NORTH STAR PARTNERS

UK Mid-Market Pulse Q3 2026

Valuation Multiples by Sector

EV £50m–£500m · UK Companies · Trading and Transaction Multiples

Mid-Market Multiples Edge Up in Q3 2026

Five of Seven Sectors Higher; Bidders Pay Well Above Listed Prices

Public mid-market multiples rose modestly in Q3 2026, with five of seven sectors higher quarter-on-quarter ("QoQ"), but the gains were narrow.

Industrials (+7.7%) and Business Services (+5.6%) re-rated as manufacturing kept growing and services returned to growth. Healthcare edged up 3.3%, while Technology and Consumer & Leisure were broadly flat. Year on year ("YoY"), Technology, Healthcare and Consumer & Leisure remained 13% to 24% lower.

The macro picture remained mixed during the quarter. UK GDP growth beat expectations, but inflation rose from 2.6% in June to 3.1% in August as oil topped $100 per barrel, three Bank of England members voted to raise rates, and 10-year gilt yields hit their highest level since 2007. Higher yields raise investors' required returns, so gains came mainly where activity improved.

Takeover activity was also notable. Seven companies in our universe were in offer periods at quarter-end, with premiums of 41% to 75% where firm offers were made.

Quarterly Movers Best and Worst Performers (QoQ)

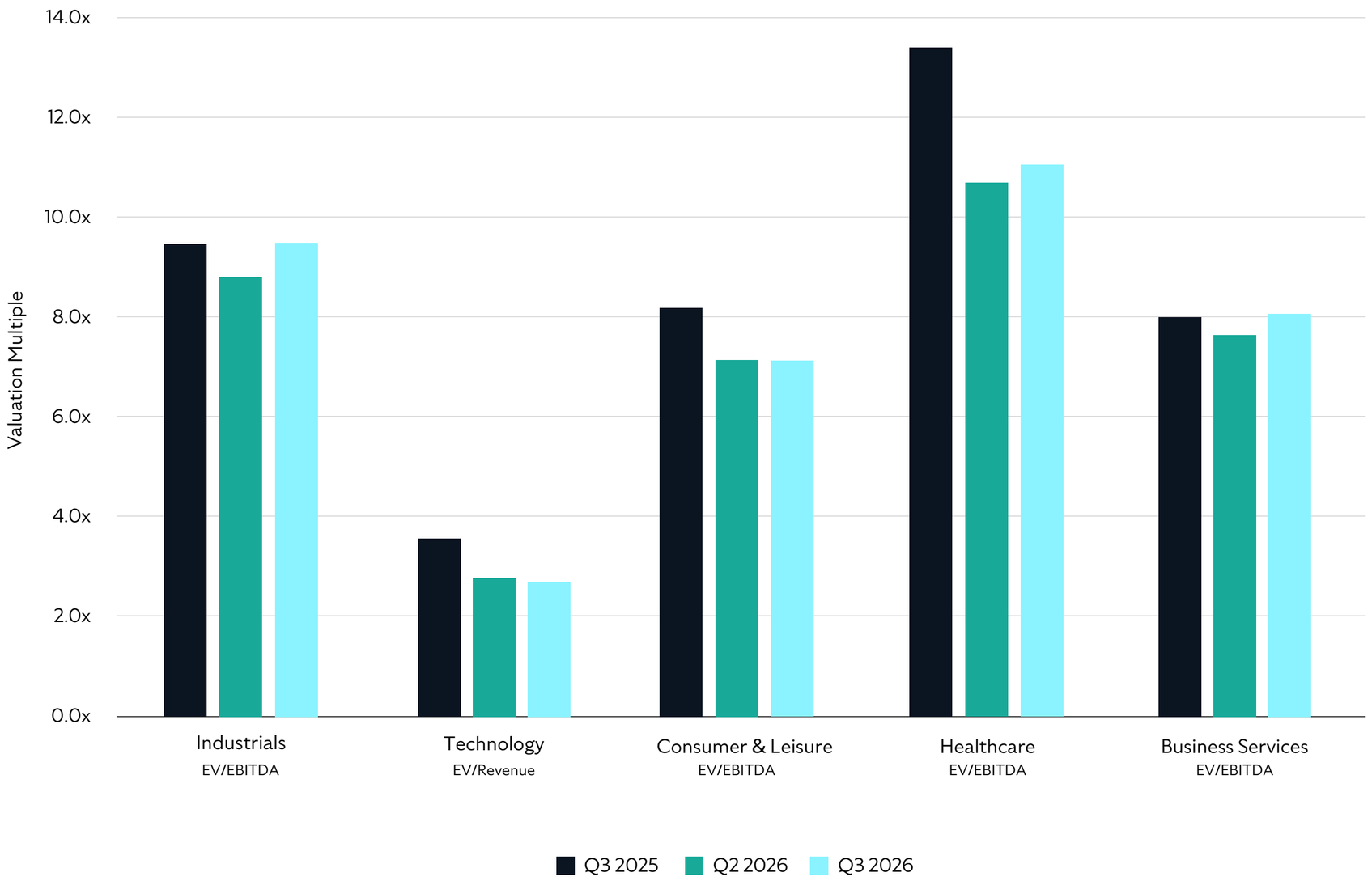
	Adopted Multiple	Q3 '26	Q2 '26	QoQ Δ%
Best Performers				
▲ Financial Services	P/E	16.9x	14.7x	+14.8%
▲ Building Products & Construction	EV/EBITDA	7.6x	7.0x	+8.0%
▲ Industrials	EV/EBITDA	9.5x	8.8x	+7.7%
Worst Performers				
▼ Technology	EV/Revenue	2.7x	2.8x	-2.7%
▼ Consumer & Leisure	EV/EBITDA	7.1x	7.1x	-0.2%
▲ Healthcare	EV/EBITDA	11.0x	10.7x	+3.3%

