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About W Partners

W Partners is a boutique investment banking advisory firm that provides financial advisory services to middle-market companies in the Western United States.

Our services include mergers, acquisitions, financings, capital raising, and strategic transaction advice to business owners and family offices.

Utah Middle Market M&A Update Second Quarter of 2018

In the second quarter of 2018, global M&A deal value reached \$1.3 trillion, an 81% increase year-over-year, marking the sixth quarter to exceed \$1 trillion since 2015. However, the volume of deal activity dropped to 9,712, an 11% decrease year-over-year, which can be attributed to a shift toward megadeals in the M&A market. The second quarter featured six deals valued over \$20 billion, led by Japanese pharmaceutical company Takeda Pharma's \$62 billion bid to acquire UK biopharmaceutical company Shire. Despite rising tensions involving global trade, higher interest rates, and unstable stock markets, M&A activity in the quarter remained strong.

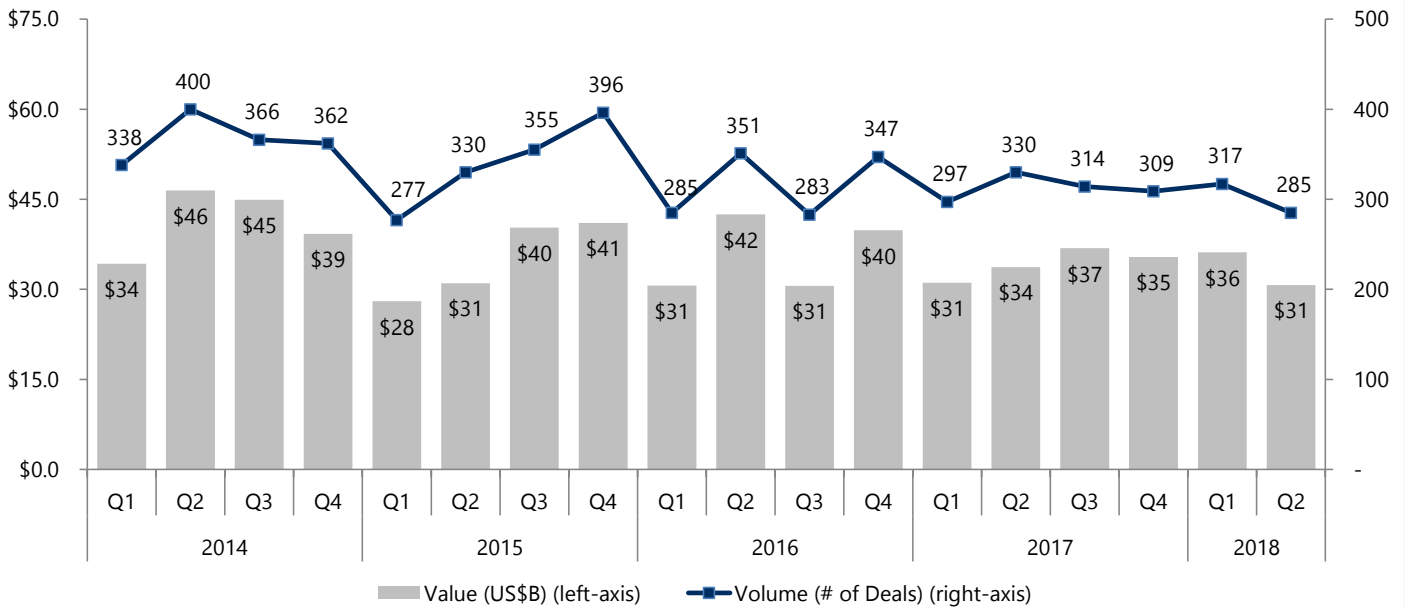
The global private equity sector raised \$85 billion across 230 funds in 2Q18, a 7% decrease in volume and a 4% decrease in value from 1Q18. Dry powder levels reached a record \$1.07 trillion, highlighted by a challenging deal environment and strong fundraising, placing mounting pressure on the sector to deploy capital. Capital continues to be concentrated among the top funds, though the top 10 funds accounted for only 40% of capital raised in 2Q18 versus 63% in 2Q17. Buyout deal volume reached 1,146, a 14% increase year-over-year, for an aggregate deal value of \$118 billion, a 12% year-over-year increase, showing some stability in asset prices. KKR led the sector this quarter closing the top two deals globally with their \$9.9 billion public-to-private acquisition of Envision Corporation and \$8.3 billion acquisition of BMC Software. By region, Asia and North America were the only markets in 2Q18 that experienced a rise in year-over-year aggregate deal value, driving the market uptick with increases of 50% and 3% respectively.

