



IVC-MEITAR 2018

High-Tech Exit Report





Key Facts

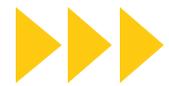


- In 2018, the total exit value reached \$12.63 billion, of which a record number of 4 exits exceeding \$1 billion each (Orbotech, Imperva, Mazor, and SynaMedia Technologies) accounted for approximately 65%.
- Of the 4 deals exceeding \$1 billion, 3 were publicly traded companies and one was a divestiture by a strategic entity; as such, these deals do not reflect a return to VCs and angel investors. Excluding such transactions, the total exit value was \$4.5 billion, the lowest since 2014, resulting in a relatively low return in 2018.
- The number of exits (IPOs, M&A and private-equity buyouts) in 2018 was 103 compared to 133 in 2017.
- The number of M&A deals during 2014–2017 was relatively stable, while in 2018 it decreased by 20% compared to 2017. The decrease was mostly attributed to deals with a value of less than \$20 million. The number of deals between \$100–\$250 million remained stable, while there was a decrease from previous years in the number of deals between \$250 million–\$1 billion.
- 8 IPOs were completed in 2018; 5 were life-science companies listed on NASDAQ and 3 were listed on ASX.
- Israeli buy-side deals decreased sharply from 40 in 2017 to 22 in 2018, however, the aggregate value of such deals decreased more moderately from \$765 million to \$578 million.
- Total investment amount peaked in 2018 to \$6.47 billion across 623 companies, compared to \$5.5 billion across 661 companies in 2017, reflecting an increase in the average investment amount per deal. The number of large investment transactions significantly increased. For example, the number of companies that raised \$30 million or more increased from 41 in 2017 to 62 in 2018. This reflects investors' strong belief in the growth of Israeli high-tech.

* Frutarom acquisition by IFF and SodaStream by Pepsico are not included in this report.



Exits 2014–2018 (US\$M)



Total transaction value in 2018 reached \$12.63 billion, including 4 deals of over \$1 billion each:



acquired* by
KLA-Tencor for
\$3.4 billion



acquired by
Thoma Bravo for
\$2.1 billion



acquired by
Medtronic for
\$1.6 billion

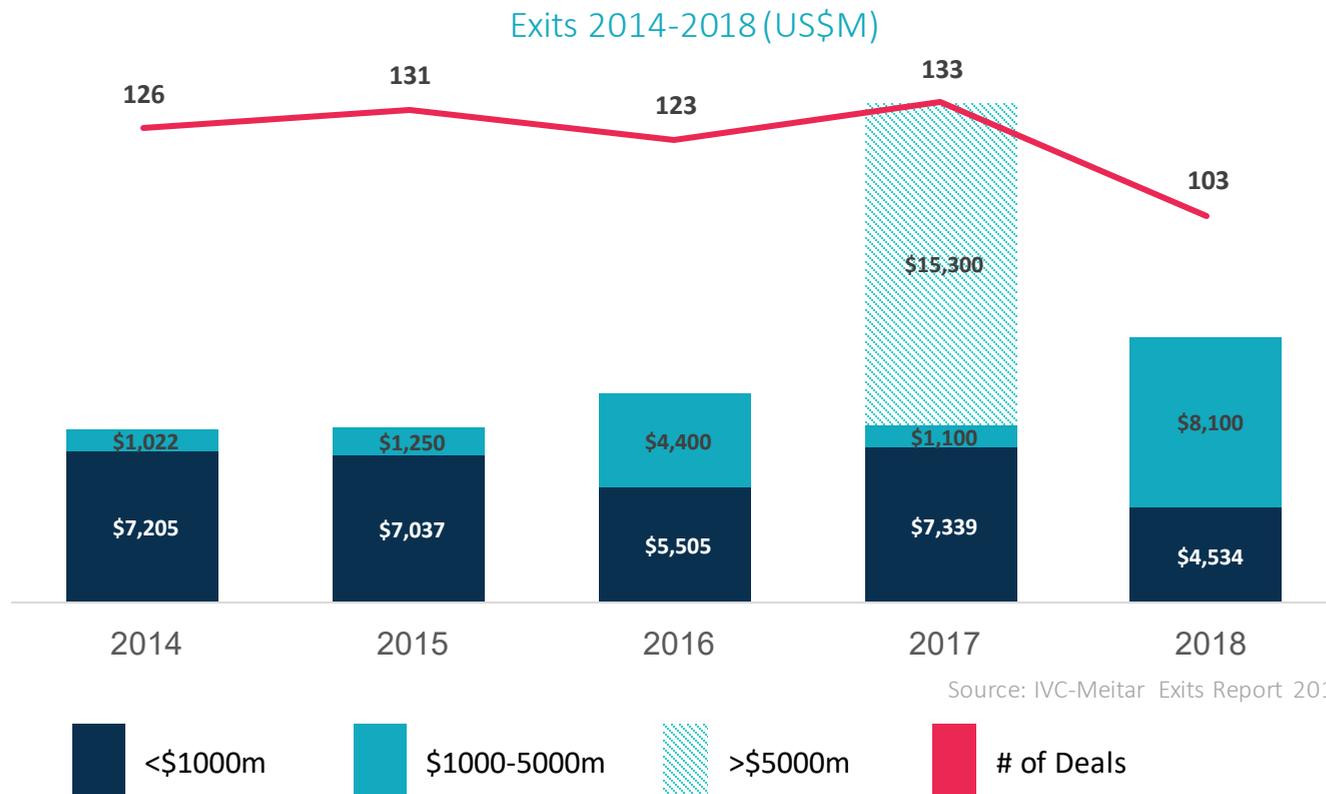


acquired by
Permira for
\$1 billion

Excluding such transactions, the total exit value was \$4.5 billion, the lowest since 2014.

3 of the above transactions were publicly traded companies and one was a divestiture by a strategic entity; therefore, these deals did not attribute to VCs' and private investors' return, which was relatively low in 2018 compared to previous years.

The number of exits decreased from 133 in 2017 to 103 in 2018. The decrease was mostly attributed to deals with a value of less than \$20 million.



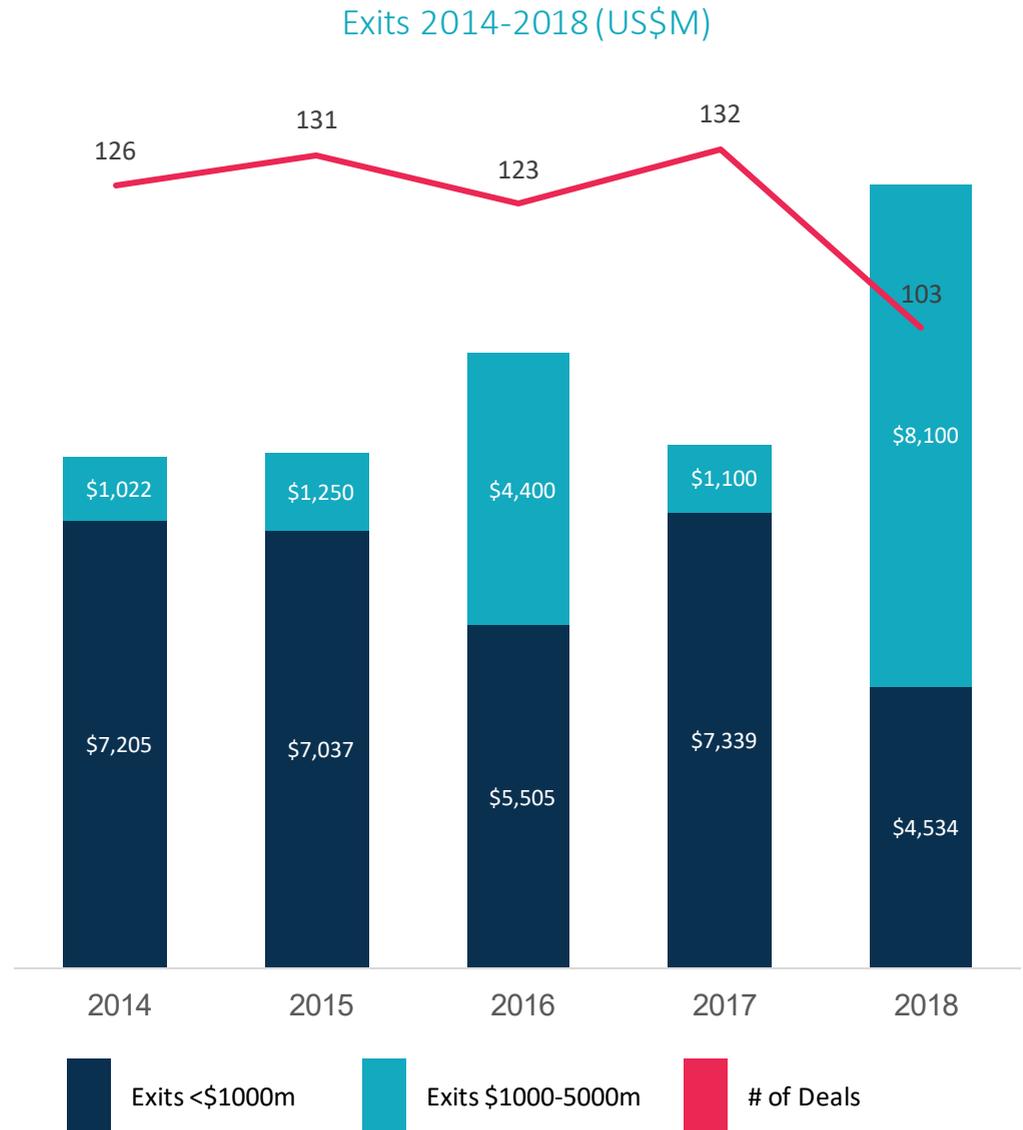
* Subject to closing.



Exits 2014–2018 (US\$M)



- Previous reports presented data that excluded "mega-deals," defined as transactions valued at \$1 billion or more.
- In the last few years there was at least one "mega-deal" per year. In 2018 there were 4 such transactions. This fact led us to redefine the term. As \$1 billion deals or more have become more common, our new methodology is to exclude only transactions of \$5 billion or more (resulting in the exclusion of the Mobileye transaction in 2017).
- Had we applied the methodology used in previous years (i.e., excluding transaction of \$1 billion or more), the value of transactions in 2018 would have been \$4.53 billion.



