

MARKET BRIEF

Economic indicators were generally positive throughout the month of June, as the U.S. showed continuing signs of economic recovery. The Consumer Confidence Index rose sharply from May. The unemployment rate remained flat, after a decline in May. The S&P 500 also rose in June.

Unemployment Rate Little Changed at 5.9% in June

The unemployment rate for June was at 5.9%, only a slight change from 5.8% in May. The total nonfarm payroll employment rose by 850,000 in June. Overall, there were notable increases in employment in leisure and hospitality, public and private education, professional and business services, and retail trade. The overall number of unemployed people was at 9.5 million, much lower than during the peak of the pandemic, but still higher than pre-pandemic levels. The number of job leavers increased by 164,000 people from May to June, with 942,000 people in total choosing to leave their jobs in June. The labor force participation rate has remained relatively unchanged since June of 2020, at 61.6%. However, the number of persons marginally attached to the labor force has decreased, now at 1.8 million rather than the 2.0 million it was in May.

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

Consumer Confidence Increased in June

The *Consumer Confidence Index* improved further in June, following May's slight increase. In May, the *Consumer Confidence Index* was at 120.0. As of June, the index is now at 127.3. The *Present Situation Index*- a measure of consumers' assessment of business and labor market conditions – increased from 148.7 to 157.7 in June. The *Expectations Index*- a measure of consumers' short-term expectations of income, business, and labor market conditions – improved to 107.0. "Consumers' assessment of current conditions improved again, suggesting economic growth has strengthened further in Q2. Consumers' short-term optimism rebounded, buoyed by expectations that business conditions and their own financial prospects will continue improving in the months ahead. While short-term inflation expectations increased, this had little impact on consumers' confidence or purchasing intentions," Senior Director of Economic Indicators at The Conference Board Lynn Franco stated. "In fact, the proportion of consumers planning to purchase homes, automobiles, and major appliances all rose—a sign that consumer spending will continue to support economic growth in the short-term. Vacation intentions also rose, reflecting a continued increase in spending on services."

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

The Case-Shiller Index Reports 14.6% Annual Gain in April 2021

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index reported a 14.6% annual gain in April 2021, up from 13.3% in March. The 10-City Composite annual increase was at 14.4%, up from 12.9% in the previous month. The 20-City Composite posted a 14.9% year-over-year gain, up from 13.4% in the previous month. The cities reporting the highest year-over-year gains were Phoenix with a 22.3% price increase, San Diego with a 21.6% increase, and Seattle with a 20.2% gain. Furthermore, housing prices surged in April of 2021.

According to Craig J. Lazzara, Managing Director and Global Head of Index Investment Strategy at S&P DJI, "April's performance was truly extraordinary. The 14.6% gain in the National Composite is literally the highest reading in more than 30 years of S&P CoreLogic Case-Shiller data. Housing prices in all 20 cities rose; price gains in all 20 cities accelerated; price gains in all 20 cities were in the top quartile of historical performance. In 15 cities, price gains were in top decile. Five cities – Charlotte, Cleveland, Dallas, Denver, and Seattle – joined the National Composite in recording their all-time highest 12-month gains."

[\(https://www.spglobal.com/spdji/en/corporate-news/article/sp-corelogic-case-shiller-index-shows-annual-home-price-gains-surged-to-146-in-april/\)](https://www.spglobal.com/spdji/en/corporate-news/article/sp-corelogic-case-shiller-index-shows-annual-home-price-gains-surged-to-146-in-april/)

The Consumer Price Index Increased 0.9% in June

The Consumer Price Index for All Urban Consumers (CPI-U) increased by 0.9% in June, after rising 0.6% in May on a seasonally adjusted basis. This was the largest 1-month change since June 2008, when the index rose by 1.0%. Over the last 12 months, the all items index increased 5.4% before seasonal adjustments, making it the largest 12-month increase since August 2008.

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

PUBLIC MARKET

The U.S. public markets have continued to rise in recent months as businesses continue to reopen back to full capacity. The S&P 500 was up 2.2% in June and the Nasdaq Composite Index was up 5.5%, while the Dow Jones Industrial Average was flat.

