

October 2017 - Monthly Briefing

7th November 2017

European TMT M&A activity increased in October but total deal value fell

The top TMT deal worldwide in October was the \$3.6 billion acquisition of eviCore healthcare by NYSE listed, Express Scripts. eviCore is the industry leader in evidence-based medical benefit management services. Combining Express Scripts' leading pharmacy benefit management offering and eviCore's highly complementary medical benefits management (MBM) platform will create a uniquely comprehensive patient benefit management solution. Express Scripts is acquiring eviCore from current investors including General Atlantic, TA Associates, and Ridgmont Equity Partners.

Also in the US, internet technology firm, Cisco, announced plans to acquire cloud PBX and unified communications company, Broadsoft, for \$1.9 billion in cash. Together, Cisco and BroadSoft will deliver a robust suite of collaboration capabilities across every market segment to provide customers with greater choice and flexibility. In the year to 31 December 2016, Broadsoft reported revenues of \$341 million and net income of \$0.8 million.

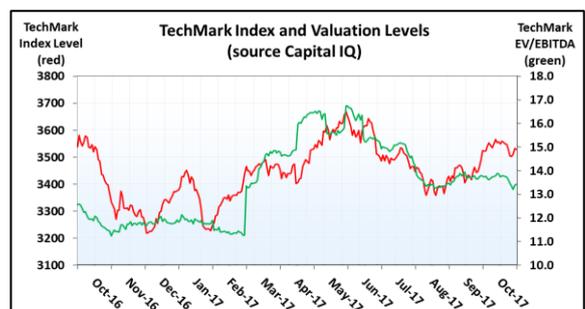
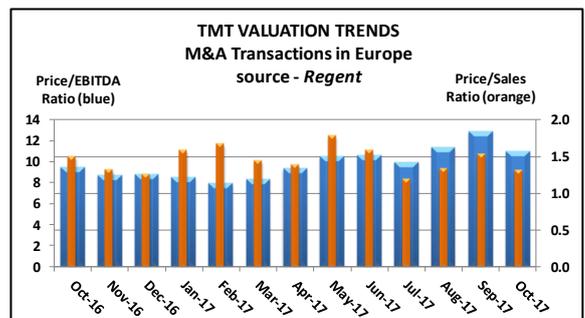
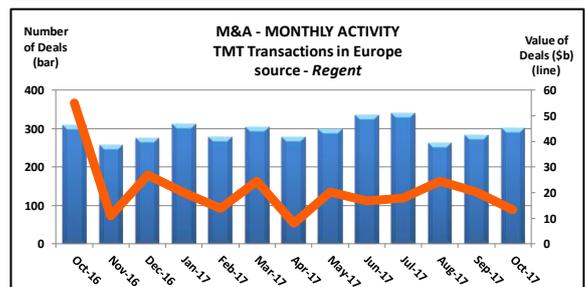
The top European TMT deal in the month was Chinese private equity firm, Orient Hontai's agreement to buy a 54% stake in Spanish sports rights group, Imagina Media Audiovisual (Grupo Mediapro), for \$1 billion. The deal was made at a multiple of 10 times 2016 EBITDA and values the company at \$1.9 billion. The deal is subject to Chinese government approval and is expected to close in the first quarter of 2018.

Regent contributed to the October deal quota by advising on the sale of two high quality services businesses. In the first, Spargonet, a UK based IT services provider, was acquired by the UK arm of NYSE listed, CACI International. Spargonet has a comprehensive range of application services capabilities which address the entire software development cycle including: strategic consulting, mobile solutions, business intelligence and bespoke software application development. The Company has a well-established reputation providing managed services and IT services to leading brands in the retail, automotive, finance and technology sectors. Spargonet has been established for over 20 years and has revenues around £13 million with consistent profitability.

Later in the month, Venture Information Management was acquired by Sword IT Solutions, the UK division of Sword Group, a Luxembourg-based company listed on the Euronext Paris stock exchange. Venture is a leading provider of Information Management services to the Oil and Gas sector. The Company provides expert data and information management advisory, project, support and learning consulting services, helping customer reduce costs and increase efficiency through effective data management.

REGENT's View of the Month

There was a 6% increase in the number of European TMT deals in October but despite the median deal size more than doubling to \$21 million, the aggregate deal value fell from \$20 billion in September to \$13 billion as there were fewer \$1 billion-plus deals. Valuation multiples reversed the increases of the previous three months with a fall in the Price/Sales ratio from 1.5 in September to 1.3 and the Price/EBITDA ratio dropped from 12.8 to 10.9. Listed technology companies, as represented by the UK TechMark index, gained 1% in October.



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