

MARKET BRIEF

Economic indicators were mixed in December as the U.S. advanced along its recovery from COVID-19 with the early stages of the vaccine rollout beginning. The *Consumer Price Index* increased, the *Consumer Confidence Index* declined, while the unemployment rate remained unchanged over the month. The public markets saw a significant gain with the S&P 500 posting a gain of 3.7%. M&A activity increased, including cross-border transactions and leveraged buyouts.

Unemployment Rate Unchanged in December

The unemployment rate was unchanged in December, remaining at 6.7% following seven consecutive months of decline. Total nonfarm payroll employment decreased by 140,000 with job losses in leisure and hospitality and in private education partially offset by gains in professional and business services, retail trade, and construction. The labor force participation rate was unchanged, remaining at 61.5%. The number of persons marginally attached to the labor force, at 2.2 million, changed little in December but is up by 749,000 since February 2020.

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

Consumer Confidence Declines

In December, the *Consumer Confidence Index* fell 4.3 points from 92.9 points to 88.6 points, continuing the decline. The *Present Situation Index* decreased sharply from 105.9 points in November to 90.3 points and the *Expectations Index* increased from 84.3 points in November to 87.5 points. "Consumers' assessment of current conditions deteriorated sharply in December, as the resurgence of COVID-19 remains a drag on confidence," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "As a result, consumers' vacation intentions, which had notably improved in October, have retreated. On the flip side, as consumers continue to hunker down at home, intentions to purchase appliances have risen. Overall, it appears that growth has weakened further in Q4, and consumers do not foresee the economy gaining any significant momentum in early 2021."

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

The Case-Shiller Index Posts 8.4% Annual Gain in October 2020

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which covers all nine U.S. census divisions, posted an 8.4% annual gain in October 2020, up from 7.0% in the previous month. "The surprising strength we noted in last month's report continued into October's home price data," says Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices. "The National Composite Index gained 8.4% relative to its level a year ago, accelerating from September's 7.0% increase. The 10- and 20-City Composites (up 7.5% and 7.9%, respectively) also rose more rapidly in October than they had done in September. The housing market's strength was once again broadly-based: all 19 cities for which we have October data rose, and all 19 gained more in the 12 months ended in October than they had gained in the 12 months ended in September."

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

The Consumer Price Index Increased 0.4% in December

The Consumer Price Index for All Urban Consumers (CPI-U) increased in December by 0.4%, after rising 0.2% in November. The seasonally adjusted increase in the all items index was driven by an 8.4-percent increase in the gasoline index, which accounted for more than 60 percent of the overall increase. Over the last 12 months, the all items index increased 1.4 percent before seasonal adjustment.

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

PUBLIC MARKET

The U.S. public markets rose in December, following a substantial uptick in November. The S&P 500 increased 3.7% while the Dow Jones Industrial Average and NASDAQ both rose gaining 3.3% and 3.7% respectively. Volatility increased slightly over the month, gaining 2.2 points to close out December at 22.8 points.

