

How much are companies worth in the Healthcare sector?

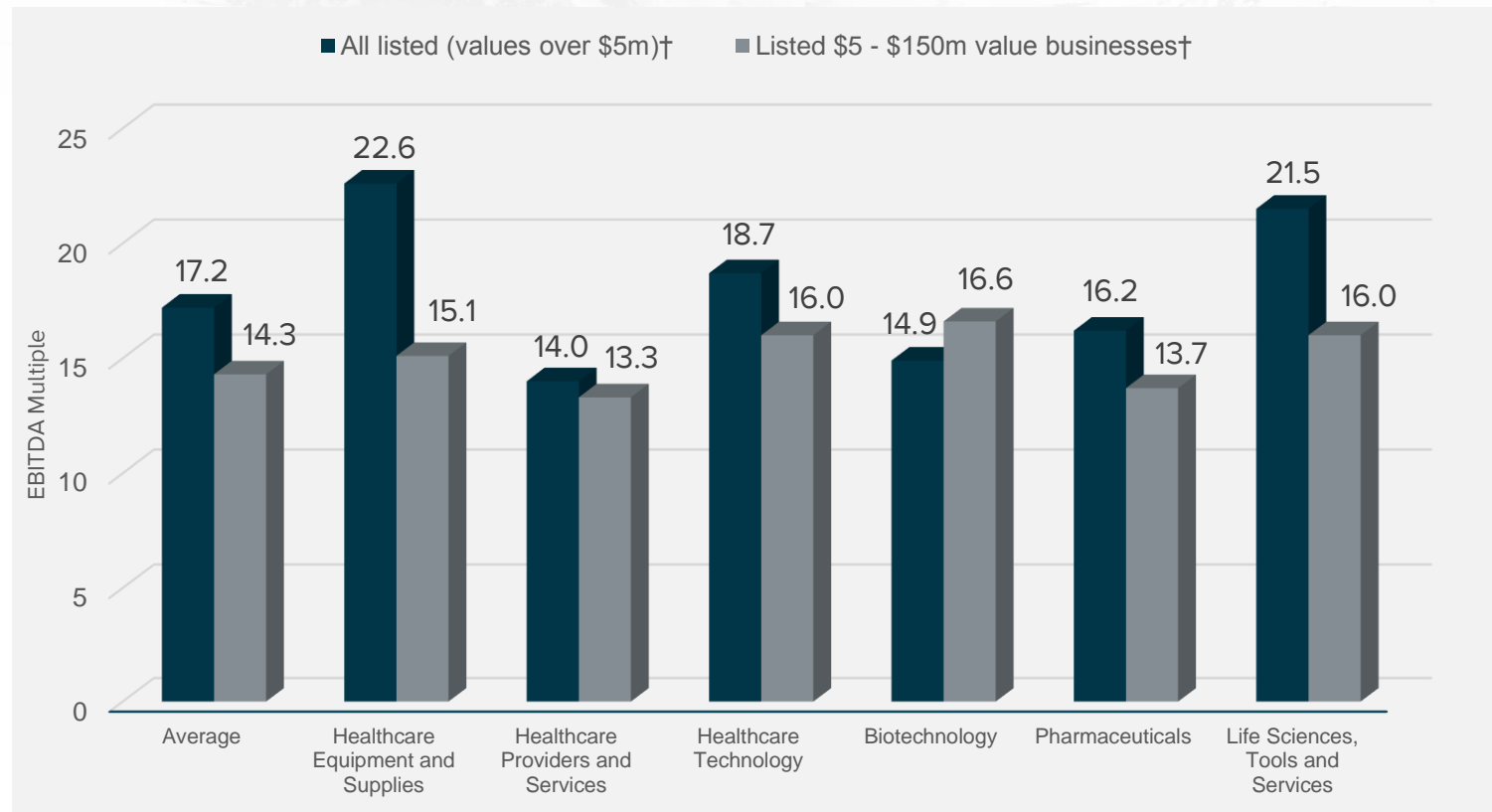
3 key factors can give private business owners an indication of their business valuation:

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 2021, the global, all market average Enterprise Value to EBITDA multiple for listed Healthcare companies was **17.2x**.[†] This was slightly higher than the previous six months when listed Healthcare companies were trading on a multiple of 17.1x. Within the Healthcare sector, trading multiples varied between 14.0x and 22.6x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.

