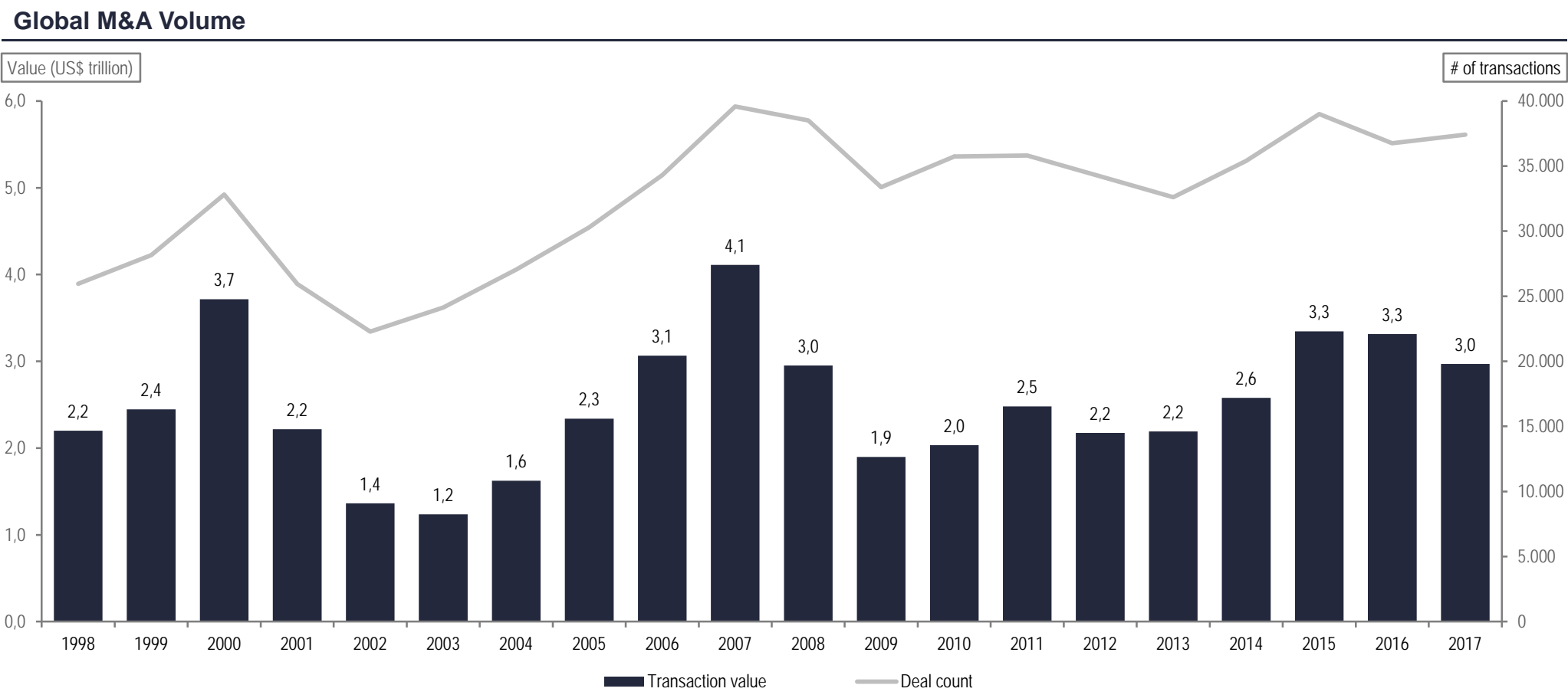


AIJA WINTER SEMINAR 2018 VALBELLA – SECTOR SPECIFIC M&A ON THE RISE

M&A in the Technology Sector

Robust M&A Activity in 2017, Positive Momentum Expected to Continue in 2018

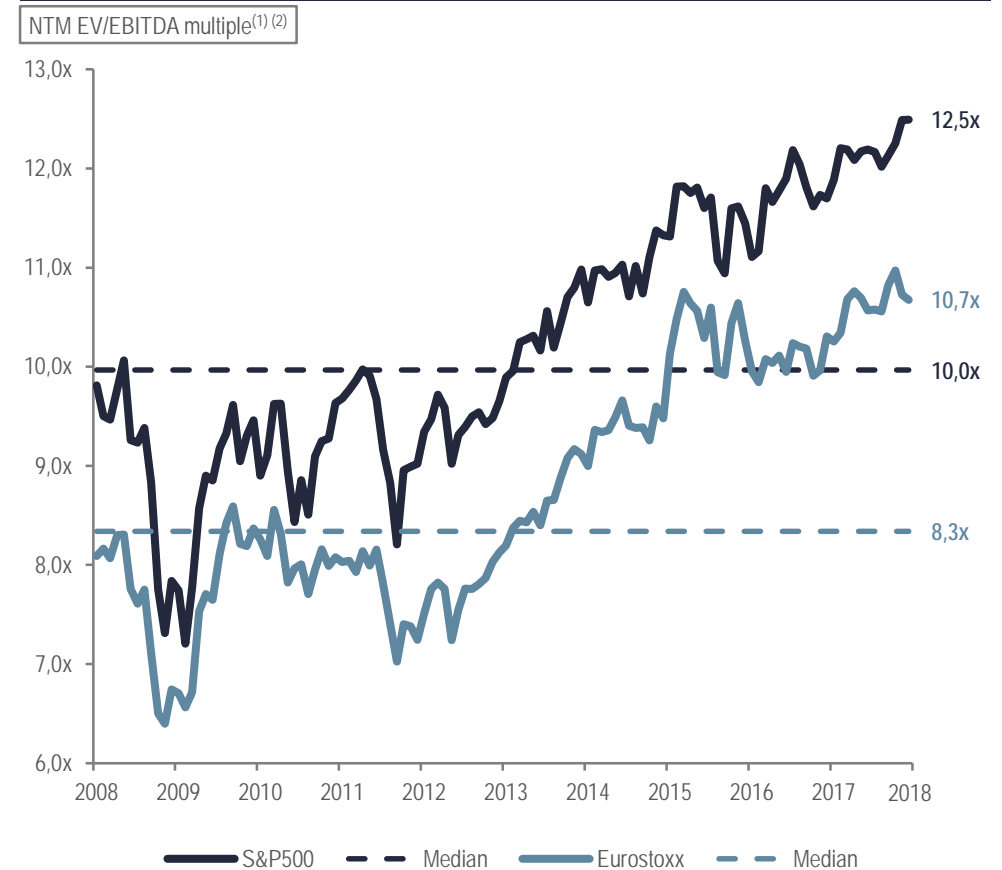


More Than 8 Years in a Bull Market With Valuations at Record Levels

MSCI Global Index



S&P500 and EUROSTOXX NTM EV/EBITDA Multiples



Source: FactSet

(1) Multiples representing averages

(2) Multiples with negative or extreme values (>30.0x) excluded. Majority of financial institutions does not report EBITDA figure, hence excluded from the analysis

