

Silverpeak Benchmark Report Q2 2021

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



• Paddy MccGwire
• t: +44 (0) 20 7659 0310
• e: pm@silverpeakib.com

• Jake Rigby
• t: +44 20 3196 4908
• e: jr@silverpeakib.com

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



European clients – **Global** counterparties

01 // SELECTED RECENT TRANSACTIONS

GB

Origami
POWER OVER ENERGY

Trading and automation
SaaS for renewable energy

Series C investment
led by

June 2021

GB | SE

MSite

Construction workforce
management platform &
SaaS

Sale

backed by

April 2021

GB

isotropic systems

Satellite antenna
technology

\$40m investment by

BOEING **HORIZON**

February 2021

GB | EU

V-NOVA

Video compression
solutions

\$22m investment by

**INVESTMENT
FIRMS & TECH
ENTREPRENEURS**

October 2020

GB | US

ZOOMM

Fibre broadband
network operator

£100m investment by

OAKTREE

September 2020

PT | US

ARMILAR
VENTURE PARTNERS

Technology
venture capital

Continuation fund,
including:

outsystems

Low-code SaaS leader

September 2020

LT | JP | GB

Trafi

Mobility-as-a-Service
platform

Investment by

Aioi Nissay Dowa

Sumitomo

European Bank
for Reconstruction and Development

octopus investments

June 2020

ES | US

playgiga

Gaming
cloud streaming

Sale

FACEBOOK

December 2019

GB | US

**VIRTUAL
CLARITY**

Cloud transformation
consultancy

Sale

DXC.technology

November 2019

EU | EU

CONFIDENTIAL

SaaS FinTech platform

Investment

\$150m

September 2019

Denotes Silverpeak transaction

Key Takeaways

More records as European and UK valuation multiples continued to improve in Q2, and US multiples recover from a dip in Q1

01

Both revenue and EBITDA valuation multiples rise for nearly all US software categories in Q2 2021, recovering from the dip last quarter.

In Europe and the UK, valuation metrics continue to rise, with the UK EBITDA multiples diverging away from European multiples, now 40% higher.

02

Revenue multiples for US Vertical reach an all time high, diverging from US Horizontal by 27%. US SaaS application software companies fail to recover to the highs reached at the end of 2020.

In contrast, median revenue multiples for UK Small & Mid and European software companies have continued to increase and both reached all time highs in Q2 2021.

03

EBITDA multiples rose in Q2 for every category except US vertical. Both UK Small & Mid and European software companies outperformed the US software companies both in terms of Q.o.Q. and Y.o.Y. growth, with the UK Small & Mid up 110% Y.o.Y.






EBITDA margins and forecast annual revenue remained stable across most categories.

04

The Enterprise Values Index rose across 3 of 5 the sub sectors with HR Tech, Fintech and Cybersecurity increasing in value.

HR Tech continues to outperform other verticals and records the largest increase of the quarter. Fintech shows its largest increase moving to its highest level since January 2019.

Report Summary

| CATEGORY | MEDIAN REVENUE MULTIPLES ⁽¹⁾ | | COMMENTARY |
|----------------|---|---|--|
| | Q1 2021 | Q2 2021 | |
| US SaaS | 9.9x |  +9.3% 10.8x | <ul style="list-style-type: none"> Revenue multiples recover from their Q1 fall, increasing 9% in Q2 and now up to 10.8x Median EBITDA multiples also increased by 11% to 32x in Q2 Forecast revenue growth has increased to from 17% to 20%, and EBITDA margins rose to 24% |
| US Vertical | 7.8x |  +26.3% 9.9x | <ul style="list-style-type: none"> Revenue multiples rose by the most of any category, up 26% Q.o.Q. to a record 9.9x This is only 9% less than US SaaS and 27% more than US Horizontal EBITDA multiples rose by 3% Q.o.Q. to 27x and remain the lowest of the US software categories |
| US Horizontal | 7.7x |  +1.0% 7.8x | <ul style="list-style-type: none"> Revenue multiples were almost flat, up 1% Q.o.Q. EBITDA multiples fell 7%, whilst the multiples rose in all other categories This is despite stable forecast revenue growth and increased median EBITDA margins |
| UK Small & Mid | 4.1x |  +15.9% 4.8x | <ul style="list-style-type: none"> Revenue multiples continue to increase, now almost 5x and a record EBITDA multiples continue to largely mirror US SaaS in Q2, increasing by 16% Annual forecast revenue growth is the only category to fall and remains well below others |
| Europe | 4.1x |  +8.5% 4.4x | <ul style="list-style-type: none"> Revenue multiples continue to reach new record highs in Q2, with 9% growth Q.o.Q. EBITDA multiples rose to an all-time end of quarter high of 23x, though remain the lowest of all categories |

