

How much are companies worth in the Industrials sector?

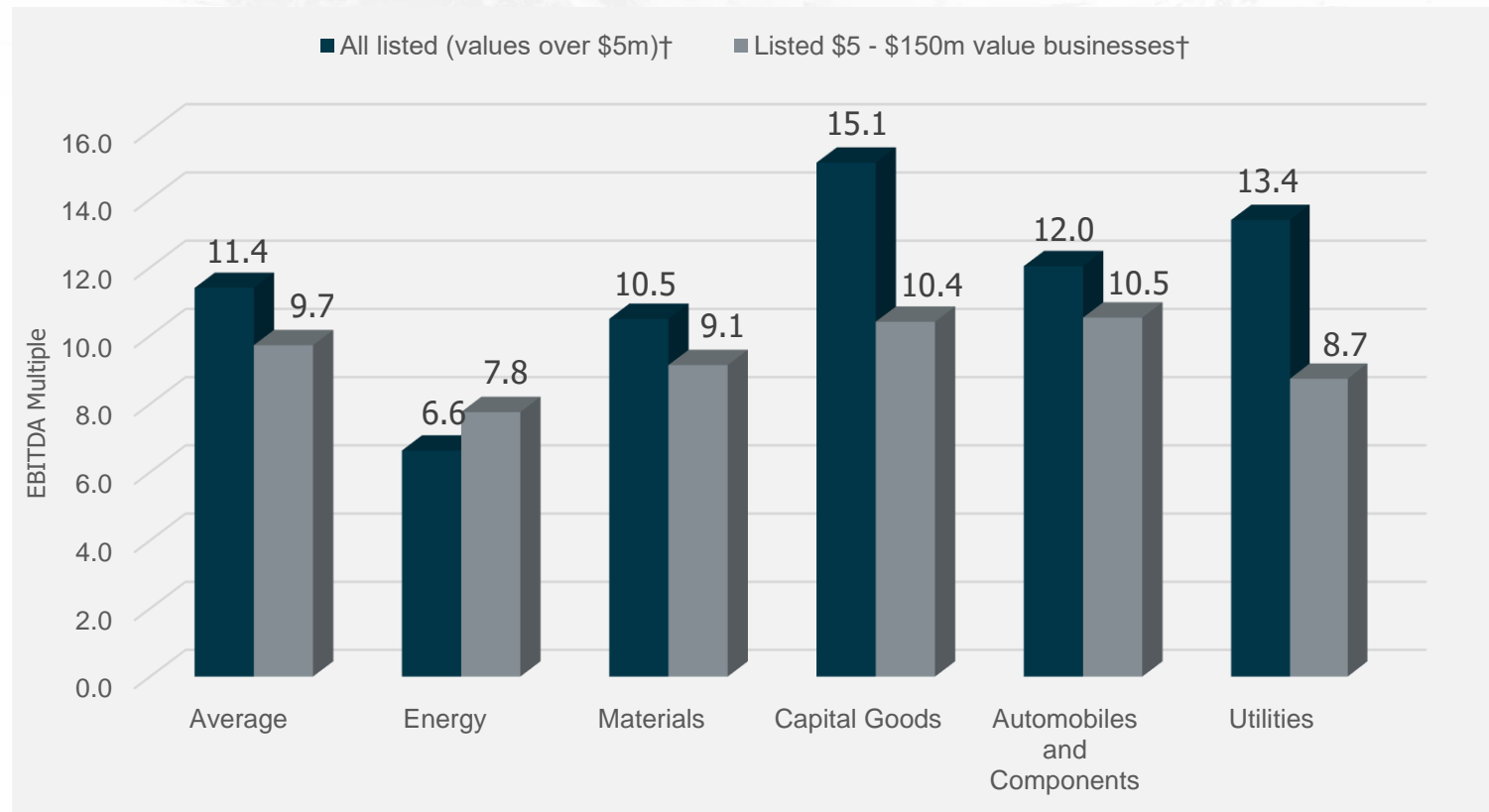
3 key factors can give private business owners an indication of their valuation:

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 2022, the global, all market average Enterprise Value to EBITDA multiple for listed Industrials companies was **11.4x**.† This is a slight increase on the previous six months, when listed Industrials companies were trading on a multiple of 11.2x. Within the Industrials sector, trading multiples varied between 6.6x and 15.1x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



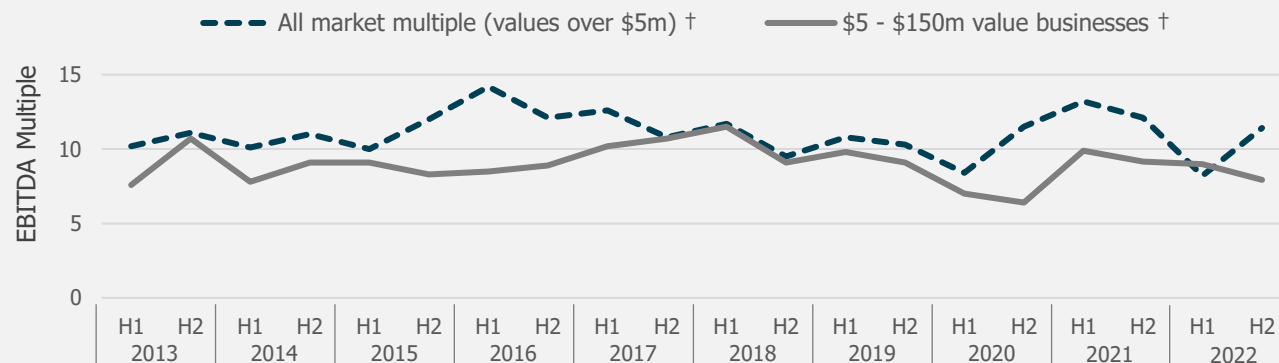
* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation. † Note, the Enterprise Value to EBITDA multiples above are for listed businesses. By comparison **privately owned businesses are generally valued at a discount**. Listed company data was accurate at 04/01/2023.

The average multiple† of EBITDA* paid globally in Industrials transactions has increased over the past six months. It currently stands at **11.4x**. After a trend of lower transaction multiples, no doubt exacerbated by events in Ukraine, the Industrials sector has experienced a rebound, with the average transaction multiple rising significantly.

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 **7.9x**, is lower than it was for H1 2022.

In H2 2022, there were 3,756 transactions globally in the Industrials sector. This is an increase on the preceding six months, when there were 2,839 transactions. This return to a strong volume of Industrials sector transactions is encouraging given the decrease in the first half of 2022.

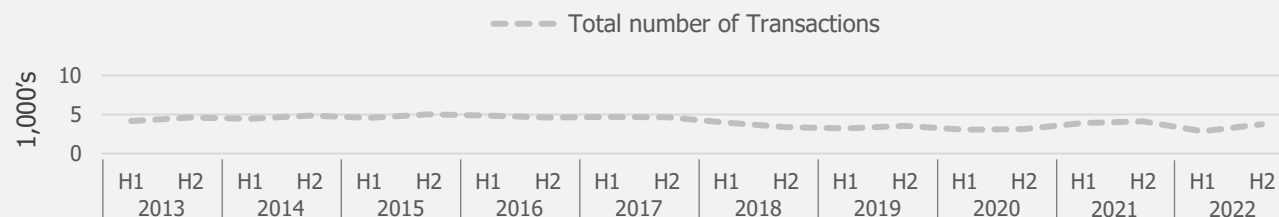
Multiple of EBITDA paid by acquirers



* 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.**

Volume of M&A



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