

Silverpeak Benchmark Report Q2 2018

*A review of key company valuation metrics in the UK,
European and US Application Software sectors*



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Overview



// SELECTED RECENT SOFTWARE EXPERIENCE

// REPORT HIGHLIGHTS

// METRICS : REVENUE MULTIPLES

// METRICS : EBITDA MULTIPLES

// METRICS : SUMMARY

// COMPANY CATEGORISATION

US / France

Software for multi public cloud data management

Investment by

April 2018

US / Luxembourg

Investment in

Social media analytics & monitoring software

January 2018

Germany / Germany

Excellent eBusiness Software.

SaaS business e-commerce middleware platform

Sale of majority stake to

October 2017

UK / US

Payment software for the hospitality sector

Sold to

October 2017

Germany / Germany

POS Payment specialist

Sale of controlling stake to

October 2017

UK / UK

Fleet management technology & software

Strategic advice buyside

June 2017

Germany / Germany / US

Investment by

Cognitive insight platform

Advisor to Genui

May 2017

UK / UK / US

Empowering Mobile Workers

Logistics software

Sold to

April 2017

UK / US

Employee performance optimization software

Sold to

February 2017

Germany / China

Hotel management SaaS

Sold to

August 2016

Key Takeaways

01

US SaaS companies continued to maintain momentum and reached a new peak revenue multiple during this quarter as contractual recurring revenues continue to attract a premium

02

US Vertical revenue multiple continues to recover after a record peak at the beginning of Q1 and the subsequent correction

03

US Horizontal and US Vertical revenue multiples diverged after trading at similar levels during most of the quarter. US SaaS profitability at 9.5% is only 4.3% below Europe at 13.8%

