

## December 2018 - Monthly Briefing

8<sup>th</sup> January 2019

### TMT M&A remained strong in December despite stock market volatility

In the top global TMT deal in December, US media player, Nexstar Media Group, is to acquire Tribune Media Company for \$6.4 billion including the assumption of Tribune Media's outstanding debt. The combined entity will be one of the leading providers of local news, entertainment, sports, lifestyle and network programming in the US through its broadcast and digital media platforms with approximate pro-forma annual revenue of \$4.6 billion and pro-forma adjusted EBITDA of \$1.7 billion.

The second largest global TMT deal and the largest involving a European company was the acquisition of NYSE-listed travel technology company, Travelport Worldwide, by private equity firms, Siris Capital Group and Evergreen Coast Capital, in an all-cash transaction valued at approximately \$4.4 billion. Travelport has a leadership position in airline merchandising, hotel content and distribution, car rental, mobile commerce and B2B payment solutions. The company also provides critical IT services to airlines, such as shopping, ticketing, departure control and other solutions. With net revenue of over \$2.4 billion in 2017, Travelport is headquartered in Langley, UK, has approximately 4,000 staff and is represented in 180 countries and territories.

Antelq, a France-based provider of digital animal identification, traceability and monitoring solutions with €360 million in sales in year to 30 September 2018, is being acquired by US pharmaceutical giant, Merck, through its Merck Animal Health Division. Merck will make a cash payment of approximately €2.1 billion and will assume Antelq's debt of €1.15 billion. Digital animal identification, traceability and monitoring technology is the fastest growing part of the animal health industry.

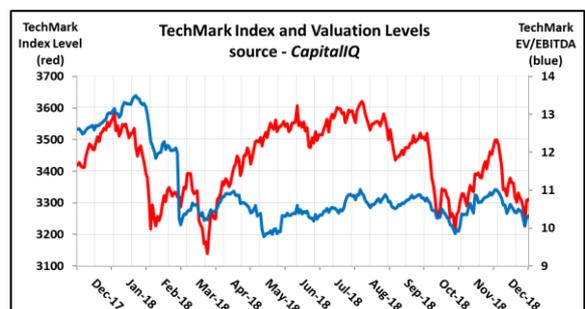
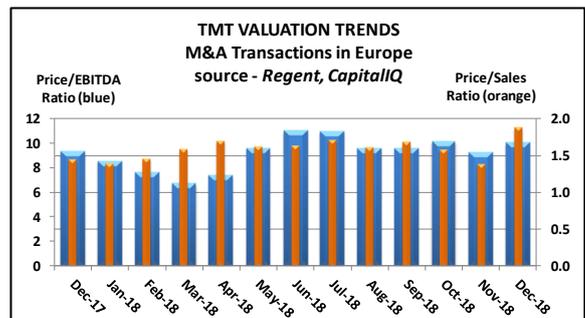
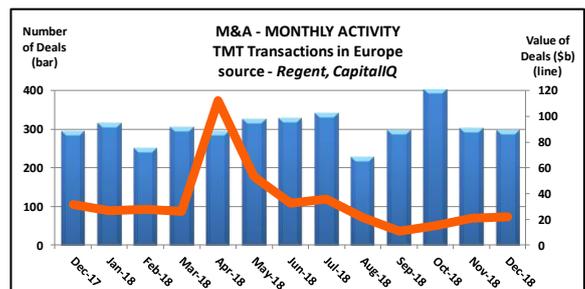
In the US, MINDBODY, a Nasdaq-listed technology platform provider for the fitness, beauty and wellness services industries, is to be taken private by technology-focused private equity firm, Vista Equity Partners. The total deal value is approximately \$1.9 billion.

Indian IT company, HCL Technologies, announced an agreement to acquire selected IBM software products for \$1.8 billion in cash including an earn-out. The software products, which are in three portfolios: Security - AppScan and BigFix; Marketing - Commerce Software, Unica and DX Software; Collaboration Solutions - Notes/Domino and Connections, represent a total addressable market of more than \$50 billion.

Japanese IT company, NEC Technologies, has acquired the largest Danish IT company, KMD, for approximately \$1.2 billion. KMD provides software and IT services in Denmark through business models that generate profit continuously on a recurring basis, such as SaaS offerings. KMD has a strong customer base among central and local governments in Denmark.

#### REGENT's View of the Month

European TMT M&A activity ended a strong final quarter with the number of deals announced in December remaining almost unchanged from November. Valuation multiples increased during the month with the Price/Sales ratio up from 1.4 in November to 1.9 in December and the Price/EBITDA ratio up from 9.0 in November to 9.9 in December. Continuing stock market volatility resulted in listed technology companies, as represented by the UK TechMark index, losing 5.3% in December.



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