



### MARKET SUMMARY

- Valuations on deals completed in 3Q 2022 averaged 8.1x TTM Adjusted EBITDA, compared to 7.4x for all of 2021; we believe the spike is somewhat overstated by a preponderance of non-buyout transactions (e.g., growth capital), buyout-only multiples YTD were 7.5x in 2022, compared to 7.4x in 2021.
- The two industries showing the highest EBITDA multiples through 3Q 2022 were media & telecom and technology at 9.1x and 9.0x, respectively. EBITDA multiples for all manufacturing companies averaged 7.4x year to date, up slightly from an average of 7.2x for all of 2021.
- Three noteworthy factors that contributed to premium pricing - ownership by a PE group or other institution, as opposed to individual/family ownership, prior to sale; above-average financial characteristics; and provision of a management solution post-sale.
- Buyers have continued to reward businesses with premiums for above-average financials (TTM revenue growth and EBITDA margins above 10% or one above 12% and the other 8%). Buyouts for businesses with above-average financials averaged 7.8x vs. 6.7x for all others.
- For larger transactions valued between \$250 million and \$500 million, the average EBITDA multiple was 10.1x in 3Q 2022.
- While valuations surged in 3Q - reflecting a flurry of activity ahead of uncertain economic conditions - leverage multiples retreated slightly. Total debt averaged 3.7x for the quarter, compared to 3.9x in 1H 2022.
- Buyers addressed the shortfall by upping the amount of equity contributed to deals; average equity contribution across buyout transactions was 57% YTD, an increase from 54.5% in 2021.

### WHAT'S NEW AT TAUREAU GROUP

- **October** – Completed the sale of WEM Automation, LLC to Valstone Corporation, Inc.
- **October** – Engaged by precision metal manufacturer for consideration of potential sale.
- **October** – Taureau Group's client, Farwest Corrosion Control Company, Inc., received a strategic growth investment from IMB Partners.
- **November** – Engaged by aerospace contract manufacturer for consideration of potential sale.
- **November** – Taureau Group hosted the Lubar Alumni Chapter Business Success Series event at its offices in the Historic Third Ward.
- **November** – Completed the sale of The Jor-Mac Company, Inc. to The Mendota Group.
- **November** – Travis Kalmuck, Senior Analyst, welcomed a healthy baby girl to the family.
- **December** – Andrew Sannes, Managing Director & Owner, was Taureau Group's Featured Team Member. Learn more about Andrew [here](#).
- **December** – Engaged by equipment manufacturer and supplier for consideration of potential sale.
- **December** – Taureau Group published its 2022 Volume II Medical Device Industry Report.

### FEATURED INSIGHTS

- *2022 Volume II Medical Device Industry Report* - Download the report [here](#).
- *M&A Environment Remains Robust* - Read the latest M&A market insights [here](#).

### ACTIVE BROAD ACQUISITION SEARCHES

Client Type	Search Description	Revenue/EBITDA
Buy-side	Acquisitions or partnerships of automobile technology and power access firms	<\$100M revenue
Buy-side	Acquisitions of steel erectors focused on West/Northwest U.S. market	<\$40M revenue
ESOP	Acquisitions of highly engineered industrial equipment manufacturers	\$10 - \$30M revenue

### MARKET STATISTICS

#### Total Enterprise Value (TEV)/EBITDA

TEV	'03-17	'18	'19	'20	'21	YTD'22	Total
10-25	5.7	6.0	6.1	5.9	6.1	6.6	5.9
25-50	6.4	6.9	7.0	6.7	7.2	7.1	6.6
50-100	7.3	8.9	7.5	8.0	8.4	8.8	7.7
100-250	8.0	8.8	9.2	8.7	9.3	9.7	8.5
<b>Total</b>	<b>6.5</b>	<b>7.2</b>	<b>7.1</b>	<b>7.0</b>	<b>7.4</b>	<b>7.7</b>	<b>6.8</b>

#### TEV/EBITDA—By industry category

Industry	'03-17	'18	'19	'20	'21	YTD'22	Total
Manufacturing	6.1	6.8	6.5	6.7	7.2	7.4	6.4
Business services	6.5	7.1	7.2	7.1	7.3	7.6	6.9
Health care services	7.3	7.8	8.0	7.6	8.0	8.6	7.6
Retail	6.7	8.1	9.3	6.5	8.6	8.0	7.1
Distribution	6.5	6.9	7.0	7.5	7.3	7.3	6.8
Media & Telecom	7.4	7.8	9.4	8.3	6.3	9.1	7.6
Technology	8.2	9.6	10.0	7.6	10.3	9.0	8.6
Other	6.2	7.2	6.5	6.2	7.4	7.7	6.4

#### Senior Debt/EBITDA—Splits by period

TEV	Q420	Q121	Q221	Q321	Q421	Q122	Q222	Q322
10-25	3.0	1.2	2.8	2.3	3.5	3.0	2.5	3.2
25-50	2.9	3.3	2.5	3.5	2.9	3.5	2.6	3.1
50-100	2.9	3.2	3.0	3.1	3.2	3.5	4.0	2.9
100-250	4.0	4.2	3.5	3.7	3.5	2.8	3.7	5.1
<b>Total</b>	<b>3.1</b>	<b>3.8</b>	<b>2.8</b>	<b>3.1</b>	<b>3.2</b>	<b>3.3</b>	<b>3.1</b>	<b>3.2</b>

Source: GF Data®

*Whatever direction the economy takes over the next year, it seems clear that we will look back on the third quarter of 2022 as notable for two significant effects in the private deal market - valuations hit their peak and successive interest rate increases finally began to bite.*



#### 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: Ciara Jones, Jon Moreau, Tammy Halfmann and Travis Kalmuck.

#### 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)

Securities offered through Burch & Company, Inc., member FINRA / SIPC. Burch & Company and Taureau Group, LLC are not affiliated entities. Principals of Taureau Group, LLC are registered investment banking representatives with Burch & Company. Information included from GF Data® may not be used or re-published without written permission from GF Data® or Taureau Group, LLC.