

## **EDAC Emerging Companies Panel:**

EDA Trends You Can't Ignore

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**Charles Welch**

Managing Director

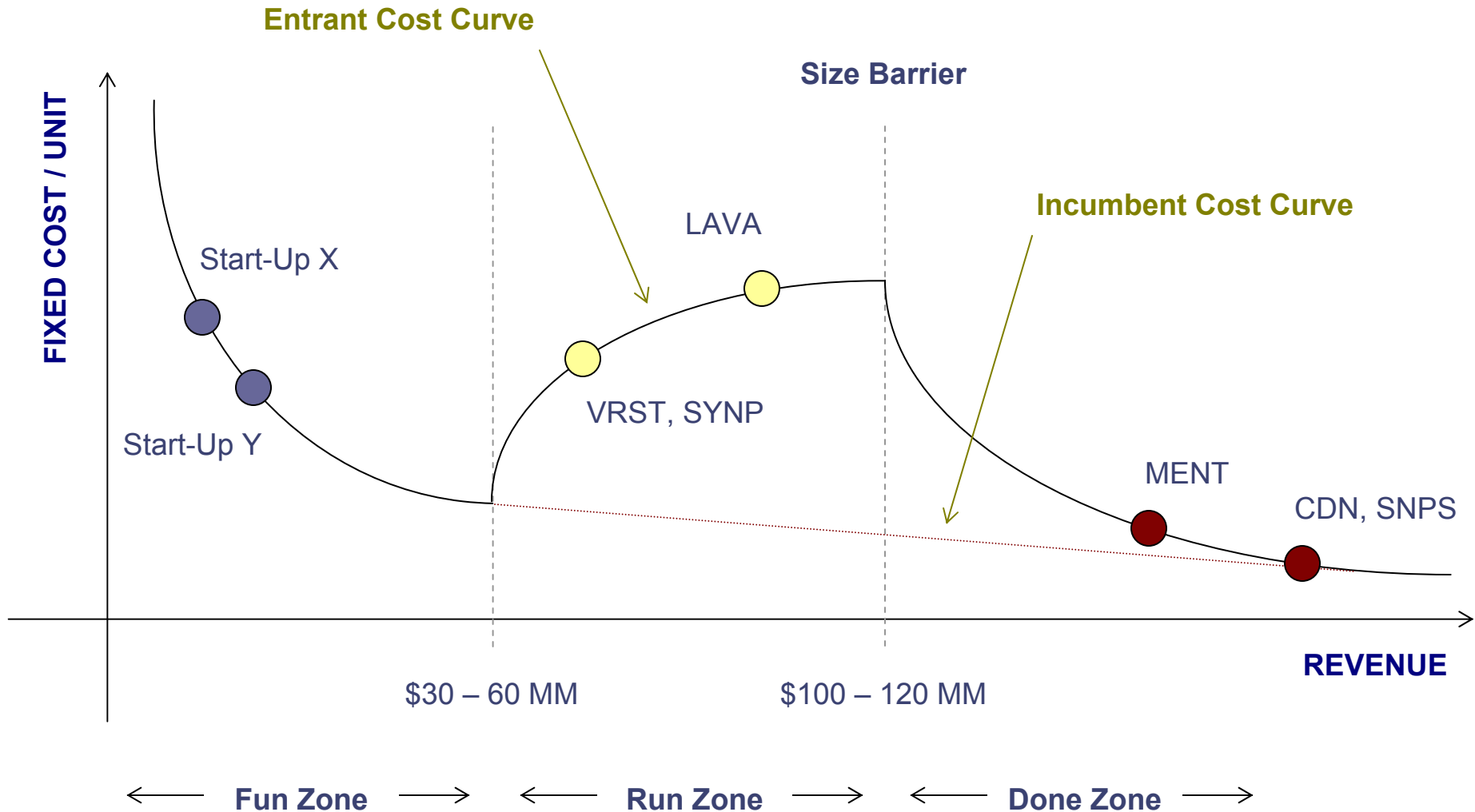


**September 22, 2004**

# Economies of Scale Drive the EDA Industry

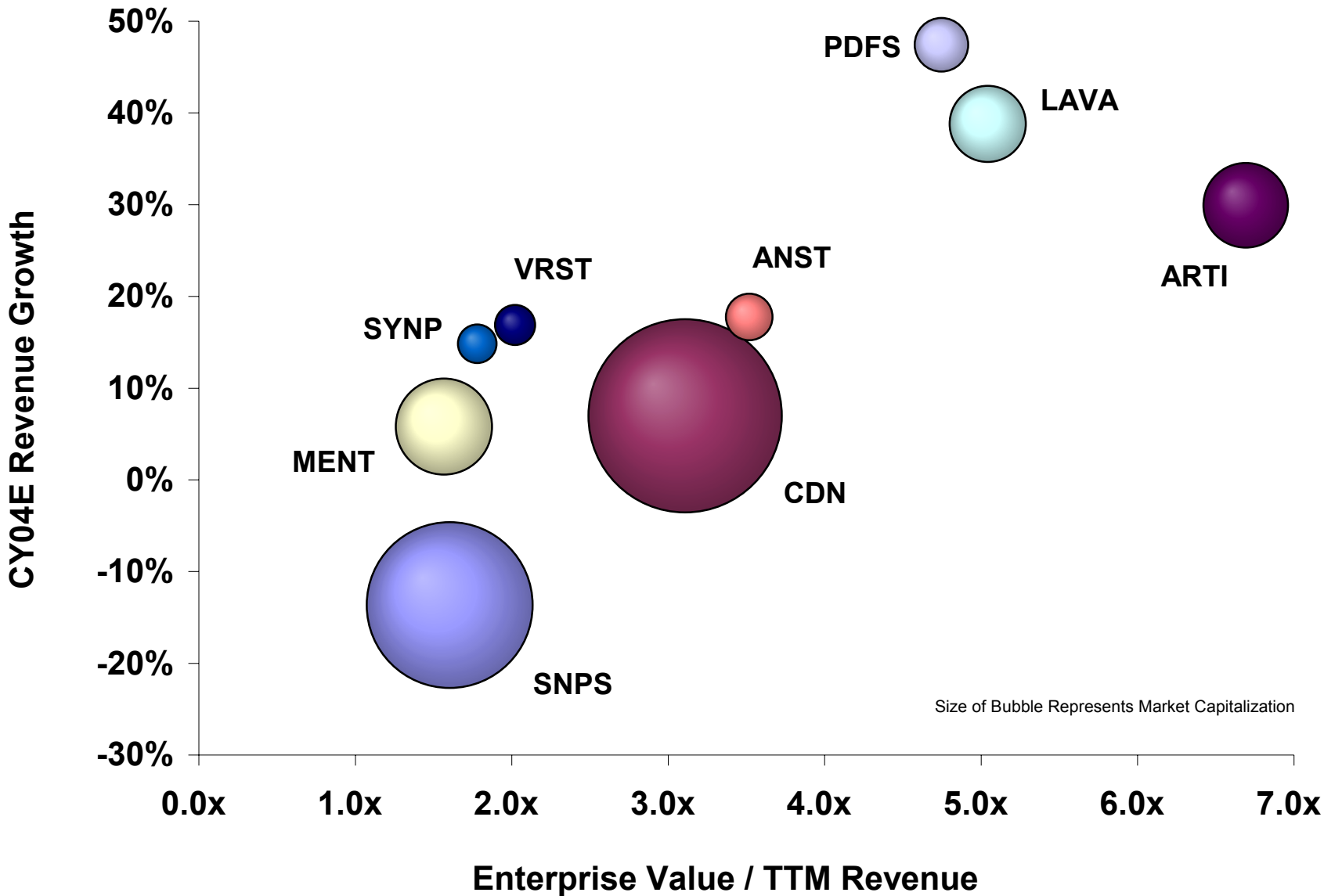
## Cost Curves Determine Who Will Survive

