

Axios Pro Rata

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By Dan Primack (/Community/Danprimack) • Jun 20

Greetings from the home office. Please remember that you can always send me news or scoop via email (dan@axios.com (<mailto:dan@axios.com>)), anonymous tip (<http://axios.com/tips> (<http://axios.com/tips>)) or confidential apps like Signal, Telegram and Confide ([Dan Primack / 857-472-3072](https://www.danprimack.com) ([tel:\(857\)%20472-3072](tel:(857)%20472-3072))). Here we go...

Top of the Morning



The Federal Trade Commission yesterday sued (<https://www.axios.com/regulators-vow-to-block-draftkings-fanduel-merger-2444477154.html>) to block the proposed merger between fantasy sports sites DraftKings and FanDuel, which have raised more than \$1 billion in combined venture capital funding.



Exclusive numbers: Axios has obtained a 106-page merger document circulated by FanDuel to its investors back in January, which includes financials for both companies, valuations, risks and post-merger structures. The jaw-dropping stat for DraftKings is a \$509 million operating loss on \$89 million in revenue for 2015, which was the year that it and FanDuel engaged in a ubiquitous marketing battle during the NFL season. Last year's DraftKings numbers were a \$92 million operating loss on \$160 million in revenue. Get all the numbers by going here (<https://www.axios.com/the-draftkings-fanduel-financials-2444723508.html>).

Next decision: Even though the two companies were aware of some FTC resistance, they both seemed surprised by yesterday's action. As of late yesterday afternoon, they had not decided on whether to fight the FTC or to go their separate ways.

If they don't fight: FanDuel will probably need to raise new funding. It had been in talks to do so earlier this year -- at the same time that DraftKings added around \$100 million — but ended those discussions so as to not further dilute existing shareholders before the merger.

If they fight: Here is the legal playbook (<https://www.linkedin.com/pulse/how-draftkings-fanduel-plan-get-merger-approved-dan-primack>) that the two companies originally planned to follow. Sources suggest it would slightly modify and amplify these arguments, and hope that a court looks upon them more favorably than the FTC.

- **Headline of the Day**, per Reuters: Bugaboo up for sale after founders throw tantrum (<http://www.reuters.com/article/us-bugaboo-m-a-idUSKBN19B1MT>)

- **It gets worse:** Serial tech entrepreneur and acknowledged domestic abuser has been sued again, this time by a former executive at his current company (Gravity4), in a complaint that includes a partial phone conversation transcript that includes Chahal allegedly using the n-word no fewer than 10 times.

- **Trumpland update:** Peter Barris of venture firm NEA will attend this Thursday's White House meeting. Also worth noting reports that NEA has closed its latest flagship fund (<https://www.axios.com/why-nea-is-raising-a-giant-new-vc-fund-2203478041.html>) with \$3.3 billion in capital commitments.

- **CEO says what?** Whole Foods has released the transcript (https://www.sec.gov/Archives/edgar/data/865436/000110465917040187/a17-15393_1defa14a.htm) of an employee town hall held to discuss the pending acquisition by Amazon. Three quotables from CEO John Mackey:

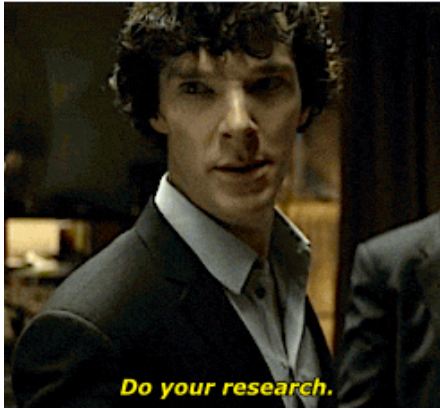
"[A] little over six weeks after we met on this blind date, we're officially engaged... But like an old traditional marriage, where there are all kinds of rules and chaperones, we can't consummate the marriage, until we're actually officially hooked up. This is not a Tinder relationship."



"Over time, there could be other formats that evolve that — that might — wouldn't be branded Whole Foods Market, potentially, wouldn't be our standards."  

"One of the things they do better than us, they are more customer-centric than we are. They really are. And one of my takeaways is that, by God, we're gonna become as customer-centric as Amazon... Because I think, sometimes, our company's gone a little bit too much team member focus at the expense of our customers."

The BFD



Source: Giphy


Pamplona Capital Management has agreed to acquire **Parexel International** (Nasdaq: PRXL), a Boston-based contract drug research organization, for approximately \$5 billion (including debt). The \$88.10 per share price represents around a 5% premium to yesterday's closing price, but a 28% premium to where the stock was trading in May before the first reports of a sale process emerged.

