

# How much are companies worth in the TMT sector?

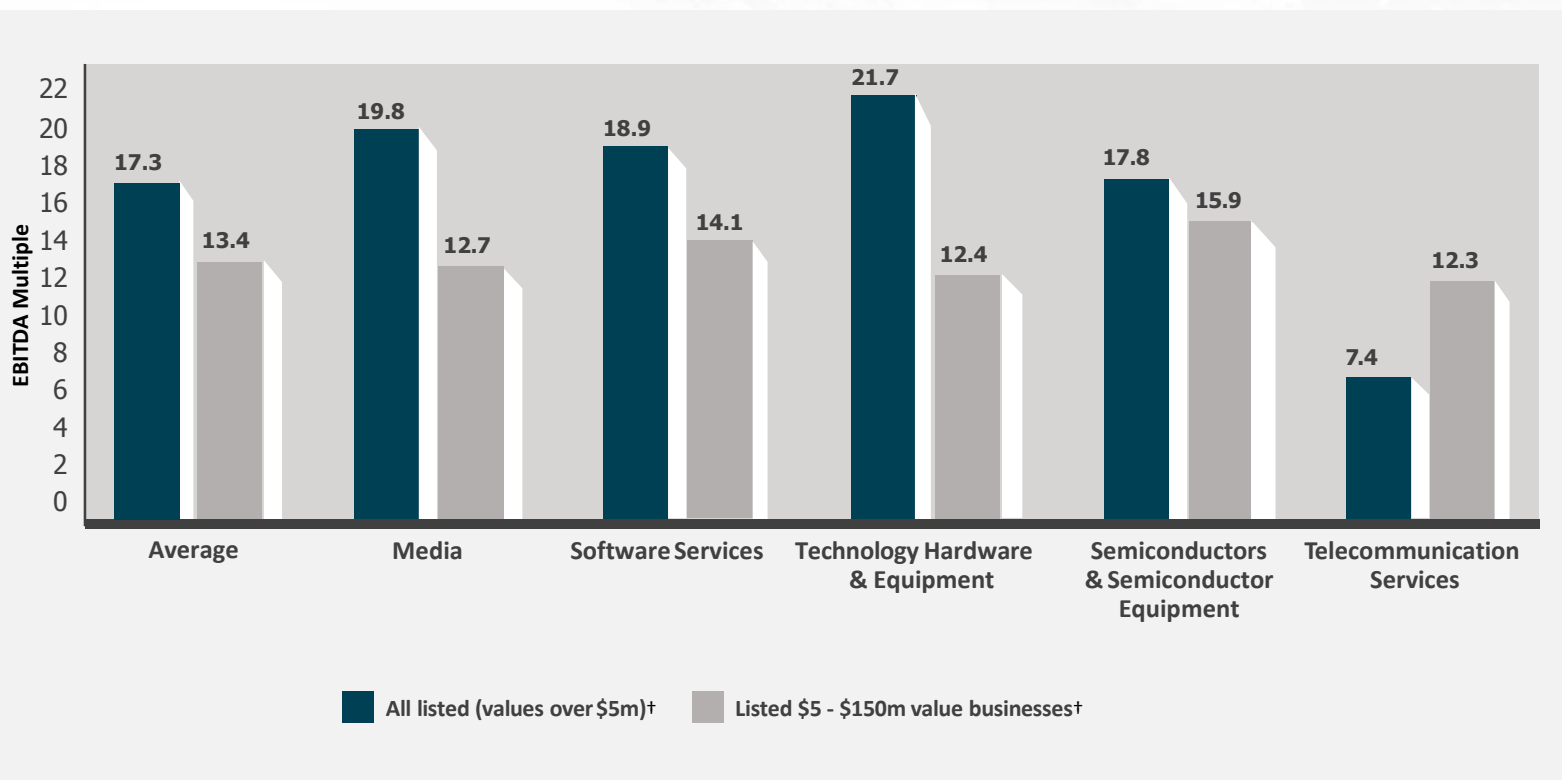
**3 key factors can give private business owners an indication of their business valuation:**

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 TMT companies was **17.3x**.<sup>†</sup> This is an increase on the previous six months, when listed TMT companies were trading on a multiple of 14.2x. Within the TMT sector, trading multiples varied between 7.4x and 21.7x 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.

