

# Changing Times, Changing Values

*Media and Technology*

David Boutcher - Reed Smith (Host)

Chris West - Deloitte LLP

Robert Lees - Strata Partners

Chris Whiteley - Ingenious Ventures

**ReedSmith**

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The business of relationships.™

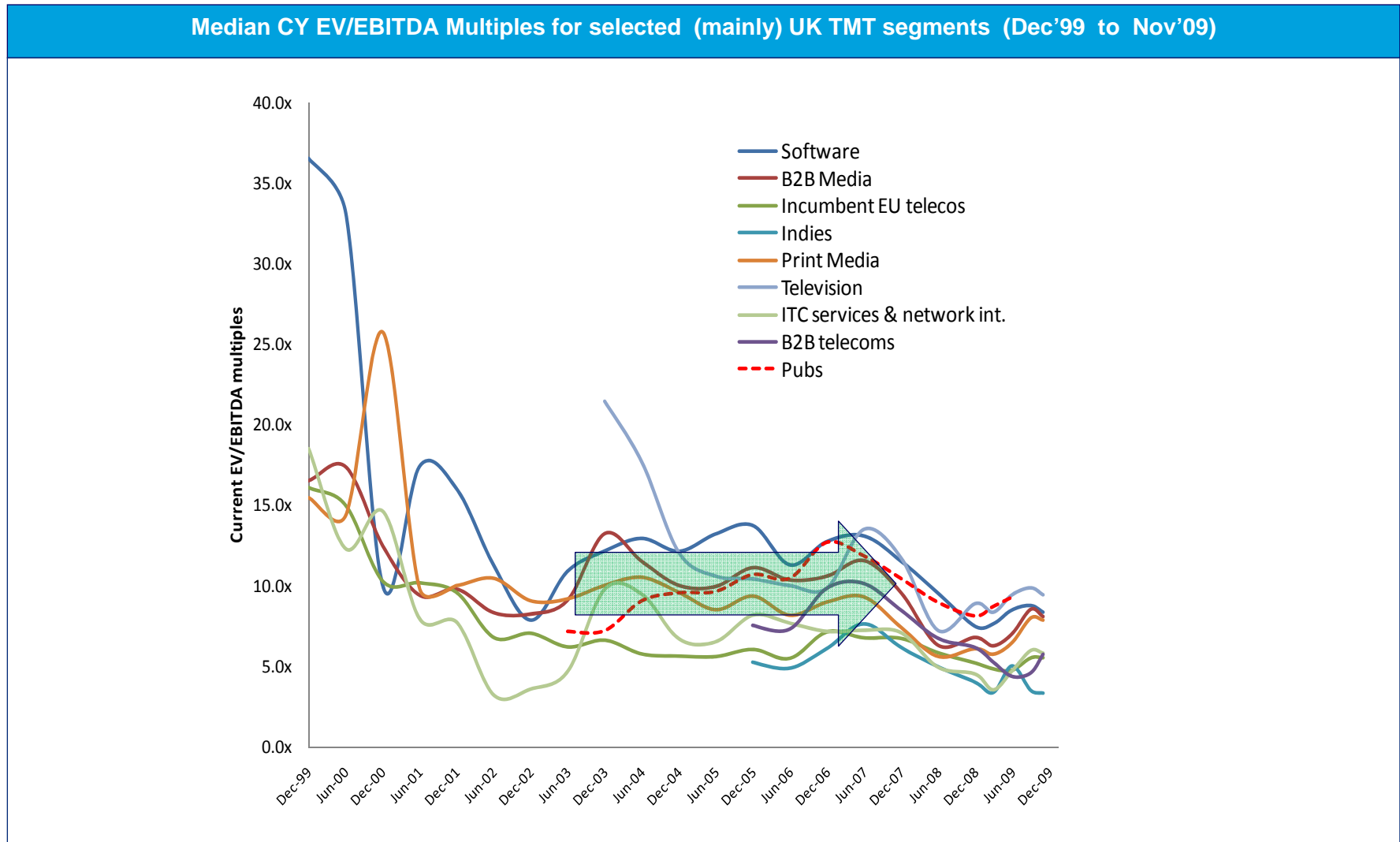


A view from the Valuation  