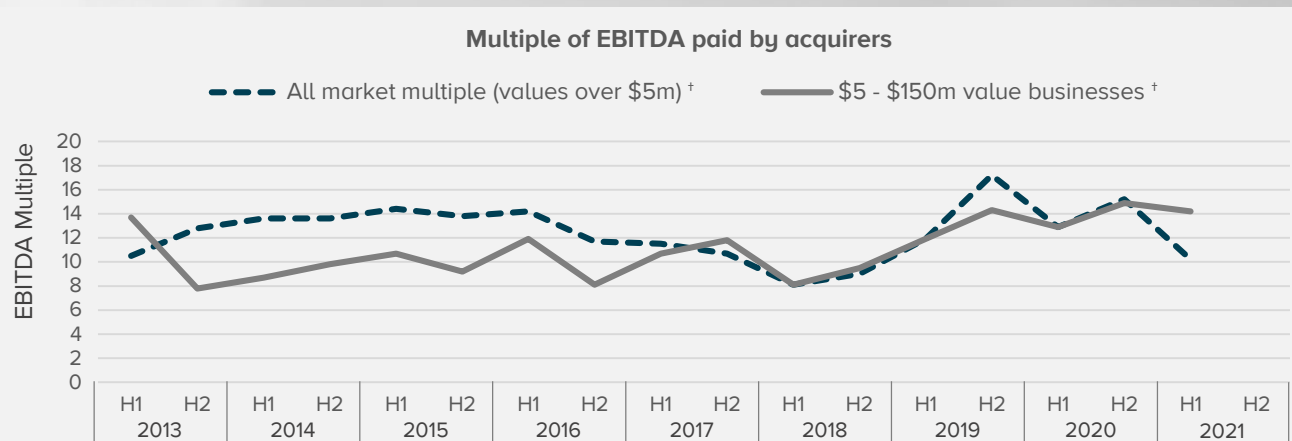


* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

[†] 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 05/07/21.

The average multiple* of EBITDA* paid globally in Healthcare transactions has greatly decreased over the last six months. It currently stands at **10.2x**. Although this is lower than the recent high multiples that the sector benefitted from, the current multiple is still in line with historic averages.

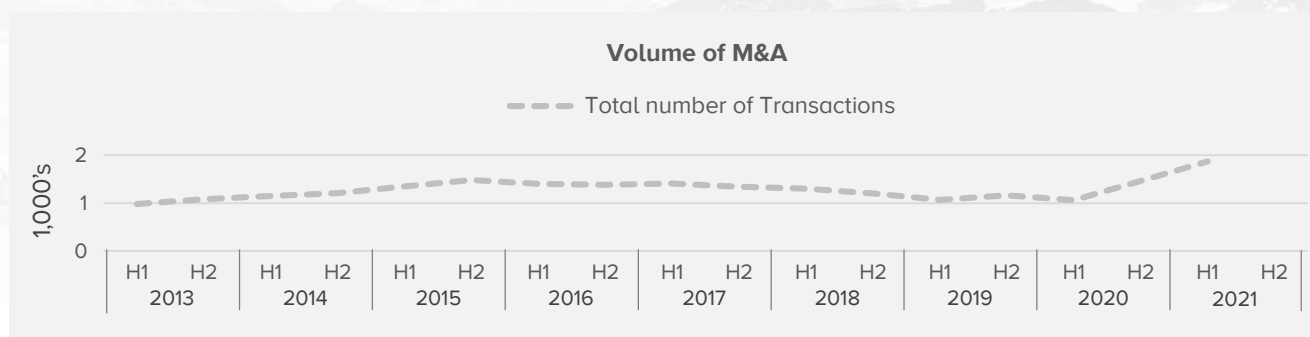
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. The multiple for these lower mid-market transactions has remained very high, at 14.2x. This suggests there is still high demand for Healthcare businesses in the lower mid-market, as might be expected due to the pandemic.



* 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 1,879 transactions globally in the Healthcare sector. This is a significant increase on the preceding six months, when there were 1,460 transactions. This high number of transactions, the highest we have seen in our review period, demonstrates the current strength of demand for Healthcare businesses.



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