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SECTOR SNAPSHOT



UK ICT SERVICES M&A ACTIVITY AND VALUATIONS FOR H2 2019

Covid-19 expected to have a short-term impact on resilient ICT Services sector

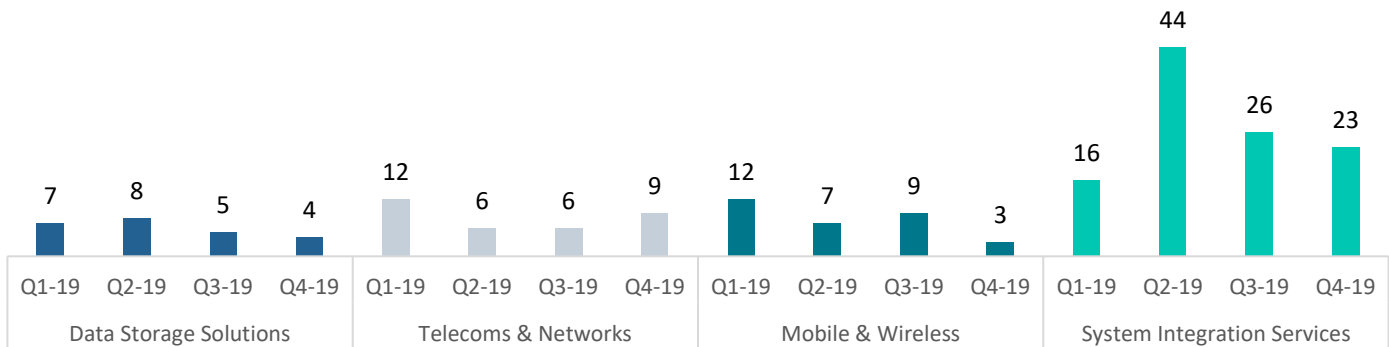
Coronavirus is impacting businesses and stock markets in an unprecedented way and will continue to do so over the coming months. However, there are some underlying trends which makes the ICT Services sector more resilient compared to other verticals. We are seeing an increase in demand for companies specialising in security, connectivity and remote access. Meanwhile businesses offering managed services with contractual recurring revenue will be protected to a large extent.

Beyond the short term disruption, it is expected that 5G adoption will scale up significantly in 2020. The UK government has recently announced a pledge to test ground-breaking 5G applications in rural areas amid reforms to improve and extend mobile coverage in these areas.

Elsewhere, digital transformation looks set to remain at the forefront of consideration for companies looking to generate business-changing insights from data. The amount of data requiring storage is doubling approximately every six months and unstructured formats make it difficult to analyse. This increased volume of big data has put the onus on Artificial Intelligence (AI) and Machine Learning (ML) to deliver meaningful business outcomes from data. As it stands not all vendors are able to provide this end to end service, leading to the emergence of new partnerships in the transformation space.

H2 2019 ICT Services M&A Volumes

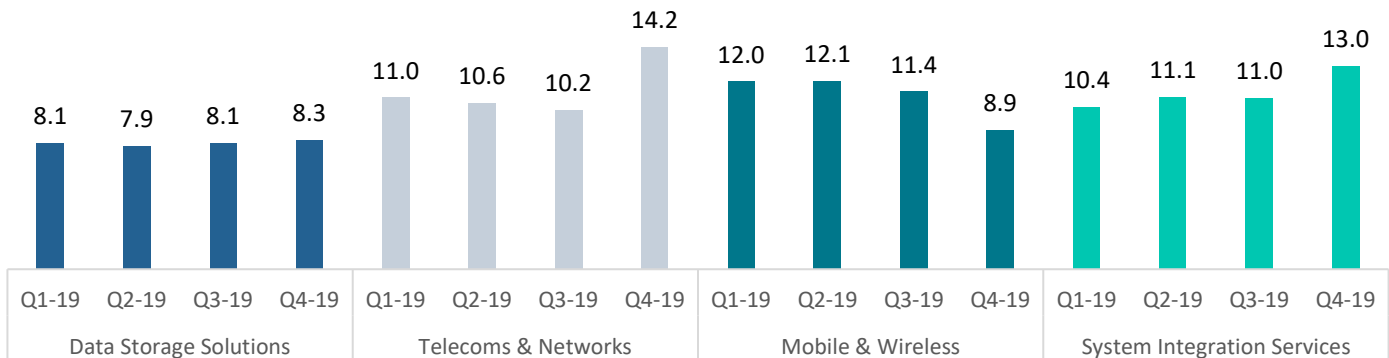
UK ICT Services M&A Volumes by Quarter



The second half of 2019 saw 85 deals completed in the ICT services sector with over half in the System Integration Service space. This is significantly lower than the 112 deals completed in the first half of the year.

