

Global Sector Overview

Technology, Media & Telecommunications

Trend Report



Written by Elizabeth Lim
Senior Analyst & Research Editor - Americas

H1 2018

Data analysis

Warring Among Major Firms Spurs Higher Price Tags in H1 2018

The Technology, Media & Telecom (TMT) sector, host to not only innovative disruption but also warring bids from some of the largest firms in the world, grew in value despite coming under heavy fire in the first half of 2018, finding itself at the center of data hacking scandals, election meddling, cross-border trade tensions, and some of the biggest battles over know-how and market share on record.

By the end of H1 2018, global TMT values had reached US\$ 371.1bn and 1,693 deals, representing a 19% share of global M&A, nearly surpassing H1 2015's record high of US\$ 383bn which represented a market share of 21%. Total deal value in the sector also marked a 107% jump compared to figures from H1 2017 (US\$ 179.4bn), though deal count fell by 53 transactions (from 1,746).

Technology accounted for the largest share of TMT's total deal value – 46.2% with US\$ 171.5bn, while Tech's deal count of 1,329 transactions was responsible for 78.5% of TMT's total volume for the period.

Telecom accounted for the second-largest share of deal value with US\$ 111.2bn, or 35.1%, and 59 transactions, or 3.5% of volume. The sub-sector was boosted by the largest deal of the period, Sprint's US\$ 58.9bn bid for T-Mobile, which accounted for 53% of total value.

Media, the sub-sector that arguably fell under the spotlight the most in H1 2018, registered US\$ 88.4bn in total deal value and 305

transactions, or 27.9% of TMT's total value and 18% of total volume.

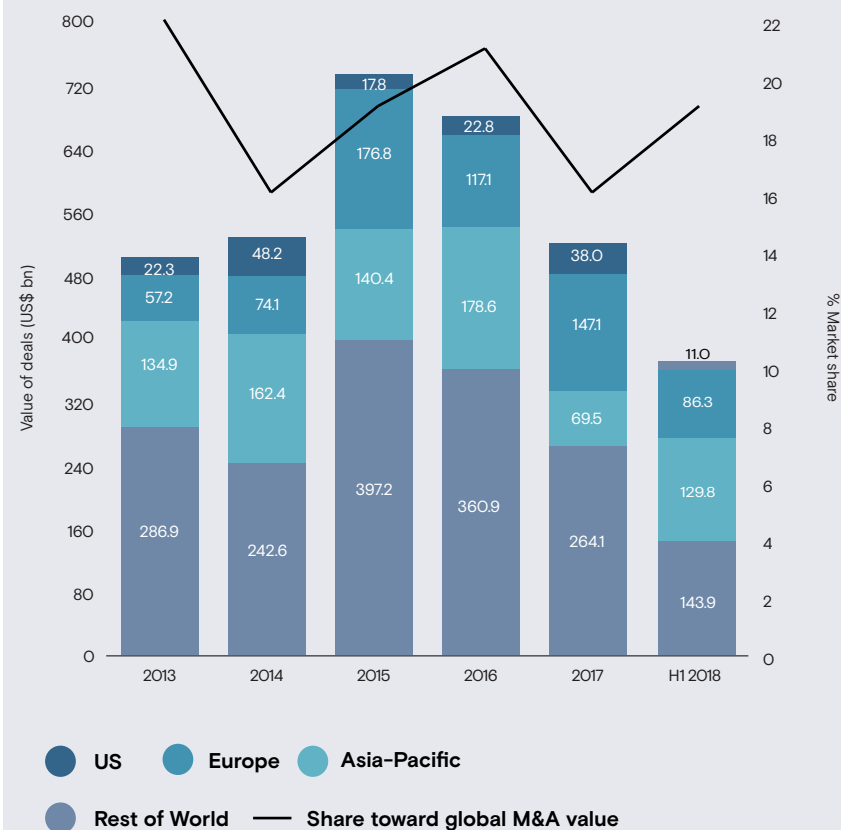
US Still Leads Global TMT Activity, Followed by Europe

Geographically, the US led in market share with US\$ 143.9bn and 646 deals, representing a 39% share of global TMT value, with Europe on its heels with US\$ 129.8bn and 569 deals, representing a 35% share of value. Nearly a third of Europe's total value was due to Comcast's US\$ 40.7bn bid for Sky Plc, a bid which is likely to increase in H2 2018 as Comcast's war with Disney heats up over media assets. Asia-Pacific, though behind both regions in terms of market share, recorded US\$ 86.3bn and 376 deals, representing a 23.3% share of total value, boosted by two mega-deals that took place in India: Walmart's US\$ 16bn bid for a 77% stake in Flipkart and Bharti Infratel's US\$ 10.7bn bid for Indus Towers.

