



COMMERCIAL & CONSUMER TECHNOLOGY

M&A Soundcheck – Q2'18

Exciting Second Quarter of M&A Activity for CCT Sectors With Residential Technology Leading the Way

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COMMERCIAL & CONSUMER TECHNOLOGY

Exciting Second Quarter of M&A Activity for CCT Sectors With Residential Technology Leading the Way

The second quarter of 2018 proved to be a dynamic period for M&A activity in the Commercial & Consumer Technology sectors tracked by Intrepid. The residential technology segment remained active with Ecobee raising capital and private equity firm Hellman & Friedman (also the owner of res-tech company SnapAV) acquiring SimpliSafe for approximately \$1 billion. Both transactions followed Amazon's notable acquisition of Ring earlier in 2018.

Consolidation remains active in the Pro A/V sector as well with Tailwind Capital-backed Diversified extending its reach internationally through its acquisition of U.K.-based Digitavia and Blackstone completing the massive acquisition of PSAV.

In consumer technology, Gaming M&A activity is white hot. Razer, fresh off its late 2017 IPO, acquired payments companies MOL Global and Rixty to enhance its proprietary Razerpay network; Corsair extended its presence in game streaming with the acquisition of Elgato Gaming; and Trust International, a Dutch lifestyle technology company with an extensive Gaming product portfolio, was acquired by PE firm Egeria. We expect interest in gaming to remain strong as the number of streamers and eSports gamers continues to grow exponentially.

Most recently, our CCT team announced the [pending sale of Blue Microphones](#), a portfolio company of The Riverside Company, to Logitech International (NASDAQ: LOGI). The companies have signed a definitive agreement and the transaction is expected to close by the end of August 2018. This marks the second M&A transaction with Blue for our team; [we had previously advised Blue in 2013 on its sale to Riverside](#).

We are excited about the robust backlog of opportunities and strong interest among acquirers for high-quality assets. If you are considering options for your business or would like to discuss any of these trends, please do not hesitate to reach out.

Thank you,

A handwritten signature in black ink, appearing to read "Gary Rabishaw".

Gary Rabishaw

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Oaklins
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Musical Products

Transom Capital Group's LOUD Audio Divests Two Businesses

Yamaha Corp. has acquired the Ampeg brand from LOUD Audio, a portfolio company of Transom Capital Group. Ampeg is one of the most recognizable bass amp and pedal brands in the world and has roots dating back to the 1940s. Ampeg will be absorbed by Yamaha Guitar Group, the organization formed by Yamaha early this year to expand and strengthen its U.S. guitar business. A few months after the sale of Ampeg, the PE arm of Lloyds Banking Group backed the management buyout of Martin Audio from LOUD Audio. Martin Audio is a designer and manufacturer of high-performance loudspeaker systems. Management had been seeking a growth-focused partner for its next phase of growth.



ROLI Receives Investment From Sony Innovation Fund

Sony Innovation Fund recently announced an investment in ROLI, a London-based start-up developing a hardware-software platform for making music for the digital age. ROLI will have raised more than \$50 million after the investment from Sony, including \$27 million from a Series B round in May 2016, led by Foundry Group. Other major investors include Universal Music Group, FirstMark Capital in the U.S., Balderton Capital and BGF Ventures in the U.K., and Horizon Ventures in Hong Kong.



Beatport Acquires PULSELOCKER, a Leading DJ Streaming and Subscription Service

Online music store Beatport has acquired DJ streaming and subscription service PULSELOCKER to boost its own streaming offering. PULSELOCKER software allows DJs to access an integrated "locker" of music through performance software applications. While iTunes downloads have plummeted in recent years, Beatport has seen downloads increase, likely because its professional DJ users want higher-quality sound than most streaming services can deliver and can't risk an internet outage while on the job.



Sphero Acquires Specdrums and Plans to Develop Additional Products

Sphero, a start-up that makes robotic toys controlled by mobile devices, has acquired Specdrums, the team behind a line of app-controlled rings that—when worn on a user's finger—can turn color into sound through tapping. Sphero has announced plans to launch a new version of the already sold-out Specdrums in late 2018 or early 2019 and plans to continue to work alongside the firm's founders to develop additional products. Specdrums raised over \$175,000 on Kickstarter last year and recently finished shipping products to its backers. Look for Sphero to integrate the ring and color system into its proprietary toys.



