

## July 2009 - Monthly Briefing

7<sup>th</sup> August 2009

### Acquisitions Across All Sectors - As Valuations Move Up Sharply.

Consolidation was evident in the software sector in July with the headline deal being the IBM bid of \$1.2 billion for SPSS, the statistical and predictive analytics software developer. The agreement is for IBM to acquire each SPSS share for \$50 in cash. The offer represents a bid premium of 42% over SPSS' closing share price of \$35.10 on July 24, the last trading day before the agreement was announced.

In the UK market, a specialist health and social care software provider was created after medical IT firm System C Healthcare acquired Liquidlogic for £14.2 million. Liquidlogic, which has over 43,000 users on its books, provides software and services to the social care sector and a number of NHS bodies.

Elsewhere, the acquisition of Citrix distributor IQ-Sys by SCH Distribution has consolidated SCH's position in the market, with the firm claiming it now has a 60% market share of UK Citrix sales. The IQ Sys brand will be retained and developed and will trade alongside SCH's other brands.

Cambridge-based global intelligence and investigation management software provider i2 announced an agreement under which it will acquire US-based Knowledge Computing Corporation, which created law enforcement analysis software COPLINK. The merged company will employ 350 people globally and serve 4,500 clients in a variety of private and public sectors across 149 countries.

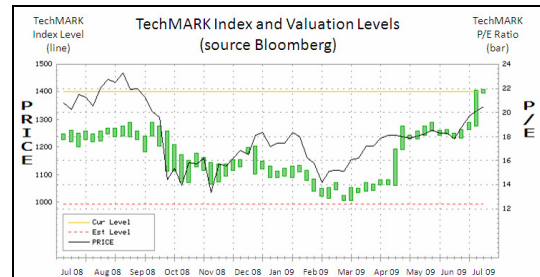
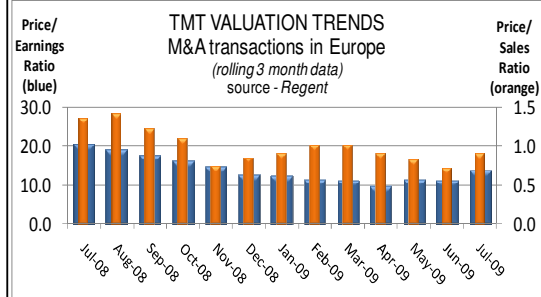
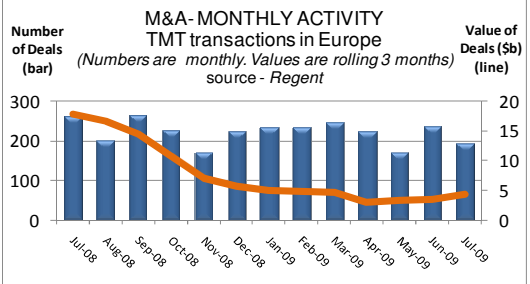
Also in Cambridge, semiconductor firm CSR completed a merger with GPS chip manufacturer SiRF Technology Holdings, creating a pure-play provider of connectivity and location platforms. The expanded group will keep its headquarters in Cambridge and intends to focus on emerging opportunities in mobile markets, while entering the list of the world's top ten fabless semiconductor companies.

On the continent, Software AG announced the closure of a contract for the transfer of 48% of German firm IDS Scheer's shares in a deal worth an estimated €487 million (£421.2 million). The formal offer period will begin in August and close in September, with a merger of the two technology leaders expected to create a company with a significant global presence.

In the electronics sector, scientific instrument provider Varian has been acquired by Agilent Technologies for \$1.5 billion (£910 million). The acquisition is part of Agilent's strategy to broaden its presence in the life sciences, environmental, energy and materials sectors and will result in the firm's widest product offering in its history. "For more than 60 years, Varian has built rich talent, technology, products and relationships in this area," said Bill Sullivan, Agilent's CEO.

#### REGENT's view of the month

There was positive news on most fronts in the month of July. The aggregate valuation of all transactions moved up to \$4.9b from \$4.1b the month before. The valuation multiples moved up strongly on the back of the improving quoted sector. The median price/earnings ratio jumped to 15.7 whilst the median price/sales ratio shifted up towards a more typical 1.1. The only dampener in the month was the decline in overall transaction volume to 193 deals from 237.



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