

Aventis Advisors

Aventis SaaS Index

February 2025 update

About Aventis Advisors

We advise founders of **technology and growth** companies on company exits and strategy.

Our focus sectors are **Software and IT Services**.

Our job is to make sure you **sell at the right time to the right people** for a fair valuation.

Technology M&A focus

Cross-border expertise

Thought leadership

Aventis Advisors



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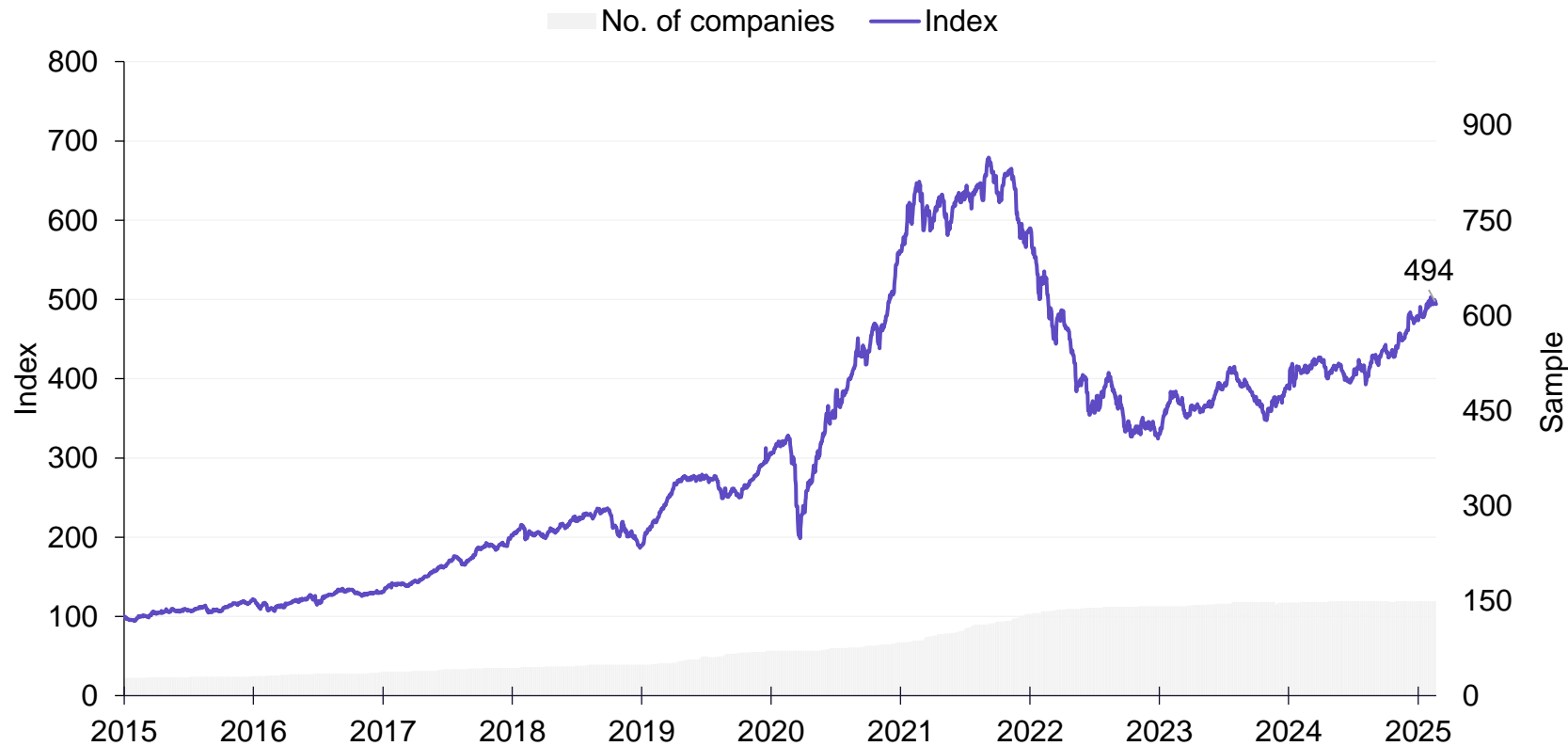
1. [Aventis SaaS Index](#)
2. Index composition



