



# INDICE AETHER FS

UNITRANCHE FRANCE

2025 - Annual edition

THE FIRST  
INDEX BENCHMARK  
FOR PRIVATE DEBT  
IN FRANCE

AETHER

TAILORED FINANCIAL SERVICES

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**Edouard Narboux**  
Co-founder & CEO

## EDITORIAL

The year 2025 marks a significant recovery in activity in the European private debt market, despite a still constrained macroeconomic environment. The market is characterized by a rebound in volumes, a geographical shift in favor of continental Europe, and intensifying competition among lenders, leading to margin compression and greater credit selectivity.

France has established itself as a central market for European private credit, particularly in the unitranche segment, supported by a dynamic mid-market ecosystem.

However, behind the apparent strength of the primary market, 2025 also reveals signs of a credit cycle entering its maturity phase, marked by pressure on exits, greater risk dispersion, and rising portfolio management challenges.

International trade tensions, geopolitical fragmentation, and persistent above target inflation in certain regions continue to fuel uncertainty. Monetary policies are diverging: the European Central Bank is initiating an easing cycle, while the Federal Reserve and the Bank of England are maintaining high policy rates.

Despite this environment, structural demand for private debt remains robust. Several long term drivers continue to support the market:

- The gradual retreat of banks, constrained by regulatory requirements (Basel 3.1, Solvency II),
- Significant financing needs linked to the energy transition, European defense, and digital infrastructure,
- The growing role of private equity in financing unlisted companies.

Over the past five years, the number of companies owned by investment funds has steadily increased, while the number of listed companies has declined – reinforcing the strategic importance of private debt as a source of intermediate and long-term financing.

The outlook for 2026 is cautiously constructive. Activity should remain steady, supported by refinancing needs particularly from the 2021 vintage and by the continued withdrawal of banks. However, the maturity phase of the credit cycle calls for heightened vigilance regarding asset quality, structuring, and risk management.

In this context, the ability of private debt players to combine selectivity, sector expertise, and active management will be a key driver of performance.

