

# Valuation Webinar

February 2025



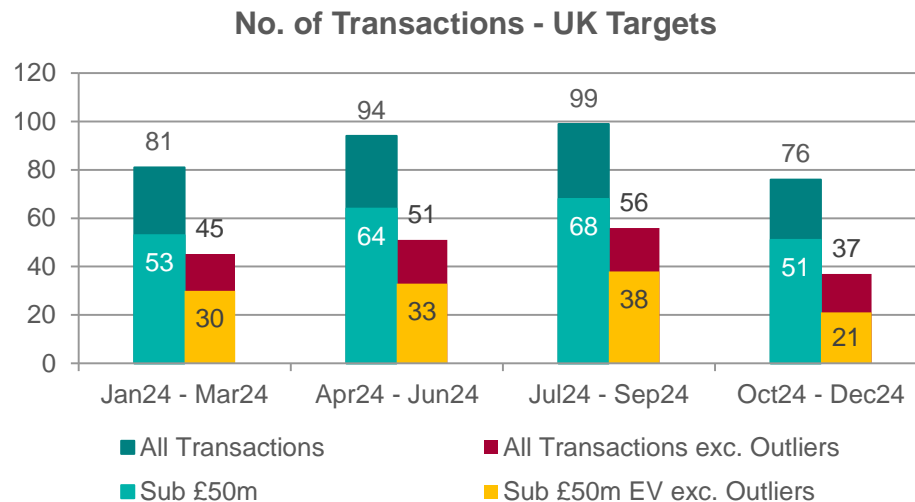
Between January 2024 and December 2024, there were 350 reported UK acquisitions with reported EBITDA multiples made by trade and PE.

Of these, 189 were profitable, reported an EBITDA multiple and were not considered outliers (Multiple >25x).

Q3 2024 had the most transactions at 99.

Q4 2024 had the fewest transactions at 76.

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

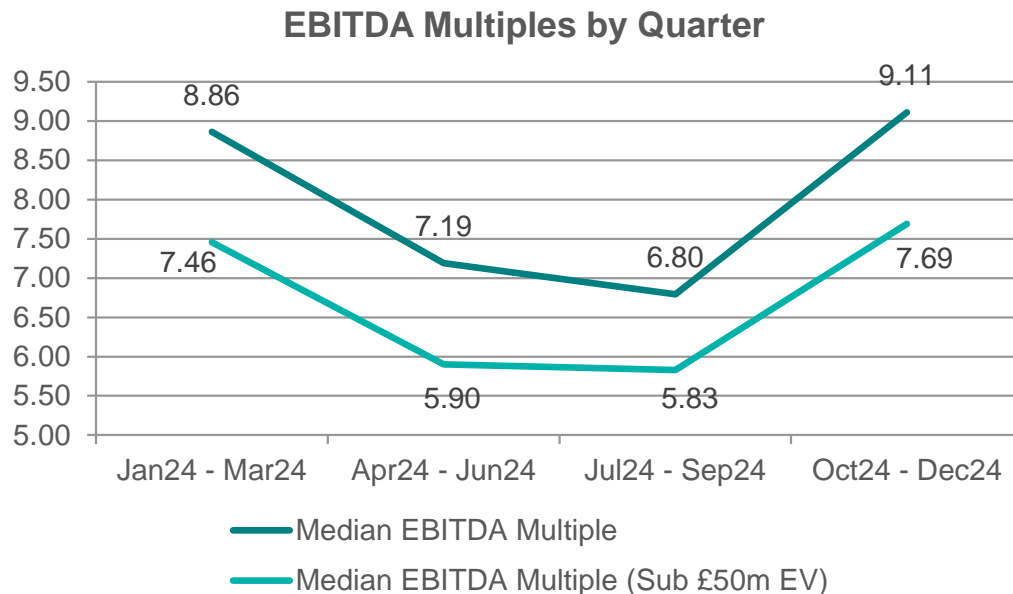


*Outliers are companies that did not report an EBITDA multiple, were loss-making or had an EBITDA multiple in excess of 25x.*

Overall, the trend in EBITDA multiples for all transactions and sub-£50m has been consistent, with multiples for both increasing in Q4.

