

The logo for Oaklins, featuring the word "Oaklins" in a dark blue, sans-serif font. The background of the entire page is a blurred image of hands holding a pen, with a glowing network of white nodes and lines overlaid on a light blue background. A bright blue line graph is also visible on the left side of the image.

Oaklins

APRIL 2022

Quarterly Tech M&A Update Q1 2022

AGENDA

Tech sector Q1 2022 – Key takeaways



Companies focusing on innovative product and software solutions have been of high interest in Q1 2022. Big corporations (Google, Microsoft and Datalogic) made large investments into new sectors such as cybersecurity, gaming or machine vision.



M&A activity in the German Tech sector shows a continuing trend and ongoing high market activity. While the engagement of financial investors in Q1 2022 increases (>13% of M&A transactions) as they focus on buy-and-build strategies in the Tech sector, the completed transactions in Q1 2022 (139) almost equals Q4 2021 (140).



In the analysis of our listed peer groups, we observe the influence of the climbing inflation on the Tech sector which results in an overall decline of the valuation levels.



In Q1 2022, we continue to observe the most transactions and the highest valuation multiples in the application software segment. Even though, the defined public peer group for the application software segment shows declining valuation metrics for both EV/Sales and EV/EBITDA multiples.

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EDITOR'S TOP TECH DEAL PICKS

Date	Deal type	Target	Deal description & Investor rationale	Acquirer/investor
MAR 2022	M&A	 	Process Analytics Factory , a solution provider for process mining software in the Microsoft ecosystem, has been acquired by the unicorn Celonis SE for €100m . The acquisition bridges the Microsoft Power Platform and Celonis Execution Management System.	 
MAR 2022	M&A	 	Mandiant , the cybersecurity company, has been acquired by Google for €5.3bn as part of an effort to better protect its cloud customers. Mandiant joins Google's cloud computing unit to compete with Microsoft's and Amazon's offerings.	 
MAR 2022	Fundraising	 	Byju raises \$800m from the co-founder and additional venture capital investors Vitruvian Partners, BlackRock and Sumeru Ventures at a valuation of \$22bn . The company has raised over \$2.5bn since the pandemic and uses a significant portion to acquire firms.	    <i>amongst others</i>
MAR 2022	M&A	 	Pekat Sro , a developer of machine learning and AI-based technology to automate quality assurance tasks, has been acquired by Datalogic SpA . Pekat's software offering is complementary with Datalogic's hardware product lines and widens the product range.	 
FEB 2022	Fundraising	 	Acorns , offering saving and investing services products, raises \$105m in a Series E funding round valuing the company at \$860m from several venture capital investors. Acorns automatically rounds up to the nearest dollar and invests the difference into managed index funds.	  <i>amongst others</i>
FEB 2022	M&A	 	Automated Scientific Skin Infection Search Technology , a developer of AI-supported dermatology diagnostics tools, has been acquired by OnlineDoctor AG . The acquisition of the leading tele dermatology player is the next step towards becoming the world's first AI-support medical product on the market.	 
FEB 2022	M&A	 	Activision Blizzard has been acquired by Microsoft for \$95 per share indicating an all-cash transaction value of approx. \$69bn . Microsoft will become the world's third-largest gaming company by revenue. The acquisition enables cross-selling strategies and the strengthening of the mobile gaming segment.	 
JAN 2022	M&A	 	Carlye Group and Paypal Inc. have acquired a minority stake in the digital commerce software solutions provider Shopware AG for \$100m. The growth capital is being used for the international expansion strategy and the development of new products.	   
OCT 2021	M&A	 	RE'FLEKT GmbH , a provider of user-oriented Augmented Reality solutions, has been acquired by PTC Inc. PTC will use RE'FLEKT's intellectual property and top talent to further expand PTC's AR technical expertise and go-to-market organization in Europe.	 
OCT 2021	Fundraising	 	SoSafe GmbH , a cybersecurity awareness and testing platform, has raised \$73m in a Series B funding round from several investors led by Highland Europe . The capital will be used to strengthen the global expansion strategy and further develop the product offerings.	  <i>amongst others</i>

