

## MARKET BRIEF

Economic indicators in July were mixed as the unemployment rate fell and the Consumer Price Index rose while the *Consumer Confidence Index* declined. The public equity markets continued to demonstrate strength with the S&P 500, Dow Jones Industrial Average, and NASDAQ all rising over the month. M&A activity also continued to rise in July.

### Unemployment Rate Declined in July

The unemployment rate fell 0.9% to 10.2% in July after dipping to 11.1% in June. Total nonfarm payroll employment increased by 1.8 million with increases in employment across the leisure and hospitality, retail and trade, government, healthcare, and manufacturing sectors offsetting employment decreases in the mining sector. The labor force participation rate held steady at 61.4% in July. The total number of people temporarily laid off decreased by 1.3 million to 9.2 million, almost half of the total number in April when businesses closed as states attempted to curb the spread of COVID-19. (<https://www.bls.gov/news.release/pdf/empsit.pdf>)

### Consumer Confidence Fell 5.8% in July

The *Consumer Confidence Index* fell to 92.6 points in July following a rise to 98.3 points in June. "Consumer Confidence declined in July following a large gain in June," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "The Present Situation Index improved, but the Expectations Index retreated. Large declines were experienced in Michigan, Florida, Texas and California, no doubt a result of the resurgence of COVID-19. Looking ahead, consumers have grown less optimistic about the short-term outlook for the economy and labor market and remain subdued about their financial prospects. Such uncertainty about the short-term future does not bode well for the recovery, nor for consumer spending."

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

### The Case-Shiller Index Posts 4.5% Annual Gain in May 2020

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which covers all nine U.S. census divisions rose to 218.9 points in May 2020 from 209.5 in May 2019. The 20-City Composite posted a 3.7% annual gain and a monthly gain of 0.4%. "May's housing price data were stable," says Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices. "The National Composite Index rose by 4.5% in May 2020, with comparable growth in the 10- and 20-City Composites (up 3.1% and 3.7%, respectively). In contrast with the past eight months, May's gains were less than April's. Although prices increased in May, in other words, they did so at a decelerating rate. We observed an analogous development at the city level: prices increased in all 19 cities for which we have data, but accelerated in only 3 of them (in contrast with 12 cities last month and 18 the month before that)." (<https://us.spindices.com/index-family/sp-corelogic-case-shiller/sp-corelogic-case-shiller-composite>)

## The Consumer Price Index Increased by 0.6% in July

The Consumer Price Index for All Urban Consumers (CPI-U) rose 0.6% in July on a seasonally adjusted basis. The increase was driven by the rise of the gasoline, transportation services, and used car and truck indices which offset a decline in the food index. Over the last 12 months, the all items index rose 1.0%.

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

## PUBLIC MARKET

The U.S. public markets continued to post gains in July. The S&P 500 and Dow Jones Industrial Average gained 5.5% and 2.4% respectively. The NASDAQ continued to break records, posting a 5.3% gain over the month. Volatility declined in July with the CBOE Volatility Index (VIX) dipping below 30 points again and closing out the month at 24 points.

