

EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS

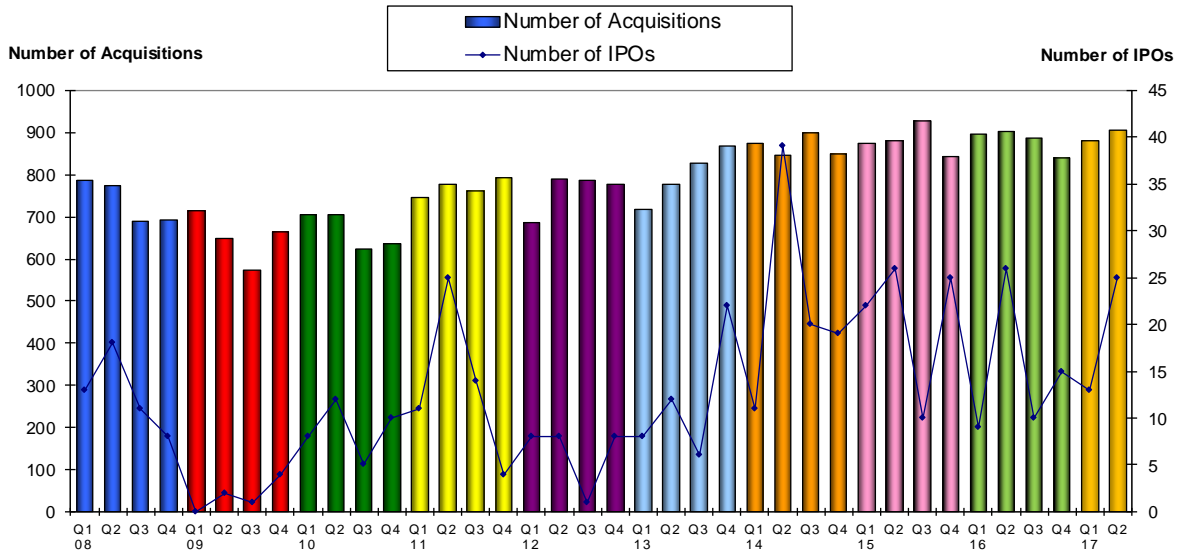
2nd Quarter 2017 Review

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

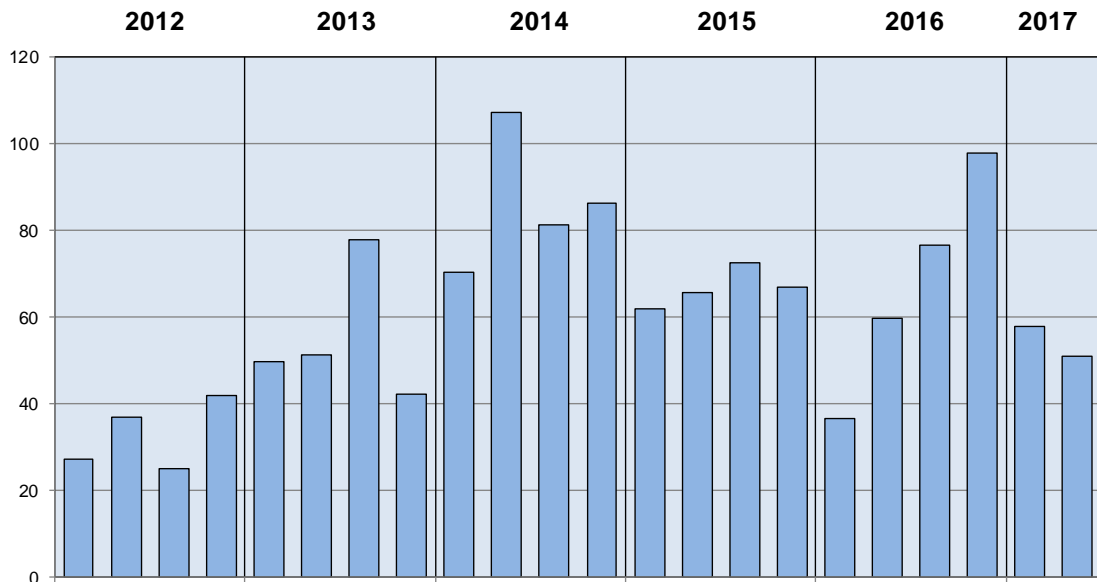
European TMT Acquisitions and IPOs by Quarter



Source: Regent

European TMT merger and acquisition (M&A) deal flow increased by 3% in Q2 compared to the previous quarter, with 905 deals announced. However, there was another fall in the total value of deals in Q2 to \$51 billion, 12% down from the first quarter. On a more positive note, the median deal size increased to \$18.8 million, the highest since Q4 2015, indicating a move to larger deals.

