

## MARKET BRIEF

The U.S. economy delivered mixed signals in February, with some indicators down and others showing signs of improvement. The *Consumer Price Index* increased and the *Consumer Confidence Index* declined, while the unemployment rate rose slightly over the month. The public markets saw a gain with the S&P 500 increasing 5.2% in February. Total middle market M&A deal volume, including cross-border transactions and leveraged buyouts, saw a decline from January's increases.

### Unemployment Rate Rises in February

The unemployment rate in February ticked up to 3.9%, with the number of unemployed people rising to 6.5 million, an increase of 0.2 percentage points and 334,000 people compared to the previous year. Total nonfarm payroll employment rose by 275,000 in February with notable job gains occurring in social assistance, warehousing, hospitality, retail trade, government, and health care. While the overall participation rate remained steady, the number of permanent job losers climbed to 1.7 million, though temporary layoffs and long-term unemployment (those out of work for more than 27 weeks) saw little change. There were also 5.7 million people who wanted a job but weren't actively seeking one, with a significant portion (1.6 million) having looked for work in the past year but not within the last four weeks. Discouraged workers, those who believe there are no available jobs, remained relatively unchanged at 425,000.

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

### Consumer Confidence Declines in February

Consumer confidence dipped in February with The Conference Board *Consumer Confidence Index* falling to 106.7 (1985=100) after three months of gains. This decline reflects ongoing, widespread economic uncertainty, as Dana Peterson, Chief Economist at The Conference Board, highlighted: "The drop in confidence was broad-based, affecting all income groups except households earning less than \$15,000 and those earning more than \$125,000. Confidence deteriorated for consumers under the age of 35 and those 55 and over, whereas it improved slightly for those aged 35 to 54." Both the *Present Situation Index* (based on current conditions) and the *Expectations Index* (based on short-term outlook) fell in February with the Expectations Index dipping below 80, a level often associated with recession. While inflation remains a top concern for consumers, there's been a slight easing of worries about food and gas prices. Concerns about the labor market and the political environment, however, have risen. Consumers' assessment of their family financial situation also weakened, with pessimism rising regarding future business and labor market conditions. Among the few positive signs: average inflation expectations continued to decline, reaching their lowest level since March 2020, and consumers remain optimistic about stock prices in the coming year.

[The Conference Board](#)

### The Case-Shiller Index Reports 5.5% Annual Gain in December 2023

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which covers all nine U.S. census divisions, posted a 5.5% annual gain in December 2023, up from 5.0% in the previous month. The U.S. National Index posted a -0.4% month-over-month decrease in December, while the 10-City and 20-City Composites posted month-over-month decreases of -0.3% and -0.2%, respectively. Brian D. Luke, Head of Commodities, Real & Digital Assets at S&P Dow Jones Indices, stated: "2023 U.S. housing gains haven't followed such a synchronous pattern since the COVID housing boom. The term 'a rising tide lifts all boats'

seems appropriate given broad-based performance in the U.S. housing sector. All 20 markets reported yearly gains for the first time this year, with four markets rising over 8%."

[S&P Global | National Home Price Index](#)

## The Consumer Price Index Increased 0.4% in February

The Consumer Price Index (CPI) for everyday goods rose 0.4%, seasonally adjusted, following a 0.3% increase in January. Over the past year, prices have increased 3.2%, driven largely by rising shelter and gasoline costs. These two categories alone contributed to over 60% of the monthly increase. While the food index overall remained flat, there was a slight rise in the food away from home index while groceries held steady. Excluding food and energy, the index remained steady at 0.4%. Some categories, like apparel and recreation, saw price increases while others, like personal care items, experienced slight decreases.

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

## PUBLIC MARKET

The U.S. public markets continued to climb in February. The S&P 500 rose by 5.2% in February to post a one-year return of 28.4%, trading above 5,000 for the first time. The Dow Jones Industrial Average saw an uptick of 2.2% and was up 19.4% for the one-year period. The Nasdaq Composite Index added 6.1%.

