

Aventis Advisors

SaaS Valuation Multiples: 2015-2025

Q3 2025 update

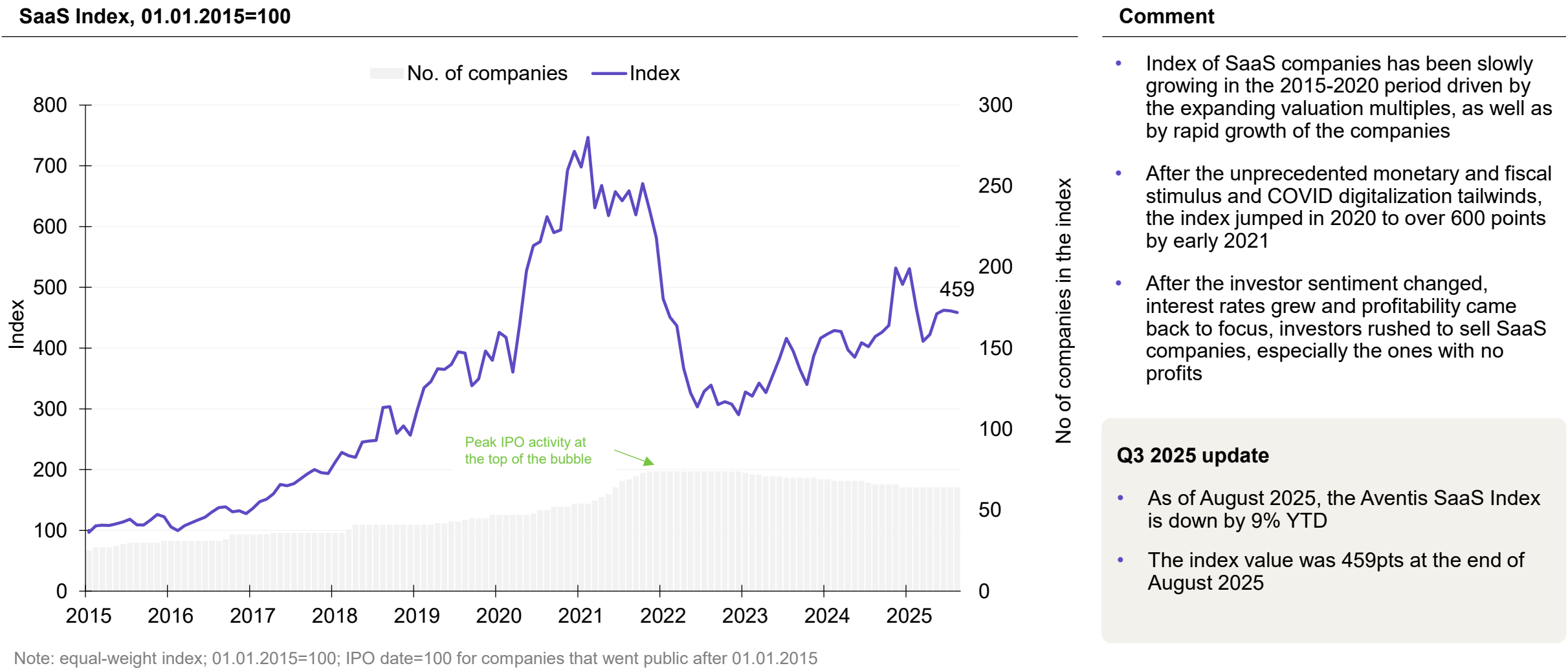
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2. SaaS valuations: M&A transactions



