

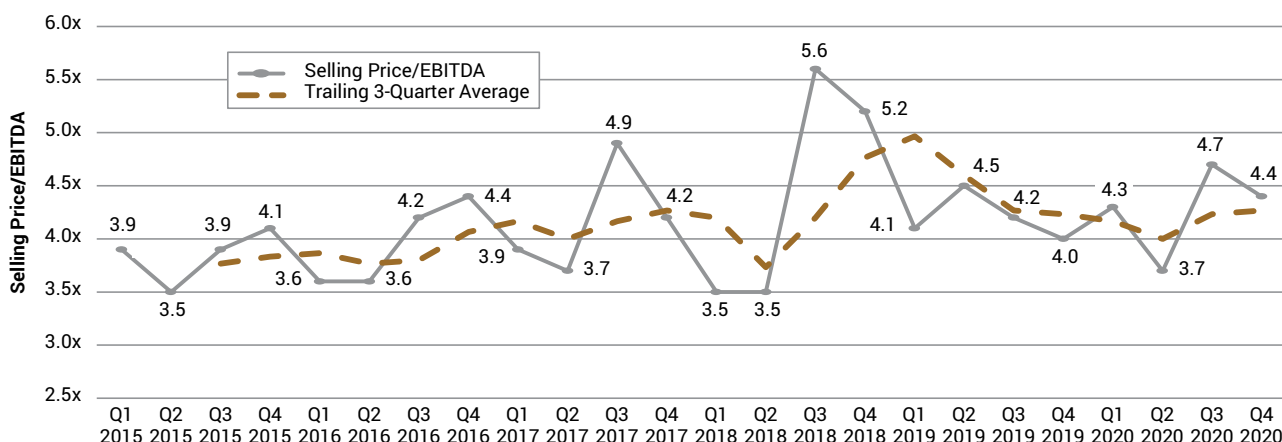
# DealStats Value Index 1Q 2021

The *DealStats Value Index* summarizes valuation multiples and profit margins for private companies that were sold over the past several quarters. Business Valuation Resources (BVR) captures this private company transaction data in its DealStats platform. Most BVR deals are not otherwise publicly available. The *DealStats Value Index* is updated quarterly and, as a result, past figures may change in future issues as new data are reported.

## HOW HAS THE COVID-19 PANDEMIC IMPACTED EBITDA MULTIPLES IN 2020

With the COVID-19 pandemic putting a stranglehold on the U.S. economy for most of 2020 and causing an unprecedented economic impact on small businesses, this quarter's *DealStats Value Index* captures the 12-month snapshot on how EBITDA multiples have trended. Taking into consideration the uncertainty the onset of the spread of the virus caused early in the second quarter of 2020, sellers appeared to have initially forecasted a worst-case scenario, with EBITDA multiples falling to 3.7x, their lowest level since the second quarter of 2018. The decline came after the median EBITDA multiple in the first quarter of 2020 came in at its highest first-quarter level, 4.3x, over the six-year period illustrated in the graph below. However, by the second half of 2020, EBITDA multiples returned to levels near historical norms, at 4.7x in the third quarter and 4.4x in the fourth quarter of 2020. In doing so, this continued the trend of the median EBITDA multiple reporting at its highest level during the second half of the year as seen from 2015 to 2018 and in 2020. Moving forward, with 2020 now in the rearview mirror but with small-businesses still navigating through the COVID-19 pandemic and a new administration implementing its economic policies, DealStats will continue to monitor the trends in the EBITDA multiple.

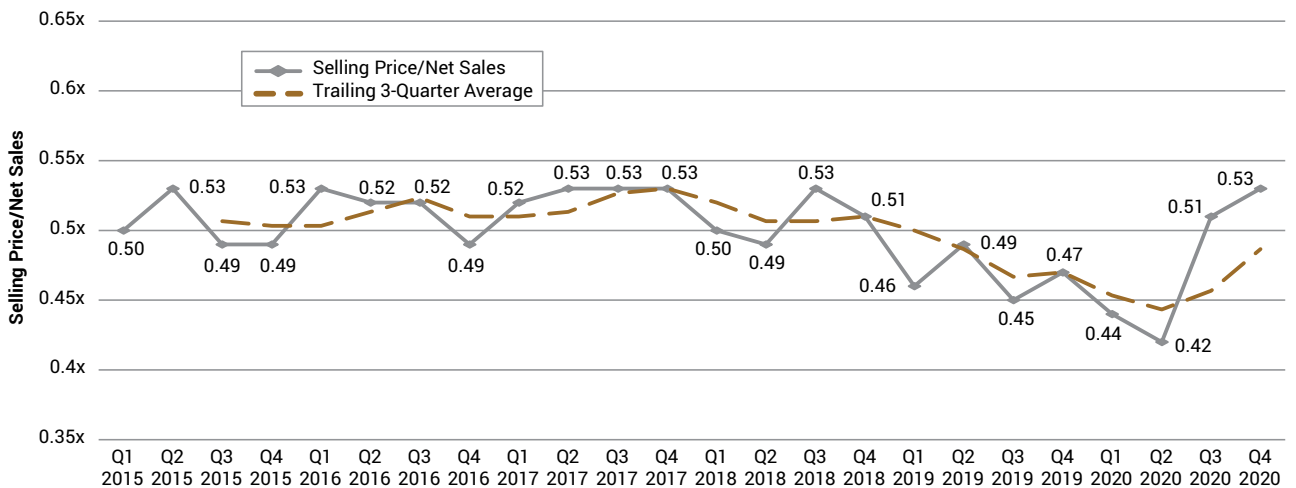
**EXHIBIT 1A. MEDIAN SELLING PRICE/EBITDA WITH TRAILING THREE-QUARTER AVERAGE**



## NET SALES MULTIPLE RISES IN 4Q 2020

As expected, 2020 experienced volatility in pricing multiples not seen in recent years. In fact, the net sales multiple from 2015 to 2020 in the graph below best highlights the dramatic shifts in the median net sales multiple over the course of 2020 when compared to prior years. Even though the net sales multiple had been trending lower since the fourth quarter of 2018, the second-quarter 2020 multiple fell to its lowest level, 0.42x, with the onset of the coronavirus serving as the culprit for the uncertainty over the damages it caused impacting valuations. However, by the third quarter of 2020, with economic indicators such as retail sales, small-business optimism, Manufacturing PMI, and Services PMI, as captured in the [Economic Outlook Update](#), pointing to a recovery in the U.S. economy, the median net sales multiple rebounded to its highest multiple since 2018, 0.51x, and continued to rise, with the fourth-quarter 2020 multiple climbing to 0.53x. The trailing three-quarter trend line best captures the trends in the net sales multiple from the period of stability from 2015 to 2017, the downward trend from 2018 to 2019, and the period capturing the coronavirus in 2020.

**EXHIBIT 1B. MEDIAN SELLING PRICE/NET SALES WITH TRAILING THREE-QUARTER AVERAGE**



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The selling prices referred to in the *DealStats Value Index* represent the market value of invested capital (MVIC) price paid for the target firm. The MVIC price is the total consideration paid to the target and includes any cash, notes, and/or securities that were used as a form of payment plus any interest-bearing liabilities of the target company that the acquirer assumed. For more information, please visit the DealStats FAQ page: [bvresources.com/products/faqs/dealstats](http://bvresources.com/products/faqs/dealstats).

The multiples and transaction data presented in the *DealStats Value Index* include both asset sale purchases and stock sale purchases. Unless otherwise noted, the multiples and transaction data presented in the *DealStats Value Index* include purchases made by both private parties and public parties.

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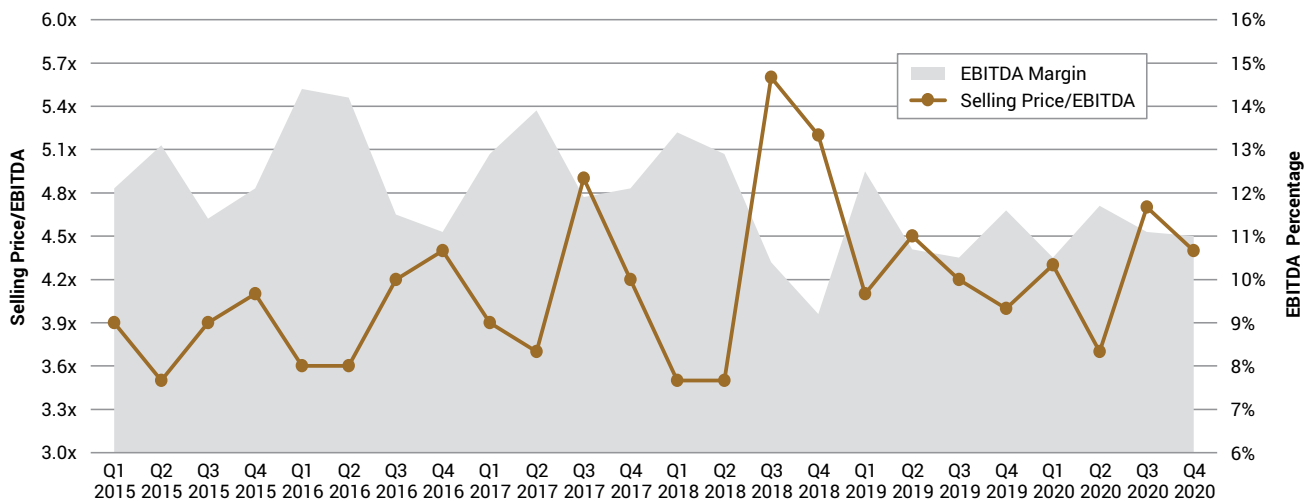
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## EBITDA MARGINS REMAIN AT 11%

EBITDA, as a percentage of net sales, went unchanged from the third quarter of 2020 to the fourth quarter of 2020, at 11%. In fact, over the past two years, EBITDA margins have seen little change, ranging from 10% to 12%. However, in the years prior, EBITDA margins fluctuated by a wider range, from 9% to 15%. The selling price-to-EBITDA multiple settled at 4.4x in the fourth quarter after the multiple had rebounded in the third quarter of 2020, to 4.7x, after seeing a significant decline in the second quarter, to 3.7x. This trend returned in the second half of 2020, although a rebound may have been more predictable following the steep decline in the second quarter of 2020 following the outbreak of the coronavirus pandemic. Heading into the first quarter of 2021, with the uncertainty surrounding the resurgence of the coronavirus pandemic and changing economic policies brought forth by a new administration, DealStats will continue to monitor the trends in EBITDA margins and multiples. The graph below highlights the trend of the EBITDA multiple moving opposite to that of EBITDA margins.

**EXHIBIT 2. MEDIAN SELLING PRICE/EBITDA WITH EBITDA MARGINS**



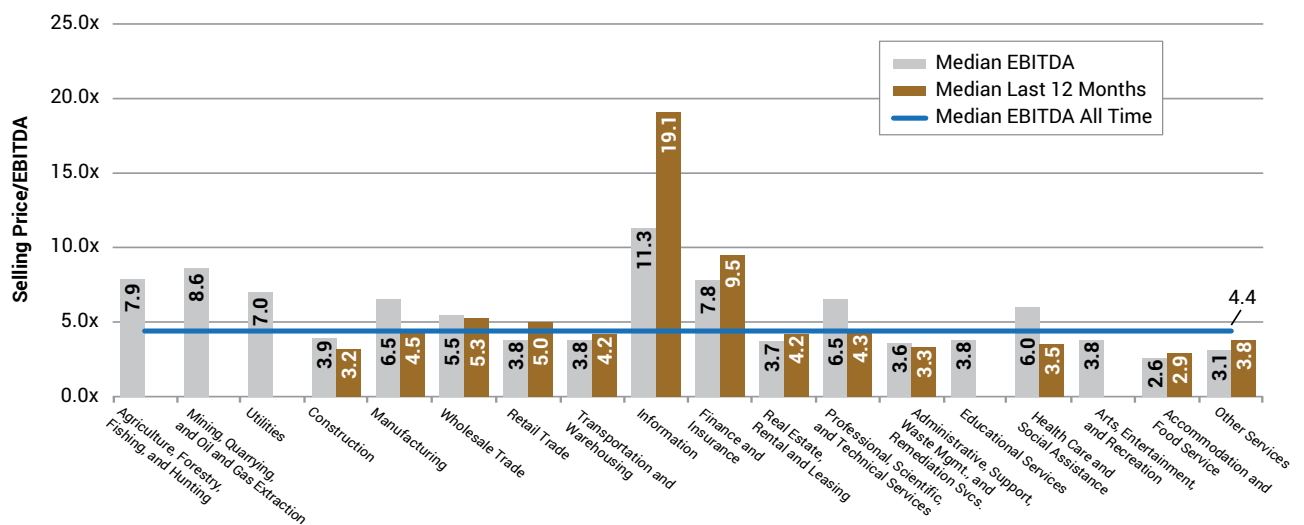
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## SELLING PRICE/EBITDA MEDIAN IS 4.4X

The historical median EBITDA multiple changed for three of the 18 sectors. The median EBITDA figure in the agriculture, forestry, fishing, and hunting sector moved higher, to 7.9x, from 7.6x, and the mining, quarrying, and oil and gas extraction sector increased, to 8.6x from 8.5x. Conversely, the EBITDA multiples moved lower for the professional, scientific, and technical services sector, to 6.5x, less than the median published last quarter, which was 6.6x. EBITDA multiples remain the highest for the information sector, 11.3x, and the mining, quarrying, and oil and gas extraction sector, 8.6x, and are the lowest in the accommodation and food services, 2.6x, and the other services sectors, 3.1x. The median across all industry sectors is 4.4x.

