

MARKET BRIEF

The prospect of the Federal Reserve implementing tighter monetary policy negatively impacted the financial markets in April. While unemployment remained low at 3.6%, consumer confidence experienced a slight decrease from March. Public markets saw a significant decline, and the ongoing conflict in Ukraine continues to drive global turmoil. Inflation slowed somewhat in April but remains a concern as it is at levels that have not been seen in the past 40 years.

Unemployment Rate Holds Steady in April

April saw the unemployment rate and the number of unemployed persons hold constant at 3.6% and 5.9 million respectively. The total nonfarm payroll employment increased by 428,000 in April. (<https://www.bls.gov/news.release/pdf/empisit.pdf>)

Consumer Confidence Ticked Down Slightly in April

The Conference Board Consumer Confidence Index® decreased slightly in April, after an increase in March. The Index now stands at 107.3 (1985=100), down from 107.6 in March. The Present Situation Index—based on consumers' assessment of current business and labor market conditions—fell to 152.6 from 153.8 last month. However, the Expectations Index—based on consumers' short-term outlook for income, business, and labor market conditions—ticked up to 77.2 from 76.7. “Consumer confidence fell slightly in April, after a modest increase in March,” said Lynn Franco, Senior Director of Economic Indicators at The Conference Board. “The Present Situation Index declined, but remains quite high, suggesting the economy continued to expand in early Q2. Expectations, while still weak, did not deteriorate further amid high prices, especially at the gas pump, and the war in Ukraine. Vacation intentions cooled but intentions to buy big-ticket items like automobiles and many appliances rose somewhat. Still, purchasing intentions are down overall from recent levels as interest rates have begun rising. Meanwhile, concerns about inflation retreated from an all-time high in March but remained elevated. Looking ahead, inflation and the war in Ukraine will continue to pose downside risks to confidence and may further curb consumer spending this year.”

(<https://www.conference-board.org/topics/consumer-confidence>)

The Case-Shiller Index Reports 19.8% Annual Gain in February 2022

The S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index, covering all nine U.S. census divisions, reported a 19.8% annual gain in February, up from 19.1% in the previous month. The 10-City Composite annual increase came in at 18.6%, up from 17.3% in the previous month. The 20-City Composite posted a 20.2% year-over-year gain, up from 18.9% in the previous month. “U.S. home prices continued to advance at a very rapid pace in February,” says Craig J. Lazzara, Managing Director at S&P DJI. “The macroeconomic environment is evolving rapidly and may not support extraordinary home price growth for much longer. The post-COVID resumption of general economic activity has stoked inflation, and the Federal Reserve has begun to increase interest rates in response. We may soon begin to see the impact of increasing mortgage rates on home prices.”

(<https://www.spglobal.com/spdji/en/index-announcements/article/sp-corelogic-case-shiller-index-shows-annual-home-price-gains-increased-to-198-in-february/>)

The Consumer Price Index Increased 0.3% in April

The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3 percent in April on a seasonally adjusted basis after rising 1.2 percent in March, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 8.3 percent before seasonal adjustment. Increases in the indexes for shelter, food, airline fares, and new vehicles were the largest contributors to the seasonally adjusted all items increase. The increase was driven by increasing food, natural gas, and electricity prices.
 (https://www.bls.gov/news.release/cpi.nr0.htm)

PUBLIC MARKET

The U.S. public markets traded down in April, following an increase in March. The S&P 500 decreased by 8.8%, the Dow Jones Industrial Average declined 4.9%, and the tech-heavy Nasdaq Composite Index fell 13.3%.

Business Services							
Human Resource and Employment Services	1.1x	12.4x	9.9%	2.2%	40.1%	6.5%	12.0%
Research and Consulting Services	3.3x	15.0x	6.2%	5.2%	13.0%	9.0%	21.1%
Business Services Aggregate	2.2x	13.7x	8.0%	3.7%	26.6%	7.8%	16.5%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	7.0x	31.1x	22.0%	-15.0%	0.0%	-34.8%	-2.5%
Restaurants	3.0x	15.2x	13.2%	-0.8%	60.1%	-1.3%	6.4%
Leisure Facilities	5.0x	15.3x	27.5%	3.2%	41.3%	-13.0%	11.9%
Travel and Hospitality Aggregate	5.0x	20.5x	20.9%	-4.2%	33.8%	-16.4%	5.2%

