

## June 2010 - Monthly Briefing

9<sup>th</sup> July 2010

### All the key M&A indicators and valuation metrics move up in June.

Allscripts-Misys Healthcare Solutions, suppliers of electronic health records for physician practices, is buying healthcare information technology company Eclipsys, which provides technology for hospitals and clinicians. The all-stock deal is valued at \$1.3 billion. According to Allscripts-Misys, the merger will reduce Misys ownership in Allscripts through share buyback and secondary offering. "We are at the beginning of what we believe will be the single fastest transformation of any industry in U.S. history, and the combination of our electronic health record portfolio in the physician office and leadership in the post-acute care market with Eclipsys's hospital enterprise solution creates the one company uniquely positioned to execute on this significant opportunity," said Greg Tullman, CEO of Allscripts.

In Japan, Fujitsu and Toshiba announced that they are to merge their mobile phone businesses after continual denials that this was about to happen. Fujitsu will be the senior partner in the arrangement and is no doubt looking forward to gaining access to Toshiba's smartphone technology. The new business will be launched in October.

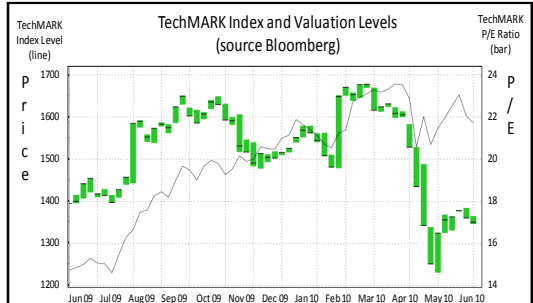
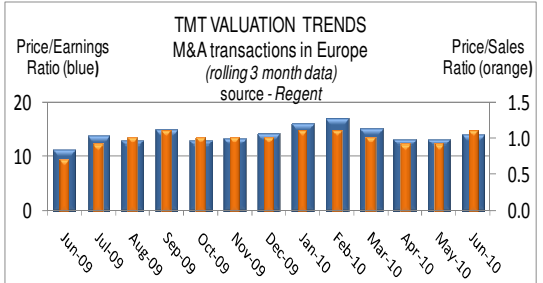
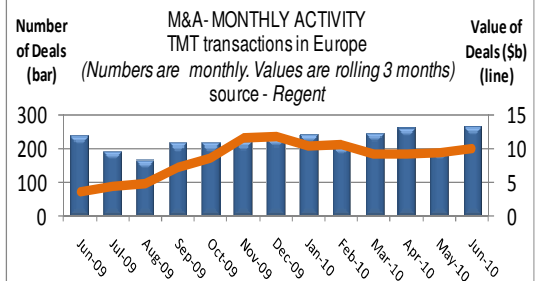
Staying in the Orient, it has been announced that PT Telkom Indonesia agreed a merger deal with Bakrie Telecom to develop code division multiple access (CDMA) technology for mobile users. The deal, worth \$870 million (£578 million), will see the two firms work together to roll out CDMA and reduce the development costs associated, which currently stand at around \$200 million (£135 million). PT Telkom is the largest supplier of telecommunications in the country, reaching over 100 million subscribers.

Two notable UK companies have fallen to US buyers. First, Oxfordshire-based Portrait Software was acquired by Pitney Bowes in a £44.4 million deal. Murray Martin, president and chief executive officer of Pitney Bowes, said his company's size and global reach would open up new markets for Portrait and facilitate future growth. Then it was reported that semiconductor firm, Broadcom, would pay \$47.5 million, representing an 84.2 per cent premium, to acquire Innovision Research and Technology. Innovision is a leader in RFID smart tags and near-field communication (NFC) technology, which Broadcom said would be increasingly important as mobile device use increases.

On the divestment front, Telefonica has offloaded Manx Telecom to London-based private equity firm, HgCapital, and telecoms management company, CPS, for £158 million. HgCapital's head of telecoms, Alex King, said the acquisition of the Isle of Man's main telecommunications supplier was a "growth investment". "Manx Telecom has a superb record of sustainable organic growth," he explained at the time of the deal.

#### REGENT's view of the month

It is rare for all of the activity and valuation data to move in the same direction in a single month. But that is what has happened in the technology sector in Europe in June. Despite substantial declines in the major stock market indices in the month, buoyant acquisition activity helped push up the rolling 3-month P/E (price to after tax earnings) ratios by 7% and the P/S (price to sales) ratios by 22%. Already, July looks busy despite the impending holiday season.



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