

How much are companies worth in the Healthcare sector?

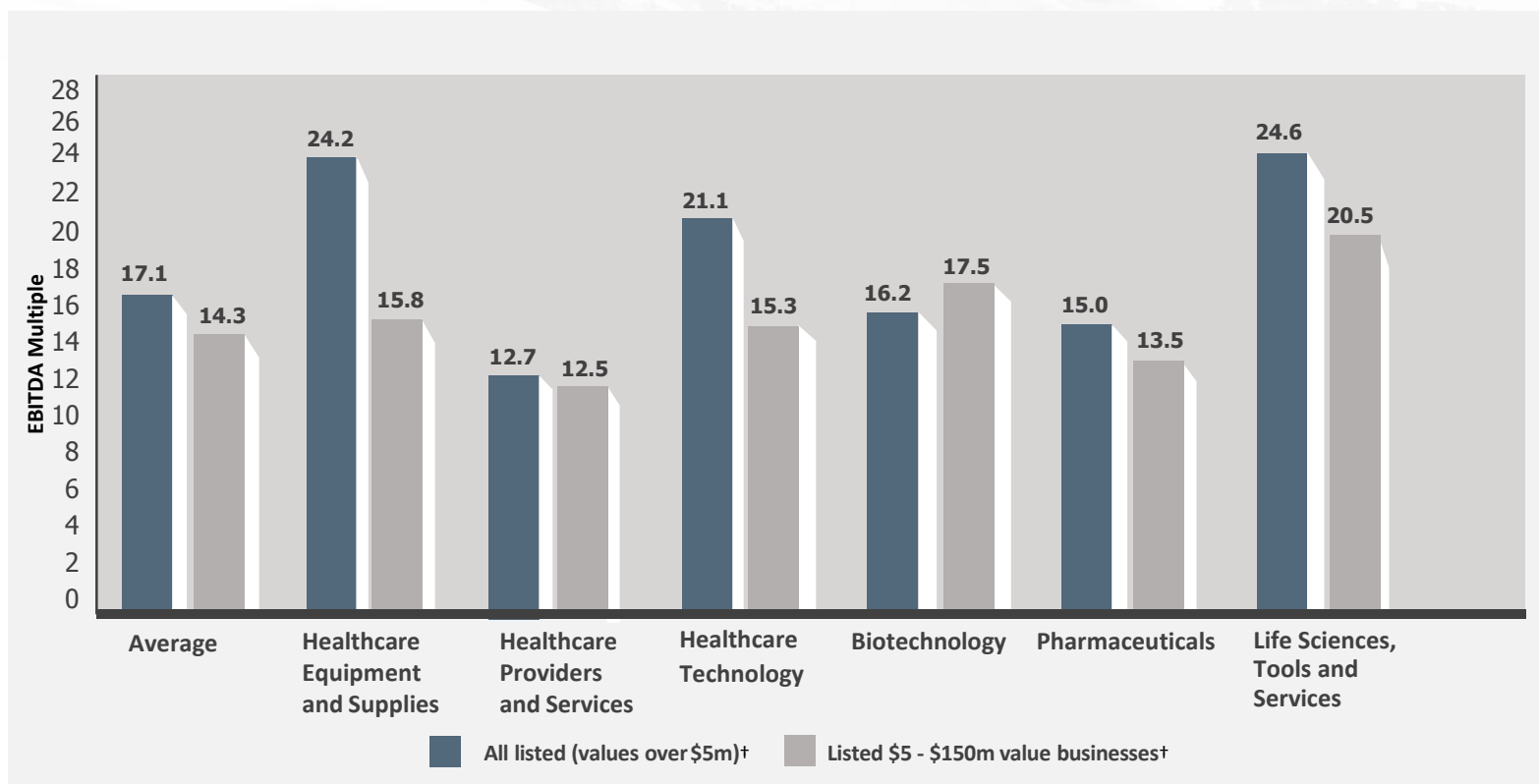
3 key factors can give private business owners an indication of their business valuation:

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 H2 2020, the global, all market average **Enterprise Value to EBITDA multiple for listed** Healthcare companies was **17.1x**.[†] This was slightly higher than the previous six months when listed Healthcare companies were trading on a multiple of 16.0x. Within the Healthcare sector, trading multiples varied between 12.7x 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 04/01/2021.

