

SECTOR SNAPSHOT UK SOFTWARE M&A ACTIVITY AND VALUATIONS FOR 2015 Q3



Shah Zaki
Partner

Quarterly Summary

Overall the three months to the end of September reflected continued confidence across the wider software sector.

The quarter saw an uplift in transaction volumes over the previous quarter from 19 to 23 transactions, a comparable level to the previous few quarters.

EBITDA multiples (trailing twelve months) on disclosed transactions have equally continued to perform in line with previous quarters with a strong average across all subsectors of 14.7x EBITDA, ranging up to 16.6x.

Further commentary and analysis can be found below.

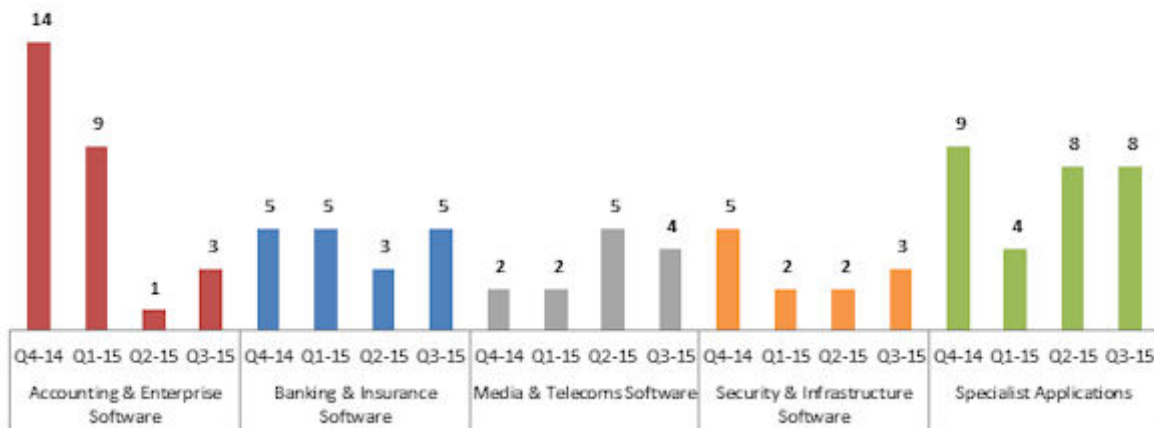


Simon Lloydbottom
Associate Director

UK SOFTWARE M&A VOLUMES

2015 Q3 deal volumes across all sub-sectors remained high with a total of 23 transactions

UK Software M&A volumes by quarter

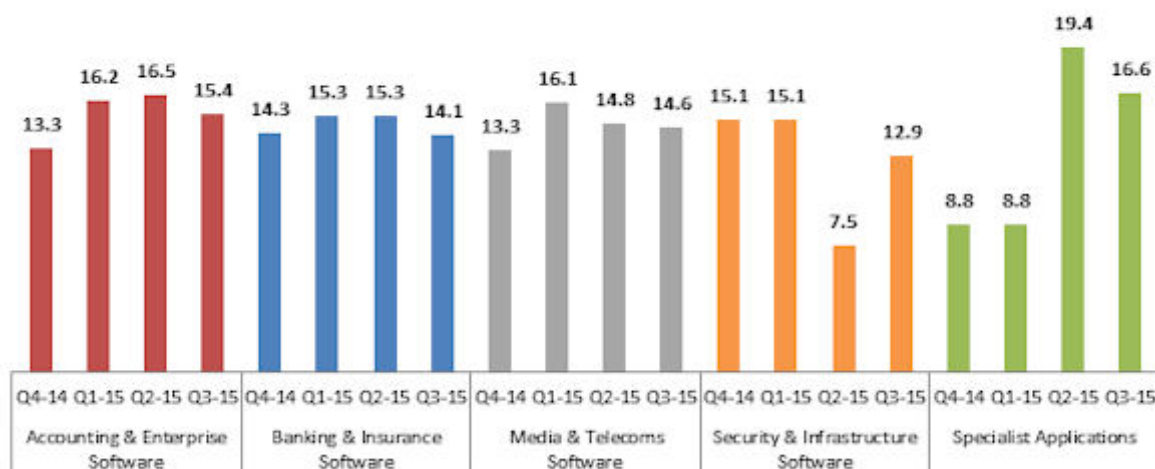


Source: Megabyte

UK SOFTWARE M&A VALUATION MULTIPLES

2015 Q3 EV/EBITDA (TTM) average multiples across all sub-sectors ranged up to 16.6x

UK Software average EV/EBITDA (TTM) multiples

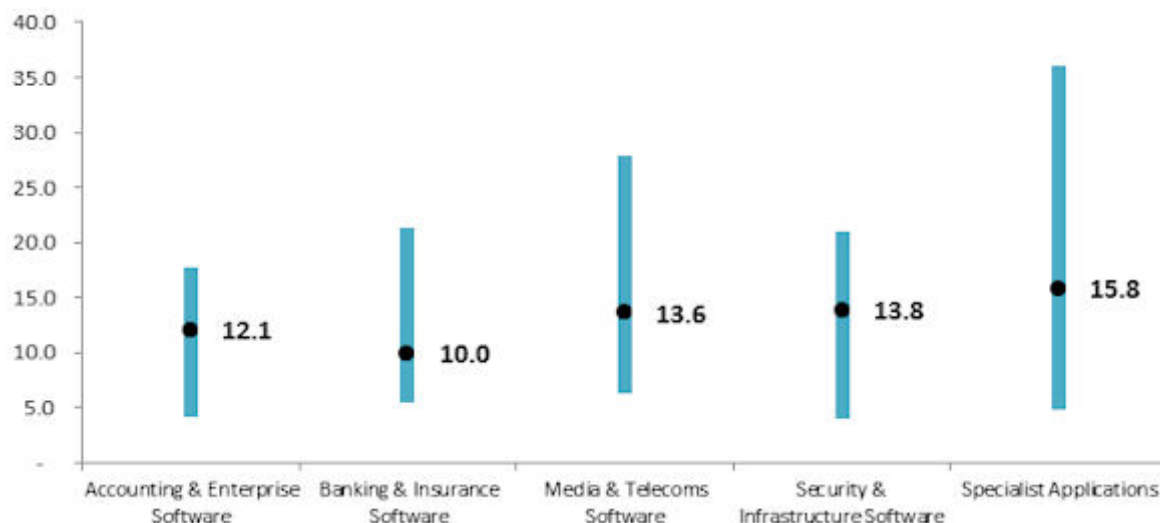


Source: Megabyte

UK SOFTWARE TRADING MULTIPLES

2015 Q3 EV/EBITDA (TTM) average trading multiples across all sub-sectors ranged up to 15.8x

UK Software average EV/EBITDA (TTM) trading multiples



Source: Megabyte

UK SOFTWARE 2015 Q3 M&A REVIEW

Corporate M&A

A summary of the key corporate M&A transactions is presented below.

AVEVA has acquired the software assets from Schneider Electric to create a group with a £2.4bn market capitalisation of which Schneider Electric will hold 53.5%. The AVEVA shareholders will get £8.55 a share in cash plus potentially a further £1.55 from the circa £100m on AVEVA's balance sheet.

In the UK Healthcare software market, System C acquired The Learning Clinic, a provider of mobile clinical tools. In addition EMIS made a small acquisition in the shape of Pinbellcom Group, a provider of administration and compliance software. The transaction was reported to be valued at £3m.

Civica (backed by OMERS) acquired Web Technology Group, a provider of web platform and application services to public sector organisations. With run rate revenues of £10m Megabyte estimate the valuation to be around £10m.

Finally, Access (backed by TA Associates) have acquired recruitment software provider First Choice Software. Whilst the deal value was undisclosed it was described as Access's largest to date.

Private Equity

There was limited private equity activity in the quarter with one public to private transition (Innovation Group) and two development capital funding rounds (AMCS Group and ip.access).

Insurance software and BPO provider Innovation Group is gearing up to be the latest public company to leave the market. Carlyle have agreed a 40p per share bid for the business, which values the equity at around £500m, on a EV/EBITDA-capex basis this represents a 13x multiple.

