

IVC-Meitar High-Tech Exits H1/2017 Report

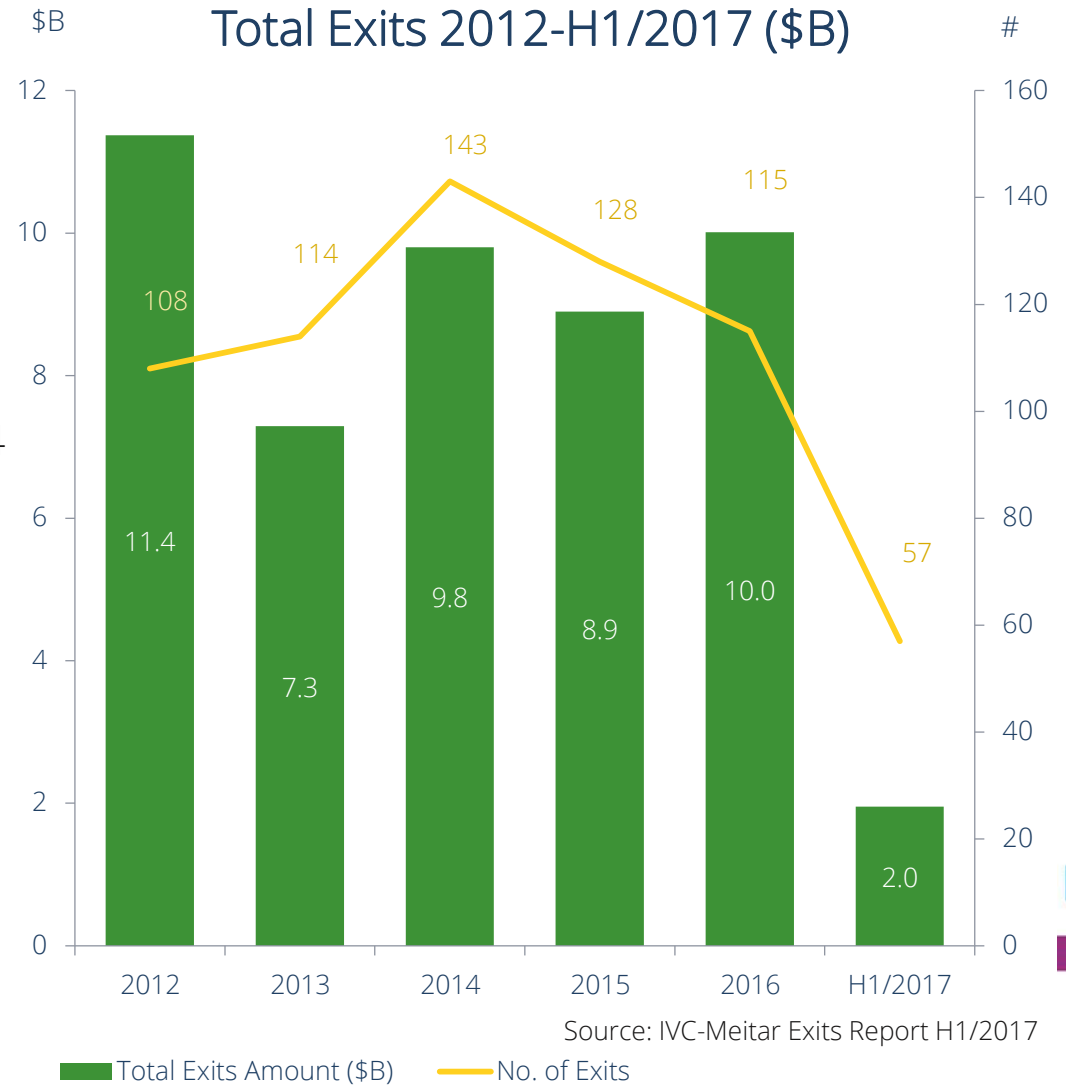
H1/2017 exits reached \$1.95B – 20% of 2016's total amounts

Israeli High-Tech Exit Highlights

- Total exit amounts in H1/2017 reached 20% of annual exits for 2016
- Seven IPOs took place in H1/2017
- Israeli acquisitions in the local market totaled \$255 million

