

Press release

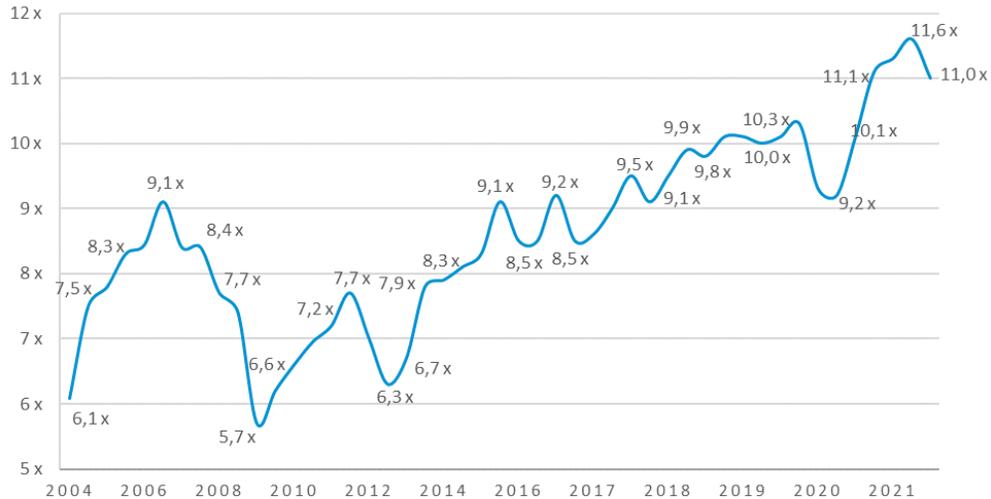
Argos Index® Mid-market Q3 2021

Acquisition prices of unlisted European SMEs have declined but remain high, at 11.0x EBITDA.

Paris (France) – 18 November 2021 – 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 Argos Index® Mid-market for the third quarter of 2021. 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.

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Acquisition prices of unlisted European SMEs have corrected.



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

After a series of record highs over the last three quarters, the Argos Index® declined to 11.0x EBITDA in the third quarter of 2021, but remained at an historically high level. This decline came about because:

- Multiples paid by investment funds contracted.
- The proportion of transactions in the highly-valued healthcare and technology sectors returned to less than 40% in the third quarter of 2021, where they were before the Covid crisis.
- Macroeconomic conditions are favourable: more rapid and robust economic recovery, tied to successful vaccination in Europe and massive support for the economy.

The multiples paid by investment funds have contracted.

- The multiples paid by investment funds declined to 11.3x EBITDA after reaching record highs in the three previous quarters.
- This decline was linked to the decline in the proportion of healthcare and technology sector transactions.
- Prices paid remained high, however, and slightly higher than those paid by industry players.
- They are supported by exceptional financing conditions, an abundance of capital looking for investments and by stiff competition on high-quality assets.

Stable proportion of transactions at multiples in excess of 15x EBITDA.

- The share of transactions carried out at multiples higher than 15x EBITDA remained high in the third quarter, at one-fourth of analysed transactions.

Listed companies were very active.

- The multiples paid by strategic buyers remained high in the third quarter, at 10.9x EBITDA, driven by the large listed companies. They represented 78% of strategic buyers this quarter, the highest since the Argos index was created.
- They benefited from the continued rise in the equity markets and from their own high multiples.
- In addition to favourable economic and financing conditions, their M&A activity was driven by structural changes, prompting them to make strategic acquisitions.

M&A activity in the eurozone's mid-market segment was mixed.

- Compared with the previous quarter, mid-market M&A activity stabilised in volume but declined in value terms.
- Recovery in the European mid-market is trailing that of its US counterpart as well as that of European large caps. Transactions have been more complex because the situation created by the Covid crisis is atypical and unstable, and the rapid recovery has made it hard to set prices.
- The average size of mid-market transactions remained high in the third quarter, at around €120 million.

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Argos Wityu (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 **Argos Index® Mid-market** 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).