



### MARKET SUMMARY

- Average purchase price multiples on completed deals in 2Q 2024 reached 7.4x TTM EBITDA, an increase of a half turn of EBITDA from the 1Q 2024 average.
- The industries showing the highest EBITDA multiples through 2Q 2024 were media & telecom at 7.3x and technology, distribution, health care services and business services, all at 7.2x. EBITDA multiples for all manufacturing companies averaged 6.8x through 2Q 2024, compared to the 6.5x average in 2023.
- Deals valued at less than \$100 million and deals valued above \$250 million all saw increases in average valuation; however, deals valued between \$100 million and \$250 million declined in average valuation by more than 1.5x EBITDA, possibly reflecting that higher quality businesses in this size tier remain on the sidelines.
- Add-ons accounted for 44% of deals in 2Q 2024, well above the 35% average in 2023.
- Buyout deals recorded an average purchase price of 7.0x, a significant improvement on the 6.5x average reported in 1Q 2024, but still off the 7.2x average in 2023.
- The average coupon on subordinated debt increased slightly in 2Q 2024, rising to 11.8%, compared to 11.7% in 1Q 2024.
- Senior debt pricing and average contribution across all deals improved modestly through 2Q 2024, but leverage challenges remain for the market. Total debt coverage averaged 3.7x, compared to an average of 3.6x in 2023. Average senior coupon declined in 2Q 2024, decreasing to 9.3% compared to 9.4% in 1Q 2024, and well off the 11% average in 4Q 2023, with further rate decreases expected.

*Middle market deal activity rallied in the first half of 2024, putting the year on pace to surpass both 2023's and 2022's reported deal volume. However, the big story wasn't deal flow but rather deal quality and deal type.*

### WHAT'S NEW AT TAUREAU GROUP

- **June** – Brendan Witt joined Taureau Group as an Analyst Intern.
- **June** – Taureau Group is named one of Milwaukee's Best Places to Work for the fourth consecutive year.
- **July** – Nick Mydlach, Vice President & Shareholder, welcomed a healthy baby girl to the family.
- **July** – Announced promotions including: Jacob Meehan to Vice President, Jake Mende to Senior Associate, Travis Kalmuck to Associate and Hayden Wage to Senior Analyst.
- **July** – Completed the acquisition of BirdBrain Technologies LLC for RW Thrive, the 100% employee-owned parent company of Realityworks, Inc.
- **August** – Engaged by energy analytics company for consideration of potential sale.
- **August** – Taureau Group's exterior signage is installed on the east side of the Historic Dye House in the Third Ward.
- **September** – Taureau Group published its 2024 Volume I Industrial & Contract Manufacturing Industry Report.

### FEATURED INSIGHTS

- *Specialists in Advising Production Equipment Manufacturers* - Learn more [here](#).
- *Specialists in Leading ESOPs through Acquisition Growth* - Learn more [here](#).
- *2024 Volume I Industrial & Contract Manufacturing Industry Report* - Download the report [here](#).

### ACTIVE BROAD ACQUISITION SEARCHES

Client Type	Search Description	Revenue/EBITDA
PE Platform	Industrial leak detection and repair firms in U.S. market	\$5M+ revenue
ESOP	Educational services, and CTE products and software firms	\$5 - \$20M revenue
PE Platform	CRO, CMO, and CDMO specializing in medical devices	\$5 - \$100M revenue
Private	Metal and plastic low to medium volume manufacturers	\$5 - \$30M revenue
ESOP	Wholesale building products distributors	\$5 - \$50M revenue
PE Platform	Building envelope solutions in Midwest U.S.	\$5 - \$30M revenue
Private	Fuel distribution across Midwest and Eastern U.S.	>\$5M revenue
PE Platform	Residential roofing, siding, and windows services firms	\$20M+ revenue
PE Platform	Aerospace, defense and space exploration components manufacturers	\$5M+ revenue

### MARKET STATISTICS

#### Total Enterprise Value (TEV)/EBITDA

TEV	'03-19	'20	'21	'22	'23	YTD '24	Total
10-25	5.8	5.9	6.1	6.4	6.0	6.4	5.9
25-50	6.5	6.7	7.2	7.0	7.0	6.4	6.7
50-100	7.5	8.0	8.3	8.5	8.0	8.7	7.7
100-250	8.2	8.7	9.3	9.1	9.6	8.3	8.5
Total	6.6	7.0	7.6	7.5	7.2	7.1	6.9

#### TEV/EBITDA—By industry (\$10-\$250M TEV)

Industry	'03-19	'20	'21	'22	'23	YTD '24	Total
Manufacturing	6.2	6.7	7.1	7.3	6.5	6.8	6.4
Business services	6.7	7.1	7.3	7.4	7.2	7.2	6.9
Health care services	7.4	7.6	8.1	8.4	8.9	7.2	7.6
Retail	7.0	6.5	8.3	8.0	6.0	6.4	7.1
Distribution	6.6	7.5	7.2	7.2	7.1	7.2	6.8
Media & Telecom	7.6	8.3	7.0	9.1	7.8	7.3	7.6
Technology	8.5	7.6	10.3	8.1	10.2	7.2	8.6
Other	6.3	6.2	7.3	6.7	6.9	6.4	6.4

#### Senior Debt/EBITDA—Splits by period (platforms only)

TEV	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24
10-25	2.1	1.9	1.9	2.2	1.1	2.2	2.3	1.8
25-50	2.4	2.2	2.2	1.5	2.9	1.4	2.0	1.9
50-100	2.7	2.6	2.4	2.2	2.5	2.1	2.4	3.1
100-250	4.0	2.7	3.0	3.3	3.5	3.3	3.0	2.8
Total	2.7	2.3	2.4	2.3	2.7	2.2	2.2	2.3

Source: GF Data®

### Full-service investment banking services

- Company Sales
- Corporate Divestitures
- Recapitalizations
- Acquisitions
- Debt Placement
- Management Buyouts
- Exit Planning
- Business Valuations

### An award-winning team



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