

## 2020 Annual Utah Deal Review

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

It was a turbulent year for the stock market, M&A, and private placement activity both nationally and in Utah during 2020. Utah transaction dollar volume in 2020 for reported transactions was down 15.8% to \$14.2 billion. While superficially lower, we're impressed with Utah's outperformance during COVID-19. Given volume perceptions can be skewed by large but inconsistent technology company acquisitions, especially 2019's \$8 billion acquisition of Qualtrics International, we calculated dollar volume excluding each year's top three transactions and found 2020 grew a staggering 118% over 2019.

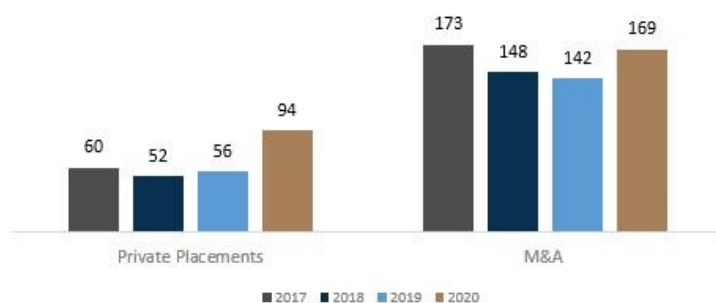
By unit volume, Utah saw a 32.8% increase to 263 total M&A and private placement transactions. Thoma Bravo's almost \$2.1 billion acquisition of software application company Instructure closed early in the year, accounting for 14.6% of 2020 transaction dollar volume.

Utah moved up one spot to #3 on the Forbes Best State for Business list in 2020, but dropped one spot to #2 for total job growth at -0.9% and private sector growth of -1.3%. Utah ended the year with a 5.0% unemployment rate, ranking #7 among U.S. states. Given 2020's early uncertainty, the busy second half of the year was a welcome surprise as M&A was driven by larger transactions, not the distressed M&A one might have assumed. The Utah market saw M&A transactions decrease by 17.4% in dollar volume over 2020. The top 10 M&A transactions accounted for 89.9% of total M&A dollar volume, compared to 96.9% in 2019. The median M&A transaction value was \$35.0 million, down from \$43.0 million in 2019, emphasizing the impact of the 2019 Qualtrics transaction.

Private placement dollar volume experienced a decrease of 3.1% to approximately \$1.8 billion, while unit volume increased 67.9%. The top ten 2020 private placement transactions accounted for 68.0% of total dollar volume, compared to 76.7% in 2019. The median private placement transaction value was \$11.5 million, a decrease of 28.6% year-over-year. Dollar volume decrease aside, Utah did continue its trend of at least 50 private placement transactions for the fourth straight year.

The Technology/Software/Services sector led Utah in transaction activity, driving 51.1% of total transaction dollar volume. Manufacturing and Medical/Healthcare/Biotech followed suit, with 14.6% and 14.3% of the total, respectively. The Telecom sector accounted for only 7.8% of total transaction dollar volume, a significant increase from 2019, but only accounted for 2.3% of the total transaction volume. Of the 13 industries analyzed, nine showed growth in either unit volume or total transaction dollar volume.

Transaction Unit Volume



Transaction Dollar Value<sup>(1)</sup>



(1) \$ in billions. Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements transactions under \$5 million. Transaction dollar volume includes only disclosed transactions.



# COLUMBIA WEST

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## TOP 10 2020 M&A DEALS <sup>(1)</sup>

(\$ in millions)

1	Instructure, Inc	\$ 2,068
2	Huntsman International's Integrated Oxides sub.	2,006
3	Workfront, Inc.	1,500
4	CradlePoint, Inc.	1,100
5	Shape Security, Inc.	1,028
6	Finicity Corporation	985
7	MobileIron, Inc.	947
8	Z-Medica, LLC	525
9	Clinical Innovations, LLC	525
10	Backlot Cars LLC	425

## TOP 10 2020 PRIVATE PLACEMENTS <sup>(1)</sup>

(\$ in millions)

1	Vivint Solar, Inc.	\$ 300
2	Recursion Pharmaceuticals, Inc.	239
3	ICON Health & Fitness, Inc.	200
4	Podium, Inc.	125
5	NuView Life Sciences, Inc.	90
6	Breeze Aviation Group, Inc.	83
7	Lucid Software Inc.	52
8	Pattern	52
9	DiscGenics, Inc.	50
10	Covalent Group, Inc.	50

\* Excludes Real Estate, Mining, Energy Exploration, Project Finance, 144a placements.

