



1ST QUARTER 2021

ARGOS INDEX[®]

The mid-market reference

argos.
wityu



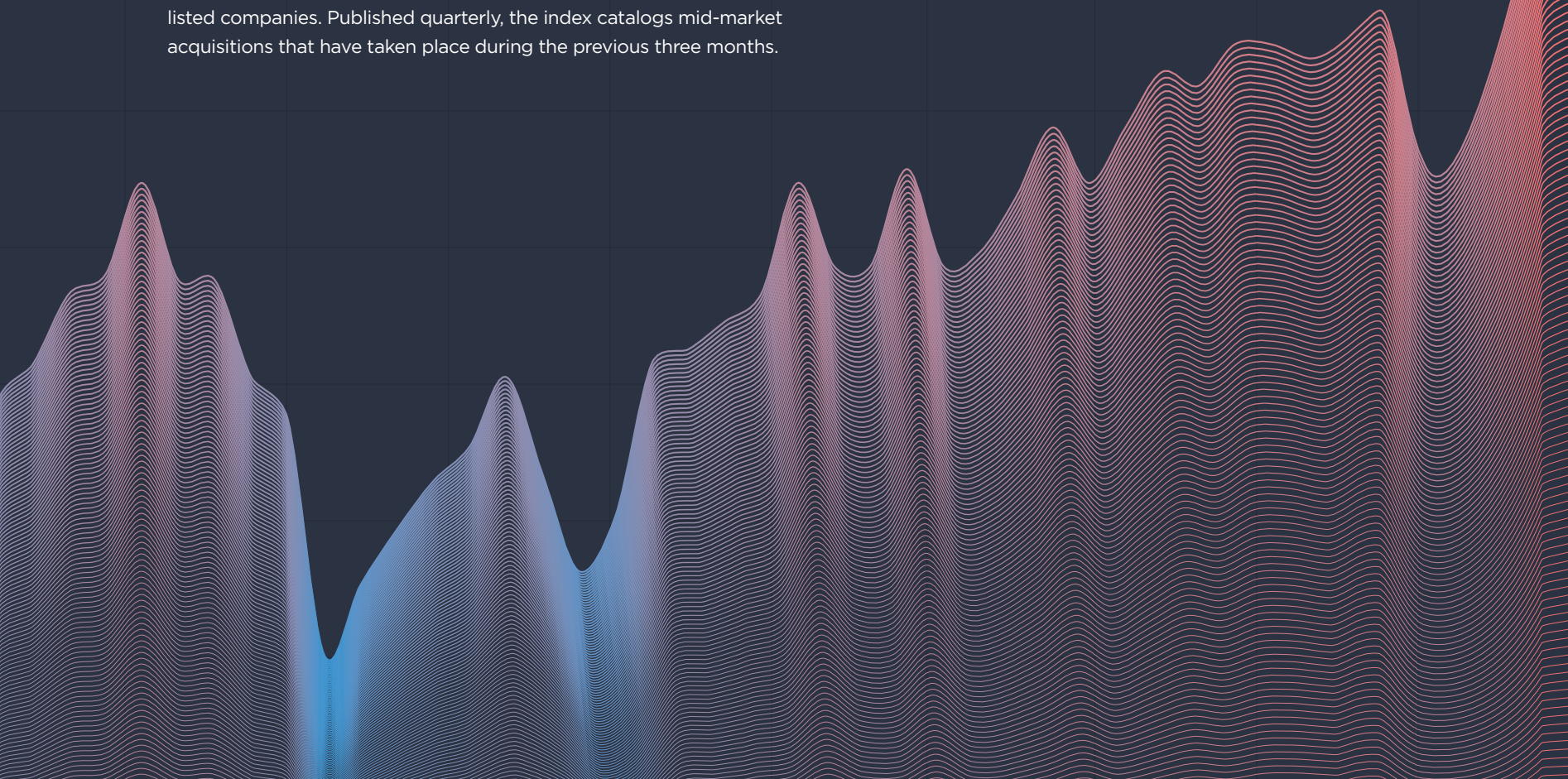
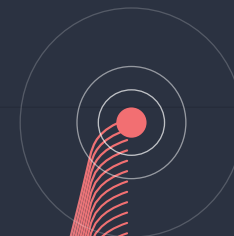
ARGOS INDEX[®]

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.

