



FOURTH QUARTER 2019

ARGOS INDEX[®]

The mid-market reference

argos.
wityu



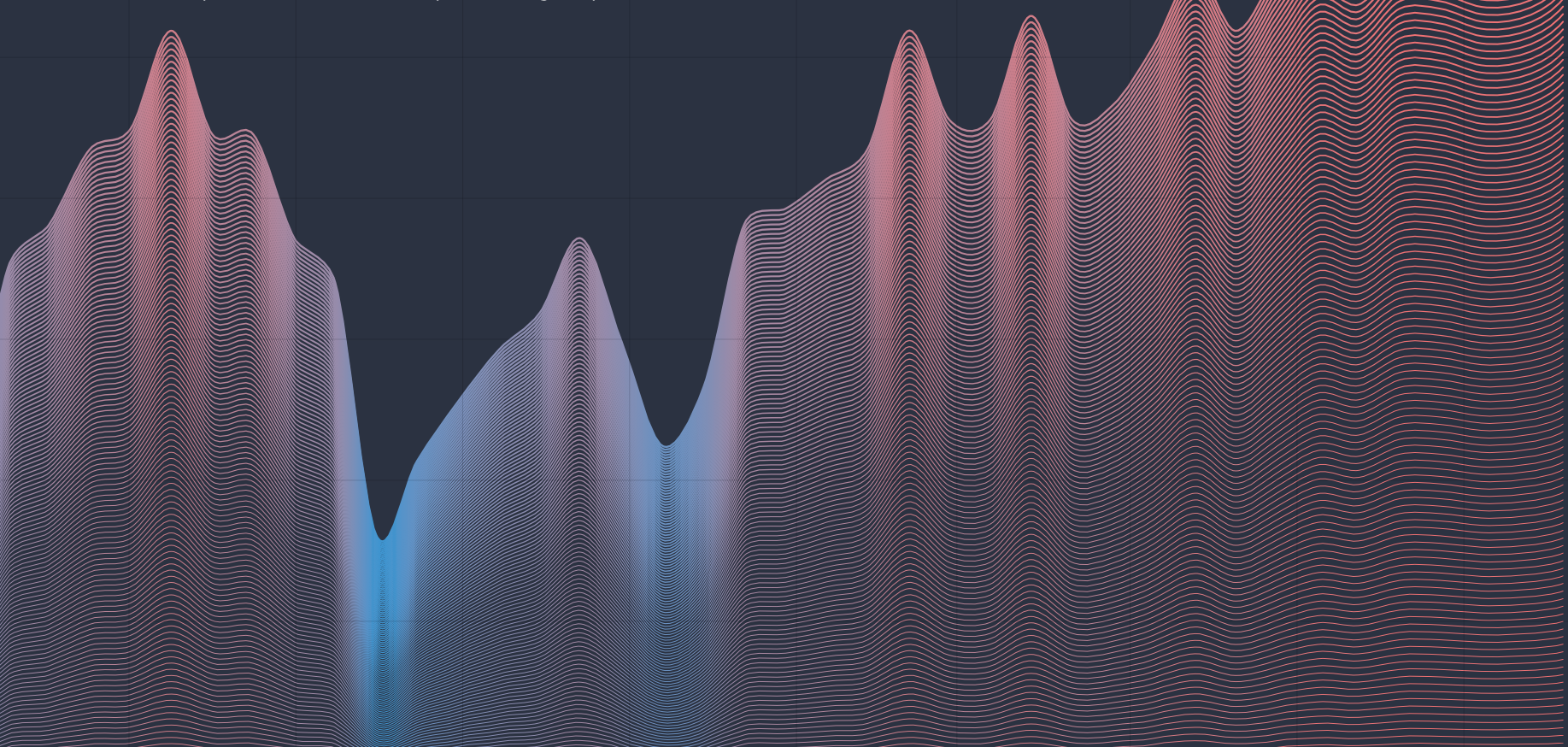
ARGOS INDEX®

The mid-market reference

The Mid-market Argos Index® 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.

FOURTH QUARTER 2019

10,3x



“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

“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

“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



INTERVIEW WITH
ÉRIC DE MONTGOLFIER,
CEO OF INVEST EUROPE

“The Argos Index® is an important benchmark for valuing unlisted European companies and is based on very reliable data.”

What are the significant differences between the Argos Index® and the data produced by Invest Europe?

