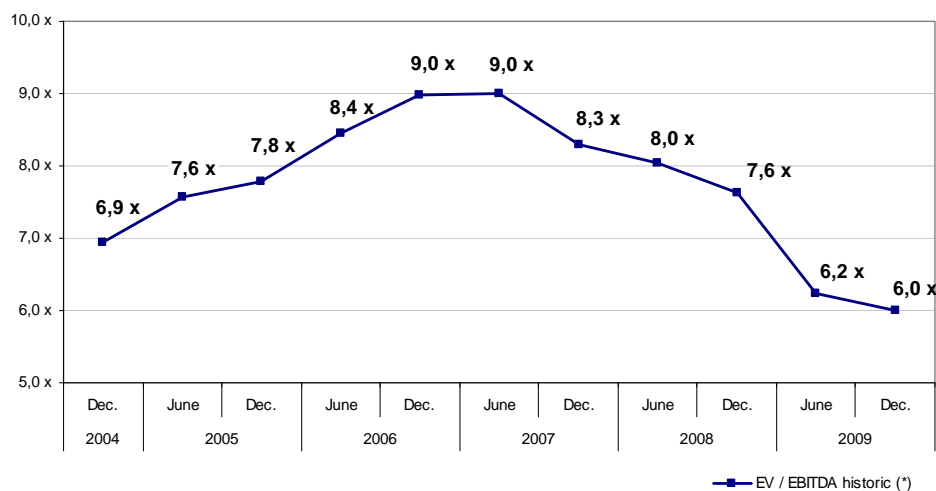


Decline in unlisted mid-market valuations slows: suggesting improvement?

Paris, 19 March 2010

The Argos Mid-Market Index, measuring the level of unlisted mid-market company¹ valuations in the euro zone, is once again down in December 2009, reaching 6.0x EBITDA, its lowest point since the creation of the Index in December 2004. However, the decline is less severe than for the previous period: -4% compared with -17%. Is this a sign of improvement or merely a temporary halt in the decline?

Indice Argos Mid-Market (Dec 2009)



(*) median EV / EBITDA on a 12-month rolling basis
Source Argos Mid-Market Index / Epsilon Research

The deterioration of the companies' performances and of their growth outlooks impacts the level of valuations for transactions carried out by both trade buyers and LBO funds. In addition, buyout funds suffer from difficult access to financing therefore having to increase their equity contributions to an historic high (on average 56% of transaction value), further bringing down valuations.

The fall in the prices paid by strategic buyers is mostly due to the limited activity of listed companies and foreign buyers, especially American companies (6% of all transactions) who have traditionally been ready to pay higher prices for their acquisitions.

¹ Companies with an equity value of €15m to €150m

Therefore, valuations decline for acquisitions made by strategic buyers (6.2x EBITDA compared to 6.6x in June) as well as for those made by LBO funds (5.7x EBITDA compared to 6.1x in June).

Finally, "the crisis that marked 2009 had a significant impact on the kind of transactions carried out during the year, as many transactions involved target companies being restructured", and are thus not included in the Index sample (negative EBITDA), explains Gilles Mougenot, President of Argos Soditic. "The Index thus represents only a part of the market."

Download the complete Argos Mid-Market Index:

<http://www.argos-soditic.com/en/press-room/argos-mid-market-index.html>

www.argos-soditic.com



About Argos Soditic (www.argos-soditic.com)

Created in 1989, Argos Soditic is an independent European Private Equity firm with offices in Milan, Paris and Geneva, wholly owned and operated by its partners. Argos Soditic focuses on management buy-outs and buy-ins in small and medium sized companies across Europe, but primarily in France, Italy and Switzerland. The group of funds managed by the firm typically take majority stakes ranging from €10m to €50m in companies with revenues of €20m to €400m. The operations Argos Soditic has carried out include Buffet Crampon, Roc-Eclerc, Oxbow, Du Pareil au Mème and Kermel in France, Sparco, GPP and CH&F in Italy, and Maillefer, Kägi and ORS in Switzerland.

The €275m ARGOS SODITIC V fund raised in 2006 has allowed the firm to carry out 13 transactions to date: seven MBOs (Sitour, GPP, FHB, Kägi, Orsyp and LEXSI, Misapor), three BIMBOs (Axyntis, Marie Laure PLV and Bellco), one spin-off (Alkan) and two MBIs (Dinno Santé, Mertz).

About Epsilon Research (www.epsilon-research.com)

Epsilon Research is the first financial analysis bureau to specialise in European private company M&A/private equity transactions. Its key product, EMAT (« Epsilon Multiple Analysis Tool™ »), is a unique database of European deal analysis reports that includes the detailed calculation of acquisition multiples, accessible via its proprietary IT platform. It has quickly become for its customers (investment funds, banks, advisors, accountants, corporates) a reference source in Europe for private company acquisition multiples. Epsilon has also developed a number of market intelligence tools: financial databases (M&A transactions, company accounts); sector indices; market studies and analysis; tailored service for private equity quarterly portfolio valuations.

Epsilon's team is composed of corporate finance professionals and financial analysts, Paris and London based. Epsilon has received for its EMAT database the label of Finance Innovation, the Paris-based global financial services cluster.

About the Argos Mid-Market Index

The Argos Mid-Market Index measures the evolution of European private mid-market company prices. Carried out by Epsilon Research for Argos Soditic and published every six months, it is based the following criteria:

- median EV/EBITDA multiples on a twelve-month rolling basis (year N-1)
- mid-market companies (Equity value between €15M and €150M)
- target based in a Euro zone country
- acquisition of a majority stake
- certain activities excluded (financial services, real estate, high-tech)

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