



TMT Global Industry Update

KPMG Corporate Finance Insights

Q2 - 2019



TMT Industry Trends

TMT Landmark Transactions

Largest Deal

- In May 2019, **Global Payments** and **TSYS** announced a \$21.5 billion merger of the two payments companies.
- After Fiserv-First Data and Fidelity-Worldpay, the deal marks the third mega-deal in the payments industry since the start of 2019 and underscores the changing nature of the marketplace.
- Upon completion, Global Payments shareholders will own 52% of the combined company, and TSYS shareholders will own 48% on a fully diluted basis.
- The combined company will provide payment services to around 3.5 million small to medium-sized merchants around the world and more than 1,300 financial institutions, spanning roughly 100 countries.
- The management expects cost savings of at least \$300 million a year due to combining operations, streamlining technology, getting rid of duplicate corporate and operational structures and aligning strategies.

Largest Cross-Sector Deal

- In April 2019, Michigan-based automotive seating manufacturer **Lear** acquired Seattle-based **Xevo**, an automotive software supplier, for \$320 million.
- Xevo offerings include:
 - Journeyware suite: combines an interface with cloud-based framework that allow drivers to interact with in-car content and mobile applications utilizing real-time data.
 - Xevo Market: an automotive commerce and services platform, connects consumers with popular food, fuel, parking, hotel, and retail brands through in-vehicle touchscreens and OEM-branded mobile applications

"Automakers have embraced the potential of Xevo's e-commerce platform, as well as the deeply customizable driver experiences made possible by Xevo's artificial intelligence technology,"

- Dan Gittleman, Xevo's CEO

Sources: Forbes, Company Press Releases and Websites.

KPMG Corporate Finance* TMT Landmark Transactions



Acted as the lead financial advisor to



on its investment in



US\$ 1,556 million
March 2019

Overview:

- Larsen & Toubro Infotech Limited (LTI) is a global IT solutions and digital solutions company, with sales of over US\$1.3bn in FY19 and operations in 27 countries
- Mumbai, India-based engineering major Larsen & Toubro Limited (L&T) is the controlling shareholder in LTI

Engagement:

- KPMG Corporate Finance acted as the lead transaction advisors for L&T Limited's investment in Mindtree Ltd. Engineering major Larsen & Toubro Limited (L&T) signed an agreement with CCD founder VG Siddhartha to buy his 20.3% stake for US\$474 million.
- The deal marks the second largest M&A transaction by KPMG Corporate Finance, India and third largest M&A transaction in the technology space by KPMG Corporate Finance globally.



Acted as the lead financial advisor to



on its sale to



Value not disclosed
May 2019

Overview:

- X-ID is a unique, privacy-friendly technology platform for anonymous identity management that enables digital advertising, ad effectiveness and measurement, and analytics to work on any iOS mobile web browser – both native browsers and in-app browsers like Facebook and Twitter. This occurs in real time, with deterministic precision, and without reliance on sensitive or personally identifiable end-user data.

Engagement:

- KPMG Corporate Finance acted as the exclusive investment banking advisor to X-ID, LLC on its sale to AdRoll, a division of AdRoll Group.
- X-ID retained KPMG Corporate Finance in 2018 to run a targeted M&A process.

*Represents the global Corporate Finance practices of KPMG International's network of independent member firms.



TMT Spotlight

By 2020, the world is expected to generate 50 times the amount of data compared to 2011. Due to the exponential growth in data generation, the big data and business analytics market is forecasted to grow at a CAGR of 11.9%, from \$166 billion in 2018 to \$260 billion in 2022.

Enterprise software businesses across the globe are looking to integrate analytical capabilities within their technology stacks. Companies including eminent technology players are making consistent efforts to leverage data-driven business intelligence and analytics capabilities to strengthen their customer relations.

With multiple deal announcements between enterprise software companies and data analytics businesses this quarter, consolidation in the analytics sector continues to drive M&A deal activity within the TMT space. These include Salesforce-Tableau, Google-Looker, Sisense-Periscope Data, and Alteryx-Clearstory Data.

