

How much are companies worth in the TMT sector?

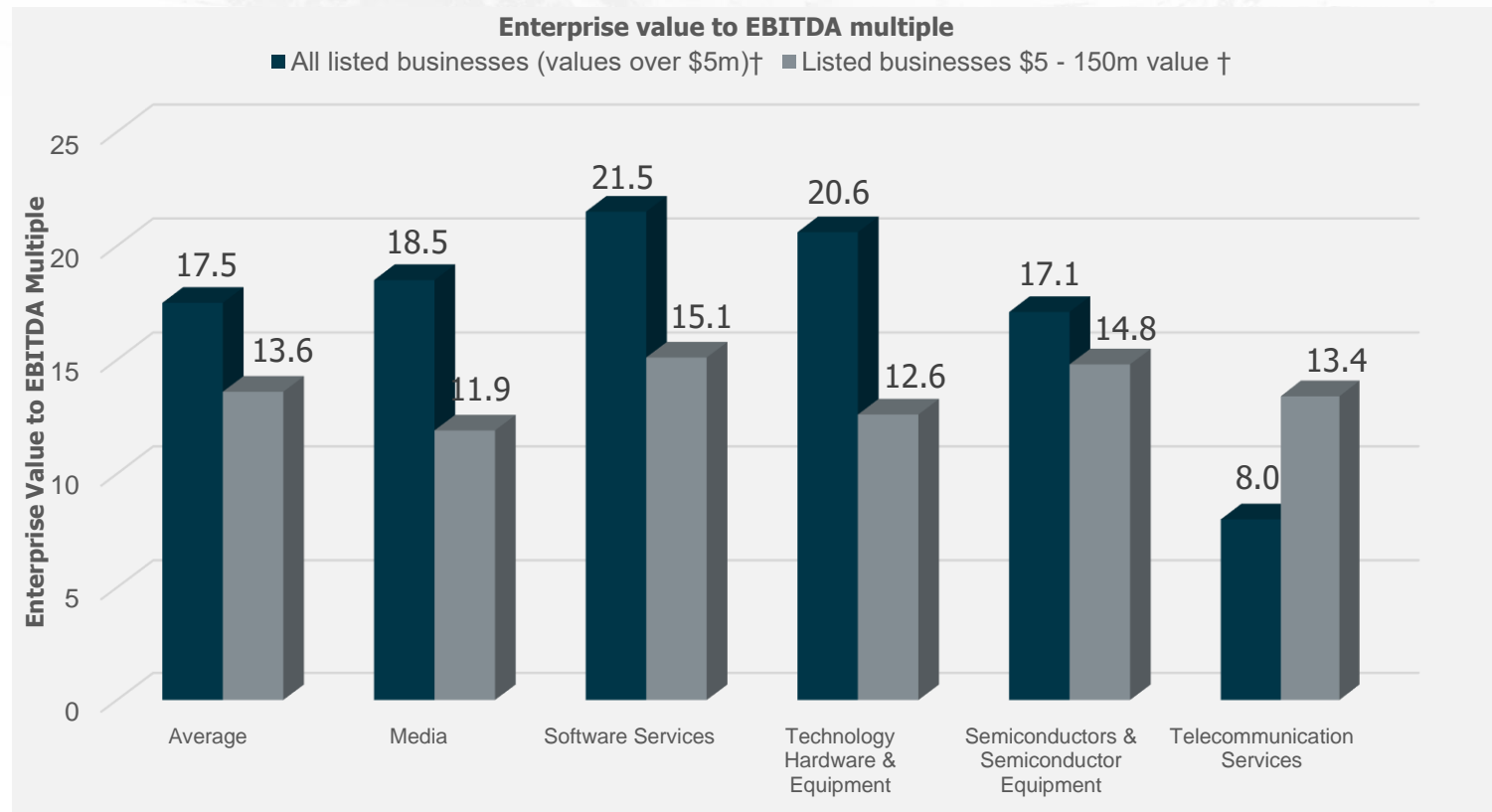
3 key factors can give private business owners an indication of their valuation:

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 H2 2021, the global, all market average Enterprise Value to EBITDA multiple for listed TMT companies was **17.5x**.† This is a slight increase on the previous six months, when listed TMT companies were trading on a multiple of 17.2x. Within the TMT sector, trading multiples varied for all listed businesses between 8.0x and 21.5x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.

