

MARKET BRIEF

Economic indicators released in January show mixed results. While the Case-Shiller U.S. National Home Price NSA Index posted a 5.2% annual gain and the Consumer Price Index remained unchanged, the Consumer Confidence Index declined and unemployment increased to 4.0%. However, the public markets rebounded to start the year following several months of volatility, and M&A volumes reported in January were the highest in several years.

Unemployment Rate Increases to 4.0%

Total nonfarm payroll employment increased by 304,000 in January, and the unemployment rate rose to 4.0%. Job gains were reported in leisure and hospitality, construction, healthcare, and transportation and warehousing, while employment in other major industries remained flat or declined. (<https://www.bls.gov/news.release/pdf/empsit.pdf>)

Consumer Confidence Decreased in January

The Conference Board Consumer Confidence Index decreased in January, following a decline in December. The Index now stands at 120.2, down from 126.6 in December. "The Present Situation Index was virtually unchanged, suggesting economic conditions remain favorable. Expectations, however, declined sharply as financial market volatility and the government shutdown appear to have impacted consumers. Shock events such as government shutdowns (i.e. 2013) tend to have sharp, but temporary, impacts on consumer confidence. Thus, it appears that this month's decline is more the result of a temporary shock than a precursor to a significant slowdown in the coming months," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. (<https://www.conference-board.org/data/consumerconfidence.cfm>)

The Case-Shiller Index Posts 5.2% Annual Gain in November

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index posted a 5.2% annual gain in November, down from 5.3% the previous month. "Home prices are still rising, but more slowly than in recent months," says David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. "The pace of price increases are being dampened by declining sales of existing homes and weaker affordability. Sales peaked in Nov. 2017 and drifted down through 2018. Affordability reflects higher prices and increased mortgage rates through much of last year. Following a shift in Fed policy in December, mortgage rates backed off to about 4.45% from 4.95%. (https://www.spice-indices.com/idpfiles/spice-assets/resources/public/documents/862767_cshomeprice-release-0129.pdf?force_download=true)

The Consumer Price Index Was Unchanged in January

The Consumer Price Index for All Urban Consumers was unchanged in January on a seasonally adjusted basis, after remaining unchanged in December. The energy index declined for the third consecutive month, offsetting increases in the indexes for all items less food and energy and for food. (<https://www.bls.gov/news.release/cpi.nr0.htm>)

PUBLIC MARKET

The U.S. public markets began the year with a strong start, following a volatile end to 2018. Overall, the Dow Jones Industrial Average increased 7.1%, the S&P 500 Index gained 7.7%, and the Nasdaq Composite Index grew 9.2 % in January.

