

IVC-Meitar H1/2018

High-Tech Exit Report

58 Deals, Total Exits of \$6.22 Billion, Including Two
Exceptional Deals of Over \$1 Billion Each

Highlights

- 58 exit deals in H1/2018 continues the downtrend in the number of deals since 2015.
- Excluding two outlier deals, overall amounts in H1 declined as well.
- The decline in the amounts and number of deals continue to be notable in the Return on Equity multiples. Multiples are not expected to improve in H2.
- IT and Life Science outpace other sectors in number of deals.

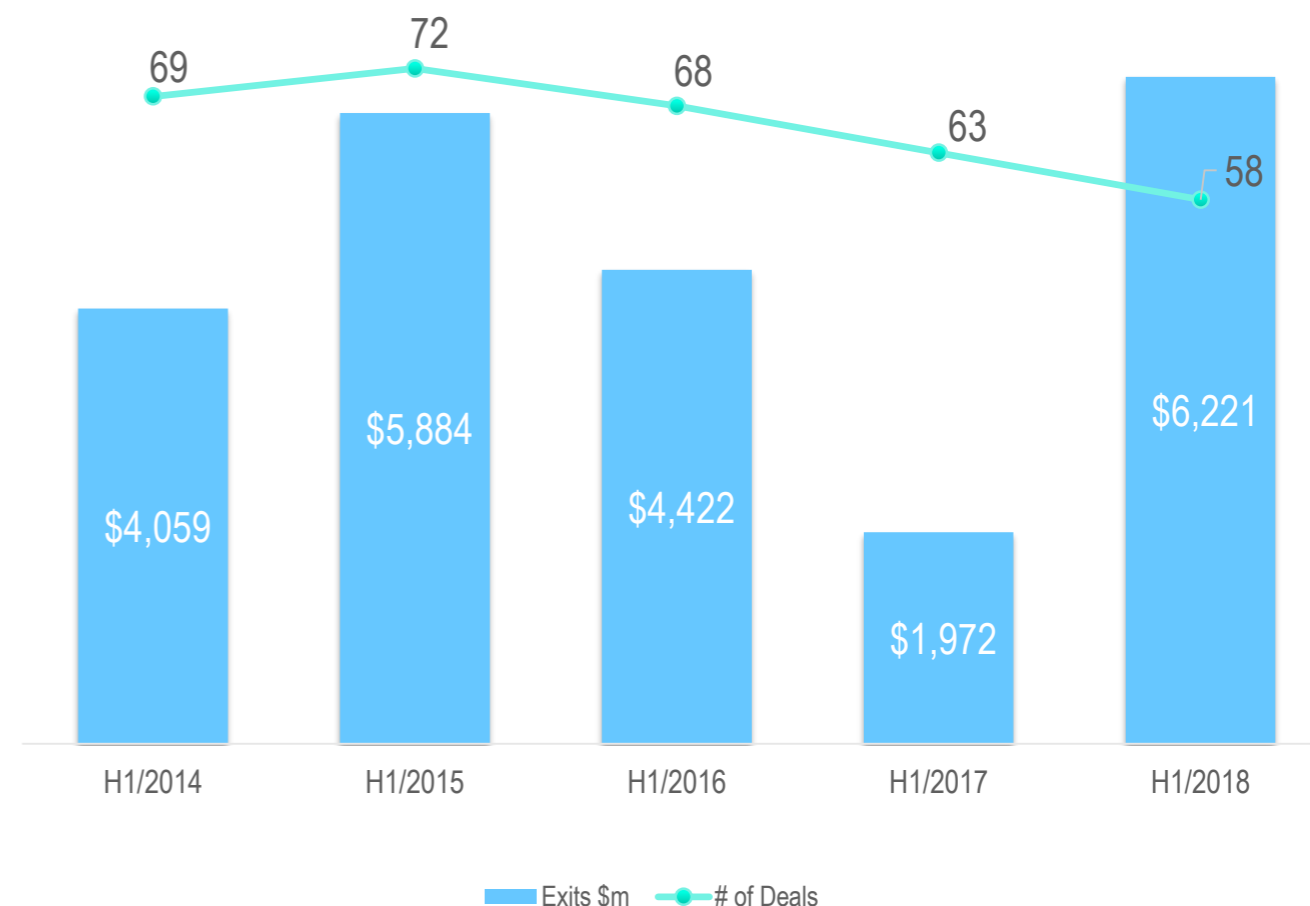
Exits H1/2014 – H1/2018 (including mega-deals)

- During H1/2018 Israeli high-tech exit activity reached \$6.22 billion in 58 deals.
- The average exit deal in H1/2018 was \$107M, significantly higher than the \$31M average in H1/2017, due to two exceptional deals* of over \$1B each:

