

EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS

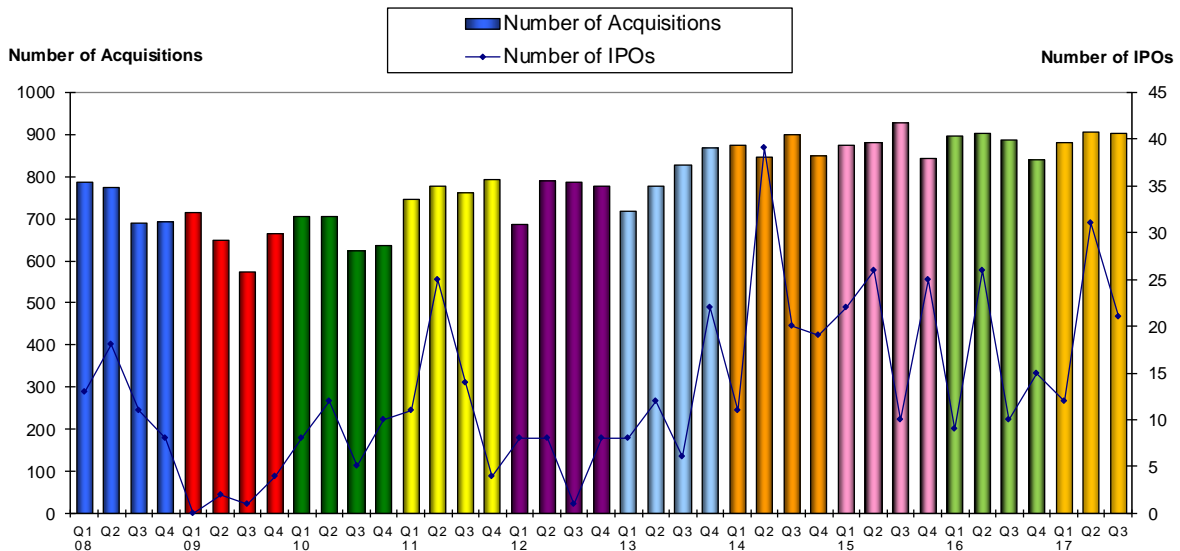
3rd Quarter 2017 Review

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

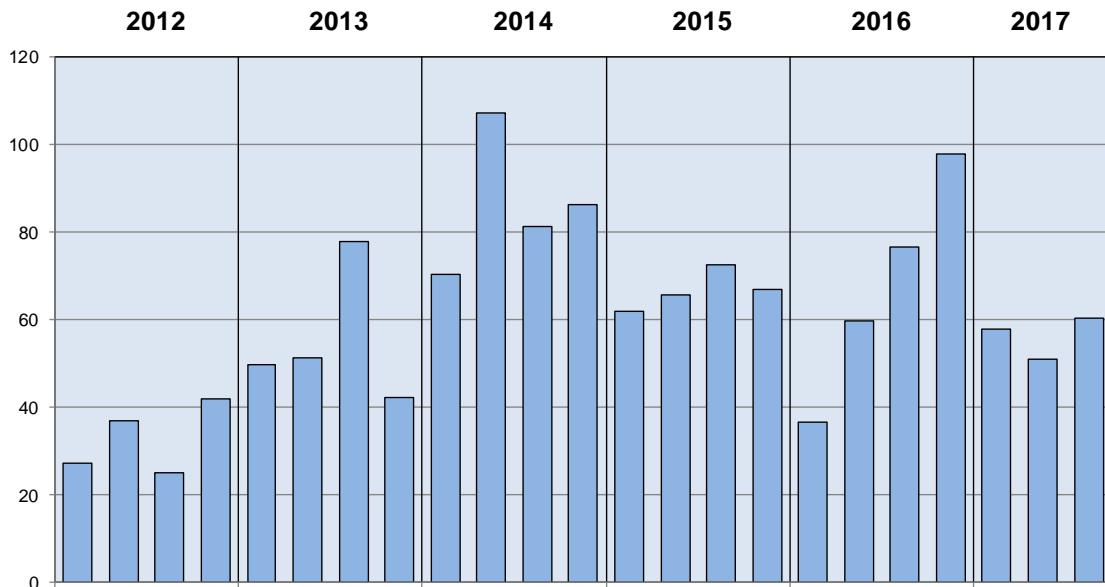
European TMT Acquisitions and IPOs by Quarter



