

MARKET BRIEF

Economic indicators released in April showed positive results across the board. Unemployment decreased for the first time in six months, both the Consumer Confidence Index and the Consumer Price Index reported modest increases, and home prices continued to rise. The public markets closed April ahead of March levels, while middle market M&A activity remained in line with analyst expectations.

Unemployment Rate Decreases to 3.9%

Total nonfarm payroll employment increased by 164,000 in April, and the unemployment rate decreased to 3.9% after remaining at 4.1% for the previous six months. Job gains occurred in professional and business services, manufacturing, healthcare and mining. Employment in other major industries changed little. The labor force participation rate remained relatively unchanged at 62.8%. (<https://www.bls.gov/news.release/pdf/empsit.pdf>)

Consumer Confidence Increased in April

The Conference Board Consumer Confidence Index increased in April, following a decline in March. The Index now stands at 128.7, up from 127.0 in March. “Consumer confidence increased moderately in April after a decline in March,” said Lynn Franco, Director of Economic Indicators at The Conference Board. “Consumers’ assessment of current conditions improved somewhat, with consumers rating both business and labor market conditions quite favorably. Consumers’ short-term expectations also improved, with the percent of consumers expecting their incomes to decline over the coming months reaching its lowest level since December 2000 (6.0 percent). Overall, confidence levels remain strong and suggest that the economy will continue expanding at a solid pace in the months ahead.” (<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 6.3% annual gain in February, up from 6.1% in January. David Blitzer, Managing Director and Chairman of the Index Committee, commented: “Year-over-year prices measured by the National index have increased continuously for the past 70 months, since May 2012. Over that time, the price increases averaged 6 percent per year. With expectations for continued economic growth and further employment gains, the current run of rising prices is likely to continue.” (<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 March on a seasonally adjusted basis, compared with a 0.1% decrease the prior month. The indexes for gasoline and shelter accounted for the largest increases in the all items index, while the food index, rising 0.3%, had a more modest impact. Over the past twelve months, the all items index rose by 2.5%. (<https://www.bls.gov/news.release/cpi.nr0.htm>)

PUBLIC MARKET

After somewhat of a volatile start to the year, the public markets returned to more consistent growth in April. Overall, the Dow Jones Industrial Average increased 2.2%, the S&P 500 Index grew 2.6%, and the Nasdaq Composite Index gained 2.9% in April.

