

EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS

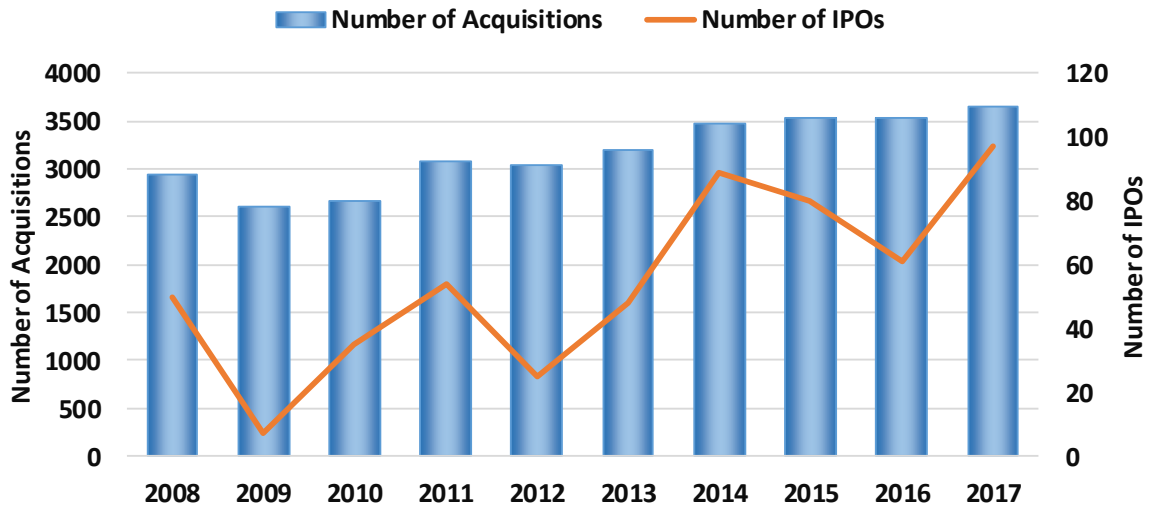
2017 Annual Review

An analysis of the TMT acquisition transactions announced in 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

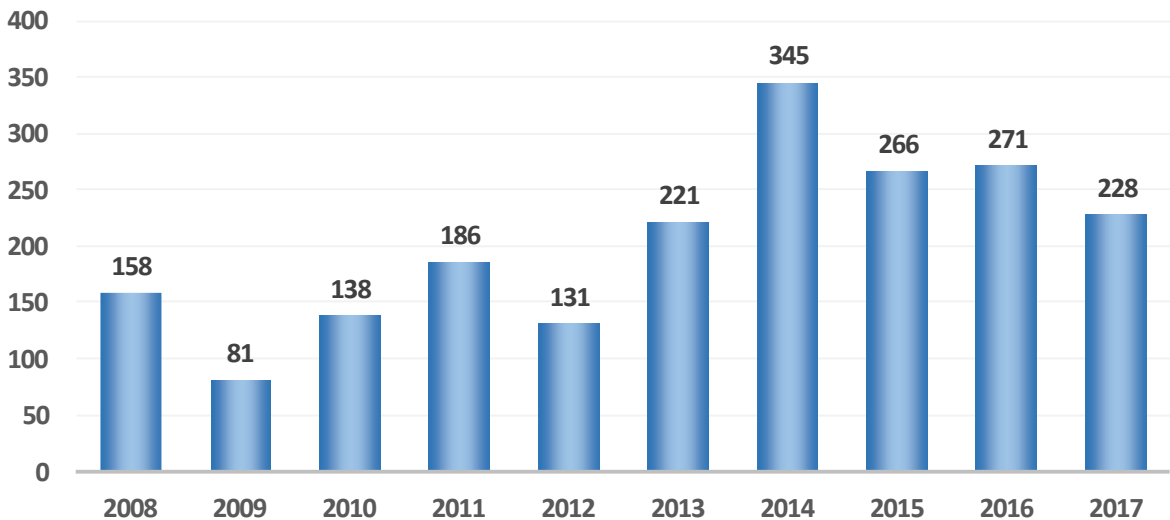
European TMT Acquisitions and IPOs by Year



Source: Regent

European TMT merger and acquisition (M&A) activity increased by 3.8% in terms of the total number of deals announced. There were 3,568 deals announced in 2017, which is a new record high, compared with 3,524 in 2016. However, the total value of deals fell 16% from \$271 billion in 2016 to \$228 billion. The number of European TMT companies making an IPO was erratic during the year, but overall there was an increase in IPOs to 97 in 2017, up from 61 in 2016.

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



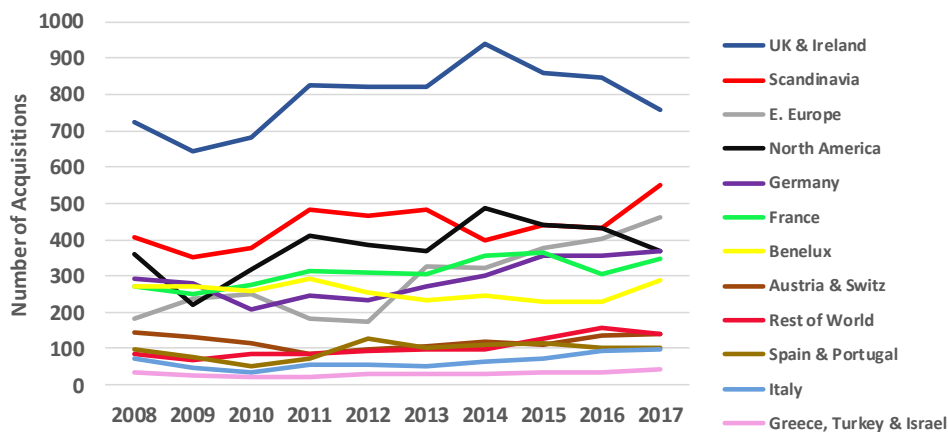
Source: Regent

Private company buyers accounted for 67% of the deals announced in 2017 including 18% by financial buyers. Many of the buyers identified as private companies are backed by private equity, so the true share of financial buyers is higher than the headline figures indicate. Divestments of non-core divisions and subsidiaries accounted for 19% of the total number of deals in 2017, the same as in 2016 and down from 21% of the deals in 2015 and 24% in 2014 indicating that the level of organisational restructuring is now less of a factor in M&A terms.

