

How much are companies worth in the Support Services sector?

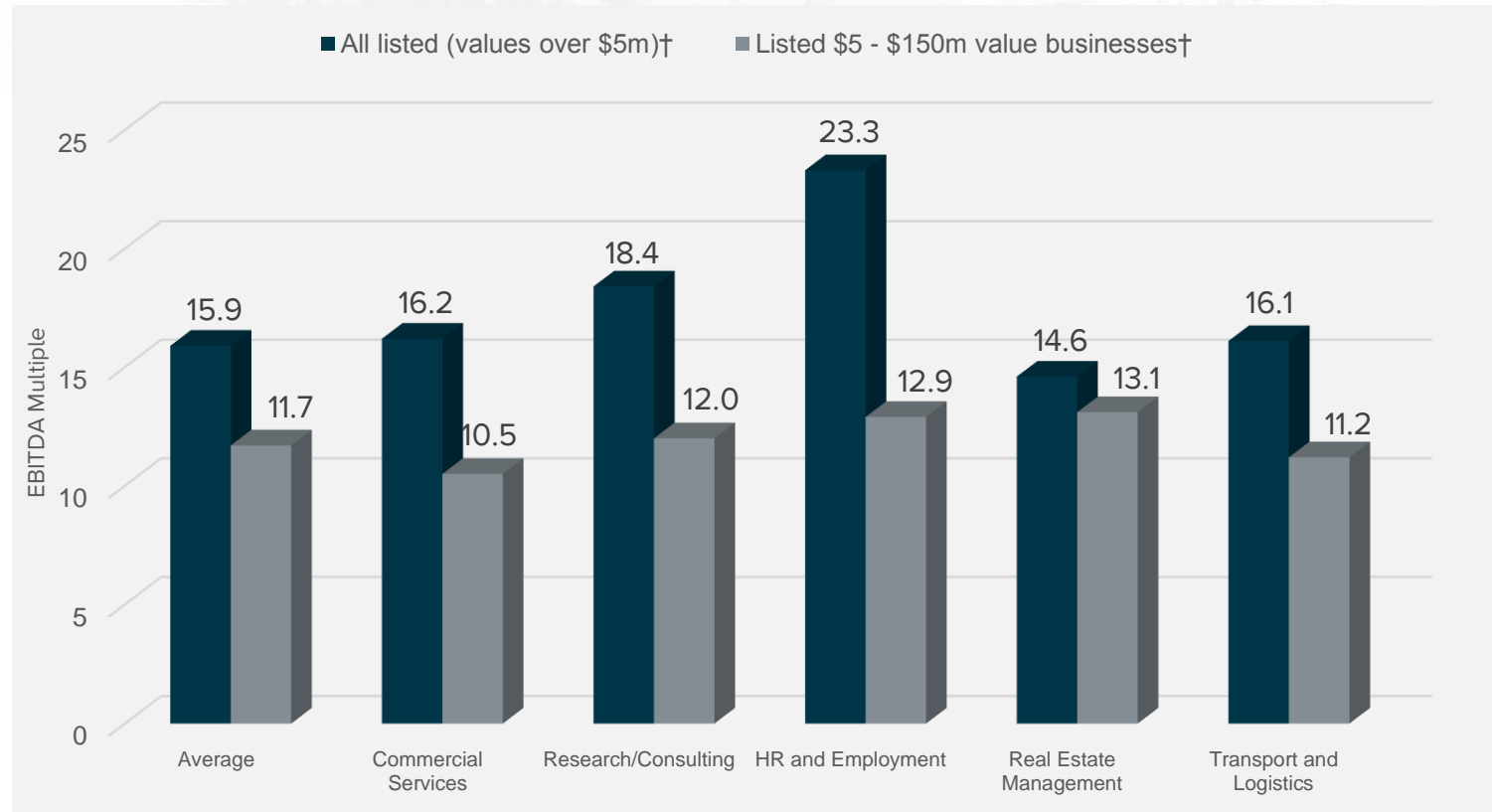
3 key factors can give private business owners an indication of their business valuation:

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 2021, the global, all market average Enterprise Value to EBITDA multiple for listed Support Services companies was **15.9x**.† This is an increase on the previous six months, when listed Support Services companies were trading on a multiple of 15.7x. Within the Support Services sector, trading multiples varied between 14.6x and 23.3x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.

