



CORPORATE FINANCE

IT industry - Deal activity

ADVISORY



July – August 2009

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Fund raising

- August 11st 2009 – French company **Sogelink**, which publishes a website specialized in the safe exchange of administrative documents for the construction sector has welcomed **Initiative & Finance** as new shareholder in its capital. In 2008, the company posted revenues of €5M.
- August 8th 2009 – **Dotsoft**, the integrated management software publisher, has raised €4M from **Cathay Capital** and **Iris Capital**.
- July 27th 2009 – French PE house **Cathay Capital** has invested €3M in **Datawords**, a multilingual translation agency. The company posted sales of €1M in 2008 and an EBIT margin of about 20%.
- July 21st 2009 – French software developer for the health care industry **Softway Medical** has raised €3M from **Naxicap Partners**. GRED, the majority shareholder of the company launched on a simplified takeover bid on Softway Medical at the price of €1.28 per share and per convertible bond, i.e. for a total value of €27.7M (post-dilution), which was followed by its mandatory withdrawal from Euronext securities listings. The shareholders of Softway Medical have taken the opportunity of this reorganization to include Naxicap Partners in the capital of the company.

This Valuation Update for the IT Industry highlights recent M&A transactions announced in July-August 2009:

Major French Groups announce deals

- August 27th 2009 - **France Telecom SA**, the listed France based provider of telecommunication, publishing and internet services, has acquired 100% of **Unanims Consulting Limited**, the UK based internet advertising company which specializes in internet commercial services. The acquisition will strengthen France Telecom's presence in three main digital advertising markets in Europe.
- August 9th 2009 – **Publicis Groupe SA**, the listed French advertising and media communication company, has agreed to acquire **Razorfish Inc**, the US based interactive marketing and technology company, from Microsoft Corporation for a cash and equity consideration of \$530M (Revenue multiple: 1.3x). Under the terms of the agreement, Publicis Groupe will settle the consideration in cash and transfer of 6.5M Publicis treasury shares to Microsoft. With 2,000 employees, Razorfish is expected to post revenues of approximately \$380M in 2009.
- July 28th 2009 – **Alcatel Lucent**, the France based supplier of high-tech equipment for the telecommunications industry has acquired **Velocix Limited**, the UK based digital media delivery solutions provider from 3i Group Plc, Pentech Ventures and Amadeus Capital Partners Limited. The acquisition is in line with Alcatel-Lucent's strategy to provide new solutions to network operators who wish to support their customers demand for high performance delivery of rich media content.
- July 2nd 2009 – **France Telecom e-commerce**, a subsidiary of France Telecom Group, announced the disposal of assets of the **Alapage.com** website, one of the leading online cultural product specialists in France to the leading French e-commerce platforms **RueDuCommerce**. The Group is now one of the leading e-commerce platforms in France, both in terms of penetration and traffic. It is the 3rd acquisition from France Telecom e-commerce this year after topachat.com and clust.com

Other IT deals

- August 29th 2009 – **Ausy SA**, the listed France based technology consultancy and engineering services provider, has agreed to acquire **Data Flow Consultancy (DFC)**, the Belgium based company engaged in IT consultancy services. Through this transaction, Ausy aims to strengthen its business in Germany and Benelux.
- August 9th 2009 – **Autoreflex.com**, the French online car mediation company, has been acquired by private-equity firms AVM Private Equity and Odyssee Venture.
- August 6th 2009 – US-based provider of on-demand employee spend management services **Concour Technologies Inc** has acquired the Paris based privately-held company **Etap-On-Line**, a leading European provider of business travel and expense management solutions.