Source: Regent

European TMT merger and acquisition (M&A) deal activity was almost unchanged in Q3 compared to the previous quarter, with 901 deals announced – just four fewer than in Q2. The total value of deals increased to \$60 billion in Q3, up 18% from the previous quarter. Despite this, the median deal size dropped from \$18.8 million in Q2 to \$13.1 million in Q3, but remains above the median level of \$12.6 million for the whole of 2016.

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



Source: Regent

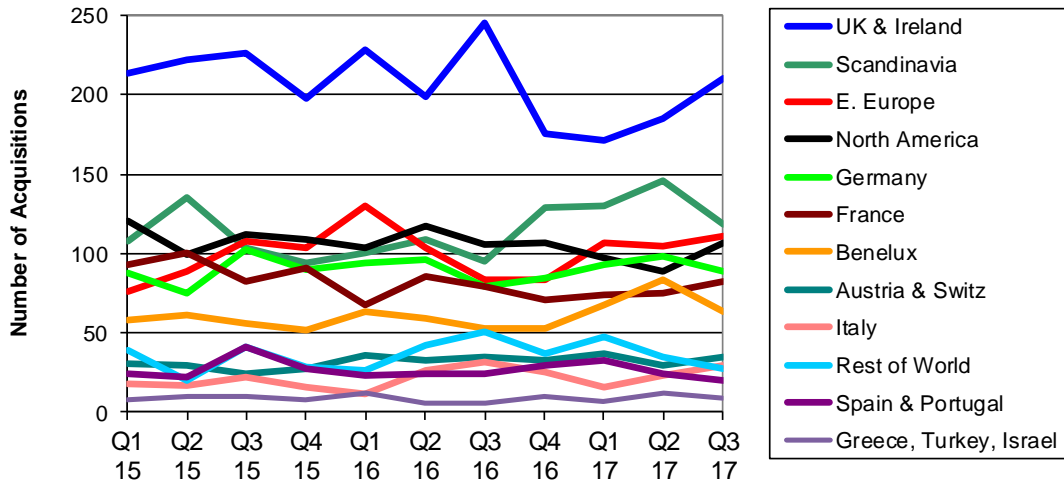
Major stock markets continued to be volatile in response to economic and geopolitical news around the world. While there appears to be an underlying upward trend in the number of IPOs in 2017, the 21 European TMT companies making an IPO in Q3 was down from the 31 IPOs completed in Q2.

Financial buyers (private equity) continued to be very acquisitive, accounting for 168 (19%) of the announced deals in Q3, just three fewer than in Q2. Altogether private company buyers, including financial buyers, accounted for 65% of the deals in Q3.

Country Activity

The increased deal activity of UK and Irish companies in Q2 gained further momentum in Q3 with a 14% increase in the number of acquisitions. This remains the most active region in terms of buyers, accounting for 24% of the deals. Scandinavian buyers were the second most active, accounting for 13% of the deals, most of which are within the Nordic region. North American buyers accounted for 12% of deals in the quarter, up 20% from Q2. Buyers from Eastern Europe maintained a 12% share of deals in the quarter, again mostly within the region.