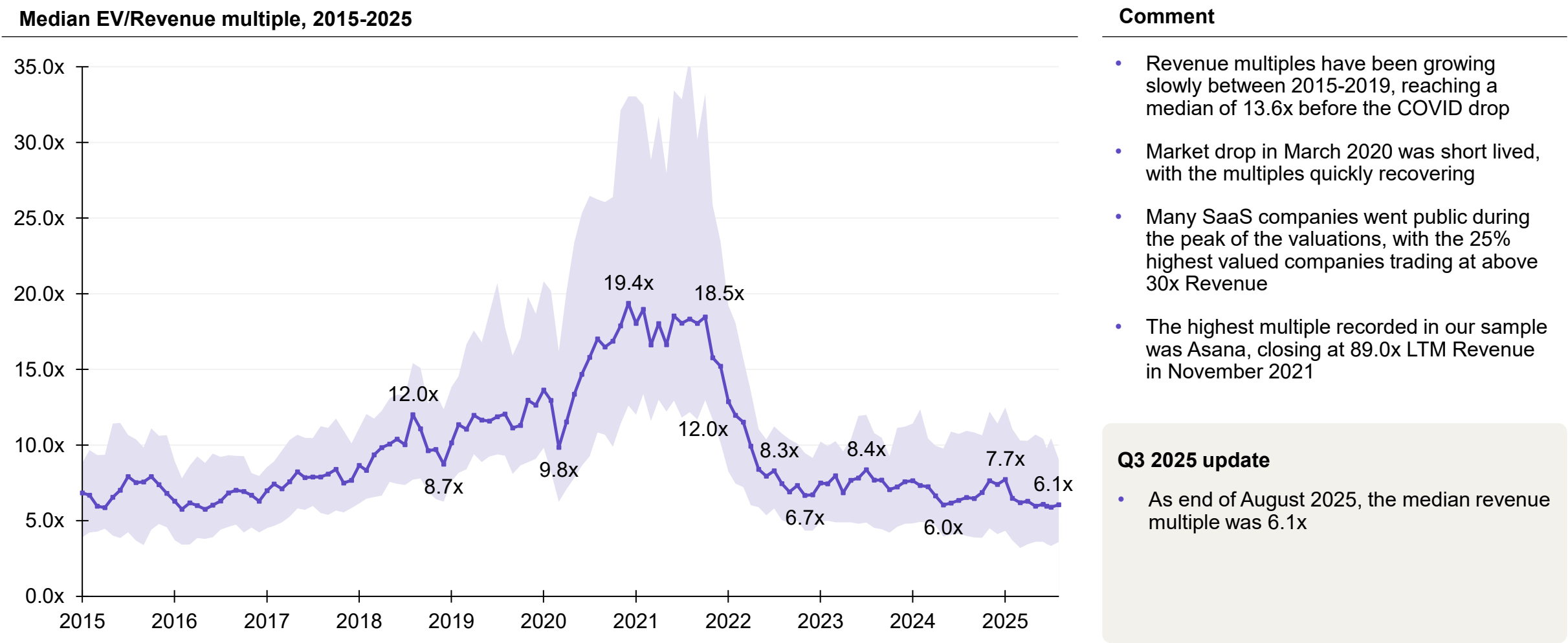
SaaS Valuations: Aventis SaaS Index

SaaS index rebounded in 2024, but is still very far from its peak in 2021



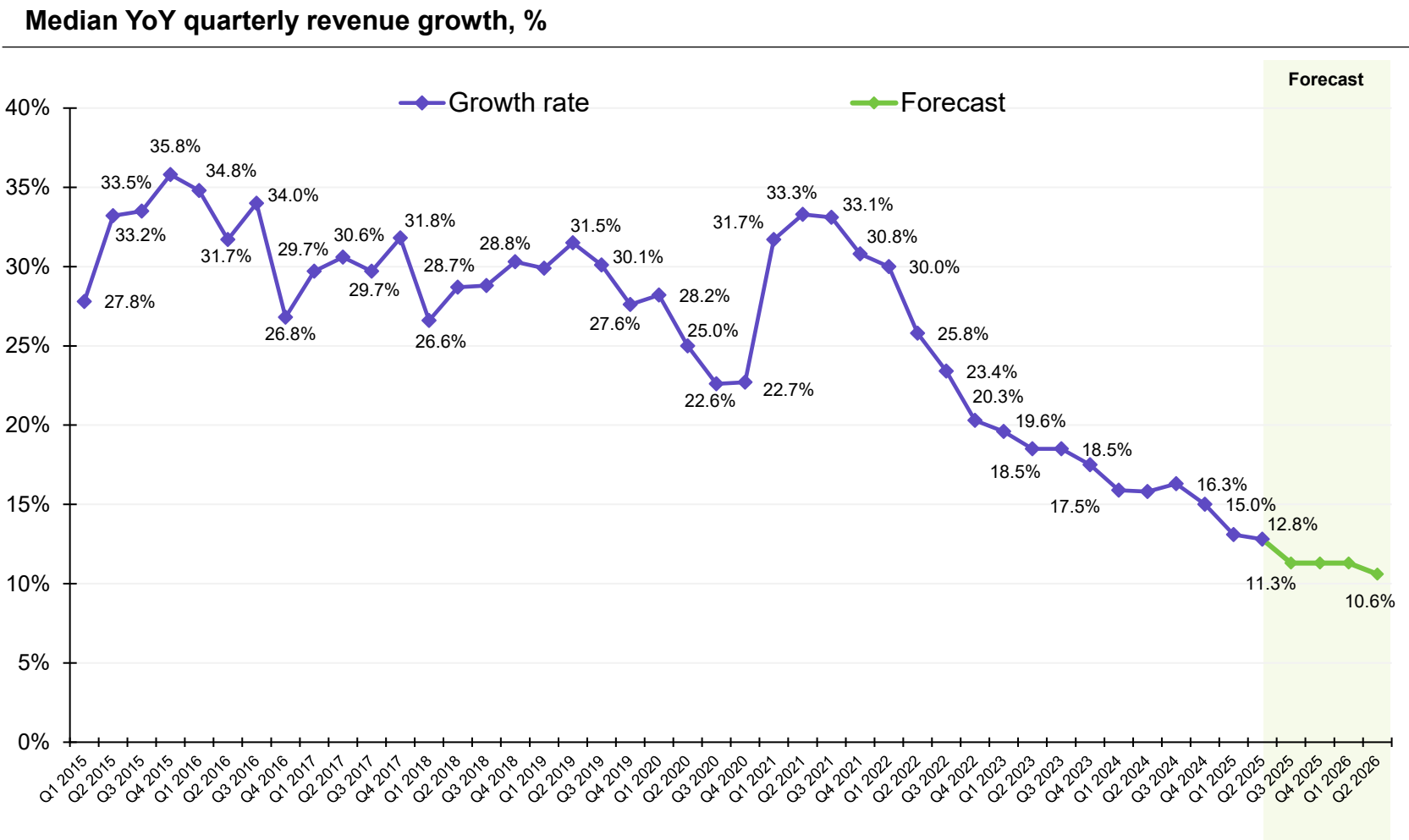
SaaS Valuations: EV/Revenue multiple

EV/Revenue valuation multiples for listed SaaS businesses have started recovering after being stagnant at ~6.0x in the past few months



Deep-dive: SaaS growth rates

SaaS revenue growth rates continued to deteriorate reaching a median of 12.8% in Q2 2025



