



Valuation Webinar

June 2024



Poll Question

Do you think that the number of deals completed in the most recent quarter has:

- A) Increased against the last quarter
- B) Decreased against the last quarter
- C) Stayed the same as the last quarter

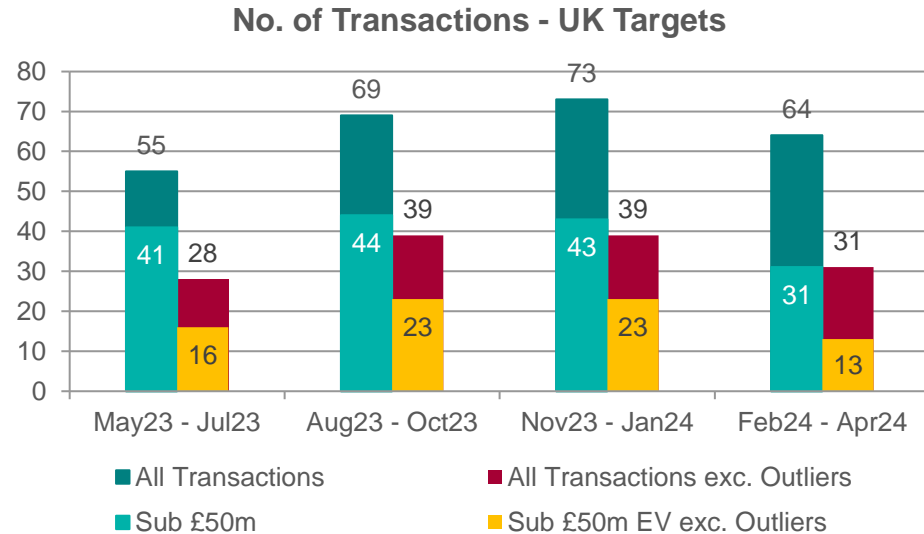
Between May 2023 and April 2024, there were 261 reported UK acquisitions with reported EBITDA multiples made by trade and PE.

Of these, 137 were profitable, reported an EBITDA multiple and were not considered outliers (Multiple >25x).

Nov23 – Jan24 had the most transactions at 73.

May23 – Jul23 had the fewest transactions at 55.

An overall slowdown in M&A extends to transactions with UK-based targets



Outliers are companies that did not report an EBITDA multiple, were loss-making or had an EBITDA multiple in excess of 25x.

Poll Question

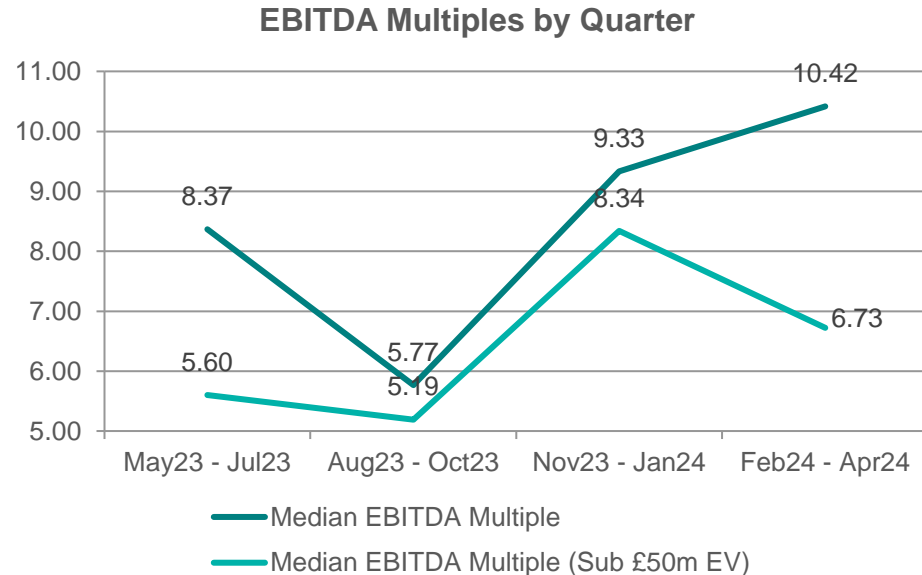
Do you think overall EBITDA multiples are:

- A) Increasing – showing an upward trend
- B) Decreasing – showing a downward trend
- C) Remaining consistent – showing a flat trend

Overall, EBITDA multiples have increased through the year; the sub-£50m transactions have seen a decrease in the most recent quarter.

The level of sub-£5m transaction in Aug23 – Oct23 suppressed overall deal multiples in that quarter but multiples have since risen.

