

# **EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS**

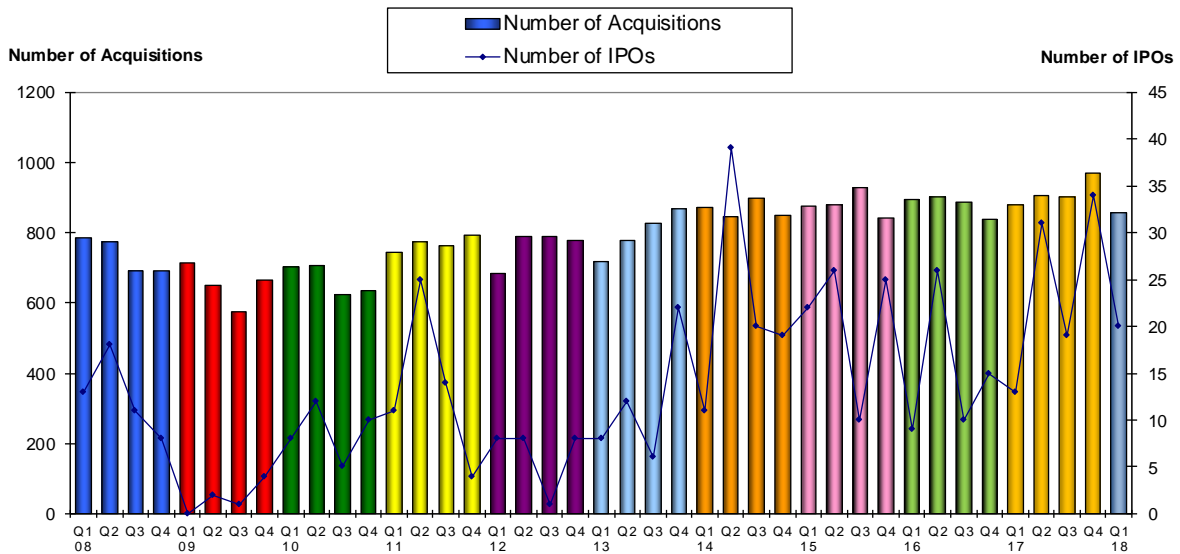
## **1st Quarter 2018 Review**

An analysis of the TMT acquisition transactions announced in the 1<sup>st</sup> quarter of 2018 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

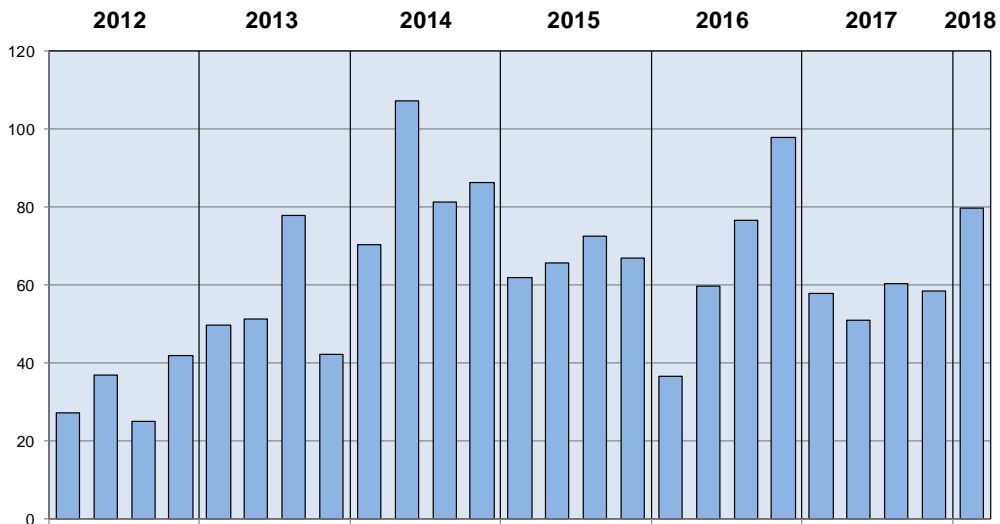
### European TMT Acquisitions and IPOs by Quarter



Source: Regent

European TMT merger and acquisition (M&A) activity was down 12% in Q1 compared to the previous quarter, with 857 transactions announced. However, the total value of deals increased to \$80 billion in Q1, up 37% from the previous quarter as the number of transactions valued at more than \$1 billion increased from 8 in Q4 to 15 in Q1. This also lifted the median deal size from \$17.1 million in Q4 to \$22.5 million in Q1, well above the median level of \$13.6 million for the whole of 2017.

