

How much are companies worth in the Consumer sector?

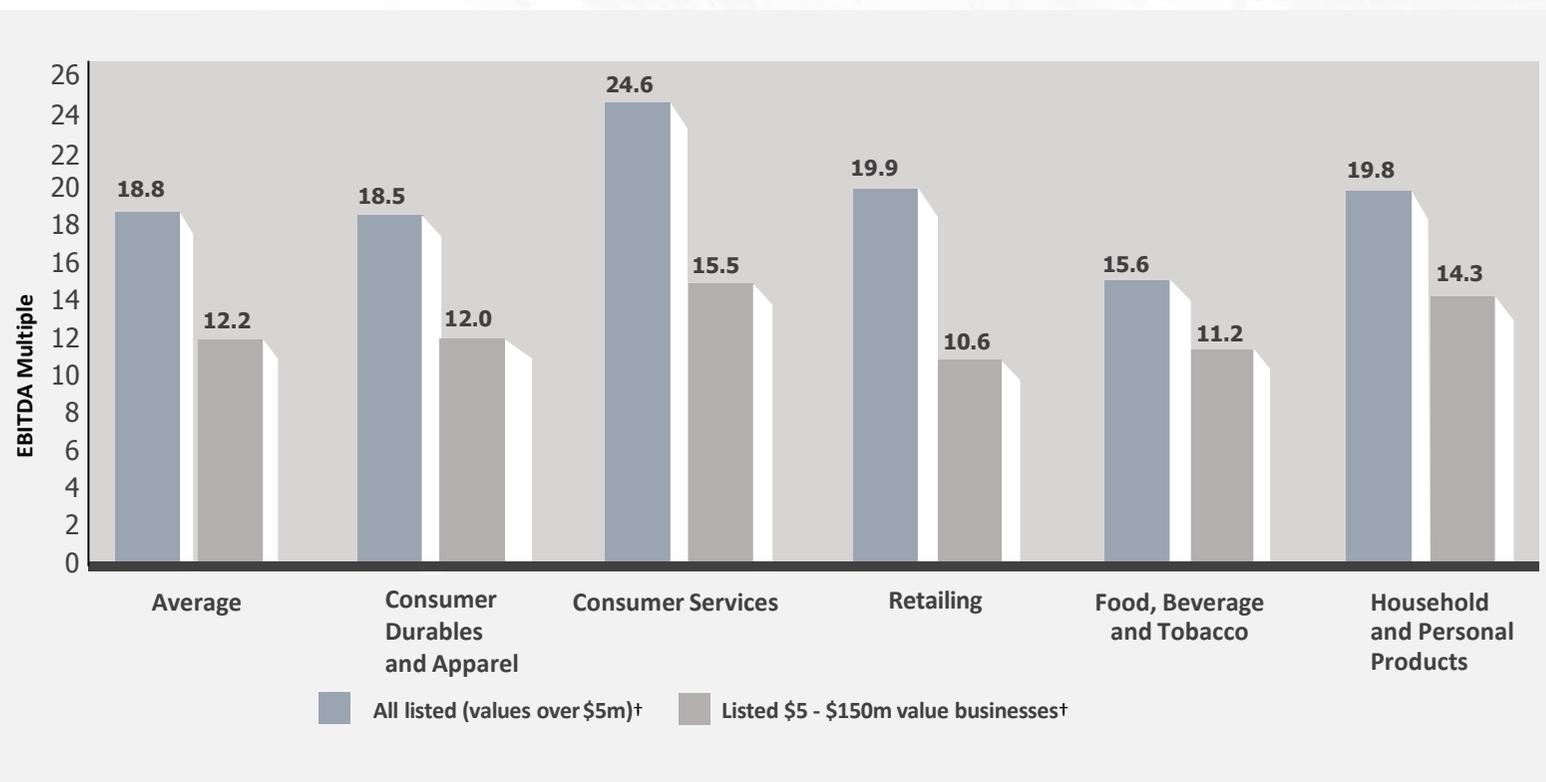
3 key factors can give private business owners an indication of their business valuation:

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 2020, the global, all market average Enterprise Value to EBITDA multiple for listed Consumer companies was **18.8x**.† This was higher than the previous six months when listed Consumer companies were trading on a multiple of 17.0x. Within the Consumer sector, trading multiples varied between 15.6x and 24.6x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



