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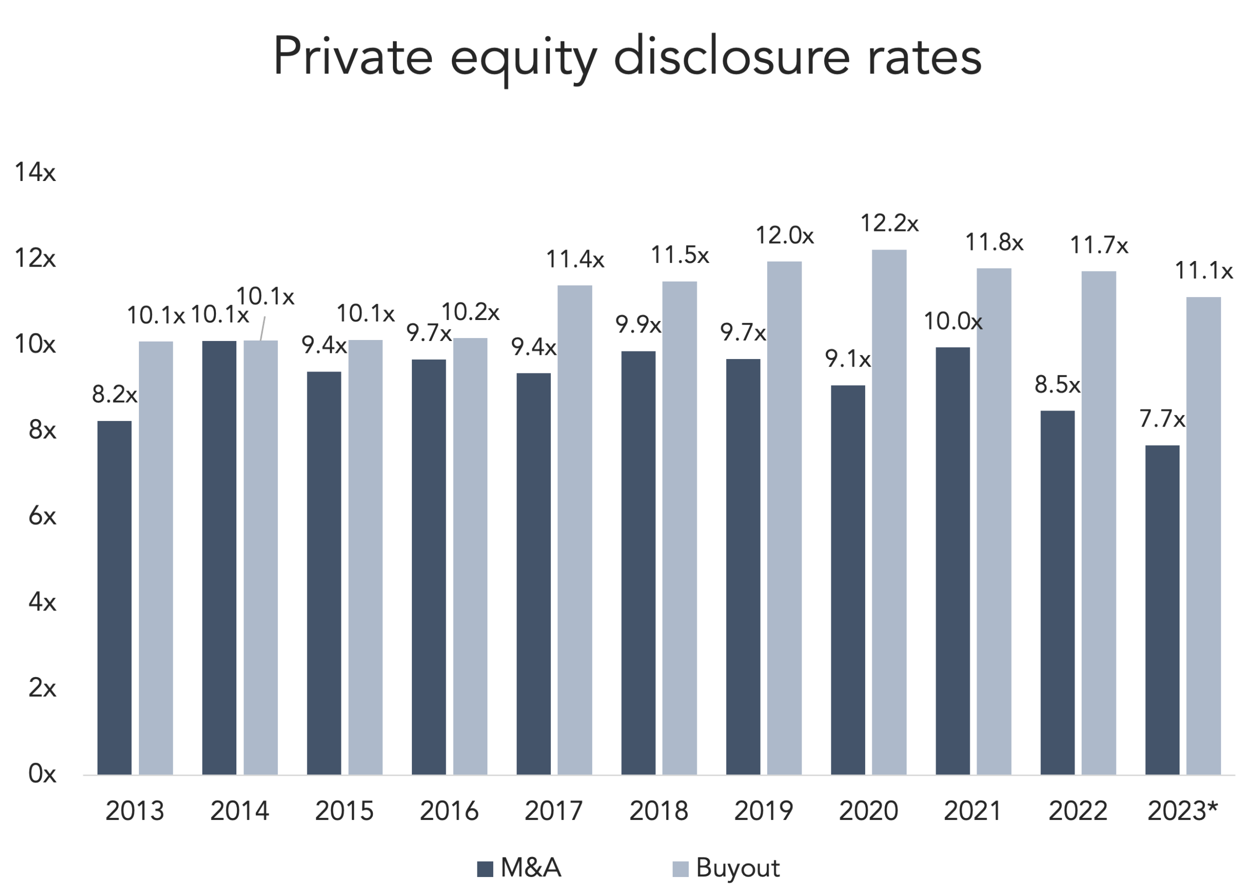
Corporate M&A multiples have eased

PitchBook | May 4, 2023



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Corporate M&A multiples have eased to decade lows, according to PitchBook's Q1 2023 Global M&A Report. Last year's multiple settled at 8.5x, down from 10x in 2021. A quarter into 2023, multiples continue to drop, now down to 7.7x. It's only three months' worth of data, but 7.7x is the lowest level since 2013. 8.5x was too, for that matter. Buyout multiples, meanwhile, are also declining but not as swiftly. The Q1 median came in at 11.1x, a half-turn lower than the 11.7x registered in 2022. The median purchase price multiple has been treading water above 11x since 2017, though that might finally change this year.

Lower valuations for both financial and corporate buyers have helped prop up deal activity, or at least kept deal activity from sliding even lower. Quarterly M&A deal flow is in line with pre-COVID activity which, at the time, was heralded as healthy. It is reflective, though, that today's deal flow stacks up with pre-COVID levels while EV/EBITDA multiples are much lower than they were pre-COVID.

(Past performance is no guarantee of future results.)