H2 2019 ICT Services Average EV/EBITDA Multiples

Average EV/EBITDA multiples for UK ICT services

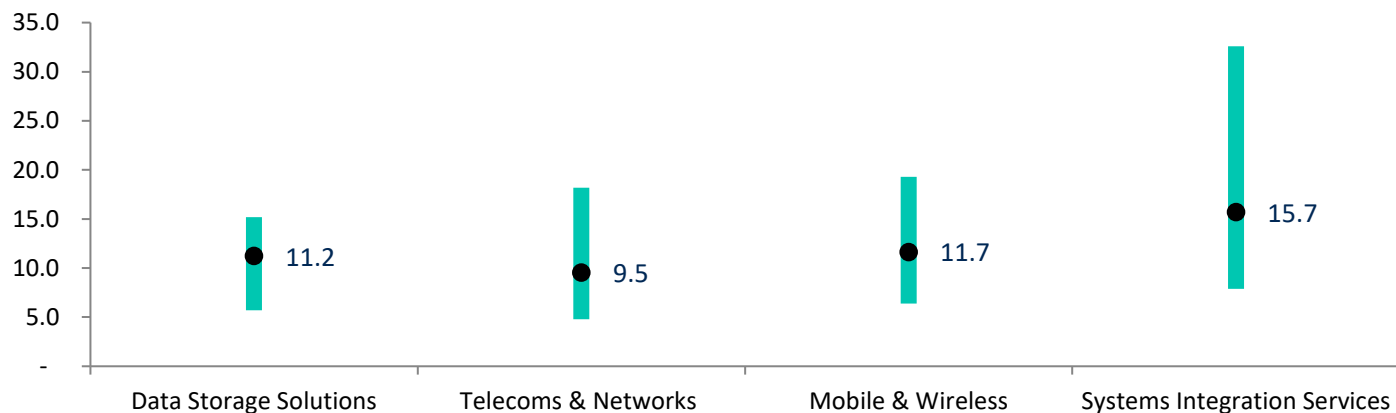


On a trailing 12 month basis, EBITDA valuations for 'System Integration Services' and 'Telecoms & Networks' have experienced increases while 'Mobile & Wireless' has declined. 'Data Storage Solutions' has remained consistent over the 12 month period.

H2 2019 ICT Services Average Quoted Company Multiples

H2 2019 average quoted company multiples across all ICT Services sub-sectors ranged from 9.5x to 15.7x.

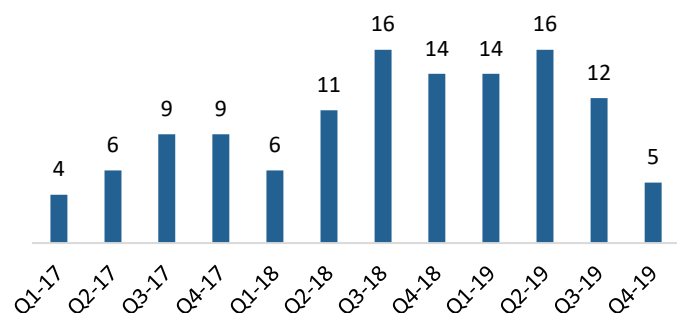
Range and average EV/EBITDA ICT trading multiples



Private Equity Transactions

Whilst Private Equity activity in the ICT Services sector declined significantly in Q4-19, overall deal volume in 2019 was the same as 2018, but loaded into H1.

Number of ICT Services PE Transactions Split by Quarter



Onecom Group, a leading communications services provider, has announced that it has completed a £100m growth capital funding package from LDC and specialist debt provider, Ares Capital. Onecom hopes to use the funds to support its significant growth after doubling its revenue over the last 5 years and signing a 5-year £600m deal with Vodafone.

Leading network operator **Community Fibre** has announced £50m in growth capital funding from existing investors RPMI Railpen and Amber Infrastructure. This new round of funding brings the level of investment of these backers up to £90m over the last 5 years. Community Fibre intend to implement ambitious growth plans, setting a target of connecting 500,000 homes across London amid the increasingly competitive environment of London fibre installations.

Stellium Datacentres, a colocation data centre operator, completed a £30m funding round from Tiger Infrastructure Partners and Eram Capital. Stellium's flagship campus in Nottingham is comprised of three industry-leading data centre facilities and is set to further build out the capacity and quality available to its customers. Recently selected as the principal cable landing station to a number of subsea fibre-optic cable networks, Stellium is well situated as a vital hub connecting Britain to Northern Europe as well as the US.

ASL Group, the managed print services provider, has been acquired by Primary Capital in a buy-and-build secondary buyout of between £20m-25m from Mobeus Equity Partners. The buyout will allow ASL to acquire further businesses, expand its reach and enhance its service for customers.

