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H1 2019 – Financial Services Report

How much are companies worth in the Financial Services sector?

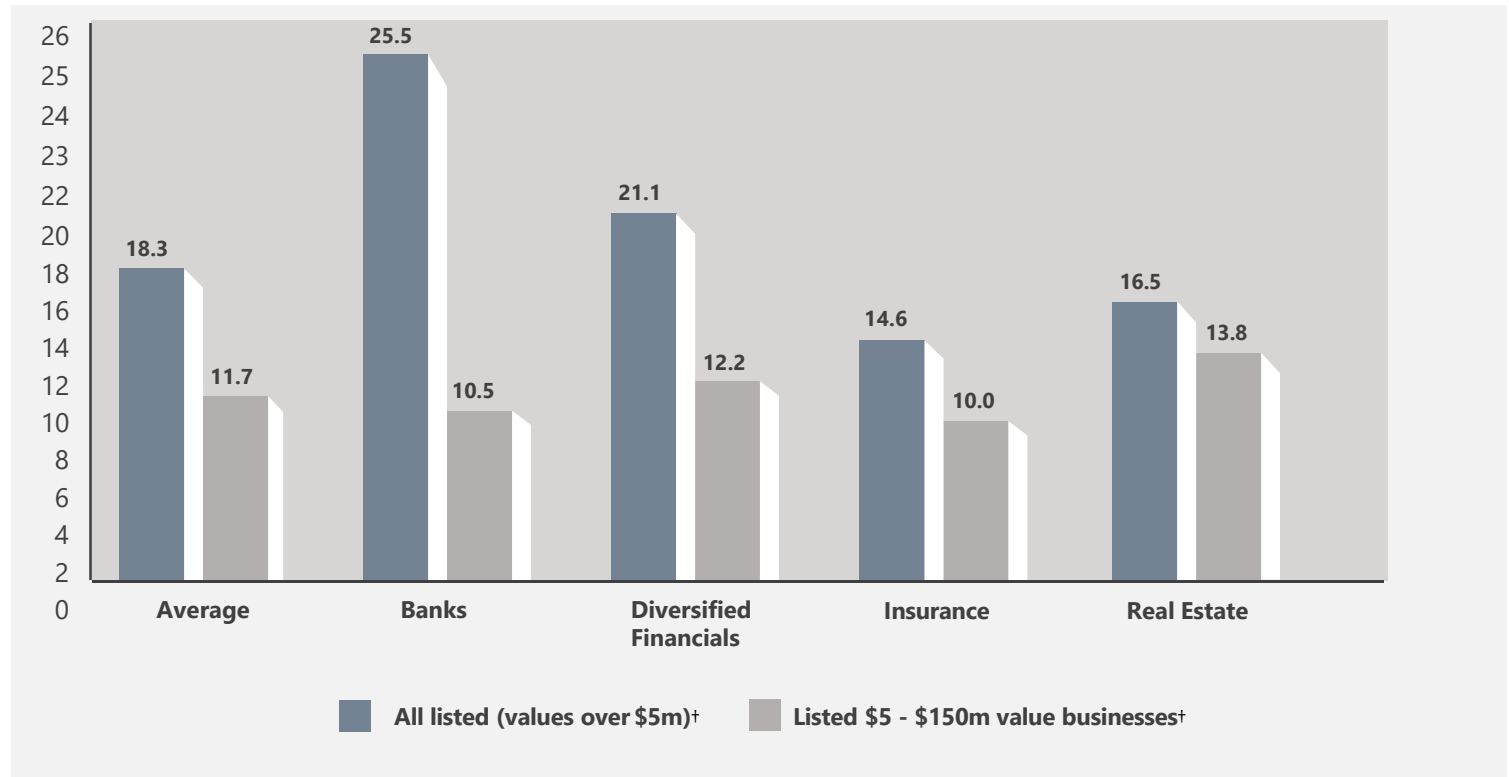
3 key factors can give private business owners an indication of their business valuation:

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 Financial Services companies was **18.3x**. This was greater than the previous six months and up on the previous year, when listed Financial Services companies were trading on a multiple of 16.6x. Within the Financial Services sector, trading multiples varied between 14.6x and 25.5x across the range of sub-sectors. Smaller businesses generally traded on lower multiples.



