



Swiss M&A Report – Market and valuation update

Technology, Media and Telecommunications



August 2024

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M&A sell-side

- Company sales
- Succession solutions
- Carve-outs
- Management buy-outs
- Financing solution
- 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 selected 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, and we can 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

>25

completed transactions in 2023 in Switzerland

>600

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**.

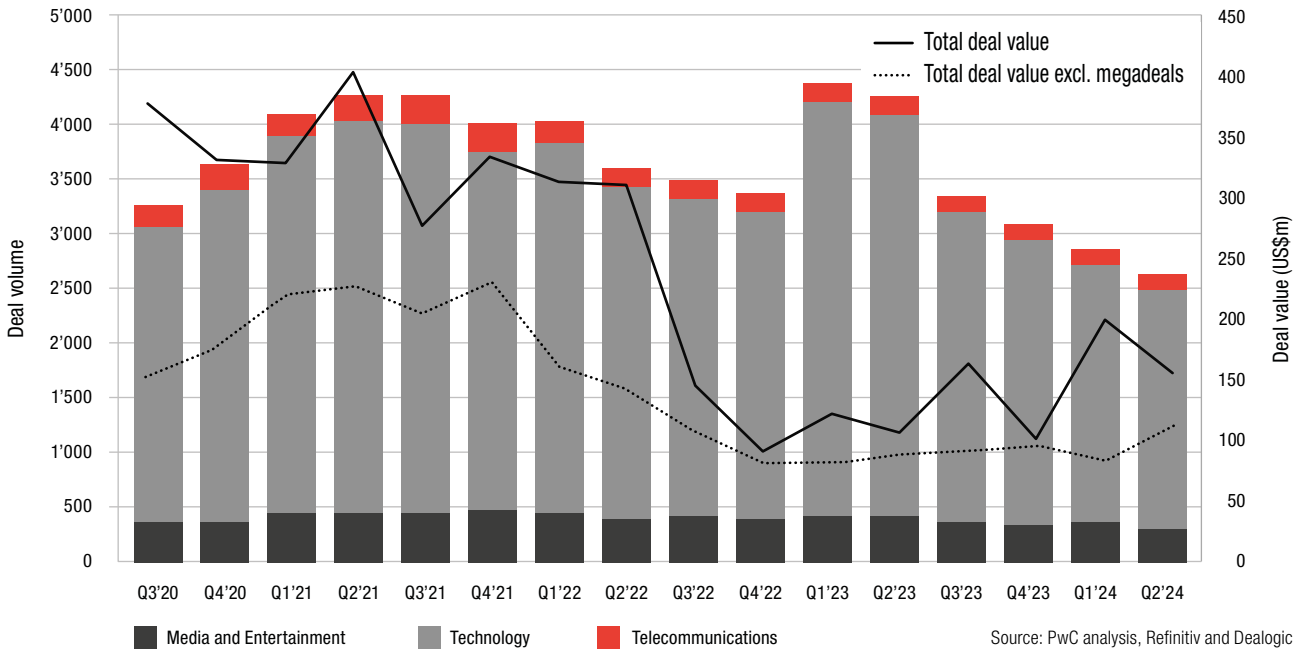


...**one stop-shop offering** additionally all other transaction related services, e.g. legal and tax advice or due diligence and valuation services.

Transaction environment

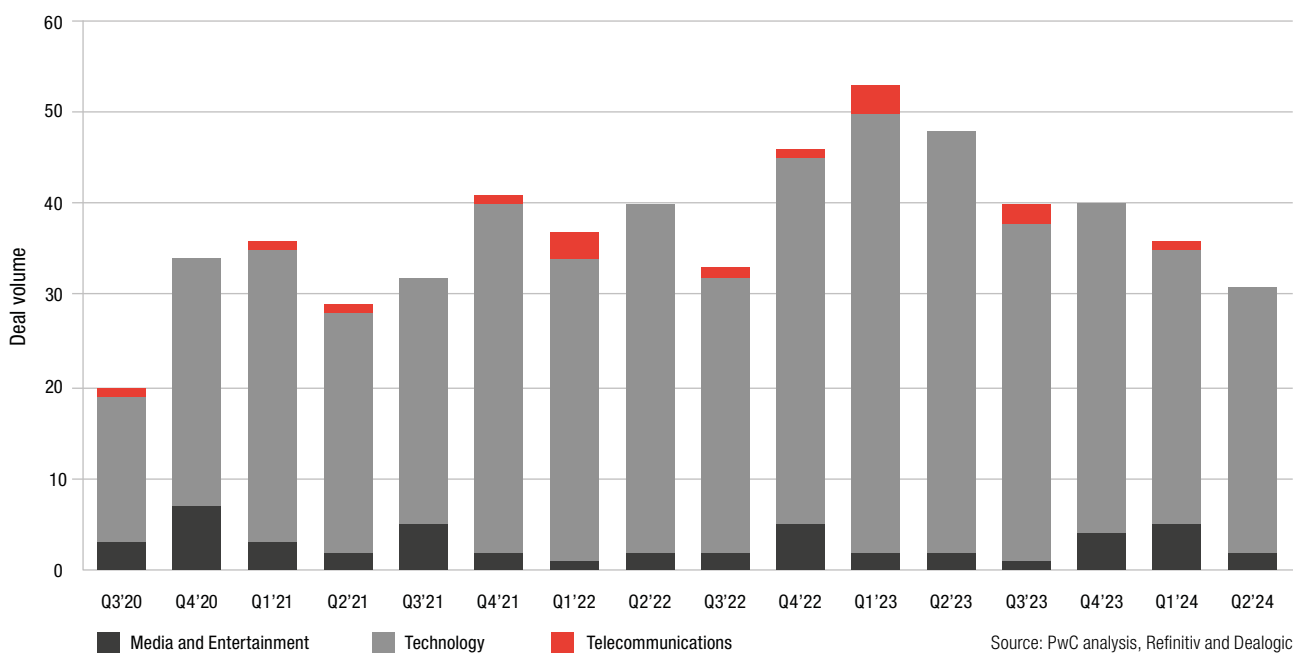
Global TMT deal volumes and values, 2020–2024

The TMT M&A transaction volume has continued to decline over the past twelve months, reaching its lowest level in the last four years, while deal values are showing signs of gradual recovery.



