

How much are companies worth in the TMT sector?

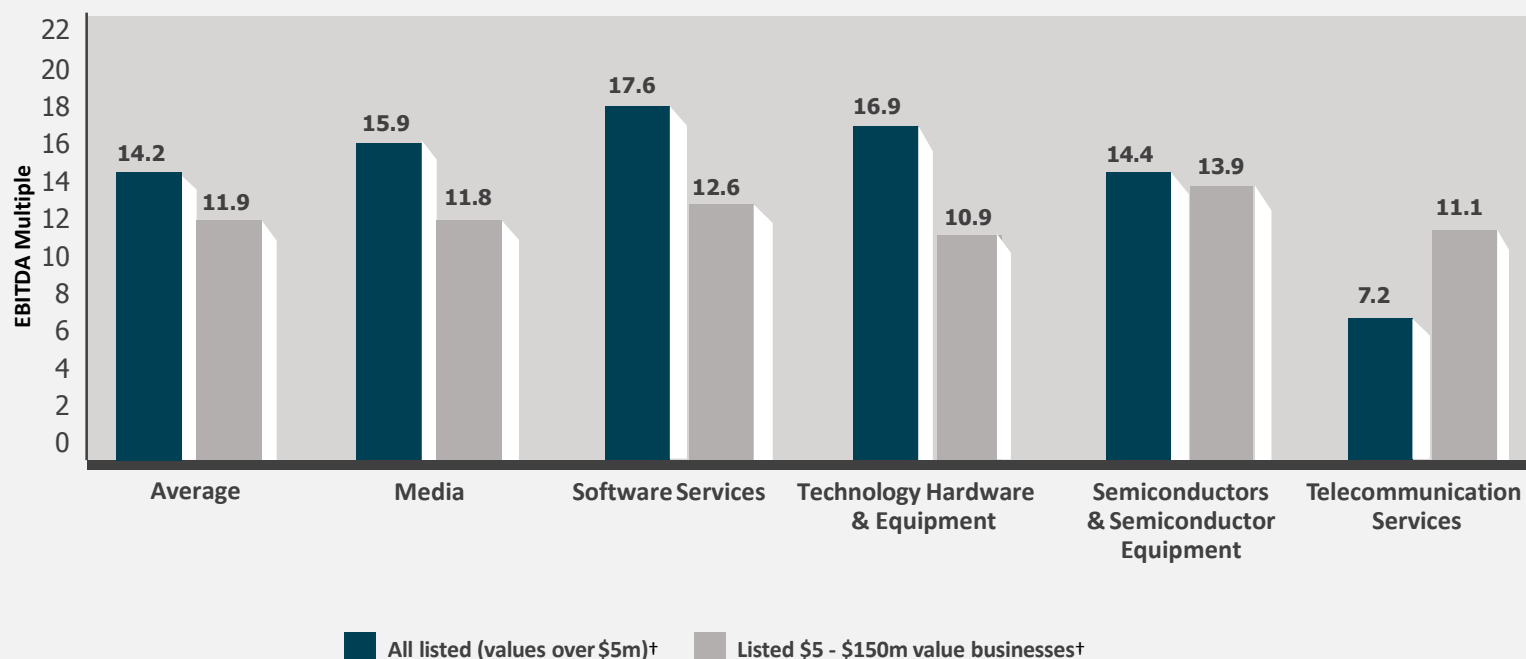
3 key factors can give private business owners an indication of their business valuation:

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 TMT companies was **14.2x**.[†] This is slightly lower than the previous six months, when listed TMT companies were trading on a multiple of 14.8x. Within the TMT sector, trading multiples varied between 7.2x and 17.6x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



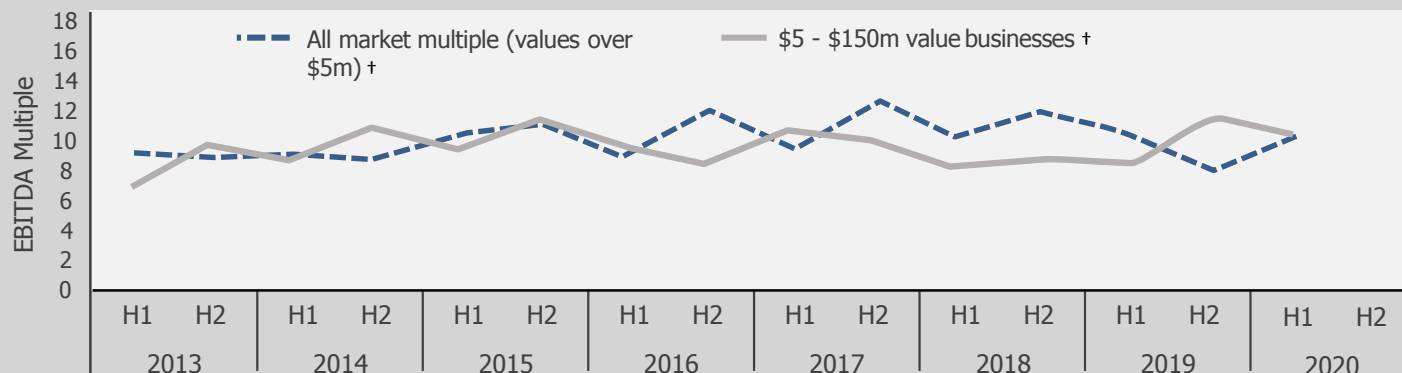
* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† 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 TMT transactions has increased over the past 6 months. It currently stands at

10.8x

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 3,567 transactions globally in the TMT sector. This is the same figures as the preceding 6 months, when there were 3,567 transactions. The stability in transaction numbers over the last 6 months suggests demand for TMT businesses remains strong.



Corbett Keeling's Global TMT Sector Specialists:



Francois Barou



Curt Hopkins



Mark Miller



Sat Sanghera



Lee Shorten



John Toppin

Contact **Jim Keeling**

CEO and Chairman of Corbett Keeling,
and President of Globalscope:

020 7626 6266

Jim.Keeling@corbettkeeling.com

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