



May 27th,
2014



Results of the 2014 study on
employee shareholding

DEBORY  ERES

Agenda

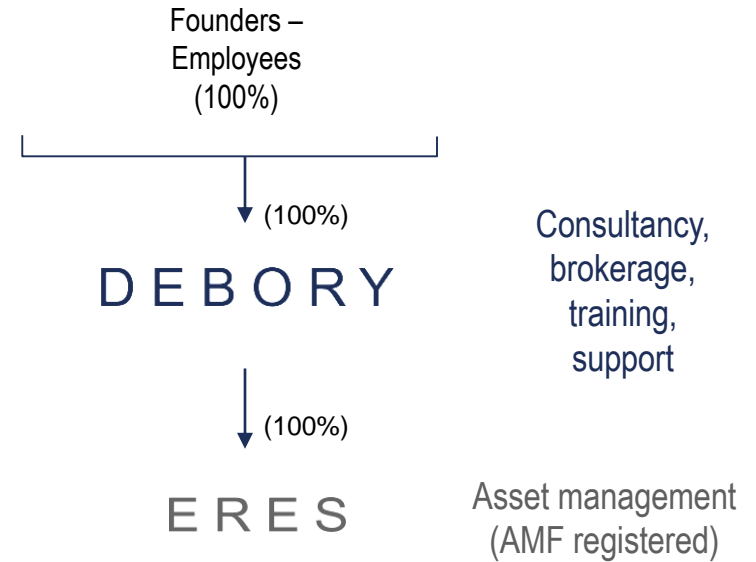
- Who is DEBORY ERES ?
- Employee shareholding of listed companies in France and Europe
- Overview of employee share ownership in France
- Employee share ownership programs in France in 2013
- 2014 trends

WHO IS DEBORY ERES ?



DEBORY ERES is a specialist of profit sharing, retirement and employee ownership

- Created in 2005,
- DEBORY ERES is the only independant specialist on the French market,
- Owned by his founders and employees,
- Its team of consultants, actuaries, project managers and assets managers
- Advises clients and sets up dedicated solutions



DEBORY ERES: a team of 20 specialists dedicated to Comp&Ben strategies (in France) since 2005

EXPERTISE	ACTIVITIES
<ul style="list-style-type: none"> ■ Collective profit sharing mechanisms ■ Employee share ownership plan ■ Retirement savings plans (article 83, article 39) ■ Collective C&B strategies 	<p>CONSULTANCY (10 employees)</p> <ul style="list-style-type: none"> ■ Setting up profit sharing plans ■ Managing projects ■ Selection of banks and insurance companies for plan administration ■ Training union/employee/company representatives <p>ASSET MANAGEMENT (10 employees)</p> <ul style="list-style-type: none"> ■ Employee savings plans mutual funds (FCPE) dedicated or not ■ Employee shareholding mutual fund (FCPE) ■ UCITS for dedicated retirement plans ■ Asset management mandate in retirement plans (DB plans)

DEBORY ERES in numbers

- **900** millions euros assets under management in profit sharing and retirement schemes
- **14 000** profit sharing and retirement plans
- **1 100** distributors : independent financial advisors, insurance brokers, accountants
- **10** new plans per day
- **10%** of all new business in France

Palmarès Gestion de Fortune 2014
Meilleur gestionnaire d'épargne
salariale



Corbeilles Mieux Vivre 2013
Meilleure gamme actions sur 5 ans



Our references

- DEBORY has more than 8 500 clients, of all sizes and sectors



EMPLOYEE SHARE OWNERSHIP OF LISTED COMPANIES IN FRANCE AND EUROPE

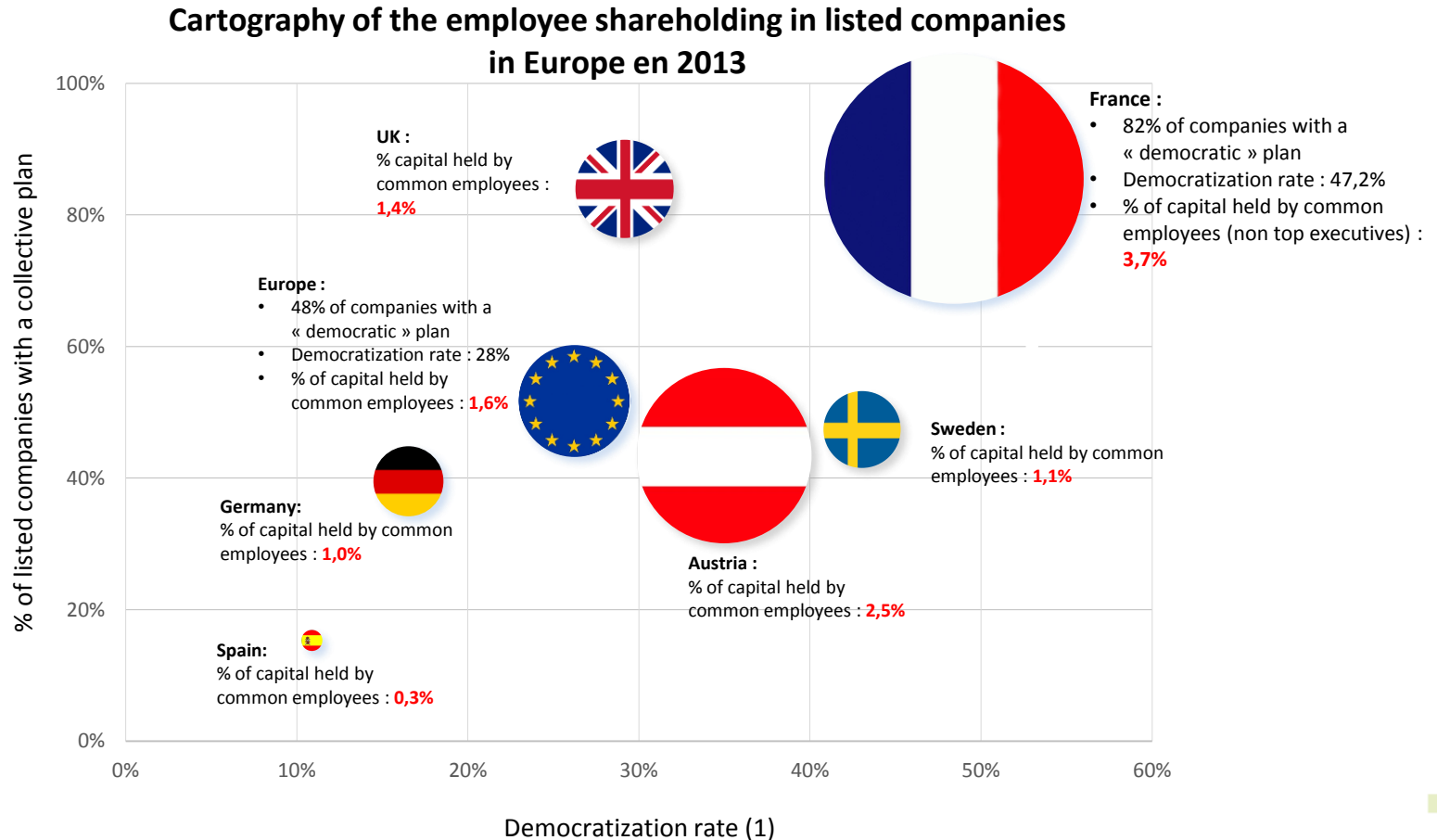


Methodology

- Our study is based on **public data**¹ (annual reports, press releases, internet sites) and information from EFES (European Federation of Employee Share Ownership), and specifically on the 120 largest listed companies in France from 2005 to 2013.
- We also analysed the plans initiated in 2014 to assess the trends of the on going year
- The study is focusing on collective plans (proposed to all common employees, in all countries or at least in France) and not on top executives' plans such as stock options plans (discretionary plans). It also excludes companies where employees can subscribe at any time in a company shares with no specific advantage such as discount or matching contribution.

¹ Companies which do not communicate on such plans neither in annual reports nor in press releases are not analyzed.

