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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 Fourth Quarter of 2016

In the fourth quarter, global M&A deal value reached nearly \$1 trillion, bringing a strong close to a year that had been characterized by sluggish recovery and scattered mega-deals. The political uncertainty of the U.S. presidential election contributed to a volatile equity market and was compounded by a host of other geopolitical factors (UK's EU referendum, tension in the Middle East and the EU migrant crisis), impacting M&A activity by curbing deal volume. Reduced deal volume was partially compensated for by the relative high quality and size of deals that did close. M&A activity accelerated during the month leading up to the U.S. presidential election, pushing October to a record high monthly value of \$500 billion, including four of the ten biggest deals of the year (i.e. Time Warner Inc/AT&T Inc, Reynolds American Inc/British American Tobacco PLC). The passing of the presidential election eliminated a portion of the uncertainty that had fueled activity in October, allowing the market to return to a more subdued state.

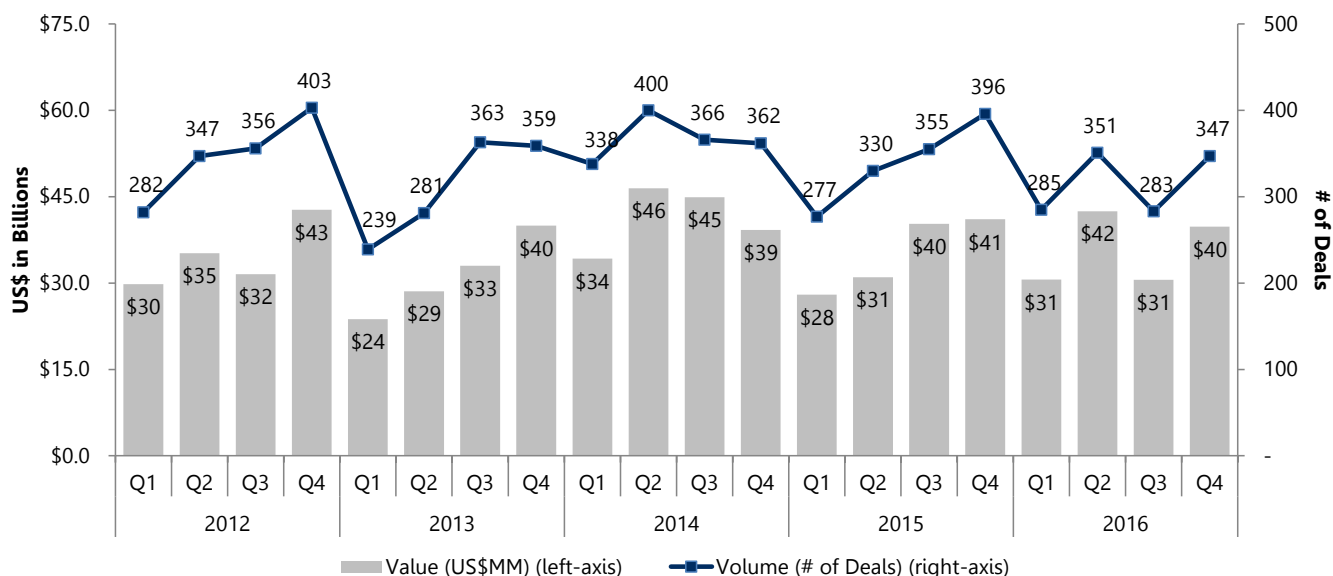
Private equity transaction value reached \$650 billion for the year of 2016, marking a 12% decrease from 2015. The drop-off can be mostly attributed to an expensive market and a growing lack of quality acquisition targets. Strategic corporate acquirors have more capital on their balance sheets than ever before, fueling competition for acquisitions and contributing to rising median EV/EBITDA multiples (which increased to 10.9x from 10.0x in 2015). Growing prices have made it imperative for private equity firms to use buy-and-build strategies in order to blend multiples and create lower aggregate pricing for their portfolio acquisitions. This trend was most observable in the growing number of add-on acquisitions, which accounted for 64% of buy-out activity in 2016, up from 61% in 2015.

