





IVC-MEITAR 2019 ISRAELI TECH EXITS REPORT





A DECADE OF EXITS A DECADE OF GROWTH







- The value of exits has grown year over year throughout the decade.
- The total number of deals throughout the decade was 1,210 with a total exit value of \$111.29 billion.
- When comparing 2010 to 2019 we see an increase of 50% in the number of exits and over 800% in the exit value.









TOP EXITS OF PUBLIC COMPANIES 2010-2019



2010



2011



Acquired by **DG Inc.** for \$517 million



Acquired by CSR Plc for \$484 million

2012



Acquired by NCR for \$800 million



Acquired by **Covidien** for \$310 million

2013



Acquired by **Covidien** for \$970 million



Acquired by **OPKO Health** for \$480 million

2014



Acquired by Nordic Capital (Buyout) for \$374 million

2015



2016



RR Media

Acquired by SES for \$242 million

2017



\$15.3 billion

Neuro**Derm**Acquired by **Mitsubishi Tanabe**Pharma for
\$1.1 billion

2018

acquired by **KLA-Tencor** for \$3.4 billion

IMPERVA
Acquired by Thoma Bravo for
\$2.1 billion

Mazor Robotics Acquired by Medtronic for

\$1.6 billion

2019



Acquired* by **NVIDIA** for \$6.9 billion

SafeCharge

Acquired by **Nuvei** for \$889 million

Source: IVC-Meitar Exits Report 2019

* Subject to closing.







TOP EXITS OF PRIVATE COMPANIES 2010-2019



2010



\$240 million

attenti

Acquired by **3M Co.** for \$230 million

2011

Anobit

Acquired by **Apple** for \$390 million

Acquired by GTCR for \$388 million

2012

Synamedia

Acquired by **Cisco** for \$5 billion

Paradigm[®]

Acquired by Apax Partners
(Buyout) for
\$1 billion

2013

waze Acquired by Google for

\$1.196 billion

Acquired by **IBM Corp.** for \$650 million

2014





Acquired by **Rakuten** for \$900 million

2015



Acquired by **D+H** for \$1.25 billion



Acquired by **ProQuest** for \$500 million

2016



Acquired by **Giant Interactive Group** for **\$4.4 billion**



Acquired by Siris Capital (Buyout) for \$643 million

2017

▶Paradigm[®]

Acquired by Emerson
Electric for
\$510 million



Acquired by **Aristocrat Leisure Limited** for
\$500 million

2018

Synamedia

Acquired by **Permira** for \$1 billion



Acquired by **Salesforce** for \$850 million

2019

∴habana

Acquired by Intel Corp. for \$2 billion

Click

Acquired by **Salesforce** for

\$1.35 billion

ULumenis[®]

Acquired by Baring Private
Equity (Buyout) for
\$1.2 billion

Source: IVC-Meitar Exits Report 2019

* Subject to closing.







TOP ACQUIRING COMPANIES 2010 - 2019







4 companies for \$6.088 billion



8 companies for \$3.42 billion



6 companies for \$2.286 billion



for \$1.77 billion



6 companies for \$1.455 billion



9 companies for \$953.5 million



6 companies for \$907 million



7 companies for \$834 million



7 companies for \$725.9 million



4 companies for \$625 million



3 companies for \$615 million



















Exits by Deal Size 2010-2019 Private Companies, Exit Value over \$20 million

- 2019 is a record high year:
 - 55 exits of over \$20 million with a total value of \$10.15 billion; and
 - 26 exits of over \$100 million with a total value of \$9 billion.





Source: IVC-Meitar Exits Report 2019

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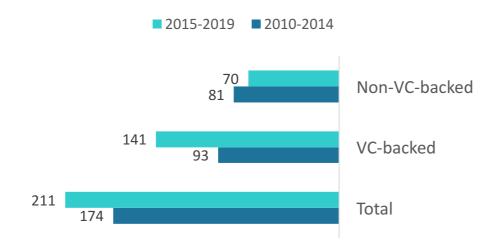




VC-backed Vs. Non-VC-backed deals Private Companies, Exit Value over \$20 million

- The number and value of exits of VC-backed companies has increased in 2015-2019 compared to 2010-2014, while showing a decrease for non-VC backed companies.
- The total <u>number of deals</u> during 2015-2019 of VC-backed companies is 141, compared to 93 in 2010-2014, an increase of 52%; Exits of non-VC-backed companies decreased by 14% for these periods.

Total number of deals per period



■ The aggregate <u>exit value</u> during 2015-2019 of VC-backed companies is \$18 billion, compared to \$13 billion in 2010-2014, an increase of 38%; the aggregate exit value of non-VC-backed deals for these periods decreased by 16%.

