

MARKET BRIEF

Economic indicators were mostly positive in January as the U.S. continues its recovery, with initial doses of the Moderna and Pfizer vaccines starting to be rolled out. The Consumer Price Index and the Consumer Confidence Index increased, while the unemployment rate decreased over the month. Public markets and M&A activity remained stable.

Unemployment Rate Decreases in January

The unemployment rate fell by 0.4 percentage points in January to 6.3 percent. Total nonfarm payroll employment increased by 49,000 with job gains in professional and business services and in both public and private education. These gains were offset in part by losses in leisure and hospitality, retail trade, health care, and transportation and warehousing. The labor force participation rate was unchanged, remaining at 61.4%, and the number of persons marginally attached to the labor force decreased slightly to 1.9 million.

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

Consumer Confidence Improves

In December, the *Consumer Confidence Index* rose 2.2 points from 87.1 points to 89.3 points. The *Present Situation Index* decreased from 87.2 points in December to 84.4 points and the *Expectations Index* increased from 87.0 points in January to 92.5 points. "Consumers' appraisal of present-day conditions weakened further in January, with COVID-19 still the major suppressor," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' expectations for the economy and jobs, however, advanced further, suggesting that consumers foresee conditions improving in the not-too-distant future. In addition, the percent of consumers who said they intend to purchase a home in the next six months improved, suggesting that the pace of home sales should remain robust in early 2021."

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

The Case-Shiller Index Posts 9.5% Annual Gain in November 2020

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which covers all nine U.S. census divisions, posted a 9.5% annual gain in November 2020, up from 8.4% in the previous month. "The trend of accelerating home prices that began in June 2020 has now reached its sixth month with November's emphatic report," says Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P Dow Jones Indices. "The National Composite Index gained 9.5% relative to its level a year ago, accelerating from October's 8.4% increase. The 10- and 20-City Composites (up 8.8% and 9.1%, respectively) also rose more rapidly in November than they had done in October. Recent data are consistent with the view that COVID has encouraged potential buyers to move from urban apartments to suburban homes. This may represent a true secular shift in housing demand, or may simply represent an acceleration of moves that would have taken place over the next several years anyway. Future data will be required to address that question."

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

The Consumer Price Index Increased 0.3% in January

The Consumer Price Index for All Urban Consumers (CPI-U) increased in January by 0.3%, after rising 0.4% in December. The seasonally adjusted increase in the all-items index was driven by a 7.4% monthly increase in the gasoline index, accounting for most of the increase in the all items index. 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 remained relatively flat in January after a strong December. The S&P 500 was down 1% and the Dow Jones Industrial Average was down 2%, while the NASDAQ Composite Index rose by 1%.

