How much are companies worth in the Financial Services sector?

CORBETT KEELING

H2 2023

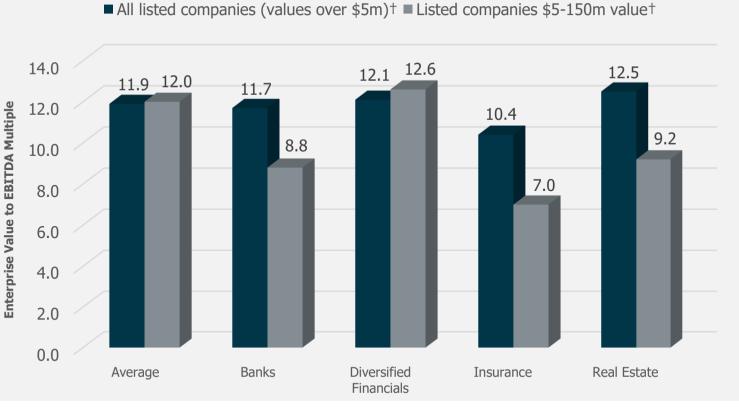
3 key factors can give private company owners an indication of their valuation: The Enterprise Value to EBITDA* multiples on which comparable listed companies are trading The multiple of EBITDA paid by acquirers of comparable companies



The volume of completed mergers and acquisitions transactions

At the end of H2 2023, the global, all market average Enterprise Value to EBITDA multiple for listed Financial Services companies was **11.9x**.[†]

Within the sector, average trading multiples for all listed companies varied between **10.4x** and **12.5x** across the range of sub-sectors. On average, sub \$150m companies traded at similar multiples to larger companies.



Enterprise value to EBITDA multiple

2

* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation as derived from latest published accounts.

+ Note, the Enterprise Value to EBITDA multiples above are for listed companies. By comparison, privately owned companies are generally valued at a discount.

Listed company data for the period was accurate at 31/12/2023.

2

The average multiple⁺ of EBITDA^{*} paid globally in all Financial Services transactions to acquire control of companies has decreased over the past six months. It currently stands at 13.0x.

When reviewing these multiples, we break out companies 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 stands at **9.8x**.

Average Enterprise Value to EBITDA Multiple paid by acquirers



* EBITDA is Earnings Before Interest. Tax. Depreciation and Amortisation as derived from latest accounts prior to the transaction. ⁺ Note, the transaction multiples above are calculated from raw historic data. This typically understates profits and therefore valuations achieved are generally at lower multiples of "normalised" profits.

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In H2 2023, there were 1,384 transactions globally in the Financial Services sector. This is a slight decrease on the previous six months, when there were 1,428 transactions.



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