

OPTIMISING EXITS FOR EUROPEAN TECHNOLOGY COMPANIES

30 April 2018



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M&A trends & valuation metrics

Pietro Strada, Silverpeak



What we do

Advising Management &
Shareholders

{ Financial
or
Strategic } parties around
the world

25
years in Technology

Global reach to **45+**
countries worldwide

50
transactions since
2015

Funding,
Full Sale
Partial Sale

Public & Private
**mid-market
technology**
companies

70%
deals with overseas
parties

Also on the ground in San Francisco Paris, Milan,
Hamburg, Munich, Berlin

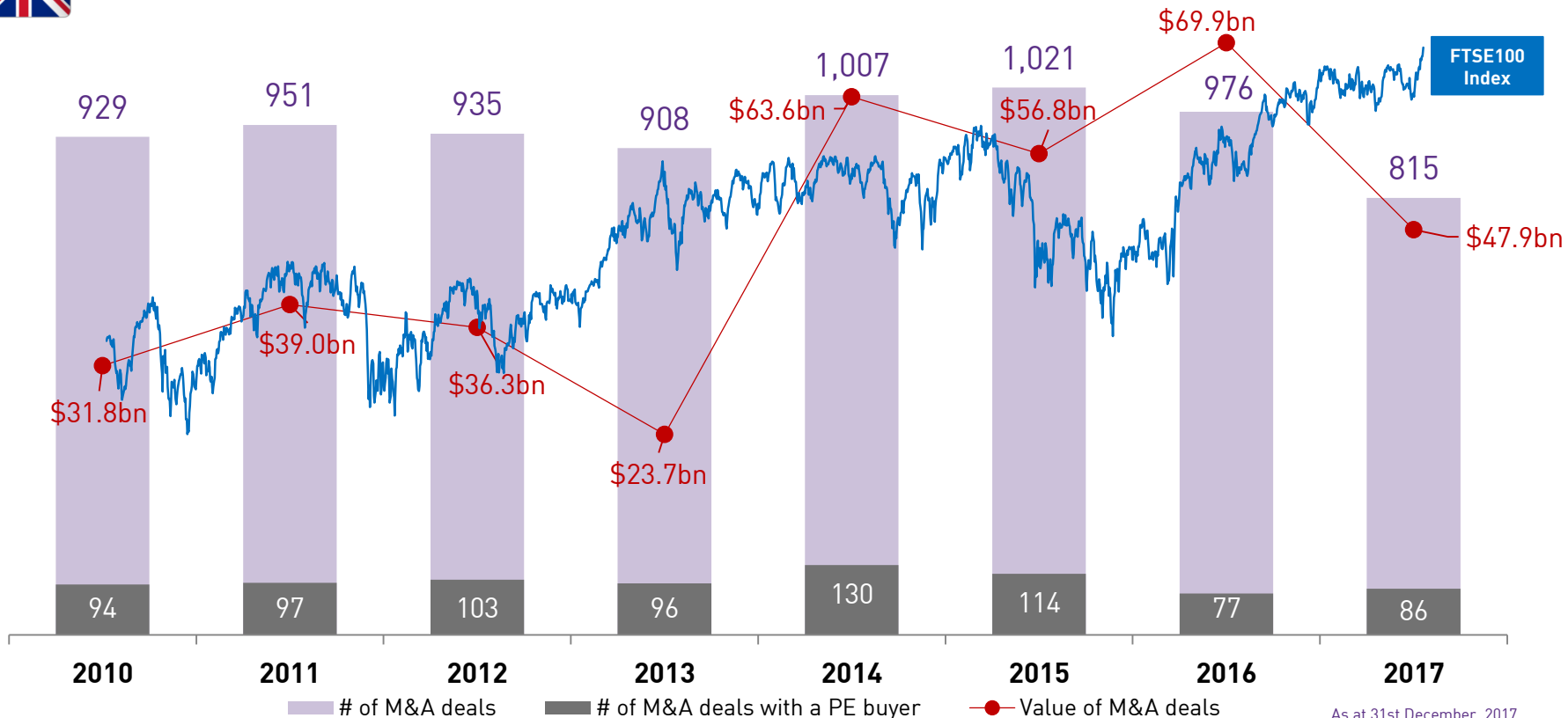
Exceptional professionalism
Blue-chip investment advisory service