A new feature has been added to this graph, which now includes the median figures for the last 12 months. This allows for a comparison between the historical median and the current trends affecting the median. A minimum of five transactions were needed for each sector to be displayed in the graph.

**EXHIBIT 3. SELLING PRICE/EBITDA BY SECTOR—  
HISTORICAL MEDIAN VS. LAST 12 MONTHS MEDIAN**



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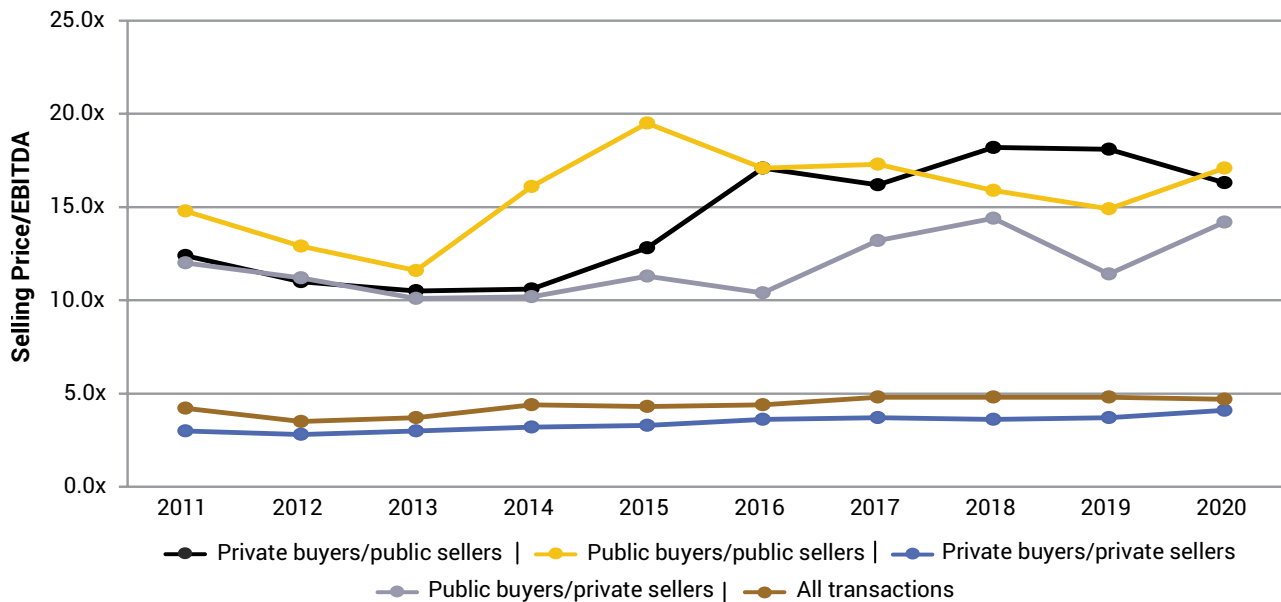
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## EBITDA MULTIPLES RISE FOR PRIVATE SELLERS IN 2020

Over the past 10 years, EBITDA multiples in 2020 for private-seller transactions rose to or near their highest levels over this period. With most of 2020 dominated by the spread of the coronavirus across the U.S., the mandated closures or partial shutdowns local and state governments implemented negatively impacted small businesses. Public buyers, flushed with capital from a booming stock market, paid an EBITDA multiple of 14.2x, only 0.2 percentage point lower than the highest multiple, 14.4x, seen in 2018. Private buyers, benefitting from access to cheap credit and confident that a rebound in the U.S. economy would take place sooner than later, saw the multiple rise to the highest level, 4.1x, in 2020. Conversely, public-seller transactions saw their EBITDA multiple react differently. EBITDA multiples for transactions when a private buyer purchased a public target have trended lower over the past two years, with the multiple falling to 16.3x, or its lowest level since 2017. Public buyers of public sellers saw the median EBITDA multiple rebound from declines over the past two years, coming in at 17.1x in 2020. The graph highlights the trend in this category, with the decline in the graph starting in 2015. Interestingly, DealStats has observed that, in 2018 and 2019, the trend saw the median EBITDA multiple paid by private buyers come in at a higher level than their public-buyer counterparts. In 2018, private buyers paid a median EBITDA multiple of 18.2x, and, in 2019, the median was at 18.1x, while their public-buyer counterparts paid 15.9x and 14.9x, respectively. However, this trend failed to materialize in 2020, with public buyers once again paying a higher multiple than their private buyer counterpart, at 17.1x versus 16.3x. In the “all transactions” category, EBITDA multiples dipped to 4.7x, in 2020, down from 4.8x seen from 2017 to 2019. Still, this remains at a higher multiple than in any other year highlighted in the graph.

EXHIBIT 4. MEDIAN SELLING PRICE/EBITDA



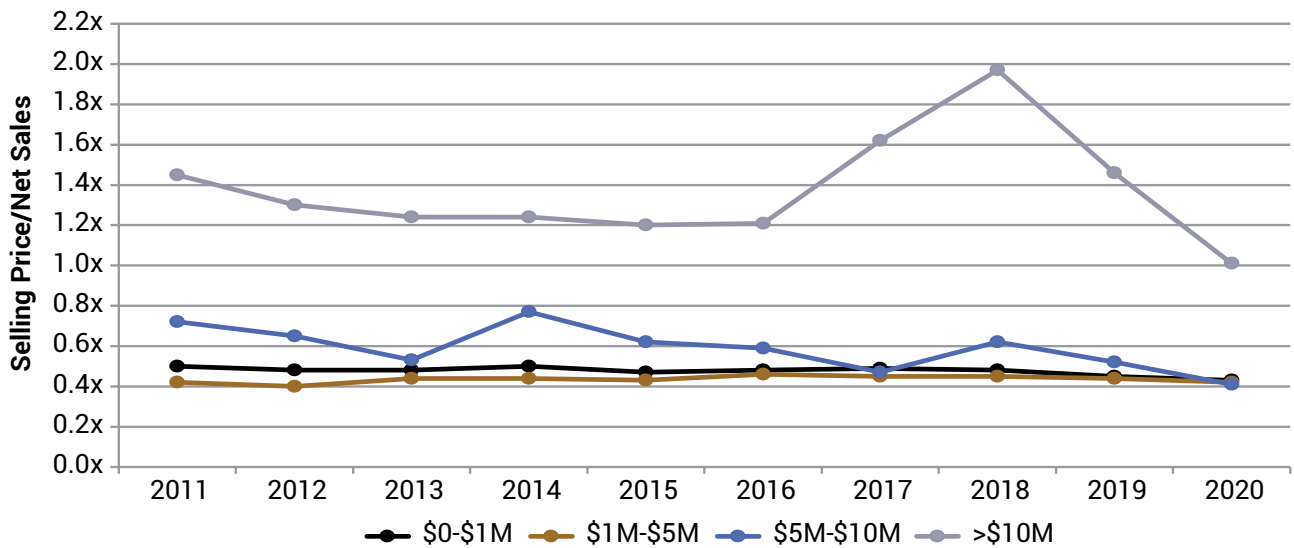
Note: Each data point in this chart is based on a minimum of 10 transactions. If there are not enough transactions for a particular year, the data are not included.

## PRICING MULTIPLES AND PROFIT MARGINS ARE ON THE MOVE

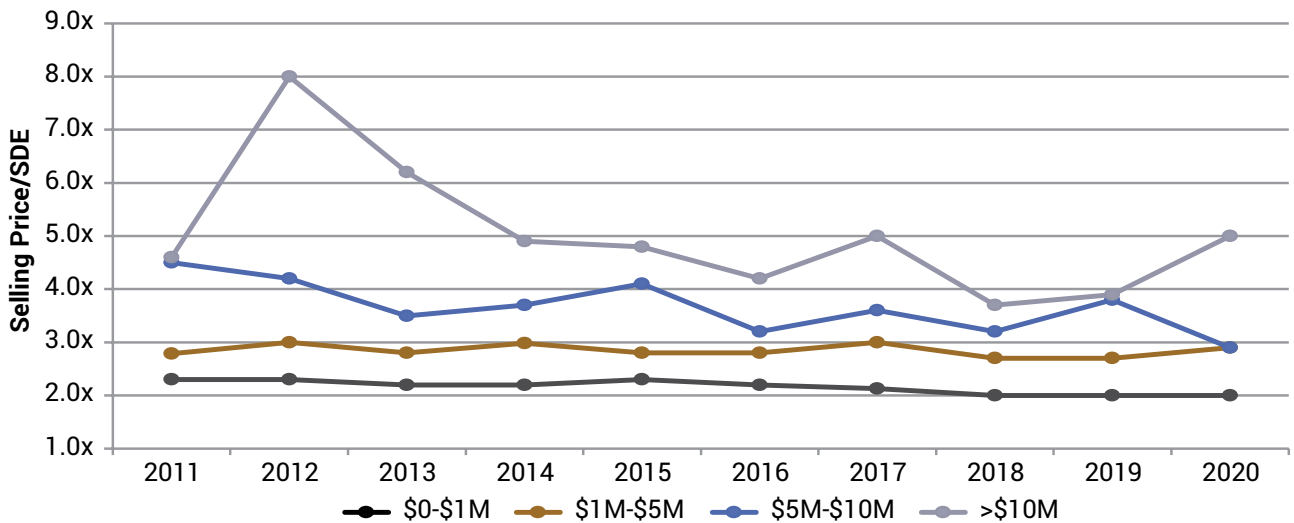
As shown in the legend for Exhibits 5A to 5C and Exhibits 6A to 6C, pricing multiples for private-target acquisitions are displayed across four ranges of seller net sales. For companies with net sales greater than \$10 million, Exhibit 5A shows a rise in the net sales multiple from 2016 to 2018 before declines in 2019 and 2020, to 1.46x and 1.10x, respectively. The net sales multiple decreased in all four of the net sales categories in 2020 and saw three of the four categories fall to their lowest multiple over the most recent 10-year period.

The seller's discretionary earnings (SDE) multiple declined across all four seller revenue ranges from 2017 to 2018, remained nearly unchanged from 2018 to 2019, and saw increases in two of the four categories from

**EXHIBIT 5A. MEDIAN SELLING PRICE/NET SALES BY NET SALES RANGE (PRIVATE TARGETS)**



**EXHIBIT 5B. MEDIAN SELLING PRICE/SDE BY NET SALES RANGE (PRIVATE TARGETS)**

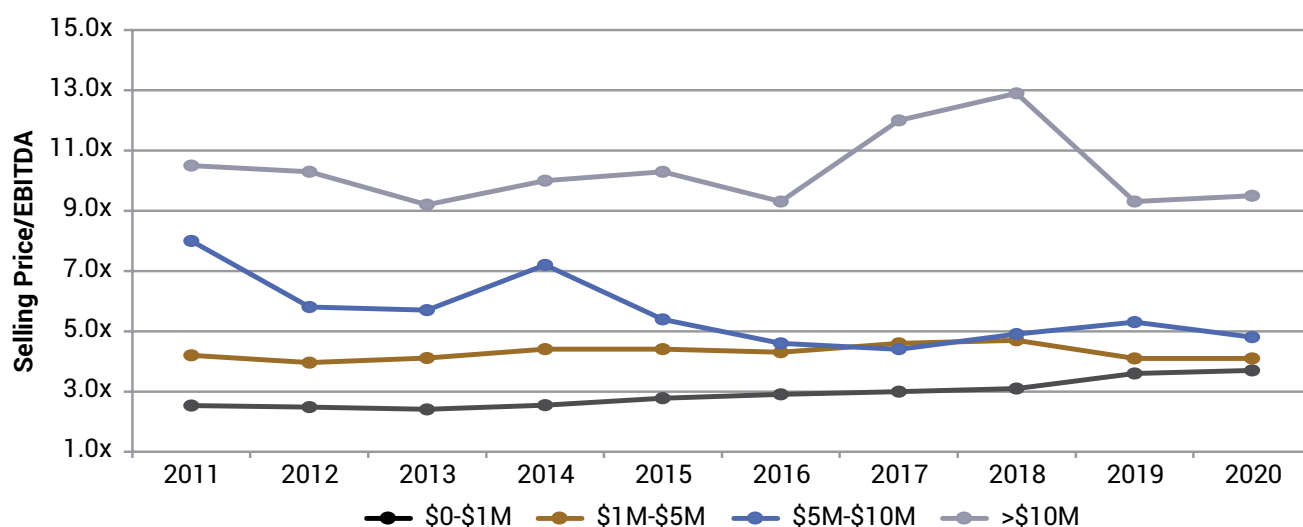


Note: Each data point in these charts is based on a minimum number of transactions of private targets. If a sales range does not meet this criterion, it is not included in the chart.