Aventis SaaS Index

The index experienced very strong growth more than tripling the index during mid 2020 to early 2021 period, followed by bust or mean reversion

Aventis SaaS Index, 2015-2025



Comments

- The index boomed during the 'SaaS bubble' period in 2020-21 and touched a peak of 678 before declining by 40% to 390 by May 2024
- The SaaS bubble period was characterized by loose monetary policy, high dry powder waiting to be allocated by institutional investors
- A combination of industry-specific and broader economic triggers uprooted the steadily growing trend of SaaS companies and pushed the valuations of SaaS companies to record highs after 2020

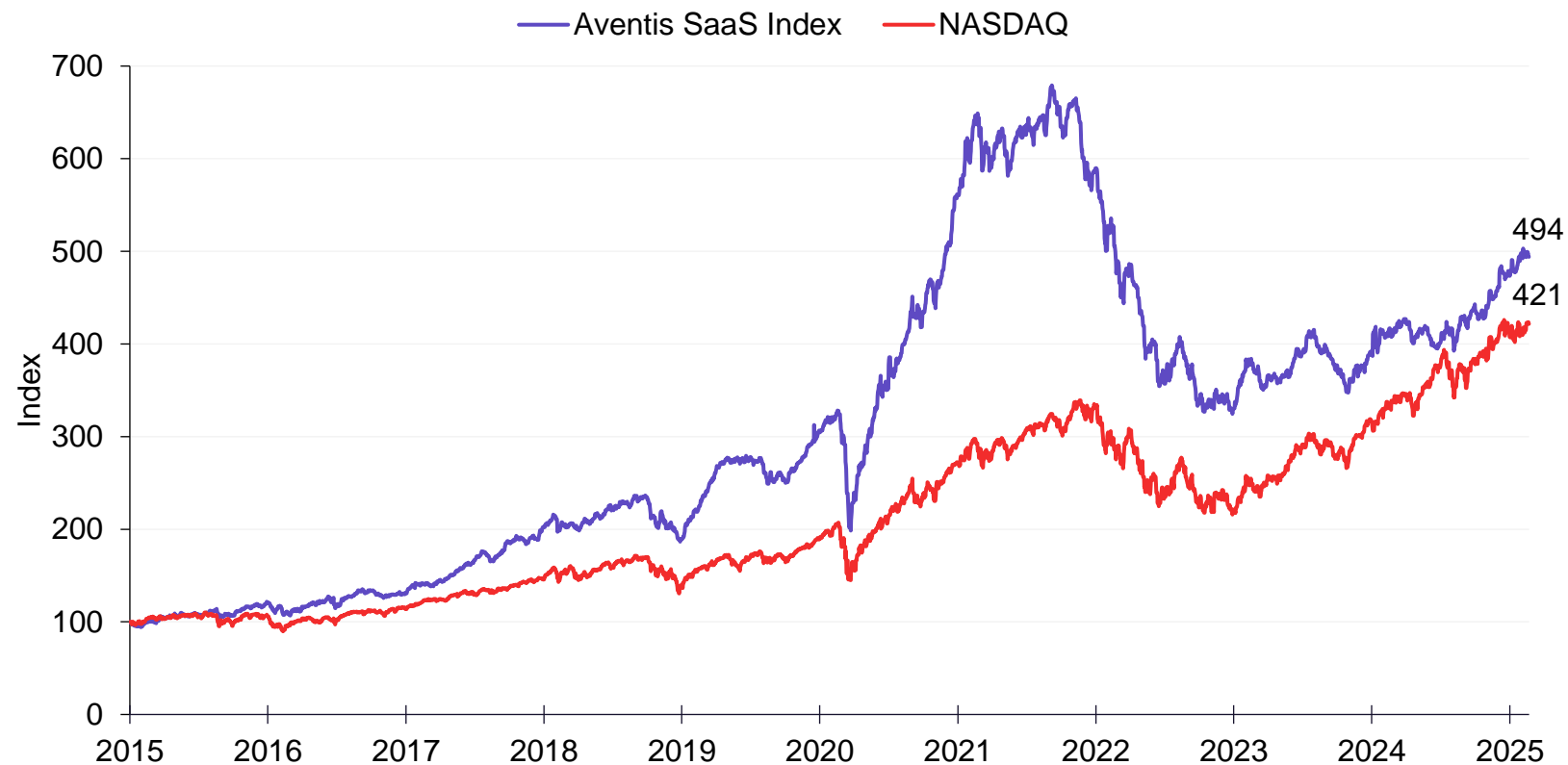
Note: includes 149 SaaS companies from 27 countries with a revenue of \$10M+ as of 15.05.2024

Equal-index; rebalanced monthly at the last business day of the month. Click [here](#) for the full methodology.

