



MARKET SUMMARY

- Q4 2017 averaged 8.1x TTM Adjusted EBITDA, which surpassed the previous record of 7.5x set in Q3 2017.
- The two industries realizing the highest EBITDA multiples for 2017 were technology and media & telecom at 10.2x and 8.2x, respectively. EBITDA multiples for all manufacturing companies averaged 6.9x, which is 0.8x above historical averages.
- On average, larger buyouts command a higher EBITDA multiple compared to smaller buyouts. The spread on size premiums for larger-sized deals between \$50 million and \$250 million compared to deals between \$10 million to \$50 million was 2.0x for 2017 and slightly above the average historical level of 1.9x.
- Platform buyouts had a larger average EBITDA multiple than add-ons for 2017, 7.4x to 7.0x, respectively.
- Buyers 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%) for 2017. Buyouts for businesses with above-average financials averaged 7.8x versus 6.5x for all others, which is a premium of 20% and is in line with 2016 and 10% above historical levels.
- Senior debt/EBITDA multiples across all industries remained at the elevated levels established earlier in 2017 and in Q4 2017 were 3.5x.
- Because of the uptick in valuations, buyers are also required to contribute more equity into a deal. In Q4 2017 buyers on average contributed 47.1% equity to transactions.

WHAT'S NEW AT TAUREAU GROUP

- **November** – Engaged by a pharmaceutical products company to advise on a potential sale
- **January** – Tyler Carlson and Michael Schroeder promoted as vice presidents
- **January** – Engaged by a waste management company to advise on a potential sale
- **January** – Engaged by a construction products company to advise on a potential sale
- **February** – Tom Venner joined Taureau Group as an analyst
- **February** – Completed investment and recapitalization of a marine chemical company
- **February** – Continue to seek add-on acquisition opportunities for buy-side clients in the plastics manufacturing and niche technology industries

FEATURED ARTICLES

- *Avoiding common pitfalls of the deal.* Go to: taureaugroup.com/pitfalls
- *Structuring for a smooth business transactions.* Go to: taureaugroup.com/smooth

MARKET STATISTICS

Total Enterprise Value (TEV)/EBITDA

TEV	'03-12	'13	'14	'15	'16	'17	Total
10-25	5.5	5.8	5.5	5.8	5.9	6.4	5.6
25-50	6.1	6.8	6.4	6.6	6.5	6.7	6.3
50-100	6.7	6.6	7.5	7.8	7.3	8.3	7.0
100-250	7.2	7.1	7.5	9.0	9.0	9.2	7.9
Total	6.0	6.4	6.4	6.7	6.8	7.4	6.3

TEV/EBITDA—By industry category

Industry	'03-12	'13	'14	'15	'16	'17	Total
Manufacturing	5.9	5.9	6.1	6.6	6.2	6.9	6.1
Business services	6.0	6.5	6.1	6.3	7.3	7.5	6.3
Health care services	6.8	7.2	7.2	7.8	7.6	8.1	7.1
Retail	6.3	7.4	6.0	5.5	7.1	7.6	6.5
Distribution	6.0	6.5	7.1	6.7	7.4	7.6	6.4
Media & telecom	7.3	5.5	NA	6.4	6.7	8.2	7.2
Technology	6.3	9.5	7.7	8.0	7.4	10.2	7.5
Other	5.8	6.0	6.4	5.6	7.1	6.6	6.0

Senior Debt/EBITDA—Splits by period

TEV	Q116	Q216	Q316	Q416	Q117	Q217	Q317	Q417
10-25	2.5	2.7	2.7	2.7	3.3	2.7	4.5	4.0
25-50	2.7	3.1	2.9	2.3	2.8	3.2	2.7	3.0
50-100	2.8	4.0	2.8	2.9	2.9	4.6	3.0	3.9
100-250	3.4	3.5	4.7	3.5	3.7	3.8	4.2	3.5
Total	2.8	3.3	3.2	2.8	3.1	3.6	3.7	3.5

Source: GF Data®

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M&A Forum on Wednesday, March 21
at the Pfister Hotel in Milwaukee.
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Full-service investment banking services:

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