

EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS

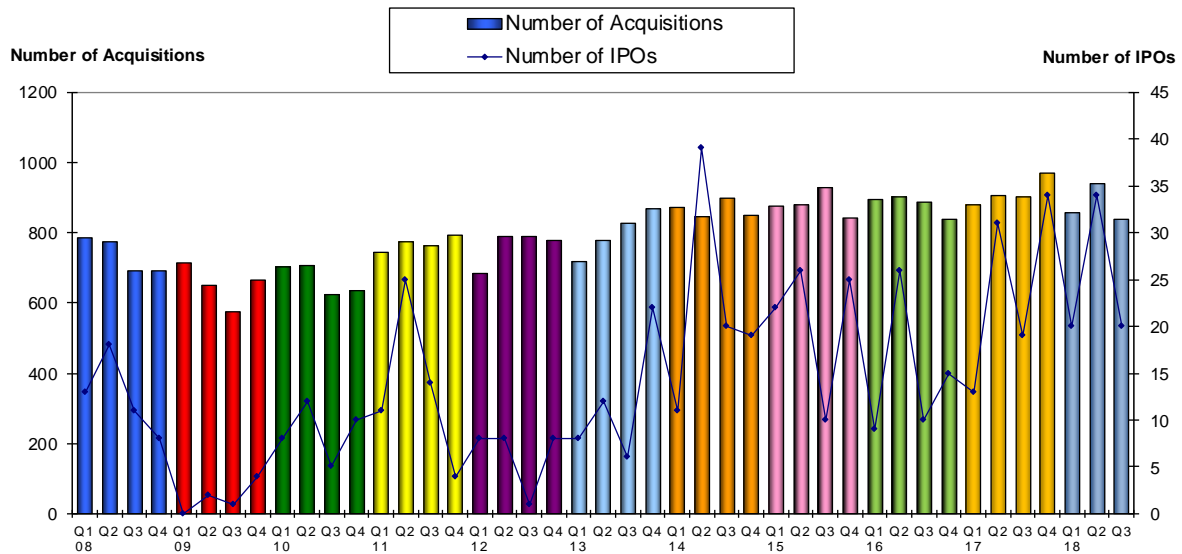
3rd Quarter 2018 Review

An analysis of the TMT acquisition transactions announced in the 3rd 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

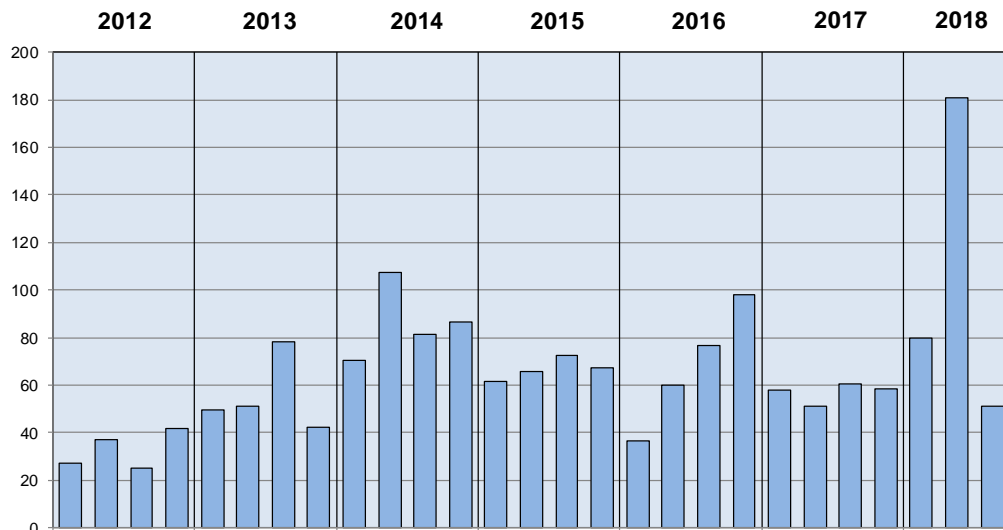


Source: Regent

European TMT merger and acquisition (M&A) activity was weaker in Q3 after a particularly strong second quarter. There were 837 transactions announced, down 11% on Q2, due to a protracted slow-down in activity over the summer period and into September. The total value of deals announced in Q3 was correspondingly lower at \$51 billion.

