

MARKET BRIEF

Economic indicators were mostly positive in April as the U.S. continues its recovery with 32% of the population fully vaccinated and doses continuing to be rolled out. The Consumer Price Index and the Consumer Confidence Index increased, while the unemployment rate decreased over the month. Public markets rose and M&A remained active.

Unemployment Rate Decreases Slightly in April

The unemployment rate was little changed at 6.1%. Total nonfarm payroll employment increased by 266,000 with job gains in leisure and hospitality and local government education. These gains were offset in part by losses in temporary help services and in couriers and messengers. The labor force participation rate and number of persons marginally attached to the labor force remained steady, at 61.7%, and 1.9 million, respectively.

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

Consumer Confidence Improves

In April, the *Consumer Confidence Index* rose 12.7 points from 109.0 points to 121.7 points. The *Present Situation Index* climbed from 110.1 points in March to 139.6 points. The *Expectations Index* increased marginally from 108.3 points in March to 109.8 points. "Consumer confidence has rebounded sharply over the last two months and is now at its highest level since February 2020," said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. "Consumers' assessment of current conditions improved significantly in April, suggesting the economic recovery strengthened further in early Q2. Consumers' optimism about the short-term outlook held steady this month. Consumers were more upbeat about their income prospects, perhaps due to the improving job market and the recent round of stimulus checks. Short-term inflation expectations held steady in April but remain elevated. Vacation intentions posted a healthy increase, likely boosted by the accelerating vaccine rollout and further loosening of pandemic restrictions."

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

The Case-Shiller Index Posts 12.0% Annual Gain in February 2021

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which covers all nine U.S. census divisions, posted a 12.0% annual gain in February 2021, up from 11.2% in the previous month. "Strong home price gains continued in February 2021," says Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P DJI. "This gain is also reflected in the 10- and 20-City Composites (up 11.7% and 11.9%, respectively). The market's strength continues to be broadly-based: all 20 cities rose, and 19 cities gained more in the 12 months ended in February than they had gained in the 12 months ended in January. These data remain consistent with the hypothesis that COVID has encouraged potential buyers to move from urban apartments to suburban homes. This demand may represent buyers who accelerated purchases that would have happened anyway over the next several years. Alternatively, there may have been a secular change in preferences, leading to a permanent shift in the demand curve for housing. Future data will be required to analyze this question." <https://us.spindices.com/index-family/sp-corelogic-case-shiller/sp-corelogic-case-shiller-composite>

The Consumer Price Index Increased 0.8% in April

The Consumer Price Index for All Urban Consumers (CPI-U) increased in April by 0.8%, after rising 0.6% in March. Nearly all major items increased in April. Over the last 12 months, the all items index increased 4.2% before seasonal adjustment.

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

PUBLIC MARKET

The U.S. public markets have been on an upward trend since February of 2021. The S&P 500 was up 5.2% in April. The Dow Jones Industrial Average was up 2.7%, while the NASDAQ Composite Index increased by 3.8%.