Trenches  
Presentation to Reed  
Smith

8 December 2009

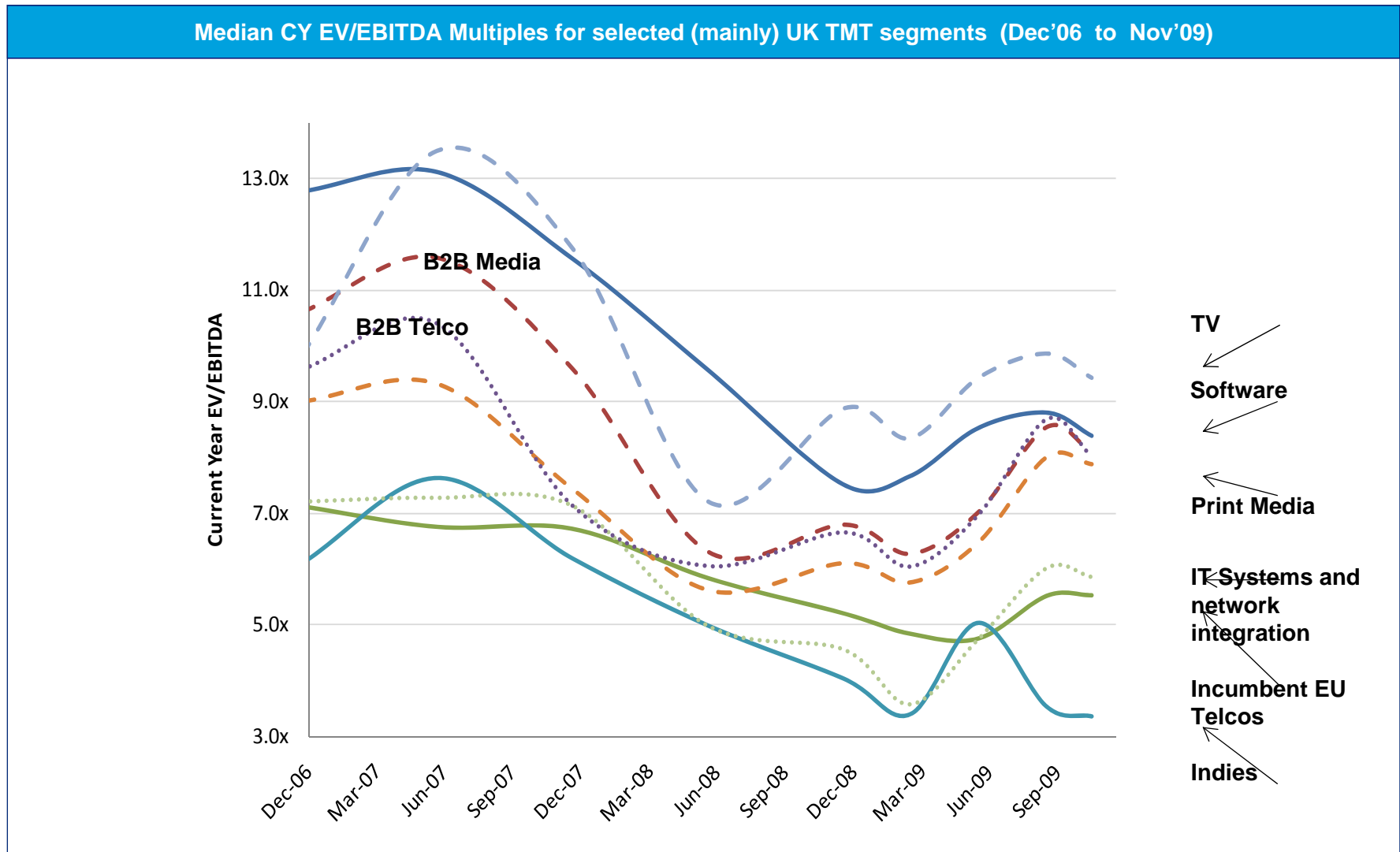


## Ongoing structural changes have meant that UK TMT valuations have not followed typical EV/EBITDA profiles



Source: Thomson, Deloitte analysis

## Whilst UK TMT sub-segments are seeing their multiples recover, drivers vary



Source: Thomson, Deloitte analysis