In 2013, France is still the leading country for collective employee share ownership



Sources : EFES, DEBORY ERES – 2014 study on employee share ownership

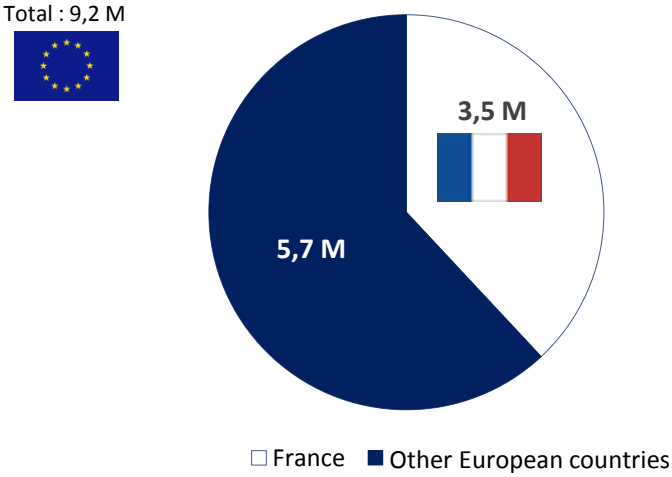
(1) % of employee shareholders in total staff

Sample : 2 200 European listed companies (250 in France) with a market cap over 200 M€

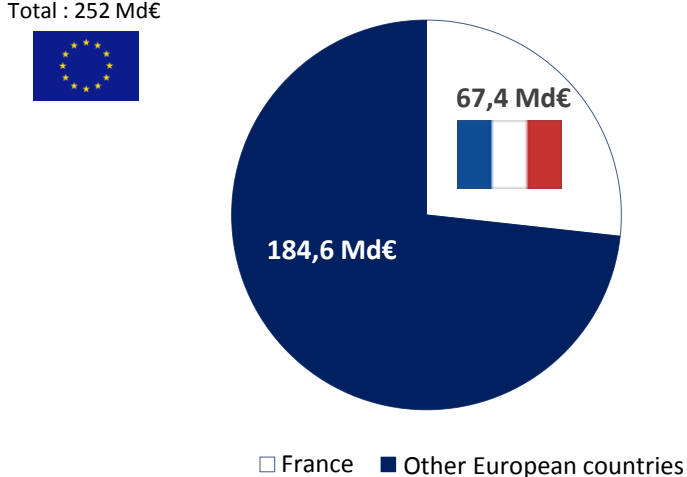
Legend : the size of the bubble is proportional to the % of capital held by common employees (non top executives)

In 2013, more than one third of European shareholder employees and more than one fourth of market cap is held by French employees

**Number of European shareholder employees in 2013
(in millions)**



**Market cap held by employees in Europe en 2013
(in billions of euros)**



Sources : EFES, DEBORY ERES – 2014 study on employee share ownership

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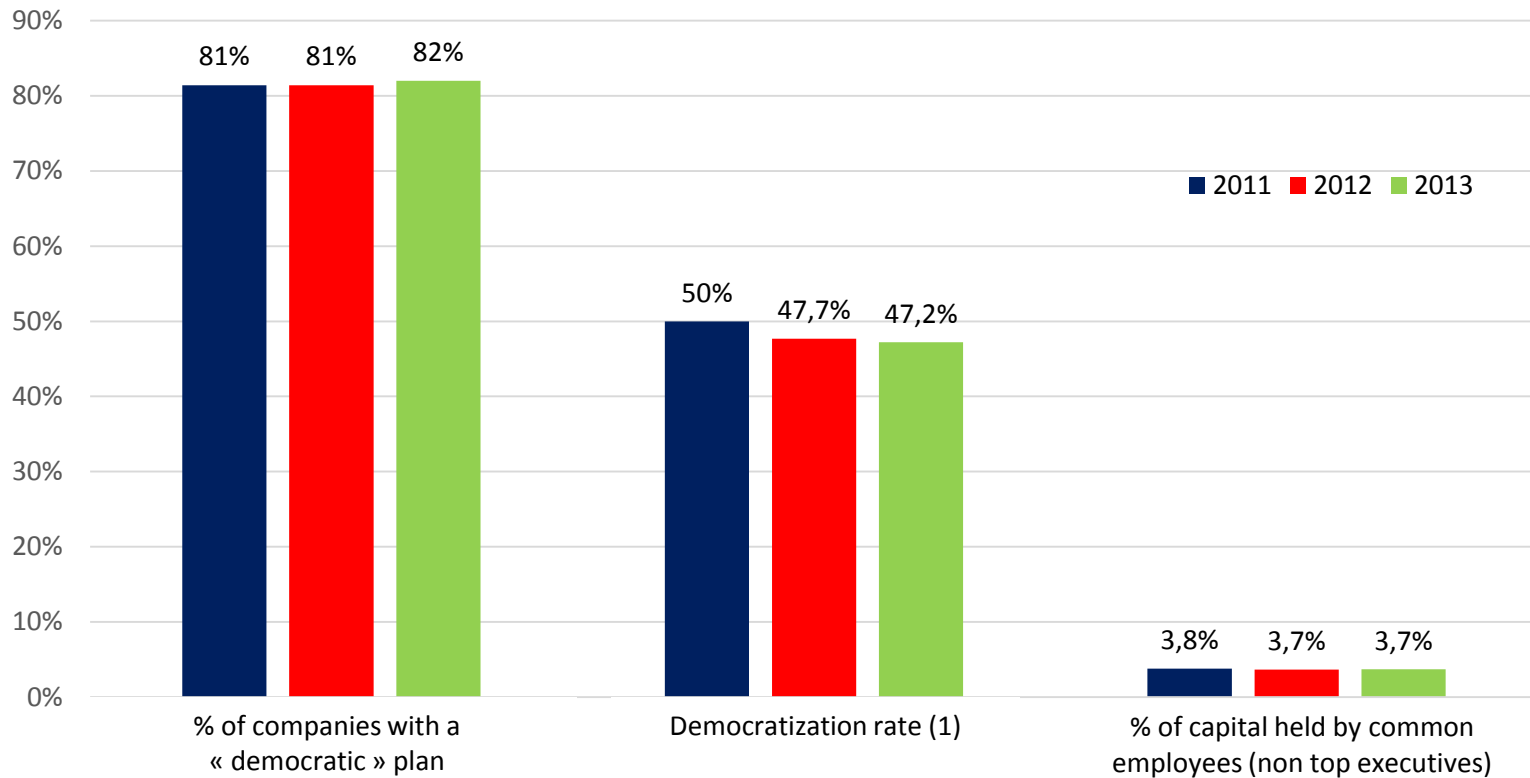
Sample : 2 200 European listed companies (250 in France) with a market cap over 200 M€

OVERVIEW OF EMPLOYEE SHARE OWNERSHIP IN FRANCE



For the last 3 years, employee ownership in major French listed companies remained stable

Evolution of employee share ownership in listed companies in France



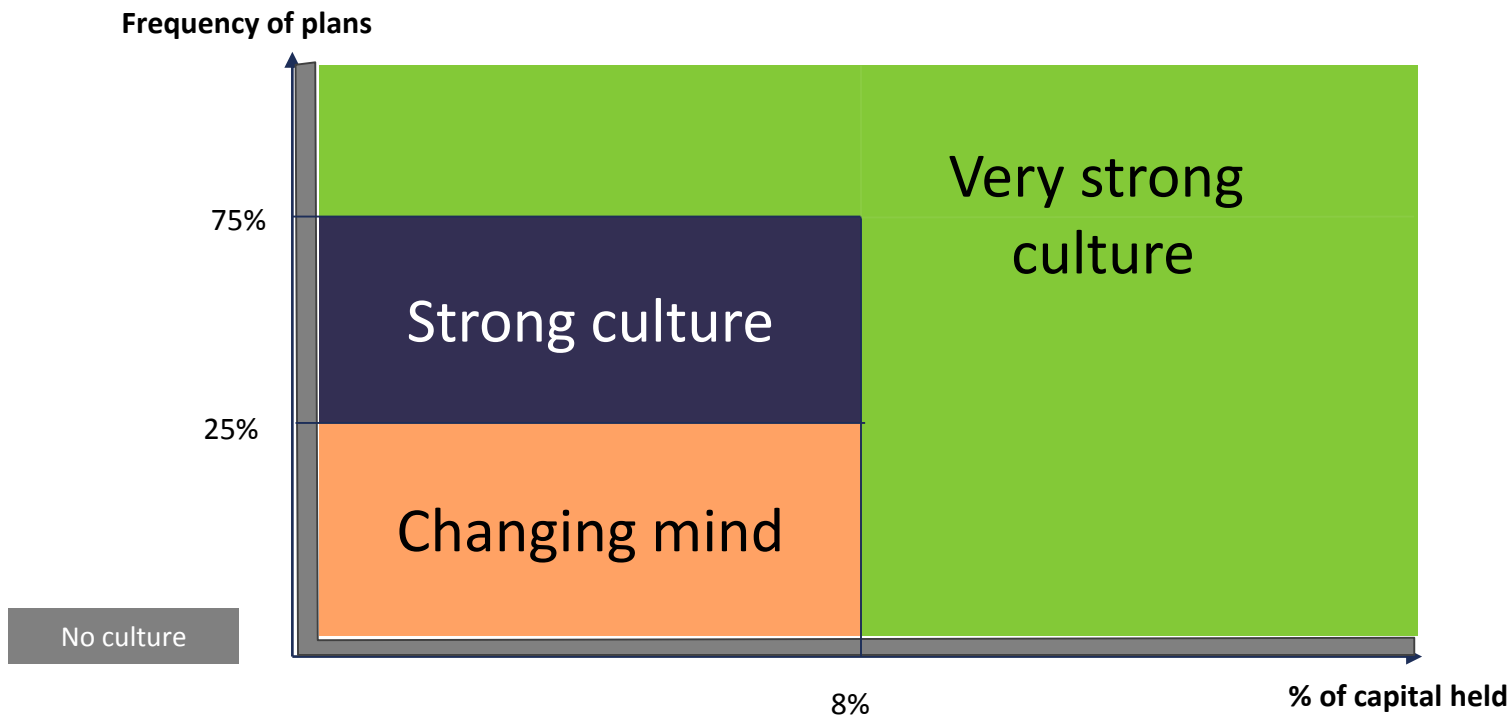
Sources : EFES, DEBORY ERES – 2014 study on employee share ownership

