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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 2017

M&A activity in North America and Europe totaled \$2.93 trillion across 19,510 deals in 2017—the fourth consecutive year of at least \$2.9 trillion in value. While M&A activity has remained strong on a historical basis, the number of completed transactions decreased by 16.8% year-over-year. Continually high cash on corporate balance sheets and ballooning PE fund sizes, combined with relatively easy access to affordable financing, has allowed buyers of all types to pursue larger deals, with the median deal size climbing by a third to \$40 million in 2017.

While investors maintain a sanguine global economic outlook, the pace of growth remains sluggish compared to other recoveries. With organic growth difficult to come by, acquisitions are still seen as an easier way to boost revenue and earnings, especially given the easy access to financing in today's market. But some buyers, especially strategics, are tapping the brakes as they incorporate recent acquisitions into existing operations.

Despite a pullback in strategic acquisitions, competitive pressures, especially from PE buyers, remain high. As a result, the median valuation/EBITDA multiple remains elevated at 10.4x and the median debt/EBITDA multiple has risen to a decade high of 5.6x. Competition has been stoked by increased crowding in the PE industry; US middle market PE firms have extended an impressive fundraising streak, raising over \$100 billion in capital commitments every year since 2013. These market dynamics have compressed aggregate return expectations with a clear downward trend in median returns since 2000.

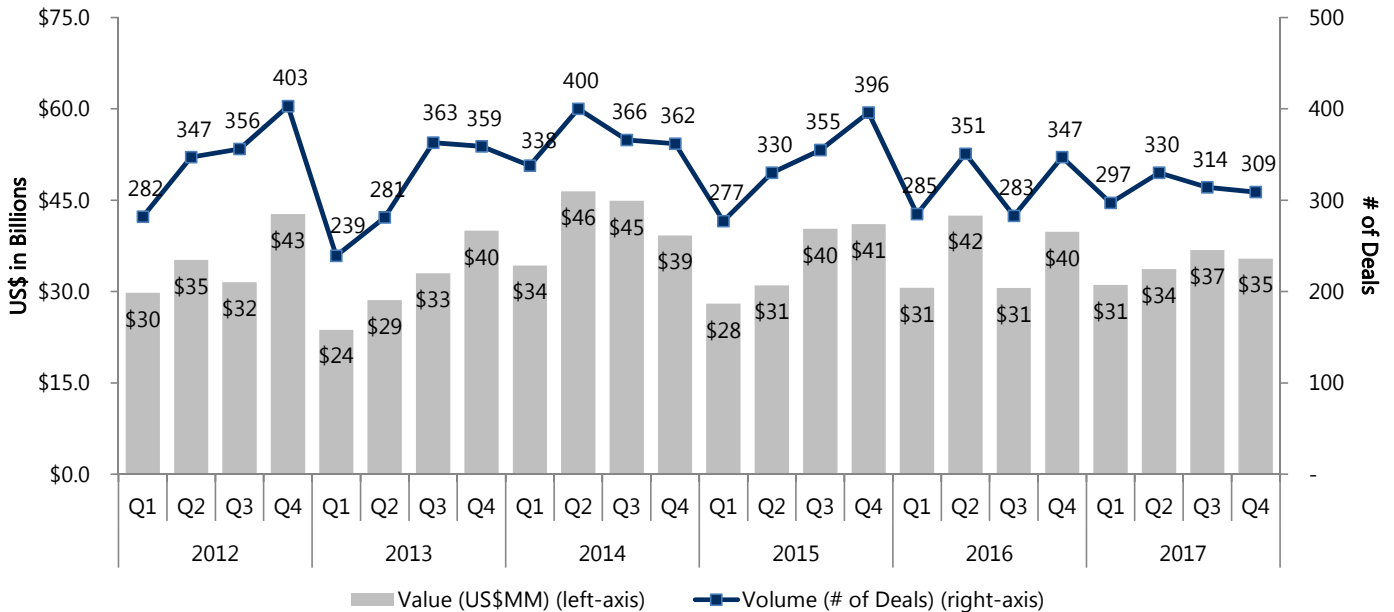
The lower US corporate tax rate of 21% is likely to result in a further increase in M&A activity that will likely put additional upward pressure on price multiples. One big positive for prospective sellers is the lower corporate tax rate will reduce the tax bill to companies that sell off business units. Another is the lower rate will give companies more cash to spend, especially at a time when share buybacks are less attractive because of high stock prices. Finally, companies with overseas cash will be able to bring it home to use for acquisitions.

