

How much are companies worth in the Financial Services sector?

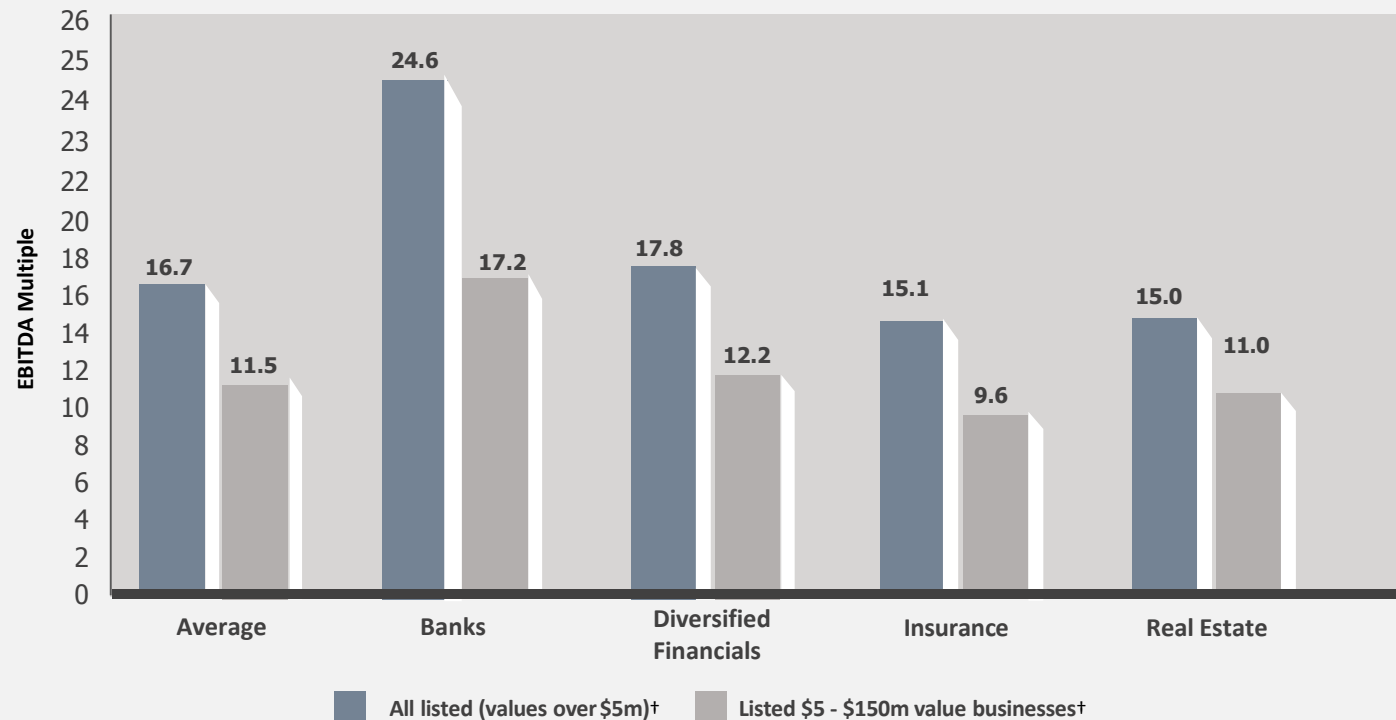
3 key factors can give private business owners an indication of their business valuation:

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 Financial Services companies was **16.7x**.† This was down on the previous six months, when listed Financial Services companies were trading on a multiple of 17.2x. Within the Financial Services sector, trading multiples varied between 15.0x and 24.6x 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.

