

April 2021

MARKET BRIEF

Economic indicators were extremely positive in March as the U.S. continues its recovery and COVID-19 vaccinations accelerate. The Consumer Price Index and the Consumer Confidence Index increased, while the unemployment rate decreased over the month. Public markets and M&A activity saw increases across most indicators.

Unemployment Rate Decreases Slightly in March

The unemployment rate fell by 0.2 percentage points in March to 6.0%. Total nonfarm payroll employment increased by 916,000 led by gains in leisure and hospitality, public and private education, and construction. The labor force participation rate and number of persons marginally attached to the labor force were relatively unchanged, at 61.5%, and 1.9 million, respectively.

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

Consumer Confidence Surges

In March, the *Consumer Confidence Index* rose 19.3 points from 90.4 points to 109.7 points. The *Present Situation Index* climbed from 89.6 points in February to 110.0 points, and the *Expectations Index* also increased from 90.9 points in February to 109.6 points. "Consumer Confidence increased to its highest level since the onset of the pandemic in March 2020," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' assessment of current conditions and their short-term outlook improved significantly, an indication that economic growth is likely to strengthen further in the coming months. Consumers' renewed optimism boosted their purchasing intentions for homes, autos and several big-ticket items. However, concerns of inflation in the short-term rose, most likely due to rising prices at the pump, and may temper spending intentions in the months ahead."

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

The Case-Shiller Index Posts 11.2% Annual Gain in January 2020

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which covers all nine U.S. census divisions, posted a 11.2% annual gain in January 2020, up from 10.4% in the previous month. "The strong price gains that we observed in the last half of 2020 continued into the first month of the new year. In January 2021, the National Composite Index rose by 11.2% compared to its year-ago levels," says Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P DJI. "The trend of accelerating prices that began in June 2020 has now reached its eighth month and is also reflected in the 10- and 20-City Composites (up 10.9% and 11.1%, respectively). The market's strength is broadly-based: all 20 cities rose, and all 20 cities gained more in the 12 months ended in January 2021 than they had gained in the 12 months ended in December 2020." (<https://us.spindices.com/index-family/sp-corelogic-case-shiller/sp-corelogic-case-shiller-composite>)

The Consumer Price Index Increased 0.6% in March

The Consumer Price Index for All Urban Consumers (CPI-U) increased in March by 0.6%, after rising 0.4% in February. The seasonally adjusted increase in the all-items index was driven by a 9.1% 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 2.6% before seasonal adjustment. (<https://www.bls.gov/news.release/pdf/cpi.pdf>)

PUBLIC MARKET

The U.S. public markets were mixed, similar from the previous month. The S&P 500 was up 1.8% and the Dow Jones Industrial Average was up 4.7%, while the NASDAQ Composite Index dropped by 2.5%.