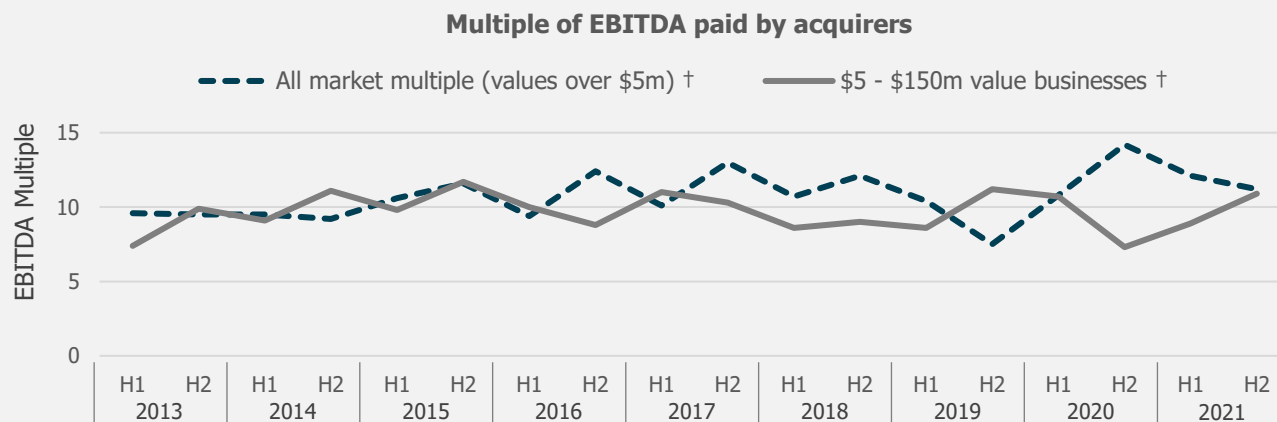


* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† 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 04/01/2022.

The average multiple† of EBITDA* paid globally in TMT transactions has decreased slightly over the past six months. It currently stands at **11.2x**.

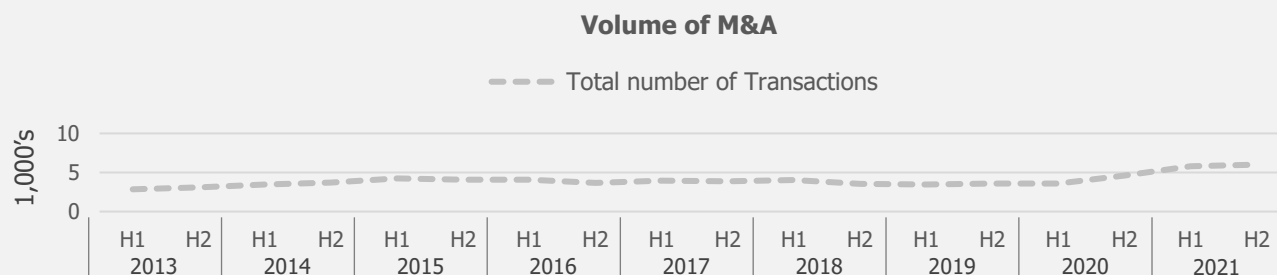
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. The multiple for these lower mid-market transactions has improved slightly over the past six months, and currently stands at 10.9x.



* 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 6,043 transactions globally in the TMT sector. This is an increase on the preceding six months, when there were 5,808 transactions. This slight increase over the last six months, to the highest level we have seen in our review period, demonstrates the continuing strong demand for TMT businesses.



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