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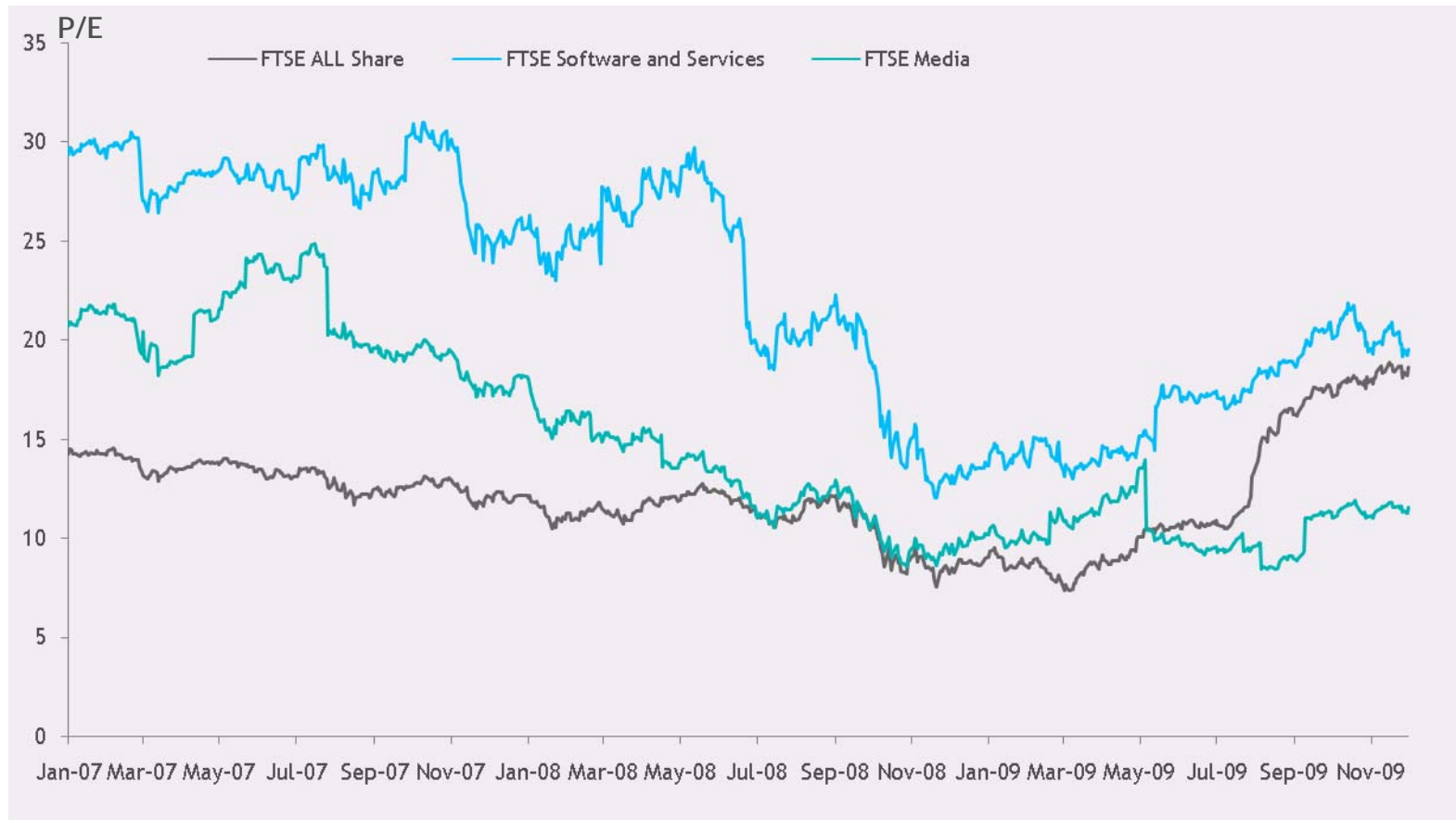
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## Valuation Materials: Reed Smith Panel Discussion

# Trading Multiples: Evolution of P/E Multiples Since 2007

P/E of FTSE All Share relative to FTSE Computer Software & Services and FTSE Media indices

