

# Argos Index<sup>®</sup>

The mid-market reference

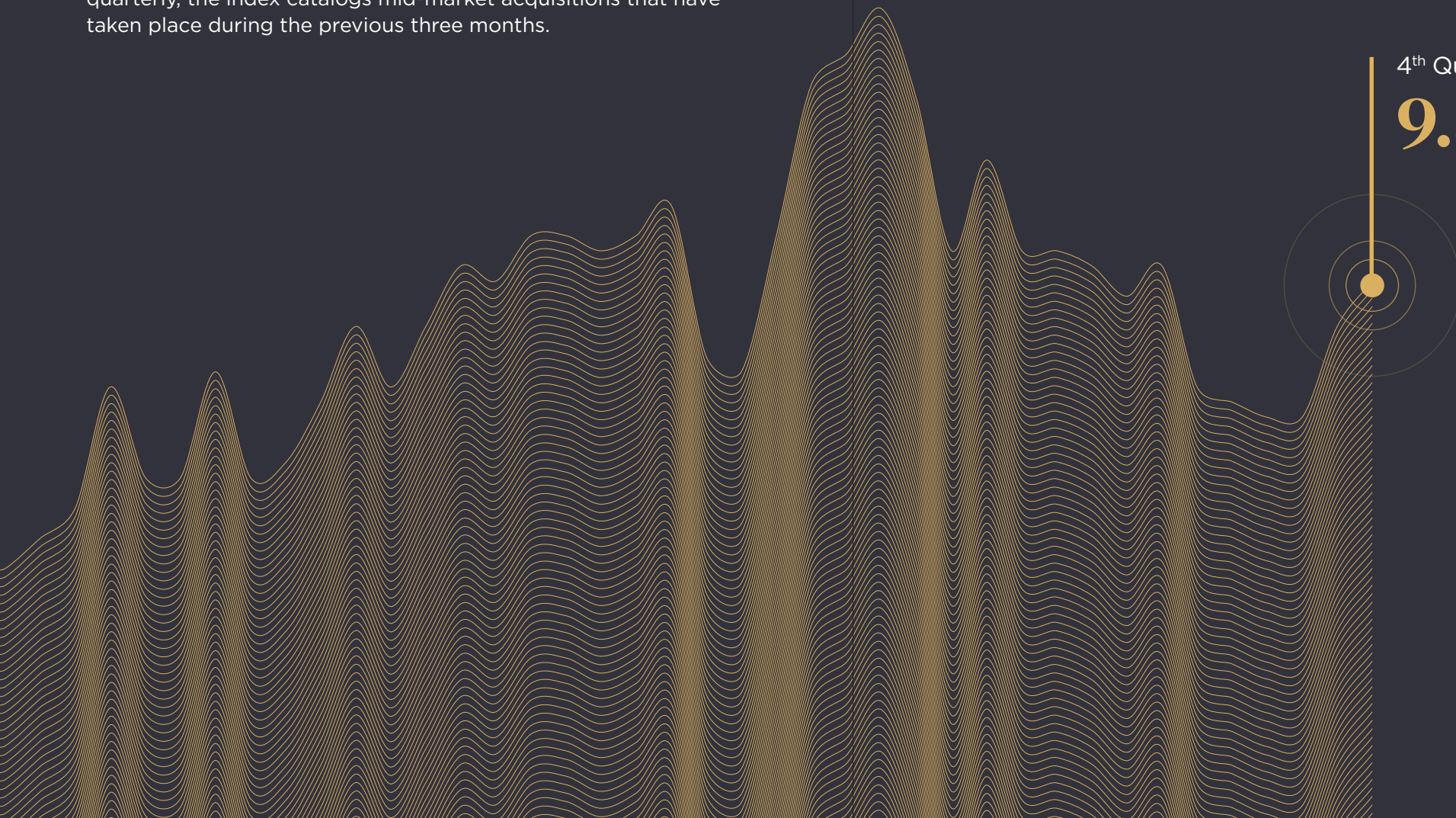
# Argos Index<sup>®</sup>

## The mid-market reference

The Mid-market Argos Index<sup>®</sup> tracks the valuation of unlisted eurozone SMEs. The index was launched at the end of 2006 by Argos Wityu and Epsilon Research, an online platform for managing M&A transactions on listed companies. Published quarterly, the index catalogs mid-market acquisitions that have taken place during the previous three months.