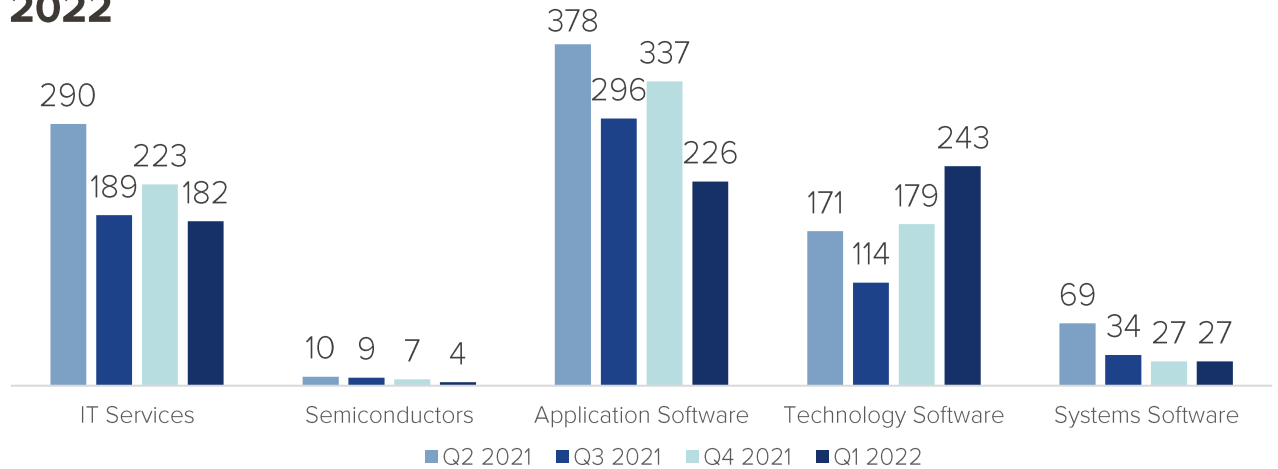
Source: Capital IQ, Mergermarket and Oaklins research as of 03/31/2021

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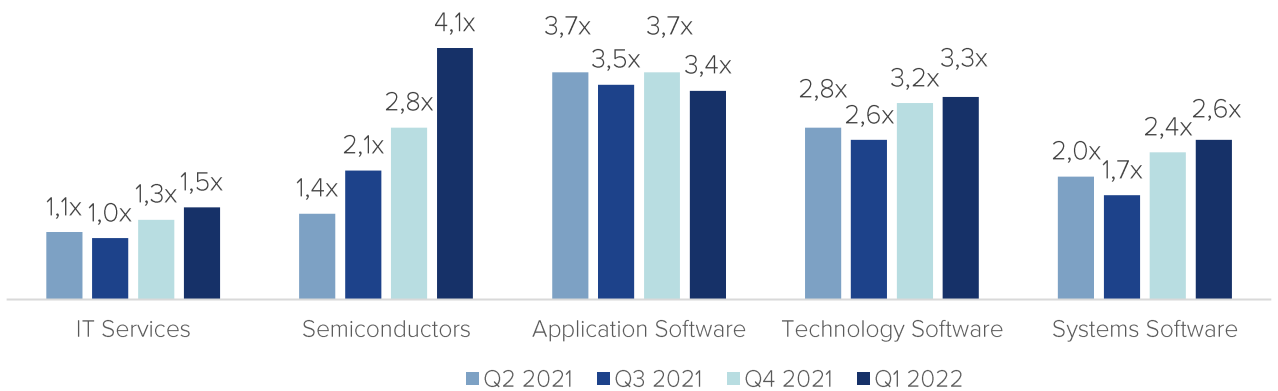
TECH SECTOR M&A TRANSACTION OVERVIEW

Number of M&A transactions in Europe between Q2 2021 and Q1 2022



The European Tech market started strong into the year 2022. The high M&A activity in the technology software market shows the continuing interest in software related targets and the consolidation of hardware and software solutions. Strategic investors are searching for software-related targets and financial investors follow a buy-and-build strategy in the segment.

M&A transaction multiples¹ between Q2 2021 and Q1 2022 (Enterprise Value/Sales²)



The increasing valuation metrics from 2021 continue in Q1 2022 and show the high relevance of software products for strategic acquirers. The high valuation is reflected in the high EV/Sales multiples across all industries. Especially the semiconductor and technology software market show significant increases over the last two quarters.