Global IPO activity for 2017 was the most active year since 2007 with surging deal volumes and values resulting in 1,624 IPOs raising \$189 billion, compared with 1,093 deals raising \$135 billion in 2016. The outlook for 2018 is positive. Lower volatility across regions, equity indices hitting all-time highs and steady investor confidence are encouraging a healthy pipeline of market-ready companies to build up across sectors and markets. On the downside, geopolitical risks in many regions remain visible points on the radar and rising interest rates could put pressure on equity valuations and returns.

For venture-backed US startup firms, 2017 was the second biggest year of investments on record with total annual funding of \$72 billion invested across 5,052 deals. Both Q217 and Q417 saw 33 rounds of \$100 million or more. 2017 was the second year that saw dollar funding top \$70 billion, but deals declined for the third straight year, falling 4% from 2016 and reaching the lowest annual total since 2012.

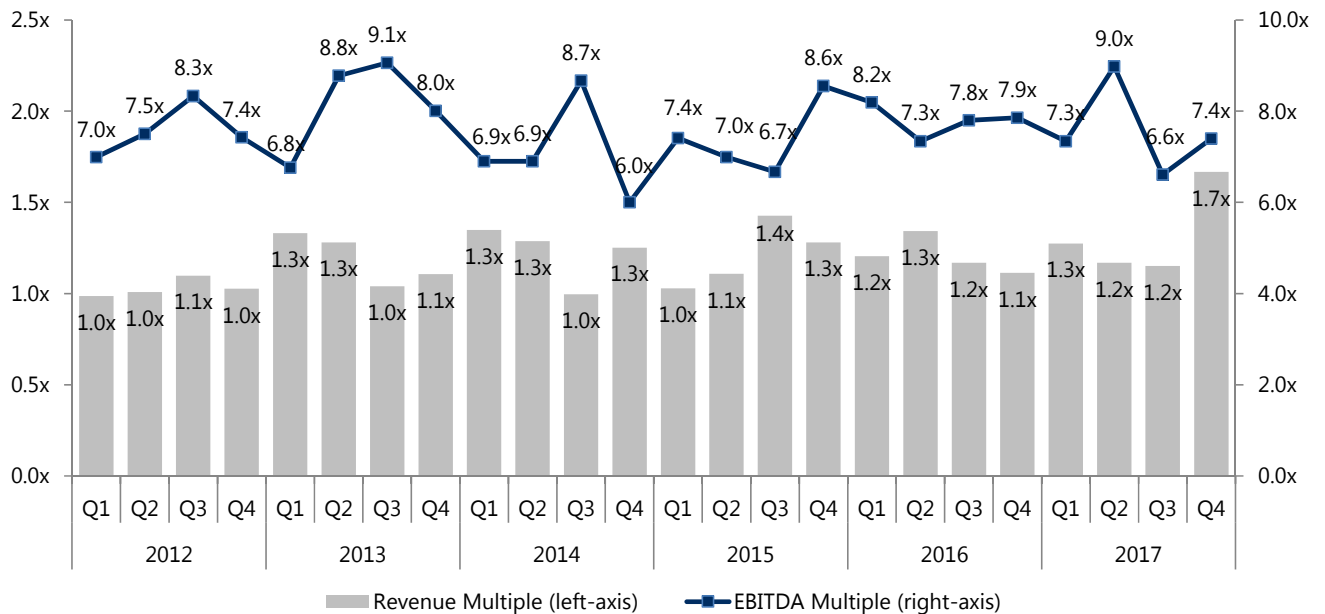
M&A Activity – Middle Market

U.S. middle market deal activity in the fourth quarter continued on pace with recent trends, with overall transaction value and volume essentially flat from 3Q17. However, compared to the prior year quarter and prior fourth quarters, both the volume and value of transactions were down significantly. The uncertainty surrounding tax legislation during the quarter led to a number of sellers pushing transactions into 2018 due to the potential of lower transaction taxes. Overall, U.S. middle market M&A activity continues unabated late into the cycle and high quality companies are finding it easy to transact with significant private capital available to be deployed.



