

## SOFTWARE INDUSTRY

### Q3 2016 :: Mergers and Acquisitions Trend Report

#### Q3 2016 KEY HIGHLIGHTS

- The largest transaction in Q3 2016 and year-to-date was Oracle Corporation's announced acquisition of NetSuite in the enterprise resource planning (ERP) sector for \$9.3 billion. NetSuite's cloud-based platform provides an integrated solution for ERP, CRM, and e-commerce.
- There were 297 financially sponsored transactions in the 1st 3 Quarters of 2016 with an aggregate value of \$48.8 billion, representing 19 percent of the total volume and 34 percent of the total value, respectively.

#### Q3 2016 KEY TRENDS

- Total transaction volume in Q3 2016 decreased by nine percent over Q2 2016, from 552 to 505. However, volume year-to-date improved two percent compared to the same timeframe in 2015.
- Total transaction value in Q3 2016 rose by 43 percent over Q2 2016, from \$44.8 billion to \$64.2 billion.

#### MULTIPLES & VALUE TRENDS

- The median revenue multiple from 2015 through the 1st 3 Quarters of 2016 increased by 25 percent, from 2.4x to 3.0x.
- The median EBITDA multiple from 2015 through the 1st 3 Quarters of 2016 shifted slightly, from 13.3x to 12.6x.

M&A Market Dynamics By Quarter

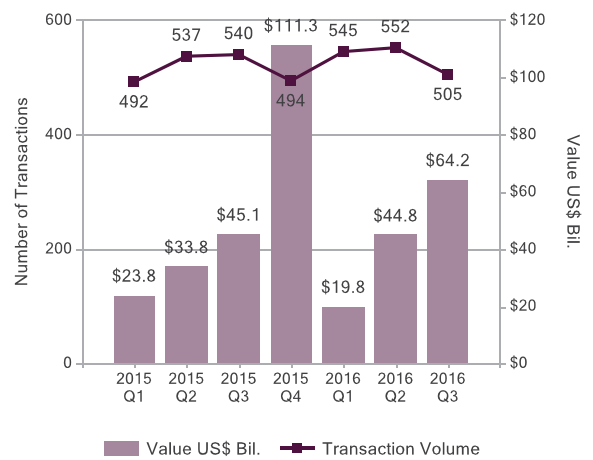


Figure 1. 2015-2016 value and volume comparison.

Median Enterprise Value Multiples

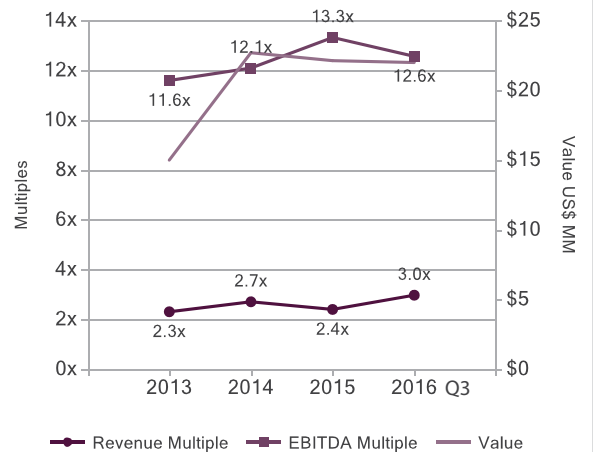


Figure 2. 2013-2016 median value, revenue, EBITDA comparison through Q3 2016.

#### Top Ten Notable Transactions - 1st 3 Quarters 2016

Deal Date	Target Name	Buyer	Value MM US\$
07/28/16	NetSuite, Inc.	Oracle Corporation	\$9,300
09/07/16	Software Business from Hewlett Packard Enterprise	Micro Focus International Limited	\$8,730
06/21/16	Supercell	Tencent Holdings Ltd.	\$8,600
07/25/16	Yahoo! Inc.	AOL Inc.	\$4,826
06/13/16	Blue Coat, Inc.	Symantec Corporation	\$4,722
07/30/16	Playtika Ltd.	Yunfeng Capital, Giant Interactive Group	\$4,400
07/05/16	Epicor Software Corporation	Kohlberg Kravis Roberts & Co.	\$3,300
06/01/16	Demandware, Inc.	Salesforce.com, Inc.	\$2,662
06/02/16	Qlik Technologies, Inc.	Thoma Bravo, LLC	\$2,577
08/01/16	FleetMatics, Inc.	Verizon Communications	\$2,183

2016 Aggregate Transaction Value \$128,729

Top 10 Aggregate Transaction Value \$51,300

Top 10 Aggregate Value as a Percentage of All Transactions 40 %

Figure 3. Lists the top ten transactions for the 1st 3 Quarters of 2016 and calculates their aggregate transaction value as a percentage of the total aggregate transaction value.

Transaction data based on **announced date**.

#### TOP TEN DEALS THROUGH Q3 2016

The top ten deals by value have seen six new additions since our half year report, four of which were completed by strategic acquirers. Three of the industry's top five highest value deals year-to-date occurred in the third quarter. None of the top ten deals took place in the first quarter.

These six transactions, with an aggregate value of \$32.7 billion, represented 25 percent of transaction value in the 1st 3 Quarters of 2016 and 51 percent of Q3 2016 transaction value.

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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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