



COMMERCIAL & CONSUMER TECHNOLOGY

*M&A Soundcheck – 2H'19*

## Strong Momentum for Commercial & Consumer Technology M&A Heading Into 2020

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COMMERCIAL & CONSUMER TECHNOLOGY

## Strong Momentum for Commercial & Consumer Technology M&A Heading Into 2020

The second half of 2019 was a dynamic period for M&A activity in the Commercial & Consumer Technology (CCT) sectors tracked by Intrepid. Facing pressure to grow, strategic buyers turned to M&A to expand product offerings, enter new markets domestically and internationally, and expand their distribution and technological capabilities. Financial buyers, meanwhile, continued to invest in industry leaders and foster industry consolidation.

In the consumer electronics sector, Google grabbed headlines through its \$2.1 billion acquisition of Fitbit, positioning it to challenge Apple for supremacy in the wearable device category. Gaming continued to be a highly competitive M&A environment, with several major gaming technology players announcing acquisitions in the second half of 2019.

The residential technology/CEDIA market is continuing to consolidate at the manufacturing and distribution level, and is seeing dealer consolidation akin to what is occurring on the Pro A/V side. SnapAV continued to expand its physical distribution footprint with the acquisition of Custom Plus Distributing; our client **Sonance acquired James Loudspeaker**; and Presidio Investors invested \$75 million to merge 15 independent CEDIA dealers, creating Bravas. We expect the pace of M&A activity in the market to continue as manufacturers, distributors, and dealers continue to scale to meet growing demand and deliver more sophisticated solutions.

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,**

**Gary Rabishaw**

Managing Director

Head of Commercial & Consumer Technology

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## Music Technology

### Etsy Acquires Musical Marketplace Reverb for \$275 Million

Etsy, the global marketplace for unique and creative goods, acquired Reverb Holdings, Inc. for \$275 million, more than 7x sales. Founded in 2013 in Chicago, Illinois, and backed by private equity firm Summit Partners, Reverb is an online marketplace for new, used, and vintage music gear. Reverb becomes the first acquisition for Etsy, who plans to leverage its marketplace expertise to help Reverb further scale and grow its operations.



### Spotify Acquires SoundBetter Audio Pro Marketplace

Music streaming giant Spotify has acquired Brooklyn-based SoundBetter, an online music and production talent marketplace. Known as the “LinkedIn for music professionals,” SoundBetter will help Spotify diversify away from a business model predicated on paying royalties to labels. The acquisition of SoundBetter was Spotify’s 4<sup>th</sup> acquisition of 2019 and 13<sup>th</sup> since 2017.



### YFM Backs Management Buyout of Professional Music Technology

YFM Equity Partners has funded the management buyout of Professional Music Technology, a retailer of musical instruments and professional audio products based in the U.K. Following the transaction, Professional Music Technology’s management team plans to increase its eCommerce presence and open new retail stores.



### Allparts Music Acquires Leo Quan

Allparts Music Corp., a manufacturer and distributor of fretted instrument parts and luthier tools, has acquired Leo Quan Co. via its financial sponsor Ambina Partners. Founded in the 1970s, Leo Quan is a manufacturer of bridges for guitars and basses. Leo Quan marks the second acquisition by Allparts who acquired Walrus Audio, a manufacturer of audio overdrive equipment, in October 2018.



### Best American Craftsmen Acquires Kanstul

Kansas City instrument manufacturer Best American Craftsmen (B.A.C) acquired Kanstul Musical Instruments Co., a manufacturer of brass instruments including trumpets, cornets, and tubas. The acquisition of Kanstul expands B.A.C.’s product lineup, broadens the company’s customer base and ramps up international distribution. B.A.C. plans to relocate Kanstul’s manufacturing capabilities from California to its newly expanded space in Kansas City.



### Renner Joins Growing Family of Steinway Owned Suppliers

John Paulson’s Steinway & Sons acquired Louis Renner, a manufacturer of complete grand and upright piano actions in addition to special piano parts, piano hammers, accessories, and piano tools. Founded in Stuttgart, Germany in 1882, Louis Renner has been supplying action parts to Steinway for more than a century and Steinway is one of Renner’s largest customers.