### Public Trading Multiples

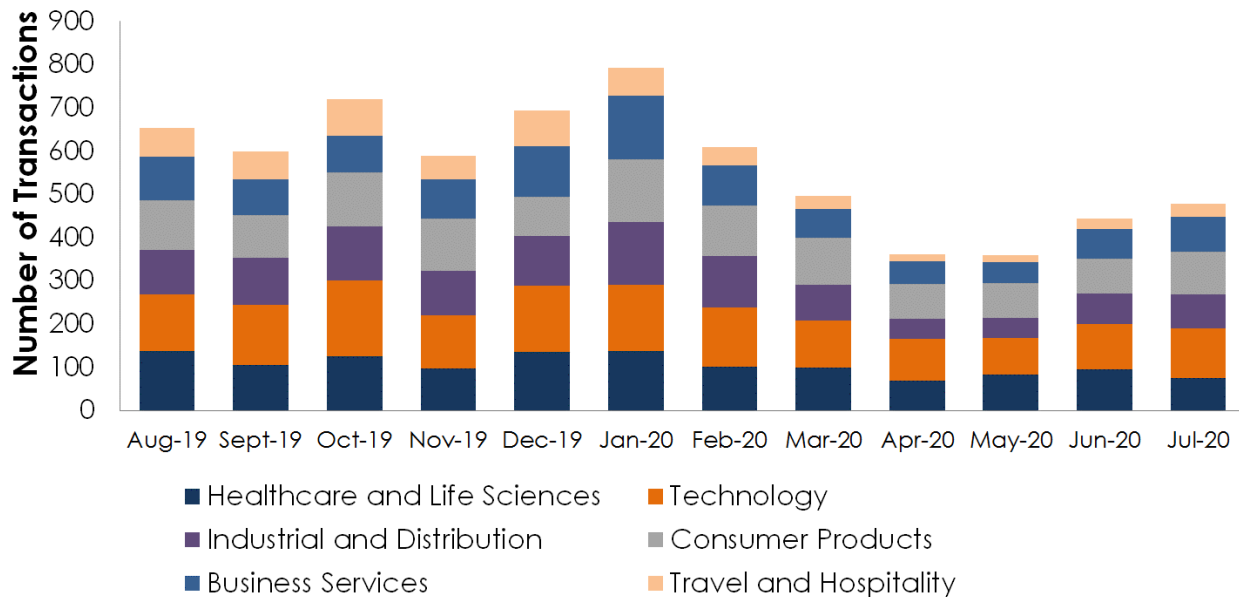
As of July 31, 2020

Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
<b>Healthcare and Life Sciences</b>							
Healthcare Technology	8.5x	36.2x	9.6%	10.1%	3.3%	6.4%	12.3%
Healthcare Equipment and Supplies	5.6x	24.4x	0.9%	4.5%	-4.5%	3.8%	17.3%
Healthcare Providers and Services	0.8x	10.1x	1.5%	6.4%	12.1%	10.5%	6.9%
Healthcare and Life Sciences Aggregate	4.9x	23.6x	4.0%	7.0%	3.7%	6.9%	12.2%
<b>Technology</b>							
IT Services	3.7x	17.2x	4.2%	6.5%	3.6%	7.2%	8.9%
Software	8.3x	24.9x	10.8%	12.6%	10.6%	18.5%	4.7%
Computers and Other Electronic Equipment	1.6x	12.9x	-0.6%	4.6%	-4.0%	2.1%	16.7%
Technology Aggregate	4.6x	18.3x	4.8%	7.9%	3.4%	9.3%	10.1%
<b>Industrial and Distribution</b>							
Aerospace and Defense	1.5x	11.9x	-0.5%	3.7%	-17.1%	-0.8%	9.8%
Building Products	1.5x	10.9x	-6.7%	-0.1%	-9.5%	-0.6%	11.9%
Construction and Engineering	0.6x	7.6x	1.4%	6.6%	-2.1%	7.7%	9.6%
Machinery	1.5x	12.3x	-7.1%	2.8%	-17.1%	2.1%	6.4%
Distributors	0.7x	10.3x	-6.1%	9.5%	-6.0%	6.8%	4.5%
Industrial and Distribution Aggregate	1.2x	10.6x	-3.8%	4.5%	-10.3%	3.0%	8.4%
<b>Consumer Products</b>							
Food and Beverage	2.3x	13.6x	-0.3%	2.5%	-1.7%	2.1%	14.8%
Household and Personal Products	3.6x	16.8x	-0.1%	2.0%	-1.1%	2.6%	18.5%
Household Durables	1.0x	9.6x	-5.5%	2.7%	-5.9%	3.7%	8.7%
Textiles, Apparel, and Luxury Goods	2.1x	13.6x	-3.6%	3.2%	-20.4%	-0.8%	8.7%
Consumer Products Aggregate	2.3x	13.4x	-2.4%	2.6%	-7.3%	1.9%	12.7%
<b>Business Services</b>							
Human Resource and Employment Services	0.8x	10.6x	-3.3%	3.8%	-5.0%	5.2%	10.9%
Research and Consulting Services	3.8x	19.6x	2.0%	3.3%	0.4%	1.2%	20.7%
Business Services Aggregate	2.3x	15.1x	-0.6%	3.5%	-2.3%	3.2%	15.8%
<b>Travel and Hospitality</b>							
Hotels, Resorts, and Cruise Lines	2.5x	15.2x	-15.6%	-0.6%	-47.9%	-17.2%	8.9%
Restaurants	2.6x	15.1x	-5.1%	1.5%	-20.7%	-5.4%	7.8%
Leisure Facilities	4.3x	15.9x	-9.4%	1.6%	-25.6%	-2.6%	20.5%
Travel and Hospitality Aggregate	3.2x	15.4x	-10.1%	0.8%	-31.4%	-8.4%	12.4%