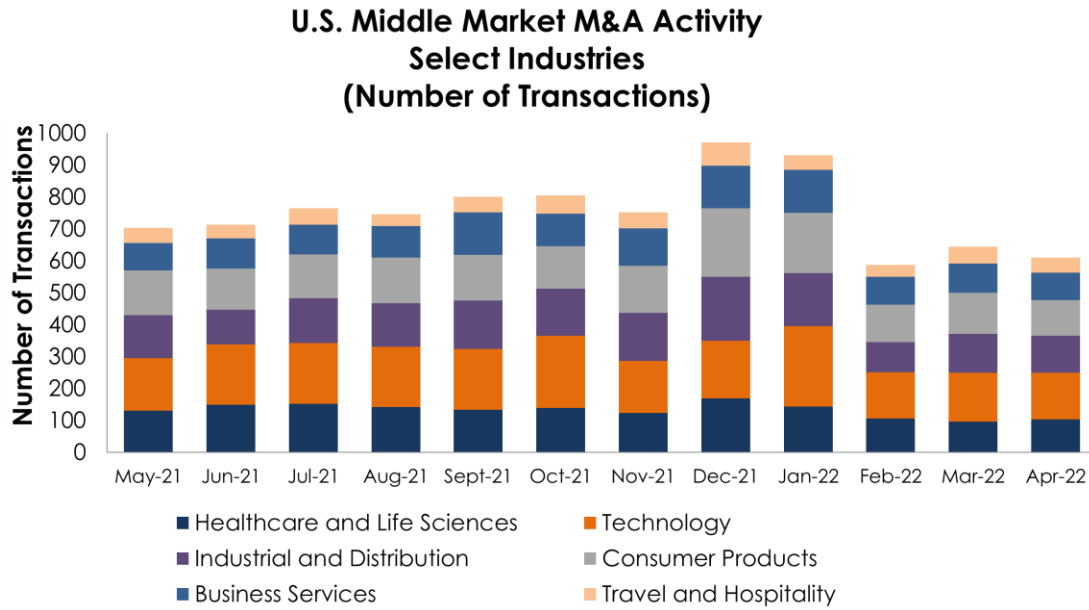
Public Trading Multiples

As of April 30, 2022

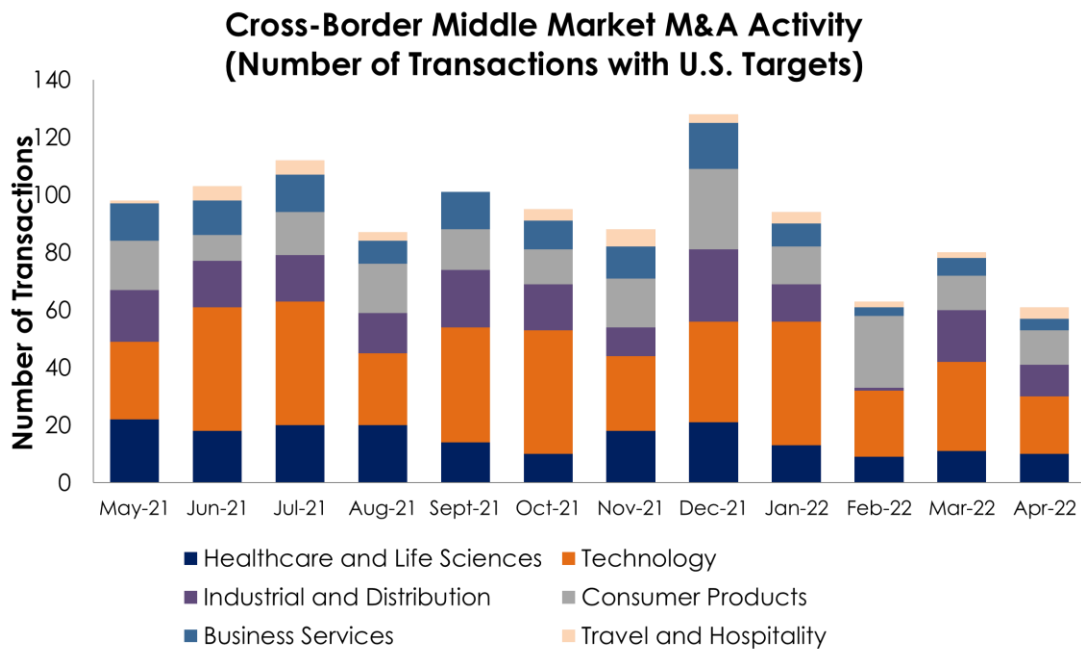
Category	EV / Revenue	EV/ EBITDA	Revenue Growth		EBITDA Growth		EBITDA Margin
			1 Year	3 Year	1 Year	3 Year	
Healthcare and Life Sciences							
Healthcare Technology	5.2x	24.4x	18.2%	8.7%	55.9%	12.4%	13.7%
Healthcare Equipment and Supplies	4.5x	16.8x	12.8%	8.8%	12.2%	13.2%	27.6%
Healthcare Providers and Services	0.9x	11.5x	11.6%	10.6%	3.1%	8.6%	12.5%
Healthcare and Life Sciences Aggregate	3.5x	17.6x	14.2%	9.4%	23.7%	11.4%	17.9%
Technology							
IT Services	3.6x	17.7x	8.6%	5.8%	10.1%	5.5%	12.2%
Software	7.8x	23.1x	17.1%	13.0%	11.8%	15.2%	7.2%
Computers and Other Electronic Equipment	1.7x	10.8x	9.5%	7.0%	21.7%	11.5%	20.9%
Technology Aggregate	4.4x	17.2x	11.7%	8.6%	14.6%	10.8%	13.4%
Industrial and Distribution							
Aerospace and Defense	2.1x	13.4x	3.2%	-2.2%	31.2%	-2.9%	9.7%
Building Products	1.5x	9.3x	14.8%	4.0%	22.9%	10.0%	19.6%
Construction and Engineering	0.7x	8.6x	7.2%	7.6%	10.3%	4.6%	10.4%
Machinery	1.5x	11.4x	10.0%	2.7%	9.8%	0.7%	3.9%
Distributors	0.8x	9.0x	21.5%	7.1%	46.0%	13.5%	4.8%
Industrial and Distribution Aggregate	1.3x	10.3x	11.4%	3.8%	24.0%	5.2%	9.7%
Consumer Products							
