

How much are companies worth in the TMT sector?

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

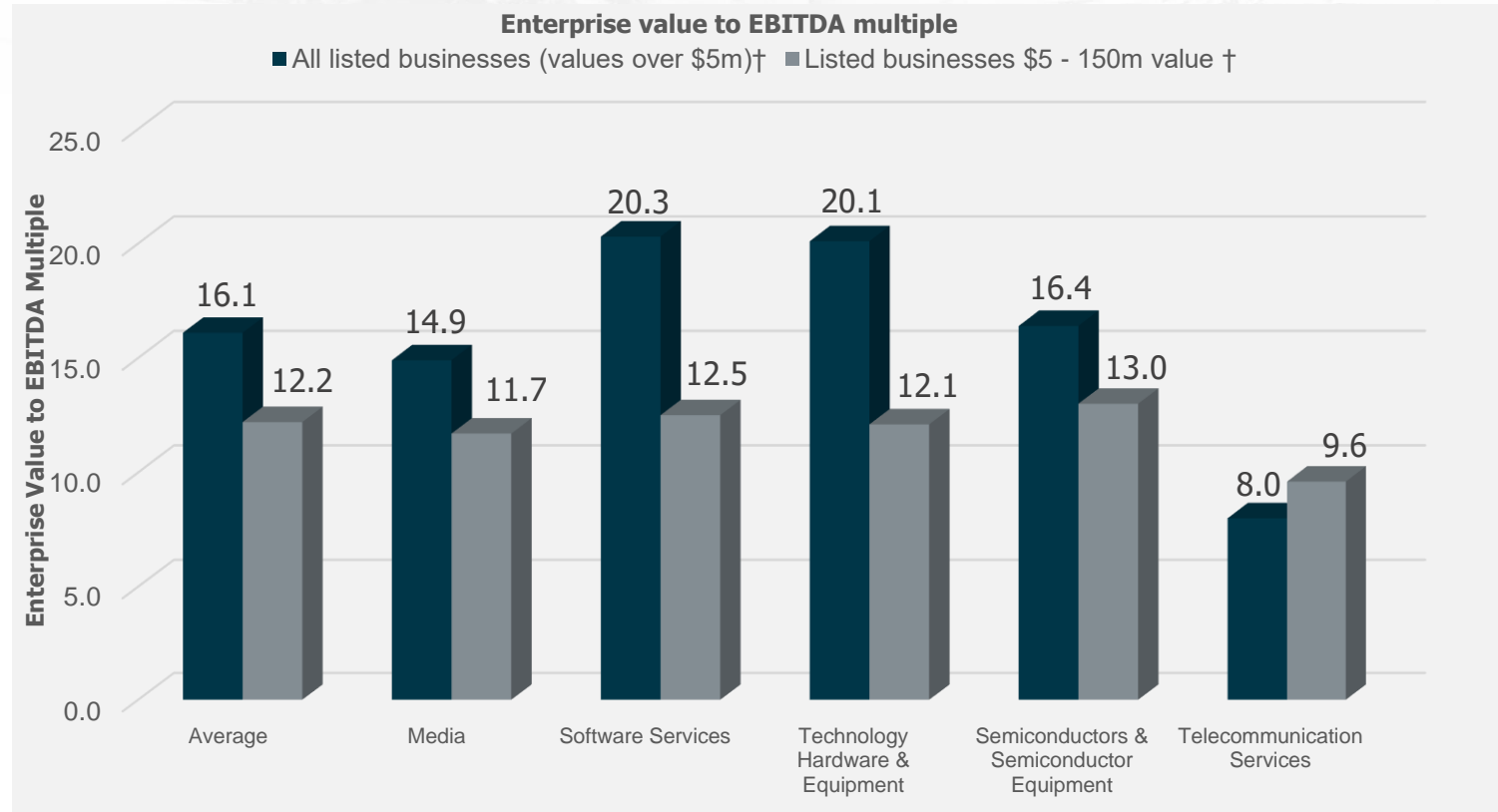
The Enterprise Value to EBITDA* multiples on which comparable listed companies are trading

The multiple of EBITDA paid by acquirers of comparable businesses

The volume of M&A transactions and acquisitions

At the end of H1 2023, the global, all market average Enterprise Value to EBITDA multiple for listed Tech, Media, Telecoms companies was **16.1x**.† This is a 17.5% increase on the previous six months, when listed TMT companies were trading on a multiple of 13.7x.