4<sup>th</sup> Quarter 2024

9.8x



“ The Argos Index® was born out of the desire to create a database for the unlisted market that would be both methodologically robust and rich in high-quality information. Robustness is the index’s salient characteristic. ”

**Louis Godron,  
Managing Partner, France**

“ When the CEO of a company wonders if now is the right time to sell, the Argos Index® supplies essential business cycle information and helps him or her make a decision. The Argos Index® derives its legitimacy from its longevity and independence. ”

**Frank Hermann,  
Managing Partner, DACH**

“ If the Argos Index® is now a benchmark in Europe, it’s because we use information from our EMAT (Epsilon multiple Analysis Tool) database that has been proven to be reliable. The index has always been based on this methodology. We work meticulously, transaction by transaction, examining documents, analyzing annual reports, reconstituting transactions and building hypotheses. ”

**Grégoire Buisson,  
Founder & CEO, Epsilon Research**

# Main conclusions

- The Argos Index® continues its recovery to 9.8x EBITDA.
- Sharp decrease in French volumes, in contrast with the rebound in the rest of the Eurozone.
- This rise is driven by both investment funds and strategic buyers.
- The market is less polarized as conditions improve: the price difference between the upper and lower mid-market decreases, as the proportion of transactions with extreme multiples.

## 01 | The Argos Index® continued its recovery to 9.8x EBITDA

The Argos Index® confirmed its rebound to 9.8x EBITDA in Q4, up 3% from Q3. The index was pulled by the lower mid-market (after four quarters of stability), and by both investment funds and strategic buyers.

Prices were backed by the continued recovery of the mid-market M&A activity (deals volumes increased by 13% in 2024) and of the LBO market (volumes up 22%). They benefited from improving financial conditions with lower inflation<sup>(1)</sup> and interest rates with expected further cuts by the ECB, lower cost of capital and easier access to deal financing. However, this recovery is hindered by an adverse macroeconomic, internal politics and international context for the eurozone.

The situation in France highlights the risk weighing on the eurozone M&A activity and prices. The political turmoil following the July elections had a clear impact on the mid-market activity in the 2nd semester. Deal volume in France<sup>(2)</sup> dropped by 15% while increasing by 16% for the rest of the eurozone. Given the time lag for transactions, the impact on valuations remains limited at this stage.

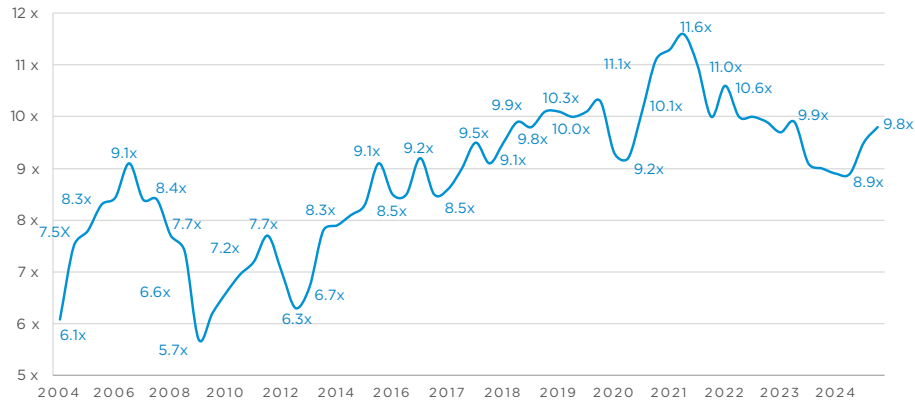
Despite the specific risk in France, the eurozone market was less polarized in Q4 (as in Q3) as the M&A activity and prices recover. The share of extreme multiples was down to 33% of the Argos Index® sample (below its 5 years average) and transactions below 7x EBITDA continued to drop to 20% of the sample. The standard deviation of 3.8x EBITDA is also at low levels.

