

MARKET BRIEF

Economic indicators were mixed in February as the U.S. economy embraces easing of COVID restrictions, adjusts to inflationary pressures, and, following Russia's attack on Ukraine on February 24th, reacts to quickly changing global situations. The *Consumer Price Index* increased, and the *Consumer Confidence Index* declined slightly, while the unemployment rate fell over the month. The public markets saw a loss with the S&P 500 declining 3.1% in February. Total middle market M&A activity, along with cross-border transactions and leveraged buyouts, decreased on a month-over-month basis.

Unemployment Rate Falls in February

The unemployment rate edged down to 3.8% during the month of February; the number of unemployed persons fell to 6.3 million. Total nonfarm payroll employment rose by 678,000 throughout the month. The unemployment rate continues to decrease in 2022 as the U.S. economy continues its recovery from the worst of the COVID-19 pandemic, but is yet to reach pre-pandemic level as the unemployment rate was 3.5% in February 2020. (<https://www.bls.gov/news.release/pdf/empsit.pdf>)

Consumer Confidence Declines Slightly in February

In February, the *Consumer Confidence Index* declined further after a decrease in January. Currently, the index stands at 110.5 which is a 0.6-point decline from the prior month when the index was at 111.1. Along with that, the Expectations Index, which tracks consumers' short-term expectations regarding income and labor market conditions, declined 1.3 points from 88.8 in January to 87.5. Lynn Franco, Senior Director of Economic Indicators at The Conference Board, suggested a moderation in growth over the first half of 2022. She stated "the economy continued to expand in Q1 but did not gain momentum. Expectations about short-term growth prospects weakened further, pointing to a likely moderation in growth over the first half of 2022. Meanwhile, the proportion of consumers planning to purchase homes, automobiles, major appliances, and vacations over the next six months all fell. Concerns about inflation rose again in February, after posting back-to-back declines." (<https://www.conference-board.org/topics/consumer-confidence>)

The Case-Shiller Index Reports 18.8% Annual Gain in December 2021

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, which covers all nine U.S. census divisions, posted a 18.8% annual gain in December 2021, remaining the same from the previous month. The U.S. National Index posted a 0.9% month-over-month increase in December, while the 10-city and 20-city composites recorded increases of 1.0% and 1.1%, respectively. "For the year, the National Composite Index recorded a gain of 18.8%. This is the highest calendar year increase in 34 years of data, and substantially ahead of 2020's 10.4% gain," says Craig J. Lazzara, Managing Director at S&P DJI. Lazzara went on to say, "We have previously suggested that the strength in the U.S. housing market is being driven in part by a change in locational preferences as households react to the COVID pandemic. In the short term, meanwhile, we should soon begin to see the impact of increasing mortgage rates on home prices." (https://www.spglobal.com/spdji/en/documents/indexnews/announcements/20220222-1450062/1450062_cshomeprice-release-0222.pdf)

The Consumer Price Index Increased 0.8% in February

The Consumer Price Index for All Urban Consumers (CPI-U) rose by 0.8% in February on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported. Over the last twelve months, the all-items index increased 7.9% before seasonal adjustment. Increases in the indexes for gasoline, shelter, and food were the largest contributors to the seasonally adjusted all-items increase. The gasoline index rose 6.6 percent in February and accounted for almost a third of the all-items index monthly increase; other energy component indexes were mixed. The food index rose 1.0 percent, the largest monthly increases since April 2020.

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

PUBLIC MARKET

The U.S. public markets continued to trade down in February following a decline in January. The S&P 500 decreased by 3.1% and the Dow Jones Industrial Average was down 3.5%.