Continuing volatility in the major stock markets resulted in the number of European TMT companies making an IPO decreasing from 34 in Q2 to 20 in Q3.

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



Source: Regent

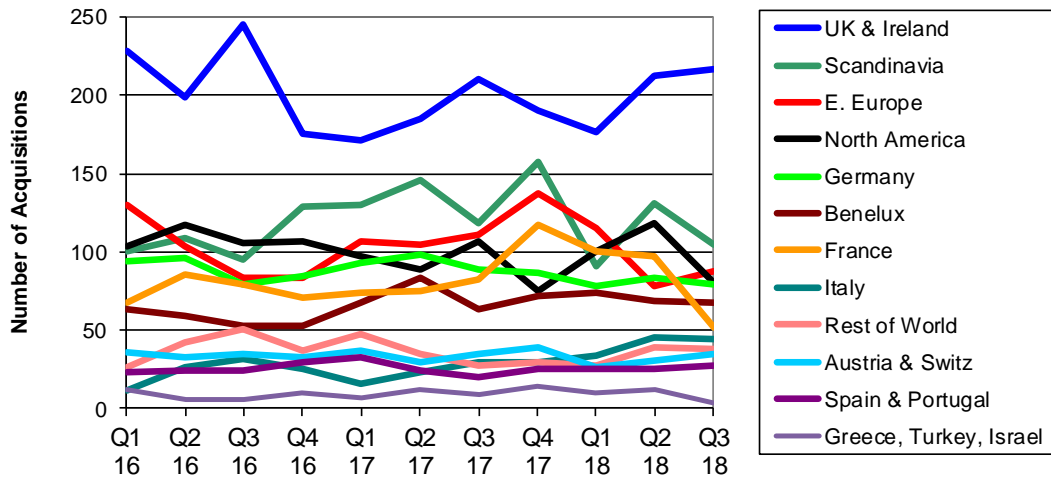
The total value of European TMT deals announced in during the first half of 2018 exceeded the total in the whole of 2017 due to a several high value deals announced in Q2. This makes the quarterly change into Q3 appear more dramatic but the Q3 2018 aggregate deal value is back to the same level as in Q2 2017 at \$51 billion.

The number of transactions valued at more than \$1 billion decreased from 18 in Q2 to 10 in Q3 but the number of deals in the \$100 million to \$1 billion range increased from 30 in Q2 to 44 in Q3. The median deal size during the quarter increased to \$19.9 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 26% of the deals in Q3. North American buyers reduced their activity in Q3 after a strong deal flow in the first half of the year and accounted for 10% of the deals during Q3. This put them in fourth place behind Scandinavian (13% of deals) and Eastern European buyers (11% of deals) and only just ahead of German buyers (9% of deals). Most of the Scandinavian and Eastern European deals are within their respective regions.