### China’s ByteDance Ventures Into AI Generated Music

China’s ByteDance has ventured into artificial-intelligence (AI) generated music, acquiring the intellectual property assets and hiring the staff of London-based start-up Jukedeck. The move could give one of the world’s most valuable start-ups more options for the music used on its video-streaming apps TikTok and its Chinese version Douyin.





## Music Technology (Cont'd)

### MUSE Frontman Acquires Manson Guitar Works

Manson Guitar Works, a manufacturer of guitars, parts and accessories, has been acquired by MUSE's lead guitarist and songwriter, Matt Bellamy. The English rock band frontman has used Manson Guitars almost exclusively on stage and in the studio for the past 20 years. The announcement of Bellamy's acquisition follows Manson's recent relocation to a new manufacturing facility and a new series of guitar models.

**Matt Bellamy**

### Carson-Dellosa Publishing Acquires Kid Station Toys

Carson-Dellosa Publishing, backed by Guardian Capital Partners, has expanded into the interactive children's toy market through its acquisition of Kid Station Toys, a manufacturer of musical instruments and youth electronics. Under the terms of the transaction, Carson-Dellosa assumes the rights to Kid Station's portfolio of brands, including Fisher-Price, American Idol, and Powerplay.



## Consumer Electronics

### Google Acquires Fitbit for \$2.1 Billion

Google acquired Fitbit, provider of wireless-enabled wearable technology devices that measure exercise activity, for \$2.1 billion. Google's resources and global platform will enable Fitbit to accelerate innovation in the wearables category, scale faster and make health products more accessible. Earlier this year, Google acquired the smartwatch-related intellectual property and personnel from Fossil for \$40 million.



### Dow Electronics Acquires BDC Distributors

Tampa's DOW Electronics reached an agreement to acquire New York-based BDC Distributors, a provider of equipment and products for custom audio, video and home theater installers. The acquisition is part of DOW's strategy to expand its customer integration channel to new markets, setting up future growth with new vendors, territories, and customers.



### Nova Capital Management Acquires Craig Electronics

Nova Capital Management has acquired Miami, Florida-based Craig Electronics, a consumer electronics innovator that offers a one-stop consumer technology and electronics solution for national big-box, food and drug, online and mass retail distribution. Craig will operate under a new corporate identity, H2 Brands Group, which will include the Craig, Shur-Line, Bulldog, and World and Main businesses.



### Hear At Last Acquires Fast Growing Start-Up Crystal Clear Audio

Hear At Last Holdings has acquired fast-growing Canadian start-up Crystal Clear Audio, a leader in audio products specializing in headphones with custom audio. Crystal Clear will merge into Hear At Last Holdings as its wholly-owned subsidiary in an all-stock transaction.



### Brydge Acquires Henge Docks

Brydge, a leader in high-quality and innovative tablet keyboards, has acquired Henge Docks, a leader in docking solutions for the Mac ecosystem. Brydge will leverage Henge's reputation in Apple compatible products as a springboard into similar products for Microsoft and Google.

B R Y D G E

HENG E • DOCK S

## Consumer Electronics (Cont'd)

### JML Acquires 50% Stake in DeVancer

JML has acquired a 50% stake in DeVancer, designer and manufacturer of the iBeani tablet bean bag stand compatible with iPhones, iPads, Kindles, eReaders and other tablet computers. JML plans to expand DeVancer's product offering and distribution network to generate a sustainable growth strategy.



### Crescent Acquires Zembro

Crescent Group has acquired Uest NV, a producer and seller of personal alarm systems for seniors under the Zembro brand name. The acquisition aligns with Crescent's strategy to grow through integrated IoT solutions and expand the company's portfolio offering. Crescent continues to be acquisitive and is in talks to acquire Livereach Media and Crescent Smart Lighting.



### Speaker Maker Faital Becomes Subsidiary of Alps Alpine

Alps Alpine, a manufacturer of automotive audio, visual, navigation, communication, and drive assist systems, has increased its equity stake in Italian premium loudspeaker manufacturer Faital from 19.9% to 80%. The business alliance increases Alps' innovation and manufacturing capacity and will help the company expand its high-end sound system business into the premium car market.



