

January 2019 - Monthly Briefing

4th February 2019

Fewer global TMT mega deals but strong European deal flow in January

There were just five global TMT mega deals – those valued at more than \$1 billion – during January, but deal flow remains strong, particularly those involving European companies.

Fiserv announced the biggest deal during the month with its planned acquisition of First Data in an all-stock transaction for an equity value of \$22 billion. The deal creates one of the world's leading payments and financial technology providers. First Data is a global leader in commerce-enabling technology, serving approximately 6 million business locations and 4,000 financial institutions in more than 100 countries around the world and processing more than 3,000 transactions per second and \$2.4 trillion per year.

Entegris, a provider of specialty chemicals and advanced materials solutions for the microelectronics industry, and Versum Materials, a specialty materials supplier to the semiconductor industry, announced a merger of equals. The combined company will be a premier specialty materials company for the semiconductor and other high-tech industries with a pro forma enterprise value of approximately \$9 billion, \$3 billion in revenue and \$1 billion in Adjusted EBITDA.

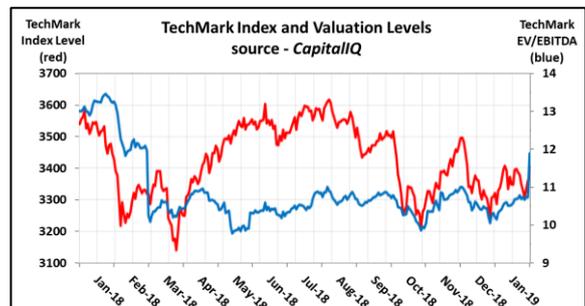
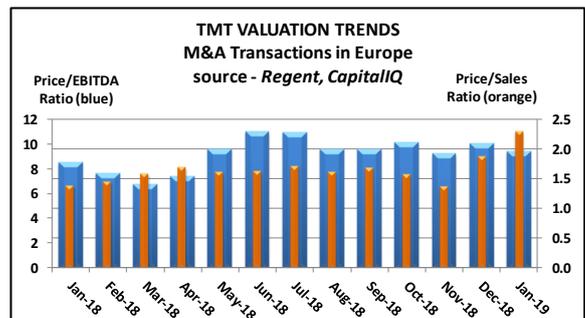
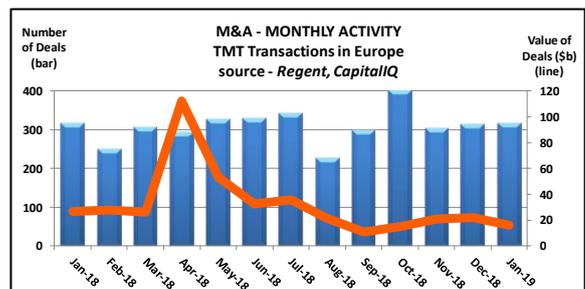
In the top deal involving a European company, DXC will acquire Luxoft for a total equity value of approximately \$2 billion. Luxoft provides digital strategy consulting and engineering services for companies across North America, Europe and the Asia Pacific region. Headquartered in Zug, Switzerland, the company achieved \$911 million in revenue over the last four reported quarters, with a strong, double-digit compound annual growth rate over the last three years.

MNG Enterprises (MediaNews Group), owner and operator of one of the largest newspaper businesses in the US with approximately 200 publications, made an offer to acquire the remaining 92.5% stake in NYSE-listed Gannett for \$1.3 billion. With its 7.5% stake, MNG was the largest active stockholder. Gannett has lost 41% of its value since its debut as a public company two and a half years ago, significantly underperforming its peer group and indices. MNG decided it could not sit by and watch further value erode, especially when there is an opportunity to maximize value right now.

Location technology specialist, TomTom, announced the sale of its Telematics business to Bridgestone Europe, a subsidiary of the Japanese tyre manufacturer, Bridgestone Corporation, for €910 million. The deal allows the Telematics business to accelerate its growth and TomTom to become a more focused and agile company, shaping the future of driving with highly accurate maps, navigation software and real-time traffic information and services.

REGENT's View of the Month

European TMT M&A activity in January continued to be above the average monthly figure for the last two years of 300 deals. However, with fewer mega deals, the aggregate deal value fell 27%. Valuation multiples diverged during the month with the Price/Sales ratio up from 1.9 in December to 2.3 in January while the Price/EBITDA ratio eased back from 9.9 in December to 9.4 in January. Listed technology companies, as represented by the UK TechMark index, had a good start to the year, gaining 1.9% in January.



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