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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.

San Diego Middle Market M&A Update Third Quarter of 2018

Global M&A activity remained robust in 3Q18 with 5,063 transactions closing and dozens of high-profile deals announced. For the quarter, global M&A activity totaled \$823 billion, marking the second consecutive quarter with more than \$800 billion in value. The quarter also saw a pair of \$20+ billion deals close: Atlantia's \$21 billion acquisition of Spanish toll road and telecom infrastructure operator Abertis, and the \$21 billion buyout of Dr Pepper Snapple Group by Keurig Green Mountain via its financial sponsors BDT Capital Partners and JAB Holdings. In a year of converging multiples across regions, North American and European median M&A EV/EBITDA multiples grew from 9.1x in 2017 to 9.3x year-to-date (YTD). However, growing global trade tensions and the Fed's stated desire to continue raising short-term interest rates could pose obstacles to increased deal volume.

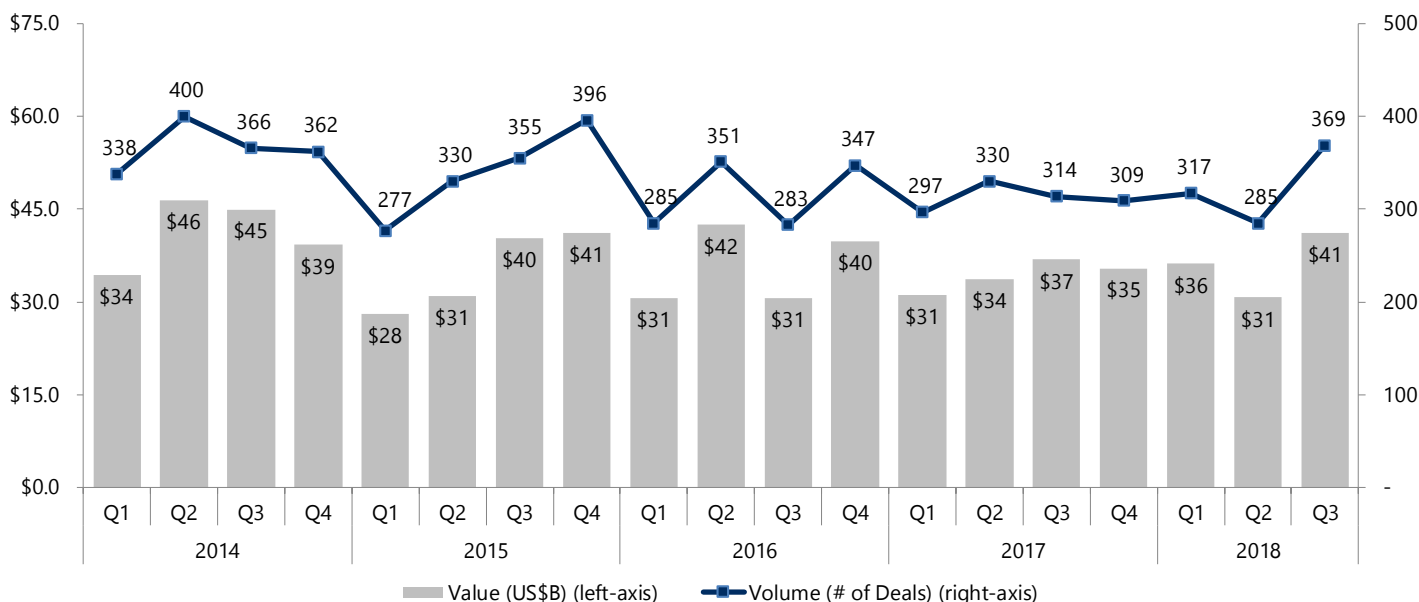
The global private equity sector raised \$121 billion across 214 funds in 3Q18. This marks the first time since 4Q17 that quarterly fundraising has surpassed the \$100 billion mark. While the full-year fundraising total is unlikely to match that of 2017, the pace is still on par with activity seen in 2015 and 2016. Notably, the trend of capital concentration is accelerating: in 3Q18, 141 fewer funds reached a final close than in the same quarter last year. Dry powder levels reached a record \$1.14 trillion, with signs that deal activity is on the rise, despite ongoing high entry prices for assets. Buyout deal volume reached 1,200, with an aggregate value of \$93 billion, and aggregate deal value YTD has now surpassed \$344 billion, representing 91% of the full-year 2017 total.