## Gaming Technology & Peripherals

### Axcel Management Acquires SteelSeries for \$300 Million

L Catterton has sold SteelSeries, a leading manufacturer of gaming peripherals and accessories to Nordic private equity firm Axcel for \$300 million. Jacob Wolff-Peterson, founder of SteelSeries, and management will reinvest alongside Axcel. During L Catterton's ownership, SteelSeries focused on various strategic initiatives, such as developing a digital-first strategy and increasing innovation through research and development efforts.



### Corsair Acquires SCUF Gaming

PC components and gaming peripherals manufacturer Corsair announced plans to acquire SCUF Gaming, a provider of high-end accessories and customized gaming controllers. Corsair has been active in the gaming peripheral and streaming market, acquiring OriginPC, a custom gaming laptop and desktop manufacturer, in July 2019 and Elgato, a developer of professional-quality streaming tools, in 2018.



### Logitech Acquires Streamlabs

Logitech expanded its streaming empire after reaching an agreement to acquire San Francisco-based Streamlabs for approximately \$89 million in cash, with an additional payment of \$29 million in Logitech stock subject to the achievement of revenue growth targets. Streamlabs is a leader in software and tools for live streaming, allowing game streamers to engage with viewers, grow their brands and channels and monetize their broadcasts across platforms such as Twitch, YouTube, Mixer, and Facebook. Logitech has made several acquisitions to improve its popularity among content creators, including its acquisition of Blue Microphones and Beyond Entertainment in 2018.



## Gaming Technology & Peripherals (Cont'd)

### Turtle Beach Acquires ROCCAT

Turtle Beach acquired ROCCAT, a developer of gaming peripherals such as keyboards, mice, and related accessories. The purchase price consists of \$14.8 million in cash, up to \$3.4 million in earnout payouts, and \$1 million in cash or stock (company option). Turtle Beach commands a 40% market share of the North American gaming headsets market and plans to increase sales of its PC gaming accessories to \$100 million in the coming years through both organic initiatives and acquisitions.



## Pro-Audio Visual

### Ardian Pre-Empts Planned Auction Process to Acquire Audiotonix for \$1 Billion

Paris-based buyout group Ardian has acquired Audiotonix, a designer and manufacturer of audio-mixing consoles for live events, music recording, and broadcast for about \$1 billion. Astorg had been preparing to sell the business in an auction process in the first quarter of 2020. This is the 3<sup>rd</sup> time Audiotonix has traded to a private equity firm—Astorg acquired Audiotonix in 2017 from Epiris, a U.K.-based fund manager.



### QSC Acquires Attero Tech

QSC, designer and manufacturer of high-performance loudspeakers, digital mixers, power amplifiers, audio processors, digital cinema solutions and the Q-SYS software-based audio, video and control platform, has acquired Attero Tech. The acquisition combines QSC's growing portfolio with Attero Tech's portfolio of networked audio-video endpoints and I/O peripherals, boosting QSC's development capabilities.



### Focusrite Acquires Martin Audio

Focusrite plc, the holding company of the Focusrite, ADAM Audio, Novation and Amplify Music brands, has acquired Martin Audio, a manufacturer of professional loudspeakers, amplifiers and signal processing devices for rental and installed sound markets, for \$51 million. This marks the 3<sup>rd</sup> transaction in 2019 for Focusrite, who acquired Berlin-based studio loudspeaker manufacturer ADAM Audio in July.



### Conference Technologies Acquires Comprehensive Technical Group

Conference Technologies Inc. (CTI), a communications technology solutions provider for AV/IT Integration and live events, has acquired Atlanta-based audio-visual solutions and broadcast systems provider Comprehensive Technical Group (CTG). CTG expands CTI's presence in Georgia and grows its location count to 22 offices nationwide. Earlier this year, CTI acquired Techteriors, a residential and commercial integrator in Wisconsin, in a move to expand in Milwaukee.