A leading CRM joins forces with a leading analytics platform

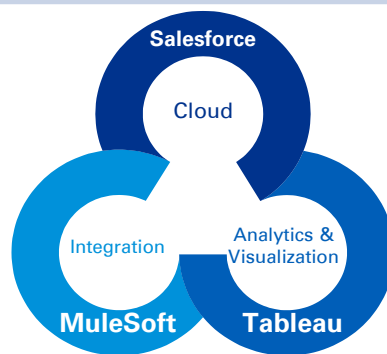


\$15.1 Billion
Deal Value

12.2x
EV / Revenue

\$350-\$400 Million
incremental revenue FY'20

With Tableau along with last year's acquisition of MuleSoft, Salesforce now offers all three pivotal ingredients for digital transformation



"With Tableau and Einstein together, Salesforce will deliver the most intelligent and intuitive analytics and visualization platform for every department and every user at any company. Tableau will make both Customer 360 and Salesforce's analytics capabilities stronger than ever, and enable the company to reach a much broader set of customers and users."

– Salesforce press release

Filling in the gap, Looker offers the much needed impetus to Google's cloud growth

Looker brings 1,600 customers, revenue run rate of over \$100mm, and 70% year over year growth

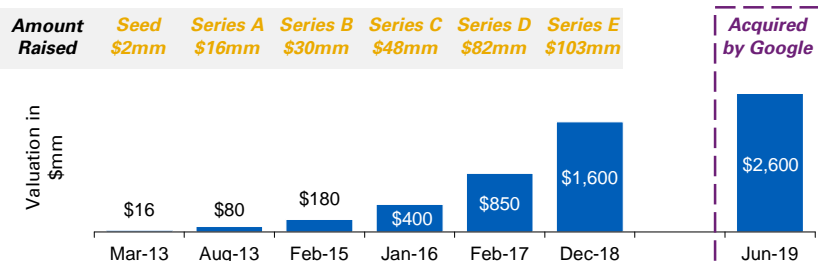


\$2.6 Billion
Deal Value

26.0x
EV / Revenue

350+
Common Customers

Looker sold for 60% more than its previous valuation



"Looker extends our business analytics offering with two important capabilities. First, the ability to define business metrics once in a consistent way across data sources. This makes it easy for anyone to query data while maintaining consistent definitions in their calculations, ensuring teams get accurate results. Second, provides users with a powerful analytics platform that delivers applications for business intelligence and use-case specific solutions."

– Thomas Kurian, CEO, Google Cloud

TMT Industry M&A Update

Sub-sector M&A activity

(Aggregate values in US\$ billions)



Communications Technology and Electronics

	Total Deals		<\$500 mm Deals	
	Value	# of Deals	Value	# of Deals
Q2'19	\$37.9	396	\$5.6	378
Q2'18	\$56.8	387	\$6.3	376



IT Services and BPO

	Total Deals		<\$500 mm Deals	
	Value	# of Deals	Value	# of Deals
Q2'19	\$7.4	397	\$3.6	392
Q2'18	\$6.8	417	\$2.9	415



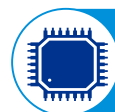
Internet and Media

	Total Deals		<\$500 mm Deals	
	Value	# of Deals	Value	# of Deals
Q2'19	\$54.8	522	\$8.0	509
Q2'18	\$50.1	572	\$5.8	555



Software

	Total Deals		<\$500 mm Deals	
	Value	# of Deals	Value	# of Deals
Q2'19	\$33.7	604	\$8.5	597
Q2'18	\$16.6	691	\$8.4	684



Semiconductors

	Total Deals		<\$500 mm Deals	
	Value	# of Deals	Value	# of Deals
Q2'19	\$18.8	69	\$2.5	61
Q2'18	\$5.0	73	\$1.6	70



FinTech

	Total Deals		<\$500 mm Deals	
	Value	# of Deals	Value	# of Deals
Q2'19	\$41.3	100	\$1.6	90
Q2'18	\$16.4	116	\$1.8	111

Notes: Deal Values are based on transactions with disclosed deal values only.

