

January 2017 - Monthly Briefing

6th February 2017

Software deals give TMT M&A a good start to the year

The top worldwide TMT deal in January was the \$3.7 billion acquisition of US based, privately owned application intelligence software vendor, AppDynamics, by Nasdaq listed network equipment manufacturer, Cisco. AppDynamics' cloud application and business monitoring platform enables the world's largest companies to improve application and business performance. AppDynamics will continue to be led by CEO, David Wadhvani, as a new software business unit in Cisco's IoT and Applications business.

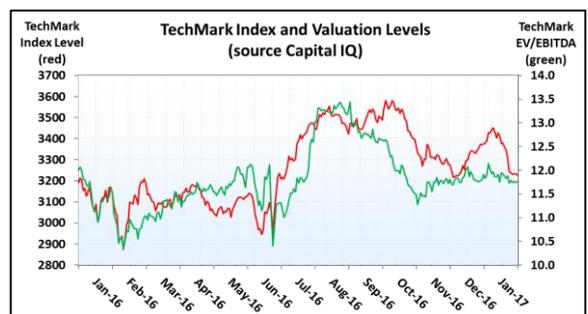
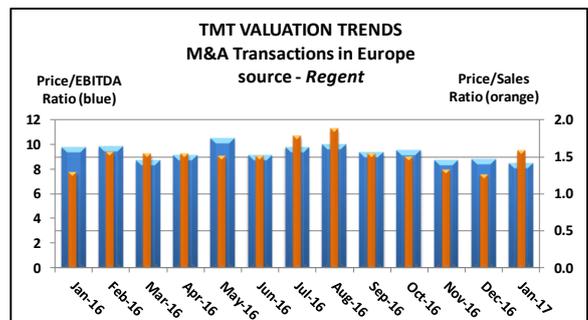
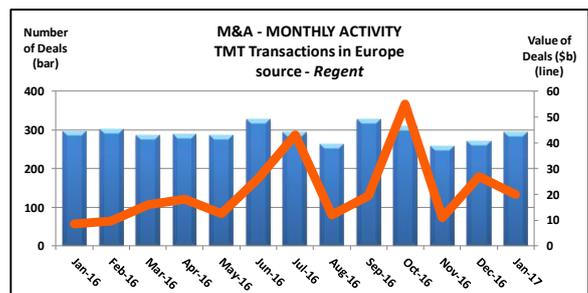
Also in the US, Keysight Technologies has agreed to acquire Ixia for \$1.6 billion in cash. The combination of Keysight and Ixia brings together two highly complementary companies to create an innovative force in leading-edge technologies that spans electronic design, device and network validation, and application and security performance. Ixia has a broad IP portfolio that encompasses network communications, visibility, application and security technologies with solutions deeply rooted in software. Additionally, Ixia's IP includes extensive networking and wireless protocols that will extend Keysight's position in wireless communications and create a unique combination of Layer 1 through 7 end-to-end solutions that address fast-growing segments of the 5G communications design and test ecosystem.

US money transfer and payment services company, Moneygram, and Ant Financial Services Group, one of the world's leading digital financial services providers and parent company of Alipay, a global mobile payment platform, announced plans to merge the companies. The transaction is valued at approximately \$880 million for all of MoneyGram's common and preferred shares on a fully diluted basis and Ant Financial will assume or refinance MoneyGram's outstanding debt. MoneyGram, which will remain headquartered in Dallas, continue to operate under its existing brand and will be able to leverage Ant Financial's global presence and existing network to serve more than 630 million users.

The top European TMT deal was the \$1 billion acquisition of UK registered, Cyprus based family games and entertainment software company, Outfit7, by a consortium of investors from Asia represented by United Luck Group Holdings. Outfit7 is a market leader in family entertainment with over 5.6 billion app downloads of their Talking Tom and Friends franchise worldwide. Founded in 2009 by entrepreneurs on a mission to bring fun and entertainment to all, Outfit7 has grown from an instant app success into a fully-fledged media franchise. Their highly successful portfolio includes free mobile apps and games, a CGI animated series and web shorts, a global licensing and merchandising program, and a chart-topping sensation on YouTube.

REGENT's View of the Month

European TMT sector M&A got off to a strong start after two slower months with 295 deals announced in January. However, the aggregate deal value dropped to \$20 billion, as there were fewer of the very large deals. Valuation multiples in terms of the Price/Sales ratio increased from 1.3 to 1.6 while the Price/EBITDA ratio eased down from 8.8 to 8.5. Listed technology companies, as represented by the UK TechMark index, did not have such a good start to the year, falling 4.4% in January.



James Calvert Managing Partner jcalvert@regent.com	Dr David Scurr Research Director dscurr@regent.com	Hana Glanville Business Development Director hglanville@regent.com
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