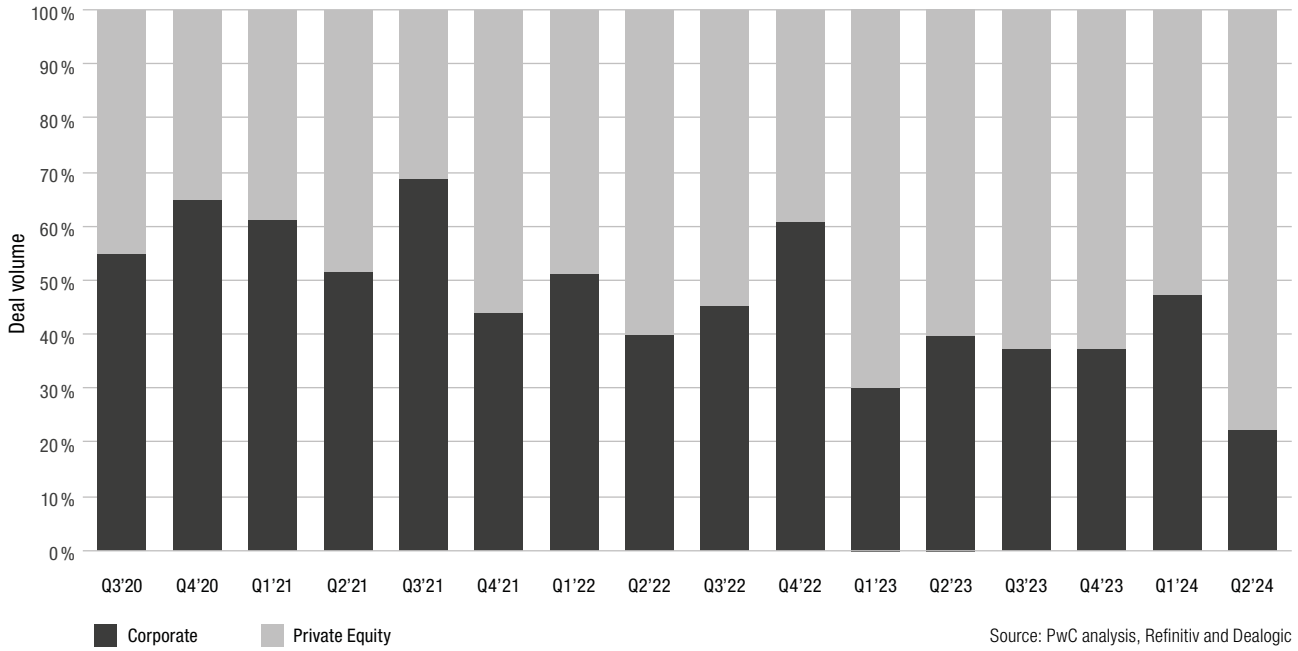
Swiss TMT deal volumes, 2020–2024

After an all-time high in 2023 (+13% YoY) driven by an extraordinary H1'23, Swiss TMT deal volumes have continuously declined, with the Technology subsector dominating the market environment, accounting for 94% of all transactions.



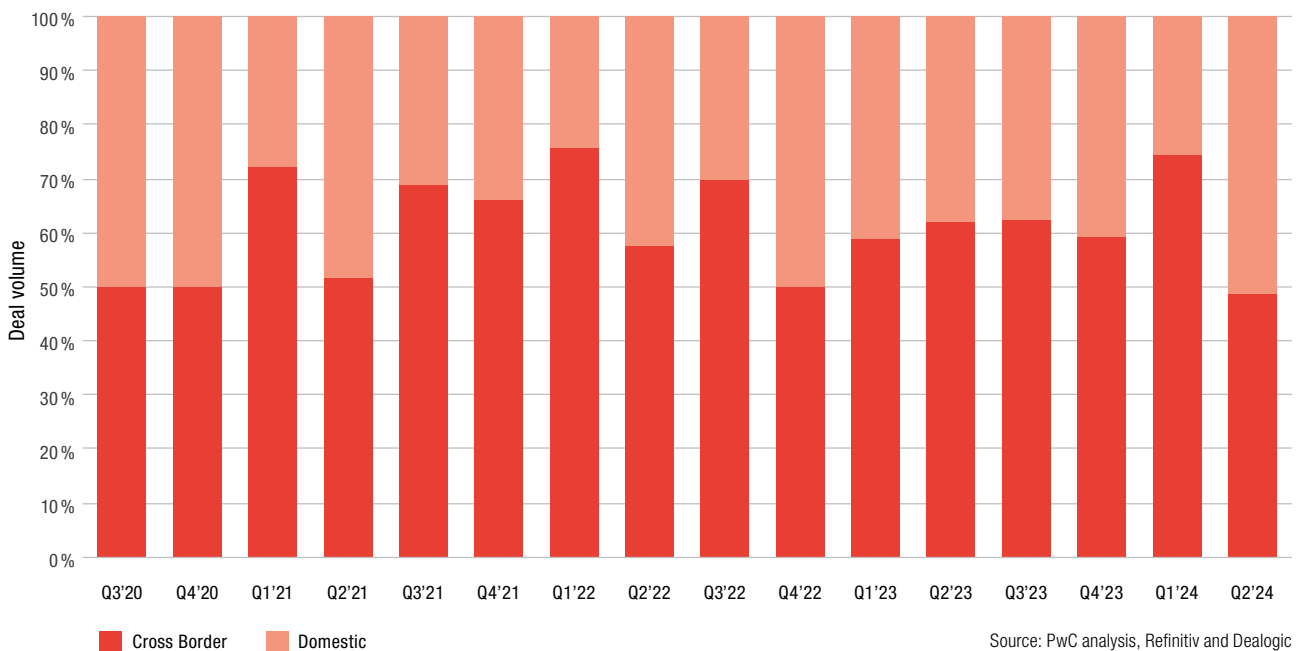
Corporate vs. private equity in the Swiss TMT market, 2020–2024

In Q2'24, private equity (PE) and financial investors achieved a record high involvement, accounting for 78% of all Swiss TMT deals, largely attributable to the reduced appetite of corporate buyers.