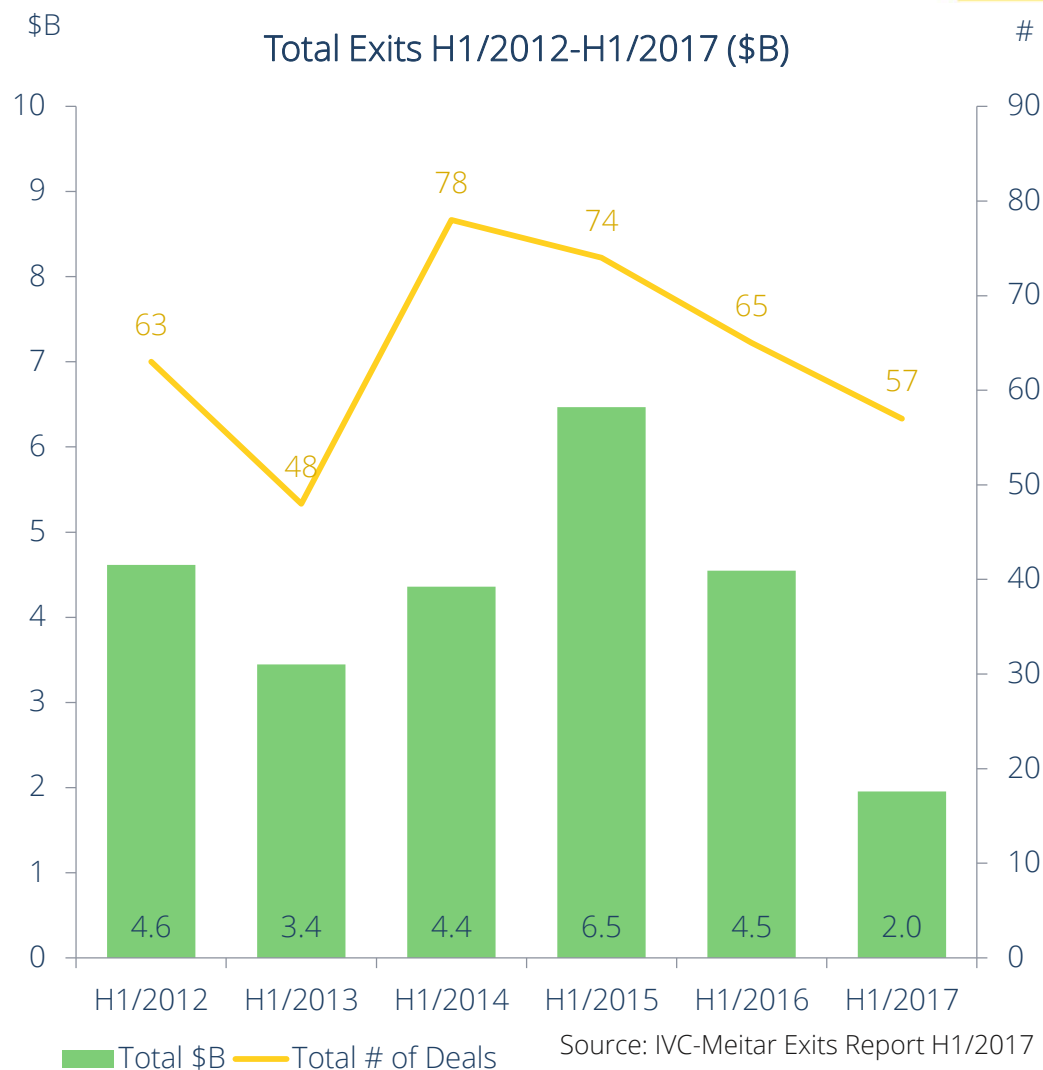
Israeli High-Tech Exits 2012 – H1/2017

- During H1/2017, Israeli high-tech exit activity reached \$1.95 billion in 57 deals, which constitute 20% of total exit amounts in 2016 (\$10B) and 22% of annual exits in 2014 (\$8.9B)
- The average exit deal in H1/2017 was \$34 million, significantly lower than the \$87 million annual average in 2016
- The number of exits in H1/2017 reached 50% of the 2016 figure and 45% of the deals in 2015
- This analysis does not include the **Mobileye** deal, which is expected to be finalized by the end of the year, bringing the year's total to around \$20 billion in approximately 100 deals



