

# How much are companies worth in the Industrials sector?

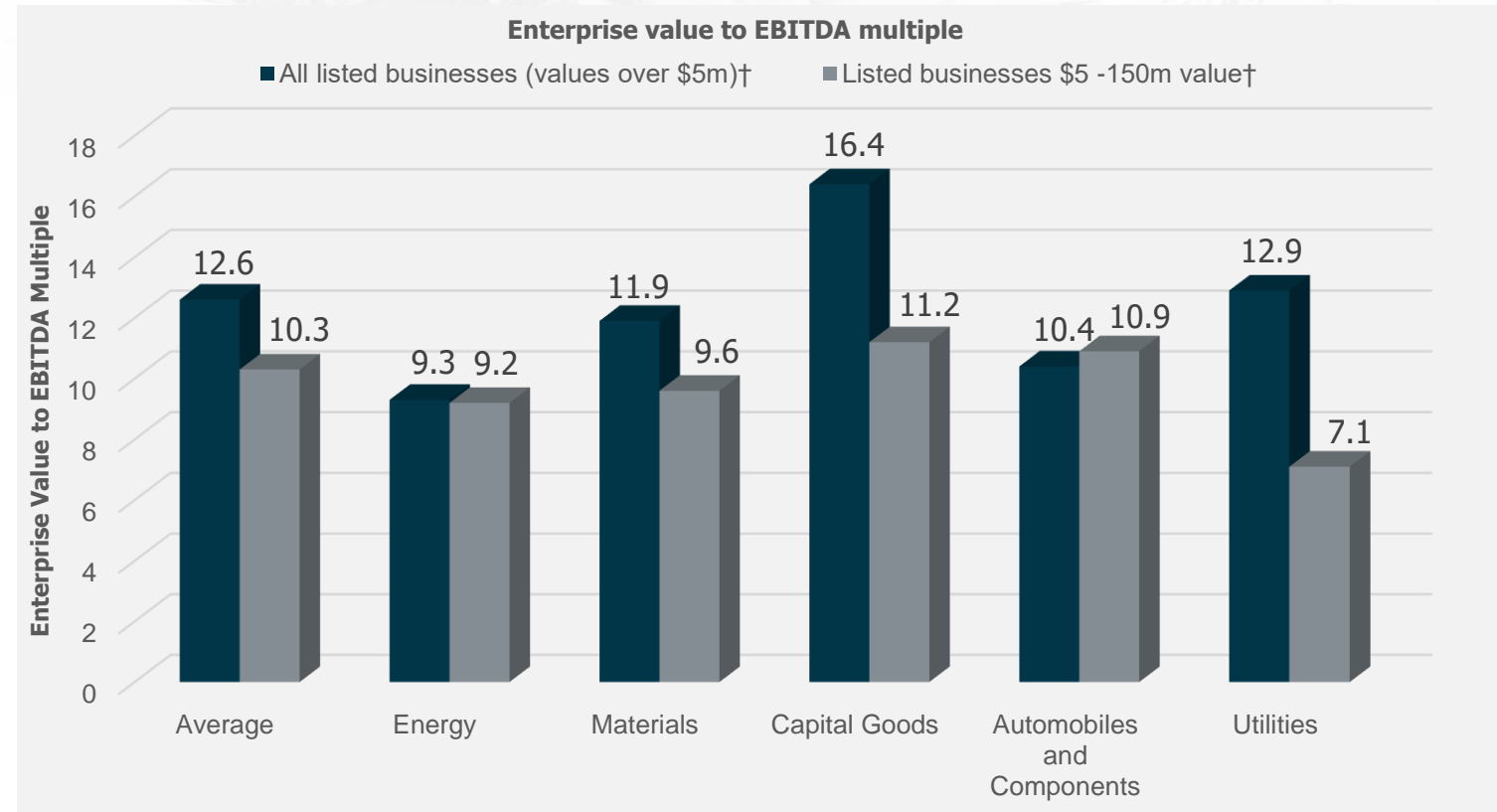
**3 key factors can give private business owners an indication of their valuation:**

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 H2 2021, the global, all market average Enterprise Value to EBITDA multiple for listed Industrials companies was **12.6x**.<sup>†</sup> This is a decrease on the previous six months, when listed Industrials companies were trading on a multiple of 13.8x. Within the Industrials sector, trading multiples for all listed businesses varied between 9.3x and 16.4x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.

