



# Communication Systems and Technology Group

KPMG Corporate Finance

Q4 2016 M&A newsletter

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# Communication Systems and Technologies M&A Overview

2016 was a banner year in the Communication Systems and Technologies (“CST”) space with \$103.1bn aggregate deal value, up over 100% from 2015. Ongoing adoption and transformation in the Internet of Things and Unified Communications sectors were the primary drivers of this value increase over last year. We also witnessed an increase in median deal value from approximately \$61 million in 2015 to \$78 million in 2016, an increase of 28% YoY. Reported revenues multiples also dramatically increased from 1.6x in 2015 to 3.2x in 2016. This year companies attracted buyers beyond those directly in their industry, as large players across many sectors have become increasingly focused on acquiring communications related technology to enhance their businesses and ensure that they do not fall behind as a result of a major industry shift in what is being called the “uber” effect.

Total global deal volume  
**275**



The Communication Systems and Technology sector saw 275 deals announced in 2016 globally, up from 264 in 2015

**\$103.1**

Aggregate deal value



The aggregate deal value more than doubled in 2016 to **\$103.1bn**, up from \$50.3bn last year. The year witnessed 11 deals above \$1bn

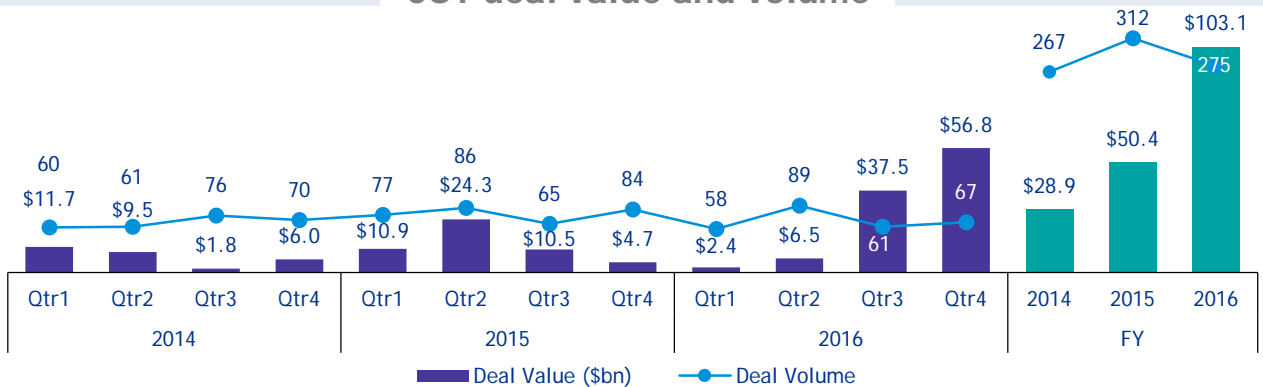


North America had the highest share of Global M&A volume (2016)

North America	EMEA	Asia-Pacific	LatAm
<b>63.3%</b>	<b>31.3%</b>	<b>4.4%</b>	<b>0.7%</b>

North America continued to have the lion’s share in global M&A activity with **63.3%** of the deal volume in the year, followed by EMEA and Asia-Pacific regions with 31.3% and 4.4% respectively

## CST deal value and volume



## Sub-sector M&A overview



### Network Infrastructure

**75**  
deals announced

There were 75 deals announcements in the network infrastructure business globally in 2016, witnessing a decline by 14.7% YoY. The aggregate deal value of disclosed deals was \$9.7bn in 2016



### Mobile

**44**  
deals announced

The year saw 44 mobile sector deals, down from 64 deals in 2015, with total disclosed value of \$3.8bn. The largest deal was Fleetmatics Group’s acquisition by Verizon for \$2.4bn



### UCaaS

Deal value  
**95%**

The deal value of disclosed M&A deals in the sub-sector increased by **95%** to \$5.0bn, however the number of deal announcements fell to **77** in 2016 from 100 last year



### IoT

Deal volume  
**8.2%**

The IoT sub-sector had **92** deal announcements in 2016, up **8.2%** YoY. The deal value increased over 10 times to \$85.6bn in 2016, primarily due to 5 deal announcement of over \$1bn

Note: M&A analysis is based on deals announced during the respective periods. Deal value represents aggregate deal value for disclosed transactions for the time period noted.

