



# INDICE AETHER FS UNITRANCHE FRANCE

EDITION  
2024 THIRD QUARTER

THE FIRST INDEX  
BENCHMARK FOR  
PRIVATE DEBT  
IN FRANCE

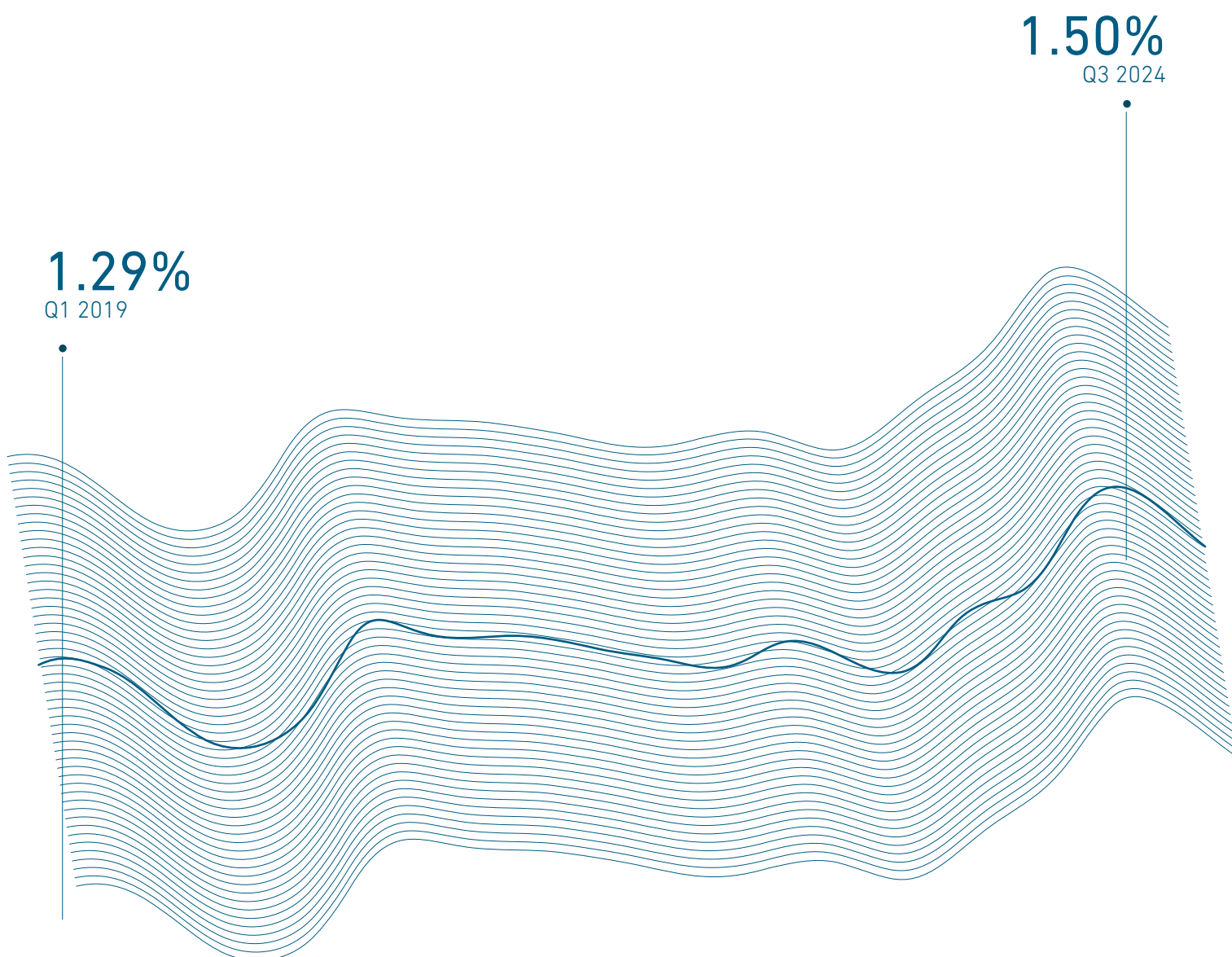


ÆTHER  
FINANCIAL SERVICES

# I N D I C E

## AETHER FS UNITRANCHE FRANCE

Source : Aether Financial Services



## 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):

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

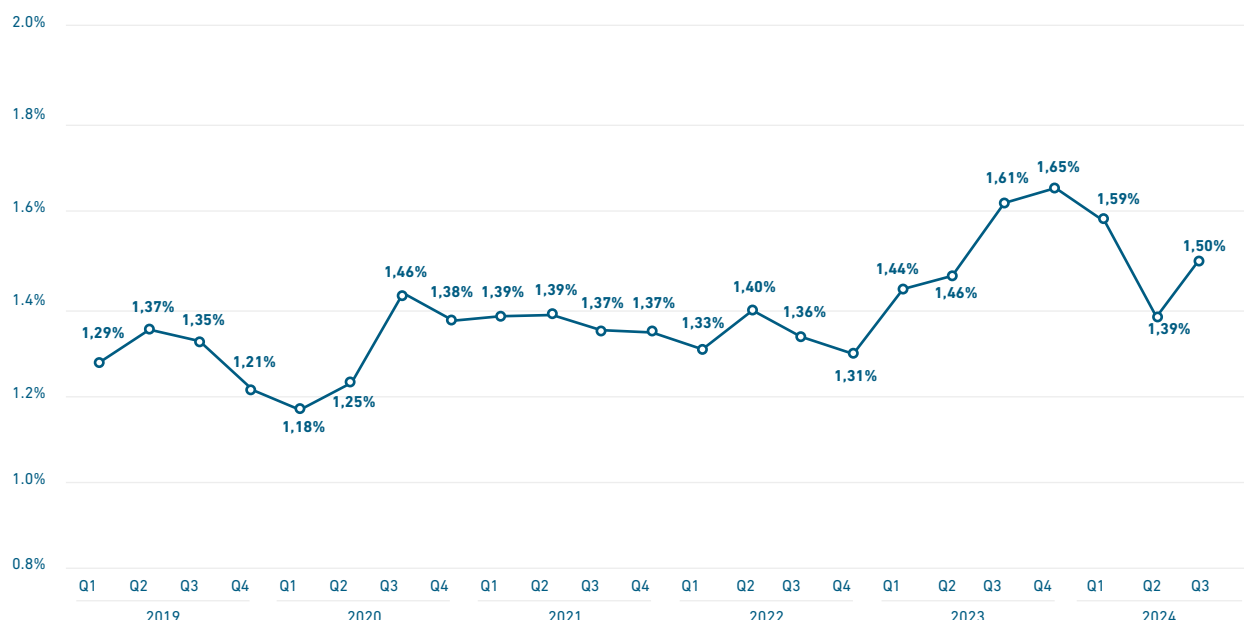
For this latest publication of its French Private Debt Benchmark Index, Aether Financial Services is pleased to be able to count once again on the participation of **Kerius Finance**<sup>1</sup> and is delighted that this independent player is helping to enrich its database.



<sup>1</sup> KERIUS Finance ([www.kerius-finance.com](http://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



Following the sharp fall in the Aether FS Unitranche France index in Q2 2024, the combined upturn in margins and leverage has resulted in a new index of 1.50% per leveraged round at the end of September 2024. This quarter's 7.8% rise confirms that the market has not stabilised and is highly reactive to the political instabilities of summer 2024.

