

EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS

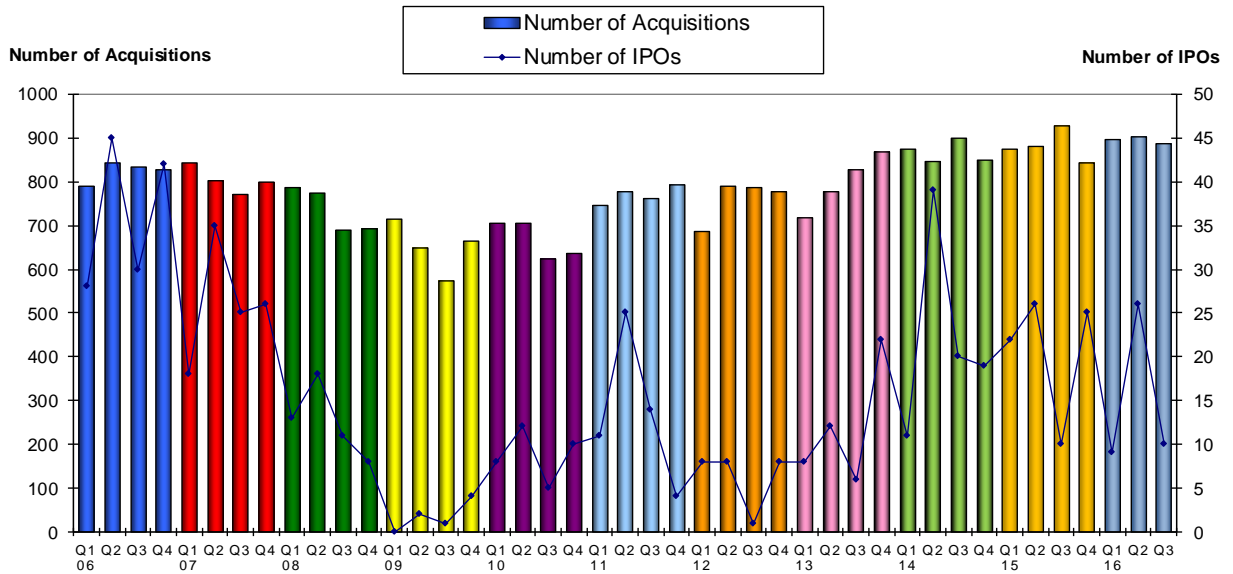
3rd Quarter 2016 Review

An analysis of the TMT acquisition transactions announced in the 3rd 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

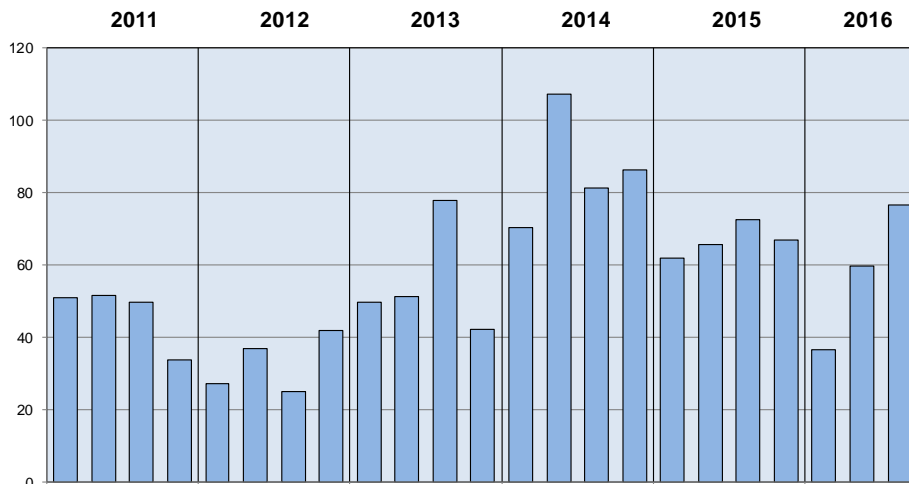
European TMT Acquisitions and IPOs by Quarter



Source: Regent

Any effects of the UK’s decision to leave the European Union have yet to show in the statistics. European TMT merger and acquisition (M&A) deal flow remained strong in Q3 2016 with 888 deals announced, a decrease of 1% over the previous quarter. The total value of deals in Q3 rose to \$77 billion from \$60 billion in Q2, boosted by SoftBank’s \$32 billion acquisition of ARM. The median deal size dropped from \$18 million in Q2 to \$13 million in Q3 indicating a greater number of smaller deals.