Source: Capital IQ as of 03/31/2022

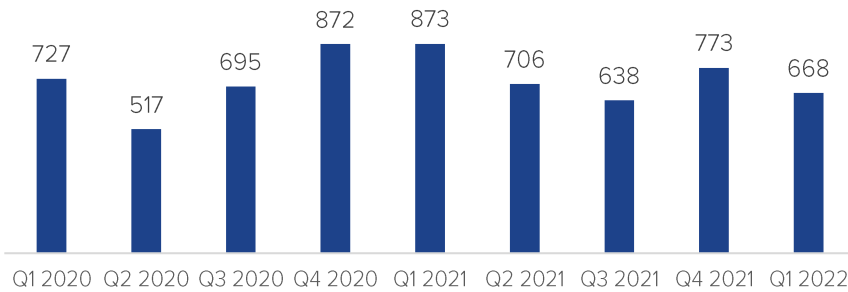
Notes: 1) Retrieved from Capital IQ excluding deals with revenue multiples >30.0x

2) Reported as LTM figures

M&A TECH TRANSACTION ACTIVITY

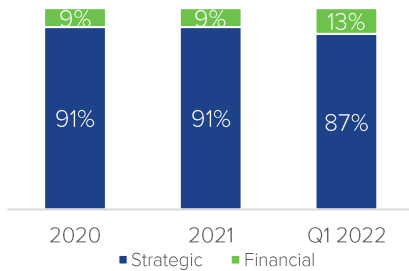
Transaction overview in Europe

Tech transactions per quarter (Q1 2020 – Q1 2022)

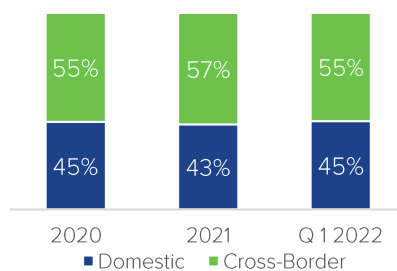


The high market activity in Europe continues in the beginning of 2022 and shows the high interest in the fragmented Tech market segment and the rising demand for software related products.

Type of buyer



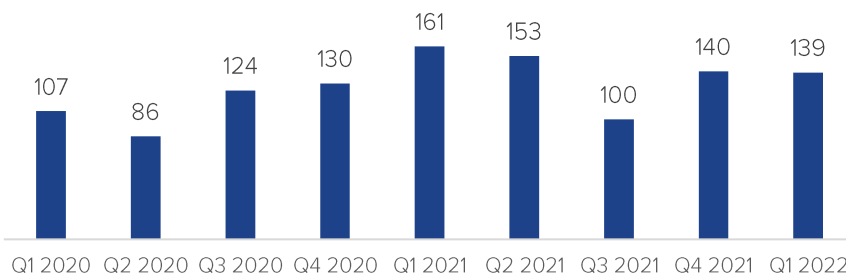
Type of transaction



In Europe, financial investors play an increasing role in the M&A landscape and focus on buy-and-build strategies. Both national and domestic acquisitions play a significant role for strategic players and financial investors.

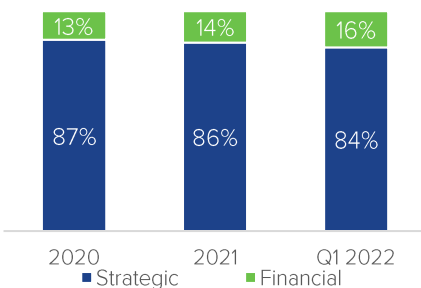
Transaction overview in Germany

Tech transactions per quarter (Q1 2020 – Q1 2022)

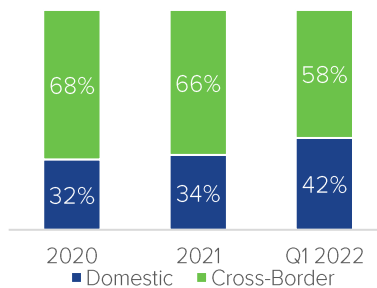


The high M&A activity in Q4 2021 continues in Q1 2022 and shows the attractive German company landscape and takeover possibilities.

