

MARKET BRIEF

Economic indicators released in November show mixed results. While the Case-Shiller U.S. National Home Price NSA Index posted a 5.5% annual gain, the Consumer Price Index remained unchanged. At the same time, the Consumer Confidence Index declined slightly while unemployment remained at 3.7%.

Unemployment Rate Remains at 3.7%

Total nonfarm payroll employment increased by 155,000 in November, and the unemployment rate remained unchanged at 3.7%. The number of unemployed persons was little changed at 6.0 million in November. Job gains were reported in healthcare, manufacturing, transportation and warehousing, while employment in other major industries changed little. (<https://www.bls.gov/news.release/pdf/empsit.pdf>)

Consumer Confidence Declined in November

The Conference Board Consumer Confidence Index declined in November, following an increase in October. The Index now stands at 135.7, down from 137.9 in October. "Despite a small decline in November, Consumer Confidence remains at historically strong levels," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' assessment of current conditions increased slightly, with job growth the main driver of improvement. Expectations, on the other hand, weakened somewhat in November, primarily due to a less optimistic view of future business conditions and personal income prospects. Overall, consumers are still quite confident that economic growth will continue at a solid pace into early 2019. However, if expectations soften further in the coming months, the pace of growth is likely to begin moderating." (<https://www.conference-board.org/data/consumerconfidence.cfm>)

The Case-Shiller Index Posts 5.5% Annual Gain in September

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index posted a 5.5% annual gain in September, down from 5.7% the previous month. "Home prices plus data on house sales and construction confirm the slowdown in housing," says David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. "The S&P CoreLogic Case-Shiller National Index showed a 5.5% year-over-year gain, weaker for the second month in a row as 16 of 20 cities showed smaller annual price gains." (https://www.spice-indices.com/idpfiles/spice-assets/resources/public/documents/821961_cshomeprice-release-1127.pdf)

The Consumer Price Index Remains Unchanged in November

The Consumer Price Index for All Urban Consumers was unchanged in November on a seasonally adjusted basis, after rising 0.3% in October. The gasoline index declined 4.2 percent in November, offsetting increases in an array of indexes including shelter and used cars and trucks. Over the past twelve months, the all items index rose by 2.2% before seasonal adjustment. (<https://www.bls.gov/news.release/cpi.nr0.htm>)

PUBLIC MARKET

Despite a temporary downward trend mid-month, the major indices remained relatively stable in November. The Dow Jones Industrial Average gained 0.6% and the S&P 500 Index grew 0.7%, while the Nasdaq Composite Index decreased by 1.4% in November.