Pro Audio/Visual

DCC Technology Acquires Stampede, a Supplier of Commercial A/V Products

DCC Technology, the technology arm of DCC plc that specializes in international sales, marketing and support services, has acquired Stampede, a supplier of commercial audio-visual products ranging from large format displays, projectors, lamps, drones and accessories, to system integrators, value-added resellers, retailers and e-tailers. The Stampede acquisition is the company's first in North America and is consistent with its strategy to extend geographic footprint and product range.



PSAV Sold to Private Equity Giant Blackstone

Private equity giant Blackstone has acquired PSAV, a leading provider of audiovisual technology and other services for events and meetings, from Goldman Sachs and Olympus Partners. Goldman and Olympus bought the business in 2014, reportedly for almost \$900 million at a reported ~2.2x revenue multiple. Blackstone was attracted to PSAV's market leadership and long-standing relationships in the hospitality and other relevant sectors.



Pro Audio/Visual (Cont'd)

U.K. Based Digitavia Acquired by Diversified

Diversified, a Tailwind Capital backed technology integrator and provider of digital media, collaboration, broadcasting, electronic security, and OTT solutions, has acquired Digitavia, a U.K.-based provider of standardized audiovisual solutions and support services. Digitavia's specialization in global meeting deployment and collaboration expertise strengthens Diversified's position in the space and geographic reach.



eyevis, Developer of Visual Display Solutions Acquired by Leyard and Planar

Leyard and Planar, global leaders in visualization products, acquired eyevis, a developer of visual display solutions and large screen systems. The acquisition includes the company Teracue, a supplier of professional IPTV and video networking systems, which eyevis bought in 2014. Leyard expects eyevis and Teracue's strengths and resources to further its support for customers in Western Europe and expand distribution of its solutions to new markets.



RapcoHorizon Acquires the Lava Cable Company

RapcoHorizon, one of the world's largest suppliers of audio and video interfacing products, has acquired Lava Cable Company, a supplier of instrument, patch and speaker cables, as well as power cords, pedal board kits, and various parts and accessories. Lava Cable was founded in 2014 and its products are primarily aimed at musicians and designed to improve tone while increasing functionality and durability. Mark Stoddard of Lava Cable will join the RapcoHorizon team and will support all sales efforts of the product line.



Innovative Lighting Automation Start-Up SoundSwitch Is Acquired by Denon DJ

Denon DJ, a manufacturer of professional and mobile DJ equipment and products, has acquired SoundSwitch, the innovative lighting automation start-up. SoundSwitch's DJ and visually-focused software and hardware solutions appear to fit well into the Denon DJ philosophy of providing creative tools for DJs to explore the reaches of what is possible when combining audio and lighting.



Harbor Beach Capital Invests in Event Technology Services Company AVFX

AVFX, a provider of audio, visual and lighting production event technology services, has received an investment from Harbor Beach Capital. AVFX was founded 35 years ago and has successfully grown into a well-recognized event technology services business supporting corporate and institutional clients. Look for the newly capitalized AVFX to make big moves in the years ahead.



our passion shows.


Vesper Receives \$23 Million in Second Round Funding

Vesper, a microphone technology developer, has received \$23 million in its second round of funding. The round was led by American Family Ventures and included strategic investors Baidu, Amazon's Alexa Fund and Bose Ventures. Investors such as Amazon appear to hope that Vesper's technology will someday resolve current problems of MEMS microphones while improving voice sensor applications. Amazon has already incorporated Vesper's technology into its hardware kits for Alexa devices.



SKC Communications Buys GBH Communications

SKC Communications, a designer and manager of business collaboration video, voice and audiovisual solutions, has acquired GBH Communications, a provider of audio and visual conferencing and unified communications products. GBH holds some of the highest certifications with the industry's top partners like Plantronics, Jabra, Polycom, Logitech, and Sennheiser. The acquisition follows in the footsteps of the acquisition of Technology Solutions Group (TSG), which SKC bought in 2017.