Comment

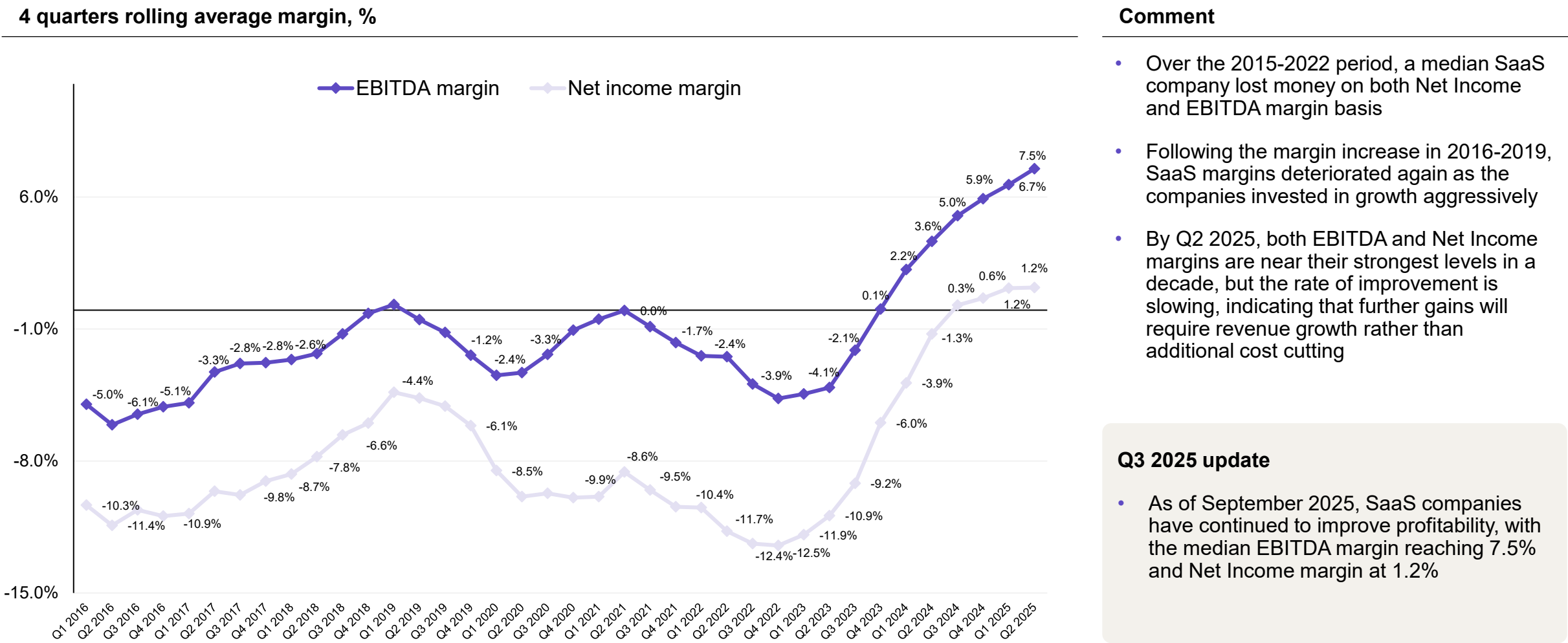
- SaaS growth rates have been slowly decelerating over the past ten years, as many companies reached scale
- By Q2 2020, the median growth rate of SaaS business declined to 23% YoY
- Pandemic provided a temporarily relief, pulling forward the demand for software and accelerating the growth by 11pp
- After peaking in Q2 2021, the growth rates are slowly returning to the long-term trendline and may even overshoot to the downside in case of a major recession

Q3 2025 update

- A continued decline of SaaS growth rate in 2025, driven by lower new adds and a shift of growth in the AI space