Source: IVC-Meitar Exits Report 2018

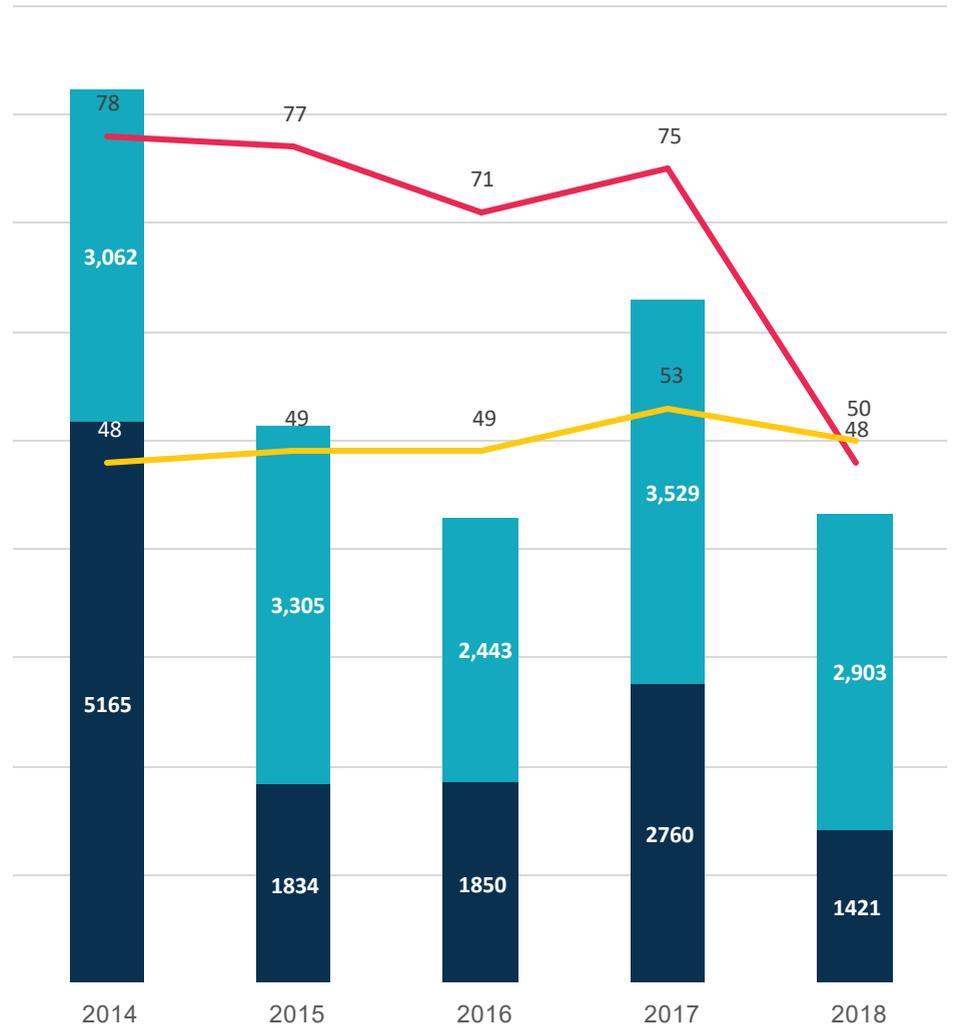


Exits 2014-2018 (Private Companies): VC Backed vs. Non-VC Backed



Number of deals:

- # of VC backed deals is stable
- # of non-VC backed deals decreased from 2017 to 2018 by 58%



Source: IVC-Meitar Exits Report 2018

Value – Non VC-Backed (US\$M)

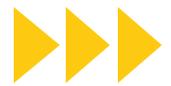
of Exits – Non VC-Backed

Value VC-Backed (US\$M)

of Exits – VC-Backed

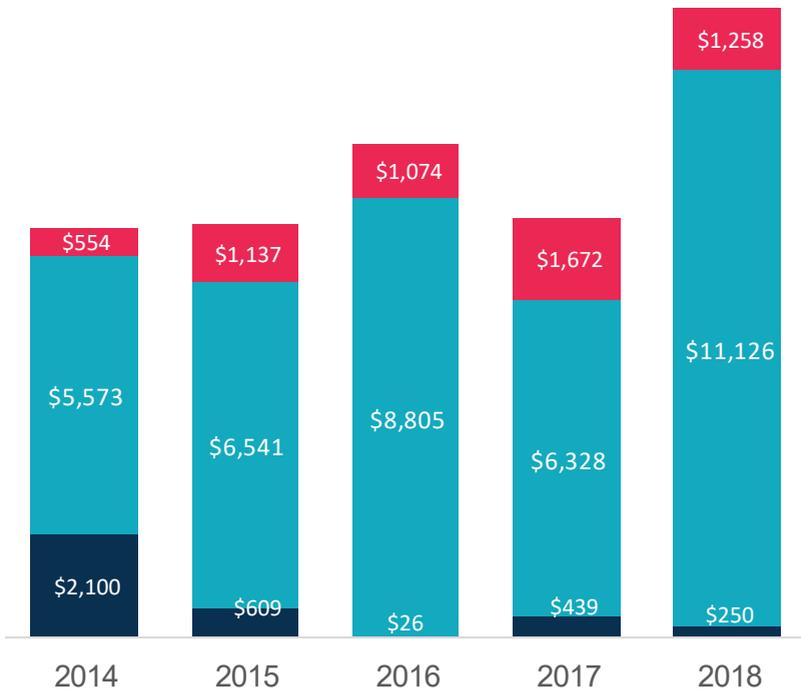


Transactions: # of IPOs, M&As and Buyouts 2014-2018



- The aggregate number of buyouts and IPOs remained consistent with previous years.
- The number of M&A transactions decreased from 111 to 89 in 2018. The decrease was mostly attributed to deals with a value of less than \$20 million.

Exit Value 2014-2018 (US\$M)



Source: IVC-Meitar Exits Report 2018

of Exits 2014-2018



Source: IVC-Meitar Exits Report 2018



* Excluding \$5 billion and more exits

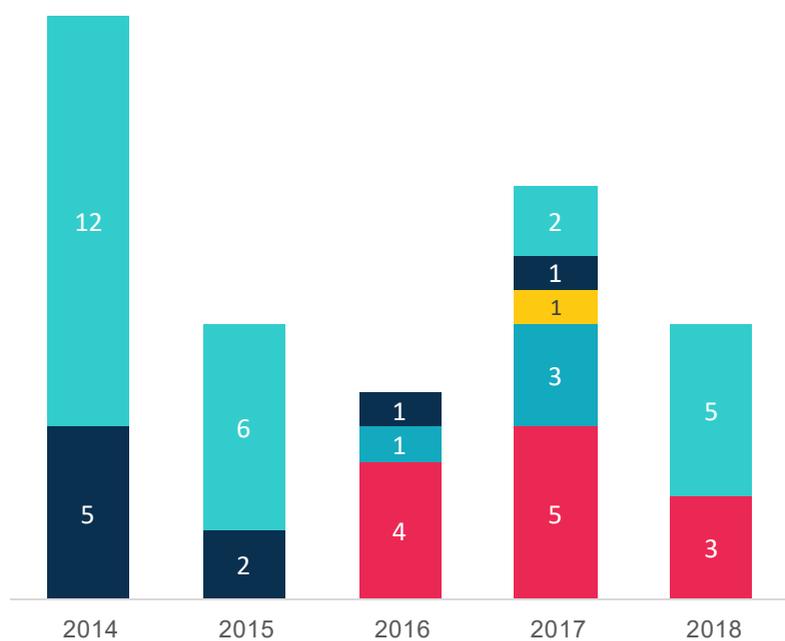




Transactions: # of IPOs per Country 2014-2018

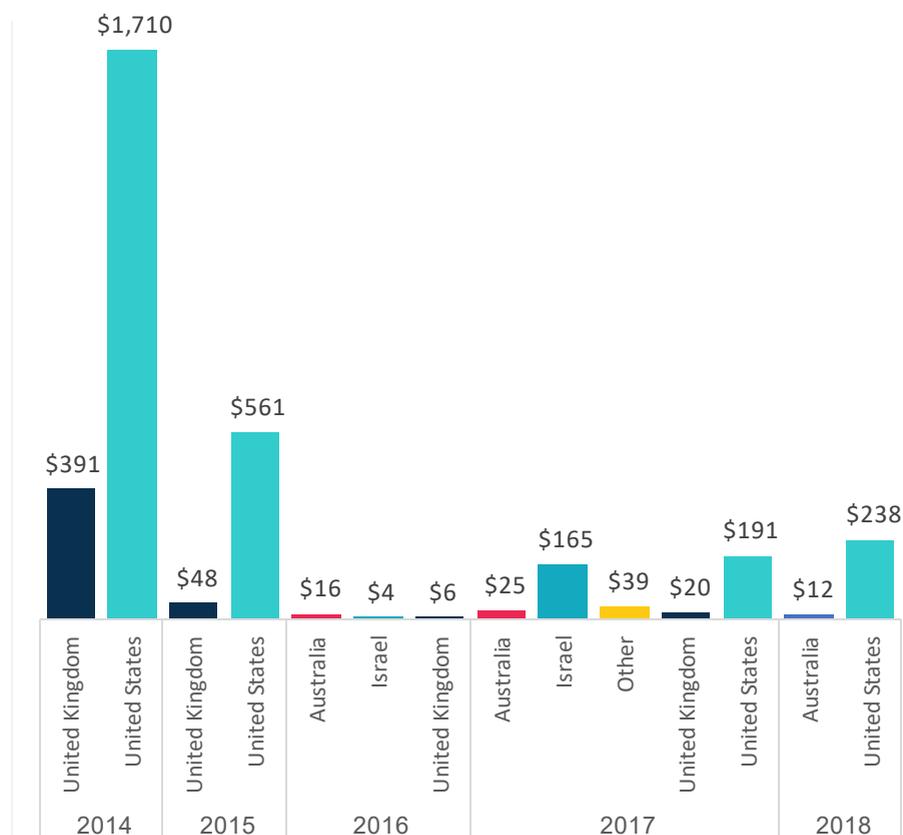
- Capital markets are not yet a significant source of liquidity for investors in Israeli tech companies.
- In 2018, five Israeli life science companies completed their IPO in the US, raising an aggregate of \$236M.
- Australia continues to be relevant to Israeli companies. Three Israeli companies completed an IPO in Australia during 2018, raising an aggregate of \$12M.