In 2016, Global IPO activity exceeded 1,000 in volume and \$130 billion in value, declining 16% and 33%, respectively, from 2015. Decreased activity was the result of an unusual number of complex, inter-related external factors for decision-makers to contend with. Political uncertainty, among other factors, caused many IPO candidates to decide to be patient and prepare for 2017. Among the IPOs that did occur in 2016, 54% of funds raised came from Asia-Pacific, with only 16% coming from the U.S. China, specifically, had a large amount of activity, with more than 340 deals. The technology, industrials and healthcare sectors combined for nearly 50% of all IPO activity with close to 500 initial public offerings.

In summary, the fourth quarter of 2016 brought the year to a close on a strong note, following subdued activity in the first three quarters. While 2016 remained in the shadows of a historic 2015, M&A activity in the fourth quarter helped to spread optimism among uncertainty. Moving forward, corporate executives and private equity investors have expressed that activity is poised to accelerate, perhaps significantly, extending the increase in deal-making seen during the final months of 2016 and, potentially, reversing the slide of the early part of the year. In particular, executives point to potential economic initiatives touted by President Trump of lowering the corporate tax rate, infrastructure spending and deregulation as catalysts to spur deal making.

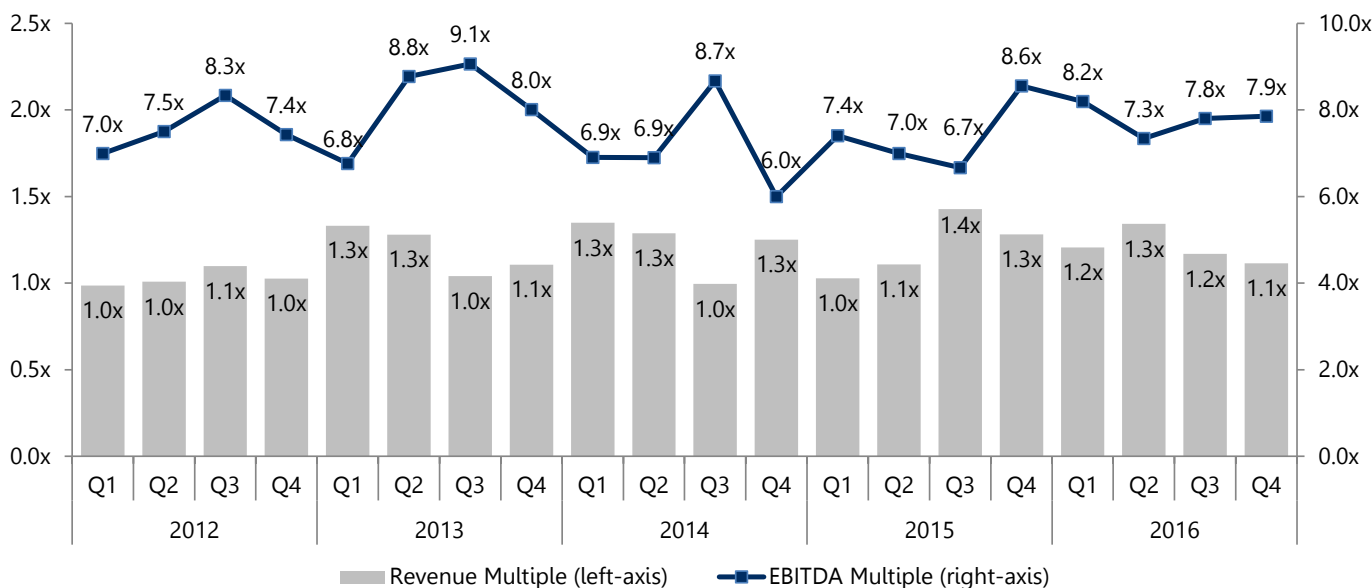
M&A Activity – Middle Market

While U.S. middle market deal activity in the fourth quarter was relatively strong, volume was down 12% from the same quarter of 2015 and overall volume for 2016 was down 7% over 2015. Significantly, the volume of transactions in the second half of 2016 was down 19% over the prior year period, suggesting general weakness in the overall deal environment. Counteracting the declining number of transactions in the second half, 2016 saw the average deal size increase by 10% over 2015. With higher quality deals consummated, total deal value in 2016 was actually higher than 2015. We expect to see increased activity moving into 2017 as high quality transactions continue to occur and bid-ask spreads narrow with sellers expectations coming down in-line with buyers' expectations.



