

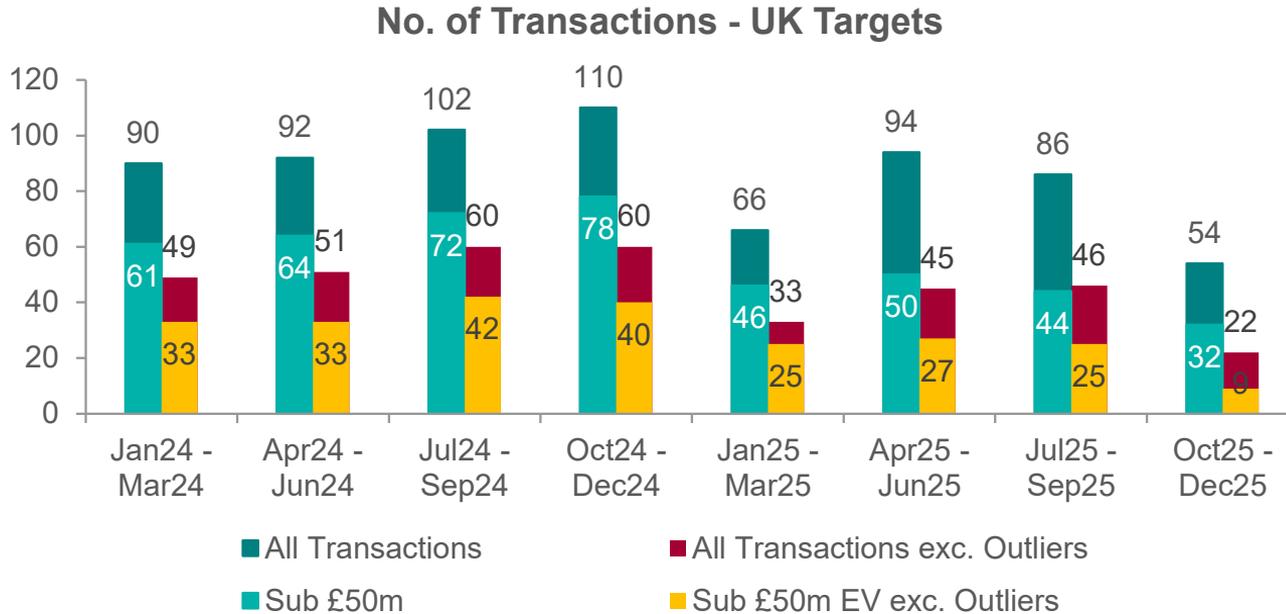
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# Valuation Webinar