of IPOs per Country of Stock Exchange

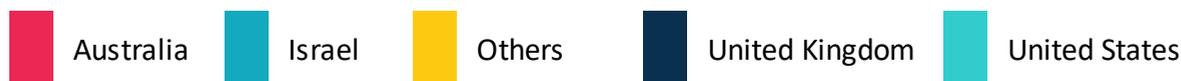


Source: IVC-Meitar Exits Report 2018

IPO proceeds per Country of Stock Exchange (US\$M)



Source: IVC-Meitar Exits Report 2018

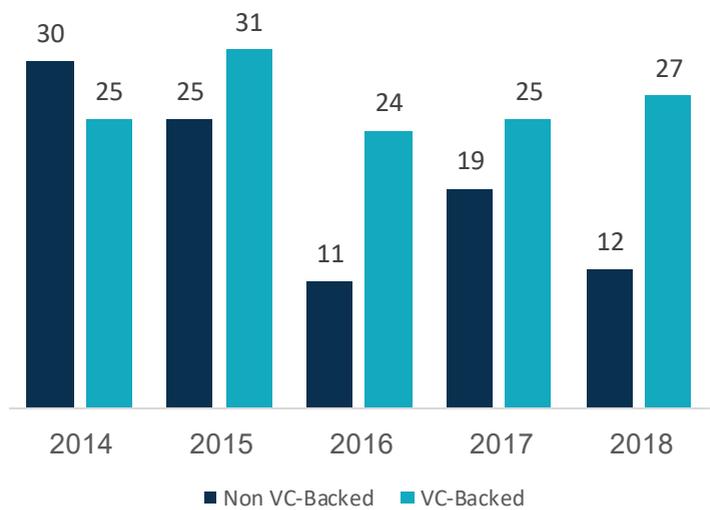




Exits by Deal Size (private Companies) 2014-2018

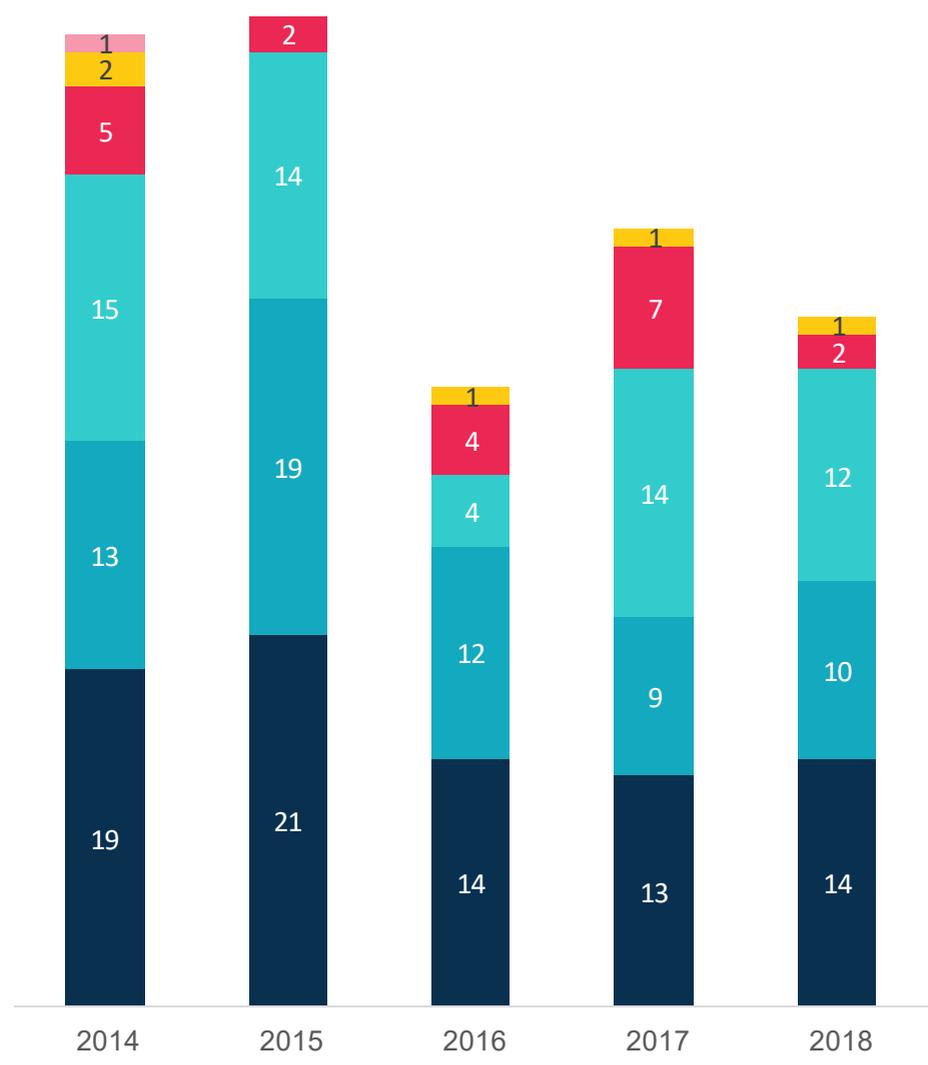
- In 2018 there was a decrease in the number of deals in the \$250M-\$1B range—from 5 and 8 in 2016 and 2017, respectively, to 3 in 2018.
- As we see increasing amounts being invested in growth companies, we expect the number of deals in excess of \$250M to increase significantly over time.

Number of Exits by Deal Size above \$20M: VC Backed vs. Non-VC Backed*



Source: IVC-Meitar Exits Report 2018

Number of Exits by Deal Size above \$20M*



Source: IVC-Meitar Exits Report 2018



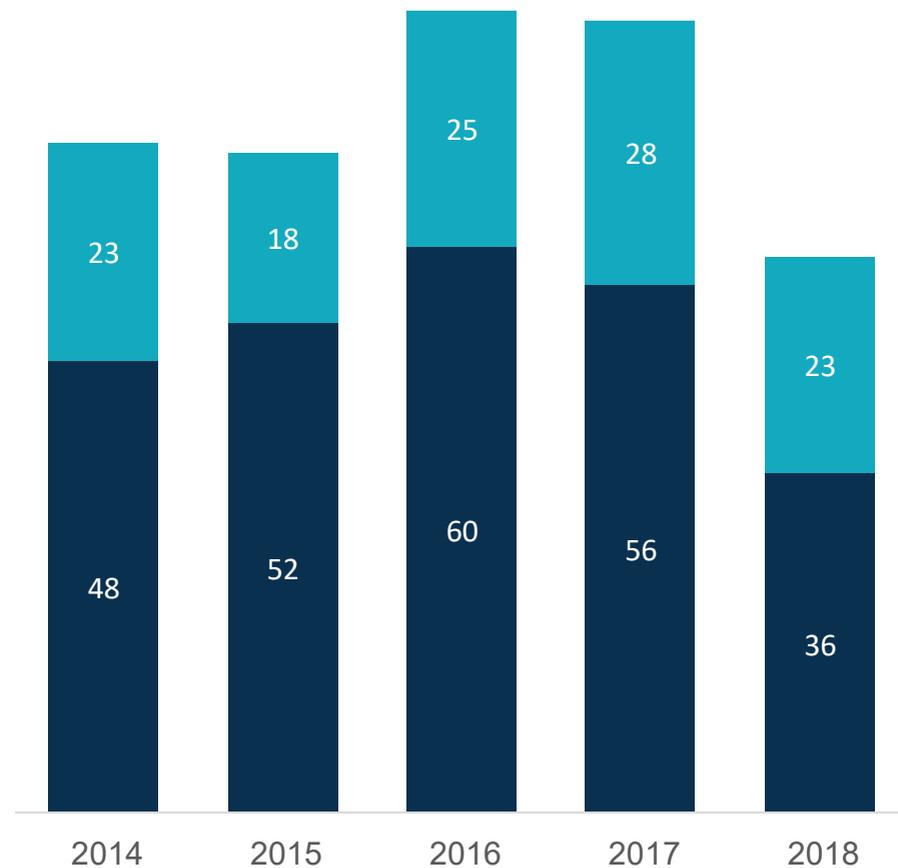
* Excluding \$5 billion and more exits, public companies and divestitures.

Exits under \$20M (Private Companies): VC Backed vs. Non VC-Backed 2014-2018



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

We see a decline in the number of M&A transactions valued at \$20 million or less. This specific segment impacts mostly private investors (rather than VCs) as they are historically the largest investors in this segment.