<sup>(1)</sup> Eurosystem Staff Projections (as of Dec.2024) forecast headline eurozone inflation was 2.4% in 2024, 2.1% in 2025 and 1.9% in 2026. Their expected GDP growth rate was 0.7% for 2024.

<sup>(2)</sup> Estimates as of 15.01.2025 by Epsilon Research / MarketIQ

## Argos Index® mid-market

### Median EV/EBITDA multiple on a six-month rolling basis



Source : Argos Index® mid-market / Epsilon Research

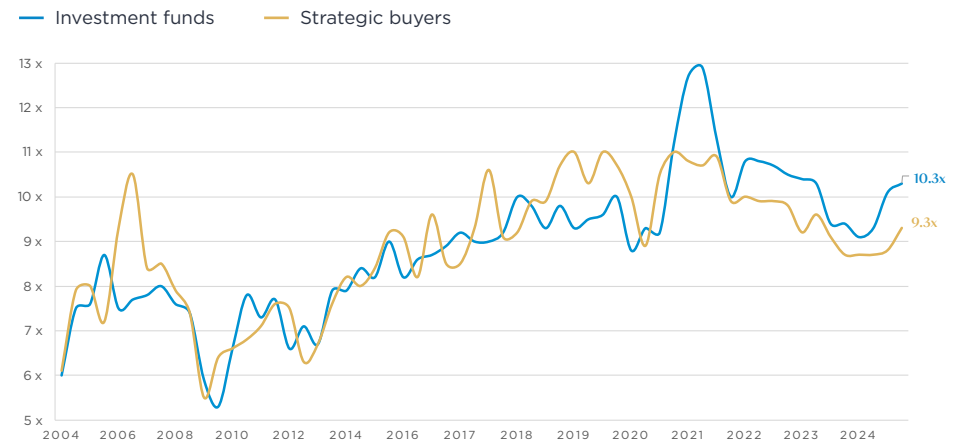
## 02 | The Argos Index® is pulled by both investment funds and strategic buyers

Multiples paid by investment funds are up 2% to 10.3x EBITDA, as they benefited from the lower interest rates, decreasing borrowing costs<sup>(1)</sup> and easier access to deal financing<sup>(2)</sup>. They were also backed by the uptrend LBO market and exit activity in 2024, as funds hold a record number of companies up for sale in their portfolio<sup>(3)</sup>.

Multiples paid by strategic buyers were also up at 9.3x EBITDA in Q4, despite the public equity markets downturn<sup>(4)</sup>. Large corporates are more active as they look for transformative acquisitions on the face of structural changes (impact of AI in the service activities, of energy costs in the industrial sectors).

The gap between multiples paid by investment funds and strategic buyers is still at high 1.0x EBITDA, in line with the 0.9x average since 2021, as investment funds keep on targeting higher quality assets. The average EBITDA margin of companies acquired by funds was 20% vs. 18% for strategic buyers in S2 2024.

### Enterprise value / historical EBITDA



Source : Argos Index® mid-market / Epsilon Research

<sup>(1)</sup> In 2024 cost of BB debt was down 111bp at 4.25%; and of B debt 124bp at 5.67% (Source: Les Echos, 14.01.2025).

<sup>(2)</sup> LBO debt volumes ("Term Loan B") were at a record high in 2024, at €305bn, although it was mainly for deal refinancing (ibid).