Total deal value (\$m) per period



Source: IVC-Meitar Exits Report 2019







2019 EXITS







- The total value of exits (IPOs, M&A and Buyouts) in 2019 reached \$21.7 billion with 138 deals, of which the acquisition of Mellanox by Nvidia* accounted for \$6.9 billion.
- The total value of exits of up to \$5 billion in 2019 was the highest ever, with \$14.84 billion in 2019, compared to \$12.61 billion in 2018. More specifically, the exit value of private companies dramatically increased in 2019 to \$10.33 billion, compared to \$3.83 in 2018.
- Exits of VC-backed companies increased significantly in 2019 to \$7.12 billion, compared to \$2.75 billion in 2018. Together with a continued trend and increased scope of secondary sales (which we estimate at approximately \$1 billion in 2019), as an additional path to liquidity, 2019 represented a year of meaningful liquidity to VC-backed companies.
- The number of exits in 2019 was 138, compared to 122 in 2018. Of the total exits, the number of M&A deals was 122 in 2019, compared to 106 in 2018. The number of exits of private companies in the range of \$100 million to \$1 billion was a record high, with 25 deals in 2019, compared to 14 in 2018; and we see a continued decrease in the number of deals under \$20 million, from 70 in 2018 to 66 in 2019. With the increase in the exit value of private technology companies and the stable number of deals, we continue to see an increase in the average value per deal.

In private to private deals, the value is only based on cash consideration exchanged in the transaction, due to lack of information regarding the value of private equity consideration.
Deal numbers and value may vary across our annual reports due to continuous updates of historical numbers in the IVC data base.

* Subject to closing.









Key Facts and Insights

- There is a continued increase in the total amount of investments of more than \$30 million with 68 investments and a total amount of \$5.147 billion in 2019, compared to 64 investments in the total \$3.354 billion in 2018. More specifically, this increase is viewed in companies raising more than \$100 million. We chose investments of \$30 million and above as we assume such investment represents companies valued at at least \$100 million. These companies represent the pipeline of future exits at high valuations, and the challenge is the expectation that the exits of these companies will be in the range of \$500 million and above. Even with the increase in the number of exits of private companies of over \$100 million (26 in 2019), there is a still a significant gap when comparing it to the number of companies which we assume are valued at at least \$100 million at the time of investment (68 in 2019).
- US acquirors represented 80% of the value of M&A transactions, similar to 2018. There is stability in the value and number of deals of Israeli buy-side M&A deals, which continues to remain modest with 6% of the total exit value.
- In 2019 we evidenced the largest ever Israeli private-to-private merger (Taboola-Outbrain merger).
- In 2019 there were 4 IPOs in the US. Despite the growing number of growth companies, IPO on a major US stock exchange still does not represent a common path to liquidity.



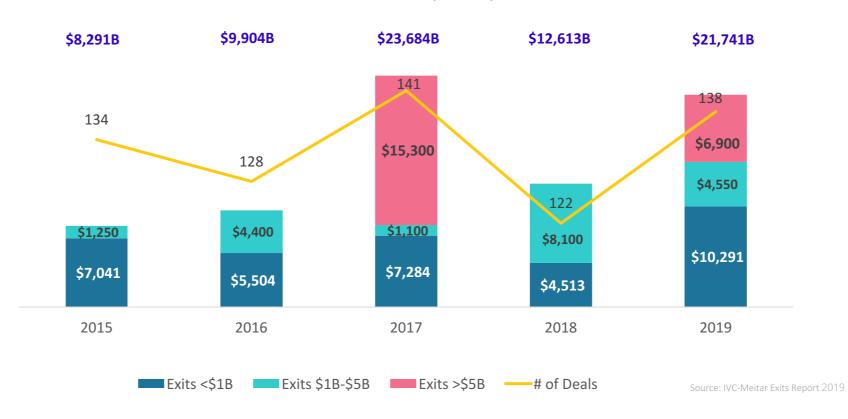






- Total exit value in 2019 reached \$21.7 billion.
- There were 4 deals of over \$1 billion, with the acquisitions of Mellanox by Nvidia* for \$6.9 billion, Habana Labs by Intel Corp. for \$2 billion, Click Software by Salesforce for \$1.35 billion and Lumenis by Baring Private Equity for \$1.2 billion.
- The total value of exits of up to \$1 billion was \$10.29 billion, a record high.

Exits 2015-2019 (US\$M)





* Subject to closing.