December 2025

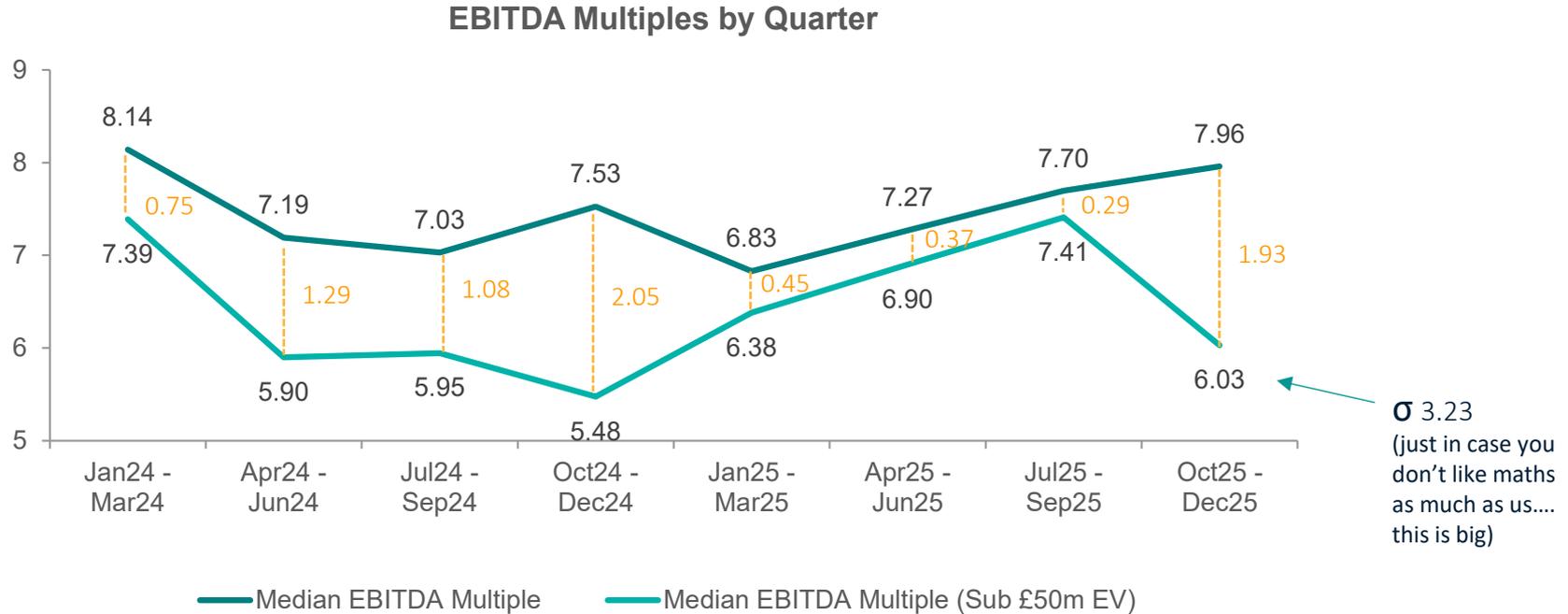


## Fluctuation in M&A transactions with UK-based targets



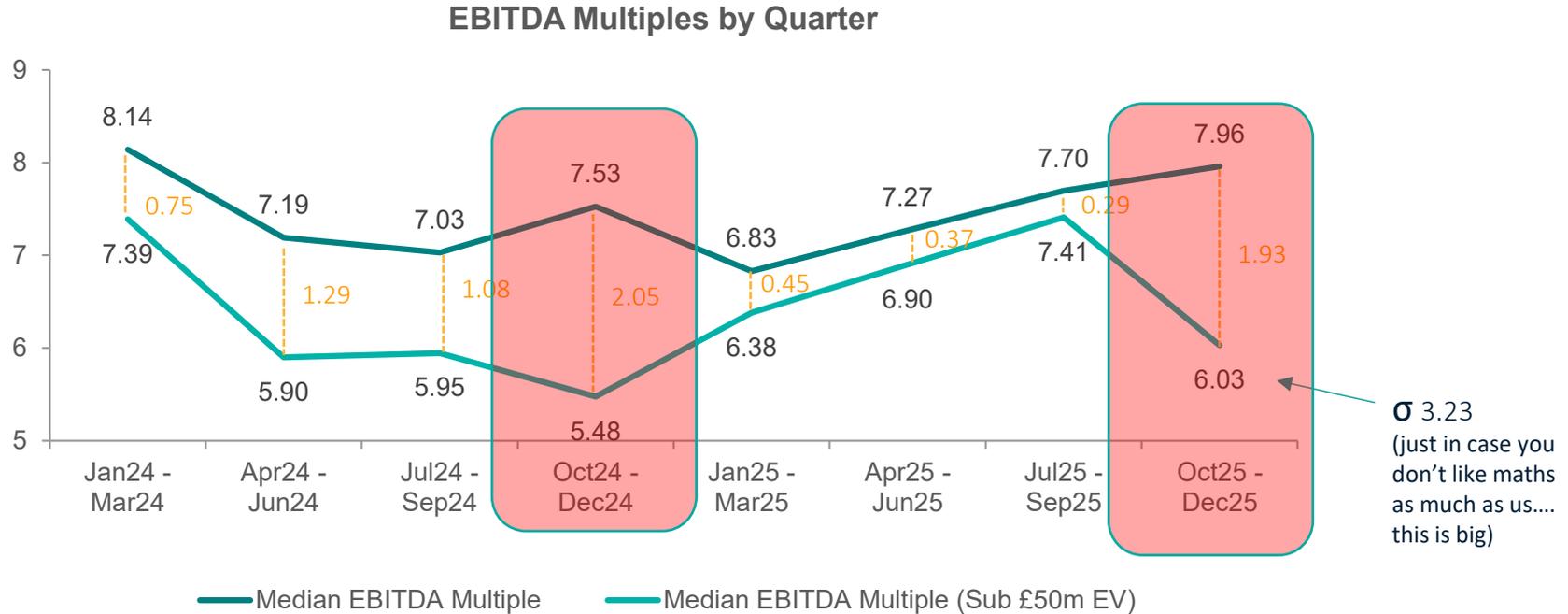
*Outliers are companies that did not report an EBITDA multiple, were loss-making or had an EBITDA multiple in excess of 25x.*

## Variation in EBITDA Multiples between all deals and the sub £50m EV deals closed in the last year



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## Budget impact?