Food and Beverage	2.2x	12.5x	10.7%	5.9%	4.6%	5.3%	14.8%
Household and Personal Products	3.3x	16.5x	2.6%	2.4%	-3.3%	0.2%	17.1%
Household Durables	0.9x	7.1x	11.3%	5.7%	22.2%	13.2%	10.6%
Textiles, Apparel, and Luxury Goods	2.6x	12.3x	22.1%	5.2%	60.0%	10.6%	10.0%
Consumer Products Aggregate	2.2x	12.1x	11.7%	4.8%	20.9%	7.3%	13.1%
Business Services							
Human Resource and Employment Services	0.9x	10.2x	13.9%	2.6%	42.7%	5.7%	11.7%
Research and Consulting Services	3.2x	16.8x	7.1%	5.3%	10.3%	8.5%	21.1%
Business Services Aggregate	2.0x	13.5x	10.5%	4.0%	26.5%	7.1%	16.4%
Travel and Hospitality							
Hotels, Resorts, and Cruise Lines	6.0x	24.1x	61.3%	-16.9%	0.0%	-50.7%	-1.2%
Restaurants	2.7x	13.8x	20.5%	0.0%	65.5%	-0.8%	6.2%
Leisure Facilities	4.6x	21.0x	36.1%	3.0%	66.3%	-12.2%	13.7%
Travel and Hospitality Aggregate	4.4x	19.6x	39.3%	-4.6%	43.9%	-21.2%	6.2%

M&A MARKET

Middle market M&A activity was moderate, down from the surge in transaction volume in 2021. According to GF Data, "while valuations held steady, a host of complicating factors has arisen—including Russia's war in Ukraine, a surge in commodities prices, a significant interest rate increase and ongoing supply-chain issues—that are likely to continue to impact the deal environment over the next few quarters."