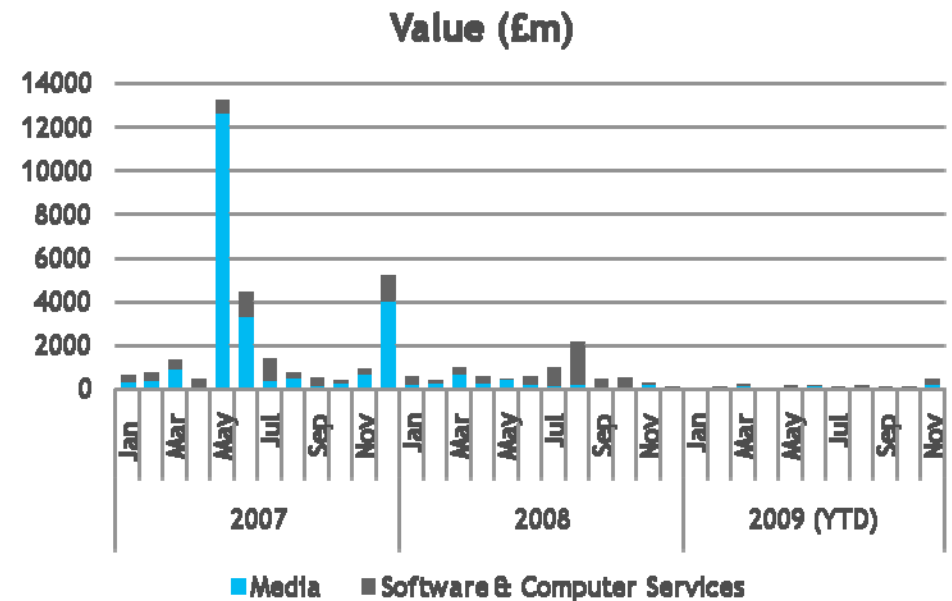
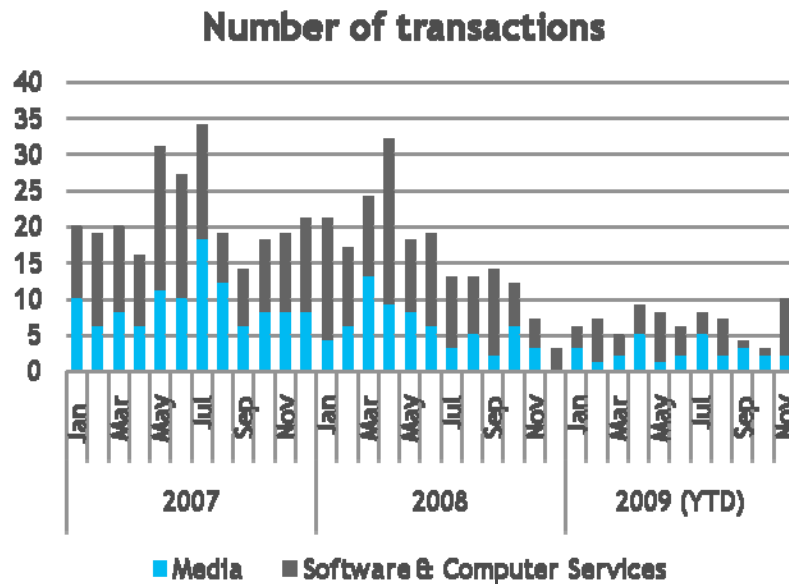


Source: Thomson One as of December 2, 2009

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# Precedent Transactions: M&A