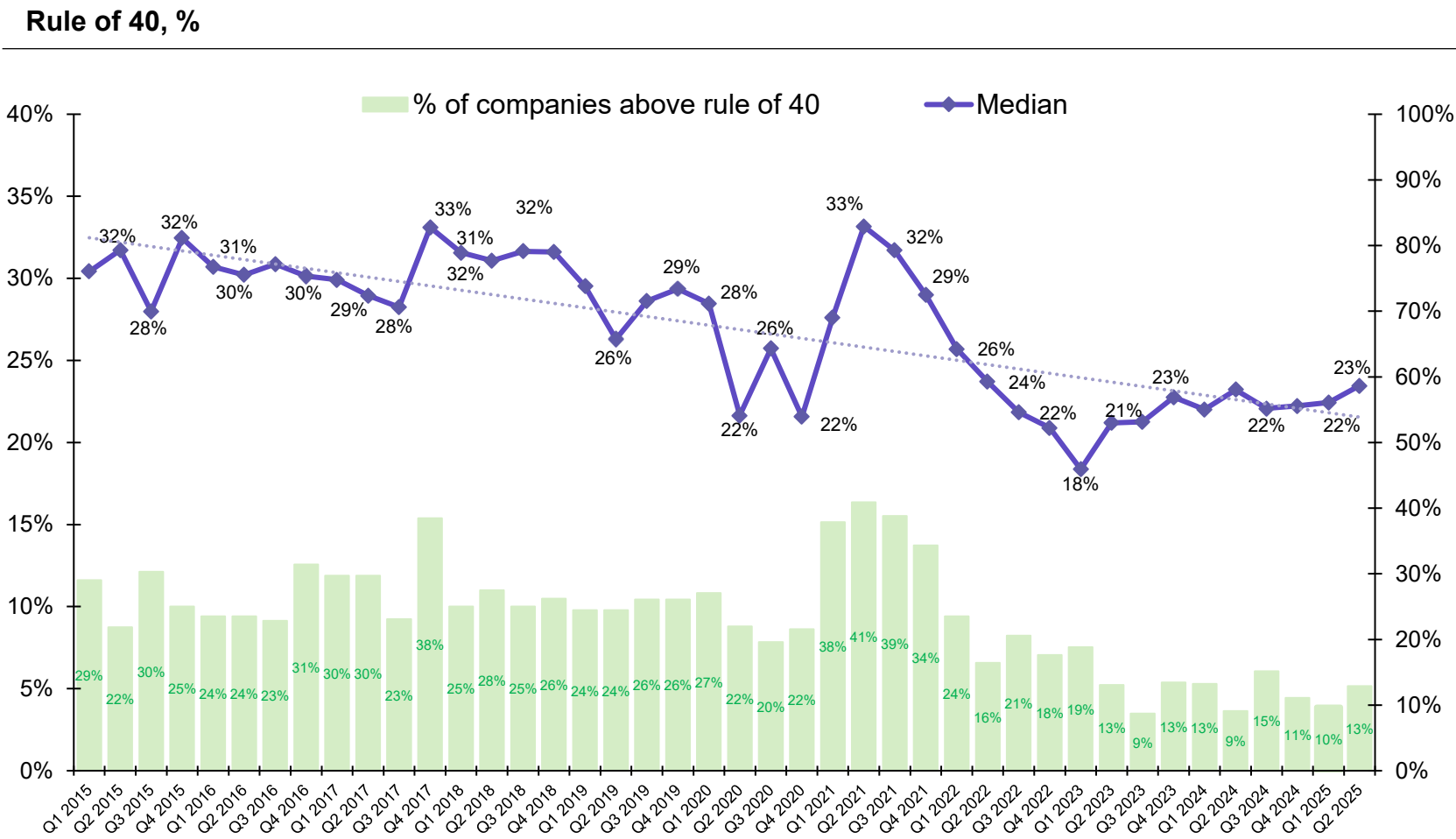
Deep-dive: SaaS profitability

After large layoffs signaling cost control and focus on efficiency, profitability margins of SaaS companies have moved towards positive territory



Deep-dive: SaaS Rule of 40

Rule of 40 metric for SaaS companies have been slowly declining over the past nine years



Comment

- Rule of 40 for a median SaaS company, calculated as sum of revenue growth and EBITDA margin, has been slowly declining since 2015
- The median Rule of 40 metric declined from around 30% in 2015 to around 20% in 2025

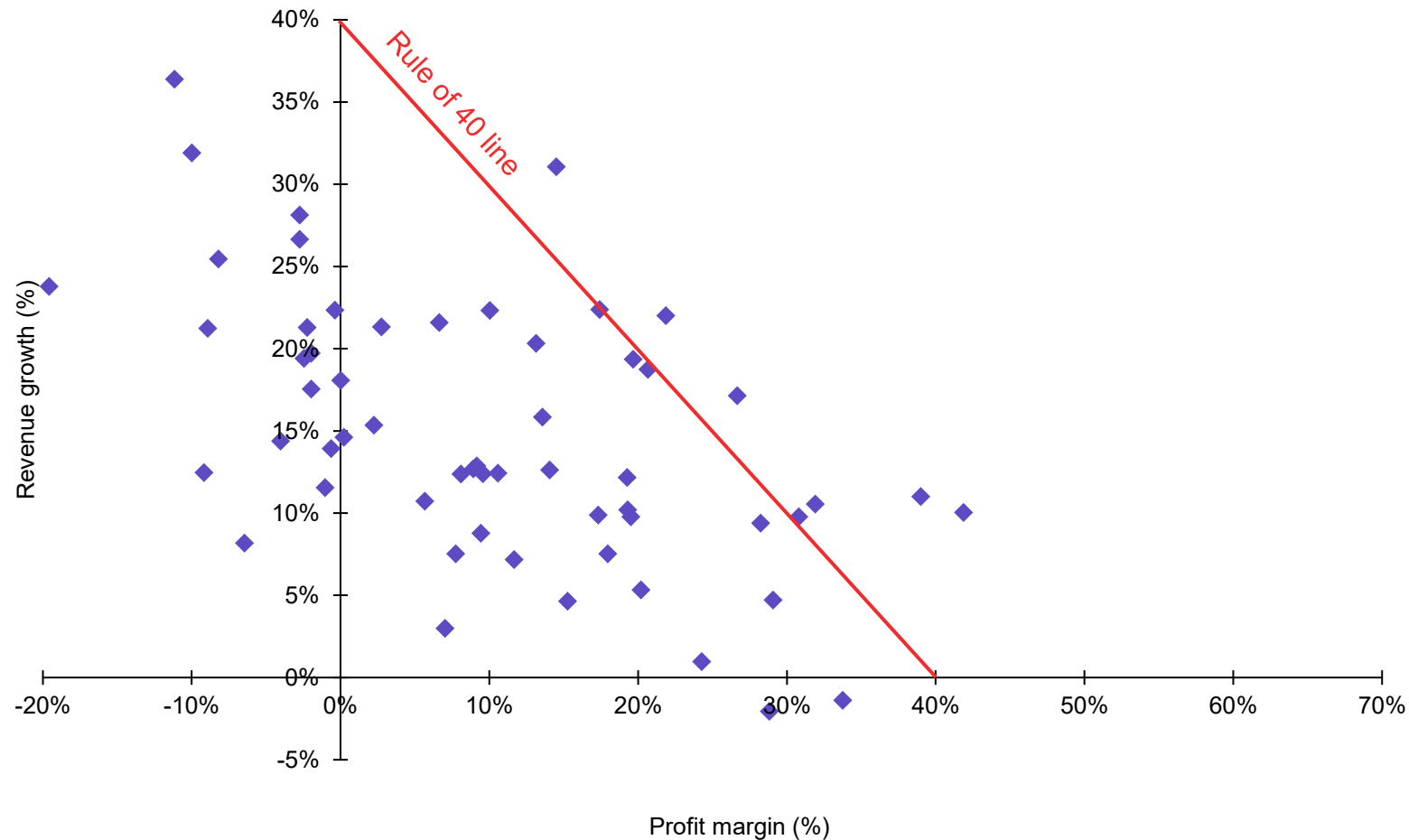
Q3 2025 update

- Only 13% of companies in the index exceeded a Rule of 40 score, while the median score was 23%

