

Global TMT deal monitor

Tech software & services is the most active segment in our universe

In the first nine months of 2014, G2Mi Research monitored 6,472 deals in the global TMT sector, of which deals where a value was disclosed had a combined value of USD 386 billion. The G2Mi Transactions database covers M&A activity, private equity/venture capital investments, broadcasting rights deals and major partnerships.

G2Mi Research monitored 2,860 M&A deals, 3,612 private equity/venture capital investments and 494 sports' rights acquisitions in this period. TMT deal volumes rose by 26% in 9M 2014 on the previous year, whilst aggregate deal value increased by 7.5%. The average M&A deal size was USD 618 million and the average PE/VC investment was USD 15 million.

Internet

The large cap players have been acquiring and investing in firms that allow them to extend their customer offering or give them access to innovative services/technology that may have long term commercial potential. What is increasingly questionable is whether VC investors are maintaining

a disciplined approach to picking their investees; the sheer volume of investments suggests that this may not be the case.

Tech hardware & software

The major firms such as Cisco, Qualcomm and Intel have made bolt-on acquisitions whilst making interesting bets through their venture arms. Cloud-based services continue to be a key area of activity.

Traditional media

Publishers and broadcasters have been 'tidying up' their portfolios and in segments such as entertainment, digital streaming businesses with subscription-based models have been the target of considerable investment.

Telecoms

Large operators in telecoms services (Telefonica, Vodafone) consolidated their position in key high growth markets. Equipment segment seeing significant VC investment, in areas such as chip manufacturing and network solutions.

For more detail....

This briefing provides some analysis of all 2014 deal data; full access to all deal data and search tools is available on a subscription basis. For further information, please visit G2Mi.com.

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26% increase in deal volumes in 9M 2014

Internet and technology sectors still dominate deal activity. The value of television deals has been bolstered by a small number of very large deals (AT&T/DirecTV, Comcast/Time Warner Cable).

G2Mi also monitors deals for sports broadcast/streaming rights.

Figure 1: Deal volumes by detailed sector¹

	Investments		M&A		Rights deals	
	No of deals	Deal value (USD mn)	No of deals	Deal value (USD mn)	No of deals	Deal value (USD mn)
Alternative media	6	12	23	1,106		
Business media	21	73	61	528		
Consumer publishing	5	87	81	1,219		
Entertainment	17	346	36	3,930		
Internet	1,988	25,437	1,076	90,663		
Marketing services	32	325	241	3,317		
Media (General)	6	306	17	2,446		
Media facilities and solutions	17	121	47	1,765		
Professional media	49	1,099	80	2,206		
Sports media	6	1	34	2,398	494	15,246
Technology Hardware	59	1,208	21	11,040		
Technology Software & Services	1,339	14,036	894	36,257		
Telecoms	49	1,948	130	69,418		
Television and Radio	18	154	119	114,961		
Total	3,612	45,153	2,860	341,254	494	15,246

¹ Deal volumes cover M&A deals, private equity/venture capital investments and sports rights. In this report, deal volumes include all deals – including those where a value was not disclosed.

26% increase in deal volumes in 9M 2014

A key area of growth has been the technology software and services sector, where volumes grew by 66%.

Telecom services and Tech hardware have been relatively subdued in 2014, with declines on the same period in 2013

Figure 2: Deal volumes by sector²

	2013				2014				% change (9M)
	Q1	Q2	Q3	9M	Q1	Q2	Q3	9M	
Internet	788	832	988	2,608	943	1,041	1,080	3,064	17.5%
Marketing services	74	63	70	207	93	83	97	273	31.9%
Media	218	210	191	619	195	229	219	643	3.9%
Telecoms	111	91	75	277	54	63	62	179	-35.4%
Tech software & services	419	459	468	1,346	628	816	789	2,233	65.9%
Tech hardware	17	29	43	89	28	33	19	80	-10.1%
Total no of deals	1,627	1,684	1,835	5,146	1,941	2,265	2,266	6,472	25.8%

² Deal volumes cover M&A deals and private equity/venture capital investments

7.4% increase in aggregate deal value

Internet deals reach an aggregate value of over USD 100 billion in the first nine months of 2014.

Figure 3: Deal value by sector

USD mn	2013				2014				% change (9M)
	Q1	Q2	Q3	9M	Q1	Q2	Q3	9M	
Internet	8,933	15,579	23,826	48,338	35,026	27,400	53,674	116,100	140.2%
Marketing services	633	484	37	1,154	1,309	1,469	865	3,642	215.6%
Media	30,837	19,878	10,308	61,023	51,955	58,558	22,245	132,758	117.6%
Telecoms	38,325	6,751	147,890	192,966	15,554	40,494	15,319	71,366	-63.0%
Tech software & services	4,040	9,908	13,857	27,805	15,423	12,315	22,555	50,293	80.9%
Tech hardware	540	25,815	2,196	28,551	5,873	5,863	511	12,248	-57.1%
Total	83,308	78,415	198,115	359,838	125,140	146,099	115,168	386,407	7.4%

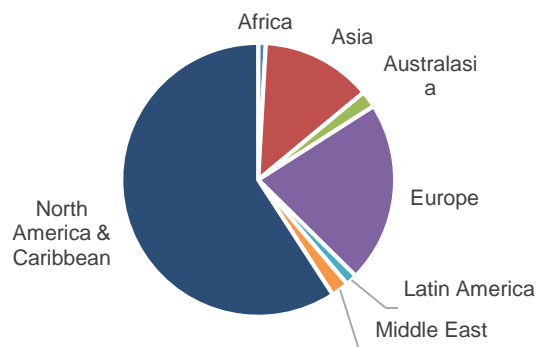
Fastest growth in deal volumes was in Asia (+61%)

Emerging markets continue to perform strongly, in terms of deal volumes.

