

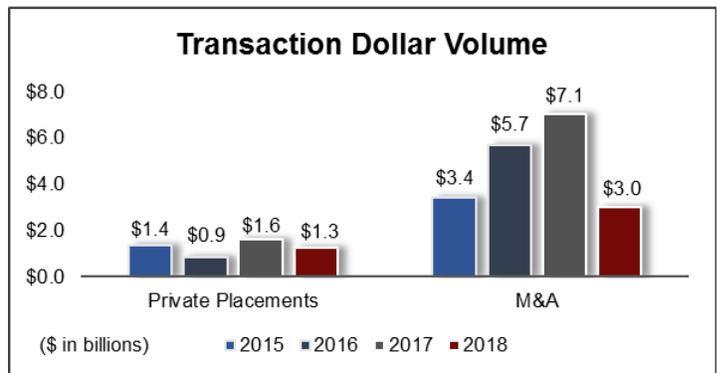
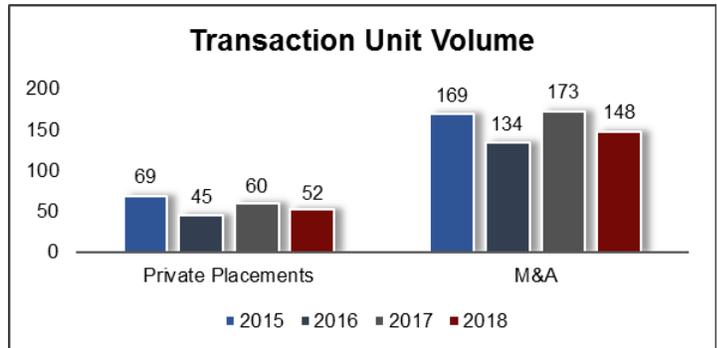


## 2018 Annual Utah Deal Review

*The Annual Utah Deal Review is prepared as a courtesy to the Utah business community based on our research and analysis of data from various sources on disclosed deals for Utah-based companies.*

It was a choppy year in the public markets for both M&A and private placements; at the surface, transaction data suggests the same for Utah. Transaction dollar volume in 2018 for reported transactions was down 50.7% to \$4.3 billion. By unit volume, Utah saw a 14.2% decrease to 200 total transactions. Critical to assessing the state's health is the knowledge of SAP's \$8.0 billion deal for cloud unicorn Qualtrics, which had it closed a few months sooner would have caused 2018 dollar volume to grow at 56.2%. This highlights the difficulty of assessing Utah transactions, which are dominated by large but inconsistent tech company sales and commonly skewed by the fact that values are often not disclosed.

Utah moved up one spot to #2 on the Forbes Best State for Business list in 2018, employment growth continues to top the nation, and annual job gains are the highest in the country, with 2.2% expected through 2022. This all points to a promising business outlook and near-perfect climate for M&A and private placements going forward. Columbia West will be diligent to assess whether that 14.2% unit volume decline reflects a fall from regional M&A highs, or just another fluctuation.



*\*Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements and transactions smaller than \$5.0 million. Includes only disclosed transactions amounts*

The Utah market saw M&A transactions between \$5.0 and \$500.0 million in 2018 representing an average of \$105.1 million per deal, up 27.2%. Global Payments' acquisition of AdvancedMD accounted for 23.2% of total M&A dollar volume, and the top 10 transactions accounted for 87.2% of total M&A dollar volume, compared to 93.8% in 2017. The median M&A transaction value was \$55.0 million in 2018, up 66.4% year-over-year.

Private placement dollar volume experienced a decrease of 22.5%, to approximately \$1.3 billion. The top ten 2018 private placement transactions accounted for 65.2% of total dollar volume, as compared to 68.6% in 2017. The average dollar value of disclosed transactions between \$5.0 million and \$500.0 million was \$29.8 million, down 11.9% from 2017. The median private placement transaction value was \$15.0 million in 2018, up 3.4% year-over-year. In short, despite the fluctuation, Utah saw at least 50 private placement transactions for the second straight year, and the third time in five years.

