

Q1 2014 Security & Risk Market Snapshot

Don More

Managing Director

dmore@signalhill.com

Eric Wagner

Managing Director

ewagner@signalhill.com

Peter Gant

Managing Director

pgant@signalhill.com

Matt Fiore

Director

mfiore@signalhill.com

www.signalhill.com

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Signal Hill at a Glance

Signal Hill is a leading independent advisory boutique serving the M&A and private capital raising needs of growth companies. Signal Hill's experienced bankers provide deep domain expertise and an unyielding commitment to clients in our sectors: Internet & Digital Media, Internet Infrastructure, Services and Software. With more than 600 completed transactions and offices in Baltimore, Bangalore, Boston, Mumbai, Nashville, New York, Reston and San Francisco, Signal Hill leverages deep strategic industry and financial sponsor relationships to help our clients achieve Greater Outcomes®.

Recent Mergers & Acquisitions, Strategic Advisory Transactions

- Mergers & Acquisitions
- Equity Private Placements
- Restructurings
- Strategic Advisory
- Special Committee Advisory
- Fairness Opinions

 HAS MERGED WITH APRIL 2014	 HAS RECEIVED AN EQUITY INVESTMENT FROM MARCH 2014	 HAS BEEN ACQUIRED BY FEBRUARY 2014	 HAS RECEIVED AN INVESTMENT FROM FEBRUARY 2014	 HAS BEEN ACQUIRED BY FEBRUARY 2014	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM JANUARY 2014	 HAS BEEN ACQUIRED BY JANUARY 2014	 HAS RECEIVED AN INVESTMENT FROM DECEMBER 2013
 HAS ACQUIRED DECEMBER 2013	 HAS BEEN ACQUIRED BY DECEMBER 2013	 HAS BEEN ACQUIRED BY NOVEMBER 2013	 HAS BEEN ACQUIRED BY NOVEMBER 2013	 HAS BEEN ACQUIRED BY NOVEMBER 2013	 MAJORITY STAKE ACQUISITION BY NOVEMBER 2013	 HAS RECEIVED AN EQUITY INVESTMENT FROM OCTOBER 2013	 HAS BEEN ACQUIRED BY OCTOBER 2013
 HAS BEEN ACQUIRED BY SEPTEMBER 2013	 HAS BEEN ACQUIRED BY SEPTEMBER 2013	 HAS BEEN ACQUIRED BY AUGUST 2013	 HAS BEEN ACQUIRED BY AUGUST 2013	 HAS BEEN ACQUIRED BY AUGUST 2013	 HAS BEEN ACQUIRED BY AUGUST 2013	 MINORITY RECAPITALIZATION BY JULY 2013	 HAS BEEN ACQUIRED BY JULY 2013
 HAS BEEN ACQUIRED BY JUNE 2013	 HAS RECEIVED EQUITY FUNDING FROM JUNE 2013	 HAS BEEN ACQUIRED BY JUNE 2013	 CERTAIN ASSETS HAVE BEEN ACQUIRED BY MAY 2013	 HAS BEEN ACQUIRED BY APRIL 2013	 HAS RECEIVED EQUITY FUNDING FROM MARCH 2013	 HAS BEEN ACQUIRED BY MARCH 2013	 HAS RECEIVED GROWTH EQUITY INVESTMENT FROM MARCH 2013