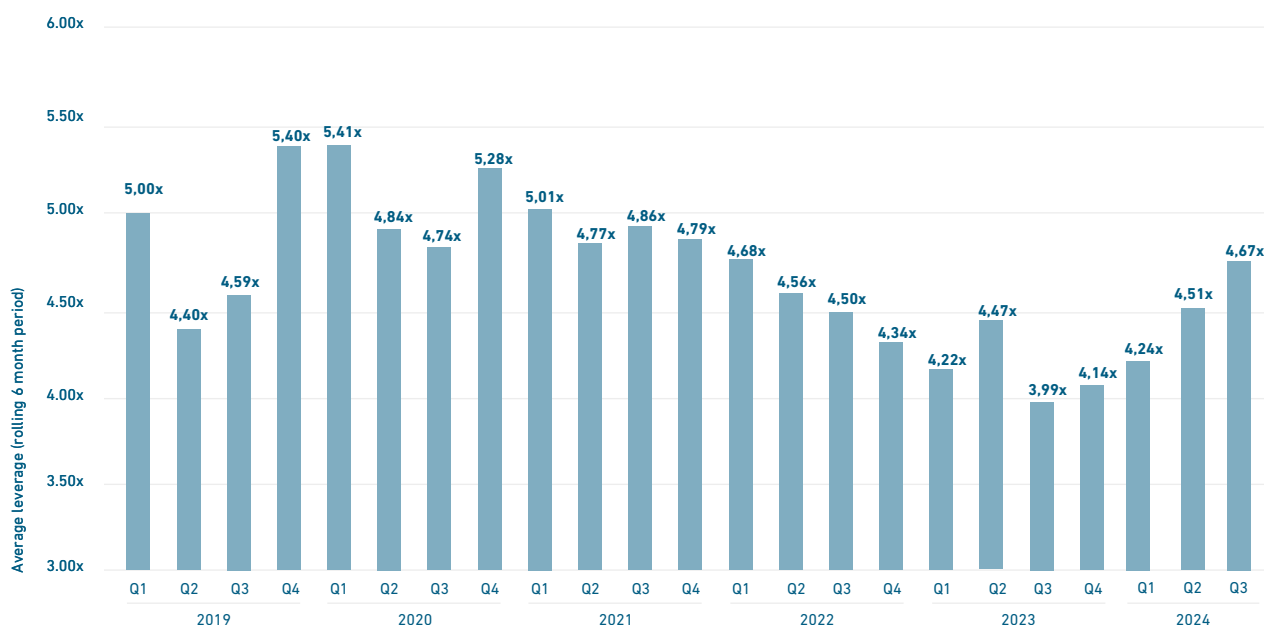
The dissolution of the French National Assembly at the end of Q1 2024 reshuffled the cards in an environment that had previously been favourable to the recovery of the M&A and Private Equity market in France. Mistrust then set in throughout July (until the elections and the end of the Olympic Games). Transactions that were in the pipeline at the time slowed down in order to gain more visibility on the composition of the new Assembly. As a result, the recovery in September was slower than in previous years.

Nonetheless, a situation currently weighing on banks could generate an opportunity effect for debt funds towards the end of the year. The ECB and several European banks (twelve banks) have been in discussions since the autumn. The supervisor is criticising certain banks (including French banks) for having an overexposure to the leveraged market. The ECB would then impose an additional provision of €13 billion on the banks.