Overall, EBITDA multiples have marginally increased in both categories through the last twelve months.

EBITDA Multiples declined steadily for the first three quarters of the year with an increase in Q4



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## Poll Question

What was driving the increase in transaction multiples?

1

Buyers were more bullish and paying higher multiples across the board

2

Smaller businesses were more attractive and buyers were paying more

3

Larger businesses were more attractive and buyers were paying more

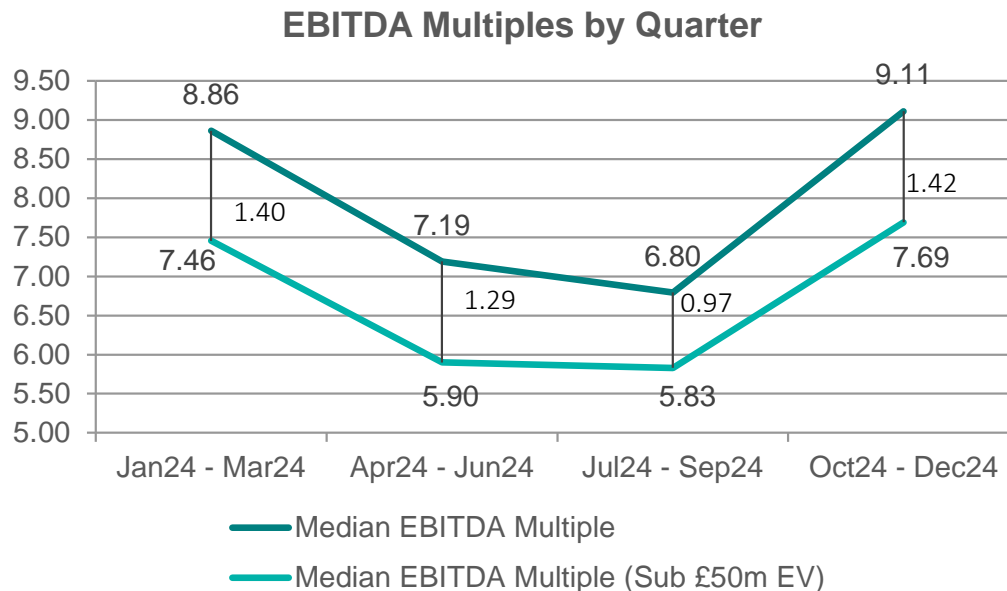
4

There were more top end outlier businesses sold for a large premium

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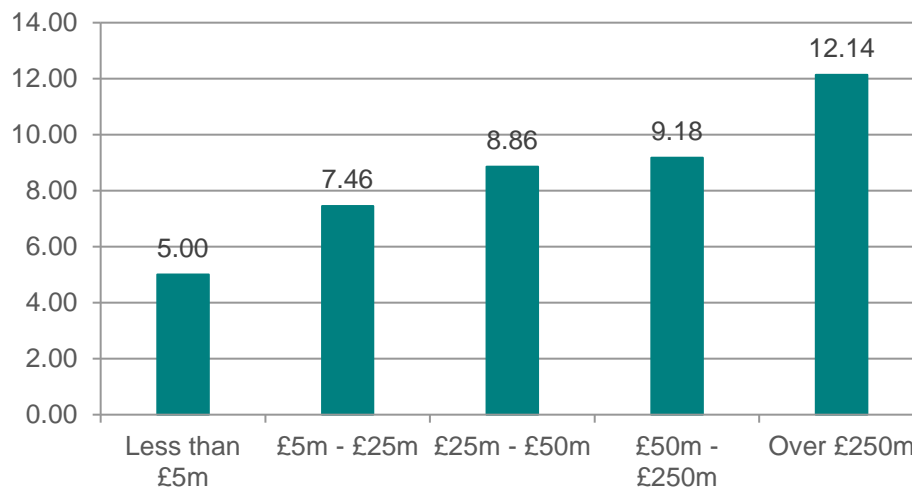
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The normal expectation is that a larger company would warrant a higher EBITDA multiple than its smaller counterparts due to factors such as greater market share and pricing power.

