

SOFTWARE INDUSTRY

1ST HALF 2015 :: Mergers and Acquisitions Trend Report

1ST HALF 2015 KEY HIGHLIGHTS

- The largest transaction in 1st Half 2015 was Permira and CPP Investment Board's acquisition of Informatica Corp., a provider of enterprise data integration software and services, for \$4.77 billion.
- The most active strategic acquirer was Microsoft Corporation with seven transactions: BlueStripe Software, 6Wunderkinder, Datazen, LiveLoop, Sunrise Atelier, Inc, Revolution Analytics and Equivio.
- There were 170 financially sponsored transactions with an aggregate value of \$27.22 billion, representing 18 percent of the total volume and 42 percent of the total value, respectively.

1ST HALF 2015 KEY TRENDS

- Total transaction volume in 1st Half 2015 increased by three percent over 2nd Half 2014, from 936 to 965.
- Total transaction value in 1st Half 2015 fell by nine percent over 2nd Half 2014, from \$60.92 billion to \$55.65 billion.
- The median revenue multiple declined from 3.0x in 2nd Half 2014 to 2.8x in 1st Half 2015. The median EBITDA multiple increased from 13.7x in 2nd Half 2014 to 20.7x in 1st Half 2015.
- Transactions in 1st Half 2015 with enterprise values above \$160 million received a median revenue multiple of 3.8x and median EBITDA multiple of 25.1x, whereas those in the \$10-\$20 million range had a median revenue multiple of 2.4x and median EBITDA multiple of 13.4x.

M&A MARKET OVERVIEW

Berkery Noyes tracked 4,449 Software transactions between 2013 and 1st Half 2015, of which 1,016 disclosed financial terms, and calculated the aggregate transaction value to be \$196.26 billion. Based on known transaction values, we project values of 3,433 undisclosed transactions to be \$67.82 billion, totaling \$264.08 billion worth of transactions tracked over the past two and a half years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 30 months were 2.5x revenue and 12.6x EBITDA.

M&A Market Dynamics By Half Year

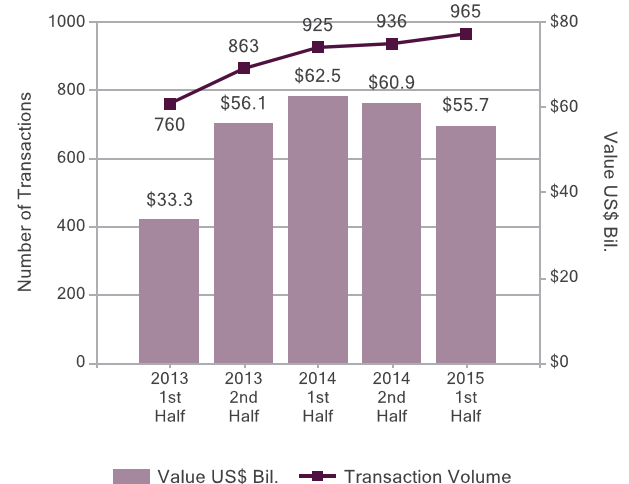


Figure 1. 2013-2015 value and volume comparison.

Median Enterprise Value Multiples By Half Year

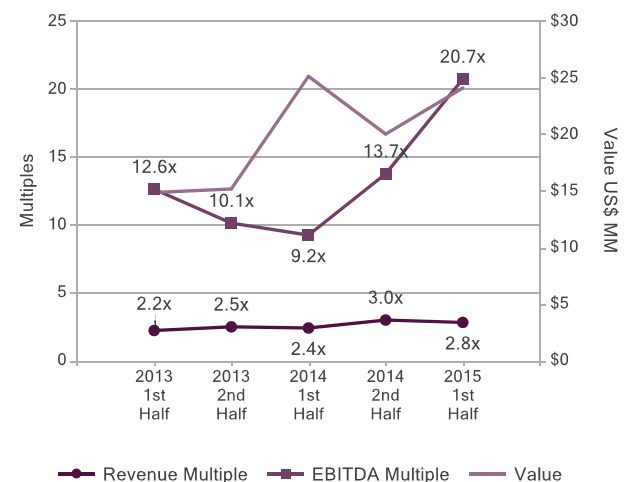


Figure 2. 2013-2015 median: value, revenue, EBITDA comparison.