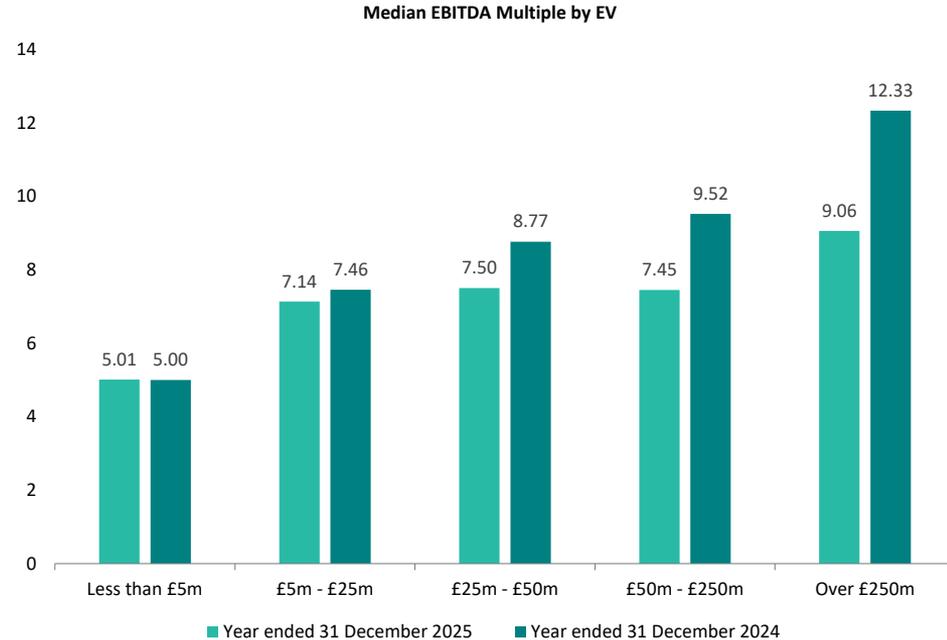


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The rewards for size continue...

5x EBITDA remains the average for most small business

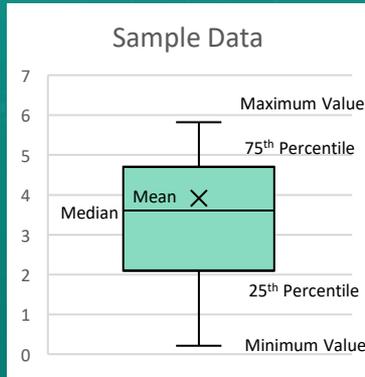
## How much higher is the multiple as you grow?



