

MARKET BRIEF

Economic indicators released in May continued to show positive results across the board. Unemployment decreased slightly from last month, both the Consumer Confidence Index and the Consumer Price Index reported modest increases, and home prices continued to rise. In May, the public markets closed ahead of April levels, while middle market M&A activity remained in line with analyst expectations.

Unemployment Rate Decreases to 3.8%

Total nonfarm payroll employment increased by 223,000 in May, and the unemployment rate edged down to 3.8% after remaining at 3.9% in April. Job gains occurred in several industries, including retail trade, healthcare, construction, mining, transportation and warehousing. Employment in other major industries changed little. The labor force participation rate remained relatively unchanged at 62.7%.

(<https://www.bls.gov/news.release/pdf/empsit.pdf>)

Consumer Confidence Increased in May

The Conference Board Consumer Confidence Index increased in May, following a decline in April (after a downward revision). The Index now stands at 128.0, up from 125.6 in April. “Consumer confidence increased in May after a modest decline in April,” said Lynn Franco, Director of Economic Indicators at The Conference Board. “Consumers’ assessment of current conditions increased to a 17-year high (March 2001, 167.5), suggesting that the level of economic growth in Q2 is likely to have improved from Q1. Consumers’ short-term expectations improved modestly, suggesting that the pace of growth over the coming months is not likely to gain any significant momentum. Overall, confidence levels remain at historically strong levels and should continue to support solid consumer spending in the near-term.”

(<https://www.conference-board.org/data/consumerconfidence.cfm>)

The Case-Shiller Index Indicated a Continued Rise in Home Values

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index posted a 6.5% annual gain in March, the same as the previous month. David Blitzer, Managing Director and Chairman of the Index Committee, commented: “The home price increases continue with the National Index rising at 6.5% per year. Seattle continues to report the fastest rising prices at 13% per year, double the National Index pace. While Seattle has been the city with the largest gains for 19 months, the ranking among other cities varies. Las Vegas and San Francisco saw the second and third largest annual gains of 12.4% and 11.3%. A year ago, they ranked 10th and 16th. Any doubts that real, or inflation-adjusted, home prices are climbing rapidly are eliminated by considering Chicago; the city reported the lowest 12-month gain among all cities in the index of 2.8%, almost a percentage point ahead of the inflation rate.

(<https://us.spindices.com/indices/real-estate/sp-corelogic-case-shiller-us-national-home-price-nsa-index>)

The Consumer Price Index Reported a Slight Increase

The Consumer Price Index for All Urban Consumers increased 0.2% in May on a seasonally adjusted basis after rising 0.2% in April. The indexes for gasoline and shelter accounted for the largest increases in the all items index, as they were in April, while the medical care index increased modestly and the food index remained unchanged. Over the past twelve months, the all items index rose by 2.8%.

(<https://www.bls.gov/news.release/cpi.nr0.htm>)

PUBLIC MARKET

After a volatile start to the year amid trade tensions with China and increased skepticism about the sustainability of the 9-year long bull market, the major indices gained traction in May and continued to grow. Overall, the Dow Jones Industrial Average increased 1.9%, the S&P 500 Index grew 2.8%, and the Nasdaq Composite Index gained 4.7% in May.

