

# **EUROPEAN TECHNOLOGY, MEDIA AND TELECOMMUNICATIONS ACQUISITIONS**

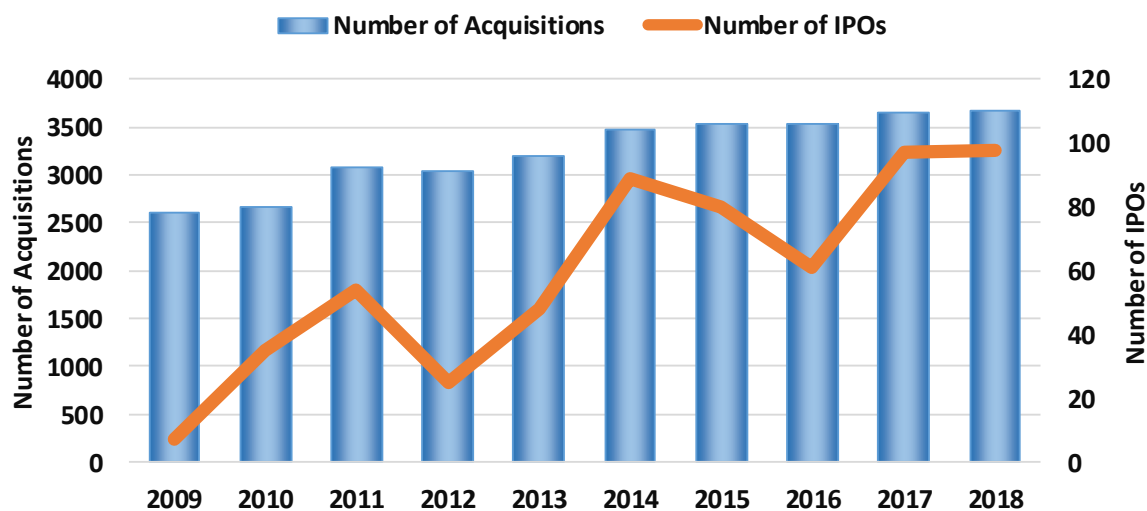
## **2018 Annual Review**

An analysis of the TMT acquisition transactions announced in 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 Year

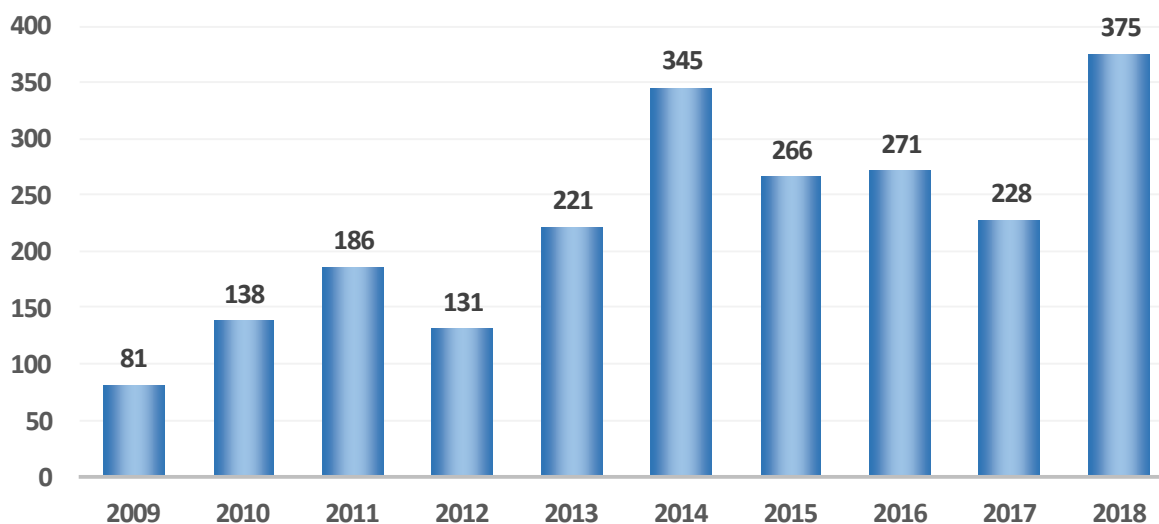


Source: Regent

European TMT merger and acquisition (M&A) activity increased by 0.6% in terms of the total number of deals announced. There were 3,680 deals announced in 2018, which just managed to set a new record high, compared with 3,658 in 2017. The total value of deals was boosted by three huge deals involving Deutsche Telekom's T-Mobile US buying Sprint, Comcast winning the battle to acquire Sky and Vodafone buying Liberty Global assets in Germany and Eastern Europe, to reach a new record of \$375 billion.