Orbotech was acquired by KLA-Tencor for \$3.4B

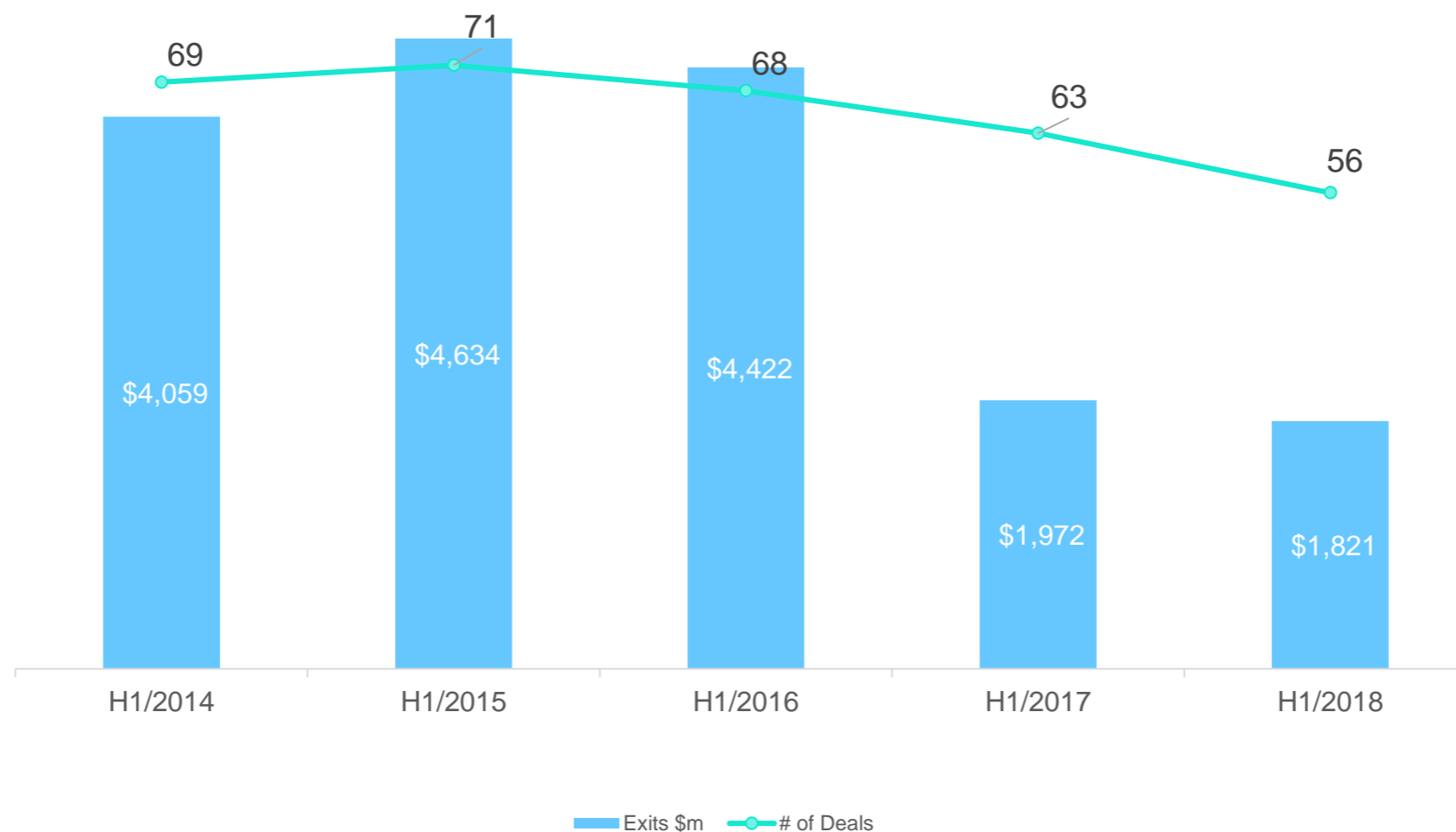
NDS was acquired by Permira for \$1B
(this is the 4th time NDS was acquired)

- The number of exits in H1/2018 continue the downtrend, reaching 20% decline since H1/2015



