

EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS

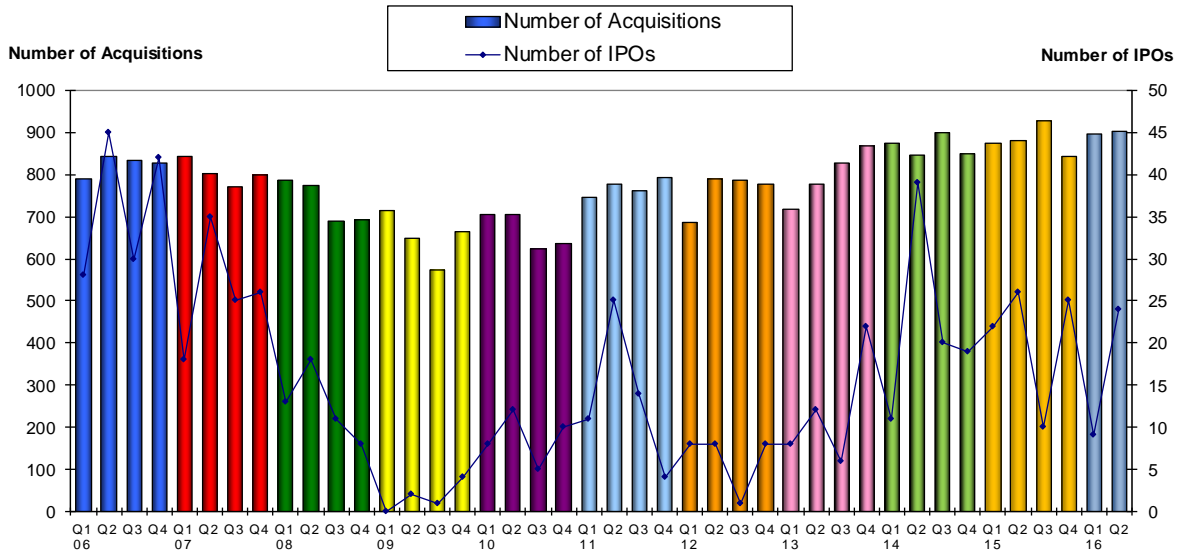
2nd Quarter 2016 Review

An analysis of the TMT acquisition transactions announced in the 2nd quarter of 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

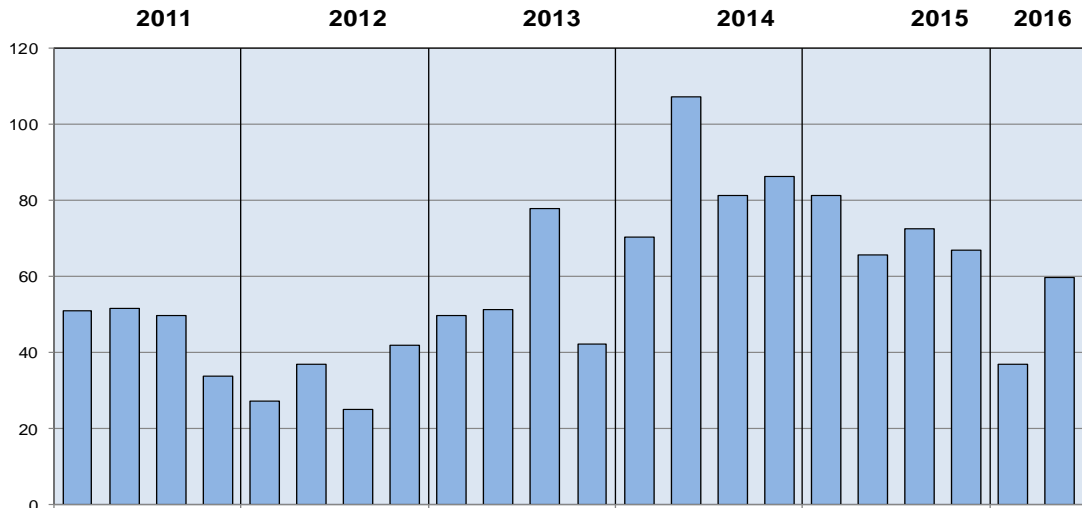
European TMT Acquisitions and IPOs by Quarter



Source: Regent

The UK's decision to leave the European Union was made in the last week of the quarter and the effects, apart from any preceding uncertainty, have yet to show in the statistics. European TMT merger and acquisition (M&A) deal flow remained strong in Q2 2016 with 901 deals announced, an increase of 1% over the previous quarter. The total value of deals in Q2 rebounded after a weak first quarter to reach \$60 billion, from \$37 billion in Q1. However, this is still below the quarterly deal totals in 2014 and 2015. The median deal size increased to \$18 million in Q2 from \$11 million in Q1 and is now just below the average of \$18.9 million in 2015.

