

## FINANCIAL TECHNOLOGY AND INFORMATION INDUSTRY

### FULL YEAR 2016 :: Mergers and Acquisitions Trend Report

#### 2016 KEY HIGHLIGHTS

- The most active acquirer in 2016, either directly or through an affiliated business, was Broadridge Financial Solutions, a provider of investor communications and technology-driven solutions, with six transactions: DST Systems' North American Customer Communications ("NACC") business for \$410 million, technology assets from INVeSHARE for \$135 million, M&O Systems, 4Sight Financial Software, Dojima and Anetics.
- Four of the top five and seven of the top ten highest value deals during the year occurred in the Capital Markets segment.

#### 2016 KEY TRENDS

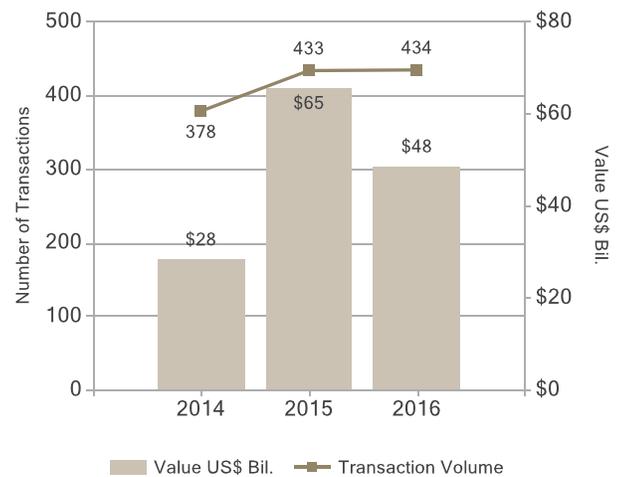
- Total transaction volume in 2016 remained nearly constant over 2015, from 433 to 434.
- Total transaction value in 2016 decreased by 26 percent over 2015, from \$65.29 billion to \$48.41 billion.
- There were five transactions above the \$1 billion threshold in 2016, compared to 13 such deals in 2015.
- The median revenue multiple declined from 3.2x in 2015 to 2.3x in 2016, which was in line with the median throughout the past three years. The median EBITDA multiple improved from 11.4x in 2015 to 13.1x in 2016.
- The segment with the largest rise in volume in 2016 over 2015 was Insurance with a 21 percent increase, from 62 to 75 transactions. The Payments segment was close behind with an 18 percent gain, from 110 to 130 transactions.

#### M&A MARKET OVERVIEW

Berkery Noyes tracked 1,245 Financial Technology and Information transactions between 2014 and 2016, of which 310 disclosed financial terms, and calculated the aggregate value to be \$119.30 billion. Based on known transaction values, we project values of 935 undisclosed transactions to be \$22.49 billion, totaling \$141.79 billion worth of transactions tracked over the past three years.

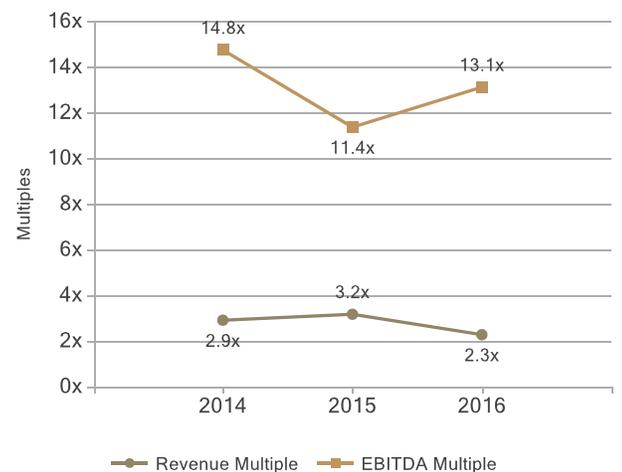
Disclosed median enterprise value multiples for all segments combined in this report during the last 36 months were 2.4x revenue and 11.8x EBITDA.