The number of M&A deals in Computer Software & Services and Media<sup>1</sup>



Source: Mergermarket

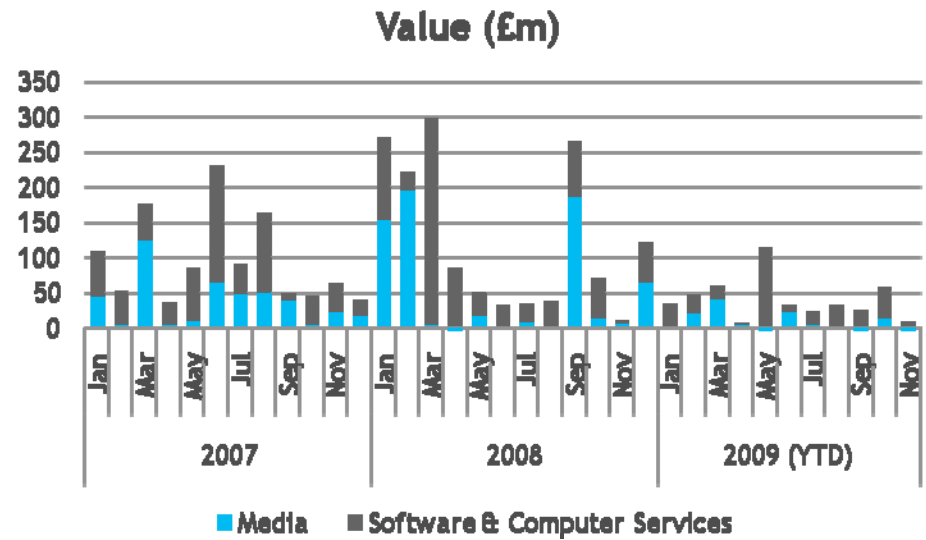
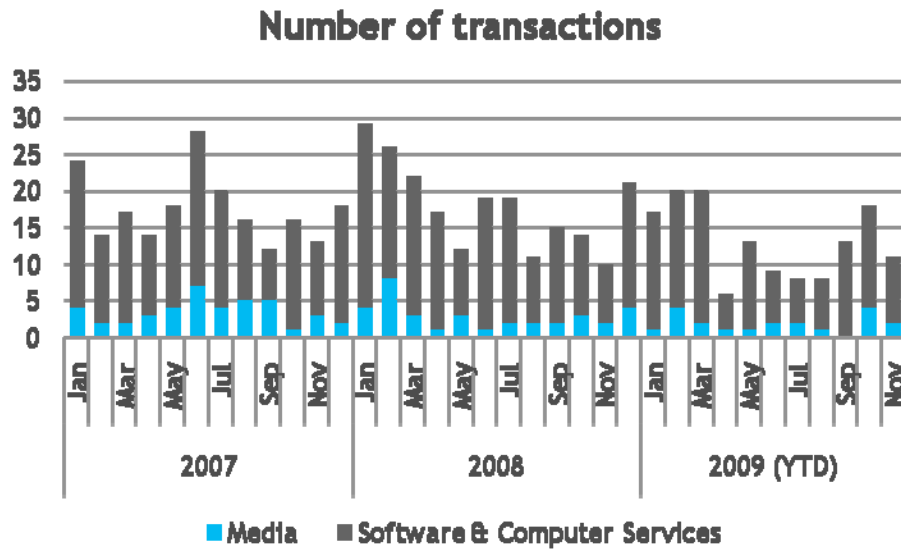
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Note 1: Announced transactions

# Precedent Transactions: Private Placements

The number of private placements in IT Software & Computer Services and Media



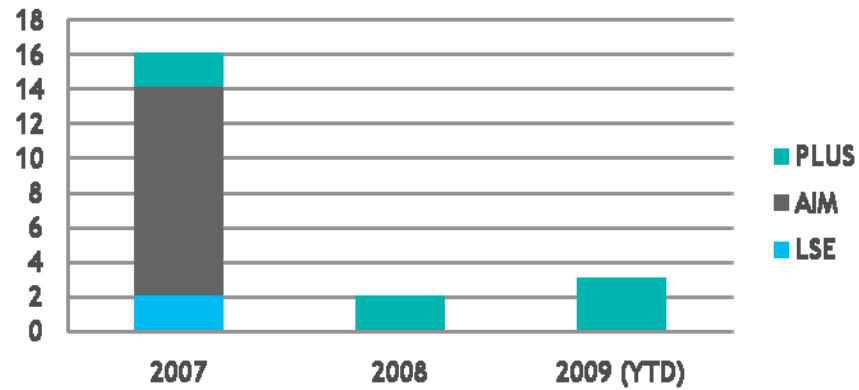
Source: Capital IQ

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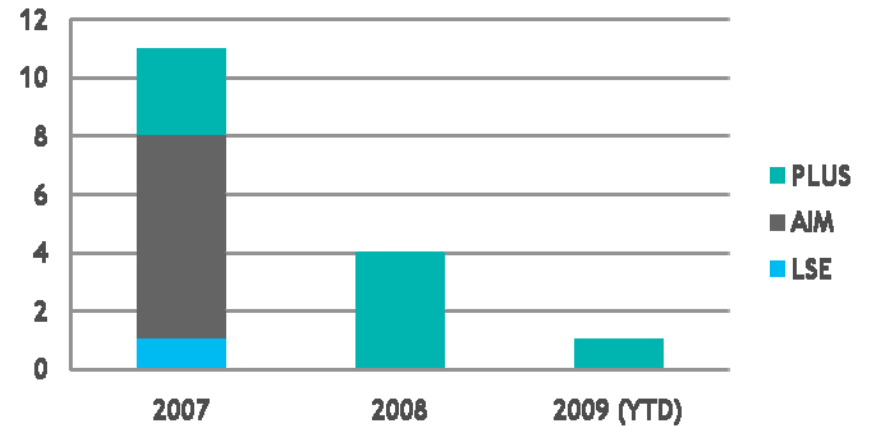
# Precedent Transactions: IPOs