Public Trading Multiples

As of June 30, 2021

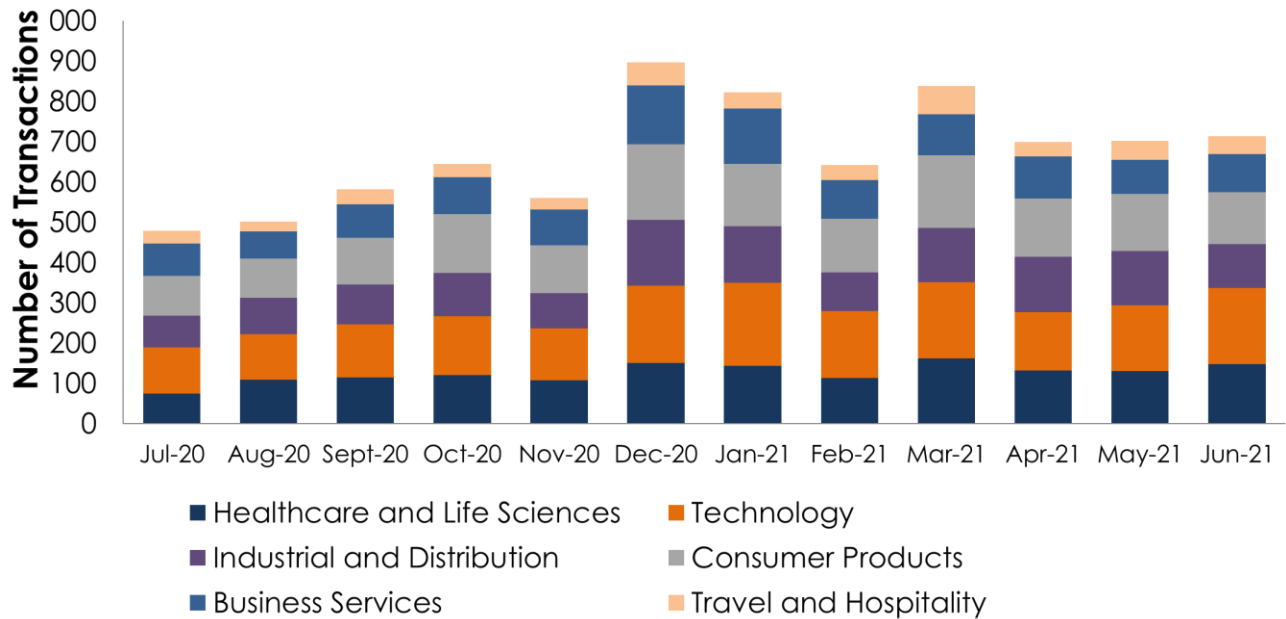
Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	9.2x	38.7x	21.6%	9.9%	-6.6%	2.9%	13.9%
Healthcare Equipment and Supplies	6.1x	21.8x	12.8%	6.9%	33.9%	11.8%	23.4%
Healthcare Providers and Services	1.0x	11.7x	7.6%	9.7%	12.9%	9.7%	10.7%
Healthcare and Life Sciences Aggregate	5.4x	24.1x	14.0%	8.8%	13.4%	8.2%	16.0%
Technology							
IT Services	4.7x	21.0x	4.8%	4.9%	0.3%	5.3%	12.2%
Software	10.1x	29.8x	13.8%	12.9%	21.0%	21.4%	8.3%
Computers and Other Electronic Equipment	1.9x	14.2x	12.7%	4.4%	23.2%	4.0%	18.2%
Technology Aggregate	5.6x	21.7x	10.4%	7.4%	14.9%	10.2%	12.9%
Industrial and Distribution							
Aerospace and Defense	2.1x	14.8x	-10.1%	-1.2%	-18.7%	-9.1%	9.7%
Building Products	2.0x	13.2x	0.9%	0.2%	7.9%	2.5%	13.3%
Construction and Engineering	0.6x	8.4x	13.0%	5.6%	3.3%	1.8%	7.0%
Machinery	2.0x	15.3x	1.4%	0.6%	-0.5%	-1.3%	6.5%
Distributors	0.9x	12.2x	1.7%	5.4%	0.4%	3.4%	3.9%
Industrial and Distribution Aggregate	1.5x	12.8x	1.4%	2.1%	-1.5%	-0.5%	8.1%
Consumer Products							
Food and Beverage	2.5x	14.3x	6.3%	2.4%	8.3%	3.6%	14.7%
Household and Personal Products	3.7x	17.3x	3.1%	0.9%	2.6%	1.5%	18.2%
Household Durables	1.3x	11.0x	9.0%	2.3%	22.2%	6.1%	10.3%
Textiles, Apparel, and Luxury Goods	2.9x	17.2x	-3.4%	-0.5%	-9.4%	-2.4%	9.0%
Consumer Products Aggregate	2.6x	15.0x	3.8%	1.3%	5.9%	2.2%	13.1%
Business Services							
Human Resource and Employment Services	1.2x	17.2x	-6.9%	-1.4%	-19.7%	-4.2%	9.8%
Research and Consulting Services	3.5x	16.5x	3.7%	4.0%	7.3%	3.4%	14.3%
Business Services Aggregate	2.3x	16.8x	-1.6%	1.3%	-6.2%	-0.4%	12.1%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	10.1x	47.4x	-66.5%	-29.4%	0.0%	0.0%	-3.0%
Restaurants	3.9x	21.7x	-18.4%	-5.7%	-37.1%	-15.2%	1.9%
Leisure Facilities	6.4x	15.4x	-19.3%	-5.0%	-53.0%	-20.8%	-8.0%
Travel and Hospitality Aggregate	6.8x	28.2x	-34.8%	-13.4%	-30.0%	-12.0%	-3.0%