Global IPOs raised \$45 billion in value on 325 offerings in 2Q18, a 26% year-over-year decrease in deal value and 19% decrease in deal volume, however total proceeds are up 5% YTD at \$94.3 billion. By region, offerings in the Americas commanded the highest values accounting for 38% of YTD proceeds and only 18% of YTD volume. Asia Pacific, by contrast, has accounted for 31% of YTD IPO value and 46% of offerings by volume. US markets experienced strong valuations in 2Q18 with a 6% increase in deal proceeds, but an 8% decline in deal volume year-over-year. By sector, technology led global proceeds with \$16.9 billion, followed by industrials with \$3.4 billion and consumer products with \$2.2 billion.

Venture capital financings in 2Q18 saw 3,648 deals announced globally, up 6% from 1Q18 and up 26% year-over-year. The quarter also showed a sizable 50% increase year-over-year in aggregate deal value, reaching \$73 billion, the highest quarterly figure since 2007. The quarter was led by the \$14 billion Series C/Round 3 financing for China's Ant Financial Services Group, the largest fundraising since 2007, which was backed by Singapore's sovereign wealth fund GIC Pte. as well as Warburg Pincus, Canada Pension Plan Investment Board, Silver Lake and Temasek Holdings Pte. Angel/seed financings were the most prevalent investment stage by volume, representing 36% of deals followed by Series A/Round 1 financings which accounted for 30% of volume.

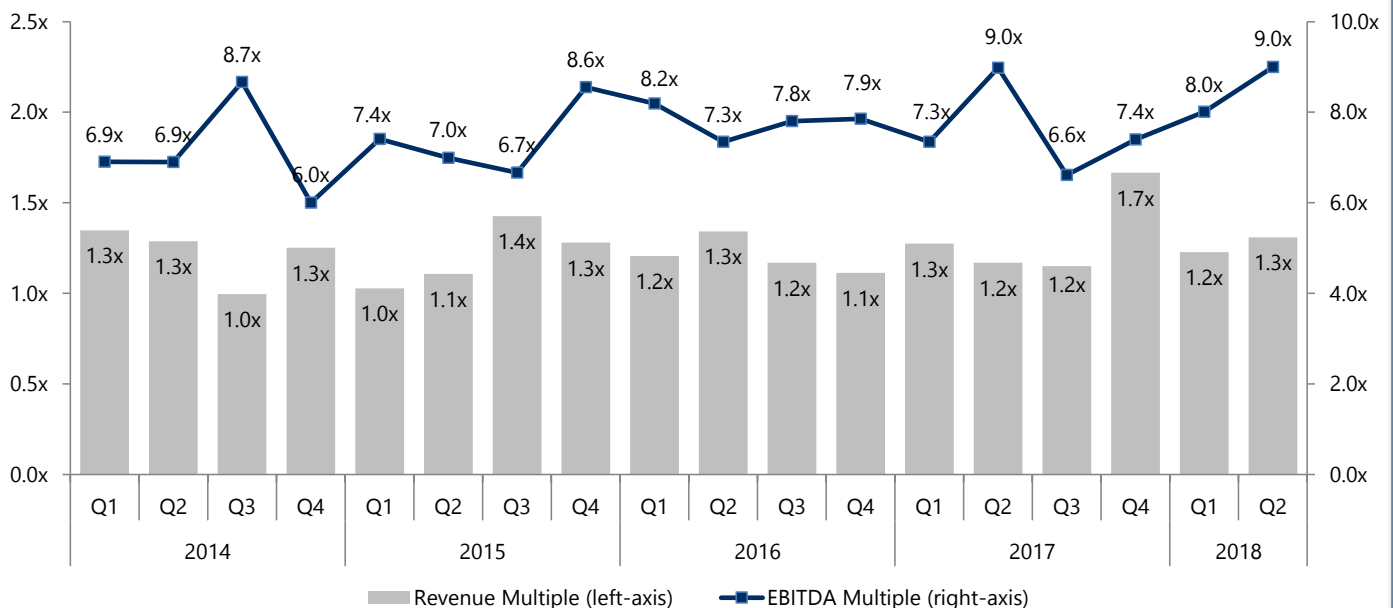
M&A Activity – Middle Market

U.S. middle market deal value in the second quarter of 2018 was down 14% year-over-year, with a 9% decrease in volume resulting in the lowest transaction levels since 3Q16. With mega deals accounting for 50% of 2018 YTD global M&A value and a backlog of transactions awaiting tax reforms closing in the first quarter, activity in the middle market has dipped in 2Q18. Valuations across markets remain strong, however, as the trend toward larger deals was also seen in the middle market with average deal size rising 5% year-over-year.



