

EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS

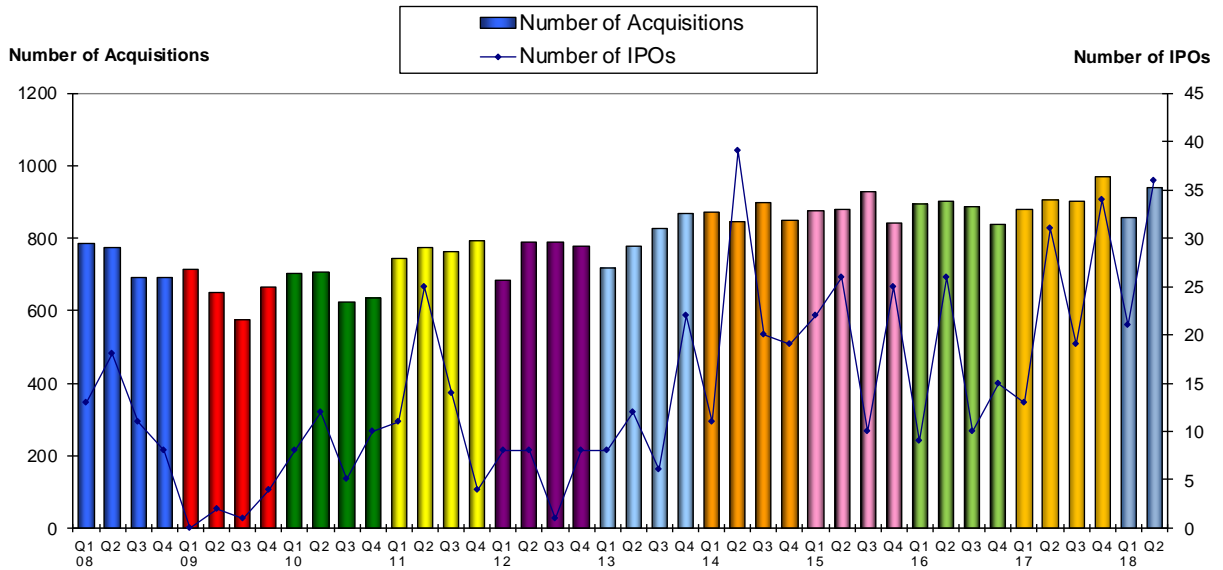
2nd Quarter 2018 Review

An analysis of the TMT acquisition transactions announced in the 2nd 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

