

June 2018 - Monthly Briefing

6th July 2018

European buyers take a breather in June as US firms lead global TMT deal activity

The battle of the US media giants continued in June with a revised proposal from Comcast to acquire 100% of the outstanding shares of 21st Century Fox (21CF) for \$35 per share in cash, reflecting a \$65 billion equity value for 21CF (after giving effect to the proposed spinoff of New Fox) and a premium of approximately 19% to the value of Disney's offer.

Gray Television and Raycom Media have entered into an agreement to combine their companies in a \$3.6 billion transformative transaction that will create the single largest owner of top-rated local television stations and digital assets in the US. This transaction marks Gray's transformation from a small, regional broadcaster into a leading media company with nationwide scale based on high-quality stations with exceptional talent in attractive markets. Gray and Raycom have highly complementary portfolios of television stations as well as highly complementary company cultures, award-winning journalistic commitments, and long histories of commitments to exceptional community service.

Microsoft announced plans to acquire GitHub, the world's leading software development platform used by more than 28 million developers, for \$7.5 billion. Together, the two companies will empower developers to achieve more at every stage of the development lifecycle, accelerate enterprise use of GitHub, and bring Microsoft's developer tools and services to new audiences.

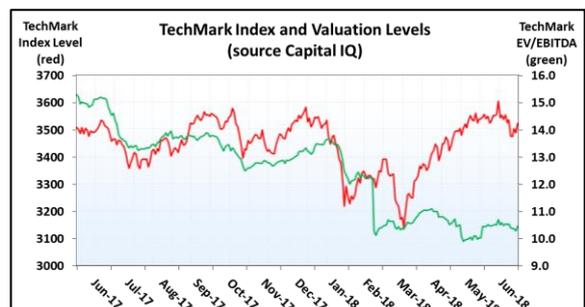
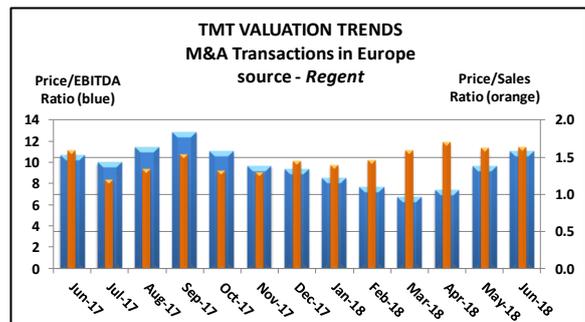
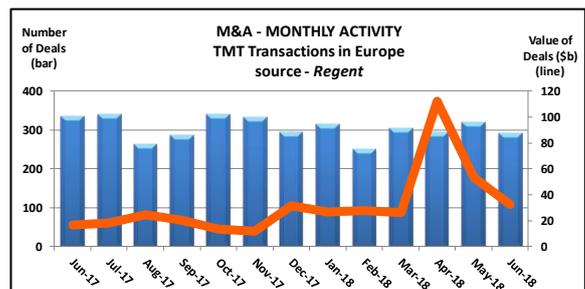
PE backed, Verscend Technologies, a leader in data-driven healthcare solutions, agreed to acquire NYSE listed, Cotiviti, for \$4.9 billion in cash. Cotiviti is a leading provider of payment accuracy and analytics-driven solutions focused primarily on the healthcare industry. In the year ending 31 December 2017, Cotiviti reported revenue of \$679 million and adjusted EBITDA of \$268 million.

US business process services provider, SYNnex, announced that it would acquire Convergys for an enterprise value of \$2.8 billion and integrate it with Concentrix, a wholly-owned subsidiary and top global provider of customer engagement CRM BPO services. Convergys provides customer experience outsourcing services in 58 languages from more than 150 locations around the globe. The implied price of \$26.50 per Convergys share represents an EBITDA multiple of 8.4x (based on the last 12 months as of 31 March 2018).

The top European deal was Intermediate Capital Group's increased stake (from 42% to 90%) in Minimax Viking. Minimax Viking, based in Germany, manufactures and supplies fire suppression systems and related detection and control systems. The deal is based on a company valuation of €2.3 billion.

REGENT's View of the Month

After a high value deal spree in April and May, European buyers focused more on relatively smaller deals in June, allowing US buyers to lead the global TMT M&A activity. European deal flow remains stable at about 300 per month. Valuation multiples continued to improve with the Price/Sales ratio at 1.6 and the Price/EBITDA ratio up from 9.6 in May to 10.9 in June. Listed technology companies, as represented by the UK TechMark index, dropped 0.5% in June.



James Calvert Managing Partner jcalvert@regent.com	Dr David Scurr Research Director dscurr@regent.com	Hana Glanville Business Development Director hglanville@regent.com
---	---	---