Key Drivers of Global M&A Activity

Strong Economic
Environment

Low Interest Rates/
Flat Yield Curves

US Corporate Tax
Cuts

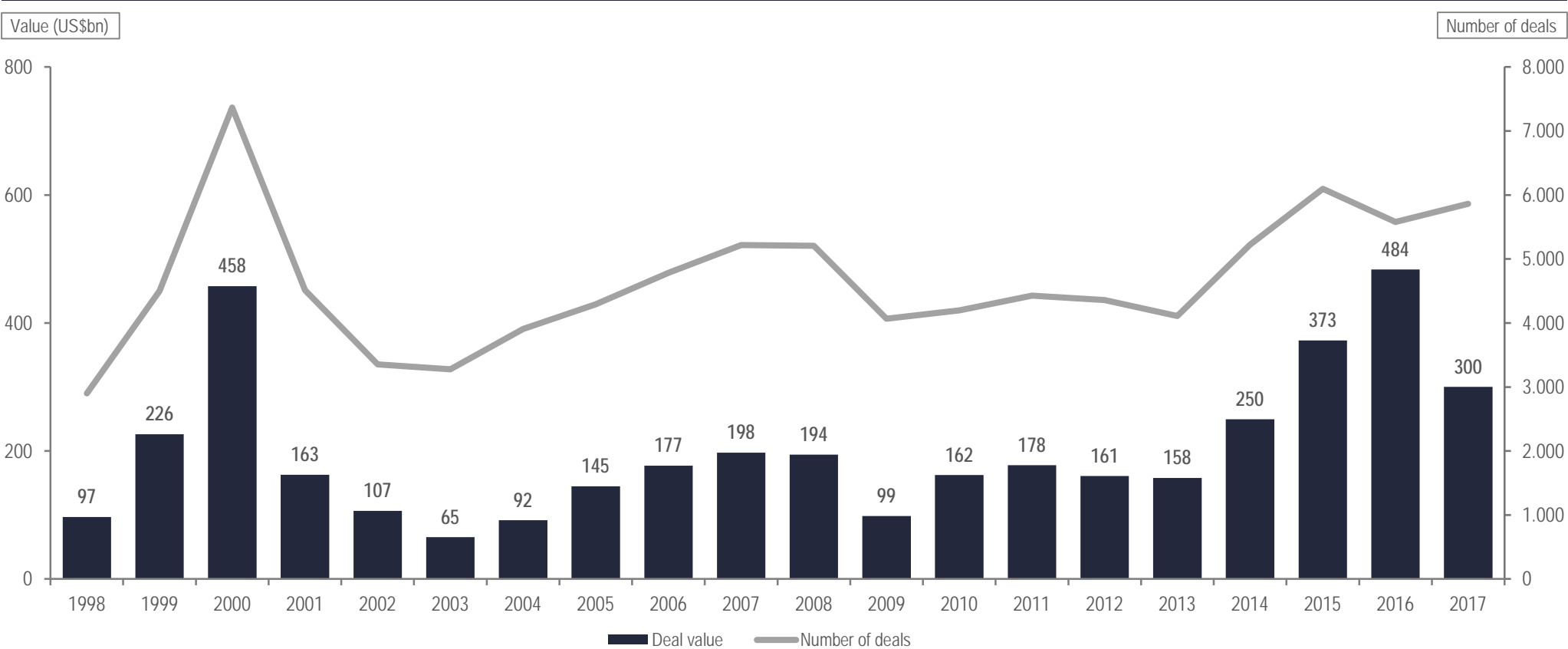
Continued Chinese
Outbound M&A
Activity

High Private Equity
Dry Powder