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



Source: Regent

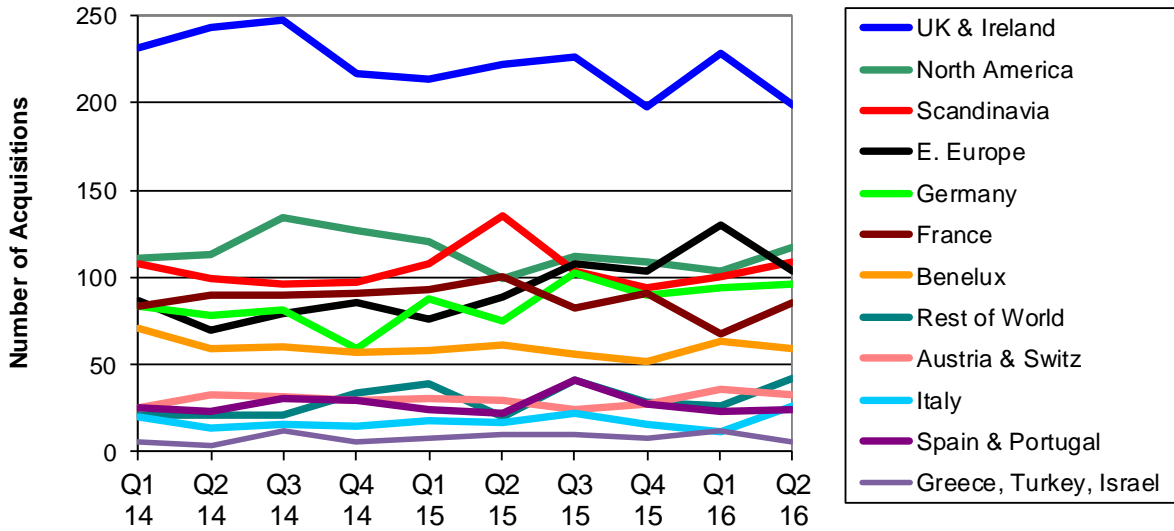
There was also a recovery in the number of European TMT companies making an IPO which increased to 24 in the second quarter from 9 in Q1.

Financial buyers (private equity) continued to be very acquisitive in Q2 accounting for 18% of the announced deals, but this was a decrease of 6% over the previous quarter. Altogether private company buyers, including financial buyers, accounted for 68% of the deals. It should be noted that many of the buyers identified as private companies are backed by private equity.