Valuation Multiples – Middle Market M&A Transactions

Disclosed middle market M&A revenue and EBITDA multiples for the quarter remained relatively stable, as they did throughout the year. EBITDA multiples continued to hover around 8.0x in 2016 an increase over 2014 and 2015 as the average deal size increased. The decrease in healthcare transactions during the quarter resulted in lower revenue multiples as technology and healthcare transactions are the primary drivers of multiple expansion. While valuations inched up in 2016, we expect steady to down transaction multiples going into 2017 as the rise in interest rates increase borrowing costs for buyers, putting pressure on expected returns and multiples.

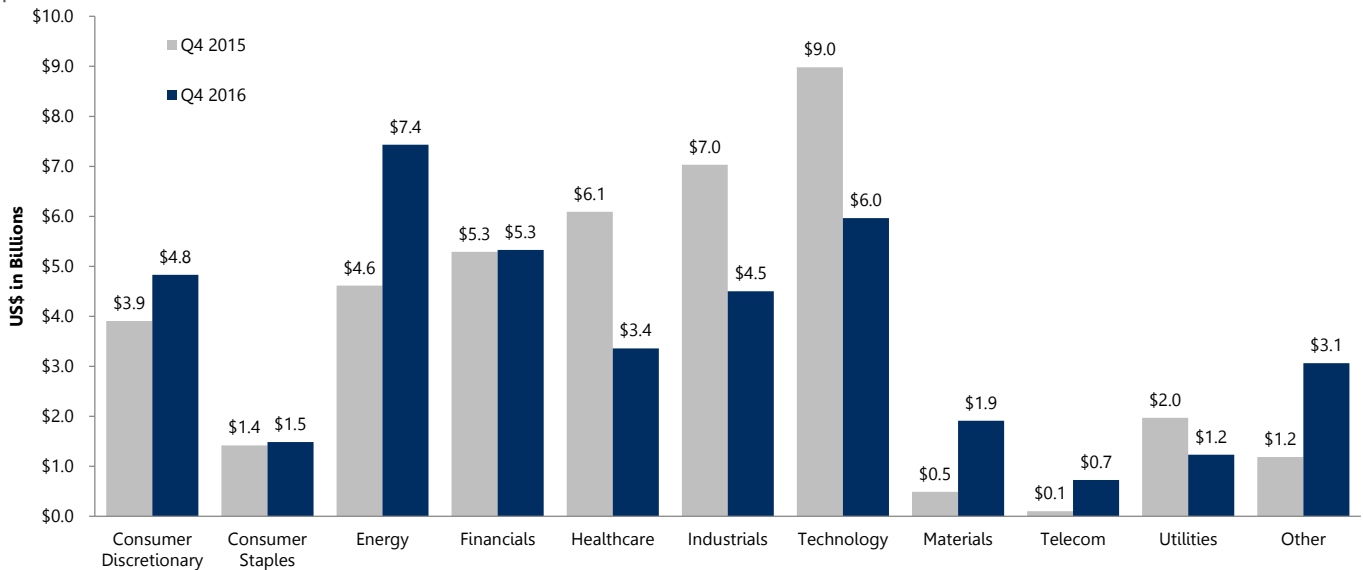


Note: Middle market defined as transactions between \$10 and \$500 million in the U.S., excluding transactions in real estate. EBITDA multiples disclosed in less than 10% of all transactions.

Source: S&P Capital IQ.