Public Trading Multiples

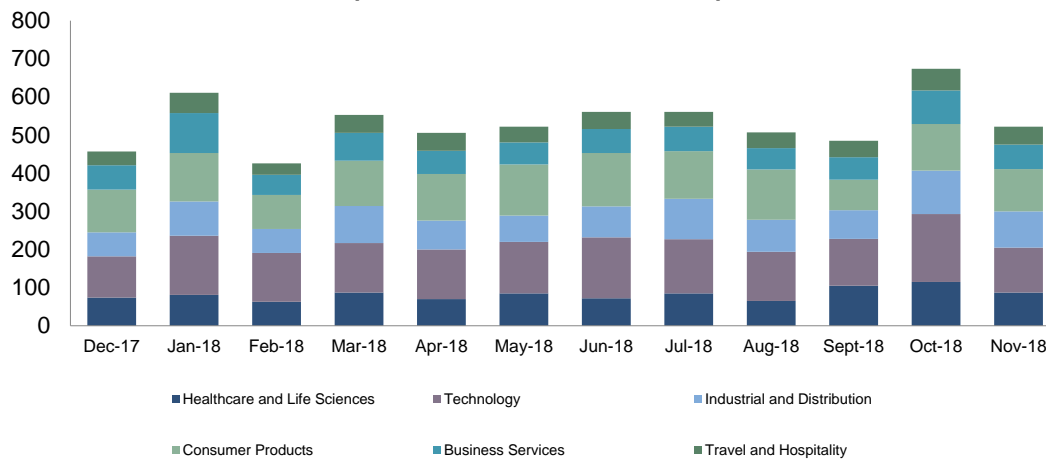
As of December 1, 2018

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	4.7x	23.3x	9.9%	10.3%	11.8%	10.1%	15.1%
Healthcare Equipment and Supplies	4.3x	18.4x	5.1%	5.9%	6.1%	7.5%	16.3%
Healthcare Providers and Services	0.7x	10.8x	5.0%	6.7%	5.5%	5.6%	8.7%
Healthcare and Life Sciences Aggregate	3.2x	17.5x	6.7%	7.6%	7.8%	7.7%	13.4%
Technology							
IT Services	2.9x	14.7x	7.5%	7.3%	11.0%	8.1%	9.3%
Software	5.7x	19.1x	14.6%	10.7%	27.0%	11.3%	9.5%
Computers and Other Electronic Equipment	1.2x	8.6x	9.5%	5.1%	11.0%	5.3%	22.5%
Technology Aggregate	3.3x	14.1x	10.5%	7.7%	16.4%	8.2%	13.8%
Industrial and Distribution							
Aerospace and Defense	1.7x	13.4x	6.6%	2.6%	16.9%	4.9%	5.4%
Building Products	1.2x	9.3x	5.6%	4.1%	2.2%	7.7%	13.2%
Construction and Engineering	0.7x	8.5x	5.3%	4.5%	7.1%	7.3%	10.2%
Machinery	1.3x	10.0x	7.7%	4.4%	12.2%	9.8%	7.0%
Distributors	0.7x	9.9x	7.3%	2.9%	12.3%	7.5%	4.1%
Industrial and Distribution Aggregate	1.1x	10.2x	6.5%	3.7%	10.1%	7.4%	8.0%
Consumer Products							
Food and Beverage	2.1x	11.8x	1.8%	3.2%	0.6%	5.4%	16.3%
Household and Personal Products	3.0x	15.1x	2.4%	2.7%	3.8%	3.8%	21.9%
Household Durables	0.9x	8.2x	7.6%	7.5%	9.8%	12.0%	8.4%
Textiles, Apparel, and Luxury Goods	1.9x	12.9x	5.2%	7.1%	9.3%	7.5%	7.9%
Consumer Products Aggregate	2.0x	12.0x	4.3%	5.1%	5.9%	7.2%	13.6%
Business Services							
Human Resource and Employment Services	0.8x	11.5x	7.3%	8.5%	5.7%	7.9%	17.5%
Research and Consulting Services	3.1x	15.8x	9.3%	4.4%	4.7%	3.9%	20.6%
Business Services Aggregate	1.9x	13.7x	8.3%	6.4%	5.2%	5.9%	19.0%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	2.5x	11.6x	8.0%	4.7%	7.1%	9.5%	10.7%
Restaurants	2.2x	13.7x	2.4%	3.0%	1.0%	3.7%	9.1%
Leisure Facilities	3.5x	12.2x	7.1%	6.3%	9.8%	7.7%	36.6%
Travel and Hospitality Aggregate	2.7x	12.5x	5.8%	4.7%	5.9%	7.0%	18.8%

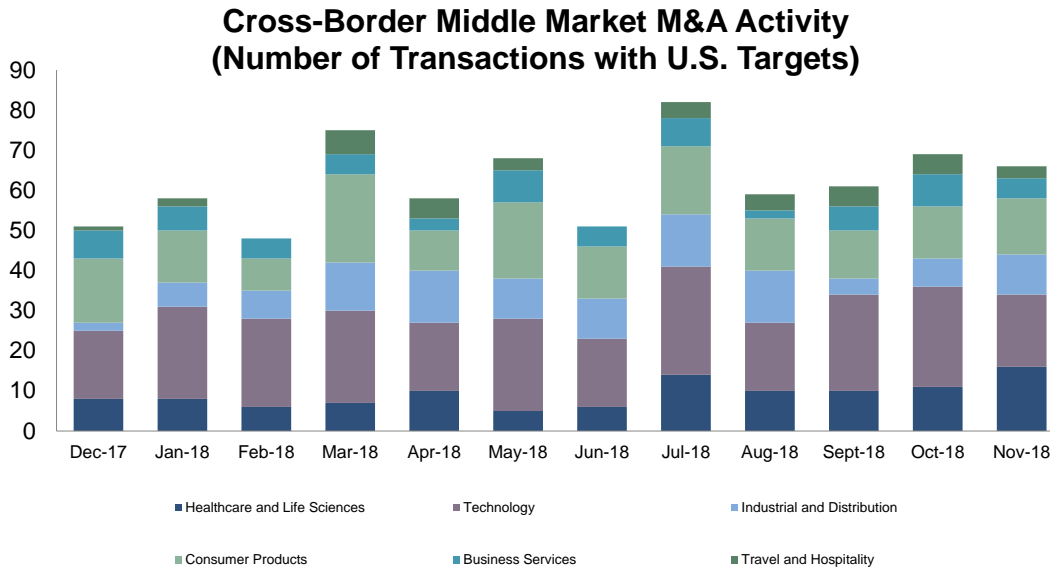
M&A MARKET

According to a recent *Mergers & Acquisitions* article, middle-market M&A in 2018 is on track to beat 2017. The number of deals from January to September 2018, as tracked by Pitchbook, surpassed the same period in 2017. Valuations remain strong as valuation advisory firm, Murray Devine notes: “Deal flow, spurred along by surging corporate earnings and ongoing lender liquidity, remained quite strong, while gravity-defying valuations spoke to the increasingly bullish readings of both business sentiment and consumer confidence.”

