

# Silverpeak Benchmark Report Q1 2021

*A review of key company valuation metrics in the UK,  
European and US Application Software sectors*



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# Contents

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01 // SILVERPEAK OVERVIEW

02 // REPORT HIGHLIGHTS

03 // SOFTWARE VALUATION METRICS

04 // COMPANY CATEGORISATION

Silverpeak advises outstanding growth technology companies on M&A and larger financing transactions



**European** clients – **Global** counterparties

# 01 // SELECTED RECENT TRANSACTIONS

GB

Satellite antenna technology

\$40m investment by

February 2021

GB | EU

Video compression solutions

Investment by

**INVESTMENT FIRMS & TECH ENTREPRENEURS**

October 2020

PT | US

Technology venture capital

Continuation fund, including:

Low-code SaaS leader

September 2020

GB | US

Fibre broadband network operator

£100m investment by

September 2020

LT | JP | GB

Mobility-as-a-Service platform

Investment by

June 2020

ES | US

Game streaming platform

Sale

December 2019

GB | US

Cloud transformation consultancy

Sale

November 2019

EU | EU

**CONFIDENTIAL**

SaaS FinTech platform

Investment

\$150m

September 2019

FR | US

M2M cybersecurity for the industrial internet

Sale

August 2019

GB | GB | US

Autonomous vehicle software

Investment by

July 2019

Denotes Silverpeak transaction

# Key Takeaways

Valuation multiples in the US struggled whilst European and UK multiples largely continued to recover

## 01

Both revenue and EBITDA valuation multiples fell for nearly all US software categories in Q1 2021, stalling the strong recovery and advance shown in the second half of 2020.

In Europe and the UK, valuation metrics continue to increase, the exception being European EBITDA multiples which have fallen 18%.

## 02

Revenue multiples for US Vertical, Horizontal and SaaS application software companies have all fallen in Q1 but remain at or above pre-pandemic highs.

In contrast, median revenue multiples for UK Small & Mid and European software companies have continued to increase and are now both above pre-COVID levels for the first time.






## 03

EBITDA multiples fell significantly in the middle of Q1 for US companies. US Horizontal recovered by the end of March for a median multiple of 40x, now well above SaaS and Vertical multiples of 29x and 26x. EBITDA margins remained stable across most categories, whereas forecast annual revenue growth increased significantly for all.

## 04

In the Enterprise Value Index, all sub sectors increased or remained constant from Q4'20. However, towards the end of the quarter four of the five verticals showed a downward move, with FinTech as the only exception. HR Tech continues to outperform other sub sectors, although it showed the largest fall of any vertical from February to March.