Figure 4: Deal volumes by region of target

	2013				2014				% change
	Q1	Q2	Q3	9M	Q1	Q2	Q3	9M	
Africa	12	14	13	39	14	23	21	58	48.7%
Asia	150	166	211	527	222	277	348	847	60.7%
Australasia	31	30	40	101	29	40	59	128	26.7%
Europe	373	405	418	1,196	436	492	459	1,387	16.0%
Latin America	31	21	24	76	14	27	48	89	17.1%
Middle East	22	39	35	96	43	45	46	134	39.6%
North America & Caribbean	1,008	1,009	1,094	3,111	1,183	1,361	1,285	3,829	23.1%
Total	1,627	1,684	1,835	5,146	1,941	2,265	2,266	6,472	25.8%

Figure 5: Share of deal volumes by region of target



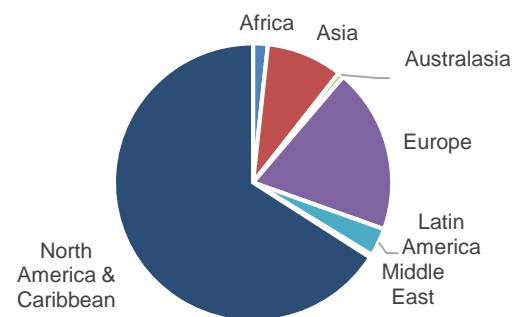
Africa and Latin America show over 200% growth in aggregate deal value

Africa attracted USD 6.6 billion in deal investment (M&A, private equity) – a 270% increase on the previous year.

Figure 6: Deal value by region of target/investee

USD mn	2013				2014				% change (9M)
	Q1	Q2	Q3	9M	Q1	Q2	Q3	9M	
Africa	1,188	198	410	1,796	45	6,498	69	6,612	268.1%
Asia	3,557	5,443	7,920	16,920	10,684	11,369	12,197	34,250	102.4%
Australasia	4,284	127	402	4,814	934	402	1,209	2,545	-47.1%
Europe	36,170	19,588	20,909	76,666	16,207	35,344	22,706	74,258	-3.1%
Latin America	1,092	1,114	1,937	4,143	149	1,759	10,722	12,631	204.9%
Middle East	559	171	163	893	222	536	613	1,371	53.5%
North America & Caribbean	36,459	51,773	166,374	254,606	96,898	90,190	67,651	254,740	0.1%
Total	83,308	78,415	198,115	359,838	125,140	146,099	115,168	386,407	7.4%

Figure 7: Share of aggregate deal value by region of target



BRICS Focus: 700 TMT deals in 9M 2014

The decline in deal activity relating to Russia, may be a consequence of current political problems, in particular economic sanctions.

Figure 8: Deal volumes by country of target

Country Of Target	2013				2014				% change (9M)
	Q1	Q2	Q3	9M	Q1	Q2	Q3	9M	
Brazil	18	15	18	51	9	15	31	55	7.8%
China	31	34	46	111	65	76	122	263	136.9%
India	65	67	88	220	83	105	120	308	40.0%
Russia	24	29	30	83	9	14	15	38	-54.2%
South Africa	6	7	6	19	11	10	14	35	84.2%
Total	144	152	188	484	177	220	302	699	44.4%

Tech Focus: 182 deals involving the G2Mi ‘Tech Eleven’

The leading Chinese players are increasing active in acquiring and investing abroad.

Figure 9: Deal KPIs for leading Technology companies (9M 2014)

	Country	No. of deals	Deal value (USD mn)	Average Deal Value (USD mn) ³
Alibaba	China	14	5,014	68
Amazon	USA	6	1,005	10.65
Apple	USA	9	3,030	100
Baidu	China	7	21	335
eBay	USA	4	198	66
Facebook	USA	8	21,300	1,413
Google	USA	76	3,446	10
Microsoft	USA	11	2,521	456
Tencent	China	20	2,268	1,515
Twitter	USA	10	100	420
Yahoo!	USA	17	4,239	133

³ The average deal value only takes into account deals where a value was disclosed

The leading deals database covering the global TMT sector

G2Mi Research maintains a comprehensive database of deal activity across the global TMT sector. On a daily basis, our analyst team monitor mergers and acquisitions, private equity/venture capital investments, broadcasting rights deals and major partnerships. The database provides an essential tool for industry professionals, advisors and investors keen to analyse activity and trends among TMT companies, private equity/venture funds and rights holders. Subscribers can access, download and manipulate deal data in a range of formats through a secure website.

For further information on G2Mi's services, please visit G2Mi.com or email service@g2mi.com.



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