Public Trading Multiples

As of March 31, 2021

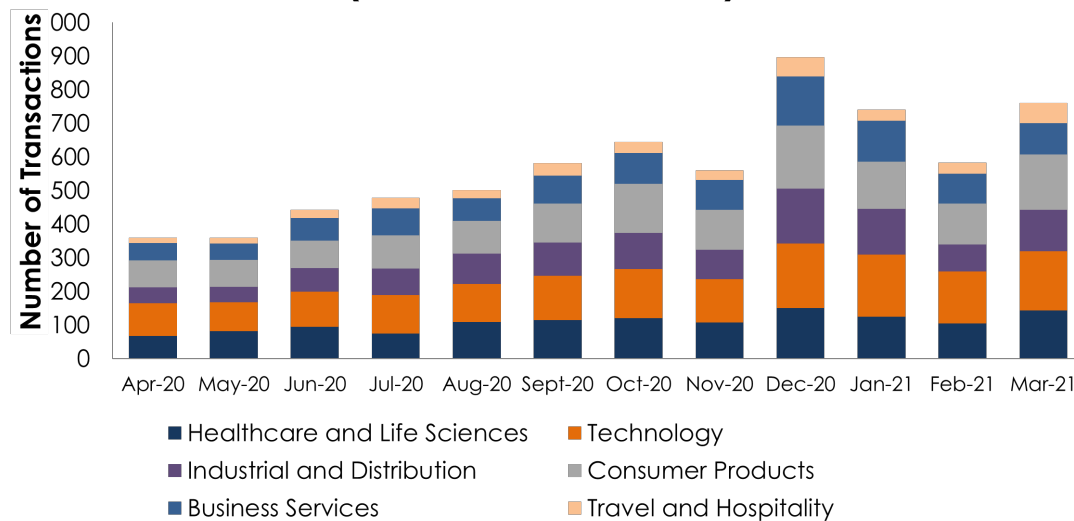
Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	11.2x	42.1x	12.3%	10.5%	-25.5%	4.9%	13.0%
Healthcare Equipment and Supplies	6.2x	24.1x	7.6%	6.5%	13.9%	8.5%	20.5%
Healthcare Providers and Services	1.0x	11.8x	-1.2%	4.0%	10.8%	7.9%	8.7%
Healthcare and Life Sciences Aggregate	6.1x	26.0x	6.2%	7.0%	-0.3%	7.1%	14.1%
Technology							
IT Services	4.5x	19.8x	4.9%	6.0%	-1.3%	6.4%	12.6%
Software	9.5x	26.8x	11.1%	12.3%	16.9%	19.1%	6.2%
Computers and Other Electronic Equipment	1.9x	14.8x	6.0%	4.3%	12.0%	2.6%	17.9%
Technology Aggregate	5.3x	20.5x	7.3%	7.5%	9.2%	9.4%	12.2%
Industrial and Distribution							
Aerospace and Defense	2.0x	14.0x	-11.0%	-0.7%	-22.3%	-8.7%	9.4%
Building Products	1.8x	12.7x	-1.7%	0.9%	2.1%	2.0%	12.4%
Construction and Engineering	0.7x	8.6x	5.3%	5.3%	-4.6%	2.8%	6.8%
Machinery	1.9x	14.8x	-2.7%	1.8%	-8.4%	-0.5%	6.3%
Distributors	0.9x	11.6x	-4.0%	6.6%	-7.8%	3.8%	4.0%
Industrial and Distribution Aggregate	1.4x	12.4x	-2.8%	2.8%	-8.2%	-0.1%	7.8%
Consumer Products							
Food and Beverage	2.4x	13.7x	3.7%	3.0%	4.0%	3.4%	14.6%
Household and Personal Products	3.6x	17.0x	2.8%	1.8%	1.7%	2.0%	18.3%
Household Durables	1.3x	11.0x	2.7%	2.8%	9.8%	3.8%	10.0%
Textiles, Apparel, and Luxury Goods	2.9x	17.9x	-10.4%	-0.7%	-27.6%	-5.7%	8.5%
Consumer Products Aggregate	2.6x	14.9x	-0.3%	1.7%	-3.0%	0.9%	12.8%
Business Services							
Human Resource and Employment Services	1.1x	15.8x	-5.6%	0.7%	-18.4%	-2.7%	10.0%
Research and Consulting Services	3.2x	18.8x	2.6%	4.0%	4.3%	3.2%	14.2%
Business Services Aggregate	2.1x	17.3x	-1.5%	2.3%	-7.0%	0.2%	12.1%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	8.9x	42.5x	-59.9%	-22.7%	0.0%	0.0%	0.9%
Restaurants	3.6x	22.2x	-17.0%	-3.6%	-42.9%	-15.5%	4.5%
Leisure Facilities	6.0x	15.1x	-17.7%	-1.9%	-49.8%	-15.1%	6.4%
Travel and Hospitality Aggregate	6.2x	26.6x	-31.5%	-9.4%	-30.9%	-10.2%	4.0%

M&A MARKET

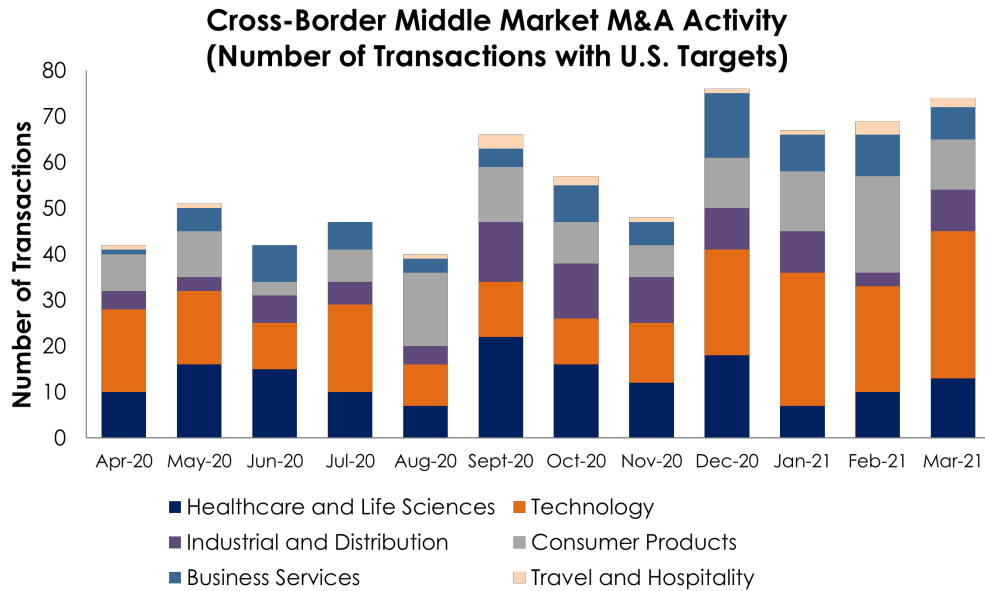
Middle market M&A activity increased in March after a decline in January and February, while the outlook for the rest of the year remains strong.

