



GLOBALSCOPE

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Key Insights on the TMT Sector
Fall 2019 Conference – New Delhi, India
from member firm Carlsquare

The European software M&A market

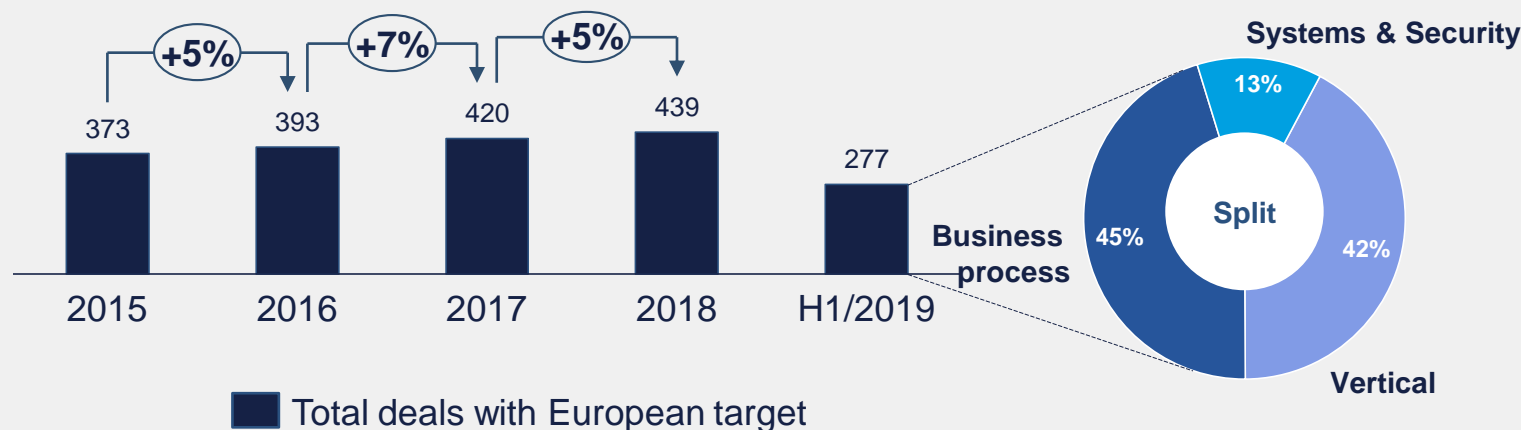
Our views on recent developments in European B2B software markets



Top software transactions

European software M&A activity (2015-H1/2019)

The European software market keeps its positive trend in terms of closed transactions



- The strong positive trend within the European software M&A market
- An **increase of 35%** in comparison to H1/2018

Top European M&A software transactions (LTM)

Date	Target	Sector	Description	Buyer/ investor	Transaction value (€ m)	EV/ sales	EV/ EBITDA
Apr 19	Gemalto	Systems & Security	Provider of digital security solutions	Thales	5,709	1.8x	13.1x
Jul 18	SUSE Linux	Systems & Security	Provider of Linux-based operating systems	EQT Partner	2,179	7.3x	22.9x
May 19	eFront	Vertical	Provider of software for investment management	BlackRock	1,151	n.a.	n.a.

- The biggest transaction was the acquisition of security specialist **Gemalto by Thales** with a value of **EUR 5.7bn**

European software M&A activity (2015-H1/2019)