Signal Hill's Security & Risk Practice

 Consumer Business Line HAS MERGED WITH  APRIL 2014	 HAS BEEN ACQUIRED BY  FEBRUARY 2014	 HAS RECEIVED AN INVESTMENT FROM  DECEMBER 2013	 HAS RECEIVED AN EQUITY INVESTMENT FROM  OCTOBER 2013	 Relevant Intelligent Security HAS BEEN ACQUIRED BY  AUGUST 2013	 HAS BEEN ACQUIRED BY  OCTOBER 2012	 HAS BEEN ACQUIRED BY  JANUARY 2012	 Relevant Intelligent Security PRIVATE PLACEMENT  NOVEMBER 2011	 HAS BEEN ACQUIRED BY  SEPTEMBER 2011
 HAS BEEN ACQUIRED BY  MAY 2011	 HAS BEEN ACQUIRED BY  FEBRUARY 2011	 HAS BEEN ACQUIRED BY Large Public Security Vendor FEBRUARY 2011	 HAS BEEN ACQUIRED BY  JANUARY 2011	 HAS BEEN ACQUIRED BY  OCTOBER 2010	 HAS MERGED WITH  SEPTEMBER 2010	 HAS BEEN ACQUIRED BY  MAY 2010	 HAS BEEN ACQUIRED BY  FEBRUARY 2010	 HAS BEEN ACQUIRED BY  FEBRUARY 2010
 HAS BEEN ACQUIRED BY  JULY 2009	 ACQUIRED THE ASSETS OF  MARCH 2009	 HAS BEEN ACQUIRED BY  JANUARY 2009	 Secure. Protect. Comply. HAS MERGED WITH  NOVEMBER 2008	 HAS BEEN ACQUIRED BY  SEPTEMBER 2008	 HAS BEEN ACQUIRED BY  AUGUST 2008	 HAS BEEN ACQUIRED BY  JUNE 2008	 HAS ACQUIRED  JANUARY 2008	 HAS BEEN ACQUIRED BY  DECEMBER 2007
 HAS BEEN ACQUIRED BY  APRIL 2007	 HAS MERGED WITH  AUGUST 2007	 HAS BEEN ACQUIRED BY  SEPTEMBER 2007	 HAS RECEIVED STRATEGIC INVESTMENT FROM  JULY 2007	 HAS BEEN ACQUIRED BY  DECEMBER 2006	 HAS ACQUIRED  DECEMBER 2006	 HAS BEEN ACQUIRED BY  AUGUST 2006	 HAS ACQUIRED  JULY 2006	 HAS ACQUIRED  FEBRUARY 2006

Q1 2014 Security & Risk M&A Overview

The Security & Risk sector showed 28 announced deals in Q1 2014, a 12 percent increase over the prior quarter and the second highest deal velocity of the last twelve months (LTM). Total announced enterprise value (EV) followed suit, increasing almost 300 percent to reach close to \$3.5B. The high EV can be attributed to two large deals – AirWatch / VMware and Mandiant / FireEye (both profiled on page 6). Median announced deal size rose more than 341 percent to \$141.3M and median revenue multiple reached its second highest point of the LTM – 9.7x. Based on all metrics in the LTM, we expect continued growth and high valuations in the Security & Risk sector.

<i>Source: Signal Hill</i>	Q1 2013	Q2 2013	Q3 2013 ⁽¹⁾	Q4 2013	Q1 2014
Number of Deals	21	35	26	25	28
<i>% change from prior quarter</i>	-	66.7%	-25.7%	-3.8%	12.0%
Total Announced Enterprise Value (\$M)	\$335.0	\$1,883.0	\$4,104.2	\$876.2	\$3,496.4
<i>% change from prior quarter</i>	-	462.1%	118.0%	-78.7%	299.0%
Median Announced Deal Size (\$M)	\$125.0	\$30.0	\$25.0	\$32.0	\$141.3
<i>% change from prior quarter</i>	-	-76.0%	-16.7%	28.0%	341.6%
Median EV/TTM Revenue Multiple	3.3x	3.2x	10.7x	5.7x	9.7x
<i>% change from prior quarter</i>	-	-3.0%	234.6%	-46.7%	69.7%

⁽¹⁾ Includes \$2,700.0M Sourcefire / Cisco transaction

Notable Q1 2014 Security & Risk M&A Transactions

Select Security & Risk Transactions, Q1 2014



Cyberoam Acquired by Sophos

Signal Hill advised Cyberoam. Cyberoam, a leading global provider of next-generation UTM and firewall appliances to businesses in 100+ countries, has been acquired by Sophos, a major provider of complete IT security solutions. Prior to acquisition, Cyberoam received numerous awards for its innovative security products and was recognized by Gartner as a Visionary in its 2013 Magic Quadrant for Unified Threat Management.



AirWatch Acquired by VMware
EV: \$1,540.0M
Revenue Multiple: 15.4x

AirWatch, a leading provider of enterprise mobile management and security solutions, has been acquired by VMware (NYSE: VMW), the global leader in virtualization and cloud infrastructure. The acquisition will expand VMware's End-User Computing group as well as form an expanded, complementary portfolio of mobile solutions through the addition of AirWatch's offerings.



Mandiant Acquired by FireEye
EV: \$989.4.0M
Revenue Multiple: 9.7x

Mandiant, a rapidly growing provider of advanced endpoint security products and security incident response management solutions, has been acquired by FireEye (NASDAQ: FEYE), a leader in stopping advanced cyber attacks. The acquisition follows nearly two years of collaboration between the two companies and will create the industry's leading advanced threat protection vendor, finding and stopping attacks at every stage of the attack lifecycle.



