

PRESS RELEASE

Métal Déployé – Krieg & Zivy intends to boost its expansion After being acquired in a Management Buyout backed by AtriA Capital Partenaires

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Métal Déployé – Krieg & Zivy announces the completion of its management buyout by the team led by Xavier de Froment and backed by AtriA Capital Partenaires.

The Group

The Métal Déployé – Krieg & Zivy Group, which generated a turnover of FF 590m in 2000 (+28%), is the world leader in wire mesh cable trays, the world leader in high-voltage electrical resistors and a European leader in expanded metal for construction and industrial applications. Founded in 1902, it operates 5 manufacturing facilities including 3 in France (Montbard - Burgundy, Chevrières - Picardy), one in Belgium and one in the United States. The Group is also established in Spain and Italy through distribution subsidiaries, and its product range is sold in about forty other countries around the world.

A summary of the Group's history is set out in Appendix 1, and an organisation chart in Appendix 2.

Markets and competition

The Métal Déployé – Krieg & Zivy Group's sectors of activity are: cable trays in wire mesh and perforated sheet metal; rolled metal products (extended mesh for the building industry, industrial filters and industrial floorings); and high-voltage electrical resistors (TGV rheostats, earthing resistors, high-voltage network filtration).

The market for wire-mesh cable trays is expanding rapidly in the OECD countries due to the competitive advantages of this technology in terms of cost and flexibility compared to older standards such as perforated sheet metal, conduits or ladders. Having reached market leadership in France, the Group has implemented an ambitious policy of international expansion since 1992, under the leadership of its CEO Xavier de Froment, with encouraging results. The Group's entry into the US market has been a major success, where, after 5 years of presence via a joint venture and then a distribution subsidiary, it now generates revenues of over \$10m and holds a 40% market share. To improve its service for its North American customers, the Group has recently completed the construction of an ultra-modern cable tray manufacturing facility in Mascoutah, on the outskirts of Saint Louis (Missouri). The plant started production in early April 2001. Métal Déployé – Krieg & Zivy's competitors are mainly family businesses operating in their country of origin, whose main activity is centred on traditional cable tray technologies.

The metal activities of the Group are well established in Europe in more mature markets, where its companies are market leaders in France and in second position in Europe.

On the high voltage electrical resistor market, Métal Déployé benefits from a recognised know-how and a worldwide reputation of quality, especially in locomotive braking rheostats (TGV). The company supplies high-voltage network security applications to the main power specialists throughout the world (Alstom, ABB, Bombardier, GE, Mitsubishi, Siemens, etc.).

Management

The buy-out team, headed by Xavier de Froment (Engineering degree from INPG, MBA INSEAD), Chairman and Managing Director of the Group since 1992, includes the top managers of the Group in France and abroad. The management team now holds a 21% equity stake in the Group.

The management team successfully acquired and integrated Krieg & Zivy Industries and later successfully implemented the ambitious international expansion strategy for wire-mesh cable trays.

The transaction

The buy-out of the Group from Vallourec was arranged by AtriA Capital Partenaires, one of the leading French private equity teams focused on middle market companies. AtriA Capital Partenaires, now the controlling shareholder of the Group, negotiated the acquisition and arranged its financing with the following institutions: UI (Crédit Agricole), an equity co-investor in the Group; Euromezzanine, which underwrote the mezzanine debt; and Natexis Banques Populaires, which underwrote and arranged both the senior debt and the refinancing of the Group existing debt.

As a result of the growth expected in the wire-mesh cable tray industry, the Group intends to double its size in the next five years. In this context, AtriA Capital Partenaires has secured a solid financial structure with long maturities and a significant equity portion. This solid financial structure will enable the Group to both finance its significant investment programme and to reimburse its financial debt.

Strategy and outlook

The team led by Xavier de Froment aims to double the Group's business in the next five years and to reinforce its position as world leader in the wire-mesh cable tray sector, by systematically rolling out the strategy of conquest which has been extremely successful so far, and by creating new niche markets. In its traditional activities, the Group intends to strengthen its positions by improving its competitiveness and customer service.

Xavier de Froment, Chairman and Chief Executive of Métal Déployé – Krieg & Zivy, said: "In the context of this MBO, our customers' satisfaction is more than ever our first priority. We intend to understand their needs even better and to offer them the best global solution in terms of product quality, lead time, price, delivery and after-sales service. We also hope to associate our suppliers more closely to our development."

