

# PERDa

Price Earnings Ratio Database

Summer 2015 European Edition

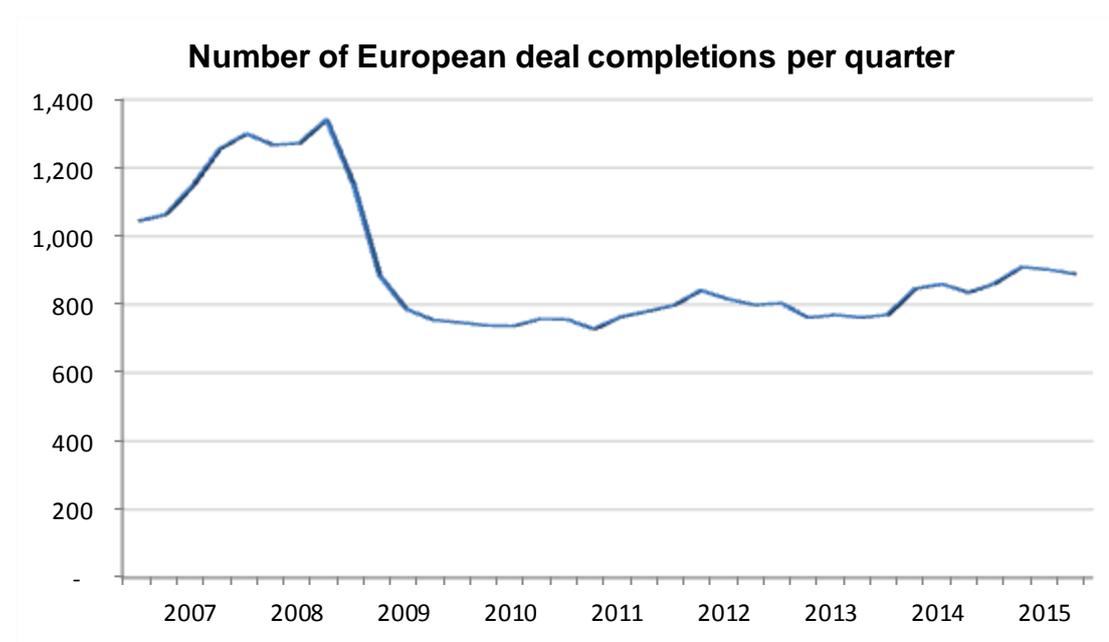


## INTRODUCTION

Welcome to the Summer 2015 European 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 private companies (as a multiple of profits) as shown by recent transactions.

## DEAL VOLUMES

Total deal volumes slightly improved in the first half of 2015 compared to the same period in 2014 (data supplied by Experian):



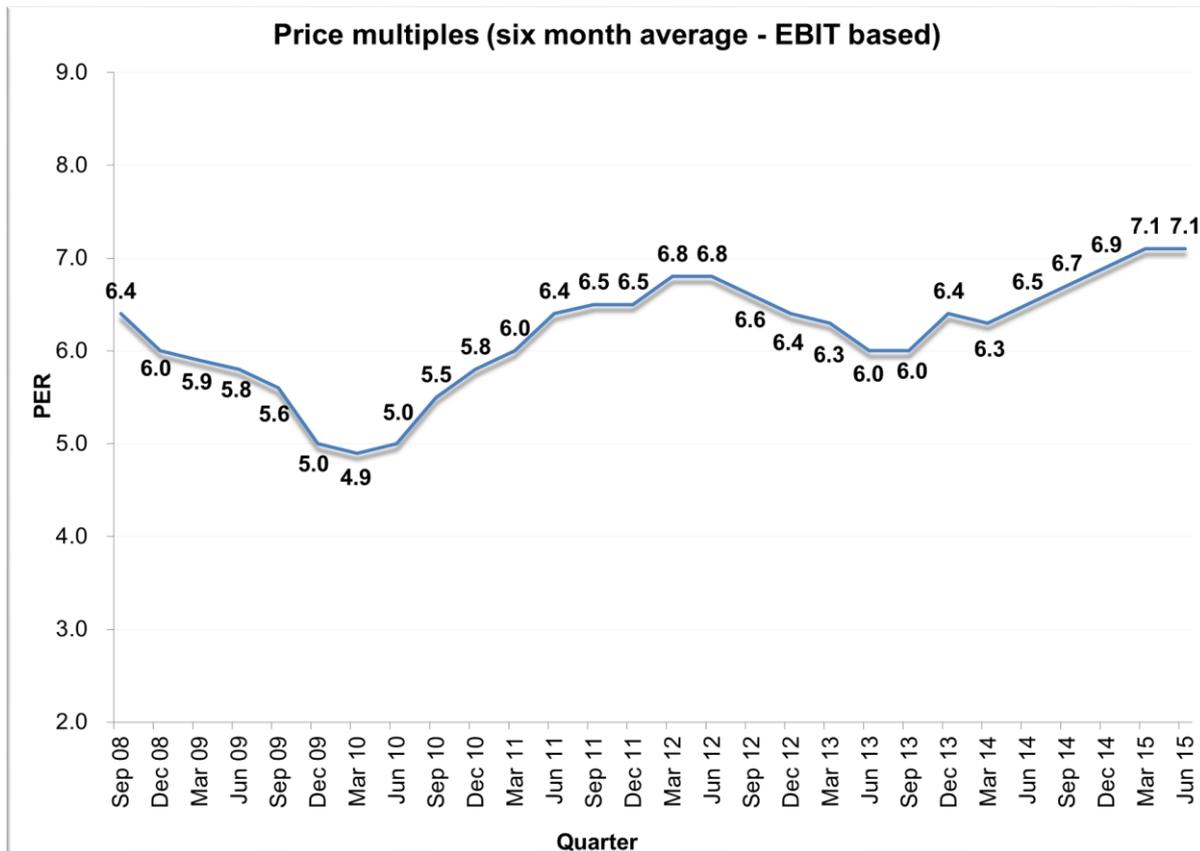
Overall deal volumes in the first half of 2015 were up circa 7% when compared to the same period in 2014 but fell 2% compared to the second half of 2015. Encouragingly, 2015 volumes are 11% higher than post 2009 average reflecting the steady improvement in market confidence.

The more notable growth has been in deal values. The first half of 2015 saw pan-European deal value circa 12% higher than the same period in 2014, and 51% higher than the second half of 2014. This reflects the ongoing consolidation in markets such as pharmaceuticals (such as the £5.1 billion acquisition of Par Pharmaceutical Holdings Inc. by Dublin-based Endo International PLC) as well as an increased activity in the private equity space.



## 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 private companies and their underlying profits on an adjusted Earnings Before Interest and Tax (“EBIT”) basis.



PERs remained stable at 7.1 during the first half of 2015, significantly higher than the long term average of 6.3.

With deal volumes remaining relatively stable and total deal value increasing it appears that private equity firms and large corporates are still prepared to pay, what would be historically considered, a high multiple for the right business.

## 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 your local LEA member at [www.leadingedgealliance.com](http://www.leadingedgealliance.com).

### DATA COMPILATION

The database contains data submitted by members of the Leading Edge Alliance (“LEA”). The LEA is an international professional association of major, independently-owned accounting and consulting firms. Financial data recorded for each deal is adjusted by the submitter 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 circa €18.3m and average EBIT profit of circa €2.8m.

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 Leading Edge Alliance or any of its members for the use of the data in the PERDa database or this publication.

