

MARKET BRIEF

In January, economic indicators remained generally strong. The unemployment rate rose marginally, and the Consumer Confidence Index and Consumer Price Index both rose. The public markets surged in the first half of January and struggled in the second half of the month. M&A activity grew over the month with an increasing number of cross-border transactions.

Unemployment Rate Rises Marginally

In January, the unemployment rate rose by 0.1% to reach 3.6% according to the U.S. Bureau of Labor Statistics. Total nonfarm payroll employment increased by 225,000 as employment rose in the health care, construction, and leisure & hospitality sectors. The labor force participation rate gained 0.2% to reach 63.4% in January. (<https://www.bls.gov/news.release/pdf/empsit.pdf>)

Consumer Confidence Increased in January

The *Consumer Confidence Index* increased marginally in January by 3.4 points to 131.6 points. Lynn Franco, Senior Director of Economic Indicators at The Conference Board, noted, "Consumer confidence increased in January, following a moderate advance in December, driven primarily by a more positive assessment of the current job market and increased optimism about future job prospects. Optimism about the labor market should continue to support confidence in the short-term and, as a result, consumers will continue driving growth and prevent the economy from slowing in early 2020." (<https://www.conference-board.org/data/consumerconfidence.cfm>)

The Case-Shiller Index Increased 3.5% Through November

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which covers all nine U.S. census divisions, reported an annual gain of 3.5% in November, up from 3.2% in October. "The U.S. housing market was stable in November," says Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices. "With the month's 3.5% increase in the national composite index, home prices are currently 59% above the trough reached in February 2012, and 15% above their pre-financial crisis peak. November's results were broad-based, with gains in every city in our 20-city composite." (<https://us.spindices.com/index-family/real-estate/sp-corelogic-case-shiller>)

The Consumer Price Index Gained 0.1%

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.1% in January on a seasonally adjusted basis after gaining 0.2% in December. The rise was driven by the shelter, food, and medical services indices, offsetting a decrease in the gasoline index. (<https://www.bls.gov/news.release/cpi.nr0.htm>)

PUBLIC MARKET

The U.S. public market continued to surge in the first half of January as the U.S. and China reached a trade agreement which boosted prospects of global economic growth. The market declined in the second half of the month as fears of the coronavirus and its impact on global trade and supply chains grew. As a result, the S&P 500 and Dow Jones Industrial Average both posted decreases of 0.2% and 1% on the month respectively. The NASDAQ Composite, on the other hand, rose 2.0%. The U.S. markets are projected to rebound from the hit of the coronavirus according to Mislav Matejka, J.P. Morgan's Head of Global and European Equity Markets.

