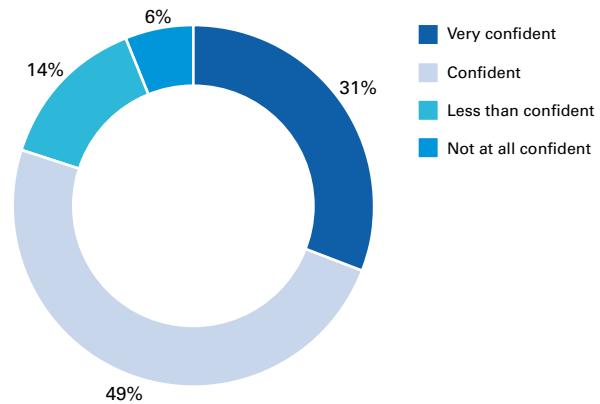
**Over one-third of respondents use financial advisers to source their M&A targets**

**From where do you source your M&A targets?**



**Some 80% of respondents are confident about competing against financial investors in M&A auctions after the recovery from the economic downturn**

**After the recovery from the current economic downturn, how confident are you in competing against financial/private equity buyers in M&A auctions?**



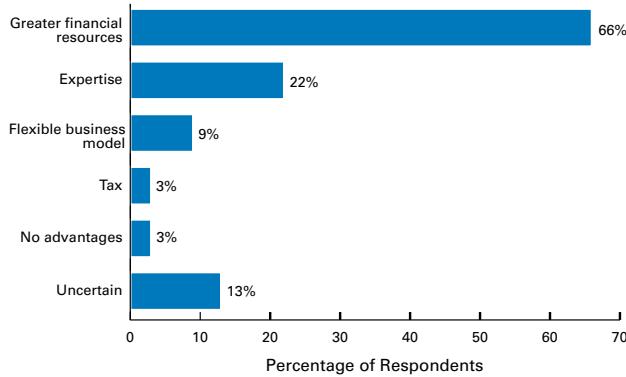
- Over one-third of respondents (36%) use financial advisers to source their M&A targets, which is followed closely by other corporates (29%) and private equity executives (27%). 6% of respondents source their targets through legal advisers, while just 2% source from state owned assets.
- Notably, one-quarter of respondents added that they also source their M&A targets though internal intelligence, contacts and industry knowledge.

- A combined 80% of respondents are confident (49%) or very confident (31%) about competing against financial investors in M&A auctions after the recovery from the economic downturn. Several respondents cite the relative lack of available leverage. One respondent notes: "We are a lot more confident now that private equity firms have less of a financial advantage over us," while another states, "I think most deals will occur between professionals from the same sector, rather than with financial investors."
- Intriguingly, another respondent, confident of his company's competitive position, foresees greater co-operation between financial and strategic investors, stating "Financial buyers no longer invest in the same way. Now we're seeing these firms align themselves with the trade buyers to create the right mix of greater capital and sectoral expertise."
- The remaining one-fifth of respondents are more pessimistic, with 14% saying they are less than confident and 6% note that they are not at all confident about competing against financial and private equity buyers at M&A auctions. One respondent comments: "I'm not at all confident. M&A is not our core expertise, as opposed to private equity firms."



**Two-thirds of respondents identify financial investors' main advantage at auctions as being greater financial resources**

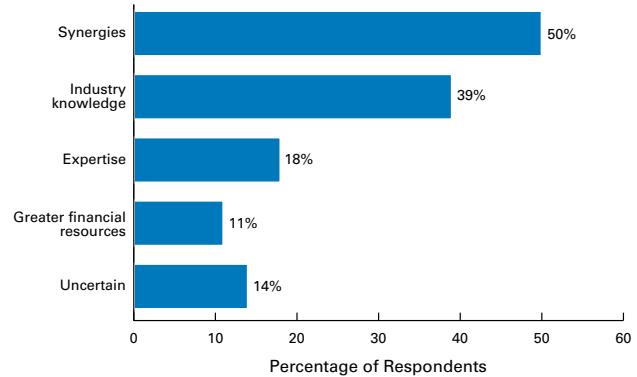
**What advantages do you think financial/private equity buyers have in auction situations?**