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11,3x



“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

“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

“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

Main conclusions

THE ARGOS INDEX® CONTINUED TO RISE, TO 11.3X EBITDA

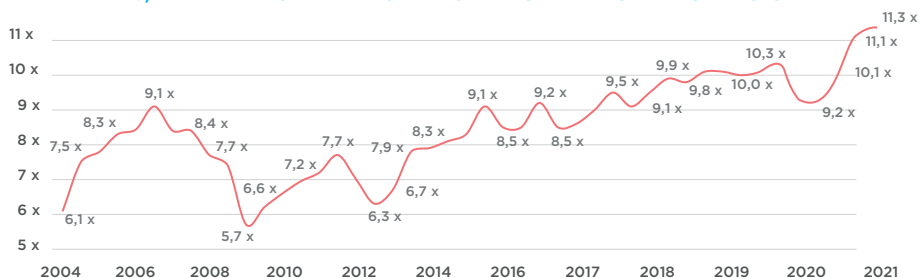
The Argos Index® rose to 11.3x EBITDA, a new all-time high.

This quarter, it was driven by the high end of the mid-market (€150-500m in equity) and by investment funds, whose multiples reached a new record.

Progress in vaccination, continued low, long-term interest rates and the unbroken rise in equity markets fueled the outlook for a return to growth in the eurozone, and valuations benefited therefrom.

The high multiples also reflected the composition of the sample, as they did in H2 2020. Nearly 50% of transactions referenced in the Argos Index® in Q1 2021 were in the healthcare and technology sectors, although this percentage was down from the previous quarter.

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



Source: Mid-market Argos Index® / Epsilon Research

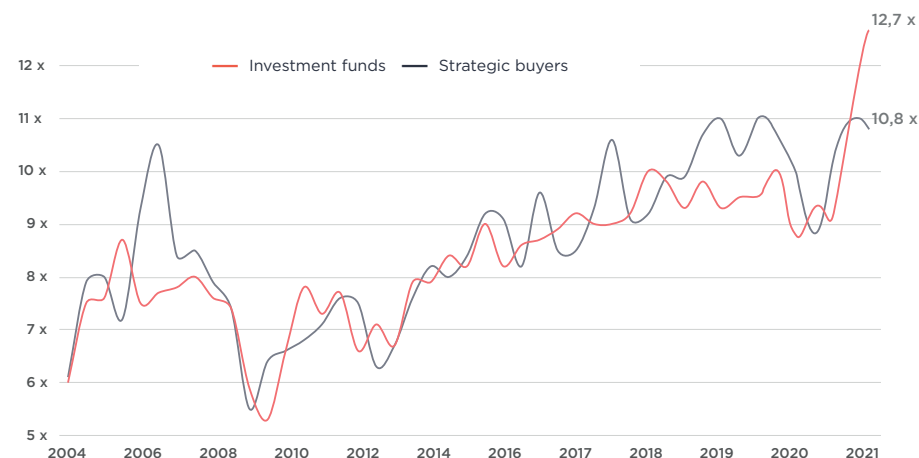
INVESTMENT FUNDS PAID SIGNIFICANTLY HIGHER MULTIPLES

The multiples paid by investment funds continued to increase significantly, to 12.7x EBITDA, the highest level the Argos Index® has reached since its inception in 2004.

Three factors are driving the increase in multiples: (I) competition from strategic buyers is robust, (II) private equity investment is continuing its steady rise (also driven by high levels of dry powder), and (III) the cost of acquisition debt is low (tied to central bank policy).

In Q1 2021, the multiples paid by investment funds were more homogeneous than those paid by strategic buyers, hence, inferring an increase in multiples over all industries; the relative standard deviation for the first group was 25%, vs 40% for the second. The profile of companies acquired by funds was also more homogeneous: high-quality companies, relatively unaffected by the crisis. Strategic buyers were more active in opportunistic acquisitions of lower-valued target companies. The five lowest multiples in the sample, <7.5x EBITDA, were all strategic acquisitions.