# Report Summary

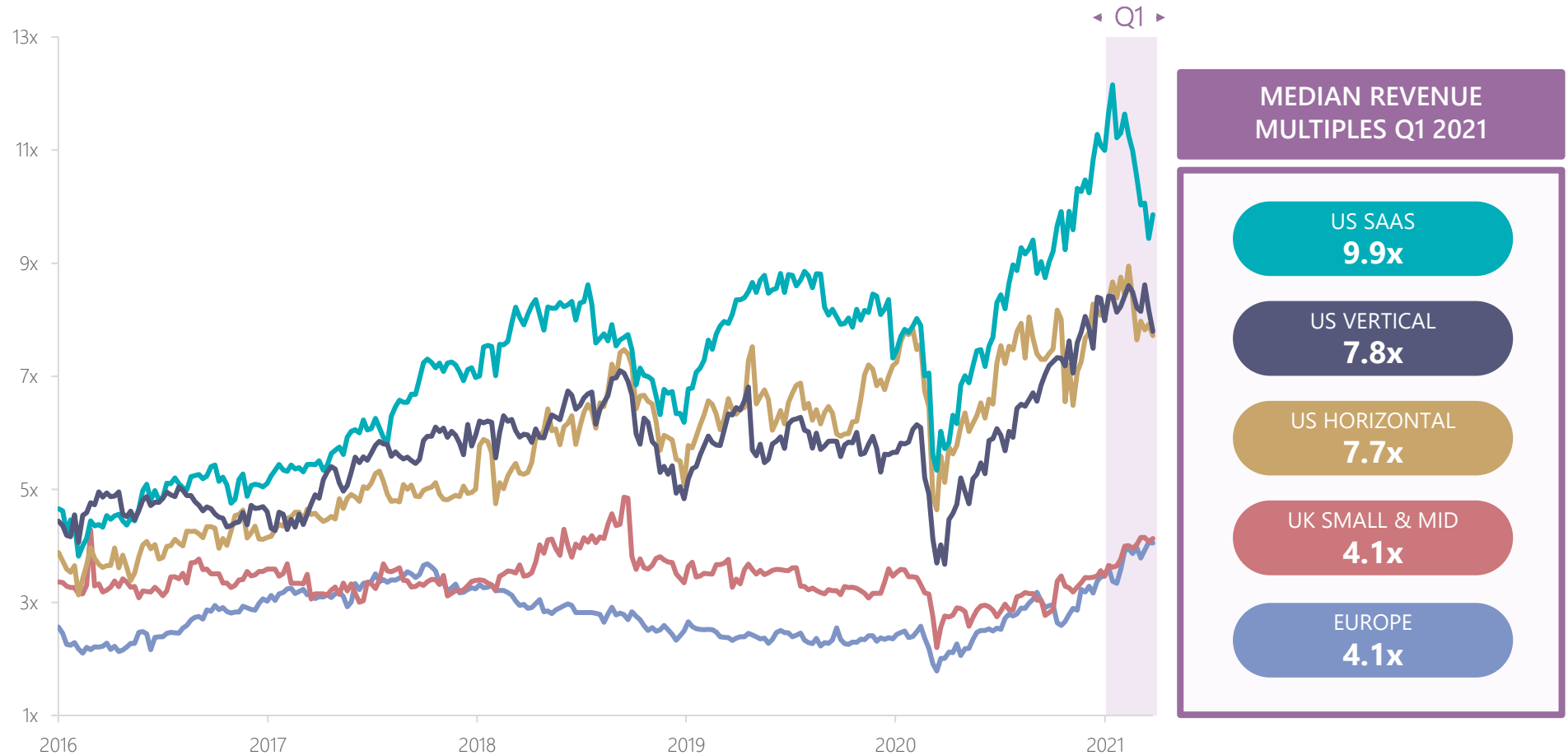
CATEGORY	MEDIAN REVENUE MULTIPLES <sup>(1)</sup>		COMMENTARY
	Q4 2020	Q1 2021	
US SaaS	11.1x	 -11.0% 9.9x	<ul style="list-style-type: none"> <li>US SaaS revenue multiples fell by the most of any category, down 11% Q.o.Q.</li> <li>Median EBITDA multiples also decreased by 12% to 29x in Q1</li> <li>This is despite increased forecast revenue growth and stable median EBITDA margins</li> </ul>
US Vertical	8.4x	 -6.9% 7.8x	<ul style="list-style-type: none"> <li>Revenue multiples fell by 7%, following a strong post-COVID recovery in 2020</li> <li>EBITDA multiples fell 15% Q.o.Q. to 26x and remain the lowest of the US software categories</li> <li>EBITDA margin was unchanged from Q4 and forecast revenue growth rose from 6% to 10%</li> </ul>
US Horizontal	8.1x	 -4.4% 7.7x	<ul style="list-style-type: none"> <li>US Horizontal revenue multiples continue to largely mirror US Vertical, falling by 4%</li> <li>EBITDA multiples recovered strongly from a dip early in Q1, finishing at 40x – up 12% Q.o.Q.</li> <li>Forecast revenue growth has increased to 14%, and EBITDA margins fell from 22% to 20%</li> </ul>
UK Small & Mid	3.6x	 +16.1% 4.1x	<ul style="list-style-type: none"> <li>Revenue multiples continue to increase, now up to 4x and above pre-COVID levels</li> <li>EBITDA multiples had a 18% uplift to 27x, whereas multiples fell in most other categories</li> <li>Annual forecast revenue growth doubled to 6%, but remains well below the US and Europe</li> </ul>
Europe	3.5x	 +17.4% 4.1x	<ul style="list-style-type: none"> <li>European revenue multiples reached new highs in Q1, increasing to 4x with 17% growth Q.o.Q.</li> <li>EBITDA multiples fell to 20x, but remain just above the 24-month average of 19x</li> <li>Revenue growth also almost doubled, rising from 6% to 11% - largest increase of all categories</li> </ul>

