

## PRIVATE EQUITY INDUSTRY

### *Financially Sponsored Transactions within the Information Industry*

### FULL YEAR 2017 :: Mergers and Acquisitions Trend Report

#### 2017 KEY HIGHLIGHTS

- Nine of the Education vertical's top ten highest value deals during the year were backed by financial sponsors. Four of these nine transactions occurred in the combined Professional Training Technology and Services segments.
- The largest sponsored deal in the Finance vertical in 2017 was Vista Equity Partners' acquisition of DH Corporation, a provider of technology solutions to financial institutions, for \$3.49 billion, which Vista plans to combine with its portfolio company Misys (note that Misys and DH will operate under the new brand name Finastra).
- The largest sponsored deal in the Healthcare vertical in 2017 was KKR's Internet Brands' announced acquisition of WebMD Corporation, an online health information provider, for \$2.80 billion.

#### 2017 KEY TRENDS

- Total transaction volume in 2017 increased by 20 percent over 2016, from 672 to 809.
- Total transaction value in 2017 saw a slight uptick over 2016, from \$64.54 billion to \$65.58 billion.
- The median revenue multiple rose from 2.0x in 2016 to 2.5x in 2017. The median EBITDA multiple improved from 11.1x in 2016 to 12.8x in 2017.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 2,147 private equity transactions in the Information Industry between 2015 and 2017, of which 378 disclosed financial terms, and calculated the aggregate value to be \$159.65 billion. Based on known transaction values, we project values of 1,769 undisclosed transactions to be \$40.40 billion, totaling \$200.05 billion worth of transactions tracked over the past three years.

Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.3x revenue and 12.4x EBITDA.

#### M&A Market Dynamics

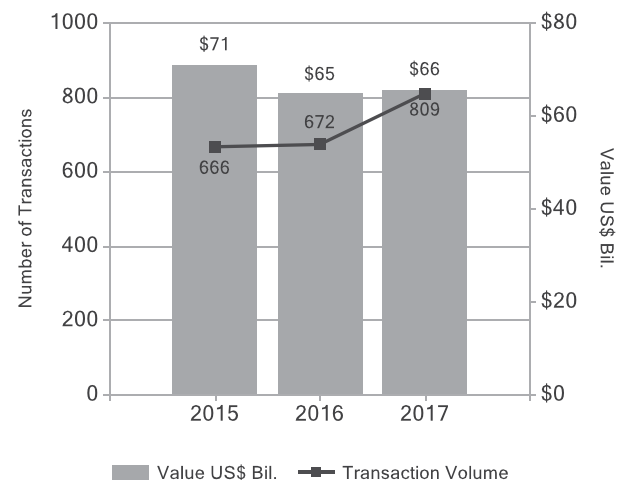


Figure 1. 2015-2017 value and volume comparison.

#### Median Enterprise Value Multiples

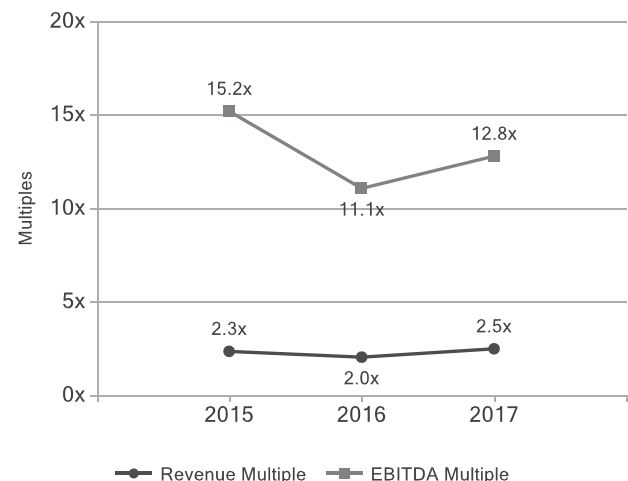
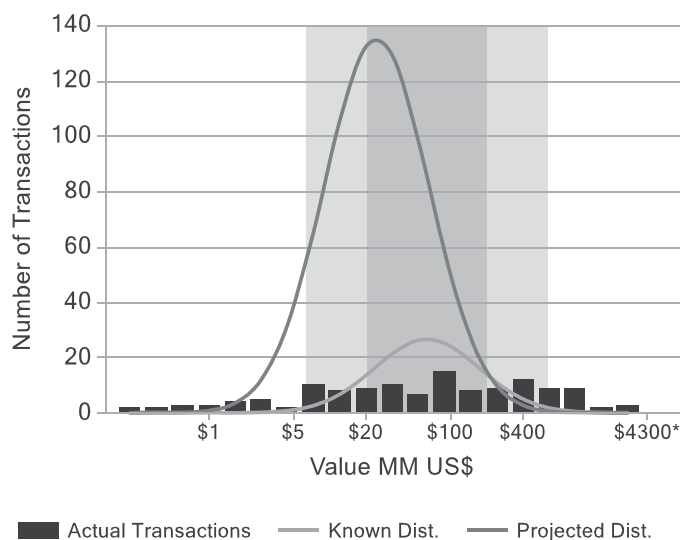