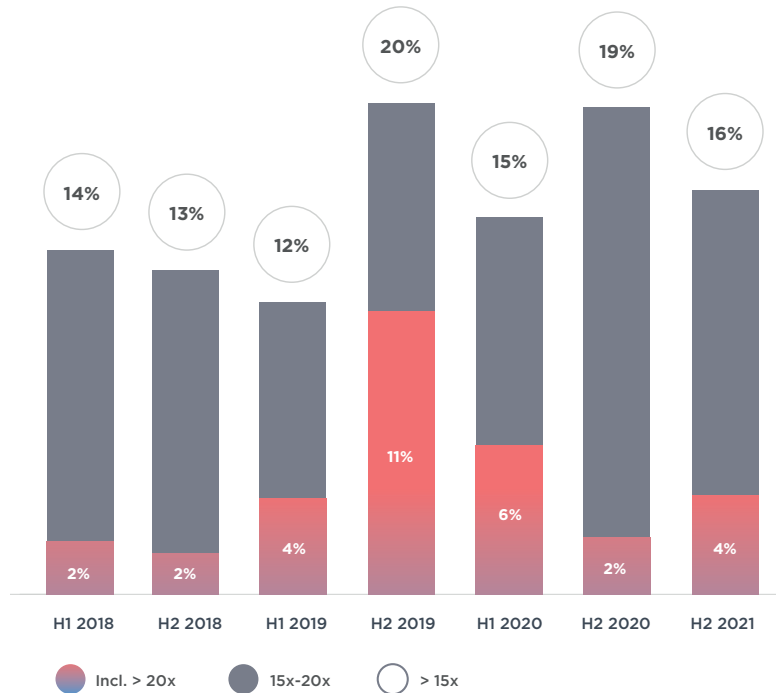
ENTERPRISE VALUE / HISTORICAL EBITDA



Source: Mid-market Argos Index® / Epsilon Research

SHARE OF TRANSACTIONS AT MULTIPLES >15X EBITDA REMAINED HIGH, AT AROUND 16%

PERCENTAGE OF TRANSACTIONS AT MULTIPLES >15X EBITDA ARGOS INDEX™ SAMPLE

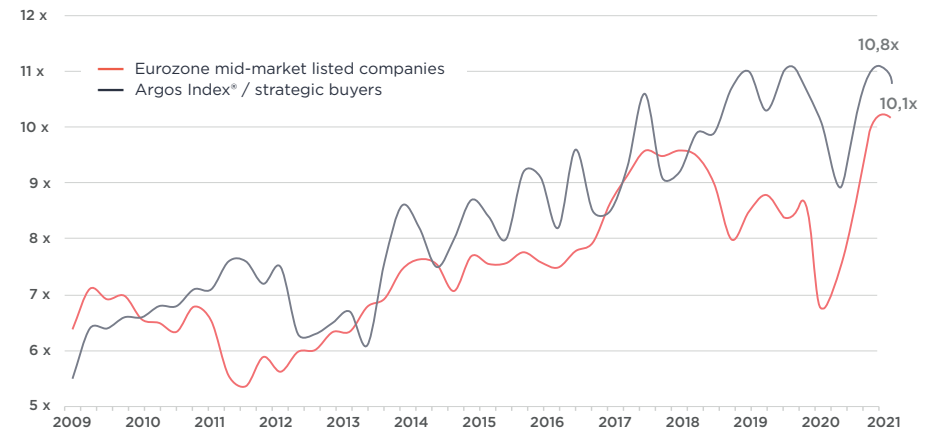


Source: Mid-market Argos Index® / Epsilon Research

LISTED COMPANIES REMAINED ACTIVE IN THE MID-MARKET, BUOYED BY THE STEADY RISE IN EQUITY MARKETS

Large, listed companies remained active in the mid-market, representing in Q1 2021, as they did in H2 2020, nearly 75% of strategic buyers. They continued to benefit from easy access to low-cost financing, enabling them to carry out opportunistic acquisitions. They also benefited from the continued rise in the equity markets¹ and from their own high multiples, which remained high this quarter at 10.1x EBITDA².

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



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

¹ The EURO STOXX® TMI was up 9.5% in Q1 2021 and more than 50% year-on-year

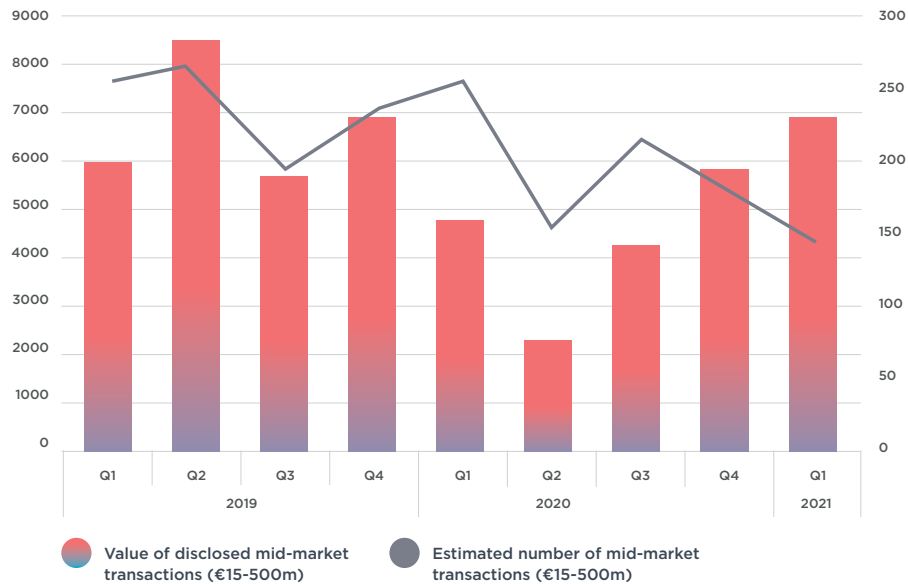
² EV/TLM EBITDA was 10.1x for listed, eurozone mid-market companies (source: smallcaps.infrontanalytics.com)

MID-MARKET M&A ACTIVITY INCREASED IN VALUE BUT NOT IN VOLUME

In Q1 2021, mid-market M&A activity rose sharply in (reported) value, by 18% compared with the previous quarter and by 43% compared with Q1 2020. But the number of transactions declined by c. 20% compared with the previous quarter.