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**



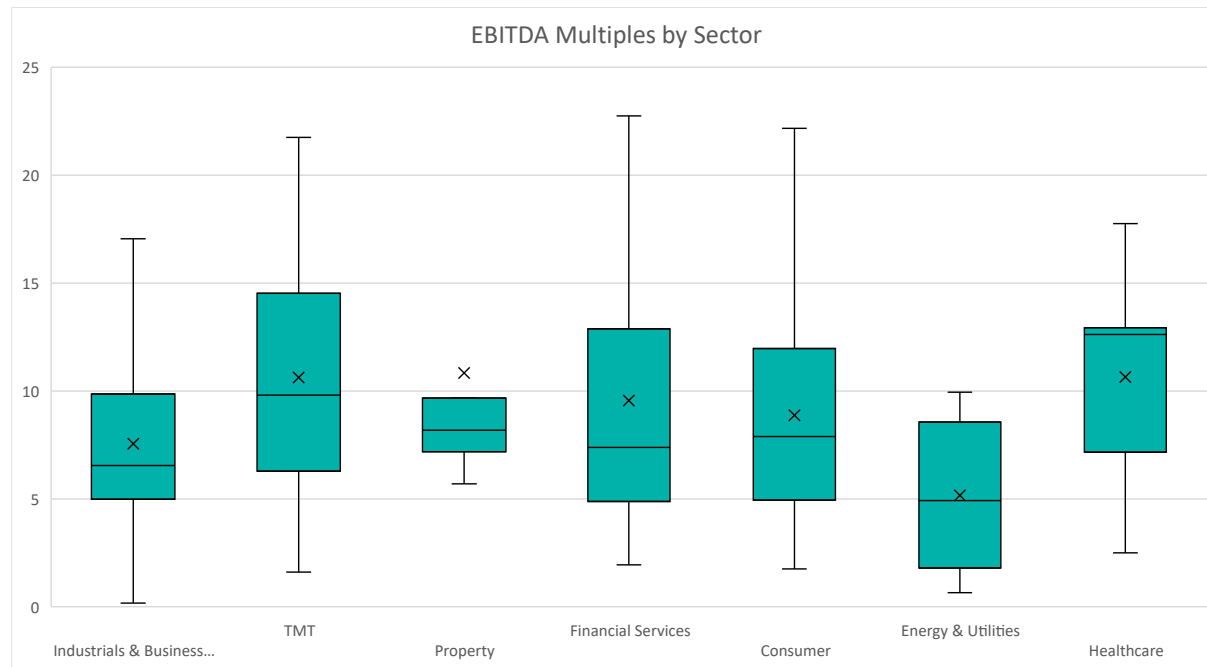
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High volatility is shown across most sectors, shown by both the long whiskers and boxes within the plots shown.

The most highly valued companies were in the TMT, Financial and consumer sectors.

Small sample sizes in, Healthcare (6), Energy & Utilities (6) and Property (5) 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 120 transactions valued at under £50m EV, 16% 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)	Last Webinar's Median EV
UK	238	£7,450,000	101	£14,500,000
US	44	£238,500,000	5	£290,000,000
Canada	9	£24,000,000	4	£3,990,000
Sweden	5	£120,000,000	1	£94,500,000
Denmark	4	£424,000,000	1	£26,500,000
UAE	4	£39,000,000	0	£136,500,000
India	4	£26,500,000	1	£26,500,000
Switzerland	4	£347,000,000	0	£500,000,000
France	4	£425,500,000	2	£425,500,000
Other	34	£69,000,000	5	£30,000,000
<b>Total</b>	<b>350</b>	<b>£14,000,000</b>	<b>120</b>	<b>£28,000,000</b>



## 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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