

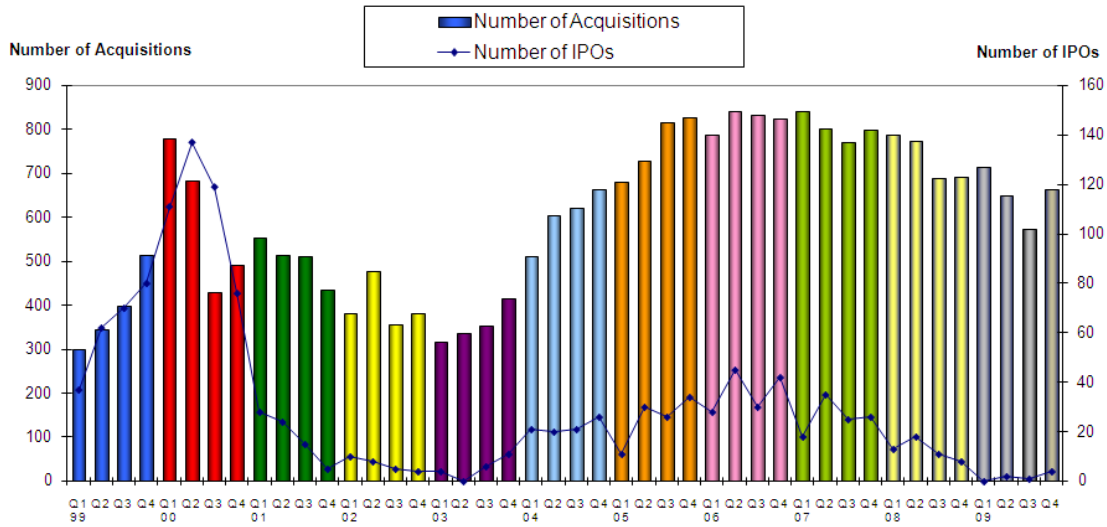
EUROPEAN TECHNOLOGY ACQUISITIONS

2009 Annual Review

An analysis of the technology acquisition transactions announced in 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

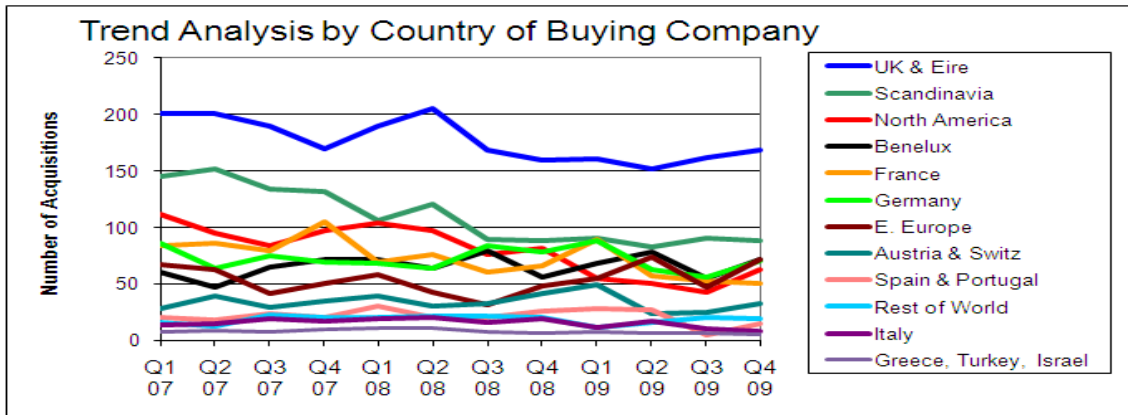


Source: Regent

After two quarters of decline, acquisition activity showed signs of recovery in Q4 2009, indicating expectation in the industry that the worst is behind us. There were 665 acquisitions involving European technology companies in Q4 2009, an increase of 16% from the 574 deals announced in Q3 2009. More importantly, the final quarter saw a return of some larger deals with eight transactions valued at more than \$1 billion, greater than the entire total for the previous year. Boosted by these deals, the combined valuation for the quarter was \$34.8 billion, up over 60% on the total value of \$21.7 billion for Q3 2009 and up over 200% from the \$10.7 billion total valuation recorded in Q2 2009. With the recession easing, we are seeing some of the better quality companies decide that now is the time to commence the sale process. There were four technology IPOs in Europe in Q4 2009 making a total of eight for the year.