Source: Capital IQ, Silverpeak

Note: <sup>(1)</sup>Q1 2021 multiples are taken at 31/03/21, LTM

# Median revenue multiples fall in Q1 for US application software companies

Application software sector valuation metrics: median **Revenue** multiples 2016-2021 Q1

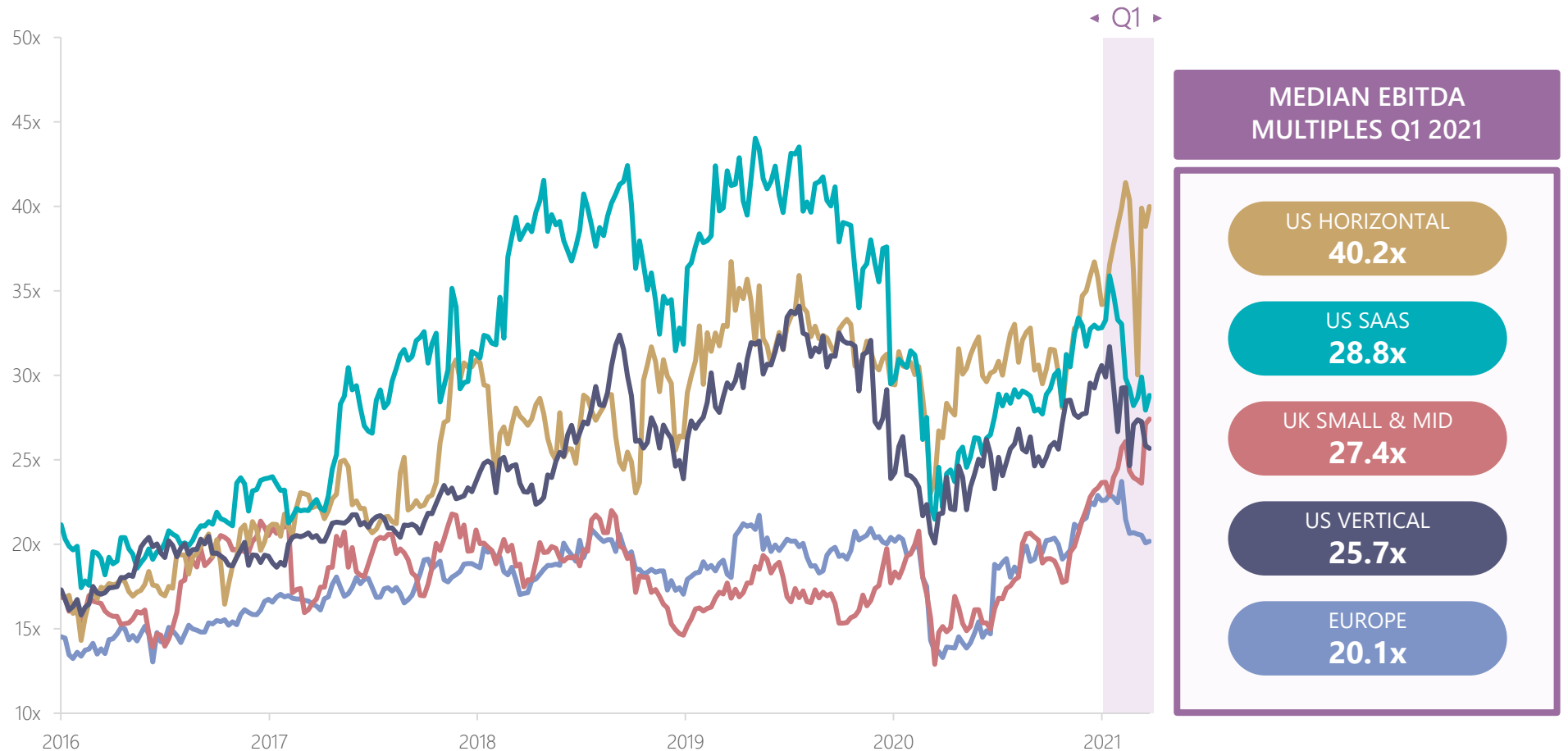


Source: Capital IQ, Silverpeak

Note: Q1 2021 multiples are taken at 31/03/21, LTM

# Median EBITDA multiples for US SaaS & Vertical fall significantly in Q1

Application software sector valuation metrics: median **EBITDA** multiples 2016-2021 Q1