Sample : 250 French listed companies

(1) % of employee shareholders in total staff

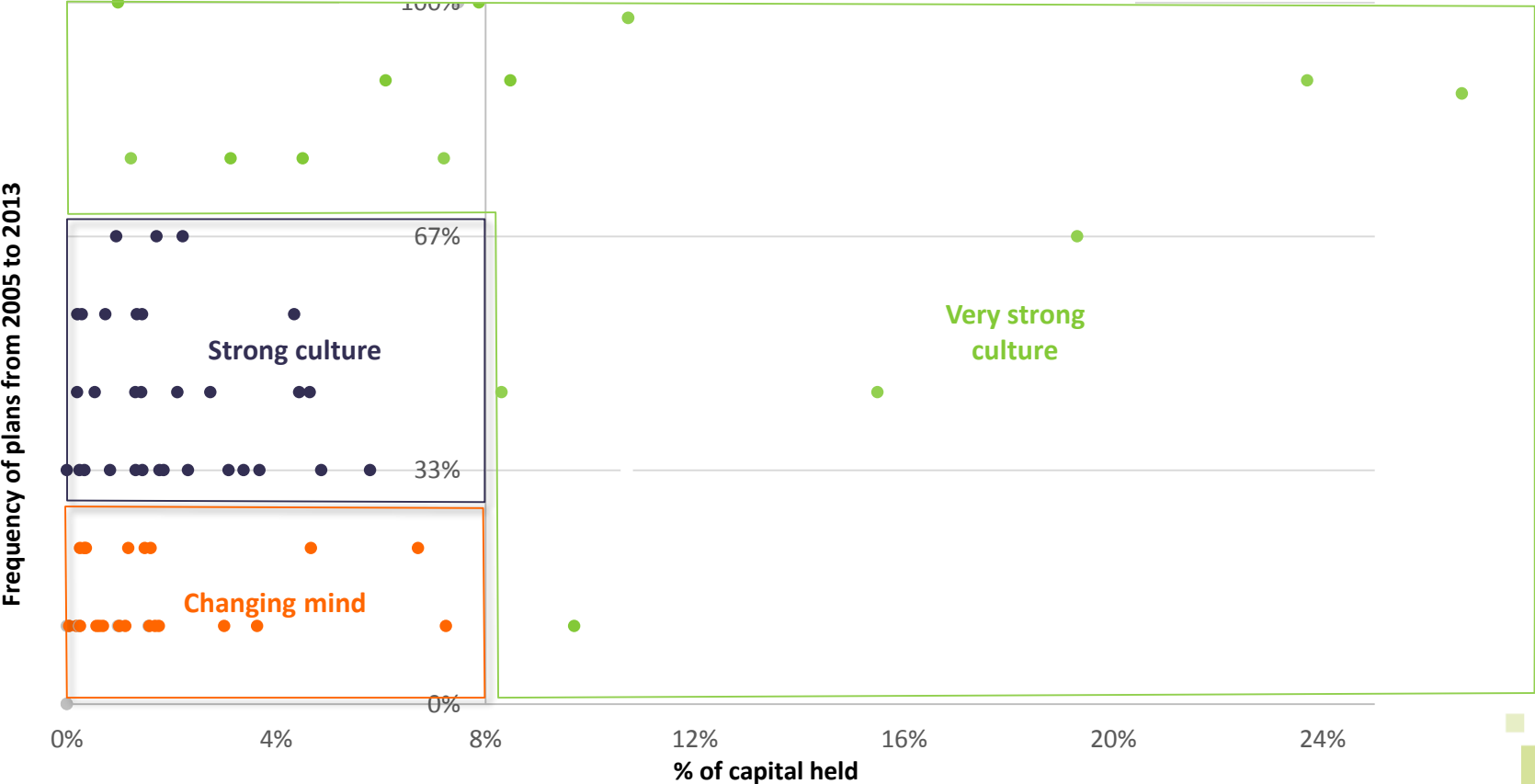
Companies have different employee share ownership strategies and culture

- The strategies can be classified depending on :
 - The frequency of common employees plans from 2005 to 2013 : 0%, <25%, >75%
 - The percentage of capital held by common employees : < or > 8%



There is no correlation between the frequency of plans and the % of capital held by employees

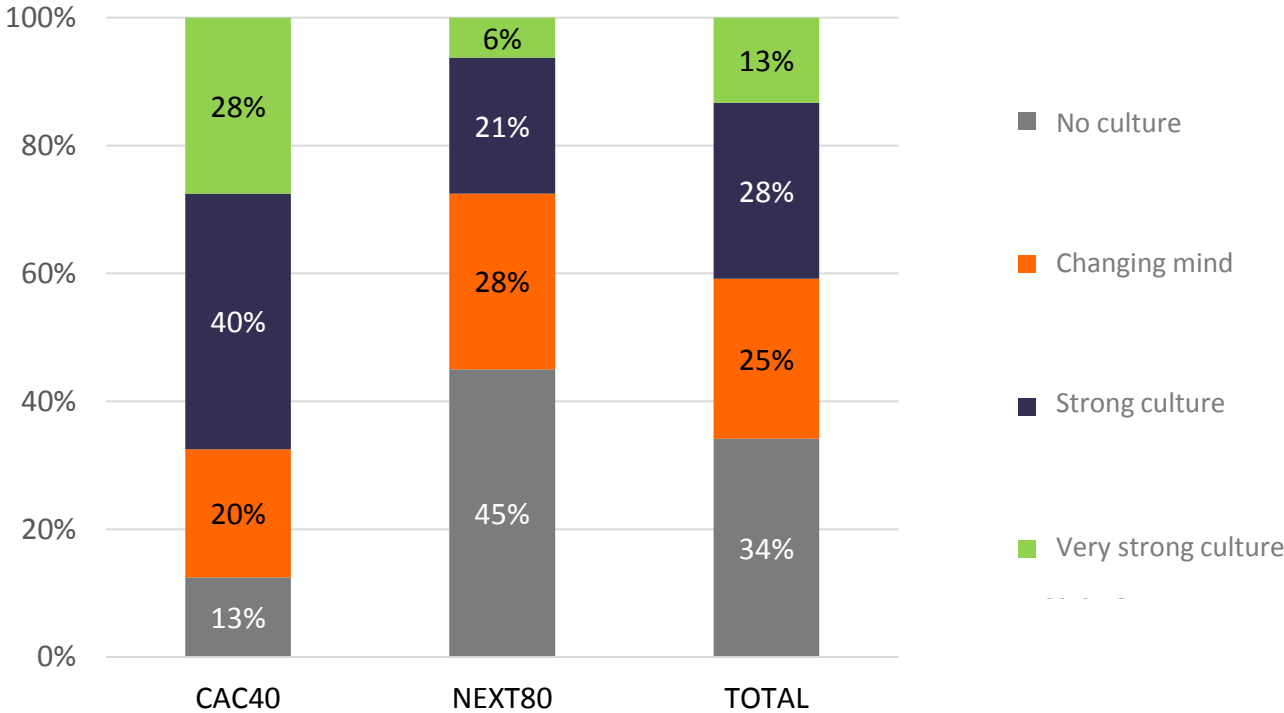
Classification of the 120 major listed French companies according to their employee share ownership culture



Sources : EFES, DEBORY ERES – 2014 study on employee share ownership

Employee share ownership is much higher in top 40 companies (CAC40) than in the next 80 companies