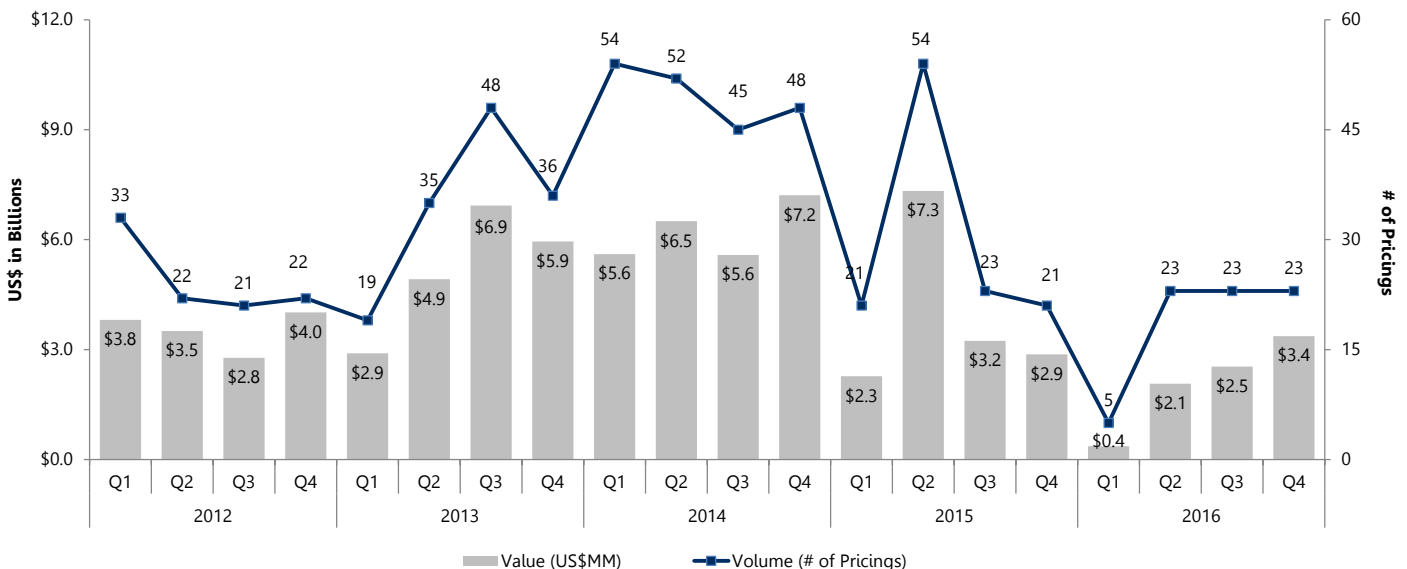
M&A Activity by Sector – Middle Market

Deal activity by sector in the fourth quarter of 2016 saw a significant shift from the fourth quarter of 2015. The materials and energy sector transactions grew significantly, spurred by asset swapping and consolidation between oil and gas and materials companies as they look to refocus their portfolios. Transaction values in the healthcare, technology and industrial sectors all fell by more than 33% over the prior year period as the number of transactions declined significantly with uncertainty in the fourth quarter around the U.S. presidential elections, trade policy and overall risks to the economic and business environment for 2017. We expect these sectors to rebound in the first quarter of 2017.