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



Source: Regent

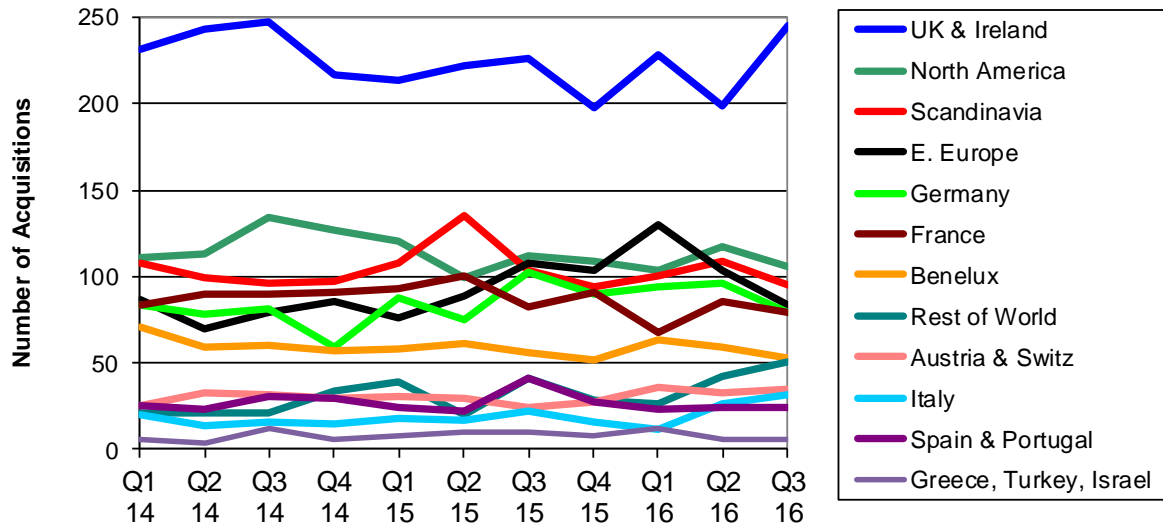
There was continuing volatility in the number of European TMT companies making an IPO which dropped to 10 in the third quarter from 26 in Q2.

Financial buyers (private equity) continued to be very acquisitive in Q3 accounting for 18% of the announced deals, unchanged from 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

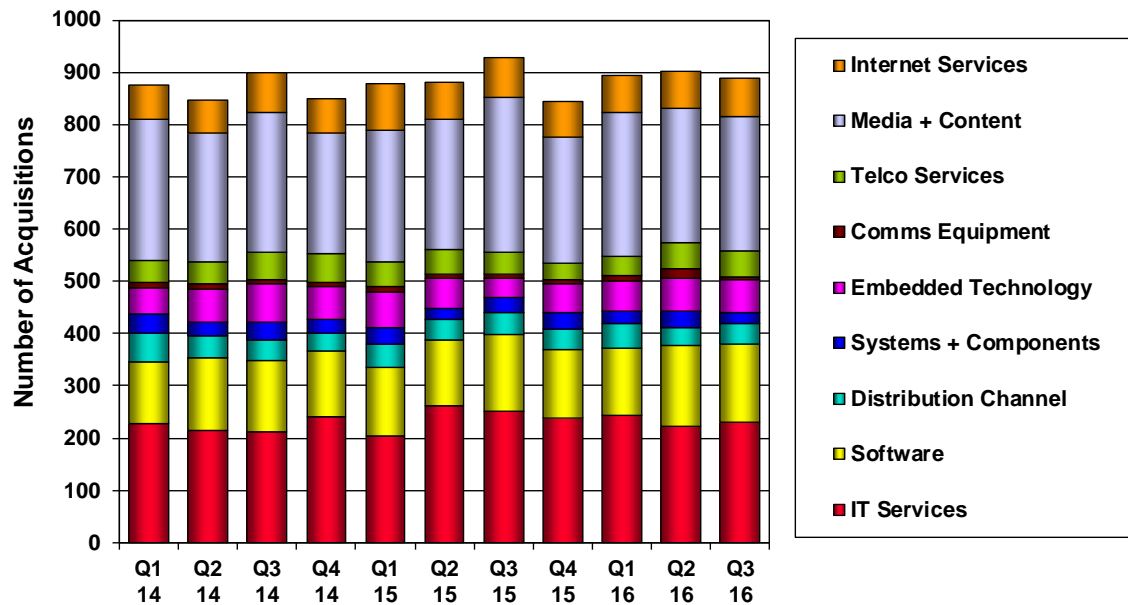
The UK remains the dominant country in terms of buy-side activity and its share of the deals increased from 22% in Q2 to 28% in Q3. North American buyers accounted for 12% of the deals, down from 13% in Q2. Scandinavian buyers accounted for 11% of the deals, most of which are within the Nordic region. Buyers from The Rest of the World, primarily China and Japan, accounted for 6% of the deals in Q3 which was an increase of 21% over the previous quarter.

