



# MIDDLE MARKET UPDATE

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Q2 2024



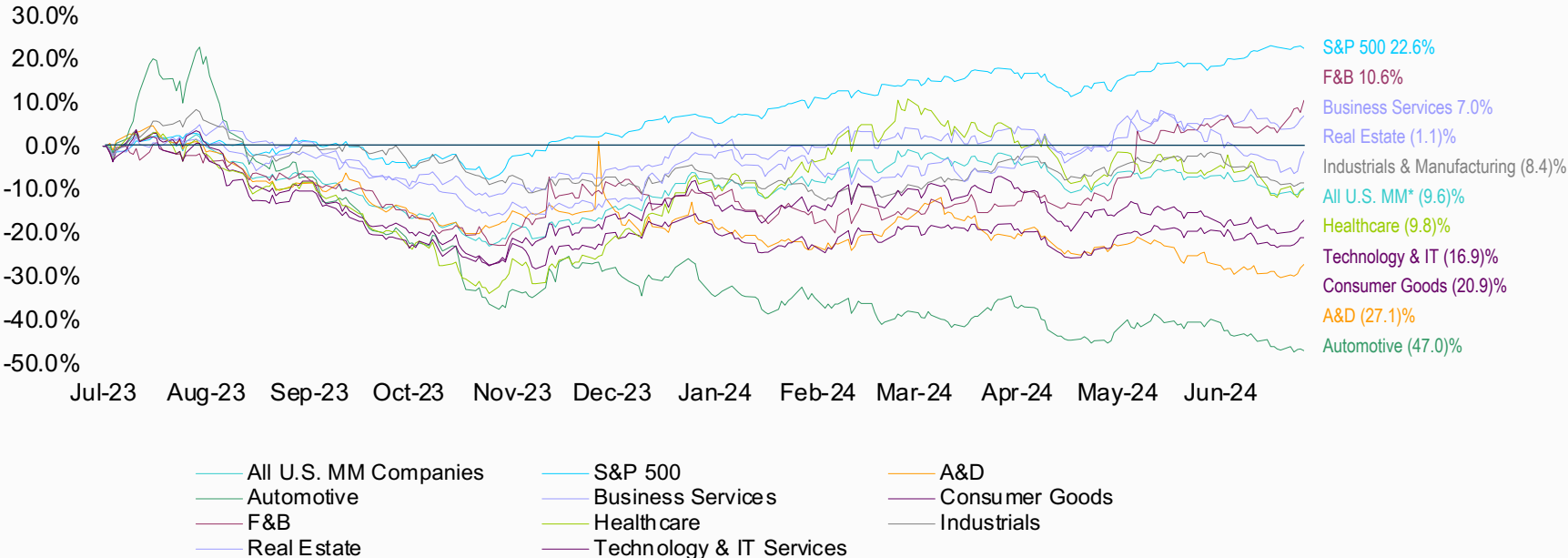
GREENWICH  
CAPITAL GROUP

# GCG Middle Market Update | Q2 2024

## GCG Public Company Index Market Performance

GCG’s proprietary middle market industry sector performance significantly underperformed the S&P in Q2 2024. In a persistent pattern, middle market equities could not keep up with the performance of large cap stocks within the same period, as the S&P 500 index boasted a 12-month relative yield of 22.6% as of June 2024. In contrast, the middle market index’s trailing 12-month return lagged at (9.6)%, the same return as Q1 2024. Leading the middle market sectors, Food and Beverage returned 10.6% and Business Services returned 7.0%. Real Estate and Industrials & Manufacturing also posted better returns than the middle market industry average at (1.1)% and (8.4)%, respectively. All sectors fell short of the soaring S&P 500, with Automotive experiencing the most significant downturn, declining by 47.0% over the trailing twelve months. The continued underperformance can primarily be attributed to broader macroeconomic factors that have disproportionately affected middle market businesses. Economic tightening and increased interest rates have posed significant challenges, particularly for capital-intensive industries like automotive manufacturing.