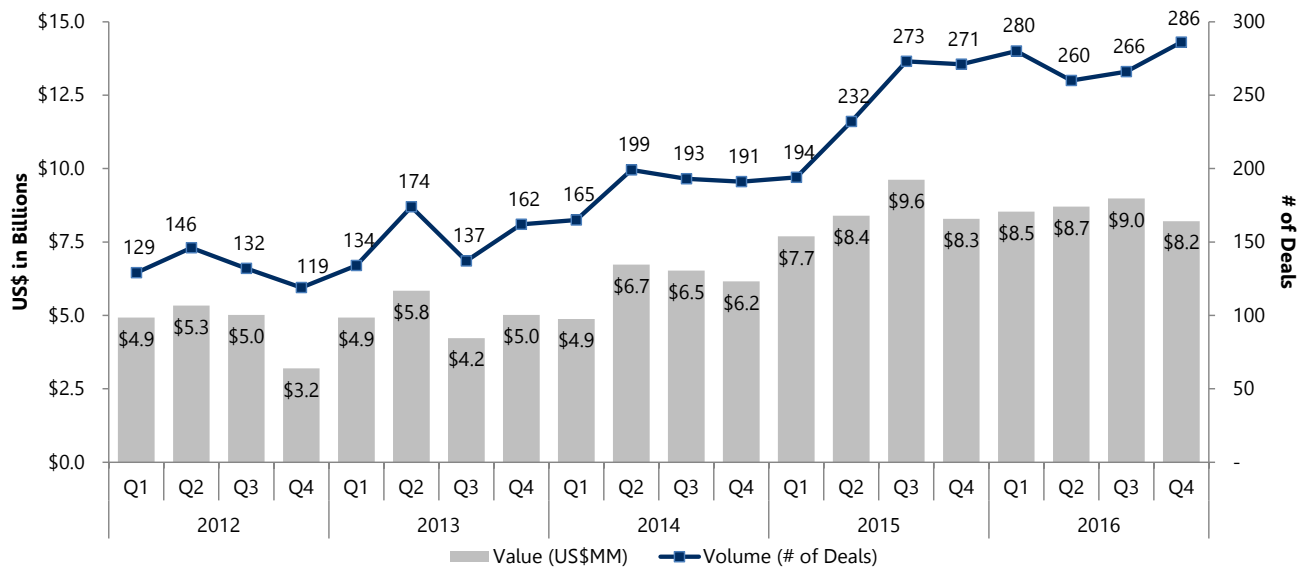
IPO Activity – Middle Market

The fourth quarter of 2016 marked the third consecutive quarter of 23 middle market IPO transactions, continuing the trend of subdued IPO activity. While deal value reached its highest point of the year, the value of IPOs in 2016 was down nearly 50% over 2015. Healthcare companies lead the pack in 2016, comprising approximately 50% of total pricings. The lack of IPOs in 2016 is largely symptomatic of the growing irrelevance of public markets to private companies in a world where large pools of private capital are readily available to fund growth and liquidate founders. Overall, the number of U.S.-listed companies has declined by more than 3,000 since peaking at slightly over 9,000 in 1997 as both strategic and financial buyers flush with cash and inexpensive debt take companies private.



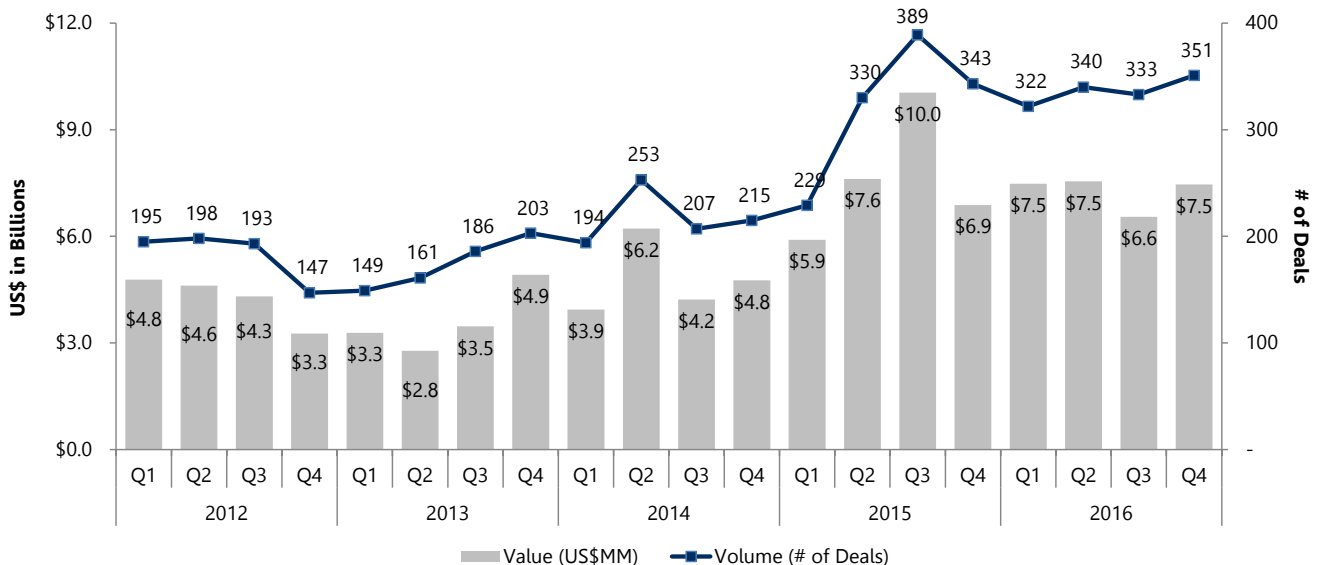
Private Placement Activity – Middle Market

Middle market private placement volume in the fourth quarter reached its highest level in more than five years, with 286 deals completed during the quarter. Despite the strong number of transactions, the total value of deals reached its lowest point since the first quarter of 2015 with the average transaction size hitting its lowest point since 2010. The full year of 2016 showed increased transactions in the consumer discretionary and consumer staples sectors while a declining number of transactions for healthcare related companies. The technology sector continued to be the primary beneficiary of private placement activity during the year with greater than 40% of total volume.