Sources: Company filings, Infiniti, MergerMarket and press releases

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Fund raising (continuing)

- July 13rd 2009 – **SpineGuard**, a medical device start-up, announced that it has raised \$4M from **Delta Partners**. The \$4M investment by Delta Partners completes a first round of VC funding in SpineGuard totaling \$15M. On April 2009, SpineGuard announced an \$11M round of financing from Crédit Agricole Private Equity, Innoven Partenaires and A Plus Finance.
- July 8th 2009 – **Maeglin Software**, specialized in the development and sale of innovating services for mobile phones, finalizes a second round of financing for €2.25M with **CDC Innovation** and **Innovacom**
- July 8th 2009 – Netbook OS startup **Jolicloud** announced it has raised \$4.2M in a first round of venture funding. The round was led by **Atomico Ventures**, with participation from **Mangrove Capital Partners**.
- July 7th 2009 – **Elbee** (€15M of sales) the French operator of home furnishing websites Delamaison and Decoclico closed a second round of funding of €10M. The company's historical investors (XAnge PE & OTC AM) were joined by **Nexstage**, which invested €5M.
- July 3rd 2009 – Paris-based climate change intelligence firm **Climpact**, with sales of €1M, raised €4M from **NextStage** and existing investor **Elaia Partners**
- July 4th 2009 – **Viadeo**, one of the world's largest business social networks in France with over 8.5 million members, has raised \$5M in new funding from AGF, Ventech and other investors. The company plans to expand into emerging markets, including China, India and Mexico.
- July 24th 2009 – **Cegedim Strategic Data**, leading provider of healthcare research and a subsidiary of Cegedim SA announces the acquisition of **Hospital Marketing Services Ltd (HMSL)**, a leading provider of hospital based patient and promotion data analysis. Founded in 1993, HMSL annual revenues represent more than £1M. This acquisition allows **CSD UK** to expand its GP patient data analysis offering to include hospital specialists.
- July 24th 2009 – **Discounteo**, the online household electrical appliances retailer with €18.5M of sales, has been acquired by its competitor **GDis**.
- July 20th 2009 – France based leading provider of IT & Security Management Solutions **Criston Software** (€4.3M of sales) has been acquired by the leading help desk and service desk provider **Numara Software**. The company was previously owned by Finadvance, Odysée Venture, Viveris Management and Seventure.
- July 13th 2009 - **Exclusive Network**, French added value distributor specializing in security infra-network & storage solutions has finalized the acquisition of 60% of its UK counterpart **Arc Technology** (£15M of sales, 35 employees).
- July 10th 2009 - **F-Secure Corporation**, the listed Finland based IT security provider, has acquired **Steek SA**, the France based software provider for online storage and data management solutions to fixed line and mobile operators, from **AGF Private Equity** and **Innovacom SA**, the French private equity firms, for a total cash consideration of €30M. The acquisition will enable F-Secure to strengthen and expand its service offerings in fixed and mobile broadband services market.
- July 1st 2009 – French provider of CRM and IT services to pharmaceutical companies and healthcare professionals **Cegedim SA** has acquired **Nomi Group**, the Swedish software solution providers for business intelligence and sales effectiveness, from Bisnode Business Information Group AB. The acquisition of Nomi will strengthen Cegedim's position in Nordic region and Nomi's local expertise of the Swedish, Norwegian, Finnish and Danish markets will enable Cegedim to respond to local needs of its customers, with a wide range of products. Nomi had revenues of €5.5M in 2008 and employed 45 employees.
- July 6th 2009 – **Proximania SA**, the France based company engaged in operation of an internet portal and provider of online shopping's and services grouped in different links and internet search engines, has sold its Club Dial subsidiary specialized in on line cultural products distribution. Acquired in 2007, Club dial generated turnover of €1.5M in 2008 and net revenues of €0.7M.

Other IT deals (continuing)

- August 7th 2009 – **Hi-media**, the online media group, announced the signature of an agreement protocol with respect to the acquisition of **AdLINK Media**, the display advertising network of AdLINK Internet Media AG, for a total consideration of €29.4M in shares and cash. The acquisition will make Hi-media the European leader in Internet audience monetization. In the recent years, AdLINK Media has achieved EBITDA between 0.5% to 3.6%.
- August 4th 2009 – **Systemax Inc** has acquired **WStore Europe, SA**, a European supplier of business IT products with operations in France and the UK. The acquisition will strengthen Systemax's presence and enable the Group to leverage its current infrastructure in France and the UK.
- July 30th 2009 – Anglo-French online market research panels and online survey software provider **ToLuna** has acquired its US rival Greenfield Online's Internet for €28M.