Activist Investing

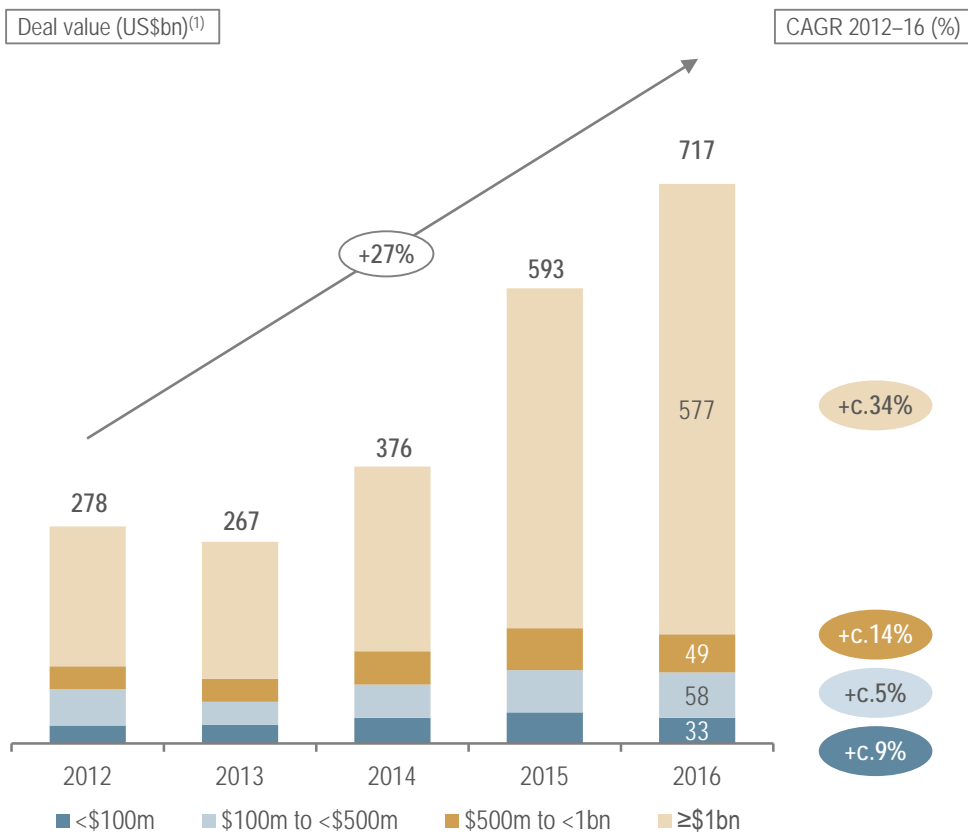
Tech M&A Activity on Record Levels

Global Tech M&A Activity

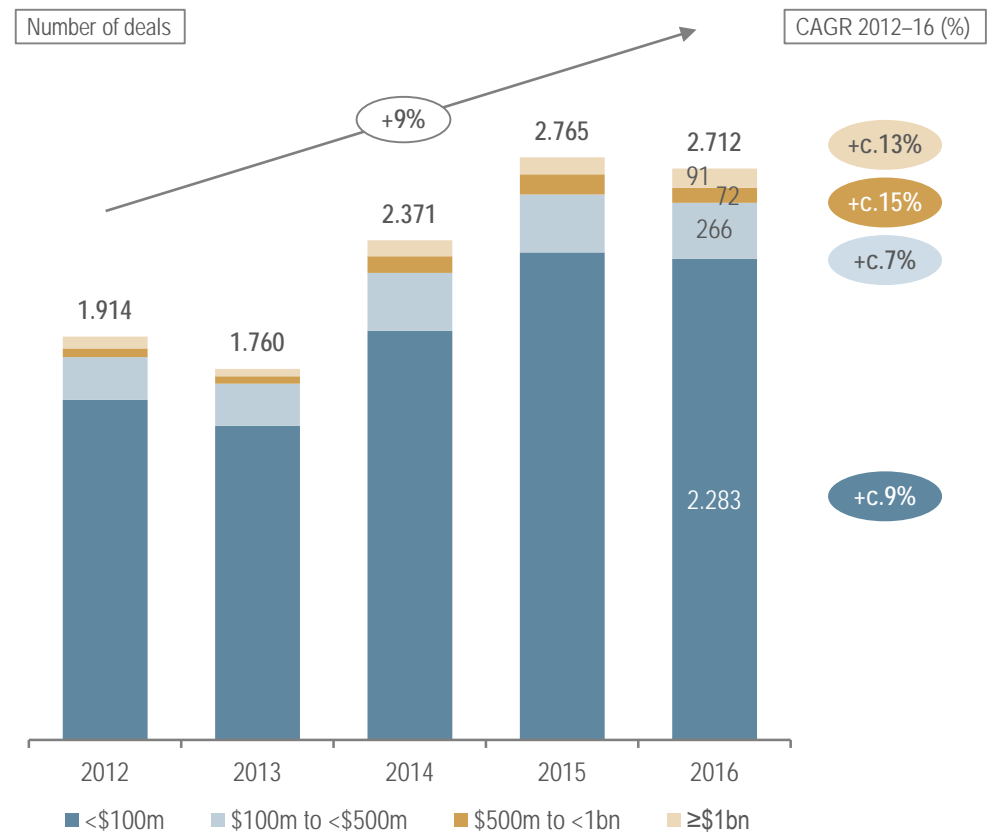


Large Deals Driving Overall Volume, But Smaller Deals Still the Most Important Category

