The last year clearly is defined by COVID-19. Before the pandemic hit, activity levels were high. The first phase of lockdown saw an understandable significant drop in transactions completing given the uncertainty, and UK200Group had a number of clients that immediately stopped or delayed transactions. It would be fair to say that of those deals that were done, multiples and deal values would be expected to, and did, fall and there was a greater emphasis on earn out and deferred terms. Of course part of the impact is that banking activity shifted almost entirely to CBILS and Bounce Back loans, which excluded acquisition funding, so deals completing would have been impacted by available finance.

Overall, multiples decreased. At a 95% confidence level, EBITDA multiples are occurring in the range of 5.0-6.9x.

An analysis of the data shows significant difference in figures before and after the advent of the first national lockdown in March. Pre-lockdown, the median EBITDA multiple was 5.9x, decreasing to 4.8x thereafter. The median P/E multiple was 8.0x, which fell to 5.7x. The mean EV/EBITDA multiple was sitting at 6.4x pre-lockdown, falling to 5.5x for the rest of the year, whilst the mean P/E multiple was 9.3x, decreasing to 6.8x. Average deal size pre-lockdown was £4.7 million, which subsequently dropped to £3.6 million.

<table>
<thead>
<tr>
<th></th>
<th>Median P/E</th>
<th>Median EBITDA</th>
<th>Mean P/E</th>
<th>Mean EBITDA</th>
<th>Avg Deal size (£m)</th>
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<tr>
<td>Nov-20</td>
<td>7.0</td>
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<td>Nov-18</td>
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<td>8.9</td>
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<td>5.4</td>
<td>9.6</td>
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</tbody>
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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.
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Members of the Corporate Finance Panel

**Accountants**

**BIRMINGHAM**
Roy Farmer
Dains LLP
0845 555 8844
rfarmer@dains.com
www.dains.com

**CAMBRIDGE**
Simon Blake – Chairman
Price Bailey LLP
01223 565035
simon.blake@pricebailey.co.uk
www.pricebailey.co.uk

**LEWES**
David Martin
Kirsty Wilson
Knill James LLP
01273 480480
david@knilljames.co.uk
kirstyv@knilljames.co.uk
www.knilljames.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

**ALTRINCHAM**
Akeel Latif
Myerson Solicitors LLP
0161 941 4000
akeel.latif@myerson.co.uk
www.myerson.co.uk

**SALISBURY**
Mark Lello
Parker Bullen LLP
01722 412000
mark.lello@parkerbullen.com
www.parkerbullen.com

**International Associate Accountant**

**DUBLIN**
Neal Morrison
McInerney Saunders
00 353 1 840 4029
nmorrison@mcinerneysaunders.ie
www.mcinerneysaunders.ie

**International Associate Lawyer**

**DUBLIN 2**
Conor Mullany
Mullany Walsh Maxwells
00 353 1 676 5473
cmullany@mwmlegal.ie
www.mwmlegal.ie

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