



Quantel

PRESS RELEASE

Les Ulis, June 23, 2017

PROPOSED BUSINESS COMBINATION BETWEEN THE QUANTEL GROUP AND THE KEOPSYS GROUP WITH A VIEW TO CREATING A EUROPEAN CHAMPION FOR LASERS

Quantel is announcing a proposed business combination with the Keopsys Group, based on integrating all the Keopsys Group companies within the Quantel Group. This business combination, driven by the ambition to create a European champion for lasers, is fully aligned with the existing relationships between the two Groups and the successful development of synergies since Esira, the Keopsys Group's holding company, entered Quantel's capital¹.

The proposed business combination would make it possible to create:

- A combined structure with revenues of over €80 million² and around 400 employees,
- A European champion for lasers, offering an extensive range of high-performance lasers covering many different areas for application.

Business combination that will generate growth

Based in Lannion, France, the Keopsys Group is made up primarily of Keopsys, LEA Photonics and Sensup, which are all 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 €17.2 million and net income of around €2.2 million in 2016. At December 31, 2016, the Keopsys Group had around €2.3 million of cash. Taking into account the €5.4 million of financial debt, the Keopsys Group's net debt at end-2016 represented around €3.1 million³.

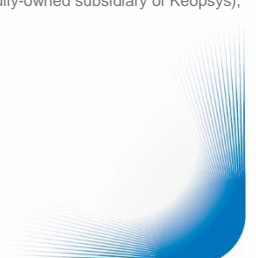
Considering the laser technologies mastered by the two Groups and the effective fit between their product ranges, this proposed business combination would enable the Quantel Group to benefit from technical and industrial leadership on its markets through expertise in diverse laser technologies, from the most common through to the most innovative. This initiative would also make it possible to develop the Quantel Group's critical mass, opening up possibilities for more ambitious contracts, particularly in the defense sector, in which the Quantel Group aims to be a leading supplier at European level.

The integration of the Keopsys Group companies within the Quantel Group would also make it possible to significantly accelerate the development of operational, commercial and financial synergies.

¹ Esira is wholly-owned by Mr. Marc Le Flohic, Chairman of the Board and CEO of Quantel (see the press release published by Quantel on October 19, 2016).

² Based on the 2016 accounts for the companies concerned.

³ Unaudited consolidated financial data. The scope for the Keopsys Group's consolidated accounts comprises Keopsys, Keopsys Inc. (fully-owned subsidiary of Keopsys), LEA Photonics, Sensup and Veldys.



Conditions for the business combination

The business combination operation would be based on Esira contributing all the shares in Keopsys, LEA Photonics and Sensup and 99% of the shares in Veldys ("SCI" real estate company holding the Lannion site's real estate asset) to Quantel.

Within this framework, the relative values between the two Groups would be 56% for the Quantel Group and 44% for the Keopsys Group. Following the contribution, Esira would directly and indirectly hold 54.7% of the capital and 56,1% of the voting rights of Quantel⁴. Esira would cross the threshold of 30% of the share capital and voting rights of Quantel, falling within the obligation to launch a mandatory tender offer. A waiver application to the obligation to launch a mandatory tender offer will be filed with the French financial markets authority (AMF), pursuant to Article 234-9 3° of the AMF general regulation.

An auditor (*commissaire aux apports*) will be appointed to prepare a report on the value of the contributions and a report on the remuneration for the contributions (and on the fairness of the exchange ratio).

During its meeting on June 22, 2017, Quantel's Board of Directors unanimously approved the principle for the proposed contribution.

The operation would be subject to the following conditions precedent:

- Obtaining an exemption from the requirement to file a public offering for Quantel's shares, which would result from the planned contribution, and
- Obtaining approval from the shareholders at Quantel's general meeting (scheduled for end-September 2017).

An information document (Document E) presenting the characteristics of the contribution in kind will also be filed with the AMF for registration and made available to Quantel's shareholders.

With regard to this proposed business combination, Marc Le Flohic declared: *"The Quantel and Keopsys Groups have built up expertise in very closely related technologies and market product ranges that will dovetail together perfectly. The proposed industrial combination between the two Groups will create strong value for Quantel's existing shareholders and ultimately lead to the creation of a very solid Group that is a major leader for pulsed and fiber lasers, and that will have outstanding potential for growth in the years ahead"*.

⁴ Esira would directly hold 44% of the capital and 41.5% of the voting rights of Quantel and Eurodyne (fully-owned by Esira) would hold 10.7% of the capital and 14.56% of the voting rights, based on the number of shares and voting rights at May 31, 2017 (real number of voting rights, net of treasury shares).

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

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