

How much are companies worth in the Industrials sector?

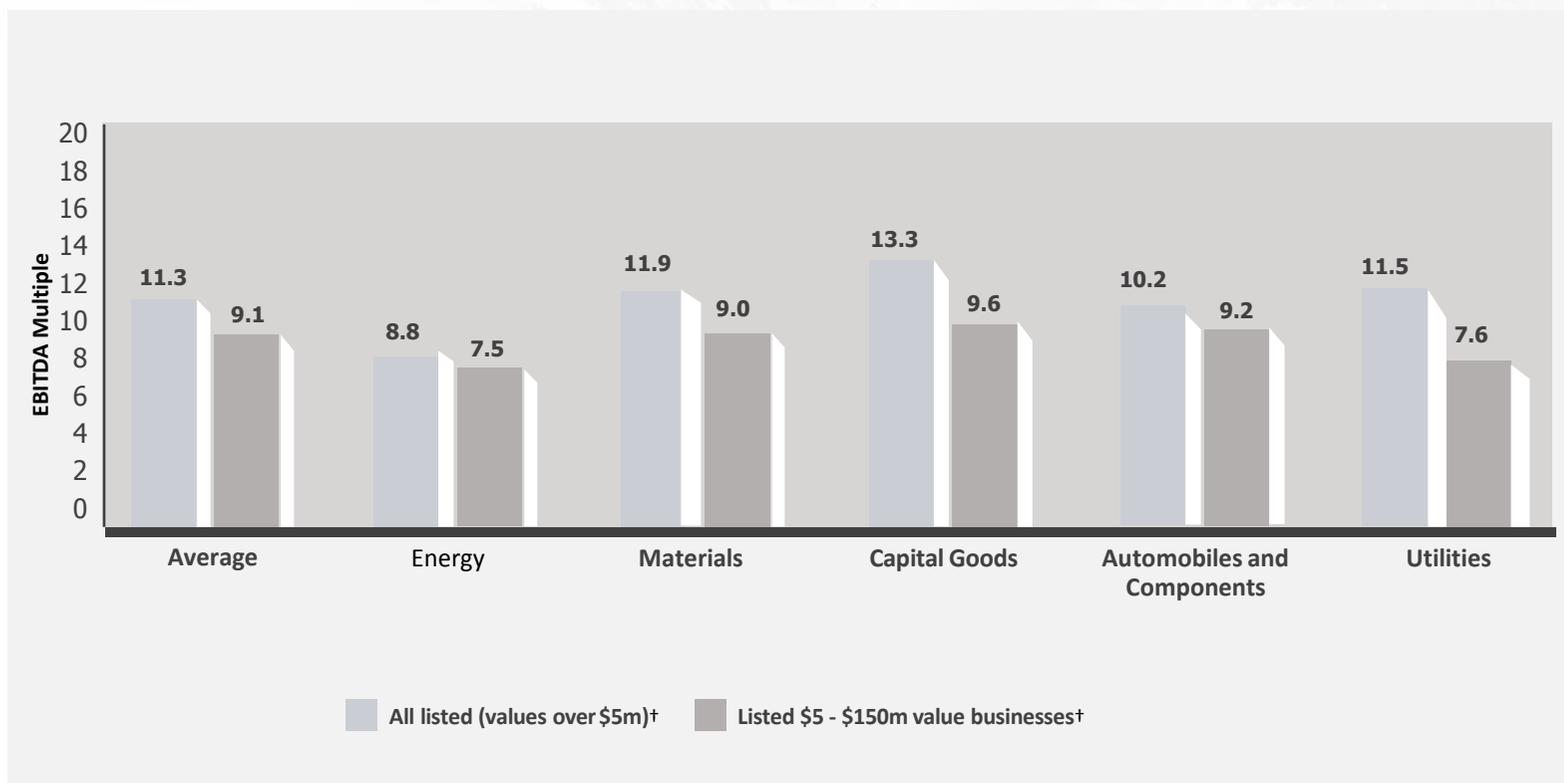
3 key factors can give private business owners an indication of their business valuation:

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 Industrials companies was **11.3x**.† This is slightly down on the previous six months, when listed Industrials companies were trading on a multiple of 11.7x. Within the Industrials sector, trading multiples varied between 8.8x and 13.3x 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 Industrials transactions has declined over the past few years. It currently stands at

8.4x

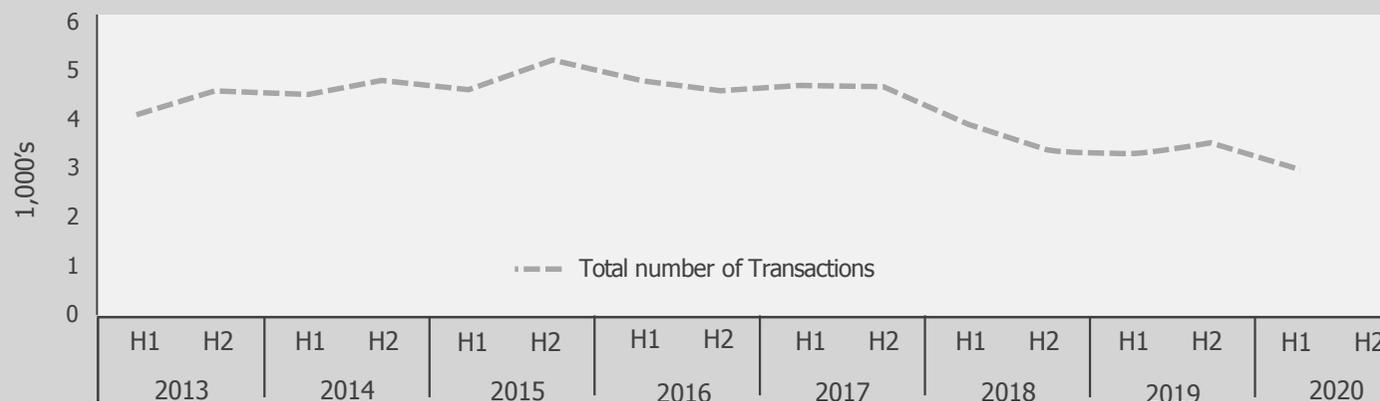
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. Smaller businesses have generally been sold on lower multiples.



* 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 3,050 transactions globally in the Industrials sector. This is down on the preceding 6 months, when there were 3,531 transactions. Although there has been a decline in the annual number of transactions since 2015, there is still a good level of demand for Industrials businesses.



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