

MARKET BRIEF

Economic indicators released in March show mixed results. While the unemployment rate remains unchanged and the consumer price index posted a slight increase, consumer confidence declined and the Case-Shiller U.S. National Home Price Index reported a lower annual gain than in previous months. At the same time, the U.S. public equity market closed out the first quarter growing to near-record highs, and the M&A market continues to be strong.

Unemployment Rate Remained Unchanged at 3.8% in March

While total nonfarm payroll employment increased by 196,000 in March, accelerating from just 20,000 adds in February, the unemployment rate remained unchanged at 3.8%. Notable job gains occurred in healthcare and in professional and technical services. Employment in other major industries remained flat or declined. (<https://www.bls.gov/news.release/pdf/empsit.pdf>)

Consumer Confidence Declined in March

The Conference Board Consumer Confidence Index declined in March, after increasing in February. The Index now stands at 124.1, down from 131.4 in February. "Consumer Confidence decreased in March after rebounding in February, with the Present Situation the main driver of this month's decline. Confidence has been somewhat volatile over the past few months, as consumers have had to weather volatility in the financial markets, a partial government shutdown and a very weak February jobs report. Despite these dynamics, consumers remain confident that the economy will continue expanding in the near term," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board.

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

The Case-Shiller Index Posted 4.3% Annual Gain in January

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index posted a 4.3% annual gain in January, down from 4.6% the previous month. "Home price gains continue to shrink," says David M. Blitzer, Managing Director and Chairman of the Index Committee at S&P Dow Jones Indices. "In the year to January, the S&P CoreLogic Case-Shiller National Index rose 4.3%, two percentage points slower than its pace in January 2018. The last time it advanced this slowly was April 2015."

(https://www.spice-indices.com/idpfiles/spice-assets/resources/public/documents/897961_cshomeprice-release-0326.pdf?force_download=true)

The Consumer Price Index Increased 0.4% in March

The Consumer Price Index for All Urban Consumers increased 0.4% in March on a seasonally adjusted basis, after increasing slightly in February. Increases in the energy, gasoline, electricity, and food indexes accounted for the majority of the seasonally adjusted monthly increase.

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

PUBLIC MARKET

The U.S. public equity market closed out the first quarter of 2019 with another month of steady growth, continuing to recover firmly from 4Q2018's sell-off. The IPO pipeline remains robust with several high profile companies, including Lyft which went public in early April, and Uber and Pinterest planning to go public in 2019. Overall, the S&P 500 increased 1.1%, the NASDAQ Composite Index grew 1.8%, and the Dow Jones Industrial Average declined 0.4% in March.