Public Trading Multiples

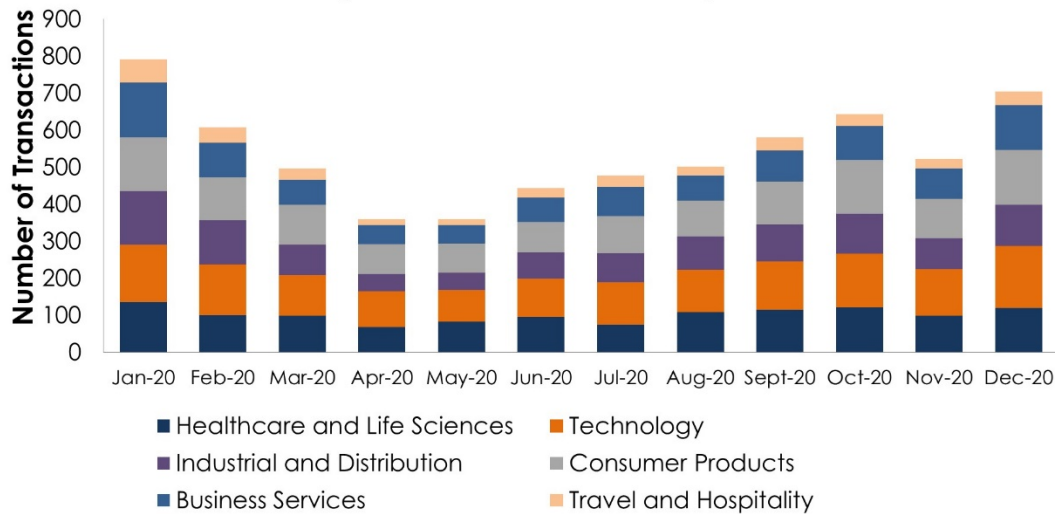
As of December 31, 2020

| 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 | 10.6x | 43.4x | 11.4% | 9.1% | 10.7% | 6.8% | 11.1% |
| Healthcare Equipment and Supplies | 6.1x | 25.2x | 3.4% | 4.5% | 3.1% | 4.7% | 18.3% |
| Healthcare Providers and Services | 0.8x | 10.2x | 0.1% | 6.4% | 11.3% | 10.6% | 7.9% |
| Healthcare and Life Sciences Aggregate | 5.8x | 26.3x | 5.0% | 6.7% | 8.3% | 7.3% | 12.4% |
| Technology | | | | | | | |
| IT Services | 4.0x | 18.4x | 3.8% | 6.2% | 0.6% | 7.2% | 12.0% |
| Software | 9.0x | 26.7x | 11.8% | 12.2% | 14.5% | 18.5% | 5.8% |
| Computers and Other Electronic Equipment | 1.7x | 13.3x | 2.4% | 3.9% | 3.2% | 1.5% | 17.7% |
| Technology Aggregate | 4.9x | 19.5x | 6.0% | 7.5% | 6.1% | 9.1% | 11.8% |
| Industrial and Distribution | | | | | | | |
| Aerospace and Defense | 1.6x | 11.8x | -2.1% | 2.8% | -25.1% | -3.9% | 9.6% |
| Building Products | 1.7x | 12.0x | -4.2% | 1.1% | -2.5% | 0.4% | 12.4% |
| Construction and Engineering | 0.6x | 8.0x | 5.9% | 5.9% | 1.8% | 6.2% | 9.0% |
| Machinery | 1.7x | 13.9x | -5.3% | 1.4% | -14.3% | -1.2% | 6.7% |
| Distributors | 0.8x | 11.0x | -5.7% | 7.5% | -9.5% | 4.1% | 4.1% |
| Industrial and Distribution Aggregate | 1.3x | 11.3x | -2.3% | 3.7% | -9.9% | 1.1% | 8.4% |
| Consumer Products | | | | | | | |
| Food and Beverage | 2.4x | 13.6x | 1.9% | 2.2% | 5.3% | 3.0% | 14.9% |
| Household and Personal Products | 3.7x | 17.6x | -0.6% | 1.2% | -2.7% | 2.1% | 18.7% |
| Household Durables | 1.2x | 10.8x | -1.7% | 1.7% | -3.5% | 1.4% | 9.3% |
| Textiles, Apparel, and Luxury Goods | 2.6x | 16.8x | -9.7% | -0.3% | -30.4% | -7.1% | 8.1% |
| Consumer Products Aggregate | 2.5x | 14.7x | -2.5% | 1.2% | -7.8% | -0.2% | 12.8% |
| Business Services | | | | | | | |
| Human Resource and Employment Services | 1.0x | 13.7x | -5.2% | 1.8% | -17.1% | -0.5% | 9.9% |
| Research and Consulting Services | 3.9x | 20.5x | 1.9% | 2.8% | -56.2% | 1.1% | 13.3% |
| Business Services Aggregate | 2.5x | 17.1x | -1.7% | 2.3% | -36.7% | 0.3% | 11.6% |
| Travel and Hospitality | | | | | | | |
| Hotels, Resorts, and Cruise Lines | 4.1x | 26.4x | -40.4% | -13.3% | -97.2% | 0.0% | 3.3% |
| Restaurants | 3.2x | 18.3x | -12.0% | -2.2% | -34.7% | -12.3% | 4.8% |
| Leisure Facilities | 5.6x | 21.8x | -18.2% | -1.9% | -44.6% | -12.7% | 7.6% |
| Travel and Hospitality Aggregate | 4.3x | 22.2x | -23.5% | -5.8% | -58.9% | -8.3% | 5.2% |