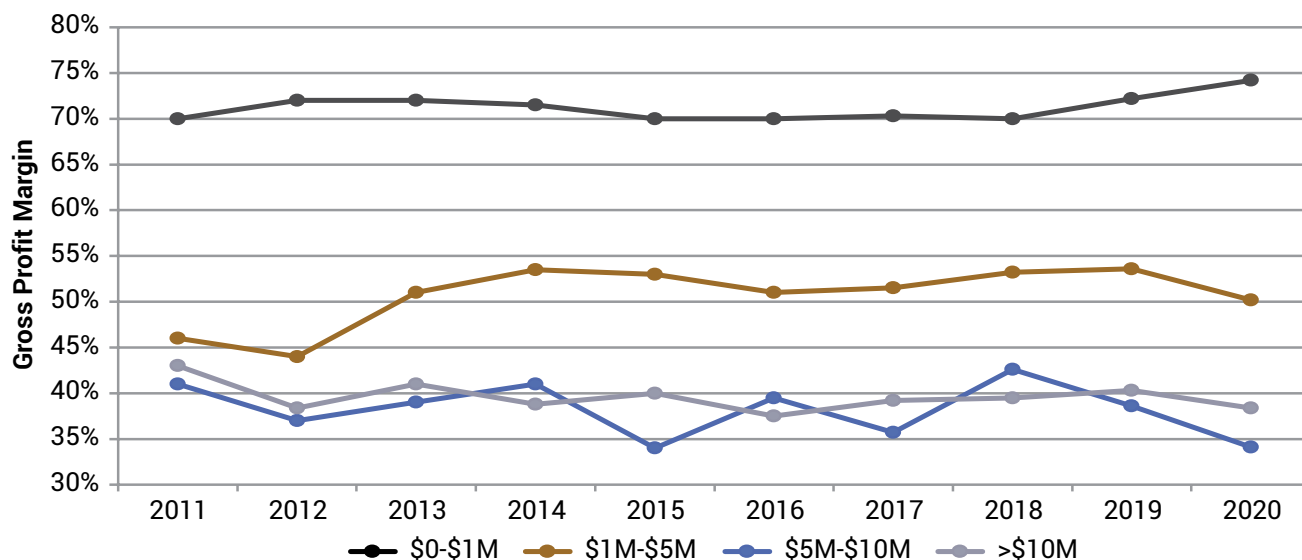
2019 to 2020. For transactions less than \$1 million and between \$5 million to \$10 million, the SDE multiple was at its lowest level over the period from 2011 to 2020, 2.0x and 2.9x, respectively. Companies with net sales greater than \$10 million saw an increase in the SDE multiple, to 5.0x, while companies with net sales between \$1 million and \$5 million saw an increase from 2.7x to 2.9x (see Exhibit 5B).

Companies with net sales greater than \$10 million saw their EBITDA multiple rise to a 10-year high in 2018, to 12.9x. However, in 2019, the multiple fell to 9.3x before seeing a rise in 2020, to 9.5x (see Exhibit 5C). In 2020, the EBITDA multiple for companies with net sales less than \$1 million reached a 10-year high, 3.7x.

**EXHIBIT 5C. MEDIAN SELLING PRICE/EBITDA BY NET SALES RANGE (PRIVATE TARGETS)**



**EXHIBIT 6A. GROSS PROFIT MARGIN BY NET SALES RANGE (PRIVATE TARGETS)**

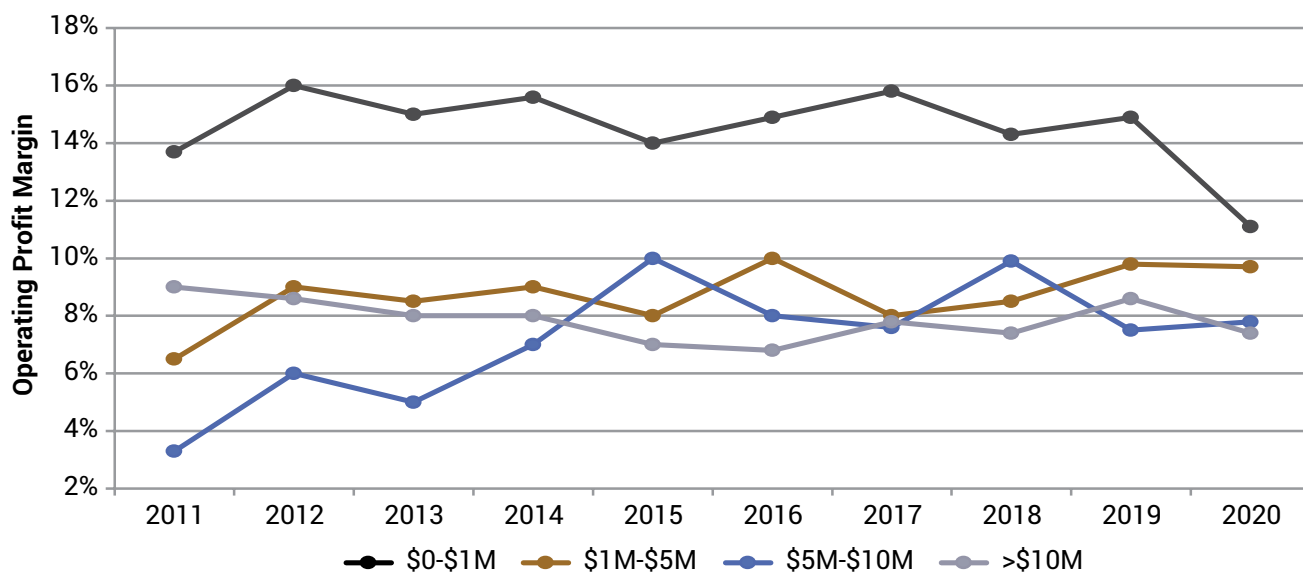


Note: Each data point in these charts is based on a minimum number of transactions of private targets. If a sales range does not meet this criterion, it is not included in the chart.

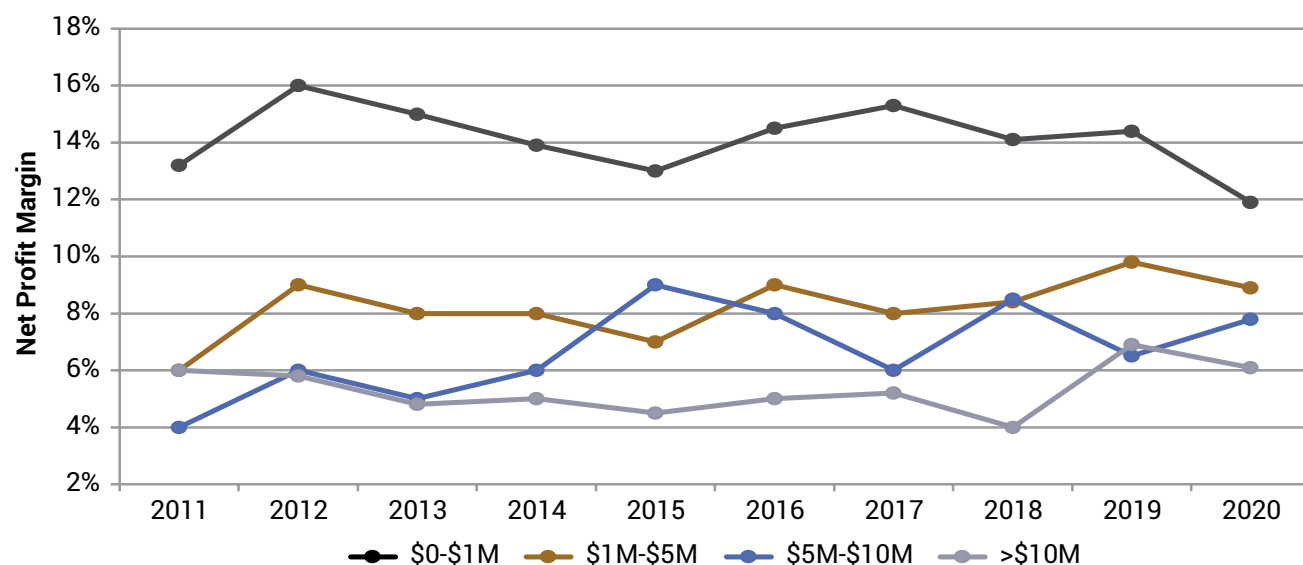
Companies with net sales between \$1 million and \$5 million have seen the EBITDA multiple decline from the highs in 2018, from 4.7x to 4.1x, in the each of the past two years.

Profit margins for sellers with net sales up to \$1 million are considerably higher among all other net sales ranges for gross profit margin, operating profit margin, and net profit margin (see Exhibits 6A, 6B, and 6C). In 2020, gross profit margins in two of the four net sales categories increased. Companies with net sales between \$5 million and \$10 million saw their net profit margin reach a 10-year high in 2019 and 2020, 10%, while companies with net sales of less than \$1 million, saw their gross profit margin reach a 10-year high in 2020, 74%.

**EXHIBIT 6B. OPERATING PROFIT MARGIN BY NET SALES RANGE (PRIVATE TARGETS)**



**EXHIBIT 6C. NET PROFIT MARGIN BY NET SALES RANGE (PRIVATE TARGETS)**



Note: Each data point in these charts is based on a minimum number of transactions of private targets. If a sales range does not meet this criterion, it is not included in the chart.

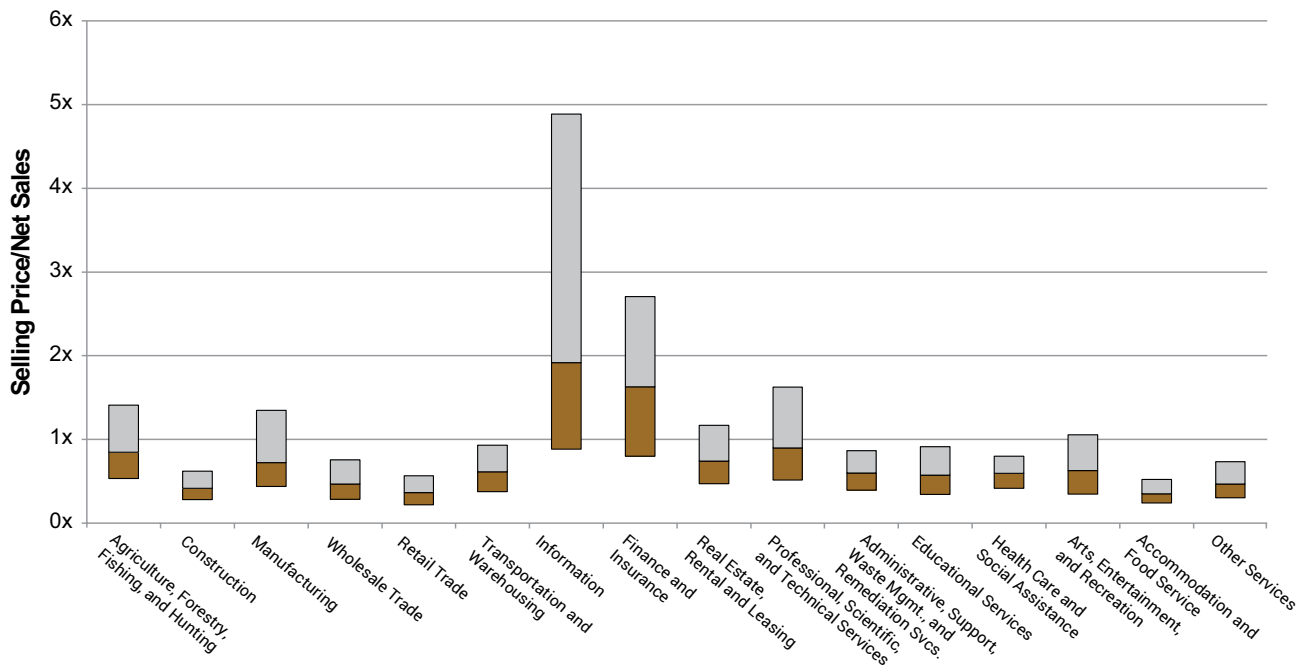


## INTERQUARTILE RANGES ARE FAIRLY CONSISTENT

Exhibits 7A through 7D display the interquartile range of the selling price-to-net sales and selling price-to-EBITDA multiples by major industry sector and by year for private targets. In addition to showing the median multiples by sector and year, the interquartile range provides a measure of dispersion. Interquartile range is the difference between the 25th and 75th percentiles (also called the first and third quartiles), so the interquartile range describes the middle 50% of observations. The top of the gray bar indicates the 75th percentile, the bottom of the brown bar indicates the 25th percentile, and the line where the two meet represents the median. A large interquartile range indicates that the middle 50% of observations are spaced wide apart, and, if the interquartile range is narrow, the middle 50% of observations are spaced close together.

