

MARKET BRIEF

Economic indicators stayed positive throughout the month of May, as the U.S. showed continuing signs of economic recovery. The Consumer Confidence Index dipped slightly while the Consumer Price Index increased. The unemployment rate has also declined. Indices including the S&P 500, the Dow Jones Industrial and the NASDAQ Composite continued to increase, and low interest rates have driven M&A deal activity.

Unemployment Rate Decreases to 5.8% in May

The unemployment rate declined by 0.3 percentage points to 5.8% in May, and the number of individuals unemployed decreased by 496,000 to 9.3 million. Job gains occurred in healthcare and social assistance, leisure and hospitality and public education. While the unemployment rate has declined considerably from its high in April 2020, it is still significantly higher than the pre-COVID unemployment rate of 3.5% in February 2020. The labor force participation rate and the number of persons marginally attached to the labor force have both remained relatively constant since June 2020, at 61.6% and 2 million, respectively.

<https://www.bls.gov/news.release/empsit.nr0.htm>

Consumer Confidence Holds Steady

The *Consumer Confidence Index* held steady at 117.2 in May after making gains in April. The *Present Situation Index* – a measure of consumers' assessment of business and labor market conditions – increased by 12.4 points to 144.3. The *Expectations Index* – a measure of consumers' short-term expectations of income, business, and labor market conditions – declined to 99.1 in May compared to 107.9 in April. “Consumers were less upbeat this month about their income prospects—a reflection, perhaps, of both rising inflation expectations and a waning of further government support until expanded Child Tax Credit payments begin reaching parents in July,” Senior Director of Economic Indicators at The Conference Board Lynn Franco stated. “Overall, consumers remain optimistic, and confidence should remain resilient in the short term, as vaccination rates climb, COVID-19 cases decline further, and the economy fully reopens,” she concluded.

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

The Case-Shiller Index Reports 13.2% Annual Gain in March 2021

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index reported a 13.2% annual gain in March 2021, compared to a 12% annual gain in February 2021. The 10-City Composite annual increase was 12.8%, up 11.7% from the previous month. 20-City Composite posted a 13.3% annual gain, also up from 12.0% the previous month. Amongst the 20 cities reporting the highest year-over-year gains were Phoenix with a 20.0% gain, San Diego with a 19.1% gain, and Seattle with a 18.3% gain. Steady gains in real estate prices can be attributed to record-low interest rates and a severe lack of housing supply. Current 30-year mortgage rates are at 3.16%, lower than the 3.43% rate one year ago. According to Mark Fleming, chief economist at First American Financial, “anything below 3.5 percent is by any historic standard an amazing mortgage rate.” Furthermore, there is a shortage of houses for sale. The number of houses for sale are down 28.2% compared to one year ago. With these two factors working in tandem, economist Richard McGahey of the

New School's Schwartz Center predicts that prices may slow but that they will continue to inch upward.

(<https://www.spglobal.com/spdji/en/corporate-news/article/sp-corelogic-case-shiller-index-shows-annual-home-price-gains-climbed-to-132-in-march/>)

The Consumer Price Index Increased 0.6% in May

The Consumer Price Index for All Urban Consumers (CPI-U) increased by 0.6% in May, after rising 0.8% in April on a seasonally adjusted basis. Over the last 12 months, the all items index increased 5.0% before seasonal adjustments, making it the largest 12-month increase since August 2008 when it increased 5.4%.

(<https://www.bls.gov/news.release/cpi.nr0.htm>)

PUBLIC MARKET

The U.S. public markets have achieved steady growth in recent months. The S&P 500 was up 0.5% in May. The Dow Jones Industrial Average was up 1.9%, while the NASDAQ Composite Index increased by 4.4%.