Investor activity by type and geography

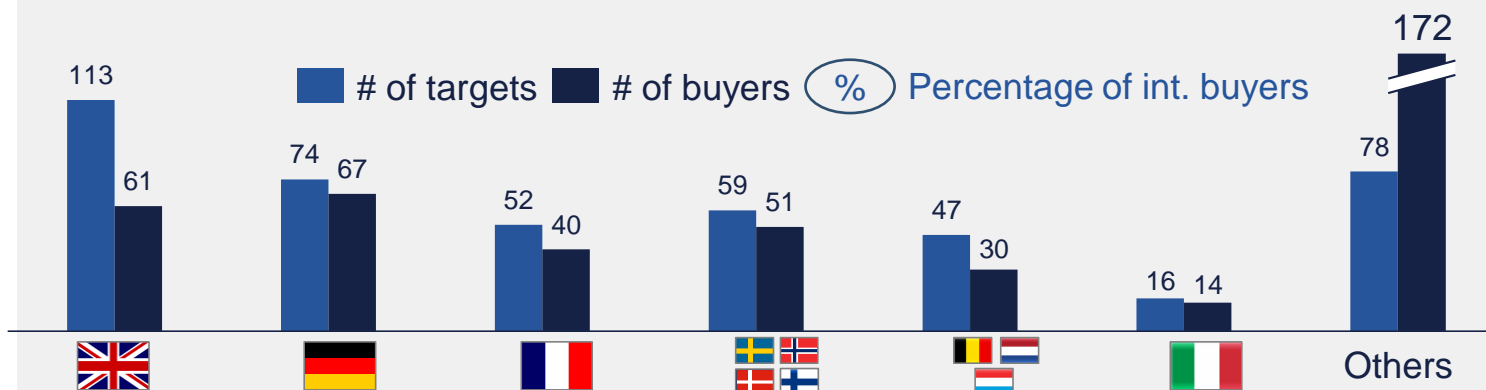
Software M&A activity by investor type

13%

of all transactions are closed
by private equity investors in 2018

- Awareness of digitization is the main driver
- Strategic software buyers tap the market for vertical solutions

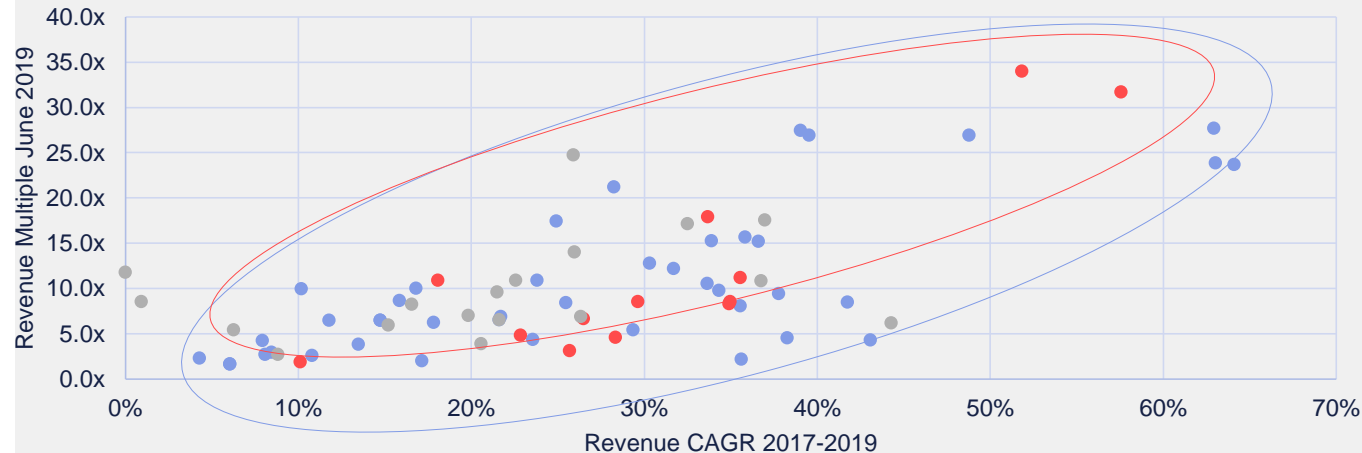
Overview of M&A activity by geography (2018)



- UK and Germany are the biggest European software markets
- Benelux and UK have a comparatively high share of international buyers

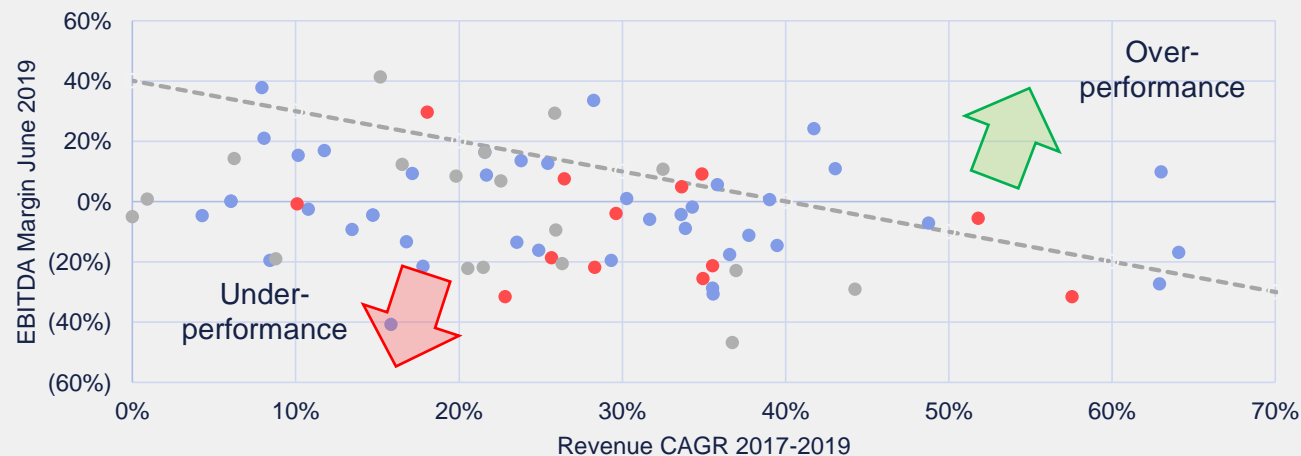
The global Software as a Service (SaaS) market