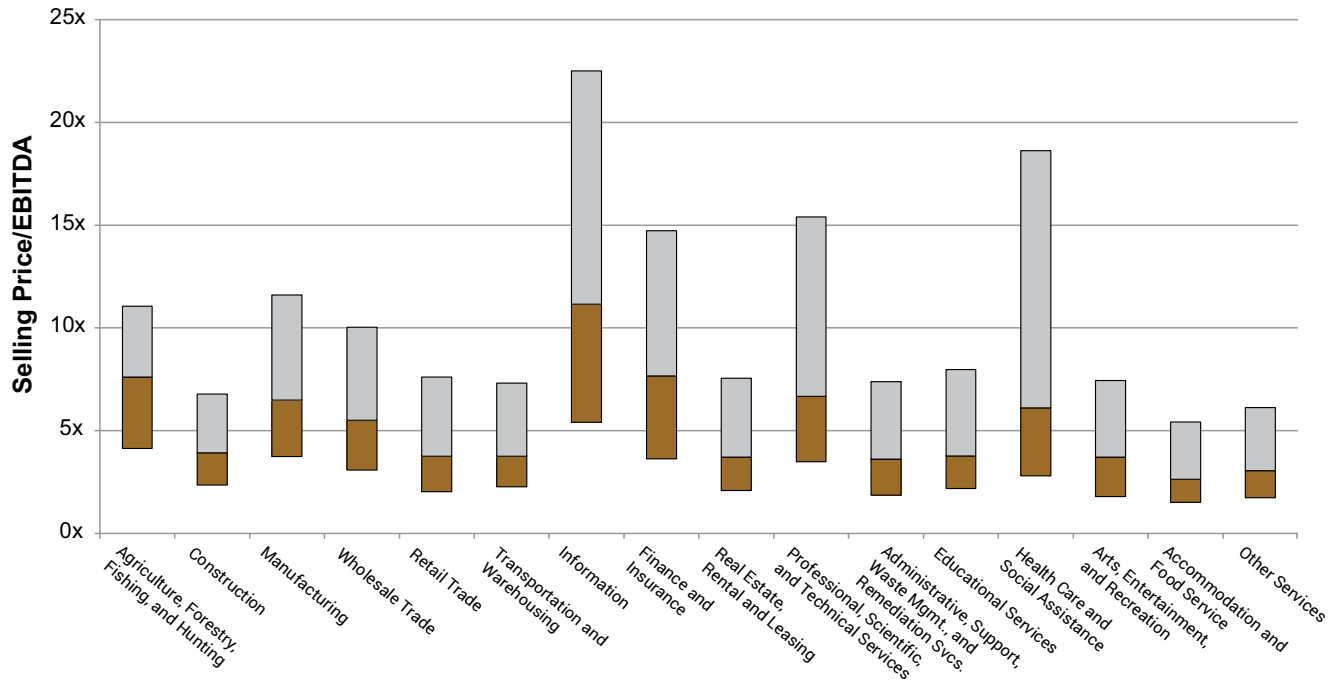
As shown in Exhibits 7A and 7B, the information industry has the greatest selling price-to-net sales multiple and selling price-to-EBITDA multiple. When looking at the data by year (Exhibits 7C and 7D), the median selling price-to-net sales multiple is consistently around 0.5, while the selling price-to-EBITDA multiple is generally between 3.0 and 4.0.

**EXHIBIT 7A. SELLING PRICE/NET SALES INTERQUARTILE RANGE BY INDUSTRY SECTOR (PRIVATE TARGETS)**



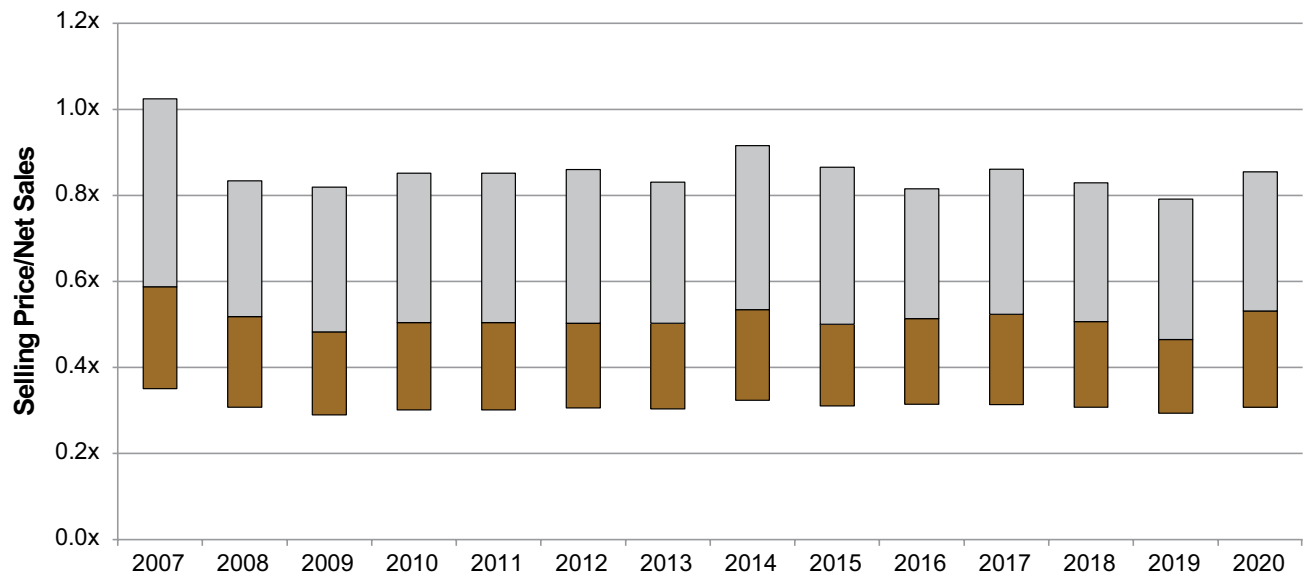
Note: Each data point in this chart is based on a minimum of 10 transactions of private targets. If an industry sector does not meet this criterion, it is not included in the chart.

**EXHIBIT 7B. SELLING PRICE/EBITDA INTERQUARTILE RANGE BY INDUSTRY SECTOR (PRIVATE TARGETS)**

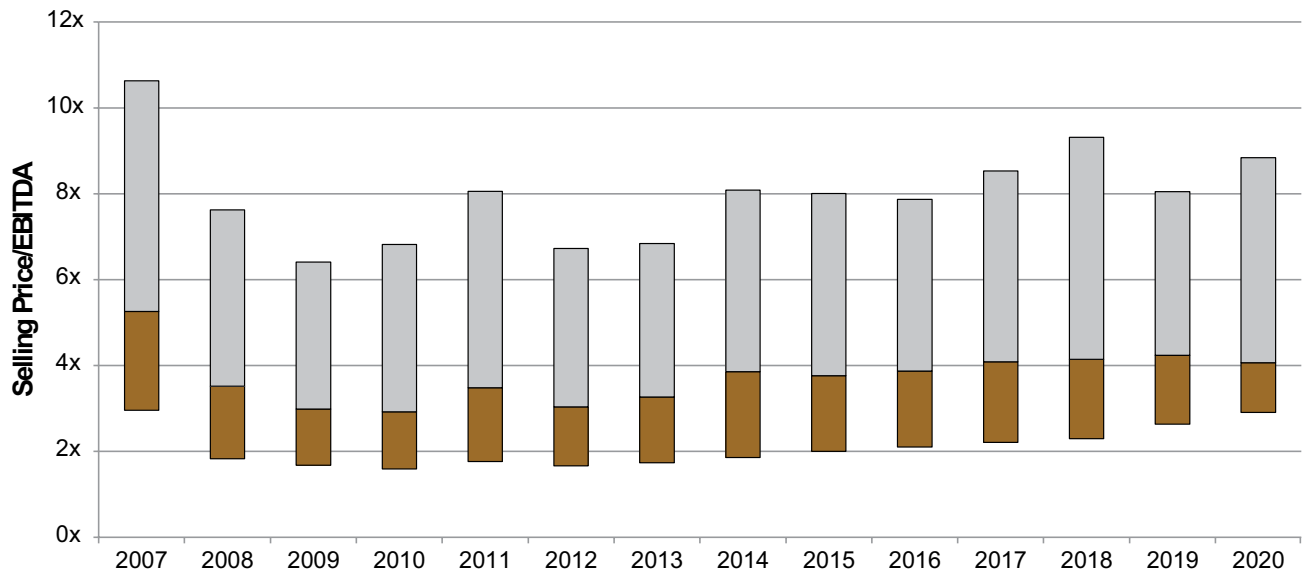


Note: Each data point in this chart is based on a minimum of 10 transactions of private targets. If an industry sector does not meet this criterion, it is not included in the chart.

**EXHIBIT 7C. SELLING PRICE/NET SALES INTERQUARTILE RANGE BY YEAR (PRIVATE TARGETS)**



**EXHIBIT 7D. SELLING PRICE/EBITDA  
INTERQUARTILE RANGE BY YEAR (PRIVATE TARGETS)**



## 10-YEAR TREND FOR PRIVATE-SELLER SECTOR MULTIPLES

In most years, multiples across the 15 sectors appeared to rise and fall based on cyclical trends. This is especially applicable in 2020, due to COVID-19, certain businesses are flourishing due to increased revenues, whereas, conversely, other businesses may be fairing worse. The tables in Exhibits 8 to 13 highlight the annual changes in pricing multiples and profit margins and best capture the impact that the coronavirus had in 2020 among companies operating within specific sectors in comparison to prior years.

Overall, five sectors saw a rise in their net sales multiple in 2020 and 10 sectors saw a decrease in their net sales multiple. Noticeably, sectors that the economic lockdowns the coronavirus pandemic caused have most impacted saw their net sales multiple fall to their lowest levels. These include the wholesale trade, retail trade, healthcare and social assistance, and the accommodation and food services sector, at 0.37x, 0.32x, 0.44x, and 0.29x. The multiple across all sectors fell to a 10-year low in 2020, to 0.44x.

Notably, multiples in the information and finance and insurance sector have shown the greatest volatility over time, with each information sector coming in at a 10-year high in 2018, at 3.59x, and seeing significant declines in the ensuing two years, falling to 1.82x in 2020. Meanwhile, the net sales multiple in the finance and insurance sector has changed significantly from year to year, ranging from 1.21x in 2012 to 3.42x in 2020. Multiples in the manufacturing sector, the transportation and warehousing sector, and the healthcare and social assistance sector fell to a 10-year low in 2019, at 0.60x, 0.57x, and 0.50x, respectively. Conversely, the net sales multiple for the educational services sector rose to a 10-year high in 2019, at 0.71x. See Exhibit 8.

Median seller's discretionary earnings (SDE) multiples increased in seven of the 15 industry sectors in 2020 and declined in four of the 15 sectors. The median for all sectors peaked in 2016, at 2.6x, but has trended downward since, settling at 2.3x in each of the last three years. This downward trend trickled over to some of the individual sectors as well, as the median multiple has trended downwards for the information sector (from 3.7x in 2017 to 2.2x in 2019), the accommodation and food services sector (from 2.2x in 2015 to 1.7x in 2020), the manufacturing sector (from 3.0x in 2017 to 2.5x in 2020), and the arts, entertainment, and recreation sector (from 2.8x in 2015 to 1.9x in 2020). See Exhibit 9.

Median EBITDA multiples have increased in five of the 15 sectors and decreased in five of the 15 in 2020. The median for all sectors did, however, continue to trend higher, reaching a 10-year high in 2020, at 4.3x. In 2020, EBITDA multiples in the professional, scientific, and technical services and administrative and support and waste management and remediation services sectors had the largest declines, falling to 4.3x and 3.3x, respectively. Conversely, multiples in the retail trade sector and the transportation and warehousing sector reached a 10-year high in 2020, at 5.0x and 4.2x, respectively. See Exhibit 10.

Median gross profit margins were at 66%, in 2020, slightly lower than the rate in 2019. The median operating profit and net profit margin also declined in 2020, to 10% each, with the median operating profit margin falling to a 10-year low. Neither the gross profit margins nor the operating profit margins show any clear trend in the "all sectors" category over the past 10 years. Gross profit margins have ranged from 63% to 67% over this period (see Exhibit 11), operating margins have ranged from 10% to 13% (see Exhibit 12), and median net profit margins have ranged from 9% to 12% over time (see Exhibit 13).

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### EXHIBIT 8. MEDIAN SELLING PRICE/NET SALES BY SECTOR (PRIVATE TARGETS)

NAICS	NAICS Industry Sector	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
23	Construction	0.38	0.47	0.44	0.42	0.44	0.46	0.42	0.40	0.42	0.45
31-33	Manufacturing	0.87	0.74	0.81	0.66	0.69	0.62	0.71	0.70	0.60	0.61
42	Wholesale Trade	0.53	0.51	0.46	0.51	0.48	0.47	0.50	0.43	0.51	0.37
44-45	Retail Trade	0.34	0.36	0.39	0.36	0.37	0.39	0.37	0.38	0.36	0.32
48-49	Transportation and Warehousing	0.59	0.58	0.66	0.58	0.75	0.73	0.69	0.65	0.57	0.65
51	Information	2.26	1.36	2.17	2.17	1.69	1.95	2.31	3.59	2.30	1.82
52	Finance and Insurance	1.29	1.21	1.58	1.85	1.67	1.89	2.04	2.31	1.92	3.42
53	Real Estate, Rental, and Leasing	0.78	0.76	0.64	0.79	0.68	0.72	0.69	0.62	0.75	0.72
54	Professional, Scientific, and Technical Services	0.95	0.81	0.74	0.89	0.87	0.89	0.81	0.91	0.88	0.67
56	Administrative, Support, Waste Mgmt., and Remediation Svcs.	0.60	0.58	0.63	0.59	0.54	0.59	0.64	0.58	0.60	0.57
61	Educational Services	0.59	0.63	0.34	0.60	0.37	0.63	0.62	0.50	0.71	0.60
62	Health Care and Social Assistance	0.50	0.55	0.58	0.56	0.55	0.55	0.56	0.58	0.50	0.44
71	Arts, Entertainment, and Recreation	0.40	0.50	0.72	0.59	0.67	0.67	0.51	0.54	0.63	0.46
72	Accommodation and Food Services	0.32	0.30	0.32	0.33	0.32	0.34	0.31	0.33	0.33	0.29
81	Other Services	0.52	0.43	0.39	0.47	0.42	0.44	0.43	0.48	0.42	0.45
	<b>All Sectors</b>	<b>0.52</b>	<b>0.50</b>	<b>0.50</b>	<b>0.53</b>	<b>0.50</b>	<b>0.51</b>	<b>0.52</b>	<b>0.51</b>	<b>0.47</b>	<b>0.44</b>

Note: Each data point in this chart is based on a minimum of 10 transactions of private targets. If an industry sector does not meet this criterion, it is not included in the chart.