Aventis SaaS Index vs NASDAQ

The Aventis SaaS index has consistently performed better than NASDAQ with a strong outperformance boom seen in 2021 due to SaaS bubble

Aventis SaaS Index and NASDAQ Composite, 2015-2025



Note: NASDAQ index value is rebased and starts from '100' from 01/01/2015

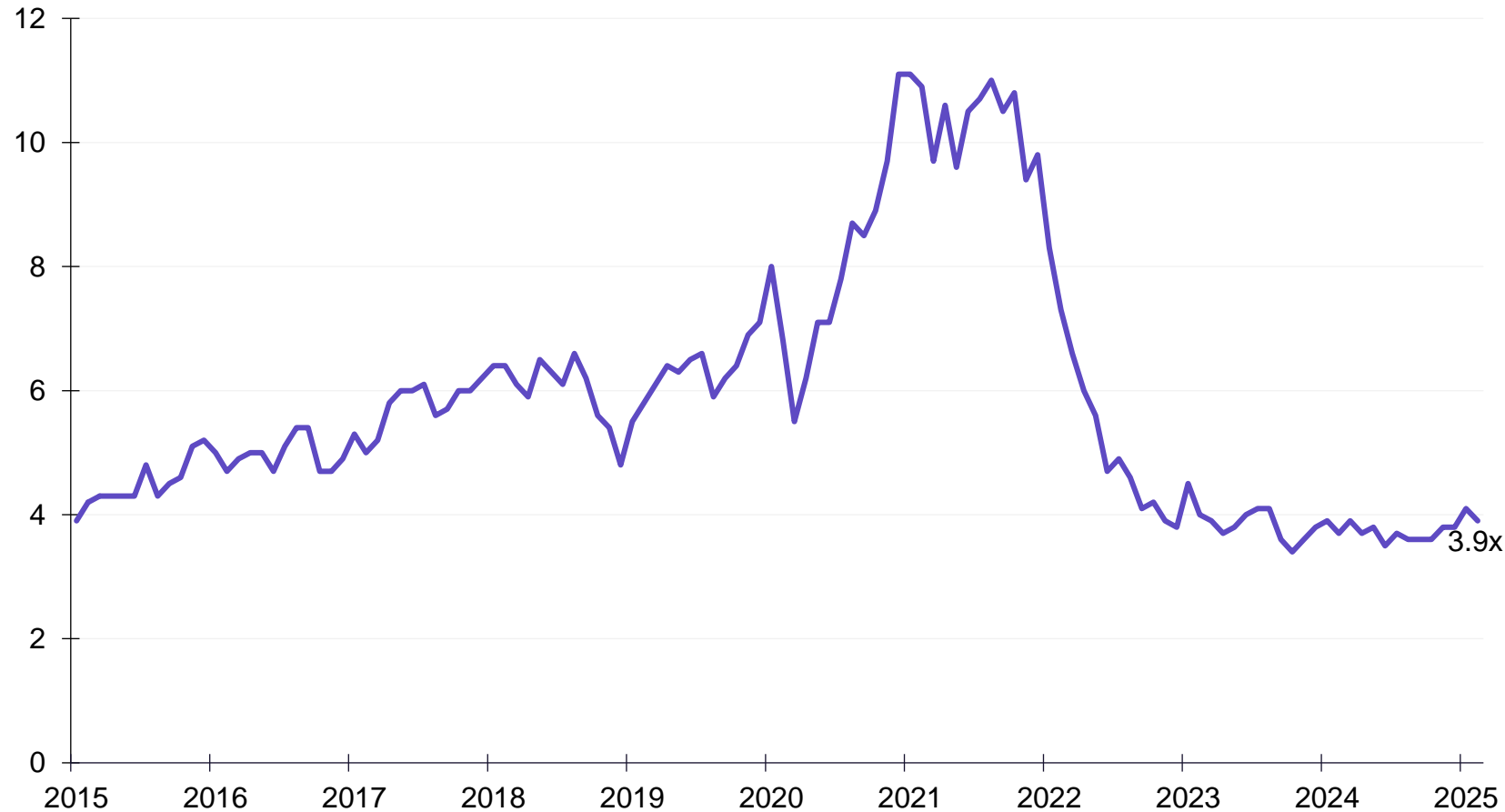
Comments

- Nasdaq is regarded as a tech-heavy stock index so the tech giants (AAPL, AMZN, MSFT, NVDA, META, etc) that are constituents of the index significantly influence its performance
- The SaaS companies included in Aventis SaaS index consistently performed better than the NASDAQ composite by a narrow margin
- However, this outperformance almost doubled during the meteoric 'SaaS bubble' phase between late 2020 to mid 2021
- Aventis SaaS index was at 678pts in the peak of 2021 while NASDAQ was at 337pts
- The gap has since narrowed down and returned to a normal long-term trend

EV/Revenue multiple

In the last decade, the average EV/Revenue multiple for SaaS companies in our index was 5.9x