The information produced by the Argos Index® is different from ours. We are interested in investment, while the Index focuses on valuation. We cast the net very wide in the mapping of investments and can say very precisely where the money is coming from, where it will be invested and when. On the other hand, we have not developed the methodology that Argos Wityu and Epsilon have, to know who made the acquisition and at what price. The sample is also different. The Argos Index® focuses on the eurozone whereas we look at the whole continent of Europe. For this reason, the Argos Index® data are complementary to ours.

What is Invest Europe’s specificity and how does the Argos Index® complement the association’s other studies?

Invest Europe has been publishing data for several years in the areas of fundraising, investment and divestment. A few years ago, we joined forces with all the European private equity and venture capital associations to create a data collection platform called the European Data Cooperative (EDC). Using this single platform with a standardized methodology, we can obtain consistent and comparable half-year and full-year statistics across all of Europe. In this way, we can better inform our members, fund managers (GPs) or investors (LPs), policy-makers, regulators and other stakeholders.

We have a team of 15 professionals who collect this multitude of data before processing it. It’s a huge job, as is the work of Argos Wityu and Epsilon to establish the Index. In sum, our methodologies have the same point of departure: the market values consolidated data.

[more on argos.wityu.fund](https://www.moreonargos.wityu.fund) ↗

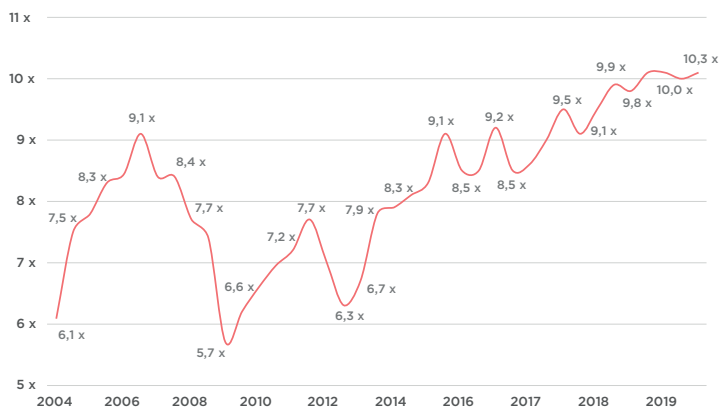
Principal conclusions

NEW HIGH OF 10.3X EBITDA

Prices paid in the mid-market during the fourth quarter reflected the turnaround in economic projections at the end of the year:

- Principal central banks have inaugurated a new round of quantitative easing
- Fears of a worldwide recession have receded as economic growth continues in the United States and worldwide trade tensions appear to be subsiding