Public Trading Multiples

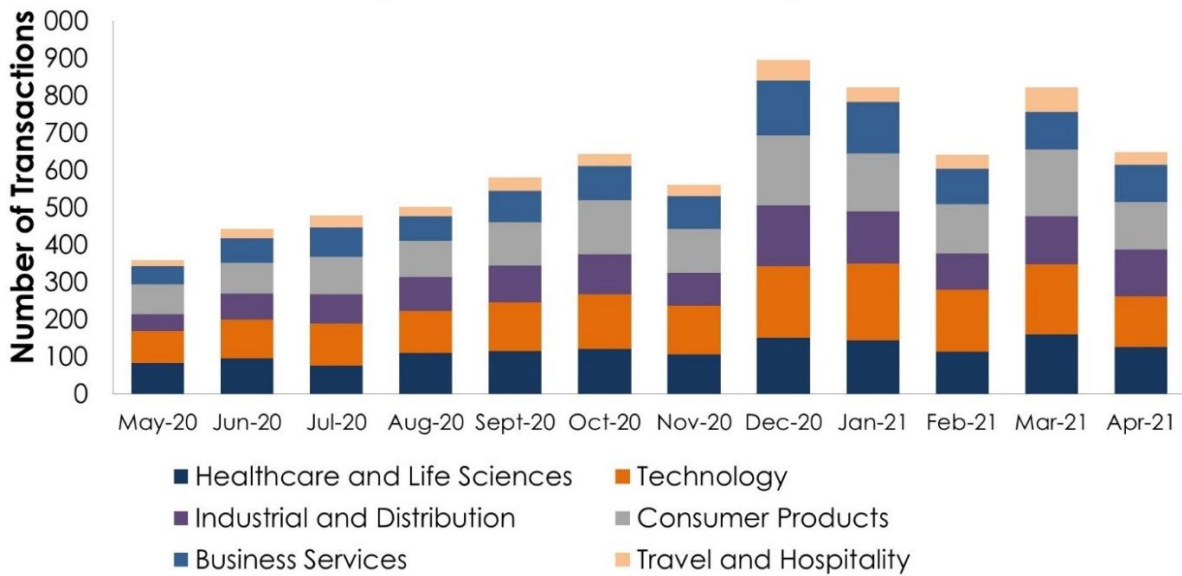
As of April 30, 2021

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	9.9x	40.9x	11.2%	9.8%	-26.2%	3.6%	14.1%
Healthcare Equipment and Supplies	6.2x	22.6x	11.1%	6.8%	26.1%	10.9%	21.7%
Healthcare Providers and Services	0.9x	11.5x	7.8%	10.0%	13.3%	10.3%	9.0%
Healthcare and Life Sciences Aggregate	5.7x	25.0x	10.0%	8.9%	4.4%	8.3%	14.9%
Technology							
IT Services	4.7x	20.7x	4.7%	5.5%	0.0%	6.1%	12.5%
Software	9.7x	27.6x	11.7%	12.0%	18.0%	19.3%	6.3%
Computers and Other Electronic Equipment	1.9x	14.3x	9.9%	4.4%	19.2%	3.1%	18.3%
Technology Aggregate	5.4x	20.9x	8.8%	7.3%	12.4%	9.5%	12.4%
Industrial and Distribution							
Aerospace and Defense	2.1x	14.7x	-9.6%	-1.1%	-18.9%	-9.4%	9.7%
Building Products	2.0x	13.2x	1.0%	0.8%	7.0%	2.8%	12.7%
Construction and Engineering	0.6x	8.4x	12.2%	6.4%	0.9%	2.9%	6.9%
Machinery	1.9x	15.2x	0.4%	1.3%	-3.4%	-0.9%	6.3%
Distributors	0.8x	11.8x	0.7%	6.1%	1.3%	4.7%	4.3%
Industrial and Distribution Aggregate	1.5x	12.7x	1.0%	2.7%	-2.6%	0.0%	8.0%
Consumer Products							
Food and Beverage	2.5x	14.0x	5.4%	3.0%	6.2%	3.4%	14.5%
Household and Personal Products	3.7x	17.2x	2.8%	1.3%	1.1%	1.4%	18.2%
Household Durables	1.3x	11.2x	8.0%	3.0%	14.8%	5.5%	10.1%
Textiles, Apparel, and Luxury Goods	2.9x	17.8x	-8.2%	-0.6%	-22.8%	-4.7%	8.4%
Consumer Products Aggregate	2.6x	15.0x	2.0%	1.7%	-0.2%	1.4%	12.8%
Business Services							
Human Resource and Employment Services	1.1x	16.1x	-5.5%	-0.2%	-16.3%	-2.8%	9.9%
Research and Consulting Services	3.4x	19.2x	3.4%	4.4%	6.7%	3.8%	14.4%
Business Services Aggregate	2.3x	17.7x	-1.0%	2.1%	-4.8%	0.5%	12.1%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	9.9x	45.5x	-62.7%	-25.2%	0.0%	0.0%	0.9%
Restaurants	3.7x	21.9x	-16.0%	-3.7%	-37.7%	-13.8%	4.3%
Leisure Facilities	6.1x	15.9x	-19.0%	-4.0%	-53.9%	-19.8%	5.5%
Travel and Hospitality Aggregate	6.6x	27.8x	-32.6%	-10.9%	-30.5%	-11.2%	3.6%