Sources: 451Research, Capital IQ and KPMG research



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# UCaaS Industry Spotlight

Rapid adoption of UCaaS deployment

North America largest; APAC fastest growing

Consolidation opportunity across user base

- UCaaS is a delivery model in which a variety of communication and collaboration applications and services are outsourced to a third party provider and delivered over an IP network.
- The UCaaS deployment model has evolved as a cost effective and scalable tool to manage highly complex and fragmented modes and increased volumes of business communication.
- Greater levels of integration of UCaaS with CRM tools and business productivity solutions will see rapid adoption of this technology.
- As more entrants enter the market, efficiency, user experience involving ease of integration and reliability will be the key differentiators.
- The global UCaaS industry is pegged to reach \$17.8 billion by 2022. While North America represents the largest market worldwide, Asia-Pacific is the fastest growing market backed by an increasing base of small and medium businesses which are early adopters of cost-saving cloud technologies.
- The technology is currently in a transition phase from being an "early adopter" to an "early mainstream", pushing UCaaS industry to rising levels of competition and M&A activity.
- Potential consolidators include companies providing solutions in the areas of telecommunication, IT, software, outsourcing, internet telephony as well as pure-play UCaaS services to capitalize on the ongoing enterprise shift from premise based telephony to hosted cloud-based UC services, diversify product offerings and gain market share in this expanding industry through the inorganic route.



## Key Drivers

Wide availability of communication channels and resultant complexity of in-house UC

Growth in Enterprise cloud spending and cost saving cloud based UCaaS Business Model

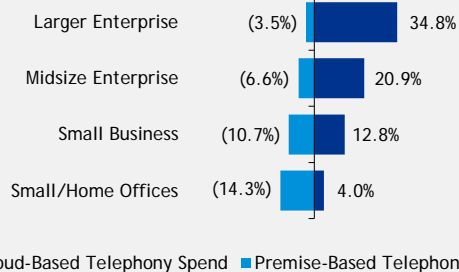


Increasing trend of enterprise mobility and BYOD

Inherent model benefits like pay-per-use and low operational cost favoring SMEs in particular

Demand for UCaaS APIs for integrating UCaaS with other cloud applications to boost usability

## Telephony Spending 2014-19E CAGR (%)



Increase in investments, especially by larger organizations represents their focus on reducing costs connected to business communication encompassing markets in diverse geographies



## Recent Major UCaaS Deals

Announced	Acquirer	Target	Description	Deal Value (\$mm)	EV / Revenue
08/31/2016	Genesys	Interactive Intelligence Inc.	Provides VoIP, unified communications, PBX and call center management software and software-as-a-service (SaaS).	\$1,400	3.3x
05/05/2016	Vonage Holdings	Nexmo Inc.	Provides application program interfaces and software development kits to enable voice, text, chat application and phone verification	\$230	3.3x
05/02/2016	BCE Inc.	Manitoba Telecom Services Inc.	Provides broadband Internet, wireless, digital TV, and unified communications	\$2,466	4.3x
03/15/2016	magicJack VocalTec	North American Telecommunication s Corporation	Provides enterprise unified communications-as-a-service (UCaaS), including hosted VoIP, PBX and SIP trunking services	\$40	3.1x
11/23/2015	Zayo Group	Allstream Inc.	Provides broadband Internet, VoIP, SIP trunking, IP-based unified communications, application hosting, and managed services	\$350	0.8x

# Transactions in Focus

Qualcomm announced the acquisition of NXP Semiconductors, a provider of mixed-signal semiconductor electronic solutions for automotive, broad-based microcontrollers, secure identification etc.

