insights

Getting the Number Right:

Why Rigorous Valuation Now Sits at the Centre of Every Deal

Business Valuation in the GCC, 2026:

How Owners, Investors and Advisors Are Arriving at a Defensible Number

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Executive Summary

FIVE FACTS DEFINE THE STATE OF BUSINESS VALUATION PRACTICE IN THE GCC TODAY:

01

VALUATION IS NOW A COMPLIANCE REQUIREMENT, NOT ONLY A DEAL-TIME EXERCISE.

ZATCA's transfer pricing bylaws, extended to all Zakat payers from 1 January 2024, mean many GCC businesses now need a defensible valuation for related-party transactions whether or not a transaction is on the horizon.

02

LISTED MULTIPLES SYSTEMATICALLY MISLEAD PRIVATE-COMPANY OWNERS.

Private GCC businesses typically change hands between 4x and 8x EBITDA, well below the double-digit multiples reported for listed comparables, once the private-company discount is properly applied.

03

METHOD SELECTION, NOT THE MULTIPLE ITSELF, IS WHERE MOST VALUATIONS GO WRONG.

DCF, market multiples, ARR multiples, seller's discretionary earnings, and asset-based approaches each fit a different type of business, and applying the wrong one is one of the most common technical errors in the region.

04

FAMILY BUSINESS SUCCESSION IS A GROWING SOURCE OF VALUATION DEMAND.

As GCC family groups move into second- and third-generation ownership, an independent, agreed valuation is increasingly the starting point for minority sales, buyouts, and shareholder settlements.

05

FINANCIAL REPORTING IS TURNING VALUATION INTO A RECURRING OBLIGATION.

IFRS 13 fair value requirements, purchase price allocation, and goodwill impairment testing mean many GCC groups with international investors or lenders now need valuation work on an ongoing, not one-off, basis.

Source: *Saudi Transfer Pricing Compliance: Rules, Filing & Zakat Updates 2026, EBITDA Multiples by Sector in the GCC (Fiducia Adamantina, 2026).*

Why Rigorous Valuation Matters Now

THE CASE FOR TREATING BUSINESS VALUATION AS A STANDING DISCIPLINE, NOT A ONE-TIME FORMALITY, RESTS ON SEVEN FACTORS CONVERGING ON THE GCC IN 2026.

01

TAX AND ZAKAT-DRIVEN VALUATION DEMAND

ZATCA's transfer pricing rules now require all Zakat payers to maintain defensible valuations for related-party transactions, with penalties of up to 25% for non-compliance.

02

THE LISTED-VERSUS-PRIVATE MULTIPLE GAP

Listed company multiples often overvalue private businesses. Due to lower liquidity, smaller size, and higher risk, private companies typically require a 20%–40% marketability discount.

03

FAMILY BUSINESS SUCCESSION

As GCC family businesses transition across generations, independent valuations are essential for fair ownership transfers, buyouts, and succession planning.

04

FINANCIAL REPORTING AND IFRS 13

IFRS 13 requires ongoing purchase price allocation, goodwill testing, and fair value reporting for many GCC businesses.

05

RISING STANDARDS FOR INTERNATIONAL INVESTORS

As GCC markets open to global investors, internationally recognized valuation standards are becoming the expected benchmark.

06

GOVERNANCE AND READINESS ARE PRICED INTO THE

Businesses with strong governance, audited financials, and operational readiness command higher valuations.

07

A REGIONAL GAP IN VALUATION INFRASTRUCTURE

International Valuation Standards remain inconsistently applied across the GCC, limiting access to standardized valuations.

Sources: *Saudi Transfer Pricing Compliance: Rules, Filing & Zakat Updates 2026, Saudi's Tadawul Stock Exchange is Globalizing Rapidly.*

What the Multiples Actually Say

PUBLISHED SECTOR MULTIPLES ARE THE MOST COMMON SOURCE OF UNREALISTIC EXPECTATIONS IN GCC VALUATION WORK. THE GAP BETWEEN A LISTED COMPARABLE AND A PRIVATE, CLOSELY HELD BUSINESS IS STRUCTURAL, NOT A ROUNDING ERROR, AND IT IS USUALLY THE FIRST THING A DISCIPLINED BUYER OR INVESTOR WILL CHALLENGE.

