



EUROPEAN TECHNOLOGY ACQUISITIONS

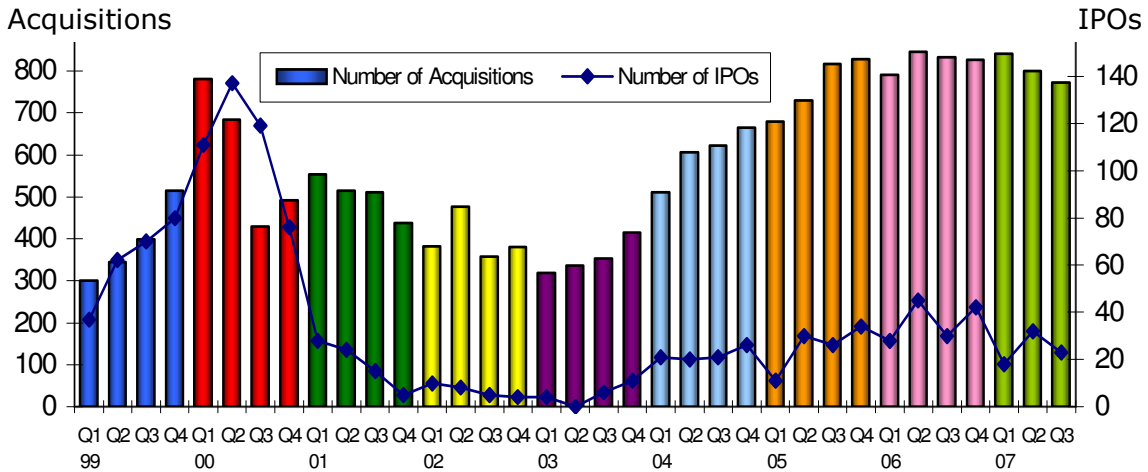
3rd Quarter 2007 Review

An analysis of the technology acquisition transactions announced in the first nine months of 2007 involving European companies.



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ANALYSIS OF EUROPEAN TECHNOLOGY ACQUISITIONS BY QUARTER

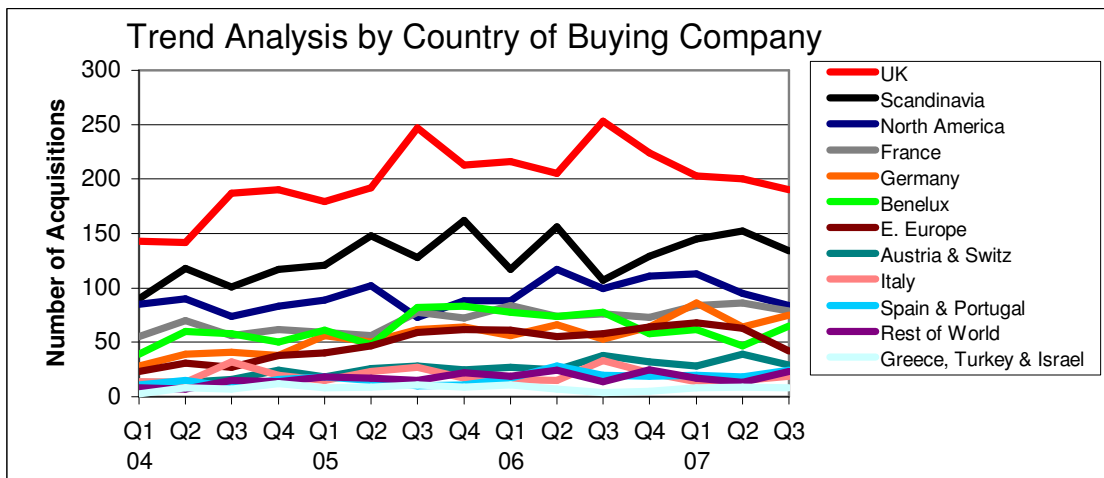


Source: Regent

The 3rd Quarter 2007 saw a further fall in acquisition activity from the previously high levels. Our comment last quarter that we were just “past the peak in the plateau” seems to be holding true as the total number of transactions of 2,414 in the first nine months of 2007 was virtually the same as the 2,469 in the same period of 2006. The combined value of all deals in Q3 2007 was \$79.2 billion; well down on the \$114.2 billion in the previous quarter, but consistent with the quarterly average of \$74.7 billion over the previous year. This suggests that there is still a healthy level of confidence in the industry despite the current economic uncertainties relating to bank lending and other forms of credit. It contrasts with IPO activity which has now completed a two-year period of zigzag reflecting the uncertainty amongst institutional investors.