Public Trading Multiples

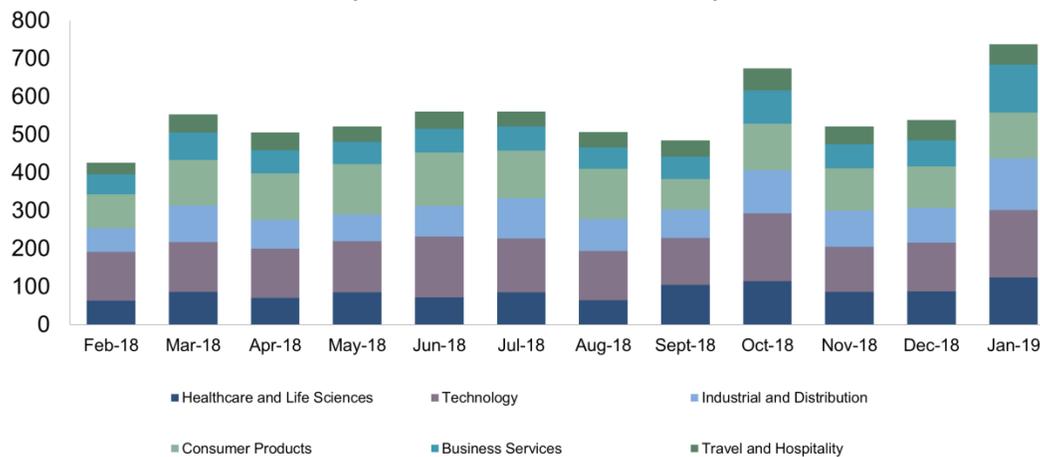
As of February 1, 2019

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	4.6x	22.2x	9.4%	10.1%	15.6%	9.5%	15.1%
Healthcare Equipment and Supplies	4.4x	18.5x	7.6%	7.1%	9.9%	10.7%	15.7%
Healthcare Providers and Services	0.8x	11.7x	6.5%	7.4%	7.8%	7.7%	8.7%
Healthcare and Life Sciences Aggregate	3.3x	17.5x	7.8%	8.2%	11.1%	9.3%	13.2%
Technology							
IT Services	2.7x	14.0x	6.6%	7.4%	12.3%	8.6%	9.4%
Software	5.8x	18.7x	14.3%	10.4%	28.7%	12.9%	8.1%
Computers and Other Electronic Equipment	1.1x	8.3x	7.9%	5.8%	5.5%	5.4%	21.9%
Technology Aggregate	3.2x	13.7x	9.6%	7.9%	15.5%	9.0%	13.2%
Industrial and Distribution							
Aerospace and Defense	1.8x	13.2x	7.3%	3.8%	19.9%	7.5%	4.9%
Building Products	1.2x	9.6x	6.7%	5.1%	3.3%	7.6%	13.1%
Construction and Engineering	0.6x	8.3x	5.4%	4.8%	6.4%	7.2%	10.2%
Machinery	1.3x	10.0x	6.4%	5.2%	8.6%	10.5%	7.1%
Distributors	0.7x	9.8x	14.3%	6.2%	16.7%	10.5%	4.1%
Industrial and Distribution Aggregate	1.1x	10.2x	8.0%	5.0%	11.0%	8.7%	7.9%
Consumer Products							
Food and Beverage	2.1x	11.8x	1.8%	3.7%	-0.5%	5.4%	15.8%
Household and Personal Products	3.0x	14.9x	-0.1%	2.5%	1.1%	4.9%	18.8%
Household Durables	0.8x	8.3x	6.1%	7.5%	4.4%	10.7%	9.0%
Textiles, Apparel, and Luxury Goods	1.9x	12.0x	4.0%	6.6%	8.6%	8.2%	7.9%
Consumer Products Aggregate	2.0x	11.8x	3.0%	5.1%	3.4%	7.3%	12.9%
Business Services							
Human Resource and Employment Services	0.8x	11.6x	6.9%	9.1%	4.9%	9.1%	17.5%
Research and Consulting Services	3.1x	15.8x	9.6%	5.1%	5.2%	4.7%	20.6%
Business Services Aggregate	1.9x	13.7x	8.2%	7.1%	5.1%	6.9%	19.0%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	2.4x	11.4x	6.9%	5.8%	6.8%	9.6%	10.7%
Restaurants	2.2x	13.9x	3.7%	3.1%	1.1%	3.3%	9.1%
Leisure Facilities	3.7x	12.7x	9.3%	7.3%	12.8%	9.1%	37.4%
Travel and Hospitality Aggregate	2.7x	12.7x	6.6%	5.4%	6.9%	7.3%	19.0%

