



MARKET SUMMARY

- Valuations on deals completed in 4Q 2022 averaged 6.8x TTM adjusted EBITDA, down from 7.7x in the first nine months of 2022; we believe factors included increased macro-economic uncertainty, a pullback in cash flow-based debt, and increased borrowing charges.
- The two industries showing the highest EBITDA multiples through 4Q 2022 were media & telecom and health care services at 9.1x and 8.4x, respectively. EBITDA multiples for all manufacturing companies averaged 7.4x through 4Q 2022, up slightly from an average of 7.2x for 2021.
- The percentage of completed buyout transactions at premium pricing increased to 54 percent in 2021 and 71 percent in the first nine months of 2022. This figure declined to 68 percent for the 2022 calendar year.
- Add-ons accounted for 34% of transactions at year-end 2022, up slightly from 33% in the first three quarters, and on par with the 34% average for 2021. The average purchase price for add-ons in 2022 was 6.9x.
- For larger transactions valued between \$250 million and \$500 million, the average EBITDA multiple was 11.8x in 4Q 2022.
- Average total debt multiples increased two-tenths of a turn from 3Q 2022; we believe this was a result of a handful of small and mid-sized deals relying more heavily on mezzanine financing.
- Subordinated debt accounted for 11.5% of average capital structure on platform deals in 2022, up from 9.7% and 10.3% in 2020 and 2021, respectively, which may be another sign of a tightening market.

WHAT'S NEW AT TAUREAU GROUP

- **January** – Travis Kalmuck, one of our talented Senior Analysts, was Taureau Group's Featured Team Member. Learn more about Travis [here](#).
- **January** – Engaged by heating and cooling contractor for consideration of potential sale.
- **January** – Taureau Group published its 2023 Volume I Industrial & Contract Manufacturing Industry Report.
- **January** – Engaged by CNC machining and manufacturer for consideration of potential sale.
- **February** – Completed the recapitalization of C.I. Banker Wire & Iron Works, Inc. by an affiliate of Lincolnshire Management.
- **February** – Jerry Pines joined Taureau Group as a Senior Operating Partner providing strategic guidance and expertise based on his manufacturing and metal fabrication career.
- **March** – Taureau Group published its 2023 Volume I IT Services Industry Report.
- **March** – Announced promotions including: Tom Venner to Vice President, Jacob Meehan to Senior Associate, and Jake Mende to Associate.

FEATURED INSIGHTS

- *2023 Volume I Industrial & Contract Manufacturing Industry Report* - Download the report [here](#).
- *2023 Volume I IT Services Industry Report* - Download the report [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 basement waterproofing & foundation repair firms in Southeast U.S. market	\$1M+ revenue

MARKET STATISTICS

Total Enterprise Value (TEV)/EBITDA

TEV	'03-17	'18	'19	'20	'21	'22	Total
10-25	5.7	6.0	6.1	5.9	6.1	6.5	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	8.6	7.7
100-250	8.0	8.8	9.2	8.7	9.3	9.3	8.5
Total	6.5	7.2	7.1	7.0	7.4	7.5	6.8

TEV/EBITDA—By industry category

Industry	'03-17	'18	'19	'20	'21	'22	Total
Manufacturing	6.1	6.8	6.5	6.7	7.1	7.4	6.4
Business services	6.5	7.1	7.2	7.1	7.3	7.4	6.9
Health care services	7.3	7.8	8.0	7.6	8.0	8.4	7.5
Retail	6.7	8.1	9.3	6.5	8.6	8.0	7.1
Distribution	6.5	6.9	7.0	7.5	7.2	7.2	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	8.1	8.6
Other	6.2	7.2	6.5	6.2	7.3	6.9	6.4

Senior Debt/EBITDA—Splits by period

TEV	Q121	Q221	Q321	Q421	Q122	Q222	Q322	Q422
10-25	4.2	2.8	2.3	3.5	3.0	2.4	3.2	3.5
25-50	3.3	2.5	3.5	2.9	3.5	2.6	3.4	2.7
50-100	3.2	3.0	3.1	3.2	3.5	4.0	2.9	3.6
100-250	4.2	3.5	3.7	3.5	2.9	3.8	4.3	2.9
Total	3.8	2.8	3.1	3.2	3.2	3.1	3.2	3.2

Source: GF Data®

Valuations cooled on markedly lower year-over-year volume. Some of this is due to concern about corporate performance and macro conditions, including inflation, labor availability, persisting supply chain issues and the prospect of recession. We also note that with the conclusion of the fourth quarter came the end of the COVID investing boom.



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.

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