High-Tech Exits H1/2012 - H1/2017*

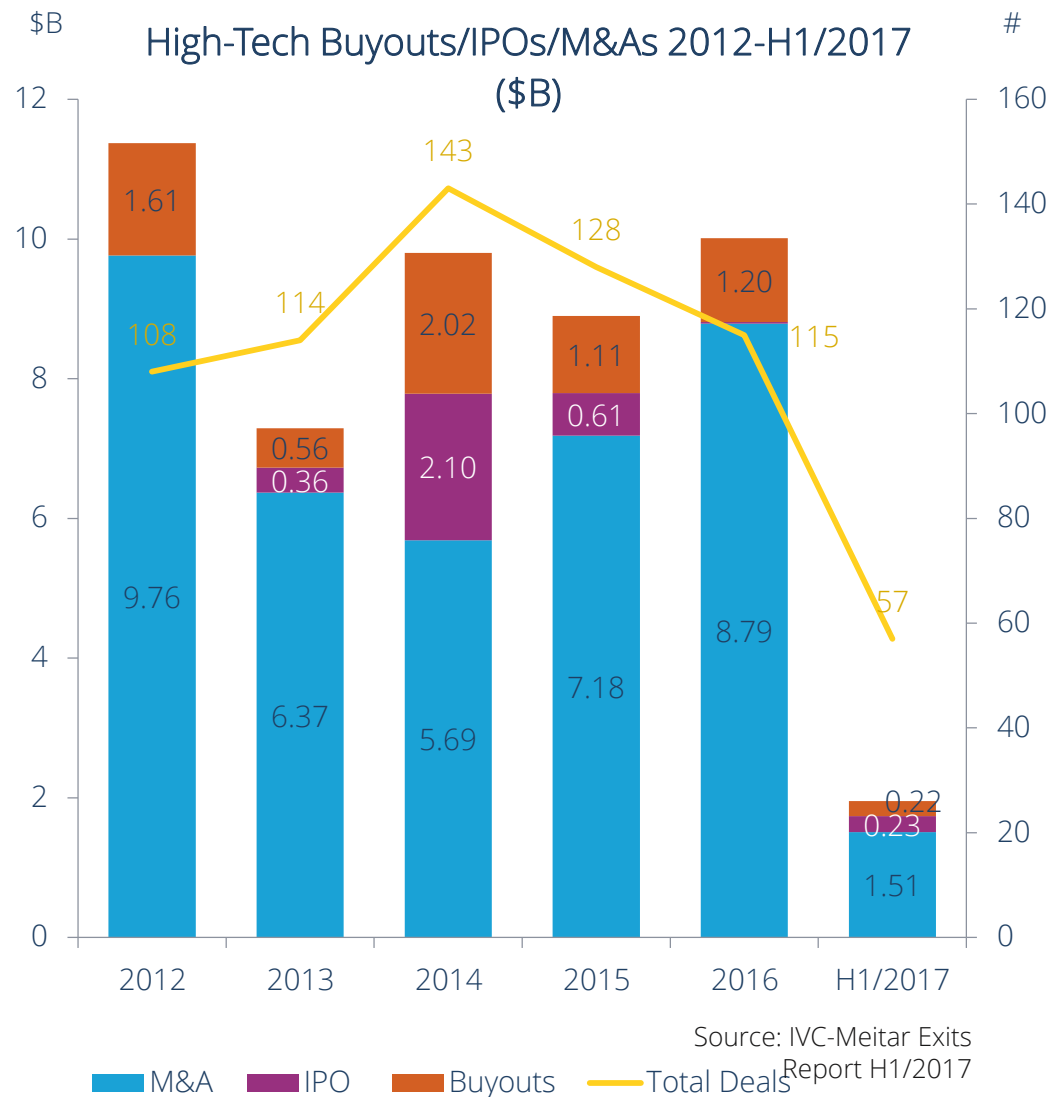
- To prevent skewing the data, we excluded deals exceeding \$1 billion from our analysis of H1 data over the past six years
- In the first half of 2017, exits totaled \$1.95 billion, a six-year low. The amount was 56% below H1/2016's \$4.5 billion, and 41% below H1/2013's record six-year low (\$3.4 billion)
- Deal numbers are also dropping, with only 57 exits deals in H1/2017, making it the second lowest first half in the past six years



