

MARKET BRIEF

Employment remained strong in September with 336,000 jobs added, leading to speculation about future rate increases from the Federal Reserve. The *Consumer Price Index* stayed persistently high at 3.7% while core CPI inflation moderated 0.2 percentage points to 4.1% - its slowest pace since September 2021. The public markets saw a decline, with the S&P 500 decreasing 4.9%.

September Unemployment Rate Remains at 3.8%

The unemployment remained unchanged at 3.8 percent. The number of unemployed persons was essentially unchanged at 6.4 million. Total nonfarm payroll employment rose by 336,000 in September, and notable job gains occurred in leisure and hospitality, government, healthcare, professional, scientific, technical services, and social assistance sectors.

[Bureau of Labor Statistics](#)

Consumer Confidence Fell Again in September

The *Conference Board Consumer Confidence Index*® declined again to 103.0 (1985=100), down from an upwardly revised 108.7 in August. *The Present Situation Index*—based on consumers' assessment of current business and labor market conditions—rose to 147.1 from 146.7 last month. The *Expectations Index*—based on consumers' short-term outlook for income, business, and labor market conditions—declined to 73.7 from 83.3. "Consumer confidence fell again in September 2023, marking two consecutive months of decline," said Dana Peterson, Chief Economist at The Conference Board. "September's disappointing headline number reflected another decline in the Expectations Index, as the Present Situation Index was little changed. Write-in responses showed that consumers continued to be preoccupied with rising prices in general, and for groceries and gasoline in particular."

[The Conference Board](#)

The Consumer Price Index Rose 0.4 Percent in September

The *Consumer Price Index* for All Urban Consumers rose 0.4 percent in September on a seasonally adjusted basis, after increasing 0.6% in August, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, the all items index increased 3.7%.

[U.S. Bureau of Labor Statistics](#)

PUBLIC MARKET

The U.S. public markets remained turbulent in September. The S&P 500 was down 4.9% in September, bringing its year-to-date return to 9.5%. The Dow Jones Industrial Average lost 3.5% for the month and was up 1.1% YTD. The *Nasdaq Composite Index* declined 3.9% for the month.