Announced Date: October 27, 2016      Deal Value: \$39,187mm      EV/Revenue: 5.3x      EV/EBITDA: 19.6x

Qualcomm's purchase of NXP Semiconductors accelerates growth and facilitates business diversification in fast-growing automotive-chip market and near-field communications, a short-range wireless technology, where NXP has leading positions. Their customers and distribution channels enables the sale of leading products and platforms at scale in mobile, automotive, IoT, industrial, security and networking

Samsung Electronics announced the acquisition of Harman International Industries Inc., a provider of connected products and solutions for automakers, consumers, and enterprises

Announced Date: November 14, 2016      Deal Value: \$8,000mm      EV/Revenue: 1.2x      EV/EBITDA: 10.2x

Samsung Electronics' purchase of Harman will help Samsung expand its presence in rapidly growing market for connected technologies and devices, especially automotive electronics. Harman designs and manufactures audio systems, including speakers, home theater systems, car stereos, microphones, headphones and mixing desks, for businesses and consumers globally, while also providing connected car, GPS and infotainment systems for automotive manufacturers.

GTCR LLC announced the acquisition of Inteliquent, Inc., a provider of voice telecommunications services on a wholesale basis

Announced Date: November 2, 2016      Deal Value: \$800mm      EV/Revenue: 2.5x      EV/EBITDA: 16.9x

GTCR's purchase of Inteliquent through the merger with GTCR's affiliate firm Onvoy, a provider of communications enablement services, strengthens firm's position to create a market leader in the field of next-generation communication solutions

Ziff Davis, LLC, a subsidiary of j2 Global, announced the acquisition of Everyday Health Inc., a provider of digital marketing and communications platform for healthcare marketers primarily in U.S.

Announced Date: October 21, 2016      Deal Value: \$379mm      EV/Revenue: 1.8x      EV/EBITDA: 15.0x

Ziff Davis LLC's purchase of Everyday Health helps Ziff diversify its portfolio, reach a wider audience base and also provide additional assets for its B2B division. Everyday Health operates a separate website for physicians and other healthcare professionals throughout the U.S. and is estimated to have a reach to 50 million consumers and over 700,000 healthcare professionals each month

# KPMG CF Transaction Spotlight

**ALERION**  
Capital Group, LLC

has sold

to

Transaction Value \$ 105MM

IoT and Embedded  
Computing

August 2016

- In August 2016, KPMG Corporate Finance announced its role as sell-side advisor in the sale of Kiosk Information Systems, Inc. to Posiflex Business Machines, Inc.

#### Overview:

- Founded in 1993, Kiosk Information Systems, Inc. ("KIOSK") is a global supplier of IoT enabled self-service solutions
- KIOSK provides a end-to-end solution encompassing custom design engineering, manufacturing, software development, field services and highly secure managed services

#### Engagement:

- KPMG Corporate Finance was engaged to act as Kiosk's exclusive financial advisor, running a robust sell-side process that ultimately resulted in a sale to Posiflex Business Machines and a great outcome for the Company and its shareholders
- "The professionals at KPMG Corporate Finance were clearly instrumental in preparing KIOSK for this process and getting the transaction closed. They worked closely with our management team to ready them and the company for the rigors of a sell side effort, from diligence prep to buyer discussions and negotiating the final transaction," said Rick DeAvila, Managing Director of Alerion Capital Group

Sources: 451Research, Capital IQ, Mergermarket and KPMG research



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# Selected Recent M&A Transactions (1/4)

