

Our investments
continued

Industrials

Frans Bonhomme

www.fransbonhomme.fr

Activity	Plastic pipe distributor
Location	France, Spain
Acquired	December 2005
Transaction value	€893 million
Sales*	€661.1 million
Employees	Approximately 2,000
Cinven representatives	Nicolas Paulmier, Matthieu Servant
Senior management	

Président Directeur Général Caroline Grégoire Sainte-Marie
Directeur Administratif et Financier Geoffroy Willaume
Directeur des achats Jean-Louis Ott

Company description

Frans Bonhomme is France's leading distributor of plastic pipes and pipe fittings to construction and public works professionals as well as plumbing tradesmen, serving them from more than 400 outlets. The business has three main drivers: expenditure on equipment for civil works projects; EU regulations on water treatment, which tend to favour plastic substitution; and general construction, maintenance and repair activity.

Cinven origination

Cinven owned Frans Bonhomme from 2000 to 2003. The business was sold in 2003 ahead of the then CEO's retirement. Between 2003 and 2005, when Cinven re-acquired the business, Frans Bonhomme achieved a successful management transition, and further increased its network density and market share. When the existing shareholders chose to sell, Cinven was able to conclude the transaction quickly, given its prior knowledge of the business and strong relationship with the management team.

*to end December 2010 (unaudited)

Our investments
continued

Industrials



FRANS BONHOMME
tubes et raccords plastiques

Investment rationale and strategy

Frans Bonhomme benefits from an attractive business model and positioning and is the clear market-leader in France. The company also benefits from strong cash flows, given its low capital expenditure. Cinven's strategy for Frans Bonhomme has been to grow the core business through market share gains in the fragmented building products distribution market. The roll-out of new outlets has opened previously untapped markets in less densely populated regions.

Cinven's strategy for Frans Bonhomme also included:

- widening the product range;
- substantially increasing the network of outlets in France;
- growing market share in the greater Paris region, where Frans Bonhomme has historically been less strong due to its provincial origins;
- focusing on operational efficiencies;
- refining management and sales force incentive schemes to improve performance; and
- selectively growing the Spanish operations and evaluating international expansion opportunities.

Cinven value creation

During the first few years of its ownership of Frans Bonhomme, Cinven worked closely with management to increase growth via a number of initiatives including:

- increasing the density of the network of outlets in France, targeting a significant number of new openings in the near term;
- growing its presence in the greater Paris region to gain market share;
- widening the range of products, for example with the introduction of protection equipment and boilers;
- promoting sales by continuously incentivising the sales force; and
- refinancing the business in 2007.

When Frans Bonhomme's market began to suffer severely from the effects of the economic crisis in 2008, Cinven acted quickly to defend its investment by:

- focusing on controlling costs and maximising margins;
- closing non-profitable sites, reviewing rental agreements and restructuring Spanish operations;
- reducing working capital and capital expenditure, and disposing of non-core assets to maintain positive cash generation and reduce debt;
- introducing a new CEO in June 2009; and
- proactively entering into discussions with lenders and successfully agreeing to re-set covenants.