* H1/2012 excluding NDS \$5B exit deal

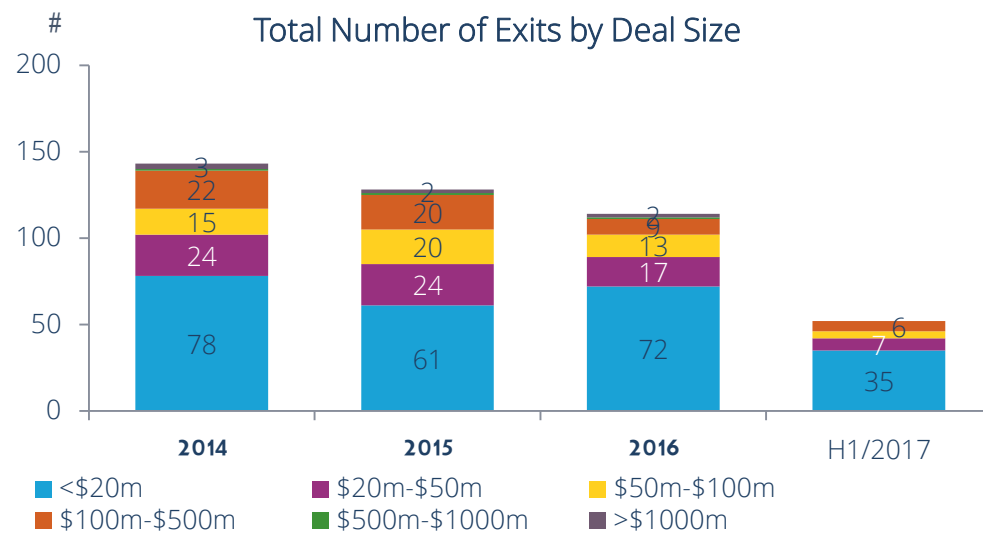
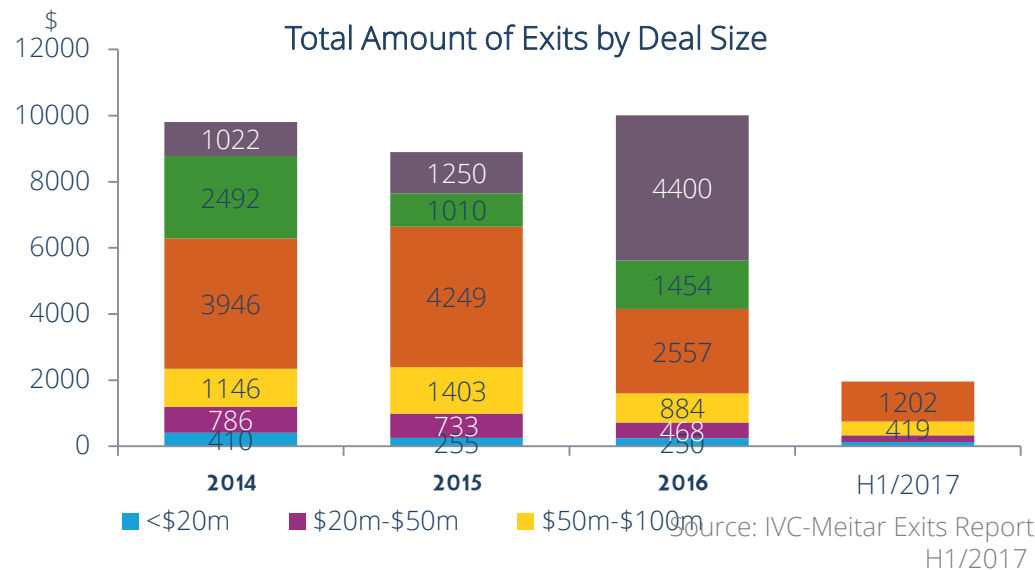
Israeli High-Tech Exits by Type: IPO, M&A and Buyouts 2012-H1/2017 (\$B)

- Investors consider buyouts a form of exit. Adding buyout transactions to the total number of exit deals does not seem to change the big picture
- Buyouts obviously add to the total exit amounts, but do not change the overall market trend, apart from placing 2014 higher than 2015
- Buyouts and M&As show steady activity throughout the past six years, while the IPO activity is more dynamic and fluctuates over the years