9 partners c. 150 years of experience





TMT M&A deals with UK targets: drop in value of the 2017 deals



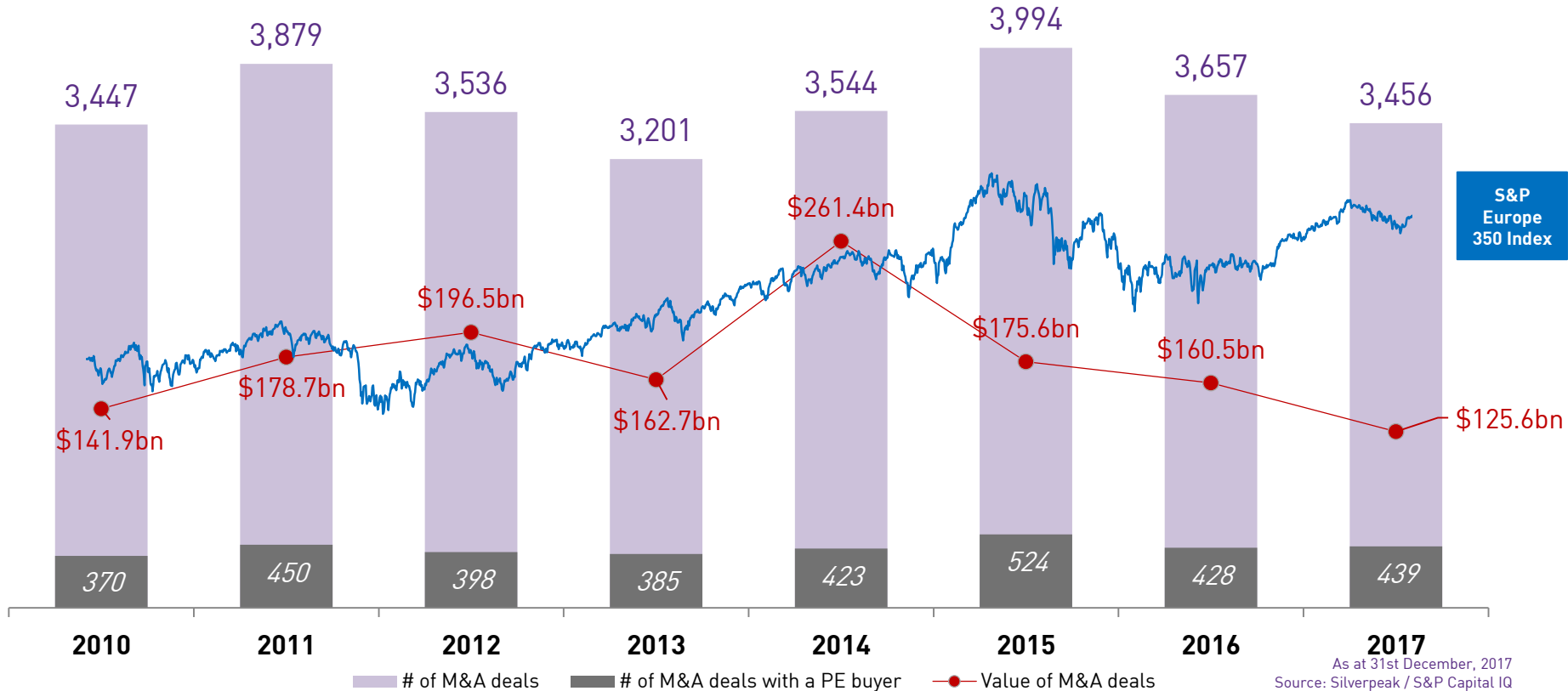
As at 31st December, 2017

Source: Silverpeak / S&P Capital IQ

1: TMT defined as Software, Internet, IT, Hardware (selected), Clean-tech, Med-tech, Media and Telecommunications



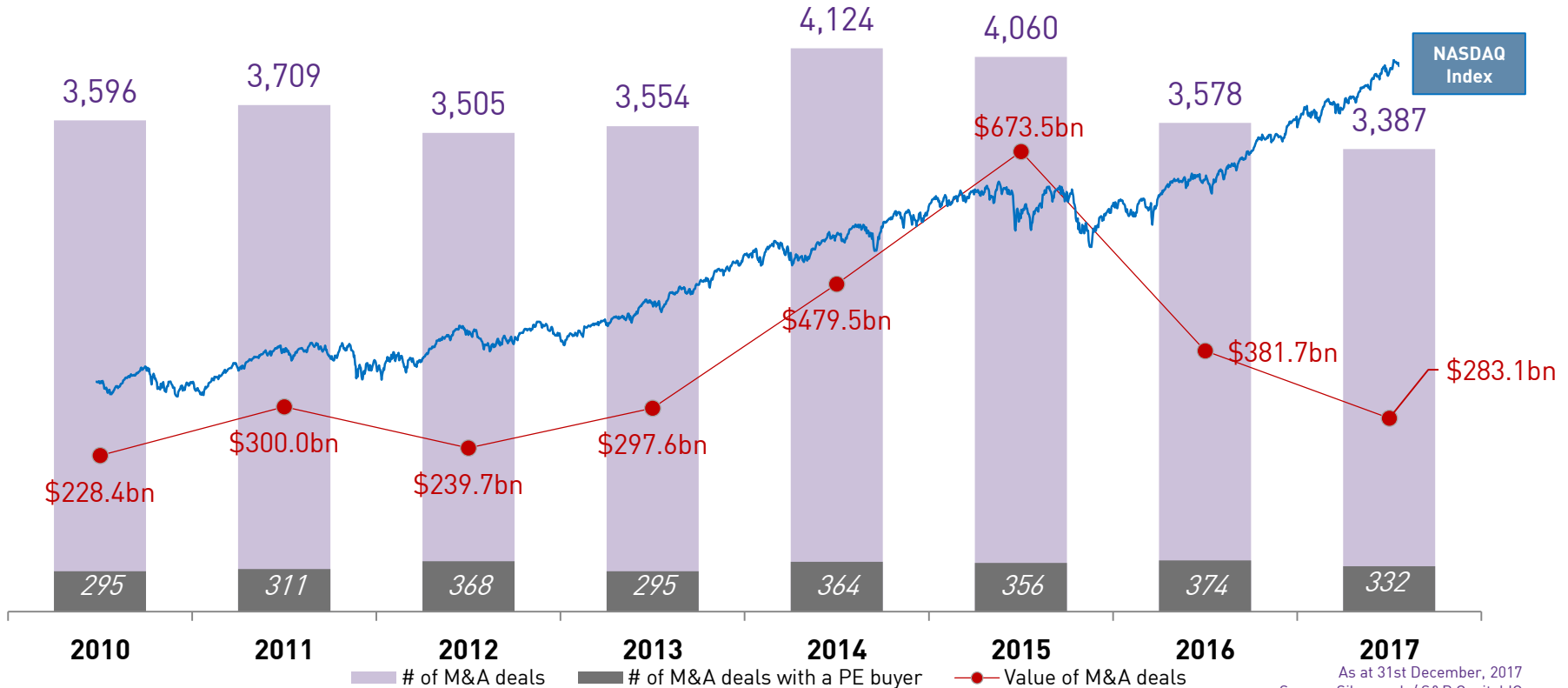
TMT M&A deals with European targets: number peaked in 2015



As at 31st December, 2017
Source: Silverpeak / S&P Capital IQ
Note: all 51 European countries