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



Source: REGENT

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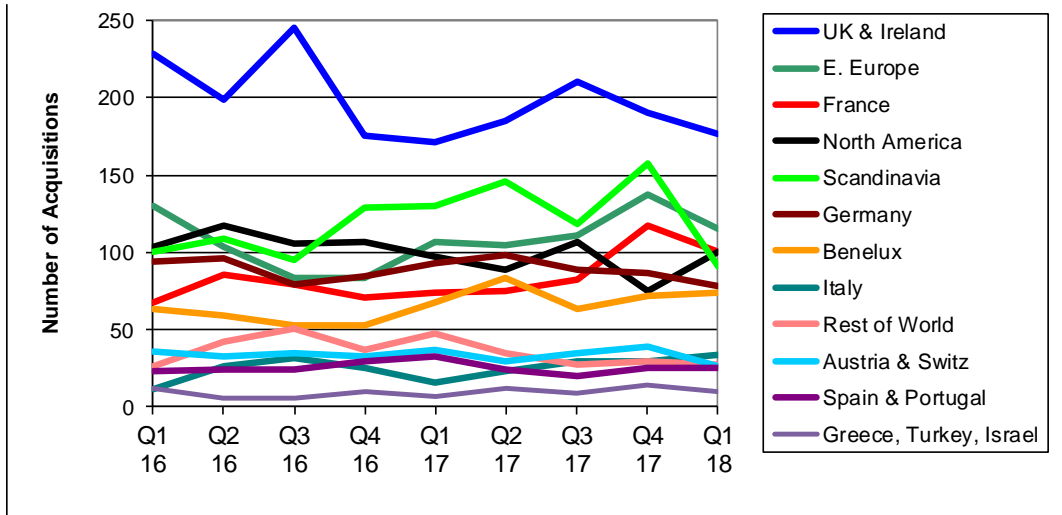
Major stock markets continued to be volatile in response to economic and geopolitical news around the world with technology stocks following the market moves. The number of European TMT companies making an IPO in Q1 was 20, down from the 34 IPOs completed in Q4.

Financial buyers (private equity) continued to be very acquisitive, accounting for 166 (19%) of the announced deals in Q1, compared to a quarterly average of 165 in 2017. Altogether private company buyers, including financial buyers, accounted for 71% of the deals in Q1.

### Country Activity

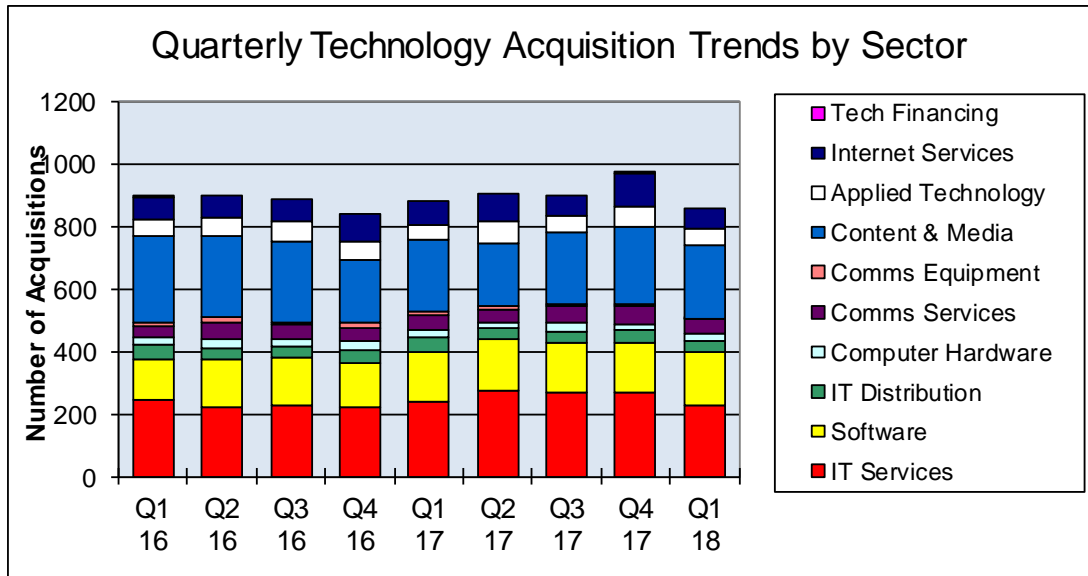
UK and Irish companies continued to be the most prolific buyers of European TMT companies, accounting for 21% of the deals in Q1. North American buyers bucked the downward deal trend with a 33% increase in activity in Q1, particularly in software and IT services, after a relatively subdued Q4. Buyers from Eastern Europe were the second most active in the quarter, accounting for 13% of the deals, most of which are within the region. Buyers from France tied with the North American buyers for third place, each accounting for 12% of all European TMT deals.