Expected revenue CAGR 2017 to 2019 compared to revenue multiple of June 2019



- Strong revenue prospects are highly valued by market participants
- Systems & security software** is valued at the highest median multiple

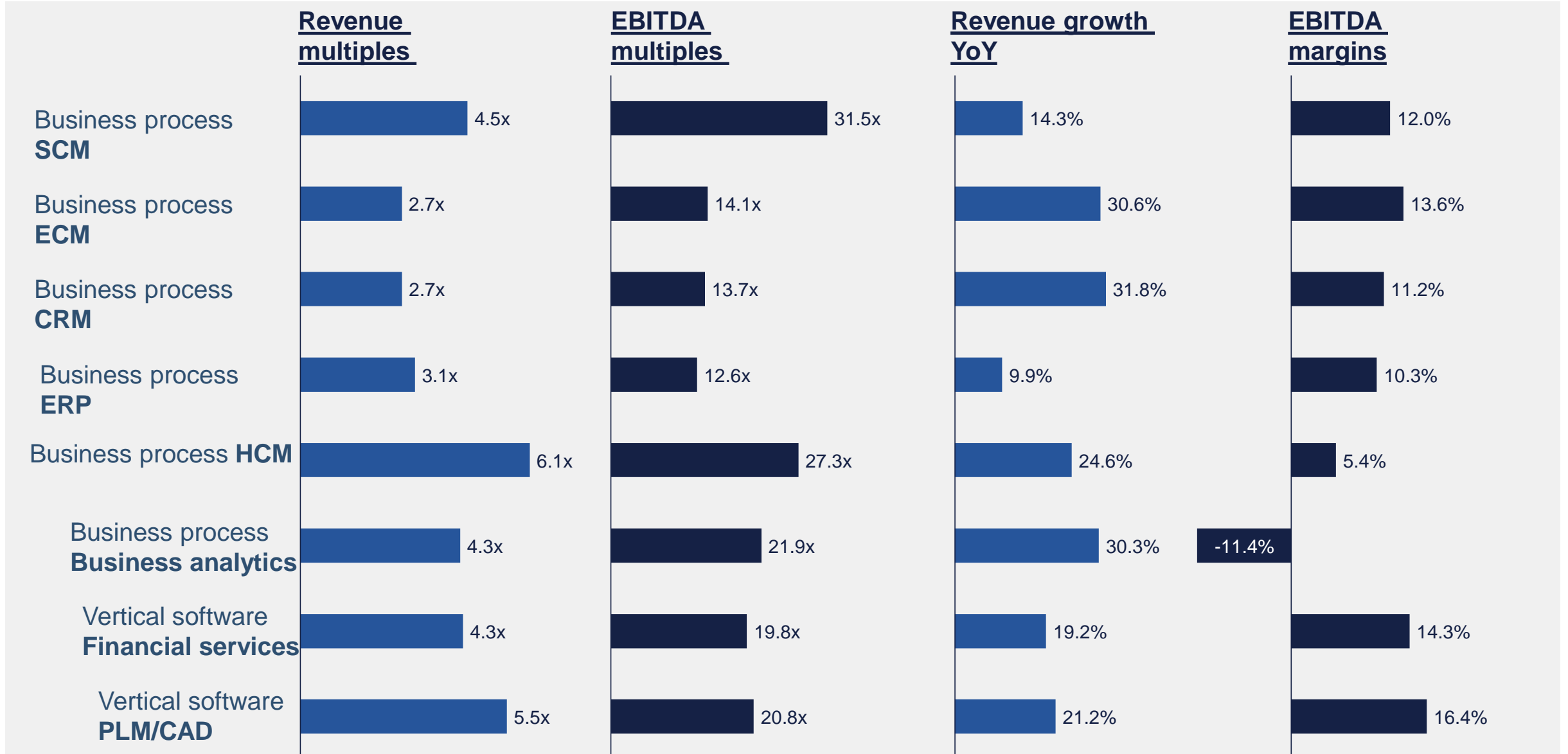
Expected revenue CAGR 2017 to 2019 vs. EBITDA margin – Rule of 40%



- The rule of 40 states that the sum of revenue growth and EBITDA margin should equal 40
- Strong growth can compensate for low/negative EBITDA margins

The global Software as a Service (SaaS) market

Valuations & Key metrics



Let's get in touch!

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