- The methodology used in this report (and since the 2018 annual report) continues to refer to "mega-deals" as transactions valued at \$5 billion or more.
- This methodology results in the exclusion of the Mellanox transaction in 2019.

Exits 2015-2019 (US\$M)





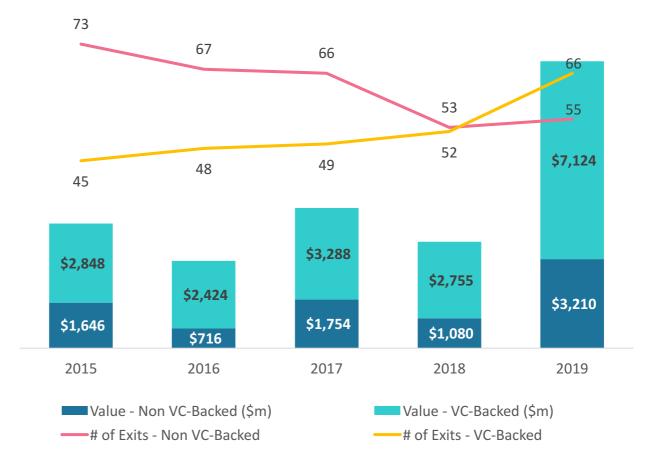






Exits 2015-2019: VC-Backed vs. Non-VC-Backed Private Companies

- The exit value of VC-backed companies increased dramatically to \$7.124 billion in 2019 compared to \$2.755 billion in 2018.
- Number of deals:
 - There is a continuous trend of increase in the number of VC backed exits.
 - The number of non-VC backed exits remained stable compared to 2018, after a significant decrease of 20% in 2018 compared to 2017



^{*} Excluding public companies, exits of \$5B and above and divestitures.



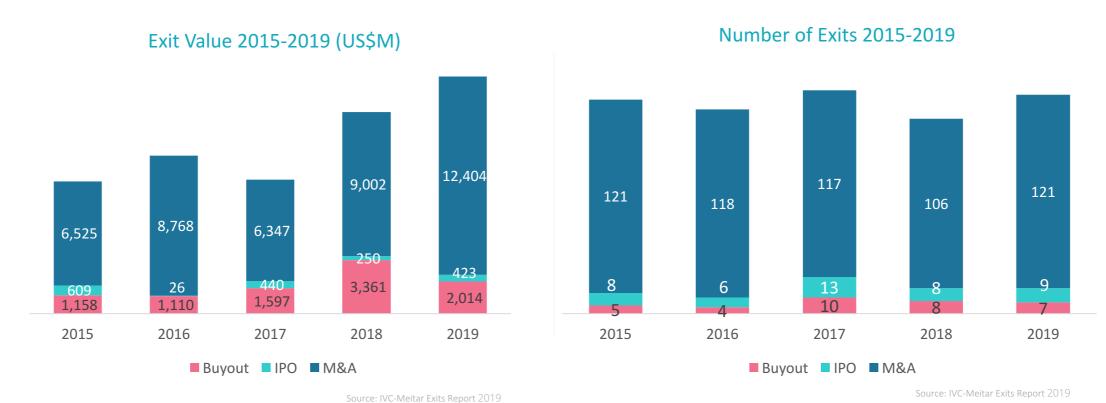






Transactions: Number of IPOs, M&As and Buyouts 2015-2019

- The aggregate number of M&A transactions increased from 106 in 2018 to 121 in 2019.
- The aggregate value of M&A transactions in 2019 was \$12.4 billion, a record high value.
- The aggregate number of Buyouts and IPOs remained consistent as in previous years.



^{*} Excluding exits of \$5B and above.





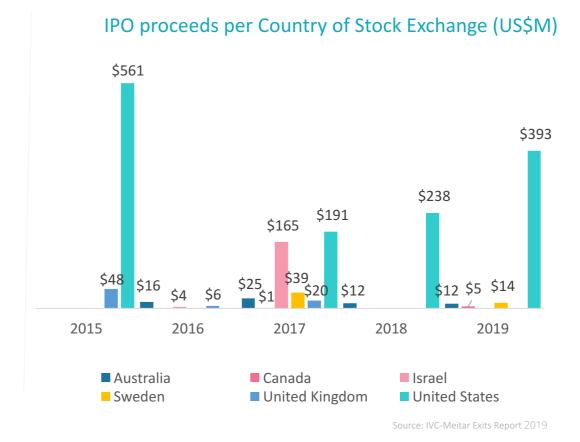




Transactions: Number of IPOs per Country 2015-2019

- In 2019, 4 companies completed their IPO in the US (Fiverr, Tufin, Inmode and 89bio), raising an aggregate of \$393M; compared to 5 Israeli life science companies that completed their IPO in the US in 2018, raising an aggregate amount of \$238M.
- Capital markets are not yet a significant source of liquidity for investors in Israeli tech companies.