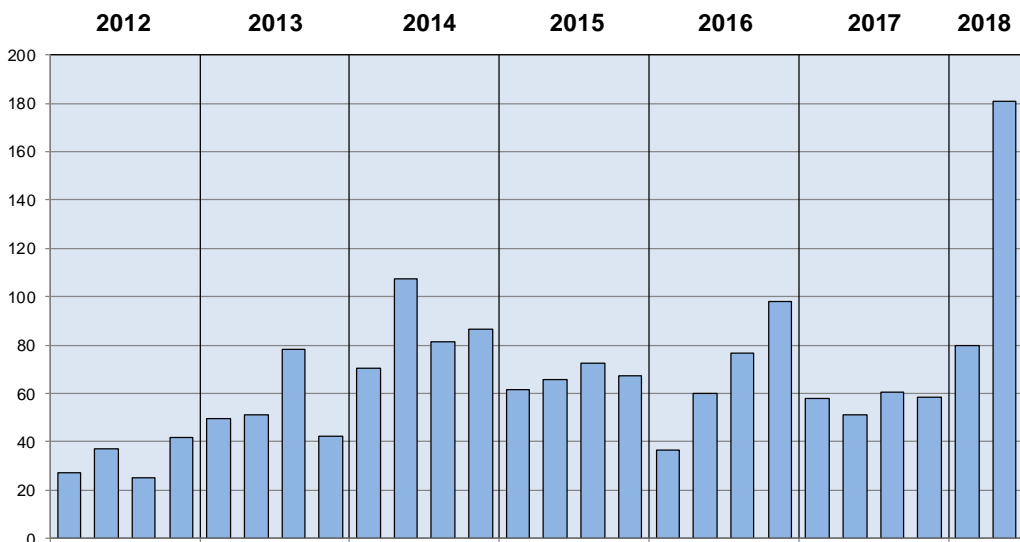


Source: Regent

European TMT merger and acquisition (M&A) activity bounced back strongly in Q2, with 941 transactions announced, up 10% on Q1. However, the total value of deals dramatically increased to \$180 billion in Q2, more than twice the aggregate value in Q1, led by mega deals in the telecoms sector (Deutsche Telekom’s T-Mobile bid to acquire Sprint and Vodafone’s plans to acquire certain Liberty Global assets in Germany and Eastern Europe) and the media sector (Comcast bid to acquire Sky).

Despite continuing volatility in the major stock markets, the number of European TMT companies making an IPO increased from 21 in Q1 to 36 in Q2 as a faltering upward trend begins to emerge.

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



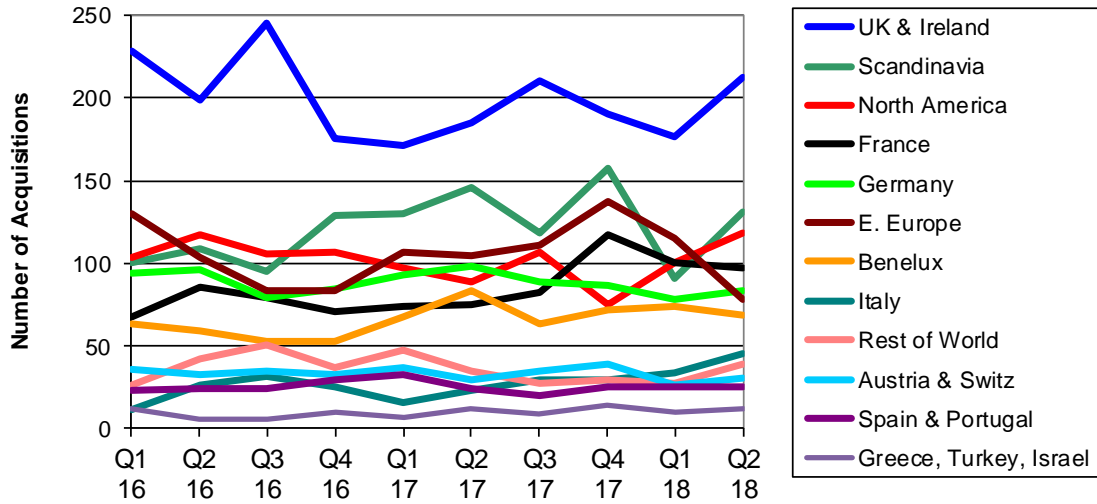
Source: Regent

The total value of European TMT deals announced so far in 2018 already exceeds the total in the whole of 2017. The number of transactions valued at more than \$1 billion increased from 15 in Q1 to 18 in Q2. The median deal size during the quarter was \$14.8 million, well above the median level of \$13.6 million for the whole of 2017.

Country Activity

UK and Irish companies continued to be the most prolific buyers of European TMT companies, accounting for 23% of the deals in Q2. North American buyers increased their activity for the second successive quarter but not enough to put them ahead of Scandinavian buyers who announced 44% more deals in Q2 than in Q1. Buyers from Eastern Europe have been less active since a peak of activity in Q4 2017, and now account for 8% of European TMT deals, most of which are within the region.