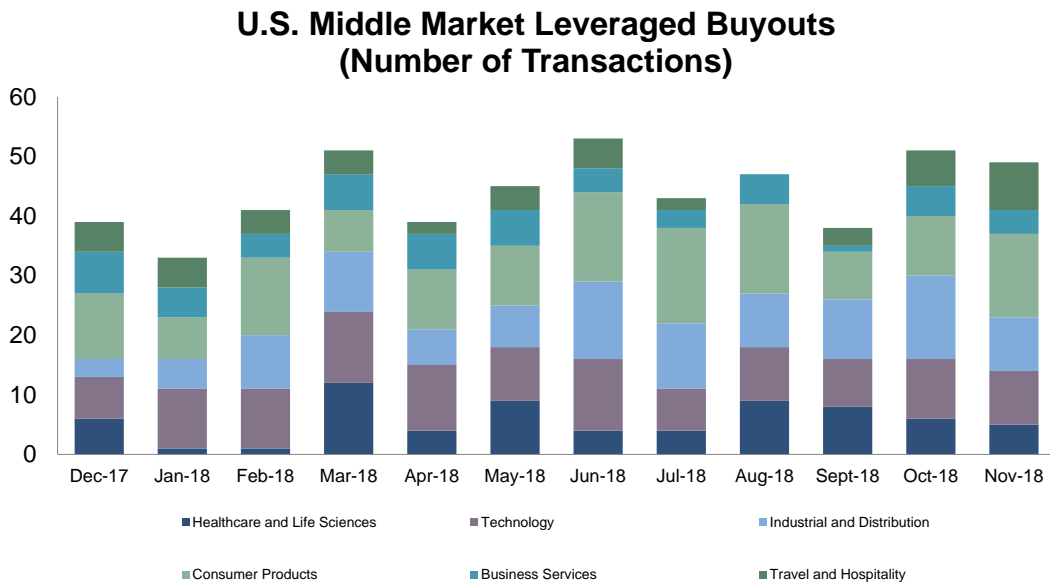
U.S. Middle Market M&A Activity Select Industries (Number of Transactions)



U.S. middle market cross border M&A activity has remained relatively consistent in 2018. As PwC explains in its *Q3 2018 Update*: “Interest from foreign buyers in US assets has remained mostly consistent; Q3 volume was up slightly from Q2, and quarterly deal numbers have typically shifted by only single-digit percentages over the past two years – no big swings. Inbound deal value increased for the second straight quarter, although it remains behind the 2017 pace and well below 2016, suggesting bids for US businesses have come at lower prices.”



While the number of private equity funds that have raised funds in 2018 is down, the total amount raised through September 2018 was nearly 20% higher. Recent well-known firms to raise funds include Audax Group (Audax Private Equity Fund VI at \$3.5 billion) and Platinum Equity (Platinum Equity Small Cap Fund at \$1.5 billion).



SELECT MIDDLE MARKET M&A TRANSACTIONS – BUSINESS SERVICES

TTi Global Acquired by GP Strategies

GP Strategies Corporation (NYSE:GPX) acquired TTi Global on November 30, 2018 for approximately \$16 million.

TTi Global is a provider of training, staffing, research and consulting solutions to the global automotive industry and other key sectors. TTi Global was founded in 1980 and is headquartered in Rochester Hills, MI.

GP Strategies Corporation is a global performance improvement solutions provider of training, digital learning strategies and solutions, management consulting, and engineering services. GP Strategies Corporation was founded in 1959 and is headquartered in Columbia, Maryland.

“The TTi acquisition is an important step in our progress towards the financial goals set forth in our previously disclosed long-term strategic plan, and most importantly putting GP Strategies back on a growth track,” stated Scott N. Greenberg, Chief Executive Officer of GP Strategies. “This acquisition is directly aligned with our strategy of accelerating growth in the automotive industry, a large market with significant growth potential for our business.”

American Personnel acquired by Cross Country Healthcare

Cross Country Healthcare, Inc. (NasdaqGS:CCRN) acquired American Personnel Inc. on December 5, 2018 for an undisclosed amount.

American Personnel offers a range of talent management solutions to its healthcare clients primarily in Massachusetts, including permanent placement, consultative staffing solutions, and traditional staffing. American Personnel was founded in 1977 and is based in Boston, MA.

Cross Country Healthcare is a national leader in providing innovative healthcare workforce solutions and staffing services. The company was founded in 1996 and is headquartered in Boca Raton, Florida.

“The addition of American Personnel will expand our presence in the Northeast and provide us with additional strong, experienced leaders to provide greater value in the healthcare industry. We are excited to be joining forces with American Personnel,” said William J. Grubbs, President and Chief Executive Officer of Cross Country Healthcare.

Bridgepoint Group acquired by Tata Consultancy Services

Tata Consultancy Services (NSEI:TCS) acquired BridgePoint Group, LLC through the purchase of select company assets on November 28, 2018 for an undisclosed amount.

BridgePoint Group is a U.S. management consulting firm catering to the financial services industry, and specializing in retirement services. The company was founded in 2010 and is based in Gainesville, Georgia.

Tata Consultancy Services is an IT services, consulting and business solutions organization that partners with many of the world's largest businesses in their transformation journeys. The company was founded in 1968 and is based in Mumbai, India.

"The US retirement business is complex, so BridgePoint's deep industry expertise and team of highly experienced consultants will enable TCS to develop a robust customer-focused retirement services business," said Suresh Muthuswami, President & Global Head, BFSI Platform, TCS. "This move underscores our long-term commitment to this industry, enhancing our ability to provide end-to-end engagements, from strategic consulting to servicing of retirement assets. We welcome the BridgePoint team to TCS."

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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