Valuation Multiples – Middle Market M&A Transactions

Disclosed middle market M&A revenue multiples spiked up in 4Q17 to 1.7x breaking out of the historically tight range of 1.1x and 1.3x. The increase was driven by transaction mix during the quarter that included a higher volume of technology, healthcare and branded consumer product transactions. While the changes in transaction multiples quarter to quarter can be volatile, the overall trend is consistent with valuations remaining strong and business acquirers having to 'pay up' for well managed high margin private businesses as competition remains robust from both private equity firms and corporations searching for acquisition targets to drive growth.

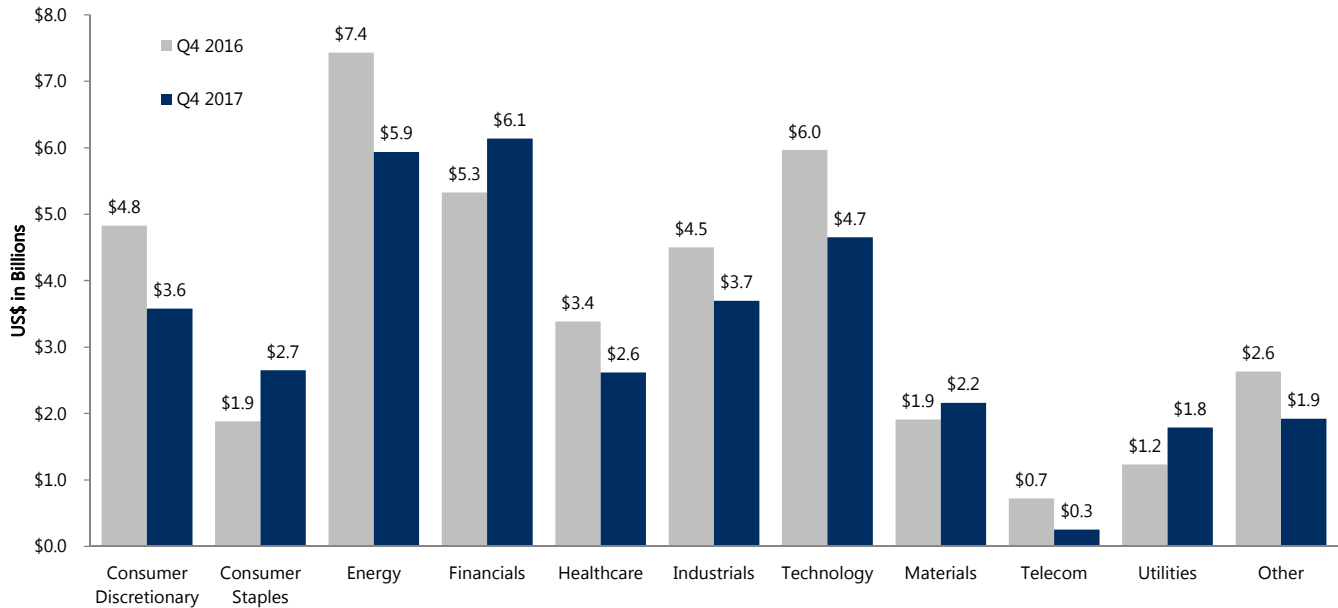


Note: Middle market defined as transactions between \$10 and \$500 million in the U.S., excluding transactions in real estate. EBITDA multiples disclosed in less than 10% of all transactions.

Source: S&P Capital IQ.