## IPOs in Computer Software & Services and Media

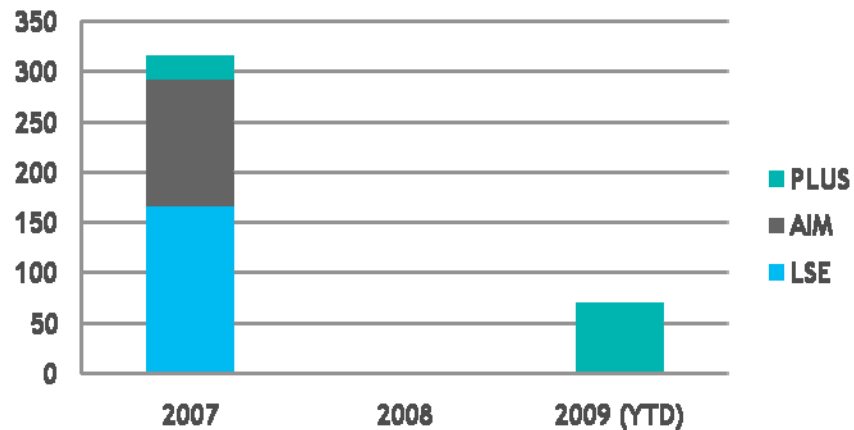
### IT Software & Computer Services (no. of transactions)



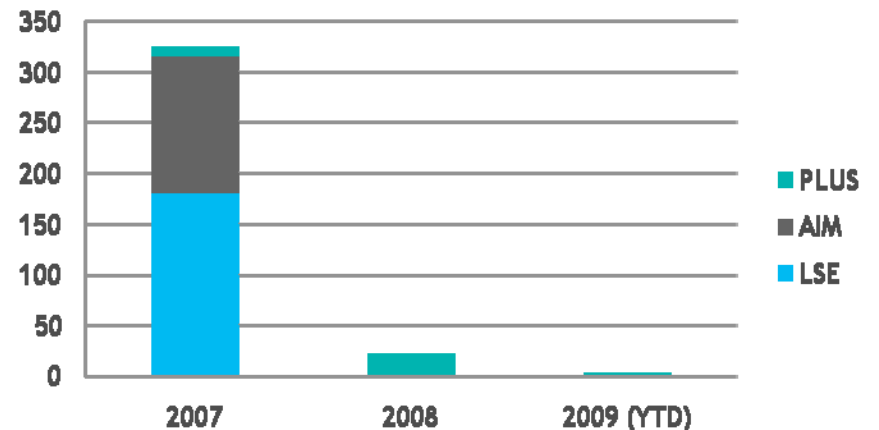
### Media (no. of transactions)



### IT Software & Computer Services (£m)



### Media (£m)



Source: Capital IQ

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# •Changing Times, Changing Values

•Chris Whiteley, Ingenious Ventures

# Ingenious Media: An introduction

Ingenious' 5 divisions work synergistically, resulting in a "one stop shop" for media companies and investors

## INGENIOUS CONSULTING

Strategic consulting services spanning regulation, public policy and consumer insight to companies in the media and entertainment sector

## INGENIOUS CORPORATE FINANCE

Financial advice to media and entertainment companies on corporate sales, fund-raising and all aspects of M&A

