

Regent Assay's View of the Month

December wrapped up a bumpy year within European TMT by offering yet another contrasting picture of the M&A market. Transaction volume dropped by 42%, down from 206 to 120, a record low, while aggregate deal value, at \$22.5bn, was broadly within average. More interestingly, the median P/Sales figure increased for a fourth consecutive month to reach 2.5x, a remarkable figure, especially after it had shrunk considerably between May and August. The P/EBITDA multiple stood at 12.2x, meaning it has only been below the 10x mark on 3 occasions this year. Sellers will find reassurance in these figures going into the new year and will hope that companies, particularly those sitting on large cash reserves, will continue to offer similar premiums in 2021.

Foley Trasimene, a special purpose acquisition company, and Paysafe, a leading integrated payments platform based in the UK, announced on 7 December their intention to merge. The newly combined group, which the merger values at \$9 billion, will operate as Paysafe and plans to list on the NYSE. Paysafe is a leading integrated payments platform, with a two-sided consumer and merchant network, whose core purpose is to enable businesses and consumers around the world to connect and transact through payment processing, digital wallet, and online cash solutions.

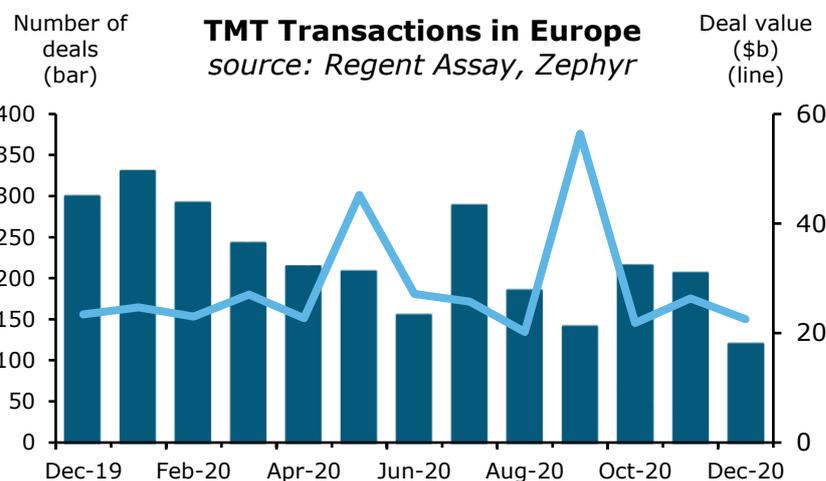
On 17 December, UK based, TalkTalk Telecom Group, announced it had agreed a \$1.5 billion takeover offer by Tosca IOM. TalkTalk is one of the UK's leading connectivity providers supplying landline, broadband, TV and mobile services to over four million customers. TalkTalk's fixed-line unbundled network currently covers approximately 96 per cent. of UK homes. The buyer is a newly incorporated company formed by asset manager Toscafund, which has been a supportive investor in TalkTalk since 2016, and private equity Penta. TalkTalk divested of FibreNation earlier this year for \$260m.

US based, Cisco, announced on 7 December the acquisition of IMImobile for an aggregate purchase price of \$730 million. IMImobile, which is headquartered in London and trades on the LSE, provides software and services which allow businesses to stay connected to their customers through enhanced interactive channels including social, messaging and voice. With this acquisition, Cisco seeks to create a comprehensive Customer Experience as a Service (CXaaS) offer that would give businesses the ability to deliver rich customer experiences. IMImobile has over 1,000 employees and offices across the UK, USA, Canada, India, South Africa and UAE.

UK professional services company, Capita, announced on 14 December the sale of its Education Software Solutions (ESS) business to Montagu Private Equity, for \$533m. ESS is a standalone provider of management information system (MIS) and related software for the education sector. Capita stated that the rationale behind the sale of ESS was to restructure its portfolio around its consulting, transformation and digital BPO services. This divestment follows the company's decision to sell its Employee Benefits business earlier this month to Benfex Financial Solutions. Moving forward, the company plans to dispose of other standalone software products that have little overlap with the rest of its operations.

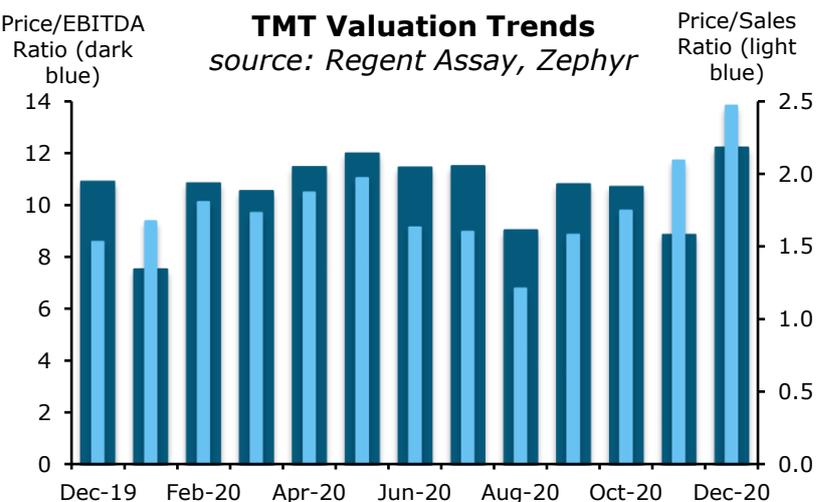
TMT Transactions in Europe

source: Regent Assay, Zephyr



TMT Valuation Trends

source: Regent Assay, Zephyr



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