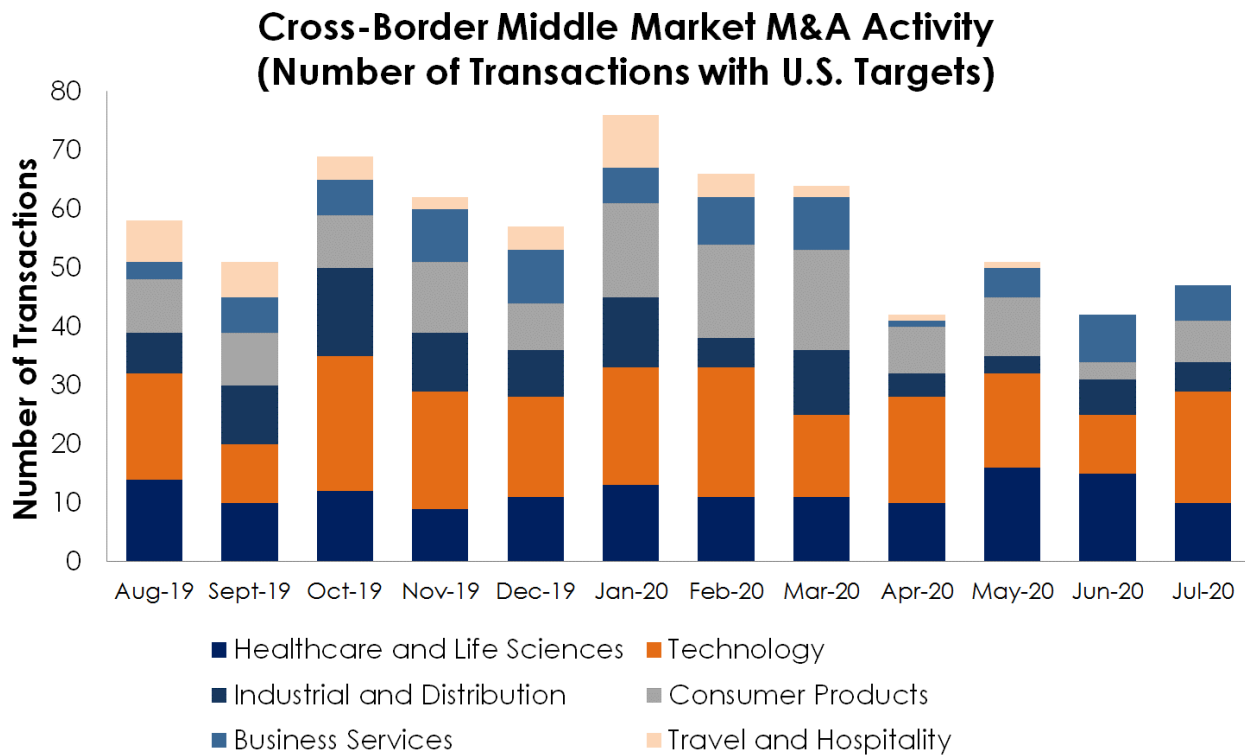
## M&A MARKET

Deal flow in the middle market increased in July while remaining below pre-COVID-19 levels. Increases in M&A activity in the business services, consumer products, and travel and hospitality sectors offset a slight decline in the healthcare and life sciences industry. A recent report from PwC anticipates a favorable outlook for near-term M&A: “Companies will need to repair, rethink and reconfigure their businesses. The initial focus has been on recovery of lost revenue, responding to operational disruption and protecting the safety of employees and customers. In the rethink phase, senior leaders are considering strategic capital allocation and reviewing what constitutes their core business. We anticipate businesses will engage in M&A with a value creation focus as they reconfigure their operations and look forward to the long term.”

