

How much are companies worth in the Consumer sector?

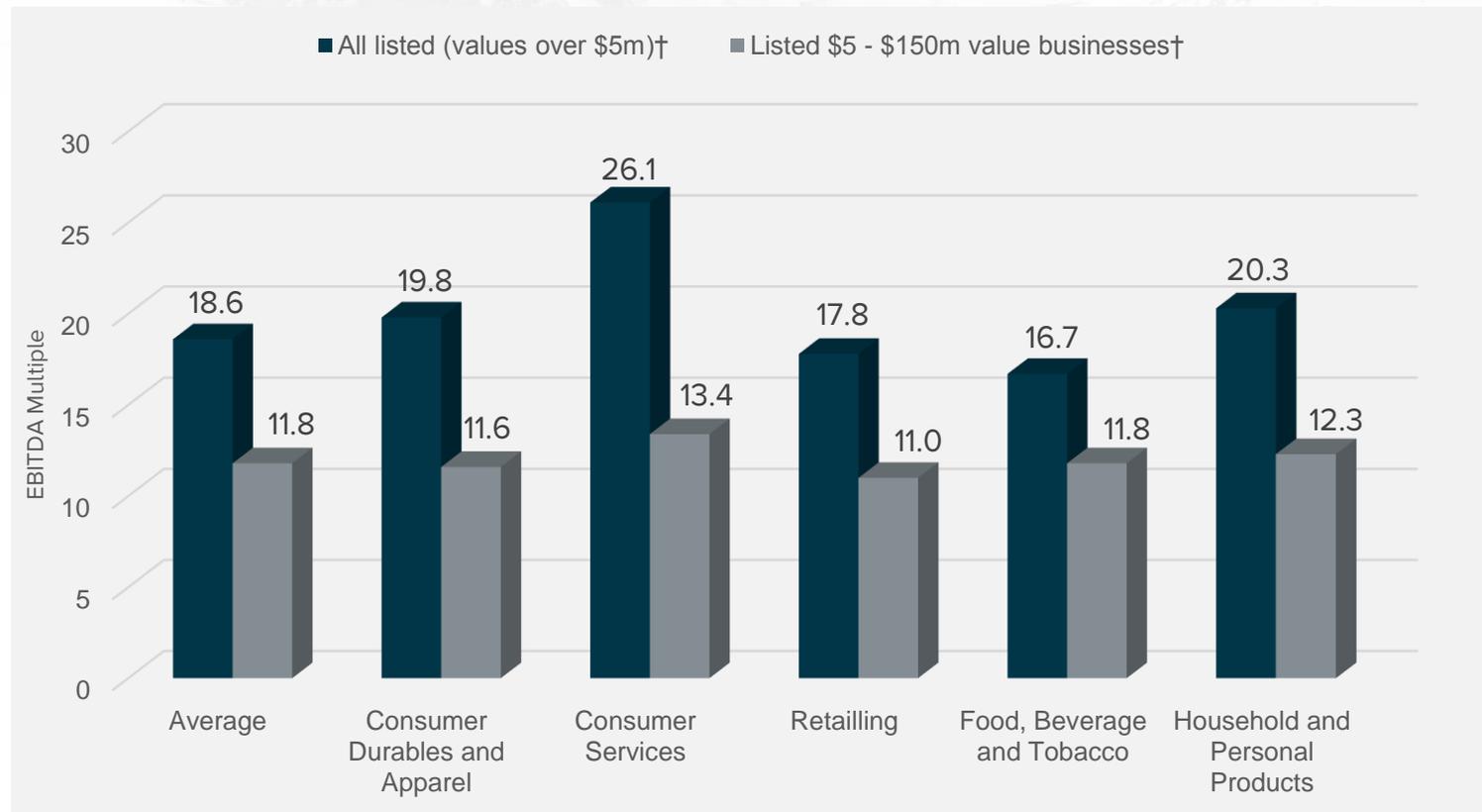
3 key factors can give private business owners an indication of their business valuation:

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 2021, the global, all market average Enterprise Value to EBITDA multiple for listed Consumer companies was **18.6x**.[†] This was lower than the previous six months when listed Consumer companies were trading on a multiple of 18.8x. Within the Consumer sector, trading multiples varied between 16.7x and 26.1x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.