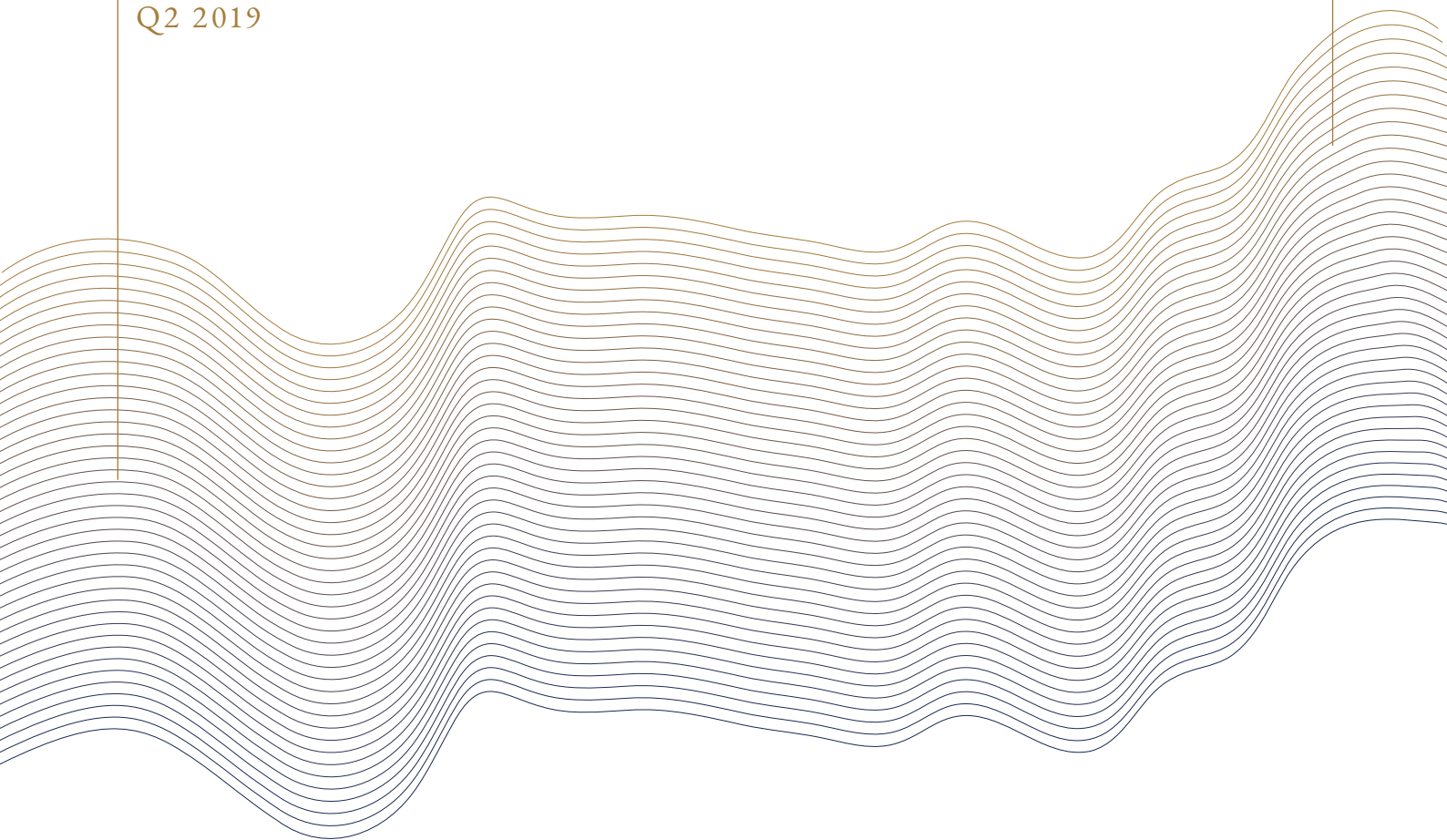
# INDEX

## AETHER FS UNITRANCHE FRANCE INDEX

Source: Aether

1.72%  
Q4 2025

1.37%  
Q2 2019



# METHOD & 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):

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

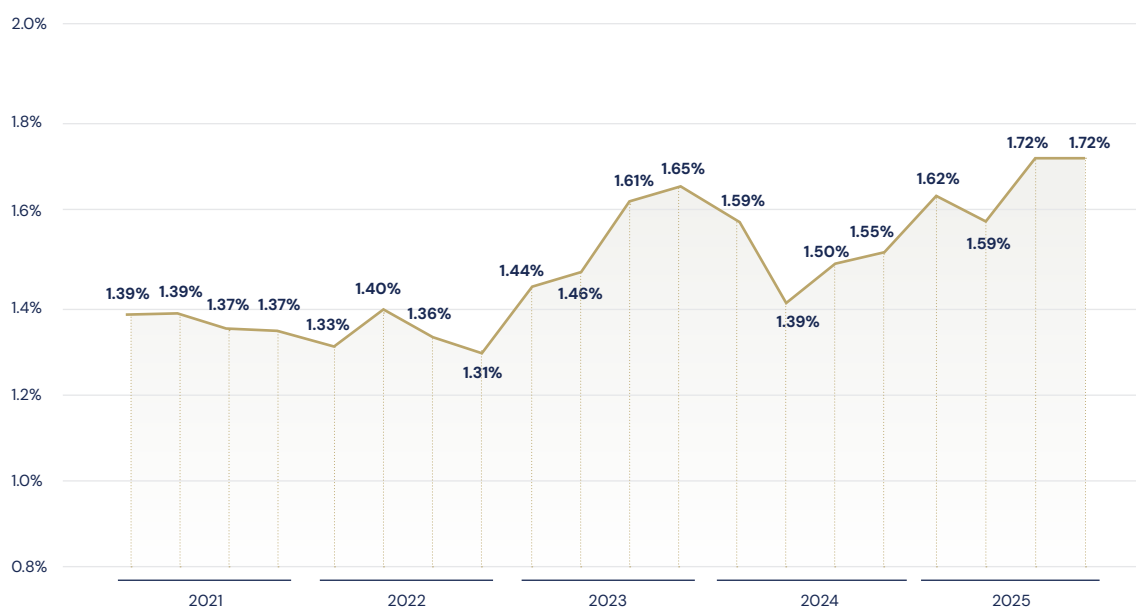


For this latest publication of its French Private Debt Benchmark Index, Aether is pleased to be able to count once again on the participation of Kerius Finance<sup>1</sup> and is delighted that this independent player is helping to enrich its database.

1. 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.

## Q4 2025 INDEX

6-month rolling average interest margin/leverage ratio



The Aether FS Unitranche France Index remained stable in the last quarter of 2025 compared with Q3 2025, holding at 1.72% per turn of leverage.

The European direct lending market recorded an increase compared with 2024. Activity remains mostly concentrated in the mid market, with a predominance of transactions below €500 million.

A notable trend this year is the geographical shift in market activity. The United Kingdom, historically dominant, saw its activity decline, while continental Europe captured an increasing share of transactions. This evolution reflects a combination of macroeconomic factors, differing sector dynamics, and the growing strength of European lending platforms.

