



MARKET SUMMARY

- Valuations on deals completed in 3Q 2023 averaged 7.5x TTM adjusted EBITDA, an increase of 0.9x compared to 2Q 2023 valuations.
- The two industries showing the highest EBITDA multiples through 3Q 2023 were health care services at 9.4x and technology at 8.4x. EBITDA multiples for all manufacturing companies averaged 6.7x through 3Q 2023, compared to the 7.3x average for 2022.
- Average 3Q purchase price multiples increased across all size tiers over 2Q, apart from the \$25 million to \$50 million tier, which was only off by a tenth of a turn of EBITDA. Transactions valued above \$50 million recorded increases in average purchase price between nearly a full multiple and 2.5x.
- Add-ons accounted for 48% of transactions completed through 3Q 2023, well above the 34% average for 2022. The average purchase price for add-ons remained a turn less than platform investments at 6.6x versus 7.6x, respectively.
- Buyout transactions averaged 7.3x through 3Q 2023, compared to 7.4x for 2022.
- Senior debt pricing continued to increase in the third quarter, with average senior debt reaching 10.5%, compared to 9.5% in 2Q 2023.
- Although deal flow continued to lag in 3Q 2023, average purchase price multiples rebounded from 2Q 2023, increasing nearly a full turn and in line with 2022.

WHAT'S NEW AT TAUREAU GROUP

- **September** – Nick Mydlach, Vice President & Shareholder, attended the FABTECH Expo, North America's largest metal forming, fabrication, welding and finish event, broadening our in-depth knowledge and market insights in the metal fabrication and equipment manufacturing industry.
- **September** – Engaged by injection molding and manufacturing company for potential sale.
- **September** – Taureau Group was honored as a top M&A advisor in the 2023 Axial Advisor 100.
- **September** – Engaged by optics accessories product line manufacturer for potential sale.
- **October** – Michael Schroeder, Director & Shareholder, shares debt market insights for 4Q 2023 in Taureau Group's blog.
- **October** – Taureau Group participated as a proud sponsor at the BizStarts Community Market Opening Celebration.
- **November** – Engaged by precision metals manufacturing company focused on A&D and medical end markets for potential sale.
- **December** – Zach Zarr joined Taureau Group as an Analyst. Learn about Zach [here](#).
- **December** – Taureau Group published its 2023 Volume II Packaging & Printing Industry Report. Download the report [here](#).
- **December** – Andrew Sannes, Managing Director & Shareholder, provides a look ahead at M&A in 2024 in Taureau Group's blog.
- **December** – Taureau Group published its 2023 Volume II Industrial & Contract Manufacturing Industry Report. Download the report [here](#).

FEATURED ARTICLES

- *Debt Market Insights | Q4 2023* - Read the article [here](#).
- *Looking Ahead at M&A in 2024* - Read the article [here](#).

ACTIVE BROAD ACQUISITION SEARCHES

Client Type	Search Description	Revenue/EBITDA
ESOP	Acquisitions of highly engineered industrial equipment manufacturers	\$10 - \$30M revenue
Private Equity (PE)	Acquisitions of residential garage door services firms in Midwest U.S.	\$1M+ revenue
PE Platform	Acquisitions of residential exterior repair & restoration firms in Southeast U.S.	\$5M+ revenue
Holding Company	Acquisitions of established electrical contractor firms in Southeast Wisconsin	\$10 - \$25M revenue
ESOP	Acquisitions of educational services, and CTE products and software firms	\$5 - \$20M revenue
PE Platform	Acquisitions of diverse metal fabrication companies in Midwest U.S.	\$10 - \$50M revenue

MARKET STATISTICS

Total Enterprise Value (TEV)/EBITDA

TEV	'03-18	'19	'20	'21	'22	YTD '23	Total
10-25	5.8	6.1	5.9	6.1	6.5	5.8	5.9
25-50	6.5	7.0	6.7	7.2	7.0	7.1	6.7
50-100	7.5	7.5	8.0	8.3	8.5	8.2	7.7
100-250	8.1	9.2	8.7	9.3	9.1	9.7	8.5
Total	6.6	7.1	7.0	7.6	7.6	7.3	6.8

TEV/EBITDA—By industry category

Industry	'03-18	'19	'20	'21	'22	YTD '23	Total
Manufacturing	6.2	6.5	6.7	7.1	7.3	6.7	6.4
Business services	6.6	7.2	7.1	7.3	7.4	7.1	6.9
Health care services	7.4	8.0	7.6	8.1	8.4	9.4	7.6
Retail	6.9	9.3	6.5	8.3	8.0	6.0	7.1
Distribution	6.5	7.0	7.5	7.2	7.2	7.1	6.8
Media & Telecom	7.4	9.4	8.3	7.0	9.1	NA	7.6
Technology	8.3	10.0	7.6	10.3	8.1	8.4	8.6
Other	6.3	6.5	6.2	7.3	6.7	7.2	6.4

Senior Debt/EBITDA—Splits by period (platforms only)

TEV	Q421	Q122	Q222	Q322	Q422	Q123	Q223	Q323
10-25	2.0	1.8	1.8	2.1	1.7	1.9	1.7	1.1
25-50	2.3	2.5	2.2	2.4	2.2	2.2	1.5	2.9
50-100	2.9	3.1	3.6	2.7	2.6	2.4	2.2	2.5
100-250	3.5	2.9	3.6	4.0	3.0	3.0	3.3	3.8
Total	2.6	2.6	2.7	2.7	2.3	2.3	2.2	2.7

Source: GF Data®

While deal flow continued to lag in the third quarter, average purchase price multiples rebounded from the second quarter to match the first quarter and come in line with all of 2022. The increase in purchase price shows that there are still high-quality and strategic opportunities in the M&A market.



An award-winning team:



Pictured left to right: Mike Erwin, Michael Schroeder, Ron Burgers, Jake Mende, Ann Hanna, Andrew Sannes, Tyler Carlson, Nick Mydlach, Jacob Meehan, Mary Nicole Myles, Corey Vanderpoel and Tom Venner. Not pictured: Hayden Wage, Jon Moreau, Tammy Halfmann, Travis Kalmuck, Jerry Pines and Zach Zarr.

National Clients. Global Results.

Full-service investment banking services:

- Company sales and corporate divestitures
- Recapitalizations
- Acquisitions
- Debt placement
- Management buyouts
- Exit planning
- Business valuations (market value)

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