Source: Industry data and Credit Suisse First Boston



# Public Markets Reward Growth Over Scale

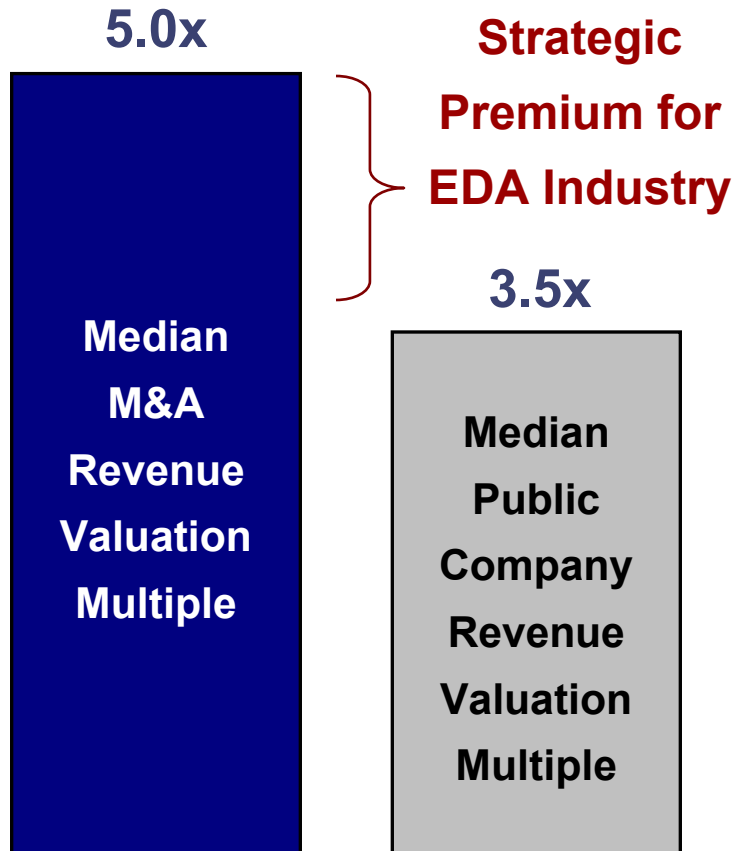
The Larger Vendors Utilize M&A as a Means to Catalyze Growth



# Hence, Acquisition Multiples Tend to Reflect a Strategic Premium to the Public Markets

MEMBER NASD  
MEMBER SIPC

Valuation is a Direct Function of Strategic Fit



## Value Drivers

- Disruptive / next-generation technology complementary to existing design flows
- Demonstrated revenue traction and referenceable customers pushing incumbent vendor to cut a deal
- Partnerships and equity investments already in place with potential buyers
- Competitive process (usually facilitated by an advisor)

Selected Public Companies include: SNPS, CDN, MENT, LAVA, ARTI, ANST, SYNP, PDFS, VRST, NSDA

Selected M&A Transactions include: 0-In, Hier, Neoliner, Mojave, SYCON, Axis Systems, Silicon Metrics, Verplex, Innologic, IDS, WaferYield, K2, Get2Chip, Celestry



## Leading Advisor to the Technology Industry

Source: MergerStat and SVB Alliant

<u>Technology Transactions</u> <u>Under \$250 MM Announced Since 2003</u>	
<b>SVB Alliant</b>	<b>61</b>
Jefferies Group	51
Credit Suisse First Boston	47
Morgan Stanley	43
Houlihan Lokey Howard & Zukin	34
JP Morgan Chase	34
Citigroup Global Markets	33
UBS	29
Bear Stearns	24
Lehman Brothers	24

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Jefferies Group	53
JP Morgan Chase	47
Citigroup Global Markets	42
Houlihan Lokey Howard & Zukin	37
UBS	37
Goldman Sachs	35
Lehman Brothers	30

<u>All Semiconductor Transactions</u> <u>Announced Since 2001</u>	
<b>SVB Alliant</b>	<b>27</b>
Morgan Stanley	21
Credit Suisse First Boston	20
Houlihan Lokey Howard & Zukin	12
CIBC World Markets	10
Jefferies Group	10
Piper Jaffray	10
JP Morgan Chase	9
Thomas Weisel Partners	9
Goldman Sachs	7