

How much are companies worth in the Healthcare sector?

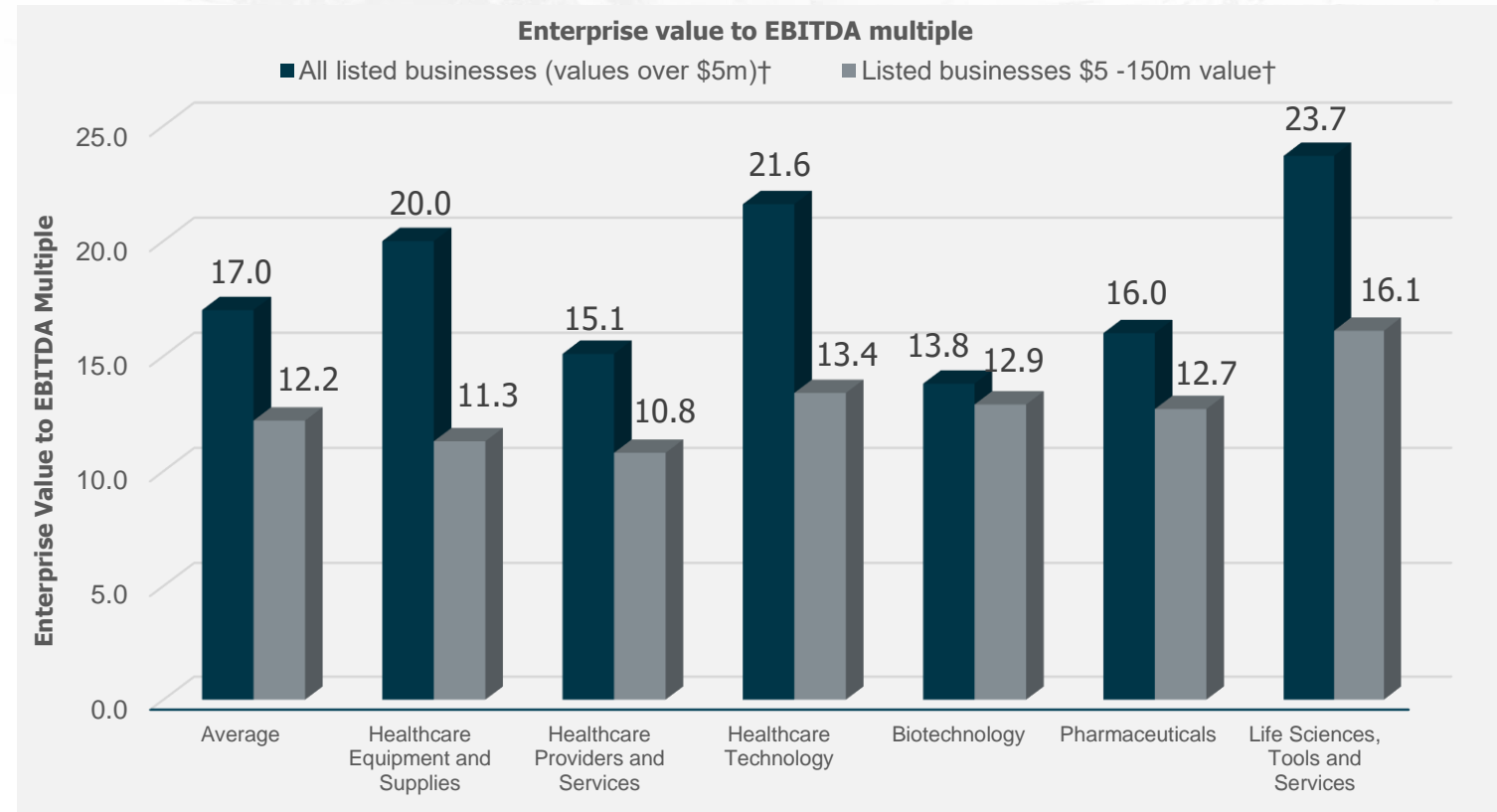
3 key factors can give private business owners an indication of their valuation:

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 H2 2021, the global, all market average Enterprise Value to EBITDA multiple for listed Healthcare companies was **17.0x**.† This was just slightly lower than the previous six months when listed Healthcare companies were trading on a multiple of 17.2x. Within the Healthcare sector, trading multiples for all listed businesses varied between 13.8x and 23.7x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.