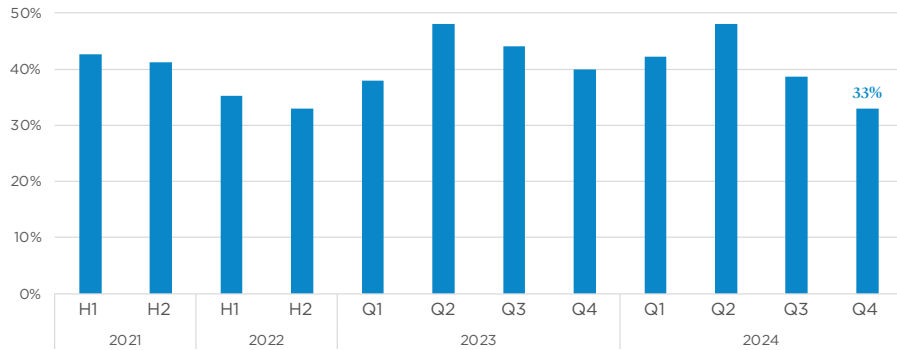
<sup>(3)</sup> The stock of companies held by European PE funds more than 6 years has grown by 70% in 10 years to 12,000 (in 2024), according to Goldman Sachs (in Les Echos, 28.11.2024).

<sup>(4)</sup> The EURO STOXX® TMI Small decreased by 3.4% between Q3 and Q4 2024 and by 2.3% over the year.

### 03 | Continued decrease of transactions at extreme multiples

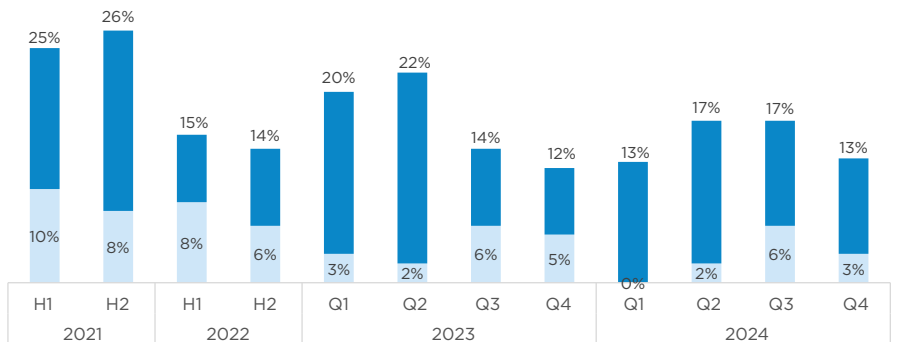
A third of the Q4 2024 transactions are at extreme multiples below 7x or above 15x EBITDA, a clear decrease since 2023 / S1 2024, as the M&A market activity and multiples recover.

Share of transactions at extreme multiples (<7x and >15x EBITDA)



Source : Argos Index® mid-market / Epsilon Research

Share of transactions at multiples >15x EBITDA Argos Index® sample

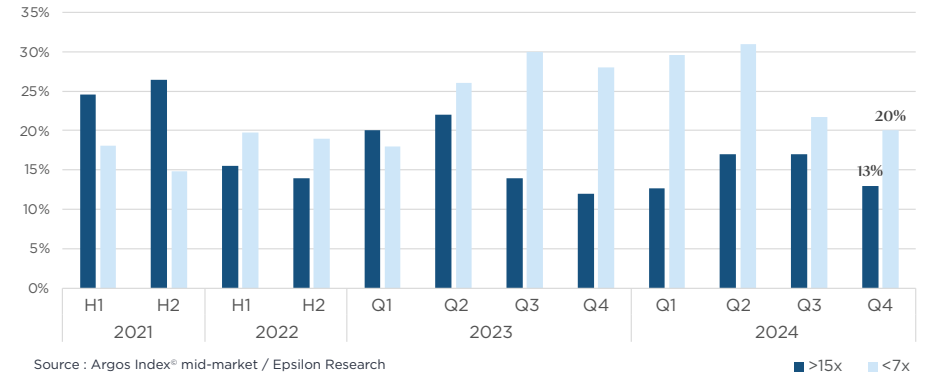


Source : Argos Index® mid-market / Epsilon Research

■ Incl. >20x ■ 15x-20x ■ >15x

Transactions at multiples below 7x EBITDA account for 20% of analysed transactions, back to their 2021/2022 level.