**GCG Proprietary Middle Market Sector Stock Performance Index**



Source: S&P Capital IQ and GCG Proprietary Research, all values based on publicly available data as of 6/30/2024  
 Note: Benchmark index for comparison is All U.S. MM Companies, MM defined as average enterprise value in 2023 between \$10M and \$500M

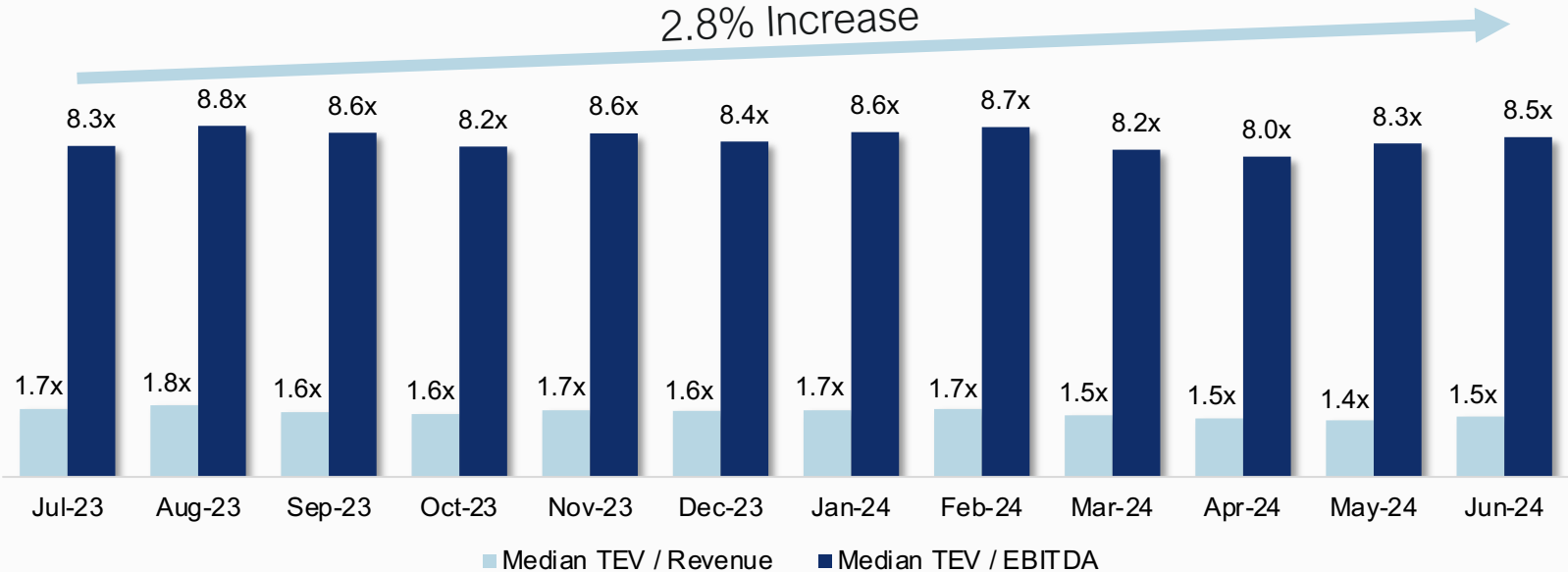


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## GCG Public Company Index Trading Multiples

The median quarterly revenue and EBITDA multiples for middle market public companies reached their peak in March 2021 and have cooled in the three years since. In the trailing twelve months, EBITDA multiples have fluctuated, though consistently remaining in the 8.0 – 8.8x territory. Q2 2024 ended with the multiple increasing to 8.5x from 8.2 at the end of Q1. In this current high interest rate environment, the performance disparity between middle market and large-cap public companies is amplified. Larger firms leverage superior access to resources and economies of scale to achieve higher returns on invested capital, enabling them to better absorb increased borrowing costs and strengthen market dominance. Meanwhile, middle market companies must improve operational efficiencies and display disciplined financial management to mitigate impacts, remain competitive, and avoid falling behind their large cap peers.