04

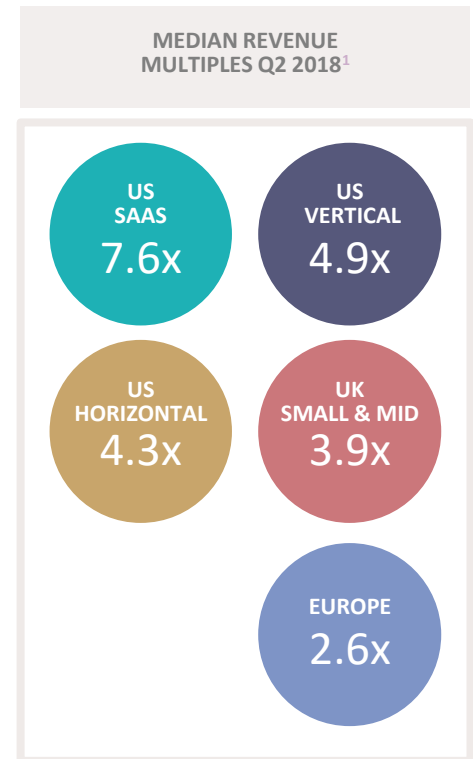
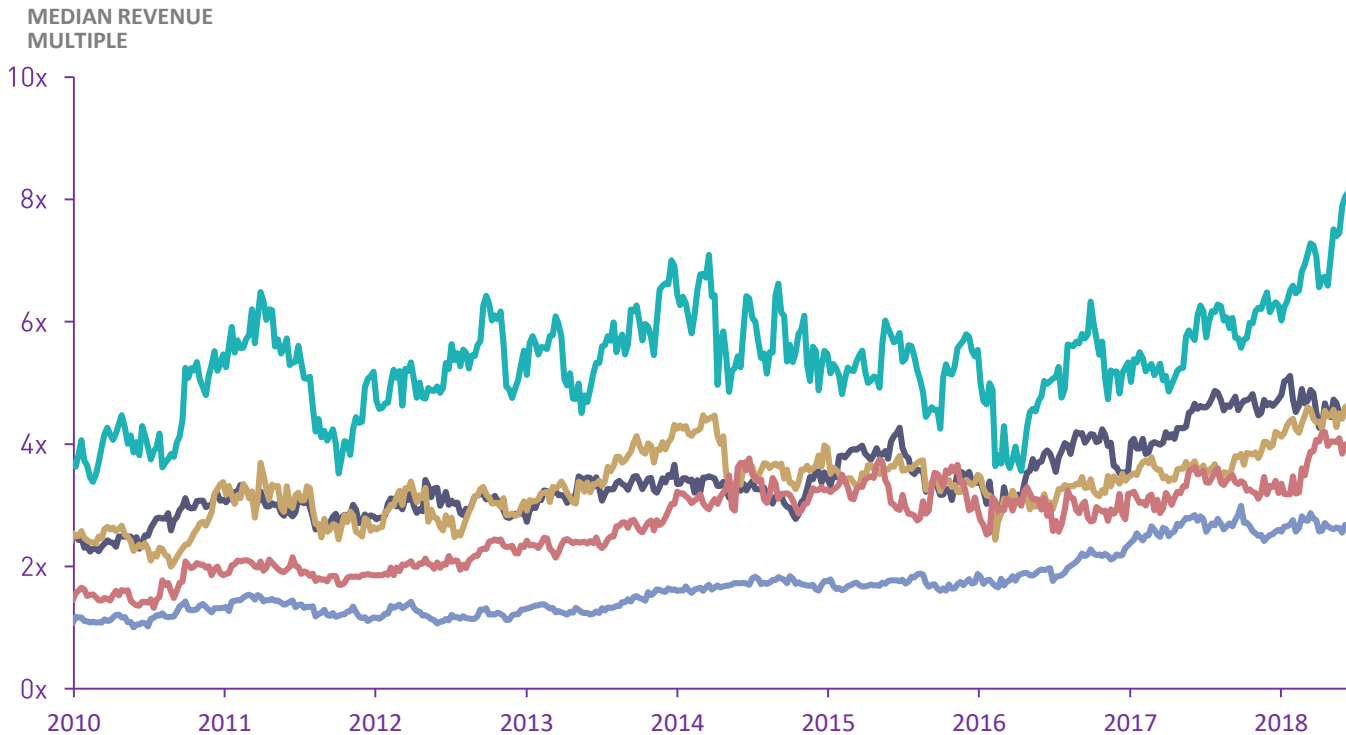
UK Small & Mid corrected after reaching a record at the end of Q1, but still trading at a high level. European companies continue to show the lowest valuations amongst the different categories

Report Summary

CATEGORY	MEDIAN REVENUE MULTIPLES ¹		COMMENTARY
	Q1 2018	Q2 2018	
US SaaS	7.1x	+8.0% 7.6x	<ul style="list-style-type: none"> • Median revenue multiple reached an all time high of 8.2x, but fell back to 7.6x at the period end • Rose by 0.5x QOQ and 1.5x YOY reinforcing that recurring revenues continue to attract a premium • Median revenue growth forecasts of 20.3% remain the highest amongst all other categories
US Vertical	4.5x	+8.2% 4.9x	<ul style="list-style-type: none"> • Continues to recover following the correction seen after the record peak (5.1x) in Q1 2018 • Median EBITDA margin has fallen QOQ and YOY to 16.8% • TEV/EBITDA multiples rose by 29% to close at 27.5x
US Horizontal	4.4x	-1.1% 4.3x	<ul style="list-style-type: none"> • Reached an all time high of 4.7x during the quarter but closed at 4.3x • Median EBITDA margin remains high at 17.6%, revenue growth improved to 13.4% (+213% YOY) • In contrast, TEV/EBITDA remains relatively low compared to other US categories at 20.4x
UK Small & Mid	4.1x	-4.2% 3.9x	<ul style="list-style-type: none"> • Experienced a slight correction, after peaking at the end of Q1 2018, but still trading up 9% YOY • Median EBITDA margins remain high at 18.2% and slowly increasing QOQ and YOY • Revenue growth expectation is the lowest of the 5 categories, being down QOQ and YOY
Europe	2.8x	-4.6% 2.6x	<ul style="list-style-type: none"> • Continues to show the lowest valuations amongst the different categories • Median revenue multiples remained stable within a range of 0.2x during the quarter • Revenue growth improved to 11.6% YOY but declined QOQ, profitability remains stable at 13.8%

