

How much are companies worth in the Healthcare sector?

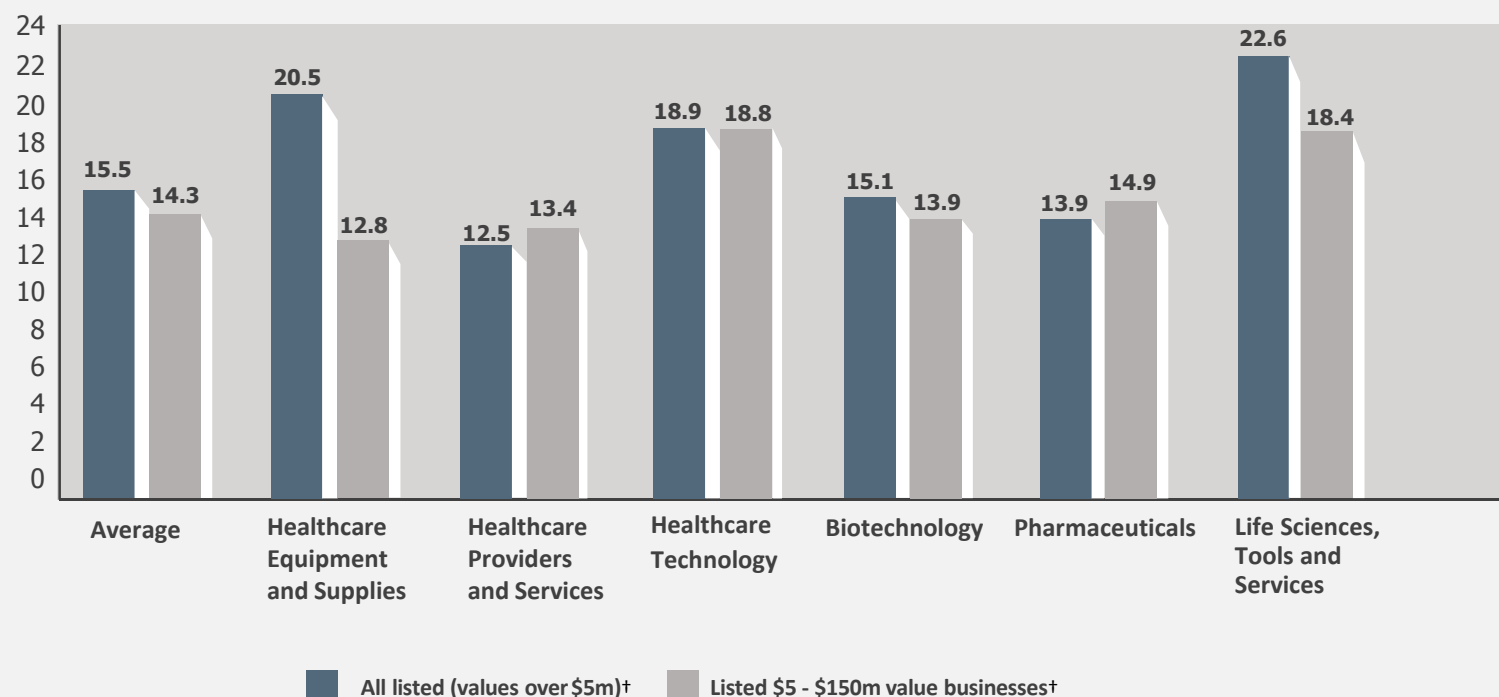
3 key factors can give private business owners an indication of their business valuation:

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 H1 2019, the global, all market average Enterprise Value to EBITDA multiple for listed Healthcare companies was **15.5x**. This was slightly greater than the previous six months and slightly up on the previous year, when listed Healthcare companies were trading on a multiple of 15.1x. Within the Healthcare sector, trading multiples varied between 7.6x and 16.3x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