### EXHIBIT 9. MEDIAN SELLING PRICE/SELLER'S DISCRETIONARY EARNINGS BY SECTOR (PRIVATE TARGETS)

NAICS	NAICS Industry Sector	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
23	Construction	2.3	2.9	2.4	2.5	2.6	2.3	2.4	2.1	2.2	2.2
31-33	Manufacturing	3.0	3.6	3.5	2.9	2.9	2.9	3.0	2.8	2.6	2.5
42	Wholesale Trade	3.4	2.7	3.5	3.7	3.2	3.2	3.6	2.6	2.8	3.8
44-45	Retail Trade	2.5	2.8	2.5	2.8	2.9	2.8	2.5	2.3	2.3	2.6
48-49	Transportation and Warehousing	2.2	2.7	3.7	2.7	3.3	3.2	1.9	2.5	2.6	2.8
51	Information	1.5	2.8	2.4	3.5	2.5	3.4	3.7	2.8	2.2	N/A
52	Finance and Insurance	2.6	4.3	3.5	3.4	3.4	5.1	3.5	3.8	3.5	N/A
53	Real Estate, Rental, and Leasing	2.5	2.7	2.3	2.6	2.2	2.4	2.9	2.3	2.4	N/A
54	Professional, Scientific, and Technical Services	2.6	2.4	2.4	2.7	2.5	2.4	2.2	2.2	2.4	3.0
56	Administrative, Support, Waste Mgmt., and Remediation Svcs.	2.2	2.5	2.4	2.5	2.3	2.3	2.4	2.2	2.2	2.3
61	Educational Services	2.1	2.6	1.8	2.9	2.0	2.3	1.9	1.8	2.2	N/A
62	Health Care and Social Assistance	2.3	1.5	1.7	2.0	2.1	2.1	2.2	2.6	2.0	2.2
71	Arts, Entertainment, and Recreation	2.0	2.9	2.4	2.8	2.8	2.7	2.7	2.6	2.0	1.9
72	Accommodation and Food Services	2.0	2.1	2.0	2.1	2.2	2.1	2.0	1.8	2.0	1.7
81	Other Services	2.3	2.1	2.0	2.0	2.3	2.2	2.3	2.0	2.1	2.0
	<b>All Sectors</b>	<b>2.4</b>	<b>2.5</b>	<b>2.4</b>	<b>2.6</b>	<b>2.5</b>	<b>2.6</b>	<b>2.5</b>	<b>2.3</b>	<b>2.3</b>	<b>2.3</b>

Note: Each data point in this chart is based on a minimum of 10 transactions of private targets. If an industry sector does not meet this criterion, it is not included in the chart.



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**EXHIBIT 10. MEDIAN SELLING PRICE/EBITDA  
BY SECTOR (PRIVATE TARGETS)**

NAICS	NAICS Industry Sector	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
23	Construction	3.1	4.1	4.0	3.4	3.6	3.3	3.7	4.0	3.5	3.2
31-33	Manufacturing	6.4	6.6	7.2	5.8	6.1	6.5	5.8	7.0	5.6	4.5
42	Wholesale Trade	4.7	4.8	4.8	6.2	6.9	6.4	5.6	4.7	5.0	5.3
44-45	Retail Trade	3.3	2.8	3.1	3.4	3.5	3.5	3.6	3.8	4.0	5.0
48-49	Transportation and Warehousing	2.9	2.6	3.2	3.2	3.5	4.2	3.6	3.2	3.5	4.2
51	Information	10.1	7.0	8.6	10.0	6.9	10.7	13.6	14.7	9.9	N/A
52	Finance and Insurance	3.2	4.5	3.7	6.2	7.8	9.8	13.4	12.1	9.2	N/A
53	Real Estate, Rental, and Leasing	2.8	3.1	2.4	4.5	2.9	3.8	4.2	6.1	4.0	N/A
54	Professional, Scientific, and Technical Services	8.5	4.2	4.6	5.5	8.1	5.5	5.7	4.7	4.7	4.3
56	Administrative, Support, Waste Mgmt., and Remediation Svcs.	2.7	3.2	2.6	2.8	3.0	3.8	3.7	3.4	5.0	3.3
61	Educational Services	2.9	4.7	2.7	3.5	3.6	4.1	3.1	4.1	3.7	N/A
62	Health Care and Social Assistance	5.4	2.6	4.6	4.2	3.2	4.2	3.8	4.6	3.9	4.4
71	Arts, Entertainment, and Recreation	2.2	2.5	3.1	3.6	3.3	4.3	3.3	3.5	4.1	N/A
72	Accommodation and Food Services	1.9	1.8	1.8	2.2	2.4	2.4	2.8	2.8	3.4	3.0
81	Other Services	2.6	2.4	2.6	2.4	2.8	2.6	3.1	2.9	3.4	3.8
	<b>All Sectors</b>	<b>3.5</b>	<b>3.0</b>	<b>3.3</b>	<b>3.9</b>	<b>3.8</b>	<b>3.9</b>	<b>4.1</b>	<b>4.1</b>	<b>4.2</b>	<b>4.3</b>

Note: Each data point in this chart is based on a minimum of 10 transactions of private targets. If an industry sector does not meet this criterion, it is not included in the chart.

**EXHIBIT 11. MEDIAN GROSS PROFIT MARGINS  
BY SECTOR (PRIVATE TARGETS)**

NAICS	NAICS Industry Sector	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
23	Construction	42%	43%	46%	52%	47%	54%	45%	48%	48%	56%
31-33	Manufacturing	47%	47%	45%	46%	44%	46%	47%	47%	54%	51%
42	Wholesale Trade	38%	36%	45%	36%	38%	35%	40%	39%	33%	29%
44-45	Retail Trade	44%	44%	43%	46%	43%	45%	45%	46%	51%	42%
48-49	Transportation and Warehousing	86%	89%	96%	68%	84%	77%	94%	82%	77%	93%
51	Information	66%	72%	67%	70%	67%	47%	68%	70%	71%	64%
52	Finance and Insurance	100%	100%	94%	91%	96%	91%	95%	94%	99%	N/A
53	Real Estate, Rental, and Leasing	89%	88%	90%	87%	92%	86%	75%	73%	99%	90%
54	Professional, Scientific, and Technical Services	68%	74%	84%	67%	74%	74%	89%	74%	73%	72%
56	Administrative, Support, Waste Mgmt., and Remediation Svcs.	87%	80%	84%	77%	76%	71%	81%	82%	78%	75%
61	Educational Services	90%	100%	99%	92%	90%	100%	91%	100%	98%	100%
62	Health Care and Social Assistance	100%	100%	100%	100%	100%	100%	94%	95%	100%	99%
71	Arts, Entertainment, and Recreation	79%	88%	92%	99%	89%	95%	98%	89%	97%	95%
72	Accommodation and Food Services	68%	68%	68%	66%	66%	68%	67%	67%	69%	69%
81	Other Services	90%	83%	83%	83%	76%	76%	75%	84%	88%	90%
	<b>All Sectors</b>	<b>65%</b>	<b>65%</b>	<b>67%</b>	<b>65%</b>	<b>65%</b>	<b>64%</b>	<b>63%</b>	<b>64%</b>	<b>67%</b>	<b>66%</b>

Note: Each data point in this chart is based on a minimum of 10 transactions of private targets. If an industry sector does not meet this criterion, it is not included in the chart.

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**EXHIBIT 12. MEDIAN OPERATING PROFIT MARGINS BY SECTOR (PRIVATE TARGETS)**

NAICS	NAICS Industry Sector	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
23	Construction	7%	11%	9%	11%	11%	12%	9%	10%	11%	14%
31-33	Manufacturing	10%	10%	8%	10%	9%	7%	10%	9%	9%	9%
42	Wholesale Trade	10%	11%	6%	8%	6%	9%	8%	7%	7%	6%
44-45	Retail Trade	8%	9%	10%	9%	8%	10%	9%	8%	11%	6%
48-49	Transportation and Warehousing	15%	19%	15%	13%	17%	18%	19%	14%	14%	12%
51	Information	7%	10%	0%	5%	6%	1%	4%	2%	8%	6%
52	Finance and Insurance	22%	14%	26%	21%	19%	24%	27%	24%	29%	26%
53	Real Estate, Rental, and Leasing	20%	18%	25%	17%	16%	17%	15%	14%	26%	14%
54	Professional, Scientific, and Technical Services	4%	13%	10%	10%	8%	14%	14%	14%	17%	12%
56	Administrative, Support, Waste Mgmt., and Remediation Svcs.	16%	15%	18%	18%	15%	15%	17%	15%	14%	14%
61	Educational Services	8%	6%	10%	15%	8%	16%	18%	17%	13%	7%
62	Health Care and Social Assistance	7%	12%	10%	12%	15%	11%	12%	12%	17%	10%
71	Arts, Entertainment, and Recreation	14%	14%	18%	19%	10%	12%	17%	7%	17%	0%
72	Accommodation and Food Services	12%	14%	15%	13%	12%	14%	13%	13%	12%	10%
81	Other Services	16%	18%	13%	14%	14%	15%	13%	15%	11%	13%
	<b>All Sectors</b>	<b>11%</b>	<b>12%</b>	<b>12%</b>	<b>11%</b>	<b>11%</b>	<b>12%</b>	<b>12%</b>	<b>11%</b>	<b>12%</b>	<b>10%</b>

Note: Each data point in this chart is based on a minimum of 10 transactions of private targets. If an industry sector does not meet this criterion, it is not included in the chart.

**EXHIBIT 13. MEDIAN NET PROFIT MARGINS BY SECTOR (PRIVATE TARGETS)**

NAICS	NAICS Industry Sector	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
23	Construction	7%	10%	9%	11%	10%	12%	9%	10%	11%	14%
31-33	Manufacturing	7%	8%	6%	8%	7%	6%	8%	7%	8%	9%
42	Wholesale Trade	10%	11%	6%	8%	5%	7%	8%	6%	6%	5%
44-45	Retail Trade	6%	9%	10%	8%	7%	10%	9%	8%	10%	6%
48-49	Transportation and Warehousing	11%	20%	14%	12%	15%	17%	19%	15%	14%	11%
51	Information	5%	9%	-1%	5%	5%	-1%	2%	1%	7%	1%
52	Finance and Insurance	18%	11%	21%	18%	14%	18%	16%	21%	23%	21%
53	Real Estate, Rental, and Leasing	19%	18%	25%	18%	14%	17%	14%	14%	27%	16%
54	Professional, Scientific, and Technical Services	4%	12%	7%	8%	6%	13%	12%	14%	16%	12%
56	Administrative, Support, Waste Mgmt., and Remediation Svcs.	15%	14%	18%	14%	14%	15%	16%	15%	13%	15%
61	Educational Services	8%	5%	9%	12%	8%	16%	18%	15%	12%	7%
62	Health Care and Social Assistance	5%	12%	10%	10%	11%	10%	11%	12%	16%	8%
71	Arts, Entertainment, and Recreation	11%	15%	19%	19%	12%	12%	17%	4%	16%	-2%
72	Accommodation and Food Services	12%	13%	14%	10%	10%	12%	12%	13%	12%	10%
81	Other Services	16%	17%	13%	13%	13%	14%	12%	15%	12%	13%
	<b>All Sectors</b>	<b>10%</b>	<b>12%</b>	<b>11%</b>	<b>10%</b>	<b>9%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>12%</b>	<b>10%</b>

Note: Each data point in this chart is based on a minimum of 10 transactions of private targets. If an industry sector does not meet this criterion, it is not included in the chart.

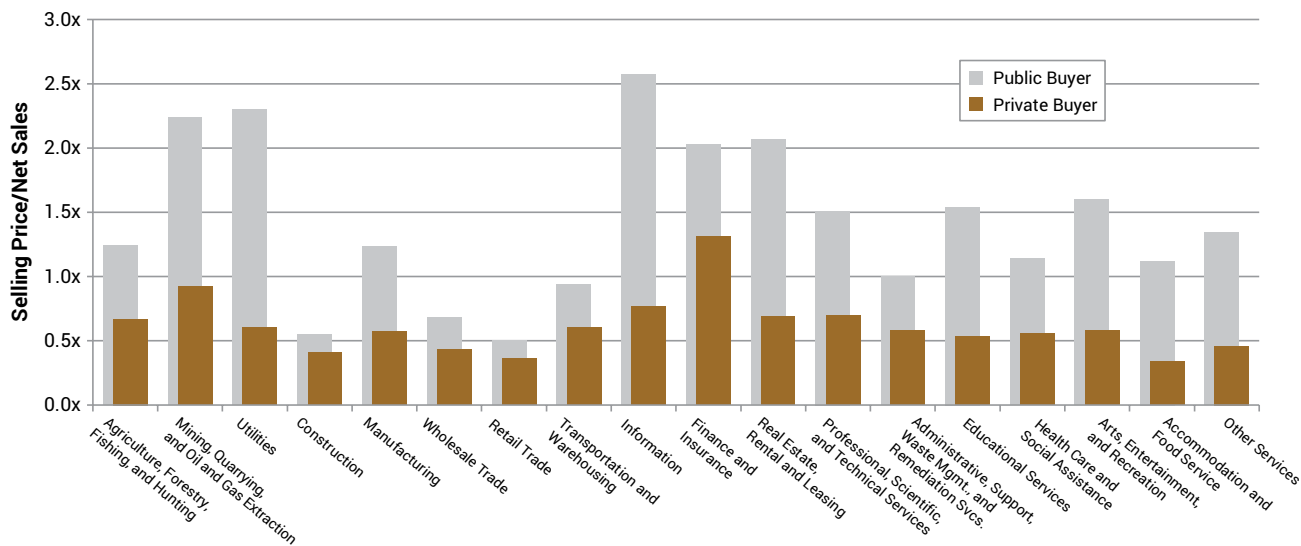
## PUBLIC BUYERS PAY HIGHER MULTIPLES FOR PRIVATE TARGETS

Exhibits 14 and 15 compare the median valuation multiples private buyers paid (those transactions business intermediaries brokered) to what public-company buyers paid based on major industry sector groups.