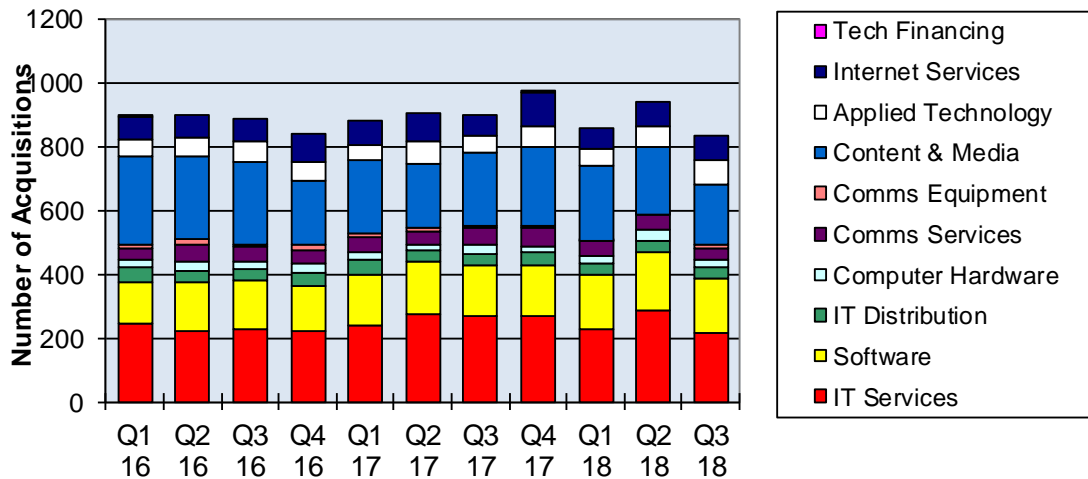
Trend Analysis by Country of Buying Company



Source: Regent

Industry Sector Activity

Quarterly Technology Acquisition Trends by Sector



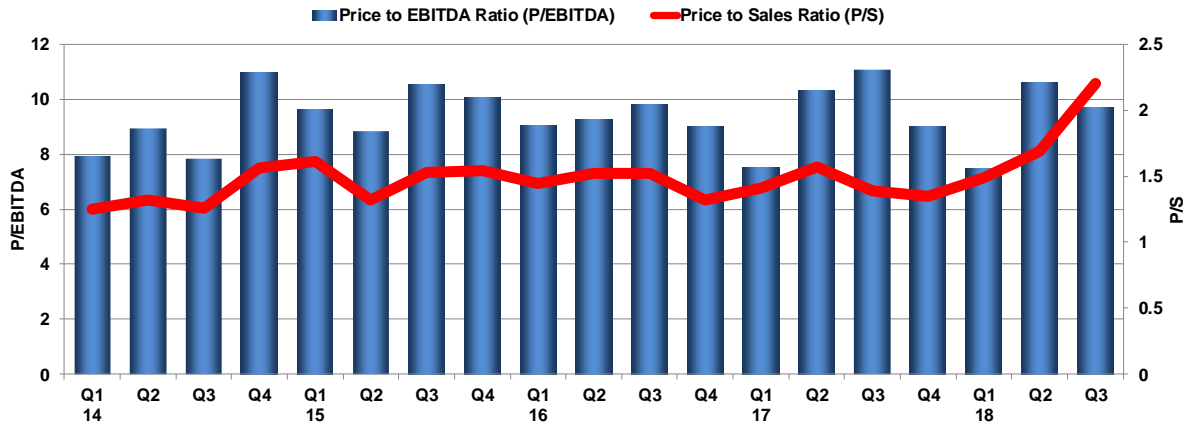
Source: Regent

The number of acquisitions in the software and IT services sectors decreased by 18% in the third quarter but is almost back to the same number as in the first quarter. There was a decrease of 26% in IT services deals and a 6% decrease in software deals, reversing the gains of the previous quarter. The combined software and IT services sector now accounts for 45% of European TMT deals. Content and Media deals fell for the third consecutive quarter with a 9% drop in Q3 and the sector now accounts for 23% of all deals. Acquisitions in the telecoms sector fell 12% in Q3 and now account for 5% of all European TMT deals.

Financial buyers (private equity) were less active, accounting for 127 (15%) of the announced deals in Q3, down 21% from Q2. Altogether private company buyers, including financial buyers, accounted for 66% of the deals in Q3.

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, diverged in Q3. The median P/S ratio increased, for the third consecutive quarter, to 2.2 in Q3 from 1.7 in Q2. However, the median P/EBITDA for the European TMT sector decreased from 10.6 in Q2 to 9.7 in Q3. 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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