

January 2018 - Monthly Briefing

7th February 2018

UK takeover is the top global TMT M&A deal in January

The top global TMT M&A deal announced in January was the £3.9 billion bid from Informa to acquire UBM to create a leading B2B information services group. Informa believes that the enlarged group will benefit from the trend towards increased operating scale and industry specialisation in the global B2B information services market. UBM reported total group revenues of about £1 billion and adjusted operating profit margin in the region of 29% for the year ended 31 December 2017.

In the US, SS&C Technologies, a global provider of financial services software and software-enabled services, announced plans to acquire DST Systems, a provider of proprietary technology-based information processing and servicing solutions, for an enterprise value of \$5.4 billion. DST generated pro forma revenue of \$2.3 billion for the year to 30 September 2017. The transaction significantly increases SS&C's scale, with approximately \$3.9 billion in combined pro forma revenue and 13,000 clients. Additionally, the transaction expands SS&C's footprint into the US retirement and wealth management markets and adds 110+ million investor positions across DST's client base.

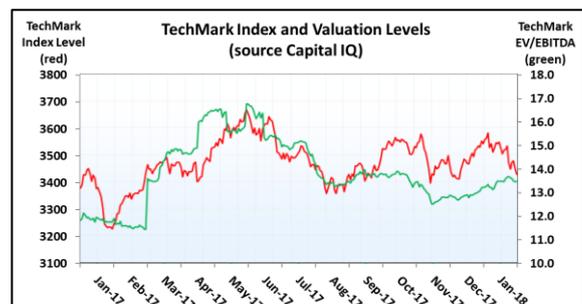
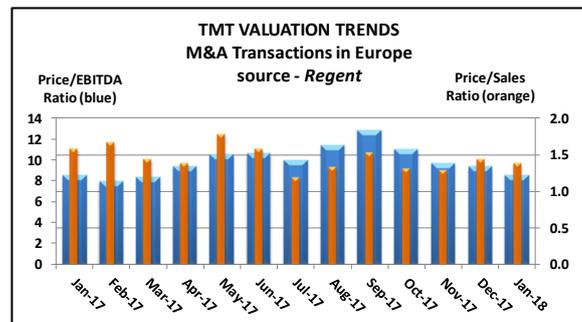
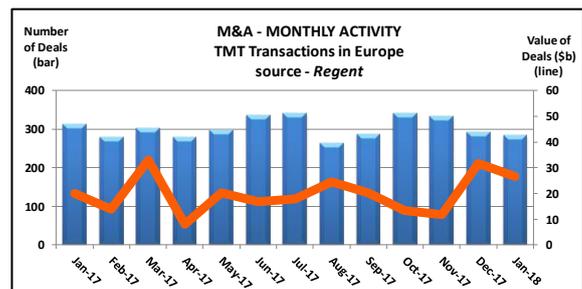
Swedish companies, Tele2 and Com Hem, announced a merger which will be implemented by Tele2 absorbing Com Hem to create a leading integrated telecoms operator through the combination of an award-winning mobile network with the fastest national fixed network and the widest range of content in the market. Com Hem's shareholders will receive as merger consideration SEK 37.02 in cash plus 1.0374x B shares in Tele2 for each share in Com Hem outstanding on completion of the merger. Hence, Com Hem's shareholders will receive approximately 26.9% ownership in the enlarged Tele2 and a total cash consideration of SEK 6.6 billion. During the twelve months ended 30 September 2017, Com Hem had net sales of SEK 7.1 billion and underlying EBITDA of SEK 2.9 billion.

Swiss luxury goods group, Richemont, announced plans to acquire the remaining 75% stake in the Italian YOOX Net-A-Porter Group (YNAP), the world's leading online luxury retailer. YNAP has an unrivalled client base of more than 3 million high spending customers, over 840 million visits worldwide and consolidated net revenues of €2.1 billion in 2017. The deal is valued at approximately €2.7 billion.

German ERP software vendor, SAP, announced that SAP America is to acquire Callidus Software (CallidusCloud), for an enterprise value of \$2.4 billion. The acquisition gives SAP immediate leadership in the Lead to Money (Quote-to-Cash) space that includes sales performance management (SPM) and configure-price-quote (CPQ).

REGENT's View of the Month

European TMT M&A activity remained steady in January with only a small drop in the number and total value of deals. There were 15 deals valued at more than \$100 million including 4 in excess of \$1 billion which contributed to an aggregate value of \$27 billion in the month. Valuation multiples diverged with the Price/Sales ratio unchanged at 1.4 but the Price/EBITDA ratio was down from 9.3 in December to 8.5 in January. Listed technology companies, as represented by the UK TechMark index, fell 3% in January.



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