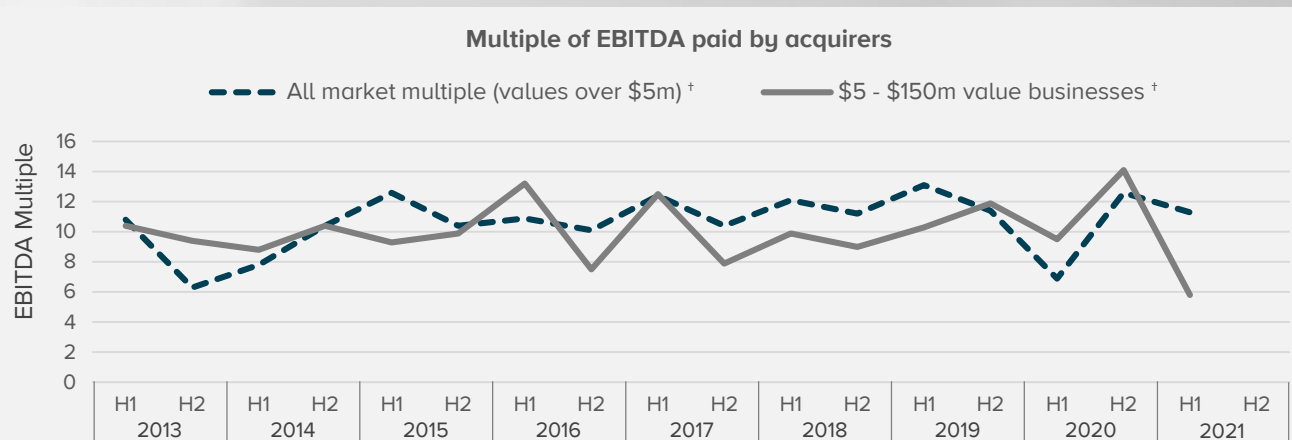


* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† 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 Support Services transactions has decreased over the past six months. It currently stands at **11.3x**. Although this is lower than the multiple of 12.6x seen in H2 2020, the current multiple is in line with historic averages and is significantly higher compared to the multiple seen in H1 2020.

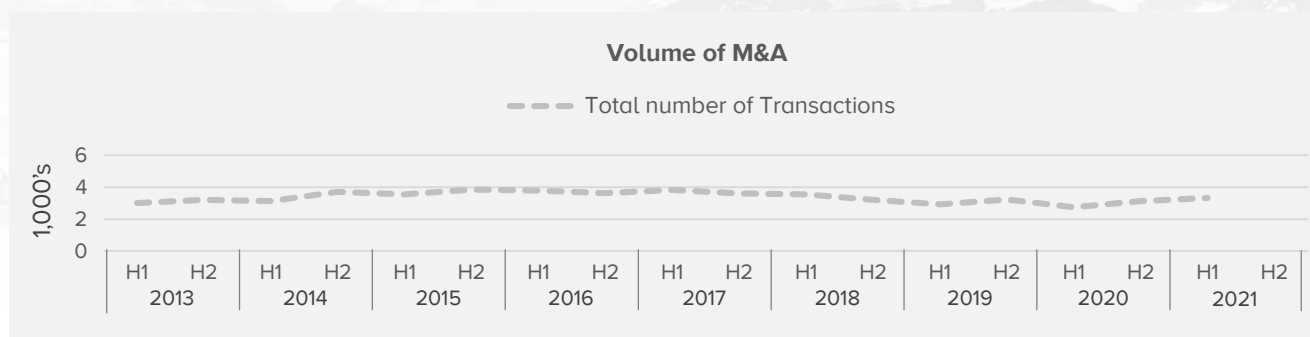
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. The multiple for these lower mid-market transactions has seen a large reduction in the past six months, currently standing at 5.8x. This perhaps reflects the continuing uncertainty caused by Covid for lower mid-market businesses.



* 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 3,329 transactions globally in the Support Services sector. This is an increase on the preceding six months, when there were 3,122 transactions. The number of transactions has remained fairly consistent over the last seven years and this stability in transaction volumes suggests there are still plenty of interested buyers in the market.



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