Source: Capital IQ, Silverpeak

Note: ⁽¹⁾Q2 2021 multiples are taken at 30/06/21, LTM

UK, Europe and US Vertical Revenue multiples reach records

Application software sector valuation metrics: median **Revenue** multiples 2016-2021 Q2

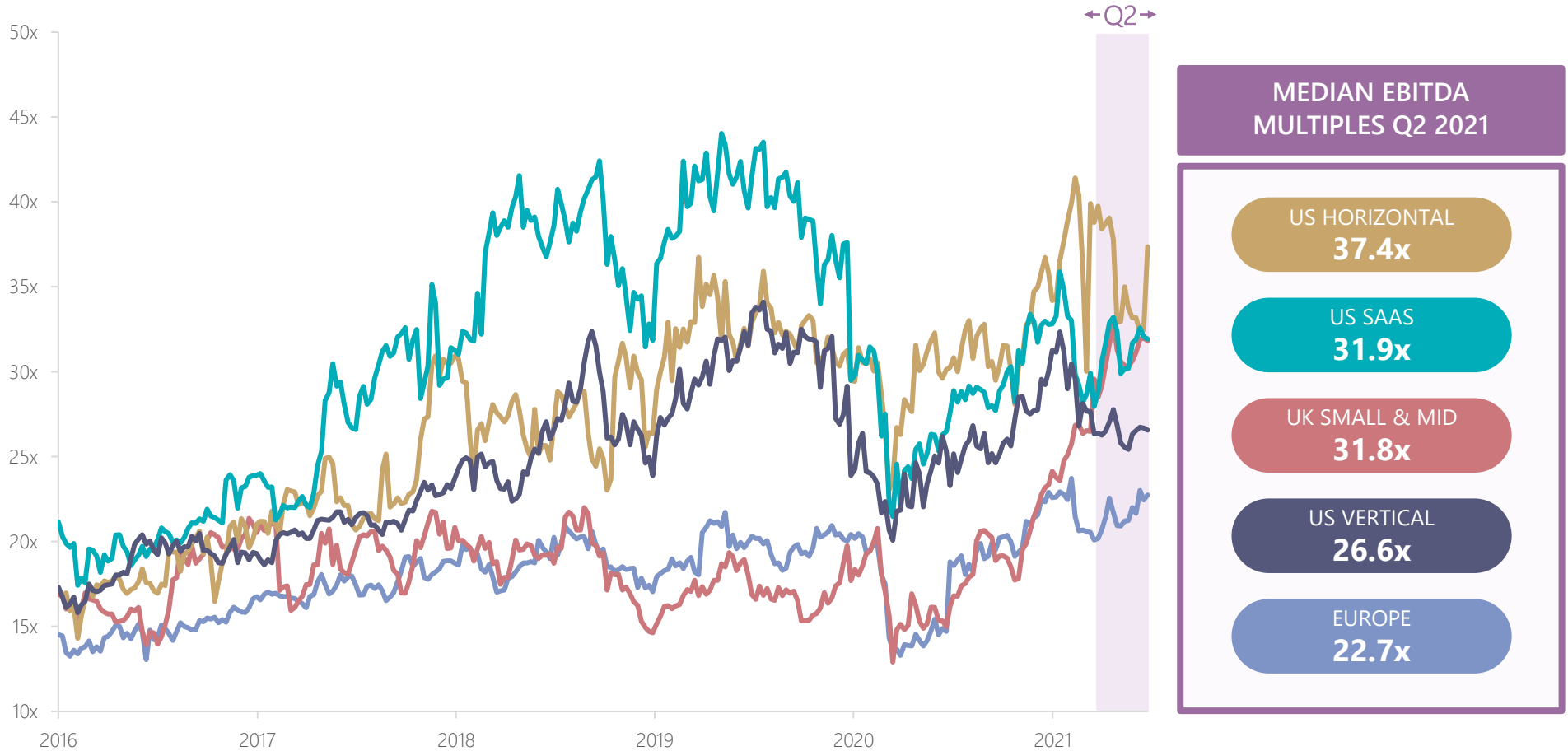


Source: Capital IQ, Silverpeak

Note: Q2 2021 multiples are taken at 30/06/21, LTM

Median EBITDA multiples for UK rise in line with US SaaS for the first time

Application software sector valuation metrics: median **EBITDA** multiples 2016-2021 Q2

