



Swiss M&A Report – Market and valuation update

Technology, Media and Telecommunications



Summer 2023

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M&A sell-side

- Company sales
- Succession solutions
- Carve-outs
- Management buy-outs
- Deal tactics and strategy consulting
- Commercial vendor assistance
- Financial vendor assistance
- SPA advise
- Tax structuring and advice
- Operational carve-outs

M&A buy-side

- Strategic acquisitions
- Buy-and-build acquisitions
- Mergers
- Management buy-ins
- Joint ventures and strategic alliances
- Commercial due diligence
- Financial due diligence
- Legal due diligence
- Tax due diligence
- Post-merger integration

Introduction

PwC is the leading middle-market M&A advisor trusted by more top decision-makers than any other service provider. Our clients choose us for our expertise, industry knowledge and proven ability to execute successful transactions. We are a community of experts who combine human ingenuity, experience and technology to deliver sustained outcomes and build trust.

The 'Swiss M&A Report – Market and valuation update' gives you an overview and insights into the current Technology, Media and Telecommunications ('TMT') M&A market in Switzerland. You will find information on the overall transaction environment as well as current valuation levels of eight subsectors covering the entire TMT market.

PwC offers holistic M&A advisory services covering all aspects before, during and after a transaction. As your financial advisor, we coordinate and advise you along the entire transaction process, or support you on specific inquiries or individual parts of the transaction. With our wider Deals practice, we can support you on any transaction-related matter.

#1

M&A mid-market advisor

>30

completed transactions in 2022 in Switzerland

>700

completed transactions globally

Who we are...



...the **leading M&A advisor** for mid-sized transactions in Switzerland and globally.



...your **ideal partner** for all matters before, during and after a transaction.



...a very experienced **M&A team** **focused** on the **TMT industry** advising on local and cross-border deals supported by our **global network**.

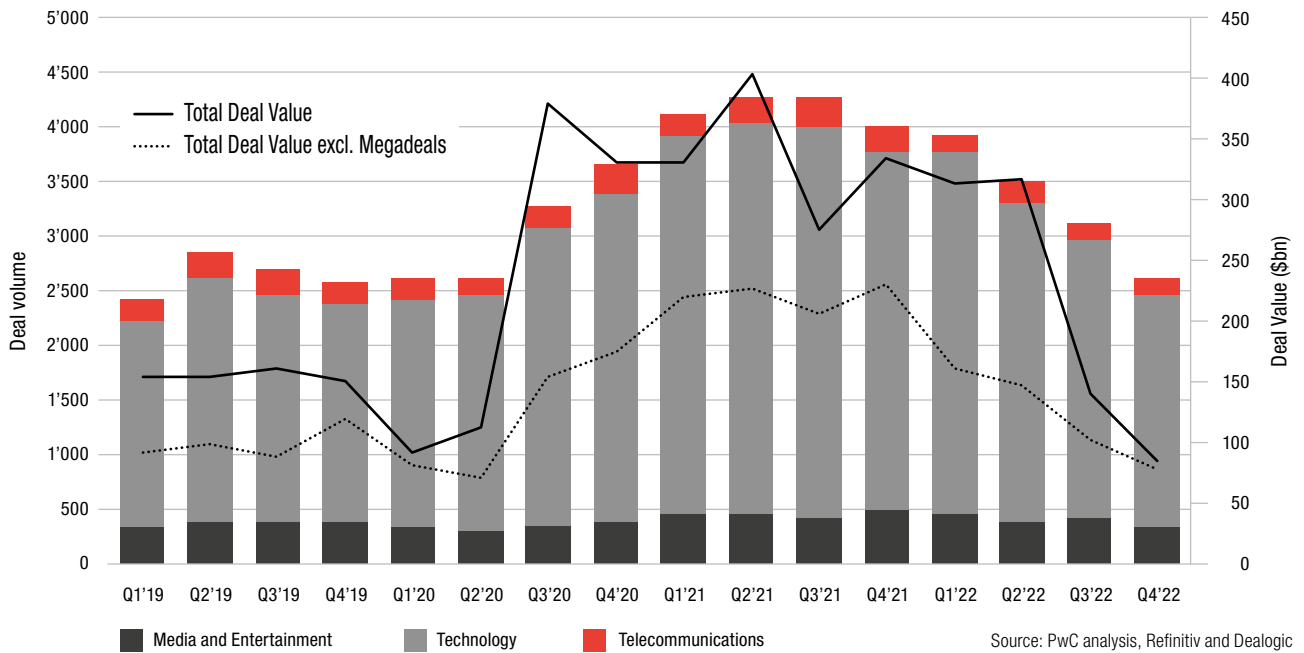


...**one stop-shop offering** additionally all other transaction related services, e.g. legal and tax advice or due diligence and valuation services.

Transaction environment

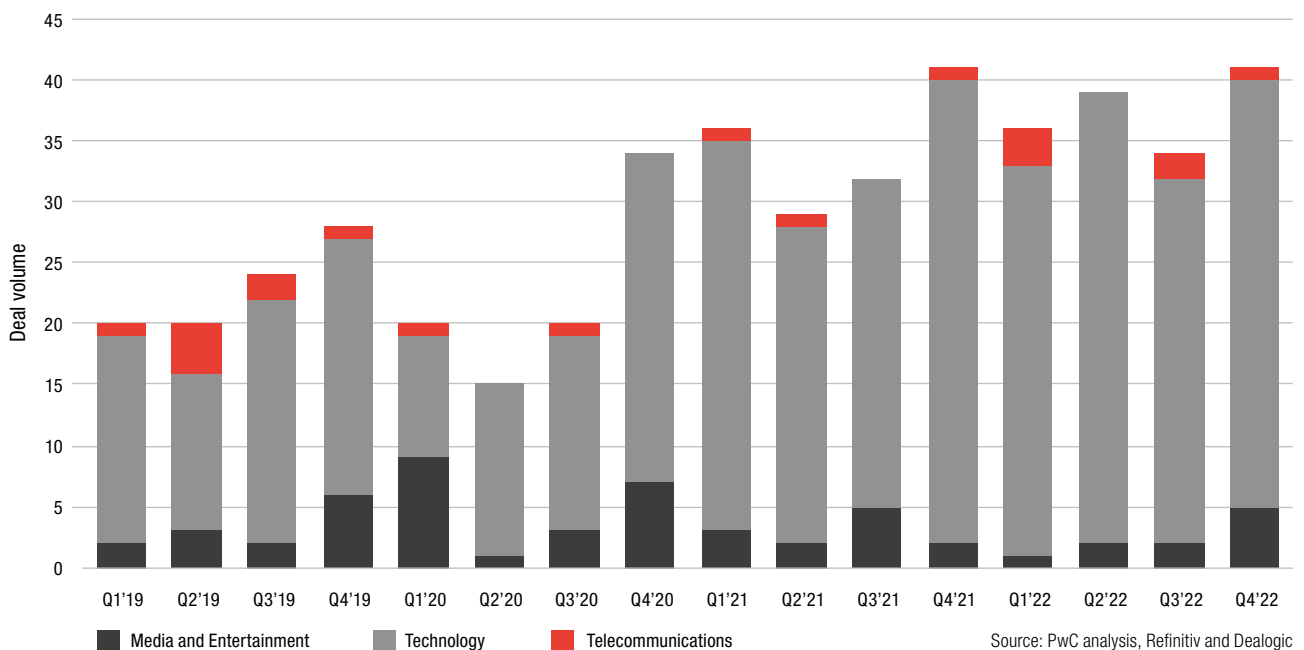
Global TMT deal volumes and values, 2019–2022