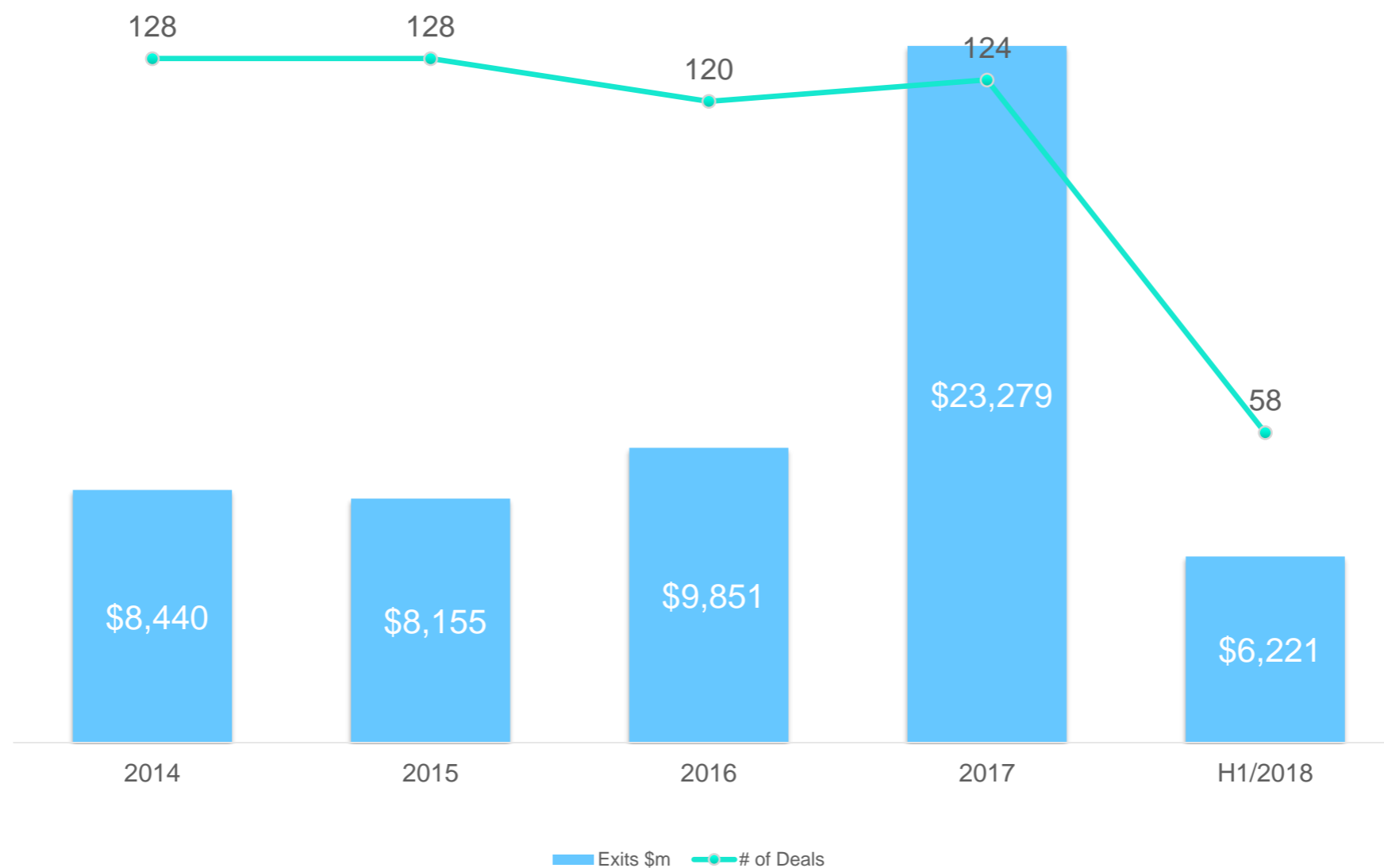
* The deals were not completed yet

Exits H1/2014 – H1/2018 (excluding mega deals)*



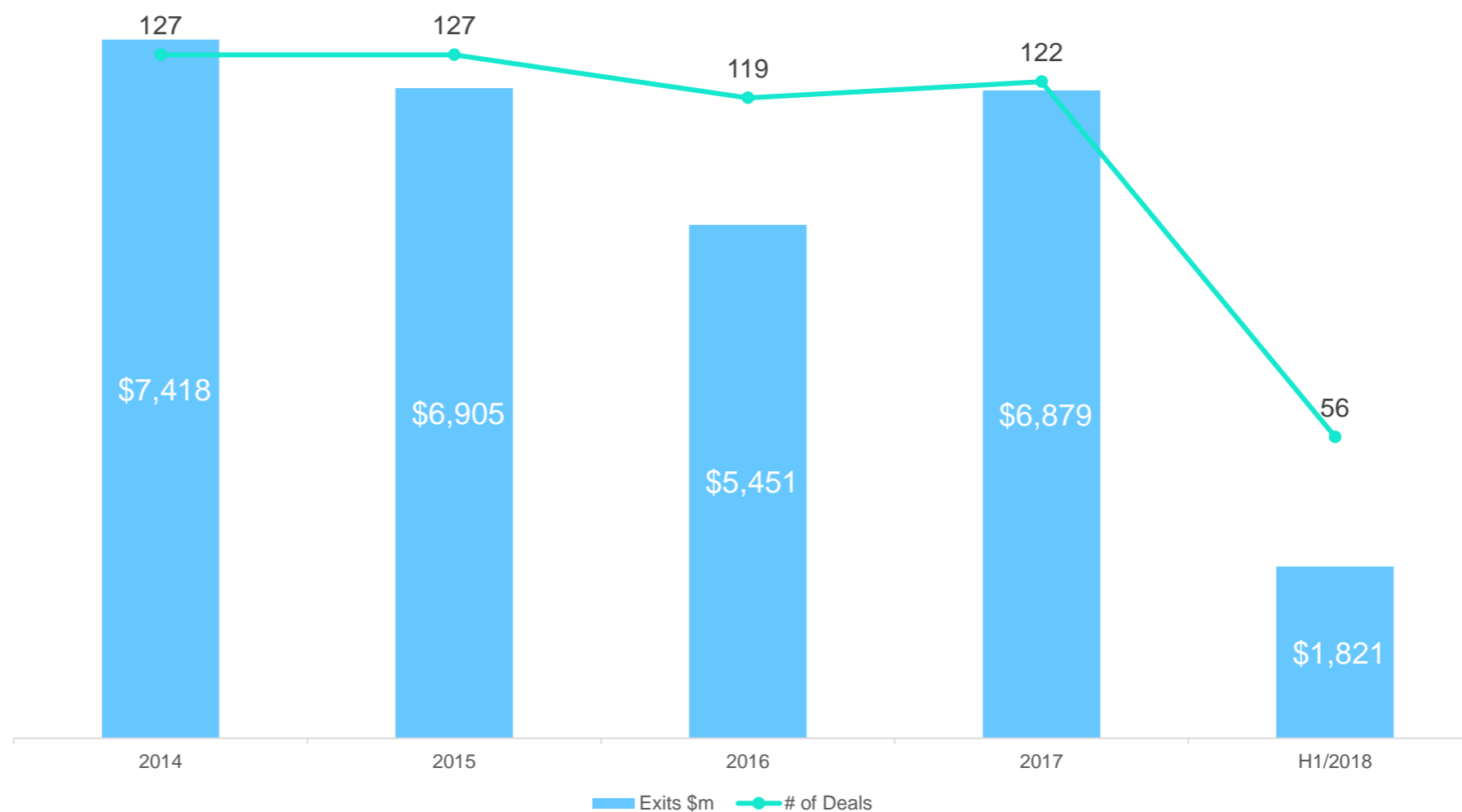
Excluding mega deals, the average exit deal in H1/2018 was \$32.5M, higher than the \$31M average in H1/2017.

Exits 2014 – H1/2018 (including mega deals)



Higher amounts in 2017 include **Mobileye** deal, finalized in H2/2017

Exits 2014 – H1/2018 (excluding mega deals)*

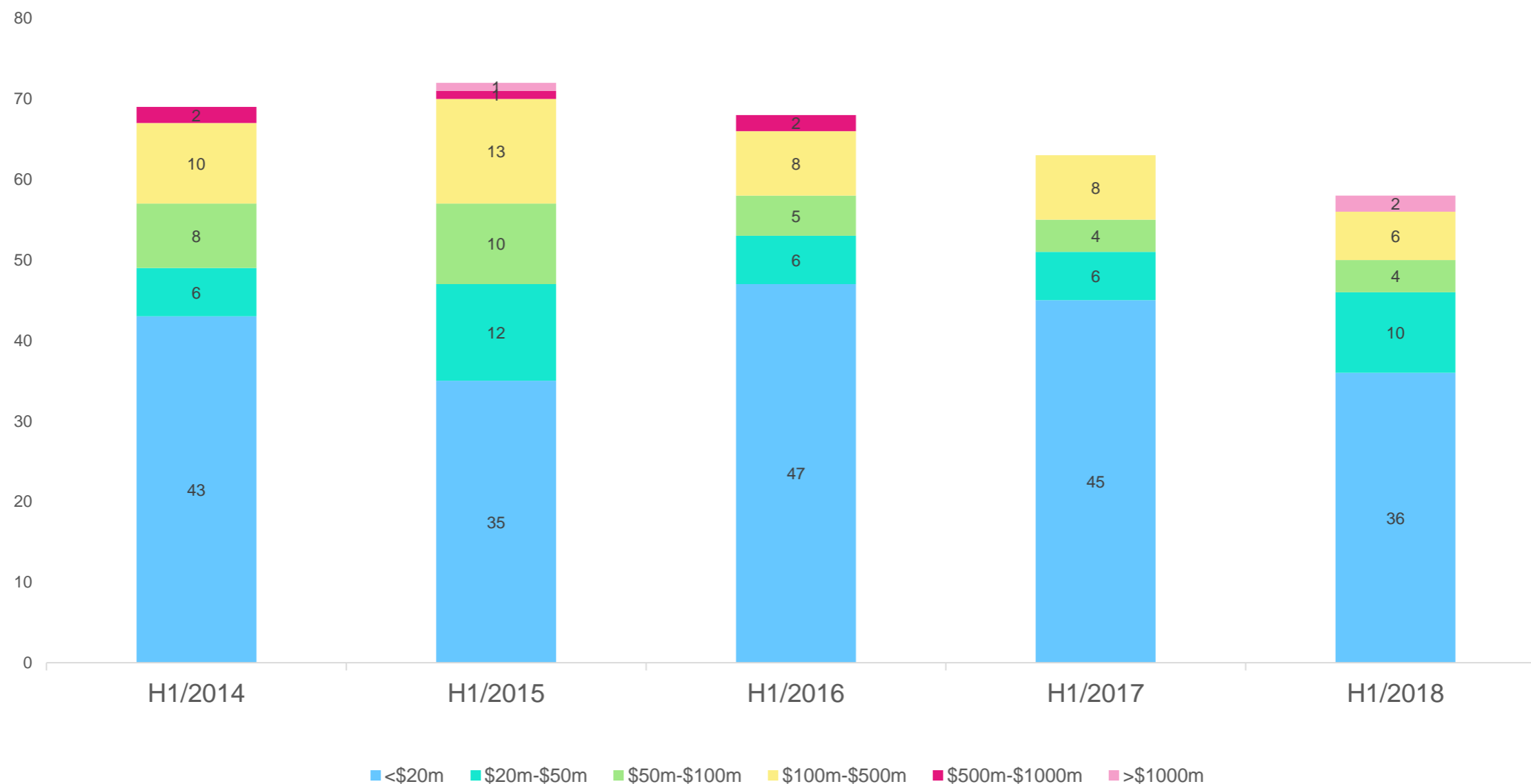


Exits activity in H1/2018 suggests 2018 will be modest compared with last 5 years in terms of number of exits.