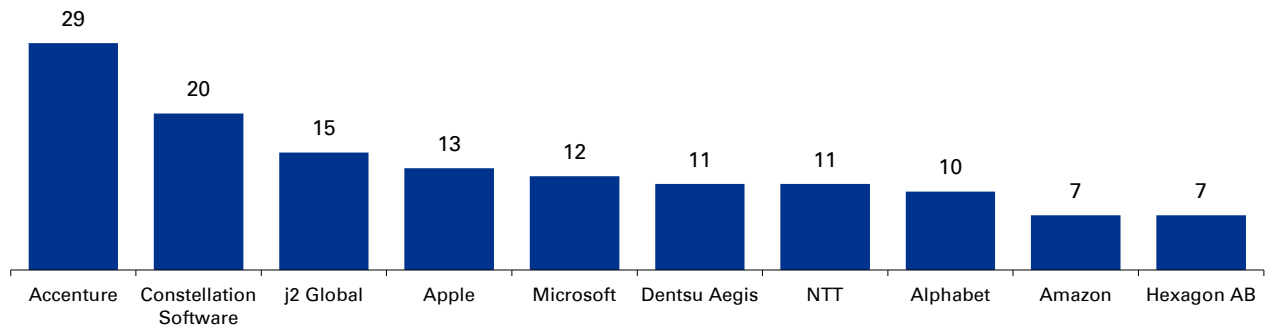
Sources: Thomson One



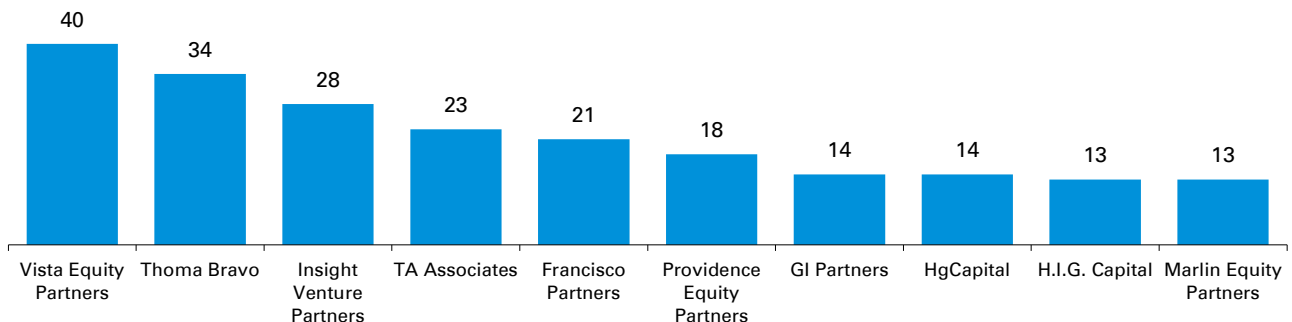
TMT Industry M&A Synopsis

- **Deal value increases:** In Q2'19, global TMT M&A aggregate deal value reached \$194 billion, representing a 28.0% year-over-year increase compared to Q2'18. The quarter saw 2,088 deals across TMT sector, compared to 2,256 deals announced in the same quarter last year.
- **Mid-market deal value increases:** Mid-market (<\$500 million) TMT aggregate deal value was also up year-over-year, with aggregate deal value reaching \$29.8 billion in Q2'19, compared to \$26.8 billion in Q2'18.
- **Mega deals increase:** The quarter recorded 32 big-ticket transactions (\$1billion+), a 60% jump in the number of deals over Q1'18. The relatively strong M&A performance in the technology sector can be attributed to a number of mega deal announcements that took place in the past three months.
- **Mega deals in mature sectors:** This year, mega deals are being driven in relatively mature sectors such as semiconductors and electronic payment processing rather than some of the more growth-oriented segments that saw heavy deal flow in 2018.
- **Mega deals in high growth segments:** The lack of large deal announcements in high-growth segments such as SaaS and cloud computing, was snapped in the last three weeks of the quarter by Salesforce and Google announcing landmark deals, followed by Capgemini's acquisition of engineering research & development (ER&D) services provider, Altran Technologies.

