MARKET BRIEF

The news on consumer confidence was mixed in July. The University of Michigan's Consumer Sentiment Index dropped to 93.1 in July, well below economists' expectations for a reading of 95 during the month, according to Thomson Reuters consensus estimates. At the same time, the Conference Board Consumer Confidence Index reported higher consumer confidence for July.

Unemployment Remains Steady

The unemployment rate saw minimal change, with 4.3% in July. Employment increased in food services and drinking places, professional and business services, and health care. Employment in other major industries, including construction, manufacturing, wholesale trade, retail trade, transportation and warehousing, information, financial activities, and government, showed little change over the month. Among the marginally attached, there were 536,000 discouraged workers in July, essentially unchanged over the year. (https://www.bls.gov/news.release/pdf/empsit.pdf)

Consumer Confidence Begins to Increase

The Conference Board Consumer Confidence Index, which had declined marginally in June, improved in July. The Index now stands at 121.1, up from 117.3 in June. The Present Situation Index increased from 143.9 to 147.8, while the Expectations Index rose from 99.6 last month to 103.3.

"Consumer confidence increased in July following a marginal decline in June," said Lynn Franco, Director of Economic Indicators at The Conference Board. "Consumers' assessment of current conditions remained at a 16-year high (July 2001, 151.3) and their expectations for the short-term outlook improved somewhat after cooling last month. Overall, consumers foresee the current economic expansion continuing well into the second half of this year."
(https://www.conference-board.org/data/consumerconfidence.cfm)

The Case-Shiller Index Indicates Continued Rise in Home Value

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 5.6% annual gain in May, the same as the prior month. The 10-City Composite annual increase came in at 4.9%, down from 5.0% the previous month. The 20-City Composite posted a 5.7% year-over-year gain, down from 5.8% in April. Seattle, Portland, and Denver reported the highest year-over-year gains among the 20 cities. In May, Seattle led the way with a 13.3% year-over-year price increase, followed by Portland with 8.9%, and Denver overtaking Dallas with a 7.9% increase. Nine cities reported greater price increases in the year ending May 2017 versus the year ending April 2017.

"Home prices continue to climb and outpace both inflation and wages," says David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. "Housing is not repeating the bubble period of 2000-2006: price increases vary across the country unlike the earlier period when rising prices were almost universal; the number of homes sold annually is 20% less today than in the earlier period and the months' supply is declining, not surging. The small supply of homes for sale, at only about four months' worth, is one cause of rising prices. New home construction, higher than during the recession but still low, is another factor in rising prices.

"For the last 19 months, either Seattle or Portland OR was the city with fastest rising home prices based on 12-month gains. Since the national index bottomed in February 2012, San Francisco has the largest gain. Using Census Bureau data for 2011 to 2015, it is possible to compare these three cities to national averages. The proportion of owner-occupied homes is lower than the national average in all three cities with San Francisco being the lowest at 36%, Seattle at 46%,

and Portland at 52%. Nationally, the figure is 64%. The key factor for the rise in home prices is population growth from 2010 to 2016: the national increase is 4.7%, but for these cities, it is 8.2% in San Francisco, 9.6% in Portland and 15.7% in Seattle. A larger population combined with more people working leads to higher home prices."
(http://us.spindices.com/index-family/real-estate/sp-corelogic-case-shiller)

The Consumer Price Index experiencing a Slight Increase

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.1 percent in July on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index rose 1.7 percent. The all items index rose 1.7 percent for the 12 months ending July, a slightly larger increase than for the 12 months ending June. The index for all items less food and energy also rose 1.7 percent for the 12-month period, the same increase as for the 12 months ending May and June. The energy index rose 3.4 percent over the last year, while the food index increased 1.1 percent. (https://www.bls.gov/news.release/cpi.nr0.htm)

The Purchasing Managers Index Slowly Declines

The Institute for Supply Management's Purchasing Managers Index decreased from 57.8% in June to 56.3% in July, a decrease of 1.5 percentage points from the June reading. Timothy R. Fiore, Chair of the Institute for Supply Management, said that "Comments from the panel generally reflect expanding business conditions, with new orders, production, employment, backlog and exports all growing in July compared to June, as well as supplier deliveries slowing (improving) and inventories unchanged during the period."

