

How much are companies worth in the TMT sector?

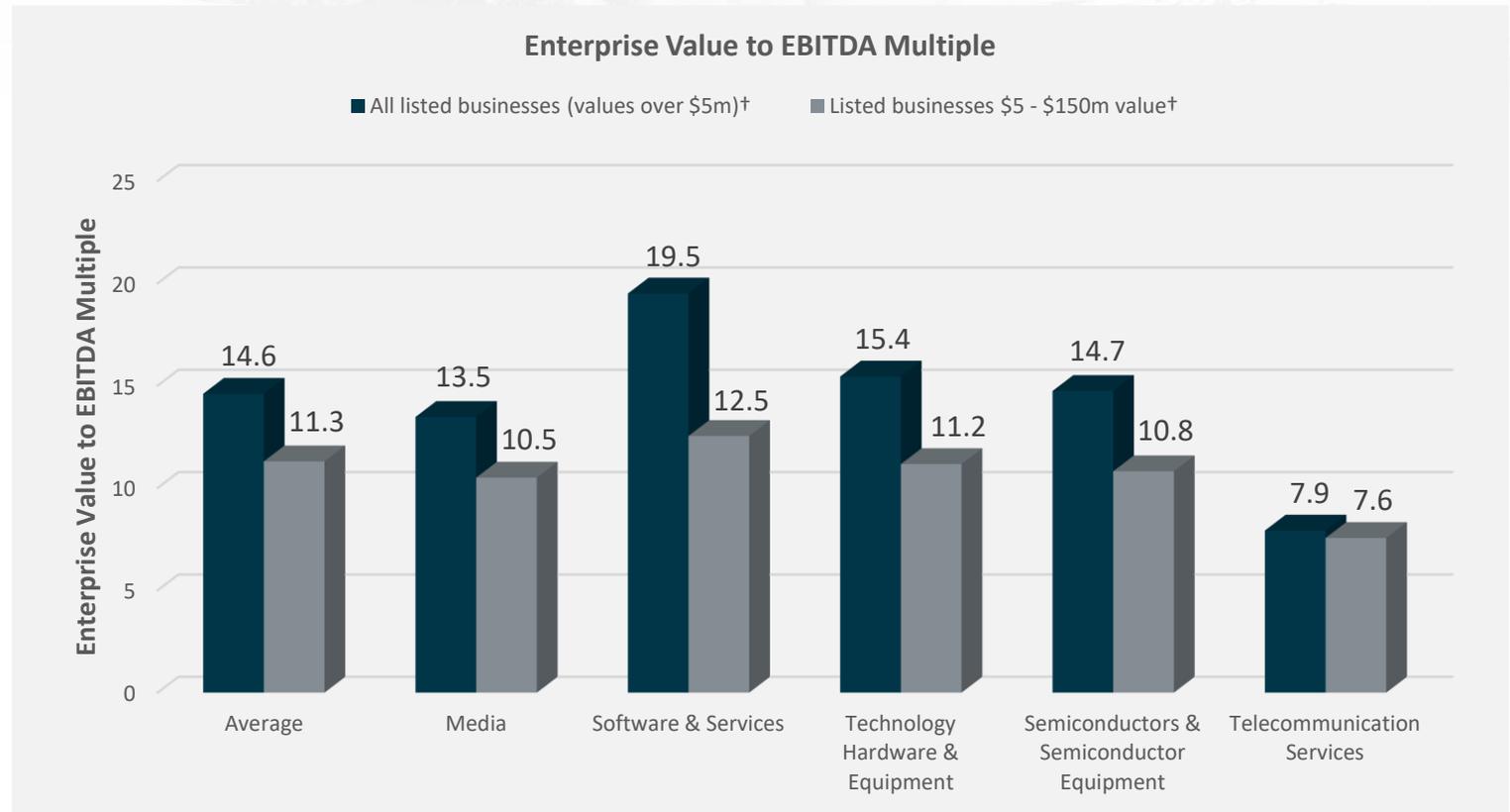
3 key factors can give private business owners an indication of their valuation:

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 TMT companies was **14.6x**.[†] This is a decrease on the previous six months, when listed TMT companies were trading on a multiple of 17.5x. Within the TMT sector, trading multiples varied for all listed businesses between 7.9x and 19.5x 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 TMT transactions has increased slightly over the past six months. It currently stands at **11.4x**.

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 over the past six months, and currently stands at 7.6x.

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 5,536 transactions globally in the TMT sector. This is a decrease on the preceding six months, when there were 6,043 transactions.



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