TMT M&A deal volume declined by 21% and deal value fell by 36%, but both figures remain well above pre-pandemic levels.



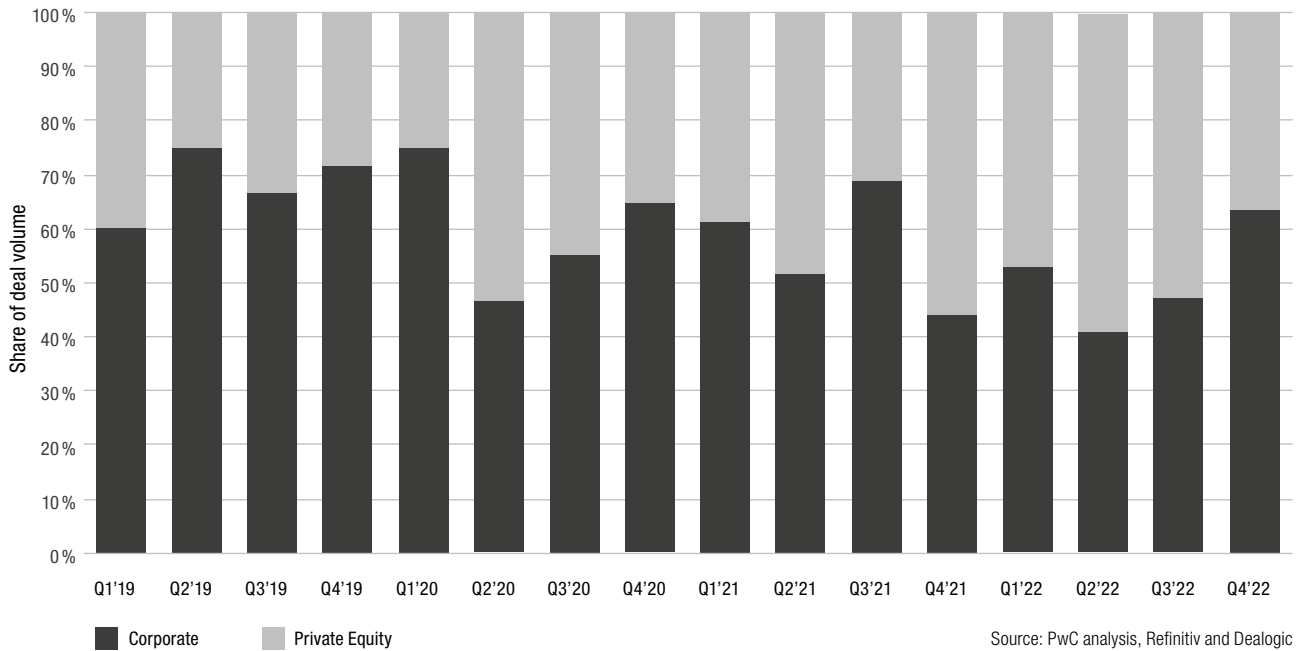
Swiss TMT deal volumes, 2019–2022

The Swiss market was exceptionally resilient, with M&A activity involving Swiss TMT companies reaching an all-time high (+9% YoY).



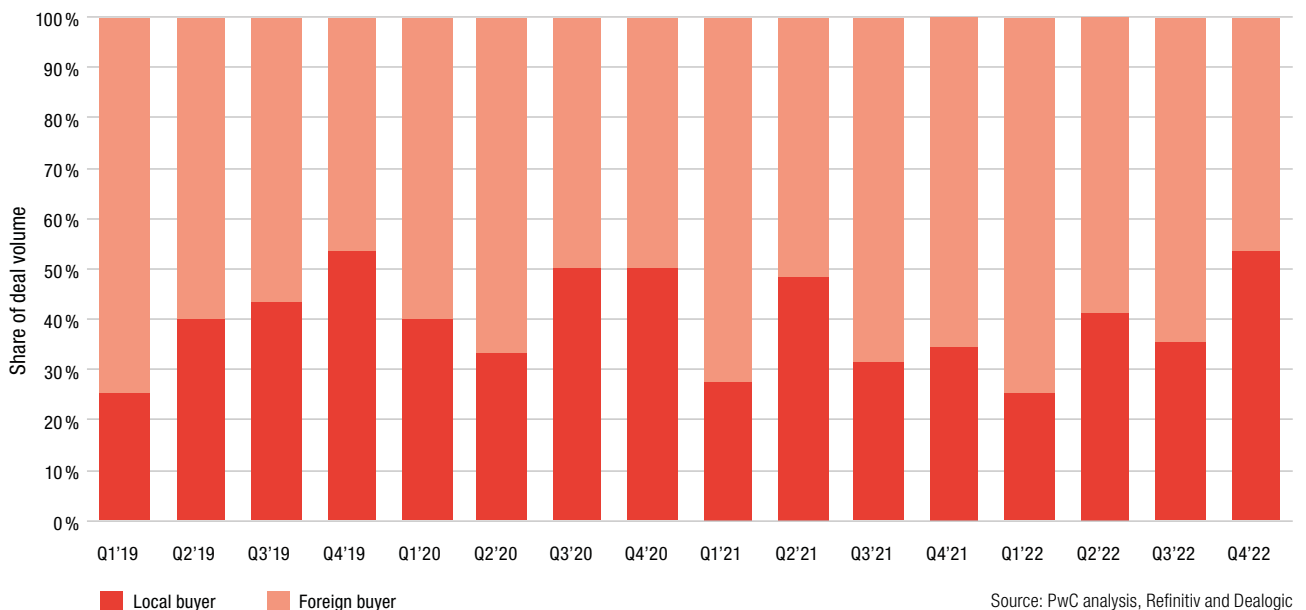
Corporate vs. private equity in the Swiss TMT market, 2019–2022

The TMT M&A space in Switzerland again saw significant interest from private equity (PE) and financial investors with almost 50% of transactions involving a financial sponsor in 2022.