Public Trading Multiples

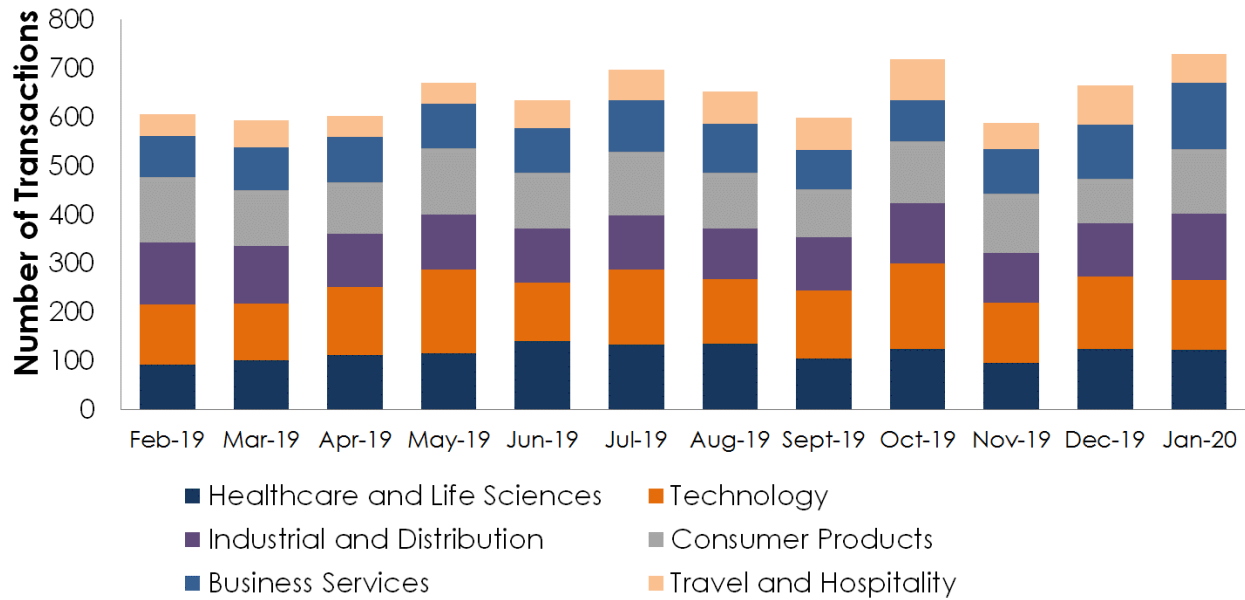
As of January 31, 2020

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	5.3x	27.7x	9.8%	10.9%	16.1%	8.7%	14.4%
Healthcare Equipment and Supplies	5.0x	20.9x	4.5%	6.8%	5.5%	8.8%	17.5%
Healthcare Providers and Services	0.8x	11.0x	5.3%	6.0%	14.6%	9.5%	7.6%
Healthcare and Life Sciences Aggregate	3.7x	19.9x	6.6%	7.9%	12.1%	9.0%	13.2%
Technology							
IT Services	3.5x	17.5x	5.8%	8.0%	6.0%	8.9%	9.3%
Software	7.3x	22.5x	11.4%	12.9%	17.0%	19.7%	4.4%
Computers and Other Electronic Equipment	1.5x	12.1x	0.4%	6.7%	-8.5%	4.5%	15.8%
Technology Aggregate	4.1x	17.3x	5.9%	9.2%	4.9%	11.0%	9.8%
Industrial and Distribution							
Aerospace and Defense	2.0x	13.8x	3.8%	4.0%	-5.5%	3.8%	10.3%
Building Products	1.3x	10.6x	-0.2%	3.1%	-1.6%	3.7%	12.1%
Construction and Engineering	0.7x	8.4x	5.3%	6.5%	5.2%	7.5%	9.9%
Machinery	1.5x	11.0x	1.2%	6.4%	-0.8%	10.2%	6.7%
Distributors	0.7x	9.9x	2.1%	9.7%	7.6%	15.0%	4.7%
Industrial and Distribution Aggregate	1.2x	10.7x	2.4%	5.9%	1.0%	8.0%	8.7%
Consumer Products							
Food and Beverage	2.2x	13.3x	2.7%	3.8%	2.5%	3.8%	14.6%
Household and Personal Products	3.4x	16.4x	2.3%	3.5%	0.5%	5.0%	18.2%
Household Durables	1.0x	9.5x	0.6%	7.3%	-0.9%	11.7%	8.8%
Textiles, Apparel, and Luxury Goods	2.2x	12.4x	4.8%	5.5%	6.3%	8.7%	9.3%
Consumer Products Aggregate	2.2x	12.9x	2.6%	5.0%	2.1%	7.3%	12.7%
Business Services							
Human Resource and Employment Services	0.9x	11.6x	1.9%	6.3%	4.8%	6.2%	10.6%
Research and Consulting Services	3.4x	7.9x	1.1%	4.7%	123.4%	38.2%	31.7%
Business Services Aggregate	2.2x	9.8x	1.5%	5.5%	64.1%	22.2%	21.1%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	2.5x	12.3x	5.8%	5.5%	4.0%	5.4%	11.1%
Restaurants	3.0x	14.8x	3.8%	3.6%	5.3%	3.7%	10.3%
Leisure Facilities	4.1x	13.9x	4.1%	6.1%	4.8%	8.4%	32.2%
Travel and Hospitality Aggregate	3.2x	13.7x	4.6%	5.1%	4.7%	5.8%	17.9%