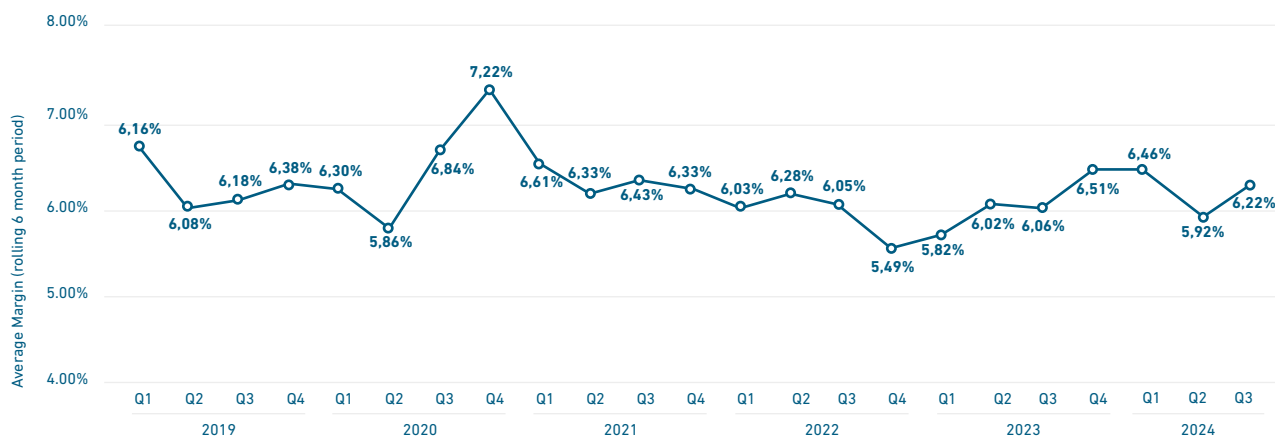
As the discussions failed, it is possible that the ECB will reduce the amount of the provision (to €7bn). Even so, this will have the effect of slowing down the granting of LBO loans by banks, at least between now and the end of the year.

## INDEX COMPONENTS

### Leverage at closing



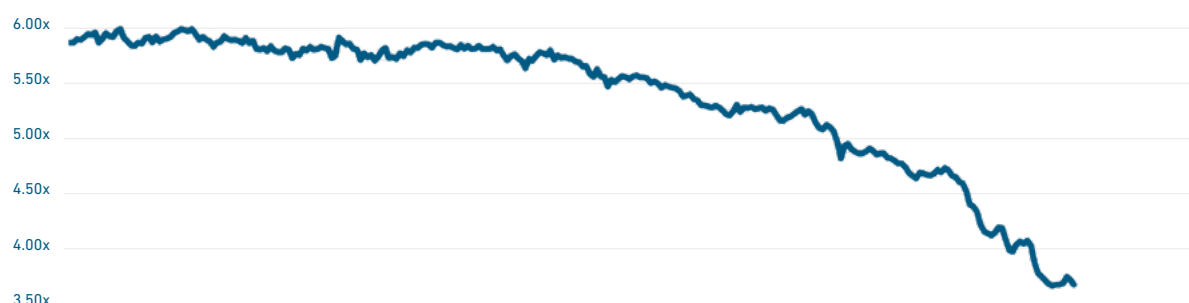
### Margin at closing



Private debt investors are showing greater confidence in the credit risk of companies, and are applying more leverage at closing. This increase in leverage at closing (+3.6% in one quarter and +17% vs Q3 2023) to 4.67x at closing is also a direct consequence of the fall in base rates.

The 3-month Euribor at end-September continued to fall, settling at around 3.28%, down 11.6% compared with June end and down 17% compared with September end 2024. This downward trend is continuing, favouring a return to leverage and an increase in closing margins.

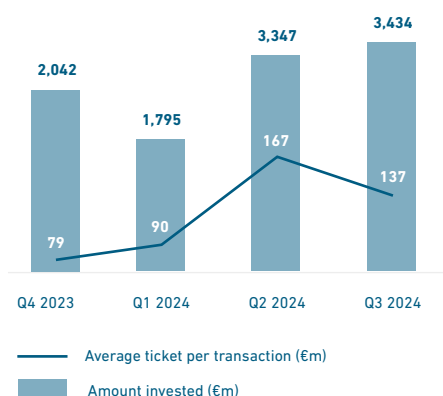
**Euribor 3M (in %) - 29 sept. 2023/5 nov.2024**



The representative market of the Index is anchored in the Mid-market, with an average closing debt of €137m and a total amount invested of €3.4bn in Q3 2024. This compares with an average closing debt of €167m in the second quarter.

