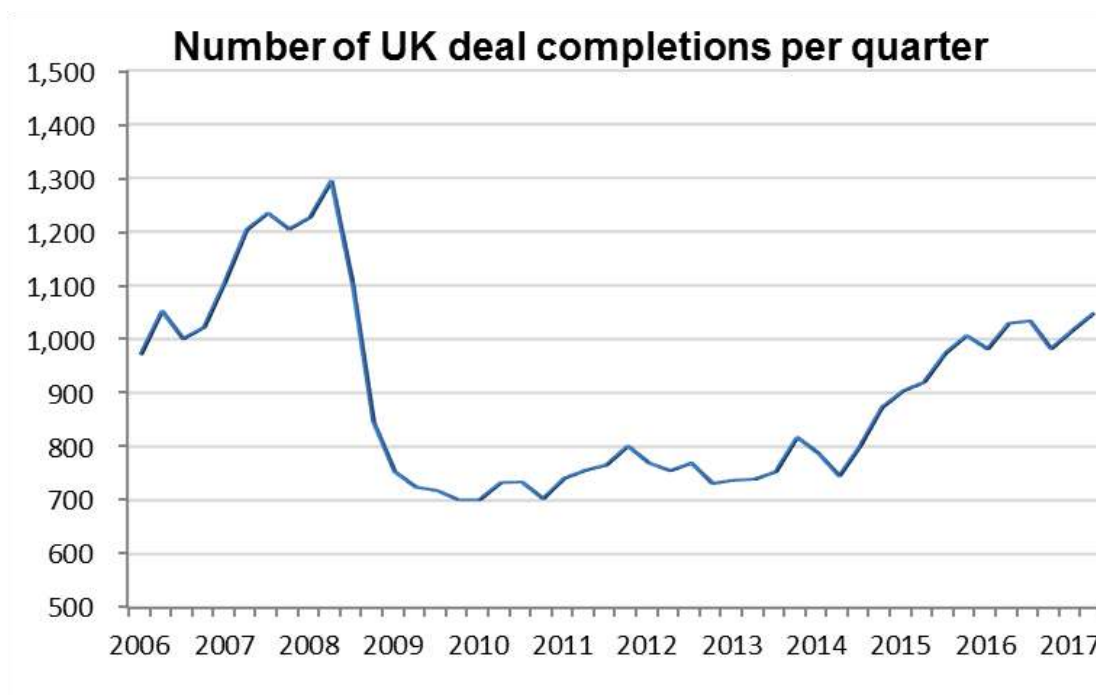


## INTRODUCTION

Welcome to the Summer 2017 UK issue of PERDa, the newsletter that summarises and provides commentary on the data contained in the private companies' Price Earnings Ratio Database. This data is used to highlight changes in the average value of UK private companies (as a multiple of profits) as shown by recent transactions.

## DEAL VOLUMES

Deal volumes increase in the first half of 2017 compared to the second half of 2016 (data supplied by Experian):

