

Small and Medium Enterprises Valuation Index

November 2018



Corporate Finance



About UK200Group

The UK200Group is an association of Chartered Accountancy and Law firms offering strategic business services advising key industries throughout the UK, in over 150 locations and internationally through our International Associates in some 70 countries. With experience of the owner managed, small and medium sized business sector our members work with clients to create the right solution for the business.

About UK200Group Corporate Finance Panel

The Corporate Finance Panel of independent specialists from UK200Group member firms, provide lead advisory and transaction support services for corporate finance work in the owner managed and SME business sector.

What is the UK200Group SME Valuation Index?

It is the result of our Corporate Finance members providing key data on actual transactions involving the purchase or sale of real UK businesses (in the form of asset or share deals) over the past few years. Most importantly, the deal data provided by our Panel has been included in a format which allows comparability in a manner not available from publicly published data.

After relatively weak performance in the previous year, the average deal size has returned to the benchmark that was

established prior to the introduction of volatility as a result of Britain's 2016 referendum.

Business owners seem to be reaping the benefits of an economy that is continuing to recover and stabilise, as shown by the valuation multiples – which are at or near the highest they've been for the past five years. Median P/E and EBITDA multiples have risen to 8.0 and 5.5 respectively. Whilst the mean P/E has risen to 8.9, the mean EBITDA has fallen to 6.0 from 6.2 in the previous year – this is a result of the concentration of results within this year's collection, far less skew has occurred from infrequent high multiple deals.

At a 95% confidence level, EBITDA multiples are occurring in the range 5.2 to 6.6, which shows that the deal multiples are much more concentrated around the mean value than in 2017, where confidence interval was 3.9 to 8.5. P/E multiples are ranging, at a 95% level of confidence, between 7.8 and 9.9, which is greater and more concentrated than in 2017, where the range was 5.4 to 9.1.

	Median P/E	Median EBITDA	Mean P/E	Mean EBITDA	Avg Deal size (£m)
Nov-18	8.0	5.5	8.9	6.0	4.4
Nov-17	5.4	4.2	7.3	6.2	3.4
Nov-16	6.8	4.8	8.1	5.6	5.7
Nov-15	8.0	5.4	9.6	6.1	4.2
Nov-14	6.5	4.5	7.3	5.1	4.4

Who wants this data?

The information contained in the Group's SME Valuation Index will be of benefit to corporate financiers, forensic accountants, insolvency practitioners, investors, banks, tax planners and clients.



Members of our **Corporate Finance** Panel have a reputation of helping members and clients using their experience and excellent resources and can provide solutions to:

- Sales, mergers & acquisitions
- Management buy outs and buy ins
- Due diligence & investigations
- AIM & Ofex listings
- Corporate planning
- Investigations

Panel members experience spans UK, European and global markets.

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