### Marlin Equity Invests in Whitlock

Marlin Equity has completed a growth investment in Whitlock, a Richmond, Va.-based provider of audio-visual and video collaboration solutions whose services include strategic planning, roadmap consulting, enterprise management, workplace integration and managed support. Marlin's resources and expertise in the field will support Whitlock's plan to bring additional functionality to its customers and expand into new markets.





## Pro-Audio Visual (Cont'd)

### Uniguest Acquires Tripleplay on the Heels of ONELAN Acquisition

Nashville-based hotel services provider Uniguest has acquired U.K.-based Tripleplay, just 15 months after acquiring a different U.K. company, ONELAN, which shares similar software capabilities. While Tripleplay and ONELAN both offer digital signage services, Tripleplay also provides IPTV and video streaming solutions, with hotels being one of its larger end markets. Merging Tripleplay into the Uniguest portfolio provides mutual access to technology, expertise and partnerships as the digital signage industry continues to undergo a period of consolidation.



### Listen Technologies Acquires AudioConexus

Listen Technologies, a Utah-based provider of assistive listening systems for over two decades, has acquired AudioConexus, a market leader in creative, multilingual and accessible tour solutions. AudioConexus' GPS commentary products, audio guides and tour guide systems complement Listen Technologies' offering and enhance its product roadmap.



### AVI-SPL Acquires Digital Video Networks

AVI-SPL, a workplace services provider of audio and video communication systems, acquired Digital Video Networks (DVN) via its financial sponsor H.I.G. Capital. Headquartered in Scottsdale, Arizona, DVN is a leading audio-visual and unified communications provider in the southwestern United States. The merger will strengthen AVI-SPL's industry leadership by providing additional resources and access to new regions of the country.



### Motorola Consolidates Market With Purchase of Body Cam Maker WatchGuard

Motorola Solutions paid \$271 million to acquire WatchGuard, a designer and manufacturer of in-car video systems, body-cameras and evidence management systems primarily for law enforcement. WatchGuard adds mobile video security systems to Motorola's mission-critical platform, which includes fixed cameras and advanced analytics from Avigilon and license plate recognition cameras from Vigilant Solutions.



### Todd Stewart Acquires Loudspeaker Manufacturer RBH

Todd Stewart has acquired high-performance loudspeaker and audio products company RBH Sound (RBH) from Founder Roger Hassing. Under the terms of the deal, Stewart will hold a controlling interest in the company while Hassing will retain a minority interest in RBH. The acquisition advances and extends RBH's U.S.-based production capabilities, a strategic move by RBH amid tariff uncertainties.



### Mood Media Acquires Assets of Affiliate South Central A/V

Austin-based Mood Media, a leading in-store media solutions company, has acquired all assets of its largest independent affiliate, South Central A/V. Based in Nashville, Tennessee, South Central A/V provides sight, sound, scent and audio-visual systems to businesses throughout the United States. The acquisition broadens Mood Media's reach domestically and generates future sales opportunities and solutions.



## Residential Technology

### Sonos Acquires AI Voice Platform Snips

Smart speaker manufacturer Sonos has acquired Snips, a privacy-focused voice assistant platform, for \$38 million. While Sonos already offers both Amazon Alexa and Google Assistant voice platforms as options on its smart speakers, Snips offers a differentiated, tailored solution for music that is also private. Snips' technology processes all voice commands directly on the device, unlike Amazon's Alexa or Google Assistant.



### Middleby Acquires Smart Oven Maker Startup Brava Home

The Middleby Corp. has added yet another kitchen appliance brand to its portfolio through the acquisition of Brava Home, a provider of innovative, eco-friendly cooking appliances. Brava Home's partnership with Middleby provides additional resources to evolve Brava's cooking solutions and accelerate growth. Middleby continues to be highly acquisitive. The transaction marks Middleby's 6<sup>th</sup> deal in 2019.



### Sound United and Onkyo Consumer Audio End Merger Plans

Earlier this year, Sound United agreed to acquire Onkyo Corp.'s consumer audio division, which includes the Onkyo, Pioneer, and Integra brands. Sound United believed adding Onkyo's consumer audio division to its portfolio of brands, including Boston Acoustics, Denon, Marantz and Polk, would expand its market position and diversify their product offering. Fast forward to October and both organizations mutually agreed to terminate the proposed merger. Onkyo reportedly decided to dedicate its attention to running its home business instead of focusing on expanding its B2B product and service capabilities.