Media Wars! And the Netflix Effect

The media world held its breath in the first half of 2018 with all eyes on the AT&T/Time Warner and Department of Justice antitrust trial. Concluding the more than year-and-a-half long case, US district court judge Richard Leon ruled unconditionally that the merger should be allowed to move forward, with the DoJ not having adequately proved their case as to why the deal should have been blocked. Implications appear to be broad for all dealmakers now that the green light has been given, with the decision taken as a sign that future vertical mergers may be more or less allowed to proceed.

Regional Breakdown Trend 2013-H1 2018



Data analysis continued

The day after the ruling, Comcast approached Twenty-first Century Fox's board with a US\$ 77.4bn offer, prompting a bidding war with Disney. In turn, the latter increased its original US\$ 68.4bn bid for Fox from last December to US\$ 84.1bn, resulting in a 28.6% premium on the original offer price per share.

Disney has since secured the needed approvals to close with Fox, which led Comcast to withdraw its offer and instead focus on its efforts to acquire UK-based Sky Plc, having already made a US\$ 46.2bn bid in April for the British media company. An updated offer is expected in the near future.

The Sky's the Limit

Such a move, seen by Comcast as necessary given Disney's recent activities, has only intensified the media M&A drama of recent months. Comcast's strategy to stay competitive with Disney must include the acquisition of Sky or its equivalent. To add more to the matter, Fox is already the owner of a 30.1% stake in Sky, and in December 2016 launched a US\$ 26.8bn offer for the remaining 60.9% – two months after AT&T announced its US\$ 105bn bid for Time Warner and preceding Disney's decision to buy Fox by one year.

Following the close of the Disney/Fox deal, Disney would then own Fox's Sky stake, further complicating things for Comcast.

Such events are indicative of the immense pressure felt by the dominant media companies from the likes of Netflix, which could have spillover effects into the rest of the entertainment industry.

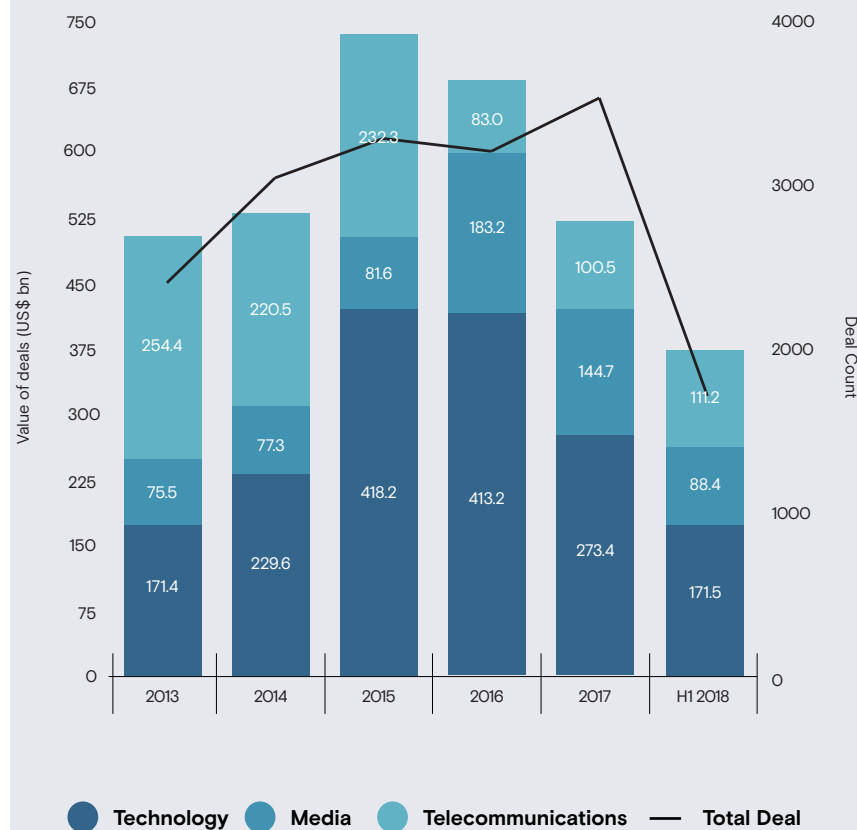
Technology: Also a Disruptor of Geopolitics

While the government lost its suit to block the AT&T/Time Warner deal, it had more success when it came to cross-border activity. On the broader economic stage, H1 2018 saw a flurry of tariffs enacted from steel and aluminum to soybeans and natural gas, affecting not only China but also traditional US trading partners such as Canada and the European Union.

On the M&A front, President Trump blocked Singapore-based Broadcom (though the firm has now redomiciled to California) in its bid for US-based Qualcomm. Months later, the latter's US\$ 51.9bn bid for Netherlands-based NXP terminated after failing to receive Chinese regulatory approval by the deal's deadline, the last of nine regionals needed.

