

Silverpeak Benchmark Report Q1 2019

*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

GB | IE

dictate.it

Clinical speech recognition services & software

Sale

Clanwilliam group

December 2018

FR | FR

sentryo

M2M cybersecurity for the industrial internet

Investment by

sopra steria BNP PARIBAS DEVELOPPEMENT

OMNES ALLIANCE ENTREPRENDRE

krexix ACE REPLY BREED

November 2018

GB | GB

ticketer

Public bus smart ticketing & cloud management platform

MBO

TENZING
PRIVATE EQUITY

October 2018

GB | GB

OXBOTICA

Autonomous vehicle software

Investment by

ipgroup PARKWALK

AXA XL GROUP

September 2018

US | GB | FR

SCALITY

Software for multi public cloud data management

Investment by

bpi france GALILEO INVESTMENT

HMC Harbert Management Corporation Hewlett Packard Enterprise idinvest

iris capital Menlo OMNES CAPITAL

April 2018

GB | US

CAKE

Mobile payment & analytics platform

Sale

October 2017

GB | GB

LYCEUM CAPITAL

Isotrak

Fleet management technology & software

Strategic advice
buyside

verilocation
tracking solutions

June 2017

GB | US

Blackbay
Empowering Mobile Workers

Logistics software

Sale

BLU JAY
SOLUTIONS

April 2017

Key Takeaways

01

US SaaS median revenue multiple rocketed by 49.5% QOQ to 8.2x, reaching the previous peak. In the meantime, its revenue growth expectation declined by 6.5% QOQ to 18.9%

02

US Horizontal and US Vertical revenue multiples followed the trend of US SaaS TEV/Sales and increased by 23.9% and 18.1% QOQ respectively

03

UK Small & Mid diverged further from US multiples, having closed the gap in 2018. Its revenue growth forecast fell by 2.1% QOQ to 10.6%

04

European companies, who continue to have the lowest valuations, were the only category that experienced a drop in TEV/Sales QOQ, from 2.0x (Q4'18) to 1.9x (Q1'19)

After the Q4'18 drop across different categories, US multiples recovered strongly during Q1'19