Note: Respondents were able to choose more than one answer

**Half of respondents identify synergies as the primary advantage corporate buyers present in auction situations**

**What advantages do you think corporate buyers have in auction situations?**



Note: Respondents were able to choose more than one answer

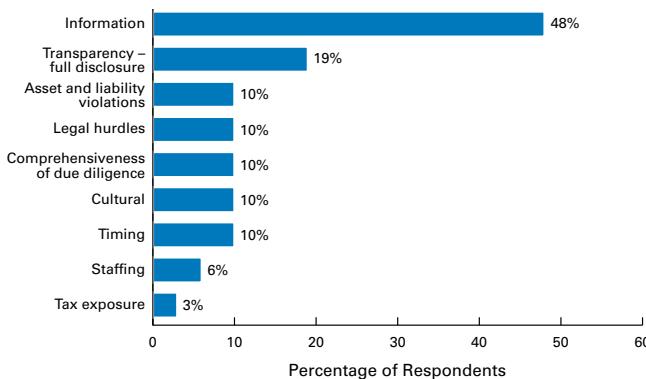
- Two-thirds of respondents identify financial investors' main advantage in auctions as being greater financial resources, while just over one-fifth (22%) point to their expertise. One respondent states: "Private equity firms generally have a good knowledge of their targets and have built up funding over several years. Above all they have a very good understanding of the market."
- 9% of respondents cite private equity's flexible business model, while 3% refer to their tax advantages. Another 3% say they have no advantages at auction over other bidders – one respondent notes: "I think that financial investors have lost their advantage as they no longer have access to credit."

- Half of respondents identify synergies as the primary advantage corporate buyers enjoy in auction situations, while 39% point to industry knowledge and 18% corporates' expertise. One respondent explains "Corporate buyers generally have a precise objective, a business model, a plan or an industrial project that can impress the management of a target company more than money can." Lastly, only 11% of respondents view greater financial resources as the main advantage for corporates, while 14% are uncertain.

# Transaction Challenges

**Almost half of respondents identify information-related issues as the biggest buy-side challenge for conducting due diligence on an M&A transaction**

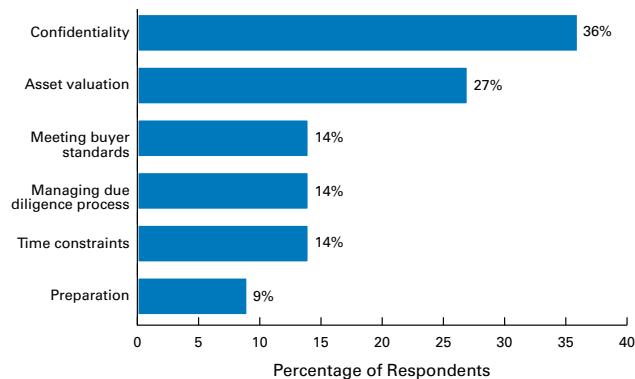
**What is the biggest buy-side challenge you face conducting due diligence on an M&A transaction?**



Note: Respondents were able to choose more than one answer

**Over one-third of respondents identify confidentiality as the biggest sell-side challenge faced when conducting due diligence on an M&A transaction**

**What is the biggest sell-side challenge you face conducting due diligence on an M&A transaction?**



Note: Respondents were able to choose more than one answer

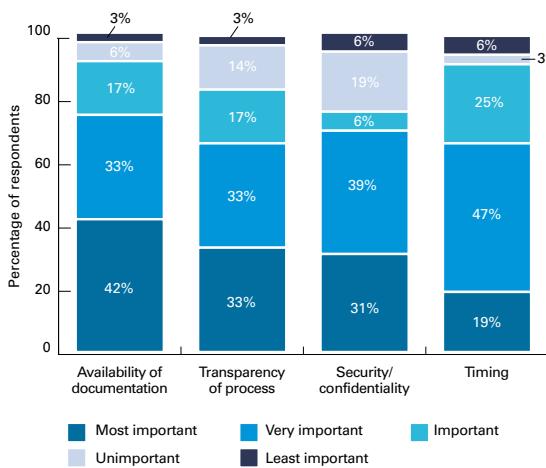
- 48% of respondents identify information-related issues such as the accuracy, clarity, quality, completeness and relevance of information as the biggest buy-side challenge for conducting due diligence on an M&A transaction. In this respect, one respondent explains: "Although the advent of communication technology enables us to have access to a huge amount of information, the way in which we can access the information is controlled and time-constrained, and the whole process is increasingly complex."
- Transparency and full disclosure is identified by 19% of respondents as the biggest buy-side challenge for conducting due diligence when making acquisitions. One respondent explains: "On the buyer side, the greatest difficulty in M&A due diligence is making sure that the information we have is complete and relevant, that is, that no financial information, for example of legal disputes, is hidden." Unsurprisingly, the increase in VDR use reflects the imperative to have better organisation, structure and efficient exchange of the information needed for successful due diligence.