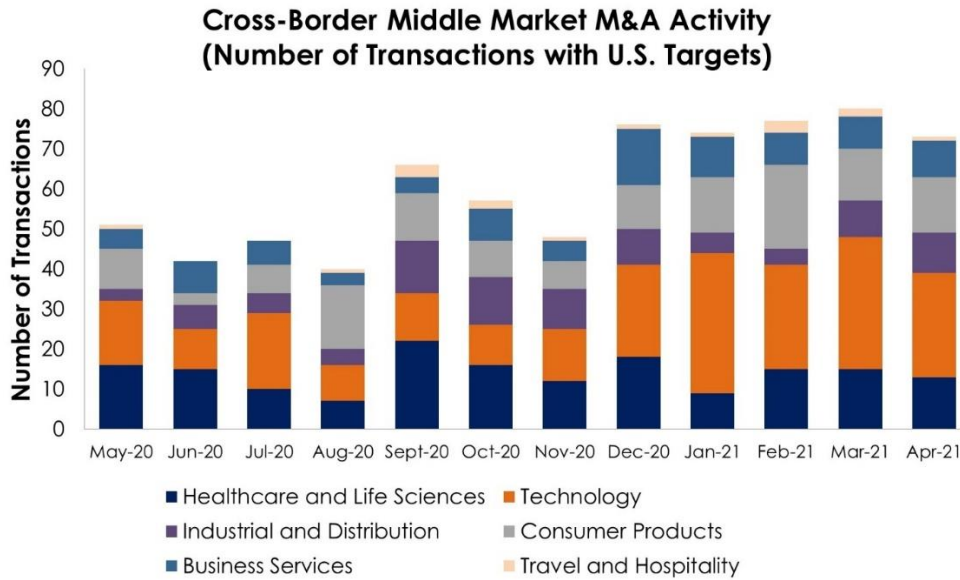
M&A MARKET

Middle market M&A activity remained strong in April after a spike in March. Overall, the outlook for the rest of the year remains strong.