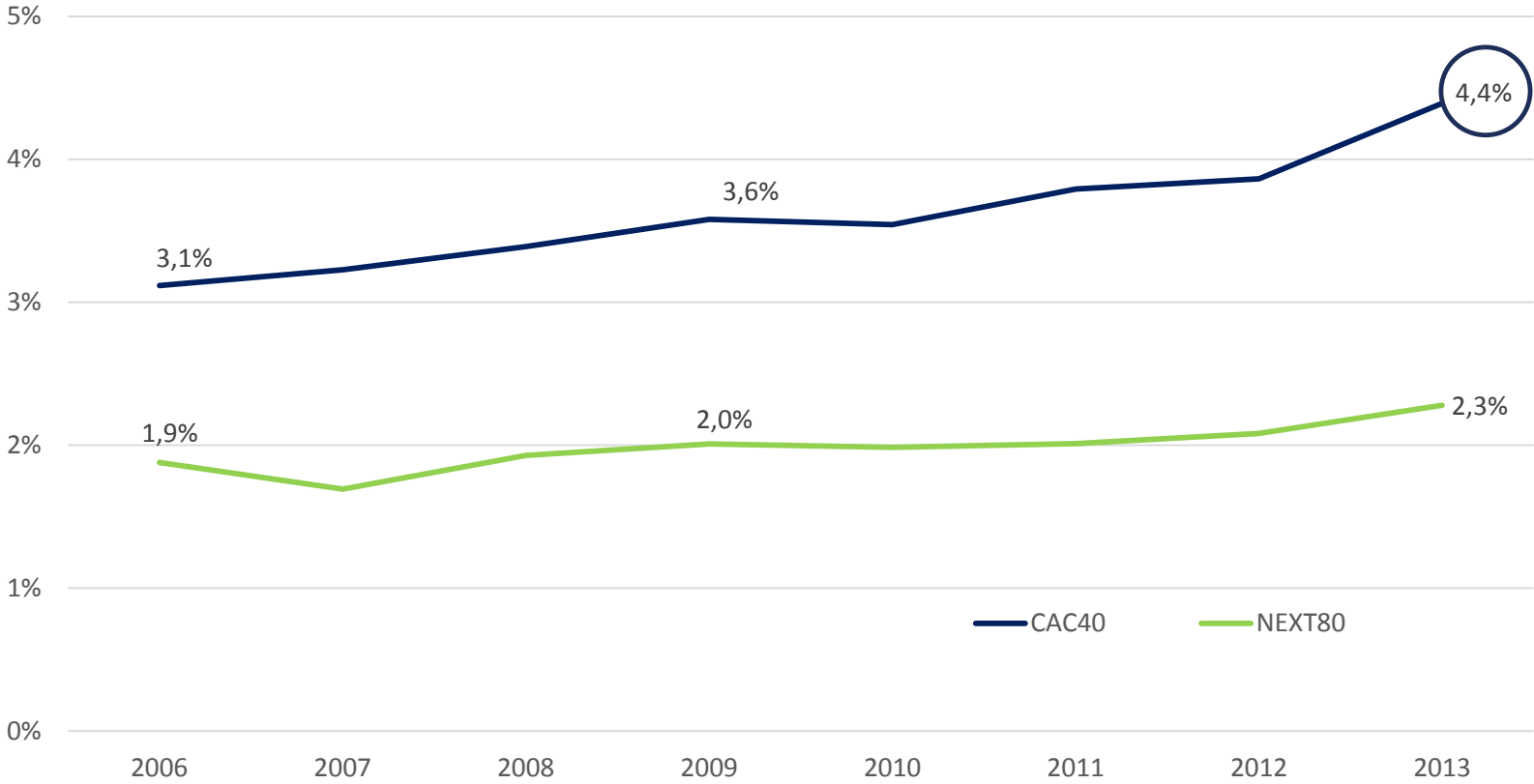
Breakdown of 120 French listed companies according to their employee share ownership culture



Sources : EFES, DEBORY ERES – 2014 study on employee share ownership

The percentage of capital held by employees in CAC40 companies has reached its peak since 2006 : 4,4%

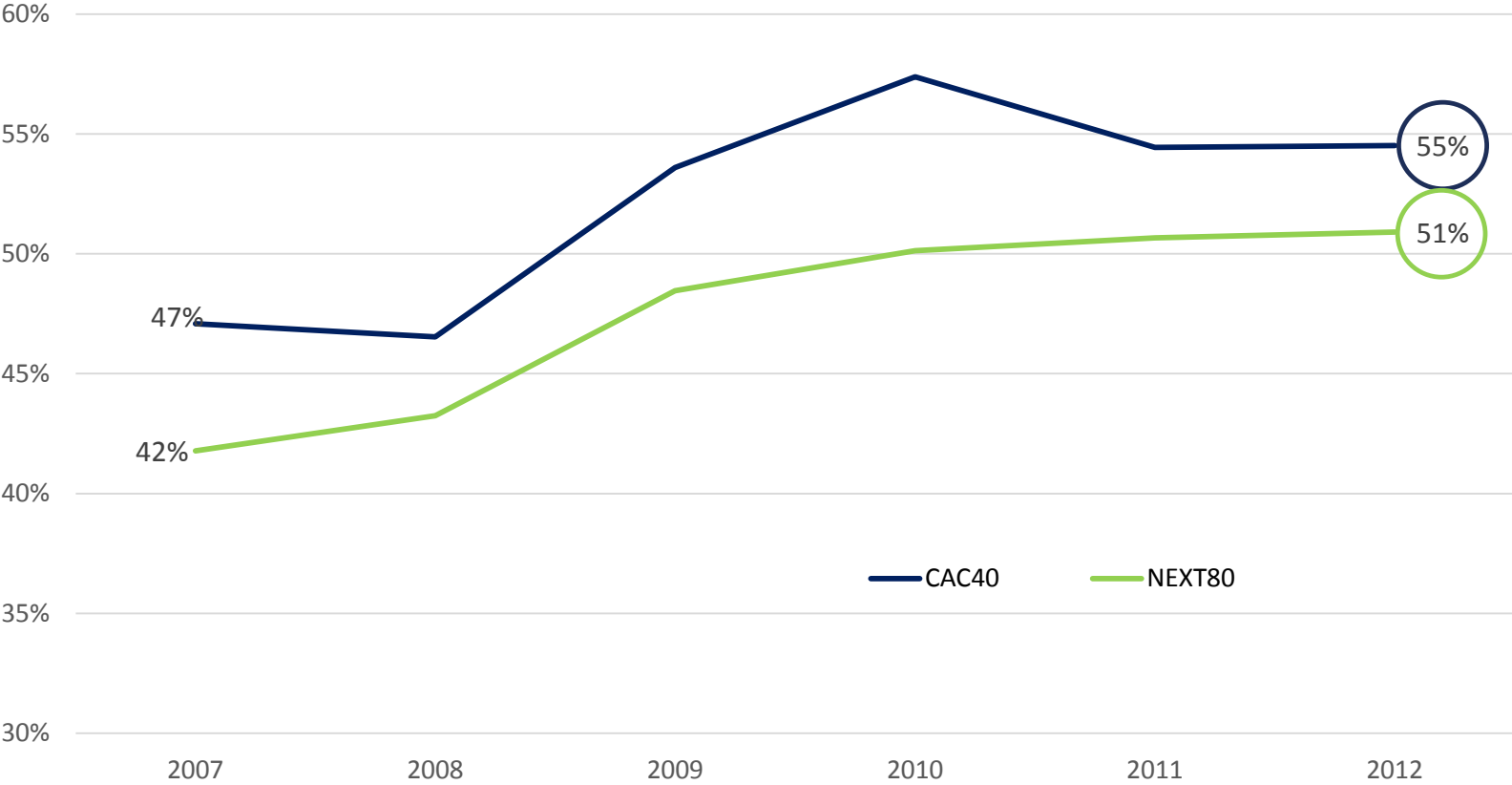
Employee share ownership evolution* in France between 2006 and 2013



Sources : EFES, DEBORY ERES – 2014 study on employee share ownership
* Evolution of the share of capital held by all employees (incl. Management)

The democratization rate has increased in the long term and is now well established over 50% in the major French listed companies