Indian players declare they consider making acquisitions in Europe

- August 6th 2009 – **Allied Digital Services**, an India-based IT services company, is seeking to acquire Europe based companies and could make multiple acquisitions.
- July 13th 2009 – **Geometric**, the listed Indian software and engineering solutions company, is looking at acquisitions in Europe and could consider targets in the industrial, automotive or aerospace electronics industries.

Implied deal value	Implied sales 2008 multiple	Implied EBITDA 2008 multiple	Implied EBIT 2008 multiple
€28m	0.5x	2.1x	4.6x

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Rumours and potential deals

- September 3rd 2009 – **Atos Origin**, the listed French IT services group, is rumoured to be in advanced talks to acquire the Italian payment system company **SIA-SSB**. According to the source, the Group could pay about €350M-400M for acquiring the company.
- August 26th 2009 – **Ullink**, a French independent financial technologies company that offers a range of buy-side and sell-side services including front-end platform connectivity, best execution smart order routing, order management systems and FIX Protocol is rumoured to be a takeover target by **Thomson Reuters**.

Distressed situations

- August 7th 2009 – **MagicDay**, the French online gift retailer is looking for a buyer since the company is facing financial difficulties
- July 21st 2009 – French game developer **WideScreen Games** has been placed under liquidation by the commercial court in Lyon. The company was hit by the termination of two big projects. A total of 90 workers were laid off.