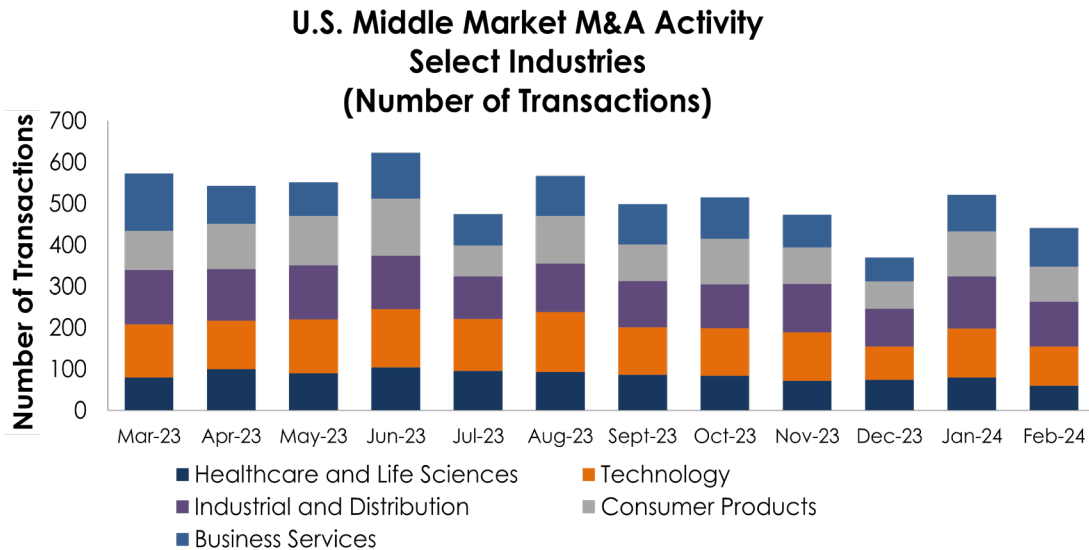
### Public Trading Multiples

As of February 29, 2024

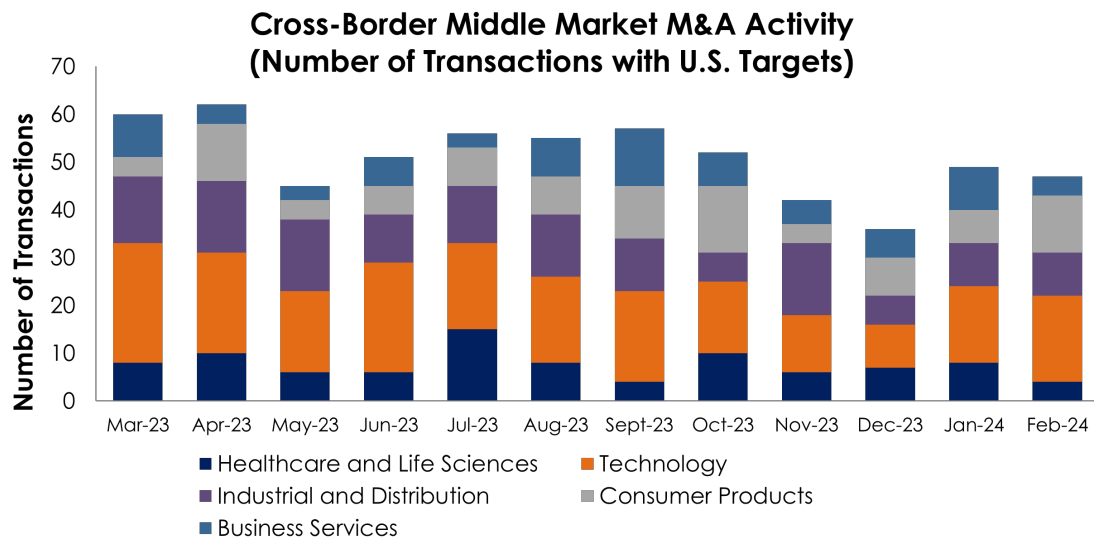
Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
<b>Healthcare and Life Sciences</b>							
Healthcare Technology	3.9x	25.4x	10.4%	9.5%	31.1%	23.6%	3.3%
Healthcare Equipment and Supplies	4.3x	19.3x	1.9%	6.3%	-6.6%	2.4%	15.5%
Healthcare Providers and Services	0.8x	11.2x	8.5%	8.8%	4.6%	3.9%	9.6%
Healthcare and Life Sciences Aggregate	3.0x	18.6x	6.9%	8.2%	9.7%	10.0%	9.5%
<b>Technology</b>							
IT Services	2.6x	15.7x	4.7%	4.4%	13.9%	3.7%	14.7%
Software	9.3x	27.4x	9.7%	12.0%	27.7%	14.2%	6.5%
Computers and Other Electronic Equipment	2.0x	14.4x	-5.8%	2.5%	-11.3%	2.7%	12.6%
Technology Aggregate	4.6x	19.1x	2.9%	6.3%	10.1%	6.9%	11.3%
<b>Industrial and Distribution</b>							
Aerospace and Defense	2.2x	17.4x	10.4%	5.6%	4.1%	12.2%	9.4%
Building Products	1.7x	11.1x	-1.8%	6.4%	1.1%	9.7%	20.8%
Construction and Engineering	0.7x	9.1x	8.1%	6.9%	9.5%	7.0%	6.7%
Machinery	1.6x	11.3x	9.2%	7.4%	22.7%	12.9%	7.4%