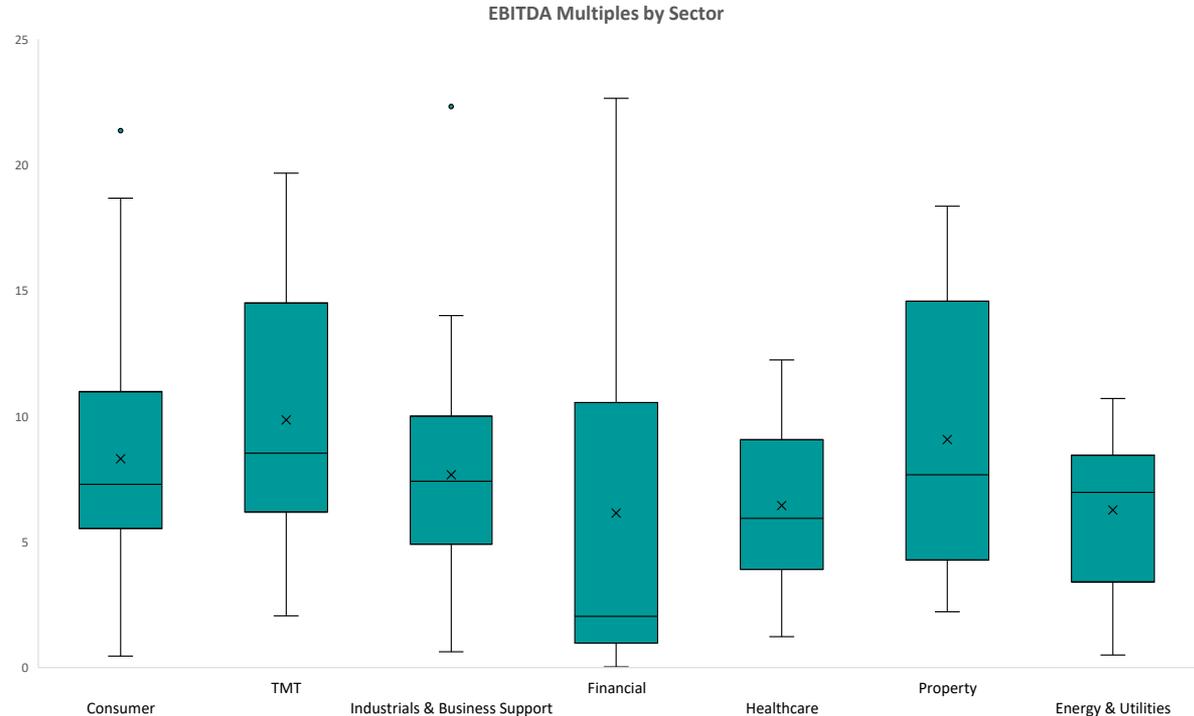
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After removing outliers, most sectors show a wide spread within individual industries.

Companies in the TMT industry achieved the highest median EBITDA multiple at 8.53x.



## 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 86 transactions valued at under £50m EV, just 14% were acquired by an overseas entity compared with over 32% of all UK-based targets.

## US continues to dominate overseas acquisitions of UK firms

Acquirer Country	No. of Transactions	Median EV	No. of Transactions (Sub £50m EV)	Last Webinar's Median EV
United Kingdom	203	£8,050,000	74	£7,500,000
United States	45	£407,000,000	1	£335,155,000
India	7	£97,959,184	1	£21,000,000
Sweden	6	£32,500,000	4	£22,036,000
Australia	4	£113,500,000	0	N/A
Canada	4	£247,000,000	0	£80,100,000
Other	31	£100,000,000	6	£55,550,000
<b>Total</b>	<b>300</b>	<b>£23,000,000</b>	<b>86</b>	<b>£12,000,000</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.



## A new Price Bailey Research study

Revenue growth rate

Change in profits

Change in debt & the balance sheet

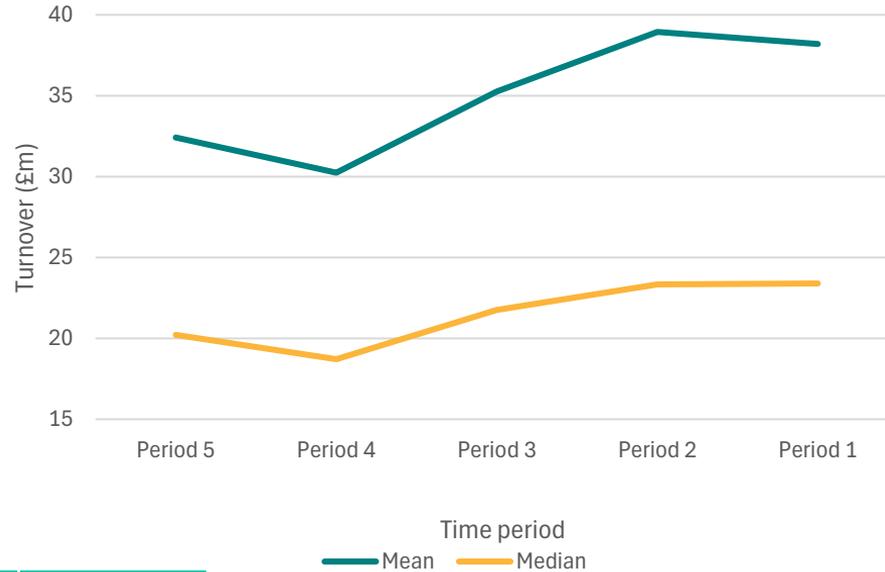
Change in employment

### Demographics

- ~8,000 companies
- UK based
- Independent, Ltd or LLP
- £10m to £250m revenue
- 5 years of filed accounts