¹ As at 30th June, 2018 Source: Silverpeak / S&P Capital IQ

Software sector valuation metrics: revenue multiples

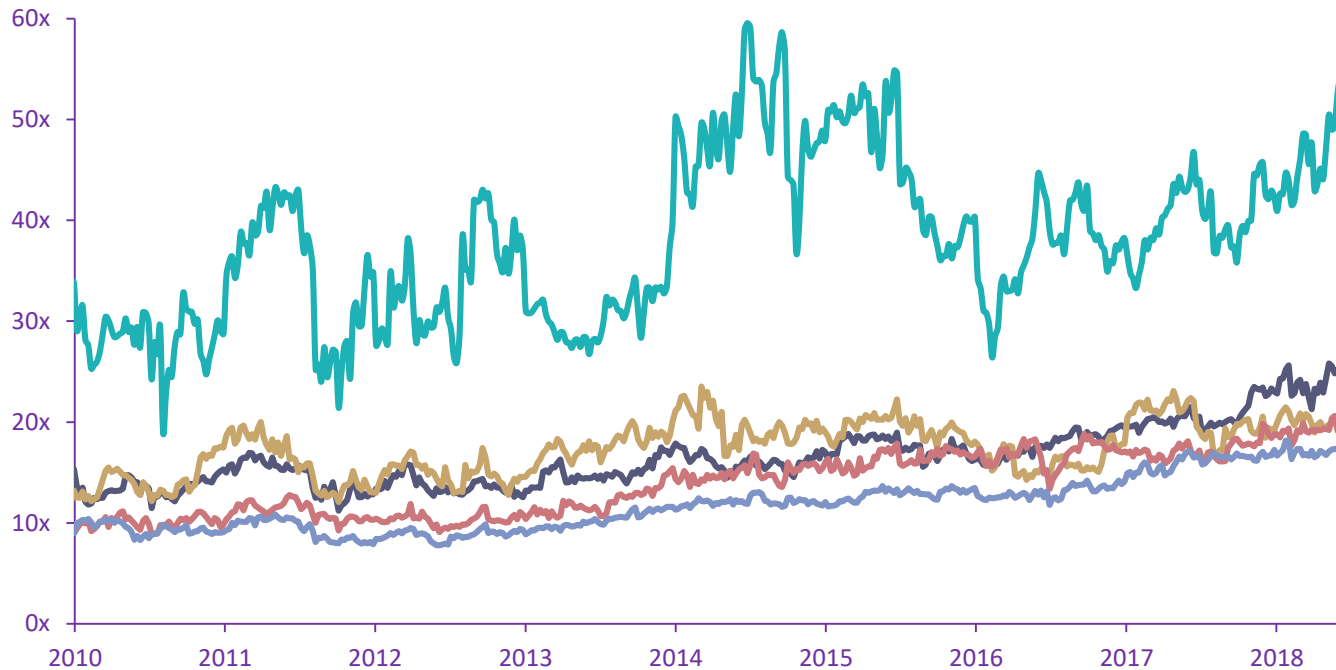


US SaaS continued its momentum reaching an all-time high in the quarter
 US Vertical and Horizontal diverged. UK Small & Mid remain high after peaking in Q1