Sources: Company filings, Infionals, MergerMarket and press releases

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Companies	Market Cap. (€m)	EV (€m)	EV/Sales			EV/EBITDA			EV/EBIT			EBITDA margin (2008)	EBIT margin (2008)	
			2008	2009e	2010f	2008	2009e	2010f	2008	2009e	2010f			
Generalists														
Cap Gemini SA	FRA	4 752	3 918	0,4x	0,5x	0,5x	4,8x	5,0x	5,0x	6,7x	6,7x	6,8x	9,4%	6,7%
Indra Sistemas SA	ESP	2 612	2 810	1,2x	1,1x	1,1x	10,4x	8,6x	8,4x	12,1x	9,9x	9,4x	11,3%	9,8%
Logica	GBR	2 574	3 219	0,7x	0,6x	0,6x	7,6x	7,3x	7,1x	28,2x	9,2x	8,8x	9,2%	2,5%
Atos Origin SA	FRA	2 338	2 652	0,5x	0,5x	0,5x	13,9x	5,5x	5,4x	13,9x	9,9x	9,1x	3,4%	3,4%
Tieto Oyj	FIN	882	995	0,5x	0,6x	0,6x	5,6x	6,7x	5,4x	8,9x	10,3x	8,4x	9,5%	6,0%
Steria (Groupe)	FRA	551	793	0,4x	0,5x	0,5x	5,2x	5,8x	5,7x	7,2x	7,7x	7,5x	8,7%	6,2%
Sopra Group	FRA	442	640	0,6x	0,6x	0,6x	5,2x	7,2x	7,0x	5,9x	9,0x	8,3x	10,8%	9,6%
Ordina Nv	NLD	173	256	0,4x	0,5x	0,5x	18,7x	7,1x	5,8x	nm	21,5x	11,5x	2,0%	(13,6%)
Average				0,6x	0,6x	0,6x	8,9x	6,7x	6,2x	11,9x	10,5x	8,7x	8,0%	3,8%
Median				0,5x	0,5x	0,5x	6,6x	6,9x	5,8x	8,9x	9,5x	8,6x	9,3%	6,1%
R&D Services														
Altran Technologies SA	FRA	354	563	0,1x	0,1x	0,1x	1,2x	2,8x	1,8x	1,9x	5,0x	2,7x	7,3%	4,8%
Alten SA	FRA	506	524	0,6x	0,6x	0,6x	4,8x	8,6x	7,1x	5,3x	9,7x	8,0x	13,0%	nm
SII SA	FRA	83	73	0,4x	0,4x	0,4x	4,8x	5,7x	5,5x	5,7x	6,4x	6,2x	8,6%	11,7%
Akka Technologies SA	FRA	119	130	0,3x	0,4x	0,4x	3,5x	5,5x	4,7x	4,3x	7,0x	5,8x	9,7%	7,3%
Average				0,4x	0,4x	0,4x	3,6x	5,6x	4,8x	4,3x	7,0x	5,7x	9,7%	7,9%
Median				0,4x	0,4x	0,4x	4,1x	5,6x	5,1x	4,8x	6,7x	6,0x	9,2%	7,3%
Applied Technology														
Gemalto N.V.	NLD	2 443	2 112	1,3x	1,2x	1,2x	15,0x	8,6x	7,6x	17,1x	12,4x	9,5x	8,4%	7,3%
Tom Tom	NLD	2 192	3 233	1,9x	2,3x	2,2x	10,1x	11,9x	10,9x	nm	20,2x	18,8x	19,1%	(47,8%)
Ingenico SA	FRA	808	731	1,0x	1,0x	1,0x	8,1x	7,2x	6,7x	12,7x	9,6x	8,1x	12,4%	7,9%
Average				1,4x	1,5x	1,4x	11,1x	9,2x	8,4x	14,9x	14,1x	12,2x	13,3%	(10,9%)
Median				1,3x	1,2x	1,2x	10,1x	8,6x	7,6x	14,9x	12,4x	9,5x	12,4%	7,3%
Internet														
SeLoger.com	FRA	394	420	5,9x	5,8x	5,6x	11,8x	11,4x	11,1x	14,1x	14,2x	13,6x	49,9%	41,5%
Meetic SA	FRA	520	500	3,7x	2,8x	2,4x	31,5x	13,0x	9,2x	40,1x	14,3x	9,9x	11,9%	9,3%
1000mercis	FRA	82	65	1,0x	2,3x	2,0x	7,3x	6,9x	6,5x	7,6x	7,1x	6,1x	38,2%	36,5%
Aufeminin.com SA	FRA	89	73	3,0x	2,8x	2,8x	6,8x	8,1x	7,3x	7,4x	8,3x	7,3x	44,0%	40,2%
Adenclassifieds Sa	FRA	127	74	1,2x	1,3x	1,1x	6,2x	11,1x	6,8x	9,9x	16,0x	12,1x	19,9%	12,5%
Leguide.com	FRA	54	43	2,4x	1,9x	1,6x	6,8x	6,1x	5,7x	8,0x	6,4x	5,6x	35,5%	30,2%
Meilleurtaux SA	FRA	48	51	1,3x	1,5x	1,5x	nm	nm	-21,3x	nm	nm	nm	(31,6%)	(37,1%)
Maximiles	FRA	32	19	1,1x	1,0x	0,9x	6,4x	5,1x	3,7x	7,8x	7,3x	5,6x	17,9%	14,8%
Weborama	FRA	22	19	2,2x	1,7x	1,4x	9,2x	nm	nm	11,7x	9,4x	7,3x	23,5%	18,5%
Entreparticuliers.Co m	FRA	25	11	0,7x	1,0x	0,9x	3,4x	18,8x	12,5x	3,5x	8,7x	5,6x	21,1%	20,5%
Auto Escape	FRA	13	1	0,0x	0,0x	0,0x	1,3x	nm	nm	3,2x	nm	nm	3,7%	1,5%
Average				2,1x	2,0x	1,8x	9,1x	10,1x	4,6x	11,3x	10,2x	8,1x	21,3%	17,1%
Median				1,3x	1,7x	1,5x	6,8x	9,6x	6,8x	7,9x	8,7x	7,3x	21,1%	18,5%