Valuation Multiples – Middle Market M&A Transactions

Disclosed middle market M&A revenue multiples have risen in the second quarter to 1.3x, a 12% year-over-year increase, but remain within a historically tight range despite a jump in 4Q18. EBITDA multiples have continued to climb since 3Q17 reaching their highest point since 3Q14 at just over 9.0x. The overall trend is consistent with strong valuations continuing to hold as significant stores of dry powder pressure financial buyers to compete with acquisitive strategies for well-managed, larger targets.

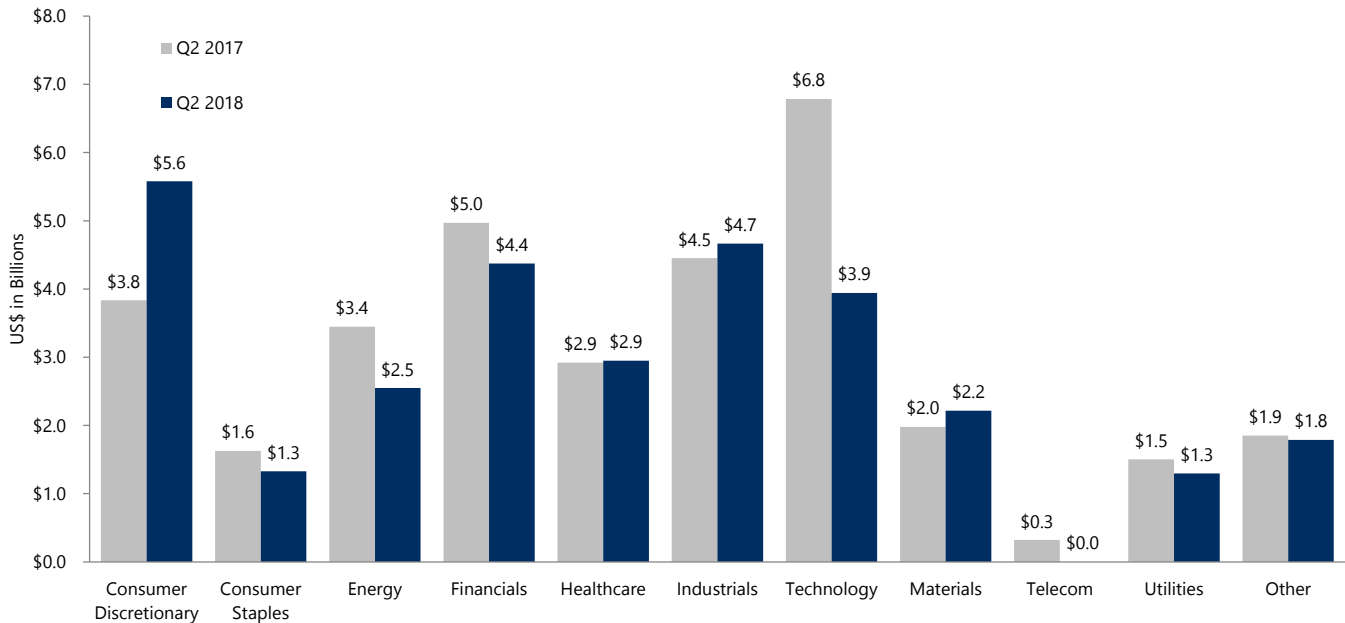


Note: Middle market defined as transactions between \$10 and \$500 million in the U.S., excluding transactions in real estate. EBITDA multiples disclosed in less than 10% of all transactions.

Source: S&P Capital IQ.