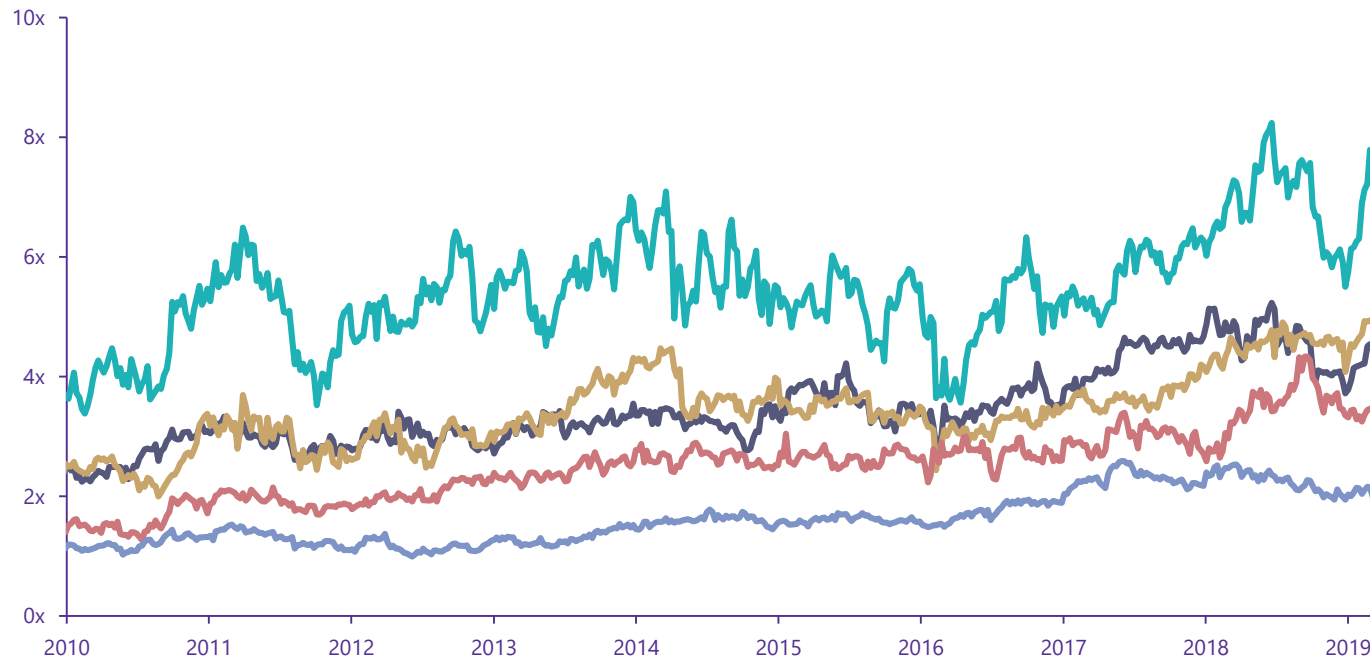
Report Summary

CATEGORY	MEDIAN REVENUE MULTIPLES ¹		COMMENTARY
	Q4 2018	Q1 2019	
US SaaS	5.5x	+49.5% 8.2x	<ul style="list-style-type: none"> Revenue multiple soared from 5.5x (Q4) to 8.2x at the end of Q1 (49.5% QOQ and 16.3% YOY) Median EBITDA margin dropped slightly by 0.3% QOQ to 11.1% Revenue growth rate declined significantly from 25.4% last quarter to 18.9%
US Vertical	3.7x	+18.1% 4.3x	<ul style="list-style-type: none"> TEV/Sales grew by 18.1% QOQ but fell by 4.2% YOY Revenue growth saw a minor decline to 9.4% from 10.0% in the previous quarter EBITDA margin climbed slightly from 17.0% (Q4) to 17.6% (Q1)
US Horizontal	4.1x	+23.9% 5.1x	<ul style="list-style-type: none"> Median revenue multiple increased to 5.1x (23.9% QOQ and 14.9% YOY) EBITDA margin declined to 17.2% from 17.7% in the previous quarter Revenue growth expectation also went down from 12.2% last quarter to 11.8%
UK Small & Mid	3.2x	+1.7% 3.3x	<ul style="list-style-type: none"> Median revenue multiple saw the smallest growth QOQ by 1.7% Median EBITDA margin rose marginally by 0.6% QOQ to 17.8% Revenue growth forecast decreased by 2.1% QOQ to 10.6%
Europe	2.0x	-1.6% 1.9x	<ul style="list-style-type: none"> Remained trading at the lowest valuations amongst the different categories Median revenue multiple reached a peak of 2.2x during Q1 although closed at 1.9x Revenue growth expectation fell by 1.1% QOQ and 3.4% YOY to 10.2%

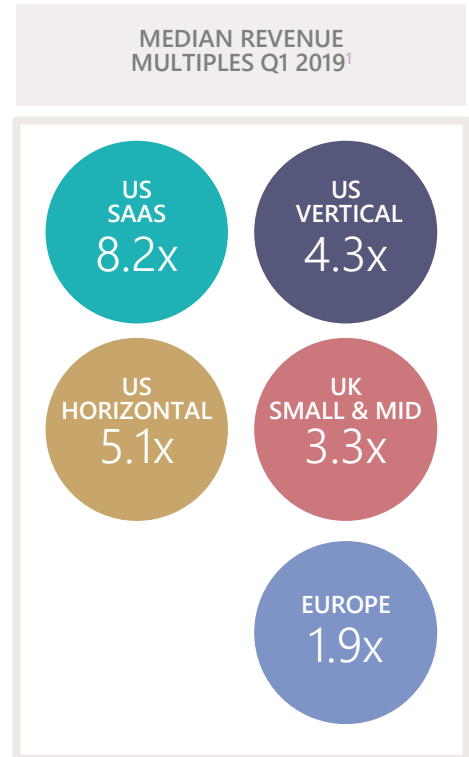
¹ As at 31st March, 2019 Source: Silverpeak / S&P Capital IQ