Transaction Analysis :: January 1, 2015 – June 30, 2015

Bell Curve - Histogram - 1st Half

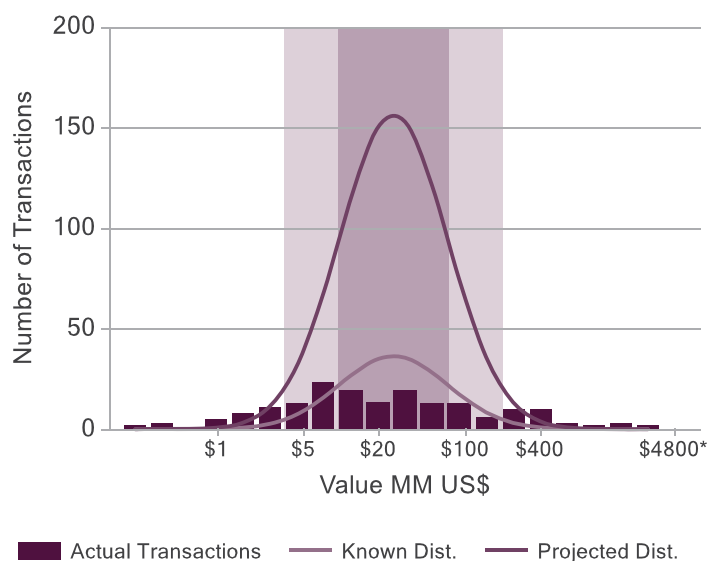


Figure 3. Shows the distribution of Software transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly two-thirds of companies purchased had transaction values of \$2.7 to \$403.4 million. Based on this data, we estimate the total transaction value of deals done in 1st Half 2015 at \$55.7 billion.

* Indicates largest industry transaction from Jan. 1, 2015 to June 30, 2015.

Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	1 %	1 %
\$0.4	3	0	3	2 %	3 %
\$0.6	1	0	1	1 %	3 %
\$1.0	5	1	5	3 %	6 %
\$1.6	8	3	11	4 %	10 %
\$2.7	11	11	22	6 %	16 %
\$4.5	13	32	44	7 %	24 %
\$7.4	23	68	91	13 %	36 %
\$12.2	19	115	133	10 %	47 %
\$20.1	14	150	164	8 %	54 %
\$33.1	19	153	171	10 %	65 %
\$54.6	13	121	133	7 %	72 %
\$90.0	13	75	87	7 %	79 %
\$148.4	6	36	41	3 %	82 %
\$244.7	10	13	23	5 %	88 %
\$403.4	10	4	13	5 %	93 %
\$665.1	3	1	3	2 %	95 %
\$1,096.6	2	0	2	1 %	96 %
\$1,808.0	3	0	3	2 %	98 %
\$2,981.0	2	0	2	1 %	99 %
Total #	182	783	965		
Total \$ Value	\$34,743	\$20,908	\$55,651		
Middle 3rd of Industry		Middle 2/3rds of Industry			

Figure 4. Presents the data depicted in the bell curve histogram.

Note: The projected number column is rounded and may produce insignificant errors in the total sum.