Public Trading Multiples

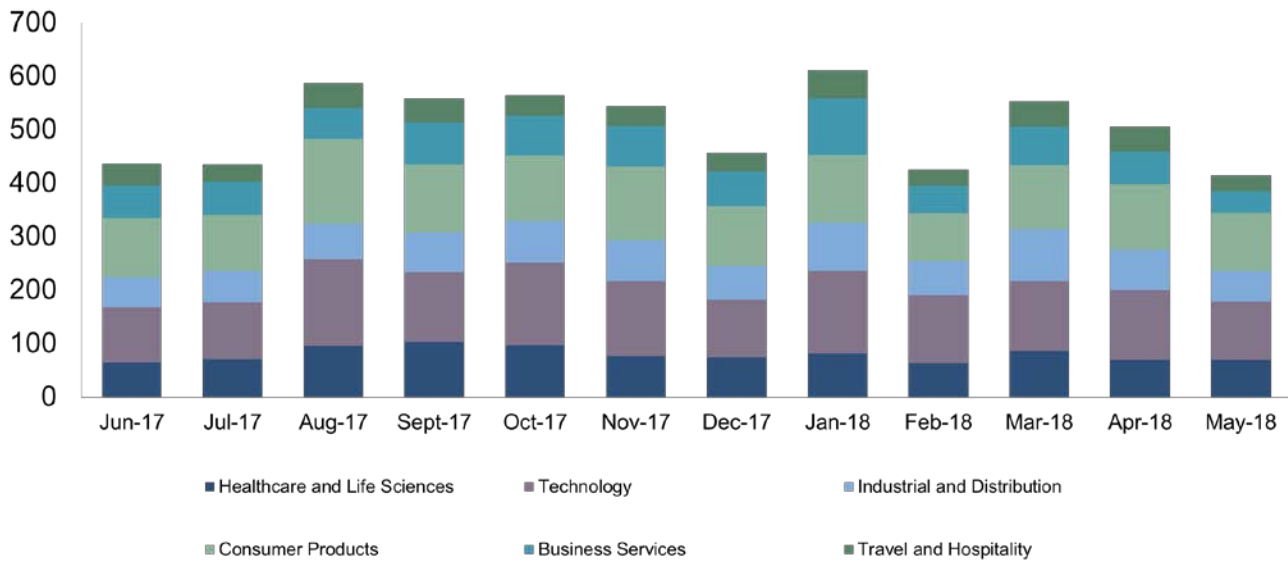
As of June 1, 2018

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	4.2x	22.5x	14.5%	11.5%	18.1%	11.8%	17.5%
Healthcare Equipment and Supplies	4.2x	18.3x	8.9%	7.1%	11.2%	9.1%	17.1%
Healthcare Providers and Services	0.8x	11.1x	6.7%	8.6%	7.3%	7.4%	5.6%
Healthcare and Life Sciences Aggregate	3.1x	17.3x	10.0%	9.1%	12.2%	9.4%	13.4%
Technology							
Internet Software and Services	6.4x	21.9x	30.2%	25.0%	31.3%	27.0%	9.8%
IT Services	2.9x	15.1x	12.1%	6.3%	11.9%	6.3%	9.5%
Software	5.7x	20.8x	18.2%	8.4%	24.6%	7.0%	17.2%
Computers and Other Electronic Equipment	1.3x	9.7x	14.6%	5.0%	16.8%	5.9%	20.9%
Technology Aggregate	4.1x	16.9x	18.8%	11.2%	21.2%	11.6%	14.4%
Industrial and Distribution							
Aerospace and Defense	1.8x	13.9x	8.3%	2.5%	19.7%	3.4%	4.2%
Building Products	1.3x	10.3x	8.0%	4.1%	12.5%	10.0%	13.4%
Construction and Engineering	0.7x	9.1x	16.9%	4.9%	23.1%	7.9%	10.4%
Machinery	1.6x	12.1x	15.8%	3.6%	25.4%	7.2%	8.2%
Distributors	0.8x	10.6x	13.8%	0.9%	22.6%	5.7%	4.3%
Industrial and Distribution Aggregate	1.2x	11.2x	12.6%	3.2%	20.7%	6.8%	8.1%
Consumer Products							
Food and Beverage	2.2x	12.2x	8.9%	2.7%	10.6%	5.4%	15.6%
Household and Personal Products	2.9x	14.8x	11.1%	2.5%	12.5%	3.6%	18.3%
Household Durables	1.0x	9.6x	17.2%	7.7%	23.1%	13.6%	8.8%
Textiles, Apparel, and Luxury Goods	1.9x	13.1x	12.0%	7.7%	18.2%	7.2%	7.4%
Consumer Products Aggregate	2.0x	12.4x	12.3%	5.1%	16.1%	7.4%	12.5%
Business Services							
Human Resource and Employment Services	0.8x	12.5x	17.0%	10.4%	14.2%	10.0%	17.5%
Research and Consulting Services	3.1x	15.7x	13.0%	6.4%	12.8%	6.5%	20.7%
Business Services Aggregate	2.0x	14.1x	15.0%	8.4%	13.5%	8.3%	19.1%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	2.9x	13.4x	11.9%	5.1%	10.1%	9.9%	9.4%
Restaurants	2.2x	13.6x	8.4%	3.6%	6.5%	5.4%	8.7%
Leisure Facilities	3.5x	12.9x	10.7%	5.5%	13.7%	6.4%	33.8%
Travel and Hospitality Aggregate	2.9x	13.3x	10.3%	4.7%	10.1%	7.2%	17.3%