- Over one-third of respondents (36%) identify confidentiality as the main challenge encountered when conducting due diligence on the sell-side of an M&A transaction. "On the sell side preparing targets and maintaining confidentiality amongst employees are the challenges," says one respondent. Notably, providers of VDRs would suggest that taking the process online allows companies to protect their information in a secure environment. VDRs also allow companies to grant different levels of access to buyer groups, meaning they control who has access to particularly sensitive information.
- Asset valuation is identified by 27% of respondents as the biggest challenge. One respondent remarks: "When making a disposal, the greatest challenge in the transaction is to get across the value and potential of the company and to justify its growth estimates to the buyer."



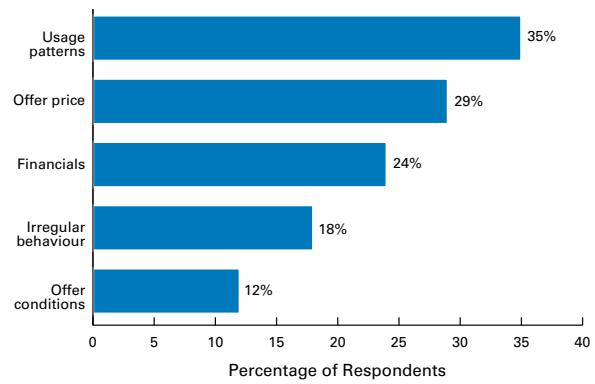
**Availability of documentation is rated as the challenge of greatest importance encountered in a physical data room**

**Rate each of the following challenges during a physical dataroom in their relative importance**



**Over one-third of respondents say they would most like to monitor the usage patterns of potential buyers during an auction**

**When selling a business, what buyer intelligence/information would you like to monitor most during an auction?**



Note: Respondents were able to choose more than one answer

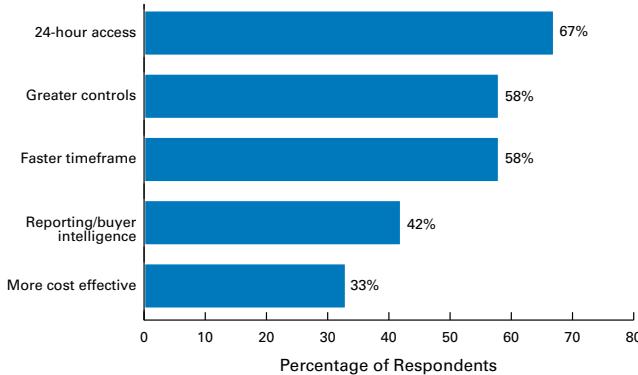
- Availability of documentation is identified as the challenge of most importance encountered in a physical data room by 42% of those surveyed, while other respondents rate it as very important (33%) or important (17%).
- Transparency of process is identified as the greatest challenge in a physical data room by one-third of respondents, while another one-third rate it as a very important challenge. Roughly similar proportions see security and confidentiality as the most important (31%) or very important challenges (39%).
- Lastly, a combined 92% of respondents identify timing as a challenge – the same overall proportion for those who rate availability of documentation as a challenge. That said, only 19% see timing as the challenge of most importance, while just under half of respondents see it as very important (47%) and one-quarter as important.

- 35% of respondents say they would most like to monitor the usage patterns of potential buyers during an auction, while a smaller 29% would like to monitor the offer price. One respondent says "I would like to see usage patterns, such as who has consulted which documents and I would like to keep an eye on the price quote." Interestingly, one of the suggested benefits of using a virtual solution is the ability to track and report user activity within the dataroom. This means that the sell-side team can determine who has looked at what documentation and when.
- Notably, a smaller group of respondents (12%) say they would also like to monitor offer conditions in addition to the offer price. "During an auction, I'd like to be able to closely follow all the conditions offered, not only the price," states one respondent.
- Elsewhere, slightly less than one-quarter of respondents (24%) say they would like to monitor financials during an auction. In this regard, one respondent comments: "When I am selling a company, the information I want to follow closely is the financial status of the acquirer – it's not enough just to make an offer, the bidder will also have to finance that offer."
- Lastly, valuation method, bidder identity and parallel auctions were each identified by only 6% of respondents.