Announced	Target	Acquirer	Sub-Sector	Deal Value (\$mm)	EV / Revenue	EV / EBITDA
12/21/2016	Reliance Communications Limited	Brookfield Asset Management Inc.	Network Infrastructure	\$1,600.0	-	-
12/21/2016	Invensense Inc.	TDK Corporation	IoT	\$1,300.0	3.5x	-
12/20/2016	Middle East North Africa Company Submarine Cable Systems S.A.E	Bharti Airtel Limited	Network Infrastructure	-	-	-
12/20/2016	STRAN Technologies	Corning Inc.	Network Infrastructure	-	-	-
12/20/2016	GlobalConnect A/S	EQT AB	Network Infrastructure	-	-	-
12/19/2016	FPS Towers	ATC Europe	Network Infrastructure	\$726.0	-	-
12/19/2016	Ranzure Networks	Xura Inc.	Network Infrastructure	-	-	-
12/16/2016	Collabria LLC	Cleartronic Inc.	UCaaS	-	-	-
12/15/2016	Annik	LiquidHub Inc.	IoT	-	-	-
12/13/2016	Denwa Limited	Solar Communications	UCaaS	-	-	-
12/13/2016	911 ETC Inc.	West Corporation	UCaaS	\$10.0	-	-
12/13/2016	Communication Networks LLC	ACRE LLC	Network Infrastructure	-	-	-
12/12/2016	Cronologics Corporation	Google Inc.	IoT; Mobile	-	-	-
12/12/2016	IConservo Inc.	Scotts Company LLC	IoT	-	-	-
12/12/2016	Oso Technologies Inc.	Scotts Company LLC	IoT	-	-	-
12/08/2016	Cyfas Systems Ltd.	Motorola Solutions	Network Infrastructure; UCaaS	-	-	-
12/06/2016	Consolidated Communications Holdings Inc.	ePlus Inc.	UCaaS	-	-	-

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# Selected Recent M&A Transactions (2/4)

Announced	Target	Acquirer	Sub-Sector	Deal Value (\$mm)	EV / Revenue	EV / EBITDA
12/05/2016	Gimbal Inc.	Mobile Majority	Mobile	-	-	-
12/02/2016	Zementis Inc.	Software AG	IoT	\$65.0	6.5x	-
12/01/2016	Connect 8 Ltd.	Spark New Zealand Ltd.	Network Infrastructure	-	-	-
12/01/2016	Telcare Medical Supply Inc.	BioTelemetry Inc.	Mobile	\$7.0	-	-
12/01/2016	Bluision Inc.	HID Global	IoT; Mobile	-	-	-
12/01/2016	GPS Heroes	WorkWave	Mobile	-	-	-
11/30/2016	Vocality International Ltd.	Cubic Corporation	UcaaS	-	-	-
11/30/2016	Micro Advantage	Sangoma Technologies Corporation	UCaaS	\$0.4	-	-
11/30/2016	Electric Lightwave	Zayo Group Holdings Inc.	Network Infrastructure	\$1,420.0	-	-
11/30/2016	Pravala Networks	Carnegie Technologies	IoT	-	-	-
11/30/2016	Prox Dynamics AS	FLIR Systems Inc.	IoT	\$134.0	-	-
11/17/2016	Netfarmers GmbH	Damovo Corporate Services Ltd.	UCaaS	-	-	-
11/15/2016	NewNet Communication Technologies (Rich communications business software)	Samsung Electronics	Network Infrastructure	-	-	-
11/15/2016	InterLinx Communications	TDS Telecomms. Corporation	Network Infrastructure	-	-	-
11/15/2016	Bit Stew Systems	GE Digital	IoT	\$153.0	-	-
11/14/2016	ServiceMax	GE Digital	IoT	\$915.0	10.2x	-
11/14/2016	Harman International Industries Inc.	Samsung Electronics	IoT	\$8,000.0	1.2x	10.2x

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# Selected Recent M&A Transactions (3/4)

