

# PDF Software

Overview of M&A activity

January 2022

# About Aventis Capital

We are a full-stack financial advisor for tech companies, delivering best insight and advice to our clients, while always focusing on the success of the deal



## Insight

We provide meaningful insight by comprehending and simplifying complex situations, allowing you to make the right decision

## Advice

We give you our best advice throughout the deal, supporting the founders and the company in the transformative process

## Success

We are focused on success of the deal in the both financial and personal dimensions

## Our team



### Marcin Majewski | Managing Partner

- 15 years of investment banking and M&A experience
- Runs own M&A advisory businesses for more than 10 years
- Executed multiple M&A projects worldwide, including for IT product and services companies



### Filip Drazdou | Analyst

- Filip is responsible for research and industry analysis, as well as project execution and due diligence coordination
- Before joining Aventis Capital, he worked in management consulting, participating in strategy development and operational improvement projects for clients around the globe




















### Marta Baś | Analyst

- Marta focuses on project sourcing, industry analyses and business development
- Prior to joining Aventis Capital, Marta worked in the investment banking team at Credit Suisse

# Strategic exits

There has been significant consolidation by PDFTron in the PDF SDK segment, while the vendors of PDF editors has been mainly focusing on widening the product offering

Year	Country	Target	Buyer	Deal size, \$M	EV/Revenue	Comment
2021		eSign Genie		-	-	<ul style="list-style-type: none"> <li>The wave of the consolidation in <b>PDF SDK</b> segment has been <b>led by PDFTron</b> with 6 acquisitions since raising growth equity in 2019</li> <li>Vendors of traditional PDF reading and editing software primarily acquired to <b>enter the adjacent e-signature</b> software segment</li> <li>Both Nitro and Foxit did strategic acquisitions in e-signature software in 2021</li> </ul>
2021		Connective		81	~11.5x	
2021		PDFpen		6	-	
2021		PDFescape		-	--	
2018		Lulu Software (SODA PDF)		-	-	
2021		Solid Documents		-	-	
2021		PDF 3D		-	-	
2021		Windward Studios		-	-	
2020		Iceni Technologies		-	-	
2020		ActivePDF		-	-	
2019		BCL PDF Online		-	-	

## Fundraising and PE activity

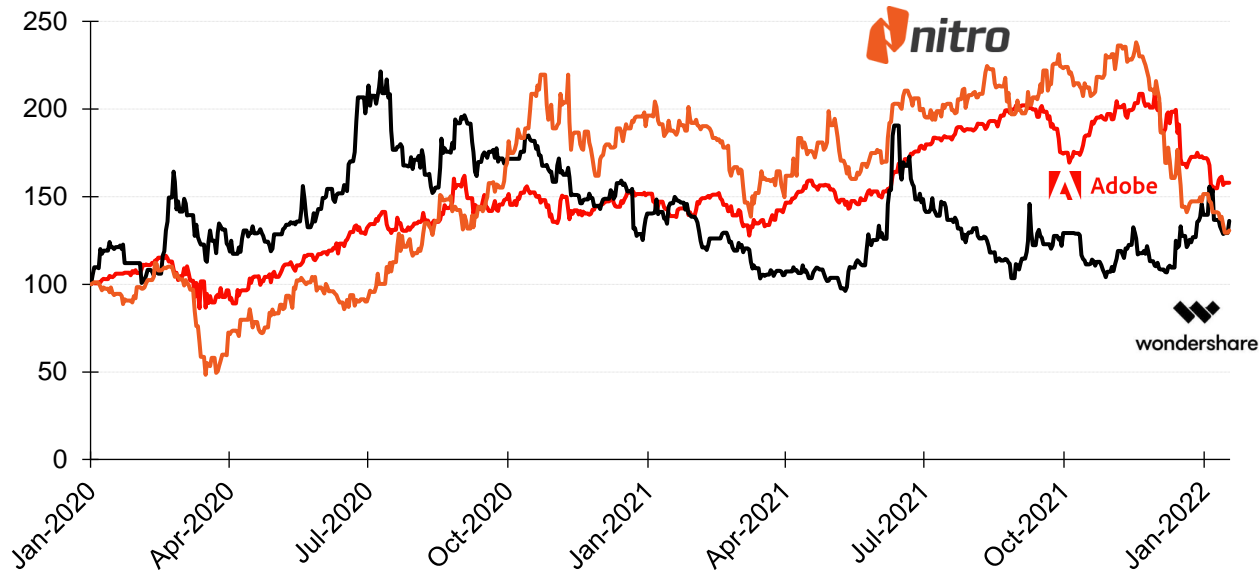
Private equity activity is almost exclusively focused on PDF software components segment, with leading growth equity funds actively investing in 2021

