



Study: European mid-market M&A at 10-year low

293 mots

26 juillet 2013

Private Equity International

PRION

Anglais

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While M&A activity continued to decline, valuations posted a slight increase in the second quarter.

European M&A activity reached its lowest level in 10 years this quarter, according to a new study.

The **Argos Mid-Market** Index, which measures valuations at European private companies in the €15 million to €150 million range, found that merger and acquisitions dropped 42 percent in volume and 45 percent in value in the three months to 30 June 2013. The decline in buyout activity was even more pronounced, recording a 63 percent fall in volume and 82 percent in value.

"M&A activity continues to tumble in a context of a wait-and-see approach of vendors and long term economic uncertainty for investors," commented **Gilles Mougenot**, a partner at Swiss mid-market firm [Argos Soditic](#).

A more positive note came from company valuations, which posted a 1.5 percent increase over the period to reach 6.7x EBITDA. That followed on the trend observed in the previous quarter, allowing valuations to gain 3 percent over the first semester of 2013.

The study explained valuation's resilience by the dominance of trade buyers, which tend to factor in synergies and economies of scale when valuing potential targets. Among them, listed companies, which represented 58 percent of transactions led by trade buyers, continued to dominate.

Foreign players remained active too, despite renewed worries about the economic outlook for the Eurozone.

Valuations reached a low point in June 2009, when the index fell from 7.4 x to 5.7x EBITDA in one single quarter. They have regained strength since then, but still remain lower than the 7.7x peak reached in December 2011.

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