

Aventis Advisors

Valuation Multiples in Software

Q4 2024 update

Foreword

As a founder of a software company, you probably try to figure out the value of your business by relying on all available information – comparable public companies are the easiest to access. While this gives you a simple and understandable message, you should be mindful of the bias involved in such an approach.

Most of the software companies are not based in the US, are smaller and cannot afford to burn cash for a long time.

If your business has these characteristics, then it is difficult to get close to a dream valuation straight from NASDAQ.

Aventis Advisors has analyzed private M&A transactions, discovering that valuation multiples of software companies are rather stable and vary depending on the company size and geographical location.

We are proud to share with you a set of conclusions, hoping that we contribute to a better understanding of the software market valuations among companies' founders and investors.



Marcin Majewski

*Founder & Managing Director
Aventis Advisors*

Multiples

Over the past 8 years, software companies have been valued at around 15.3x EBITDA or 3.0x revenue

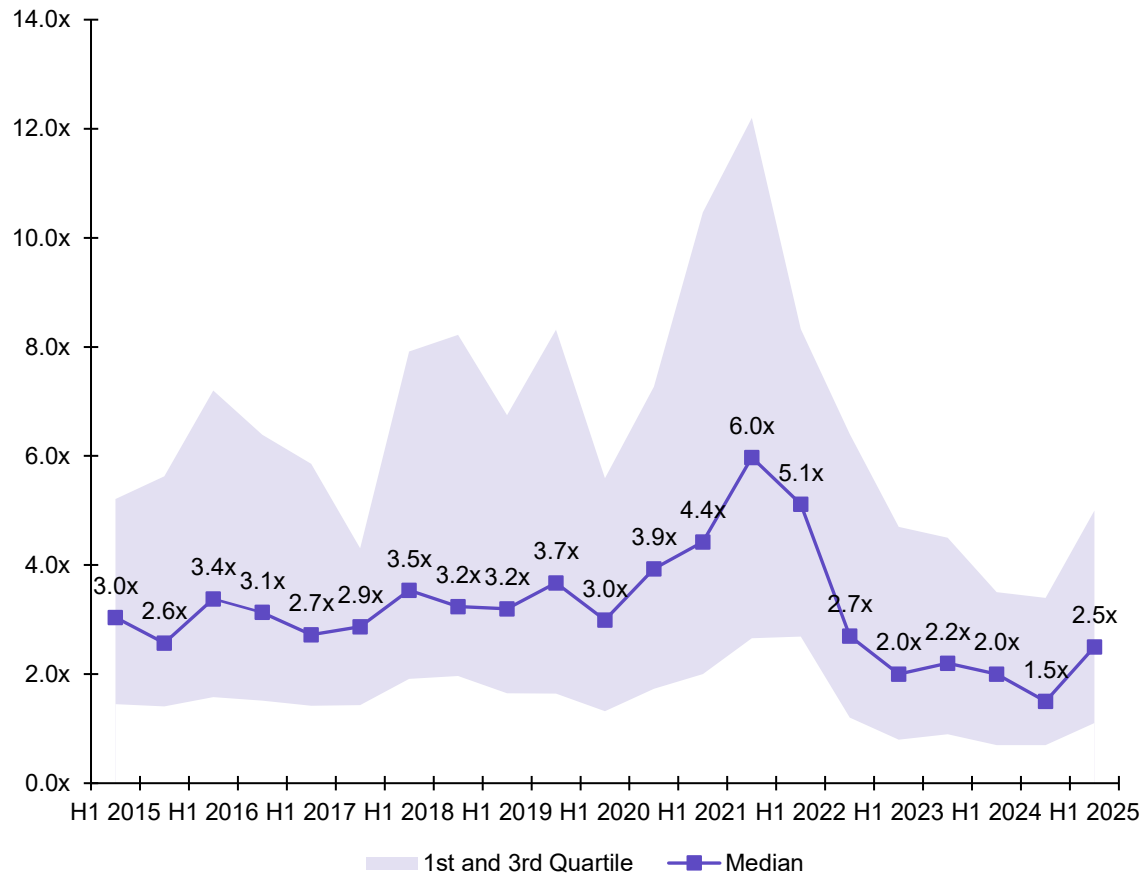
Multiple	Sample (n)	1st quartile	Median	3rd quartile
EV/Revenue	2,202	1.5x	3.0x	6.4x
EV/EBITDA	952	9.6x	15.3x	25.3x
EV/EBIT	789	11.5x	18.7x	33.3x

Search criteria:
Industry is Application software or Operating systems and systems-related software
Deal value is disclosed
Period: 01.01.2015 – 31.07.2025
N=2,202 transactions