Swiss vs. foreign buyers in the Swiss TMT market, 2019–2022

The high share of foreign buyers (63% in 2022) underlines the attractiveness of Swiss TMT assets and the sector's stronger international perspective.



Top 10 TMT deals in Switzerland in 2022

Targets with Swiss HQ by deal value

| Announced date | Target | Industry | Transaction type (stake) | Buyer | Seller | Deal value (in CHF m) |
|----------------|---|--|--------------------------|---|--|-----------------------|
| 26.04.2022 | SonarSource SA | Continuous code quality software | Investment (8.8%) | Permira Advisers LLP; Advent International Corporation; Insight Partners; General Catalyst | – | 412 |
| 12.04.2022 | beqom SA | Compensation management and performance software | Investment (n/a) | Sumeru Equity Partners, L.P. | – | 280 |
| 26.07.2022 | Acronis International GmbH | Cyber protection and hybrid cloud storage services | Investment (7.1%) | BlackRock, Inc. | – | 241 |
| 31.01.2022 | Libra Association LLC (selected assets) | Blockchain-based payment assets | Sale (100.0%) | Silvergate Capital Corporation | Libra Association LLC | 156 |
| 21.03.2022 | 1plusx AG | Machine learning technologies | Investment (n/a) | TripleLift | Swisscanto Holding AG, DG Daiwa Ventures | 140 |
| 09.02.2022 | Scandit AG | Barcode scanning and data capture platform | Investment (15.0%) | Schneider Electric SE; Warburg Pincus LLC; Kreos Capital; NGP Capital; Atomico; Swisscom Ventures; G2VP, LLC; Sony Innovation Fund; Forestay Capital SA; Innovation Growth Ventures Co., Ltd. | – | 139 |
| 23.12.2022 | SecurionPay | Payment gateway software | Sale (100.0%) | Shift4 Corporation | – | 117 |
| 11.01.2022 | Oryx General Co SARL | Real estate software platforms | Investment (n/a) | Abenex Capital SA; Tikehau Capital Partners | Sparring Capital | 105 |
| 17.02.2022 | MindMaze SA | VR-based rehabilitation devices | Investment (n/a) | Hambro Perks Limited; AlbaCore Capital LLP; Concord Health Partners, LLC | – | 97 |
| 22.12.2022 | Clear Channel Outdoor Holdings, Inc. (Swiss Business) | Outdoor advertising | Sale (100.0%) | Goldbach Group AG | Clear Channel Outdoor Holdings, Inc. | 86 |

Source: PwC analysis, Mergermarket, S&P Capital IQ, S&P Capital IQ Pro

Notes: Overview only includes deals with publicly available deal value and where the target was headquartered in Switzerland

TMT sector overview

Overview of operational key performance indicators

| | Sales growth FY22 | Sales growth FY21 | EBITDA margin FY22 | EBITDA margin FY21 |
|----------------------------|-------------------|-------------------|--------------------|--------------------|
| Advertising | 18.9% | 20.5% | 7.5% | 8.3% |
| Application Software | 11.2% | 13.9% | 14.5% | 15.9% |
| IT Services | 14.7% | 12.7% | 9.2% | 9.5% |
| Media & Entertainment | 30.4% | 37.2% | 9.5% | 6.2% |
| Online Services | 10.7% | 16.3% | 12.2% | 11.8% |
| Publishing | 4.0% | 7.1% | 10.1% | 9.7% |
| Systems Software | 9.1% | 12.4% | 13.8% | 13.3% |
| Telecommunication Services | 5.5% | 4.4% | 11.0% | 12.5% |

Overview of revenue, EBITDA, and EBIT trading multiples (as of 31 March 2023)

| | EV/Revenue LTM | EV/Revenue 5y average | EV/EBITDA LTM | EV/EBITDA 5y average | EV/EBIT LTM | EV/EBIT 5y average |
|----------------------------|----------------|-----------------------|---------------|----------------------|-------------|--------------------|
| Advertising | 1.0x | 1.5x | 8.8x | 9.1x | 11.7x | 15.9x |
| Application Software | 2.7x | 3.4x | 14.3x | 16.3x | 17.8x | 21.6x |
| IT Services | 1.1x | 1.1x | 9.0x | 10.2x | 12.8x | 14.7x |
| Media & Entertainment | 1.4x | 2.3x | 9.6x | 11.9x | 11.1x | 16.3x |
| Online Services | 1.4x | 3.0x | 10.4x | 12.7x | 12.7x | 20.4x |
| Publishing | 0.8x | 1.0x | 7.1x | 7.2x | 12.1x | 15.0x |
| Systems Software | 2.6x | 3.1x | 14.2x | 16.1x | 17.3x | 21.1x |
| Telecommunication Services | 1.6x | 2.2x | 7.8x | 7.1x | 14.5x | 16.4x |

Source: PwC analysis, S&P Capital IQ, S&P Capital IQ Pro

Notes: Peer group categorisation is based on the Global Industry Classification Standard (GICS); effective date for LTM is 31 March 2023