* Excluding deals over \$1B

Number of Exits by Deal Size, H1/2014 – H1/2018



The number of deals in the medium range (\$100–\$500M) continued to shrink from H1/2015 – H1/2018. However, H2 could be much stronger in this range.

Number of Exits by Deal Size, 2014-H1/2018 (In Ranges \$20M - \$1B)



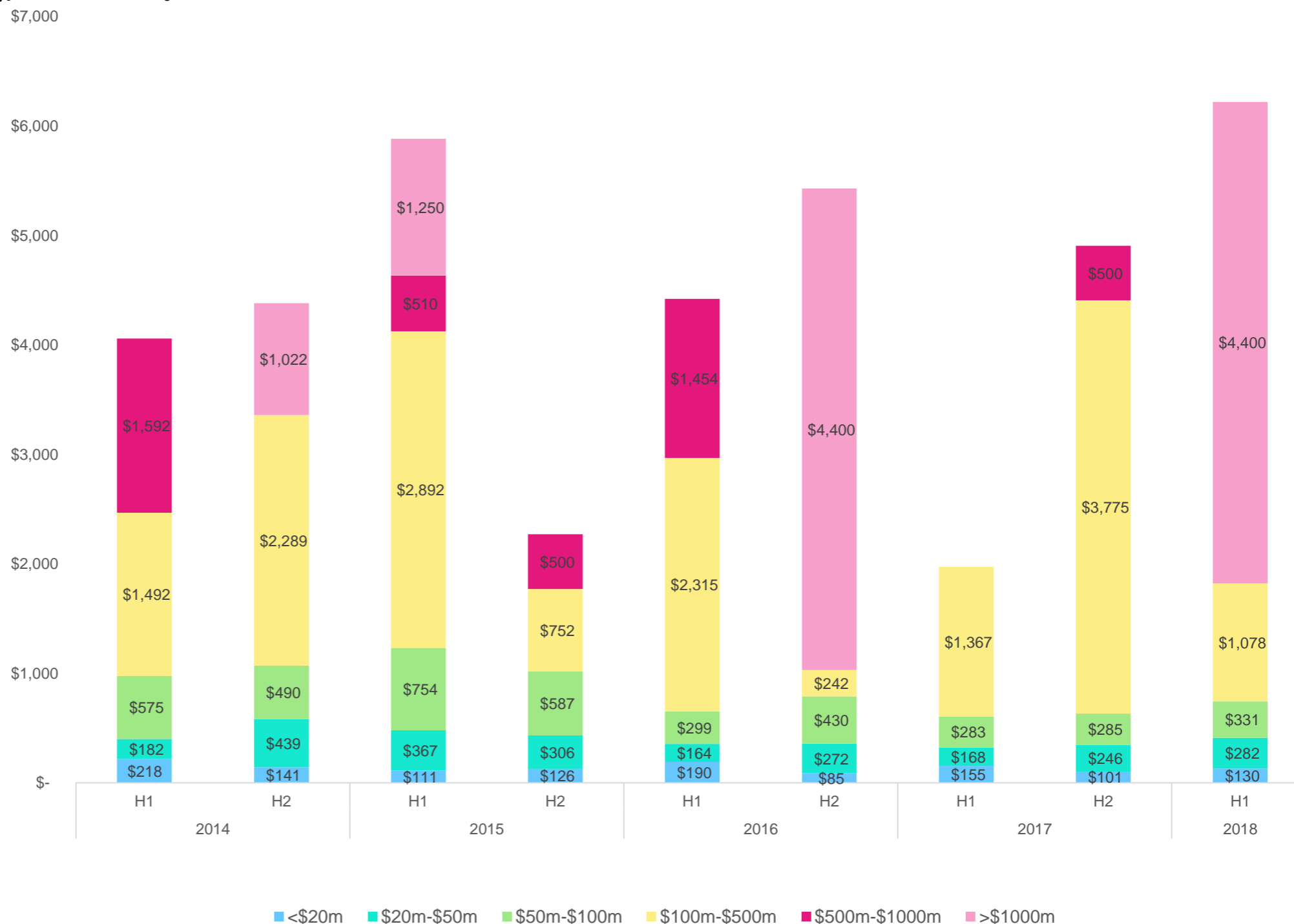
■ \$20m-\$50m ■ \$50m-\$100m ■ \$100m-\$300m ■ \$300m-\$500m ■ \$500m-\$750m ■ \$750m-\$1000m

- Deals in the medium (\$100–\$500M) and medium-high ranges (\$500M–\$1B): numbers have decreased since H1/2015, with the exception of onetime upsurge in H2/2017.