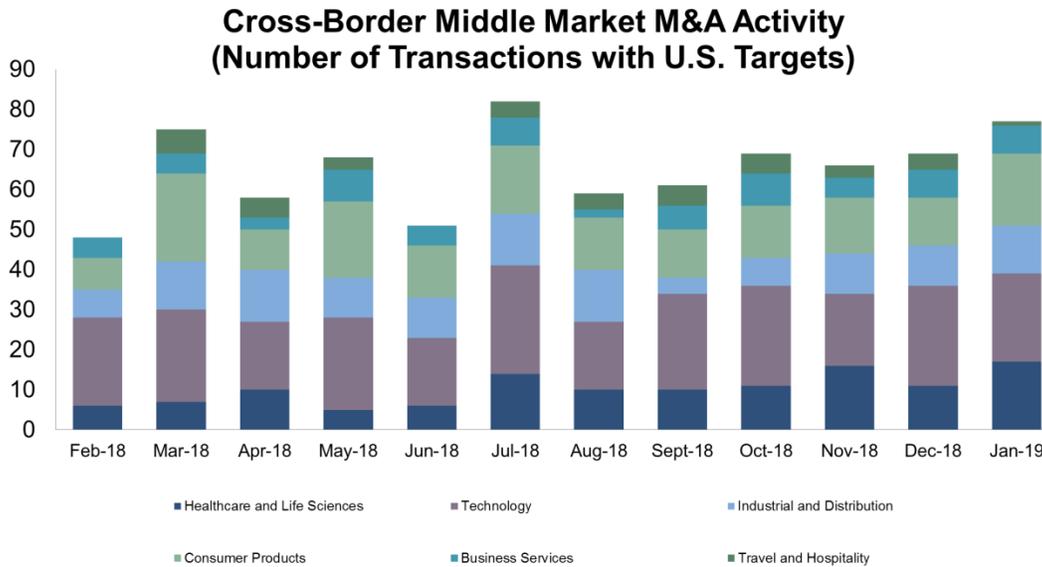
M&A MARKET

U.S. middle market M&A had a strong start to 2019, with reported transaction volume in January hitting a three year high. Analysts are optimistic that 2019 will be another banner year for M&A, as tax reform and growing cash reserves drive confidence amongst deal makers. According to Deloitte's *State of the Deal: M&A Trends 2019*, 79 percent of deal makers surveyed expect the number of deals they close in the next 12 months to increase, up from 70 percent last year.

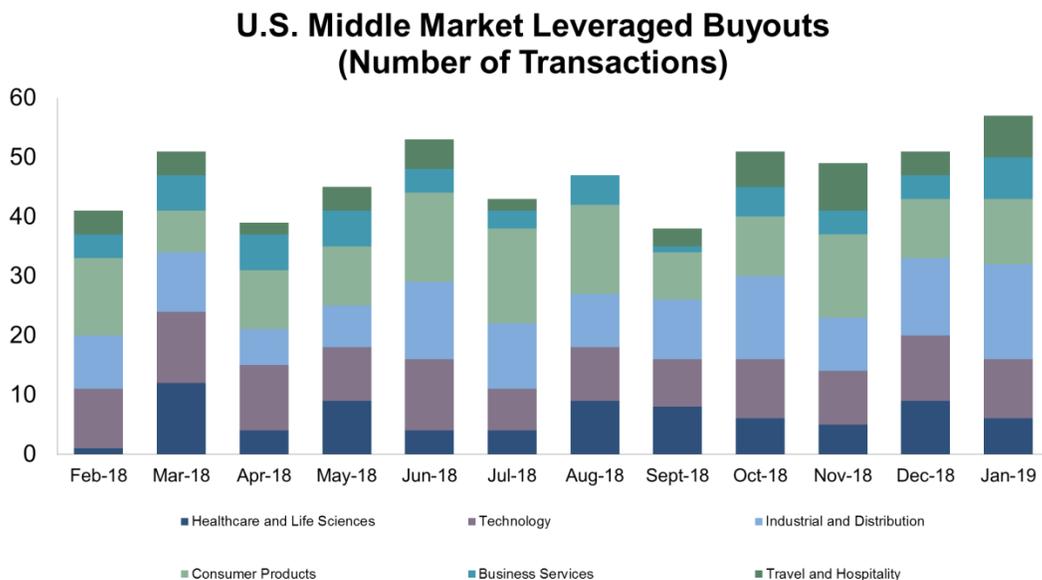
**U.S. Middle Market M&A Activity
 Select Industries
 (Number of Transactions)**



Cross border activity also remains robust. According to the same Deloitte deal trends survey, one third of respondents expect to close a cross border deal in 2019, with increasing attention from China and Canada, but waning interest in and from the United Kingdom, as the Brexit deadline looms closer.



