

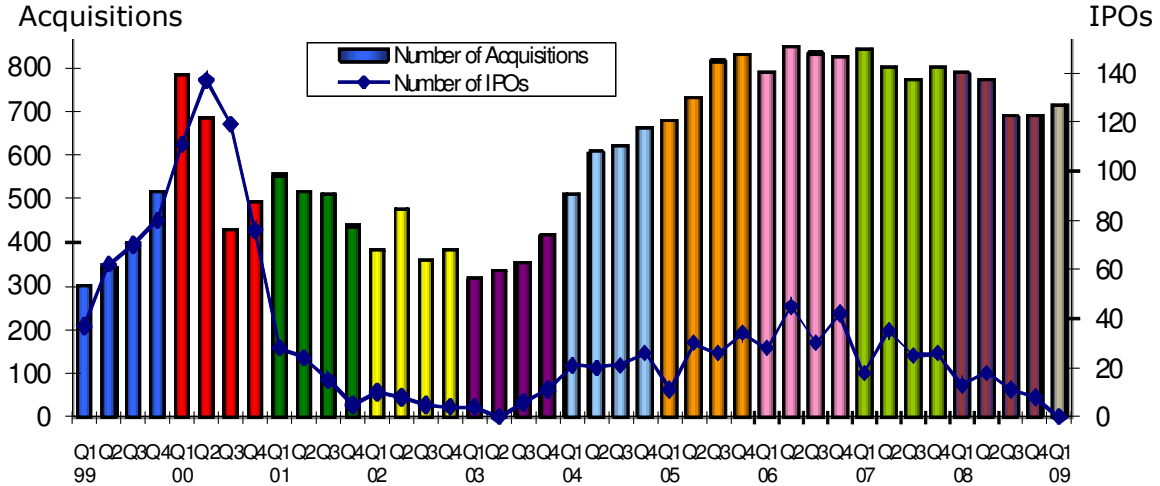
EUROPEAN TECHNOLOGY ACQUISITIONS

1st Quarter 2009 Review

An analysis of the technology acquisition transactions announced in the 1st quarter 2009 involving European companies.

The analysis is drawn from the proprietary Regent Research Database and includes companies in IT and business services, software, telecommunications media, Internet, embedded technology as well as electronic systems, components and semiconductors.

ANALYSIS OF EUROPEAN TECHNOLOGY ACQUISITIONS

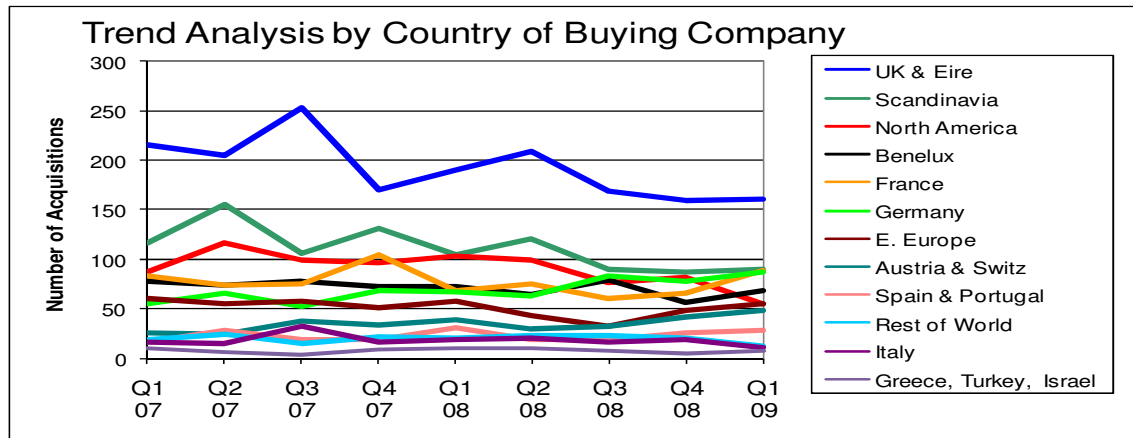


Source: Regent

Considering the threatening economic factors that exist in the world markets, acquisition activity in Q1 2009 held up well and edged back towards the same levels that we have seen for the past four years. There were 715 acquisitions involving European technology companies in Q1 2009, an increase of 3% from the 691 deals announced in the final quarter of 2008. However the combined value of these acquisitions has fallen yet again to \$13.8b, 25% down from the \$18.5b recorded in the previous quarter. This indicates that whilst recessionary fears and the shortage of suitable credit have had little effect on the smaller deals, it is clearly impacting larger transactions – those valued at more than \$100m. Our prediction is that for the remainder of 2009 deal flow will continue at similar levels. There were no technology IPOs anywhere in Europe in Q1 2009.