Public Trading Multiples

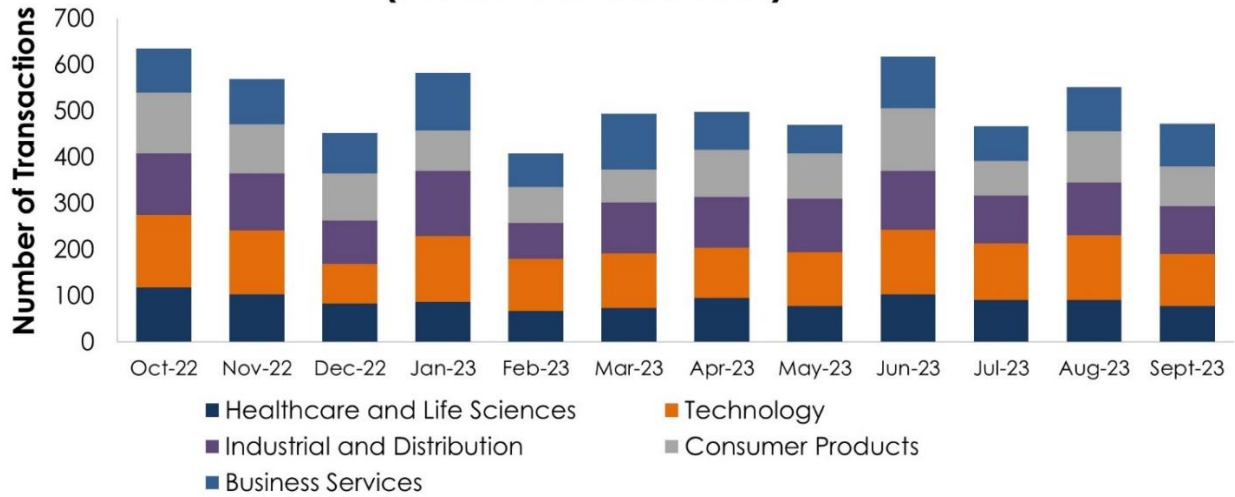
As of September 30, 2023

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	4.4x	23.8x	9.4%	8.4%	11.4%	0.6%	3.8%
Healthcare Equipment and Supplies	4.3x	19.3x	1.3%	7.8%	-14.3%	6.8%	16.9%
Healthcare Providers and Services	0.8x	11.1x	7.8%	9.2%	2.9%	5.4%	9.2%
Healthcare and Life Sciences Aggregate	3.2x	18.1x	6.2%	8.4%	0.0%	4.3%	10.0%
Technology							
IT Services	2.3x	13.4x	5.9%	4.5%	5.0%	3.2%	14.0%
Software	8.1x	25.4x	9.0%	12.2%	11.3%	12.3%	5.9%
Computers and Other Electronic Equipment	2.0x	14.2x	-3.0%	5.4%	-14.5%	6.6%	14.1%
Technology Aggregate	4.1x	17.6x	4.0%	7.4%	0.6%	7.3%	11.3%
Industrial and Distribution							
Aerospace and Defense	2.1x	15.7x	13.3%	1.6%	12.2%	9.4%	9.4%
Building Products	1.6x	10.7x	3.0%	7.2%	-2.6%	11.1%	19.4%
Construction and Engineering	0.7x	8.8x	6.8%	7.4%	5.3%	5.7%	7.0%
Machinery	1.6x	11.8x	10.7%	7.0%	23.7%	11.8%	7.1%
Distributors	0.8x	9.6x	2.2%	8.5%	6.6%	13.4%	4.8%
Industrial and Distribution Aggregate	1.4x	11.3x	7.2%	6.3%	9.0%	10.3%	9.5%
Consumer Products							
Food and Beverage	2.0x	12.2x	7.6%	8.2%	3.9%	5.1%	13.3%
Household and Personal Products	3.2x	16.8x	5.4%	3.6%	1.8%	-0.2%	13.1%
Household Durables	1.0x	8.7x	0.1%	5.5%	-10.2%	7.3%	8.4%
Textiles, Apparel, and Luxury Goods	2.5x	12.7x	9.2%	11.1%	6.7%	22.5%	9.7%
Consumer Products Aggregate	2.2x	12.6x	5.5%	7.1%	0.5%	8.7%	11.1%
Business Services							
Human Resource and Employment Services	1.4x	14.2x	7.1%	5.9%	-1.9%	7.2%	9.5%
Research and Consulting Services	3.0x	17.1x	6.5%	5.7%	5.5%	6.7%	2.3%
Business Services Aggregate	2.2x	15.7x	6.8%	5.8%	1.8%	6.9%	5.9%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	3.7x	15.5x	41.9%	8.0%	0.0%	38.0%	12.1%
Restaurants	2.7x	14.8x	15.4%	10.1%	33.5%	15.8%	6.2%
Leisure Facilities	5.0x	15.3x	23.0%	8.8%	59.6%	22.8%	39.9%
Travel and Hospitality Aggregate	3.8x	15.2x	26.8%	9.0%	31.0%	25.5%	19.4%