Median EV/Revenue multiple, 2015-2025



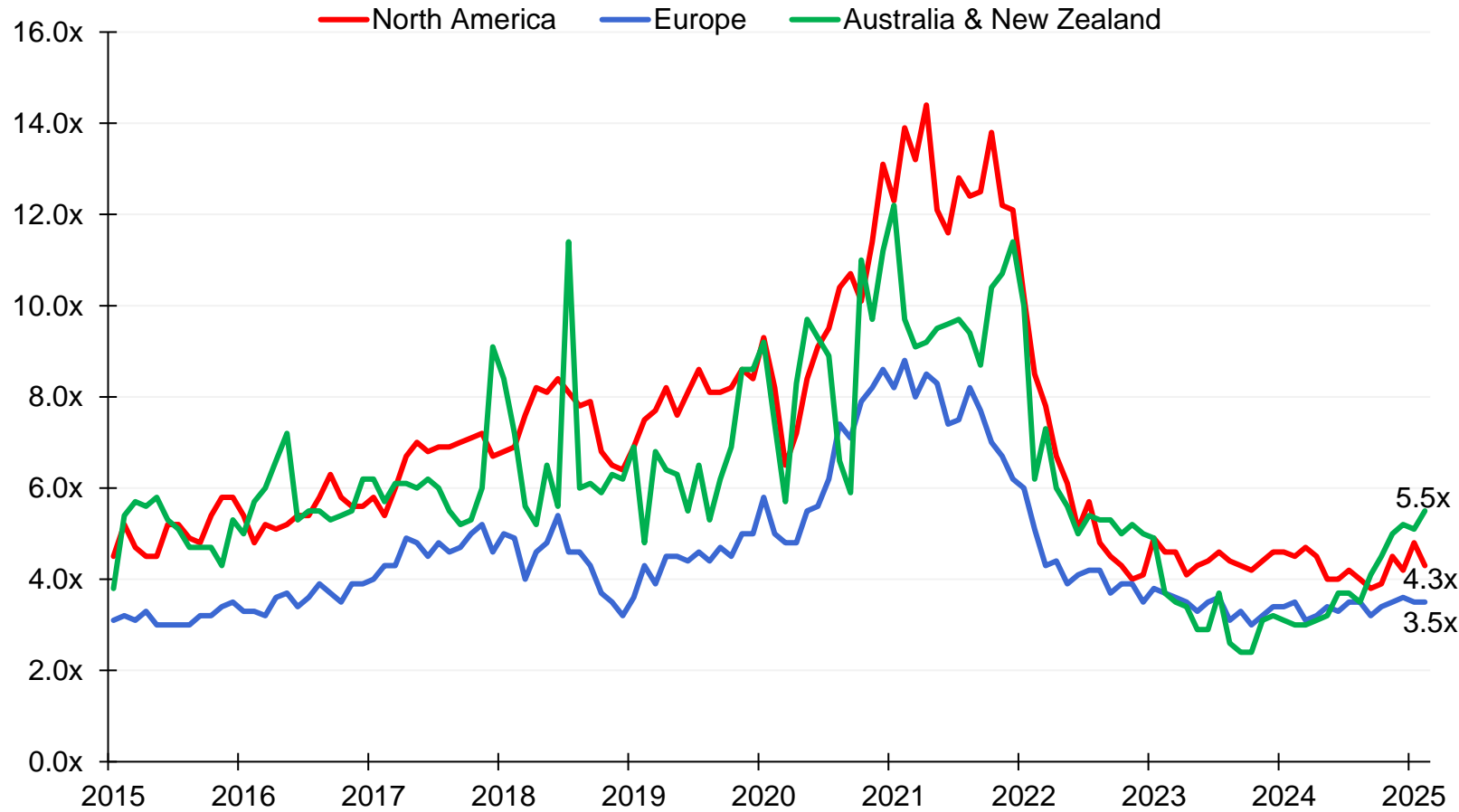
Comments

- SaaS revenue multiples peaked in mid 2021 and have been declining ever since
- During the period when the Aventis SaaS index tripled, the median EV/Revenue multiple also doubled
- As of April 2024, the median EV/Revenue multiple for a SaaS business stood at 3.9x
- However, there are exceptional SaaS companies trading at above median revenue multiples.
- For example:
 - Planisware (BATS-CHIXE:PLNWP) trading at 10.4x EV/revenue
 - Cerillion (AIM:CER) trading at 10.5x EV/revenue
 - Descartes (TSX:DSG) trading at 15.1x EV/revenue

EV/Revenue multiple by region

North American SaaS companies commanded higher revenue multiples historically, but revenue multiples are fast approaching a convergence

