



INDICE AETHER FS UNITRANCHE FRANCE

EDITION
2024 SECOND QUARTER

THE FIRST INDEX
BENCHMARK FOR
PRIVATE DEBT
IN FRANCE

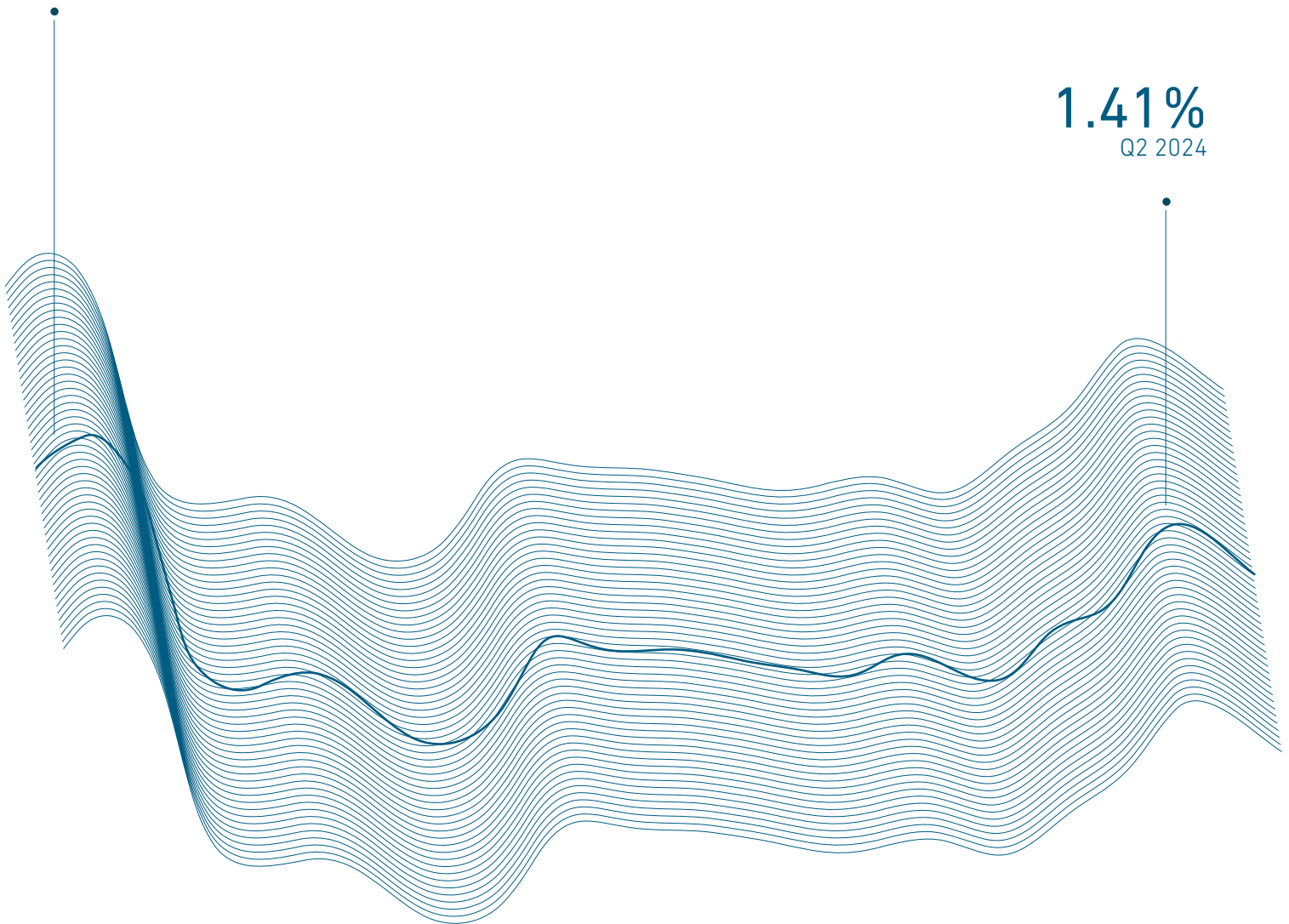


I N D E X

AETHER FS UNITRANCHE FRANCE INDEX

Source: Aether Financial Services

1.85%
Q2 2018



METHOD AND CONTRIBUTORS

The Aether FS Unitranche France Index is calculated using the ratio between the interest margin and the leverage at the close of a transaction, on a rolling six-month basis (formula below):

$$\text{Aether FS Unitranche France index} = \frac{\text{6-month rolling average interest margin at closing}}{\text{leverage}}$$

