

MARKET BRIEF

Economic indicators were mixed in November as the U.S. advances along its recovery from the impact of COVID-19 with a vaccine in sight. The unemployment rate and the *Consumer Confidence Index* both declined over the month while the Consumer Price Index increased slightly. The public markets saw a significant gain with the S&P 500 posting a gain of 10.8%. M&A activity declined, including cross-border transactions and leveraged buyouts.

Unemployment Rate Falls 0.2 Percentage Points in November

The unemployment rate continued to fall in November, declining 0.2 percentage points to 6.7%. This decrease marks seven consecutive months of a declining unemployment rate. Total nonfarm payroll employment increased by 245,000 with increases in employment in transportation and warehousing, professional and business services, and health care, offsetting a decrease in government and retail trade. The labor force participation rate edged down in November, falling by 0.2% to 61.5%. The number of persons marginally attached to the labor force remained unchanged at approximately 2.1 million.

<https://www.bls.gov/news.release/pdf/empsit.pdf>

Consumer Confidence Declines

In October, the *Consumer Confidence Index* fell 5.3 points from 101.4 points to 96.1 points, after remaining relatively flat in October. The *Present Situation Index* decreased slightly from 106.2 points in October to 105.9 points and the *Expectations Index* decreased from 98.2 points in October to 89.5 points. "Consumer confidence declined in November, after remaining virtually flat in October," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' assessment of present-day conditions held steady, though consumers noted a moderation in business conditions, suggesting growth has slowed in Q4. Heading into 2021, consumers do not foresee the economy, nor the labor market, gaining strength. In addition, the resurgence of COVID-19 is further increasing uncertainty and exacerbating concerns about the outlook."

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

The Case-Shiller Index Posts 7.0% Annual Gain in September 2020

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which covers all nine U.S. census divisions, posted a 7.0% annual gain in September 2020, rising from 215.1 points in September 2019 to 226.8 in one year. "Housing prices were notably – I am tempted to say 'very' – strong in September," says Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices. "The National Composite Index gained 7.0% relative to its level a year ago, well ahead of August's 5.8% increase. The 10- and 20-City Composites (up 6.2% and 6.6%, respectively) also rose at an accelerating pace in September. The strength of the housing market was consistent nationally – all 19 cities for which we have September data rose, and all 19 gained more in the 12 months ended in September than they had done in the 12 months ended in August."

<https://us.spindices.com/index-family/sp-corelogic-case-shiller/sp-corelogic-case-shiller-composite>

The Consumer Price Index Increased 0.2% in November

The Consumer Price Index for All Urban Consumers (CPI-U) increased in November by 0.2%, after being unchanged in October. The seasonally adjusted increase in the all items index was broad-based, with no component accounting for more than a quarter of the increase. The all items index increased 1.2% before seasonal adjustment over the past twelve months.

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

PUBLIC MARKET

The U.S. public markets rose in November, following two consecutive months of losses. The S&P 500 increased 10.8% while the Dow Jones Industrial Average and NASDAQ rose slightly more with both gaining 11.8%. Volatility simultaneously declined over the month, losing 17.5 points to close out November at 20.5 points.