Top 10 Active Global TMT Strategic Buyers: TTM Q2'19



Top 10 Active Global TMT Financial Buyers: TTM Q2'19 ⁽¹⁾



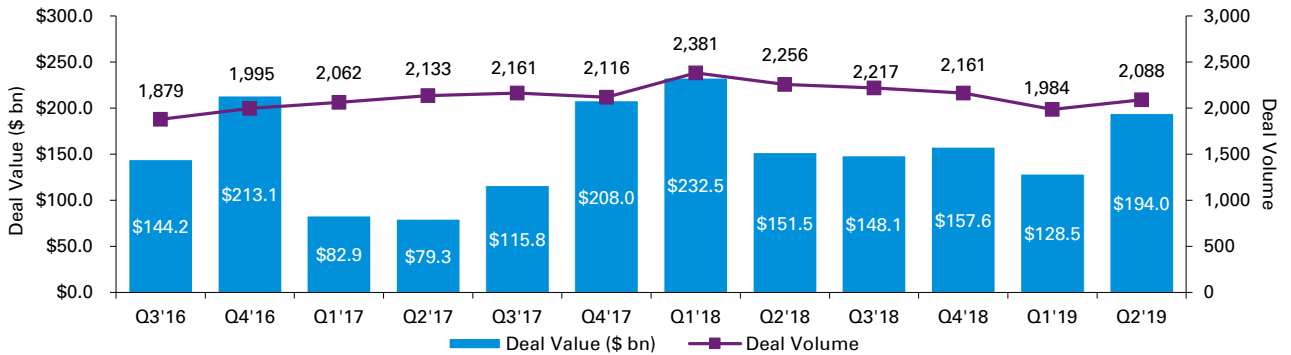
Note: 1. PE deals include bolt-on acquisitions to existing portfolio companies.

