

# **EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS**

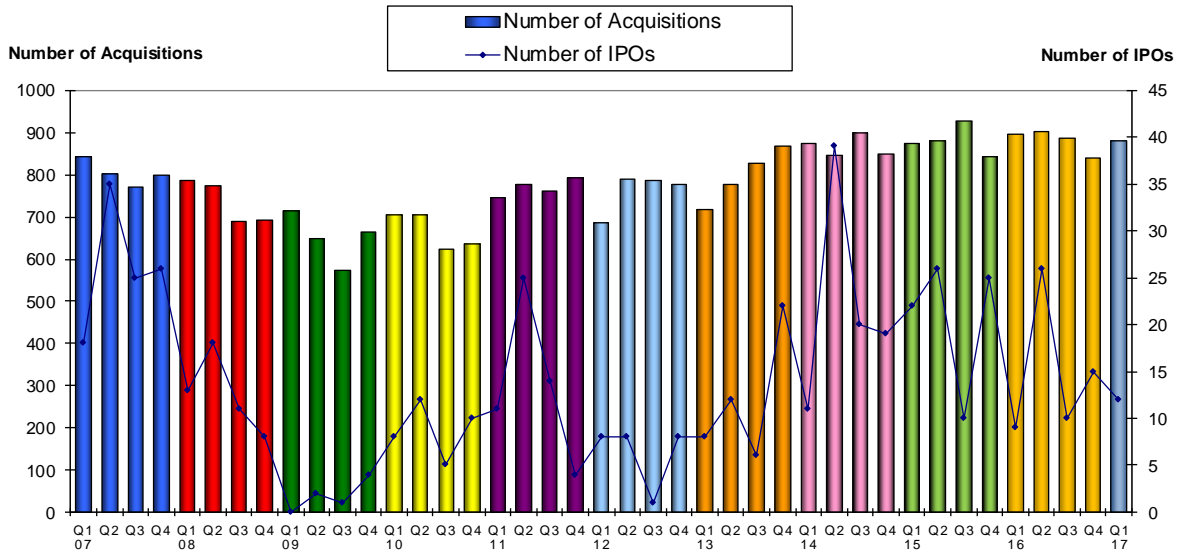
## **1st Quarter 2017 Review**

An analysis of the TMT acquisition transactions announced in the 1st quarter of 2017 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

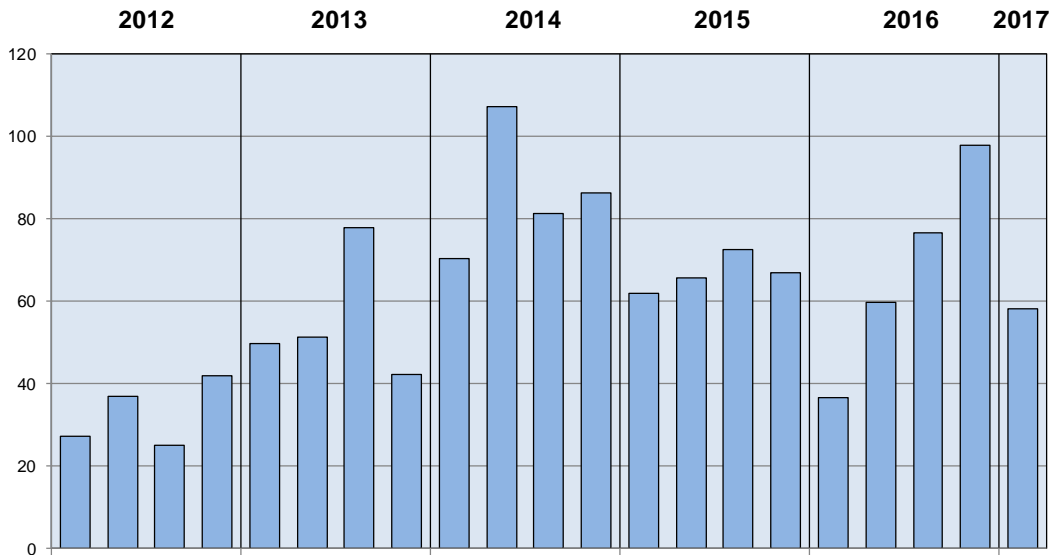
### European TMT Acquisitions and IPOs by Quarter



Source: Regent

European TMT merger and acquisition (M&A) deal flow got off to a good start in the first quarter of 2017 with 882 deals announced, an increase of 5% over the previous quarter. However, the total value of deals in Q1 was \$58 billion, 40% down from Q4 2016 but 60% up on Q1 2016. The median deal size was also lower at \$11 million compared with the 2016 average of \$12 million, indicating a greater proportion of smaller deals.