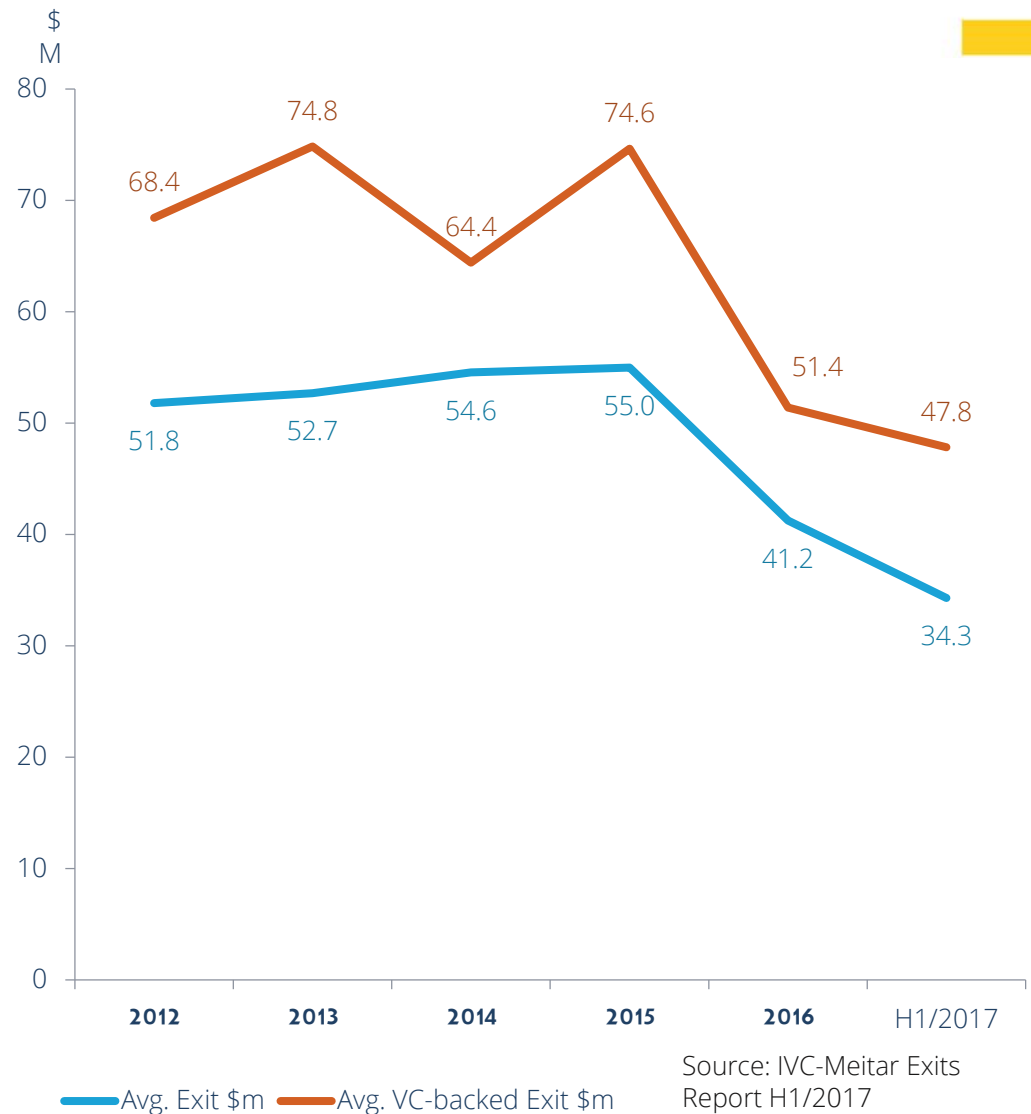
Exits by Deal Size 2014 -H1/2017

- Small deals, under \$20 million, kept their share in terms of deal amount over the past four years, and were relatively steady in terms of deal number
- However, the mid-sized deals, ranging from \$50 million to \$500 million, have been dropping in terms of total amount and deal number since 2014
- There are still deals of over \$500 million made in past years, which have always been few, although they constitute a significant part in terms of the total amount



Average Exit 2012-H1/2017*

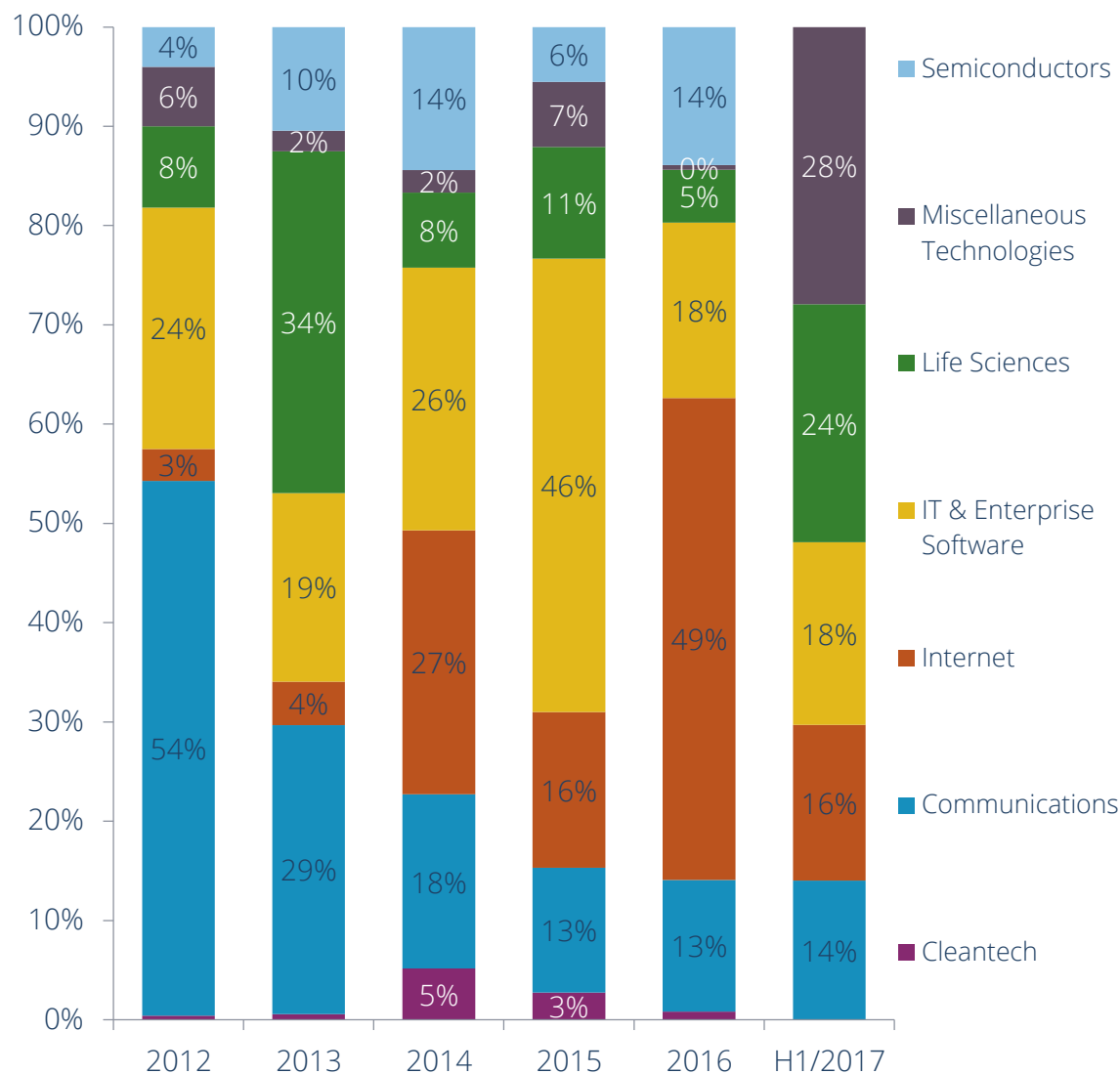
- The average exit in H1/2017 stood at \$34 million, 17% down from the \$41 million garnered in 2016 and the lowest figure in the past six years
- The average exit in H1/2017 stood at \$34 million - a six-year low figure, 17% down from the \$41 million garnered in 2016
- However, the average VC-backed exit in H1/2017 reached \$48 million, only 6% below the 2016 average
- In general, VC-backed exits tend to average higher than the total exit average, and the first half year was no different



