

EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS

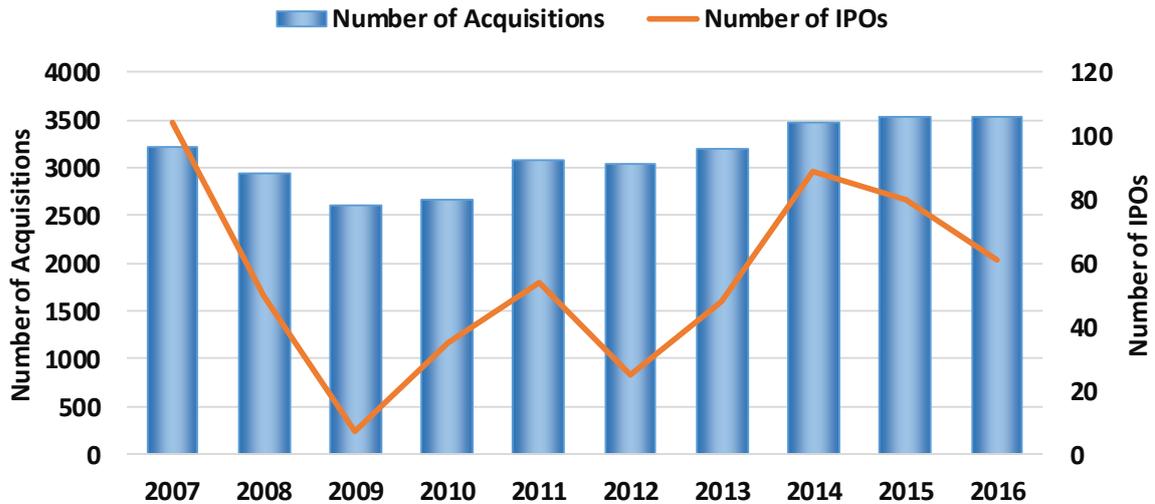
2016 Annual Review

An analysis of the TMT acquisition transactions announced in 2016 involving European companies.

The analysis is drawn from the proprietary Regent Research Database and includes companies in IT and business services, software, telecommunications, media, Internet, embedded technology as well as electronic systems, components and semiconductors.

ANALYSIS OF EUROPEAN TMT ACQUISITIONS

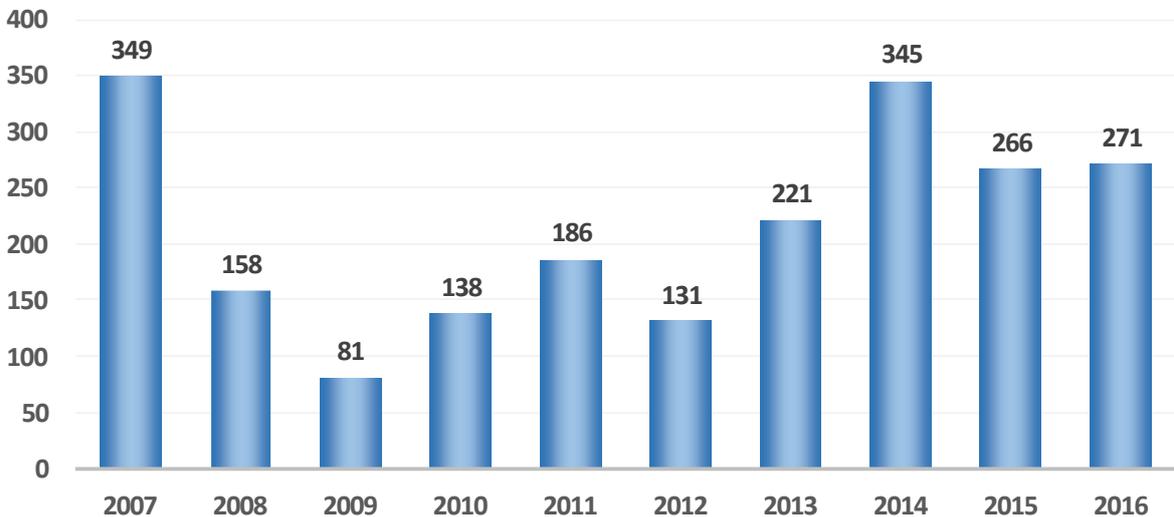
European TMT Acquisitions and IPOs by Year



Source: Regent

European TMT merger and acquisition (M&A) activity has been remarkably consistent over the last three years in terms of the total number of deals announced. There were 3,524 deals announced in 2016 compared with 3,528 in 2015 and 3,469 in 2014. The total value of deals has also been steady over the last two years – the 2014 figure included an unusually large \$42b medical technology deal. The 2016 total of \$271 billion was just 1.9% higher than the \$266 billion recorded in 2015. The number of European TMT companies making an IPO was affected by continuing political and economic uncertainties and fell for the second successive year from 80 in 2015 to 61 in 2016.

