

March 2017 - Monthly Briefing

5th April 2017

European TMT M&A remains steady in March

US semiconductor giant, Intel, is accelerating its ability to serve the autonomous vehicle market by acquiring Mobileye, a global leader in the development of computer vision and machine learning, data analysis, localization and mapping for advanced driver assistance systems and autonomous driving. The deal values Mobileye at an equity value of approximately \$15.3 billion and an enterprise value of \$14.7 billion. Mobileye had revenues of \$358 million and EBITDA of \$125 million in 2016. The combination is expected to accelerate innovation for the automotive industry and position Intel as a leading technology provider in the fast-growing market for highly and fully autonomous vehicles. Intel estimates the vehicle systems, data and services market opportunity at up to \$70 billion by 2030.

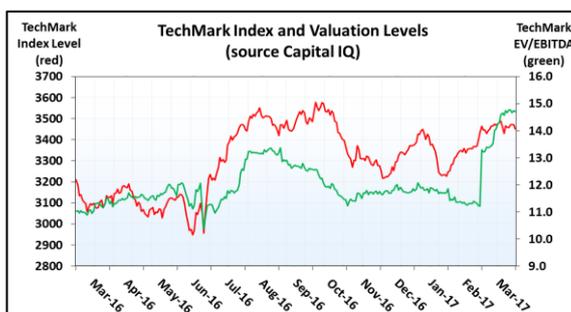
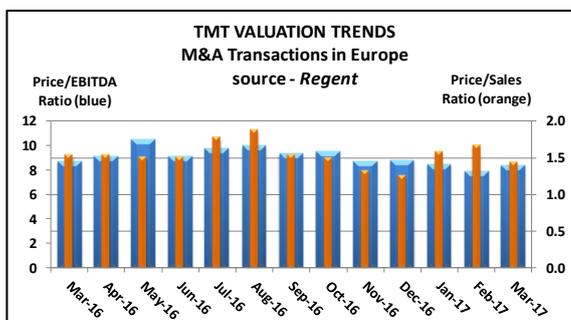
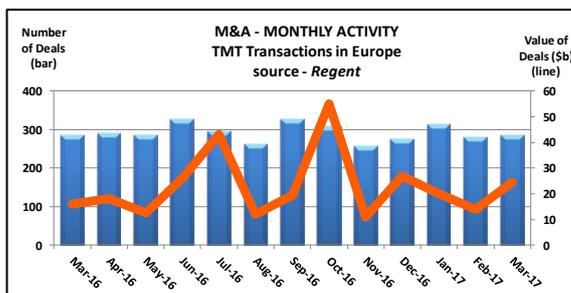
The largest deal involving a European TMT company was Vodafone's merger of Vodafone India with Idea Cellular. The highly complementary combination will create India's largest telecoms operator with the country's widest mobile network and a strong commitment to deliver the Indian government's 'Digital India' vision. The implied enterprise value is \$12.4 billion for Vodafone India and \$10.8 billion for Idea, valuing Vodafone India at 6.4x EV/EBITDA and Idea (excluding its stake in Indus Towers) at 6.3x EV/EBITDA. Vodafone will own 45.1% of the combined company.

In the US, Euronet Worldwide, a leading electronic payments provider, announced plans to acquire MoneyGram International in a deal valuing the company at more than \$1 billion, in addition to the assumption of approximately \$940 million of MoneyGram's debt. The proposal represents a premium of approximately 15% over the Ant Financial Services Group offer and a premium of 28% over the closing price for MoneyGram stock on the final day of trading prior to the transaction announcement on January 26, 2017. The offer also represents a premium of approximately 38% to MoneyGram's volume weighted average share price over the three-month period prior to the Ant Financial transaction announcement.

Hewlett Packard Enterprise (HPE) is acquiring Nimble Storage, a provider of predictive all-flash and hybrid-flash storage solutions. HPE will pay a net cash purchase price at closing of \$1.0 billion. In addition to the purchase price, HPE will assume or pay out Nimble's unvested equity awards, with a value of approximately \$200 million at closing. The overall flash market was estimated to be approximately \$15 billion in 2016 and is expected to be nearly \$20 billion by 2020, with the all-flash segment growing at nearly 17% compound annual growth rate. Nimble's predictive flash offerings for the entry to midrange segments are complementary to HPE's scalable midrange to high-end.

REGENT's View of the Month

Both the number and value of European TMT sector deals increased in March. There was a 2% monthly increase in the number of deals and the aggregate value was 78% higher at \$25 billion. Valuation multiples in terms of the Price/Sales ratio decreased to 1.4 from 1.7 while the Price/EBITDA ratio increased from 7.9 to 8.8. Listed technology companies, as represented by the UK TechMark index, gained 1.5% in March.



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