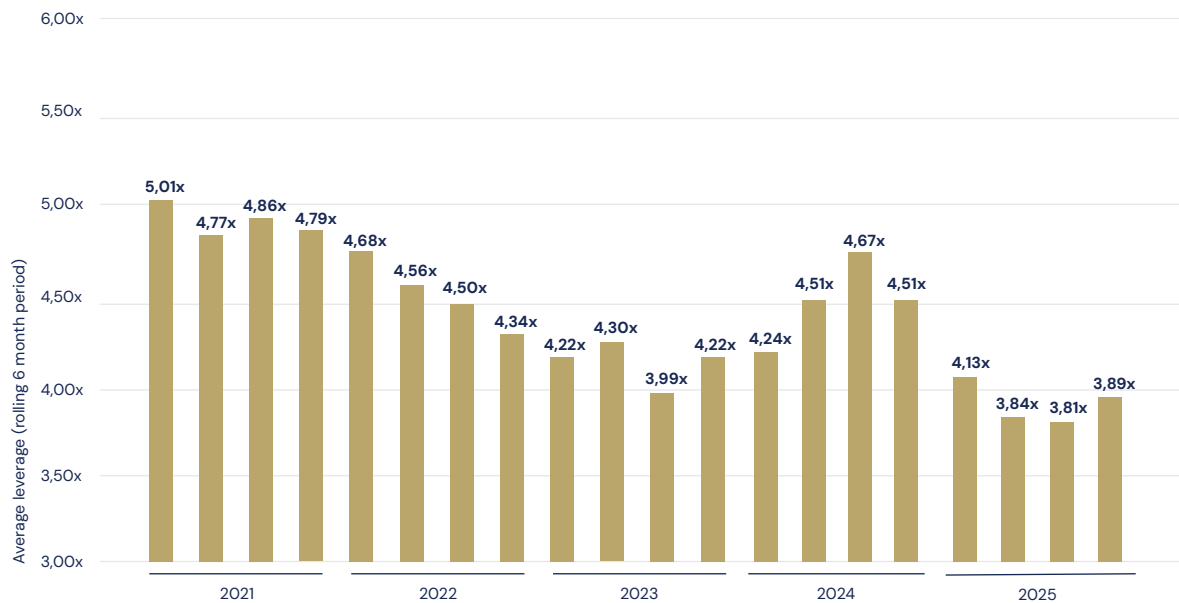
The unitranche segment remains a cornerstone of the European private debt market. In 2025, the number of transactions increased significantly, confirming the appeal of this structure for sponsors, who value its flexibility, speed of execution, and simplified documentation.

Despite spread compression, unitranche financing continues to offer an attractive yield relative to the syndicated loan markets. However, this trend comes with increased pressure on lenders, who face both intense competition and rising leverage on the strongest credits.

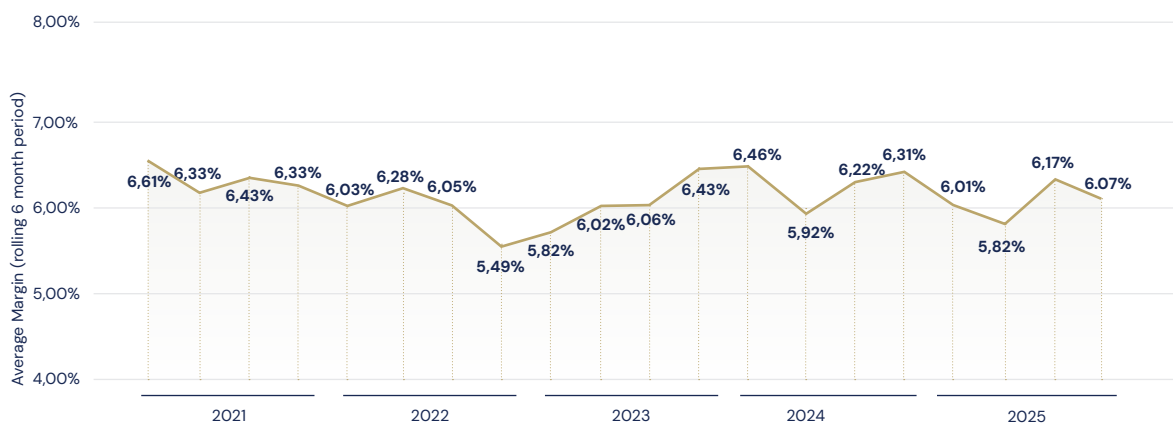
France emerged in 2025 as the largest European private debt market in terms of transaction volume, particularly for unitranche. The market is characterized by a high density of lenders, combining international private credit players, specialized European funds, and domestic banks active in senior tranches.

