

## Press release

### Mid-market Argos Index® Q3 2020

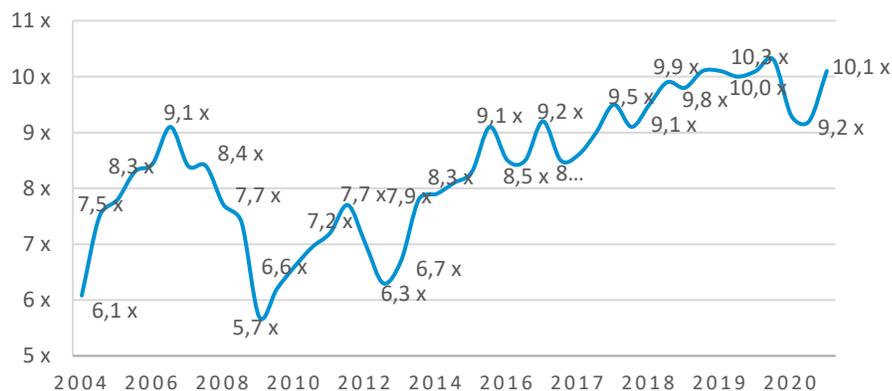
#### Acquisition prices of unlisted European SMEs climbed to 10.1x EBITDA

The volume of transactions rose in Q3 but declined over the first nine months year-on-year

**Paris (France) – 18 November 2020** – Argos Wityu, the independent European investment fund, and Epsilon Research, the online platform for the management of non-quoted M&A transactions, today published the mid-market Argos Index® for the third quarter of 2020. This index, launched in 2006, tracks the valuations of eurozone private, mid-market companies in which a majority stake has been acquired during the last six months.

[Go to Mid-market Argos Index® Q3 2020](#)

#### Acquisition prices of unlisted European SMEs has virtually returned to its pre-Covid level



Multiple media EV/EBITDA, 6-mo. rolling basis - Source: Mid-market Argos Index® / Epsilon Research

The Argos Index® rose to 10.1x EBITDA as a result of the following factors:

- The Covid-19 pandemic subsided during the summer, and the eurozone's economic recovery was quicker than expected;
- M&A activity recovered, stock markets rose to record levels, and the high end of the mid-market (equity value of €150-500 million) enjoyed high multiples of 11.8x EBITDA.
- 50% of referenced transactions took place in the healthcare and technology sectors, which escaped the crisis.

### Strategic buyers driving multiples higher

- Prices paid by strategic buyers were up, at 10.5x EBITDA. Large, listed companies have represented more than 70% of strategic buyers since the beginning of the year, benefiting in particular from the rapid rise in equities and in their own multiples.
- The multiples paid by buyout funds were stable at 9.2x EBITDA, whereas transactions increased by 50% compared with the second quarter, reflecting their high level of dry powder.

### Decline in proportion of transactions at multiples in excess of 20x EBITDA.

In the second and third quarters taken together, transactions with multiples in excess of:

- 15x EBITDA represented 19% of transactions, i.e. a proportion similar to that of the second half of 2019.
- 20x EBITDA totaled 2% of all transactions, i.e. a sharp decline from 2019.

### Despite the rise in equities, the spread between listed and unlisted companies held steady.

- The multiples paid by strategic buyers for unlisted companies (10.5x EBITDA) remained higher than the multiples for listed companies (8.5x EBITDA).
- This difference has been clearly visible for the past two years and persists despite the stock market recovery during the third quarter of 2020.

### Recovery in European mid-market M&A activity, but at a level below that of last year.

European mid-market M&A activity:

- rose in the third quarter, by 40% in volume (to 215 transactions) and 70% in value, in line with the overall M&A market. The rise derived from a catch-up effect and from a faster-than-expected economic recovery.
- was nevertheless down 13% in volume and 46% in value terms over the first nine months of 2020, compared with the same period in 2019.
- was most robust in Germany, which registered 27% of third-quarter transactions. France's share stabilised at 20%, as the proportion of SMEs in its economy is lower.

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**Argos Wityu** ([www.argos.wityu.fund](http://www.argos.wityu.fund)) is an independent European investment fund that supports companies in the transfer of business ownership. It has assisted more than 80 entrepreneurs, focusing its investment strategy on complex transactions with emphasis on transformation, growth, and close collaboration with management teams. Argos Wityu seeks to acquire majority interests and invest between €10m and €100m with each transaction. With €1bn under management and 30 years of experience, Argos Wityu operates from offices in Brussels, Frankfurt, Geneva, Luxembourg, Milan and Paris.

**Epsilon Research** developed the first online platform for the management of non-quoted M&A transactions, aimed at M&A professionals. The Epsilon platform includes data, analysis reports, software and services essential for private company valuation / deal management: EMAT, the largest database of European private company transaction multiples, with detailed analysis of 8,000 M&A deals, ranging from €1m to €500m in value, covering all industry sectors; indices and studies published regularly by Epsilon, including the Argos Index; cloud-based software for managing M&A contacts and projects; valuation of comparables, private equity fund investments.

The **Mid-market Argos Index**<sup>®</sup> tracks the valuation of unlisted mid-market companies in the eurozone. Carried out by Argos Wityu and Epsilon Research and published every three months, it reflects median EV/EBITDA multiples, on a six-month rolling basis, of transactions meeting the following criteria: mid-market (equity value between €15m and €500m for 100%), target based in a eurozone country, acquisition of a majority stake, certain activities excluded (financial services, real estate, high-tech).