Deep-dive: Rule of 40

Very few companies are satisfying Rule of 40 in our analysis from 2015-2025

Profit margin vs. Revenue growth, % As of Q2 2025



Comments

- Among 71 companies in our sample, only a few stayed above Rule of 40 as of Q2 2025
- The companies comfortably above Rule of 40 included Adobe, Shopify, Autodesk,
- Rule of 40 implies a one-to-one tradeoff between a percentage point of revenue growth and margin

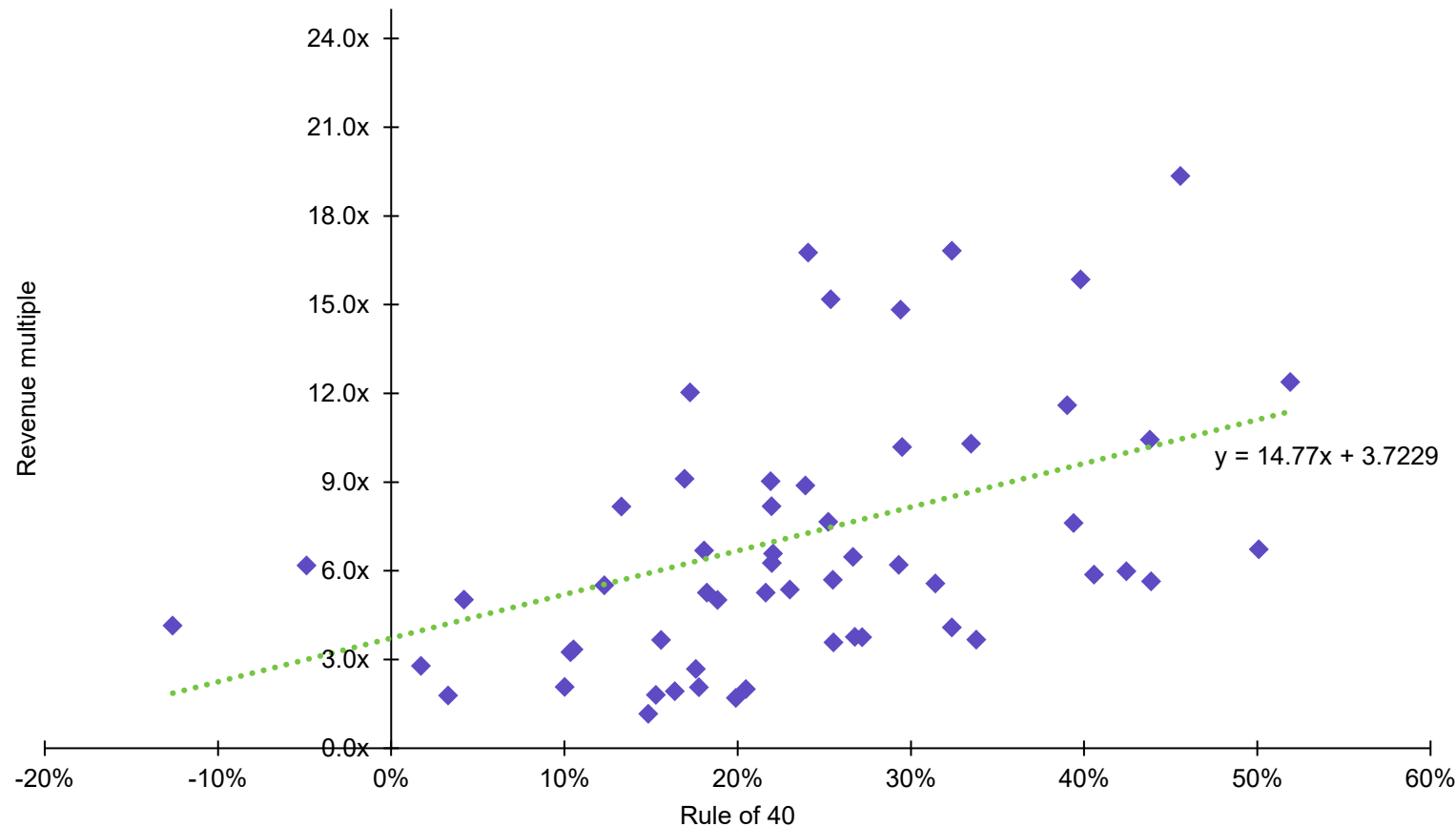
Q3 2025 update

- Most companies still fail to meet the Rule of 40 score
- Out of 58 actively traded SaaS companies in our index, 50 companies had a Rule of 40 score below 40

Deep-dive: Rule of 40

A 10-point improvement in Rule of 40 metric is generally corresponding to a ~1.5x revenue multiple growth

Revenue multiple vs Rule of 40



Comments

- The Rule of 40 has regained importance as a key predictor of SaaS valuations, with its influence strengthening compared to prior quarters
- Companies with a near-zero Rule of 40 are currently expected to trade at approximately 3.7x revenue, based on the regression intercept
- While higher Rule of 40 scores are generally linked to higher multiples, there remains significant variation, with companies at similar Rule of 40 levels trading between 3x and 20x+ revenue, driven by factors like market positioning and strategic value

Q3 2025 update

- In Q2 2025, a 10-point increase in the Rule of 40 adds about 1.5x to the EV/Revenue multiple
- This is up from 0.8x in Q1 2025 and close to levels seen in September 2024