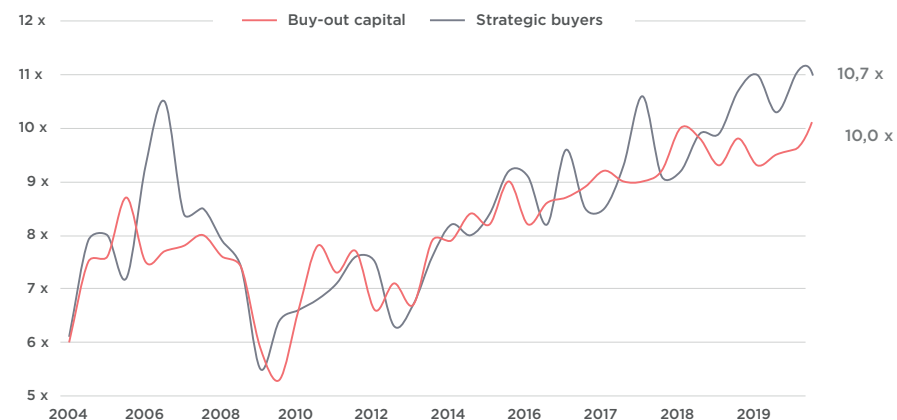
MID-MARKET ARGOS INDEX® MEDIAN EV/EBITDA MULTIPLE ON A SIX-MONTH ROLLING BASIS



Source: Argos Index® mid-market / Epsilon Research

THE PRICES PAID BY STRATEGIC BUYERS REMAINED HIGH AT 10.7X EBITDA

ENTERPRISE VALUE / HISTORICAL EBITDA

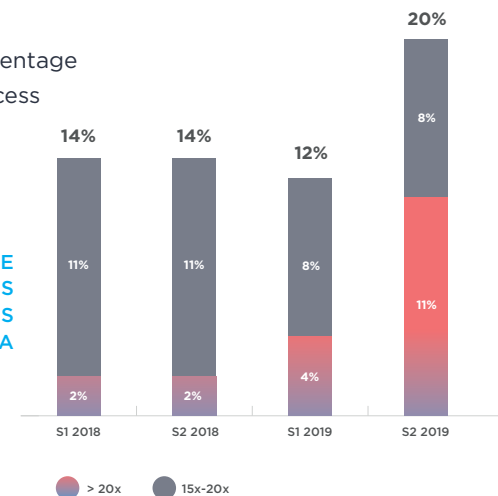


Source: Argos Index® mid-market / Epsilon Research

THE PERCENTAGE OF TRANSACTIONS AT HIGH MULTIPLES IS INCREASING

Between 2018 and 2019, the percentage of transactions at multiples in excess of 20x EBITDA increased nearly four times.

PERCENTAGE OF TRANSACTIONS AT MULTIPLES > 15X EBITDA



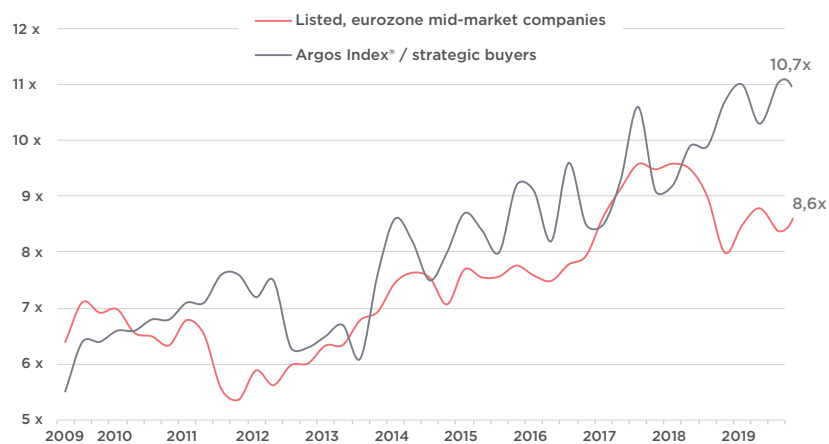
Source: Epsilon Research / MarketIQ

STILL A SIGNIFICANT LISTED / UNLISTED SPREAD

The spread demonstrates the momentum of the unlisted market since 2018, buoyed by the microeconomic context:

- Investors drawn to unlisted assets
- Acquirers (funds and large corporate buyers) have easier access to credit
- Limited number of acquisition opportunities in the very-competitive mid-market

COMPARISON OF LISTED (1) AND UNLISTED MID-MARKET MULTIPLES (PAID BY STRATEGIC BUYERS)



Source: Argos Index* mid-market / Epsilon Research / InFront Analytics

(1) Source : smallcaps.infrontanalytics.com

EUROPEAN MID-MARKET M&A ACTIVITY DOWN IN 2019 DESPITE A JUMP IN THE FOURTH QUARTER

Mid-market M&A activity in the eurozone increased by 30% in the fourth quarter, both in value and volume terms, driven by large, listed companies, which remain very active in this market.

Listed companies, which accounted for 65% of the strategic buyers in the second half of 2019, continue to be flush with record levels of cash; according to Moody's ⁽¹⁾, these levels have increased by 20% since 2013.

EUROZONE MID-MARKET ACTIVITY (€15-500 MILLION) IN VOLUME, BY SEGMENT



Source: Argos Index* mid-market / Epsilon Research

(1) Non-financial companies in the EMEA region had accumulated €1.085 billion in cash as of the end of 2018 (Source: Moody's in Les Echos, Sept. 10, 2019)

Everything on l'Argos Index®



THE ARGOS INDEX® MID-MARKET

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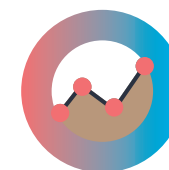
The index serves as a benchmark for all participants in the unlisted market. It is based on a rigorous methodology and a detailed, individual analysis of each transaction, including the structure of the transaction, the company's business activity (restated financial information) and transaction multiples. The index is calculated using data from Epsilon Research's EMAT (Epsilon Multiple Analysis Tool) database, which is based on analyses of more than 8,000 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.



ARGOS WITYU

Argos Wityu 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

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.

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