

MARKET BRIEF

Economic indicators showed promise in March, as the unemployment rate remained low, and the Consumer Confidence Index rose slightly. Over the course of the month, the Consumer Price Index rose by 0.1% on a seasonally adjusted basis. The public markets saw a gain with the S&P 500 rising 3.5% in March. Total middle market M&A activity, cross-border transactions and leveraged buyouts increased on a month-over-month basis.

Unemployment Rate Remains Steady in March

The unemployment rate changed little in March, settling at a measure of 3.5% and 5.8 million. The measure has stayed roughly the same since the beginning of 2022. The labor force participation rate rose to 60.4%, although this measure remains below pre-pandemic levels.

<https://www.bls.gov/news.release/pdf/empst.pdf>

Consumer Confidence Increases Slightly in March

The Conference Board Consumer Confidence Index® increased slightly in March. The Index stands at 104.2, up from 103.4 in February. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—decreased to 151.0 from 153.0 last month. However, the Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—rose from 70.4 to 73. “Consumer confidence improved somewhat in March but remains below the average level seen in 2022 (104.5). The gain reflects an improved outlook for consumers under 55 years of age and for households earning \$50,000 and over,” said Ataman Ozyildirim, Senior Director, Economics at The Conference Board.

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

The Case-Shiller Index Reports 3.79% Annual Gain in March 2023

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering U.S. census divisions, reported a 3.79% annual increase, and -0.55% monthly decrease. The 10-City Composite increased 2.48% annually, and decreased -0.47%, from the previous month.

<https://www.spglobal.com/spdji/en/indices/indicators/sp-corelogic-case-shiller-us-national-home-price-nsa-index/#overview>

The Consumer Price Index Increased 0.1% in March

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in March on a seasonally adjusted basis after rising 0.4 percent in February, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all-items index increased 5.0 percent before seasonal adjustment. Increases in the indexes for shelter, was the largest contributor to the seasonally adjusted all items increase. The food index was unchanged in March, while the energy index decreased by 3.5%.

<https://www.bls.gov/news.release/cpi.htm>

PUBLIC MARKET

The U.S. public markets in rose slightly in March, following an previous increase. The S&P 500 increased by 3.5% and the Dow Jones Industrial Average increased 3.2%.

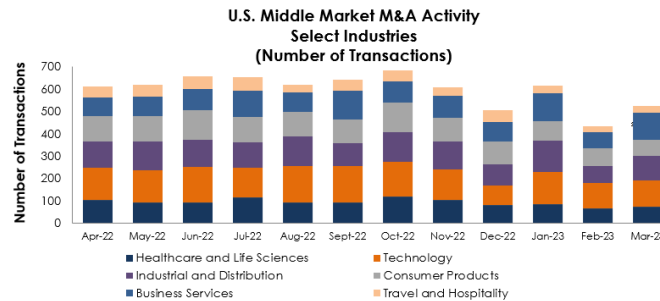
Public Trading Multiples

As of March 31, 2023

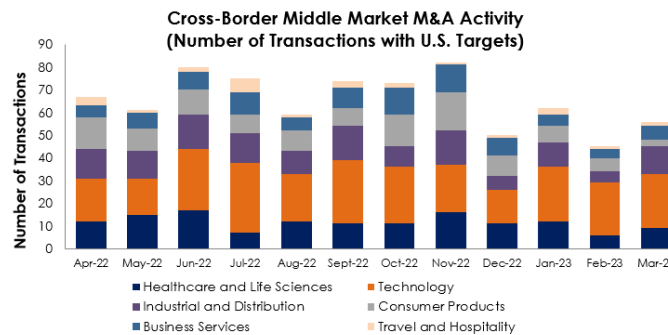
Category	EV / Revenue	EV / EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	4.5x	24.1x	9.2%	8.1%	-6.2%	1.9%	2.8%
Healthcare Equipment and Supplies	4.3x	18.1x	0.9%	6.7%	-13.1%	6.0%	24.2%
Healthcare Providers and Services	0.8x	11.2x	7.2%	8.6%	0.6%	5.8%	9.2%
Healthcare and Life Sciences Aggregate	3.2x	17.8x	5.8%	7.8%	-6.2%	4.5%	12.1%
Technology							
IT Services	2.2x	12.7x	3.2%	4.0%	5.3%	2.4%	13.6%
Software	6.9x	21.8x	9.6%	11.9%	3.7%	11.9%	5.3%
Computers and Other Electronic Equipment	1.7x	11.8x	-1.4%	6.3%	-8.0%	10.1%	18.9%
Technology Aggregate	3.6x	15.4x	3.8%	7.4%	0.3%	8.1%	12.6%
Industrial and Distribution							
Aerospace and Defense	2.2x	16.5x	4.8%	-1.3%	1.9%	-0.1%	9.4%
Building Products	1.5x	9.7x	5.9%	6.0%	-1.2%	8.9%	19.4%
Construction and Engineering	0.6x	8.6x	2.2%	6.7%	-2.1%	3.4%	9.3%
Machinery	1.6x	12.2x	1.8%	3.8%	3.3%	3.6%	5.6%
Distributors	0.7x	8.5x	8.2%	8.1%	20.1%	11.5%	5.0%
Industrial and Distribution Aggregate	1.3x	11.1x	4.6%	4.6%	4.4%	5.5%	9.7%
Consumer Products							
Food and Beverage	2.0x	12.3x	7.5%	6.9%	0.6%	3.7%	14.1%
Household and Personal Products	3.3x	17.2x	1.2%	2.0%	-7.0%	-2.3%	13.9%
Household Durables	0.9x	7.4x	-0.7%	5.2%	-3.8%	9.9%	9.3%
Textiles, Apparel, and Luxury Goods	2.5x	12.5x	8.7%	6.0%	4.1%	10.2%	10.2%
Consumer Products Aggregate	2.2x	12.4x	4.2%	5.0%	-1.5%	5.4%	11.9%
Business Services							
Human Resource and Employment Services	1.3x	12.5x	7.0%	3.4%	2.6%	5.4%	10.2%
Research and Consulting Services	3.1x	17.5x	2.9%	4.5%	0.8%	6.1%	13.8%
Business Services Aggregate	2.2x	15.0x	4.9%	3.9%	1.7%	5.7%	12.0%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	4.1x	18.2x	61.0%	-6.8%	1847.5%	-14.6%	9.1%
Restaurants	2.8x	16.3x	13.0%	4.8%	22.2%	-0.9%	6.7%
Leisure Facilities	4.2x	15.8x	4.0%	0.9%	14.2%	-13.7%	37.9%
Travel and Hospitality Aggregate	3.7x	16.8x	26.0%	-0.4%	628.0%	-9.8%	17.9%