### All U.S. Middle Market Company Index Trading Multiples



Source: S&P Capital IQ and GCG Proprietary Research  
Note: All values based on publicly available data as of 6/30/2024

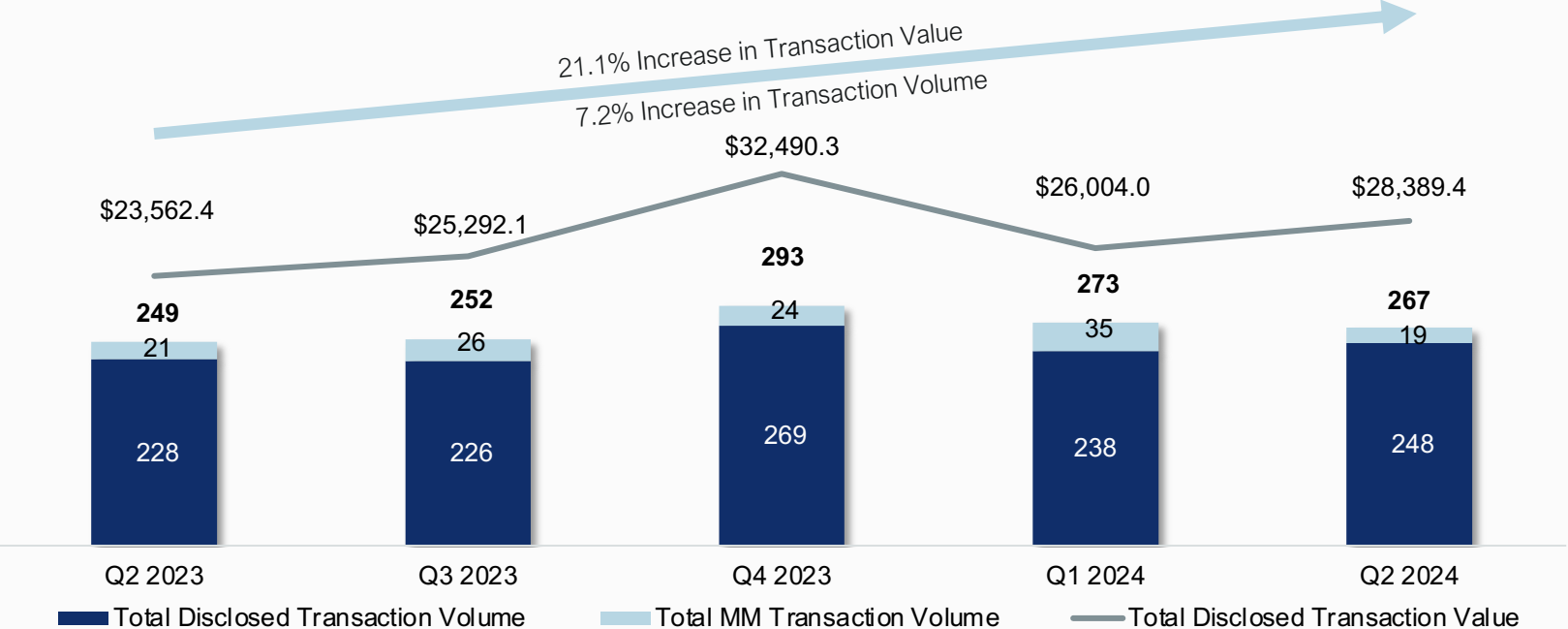


# GCG Middle Market Update | Q2 2024

## Middle Market M&A Activity

As Q2 2024 concludes, the deal value and volume for middle market public and private companies have shown a mixed recovery from the declines observed in Q1 2024. Values increased by 9.2% yet volumes decreased by 2.2% compared to the previous quarter. In a more positive note, the M&A activity rose by 21.1% and 7.2%, respectively, compared to Q2 2023. The resilience in economic conditions and the anticipation of favorable interest rate adjustments have continued to support capital availability, facilitating M&A activity in the middle market. Despite the previous reduction in deal frequency, the economic resilience observed throughout Q2 and the sustained availability of capital have contributed to a marked increase in deal value since the beginning of the year. GCG has observed this uptick in announced deal value, suggesting a continued positive trend for sellers later in the year on a greater scale.

