

December 2011 - Monthly Briefing

12th January 2012

Strong end to the year for tech M&A activity in December

December saw a strong end to the year for technology mergers and acquisitions. The biggest deal in this sector in Europe was the sale of Orange Switzerland to Apax Partners.

France Telecom is to sell mobile phone operator, Orange Switzerland, to private equity group, Apax Partners, for about €1.6 billion, as Europe's fourth-largest telecoms operator refocuses on its core markets. As part of a broader portfolio review, France Telecom had been seeking to exit from Switzerland where it is the third-largest player with about a 17% market share. France Telecom, whose key markets aside from France are the UK, Poland and Spain, is also trying to sell its Austrian unit. It is additionally reviewing operations in Africa and the Middle East as well as its enterprise unit. The deal values Orange Switzerland at 6.5 times its estimated 2011 earnings before interest, taxes, depreciation and amortization (EBITDA). Orange Switzerland has about 1.6 million customers, with 2010 revenues of €1.1 billion.

Apple has acquired Israeli company, Anobit, a maker of flash storage technology whose chips it already uses. Apple is reported to have paid as much as \$500 million, its first acquisition of an Israeli company. Anobit has developed a chip that enhances flash drive performance through signal processing. The chip is already incorporated in Apple devices such as the iPhone, iPad and the MacBook Air. Apple, one of the largest buyers of flash memory, was interested in Anobit's technology to increase and enhance the memory volume and performance of its devices. The chip may as much as double the memory volume in the new iPads and MacBooks. Anobit has raised \$76 million from Battery Ventures, Pitango Venture Capital and Intel Capital since it was founded in 2006.

KPN has agreed to sell part of its Dutch mobile towers portfolio to a subsidiary of Shere Group, an experienced mobile tower owner in the UK, in two tranches. The sale of the first tranche will result in cash proceeds of €78 million in the fourth quarter of 2011. The sale of the second tranche will be completed in the first quarter of 2012, with expected cash proceeds of €37 million. KPN does not consider the exploitation of a large part of its Dutch mobile towers to be a core business. Consequently, KPN previously disposed of mobile towers in 2008, 2009 and 2010.

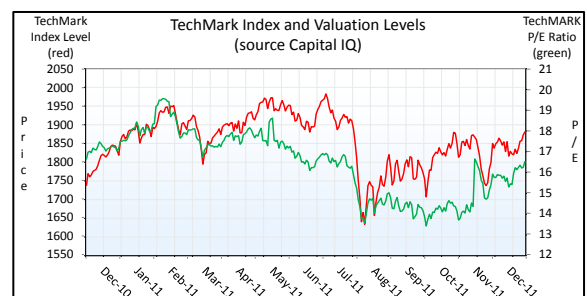
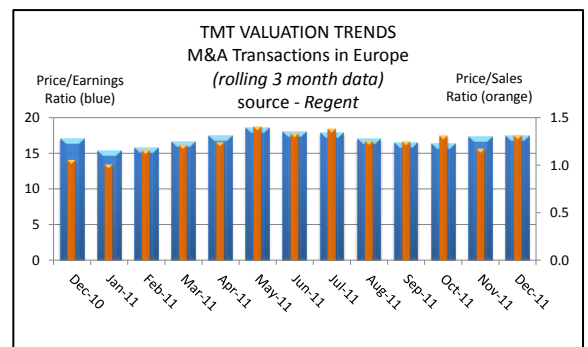
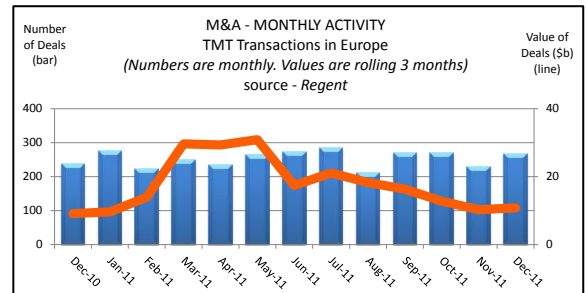
There was also a flurry of takeover activity for UK listed TMT companies in December, with AIM listed companies Workplace Systems, Patsystems, and Media Square receiving bids, as well as Alterian on the main market.

Finally, a reminder that the Intellect Annual Regent Conference 2012 will be held on Thursday 9th February 2012 at the Lancaster London, Lancaster Gate, London W2 2TY. Now in its 17th year, this one-day event excels in identifying the key trends that will define the industry in the future. More details are on the Regent and Intellect web sites.

REGENT's View of the Month

The number of European technology deals in December resumed the level set in September and October after a 20% drop in November. The value of deals has stabilised at just above the \$10 billion level.

Valuation multiples remain stable with price to earnings (P/E) multiple of 17 and price to sales (P/S) multiple of 1.3.



James Calvert
Managing Partner
icalvert@regent.com

Dr David Scurr
Partner
dscurr@regent.com

Hana Glanville
Business Development Director
hglanville@regent.com