* Excluding deals over \$1B

Israeli High-Tech Exits by Sector 2012 - H1/2017 (%)

- Miscellaneous technologies was the leading sector for exits in H1/2017, with 28% of all exits dollar volume - mainly due to the **Servotronix** acquisition – a ten-year record for the sector
- Life sciences followed with 24% of total exits amount in H1/2017, significantly higher than the past six years average, due to the **Valtech** acquisition
- The IT & enterprise software sector came third with 18% of the total exit deals in H1/2017, the same as in 2016
- The Internet sector dropped to 16% after accounting for 49% of the exits total amount in 2016
- Communications reached 14%, while cleantech and semiconductors had no exits in H1/2017



Source: IVC-Meitar Exits Report H1/2017

Top Deals in H1/2017

- In H1/2017, the top deals (over \$100 million) accounted for over 61% of total exits amount, including buyouts
- Three of the largest acquisitions in H1/2017 were performed in the miscellaneous technologies sector and accounted for 22% of total dollar volume
- The **Valtech** acquisition captured 73% of all life sciences' intakes, the same as the **Juno Lab** deal that accounted for 73% of communications exits, while the **R2Net** buyout exit constituted 46% of all Internet proceeds in H1/2017
- **Aeronautics'** IPO accounted for almost 10% of all the top deals in H1/2017