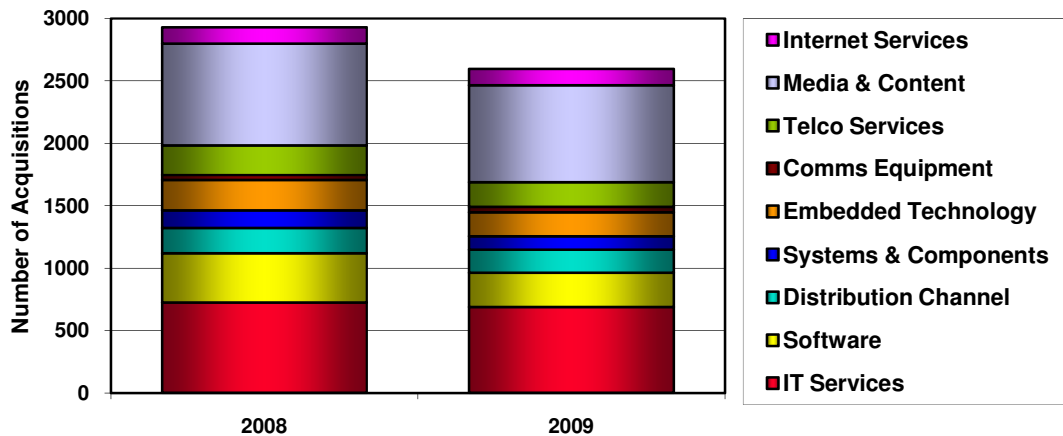
COUNTRY ACTIVITY

There was encouraging activity from North American buyers (ie USA and Canada) with a jump of 67% in Q4 2009 compared to Q3 2009. They now represent 11% of all buy-side deals, not far from the long-term norm. The US dollar, which has strengthened since the beginning of the recession, is clearly having a positive effect on US buying attitudes. As with previous recessions, once Europe begins to emerge, it is the Northern European economies that tend to recover first. In Q4 2009 we saw growth from UK, Irish and German companies and a stronger appetite from Eastern European countries. On the other hand, there was a slowdown in buying activity from Southern Europe with substantial declines in Italy and the Eastern Mediterranean countries.