Type of buyer



Type of transaction

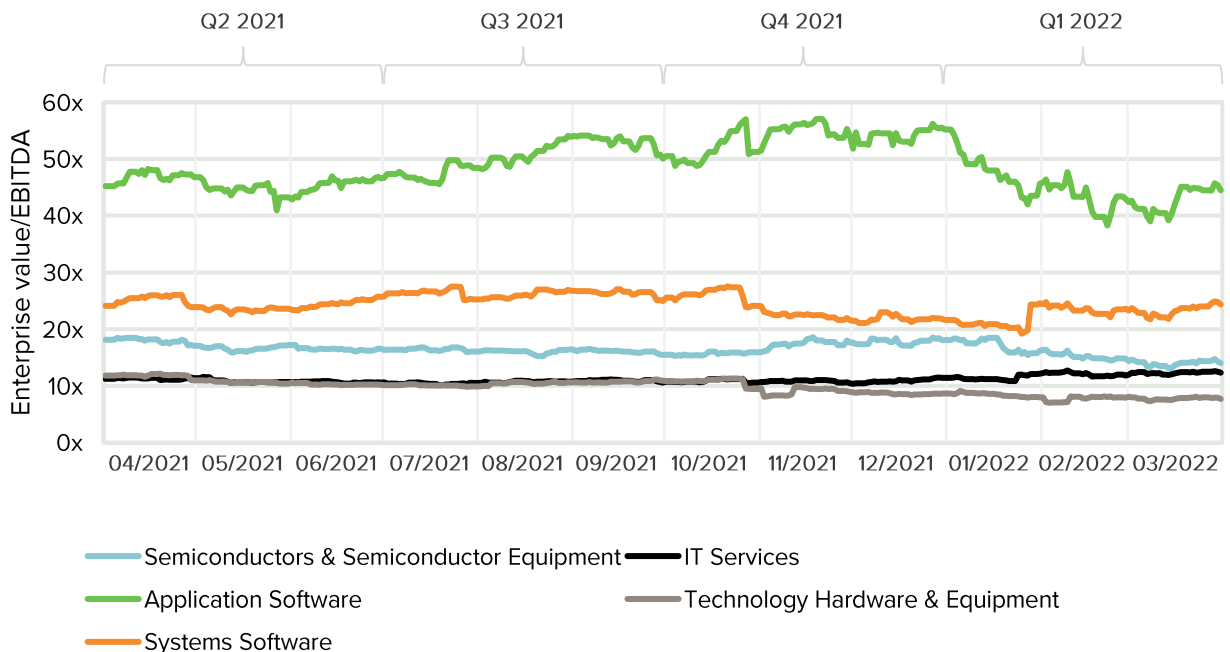


In Germany, strategic buyers continue to be the dominant acquirer ever since. Cross-border transactions have decreased in the first quarter of 2022.

TECH SECTOR VALUATION (PUBLIC COMPANIES)



EV/EBITDA¹ Multiples Tech Subsectors



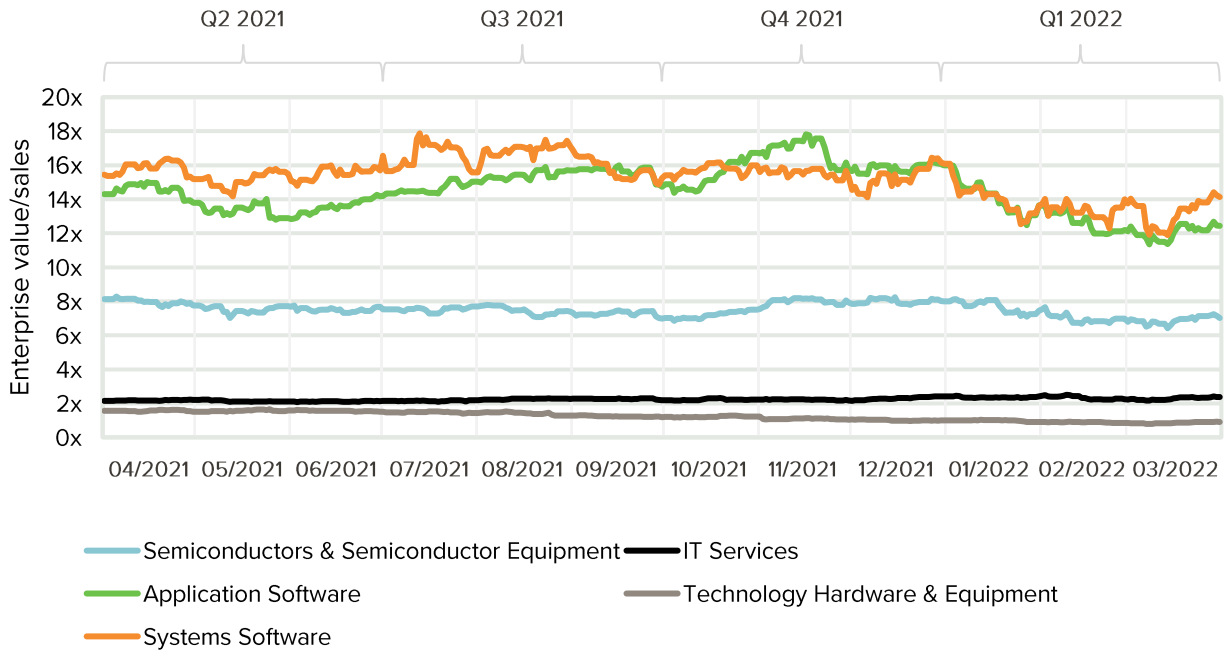
Sources: Capital IQ and Mergermarket as of 03/31/2022