# Revenue Growth

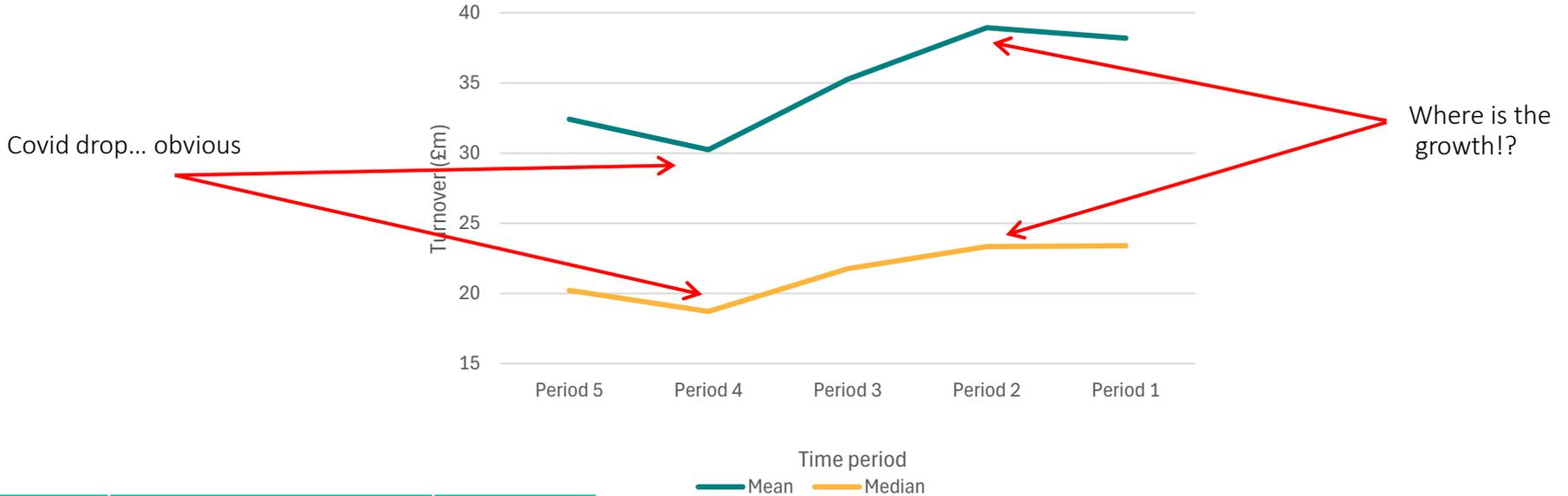
Revenue growth with the underlying data for  
midsize companies



	Date range	Midpoint
<b>Period 1</b>	Jan 2023 to April 2025	2024
<b>Period 2</b>	Jan 2022 to April 2024	2023
<b>Period 3</b>	Jan 2021 to April 2023	2022
<b>Period 4</b>	Jan 2020 to April 2022	2021
<b>Period 5</b>	Jan 2019 to April 2021	2020

# Revenue Growth

Revenue growth with the underlying data for midsize companies



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## A sector based perspective on revenue growth

The gap between Mean and Median is the normally the upside of different business models within each sector.... and this is normally comes down to pricing power