# INDEX COMPONENTS

Evolution of leverage at closing



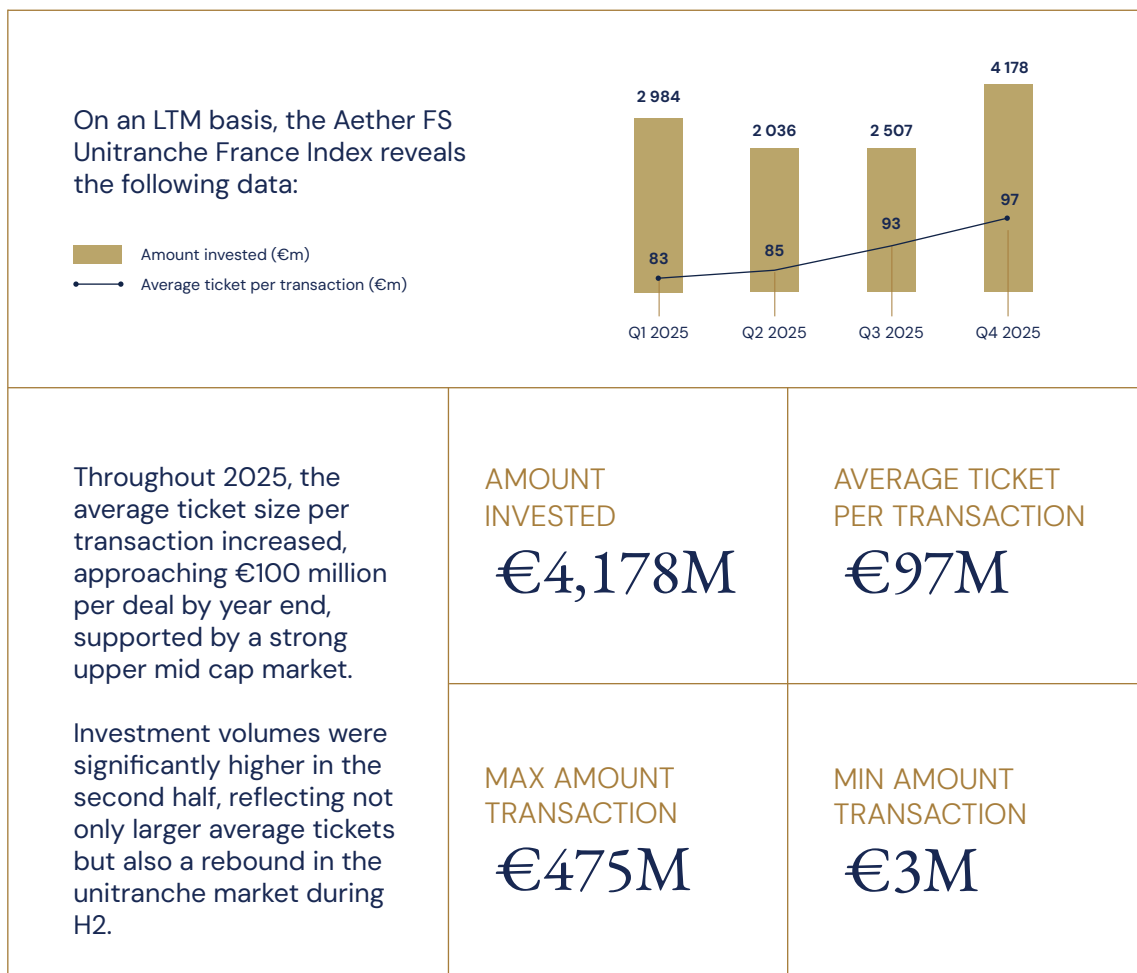
Evolution of spreads at closing



This quarter, margins tightened slightly by 1.6%, reflecting a market with significant dry powder and a large number of actors ready to deploy capital.

Average leverage at closing increased by 2.2% in Q4 2025 vs Q3 2025, reaching 3.89x in Q4 2025 – still below the symbolic 4.00x threshold.

Despite these shifts, the index remained stable at year end, at 1.72% of margin per turn of leverage. On an LTM basis, the Aether FS Unitranche France Index highlights the following trends:

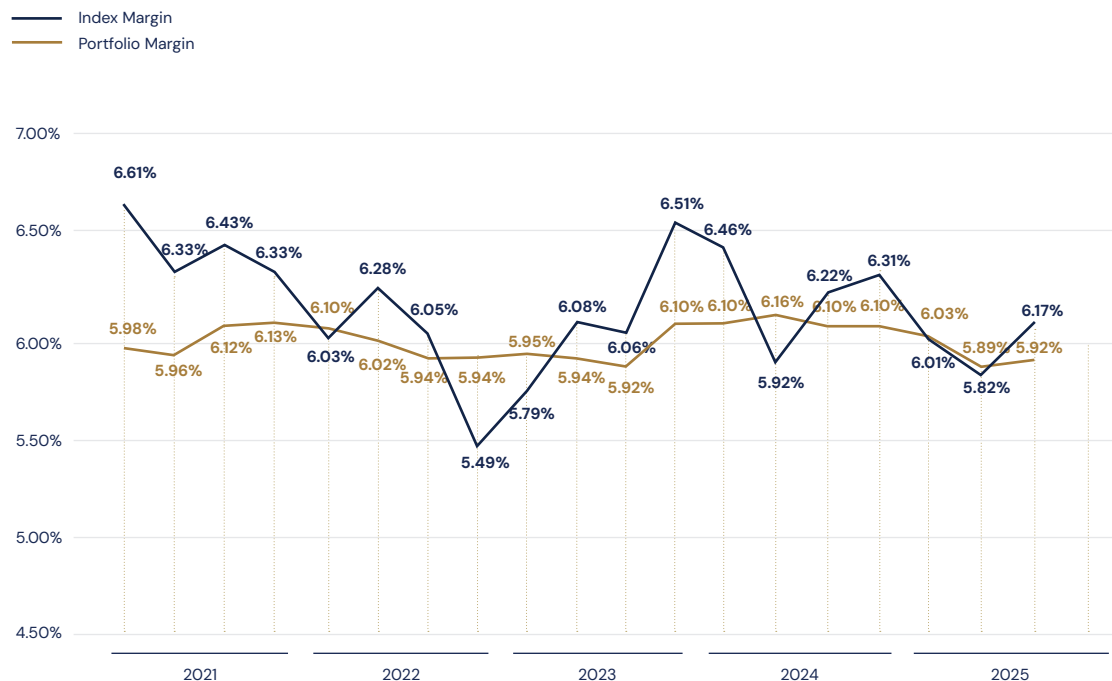


# AETHER FS UNITRANCHE FRANCE INDEX VS PORTFOLIO INDEX

The portfolio's average leverage remained broadly stable in Q3 compared with Q2, at 4.33x. Despite this apparent stability, the underlying composition continued to shift toward a more moderate risk profile. The share of transactions with leverage above 5.5x EBITDA decreased by 50% compared with Q3 2024, confirming the ongoing reduction of the riskiest exposures.

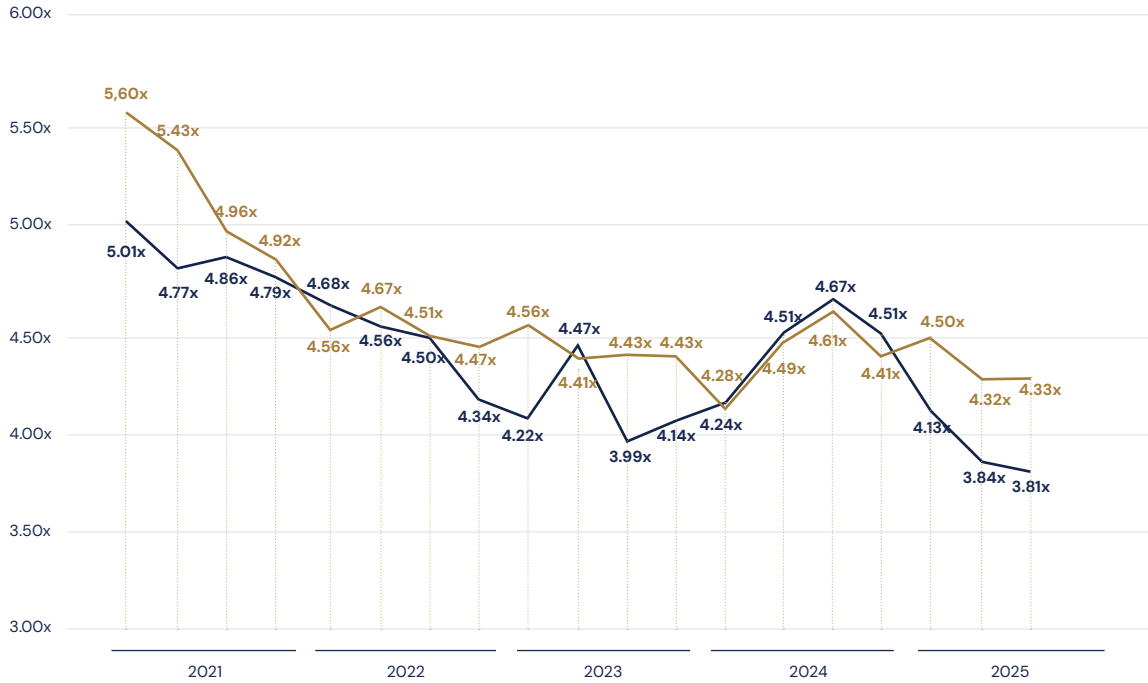
At the same time, the proportion of deals falling within the 3.0x to 5.5x leverage range increased by 16%. This trend is primarily driven by portfolio rotation dynamics, as 2025 has been a very active year for refinancings. The integration of these new transactions has mechanically reshaped the leverage distribution, strengthening the concentration in the intermediate segment — fully in line with the typical characteristics of unitranche structures.

