

# How much are companies worth in the Industrials sector?

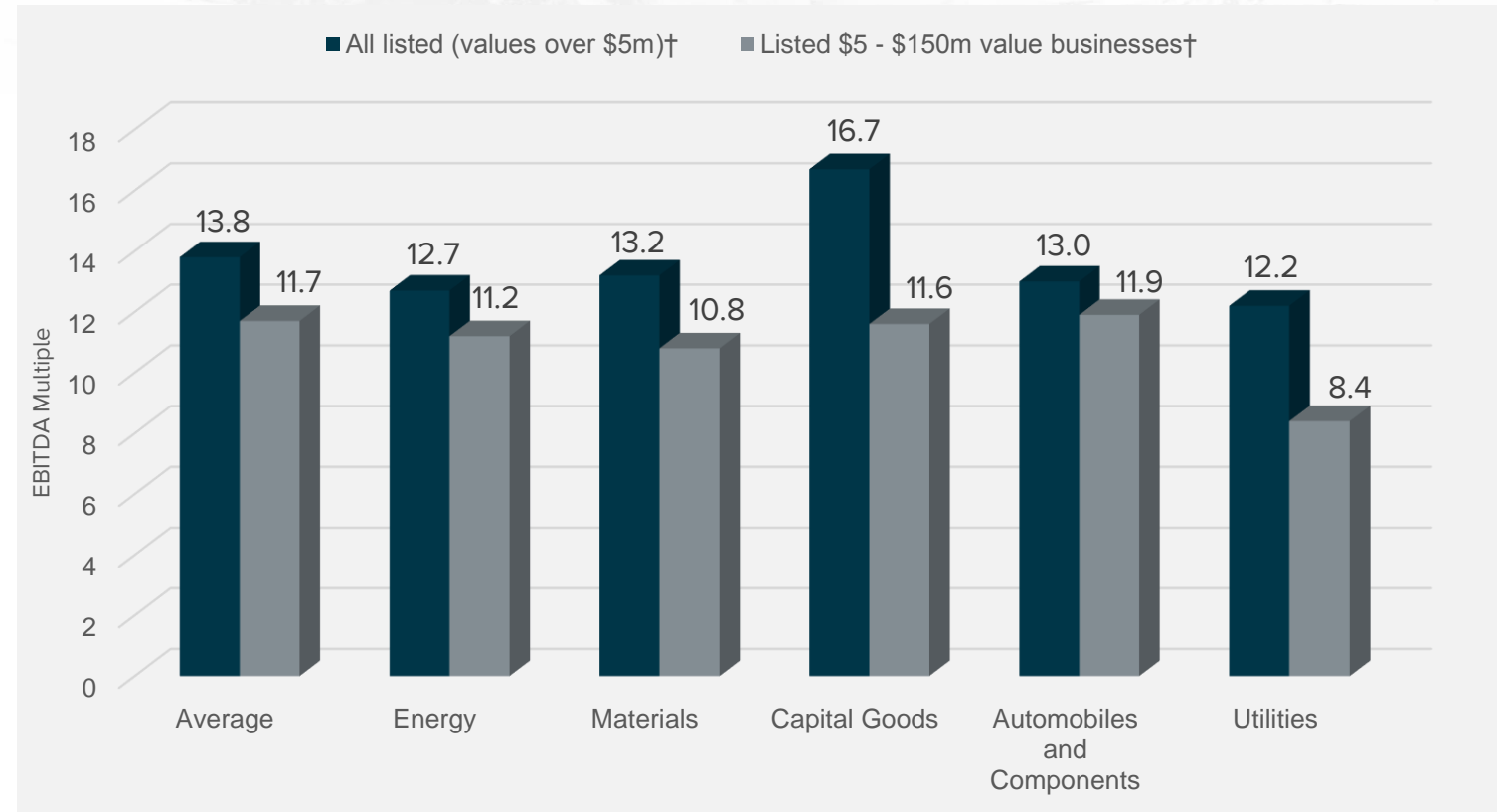
3 key factors can give private business owners an indication of their business valuation:

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 2021, the global, all market average Enterprise Value to EBITDA multiple for listed Industrials companies was **13.8x**.<sup>†</sup> This is a slight decrease on the previous six months, when listed Industrials companies were trading on a multiple of 13.9x. Within the Industrials sector, trading multiples varied between 12.2x and 16.7x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.