Public Trading Multiples

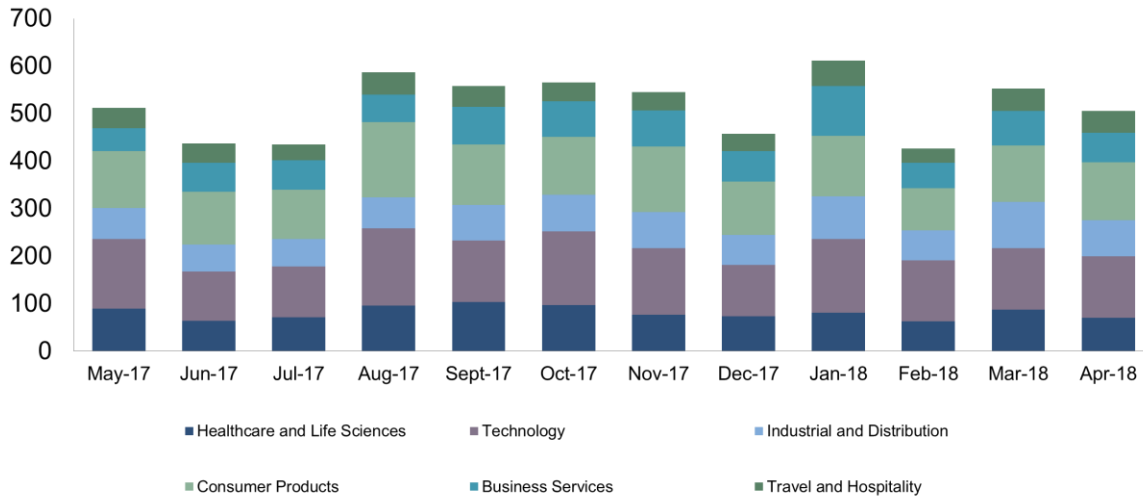
As of May 1, 2018

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	4.3x	22.8x	13.6%	10.5%	17.4%	11.8%	18.3%
Healthcare Equipment and Supplies	4.3x	18.5x	8.1%	6.8%	9.3%	8.5%	16.7%
Healthcare Providers and Services	0.8x	12.0x	6.4%	8.5%	6.3%	7.4%	5.5%
Healthcare and Life Sciences Aggregate	3.1x	17.7x	9.4%	8.6%	11.0%	9.2%	13.5%
Technology							
Internet Software and Services	6.8x	22.5x	30.0%	24.0%	35.0%	26.4%	13.3%
IT Services	2.9x	15.5x	12.0%	5.4%	9.6%	4.9%	9.3%
Software	5.7x	20.6x	18.4%	7.6%	19.0%	5.4%	17.8%
Computers and Other Electronic Equipment	1.3x	9.7x	14.9%	4.3%	16.9%	6.0%	20.9%
Technology Aggregate	4.2x	17.1x	18.8%	10.3%	20.1%	10.7%	15.3%
Industrial and Distribution							
Aerospace and Defense	1.8x	13.9x	7.3%	1.2%	17.9%	1.7%	4.4%
Building Products	1.4x	10.8x	8.4%	3.1%	13.0%	8.7%	13.1%
Construction and Engineering	0.7x	9.4x	14.4%	3.3%	17.5%	5.4%	9.9%
Machinery	1.7x	12.7x	15.6%	2.3%	27.4%	5.9%	8.3%
Distributors	0.9x	11.4x	9.4%	-1.3%	25.7%	3.5%	4.4%
Industrial and Distribution Aggregate	1.3x	11.6x	11.0%	1.7%	20.3%	5.0%	8.0%
Consumer Products							
Food and Beverage	2.2x	12.6x	9.2%	1.5%	9.7%	4.3%	15.7%
Household and Personal Products	2.9x	14.8x	11.6%	1.9%	13.1%	3.2%	18.5%
Household Durables	1.1x	10.5x	16.7%	6.5%	22.7%	12.3%	10.6%
Textiles, Apparel, and Luxury Goods	1.9x	13.4x	11.8%	7.1%	15.4%	5.6%	7.3%
Consumer Products Aggregate	2.0x	12.8x	12.3%	4.2%	15.2%	6.4%	13.0%
Business Services							
Human Resource and Employment Services	0.8x	12.1x	16.7%	7.9%	17.4%	8.3%	18.7%
Research and Consulting Services	3.1x	15.7x	12.2%	5.8%	12.3%	6.2%	20.8%
Business Services Aggregate	1.9x	13.9x	14.5%	6.9%	14.8%	7.2%	19.8%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	3.0x	13.8x	11.8%	3.4%	9.8%	9.1%	9.0%
Restaurants	2.2x	13.7x	8.2%	3.1%	7.3%	4.9%	8.2%
Leisure Facilities	3.3x	12.8x	18.8%	7.3%	16.9%	6.0%	34.0%
Travel and Hospitality Aggregate	2.8x	13.4x	12.9%	4.6%	11.3%	6.7%	17.1%