Source: 451 Research

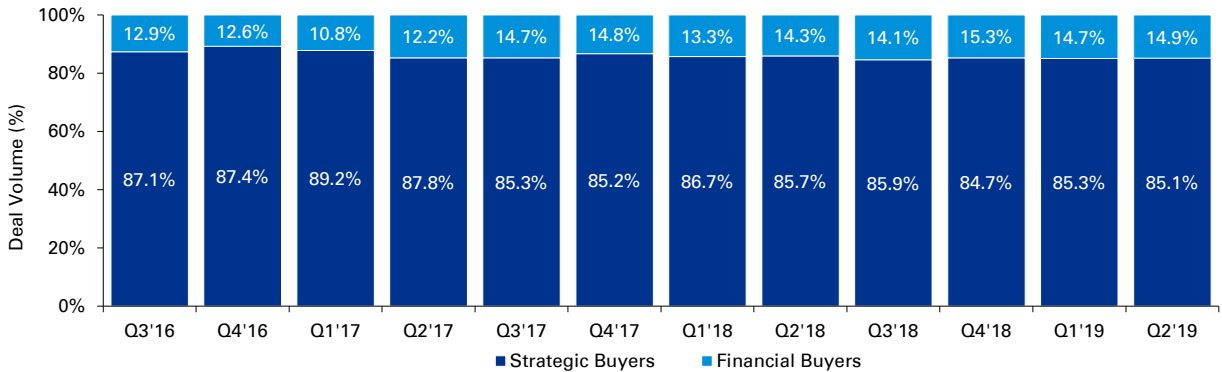


Global TMT M&A Market

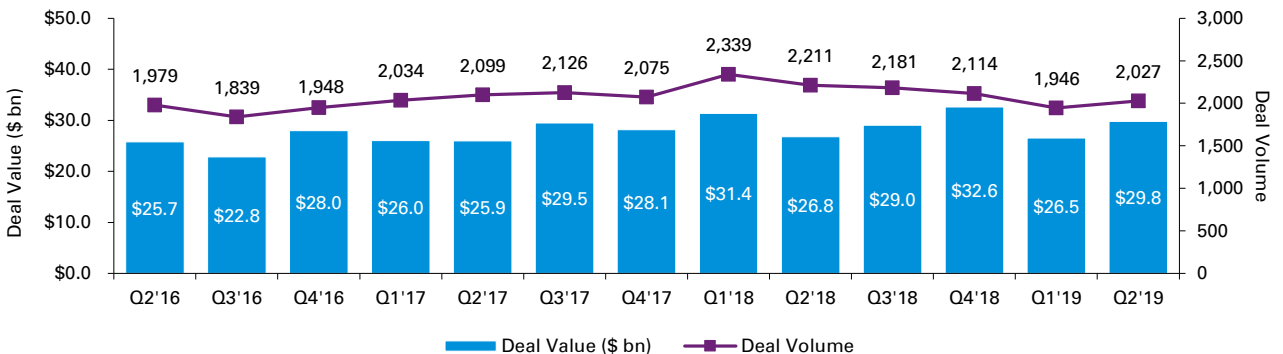
Global TMT M&A Trend: Q3'16 – Q2'19



Global TMT M&A Trend by Buyer Type: Q3'16 – Q2'19



Global TMT Mid-Market M&A Trend (<\$500 mm) ⁽¹⁾: Q3'16 – Q2'19



(1) Based on deals with disclosed deal values only.

Source: Thomson One



Global TMT Recent Transactions

Announced Date	Target Name	Target Country	Acquirer Name	Deal Value (\$ mm)	EV / TTM Revenue	EV / TTM EBITDA
Communications Technology & Electronics						
30-May-19	Eaton Towers	U.K.	American Tower Corporation	\$1,850.0	NA	NA
17-May-19	Cray	U.S.	Hewlett Packard Enterprise	\$1,439.5	2.7x	NA
9-May-19	Control4	U.S.	SnapAV	\$637.3	2.3x	23.4x
8-May-19	Telefonica SA	Spain	Asterion Industrial Partners	\$616.0	NA	NA
8-May-19	Zayo Group	U.S.	Digital Colony Management	\$8,245.4	5.4x	11.9x
7-May-19	Salt TowerCo	Switzerland	Cellnex Telecom	\$786.9	NA	NA
15-Apr-19	Electronics for Imaging	U.S.	Siris Capital Group	\$1,700.0	1.4x	16.3x
9-Apr-19	DNA Oyj	Finland	Telenor ASA	\$1,681.8	1.6x	5.2x
1-Apr-19	Fidelity Communications (data, video and voice business)	U.S.	Cable ONE	\$525.9	NA	NA
IT Services and BPO						
24-Jun-19	Altran Technologies	France	Capgemini	\$4,090.4	1.7x	17.8x
10-Jun-19	Shutterfly	U.S.	Apollo Global Management	\$1,749.3	NA	9.4x
30-May-19	Recorded Future	U.S.	Insight Venture Partners	\$780.0	12.0x	NA
7-May-19	SecureLink Group	Netherlands	Orange SA	\$576.6	2.1x	NA
24-Apr-19	JR Automation Technologies	U.S.	Hitachi	\$1,425.0	2.4x	NA
22-Apr-19	KeyW Corporation	U.S.	Jacobs Engineering Group	\$563.2	1.5x	16.2x
3-Apr-19	EG A/S	Denmark	Francisco Partners	\$556.3	NA	NA
Internet and Media						
13-Jun-19	Gamesys	U.K.	JPJ Group	\$622.5	NA	NA
27-May-19	M7 Group	Luxembourg	Canal Plus	\$1,120.1	2.5x	NA
20-May-19	KLDiscovery Ontrack	U.S.	Pivotal Acquisition	\$800.0	NA	NA
9-May-19	Trade Me Group	New Zealand	Apax Partners	\$1,700.0	NA	NA
8-Apr-19	Trilogy Education Services	U.S.	2U	\$750.0	NA	NA

Note: Included all M&A transactions with deal value of greater than \$500mm, in Q2'19.
Source: 451 Research.