Announced	Target	Acquirer	Sub-Sector	Deal Value (\$mm)	EV / Revenue	EV / EBITDA
11/14/2016	LQD WiFi LLC (assets)	Verizon Communications Inc.	IoT	-	-	-
11/09/2016	Hibernia Atlantic	GTT Communications Inc.	Network Infrastructure	\$590.0	3.2x	-
11/09/2016	Clarity Communications Group Inc.	Lumos Networks Corp.	Network Infrastructure	\$10.0	-	-
11/09/2016	Sphere Secure Workspace Inc.	OneLogin Inc.	Mobile	-	-	-
11/07/2016	Cigital Inc.	Synopsys Inc.	IoT	-	-	-
11/07/2016	Codiscope LLC	Synopsys Inc.	IoT	-	-	-
11/02/2016	Mobileum Inc.	Audax Private Equity	Network Infrastructure	-	-	-
11/02/2016	Inteliquent Inc.	GTCR LLC	Network Infrastructure	\$800.0	2.5x	16.9x
11/02/2016	FreshTemp	Digi International	IoT	-	-	-
11/01/2016	FPL FiberNet	Crown Castle International Corp.	Network Infrastructure	\$1,500.0	-	-
10/31/2016	VoIP Logic LLC	BroadSoft Inc.	UCaaS	-	-	-
10/31/2016	BLiNQ Inc.	Communication Components Inc.	Network Infrastructure	-	-	-
10/31/2016	Securatrak Pty. Ltd.	Fleet Complete [Madison Dearborn Partners]	Mobile	-	-	-
10/27/2016	Xtium Inc.	Evolve IP LLC [Great Hill Partners]	UCaaS	-	-	-
10/27/2016	Innovasic	Analog Devices Inc.	IoT	-	-	-
10/27/2016	NXP Semiconductors	Qualcomm	IoT	\$39,187.0	5.5x	-
10/24/2016	Masergy Communications	Berkshire Partners	UCaaS	-	-	-
10/21/2016	Everyday Health Inc.	Ziff Davis Media Inc. [j2 Global]	UCaaS	\$378.6	1.9x	15.0x

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# Selected Recent M&A Transactions (4/4)

Announced	Target	Acquirer	Sub-Sector	Deal Value (\$mm)	EV / Revenue	EV / EBITDA
10/21/2016	Fibre Hoods Pty. Ltd.	Vuma Telecoms	Network Infrastructure	-	-	-
10/21/2016	Nfrastructure Technologies LLC	Zones Inc. [Firoz Lalji]	IoT; UcaaS	-	-	-
10/20/2016	Snom Technology AG	VTech Holdings Limited	UcaaS	-	-	-
10/20/2016	Pangaea Networks	Cleareon Fiber Networks	Network Infrastructure	-	-	-
10/11/2016	Dakota Cloud Recovery	j2 Global Inc.	Ucaas	-	-	-
10/11/2016	DataProtect Cloud Ltd.	j2 Global Inc.	UcaaS	-	-	-
10/11/2016	FrontSafe	j2 Global Inc.	Ucaas	-	-	-
10/11/2016	MaxEmail	j2 Global Inc.	UcaaS	-	-	-
10/11/2016	Meshify Inc.	Hartford Steam Boiler Inspection and Insurance Company	IoT	-	-	-
10/11/2016	Aseptika Ltd.	Spirit Healthcare	IoT	-	-	-
10/05/2016	K Telecom and Wireless	TPT Global Tech Inc.	Ucaas	-	-	-
10/04/2016	SIPHON Networks Ltd.	Nuvas Group	UcaaS	-	-	-
10/04/2016	Mobi Corp.	BSM Technologies Inc.	Mobile	\$8.0	-	-
10/04/2016	Zonar Systems	Continental AG	IoT; Mobile	-	-	-
10/03/2016	Micrium Inc.	Silicon Laboratories Inc.	IoT	-	-	-

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# Trading Companies (1/3)

