

# European TMT Sector March 2023 - Monthly Briefing

## REGENT ASSAY - MONTH IN REVIEW

The TMT sector is experiencing a decline in M&A transaction levels in Europe, with the deal volume for March 2023 reaching only 156, compared to 420 in March 2022, representing a decline of 63%. This decline follows an 18% decrease since February 2023.

Furthermore, the median price to sale ratio in March 2023 was 1.3x, down from 2.3x in the previous month, and the median price to EBITDA ratio was 10.1x, down from 11.5x in February 2023.

To prepare for long-term growth opportunities, businesses in the TMT sector are focusing on strategic areas such as operations, digital transformation, ESG (Environmental, Social, and Governance) initiatives, talent management, and portfolio management. The three main subsectors leading the M&A deal trend in the TMT sector are software, media, and IT services. These subsectors are seeing higher levels of deal activity compared to other areas within the TMT sector.

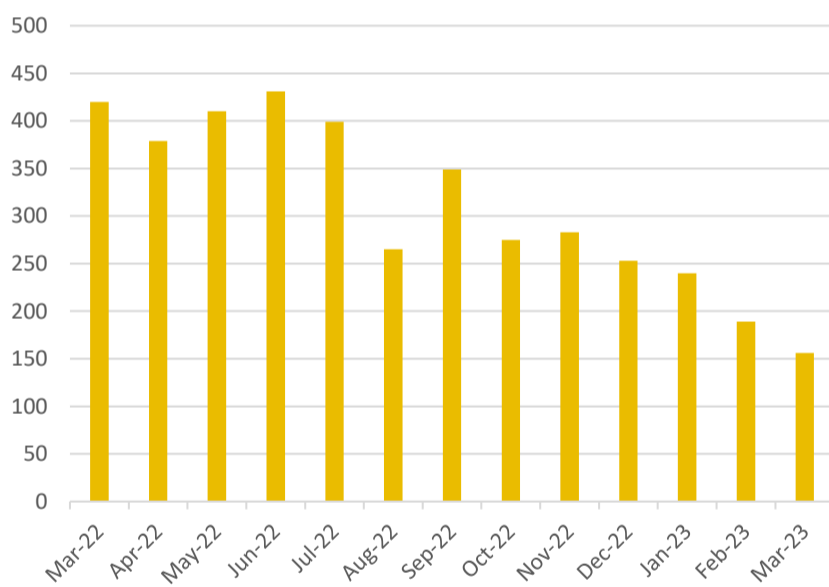
Global TransitTech leader, Via Transportation, has acquired UK-based premier journey planning app and transit technology company, Citymapper, to build the end-to-end digital infrastructure for transit systems. Citymapper is a mobile and Web-based transit application for New York City, London, Paris, and Berlin, and has raised \$58.23m in 3 disclosed fundraising rounds with participation from Benchmark Capital, Index Ventures, Greylock Partners, Connect Ventures, and other angel investors. Via's acquisition of Citymapper follows its successful acquisitions of Remix in 2021 and Fleetonomy in 2020. Via's software enables cities and transit agencies to efficiently plan and operate their public transit networks, while Citymapper empowers transit riders with the ability to navigate the urban transport network through intuitive and beautifully designed apps. Via raised \$109M in funding led by 83North Limited to expand and add more products, expand its TransitTech portfolio, accelerate expansion into new markets and verticals, invest in product innovation, and further its vision of providing a unified solution for cities, transit agencies, and riders.

Babble, a cloud service provider (CSP), has made two acquisitions - Midland Comms and a carve-out of MSP Cloudstream Technology Limited - to strengthen its position in the UK. The combined acquisitions add £4.5m in revenues, with 90% being recurring, and bring Babble's overall revenue run rate to over £100m per year. Midland Comms, based in Tewkesbury, has been providing communication solutions to SMEs in the Midlands for nearly 50 years, serving over 500 customers. Cloudstream, headquartered in Fife, has a managed service provider (MSP) business with more than 350 customers across Scotland, the North of England, and Northern Ireland. The acquisitions will result in over 30 new employees joining Babble, bringing in retained customers and expertise. Furthermore, it expands Babble's geographical coverage across the UK, enhancing its ability to offer nationwide support with local service levels for customers.

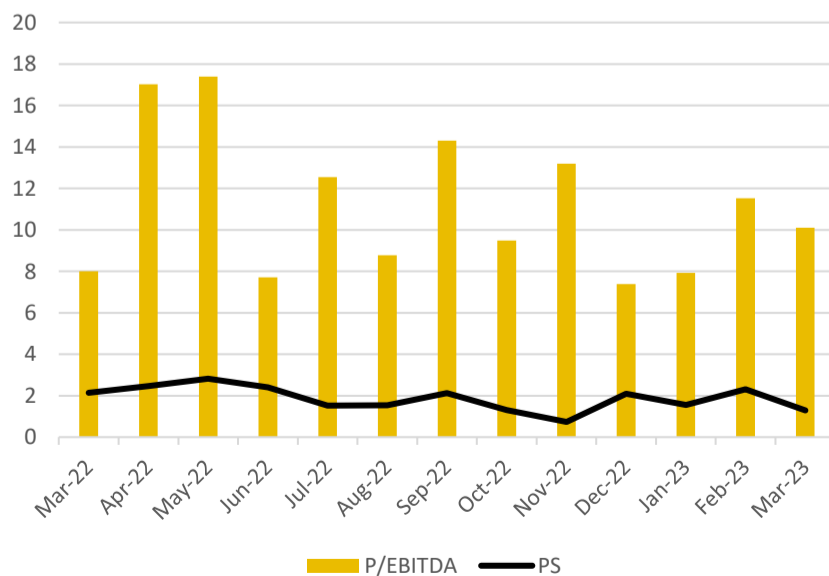
Specialist Computer Centres (SCC) has made a significant move in its M&A strategy by acquiring Vohkus, a product reseller with a revenue of nearly £100m. This acquisition is SCC's first since announcing a £300m M&A fund aimed at consolidating its position as the largest private technology investor in Europe. Vohkus provides IT-enabled business solutions and services to clients in the UK and internationally, serving both private and public sectors. Co-founder Ritchie Sharma will retire, while other key personnel will remain with Vohkus. SCC sees this acquisition as a "classic scale play" that will bring them a large customer base that would have been challenging to acquire otherwise.

Concentrix Corporation, a global customer experience (CX) solutions provider, has agreed to acquire Webhelp, a French-headquartered rival, for €2.4b. Concentrix, which spun off from its previous owner Synnex in December 2021, has been actively making acquisitions and experiencing double-digit revenue growth. Webhelp specializes in sales, marketing, and payment services across Europe, Latin America, and Africa, and is expected to bring around 1,000 new clients to Concentrix. The combined business is projected to have \$9.8b in revenue for FY 2023 on a pro forma basis, with Concentrix CEO Chris Caldwell leading the merged entity. The transaction is expected to close by the end of the year, pending customary closing conditions, including approval by Concentrix shareholders and regulatory approvals.

Monthly Transaction Volume



TMT VALUATION TRENDS



Source: Regent Assay, CapIQ