### Trend Analysis by Country of Buying Company



Source: Regent

### Industry Sector Activity

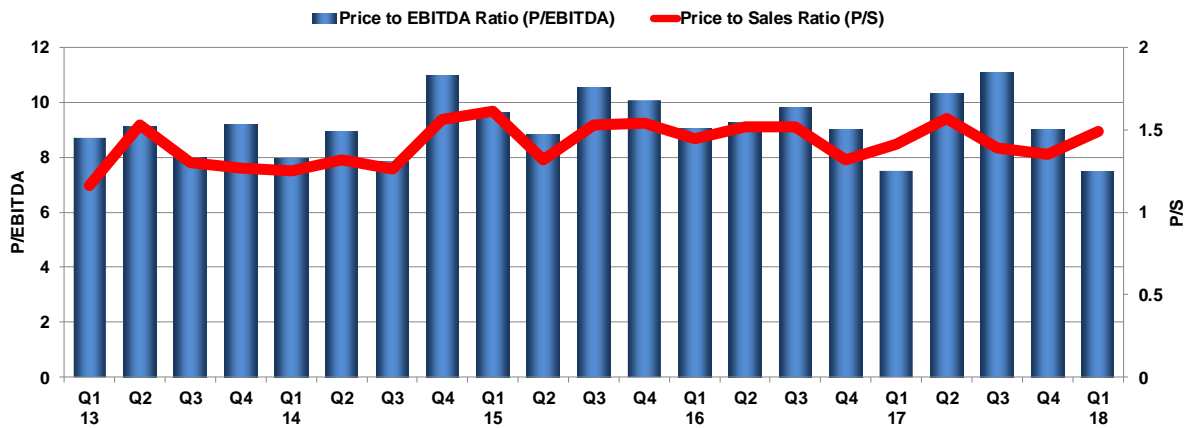


Source: Regent

The number of acquisitions in the software and IT services sectors fell by 8% in the first quarter, with a decrease of 16% in IT services deals partly offset by a 5% increase in software deals, resulting in the combined sector accounting for 46% of European TMT deals. There were 6% fewer Content and Media deals in the quarter with the sector now accounting for 27% of all deals. Deal flow in the telecoms sector was rather subdued with 19% fewer acquisitions of service providers and a 40% decrease in acquisitions of communication equipment manufacturers. The biggest increase in deal activity (41%) was in the computer hardware sector. This sector had experienced weak deal flow in Q4 but has now resumed a quarterly deal rate similar to that in 2017.

## 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 again in Q1. The median P/S ratio increased to 1.5 in Q1 from 1.4 in Q4. However, the median P/EBITDA for the European TMT sector decreased for the second successive quarter from 9.0 in Q4 to 7.5 in Q1. For the whole of 2017 the average P/S ratio was 1.4 and the P/EBITDA ratio was 9.6. *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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