### U.S. Middle Market Transaction Values and Volume



Source: S&P Capital IQ, all values based on publicly available data as of 6/30/2024  
 Note: M&A excludes private placements, MM defined as transactions with either value or revenue between \$10 and \$500M and therefore does not include transactions excluding this information. All deal-related figures exclude real estate deals.



# GCG Middle Market Update | Q2 2024

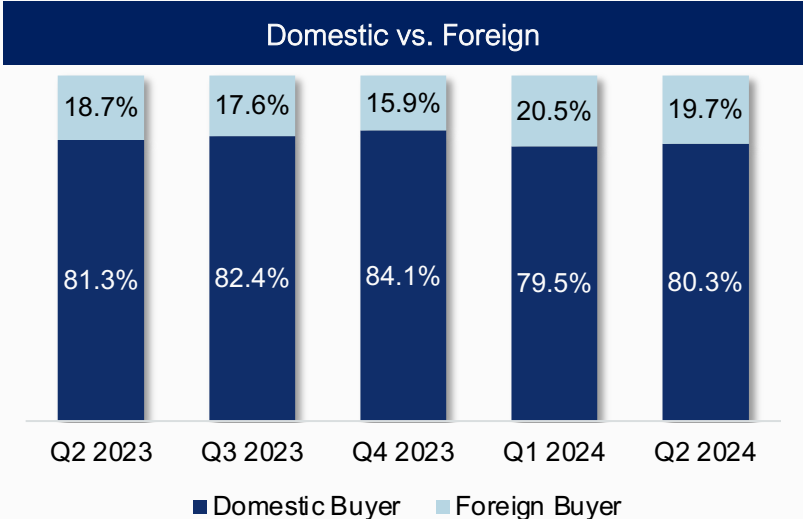
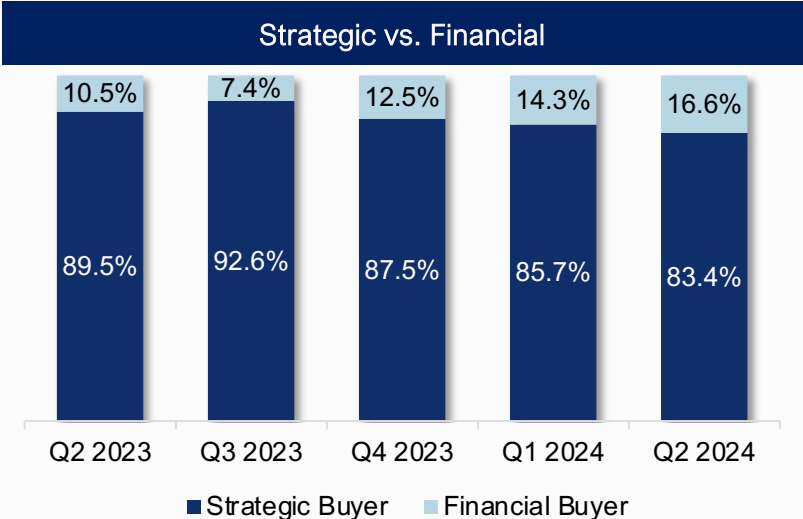
## Middle Market M&A Buyer Analysis

In Q2 2024, strategic acquirers continued to dominate the middle market M&A activity, accounting for 83.4% of the deal flow, with financial buyers comprising the remaining 16.6%. This reflects a steady increase in the participation of financial buyers, which is a continuation of the re-engagement trend from the previous quarters. Financial buyers are gradually adapting to the new rate environment, awaiting further signals from the Fed regarding potential rate cuts before fully committing to new acquisitions. As concerns over a sharp economic downturn continue to recede, it is anticipated that strategic buyers will maintain their lead in the M&A recovery.

In Q2 2024, domestic buyers accounted for 80.3% of middle market M&A activity. Foreign buyers comprised 19.7% of the market, reflecting ongoing momentum and strategic interest from international investors. Persistent uncertainties in global trade have prompted foreign investors to continue their strategic engagements in the U.S. market. GCG is closely monitoring the trend of foreign investment in the US M&A markets, particularly in light of this year's unprecedented global election activity, which could significantly influence economic and regulatory landscapes.