Number of IPOs per Country of Stock Exchange 2 1 1 3 4 5 1 2 2015 2016 2017 2018 2019 Australia Sweden Canada United Kingdom United States Source: IVC-Meitar Exits Report 2019











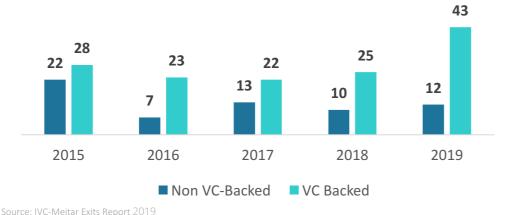
Exits by Deal Size 2015-2019

Private Companies, Exit Value Between \$20 Million and \$1 Billion

- In 2019 there was an increase in the number of deals in the range of \$100M to \$1B from 14 deals in 2018, to 25 deals in 2019**.
- We see increasing amounts invested in growth companies. As such, the return on capital invested would only be achieved if there would also be a significant increase in the number of exits valued at \$250M and above. Such dynamics are also expected to result in an increase in the number and value of secondary sales in these companies, providing additional path to liquidity to early investors.







* Excluding public companies, exits of \$1B and above and divestitures.

^{**} In private to private deals, the value is only based on cash consideration exchanged in the transaction, without attributing value to equity consideration. Accordingly, the Taboola-Outbrain deal is considered as \$250M being the cash value.





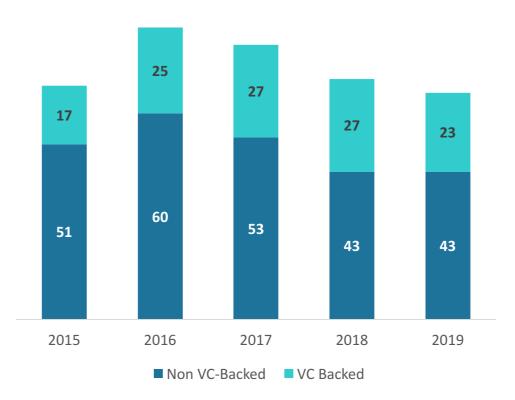




VC-Backed vs. Non-VC-Backed 2015-2019 Private Companies Exits under \$20M

- We see a continued decline in the number of Exit deals valued at \$20 million or less.
- We view this as a positive trend given the overall increase in the number and value of exits.

Exits under \$20M: VC-Backed vs Non-VC Backed





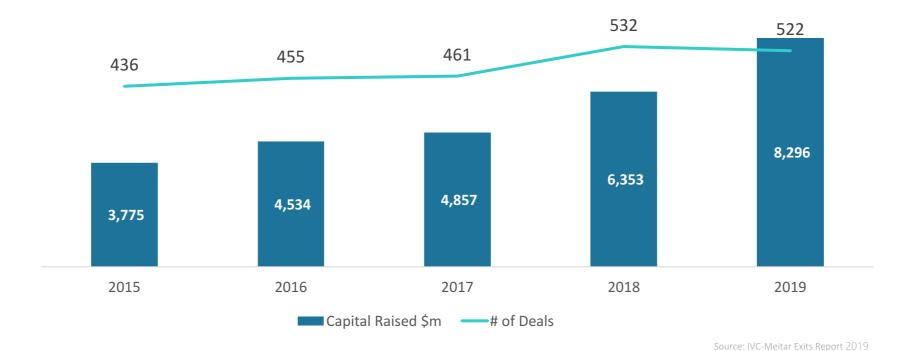






Total Investment 2015-2019

- Total investment amount increased from \$6.353 billion in 2018 to \$8.296 billion in 2019.
- There is an increase in the investment amount per deal, given the decrease in the number of investments from 532 in 2018 to 522 in 2019.











Investments of less than \$5M vs. investments of more than \$30M 2015-2019

- A decrease in the number of investments of less than \$5 million; and
- An increase over the years of investment of more than \$30 million











Investments of more than \$30M in 2015-2019

- Total amount of investment of more than \$30 million increased significantly from \$3.354 billion in 2018 to \$5.147 billion in 2019. With the relatively stable number of investments, this represents a significant increase in the average investment amount per deal.
- We chose investments of \$30 million and above as we assume such investment represents companies valued at at least \$100 million. These companies are the pipeline of future exit transactions at high valuations, and the challenge is the expectation that the exits of these companies will be in the range of \$500 million and above. Even with the increase in the number of exits valued over \$100 million (26 in 2019), there is a still a significant gap when comparing to the number of companies which we assume are valued at at least \$100 million at the time of investment (68 in 2019).