Analysts expect 2019 will be another active year for private equity, following a strong showing in 2018. Law firm DeBevoise & Plimpton notes in its *2018/2019 Private Equity Year End Review and Outlook*: “To find opportunities while maintaining discipline, funds have gotten creative—through roll-up and add-on strategies, in the financing arrangements they offer acquisition targets, and in increased interest in new markets, such as impact investing.” Hogan Lovells agrees: Our current expectation is that globally we will continue to see a very active private equity market in 2019, driven by a continuing low interest rate environment and widespread availability of credit, and sponsors sitting on large piles of unspent capital.”



SELECT MIDDLE MARKET M&A TRANSACTIONS – TECHNOLOGY

Casco Development acquired by CAI Software

Casco Development was acquired by CAI Software on December 18, 2018 for an undisclosed amount. Mirus represented Casco in the sale of the Company.

Casco Development developed ShopVue, the leading manufacturing execution system (MES) software for mid-sized and large manufacturers. ShopVue bridges the gap between the shop floor and ERP systems, and optimizes shop floor performance, data collection and control by managing a factory's orders, people and machines.

CAI Software is a recognized leader in the delivery of on-demand ERP and management systems, software, network integration and business consulting services to market-leading companies in the building materials, food processing, precious metals and discrete manufacturing/distribution industries.

Brian Rigney, Chief Executive Officer for CAI said, "Casco Development's ShopVue application is market leading, best-in-class software and there is a tremendous opportunity for growth. We also are excited to work with a smart team with an exceptional 'can do' attitude right here in Portland, Maine – one of the best cities in the United States. Our focus will include expanding the team and extending ShopVue's position as a market innovator."

Spectro Scientific acquired by AMETEK

Spectro Scientific was acquired by AMETEK, Inc. (NYSE:AME) on November 27, 2018 for \$190 million, which was approximately 3.8x revenue.

Spectro Scientific is a leading provider of machine condition monitoring solutions for critical assets in high-value industrial applications. The company was founded in 1981 and is based in Chelmsford, Massachusetts.

AMETEK is a leading global manufacturer of electronic instruments and electromechanical devices with annualized sales of approximately \$4.8 billion.

"Spectro is an excellent acquisition for AMETEK. Their differentiated solutions serve an increasing need for predictive maintenance in a broad and growing set of end markets, including military and defense, process, power generation and transportation," comments David A. Zapico, AMETEK Chairman and Chief Executive Officer. "Spectro's solutions nicely complement our strategy to integrate instrumentation data with cloud-based software and analytics."

JetPay acquired by NCR Corporation

JetPay Corporation was acquired by NCR Corporation (NYSE: NCR) on December 6, 2018 for approximately \$188 million, which was 2.2x revenue.

JetPay Corporation, based in Allentown, Pa., is a leading provider of vertically integrated solutions for businesses including card acceptance, processing, payroll, payroll tax filing, human capital management services, and other financial transactions. JetPay provides a single vendor solution

for payment services, debit and credit card processing, ACH services, and payroll and human capital management needs for businesses throughout the United States. The company was formerly known as Universal Business Payment Solutions Acquisition Corporation, and is headquartered in Allentown, Pennsylvania.

NCR Corporation (NYSE: NCR) is a leader in banking and commerce solutions, powering incredible experiences that make life easier. With its software, hardware, and portfolio of services, NCR enables 760 million transactions daily across financial, retail, hospitality, travel, telecom and technology industries. NCR is headquartered in Atlanta, Ga., with 34,000 employees and does business in 180 countries.

"The acquisition of JetPay is a key, strategic initiative that will enable NCR to create a full, end-to-end integrated payments offering for its enterprise-wide POS customers," said NCR President and Chief Executive Officer, Michael D. Hayford. "Enabling payments as part of our transactions is part of our long-term strategy to create integrated value for our clients."

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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