Global IPOs raised \$47.1 billion in value on 302 offerings in 3Q18 despite ongoing geopolitical uncertainties and trade issues. IPO activity levels in the first nine months of 2018 are significantly above the 10-year median in volume and proceeds. In a historically quiet quarter, 3Q18 global IPO activity was notably lower than 2Q18 and significantly down from 3Q17 volumes. However, an increase in unicorn IPOs in 3Q18 pushed YTD 2018 global IPO proceeds 9% above YTD 2017. The Americas continued to ride a wave of momentum in 3Q18, led largely by the US, which accounted for 80% of IPOs and 95% of the region's proceeds this quarter. Technology, Industrials and Healthcare sectors have been the most prolific producers of IPOs globally in YTD 2018, suggesting that investors are striking a balance between new innovation and sticking with the basics.

Meanwhile, venture capital activity witnessed another strong quarter, with 2018 YTD aggregate deal value reaching \$195 billion and exceeding the full-year 2017 record of \$189 billion. Venture capital funds had their most successful fundraising quarter in six years, with 101 funds securing \$18 billion. In the U.S. alone 1,592 venture capital financings took place, the highest number since 2Q15, representing 41% of the global total. Investor appetite remains strong, as investors look to target the diversification and absolute return advantages that venture capital offers. However, there are signs that the frenetic investment pace set by LPs over the past couple of years is slowing to more 'normal' levels, and that some are looking to add further downside protection to their portfolios.

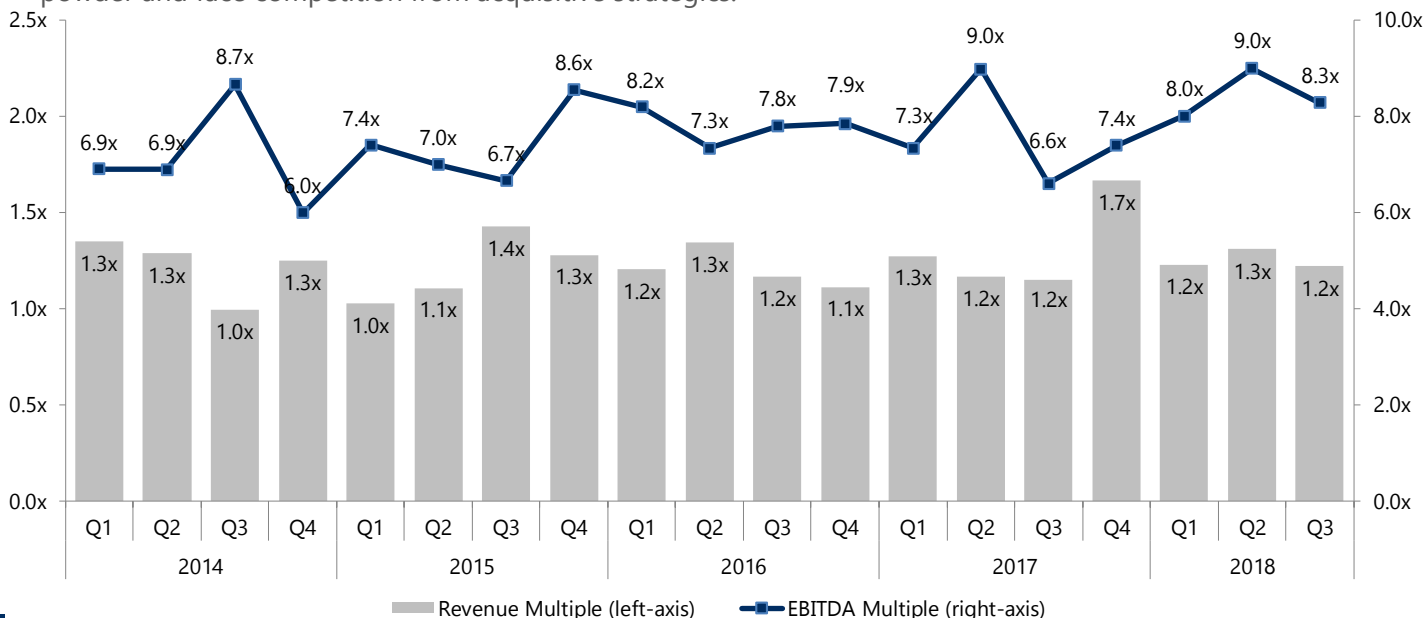
M&A Activity – Middle Market

U.S. middle market deal value in the third quarter of 2018 was up 12% year-over-year, with a 18% increase in volume resulting in the highest transaction levels since 2Q16 by value; and 4Q15 by volume. Year-over-year LTM statistics show deal volume remaining relatively flat with an increase of only 1.4% in deal value. The spike in activity from the second quarter supports the view of sustained appetite for M&A in the U.S. going forward.



Valuation Multiples – Middle Market M&A Transactions

Disclosed middle market M&A revenue multiples in 3Q18 showed a slight drop from 2Q18, however, multiples still maintained a 6% year-over-year increase when looking at quarterly figures, and a 15% rise year-over-year when looking at LTM statistics. EBITDA multiples have tapered slightly from 2Q18 after three consecutive quarters of increases, however, the 8.3x for 3Q18 represents a 25% increase year-over-year. The overall trend appears favorable with valuations continuing to hold as financial buyers seek to deploy significant stores of dry powder and face competition from acquisitive strategics.