TMT M&A deals with US targets: peaked earlier in 2014, sharp decrease in value



Software sector valuation metrics: revenue multiples

Median Revenue Multiple

8x
6x
4x
2x
0x

2010 2011 2012 2013 2014 2015 2016 2017 2018

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

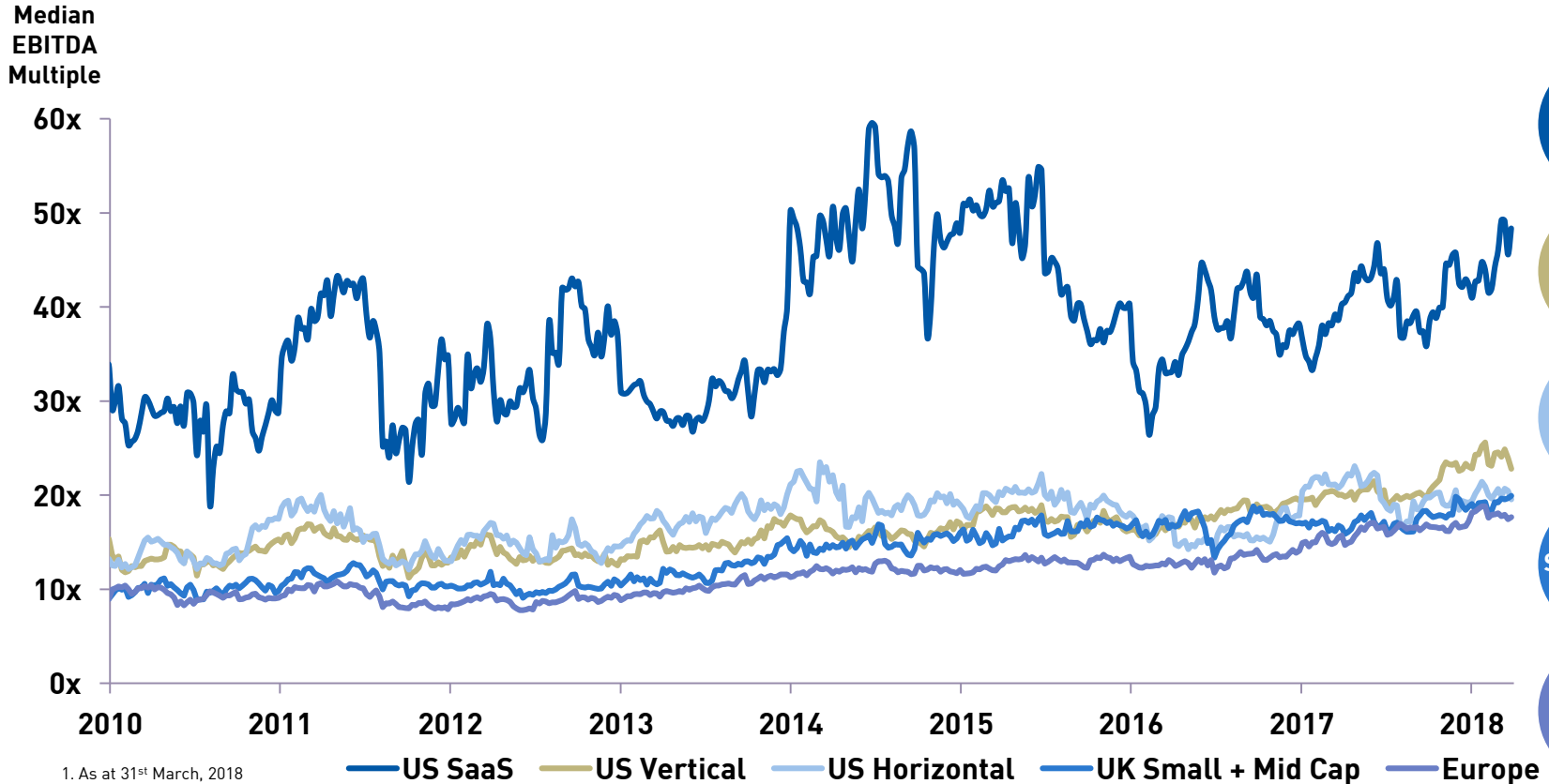
Median revenue multiples¹: Q1 2018

- US SaaS 7.1x
- US Vertical 4.5x
- US Horizontal 4.4x
- UK Small & Mid 4.1x
- Europe 2.8x

1. As at 31st March, 2018
Source: Silverpeak / S&P Capital IQ

Software sector valuation metrics: EBITDA multiples

Median EBITDA multiples¹: Q1 2018



1. As at 31st March, 2018
Source: Silverpeak / S&P Capital IQ

US software & SaaS giants dominate

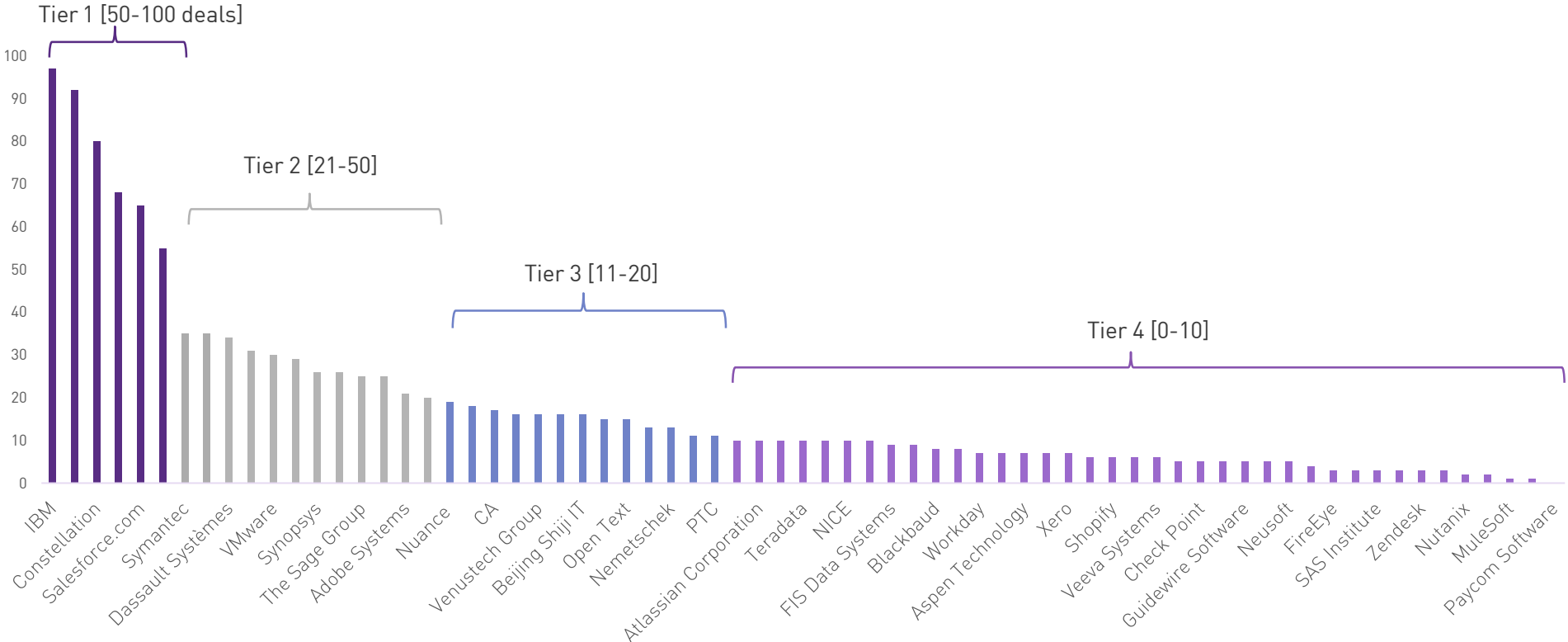
Geographical distribution based on HQ location