Tech Deals Split by Value



Number of Tech Deals by Deal Size



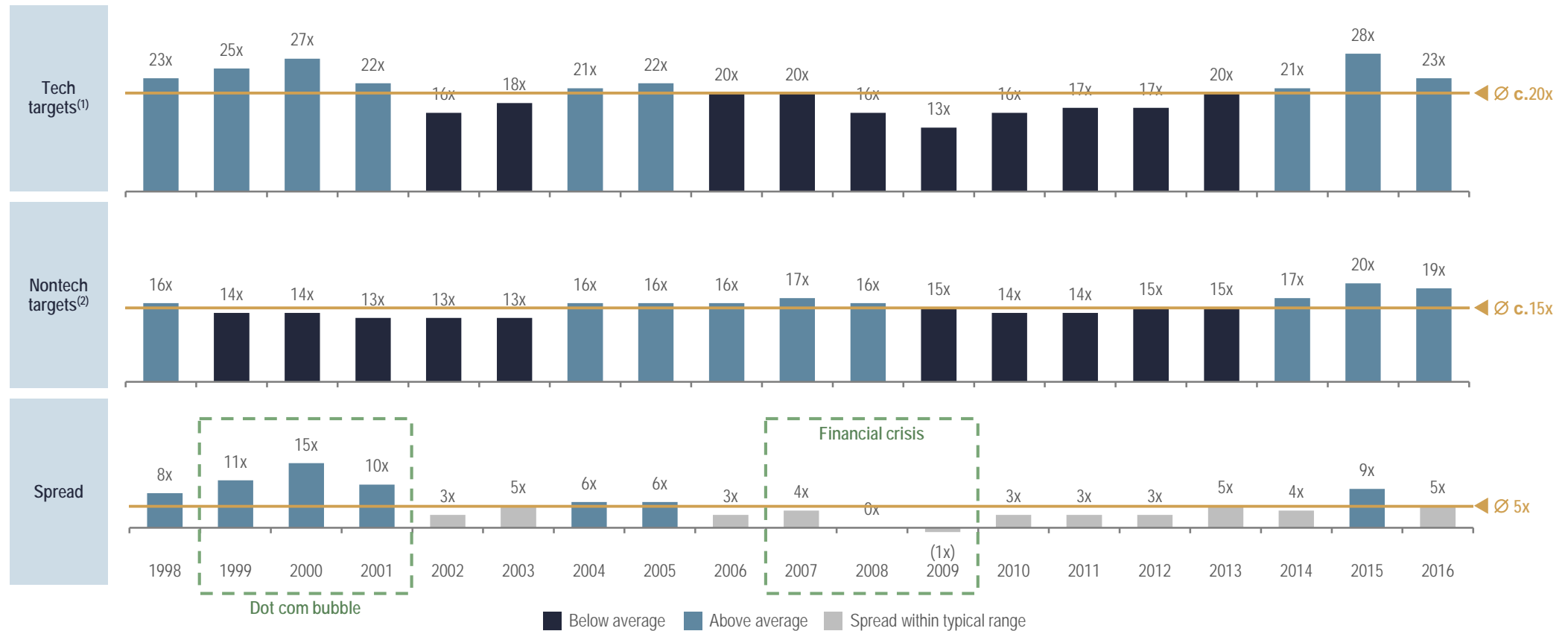
Source: BCG

Note: Comprising completed and unconditional deals, with no deal-size threshold. Self-tenders, recapitalizations and repurchases were excluded. Only deals with a disclosed deal value were considered. BCG's definition of "Tech" differs slightly from the definition applied on previous slides

