

How much are companies worth in the Healthcare sector?

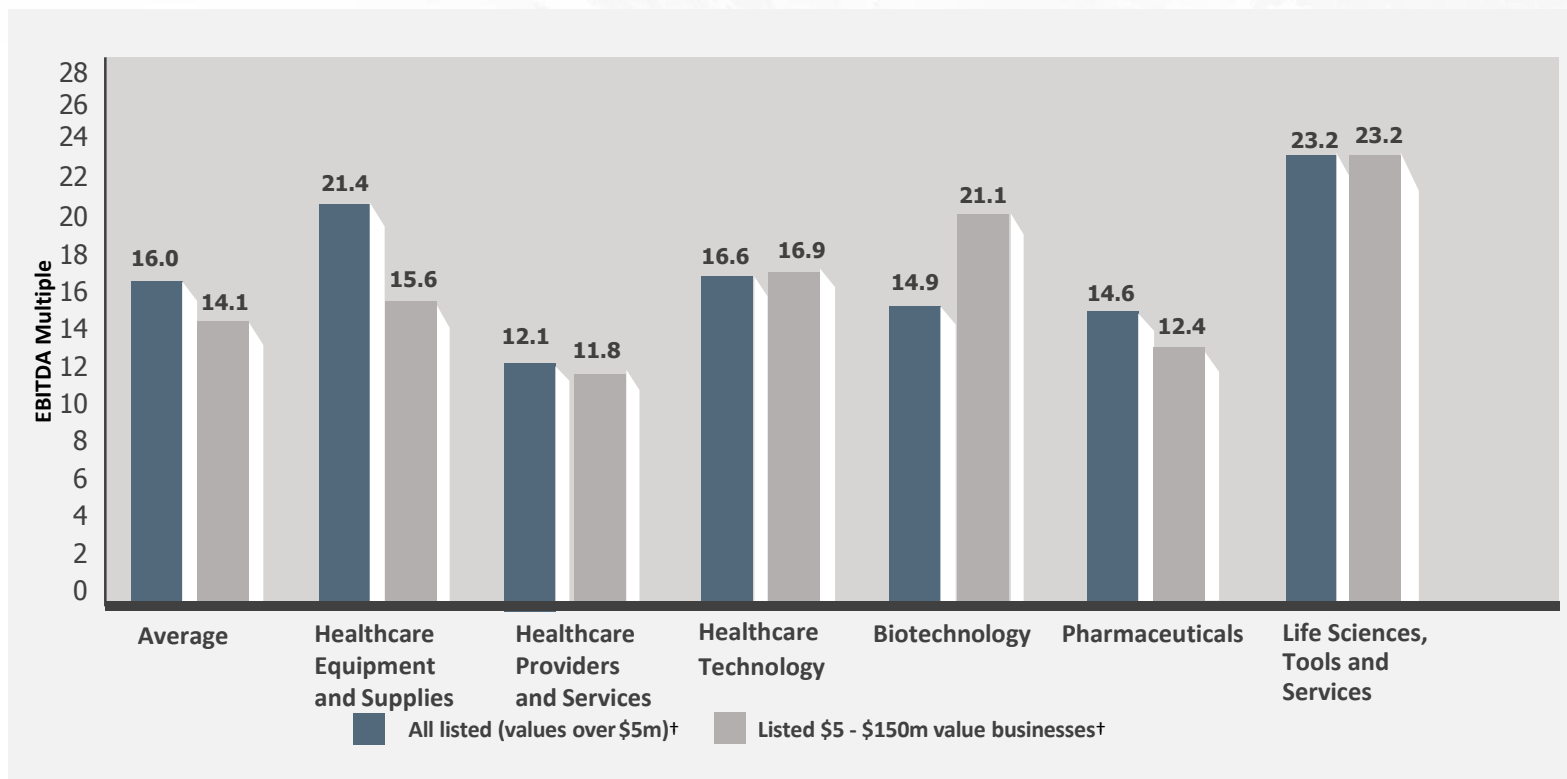
3 key factors can give private business owners an indication of their business valuation:

The Enterprise Value to EBITDA* multiples on which comparable listed companies are trading.

The multiple of EBITDA paid by acquirers of comparable businesses.

The volume of M&A transactions and acquisitions.