Q2 2024  
Transaction Volume:  
**267**

Q2 2024  
Monthly Average  
Volume:  
**89**



Source: Capital IQ and GCG Proprietary Research

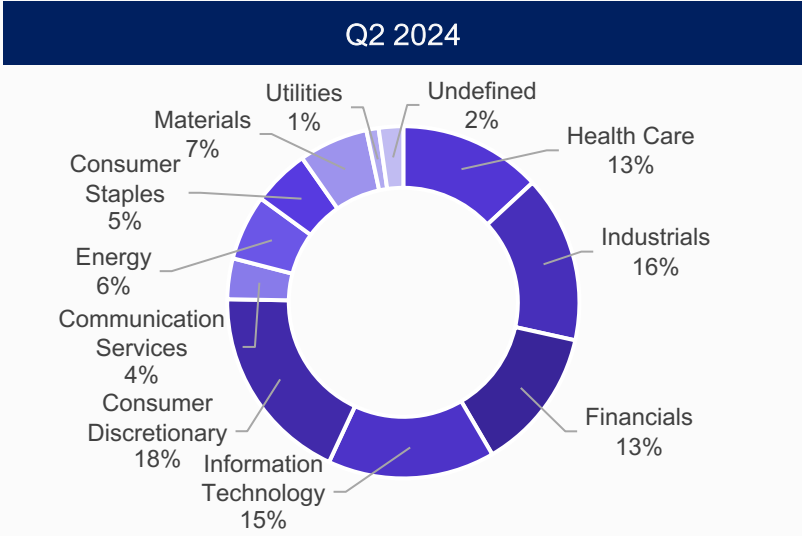
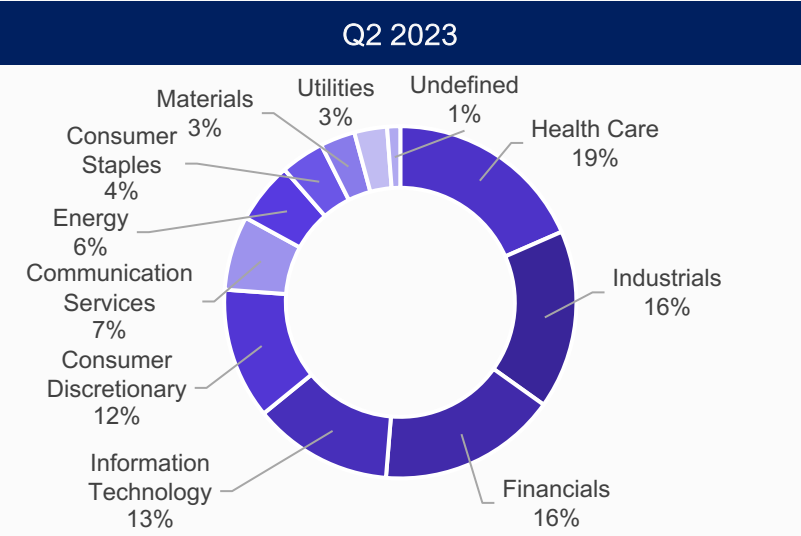


# GCG Middle Market Update | Q2 2024

## Middle Market M&A Sector Activity

In Q2 2024, the distribution of deal activity across sectors showed significant shifts in market share compared to Q2 2023. The Consumer Discretionary sector experienced the most notable increase, rising from 12% to 18% of deal volume, reflecting a resurgence in consumer spending and economic optimism. Information Technology deals also showed an increase, growing from 13% to 15%, driven by ongoing digital transformation trends. Health Care transactions decreased significantly from 19% to 13%, indicating a return to the mean after heightened activity in previous years. Financials and Communication Services both saw a decrease of 3%, from 16% to 13% and from 7% to 4%, respectively. The Industrials, Consumer Staples, Energy, and Utility sectors remained relatively stable in their market share, underscoring consistent demand in these foundational sectors.