Figure 2. 2015-2017 median revenue and EBITDA comparison.

# Transaction Analysis :: January 1, 2017 – December 31, 2017

## Bell Curve - Histogram



**Figure 3.** Shows distribution of private equity transactions in the Information Industry based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$20.1 million to \$244.7 million. Based on this data, we estimate the total transaction value of deals done in 2017 at \$65.6 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2017 to Dec. 31, 2017.

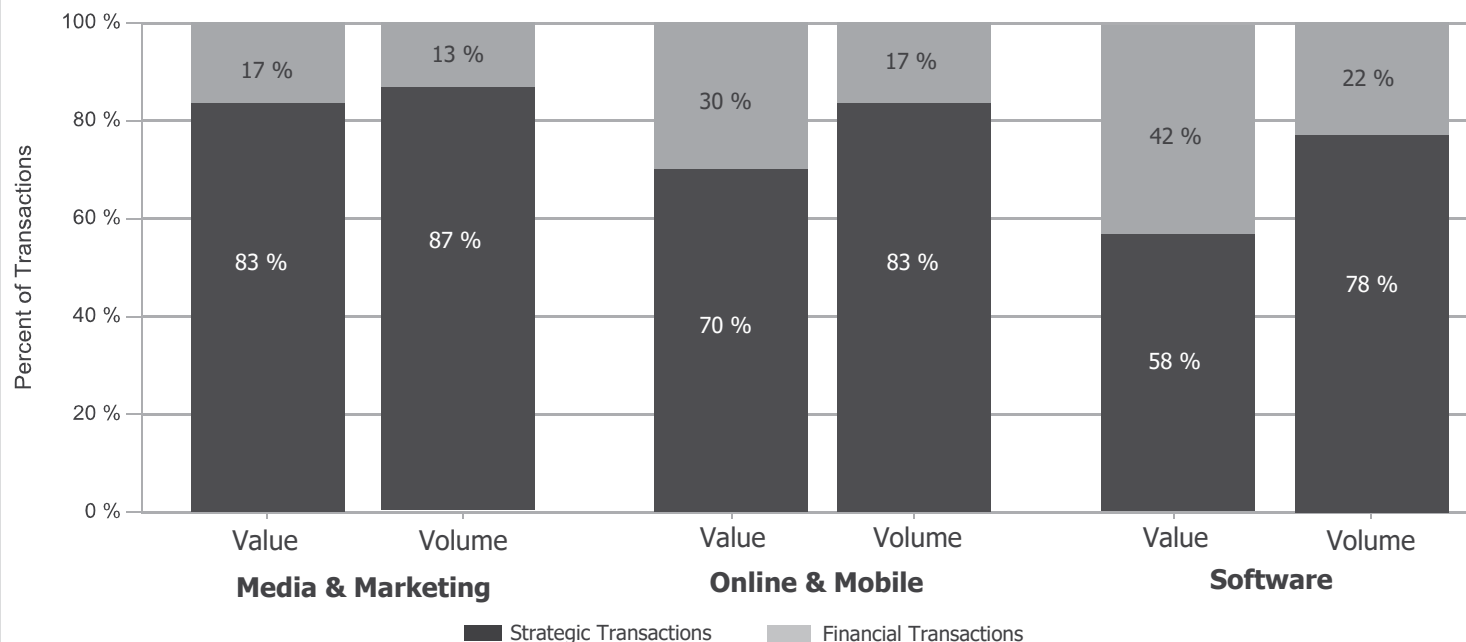
## Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	2	0	2	2 %	2 %
\$0.4	2	0	2	2 %	3 %
\$0.6	3	0	3	2 %	5 %
\$1.0	3	1	3	2 %	8 %
\$1.6	4	3	7	3 %	11 %
\$2.7	5	12	16	4 %	14 %
\$4.5	2	32	33	2 %	16 %
\$7.4	10	65	75	8 %	23 %
\$12.2	8	105	113	6 %	29 %
\$20.1	9	132	141	7 %	36 %
\$33.1	10	129	139	8 %	44 %
\$54.6	7	98	105	5 %	49 %
\$90.0	15	58	73	11 %	60 %
\$148.4	8	27	34	6 %	66 %
\$244.7	9	10	18	7 %	73 %
\$403.4	12	3	14	9 %	82 %
\$665.1	9	1	9	7 %	89 %
\$1,096.6	9	0	9	7 %	95 %
\$1,808.0	2	0	2	2 %	97 %
\$2,981.0	3	0	3	2 %	99 %
Total #	133	676	809		
Total \$ Value	\$48,901	\$16,675	\$65,576		
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.