Average closing margins rose by 5.1% in Q3 2024 compared with Q2 2024, to reach an average margin of 6.22% in Q3 2024. As a result, with the increase in average margins at closing higher than the increase in leverage at closing, the index has risen.

On a LTM basis, the Aether FS Unitranche France index shows the following data:



While the Mid-market is the most represented in the index and forms the core of the analysis, the high and low bounds of the tickets per transaction is representative of a disparate market between both small cap and large cap issues.

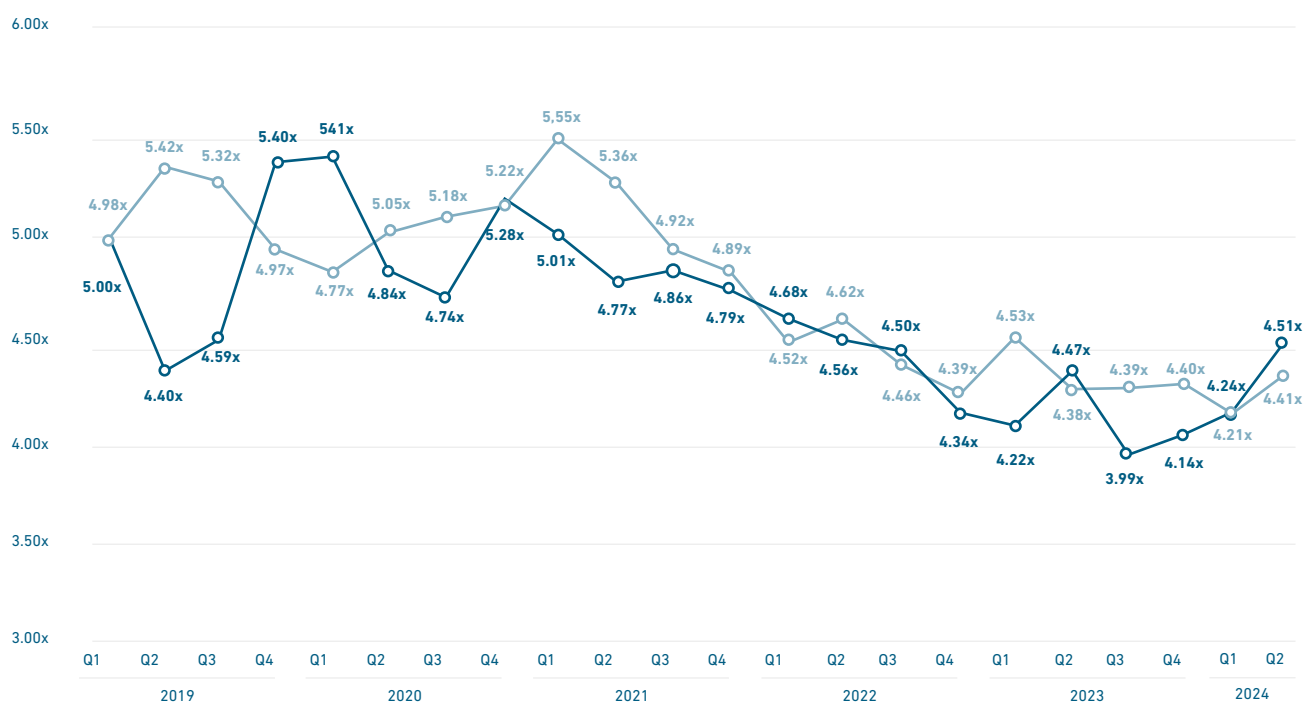
Data for Q3 2024	Amount (€M)
Amount invested	3,434
Average ticket per transaction	137
Max amount per transaction	1,026
Minimum amount per transaction	8