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

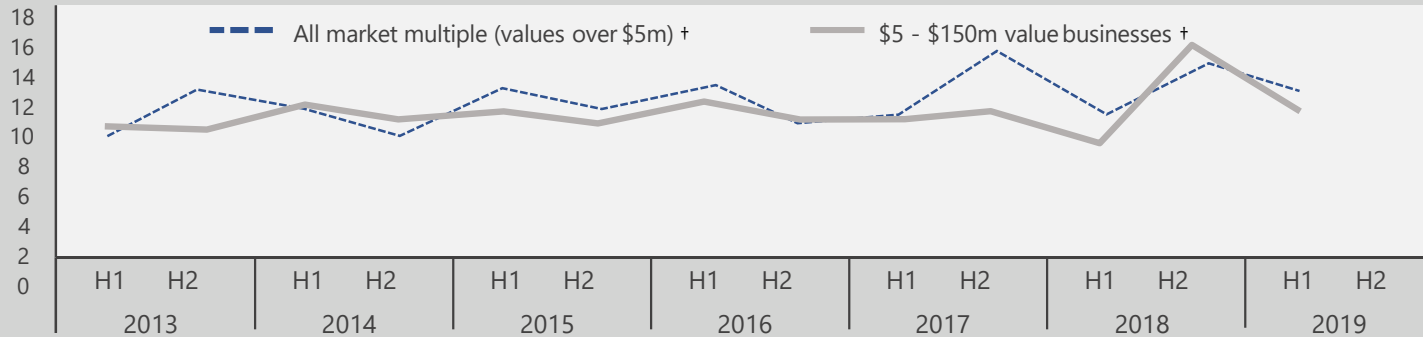
[†] Note, the Enterprise Value to EBITDA multiples above are for listed businesses, and it is generally the case that privately owned businesses are valued at a discount. Listed company data was accurate at 01/07/19.

The average multiple of EBITDA paid globally in Financial Services transactions has fluctuated over the past few years. It currently stands at

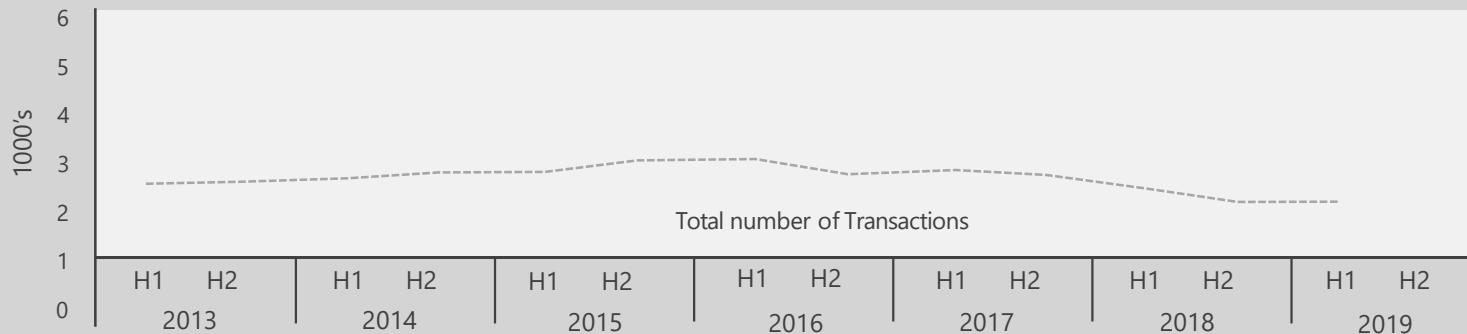
12.3x

† 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.

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.



In H1 2019, there were 1,370 transactions globally in the Financial Services sector. This is a slight increase on the preceding 6 months, when there were 1,364 transactions. Although slightly declining over the last few years, the high number in the last 6 months suggests demand for Financial Services businesses remains fairly buoyant.



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