

MARKET BRIEF

Economic indicators showed promise in March, as the unemployment rate fell, and the Consumer Confidence Index rose as the United States continues to recover from the effects of COVID-19 and the fallout from the war in Ukraine. Over the course of the month, the Consumer Price Index rose by 1.2% on a seasonally adjusted basis. The public markets saw a gain with the S&P 500 rising 5.5% in March. Total middle market M&A activity, along with cross-border transactions and leveraged buyouts, increased on a month-over-month basis.

Unemployment Rate Falls in March

The unemployment rate declined by 0.2% to 3.6% in March, and the number of unemployed persons decreased by 318,000 to 6.0 million. These measures are little different from their values in February 2020 (3.5 percent and 5.7 million, respectively), prior to the coronavirus (COVID19) pandemic.

(<https://www.bls.gov/news.release/pdf/empsit.pdf>)

Consumer Confidence Increases Slightly in March

The Conference Board *Consumer Confidence Index*® increased slightly in March, after a decrease in February. The Index now stands at 107.2, up from 105.7 in February. The *Present Situation Index*—based on consumers' assessment of current business and labor market conditions—improved to 153.0 from 143.0 last month. However, the *Expectations Index*—based on consumers' short-term outlook for income, business, and labor market conditions—declined to 76.6 from 80.8. "Consumer confidence was up slightly in March after declines in February and January," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Present Situation Index rose substantially, suggesting economic growth continued into late Q1. Expectations, on the other hand, weakened further with consumers citing rising prices, especially at the gas pump, and the war in Ukraine.

(<https://www.conference-board.org/topics/consumer-confidence>)

The Case-Shiller Index Reports 19.8% Annual Gain in February 2022

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 19.8% annual gain in February, up from 19.1% in the previous month. The 10-City Composite annual increase came in at 18.6%, up from 17.3% in the previous month. The 20-City Composite posted a 20.2% year-over-year gain, up from 18.9% in the previous month. Phoenix, Tampa, and Miami reported the highest year-over-year gains among the 20 cities in February. Phoenix led the way with a 32.9% year-over-year price increase, followed by Tampa with a 32.6% increase and Miami with a 29.7% increase. All 20 cities reported higher price increases in the year ending February 2022 versus the year ending January 2022.

(<https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-shows-annual-home-price-gains-increased-to-198-in-february/>)

The Consumer Price Index Increased 1.2% in March

The Consumer Price Index for All Urban Consumers (CPI-U) increased 1.2 percent in March on a seasonally adjusted basis after rising 0.8 percent in February,

the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all-items index increased 8.5 percent before seasonal adjustment. Increases in the indexes for gasoline, shelter, and food were the largest contributors to the seasonally adjusted all items increase. The gasoline index rose 18.3 percent in March and accounted for over half of all items monthly increase; other energy component indexes also increased. The food index rose 1.0 percent and the food at home index rose 1.5 percent. (<https://www.bls.gov/news.release/cpi.nr0.htm>)

PUBLIC MARKET

The U.S. public markets continued to trade down in February following a decline in January. The S&P 500 increased by 5.5% and the Dow Jones Industrial Average was up 4.6%.