M&A activity is regaining momentum but remained concentrated this quarter on large transactions and on the sectors least affected by the Covid-19 crisis.

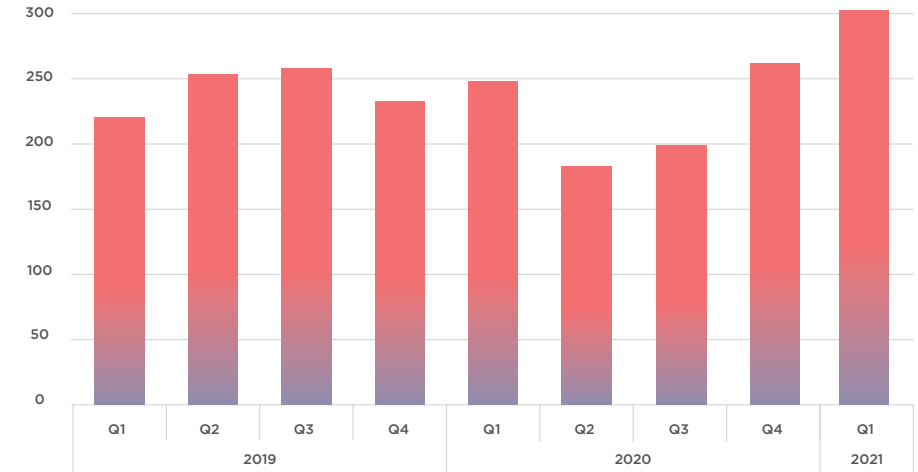
EUROZONE MID-MARKET ACTIVITY (€15-500M) IN VOLUME AND VALUE



Source: Epsilon Research / Market IQ

There has been a strong contrast since mid-2020 between the rise in the value of transactions and the decline in their number. Accordingly, the average transaction size rose to a record-high €138m in Q1 2021.

AVERAGE DISCLOSED TRANSACTION SIZE M&A EUROZONE MID-MARKET



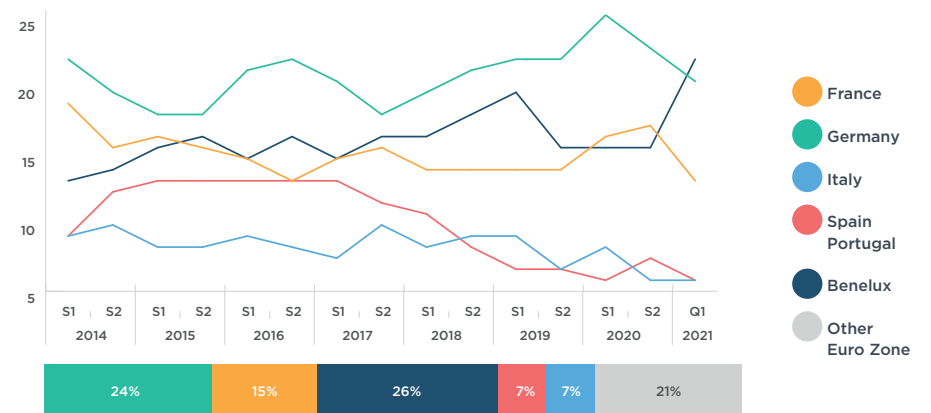
Source: Epsilon Research / Market IQ

BENELUX WAS THE MOST ACTIVE EUROZONE REGION THIS QUARTER IN TERMS OF SME ACQUISITIONS, SURPASSING GERMANY

The mid-cap M&A market recovered more in northern European countries, where the Covid-19 crisis was less disruptive than in southern Europe.

Note, the countries covered by Argos Wityu (Germany, France, Benelux and Italy) accounted for 65% of eurozone transactions.

EUROZONE MID-MARKET DEALS EVOLUTION OF BREAKDOWN BY COUNTRY - VOLUME



Source: Epsilon Research / Market IQ

All on the Argos Index®

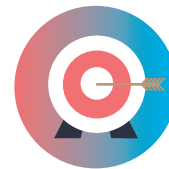


THE ARGOS INDEX® MID-MARKET

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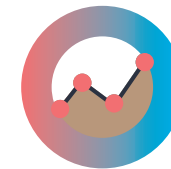
The index serves as a benchmark for all participants in the unlisted market. It is based on a rigorous methodology and a detailed, individual analysis of each transaction, including the structure of the transaction, the company's business activity (restated financial information) and transaction multiples. 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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