M&A MARKET

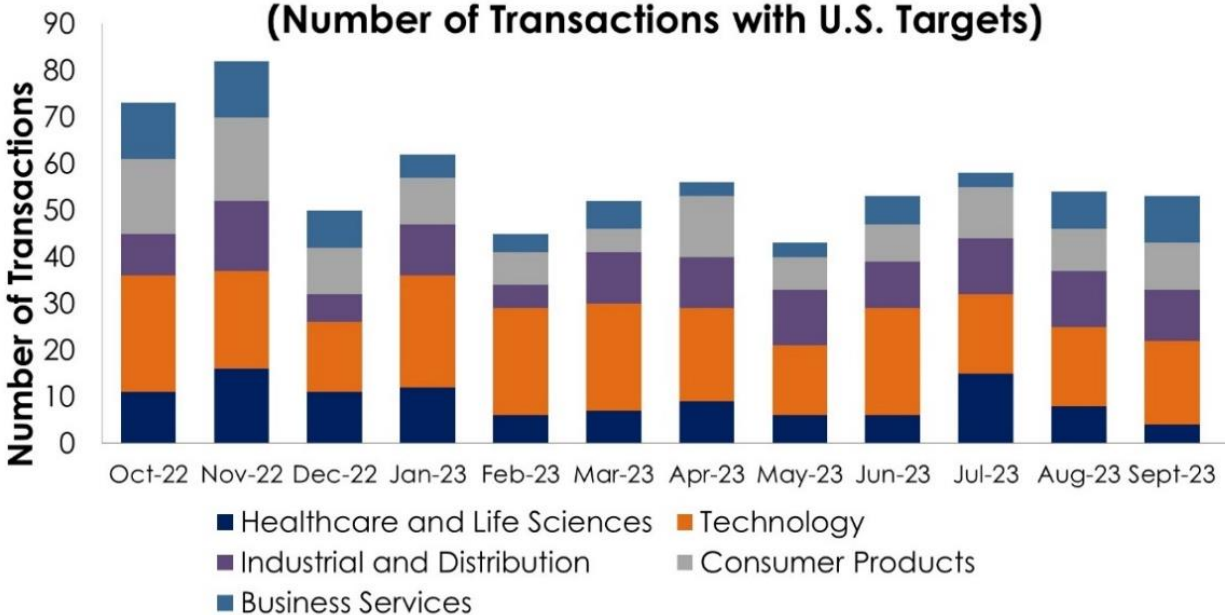
Middle-market M&A activity was steady in September. The Technology and Industrials & Distribution sector had the highest transaction volume, followed by Consumer Products. Middle market activity has remained resilient while fewer large deals are taking place.

U.S. Middle Market M&A Activity Select Industries (Number of Transactions)



Cross-border middle-market M&A activity stayed consistent in September compared to August 2023.

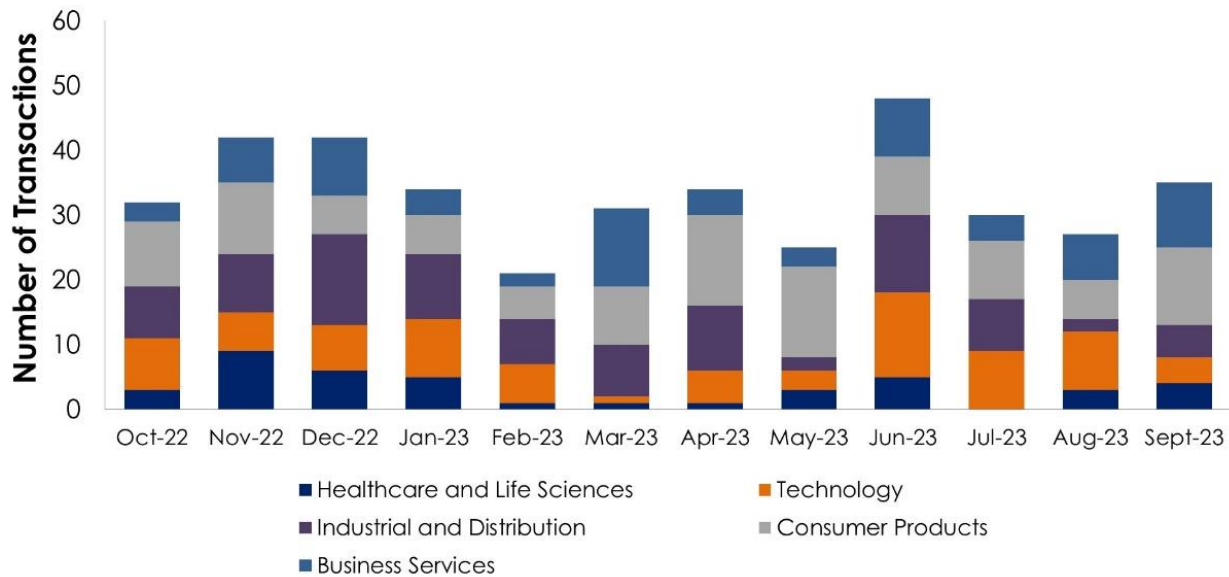
Cross-Border Middle Market M&A Activity (Number of Transactions with U.S. Targets)