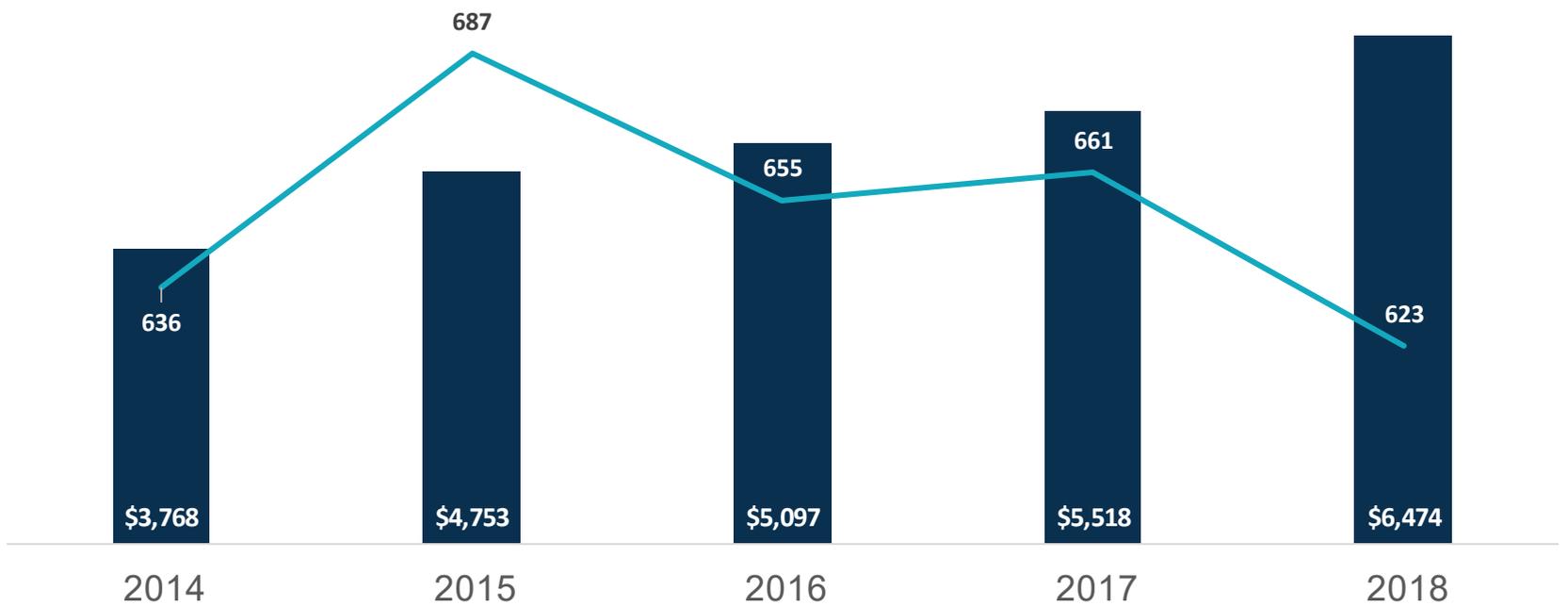
Source: IVC-Meitar Exits Report 2018



Total Investment 2014-2018



Total investment amount peaked in 2018 at \$6.47 billion across 623 companies, compared to \$5.5 billion across 661 companies in 2017, reflecting an increase in the average investment amount per deal.



Source: IVC-Meitar Exits Report 2018

Total Value (US\$M)

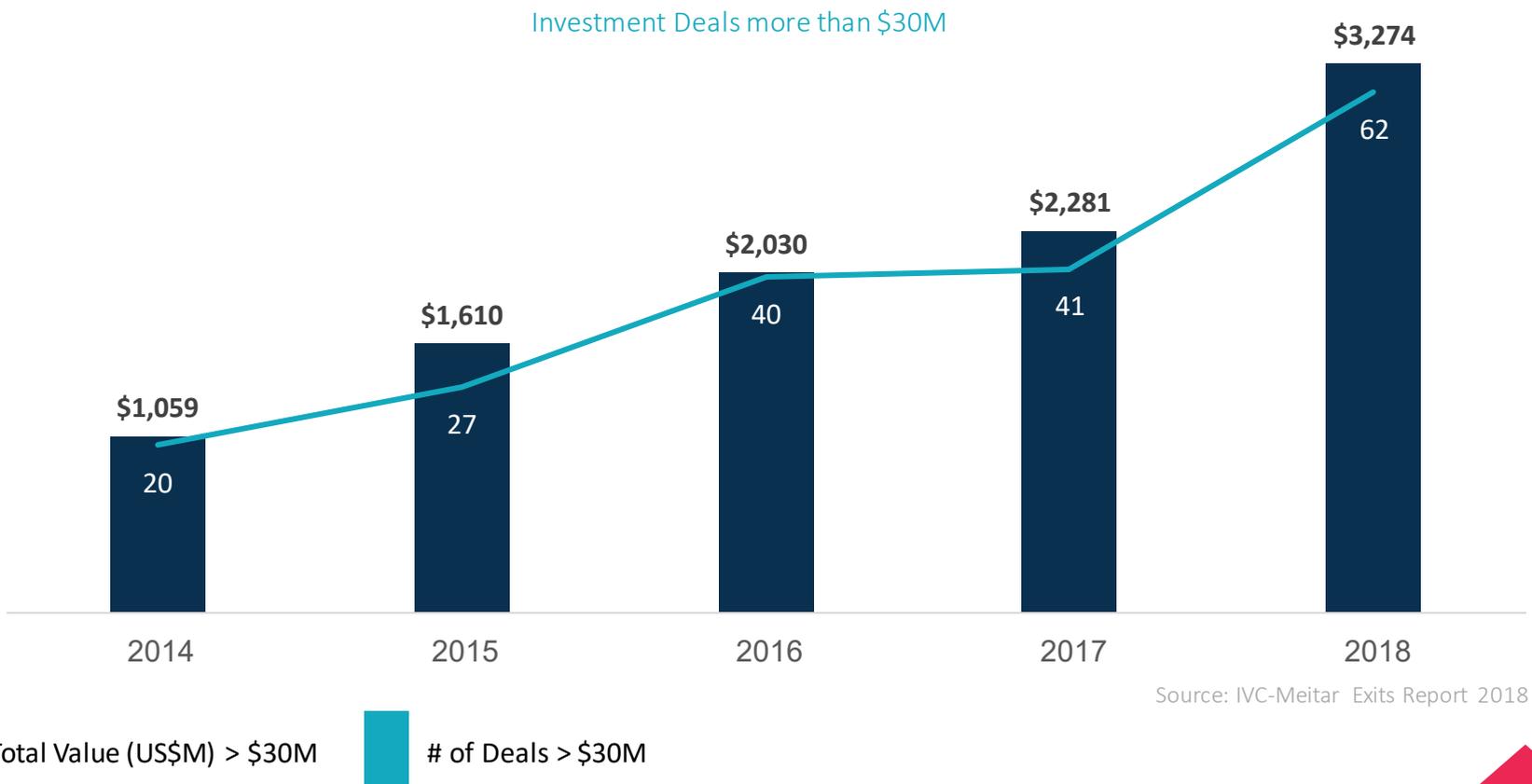
of Deals



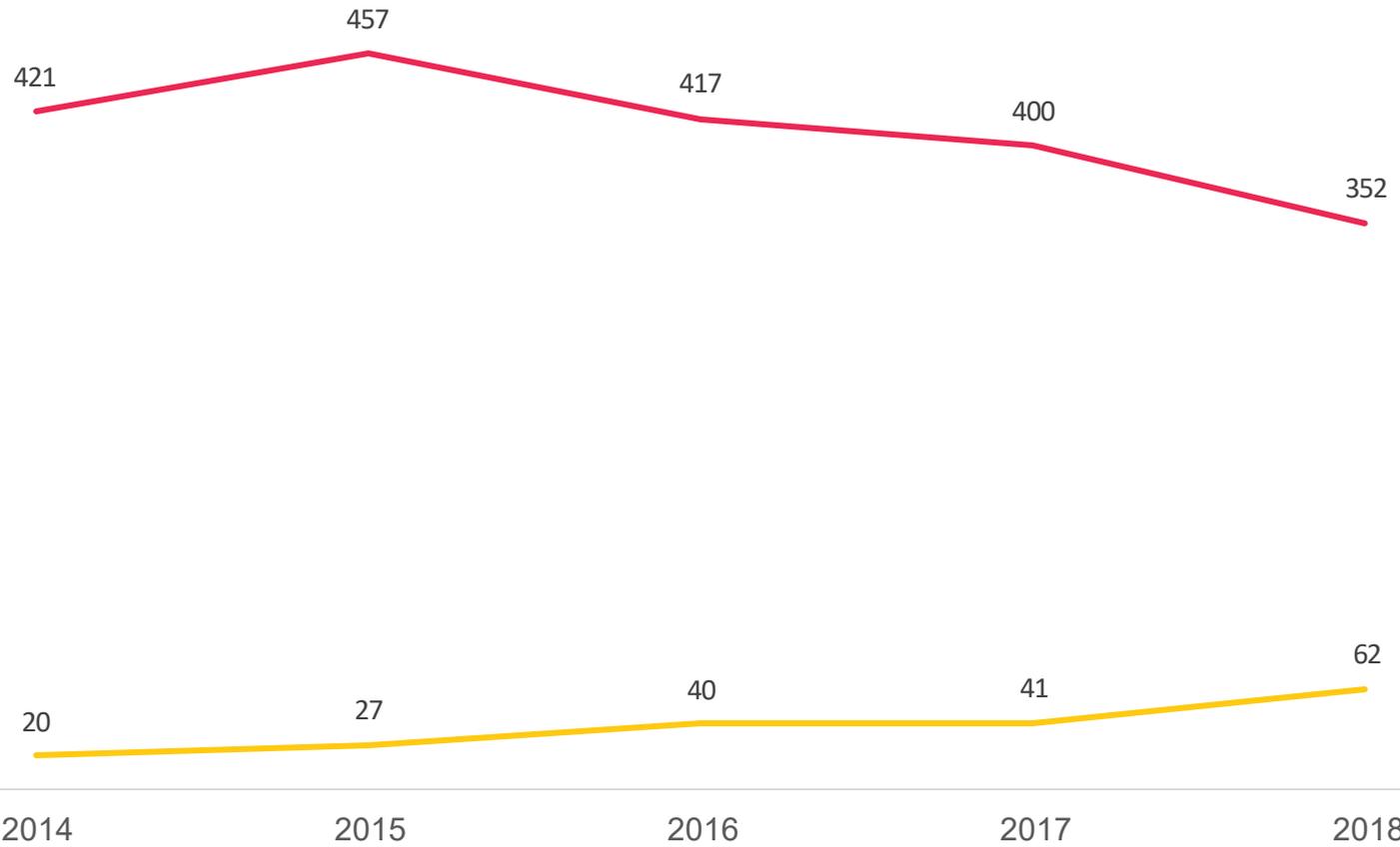
Increase in Growth Capital – Bridging the Gap?



- The number of companies that raised \$30 million or more has increased significantly in recent years, from 41 in 2017 to 62 in 2018.
- The increase of the number of such investments, may provide insight with respect to the decline in the number of deals in the \$250M–\$1B range in 2018.