Notes: 1) Daily total EV divided by lease and affiliate income adj. LTM EBITDA as of 03/31/2022 (Capital IQ)

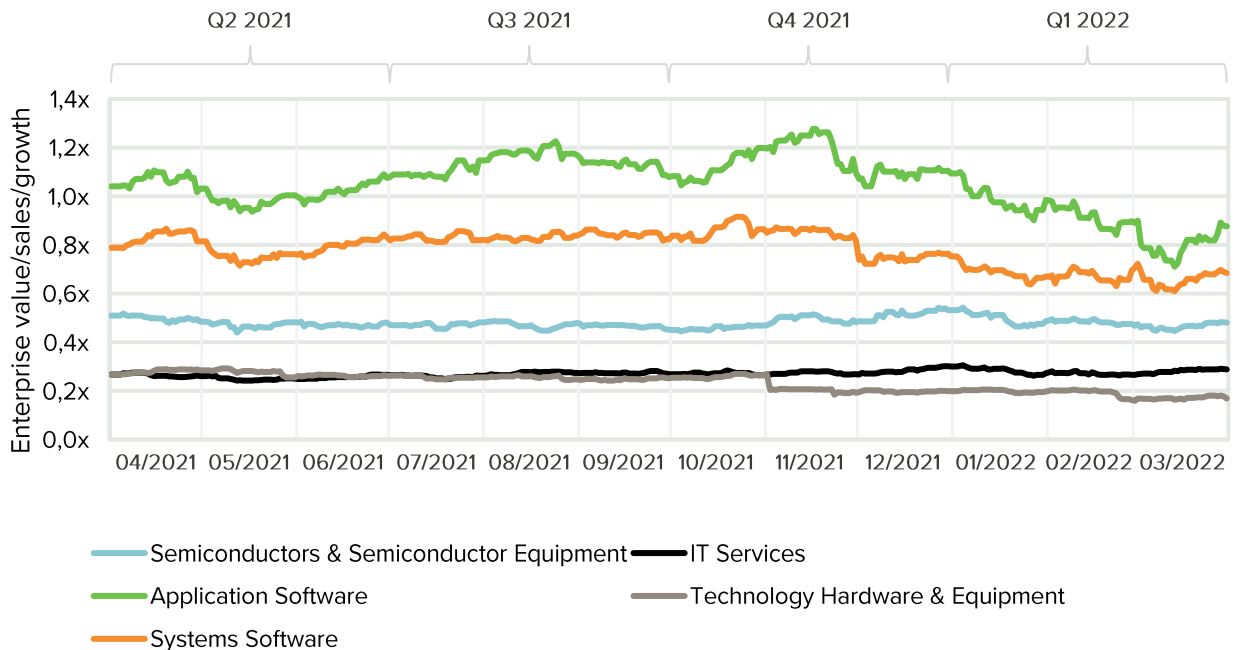
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TECH SECTOR VALUATION (PUBLIC COMPANIES)

EV/Sales Multiples¹ Tech Subsectors



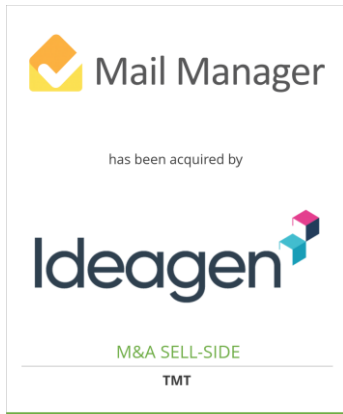
EV/Sales/Growth² Multiples Tech Subsectors