M&A MARKET

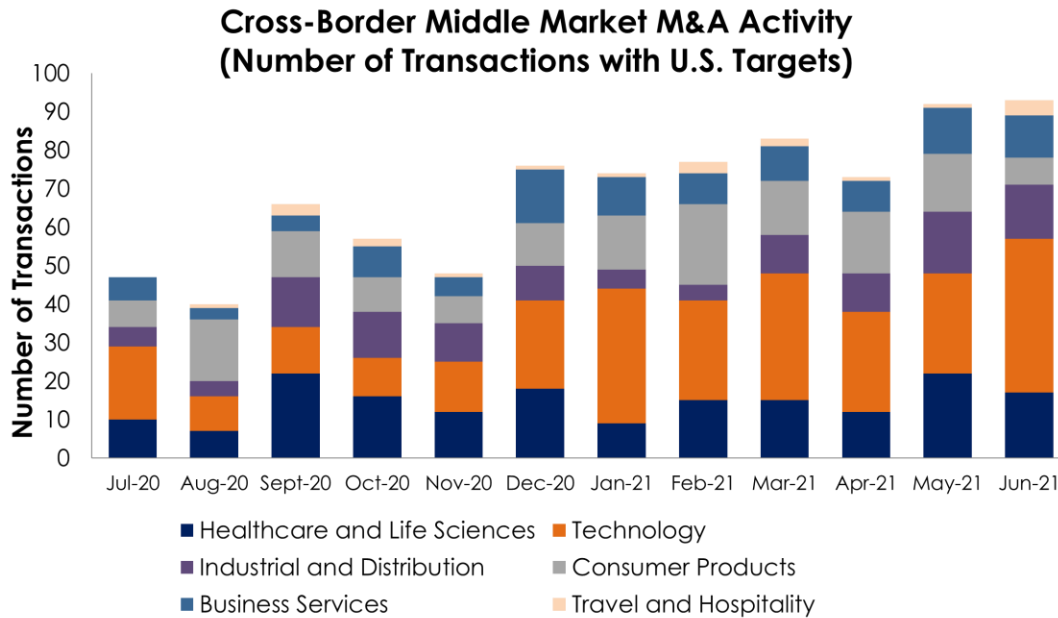
Middle market M&A activity was steady in June 2021, and the outlook for the remainder of the year remains strong. A recent PwC report projects that deal volume for 2021 will likely dramatically exceed 2020 volume.

The report stated: "While the pace of recovery has varied among companies and sectors, and some have faced fundamental changes as a result of the health crisis, US deal volume and value overall are up from 2020, according to a PwC analysis of Refinitiv data. And based on our forecast, 2021 deal volume will outpace last year's. Our analysis of economic indicators, capital variables and corporate performance predicts a volume increase that could reach double-digit percentages. Meanwhile, US deal value through May has put this year on track to dramatically exceed the 2020 total."