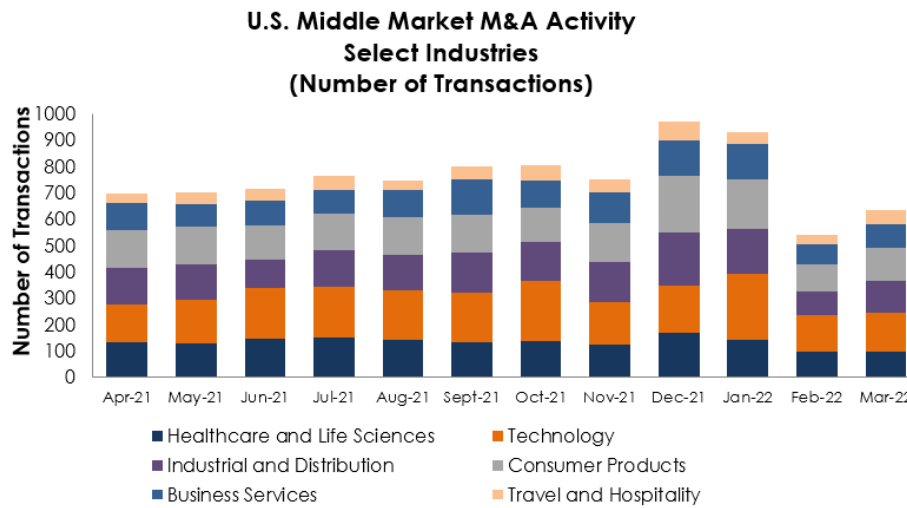
Public Trading Multiples

As of March 31, 2022

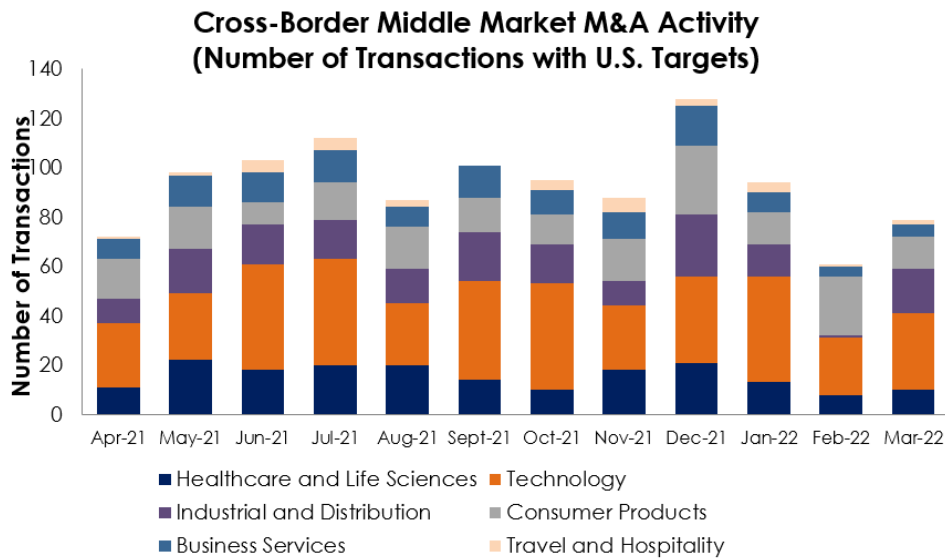
Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	6.3x	26.9x	17.6%	9.1%	70.5%	13.8%	14.4%
Healthcare Equipment and Supplies	5.0x	18.6x	13.0%	8.2%	19.0%	13.0%	27.4%
Healthcare Providers and Services	0.9x	11.8x	10.7%	11.3%	4.5%	9.7%	12.9%
Healthcare and Life Sciences Aggregate	4.1x	19.1x	13.8%	9.5%	31.3%	12.1%	18.2%
Technology							
IT Services	3.9x	19.3x	7.9%	5.9%	8.8%	4.6%	12.0%
Software	8.5x	24.9x	16.2%	13.0%	12.9%	15.5%	7.2%
Computers and Other Electronic Equipment	1.8x	12.1x	13.6%	7.2%	30.1%	9.4%	20.4%
Technology Aggregate	4.8x	18.8x	12.6%	8.7%	17.3%	9.8%	13.2%
Industrial and Distribution							
Aerospace and Defense	2.1x	15.1x	3.0%	-1.8%	33.8%	-2.2%	9.5%
Building Products	1.7x	10.5x	14.3%	3.7%	27.0%	9.3%	18.1%
Construction and Engineering	0.7x	8.6x	9.2%	8.0%	14.2%	5.7%	9.0%
Machinery	1.7x	12.2x	11.0%	2.9%	14.6%	1.6%	4.3%
Distributors	0.8x	9.7x	18.4%	8.0%	38.3%	9.6%	4.4%
Industrial and Distribution Aggregate	1.4x	11.2x	11.2%	4.2%	25.6%	4.8%	9.1%
Consumer Products							
Food and Beverage	2.2x	12.7x	9.3%	5.5%	7.6%	5.4%	14.9%
Household and Personal Products	3.4x	17.0x	2.4%	2.4%	-2.5%	0.2%	16.9%
Household Durables	1.0x	8.3x	13.7%	5.7%	27.4%	12.1%	10.5%
Textiles, Apparel, and Luxury Goods	2.7x	12.9x	22.4%	5.1%	66.0%	10.3%	9.5%
Consumer Products Aggregate	2.3x	12.7x	12.0%	4.7%	24.6%	7.0%	13.0%
Business Services							
Human Resource and Employment Services	1.1x	12.4x	9.9%	2.2%	40.1%	6.5%	12.0%
Research and Consulting Services	3.3x	15.0x	6.2%	5.2%	13.0%	9.0%	21.1%
Business Services Aggregate	2.2x	13.7x	8.0%	3.7%	26.6%	7.8%	16.5%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	7.0x	31.1x	22.0%	-15.0%	0.0%	-34.8%	-2.5%
Restaurants	3.0x	15.2x	13.2%	-0.8%	60.1%	-1.3%	6.4%
Leisure Facilities	5.0x	15.3x	27.5%	3.2%	41.3%	-13.0%	11.9%
Travel and Hospitality Aggregate	5.0x	20.5x	20.9%	-4.2%	33.8%	-16.4%	5.2%

