

UTAH M&A QUARTERLY UPDATE

Third Quarter 2020



COVID-19 Impact Disrupts M&A Deal Activity; Pockets of Stability in Select Industries

Utah is showing signs of recovery, but M&A activity is drastically down year-over-year; both strategic and financial investors are sitting on a substantial amount of dry powder that needs to be deployed, however there are a limited amount of attractive opportunities in the market

Utah Market Outlook

Unemployment claims peaked at 33,040 in April, but by July 4th they were down to 4,850 claims, demonstrating a quick recovery for the state – **Utah has traditionally experienced a more muted impact during economic recessions / volatility than the rest of the United States**

COVID-19 resurgence is causing economists to believe the state and nation will not be in a V-shape recovery but a U or even W depending on the leisure and hospitality industry this winter

Utah's economy is ranked the best in the nation during the COVID-19 pandemic, according to 24/7 Wall Street – Utah's low unemployment rate when compared to the rest of the country, strong economic growth, and low poverty rate, one of seven states with less than 10%, have garnered it this title – experts believe Utah is on the road to recovery, but volatility and pain still remains

Notable Utah Transactions 2020

Healthcare

vitalware



On September 1, 2020 Health Catalyst closed a deal that had them acquiring Vitalware. A provider of revenue cycle SaaS solutions to healthcare organizations

"We are excited to welcome the Vitalware team to support our shared mission to be the catalyst for massive, measurable improvements." – *Dan Burton, CEO, Health Catalyst*

Information Technology

cPayPlus
BETTER PAYMENTS

REPAY
Realtime Electronic Payments

On July 23, 2020 Repay Holdings closed a deal that had them acquiring cPayPlus, a provider in payments software and service to automotive, property management, and field services

"We are confident that their leadership and vision will prove invaluable as we work together to accelerate growth in our B2B business." – *John Morris, CEO, Repay Holdings*

Healthcare

Lineagen

bionano
GENOMICS

On August 21, 2020 Bionano Genomics closed a deal that had them acquiring Lineagen. The company provides genetics diagnostics and focuses on genetic testing

"Lineagen has been a pioneer in clinical testing for structural variations in patients with neurodevelopmental disorders, including autism spectrum disorder, developmental delay and other constitutional genetic diseases." – *Erik Holmlin, CEO, Bionano Genomics*

Utah Middle Market M&A Trends

M&A Activity

107 transactions closed in H1 2020, down from 150 transactions in H1 2019. We expect overall M&A activity in Utah to steadily increase in Q4 2020 and Q1 2021



Financial Sponsors

Private equity-backed companies will continue to drive deal volume as they look to deploy dry powder and acquire assets at a discount compared to 2019 valuation multiples



Strategic Buyers

Strategic investors / buyers are the most active in the state of Utah accounting for ~70% of the total deal volume through Q3-20; driven by recognition of opportunities that have presented themselves due to COVID-19



Industry Activity

Software & technology continue to drive deal volume in 2020 with information technology being 24.4% of the total volume, which is second most behind Healthcare at 28.9%; technology sector transactions accounts for over 30% of total deal volume over the past 5 years



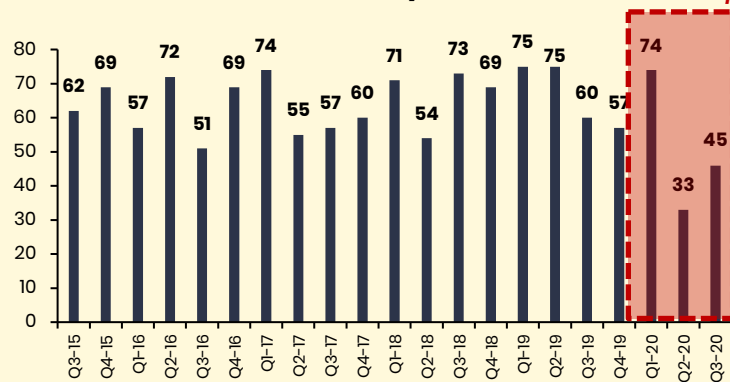
“Utah, along with the rest of the nation, has experienced a significant downturn in M&A deal volume during 2020. However, the volumes appear to be rebounding faster than expected in Utah. There is plenty of dry powder ready to be deployed by both strategic and private equity investors and attractive assets are getting lots of attention. This dynamic presents an opportunity for pandemic-resistant companies to standout and gain access to liquidity or raise capital for growth / acquisitions.”