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SaaS Multiples

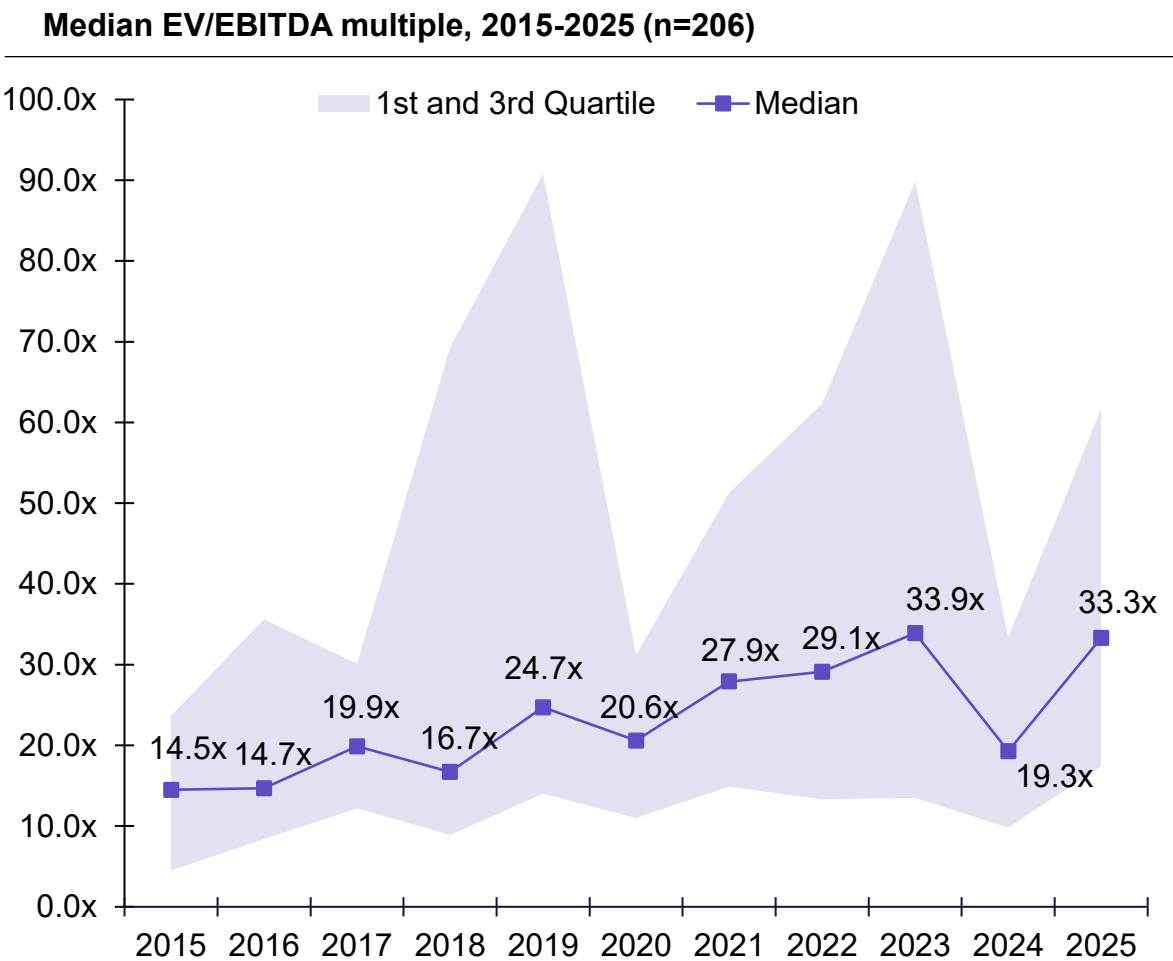
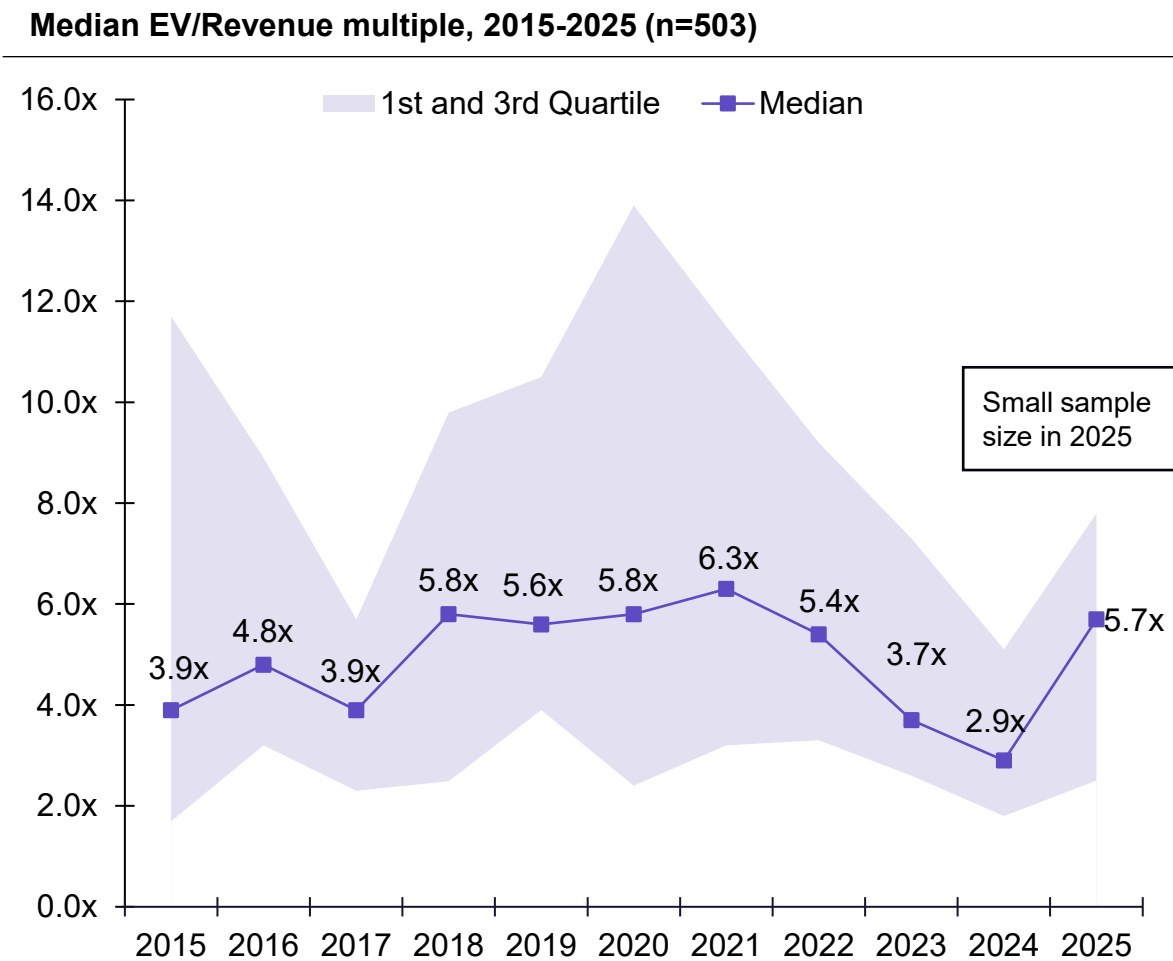
Since 2015, SaaS companies have had median EV/Revenue of 4.7x and EV/EBITDA of 22.4x