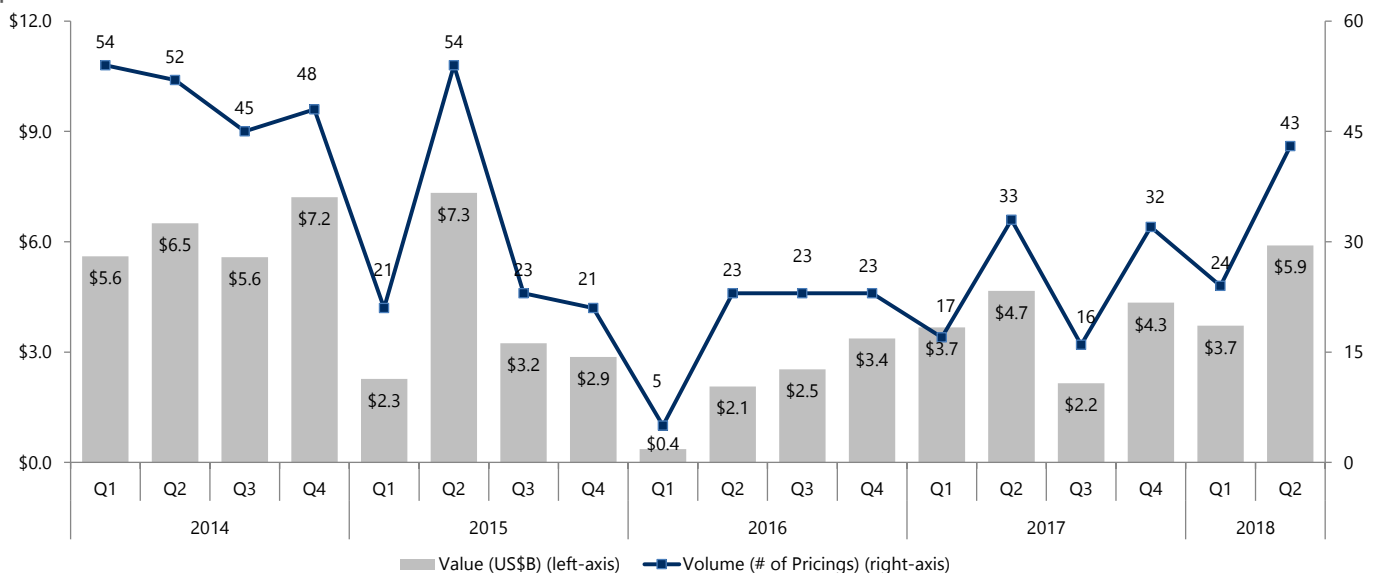
M&A Activity by Sector – Middle Market

The second quarter of 2018 showed year-over-year and quarter-over-quarter decreases in both M&A deal value and volume for the middle market. Technology, generally a well-performing sector, saw transaction values drop 42% year-over-year with volume down by 37%. The largest increases were seen in the Consumer Discretionary sector with deal values up 46% year-over-year and deal volume up 26%. Materials, Industrials, and Healthcare transaction values all saw modest increases of 12%, 5%, and 1% respectively but all showed significant reductions in deal volume as competition over assets continues to sustain high valuations.



