

August 2018 - Monthly Briefing

10th September 2018

Summer slow-down for M&A activity in the European TMT sector

Network solutions vendor, Cisco Systems, announced the largest global TMT deal in August with the acquisition of Duo Security for \$2.35 billion in cash. Duo Security is a leading provider of unified access security and multi-factor authentication delivered through the cloud. Integration of Cisco's network, device and cloud security platforms with Duo Security's zero-trust authentication and access products will enable Cisco customers to easily and securely connect users to any application on any networked device.

The top deal involving a European company was by Amadeus IT Group, the Spain-based global travel IT solutions firm. Amadeus announced the acquisition of US-based, TravelClick, a provider of cloud-based, data-driven solutions for mid-chain and independent hotels. Amadeus has agreed to acquire TravelClick from Thoma Bravo, a leading private equity investment firm, for \$1.52 billion. The deal will significantly expand Amadeus' presence in the hospitality sector.

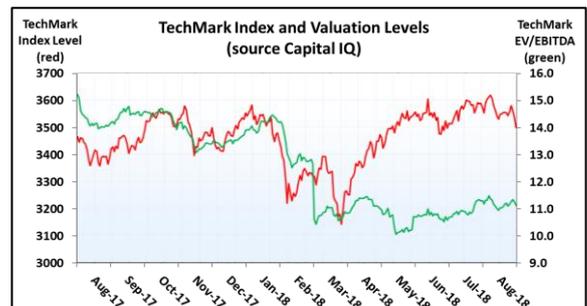
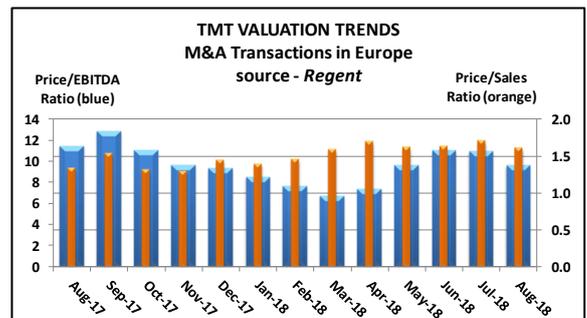
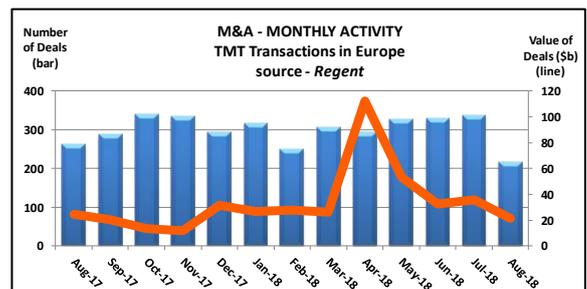
Another European company, Siemens, announced plans to acquire Mendix, a pioneer and leader in cloud native low code application development, for €0.6 billion in cash. Mendix was founded in 2005 in Rotterdam, Netherlands and is headquartered in Boston, Massachusetts. The company has over 400 employees and its software-as-a-service business model results in over 90% of sales being recurring. Siemens expects Mendix to continue to experience strong growth in the future in both its existing customer segments and across the Siemens customer base. Mendix will accelerate Siemens' current cloud, IoT and Digital Enterprise software capabilities.

The top deal involving a UK company during the month was the announcement by HP of plans to acquire Apogee Corporation, a UK-based office equipment dealer and Europe's largest independent provider of print, outsourced services, and document and process technology. The transaction values Apogee at £380 million. This acquisition furthers HP's plan to disrupt the \$55 billion A3 copier market and builds on its printing strategy to: enhance its A3 and A4 product portfolio; build differentiated solutions and tools to expand its Managed Print Services; and invest in its direct and indirect go-to-market capabilities. The deal provided an exit for private equity firm, Equistone Partners.

UK-based, Intertek Group, a total quality assurance solutions provider to a range of industries worldwide, announced the acquisition of US-based, Alchemy Systems, a leading provider of SaaS-based People Assurance solutions for the food industry, for \$480 million. Alchemy expects to record billings of \$66 million and adjusted billings EBITDA of \$22 million for the year ending on 31 December 2018.

REGENT's View of the Month

The usual summer slow-down in European TMT M&A activity was much more evident this year with a 36% drop in the number of deals announced during August. The aggregate deal value was correspondingly lower. Valuation multiples were slightly lower with the Price/Sales ratio down from 1.7 in July to 1.6 in August and the Price/EBITDA ratio fell from 10.9 in July to 9.6 in August. Listed technology companies, as represented by the UK TechMark index, fell 2.5% in August.



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