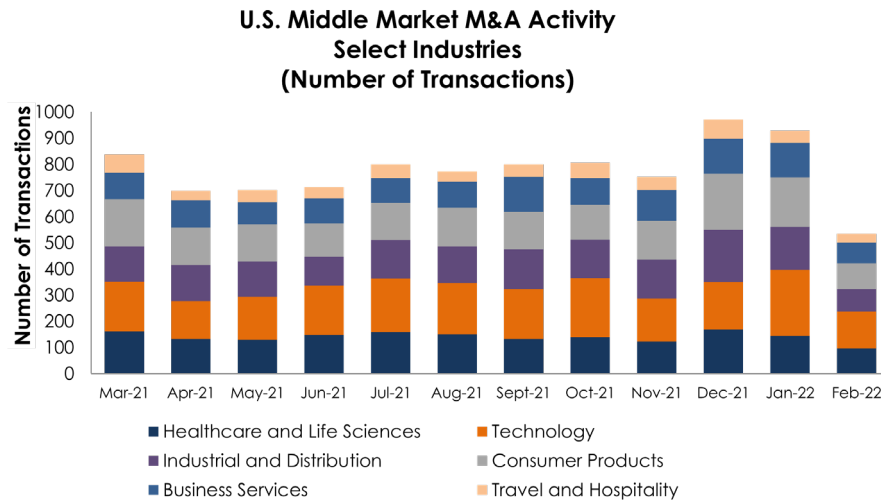
Public Trading Multiples

As of February 28, 2022

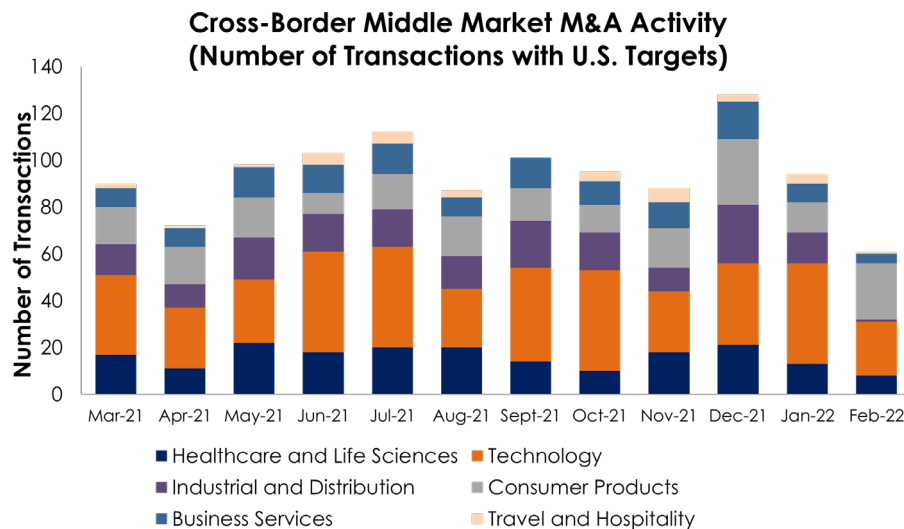
Category	EV / Revenue	EV / EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	6.2x	26.7x	19.0%	11.8%	55.0%	12.8%	15.6%
Healthcare Equipment and Supplies	5.2x	18.8x	13.7%	8.3%	22.7%	13.2%	29.4%
Healthcare Providers and Services	0.9x	11.6x	10.8%	11.2%	7.7%	10.4%	13.2%
Healthcare and Life Sciences Aggregate	4.1x	19.0x	14.5%	10.4%	28.4%	12.1%	19.4%
Technology							
IT Services	4.1x	20.1x	7.8%	5.8%	9.4%	4.6%	12.0%
Software	8.7x	25.2x	16.3%	12.8%	16.1%	15.5%	7.3%
Computers and Other Electronic Equipment	1.9x	12.5x	14.9%	6.8%	30.4%	9.3%	20.2%
Technology Aggregate	4.9x	19.3x	13.0%	8.5%	18.6%	9.8%	13.1%
Industrial and Distribution							
Aerospace and Defense	2.1x	14.9x	3.5%	-1.7%	43.7%	-1.5%	10.0%
Building Products	1.7x	10.6x	14.9%	3.8%	29.1%	9.6%	17.5%
Construction and Engineering	0.7x	8.8x	11.4%	8.1%	13.9%	6.0%	9.1%
Machinery	1.8x	12.9x	12.9%	3.2%	20.6%	3.0%	5.2%
Distributors	0.8x	9.8x	18.6%	7.5%	36.9%	9.3%	4.7%
Industrial and Distribution Aggregate	1.4x	11.4x	12.2%	4.2%	28.8%	5.3%	9.3%
Consumer Products							
Food and Beverage	2.4x	13.6x	10.1%	5.4%	9.0%	5.5%	15.1%
Household and Personal Products	3.5x	17.3x	1.9%	2.2%	-1.9%	0.4%	17.1%
Household Durables	1.1x	8.6x	14.8%	5.6%	31.7%	12.1%	10.6%
Textiles, Apparel, and Luxury Goods	3.0x	14.5x	21.0%	4.6%	76.3%	10.1%	8.8%
Consumer Products Aggregate	2.5x	13.5x	11.9%	4.4%	28.8%	7.0%	12.9%
Business Services							
Human Resource and Employment Services	1.1x	12.4x	9.5%	1.8%	38.5%	6.0%	12.2%
Research and Consulting Services	3.4x	15.1x	6.5%	5.3%	14.5%	8.6%	21.0%
Business Services Aggregate	2.2x	13.7x	8.0%	3.5%	26.5%	7.3%	16.6%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	7.3x	30.9x	4.9%	-19.8%	0.0%	-66.7%	-3.2%
Restaurants	3.2x	15.7x	8.9%	-1.1%	50.1%	-1.7%	4.4%
Leisure Facilities	5.3x	14.4x	36.6%	2.3%	74.0%	-8.4%	9.5%
Travel and Hospitality Aggregate	5.3x	20.3x	16.8%	-6.2%	41.4%	-25.6%	3.6%

M&A MARKET

Middle market M&A activity was down in February following strong year-end transaction volume in December and January. The Technology industry had the highest activity with 140 deals, followed by Consumer Products with 101 deals.