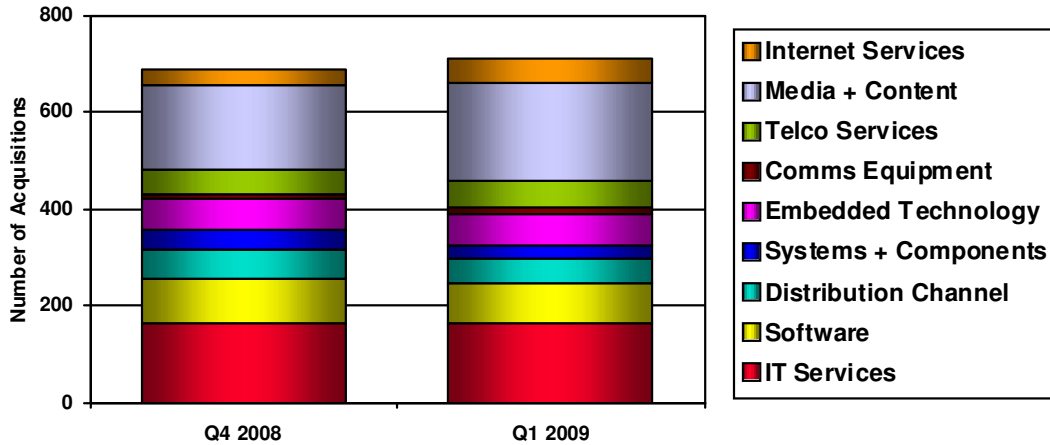
COUNTRY ACTIVITY

After declining buyer activity for the past two quarters, the UK based companies showed a small increase in purchasing levels in Q1 2009. It is too soon to make the call that the UK industry is regaining its confidence, but it is a step in that direction. Scandinavian buyers followed suit with modest gains. However, they were supported by strong growth in deal activity by companies throughout much of the rest of Europe including France (+35%), Benelux (+21%) and Germany (+13%). Acquisitions by North American (USA and Canada) companies and those in the rest of the World were well down in the quarter but we are expecting USA companies, in particular, to start to take advantage of the stronger dollar and the opportunity to buy “cheaper operations” in especially in the UK.



Source: Regent

INDUSTRY SECTOR ACTIVITY

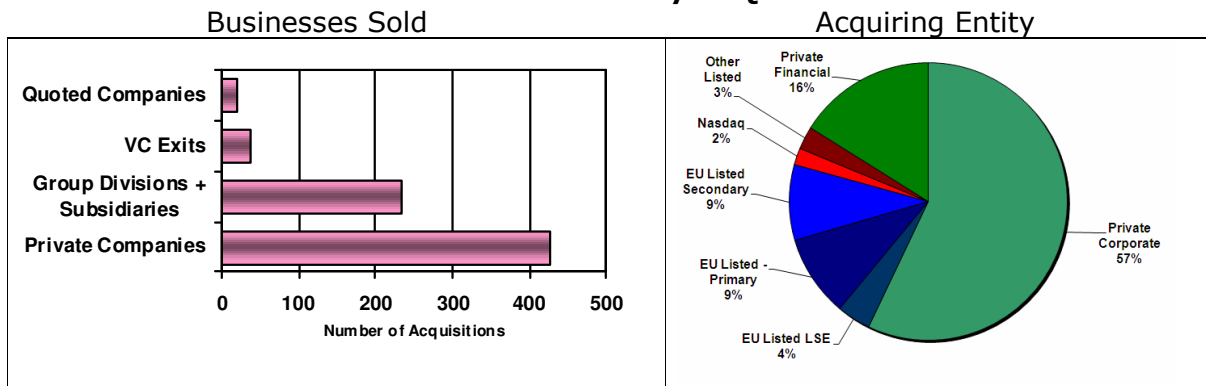


Source: Regent

Three sectors saw increased numbers of transactions in the first quarter of 2009 – Internet Services (up 73%, a growth story), Communications, both Services and Equipment (up 23%, a diversification trend) and Media and Content, particularly print publications and media services (up 15%, a consolidating market). The main declines were in the key IT sectors – Hardware (down 15%), Software (down 11%) and the Distribution Channel, which has been heavily consolidated over the past few years, (down 12%). The number of transactions in the IT Services sector was flat. However, that masked increased deal flow in some of the bellwethers such as resourcing, desktop services and consulting and falls in the acquisition of systems integrators, vertical solutions providers and in the general outsourcing space.