Source: S&P Capital IQ, Silverpeak analysis

The most acquisitive software & SaaS giants

Aggregate number of acquisitions per company, 2012-2017

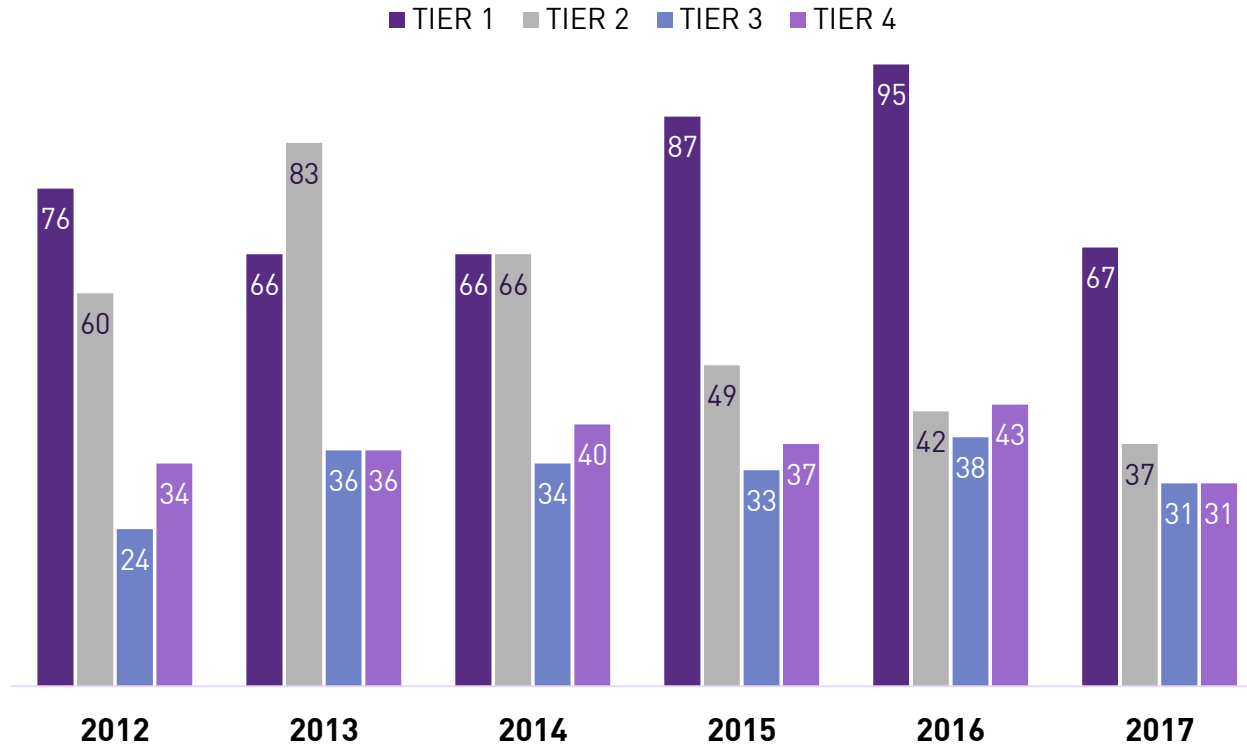


Source: S&P Capital IQ, Silverpeak analysis



The most acquisitive buyers in Tiers 1 and 2 are slowing down

Aggregate number of acquisitions per tier

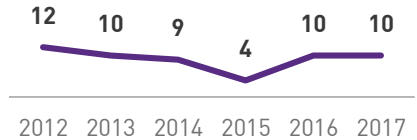
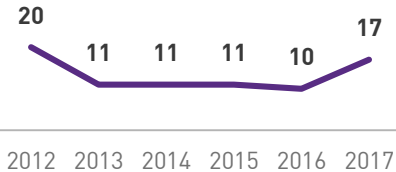
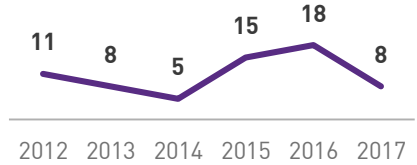
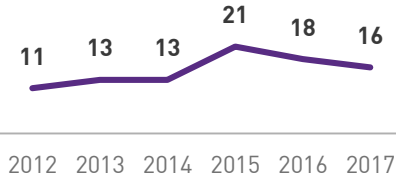
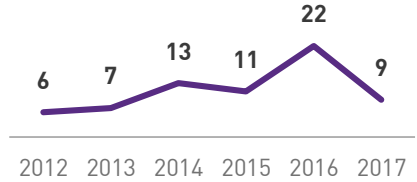
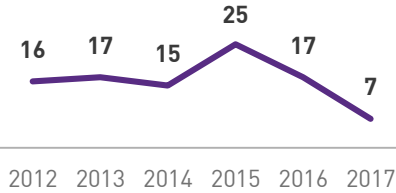


- Tier 1 buyers saw the most pronounced drop following a very active 2015-16 period
- Tier 2 buyers have slowed their acquisition activity following a peak in 2013
- Tier 3 and 4 buyers have been more stable and at similar levels of deal numbers

Source: S&P Capital IQ, Silverpeak analysis



Most active software & SaaS acquirers (Tier 1)