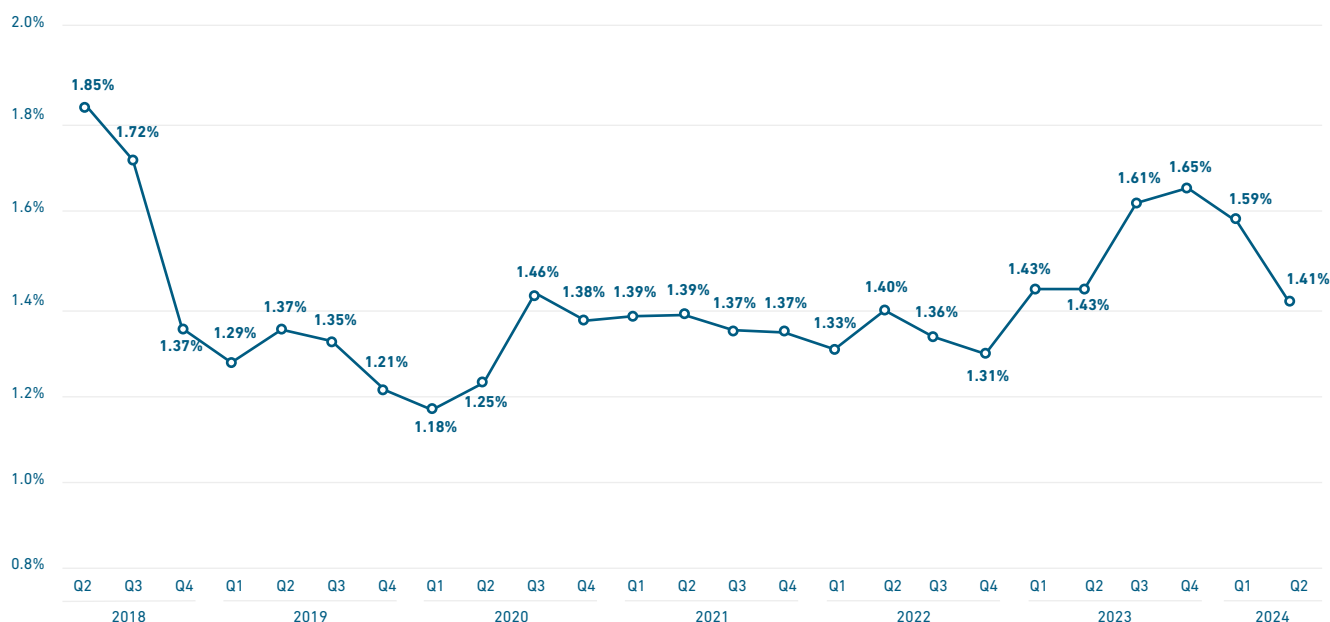
For this latest publication of its French Private Debt Benchmark Index, Aether Financial Services is pleased to be able to count once again on the participation of **Kerius Finance**¹ and is delighted that this independent player is helping to enrich its database.



¹ KERIUS Finance (www.kerius-finance.com) is an independent consultancy specialising in the management and hedging of interest rate, currency, and commodity risks.

Q2 2024 INDEX

6-month rolling average interest margin/leverage ratio



The Aether FS Unitranche France index fell sharply at the end of the first half of 2024. The margin per leveraged turn stood at 1.41%, down 11% on the previous quarter and down 15% on the end of 2023. This decline is confirmed when adding transactions completed in July 2024 to the calculation, with a margin per leverage turn settling at 1.39%.

In the first half of 2024, the private equity market in France is showing signs of recovery after a period of turbulence in 2022 and 2023. Investment and M&A activity had reached historically low levels in recent years due to global economic instability. However, the general election affected the end of the first half of the year, with considerable uncertainty over the outcome of the election and the government to come. We saw a wait-and-see attitude in some transactions, with closings postponed.