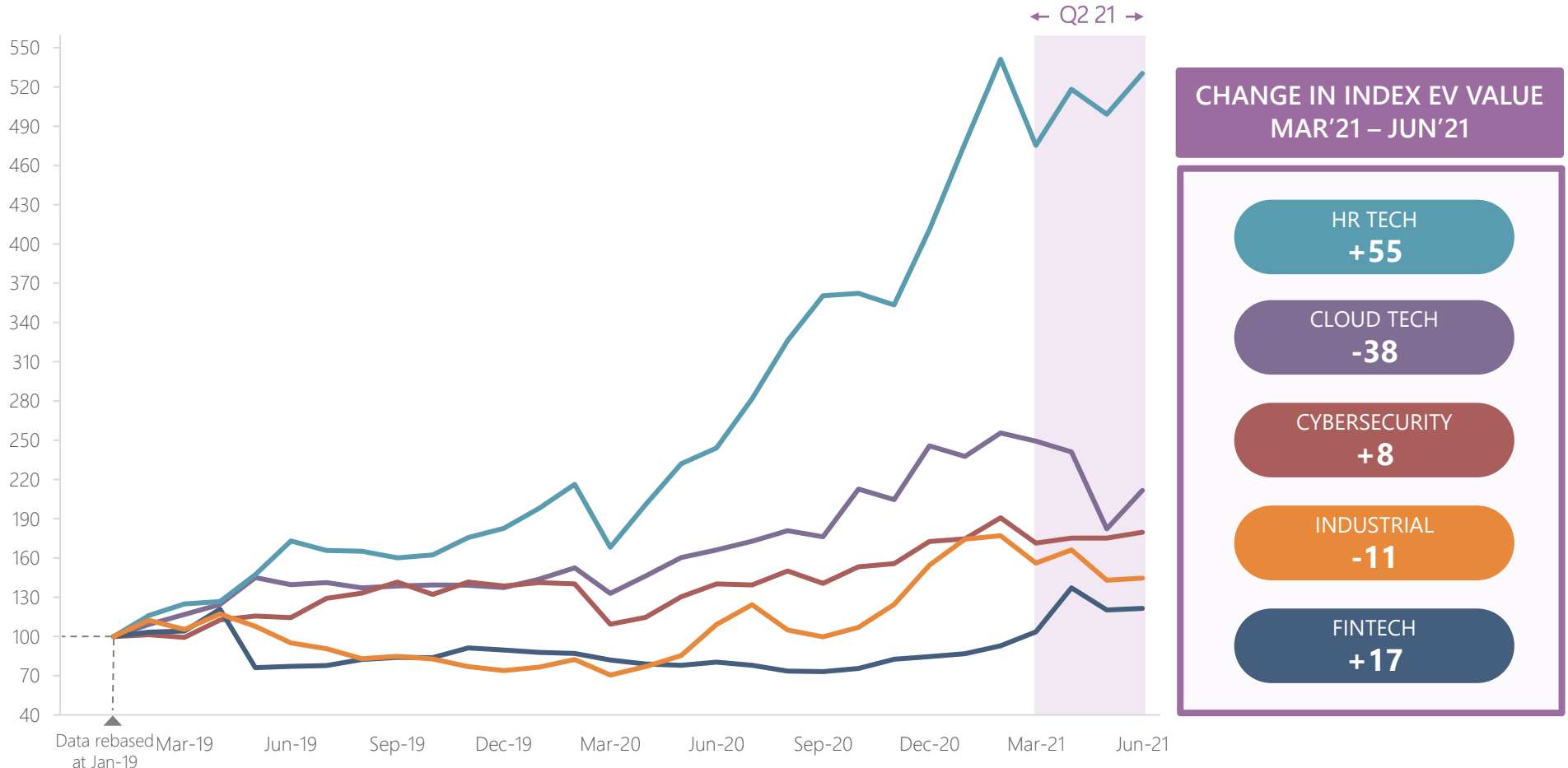


Source: Capital IQ, Silverpeak

Note: Q2 2021 multiples are taken at 30/06/21, LTM

Enterprise values on upward trend towards the end of Q2'21

Median monthly **Enterprise Value index**, by sub sector, 2019-2021 Q2

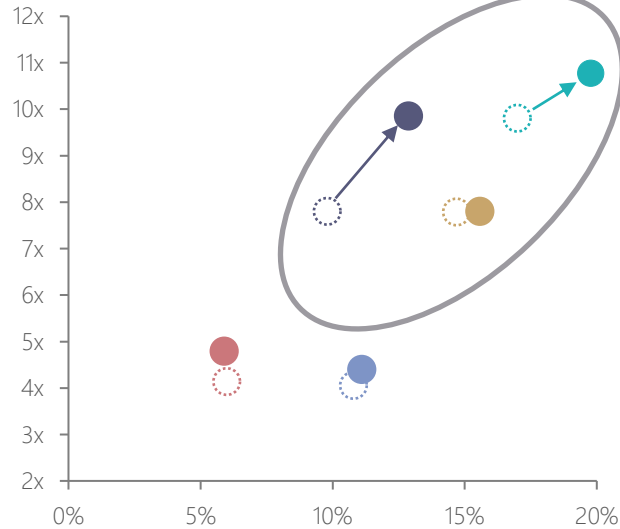


Source: Capital IQ, Pitchbook, Silverpeak