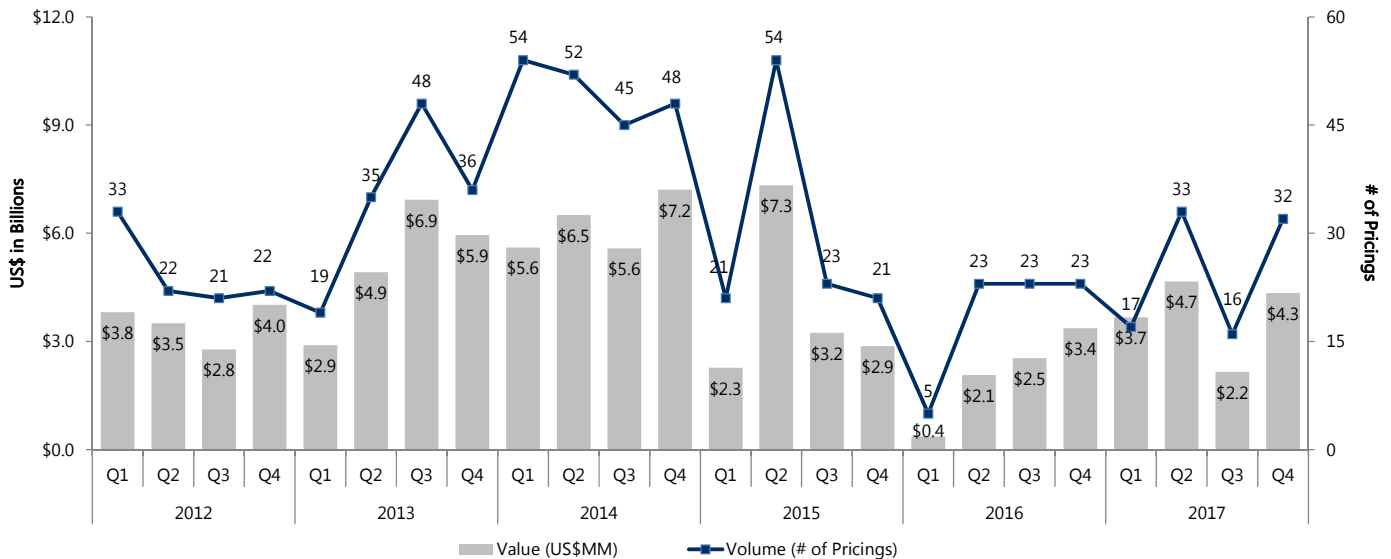
M&A Activity by Sector – Middle Market

The fourth quarter of 2017 brought lower deal activity across most industries as compared to 4Q16, with both volume and value of overall transactions down 11% over the prior year period. Both technology and healthcare transaction values and volume were down ~20% quarter over quarter as sellers remained on the sidelines to wait out tax uncertainty. Transaction values in the energy and industrial sectors were also down ~20% during the quarter but were driven by a lower average transaction size with transaction volumes decreasing by less than 10% in these sectors. The consumer staples sector continued to show significant strength driven by transactions in the packaged foods and meats sub-sector as larger industry players continue to use debt financing to gain market share through acquisitions.



