



EURO PP COMMITTEE

PRESS RELEASE

Paris, October 2, 2019

For its 5th anniversary, the Euro PP Charter adapts to market developments, with simplified processes for investors and borrowers

The Euro PP Committee today announced the modernisation of the **Euro PP Charter** which allows investors to directly finance companies under a specific contract.

Following the cross-market work involving representatives of the market's major actors (borrowers, investors, arrangers and other stakeholders), the Euro PP Charter is further simplified to adopt the last **market developments** and strengthen its efficiency.

The modernised Euro PP Charter provides for:

- a **simplification and standardisation of the documents related to the Euro PP Charter**, notably the indicative marketing term sheet, the borrower's presentation file, the ESG (Environment, Social, Governance) borrower questionnaire and the list of "know your customer" (KYC) documents;
- an **accelerated process** allowing eligible companies – depending on the quality of the information available, the degree of preparation of the borrower and the structure of the transaction – to complete their Euro PP within a timeframe of approximately 6 weeks between the launch of the transaction and its funding;
- a promotion of **best practices** to increase efficiency and facilitate exchanges between borrowers, arrangers and investors, in particular through digitisation;

- "green", "social" or "sustainable" Euro PPs when justified by the use of proceeds;
- a **more precise definition** specifying that a Euro PP usually ranges from about 10 million euros to several hundred million euros, that it aims at financing or refinancing the borrower's development and that it maintains the borrower's leverage ratio at a reasonable level. Indeed, the Euro PP is a **responsible instrument** and each party shall apply the best practices, comply with applicable laws, regulations and professional standards and act with integrity to ensure high standards of execution and appropriate credit risk management on the Euro PP market.

In addition, the **Euro PP model forms** in the bond and loan formats have been updated, with the same spirit that had governed their initial drafting, particularly balancing the interests of borrowers and investors.

The working group, commissioned by the Euro PP Committee to update the Euro PP Charter and Euro PP model forms, is chaired by Marc-Etienne Sébire. It is composed, as in 2014 when the first version of the Euro PP Charter was drafted, of representatives of borrowers, arrangers, investors and lawyers and, as observers, the Banque de France and the French Treasury.

The Euro PP Charter and the Euro PP model models are freely available, in French and English, on the Euro PP Committee website: www.euro-privateplacement.com

Additional information:

A **Euro PP** is a medium or long-term financing transaction between a company and a limited number of professional investors, based on ad hoc documentation negotiated between the borrower and the investors, generally with the participation of an arranger. In addition to capital markets and banks, which provide a significant proportion of corporate financing, Euro PP is a private placement market that allows companies, listed or unlisted, to diversify their funding sources with institutional investors with whom long-term and sustainable relationships may be established.

Since its launch in 2012, the Euro PP (Euro Private Placement) market has enabled more than 300 mid-cap European companies to raise more than €30 billion from institutional investors to finance their development. In 2018 and 2019, more than half of these companies entered the Euro PP market for the first time, with fundraisings ranging from tens to several hundred million euros per transaction, transactions exceeding €100 million accounting for more than 35 per cent. of volumes over such two years.

The **Euro PP Committee** was set up at the initiative of the Paris IDF Chamber of Commerce and Industry. It brings together ten professional associations (Association Française de la Gestion Financière (AFG), Association Française des Investisseurs Institutionnels (Af2i), Association Française des Marchés Financiers (AMAFI), Association Française des Trésoriers d'Entreprises (AFTE), Fédération Bancaire Française (FBF), Fédération Française de l'Assurance (FFA), International Capital Market Association (ICMA), METI, Mouvement des entreprises de France (MEDEF) and Paris Europlace).

The Euro PP Charter was drawn up in 2014 by the Committee under the auspice of the Banque de France and the French Treasury with the support of CMS Francis Lefebvre Avocats, Gide Loyrette Nouel and Kramer Levin law firms.