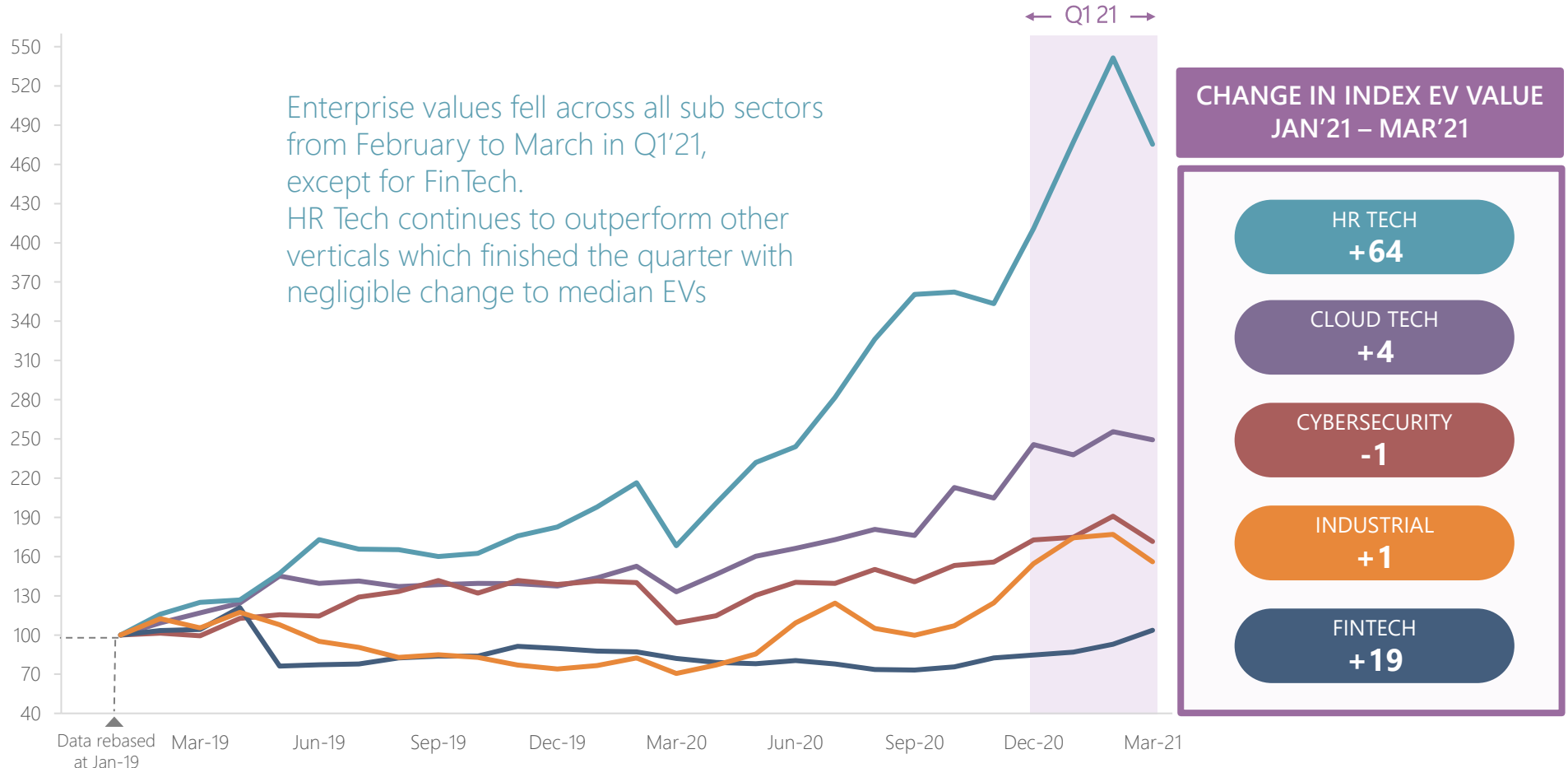
Source: Capital IQ, Silverpeak

Note: Q1 2021 multiples are taken at 31/03/21, LTM



# Enterprise values on downward trend towards the end of Q1'21

Median monthly **Enterprise Value index**, by sub sector, 2019-2021 Q1

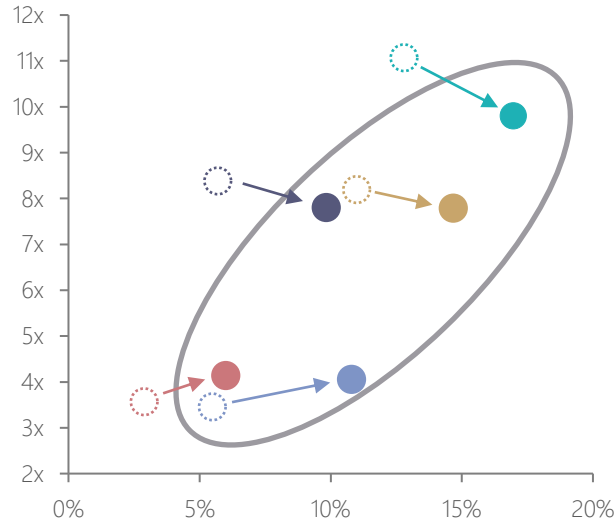


Source: Capital IQ, Pitchbook, Silverpeak

Methodology: Data points are a median of daily median EV values over a month.

