

April 2018 - Monthly Briefing

8th May 2018

TMT M&A boosted by trans-Atlantic mega deals

Two huge deals dominated TMT M&A April. The largest was the acquisition of US telecoms giant, Sprint, by T-Mobile US, a subsidiary of Deutsche Telekom. T-Mobile is paying \$26 billion which implies an enterprise value for Sprint of \$59 billion. The combined company will be named T-Mobile, and will be a major player in the US wireless, video, and broadband industries with estimated pro-forma 2018 service revenue of about \$55 billion.

After expressing interest but no firm offer in February, US media giant, Comcast, finally announced terms of the deal to acquire Sky which values the UK media company at £22 billion, a premium of 16% on the last offer from 21st Century Fox. Comcast expects to complete the deal by the end of 2018.

Another deal that seemed to be settled in February was the acquisition of the UK based financial services software firm, Fidessa by Swiss-based Temenos. This later attracted two rival bids from ION Investment, a holding company that acquires and consolidates financial technology businesses, and SS&C Technologies, a cloud-based provider of financial services technology. ION became the preferred bidder with a £1.5 billion offer which implies an enterprise value multiple of approximately 4.7x Fidessa's recurring revenue and 25.9x cash EBITDA for the year ended 31 December 2017.

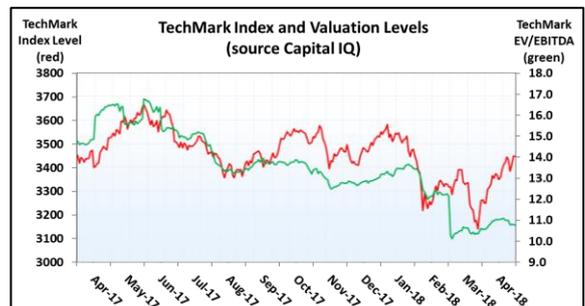
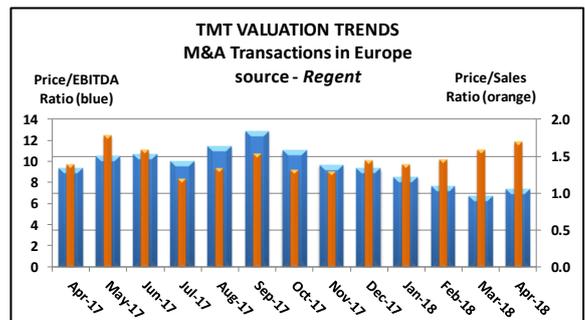
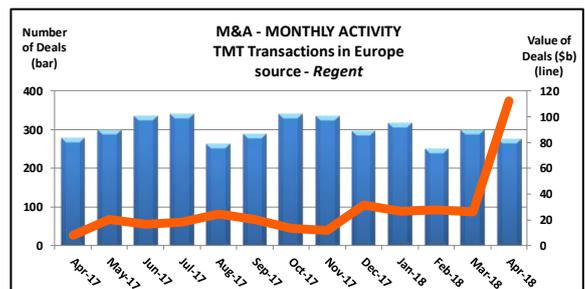
US based data, analytics and technology solutions provider, TransUnion, announced plans to acquire Callcredit Information Group, the second largest and fastest growing consumer credit bureau in the UK. The deal is valued at £1 billion. For the year ended 31 December 2016, Callcredit reported revenues of £201 million and EBITDA of £48 million. International expansion is a key growth strategy for TransUnion, which is already doing business in 33 countries.

In the US, an investor group led by Francisco Partners and including British Columbia Investment Management Corporation announced plans to acquire NYSE-listed, Verifone, for approximately \$3.4 billion, which includes Verifone's net debt. Verifone's transformation from a hardware provider to a best-in-class payments and commerce solutions provider is just beginning and the investment will support its continued growth in an increasingly software-centric world.

Also in the US, Trimble announced an agreement to acquire privately-held, Viewpoint, from Bain Capital in an all-cash transaction valued at \$1.2 billion. Viewpoint is highly complementary to Trimble's e-Builder business, and will extend Trimble's ability to provide more complete and integrated project, jobsite and business workflows across the construction lifecycle. Currently managing over \$400 billion of construction project value, Viewpoint has approximately 8,000 customers worldwide.

REGENT's View of the Month

April was an outstanding month in terms of the total value of deals announced involving European TMT companies. The T-Mobile/Sprint and Comcast/Sky deals boosted the aggregate value to \$112 billion. There was an increase in valuation multiples during the month with the Price/Sales ratio up from 1.6 to 1.7 and the Price/EBITDA ratio up from 6.7 in March to 7.4 in April. Listed technology companies, as represented by the UK TechMark index, gained 6% in April.



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