Public Trading Multiples

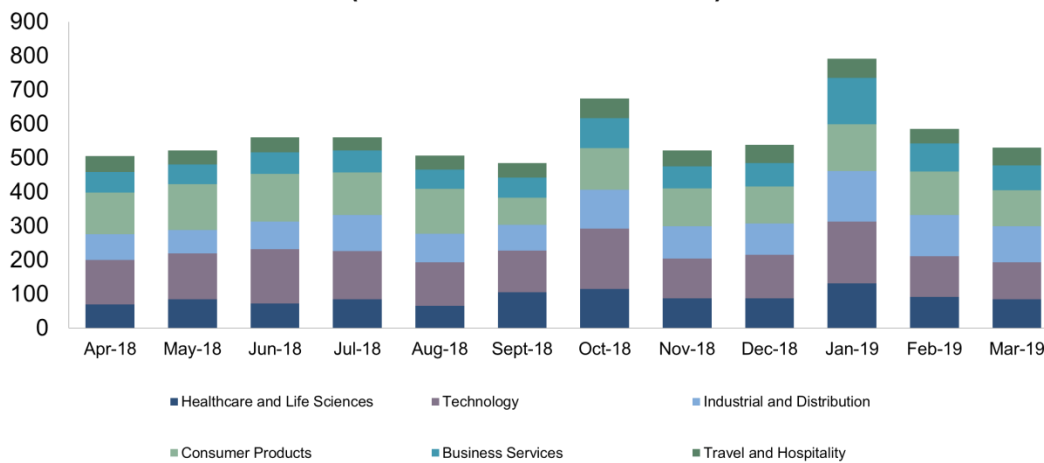
As of March 31, 2019

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	4.5x	22.9x	9.7%	10.3%	10.6%	9.5%	13.7%
Healthcare Equipment and Supplies	4.4x	19.1x	7.5%	6.6%	7.9%	10.4%	15.7%
Healthcare Providers and Services	0.8x	12.0x	6.7%	7.4%	5.8%	6.8%	8.5%
Healthcare and Life Sciences Aggregate	3.3x	18.0x	8.0%	8.1%	8.1%	8.9%	12.6%
Technology							
IT Services	3.0x	15.2x	6.0%	7.9%	9.3%	8.5%	9.3%
Software	6.2x	20.5x	14.2%	10.4%	26.7%	13.0%	7.9%
Computers and Other Electronic Equipment	1.2x	8.7x	5.7%	5.6%	6.3%	5.7%	22.0%
Technology Aggregate	3.5x	14.8x	8.6%	8.0%	14.1%	9.0%	13.1%
Industrial and Distribution							
Aerospace and Defense	1.8x	13.5x	4.3%	3.5%	7.6%	5.0%	6.8%
Building Products	1.2x	9.3x	5.3%	5.6%	2.3%	8.4%	13.2%
Construction and Engineering	0.6x	8.1x	3.5%	4.9%	4.6%	7.9%	9.8%
Machinery	1.4x	10.1x	6.6%	5.5%	7.3%	10.5%	7.6%
Distributors	0.7x	9.9x	15.0%	6.9%	13.7%	12.3%	4.0%
Industrial and Distribution Aggregate	1.1x	10.2x	6.9%	5.3%	7.1%	8.8%	8.3%
Consumer Products							
Food and Beverage	2.1x	12.8x	1.1%	4.0%	-0.2%	5.3%	15.7%
Household and Personal Products	3.1x	14.2x	-1.3%	2.4%	7.7%	7.2%	18.5%
Household Durables	0.9x	8.3x	4.9%	7.7%	1.5%	10.3%	8.2%
Textiles, Apparel, and Luxury Goods	1.9x	12.5x	3.4%	6.9%	8.1%	8.4%	7.8%
Consumer Products Aggregate	2.0x	11.9x	2.0%	5.2%	4.3%	7.8%	12.5%
Business Services							
Human Resource and Employment Services	0.8x	11.4x	5.3%	8.7%	5.1%	8.8%	17.5%
Research and Consulting Services	3.1x	16.9x	3.1%	3.7%	-3.1%	3.0%	20.6%
Business Services Aggregate	2.0x	14.1x	4.2%	6.2%	1.0%	5.9%	19.0%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	2.5x	11.7x	9.1%	5.9%	6.9%	8.3%	10.5%
Restaurants	2.2x	14.3x	3.2%	2.8%	0.0%	2.8%	9.1%
Leisure Facilities	3.6x	12.7x	7.3%	7.5%	7.7%	9.1%	32.6%
Travel and Hospitality Aggregate	2.8x	12.9x	6.5%	5.4%	4.9%	6.7%	17.4%