HEALTHCARE

Listed GCC healthcare multiples run around 19.3x EBITDA, but the realistic band for a private clinic group is closer to 5x–7x, once scale, liquidity, and management depth are taken into account.

TECHNOLOGY / SAAS

Private SaaS businesses in the lower middle market are transacting around 4x–5x ARR, well below the multiples often quoted from listed software comparables, though quality assets with strong retention can reach 7x–9x.

INDUSTRIALS & MANUFACTURING

Private manufacturing businesses typically trade at 5x–7x EBITDA, discounted relative to listed peers for customer concentration and limited management bench strength.

OWNER-OPERATED BUSINESSES

Businesses screened on seller's discretionary earnings tend to clear lower still, commonly 2x–4x SDE, reflecting the discount buyers apply for owner dependency.

THE MARKETABILITY DISCOUNT

Across sectors, buyers typically apply a discount for lack of marketability of 20%–40% to private, illiquid businesses relative to listed peers, layered on top of size, growth, and net-debt adjustments.

Sources: *EBITDA Multiples by Sector in the GCC (Fiducia Adamantina, 2026), Business Valuation by Industry: 2026 EBITDA Multiples.*

Valuation Methods in Use Across the GCC

NO SINGLE METHOD FITS EVERY BUSINESS. EIGHT APPROACHES ACCOUNT FOR THE LARGE MAJORITY OF VALUATION WORK COMMISSIONED ACROSS THE REGION IN 2026, AND THE RIGHT CHOICE DEPENDS ON THE SECTOR, THE SIZE OF THE BUSINESS, AND THE PURPOSE OF THE EXERCISE.

DISCOUNTED CASH FLOW (DCF)

The primary method for businesses with predictable, forecastable cash flows, and typically the starting point for fairness opinions and dispute-related valuations.

MARKET MULTIPLES (EV/EBITDA)

The standard valuation method for mid-market and industrial businesses, using appropriate comparables and private-company discounts.

REVENUE AND ARR MULTIPLES

Used for SaaS and subscription businesses, where the quality of recurring revenue matters more than current-year profitability.

SELLER'S DISCRETIONARY EARNINGS (SDE)

The standard for owner-operated SMEs, where the owner's compensation and discretionary spend must be normalized before a multiple is applied.

ASSET-BASED AND NET ASSET VALUE

Applied to real estate, holding, and asset-heavy structures, where underlying asset value drives the number more than reported earnings.

PRECEDENT TRANSACTIONS

Used to cross-check DCF and multiple-based outputs against what comparable GCC and MENA businesses have actually changed hands for.

SUM-OF-THE-PARTS

Applied to conglomerates and diversified family groups with distinct, separately valued business lines.

IFRS 13 FAIR VALUE

Required for purchase price allocation, goodwill impairment testing, and ongoing financial reporting once a transaction has closed.

What This Means for Business Owners

FOR PRIVATELY HELD GCC BUSINESSES AND FAMILY GROUPS, AN UNREALISTIC STARTING VALUATION IS ONE OF THE MOST COMMON REASONS A SALE PROCESS, A SUCCESSION PLAN, OR A CAPITAL RAISE STALLS BEFORE IT GETS MOVING.

▶ SETTING A DEFENSIBLE STARTING POINT

A credible valuation range, triangulated across more than one method rather than pinned to a single multiple, is now the entry ticket to a serious conversation with institutional buyers, family offices, and private equity sponsors.

▶ UNDERSTANDING WHERE THE BUSINESS SITS IN ITS BAND

Recurring revenue, audited financials, reduced owner dependency, and clean governance are the specific factors that move a business toward the top of its sector's multiple range rather than the bottom.