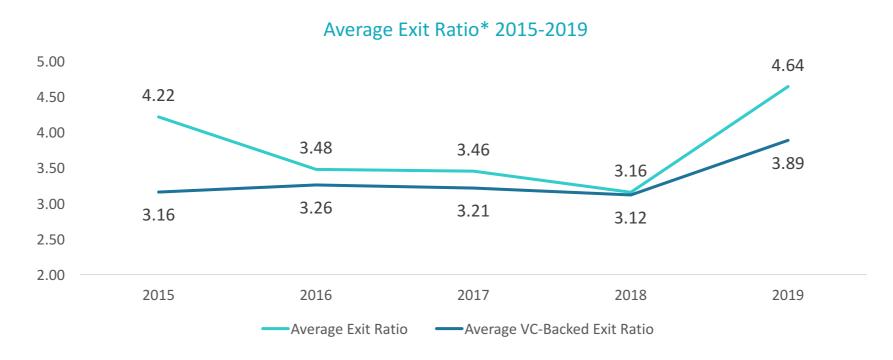








Ratio (Private Companies): Exit Value/Amount Invested



Source: IVC-Meitar Exits Report 2019

The ratio is calculated by dividing the total exit value (per year) by the total capital raised by all companies which have completed exit transactions in each year.





^{*} Due to lack of information on the amount invested in non-VC-backed companies prior to the exit funding, the Ratio cannot be calculated for non-VC-backed companies.

^{*} Excluding public companies, exits of \$5B and above and divestitures.

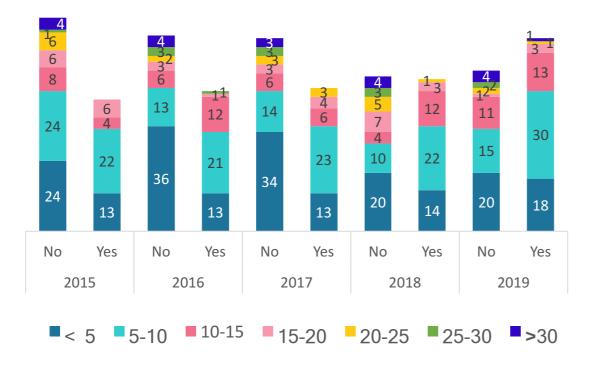




Time To Exit (Private Companies) - VC-Backed vs. Non-VC-Backed Exits

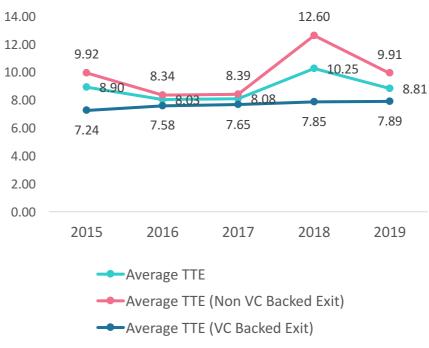
- In 2019 there are 48 exits of VC-backed companies with Time to Exit of up 10 years. This is a record high number, compared to a stable number of 35 exits per year in this range in 2015 through 2018.
- The number of exits of non-VC-backed companies with the same Time to Exit has decreased significantly from 48 in 2017 to 30 in 2018 and 35 in 2019.

No. of Deals per Time To Exit: VC Backed vs. Non-VC Backed Exits



Source: IVC-Meitar Exits Report 2019

Average Time To Exit: VC Backed vs. Non-VC Backed Exits







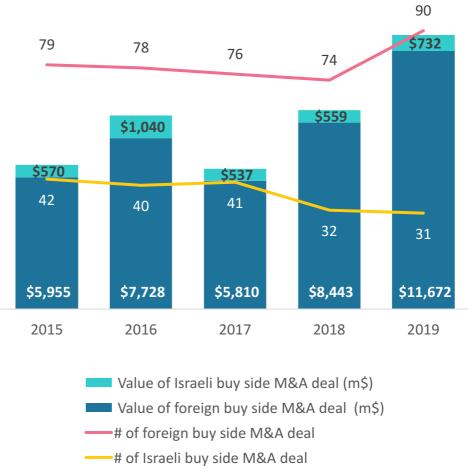
 $[\]mbox{*}$ Excluding public companies, exits of \$5B and above and divestitures.