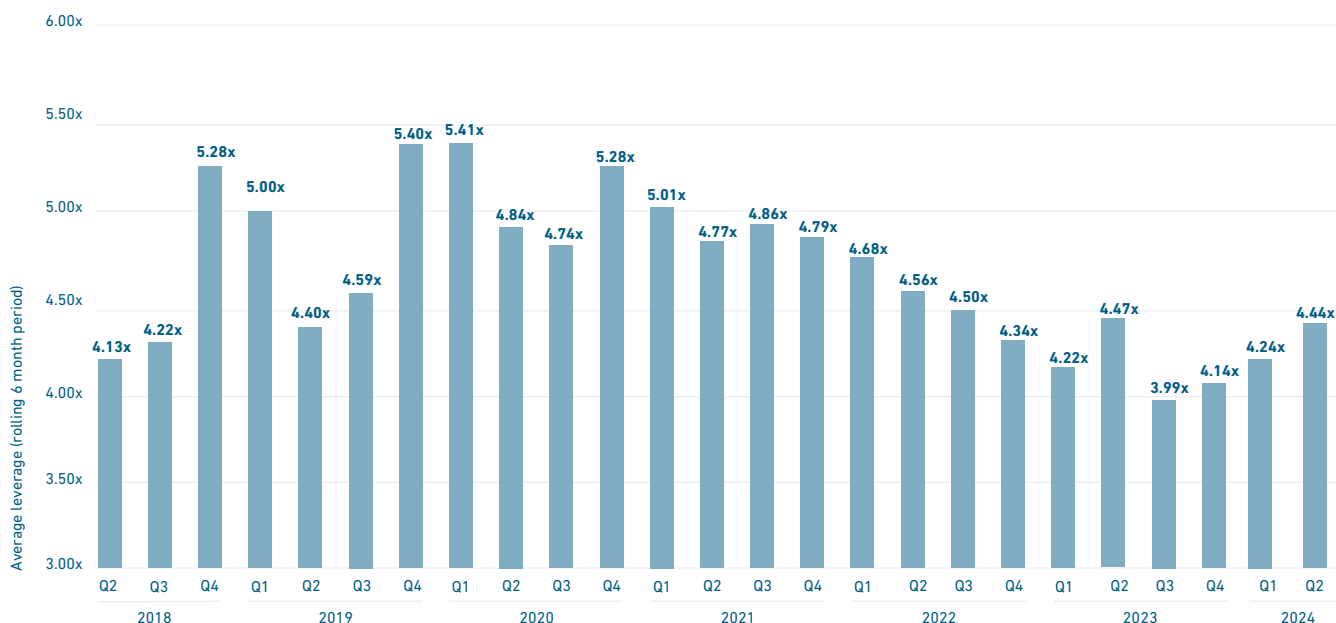
The small and mid-cap segments showed notable resilience despite the aforementioned geopolitical uncertainties. The technology (representing 14 transactions in our index sample in H1 2024), healthcare (representing 7 transactions in the H1 2024 index) and energy transition sectors were particularly attractive to investors, who were more selective and attentive to ESG criteria.

With asset prices adjusting and interest rates expected to fall slightly (a view corroborated by the index), the mid-cap market should continue its gradual recovery.

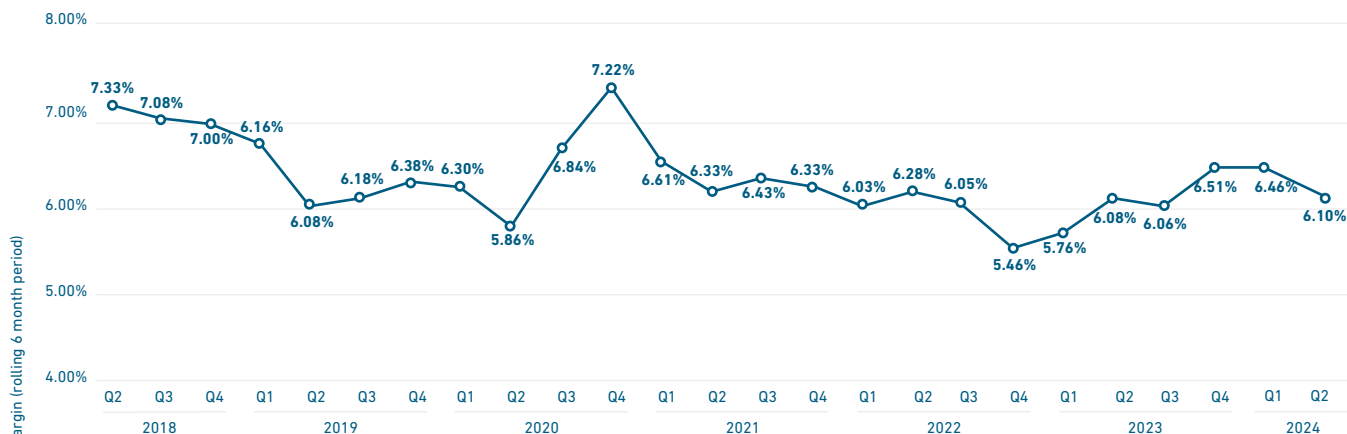
After two consecutive years of declining M&A transactions, the first half of 2024 marks a return to transaction values at 2019 levels. This improvement is driven by larger transactions, although the number of deals remains below previous years (USD 82.5 billion in the first half of 2024, 20.7% higher than the first half of 2023 according to LSE, with 37% fewer deals in terms of volume over the same period).