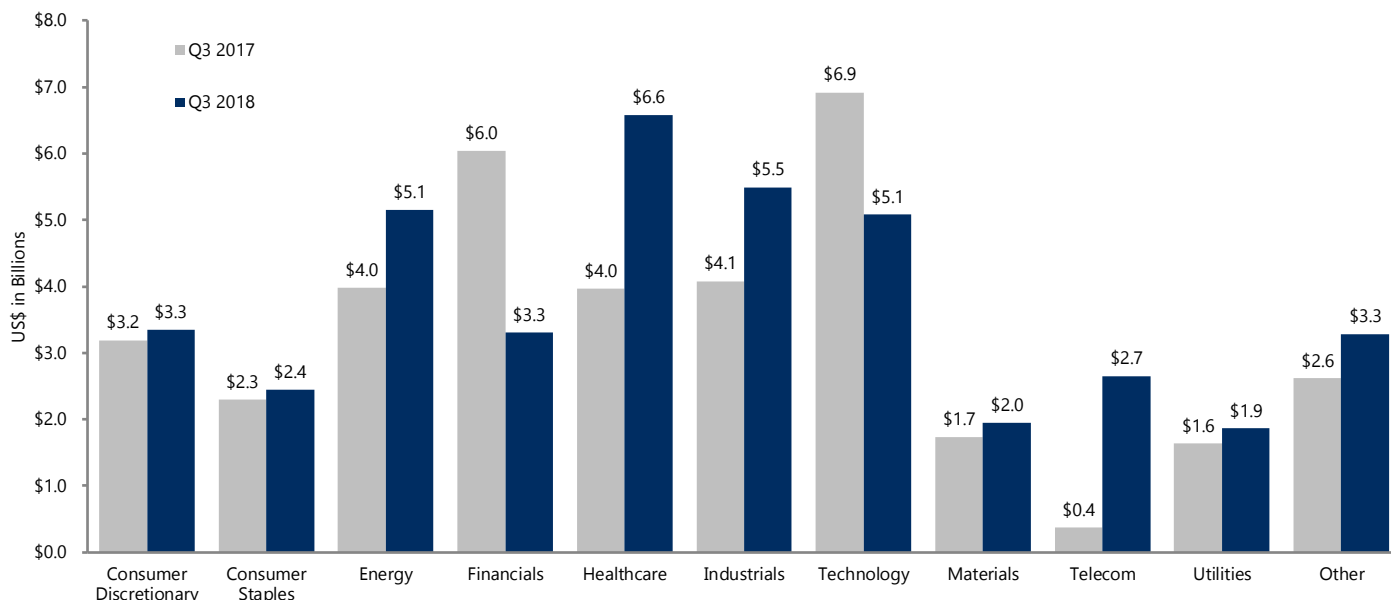


Note: Middle market defined as transactions between \$10 and \$500 million in the U.S., excluding transactions in real estate. EBITDA multiples disclosed in less than 10% of all transactions.

Source: S&P Capital IQ.