Share of transactions at multiples <7x and >15x EBITDA Argos Index® sample



Source : Argos Index® mid-market / Epsilon Research

■ >15x ■ <7x

### 04 | Sharp decrease in French volumes, in contrast with the rebound in the rest of the Eurozone

The (estimated) Euro zone mid-market M&A activity was stable in both volume and value in Q4 vs. Q3, but the trend is upward since 2023. For the full 2024-year, activity increased by 13% in volume and 14% in disclosed value vs. 2023, while the 2nd semester deal volume was up 8% vs. S1.

The recovery of the mid-market was backed by the global M&A market rebound<sup>(1)</sup> with renewed activism from both corporates and private equity funds after 3 years of decline, fuelled by improving financial conditions: lower interest rates, as inflation quickly drops to the 2% target with the prospect of further ECB rate cuts, and strong debt markets as lender financing appetite continue to improve. However, this is still a slow process in a challenging economic outlook: weak growth forecasts, political turmoil and geopolitical threats hinder a quicker eurozone M&A rebound.

<sup>(1)</sup> Global M&A activity was up 10% in 2024 YTD to \$2.9tn, according to LSEG in the FT, 10.12.2024

The political uncertainty in France since the July elections have a clear impact on the M&A activity: the mid-market deal volume <sup>(2)</sup> was down 15% in S2 2024 (vs. S1), while it increased by 16% in the rest of the eurozone (+12% in Germany, +16% in Italy, +26% in Spain & Portugal).

The M&A activity was supported by the continued recovery of the LBO mid-market since H1 2023, with a 2024 activity up 22% in volume and 65% in value. It was also fuelled by the strong rebound of Private Equity exits, with deal number up 40% in 2024 vs. 2023 (and 20% in S2 2024 vs. S1).

### Eurozone mid-market activity (€15–500m) in volume (# deals) and value

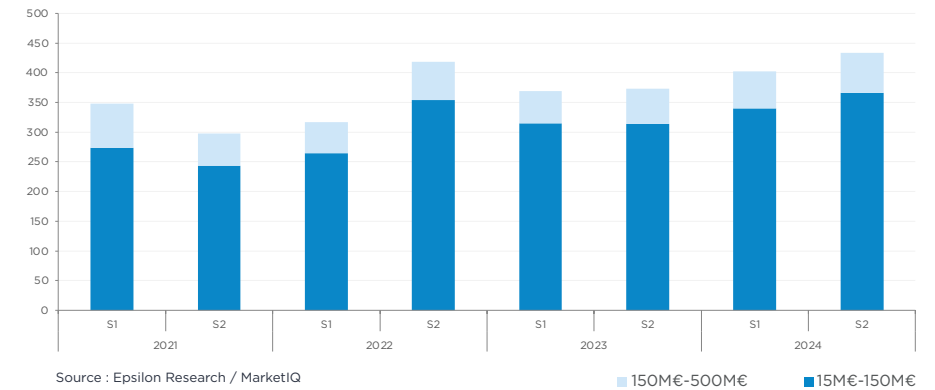
- Disclosed value of mid-market transactions (€15–500m)
- Estimated number of mid-market transactions (€15–500m)



Source : Argos Index® mid-market / Epsilon Research

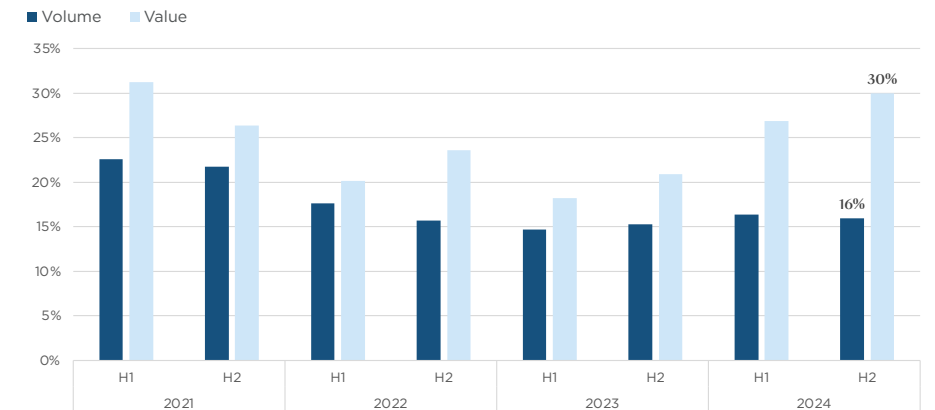
<sup>(2)</sup> Estimates as of 15.01.2025 by Epsilon Research / MarketIQ

### Eurozone Mid-market - Number of deals



Investment funds activity continued to recover in line with the overall M&A market. Their share <sup>(1)</sup> of the S2 2024 mid-market M&A has stabilized to 16% in number of deals but increased to 30% in disclosed value.