One deal that did close in H1 2018 was the US\$ 10.6bn purchase of Toshiba's microchip unit by a consortium led by Bain Capital and including Apple, among others, announced in Q3 2017. Though the target's technology has not been nearly as controversial from an economic or national security standpoint as the 5G involved in the Qualcomm/Broadcom transaction, the deal looked for some time as though it might become a pawn in transpacific negotiations after the White House's block of the latter. Ultimately, Chinese authorities approved the deal and also revived its review of NXP/Qualcomm, around the same time that President Trump tweeted his intention to work with Beijing to help Chinese telecom firm ZTE. More recent turns in the ensuing trade drama, however, appear to have had an effect on cross-border M&A, e.g. in the collapse of NXP/Qualcomm deal.

Global Sub-sector Trend
2013—H1 2018



Top deals

Deal Details				Advisor details			
Value (US\$ m)	Announcement date	Target	Bidder	FA to sell-side	LA to sell-side	FA to buy-side	LA to buy-side
58,945	29-Apr-2018	Sprint Corporation (USA)	T-Mobile USA Inc (USA)	Centerview Partners; JPMorgan; Raine Group	Goodwin Procter; Morrison & Foerster; Potter Anderson & Corroon; Skadden Arps Slate Meagher & Flom; <i>Advising FA</i> : Pillsbury Winthrop Shaw Pittman; Sidley Austin; Simpson Thacher & Bartlett	Credit Suisse; Deutsche Bank; Evercore; Goldman Sachs & Co; Morgan Stanley; PJT Partners	Allen & Overy; Cleary Gottlieb Steen & Hamilton; Latham & Watkins; Wachtell Lipton Rosen & Katz; <i>Advising FA</i> : Cravath Swaine & Moore; DLA Piper; Fried Frank Harris Shriver & Jacobson; Weil Gotshal & Manges
40,709	25-Apr-2018	Sky Plc (United Kingdom)	Comcast Corporation (USA)	Barclays; Morgan Stanley; PJT Partners	Herbert Smith Freehills	Bank of America Merrill Lynch; Evercore; Robey Warshaw	Davis Polk & Wardwell; Freshfields Bruckhaus Deringer; <i>Advising FA</i> : Shearman & Sterling; Travers Smith
21,815	9-May-2018	UPC Hungary; UPC Romania; Unitymedia GmbH; UPC Czech Republic (Germany)	Vodafone Group Plc (United Kingdom)			Morgan Stanley; Robey Warshaw; UBS Investment Bank	Lakatos, Koves and Partners; Slaughter and May
16,000	9-May-2018	Flipkart Internet Pvt Ltd (77% Stake) (India)	Wal-Mart Stores Inc (USA)	Goldman Sachs & Co	Allen & Gledhill; Cyril Amarchand Mangaldas; Dentons Rodyk & Davidson; Gunderson Dettmer Stough Villeneuve Franklin & Hachigian; Khaitan & Co	Barclays; JPMorgan	Gibson Dunn & Crutcher; Hogan Lovells International; Shardul Amarchand Mangaldas & Co; <i>Advising FA</i> : Fried Frank Harris Shriver & Jacobson
10,654	25-Apr-2018	Indus Towers Limited (India)	Bharti Infratel Limited (India)			Goldman Sachs & Co; JPMorgan	AZB & Partners; Shardul Amarchand Mangaldas & Co; <i>Advising FA</i> : Talwar Thakore & Associates

League tables

Financial advisor league table by value

Ranking			H1 2018		H1 2017	
H1 2018	H1 2017	Company name	Value (US\$ m)	Deal count	Value (US\$ m)	% Value change
1	1	Morgan Stanley	171,847	34	43,011	299.5%
2	3	Goldman Sachs & Co	145,216	39	30,809	371.3%
3	2	JPMorgan	118,168	22	32,737	261.0%
4	16	Evercore	117,123	21	9,393	1146.9%
5	29	PJT Partners	107,335	3	4,761	2154.5%
6	19	Barclays	87,858	12	7,149	1129.0%
7	4	Credit Suisse	73,514	12	20,525	258.2%
8	7	Bank of America Merrill Lynch	71,647	18	18,045	297.0%
9	11	Robey Warshaw	68,044	2	12,668	437.1%
10	14	Centerview Partners	67,159	5	10,629	531.8%

Financial advisor league table by deal count

Ranking			H1 2018		H1 2017	
H1 2018	H1 2017	Company name	Value (US\$ m)	Deal count	Deal count	Count change
1	4	Goldman Sachs & Co	145,216	39	25	14
2	17	Raymond James & Associates	3,804	36	14	22
3	3	Morgan Stanley	171,847	34	26	8
4	11	William Blair & Company	6,823	23	18	5
5	1	EY	2,770	23	52	-29
6	2	JPMorgan	118,168	22	27	-5
7	5	Deloitte	457	22	24	-2
8	18	Evercore	117,123	21	13	8
9	7	Houlihan Lokey	3,013	21	22	-1
10	24	Bank of America Merrill Lynch	71,647	18	9	9

