

## MARKET BRIEF

Economic indicators showed resilience in May, despite a rise in the unemployment rate, and the Consumer Confidence Index declining slightly. Over the course of the month, the Consumer Price Index rose by 0.1% on a seasonally adjusted basis. The public markets came back strong at the end of the month leaving the S&P 500 up 0.25% in May. Total middle market M&A activity remained stable.

### Unemployment Rate Rises in May

The unemployment rate rose in May, settling at 3.7% or 6.1 million unemployed persons. The measure has stayed roughly the same since the beginning of 2022. The labor force participation rate remained at 62.6%, although this measure remains below pre-pandemic levels.

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

### Consumer Confidence Decreases Slightly in May

The Conference Board Consumer Confidence Index® decreased in May. The Index slipped to 102.3, from 103.7 in April. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—decreased to 148.6 from 151.8 last month. Furthermore, the Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—dipped slightly from 71.7 to 71.5. “Consumer confidence declined in May as consumers' view of current conditions became somewhat less upbeat while their expectations remained gloomy... However, expectations for jobs and incomes over the next six months held relatively steady,” said Ataman Ozyildirim, Senior Director, Economics at The Conference Board.

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

### The Case-Shiller Index Reports 0.7% Annual Gain in March 2023

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 0.7% annual gain in March, down from 2.1% in the previous month. The 10-City Composite showed an annual decrease of -0.8%, down from a 0.5% increase in the previous month. Craig J. Lazzara, Managing Director at S&P DJI, said “Two months of increasing prices do not a definitive recovery make, but March's results suggest that the decline in home prices that began in June 2022 may have come to an end. That said, the challenges posed by current mortgage rates and the continuing possibility of economic weakness are likely to remain a headwind for housing prices for at least the next few months.”

<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 May

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.1 percent in May on a seasonally adjusted basis, after increasing 0.4 percent in April, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all items index increased 4.0 percent before seasonal adjustment. An increase in the index for shelter was the largest contributor to the seasonally adjusted all items increase, followed by an increase in the index for used cars and trucks. The food index increased 0.2 percent, while the energy index decreased by 3.6%.

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

## PUBLIC MARKET

The U.S. public markets showed mixed results in May, despite a positive rebound at the end of the month. The S&P 500 increased by 0.3% and the Dow Jones Industrial Average decreased by 3.5%.