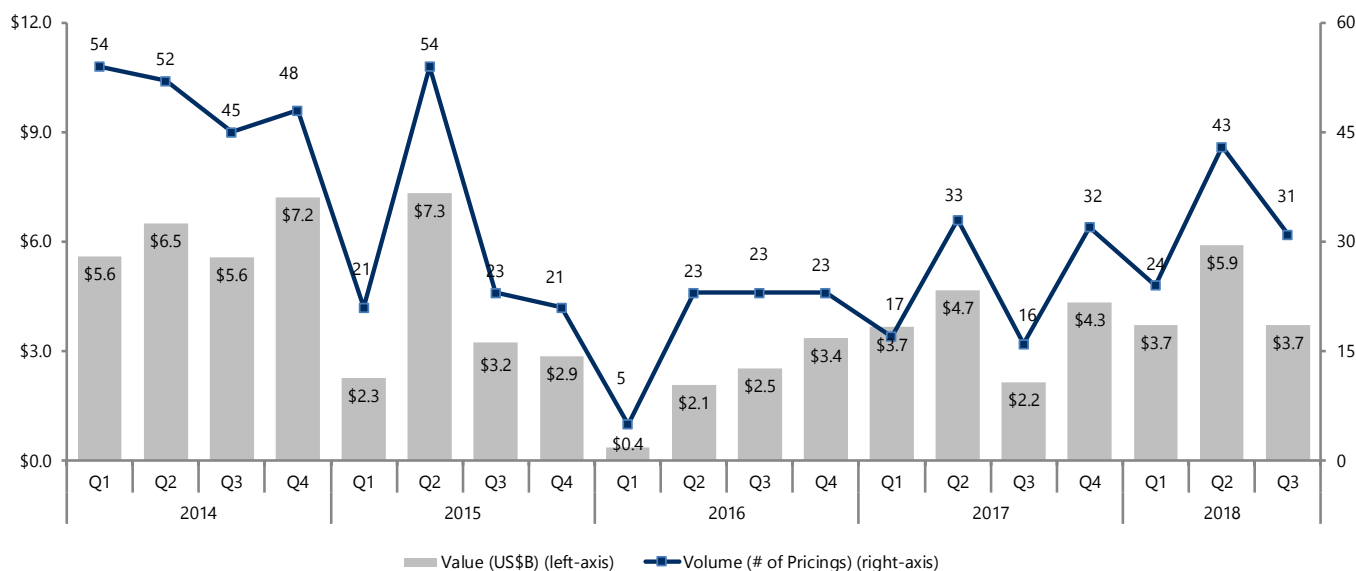
M&A Activity by Sector – Middle Market

The third quarter of 2018 showed year-over-year growth in M&A deal value of 12%. Technology, generally a well-performing sector, saw transaction values drop 27% year-over-year with volume down by 26%. This is the second consecutive quarter with drops in Technology sector activity. The largest increase was seen in the Telecommunications sector with deal values up significantly following a surge of deals for the quarter. Healthcare, Industrials, and Energy transaction values all saw strong increases of 66%, 35%, and 29% respectively while rises in deal volume were lower as competition over assets continues to sustain high valuations.



IPO Activity – Middle Market

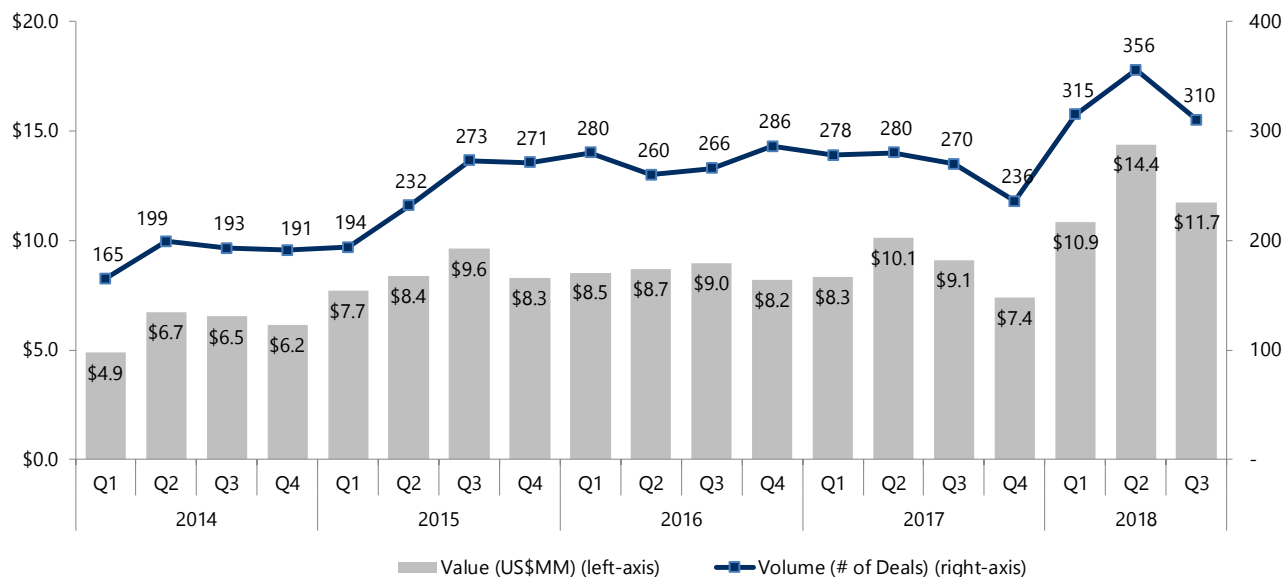
Middle market IPO activity in the third quarter of 2018 dropped quarter-over-quarter following a strong 2Q18, however, year-over-year results were up for both deal value and volume by 73% and 94% respectively. Healthcare and Technology stocks made up the largest share of activity this quarter accounting for 53% and 23% of deal volume, respectively. Both sectors also saw significant increases in year-over-year deal volume with Healthcare up 133% and Technology reaching four deals after an inactive 3Q17. The largest middle market deal for the quarter was Bloom Energy, designer/manufacturer of solid-oxide fuel cell systems, at \$207 million.