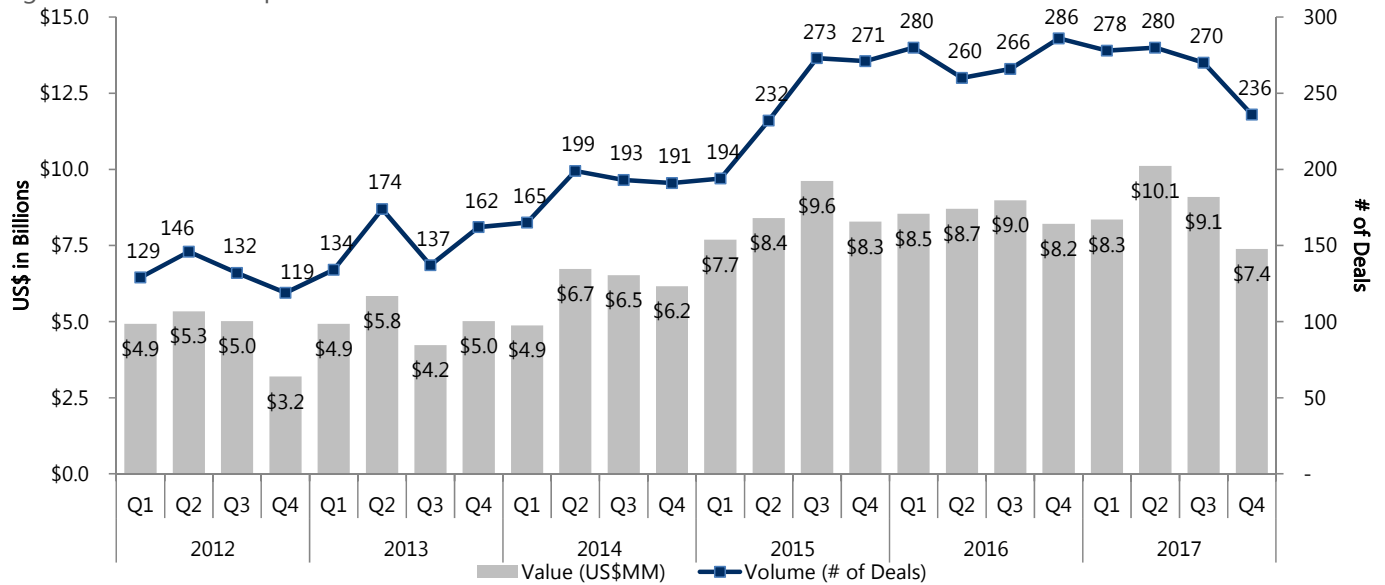
IPO Activity – Middle Market

Middle market IPO activity in the fourth quarter of 2017 bounced back from a lower 3Q17 to finish the year with strength. IPO activity in 2017 was up significantly over 2016 with a 32% increase in transaction volume but a 78% increase in transaction value driven by a 50% increase in the average initial offering size. Healthcare transactions continued to lead industry groups with 44% of all transactions during the quarter driven by eight biotechnology offerings. The technology sector comprised over 30% of IPO transactions during the quarter, the highest percentage since Q415. IPO activity in 2018 is expected to remain active but the weak stock performance of several highly anticipated 2017 IPOs, including Blue Apron and Snap, remain a drag on IPO offerings as momentum in IPOs generally follows periods of strong post-IPO stock performance.



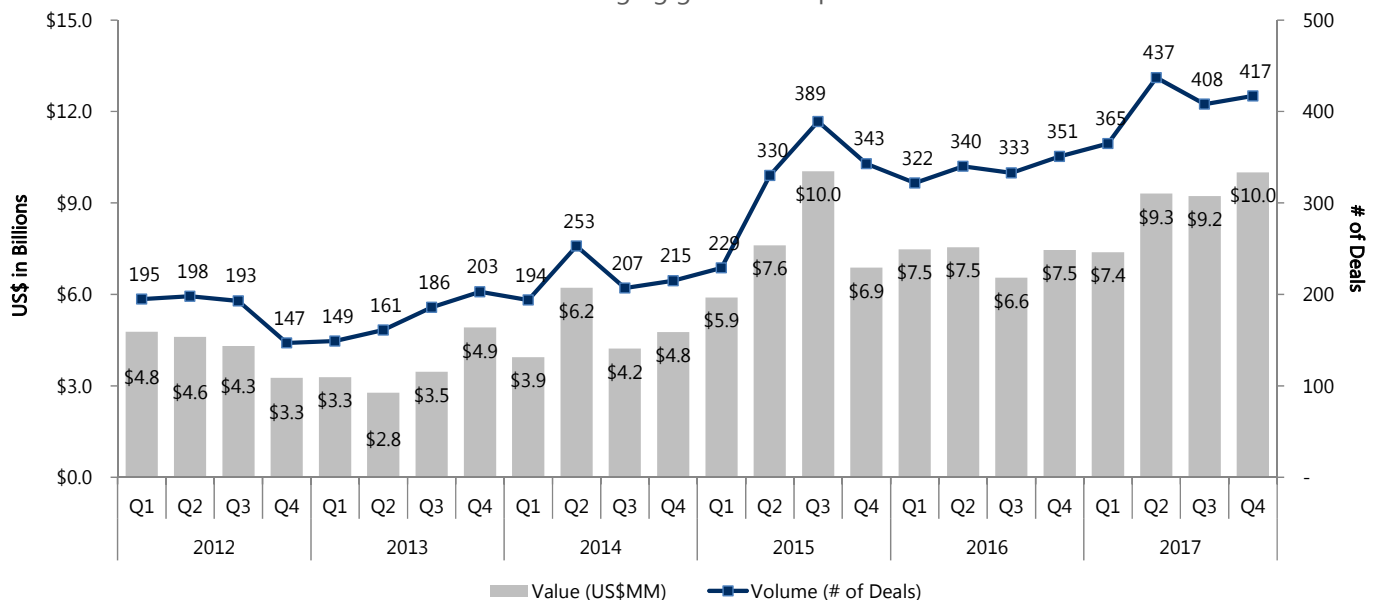
Private Placement Activity – Middle Market

Middle market private placement volume in 4Q17 decreased by 17.5% over the prior year quarter with transaction values lower by 10%. Activity for the full year of 2017 was essentially flat with 2016 as private companies continued to obtain financing from the private equity growth and income funds. The technology and healthcare sectors continued to attract the bulk of private placement funding during the quarter with 43% and 20% of total deal volume, respectively, consistent with historical activity. While 4Q17 was down over the prior year period and 3Q17, we expect private placement activity to remain robust going in 2018 as the amount of private equity capital available continues to grow and has to be 'put to work'.



