

May 2018 - Monthly Briefing

6th June 2018

The run of high value TMT deals continued in May

While the number of M&A transactions in the TMT sector has reduced from the peak towards the end of 2017, the number of high value deals continued in May with European companies taking the lead.

Top of the global M&A deals table in May was Vodafone's acquisition of Liberty Global's operations in Germany, the Czech Republic, Hungary and Romania for an enterprise value of €18.4 billion. Through this deal, Vodafone becomes the leading next generation network (NGN) owner in Europe, with 54 million cable/fibre homes 'on-net' and a total NGN reach of 110 million homes and businesses, including wholesale arrangements. The deal values the acquired operations at FY2019E multiples of 8.6x EBITDA, adjusted for year five cost and capex synergies before integration costs, and 10.9x EBITDA before synergies.

Swiss investment firm, Partners Group, has led a consortium of investors in the acquisition of Techem, a global market leader in the provision of heat and water sub-metering and cost allocation services. The transaction values Techem at an enterprise value of €4.6 billion. In the 2016/17 financial year, Techem recorded sales of €782.7 million.

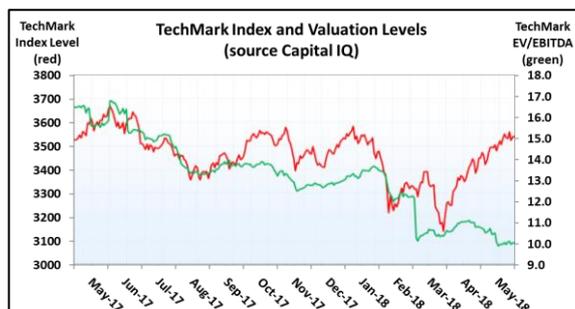
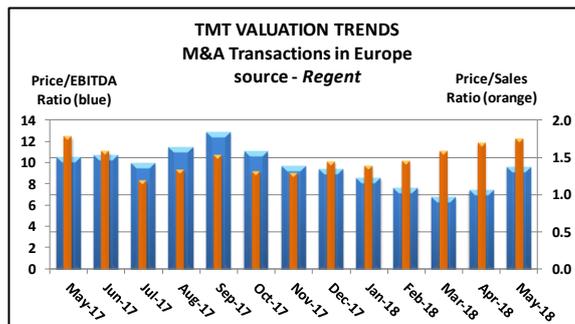
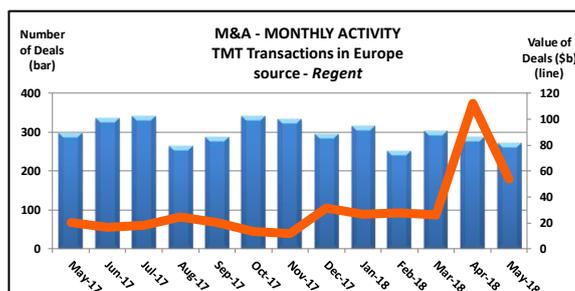
US private equity firm, Silver Lake, announced plans to acquire UK based ZPG for £2.2 billion. ZPG owns and operates some of the UK's most trusted digital brands that help empower smarter property and household decisions, including Zoopla, uSwitch, Money, PrimeLocation and SmartNewHomes. ZPG is also one of the leading residential property data and software providers. Since 2014, ZPG's reported revenues have grown from £80 million to over £280 million on a pro-forma basis as at the end of September 2017, and Adjusted EBITDA increased from £40 million to £109 million on a pro-forma basis over the same period.

There were two significant deals in the global payments sector. Worldline, the European leader in the payments and transactional services industry, agreed to acquire SIX Payment Services, the payment services division of SIX, for a consideration of € 2.3 billion. SIX Payment Services delivers, at scale, both commercial acquiring and financial processing services. SIX Payment Services, with €530 million 2019 estimated net revenue, 1,600 staff and 6 countries of significant direct presence, is the clear leader in the DACH region.

US Nasdaq-listed, PayPal, agreed to acquire Swedish company, iZettle, the leading small business commerce platform in Europe and Latin America, for \$2.2 billion. The acquisition of iZettle significantly expands PayPal's in-store presence, strengthening PayPal's platform to help millions of small businesses around the world grow and thrive in an omnichannel retail environment.

REGENT's View of the Month

European deals led the global TMT M&A activity in May, boosted by 11 transactions valued at more than \$1 billion. Vodafone's acquisition of Liberty Global's German, Czech, Hungarian and Romanian operations for \$22 billion was the top global TMT deal in May. Valuation multiples continued to improve with the Price/Sales ratio up marginally at 1.7 and the Price/EBITDA ratio up from 7.4 in April to 9.6 in May. Listed technology companies, as represented by the UK TechMark index, gained 3% in May.



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