Investment of Less than \$5M vs. \$30M 2014-2018



Source: IVC-Meitar Exits Report 2018

of Deals <\$5M

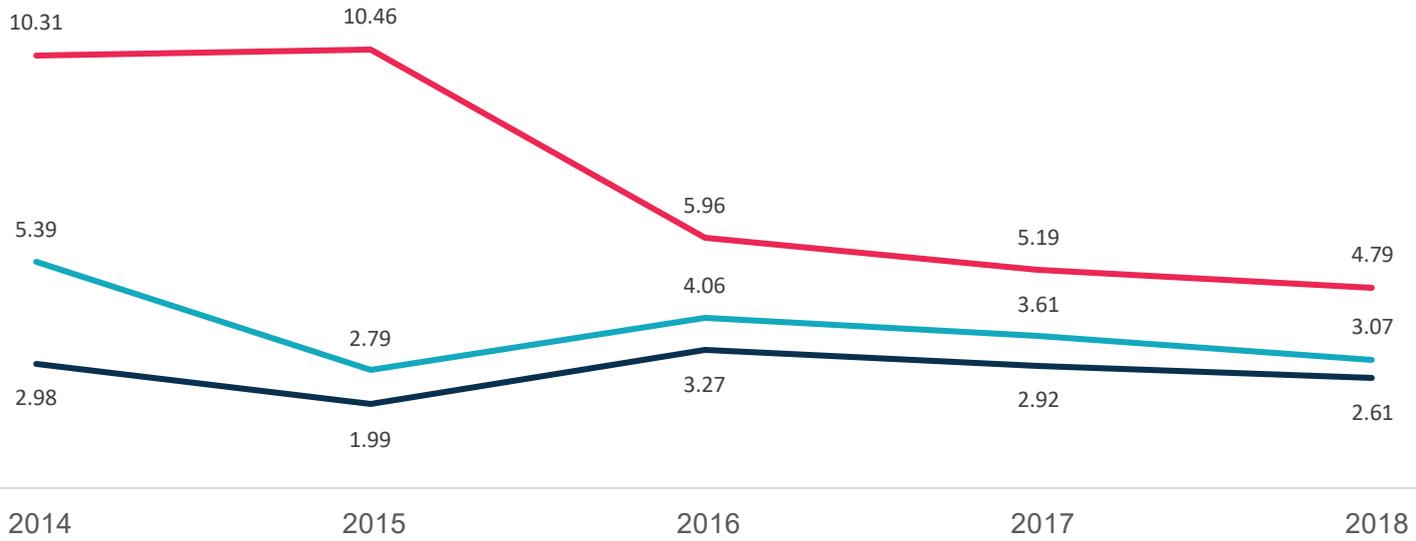
of Deals >\$30M



Ratio (Private Companies): Exit Value/Amount Invested

The ratio continues to decline mostly for non-VC backed companies and remains stable for VC backed companies.

Average Exit Multiple* 2014-2018



Source: IVC-Meitar Exits Report 2018

Average VC-Backed Exit Ratio

Average Exit Ratio

Average Non VC-Backed Exit Ratio

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.

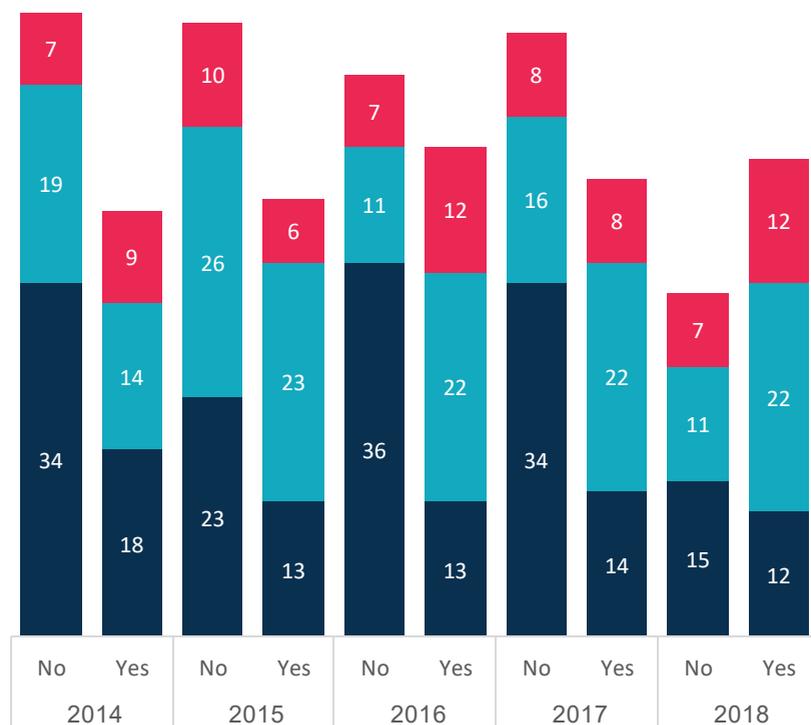
* Excluding \$5 billion and more exits, public companies and divestitures.

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



The number of exits of VC-backed companies with a Time to Exit of up to 10 years has remained consistent since 2015 (34 in 2018), while the number of exits of non-VC backed companies with the same Time to Exit has decreased significantly from 50 in 2017 to 26 in 2018.

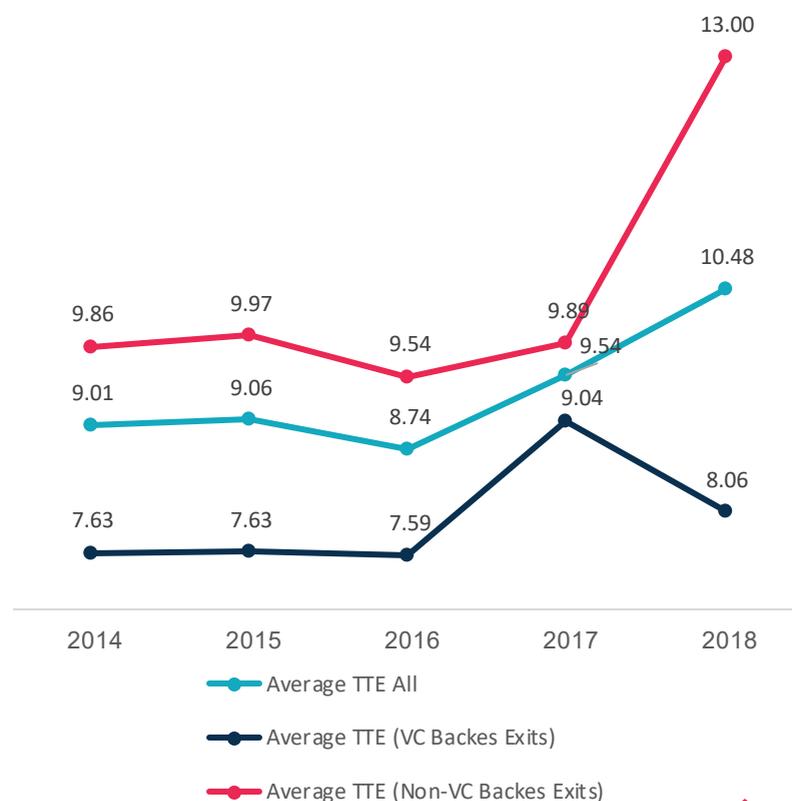
No. of Deals per Time To Exit: VC Backed vs. Non-VC Backed Exits



Source: IVC-Meitar Exits Report 2018

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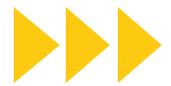
Average Time To Exit: VC Backed vs. Non-VC Backed Exits



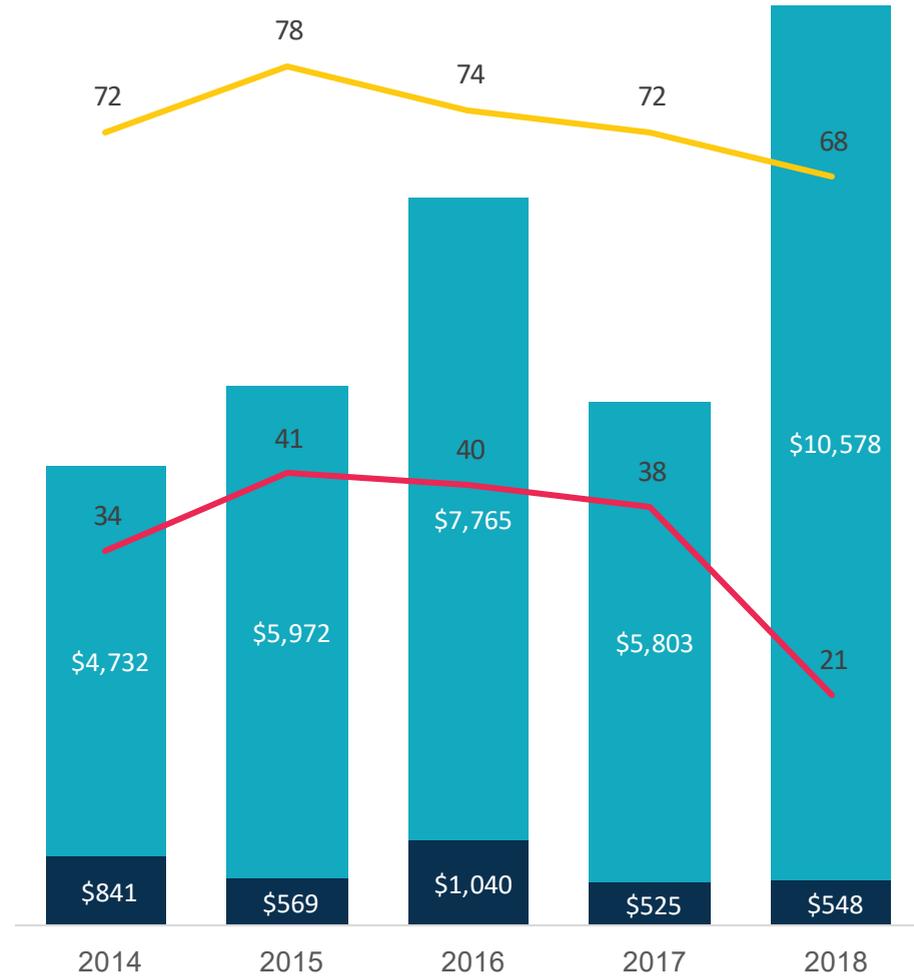
Source: IVC-Meitar Exits Report 2018

* Excluding \$5 billion and more exits, public companies and divestitures.