There was one exit to trade in the quarter as Accel-KKR sold their minority stake in Zinc Ahead to Veeva. Zinc Ahead is a provider of marketing compliance software to the life sciences industry. Accel-KKR are estimated (by Megabyte) to have invested £40m just over two years back and are reported to have sold to Veeva for £86m.

Irish software provider to the waste and recycling industry AMCS raised €45m of development capital. The investment was led by Insight Venture Partners with additional capital provided by the Ireland Strategic Investment Fund. The funding is to be used for its global expansion plans.

Finally, Zouk Capital has confirmed an unspecified investment in small cells specialist ip.access. *Source: Megabyte*

UK SOFTWARE 2015 Q3 NOTABLE TRANSACTIONS

 <p>CONTINUAL PROGRESSION</p> <p>Have acquired the software assets of</p>  <p>Creating a group with a market capitalisation of £2.40bn</p>	 <p>CONNECTED CARE</p> <p>Have acquired</p> <p>The Learning Clinic</p> <p>Safer, smarter healthcare.</p> <p>Undisclosed</p>	 <p>Have acquired</p>  <p>For £3.0m</p>
 <p>Have acquired</p>  <p>FIRST CHOICE FOR PERFORMANCE, SERVICE AND SUPPORT</p> <p>Estimated at £17.0m</p>	 <p>GLOBAL ALTERNATIVE ASSET MANAGEMENT</p> <p>Have acquired</p>  <p>For £443.4m</p>	 <p>Have acquired</p>  <p>Electronic Review for the Pharmaceutical Industry</p> <p>For £85.7m</p>

CLAIRFIELD NORWAY ADVISED THE SHAREHOLDERS OF VIANOVA SYSTEMS

Vianova Systems AS is an international pioneer and market leader in Scandinavia for civil engineering software for transport infrastructure design.

Novapoint develops applications for road, rail, sea and air infrastructure design. More than 15,000 engineers use Novapoint to design modern transport infrastructure, with key markets in Scandinavia and Northern Europe.

Trimble is a Nasdaq-listed global software company (NASDAQ: TRMB; market cap USD 4.8 billion) with operations in 35 countries.

Trimble are focused on applications requiring position or location, including surveying, construction, agriculture, fleet and asset management, public safety and mapping utilising positioning technologies, such as GPS, lasers and optics.



ABOUT ORBIS

Orbis is a mid-market corporate finance boutique advising on a wide range of M&A transactions covering the TMT sector in addition to business services, healthcare and industrials. Orbis also has an active investment portfolio held through its investment vehicle Intrinsic Equity.

Orbis is the UK partner for Clairfield International, a global investment bank, offering its clients access to over 500 corporate finance professionals situated in over 40 offices across the globe.

If you are considering your strategic options for enhancing the value of your or your clients business then please contact either Shah or Simon. Orbis have extensive experience advising on company sales, management buy-outs and fundraising projects.

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