Software sector valuation metrics: revenue multiples

MEDIAN REVENUE MULTIPLE



MEDIAN REVENUE MULTIPLES Q1 2019¹

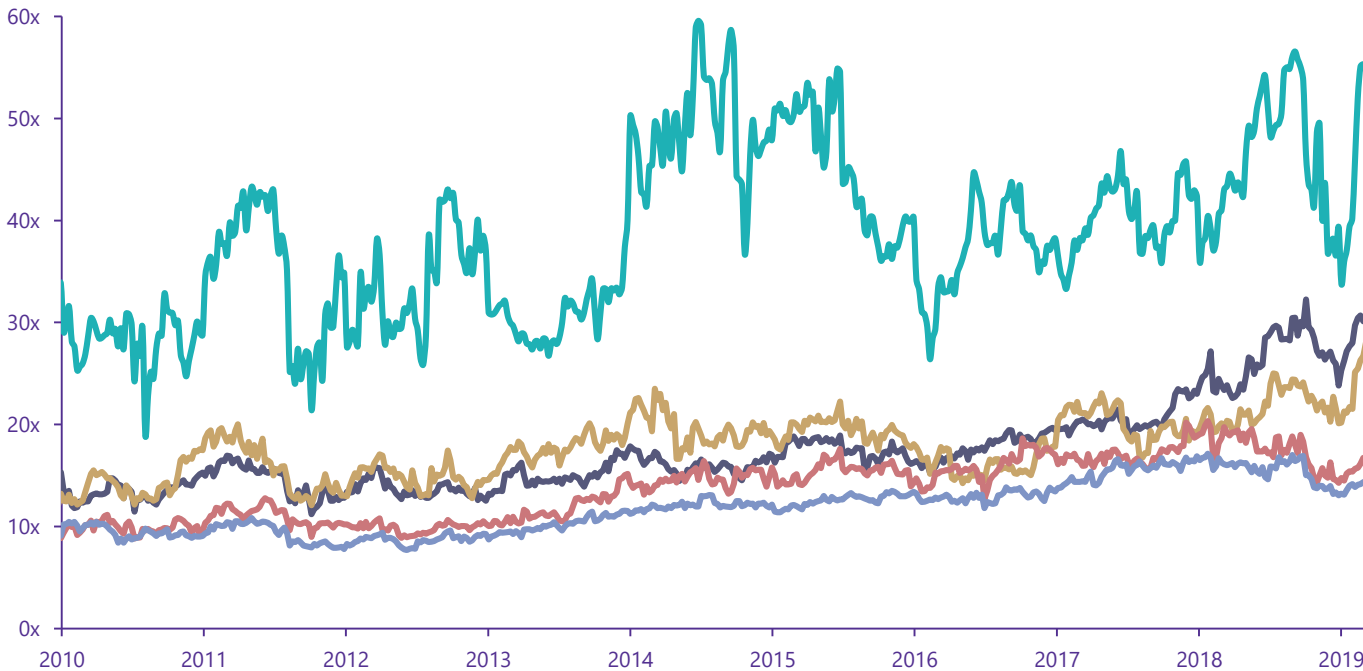


US SaaS skyrocketed in Q1, closing at 8.2x, having peaked at 8.3x during the period
 Both US Vertical and US Horizontal improved in Q1

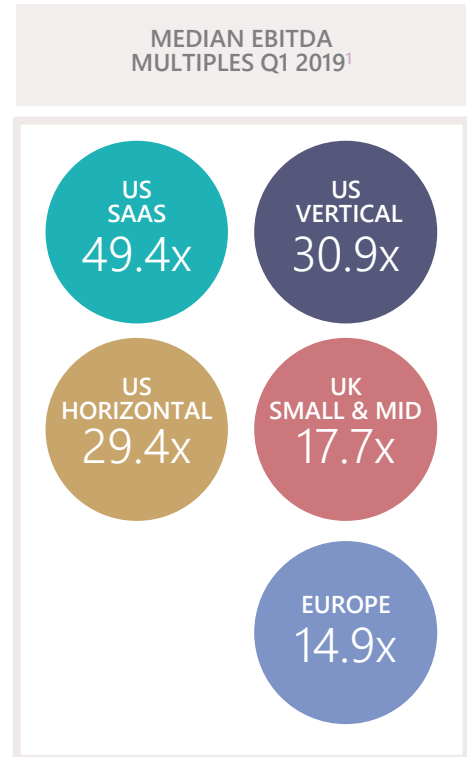
¹ As at 31st March, 2019 Source: Silverpeak / S&P Capital IQ