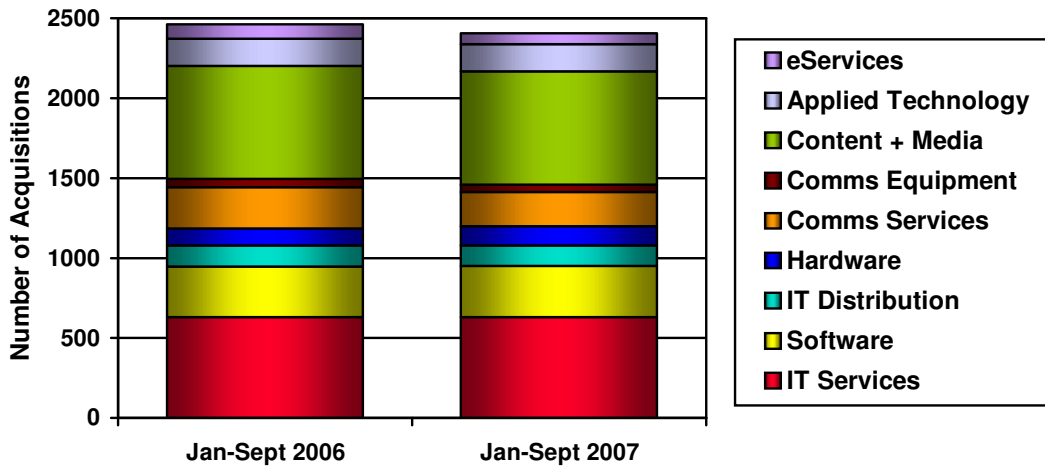
COUNTRY ACTIVITY

The most notable regional trend is the slide in deal flow by the three most active regions, UK, Scandinavia and North America, and the steadily increasing confidence of companies in middle Europe – Germany, France and Benelux. Nevertheless, the UK still leads the way in sheer volume of activity with 190 or 25 per cent of acquisitions completed in Q3 2007. US buyer activity accounted for 11% of deals in the quarter – roughly the same level as companies from France and Germany. The UK leads with 30 per cent of all buyers in the content and media sector, and 28% of buyers in the software and services market. Eastern European companies head the telecoms sector with 23 per cent of acquisitions.



Source: Regent

INDUSTRY SECTOR ACTIVITY

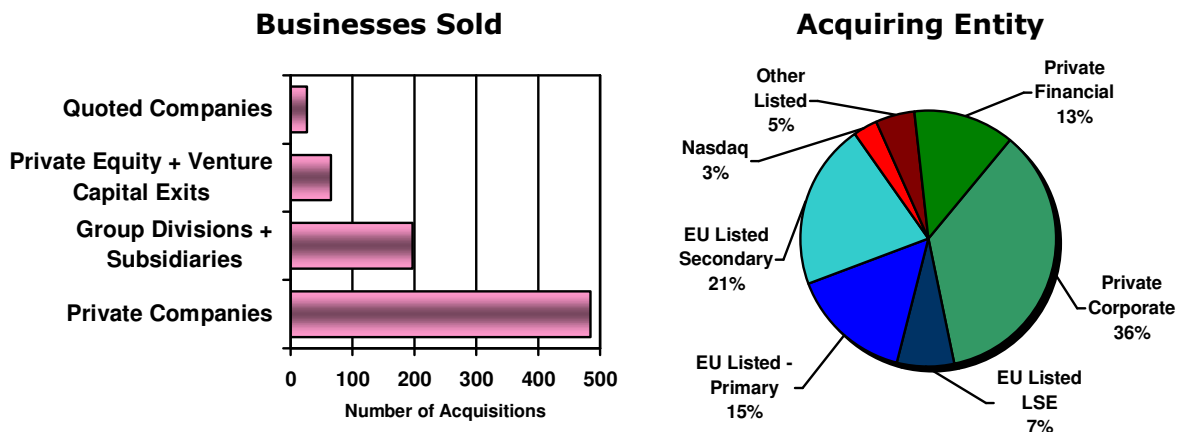


Source: Regent

The make-up of industry acquisition activity has changed very little from a year earlier. The content and media sector has strengthened its position as the largest sector with 711 announced deals in the year to date. Consolidation in the publishing and marketing services segments has helped maintain that position. Within IT Services there have been some interesting developments which suggest positive views on the state of the industry. Compared to last year there have been declines in deal-flow of systems integrators and vertical solutions providers but increases in acquisitions of IT consultants, training companies and recruitment/resourcing specialists – all traditional bellwethers of industry health. Consolidation in the software sector has seen deal flow running at three times the level seen during the bubble period in 2000.