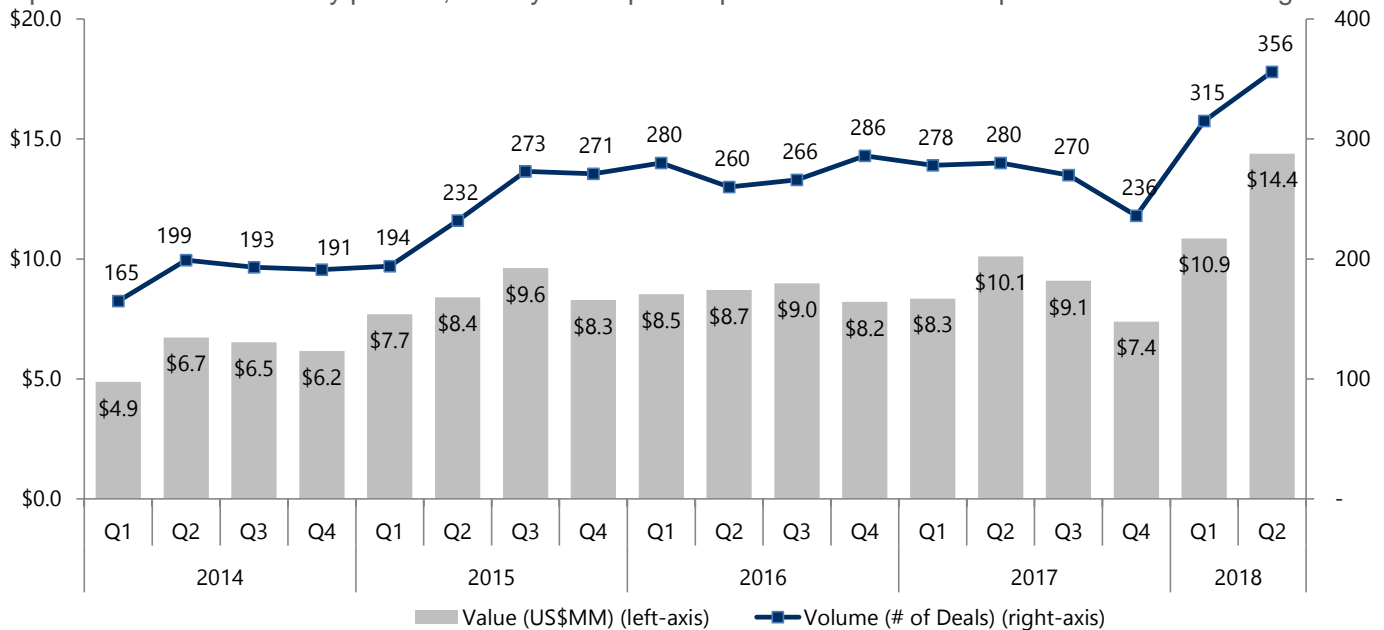
IPO Activity – Middle Market

Middle market IPO activity in the second quarter of 2018 jumped to its highest levels since 2Q15, with offering value and volume both up year-over-year by 27% and 30%, respectively. Average offering size dropped year-over-year for the third consecutive quarter down 3% for 2Q18. Healthcare and Technology stocks made up the largest share of activity this quarter accounting for 51% and 30% of deal volume, respectively. Both sectors also saw significant increases in year-over-year deal volume with Healthcare up 100% and Technology up 63%. Industrials experienced the largest year-over-year increase in deal volume up 300% accounting for 9% of total volume and included the BrightView Holdings IPO at \$467 million, the largest middle market offering of the quarter.



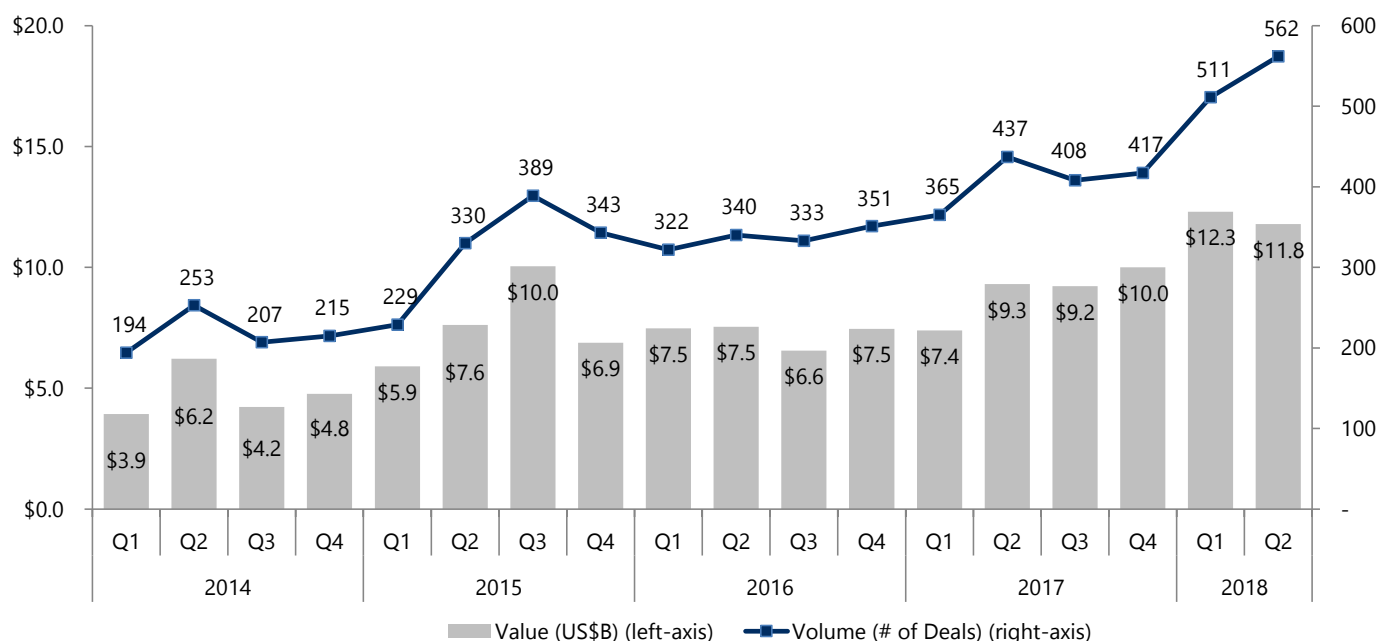
Private Placement Activity – Middle Market

Middle market private placement deal value and volume reached long-term highs for the second quarter in a row at \$14.4 billion in value, a 42% rise year-over-year, with 356 transactions, a 27% increase in volume. The average deal size also rose year-over-year by 12%. The Technology and Healthcare sectors continued to attract the bulk of private placement funds accounting for 47% and 20% of total volume, respectively. While Technology saw strong year-over-year growth of 37% in deal volume, Healthcare dipped by 3%. With unprecedented levels of dry powder, activity in the private placement sector is expected to remain strong.