Public Trading Multiples

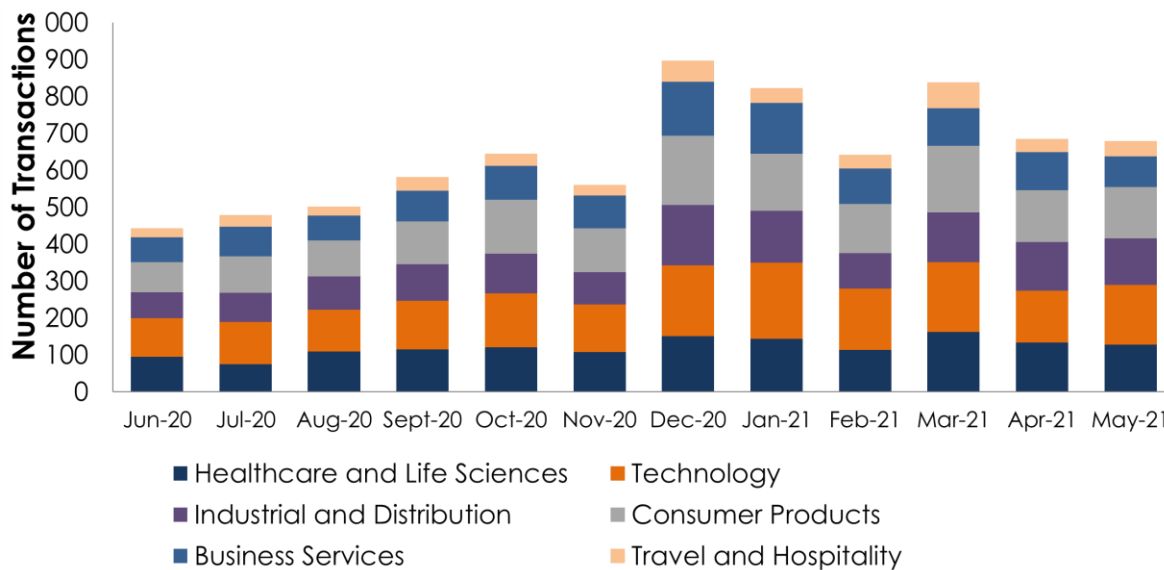
As of May 31, 2021

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	9.3x	38.6x	21.5%	9.8%	-6.1%	3.3%	14.0%
Healthcare Equipment and Supplies	6.1x	22.0x	12.5%	6.9%	32.3%	11.7%	23.3%
Healthcare Providers and Services	1.0x	11.7x	7.6%	9.7%	13.0%	9.8%	10.0%
Healthcare and Life Sciences Aggregate	5.5x	24.1x	13.9%	8.8%	13.0%	8.2%	15.8%
Technology							
IT Services	4.7x	20.8x	4.3%	4.8%	-0.2%	5.2%	12.3%
Software	9.8x	27.9x	13.0%	11.9%	19.7%	18.9%	6.5%
Computers and Other Electronic Equipment	1.9x	14.2x	12.6%	4.4%	23.1%	4.0%	18.3%
Technology Aggregate	5.5x	21.0x	10.0%	7.0%	14.2%	9.3%	12.3%
Industrial and Distribution							
Aerospace and Defense	2.1x	14.8x	-10.0%	-1.2%	-18.7%	-9.2%	9.6%
Building Products	2.0x	13.2x	0.7%	0.2%	8.1%	2.6%	13.2%
Construction and Engineering	0.6x	8.4x	12.9%	5.6%	2.4%	1.8%	7.1%
Machinery	2.0x	15.3x	1.1%	0.6%	-0.7%	-1.2%	6.5%
Distributors	0.9x	12.1x	1.0%	5.3%	2.9%	4.3%	4.4%
Industrial and Distribution Aggregate	1.5x	12.8x	1.1%	2.1%	-1.2%	-0.4%	8.2%
Consumer Products							
Food and Beverage	2.5x	14.3x	6.2%	2.4%	8.1%	3.5%	14.6%
Household and Personal Products	3.7x	17.3x	3.2%	0.9%	2.5%	1.4%	18.2%
Household Durables	1.3x	11.0x	8.4%	2.3%	20.9%	6.1%	10.3%
Textiles, Apparel, and Luxury Goods	3.0x	17.7x	-5.3%	-0.7%	-15.6%	-3.6%	8.9%
Consumer Products Aggregate	2.6x	15.1x	3.1%	1.2%	4.0%	1.8%	13.0%
Business Services							
Human Resource and Employment Services	1.2x	16.8x	-7.0%	-1.4%	-19.5%	-4.0%	9.7%
Research and Consulting Services	3.5x	16.4x	3.5%	4.0%	6.9%	3.4%	14.3%
Business Services Aggregate	2.3x	16.6x	-1.8%	1.3%	-6.3%	-0.3%	12.0%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	10.6x	47.6x	-66.6%	-28.9%	0.0%	0.0%	-0.8%
Restaurants	3.9x	22.0x	-19.0%	-5.8%	-39.0%	-15.7%	3.0%
Leisure Facilities	6.3x	15.5x	-19.8%	-5.0%	-53.4%	-20.9%	7.3%
Travel and Hospitality Aggregate	6.9x	28.4x	-35.1%	-13.3%	-30.8%	-12.2%	3.2%

