

Valuation Webinar

October 2024



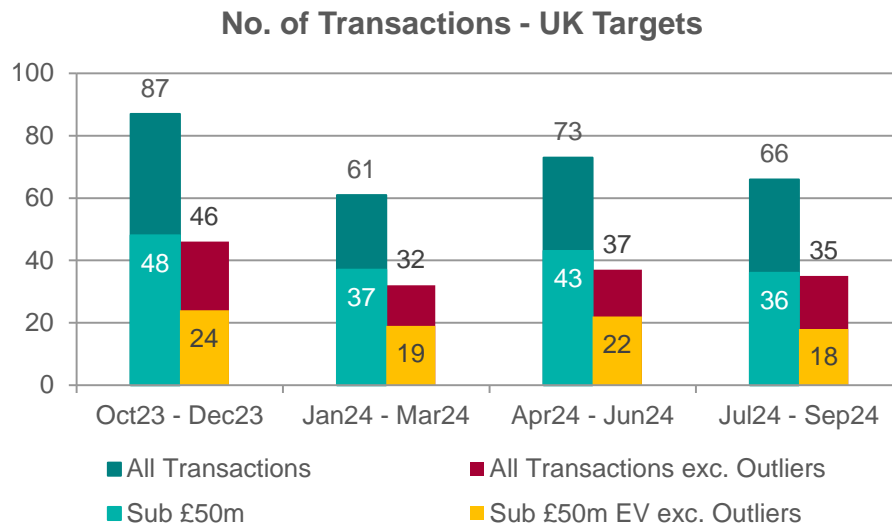
Between October 2023 and September 2024, there were 287 reported UK acquisitions with reported EBITDA multiples made by trade and PE.

Of these, 150 were profitable, reported an EBITDA multiple and were not considered outliers (Multiple >25x).

Q4 2023 had the most transactions at 87.

Q1 2024 had the fewest transactions at 61.

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

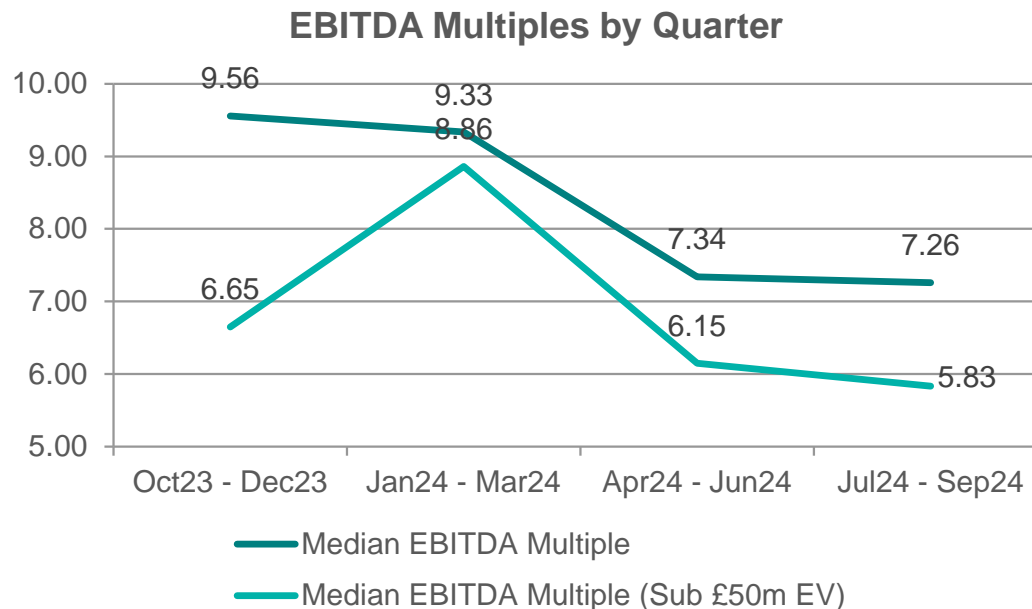


Outliers are companies that did not report an EBITDA multiple, were loss-making or had an EBITDA multiple in excess of 25x.

Overall, EBITDA multiples appear to have decreased in the last twelve months; sub-£50m transactions saw a spike in Q1 2024 but otherwise followed the same downward trend.

This spike seems to be driven by a number of acquisitions of smaller companies by Private Equity buyers, which may justify a premium multiple to account for expected growth.