Residential Technology

PE Firm Hellman & Friedman Acquires Controlling Interest in DIY Home Security Company SimpliSafe for \$1 Billion

SimpliSafe, the company that makes a popular self-installation home security system, has inked a deal with private equity firm Hellman & Friedman for approximately \$1 billion. SimpliSafe had raised about \$57 million to date, much of it coming from a 2014 funding round led by Sequoia Capital. SimpliSafe plans to accelerate growth and international expansion to regions including Canada and the U.K., where it already has offices. According to SimpliSafe, home security is at an inflection point, and despite the market's growth, only 20% of homes are currently protected by security systems. The transaction comes on the heels of Amazon's acquisition of Ring and the launch of Nest's home security system. Competition in the home security market is certainly heating up.

HELLMAN & FRIEDMAN



Sonos Plans to Raise \$250 in IPO at Valuation Expected to Be North of \$2 Billion

Sonos, the wireless speaker pioneer, plans to raise around \$250 million in an initial public offering at a valuation expected to be north of \$2 billion. The wireless speaker market is booming, but competition from heavyweights Amazon, Apple and Google has heated up since Sonos introduced its first home-audio system in the mid-2000s with Amazon. Sonos is well-positioned as a third-party option in an ecosystem that's getting increasingly crowded by proprietary speakers from the larger companies that own voice assistants. Sonos has built up a significant following that should ensure it can operate as an independent public company.

SONOS

Ecobee Receives Series C Funding from Amazon's Alexa Fund and Energy Impact Partners

Ecobee, manufacturer and seller of Wi-Fi enabled smart thermostats for residential and commercial customers, has received \$61 million in Series C funding from Amazon's Alexa Fund and Energy Impact Partners. The announcement came a week after [Amazon acquired smart home startup Ring for reportedly north of \\$1 billion](#). According to Ecobee CEO Stuart Lombard: "The result will be a home that listens, learns, anticipates, and responds to your needs so you can focus on the things that really matter." The company has raised \$146 million to date including the latest round.



Leon Speakers Acquires Terra Speakers to Grow Collective Product Line

Leon Speakers, a manufacturer of custom audio and audio-visual solutions that mix art with audio and design with technology, has acquired Terra Speakers, a maker of rugged, all-weather speakers. The companies have reportedly collaborated behind the scenes for several years, jointly developing products for each other, so this deal essentially cements the relationship. The combined company has said that the acquisition will allow it to grow its collective product line and keep its operations in the U.S.



Ketra Acquired by Lutron Electronics

Lutron Electronics announced that it will acquire Ketra, a manufacturer of indoor lighting solutions meant to emulate natural lighting conditions and ambiance. The acquisition will diversify Lutron's product portfolio with new products and product features that will cater to a wider range of their lighting customers' desires and needs. Lutron's global presence and strong brand should also push Ketra's natural lighting offerings to new and previously untapped markets.



KETRA

Nortek Security & Control Buys IntelliVision Technologies

Nortek Security & Control, a manufacturer and distributor of residential and commercial wired and wireless security and control systems, has acquired IntelliVision Technologies, a developer of AI, smart camera, and deep-learning-based video analytics software. Nortek appears to be seeking to acquire further market share as Amazon and other players expand in this very active market.



Residential Technology (Cont'd)

Two Months After Acquiring Abode Systems, Nice S.p.A. Buys Fibaro Home Automation

European controls company Nice S.p.A., a designer and producer of home automation systems, acquired Fibaro Home Automation, a manufacturer of Z-wave sensors and smart home hubs, for \$73 million. The acquisition comes just months after the company acquired Abode Systems, a rapidly growing home-security and alarm systems and smart-home automation company. The acquisitions diversify Nice's now broad product portfolio offerings and the combined collection of the new company's total acquired IP provides substantial opportunities for innovation.



Consumer Technology

Corsair Components Acquires the Streaming Services Assets of Elgato Gaming

Corsair Components, one of the world's leading providers of enthusiast-grade PC components and peripherals, has acquired the streaming service assets of Elgato Gaming, a streaming services tool provider for broadcasters on streaming services like Twitch, Mixer and Youtube. The move appears to reaffirm Corsair Components' desire to grow its already substantial presence in the gaming vertical by expanding into streaming.



Razer Acquires 65% Stake in ePayments Platform MOL Global to Create Largest Virtual Credit Platform for Gamers

Razer has acquired the 65% stake in ePayments platform MOL Global that it did not already own, for \$61 million. The acquisition will create one of the largest virtual credit platforms for gamers in the world. Razer, who went public in Hong Kong last year, appears to be doubling down on its payments offering with the acquisition. The transaction gives MOL, which delisted from the Nasdaq in 2016 following a bumpy two-year stretch, the same \$100 million valuation it held for the initial Razer investment. In connection with the transaction, Razer acquired the remaining stake in online payment provider Rixty that it did not already own.