Exits by Deal Size (\$M), 2014 – H1/2018

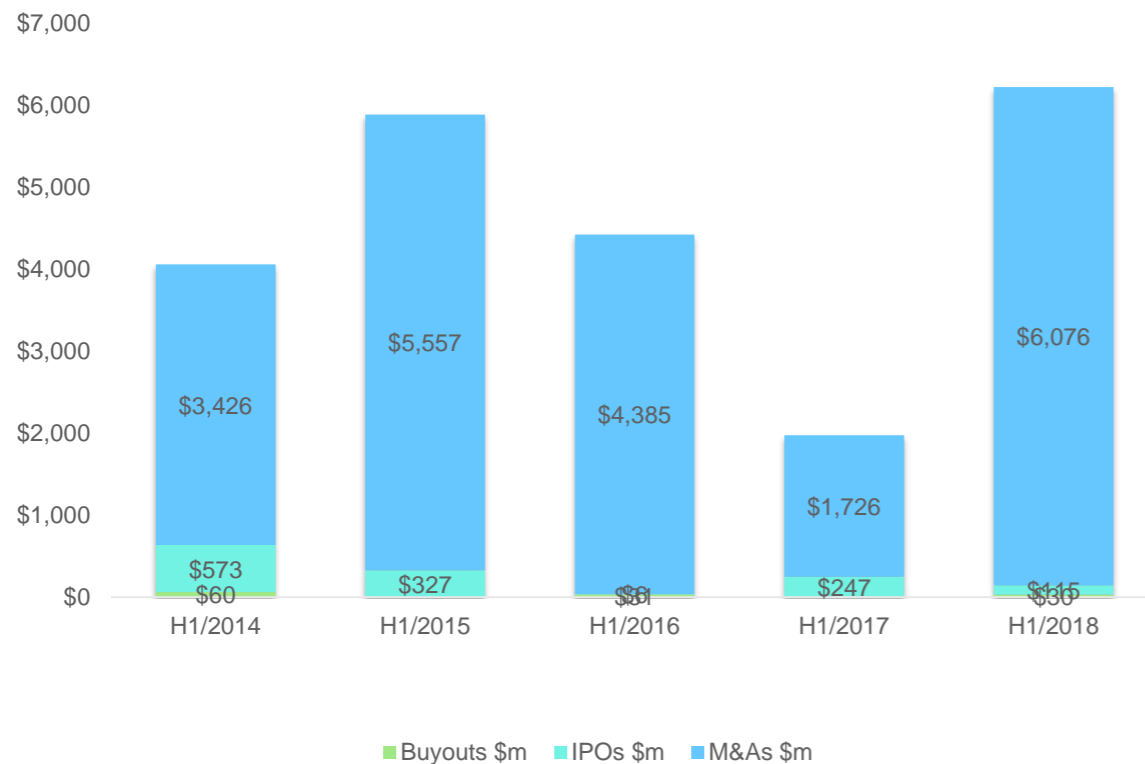
Fluctuations in the number of medium and medium-high range deals was followed by similar variations in overall amounts in these ranges.



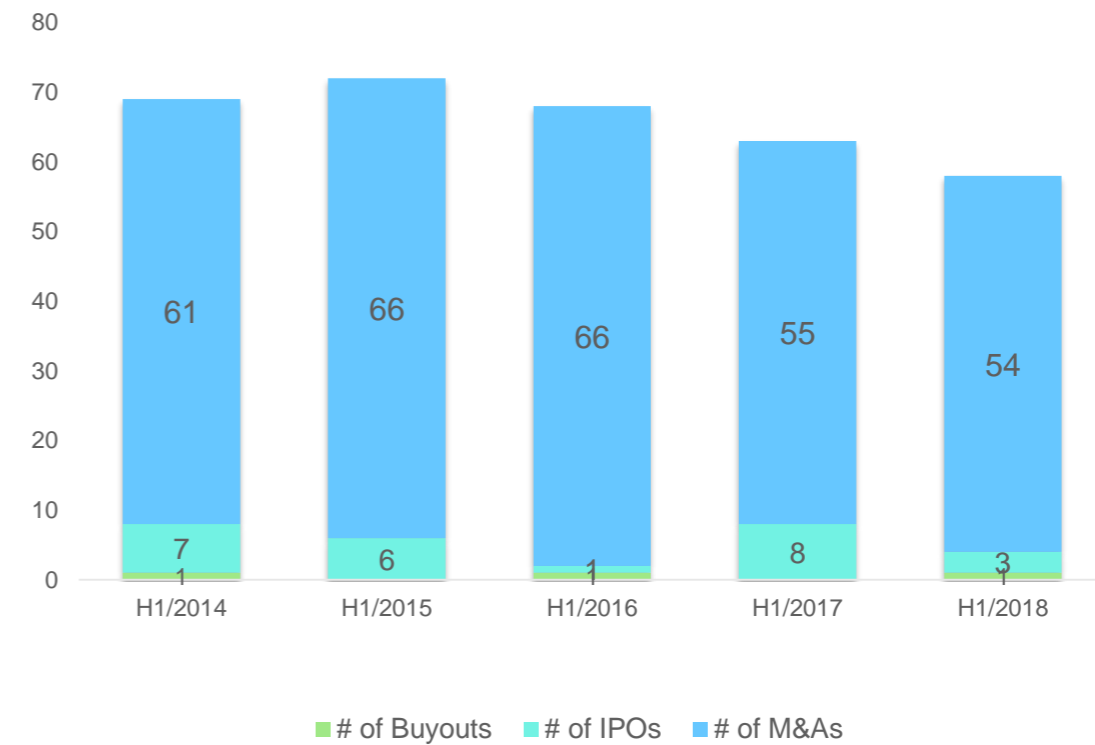
* Including exits above \$1B, except the Mobileye deal made in H2/2017

- Only 3 IPOs were completed in H1/2018, compared with 8 in H1/2017.
- The amounts raised were relatively modest: \$86M, \$17M and \$11M.

Exits by Deal Type (\$M) H1/2014-H1/2018



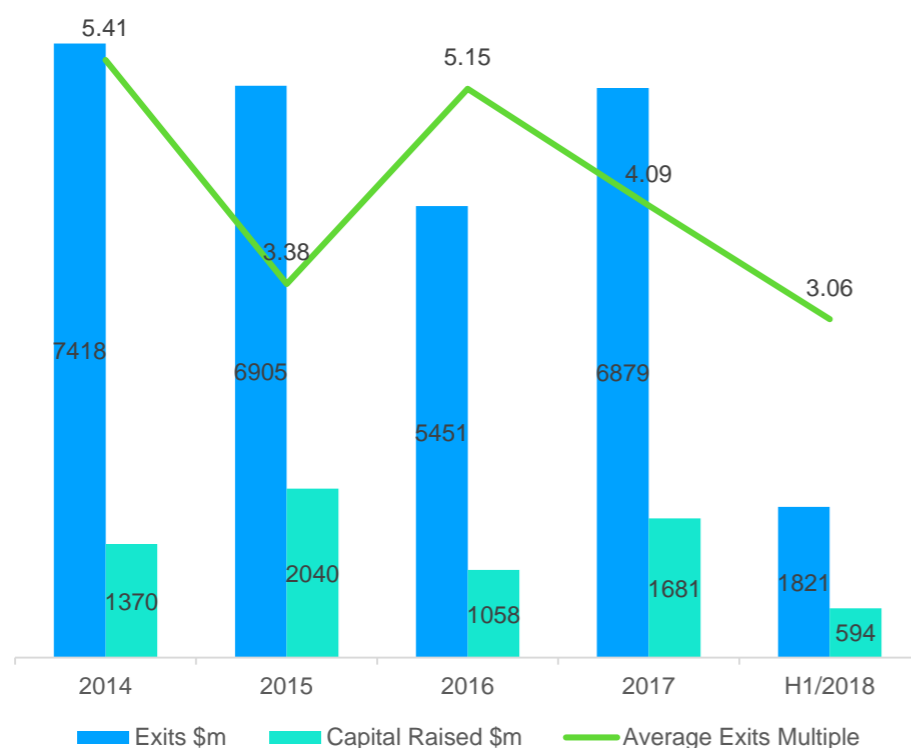
Number of Exits by Deal Type H1/2014 – H1/2018