**M&A Market Dynamics**



**Figure 1.** 2014-2016 value and volume comparison.

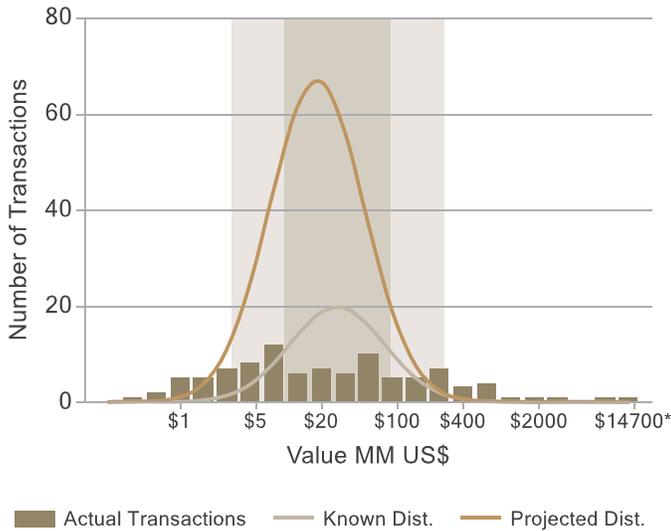
**Median Enterprise Value Multiples**



**Figure 2.** 2014-2016 median revenue and EBITDA comparison.

# Transaction Analysis :: January 1, 2016 – December 31, 2016

## Bell Curve - Histogram



**Figure 3.** Shows distribution of transactions among the Financial Technology & Information Industry transactions based on publicly available information and Berkery Noyes estimates. Using a logarithmic scale, we determined that nearly one-third of companies purchased had transaction values of \$7.4 million to \$54.6 million. Based on this data, we estimate the total transaction value of deals done in 2016 at \$48.4 billion.

\* Indicates largest transaction in the industry from Jan. 1, 2016 to Dec. 31, 2016.