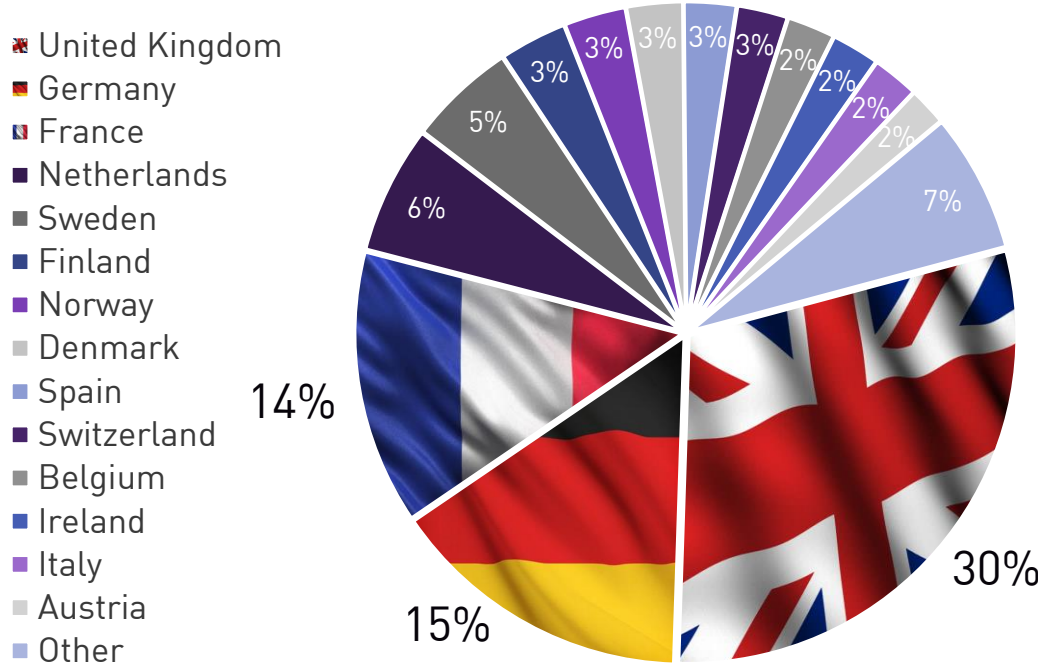


Source: S&P Capital IQ, Silverpeak analysis



Nordics collectively similar to Germany and France

Breakdown of number of acquisitions by location of target from 2012-2017



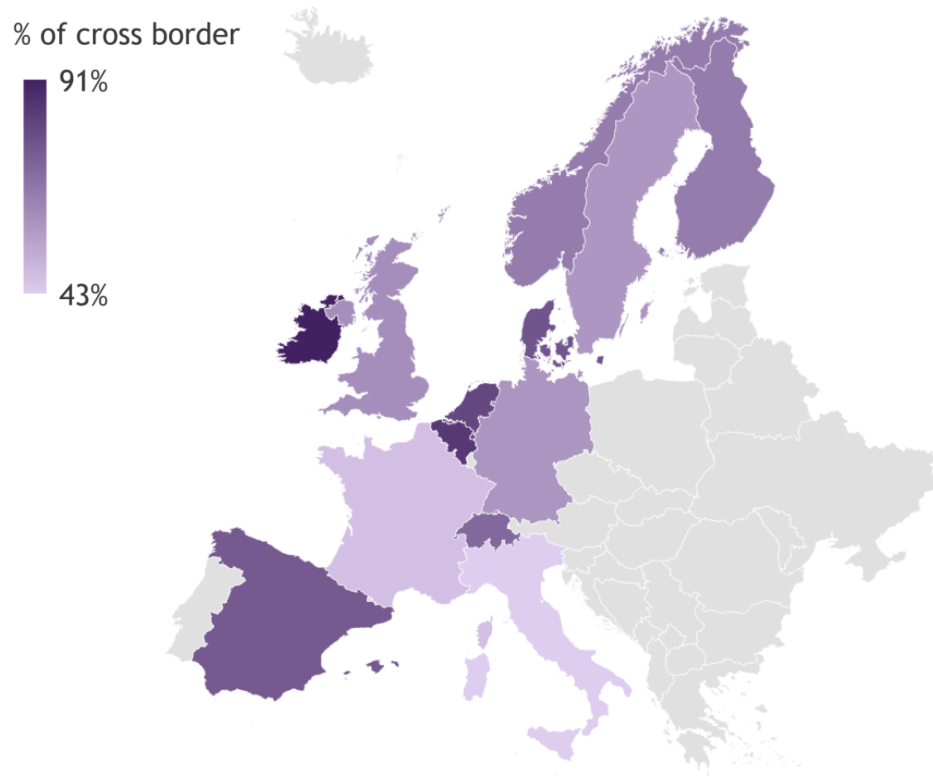
- The UK alone had a 30% share of all deals
- Germany and France saw a similar level of deals at 15% and 14% respectively
- Nordic countries collectively represented a significant share of software and SaaS M&A deals comparable to France and Germany

100% = 1,469 deals

Source: S&P Capital IQ, Silverpeak analysis



Over half of all buyers are 'foreign' but varies greatly between countries



- Ireland has the highest rate across Europe where 91% of deals are cross-border
- Spain, Netherlands, Belgium and Denmark also have high rates of cross-border deals ranging from 75% to 85%
- France and Germany, however, tend to have more in-country deals with only 50% to 60% of foreign buyers

Source: S&P Capital IQ, Silverpeak analysis



Most active strategic US buyers of European software businesses



Source: S&P Capital IQ, Silverpeak analysis



Most active strategic European buyers of European software businesses

8 ADDNODE GROUP

7  HEXAGON

6   

5  access  econocom  sopra  steria

4  ALLGEIER  ideagen  Keylane  Schneider Electric  Wolters Kluwer  WPP

Source: S&P Capital IQ, Silverpeak analysis



Take away points

- Of European software exits:
 - **25%** to **US** buyers
 - **65%** to **European** buyers
- Financial buyers completed c.10% of all deals within the last 3 years
- Few strategic and financial acquirers are repeat-buyers of European software businesses
- Dassault is the most acquisitive European large software company (Ranked #9)
- **9 of the 16 most active buyers** of software companies are **NOT one of the 69** global software leaders