# Critical Information Exchange

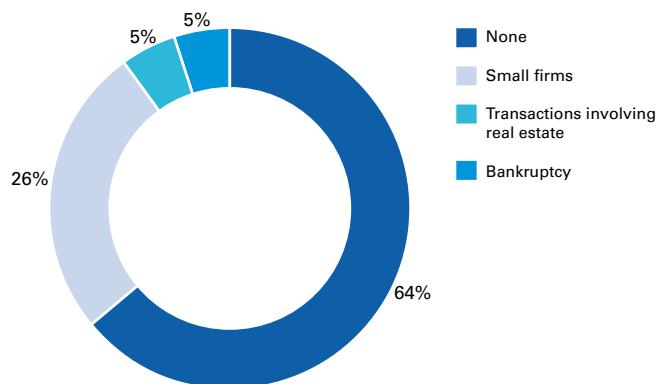
**Respondents who have used VDR on the sell-side identify 24 hour access as the main motivation for choosing VDR over physical data rooms**

**If Yes, to a sell side transaction, what prompted you to choose a VDR over a traditional approach?**



**The majority of respondents indicate that there are not any types of M&A transactions for which they would not use a VDR**

**Based on your experience, are there any types of M&A transactions where you would not use a VDR?**



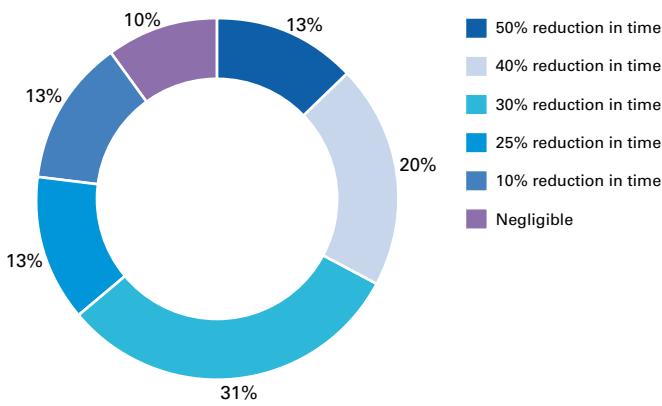
- Respondents cite several important and colluding factors which prompted them to use a VDR on the sell-side of a transaction as opposed to the traditional physical approach. 67% of respondents say that 24 hour access was the main motivation for choosing a VDR over a physical data room, while greater controls and faster timeframe are each identified by 58% of respondents apiece as the main motivation. 42% of respondents were prompted to choose a VDR for its reporting and buyer intelligence capabilities, while one-third viewed it as more cost effective than physical data rooms.
- One respondent says “Bringing in a VDR enables better management of the sale, and a more rational approach. There is a better, more transparent understanding of the potential buyers. VDRs also allow better control of information added in each round of the sale process.”

- A large majority of respondents (64%) say that there are not any types of M&A transactions for which they would not use a VDR, which stands as a resounding endorsement for the use of this technology.
- Of those who identify a reason not to use a VDR for an M&A transaction, just over one-quarter (26%) cite small-cap transactions. One respondent explains “We would not use a VDR when the company’s too small and there’s not a lot of documentation.”



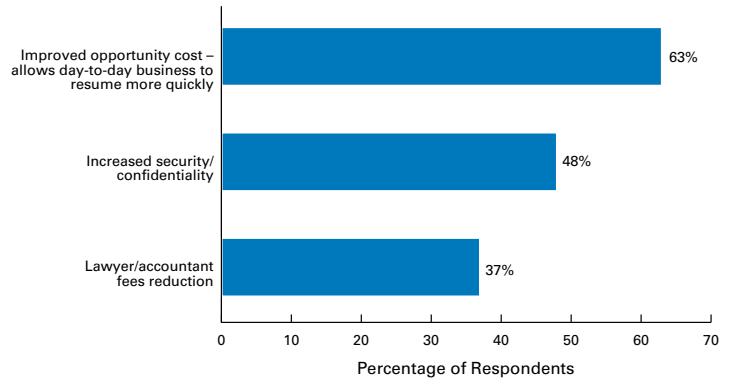
**The vast majority of respondents believe that a VDR compresses the timeframe of the due diligence process**