EBITDA Multiples are increasing once again



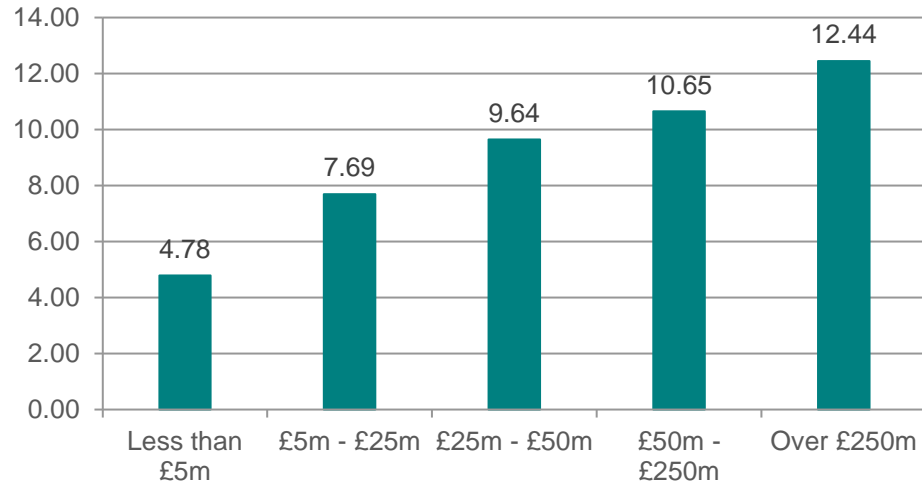
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The normal expectation is that a larger company would warrant a higher EBITDA multiple than its smaller counterparts due to factors such as greater market share and pricing power.

This valuation gap is evidenced by the multiples achieved by the various EV bands in the chart opposite.

Growing EBITDA has an outsized impact on valuations... Roughly 5x EBITDA is still the norm for lots of smaller businesses

Median EBITDA Multiple by EV



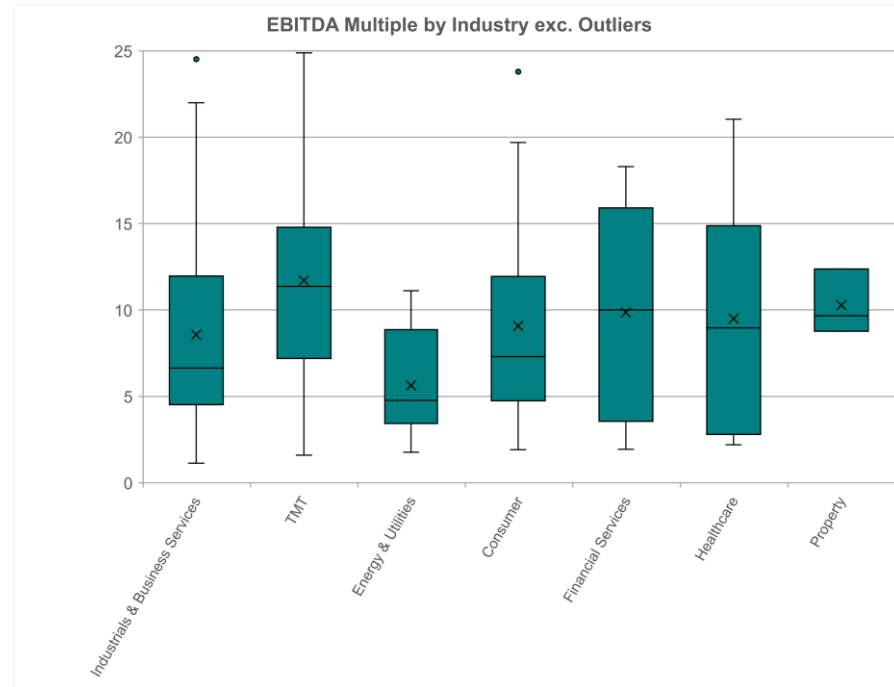
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After removing those transactions described as outliers, a wide spread exists within individual industries.

TMT businesses continue to be the most highly valued companies.

Nevertheless, the industry has a high-level of volatility.

High levels of volatility persist in most industries



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Overseas transactions are typically reserved for the most valuable companies – in part due to the complexity of completing the deal and managing operations in a foreign jurisdiction.

Of 75 transactions valued at under £50m EV, only 25% were acquired by an overseas entity.

US still dominates overseas acquisitions of UK firms

Acquirer Base	No. of Transactions	Median EV	No. of Transactions (Sub £50m EV)
UK	178	£8,940,000	61
US	42	£397,000,000	4
Sweden	5	£89,000,000	1
France	5	£1,120,000,000	0
UAE	4	£591,200,000	0
Netherlands	3	£7,810,000	1
Canada	3	£465,400,000	0
Other	21	£29,000,000	8
Total	261	£21,000,000	75

Limitations

We note that the data analysis may be naturally limited in some respects.

Financial information may be incomplete for some entries – Our sources of information are limited to the disclosures made by either party in a particular transaction, or through investigative journalism conducted by our data providers or other reputable news source in discussion with either company participating in the transaction.

Financial information is subject to restatement – A subject company may restate various financial data at a date later than the analysis was conducted.

Various deals may not be captured by the above search criteria – Reasonable efforts have been made to ensure that the entries included within the dataset are appropriate, but we cannot ensure that all relevant details are captured, as this is influenced by the classification techniques of our data providers and by the disclosures made by transacting companies.

Previous deal data may not be indicative of future market trends – Valuations (and multiples) may fluctuate with the economic cycle.

Adjustments made to Enterprise Value are subjective – The adjustments made to the Enterprise Value to arrive at Equity Value will depend on the particular companies and transactions in a number of respects.



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