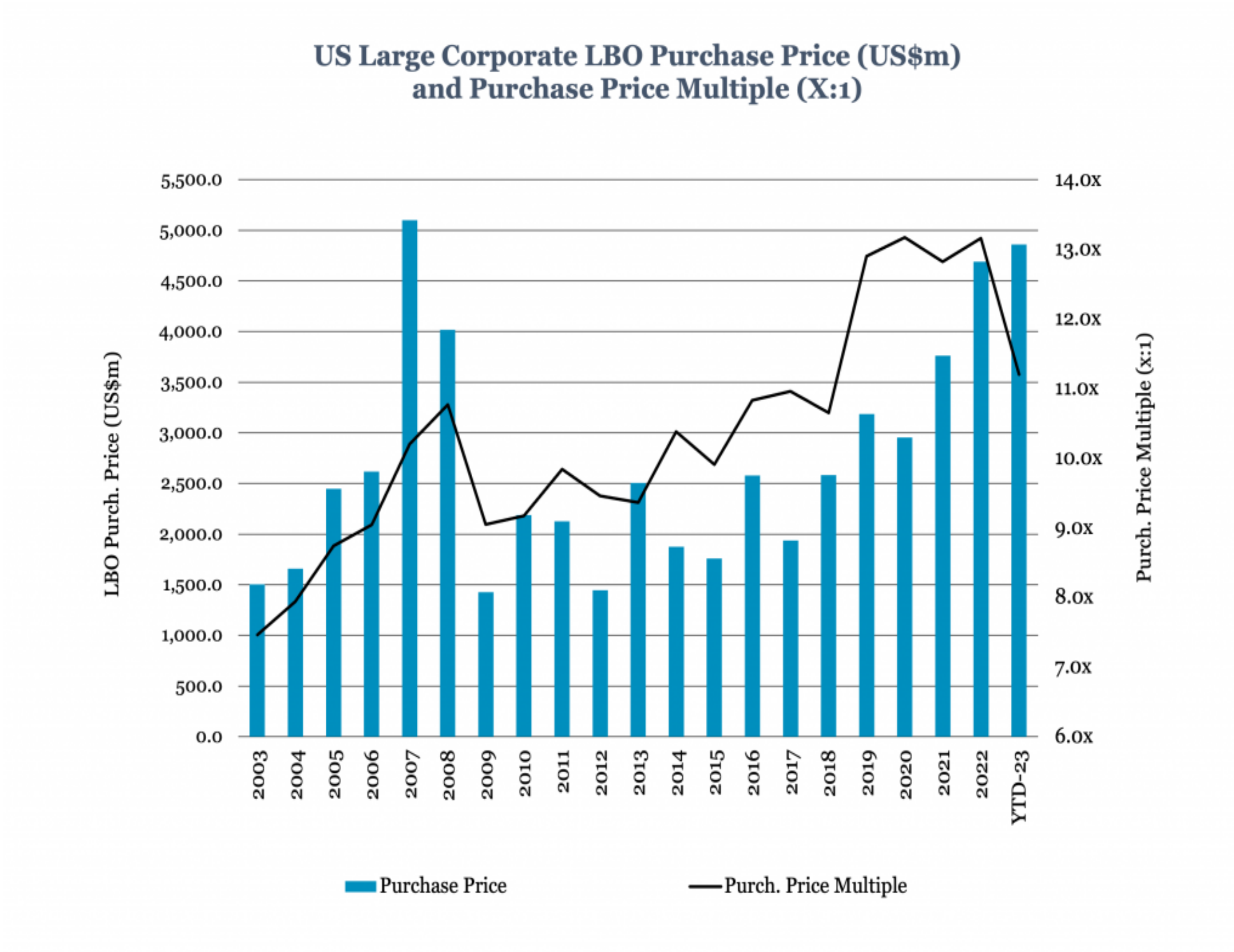
2023 US LBO purchase price multiples are the lowest since 2018

LSEG | December 6, 2023



US LBO purchase price multiples have decreased two steps this year, to 11.2x on average, the lowest mark since 2018. At the same time, the average LBO purchase price has increased to US$4.86bn this year, the highest since the credit crunch year of 2007. A higher share of LBO deals was executed in the direct lending market this year, which left fewer and larger-sized deals for the broadly syndicated market. This helped push average purchase prices higher. Meanwhile, sellers needed to lower valuations in order to execute a successful LBO deal and that is reflected in the lower purchase price multiples this year. Interestingly, technology sector LBO deals continue to bring up the average. When tech deals are removed, the average 2023 purchase price multiple goes down another step, to 10.2x on average.

(Past performance is no guarantee of future results.)