How much are companies worth in the Technology, Media and Telecoms sector?

CORBETT KEELING
Corporate Finance

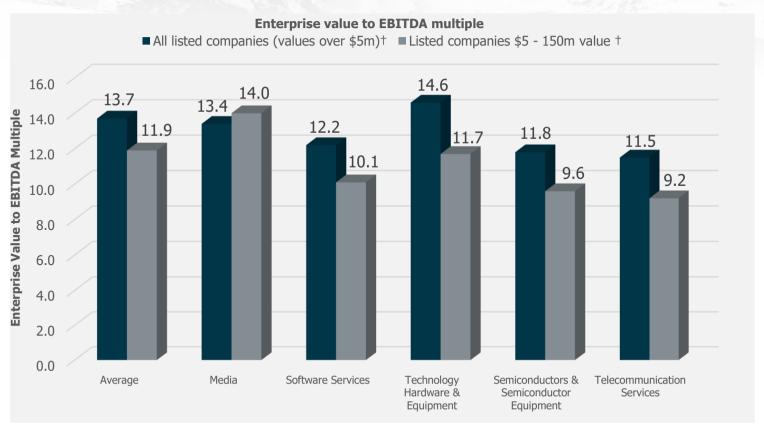
H₂ 2023

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 Technology, Media and Telecoms (TMT) companies was 13.7x.†

Within the TMT sector, average trading multiples varied for all listed companies between **11.5x** and **14.6x** across the range of sub-sectors. On average, sub \$150m companies traded at a discount to all listed companies.



- * 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.

The average multiple† of EBITDA* paid globally in TMT transactions to acquire control of companies has increased slightly over the past six months. It currently stands at 17.8x.

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 has remained the same over the past six months at 11.2x.

In H2 2023, there were 3,638 transactions globally in the TMT sector. This was a decrease on the preceding six months, when there were 4,112 transactions.

Multiple of EBITDA 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

Volume of M&A

valuations achieved are generally at lower multiples of "normalised" profits.

Total Number of Transactions (1,000s)

H1 H2

2017

2016

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Data supplied by PitchBook

Analysed by UK Globalscope partner



H1

H1 H2

2021

55 independent M&A firms, 1 global family.