



## MARKET SUMMARY

- Q1 2021 exhibited a dip in M&A activity following a strong quarter at the end of 2020 as the after-effects of the unprecedented global health crisis remained difficult to read; it should be noted that Q1 historically always has lower volume than the preceding Q4, a trend that has persisted since at least 2018.
- TEV/EBITDA in Q1 2021 averaged 6.8x, nearly in line with 6.9x in the previous quarter, marking the third post-COVID quarter in which aggregate pricing has been slightly below the 7.0x - 7.2x range that had characterized the market since 2017; it's worth noting that this data may be skewed by transaction mix (i.e. platforms are valued higher than add-ons on average and add-ons have accounted for a larger share of the data over the last three quarters).
- The two industries showing the highest EBITDA multiples through Q1 2021 were technology and retail, at 8.9x and 7.0x, respectively. EBITDA multiples for all manufacturing companies averaged 6.9x, which is above historical averages of 6.2x.
- On average, larger buyouts continued to receive a premium to EBITDA multiples. The spread in valuation between deals completed in the \$50-\$250 million TEV range compared to deals in the \$10-\$50 million range was 2.0x through Q1 2021, which is in line with historical averages.
- Recent data is showing an unprecedented gap between companies with above-average financials (TTM revenue growth and EBITDA margins above 10% or one above 12% and the other 8%) and those without; buyouts for businesses with above-average financials averaged 7.6x vs. 5.7x for all others, a premium of 33%, above the already elevated 27% premium in Q4 2020.
- Platform buyouts averaged higher EBITDA multiples than add-ons through Q1 2021, 6.9x compared to 6.6x, respectively, which is in line with historical averages.
- The lending market continues to rebound as senior debt levels averaged 3.7x in Q1 2021 after averaging just above 3.0x in 2020.

## WHAT'S NEW AT TAUREAU GROUP

- March** – Ann Hanna is quoted in BizTimes Milwaukee magazine's article, "Time to sell? COVID and taxes loom over an active M&A market"; read the article [here](#).
- March** – Completed the sale of a refrigerated transportation & logistics company to an affiliate of a national transportation & logistics company.
- March** – Brandon Niemiec joined Taureau Group as an Analyst.
- April** – Completed the acquisition of Communication Network Engineering, Inc. for Moore Holding Company.
- April** – Taureau Group published its Q1 Packaging Industry Report; download the report [here](#).
- May** – Jacob Meehan joined Taureau Group as an Associate.

## FEATURED ARTICLES

- Time to sell? COVID and taxes loom over an active M&A market.* - Read the article [here](#).
- Is Now the Right Time to Sell My Business?* - Read the article [here](#).

## ACTIVE BROAD ACQUISITION SEARCHES

Client Type	Search Description	Revenue/EBITDA
ESOP	Add-on opportunities for engineering or architectural firms	\$2 - \$15M revenue
Private equity	Establish new platforms of industrial & home service businesses	<\$8M EBITDA
ESOP	New platforms in variety of niche manufacturing & business service industries	>\$2M EBITDA, TEV >\$10M
ESOP	Acquisitions of highly engineered industrial product manufacturers	<\$20M revenue
Buy-side	Acquisitions or partnerships of automobile technology and power access firms	<\$100M revenue



Pictured from left to right are: Tim Greci (Analyst), Nick Mydlach (Associate), Ann Hanna (Managing Director), Tyler Carlson (Vice President), Mary Nicole Myles (Marketing & Office Manager), Tammy Halfmann (Executive Administrative Professional), Michael Schroeder (Vice President), Corey Vanderpoel (Managing Director), Tom Venner (Associate) and Andrew Sannes (Managing Director). Not pictured are Mike Erwin (Senior Operating Partner), Brandon Niemiec (Analyst) and Jacob Meehan (Associate).

## MARKET STATISTICS

### Total Enterprise Value (TEV)/EBITDA

TEV	'03-16	'17	'18	'19	'20	YTD'21	Total
10-25	5.6	6.3	5.9	6.1	5.9	6.0	5.7
25-50	6.2	6.6	6.8	6.9	6.8	6.9	6.4
50-100	6.9	8.2	8.8	7.5	8.1	7.4	7.3
100-250	7.7	9.1	8.7	9.4	8.6	7.9	8.1
Total	6.2	6.7	7.2	7.2	7.1	7.1	6.5

### TEV/EBITDA—By industry category

Industry	'03-16	'17	'18	'19	'20	YTD'21	Total
Manufacturing	6.0	6.8	6.9	6.5	6.7	6.9	6.2
Business services	6.2	7.3	7.1	7.1	7.0	6.8	6.6
Health care services	7.0	8.1	7.8	8.4	7.8	6.4	7.3
Retail	6.4	7.3	7.5	9.3	6.9	7.0	6.8
Distribution	6.3	7.6	6.9	7.0	7.6	6.3	6.6
Media & Telecom	7.0	7.7	7.8	7.0	8.3	NA	7.2
Technology	7.1	9.9	9.6	10.0	7.7	8.9	7.9
Other	5.9	6.5	7.0	6.5	6.3	7.6	6.1

### Senior Debt/EBITDA—Splits by period

TEV	Q219	Q319	Q419	Q120	Q220	Q320	Q420	Q121
10-25	3.4	2.4	3.4	2.9	4.0	2.7	3.0	4.2
25-50	2.6	3.3	2.9	3.0	2.2	2.7	2.9	3.6
50-100	2.9	3.1	3.1	3.4	2.2	2.6	2.9	3.1
100-250	5.1	3.3	3.8	4.9	2.6	3.2	4.0	3.5
Total	3.2	2.9	3.2	3.5	2.7	2.7	3.2	3.7

Source: GF Data®

*After a burst of closings in Q4 2020, M&A levels were lighter in Q1 2021, but still following the market's return to normal activity post-COVID. As confidence improves with continued progress of vaccine distribution, dry power at record lows, interest rates at near record lows, organic growth challenges persisting, and presumed capital gains tax changes, we anticipate strong deal activity through the remainder of 2021.*

## Full-service investment banking services:

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