Value Potential Index

Quarterly Report
March Q1 2025

Capitaliz

# Value Potential Index Quarterly Report March Q1 2025

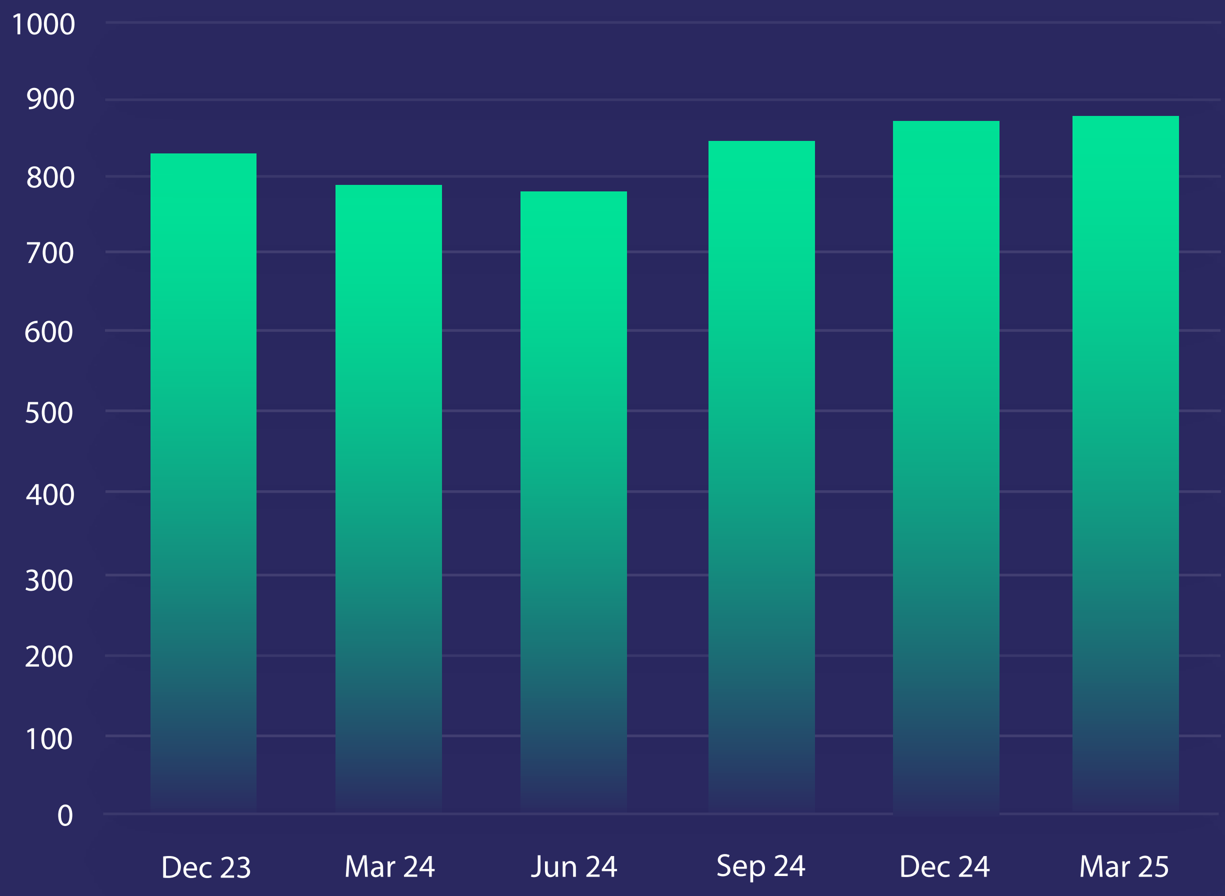
The UK VPI has seen a very slight increase in the VPI this quarter, reflective of very stable macros.

Value Potential Index

784.36

↑ 0.82%

The VPI index has slightly increased by 0.82% during the March Quarter to 784.36



Total UK public company market caps have increased.