Multiple (2015-2024)	Sample (n)	Median deal size	1st quartile	Median	3rd quartile
EV/Revenue	495	\$66M	2.5x	4.8x	8.2x
EV/EBITDA	206	\$133M	12.8x	22.4x	46.6x

Search criteria:
Industry is Computer Software; Software as a Service (SaaS)
targets selected
Deal value and multiples are disclosed
Period: 01.01.2015 – 22.09.2025
N=503 transactions

SaaS valuation multiples in M&A transactions

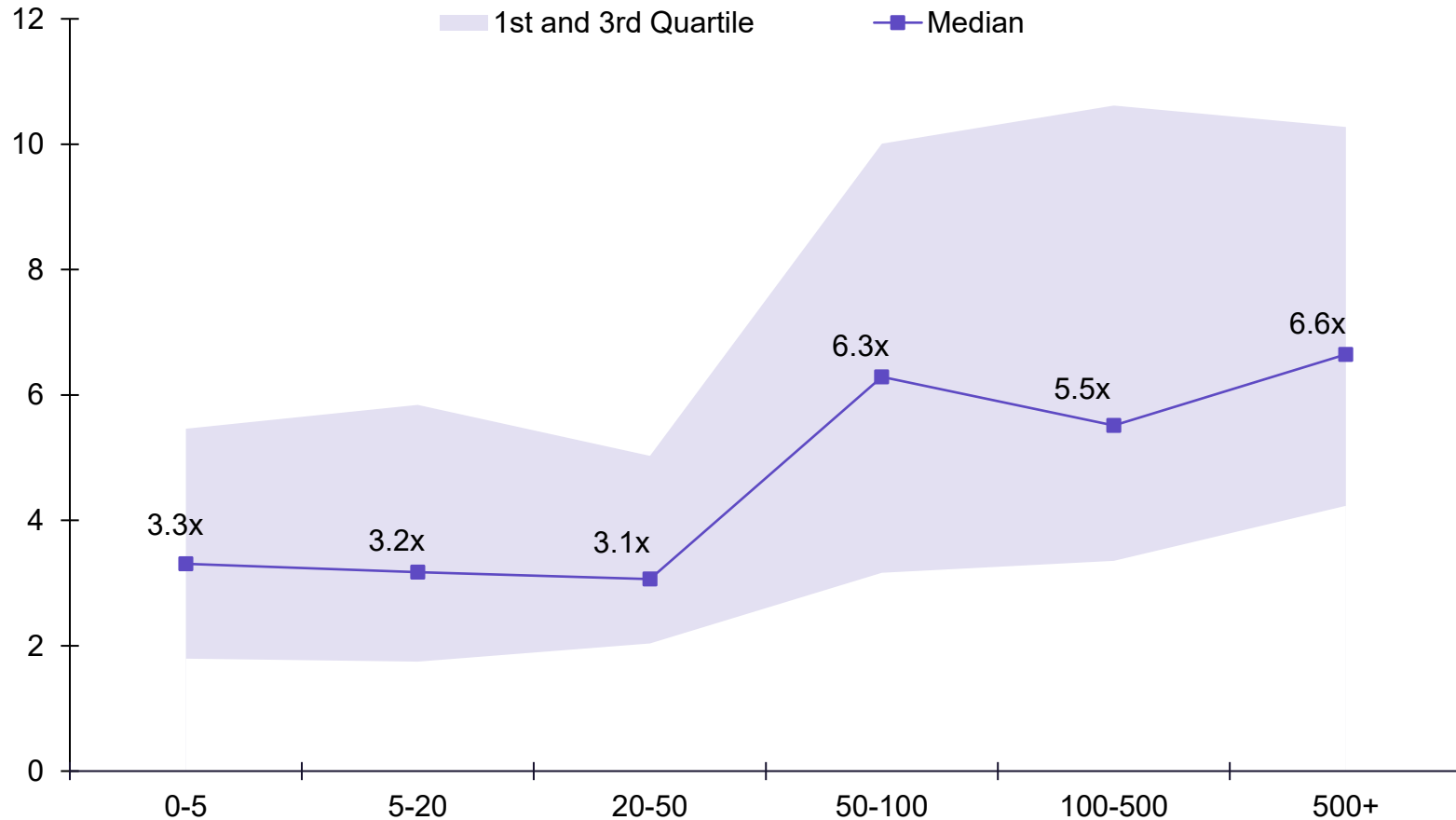
Median valuation multiples increased as large deal share doubled year-over-year