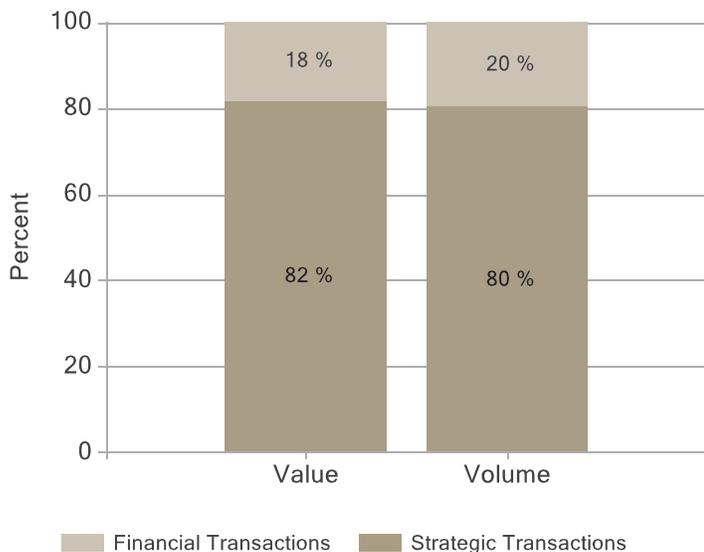
## Distribution Table

Value in MM US\$	Known Number	Projected Number	Total Number	%	Cumulative %
\$0.2	0	0	0	0 %	0 %
\$0.4	1	0	1	1 %	1 %
\$0.6	2	0	2	2 %	3 %
\$1.0	5	1	5	5 %	8 %
\$1.6	5	4	8	5 %	13 %
\$2.7	7	11	17	7 %	20 %
\$4.5	8	25	32	8 %	28 %
\$7.4	12	44	56	12 %	40 %
\$12.2	6	61	67	6 %	46 %
\$20.1	7	67	73	7 %	54 %
\$33.1	6	56	62	6 %	60 %
\$54.6	10	37	46	10 %	70 %
\$90.0	5	19	23	5 %	75 %
\$148.4	5	8	12	5 %	80 %
\$244.7	7	2	9	7 %	87 %
\$403.4	3	1	3	3 %	90 %
\$665.1	4	0	4	4 %	94 %
\$1,096.6	1	0	1	1 %	95 %
\$1,808.0	1	0	1	1 %	96 %
\$2,981.0	1	0	1	1 %	97 %
\$4,914.8	0	0	0	0 %	97 %
\$8,103.1	1	0	1	1 %	98 %
\$13,359.7	1	0	1	1 %	99 %
Total #	99	335	<b>434</b>		
Total \$ Value	\$42,256	\$6,156	<b>\$48,412</b>		
Middle 3rd of Industry		Middle 2/3rds of Industry			

**Figure 4.** Presents the data depicted in the bell curve histogram.

## Strategic vs. Financial Comparison

### M&A Dynamics By Transaction Type



**Figure 5.** 2014-2016 value and volume comparison by acquirer type.

**Note:** Financial transactions are those financed by private equity, venture capital, and other investment firms. This includes acquisitions by portfolio companies of the investment firms.

### Transaction Type



**Figure 6.** 2014-2016 acquirer type comparison by year.

# Purchaser Analysis

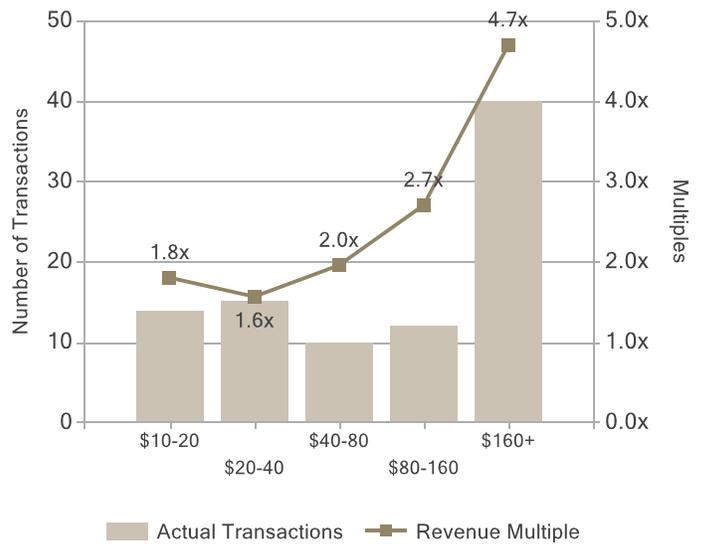
## Top Ten Notable Transactions 2016

Deal Date	Target Name	Buyer	Value MM US\$
03/16/16	London Stock Exchange Group plc	Deutsche Börse Group	\$14,677
03/21/16	Markit Group Ltd.	IHS, Inc.	\$10,974
09/26/16	BATS Global Markets, Inc.	CBOE Holdings, Inc.	\$3,620
01/26/16	TransFirst, LLC	TSYS	\$2,329
03/09/16	The International Securities Exchange	Nasdaq, Inc.	\$1,100
07/21/16	VocaLINK	MasterCard Incorporated	\$924
12/06/16	Intralinks Holdings, Inc.	Synchronoss Technologies, Inc.	\$821
05/05/16	Xchanging PLC	Computer Sciences Corporation	\$767
07/25/16	OptionsHouse	E-Trade Financial Corp.	\$725
01/28/16	Union Mobile Pay Ltd.	Haili Metal One	\$462
2016 Aggregate Transaction Value			\$48,412
Top 10 Aggregate Transaction Value			\$36,398
<b>Top 10 Aggregate Value as a Percentage of All Transactions</b>			<b>75 %</b>

**Figure 7.** Lists the top ten transactions for 2016 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value as shown on Figure 1 & 4.