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

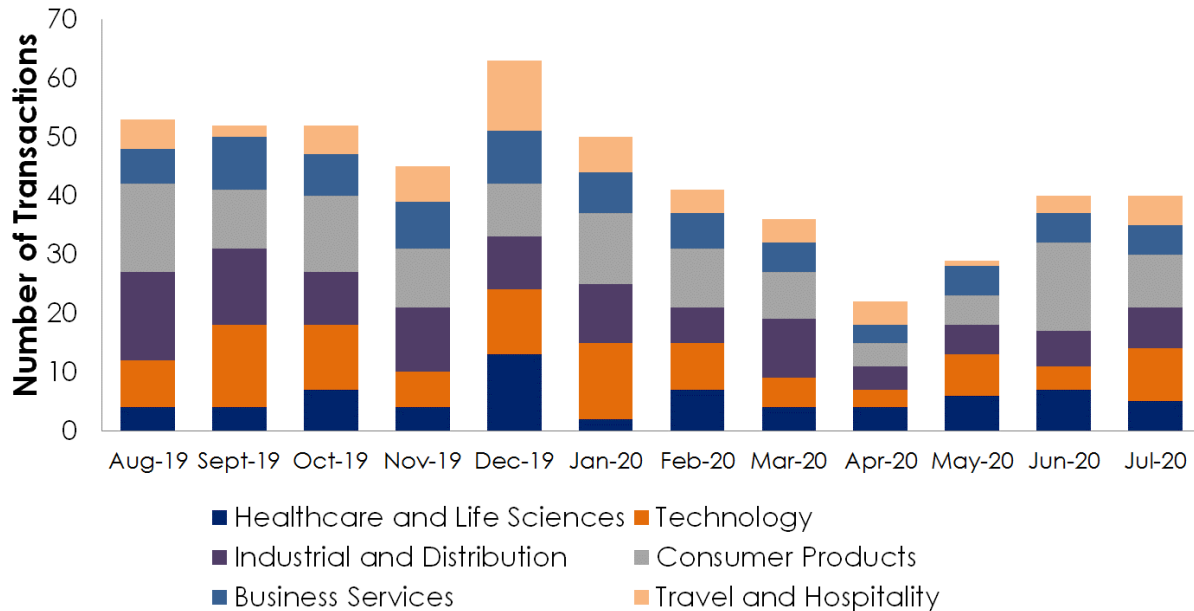


Cross-border transaction deal volume increased in July, hitting levels higher than in April and June 2020 but below May 2020. The increases in activity in the consumer products, and technology sectors were offset by declines in industrials and distribution, business services, and healthcare and life sciences industries.



LBO deal volume held steady in July, with activity around levels in February 2020, as financial sponsors continued to utilize their supply of dry powder. Increases in LBO activity in the technology, travel and hospitality, and industrial and distribution industries countered declines in deal volume in the consumer products and healthcare and life sciences sectors.

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



### SELECT MIDDLE MARKET M&A TRANSACTIONS – TECHNOLOGY

#### *Oracle Corporation Acquires LiveData Utilities*

On March 31, 2020, Oracle Corporation announced that it has entered into an agreement to acquire LiveData Utilities. Oracle Corporation provides products and services that address enterprise information technology environments worldwide. The company was founded in 1977 and is headquartered in Redwood City, California. LiveData Utilities, headquartered in Cambridge, Massachusetts, provides a suite of software solutions to electrical grid operators.

The acquisition extends Oracle Utilities' Network Management System by adding a long-standing partner that provides leading operational technology (OT) middleware solutions and SCADA capabilities to monitor and control utility equipment while reducing the complexity of real-time systems. Mirus Capital Advisors served as exclusive financial advisor to LiveData Utilities.

### *DocuSign Acquires Liveoak Technologies*

On July 7, 2020, DocuSign announced its acquisition of Liveoak Technologies for \$38 million in an all-stock transaction. DocuSign is an electronic agreement management company, headquartered in San Francisco, California. Liveoak Technologies, based in Austin, Texas, utilizes video conferencing, collaboration tooling, and identity verification to provide notary services. The acquisition will allow DocuSign to accelerate the launch of its new notary service, DocuSign Notary.

"Given the state of technology today, people often wonder why they still need to sign any document in-person--and the pandemic has only exacerbated this concern," said Liveoak CEO, Tim Ramza. "We've been working to solve this very issue for years, and we've had a strong partnership with DocuSign as a result. By joining forces and fully integrating our solutions now, we can bring the ease and simplicity of DocuSign to the execution of notarized and other complex assisted agreements."

## 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.

For any questions about the Middle Market Monitor or Mirus Capital Advisors, please contact Mirus Capital Advisors at 781-418-5900 or visit <http://merger.com>. You can also contact our senior bankers directly:

[Peter Alternative](#)  
[David Christopher](#)  
[Andy Crain](#)  
[Alan Fullerton](#)  
[Brendan Kiernan](#)  
[Michael Krongel](#)  
[Rudy Minar](#)  
[Michael Osborne](#)  
[Stuart Rose](#)  
[Kate Soto](#)  
[Patrick West](#)

*Sources: Capital IQ, Bloomberg, Forbes, Reuters, The New York Times, The Wall Street Journal, Bureau of Labor Statistics, Ernst & Young, JP Morgan, Financial Times, The Middle Market, other sources as referenced within, and Mirus analysis. Copyright 2019, Mirus Capital Advisors, Inc. All rights reserved. Mirus Capital Advisors does not assume any liability for errors or omissions.*

 Follow us on LinkedIn

To read more reports on the M&A markets, visit our website: [www.merger.com](http://www.merger.com)