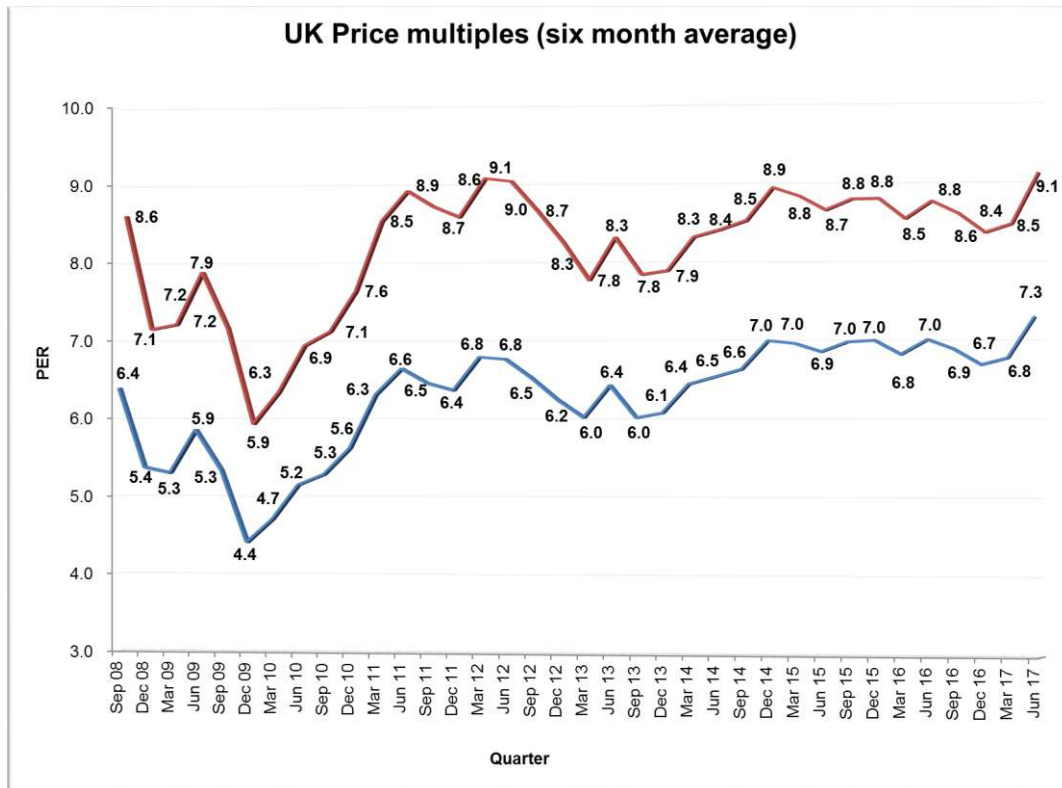


UK deal volumes recovered significantly after a slow down in the second half of 2016. Volumes for the first half of 2017 were some 2% higher than for the same period in 2016, and 7% higher than the second half of 2016. These volume levels would have been boosted by deals delayed from 2016 in the wake of the Brexit vote as the uncertainty generated by this referendum started to ameliorate. There is, however, some evidence that this uncertainty started to return in the later stages of 2017 with initial reports showing a slowing of deal volumes.

The total value of completed deals increased significantly in 2017, boosted by mega deals such as the \$18bn Mead Johnson/Reckitt merger and the €12bn China Investment Corporation acquisition of Logikor.

## PRICE EARNINGS RATIO

Below is a summary of the latest data from PERDa, showing the quarterly movements in the average Price Earnings Ratio ("PER"). This ratio measures the relationship between the consideration (price paid) for UK private companies and their underlying profits on an adjusted basis. We include below the average PER based on Earnings Before Interest and Tax ("EBIT") {blue line} and Profit After Tax {red line}.



EBIT PERs rose from 6.7 in the second half of 2016 to 6.8 and then to 7.3 in the first half 2017, which is the highest level recorded since 2007. There does remain demand for high quality trading businesses especially in the technology and branded FMCG sector, with increasing international interest despite, or perhaps because, of Brexit.

## MORE INFORMATION

Should you wish to discuss the details of this newsletter or obtain a current market valuation report for your company using the data in PERDa, please contact [info@perda.co.uk](mailto:info@perda.co.uk).

**DATA COMPILATION:** The database contains data submitted by Corporate Finance advisors and Experian PLC. Financial data for each deal is adjusted to reflect the underlying basis of the deal. Graphs in this newsletter are based on the contents of the database at the time of compilation. The database is being constantly updated as deals complete and members submit new deal data and this may result in changes in historic averages included within previous newsletters. The PERDa data represents companies from across Europe, with an average Enterprise Value of £17.4m and average EBIT profit of some £2.9m.

The UK transactions used in this newsletter have an average Enterprise Value of £21.0m and average EBIT profit of some £3.6m. We would highlight that the PERDa data is based on profits before tax and interest, whilst other PERs such as those quoted in the Financial Times are based on post tax profits. The information in this newsletter is based on averages derived from the PERDa database and is not intended to be an absolute guide to private company valuations as there are significant other factors involved. Due to the nature of the data, the subjective nature of the adjustments made and the constant process of updating, no responsibility is accepted by the Corporate Finance advisors who submit data or Experian for the use of the data in the PERDa database or this publication.