Venture Capital Investment Activity – Middle Market

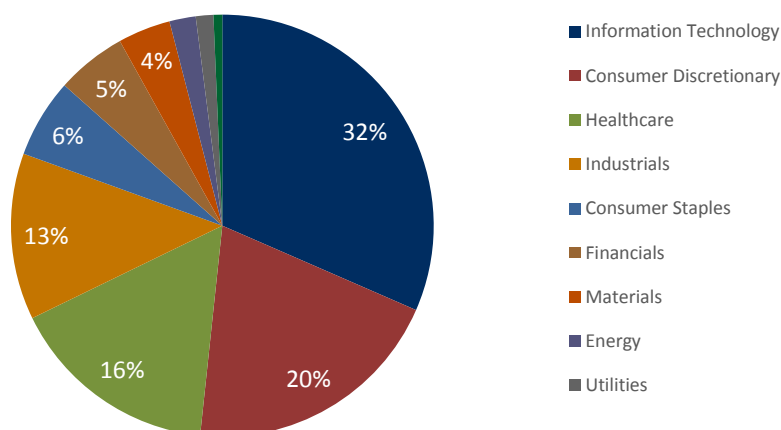
Venture capital activity experienced an increase in both total deal volume and value over the fourth quarter of 2015. In contrast to private equity activity, the average deal size for venture capital transactions increased from the prior year period. Overall, venture capital activity remained relatively consistent during 2016 with a steady number of transactions and values throughout the year. As expected, the technology sector led venture capital investment with 45% of total transactions during 2016 with healthcare transactions comprising 20% of transaction volume. With the steady venture capital transaction levels of 2015 and 2016, the investment community seems to have recovered from their post-financial crisis hangover and activity levels have normalized to appropriate level for venture investment.



Utah M&A Activity by Sector

The fourth quarter of 2016 included 32 Utah related M&A transactions and an additional six deals that involved companies that were sold by Utah-based financial investors. Consumer Discretionary and Healthcare each accounted for 22% of quarterly deal volume, followed closely by Technology, which ended with 19% of deal volume. The largest deal of the quarter came from the Materials sector and was the sale of Headwaters Incorporated to Boral Industries, Inc. for \$2.6 billion. Other notable deals in the quarter included Dominion Midstream Partners LP's acquisition of Questar Pipeline, LLC and Dainippon Sumitomo Biotechnology America Holdings Inc.'s acquisition of Tolero Pharmaceuticals, Inc. for \$1.7 billion and \$780 million, respectively.

Utah Transaction Mix
(Last Twelve Months)



Utah M&A Transaction Details for Q4 2016

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ /Revenue	TEV ¹ /EBITDA
Consumer Discretionary							
12/16/16	Questar Fueling Company - Seller: Dominion Questar Corporation	American Natural Gas, LLC	Automotive Retail	Natural gas fueling stations	-	-	-
12/05/16	Girls Go Digital	CodeChangers, LLC	Education Services	Coding educational program	-	-	-
11/18/16	ClearPlex Corporation, Select Assets	Madico, Inc.	Automotive Retail	Windshield protection films	-	-	-
11/07/16	The Hero Club - Seller: Hero Partners, LLC	C-Suite Holdings Inc.	Leisure Facilities	Private club for CEOs	-	-	-
11/03/16	Axis 41, Inc.	Merkle Inc.	Advertising	Digital marketing agency	-	-	-
10/27/16	Jolly Fish Press, LLC	Flux	Publishing	Book publishing	-	-	-
10/17/16	Think Through Learning Inc.	Imagine Learning, Inc.	Education Services	Education technology	-	-	-
Consumer Staples							
11/30/16	Bluebird Candy Company	Individual	Packaged Foods and Meats	Candy and chocolate	-	-	-
11/19/16	Veridicus Holdings, LLC and Granite Alliance Insurance Company	Magellan Healthcare, Inc.; Magellan Pharmacy Services, Inc.	Drug Retail	Pharmacy stores	\$73	-	-
Energy							
10/28/16	Questar Pipeline, LLC	Dominion Midstream Partners, LP (NYSE:DM)	Oil and Gas Storage and Transportation	Natural gas transportation and storage	\$1,721	6.7x	10.0x
10/12/16	Critical Flow Solutions Inc.	CIRCOR International, Inc. (NYSE:CIR)	Oil and Gas Equipment and Services	Service equipment for refining operations	\$214	1.8x	8.6x