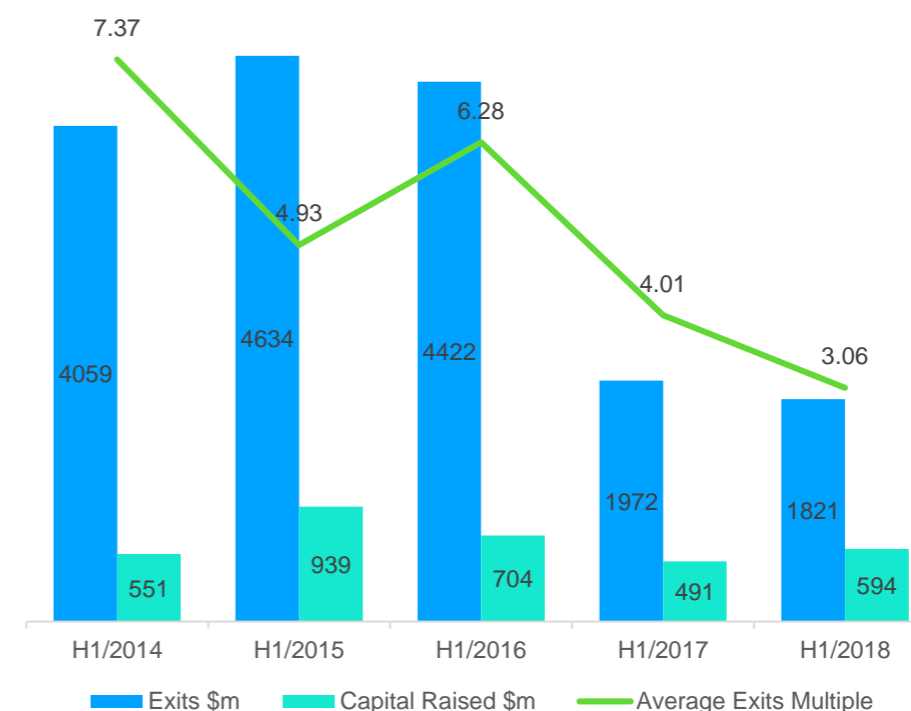
* Including exits above \$1B

Exit Multiples

Average exit multiple* 2014-H1/2018



Average exit multiple* H1/2014-H1/2018



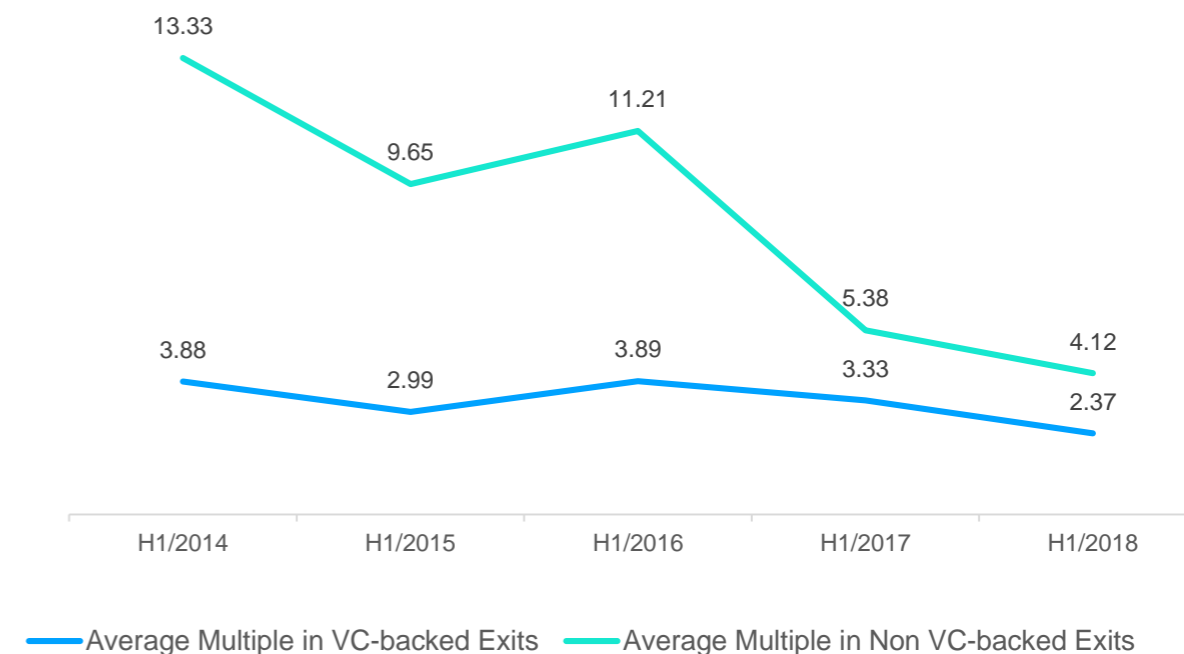
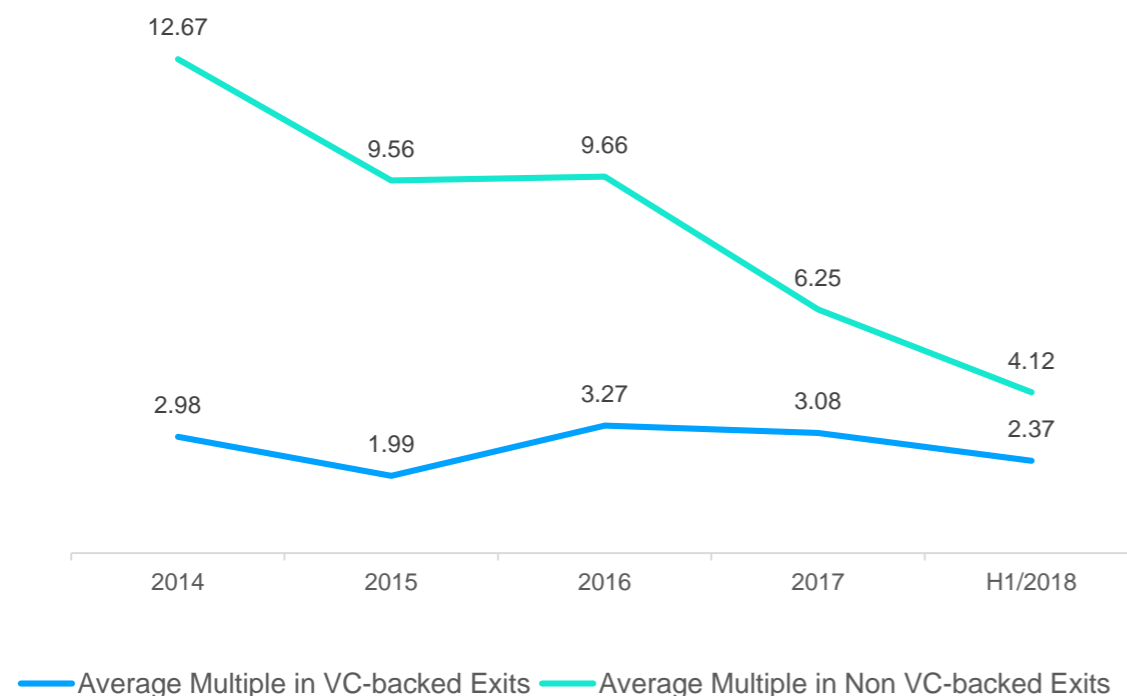
The decline in exit multiples suggests that the upsurge in the start-ups investment trend during 2013–2016 isn't supported by the exit activity.



