



MARKET SUMMARY

- Q2 2017 averaged 7.4x TTM Adjusted EBITDA, which was a record high over the last 15 years of data collected by GF Data®.
- The two highest EBITDA multiple industries for YTD 2017 were technology and health care services at 9.0x and 7.5x, respectively. EBITDA multiples for all manufacturing companies averaged 6.6x, which is 0.6x 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 1.8x for YTD 2017 and above the average historical level of 1.6x.
- Platform buyouts had a larger average EBITDA multiple than add-ons for YTD 2017, 7.1x to 6.4x, respectively.
- Buyers continued to reward business with premiums for above-average financials (TTM revenue growth and EBITDA margins above 10%, or one above 12% and the other 8%) for YTD 2017. These companies averaged 7.8x versus 5.9x for all others, which is a record premium of 33% and more than triple the historical spread of 8%.
- Senior debt/EBITDA multiples across all industries continued to rise over the last two quarters and in Q2 2017 were 3.5x.

WHAT'S NEW AT TAUREAU GROUP

- **June** – Completed management buyout of Midwest meat processor
- **June** – Advised on valuation of an identification product manufacturer
- **June** – Engaged by equipment manufacturer to advise on acquisition
- **July** – Completed the sale of NEXT Electric LLC to IES Holdings, Inc.
- **July** – Completed the sale of a packaging printer finisher to S. Walter Packaging, Inc., a portfolio company of Larsen MacColl Partners
- **July** – Hosted annual polo event for nearly 150 clients, prospects and referrals at the Milwaukee Polo Club
- **July** – Engaged by a construction products company to advise on potential sale
- **July** – Engaged to acquire minority investment in branded chemical company

UPCOMING EVENTS

Our annual **M&A Forum** will be at Lambeau Field on **Thursday, October 5**. To learn more and to register, visit taureaugroup.com/events.

MARKET STATISTICS

Total Enterprise Value (TEV)/EBITDA

TEV	'03-12	'13	'14	'15	'16	YTD'17	Total
10-25	5.6	5.9	5.6	5.8	6.0	5.8	5.7
25-50	6.2	6.8	6.6	6.6	6.5	6.6	6.3
50-100	6.8	6.8	8.4	7.8	7.3	7.6	7.1
100-250	7.3	7.5	7.8	9.0	9.0	8.7	7.8
Total	6.2	6.5	6.7	6.7	6.9	6.9	6.4

TEV/EBITDA—By industry category

Industry	'03-12	'13	'14	'15	'16	YTD'17	Total
Manufacturing	5.9	5.9	6.3	6.6	6.2	6.6	6.0
Business services	6.2	6.5	6.5	6.3	7.3	6.7	6.4
Health care services	7.0	7.5	7.8	7.8	7.6	7.5	7.2
Retail	6.5	7.4	8.5	5.6	7.5	6.9	6.7
Distribution	6.1	6.8	7.1	6.7	7.4	6.8	6.4
Media & Telecom	7.8	5.5	NA	6.4	6.7	7.3	7.4
Technology	6.6	10.0	9.1	8.0	7.4	9.0	7.6
Other	6.0	6.0	6.9	5.6	7.3	7.0	6.1

Senior Debt/EBITDA—Splits by period

TEV	Q116	Q216	Q316	Q416	Q117	Q217
10-25	2.6	2.7	3.0	2.6	3.4	2.2
25-50	2.7	3.1	2.9	2.3	2.8	3.2
50-100	2.8	4.0	2.8	2.9	3.0	4.6
100-250	3.4	3.5	4.7	3.5	3.9	4.1
Total	2.8	3.3	3.3	2.8	3.1	3.5

Source: GF Data®

An abundance of capital continues to support a strong M&A market. In addition, larger sponsors are reaching down market for tuck-ins, which is driving EBITDA multiples higher.

M&A services:

- Company sales & corporate divestitures
- Acquisition advisory services
- Management buyouts and recapitalizations
- Family transitions
- Strategy assessment (preparation for a sale)
- Business valuations (market value)
- Recapitalizations/refinancings

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