**Average portfolio Margin to index  
ratio evolution**



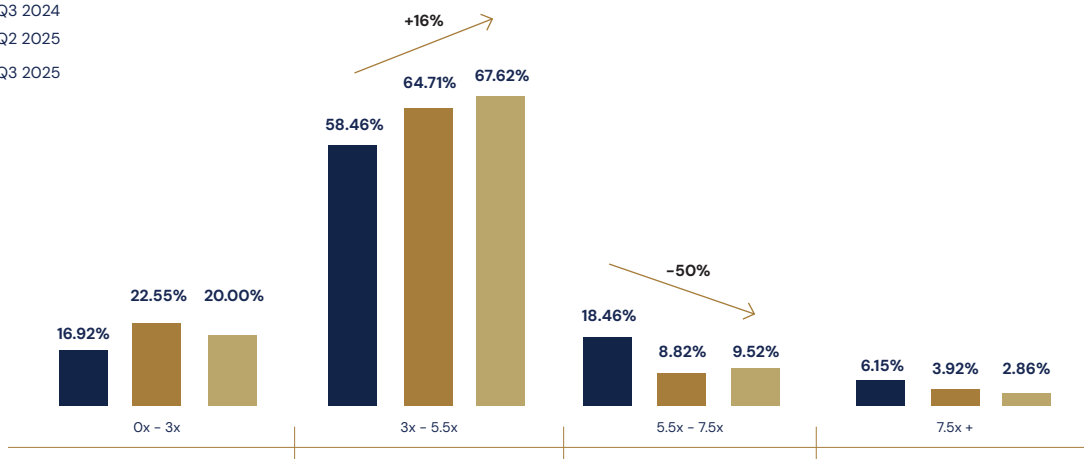
**Average leverage to index ratio evolution**

— AFS index Leverage  
— Portfolio leverage



**Evolution of Leverage of the Portfolio**

● Q3 2024  
● Q2 2025  
● Q3 2025



## INDEX AT Q1 2025

The Aether FS Unitranche France index has increased for the third consecutive quarter, reaching 1.62% per leverage turn, which is 4.9% higher than at the end of 2024. This rise in the index is illustrated by a concurrent decrease in closing margins and closing leverage, with a more marked decline in leverage.

The end of 2024 showed encouraging signs both for fundraising and the recovery of the Private Equity market. Major transactions, such as the proposed sale of Sanofi's consumer healthcare unit, Opella, valued at approximately 15 billion euros, illustrate this trend.

The Private Equity sector in France in 2025 is characterized by several notable trends:

- Accumulation of dry powder: funds have record amounts of undeployed capital, exerting pressure to identify attractive opportunities.
- Market polarization: a clear distinction is emerging between high-quality assets, justifying high valuations, and those requiring operational transformations to improve their attractiveness (source PwC). Successive crises are leading to an extension of debt maturities. Refinancing or sales will need to be carried out in the coming months with assets that have not sufficiently deleveraged to present an attractive profile to the market.
- Focus on ESG criteria: environmental, social, and governance considerations are central to investment decisions, with particular attention paid to companies demonstrating strong ESG performance.

However, this improvement is balanced by the return of D. Trump. The beginning of his term and the trade war initiated with his main rivals have had a clear impact on financial markets. A climate of mistrust has settled in. The private market is reacting cautiously in new operations under negotiation and structuring.

## INDEX AT Q2 2025

The Aether FS Unitranche France Index shows a slight decline in Q2 2025, settling at 1.59% per turn of leverage — a 2.0% drop compared to the first quarter. This decrease reflects a simultaneous reduction in closing margins and leverage levels, with a more pronounced drop in leverage.

Despite the abundance of dry powder (committed but uninvested capital) within private debt funds, LBO activity remained subdued throughout the first half of the year. The continued decline in valuation multiples, as tracked by the Argos Index, has not yet translated into a rebound in deal flow. Sellers have been forced to revise their exit expectations downward for several quarters, leading to a wait-and-see approach in hopes of more favorable conditions.

