

Small and Medium Enterprises Valuation Index

November 2023



Corporate Finance



MM MARK TO MARKET

About UK200Group

The UK200Group is a professional services group 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 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 provides 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.

What is the UK200Group MarktoMarket SME Valuation Index?

It is the result of our 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.

2023 Index

The 2023 Small and Medium Enterprises Valuation Index indicated a broadly flat trend in deal multiples relative to 2022. The median EBITDA multiple paid for businesses in this year's sample was 5.0x versus 4.9x in 2022. This falls some way short of the 2021 figure of 6.0x and remains below the trend established in 2018-2020.

A continuation of high inflation has exerted pressure on corporate profit margins in most industries as pricing has failed to keep pace with wage expansion. At the same time, higher interest rates have increased the cost of capital for business investors and, by extension, reduced valuations. Elevated borrowing costs have also impacted affordability and access to debt capital for acquisition financing. All of this has served to reduce the volume of deal activity in 2023 relative to 2021 and, to a lesser extent, 2022, although deal activity in the SME market is proving resilient with completions close to levels recorded "pre-COVID".

	Median P/E	Median EBITDA	Mean P/E	Mean EBITDA	Avg Deal size (£m)
Nov-23	5.5	5.0	7.2	5.6	4.0
Nov-22	6.4	4.9	7.1	5.4	6.3
Nov-21	7.6	6.0	8.9	6.6	7.1
Nov-20	7.0	5.4	8.3	6.0	4.1
Nov-19	7.8	5.8	8.1	6.1	5.0

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 within the UK and globally:

- Sales, mergers & acquisitions
- Management buy outs and buy ins
- Due diligence & investigations
- Reporting Accountants for listing
- Debt & equity fund raising
- Employee ownership
- Share incentive schemes
- Business Planning

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