The Medical/Healthcare/Biotech sector led Utah transaction activity, driving 36.9% of total transaction dollar volume. Consumer/Retail and Telecom followed suit, with 16.1% and 11.7% of the total, respectively. Construction Service/Homebuilding and Energy/Utilities, two sectors together comprising 57.7% of total



transaction dollar volume in 2017 due in large part to the Headwaters and Sustainable Power Group acquisitions, were down to only 5.5% as a percent of the total in 2018. This figure is more in line with 2016's value of 6.4% for those sectors, jointly. Of the 13 industries analyzed, only three showed growth in either unit volume or total transaction dollar volume.

Nationally, a considerable stock market decline in 4Q18 caused M&A volumes to also fall, exacerbated by a choppy high yield market and concerns of rate rises and a potential trade war with China. The 2019 rebound has been impressive, buoyed in the presence of economic support from consumer trends, low unemployment, strong corporate balance sheets, and signaling from a patient Fed, but we do anticipate continued volatility ahead. M&A activity will be affected by lenders' continued participation, appetite for cross-border transactions in light of China concerns and the ability of newly cautious buyers to entice sellers to accept offers lower than their recent comparables. With the massive Qualtrics deal in hand, 2019 is expected to have a total transaction dollar volume significantly higher than 2018.

TOP 10 2018 M&A DEALS: (\$ in millions)		TOP 10 2018 PRIVATE PLACEMENTS: (\$ in millions)	
1: AdvancedMD, Inc.	\$700	1: Nikola Motor Company	\$210
2: Garcadia Auto, LLC	425	2: Rockwell Holdco, Inc.	118
3: Counsyl, Inc.	375	3: Venafi, Inc.	100
4: Jive Communications, Inc.	342	4: Braze, Inc.	80
5: Cianna Medical, Inc.	200	5: Lucid Software Inc.	72
6: Rimpports Inc.	170	6: Purple Innovation, Inc.	65
7: Eight Radio Stations in SF / Sacramento (Entercom)	141	7: Podium, Inc.	60
8: BD's Soft Tissue Core Needle Biopsy (Merit Medical)	100	8: Canopy Tax Inc.	44
9: Morinda Holdings, Inc.	100	9: Weave Communications Inc.	38
10: Anchor Bancorp	77	10: DiwyPay, Inc.	35

\*Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements  
Includes only disclosed transaction amounts.

Utah Deal Summary By Industry (\$ in millions)										
	2018			2017			Variance		% Growth	
	\$(1)	%	#	\$(1)	%	#	\$	#	\$	#
Medical / Healthcare / Biotech	\$1,575	36.9%	27	\$1,148	13.2%	44	427	(17)	37.2%	(38.6%)
Consumer / Retail	689	16.1%	31	628	7.2%	27	61	4	9.7%	14.8%
Manufacturing	284	6.6%	9	466	5.4%	14	(182)	(5)	(39.1%)	(35.7%)
Business Services	191	4.5%	41	85	1.0%	35	106	6	125.0%	17.1%
Financial Services	145	3.4%	12	32	0.4%	17	113	(5)	353.9%	(29.4%)
Electronics / Semiconductors	36	0.9%	5	147	1.7%	6	(110)	(1)	(75.2%)	(16.7%)
Technology / Software / Services	607	14.2%	41	745	8.6%	59	(138)	(18)	(18.6%)	(30.5%)
Gaming / Leisure / Lodging	0	—	4	25	0.3%	5	(25)	(1)	(100.0%)	(20.0%)
Construction Service/Homebuilding	235	5.5%	18	3,176	36.6%	13	(2,941)	5	(92.6%)	38.5%
Energy/Utilities	0	—	1	1,827	21.1%	5	(1,827)	(4)	(100.0%)	(80.0%)
Telecom	498	11.7%	7	0	—	2	498	5	N/A	250.0%
Natural Resources	13	0.3%	2	92	1.1%	2	(79)	0	(85.4%)	—
Real Estate Services	0	—	2	306	3.5%	4	(306)	(2)	(100.0%)	(50.0%)
<b>Totals</b>	<b>\$4,273</b>	<b>100.0%</b>	<b>200</b>	<b>\$8,676</b>	<b>100.0%</b>	<b>233</b>	<b>(4,403)</b>	<b>(33)</b>	<b>(50.7%)</b>	<b>(14.2%)</b>

\*Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements and transactions smaller than \$5.0 million.  
(1) Includes only disclosed transactions amounts

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