However, with interest rates trending downward and creating a more issuer-friendly environment, the market is expected to gradually recover from the challenges of the past two years. That was the outlook at the beginning of the year – without factoring in the economic uncertainty triggered by the Trump administration. The market remains cautious in the face of geopolitical risks (“liberation day,” trade tensions, and announcements from the Trump government). Assets with exposure to the U.S. market are suffering from economic instability, resulting in slower or paused transaction processes.

According to CF News, the number of LBOs involving French targets (announced or closed deals) reached 165 in H1 2025, compared to 182 during the same period last year. While this trend affects the mid-market, the large-cap segment has shown more momentum: four large-cap LBOs were recorded in H1 2024 versus nine in H1 2025.

The abundant liquidity in private debt funds and attractive financing conditions suggest a gradual return of LBO activity – provided the economic climate stabilizes.

## INDEX AT Q3 2025

The Aether FS Unitranche France Index rebounded in Q3 2025, reaching 1.72% per turn of leverage, up 7.9% compared to the second quarter. This sharp increase stems from higher closing margins combined with a slight decline in leverage.

The French M&A market, as in previous quarters, remains mixed in 2025. The number of transactions involving French companies rose slightly in the first half (+8%), but their value dropped significantly (–19%), hitting its lowest level since 2013.

LBO activity follows the same downward trend (–10% year-to-date), with fewer deals and exits. However, several indicators point to encouraging signs, particularly in the large-cap segment. Indeed, several ongoing transactions exceed €1 billion, confirming a recovery in the upper-mid and large-cap segments. LBOs of companies valued above €500 million account for twice the share in 2025 compared to 2024, reinforcing our H1 analysis. Another key driver is the rise of continuation funds, with France becoming the leading market in continental Europe. Several deals exceeding €1 billion have been completed, notably Egis and Ceva.

# COMPLIANCE MEETS INNOVATION IN CROSS- BORDER PAYMENTS

AETHER redefining cross-border payments with precision and trust

Since obtaining its Payment Institution License (PSP) from the ACPR (Autorité de Contrôle Prudentiel et de Résolution) in 2023, AETHER has established itself as an innovative force in international payments.

The company's mission is clear: to deliver faster, more transparent, and more automated payment solutions, combining the regulatory rigor of a licensed institution with the technological agility of a modern Fintech.

## A LICENSED PSP: TRUST, SECURITY, AND COMPLIANCE

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Securing authorization from the ACPR, the French financial regulator linked to the Banque de France, represents a significant milestone for any Fintech. It confirms that AETHER operates under strict regulatory standards, ensuring the security of client funds, robust anti-fraud and AML controls, and sound financial governance.

This license enables the company to offer a complete range of payment services —including the initiation and execution of international transfers, incoming collections, and real-time transaction reporting — all within a compliant and secure framework.

## OPTIMIZING CROSS-BORDER PAYMENTS WITH MT103 MESSAGES

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Understanding the growing need for speed, accuracy, and reliability in international payments, AETHER has built its infrastructure around the SWIFT MT103 format — the global benchmark for customer credit transfers.

Each MT103 message is carefully structured and enriched to ensure the highest data quality:

- Full identification of both the sender and the beneficiary,
- Standardized payment references,
- Embedded compliance details (complete addresses, BIC codes, and mandatory fields),
- Contextual data for precise end-to-end tracking.

This level of structure and detail minimizes payment errors, rejections, and delays —resulting in a seamless payment experience for both businesses and financial partners.

## EXCEPTIONAL PERFORMANCE: 99.4% STP RATE

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One of the strongest indicators of payment efficiency is the STP rate (Straight Through Processing) – the percentage of transactions processed automatically without manual intervention.

Thanks to its optimized MT103 architecture and deep integration with its banking partner, AETHER has achieved an outstanding STP rate of 99.4%.

This means that nearly every transaction is processed flawlessly, delivering:

- Faster settlement times,
- Lower operational costs,
- Minimal processing errors, and
- A smoother, more reliable customer experience.

This performance level positions the company among the top performing payment institutions in its category.

## INNOVATION SERVING SIMPLICITY

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Behind this success lies a strong focus on data quality, automation, and user experience. AETHER has designed its payment engine to meet two critical needs: simplicity for clients and robustness for banking partners.

Built with an API-first approach, the system automates field validation, compliance checks, and BIC/IBAN matching to ensure payments are error-free, traceable, and fully auditable.

## A STRATEGIC PARTNERSHIP WITH A MAJOR INTERNATIONAL BANK

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Partnering with a global financial leader provides AETHER with a solid, high-performing banking infrastructure, ensuring that its customers benefit from secure, compliant, and globally connected payment capabilities.

This collaboration combines the strength and global reach of a major bank with the agility and innovation of Fintech, creating a payment ecosystem that is both stable and cutting-edge.