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

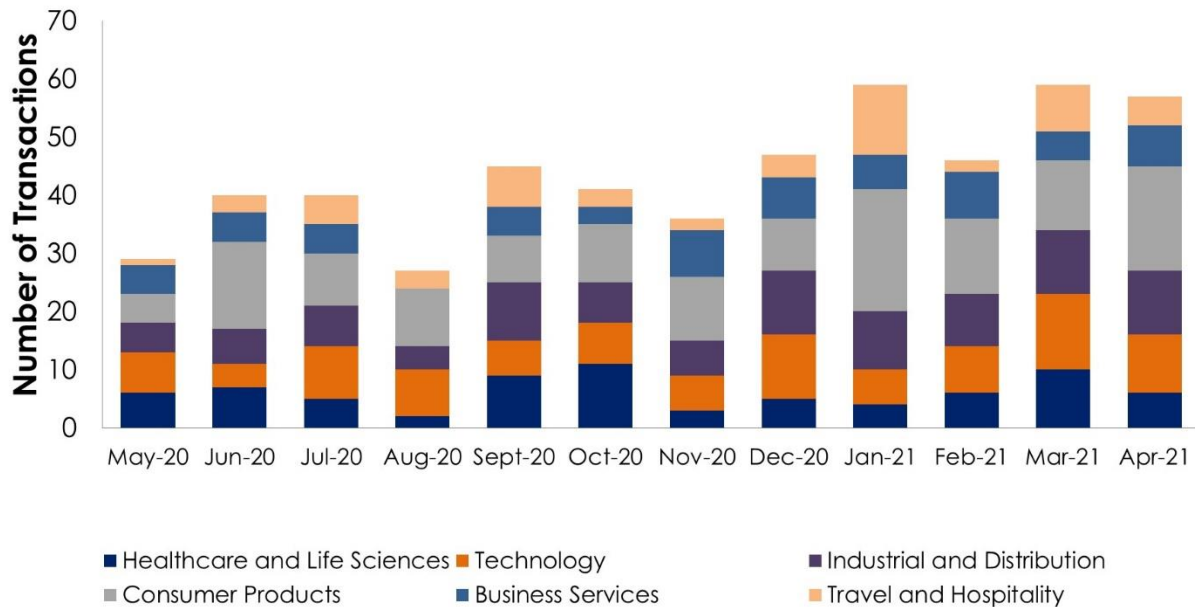


Middle market cross-border transactions decreased slightly in April, with a decrease in transactions within the Technology sector and slight decrease in the Travel and Hospitality sector.



LBO transaction volume remained stable in April 2021. There was a slight decrease in the Healthcare and Life Science Sector and an increase in LBO transactions within both the Consumer Products and Business Services Sectors.

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



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

TruCode acquired by Computer Programs and Systems

In May 2021, Computer Programs and Systems completed the acquisition of TruCode, LLC, which designs and develops medical coding software. Computer Programs and Systems, Inc. provides healthcare information technology solutions and services. The implied enterprise value was \$77.5 million, approximately 6x revenue.

Boyd Douglas, president and chief executive officer of Computer Programs and Systems, stated, "Today's acquisition of TruCode is a perfect example of the disciplined approach to M&A we have signaled as part of our multi-pronged capital allocation strategy. TruCode's solutions are a great product fit and complement our existing suite of TruBridge services and solutions, which help eliminate the friction of inefficiency from the hospital revenue cycle. In addition to the cross-sales opportunities within our acute and post-acute customer base, we will also target the white space within the TruBridge and TruCode base to drive additional value for these customers. Greater than 30% of TruCode's revenue is driven by its channel partner program which targets larger hospital and health system customers, representing scalability and real competitive value in that market."

PatientSafe Solutions acquired by Vocera Communications

In May 2021, Vocera Communications, Inc. acquired PatientSafe Solutions, Inc. for \$35 million. PatientSafe Solutions, Inc. provides connected healthcare workflow and care coordination solutions to hospitals. Vocera Communications, Inc. provides secure, integrated, and intelligent communication and workflow solutions that empowers mobile workers in healthcare, hospitality, retail, energy, education, and other mission-critical mobile work environments in the United States and internationally.

"I am excited to join forces with Vocera, which is a leader in the clinical communication and collaboration market," said Si Luo, PatientSafe Solutions CEO and President. "Together, we can make an even broader impact. With Vocera's robust salesforce and clinical approach to designing and deploying solutions, we can reach more healthcare organizations and advance our shared mission of improving the safety and well-being of patients and care teams."

PeriGen acquired by Halma

In April 2021, Halma plc acquired PeriGen, a company focused on the crossover between artificial intelligence and childbirth. Halma plc is based in the UK and is a global group of life saving technology companies. The transaction was valued at \$58 million.

PeriGen's unique technology helps protect mothers and their unborn babies by identifying troubling trends during labor. "These trends can be overlooked and can lead to grave problems if not addressed in time. PeriGen assists healthcare professionals to assess complex data more easily and communicate more effectively, while allowing them to spend more time on direct patient care. An independent, peer-reviewed study concluded that PeriGen software can be

used to screen laboring patients in real time when an expert is not continuously evaluating the fetal heart rate".

"The last few years have been transformational for PeriGen and demonstrates the potent combination of aligning the interests of a management team, investors and, most importantly, customers and their patients," said Matthew Sappern, PeriGen CEO. "Years of financial stability and product discipline have led us to a point where we can make impact at scale in North America and soon beyond as part of Halma plc. We are excited for what the future holds for our company."

FURTHER INFORMATION

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