EBITDA Multiples have steadily declined through the year



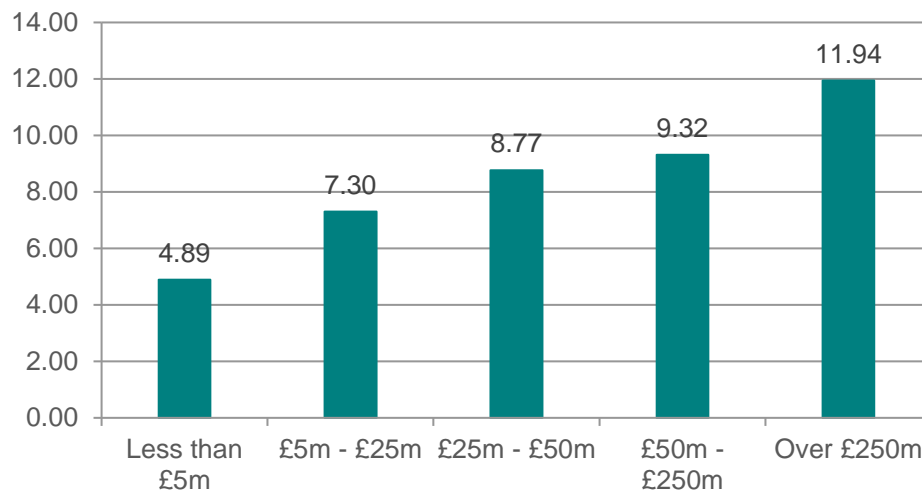
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The normal expectation is that a larger company would warrant a higher EBITDA multiple than its smaller counterparts due to factors such as greater market share and pricing power.

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

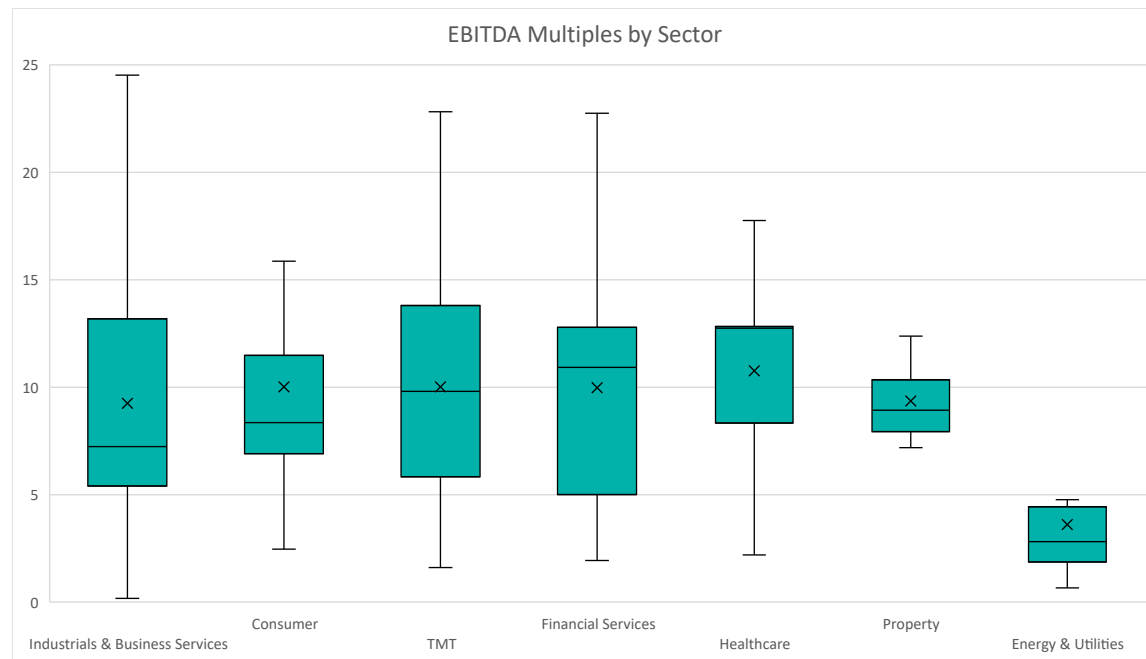


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High volatility is shown across most sectors, shown by both the long whiskers and boxes within the plots shown, particularly in Industrials & Business Services, capturing a large portion of the overall sample.

Small samples sizes in Property (6), Healthcare (5) and Energy & Utilities (4) skew the plots shown.

High levels of volatility persist in most sectors



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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 83 transactions valued at under £50m EV, only 31% were acquired by an overseas entity.

US still dominates overseas acquisitions of UK firms

Acquirer Country	No. of Transactions	Median EV	No. of Transactions (Sub £50m EV)
UK	172	£14,500,000	57
US	51	£290,000,000	6
Canada	6	£3,990,000	3
Sweden	6	£94,500,000	1
Other	52	£36,000,000	16
Total	287	£28,000,000	83

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.



Thanks for joining



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