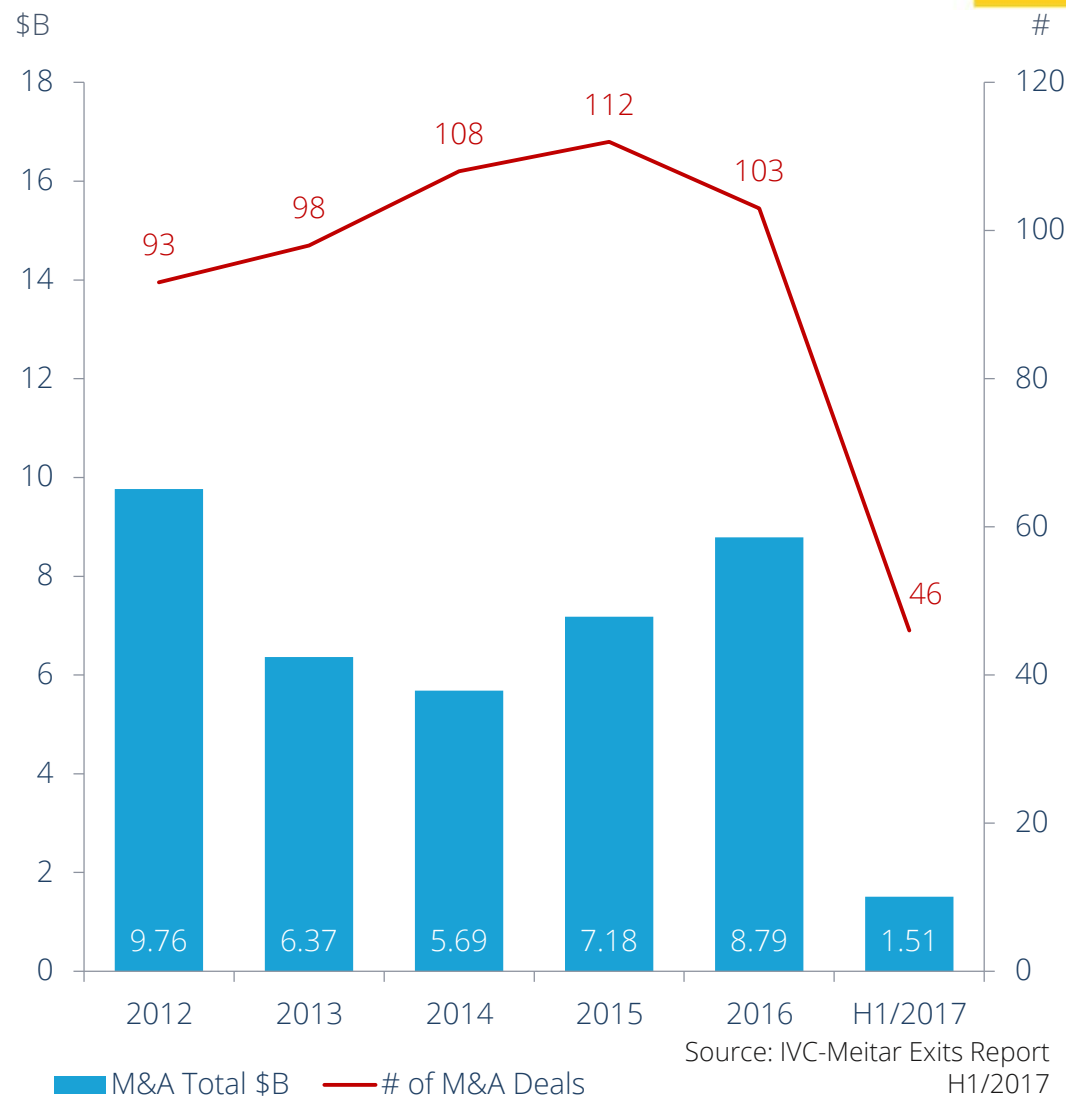
Source: IVC-Meitar Exits Report
H1/2017

High-Tech Mergers & Acquisitions

H1/2017 M&A dollar volume of \$1.51B – 17% of 2016's annual amount

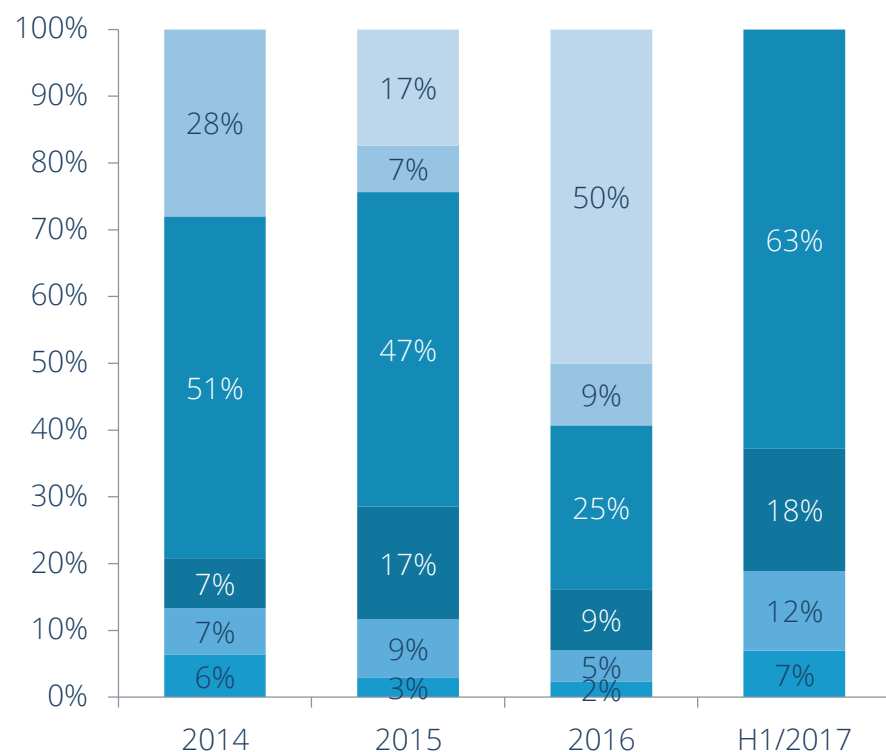
Israeli High-Tech M&As 2012 - H1/2017

- In H1/2017, M&As reached a total of \$1.51 billion in 46 deals, only 17% of 2016's total M&A amount of \$8.79 billion
- In terms of deal number, H1/2017 reached 45% of 2016's total
- The average M&A deal in the first half of 2017 reached \$33 million, 61% down from the annual M&A average in 2016
- Exits in the first half of 2017 include mostly M&A deals, and we expect that, by the end of 2017, the acquisition of **Mobileye** deal will be finalized and included in the total exits dollar volume