At the end of H1 2020, the global, all market average Enterprise Value to EBITDA multiple for listed Healthcare companies was **16.0x**.† This was a little lower than the previous six months when listed Healthcare companies were trading on a multiple of 16.2x. Within the Healthcare sector, trading multiples varied between 12.1x and 23.2x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



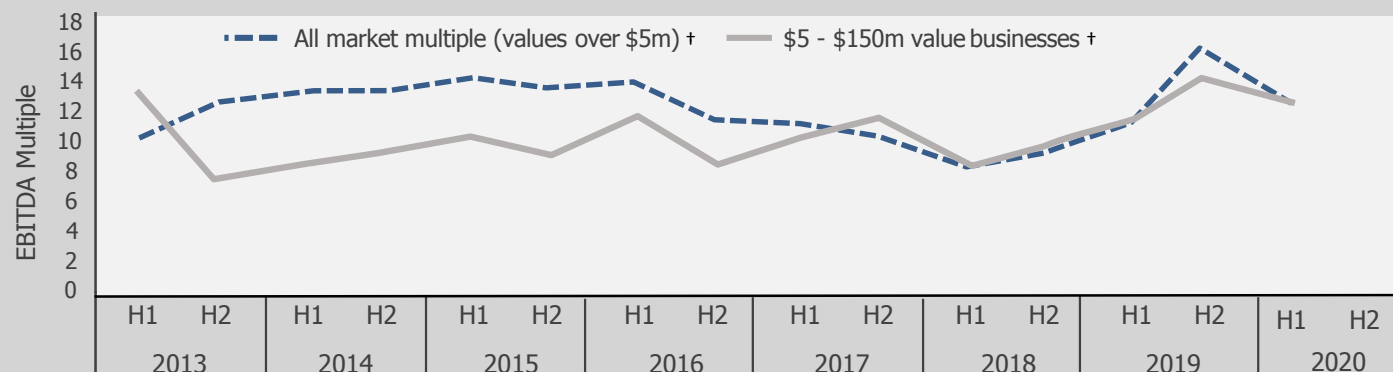
* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† Note, the Enterprise Value to EBITDA multiples above are for listed businesses. By comparison **privately owned businesses are generally valued at a discount**. Listed company data was accurate at 01/07/2020.

The average multiple of EBITDA* paid globally in Healthcare transactions has decreased in comparison to the previous 6 months. It currently stands at

12.9x

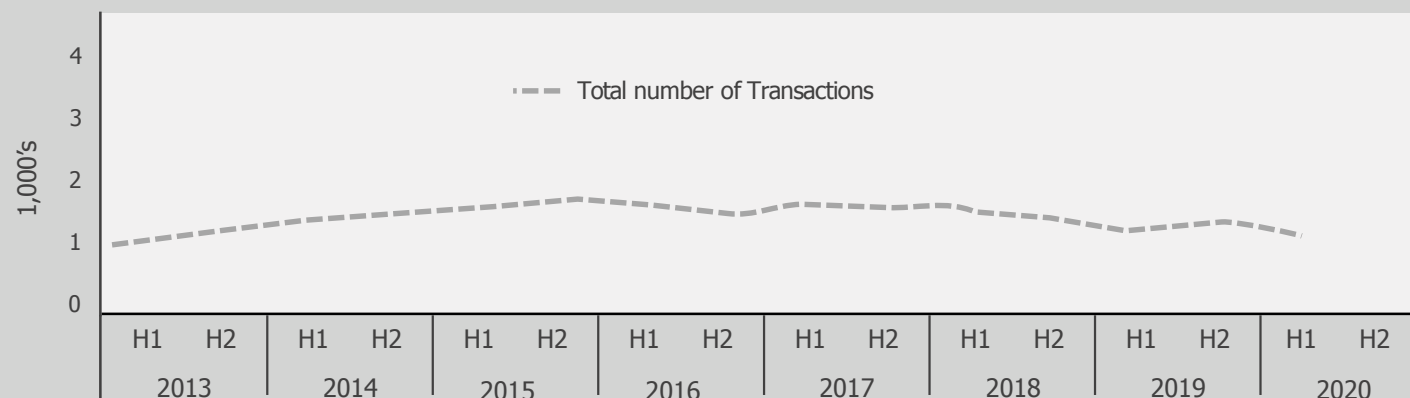
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation.



* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† Note, the transaction multiples above are calculated from raw historic data. This typically understates profits and therefore **valuations actually achieved are generally at lower multiples of "normalised" profits.**

In H1 2020, there were 1,061 transactions globally in the Healthcare sector. This is slightly down on the preceding 6 months, when there were 1,163 transactions. The number of transactions has remained fairly consistent over the last seven years, suggesting there remain plenty of interested buyers in the market.



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