Venture Capital Investment Activity – Middle Market

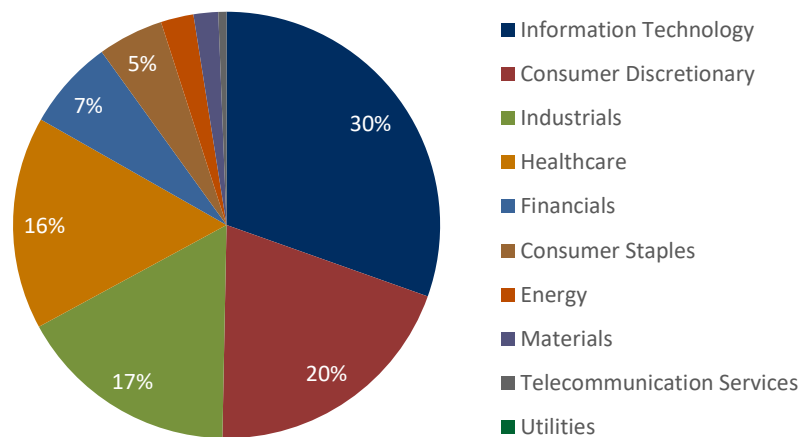
Venture capital activity in 2Q18 reached an all-time high in deal volume at 562 transactions, a year-over-year increase of 29% and a 10% increase over the prior high reached in 1Q18. Deal value was up year-over-year by 27% but down 4% from the high seen in the first quarter. Average deal size, at \$21 million, was down 2% year-over-year and 13% from 1Q18. The Technology and Healthcare sectors continued to draw the most funding accounting for 40% and 18% of transaction volume, respectively. The largest middle market deal of the quarter was a \$200 million round for Helix Opco, which provides DNA sequencing to consumers.



Utah M&A Activity by Sector

The second quarter of 2018 included 37 Utah-related M&A transactions, consisting of both buy-side and sell-side transactions, consistent with prior periods. While Technology transactions had the strongest showing this quarter, accounting for 35% of all transactions, Healthcare transactions were up significantly both over the prior year period and over the first quarter. Utah's diverse economy continues to be evident in the overall mix of transactions from the last twelve months with large weights in each of the Technology, Consumer, Industrial, and Healthcare sectors. Notable transactions during the quarter include Ken Garff buying out New York-based Leucadia National Corp. from its Garcadia dealership partnership for \$485 million. Ken Garff and Leucadia partnered in 2006 to form Garcadia, which had since acquired 28 dealerships in Texas, Michigan, Iowa and California. Additionally, Salt Lake City-based Myriad Genetics, Inc. (NASDAQ:MYGN), a leader in molecular diagnostics and personalized medicine, announced the \$375 million acquisition of Counsyl, a pioneer in expanded carrier screening and non-invasive prenatal screening, for a 2.8x multiple of revenue.

Utah Transaction Mix (Last Twelve Months)



Utah M&A Transaction Details for Q2 2018

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ / Revenue	TEV ¹ / EBITDA
Consumer Discretionary							
6/26/2018	The Cairn Company	Buy Box Experts	Advertising	Online brand management	-	-	-
6/4/2018	HD Mobile Broadcast Unit	Pure Broadcast Corporation	Broadcasting	Mobile sports broadcasting	-	-	-
6/1/2018	Henry Day Ford	Ken Garff Automotive Group	Automotive Retail	Auto dealership services	-	-	-
5/22/2018	brandXP Australia Pty Limited	InMoment, Inc.	Advertising	Digital experience consulting	-	-	-
5/10/2018	New Star Communications Inc.	Xcite Marketing, LLC.	Cable and Satellite	DIRECTV dealer	-	-	-
5/7/2018	10 Chili's Restaurants and 2 El Pollo Loco Stores	Meridian Restaurants Unlimited, LC	Restaurants	10 Chili's Restaurants and 2 El Pollo Loco Stores	-	-	-
5/1/2018	Chris & Dick's Cabinets And Countertops Llc	Interior Specialists, Inc.	Home Furnishings	Cabinet and counter top manufacturer	-	-	-
4/25/2018	InstaCandy Inc	Alpine Subscriptions LLC	Internet and Direct Marketing Retail	Subscription retailing for confectionary products	-	-	-
4/9/2018	Garcadia Auto, LLC	Garff Enterprises, Inc.	Automotive Retail	Auto dealership services	485	-	-
Consumer Staples							
5/16/2018	Bartlett and Company, Inc.	Savage Industries, Inc.	Food Distributors	Grain, flour, feed and cattle agri-business	-	-	-
Financials							
4/6/2018	Dugway Federal Credit Union	Mountain America Federal Credit Union	Specialized Finance	Credit union	-	-	-