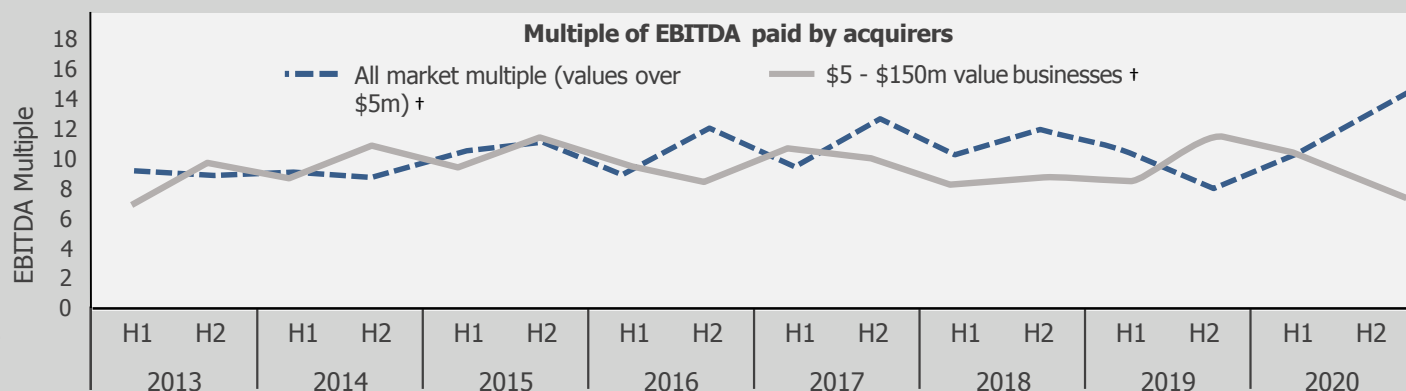
The average multiple† of EBITDA\* paid globally in TMT transactions has increased over the past six months. It currently stands at

# 14.1x

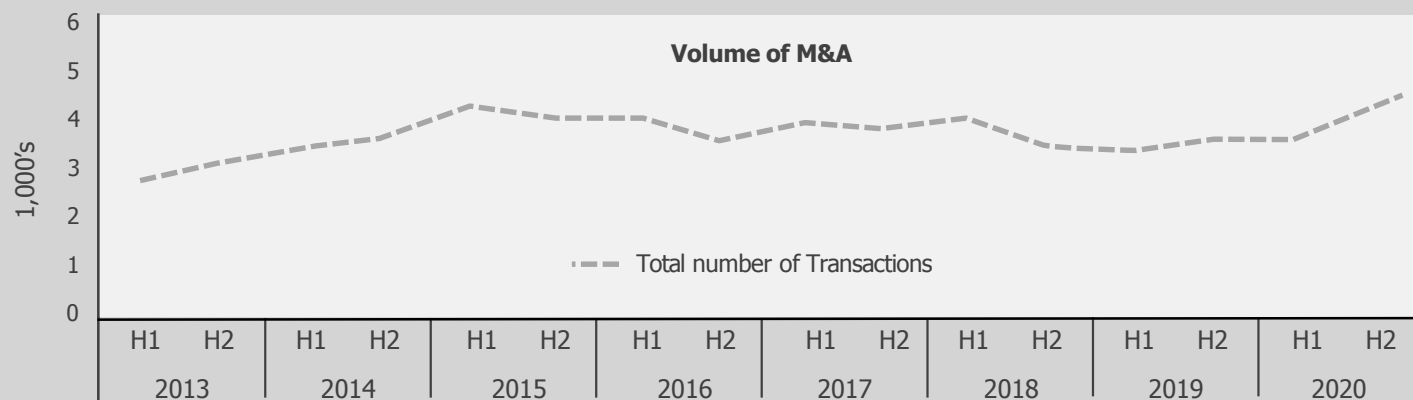
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation.

\* 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 4,619 transactions globally in the TMT sector. This is an increase on the preceding six months, when there were 3,567 transactions. The increase in transaction numbers over the last six months suggests demand for TMT businesses remains strong.



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