

MARKET BRIEF

Economic indicators were mixed in August as the economy continued to deal with high inflation. Further, data related to the labor market, interest rates, and the health of the consumer are top of mind for the Federal Reserve. All in all, the possibility of a soft landing looks more likely.

The *Consumer Price Index* has continued its deceleration from peak annual growth at 9.1% in June 2022. The *Consumer Confidence Index* declined in August, while unemployment rose by 0.3 percentage points to 3.8%. The public markets saw a slight decline, with the S&P 500 decreasing 1.6%. Total middle market M&A activity increased in August.

Unemployment Rate Rises in August

The unemployment rate increased to 3.8% during August, with the number of unemployed people rising from 5.8 million to 6.3 million in July and August, respectively. Month over month, nonfarm payrolls increased by 187,000 in August. The labor force participation rate rose to 62.8%, the highest since February 2020, just before the Covid pandemic declaration. The labor market remains tight, with 8.8 million job openings and 6.3 million people unemployed.

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

Consumer Confidence Decreases

The Conference Board *Consumer Confidence Index* declined in August to 106.1 (1985=100) from a downwardly revised 114.0 in July. The *Present Situation Index*—based on consumers' assessment of current business and labor market conditions—fell to 144.8 (1985=100) from 153.0. The *Expectations Index*—based on consumers' short-term outlook for income, business, and labor market conditions—declined to 80.2 (1985=100) in August, reversing July's sharp uptick to 88.0. "Consumer confidence fell in August 2023, erasing back-to-back increases in June and July," said Dana Peterson, Chief Economist at The Conference Board. "August's disappointing headline number reflected dips in both the current conditions and expectations indexes. Write-in responses showed that consumers were once again preoccupied with rising prices in general and with groceries and gasoline in particular. The pullback in consumer confidence was evident across all age groups."

[The Conference Board](#)

The Case-Shiller Index Reports 0.0% Annual Change

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, remained flat in June, up from a loss of -0.4% in the previous month. The 10-City Composite showed a decrease of -0.5%, which is an improvement on the -1.1% decrease in the previous month. The 20-City Composite posted a year-over-year loss of -1.2%, up from -1.7% in the previous month.

Chicago, Cleveland, and New York again led the way reporting the highest year-over-year gains among the 20 cities in June. Chicago remained in the top spot with a 4.2% year-over-year price increase, with Cleveland in at number two with a 4.1% increase, and New York held down the third spot with a 3.4% increase.

[S&P CoreLogic](#)

The Consumer Price Index Increased 0.6% in August.

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.6 percent in August on a seasonally adjusted basis, after increasing 0.2 percent in July, the U.S. Bureau of Labor Statistics reported. Over the last 12 months, all items index increased 3.7 percent before seasonal adjustment.

The index for gasoline was the largest contributor to the monthly all items increase, accounting for over half of the increase. Also contributing to the August monthly increase was continued advancement in the shelter index, which rose for the 40th consecutive month. The energy index rose 5.6 percent in August as all the major energy component indexes increased. The food index increased 0.2 percent in August, as it did in July. The index for food at home increased 0.2 percent over the month while the index for food away from home rose 0.3 percent in August.

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

PUBLIC MARKET

The U.S. public markets traded down in August after an increase in July. The S&P 500 decreased by 1.6% and the Dow Jones Industrial Average was down 2.2%.