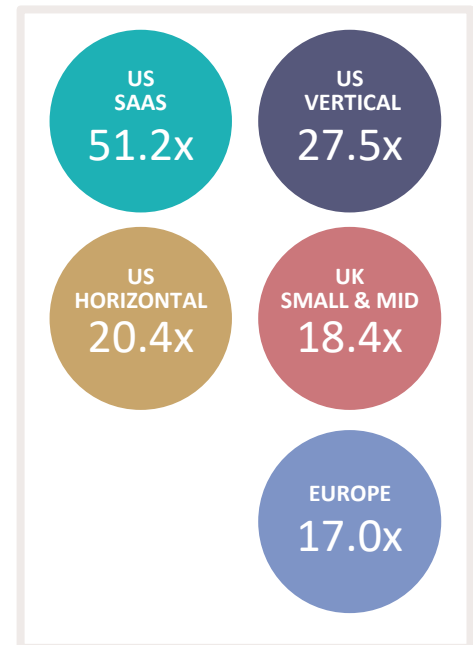
¹ As at 30th June, 2018 Source: Silverpeak / S&P Capital IQ

Software sector valuation metrics: EBITDA multiples

MEDIAN EBITDA MULTIPLE



MEDIAN EBITDA MULTIPLES Q2 2018¹



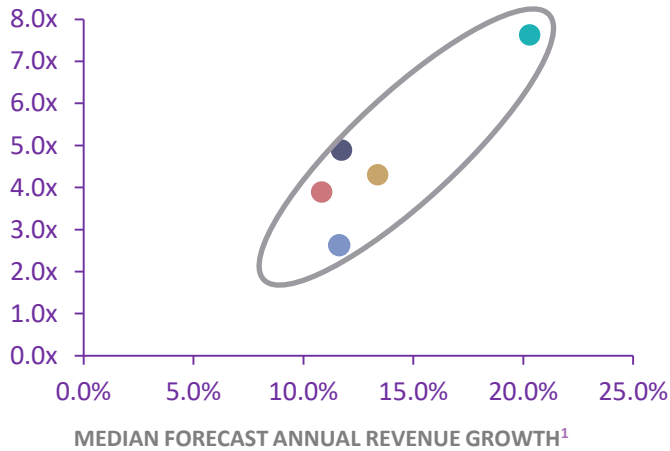
US SaaS returned to 2015 levels

US Vertical saw peak multiples and diverged further from US Horizontal

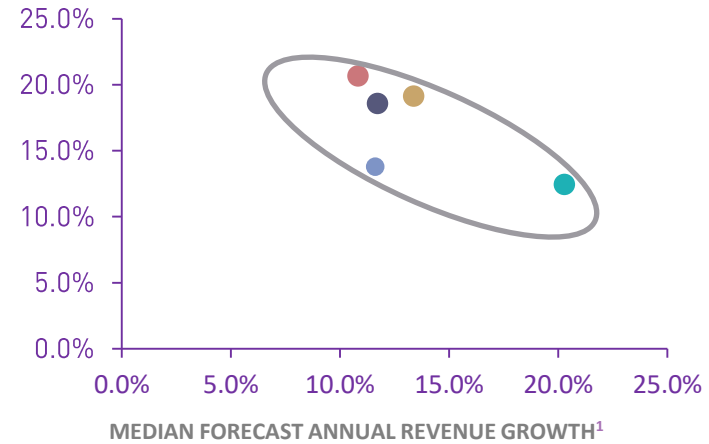
¹ As at 30th June, 2018 Source: Silverpeak / S&P Capital IQ

Software sector valuation metrics¹: summary

MEDIAN REVENUE MULTIPLE¹



MEDIAN EDITDA MARGIN¹



- US SaaS
- US Vertical
- US Horizontal
- UK Small + Mid
- Europe

¹ As at 30th June, 2018 Source: Silverpeak / S&P Capital IQ

Company categorisation

For comparison purposes, we've grouped companies covered in the report into one of five categories



US SaaS
US publicly quoted application software companies operating a pure Software as a Service model

US Vertical
US publicly quoted application software companies with a strong focus on one (or a small number of) vertical market(s) e.g. healthcare, financial services etc.

US Horizontal
US publicly quoted application software companies selling solutions across a wide range of verticals

UK Small & Mid*
Small and medium sized (by market capitalisation) UK publically quoted application software companies

Europe*
European publicly quoted application software companies

*We've grouped UK and Europe companies in this manner because sample sizes do not permit a breakdown into horizontal vs vertical vs SaaS focused companies.

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