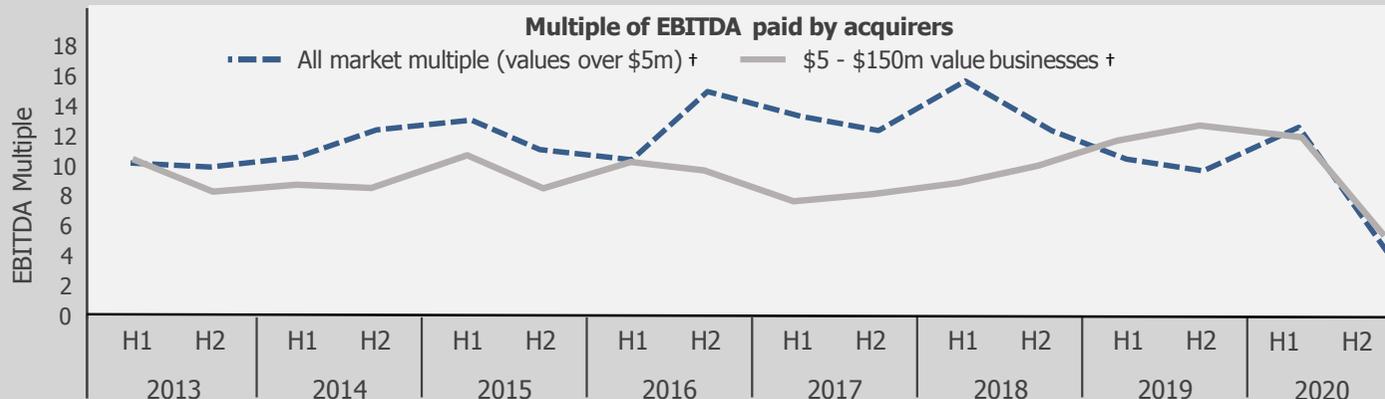
* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† 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 04/01/2021.

The average multiple† of EBITDA* paid globally in Consumer transactions has decreased considerably over the past six months. It currently stands at

4.0x

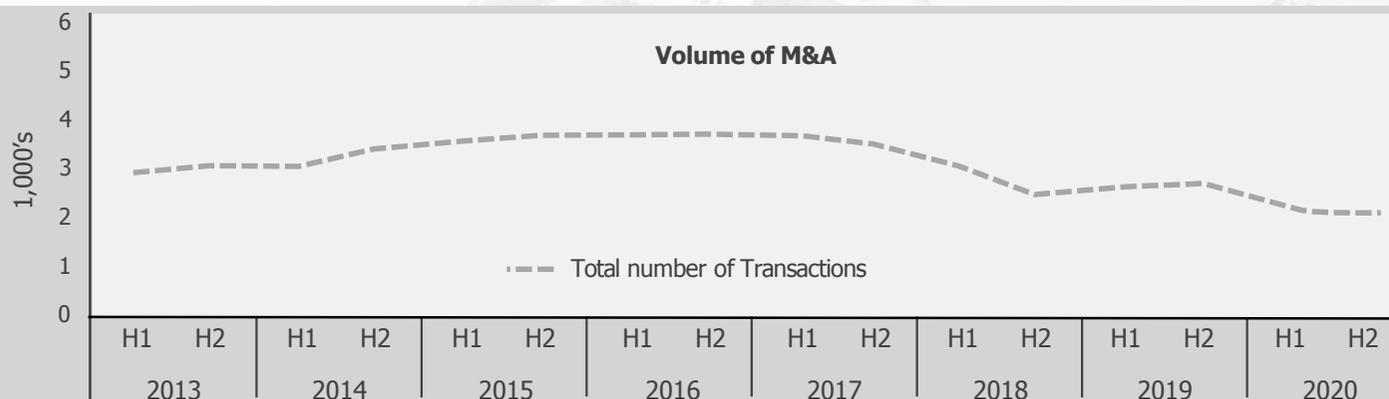
This multiple is much lower than it has been historically, and is lower than we would have expected to see for consumer transactions over the past six months. It has been artificially distorted downwards due to the low number of transactions in the period with relevant valuation data recorded and so the true multiple may be higher. When reviewing these multiples we break out businesses in the range \$5-150m, as they tend to have unique attributes which affect their valuation. Over the past six months, however, the data suggests similar valuation multiples though again this has been distorted by the low number of transactions in the period with the relevant data recorded.



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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 2020, there were 2,220 transactions globally in the Consumer sector. This is only just down on the preceding six months, when there were 2,248 transactions. Over the past seven years the number of transactions has been relatively stable and the demand for Consumer businesses has remained at a good level given the wider economic and social circumstances over the past 6 months, even though multiples being paid are much lower.



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