Chad Gardiner, Director
Bridgepoint Investment Banking

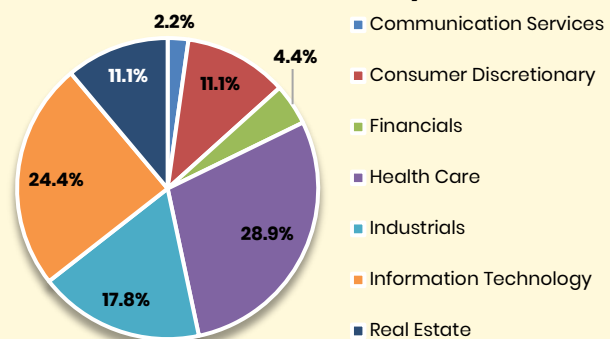
Selected Utah Q3-20 M&A Transaction Statistics

Utah M&A Volume By Quarter

COVID-19 Impact



Q3-20 Utah M&A Volume By Sector

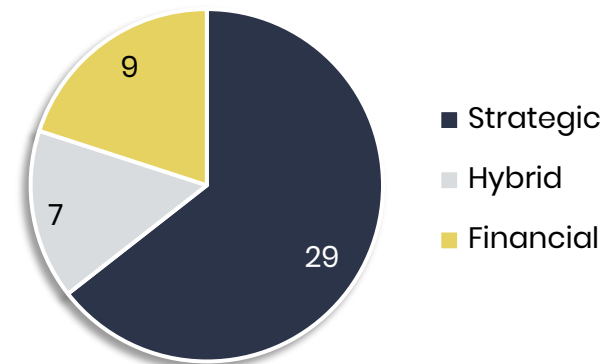


Utah's middle market felt the full burden of the COVID-19 pandemic in Q2 and Q3. The first quarter of the year saw 74 deals close and then experienced a 55% decline in Q2 to 33 transactions; **YTD Q3-20 deal volume is down 27.6% year-over-year from 2019 levels**

Despite the decline in deal volume and pandemic disruption, valuation **multiples continued to stay strong for companies in pandemic / recession resistant industries**; select sectors include: transportation & logistics, information technology services and healthcare

Private equity add-on acquisition (hybrid) deal volume accelerated through the pandemic; in Q3 2020 there were 7 hybrid transactions in Utah; adding a company to a platform company is much less risky than a platform acquisition

Q3-20 Utah Buyer Types



Recent Utah Q3-20 M&A Transactions

ANNOUNCED	TARGET	TARGET LOCATION	BUYER	BUYER LOCATION	TARGET SECTOR
09/28/2020	Barnes Bullets	Utah	Sierra Bullets	Missouri	Consumer Discretionary
09/25/2020	US Title Exchange Company	Utah	Shaddock National Holdings	Texas	Financials
09/24/2020	Rocky Mountain Anesthesiology	Utah	National Partners	Texas	Healthcare
09/23/2020	SimpleCitizen	Utah	Fragomen, Del Rey, Bernsen & Loewy	New York	Information Technology
09/18/2020	Burgarello Alarm	Nevada	Fire Protection Service	Utah	Industrials
09/15/2020	PC Synergy	California	Visible Supply Chain Management	Utah	Industrials
09/14/2020	Best Practice Professionals	Utah	RLDatix	United Kingdom	Healthcare
09/11/2020	Pembroke	Colorado	Bridge Investment Group	Utah	Real Estate
09/10/2020	Ascend Certification	Utah	Verb Technology Company (NasdaqCM:VERB)	California	Information Technology
09/10/2020	Enlisted Design	California	Pattern	Utah	Industrials
09/09/2020	Remita Health	California	Bristol Hospice	Utah	Healthcare
09/09/2020	4FRNT SKIS	Utah	Jason Levinthal	Vermont	Consumer Discretionary
09/08/2020	Hypotube	Utah	Cambus Teoranta	Ireland	Healthcare
09/03/2020	Blue Panda Communications	Utah	Altigen Communications (OTCPK:ATGN)	California	Information Technology
09/02/2020	St. Croix Apartment Complex	Georgia	Peak Capital Partners, LLC	Utah	Real Estate

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Bridgepoint's experience, process, and deep connectivity to national funders and buyers provides Utah Companies tailored, value-add capital solutions

Chad Gardiner
Lead Utah Coverage Officer



Office: 402.817.7900
Email: cgardiner@bridgepointib.com

Nick Orr
Managing Director



Cell: 503.453.0531
Email: norr@bridgepointib.com

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IN TRANSACTIONS

214

TOTAL TRANSACTIONS

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