Cross border vs. domestic deals in the Swiss TMT market, 2020–2024

The continued high proportion of cross-border transactions in an environment of lower deal activity demonstrates the attractiveness and strong international appeal of Swiss TMT assets.



Top 10 deals in the last twelve months

Targets with Swiss HQ by deal value

Announced date	Target	Industry	Transaction type (stake)	Buyer	Seller	Deal value (in USD m)
05.03.2024	BETA CAE Systems International AG	Software	Sale (100%)	Cadence Design Systems Inc	–	1,097
22.04.2024	MCI Group Holding SA	Events	Sale (n/a)	L-GAM Advisers LLP	Indigo Capital, EMZ Partners	201
30.05.2024	APG SGA AG	Advertising	Sale (25%)	Neue Zuercher Zeitung AG	JCDecaux, Pargesa	165
24.10.2023	First Move! AG	Mobility Consulting Services	Sale (100%)	GORE German Office Real Estate AG	–	123
16.11.2023	Crealogix Holding AG	E-Business Services	Sale (100%)	Vencora UK Ltd	Private individuals	110
13.09.2023	Kandou Bus SA	Semiconductors	Investment (funding round)	Undisclosed	–	66
25.06.2024	Neustark AG	Carbon Capture technology	Investment (funding round)	Consortium led by Decarbonization Partners	–	62
03.06.2024	Neural Concept SA	Software	Investment (Series B funding)	Consortium led by Forestay Capital	–	24
03.07.2023	Datacolor AG	Software	Sale (16%)	Werner Dubach (Private Individual)	–	20
26.09.2023	Pexapark AG	Software	Investment (Series C funding)	Consortium led by Telstra Ventures	–	19

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 LTM	Sales growth LTM-1	EBITDA margin LTM	EBITDA margin LTM-1
Advertising	1.4%	7.2%	8.1%	7.6%
Application Software	0.4%	3.4%	11.3%	11.1%
IT Services	(0.1%)	10.1%	9.0%	9.5%
Media & Entertainment	5.3%	5.1%	10.0%	8.9%
Online Services	0.3%	1.5%	9.8%	8.9%
Publishing	(1.0%)	0.2%	11.0%	10.9%
Systems Software	5.4%	1.9%	14.2%	13.8%
Telecommunication Services	1.6%	2.7%	19.2%	17.8%

Overview of revenue, EBITDA, and EBIT trading multiples

	EV/Revenue LTM	EV/Revenue 5y average	EV/EBITDA LTM	EV/EBITDA 5y average	EV/EBIT LTM	EV/EBIT 5y average
Advertising	0.9x	1.3x	7.8x	9.5x	13.0x	15.5x
Application Software	2.3x	3.7x	16.5x	17.8x	23.3x	22.4x
IT Services	0.9x	1.1x	9.4x	10.8x	12.3x	14.3x
Media & Entertainment	1.4x	2.1x	7.7x	14.7x	12.6x	17.2x
Online Services	1.3x	3.0x	10.5x	13.6x	12.3x	15.2x
Publishing	0.9x	1.0x	7.0x	8.4x	11.8x	13.3x
Systems Software	2.4x	3.0x	13.7x	16.5x	18.4x	20.9x
Telecommunication Services	1.6x	2.1x	7.3x	7.5x	13.2x	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); Financial year figures for the peer group are based on last 12 months (LTM) data available as per June 30, 2024

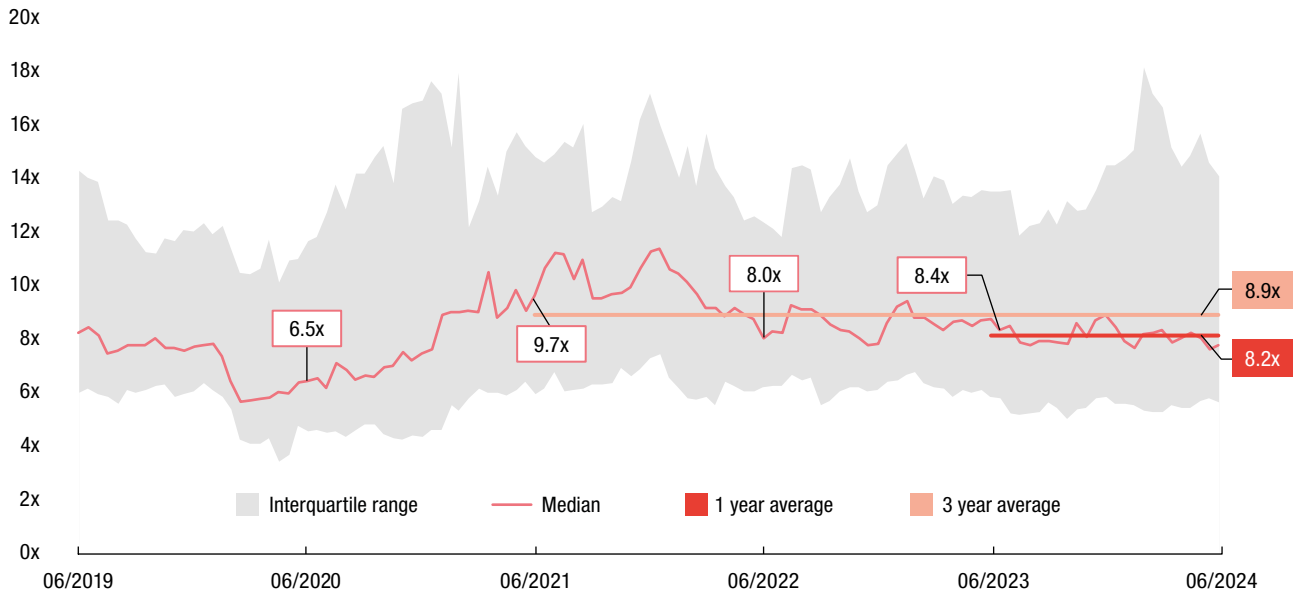


Advertising

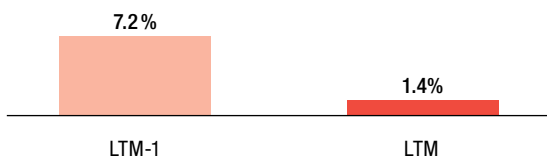


	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	0.9x	7.8x	13.0x
5-year average	1.3x	9.5x	15.5x