Venture Capital Investment Activity – Middle Market

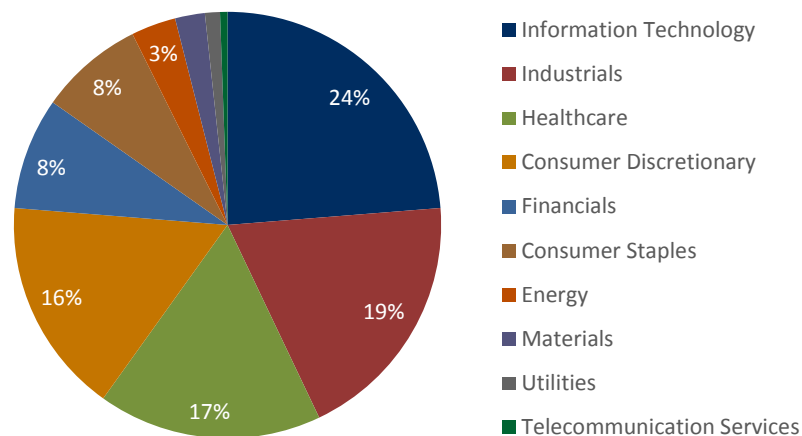
Venture capital activity ended the year on a high note with deal volume and values up over 20% over the prior year quarter. For the full year 2017, venture capital activity increased significantly with transaction values up nearly 35% over 2016 driven by a nearly 20% increase in transaction volume and a 13% increase in average transaction size. The increased activity and size of transactions have been driven by VC firms investing in larger 'club' transactions in expansion-stage and later-stage companies. Technology continued to lead venture capital investment with internet software and services and application software companies obtaining the bulk of VC capital, including a record number of investments in companies focused on artificial intelligence applications. We expect venture investing in 2018 to remain active as institutional investors focus on emerging growth companies to drive overall returns.



Utah M&A Activity by Sector

The fourth quarter of 2017 included 46 Utah related M&A transactions, consisting of both buy-side and sell-side transactions. The broad mix of transactions by industry demonstrates the unique diversification of Utah's business environment with a significant volume of transactions in the Consumer Discretionary, Healthcare, Industrials and Technology sectors. Transactions of note during the quarter included American Fork-based Four Foods Group's acquisition of St. George-based Swig which capped off an impressive year of acquisitions for the restaurant development and operations company. South Jordan-based Merit Medical Systems, Inc., which is publicly traded on the Nasdaq exchange, was particularly active during the quarter by acquiring five different medical device businesses including the acquisition of Becton Dickinson's soft tissue core needle biopsy product line and C. R. Bard's Aspira product line from Becton Dickinson for \$100 million.

Utah Transaction Mix (Last Twelve Months)