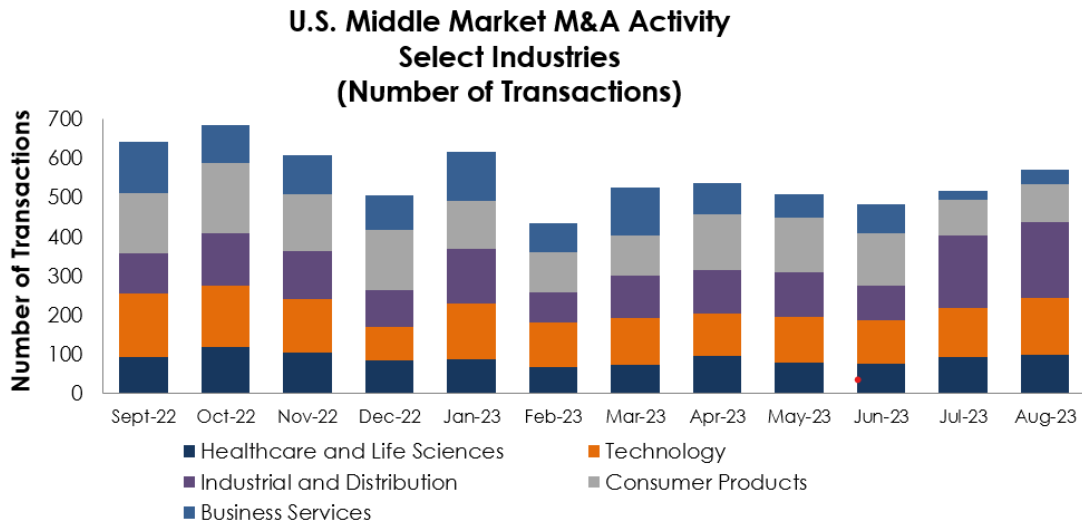
Public Trading Multiples

As of August 31, 2023

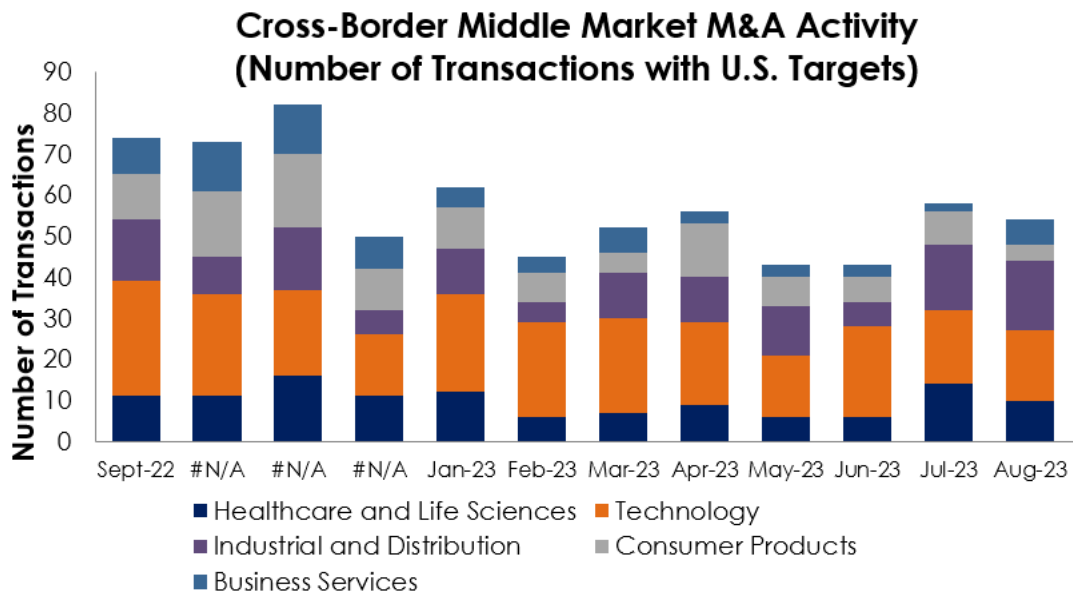
Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	4.5x	24.3x	8.9%	8.4%	7.4%	0.2%	3.8%
Healthcare Equipment and Supplies	4.4x	19.6x	0.7%	7.9%	-16.1%	7.2%	17.4%
Healthcare Providers and Services	0.8x	11.0x	7.7%	9.1%	3.1%	5.0%	9.4%
Healthcare and Life Sciences Aggregate	3.2x	18.3x	5.8%	8.5%	-1.9%	4.1%	10.2%
Technology							
IT Services	2.3x	13.4x	6.2%	4.5%	4.8%	3.2%	13.9%
Software	8.1x	25.5x	8.7%	12.2%	11.0%	12.3%	5.9%
Computers and Other Electronic Equipment	1.9x	14.2x	-3.0%	5.3%	-14.8%	6.5%	14.1%
Technology Aggregate	4.1x	17.7x	4.0%	7.3%	0.3%	7.3%	11.3%
Industrial and Distribution							
Aerospace and Defense	2.1x	15.7x	13.3%	1.6%	12.3%	9.4%	9.4%
Building Products	1.6x	10.7x	2.9%	7.2%	-2.7%	11.0%	19.4%
Construction and Engineering	0.7x	9.0x	6.1%	7.5%	4.5%	5.8%	7.1%
Machinery	1.7x	11.9x	10.6%	6.9%	23.5%	11.7%	7.1%
Distributors	0.8x	9.7x	2.4%	8.4%	7.5%	14.0%	4.8%
Industrial and Distribution Aggregate	1.4x	11.4x	7.1%	6.3%	9.0%	10.4%	9.6%
Consumer Products							
Food and Beverage	2.0x	12.4x	7.7%	8.5%	3.9%	5.2%	13.2%
Household and Personal Products	3.2x	16.8x	5.3%	3.5%	1.7%	-0.3%	13.0%
Household Durables	1.0x	8.6x	0.6%	5.6%	-8.4%	8.2%	8.4%
Textiles, Apparel, and Luxury Goods	2.5x	12.7x	9.1%	11.2%	7.3%	23.4%	9.7%
Consumer Products Aggregate	2.2x	12.6x	5.7%	7.2%	1.1%	9.1%	11.1%
Business Services							
Human Resource and Employment Services	1.4x	14.3x	6.6%	5.6%	-1.8%	6.9%	9.5%
Research and Consulting Services	3.0x	16.9x	6.0%	13.2%	6.5%	3.9%	2.1%
Business Services Aggregate	2.2x	15.6x	6.3%	9.4%	2.3%	5.4%	5.8%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	3.8x	16.3x	43.8%	6.3%	197.8%	26.4%	12.1%
Restaurants	2.8x	15.3x	15.4%	9.8%	34.0%	14.6%	6.1%
Leisure Facilities	5.0x	15.1x	22.4%	8.6%	52.5%	20.9%	39.7%
Travel and Hospitality Aggregate	3.9x	15.5x	27.2%	8.2%	94.7%	20.6%	19.3%

M&A MARKET

Middle market M&A activity rose in July and August. Growth was driven by the number of middle market M&A transactions in the technology, industrial & distribution, and business service sectors.