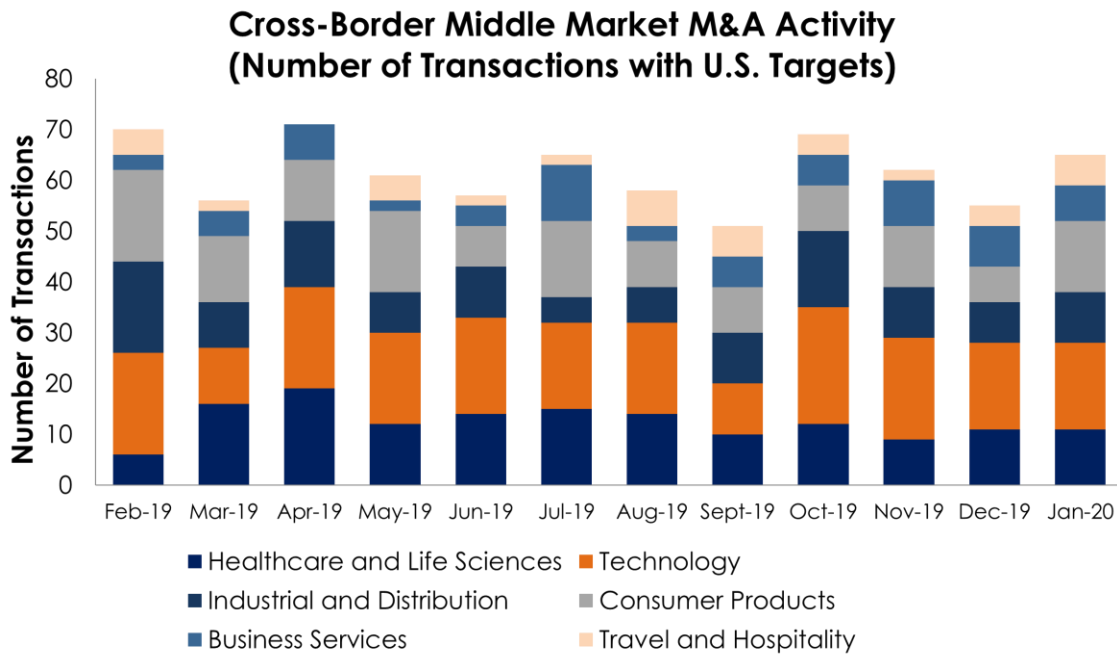
M&A MARKET

Middle market M&A deal volume rose in January 2020 with increasing activity across most sectors. Justin Nowicki, Senior Manager of Product Management at Intralink, projects M&A activity to continue to grow throughout 2020 with ripe market conditions and low interest rates.

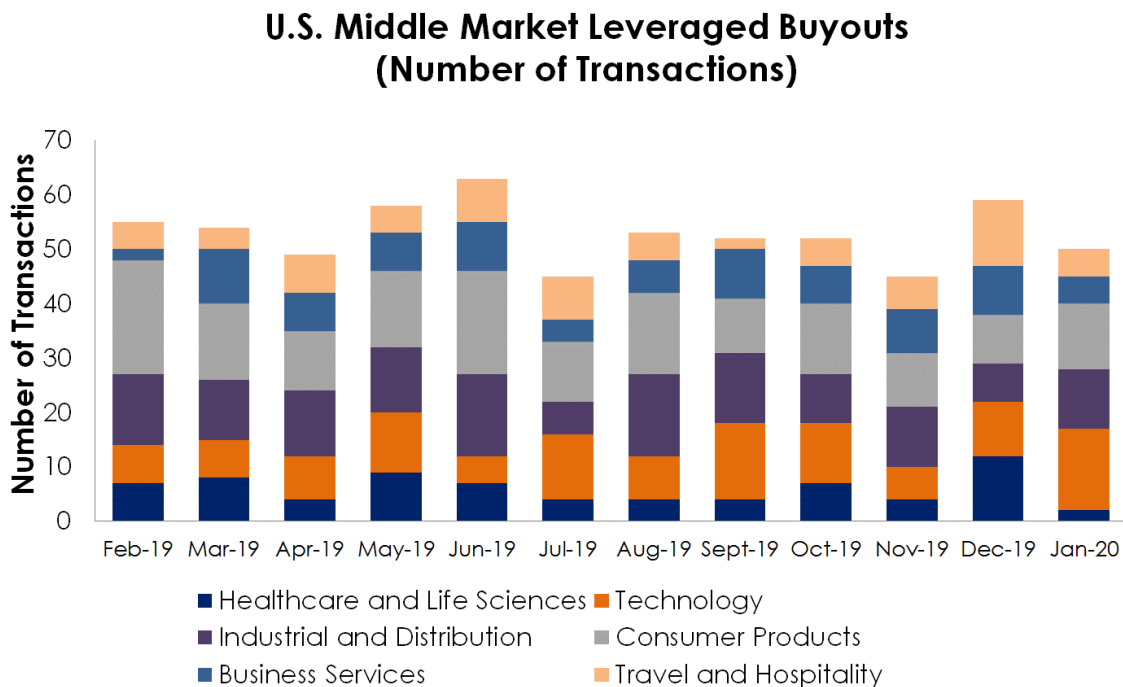
U.S. Middle Market M&A Activity Select Industries (Number of Transactions)