Egeria Buys Digital Lifestyle Accessory Manufacturer Trust International

Egeria, a Dutch investment company, acquired digital lifestyle accessory manufacturer Trust International, for approximately \$118 million at a reported ~1.2x revenue multiple. Trust International's product range includes laptops, home gadgets, gaming devices and mobile accessories. The company's gaming division is active in the eSports sector and works with online influencers throughout Europe. Intrepid's partner firm Oaklins Netherlands served as the exclusive financial advisor to Trust International on the transaction.



H.I.G. Capital Sells Kondor to DCC Technology

H.I.G. Capital has sold Kondor, a provider of category management solutions for audio and mobile accessory products in the retail and mobile channels in Europe, to DCC Technology, the technology arm of international sales, marketing and support services group DCC Plc. H.I.G. invested in Kondor in 2014 and undertook a full reorganization of the company, which included professionalization of back-office systems, developing the company's access to market data, and growing headcount from 188 to 250. DCC appears to be betting that the consumer electronics accessories boom will continue in the years ahead.



Monster Products Looks to Raise \$300 Million Via Initial Coin Offering

Always on the cutting edge, Monster Products, a manufacturer of high-quality cables for audio, headphones and speakers that developed the technology behind Beats headphones, is looking to raise close to \$300 million via an initial coin offering (ICO). The company plans to develop an eCommerce platform based on the Ethereum blockchain named the Monster Money Network. Following the launch, customers would be able to buy Monster products using either Monster tokens or fiat currencies. We are eager to watch this situation develop.



Consumer Technology (Cont'd)

Sharp Acquires 80% Stake in PC Business of Toshiba

Sharp Corp., a subsidiary of Foxconn Technology Group since 2016, has acquired an 80% stake in the personal computer business of Toshiba, for \$36 million. Toshiba made the first mass-market laptop back in 1985 and was a major presence in computer stores for more than 25 years. Sharp exited the PC business several years ago, but since Foxconn is a major contractor in the industry, it should be able to make Toshiba's PCs at a much lower cost, pocketing the extra margin.

SHARP**TOSHIBA**

Garrard Audio Brand Known for Iconic Transcription Tables Is Acquired by SME

SME, a manufacturer of turntables and tonearms, has acquired the Garrard audio brand, which is strongly associated with the design and manufacture of Hi-Fi products dating back to the 1950's, including the iconic 301 and 401 transcription turntables. SME telegraphed that there would be further announcements regarding the Garrard brand in the near future.

SME*Garrard*

Select Transactions



has been acquired by



REGIMEN PARTNERS

in partnership with
Mike Belitz

Advisor to Radial Engineering



assets of
DAYMEN
have been sold to



VITEC GROUP
(LSE:VTC)

Advisor to DayMen Acquisition S.A.



owner of



pure enrichment B bentgo
 Lunch that stacks up

has received an investment from



Topspin Partners

Advisor to Bear Down



a portfolio company of



vicente
capital partners

has been acquired by



Jabra GN

Advisor to VXi Corporation



has been acquired by



Digital Products International

Advisor to Amped Wireless

American De Rosa Lamparts, LLC
dba



Luminance

a portfolio company of



SHOREVIEW

has been acquired by



RESILIENCE
CAPITAL PARTNERS

Advisor to Luminance

SunBriteTV

a portfolio company of



BUNKER HILL CAPITAL

has been acquired by



Snap
av

a portfolio company of



GENERAL ATLANTIC

Advisor to SunBriteTV



PreSonus

has completed a senior and subordinated debt financing led by



PRESIDENTIAL
FINANCIAL

Advisor to PreSonus



Blue
Microphones

a portfolio company of

Transom Capital Group

has been acquired by



Riverside

Advisor to Blue Microphones





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About Intrepid's Commercial & Consumer Technology Group

Intrepid's Commercial & Consumer Technology team provides a unique blend of proven execution expertise, deep industry knowledge, and relationships cultivated over many years of dedicated coverage. Target sectors include: pro audio/visual technologies, musical products, and residential and consumer technology. By focusing exclusively on these sectors, our industry bankers have a deep understanding of prevailing trends and value drivers.

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