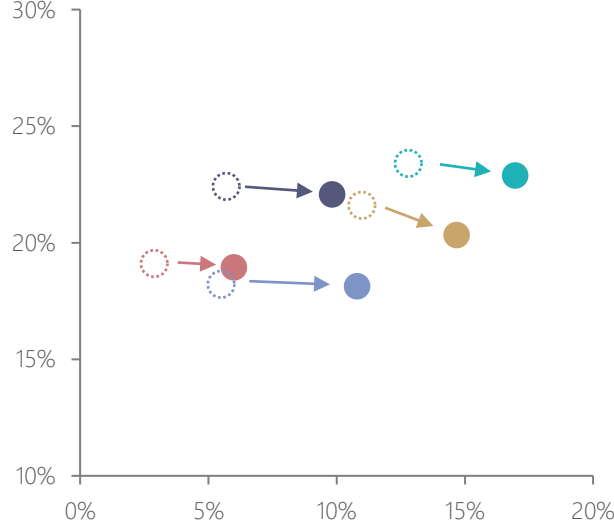
# Quarterly change in operating metrics

**MEDIAN REVENUE MULTIPLE**



**MEDIAN FORECAST ANNUAL REVENUE GROWTH**

**MEDIAN EBITDA MARGIN**



**MEDIAN FORECAST ANNUAL REVENUE GROWTH**

Application software median revenue multiples have **fallen in the US** but **increased in Europe** in Q1

There has been a **significant uplift** in median annual forecast revenue growth **across all groups** in Q1