M&A MARKET

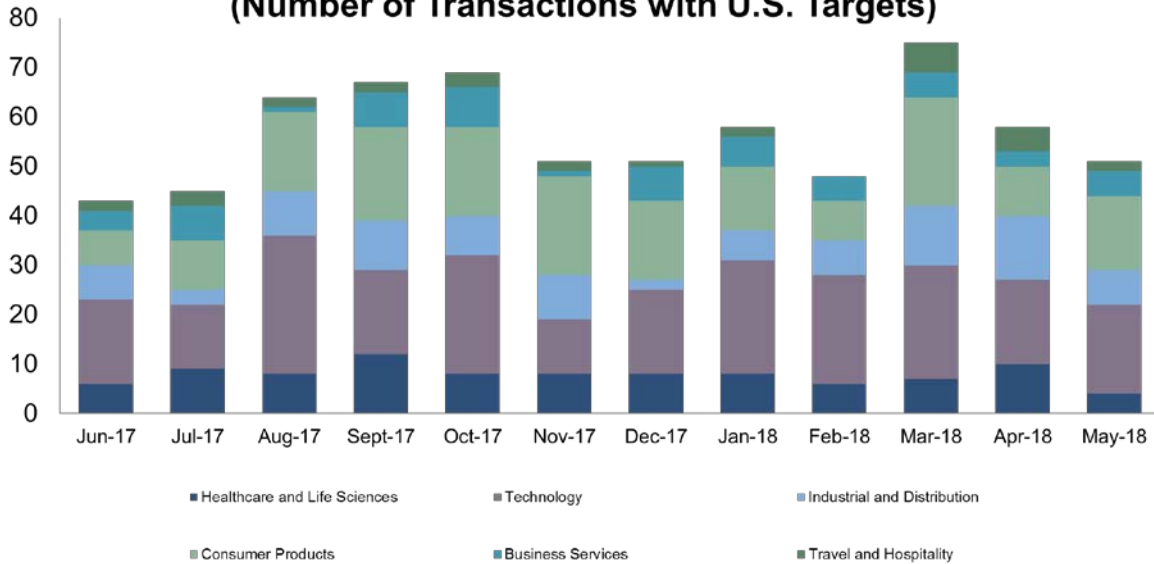
Nearly midway through the year, both buyers and sellers remain bullish on 2018 M&A activity. According to the *Citizens’ Middle Market M&A Outlook for 2018*, which surveyed more than 400 corporate deal professionals, 60% of sellers said that they were currently involved in or considering a sale or merger in the next twelve months - up from 33% in 2016. Of buyers surveyed, 76% indicated that they were currently involved in or considering a sale in the next twelve months. Buyers and sellers also agreed on rising valuations, with 41% of buyers and 39% of sellers anticipating higher valuation multiples in 2018 than in 2017.

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



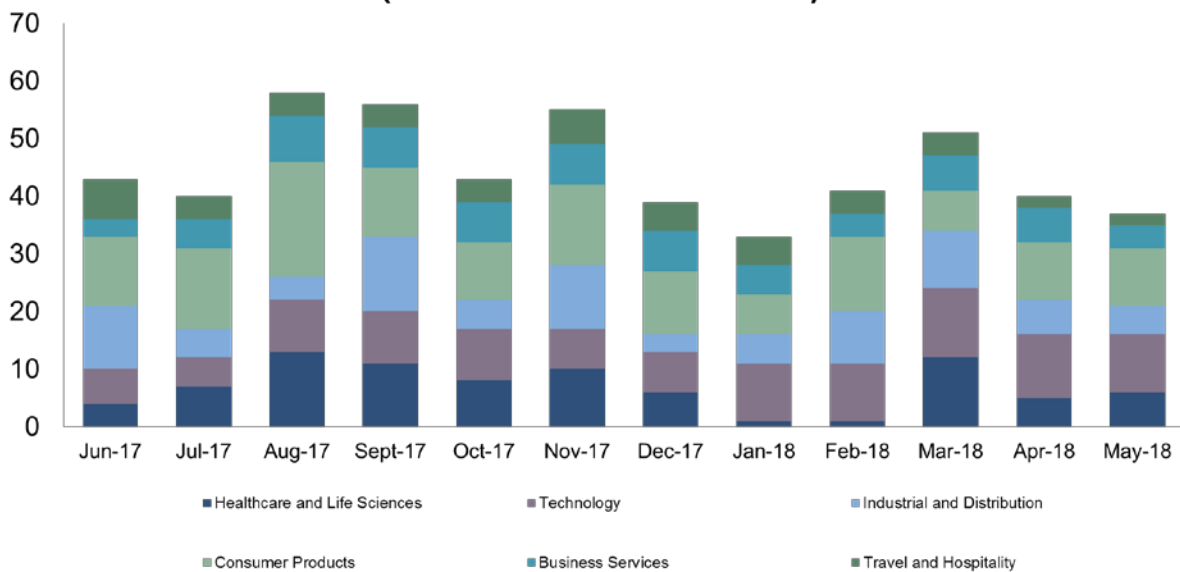
Cross-border deals are becoming an increasing priority for middle-market buyers. According to the *Citizens’ Middle Market M&A Outlook for 2018*, 49% of buyers surveyed are considering international acquisitions to gain access to new markets, 39% to broaden distribution networks, 35% to lower operating costs, and 25% for access to raw materials or resources.