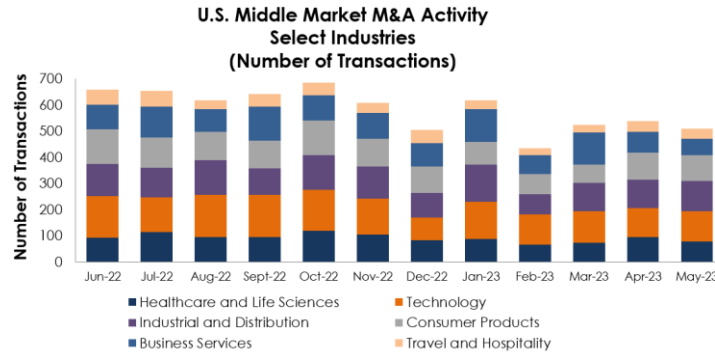
### Public Trading Multiples

As of May 31, 2023

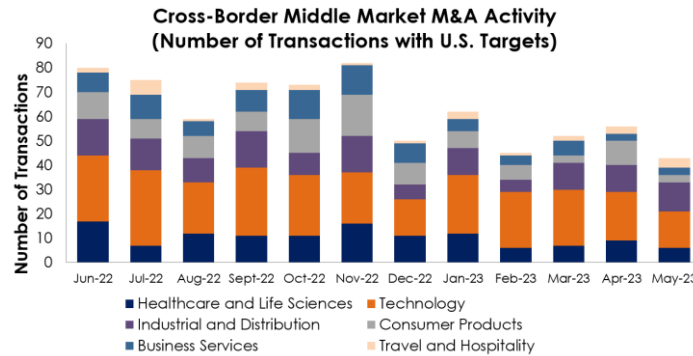
Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
<b>Healthcare and Life Sciences</b>							
Healthcare Technology	4.3x	25.0x	8.3%	8.3%	-4.4%	-0.5%	5.0%
Healthcare Equipment and Supplies	4.5x	19.6x	-0.6%	7.0%	-18.1%	5.2%	19.7%
Healthcare Providers and Services	0.8x	11.0x	6.7%	8.5%	0.1%	6.0%	9.2%
<b>Healthcare and Life Sciences Aggregate</b>	<b>3.2x</b>	<b>18.6x</b>	<b>4.8%</b>	<b>7.9%</b>	<b>-7.5%</b>	<b>3.6%</b>	<b>11.3%</b>
<b>Technology</b>							
IT Services	2.2x	12.6x	4.8%	4.7%	2.5%	2.8%	13.9%
Software	7.2x	22.8x	8.5%	12.2%	3.7%	11.5%	5.3%
Computers and Other Electronic Equipment	1.7x	12.7x	-1.3%	6.6%	-13.5%	8.7%	16.6%
<b>Technology Aggregate</b>	<b>3.7x</b>	<b>16.0x</b>	<b>4.0%</b>	<b>7.8%</b>	<b>-2.4%</b>	<b>7.7%</b>	<b>11.9%</b>
<b>Industrial and Distribution</b>							
Aerospace and Defense	2.1x	16.0x	6.4%	-1.0%	4.0%	3.1%	10.0%
Building Products	1.5x	9.8x	4.3%	6.4%	-1.9%	9.1%	19.3%
Construction and Engineering	0.7x	9.0x	3.8%	8.3%	1.1%	5.1%	9.0%
Machinery	1.6x	11.6x	5.4%	5.7%	12.3%	6.5%	6.5%
Distributors	0.8x	8.8x	6.7%	9.7%	21.6%	14.7%	5.2%
<b>Industrial and Distribution Aggregate</b>	<b>1.3x</b>	<b>11.0x</b>	<b>5.3%</b>	<b>5.8%</b>	<b>7.4%</b>	<b>7.7%</b>	<b>10.0%</b>
<b>Consumer Products</b>							
Food and Beverage	2.0x	12.5x	7.8%	8.4%	2.9%	5.0%	13.6%
Household and Personal Products	3.3x	17.2x	1.6%	2.4%	-6.1%	-1.9%	12.9%
Household Durables	0.9x	7.7x	-0.7%	5.8%	-3.8%	10.9%	8.9%
Textiles, Apparel, and Luxury Goods	2.5x	12.7x	7.6%	7.2%	5.2%	12.2%	10.1%
<b>Consumer Products Aggregate</b>	<b>2.2x</b>	<b>12.6x</b>	<b>4.1%</b>	<b>5.9%</b>	<b>-0.4%</b>	<b>6.6%</b>	<b>11.4%</b>
<b>Business Services</b>							
Human Resource and Employment Services	1.3x	12.9x	6.1%	4.3%	0.0%	4.7%	9.5%
Research and Consulting Services	3.0x	17.3x	2.7%	4.6%	4.8%	5.6%	13.6%
<b>Business Services Aggregate</b>	<b>2.2x</b>	<b>15.1x</b>	<b>4.4%</b>	<b>4.4%</b>	<b>2.4%</b>	<b>5.2%</b>	<b>11.5%</b>
<b>Travel and Hospitality</b>							
Hotels, Resorts, and Cruise Lines	3.8x	16.8x	55.6%	-3.6%	536.0%	-7.7%	10.2%
Restaurants	2.8x	16.4x	14.0%	6.9%	24.6%	3.2%	6.6%
Leisure Facilities	4.3x	16.1x	2.7%	2.6%	11.1%	-11.0%	38.6%
<b>Travel and Hospitality Aggregate</b>	<b>3.7x</b>	<b>16.4x</b>	<b>24.1%</b>	<b>2.0%</b>	<b>190.5%</b>	<b>-5.2%</b>	<b>18.4%</b>