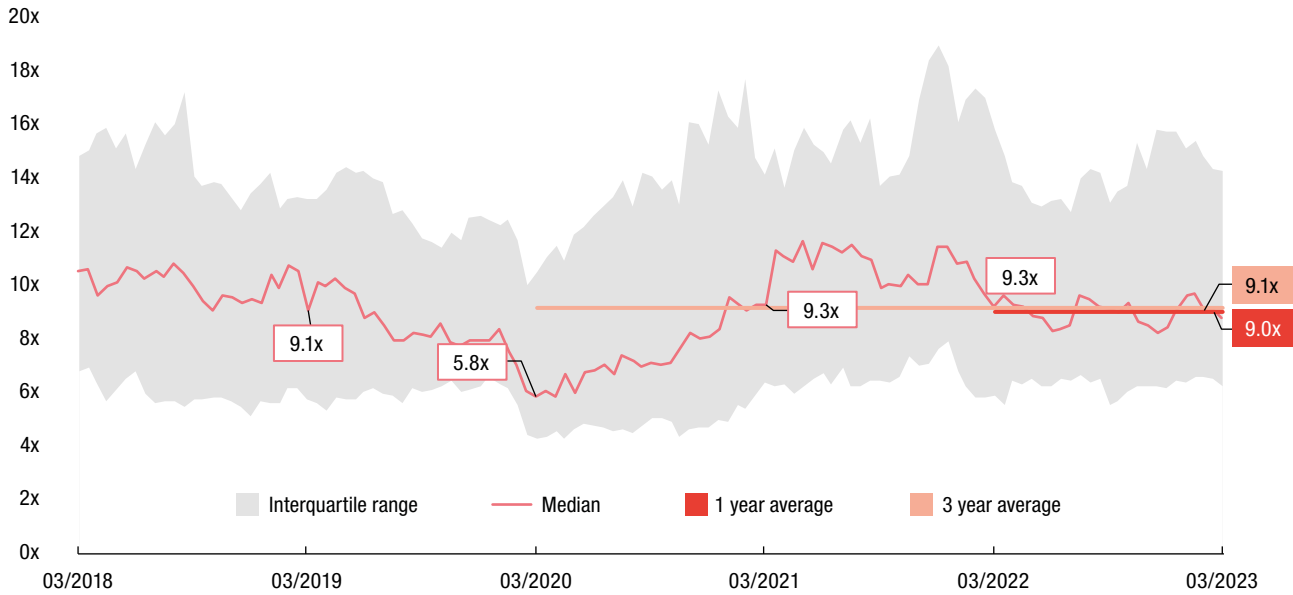


Advertising

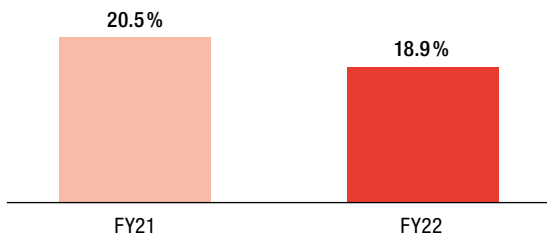


| | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM | 1.0x | 8.8x | 11.7x |
| 5-year average | 1.5x | 9.1x | 15.9x |

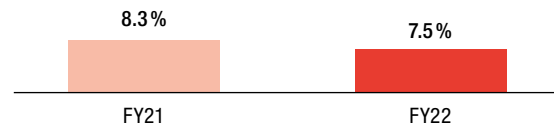
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



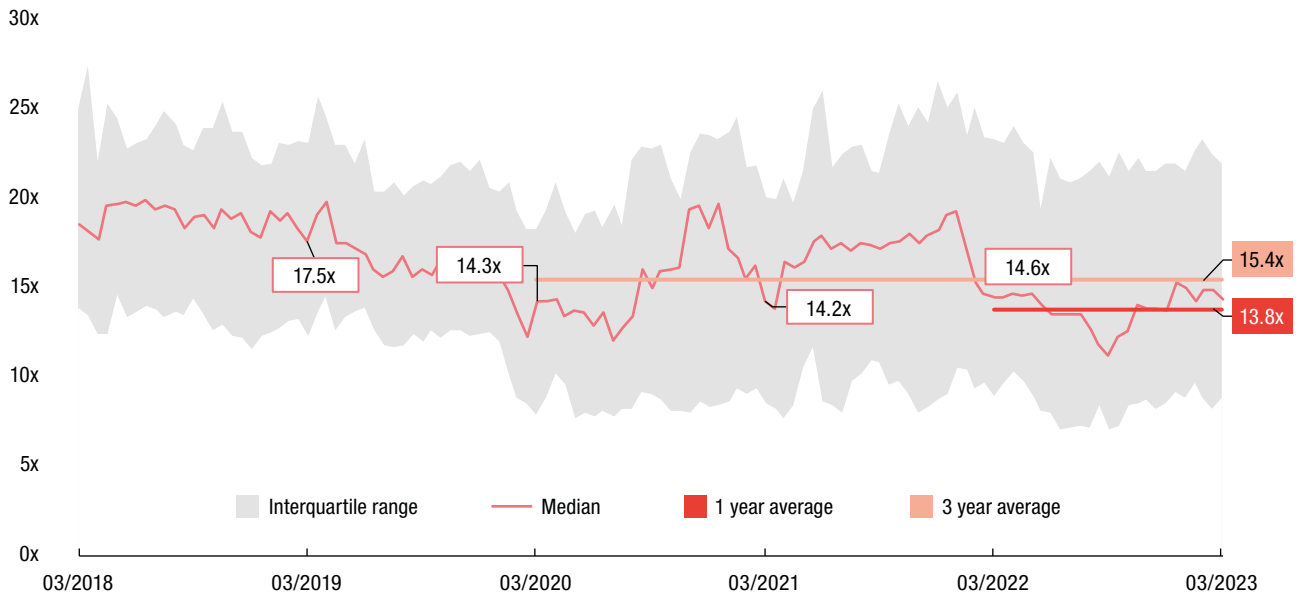


Application Software

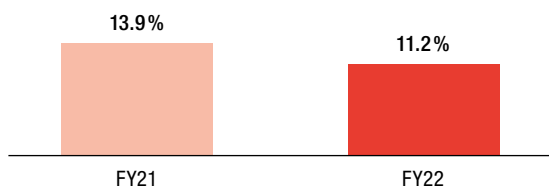


| | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM | 2.7x | 14.3x | 17.8x |
| 5-year average | 3.4x | 16.3x | 21.6x |

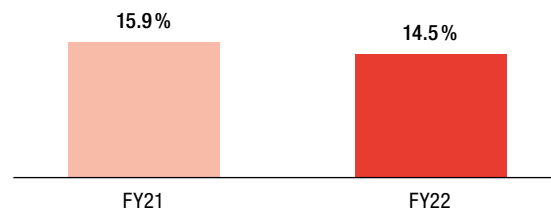
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