LBO transaction volume rose slightly in September. Global private equity dry powder rose to a record \$2.49 trillion around the middle of 2023 according to a recent report from S&P Global.

[S&P Global](#)

U.S. Middle Market Leveraged Buyouts (Number of Transactions)



SELECT MIDDLE MARKET M&A TRANSACTIONS – INDUSTRIAL AND DISTRIBUTION

Ferguson acquires S.G. Torrice

Mirus Capital Advisors served as exclusive financial advisor to S.G. Torrice Co., Inc. in its sale to Ferguson plc (NYSE:FERG; LSE:FERG). S.G. Torrice operates in 15 locations from which it distributes residential and commercial HVAC equipment, parts, and accessories to over 2,000 HVAC contractors. Ferguson is a leading value-added distributor in North America providing expertise, solutions and products from infrastructure, plumbing and appliances to HVAC, fire, fabrication and more. Ferguson has a proven track record of successful acquisitions and has completed more than 50 acquisitions in the last five years. The large, fragmented markets in which Ferguson operates comprise 10,000+ small to medium (\$10-300 million revenue) independent companies across Ferguson’s nine customer groups in North America.

Ferguson announced the Torrice acquisition together with its acquisitions of Bruce Supply Corp, a plumbing distributor, and The Kennedy Companies, a waterworks distributor. “Bruce Supply, Kennedy and S.G. Torrice are great cultural fits for Ferguson and will help us better serve

commercial mechanical, waterworks, and plumbing and HVAC trade professionals in key growing markets across the U.S.," said Kevin Murphy, Ferguson CEO. "All three companies have great reputations and associates with strong local customer relationships that will help fuel our future organic growth."

GTR Manufacturing acquires Sweeney Metal

Mirus Capital Advisors served as exclusive financial advisor to Sweeney Metal Fabricators in its sale to GTR Manufacturing. Sweeney Metal Fabricators is a sheet metal fabrication and machining company based in Nashua, New Hampshire.

Collaboratively, Sweeney and GTR are actively broadening their machining capabilities to better serve their customers with a diverse array of top-tier manufacturing solutions. In addition to expanding their precision machine shop team, their facilities will soon house new state-of-the-art equipment, with further upgrades planned throughout every department. With their shared vision for continued improvement and advancement, Sweeney and GTR both anticipate a bright future.

Compass Precision acquires Bergeron Machine

Mirus Capital Advisors served as exclusive financial advisor to Bergeron Machine in its sale to Compass Precision, a portfolio company of Main Street Capital Holdings. Located in Westford, MA, Bergeron Machine is the first Compass division to focus on high-precision Swiss-style machining. Compass purchased the company from Mark Kelly and Sidney Kuo, who bought the firm in 2008. Bergeron services customers in the semiconductor, aerospace, and defense end-markets.

"Compass is extremely pleased to add Bergeron Machine to its portfolio of shops with highly differentiated capabilities," said Compass President & CEO Gary Holcomb. "Bergeron's Swiss turning capabilities fit in perfectly with our suite of highly differentiated processes. They make a lot of extremely high-precision and difficult-to-manufacture parts. This acquisition continues our strategy of building a decentralized group of high-quality precision machine shops that service high-growth end markets across the United States."

FURTHER INFORMATION

Successful business owners have turned to Mirus Capital Advisors for more than 35 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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