Trend Analysis by Country of Buying Company



Source: Regent

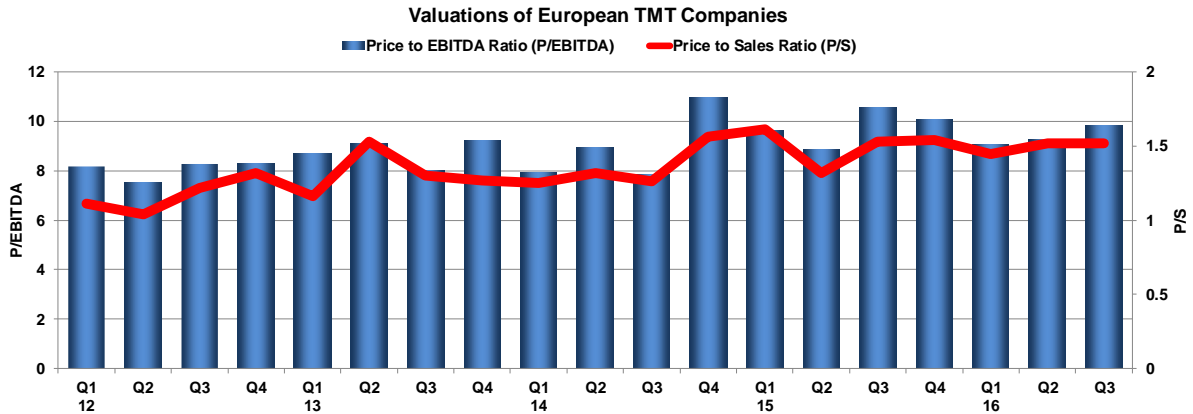
Industry Sector Activity



Source: Regent

The number of acquisitions in the software and IT services sectors has been very consistent over the last three quarters, resulting in the combined sector accounting for 43% of European TMT deals with an increase of 3% in IT services deals offsetting a 3% decrease in software deals. The Content and Media sector was also stable with just 2 more deals (1%) in Q3, accounting for 29% of all deals in the quarter. The telecoms sector saw a 23% decrease in deals in Q3 mostly due to a 67% drop in the number of acquisitions of communications equipment companies. In Q3, the telecoms sector accounted for 6% of all TMT deals.

Valuations



Source: Regent

Valuation multiples, in terms of the price to EBITDA (P/EBITDA) ratio and price to sales (P/S) ratio, saw a slight increase in Q3. The median P/EBITDA for European TMT sector deals was 9.8 in Q3 2016 compared with 9.3 in Q2. The median P/S ratio was unchanged at 1.52. For the first three quarters of 2016, the P/S ratio is the same as for the whole of 2015 at 1.5, and the P/EBITDA ratio at 9.3 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

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

Regent Partners LLP

To contact us - call +44 1753 752 300 or go online to www.regent.com

James Calvert (jcalvert@regent.com), David Scurr (dscurr@regent.com)