



MARKET SUMMARY

- Valuations on deals completed in 1Q 2023 averaged 8.0x TTM adjusted EBITDA, rebounding from the 6.9x average in 4Q 2022 and in line with the 8.2x average set in the third quarter.
- The two industries showing the highest EBITDA multiples through 1Q 2023 were health care services and business services at 9.5x and 9.0x, respectively. EBITDA multiples for all manufacturing companies averaged 7.0x through 1Q 2023, compared to the 7.3x average for 2022.
- The spread in valuation between deals completed in the \$10-\$100M TEV range and those completed at \$100-\$500M in 1Q 2023 was 3.4x, up from the 2.4x difference for 2022.
- Add-ons accounted for 23% of transactions completed in 1Q 2023, well below the 34% average for 2022. The average purchase price for add-ons in 1Q 2023 was 7.5x versus 8.0x for platforms.
- The average purchase price of transactions valued between \$100M and \$250M was up nearly a full turn of EBITDA at 10.0x compared to an average 9.1x for 2022.
- The first quarter saw significant upward pressure on debt pricing, with average senior debt reaching 8.1% - nearly 1.5 percentage points higher than the prior quarter.
- Average equity contribution on platform deals reached 59.7%, while average senior debt contribution dropped to 29.6% (compared to 56% and 32.4% in 2022).

WHAT'S NEW AT TAUREAU GROUP

- **April** – Taureau Group proudly sponsored BizTimes Media 2023 M&A Forum - Navigating the Road Ahead, presenting to over 300 attendees.
- **April** – Engaged by residential and commercial mechanical contractor for consideration of potential sale.
- **April** – Completed the sale of American Prosthetic Components, LLC, a portfolio company of Beverly Capital, to ARCH Medical Solutions Corp.
- **April** – Taureau Group participated as a Gold Sponsor at Manufacturing Matters.
- **May** – Michael Schroeder, Director & Owner, welcomed a healthy baby girl to the family.
- **May** – Tom Venner, Vice President, welcomed a healthy baby boy to the family.
- **June** – Taureau Group published its 2023 Volume I Packaging & Printing Industry Report.
- **June** – Ann Hanna is recognized by BizTimes Media as a Notable Nonprofit Board Leader.
- **June** – Completed the sale of Managed Packaging Systems, Inc., a portfolio company of Kinsale Capital Partners, LLC, to NASSCO, Inc.
- **June** – Completed the sale of Formrite Companies, Inc. to G3 Industries, Inc.

FEATURED INSIGHTS

- *2023 Volume I Printing & Packaging Industry Report* - Download the report [here](#).
- *Industrial Manufacturing Is Still Attractive to Buyers* - Read the article [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
ESOP	Acquisitions of highly engineered industrial equipment manufacturers	\$10 - \$30M revenue
Buy-side	Acquisitions of residential garage door services firms in Midwest U.S.	\$1M+ revenue
Buy-side	Acquisitions of residential exterior repair & restoration firms in Southeast U.S.	\$5M+ revenue
Buy-side	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

MARKET STATISTICS

Total Enterprise Value (TEV)/EBITDA

TEV	'03-18	'19	'20	'21	'22	YTD '23	Total
10-25	6.0	6.1	5.9	6.1	6.5	6.5	5.9
25-50	6.9	7.0	6.7	7.2	7.1	7.7	6.7
50-100	8.9	7.5	8.0	8.3	8.5	8.1	7.7
100-250	8.8	9.2	8.7	9.3	9.1	10.0	8.5
Total	7.3	7.1	7.0	7.6	7.6	8.0	6.8

TEV/EBITDA—By industry category

Industry	'03-18	'19	'20	'21	'22	YTD '23	Total
Manufacturing	6.8	6.5	6.7	7.1	7.3	7.0	6.4
Business services	7.1	7.2	7.1	7.3	7.4	9.0	6.9
Health care services	7.8	8.0	7.6	8.1	8.4	9.5	7.6
Retail	8.1	9.3	6.5	8.3	8.0	5.7	7.1
Distribution	6.9	7.0	7.5	7.2	7.2	6.5	6.8
Media & Telecom	7.8	9.4	8.3	6.3	9.1	NA	7.6
Technology	9.6	10.0	7.6	10.3	8.1	7.8	8.5
Other	7.2	6.5	6.2	7.3	6.7	9.6	6.4

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

TEV	Q221	Q321	Q421	Q122	Q222	Q322	Q422	Q123
10-25	1.9	2.0	2.0	1.8	1.8	2.1	1.7	2.1
25-50	2.1	2.2	2.3	2.5	2.2	2.4	2.3	2.2
50-100	3.0	3.1	2.9	3.1	3.2	2.7	2.7	2.3
100-250	3.5	3.7	3.5	2.9	3.6	4.0	3.0	3.1
Total	2.6	2.6	2.6	2.6	2.7	2.7	2.3	2.4

Source: GF Data®

2023 got off to an aggressive start in terms of valuations. However, deal flow remains constrained and there's a notable gap between prices paid for top performers and everyone else. Private equity groups paid up at the start of the year as purchase-price multiples rebounded in spite of increasing cost of capital and challenges in the banking sector.



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, Travis Kalmuck and Jerry Pines.

National Clients. Global Results.

Full-service investment banking services:

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

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