Accuvant Acquired by Blackstone Group
EV: \$270.0M
Revenue Multiple: 0.6x

Accuvant, a provider of information security integration and value-added services and solutions serving enterprise-class organizations across North America, has sold an 80 percent stake to Blackstone Group, the world's largest alternative asset manager. Accuvant's stake was acquired from investment firm Sverica International.



Notable Q1 2014 Security & Risk M&A Transactions (cont'd)

Select Security & Risk Transactions, Q1 2014



Cyvera Acquired by Palo Alto Networks

EV: \$200.0M
Revenue Multiple: 200.0x

Cyvera, a privately held cyber security company located in Tel-Aviv, Israel, has been acquired by Palo Alto Networks, a leading cyber security platform that protects thousands of enterprise, government and service provider networks from cyber threats. The acquisition will allow Palo Alto Networks' customers the ability to safely enable applications and protect users against known and unknown cyber threats on any device, across any network.



Carbon Black Merged with Bit9

EV: 40.0M

Carbon Black, a next-generation security company with an architecture that enables rapid installation on every enterprise endpoint and server, has merged with Bit9, the leader in advanced threat protection for endpoints and servers. The combined company, operating under the Bit9 brand, is the only company that prevents and detects advanced threats on endpoints and servers and provides incident response in seconds.



Industrial Defender Acquired by Lockheed Martin

Industrial Defender, a leading provider of cyber security solutions for control systems in the oil and gas, utility and chemical industries, has been acquired by Lockheed Martin (NYSE: LMT), a global security and aerospace company. The acquisition will complement Lockheed Martin's information technology cyber security expertise by addressing cyber threats to industrial control systems.



Q1 2014 Security & Risk M&A Transactions

Date Announced	Seller	Buyer	Enterprise	Revenues	Enterprise
			Value		Value
31-Mar-14	Blancco Oy Ltd.	Regeneris PLC	\$82.6	\$16.9	4.9x
26-Mar-14	Conax	Vicon Industries	\$226.4	-	NA
24-Mar-14	Cyvera	Palo Alto Networks	\$200.0	\$1.0	200.0x
24-Mar-14	Enode	Telus	-	-	NA
21-Mar-14	accells technologies	Ping Identity Corp.	-	-	NA
18-Mar-14	Cenzic	Trustwave	-	\$10.0	NA
12-Mar-14	Industrial Defender	Lockheed Martin	-	-	NA
11-Mar-14	IdentityForge	IDMWORKS	-	-	NA
11-Mar-14	Accuvant	Blackstone Group	\$270.0	\$430.2	0.6x
3-Mar-14	Minnesota Privacy Consultants	PricewaterhouseCoopers	-	-	NA
24-Feb-14	CloudFlare	StopTheHacker	-	-	NA
21-Feb-14	Spider.io	Google	-	-	NA
19-Feb-14	Espion International / IP assets	VersAi	-	-	NA
19-Feb-14	A&N Associates, Inc.	Tangible Security	-	-	NA
16-Feb-14	SlickLogin	Google	-	-	NA
13-Feb-14	Carbon Black	Bit9	\$40.0	-	NA

Q1 2014 Security & Risk M&A Transactions

Date Announced	Seller	Buyer	Enterprise	Revenues	Enterprise
			Value		Value
11-Feb-14	ViewTrust Technology	Virtustream	-	-	NA
10-Feb-14	Cyberoam Technologies	Sophos Plc	ND	ND	ND
6-Feb-14	Tomium Software / security auditing assets	Imperva, Inc.	\$8.0	-	NA
6-Feb-14	Skyfence Networks	Imperva, Inc.	\$60.0	-	NA
28-Jan-14	Meucci Solutions NV	Keynote Systems	-	-	NA
22-Jan-14	AirWatch	VMware	\$1,540.0	\$100.0	15.4x
17-Jan-14	IdeaTrust, Inc.	ASSA ABLOY AB	-	\$14.0	NA
15-Jan-14	Impermium	Google	-	-	NA
15-Jan-14	CloudUp Networks	CipherCloud	-	-	NA
6-Jan-14	Morta Security	Palo Alto Networks	-	-	NA
6-Jan-14	Atheos	Orange Business Services	-	-	NA
2-Jan-14	Mandiant Corp.	FireEye, Inc.	\$989.4	\$102.3	9.7x