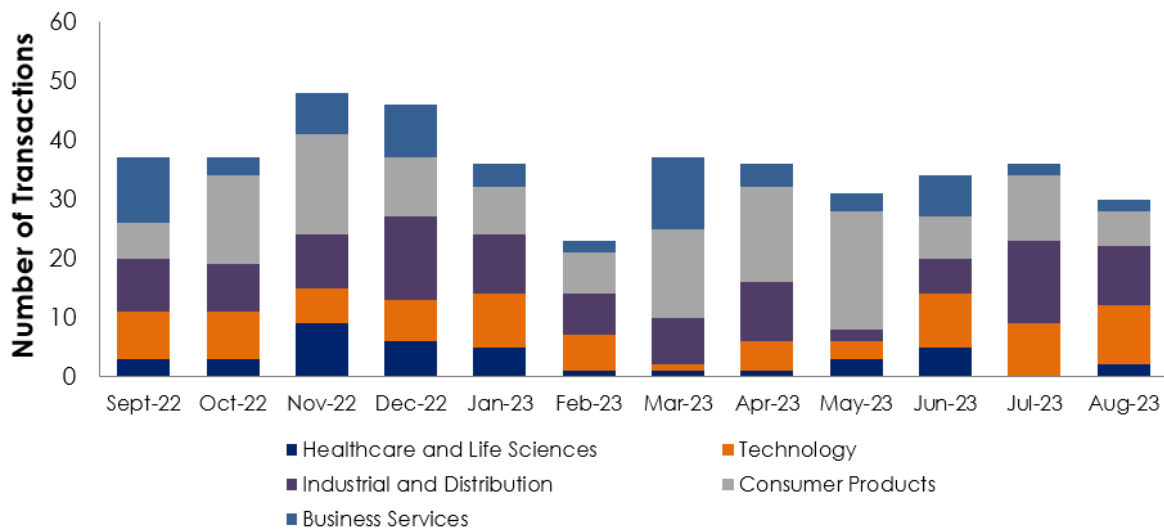


Cross-border middle market M&A activity decreased slightly in August after a strong month in July. The technology and industrial sectors had the highest cross-border deal volume.



LBO transaction volume slowed in August after a strong July. Middle market LBO volume in the technology and healthcare sectors expanded compared to the previous month.

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



SELECT MIDDLE MARKET M&A TRANSACTIONS – TECHNOLOGY

Scale works Acquires Full Circle Insights

Scaleworks, the B2B SaaS-focused venture equity firm, announced its acquisition of Full Circle Insights, known for helping companies drive pipeline growth through their marketing attribution and campaign measurement platform. Scaleworks' investment and partnership will accelerate Full Circle's strategic roadmap, enable product innovation, and enhance go-to-market strategy.

"I feel incredibly honored to join the team at Full Circle, alongside their loyal customers and valued partners," shared Jason Ferrara. "Full Circle has built a remarkable product that solves some of the most important challenges marketers face. Together, we plan to expand our roadmap and scale operations to meet the ever-growing demand."

Mirus Capital Advisors, Inc. acted as financial advisor to Full Circle Insights in connection with the transaction.

Parsons Acquires Sealing Technologies, Inc.

On August 23rd, 2023, Parsons Corporation (NYSE: PSN) announced its acquisition of Maryland-based cyber and technology company Sealing Technologies, Inc. SealingTech in a transaction valued at up to \$200 million. Founded in 2012, SealingTech expands Parsons' customer base across the Department of Defense and Intelligence Community and further enhances the company's capabilities in defensive cyber operations; integrated mission solutions powered by artificial intelligence (AI) and machine learning (ML), edge computing and edge access modernization; critical infrastructure protection; and secure data management.

Converged Security Solutions Acquires Solutions by Design II

On Aug. 16, Converged Security Solutions LLC (CSS), a leading holding company in the IT transformation and security sectors, announced the acquisition of Solutions by Design II, LLC (SBD), a highly regarded federal government contractor specializing in cybersecurity, application development, and cloud solutions. SBD will be integrated into CSS' Evolver LLC, a market leader in IT transformation and cybersecurity.

SBD has established a distinguished reputation in the federal government sector, with multiple competitive contract vehicles, and a diverse customer portfolio. Their exceptional track record and expertise in cybersecurity and application development have earned them trusted partnerships with prestigious customers, including the Department of Homeland Security, the Centers for Medicare and Medicaid Services, and the Defense Contract Management Agency.

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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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 2023, Mirus Capital Advisors, Inc. All rights reserved. Mirus Capital Advisors does not assume any liability for errors or omissions.



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