



Project for the acquisition of Facet

Acquisition of Facet
25 Oct. 2002

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Cetelem : the leader in France and in Europe

- The French consumer credit market
 - 105 billion Euros at 30/06/2002
 - Including 24 billion Euros of revolving credit (the most profitable product)

30-jun-02	Managed outstandings (billions €)	Market share (%)
Cetelem (CU included, excluding Cofidis, Cofinoga) <i>of which revolving (directly managed)</i>	17.2 2.9	16.4% 12.0%
Facet <i>of which revolving</i>	1.2 0.9	1.1% 3.7%
Cetelem + Facet <i>of which revolving (directly managed)</i>	18.4 3.8	17.5% 15.7%
Sofinco	10.8	10.3%
Cofinoga	6.0	5.7%
Finaref (excluding Facet)	4.3	4.1%
Cofidis	3.9	3.7%

- Cetelem : #1 in Italy, Czech Republic, Hungary and #3 in Spain,...

- **Client acquisition**
 - Access to clients is essentially done via partnership agreements in the retail industry but ...
 - ... concentration makes it difficult to conquer market share in the domestic market
- **The development of revolving credit**
 - It is the most profitable product ...
 - ... but represents 25% of Cetelem's consumer credit outstandings in France

Growth drivers are generally found abroad and acquisition opportunities in France are rare

- **Consumer credit activity for Conforama clients (9 million clients and 2.9 billion Euros of turnover)**
- **Almost 99% held by the PPR group**
- **Key figures**
 - **Total outstandings at 30/09/2002 : 1,203 million Euros (of which revolving credit represents 863 million Euros)**
 - **more than 2 million private-label cards**
 - **230,000 new cards in 2001**
 - **Net result at 30/09/2002 : 27.1 million Euros (+ 11%)**
 - **Net result at 31/12/2001 : 32.2 million Euros (12 months)**

- **1987 : establishment of Facet by Financière Agache in partnership with Cetelem**
- **1992 : Conforama taken over by the PPR group**
- **1993 : setting-up of the 'Crédit & Services Financiers' business unit within PPR around Finaref**
 - **Finaref progressively takes control of all consumer credit activities of the various PPR brands**
- **2001 : The end of the Cetelem - Facet partnership in France was planned for October 2002**

- Acquisition in accordance with Cetelem's and Retail Financial Services's strategic plan (Project 2005)
 - A opportunistic and disciplined acquisition strategy
 - Priority given to consumer credit

- Respecting the BNP Paribas group's criteria
 - Strong strategic interest
 - New client acquisition
 - Strengthening of the revolving credit activity

 - No Integration risk

 - Strict financial objectives

Facet/Cetelem : the right combination

- **Facet** : a pure consumer credit company without personnel and with excellent profitability (72% of outstandings in revolving credit)
- **Optimum synergy possibilities (reinforced by majority control)**
 - Cetelem manages Facet's outstandings (commercial teams, scoring tool, IT plate-form, collection)
 - The ending of the historic partnership with Cetelem would have created losses of scale
- **Strong development potential**
 - Access to a future flow of young, 'creditphile', good quality clients
 - Important capacity to increase outstandings
 - Low average outstanding per card : 1,000 Euros, to compare with 2,300 Euros for Cetelem et 3,200 Euros for the 'Mistral' account of Finaref (equivalent to Cetelem's Carte Aurore)
 - Perspectives of international development

With this acquisition, Cetelem strengthens its n°1 position in the consumer credit market in France and thus increases by 30% its market share of the revolving credit market

- **Purchase by BNP Paribas of 90% of Facet from PPR**
 - Conforama retains 10% in order to materialise the partnership relationship with the brand
- **An acquisition price for 90% of 869 Million Euros, detailed hereafter :**
 - Net Asset Value of 54 Million Euros calculated at the date of the transaction
 - 40% of total goodwill (ie. 326 Million Euros) representing the value of exploitation of the existing client portfolio, at the date of the transaction
 - 60% of total goodwill (ie. 489 Million Euros) representing the value of the flow of new clients generated by the Conforama brands
- **Signature of a long-term commercial contract between Facet and PPR/Conforama**
 - 25 years with an initial time frame of 5 years
 - Renewable by periods of 5 years
 - Price repayment clause in case of non-renewal of the commercial agreement before expiration of the 25-year period
- **In case of sale of Conforama, transfer of the clauses to the acquirer**

- **An extension of the geographical coverage**
 - Italy, Spain and Portugal : consolidation of the existing exclusive joint-venture agreements (Cetelem for 51% and Conforama 49%)
 - Exclusivity in Switzerland and Poland along the same basis
 - Priority right for the other countries
- **A targeted time scale of 25 years, or more**
- **A larger range of products**
 - Sale of all bank products and services to Conforama clients
 - Access given to the private-label cards to BNP Paribas ATM's
- **Current remuneration conditions for Conforama and the stores are maintained**

The new commercial agreement reached with the Conforama group is on a larger scale and is more profitable than the previous agreement

- Operational synergies
 - Economies of scale and productivity improvements in Cetelem's commercial and management set-up (without any further investment : immediately operational)
 - Redeployment of surplus staff linked to the merger with Crédit Universel
 - Decrease in the cost of risk
 - Reduction in funding costs
- Commercial synergies
 - Development of complementary products
 - Cardif to handle credit insurance
- Time-frame for the implementation of synergies
 - 2003 : 14 Million Euros
 - 2004 : 20 Million Euros
 - 2005 : 25 Million Euros

Overheads : 11 M€
Risk : 7 M€
NBI : 7 M€

Total synergies (on a stabilised basis): 25 Million Euros

- An accretive transaction as of 2005

	2003	2004	2005
Impact on net result before goodwill in Eur mn	+24.5	+35.0	+46.2
Impact on net result after goodwill in Eur mn	-16.2	-5.7	+5.5
Accretion/dilution after goodwill	-0.45%	-0.14%	0.12%

- A limited effect on the solvency ratio : -0.3

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