The practical implication for PE funds

Listed multiples gave modest support for higher marks in industrials and business services, but none in consumer. In technology, take-private pricing sat well above listed multiples. While a useful cross-check, bidders are still targeting the strongest assets, so funds should be wary of marking up internal technology marks, and if so, only on the basis of genuine operational improvement. Across the board, several of the quarter's largest moves came from changes in reported earnings rather than share prices, so funds should check comparable sets company by company before applying a sector move to their portfolio valuations.

Key Sector Insights

Q3 Sector Valuations: Industrials and Services Edge Up, Others Still Below Last Year's Marks



1

Industrials

Industrials re-rated strongly in the quarter. Manufacturing output grew in every month, with the S&P Global Purchasing Managers' Index ("PMI") above 50 throughout, supported by defence and AI-related investment, and the CBI's order book balance improved from -25 to -9 in September.

Buyers were also active: ABB agreed to buy Rotork (£4.1bn), Veritas Capital outbid CVC for Bodycote (£1.65bn), and Arlington Capital Partners agreed a 41% premium for photonics group Gooch & Housego.

There are two qualifications to the uplift:

- Part of the increase reflects falling earnings rather than rising prices.
- Manufacturing slowed in September, with output growth the weakest in six months and cost inflation rising again.

Overall, the sector remains broadly flat YoY.

9.5x EV/EBITDA
+7.7% QoQ
+0.3% YoY

Key Sector Insights

Q3 Sector Valuations: Industrials and Services Edge Up, Others Still Below Last Year's Marks

2

Technology

UK mid-market software multiples were broadly flat in Q3, while US software stocks rallied around 17%, led by Microsoft and Salesforce, as investors grew more confident that established software would benefit from AI. UK software rose less: enterprise values rose at 12 of our 17 companies (median +8%), but sharp falls at a few companies offset this.

The businesses themselves have kept growing: over the past year, 16 of the 17 grew revenue (median +9%), yet 13 saw their enterprise value fall.

Private equity has been more willing to pay. Accel-KKR's offer for Eleco, one of several such bids for UK software firms in Q3, valued it at about 5x revenue, compared with 2.1x in June. However, bidders are targeting the strongest assets, so these prices are not a guide for the wider sector.

2.7x EV/Revenue
-2.7% QoQ
-24.2% YoY

3

Consumer & Leisure

Consumer sentiment improved in the quarter, but this did not flow through to valuations. GfK consumer confidence rose to -13 in September, its highest in over two years, and retail volumes grew 0.9% in the three months to August, yet multiples were flat and remain 13% below a year ago.

