

Silverpeak Benchmark Report Q2 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 | GB | US

Autonomous vehicle software

Investment by

July 2019

GB | GB

SaaS RPA platform

Sale (announced)

June 2019

FR | US

M2M cybersecurity for the industrial internet

Sale (pending)

June 2019

US | NL | BE

Hospitality ERP SaaS

Sale

June 2019

IT | NL

Fingerprint scanners & software

Sale

December 2018

GB | IE

Clinical speech recognition services & software

Sale

December 2018

FR | FR

M2M cybersecurity for the industrial internet

Investment by

November 2018

GB | GB

Public bus smart ticketing & cloud management platform

MBO

October 2018

GB | GB | US

Autonomous vehicle software

Investment by

September 2018

US | GB | FR

Software for multi public cloud data management

Investment by

April 2018

Denotes Silverpeak transaction

Key Takeaways

01

US SaaS median revenue multiples have continued to rise, surpassing their previous quarter end, 8.2x, by 7%; whilst also reaching an all time high of 9.4x during the quarter. In the meantime, its revenue growth expectation rose by 1.3% QOQ, showing positive signs

02

US Horizontal and US Vertical both saw similar changes in median EBITDA margin; however, the latter saw a 8.2% increase in median revenue multiples whilst the former saw a 9.1% fall

03






UK Small & Mid median revenue multiples were recovering, closed 6.7% higher than the previous quarter; however, they are still 10% lower than they were at the same quarter last year (3.9x)

04

European companies continue to have the lowest valuations, with no sign of this trend changing any time soon, despite 18.2% increase in median revenue multiples along side improved revenue growth forecast