Public Trading Multiples

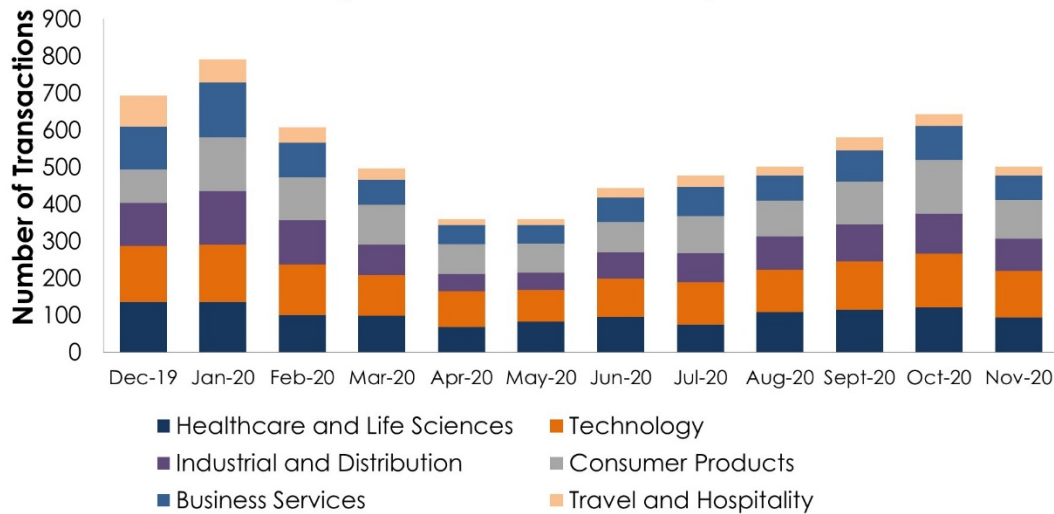
As of November 30, 2020

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	10.0x	44.2x	11.8%	9.7%	13.1%	7.3%	11.1%
Healthcare Equipment and Supplies	6.1x	25.5x	3.1%	4.5%	2.1%	4.4%	18.1%
Healthcare Providers and Services	0.8x	10.2x	0.2%	6.5%	11.2%	10.5%	7.9%
Healthcare and Life Sciences Aggregate	5.6x	26.6x	5.0%	6.9%	8.8%	7.4%	12.4%
Technology							
IT Services	4.0x	18.1x	3.9%	6.3%	1.1%	7.4%	12.0%
Software	8.9x	26.8x	11.8%	12.4%	14.1%	18.7%	5.8%
Computers and Other Electronic Equipment	1.7x	13.3x	2.4%	4.0%	3.4%	1.6%	17.7%
Technology Aggregate	4.9x	19.4x	6.0%	7.5%	6.2%	9.2%	11.8%
Industrial and Distribution							
Aerospace and Defense	1.6x	11.7x	-1.8%	2.8%	-27.0%	-4.9%	9.7%
Building Products	1.7x	12.0x	-4.2%	1.1%	-2.7%	0.4%	12.4%
Construction and Engineering	0.6x	8.0x	5.9%	5.9%	1.8%	6.1%	9.0%
Machinery	1.7x	13.8x	-5.3%	1.5%	-13.6%	-0.8%	6.8%
Distributors	0.8x	10.8x	-6.0%	7.4%	-9.7%	4.0%	4.1%
Industrial and Distribution Aggregate	1.3x	11.3x	-2.3%	3.7%	-10.2%	1.0%	8.4%
Consumer Products							
Food and Beverage	2.4x	13.6x	1.8%	2.2%	5.2%	2.9%	15.0%
Household and Personal Products	3.7x	17.6x	-0.6%	1.2%	-2.8%	2.0%	18.7%
Household Durables	1.2x	10.9x	-1.7%	1.6%	-3.9%	1.2%	9.3%
Textiles, Apparel, and Luxury Goods	2.5x	16.8x	-9.7%	-0.3%	-31.1%	-8.4%	8.1%
Consumer Products Aggregate	2.4x	14.7x	-2.6%	1.2%	-8.1%	-0.6%	12.8%
Business Services							
Human Resource and Employment Services	1.0x	13.7x	-5.2%	1.8%	-17.2%	-0.5%	9.9%
Research and Consulting Services	3.9x	20.5x	2.0%	2.9%	-56.2%	1.2%	13.3%
Business Services Aggregate	2.5x	17.1x	-1.6%	2.3%	-36.7%	0.3%	11.6%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	3.8x	26.5x	-36.1%	-10.6%	-90.4%	-57.8%	3.5%
Restaurants	3.1x	17.9x	-11.1%	-1.8%	-32.8%	-11.2%	4.8%
Leisure Facilities	5.5x	21.0x	-17.2%	-1.6%	-43.7%	-12.1%	9.7%
Travel and Hospitality Aggregate	4.1x	21.8x	-21.5%	-4.6%	-55.6%	-27.0%	6.0%

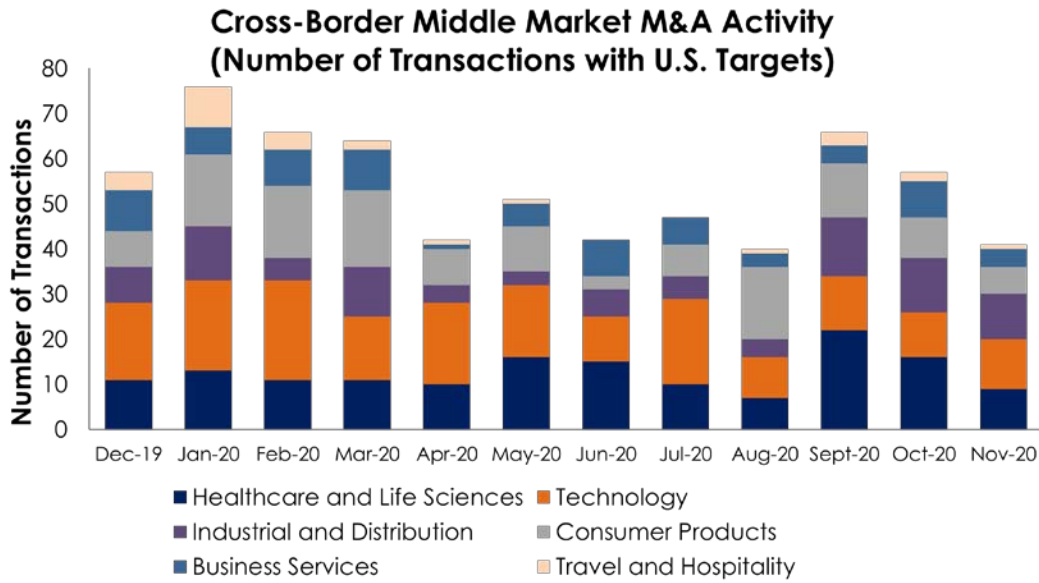
M&A MARKET

Middle market M&A activity decreased in November, breaking the five-month streak of rising transaction volume. The decline in deal volume was driven by decreases in transactions in the consumer products, healthcare and life sciences, and industrial distribution sectors.