The outlook for each sector has been uniquely affected by various external pressures, including fluctuating interest rates, global economic uncertainties, trade tensions, ongoing post-pandemic supply chain challenges, and evolving government policies. These factors continue to shape the strategic focus of investors in the middle market.



Source: Capital IQ and GCG Proprietary Research  
Note: The monthly average number of transactions per month in Q2 2023 was 83 and in Q2 2024 was 89.



# GCG Middle Market Update | Q2 2024

## Public Comparable Companies

The top three companies as measured by average enterprise value in 2023 are presented below for each of our proprietary sectors. These tables reflect various performance metrics for the listed companies such as share price movement, LTM margins and total enterprise value to LTM revenue and EBITDA figures.

| Company Name                     | Enterprise     | Share       | Price Change |          | LTM Margins |          | TEV / LTM: |        |
|----------------------------------|----------------|-------------|--------------|----------|-------------|----------|------------|--------|
|                                  | Value (\$mils) | Stock Price | 3 month      | 12 month | Gross       | EBITDA   | Revenue    | EBITDA |
| <b>A&amp;D</b>                   |                |             |              |          |             |          |            |        |
| National Presto Industries, Inc. | \$429.63       | \$71.44     | (13.8%)      | (2.4%)   | 18.8%       | 11.2%    | 1.3x       | 11.4x  |
| Applied Energetics, Inc.         | 305.75         | 1.43        | (28.2%)      | (43.9%)  | 66.2%       | (347.3%) | 134.2x     | NM     |
| flyExclusive, Inc.               | 297.73         | 4.42        | (1.1%)       | (56.9%)  | 16.2%       | (8.0%)   | 0.9x       | NM     |
| <b>Mean</b>                      | \$344.37       | \$25.76     | (14.4%)      | (34.4%)  | 33.7%       | (114.7%) | 45.5x      | 11.4x  |
| <b>Median</b>                    | \$305.75       | \$4.42      | (13.8%)      | (43.9%)  | 18.8%       | (8.0%)   | 1.3x       | 11.4x  |
| <b>Automotive</b>                |                |             |              |          |             |          |            |        |
| Miller Industries, Inc.          | \$651.06       | \$54.24     | 9.3%         | 52.9%    | 13.6%       | 8.4%     | 0.5x       | 6.3x   |
| Motorcar Parts of America, Inc.  | 347.53         | 6.13        | (24.6%)      | (20.8%)  | 18.5%       | 7.5%     | 0.5x       | 6.4x   |
| Zoomcar Holdings, Inc.           | 27.37          | 0.14        | (75.0%)      | (98.7%)  | (19.0%)     | (289.5%) | 2.8x       | NM     |
| <b>Mean</b>                      | \$341.99       | \$20.17     | (30.1%)      | (22.2%)  | 4.3%        | (91.2%)  | 1.3x       | 6.4x   |
| <b>Median</b>                    | \$347.53       | \$6.13      | (24.6%)      | (20.8%)  | 13.6%       | 7.5%     | 0.5x       | 6.4x   |
| <b>Business Services</b>         |                |             |              |          |             |          |            |        |
| Perdoceo Education Corporation   | \$744.50       | \$20.78     | 17.3%        | 69.4%    | 82.9%       | 26.9%    | 1.1x       | 4.1x   |
| KORE Group Holdings, Inc.        | 453.57         | 1.55        | (60.6%)      | (74.6%)  | 53.8%       | 6.5%     | 1.6x       | 24.4x  |
| Civeo Corporation                | 427.04         | 24.14       | (10.7%)      | 23.9%    | 24.6%       | 13.9%    | 0.6x       | 4.4x   |
| <b>Mean</b>                      | \$541.70       | \$15.49     | (18.0%)      | 6.2%     | 53.8%       | 15.8%    | 1.1x       | 10.9x  |
| <b>Median</b>                    | \$453.57       | \$20.78     | (10.7%)      | 23.9%    | 53.8%       | 13.9%    | 1.1x       | 4.4x   |

Note: MM public companies are defined as having enterprise value between \$10 and \$500M. Companies as measured by average enterprise value between Jan-2023 and Dec-2023