* Excluding exits above \$1B

* Exit multiple is calculated by dividing total exit value (per period) by total capital raised by the companies that have carried out exit transactions in each year

Average exit multiple*: VC-backed vs. Non VC-backed 2014-H1/2018



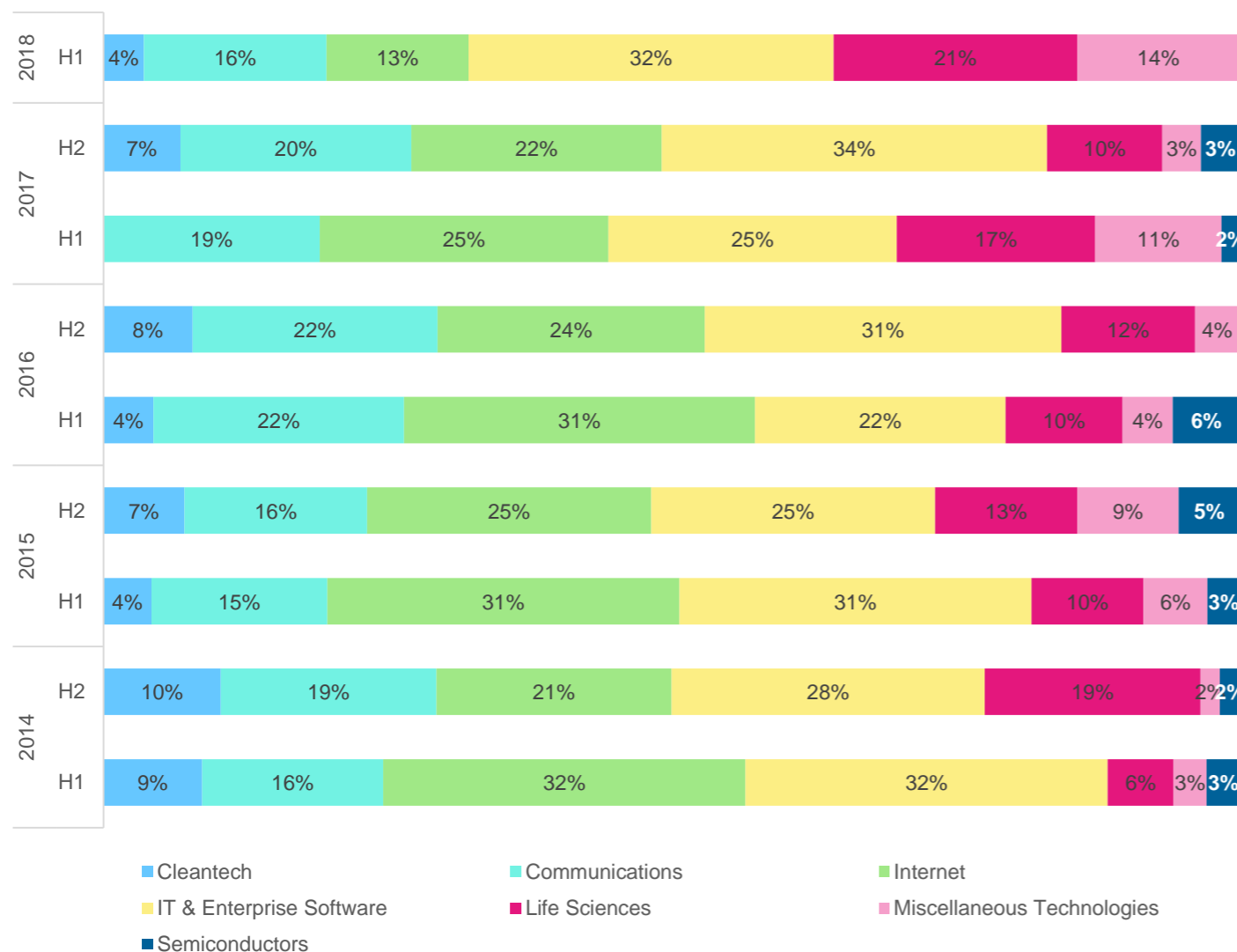
Traditionally the multiples in H1 are higher than H2.



It seems VCs are making less favorable deals and non-VC investors (like Angels, Corporates and other Funds) find the current sentiment much less compelling than in 2014–2015.

* Excluding exits above \$1B

Number of Exits by Sector* (%) H1/2014-H1/2018



IT and Life Science sectors lead in the number of deals in H1/2018.



Life Science sector showed interesting activity, both in numbers of deals and importance.

Three of the biggest deals in H1 were in this sector (see next page).

Three IPOs in the Life Science sector (Sol-Gel, Motus GI Medical, and Entera Bio) were in H1, all on Wall Street.



* Excluding exits above \$1B

Top Deals in H1/2018



\$210m



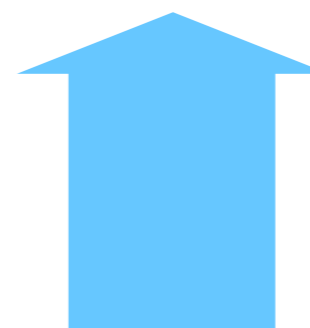
\$216m



\$292m



\$1b
(Buyout)