**By what proportion do you believe a VDR compresses the timeframe of the due diligence process?**



**Respondents identify improved opportunity costs as the factor for which VDR most reduces the cost of the due diligence process**

**In which of the following ways do you believe a VDR most reduces the cost of the due diligence process?**



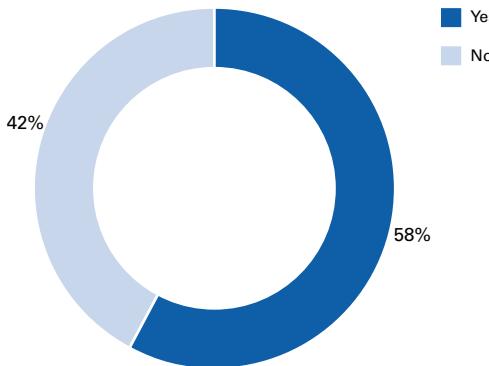
- Some 90% of respondents say that a VDR has a positive effect on the timeframe of the due diligence process. In fact, rather compellingly, a combined 64% believe that a VDR compresses the timeframe of the due diligence process on an M&A deal by at least 30%. This would suggest that taking due diligence online using a VDR offers substantial time savings for all parties.

- 63% of respondents identify improved opportunity costs – i.e. a VDR allows day-to-day business activity to resume more quickly – as the factor for which a VDR most reduces the cost of the due diligence process. Slightly less than half of respondents (48%) believe the cost of the due diligence process is most reduced by the increased security and confidentiality offered by use of a VDR. Lastly, 37% of respondents cite reductions in legal and accountant fees as the biggest source of savings when using a VDR for the due diligence process.

## Critical Information Exchange

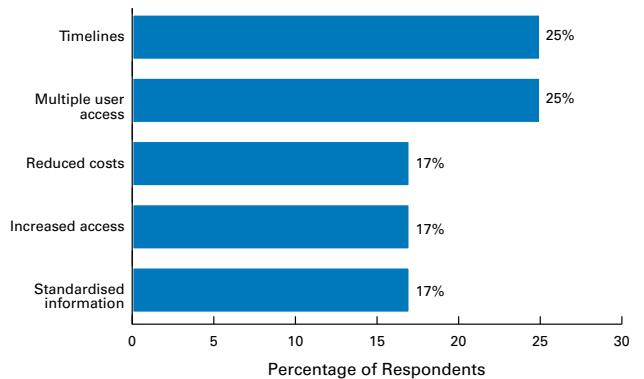
**The majority of respondents encountered unexpected benefits when using a VDR**

**Did you encounter any unexpected benefits to using a VDR?**



**Of respondents who encountered unexpected benefits using a VDR, timeliness and multiple user access are each identified equally as the main advantages**

**If you encountered any unexpected benefits using a VDR, what were they?**



Note: Respondents were able to choose more than one answer

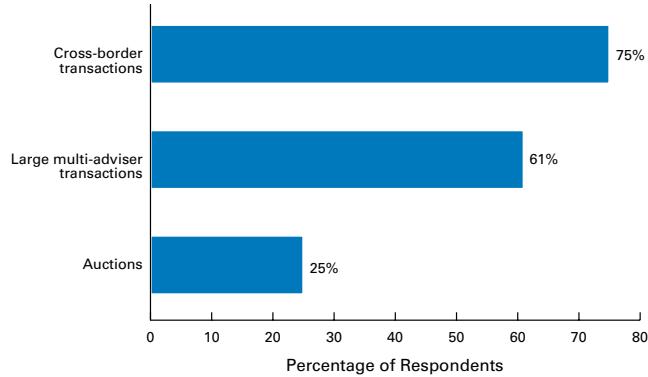
- 58% of respondents say they encountered unexpected benefits when using a VDR. Conversely, the remaining 42% say they did not encounter any unexpected benefits.