M&A MARKET

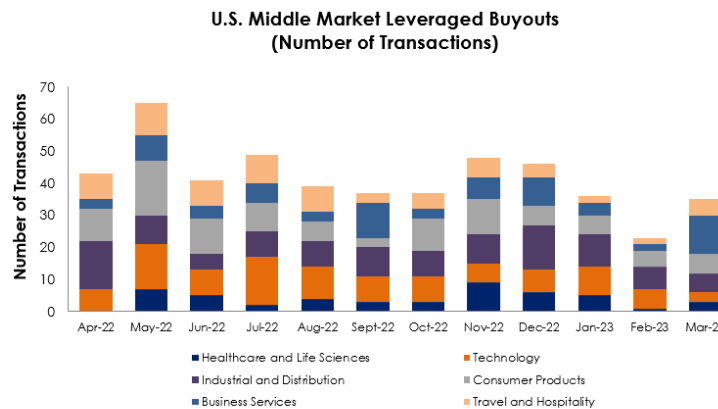
Middle market M&A activity was up in March following the slow month in February. Business Services had the highest transaction volume, followed by Technology. According to PwC's 26th Annual Global CEO Survey, "73% of corporate leaders are pessimistic about global economic growth, but 60% said that they are not planning to delay deals in 2023 to mitigate potential economic challenges and volatility."



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. Ratings agency Moody's Investors Service expects leveraged buyout (LBO) activity to remain "sluggish" in 2023.



SELECT MIDDLE MARKET M&A TRANSACTIONS – Business Services

Pearson Inc. acquires Personnel Decisions Research Institutes, LLC

Pearson announced it has completed the acquisition of Personnel Decisions Research Institutes, LLC ('PDRI'), a trusted provider of workforce assessment services. PDRI has significant expertise in providing assessment solutions to the U.S. federal government, one of the largest employers in the U.S. with more than 4 million employees. This acquisition further expands Pearson's portfolio, accelerating the Company's strategy to capture new market opportunities and grow its presence with large employers. PDRI will now operate under the 'PDRI by Pearson' brand name.

Transcat acquires TIC-MS

Transcat, Inc. (Nasdaq: TRNS) a leading provider of accredited calibration services, enterprise asset management services, and value-added distributor of professional grade handheld test, measurement and control instrumentation, announced that it has purchased all of the capital stock of privately-held TIC-MS, Inc. (TIC-MS), on March 27, 2023. The purchase price of \$9.7 million was paid in combination of 70% stock and 30% cash and is subject to certain customary holdback provisions.

Founded in 1986, TIC-MS is an ISO/IEC 17025 accredited calibration laboratory with an extensive scope specializing in physical dimensional and electronics capabilities. TIC-MS services a diverse customer base with accredited calibrations performed at both the customer's location and at their recently built calibration laboratory located in St. Louis, Missouri.

Clean Harbors, Inc. acquires Thompson Industrial Services

Clean Harbors, Inc. (NYSE:CLH) signed a purchase and sale agreement to acquire Thompson Industrial Services from Five Points Capital Inc and Reynolda Equity Partners for \$100 million recently. The consideration will be paid in cash.

Clean Harbors is North America's leading provider of environmental and industrial services. The Company serves a diverse customer base, including many Fortune 500 companies. Its customer base spans a number of industries, including chemical, and manufacturing, as well as numerous government agencies. These customers rely on Clean Harbors to deliver a broad range of services such as end-to-end hazardous waste management, emergency spill response, industrial cleaning and maintenance, and recycling services.

Thompson specializes in safe, quality Lifecycle Industrial Cleaning Service Solutions from critical path pre-commissioning & dependable on-site operations support to productive outages, turnarounds, and decommissioning.

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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Sources: Capital IQ, Bloomberg, Forbes, Reuters, The New York Times, The Wall Street Journal, Bureau of Labor Statistics, Ernst & Young, JP Morgan, Financial Times, The Middle Market, other sources as referenced within, and Mirus analysis. Copyright 2021, Mirus Capital Advisors, Inc. All rights reserved. Mirus Capital Advisors does not assume any liability for errors or omissions.

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