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My Exit Experience

Charlotte Dales, Cake Technologies



3

Achieving strategic value

Paddy MccGwire, Silverpeak



The 3 hats



Be clear on your objectives



The 3 hats



Company



Shareholder




Management

Identify individual objectives




Different positive outcomes




DeepMind

Artificial Intelligence

sold to





ACTIVUS

InsurTech

sold to





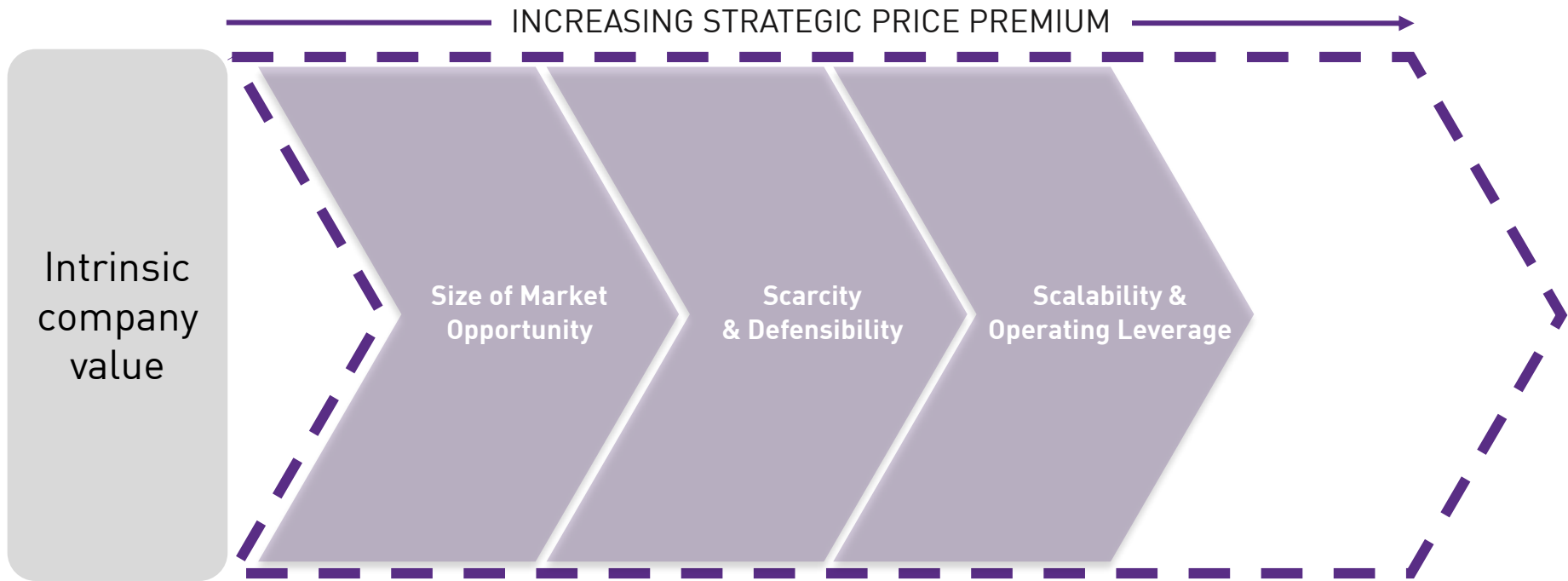
Shareholder
refresh

€20m growth capital
€25m existing share sale

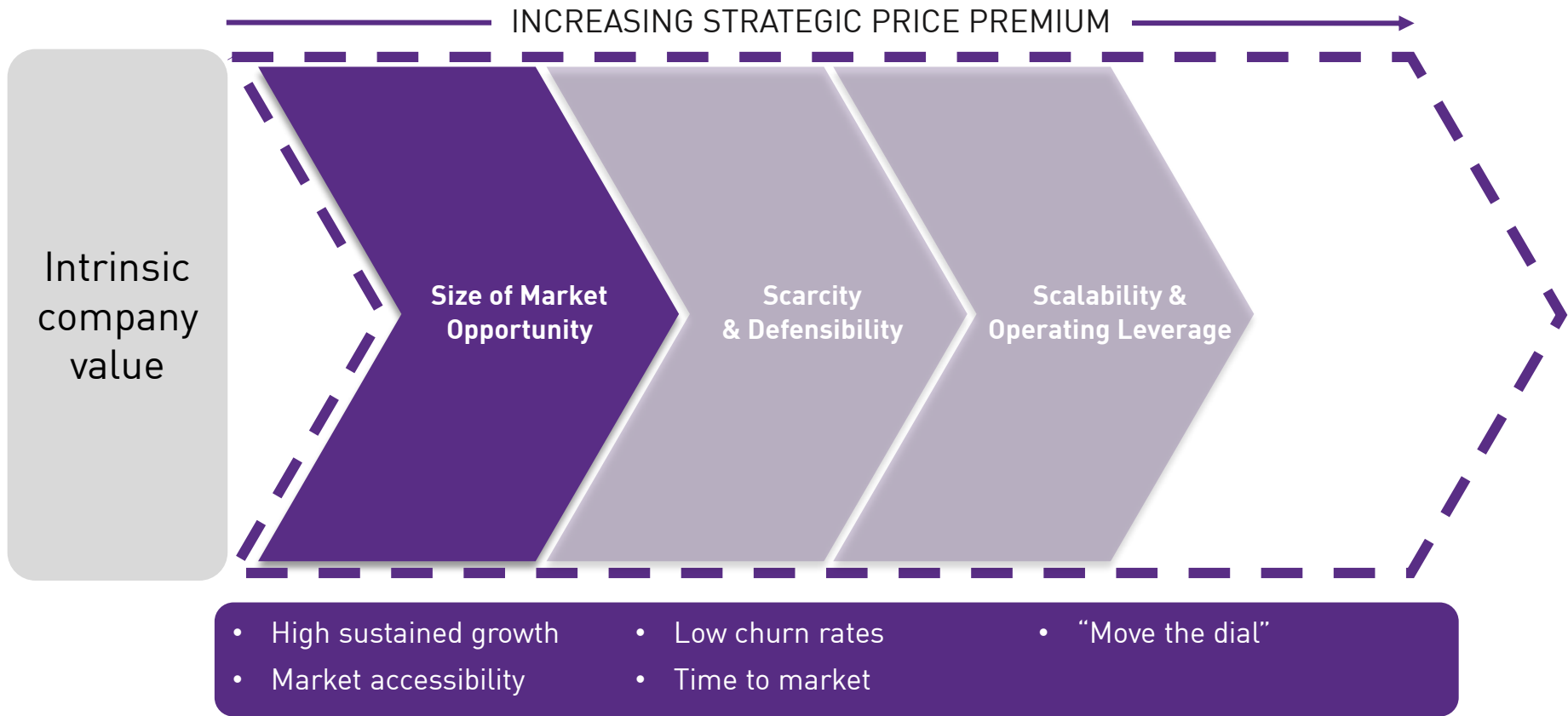
Private Equity



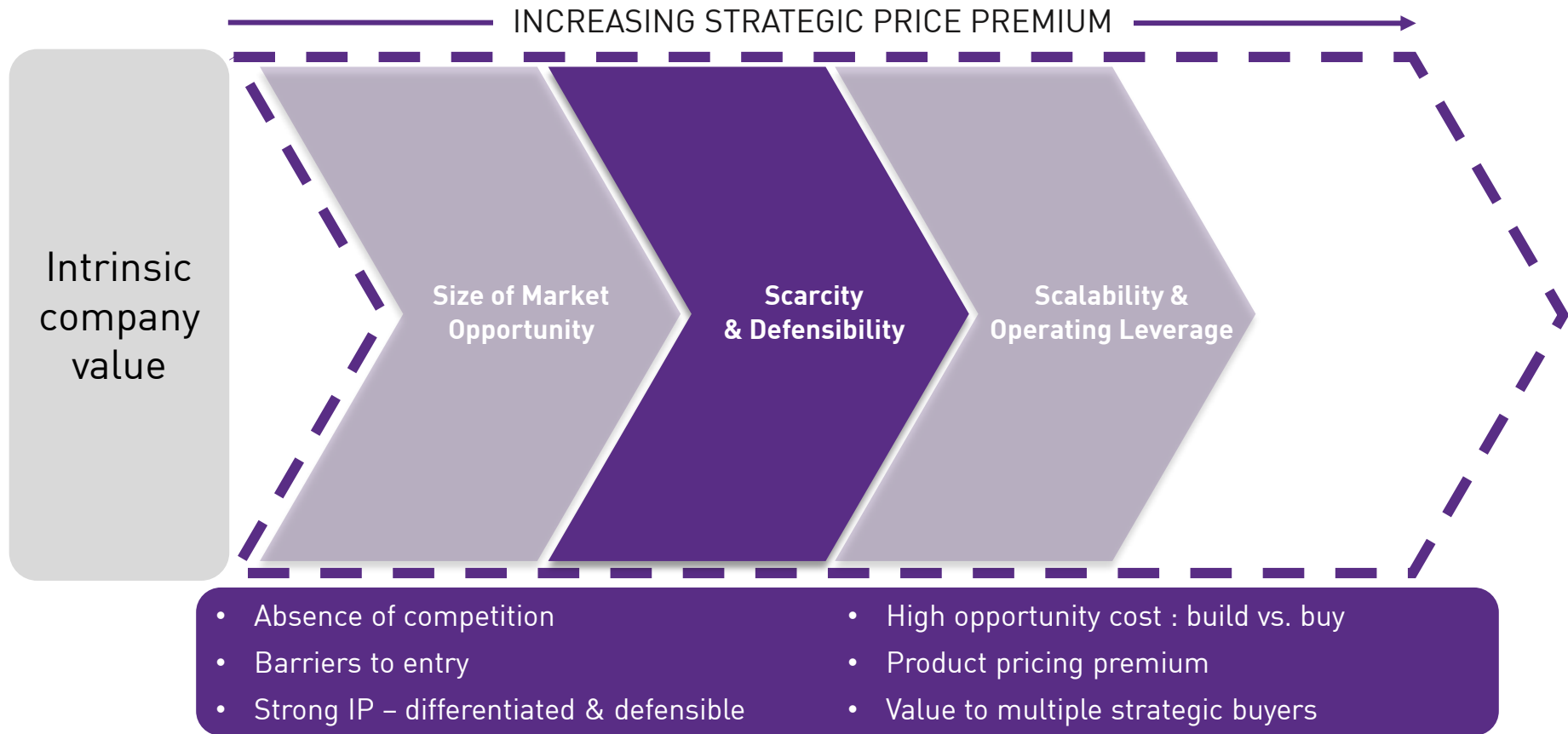
Getting strategic value



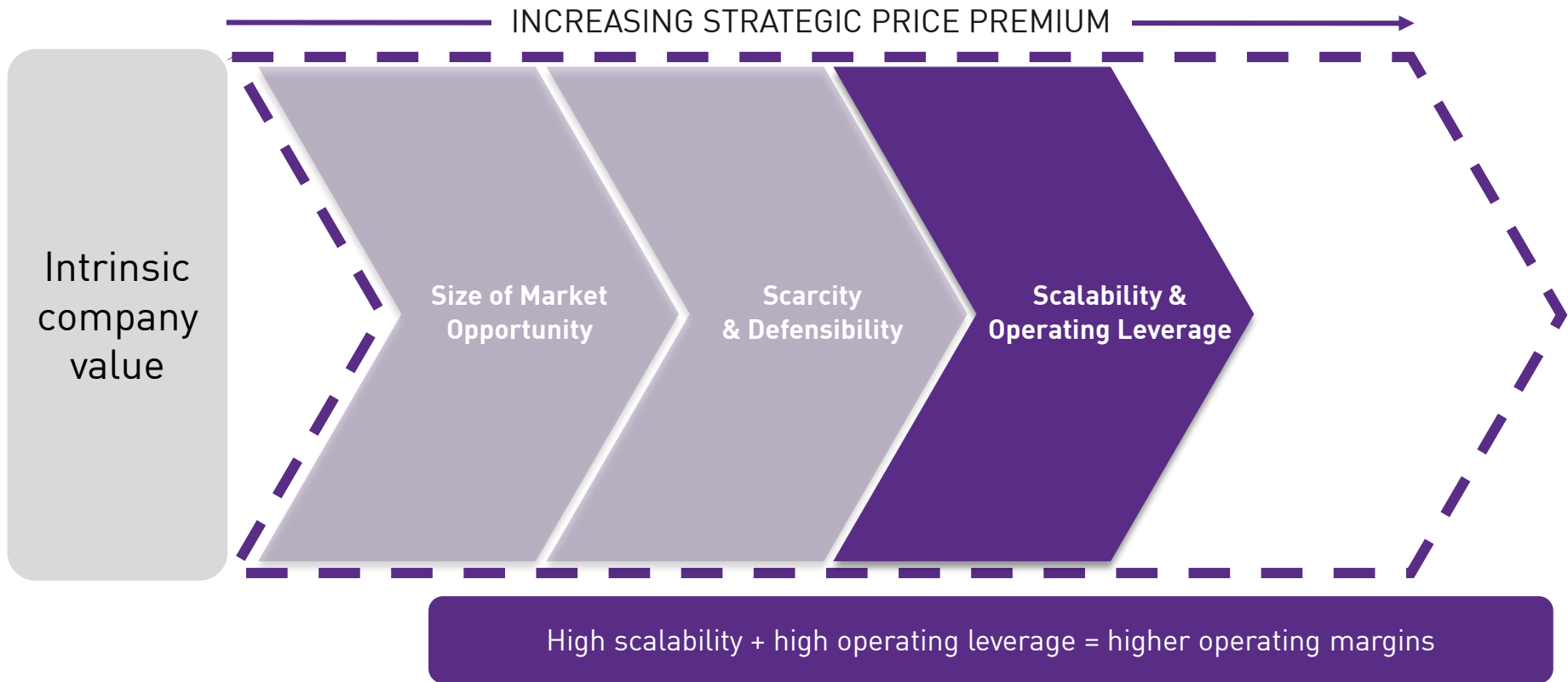
Getting strategic value



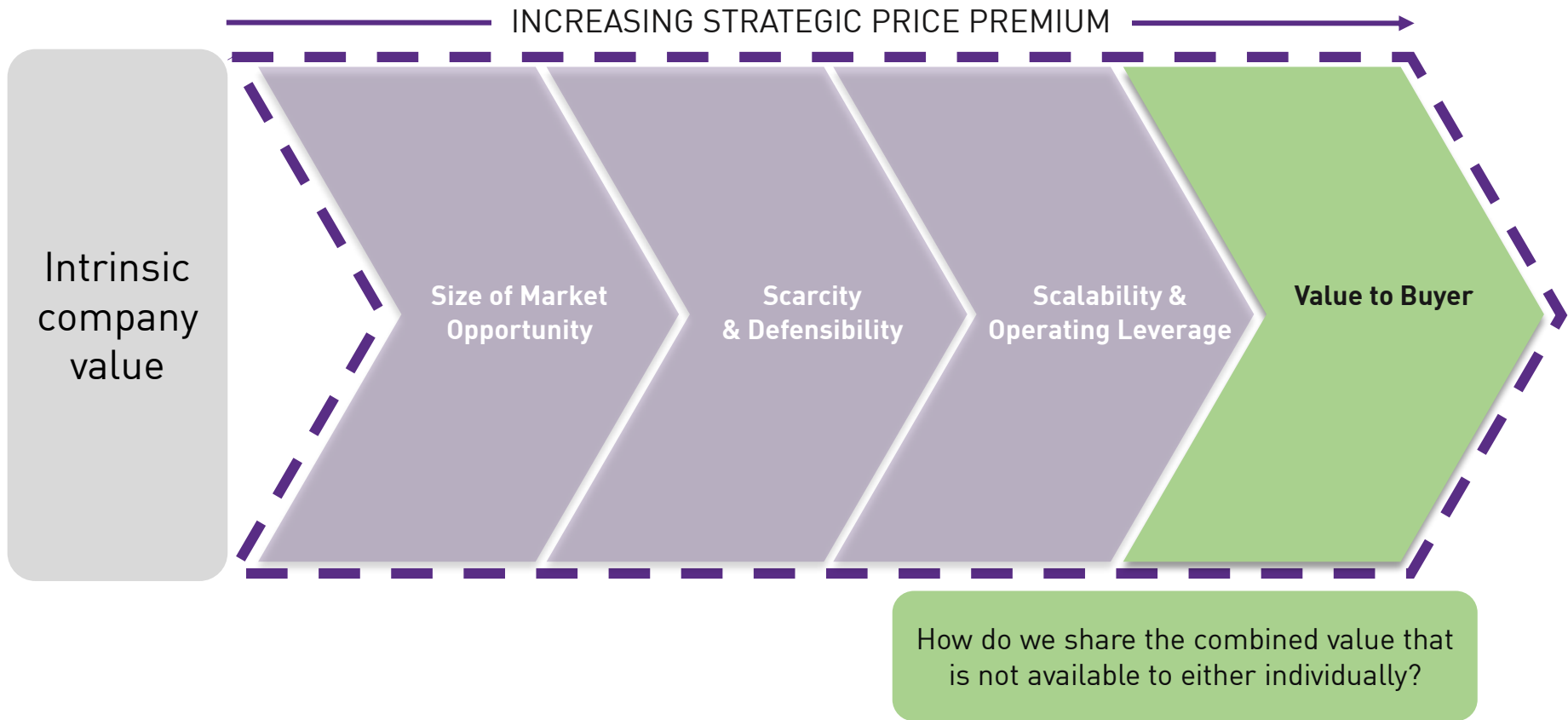
Getting strategic value



Getting strategic value