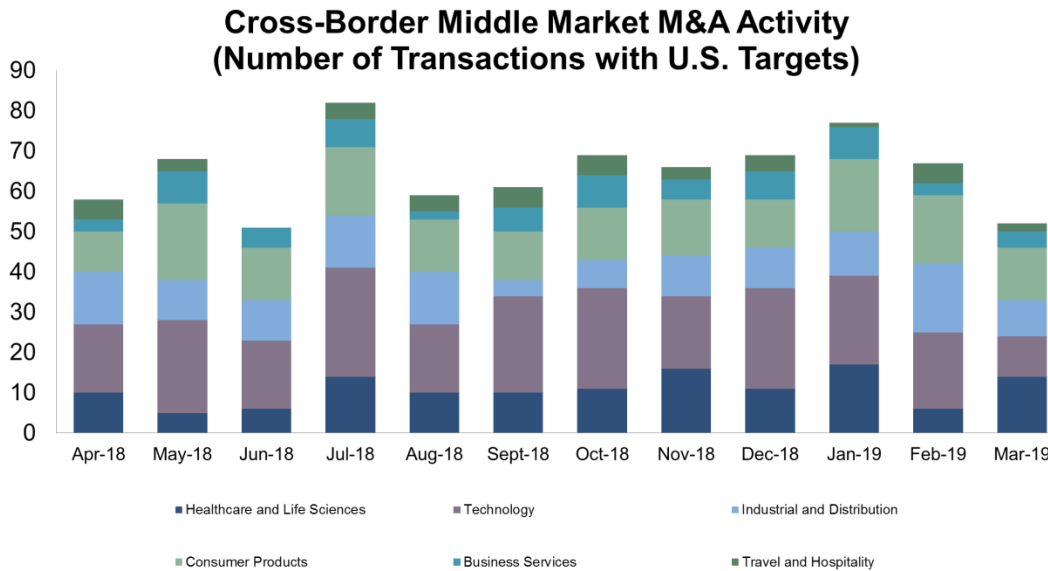
M&A MARKET

Dealmakers were active across all sectors in the first quarter of 2019, despite keeping a close eye on global trade disputes, Brexit and slowing growth in China. Optimism remains prevalent as 87% of respondents surveyed in Merrill Corporation's 2019 Corporate Development Outlook poll said that the M&A market is headed in a positive or neutral direction.

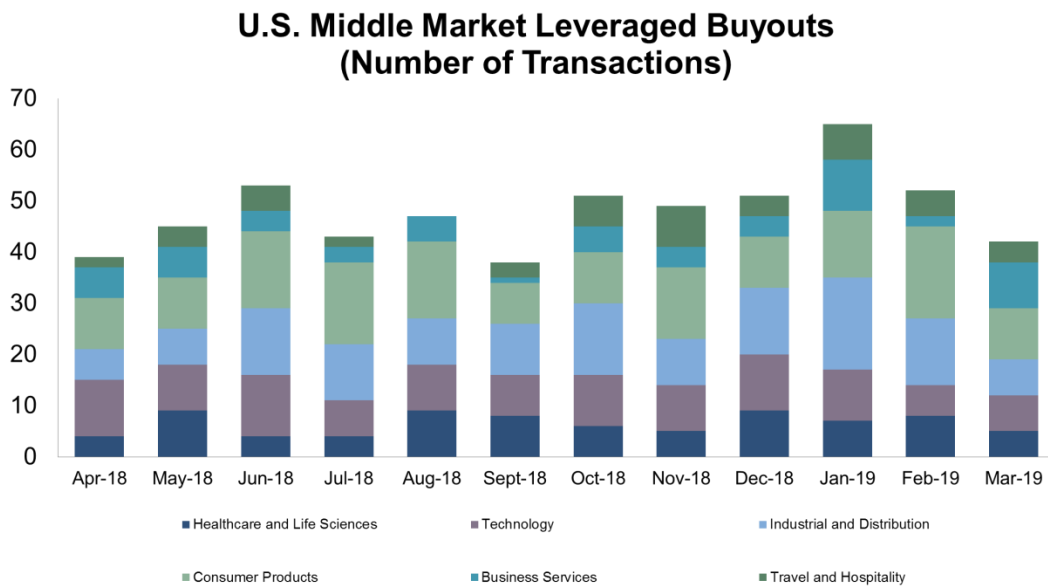
**U.S. Middle Market M&A Activity
 Select Industries
 (Number of Transactions)**



Although cross-border deal flow moderated somewhat in March, Q1 2019 activity still outpaced Q1 2018 by more than 8%. While uncertainty around Brexit and trade regulations with China have put a hamper on some megadeals, analysts expect middle-market cross-border deal activity to remain strong in 2019.