Country Activity

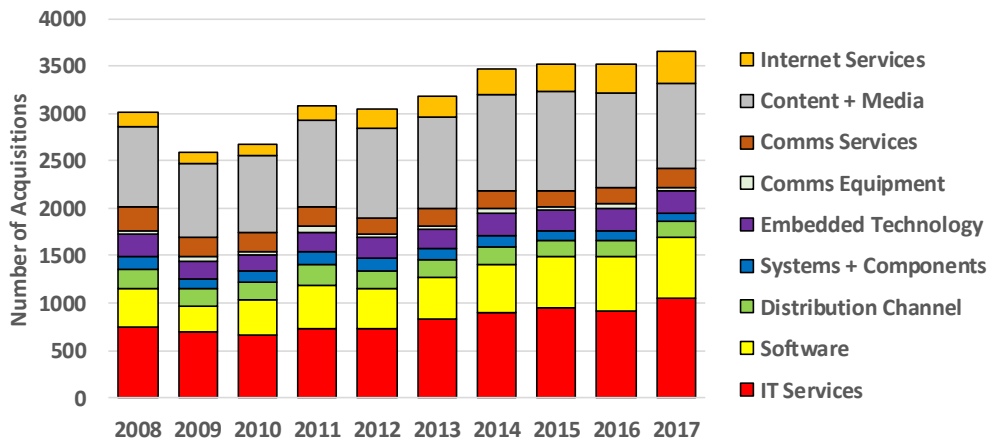
The UK remains the dominant country in terms of buy-side activity, accounting for 21% of the deals announced in 2017, which was down from a share of 24% of deals in 2016. North American buyers also took a smaller share of the deals, accounting for 10% of the transactions in 2017, down from 12% in 2016 and now down to fourth place behind the UK, Scandinavian and Eastern European buyers. Scandinavian buyers increased their share of the deal total from 12% in 2016 to 15% in 2017. Eastern European buyers were also more active, increasing their share from 11% in 2016 to 13% in 2017. German buyers accounted for an unchanged 10% of the deals but French buyers increased their share from 9% in 2016 to 10% in 2017. Cross border deals represented 46% of all deals in 2017.

Trend Analysis by Country of Buying Company



Source: Regent

Industry Sector Activity

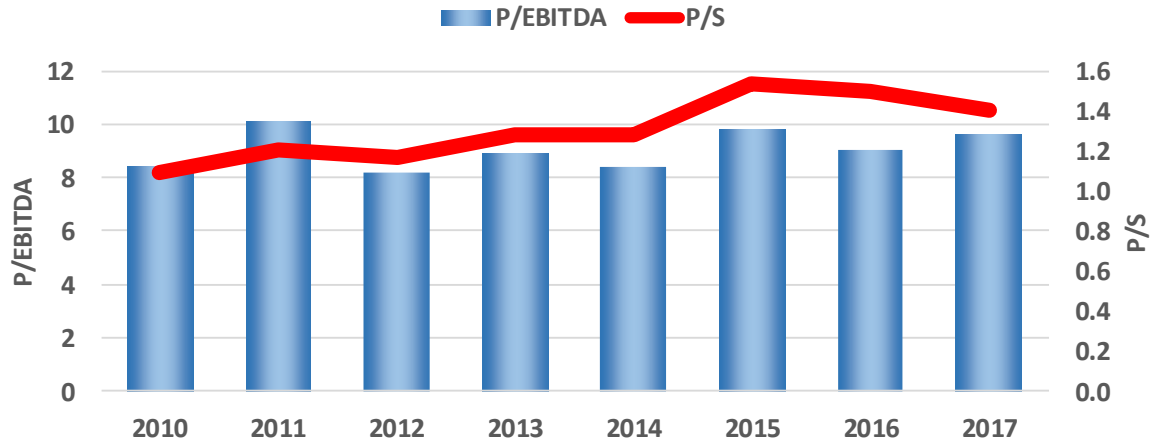


Source: Regent

Deals in the IT Services sector accounted for the biggest increase, up 14% in 2017 and deals in the software sector increased by just under 13%. This resulted in the combined software and IT services sector accounting for 46% of all European TMT deals in 2017, up from 42% in 2016. Content and Media, the next largest sector at 25% of all TMT deals, recorded 9% fewer deals in 2017 on top of a 4.5% drop in 2016. The biggest decline was in advertising with 15% fewer deals. Telecom services deals increased by 13% but there was less demand for telecom equipment companies with 34% fewer deals. Computer hardware manufacturers were also out of favour with 18% fewer deals although high-tech equipment manufacturers saw a modest increase in demand as deals in the embedded technology sector increased by 2.5%. There were 9% more deals in the internet services sector (mostly e-retailing).

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, maintained a good level in 2017. The median P/EBITDA for the European TMT sector deals increased to 9.7 in 2017 from 9.0 in 2016. The median P/S ratio was slightly lower in 2017 at 1.4, down from 1.5 in 2016. *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

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