Distributors	0.9x	10.1x	-3.9%	7.8%	1.4%	14.1%	4.6%
Industrial and Distribution Aggregate	1.4x	11.8x	4.4%	6.8%	7.8%	11.2%	9.8%
<b>Consumer Products</b>							
Food and Beverage	1.9x	11.6x	4.0%	6.9%	4.5%	4.3%	13.8%
Household and Personal Products	3.1x	15.7x	2.4%	1.8%	6.6%	-0.6%	13.6%
Household Durables	1.0x	9.1x	-1.7%	3.9%	-8.8%	4.0%	9.3%
Textiles, Apparel, and Luxury Goods	2.5x	12.1x	4.8%	11.5%	7.5%	24.0%	9.3%
Consumer Products Aggregate	2.1x	12.1x	2.4%	6.0%	2.5%	7.9%	11.5%
<b>Business Services</b>							
Human Resource and Employment Services	1.4x	14.4x	1.9%	5.9%	-1.9%	9.4%	9.7%
Research and Consulting Services	3.1x	17.1x	7.0%	6.4%	8.8%	7.3%	14.3%
Business Services Aggregate	2.3x	15.7x	4.4%	6.2%	3.5%	8.3%	12.0%
<b>Travel and Hospitality</b>							
Hotels, Resorts, and Cruise Lines	3.8x	15.2x	29.0%	32.3%	81.8%	0.0%	13.5%
Restaurants	2.6x	14.2x	15.5%	14.5%	32.1%	26.6%	6.8%
Leisure Facilities	4.4x	13.2x	15.7%	23.8%	24.3%	97.9%	37.9%
Travel and Hospitality Aggregate	3.6x	14.2x	20.1%	23.6%	46.1%	41.5%	19.4%