M&As*: Foreign vs. Israeli Acquisitions



2018 experienced a significant decrease in the number of acquisitions of Israeli targets by Israeli buyers compared to previous years; however, the corresponding decrease in total value of such transactions was more moderate. This decrease is one of the main factors leading to the decrease in the total number of transactions in 2018.



Source: IVC-Meitar Exits Report 2018

Value of Israeli Buy Side M&A Deal (US\$M)

of Israeli Buy Side M&A Deal

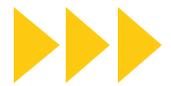
Value of Foreign Buy Side M&A Deal (US\$M)

of Foreign Buy Side M&A Deal

* Excluding \$5 billion and more exits.

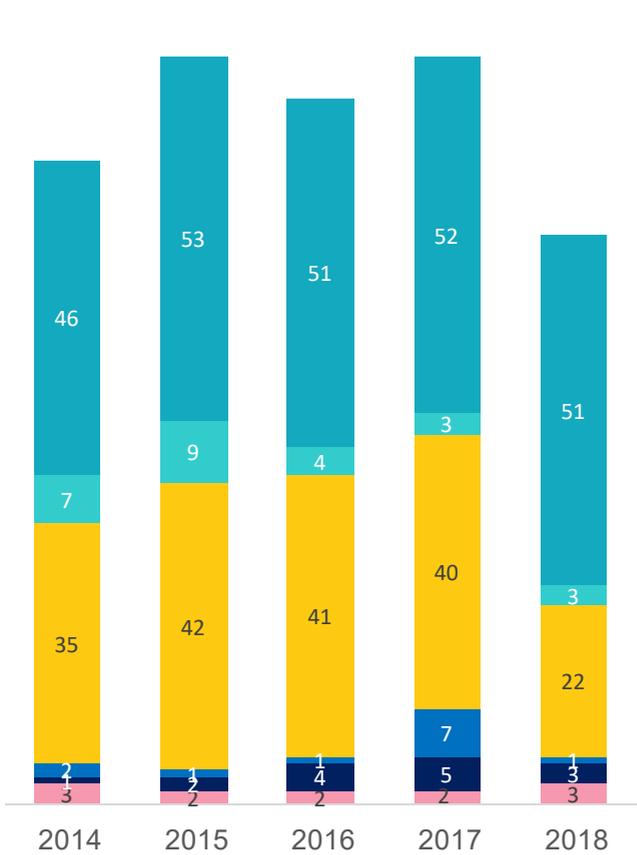


M&As*: Acquirers by Country of Origin



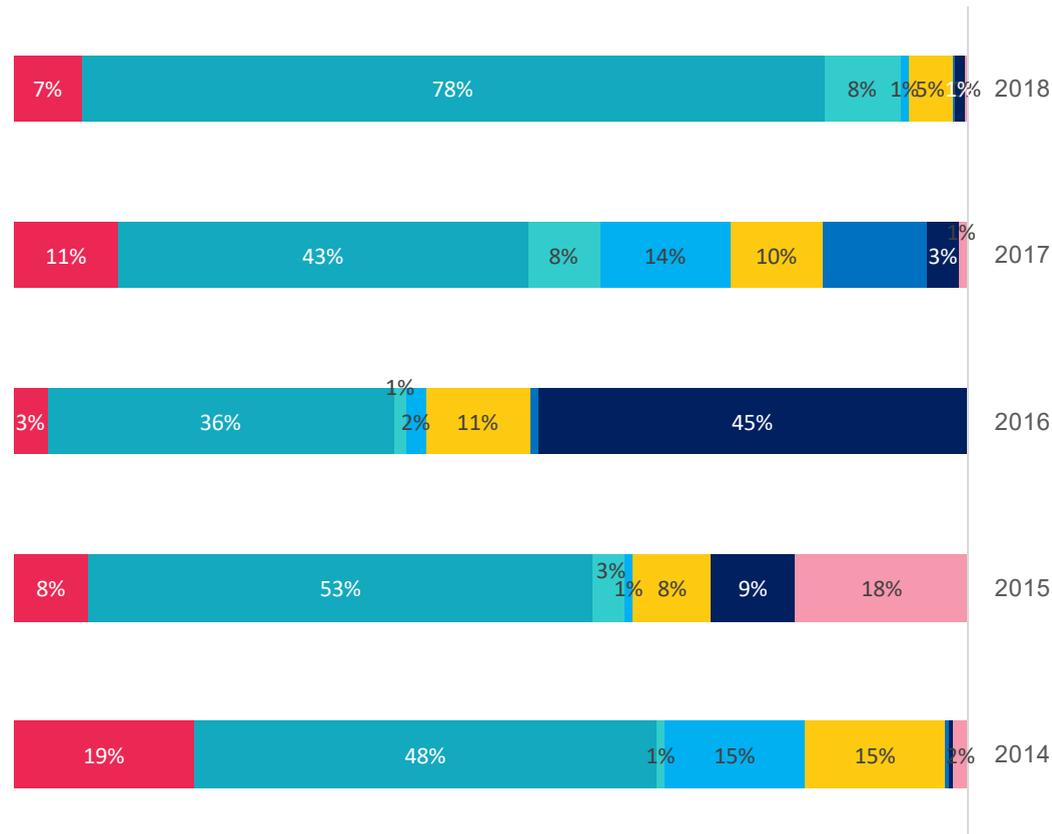
- In terms of the number of deals, on the buy-side we still see mostly US and Israeli acquirers as dominant.
- In terms of the value of deals, on the buy-side Chinese acquirers are not yet significant players.

of deals per acquirer country of origin*



Source: IVC-Meitar Exits Report 2018

Deal value per acquirer country of origin



Source: IVC-Meitar Exits Report 2018

Canada China Germany Israel Japan United Kingdom United States Other

* Excluding exits above \$5B and Countries with less than 10 exits over the last 5 years



Top Exits in 2018



acquired* by KLA-Tencor for
\$3.4 billion

IMPERVA

acquired by Thoma Bravo for
\$2.1 billion



acquired by Medtronic for
\$1.6 billion

Synamedia

acquired by Permira for
\$1 billion



acquired by Salesforce for
\$850M



acquired by Philips for
\$292M

SYGNIA

acquired by Temasek Holdings for
\$250M



Acquired by United Therapeutics for
\$216M



acquired by Perforce for
\$200M

Source: IVC-Meitar Exits Report 2018

* Subject to closing.



SECTORS AND VERTICALS



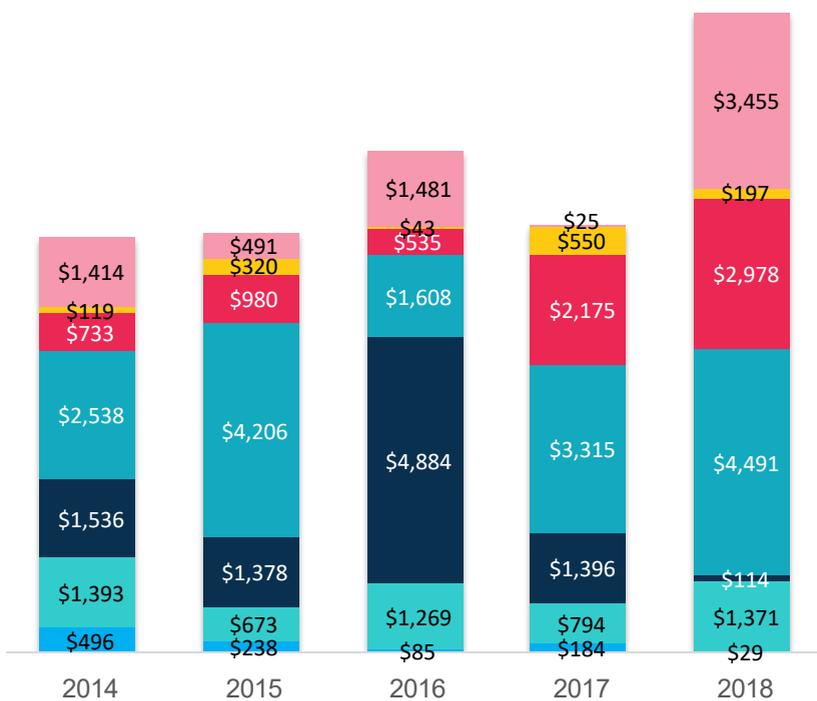
The IVC-Online Database categorizes each company in one sector; however, companies can often be classified into other sectors, based on various aspects of their technological capabilities, target markets and product and service application.

Exits by Sector 2014-2018



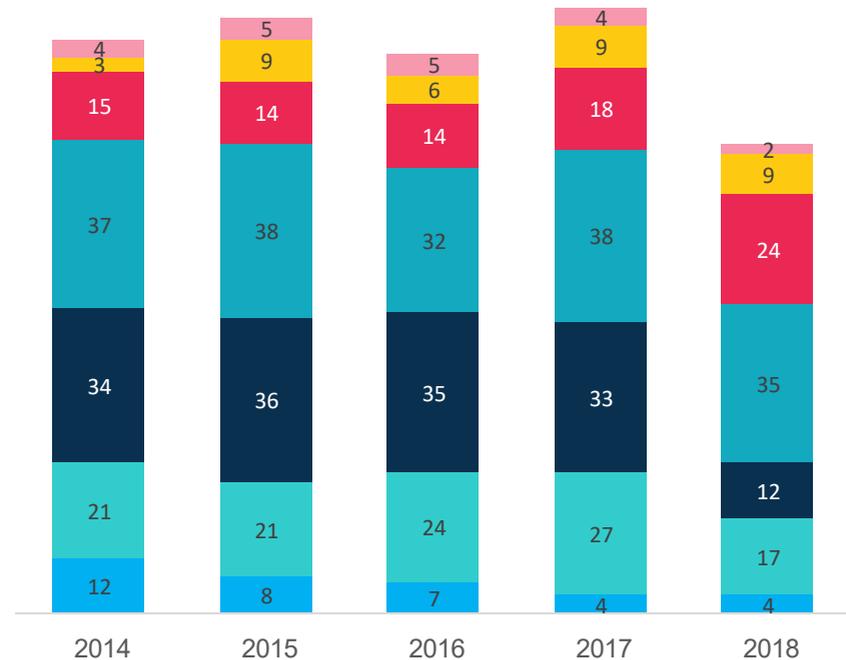
- Increase in 2018 in the number of life science exit deals to 24 deals, of which 7 were IPOs.
- The number of deals in the IT and enterprise software sector remains stable.
- Significant decrease in the number of deals in the Internet sector.