US SaaS multiples reached highest value since 2010

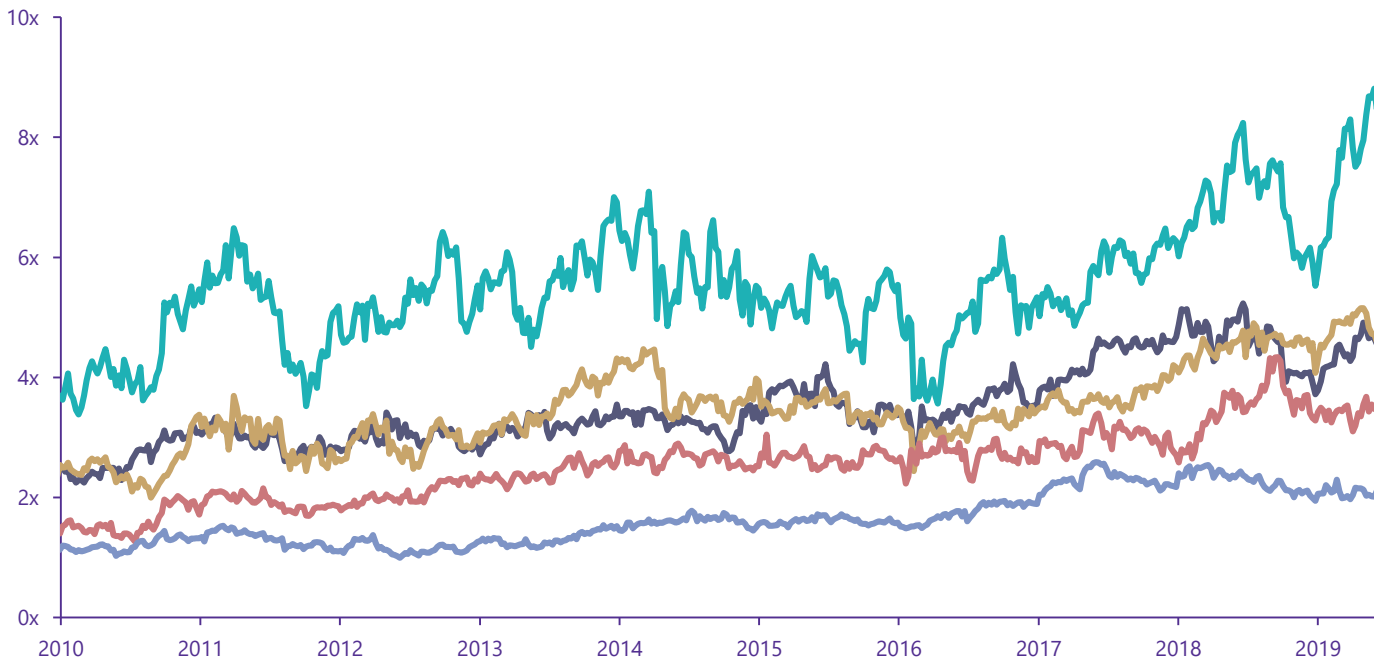
Report Summary

CATEGORY	MEDIAN REVENUE MULTIPLES ¹		COMMENTARY
	Q1 2019	Q2 2019	
US SaaS	8.2x	 +7.2% 8.8x	<ul style="list-style-type: none"> Revenue multiples rose from 8.2x (Q1) to 8.8x at the end of Q2 (7.2% QOQ and 16% YOY) Median EBITDA margin dropped slightly by 0.6% QOQ to 10.5% Revenue growth rose from 18.9% last quarter to 20.2%, close to the Q2'18 value (20.3%)
US Vertical	4.3x	 +8.2% 4.7x	<ul style="list-style-type: none"> Median revenue multiples rose 8.2% QOQ however fell 5% YOY Revenue growth saw an increase to 10.2% from 9.4% in the previous quarter EBITDA margin fell slightly YOY from 18.6% to 17.4%
US Horizontal	5.1x	 -9.1% 4.6x	<ul style="list-style-type: none"> Median revenue multiples decreased 9.1% QOQ but increased 8% YOY to 4.6x EBITDA margin declined to 16.4% from 17.2% the previous quarter Revenue growth expectation didn't change from last quarter but fell by 1.6% YOY
UK Small & Mid	3.3x	 +6.7% 3.5x	<ul style="list-style-type: none"> Median revenue multiples saw an increase QOQ by 6.7% Median EBITDA slid to 14.8% from 17.8% last quarter and 20.7% same quarter last year Median revenue multiples saw a 6.7% rise from last quarter; however, this is down 10% YOY
Europe	1.9x	 +18.0% 2.2x	<ul style="list-style-type: none"> Remained trading at the lowest valuations amongst the different categories Median revenue multiples rose the most out of all the categories from last quarter Revenue growth expectation rose by 0.8% QOQ and down by 0.6% YOY to 11.0%

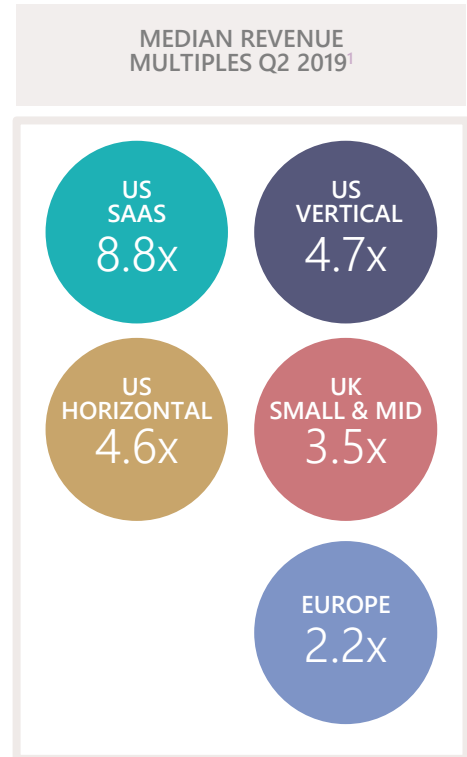
¹ As at 30th June, 2019 Source: Silverpeak / S&P Capital IQ