Utah M&A Transaction Details for Q4 2017

Announced Date	Target	Acquiror	Target Industry	Target Business Description	Size (\$mm)	TEV ¹ /Revenue	TEV ¹ /EBITDA
Consumer Discretionary							
12/6/2017	Audio Everywhere Brand And Products of ExXothermic, Inc.	Listen Technologies Corporation	Consumer Electronics	Audio streaming software developer	-	-	-
12/6/2017	Vacation Travel Match, LLC	TravelPass Group LLC	Internet and Direct Marketing Retail	Travel planning software provider	-	-	-
11/20/2017	Henders on Wheel & Trailer Supply Inc.	Dexter Axle Company, Inc.	Auto Parts and Equipment	Commercial vehicle axle producer	-	-	-
11/15/2017	Garb Athletics	Badger Sportswear, Inc.	Apparel, Accessories and Luxury Goods	Customized sports team uniform producer	-	-	-
11/8/2017	Free Form Factory, Inc.	Nikola Powersports LLC	Automobile Manufacturers	Watercraft manufacturer	-	-	-
10/9/2017	Women's Ski Jumping USA	USA Nordic Sport	Entertainment	Athletic organization	-	-	-
10/4/2017	United Concerts, Inc.	Live Nation Entertainment, Inc.	Movies and Entertainment	Concert planning services	-	-	-
10/3/2017	Cool Events, LLC	Sack Lunch Productions, Inc.	Advertising	Sporting event planning 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 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
Consumer Staples							
12/6/2017	Telegraph Brewing Co., Inc.	Epic Brewing Company, LLC	Brewers	Craft beer manufacturer	-	-	-
12/4/2017	VMI Nutrition Inc.	Nelson Nutraceuical, LLC	Personal Products	Nutritional supplement manufacturer	-	-	-
12/1/2017	Swig Holdings, LLC	Four Foods Group Holdings, LLC	Soft Drinks	Specialty soda restaurant chain	-	-	-
11/3/2017	All Assets of Alliance Medical Holdings, LLC	UpWell Holding, Inc.	Drug Retail	Pharmaceutical software services	\$15	-	-
Financials							
11/20/2017	Alta Capital Management LLC	Guardian Capital Group Limited	Asset Management and Custody Banks	Asset management	\$55	-	-
10/30/2017	White Cap Wealth Management	Kestra Private Wealth Services, LLC	Asset Management and Custody Banks	Wealth management services	-	-	-
10/2/2017	Interwest Transfer Company, Inc.	Issuer Direct Corporation	Investment Banking and Brokerage	Brokerage service provider	\$3	-	-
Healthcare							
11/17/2017	BC Technical, Inc.	Alpha Source, Inc.	Healthcare Distributors	Molecular imaging solutions	-	-	-
11/15/2017	BD's Soft Tissue Core Needle Biopsy Product Line and C. R. Bard's Aspira Product Line	Merit Medical Systems, Inc.	Healthcare Equipment	Biopsy kit manufacturer	\$100	-	-
11/14/2017	Knudra Transgenics, LLC	NemaMatrix, Inc.	Biotechnology	Biomedical research lab	-	-	-
10/23/2017	Plasma Performance, LLC	Apex Biologix, LLC	Healthcare Services	Physician training services	-	-	-
10/2/2017	ITL Healthcare Pty Ltd	Merit Medical Systems, Inc.	Healthcare Supplies	Medical and surgical solutions	\$14	-	-
9/30/2017	IntelliMedical Technologies Pty Ltd	Merit Medical Systems, Inc.	Healthcare Supplies	Robotic surgical device producer	-	-	-
8/31/2017	Laurane Medical S.A.S.	Merit Medical Systems, Inc.	Healthcare Supplies	Orthopedic implants and device manufacturer	-	-	-
8/1/2017	Sampleminded, Inc.	Exact Sciences Corporation	Health Care Technology	Mission critical specimen research laboratory	\$8	-	-
7/31/2017	Osseon LLC	Merit Medical Systems, Inc.	Healthcare Equipment	Medical device manufacturer	-	-	-
Industrials							
12/29/2017	Western States Equipment Co., Inc. (nka:Western States Equipment Holdings, LLC)	Kingsbridge Holdings, LLC	Trading Companies and Distributors	Equipment and machinery supplier	-	-	-
12/12/2017	Certain Assets of Pritchett, Siler & Hardy, P.C.	Haynie & Co.	Research and Consulting Services	Accounting firm	-	-	-
12/8/2017	Heintzmann Australia Pty Ltd	DSI Underground Systems Inc.	Industrial Machinery	Mining equipment manufacturer	-	-	-
12/7/2017	APEX Logistics Group	GlobalTranz Enterprises, Inc.	Air Freight and Logistics	Shipping logistics	-	-	-
12/1/2017	Assets of Cate Drilling Solutions LLC	Epiroc AB	Industrial Machinery	Drilling equipment provider	-	-	-
11/1/2017	Savage Logistics, LLC - Seller: Savage Industries, Inc.	Becker Logistics LLC	Air Freight and Logistics	Third party logistics services	-	-	-
10/3/2017	IntegraCore, LLC	Visible Supply Chain Management, LLC	Air Freight and Logistics	Supply chain management services	-	-	-
10/2/2017	AlphaGraphics, Inc.	Undisclosed	Commercial Printing	Print marketing service provider	\$60	-	-