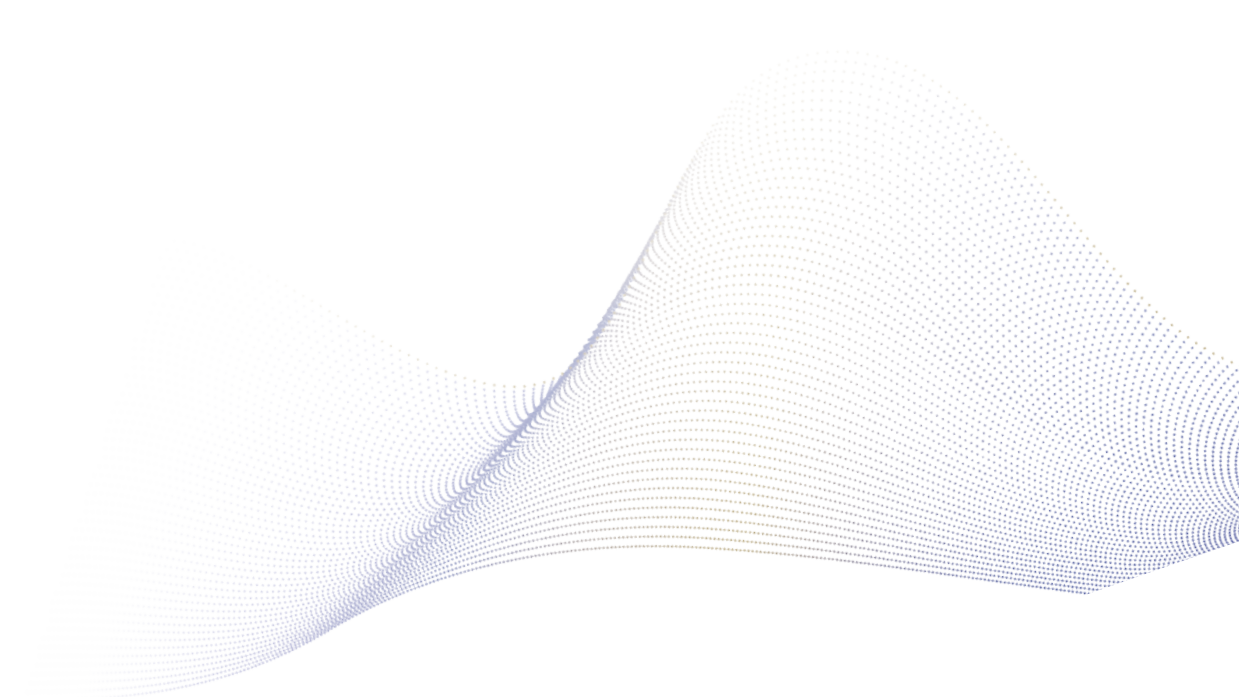
## SHAPING THE FUTURE OF GLOBAL PAYMENTS

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In less than two years, AETHER has proven that a new generation of Fintechs can combine regulatory excellence, technical precision, and operational performance to transform the way cross-border payments are made.

With its 99.4% STP rate, ISO 20022 norm-aligned architecture, and partnership with major international bank, the company stands as a trusted partner for corporates seeking efficiency, transparency, and reliability in their global payment operations.

In a world where speed and data integrity define competitiveness, AETHER embodies the future of european payment institutions — agile, secure, and globally connected.



# AETHER

Aether is France's leading independent player in financial transaction execution, embodying a dynamic and visionary approach to a financial world still bound by rigid codes.

Committed to excellence, its 50 experts based in Paris, London, Madrid, and Milan uphold rigor and responsiveness through a comprehensive range of financial, legal, and administrative services.

As the only independent French financial agent authorized as a payment institution by the ACPR, Aether orchestrates third-party flows as escrow agent or paying agent, ensuring seamless and flawless service across the entire value chain.

## M&A TRANSACTIONS

Orchestrating the complex mechanics of a deal, from signing to a successful close.

## EQUITY CAPITAL RAISING

Ensuring the integrity of your capital structure as you secure your next round of funding.

## DEBT FINANCING & ISSUANCE

Managing the entire lifecycle of your debt financing with independent, expert stewardship.

## RESTRUCTURING TRANSACTIONS

Implementing complex restructuring plans with the precision required to restore stability.

## MANAGEMENT INCENTIVE SCHEMES

Transforming your incentive plan from a concept into powerful strategic assets, flawlessly administered to maximise their value.

## REGULATORY VALUATION REPORTING

Providing the independent, defensible valuation and monitoring required to meet your reporting obligations.

## AETHER' COMMITMENT TO SOLIDARITY

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

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