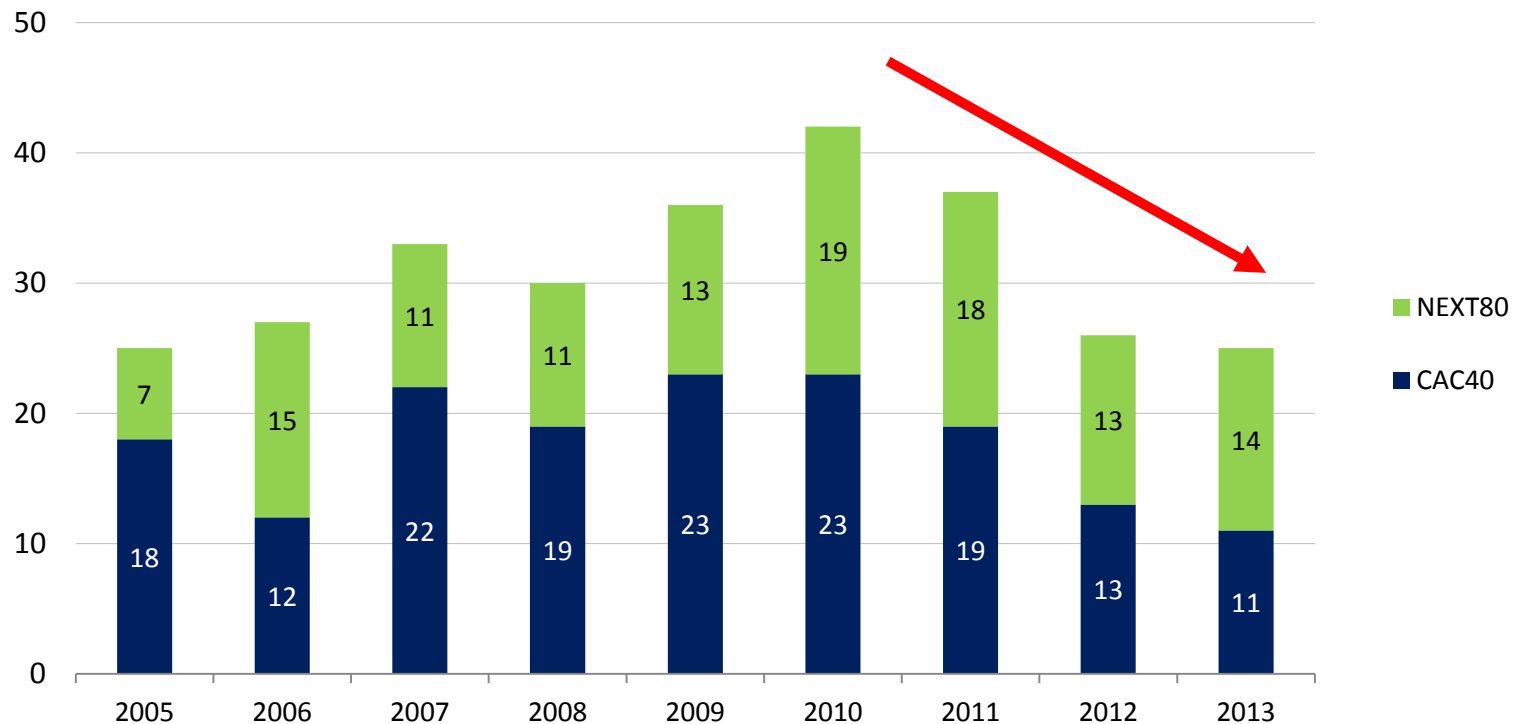
Evolution of democratization rate* in France



Sources : EFES, DEBORY ERES – 2014 study on employee share ownership
* % of employee shareholders in total staff

Due to the crisis and the rise of social taxes, the number of plans dropped in 2012 and 2013 in the major French listed companies

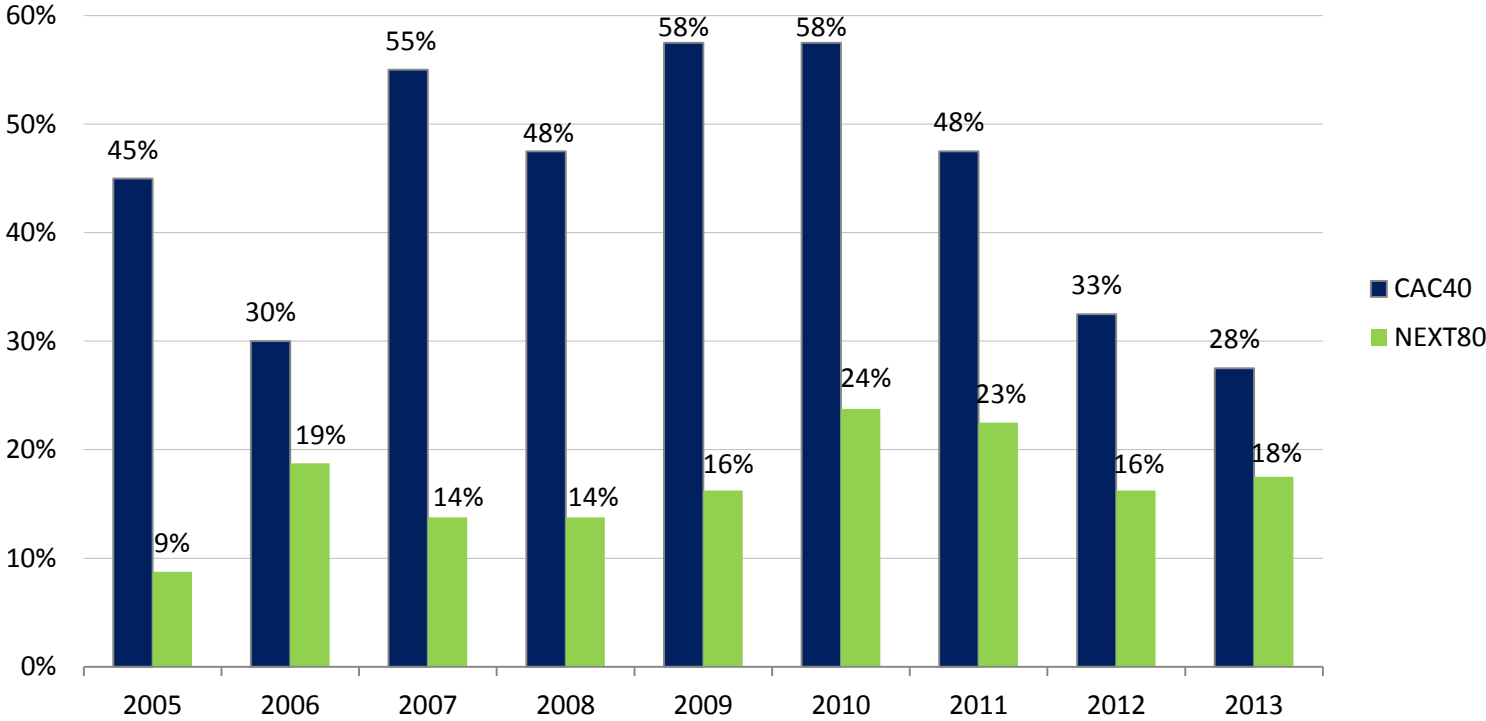
Number of companies in SBF120 having proposed at least one plan in year



Sources : EFES, DEBORY ERES – 2014 study on employee share ownership

Since 2005, the percentage of major French listed companies proposing a plan has fluctuated with a recent drop in 2012 and 2013

% of top 120 listed French companies having at least undertaken one operation in 2013



Sources : EFES, DEBORY ERES – 2014 study on employee share ownership

EMPLOYEE SHARE OWNERSHIP PROGRAMS IN FRANCE IN 2013



Employee share ownership programs in France in 2013

In the top 120 French listed companies

- 25 companies proposed at least one plan : increase of capital-AK and/or free shares-AGA
- 28 plans for all employees : 22 AK and 6 AGA
- Among plans where information is available, 9 propose only a « classic » FCPE (mutual fund 100% invested in shares) and 8 propose a classic FCPE coupled with a « leveraged » FCPE (mutual fund with partial guarantee)
- In average 90% of employees are eligible (AK)
- 55% of SBF120 companies offer a matching contribution
- The average discount of stock price is 17%
- 60% of companies proposed a subscription via a FCPE and direct holding* (40% only via a FCPE)