Year	Country	Target	Investors	Funding	Comment
2021		 PSPDFKit	Insight Partners	€100M	<ul style="list-style-type: none"> <li>Leading software growth equity funds are typically focused on <b>B2B software</b> with enterprise clients and strong recurring revenue stream</li> <li>Three major SDK providers: PDFTron, PSPDFKit and iText are all now in hands of private equity</li> </ul>
2021		 PDFTRON	Thoma Bravo	-	
2021		 airSlate	Morgan Stanley, General Catalyst, HighSage Ventures	\$40M	
2021		 KIDAN MOBILE	Dattoz Partners, WI Harper, Taiwania Capital, Golden Asia Fund Venture	\$16M	
2020		 ITEXXT	Crescendo Equity Partners	-	
2019		 PDFTRON	Silversmith Capital	\$71M	

# PDF Software: Public Market Performance

Companies with PDF software in portfolio grew by around 50% over the past 2 years, with Nitro Software leading the pack, but dropping rapidly after investors questioned the attractiveness of e-signatures business

Share price index, 01/01/2020=100



Note: Foxit is excluded as it only went public in September 2020

Source: Capital IQ

## Comment

- With varying performance over the past 2 years, all three companies finished 2021 with their share prices ~50% higher than two years ago
- All companies were affected by the early 2022 sell-off of tech companies as investors are expecting higher interest rates
- Nitro Software's shares have **dropped significantly** since the peak in November 2021 after **DocuSign** – the largest peer in e-signature business – **reported underwhelming financial results**

# PDF Software Valuations

Listed software vendors with PDF software in portfolio are trading at a median 8.1x Revenue multiple

Name	EV, m USD	Revenue, m USD	EBITDA, m USD	Revenue growth	EBITDA margin	EV/Sales	EV/EBITDA
<b>PDF Software</b>							
Adobe	246,576	15,785	6,579	23%	42%	15.6x	36.8x
Wondershare	999	157	5	12%	3%	6.3x	182.9x
Foxit	646	82	1	14%	1%	7.8x	NM
Nitro Software	366	45	-14	19%	-30%	8.4x	NM
<b>Median</b>						<b>8.1x</b>	

