

June 2017 - Monthly Briefing

7th July 2017

MedTech deals boost European M&A in June

Two of the largest TMT deals announced in June were in the medical technology space and involved European companies.

In the largest, Dutch electronics manufacturer, Philips, acquired Spectranetics for an enterprise value of €1.9 billion. Spectranetics, based in the US, manufactures vascular intervention, lead management solutions and the only excimer laser ablation system for the treatment of peripheral and coronary arterial disease. Spectranetics has a double-digit growth rate and projects 2017 sales to be in the region of \$300 million.

US based, life sciences technology manufacturer, PerkinElmer, acquired EUROIMMUN Medizinische Labordiagnostika for approximately \$1.3 billion in cash. Based in Germany, with approximately 2,400 employees, EUROIMMUN is widely recognized as a global leader in autoimmune testing and an emerging force in infectious disease and allergy testing. The company has extensive expertise and capabilities across immunology, cell biology, histology, biochemistry and molecular biology. EUROIMMUN is expected to generate approximately \$310 million in revenue this year, and over the last five years, the company has averaged revenue growth of 19%.

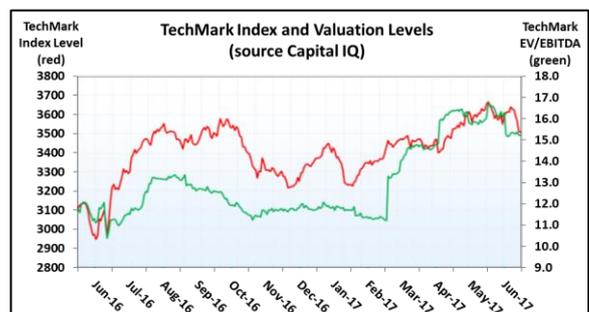
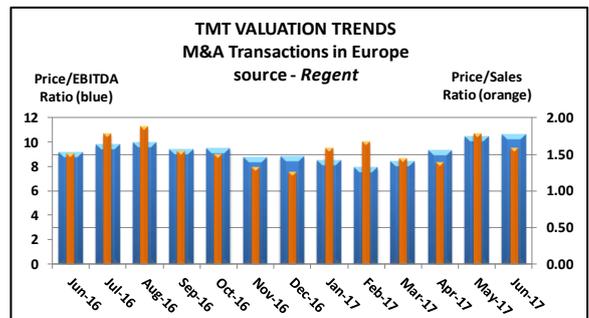
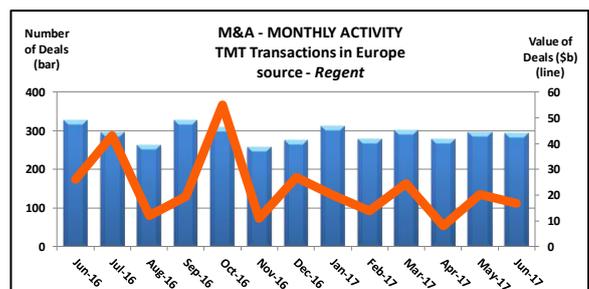
The largest global TMT deal announced in June was the proposed acquisition of the Australian telecoms service provider, Vocus Group, by US private equity firm, KKR, for A\$2.2 billion. Other private equity groups are also reported to be interested in bidding for Vocus.

Meanwhile, KKR announced that it was selling its entire stake in Visma, a provider of business-critical software to SMBs in the Nordic and Benelux region, and a smaller stake from Cinven, to an investor group led by HgCapital together with GIC, Montagu and ICG. The transaction values the company at \$5.3 billion (NOK11 billion), which makes it the largest ever software buyout in Europe and one of the top 5 globally. Over the past seven years, Visma has significantly grown revenues from NOK2.8 billion in 2010 to NOK7.9 billion in 2016, a compound annual growth rate of 19%, and improved EBITDA margins from 19% to 25%.

In the UK, business services provider, Capita, continued its reorganisation with the sale of Capita Asset Services (CAS) to Link Administration Holdings, based in Australia, for £888 million. CAS is a leading asset services platform, providing shareholder solutions, corporate & private client solutions, fund solutions and banking & debt solutions to a leading blue chip customer base. For the 12 months ended 31 December 2016, CAS generated an operating profit of approximately £60 million.

REGENT's View of the Month

European TMT sector M&A activity in June was almost the same as in May at just under 300 deals. The aggregate value was slightly lower at \$17 billion in June from \$20 billion in May. Valuation multiples in terms of the Price/Sales ratio decreased to 1.6 from 1.8 while the Price/EBITDA ratio increased to 10.6 from 10.4. Listed technology companies, as represented by the UK TechMark index, performed less well with a fall of 3.2% in June.



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