Within the TMT sector, trading multiples varied for all listed businesses between 8.0x and 20.3x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation as derived from latest published accounts.

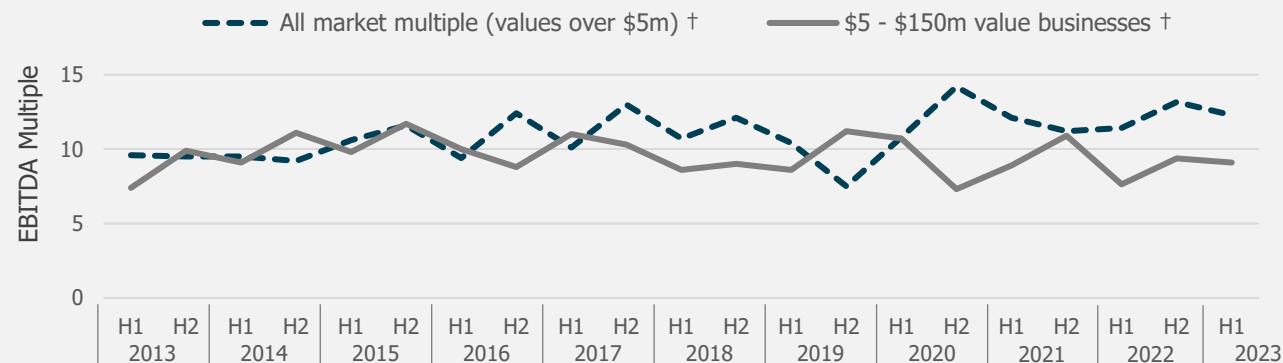
† Note, the Enterprise Value to EBITDA multiples above are for listed businesses. By comparison **privately owned businesses are generally valued at a discount**. Listed company data was accurate at 05/07/2023.

The average multiple† of EBITDA* paid globally in TMT transactions to acquire control of businesses has fallen slightly over the past six months. It currently stands at **12.3x**.

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 fallen slightly over the past six months to **9.1x**, but still sits comfortably above the level experienced in H1 2022.

In H1 2023, there were 6,386 transactions globally in the TMT sector. This is a large increase (40%) on the preceding six months, when there were 4,557 transactions. This sets a new high in terms of TMT transaction volume in the last 10 years.

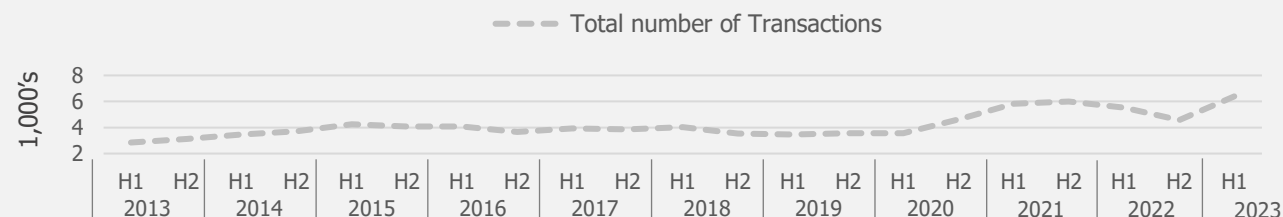
Multiple of EBITDA paid by acquirers



* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation as derived from latest accounts prior to the transaction.

† 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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