The reason is what households are doing with their money. Inflation is rising again on fuel and energy, GfK's savings measure climbed to +27 while intention to make major purchases fell, and retailers reported much weaker conditions: the CBI's retail sales balance was -55 in September, with orders falling at the fastest rate since 1983.

With tax rises expected in the Autumn Budget, investors remain understandably cautious.

7.1x EV/EBITDA
-0.2% QoQ
-12.9% YoY

4

Healthcare

Healthcare multiples edged up 3.3% but remain 18% below last year's marks, lagging significantly behind other sectors such as industrials (+7.7%) and financial services (+14.8%).

Private deal activity and government policy were more supportive. There were nine private equity deals in UK healthcare in August alone, spanning care software, teleradiology and outsourced clinical services. A consortium including Ares agreed to take Spire Healthcare private at a 66% premium, and the ABPI reported an additional £2bn of pharmaceutical investment committed to the UK over the past year, crediting government policy changes such as a higher NICE threshold.

However, this increased deal activity has yet to show up in earnest in listed valuations.

11.0x EV/EBITDA
+3.3% QoQ
-17.6% YoY

5

Business Services

Business services valuations improved with increased activity. The services PMI rose from 48.8 in June to 52.1 in July and stayed in growth through September, helped by demand for technology services. Recruitment, usually an early signal for the sector, turned: permanent placements rose in August for the first time since September 2022. Bidders were also active in the quarter: OCS offered £3.1bn for Mitie, and Nasdaq-listed US workforce group Circle8 made an approach for recruiter SThree, which its board rejected.

However, the outlook remains mixed. Business and professional services firms surveyed by the CBI still expect activity to fall next quarter, and it has urged the Chancellor not to raise the cost of hiring further in the Autumn Budget.