M&A MARKET

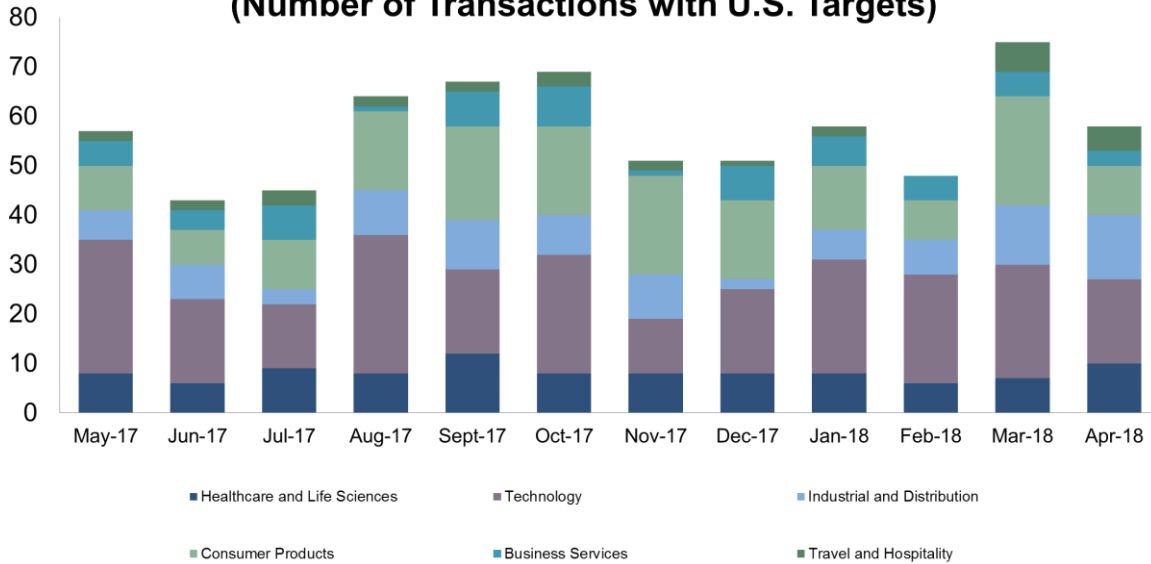
Although the U.S. M&A market is off to a slightly slower start in 2018 than previous years, transaction professionals are optimistic that deal volume will increase. According to the Thomson Reuters Dealmakers Sentiment Survey published in March 2018, 83% of respondents said they expect deal volume to rise in 2018. Nearly half predict an increase in deal volume of up to 25%, while 34% expect a rise of more than 25%.

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



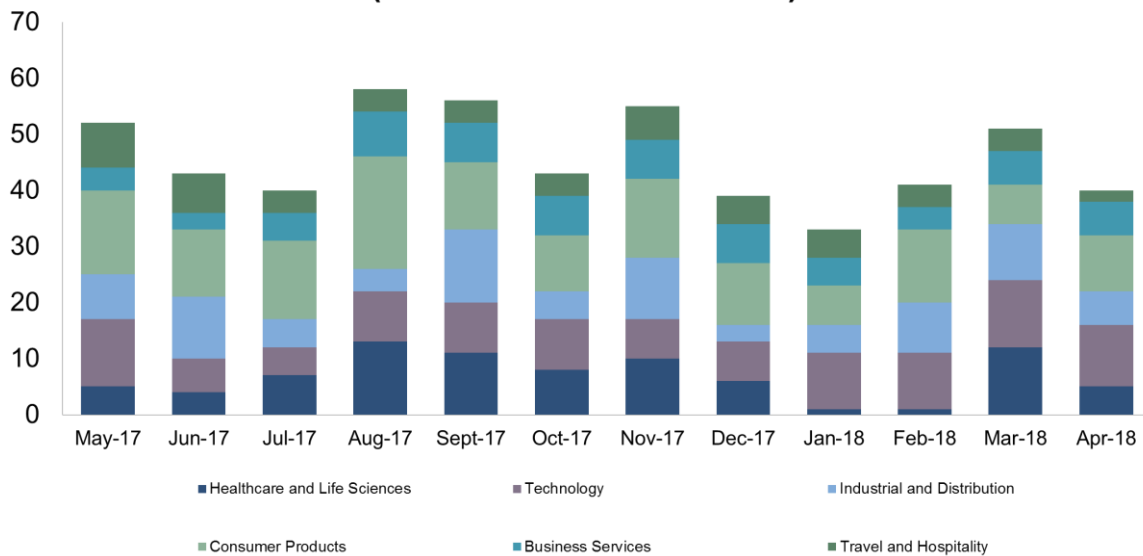
Cross-border M&A activity across all markets totaled more than \$500 billion in the first quarter of 2018. According to Thomson Reuters, this is a 67% increase over the first quarter of 2017, and is the strongest first quarter for cross-border M&A on record.