- One-quarter of respondents identify timeliness and multiple user access, in equal proportions, as the primary unexpected benefits when using a VDR. At 17% apiece, respondents identify reduced costs, increased access and the standardised information as the main unexpected benefits from using a VDR.
- “The benefits are that it enables a lot more people to take part in the due diligence process, and that they can all have access to the same documents,” says one respondent, while another states: “There were lower costs in terms of travel, greater regulation and control of information. Having alert systems built in also meant you didn’t forget vital information”



**Three-quarters of respondents believe cross-border transactions benefit most from utilising a VDR**

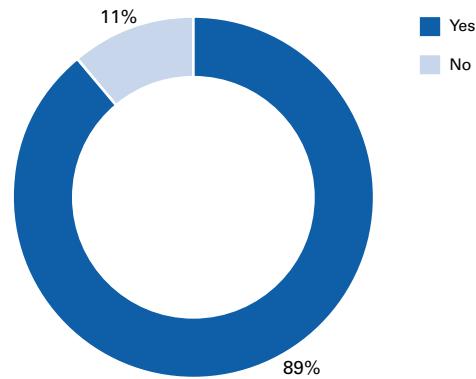
**In your opinion what type of transaction most benefits from utilising a VDR?**



Note: Respondents were able to choose more than one answer

**34% of respondents are concerned about VDR confidentiality prior to using them**

**Would you recommend a VDR in future?**



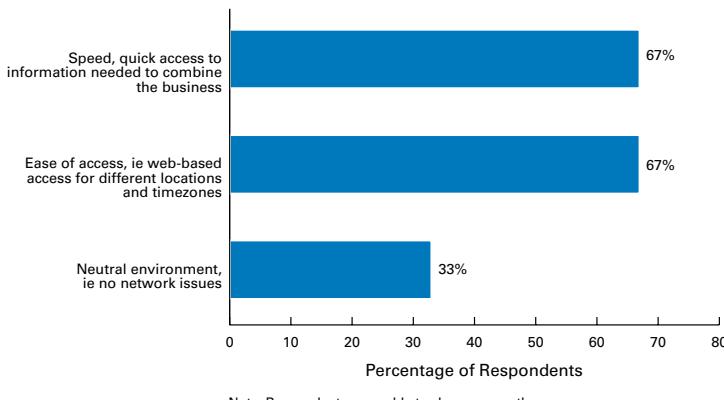
- Three-quarters of respondents believe cross-border transactions benefit the most from utilising a VDR, indicative of the time and cost savings from reduced international travel.
- 61% of those surveyed believe a VDR is most beneficial in large multi-adviser transactions, while 25% of respondents say VDRs are most useful for auctions.

- The large majority of respondents (89%) say they would recommend the use of a VDR in the future and only 11% of those surveyed say they would not. One respondent qualifies the viewpoint of the majority by saying, "Generally we would recommend VDR usage, particularly as intelligent searches develop on scanned documents." Another comments "I would recommend VDRs in the future, provided that a physical meeting remains part of the due diligence process." What is clear is that the majority of corporate M&A departments are happy to endorse the increased used of technology to assist with the M&A process.

## Critical Information Exchange

**Of those respondents who have used a VDR for post-merger integration, they cite speed and ease of access as the main advantages**

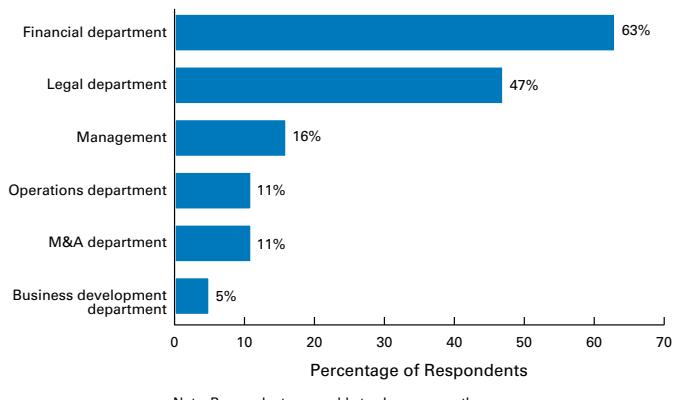
**What was the main advantage of the VDR in post merger integration?**



- Of those respondents who have used a VDR for post-merger integration, both speed and ease of access are each cited as the main advantages by just over two-thirds of respondents (67%). One-third of respondents believe the neutral environment (i.e. absence of network issues) is the main advantage of using a VDR for the post-merger integration process.

