



Long term investment premium and contracyclical role of the FSI

SWFs and other Long Term Investors Conference, October 17th, 2011

A long term investor, established during the financial crisis...



- **€20 billion provided by its two shareholders :**
 - €14 billion invested in stakes in 14 companies (France Telecom, AdP, Schneider, etc.)
 - €6 billion in cash
- **Allowing annual investment capacity of €2 billion.**
 - Approximately 20 direct investments per year
 - With or without other investors
- **€1.5bn recently allocated to the FSI through the National Saving Fund**

... with a specific investment strategy

- *An investment fund providing **equity financing**,*
- *A **minority investor** which does not seek control, but is actively involved in **corporate governance**,*
- *An investor which seeks opportunities for co-investments,*
- *A trustworthy public-sector investor, providing **support to the management** for the implementation of the strategy,*
- *A **long-term investor**, with an investment horizon in line with industry cycles,*
- *An investor in line with **market practices** and targeting growing companies,*
- *Professional team, methods and governance.*

A very particular fund...

A public investor...

- ▶ *A long term investor*

- ▶ *An investor fostering companies' growth: ¾ of direct investments correspond to an injection of new money*

- ▶ *A double investment perspective (acute investor and collective interest)*

- ▶ *Three investment scenarios:*
 1. *Reinforce publicly-listed companies' shareholder structures*
 2. *Accompany corporate change*
 3. *Foster corporate development*