Bold denotes Signal Hill advised transaction

Security & Risk Public Companies – Q1 2014 Trading Statistics

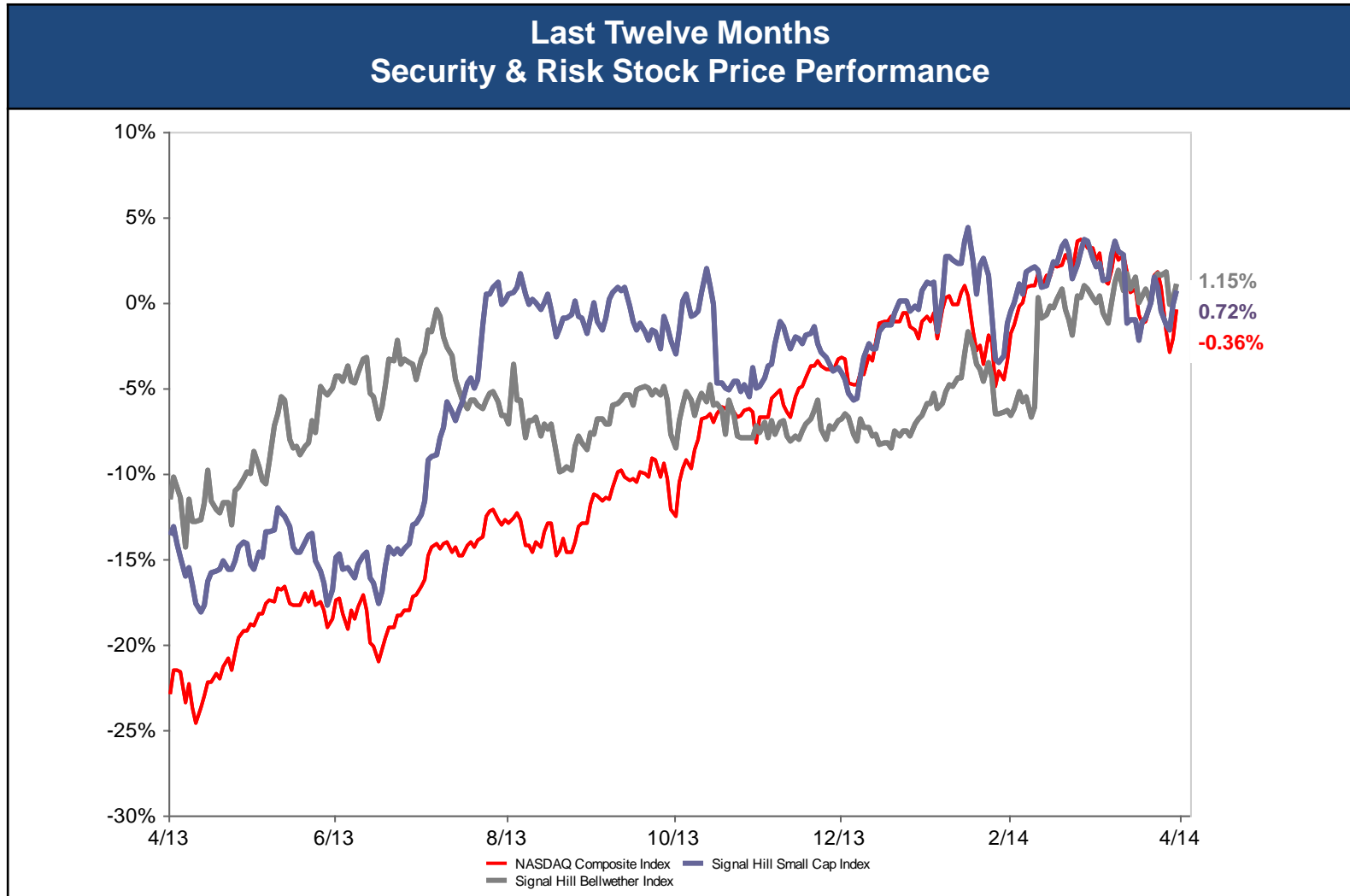
(\$ in millions, except per share amounts)		3/31/2014	% Dec./Inc. from LTM		Fully Diluted	Revenue				Fully Diluted	Enterprise Value /					
Market Segment	Company		Price	High	Low	Eq. Val.	LTM	CY'13E	CY '14E	Net Cash Ent. Val.	LTM	Revenue			EBITDA	
											LTM	CY'13E	CY'14E	LTM	CY'13E	CY'14E
Security Bellwether																
Content	Symantec	\$19.97	(26%)	11%	\$13,810	\$6,799	\$6,799	\$6,617	\$1,796	\$12,014	1.8x	1.8x	1.8x	6.1x	5.7x	5.8x
SVM	Check Point	\$67.63	(3%)	52%	\$13,003	\$1,394	\$1,391	\$1,478	\$1,167	\$11,836	8.5x	8.5x	8.0x	15.3x	14.4x	13.9x
IAM	Gemalto	\$116.49	(7%)	48%	\$10,050	\$3,289	\$3,332	\$3,635	\$612	\$9,437	2.9x	2.9x	2.6x	18.2x	16.3x	13.6x
SVM	FireEye	\$61.57	(37%)	85%	\$8,875	\$162	\$161	\$407	\$174	\$8,701	53.9x	53.9x	21.4x	NM	NM	NM
SVM	Palo Alto	\$68.60	(15%)	76%	\$5,081	\$483	\$483	\$662	\$438	\$4,643	9.6x	9.6x	7.0x	NM	NM	NM
SVM	Fortinet	\$22.03	(8%)	35%	\$3,588	\$615	\$604	\$700	\$491	\$3,096	5.0x	5.0x	4.4x	35.8x	24.2x	22.6x
Content	Trend Micro	\$31.03	(24%)	28%	\$4,185	\$1,030	\$1,024	\$1,108	\$1,366	\$2,820	2.7x	2.7x	2.6x	8.1x	8.5x	7.9x
SVM	Barracuda	\$33.94	(24%)	NM	\$1,726	\$226	\$226	\$252	\$117	\$1,610	7.1x	7.1x	6.4x	NM	NM	31.3x
SVM	Imperva	\$55.70	(17%)	54%	\$1,453	\$138	\$137	\$163	\$118	\$1,336	9.7x	9.7x	7.6x	NM	NM	NM