After exceeding \$2 trillion in dry powder in 2018, the private equity market entered 2019 with a strong outlook. As Richard Stus, Head of Private Capital Research at Preqin, commented: “While \$2 trillion in capital waiting to be deployed is a notable landmark for the private capital industry, concerns that fund managers are stockpiling capital without disbursing it may be overblown. Deal activity is up in most asset classes, and the ratio of available capital to called-up capital is flat or falling – in essence, although dry powder is climbing, the rate of spending is climbing faster. In this context, burgeoning dry powder can be taken as a sign of an expanding and diversifying industry rather than one unable to put capital to work.”



SELECT MIDDLE MARKET M&A TRANSACTIONS – CONSUMER PRODUCTS

Watson Foods acquired by Glanbia

Watson Foods was acquired by Glanbia Nutritionals on February 20, 2019 for \$89 million, which was approximately 0.9x revenue.

Watson provides a wide range of food and dietary supplement ingredients, including spray dried nutrients, chelated minerals, custom nutrient premixes and micro encapsulation capabilities. Watson was founded in 1939 and is based in West Haven, Connecticut.

Glanbia is a science-led provider of innovative nutritional solutions to many of the world's greatest brands. Glanbia was founded in 2003, and is headquartered in Evanston, Illinois with operations in Africa, the Asia Pacific, Europe, Latin America, the Middle East, and North America.

"We are excited to welcome the 300 employees of Watson with their established reputation of expertise, technical capability and commitment to excellence," said Brian Phelan, CEO of Glanbia Nutritionals. "The customers of both organizations will stand to benefit significantly from the combined capabilities that the two teams now bring together."

OurPet's Company acquired by Hyper-Pet

OurPet's Company was acquired by Hyper-Pet on March 14, 2019 for \$23 million, which was approximately 0.7x revenue and 10.0x EBITDA.

OurPet's Company designs, produces and markets a broad line of innovative, high-quality accessory and consumable pet products in the U.S. and overseas. OurPet's Company was founded in 1985 and is based in Fairport Harbor, Ohio.

Since 1983, Hyper Pet LLC has taken the pet industry by storm and has quickly become an industry-leading innovative, interactive and award-winning toy, treat, and leash and collar lifestyle pet company. Through a range of strong brands, Hyper Pet's passion to promote the ultimate bonding experience and fun for both the owner and their pet delivers products for the whole family to enjoy with their pets while continuously developing the pet industry year after year.

Tim Blurton, CEO of Hyper Pet, commented, "We are very excited about the potential of bringing together these two great companies. Both have a history and reputation for bringing a broad range of innovative products to market to help families enjoy their pets. Adding the strength of OurPet's in the cat category to the historic strength of Hyper Pet in the dog category will now enable us to provide a comprehensive range of products to all pet owners."

Bojangles' acquired by The Jordan Company and Durational Capital

Bojangles', Inc. was acquired by The Jordan Company and Durational Capital Management on January 28, 2019 for \$772 million, which was approximately 1.4x revenue and 11.1x EBITDA.

Bojangles', Inc. is a highly differentiated and growing restaurant operator and franchisor dedicated to serving customers high-quality, craveable food made from its Southern recipes, including breakfast served All Day, Every Day. At December 30, 2018, Bojangles' had 759 system-

wide restaurants, of which 319 were company-operated and 440 were franchised restaurants, primarily located in the Southeastern United States.

The Jordan Company, founded in 1982, is a middle-market private equity firm that has managed funds with original capital commitments in excess of \$11 billion since 1987 and a 36-year track record of investing in and contributing to the growth of many businesses across a wide range of industries including Industrials, Transportation & Logistics, Healthcare, Consumer, and Telecom, Technology & Utility.

Based in New York, Durational Capital Management LP is an investment firm that invests in high quality consumer companies. Durational approaches its investments with a strategic mindset and focuses on driving long-term value creation through partnership with top tier management teams and actively supporting management to drive operational improvements.

Ian Arons, Partner at The Jordan Company, said: “We believe the completion of this acquisition represents an exciting next chapter for Bojangles’. As a private company, and with our and Durational’s support, Bojangles’ will be able to further strengthen its operations while expanding its brand and market presence.”

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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