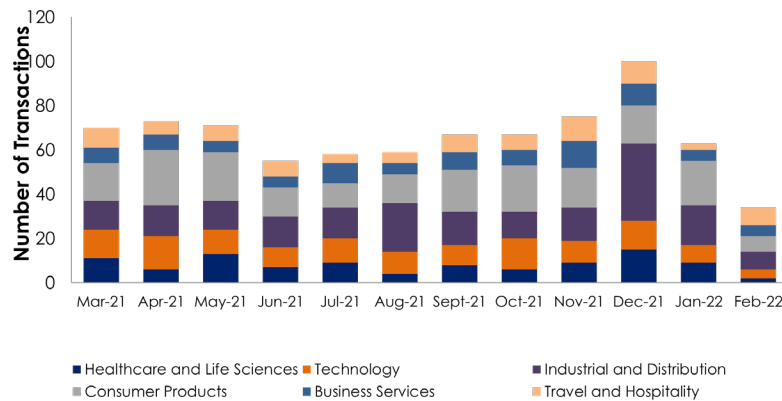


Cross-border middle market M&A activity slowed in February 2022 following a high volume at the end of 2021. Geopolitical uncertainty caused by the Russia-Ukraine conflict will likely hinder cross-border transactions in the short term, according to an analysis by GlobalData.



LBO transaction volume also continued to slow down in February after a decrease in January. However, the outlook for financial deals remains strong for 2022 and transaction volume is expected to pick up again in the next few months.

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



SELECT MIDDLE MARKET M&A TRANSACTIONS – INDUSTRIAL & DISTRIBUTION

Salt Creek Capital acquires All Metals

Salt Creek Capital (“SCC”) announced its December 2021 acquisition of All Metals Industries, Inc. (“AMI” or the “Company”), a leading distributor of carbon, aluminum, stainless and coated sheet/coil products.

Founded in 1986 and headquartered in Belmont, New Hampshire, AMI provides metal products including cold rolled steel, galvanized steel, hot rolled P&O steel, galvanized steel, galvanized coil, stainless steel, aluminum, and others. The Company provides a one-stop-shop solution to a diversified base of long-term customers throughout the Northeast U.S.

In a statement regarding the transaction, Heidi Paiva, CEO of AMI and Paul Koza, President of AMI jointly commented, “AMI has a long history of providing high quality steel products with timely delivery to its customers. This is a terrific outcome for our company, customers, partners and workforce... AMI’s management team looks forward to working with Salt Creek to continue the growth in the future.” Bobby Sheth, Managing Director of Salt Creek Capital, added, “AMI is an exciting opportunity for us to build upon as a platform with a long track record of success.”

Mirus represented All Metals in the transaction.

Premium Guard, in partnership with Trive Capital, acquires IPC Global Solutions

On January 11, 2022, Premium Guard Inc. announced the acquisition IPC Global Solutions, a leading provider of branded and private label filtration products to the automotive aftermarket. As part of the transaction Trive Capital provided a structured capital solution to Premium Guard to fuel the combined business's ongoing high pace of growth.

Founded in 1986 and headquartered in West Bridgewater, Massachusetts with a distribution center in Grove City, Ohio, IPC Global Solutions provides a full line of filtration products to the automotive aftermarket through its ECOGARD brand and private label offerings. IPC supplies products to automotive aftermarket retailers, quick lube service centers, wholesale distributors, and e-commerce channels.

Anan Bishara, CEO of Premium Guard, said, "This is a new chapter in PGI's history. We competed with IPC for the last 26 years, which has pushed both companies to raise the ceiling and flourish... We are excited to combine forces with IPC to provide the aftermarket with industry-leading service, complete solutions, best-in-class quality products, and leading application coverage at a greater scale." Brad Wiginton, Managing Director at Trive, added, "The addition of IPC strengthens the Company's position as a leading filtration supplier, expanding Premium Guard's customer base and portfolio of brands, while adding to the Company's distribution facility footprint.

Mirus represented IPC Global in the transaction.

RNWBL acquires Gearbox Express

On February 16, 2022, RNWBL, a high-growth technology company focused on lowering the cost of renewable energy and accelerating energy transition, announced the acquisition of Gearbox Express, LLC (Gearbox), a provider of highly-engineered maintenance and refurbishment solutions to the wind energy market.

Headquartered in Mukwonago, WI, Gearbox provides remanufactured gearboxes, main shafts, parts, and other services, using proprietary components and superior engineering to deliver "better-than-new" products. Gearbox is the only multi-brand service provider in the industry and maintains the largest portfolio of reverse-engineered gearboxes, main shafts, and other products in the wind energy market. Founded in 2012, Gearbox has addressed critical needs in the wind power market and has quickly become a vital supplier of mission-critical components to some of its largest participants.

RNWBL is a high-growth technology company focused on lowering the cost of renewable energy and accelerating the energy transition. Formed out of the combination of best-in-class organizations and headquartered in Houston, TX, RNWBL is focused on providing field services and technology to the wind, solar, and the broader renewables industry.

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.

For any questions about the Middle Market Monitor or Mirus Capital Advisors, please contact Mirus Capital Advisors at 781-418-5900 or visit <http://merger.com>. You can also contact our senior bankers directly:

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