# M&A Dynamics by Acquirer Type :: January 1, 2017 – December 31, 2017

## M&A Dynamics by Transaction Type and Industry



**Figure 5.** Presents the transaction volume by target segment for private equity transactions in the Information Industry.

**Note:** Financially sponsored transactions include private equity backed strategic acquisitions.

## Purchaser Analysis

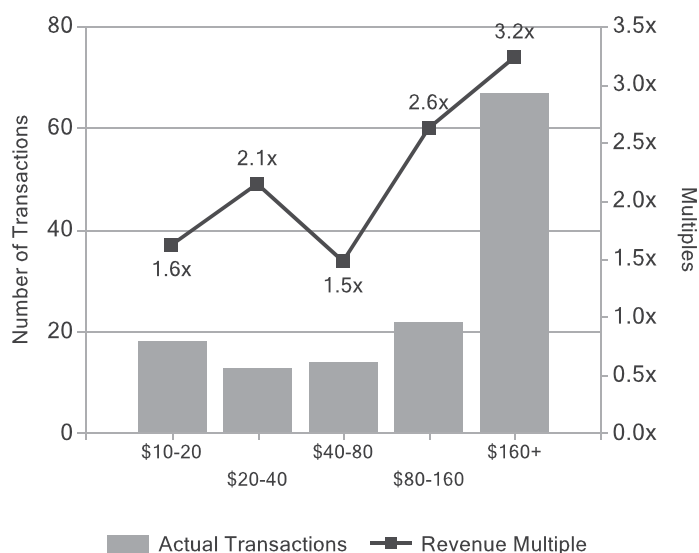
### Top Ten Notable Transactions 2017

Deal Date	Target Name	Buyer	Value MM US\$
02/10/17	Technology-Enabled Benefits & HR Platform from Aon plc	Blackstone Group LP	\$4,300
03/15/17	DH Corporation	Misys plc	\$3,491
02/27/17	CCC Information Services Inc.	Advent International	\$3,000
07/24/17	WebMD Corporation	Internet Brands, Inc.	\$2,800
04/12/17	Ascend Learning	Blackstone Group LP, CPP Investment Board	\$2,000
08/29/17	Education Advisory Board	Vista Equity Partners	\$1,550
11/27/17	Barracuda Networks	Thoma Bravo, LLC	\$1,380
07/24/17	Civica	Partners Group Holding AG	\$1,368
05/03/17	Kofax, Inc.	Thoma Bravo, LLC	\$1,350
07/06/17	Syncsort Incorporated	Centerbridge Capital Partners	\$1,260
2017 Aggregate Transaction Value			\$65,576
Top 10 Aggregate Transaction Value			\$22,499
Top 10 Aggregate Value as a Percentage of All Transactions			34 %

**Figure 6.** Lists the top ten transactions for 2017 and calculates their aggregate transaction value as a percentage of the 2016 total aggregate transaction value as shown on Figure 1 & 4.