Q3 2018

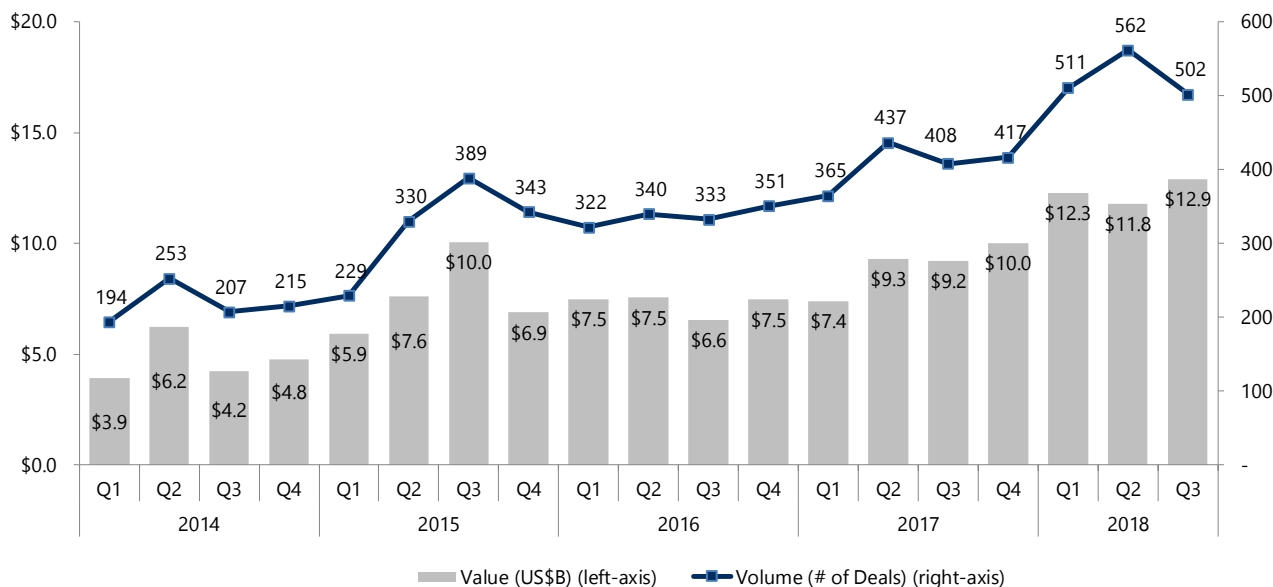
Private Placement Activity – Middle Market

Middle market private placement activity in the third quarter rose year-over-year, despite a drop from 2Q18, reaching \$11.4 billion in value, a 29% rise, with 310 transactions, a 15% increase in volume. The average deal size also increased year-over-year by 13%. The Technology and Healthcare sectors continued to attract the bulk of private placement funds accounting for 41% and 23% of total volume, respectively. While Healthcare saw year-over-year growth of 15% in deal volume, Technology dipped by 23%. Private placement activity is expected to remain strong as funds seek to deploy large stores of dry powder.



Venture Capital Investment Activity – Middle Market

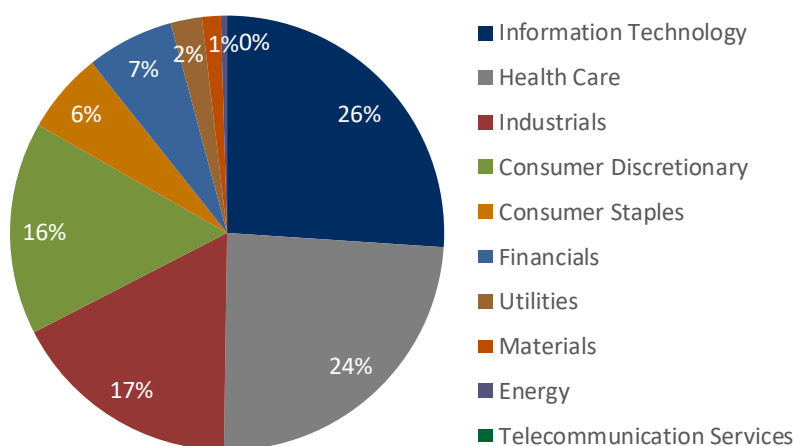
Venture capital activity in the third quarter reached a long-time deal value high of \$12.9 billion, a 40% year-over-year increase. Deal volume was also up by 23% year-over-year despite a dip of 11% from last quarter. The Technology and Healthcare sectors continued to draw the most funding accounting for 37% and 20% of transaction volume, respectively. The largest middle market deal of the quarter was a \$240 million round for Brandless Inc., a direct-to-consumer supplier of food and household products.