Global TMT Recent Transactions

Announced Date	Target Name	Target Country	Acquirer Name	Deal Value (\$ mm)	EV / TTM Revenue	EV / TTM EBITDA
Software						
12-Jun-19	Medidata Solutions	U.S.	Dassault Systemes	\$5,743.5	8.8x	NM
10-Jun-19	Tableau Software	U.S.	salesforce.com	\$15,079.7	12.2x	NA
6-Jun-19	Looker Data Sciences	U.S.	Alphabet (Google)	\$2,600.0	26.0x	NA
6-Jun-19	Intelix Technologies	Canada	Industrial Scientific [Fortive Corporation]	\$570.0	NA	NA
3-May-19	Dude Solutions	U.S.	Clearlake Capital Group	\$525.0	5.3x	17.5x
14-Apr-19	Epsilon	U.S.	Publicis Groupe	\$4,400.0	2.0x	9.5x
4-Apr-19	IBM (marketing and commerce software business)	U.S.	Centerbridge Partners	\$500.0	1.8x	33.3x
Semiconductor						
24-Jun-19	Rudolph Technologies	U.S.	Nanometrics	\$892.5	3.1x	16.9x
3-Jun-19	Cypress Semiconductor	U.S.	Infineon Technologies	\$9,088.6	3.7x	20.1x
29-May-19	Marvell Technology (WiFi and Bluetooth connectivity business)	Bermuda	NXP Semiconductors	\$1,760.0	5.9x	NA
20-May-19	Avera Semi [Globalfoundries]	U.S.	Marvell Technology	\$650.0	1.3x	NA
FinTech						
27-Jun-19	WageWorks Inc.	U.S.	HealthEquity Inc.	\$2,047.3	2.4x	9.0x
18-Jun-19	EVRY ASA	Norway	Tieto	\$1,500.3	NA	NA
28-May-19	Total System Services	U.S.	Global Payments	\$21,210.2	6.1x	19.7x
22-May-19	SafeCharge International	U.K.	Nuvei	\$889.0	5.7x	22.9x
10-Apr-19	Axioma	U.S.	Deutsche Boerse	\$850.0	8.5x	NA

Note: Included all M&A transactions with deal value of greater than \$500mm, in Q2'19.

Source: 451 Research.



Global TMT Coverage Team

Global Coverage. Industry Knowledge. Middle-Market Focus.

The Corporate Finance practices of KPMG International's network of independent member firms (KPMG) have been ranked collectively as the number one global mid-market advisor based on total deal volume announced from 2014 to 2018, according to Thomson Reuters SDC. KPMG firms operate in 155 countries with over 2,600 professionals who are able to meet the needs of clients across the globe.

