

# How much are companies worth in the TMT sector?

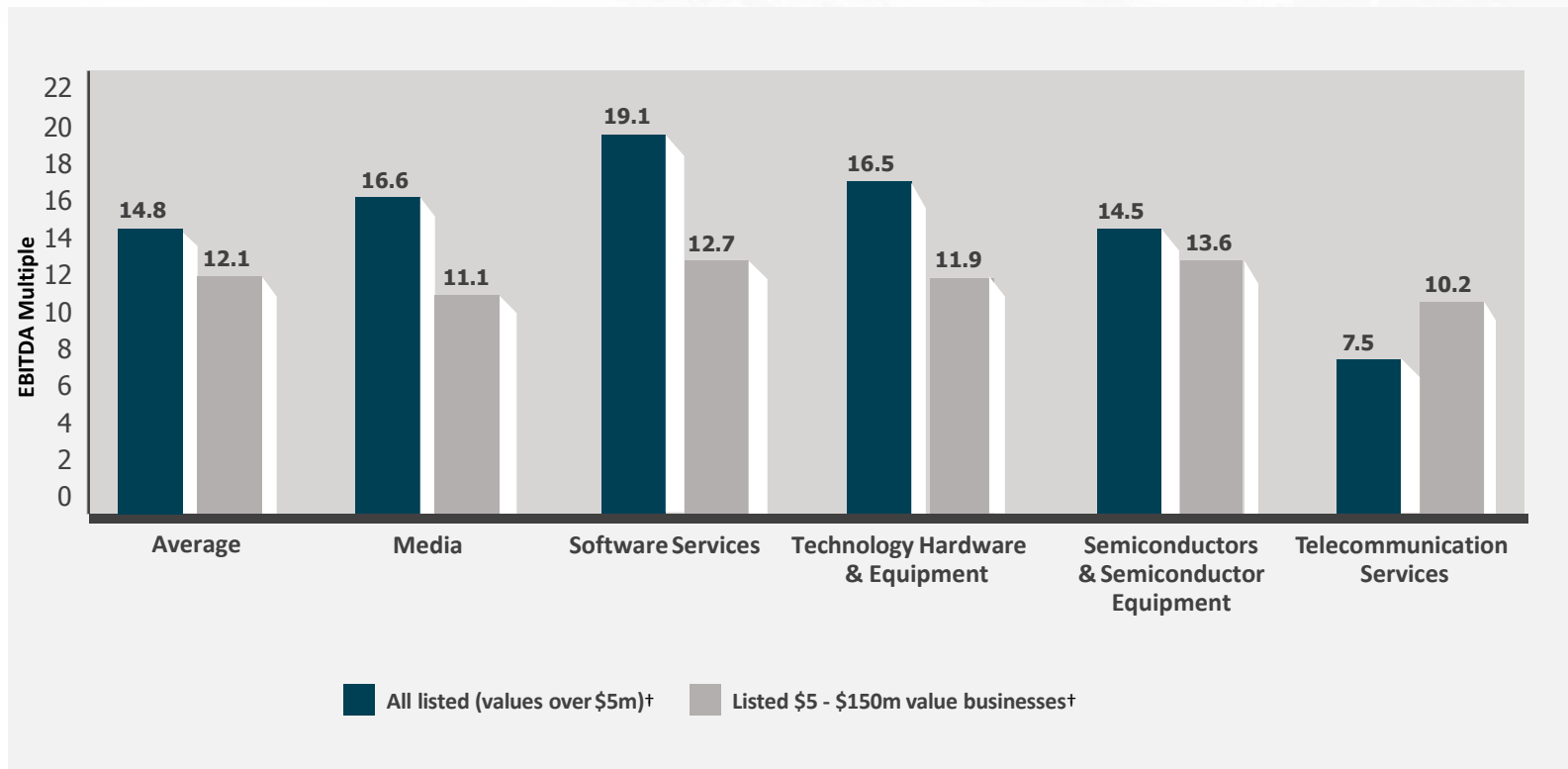
## 3 key factors can give private business owners an indication of their business valuation:

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 TMT companies was **14.8x**.<sup>†</sup> This was greater than for the previous six months and also higher than the previous year, when listed TMT companies were trading on a multiple of 12.5x. Within the TMT sector, trading multiples varied between 7.5x and 19.1x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



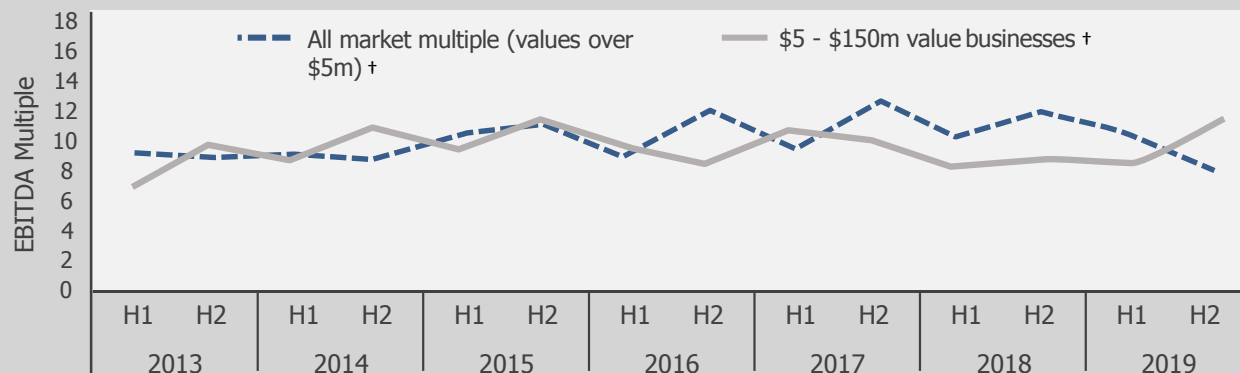
\* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

<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 10/01/2020

The average multiple of EBITDA\* paid globally in TMT transactions has declined slightly over the past few years. It currently stands at

# 7.5x

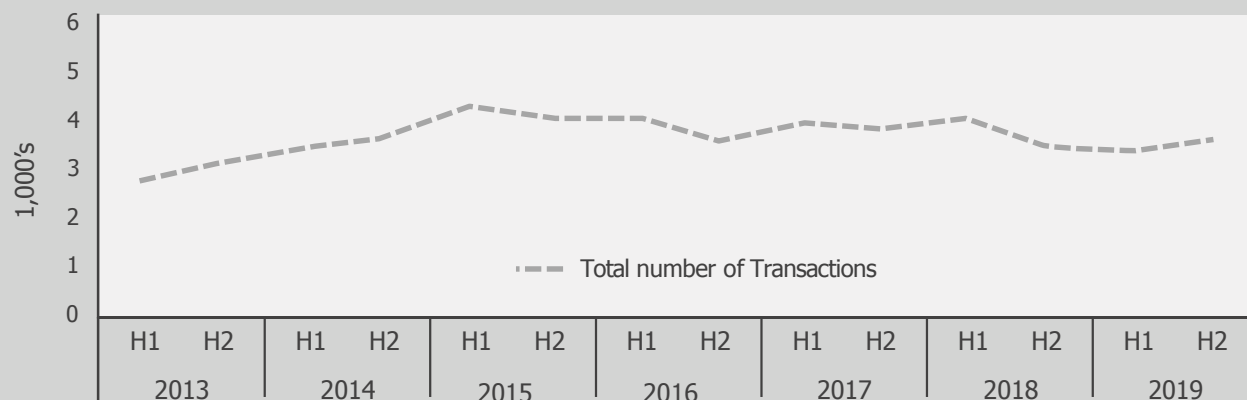
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation.



\* 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 3,567 transactions globally in the TMT sector. This is slightly up on the preceding 6 months, when there were 3,459 transactions. The uptick in transactions in the last 6 months suggests demand for TMT businesses remains strong.



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