San Diego M&A Activity by Sector

The San Diego region had an active third quarter with over 50 M&A transactions consisting of both buy and sell-side transactions, a 13% increase over the prior year period. Consistent with prior periods, Healthcare and Technology transactions accounted for approximately 29% and 20% of deal volume respectively. Notable transactions include Consolidated Edison's acquisition of Sempra Solar Holdings for \$2.1 billion, consisting of major solar, wind, and battery storage projects in Arizona, Nevada, and California. Another notable transaction was Bestbuy's \$800 million acquisition of GreatCall, Inc., which provides mobile health and safety solutions for older adults and their family caregivers.

San Diego Transaction Mix (Last Twelve Months)



San Diego M&A Transaction Details for Q3 2018

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ / Revenue	TEV ¹ / EBITDA
Consumer Discretionary							
9/24/2018	Plasso, Inc.	GoDaddy Inc.	Internet and Direct Marketing Retail	E-commerce platform	-	-	-
9/19/2018	Casino Essentials LLC	Vector-Solutions.com, Inc.	Education Services	Online training	-	-	-
9/19/2018	Teamwork Athletic Apparel, Inc.	Founder Sport Group	Apparel, Accessories and Luxury Goods	Performance apparel manufacturing	-	-	-
8/6/2018	Yoga Six, LLC	Xponential Fitness, LLC	Leisure Facilities	Yoga studios	-	-	-
8/2/2018	Surfin Cycle	TPT Global Tech, Inc.	Leisure Products	Three-wheel electric scooters	-	-	-
8/1/2018	Pro Performance Sports, LLC	Implus Corporation	Leisure Products	Multisport training products	-	-	-
7/16/2018	Stitch Industries Inc.	La-Z-Boy Incorporated		0 Furniture manufacturing	68	1.2x	-
7/13/2018	TRITTON Gaming Audio Brand of Mad Catz Interactive, Inc.	Silkysea International Limited	Consumer Electronics	Audio equipment manufacturing	-	-	-
7/9/2018	Taco Del Mar Franchising Corp.	High Bluff Capital Partners	Restaurants	Fast casual restaurants	-	-	-
Consumer Staples							
7/31/2018	PureFlo Water Company, Inc.	DS Services of America, Inc.	Soft Drinks	Home and office drinking water	-	-	-
6/29/2018	Good Source Solutions Inc.	Highview Capital, LLC	Food Distributors	Foodservice distributor	-	-	-
Financials							
8/14/2018	Catalytic Risk Managers & Insurance Agency, LLC	Align General Insurance Agency, LLC	Insurance Brokers	Product development and program management	-	-	-
7/30/2018	PLATINUM Advisor Marketing Strategies, LLC	Faulkner Media Group, LLC	Asset Management and Custody Banks	Financial advisory services	-	-	-

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 San Diego area. The San Diego-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.

San Diego M&A Transactions (Cont'd)