**Nearly two-thirds of respondents believe financial departments would benefit the most from using an IntraLinks Exchange**

**Would you use an IntraLinks Exchange for any of the following?**

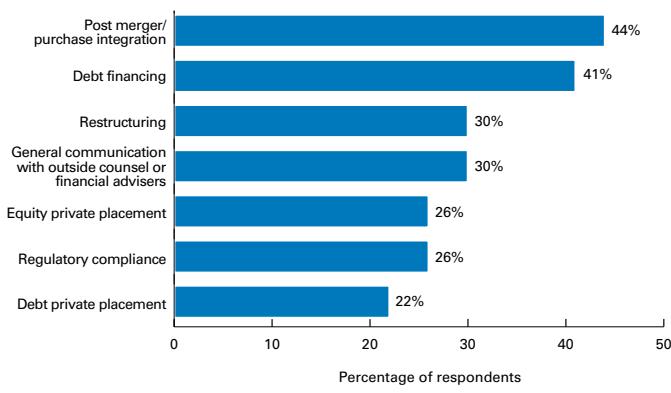


- Nearly two-thirds of respondents (63%) believe professionals working in financial departments would benefit most from using an IntraLinks Exchange, while just less than half of those surveyed (47%) state that staff in legal departments would benefit most. One respondent writes, "I think that I, as the financial director, and the legal director would benefit from an IntraLinks Exchange ."
- 16% of respondents believe the management of their organisation would benefit the most from an IntraLinks Exchange. In equal proportions of 11% apiece, Operations and M&A departments are identified as the areas in their organisations where staff are most likely to benefit. Lastly, 5% of those surveyed say the business development department would benefit most.



**Respondents identify post-merger and purchase integration as the activity for which they do use or would use virtual dataroom**

**Which of the following activities connected with an asset sale or purchase do you, or would you use a VDR or IntraLinks Exchange for?**



Note: Respondents were able to choose more than one answer

- Post-merger and purchase integration is identified by 44% of respondents as the activity connected to the sale or purchase of an asset for which they do use or would use a VDR. A marginally smaller proportion of respondents (41%) identify debt financing as the activity for which they do use, or would use, a VDR or IntraLinks Exchange after a divestment or acquisition.
- Restructuring and communication with counsel and/or financial advisers are each identified by just under one-third (30%) of respondents. Debt and private placements are identified by the smallest share of respondents (22%) as the activity connected to an M&A transaction for which they would most likely use a VDR or IntraLinks Exchange.



## Success Story: Cegelec – Capitalising on the latest technology

"We needed a partner that could help us organise and exchange our documentation quickly and efficiently, with IntraLinks' innovative new tools and dedicated service team we found just that."

– Dominique Tessaro  
Chief Information Officer  
Cegelec

***When Cegelec received an offer for the business it proved the perfect time to test the market. Developments in the two years since it had last partnered with IntraLinks, proved the key to empowering staff to create its dataroom quickly, but without loss of control.***

Cegelec is an international firm, headquartered in France, supplying technological services to companies and local authorities in more than 30 countries around the world. Employing 25,000 people and with annual revenues of €3 billion in 2007, Cegelec attracted some attention which led to a non-solicited offer for the company at the beginning of 2008. This interest led to the Cegelec board deciding to test the market to see if it could maximise the company's value.

In February discussions started with potential buyers, and Cegelec Chief Information Officer (CIO) Dominique Tessaro was tasked with assembling information that would be needed for the transaction. Early in the process it was decided that the company would opt for a virtual dataroom (VDR) as the best way to disseminate information to interested parties. "As soon as the decision was made to go ahead, I was asked to find a way to exchange documents quickly and securely," he says.

### Second Time Around

Having partnered with IntraLinks for its 2006 Leveraged Buy Out (LBO), the company was familiar with the process of using a VDR, however it was not simply a done deal that IntraLinks would work on the new transaction.

"We were very happy with IntraLinks two years ago, but a lot changes in that time, so we wanted to reassess the products available to us." says Mr. Tessaro. "However, after conducting a thorough evaluation, it was clear that IntraLinks had continued to innovate and improve its service and was still the best choice."