Why it's the BFD: It's one of the rare cases where private equity beat out strategics on a multi-billion dollar deal, with both LabCorp and ICON reportedly having submitted bids. Let alone against an Ireland-based company like ICON, which can build sorts of tax advantages into its bid. It's also just the latest example of activist investor success, as groups like Starboard Value had been agitating for a sale.

Bottom line: "Parexel has just under 20,000 employees and made \$605 million in revenue in the March quarter, according to its financials. But has been in the process of slimming down, as the CRO has had several rounds of job cuts since it dialed down its 2016 outlook in 2015. Those include 850 jobs announced 2015, in order to save about \$20 million to \$30 million a year from 2016, plus 1,100 to 1,200 worldwide announced just a few months ago, amid the buyout rumors." — Ben Adams, FierceBiotech

(<http://www.fiercebiotech.com/cro/parexel-to-go-private-5b-pamplona-capital-buyout-deal>)

Venture Capital Deals

- **Vice Media** has raised \$450 million in new funding from **TPG Capital** at a \$5.7 billion post-money valuation. <http://bit.ly/2rLZiNr> (<http://bit.ly/2rLZiNr>)
- **Freshly**, a New York-based prepared meal delivery service, has raised \$77 million in Series C funding. **Nestlé USA** led the round, and was joined by return backers Highland Capital Partners, Insight Venture Partners and White Star Capital. <http://bit.ly/2rLTqE6> (<http://bit.ly/2rLTqE6>)
-  **Gamida Cell**, an Israel-based developer of stem cell therapy products, has raised \$40 million in new VC funding. **Shavit Capital** led the round, and was joined by VMS Investment Group, Israel Biotech Fund and return backers Novartis, Clal Biotechnology Industries and Israel HealthCare Ventures. <http://bit.ly/2sIRmRR> (<http://bit.ly/2sIRmRR>)
- **FuboTV**, a New York-based streaming TV service focused on soccer and other sports, has raised \$55 million in Series C funding. **Northzone** led the round, and was joined by Scripps Networks Interactive and return backers 21st Century Fox and Sky. <http://bit.ly/2tITszt> (<http://bit.ly/2tITszt>)
- **Bigger**, a Chinese co-working space startup, has raised \$18 million in Series A funding. Commercial real estate firm **Hongfu Group** led the round, and was joined by Beijing incubator First Care. <http://bit.ly/2tIEG5i> (<http://bit.ly/2tIEG5i>)
- **Pivotal Commware**, a Bellevue, Wash.-based Intellectual Ventures spinout focused on making marketing communications products that use holographic beam forming, has raised \$17 million in first-round funding from The Thermo Cos., DIG Investment, Bill Gates, Lux Capital and Barry Sternlicht's family office. www.pivotalcommware.com (<http://www.pivotalcommware.com/>)
- **Misty Robotics** has been formed as a personal robotics spin-out from **Sphero** (maker of BB8), with \$11.5 million in Series A funding from firms like **Venrock** and Sphero backer **Foundry Group**. <http://tcrn.ch/2sROk8R> (<http://tcrn.ch/2sROk8R>)
- **Alight**, a San Francisco-based provider of business forecasting SaaS, has raised \$11 million in Series A funding from backers like **Caterpillar Venture Capital**. www.alightinc.com (<http://www.alightinc.com/>)
- **Slips Technologies**, a Cambridge, Mass.-based maker of slippery coatings, has raised \$8.6 million in new funding from backers like Anzu Partners, BASF Venture Capital and the Massachusetts Clean Energy Center. www.slipstechnologies.com (<http://www.slipstechnologies.com/>)
- **Talla**, a Brookline, Mass.-based enterprise chatbot startup, has raised \$8 million in Series A funding led by **Glasswing Ventures**. <http://bit.ly/2rM5tRI> (<http://bit.ly/2rM5tRI>)

 **CirrusMD**, a Denver-based provider of "text-first" telemedicine solutions, has raised \$7 million in Series A funding. Colorado Impact Fund led the round, and was joined by Bootstrap Incubation, Three Leaf Ventures, Rockies Venture Fund, Service Provider Capital, Sand Hill Angels, and New York Angels. www.cirrusmd.com (<http://www.cirrusmd.com/>)