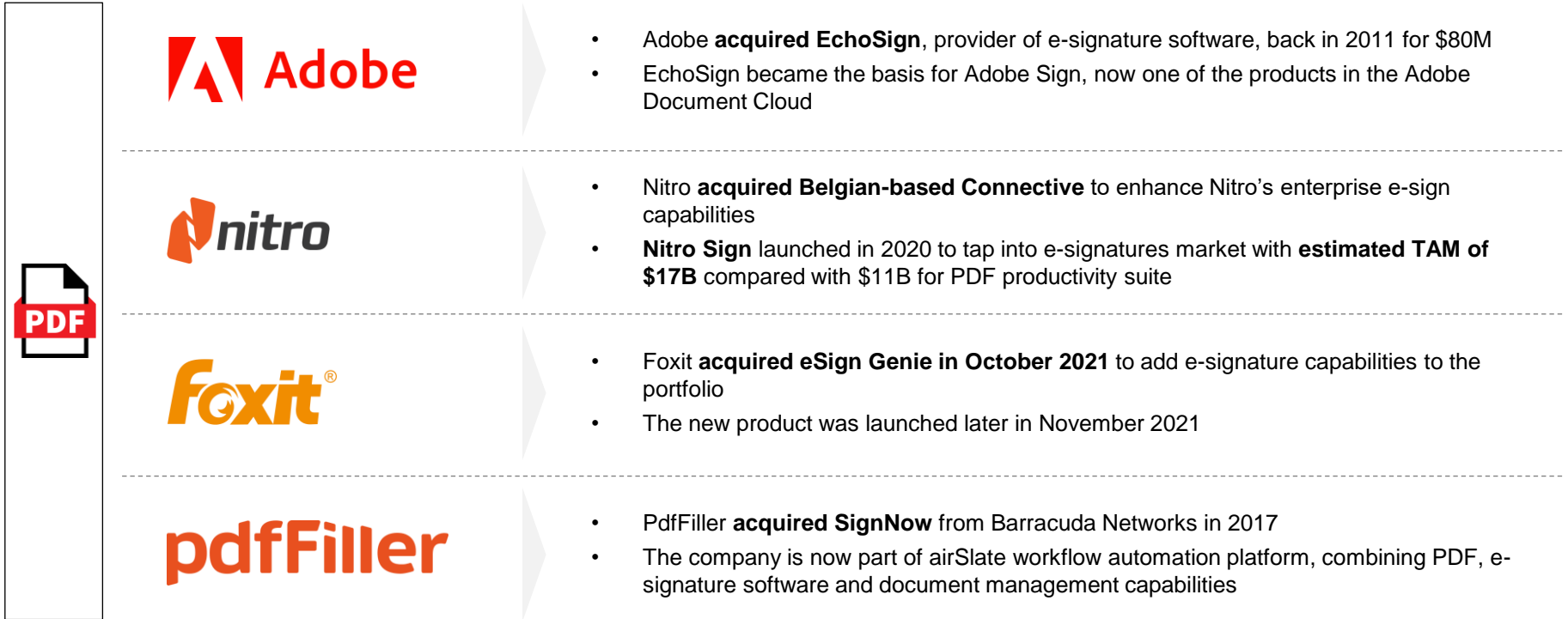
## Comment

- Companies with major revenue stream from PDF software, such as Wondershare, Foxit and Nitro Software are trading **around ~8x Revenue**
- Adobe is traded **at much larger multiple** due to larger size, faster growth and better profitability
- Despite the recent share price decline and negative profitability, **investors are confident in Nitro Software**, which trades higher than its China-based peers

Note: EV and multiples data as of January 17th, 2021  
Revenue and EBITDA data as of LTM