Network Infrastructure								
Company	Share price <sup>(1)</sup> (\$)	% of 52 Week High	Market Cap <sup>(1)</sup> (\$mm)	Enterprise Value <sup>(2)</sup> (\$mm)	LTM Revenue (\$mm)	LTM EBITDA <sup>(3)</sup> (\$mm)	EV/ LTM Revenue	EV/ LTM EBITDA
<b>Large Cap.</b>								
Cisco Systems, Inc.	30.2	94.6%	151,697.1	115,519.1	48,917.0	14,994.0	2.4x	7.7x
QUALCOMM Incorporated	65.2	91.0%	96,293.0	89,392.0	23,554.0	8,240.0	3.8x	10.8x
Cognizant	56.0	88.3%	33,993.4	30,031.4	13,257.6	2,648.1	2.3x	11.3x
Nokia Corporation	4.8	65.6%	27,760.7	22,623.9	32,625.0	3,244.4	0.7x	7.0x
HP Inc.	14.8	91.3%	25,308.9	25,856.9	48,238.0	4,265.0	0.5x	6.1x
Ericsson	5.9	64.0%	19,230.2	17,588.7	26,955.5	3,444.5	0.7x	5.1x
Palo Alto Networks, Inc.	125.1	72.0%	11,465.4	10,581.6	1,479.4	(160.8)	7.2x	NM
Juniper Networks, Inc.	28.3	96.5%	10,747.9	10,559.3	4,924.1	1,076.7	2.1x	9.8x
<b>Mid Cap.</b>								
F5 Networks, Inc.	144.7	97.6%	9,453.1	8,570.7	1,995.0	602.6	4.3x	14.2x
ZTE Corp.	2.3	84.8%	9,185.9	9,441.8	15,478.0	31.8	0.6x	NM
Amdocs Limited	58.3	95.0%	8,550.3	7,654.6	3,718.2	694.9	2.1x	11.0x
CommScope Holding Company	37.2	97.9%	7,177.0	11,373.7	4,887.3	1,064.9	2.3x	10.7x
Arista Networks, Inc.	96.8	97.8%	6,794.1	6,034.0	1,046.6	234.1	5.8x	25.8x
Brocade Communications	12.5	99.7%	5,074.5	5,398.8	2,672.2	504.9	2.0x	10.7x
Ubiquiti Networks, Inc.	57.8	97.3%	4,747.1	4,373.6	719.7	265.6	6.1x	16.5x
Ciena Corporation	24.4	96.9%	3,426.7	3,668.9	2,600.6	307.4	1.4x	11.9x
Lumentum Holdings Inc.	38.7	85.4%	2,324.1	2,193.1	948.5	94.9	2.3x	23.1x
<b>Small Cap.</b>								
Viavi Solutions Inc.	8.2	93.4%	1,882.4	1,468.6	887.4	98.7	1.7x	14.9x
Netgear, Inc.	54.4	89.4%	1,797.8	1,394.8	1,321.2	149.0	1.1x	9.4x
Ixia	16.1	94.7%	1,322.1	1,235.0	495.2	81.6	2.5x	15.1x
Infinera Corporation	8.5	47.5%	1,227.4	1,090.7	949.1	98.9	1.1x	11.0x
ADTRAN, Inc.	22.4	94.1%	1,081.7	987.8	612.8	47.0	1.6x	21.0x
Extreme Networks, Inc.	5.0	96.7%	538.5	488.1	526.5	28.0	0.9x	17.4x
Calix, Inc.	7.7	93.9%	375.7	314.4	432.0	(11.5)	0.7x	NM
<b>Mean</b>		<b>88.6%</b>					<b>2.3x</b>	<b>14.8x</b>
<b>Median</b>		<b>94.0%</b>					<b>2.0x</b>	<b>11.7x</b>

(1) Market Data including Market Capitalization amounts are based on closing share prices as of December 31, 2016.

(2) Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents.

(3) EBITDA equals Earnings before Interest, Taxes, Depreciation, and Amortization.

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# Trading Companies (2/3)

Mobile								
Company	Share price <sup>(1)</sup> (\$)	% of 52 Week High	Market Cap <sup>(1)</sup> (\$mm)	Enterprise Value <sup>(2)</sup> (\$mm)	LTM Revenue (\$mm)	LTM EBITDA <sup>(3)</sup> (\$mm)	EV/ LTM Revenue	EV/ LTM EBITDA
<b>Mobile Operating Systems</b>								
Apple Inc.	115.8	97.6%	617,588.5	636,744.5	215,639.0	70,529.0	3.0x	9.0x
Alphabet Inc.	792.5	94.5%	539,069.5	459,951.5	85,537.0	28,294.0	5.4x	16.3x
Microsoft Corporation	62.1	96.9%	483,160.3	422,303.3	85,394.0	26,961.0	4.9x	15.7x
BlackBerry Limited	6.9	71.9%	3,645.9	2,962.8	1,487.0	242.0	2.0x	12.2x