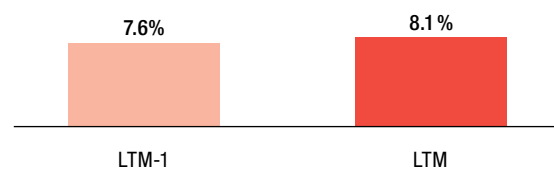
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



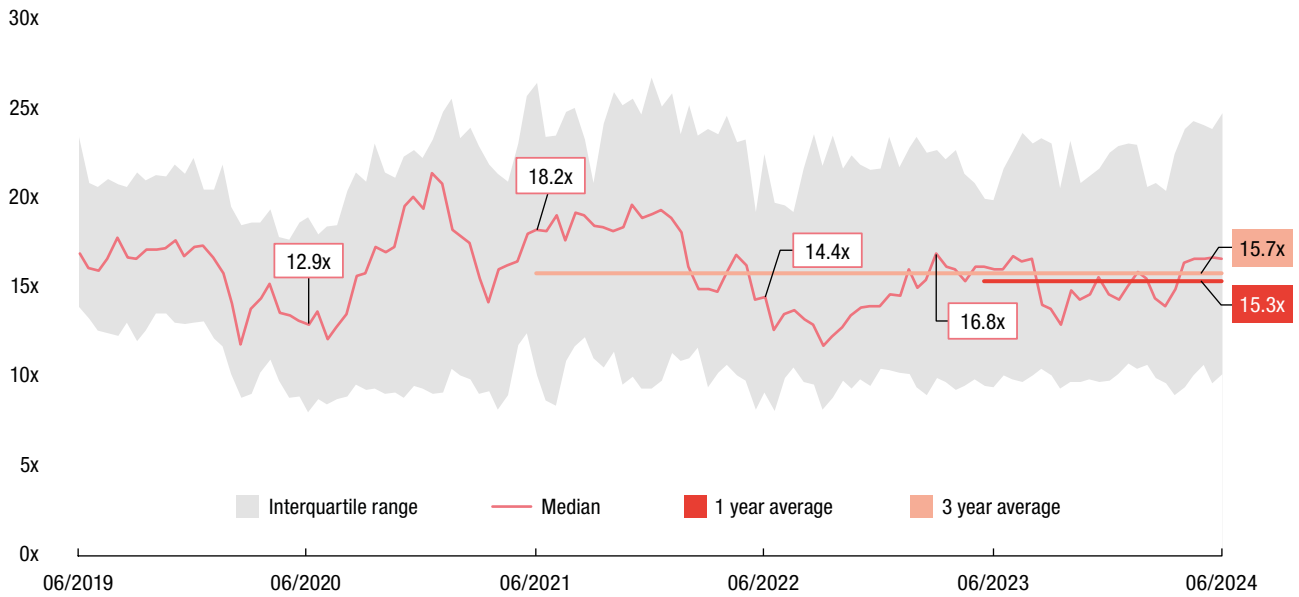


Application Software

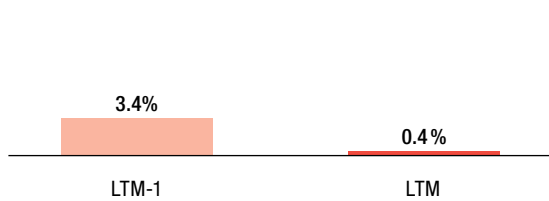


	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	2.3x	16.5x	23.3x
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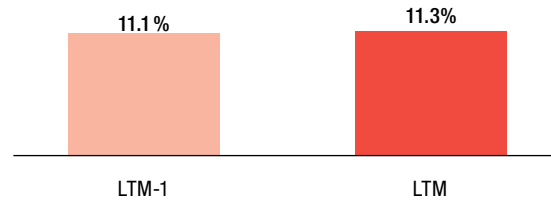
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