M&As: Foreign vs. Israeli Acquisitions

- The number of foreign buy-side M&A deals increased from 74 in 2018 to 90 in 2019.
- There is stability in the value and number of deals of Israeli buy-side M&A deals.
- In 2019 we evidenced the largest ever Israeli private-toprivate merger (Taboola-Outbrain merger).



^{**} Excluding exits of \$5B and above.





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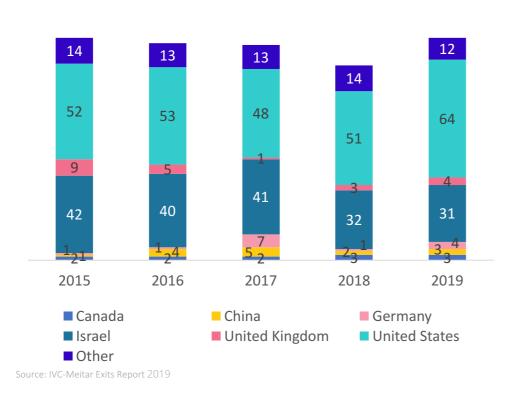




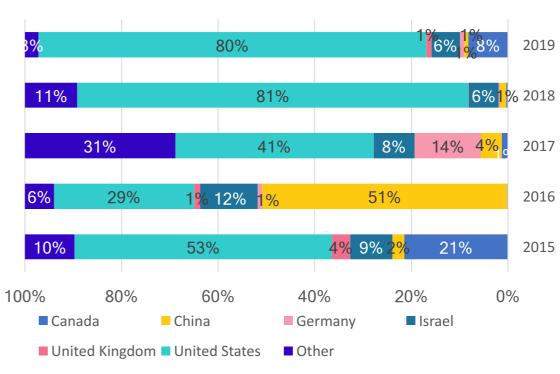
M&As: Acquirers by Country of Origin

- In terms of the number of deals, we still see mostly US and Israeli acquirers as dominant.
- In terms of the value of deals, Chinese acquirers remain insignificant players (with the exception of Playtika in 2016 and Lumenis in 2019).
- Even though we see continuous stability in number of US acquirers, the total deal value during 2018 and 2019 of the US acquirers doubled in comparison to the deal value during 2015-2017.

of deals per acquirer country of origin



Deal value per acquirer country of origin



^{*} Excluding exits of \$5B and above.











Acquired* by NVIDIA for

\$6.9 billion



Acquired by Intel Corp. for



Acquired by Salesforce for \$1.35 billion



Acquired by Baring Private Equity

\$1.2 billion

SafeCharge

Acquired by **Nuvei** for

\$889 million

* zoominfo.

\$2 billion

Acquired by **DiscoverOrg** for \$800 million

DEMISTO

Acquired by Palo Alto Networks \$560 million



Acquired by QlikTech for \$560 million



Acquired* by Ribbon Communications for \$486 million

CROSSIX

Acquired by Veeva for \$430 million



Acquired by the founders & Novalpina Capital for buyout



Private-to-Private Merger #

Source: IVC-Meitar Exits Report 2019

In private to private deals, the value is only based on cash consideration exchanged in the transaction, without attributing value to equity consideration.

* Subject to closing







SECTORS AND VERTICALS



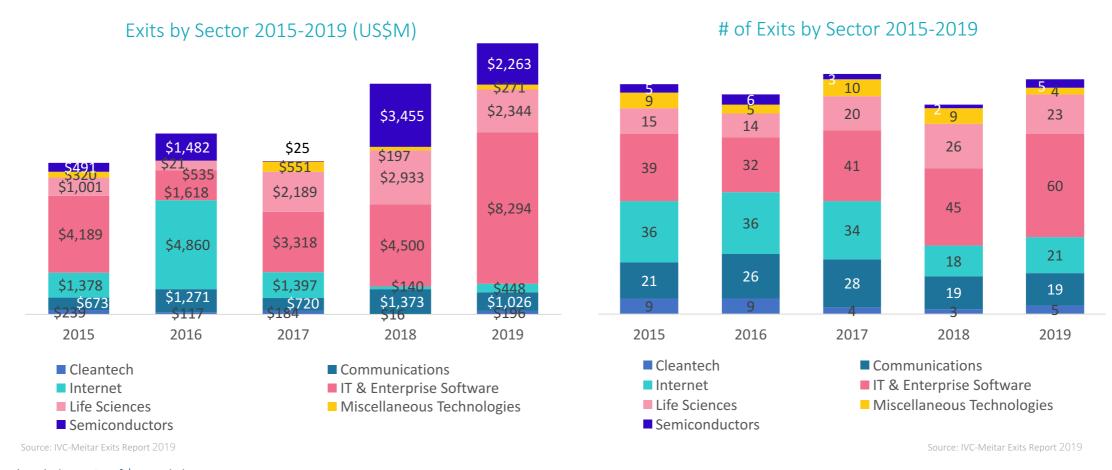
The IVC-Online Database categorizes each company in one sector (even if it can be classified into more than one sector, based on various aspects of their technological capabilities, target markets and product and service application).