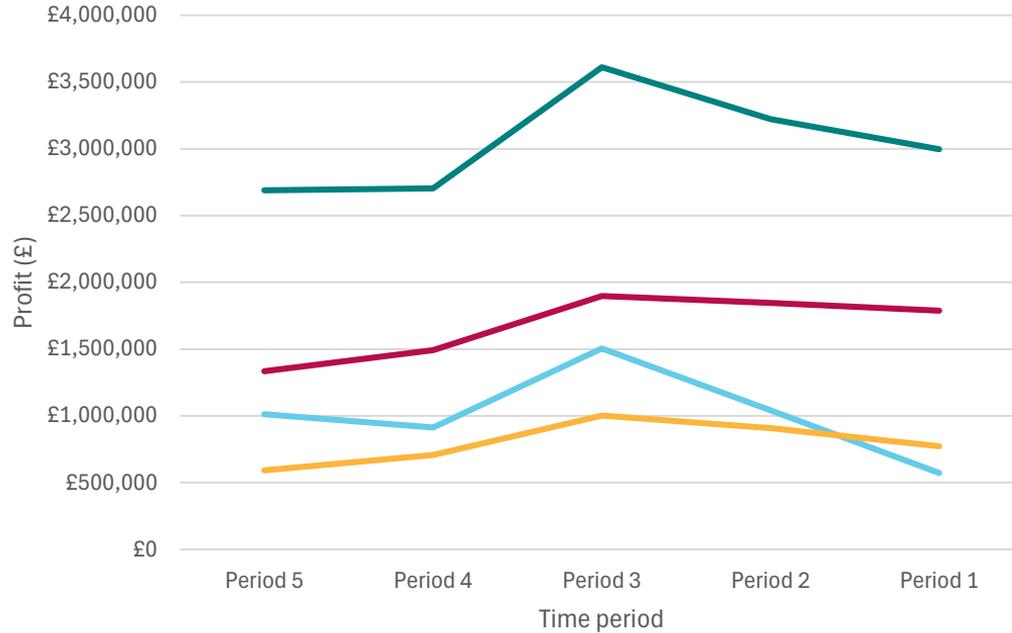
	Mean	Median
Financial services	19%	7%
Technology and IT	19%	8%
Personal services	15%	6%
Education	13%	8%
Health and social care	13%	8%
Hospitality	11%	8%
Outsourcing and recruitment	10%	6%
Professional services	10%	5%
Creative	9%	5%
Utilities	9%	8%
Wholesale and retail	8%	6%
Construction	7%	6%
Manufacturing	7%	5%
Real estate	7%	5%
Transportation and Storage	7%	4%
Agriculture	6%	6%
<b>Overall</b>	<b>12%</b>	<b>6%</b>



Critical foundations lack upside

# Profits

## EBITDA and Profit after Tax for midsize companies

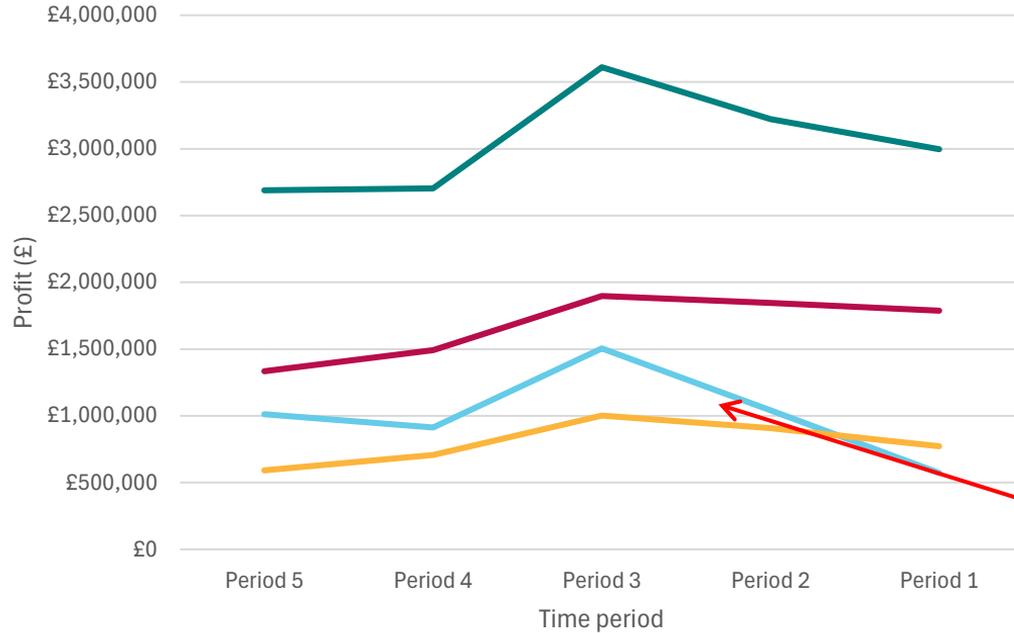


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— EBITDA - Mean      — EBITDA - Median  
— Profit after tax - Mean      — Profit after tax - Median