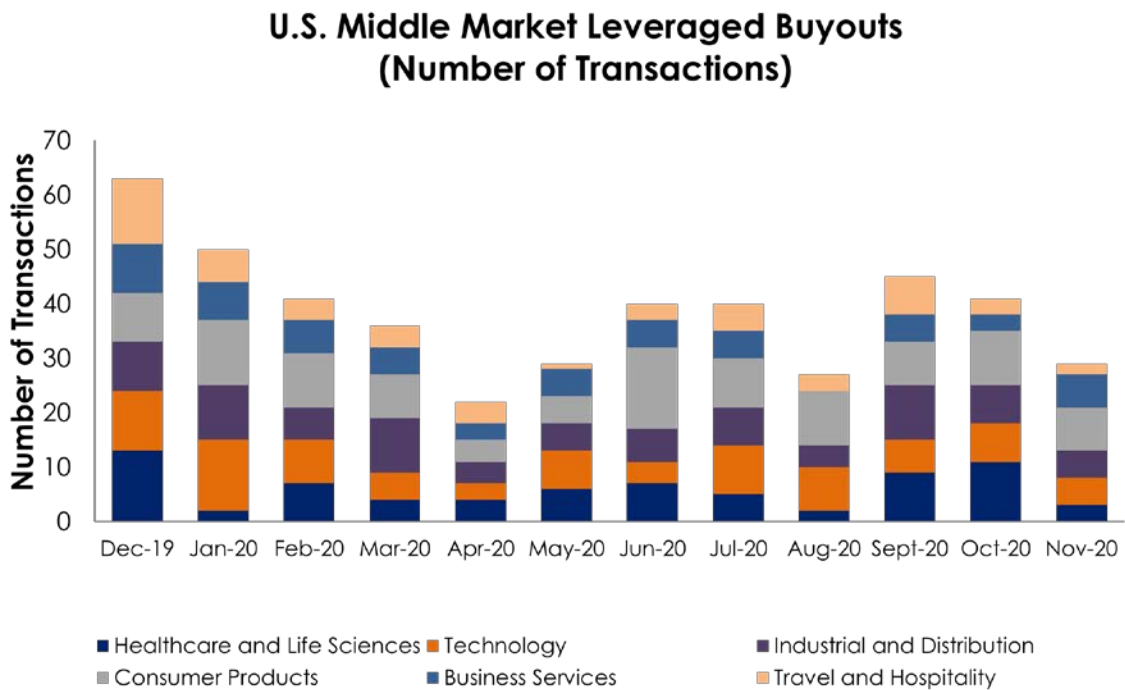
U.S. Middle Market M&A Activity Select Industries (Number of Transactions)



Cross-border transaction deal volume declined in November continuing the decline from October. Increases in transactions in the technology sector were offset by decreases in the healthcare and life sciences, travel and hospitality, consumer products, and business services sectors.



LBO transaction volume declined in the month of November. While the business services sector saw an uptick in deal volume, the total number of LBO transactions in travel and hospitality, technology, consumer products, healthcare and life sciences, and industrial distribution fell in November.



SELECT MIDDLE MARKET M&A TRANSACTIONS – HEALTHCARE & LIFE SCIENCES

MultiPlan Corporation acquires HSTechnology Solutions

On November 9, 2020, MultiPlan Corporation closed its acquisition of HSTechnology Solutions for \$140M. MultiPlan is a leading value-added provider of data analytics and technology-enabled end-to-end cost management solutions to the U.S. healthcare industry. HSTechnology is an innovative healthcare technology company that enables value-based health benefit plan design

"With over 700 employer groups and 550,000 covered lives using its programs, HST has proven the critical role that it plays in serving the community through its platform technology and sustainable benefit plans," said Edward Day, CEO of HST. "Under the leadership of Mark Tabak and the dedicated team at MultiPlan, we will continue to serve the healthcare industry with superior products and services, and expand HST into the regional plan and larger payor markets. I'm confident that our innovative technology platform will help all stakeholders better navigate changes in the healthcare industry."

Central Logic Acquires Ensocare

On November 17, 2020, Central Logic acquired Ensocare. Central Logic is a purpose-built technology solution currently focuses on referrals and transfers into a health system by uniting all available provider, facility and transportation resources to enable them to operate as one system of care. Ensocare automates the inpatient referral process to post-acute care. The acquisition of Ensocare expands Central Logic's solution to include successful transitions beyond hospitals to post-acute care settings—including skilled nursing and rehabilitation facilities, long-term acute care centers, and even the home—by tapping into Ensocare's active, curated network of more than 50,000 PAC providers nationwide.

"This strategic acquisition means that our solutions will now span the care continuum from acute to post-acute care, which will improve transitions into, through and out of the health system, creating true 'systemness' for our clients," said Angie Franks, CEO of Central Logic. "By operating as one, health systems can offer a more seamless experience for their patients across all acuity levels while enabling providers to stay connected and strengthening the relationships with PAC providers in their communities."

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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