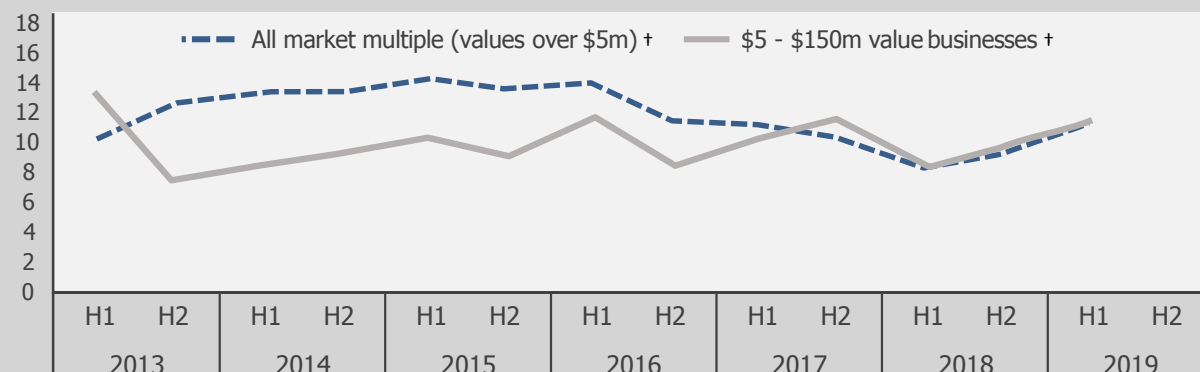
* EBITDA is Earnings Before Interest, Tax, Depreciation and Amortisation

† Note, the Enterprise Value to EBITDA multiples above are for listed businesses, and it is generally the case that privately owned businesses are valued at a discount. Listed company data was accurate at 01/07/2019.

The average multiple of EBITDA paid globally in Healthcare transactions has remained fairly steady over the past few years. It currently stands at

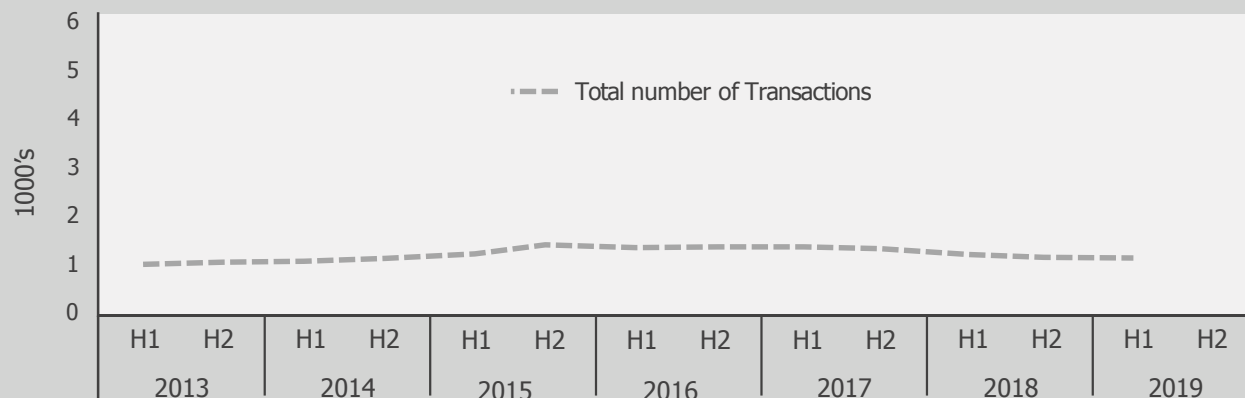
11.9x

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



† Note, the transaction multiples above are calculated from raw data. This typically understates profits and therefore valuations actually achieved are generally at lower multiples of "normalised" profits.

In H1 2019, there were 1,074 transactions globally in the Healthcare sector. This is down on the preceding 6 months, when there were 1,215 transactions. Although slightly declining over the last few years, the number in the last 6 months suggests demand for Healthcare businesses remains fairly buoyant.



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