# GCG Middle Market Update | Q2 2024

## Public Comparable Companies

| Company Name                | Enterprise     | Share       | Price Change |          | LTM Margins |          | TEV / LTM: |        |
|-----------------------------|----------------|-------------|--------------|----------|-------------|----------|------------|--------|
|                             | Value (\$mils) | Stock Price | 3 month      | 12 month | Gross       | EBITDA   | Revenue    | EBITDA |
| <b>Consumer Goods</b>       |                |             |              |          |             |          |            |        |
| The Lovesac Company         | \$453.16       | \$21.94     | (2.9%)       | (18.6%)  | 58.2%       | 4.5%     | 0.7x       | 14.5x  |
| Reading International, Inc. | 439.63         | 1.43        | (21.9%)      | (46.0%)  | 12.0%       | 3.7%     | 2.0x       | 54.0x  |
| SES AI Corporation          | 96.79          | 1.13        | (29.8%)      | (53.7%)  | 0.0%        | NA       | -          | NM     |
| <b>Mean</b>                 | \$329.86       | \$8.17      | (18.2%)      | (39.4%)  | 23.4%       | 4.1%     | 1.3x       | 34.3x  |
| <b>Median</b>               | \$439.63       | \$1.43      | (21.9%)      | (46.0%)  | 12.0%       | 4.1%     | 1.3x       | 34.3x  |
| <b>F&amp;B</b>              |                |             |              |          |             |          |            |        |
| Vital Farms, Inc.           | \$1,804.14     | \$45.48     | 92.4%        | 279.3%   | 35.7%       | 11.0%    | 3.6x       | 32.8x  |
| Inspire Technology Inc.     | 401.09         | 7.74        | 29.2%        | (15.1%)  | 17.7%       | (7.7%)   | 2.7x       | NM     |
| HF Foods Group Inc.         | 335.64         | 2.95        | (14.7%)      | (37.1%)  | 17.8%       | 3.4%     | 0.3x       | 8.7x   |
| <b>Mean</b>                 | \$846.96       | \$18.72     | 35.6%        | 75.7%    | 23.7%       | 2.2%     | 2.2x       | 20.7x  |
| <b>Median</b>               | \$401.09       | \$7.74      | 29.2%        | (15.1%)  | 17.8%       | 3.4%     | 2.7x       | 20.7x  |
| <b>Healthcare</b>           |                |             |              |          |             |          |            |        |
| Seres Therapeutics          | \$212.34       | \$0.72      | (5.9%)       | (84.9%)  | 2.6%        | (55.7%)  | 1.7x       | NM     |
| 23andMe Holding Co.         | 44.46          | 0.38        | (28.6%)      | (78.5%)  | 45.2%       | (120.8%) | 0.2x       | NM     |
| Biomea Fusion, Inc.         | 25.05          | 4.42        | (71.1%)      | (79.9%)  | 0.0%        | NA       | -          | NM     |
| <b>Mean</b>                 | \$93.95        | \$1.84      | (35.2%)      | (81.1%)  | 15.9%       | (88.2%)  | 0.9x       | NM     |
| <b>Median</b>               | \$44.46        | \$0.72      | (28.6%)      | (79.9%)  | 2.6%        | (88.2%)  | 0.9x       | NM     |

Note: MM public companies are defined as having enterprise value between \$10 and \$500M. Companies as measured by average enterprise value between Jan-2023 and Dec-2023