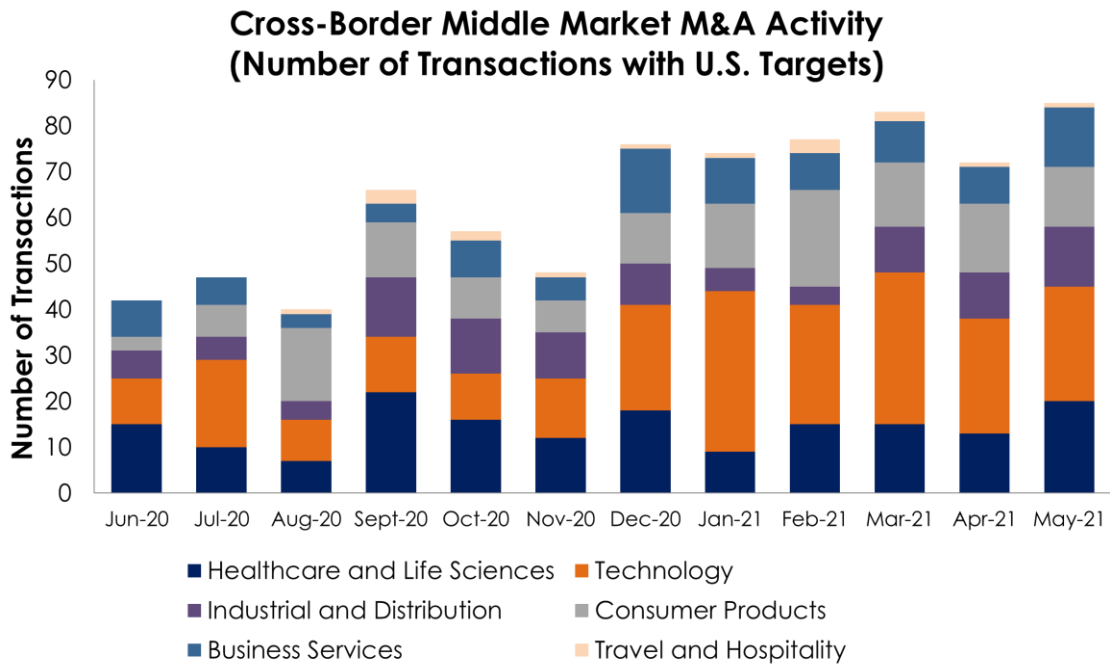
M&A MARKET

Middle market M&A activity was steady in May 2021, and the outlook for the remainder of the year remains strong. A recent report from PwC stated: “By many indications, the next six to 12 months could be busy ones for mergers and acquisitions. Companies anticipating economic fallout from the global coronavirus pandemic have an accumulated war chest of more than \$7.6 trillion in cash and marketable securities—and interest rates remain at record lows. Pent-up demand may kick in as the availability of vaccines increase the trifecta of CEO, investor and consumer confidence. For companies facing imminent distress, consolidation may be inevitable. For others, deal making may be the best, and fastest, way to fill urgent gaps in the skills, resources and technologies they need to create value down the road.”