## INGENIOUS VENTURES

Venture capital to the media sector

## INGENIOUS INVESTMENTS

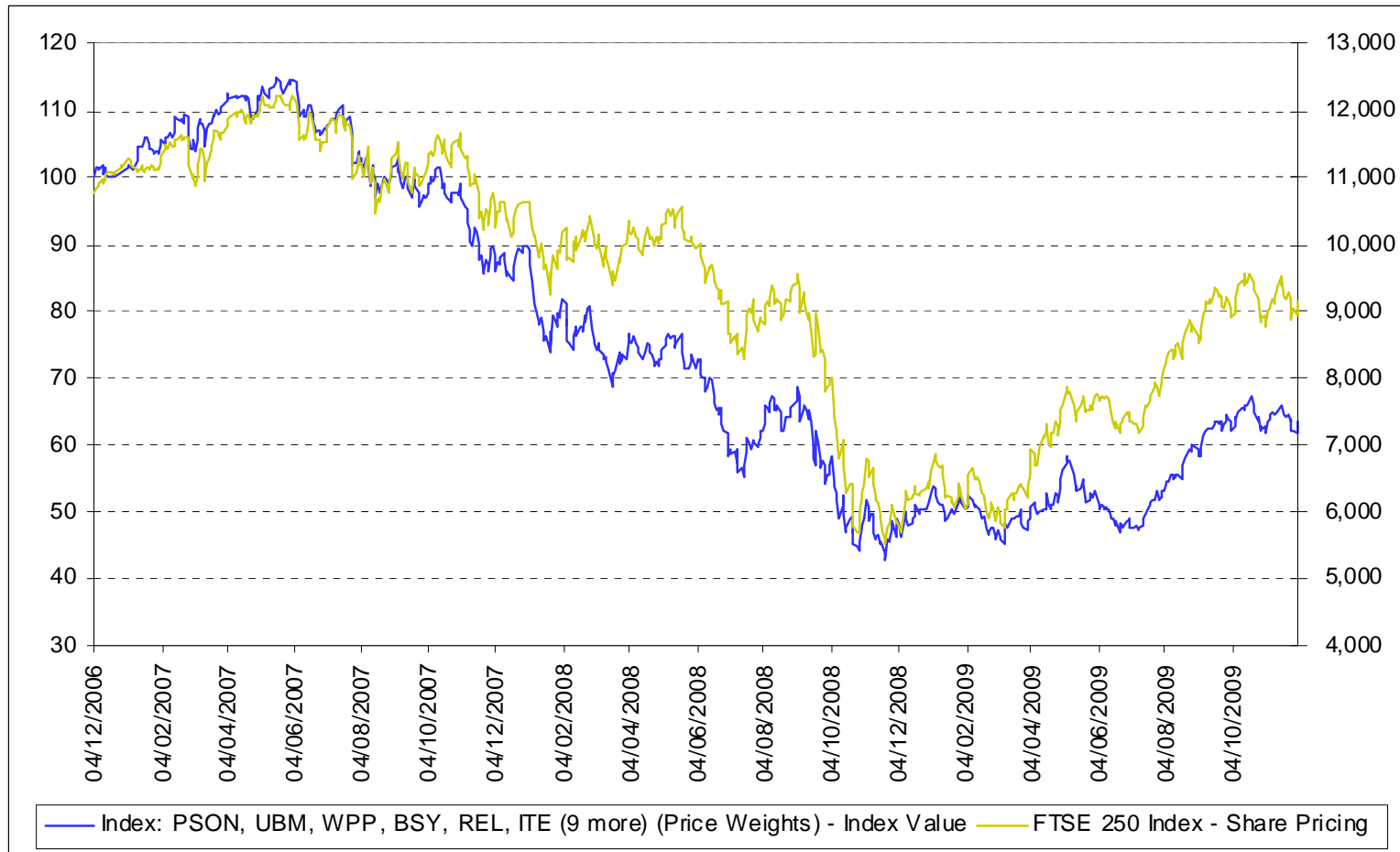
Alternative investments in media and entertainment for private, corporate and institutional investors

## INGENIOUS ASSET MANAGEMENT

Discretionary portfolio management for private individuals, trusts, pensions, charities and corporates

# Impact of the credit crunch on valuation of media businesses

Share price of a basket of listed media stocks versus FTSE 250 since Dec 07



Financial data provided by **Capital IQ**  
A Standard & Poor's Business

Historical Equity Pricing Data supplied by **FT.com**  
FINANCIAL TIMES

## Impact of the credit crunch on valuation of media businesses

- Global economic conditions since mid-2007 created huge uncertainty in the (media) world
- Uncertainty makes it hard to value businesses
- The decline in valuations clearly isn't exclusive to the media sector
- Maturity of some digital sectors reduces valuation multiples too

## The VC/PE perspective

- Focussing on our portfolio - survival mode
- Risk adverse position & little investment activity

## So what's next?

- Cyclical recovery?
- Structural change
- PE/VC vs trade buyers
- Exits?
- What is Ingenious planning for 2010?
- But....