Equity multiples average an all-time high 7.1x on middle market LBO deals this year

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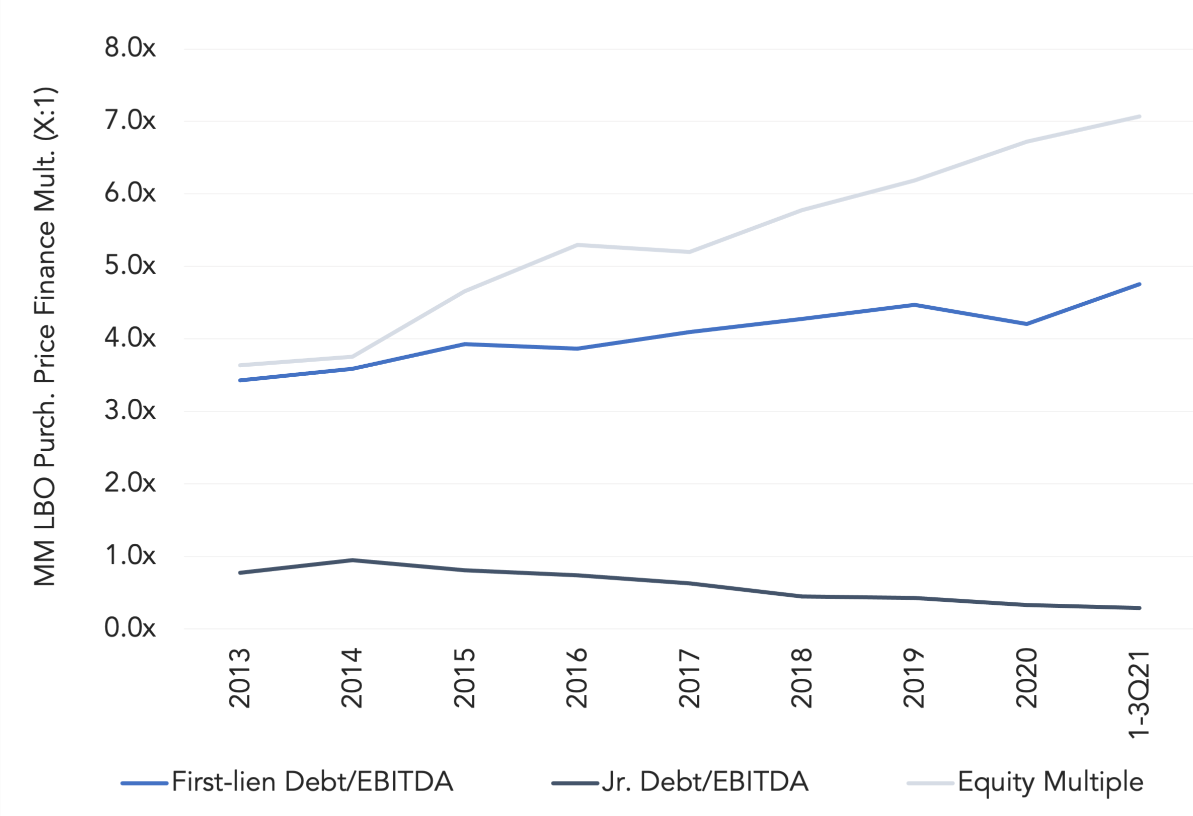

US middle market LBO purchase price multiples have continued to move higher this year. Through the first nine months of the year, the average middle market LBO purchase price multiple was 12.1x, an all-time high, and 8% above last year's previous record of 11.3x. Middle market company performance has been strong, keeping valuations at elevated levels.

With large amounts of dry powder to put to work, intense competition among private equity shops is driving up enterprise values. To make the math work, PE sponsors have been writing bigger checks. The average share of equity contributed on middle market LBO deals averaged 7.1x during 1-3Q21, the highest on record and 5% higher than last year. The 7.1x equity multiple average is double 2013's 3.6x average, the inaugural year for capturing the data in this market.

Debt multiples have also increased in recent years, although not as dramatically. The first-lien leverage multiple averaged 4.8x during 1-3Q21, the highest on record and 6% higher than 2019's previous record of 4.5x.

(Past performance is no guarantee of future results.)