Across all NAICS sectors, public buyers paid higher multiples for private targets than private buyers paid. This may partially reflect synergies between the public buyer and the private target. Also, the typical acquisition public buyers made was larger than those private buyers made, so it is possible to conclude that larger companies sell for higher multiples than smaller companies, which is further highlighted in Exhibits 5A through 5C.

The net sales multiple increased in the mining, quarrying, and oil and gas extraction sector, manufacturing sector, retail trade sector, information sector, finance and insurance sector, education services sector, and arts, entertainment, and recreation sector, from 2.21x to 2.24x, from 1.21x to 1.23x, from 0.49x to 0.50x, from 2.56x to 2.57x, from 2.01x to 2.03x, from 1.53x to 1.54x, and from 1.58x to 1.60x, respectively, based on the prior median reported in the last publication. Conversely, only one sector saw a decrease in its net sales multiple, with the accommodation and food services sector falling to 1.12x from 1.14x. Overall, net sales multiples increased in seven of the 18 sectors.

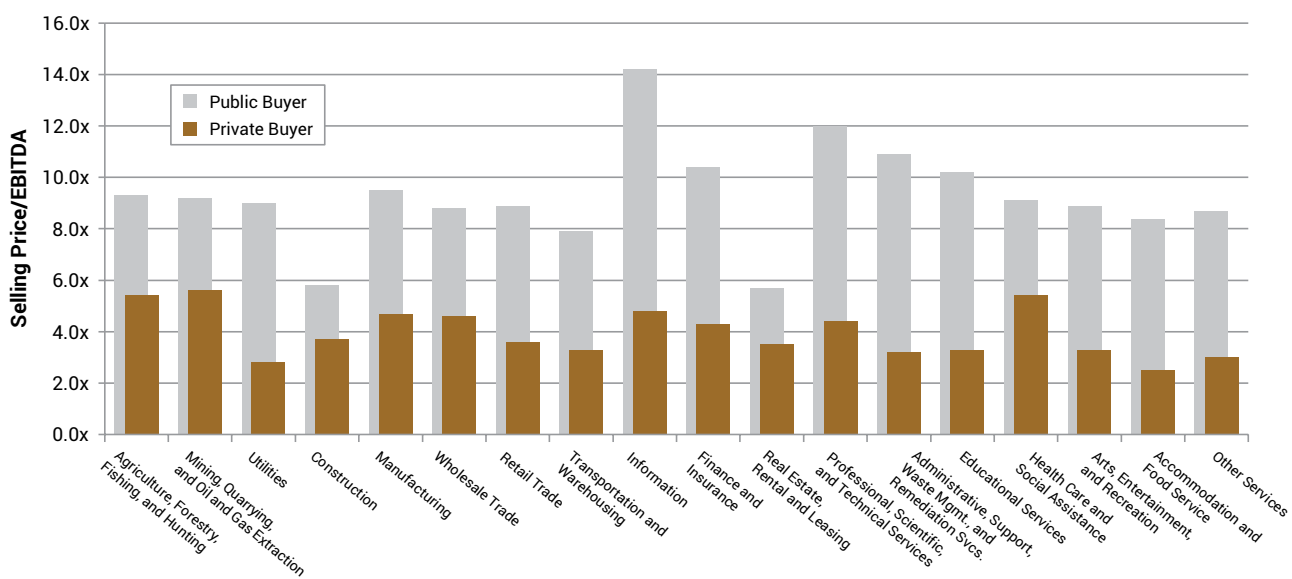
**EXHIBIT 14. SELLING PRICE/NET SALES (PRIVATE TARGETS)**



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EBITDA multiples, based on the prior median, rose in the agriculture, forestry, fishing and hunting sector, from 8.9x to 9.3x, the mining, quarrying, and oil and gas extraction sector, from 9.1x to 9.2x, and the transportation and warehousing, from 7.8x to 7.9x. Notably, among private buyers, the EBITDA multiple in the agriculture, forestry, fishing, and hunting sector rose from 4.3x to 5.4x. Conversely, none of the sectors saw a decline in the EBITDA multiple among public buyers. Overall, EBITDA multiples increased in four of 18 sectors and decreased in three of the 18 sectors.

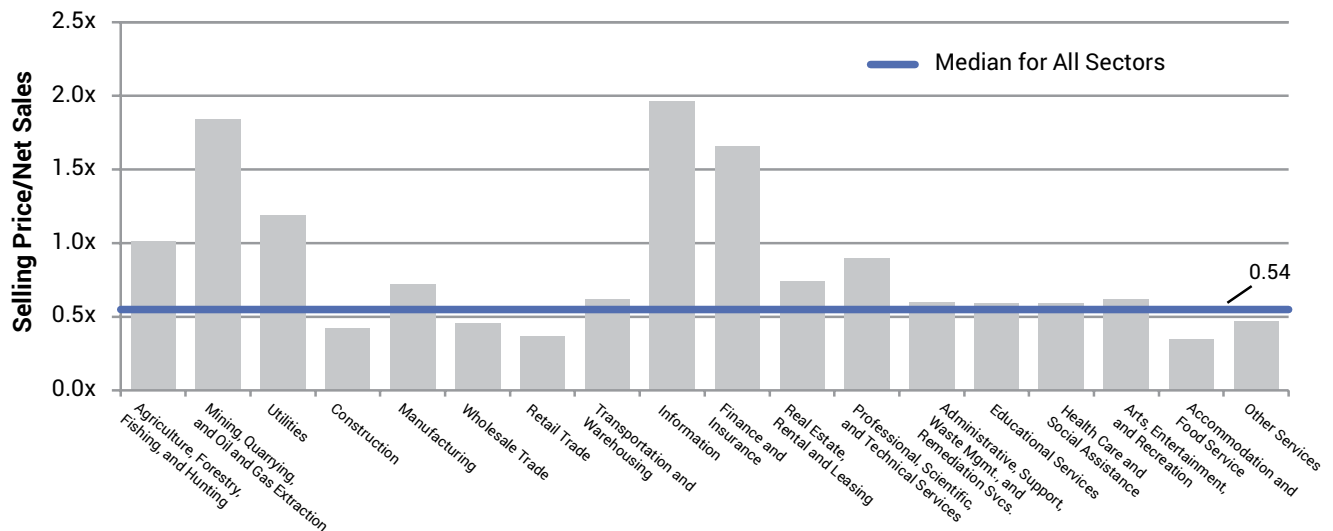
**EXHIBIT 15. SELLING PRICE/EBITDA (PRIVATE TARGETS)**



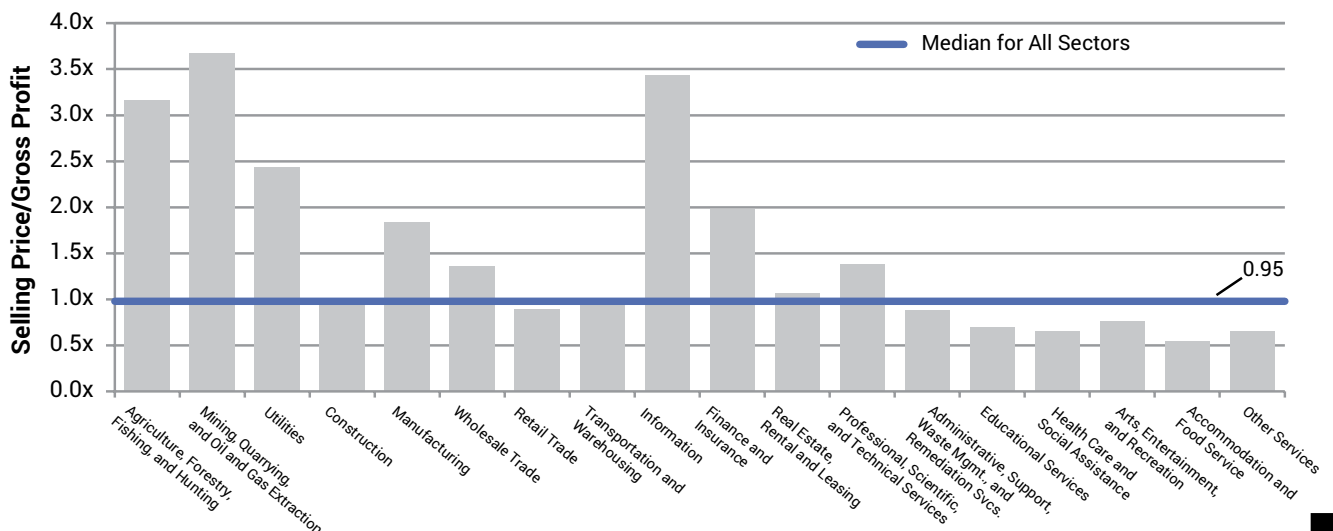
## HOW DO INDUSTRY PRICING MULTIPLES AND PROFIT MARGINS COMPARE?

Exhibits 16A through 17C compare pricing multiples and profit margin ratios across 18 industry sectors. Companies in the mining, quarrying, and oil and gas extraction sector, the finance and insurance sector, utilities sector, agriculture, forestry, fishing and hunting sector, and the information sector clearly trade at higher net sales and earnings-based pricing multiples than most other companies in other industries (see Exhibits 16A to 16E). The trend for margin ratios is less evident among the 18 industry sectors, although companies in the information sector appear to operate less efficiently, with a median operating profit margin of 0.0% and a median net profit margin of -2.0% (see Exhibits 17A to 17C).