Enterprise Mobility Management (EMM)								
SAP SE	87.3	99.5%	104,543.0	107,347.9	24,370.3	6,489.1	4.4x	16.5x
Citrix Systems, Inc.	89.3	96.7%	13,929.3	13,605.1	3,414.7	998.7	4.0x	13.6x
Synchronoss Technologies, Inc.	38.3	76.7%	1,735.6	1,924.9	633.9	130.2	3.0x	14.8x
MobileIron, Inc.	3.8	28.9%	329.7	250.0	161.5	(55.5)	1.5x	NM
Tangoe, Inc.	7.9	75.8%	310.7	279.2	219.4	9.6	1.3x	29.0x

Location Based Services								
FleetCor Technologies, Inc.	141.5	80.2%	13,131.9	16,662.6	1,747.2	858.1	9.5x	19.4x
Garmin Ltd.	48.5	86.3%	9,137.7	8,023.6	2,939.3	692.4	2.7x	11.6x
Trimble Inc.	30.2	97.7%	7,555.1	7,949.1	2,336.4	373.2	3.4x	21.3x
TomTom N.V.	9.0	70.2%	2,096.4	2,012.0	1,128.8	141.3	1.8x	14.2x
<b>Mean</b>		<b>82.5%</b>					<b>3.6x</b>	<b>16.1x</b>
<b>Median</b>		<b>86.3%</b>					<b>3.0x</b>	<b>15.0x</b>

Unified Communications as a Service (UCaaS)								
Company	Share price <sup>(1)</sup> (\$)	% of 52 Week High	Market Cap <sup>(1)</sup> (\$mm)	Enterprise Value <sup>(2)</sup> (\$mm)	LTM Revenue (\$mm)	LTM EBITDA <sup>(3)</sup> (\$mm)	EV/ LTM Revenue	EV/ LTM EBITDA
Citrix Systems, Inc.	89.3	96.7%	13,929.3	13,605.1	3,414.7	998.7	4.0x	13.6x
j2 Global, Inc.	81.8	98.0%	3,927.4	4,201.4	827.2	346.7	5.1x	12.1x
RingCentral, Inc.	20.6	82.4%	1,515.8	1,379.4	358.7	(10.0)	3.8x	NM
Vonage Holdings Corp.	6.9	90.5%	1,493.0	1,801.2	939.0	105.5	1.9x	17.1x
8x8, Inc.	14.3	90.0%	1,294.9	1,125.1	233.7	4.4	4.8x	NM
BroadSoft, Inc.	41.3	85.2%	1,243.4	1,191.8	328.6	39.3	3.6x	30.3x
Mitel Networks Corporation	6.8	79.8%	828.9	1,342.2	1,205.1	149.2	1.1x	9.0x
ShoreTel, Inc.	7.2	79.0%	485.8	382.3	356.5	12.0	1.1x	31.9x
Sonus Networks, Inc.	6.3	63.0%	311.5	229.1	261.3	7.1	0.9x	32.4x
magicJack VocalTec Ltd.	6.9	73.0%	108.6	53.6	98.2	24.4	0.5x	2.2x
<b>Mean</b>		<b>83.8%</b>					<b>2.7x</b>	<b>16.9x</b>
<b>Median</b>		<b>83.8%</b>					<b>2.8x</b>	<b>16.4x</b>

(1) Market Data including Market Capitalization amounts are based on closing share prices as of December 31, 2016.

(2) Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents.

(3) EBITDA equals Earnings before Interest, Taxes, Depreciation, and Amortization.

