

Merger between Solucom and Kurt Salmon's European business (excluding retail & consumer goods consulting)

Acquisition agreement signed

Solucom announces that it has signed agreement with Management Consulting Group PLC with a view to acquiring most of the European activities of its subsidiary Kurt Salmon, excluding retail & consumer goods consulting.

The scope of acquisition in question, hereinafter referred to as "the target business", comprises Kurt Salmon France, Switzerland, Belgium, Luxembourg and Morocco as well as the Financial Services and CIO Advisory practices of Kurt Salmon in the United States. The consumer goods and retail consulting activities outside of France, notably Kurt Salmon UK and Germany, would not be included in the deal.

Kurt Salmon, a key consulting firm in Europe

A key management consulting firm in Europe, Kurt Salmon advises its clients on major transformation issues, ranging from their strategic scoping to the delivery of results.

The companies included in the target scope have developed strong sector-specific skills in numerous business areas and, more specifically, in the Finance, Industry, Transport and Public sectors. This target business also boasts cutting-edge functional expertise, notably by way of its CFO and CIO Advisory practices.

With a combined staff of 750 employees, the target business generated 2014 revenues of around €120m and a pro-forma operational margin of approximately 8%.

Looking to create a new leading consultancy with cutting-edge expertise in digital transformation

This project is perfectly in line with the strategic guidelines set out in Solucom's Up 2020 strategic plan.

By joining forces, Solucom and the Kurt Salmon's target business would be looking to become a key player in the consulting market.

The new entity would provide a range of sector-specific, functional and technological expertise perfectly in tune with client expectations in the digital era.

According to PAC / CXP Group, with revenues of circa €300m, the firm would not only become a major player in Europe but also one of the Top 3 consulting firms in France.

Project instruction by Solucom

This operation is the result of exclusive negotiations for which Solucom was assisted by a merchant bank, a law firm and auditors.

The Solucom Supervisory Board was regularly informed throughout the negotiation process. The project and its progress have been presented/debated five times during the past months. The Board eventually authorised the merger on 19 November 2015.

In addition, the Supervisory Board established that there were no ties between the parties and no conflicts of interest.

Both works councils of Solucom SA and Kurt Salmon France were previously consulted about the project and rendered a favourable opinion on 24 November 2015.

This operation remains conditional upon receiving clearance from the French anti-trust authority, the absence of any adverse material changes, and the approval of Management Consulting Group PLC shareholders given at a General Meeting. Several shareholders of MCG, representing approximately 51% of the company's issued ordinary share capital, excluding shares held in treasury, as at 25 November 2015, have irrevocably committed to voting in favour of the project.

The operation should be finalised within the next two months.

Terms of the acquisition

The deal would involve the purchase of a 100% capital stake in all of the companies included in the target business. It would not generate any social impact on Solucom SA employees nor on the target business employees.

The executives and partners of Kurt Salmon's target business would join the Solucom executive and partner team to head up the new entity.

The acquisition price would be based on an enterprise value equivalent to 0.8 times revenues, to be paid exclusively in cash on completion of the sale and financed, for the most part, through a banking facility obtained under market conditions, a part of which being bullet payment.

Within the context of the transaction Management Consulting Group PLC has granted Solucom a liability guarantee to cover all common issues for up to €15m.

Management Consulting Group PLC has also agreed to a non-compete clause prohibiting it, for a period of three years following the operation, from carrying out any activity, either directly or indirectly, that might compete with the activities of the Kurt Salmon acquisitions in the regional markets concerned by the deal.

About Solucom

Founded in 1990, Solucom is a consulting firm whose mission is to guide and champion major enterprise transformations. Solucom's approach is founded upon the belief that the key to successful enterprise transformation lies in the ability to simultaneously master business, organisational and technological challenges.

Solucom's clients rank among the top 200 major companies and local authorities. To serve its clients' needs, Solucom has access to a network with the collective skills of more than 1,600 employees in France, the United Kingdom, Belgium, Switzerland, Morocco.



Solucom is listed on Euronext Paris and integrated in the Tech40 index. In addition, the group is also eligible to benefit from the PEA-PME share-savings plan, was awarded the "Innovative Company" status by the French public investment bank, BPIFrance, and the "Great Place To Work®" status for 2015.

Solucom

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