Subscription results

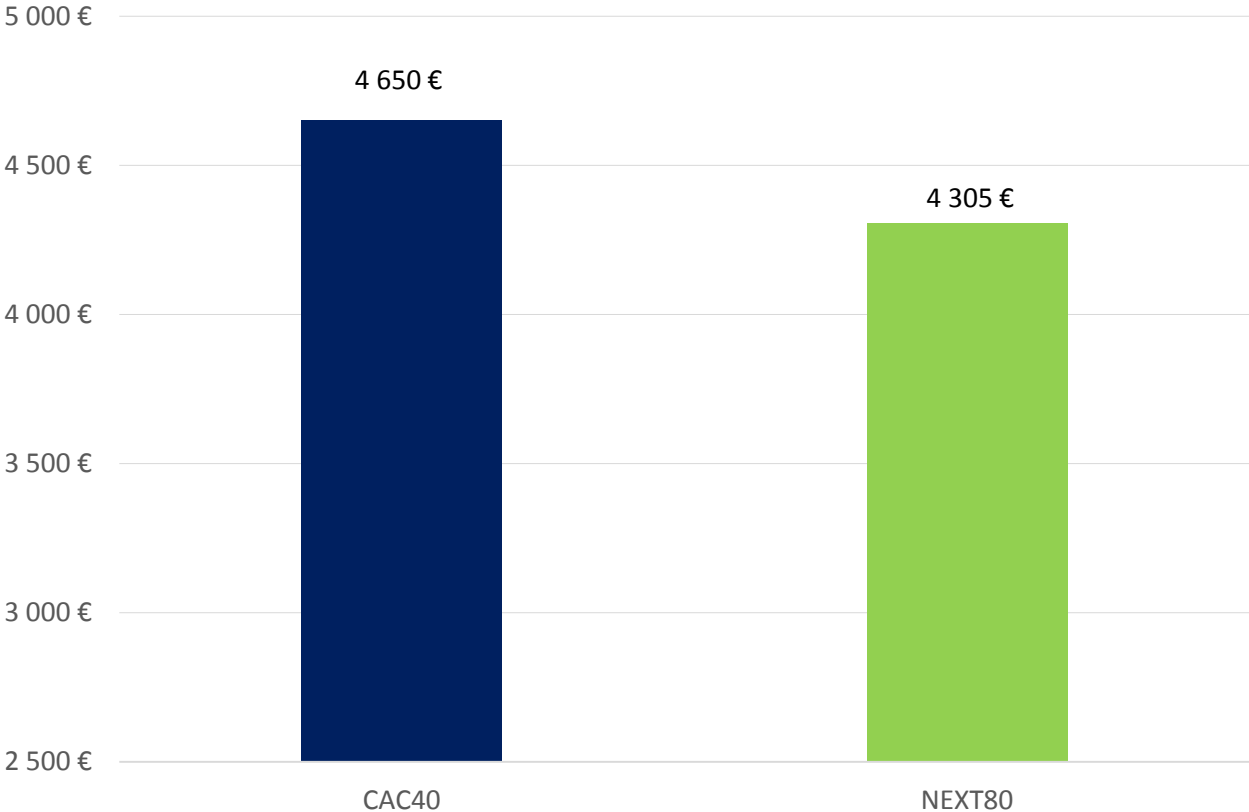
- Average amount subscribed by employee :
4 520€
- Average subscription rate** :
44%

Source : DEBORY ERES – 2014 study on employee share ownership

* Direct holding is used in countries where FCPE is not allowed
** In 2013, 76% of companies communicated on the subscription rate. It can be assumed that companies which communicate on their subscription rate are the ones where the plan was most successful.

In 2013, the average amount per employee who subscribed is around 4 500 euros

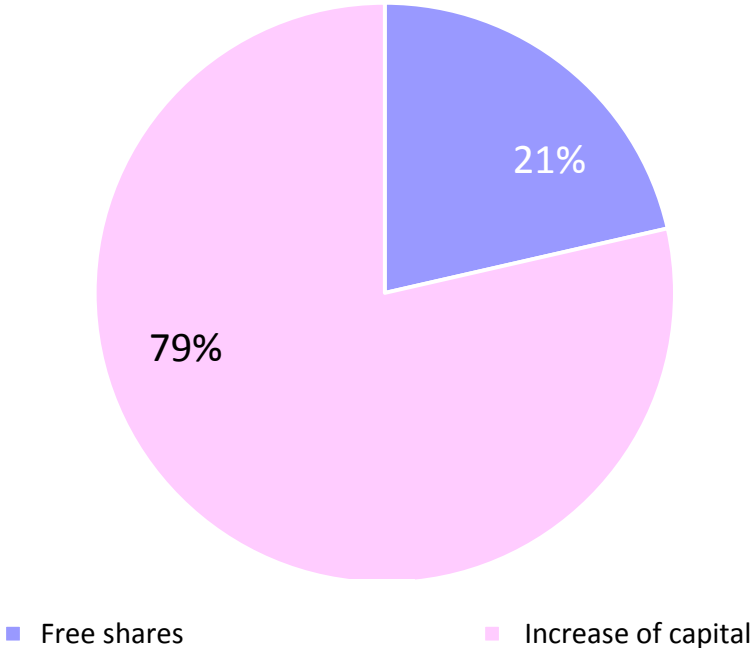
Average amount subscribed per employee in the French top 120 listed companies en 2013



Sources : DEBORY ERES – 2014 study on employee share ownership

In 2013, 80% of plans proposed to common employees are increases of capital

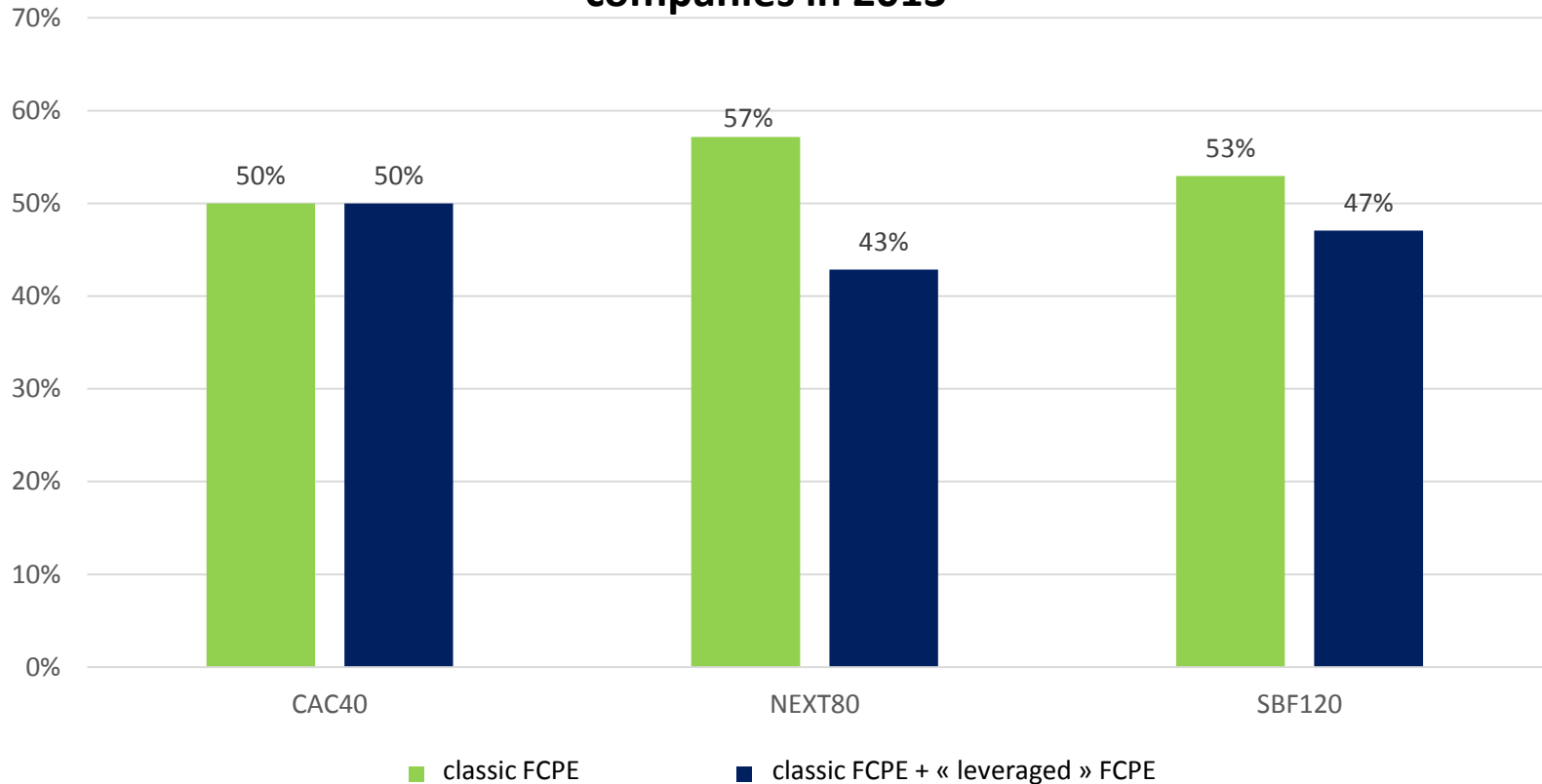
Types of plans proposed by the top 120 French listed companies in 2013



Sources : DEBORY ERES – 2014 study on employee share ownership
Note : employee shareholding schemes based on direct purchase of shares are computed with increases of capital

The top 40 French companies proposed more « leveraged » FCPE compared to the next 80