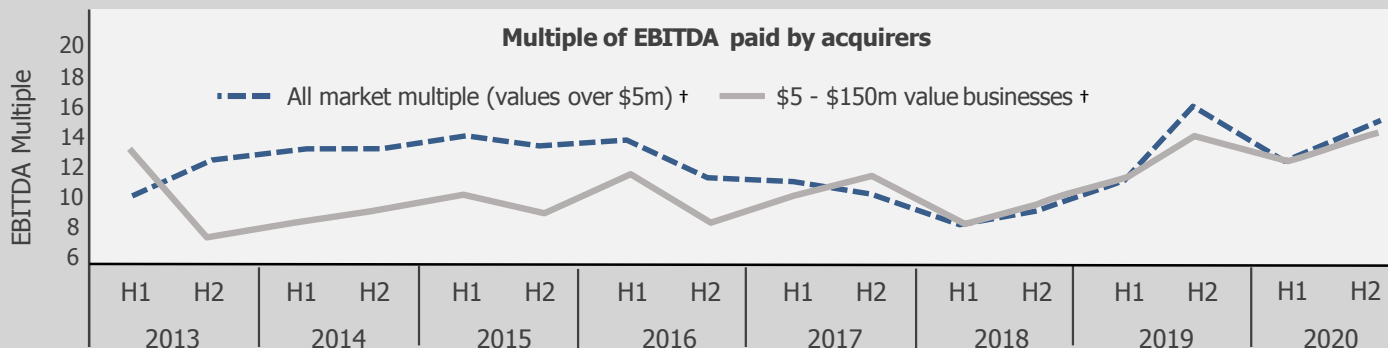
The average multiple of EBITDA* paid globally in Healthcare transactions has increased over the last six months. It currently stands at

15.2x

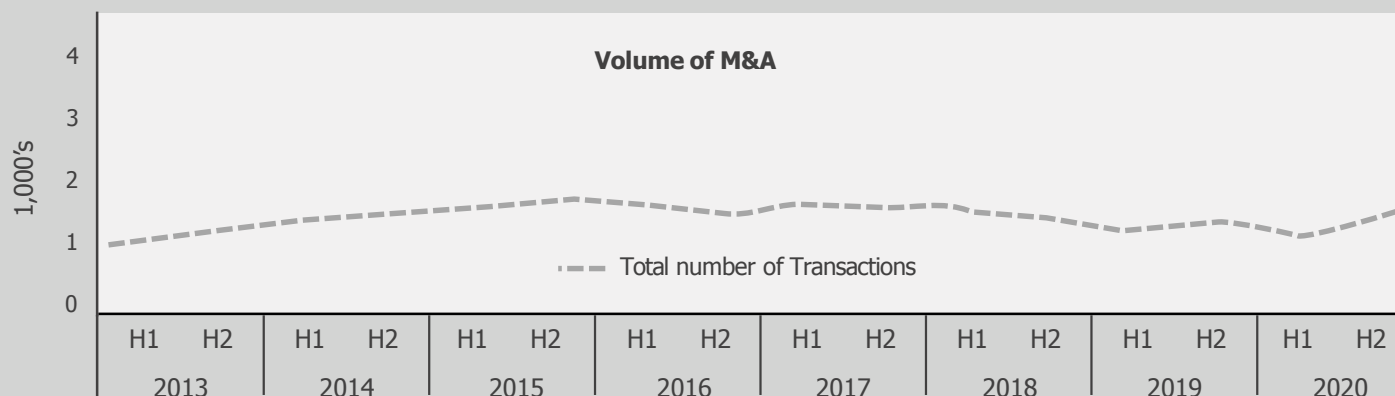
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation.

* 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 H2 2020, there were 1,460 transactions globally in the Healthcare sector. This is an increase on the preceding six months, when there were 1,061 transactions. The number of transactions has remained fairly consistent over the last few years, suggesting there remain plenty of interested buyers in the market.



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