Getting strategic value

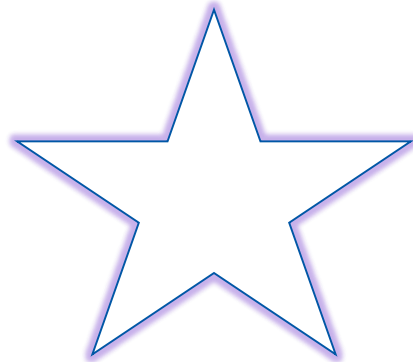


Getting strategic value

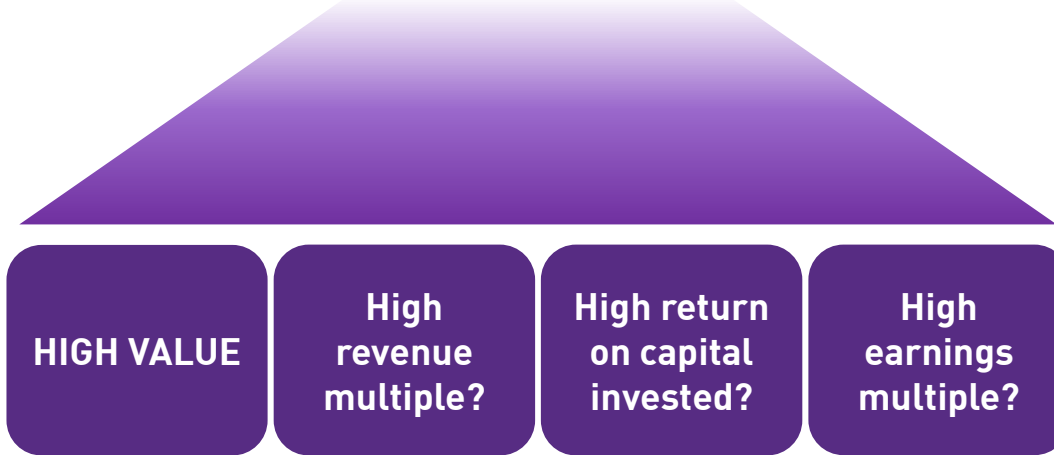
- ▶ Start when ready
 - ▶ Prepare thoroughly
 - ▶ Target acquirers globally
- ▶ Create a market
 - ▶ Articulate clearly
 - ▶ Help the acquirer help you
- ▶ Be realistic and run a competitive process

Appoint **quality advisers!**





So what is a Stellar Exit?



THANK YOU