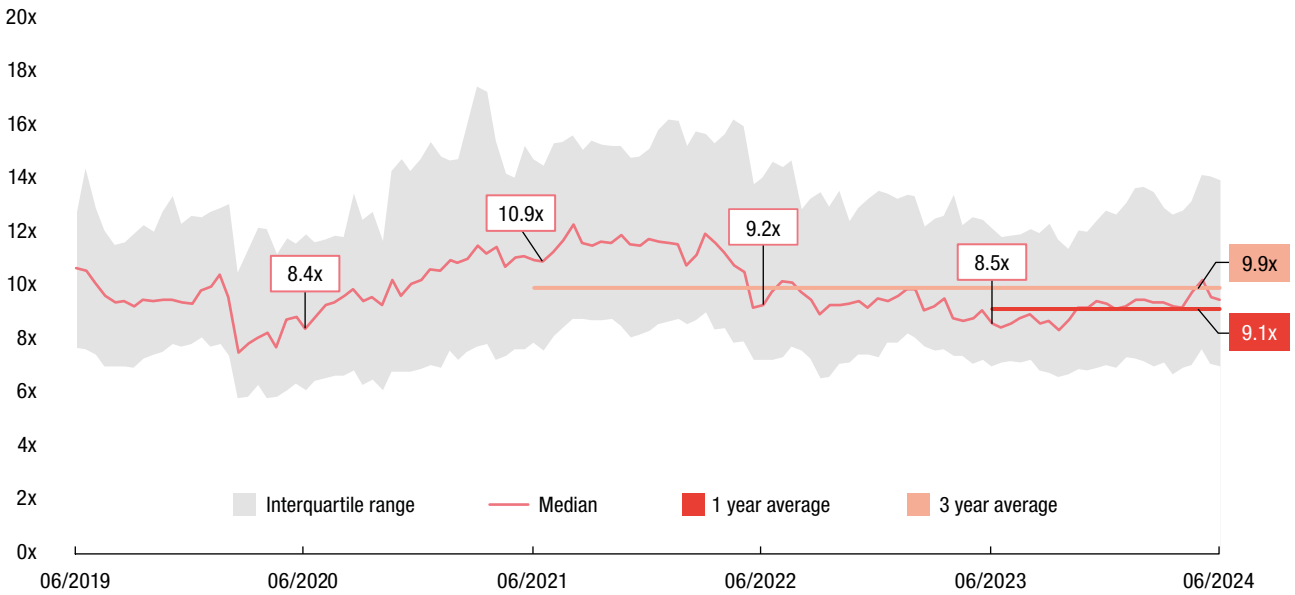


IT Services

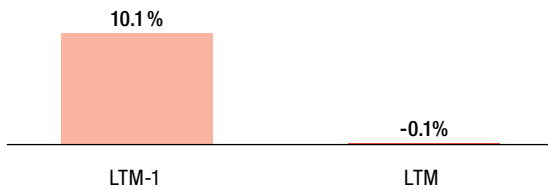


	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	0.9x	9.4x	12.3x
5-year average	1.1x	10.8x	14.3x

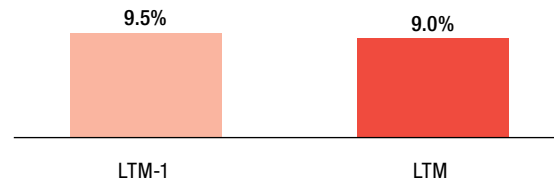
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



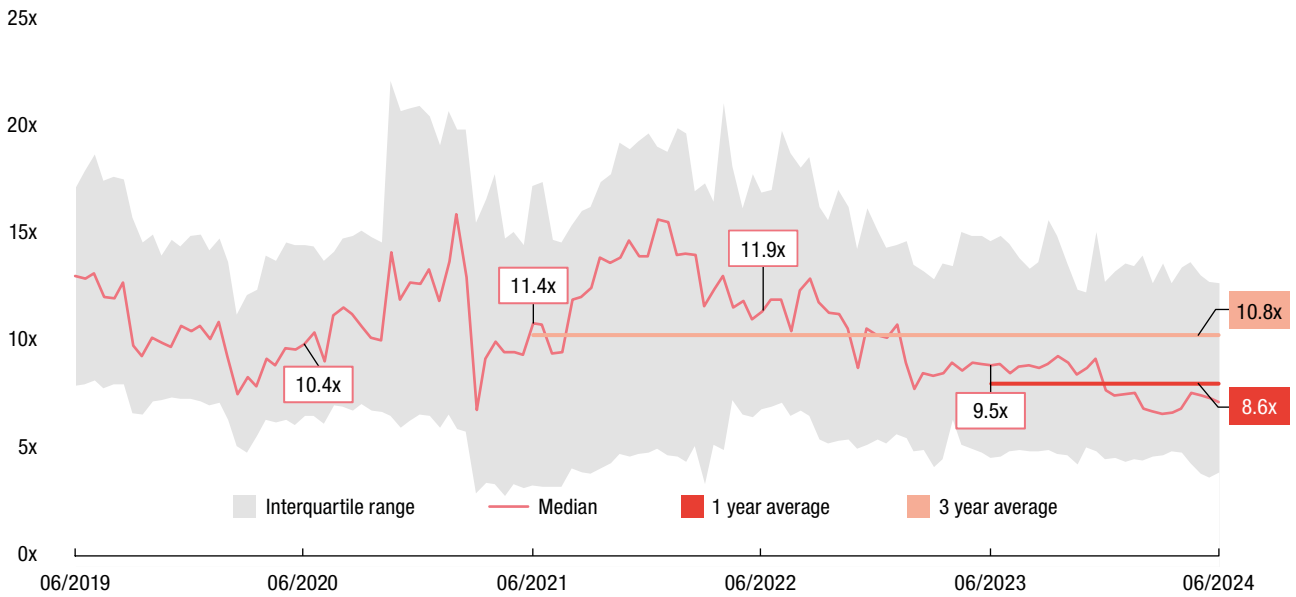


Media & Entertainment

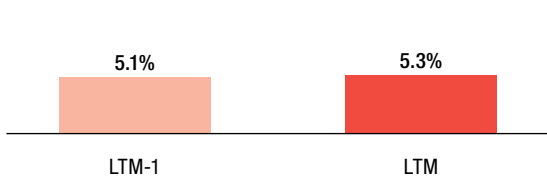


	EV/Revenue	EV/EBITDA	EV/EBIT
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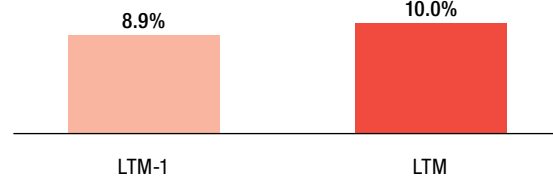
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group



