

March 2010 - Monthly Briefing

15th April 2010

Private Equity Jumps Back into the Market – as do the US Trade Buyers

The Private Equity industry came alive in March, accounting for six of the seven largest deals. Heading the list was the IBO by Liberty Acquisition Holdings of Promotora de Informaciones SA (PRISA), the Spanish newspaper and media group. Liberty paid \$900 million for a 50% share of the business. Other deals that will excite the industry are the planned acquisition of UK lottery operator, Camelot Group, by the Ontario Teacher's Pension Plan for \$580 million and the acquisition by HgCapital of HR software specialist StepStone Solutions for \$148 million from the Axel Springer Group.

In the US, Avnet, the global distributor of electronic parts, enterprise computing, storage and others products, has agreed to acquire Bell Microproducts in an all-cash merger for \$7 per share, which is roughly a 30% premium based on Bell's share price just before the announcement. This equates to an equity value of about \$252 million and a transaction value of approximately \$594 million, assuming net debt for Bell of \$342 million at face value as of December 31, 2009. Bell distributes storage and computing technology products. The company was founded in 1988 and employs over 1,900 employees in 55 offices around the world. In calendar year 2009, Bell registered sales of approximately \$3 billion – it currently expects to generate first quarter 2010 sales in the range of \$795 million to \$815 million.

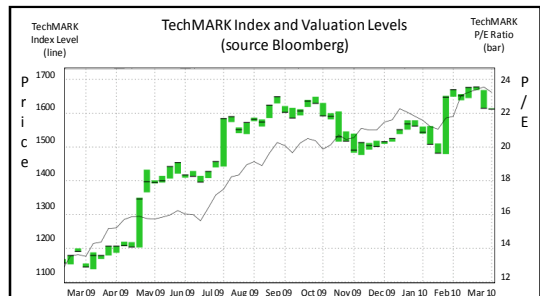
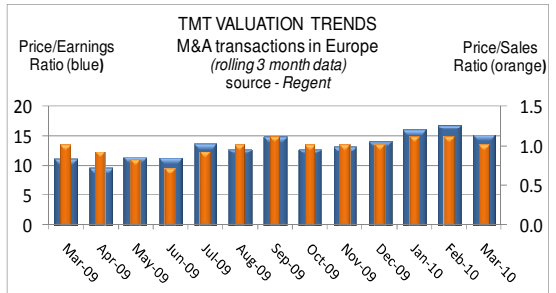
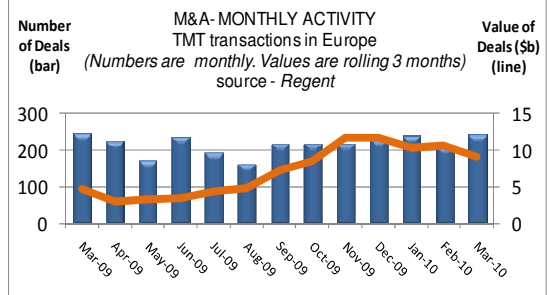
Also in the US, one of the most significant deals of the month was network specialist Ciena Corporation's acquisition of the optical networking and carrier Ethernet assets of Nortel's Metro Ethernet Networks business. The all-cash transaction, valued at \$773 million, will strengthen Ciena's operating leverage to continue investing in the advancement of next-generation networks, according to chief executive officer, Gary Smith.

Meanwhile, Google continued hard down the acquisition trail, picking up photo sharing facility DocVerse, a creator of Microsoft Office collaboration software – a deal which is viewed by many as further sabre-rattling between the search giant and Microsoft. Google paid \$25 million for DocVerse, an acquisition which may help it to get a leg-up on Microsoft in the transition from desktop to online software. "As we continue to improve Google Docs and Google Sites as rich collaboration tools, we're also making it easier for people to transition to the cloud and interoperate with desktop applications like Microsoft Office," the company said on its blog.

CA's completion of its \$350 million all-cash acquisition of Nimsoft, a provider of IT performance and availability monitoring solutions, also took place in mid-March. "Nimsoft technology, combined with CA's commitment to cloud computing, will provide us with a robust solution that will enable us to continue to evolve and innovate as a Managed Service Provider," commented CA's director, Kevin Crowe.

REGENT's view of the month

There were no mega-deals in the month of March but there was evidence of confidence in the market as the total number of transactions continued its upward trend. Importantly, buyer activity from the Private Equity industry and US technology corporates is a further indication of returning confidence and their desire to complete deals before valuation multiples make a full recovery to their longer term levels. Other good news is starting to come through on the IPO front.



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