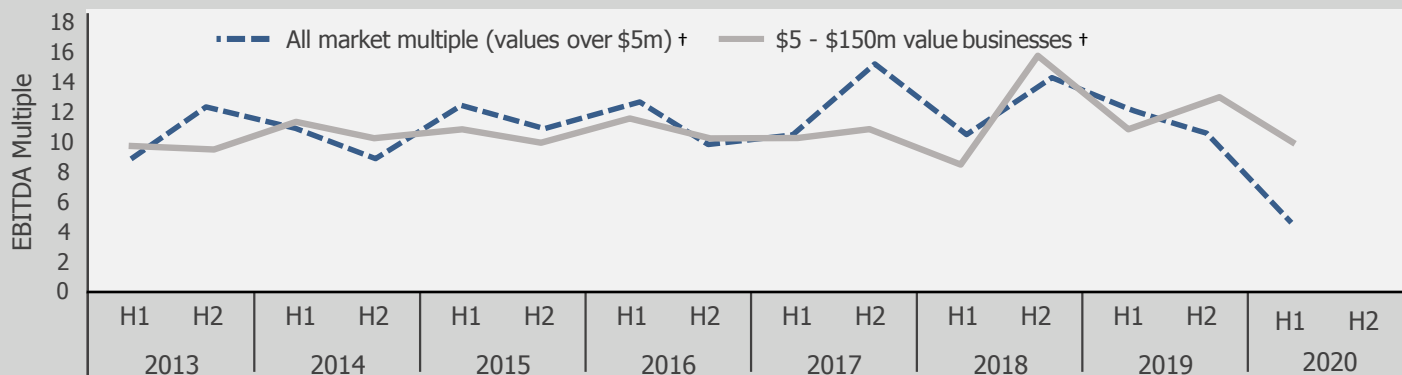
The average multiple† of EBITDA* paid globally in Financial Services transactions has declined compared to the previous 6 months. It currently stands at

4.1x

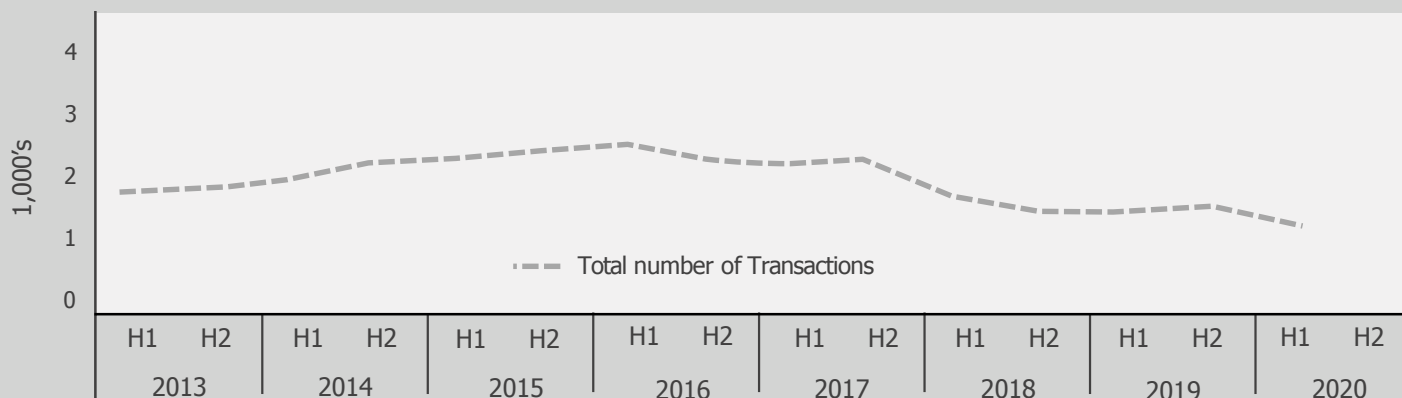
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† Note, the transaction multiples above are calculated from raw historic data. This typically understates profits and therefore **valuations actually achieved are generally at lower multiples of "normalised" profits.**

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



In H1 2020, there were 1,329 transactions globally in the Financial Services sector. This is a decline on the preceding 6 months, when there were 1,594 transactions. Although slightly declining over the last few years, the demand for Financial Services businesses remains fairly buoyant.



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