Exits by Sector 2014-2018 (US\$M)



Source: IVC-Meitar Exits Report 2018

of Exits by Sector 2014-2018



Source: IVC-Meitar Exits Report 2018



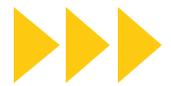
* Excluding deals over \$5b (Mobileye)



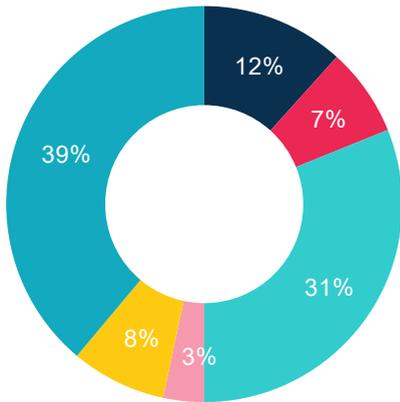


IT & Software exits 2014-2018

180 Deals, \$16.16B

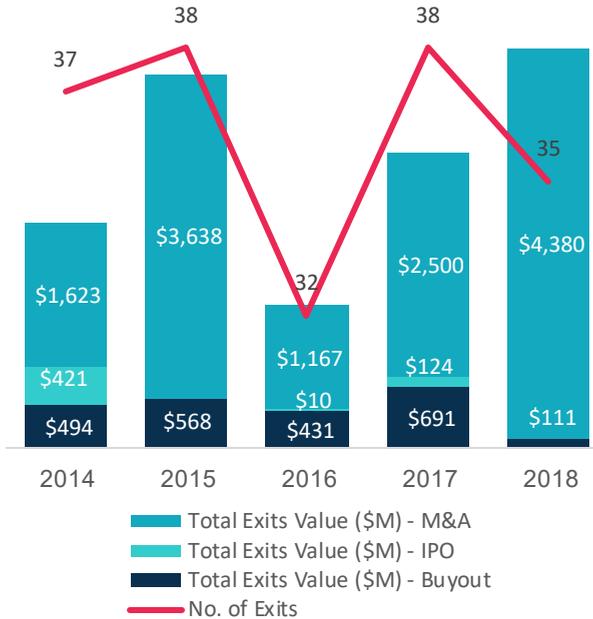


IT & Software sub sectors



- Business Analytics
- Design & Development Tools
- Enterprise Applications
- Enterprise Infrastructure
- Miscellaneous Software
- Security

IT & Software exits 2014-2018



Average time to exit



Top 5 IT & Software exits in 5 years



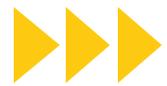
Source: IVC-Meitar Exits Report 2018



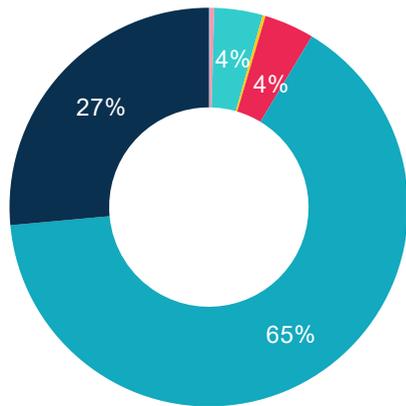


Life Sciences exits 2014-2018

85 Deals, \$7.4B

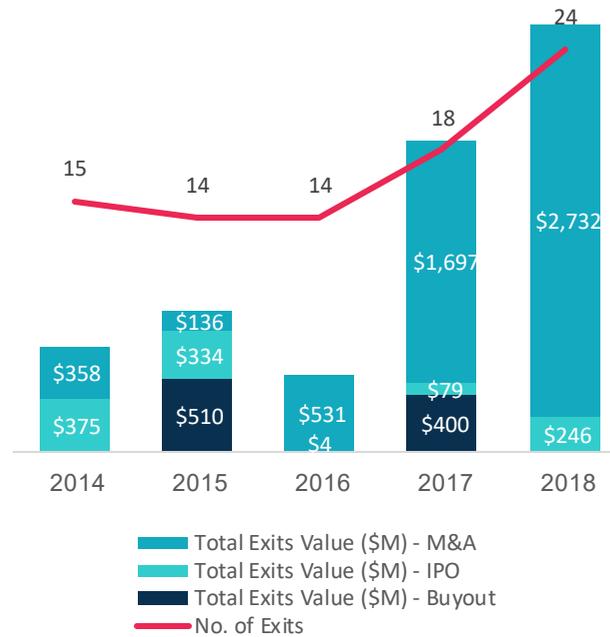


Life sciences sub sectors

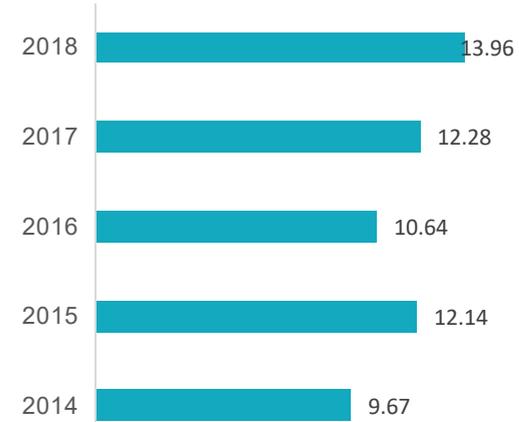


- Agrobiotech
- Bioinformatics
- Biologicals
- Diagnostics
- Healthcare IT
- Medical Devices
- Therapeutics

Life sciences exits 2014-2018



Average time to exit



Top 5 Life sciences exits in 5 years



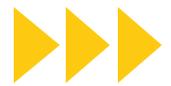
Source: IVC-Meitar Exits Report 2018



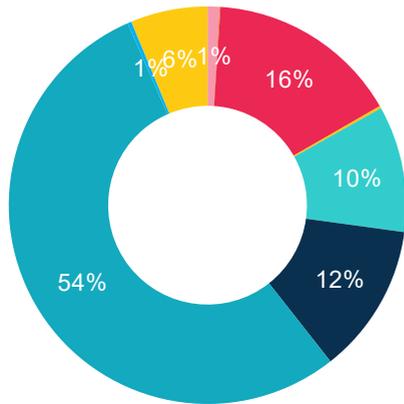


Internet exits 2014-2018

150 Deals, \$9.3B

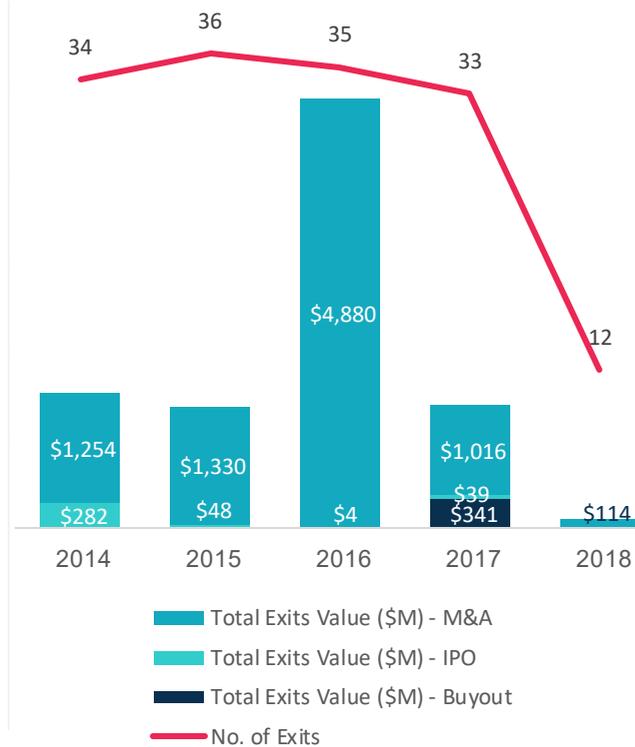


Internet sub sectors

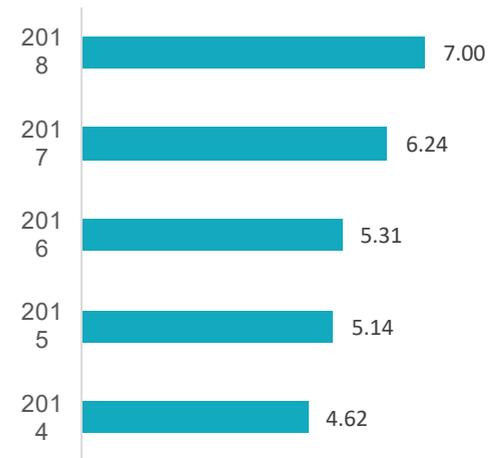


- Content Delivery Platforms
- e-Commerce
- Internet Applications
- Online Entertainment
- Social Networks
- Content Management
- E-Learning
- Online Advertising
- Search Engines

Internet exits 2014-2018



Average time to exit



Top 5 Internet exits in 5 years



Source: IVC-Meitar Exits Report 2018





Artificial Intelligence 2014-2018

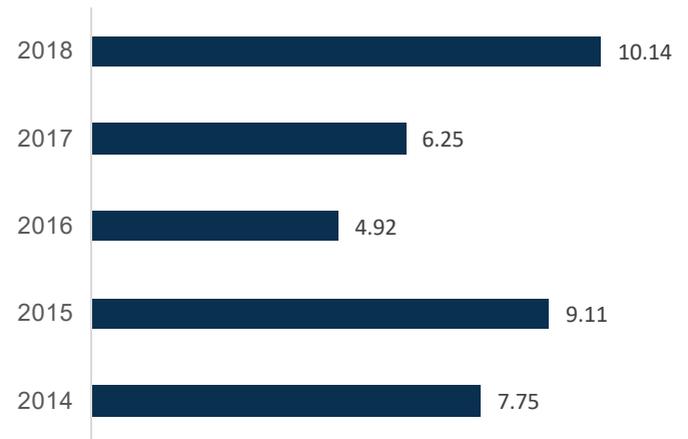
150 Deals, \$9.3B



Artificial Intelligence exits



Artificial Intelligence Average time to exit



Top 3 Artificial Intelligence exits in 5 years



Artificial Intelligence Exit Multiple



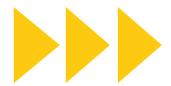
* Excluding deals over \$5b (Mobileye)