(1) Including net debt of targets

Tech Targets Continue to Ask for a Premium vs. Nontech Targets

Median EV/EBIT Multiples



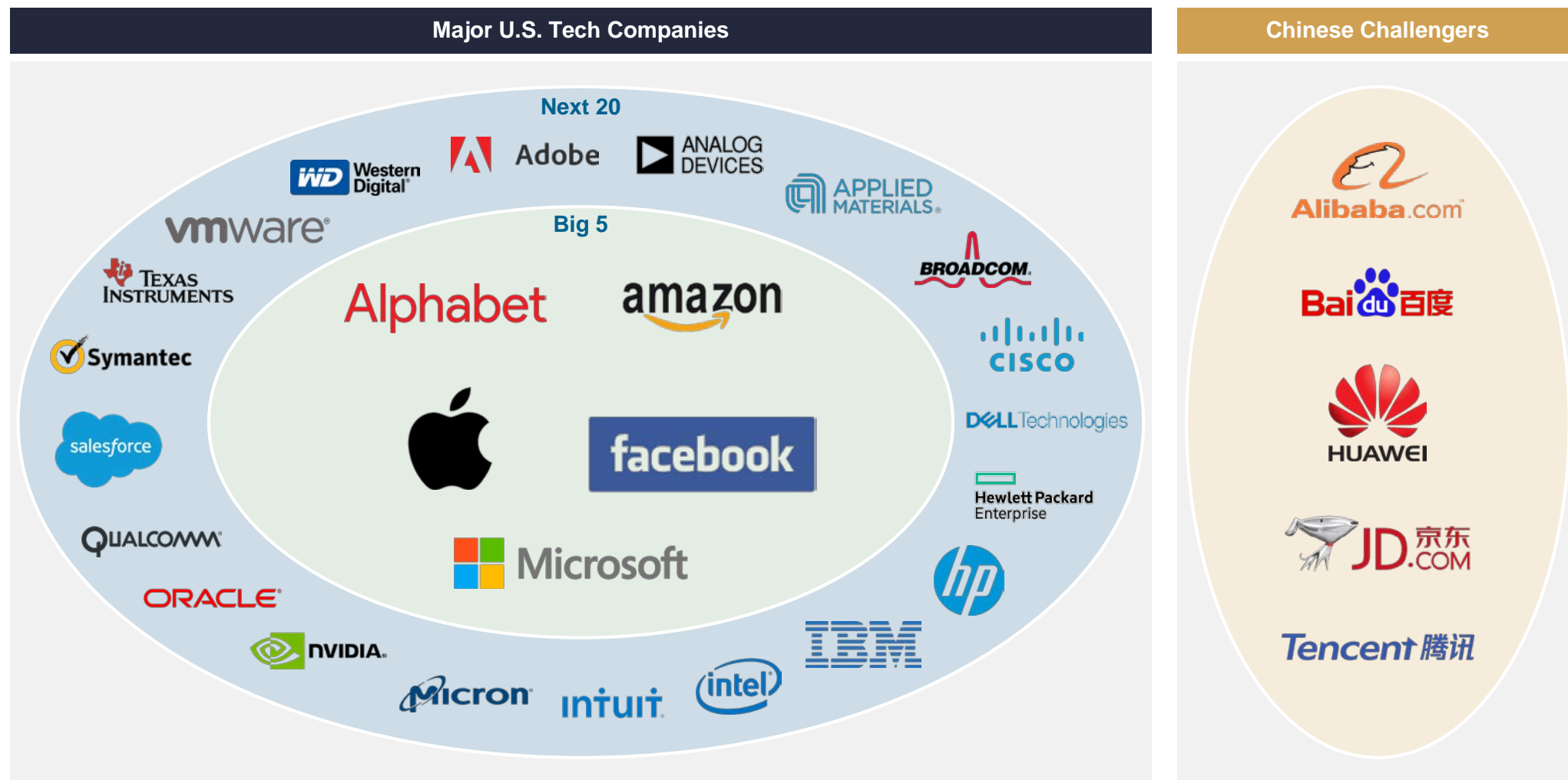
Source: BCG

Note: Due to rounding, not all numbers produce the corresponding spread amount displayed










































(1) Comprising completed, unconditional, partially completed and pending deals. Deal value of at least US\$25m. Self-tenders, recapitalizations, repurchases, as well as financial service and real estate firms were excluded. Only deals with disclosed deal value were considered

(2) Comprising completed, unconditional, partially completed and pending deals. Deal value of at least US\$25m and a share transfer of at least 75%. Self-tenders, recapitalizations and repurchases as well as financial service and real estate firms were excluded. Only deals with a disclosed deal value were considered

Largest Tech Players Still in the US, But Fast Growing Chinese Challengers and New Emerging Players Putting Strong Pressure on Incumbents



Transaction Rationale Varies Between Subsectors

	Selected Recent Transactions				Transaction Rationale
	Target	Country	Acquirer	EV (US\$bn)	
Semiconductors			QUALCOMM	45.9	Economies of scale
			SoftBank	30.6	
			ANALOG DEVICES	13.0	
			RENESAS	3.0	
Internet/ E-Commerce			verizon	4.5	Convergence
				4.5	
			Walmart	3.3	
			Unilever	1.0	
Software			intel	15.0	Consolidation – Functionalities
	 Software		MICRO FOCUS	8.8	
			ORACLE	8.7	
			symantec	4.7	
Media/ Communications			at&t	105.0	Content is king
			The Walt Disney Company	68.4	
			Microsoft	25.5	
			COMCAST	3.8	
IT Services	 Services		CSC	8.4	Capture the cloud
			leidos	5.1	
			APOLLO	4.0	
	 Services		NTT DATA	3.0	