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



After a record year in 2017, private equity fundraising activity remains robust. According to the E&Y Private Equity Capital Briefing, private equity firms have closed funds valued at \$84 billion so far in 2018 (through February), which is in line with the \$90 billion raised over the same period last year. Dry powder continues to increase, with buyout firms holding more than \$640 billion in capital available for investment.

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



SELECT M&A TRANSACTIONS – FOCUS ON TRAVEL & HOSPITALITY

Fogo de Chão, Inc. acquired by Rhone Capital, L.L.C.

Fogo de Chão was acquired by Rhone Capital on April 5, 2018 for \$598 million, which was approximately 1.8x revenue and 10.6x EBITDA.

Fogo de Chão is a leading chain of Brazilian steakhouses which utilize the centuries-old Southern Brazilian cooking technique of churrasco. Fogo de Chão operates 51 locations throughout the United States, Brazil, Mexico, and the Middle East, and is headquartered in Plano, Texas.

With over 20 years of investing experience, Rhone Capital is a global alternative investment management firm with approximately \$5.5 billion in assets under management. The firm focuses its private equity investments in market leading businesses with a pan-European or transatlantic presence and global growth opportunities. Rhone Capital was founded in 1997 and is headquartered in New York, New York.

“After a thorough evaluation of the options available, the Board of Directors is confident that this transaction will provide Fogo a significant opportunity to realize the highest value for our stockholders while providing the best path forward for the Fogo de Chão brand, employees, and loyal customers,” said Larry Johnson, Chief Executive Officer of Fogo de Chão, Inc. “We are excited to enter into a new chapter for the Company and confident that Rhone will be an invaluable partner as they have a proven and distinguished track record of supporting and driving profitable growth for companies around the world.”

Qdoba Restaurant Corporation acquired by Apollo Global Management

Qdoba Restaurant Corporation was acquired by Apollo Global Management from Jack in the Box Inc. on March 21, 2018 for \$305 million.

Qdoba is the second largest fast-casual Mexican food brand in the U.S., with more than 700 locations in 47 states, the District of Columbia and Canada. The company was founded in 1995 and is based in Lakewood, Colorado.

Apollo Global Management is a leading global alternative investment manager which currently controls Chuck E. Cheese and previously owned Carl’s Jr. Apollo had assets under management (AUM) of approximately \$242 billion as of September 30, 2017 in Private Equity, Credit and Real Assets invested across a core group of nine industries. Apollo was founded in 1990 and is headquartered in New York, New York.

Apollo Senior Partner Lance Milken said, “We are extremely excited to be acquiring Qdoba and look forward to working with the management team, employees and franchisees to continue building the Qdoba brand. We are firmly committed to Qdoba’s continued growth as a leading fast-casual restaurant operator.”

Fairmont San Jose acquired by Eagle Canyon Capital, LLC

The Fairmont San Jose was acquired by Eagle Canyon Capital on January 2, 2018 for approximately \$250 million.

The Fairmont San Jose is a landmark hotel in downtown San Jose, California. The Fairmont, whose 22-story tower opened in 1987, was one of the key components in a decades-long quest by San Jose city and business leaders to bring more activity into downtown.

Eagle Canyon Capital owns real estate property. The company was founded in 2007 and is headquartered in San Ramon, California.

"This is a great example of buying low and selling high," Santa Clara County Assessor Lawrence Stone said Wednesday. "Lew Wolff (the seller) made a mint on this. Wolff bought the main part of the hotel in 1996 for \$36.7 million and spent another \$80 million on the annex. He bought it during an economic downturn, withstood two recessions. The most current assessed value is \$123 million."

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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