



MARKET SUMMARY

- Q1 2018 averaged 6.9x TEV/EBITDA, a notable decline from 8.0x in Q4 2017.
- The two industries showing the highest EBITDA multiples during Q1 2018 were retail and technology at 10.6x and 9.7x, respectively. EBITDA multiples for all manufacturing companies averaged 7.1x, which is 1.0x above historical averages.
- 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 3.4x during Q1 2018, which is significantly above the average historical level of 2.1x.
- Buyers continued to reward businesses having above-average financials (TTM revenue growth and EBITDA margins above 10%, or one above 12% and the other 8%) during Q1 2018. These businesses averaged 7.4x versus 6.1x for all others, which is a premium of 21%.
- Senior debt/EBITDA multiples across all industries remained at the elevated levels established earlier in 2017 and in Q1 2018 were 3.4x.
- Average equity contributions fell to 41.9% during Q1 2018, a decline from 44.2% in 2017, due to pressure on private equity target returns.

WHAT'S NEW AT TAUREAU GROUP

- **March** – Completed valuation assessment for a company in the fabricated metal industry through partnership with WMEP
- **March** – Presented to attendees at Manufacturing Matters! 2018; Sponsored and presented to attendees at the BizTimes M&A Forum
- **April** – Completed valuation assessment for a company in the plastics manufacturing industry through partnership with WMEP
- **April** – Advised OwnersEdge, Inc., on acquisition of Qcomp Technologies, Inc.
- **May** – Engaged to advise a printing and packaging company on potential sale
- **May** – Engaged by an industrial coating company to advise on potential sale
- **May** – Continue to seek add-on acquisition opportunities for buy-side clients in the plastics manufacturing and niche technology industries
- **May** – Completed the sale of Bradshaw Medical Inc. to In'Tech Medical S.A.S., a portfolio company of Eurazeo PME
- **May** – Engaged by buy-side client to consider acquisition of chemical engineering company
- **May** – Completed valuation assessment for a company in the agriculture manufacturing industry through partnership with WMEP

FEATURED ARTICLES

- *Deciphering M&A jargon.* Go to: taureaugroup.com/glossary
- *Scrutinize add-backs before selling your company.* Go to: taureaugroup.com/addbacks
- *Understanding net working capital basics.* Go to: taureaugroup.com/nwc

MARKET STATISTICS

Total Enterprise Value (TEV)/EBITDA

TEV	'03-13	'14	'15	'16	'17	YTD'18	Total
10-25	5.5	5.5	5.8	5.8	6.4	5.7	5.6
25-50	6.1	6.4	6.6	6.4	6.6	6.7	6.3
50-100	6.7	7.5	7.8	7.3	8.3	9.2	7.0
100-250	7.2	7.5	9.0	8.9	9.2	8.6	7.9
Total	6.1	6.4	6.7	6.8	7.4	6.9	6.3

TEV/EBITDA—By industry category

Industry	'03-13	'14	'15	'16	'17	YTD'18	Total
Manufacturing	5.9	6.1	6.6	6.1	6.9	7.1	6.1
Business services	6.1	6.1	6.3	7.3	7.5	6.5	6.3
Health care services	6.8	7.2	7.8	7.6	8.1	6.6	7.1
Retail	6.4	6.0	5.5	7.1	7.6	10.6	6.6
Distribution	6.0	7.1	6.7	7.5	7.6	7.5	6.4
Media & telecom	7.2	NA	6.4	6.7	8.2	5.0	7.1
Technology	6.6	7.7	8.0	7.4	10.2	9.7	7.6
Other	5.8	6.4	5.6	7.0	6.6	5.7	6.0

Senior Debt/EBITDA—Splits by period

TEV	Q216	Q316	Q416	Q117	Q217	Q317	Q417	Q118
10-25	2.7	2.7	3.1	3.3	2.7	4.5	4.0	2.9
25-50	3.1	2.9	2.3	2.8	3.2	2.7	2.9	3.4
50-100	4.0	2.8	3.0	2.9	4.6	3.0	3.9	4.2
100-250	3.5	4.4	3.5	3.7	3.8	4.2	3.5	3.7
Total	3.3	3.2	2.9	3.1	3.6	3.7	3.5	3.4

Source: GF Data®

Save the date for our co-sponsored annual M&A Forum, Fact or Fiction, taking the mystery out of M&A, to be held on October 16 at the Best Western Premier Bridgewood Resort Hotel & Conference Center in Neenah.

Full-service investment banking services:

- Company sales and corporate divestitures
- Acquisitions
- Recapitalizations
- Management buyouts
- Exit planning
- Business valuations (market value)
- Specialty financing

Talk to one of our Taureau Group professionals:

ANN HANNA, MANAGING DIRECTOR
414.465.5537 | ah@taureaugroup.com

TYLER CARLSON, VICE PRESIDENT
414.465.5641 | tc@taureaugroup.com

BROCK CHILDERS, ANALYST
414.465.5622 | bc@taureaugroup.com

TAMMY HALFMANN, EXECUTIVE ADMIN
414.465.5625 | th@taureaugroup.com

COREY VANDERPOEL, MANAGING DIRECTOR
414.465.5607 | cv@taureaugroup.com

MICHAEL SCHROEDER, VICE PRESIDENT
414.465.5507 | ms@taureaugroup.com

TOM VENNER, ANALYST
414.465.5623 | tv@taureaugroup.com

Securities offered through Burch & Company, Inc., member FINRA / SIPC. Burch & Company and Taureau Group, LLC are not affiliated entities. Ann Hanna and Corey Vanderpoel of Taureau Group, LLC are registered investment banking representatives with Burch & Company. Information included from GF Data® may not be used or re-published without written permission from GF Data® or Taureau Group, LLC.