1. Total enterprise value.

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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
Information Technology							
12/13/2017	Broker Sumo, Inc.	Inside Real Estate	Internet Software and Services	Real estate software solutions	-	-	-
12/1/2017	CRMmanager, LLC	Simplus	IT Consulting and Other Services	CRM platform	-	-	-
11/29/2017	BleuAcre Consulting, LLC	NetVoyage Corporation	Application Software	Legal software provider	-	-	-
11/29/2017	Mnebox IT Services GmbH	ClearCenter Corp.	Data Processing and Outsourced Services	Cloud storage and security services	-	-	-
11/22/2017	Practice XYZ, Inc.	Ins tructure, Inc.	Internet Software and Services	Video training platform	\$28	-	-
11/15/2017	3DSIM, LLC	Ansys, Inc.	Application Software	Metal manufacturing simulation software	-	-	-
11/1/2017	Financial Town, Inc.	POP in Video Banking, Inc.	Application Software	Interactive financial service software developer	-	-	-
11/1/2017	Builder Fusion, Inc.	GrowthZone, Inc.	Internet Software and Services	Home builder association software developer	-	-	-
10/31/2017	Datas hield, LLC	The ADT Corporation	IT Consulting and Other Services	Cybersecurity software provider	-	-	-
10/30/2017	CarrierSales.com LLC	Telarus Inc.	IT Consulting and Other Services	IT consultants for telecommunication firms	-	-	-
10/10/2017	Caps hare LLC - Sellers: Kicks tart Seed Fund, Stoneway Capital*	Solium Capital Inc.	Internet Software and Services	Cloud based storage provider	-	-	-
10/2/2017	Spring2 Technologies Inc	Eide Bailly LLP	IT Consulting and Other Services	Systems and technology consulting	-	-	-
10/1/2017	Bas k Technology, Inc. - Seller: Signal Peak Ventures*	Hands Free Networks, Inc.	IT Consulting and Other Services	Cybersecurity software provider	-	-	-
Materials							
11/20/2017	Mountain States Steel, Inc.	Schuff Steel Company, Inc.	Diversified Metals and Mining	Steel products manufacturer	-	-	-

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 seven Utah-related private placements throughout the fourth quarter of 2017, reaching \$105 million in deal value. In the healthcare arena, Draper-based Collective Medical Technologies, Inc. raised \$48 million in a Series A financing to launch its software patient management platform, which unifies healthcare providers and patient care teams through information alerts, patient context, and collaborative care planning. The round was led by top tier VC Kleiner Perkins with Utah based EPIC Ventures and Peterson Ventures also participating. Additionally, Nikola Motor Company raised \$10M from strategic partner WABCO holdings for 1.0% of the company, implying a \$1.0 billion valuation. With five other technology capital raises, including a Series C for Salt Lake-based TaskEasy and Series B for Sandy-based Simplus, Utah-based technology companies continued to attract institutional capital from both within and outside of the state of Utah.

Utah-based Companies that Raised Capital

Announced Date	Issuer	Round/Investor(s)	Issuer Industry	Issuer Business Description	Amount Raised (\$mm)
Consumer Discretionary					
12/20/17	Nikola Motor Company	WABCO Holdings Inc. (NYSE:WBC)	Automobile Manufacturers	Electric vehicle manufacturer	\$10
Healthcare					
11/14/17	Collective Medical Technologies, Inc.	Series A: Kleiner Perkins Caufield & Byers (Lead); Bessemer Venture Partners; EPIC Ventures ; Kaiser Permanente Ventures; Peterson Ventures, LLC ; Providence Ventures; Maverick Ventures Israel	Health Care Technology	Patient management software	\$48
Information Technology					
12/13/17	DivvyPay, Inc.	Seed: Caffeinated Capital (Lead); HVF; DFJ	Internet Software and Services	Online payment and budgeting platform	\$7
12/07/17	MobiChord, LLC	Servicenow Ventures	Application Software	Telecom service management software provider	\$7
11/29/17	Empiric Health, Inc.	Seed: Intermountain Healthcare, Inc.	Internet Software and Services	Healthcare service platform	\$3
11/09/17	TaskEasy, Inc.	Series C: River Cities Capital Funds (lead); Grotech Ventures; Access Venture Partners; Delta Electronics Capital Company; Camber Capital; Moderne Ventures	Internet Software and Services	Online construction management software	\$21
11/06/17	Simplus	Series B: EPIC Ventures (lead); Cross Creek Advisors ; Salesforce Ventures	Internet Software and Services	Enterprise technology data services	\$9

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							
12/14/2017	Trilogy International Limited - Seller: Grandeur Peak Global Advisors, LLC*	CITIC Capital Partners; Citic Capital China Partners III, L.P.	Personal Products	Soap and fragrance manufacturer	\$251	2.4x	12.9x
11/1/2017	Ocera Therapeutics, Inc. - Seller: Cross Creek Advisors*	MAK LLC	Pharmaceuticals	Pharmaceutical manufacturer	\$121	209.1x	-
10/4/2017	Earnest Operations LLC - Seller: Cross Creek Advisors*	Navient Corporation	Consumer Finance	Student loan consolidation services	\$155	-	-

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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