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# Quantel

## PRESS RELEASE

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Les Ulis, October 19, 2016

### **MODIFICATION TO THE SHAREHOLDING STRUCTURE AND GOVERNANCE CHANGE PROPOSED CAPITAL INCREASE**

#### **Modification to the shareholding structure and governance change**

On October 18, 2016, ESIRA, the KEOPSYS Group holding company, acquired for € 5 million, 93.8% of the capital of EURODYNE<sup>1</sup>, which holds 1,184,513 QUANTEL shares and 1,928,579 voting rights, representing 14.6% of the capital and 21.3% of the voting rights of QUANTEL.

The remaining balance, representing 6.2% of EURODYNE's capital, is subject to a reciprocal sales agreement with ESIRA based on a sales price of €330,000, while a €650,000 earnout could be paid to the sellers under certain conditions. The reciprocal sales agreement with ESIRA also concerns the €1 million partner current account recorded in EURODYNE's books.

As EURODYNE's only significant asset is its equity interest in QUANTEL, and taking into account its net debt of € 900,000, this acquisition gives, for information and to ensure transparency, a price of around €5.25<sup>2</sup> per QUANTEL share, and, if the earnout is paid, around €5.80<sup>3</sup> per QUANTEL share.

Based in Lannion, France, the KEOPSYS Group is made up primarily of KEOPSYS, LEA PHOTONICS and SENSUP, which are all fully owned by ESIRA and specialized in designing and marketing fiber lasers and integrated fiber laser systems for scientific, industrial and military applications. With around 100 employees, the KEOPSYS group recorded revenues of approximately €16.2 million and net income of around €2.2 million in 2015. In the first half of 2016, revenues of KEOPSYS group was approximately € 8.3 million and net income came to approximately € 0.8 million. At June 30, 2016, the KEOPSYS group cash position was about € 3.9 million. With a financial debt of € 7,8 million, the Group's net debt at the end of the first half of 2016 was approximately € 3.9 million.<sup>4</sup>

As part of this equity investment, ESIRA said it wanted to establish an industrial and commercial partnership with Quantel in order to develop all possible synergies, aiming at establishing a leading global player in optronics and photonics.

In connection with this shareholder transition, Alain de Salaberry will be resigning from his positions as Chairman and Chief Executive Officer and as a director of QUANTEL following the proposed capital increase presented hereafter. Mr Christian Moretti, Mr Patrick Schoenahl and Mr Ghislain du Jeu have also indicated that they will resign from their positions as directors at the same time as Alain de Salaberry's resignation. Following these resignations, ESIRA has indicated that it intends to ask for two directors to be coopted, including Marc Le Flohic, ESIRA's current Chairman, as Chairman and Chief Executive Officer of QUANTEL and to appoint a new permanent

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<sup>1</sup> EURODYNE is a Luxembourg-law limited holding company (société anonyme holding), registered in the Luxembourg trade and companies register, section B-10646. Until October [18], 2016, the majority of EURODYNE's capital was held by Mr Alain de Salaberry, its Chairman, and his heirs. EURODYNE and Mr Alain de Salaberry were considered to be acting in concert until this date under the terms of Article L.233-10 of the French commercial code (Code de commerce).

<sup>2</sup> Sales price including current account.

<sup>3</sup> Sales price including current account.

<sup>4</sup> Consolidated financial data that has been subject to a limited review. The scope for the KEOPSYS group's consolidated accounts for FY 2015 comprises ESIRA (group holding company), KEOPSYS, KEOPSYS Inc. (fully-owned subsidiary of KEOPSYS), LEA PHOTONICS, SENSUP and VELDYS ("SCI" real estate company holding the group's real estate assets).



representative of EURODYNE to the Board of Directors, in replacement of Florent de Salaberry, also resigning. Following these changes, the Board of Directors will consist of six members instead of eight previously

In this context, Marc le Flohic will rely on Laurent Schneider-Maunoury, General Manager, while Alain de Salaberry will provide support as an advisor.

Alain de Salaberry, QUANTEL's Chairman and Chief Executive Officer, commented: *"I am very pleased with this operation, which will enable the QUANTEL Group to maintain a stable majority shareholding structure around Marc Le Flohic, a talented business leader who has successfully and quickly developed his group in the laser sector thanks to his determination, his scientific relevance and his professionalism"*.