For borrowers who made an Euro PP, **John Moran**, Sopra-Steria's Director of Corporate Finance, commented: *"In June 2019, we issued a €250 million Euro PP in order to extend the Group's debt maturity and pursue the strategy of diversifying our sources of financing, enabling us to meet our development ambitions. This issue was partially used to refinance a previous Euro PP issued in 2013, one of the first issues on this market. The Euro PP met our objectives as the transaction was carried out at an extremely fast pace and allowed us to establish contact with leading investors to support us in our growth. The transaction was a great success, and was largely oversubscribed."*

Benoît Rousseau, Treasurer of the Bel Group and an administrator of the AFTE, explained: *"I am convinced that Euro PP remains a real opportunity for unrated issuers seeking to finance their growth and development over the medium and long term with "acceptable" debt leverage, by creating a real relationship with institutional investors. The Euro PP Charter guides each new borrower through the different stages of setting up a transaction, the role of the various stakeholders (banks, investors, lawyers, agents, etc.) and the various documents that the borrower should disclose and sign. It is a real medium/long term diversification tool compared to bank financing and a real European alternative to its American counterpart, the USPP."*

Laurent Salmon, Chief Financial Officer of Paragon Group, said: *"Paragon Group, has tapped twice the Euro PP market for €52m in 2016 and €89m in 2018. Thanks to these two issues, the group has been able to pursue its development plan. Over the 2015-2019 period, Paragon Group has grown its Turnover from €315m to €838m and its EBITDA from €15m to €50m. The Euro PP market has been an efficient financing tool for a fast-growing company seeking long term financings. Paragon Group's business is to help its clients in achieving their transformation in Customer Communication and Identification Solutions"*.

On the investors side, **Stéphanie Romano**, Private Debt Manager at Schelcher Prince Gestion confirmed: *"This new version of the Euro PP Charter will enable actors of this changing market to carry out value-added financing transactions more easily and quickly for companies looking for new financial partners"*.

Anne-Lise Allard, Head of Corporate Private Debt at La Banque Postale Asset Management, explained: *"The update of the Charter provides an educational document for potential first-time issuers, and proposes contract templates (bond and loan formats) that can be adapted for both small and large mid-cap companies, in a context that offers security for investors. The simplified process should meet the requirements of the strongest mid-cap companies: speed of execution and appropriate contractual documentation, strengthening the competitiveness of the Euro PP when compared to other alternative financing instruments"*.

Philippe Taffin, Investment Director of Aviva France added: *"The update of the Euro PP Charter will support the development of this very effective financing tool which is highly appreciated by insurers seeking investments in mid-cap companies"*.

Marc-Etienne Sébire, Partner, Head of Capital Markets at CMS Francis Lefebvre Avocats, who took over from Gérard Soularue and Hervé Labbé as Chairman of the Euro PP Committee, stated: *"the significant mobilisation of borrowers, investors and arrangers on this cross-market work reflects the dynamism of the Euro PP ecosystem. The renewed support of the ten professional associations at this new stage in the development of the market is proof of the relevance and importance of the Euro PP as a financing tool for mid-cap companies in addition to their traditional financings"*.

Emmanuelle Trichet, Head of Department and responsible for the private placement market at the Banque de France, said: *"The Banque de France welcomes the update of the Euro PP Charter, which draws on the experience of the five years since its initial publication. Being the result of the mobilisation of all stakeholders, it clarifies the market boundaries and helps balancing the evolution of corporate financing with the challenges of financial stability."*

For the arranging banks, **Floriano Ascensao**, Managing Director at Crédit Agricole CIB, explained: *"Euro PP has proven to be a very effective financing tool for companies, regardless of their sector, size or profile. The new Charter will further simplify market access, both for "inaugural" issuers and recurring issuers who already enjoy good visibility on the market."*

Laurence Mouratille-Lévy, Managing Director at Société Générale added: *"Updating the Euro PP Charter also echoes the rising interest by institutional investors towards this market, including outside of France. With interest rates being at their historical lows they are looking for diversification, both in terms of geographies and asset classes, a trend supported by longer maturities and more diversity in issuers' credit profile on the market. The revised Charter offers a simplification and standardisation for processes and documentations to meet those needs and facilitate their access to the Euro PP market."*

Stéphanie Besse, Managing Director at Natixis, agreed: *"The update of the Euro PP Charter, which involved all market stakeholders, was necessary after five years of existence. This new version allows a better reading and understanding of the process to access this attractive segment. Beyond the current buoyant context, the modernisation of the Charter is a facilitator for both investors and issuers."*

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