Public Trading Multiples

As of January 31, 2021

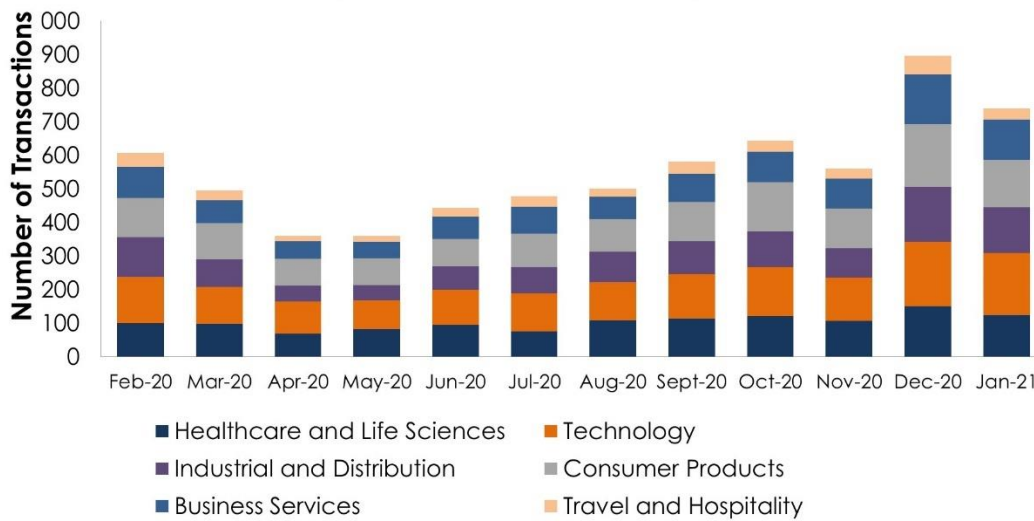
Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	10.2x	44.2x	12.7%	10.6%	16.9%	9.0%	12.3%
Healthcare Equipment and Supplies	6.1x	24.8x	5.8%	5.9%	8.6%	7.1%	19.2%
Healthcare Providers and Services	0.8x	10.5x	-0.4%	6.6%	9.2%	9.7%	8.0%
Healthcare and Life Sciences Aggregate	5.7x	26.5x	6.0%	7.7%	11.6%	8.6%	13.2%
Technology							
IT Services	4.3x	19.8x	3.8%	5.9%	-1.1%	6.6%	12.6%
Software	9.3x	27.0x	12.0%	12.5%	17.2%	19.9%	5.9%
Computers and Other Electronic Equipment	1.9x	14.7x	4.1%	4.0%	10.0%	2.1%	17.6%
Technology Aggregate	5.2x	20.5x	6.6%	7.4%	8.7%	9.5%	12.0%
Industrial and Distribution							
Aerospace and Defense	1.8x	13.4x	-8.2%	0.5%	-33.3%	-10.0%	9.6%
Building Products	1.7x	12.4x	-4.1%	1.0%	-2.8%	0.7%	12.1%
Construction and Engineering	0.7x	8.2x	6.0%	5.7%	1.8%	6.2%	8.9%
Machinery	1.8x	14.4x	-4.6%	1.1%	-11.7%	-1.4%	6.8%
Distributors	0.8x	11.4x	-3.4%	7.6%	-7.6%	4.7%	4.0%
Industrial and Distribution Aggregate	1.4x	12.0x	-2.9%	3.2%	-10.7%	0.0%	8.3%
Consumer Products							
Food and Beverage	2.4x	13.7x	2.2%	2.2%	5.5%	3.0%	14.8%
Household and Personal Products	3.7x	17.0x	0.8%	1.5%	2.9%	2.6%	18.6%
Household Durables	1.2x	10.8x	0.5%	2.0%	4.1%	2.0%	10.1%
Textiles, Apparel, and Luxury Goods	2.8x	17.5x	-10.1%	-0.6%	-28.6%	-6.6%	8.1%
Consumer Products Aggregate	2.5x	14.8x	-1.7%	1.3%	-4.0%	0.3%	12.9%
Business Services							
Human Resource and Employment Services	1.0x	14.4x	-5.4%	1.3%	-18.4%	-1.5%	9.9%
Research and Consulting Services	4.0x	20.5x	1.9%	2.8%	-54.6%	2.0%	14.6%
Business Services Aggregate	2.5x	17.4x	-1.8%	2.1%	-36.5%	0.3%	12.3%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	4.5x	26.7x	-43.8%	-14.8%	-97.7%	0.0%	3.0%
Restaurants	3.3x	19.5x	-12.4%	-2.1%	-39.1%	-14.1%	4.8%
Leisure Facilities	5.8x	15.7x	-20.5%	-3.1%	-49.6%	-15.9%	5.8%
Travel and Hospitality Aggregate	4.5x	20.6x	-25.6%	-6.6%	-62.1%	-10.0%	4.5%

