

November 2018 - Monthly Briefing

10th December 2018

SAP announces the top TMT deal in November, but US buyers are the most active.

German enterprise software company, SAP, announced the largest deal in the TMT sector in November. SAP is paying \$8 billion in cash for US-based, Qualtrics, a pioneer in experience management software. Qualtrics technology enables organizations to collect, manage, and act on experience data across the four core experiences of business - customer, product, employee and brand - on one platform. Qualtrics expects full-year 2018 revenue to exceed \$400 million and projects a forward growth rate of greater than 40%, not including potential synergies of being part of SAP.

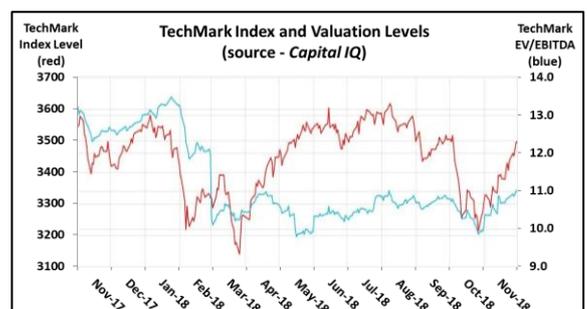
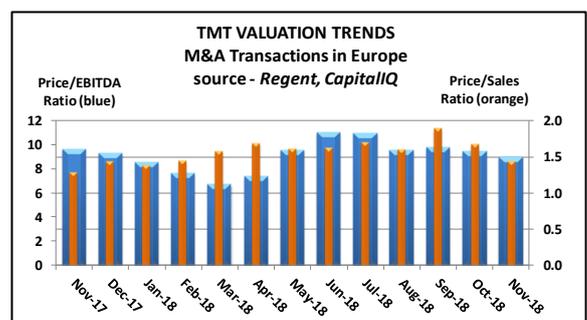
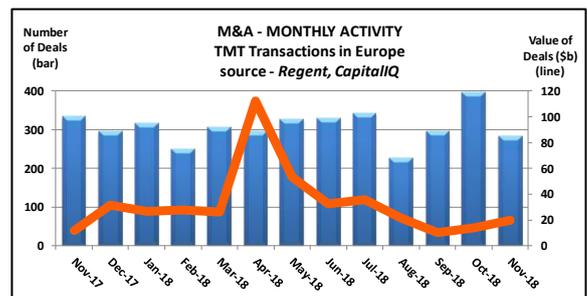
In the US, CommScope, a provider of infrastructure solutions for communications networks, agreed to acquire ARRIS International for approximately \$7.4 billion, including the repayment of debt. ARRIS, an innovator in broadband, video and wireless technology, combines hardware, software and services to enable advanced video experiences and constant connectivity across a variety of environments for service providers, commercial verticals, small enterprises and the people they serve. For the year ended 30 September 2018, ARRIS generated revenues of approximately \$6.7 billion. ARRIS is a UK registered company, listed on Nasdaq with corporate offices in the US and worldwide.

Veritas Capital and Evergreen Coast Capital announced plans to acquire athenahealth for approximately \$5.7 billion in cash. Veritas and Evergreen expect to combine athenahealth with Virence Health, the GE Healthcare Value-based care assets that Veritas acquired earlier this year. The combined business is expected to be a leading, privately-held healthcare information technology company with an extensive provider network of customers and world-class products and solutions to help them thrive in an increasingly complex environment. US-based, athenahealth, provides medical record, revenue cycle, patient engagement, care coordination, and population health services.

US optoelectronic component manufacturer, II-VI, is acquiring Finisar for an equity value of approximately \$3.2 billion. Finisar is a global technology leader in optical communications, providing components and subsystems to networking equipment manufacturers, data centre operators, telecom service providers, consumer electronics and automotive companies. The combination of II-VI and Finisar would unite two innovative, industry leaders with complementary capabilities and cultures to form a formidable industry leading photonics and compound semiconductor company capable of serving the broad set of fast growing markets of communications, consumer electronics, military, industrial processing lasers, automotive semiconductor equipment and life sciences.

REGENT's View of the Month

European TMT M&A activity remained strong in November in terms of both the number of deals and their aggregate value. Valuation multiples were again slightly lower with the Price/Sales ratio down from 1.7 in October to 1.4 in November and the Price/EBITDA ratio down from 9.4 in October to 9.0 in November. It was a better month for listed technology companies, with those represented by the UK TechMark index gaining 5.9% in November.



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