



## Press Release

### **ARGOS SODITIC sells its stake in KERMEL to BARCLAYS PRIVATE EQUITY FRANCE**

**Paris, 29 March 2007 - Euroknights IV, an investment fund advised by Argos Soditic, an independent European private equity firm, has sold a majority stake in Kermel to Barclays Private Equity France for an undisclosed amount. Barclays Private Equity will join the company's management as lead investor.**

Kermel is the European leader on the market for aramid fibers used in heat and fire protective clothing. The company's highly technological product, Kermel®, is used in protection clothing for fire-fighters and military and public order personnel, as well as for other high-risk occupations where the possibility of injury from heat, flames, chemicals and electrical arcs is a daily reality. The Kermel® fiber is produced in Colmar, France, where the company is headquartered.

The secondary LBO, in which Euroknights IV will remain a minority shareholder, comes after five years of a fruitful working relationship between Argos Soditic and Kermel's management. Barclays Private Equity will continue to follow the strategy for growth initiated by Argos Soditic in order to make Kermel a world leader in the market for heat and protective clothing.

«When we acquired Kermel in September 2002, the company had tremendous but unrealized potential, » says Cédrix Bruix, Partner at Argos Soditic. “Together with the company's management we defined specific goals and provided Kermel with the financial resources to meet them. As a result, the company gained considerable market share and consolidated its leadership position in Europe. We believe this deal is a good example of how an LBO, when carefully managed, can bring value to all the actors involved.”

In early 2002 Kermel was a part of Rhodia, the French specialty chemicals group, which was selling non-core businesses in order to reduce its debt. Argos Soditic organized a BIMBO with Rhodia and Kermel's management that offered the company

the financial support it needed to grow its business by dedicating resources to product development and marketing in new industrial and technical markets. It also hired a new manager, Venkatesh Tulluri, who brought an international dimension to the company.

“The LBO by Argos Soditic allowed us to accelerate our investments, hire new employees in R&D, and strengthen our sales force” said Markus Schwyn, Kermel’s Managing Director. “It changed everything for us – suddenly we had the resources and backing to move forward and conquer new markets.”

With Argos Soditic on board, Kermel was able to move forward in three areas:

- A continued policy of innovation in protective clothing by proposing new products made out of Kermel® fiber, especially for the petrochemicals, gas, and electrical utilities industries.
- New applications in the industrial sector, such as hot gas filtration, thanks to a new product, Kermel® Tech.
- An active policy of geographical diversification by reinforcing the company’s activities in Asia as well as in North America, where it faces tough competition.

The results:

- From 2002 to 2006 the annual average level of investments was double that of investments made when the company was a part of Rhodia. In 2006 a major investment was made to construct a new plant for producing raw materials used in the fiber.
- The company’s workforce increased by 12% during this period, due largely to the reinforcement of its international sales force.
- Thanks to higher sales and net results, employees’ share in the company’s performance, which was nearly non-existent in 2001, represented 1.5 to 2 months of salary in 2006
- Revenues increased from €13 M en 2001 to €25 M in 2006.

## **Participants in the transaction:**

### **Seller:**

- Argos Soditic: Guy Semmens, Cédric Bruix.
- Advisor: Altium Capital (Christian Wipf, Thierry de Sépibus).
- Legal advisors: Jean-François Pourdieu, Sandra Benhaïm (DE PARDIEU BROCAS MAFFEI).

### **Buyer:**

- Barclays Private Equity: Guillaume Jacqueau, Julie Lorin, Grégoire Schlumberger pour Barclays Private Equity France.
- Legal advisor: Vincent Libaud, Nada Sbaï, Marie-Laure Pichard (HPML).
- Senior financing: Valérie Benquet, Marion Faye, Virginie Bertrand (CIC).
- Mezzanine financing: Jean-Pascal Ley (IFE).

### **About ARGOS SODITIC:**

*Created in 1989, Argos Soditic is an independent European Private Equity firm with offices in Paris, Geneva and Milan, wholly owned and operated by its partners.. Argos Soditic focuses on management buy-outs and buy-ins in small and medium sized companies across Europe, but primarily in France, Italy, Switzerland, Spain and Portugal. The Euroknights group of funds managed by the the firm typically take majority stakes ranging from €10 M to €50 M in companies with revenues of €20 M to €400 M. Argos Soditic prefers to invest in companies with the capacity to become a leader in a business niche. The operations Argos Soditic has carried out include Buffet Crampon, Groupe Roc-Eclerc, Oxbow, Du Pareil au Même and Kermel in France, Sparco and CH&F in Italy, and Mallefer and ORS in Switzerland. In 2006, the firm announced the closing of a new €267 M fund, Euroknights V, which has already made several investments since the beginning of the year.*

*For further information, we invite you to visit [www.argos-soditic.com](http://www.argos-soditic.com)*

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