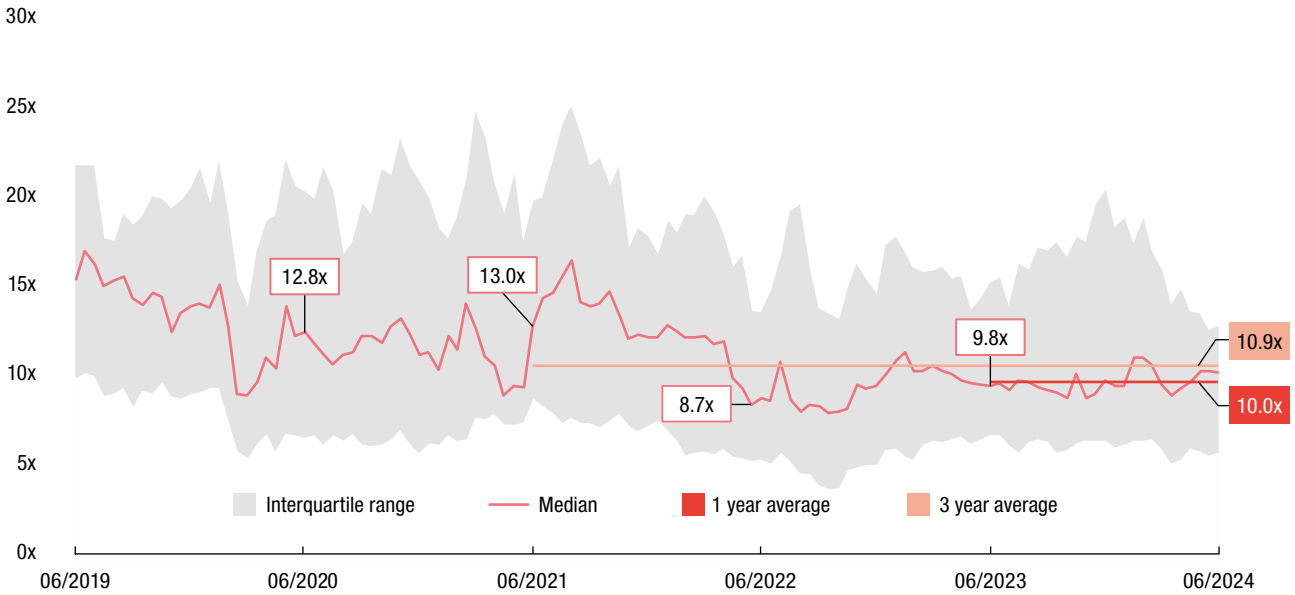


Online Services

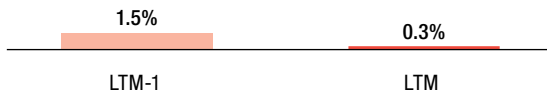


	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	1.3x	10.5x	12.3x
5-year average	3.0x	13.6x	15.2x