M&A MARKET

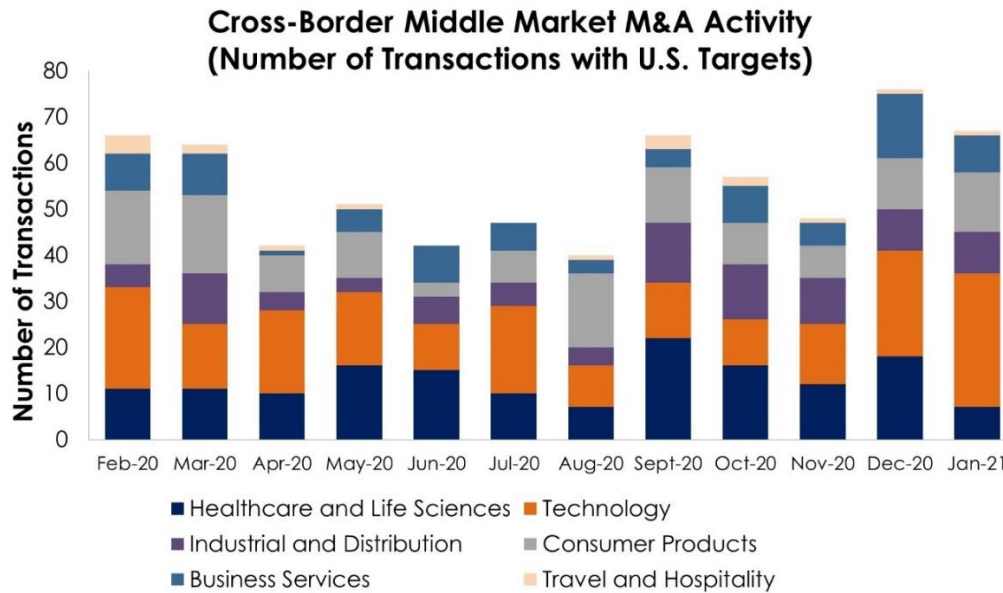
Middle market M&A activity remained strong in January, although down somewhat from the spike in activity in December.

As stated by Andrea Guerzoni of EY, “An increase in activity in the second half of the year was largely expected, but the rebound in global M&A following the COVID-19 pandemic related stall has been stronger, quicker and more sustained than many could foresee. There has been a boldness in the deals announced post-July with the aim to combine assets to offer a broader and deeper array of products and services to customers being the common thread. As businesses look to build resilience to withstand any future shocks or crises, transactions across all sectors have focused on capturing long sought-after capabilities and building new routes to market, rather than capturing market share.”

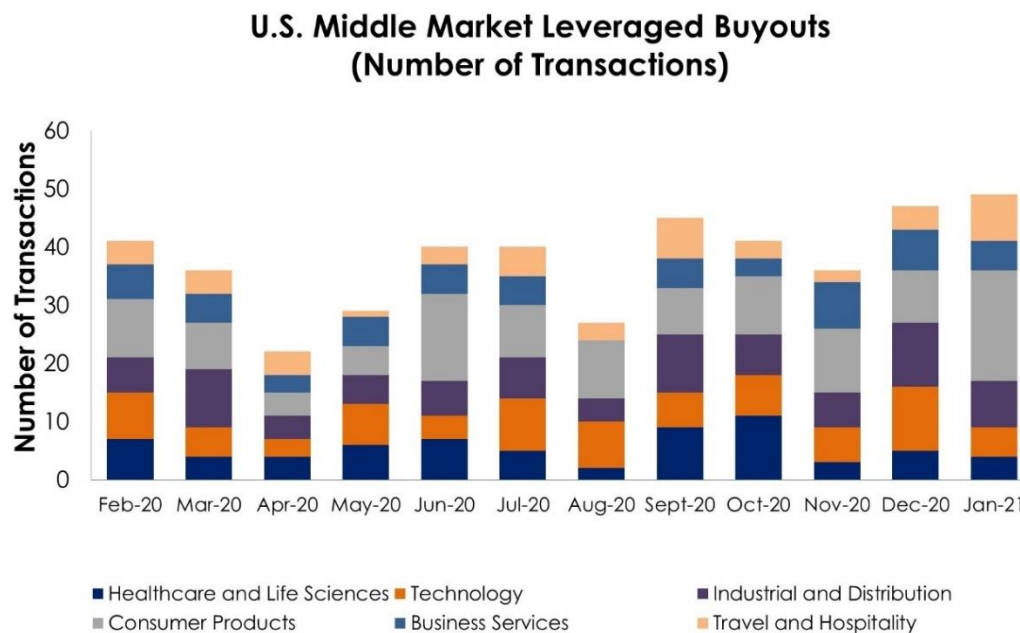
**U.S. Middle Market M&A Activity
 Select Industries
 (Number of Transactions)**



While down 12% from December, middle market cross border transaction volume remained at pre-pandemic levels in January, including a significant number of technology transactions.



