

January 2010 - Monthly Briefing

11th February 2010

Few Big Deals in January - but the Buyers are Actively Looking for Growth

Xafinity, the company that oversees the payment of £11 billion a year to British pensioners, has been acquired for £190 million by Advent International, one of the world's leading global buyout firms with around \$24 billion in private equity capital. Previously owned by the private equity house Duke Street Capital, Xafinity is one of the largest businesses of its kind. It employs 1,400 staff and has three divisions, focusing on pensions administration, software and healthcare benefits. Duke Street had owned the business since 2005, when it backed a £125 million management buyout of the firm from its former owner Hogg Robinson, the corporate travel agency. The pensions market place is still highly fragmented and poised for further consolidation. Following the successful acquisition and integration of Hazell Carr in 2008, Xafinity has reported a pipeline of further targets to build on its current market position.

Stockholm-based financial services software company Orc Software proposed an important deal with global agency brokerage firm Neonet, under which it made a public offer valued at approximately SEK 1,277 million (£109 million). The merger is set to create synergies on the income and cost sides of Orc Software, increasing the operating income of the combined firm by SEK 130 million (£11 million) annually. "Following a period of powerful growth in Orc, this transaction will ensure access to a significantly larger potential market," commented Orc Software Chief Executive, Thomas Bill.

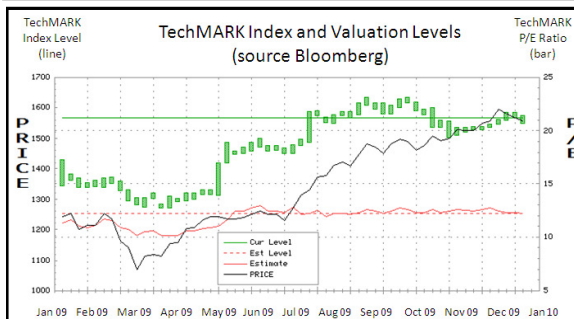
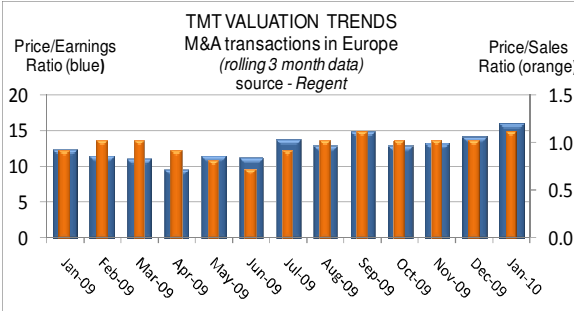
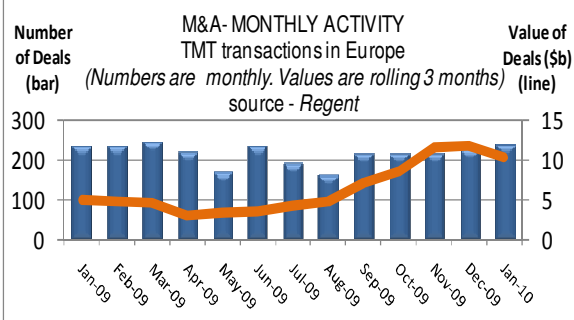
In the semiconductor sector, ON Semiconductor announced the beginning of a tender offer for the acquisition of all outstanding shares of California Micro Devices (CMD) at a price of \$4.70 (£2.93) per share, which was completed on January 27th. Under the terms of the deal, ON Semiconductor will own more than 90 per cent of CMD and expects to complete the deal soon. "To compete successfully in today's global marketplace, size and scale are very important so we are pleased to become part of a leading global company in the semiconductor sector," said Robert Dickinson, president and chief executive officer of CMD.

In the same sector, semiconductor design and manufacturing company Open-Silicon acquired Silicon Logic Engineering, creating a broad, partner ecosystem for the development of integrated circuits.

Meanwhile, provider of telecoms revenue assurance and dealer management products, cVidya Networks, acquired Ectel, an integrated revenue management firm, for \$21 million (£12.9 million) in an all-cash deal. It is hoped that the move will help cVidya Networks to position itself as the leading global vendor in the revenue intelligence category. "With this acquisition, cVidya now serves 132 telecom and media customers and employs 300 professionals in 18 global locations," said Alon Aginsky, CEO of cVidya Networks.

REGENT's view of the month

Although there were few big acquisition deals in January 2010, the overall volume of transactions was up by 12% on the month before. More importantly for those companies seeking a sale in 2010, valuations have continued their steady rise as both the trade and private equity buyers are active in seeking growth or extensions to their portfolio. Acquisition valuations are once again close to their normal relationship with valuations on the public markets.



Peter Rowell Chairman prowell@regent.com	James Calvert Chief Executive jcalvert@regent.com	Mads Kunov Partner mkunov@regent.com	Dr David Scurr Research Director dscurr@regent.com
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