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- **Julia Computing**, a Berkeley, Calif.-based startup that seeks to commercialize open-source programming language Julia, has raised \$4.6 million in seed funding from **General Catalyst** and **Founder Collective**. <http://bit.ly/2tIQkxi> (<http://bit.ly/2tIQkxi>)
- **AimBrain**, a London-based biometric identity platform using face, voice and behavioral recognition, has raised £4 million in Series A funding from **BGF Ventures**. <http://bit.ly/2sRBhoa> (<http://bit.ly/2sRBhoa>)
- **FinalPrice**, a Los Angeles-based subscription travel app, has raised \$4 million from Almaz Capital, Sistema VC and individual angels. <http://tcrn.ch/2rMl8Rc> (<http://tcrn.ch/2rMl8Rc>)
- **Cosmo Tech**, a decision management software company with offices in France and San Francisco, has raised \$3 million in new VC funding. **Sofimac Partners** led the round, and was joined by fellow return backer Aster Capital and new investor BNP Paribas. www.cosmotech.com (<http://www.cosmotech.com/>)
- **Simply Wall St.**, an Australia-based stock trading app, has raised A\$2.4 million in new VC funding from its own high net worth clients. <http://tcrn.ch/2rLFFFg> (<http://tcrn.ch/2rLFFFg>)
- **Xpertdoc Technologies**, a Canadian provider of customer communications management solutions, has raised C\$2.3 million in funding from **BDC Capital**. www.xpertdoc.com (<http://www.xpertdoc.com/>)
- **Wonderschool**, a San Francisco-based startup that enables qualified childcare providers to open in-home daycares and preschools, has raised \$2 million in seed funding. **First Round Capital** led the round, and was joined by Cross Culture Ventures, SoftTech VC, Lerer Ventures, FundersClub and Edelweiss. <http://tcrn.ch/2rwna3w> (<http://tcrn.ch/2rwna3w>)

Private Equity Deals

- **BC Partners** and **Pollen Street Partners** have increased their bid for British challenger bank **Shawbrook Group** (LSE: SHAW) to £868 million, and the bank's board is recommending that shareholders accept the deal. <http://reut.rs/2svZyol> (<http://reut.rs/2svZyol>)
- **The Blackstone Group** has acquired a majority stake in **The Office Group**, a UK-based provider of flexible office space. No financial terms were disclosed. <http://on.ft.com/2svYCZZ> (<http://on.ft.com/2svYCZZ>)
- **CVC Capital Partners** has agreed to acquire a control stake in **QA**, a British IT training company, for £700 million. <http://on.ft.com/2sKJquo> (<http://on.ft.com/2sKJquo>)

• **CVC Capital Partners** has agreed to acquire **Etraveli**, a Swedish online travel agency, for €508 million from **ProSiebenSat1 Media**. <http://on.ft.com/2svX569> (<http://on.ft.com/2svX569>)



• **EcoVapor Recovery Systems**, a Centennial, Colo.-based provider of vapor recovery and oxygen removal solutions at hydrocarbon production facilities, has raised an undisclosed amount of growth equity funding from EIV Capital. www.ecovapors.com (<http://www.ecovapors.com/>)

• **LLR Partners** has acquired **3SI Security Systems**, a Malvern, Penn.-based provider of protection and recovery systems for such assets as stolen cash. No financial terms were disclosed. www.3sisecurity.com (<http://www.3sisecurity.com/>)

• **Prospect Partners** has sponsored a recapitalization of **QMI Security Solutions**, an Itasca, Ill.-based maker of physical security products like roller for storefronts. No financial terms were disclosed. www.qmiusa.com (<http://www.qmiusa.com/>)

• **Punch Bowl Social**, a Denver-based owner and operator of "eatertainment" restaurants, has raised an undisclosed amount of growth equity funding from **L Catterton**. www.punchbowlsocial.com (<http://www.punchbowlsocial.com/>)

Public Offerings

• **Aileron Therapeutics Inc.**, a Cambridge, Mass.-based developer of cancer drugs based on a stapled peptide platform, has set its IPO terms to 3.75 million shares being offered at between \$15 and \$17 per share. It would have a fully-diluted market value of around \$250 million, were it to price in the middle of its range. The pre-revenue company plans to trade on the Nasdaq under ticker symbol ALRN, with BofA Merrill Lynch and Jefferies serving as lead underwriters. Aileron has raised over \$140 million in VC funding, from firms like Apple Tree Partners (22.4% pre-IPO stake), Novartis BioVentures (20.8%), S.R. One (10.6%), Excel Venture Management (8.7%), Lilly Ventures (7.7%) and Roche (5.3%). <http://bit.ly/2sRQGVr> (<http://bit.ly/2sRQGVr>)

• **Dova Pharmaceuticals**, a Durham, N.C.-based drug developer focused on treatments for thrombocytopenia, has set its IPO terms to 4.1 million shares being offered at between \$15 and \$17 per share. It would have a fully-diluted market value of around \$415 million, were it to price in the middle of its range. The company plans to trade on the Nasdaq under ticker symbol DOVA, with J.P. Morgan listed as left lead underwriter. Shareholders include PBM Capital Investments (84.8% pre-IPO stake) and Perceptive Life Sciences (5.4%). <http://bit.ly/2swgkNo> (<http://bit.ly/2swgkNo>)

