

Our investments continued

TMT



Numericable/Completel

www.numericable.fr www.completel.fr

Activity	Cable operator
Location	France, Belgium, and Luxembourg
Acquired	March/November 2005 September 2007
Transaction value[†]	€3,115 million
Sales[*]	€1,370.8 million
Employees	Approximately 2,300
Cinven representatives	Nicolas Paulmier, Thomas Railhac
Senior management	<i>Chairman</i> Pierre Danon <i>CEO</i> Eric Denoyer <i>CFO</i> Thierry Lemaître

[†]includes Altice One, Completel, Numericable, Noos and Altitude Telecom

^{*}to end December 2010 (unaudited)

Company description

Numericable is the only major cable operator in France, and is also present in Belgium and Luxembourg. It operates the leading alternative high speed network, covering close to 10 million households and providing high-definition television, video on demand, very high-speed broadband internet and telephony services. Numericable is the result of a consolidation, initiated by Cinven and Altice, of several cable operators. The main components of the Numericable group are:

- the cable assets of France Télécom, Canal+ (Vivendi) and TDF (together renamed 'Numericable'), acquired in March 2005;

- Altice One, acquired in November 2005; and
- Noos-UPC, acquired in July 2006.

In addition, Completel was acquired in September 2007 as a stand-alone investment. Completel is the third largest business-to-business (B2B), infrastructure-based telecommunications operator in France. It uses its own fibre backbone (business districts in 110 cities), Numericable's capillary fibre network, and its own DSL network. Although legally separate, the Numericable group and Completel have common owners and are managed by the same team.

Cinven origination

Cinven's TMT team first targeted the French cable industry in 2002, which was highly fragmented. Cinven identified strong potential for growth with the advent of 'triple play' products, higher speed broadband, high definition TV and on-demand content. Finally, Cinven identified a management team, and with its help was well positioned to execute a plan to consolidate the French cable sector.

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Investment rationale and strategy

Central to the investment strategy for Numericable was the successful consolidation of the French cable industry, which would produce significant synergy benefits. In pursuit of this strategy, Cinven acquired the cable assets of France Télécom, Canal+ (Vivendi) and TDF in March 2005, and combined the three companies' operations and networks. In November 2005, Cinven acquired Altice One, which comprised the third largest cable operator in France as well as cable assets in Belgium and Luxembourg. In July 2006, Cinven and Numericable completed the acquisition of the number two cable provider in France, Noos-UPC France, from Liberty Global. In September 2007, Cinven acquired Completel in a public-to-private transaction. Though Completel is separately owned and controlled, it is run by the same management team. Finally, in December 2010, Completel acquired Altitude Telecom, a small B2B operator with high network and operational synergies.

Once these businesses were consolidated, Cinven's goal for Numericable was to integrate the fragmented market, improve core operations and increase growth by:

- introducing a leading, experienced management team identified by Cinven, that could increase profit growth through synergies and efficiencies to bring performance up to best-in-class standards;
- leading industry consolidation through further acquisitions with additional synergies; and
- investing in the network to increase growth and the penetration of digital TV, broadband and telephony across the existing subscriber-base.

While Completel is separately owned and controlled through arm's length arrangements with Numericable, significant revenue and cost benefits were identified for both companies, including:

- a complementary footprint through the combination of both cable and DSL technologies;
- complementary service offerings for both B2B and residential customers; and
- revenue and operating benefits for both companies by making use of their networks and infrastructure arrangements.

Cinven value creation

Cinven value creation has included:

- acquiring Noos and Completel in 2006 and 2007, allowing Numericable to increase its footprint to cover 99.6% of French cable homes and expanding services into the attractive B2B segment, increasing utilisation of the core network;
- consolidating all French cable assets and creating the clear number one cable operator in the European French speaking regions, with close to 10 million homes passed and a footprint that encompasses all of the most populous French cities and regions;
- increasing revenues by 17% between 2006 and 2010, through the consolidation of assets and Cinven's operational initiatives;
- capitalising on the growth story and rising cable company valuations through a partial sale of the combined Numericable/Completel to Carlyle in March 2008; and
- supporting the continued growth of Completel through the acquisition of Altitude Telecom in December 2010.