## AETHER FS UNITRANCHE FRANCE INDEX VS PORTFOLIO INDEX

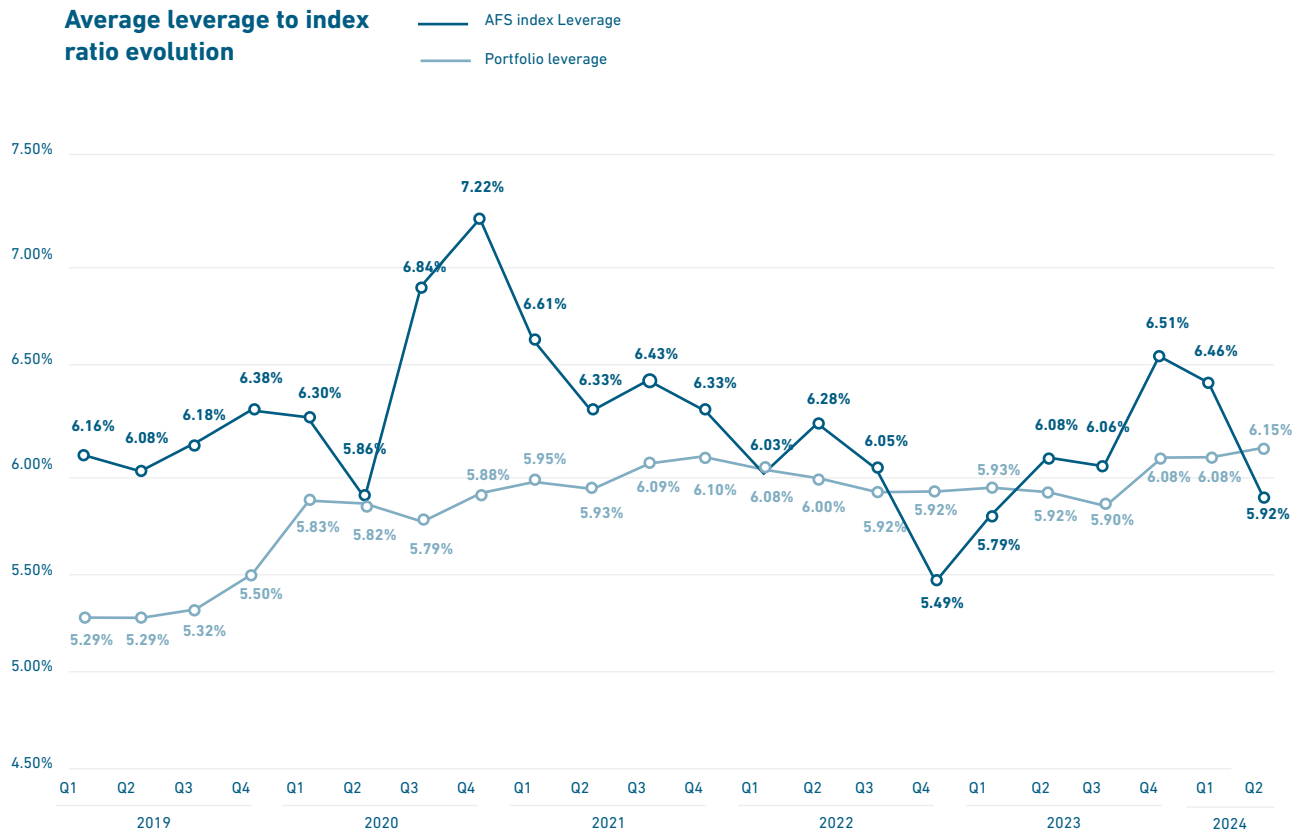
The behaviour of the Aether FS Unitranche portfolio shows a slight tension. Leverage ratios increased in the second quarter of 2024, with the direct effect of increasing margins via ratchet mechanisms.