Software sector valuation metrics: EBITDA multiples

MEDIAN EBITDA MULTIPLE



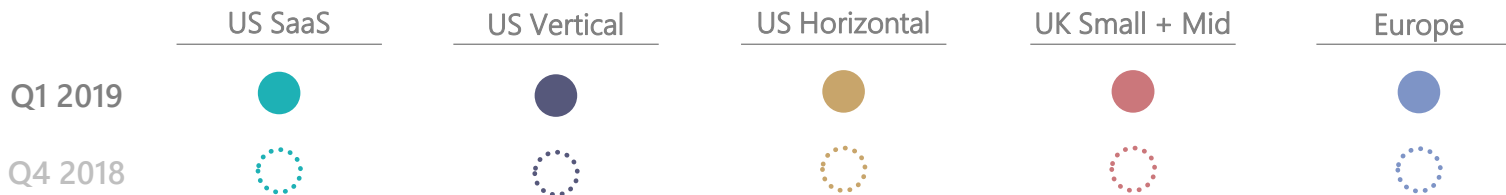
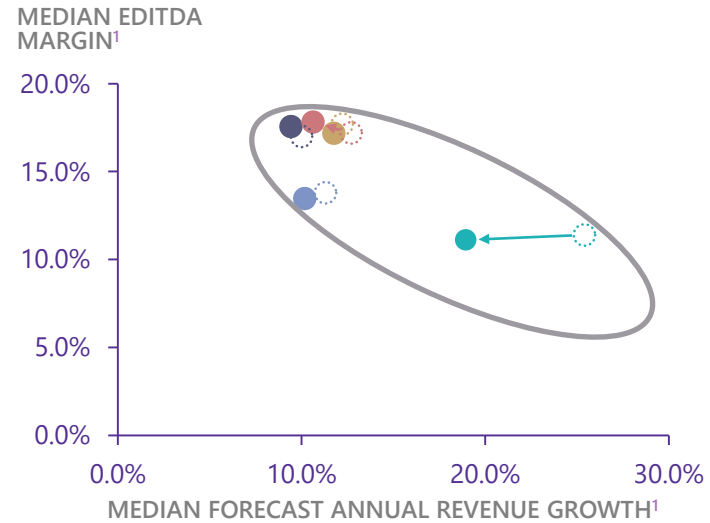
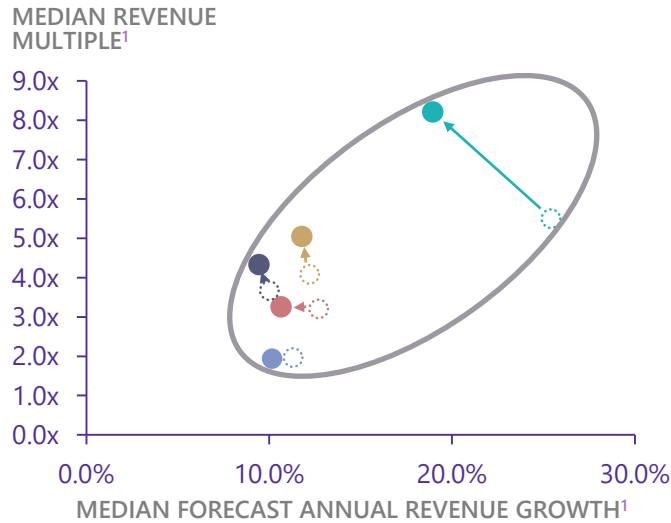
MEDIAN EBITDA MULTIPLES Q1 2019¹



All five categories closed higher than the 2018 year end levels
 Although US SaaS soared to 55.6x during Q1, it dropped to 49.4x in the last week of the quarter

¹ As at 31st March, 2019 Source: Silverpeak / S&P Capital IQ

Software sector valuation metrics¹: summary



¹ As at 31st March, 2019 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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