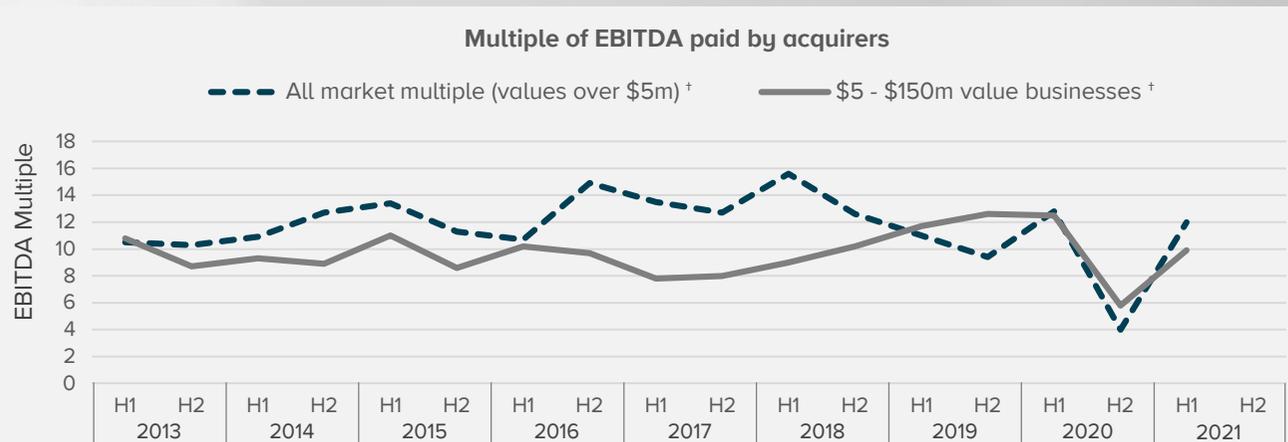


* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

[†] 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 05/07/2021.

The average multiple* of EBITDA* paid globally in Consumer transactions rebounded significantly over the past six months. It currently stands at **12.0x**. This multiple is more in line with the level it has been historically and demonstrates that, in the Consumer market at least, confidence has returned after the significant downturn in multiples seen in H2 2020.

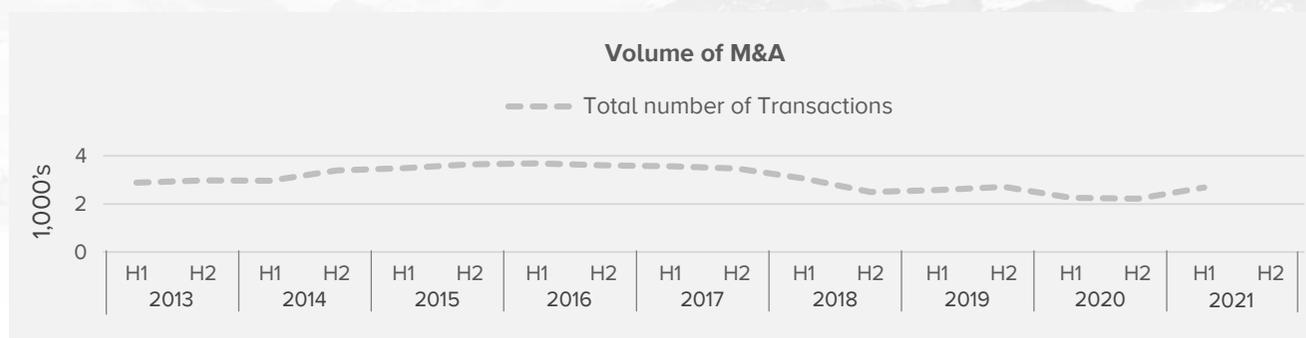
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. The multiple for these lower mid-market transactions for H1 2021 stands at 9.9x, suggesting a similar, although not quite as strong, return to 'normal' valuations.



* 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 2021, there were 2,680 transactions globally in the Consumer sector. This has risen slightly compared to H2 2020, when there were 2,220 transactions. Despite the wider economic and social circumstances over the past year, demand for Consumer businesses has remained at a relatively consistent level.



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