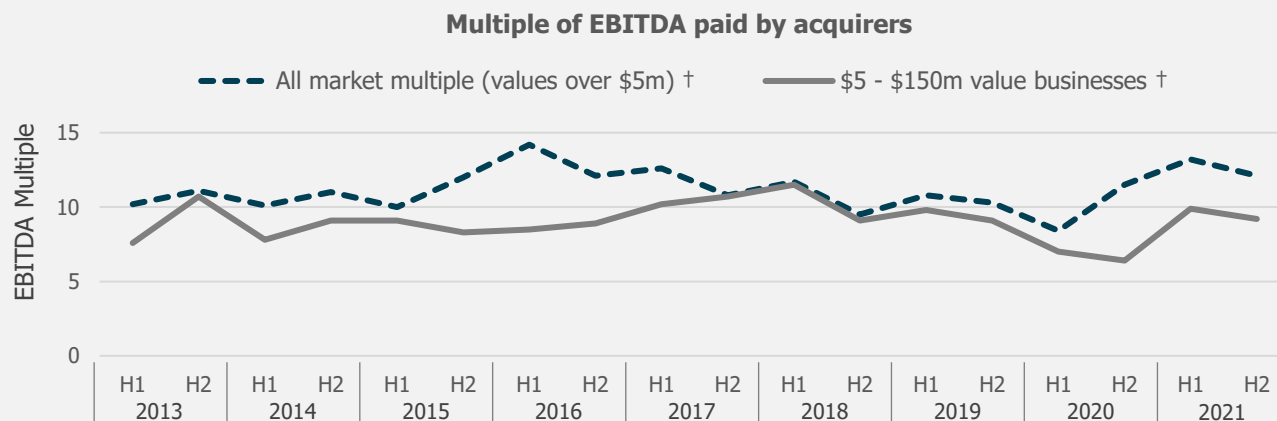


\* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

<sup>†</sup> 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 04/01/2022.

The average multiple† of EBITDA\* paid globally in Industrials transactions has decreased slightly over the past six months. It currently stands at **12.1x**.

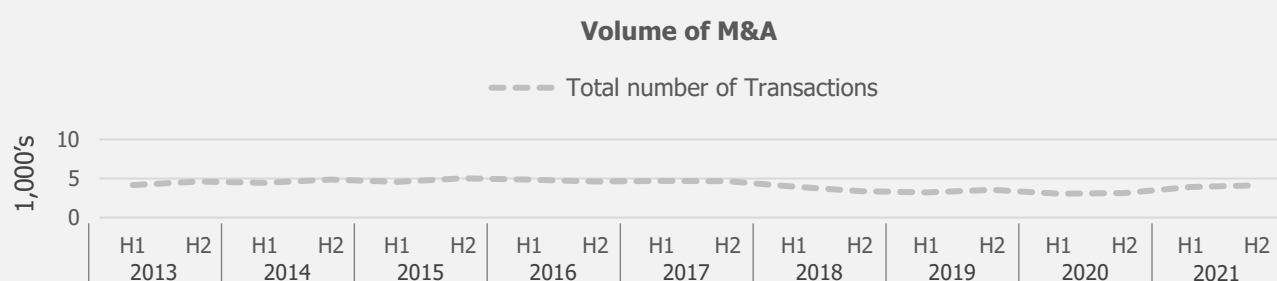
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. The multiple for these lower mid-market transactions over the past six months, at 9.2x, is slightly lower than it was for H1 2021.



\* 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 4,104 transactions globally in the Industrials sector. This is an increase on the preceding six months, when there were 3,897 transactions. There has been little fluctuation in the number of transactions over the past year, demonstrating a certain resilience in deal making in the sector.



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