Source: IVC-Meitar Exits Report 2018

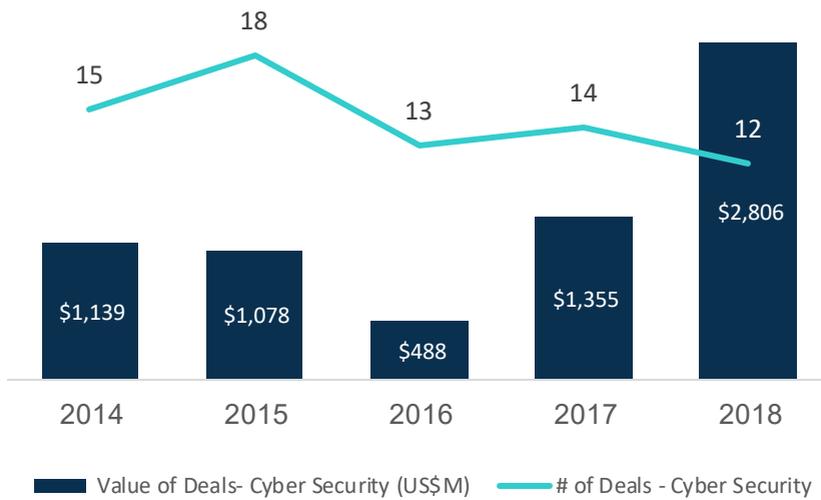




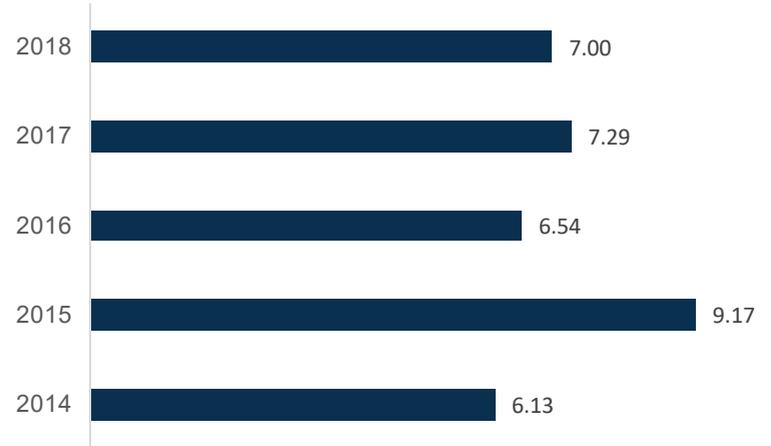
Cyber Security 2014-2018



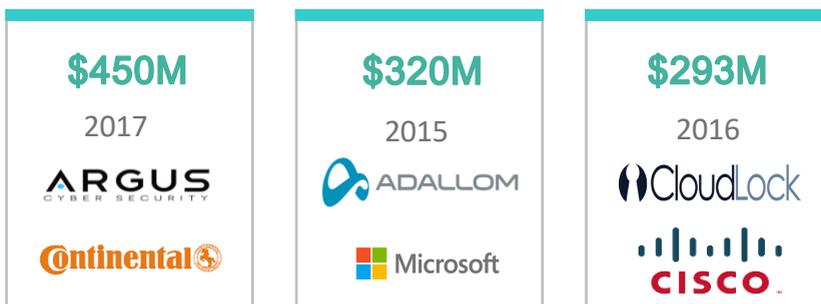
Cyber Security exits



Cyber Security Average time to exit



Top 3 Cyber Security exits in 5 years



Cyber Security Exit Multiple



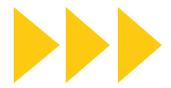
* Excluding deals over \$5b (Mobileye)

Source: IVC-Meitar Exits Report 2018

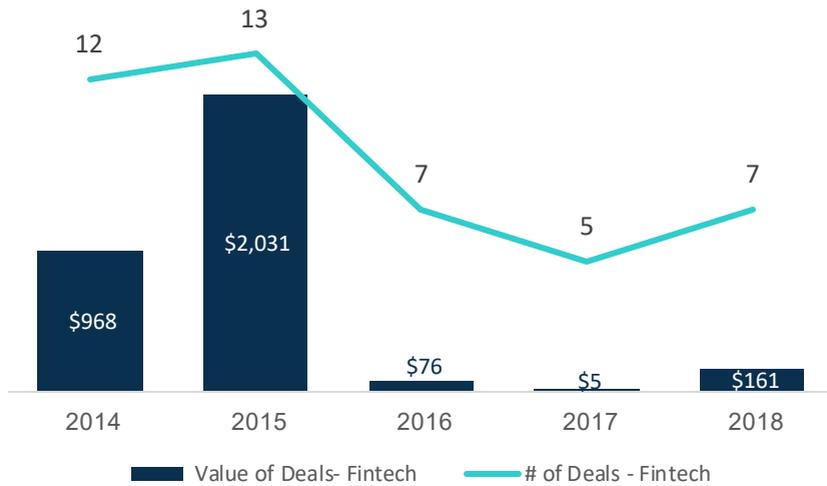




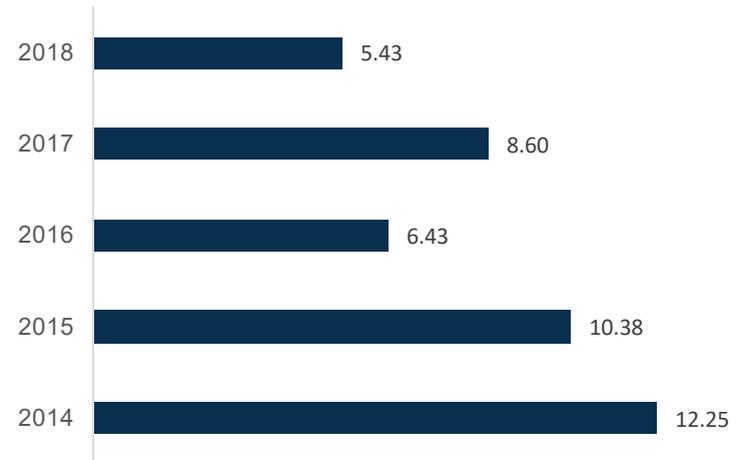
Fintech 2014-2018



Fintech Exits



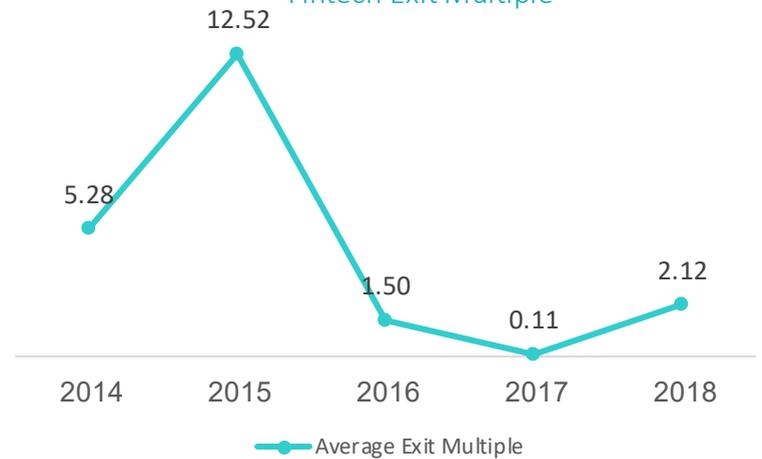
Fintech Average time to exit



Top 3 Fintech exits in 5 years



Fintech Exit Multiple



* Excluding deals over \$5b (Mobileye)

Source: IVC-Meitar Exits Report 2018



ABOUT THIS REPORT

This report contains information derived from the [IVC-Online Database](#).

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 2014-2018.

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.

Up-to-date information is available to [IVC Industry Analytics](#) subscribers.

ABOUT MEITAR LIQUORNIK GEVA LESHEM TAL

[Meitar Liquornik Geva Leshem Tal](#) 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

IVC Research Center is the leading online provider of data and analyses on Israel's high-tech, venture capital and private equity industries.

IVC owns and operates the [IVC-Online Database](#) which showcases over 16,000 Israeli technology startups, and includes information on private companies, investors, venture capital and private equity funds, angel groups, incubators, accelerators, investment firms, professional service providers, investments, financings, exits, acquisitions, founders, key executives and R&D centers.

Among IVC products and publications are:

[IVC Quarterly Survey](#), which for over 17 years has been analyzing capital raising trends by Israeli high-tech companies, and the most comprehensive guide to Israeli high technology and venture capital.

The [IVC High-Tech Yearbook](#) the Israel High-Tech, Venture Capital, Startup and Private Equity Directory; surveys; research papers and reports; and interactive dashboards.

[IVC Industry Analytics](#) – analysis, research and insights into the status, main trends and opportunities related to exits, investments, investors, sectors and stages

IVC products and services are used regularly by high-tech companies, venture capital funds, private investors, financial investors and institutions, as well as public entities such as the Central Bureau of Statistics, the Bank of Israel, The Israeli Innovation Authority and Ministry of Economy. IVC's information is used by key decision-makers, strategic and financial investors, government agencies and academic and research institutions in and outside of Israel.





CONTACT US

Michal Saam, Data Analyst
IVC Research Center

michals@ivc-online.com ● www.ivc-online.com

+972-(0)73-212-2333

Elinor Rottenberg, Head of Business Development,
Meitar Liqournik Geva Leshem Tal

Elinorc@meitar.com ● www.meitar.com

+972-3-610-3100

