

# How much are companies worth in the Consumer sector?

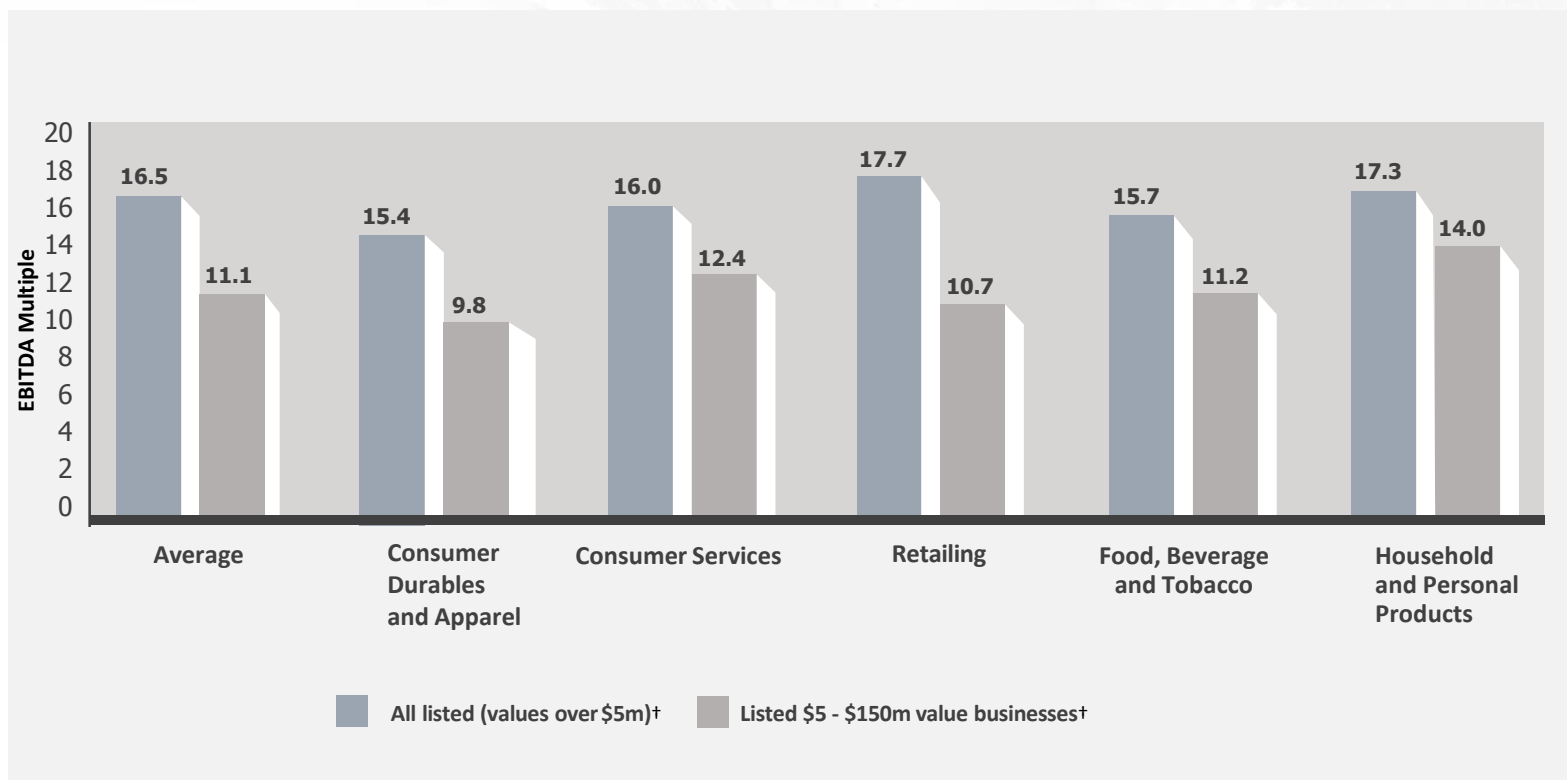
## 3 key factors can give private business owners an indication of their business valuation:

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 Consumer companies was **16.5x**.† This was only slightly lower than the previous six months and up on the previous year, when listed Consumer companies were trading on a multiple of 15.7x. Within the Consumer sector, trading multiples varied between 15.4x and 17.7x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



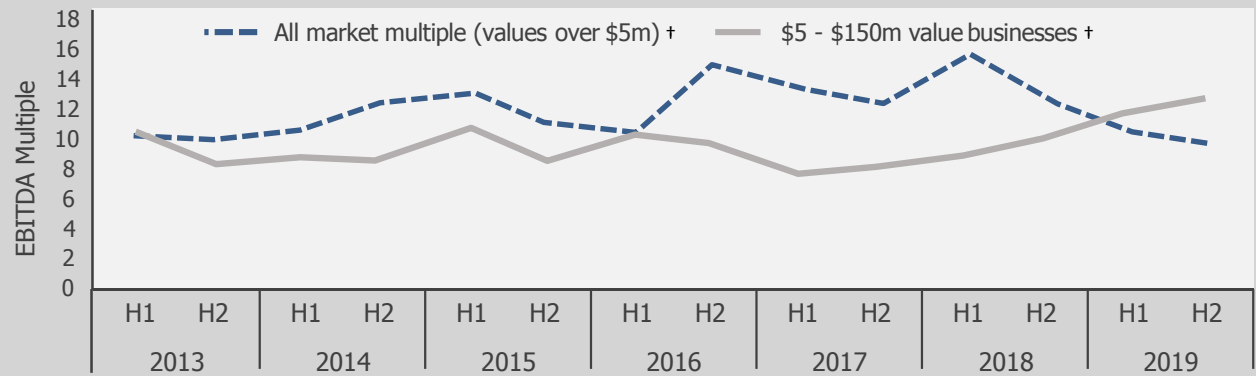
\* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† 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 10/01/2020.

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

9.4x

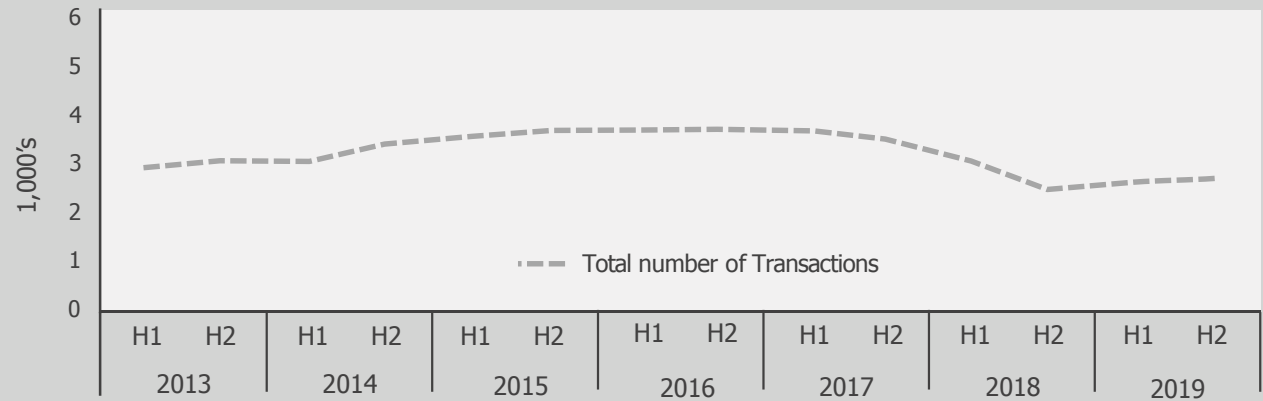
When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation.



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† 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 2,711 transactions globally in the Consumer sector. This is slightly up on the preceding 6 months, when there were 2,576 transactions. Although slightly declining since 2016 H2, the increase in the last 6 months suggests demand for Consumer businesses remains fairly buoyant.



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