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



Source: REGENT

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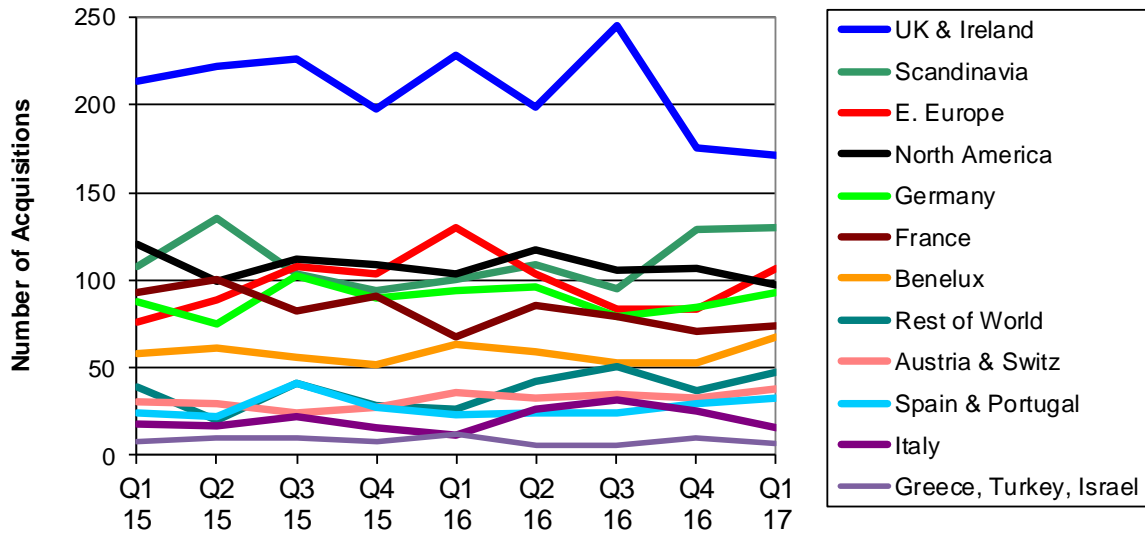
Despite generally positive trends on the major stock markets, there was continuing volatility in the number of European TMT companies making an IPO which dropped to 12 in the first quarter from 15 in Q4 2016.

Financial buyers (private equity) continued to be very acquisitive, accounting for 16% of the announced deals in Q1, unchanged from the previous quarter. Altogether private company buyers, including financial buyers, accounted for 65% of the deals. It should be noted that many of the buyers identified as private companies are backed by private equity.