LBO transaction volume continued to rise in January. “Although there are still many unknowns and lingering disruptions from COVID-19, we believe 2021 will be a record year for PE fundraising,” said Dylan Cox, Lead Private Equity at PitchBook. “Private markets rebounded faster than expected this year, signaling that institutional investors’ decade-long pivot toward alternatives will remain intact in 2021. The healthy fundraising environment, adding to the existing \$1 trillion in dry powder, will prompt GPs to write larger checks and encourage novel structures such as SPACs and GP stakes.”



SELECT MIDDLE MARKET M&A TRANSACTIONS – CONSUMER PRODUCTS

Lovecrafts Group Limited acquires Valley Fibers Corporation

In December 2020, Lovecrafts Group Limited completed its acquisition of Valley Fibers Corporation, doing business as WEBS America's Yarn Store and yarn.com. Lovecrafts Group Limited operates an online marketplace and community that supports and unites craft makers worldwide. The company was incorporated in 2010 and is based in London, United Kingdom.

Founded in 1974, Valley Fibers (dba WEBS America's Yarn Store) began as a marketer of weaving supplies and grew to become the largest e-commerce retailer of yarns, knitting and weaving supplies in the US.

The acquisition combines two leading marketers of yarns, weaving, and spinning supplies, and enables UK-based LoveCrafts to expand its North American crafting-focused e-commerce business. "We're looking forward to building a significant player in the worldwide crafts market with the LoveCrafts team," said Steve Elkins, CEO of Valley Fibers. "We are impressed with the people and vision of LoveCrafts. We see many opportunities ahead, combining our expertise and relationships in the yarn industry with LoveCrafts' marketing and technological strength in ecommerce. We look forward to serving the crafting and yarn communities even more effectively than before, as members of the LoveCrafts family."

Mirus Capital Advisors represented Valley Fibers Corporation in the transaction.

PPX Hospitality Brands Inc. acquires Legal Sea Foods Restaurant Group Inc.

On December 22, 2020, PPX Hospitality Brands Inc. acquired Legal Sea Foods Restaurant Group from Roger Berkowitz. PPX Hospitality Brands Inc is a holding company. The company, through its subsidiaries, owns and operates a chain of restaurants including Smith & Wollensky and Strega restaurants. The company was founded in 2020 and is headquartered in Medford, Massachusetts. Legal Sea Foods Restaurant Group Inc. owns and operates a seafood restaurant chain in the United States. The company was founded in 1950 and is headquartered in Boston, Massachusetts.

"I am humbled by the dedication our employees have shown over the years in building Legal Sea Foods into the preeminent brand it is," Berkowitz said in a statement. "Our restaurants will continue under the stewardship of PPX, and my family and I will own and operate the Legal Sea Foods brand in non-restaurant channels. I am excited to pursue a future focused on fish by further expanding the brand into e-commerce and retail."

KIND LLC acquires Nature's Bakery, LLC

On December 2, 2020, KIND LLC acquired Nature's Bakery, LLC. KIND LLC manufactures and distributes healthy snacks and fruit and nut bars. KIND LLC was founded in 2004 and is based in New York, New York. Nature's Bakery, LLC manufactures and sells wholesome bakery products. The company was founded in 2011 and is based in Reno, Nevada.

"If you look at pantries across the country, odds are you will find KIND and Nature's Bakery products sitting side-by-side," said Daniel Lubetzky, Founder and Executive Chairman of KIND. "Both brands have created loyal followings by being true to their unique value propositions. It comes as no surprise that, along with KIND, they remain one of the growth leaders within the snack bar category. We are excited to welcome them to the KIND family and support the team's next chapter as part of our growing health & wellness platform."

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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