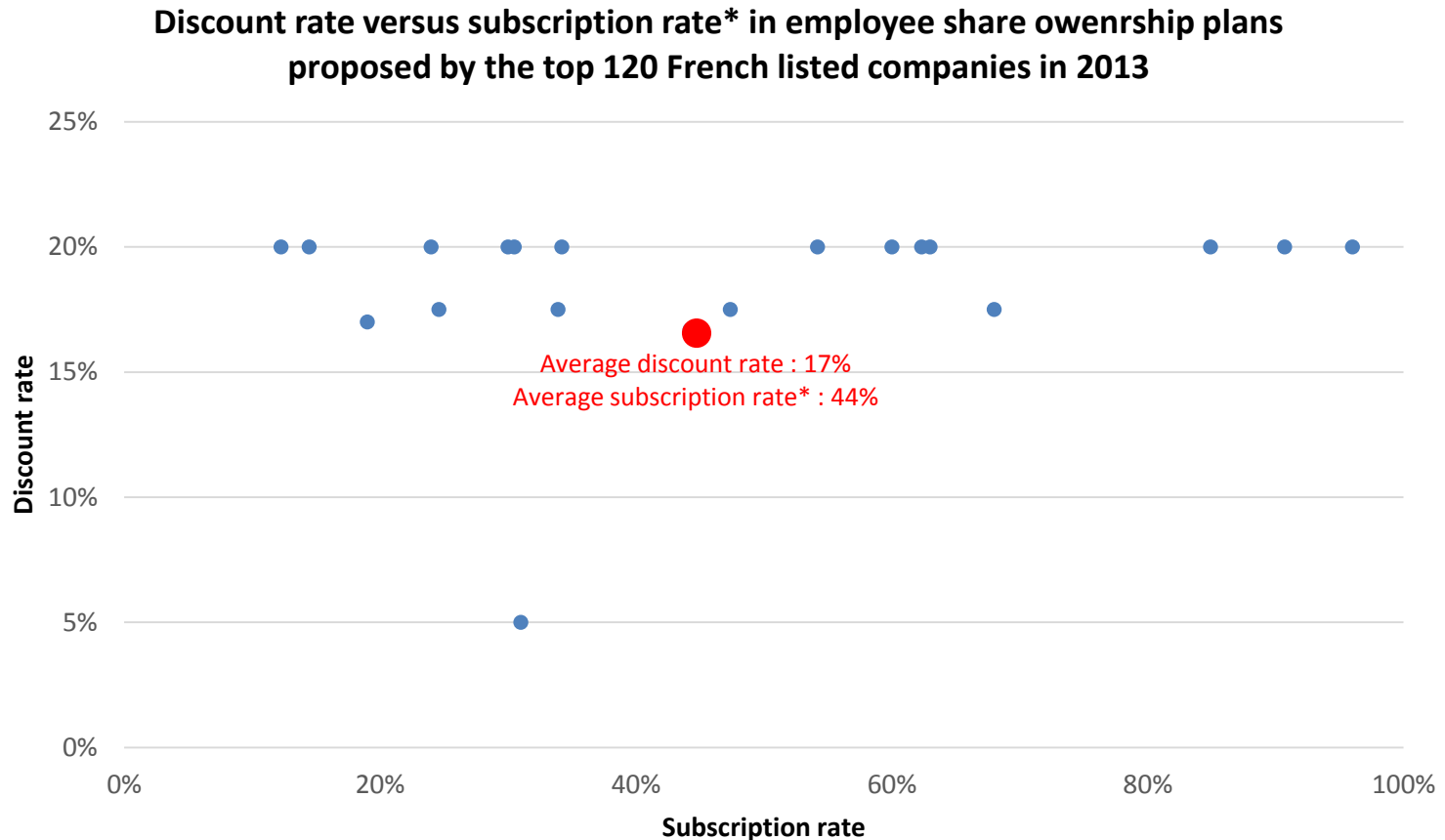
Type of mutual funds proposed by top 120 French listed companies in 2013



Source : DEBORY ERES – 2014 study on employee share ownership

Note : In 2013 information on the type of structures proposed by the top 120 French listed companies is available in our database in 80% of cases

The subscription results of 2013 plan show no impact of the discount rate on the subscription rate



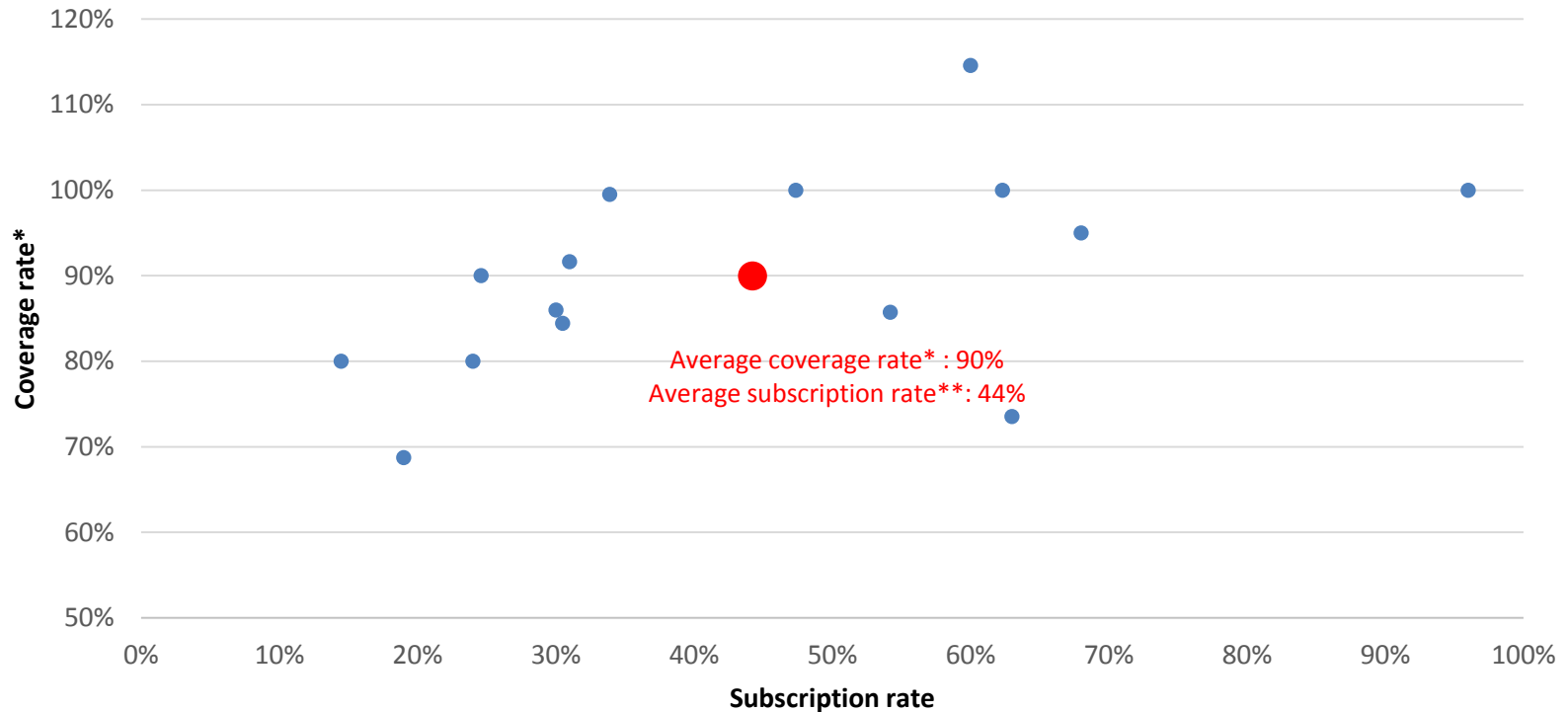
Source : DEBORY ERES – 2014 study on employee share ownership

Note : in 2013, all subscription plans offered a discount

* In 2013, 76% of companies communicated on the subscription rate. It can be assumed that companies which communicate on their subscription rate are the ones where the plan was most successful.

