

Publicis completes record deal amid quiet month

Media giant, Publicis Groupe, entered into an agreement to acquire Epsilon Data Management, a data marketing business, from Alliance Data Systems Corporation for \$4.4 billion. The transaction will be fully financed with debt and cash on hand. Epsilon recorded net revenue of \$1.9 billion in 2018, while the net purchase price of \$3.95 billion implies an 8.2x adjusted EBITDA multiple. The deal represents Publicis' biggest ever acquisition.

Deutsche Börse, a German based exchange organisation, agreed to acquire Axioma, a provider of front-to-back investment solutions, for approximately \$850 million. The transaction will be carried out on a cash and debt free basis. As part of the transaction, Deutsche Börse has entered into a strategic partnership with General Atlantic, a leading global growth equity investor, which will invest around \$715 million into the new company. As a result, Deutsche Börse is expected to own approximately 78% of the new company, General Atlantic around 19%, and the Axioma management about 3%. The combined company will be led by current Axioma CEO, Sebastian Ceria. Axioma generated approximately \$100 million revenue in 2018.

Universities Superannuation Scheme, a leading private pension scheme, reached an agreement to acquire KCOM Group, a UK based provider of IT and communications solutions, for approximately \$650 million. The deal values each KCOM share at \$1.23, and the transaction is to be financed from a combination of equity and third-party debt. Post-completion, KCOM will be delisted and will be re-registered as a private limited company, with the management of KCOM retained.

The media sector witnessed some important transactions: Altice USA reached an agreement to acquire an unknown stake in Cheddar for \$200 million; while BBC Studios signed an agreement to acquire seven UKTV Channels from Discovery for approximately \$223 million, in a mix of cash, debt and share of dividend. Moreover, Entertainment One UK Holdings entered into a share purchase agreement to acquire Audio Network for approximately \$236 million, valuing the company at 15 times its EBITDA.

In the USA, private equity firm, Siris Capital, acquired digital printing company Electronics for Imaging for \$1.7 billion, representing a premium of 26% to the company's closing share price.

Electronics manufacturer, Hitachi, entered into an agreement to acquire JR Automation Technologies, a US based robotic systems integrator, from Crestview Partners for \$1.4 billion. JR Automation generated \$600m revenue in 2018.

REGENT ASSAY's View of the Month

The downward trend continued this month, with European TMT M&A activity lower both in terms of deal value and number of transactions, with only one deal surpassing the \$1 billion benchmark. Price/EBITDA and Price/Sales ratios also decreased, from 9.5 to 9 and from 1.6 to 1.4 respectively, which meant that the ratios were both well below their average monthly figure of the past 12 months. However, listed companies continued to perform strongly as the TechMark Index gained some momentum to reach just under 3620 points, up 3% from the previous month.



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