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



After a record year in 2017, private equity fundraising activity is off to a strong start in 2018. According to the E&Y *Private Equity Capital Briefing*, private equity firms closed 157 funds valued at \$117 billion in the first quarter. While this is a 33% decline from Q1 2017, it is roughly in line with the \$114 billion raised in the first quarter of 2016. Dry powder continues to increase, with buyout firms holding nearly \$640 billion in capital available for investment.

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



SELECT M&A TRANSACTIONS – FOCUS ON BUSINESS SERVICES***BioSpeciMan Corporation Inc. acquired by Brooks Automation, Inc. (NasdaqGS:BRKS)***

BioSpeciMan Corporation was acquired by Brooks Automation on April 24, 2018 for \$5 million, or approximately 2.5x revenue.

Founded in 2002, BioSpeciMan Corporation is a Canadian provider of storage services for biological sample materials headquartered in Montreal, Canada with operations in both Montreal and Kutztown, PA.

Brooks is a leading worldwide provider of automation and cryogenic solutions for multiple markets including semiconductor manufacturing and life sciences. Brooks' technologies, engineering competencies and global service capabilities provide customers speed to market and ensure high uptime and rapid response, which equate to superior value in their mission-critical controlled environments. Brooks was founded in 1978 and is headquartered in Chelmsford, MA.

BioSpeciMan is the latest addition to the Brooks Life Sciences service offerings, expanding customer relationships and geographic reach within its growing sample management storage services business. BioSpeciMan generated approximately US\$2 million of revenue in the 2017 calendar year and management expects it will be accretive to Brooks' non-GAAP earnings within the first quarter of ownership.

Telery Marketing, Inc. acquired by HCL America, Inc.

Telery Marketing, doing business as C3i Solutions, was acquired by HCL America on April 6, 2018 for \$60 million, or approximately 0.3x revenue.

Telery Marketing, doing business as C3i Solutions, is a multi-channel customer engagement services provider, specializing in global, high-touch consumer, patient, and end-user management. The company was founded in 1980 and is headquartered in Horsham, Pennsylvania with operations in North America, Europe, India, and China.

HCL Technologies is a leading global IT services company that helps global enterprises re-imagine and transform their businesses through digital technology transformation. HCL operates out of 32 countries and has consolidated revenues of \$ 7.6 billion.

“C3i's capabilities provide HCL with an innovative and complementary services portfolio and a vast customer base to further strengthen HCL's position as a leading technology solutions provider to the life sciences and consumer industries. This acquisition will allow HCL to help its life sciences customers become more patient-centric and develop solutions to address the digital revolution happening within their industry,” said C Vijayakumar, President and CEO, HCL Technologies.

Meridian Waste acquired by Warren Equity

Meridian Waste was acquired by Warren Equity on April 23, 2018 for \$90 million.

Meridian Waste provides solid waste management services. It currently services over 130,000 commercial, industrial and residential customers in two primary marketplaces: St. Louis, Mo. and Richmond, Va. The company's assets include a fleet of commercial, residential and roll-off trucks, two transfer stations, one recycling facility and three municipal solid waste landfills.

Warren Equity Partners is a private equity firm that invests in small and middle market operating companies primarily in North America. The firm invests in established companies where additional capital and operating resources can accelerate growth, targeting companies in the industrial, infrastructure, and business services sectors.

“The acquisition represents an excellent opportunity for us to partner with management to build an industry-leading waste services platform through optimization of Meridian Waste’s existing assets, as well as through bolt-on acquisitions and organic growth. We are excited to back a nimble, customer-focused company with a world class leadership team” said Steven Wacaster, Managing Partner at Warren Equity.

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.

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