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
Financials							
12/01/16	Landmark Home Warranty, LLC	American Home Shield Corporation	Property and Casualty Insurance	Home warranties	-	-	-
10/04/16	Medallion Business Credit, LLC Seller: Medallion Bank	- Regional bank	Specialized Finance	Asset-based lending	-	-	-
Healthcare							
12/21/16	Tolero Pharmaceuticals, Inc.	Dainippon Sumitomo Pharma America Holdings, Inc.	Biotechnology	Therapeutic cancer treatment	\$780	-	-
12/02/16	MEDRON, Inc.	Flexan LLC	Healthcare Supplies	Percutaneous catheters	-	-	-
12/02/16	Identigene, L.L.C. - Seller: Sorens on Genomics, LLC	DNA Diagnostics Center, Inc.	Healthcare Services	Paternity testing laboratory services	-	-	-
12/01/16	PolarityTE, Inc.	Majesco Entertainment Company (NasdaqCMCOOL)	Biotechnology	Translational regenerative medicine	-	-	-
11/15/16	Distal Access, LLC, Gynecology and Urology Portfolio	Boston Scientific Corporation (NYSE:BSX)	Healthcare Supplies	Surgical instruments	-	-	-
11/10/16	UNConnect LC	GeneInsight LLC	Health Care Technology	Workflow systems	-	-	-
10/11/16	Tute Genomics, Inc. - Sellers: BoomStartup, LLC; Healthbox, LLC; Intermountain Healthcare, Inc.; SPeak Venture; Salt Lake Life Science Angels*	PierianDx, Inc.	Health Care Technology	Cloud-based application for genomic research	-	-	-
Industrials							
12/09/16	M Space Holdings, LLC	VESTA Housing Solutions, LLC	Construction and Engineering	Modular general contractor	\$14	-	-
12/06/16	Zing Solar LLC	Vision Solar, LLC	Construction and Engineering	Solar energy	-	-	-
11/23/16	Adama Technologies Corporation (OTCPK:ADAC)	Alpine Industries LLC	Environmental and Facilities Services	Mining	-	-	-
Information Technology							
12/14/16	Claimwire, LLC	Origami Risk LLC	Internet Software and Services	Compliance resource website	-	-	-
12/12/16	DuPont Holographics, Inc.	De La Rue plc (LSE:DLAR)	Electronic Components	Holographic optical elements	\$25	-	-
12/06/16	FreshLime Inc.	Dashero, Inc.	Internet Software and Services	Marketing automation and customer engagement platform	-	-	-
12/05/16	Radiate Media Holding Company - Sellers: Kickstart Seed Fund; Signal Peak Ventures*	GTN Limited (ASX:GTN)	Application Software	Software and services for audience acquisition	\$15	0.3x	12.6x
11/10/16	Kunversion, LLC	Inside Real Estate	Internet Software and Services	Cloud-based software platform	-	-	-
10/26/16	Asset Management Engineering, Inc.	ValuD Consulting, LLC	IT Consulting and Other Services	IT consulting and technical services	-	-	-
Materials							
12/14/16	Conwed Plastics, LLC - Seller: Baldwin Enterprises, Inc.	DeStar Technologies, Inc.; SWMLuxembourg S.à.R.L.; SWMEurope S.à.r.l.	Commodity Chemicals	Plastic netting and other specialty plastic products	\$335	2.4x	-
11/20/16	Headwaters Incorporated (NYSE:HW)	Boral Industries, Inc.	Construction Materials	Building materials	\$2,630	2.6x	14.8x
Telecommunication Services							
11/15/16	InterLinx Communications LLC	TDS Broadband Service LLC	Integrated Telecommunication Services	Telecommunication services for business and household customers	-	-	-