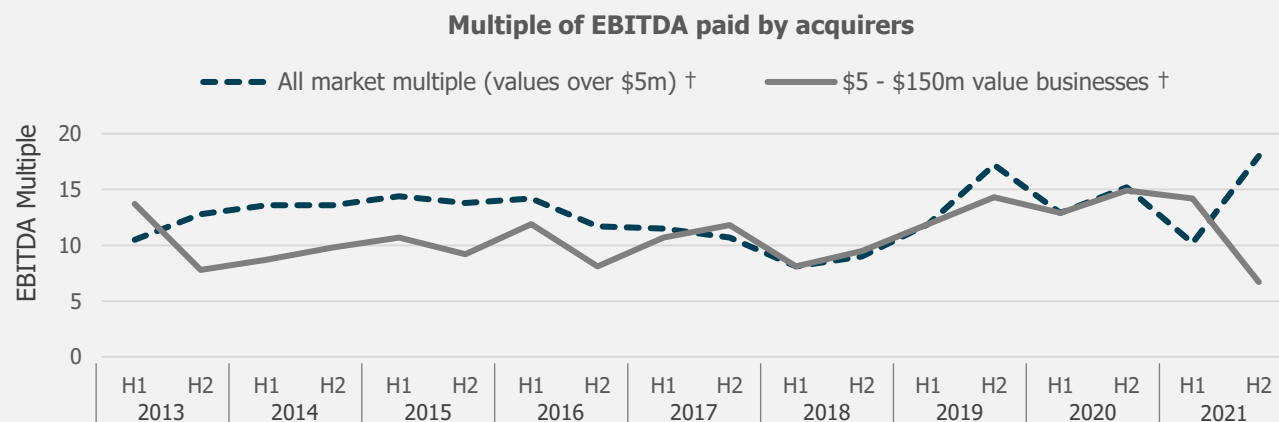


* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† 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 04/01/22.

The average multiple† of EBITDA* paid globally in Healthcare transactions has increased appreciably over the last six months to **18.0x**, though one large deal at a high multiple drove this record for the sector.

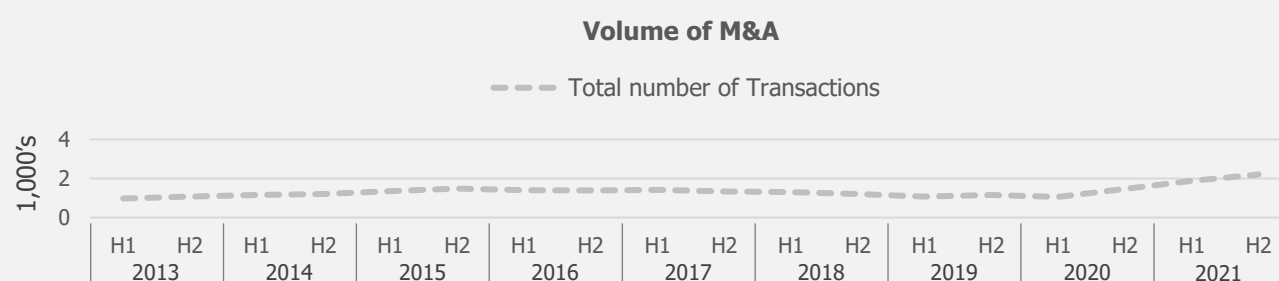
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. The multiple for these lower mid-market transactions has decreased to 6.7x. This suggests that prices paid for Healthcare businesses in the lower mid-market has gone down over the last six months.



* 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 2021, there were 2,198 transactions globally in the Healthcare sector. This is an increase on the preceding six months, when there were 1,879 transactions. This high number of transactions, the highest we have seen in our review period, demonstrates the current strength of demand for Healthcare businesses.



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