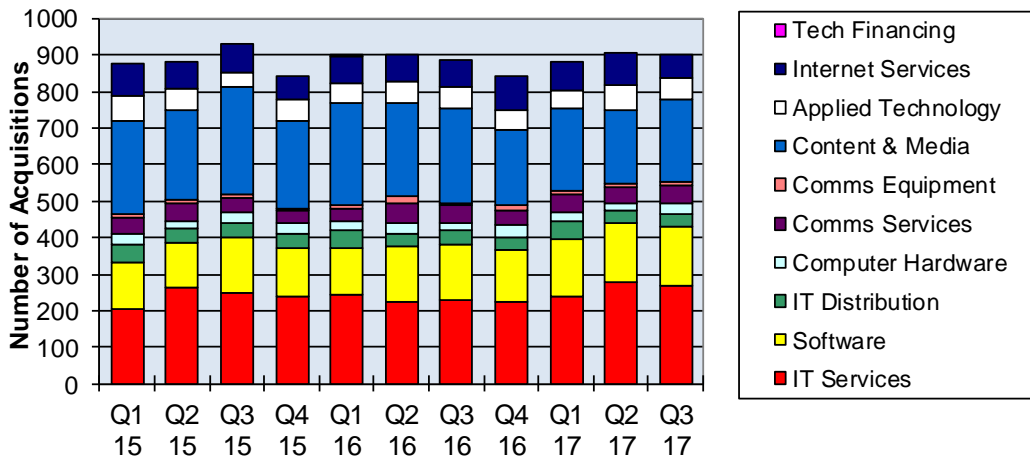
Trend Analysis by Country of Buying Company



Source: Regent

Industry Sector Activity

Quarterly Technology Acquisition Trends by Sector

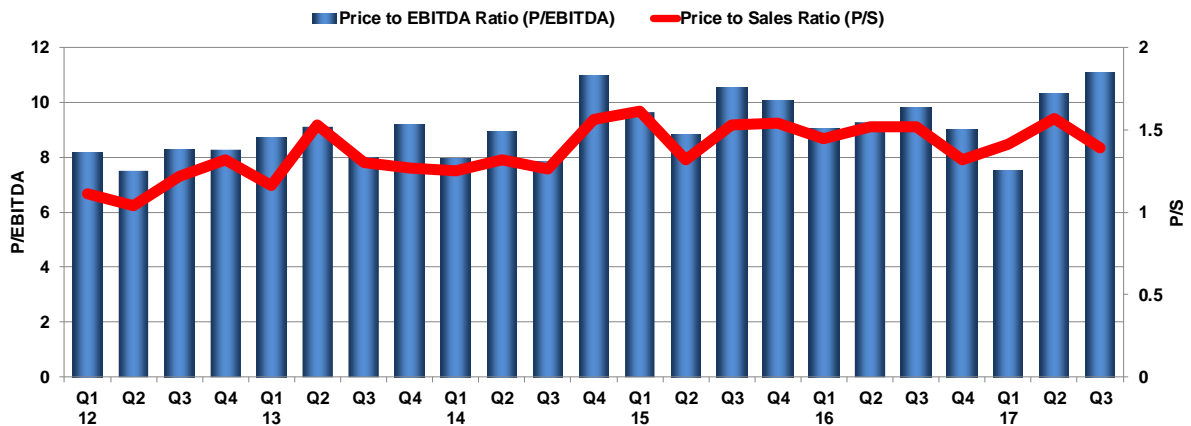


Source: Regent

The number of acquisitions in the software and IT services sectors fell by 3% in the third quarter, with a decrease of 4% in IT services deals and a 2% decrease in software deals, resulting in the combined sector accounting for 48% of European TMT deals. The Content and Media sector rebounded after a relatively quiet Q2 with a 13% increase in deal-flow in the quarter and the sector now accounting for 25% of all deals. Deal flow in the telecoms sector continued to be mixed with 14% more acquisitions of service providers partly offset by a 36% decrease in acquisitions of communication equipment manufacturers, resulting in 4% more deals in the sector in Q3. The biggest increase in deal activity (81%) was in the computer hardware sector. This sector had experienced weak deal flow in Q2 but has now resumed a quarterly deal rate similar to that in 2016.

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 Q3. The median P/EBITDA for the European TMT sector increased from 10.3 in Q2 to 11.1 in Q3. However, the median P/S ratio decreased to 1.4 in Q3 from 1.6 in Q2. These ratios are still broadly in line with the 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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