## M&A MARKET

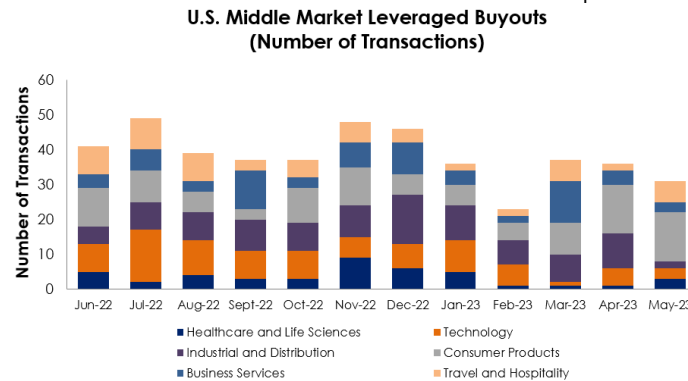
Middle market M&A activity was steady in May following increases in both March and April. The Industrials and Distribution sector had the highest transaction volume, followed by Technology. Middle market M&A activity is showing resilience, which is expected by many to carry into H2 2023.



Cross-border middle market M&A activity decreased in May 2023 following a strong month in April.



LBO transaction volume also dipped in the month of May after a decrease in April. With PE firms having large cash balances due to decreased volume in transactions over the past few months, expect LBO activity to increase once market conditions show more promise.



## SELECT MIDDLE MARKET M&A TRANSACTIONS – Business Services

### *accūrō Solutions acquires Splashlight Solutions*

Accūrō, a company that manages medical bill review and payment processes for payers in the property and casualty industry, announced it has completed the acquisition of Splashlight Solutions, LLC, a workers' compensation bill review service provider. Splashlight specializes in providing consulting and coaching services to employees resulting in lower healthcare costs for companies. This acquisition further promotes accūrō's long-term growth, supplementing their existing processes with additional expertise. Splashlight employees and management will remain in place as the integration process between the two companies begins.

### *HKA Global Limited acquires Credibility International, LLC*

HKA, a global leader for consultancy in risk mitigation, dispute resolution, expert witness, and litigation services has acquired Credibility International, an U.S. forensic accounting firm. Credibility is known for their work in financial fraud investigations and expert testimony on damages and financial issues in domestic and international disputes. Their team of experts look for accounting irregularities, auditor malpractice, and M&A transaction disputes and will strengthen HKA's presence and capabilities in the forensic accounting investigative services space.

HKA Global, a UK based company, seeks to continue building their global presence for clients, both in the United States and internationally, as this deal marks their third with a U.S based company in the last four years. HKA holds an extensive and diverse portfolio across a wide variety of industries including aerospace and defense, technology services, energy, financial services, healthcare and life sciences, industrial and manufacturing, etc.

### *Sterling Check Corp. acquires A-Check Global*

Sterling Check Corp. (NASDAQ: STER), a global provider of background screening and identity services, recently announced its acquisition of A-Check Global, a provider of global workforce management, employment, and procurement solutions. The deal expands Sterling's presence in key U.S. verticals.

"Founded in 1998, A-Check Global was a member of the ActOne Group of companies that provide global workforce management, employment, and procurement solutions, with a focus on top customer care to meet each client's unique requirements. A-Check Global clients will continue to receive exceptional support as well as additional benefits from Sterling's deep market expertise, industry-leading global reach, and broad set of tech-enabled services."

"Sterling's tech-enabled services help organizations across all industries establish great environments for their workers, partners, and customers. With operations around the world, Sterling conducted more than 110 million searches in 2022."

## 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.

For any questions about the Middle Market Monitor or Mirus Capital Advisors, please contact Mirus Capital Advisors at 781-418-5900 or visit <http://merger.com>. You can also contact our senior bankers directly:

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