Deal flow for middle market cross-border transactions rose in January with the largest increases occurring in the consumer products, travel and hospitality, and healthcare and life sciences sectors. Cross-border M&A activity is expected to continue to increase through 2020 according to a Baker Tilley International survey of 150 worldwide dealmakers as respondents see deal activity driven by many factors including a reduction of international trade uncertainty with the recent trade agreement signed by the U.S. and China.



LBO activity declined in the first month of the year. Increases in LBO deal volume in the technology, industrial and distribution, and consumer products sectors were offset by decreases in the number of healthcare and life sciences, business services, and travel and hospitality deals reported.



SELECT MIDDLE MARKET M&A TRANSACTIONS – INDUSTRIAL AND DISTRIBUTION

Glebar Company Acquires Tridex Technology

On January 3rd, 2020, Glebar Company announced the acquisition of Tridex Technology. Glebar is an innovative manufacturer and solutions provider of fully automated turnkey precision grinding systems serving companies across the world. Tridex is a leader in Electrochemical Grinding (ECG) technology, specializing in the design, manufacture, application development and automation of electrochemical grinders, cut off machines and precision abrasive cut off solutions. This strategic deal follows Glebar's strategy of pursuing acquisition-driven growth.

"This partnership is another step in the Glebar growth story. Tridex further bolsters our core focus within the non-elective medical minimally invasive procedures market and expands our reach in aerospace and other industries," commented Adam Cook, Chairman at Glebar.

Thermal Solutions Manufacturing Acquires Alfa Laval Champ

On January 9th, 2020, Thermal Solutions Manufacturing acquired Alfa Laval Champ. Thermal Solutions Manufacturing (TSM), a portfolio company of Altus Capital Partners, is a manufacturer and distributor of heat exchange and temperature control products for the North American heavy-duty on-highway and off-highway truck aftermarket and industrial end markets. Alfa Laval Champ, which will be renamed TSM Champ, is a business unit of Alfa Laval, a world leader in key technology areas of heat transfer, separation and fluid handling. TSM Champ serves mainly customers in the recreational and light commercial marine industry, heavy-duty bus and truck, and custom vehicle manufacturers and offers shell-and-tube heat exchangers and charge air coolers. Through the acquisition, TSM gains production capacity, engineering support, product breadth, and operations leadership expertise.

"We are very pleased to welcome Champ to the TSM family. Champ is TSM's first acquisition under Altus' ownership and we believe that TSM is the ideal partner to continue Champ's long history of innovation and strong customer service. TSM intends to build on this foundation and drive growth in Champ's business," said Ken Robinson, President and CEO of TSM.

Bunzl Acquires Joshen Paper and Packaging

On January 17th, 2020, Bunzl acquired Joshen Paper and Packaging. Bunzl is a British distribution and outsourcing company of nonfood consumables, including disposable cutlery, cleaning products, and personal protective equipment. Joshen Paper and Packaging is a distributor of packaging and paper supplies for the supermarkets, convenient store, retail, schools and industrial sector based in Cleveland, Ohio. With the acquisition, Bunzl increases its presence in the grocery industry.

Bob Reiner, the founder of Joshen Paper and Packaging who will continue with Bunzl as Executive Advisor, commented; "We are proud to join Bunzl to help Joshen expand our growth and service profile leveraging Bunzl's scale and footprint. The people of Bunzl are very professional and are

dedicated to servicing our customers and improving the business. For us now, being with a worldwide leader in value added distribution is great."

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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