

How much are companies worth in the Industrials sector?

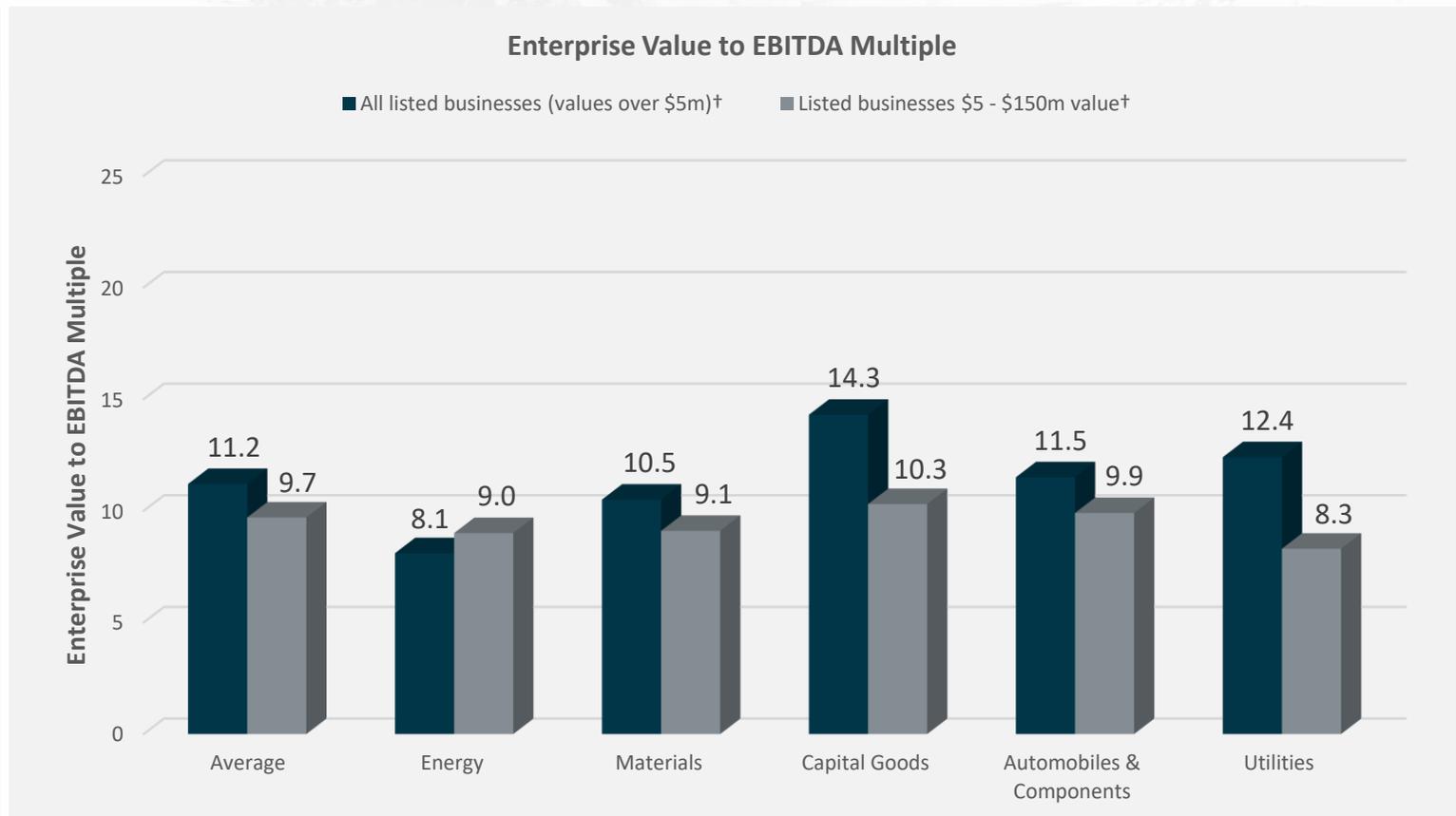
3 key factors can give private business owners an indication of their valuation:

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 Industrials companies was **11.2x**.[†] This is a decrease on the previous six months, when listed Industrials companies were trading on a multiple of 12.6x. Within the Industrials sector, trading multiples for all listed businesses varied between 8.1x and 14.3x 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 Industrials transactions has decreased over the past six months. It currently stands at **8.2x**.

When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. In the last six months, fewer deals with disclosed financial information meant the weighted average transaction multiple was unduly influenced by two multiples; Indorama Netherlands BV paid a multiple of 19.4x for Ngoc Nghia Industry Service Trading JSC, increasing the lower-middle market average multiple, and Oasis Petroleum Inc paid 3.21x EBITDA for Whiting Petroleum Corp, reducing the all market multiple. As a result, the average multiple paid in sub \$150m transactions was, unusually, higher than the sector average at 9.0x.

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 2,839 transactions globally in the Industrials sector. This is a decrease on the preceding six months, when there were 4,104 transactions.



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