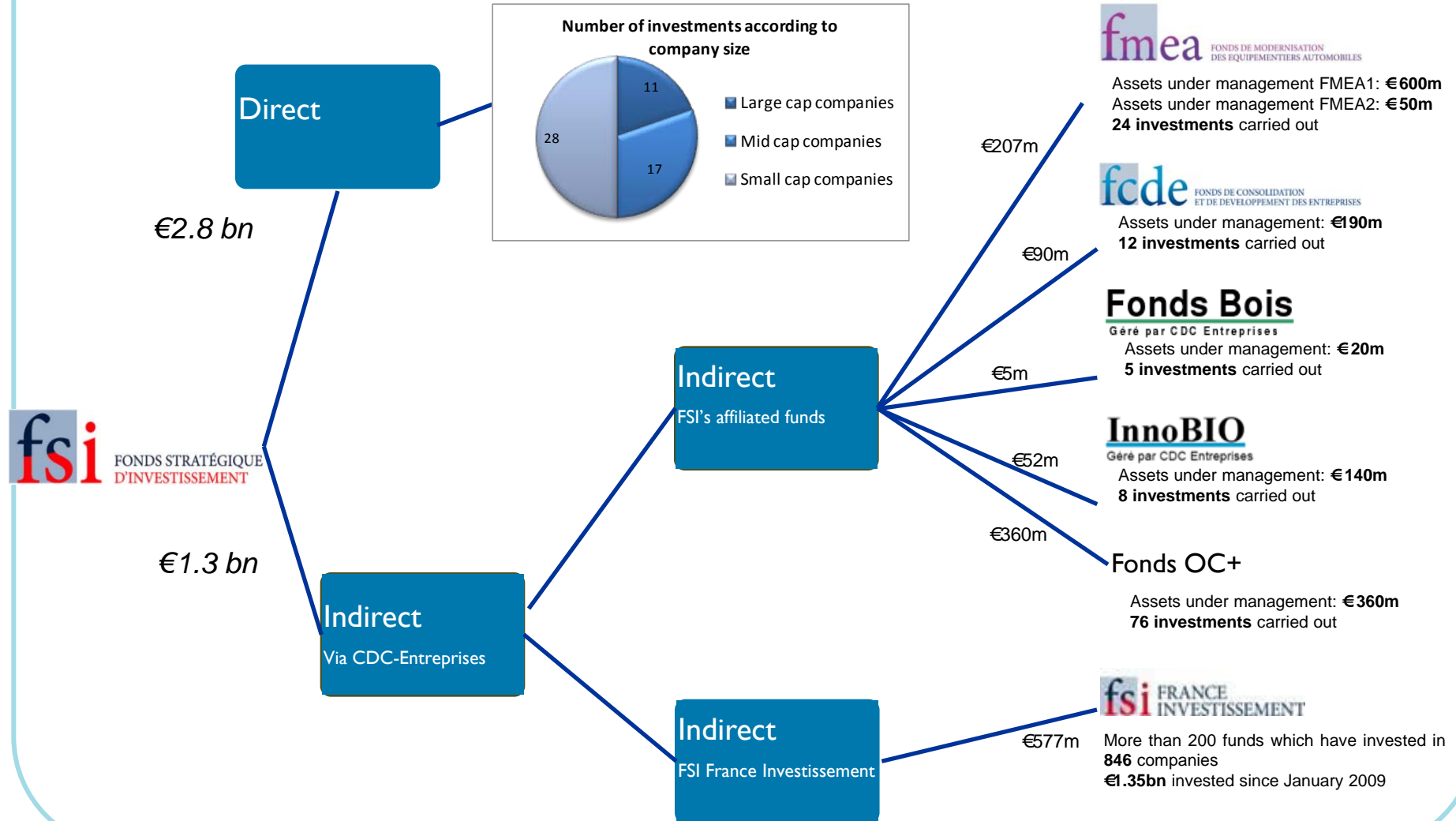
...with a specific roadmap

- ▶ *Three priorities:*
 - *A sector perspective*

 - *A regional approach and a specific effort towards small businesses*

 - *Fostering socially responsible investment*

...with €4.1 bn invested since January 2009*

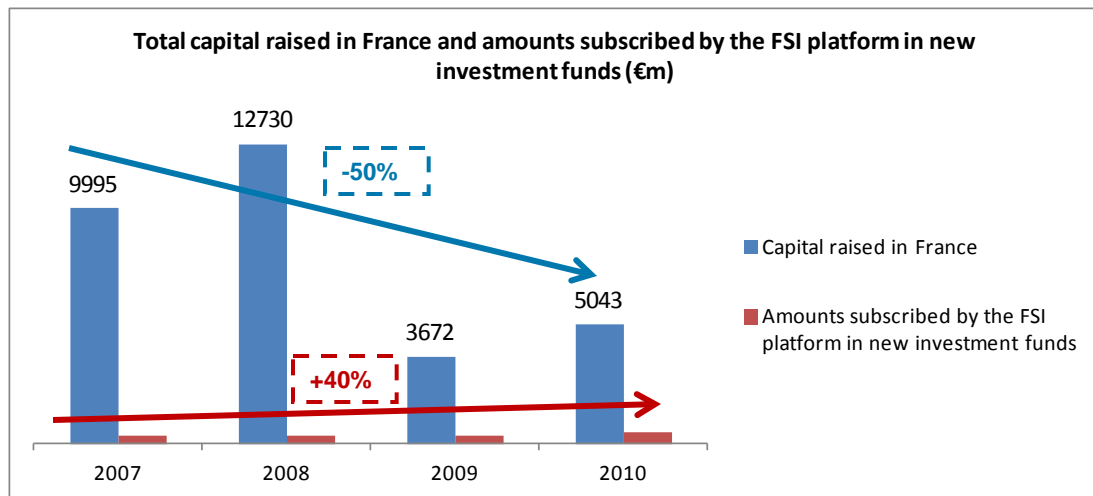


* As of October, 6th 2011

A contracyclical role from the collective
interest point of view

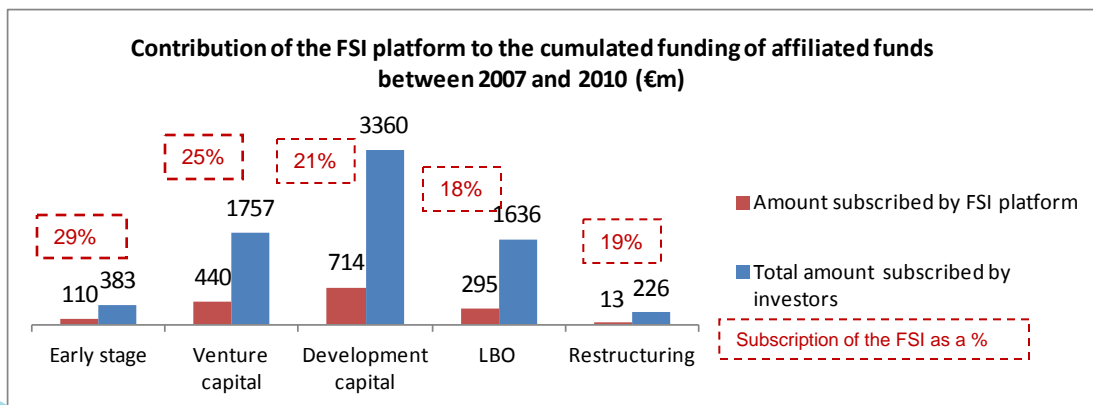
A contracyclical effect on capital raised

- FSI's platform helped sustain capital raises during the crisis...



Year	% public funding	€ of public funding for
2007	9.5%	€9.5 of private funding
2008	16.3%	€5.1 of private funding
2009	23.6%	€3.2 of private funding
2010	13.8%	€6.3 of private funding