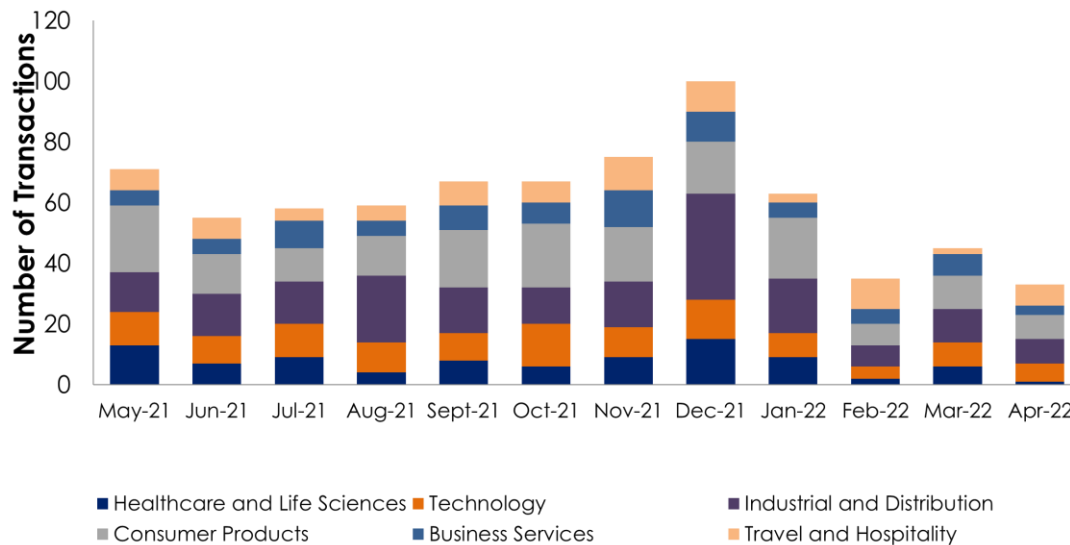
Cross-border middle market M&A activity was restrained, reflecting the impact of ongoing geopolitical concerns.



The private markets aren't immune to the volatility that has been seen during the beginning of 2022. "PE firms balance an appetite for take-private opportunities with the very real possibility of a recession."

(<https://pitchbook.com/news/reports/q2-2022-pitchbook-analyst-note-analysts-advise-on-key-trends-to-watch-as-markets-return-to-turmoil>)

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



SELECT MIDDLE MARKET M&A TRANSACTIONS – TRAVEL & HOSPITALITY

Pebblebrook Hotel Trust Acquires Inn on Fifth

Pebblebrook Hotel Trust (NYSE: PEB) (the "Company") today announced that it acquired the AAA Four Diamond 119-room Inn on Fifth in Naples, Florida for \$156.0 million on May 11, 2022. As previously announced, the Company retained Noble House Hotels & Resorts ("Noble House") to manage this unique independent luxury resort property at the center of Downtown Naples. The acquisition of Inn on Fifth brings the total number of properties in the Company's portfolio to 54, including 12 unique drive-to, independent lifestyle resorts and 6 properties in South Florida.

Golf Club at Turner Hill Purchased

The Golf Club at Turner Hill is pleased to announce that on February 11, 2022, the Club was purchased by GCTH Ipswich LLC and its three partners David R. Masse, David Blundin and Eijk Van Otterloo, who are all members of the Club. The Golf Club at Turner Hill is comprised of an 18-hole championship golf course designed by Michael Hurzdan of Hurzdan and Fry, against the backdrop of 320+ acres of breathtaking views in Ipswich Massachusetts. In addition to the golf course, the Club also has a historic 119-year-old Mansion which was originally built for the Rice family at the turn of the 19th century. Within the Mansion, the Club has multiple dining options

including the Members' Grill Room, Peacock Room and a grand ballroom for weddings/functions/banquets. The Mansion also has an adjacent outside picturesque, beautifully landscaped garden area for wedding ceremonies. It is the mission of the new ownership group to enhance the member experience on our beautiful private golf course and Manor. "We are excited to have the opportunity to maximize the golf club experience for our members and their families. Our goal is to make this stunning, unique property the best private golf club north of Boston. We are truly committed to being involved in the Ipswich community going forward" stated David R. Masse, Founder/CEO of AAM15 Management.

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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