▶ PREPARING FOR TAX AND ZAKAT-DRIVEN VALUATIONS

Businesses with related-party transactions, cross-border structures, or mixed Saudi and foreign ownership increasingly need a defensible valuation to support transfer pricing documentation, independent of any transaction event.

▶ SUCCESSION AND SHAREHOLDER ALIGNMENT

Family businesses approaching generational transition benefit from commissioning an independent valuation early, well before a transaction is contemplated, so that shareholders can agree a fair basis for minority sales or buyouts.

▶ CAPITAL RAISING AND LISTING READINESS

Businesses preparing for an equity raise or a public listing need valuation work built to withstand institutional due diligence, with assumptions that can be defended line by line rather than asserted.

What This Means for Investors

FOR PRIVATE EQUITY SPONSORS, FAMILY OFFICES, AND STRATEGIC ACQUIRERS ACTIVE IN THE GCC, THE QUALITY OF THE UNDERLYING VALUATION WORK IS WHAT SEPARATES A DISCIPLINED ACQUISITION FROM AN OVERPAID ONE.

BENCHMARKING AGAINST THE RIGHT COMPARABLES

Sector-specific, size-adjusted multiple bands, not headline listed comparables, are the appropriate benchmark for underwriting a privately held GCC target.

PRICING GOVERNANCE INTO THE NUMBER

Targets with strong governance, transparent related-party disclosure, and audited financials should be valued differently to founder-dependent, thinly documented businesses, and a rigorous valuation process makes that distinction explicit.

PURCHASE PRICE ALLOCATION AND FAIR VALUE

Post-acquisition, IFRS 13 fair value work and formal purchase price allocation are increasingly required, particularly where intangible assets, licenses, or goodwill make up a material share of the deal.

TESTING THE VALUATION BEFORE IT IS RELIED ON

A valuation built on a single method, or one that has not been cross-checked against precedent transactions, rarely survives serious diligence and is one of the most common causes of renegotiation between signing and close.

Common Reasons Valuations Fail or Lose Credibility

ANCHORING ON LISTED COMPARABLES

01

Quoting headline listed-sector multiples for a private business sets expectations that no credible buyer or investor will meet, and undermines the credibility of the whole exercise.

OWNER ANCHORING ON A PREFERRED NUMBER

02

Valuations built around a prior funding round, a competitor's rumored exit, or emotional attachment to the business, rather than disciplined analysis, remain one of the most common causes of stalled

WEAK OR UNAUDITED FINANCIAL REPORTING

03

Many GCC businesses still lack IFRS-compliant audited financials or driver-based management accounts, forcing buyers and investors to apply a risk premium, or walk away, when numbers cannot be independently verified.

IGNORING THE MARKETABILITY DISCOUNT

04

Failing to apply a discount for lack of marketability, typically 20%–40% relative to listed peers, produces a valuation that collapses the moment it meets institutional diligence.

STATIC, BACKWARD-LOOKING MODELS

05

Valuations built solely on historical performance, without adjusting for growth trajectory, recurring revenue quality, or operational readiness, systematically understate what well-positioned businesses can actually command.

NON-COMPLIANCE WITH TAX VALUATION STANDARDS

06

Related-party valuations that do not meet ZATCA's arm's-length and transfer pricing documentation requirements expose businesses to understatement penalties of up to 25%, turning a planning tool into a liability.

NO INDEPENDENT, TRIANGULATED METHODOLOGY

07

A valuation built on a single method, without cross-checking against precedent transactions or an alternative approach, rarely survives serious buy-side or investor scrutiny.

How Insights Supports Business Valuation Engagements

Insights runs a dedicated valuation practice for business owners, investors, family groups, and boards across the GCC, supporting engagements from an initial indicative range through to a fully defensible, transaction-ready valuation.