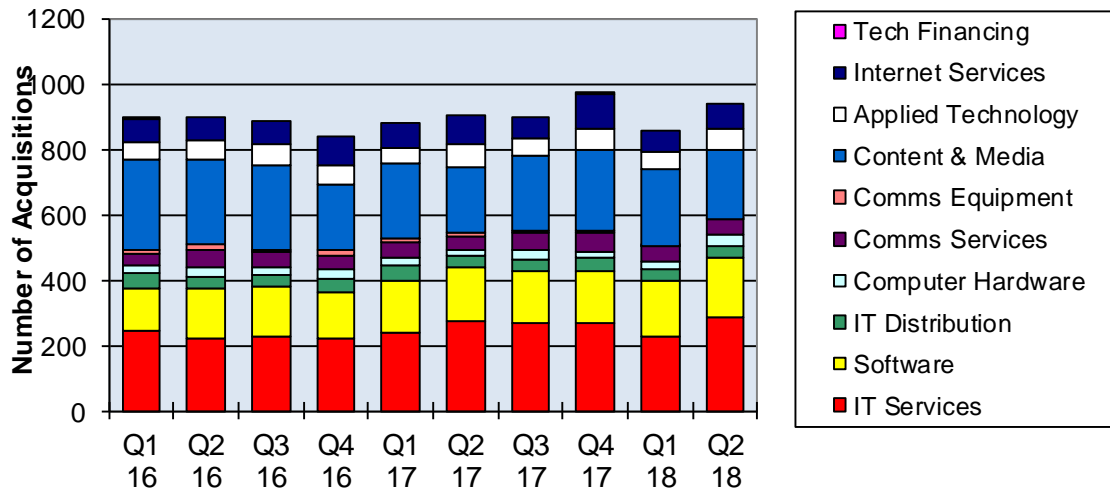
Trend Analysis by Country of Buying Company



Source: Regent

Industry Sector Activity

Quarterly Technology Acquisition Trends by Sector



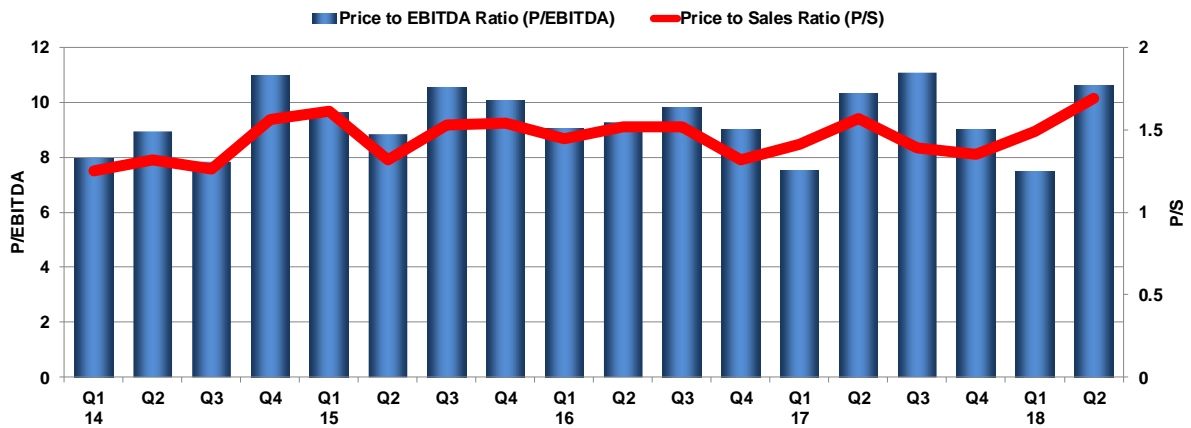
Source: Regent

The number of acquisitions in the software and IT services sectors increased by 18% in the second quarter, with an increase of 27% in IT services deals and a 6% increase in software deals, resulting in the combined sector accounting for 50% of European TMT deals. There were 10% fewer Content and Media deals in the quarter with the sector now accounting for 22% of all deals. Acquisitions in the telecoms sector accounted for 5% of all European TMT deals in terms of the number of deals but 47% by value.

Financial buyers (private equity) continued to be very acquisitive, accounting for 161 (17%) of the announced deals in Q2, just 5 fewer than in Q1. Altogether private company buyers, including financial buyers, accounted for 70% of the deals in Q2.

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, increased in Q2. The median P/S ratio increased to 1.7 in Q2 from 1.5 in Q1. The median P/EBITDA for the European TMT sector increased from 7.5 in Q1 to 10.6 in Q2. 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

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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.

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