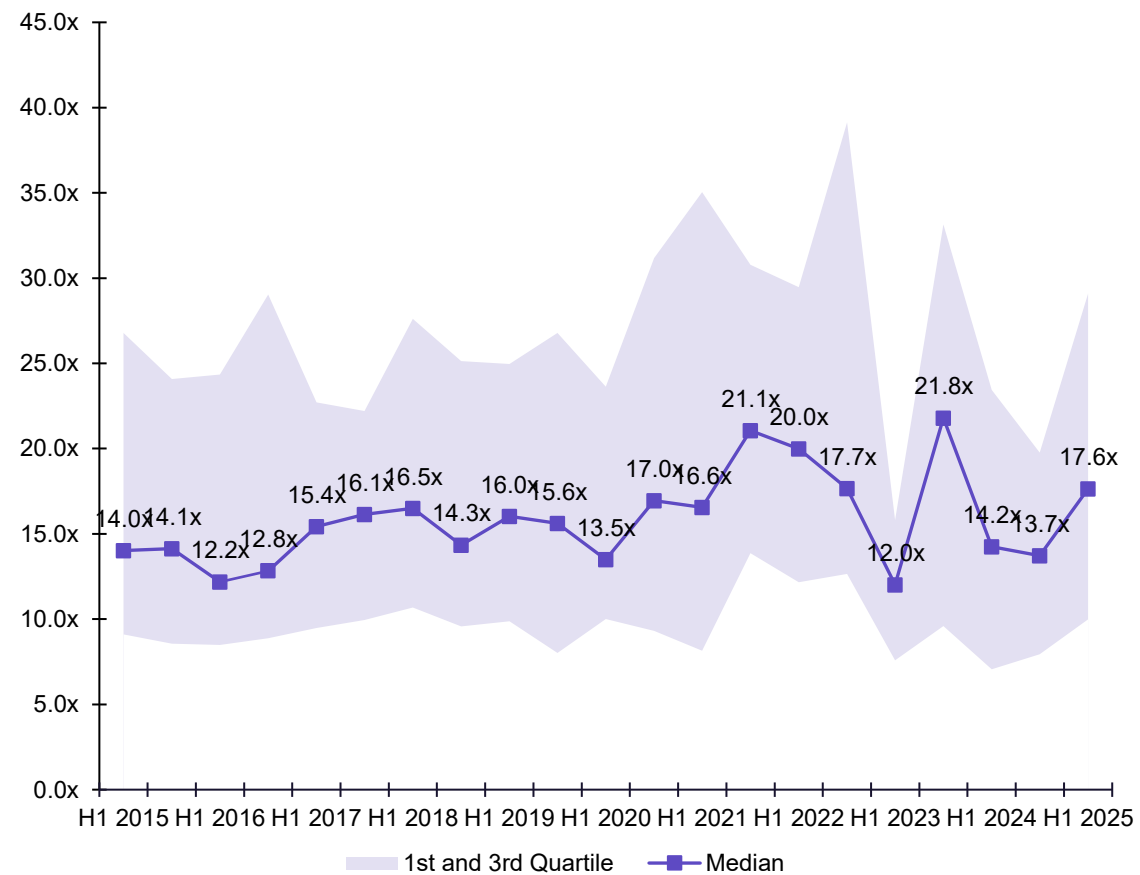
Software Valuations

The valuations have had a recent deceleration over the years, hovering at around 2.0x revenue, following its peak right around the pandemic

Median EV/Revenue multiple, 2015-2025 (n=2,202)



Median EV/EBITDA multiple, 2015-2025 (n=952)



Multiples – Size effect

Due to the lower risks and wider investor appeal, larger companies naturally tend to be valued higher

Deal size, m USD	Number of deals	Median EV/Revenue	Median EV/EBITDA
<5	398	4.0x	12.7x
5-20	550	2.5x	14.7x
20-50	348	2.6x	14.5x
50-100	226	2.5x	15.2x
100-500	416	3.8x	17.5x
500+	264	3.2x	15.8x
Total	2,202	3.0x	15.3x

Multiples – Country effect

Software companies operating in the larger markets with significant growth potential are often highly valued

Country	Number of deals	Median size, m USD	Median EV/Revenue	Median EV/EBITDA
USA	607	240	4.3x	20.2x
United Kingdom	227	35	3.1x	15.3x
China	186	82	4.6x	21.3x
South Korea	92	33	3.1x	15.1x
France	72	50	2.4x	12.0x
Sweden	72	18	3.0x	16.8x
Germany	65	60	2.0x	15.8x
Norway	61	16	4.4x	18.1x
Australia	58	31	3.2x	12.4x
India	55	34	4.5x	8.8x
Other	707	26	2.2x	12.5x
Total	2,202	54	3.0x	15.3x

Contact us

[Get in touch with our advisors](#) to discuss our research and M&A services



Marcin Majewski

Managing Director

marcin.majewski@aventis-advisors.com



Filip Drazdou

Director

filip.drazdou@aventis-advisors.com



Shaheer Ansari

Analyst

shaheer.ansari@aventis-advisors.com

Aventis *Advisors*

