



### MARKET SUMMARY

- Valuations on deals completed in 2Q 2023 averaged 6.4x TTM adjusted EBITDA, a drop of 1.3x compared to 1Q 2023 valuations.
- The three industries showing the highest EBITDA multiples through 2Q 2023 were health care services at 8.7x and technology and business services at 7.8x, respectively. EBITDA multiples for all manufacturing companies averaged 6.4x through 2Q 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 the first half of the year was 3.2x, up from the 2.4x recorded for 2022, and well above the historic average of 2.7x.
- Add-ons accounted for 49% of transactions completed in the first half of 2023, well above the 23% of transactions completed in 1Q 2023, as well as the 34% average for 2022. The average purchase price for add-ons was about a turn less than platform investments at 6.5x versus 7.4x, respectively.
- The average purchase price of transactions valued between \$100M and \$250M was down by 1.5x of EBITDA at 8.5x compared to 10.0x in 1Q 2023.
- The second quarter continued to see significant upward pressure on senior debt pricing, with average senior debt reaching 9.5% in 2Q 2023 - surging 50 basis points over the prior quarter.
- A strikingly low deal count was reported in 2Q 2023 - if annualized it would mark the lowest deal volume tracked in more than five years.

### WHAT'S NEW AT TAUREAU GROUP

- **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.
- **June** – Completed the recapitalization of Mixer Systems, Inc. to an affiliate of Bel Air Growth Partners.
- **July** – Taureau Group is named one of Milwaukee's Best Places to Work by the Milwaukee Business Journal for the third consecutive year.
- **July** – Taureau Group is named a Best and Brightest Company to Work For in Milwaukee by the National Association for Business Resources (NABR).
- **August** – Completed the sale of the subsidiaries of Material Handling Holdings, LLC, a portfolio company of Borgman Capital, LLC, to Ballymore Company, Inc., a portfolio company of Graycliff Partners LP.
- **August** – Hayden Wage, one of our talented Analysts, was Taureau Group's Featured Team Member. Learn more about Hayden [here](#).
- **August** – Taureau Group published its 2023 Volume I Medical Device Industry Report.
- **August** – Members of our team attended Milwaukee Business Journal's awards luncheon celebrating being named one of Milwaukee's Best Places to Work.
- **September** – Taureau Group published its 2023 Volume II IT Services Industry Report.

### FEATURED INSIGHTS

- 2023 Volume I Medical Device Industry Report - Download the report [here](#).
- 2023 Volume II IT Services Industry Report - Download the report [here](#).

### ACTIVE BROAD ACQUISITION SEARCHES

Client Type	Search Description	Revenue/EBITDA
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	5.8	6.1	5.9	6.1	6.5	5.7	5.9
25-50	6.5	7.0	6.7	7.2	7.1	7.1	6.7
50-100	7.5	7.5	8.0	8.3	8.5	7.7	7.7
100-250	8.1	9.2	8.7	9.3	9.1	9.6	8.5
Total	6.6	7.1	7.0	7.6	7.6	7.2	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	6.4	6.4
Business services	6.6	7.2	7.1	7.3	7.5	7.8	6.9
Health care services	7.4	8.0	7.6	8.1	8.4	8.7	7.6
Retail	6.9	9.3	6.5	8.3	8.0	5.7	7.1
Distribution	6.5	7.0	7.5	7.2	7.2	6.5	6.8
Media & Telecom	7.4	9.4	8.3	6.3	9.1	NA	7.6
Technology	8.3	10.0	7.6	10.3	8.1	7.8	8.5
Other	6.3	6.5	6.2	7.3	6.7	7.0	6.4

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

TEV	Q321	Q421	Q122	Q222	Q322	Q422	Q123	Q223
10-25	2.0	2.0	1.8	1.8	2.1	1.7	1.9	1.9
25-50	2.2	2.3	2.5	2.2	2.4	2.3	2.2	1.5
50-100	3.1	2.9	3.1	3.6	2.7	2.6	2.3	2.2
100-250	3.7	3.5	2.9	3.6	4.0	3.0	3.1	3.3
Total	2.6	2.6	2.6	2.7	2.7	2.3	2.3	2.3

Source: GF Data®

Following a first quarter that saw highs and lows (purchase-price multiples and deal volume, respectively), deal volume declined in the second quarter marked by high interest rates and post-pandemic challenges. Average purchase price multiples also dropped markedly across all deal sizes - one symptom of the challenges facing mid-market M&A.



### 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 and Jerry Pines.

### 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)