Sources: 451Research, Capital IQ and KPMG research



# Trading Companies (3/3)

IoT and M2M								
Company	Share price <sup>(1)</sup> (\$)	% of 52 Week High	Market Cap <sup>(1)</sup> (\$mm)	Enterprise Value <sup>(2)</sup> (\$mm)	LTM Revenue (\$mm)	LTM EBITDA <sup>(3)</sup> (\$mm)	EV/ LTM Revenue	EV/ LTM EBITDA
M2M / IoT								
PTC Inc.	46.3	92.7%	5,349.0	5,810.5	1,140.5	104.7	5.1x	NM
Advantech Co., Ltd.	7.9	87.9%	4,968.2	4,835.3	1,307.0	235.2	3.7x	20.6x
ORBCOMM Inc.	8.3	75.3%	587.3	718.2	184.9	35.0	3.9x	20.5x
CalAmp Corp.	14.5	70.8%	513.5	557.7	335.8	36.2	1.7x	15.4x
Sierra Wireless, Inc.	15.6	79.3%	501.6	392.1	597.4	24.2	0.7x	16.2x
Telit Communications PLC	3.4	96.6%	392.8	419.9	343.3	24.5	1.2x	17.1x
Digi International Inc.	13.8	97.2%	361.9	227.8	203.0	22.1	1.1x	10.3x
USA Technologies, Inc.	4.3	74.0%	173.3	167.8	82.4	4.0	2.0x	41.5x
Numerex Corp.	7.4	82.1%	144.9	152.4	71.9	0.3	2.1x	NM
Inseego Corp.	2.4	88.1%	132.7	207.0	252.1	2.8	0.8x	NM
<b>Mean</b>		<b>84.4%</b>					<b>2.2x</b>	<b>20.8x</b>
<b>Median</b>		<b>85.0%</b>					<b>1.8x</b>	<b>18.6x</b>
Telematics								
FleetCor Technologies, Inc.	141.5	80.2%	13,131.9	16,662.6	1,747.2	847.5	9.5x	19.7x
Trimble Inc.	30.2	97.7%	7,555.1	7,949.1	2,336.4	369.6	3.4x	21.5x
u-blox Holding AG	188.2	76.8%	1,284.3	1,227.1	365.2	74.1	3.4x	16.6x
Quartix Holdings plc	4.2	71.6%	198.8	193.7	29.3	9.0	6.6x	21.5x
Trakm8 Holdings PLC	1.3	28.9%	41.7	47.1	35.3	5.9	1.3x	7.9x
<b>Mean</b>		<b>71.0%</b>					<b>4.8x</b>	<b>17.4x</b>
<b>Median</b>		<b>76.8%</b>					<b>3.4x</b>	<b>19.7x</b>

(1) Market Data including Market Capitalization amounts are based on closing share prices as of December 31, 2016.

(2) Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents.

(3) EBITDA equals Earnings before Interest, Taxes, Depreciation, and Amortization.

Sources: 451Research, Capital IQ and KPMG research



# CST Coverage Team

**KPMG**  
cutting through complexity

**KIOSK**  
Information Systems

has been acquired by

**POSIFLEX**

**IoT and Embedded Computing**

**KPMG**  
cutting through complexity

**TrueNet**  
Communications

has been acquired by

**FUJITSU**

**Communication Networks**

**KPMG**  
cutting through complexity

ALPINE INVESTORS

has sold

**Linx**  
TECHNOLOGIES

to

**ARGOSY CAPITAL**

**IoT**

**KPMG**  
cutting through complexity

**CONTROLTEC**  
UNLOCKING THE POWER OF DATA

has been acquired by

**DELPHI**

**Data Analytics / IoT**

**KPMG** U.K.  
cutting through complexity

**CLARKE telecom**

has been acquired by

**renew**

**Network Infrastructure Services**

**KPMG** Spain  
cutting through complexity

**france telecom**

has sold an unsecured portfolio to

**ISGF**

**Wireless Telecom Services**

**KPMG**  
cutting through complexity

**Piezo Technologies**

has been acquired by

**MEGGITT**

**Sensor Systems**

**KPMG** Taiwan  
cutting through complexity

**YFC**

has acquired

**MONOPRICE**

**Components and E-Commerce**

**KPMG** Taiwan  
cutting through complexity

**ADVANTECH**

has acquired

**BB SMARTWORKX**

**Embedded Computing Components & Systems**

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