8.1x EV/EBITDA
+5.6% QoQ
+0.9% YoY

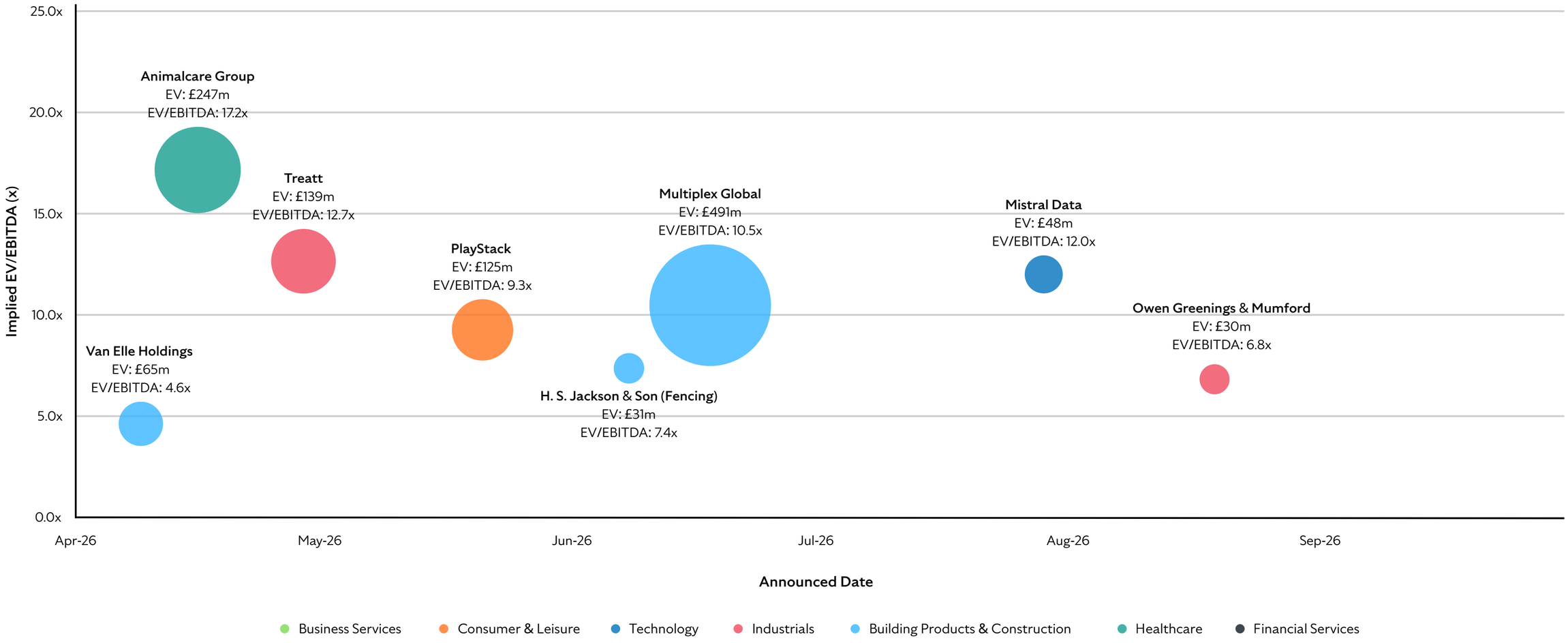
Valuation Multiples by Sector

Sector	Adopted Multiple	Q3 '26	Q2 '26	Q3 '25	QoQ Δ%	YoY Δ%
Business Services	EV/EBITDA	8.1x	7.6x	8.0x	+5.6%	+0.9%
Consumer & Leisure	EV/EBITDA	7.1x	7.1x	8.2x	-0.2%	-12.9%
Technology	EV/Revenue	2.7x	2.8x	3.6x	-2.7%	-24.2%
Industrials	EV/EBITDA	9.5x	8.8x	9.5x	+7.7%	+0.3%
Building Products & Construction	EV/EBITDA	7.6x	7.0x	7.3x	+8.0%	+3.7%
Healthcare	EV/EBITDA	11.0x	10.7x	13.4x	+3.3%	-17.6%
Financial Services	P/E	16.9x	14.7x	16.0x	+14.8%	+5.5%

Note: Percentage changes are calculated from unrounded multiples and may not recompute precisely from the rounded figures shown.

Recent Transaction Multiples by Sector

We noted the following transactions taking place in the last six months in the UK mid-market, as defined here by enterprise values between £20m and £500m:



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North Star Partners provides independent portfolio valuations for private equity and private credit funds.

If these movements affect your Q3 reporting, we're happy to discuss with you further.

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Appendix

Sources and Data

Data on company and transaction multiples was sourced from S&P Capital IQ. The following sources were used while researching the explanations for quarterly movements:

- Bank of England: Monetary Policy Summary and Minutes, July and September 2026
- Trading Economics: UK 10-year gilt yield; UK Manufacturing PMI
- S&P Global: UK Manufacturing and Services PMIs, July to September 2026
- CBI: Industrial Trends Survey, Distributive Trades Survey and Growth Indicator, September 2026
- KPMG and REC: UK Report on Jobs, September 2026
- GfK / NIQ: Consumer Confidence Barometer, September 2026 (and Reuters coverage, 25 September 2026)
- ONS: GDP Monthly Estimate, July 2026; Consumer Price Inflation, August 2026; Retail Sales, Great Britain, August 2026
- Takeover Panel: Disclosure Table, 29 September 2026; offer announcements under the Takeover Code, July to September 2026
- HSF Kramer: UK Public M&A Monthly Activity Updates, July and August 2026
- Yahoo Finance: UK take-private activity and bid premiums, 2026
- CNBC: Software stocks in Q3 2026 (1 October 2026)
- Eclipse Corporate Finance: UK Healthcare M&A Snapshot, August 2026
- ABPI: UK Pharmaceutical Investment Competitiveness Report 2026 (8 September 2026)
- Yahoo Finance: UK public borrowing and expected Budget tax rises (22 September 2026)

Methodology

We selected comparable companies based on the following criteria:

- UK companies listed on AIM or the LSE Main Market (for trading multiples)
- Enterprise value between £50m and £500m at the valuation date, taken as market capitalisation plus net debt
- Business operations primarily based in the UK
- Seven core private equity sectors, with each company categorised the way a private equity buyer would consider it; energy, mining, real estate, investment vehicles, housebuilders and clinical-stage biotech are excluded
- Companies in a takeover offer period at the valuation date are excluded, as their share prices reflect an expected control premium

Each sector figure is the simple mean of companies with a valid multiple inside the sector's range at all three dates, so comparisons cover the same companies; multiples outside that range are treated as outliers driven by idiosyncratic factors. Prior-quarter and prior-year figures are restated on this basis and are not comparable with those published before Q3 2026. Multiples use last-twelve-months earnings or revenue, so they move when companies report results as well as when share prices change.