Data security and integrity need to be a given for any VDR comments the Cegelec CIO, and IntraLinks' credentials are impeccable on this front. Besides security, there was another critical factor that clinched the deal for IntraLinks, he adds. This was IntraLinks Workspace Builder, a new feature that empowers the IntraLinks user to collect documentation on the desktop and upload directly to the dataroom from there. "This feature was appealing and a key improvement to the IntraLinks product, helping to streamline the entire set-up process dramatically." states Mr. Tessaro.

With the partnership cemented, Cegelec and their advisors Hawkpoint and Rothschild were ready to go and the wheels started to turn. Speed was of the essence and IntraLinks had the company's online workspace up and running within a week. "We really appreciated the fact that IntraLinks had project managers based in Paris, as it made it so much easier to interact with them during the process," he added.

### Empowering the Organisation

Even though much of the necessary documentation needed for the due diligence process was already in electronic format, bringing it all together remained a challenge as so many different departments were involved.

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Solutions & Services

Cegelec took the decision to give the individual departments, such as finance, legal and HR, the autonomy to upload their own documents. To this end, IntraLinks Workspace Builder tool was deployed across Cegelec's entire head office. Additionally, to ensure the set-up process went smoothly IntraLinks sent a local project manager to company HQ to provide some intensive training sessions with each team using Workspace Builder.

"The initial on-site training, provided by the IntraLinks project manager, was really helpful, it made it easy for the different teams to start to upload a variety of documentation," says Mr. Tessaro. "The great thing about empowering so many people to upload their own information was that it removed the bottleneck of having one person ultimately responsible. There was so much information that it could have slowed down the process. This way they were all able to be responsible for their own folders in the workspace as the system is so user friendly."

According to Mr. Tessaro, people got up to speed with the system very quickly after initial training. "I was on hand to help when necessary, but largely people were able to progress themselves. Workspace Builder definitely made the entire process faster," he says.

By May, the upload process had been completed and it was ready to be opened to different interested parties. During this phase, the Cegelec team appreciated that IntraLinks allows the dataroom manager the ability to assign different access privileges to potential bidders. This permits close control of who sees what documentation and when.

### Speed is the Key

Initial interest was international, so the use of a VDR also greatly speeded up the deal process allowing anytime,

anywhere, access to information for those involved. In the first phase of the process Cegelec provided a reduced amount of information until it had whittled down the list to the two most promising parties. At this stage, more of the information was released to these final bidders.

Mr. Tessaro was on hand to field requests from the bidders for extra information. Again IntraLinks came into its own as Cegelec and its advisers were able to respond rapidly to such queries. "When you get questions, you try to respond as quickly as possible," he says. "The greatest part of the time is taken up by pulling down the right information and preparing the answer. As soon as the answer is ready to go it can be sent securely in one or two clicks, so by using IntraLinks you don't lose any time."

The deal made rapid progress and in June, it was announced that Qatari Diar Real Estate, a subsidiary of the Qatari Investment Authority, the emirate's sovereign fund had acquired Cegelec for €1.7 billion. Not only was it one of the biggest LBOs in France, and one of the biggest deals in 2008, but it was the first time a Middle Eastern fund had bought a French company worth more than €1 billion.

It created a big impression, not least because of the rapid pace at which it had been achieved.

The deal itself was concluded in October and Cegelec received a complete record of all the dataroom activity and documentation in the form of an IntraLinks DVD archive, useful for both compliance and audit purposes.

### Building for the Future

"Use of a VDR clearly saved both time and money," comments Mr. Tessaro. "Without IntraLinks, bidders would have needed to travel to a secure location

and we would have had to print out thousands of documents, both these factors introduce scheduling, cost and security issues," he adds. "We needed a partner that could help us organise and exchange our documentation quickly and efficiently, with IntraLinks' innovative new tools and dedicated service team we found just that."

### About Cegelec

Cegelec is an international integrated group providing technological services to companies and public authorities. The group generates an annual turnover of around €3 billion and employs 25,000 people. Present through subsidiaries in some 30 countries all over the world, Cegelec is active on the complete service cycle and helps its clients at every stage of their local, multi-site or international projects. The Group offers solutions in energy and electricity; automation, instrumentation and control; information and communication technologies; HVAC (heating, ventilation, air conditioning) and mechanical engineering; maintenance and services.

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