Exits by Sector 2015-2019

- The number of deals in the **IT and Enterprise Software** sector in 2019 increased to 60 deals, the highest number since 2015.
- There was a decrease in the number of deals in the Internet sector from 34-36 in 2015-2017 to with 18-21 in 2018-2019.
- The number of deals in the Communications, Cleantech and Semiconductors sectors remains stable.



^{*} Excluding exits of \$5B and above.





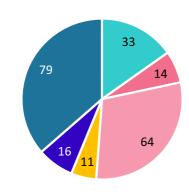




IT & Software Exits 2015-2019 217 Deals, \$21.9B

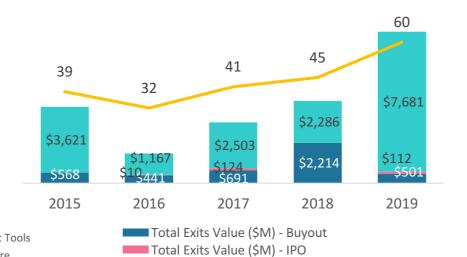


IT & Software sub sectors

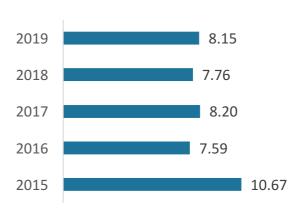


- Design & Development Tools
- Enterprise Infrastructure
- Security

IT & Software exits 2015-2019



Average time to exit



Enterprise Applications

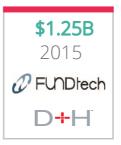
■ Miscellaneous Software

Business Analytics

No. of Exits







Top 5 IT & Software exits in 5 years

Total Exits Value (\$M) - M&A









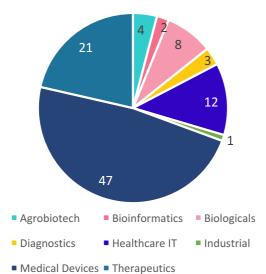




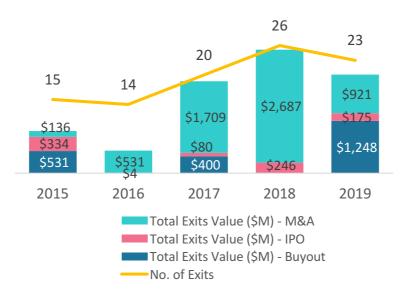
Life Sciences Exits 2015-2019 98 Deals, \$9B



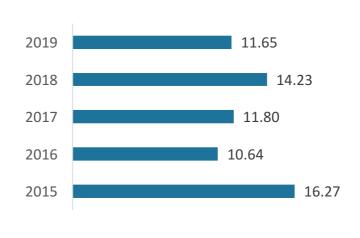
Life sciences sub sectors



Life sciences exits 2015-2019



Average time to exit



Top 5 Life sciences exits in 5 years















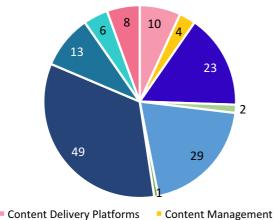




Internet Exits 2015-2019 145 Deals, \$8.22B



Internet sub sectors



E-Learning

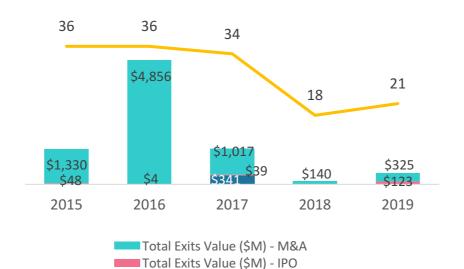
■ Internet Infrastructure

Online Entertainment

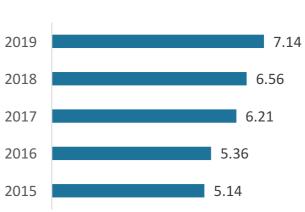
Social Networks

- Content Delivery Platforms
- e-Commerce
- Internet Applications
- Online Advertising
- Search Engines