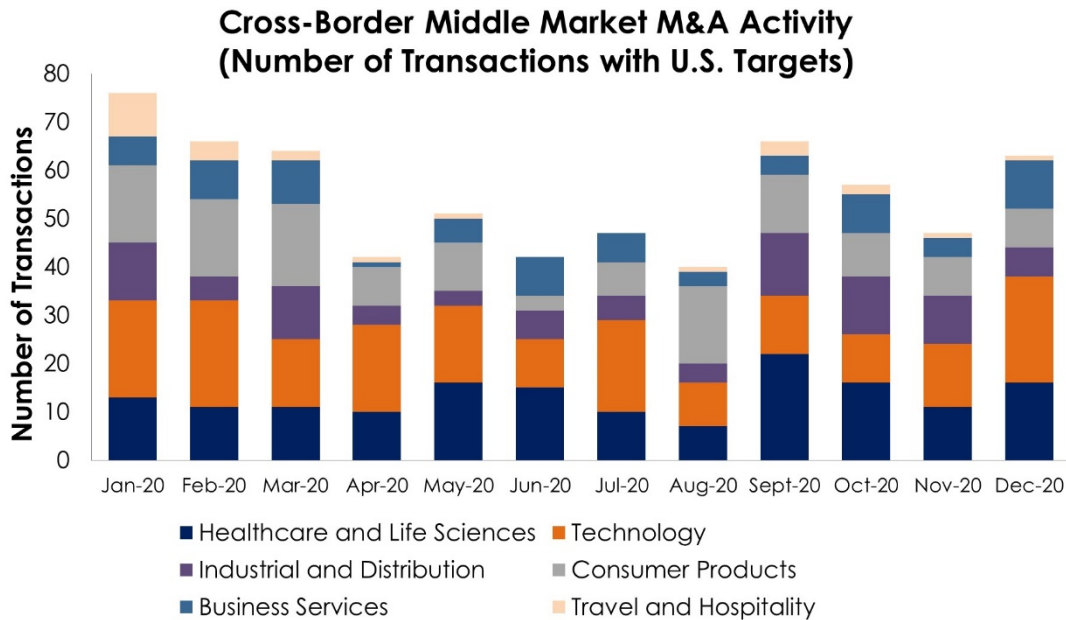
M&A MARKET

Middle market M&A activity increased in December, following a substantial decline in November. The increase in deal volume was driven by all sectors, with major jumps in technology, consumer products, and healthcare and life sciences. Many are optimistic about 2021, with PwC stating that “the M&A recovery that began in the second half of 2020 will accelerate in 2021, as corporate and private investors have access to capital and can pursue deals to build scale and expand scope.”