# GCG Middle Market Update | Q2 2024

## Public Comparable Companies

| Company Name                           | Enterprise     | Share       | Price Change |          | LTM Margins |         | TEV / LTM: |        |
|--|----------------|-------------|--------------|----------|-------------|---------|------------|--------|
|  | Value (\$mils) | Stock Price | 3 month      | 12 month | Gross       | EBITDA  | Revenue    | EBITDA |
| <b>Industrials &amp; Manufacturing</b> |                |             |              |          |             |         |            |        |
| Bowman Consulting Group Ltd.           | \$673.16       | \$30.75     | (8.1%)       | (3.5%)   | 50.8%       | 4.3%    | 1.8x       | 42.5x  |
| Northwest Pipe Company                 | 520.28         | 33.05       | (6.0%)       | 9.3%     | 17.7%       | 11.8%   | 1.1x       | 9.6x   |
| PetroTal Corp.                         | 457.88         | 0.54        | (3.8%)       | 11.4%    | 84.1%       | 75.8%   | 1.5x       | 1.9x   |
| <b>Mean</b>                            | \$550.44       | \$21.45     | (6.0%)       | 5.7%     | 50.9%       | 30.7%   | 1.5x       | 18.0x  |
| <b>Median</b>                          | \$520.28       | \$30.75     | (6.0%)       | 9.3%     | 50.8%       | 11.8%   | 1.5x       | 9.6x   |
| <b>Real Estate</b>                     |                |             |              |          |             |         |            |        |
| Net Lease Office Properties            | \$839.98       | \$24.39     | 4.5%         | -        | 100.0%      | 71.7%   | 4.8x       | 6.6x   |
| Tejon Ranch Co.                        | 453.90         | 16.84       | 9.6%         | (2.1%)   | 4.8%        | (9.7%)  | 11.4x      | NM     |
| The RMR Group Inc.                     | 401.71         | 22.48       | (5.1%)       | (3.0%)   | 100.0%      | 53.5%   | 1.7x       | 3.2x   |
| <b>Mean</b>                            | \$565.20       | \$21.24     | 3.0%         | (2.6%)   | 68.3%       | 38.5%   | 6.0x       | 4.9x   |
| <b>Median</b>                          | \$453.90       | \$22.48     | 4.5%         | (2.6%)   | 100.0%      | 53.5%   | 4.8x       | 4.9x   |
| <b>Technology &amp; IT Services</b>    |                |             |              |          |             |         |            |        |
| BigBear.ai Holdings, Inc.              | \$485.59       | \$1.46      | (25.5%)      | (37.9%)  | 25.6%       | (18.5%) | 3.3x       | NM     |
| Vishay Precision Group, Inc.           | 374.72         | 29.91       | (52.6%)      | (59.7%)  | 42.8%       | (91.3%) | 3.6x       | NM     |
| Evolv Technologies Holdings, Inc.      | 299.41         | 2.42        | (15.1%)      | (19.5%)  | 48.9%       | 16.2%   | 1.1x       | 6.7x   |
| <b>Mean</b>                            | \$386.58       | \$11.26     | (31.1%)      | (39.0%)  | 39.1%       | (31.2%) | 2.7x       | 6.7x   |
| <b>Median</b>                          | \$374.72       | \$2.42      | (25.5%)      | (37.9%)  | 42.8%       | (18.5%) | 3.3x       | 6.7x   |

Note: MM public companies are defined as having enterprise value between \$10 and \$500M. Companies as measured by average enterprise value between Jan-2023 and Dec-2023



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## More about Greenwich Capital Group

Greenwich Capital Group LLC (“GCG”) is a leading investment bank that advises clients including closely-held and family-owned businesses, private equity firms, and public companies. GCG’s senior bankers have collectively advised on hundreds of transactions over many years of experience in mergers and acquisitions, with most having backgrounds with large U.S. and global firms. GCG is focused on advising clients in key industry verticals throughout the U.S.

GCG was founded by entrepreneurially minded investment banking professionals focused on building an organization centered around advising clients. We strive to build relationships by representing our clients’ long-term interests and earning their trust. In contrast to the practice of pushing transaction responsibilities to junior resources, our philosophy is to deliver personalized, senior-level attention and experience to every GCG engagement. We are proud to offer references that will speak to a differentiated level of service and results.

For additional perspective or to discuss M&A related opportunities in the middle market, please reach out to GCG’s CEO and Managing Director, Bob Coury. For more information, please visit [www.greenwichgp.com](http://www.greenwichgp.com).



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Data Sources: We have based our findings on data provided by industry recognized sources. Data and information for this publication was collated from the S&P Capital IQ database. For more information on this or anything else related to our research, please email [info@greenwichgp.com](mailto:info@greenwichgp.com).

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