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

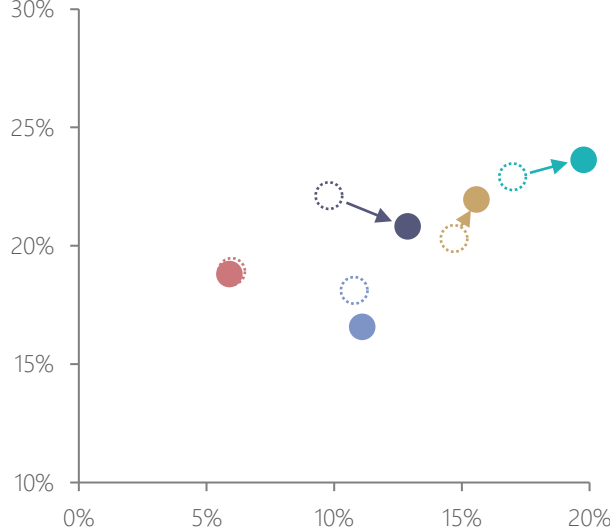
Quarterly change in operating metrics

MEDIAN REVENUE MULTIPLE



MEDIAN FORECAST ANNUAL REVENUE GROWTH

MEDIAN EBITDA MARGIN



MEDIAN FORECAST ANNUAL REVENUE GROWTH

Application software median revenue multiples have experienced an **uplift across all groups** in Q2