OWNERSHIP STATUS

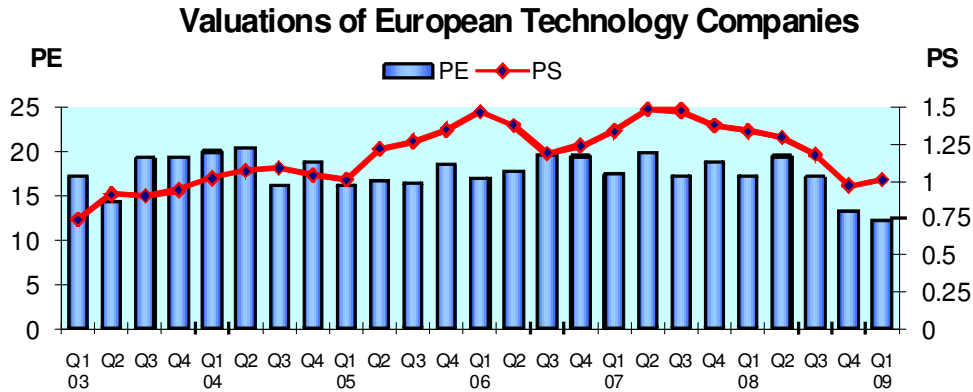
Profile of Sellers and Buyers Q1 2009



Source: Regent

One of the growth stories of 2008 had been the acquisition of listed companies on Europe's secondary markets, which includes AIM. Well, that came to a grinding halt in Q1 2009 as the number of such deals halved, brought about, in part, by the improving market capitalisations of listed companies – thereby making them more expensive. Private equity investors continue to be active despite some reports to the contrary. They directly accounted for over 16% of all acquisitions in Q1 2009 compared to 15% in all of 2008 and 14% in 2007 - and only 5% back in 2000. Additionally, many support their portfolio companies in the acquisition process with buy and build strategies. As we predicted last year, the number of divestments of corporate divisions and subsidiaries is increasing to a point where they now represent 33% of all deals (up from 27% just six months ago). This trend still has some way to go.

VALUATIONS



Source: Regent

Price to earnings (PE) ratios continued to decline although at a much slower rate than had been seen in the previous two quarters. The headline PE across all sectors in the quarter was still a respectable, 12.2 – despite recent increases in the public markets, most sectors enjoy an acquisition valuation premium over their quoted company counterparts. The price to sales (PS) ratio, which tends to be more of a leading indicator, edged up to 1.01 from 0.97 in the previous quarter. It had been in steady decline since the middle of 2007 reflecting pressure on the profitability of the industry. For the remainder of 2009 we expect valuations to edge up as buyers become active once there is more certainty in the economic trends. *Note – the recorded valuations include 50% of the expected contingent consideration in deals with earn-outs and apply to historic performance.*

RESEARCH METHODOLOGY

For almost 20 years the research group at Regent has tracked all of the acquisitions involving European technology companies. Data is drawn from the press, company reports, investor statements and through direct investigation. The resulting proprietary database is used to produce comprehensive analysis of current market dynamics as a critical ingredient in Regent's acquisition services to identify targets and predict valuation trends.

REGENT

Regent Partners International (formerly Regent Associates) is Europe's leading advisor to organisations in the information technology, communications and electronic media industries on all aspects of corporate development including, acquisitions, divestments, company sales, financing, valuations and strategic advice.

With a successful track record of almost 500 completed M&A transactions, Regent's client base includes many of the world's best-known technology companies. Through teams based in Europe, USA and Asia Pacific, Regent is able to handle assignments ranging from local deals to complex international transactions.

SOME OF THE REGENT DIVESTMENT CLIENTS



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