Country Activity

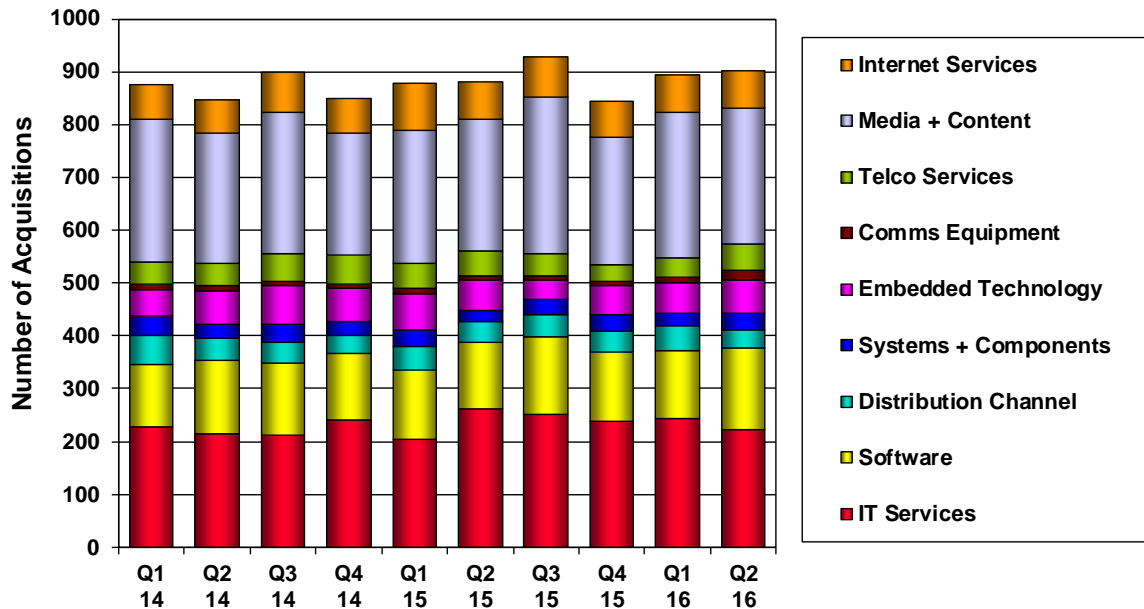
The UK remains the dominant country in terms of buy-side activity but its share of the deals fell from 25% in Q1 to 22% in Q2. North American buyers accounted for 13% of the deals, up 14% from Q1 and the highest number for more than a year. Scandinavian buyers increased activity by 9%. Further consolidation amongst Eastern European companies continued at a lower rate in Q2 resulting in the region accounting for 12% of the deals.

Trend Analysis by Country of Buying Company



Source: Regent

Industry Sector Activity

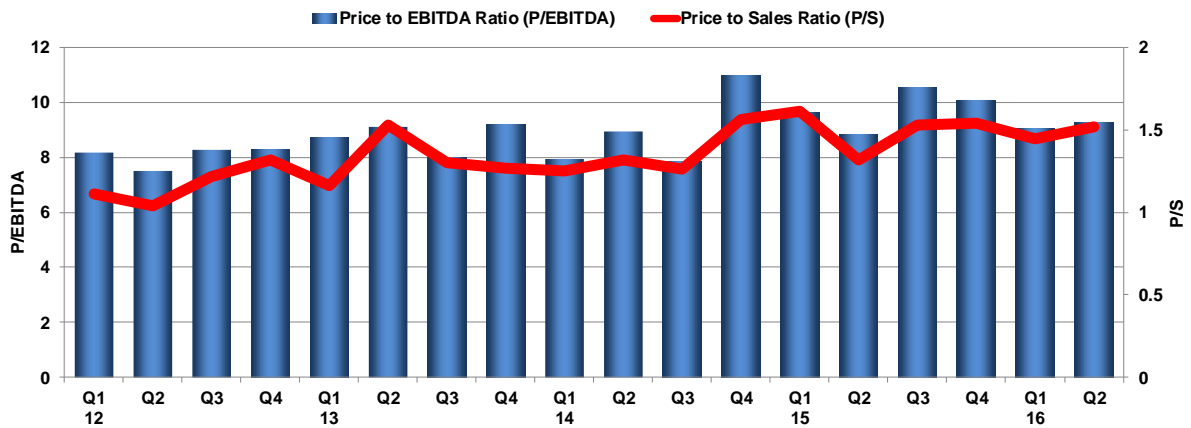


Source: Regent

The number of acquisitions in the software and IT services sectors was almost unchanged in the quarter, resulting in the combined sector accounting for 42% of European TMT deals with an increase of 19% in IT services deals offsetting an 8% decrease in software deals. The Content and Media sector had 8% fewer deals in Q2, accounting for 28% of all deals in the quarter. The telecoms sector had another strong quarter with a 49% increase in deals over Q1 and now accounting for 8% of all TMT deals. Telecoms services deals were up 44% and there was a 64% increase in acquisitions of communications equipment companies.

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, increased in Q2 2016 compared with Q1. The median P/EBITDA for European TMT sector deals was 9.3 in Q2 2016 compared with 9.1 in Q1. The median P/S ratio increased to 1.52 in Q2 compared with 1.44 in Q1. For the first half of 2016, the P/S ratio is the same as for the whole of 2015 at 1.5 but the P/EBITDA ratio at 9.2 is lower than the 2015 figure of 9.9. *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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