Blurring Lines Between Industry Sectors, Particularly in Retail and Technology

Nontech (Traditional) Buyers



Ann. Date:
EV:

Aug-2016
US\$3.3bn

Jun-2017 (pend.)
US\$310m

“We’re looking for ways to lower prices, broaden our assortment and offer the simplest, easiest shopping experience because that’s what our customers want.” – *Doug McMillon, President and CEO, Wal-Mart*

“Walmart.com will grow faster, the seamless shopping experience we’re pursuing will happen quicker, and we’ll enable the Jet brand to be even more successful in a shorter period of time.” – *Doug McMillon, President and CEO, Wal-Mart*

“[...] with Jet.com, ModCloth and Bonobos, Walmart is aggressively moving into Amazon’s space and changing the game, not the other way around.” – *Robin Lewis, editor of The Robin Report*

Tech (Modern) Buyers



Ann. Date:
EV:

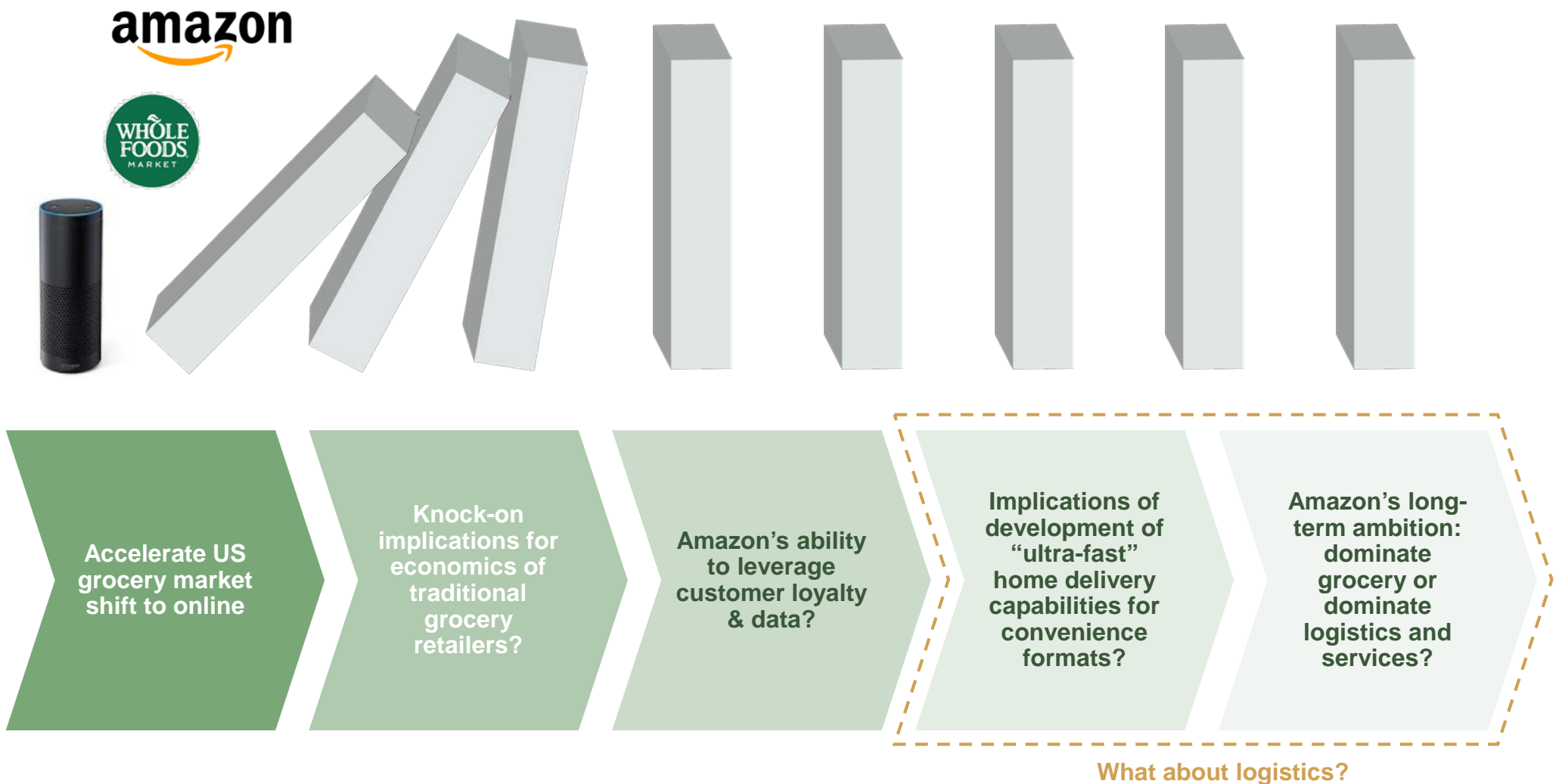
Jun-2017
US\$13.5bn

“[...] it’s clear that Amazon’s real interest is in two things: first, the treasure trove of consumer data that comes with this acquisition; and second, Whole Foods’ private brand product[s].” – *Forbes.com*





“[...] a deal that catapults the e-commerce giant into hundreds of physical stores and fulfills a long-held goal of selling more groceries.” – *Bloomberg.com*

“Amazon could use the WFM stores as pick up or distribution centers and therefore implement the e-commerce model of click and collect.” – *Seekingalpha.com*









Potential Knock-on Effects of the Amazon/Whole Foods Transaction



What Are Select Non-traditional Logistics Players Doing?

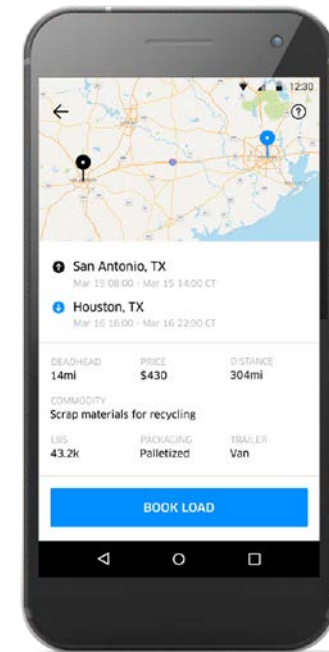
	Logistics Technology Trends						