Median EV/Revenue multiple by region, 2015-2025



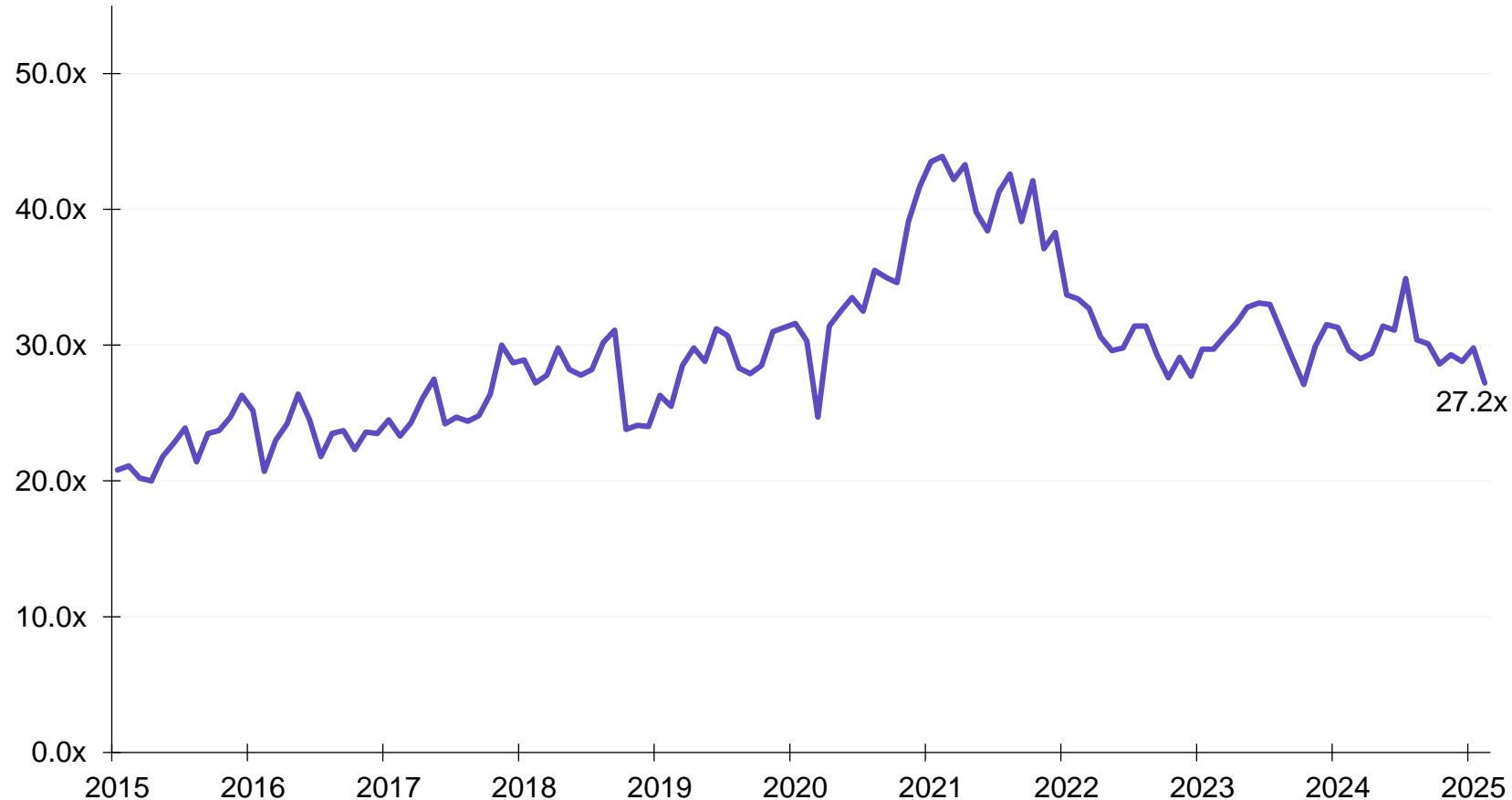
Comments

- SaaS companies in North America are valued at higher EV/Revenue multiple relative to their European peers
- During mid-2021 when revenue multiples were at their peak, North American companies were valued at median 14.4x while European companies were trading at 5.2x EV/Revenue
- Post-COVID there is a race to convergence of revenue multiples with North American SaaS companies dropping the most
- As of Feb 2025, the revenue multiples were:
 - North America – 4.3x
 - Australia & New Zealand – 5.5x
 - Europe – 3.5x
 - Rest of the world – 2.1x