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



Source: Regent

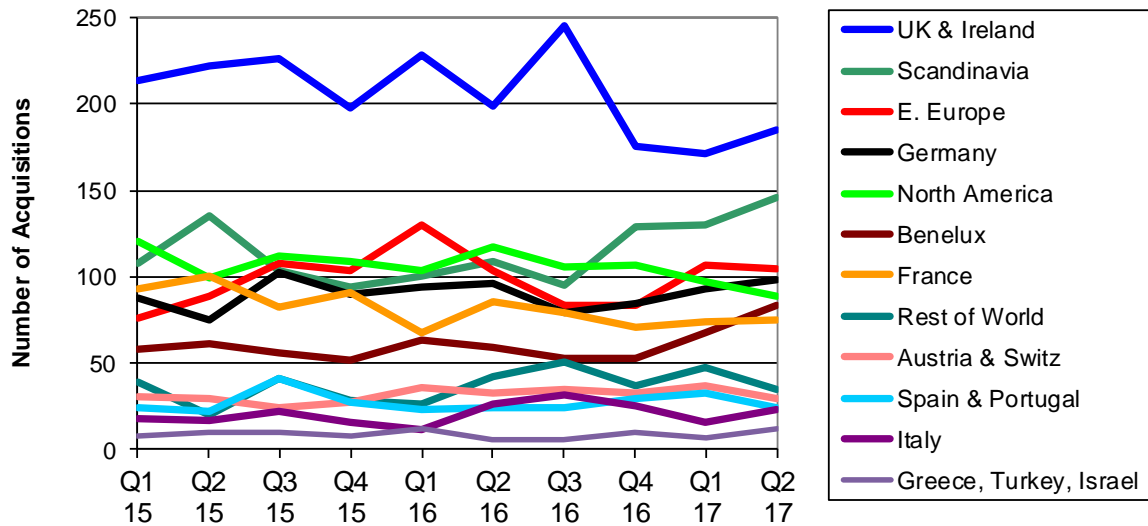
Major stock markets continued to be volatile in response to economic and geopolitical news around the world. This influences companies' decisions to list their shares but despite many uncertainties, there were 25 European TMT companies making an IPO in Q2, up from 13 in the first quarter.

Financial buyers (private equity) continued to be very acquisitive, accounting for 171 (19%) of the announced deals in Q2, 25% higher than in the first quarter. Altogether private company buyers, including financial buyers, accounted for 69% of the deals in Q2.