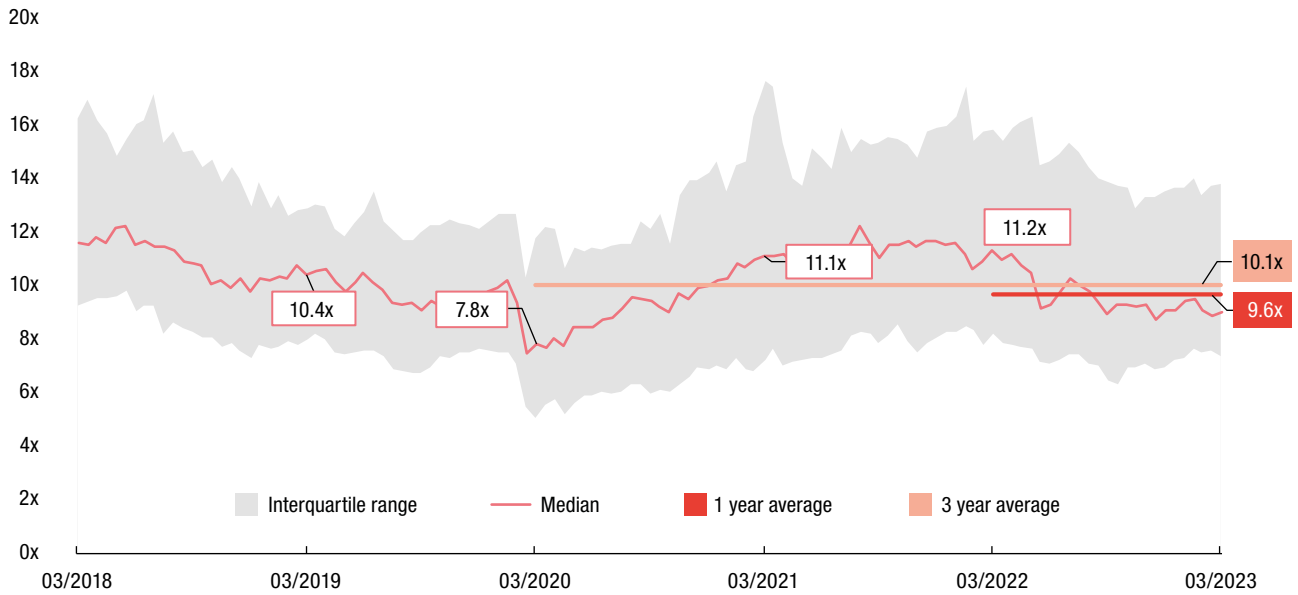


IT Services

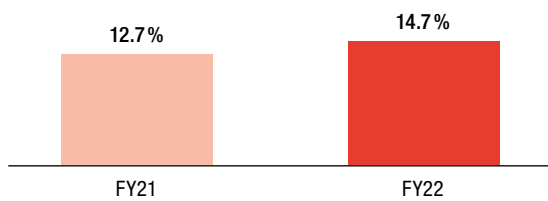


| | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM | 1.1x | 9.0x | 12.8x |
| 5-year average | 1.1x | 10.2x | 14.7x |

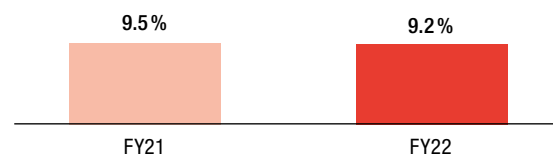
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



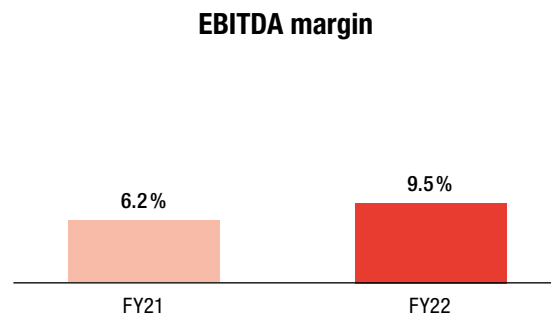
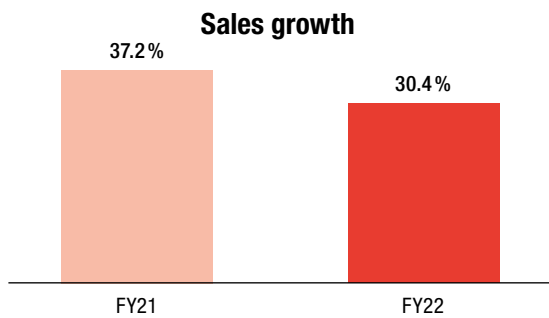
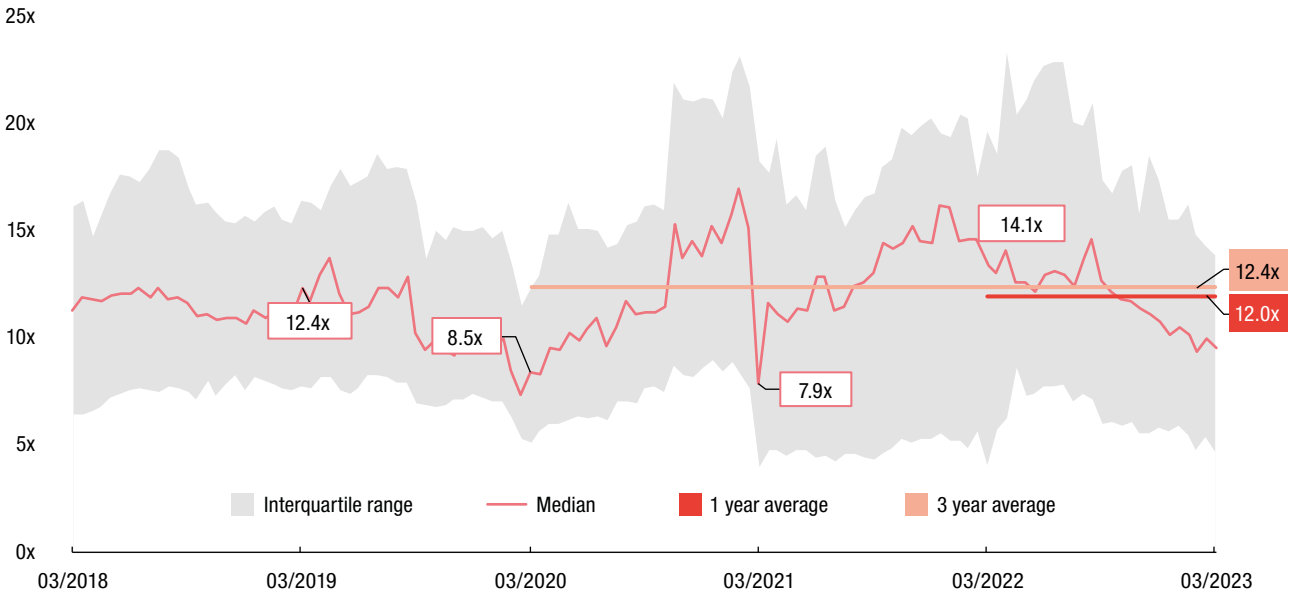