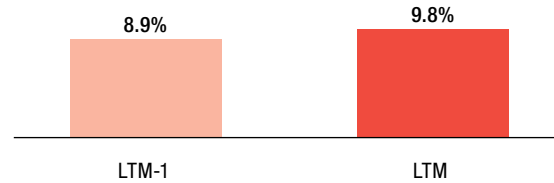
EV/EBITDA LTM – Trading over time



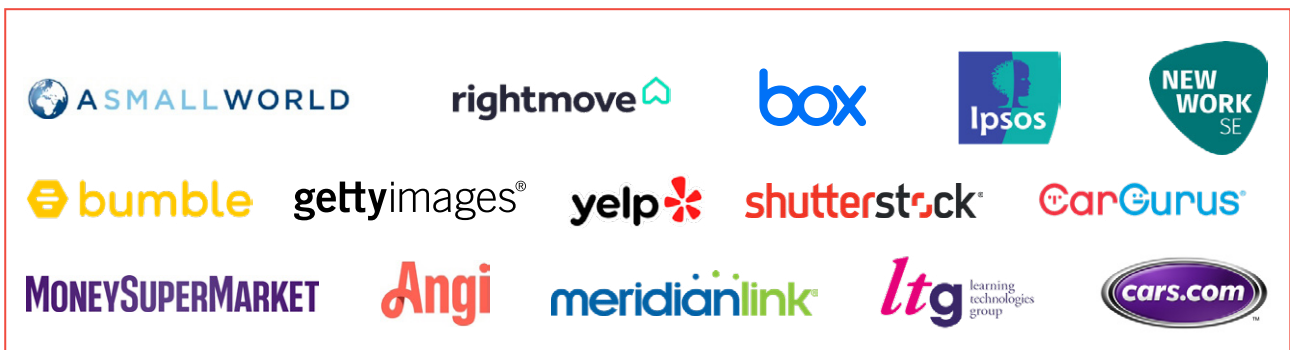
Sales growth



EBITDA margin



Selected examples of the peer group



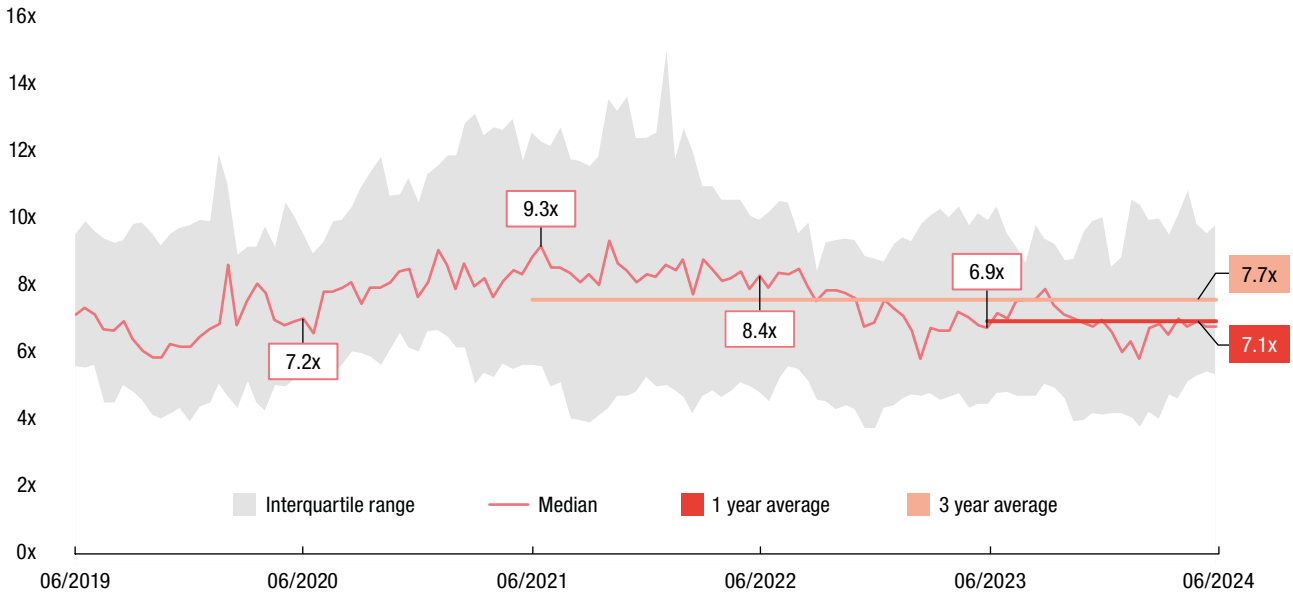


Publishing

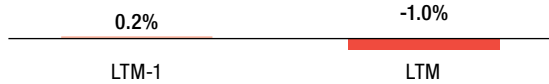


	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	0.9x	7.0x	11.8x
5-year average	1.0x	8.4x	13.3x

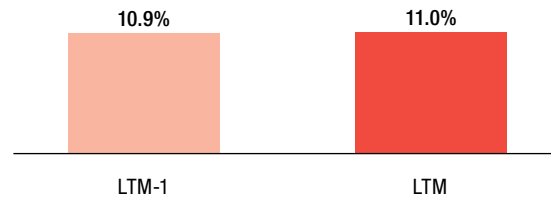
EV/EBITDA LTM – Trading over time



Sales growth

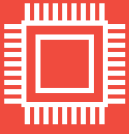


EBITDA margin



Selected examples of the peer group



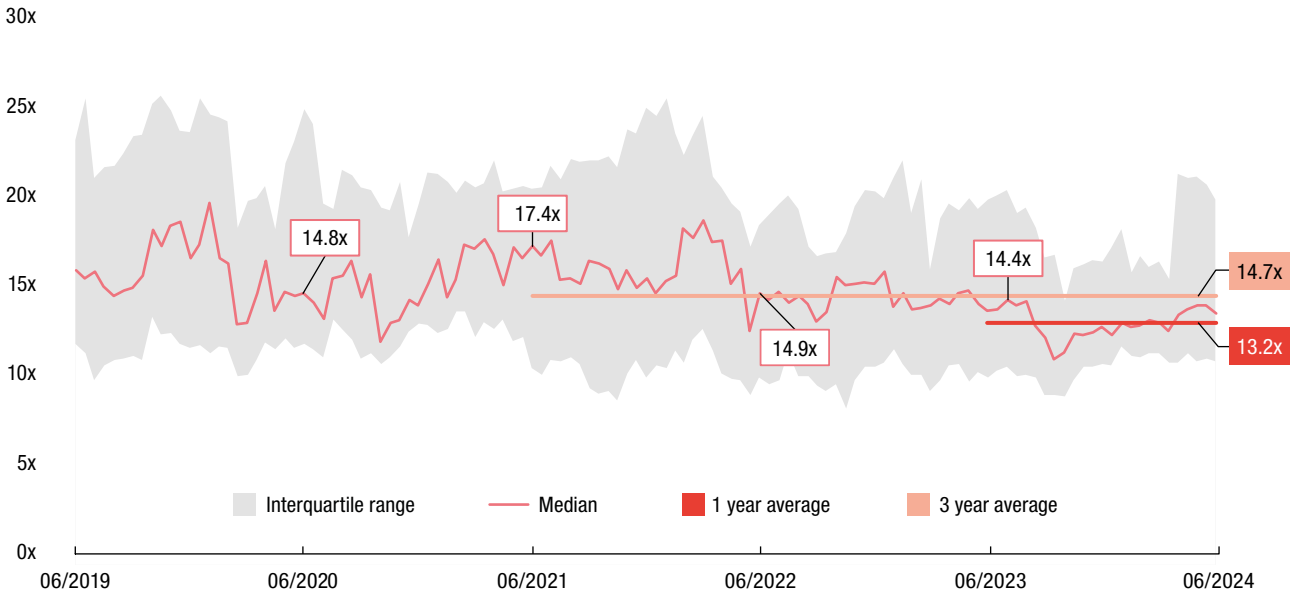


Systems Software

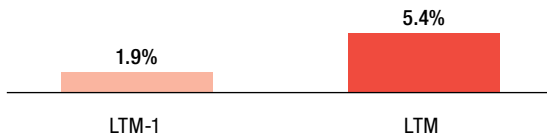


	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	2.4x	13.7x	18.4x
5-year average	3.0x	16.5x	20.9x