Content	Proofpoint	\$37.08	(19%)	129%	\$1,363	\$138	\$133	\$176	\$97	\$1,267	9.2x	9.2x	7.2x	NM	NM	NM
Content	AVG Technologies	\$20.96	(21%)	68%	\$1,104	\$407	\$400	\$387	\$12	\$1,092	2.7x	2.7x	2.8x	7.7x	7.7x	8.4x
SVM	Qualys	\$25.43	(15%)	151%	\$825	\$108	\$108	\$130	\$96	\$729	6.8x	6.8x	5.6x	NM	40.2x	33.9x
Content	Ahnlab	\$48.57	(33%)	11%	\$421	\$130	\$130	NM	\$68	\$353	2.7x	2.7x	NM	30.8x	30.8x	NM
Median											6.8x	6.8x	6.0x	15.3x	15.4x	13.7x
Mean											9.4x	9.4x	6.5x	17.4x	18.5x	17.2x
Security Small Cap																
Content	F-Secure	\$3.31	(1%)	50%	\$525	\$214	\$213	\$220	\$66	\$459	2.1x	2.1x	2.1x	10.0x	9.5x	10.2x
SVM	Absolute Software	\$6.37	(13%)	31%	\$277	\$86	\$85	\$93	\$54	\$223	2.7x	2.7x	2.4x	12.7x	18.3x	15.6x
Content	Zix	\$4.14	(18%)	23%	\$247	\$48	\$48	\$53	\$28	\$219	4.6x	4.6x	4.1x	20.3x	16.1x	15.2x
IAM	Vasco	\$7.54	(17%)	17%	\$296	\$155	\$152	\$161	\$99	\$197	1.3x	1.3x	1.2x	12.0x	12.0x	8.4x
Content	CommTouch	\$3.61	(12%)	79%	\$95	\$32	\$32	\$35	\$1	\$95	2.9x	2.9x	2.7x	NM	49.0x	NM
Content	Wave Systems	\$0.91	(67%)	32%	\$37	\$24	\$24	\$23	\$1	\$36	1.5x	1.5x	1.6x	NM	NM	NM
SVM	Intrusion	\$2.30	(6%)	820%	\$28	\$8	\$8	NM	NM	\$31	4.1x	4.1x	NM	34.5x	34.5x	NM
IAM	Bio-key	\$0.28	(33%)	129%	\$32	\$2	\$2	NM	\$2	\$30	15.0x	15.0x	NM	NM	NM	NM
Median											2.8x	2.8x	2.3x	12.7x	17.2x	12.7x
Mean											4.3x	4.3x	2.4x	17.9x	23.2x	12.3x