European TMT Acquisitions – Aggregate Value (\$b) by Year



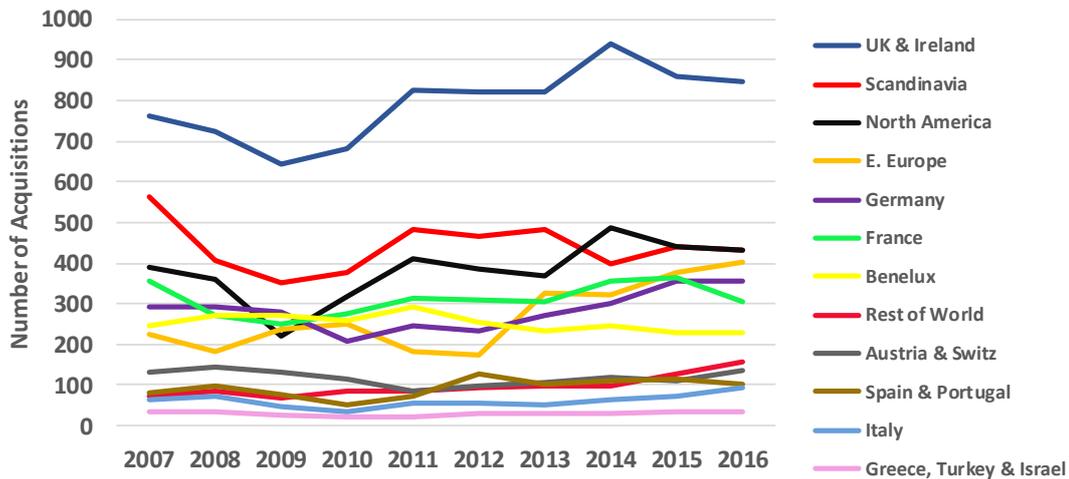
Source: Regent

Private company buyers accounted for 68% of the deals announced in 2016 including 18% by financial buyers. Many of the buyers identified as private companies are backed by private equity, so the true share of financial buyers is higher than the headline figures indicate. Divestments of non-core divisions and subsidiaries accounted for 19% of the total number of deals in 2016, down from 21% of the deals in 2015 and 24% in 2014 indicating that the level of organisational restructuring is becoming less of a factor in M&A terms.

Country Activity

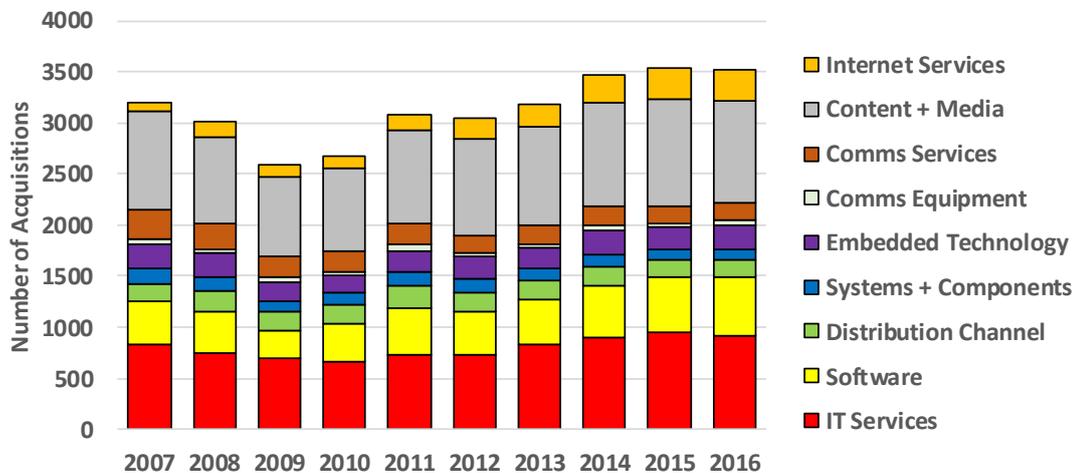
The UK remains the dominant country in terms of buy-side activity accounting for 24% of the deals announced in 2016, unchanged from 2015. Once again, North American buyers tied with Scandinavian buyers for second place, each accounting for 12% of deals. There was increased buying activity by Eastern European buyers, putting them in third place with 11% of deals, just ahead of German buyers with 10%. French buyers were less active accounting for 9% of the deals. Cross border deals accounted for 44% of all deals in 2016.