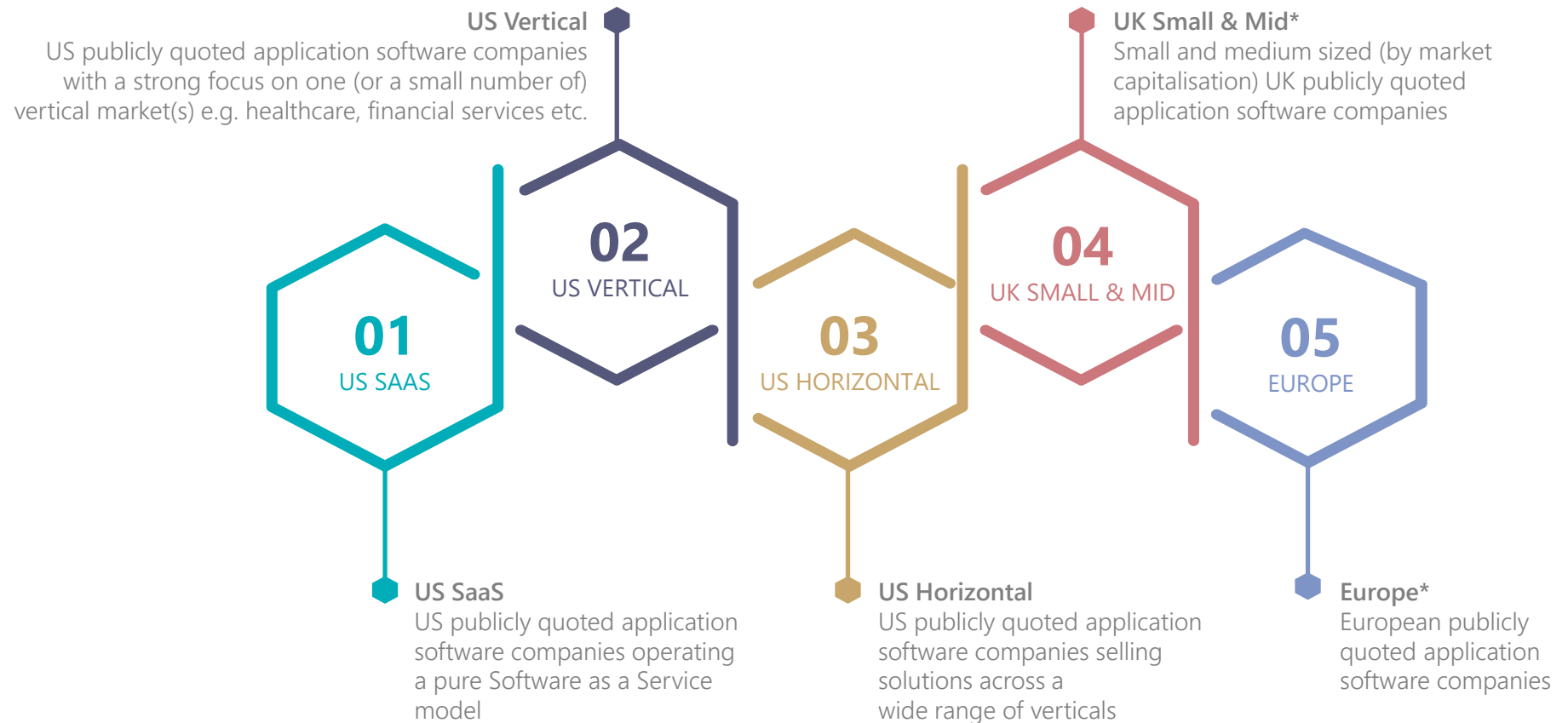
	US SaaS	US Vertical	US Horizontal	UK Small + Mid	Europe
Q1 2021					
Q4 2020					

Source: Capital IQ, Silverpeak

Note: Q1 2021 multiples are taken at 31/03/21, LTM

# Company Categorisation – By Type

For comparison purposes, we've grouped companies covered in the report into one of five categories



\*We've grouped UK and Europe companies in this manner because sample sizes do not permit a breakdown into horizontal vs vertical vs SaaS focused companies