Sources: Capital IQ and Mergermarket as of 03/31/2022

Notes: 1) Daily total EV divided by total LTM revenues as of 03/31/2022 (Capital IQ)
 2) Daily EV/Sales multiple divided by 1-year annual revenue growth consensus estimate as of 03/31/2022 (Capital IQ)

OAKLINS' TECH DEAL OF THE QUARTER



February 2022

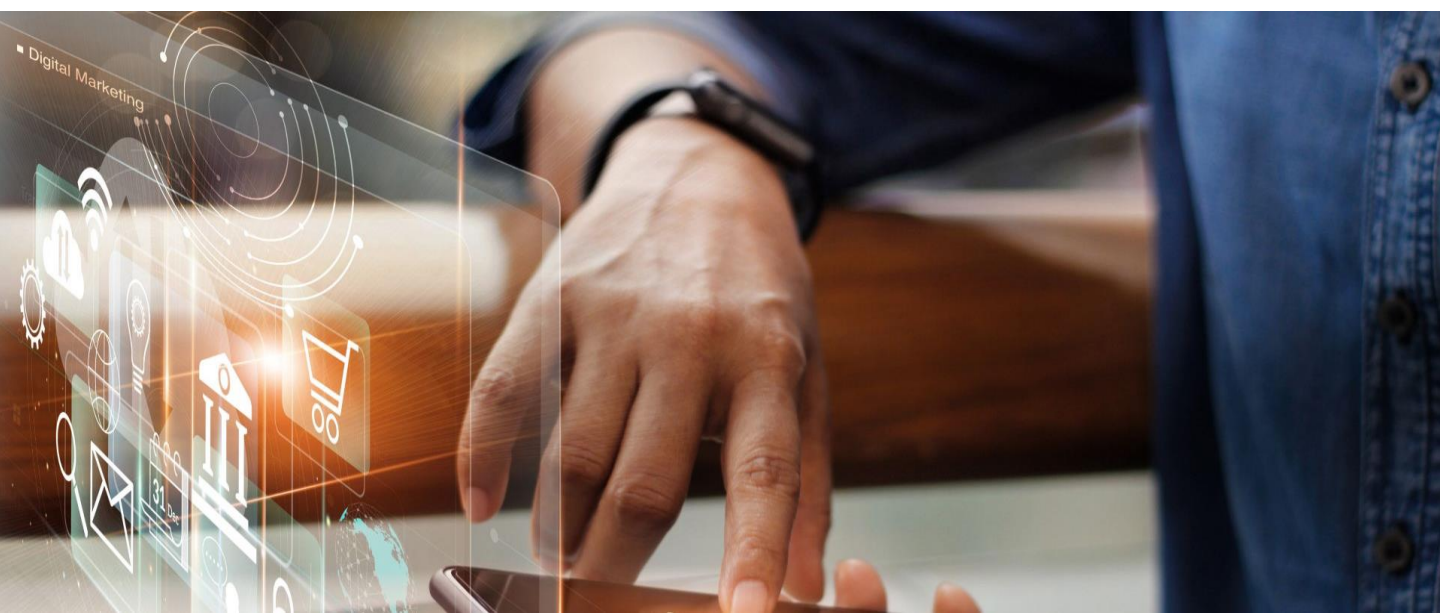
MailManager Ltd. has been acquired by Ideagen Plc.

MailManager is a leading email compliance SaaS solution focusing on the architecture, engineering and construction (AEC) sectors. The company has been acquired in an Oaklins-led transaction by the listed strategic investor Ideagen. Ideagen provides market-leading management, safety, risk and compliance software solutions for highly regulated industries.


MailManager is a fully scalable, cloud-based outlook add-in which was developed by its previous owner, Arup Group, to assist with email filing, storage and retrieval. The solution offerings and the team of 65 people provide significant synergies for Ideagen by enabling revenue synergies in a fast-growing sector and positive market dynamics (i.e., email reliance, remote working and increased online collaboration).

Oaklins Germany acted as an advisor to the Arup Group and MailManager Ltd. The team's industry knowledge and international offices enabled a successful transaction in a short timeframe.


“This is transformational for MailManager. We are really excited to be joining the Ideagen family where we’re confident we’ll go from strength to strength. Good advisors are essential. Ours were great! Thank you to the team for their rock-solid guidance, support and advice.” – Stuart Rowe, CEO of MailManager Ltd.



