

18 September 2007

Press Release

Euraleo buys 40% stake in Intercos

- Intercos is a leading third-party producer of colour cosmetics for international brands
- Transaction marks the closing of Euraleo's first investment since its establishment in 2006

Euraleo ("Euraleo"), the specialist Italian private equity firm jointly owned by Banca Leonardo and Eurazeo, announces that it has acquired a 40% stake in Intercos S.p.A. ("Intercos" or "the Company") from investment fund Equinox. Intercos is one of the world's leading players in the creation, development and production of colour cosmetic products for the main international cosmetics groups.

The acquisition was made through Intercos Group S.r.l., a company indirectly owned by Dario Ferrari (60% stake) and by Euraleo (40% stake).

Mr. Dario Ferrari, who founded Intercos in 1972, remains as Chairman and Chief Executive Officer.

Intercos is the world's leading third-party producer of lipsticks, eyeshadow, mascara, foundation and powders for the leading international cosmetic brands. Revenues in 2006 totalled €208 million and sales have grown at an average of over 20% per annum over the three years to 2006.

Ten of the world's top 15 cosmetic houses are Intercos customers and the Company's market share in colour cosmetics (excluding eye and lip pencils) is over twice that of its nearest competitor. A key strength of the Company is the longevity of its client relationships, with nearly half of its top 20 customers having worked with Intercos for more than ten years.

The Company's expertise extends across the entire cosmetics production value chain, from R&D and product development to material and packaging sourcing, from manufacturing to assembly of the finished product. Intercos has three core lines of business that offer a vast range of products:

- colour cosmetics (76% of 2006 sales)
- cosmetic eye and lip pencils (18% of 2006 sales)
- skin care (6% of 2006 sales)

The Company has developed a proprietary innovation capability that is difficult to replicate and is protected by more than 40 active patents. Indeed, some 220 of Intercos' 1,900 employees are dedicated to Research & Development at the Company's innovation centres in Italy, the US and China. Over the past three years, as part of its commitment to constantly renew its product range, the Company has reinvested 11% of revenues in R&D and innovation.

Alessandro Foti, Chief Executive Officer of Euraleo, said: "We are delighted to invest in a company of the stature of Intercos. The opportunity to work with Mr Ferrari in further strengthening an Italian group whose success is global is one we believe says everything about the vision of Euraleo. Intercos has excellent prospects for further growth, strong client relationships worldwide and a strong reputation for quality and innovation. Our key role as investors will be to support the Intercos team as they move to the next level of their success."

Dario Ferrari, founder of Intercos, said: "After a long period of negotiations, we have found the ideal partner in Euraleo, which help us to grow, including through acquisitions, and will allow us to raise our profile internationally. A subsequent step, in the medium term, could be to see us through to a stock exchange listing.

"We would like to thank our former investors Equinox for the past four years of excellent collaboration that allowed us to meet our objectives and to create value.

"And I would also like to thank the management of the Intercos Group whose hard work enabled us to complete this transaction."

Euraleo was advised in the transaction by Banca Leonardo.

Dario Ferrari and Equinox were advised by Banca Intesa and JP Morgan.

Compagnie Nationale à Portefeuille, the listed holding company controlled by the Frère family, has co-invested with Euraleo in this transaction.

About Intercos:

Intercos was established in 1972 by Dario Ferrari, currently Chairman and Chief Executive Officer as well as majority shareholder in the company (with a 60% stake). The Intercos Group is one of the world's leading players in the creation, development and production of colour cosmetic products (lipsticks, eyeshadow, mascara, foundation and powders) for the main international cosmetics groups. The Company employs 1,928 people, 220 of whom work in R&D. Specialised in "full outsourcing", Intercos invests significantly in R&D, developing innovative marketing concepts, creating proprietary formulas (more than 500 each year) and its own cosmetic products portfolio. Intercos manages more than 700 product families, 10,000 SKUs and over 7,000 colours. Intercos operates worldwide with 10 manufacturing facilities in five countries (Italy, Switzerland, US, China and Malaysia) and sales offices near to clients in the most strategic markets (US, France, UK and Asia).

About Euraleo:

Euraleo is a 50/50 joint venture established in 2006 by French investment firm Eurazeo and the European investment banking and asset management firm Gruppo Banca Leonardo. Euraleo is exclusively dedicated to pursuing private equity opportunities in the Italian market. The joint venture combines the skills and expertise of Eurazeo in the private equity sector with Banca Leonardo's investment banking capabilities and deep knowledge and experience of the Italian market.

About Gruppo Banca Leonardo:

Gruppo Banca Leonardo was acquired and capitalised in April 2006 by a group of European investors led by Gerardo Braggiotti and including CNP, Eurazeo, IFIL, Fondiaria-Sai, Torreal and Allianz. The Group's strategic focus is on three principal areas of business: investment banking and corporate finance advice, private equity investment and wealth management. Gruppo Banca Leonardo also operates in the brokerage business and has a specialist Italian equity research team.

About Eurazeo:

With more than €6 billion in diversified assets and a market capitalization of €5 billion, Eurazeo is a leading listed European investment company. Eurazeo is a majority or key shareholder in companies such as Europcar, Rexel and ANF. Eurazeo also holds significant stakes in Danone, Air Liquide and Veolia. Eurazeo, and its co-investment fund ECIP, have just signed an agreement to acquire 100% of ELIS, the European leader in rental and cleaning of textile and hygiene services. Eurazeo is quoted on Eurolist by Euronext Paris (code ISIN: FR0000121121, code Bloomberg: RF FP, code Reuters: EURA.PA).

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