

March 2018 - Monthly Briefing

6th April 2018

Technology component deals top global TMT M&A in March

The top global TMT deal in March was the \$10 billion acquisition of Microsemi by microcontroller, mixed-signal, analog and Flash-IP solutions maker, Microchip Technology, in the US. Microsemi provides semiconductor solutions differentiated by power, security, reliability and performance. In the year to 30 October 2017, Microsemi reported revenue of \$1.8 billion and EBITDA of about \$534 million. Microchip continues to view accretive acquisitions as a key strategy to deliver incremental growth and stockholder value.

Also in the US, Lumentum, a provider of photonics products for optical networking and lasers for industrial and consumer markets, announced plans to acquire Oclaro, a provider of optical components and modules for the long-haul, metro and data centre markets, for \$1.8 billion equity value. Oclaro brings its leading Indium Phosphide laser and Photonic Integrated Circuit and coherent component and module capabilities to Lumentum to form an even stronger player in fibre optic components and modules for high-speed communications and a market leader in 3D sensing.

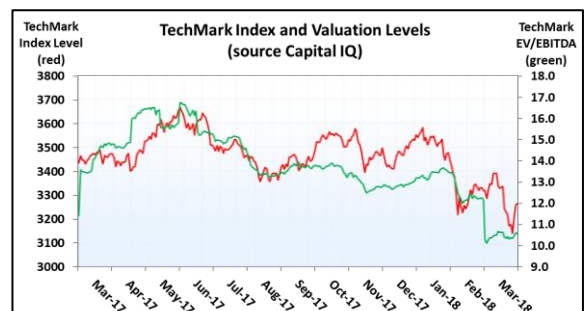
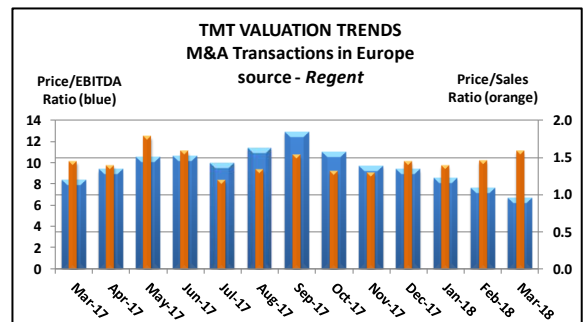
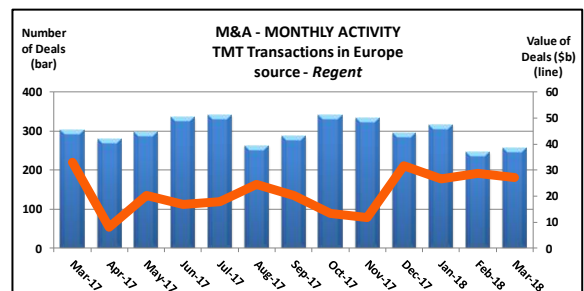
Advent International announced plans to acquire UK listed, Laird, for £1 billion. Laird is a global technology company focused on providing systems, components and solutions that enable connectivity in mission-critical wireless applications and antenna systems that protect electronics from electromagnetic interference and heat. The products are used in a wide range of applications from smartphones, automotive and medical applications, to large scale installations for railways, ports, mines and military uses. In the year to 31 December 2017, Laird reported revenue of £937 million with underlying EBITDA of £122 million.

The top software deal was the \$6.5 billion acquisition of MuleSoft by Salesforce. MuleSoft provides one of the world's leading platforms for building application networks that connect enterprise apps, data and devices, across any cloud and on-premise. More than 1,200 customers, including Coca-Cola, Barclays, Unilever and Mount Sinai, rely on MuleSoft to change and innovate faster, deliver differentiated customer experiences, and increase operational efficiency.

The top European TMT deal was the proposed £3.9 billion acquisition of UK listed, NEX Group, by US-based, CME Group. NEX provides electronic trade execution platforms for the OTC markets and delivers transaction lifecycle management and information services to help its clients optimise their capital, mitigate their risk and reduce operational costs. The acquisition is expected to increase CME's international revenue by over 35%, with more than \$350 million of NEX's revenue originating outside the US.

REGENT's View of the Month

The number of European TMT deals increased slightly in March but remained below the longer term monthly average of 300, while the total value of deals remained steady at about \$27 billion. Valuation multiples diverged again with the Price/Sales ratio up from 1.4 to 1.6 but the Price/EBITDA ratio was down from 7.6 in February to 6.7 in March. Listed technology companies, as represented by the UK TechMark index, experienced a 7% drop during the month before recovering to just 2% down by the end of March.



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