

## April 2009 - Monthly Briefing

8<sup>th</sup> May 2009

### As the Sun sets, Oracle makes its boldest move yet

April's news was mostly about Oracle's \$7.4 billion (£5.1 billion), takeover of Sun Microsystems. Oracle claims that the deal will contribute \$1.5 billion to its operating profit in the first year. If this can be achieved, it will make the transaction financially very attractive. Through the purchase, Oracle gains two of the best known brands in software - Java and Solaris. However, 80% of Sun's revenue comes from hardware or related products. All of the 55 acquisitions, costing \$30 billion, that Oracle has undertaken since 2005 have been software companies. The model has been the same – fold the products and related staff into the group and discard the rest. The strategy is simple and effective. There is no doubt that this deal, as described by Sun chairman Scott McNealy, is "industry-defining".

NEC Electronics and Renesas Technology announced that they had commenced negotiations which could pave the way for a merger. If it goes through, the tie-up would create the world's third largest semiconductor company, behind Intel and Samsung Electronics. A statement from the two companies alluded to fierce competition as a major motivating factor behind the consolidation. Elsewhere, Suunto acquired Tacktick, an electronics company specialising in wireless marine sensors.

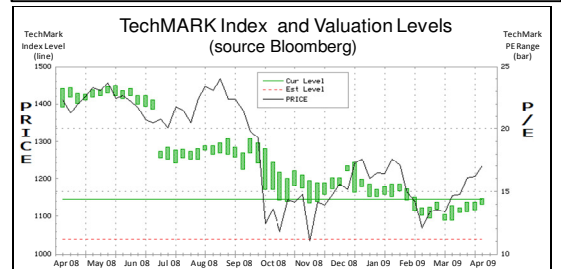
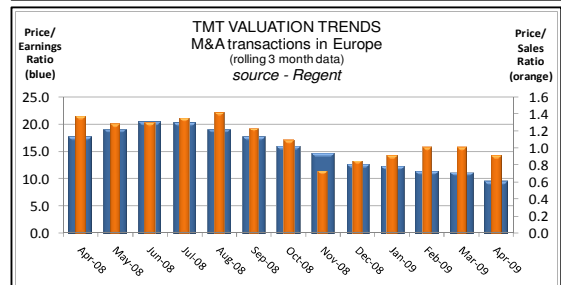
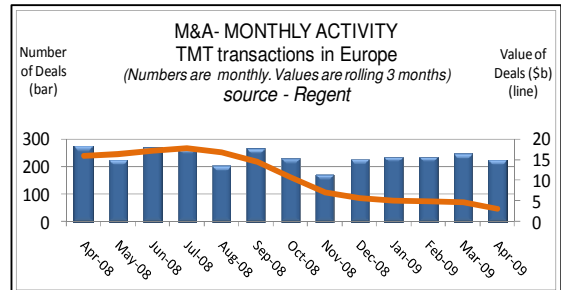
In other deals, at the start of the month Genesis Communications picked up THUS Mobile from Cable & Wireless. The telecoms firm says the acquisition boosts their turnover to £70 million and their customer base to over 23,000, making it the UK's biggest independent mobile virtual service provider. Also in the telecom sector, Mobile TeleSystems paid around £15 million for a 100 per cent stake in the Eldorado mobile phone chain and the Egyptian telecoms firm Orascom Telecom Holding was ordered by a court to sell its shares in Mobinil to France Telecom

On the software front, UK-based IDOX acquired the entire issued share capital of J4B Software and Publishing Limited around the close of the month. Marshal8e6 snapped up Avinti, a supplier of malware detection software. George Shih, the interim chief executive officer of Marshal8e6, said their M&A activities are part of a commitment to "providing the most effective multi-channel security solution on the market". Elsewhere, security giant Symantec expanded its portfolio through the purchase of web gateway specialists Mi5 Networks,

In IT services, Hitachi Consultancy, the global business and IT consulting subsidiary of Hitachi, moved for UK-based Edenbrook, which numbers among its clients Virgin Media, easyjet and Bupa. 365 iT picked up 5i, a provider of high level Cisco and Microsoft-based unified communications solutions.

#### REGENT's view of the month

European acquisition activity in April showed continued uncertainty. Deal flow remained fairly constant but the combined value of all deals fell further, highlighting the absence of the \$1b+ transactions. It is quite likely that the appropriate lead has been given by the public markets as stocks rebounded strongly in the month. Increasing confidence could unlock the cheque books to release some of the trade and private equity cash that has been accumulated.



Peter Rowell  
Chairman  
[prowell@regent.com](mailto:prowell@regent.com)

James Calvert  
Chief Executive  
[jcalvert@regent.com](mailto:jcalvert@regent.com)

Mads Kunov  
Partner  
[mkunov@regent.com](mailto:mkunov@regent.com)

Dr David Scurr  
Research Director  
[dscurr@regent.com](mailto:dscurr@regent.com)