## M&A MARKET

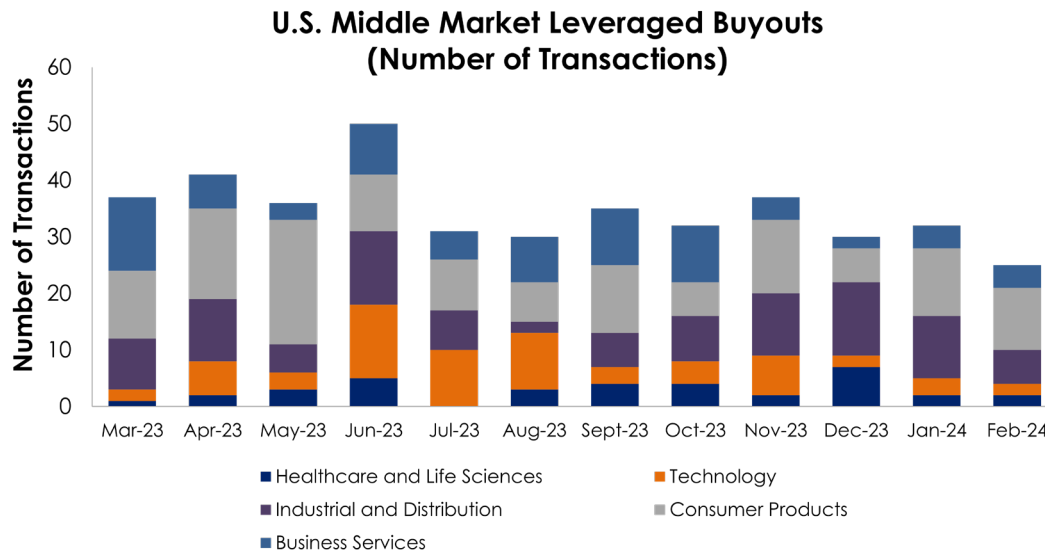
Deal volume for U.S. middle-market M&A transactions was down in February after a strong start to 2024. Aggregate deal value, however, increased during the same time period, with [FactSet](#) reporting a 13.7% increase compared to January.



Cross-border middle-market M&A activity showed a modest decrease in February after a solid January. Technology and Consumer Products were the two sectors displaying an increase in deal volume.



LBO transaction volume decreased in February after a slight increase in January. Transaction volume in the Industrial and Distribution and Technology sectors showed the largest decline, while volume for the Healthcare and Life Sciences, Business Services, and Consumer Products sectors was flat.



## **SELECT MIDDLE MARKET M&A TRANSACTIONS – CONSUMER PRODUCTS**

### ***Harwood Private Equity Acquires Crest Foods***

[Full Article](#)

Crest Foods, a leading manufacturer of dairy stabilizers, contract packager, and private label dry food producer, has been acquired by investment firm Harwood Private Equity. This deal allows Crest Foods to partner with an expert who can propel them towards further growth. Crest Foods offers a range of services including developing formulations for dairy products, packaging solutions for dry food companies, and complete product development and manufacturing for branded food companies. Financial details of the acquisition were not disclosed. Harwood, a private equity firm specializing in lower middle market companies, has experience in various industries including food and beverage. This acquisition will likely see Crest Foods benefit from Harwood's resources and expertise as they aim for their next phase of growth.

### ***Somafina Acquires Nutraceuticals Manufacturer UST***

[Full Article](#)

Somafina, a nutraceutical manufacturer owned by Heartwood Partners, has acquired UST Corporation, a Utah-based contract producer of vitamins, minerals, and supplements. UST provides a one-stop shop for its clients, handling everything from formulation and development to production and packaging. They also have an in-house ISO-certified testing lab to ensure the scientific quality of their advanced supplement offerings. This acquisition is a strategic move for both companies. Somafina gains a high-volume producer in a key nutraceutical hub, allowing them to offer a wider range of high-quality supplements, faster turnaround times, and more flexible order quantities. UST's expertise and two decades of experience in the industry will further strengthen Somafina's ability to serve its customers.

### ***Society Brands Acquires Clarifion and Cleanomic***

[Full Article](#)

Society Brands, a fast-growing e-commerce company focused on acquiring founder-led consumer brands, has bolstered its portfolio with the acquisition of Clarifion and Cleanomic, two California-based companies. Clarifion, a leader in direct-to-consumer air purification, offers a line of innovative air ionizers and purifiers, while Cleanomic provides eco-friendly cleaning products for laundry, kitchen, and bathroom use. Notably, Cleanomic boasts a successful subscription model, ensuring a steady stream of revenue and loyal customers. Both companies primarily leverage Shopify for their e-commerce operations, which aligns perfectly with Society Brands' acquisition strategy. Society Brands is confident that their experience and expertise in the consumer products space will be instrumental in helping Clarifion and Cleanomic flourish. By joining forces, Society Brands expects to propel both brands to new heights, leveraging its resources and leadership to unlock their full potential.

## 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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