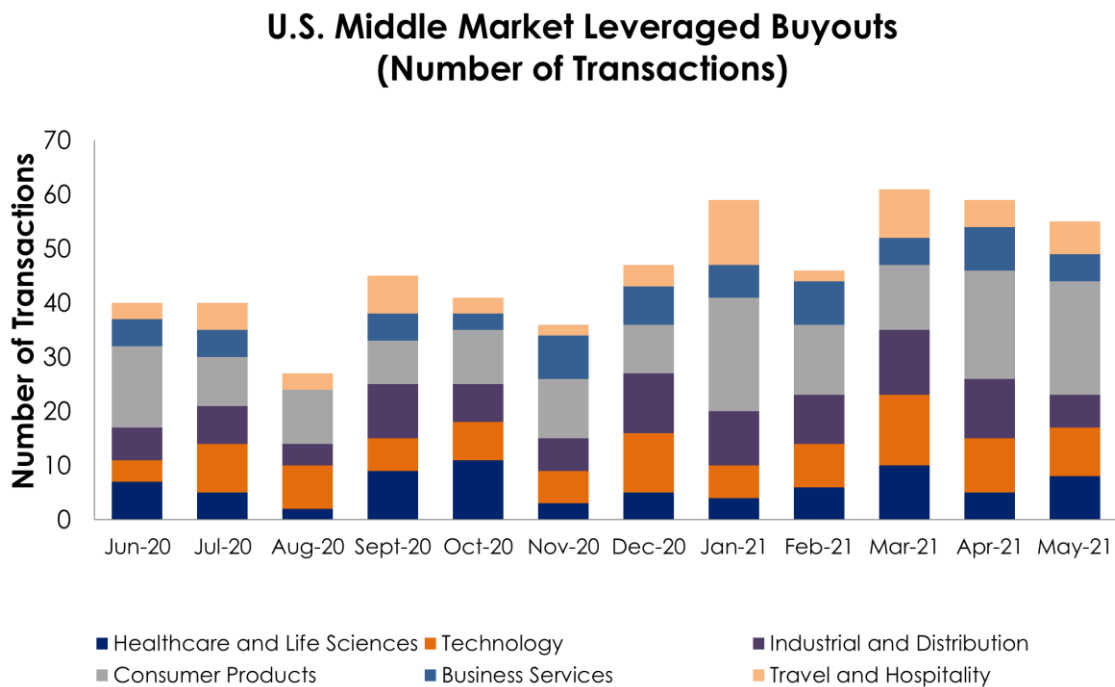
U.S. Middle Market M&A Activity Select Industries (Number of Transactions)



Middle market cross-border transaction volume continued to grow in May, with the largest number of deals in the technology and healthcare & life sciences sectors.



LBO transaction volume remained stable in May 2021, with a growing number of transactions involving consumer products companies.



SELECT MIDDLE MARKET M&A AND FINANCING TRANSACTIONS – TECHNOLOGY

MeetingPlay receives \$75 million in financing from Sunstone Partners

In June 2021, MeetingPlay, a hybrid event technology company, received a \$75 million investment from Sunstone Partners, a growth oriented private equity firm focused on tech-enabled services. MeetingPlay's software platform offers a full suite of offerings for conferences, events and meetings. As a result of its attendee-focused experience, MeetingPlay has become the event platform of choice for market-leading companies including Marriott International, Autodesk and Databricks.

Through the partnership with Sunstone, MeetingPlay is poised to expand its delivery capabilities, enhance its go-to-market strategy and continue to develop innovative products. Michael Biggee, Sunstone Co-Founder and Managing Director, said, "We are thrilled to welcome MeetingPlay to our portfolio of high-growth technology companies. MeetingPlay delivers unparalleled digital experiences that blend networking, content and engagement." Mirus Capital Advisors served as exclusive financial advisor to MeetingPlay on the Sunstone investment.

DialogTech acquired by Invoca

In May 2021, Invoca completed the acquisition of DialogTech, an AI-powered call tracking solution for marketers, for \$100 million in a combined cash and stock deal. Invoca specializes in conversation intelligence for revenue teams and hopes to expand its capacity for conversational intelligence tools.

Invoca's CEO and Salesforce veteran, Gregg Johnson, portrays DialogTech as a tool that will help Invoca to target mid-market companies. The combined business will be one of the larger "marketing technology" companies in the conversational insights space. Combined, the company has over 2,000 customers, 300 employees and is on-track to make more than \$100 million in revenue in 2021. DialogTech's CEO Doug Kofoid echoes Johnson stating, "together as Invoca, our combined company will deliver an unrivaled solution for conversation intelligence, with the most innovative technology, expertise, experience, and resources in our industry."

Mercury Systems Welcomes Pentek Inc. to the Team

In May 2021, Mercury Systems acquired embedded computing hardware company Pentek Inc. for \$65 million in cash. Mercury Systems specializes in secure, open-architecture embedded computing processing solutions for mission-critical applications. Pentek Inc. develops and manufactures high-speed, real-time recording systems, software, and data acquisition products. With its acquisition of Pentek, Mercury System hopes to expand and scale their existing product portfolio and deepen their penetration into the radar, electronic warfare, and signals intelligence markets.

Rodger Hosking, vice president and co-founder of Pentek stated, "there is an excellent fit strategically and culturally between the two businesses." Hosking explained, "our product-

focused business model will provide a diverse portfolio of building blocks enabling low-risk content expansion at the module and subsystems levels."

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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