**Note:** Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer.

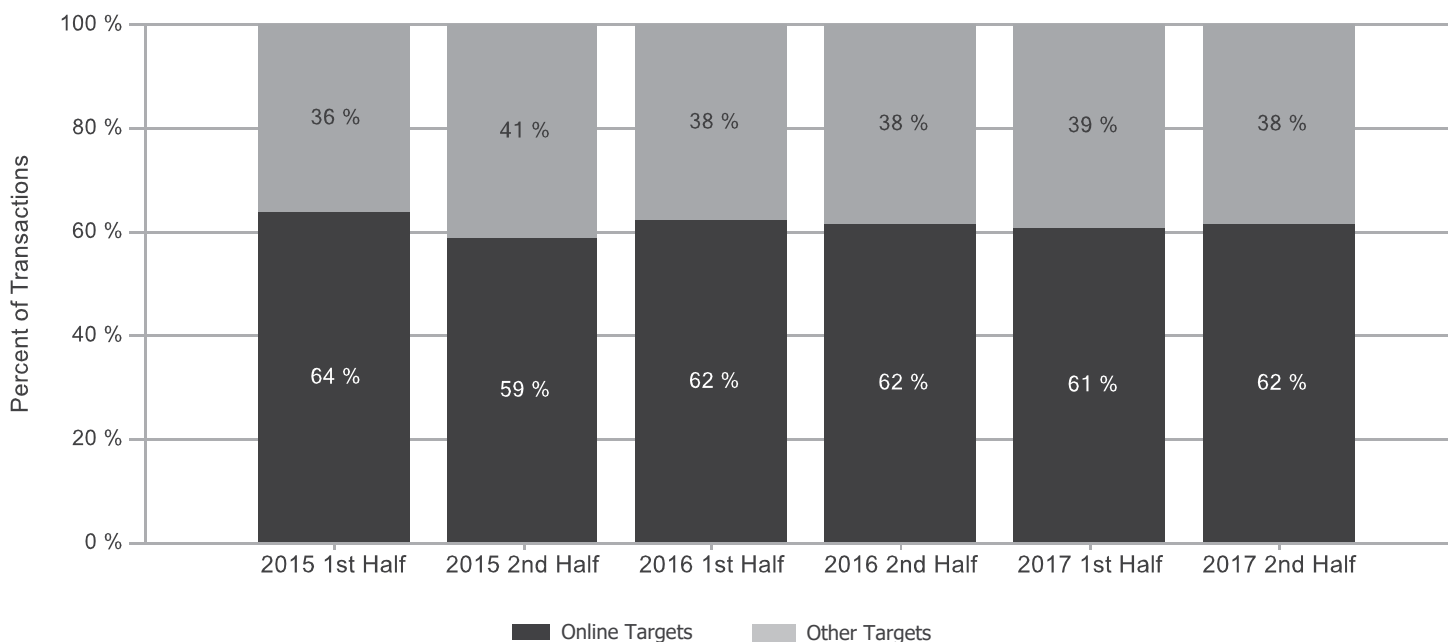
### Median EV/Revenue Multiples By Size



**Figure 7.** Presents the median enterprise value/revenue multiples paid for private equity transactions in the Information Industry from Jan. 1, 2015 to Dec. 31, 2017 based on publicly available sales price and revenue data.

## Transactions Involving an Online Component

### Transaction Percentages of Online Targets



**Figure 8.** Percentage of total Information Industry transactions where the target company conducts the majority of their business online. The total percentages are measured by Half Year from 2015-2017.

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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. There can be no guarantee that such information is accurate.

For current intelligence on Mergers and Acquisitions activity in the Information Industry please visit our online service at [www.mandasoft.com](http://www.mandasoft.com)

## RECENT FINANCIALLY SPONSORED TRANSACTIONS



HAS ACQUIRED



HAS BEEN ACQUIRED BY



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



HAS BEEN RECAPITALIZED BY



HAS BEEN ACQUIRED BY



A PORTFOLIO COMPANY OF



HAS RECEIVED AN  
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