Country Activity

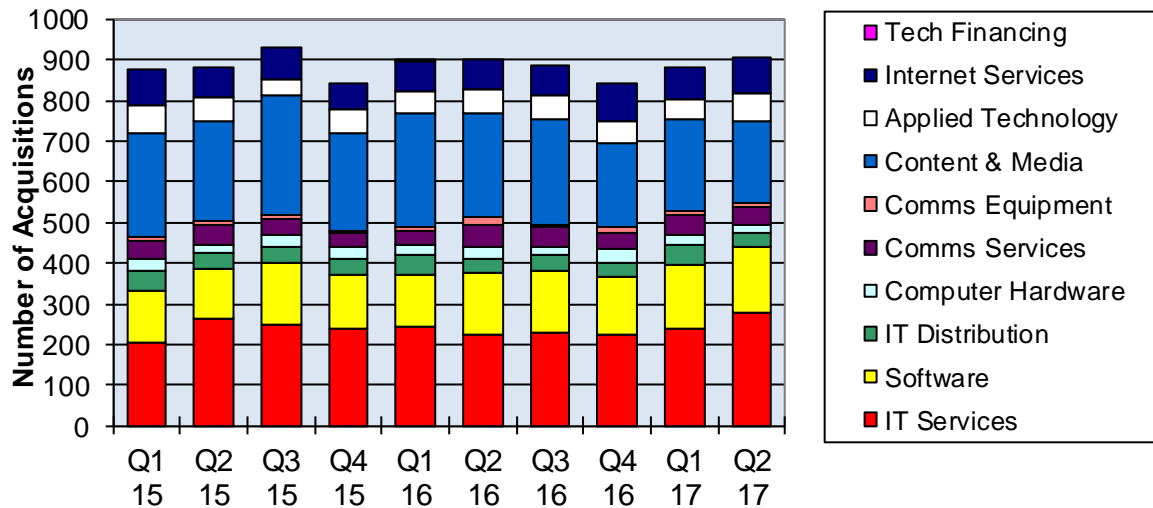
After two quarters of decreasing activity, UK and Irish companies were more active in Q2 with an 8% increase in the number of acquisitions and this remains the most active region in terms of buyers, accounting for 20% of the deals. Scandinavian buyers were the second most active, accounting for 16% of the deals, most of which are within the Nordic region. There was another 8% drop in North American buyer activity in Q2, which accounted for 10% of the deals. Buyers from Eastern Europe maintained a 12% share of deals in the quarter, again mostly within the region.

Trend Analysis by Country of Buying Company



Source: Regent

Industry Sector Activity

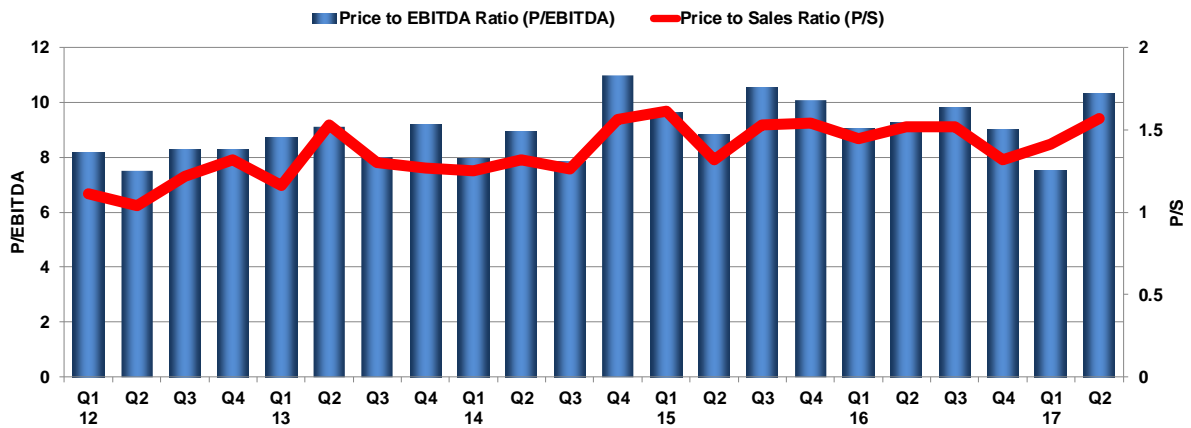


Source: Regent

The number of acquisitions in the software and IT services sectors increased by 11% in the second quarter, with an increase of 15% in IT services deals and a 5% increase in software deals resulting in the combined sector accounting for 48% of European TMT deals. The Content and Media sector saw a 12% reduction in deal-flow in the quarter with the sector now accounting for 22% of all deals in the quarter. Once again, the telecoms sector had a mixed quarter with 8% fewer acquisitions of service providers but a 10% increase in acquisitions of communication equipment manufacturers, resulting in 5% fewer deals in the sector. The biggest increase in deal activity (54%) was in the applied technology sector (complex equipment with embedded processors) which accounted for 8% of Q2 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, increased in Q2. The median P/EBITDA for the European TMT sector recovered from 7.5 in Q1 to 10.3 in Q2. The median P/S ratio increased to 1.6 in Q2 from 1.4 in Q1. For the first half of 2017, the average P/S of 1.5 and P/EBITDA of 8.9 are only slightly 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



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)