

## February 2019 - Monthly Briefing

5<sup>th</sup> March 2019

### Steady European TMT M&A activity as valuations ease back from recent highs

Nasdaq-listed, Ultimate Software, a global provider of human capital management solutions in the cloud, announced the top global TMT deal in February. It is to be acquired by an investor group led by private equity firm, Hellman & Friedman, in a deal with an aggregate value of approximately \$11 billion. At the end of 2018, Ultimate's total revenues exceeded \$1.1 billion. The company serves more than 5,600 companies worldwide, with more than 48 million people records in the cloud. Post deal, the company expects to be able to bring new features and services to market more quickly.

European TMT M&A activity focused on telecoms-related deals. Switzerland-based, Sunrise Communications, announced plans to acquire Swiss cable operator UPC Switzerland, a wholly-owned subsidiary of Liberty Global, for an enterprise value of CHF6.3 billion. UPC is Switzerland's leading cable operator with access to 2.3 million homes. For the year ended 31 December 2018, UPC Switzerland generated revenues of CHF1.3 billion and adjusted EBITDA of CHF637 million. The deal reinforces Sunrise's position as the leading converged challenger and the combined group will be better positioned to drive competition with direct benefits for the Swiss economy and consumers.

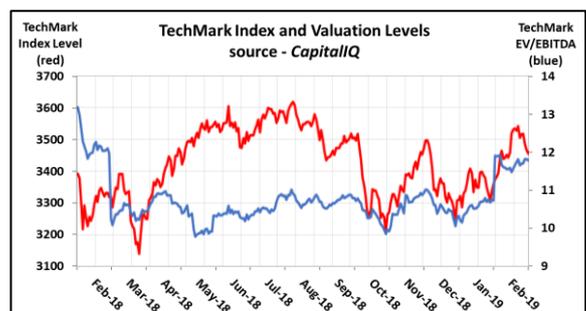
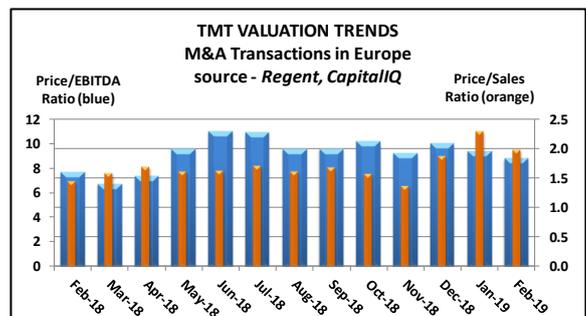
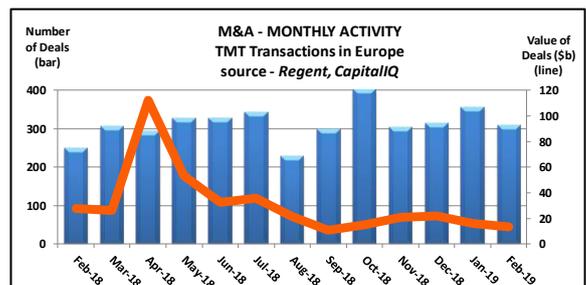
In Spain, Red Electrica Corporacion, through its subsidiary, Red Electrica Sistemas de Telecomunicaciones, reached an agreement with Abertis to acquire 89.68% of Hispasat for €949 million. By business volume, Hispasat is the number one operator of satellite infrastructure in Spain and Portugal, the fourth operator in Latin America and the eighth operator worldwide, with revenues of €204 million in 2018. The agreement will allow a significant expansion of the Group's telecommunications business towards new customer segments and geographical areas, in addition to exploring potential synergies with the Group's existing fibre optic business.

In the US, Johnson & Johnson announced that its subsidiary, Ethicon, agreed to acquire Auris Health for approximately \$3.4 billion in cash plus an earnout of up to \$2.35 billion. Auris Health is a privately held developer of robotic technologies, initially focused in lung cancer, with an FDA-cleared platform currently used in bronchoscopic diagnostic and therapeutic procedures. This acquisition will accelerate Johnson & Johnson's entry into robotics with potential for growth and expansion into other interventional applications.

NYSE listed, Ellie Mae, the leading cloud-based platform provider for the US mortgage finance industry, announced that it is to be acquired by private equity firm, Thoma Bravo, in an all-cash transaction that values the business at an equity value of approximately \$3.7 billion.

#### REGENT's View of the Month

After a surge of deals in January, European TMT M&A activity dropped back to just above the average monthly figure for the last two years of 300 deals. The aggregate deal value of \$13 billion was boosted by the Sunrise/UPC deal. Valuation multiples eased back with the Price/Sales ratio down from 2.3 in January to 2.0 in February and the Price/EBITDA ratio dropped from 9.4 in January to 8.8 in February. Listed technology companies, as represented by the UK TechMark index, gained another 2.4% in February.



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