+5.02

GDP has increased

+0.74%

In line with longer term averages

Capitaliz multiples are down slightly on the prior quarter

-2.13%

Slight increase in the number of businesses listed for sale

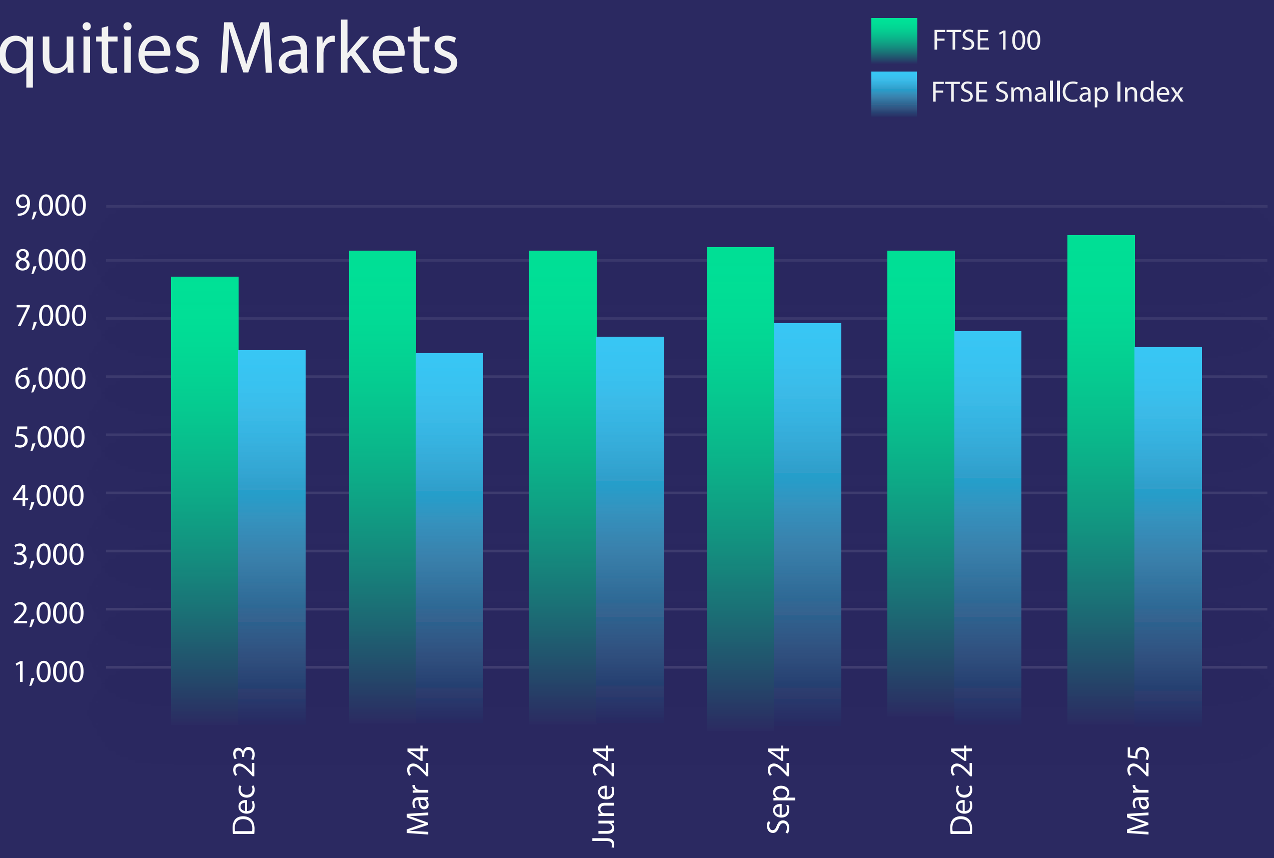
+2.15%

Indicative of very stable quarter on quarter conditions

# Economic Indicators

| Indicator | Dec 2024 | Mar 2025 | Movement |
|---|---|---|---|
| FTSE 100 | 8173 | 8583 | 5.02% |
| 10-Year Gilt | 4.568 | 4.689 | 2.65% |
| Gross Domestic Product | £642,287 | £647,018 | 0.74% |
| Inflation | 0.625 | 0.65 | 4.00% |
| Unemployment | 4.4 | 4.5 | 2.27% |
| £GB$US cross rate | 1.25483 | 1.29404 | 3.12% |

# Equities Markets



# Economic Commentary

## FTSE 100

A 5.02% increase in the value of the FTSE100 is indicative of neither correction nor boom.

## FTSE SmallCap Index

Comprising the 351st to 619th most valuable companies on the London Stock Exchange, these companies are often looking at larger private business for M&A. The healthier and the stabler the conditions, the more acquisitive a scace we expect to see.

## 10-Year Gilt

The 10-year UK government bond rate (referred to as a gilt), reflects the tightness or looseness of monetary policy, and serves as the most basic component of the cost of capital that businesses use to grow and operate. The UK's own cost of debt is rising as a means to tackle inflation.

## Gross Domestic Product

An economic data staple the world over, GDP represents the combined value of goods and services produced in a given period in an economy.

## Inflation

While still nowhere near the historic highs experienced during the 1970s, the UK Consumer Price Index is seeing its largest increases since then. The UK has been more fortunate than other developed nations in this respect in that the inflation surge has been relatively shallow.

## Unemployment

The seasonally adjusted unemployment rate reflects what percentage of aspiring employees have not found work. The UK rate for this report is low and steady at 4.5% (a slight deterioration on the prior quarter.)

# Value Potential

We estimate the combined value of private businesses in the UK to be £2.9 Trillion. We also estimate that with some forward planning and preparation, this could be nearer to £3.3 Trillion, a total Value Potential Gap of about **£432 Billion**.

Further, some 56% of this Value Gap resides in the 10-249 employee category, with the smaller businesses on average leaving about £540,000 and the medium businesses about £3.6M on the table each.


# VPI™ Value Potential Index

The Capitaliz VPI is based on over 800 business valuations over thirteen years where we are able to track the key metrics that drive valuations and project potential value over time, based upon implementing the recommendations from our Capitaliz Business Insights Report.

The index includes economic, industry and business-based risk scores to determine the appropriate multiple and the gaps identified in the report for profit gap, benchmarking, exit readiness and attractiveness to determine the value potential.

The index is recalculated each time a new valuation is completed and updated regularly with economic factors, industry trends, or business sentiment changes

Use of our proprietary index allows us to accurately assess value potential for each business and determine the most appropriate actions to take in order of priority that will most affect the valuation.

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