

How much are companies worth in the Healthcare sector?

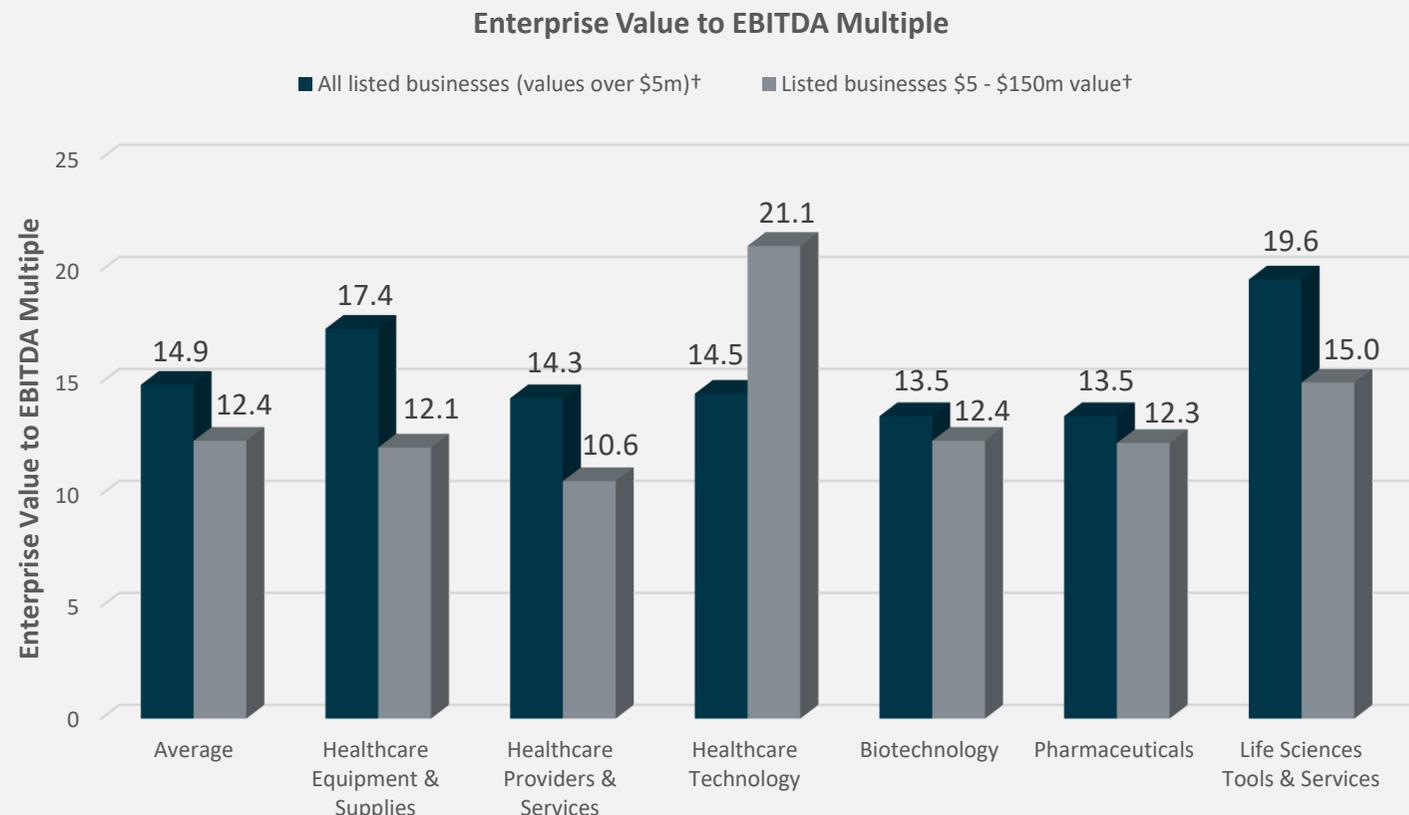
3 key factors can give private business owners an indication of their valuation:

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 Healthcare companies was **14.9x**.† This is a decrease from the previous six months when listed Healthcare companies were trading on a multiple of 17.0x. Within the Healthcare sector, trading multiples for all listed businesses varied between 13.5x and 19.6x 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 05/07/22.

The average multiple† of EBITDA* paid globally in Healthcare transactions has decreased over the last six months to **10.6x**.

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 a multiple; Infinity Holdings paid a multiple of 18.3x for Jagsonpal Pharmaceuticals, increasing the lower-middle market average multiple. As a result, the average multiple for sub \$150m transactions was, unusually, higher than the sector average at 11.6x.

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 1,542 transactions globally in the Healthcare sector. This is a decrease on the preceding six months, when there were 2,198 transactions.



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