### Share of LBO in Eurozone Mid-market M&A



Source : Epsilon Research / MarketIQ

<sup>1</sup> Does not include build-ups

# All on the Argos Index®



## The Argos index® mid-market

The Argos Index® Mid-market tracks the valuation of unlisted eurozone SMEs. The index was launched at the end of 2006 by Argos Wityu and Epsilon Research, an online platform for managing M&A transactions on listed companies. Published quarterly, the index catalogs mid-market acquisitions that have taken place during the previous three months.

The index serves as a benchmark for all participants in the unlisted market. It is based on a rigorous methodology and a detailed, individual analysis of each transaction, including the structure of the transaction, the company's business activity (restated financial information) and transaction multiples. The index is calculated using data from Epsilon Research's EMAT (Epsilon Multiple Analysis Tool) database, which is based on analyses of more than 10 000 M&A transactions.

Every quarter, based on reliable financial information, Epsilon Research analyzes in detail around 25% of the transactions that meet the criteria for inclusion in the index: acquisition of a majority stake in a eurozone company whose book value is between €15 and €500 million.



One firm, two strategies. Argos Wityu is an independent European private-equity group supporting the growth of SMEs and mid-caps and their management teams.

It has more than €1.8 billion in assets under management, over 35 years of experience, has supported more than 100 companies and operates from offices in Amsterdam, Brussels, Frankfurt, Geneva, Luxembourg, Milan and Paris. The group seeks to acquire majority interests and invests between €10 million and €100 million per investment via its two strategies:

- The Argos Mid-Market fund helps companies arrange changes of ownership in order to accelerate growth.
- The Argos Climate Action fund (SFDR 9) aims to shape sustainable European leaders by facilitating their grey-to-green transition.



Epsilon Research has developed the leading professional online platform for the management of unlisted M&A transactions. The platform includes data, analysis reports, software tools and services that are essential for evaluating and managing unlisted investments:

- The EMAT database of European transaction multiples, with detailed analysis of over 10,000 M&A deals covering all industry sectors;
- Indices and studies published regularly by Epsilon, including the Argos Index®;
- A tool for evaluating the portfolios of private equity funds;
- Cloud-based M&A CRM and project management software;
- An online dataroom for SME transactions.



# Contacts

**Louis Godron**  
**Pierre Cassagnol**  
Argos Wityu  
lgo@argos.fund  
pca@argos.fund  
+ 33 1 53 67 20 50

**Coralie Cornet**  
Head of Communications  
ccc@argos.fund  
+ 33 1 53 67 20 63

**Grégoire Buisson**  
Epsilon Research  
gregoire.buisson@epsilon-research.com  
+33 1 83 62 90 36

**France**  
112, av. de Wagram  
75017 Paris  
+33 1 53 67 20 50

**Italy**  
Piazza Diaz 5  
20122 Milan  
+39 02 00 660 700

**Germany**  
Neue Mainzer Str. 52-58  
60311 Frankfurt am Main  
+49 69 5977217 30

**Switzerland**  
114 rue du Rhône  
1204 Genève  
+41 22 849 66 33

**Belgium**  
Av. Louise - Bt. 2  
1050 Bruxelles  
+32 2 554 12 40

**Luxembourg**  
1-B rue Jean Piret  
2350 Luxembourg  
+352 2484 01 60

**Amsterdam**  
Officia I (4th floor)  
De Boelelaan 7  
1083 HJ, Amsterdam  
The Netherlands  
+32 460 97 10 60

[argos.wityu.fund](https://argos.wityu.fund)