

Small and Medium Enterprises Valuation Index

November 2019



Corporate Finance



MM MARK TO MARKET

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 MarktoMarket?

MarktoMarket (MtM) is a leading provider of data on UK private companies. MtM has been collaborating with the UK200Group and its members to provide insight and analysis into valuation trends and will be publishing a wider report on this topic in due course.

What is the UK200Group MarktoMarket 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.

Despite the political uncertainty, this year's index shows little change in the overall multiples being paid for businesses in the SME sector. Capital remains plentiful, either from financial (private equity) buyers or banks, and remains relatively cheap, based on a continuation of the low interest rate environment. Furthermore, with Sterling under pressure, foreign buyers are seeing the UK as a good value option for M&A activity, increasing demand for domestic companies. These factors appear to be countering the negative sentiment and uncertainty induced by Brexit and a General Election.

The median EBITDA multiple has risen to 5.8x from 5.5x, whilst the median P/E multiple has fallen to 7.8x from 8.0x. The mean EV/EBITDA multiple has risen to 6.1x from 6.0x. At a 95% confidence level, EBITDA multiples are occurring in the range of 5.2 – 7.0x. The mean P/E multiple has reduced to 8.1x from 8.9x. At a 95% confidence level, P/E multiples are occurring in the range of 6.6 – 9.6x. Average deal size has increased to £5.0 million from £4.4 million.

	Median P/E	Median EBITDA	Mean P/E	Mean EBITDA	Avg Deal size (£m)
Nov-19	7.8	5.8	8.1	6.1	5.0
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

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 & Junior market listings
- Corporate planning
- Investigations
- Growth capital and fundraising

Panel members experience spans UK, European and global markets.

Members of the Corporate Finance Panel

Accountants

BEVERLEY

Mike Beckett

Forrester Boyd Robson

01482 889400

m.beckett@forrester-boyd.co.uk

www.fbrobson.co.uk

BIRMINGHAM

Roy Farmer

Dains LLP

0845 555 8844

rfarmer@dains.com

www.dains.com

CARDIFF

Lindsay Hogg

Watts Gregory LLP

029 2054 6600

l.hogg@watts-gregory.co.uk

www.watts-gregory.co.uk

HULL

Jeremy Allison

Smailes Goldie

01482 326916

jeremyallison@smailesgoldie.co.uk

www.smailesgoldie.co.uk

LEWES

David Martin

Kirsty Wilson

Knill James

01273 480480

david@knilljames.co.uk

kirstyw@knilljames.co.uk

www.knilljames.co.uk

LONDON EC2

Simon Blake – *Chairman*

Price Bailey LLP

020 7065 2660

simon.blake@pricebailey.co.uk

www.pricebailey.co.uk

LONDON NE

Michael Watts

Haslers

020 8418 3333

michael.watts@haslers.com

www.haslers.com

SHEFFIELD

Patrick Abel

Hart Shaw LLP

0114 251 8850

patrick.abel@hartshaw.co.uk

www.hartshaw.co.uk

Lawyers

ALTRINCHAM

Akeel Latif

Myerson Solicitors LLP

0161 941 4000

akeel.latif@myerson.co.uk

www.myerson.co.uk

DUBLIN 2

Conor Mullany

Mullany Walsh Maxwells

00 353 1 676 5473

cmullany@mwmlegal.ie

www.mwmlegal.ie

SALISBURY

Mark Lello

Parker Bullen LLP

01722 412000

mark.lello@parkerbullen.com

www.parkerbullen.com

International Associate

DUBLIN

Neal Morrison

McInerney Saunders

00 353 1 840 4029

nmorrison@mcinerneysaunders.ie

www.mcinerneysaunders.ie