Global	Luis Motta Partner São Paulo, Brazil T: +55-113-940-8314 E: LLuz@kpmg.com.br	Bjorn Hallin Partner Stockholm, Sweden T: +46-070-548-9626 E: bjorn.hallin@kpmg.se	Nigel Rouse Partner Stockholm, Sweden T: +46-8-723-9706 E: nigel.rouse@kpmg.se	Brendan Larsen Partner Brisbane, Australia T: +61-7-3233-9373 E: bplarsen@kpmg.com.au
JP Ditty Managing Director Santa Clara, U.S. T: +1-408-367-3826 E: jpditty@kpmg.com	Joseph Radecki Managing Director Chicago, U.S. T: +1-312-665-4401 E: jradecki@kpmg.com	Patrick Kerler Partner Zürich, Switzerland T: +41-58-249-42-02 E: pkerler@kpmg.com	Hillel Schuster Partner Tel Aviv, Israel T: +972-3-684-8000 E: hillelschuster@kpmg.com	Eric Lau Partner Hong Kong T: +85-229-132-576 E: eric.lau@kpmg.com
Cyrus Lam Managing Director New York, U.S. T: +1-212-872-5540 E: clam3@kpmg.com	EMEIA	João Sousa Leal Partner Lisbon, Portugal T: +351-210-110-049 E: jsleal@kpmg.com	Amir Shani Principal Tel Aviv, Israel T: +972-3-684-8661 E: ashani@kpmg.com	Takeshi Moriya Partner Tokyo, Japan T: +81-335-485-171 E: Takeshi.Moriya@jp.kpmg.com
Americas	Khalid Bakkali Partner Amsterdam, Netherlands T: +31-206-567-507 E: Bakkali.Khalid@kpmg.nl	Paolo Mascaretti Partner Milan, Italy T: +39-02-676-431 E: pmascaretti@kpmg.it	Robert Vartevanian Partner Moscow, Russia T: +7-495-937-4444 (x11777) E: RobertVartevanian@kpmg.ru	Philip Ng Partner Shenzhen, China T: +86-755-254-73-308 E: philip.ng@kpmg.com
Alexander M Alden Managing Director San Francisco, U.S. T: +1-415-963-5511 E: aalden@kpmg.com	Eric Bots-Bjerre Director Copenhagen, Denmark T: +45-24-84-42-01 E: ebjerre@kpmg.com	Christian Mayo Partner Leeds, U.K. T: +44-113-231-3179 E: christian.mayo@kpmg.co.uk	Mark Wyatt Partner Paris, France T: +33-155-689-300 E: markwyatt@kpmg.fr	Sung-Won Park Partner Seoul, South Korea T: +82-221-127-090 E: sungwonpark@kr.kpmg.com
Neil C Blair Managing Director Toronto, Canada T: +1-416-777-8657 E: nblair@kpmg.ca	Eloy Serrano Bufala Partner Madrid, Spain T: +34-91-456-3870 E: eloyeserrano@kpmg.es	Jorn De Neve Partner Brussels, Belgium T: +32-2-708-4778 E: jdeneve@kpmg.com	Mark Zuidema Partner Amsterdam, Netherlands T: +31-206-568-276 E: Zuidema.Mark@kpmg.nl	Sumit Punwani Partner Singapore T: +65-621-32-922 E: sumitpunwani@kpmg.com.sg
Patrick Coady Partner Ottawa, Canada T: +1-613-212-2841 E: patrickcoady@kpmg.ca	Guillaume Cauchoix Partner Paris, France T: +33-155-688-611 E: gcauchoix@kpmg.fr	Maurizio Nitrati Partner Rome, Italy T: +39-06-809-711 E: mnitrati@kpmg.it	Asia Pacific	Takeo Takanashi Partner Tokyo, Japan T: +81-335-485-178 E: takeo.takanashi@jp.kpmg.com
David R Creamer Managing Director Santa Clara, U.S. T: +1-408-367-5764 E: dcreamer@kpmg.com	Michele Connolly Partner Dublin, Ireland T: +35-314-101-546 E: michele.connolly@kpmg.ie	Tom Nyman Partner Helsinki, Finland T: +358-207-603-372 E: tom.nyman@kpmg.fi	Srinivas Balasubramaniam Partner Mumbai, India T: +91-22-39896000 E: srinivasb@kpmg.com	Peter Turner Partner Melbourne, Australia T: +61-3-9288-6022 E: pturner@kpmg.com.au
Mihir Jobalia Managing Director Santa Clara, U.S. T: +1-408-367-2850 E: mjobalia@kpmg.com	David J Elms Partner London, U.K. T: +44-20-731-18568 E: david.elms@kpmg.co.uk	Graham Pearce U.K. Head TMT Leeds, U.K. T: +44-113-231-3855 E: Graham.Pearce@KPMG.co.uk	Jesse C.S. Chen Partner Taipei, Taiwan T: +886281016666 (x13372) E: jessechen@kpmg.com.tw	
Karan Jolly Managing Director Chicago, U.S. T: +1-312-665-2949 E: kjolly@kpmg.com	Maximilian Peter Fiani Partner Milan, Italy T: +39-02-676-431 E: mfiani@kpmg.it	Harri Rasanen Partner Helsinki, Finland T: +358-207-603-215 E: Harri.Rasanen@kpmg.fi	Michael Jiang Partner Beijing, China T: +86-108-508-7077 E: michael.jiang@kpmg.com	
Roderick H Moon Managing Director New York, U.S. T: +1-212-954-5834 E: roderickmoon@kpmg.com	Florian Frei Partner Frankfurt/Main, Germany T: +49-699-587-2834 E: ffrei@kpmg.com		Jayant Kumaar Partner New Delhi, India T: +91-124-334-5115 E: jkumaar@kpmg.com	



Important Notice

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. The information contained in this communication may not be representative of the experience of other clients and does not constitute a recommendation, offer, or solicitation to buy, sell or hold any security of any issuer. Past performance does not guarantee future results.