1. Total enterprise value.

Note: Reflects all disclosed M&A transactions excluding real estate where the acquiror, target or seller headquarters are in the greater Utah area. The Utah-based company is denoted in bold. * indicates that the seller was one of a group of sellers.

Sources: S&P Capital IQ and W Partners research and estimates.

Utah M&A Transactions (Cont'd)

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ /Revenue	TEV ¹ /EBITDA
Healthcare							
6/26/2018	Flex Concepts, Inc.	Entegris, Inc.	Life Sciences Tools and Services	Biopharmaceutical industry products and accessories	-	-	-
6/5/2018	JB Medical Supplies PTY LTD	Clinical Innovations, LLC	Healthcare Distributors	Distributes labor, delivery, and perinatal care products	-	-	-
6/4/2018	FutureMatrix Interventional, Inc.	Biomerics, LLC	Healthcare Equipment	Produce disposable medical devices	-	-	-
5/28/2018	Counsyl, Inc.	Myriad Genetics, Inc.	Healthcare Services	Genetic testing and DNA analysis services	375	2.8x	-
5/4/2018	Medicity, Inc.	Health Catalyst Inc.	Health Care Technology	Software solutions for health care	-	-	-
4/30/2018	Assets of Catheter Research Inc.	Biomerics, LLC; ATL Technology, Inc.	Healthcare Equipment	Manufacture interventional catheters	-	-	-
4/13/2018	IntroMed, LLC	Flexan LLC	Healthcare Equipment	Produces sheath introducers	-	-	-
4/5/2018	TruHearing Inc	Sivantos Pte. Ltd.	Healthcare Distributors	Provides digital hearing aids	-	-	-
Industrials							
6/4/2018	Clean Linen Services Ltd.	AlSCO Inc.	Diversified Support Services	Commercial laundry services	-	-	-
5/8/2018	Certain Assets and Operations of Pioneer Custom Electrical Products Corp.	CleanSpark, Inc.	Electrical Components and Equipment	Electrical equipment manufacturing	-	-	-
4/20/2018	SMB Elite Inc.	Boostability Inc.	Research and Consulting Services	Quality assurance and contracting agency	-	-	-
4/9/2018	Arrow head Concrete Works, Inc.	Sunroc Corporation	Building Materials	Supplier of concrete	-	-	-
4/3/2018	GSD Distribution Operations of Grabber Construction Products, Inc.	GMS Inc.	Trading Companies and Distributors	Fastener distributors	-	-	-
Information Technology							
6/8/2018	Moki Mobility, Inc. - Sellers: EPIC Ventures, Pelion Venture Partners*	Dura Holdings, Inc.	Internet Software and Services	Web and mobility solutions for tablets	-	-	-
6/8/2018	Tremolo Software Limited	Impartner Software, Inc.	Application Software	Brand engagement software	-	-	-
6/6/2018	Beta Capital Corporation	Pelion Venture Partners	Data Processing and Outsourced Services	Insurance assignments processing services	3	2.8x	-
6/5/2018	Municipal Code Online, Inc.	Municipal Code Corporation	Application Software	Cloud-based software for government entities	-	-	-
6/4/2018	Soren Innovations LLC	JourneyTEAM, Inc.	IT Consulting and Other Services	SharePoint consulting services	-	-	-
5/24/2018	Greina Technologies, Inc.	Alps Electric Co., Ltd.	Communications Equipment	Design of wireless electronic positioning systems	-	-	-
5/22/2018	SiteHelix Inc.	Overstock.com, Inc.	Application Software	Content optimization and automation software	4	-	-
5/15/2018	Island Radar Company, LLC	Wavetronix LLC	Electronic Equipment and Instruments	Develops vehicle detection radars	-	-	-
5/10/2018	Red Sky Solutions LLC	Presidio, Inc.	IT Consulting and Other Services	Information technology solutions	-	-	-
5/10/2018	MINDX Ltd.	HireVue, Inc.	Internet Software and Services	Hiring management and talent analytics platform	-	-	-
5/8/2018	LowestMed, Inc.	RetailMeNot, Inc.	Internet Software and Services	Mobile app with prescription drug pricing information	-	-	-
4/12/2018	Delighted Inc.	Qualtrics, LLC	Internet Software and Services	Online customer feedback services	-	-	-
4/10/2018	Reality Labs, Inc.	Nor1, Inc.	Internet Software and Services	Chat-interface connecting users with travel agents	-	-	-