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Appendix 1

History of Métal Déployé – Krieg & Zivy

Métal Déployé – Krieg & Zivy is an industrial group over a century old, which started in metal processing. Krieg & Zivy Industries (« KZI ») was founded at Chevrières (Picardy) in 1899 producing perforated metal, whereas Métal Déployé (« MDSA ») was founded at Montbard (Burgundy) in 1902 using an American patent allowing sheet metal of all types to be expanded into a mesh, with no loss of raw material.

In 1937, MDSA launched its production of electrical power resistors, while in 1964 KZI started manufacturing industrial flooring in perforated sheet metal. Cable tray activities started in 1965 at KZI (perforated metal) and MDSA purchased in 1971 a German patent for manufacturing wire mesh cable trays.

In 1976, MDSA took control of Métal Déployé Belge, a company in which it previously owned a 33% equity stake, together with Gantois. MD Belge is a Belgian manufacturer of expanded metal lattice and sections for the building industry.

In 1981, MDSA sponsored the creation of Métal Déployé Maroc, of which it still owns a 35% stake.

In 1989, the patent lapsed on MDSA's patent for wire mesh cable trays and KZI launched their own version.

In 1991, Vallourec, previously a minority shareholder of MDSA, gained control of 72% of the equity following a takeover bid and Xavier de Froment became Chairman and CEO of MDSA Group. In 1992, Vallourec took over KZI and thus became the French cable tray leader. After a period of reorganization that involved regrouping most of the staff on the Montbard (MDSA) and Chevrières (KZI) facilities, it was decided to focus the Group on cable trays and to launch its international development.

In 1997, the perforation activities of KZI and MD Belge (excluding cable trays) were sold. In 1998, a distribution subsidiary (Cablofil Inc.) was established in the United States, together with another in Spain (Cablofil Iberica), which involved the purchase of two companies (in Barcelona and Rute). Exclusive distribution contracts were signed with local partners in various markets, such as the United Kingdom (1995), Germany (1999) and Australia (2000). In 2000, after five years of presence with a branch office, the Italian distribution subsidiary, Cablofil Italia, was set up.

In 2000, given the success of its product range in the United States (\$10 million revenues in 2000, +70%), MDSA decided to build a local production facility in Missouri to serve the North American market.

In April 2001, Vallourec sold 100% of the Group in an MBO backed by the private equity firm Atria Capital Partenaires.

APPENDIX 3

AtriA Capital Partenaires

AtriA Capital Partenaires was founded in 1999 by the former team of CFI, one of the oldest French private equity firms, to invest in middle market companies (€15m to €150m turnover) either in leveraged buyout (LBO) or development capital transactions.

AtriA Capital Partenaires manages €200m of capital for institutional investors through both CFI (which it advises) and AtriA Private Equity Fund, a closed fund.

AtriA Capital Partenaires operates with nine investment professionals and is controlled by its management team. Its independence enables a rapid decision process on each investment opportunity.

AtriA Private Equity Fund was raised with capital provided by sponsors UI and Capital Z Investments, a range of leading French and international institutions and a number of entrepreneurs.

During its first eighteen months of operations, AtriA Private Equity Fund completed 6 transactions including:

- **Bel'm**, French leader of manufacturing of high-end front doors (revenues FF180m, CEO : Yann Rolland, LBO)
- **Rivard**, one of the main manufacturers of trenchers and sewer cleaning vehicles (revenues FF185m, CEO : Désiré Renaud, spin-off from Trouvay & Cauvin in an LBO transaction)
- **Pelé**, French granite processing specialist for tombstones and the building industry (revenues FF240m, CEO : Mr. Jean-Luc Hennebelle, LBI)
- **Texavenir**, French leader in insurance claim assessment (revenues FF265m, CEO : Christian de BELAIR, build-up financing)
- **Multipap**, a major French player in securitised printing (revenues FF420m, CEO: Maurice Papot, build-up financing)
- **Métal Déployé – Krieg & Zivy Industries**, world leader in wire-mesh cable trays (turnover FF590m, CEO : Xavier de Froment, spin-off from Vallourec in an LBO transaction)

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APPENDIX 2

Métal Déployé – Krieg & Zivy Group

