

How much are companies worth in the Financial Services sector?

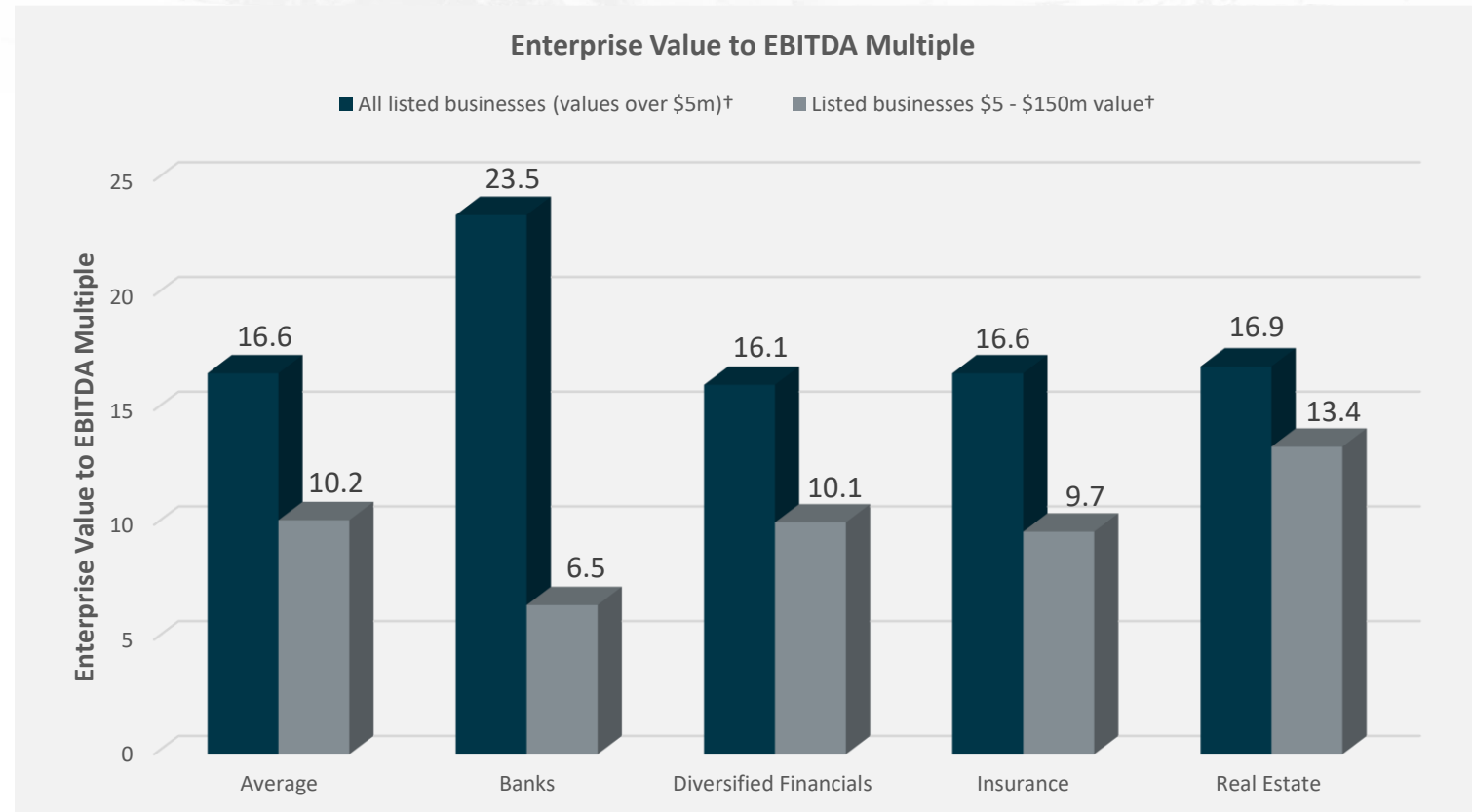
3 key factors can give private business owners an indication of their valuation:

The **Enterprise Value to EBITDA*** multiples on which comparable listed companies are trading.

The **multiple of EBITDA paid by acquirers** of comparable businesses.

The **volume of M&A transactions** and acquisitions.

At the end of H1 2022, the global, all market average Enterprise Value to EBITDA multiple for listed Financial Services companies was **16.6x**.† This is a slight increase on the previous six months, when listed Financial Services companies were trading on a multiple of 16.0x. Within the Financial Services sector, trading multiples for all listed businesses varied between 16.1x and 23.5x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



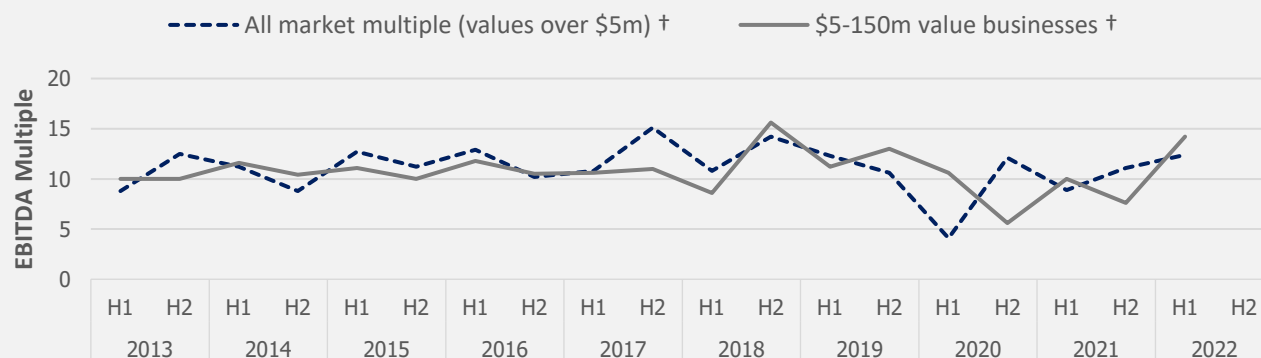
* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† 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 05/07/2022.

The average multiple† of EBITDA* paid globally in Financial Services transactions has increased over the past six months. It currently stands at **12.4x**.

When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. In the last six months, fewer deals with disclosed financial information meant the weighted average transaction multiple was unduly influenced by two transactions; Fulton Financial Corp paid a multiple of 14.9x for Prudential Bancorp Inc, increasing the lower-middle market multiple, while Turkiye Varlik Fonu Yonetimi AS paid 4.9x EBITDA for Turkiye Vakiflar Bankasi TAO, reducing the all market multiple. As a result, the average multiple for sub \$150m transactions was, unusually, higher than the sector average at 14.2x.

Multiple of EBITDA paid by acquirers



* 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 2022, there were 1,768 transactions globally in the Financial Services sector. This is a decrease on the preceding six months, when there were 2,091 transactions.



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