**EXHIBIT 16A. MEDIAN SELLING PRICE/NET SALES (PRIVATE TARGETS)**



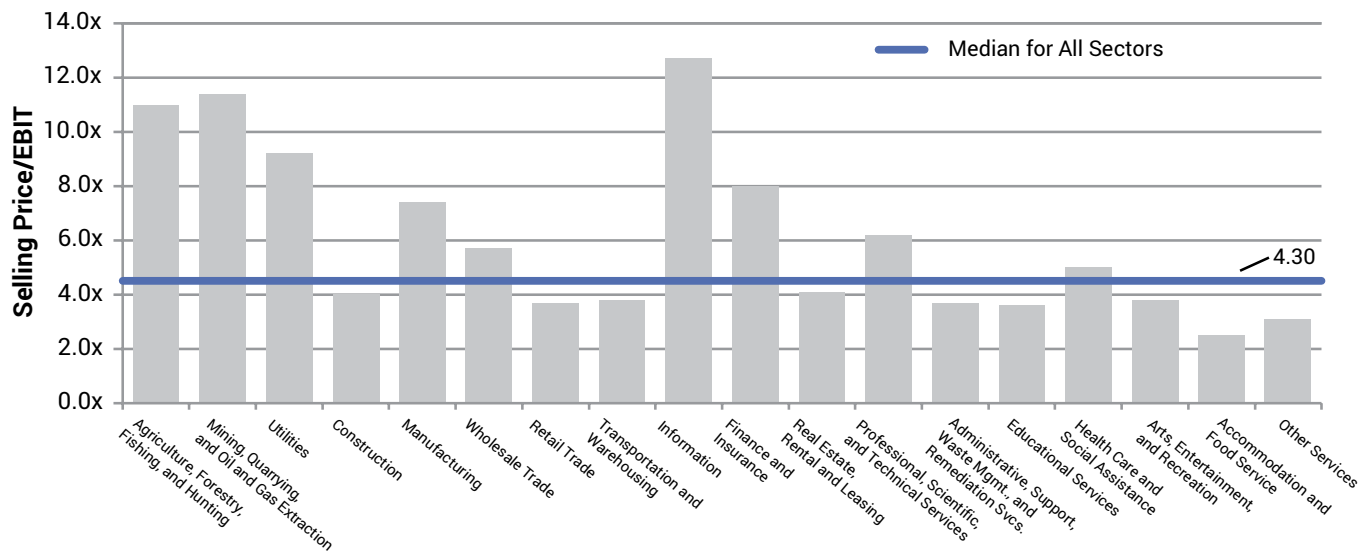
**EXHIBIT 16B. MEDIAN SELLING PRICE/GROSS PROFIT (PRIVATE TARGETS)**



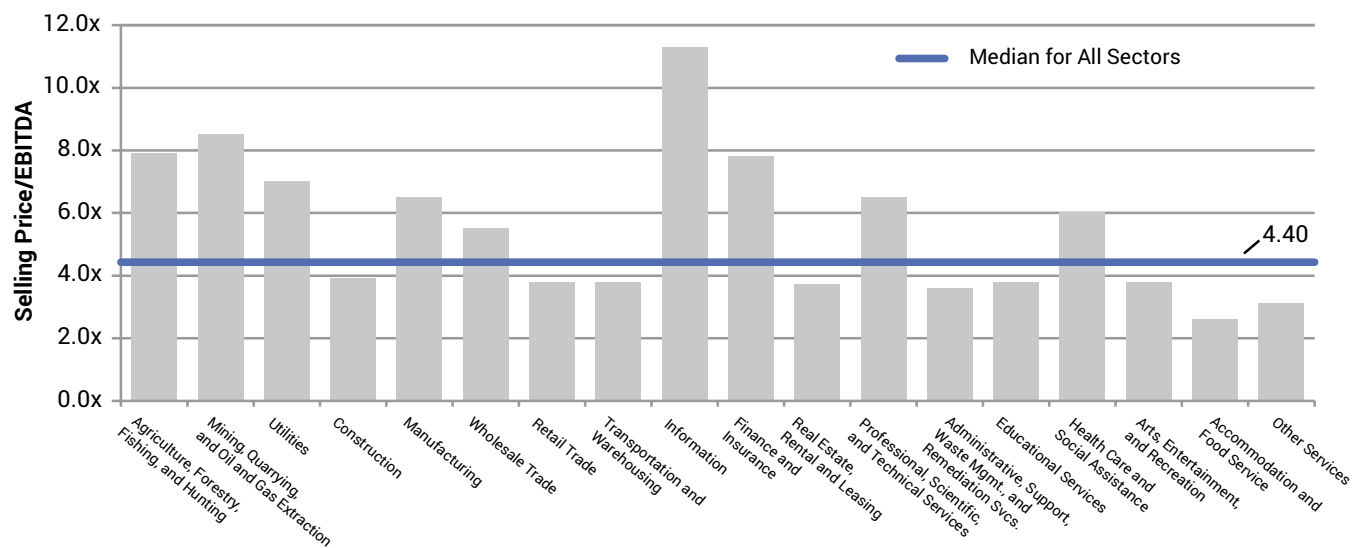


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**EXHIBIT 16C. MEDIAN SELLING PRICE/EBIT  
(PRIVATE TARGETS)**

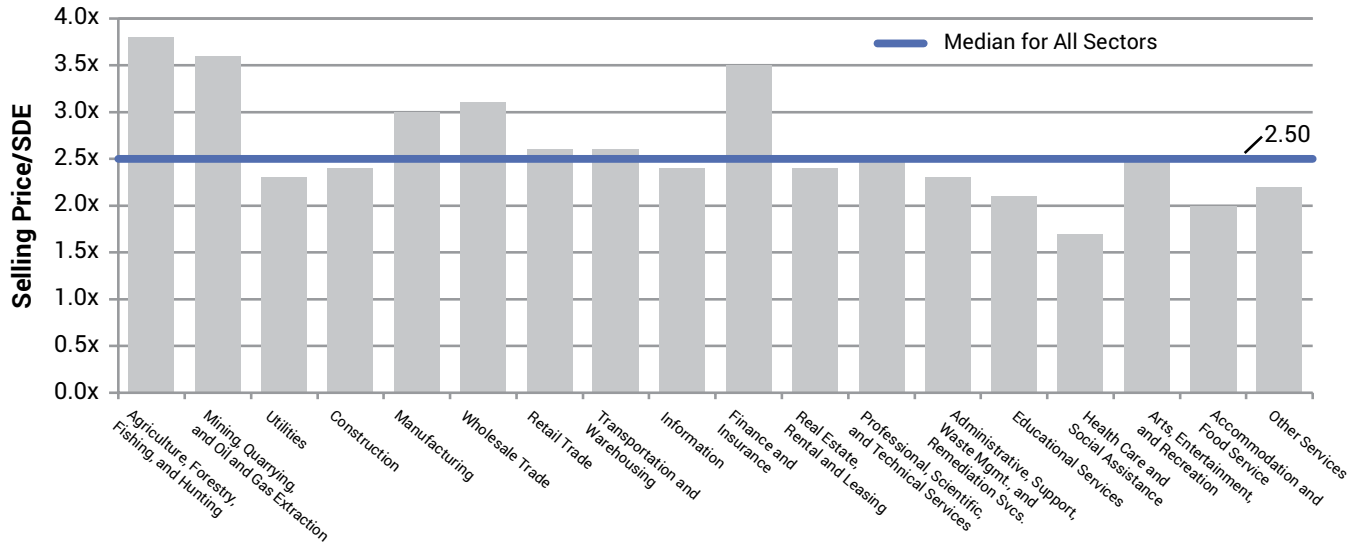


**EXHIBIT 16D. MEDIAN SELLING PRICE/EBITDA  
(PRIVATE TARGETS)**

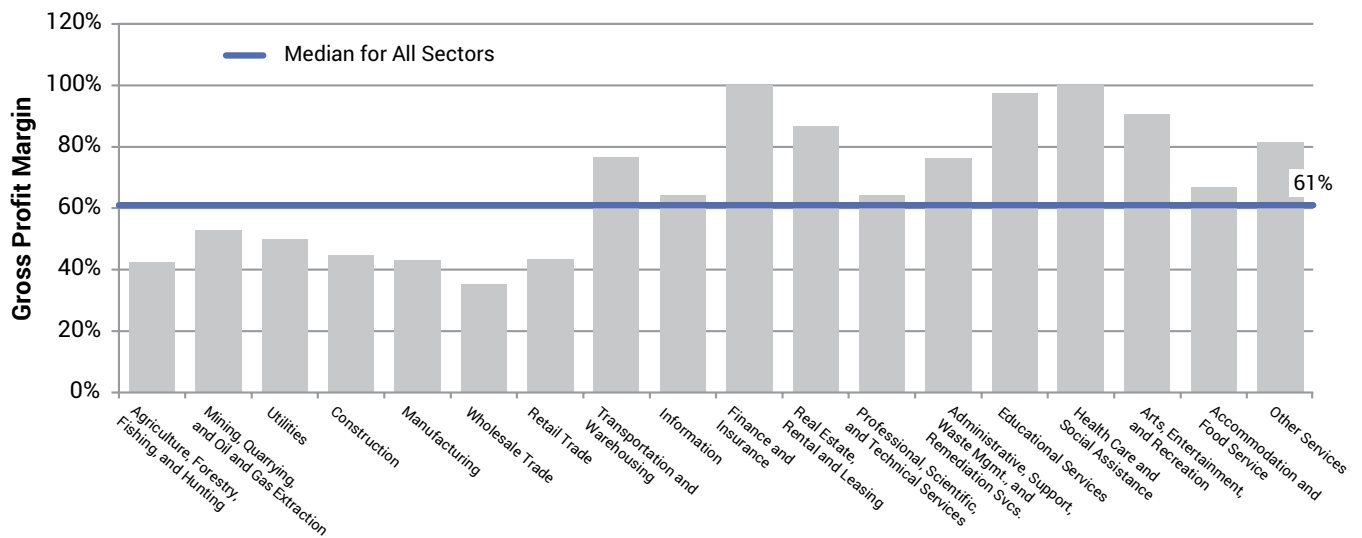


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**EXHIBIT 16E: MEDIAN SELLING PRICE/SDE (PRIVATE TARGETS)**

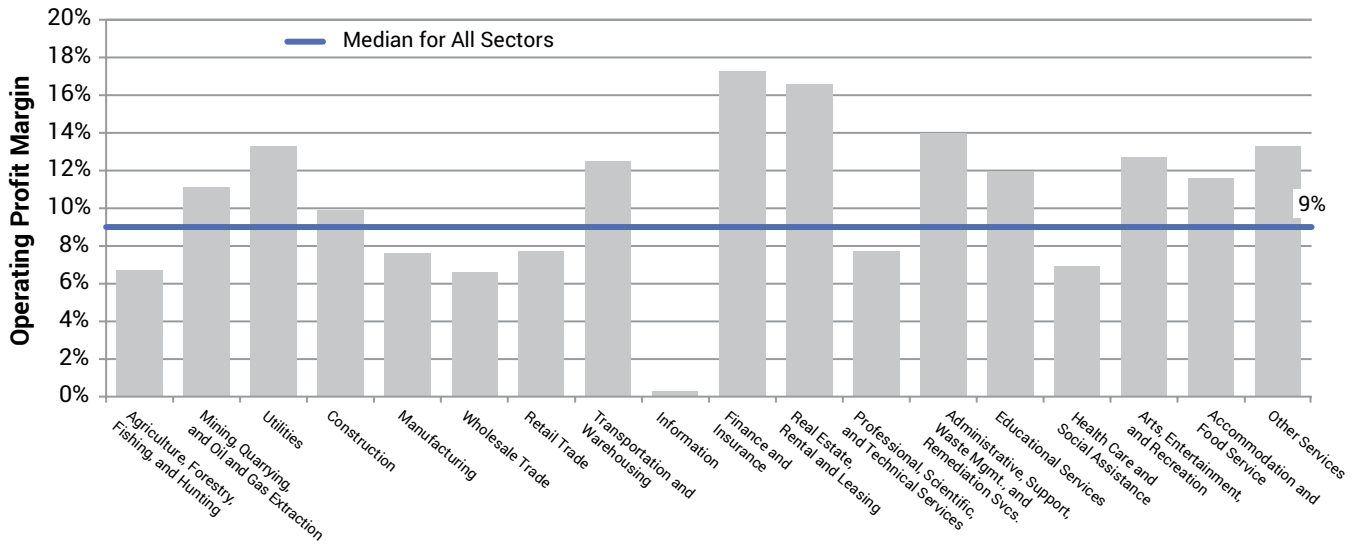


**EXHIBIT 17A. MEDIAN GROSS PROFIT MARGIN (PRIVATE TARGETS)**

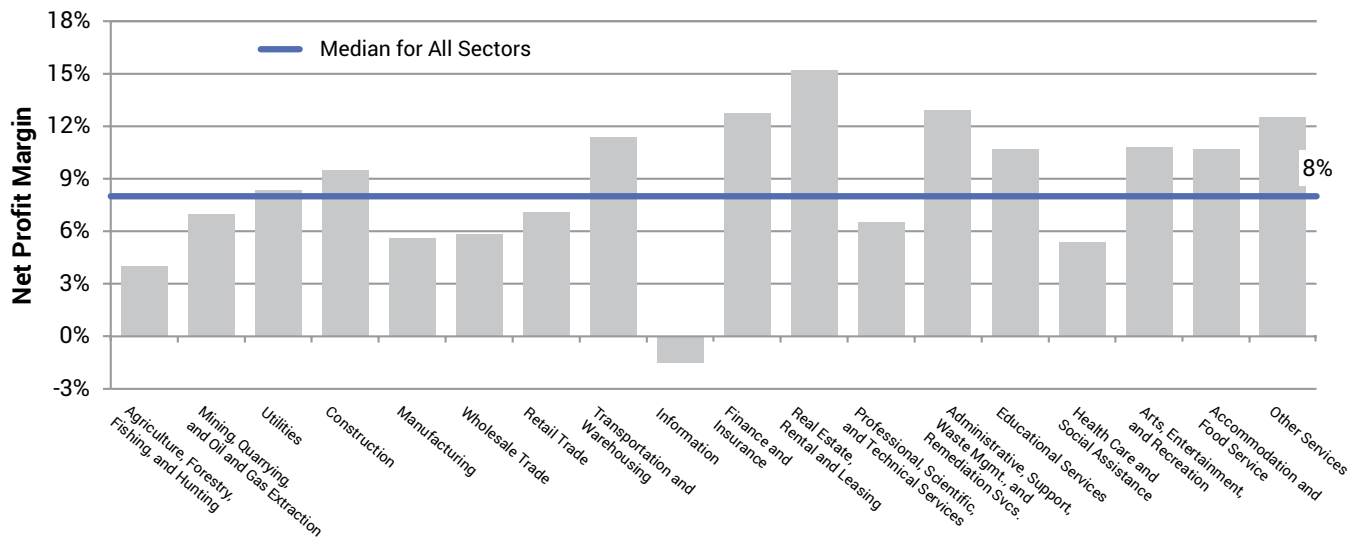


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**EXHIBIT 17B. MEDIAN OPERATING PROFIT MARGIN (PRIVATE TARGETS)**



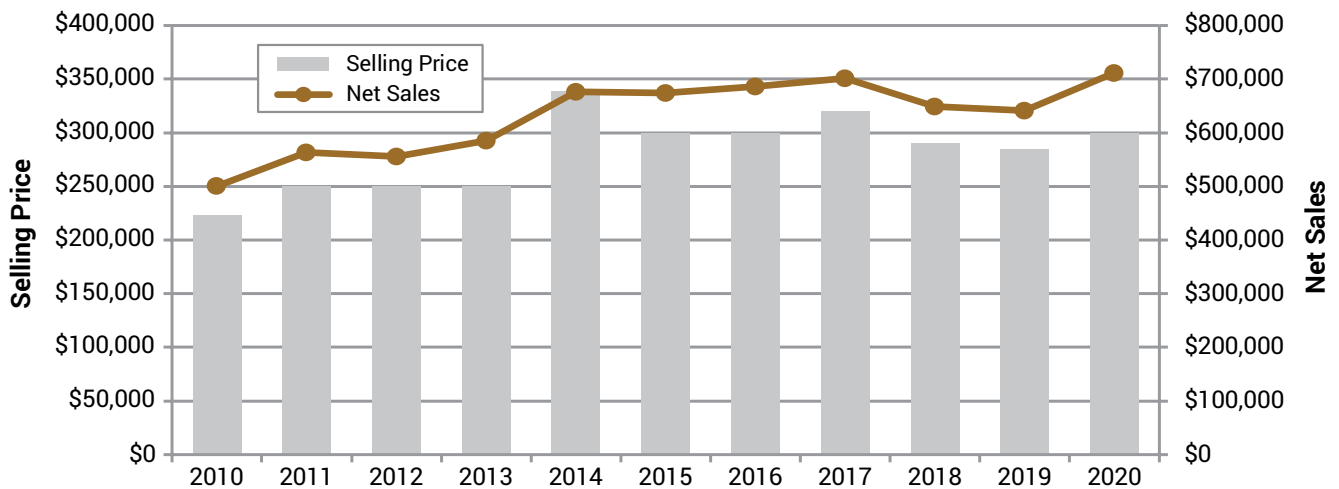
**EXHIBIT 17C. MEDIAN NET PROFIT MARGIN (PRIVATE TARGETS)**