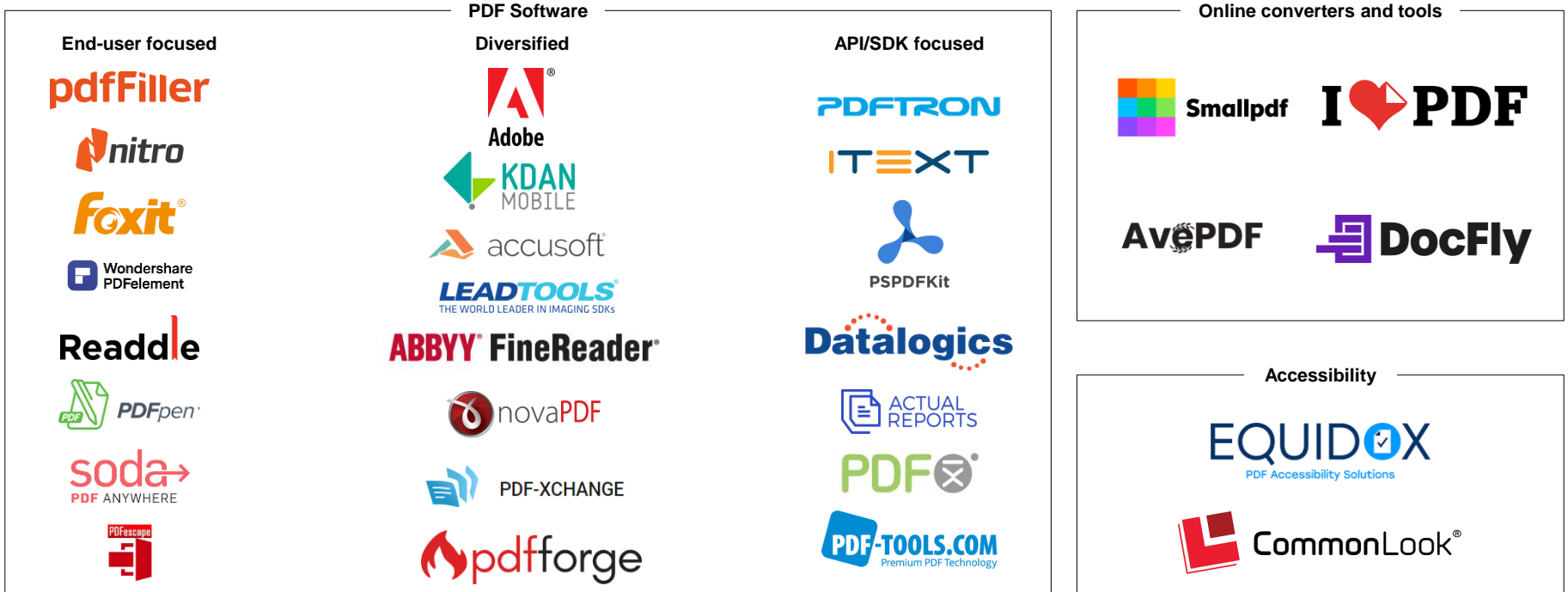
# Entering the e-signatures market

The leading end-user PDF companies have been entering the e-signatures market through acquisitions; by 2021 the four leading PDF reader vendors have completed one



# Summary: PDF Software map

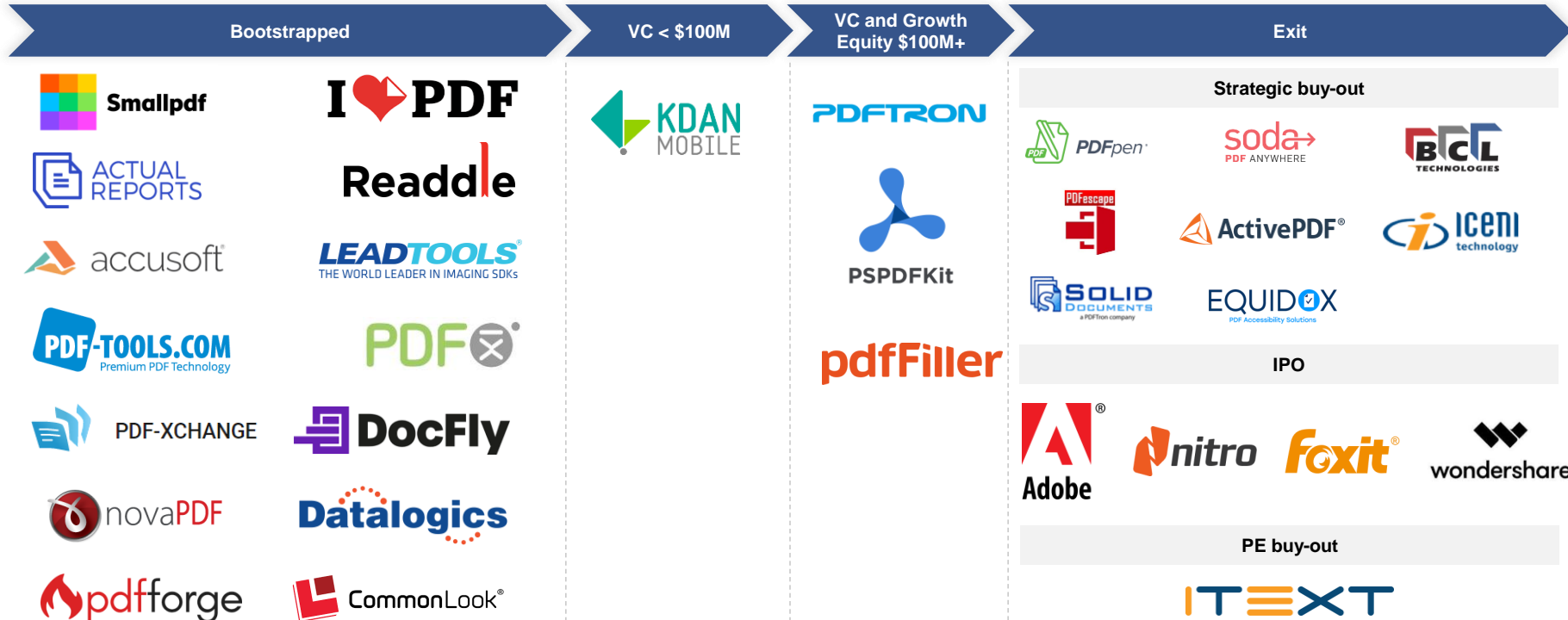
The majority of PDF companies are either developing applications for viewing and editing PDFs or providing the technology to embed PDF functionality in the cloud applications





# Summary: M&A and Fundraising Map

Venture Capital and Growth Equity has only recently become an option for PDF companies, with the deals focusing on B2B PDF technology companies



## Contact us

Get in touch with our team to discuss the report in more detail



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