

SOFTWARE INDUSTRY

Q3 2017 :: Mergers and Acquisitions Trend Report

Q3 2017 KEY HIGHLIGHTS

- The largest cybersecurity related transaction in Q3 2017 was DigiCert's announced acquisition of Symantec's website security and related public key infrastructure (PKI) solutions for \$950 million. DigiCert offers identity and encryption for web servers and Internet of Things devices.
- There were 369 financially sponsored transactions in the 1st 3 Quarters of 2017 with an aggregate value of \$46.2 billion, representing 22 percent of the total volume and 46 percent of the total value, respectively.

Q3 2017 KEY TRENDS

- Total transaction volume in Q3 2017 decreased by nine percent over Q2 2017, from 569 to 516. However, volume year-to-date stayed about constant compared to the same timeframe in 2016.
- Total transaction value in Q3 2017 increased by 14 percent over Q2 2017, from \$20.7 billion to \$23.7 billion.

MULTIPLES & VALUE TRENDS

- The median revenue multiple from 2016 through the 1st 3 Quarters of 2017 declined by 19 percent, from 2.7x to 2.2x.
- The median EBITDA multiple from 2016 through the 1st 3 Quarters of 2017 remained nearly constant at 12.9x.

M&A Market Dynamics By Quarter

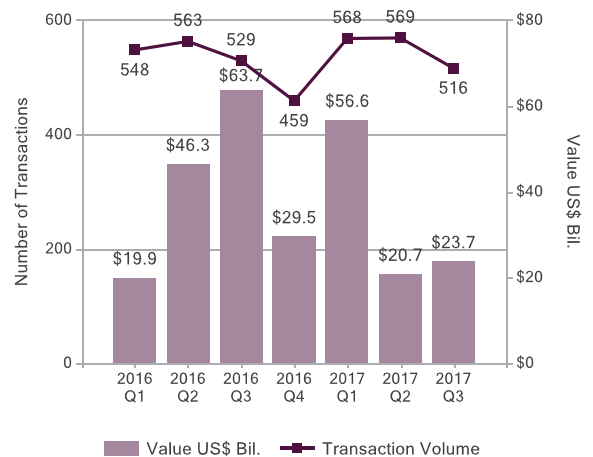


Figure 1. 2016-2017 value and volume comparison.

Median Enterprise Value Multiples

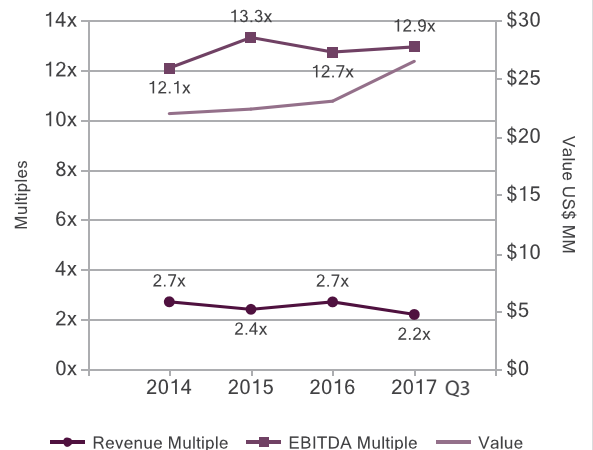


Figure 2. 2014-2017 median value, revenue, EBITDA comparison through Q3 2017.

Top Ten Notable Transactions - 1st 3 Quarters 2017

| Deal Date | Target Name | Buyer | Value MM US\$ |
|-----------|--|-------------------------------|---------------|
| 03/13/17 | Mobileye | Intel Corporation | \$14,700 |
| 02/10/17 | Technology-Enabled Benefits & HR Platform from Aon plc | Blackstone Group LP | \$4,300 |
| 01/24/17 | AppDynamics | Cisco Systems, Inc. | \$3,903 |
| 03/15/17 | DH Corporation | Misys plc | \$3,491 |
| 02/27/17 | CCC Information Services Inc. | Advent International | \$3,000 |
| 01/30/17 | Ixia | Keysight Technologies | \$1,563 |
| 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 |
| 08/03/17 | Communities and Sports Divisions from The Active Network, Inc. | Global Payments, Inc. | \$1,200 |

2017 Aggregate Transaction Value \$100,137

Top 10 Aggregate Transaction Value \$36,135

Top 10 Aggregate Value as a Percentage of All Transactions 36 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2017 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

Transaction data based on announced date.

TOP TEN DEALS THROUGH Q3 2017

Q1 2017 accounted for 56 percent of overall industry value through the 1st 3 Quarters of 2017. This included the six largest deals year-to-date.

The top ten deals by value have seen three new additions since our half year report, two of which were completed by private equity firms. These three transactions, with an aggregate value of \$3.8 billion, represented 16 percent of Q3 2017 transaction value.

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RECENT SOFTWARE TRANSACTIONS

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PARTNERS

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eSchoolData

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A PORTFOLIO COMPANY OF
LLR partners

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International

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HAS ACQUIRED

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