# Company Categorisation – By Sub Sector

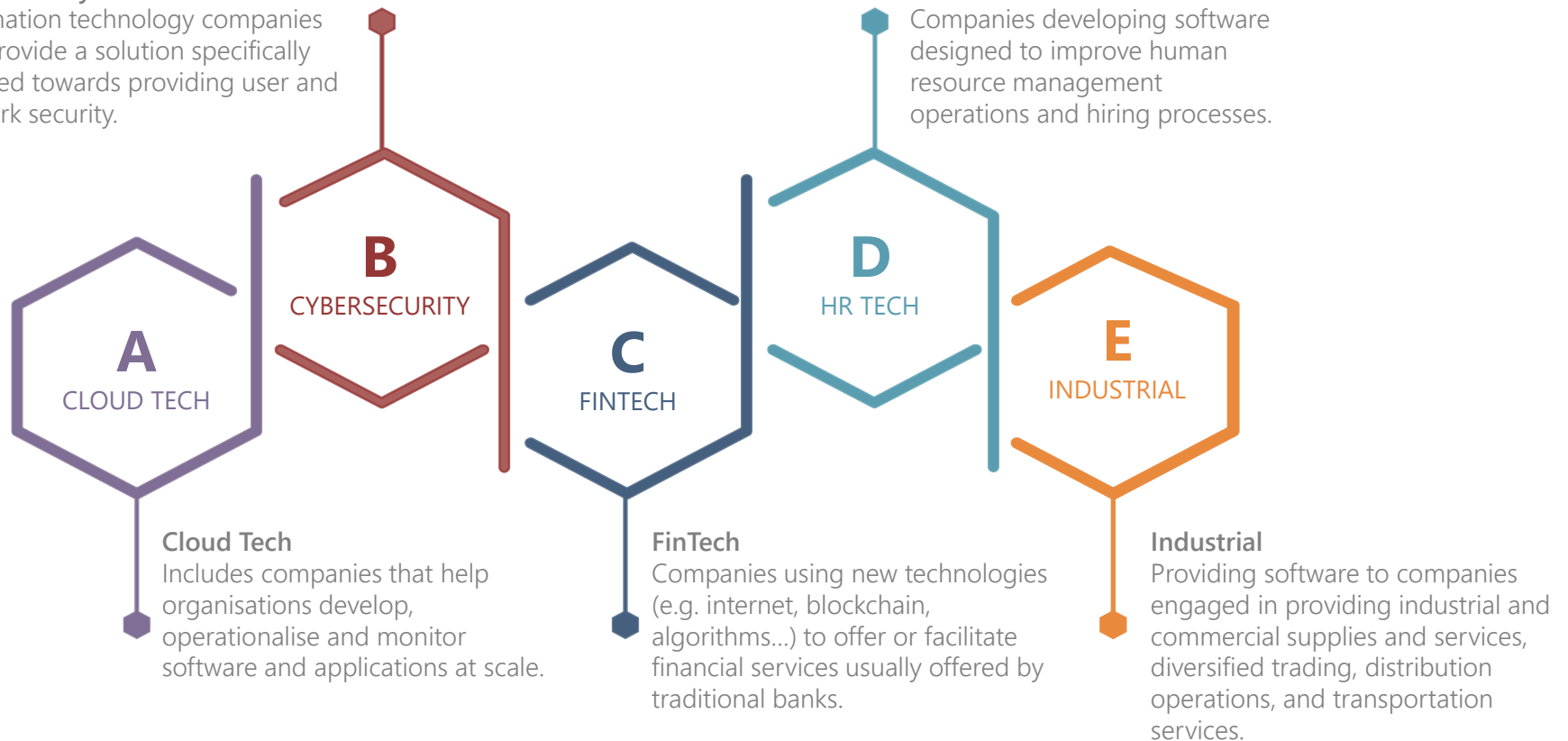
The data set was further categorised by the most common sub sectors

## Cybersecurity

Information technology companies that provide a solution specifically oriented towards providing user and network security.

## HR Tech

Companies developing software designed to improve human resource management operations and hiring processes.



Source: Capital IQ, Pitchbook, Silverpeak

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