**Note:** Transaction data based on **announced date**. Deal value represents total consideration paid by the acquirer.

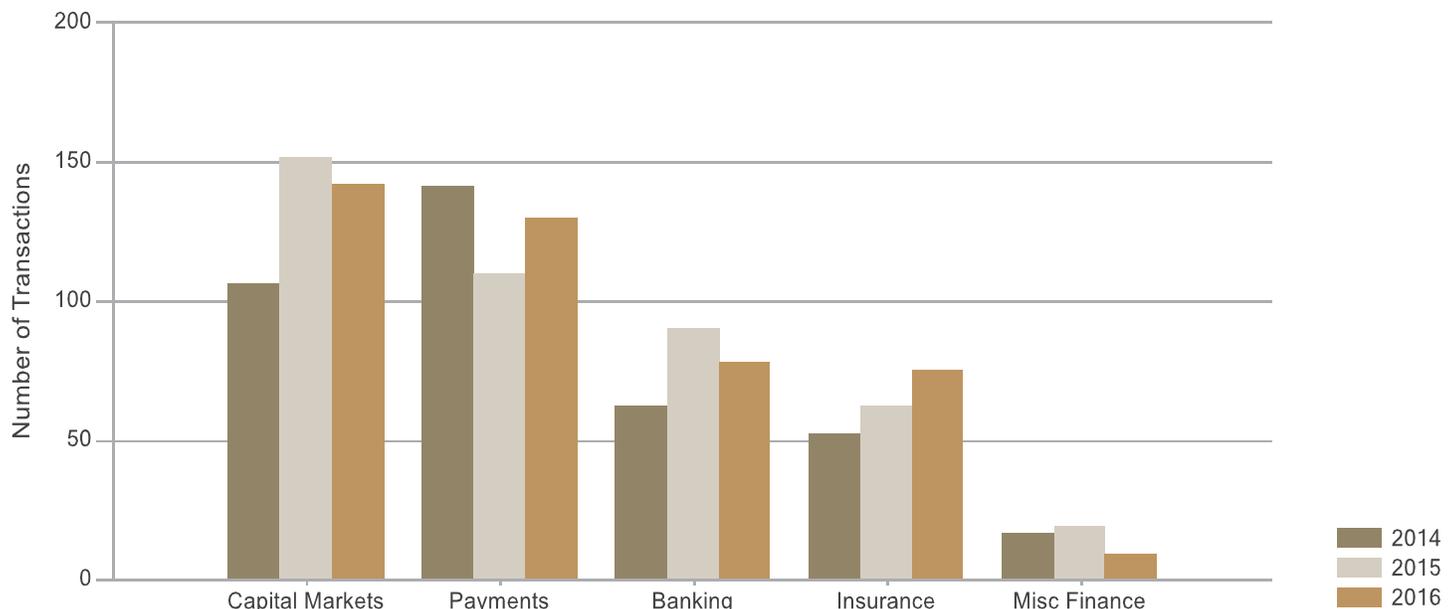
## Median EV/Revenue Multiples By Size



**Figure 8.** Presents the median enterprise value/revenue multiples paid for companies in the Financial Technology & Information Industry from Jan. 1, 2014 to Dec. 31, 2016 based on publicly available sales price and revenue data.

# Transaction Volume by Segment :: January 1, 2014 – December 31, 2016

## Transactions By Market Segment



**Figure 9.** Presents the transaction volume by market segment within the Financial Technology & Information Industry from Jan. 1, 2014 through Dec. 31, 2016.

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Founded in 1980, Berkery Noyes is a leading independent investment bank serving the information, software, marketing, and technology industries. The firm has initiated, managed, and closed more than 500 merger and acquisition transactions for privately held and publicly traded companies in the healthcare, financial services, education, and entertainment markets.

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*Managing Partner*



All charts in this report are based on data gathered by Berkery Noyes' research department. All time period statistics are based on the transaction announcement date. The information contained herein is of a general nature and is not intended to address the circumstances of any particular company, individual, or entity. There can be no guarantee that such information is accurate.

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## RECENT FINANCIAL TECHNOLOGY TRANSACTIONS

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