

Press release
Paris, 24th July 2019

Keensight Capital has entered into an exclusive agreement to acquire a majority stake in Smile, European digital champion, alongside the management and Eurazeo PME

Keensight Capital, one of the leading European Growth Buyout¹ firms, has entered into an exclusive agreement to acquire a majority stake in Smile, the European leader in digital and open source. Subject to the completion of the information and consultation process of the employees representative bodies of the Smile group and the approval of the transaction by the French competition authority, Keensight Capital, which has built a strong partnership with Smile over the years having first invested in the company from 2013 to 2017, would replace Eurazeo PME as majority shareholder. Eurazeo PME would also be reinvesting in the company, alongside the management team and the employees.

Founded in 1991, Smile has been a technology pioneer and is now the European market leader in digital based projects on open source technologies. The company combines technical and business expertise in areas ranging from digital technology, E-business and the Internet of Things to embedded systems, IT infrastructures and business apps. Its unique service offering provides businesses with cutting-edge open source solutions designed to release the unexploited innovation potential that lies in all companies.

Based in Paris and with offices in 7 countries, Smile employs 1,700 experts working each year on hundreds of strategic digital projects for large corporate clients, across Europe. The company has a proven track record in completing strategic acquisitions, such as Virtua, Adyax and SensioLabs in 2018.

With an annual revenue of €102.5 million in 2018 and of c.€130 million in 2019 the company has experienced a strong and steady annual growth (+20% yearly since 2007) and is hence expecting an annual revenue of €200 million in 2022.

Supported by Keensight Capital, Smile would benefit from their extensive expertise in the IT sector and international approach, and from Eurazeo's added value in terms of acquisition process. Smile should capitalize on the additional financial means by accelerating the roll-out of its Open Arrow 2.0 strategic plan through two main pillars:

- International expansion: already present in a third of European markets, Smile intends to pursue its international growth and to generate 25% of its revenues abroad by 2022. The company has already identified new markets with significative growth potential, notably Germany, England and northern Europe.
- Development of the consulting offer: launched in 2019, the integrated consulting division represents a real breakthrough in the company's strategy. Today, 45 consultants work throughout Europe providing clients with precise intel and personalized solutions to unlock their digital transformation. As part of Open Arrow 2.0, the consulting offer will continue to grow, through both commercial offers and recruits, to add value and gain market share.

¹ **Growth Buyout:** investment in profitable, private companies experiencing strong growth, in minority or majority positions, with or without leverage, using a flexible approach tailored to the needs of individual entrepreneurs, in order to finance organic growth projects, acquisition strategies or provide historic shareholders with liquidity.



Marc Palazon, Chairman of Smile's Executive Board, said: *"In sync with Keensight Capital and Eurazeo PME's investment philosophy, we think one step ahead. Our ambition is to establish ourselves as the next European digital champion, through both organic growth and bolt-on acquisitions. We are confident that the guidance of two of the best European investment teams coupled with the roll-out of the second part of our Open Arrow strategy would enable us to make open source the main vector for digitalization in Europe."*

Philippe Crochet, Managing Partner at Keensight Capital, declared: *"For our new investment through Keensight V, our recently raised €1 billion fund, we are proud to have the opportunity to partner yet again with Marc Palazon, a highly talented manager with whom we have collaborated from 2013 to 2017, and his highly recognized teams. With its unique open source DNA and its limitless capacities, Smile's growth potential is extraordinary, especially at an international level. We are very excited to keep exploring new opportunities together."*

Pierre Meignen, Managing Director at Eurazeo PME, stated: *"We are delighted to renew our support to such a rare and ambitious company. Smile's European footprint as well as its solid positioning testify to its unique growth capacity which continues to impress us daily."*

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About Smile

With a presence in 7 countries, Smile is the European market leader in digital Open-Source (consultancy, integration and outsourcing). Each year, some 1,700 committed personnel contribute to many hundreds of strategic digital projects for large corporate clients in France and Europe, based on the most innovative of solutions and concepts. Fully proficient in the best products, components and Open-Source frameworks combined with an in-depth understanding of the major business challenges, Smile offers its clients the support they require at every stage of their digital transformation via four vertical offerings (Web/E-business, Business Apps, Infrastructure and Embedded/IoT) and a complete range of integrated services (consultancy, digital agency, training, development & integration, maintenance and outsourcing). In 2018, Smile posted revenue of over €102.5 million.

www.smile.eu

About Keensight Capital

Keensight Capital, one of the leading European Growth Buyout firms, is committed to supporting entrepreneurs as they implement their growth strategies. For 20 years, Keensight Capital's team of seasoned professionals has leveraged their knowledge of investment and growth industries to invest for the long term in profitable companies with high growth potential and revenues in the range of €15 million to €250 million. Drawing on its expertise in the Information Technology/Internet and Healthcare/Wellbeing sectors, Keensight identifies the best investment opportunities in Europe and works closely with management teams to develop and achieve their strategic vision.

www.keensightcapital.com



About Eurazeo PME

Subsidiary of Eurazeo, Eurazeo PME is an investment company dedicated to majority investments in French SMEs with a value of under €250 million. As a long-term professional shareholder, it provides its investments with all the financial, human and organizational resources necessary for long-term change, and supports those companies in its portfolio in implementing sustainable and therefore responsible growth. This commitment is formalized and deployed through a CSR (Corporate Social Responsibility) policy. Eurazeo PME achieved a consolidated turnover of €1.3 billion in 2018 and supports the development of the following companies: 2Ride Holding, Dessange International, Léon de Bruxelles, Péters Surgical, Redspher, the MK Direct Group, Orolia, Smile, In'Tech Medical, Vitaprotech and EFESO Consulting. These companies are solidly established within their market and driven by experienced management teams.

<https://www.eurazeo-pme.com>

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