### Country Activity

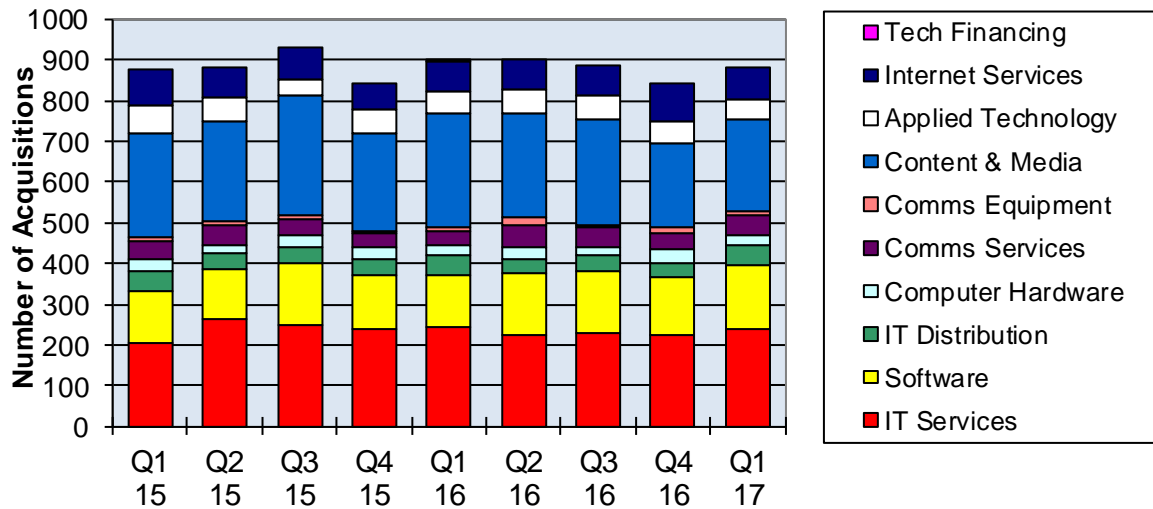
Despite a downward trend over the last two quarters, the UK and Ireland remains the most active region in terms of buyers and its share of the deals decreased from 21% in Q4 2016 to 19% in Q1 2017. There was also a drop in North American buyer activity in Q1 which accounted for 11% of the deals, down from 13% in Q4 2016. Scandinavian buyers accounted for 15% of the deals, most of which are within the Nordic region. Buyers from Eastern Europe accounted for 12% of the deals in the quarter, again mostly within the region.

### Trend Analysis by Country of Buying Company



Source: Regent

### Industry Sector Activity

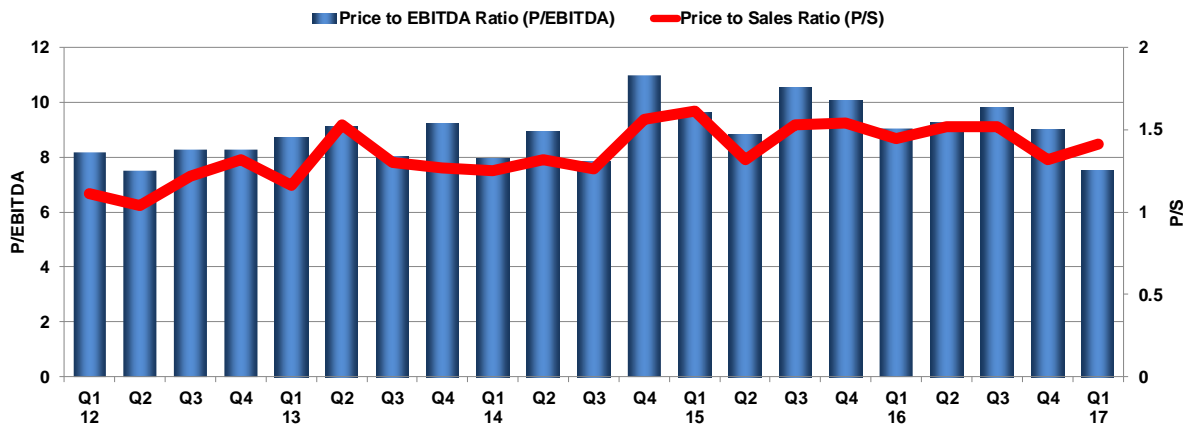


Source: Regent

The number of acquisitions in the software and IT services sectors increased by 9% in the first quarter, with an increase of 11% in IT services deals and a 7% increase in software deals resulting in the combined sector accounting for 45% of European TMT deals. The Content and Media sector also had a strong start to the year with a 12% increase in the number of deals in Q1, accounting for 26% of all deals in the quarter. The telecoms sector had a mixed quarter with 17% more acquisitions of service providers but a 33% drop in acquisitions of communication equipment manufacturers. The overall result was that, in Q1, deal flow in the telecoms sector increased by 4% in Q1 and the sector accounted for 6% of all TMT deals.

## 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, diverged in Q1. The median P/EBITDA for European TMT sector deals fell below 8.0 for the first time since Q3 2014 to 7.5. However, the median P/S ratio increased to 1.4 in Q1 from 1.3 in Q4 2016. These multiples are both lower than the average figures for the whole of 2016 when the average P/S ratio was 1.5 and the P/EBITDA ratio was 9.2. *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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