Strategic vs. Financial Comparison

M&A Dynamics By Transaction Type - 1st Half

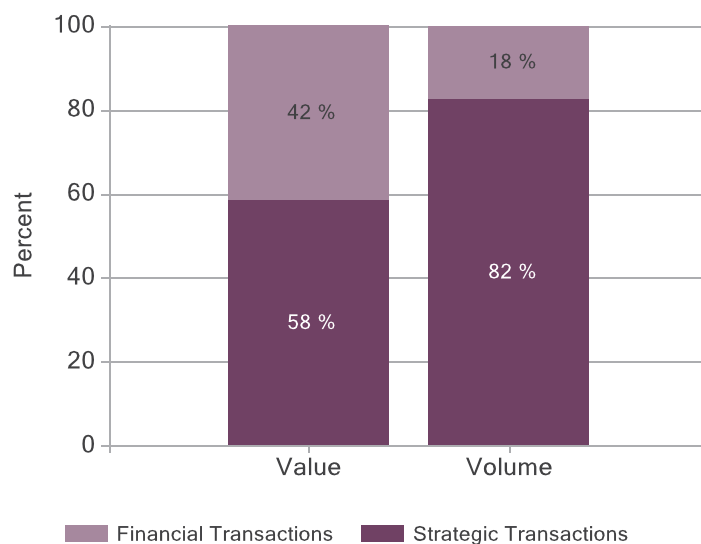


Figure 5. 1st Half 2015 value and volume comparison by transaction type.

Note: Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

Transaction Type By Half Year

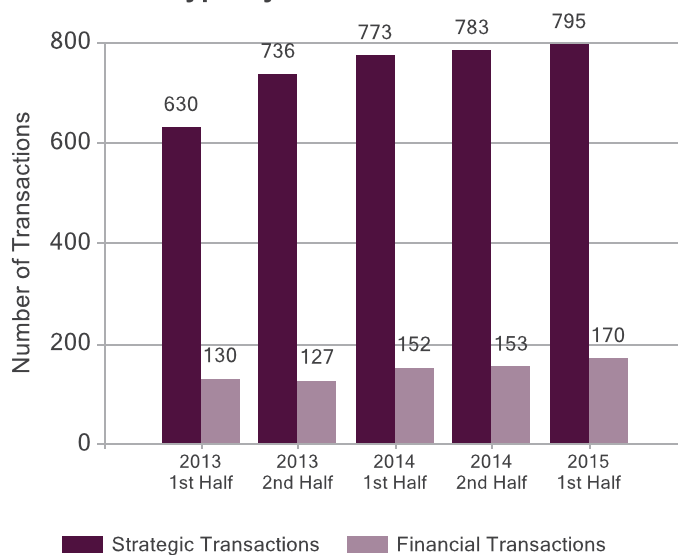


Figure 6. 2013-2015 acquirer type comparison by half year.

Purchaser Analysis

Top Ten Notable Transactions - 1st Half 2015

Deal Date	Target Name	Buyer	Value MM US\$
04/07/15	Informatica Corp.	Permira, CPP Investment Board	\$4,769
06/15/15	Dealertrack Technologies	Cox Automotive, Inc.	\$4,357
01/28/15	Advent Software, Inc.	SS&C Technologies, Inc.	\$2,700
03/10/15	Blue Coat Systems, Inc.	Bain Capital	\$2,400
04/20/15	WebSense, Inc.	Raytheon Company	\$1,900
03/30/15	FundTech, Ltd.	Davis + Henderson Corporation	\$1,250
05/27/15	Virtustream, Inc.	EMC Corporation	\$1,200
03/24/15	Kofax, Inc.	Lexmark International, Inc.	\$955
04/08/15	Trustwave	SingTel	\$810
05/19/15	Automotive Business from Elektrobit Corporation	Continental AG	\$668
2015 Aggregate Transaction Value			\$55,651
Top 10 Aggregate Transaction Value			\$21,009
Top 10 Aggregate Value as a Percentage of All Transactions			38 %

Figure 7. Lists the top ten transactions for 1st Half 2015 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown in Figure 1 & 4.

Note: Transaction data based on announced date.