Software sector valuation metrics: revenue multiples

MEDIAN REVENUE MULTIPLE



MEDIAN REVENUE MULTIPLES Q2 2019¹

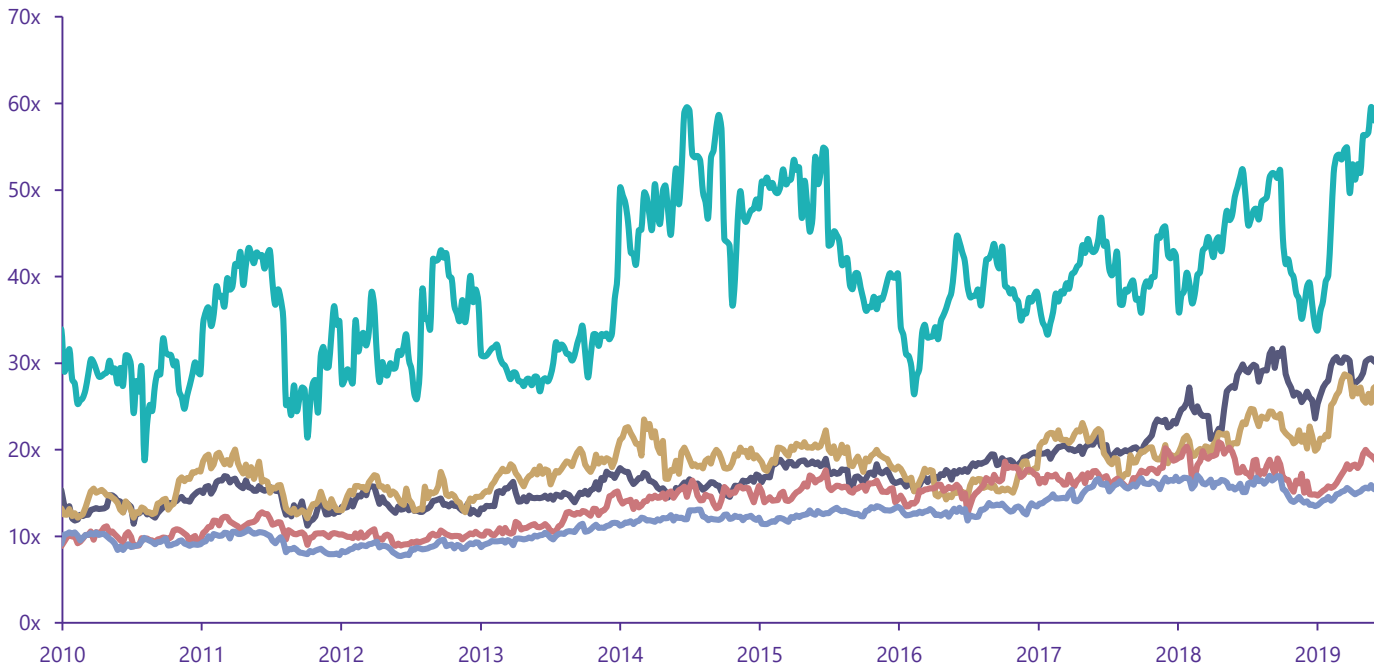


US SaaS boomed to 9.4x during the last two weeks of Q2 before falling to 8.8x at the quarter close
 All saw a rise in multiples from Q1 except US Horizontal

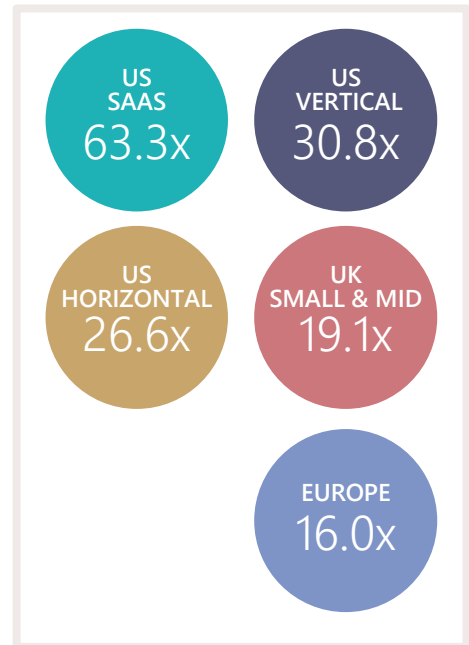
¹ As at 30th June, 2019 Source: Silverpeak / S&P Capital IQ

Software sector valuation metrics: EBITDA multiples

MEDIAN EBITDA MULTIPLE



MEDIAN EBITDA MULTIPLES Q2 2019¹

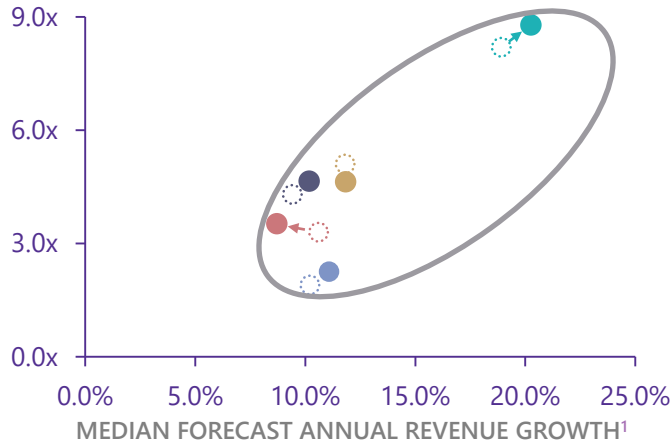


Except US Horizontal and US Vertical, other categories closed higher than the previous quarter
 US SaaS soared from 49.4x to 63.3x

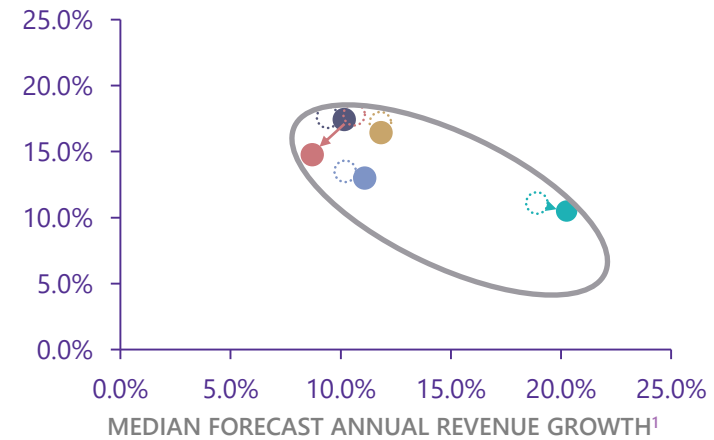
¹ As at 30th June, 2019 Source: Silverpeak / S&P Capital IQ

Software sector valuation metrics¹: summary

MEDIAN REVENUE MULTIPLE¹



MEDIAN EBITDA MARGIN¹



	US SaaS	US Vertical	US Horizontal	UK Small + Mid	Europe
Q2 2019					
Q1 2019					

¹ As at 30th June, 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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