Our valuation work spans transactions, tax and Zakat compliance, financial reporting, shareholder and dispute matters, and succession planning, applying internationally recognized methodology alongside close familiarity with how GCC regulators, family boards, and institutional investors actually assess a number.

OUR BUSINESS VALUATION CAPABILITIES

- Business Valuation and Financial Modelling
- Purchase Price Allocation and IFRS 13 Fair Value
- Zakat, Tax, and Transfer Pricing Valuations
- Fairness Opinions and Independent Reviews
- Capital Raise and Listing Readiness Valuation
- Family Business Succession Valuation
- Shareholder Dispute and Litigation Support
- Goodwill and Intangible Asset Impairment Testing

2026

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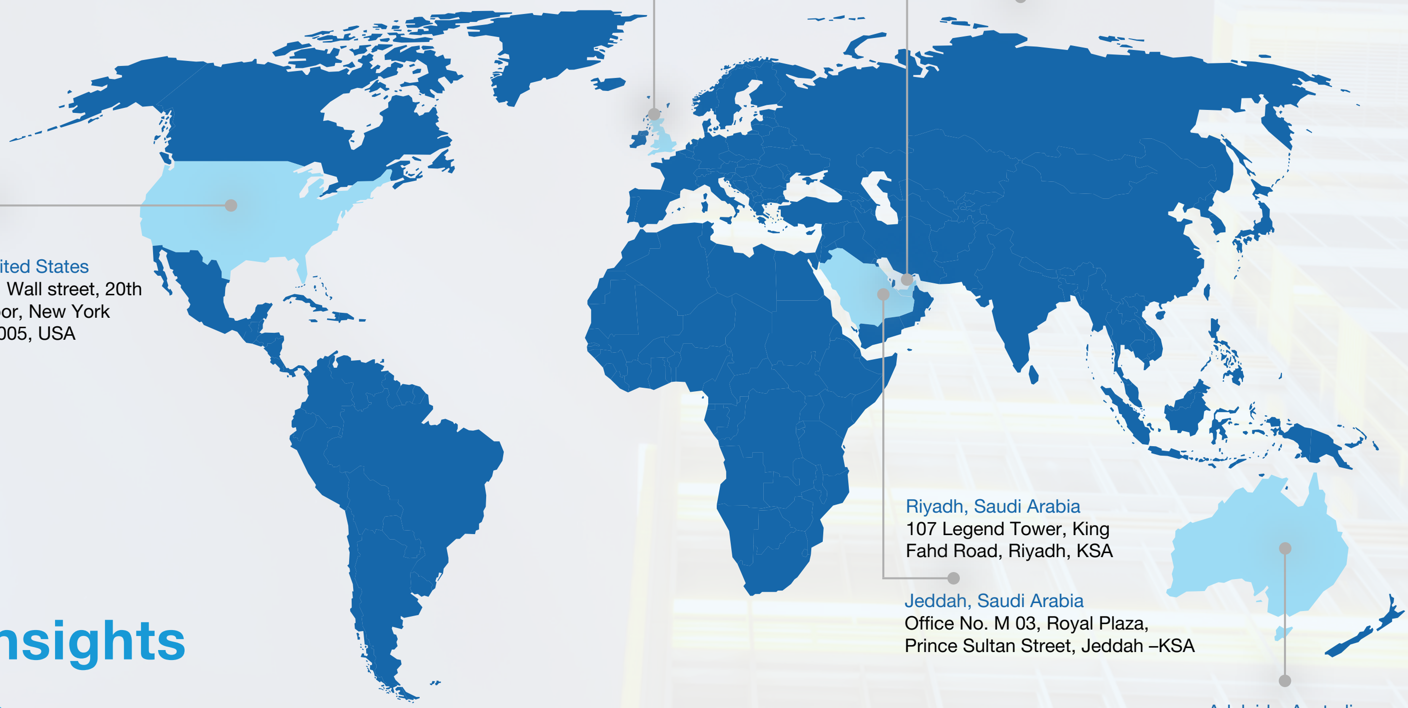

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