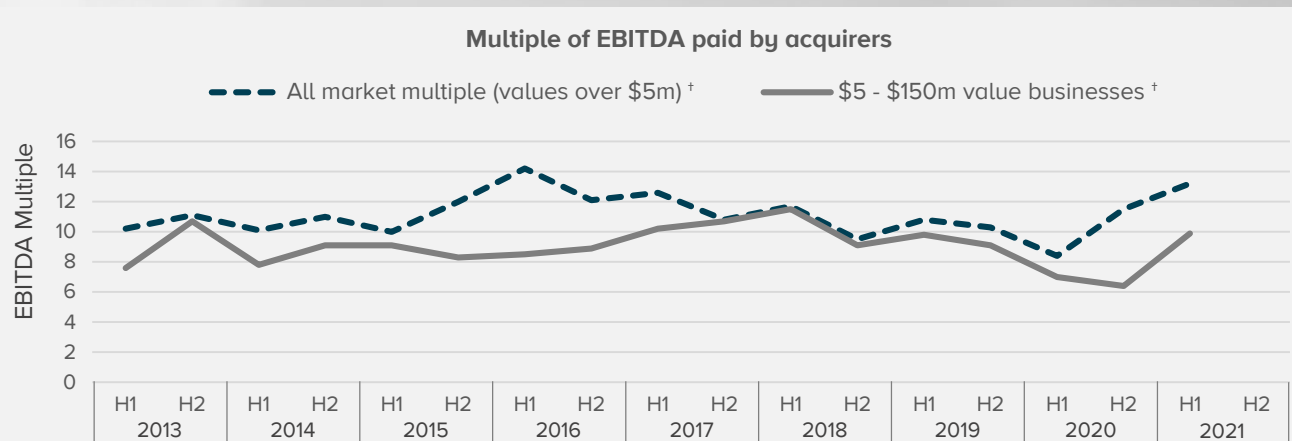


\* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

<sup>†</sup> 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<sup>†</sup> of EBITDA\* paid globally in Industrials transactions has increased over the past six months. It currently stands at **13.2x**. Despite the wider global circumstances, valuations for Industrials businesses have remained robust, and have significantly improved over the past year, demonstrating the sector's strength.

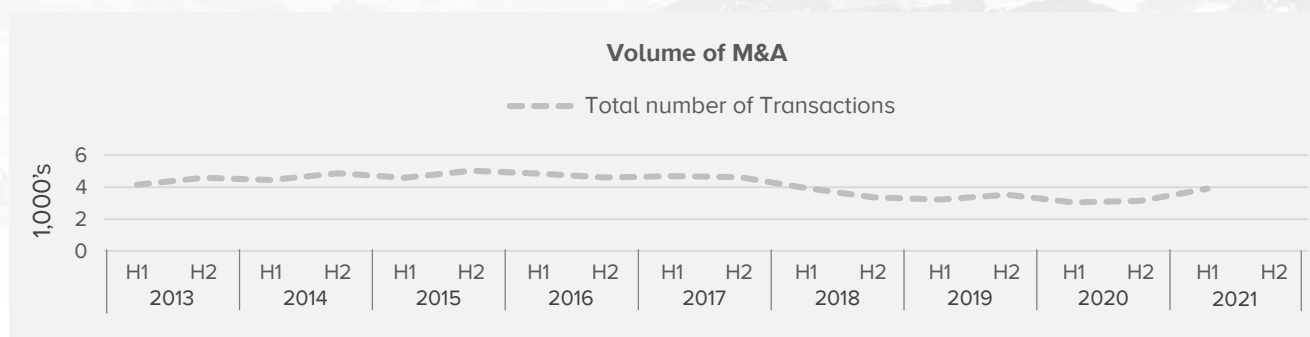
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. The multiple for these lower mid-market transactions over the past six months, at 9.9x, is significantly higher than it was for H2 2020. This rebound suggests these businesses are following the all market trend of increasing 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 3,897 transactions globally in the Industrials sector. This is an increase on the preceding six months, when there were 3,136 transactions. There has been little fluctuation in the number of transactions over the past year, demonstrating a certain resilience in the sector compared to others which were more heavily impacted by the current pandemic.



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