

Small and Medium Enterprises Valuation Index

November 2021



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, 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.

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.

This year's index shows a recovery of multiples to pre-pandemic levels. Following the volatility of the deal market in 2020, the success of the vaccine rollout alongside continued government support at the start of 2021 resulted in the easing of lockdown measures, allowing for economic growth and increased confidence to return to the SME M&A market. Deal volumes have remained strong throughout the period as capital continued to be available from corporates, Private Equity and banks with interest rates remaining low. A positive pandemic outcome for the deal market was the success of technology in supporting the demands of working remotely which has given some acquirers confidence to widen their geographical boundaries.

The UK M&A market experienced a significant increase in activity in the run up to the March 2021 budget due to the assumed changes to Capital Gain Tax which never transpired.

Both the median EBITDA and the median P/E multiples increased from 5.4x to 6.0x and from 7.0x to 7.6x respectively. The mean EV/EBITDA multiple has risen to 6.6x from 6.0x. At a 95% confidence level, EBITDA multiples are occurring in the range of 5.7 – 7.6x. The mean P/E multiple increased to 8.9x from 8.3x. At a 95% confidence level, P/E multiples are occurring in the range of 7.5 – 10.3x. Average deal size has increased to £7.1 million from £4.1 million.

	Median P/E	Median EBITDA	Mean P/E	Mean EBITDA	Avg Deal size (£m)
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
Nov-18	8.0	5.5	8.9	6.0	4.4
Nov-17	5.4	4.2	7.3	6.2	3.4

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 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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