	Data analytics	Autonomous vehicles	Shared mobility and crowd sourcing	E-mobility	UAVs / Drones	3-D printing	Blockchain
	✓	✓	✓		✓		(✓) ⁽¹⁾
	✓	✓	✓		✓		
	✓	✓	✓				
	✓	✓	✓	✓			
Asian Tech	✓	✓	✓	✓	✓	✓	
Vehicle OEMs	✓	✓	✓	✓	✓	✓	(✓) ⁽²⁾
OEM suppliers	✓	✓	✓	✓		✓	
Logistics startups	✓	✓	✓	✓	✓		

Non-traditional Logistics Players Very Active in Logistics Already

Company	Select Logistics Activities	Impressions
	Building its own logistics network, thereby increasing distribution control and reducing costs	
	Expanding into logistics through its own delivery fleet and developing autonomous vehicles and drones	
	Shifting from a transportation provider to a logistics provider and developing autonomous vehicles	
	Developing autonomous passenger and freight vehicles and aiming to launch a ride sharing platform	

An Example: Uber Freight to Transform Traditional Freight Brokerage

- Cloud-based, on-demand, freight brokerage service
- Lior Ron, former Google Maps product lead and co-founder of Otto (autonomous trucking vendor acquired by Uber for US\$680m) as general manager of Uber Freight
- Customers include B2B shippers, truckers and freight carriers
- Total addressable market of US\$700-800bn (U.S. Freight Volume); US\$80bn immediately addressable market
- Shorter payment periods (2-7 days vs. 30-90 days for traditional freight brokerage firms) and upfront contract pricing (no price negotiations upon job completion)
- Launched in 7 metro areas in the U.S. (California, Arizona, Chicago, Georgia, South Carolina, North Carolina and Texas)



UBER FREIGHT

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