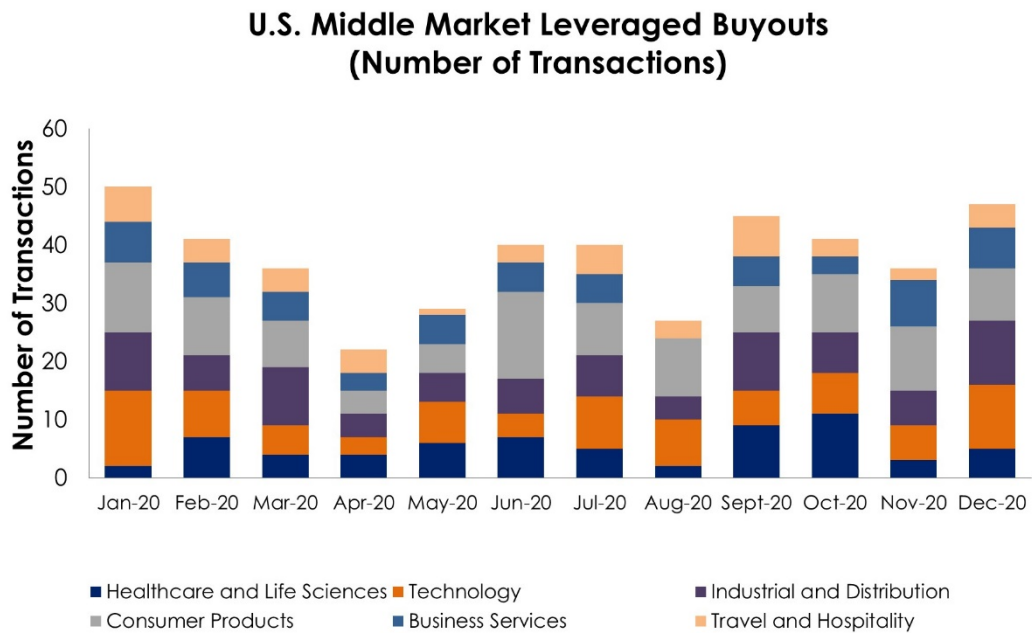
**U.S. Middle Market M&A Activity
 Select Industries
 (Number of Transactions)**



Cross-border transaction deal volume increased in December following a drop in November. Decreases in transactions in the industrial and distribution sector were offset by significant increases in the technology, business services, healthcare and life sciences sectors.



LBO transaction volume increased in the month of December. While the business services sector saw a slight decrease in deal volume, the total number of LBO transactions in travel and hospitality, technology, consumer products, healthcare and life sciences, and industrial distribution all rose in December.



SELECT MIDDLE MARKET M&A TRANSACTIONS – TECHNOLOGY

Emerald Holding Acquires PlumRiver LLC

On December 31, 2020, Emerald Holding closed its acquisition of PlumRiver for \$47.15M. Emerald Holding, Inc. operates business-to-business (B2B) trade shows for various industry sectors, including retail, design and construction, technology, equipment, and safety. PlumRiver is a leading international provider of software-as-a-service technology through its Elastic Suite solution.

Josh Reddin, Chief Executive Officer of PlumRiver, stated, “Elastic has clearly emerged as the preferred wholesale purchasing and digital merchandising solution among both brands and retailers. Looking forward, I couldn’t be more encouraged by the opportunity to establish Elastic as the standard B2B ecommerce solution across even more verticals as we expand our business through our combination with Emerald. Their portfolio of industry-leading events provides significant growth opportunities for our solutions.”

Added John Marchione, Co-Founder of PlumRiver, “We are thrilled to join Emerald to bring our innovative, market-driven solutions and efficiencies to thousands of brands and retailers across the globe in a rapidly expanding B2B digital economy. We are equally excited for the many new opportunities for our team members.”

PDF Solutions Acquires Cimetrix

On December 1, 2020, PDF Solutions acquired Cimetrix. PDF Solutions provides an end-to-end data management and advanced analytics platform that enables semiconductor and electronic systems companies to accelerate and optimize their product manufacturing and test operations to improve yield, quality, and reliability. Cimetrix Inc. is a software company providing innovative factory automation software solutions for customers’ Smart Manufacturing and Industry 4.0 needs.

“PDF Solutions’ Exensio Analytics Platform provides the semiconductor industry with the most robust big data analytics and machine learning capabilities,” said Dr. John Kibarian, President, CEO and co-founder of PDF Solutions. “Combining PDF Exensio with Cimetrix’s standards-based, leading connectivity products will provide a higher level of intelligence from the factory floor to realize the benefits of Industry 4.0.”

“Cimetrix is excited to join the PDF Solutions team. Our two companies share the vision and commitment to provide a smart manufacturing platform that seamlessly connects high quality data from the factory floor to cloud based analytics platforms,” said Bob Reback, Chairman, President, and CEO at Cimetrix. “We believe this combination will provide tremendous opportunities for Cimetrix customers to benefit from the cloud, AI/ML, and analytics capabilities from PDF Solutions, and PDF customers will benefit from higher quality data originating from the factory floor using Cimetrix’s connectivity products and platforms.”

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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