M&A MARKET

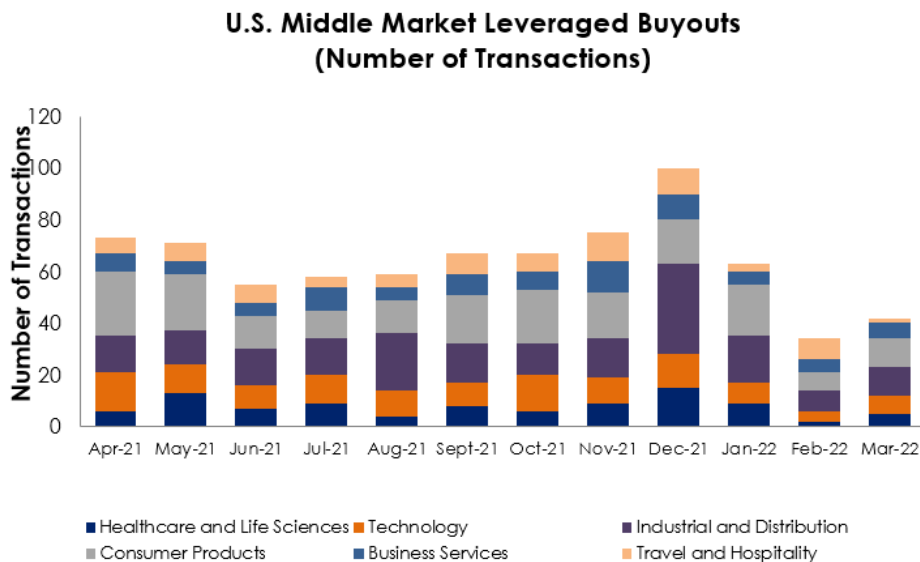
Middle market M&A activity was up in March following the lows of February. The Technology industry had the highest transaction volume, followed by Consumer Products. Michael Milani, Principal at Baker Tilly said “[the] outlook for M&A for [2022] is strong based on transaction processes that started in 2021 that will complete early in the year. A meaningful number of companies will also be brought to market...and we believe there will be continued strong acquisition demand from strategic and private equity buyers.”



Cross-border middle market M&A activity increased in March 2022 following a low volume in February.



LBO transaction volume also continued to pick back up in March after a decrease in February. According to a capital markets research report from McKinsey & Co, the outlook for financial deals remains strong for 2022 and transaction volume is expected to pick up again in the next few months.



SELECT MIDDLE MARKET M&A TRANSACTIONS – Consumer & Retail

Fortune International, LLC acquires D'Artagnan

Fortune International, LLC, the country's leading processor of quality gourmet products announced the acquisition of D'Artagnan, Inc., a leader in popularizing the sustainable "farm to table" movement over the last 35 years. Fortune's acquisition of D'Artagnan as a preferred supplier of products expands their footprint into D'Artagnan's markets, as well as adds new relationships with leading retailers. In addition, the acquisition provides an opportunity for Fortune to offer new products to consumers directly as part of D'Artagnan's successful and fast-growing e-commerce business.

Solace Capital Partners acquires Sun Mountain Sports

On March 7, 2022, Solace Capital Partners announced that it has acquired Sun Mountain Sports, a leading producer of golf equipment and apparel, from founder and golf-industry innovator Rick Reimers. Sun Mountain's headquarters will remain Missoula, Montana, and will continue to be led by its current management team, including long-time executive Ed Kowachek, who will assume the role of Chief Executive Officer, and Blake Ludwig, Chief Financial Officer. Mr. Reimers will retain ownership of Sun Mountain Motor Sports, which produces electric golf carts under the Finn Scooters Brand.

Patrick Industries, Inc. acquires Rockford Corporation

Patrick Industries, Inc. announced that it has signed a definitive agreement under which Rockford will become a wholly-owned subsidiary. Rockford is a global leader in the design and distribution of premier, high-performance audio systems and components, primarily serving the automotive and marine markets. Rockford's full-year 2021 revenues were approximately \$155 million.

"Rockford's innovative designs, marketing, brand recognition and performance have afforded it the opportunity to be a favored supplier with both OEM customers and consumers," said Andy Nemeth, chief Executive Officer of Patrick. "We are excited to partner with Bill Jackson and the creative team at Rockford as we expand our presence in the audio solutions market."

FURTHER INFORMATION

Successful business owners have turned to Mirus Capital Advisors for more than 30 years to help them realize their ultimate accomplishment – the sale of their business. As a mid-market investment bank focused on mergers and acquisitions, Mirus drives successful deals for companies in the industrial, consumer, business services, healthcare and technology industries. Mirus has proven time and again that its deep industry expertise, focus on relationships, thorough preparation and unwavering commitment to every deal lead to meaningful accomplishments for business owners. Our affiliate Mirus Securities, Inc. is a registered broker-dealer and FINRA member.

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