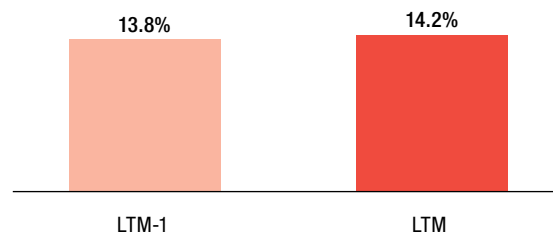
EV/EBITDA LTM – Trading over time



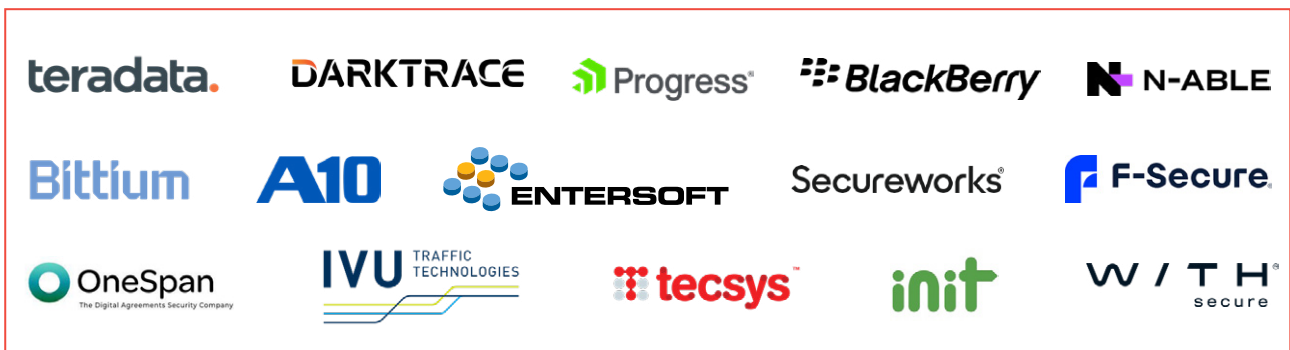
Sales growth



EBITDA margin



Selected examples of the peer group



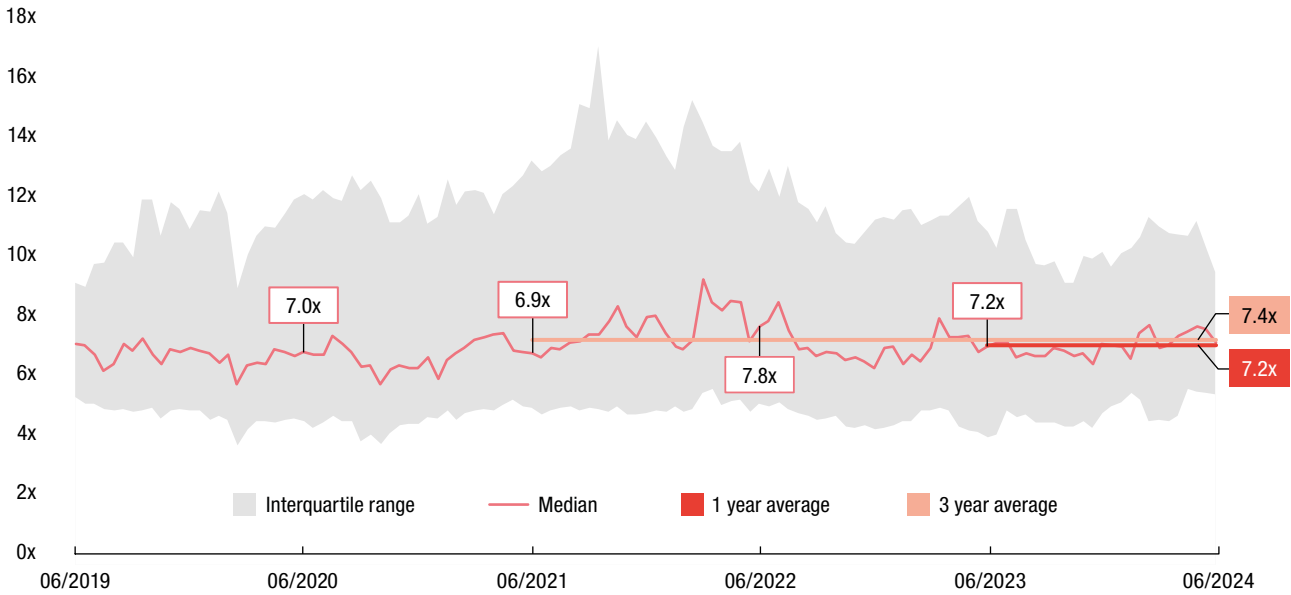


Telecommunication Services

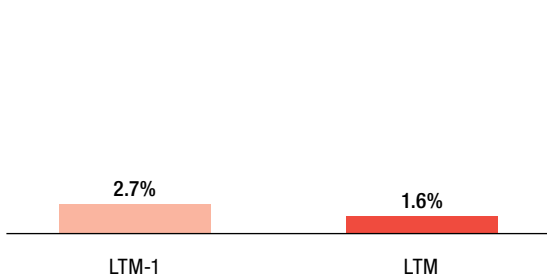


	EV/Revenue	EV/EBITDA	EV/EBIT
LTM	1.6x	7.3x	13.2x
5-year average	2.1x	7.5x	16.4x

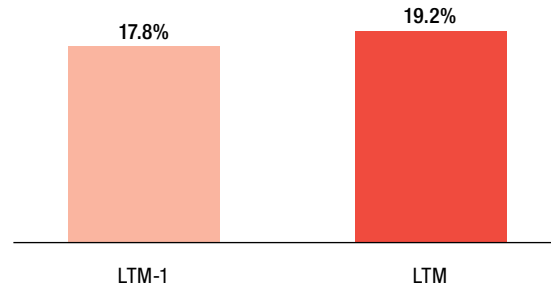
EV/EBITDA LTM – Trading over time



Sales growth



EBITDA margin



Selected examples of the peer group





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Over the past year, transaction volumes have decelerated amidst a climate of market uncertainty. Nonetheless, the TMT sector remains buoyed by enduring mega trends such as AI and digitalization, which are poised to catalyze growth in the future. The adoption of software innovations to maintain competitiveness, boost efficiency, and foster expansion is not confined to large corporations; SMEs are equally engaged in this pursuit. Digitalization transcends being a mere trend; it is the bedrock of business sustainability and is anticipated to propel M&A activities in the forthcoming years.

Lasse Stünitz
Partner, 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?



...its 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



...its 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

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 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 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 the objectives are 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!

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

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For more information
please visit our site



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In the current landscape where technology is a driving force, the acquisition of AI capabilities is not merely a trend; it is an imperative for maintaining a competitive edge. While AI has not yet become a predominant driver of mergers and acquisitions (M&A) volumes, it has emerged as a crucial element in the identification and assessment of deal opportunities within the broader Swiss TMT sector.

Matthias Kind
Director, M&A TMT expert