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ /Revenue	TEV ¹ /EBITDA
Healthcare							
9/27/2018	Genex Services, LLC	Mitchell International, Inc.	Managed Health Care	Medical managed care services	-	-	-
9/25/2018	ACEA Biosciences, Inc	Agilent Technologies, Inc.	Life Sciences Tools and Services	Microelectronic sensor systems	250	-	-
9/11/2018	JMR Medical Inc.	Solara Medical Supplies, Inc.	Health Care Distributors	Medical supply distributor	-	-	-
9/10/2018	Sherpa Clinical Packaging, LLC	PCI Pharma Services	Life Sciences Tools and Services	Clinical trial material management	-	-	-
9/5/2018	Solana Biosciences, Inc.	Inscripta, Inc.	Life Sciences Tools and Services	DNA sequencing solutions	-	-	-
8/14/2018	GreatCall, Inc.	Best Buy Co., Inc.	Health Care Services	Mobile health and safety solutions	800	2.7x	-
7/31/2018	Emerald Textiles, LLC	Encore Textile Services	Health Care Services	Linen services	-	-	-
7/30/2018	Apricus Biosciences, Inc.	Seelos Therapeutics, Inc.	Pharmaceuticals	Urology and rheumatology products	-	-	-
7/23/2018	Zavante Therapeutics, Inc.	Nabriva Therapeutics plc	Pharmaceuticals	Pharmaceutical manufacturing	183	-	NM
7/16/2018	Certain Assets of Hydra Biosciences, Inc.	Daré Bioscience, Inc.	Pharmaceuticals	Biopharmaceutical intellectual property	-	-	-
7/12/2018	Xceptor LLC	CannAssist International Corp.	Pharmaceuticals	Cannabidiol chemical compounds	-	-	-
7/11/2018	Cu-Tech, LLC	Synteract, Inc.	Life Sciences Tools and Services	Clinical research services	-	-	-
7/11/2018	LyoGen, LLC	Argonaut Manufacturing Services, Inc.	Biotechnology	Lyophilized products development	-	-	-
7/5/2018	Cryterion Medical, Inc.	Boston Scientific Corporation	Health Care Equipment	Atrial fibrillation treatment	202	-	-
3/15/2018	Vernalis plc	Ligand Pharmaceuticals Incorporated	Biotechnology	Commercial stage pharmaceutical company	43	NM	NM
Industrials							
9/27/2018	Federal Energy Infrastructure Solutions, LLC (Seller: EDF Renewable Energy)	Johnson Controls Federal Systems Inc.	Aerospace and Defense	Federal government ESPC contracts	-	-	-
9/21/2018	Special Operation Solutions, LLC	AEVEX Aerospace	Aerospace and Defense	Aerospace tech and personnel solutions	-	-	-
8/8/2018	Panoramic Doors LLC	Tower Arch Capital	Building Products	Folding patio door systems	-	-	-
8/1/2018	PCA Global	Ardurra Group, LLC	Construction and Engineering	Engineering consulting company	-	-	-
7/31/2018	Lehrer, LLC	Cumming Construction Management, Inc.	Construction and Engineering	Construction consulting services	-	-	-
7/24/2018	Shield Aviation, Inc.	ISR Systems, Inc.	Aerospace and Defense	Autonomous aircraft solutions	-	-	-
7/6/2018	Décor Flooring, LLC/Kermans Flooring, LLC	Artisan Design Group, Inc.	Building Products	Flooring design and installation	-	-	-
7/6/2018	Bluemotif Architecture	Pierce Goodwin Alexander & Linville, Inc.	Construction and Engineering	Architectural and interior design	-	-	-
Materials							
9/16/2018	Senomyx, Inc.	Firmenich Incorporated	Specialty Chemicals	Sweeteners and flavor ingredients	74	2.2x	NM
Information Technology							
9/24/2018	Applied Satellite Engineering, Inc.	Blue Sky Network, LLC	Communications Equipment	Advanced satellite communication	-	-	-
9/21/2018	Business of Nistica, Inc.	Molex Optical Solutions Group	Communications Equipment	Optical networking modules	-	-	-
9/19/2018	VoiceTrust GmbH	LumenVox, LLC	Systems Software	Biometric solutions	-	-	-
9/18/2018	Assets of eDirect Publishing Inc. and their ResumeRabbit product	Talent Inc.	Application Software	E-commerce and electronic direct marketing	-	-	-
9/4/2018	MarketingPro, Inc.	Faulkner Media Group, LLC	Application Software	Market automation software	-	-	-
8/22/2018	TypeZero Technologies LLC	DexCom, Inc.	Application Software	Diabetes management platform	-	-	-
8/16/2018	Approved Technologies Inc.	Credit Karma, Inc.	Application Software	Mortgage technology platform	-	-	-
7/19/2018	Parallel Holding Company Inc.	XY - The Findables Company	Application Software	Blockchain technology	-	-	-
7/2/2018	K&R Network Solutions, Inc.	Winxnet, Inc.	IT Consulting and Other Services	IT consulting	-	-	-
6/29/2018	In Market Automotive LLC	CrediReady, LLC	Interactive Media and Services	Online auto loan portal	-	-	-

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 San Diego area. The San Diego-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.

San Diego M&A Transactions (Cont'd)

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ / Revenue	TEV ¹ / EBITDA
Utilities							
9/20/2018	Sempra Solar Holdings, LLC	Consolidated Edison Development, Inc.	Renewable Electricity	Renewable energy projects	2,116	-	-
9/20/2018	Two Contracted Biomass Plants in South Carolina (Seller: EDF Renewables)	Atlantic Power Corporation	Renewable Electricity	Biomass utility	13	-	-
9/10/2018	Utility-Scale Solar Plus Storage Project	Eolus North America Inc.	Renewable Electricity	Solar storage project	-	-	-
7/24/2018	Ivester Wind Project (Seller: EDF Renewable Energy)	MidAmerican Energy Company	Renewable Electricity	Wind energy production	-	-	-

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San Diego Private Placement and Venture Capital Activity

San Diego-based companies raised over \$1.1 billion in private capital during the third quarter of 2018. The Healthcare and Financials sectors both showed strong demand for private capital with deal volume largely split between the two sectors. Healthcare companies raised \$878 million for approximately 79% of deal value while Financials raised \$169 million, approximately 15% of value. The largest deal for the quarter was Samumed, LLC's Series A round for \$438 million. Samumed, LLC engages in small molecule drug development using assays and screens for the treatment of oncology and degenerative diseases. Another notable raise was Rakuten Aspyrian, Inc's Series C round for approximately \$150 million. Rakuten Aspyrian also operates in the oncology space developing oncologic drugs to treat cancer and solid tumors.