OWNERSHIP STATUS

Profile of Sellers and Buyers in Q3 2007

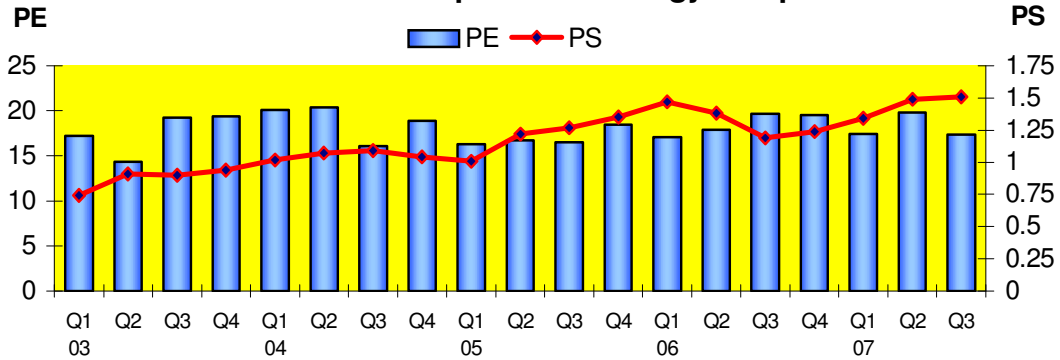


Source: Regent

One of the indicators that we examine closely is the percentage of transactions that are divestments from larger businesses. If difficult times are expected, organisations start to shed non-core divisions and subsidiaries. In Q3 2007 the percentage dipped to 25.5% - the lowest it has been since 1999. By comparison, in the dark days of 2003 divestments represented over 50% of all deals. The percentage of acquisitions being made by the private equity community reached 16 per cent of all deals Q2 2007 (an all time high) but has now declined to a more realistic 13%. Whilst there has been a decline in the acquisition of quoted companies, they have been particularly acquisitive themselves, with those on the European 2nd markets (such as AIM) being most active.

VALUATIONS

Valuations of European Technology Companies



Source: Regent

Price to post-tax earnings (PE) ratios have remained reasonably steady over the past few years but the most recent quarter represented a downward shift from the previous quarter to 17.35. However, overall we are impressed with the general stability of PE ratios. In contrast, the price to sales (PS) ratio, which has displayed greater volatility in recent times, has risen again, this time to 1.51. Increased profitability causes the PS to increase in the short term. These improving profit levels are still being factored in to the valuation multiples. *Note – the recorded valuations include 50% of the expected contingent consideration in deals with earn-outs and apply to historic performance.*

RESEARCH METHODOLOGY

For over 15 years the research group at Regent has tracked all of the acquisitions involving European technology companies. Data is drawn from the press, company reports, investor statements and through direct investigation. The resulting proprietary database is used to produce comprehensive analysis of current market dynamics as a critical ingredient in Regent’s acquisition services to identify targets and predict valuation trends.

REGENT – THE COMPANY

Regent is Europe’s leading advisor to organisations in the information technology, communications and electronic media industries on all aspects of corporate development including, acquisitions, divestments, company sales, financing, valuations and strategic advice.

With a successful track record of over 400 completed assignments, Regent’s client base includes many of the world’s best-known technology companies. Through teams based in Europe, USA and Asia Pacific, Regent is able to handle assignments ranging from domestic deals to complex international transactions.

 CENTIA GROUP LTD HAS BEEN ACQUIRED BY DNSint.COM.AG September 2007	 DATA TECHNOLOGY PLC HAS BEEN ACQUIRED BY INNOVISE PLC August 2007	 THE GENSIGT GROUP LTD HAS RECEIVED AN INVESTMENT FROM SUSQUEHANNA INTERNATIONAL GROUP LLP August 2007	 4PROJECTS HOLDINGS LTD HAS UNDERTAKEN AN MBO backed by AUGUST EQUITY LLP July 2007	 PATNI COMPUTER SYSTEMS HAS ACQUIRED LOGAN-ORVISS INTERNATIONAL July 2007
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