Median EV/Revenue Multiples By Size

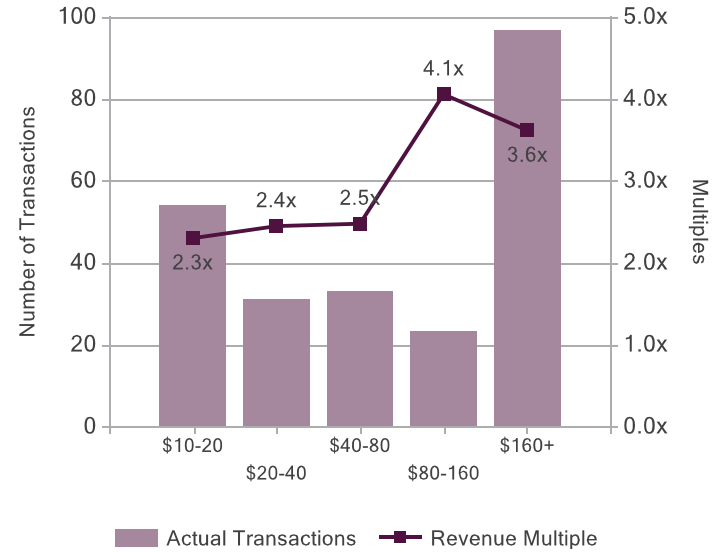


Figure 8. Presents the median enterprise value/revenue multiples paid for companies in the Software Industry from January 1, 2013 to June 30, 2015 based on publicly available data.

Transaction Volume by Segment :: January 1, 2013 – June 30, 2015

Transactions By Market Segment By Half Year

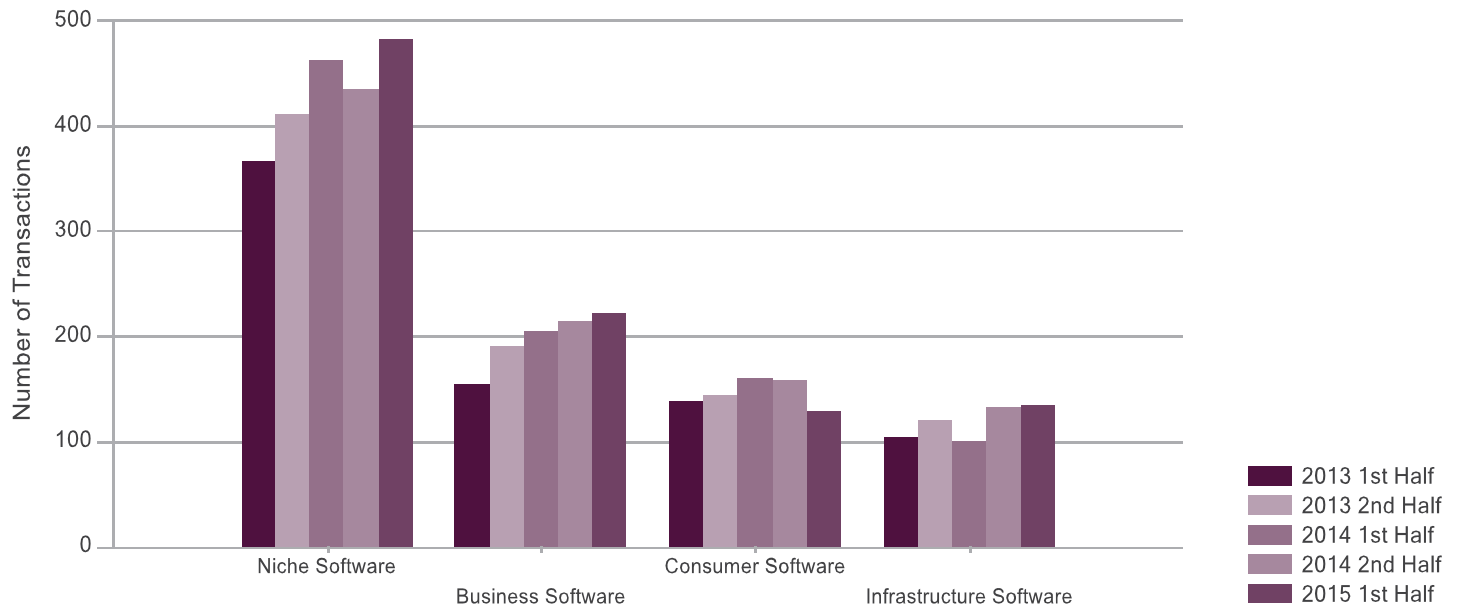


Figure 9. Presents transaction volume by target segment within the Software Industry from January 1, 2013 through June 30, 2015.

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All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity.

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