San Diego-based Companies that Raised Capital

Announced Date	Issuer	Round	Investors(s)	Issuer Industry	Issuer Business Description	Amount Raised (\$mm)
Consumer Discretionary						
09/25/18	Urban Plates, LLC	Growth	Goldman Sachs Specialty Lending Group L.P.	Restaurants	Restaurants	\$38
Consumer Staples						
08/15/18	BlueNalu, Inc.	Seed	New Crop Capital	Packaged Foods and Meats	Seafood manufacturing and marketing	\$5
07/02/18	Beauty Bakerie Cosmetics Brand, Inc.	Growth	na	Personal Products	Cosmetics	\$5
Financials						
09/18/18	Leef Investments Inc.	Venture	na	Asset Management and Custody Banks	Investment management	\$4
09/06/18	Palomar Insurance Holdings, Inc.	Debt	na	Property and Casualty Insurance	Catastrophe insurance	\$20
07/24/18	Applied Data Finance, LLC	Venture	MAI Capital Management, LLC; Victory Park Capital Advisors, LLC; Park Cities Asset Management LLC	Consumer Finance	Loan provider	\$145
Health Care						
09/28/18	VelosBio Inc.	Series A	Pappas Ventures; Sofinnova Ventures, Inc.; Takeda Ventures, Inc.; Decheng Capital LLC; Chiesi Ventures; Arix Bioscience plc	Biotechnology	Biotechnology	\$58
09/25/18	ViaCyte, Inc.	Growth	W. L. Gore & Associates, Inc.	Biotechnology	Diabetes cell replacement therapy	\$10
09/13/18	Prominex, Inc.	Series A	Casdin Capital, LLC	Biotechnology	Molecular diagnostic assays	\$4
09/12/18	Epic Sciences, Inc.	Series E	Domain Associates, L.L.C.; Varian Medical Systems, Inc.; Genomic Health, Inc.; Deerfield Management Company, L.P.; Blue Ox Healthcare Partners, LLC; Sabby Management, LLC; Alexandria Venture Investments, LLC; VI Ventures; Altos Capital Partners LLC	Life Sciences Tools and Services	Cancer diagnostics	\$52
09/04/18	JumpCode Genomics, Inc.	Venture	na	Health Care	Genomics	\$4
08/10/18	Rakuten Aspyrian, Inc.	Series C	na	Biotechnology	Oncologic drugs	\$150
08/06/18	Samumed, LLC	Series A	na	Pharmaceuticals	Small-molecule drug development	\$438
07/30/18	Omniome, Inc.	Series B	Arch Venture Partners, L.P.; Domain Associates, L.L.C.; Altitude Life Science Ventures; Decheng Capital LLC; Biomatics Capital Partners; Hillhouse Capital Group Limited; Nan Fung Life Sciences; Lam Research Capital	Biotechnology	Biotechnology	\$60
07/25/18	Abrexa Pharmaceuticals, Inc.	Growth	na	Health Care	Pharmaceuticals	\$8

Note: Reflects disclosed private placement and venture capital transactions greater than \$3.0 million where the issuer is headquartered in the greater San Diego area. San Diego-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.

San Diego Private Placement and Venture Capital Activity (Cont'd.)

San Diego-based Companies that Raised Capital (cont.)

Announced Date	Issuer	Round	Investors(s)	Issuer Industry	Issuer Business Description	Amount Raised (\$mm)
Healthcare (Cont.)						
07/10/18	Cue Health Inc.	Series B	Johnson & Johnson Innovation - JJDC, Inc.; Synergy Ventures; Troy Capital, LLC; Tarsadia Investments LLC; Sherpacapital, LLC; Pritzker Group Venture Capital; Prime Partners, Inc.; Dentsu Ventures Global Fund I; Cove Investment Partners LLP; Section 32; Babel Ventures	Health Care Technology	Diagnostic products	\$45
07/10/18	VelosBio Inc.	Venture	na	Biotechnology	Biotechnology	\$6
07/09/18	Jecure Therapeutics, Inc.	Debt	na	Biotechnology	Small-molecule therapeutics	\$3
07/02/18	Imbria Pharmaceuticals, Inc.	Venture	na	Health Care	Pharmaceuticals	\$40
Information Technology						
08/29/18	SOCI, Inc.	Series B	Grayhawk Capital, LLC; Tallwave Capital; Vertical Venture Partners; Blossom Street Ventures	Application Software	Social media management platform	\$11
08/13/18	Airspace Technologies, Inc.	Series A	QUALCOMM Ventures; Cross Culture Ventures; Defy Partners; Schematic Ventures	Application Software	Logistics industry software	\$8
Telecommunication Services						
08/08/18	HEROFi INC.	Seed	na	Advertising	Automated marketing services	\$4

1. Total enterprise value.

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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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The Washington Companies


Strategic Advisory




Was Acquired by



Financial Advisory



Joint-Venture Agreement with




Financial Advisory




\$100 Million Private Placement



Financial Advisory



Was Acquired by



Financial Advisory

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