Valuation drivers: Deal size

Deals above \$50M have significantly higher valuations than smaller deals

Median EV/Revenue multiple by deal size, 2015-2025



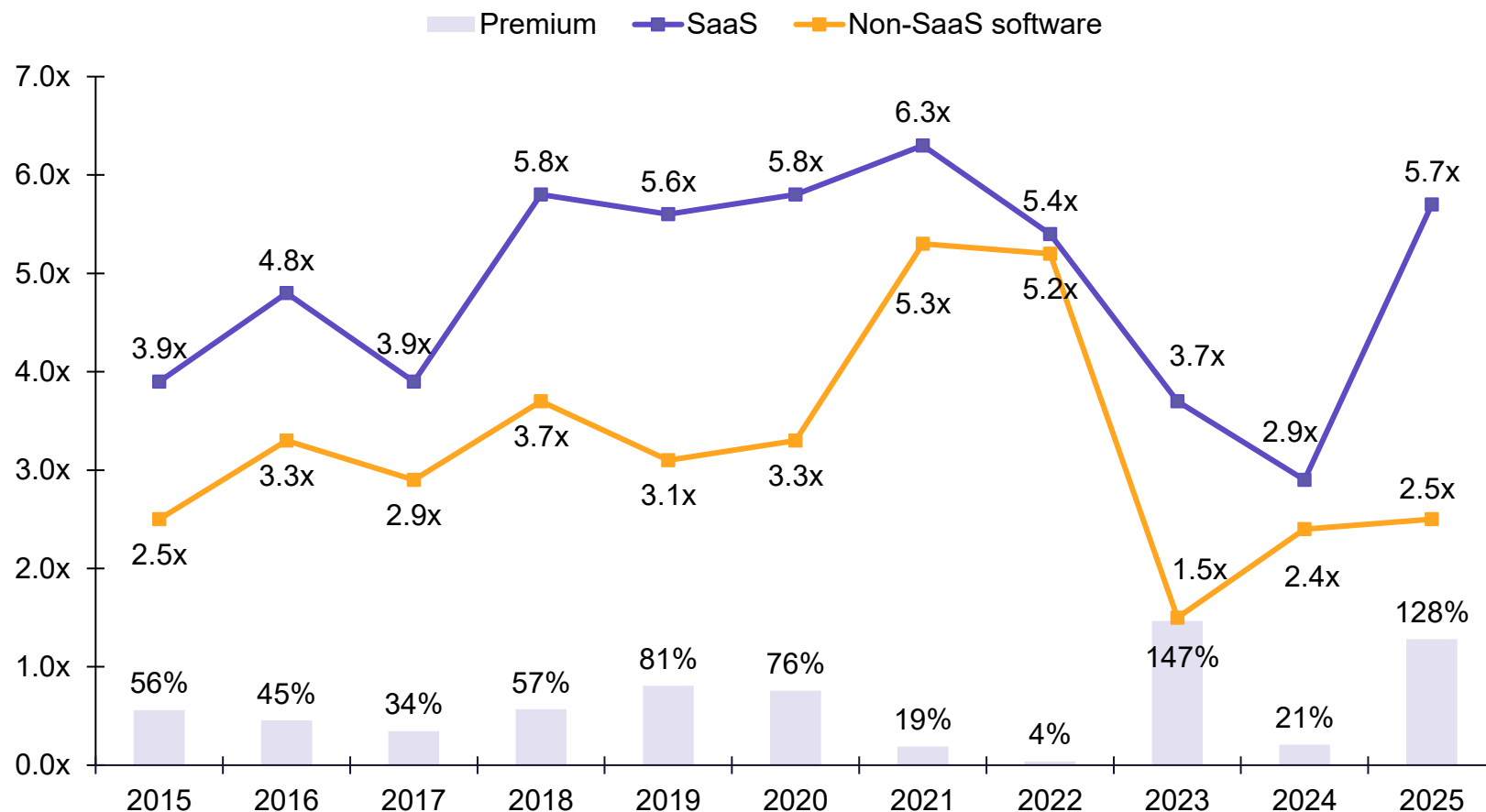
Key findings

- The EV/Revenue multiple for acquired SaaS companies tends to increase with the size of the company.
- The gap between the 1st and 3rd quartile of the EV/Revenue multiple widens as the size of the company increases.
- Larger deals include strategic acquirers, take-private transactions, yet the elevated competition for such deals is also a major factor.
- The sample size for the "\$0-5M" size category is smaller and the companies in this group may have elevated multiples due to lower absolute revenue size.

Valuation drivers: SaaS vs Non-SaaS business model

SaaS companies continue to trade at higher multiples, with the SaaS premium rebounding sharply in 2025 after years of decline

SaaS vs Non-SaaS software, EV/Revenue multiple









Key findings

- In 2025, deals over \$50M accounted for more than 60% of all transactions, reflecting a strong shift toward larger deal sizes
- In the sample analyzed, SaaS companies had consistently higher EV/Revenue ratios than other types of software companies
- The “SaaS premium” stayed elevated in the 2015-2020 period but has since declined
- We believe the increased competitiveness of investors for any software deals, as well as ongoing transition to the cloud contributed to its decline

Valuation drivers: Target location

US SaaS companies made up most acquisitions in the sample and had the highest valuations and deal sizes

Country of Target Company	Number of deals	Median size, m USD	Median EV/Revenue	Median EV/EBITDA
 USA	200	330	5.5x	33.4x
 United Kingdom	63	25	4.2x	19.9x
 Norway	25	27	5.2x	22.7x
 Australia	29	58	4.0x	18.1x
 Canada	16	73	4.9x	25.0x
 France	19	47	2.8x	11.6x
Other	151	19	3.3x	17.7x
Total	495	47	4.8x	22.4x

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 the best valuation.

Technology M&A focus

Cross-border expertise

Thought leadership

Aventis Advisors



Contact us

[Get in touch with our advisors](#) to discuss how much your business could be worth and how the M&A process looks.



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