The number of European TMT companies making an IPO increased by one compared with 2017 to reach 98 in 2018.

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



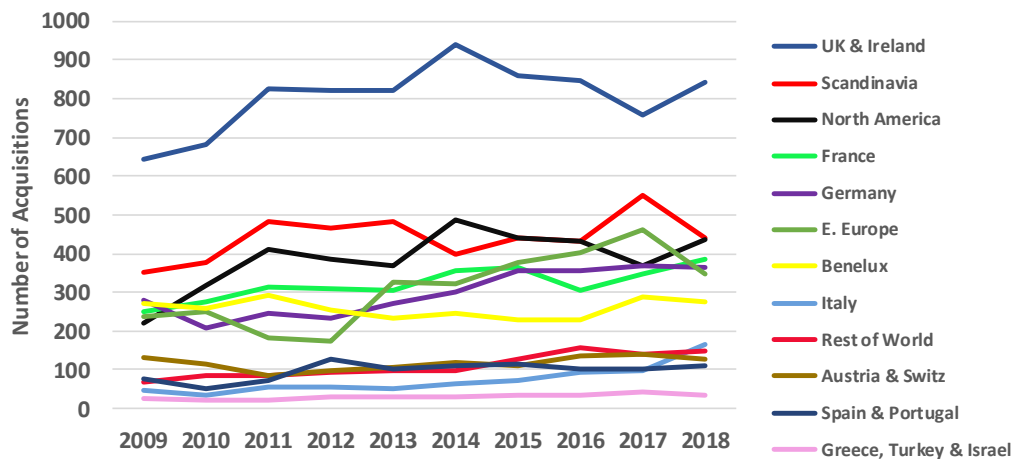
Source: Regent

Private company buyers accounted for 69% of the deals announced in 2018 including 16% by financial buyers. Many of the buyers identified as private companies are backed by private equity, so the true share of financial buyers is higher than the headline figures indicate. Divestments of non-core divisions and subsidiaries accounted for 17% of the total number of deals in 2018, down from 19% of the deals in both 2017 and 2016 indicating that the level of organisational restructuring is now less of a factor in M&A terms.

## Country Activity

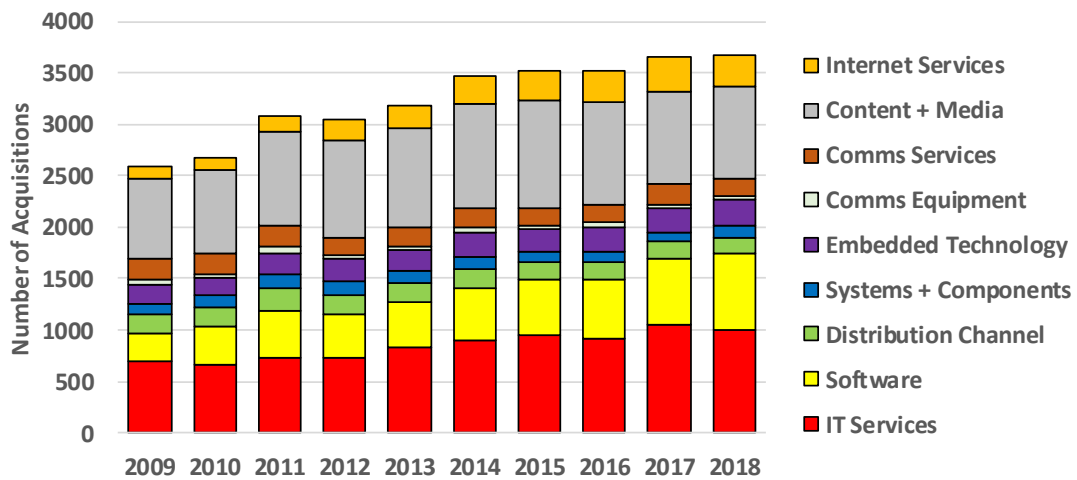
The UK continued to be the dominant country in terms of buy-side activity, accounting for 23% of the deals announced in 2018, after dropping to a share of 21% of deals in 2017. North American buyers also took a larger share of the deals, accounting for 12% of the transactions in 2017, up from 10% in 2017 but this still left them in third place just behind Scandinavian buyers whose share of the deal total fell from 15% in 2017 to 12% in 2018. French and German buyers each maintained an unchanged 10% of the deals. Eastern European buyers were less active with their share of deals dropping from 13% in 2017 to 9% in 2018. Cross border deals represented 47% of all deals in 2018.