PUBLIC MARKET

Despite ongoing political challenges, the stock market remained relatively stable in July, with the Dow Jones Industrial Average reporting a 1% gain, the Nasdaq Composite Index decreasing 2%, and the S&P 500 remaining flat.

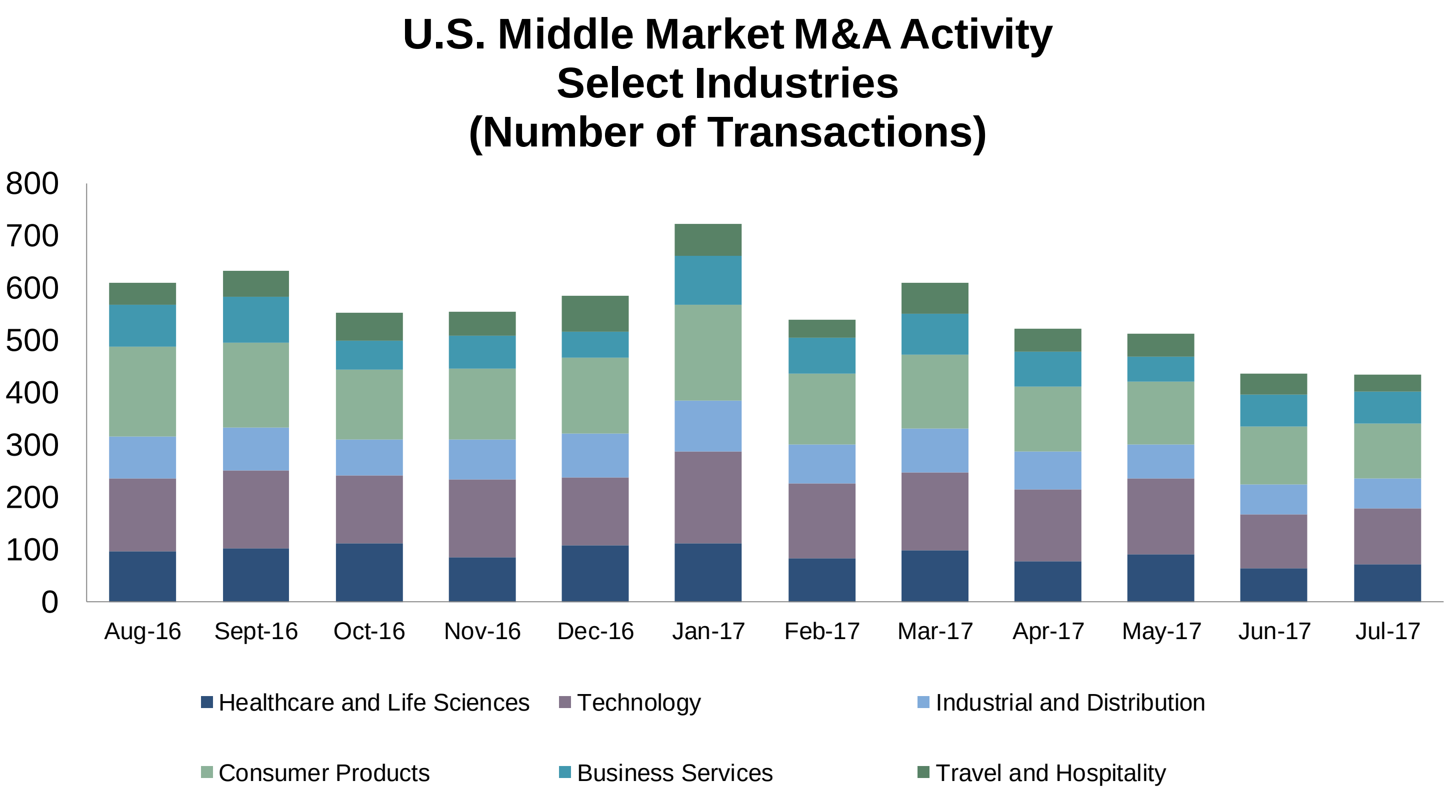
Public Trading Multiples

As of August 1, 2017

Category	EV / Revenue	EV/ EBITDA	Revenue Growth 1 Year	Revenue Growth 3 Year	EBITDA Growth 1 Year	EBITDA Growth 3 Year	EBITDA Margin
Healthcare and Life Sciences							
Healthcare Technology	4.4x	22.2x	8.0%	4.9%	4.2%	7.4%	17.9%
Healthcare Equipment and Supplies	4.2x	17.3x	4.3%	4.9%	6.9%	7.1%	16.2%
Healthcare Providers and Services	0.8x	11.3x	5.9%	9.4%	5.7%	8.2%	6.8%
Healthcare and Life Sciences Aggregate	2.3x	13.8x	5.7%	7.0%	5.3%	6.2%	12.3%
Technology							
Internet Software and Services	6.8x	23.4x	26.2%	19.6%	31.3%	20.5%	0.6%
IT Services	2.7x	14.1x	5.3%	1.5%	7.9%	2.2%	9.7%
Software	5.2x	19.2x	10.1%	4.4%	8.1%	1.3%	17.5%
Computers and Other Electronic Equipment	1.3x	9.9x	-1.4%	0.0%	1.0%	1.9%	17.9%
Technology Aggregate	2.5x	13.5x	4.2%	2.6%	9.9%	5.3%	18.3%
Industrial and Distribution							
Aerospace and Defense	1.7x	13.6x	0.1%	-1.1%	-6.3%	-1.4%	11.0%
Building Products	1.4x	11.0x	5.5%	0.0%	10.8%	3.8%	12.8%
Construction and Engineering	0.7x	9.9x	-0.4%	-1.6%	1.6%	-0.4%	9.1%
Machinery	1.7x	13.6x	-1.0%	-2.7%	6.4%	-1.6%	6.6%
Distributors	0.8x	11.6x	-3.7%	-5.5%	9.8%	-2.6%	4.6%
Industrial and Distribution Aggregate	1.4x	11.2x	0.3%	-1.5%	1.5%	1.3%	12.0%
Consumer Products							
Food and Beverage	2.0x	13.7x	3.8%	-1.7%	7.0%	0.1%	15.4%