Source: Regent

INDUSTRY SECTOR ACTIVITY

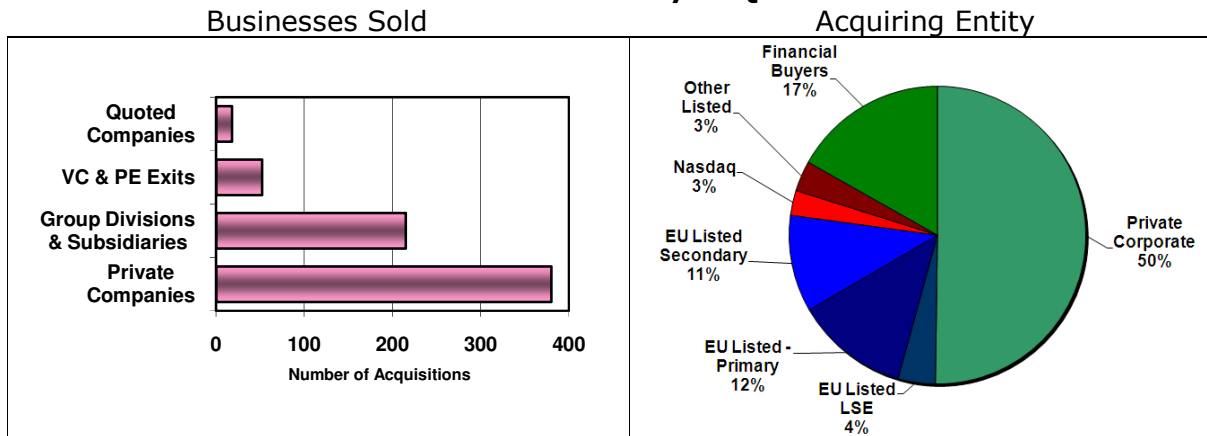


Source: Regent

Whilst there has been an overall decline of 8% in the number of transactions in 2009 compared to 2008 two sectors saw increased numbers of transactions in 2009 – Communications Equipment (up 10%) and Internet Services (up just 2%). In the case of Communications Equipment there should be no real surprise as we know that infrastructure products normally lead the technology industry out of recession. There were significant declines in two sectors in the year – Software (down 30% reflecting a slowdown in the consolidation process that has been going on for the previous two years) and Embedded Technology (down 22% reflecting the recessionary effect of declining sales in that sector). Within the IT Services space there was growth in acquisitions of IT Consultants and in Outsourcing Service companies.

OWNERSHIP STATUS

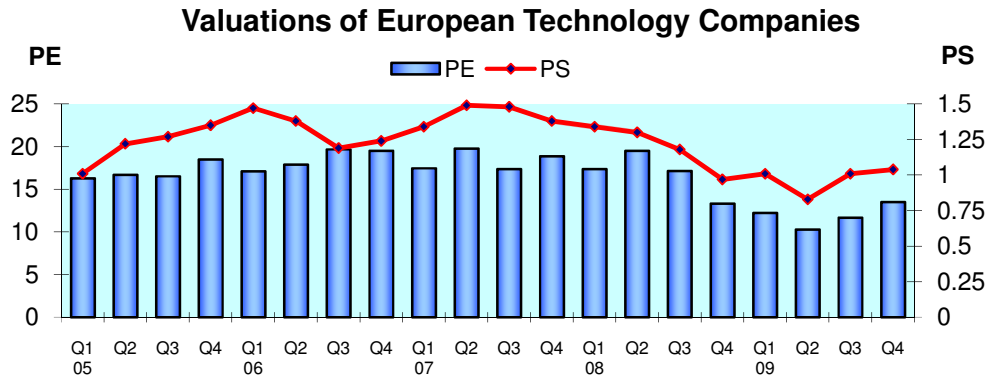
Profile of Sellers and Buyers Q4 2009



Source: Regent

One of the data points that we watch quite closely is the percentage of transactions that are divestments of group divisions and subsidiaries. From the long-term norm of about 25 – 27%, it has been drifting upwards and in the previous quarter, Q3 2009, it accounted for 34% of all acquisitions. It eased back marginally in Q4 2009 to 32% suggesting that corporates are now more comfortable about future revenues and cash flows. The number of venture capital and private equity exits edged up to 52 suggesting that there has been some portfolio cleansing before the more serious exits commence in 2010. On the buy-side, activity by the Financial Buyers (ie private equity) remained strong accounting for 17% of all acquisitions in the quarter. Importantly, we are seeing somewhat increased activity from the listed companies who now seem more optimistic about 2010.

VALUATIONS



Source: Regent

Both the price to earnings (PE) ratio and the price to sales (PS) ratio rose again in the quarter. The median PE ratio across all sectors moved to 13.5 whereas the median PS ratio was 1.04. This seems to confirm the point that we made in the summer that the valuation nadir was reached in May 2009, when there were high levels of distressed company sales being picked up at knockdown prices. It is probably no coincidence that the valuation low point was immediately followed by a major pick-up in private equity acquisition activity. Many were simply waiting for the valuation nadir to arrive. For 2010 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 is Europe’s leading advisor to organizations 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 TRANSACTIONS IN 2009



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