OAKLINS' TECH SECTOR TRANSACTIONS Q1 2022




has divested Boku Identity to




M&A SELL-SIDE
TMT

March 2022




has been acquired by




M&A SELL-SIDE
TMT

February 2022




has been acquired by




M&A SELL-SIDE
Private Equity/TMT

February 2022



has been acquired by



M&A SELL-SIDE
TMT

February 2022




has been acquired by




M&A SELL-SIDE
Business Support Services/TMT

February 2022




has been acquired by




M&A SELL-SIDE
TMT

February 2022



has been acquired by



M&A SELL-SIDE
Private Equity/TMT

January 2022



has acquired a minority stake in



M&A BUY-SIDE
TMT

January 2022



has been acquired by



M&A SELL-SIDE
TMT

January 2022

Oaklins

OAKLINS GERMANY TECH SECTOR TEAM

Our industry expertise

Oaklins is a global advisory firm specialized in M&A, corporate finance, valuation, due diligence and fundraising. With more than 850 dedicated professionals in over 45 countries, we leverage our local presence in order to provide the best possible service on the ground.

Each year Oaklins completes more than 50 transactions within the global tech sector. Our German tech sector team brings decades of combined industry experience and has closed a variety of transactions with most of them requiring a cross-border approach.

The tech sector team maintains close contact with decision-makers, industry leaders & movers from the German tech industry.

Tech transactions advised by Oaklins (2017-2021)

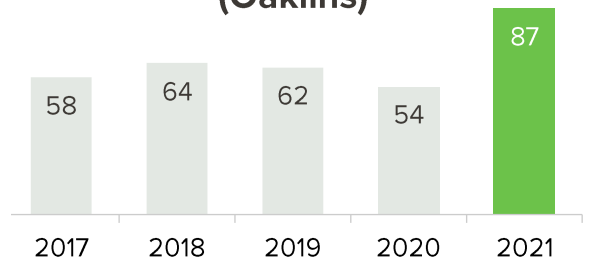
325

Transactions closed

40%

Cross-border transactions

No. of Tech transactions per year (Oaklins)



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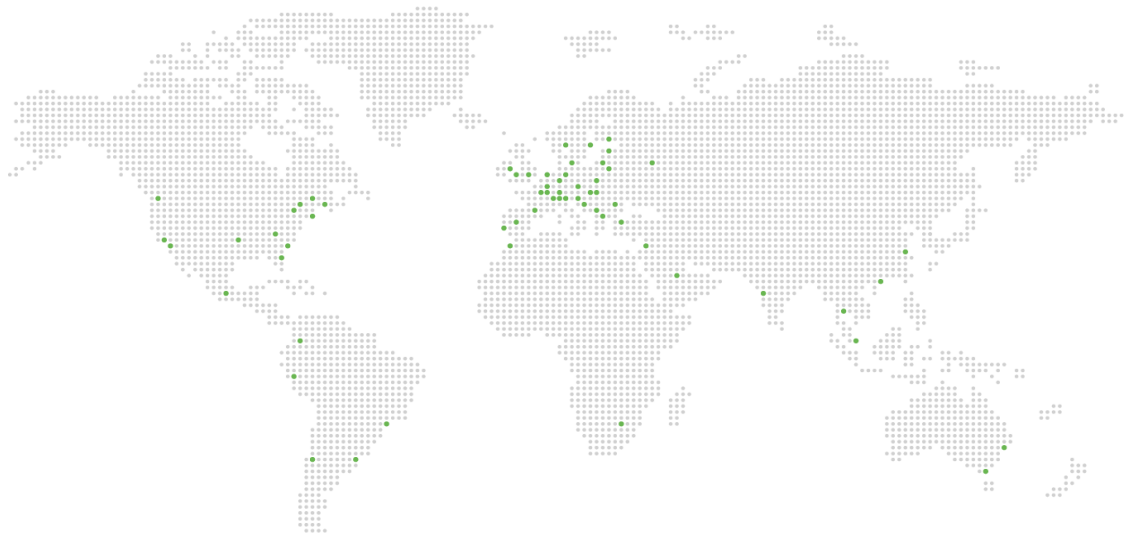
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- Slovakia, Bratislava

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- Singapore, Singapore
- Thailand, Bangkok

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