Household and Personal Products	3.1x	16.1x	3.2%	-2.2%	6.3%	-0.6%	18.9%
Household Durables	1.1x	10.3x	4.0%	0.8%	9.3%	6.8%	7.1%
Textiles, Apparel, and Luxury Goods	1.8x	12.4x	4.3%	2.8%	2.3%	-1.3%	7.6%
Consumer Products Aggregate	1.4x	11.6x	3.1%	0.9%	5.5%	2.0%	12.4%
Business Services							
Human Resource and Employment Services	0.8x	11.6x	5.8%	2.4%	3.4%	5.4%	19.7%
Research and Consulting Services	3.1x	15.8x	8.7%	2.0%	10.6%	2.9%	12.5%
Business Services Aggregate	1.6x	13.0x	2.8%	0.3%	4.5%	2.1%	12.7%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	2.9x	13.7x	1.6%	0.7%	8.0%	7.9%	9.0%
Restaurants	2.3x	14.0x	-1.7%	0.0%	2.1%	2.5%	8.7%
Leisure Facilities	3.4x	11.8x	0.0%	0.5%	-0.6%	0.7%	27.4%
Travel and Hospitality Aggregate	2.7x	13.5x	1.3%	-0.4%	6.7%	2.1%	11.6%

M&A MARKET

Ken Welter, EY's Global Technology Leader, stated, " Sequential 1Q17 volume growth after two quarterly declines is an important upside indicator for global technology M&A. Then there's artificial intelligence: AI deal growth could emerge as a key value driver, especially considering that the technology went from having no deal ever top the $1 billion level straight to a $15.3 billion megadeal. Perhaps most importantly, though, technology continues its rapid evolution, and all industries are experiencing profound disruptive digital technology transformations. Tech dealmakers — whether tech incumbents, non-tech buyers or PE — must be ready to make deals when opportunities arise." Middle Market M&A activity saw a slight increase from June.