In 2013, the coverage rate* had little impact on the subscription rate, whereas subscription rates tend to be smaller abroad

Coverage rate* versus Subscription rate** in employee share ownership plans proposed by the top 120 French listed companies in 2013



Source : DEBORY ERES – 2014 study on employee share ownership

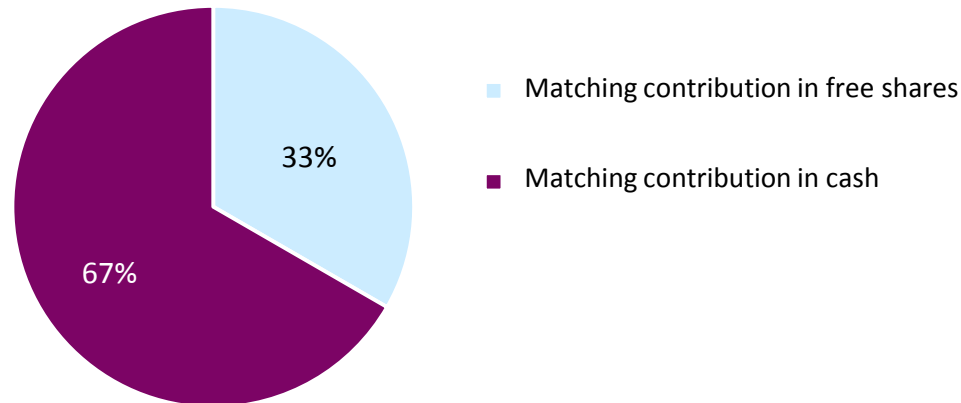
*Coverage rate may exceed 100% if the operation is also offered to former/retired employees.

**In 2013, 76% of companies communicated on the subscription rate. It can be assumed that companies which communicate on their subscription rate are the ones where the plan was successful.

In 2013, 55% of companies paid a matching contribution, most of the time in cash

- In 2013, 54,5% of 120 French major listed companies paid a matching contribution.
- One third of companies proposed a matching contribution in free shares.

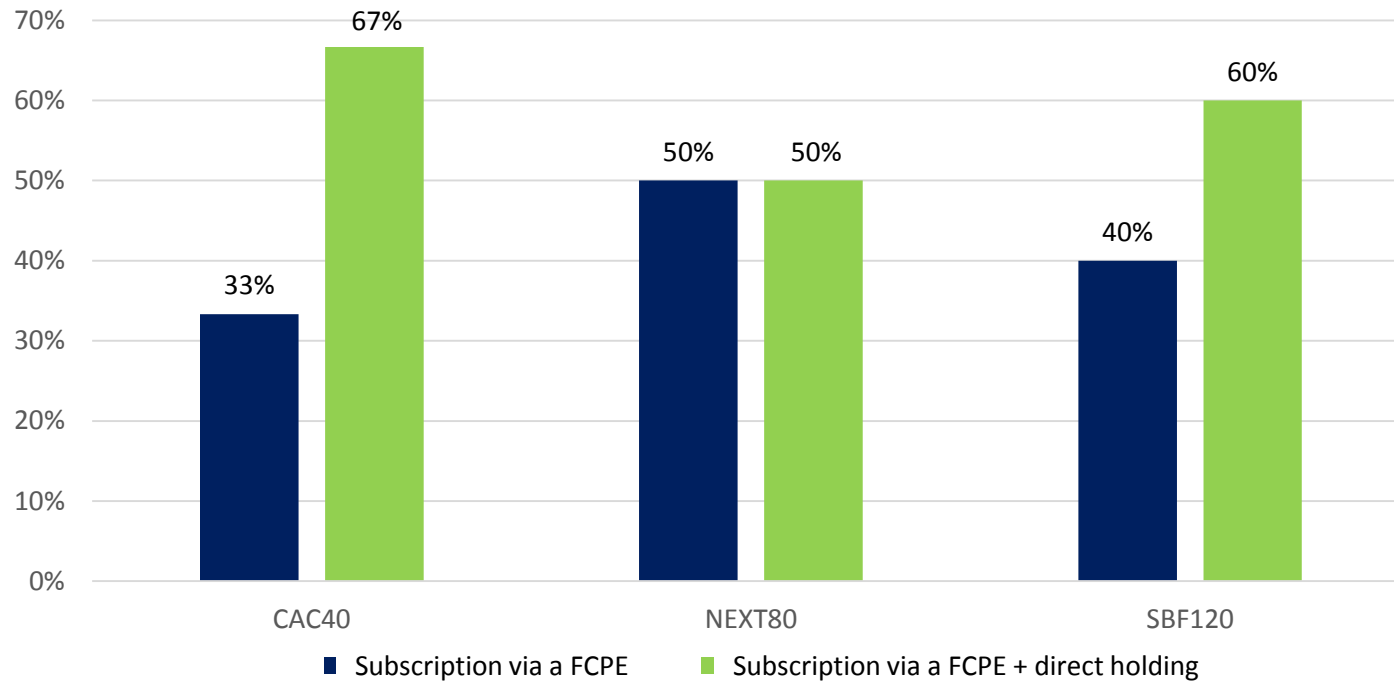
Types of matching contribution paid by the 120 French major listed companies in 2013



Source : DEBORY ERES – 2014 study on employee share ownership

In 2013, the majority of the 120 French major listed companies proposed a subscription via a FCPE (mutual fund) and direct holding

Subscription options in plans of 120 French major listed companies in 2013



Source : DEBORY ERES – 2014 study on employee share ownership

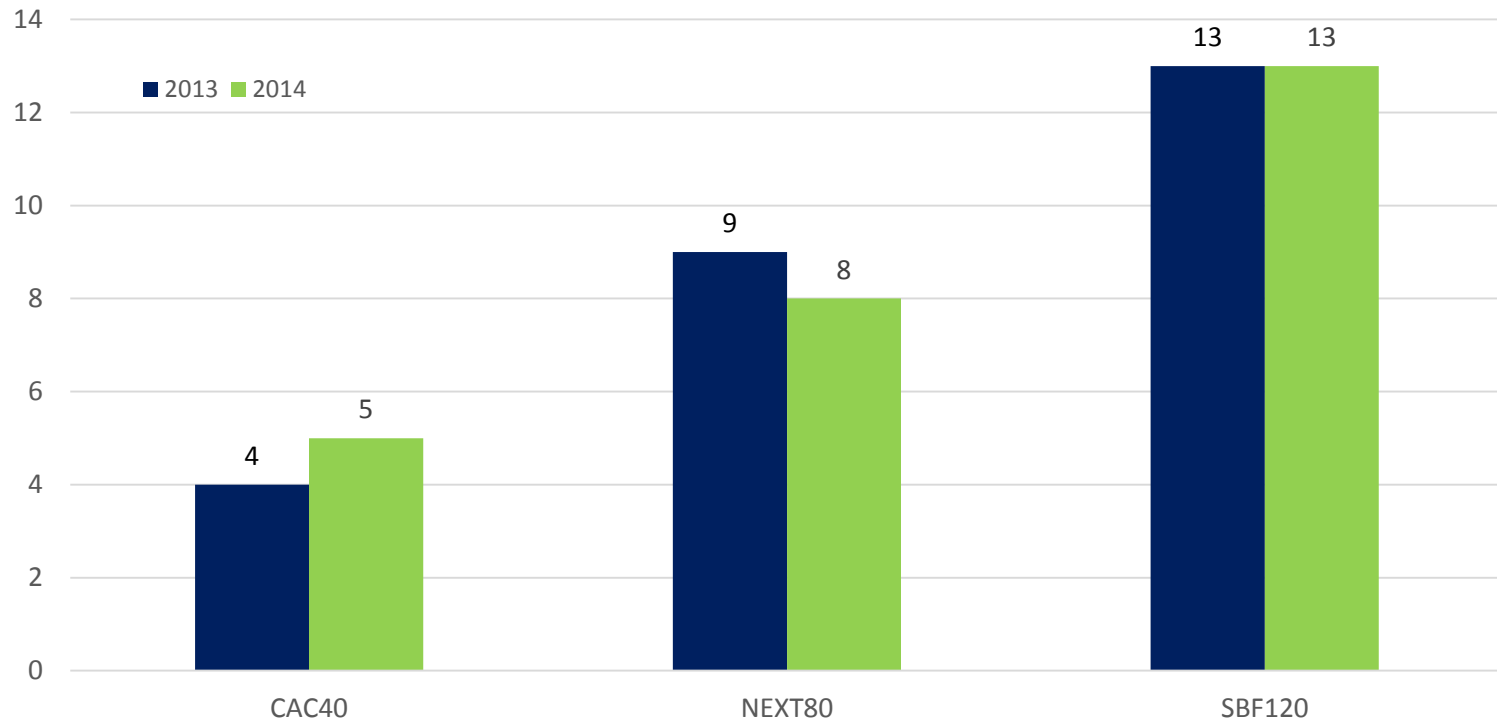
* In 2013, information on subscription modalities (Mutual fund – FCPE / direct) is available in our database in 70% of cases

2014 TRENDS



From January to May 2014, 13 companies have initiated a new plan as in the same period in 2013

Number of companies among the 120 French major listed companies which proposed a new plan (from January to May)



Source : DEBORY ERES – 2014 study on employee share ownership

THANK YOU

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