Content – antimalware, antivirus, email web filtering, data security and related threat protection segments.

IAM – identity & access management solutions.

SVM – Network Security & Vulnerability Management including IDS/P, firewalls, and vulnerability management

LTM Relative Security & Risk Stock Price Performance



Select Q1 2014 Security & Risk Financing Activity

Date Announced	Company	Investor(s)	Deal Value	Round Number
24-Mar-14	Luminal	Undisclosed	\$4.9	1
19-Mar-14	Verdasys	GE Pension Trust, Fairhaven Capital, Brookline Venture Partners	\$12.0	1
18-Mar-14	ITS Compliance	First Analysis, Argentum Group	\$5.8	1
14-Mar-14	Shadow Networks	Paladin Capital Group, Yaletown Venture Partners	\$10.0	1
11-Mar-14	Niara	Index Ventures, NEA Venture Capital	\$9.0	1
03-Mar-14	Wikr	Alsop Louie Partners	\$9.0	1
26-Feb-14	Nok Nok Labs	Lenovo Group Limited DCM ,ONSET Ventures	\$16.5	2
25-Feb-14	CounterTack	Siemens (SFS VC), Goldman Sachs, Fairhaven Capital	\$3.0	2
24-Feb-14	Shape Security	Norwest Venture Partners, Sierra Ventures, Kleiner Perkins Caufield & Byers, Venrock, Google Ventures, TomorrowVentures, Allegis Capital	\$40.0	3
20-Feb-14	Cylance	Blackstone, Khosla Ventures, Fairhaven Capital	\$20.0	2
20-Feb-14	Ionic Security	Google Ventures, Jafco Ventures, Webb Investment Network, Kleiner Perkins, ff Venture Capital, TechOperators	\$25.5	2
20-Feb-14	ThreatStream	Google Ventures, Paladin Capital Group, Tom Reilly, Hugh Nijemanze	\$4.0	1
19-Feb-14	Nativeflow	Jerusalem Venture Partners, OurCrowd	\$7.5	1
19-Feb-14	Strevus	Blumberg Capital,U.S. Venture Partners	\$5.6	1
18-Feb-14	Elastica	Mayfield Fund	\$6.3	1
18-Feb-14	FireLayers	YL Ventures	-	1
13-Feb-14	Bit9	Atlas Venture, 406 Ventures, Highland Capital Partners, Kleiner Perkins Caufield & Byers and Sequoia Capital, Blackstone	\$38.3	5

Select Q1 2014 Security & Risk Financing Activity

Date Announced	Company	Investor(s)	Deal Value	Round Number
13-Feb-14	CloudPassage	Shasta Ventures, Meritech Capital Partners, Tenaya Capital, Benchmark Capital, Musea Ventures	\$25.5	3
12-Feb-14	BlueLiv	Kibo Ventures, Telefónica Ventures, Roger Casals	\$3.2	1
11-Feb-14	Cybereason	Charles Rivers Ventures	\$4.6	1
11-Feb-14	DeviceAuthority	Alsop Louie Partners	-	1
06-Feb-14	Secure64	Undisclosed	\$1.4	1
05-Feb-14	Avast	CVC Capital Partners	-	2
04-Feb-14	Bounce.io	Foundry Group, Bullet Time Ventures, SK Ventures	\$4.8	1
03-Feb-14	nCrypted Cloud	Microsoft, Cisco, Broadcom, Reveal Imaging Technologies	\$3.0	1
29-Jan-14	Guardly	Freestyle Capital, Golden Venture Partners, MaRS Investment Accelerator Fund	\$1.5	2
29-Jan-14	CloudLock	Bessemer Venture Partners, Cedar Fund, Ascent Venture Partners	\$16.5	3
21-Jan-14	TigerText	Shasta Ventures, OrbiMed, Reed Elsevier Ventures, TELUS Corporation, Easton Capital, New Leaf Venture Partners and New Science Ventures	\$21.0	2
21-Jan-14	Aorato	Accel Partners, Mickey Boodaei, Rakeesh Loonkar, Innovation Endeavors, Gliot Capital Partners	\$10.0	2
21-Jan-14	BlueBox	Tenaya Capital, Andreessen Horowitz, SV Angel	\$18.0	2
20-Jan-14	Adallom	Index Ventures, Sequoia Capital Israel	\$15.0	2
15-Jan-14	Integrata Security	Undisclosed	\$0.8	1
10-Jan-14	Vorstack Corporation	Undisclosed	\$5.0	1
02-Jan-14	Skybox Security	Susquehanna International Group	\$6.0	9



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