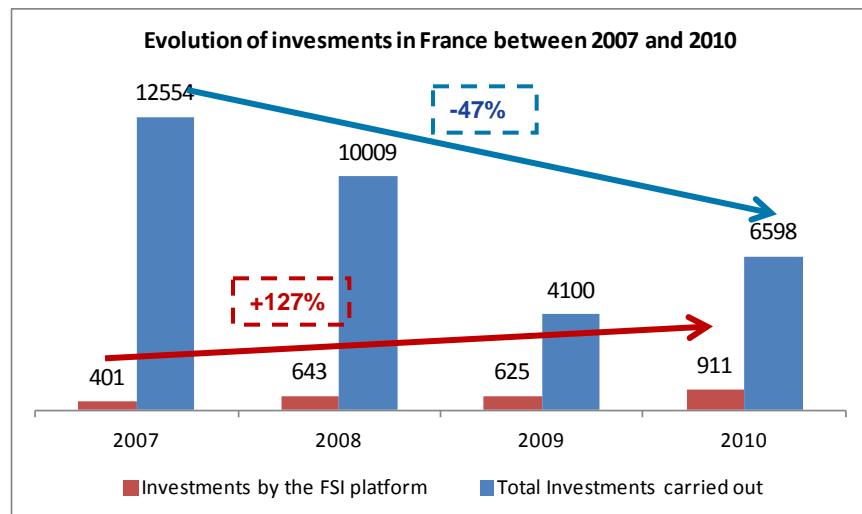
- ... with a high contribution to the funding of funds specialized in early stage, venture, development



- High contribution to the funding of affiliated funds specialized in early stage, venture, development: c.20% of cumulated capital raised from 2007 to 2010 in these fields.

A contracyclical effect on the level of investment

- A clear contracyclical effect on invested amounts with a focus on small-sized transactions

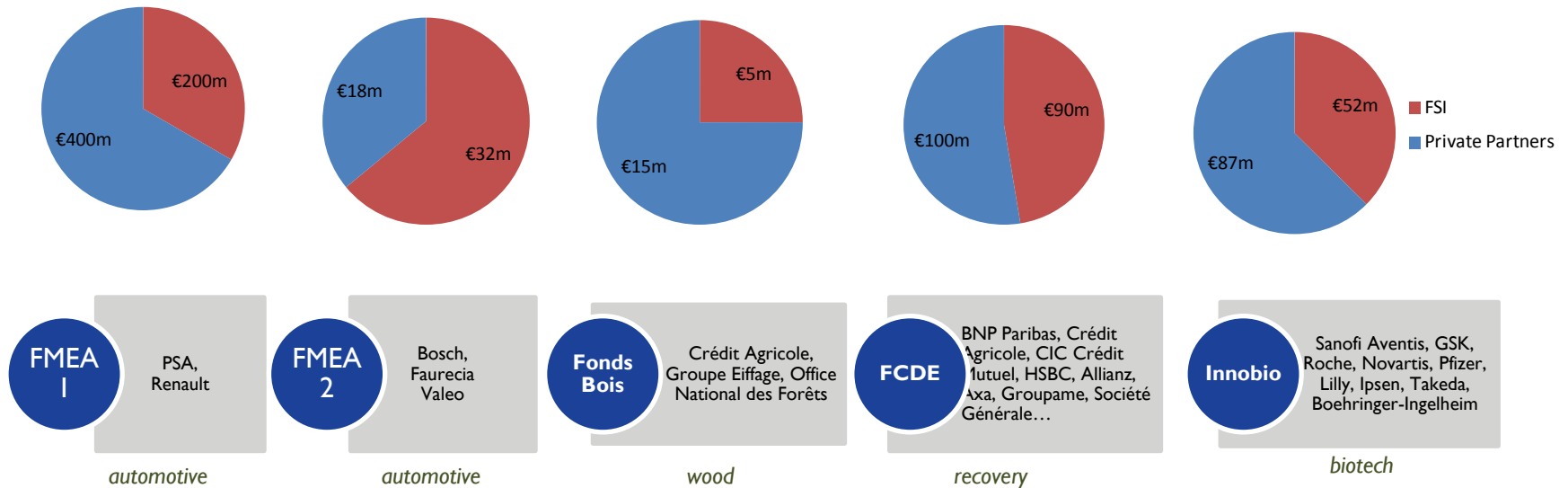


- A clear contracyclical effect compared to the market
- A very high contribution to the funding of small-sized transactions (< €1m)
- A better coverage of the whole national territory and a relatively lower exposure to the Paris region

- The FSI may have a role in triggering investments in times of crisis

An incentive for the commitment of private funds

- A sector perspective through the creation of specialized funds in the automotive, wood, biotech... industries, along with private partners



- Since the end of 2006, €2bn of public money have been committed in funds targeting Small & Medium Businesses, triggering the commitment of €6bn by private funds

A long term partner for companies

FSI's value as a shareholder

An investment strategy adapted to business constraints

- ***FSI adapts its investment methods to companies' constraints and opportunities. This includes:***
 - An investment period in line with industrial cycles,
 - Company-friendly exit process
- ***FSI makes equity investments and does not use leverage. Main levers include:***
 - Equity injection
 - Convertible bonds
- ***FSI is a trustworthy investor providing support for corporate projects:***
 - Participating to entrepreneurial risk,
 - Supporting business plans and strategy
- ***FSI acts as a socially responsible investor, promoting best practices***
- ***FSI platform has partnered with HEC Business School to offer a training program for entrepreneurs***

Conclusion

Thank you for your attention