### Sonance Acquires James Loudspeaker

Sonance, a leading loudspeaker manufacturer in the smart-home installation channel, acquired James Loudspeaker. An industry leader in both high-performance residential and commercial speaker solutions, James Loudspeaker will bolster Sonance's position in the high-end audio market. **Intrepid's Commercial & Consumer Technology practice served as the exclusive financial advisor to Sonance.**



### Presidio Merges Smart Home Companies to Form Bravas

Presidio Investors, a San Francisco private equity firm, invested \$75 million to merge 15 CEDIA dealers throughout the U.S., creating Bravas. Based in Overland Park, Kansas with locations in 13 states and annual revenues totaling more than \$70 million, Bravas is an integrator of electronic lifestyle technologies into custom-built intelligent spaces. Presidio's investment will fund an expanded network of trade partners, new software and business systems, and provide capital for future acquisitions.



### SnapAV Acquires West Coast Distributor Custom Plus

Home technology leader SnapAV continued to expand its regional presence across the U.S. by acquiring Custom Plus Distributing, a distributor in the Pacific Northwest and California. Custom Plus is the 4<sup>th</sup> distributor SnapAV has purchased since March 2018. Look for SnapAV to continue to buy distributors in 2020 in other major markets, including the Mid-Atlantic, Texas, and Florida.



### Ezlo Innovation Acquires Smart Home Device Maker Centralite Systems

Ezlo Innovation has acquired Alabama-based Centralite Systems, maker of the Centralite line of consumer and white-labeled smart home devices. Centralite adds another strategic piece to Ezlo's growing portfolio of brands and moves Ezlo closer to its goal of becoming a technology-agnostic platform. The transaction marks Ezlo Innovation's 3<sup>rd</sup> acquisition since 2017, including its 2018 acquisitions of MiOS and Fortrezz.





### Select Transactions

  <p>has acquired</p>   <p>Advisor to Sonance</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p> <p><b>logitech</b> (NASDAQ: LOGI)</p> <p>Advisor to Blue Microphones</p>	  <p>has been acquired by</p>  <p>REGIMEN PARTNERS</p> <p>in partnership with Mike Belitz</p> <p>Advisor to Radial Engineering</p>	 <p>assets of</p> <p><b>DAYMEN</b></p> <p>have been sold to</p>  <p>(LSE:VTC)</p> <p>Advisor to DayMen Acquisition S.A.</p>
  <p>has completed a senior and subordinated debt financing led by</p>   <p>Advisor to PreSonus</p>	<p><b>SunBriteTV</b> a portfolio company of</p> <p><b>BUNKER HILL CAPITAL</b></p> <p>has been acquired by</p>  <p>a portfolio company of</p>   <p>Advisor to SunBriteTV</p>	<p><b>polkaudio</b> has been acquired by</p>  <p>an affiliate of</p> <p><b>TRIVEST</b></p> <p>Advisor to Polk Holding Corp.*</p>	 <p>a portfolio company of</p> <p><b>innovate partners</b></p> <p>has been acquired by</p>   <p>Advisor to Ultimate Ears*</p>
<p><b>SpeakerCraft</b> a portfolio company of</p>  <p>has been acquired by</p> <p><b>Linear Corporation,</b> a subsidiary of</p>   <p>Advisor to SpeakerCraft*</p>	 <p>Microphones</p> <p>a portfolio company of</p> <p>Transom Capital Group</p> <p>has been acquired by</p>   <p>Advisor to Blue Microphones</p>	<p><b>amped wireless.</b></p> <p>has been acquired by</p>  <p>Digital Products International</p> <p>Advisor to Amped Wireless</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p>   <p>Advisor to VXi Corporation</p>

\*Represents transactions executed by principals of Intrepid while at previous securities firms.



## Commercial & Consumer Technology Team



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### About Intrepid's Commercial & Consumer Technology Practice

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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