Median annual forecast revenues have **increased in the US** but **remained stable in Europe** in Q2

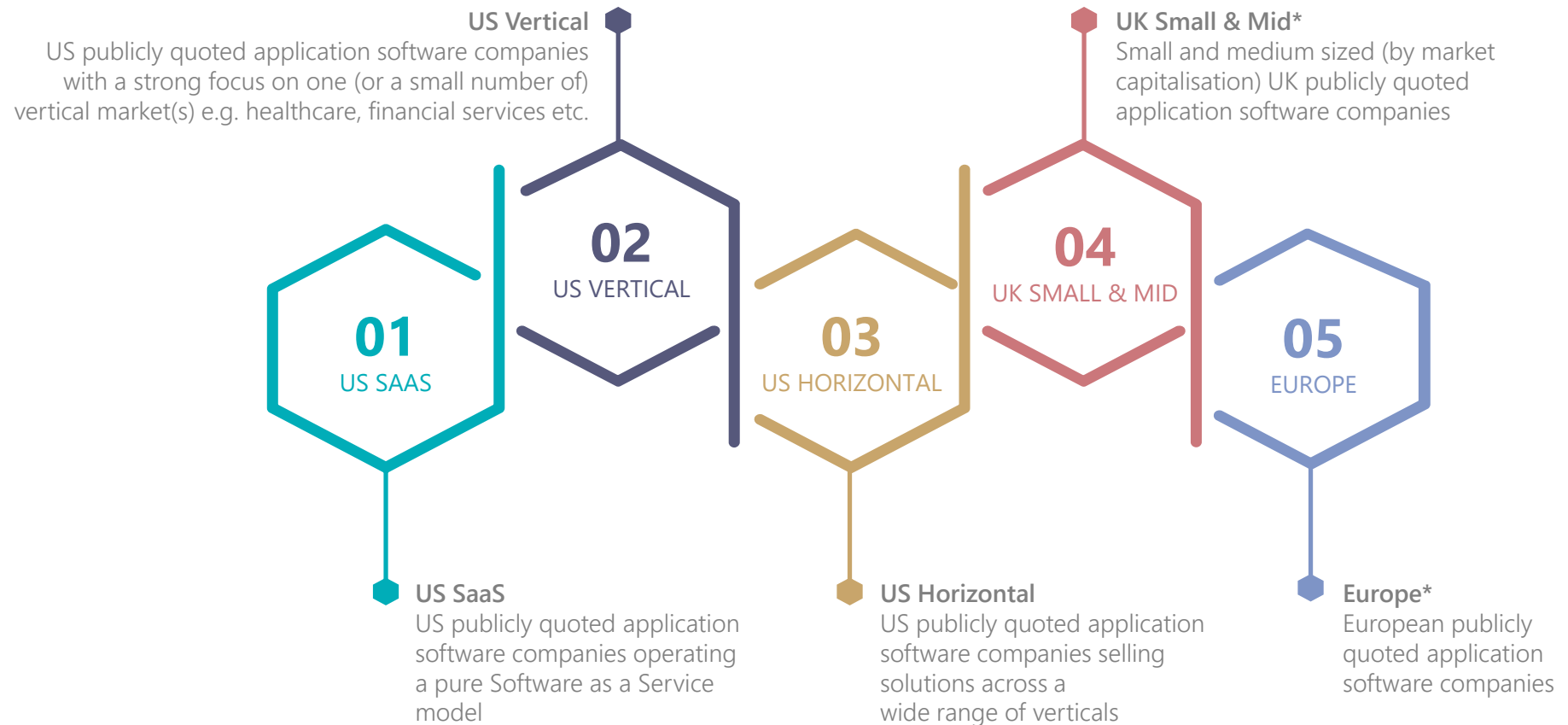
| | US SaaS | US Vertical | US Horizontal | UK Small + Mid | Europe |
|---------|---------|-------------|---------------|----------------|--------|
| Q2 2021 | | | | | |
| Q1 2021 | | | | | |

