

Press release

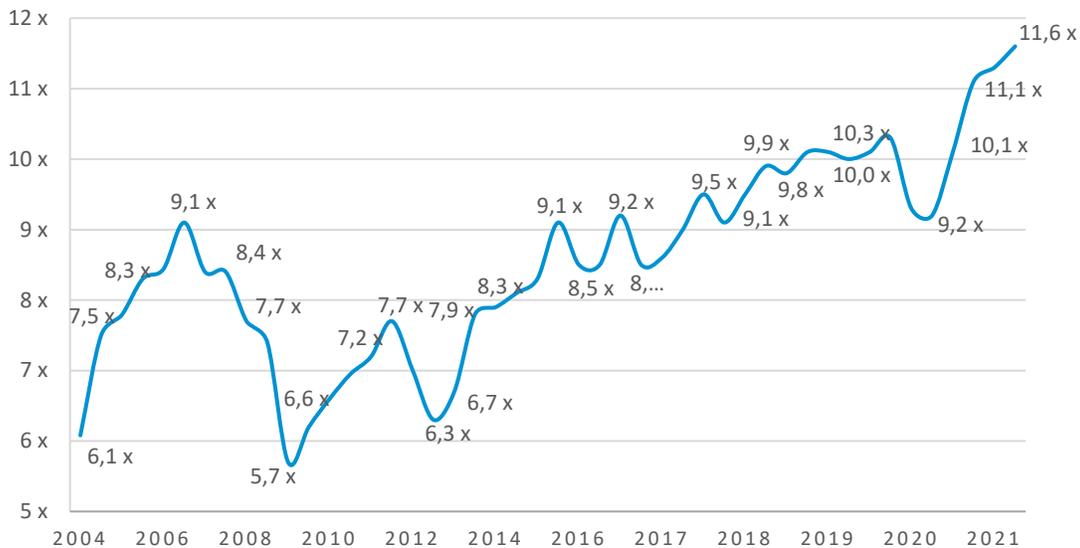
Mid-market Argos Index® 2nd quarter 2021

Acquisition prices of unlisted European SMEs continued to rise, reaching a new record high of 11.6x EBITDA, still supported by the prices paid by investment funds.

Paris (France) – 22 July 2021 – Argos Wityu, an independent European investment fund, and Epsilon Research, the online platform for the management of unlisted M&A transactions, today published the Mid-market Argos Index® for the second 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.

[Go to the Mid-market Argos Index® 2nd quarter 2021](#)

Acquisition prices of unlisted European SMEs reached a new record high.



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

At 11.6x EBITDA, the Argos Index® stood at a new record high for the third consecutive quarter. This steady rise came about because:

- The multiples paid by investment funds continued to rise;
- Transactions in the healthcare and technology sectors continued to account for 50% of those realised in the second quarter and were concluded at higher multiples than those of other sectors;
- Macroeconomic conditions are favourable: the economic recovery, tied to increased vaccination in Europe, has been robust and rapid; governments, the European Union and the ECB have provided massive support to the economy.

Multiples paid by investment funds reached a new high.

- Multiples reached a new record high of 12.9x EBITDA, exceeding the highs of the two previous quarters and further widening the spread with multiples paid by strategic buyers, which stood at 10.7x EBITDA.
- Four factors are driving this increase: i) rapid economic recovery, (ii) a record-high level of private-equity investment, (iii) the low cost of acquisition debt, and (iv) stiff competition from strategic buyers on companies unaffected by the crisis.
- As in the first quarter, funds showed more homogeneity than strategic buyers, in terms of both prices paid (standard deviation of 33% vs 48%) and the profiles of the companies acquired (high-quality companies relatively unaffected by the crisis).

Sharp first-half rise in number of transactions with multiples in excess of 15x EBITDA.

- The share of transactions with multiples higher than 15x EBITDA rose again in H1 2021, to nearly one-fourth of analysed transactions.

Listed companies were particularly active during the first half.

- They represented 80% of strategic buyers in the first half, the highest since the Argos index was created in 2004.
- They benefited from the continued rise in equity markets.

The eurozone's mid-market M&A segment bounced back.

- Compared with the previous quarter, the value of transactions increased by 18% and the number of transactions by 7%.
- In value terms, while the market returned to its 2019 level in the first half, transaction volume remained one-third lower.

The Benelux was the eurozone region in which M&A activity increased the most.

- In the first half, the M&A market recovered more in northern European countries, in particular Benelux, where the Covid-19 crisis was less disruptive than in southern Europe.
- As such, Germany and Benelux represented 25% and 22% of European mid-cap M&A market volume, respectively.

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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 Mid-market Index**[®] 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).