**Average portfolio Margin to  
index ration evolution**

— Index Margin  
— Portfolio Margin

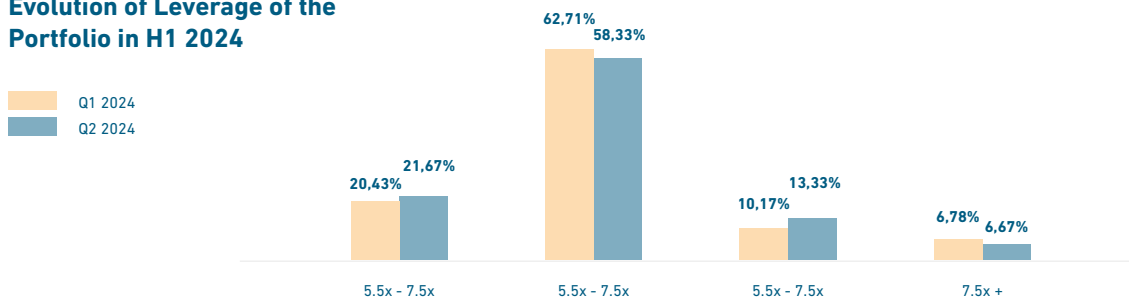


### Average leverage to index ratio evolution



While most of the portfolio is gradually deleveraging, with almost 22% of the portfolio deleveraged (leverage below 3.00x) and 58% of the portfolio under control with leverage between 3.00x and 5.50x (with many recent cases at the upper limit), a few cases are experiencing the opposite trend. Average leverage remains under control, however, and the portfolio is showing good resilience to past conditions.

### Evolution of Leverage of the Portfolio in H1 2024





## WHY OUTSOURCING YOUR AGENCY TO A THIRD PARTY?

### INDEPENDANT AGENT: WHAT IS HIS ROLE AND HIS SCOPE ?

The independent agent acts as a third party for stakeholders (shareholders, borrowers, sellers, buyers, investors, lenders, creditors, etc) during a financial transaction. His perfect knowledge of the mechanisms of financial operations makes him the operational expert on whom companies and their advisors rely on for execution and monitoring purposes. The growth in the number of financial transactions and operations in recent years, as well as the evolution of the regulations regarding transactions, reinforce the need to use an independent third party approved by the regulator.

#### Using an independent agent offers multiple advantages, it allows to

- **gain efficiency** in the management of assets and resources by relying on a professional, agency services provider.
- **reduce operating costs**, increase the productivity of front to middle-office teams, and redeploy valuable resources to higher value-added services.
- **in case of white labelling agreement**,
  - keep its commercial reach with relevant clients by retaining the role of “agent of record” for each transaction.
  - continue to benefit from recurrent agency fees by retaining a percentage of the agency revenues generated by each of the outsourced transactions.

#### Outsourcing the agency services allows to externalize sensitive and risky middle and back-office tasks

- manage the day-to-day administration, reporting, and management of the loans/bonds/ other asset classes,
- distribution of sensitive documentation
- tracking of investor activity, when/if required
- calculate interest, early repayments and manage interest payments.

#### And minimize your operational and IT implementation risks by

- relying on professionals with a successful track record in assisting stakeholders in the closing, management and administration of debt and equity financings across different asset classes and jurisdictions.
- relying on their administration system by providing services as an external party.

### Conclusion

In an increasingly demanding environment (complexity of financial operations, lengthening of the processes, regulatory constraints, etc.), outsourcing its agency activity allows companies and investors to better distribute their internal resources and stay focus on the business. By adopting this strategy, the companies achieve an economy of scale by improving their operational efficiency while relying on the expertise of a third party.

## PRESENTATION OF AETHER FINANCIAL SERVICES

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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 40 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.).

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## 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.

## RECEIVE FUTURE EDITIONS

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**By post:** Louis Thuillez, Aether Financial Services, 36, rue de Monceau 75008 Paris

**By email :** [indicedetteprivee@aetherfs.com](mailto:indicedetteprivee@aetherfs.com)

**\*Required information**

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