### Trend Analysis by Country of Buying Company



Source: Regent

### Industry Sector Activity

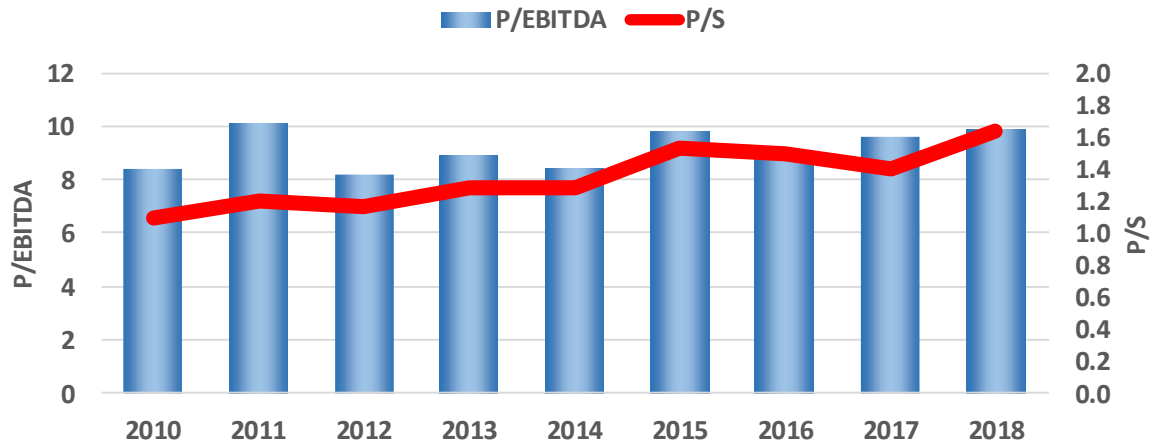


Source: Regent

After being out of favour in 2017, computer hardware and component manufacturers accounted for the biggest increase in the number of deals, up 35% in 2018. The IT Services sector saw 5% fewer deals in 2018 with buyers showing more interest in software companies with a 15% increase in deals. This resulted in the combined software and IT services sector accounting for 47% of all European TMT deals in 2018, marginally up from 46% in 2017. Content and Media, the next largest sector at 25% of all TMT deals, recorded 1.5% fewer deals in 2017 on top of a 9% drop in 2017. There has been a steady decline in the number of acquisitions of content providers and media services companies over the last three years. Despite some high value deals in the sector, the number of telecom services deals decreased by 14% and there was less demand for telecom equipment companies with 18% fewer deals. There were 4% fewer deals in the internet services sector (mostly e-retailing).

## 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 2018. The median P/EBITDA for the European TMT sector deals increased to 9.9 in 2018 from 9.6 in 2017. The median P/S ratio increased from 1.4 in 2017 to 1.6 in 2018. *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

Regent Partners LLP is one of Europe’s leading advisors to organisations in the Technology, Media and Telecommunications industries on all aspects of corporate development including, acquisitions, divestments, company sales, financing, valuations and strategic advice.

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.

### Some of Our Recent Transactions

 <small>HAS BEEN ACQUIRED BY</small>  <small>UPGRADE YOUR BUSINESS</small>	 <small>HAS BEEN ACQUIRED BY</small> 	 <small>HAS DIVESTED ITS SUBSIDIARY</small>  <small>TO</small> 	 <small>HAS BEEN ACQUIRED BY TAX SYSTEMS PLC MANAGED BY</small>  <small>LONDON'S TECHNOLOGY MERCHANT BANK</small>	 <small>HAS BEEN ACQUIRED BY</small>  <small>distribution</small>	 <small>HAS DIVESTED ITS SUBSIDIARY</small>  <small>TO</small>  <small>The Spend Control Company</small>
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