Source: Capital IQ, Silverpeak

Note: Q2 2021 multiples are taken at 30/06/21, 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

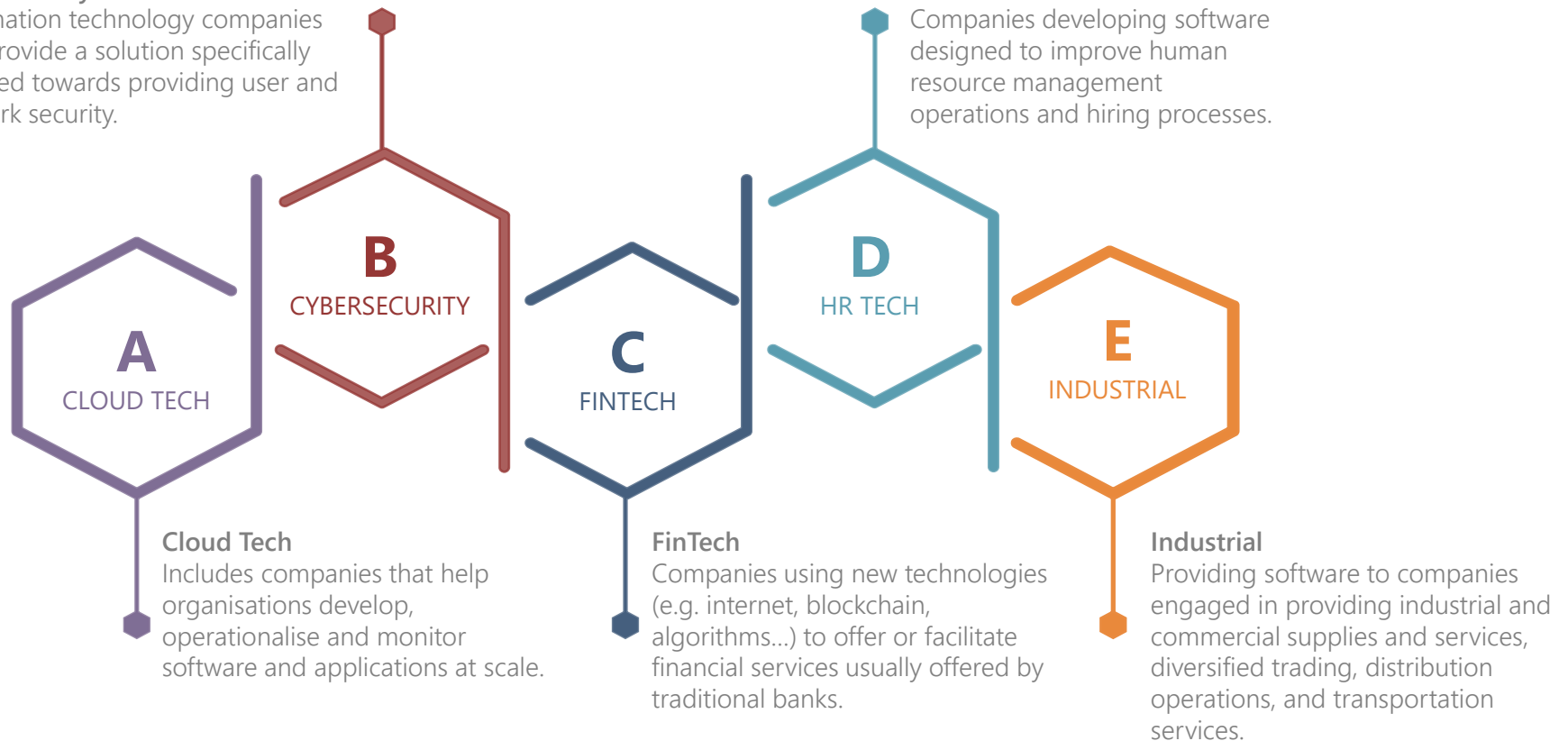
The data set was further categorised by the most common sub sectors

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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Thank you from Silverpeak