

How much are companies worth in the Healthcare sector?

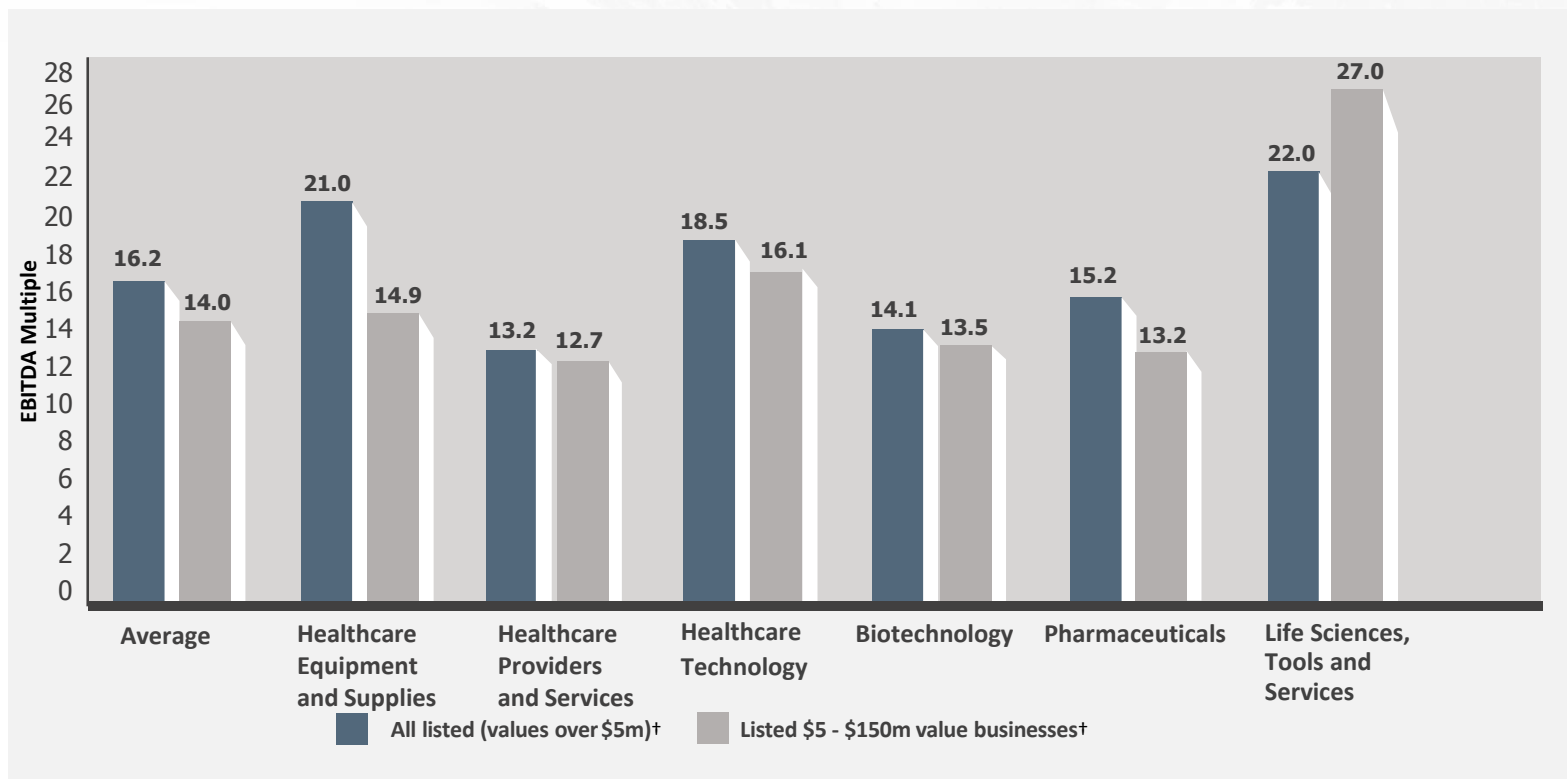
3 key factors can give private business owners an indication of their business valuation:

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 2019, the global, all market average Enterprise Value to EBITDA multiple for listed Healthcare companies was **16.2x**.† This was slightly higher than the previous six months and also up on the previous year, when listed Healthcare companies were trading on a multiple of 15.0x. Within the Healthcare sector, trading multiples varied between 13.2x and 22.0x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



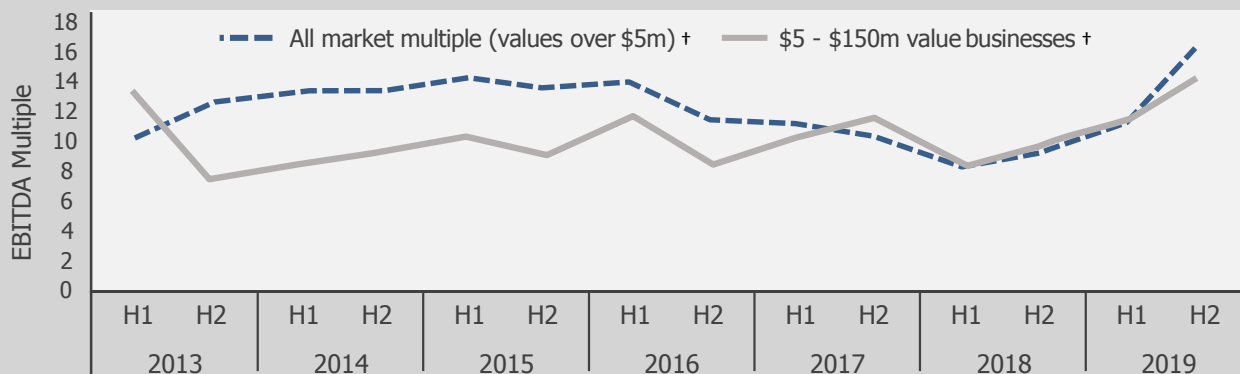
* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† 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 10/01/2020.

The average multiple† of EBITDA* paid globally in Healthcare transactions has increased significantly in comparison to previous years. It currently stands at

17.2x

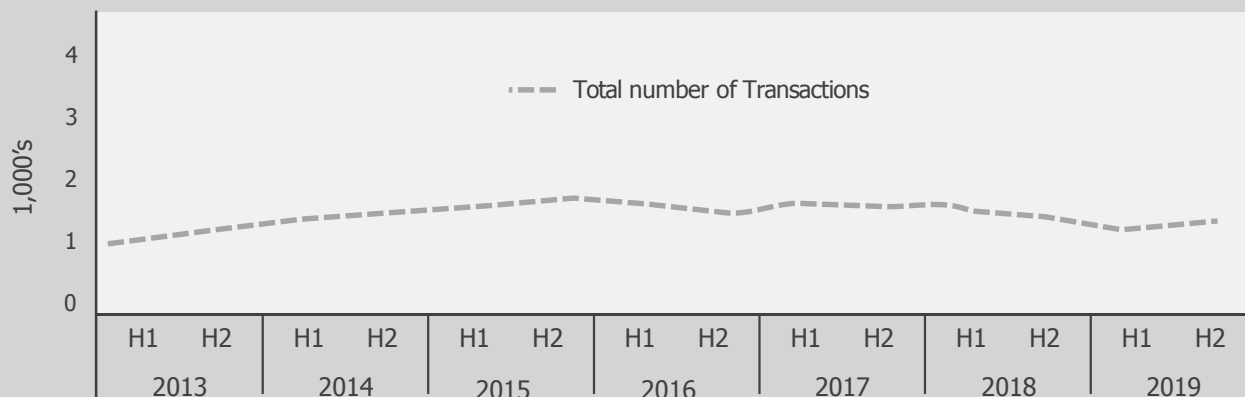
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation.



* 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 2019, there were 1,163 transactions globally in the Healthcare sector. This is slightly up on the preceding 6 months, when there were 1,074 transactions. The number of transactions per 6 months has remained fairly consistent over the last 5 years, suggesting there remains plenty of interested buyers in the market.



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