# Profits

EBITDA and Profit after Tax for midsize companies



EBITDA is flat

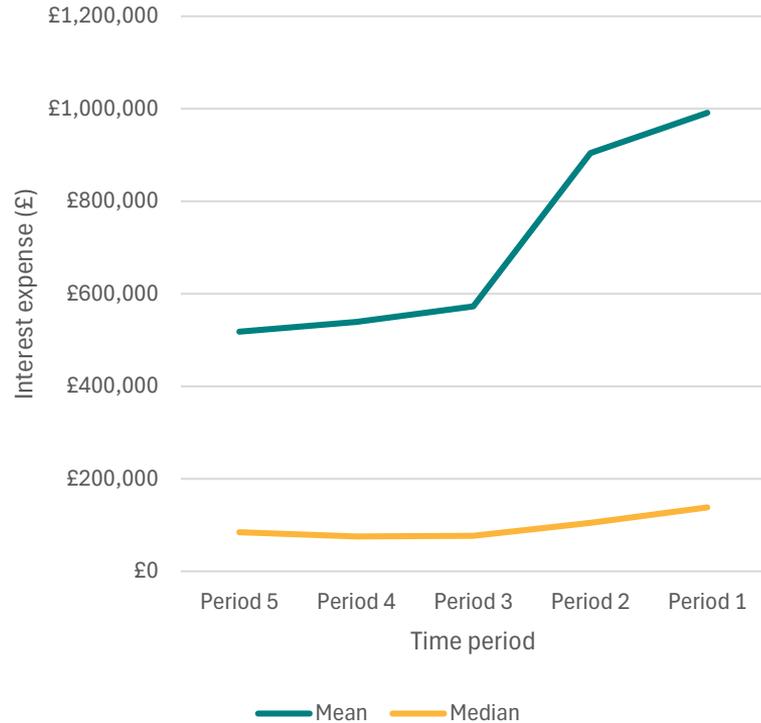
The "ITDA" really matters!!! True profits falling

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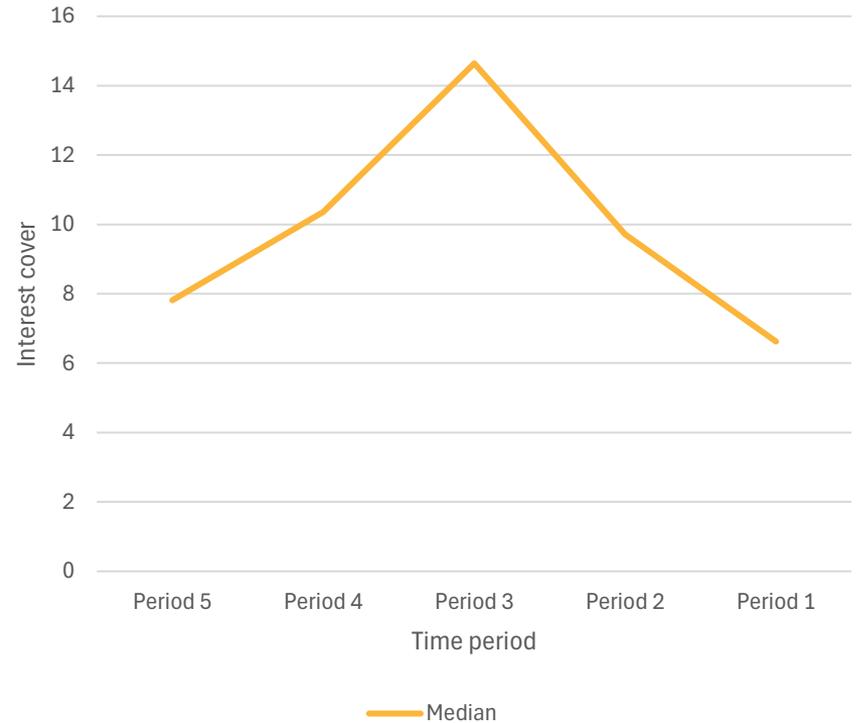
- EBITDA - Mean
- EBITDA - Median
- Profit after tax - Mean
- Profit after tax - Median

# Interest costs

## Interest expense over time for Midsize companies



## Interest cover over time for Midsize companies: EBIT / Interest expense



## So what does this mean?

1. Most sectors (though sadly not the core sectors to the infrastructure of our daily lives) have **significant opportunities** to outperform peers
2. **Business model** changes are working to create excess profits and growth in all other sectors.... Is your **Board** strong enough to deliver them?
3. **Balance sheet advantages** are very possible... is your **finance team** good enough to find them?
4. **Debt interest** is going to push decent EBITDA but low net profit businesses into difficult choices... **acquisition targets** to be found.
5. My guess is the rewards will go to those who will take the most **equity risk** (rather than debt risk).

# Thanks for joining

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