

## 3S PHOTONICS Raises 13 million Euros

**France's Strategic Investment Fund - FSI -, Alto Invest and Midi Capital** have alighted on a strategic French industrial company with state-of-the-art know-how in optoelectronic components, 95% of whose turnover comes from the international market.

*Purchased from the American group Avanex Corp. in 2007, 3S PHOTONICS – formerly Alcatel Optronics – has since then been implementing the initial action plan that it established for itself. After regaining its financial stability and confirming its worldwide leadership of the submarine telecommunications components market, the company is now taking over in other telecoms areas. It has also started to diversify into new areas of activity such as Industrial Lasers or Defence and is planning to enter the Medical industry. FSI, Alto Invest and Midi Capital's accumulated contribution will enable the company to speed up market diversification with the acquisition of shareholdings or the purchase of other companies. This is a testimony to the appropriateness of its strategy and the investors' confidence in the company's potential.*

**Nozay - July 9, 2009** - 3S PHOTONICS, world-leading French manufacturer in optical and optoelectronic components for telecommunications networks, has raised funds from France's Strategic Investment Fund – Fonds Stratégique d'Investissement or FSI -, Alto Invest and Midi Capital.

In May FSI promised to invest 10 million Euros, 5 of which have already been provided. Alto Invest funds, for their part, contributed an additional 2.5 million Euros to 3S PHOTONICS. Midi Capital, which recently purchased a shareholding in the company, also participated by reinvesting almost 450,000 Euros more, giving an overall total of almost 13 million Euros.

FSI's equity investment shows how closely the company's aims – to diversify through external growth - match those of Funds', with its desire to support innovative and expanding SME's to make the French economy even more competitive.

*"In 3S PHOTONICS we found an expanding industrial project based on solid know-how and state-of-the-art technologies that we wanted to establish as part of the industrial heritage of France and increase its value even more. The aim is to support the strategy of external growth into new markets for the company, a strategy that we considered coherent and promising",* said Gilles Michel, COO of FSI.

*"We were also seduced by 3S PHOTONICS' expertise, potential and unique positioning, as well as the talented men leading this industrial project",* added Rodolphe HERBELIN of Alto Invest and Rudy Secco of Midi Capital.

*"We are very happy to welcome new shareholders to our company. This involvement in our work is validation for our strategy, emphasising and rewarding the high technological potential of our teams and their untiring investment. Since buying the company in 2007 we have managed to fulfil all the commitments and deadlines we set for ourselves. We have achieved all our growth on the basis of our own funds. Nowadays, in the light of the international context and although we are still unaffected by the crisis, our partners' capital contribution is extremely opportune and will act as an accelerant to growth,"* explains Alexandre Krivine, Chairman and CEO of 3S PHOTONICS.

### **3S PHOTONICS, a special destiny**

Founded in 1994 under the name of Alcatel Optronics, a subsidiary of Alcatel, the company was transferred to the Californian group Avanex in 2003 and renamed Avanex France. In April 2007 it was

bought out by Alexandre Krivine, a French entrepreneur with a taste for success and Didier Sauvage, former director of Avanex France. It then became: 3S PHOTONICS.

Located in the heart of Optics Valley in Essonne, 3S PHOTONICS employs almost 160 employees between its factory in Nozay and its sales departments in Marcoussis and London. It also uses subcontractors in Asia, supervised by its regional office in Thailand.

Its turnover during financial year 2007/2008 was 27.9 million Euros.

Deeply in debt in 2007, 3S PHOTONICS recovered its financial stability in just 2 years on the basis of its portfolio of existing products, hiring 50 more employees and opening up to new segments of the telecommunications market such as pump modules for terrestrial applications or FTTH (Fiber-To-The-Home).

In order to diversify outside its historical market – optical components for long-distance submarine and terrestrial telecommunications networks - 3S PHOTONICS purchased a significant holding in the Korean company COSET Inc. in 2008. This company specialises in packaging and particularly in the assembly of pump modules for terrestrial applications. This initial international expansion also allowed the company to purchase technologies adapted to optics industry outside telecommunications market at a lower cost.

Thanks to the funds now raised, 3S PHOTONICS will be able to repeat this kind of operation and extend its field of activities even further. The aim is to fully exploit its industrial tool, the factory in Nozay, and to consolidate the company within France.

### **An asset which makes all the difference: the extreme reliability of its products**

A leading world supplier of optoelectronic components for submarine telecommunications networks which have extraordinarily stringent requirements in terms of reliability, 3S PHOTONICS' know-how is unique.

With their 25-year guarantee for submarine telecommunications, its chips and modules can be adapted to niche markets with a comparable requirements: Defence, the Aerospace or the Medical industries.

Its huge range of approved technologies for highly-reliable applications, the level of qualification of its employees and its state-of-the-art equipment have already secured it a place on several large-scale projects. Project **6\_POD**, part of the SYSTEM@TIC PARIS-REGION competitive cluster, **research and development projects with the DGA** (General Delegation for Ordnance), the **EPOD** project -in France- or **ALPHA** project -in Europe-, both of which deal with Fiber-To-The-Home, etc., 3S PHOTONICS has been involved in all of them and these constitute the basis for its diversification.

### **Profiting from the worldwide economic situation**

*“Rather than bow our heads and suffer the international economic crisis, we decided to take advantage of the current situation, which lends itself particularly to mergers and acquisitions. We will seize any opportunities for external growth which appear in sectors with prospects of international consolidation”,* explains Alexandre Krivine.

Although less affected by the crisis than most companies, 3S PHOTONICS admits to a slight drop in its provisional turnover during the current financial year.

The fact that it is so resistant to the current situation is down to its position on niche markets with strong added value or fashionable markets like WDM, long-term projects and research and development partly financed by its industrial partners.

In spite of the shift in projects and investments caused by the crisis, the prospects for submarine cable networks are still good, with market forecasts of around 50,000 km. of cabling for 2009, 70,000 for 2010 and 80,000 km. for 2011.

Apart from the outlets provided by the market, 3S PHOTONICS' growth over the next few years will rely on shareholdings or acquisitions, facilitated by capital from its new shareholders.

### **About 3S PHOTONICS**

3S PHOTONICS – formerly Alcatel Optronics – is the leading world manufacturer of laser chips, optical discrete modules and components for telecommunication networks. It designs, develops, manufactures and commercializes active components powered by in-house III-V optoelectronic chips based on both Gallium Arsenide (GaAs) and Indium Phosphide (InP) technologies and passive components using Fiber Bragg Gratings (FBG).

The 3S PHOTONICS renowned optoelectronic chip manufacturing plant of Nozay is a technological feat that is unique in the world as it brings together GaAs and InP technologies under the same roof.

Its product portfolio includes five product lines:

- \* Transmission Laser and Detector Modules
- \* Pump Laser Modules for terrestrial and submarine applications
- \* Chromatic Dispersion Compensation Modules
- \* Filters, gain equalizers and pump stabilizers based on Fiber Bragg Gratings for terrestrial and submarine applications
- \* Chips (lasers and detectors) and Front End Services

With over 14 years of experience, the company takes advantage of its expertise and know-how to also address new markets, providing smart solutions for defense, industrial and medical applications.

Based in Nozay (Essonne near Paris), 3S PHOTONICS is run by Alexandre Krivine and Didier Sauvage. The company employs over 160 people, of which 130 are experts in the photonics industry.

**[www.3Sphotonics.com](http://www.3Sphotonics.com)**

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