

Unlisted eurozone mid-market valuations hit historic low



Valuations have dropped 16.7 per cent compared to the second semester of 2008, and down 30 per per cent compared to the record high reached in the first semester of 2007. According to the index, the performance of unlisted valuations is in contrast to that of listed company multiples, which grew by 13 per cent in the first semester 2009.

The report shows that the general eurozone M&A environment in general remains depressed, with 300 mid-market operations in the first semester of 2009, an almost 40 per cent drop compared to the previous semester. The market for buy-outs fared even worse with a decline of 80 per cent in two years, with under 30 transactions taking place.

Argos attributes the decline to buyer caution as a result of the uncertainty of conditions in the short- to mid-term, and unwillingness on the part of banks to finance buy-out operations.

Argos president Gilles Mougenot said, “The decline of valuations is explained in part by the fact that some sellers either cannot or do not wish to put off divestments and are thus willing to accept lower valuations.”

Compiled by Epsilon Research on behalf of Argos Soditic, the biannual Argos Index measures the evolution of European private mid-market prices by examining the EBITDA multiples of eurozone mid-market M&A transactions.

Argos is a European private equity group with offices in Milan, Paris and Geneva, with an investment threshold of €10m to €50m in companies with revenues of €20m to €400m. In July, the firm acquired a majority stake in Bellco, the renal care division of the Sorin Group.

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