M&A Deals: Volume of the Deals (\$m)

- While deals under \$20 million are the largest category in terms of deal number, their prominence and the amounts they generate reached only 7% of the total dollar volume in the first half of 2017. The average small deal reached \$3.4 million
- In all, H1/2017 boasted a relative increase in the number of deals and amounts in all deal ranges, but no deals above \$500 million were recorded
- Deals ranging from \$100 to \$500 million generated 63% of total dollar amounts in the first half-year, with nearly \$950 million in five deals – reaching an average of \$190 million in that deal range, lower than the \$270 million average of 2016



Source: IVC-Meitar Exits Report H1/2017

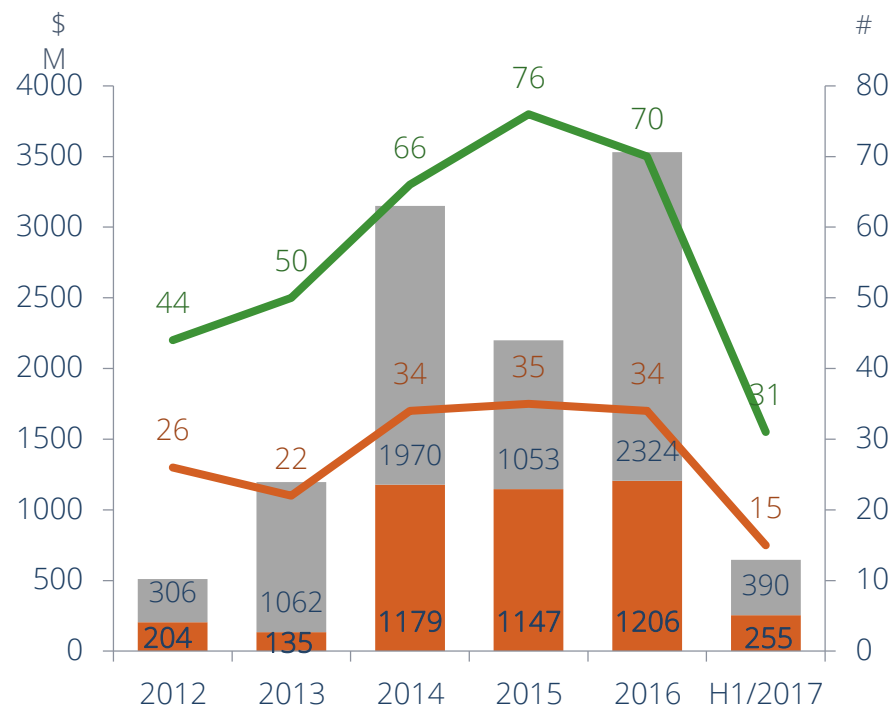
■ <\$20m ■ \$20m-\$50m ■ \$50m-\$100m
■ \$100m-\$500m ■ \$500m-\$1000m ■ >\$1000m

M&As – The Acquirer Side

Israeli high-tech acquirer activity accounted for 43% of total M&A amount in H1/2017

Acquisitions by Israeli High-Tech Companies* 2012 – H1/2017

- Since 2014, Israeli companies carried out numerous acquisitions, both locally and globally
- During the first half of 2017, however, the numbers have declined, and two-sided Israeli deals reached only 21% of 2016's average annual amount
- A total of 15 such deals were recorded since the beginning of the year, for a total of \$255 million, or 40% of total acquisitions made by Israeli high-tech companies during that period
- M&A transactions by Israeli acquirers in international markets reached \$390 million in H1/2017, spent on 16 deals so far
- The largest deal by an Israeli buyer was the \$200 million acquisition of Juno Lab by **Gett**, which was also the second largest deal closed in 2017 so far



Source: IVC-Meitar Exits Report H1/2017

- Israeli M&A Deals of Foreign Companies \$M
- Two-Side Israeli M&A Deals \$M
- # of Two-Side Israeli Deals
- Total # of Deals Made by Israelis

* Excluding 4 acquisitions above \$1B made by Teva Pharmaceutical (1 in 2013 and 3 in 2015)

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 2012-H1/2017
- The data analyzed of exits in H1/2017 does not include the Mobileye acquisition by Intel for over \$15 billion, since this deal has not been finalized yet
- 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

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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 100 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.

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