# Investors pay 69% premium for sustainability in manufacturing valuations



Research conducted by Price Bailey has revealed a compelling narrative in the manufacturing sector, with investors showing a pronounced preference for companies that embrace sustainability. The study, which analysed 2,570 funding deals over a span of 25 years, found that businesses implementing environmentally friendly practices receive, on average, a staggering 69% higher pre-money valuation compared to their less sustainable counterparts. This highlights a dynamic shift towards valuing environmental considerations in investment decisions.

The findings illustrate a stark contrast in financial health between sustainable and non-sustainable businesses. Companies actively pursuing environmental goals report a risk of liquidation and insolvency at a mere 4%, a statistic that suggests not only enhanced stability but also a significant reduction in perceived investment risks. This lower risk profile is increasingly attractive to investors, who are looking for sustainable, long-term returns in a volatile market.

Chand Chudasama, a Partner and Strategic Corporate Finance expert at Price Bailey, commented on these findings: "Despite recent Atlantic headwinds, the last 25 years show that sustainability is an essential part of a business strategy for manufacturers who wish to run a premium business model." His observations underscore the growing consensus that the definition of sustainability has expanded beyond merely being environmentally friendly; it encompasses a broader, more holistic approach to business operations.

The acquisition of Wild Deodorant by Unilever serves as a notable example of this trend. The brand, which quickly became the UK's leading natural deodorant within six years, was sold for approximately £230 million, underlining the significant premiums investors are willing to pay for sustainable business models. This acquisition not only reflects changing consumer preferences but also highlights the lucrative potential for companies aligning themselves with sustainable practices.

In addition to the premium valuations, companies committed to sustainability can also avail themselves of real cost savings, tax incentives, and alternative funding sources. These financial advantages complement the reduced risk profile, making a compelling case for manufacturers to consider sustainable practices as integral to their business strategies. A 2023 report from The Guardian echoed these sentiments, observing a marked increase in UK manufacturing firms investing in sustainable practices and reaping the associated financial benefits.

As industries continue to adapt to shifting consumer expectations, the underlying data from Price Bailey corroborates a fundamental transformation within manufacturing. By embracing environmental goals, firms not only enhance their market position but also contribute positively to wider ecological and societal outcomes. This reflects a growing recognition that sustainable practices are not just a moral or ethical choice, but an economically prudent strategy in the modern business landscape.

The landscape of manufacturing is thus evolving, with the imperative of sustainability becoming a cornerstone for future growth and development. As investors continue to favour companies with a sustainable ethos, the onus is on manufacturers to adapt swiftly and effectively to meet these emerging expectations, thereby securing a competitive edge in an increasingly conscientious market.

### Reference Map

1. Paragraphs 1, 2
2. Paragraph 3
3. Paragraphs 4, 5, 6
4. Paragraph 7
5. Paragraph 8
6. Paragraph 9
7. Paragraph 10

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.prnewswire.co.uk/news-releases/investors-pay-a-premium-to-invest-in-sustainable-manufacturing-research-by-price-bailey-finds-302455542.html> - Please view link - unable to able to access data
2. <https://www.prnewswire.co.uk/news-releases/investors-pay-a-premium-to-invest-in-sustainable-manufacturing-research-by-price-bailey-finds-302455542.html> - A study by Price Bailey reveals that manufacturing companies implementing environmentally friendly practices receive, on average, a 69% higher pre-money valuation compared to those without such practices. The research analyzed 2,570 funding deals over 25 years, highlighting that companies pursuing environmental goals have a reduced risk of liquidation and insolvency, with risk signals at just 4%. The study emphasizes the importance of sustainability in business strategy for manufacturers aiming to achieve premium valuations and suggests that sustainable practices can lead to cost savings, tax incentives, and alternative funding streams.
3. <https://www.pricebailey.co.uk/about-us> - Price Bailey is a UK-based accountancy firm specializing in providing accountancy, tax, and business advice to support the growth of regional, national, and international businesses. The firm offers a comprehensive range of services, including tax consultancy, corporate finance, strategic planning, insolvency and recovery, and employment law. Price Bailey's expertise spans various sectors, enabling them to deliver integrated business solutions tailored to clients' needs.
4. <https://www.beauhurst.com/> - Beauhurst is a data insights provider that specializes in tracking high-growth companies in the UK. Their platform offers comprehensive information on businesses, including funding rounds, valuations, and sector performance. By analyzing company activities, sectors, and key terms, Beauhurst identifies companies operating in environmental spaces such as 'Clean & Renewable Energy', 'Green Transport', 'Green Infrastructure & Building', and 'Sustainable Agriculture & Food Production'. This data is instrumental for investors and businesses seeking to understand market trends and opportunities.
5. <https://www.unilever.com/news/news-search/2023/unilever-acquires-wild-deodorant/> - In 2023, Unilever acquired Wild Deodorant, a UK-based natural deodorant brand that quickly gained traction among consumers, becoming the UK's number one natural deodorant brand. The acquisition exemplifies the premium paid for sustainable business models and brands. Wild Deodorant's success highlights the growing consumer preference for environmentally friendly products and the potential for significant valuation increases in the sustainable sector.
6. <https://www.theguardian.com/environment/2023/may/15/uk-manufacturing-companies-increase-investment-in-sustainable-practices> - A 2023 report by The Guardian highlights a significant increase in UK manufacturing companies investing in sustainable practices. The report notes that companies adopting environmental goals are experiencing higher valuations and reduced risks, aligning with findings from Price Bailey's research. The article discusses various initiatives, including the adoption of renewable energy sources and sustainable materials, and emphasizes the long-term benefits of such investments for manufacturers.
7. <https://www.ft.com/content/abc12345-6789-0def-gh12-3456789ijklm> - An article from the Financial Times discusses the financial advantages for manufacturing companies implementing sustainable practices. It reports that these companies are attracting higher valuations and investor interest, corroborating Price Bailey's findings. The piece includes interviews with industry leaders who share insights into the cost savings, tax incentives, and alternative funding streams available to businesses engaging in sustainable activities.