EV/EBITDA multiple

The median EV/EBITDA for a SaaS business was 27.2x as of February 2025

Median EV/EBITDA multiple, 2015-2025



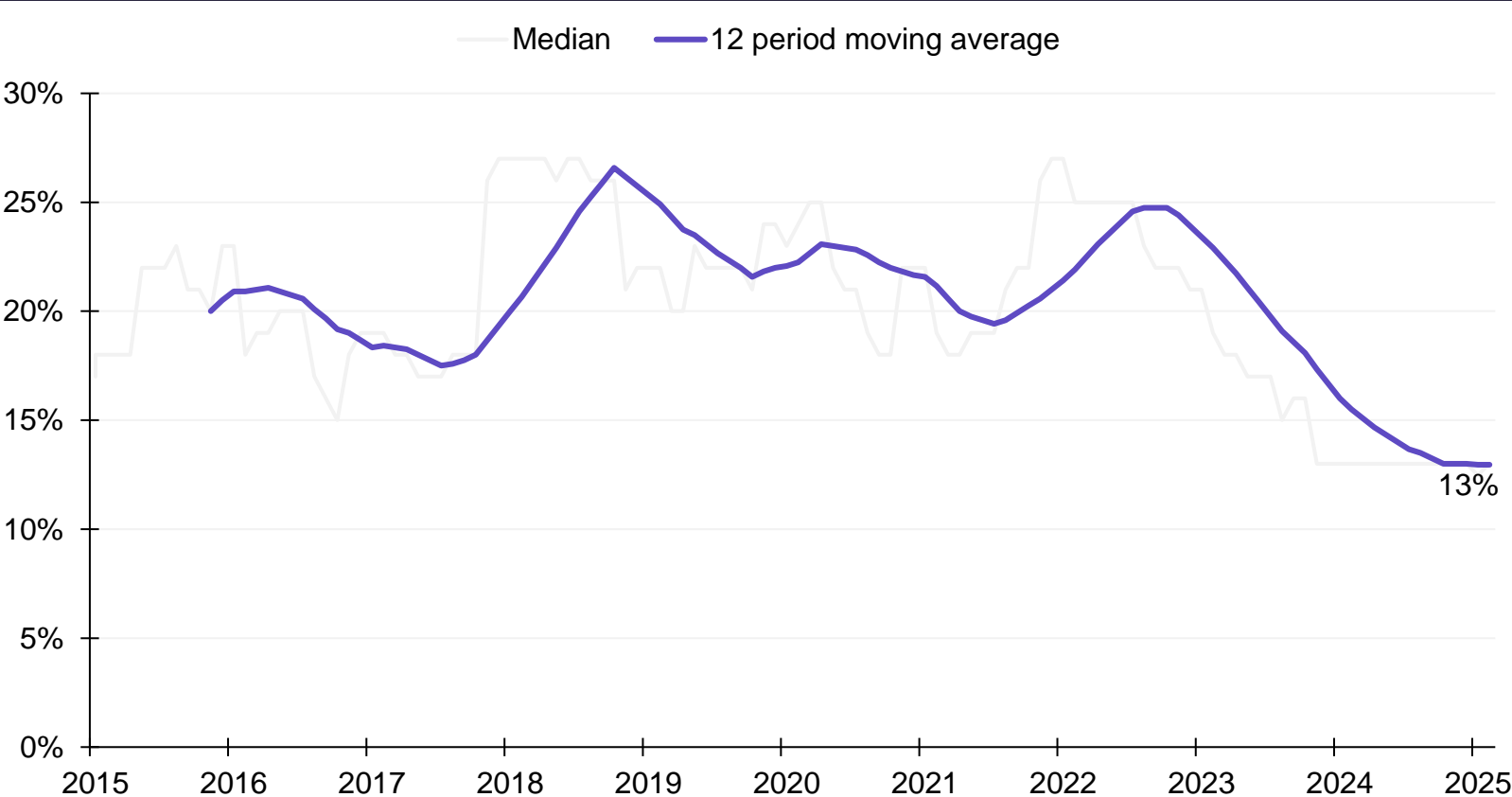
Comments

- The EV/EBITDA multiple is surprisingly not the go-to valuation multiple SaaS companies due to a major portion of emerging SaaS firms being unprofitable that render this multiple obsolete
- However, for SaaS companies that turn a profit, the EV/EBITDA multiple is a useful valuation methodology
- The EV/EBITDA multiple rose dramatically during the SaaS bubble phase between 2020-2021; at its peak the median EV/EBITDA multiple was 43.9x
- The long-term average EV/EBITDA multiple for SaaS companies is 29.4x
- As of Feb 2025, the median EV/EBITDA multiple for a SaaS company is 27.2x

Revenue growth

SaaS companies' revenue growth accelerated from early 2021-2022 but they have recorded a decline in revenue growth over the past 18 months