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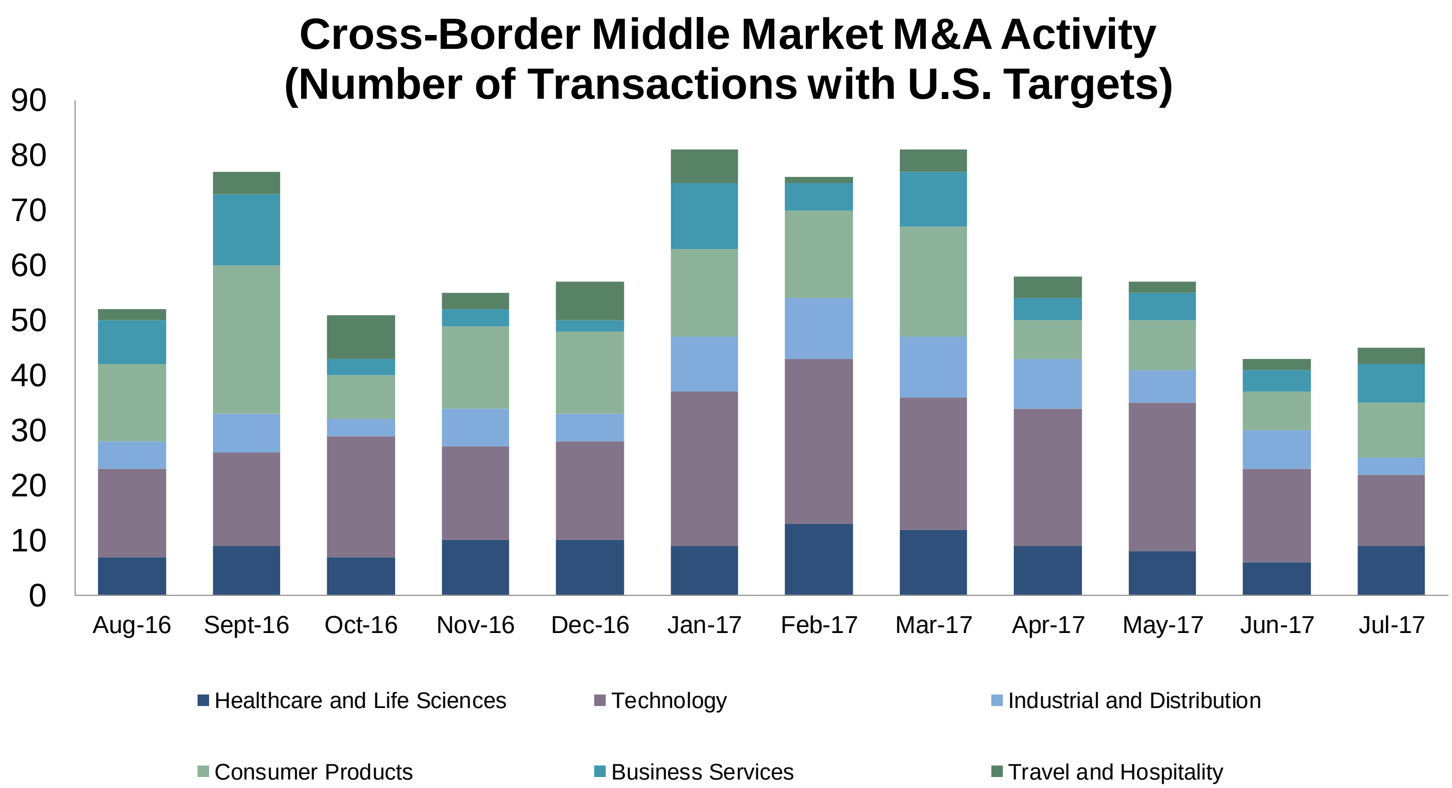
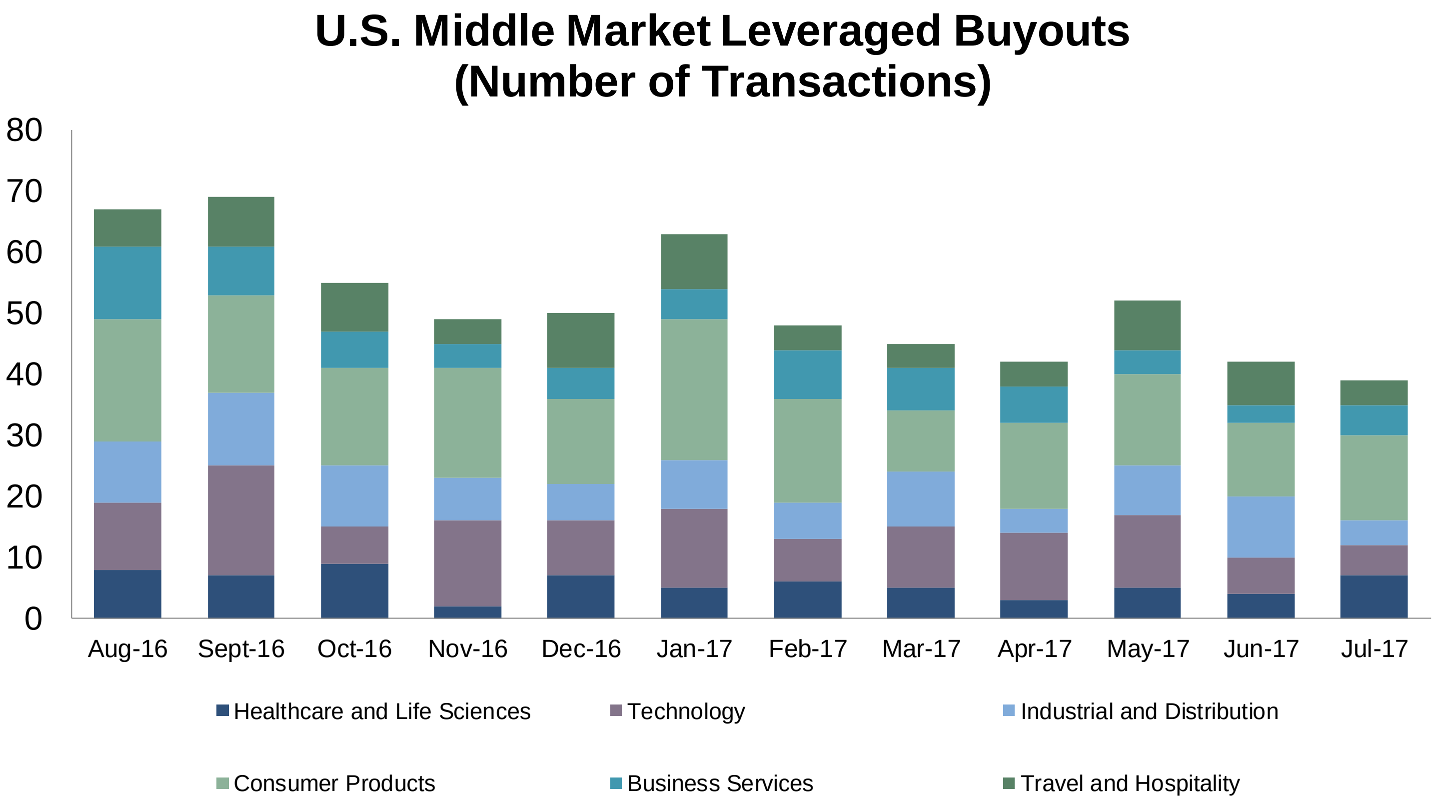
"This year's activity finds the information technology sector with the largest number of cross-border M&A deals at 271. That's followed by industrials with 258 deals, and real estate with 254. With regard to deal value, of the $465 billion in announced worldwide M&A activity so far in 2017, $173.4 billion, or 37%, is classified as cross-border. Among specific sectors, healthcare ranks first with $41.3 billion, followed by consumer discretionary with $30.9 billion, and consumer staples with $24.9 billion," said Richard Peterson, Principal Analyst of Financial Institutions Research at S&P Global Market Intelligence. Cross-border transaction volume is still facing a decline as we reach the middle of 2017, as compared to months prior and mid-year 2016.