INDEX COMPONENTS

Leverage at closing



Margin at closing



The first half of 2024 ended on a positive note for PE funds and issuers. The competitive market continues to drive pricings down, while maintaining reasonable levels with rising leverage at closing.

The index for the first half of the year includes 34 Unitranche transactions analysed, with a total value deployed of €4.4 billion.

Leverage at closing increased slightly to 4.44x, (and 4.51x when including transactions completed in July 2024) up 4.7% on the previous quarter.

Closing margins fell by 5.6% to an average of 6.10% (and 5.92 when including transactions completed in July 2024). These margins remain coherent in a context of equally high base rates and given the type of financing, with more aggressive leverage than senior financing.

AETHER FS UNITRANCHE FRANCE INDEX VS PORTFOLIO INDEX

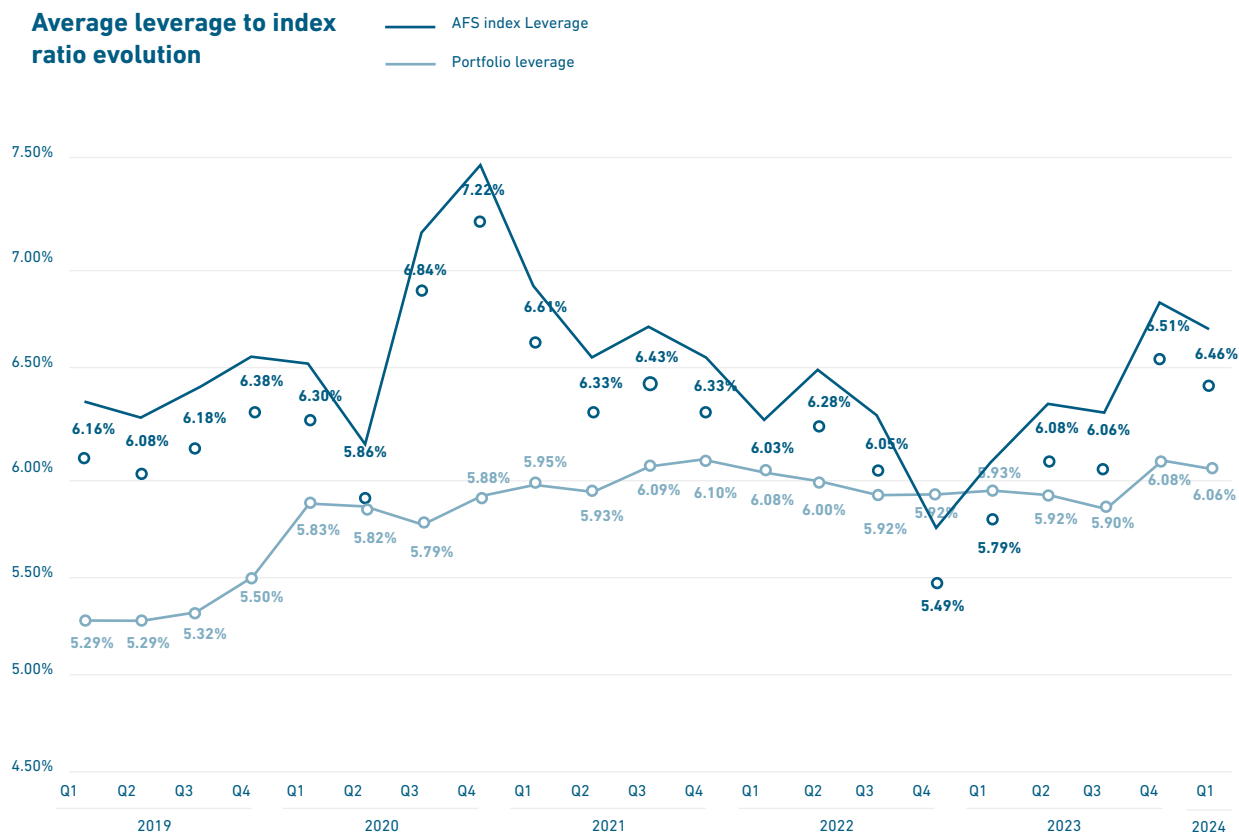
For the second time, the Aether FS Unitranche France index is compared with Unitranche portfolio data.

As not all the data for Q2 2024 has yet been received from issuers, who generally have 60 days after the end of the quarter to communicate the information, the analysis has stopped at the end of Q1 2024.

While the average margins of the portfolio remain lower than the average margins currently prevailing on the market at the time of deal closings, historical issuers have deleveraged.

