

## Portfolio

# Altice One: Second cable company secured

Cinven's €525 million purchase of French cable company Altice One will secure a stronger foothold in this growing sector.

Cinven knows Altice One's management team well. Having acquired French cable TV Company Numéricable in March 2005, Cinven immediately invited the Altice One team to lead a major restructuring of the business. Cinven now owns both companies, which share the same vision, structure and management and are well placed to benefit from industry consolidation in the future.

Founded in 2002, Altice One is one of France's leading cable operators. It provides analogue and digital cable television, high speed internet and telephony services in eastern France, Brussels and Luxembourg. It is the leading cable TV company in all the areas it covers, and has a total of 340,000 customers and a turnover of €75.4 million.

With an exceptional management team and one of the most advanced networks in Europe, Altice One is now well positioned for growth from two sources.

Firstly, it is ready to take full advantage of the migration of viewers from analogue to digital, helped by the rapid drop in the cost of decoders and related hardware. Secondly, it is actively growing its broadband and telephony service, a product which is especially attractive to both business and consumers when offered as a bundle with other services: the so-called 'triple play' of TV, Internet and telephony.



"We were interested in Altice One at the time of the Numéricable purchase and it was only the ownership structure, since changed, that stopped us bidding for it then," comments Cinven Partner Nicolas Paulmier. "Our positive impression of the senior management team has seen confirmed by their work at Numéricable. Together, the two companies represent 4.75 million connections and almost 2.5 million

revenue generating units, making this the largest Francophone cable network in Europe."

Patrick Drahi, CEO of Altice One, adds: "Our experience of working with Cinven has been extremely positive. They bring enormous experience and resources to the table and the whole team is looking forward to building up the business with them."



## Vendex KBB: Property sale brings benefits to Vendex KBB

The sale of Vendex KBB's property portfolio in November 2005 has created significant value for shareholders.

Headquartered in the Netherlands and with almost 1800 outlets in seven countries, Vendex KBB is one of Europe's leading retail groups. It runs 15 well established formats covering apparel, department stores, DIY and consumer electronics. In the Netherlands alone, Vendex KBB benefits from up to 8 million customer visits per week.

Following the purchase of the group in 2004, Cinven and its fellow shareholders executed the value creation strategy for the property portfolio. A combination of factors came together and made a persuasive case for the sale: market conditions, the right purchaser and the view of CEO Tony DeNunzio that a sale and leaseback arrangement would help the business focus on its retail core.

The success with which value in the property portfolio has been crystallised highlights many of the benefits that Cinven has brought to the investment. Its experience in property leaseback transactions – Odeon and NCP, for example – was invaluable in structuring the complex arrangements and ensuring there was no trade-off between value creation and long term stability and flexibility.

The transaction affects 73 properties occupied by group members. Option clauses allow leases to run up to 75 years, first refusal clauses guarantee buy-back rights and the business as a whole has the right to drop new formats into existing locations. The portfolio was purchased by a consortium arranged by IEF Capital NV.

Cinven Partner, Guy Davison, explains further: "Clearly we wanted to realise value from this asset. Equally clearly, we wanted to ensure Vendex KBB would continue to implement its strategy successfully and to leave management free to focus on the group's core retail activities. The sale and leaseback transaction delivered both those goals."

The Vendex KBB strategy involves getting operations up to world standard across all areas of the group. The business is changing its working capital arrangements, integrating related formats and driving topline growth by improving retail practices. These include rotating clothes collections more quickly, improving sourcing, shortening supply chains and making improvements at the point of sale.

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