Andrea Guerzoni, EY Global Vice Chair – Strategy and Transactions, explains: “The expected increase in M&A activity comes as nearly two-thirds (62%) of executives believe that their organizations must radically transform their operations over the next two years, according to the EY Digital Investment Index. To achieve that, they are starting to turn to emerging technologies, with the internet of things (IoT), artificial intelligence (AI) and cloud computing among the most likely investments in the next two years (67%, 64% and 61%, respectively). With 52% of executives who pursued digital technologies via M&A saying that the approach exceeded expectations and 45% reporting similarly for digital partnerships, 2021 is set to see an increase in deals, corporate venture capital and partnership investments.”

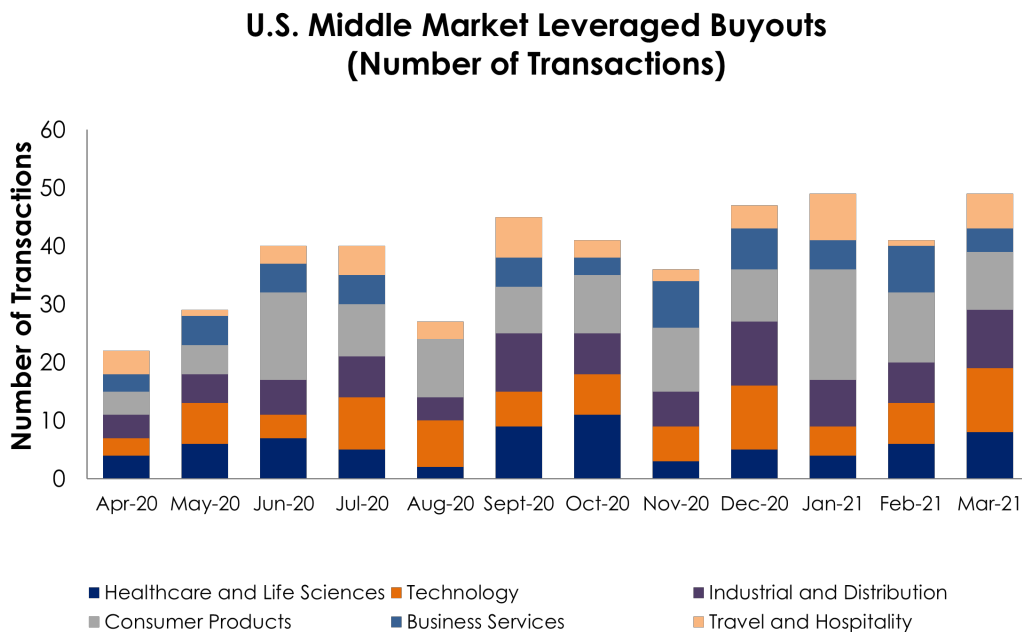
**U.S. Middle Market M&A Activity
 Select Industries
 (Number of Transactions)**



Middle market cross border transactions continued to increase in March, with significant transaction activity in technology, industrial and distribution, and healthcare and life science sectors.



LBO transaction volume rose in March. “Private equity firms don’t get paid to sit on cash,” said Harold Varah, global co-head of financial sponsors at RBC Capital Markets. “You’ve seen a tempering of the storm, a desire to deploy capital and a leveraged finance market that has recovered pretty remarkably. All the elements that you need for deal making are there.”



SELECT MIDDLE MARKET M&A TRANSACTIONS – BUSINESS SERVICES

Resource Label Group acquires New England Label

In March 2021, Resource Label Group completed its acquisition of New England Label. Resource Label Group is a full-service provider of pressure sensitive label, shrink sleeve and RFID/NFC technology for the packaging industry.

As one of New England's largest and most trusted label and print manufacturing companies, New England Label is positioned as a premier flexographic, digital and screen printer that offers custom label solutions with a focus on food, beverage, health and beauty, industrial, medical and pharmaceutical markets.

Mike Apperson, President & CEO of Resource Label Group, stated, "We are proud to welcome the New England Label team members to the Resource Label family. They have established an impressive business and we look forward to building upon their success."

"New England Label is a valued addition to the Resource Label organization. Their focus on innovation and driving successful partnerships is vital to our continued growth," acknowledged Roberto Baron, Chairman and CEO of First Atlantic Capital. Ransom Langford, a Partner at TPG Growth added, "We are excited to expand our footprint in the Northeast with a top innovator such as New England Label. Their addition supports our continued growth strategy in North America."

Questel acquires Morningside

In March 2021, Questel acquired Morningside. Morningside specializes in patent translation and foreign filing solutions as well as legal, life sciences, and corporate compliance language services. With a global presence of 250 employees, Morningside leverages its industry-leading IP Platform to help clients seamlessly reach new markets while doing more with their budget. Morningside has over 4,000 clients in 55 countries including many Global 500 companies, law firms, and regulatory bodies.

The acquisition is part of Questel's strategy to act as a one-stop-shop for all of its clients' IP needs. Since Morningside is one of the largest patent translation companies in the world, the acquisition consolidates Questel's position as a leading IP translation provider. Morningside also has a major global law firm presence which will allow Questel to significantly expand and diversify its customer base.

"The synergies here are clear," added Co-CEO Roland Lessard. "Morningside is one of the largest patent translation providers globally and Questel is the #1 patent filer in the world. Clients of both companies will gain from this acquisition."

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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