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
M&A Exits for Companies that have a Financial Investor Based in Utah							
12/13/16	Eager Platform Co. Seller: Pelion Venture Partners*	CloudFlare, Inc.	Internet Software and Services	App development platform	-	-	-
12/05/16	Weddington Way, Inc. - Seller: Peters on Ventures, LLC*	The Gap, Inc. (NYSE:GPS)	Internet and Direct Marketing Retail	Online boutique for bridesmaid dresses	-	-	-
11/20/16	LifeLock, Inc. (NYSE:LOCK) - Seller: Cross Creek Advisors*	Symantec Corporation (NasdaqGS:SYMC)	Specialized Consumer Services	Identity theft protection services	\$2,528	3.6x	50.0x
11/14/16	ServiceMax, Inc. - Seller: Cross Creek Advisors	GE Digital LLC	Internet Software and Services	Cloud-based field service software solutions	\$915	-	-
11/08/16	TubeMogul, Inc. Seller: Cross Creek Advisors*	Adobe Systems Incorporated (NasdaqGS:ADBE)	Systems Software	Software for digital branding	\$626	2.6x	NM
10/19/16	Arterioocyte Medical Systems, Inc. - Seller: DW Healthcare Partners	Isto Biologics	Healthcare Equipment	Medical devices	-	-	-

Utah Private Placement and Venture Capital Activity

There were 10 Utah-related private placements throughout the fourth quarter of 2016, reaching more than \$200 million in deal value. Technology drove deal volume for the quarter, comprising 70% of total volume, yet only 45% of deal value and included Finicity Corporation's \$42 million capital raise in early December. The largest capital raise of the quarter came from the Utilities sector, when Questar Gas Company announced that they would be receiving \$100 million in debt funding from an undisclosed investor.

Utah-based Companies that Raised Capital

Announced Date	Issuer	Round/Investors(s)	Issuer Industry	Issuer Business Description	Amount Raised (\$mm)
Consumer Discretionary					
10/26/16	Global Uprising, PBC	Not Disclosed	Apparel, Accessories and Luxury Goods	Outdoor products	\$3
Healthcare					
11/03/16	Owlet Baby Care Inc.	Trilogy Equity Partners; Amazon.com Inc., Investment Arm; ENIAC Ventures; Broadway Angels; Eclipse Ventures, LLC	Healthcare Equipment	Monitor for tracking baby breathing and heart rate	\$14
Information Technology					
12/12/16	Numetric, Inc.	EPIC Ventures	Internet Software and Services	Business intelligence	\$4
12/08/16	MasteryConnect Inc.	Trinity Ventures; Pelion Venture Partners ; Catamount Ventures Management LLC; The Michael and Susan Dell Foundation, Endowment Arm; Chan Zuckerberg Initiative	Internet Software and Services	Online community for educators	\$5
12/07/16	Finicity Corporation	Series B: Experian Information Solutions, Inc.; Bridge Bank, National Association	Internet Software and Services	Cloud-based financial software platform	\$42
10/24/16	Lendio, Inc.	Comcast Ventures; North Hill Ventures, LP; Blumberg Capital; Tribeca Venture Partners; Napier Park Global Capital (US) LP; Stereo Capital	Internet Software and Services	Online marketplace	\$20
10/12/16	Teal Drones, Inc.	Not Disclosed	Electronic Equipment and Instruments	Drones	\$3
10/11/16	Azteca Systems, Inc.	Polaris Partners; Blue Cloud Ventures	Application Software	Geographic information systems (GIS)	\$15
10/01/16	Domo, Inc.	Not Disclosed	Internet Software and Services	Cloud-based business management platform	\$6
Utilities					
12/15/16	Questar Gas Company	Series A: Not Disclosed	Gas Utilities	Natural gas	\$100

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.

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