Liquidity Events

• **CVC Capital Partners** has picked advisors to sell **Continental Foods**, a European food company it bought from **Campbell Soup** in 2013 for €400 million, according to Reuters. It now could be worth more than €1 billion in a sale. <http://reut.rs/2rQnaus> (<http://reut.rs/2rQnaus>)

• **Providence Equity Partners** has sold its equity stake in **Soccer United Marketing**, the media and marketing arm of **Major League Soccer**, back to the league. No financial terms were disclosed, although Bloomberg says that Providence has tripled the \$150 million it invested for a 25% stake back in 2012 (that position was later diluted by the addition of new MLS franchises). <https://bloom.bg/2sOcoLL> (<https://bloom.bg/2sOcoLL>)

More M&A

• **The Boston Celtics**, majority owned by private equity folks, have traded the top pick in this year's NBA draft to the **Philadelphia 76ers**, which are majority-owned by other private equity folks. This makes your humble correspondent very nervous.

• **Meltwater**, a San Francisco-based media monitoring company, has acquired Hong Kong-based media monitoring startup **Klarity** for an undisclosed amount. <http://tcrn.ch/2sKSCiQ> (<http://tcrn.ch/2sKSCiQ>)

Fundraising

• **FW Capital** has closed its ninth private equity fund-of-funds with \$350 million in capital commitments. www.fortwashington.com (<http://www.fortwashington.com/>)

It's Personnel

• **LaRoy Brantley** has joined **Meketa Investment Group** as a principal. He previously was a managing director with Cambridge Associates. www.meketagroup.com (<http://www.meketagroup.com/>)

• **Greg Lawton** has joined **Antares Capital** as a managing director focused on capital-raising for the firm's asset management group. He previously was a managing director with Crescent Capital. www.antares.com (<http://www.antares.com/>)

• **Thomas Mastrobuoni** has joined **Tyson New Ventures** (corporate VC arm of Tyson Foods) as CFO, per his LinkedIn profile. He previously was CFO of Advance Vixeid Partners.

• **Ali Mitchell**, co-founder and former CEO of Huddle, has joined Sweden-based **EQT Ventures** as a San Francisco-based partner.



• **Teri Noble** has joined **Pathway Capital Management** as VP of client services. She previously was SVP and client portfolio manager for American Realty Advisors. www.pathwaycapital.com (<http://www.pathwaycapital.com/>)

• **Iris Ostermaier** has joined Munich-based VC firm **Target Partners** as a venture partner. She previously was CEO of Target Partners portfolio company 1-2-3.tv and, before that, was CFO of Entertainment Shopping AG. www.targetpartners.de (<http://www.targetpartners.de/>)

Final Numbers: 15 largest retail M&A deals

Rank	Date	Value (\$Mil)	Target Name	Target Nation	Acquirer Name	Acquirer Nation	Target Macro Industry
1	06/19/12	23,808.2	Alliance Boots GmbH	Switzerland	Walgreen Co	United States	Retail
2	12/18/00	23,345.9	Granada Compass-Hospitality	United Kingdom	Shareholders	United Kingdom	Retail
3	03/09/07	21,396.0	Alliance Boots PLC	United Kingdom	Kohlberg Kravis Roberts & Co	United States	Retail
4	01/23/06	17,837.8	Albertsons Inc	United States	AB Acquisition LLC	United States	Retail
5	08/30/99	15,837.5	Promodes	France	Carrefour SA	France	Retail
6	07/02/07	15,727.0	Coles Group Ltd	Australia	Wesfarmers Ltd	Australia	Retail
7	08/26/14	14,585.2	Tim Hortons Inc	Canada	3G Capital Partners Ltd	United States	Retail
8	10/27/15	14,583.3	Rite Aid Corp	United States	Walgreens Boots Alliance Inc	United States	Retail
9	04/21/15	14,027.7	Ondereel Ltd,Best-Growth es	Hong Kong	China Resources National Corp	China	Retail
10	11/17/04	13,846.3	Sears Roebuck & Co	United States	KMart Holding Corp	United States	Retail
11	06/16/17	13,598.4	Whole Foods Market Inc	United States	Amazon.com Inc	United States	Retail
12	07/15/13	13,025.4	Shoppers Drug Mart Corp	Canada	George Weston Ltd	Canada	Retail
13	04/20/05	12,483.1	Seven-Eleven Japan Co Ltd	Japan	Ito-Yokado Co Ltd	Japan	Retail
14	08/03/98	11,719.7	American Stores Co	United States	Albertsons Inc	United States	Retail
15	06/24/15	11,657.2	Delhaize Group SA	Belgium	Koninklijke Ahold NV	Netherlands	Retail

Source: Thomson Reuters