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Companies	Market Cap. (€m)	EV (€m)	EV/Sales			EV/EBITDA			EV/EBIT			EBITDA margin (2008)	EBIT margin (2008)	
			2008	2009e	2010f	2008	2009e	2010f	2008	2009e	2010f			
Software publishers														
Sap AG	DEU	40 500	41 450	3,6x	3,8x	3,6x	12,9x	12,3x	10,8x	15,5x	14,4x	12,1x	27,7%	23,1%
Sage Group	GBR	4 096	4 837	2,4x	2,3x	2,3x	9,5x	9,7x	9,4x	11,4x	10,4x	10,1x	24,9%	20,6%
Dassault Systemes	FRA	4 146	3 507	2,6x	2,7x	2,7x	11,7x	10,4x	9,5x	12,8x	11,3x	10,3x	22,4%	20,5%
Misys	GBR	1 391	1 711	1,7x	1,5x	1,4x	5,4x	7,5x	6,6x	10,3x	8,5x	7,5x	31,7%	16,7%
Cegid Group	FRA	141	224	0,9x	0,9x	0,9x	4,0x	4,5x	4,2x	7,1x	10,1x	8,7x	22,6%	12,6%
Pharmagest Interactive SA	FRA	119	120	1,6x	1,6x	1,5x	7,8x	7,2x	6,7x	8,7x	7,9x	7,3x	20,6%	18,4%
Linedata Services SA	FRA	78	98	0,6x	0,7x	0,7x	6,2x	5,9x	5,8x	11,8x	18,8x	12,1x	9,9%	5,2%
Microgen	GBR	94	79	1,8x	1,6x	1,6x	11,3x	7,6x	7,1x	13,6x	8,5x	7,9x	16,2%	13,5%
Esker SA	FRA	17	13	0,5x	0,5x	0,4x	nm	nm	nm	nm	nm	18,8x	1,0%	(4,3%)
Staff And Line	FRA	4	4	0,3x	0,4x	0,3x	nm	nm	9,4x	nm	nm	nm	(6,7%)	(9,5%)
Average				1,6x	1,6x	1,5x	8,6x	8,1x	7,7x	11,4x	11,2x	10,5x	17,0%	11,7%
Median				1,7x	1,5x	1,5x	8,6x	7,5x	7,1x	11,6x	10,2x	10,1x	21,5%	15,1%
System Integration														
Computacenter	GBR	596	717	0,2x	0,2x	0,2x	6,3x	6,4x	6,3x	12,6x	10,6x	9,7x	3,5%	1,7%
GFI Informatique SA	FRA	167	261	0,3x	0,3x	0,3x	4,9x	5,9x	5,8x	6,9x	7,3x	6,9x	7,0%	5,0%
Novabase SGPS SA	PRT	139	131	0,4x	0,6x	0,5x	6,5x	6,2x	5,9x	9,1x	8,4x	7,8x	6,9%	4,9%
Econocom	BEL	172	148	0,2x	0,2x	0,2x	5,3x	5,1x	5,0x	5,8x	6,0x	5,8x	3,9%	3,6%
Groupe Open SA	FRA	58	53	0,2x	0,2x	0,2x	4,9x	11,6x	3,9x	nm	11,6x	4,3x	4,8%	(5,1%)
Average				0,3x	0,3x	0,3x	5,6x	7,0x	5,4x	8,6x	8,8x	6,9x	5,2%	2,0%
Median				0,2x	0,2x	0,2x	5,3x	6,2x	5,8x	8,0x	8,4x	6,9x	4,8%	3,6%
« Saas »														
Salesforce.Com	USA	3 094	2 765	4,8x	4,5x	3,9x	nm	21,9x	18,1x	nm	26,8x	22,1x	9,3%	5,8%
DealerTrack Holdings Inc.	USA	359	263	2,2x	2,4x	2,2x	11,3x	16,5x	11,6x	nm	nm	nm	19,5%	0,5%
Hubwoo.com SA	FRA	30	30	0,9x	nm	nm	nm	nm	nm	nm	nm	nm	(22,2%)	(29,8%)
Average				2,6x	3,4x	3,0x	11,3x	19,2x	14,9x	nm	26,8x	22,1x	2,2%	(7,8%)
Median				2,2x	3,4x	3,0x	11,3x	19,2x	14,9x	nm	26,8x	22,1x	9,3%	0,5%

Sources: Infiniti, KPMG Corporate Finance and company filings

Notes: Market Capitalization amounts are in millions, based on closing Share Prices as of September 1st, 2009 - Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents - EBITDA equals Earnings before Interest, Taxes, Depreciation, and Amortization

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