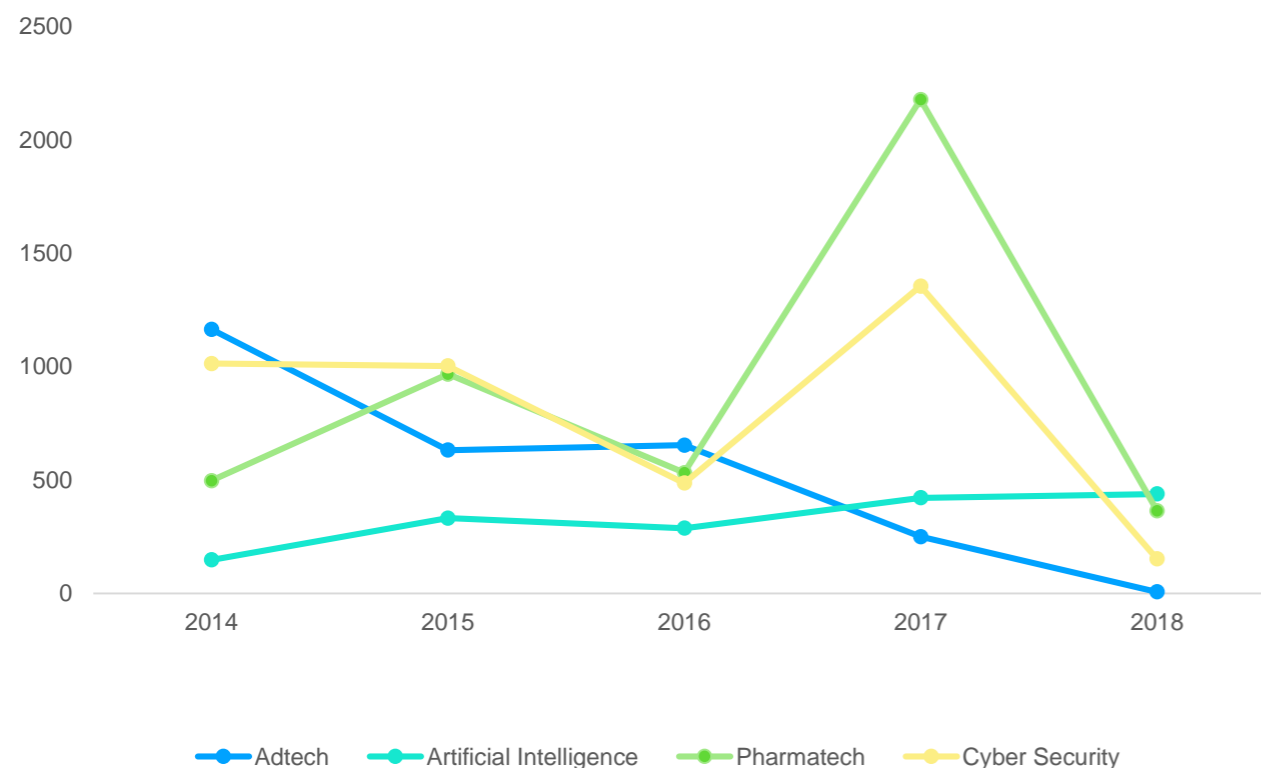


\$3.4b

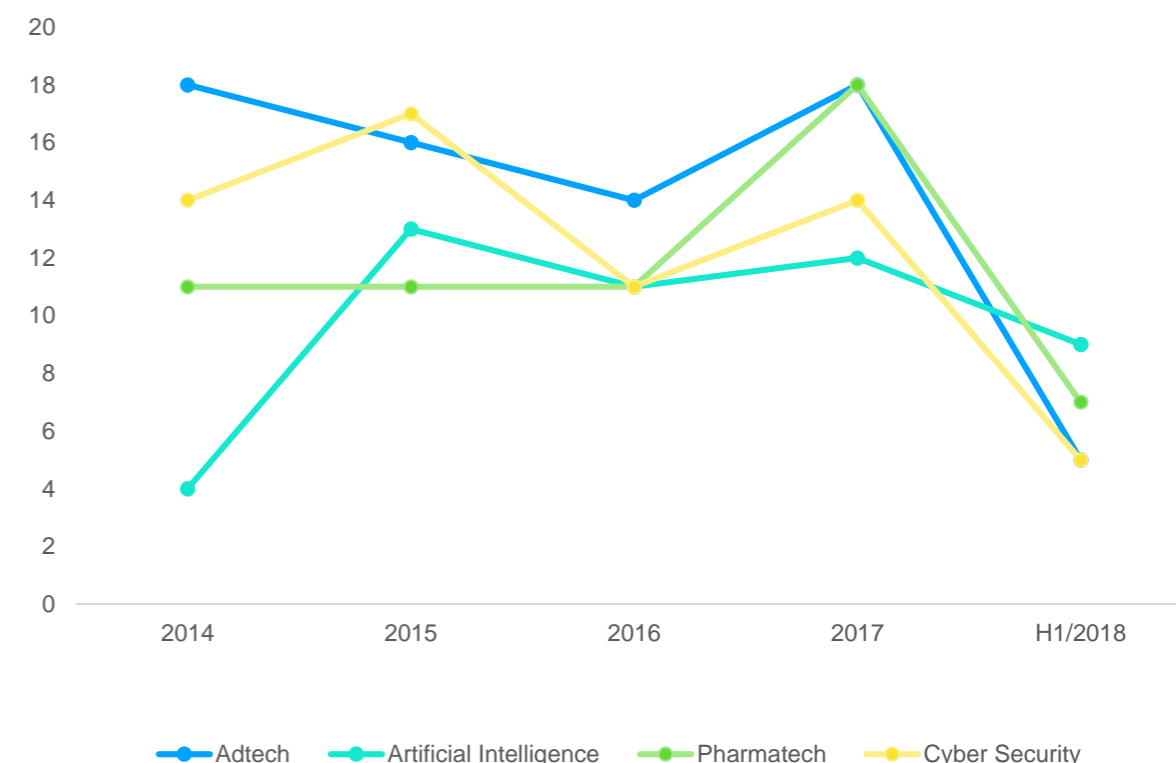


Acquired companies by Technology Clusters

Deal Size (\$M) of Exits by main Clusters, by year, 2014 – H1/2018



Number of Exits by main Clusters, by year, 2014 – H1/2018



The tech clusters that stood out in H1/2018 exit deals are the same as in the last 5 years: Cyber, AI, Pharmatech and Adtech.

In terms of deal amounts, valuations of deals decreased dramatically in Adtech and Cyber but climbed in AI, signaling (once more) a decrease in the sentiment toward Adtech and growing interest in AI companies.



* The Pharmatech figures includes the \$1.1B NeuroDerm deal in July 2017.

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 merger & acquisition 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 undisputed leader in the technology sector. The firm's Technology Group numbers over 120 seasoned professionals who specialize in representing technology companies, cooperating with attorneys from complementary practice areas, such as taxation, 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 mergers and acquisitions and public offerings on foreign stock exchanges.

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

Alongside emerging companies, Meitar represents high growth companies, and has represented the majority of the Israeli technology companies that have carried out 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 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 our 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 16 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

IVC Research Center
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

+972-3-6103100