Internet exits 2015-2019



Average time to exit



Top 5 Internet exits in 5 years

Total Exits Value (\$M) - Buyout

—No. of Exits











Source: IVC-Meitar Exits Report 2019

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VERTICALS







Artificial Intelligence 2015-2019



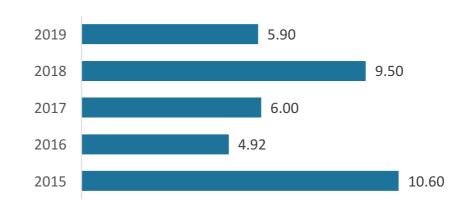
Artificial Intelligence exits



Top 3 Artificial Intelligence exits in 5 years



Artificial Intelligence Average time to exit



Artificial Intelligence Exit Multiple







^{*} Excluding exits of \$5B and above (Mobileye)







Cyber Security exits



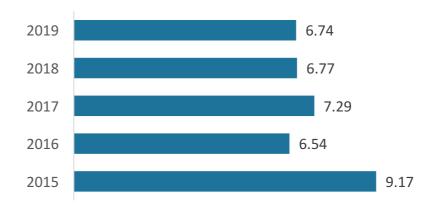
Top 3 Cyber Security exits in 5 years



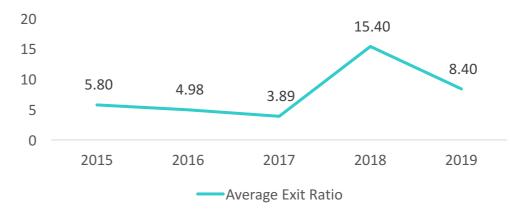




Cyber Security Average time to exit



Cyber Security Exit Multiple









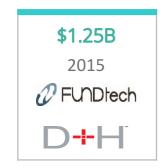
Fintech 2015-2019



Fintech Exits



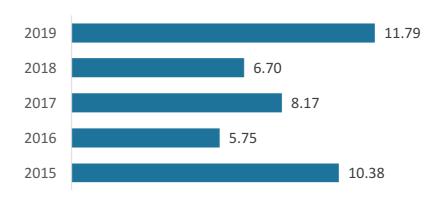
Top 3 Fintech exits in 5 years







Fintech Average time to exit



Fintech Exit Multiple













ABOUT THIS REPORT

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The report summarizes exits of Israeli and Israel-related high-tech companies in M&A deals and initial public offerings, as well as buyouts performed by private equity and financial investors in Israeli and Israel-related high-tech companies between 2014-2019.

VC-backed deals referred to in this report represent exit deals where at least one venture capital fund was involved as a pre-exit investor.

The report also references M&A deals where Israeli high-tech companies acted as the acquiring party.



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ABOUT MEITAR

<u>Meitar</u> is Israel's leading international law firm and the leader in the technology sector. The firm's tech practice has over 135 seasoned professionals who specialize in representing technology companies and who work with other firm professionals from various practice areas, such as tax, intellectual property and labor law, and dozens of attorneys from other practice areas.

Meitar has played a significant role in the majority of the largest and most prominent transactions recorded in the Israeli technology sector, including M&A (both on the buy side and on the sell side) and public offerings on foreign stock exchanges.

The firm is uniquely qualified to work with companies throughout their corporate "life cycle". The firm advises clients from their initial establishment through raising seed capital and their growth and through successful exits.

Alongside emerging companies, Meitar represents high growth companies, and has represented the majority of the Israeli technology companies that have completed their initial public offerings in the US, as well as a diverse range of multinational companies from the US, China and Europe.

The firm represents most of the major Israeli and foreign venture capital funds active in the Israeli technology sector, and played an active role in formation of some of the most successful and well-known funds in the industry.

Meitar is unique among Israel's largest law firms in the number of partners who have worked for major international law firms in the US and elsewhere. The firm maintains close working relationships with leading firms from around the world to provide its international and Israeli clients with the highest level of service and quality – in line with the finest law firms from across the globe.







ABOUT IVC RESEARCH CENTER

Founded in 1997, IVC is the leading data source and business information company in Israel's high-tech industry.

We help our clients understand the market, make connections and identify opportunities with access to the latest news, trends and developments.

From venture capital and private equity funds to industry leading companies and emerging startups across Israel's varied high-tech sectors, we cater to the varied business information needs that make up the Israeli high-tech ecosystem. We bring more than 20 years of experience of gathering and analyzing data, serving the IVC community. Our dedicated team of industry researchers and analysts has deep knowledge and hands-on experience working with Israel's high-tech sector.

Our management, professional sales and marketing teams drive IVC's commitment to excellence and client service. We enable a wide range of local and global clients, including entrepreneurs, local and foreign investors of all types and service providers such as lawyers and accountants, to get to know the Israeli high-tech ecosystem better. (Registered Database #366723)









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