1. Total enterprise value.

Note: Reflects all disclosed M&A transactions excluding real estate where the acquiror, target or seller headquarters are in the greater Utah area. The Utah-based company is denoted in bold. * indicates that the seller was one of a group of sellers.

Sources: S&P Capital IQ and W Partners research and estimates.

Utah Private Placement and Venture Capital Activity

There were 12 disclosed Utah-related private placements during the second quarter of 2018, reaching over \$175 million of fresh capital. The Technology sector was by far the most active this quarter raising over 80% of the total proceeds in ten transactions. Provo-based Podium, Inc., which allows users to post online reviews from their phones, raised \$60 million from a set of high quality venture backers and reported that revenue for 2017 was over \$30 million. In the healthcare space, Lehi-based Owlet Baby Care, Inc. raised \$20M in its Series B offering, including participation from Salt Lake City-based investor Pelion Venture Partners. Owlet develops and manufactures Owlet Smart Sock, a monitor that tracks babies breathing and heart rate. Interestingly, Utah County-based companies comprised two-thirds of all the capital raised during the quarter showing the region's prowess to create world-class companies and attract significant venture financing.

Utah-based Companies that Raised Capital

Announced Date	Issuer	Round/Investor(s)	Issuer Industry	Issuer Business Description	Amount Raised (\$mm)
Financials					
04/19/18	ClickLease, LLC	Not disclosed.	Regional Banks	Equipment financing	\$10
Healthcare					
04/20/18	Owlet Baby Care Inc.	Series B: Pelion Venture Partners ; Trilogy Equity Partners; Broadway Angels; Eclipse Ventures, LLC	Healthcare Equipment	Smart Sock that monitors babies breathing and heart rate	\$20
Information Technology					
06/27/18	SimpleNexus, LLC	Insight Venture Partners LLC	Application Software	Digital mortgage solution platform	\$20
06/19/18	JJUMPP LLC	Arthur Ventures	Application Software	Presence management and customer engagement software	\$3
06/13/18	Inertial Sense LLC	Not disclosed.	Communications Equipment	Miniature GPS technology applications	\$15
06/12/18	Monarx, Inc.	Pelion Venture Partners; Kickstart Seed Fund	Systems Software	Cyber security protection	\$3
06/04/18	Podium, Inc.	Series B: Accel Partners; Institutional Venture Partners; Summit Partners LLP; Y Combinator Management LLC; GV	Internet Software and Services	Online review mobile platform	\$60
05/18/18	MarketDial, Inc.	Not disclosed.	Systems Software	Business testing for offline commerce	\$6
05/10/18	Browz, LLC	Golub Capital LLC	Internet Software and Services	Supplier qualification and management solutions	\$22
05/04/18	World Table PBC	Not disclosed.	Internet Software and Services	Decentralized platform that establishes credibility	\$3
05/04/18	DivvyPay, Inc.	Pelion Venture Partners	Internet Software and Services	Payment and business budgeting platform	\$11
04/30/18	Tracking First, LLC	Kickstart Seed Fund ; The Silverton Partners Inc.	Internet Software and Services	Campaign code management and validation	\$4

Utah-based Financial Sponsors that Sold a Portfolio Company

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ / Revenue	TEV ¹ / EBITDA
M&A Exits for Companies that have a Financial Investor Based in Utah							
4/27/2018	Brightking Holdings Limited - Seller: Grandeur Peak Global Advisors, LLC	Yageo Corporation	Electronic Components	Electronic circuit protection components and solutions	89	1.2x	8.5x

1. Total enterprise value.

Note: Reflects disclosed private placement and venture capital transactions greater than \$3.0 million where the issuer is headquartered in the greater Utah area. Utah-based companies and funds are denoted in bold. * indicates that the seller was one of a group of sellers.

Sources: S&P Capital IQ and W Partners research.

Please contact the W Partners team for additional information regarding M&A transactions, private placements, venture capital investments or public market valuations in your particular industry or sector:

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