Median revenue growth, 2015-2025



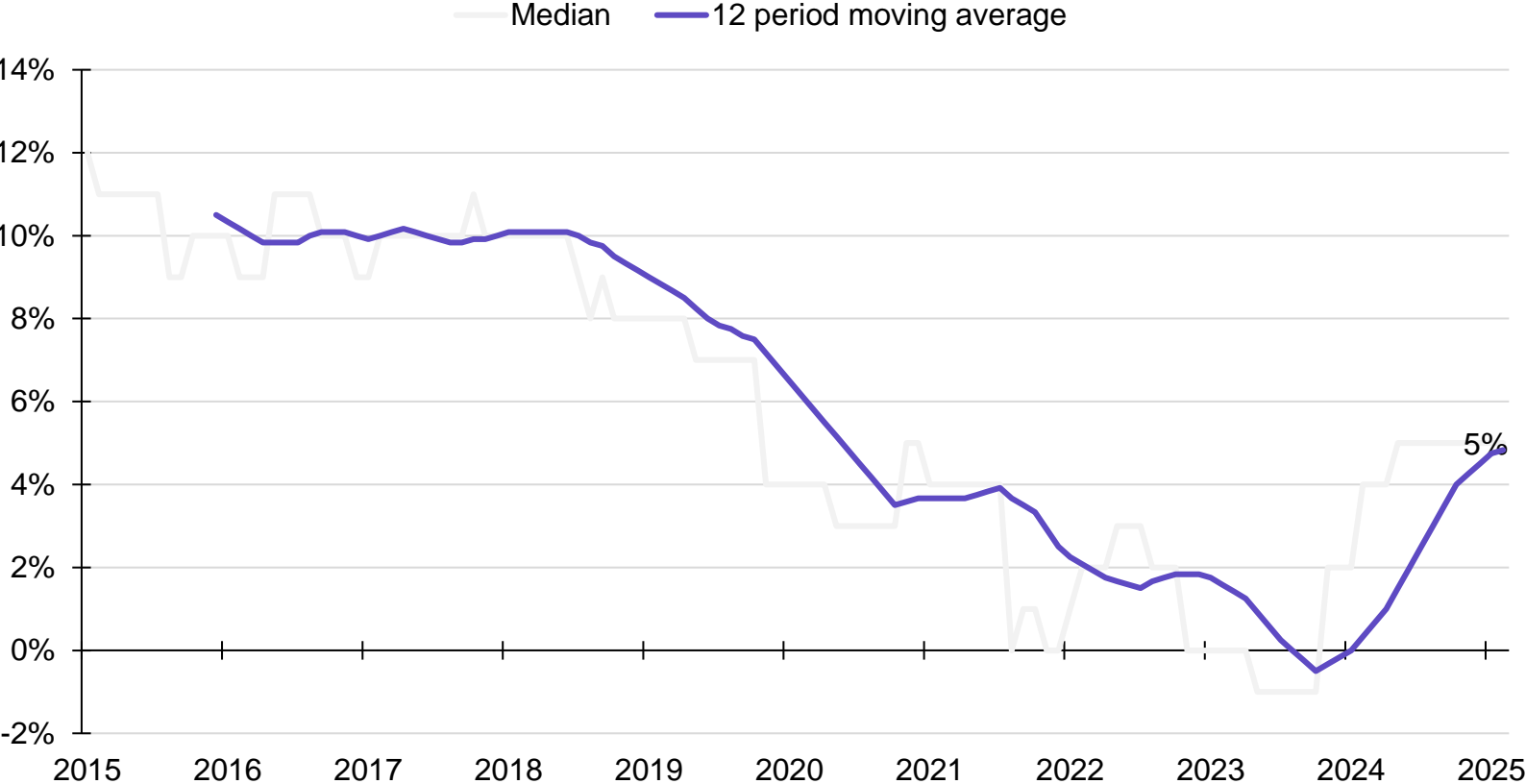
Comments

- The long-term average revenue growth for SaaS companies is 20%
- As of May 2024, the median SaaS revenue growth was 13%, much below the long-term average
- The increase in revenue growth during 2021 to early 2022 could be attributed to pandemic-driven demand surge for SaaS solutions for remote-working and collaboration, time-tracking, project management, health and wellness, and more
- This was followed by a decline due to back to normalcy trend as well as market saturation coupled with macroeconomic conditions that proved to be difficult for SaaS businesses

EBITDA margin

The median EBITDA margin for SaaS companies has shown a noticeable decline from 2015 to 2024, led by higher R&D and S&M costs

Median EBITDA margin, 2015-2025



Comments

- In early 2015, the margin was around 12%, but by late 2023, it had dropped to approximately 5%
- Due to increasing competition in the SaaS space, leading to price wars and higher customer acquisition costs, EBITDA margins have eroded.
- Additionally, significant investments in R&D and expansion might have impacted margins
- From mid-2015 to late 2017, the EBITDA margin remained relatively stable, but fell into negative territory by 2022
- The chart indicates a slightly positive trend moving into 2024-2025, suggesting a potential stabilization or slight improvement in margins.

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1. Aventis SaaS Index
2. Index composition



By Revenue size and Market Capitalization

Our index is a relevant benchmark for different sizes of SaaS companies as it constitutes small, medium, and large listed companies

Index composition by revenue size, \$M

Rev. group	No. of constituents
\$1B+	21
\$500M-1B	19
\$200-500M	25
\$100-200M	23
\$50-100M	17
\$20-50M	28
\$10-20M	16
Total	149

Index composition by market capitalization, \$M

Market cap group	No. of constituents
\$1B+	60
\$500M-1B	17
\$200-500M	17
\$100-200M	15
\$50-100M	12
\$20-50M	14
\$10-20M	14
Total	149

Aventis Advisors Exclusive Webinar

SaaS Valuations in 2025: Where are we headed?

SaaS valuations are on the move – DON'T miss the train! Register for our special webinar where we'll discuss the SaaS public and private market outlook



Marcin Majewski
Managing Director



Filip Drazdou
Associate

 **15th April 2025, Tuesday**

 **11:00 AM ET | 5:00 PM CET**

 **Online**

[Click here & Register now!](#)

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