(1) Only includes transactions with disclosed values.

Regional M&A in Utah was driven by national trends and well correlated with national M&A and public equity volumes this year. We have never heard more concrete guidance from the Fed than Jerome Powell's January 2021 statement, "When the time comes to raise interest rates, we'll certainly do that, and that time, by the way, is no time soon." This signaling was consistent in 2020, bolstered by an incredible \$2.59 trillion in support, including \$120 billion in monthly bond purchases and followed by another \$1.9 trillion in "COVID Relief" in March 2021. Retail and institutional investors responded with eager demand for all equity products, believing the Fed will rectify any near-term market hiccups associated with the health pandemic, social unrest, and divisive political environment. Lower middle market private equity followed suit, aided by already historically high L.P. capital commitments and AUM. We believe Utah will see a continued strong flow of transactions in 2021 fueled by low interest rates and the continued use of special purpose acquisition company (SPAC) acquisitions. Additionally, we believe there will be tax-motivated selling fueled by a likely 2022 tax rate hike, and the return to normalcy, or at least a celebration of waning COVID-19 disruption.

Columbia West forecasts continued aggressive M&A behaviors from strategic and financial buyers until a large cap market correction trickles down to the middle market which dominates Utah unit volume.

## UTAH DEAL SUMMARY BY INDUSTRY

(\$ in millions)

	2020			2019			Variance		% Growth	
	\$ <sup>(1)</sup>	%	#	\$ <sup>(1)</sup>	%	#	\$	#	\$	#
Medical / Healthcare / Biotech	\$ 2,030	14.3%	59	\$1,145	6.8%	38	\$885.19	21	77.3%	55.3%
Consumer / Retail	457	3.2%	23	1,003	6.0%	20	(\$546)	3	-54.4%	15.0%
Manufacturing	2,064	14.6%	12	50	0.3%	10	\$2,014	2	4028.9%	20.0%
Business Services	573	4.0%	51	2,973	17.7%	42	(\$2,400)	9	-80.7%	21.4%
Financial Services	31	0.2%	3	121	0.7%	8	(\$90)	-5	-74.5%	-62.5%
Electronics / Semiconductors	378	2.7%	12	2,352	14.0%	8	(\$1,974)	4	-83.9%	50.0%
Technology / Software / Services	7,253	51.1%	81	9,169	54.4%	55	(\$1,917)	26	-20.9%	47.3%
Gaming / Leisure / Lodging	242	1.7%	6	5	0.0%	8	\$237	-2	4397.8%	-25.0%
Construction Service/Homebuilding	49	0.3%	7	0	0.0%	4	\$49	3	N/A	75.0%
Energy/Utilities	-	0.0%	1	0	0.0%	0	\$0	1	N/A	N/A
Telecom	1,100	7.8%	6	0	0.0%	2	\$1,100	4	N/A	200.0%
Natural Resources	5	0.0%	2	0	0.0%	0	\$5	2	N/A	N/A
Real Estate Services	-	0.0%	0	23	0.1%	3	(\$23)	-3	-100.0%	-100.0%
<b>Totals</b>	<b>\$14,182</b>	<b>100.0%</b>	<b>263</b>	<b>\$16,842</b>	<b>100.0%</b>	<b>198</b>	<b>-\$2,660</b>	<b>65</b>	<b>-15.8%</b>	<b>32.8%</b>

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

(1) Only includes transactions with disclosed values.

For additional information or questions, please contact John Farr at [jfarr@columbiawestcap.com](mailto:jfarr@columbiawestcap.com).

14624 N. Scottsdale Road, Ste. 124, Scottsdale, Arizona 85254  
Phone: (480) 664-3949 Website: [www.columbiawestcap.com](http://www.columbiawestcap.com)