"More new private equity buyouts could be seen particularly in sectors that could benefit from the change of administration which could encourage M&A activity. Pharmaceuticals, defense and business services could fare better, as well as technology, although prolific tech issuers could be forced to pay higher rates to get deals done as investors already have high exposure to the sector," said Brendan Dillon, co-head of global leveraged finance at UBS. "Investor demand is showing no sign of dropping and with confidence in the strength of the economy high, investors are more bullish about M&A prospects in 2017."



SELECT M&A TRANSACTIONS – TECHNOLOGY

HPE Acquires Nimble Storage

Hewlett Packard Enterprise has completed its acquisition of Nimble Storage, Inc., the San Jose, Calif.-based provider of predictive all-flash and hybrid-flash storage solutions. In addition to the purchase price, HPE assumed or paid out Nimble's unvested equity awards, with a value of approximately $200 million at closing. The acquisition of Nimble strengthens HPE's leadership in Hybrid IT and expands HPE's position in the high-growth flash storage market, creates a comprehensive, leading-edge storage portfolio by bringing together Nimble's predictive flash offerings for the entry to midrange segments with HPE's scalable midrange to high-end 3PAR solutions, and accelerates Nimble's growth momentum by bringing together complementary product portfolios and leveraging HPE's expansive go-to-market capability, partner ecosystem and leading server platform.

“This deal, in combination with our recent acquisitions, helps deliver on our vision of making Hybrid IT simple for our customers,” said Antonio Neri, EVP and GM, Enterprise Group, HPE. “Through these strategic investments, we are continuing to strengthen and deepen our portfolio of next generation, software-defined, differentiated solutions that meet the new challenges our customers are facing.”

Nimble was founded in 2007 and has approximately 1,300 employees worldwide. The company delivered revenue of $402 million in its most recent fiscal year, up 25 percent year over year. The acquisition is expected to be accretive to HPE earnings in the first full fiscal year following the close.

Cisco Acquires AppDynamics

In March, Cisco completed its acquisition of AppDynamics Inc, a privately held software leader in application and business performance monitoring, located in San Francisco CA. AppDynamics empowers enterprises to watch every line of code and understand how their code impacts user experience and application and infrastructure performance, while providing real-time insight into everything going on in digital business. Business and DevOps leaders rely on its real-time insights and code-level visibility to make mission critical and strategic improvements to their apps. Teams across the enterprise can collaborate and drive the business from a single source of truth.

AppDynamics' real-time data platform will be correlated with Cisco’s data platforms over time and give joint customers the richest end-to-end view (from business to user to app to infrastructure) in real-time, allowing for better remediation and automation (across the data center, network and security) and smarter business decisions.

AppDynamics will continue to be led by David Wadhwani as a new software business unit in Cisco's IoT and Applications business, reporting to senior vice president Rowan Trollope. As part of Cisco, it will serve a critical role in helping drive Cisco's continued transformation into a software company with recurring subscription revenue.

Apollo Global Management Acquires West Corp.

In May, New York-based Apollo bought Omaha, Neb.-based West Corp. in a deal that had an enterprise value of roughly $5.1 billion, a calculation that includes West Corp's net debt of more than $3 billion. West's predicament was that its unified communications business was still making money, but it was getting harder to show growth to investors in a highly competitive market. More than 60 percent of West's business came from its unified communications and telecom practices. Omaha, Nebraska-based West Corp offers technology that allows companies and public safety organizations to launch teleconferencing sessions and manage customer service calls.

“West is the leader in global conferencing and collaboration services, and is well-positioned to capitalize on customer migration to cloud-based solutions," Matthew Nord, Senior Partner at Apollo, said in the statement.

West Corp has decided to suspend payment of its quarterly dividend as a condition of the merger agreement.

FURTHER INFORMATION

Founded in 1987, Mirus Capital Advisors is a middle-market investment bank that specializes in merger advisory, capital-raising services, fairness opinions and valuations to entrepreneurs, corporations and professional investors. By combining a proven process, industry and transactional expertise, and personalized service, Mirus has completed hundreds of transactions for both public and private companies.

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Michael Krongel

Patrick West

Sources: CapitalIQ, Bloomberg, Forbes, Reuters, The New York Times, The Wall Street Journal, Bureau of Labor Statistics, Ernst & Young, JP Morgan, Financial Times, other sources as referenced within, and Mirus analysis.