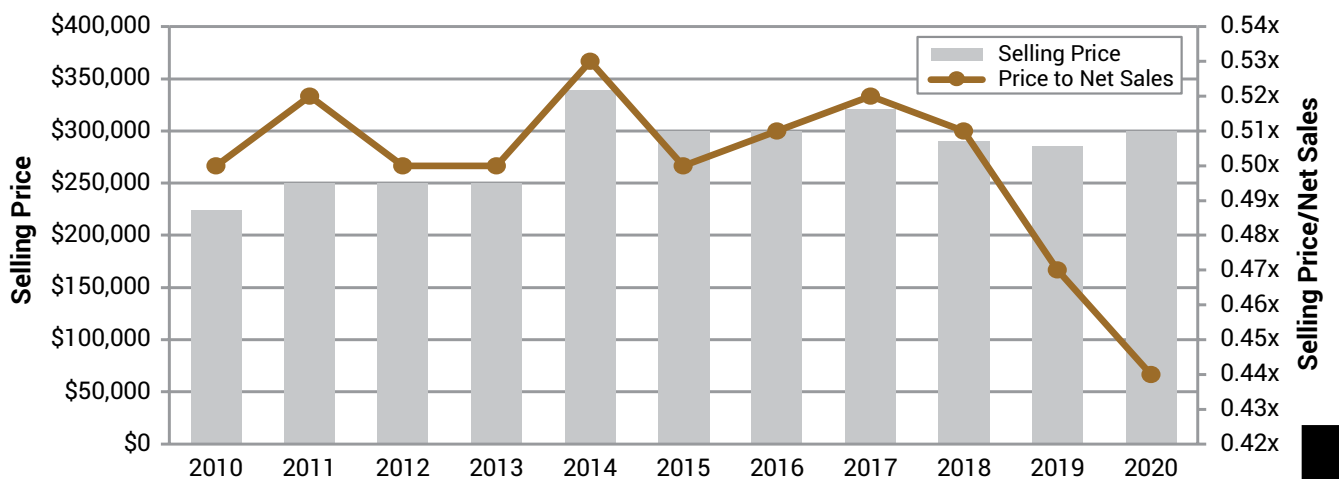
## MEDIAN SELLING PRICE AND MEDIAN NET SALES TRENDING HIGHER

Exhibit 18A shows that, while the median selling price previously reached its most recent high in 2017, at \$320,000, a subsequent decline in the two years that followed saw the median selling price fall to its lowest level, \$285,000, since 2013. With the coronavirus putting a stranglehold on the U.S. economy, it would be reasonable to expect the downward trend to continue in 2020, but the trend reversed, as the median selling price rose to \$300,000 in 2020. The increase in the median selling price came as a result of a rise in the median net sales figure, which reported at its highest value, \$711,897. A decline in both the median selling price and net sales figure began in 2018 and 2019 and came as growth in the U.S. economy began to slow, but, despite the economic damages seen worldwide brought on by the spread of the coronavirus, both the median selling price and median net sales figure improved from prior years. As the U.S. emerges from the coronavirus, DealStats will continue to monitor and report on the trends regarding the pace of sales and related pricing multiples. As shown in Exhibit 18B, the median selling price-to-net sales multiple, which had come in at a 10-year low in 2019 of 0.47x, moved even lower in 2020, to 0.44x.

**EXHIBIT 18A. MEDIAN SELLING PRICE AND MEDIAN NET SALES (PRIVATE TARGETS)**



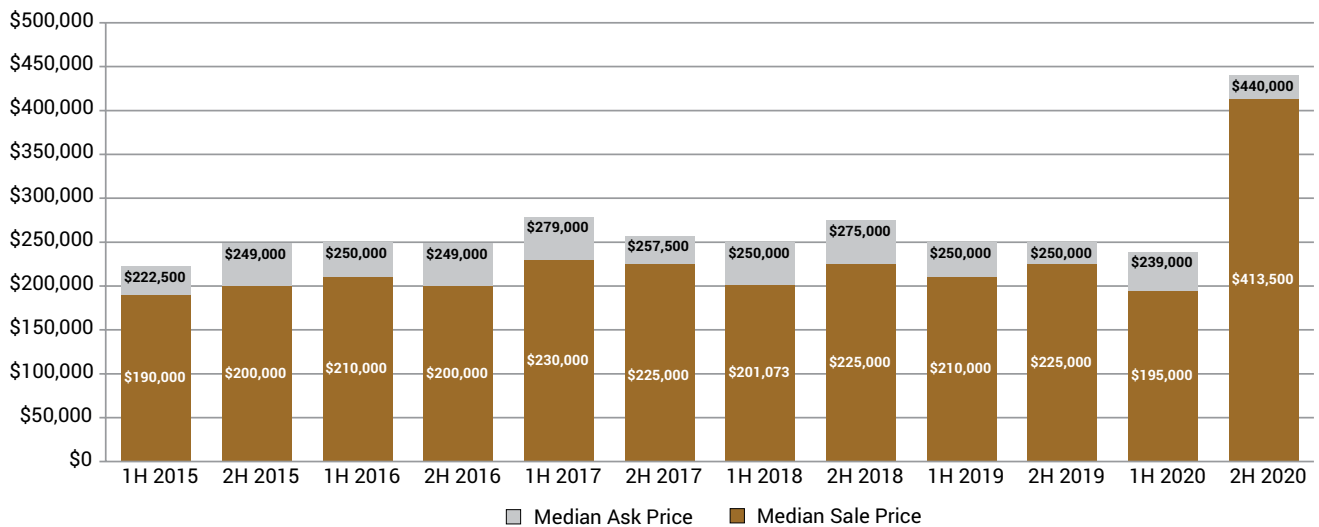
**EXHIBIT 18B. MEDIAN SELLING PRICE AND MEDIAN SELLING PRICE/NET SALES (PRIVATE TARGETS)**



## 2020 SALE PRICES REVERSE FROM LARGE DISCOUNTS IN THE FIRST HALF AND NOW FAVOR SELLERS

Exhibit 19 compares the median asking price with the median sales price for private targets since 2015. The trend from the first half of 2018 through the second half of 2019 saw the market favor sellers, as the sales price as a percentage of the asking price increased in each period. However, with the initial spread of the coronavirus causing the U.S. economy to fall into a recession, the discount in the first half of 2020 improved to the buyer's favor, at 81.6% of the asking price. However, the momentum quickly changed course, and, despite the coronavirus still making headlines, the U.S. economy quickly recovered, resulting in the percentage of asking price shifting toward the seller's advantage, at 94.0% of the asking price. Over the five-year period from 2015 to 2020, the percentage of asking price has ranged from 80.3% to 94.0%.

**EXHIBIT 19. MEDIAN ASK PRICE VS. MEDIAN SALE PRICE SEMIANNUALLY (PRIVATE TARGETS)**

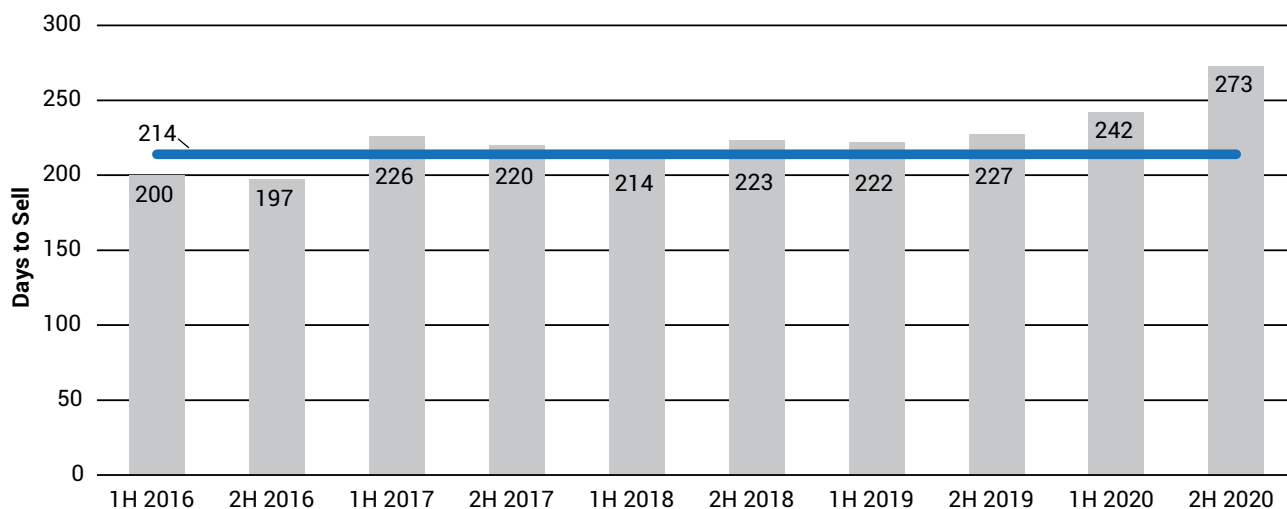




## ECONOMIC SHUTDOWN SLOWS THE PACE OF SELL TO A FIVE-YEAR HIGH

The median number of days to sell for private targets reached its highest point in the second half of 2020, at 273 days for transactions to close. This rose from the first half of 2020, which was its previous longest time length, at 242 days. The economic turmoil caused by the COVID-19 crisis created uncertainty among small-business owners regarding the direction of the economy and questions over how and when business will resume seemingly affected the pace of sales. Since the first half of 2017, the median number of days to sell has remained above the five-year median, 214 days, as shown in Exhibit 20.

**EXHIBIT 20. MEDIAN DAYS TO SELL SEMIANNUALLY\* (PRIVATE TARGETS)**

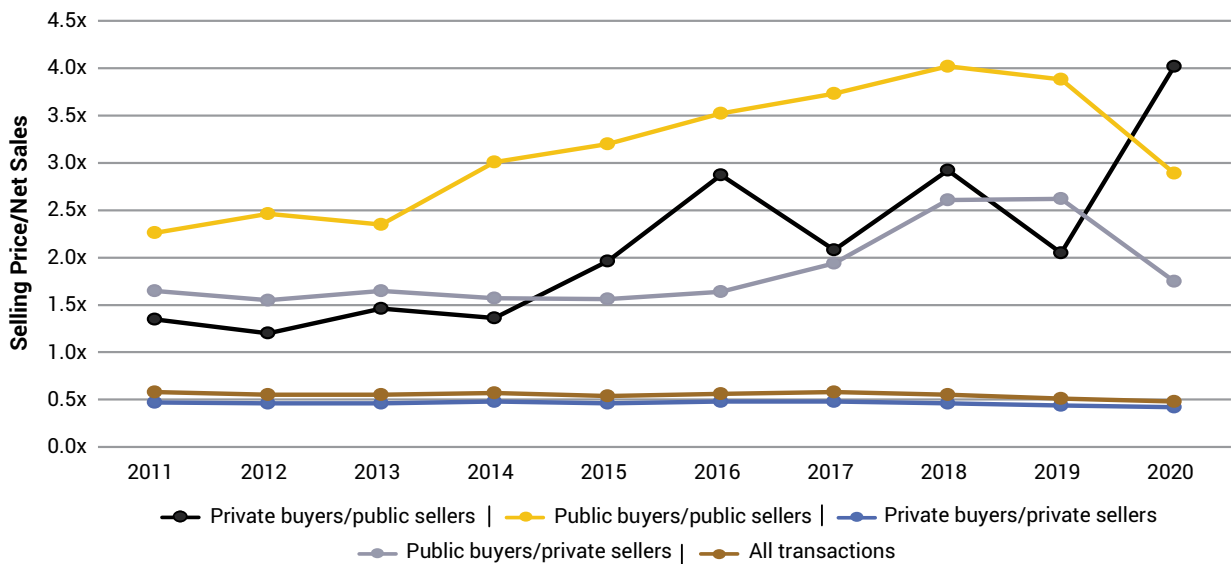


\* Based on the sale date of transactions

## NET SALES MULTIPLES TREND LOWER IN 2020

The net sales multiple trended lower in four of the five categories in 2020. The net sales multiple for private-seller transactions fell to 1.75x when a public buyer was involved and to 0.42x, a 10-year low, when a private buyer was involved. Public buyers of public sellers paid a net sales multiple of 2.89x in 2020, lower than the 3.88x paid in 2019. Private buyers of public sellers was the lone category to rise to its highest level in 2020, to 4.02x. Within the “all transactions” category, a noticeable trend lower is evident. The downward trend started in 2018, when the multiple was at its highest level, 0.58x, in the year prior and fell in each subsequent year, reaching its lowest level in 2020, 0.48x. With the pace of sales picking up in the last few months of 2020, DealStats will continue to report on the movement within transaction multiples as we head into 2021.

EXHIBIT 21. MEDIAN SELLING PRICE/NET SALES



Note: Each data point in this chart is based on a minimum of 10 transactions. If there are not enough transactions for a particular year, the data are not included.

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