Media & Entertainment



| | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM | 1.4x | 9.6x | 11.1x |
| 5-year average | 2.3x | 11.9x | 16.3x |

EV/EBITDA LTM – Trading over time



Selected examples of the peer group



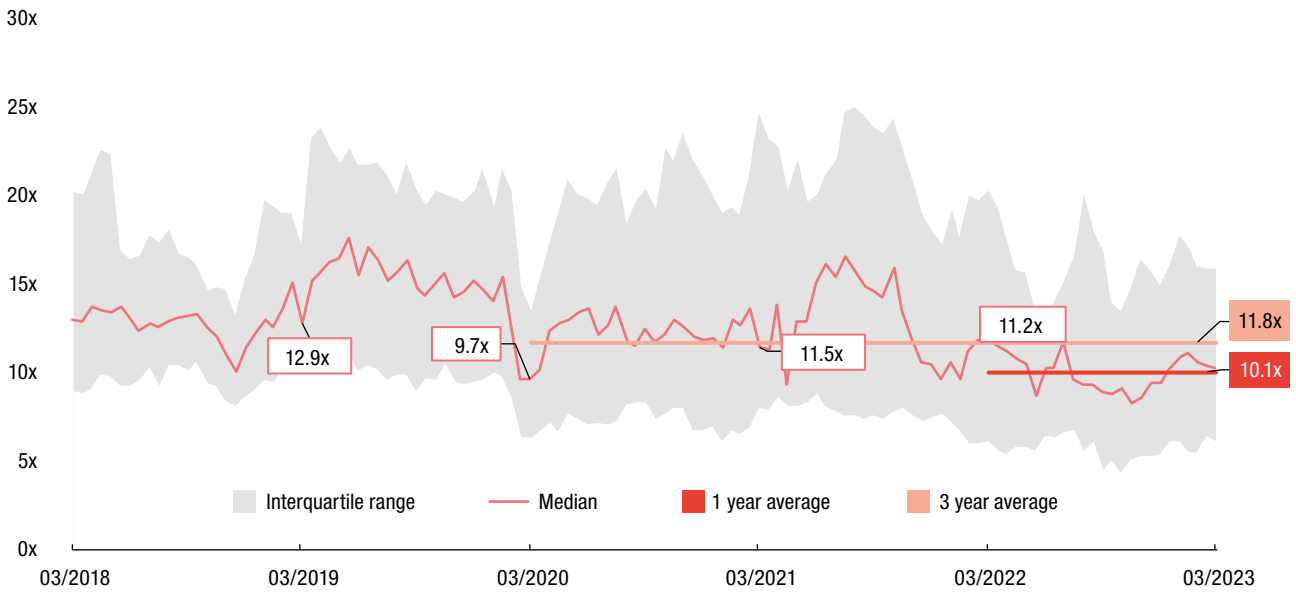


Online Services

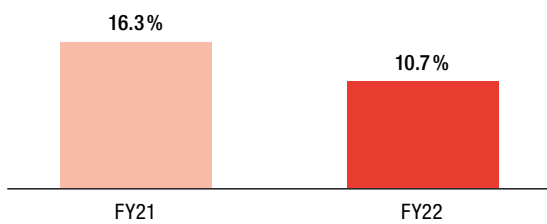


| | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM | 1.4x | 10.4x | 12.7x |
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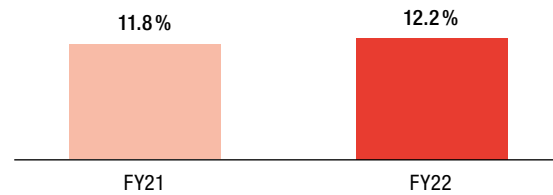
EV/EBITDA LTM – Trading over time



