



MARKET SUMMARY

- Q2 2018 averaged 7.4x TEV/EBITDA, an increase from 6.8x during Q1 2018, but in line with multiples attained in mid-2017.
- The two industries showing the highest EBITDA multiples during Q2 2018 were technology and retail at 9.4x and 8.1x, respectively. EBITDA multiples for all manufacturing companies averaged 6.7x, 0.6x 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 YTD through Q2 2018, which is above the average historical level of 2.2x.
- Platform buyouts averaged a higher EBITDA multiple than add-ons during Q2 2018, which was 7.2x compared to 6.9x, respectively.
- 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 Q2 2018. These businesses averaged 7.7x versus 6.1x for all others, which is a premium of 26% and in line with 2017.
- Senior debt/EBITDA multiples across all industries remained at the elevated levels established earlier in 2017 and were 3.3x through the first half of 2018.
- Average equity contributions were 44.1% through Q2 2018, a slight decline from 44.6% in 2017.

WHAT'S NEW AT TAUREAU GROUP

- **June** – Engaged by an industrial manufacturer on potential sale
- **June** – Engaged by a buy-side client to consider acquisition of a machine shop
- **July** – Continue to seek add-on acquisition opportunities for buy-side clients in the plastics manufacturing and niche technology industries
- **August** – Completed the sale of a utility contractor to a substation services and equipment company
- **August** – Completed valuation assessment for a company in the machining equipment industry
- **August** – Engaged by a casting manufacturer, a home furnishing products manufacturer, and a specialty building products company to advise on consideration of potential sale
- **August** – Engaged by a wealth advisory firm to pursue acquisition opportunities
- **August** – Presented to State Bar of Wisconsin on Attorney Expertise in the M&A Process: An Investment Banking Perspective
- **August** – Completed sale of industrial coating company to private equity group
- **August** – Completed acquisition of CNR Group, LLC by Nicolet Plastics LLC, a subsidiary of [TruVenture Composites LLC](#)

FEATURED ARTICLE

- *Introduction to Capital Structuring.* Go to: taureaugroup.com/capital-structuring

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	5.9	5.6
25-50	6.1	6.4	6.6	6.4	6.6	6.6	6.3
50-100	6.7	7.6	7.8	7.3	8.2	9.1	7.1
100-250	7.2	7.5	9.0	8.9	9.2	8.5	7.9
Total	6.1	6.4	6.7	6.8	7.3	7.0	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	6.7	6.1
Business services	6.1	6.1	6.3	7.3	7.5	6.9	6.4
Health care services	6.8	7.2	7.8	7.6	8.1	7.6	7.1
Retail	6.4	6.0	5.5	7.1	7.6	8.1	6.6
Distribution	6.0	7.2	6.7	7.5	7.8	7.6	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	9.4	7.6
Other	5.8	6.6	5.6	7.0	6.5	6.2	6.0

Senior Debt/EBITDA—Splits by period

TEV	Q316	Q416	Q117	Q217	Q317	Q417	Q118	Q218
10-25	2.7	3.1	3.3	2.7	4.5	4.0	2.8	3.9
25-50	2.9	2.3	2.8	3.2	2.7	2.9	3.3	2.7
50-100	2.8	3.0	2.9	4.6	3.0	3.8	4.0	3.2
100-250	4.4	3.5	3.7	3.9	4.1	3.5	5.2	3.2
Total	3.2	2.9	3.0	3.6	3.7	3.5	3.4	3.2

Source: GF Data®

Register at taureaugroup.com/events for our annual *M&A Forum: Fact or fiction, taking the mystery out of M&A*, to be held on **October 16** at the 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.