



MARKET SUMMARY

- Valuations averaged 7.3x, matching the mark for all of 2021, but down two-tenths of a turn from the 7.5x average recorded in Q3 and Q4.
- Senior and total debt for the quarter averaged 3.2x and 3.9x, respectively, down from 3.3x and 4.0x, respectively, against the 2021 figures. If this trend continues, we will look back on these figures as early evidence that rising interest rates have begun to outweigh the volume of dry powder to impact private equity backed transactions.
- The two industries showing the highest EBITDA multiples during Q1 2022 were technology and health care services at 7.8x. EBITDA multiples for all manufacturing companies averaged 7.4x, which is above historical averages.
- While down in total number of deals reported, Q1 2022 continued a trend of an unusually high percentage of deals meeting the standards for “above-average” financial performance underlying the calculation of a “quality premium”.
- Platform buyouts averaged slightly lower EBITDA multiples than add-ons through Q1 2022, 7.1x compared to 7.5x, respectively.

WHAT'S NEW AT TAUREAU GROUP

- **March** – Engaged by industrial machinery company for consideration of potential sale.
- **March** – Taureau Group proudly sponsored BizTimes Media 2022 M&A Forum - The M&A Boom: Are We Nearing the End?
- **April** – Nick Mydlach welcomed a healthy baby girl to the family.
- **April** – Taureau Group participated as a Gold Sponsor at Manufacturing Matters!.
- **April** – Ann Hanna is voted onto Third Ward Association Board.
- **May** – Completed the acquisition of Universal Separators, Inc. dba SmartSkim for Sentry Equipment Corp.
- **May** – Completed sale of infrastructure product manufacturer.
- **May** – Taureau Group hosted the ACG Wisconsin Women's Networking event.
- **May** – Ciara Jones graduated from Marquette University with a B.S. in Finance.
- **June** – Engaged by niche metal manufacturer for consideration of potential sale.
- **June** – Ann Hanna is appointed as an independent board member at Penrod, Inc.

FEATURED INSIGHTS

- *2022 Volume 1 Information Technology Services* - Download the industry report [here](#).
- *We Know Metal Fabrication* - Download the article [here](#).

ACTIVE BROAD ACQUISITION SEARCHES

Client Type	Search Description	Revenue/EBITDA
ESOP	New platforms in variety of niche manufacturing & business service industries	>\$2M EBITDA, TEV >\$10M
ESOP	Acquisitions of highly engineered industrial product manufacturers	<\$20M revenue
Buy-side	Acquisitions or partnerships of automobile technology and power access firms	<\$100M revenue
ESOP	Metal fabricators with manufacturing facilities in Southeast U.S.	\$5 - \$50M revenue
Buy-side	Acquisitions of steel erectors focused on Southeast 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	5.9	6.1	5.9	6.1	6.6	5.8
25-50	6.4	6.9	6.9	6.8	7.0	6.9	6.5
50-100	7.1	8.8	7.5	8.0	8.3	8.5	7.5
100-250	7.9	8.7	9.3	8.6	9.0	9.3	8.3
Total	6.4	7.2	7.0	7.0	7.3	7.3	6.7

TEV/EBITDA—By industry category

Industry	'03-17	'18	'19	'20	'21	YTD'22	Total
Manufacturing	6.1	6.9	6.5	6.7	7.1	7.4	6.3
Business services	6.5	7.1	7.1	7.0	7.3	7.0	6.7
Health care services	7.2	7.8	8.4	7.8	8.0	7.8	7.5
Retail	6.7	7.5	9.3	6.9	8.0	7.7	7.0
Distribution	6.5	6.9	7.0	7.5	7.3	7.1	6.7
Media & Telecom	7.4	7.8	7.0	8.3	6.3	NA	7.4
Technology	7.8	9.6	10.0	7.6	9.4	7.8	8.2
Other	6.1	7.0	6.5	6.2	6.5	7.4	6.3

Senior Debt/EBITDA—Splits by period

TEV	Q220	Q320	Q420	Q121	Q221	Q321	Q421	Q122
10-25	4.0	2.7	3.0	4.3	2.9	2.3	3.7	2.6
25-50	2.2	2.6	2.9	3.3	2.5	3.5	3.0	3.8
50-100	2.2	2.6	2.9	3.2	2.9	3.1	3.2	3.7
100-250	2.6	3.2	4.0	3.7	3.5	3.7	3.5	2.7
Total	2.7	2.7	3.1	3.7	2.8	3.1	3.3	3.2

Source: GF Data®

The big story for the first quarter wasn't about what buyers were paying, but rather what deals were getting done in the early months of 2022. While valuations held steady, a host of complicating factors has arisen, including Russia's war in Ukraine, a surge in commodities prices, a significant interest rate increase and ongoing supply-chain issues, that are likely to continue to impact the deal environment over the next few quarters.



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 and Tammy Halfmann.

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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