Marc Le Flohic, ESIRA's Chairman, declared: *"Both QUANTEL and KEOPSYS Groups have built up expertise in very closely related technologies and market product ranges that complement together perfectly. I am delighted with this future collaboration, which enables to support the QUANTEL Group's growth over the coming years, aiming to develop a world leader for optronics and photonics, bringing together most of the laser technologies that exist today, such as semiconductor lasers, solid-state lasers, dye lasers and fiber lasers"*.

Following the takeover of EURODYNE, ESIRA indirectly exceeded the thresholds of 10% of share capital and 20% of voting rights of QUANTEL and indicated that it will publish the crossing of shareholding thresholds and the declaration of intent within the required legal timeframe. This declaration will be published on the AMF website ([amf-france.org](http://amf-france.org)).

ESIRA has already clarified that for the next six months, it does not plan to increase its stake in QUANTEL beyond the threshold of the mandatory offer, nor take control of QUANTEL.

#### **Proposed capital increase**

In addition, QUANTEL's Board of Directors, under the option granted by the extraordinary general meeting on June 9, 2015, has decided to carry out a capital increase with a view to further strengthening the QUANTEL Group's financial structure. The capital increase will be carried out with shareholders' preferential subscription rights maintained and an option to subscribe on an irreducible and a reducible subscription basis and subject to allocation for a maximum gross total, including issue premiums, of around € 2.5 million, by issuing ordinary new shares with a par value of €1.

In accordance with the terms of Article L.411-2 of the French monetary and financial code (Code monétaire et financier) and Articles 211-2 and 211-5 of the general regulations issued by the French financial markets authority (Autorité des marchés financiers, AMF), the capital increase will not require a prospectus approved by the AMF because (i) the total amount of the offer will be included between €100,000 and €5,000,000 and will concern financial securities representing no more than 50% of the Company's capital, and (ii) the number of Company shares to be admitted to Euronext Paris will represent no more than 10% of the number of Company shares already admitted for trading on this market.

Esira expressed its intention to subscribe to the capital increase as follows:

- Irreducibly to the amount of preferential subscription rights held by EURODYNE and
- Reducibly and / or freely to a minimum amounting to a subscription of 75% of the capital increase, provided that this amount would not lead EURODYNE to cross the threshold requiring to launch a mandatory tender offer (30% of the voting rights of QUANTEL).

The final conditions for this capital increase (including the subscription price and the number of new shares to be issued), which is presently scheduled to be launched at the end of October, will be presented in further detail in a dedicated press release and in a shareholder notice that will be published in the French official gazette (BALO) before the opening of the subscription period.

For information, the impact of the capital increase on the capital interest of a shareholder owning 1% of the Company's capital prior to the capital increase and not subscribing for this capital increase (calculations based (i) on the number of shares comprising the Company's capital at September 30, 2016 and (ii) under the assumption of an issue of a maximum of 809,600 new shares representing 10% of the capital of QUANTEL, i.e. the maximum

number of shares that can be listed on Euronext Paris without a Prospectus approved by the AMF) would be as follows:

<b>Shareholder's interest (%)</b>	<b>Undiluted</b>	<b>Diluted <sup>(1)</sup></b>
Before issue of new shares with the capital increase	1.00%	0.96%
After issue of 809,600 new shares with the capital increase, if carried out on a 100% basis	0.91%	0.88%
After issue of 606,750 new shares with the capital increase, if carried out on a 75% basis	0.93%	0.90%

<sup>(1)</sup> If the vesting period is completed for all the bonus shares subject to a vesting period, i.e. 315,000 shares, while noting that there are no dilutive instruments in place on the date of this press release

Founded in 1970, Quantel is one of the world's leading specialists in laser technology for scientific (laboratories and universities), industrial (material processing, process analytics, marking) and medical (ophthalmology) markets. With design and manufacturing facilities in France and the US, the Quantel Group achieved in 2015 a turnover of 62 M€, with close to 70% worldwide, divided into scientific and industrial laser applications (56%) and medical applications (44%).

Quantel shares are listed on the Euronext Paris C Compartment. FR0000038242 – QUA [www.quantel.fr](http://www.quantel.fr)



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