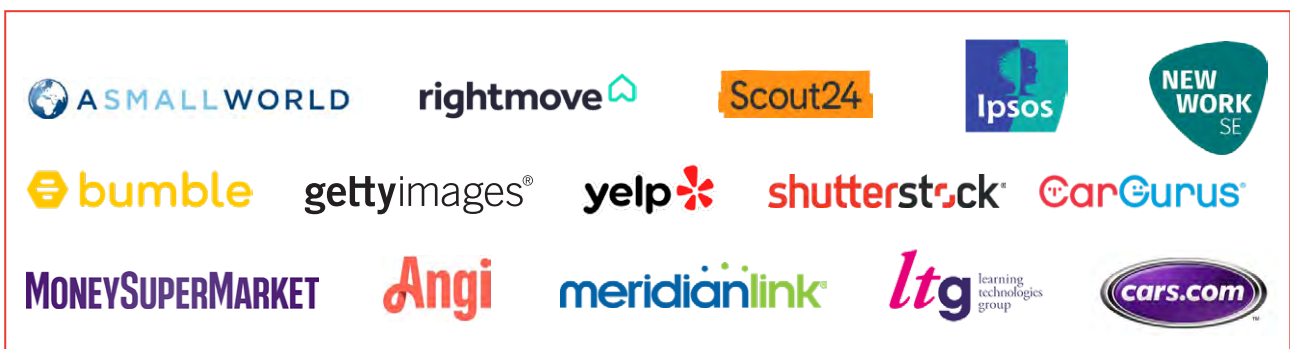
Sales growth



EBITDA margin



Selected examples of the peer group



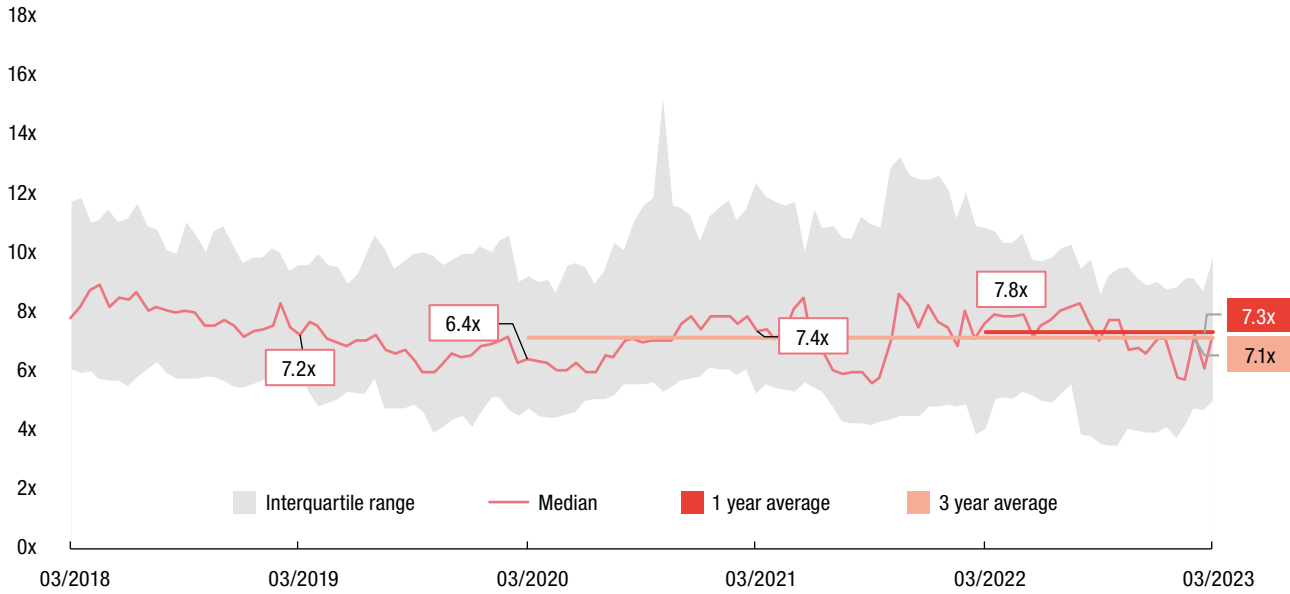


Publishing

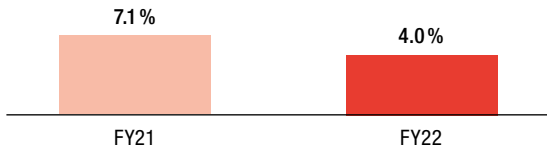


| | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM | 0.8x | 7.1x | 12.1x |
| 5-year average | 1.0x | 7.2x | 15.0x |

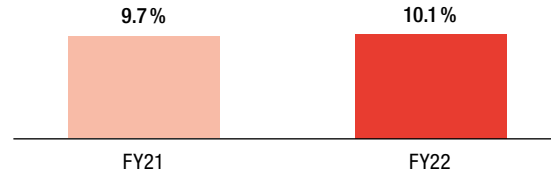
EV/EBITDA LTM – Trading over time



Sales growth

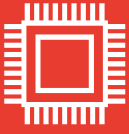


EBITDA margin



Selected examples of the peer group



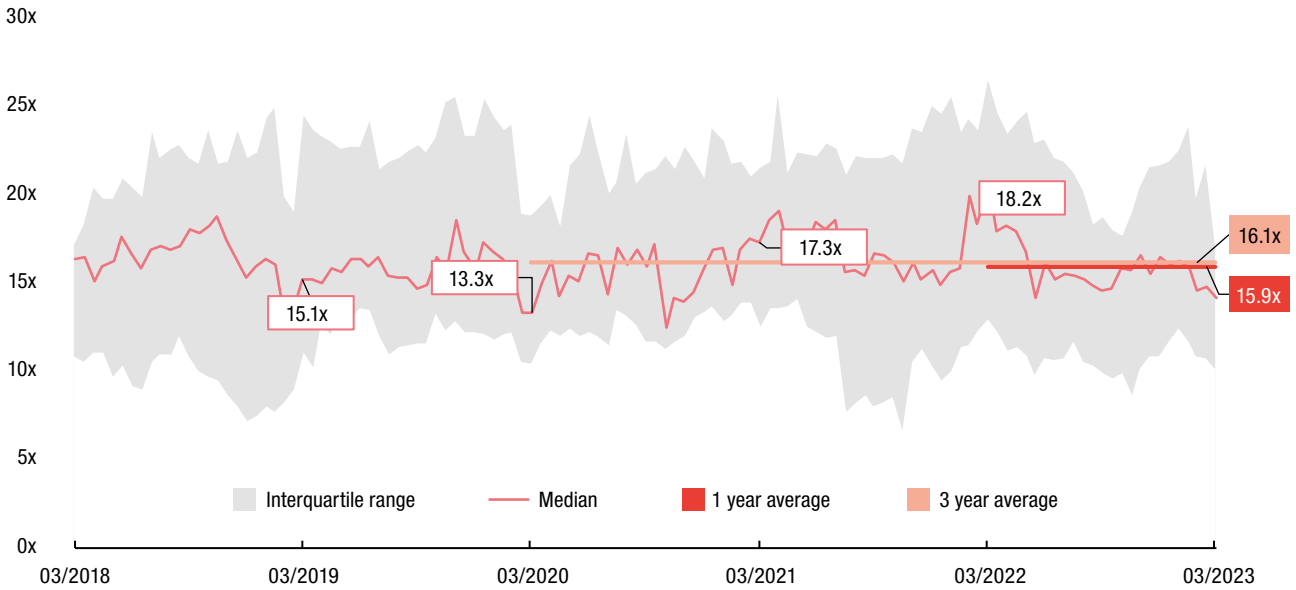


Systems Software

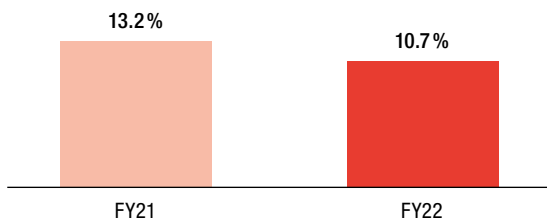


| | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM | 2.6x | 14.2x | 17.3x |
| 5-year average | 3.1x | 16.1x | 21.1x |

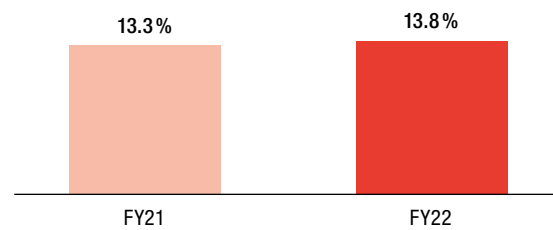
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