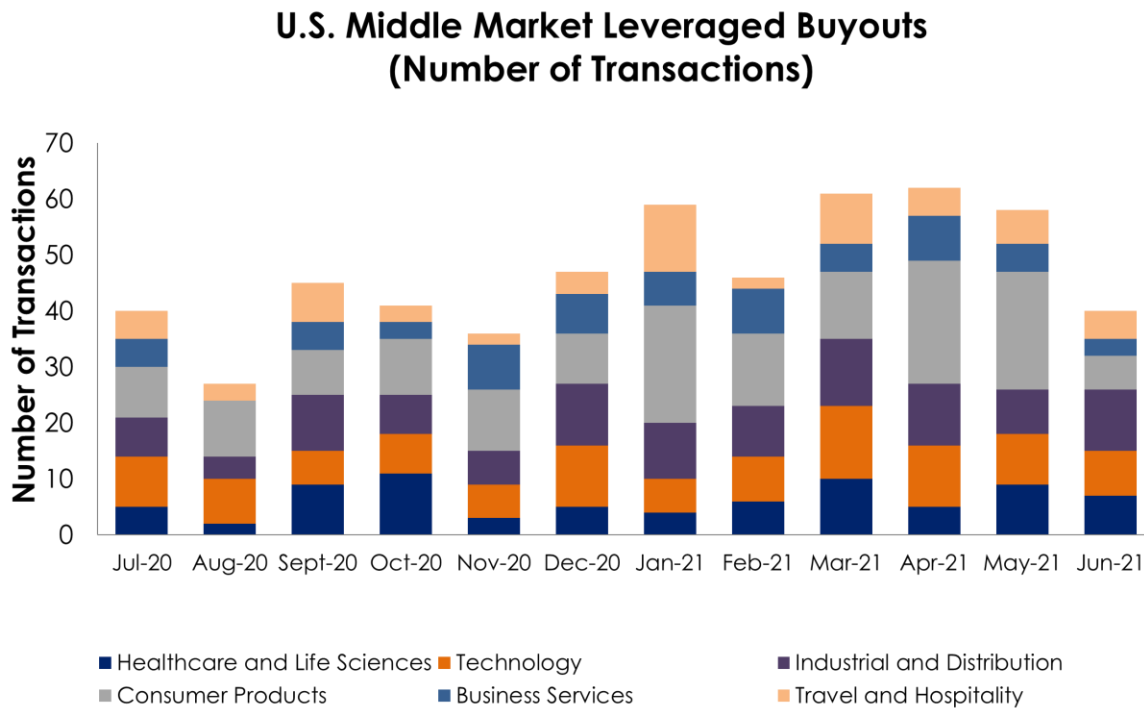
U.S. Middle Market M&A Activity Select Industries (Number of Transactions)



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



LBO transaction volume decreased in June following elevated deal volume in March, April, and May.



SELECT MIDDLE MARKET M&A TRANSACTIONS – INDUSTRIALS

Cornerstone Building Brands, Inc. acquires Prime Window Systems

Cornerstone Building Brands, Inc. (NYSE:CNR) acquired Prime Window Systems on April 30, 2021. Prime Window Systems, LLC manufactures and sells vinyl window and door products. The company was incorporated in 2016 and is based in Denver, Colorado. Cornerstone Building Brands, Inc., together with its subsidiaries, designs, engineers, manufactures, markets, and installs external building products for the commercial, residential, and repair and remodel markets in the United States, Canada, Mexico, and internationally.

"The acquisition of Prime Window advances our strategy towards profitable growth and operational excellence," said James S. Metcalf, Chairman and Chief Executive Officer of Cornerstone. "We are joining forces with a well-recognized business and an established customer base that will strengthen our multi-channel offering. Additionally, this acquisition expands our leadership position in highly-attractive residential markets, increases our manufacturing scale, and creates new opportunities in the West, making it an ideal fit."

DCCM acquires R.G. Miller Engineers

In June 2021, DCCM, a national provider of design, consulting, and program & construction management, acquired R.G. Miller Engineers. R.G. Miller is based out of Houston Texas, and provides infrastructure services for both the public and private sectors. R.G. Miller Engineers specialize in site and land development, utility districts, public works, transportation, hydrology, and environmental engineering. The group is responsible for planning and working on some of the largest projects in the Houston area.

"We are looking forward to partnering with DCCM as we begin an exciting new chapter of our story. Having the opportunity to leverage our history and experiences with those of Jim's within the Texas and U.S. marketplace will undoubtedly help accelerate our growth along with our breadth and depth of services," says Jack Miller, the president of R.G. Miller.

Oregon Tool sold to investment firm Platinum Equity

In July 2021, Oregon Tool was sold to California investment firm, Platinum Equity, for an undisclosed amount. Oregon Tool is best known for saw parts, moving blades, and chainsaws. Oregon Tool is being sold by a pair of private equity firms, American Securities and P2 Capital Partners, which bought the company back in 2016. The company recently rebranded from Blout International to Oregon Tool.

Tonnesen is optimistic about the implications of this deal. "Platinum Equity has bought into the team, the strategy, the mission, the vision," Tonnesen said. "They're willing to aggressively invest in growing the business, and so what that means is new product development, advertising, 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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