Orbis ICT Services Transaction

Business Overview

Voice Mobile, headquartered at Fort Dunlop, Birmingham was formed in 2001 and is one of the largest independent suppliers of mobile phone solutions in the UK. The Company is a key distribution partner for EE, delivering corporate and consumer mobile phone solutions over the EE network. Voice Mobile works with several corporate clients including the Birmingham Chamber of Commerce and Birmingham City Football Club.

Our Role

Throughout our engagement, we spent time understanding the key value drivers for Voice Mobile, including the company's relationship with EE and the operational systems. We researched a selection of buyers that could add value to Voice Mobile and take the business forward. Daisy, with their acquisition strategy and existing distribution agreements with Vodafone and O2, were identified as a strong strategic fit.



Have acquired



For undisclosed value

Strategic Trade Transactions in the ICT Services Sector

The ICT services sector has seen 66 trade deals completed in H2-19, a slight decrease from 78 in H1-19.

Arqiva Group, a leading UK communications infrastructure company, has agreed to sell its telecoms infrastructure and related assets to **Cellnex Telecom**, a significant operator of mobile network towers across Europe, for a reported £2bn expected to close during H2 2020. The acquisition, which comprises over 7,400 cellular sites and rights to market a further 900 UK sites, follows the Cellnex ambition to expand within the UK.

Brookfield Infrastructure Partners, a global alternative asset manager, has acquired British private equity firm 3i's 93% stake in **Wireless Infrastructure Group**, a leading indoor mobile network infrastructure provider with assets across the UK and Netherlands, for £390m, giving the target an enterprise value of £575m. WIG hopes to explore more strategic infrastructure initiatives as well as continue its expansion across products and geographies.

Aurelius Equity Opportunities, a Germany-based multi-asset manager, has acquired **BT Group's Fleet Solutions** business that offers leading commercial fleet management services. The divestment of this division fits with BT's ongoing strategy of focusing on its fixed and mobile networks, further investing in full fibre and 5G technologies.

DXC Technology, a leading end-to-end IT services and solutions company, has acquired **Virtual Clarity**, a provider of IT-as-a-Service transformational advisory services. The acquisition enhances DXC's cloud/digital transformation capabilities.

Elsewhere, **Nasstar**, an AIM-listed managed IT and cloud services provider, has been in talks with Mayfair Partners-backed ICT services business, **GCI**, for a reported £77m take-private deal.

Cancom, a leading German digital transformation and managed services provider, has agreed to buy Irish IT service provider **Novosco Group** for £70m. The transaction will expand Cancom's service capabilities and provide direct market access in Ireland.



Have acquired



For GBP 2bn



Have acquired



For GBP 390m



Have acquired



For an undisclosed sum



Have acquired



For an undisclosed sum



Have acquired



For GBP 77m



Have acquired



For GBP 70m

Orbis ICT Services Transactions



Provided development capital to



For undisclosed value



Have acquired



For undisclosed value

About Orbis

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

If you are considering your strategic options for enhancing the value of your business or your client's business, please contact either Shah or Nick.

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Orbis is an independent corporate finance advisory firm, working with business owners, management teams and investors to advise them through every aspect of corporate finance.

The partners have over 100 years of deal-making experience and combine their broad network of global relationships with deep sector knowledge and investor skills to deliver a specialist M&A experience.

Orbis is the UK partner for Clairfield International, a global investment bank, offering clients access to over 400 corporate finance professionals situated in over 20 countries across the globe.

Orbis Partners : Services

A complete range of M&A services providing a wealth of experience to our clients

- Company Sales**
- Extensive mid market M&A expertise and experience across the team.
 - International reach – over 20 countries and growing.
 - Over 90% of all sale mandates involve an overseas party.

- Acquisition Support**
- Listed and private clients.
 - Research and origination - internal research team and tools.
 - Strategic and financial assessment.
 - Deal management.

- Due Diligence**
- Experienced and informed advice.
 - Extensive experience within the UK and of international transactions.
 - Tailored reports.
 - Partner led.

- Management Buy Out**
- Deal leadership and fund raising.
 - Align interests with management team.
 - Co-investors on 15 deals.

- Capital Raising**
- Supporting existing business to fund development.
 - Supportive investor bringing focus on value creation.
 - Co-investors on 3 deals.

- Business Improvement**
- Independent advice and planning strategy led by sector insights.
 - Turnaround and profit improvement credentials.
 - Leading the team through uncertainty whilst developing a game plan.
 - Co-investors and principal.

Orbis Partners : Sectors

Experience across a range of sectors

Technology, Media
and Telecoms

Business Services

Industrial

Healthcare

Food & Consumer