Trend Analysis by Country of Buying Company



Source: Regent

Industry Sector Activity

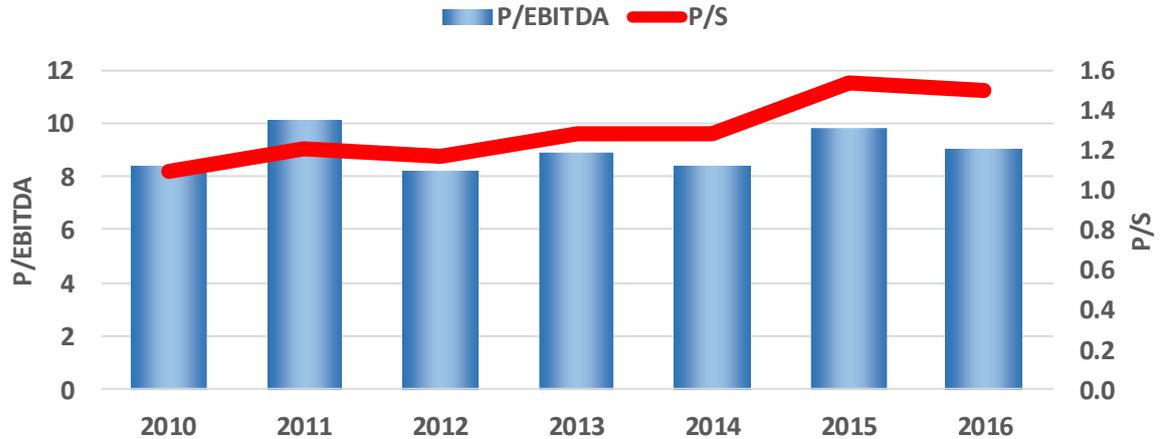


Source: Regent

Although the total number of European TMT deals was almost unchanged between 2015 and 2016 there were some notable underlying trends. Deals in the software sector increased by 8% but the IT services sector had 4% fewer, resulting in just four more deals in the combined software and IT services sector which accounted for 42% of all European TMT deals in 2016. Software and IT services deals involving UK companies was particularly strong reaching a record level in the year. Content and Media, the next largest sector, recorded 4.5% fewer deals in 2016 with a 21% quarterly drop in Q4 alone. The main declines were in publishing (down 10%) and broadcasting (down 58%). The telecoms sector saw a strong increase in M&A activity following a weaker 2015. Telecom services deals increased by 6% and telecom equipment deals by 52% (albeit from a low base). High-tech equipment manufacturers were also in demand as deals in the embedded technology sector increased by 8%. There were 1.3% more deals in the internet services sector (mostly e-retailing).

Valuations

Valuations of European TMT Companies



Source: Regent

Valuation multiples, in terms of the price to EBITDA (P/EBITDA) ratio and price to sales (P/S) ratio, eased back from the higher levels recorded in 2015. The median P/EBITDA for the European TMT sector deals was 9.0 in 2016 compared with 9.8 in 2015. The median P/S ratio in 2016 was 1.50 compared with a median of 1.53 in 2015. *Note – the recorded valuations include 50% of the expected contingent consideration in deals with earn-outs and apply to historic performance.*

Research Methodology

For more than 20 years the research group at Regent has tracked all of the acquisitions involving European technology companies. Data is drawn from the press, company reports, investor statements, and through direct investigation. The resulting proprietary database is used to produce comprehensive analysis of current market dynamics as a critical ingredient in Regent’s acquisition services to identify targets and predict valuation trends.

Regent

Regent Partners LLP is one of Europe’s leading advisors to organisations in the Technology, Media and Telecommunications industries on all aspects of corporate development including, acquisitions, divestments, company sales, financing, valuations and strategic advice.

With a successful track record of almost 500 completed M&A transactions, Regent’s client base includes many of the world’s best-known technology companies. Through teams based in Europe, USA and Asia Pacific, Regent is able to handle assignments ranging from local deals to complex international transactions.

Some of Our Recent Transactions

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|--|---|--|--|---|--|
|  <p>HAS BEEN ACQUIRED BY TAX SYSTEMS PLC MANAGED BY</p>  |  <p>HAS BEEN ACQUIRED BY</p>  |  <p>HAS DIVESTED ITS SUBSIDIARY</p>  <p>TO</p>  |  <p>HAS DIVESTED ITS SUBSIDIARY</p>  <p>TO</p>  |  <p>HAS BEEN ACQUIRED BY</p>  |  <p>PA Group's divisions</p>  <p>HAVE BEEN ACQUIRED BY</p>  |
|--|---|--|--|---|--|

Regent Partners LLP

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