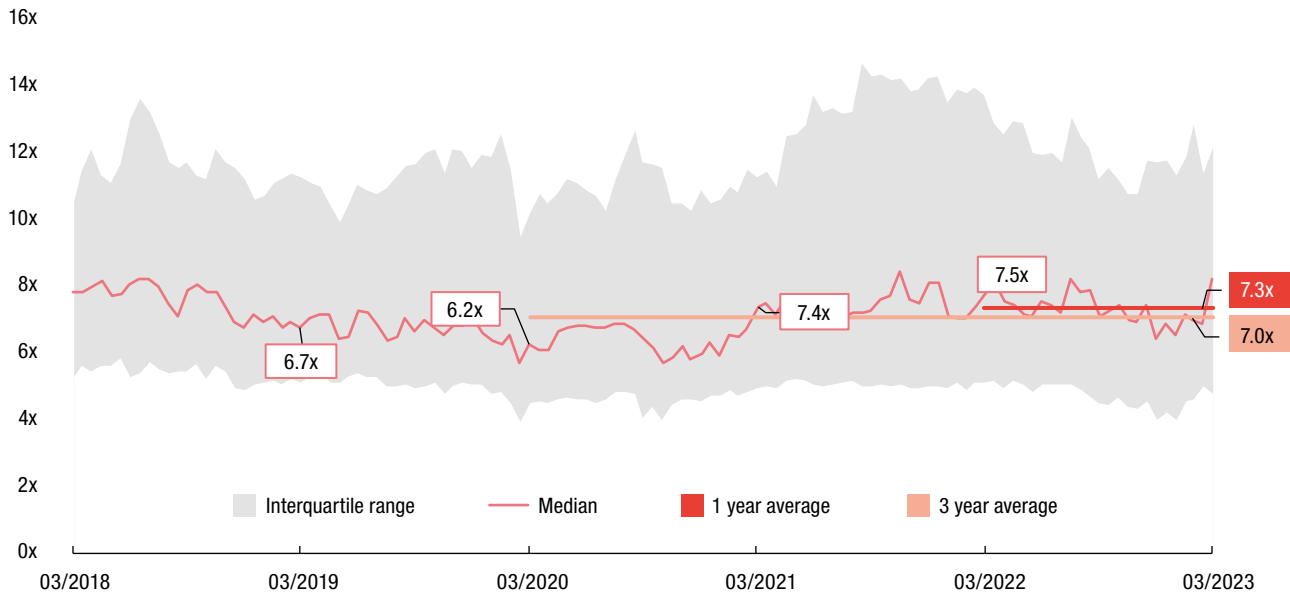


Telecommunication Services

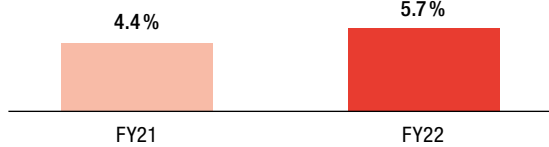


| | EV/Revenue | EV/EBITDA | EV/EBIT |
|----------------|------------|-----------|---------|
| LTM | 1.6x | 7.8x | 14.5x |
| 5-year average | 2.2x | 7.1x | 16.4x |

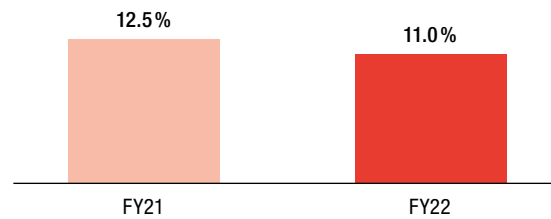
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



A white double quote icon on a dark blue background with bokeh light effects.

The Swiss macro-economic environment remains quite stable and demonstrates its strengths compared to many other economies which also translates to the Swiss TMT M&A market. Momentum remains high and is expected to be further driven by growth opportunities and sub-market consolidation.

Lasse Stünitz
Director, M&A TMT Leader

Why you should consider M&A and how we can help you



Continuous disruption

According to creative destruction theory, businesses that do not keep up with current innovations and remain stuck in their status quo risk falling behind the competition and, ultimately, becoming obsolete. History has shown this to be true, especially in the fast-paced TMT market.

Nokia, Internet, iPhone, Metaverse, blockchain, machine learning, artificial intelligence, Tesla, Amazon, Netflix, ChatGPT, Web 2.0, Internet of (intelligent) Things, edge computing, hyperscaler, 5G, fintech, cybersecurity, augmented/virtual reality, digital twins, splinternet, quantum computing

How does your business stay relevant?



...it's Threats

Declining revenues, lack of motivation, new projects, lack of innovation, status quo, financial stress, critical mass, non-core assets, ongoing consolidation, large platforms/one-stop shops, skill shortage, increasing regulatory requirements, changing consumer behaviour, new generation, globalisation, ESG

We are convinced that M&A can help your business to stay relevant for a long time, secure or monetise your life's work and protect you from the risks resulting



... it's Opportunities

Product innovations, new markets, customers diversification, market share, improved market position, synergies, economies of scale, consolidation, exit, succession, expansion, bilateral offer, multiple arbitrage, portfolio diversification, technological leadership, buy and build, new partner for growth, joint venture, enhanced bargaining power, financial stress/needs

from the ever-increasing pressure to innovate. However, it is very important to understand that M&A is not just M&A.

Professional M&A advice mitigates the stumbling blocks to M&A transactions

... and actions to succeed

Auction process, exit strategy, re-investment, tax optimisation, due diligence, integration, normalised earnings, adjusted EBITDA, small cap discount, illiquidity discount, control premium, equity story, sale preparation, acquisition strategy, SPA, information memorandum, management presentation, value drivers, value creation, net working capital target, net debt, equity value, enterprise value, multiple analysis, net present value, negotiation

The value of businesses is not just the EBITDA multiple times EBITDA – although this can be a good proxy.

The market value, if professionally considered, depends on multiple factors and needs careful analysis. It is critical to define and pursue well-defined transaction goals to realise a successful and rewarding transaction.

With our highly experienced team, we can help you benefit from the numerous advantages of M&A transactions and mitigate the respective risks, whether objectives be strategic, financial or personal. The transaction process can be a bumpy ride – but with professional preparation and collaboration throughout the process, it can be the successful end of one chapter and the beginning of a new chapter that opens many new opportunities – and not only in the field of M&A!



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A white double quote icon on a dark background.

Valuation levels have shown a declining trend from recent peaks as a result of global uncertainties and higher interest rates and we now see the price expectation gap between sellers and buyers shrinking, continuously attracting back bidders, especially strategics that were previously struggling with valuation expectations.

Martin Münzberg
Manager, M&A TMT expert

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