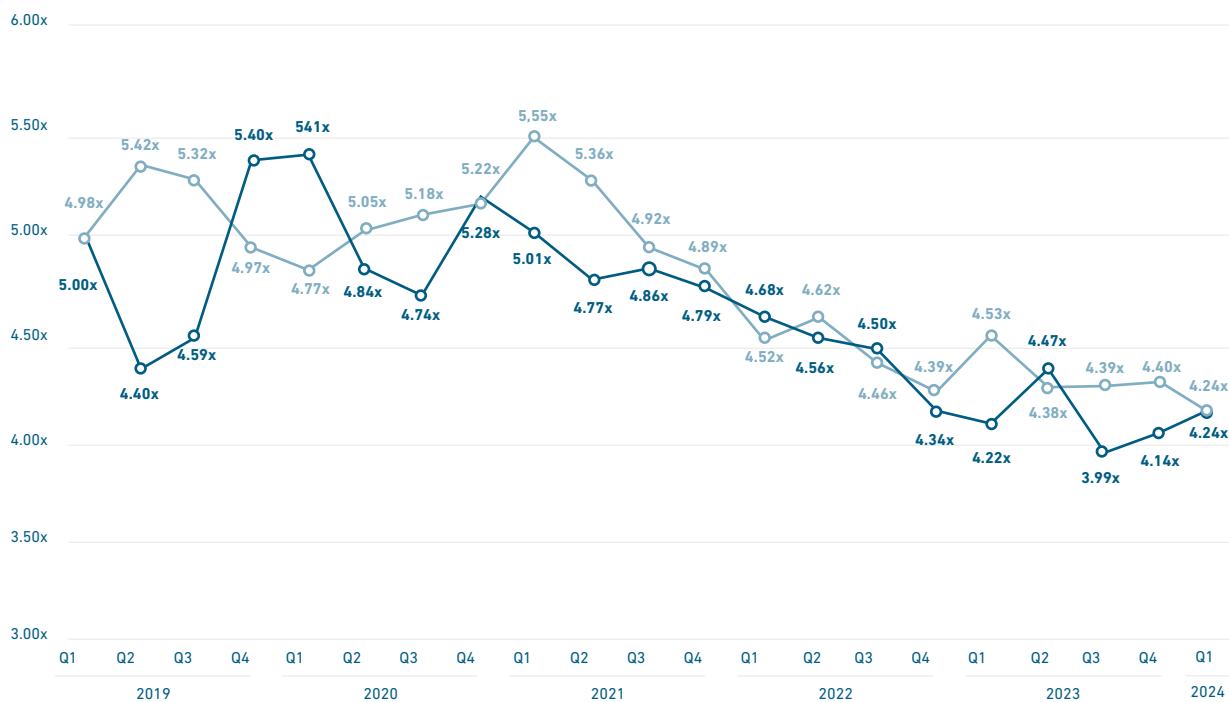
In our portfolio, 63% of issuers have a leverage ratio between 3.00x and 5.50x, in addition to 20% of cases with a current leverage ratio below 3.00x. The quality of the portfolio remains similar to what was presented at the end of 2023.

Average leverage to index ratio evolution



Average portfolio Margin to index ration evolution

— Index Margin
— Portfolio Margin



PRESENTATION OF AETHER FINANCIAL SERVICES

France's leading independent provider of financial transaction execution services, Aether Financial Services was founded in 2015 by Edouard Narboux and Henri-Pierre Jeancard. Based in Paris and London, Aether Financial Services is made up of a multicultural team of more than 20 people, experts in 3 business lines.



AGENCY

Active in Private Debt and Capital Markets, Aether Financial Services covers all financing agent roles (Loan agent, Bond agent, Administrative agent, Calculation agent, Security agent, etc).



VALUATION AND CALCULATION

Aether Financial Services values all types of financial instruments or securities, from the most «vanilla» to the most structured, for recurring, specific or one-off requirements.



CORPORATE AND ISSUER SERVICES

Aether Financial Services offers a range of digital solutions dedicated to the administrative management of functions relating to securities transactions (capital increases, general meetings, record keeping, etc.).

AETHER FINANCIAL SERVICES' COMMITMENT TO SOLIDARITY

For several years, Aether Financial Services has been involved with associations through Social Impact Contracts (la Cravate Solidaire, the Auteuil Foundation and the Article 1 association). In 2021, Aether Financial Services committed to protecting the environment through reforestation and forest preservation alongside Reforest'Action. This partnership demonstrates Aether Financial Services' commitment to the environment and its desire to help combat global warming.

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