Legal advisor league table by value

Ranking			H1 2018		H1 2017	
H1 2018	H1 2017	Company name	Value (US\$ m)	Deal count	Value (US\$ m)	% Value change
1	31	Freshfields Bruckhaus Deringer	84,147	22	7,784	981.0%
2	34	Fried Frank Harris Shriver & Jacobson	80,833	16	7,362	998.0%
3	17	White & Case	78,335	25	12,195	542.4%
4	22	DLA Piper	73,947	49	9,942	643.8%
5	20	Morrison & Foerster	71,549	12	11,081	545.7%
6	21	Simpson Thacher & Bartlett	70,191	7	10,871	545.7%
7	44	Goodwin Procter	69,017	74	4,577	1407.9%
8	10	Wachtell, Lipton, Rosen & Katz	68,983	6	13,271	419.8%
9	9	Weil Gotshal & Manges	68,705	24	13,346	414.8%
10	3	Skadden Arps Slate Meagher & Flom	68,294	17	20,768	228.8%

Legal advisor league table by deal count

Ranking			H1 2018		H1 2017	
H1 2018	H1 2017	Company name	Value (US\$ m)	Deal count	Deal count	Count change
1	1	Goodwin Procter	69,017	74	88	-14
2	3	Kirkland & Ellis	15,684	62	63	-1
3	2	DLA Piper	73,947	49	78	-29
4	5	Cooley	9,890	46	43	3
5	15	O'Melveny & Myers	11,527	41	25	16
6	8	Jones Day	9,605	38	38	0
7	6	Wilson Sonsini Goodrich & Rosati	26,116	37	39	-2
8	12	Baker McKenzie	15,486	36	30	6
9	21	Fenwick & West	12,935	30	20	10
10	7	Orrick Herrington & Sutcliffe	8,375	29	39	-10

Criteria

All data is based on transactions valued over US\$ 5m and is based on Mergermarket's M&A deals database. Deals with undisclosed deal values are included where the target's turnover exceeds US\$10m. Deals where the stake acquired is less than 30% will only be included if the value is greater than US\$100m.

Click [here](#) for the full deal criteria.

M&A trend: Based on the dominant sector of the target company being Technology, Media & Telecommunications. The dominant geography of the target company is based on global activity or the region stated. Excludes lapsed and withdrawn bids.

Cross-border M&A: Based on a transaction involving at least two different countries between target and bidder.

Top deals: Based on the dominant sector of the target company being Technology, Media & Telecommunications. The dominant geography of the target company is based on global activity. FA refers to financial advisor. LA refers to legal advisor. Excludes lapsed and withdrawn bids.

League tables: Based on the dominant sector of the target company being Technology, Media & Telecommunications and the geography of the target, bidder or seller being global. The financial advisor tables exclude lapsed and withdrawn bids. The legal advisor tables include lapsed and withdrawn bids.

All values are in US\$ except where otherwise noted.

Data correct as of 30-Jun-2018.

Contacts

Production

Senior Analyst & Research Editor - Americas

Elizabeth Lim
elizabeth.lim@acuris.com
 +1 212 686 3016

Commercial

Americas

Kurt Viehl
Kurt.Viehl@acuris.com
 +1 212 390 7812

Asia

Laurence Edwards
Laurence.Edwards@acuris.com
 +852 2158 9771

EMEA

Ben Rumble
Ben.Rumble@acuris.com
 +44 20 3741 1007

Deal Submissions

Americas

Jason Loria
Jason.Loria@acuris.com
 +1 646 378 3122

Asia

John Capulong
John.Capulong@acuris.com
 +852 2158 9723

EMEA

Andrea Putaturo
Andrea.Putaturo@acuris.com
 +44 20 3741 1274

Press Relations

Global

Chrissy Carney
Chrissy.Carney@acuris.com
 +1 646 378 3118

Mergermarket is an Acuris company



In M&A, information is the most valuable currency. Mergermarket reports on deals 6-24 months before they become public knowledge, giving our subscribers a powerful competitive advantage. With the largest network of dedicated M&A journalists and analysts, Mergermarket offers the most comprehensive M&A intelligence service available today. Our reporters are based in 67 locations across the Americas, Europe, Asia-Pacific, the Middle East and Africa.

EMEA

10 Queen Street Place

London

EC4R 1BE

United Kingdom

+44 203 741 1000

trial@acuris.com

Americas

330 Hudson St.

4th Floor

New York, NY 10013

USA

+1 212 500 7537

trial@acuris.com

Asia

16/F, Grand Millennium Plaza

181 Queen's Road Central

Hong Kong

+ 852 2158 9790

trial@acuris.com