

Tech Barometer: AIM

Technology companies on AIM raise over
£575 million in six months ended 30 June 2018

August 2018

Tech Barometer: AIM

Technology companies on AIM raise over £575 million in six months ended 30 June 2018

Introduction

The average enterprise value of a technology company on the Alternative Investment Market (AIM) as at 30 June 2018 was £123m – a 8.2% increase from 31 December 2017 and more than double the average value as at June 2016.

The increase in value in the last six months has been driven by support services (increase of 17%) and software (increase of 9%) with hardware values decreasing by 9%. This compares with the FTSE AIM All-share index increasing by 3% in the last six months and the FTSE All-Share index remaining flat.

Dougie Hunter, Director at Moore Stephens, comments: “There was a significant bounce back in the number of tech IPOs on AIM in the second half of 2017, and this has continued in 2018. In the first half of the year, eight tech companies floated on AIM raising an average of £24m each. Not only is the number of tech companies floating on AIM increasing, but the funds these companies are initially raising is, on average, becoming larger – showing the continued confidence in the tech sector, or, perhaps, a sign of investors not wanting to miss out on the next big success.

“It’s not just UK tech companies that have been attracted to AIM – with Australian-based Maestranò and Irish company VR Education joining in the last six months. There’s no doubt that these companies have been attracted to AIM as a result of the continuing increasing valuations on offer as well as the knowledge that, further down the line, they will have the ability to successfully raise secondary funds, as demonstrated by AIM tech companies raising over £1 billion from secondary fundraisings in the last 12 months.”

Key findings

This report summarises our detailed research into the activities of technology companies trading on AIM in the six months ended 30 June 2018. Key findings include:

- eight tech IPOs on AIM, raising £186m, in the six month period to 30 June 2018, compared with eight in all of 2017 raising £129m;
- over £390m was raised from secondary fundraisings in the six month period to 30 June 2018 – down from £810m in the previous six months but still the second largest amount in the last three years;
- a decrease in revenue valuation multiple to 2.17x;
- an increase in the overall EV/EBITDA valuation multiple to 15.0 with multiples in support services and hardware higher than software for the first time;
- the number of technology companies on AIM has increased from 168 to 170 with IPOs outnumbering delistings and acquisitions.

Technology companies on AIM – six months ended 30 June 2018

8 IPOs

37 Secondary fundraisings

 OnTheMarket.com

 GAC
international group

i-nexus
Strategy Execution Solutions

 maestrano
business made simple

TRU | FIN

V-EDUCATION
HOLDINGS

 codemasters

team17

£390m 

Raised in six months ended
30 June 2018

£100m 

£85m 

£40m blueprism[®]

£36m 

£186m 

Raised in six months ended
30 June 2018

Technology companies on AIM – six months ended 30 June 2018

£123m*

Enterprise value (EV)

2.17*

EV/Revenue multiple



8.2%

Increase in six months ended
30 June 2018

2.71x

Software



9%

Software

2.61x

Hardware



9%

Hardware

2.18x

Telecoms



17%

Support services

1.78x

Support services



*Average


*Median

Technology companies on AIM – six months ended 30 June 2018


15.0*
EV/EBITDA multiple

AIM tech companies

 **8.6%**
Increase in six months ended
30 June 2018

87 Software 


13.7	Software	→	14.1
13.3	Hardware	→	17.3
13.7	Electronics	→	11.8
10.8	Support services	→	16.0
14.4	Telecoms	→	13.5

14 Hardware 

9 Telecoms 

18 Electronics 

23 Support services 

19 Other 

* Median – based on latest available financials to 30 June 2018 and companies with positive EBITDA.

Our solutions



Transaction services

Our specialists have extensive deal expertise and in-depth understanding of industry sector issues to support our clients buying or selling businesses. Our tailored reports identify downside-risks and upside-opportunities to help clients make better deal decisions. The services we offer include: acquisition due diligence; vendor due diligence; technical due diligence; reporting accountant; valuation; financial modelling; and strategy reviews.



Audit

We provide audit and assurance to AIM and Main Market clients in a variety of industry sectors at different stages of their life cycle. Our specialists provide support to both new entrants to the markets, assisting with the necessary audit and accounts disclosure requirements, and also established companies where directors need to be kept abreast of developing trends, including corporate governance requirements.

Our team services clients with both UK and international operations and are experienced in dealing with the required reporting deadlines inherent in the listed markets.



Board effectiveness

Our board evaluation reviews are designed to provide answers to specific questions about the role of the board and how effectively it is discharging its responsibilities. It is also intended to provide directors with time for self-reflection and introspection, both individually and collectively. We will provide an improvement plan, ensuring that the evaluation provides a route to a more effective board.

Our solutions



Business tax and transfer pricing

Our global business tax and transfer pricing specialists will work with you to provide clear, concise advice across the locations that your business operates. You will have access to our expert team that includes members who were involved in drafting the UK transfer pricing rules whilst formerly employed at HMRC. Our experience will enable you to gain insight into the strategies of tax authorities and benefit from practical advice as to the best options available to you.



IT assurance

Our team includes experienced specialists with expertise in all aspects of IT risk management and information security. Our services include IT internal audit co-source and outsource; information and cyber security; cloud risk assessment and cloud implementation reviews; information security policy development; business continuity management; third party assurance; project risk management; data analysis and computer assisted auditing techniques.



Research & development tax relief

R&D tax relief is available to large corporates through the research and development expenditure credit (RDEC). Under the RDEC regime, the company obtains enhanced relief in the form of a paid credit of 11% (12% from 1 January 2018) of identified qualifying R&D expenditure. This RDEC tax credit is disclosed for accounting purposes as a class of other income, akin to grant income, and is shown pre-earnings before interest and tax.

Our success is measured in the £300m we have successfully supported businesses to claim in R&D tax relief since the scheme launched in 2000.

About Moore Stephens

Moore Stephens is a top ten accounting and advisory network, with offices throughout the UK and member firms across the globe.

We have a wealth of expertise across the technology sector, meaning you'll have access to the right people who can help you thrive in a changing world. We support clients on international markets across the globe.

There are several stages to a successful listing, and our expert professionals provide hands-on support throughout the IPO process and beyond from pre-IPO planning advice, introduction to other key advisers and acting as reporting accountants, through to ongoing audit support and taxation advice pre- and post-IPO.

Contact information

If you would like further information on any item contained within this report please contact us.



Mark Ayres – Partner, Head of Technology

T +44 (0)20 7651 1313

M +44 (0)7903 891 450

mark.ayres@moorestephens.com



Marty Lau – Partner, Corporate Finance

T +44 (0)20 7651 1342

M +44 (0)7899 070 609

marty.lau@moorestephens.com



Damian Ryan – Partner, Corporate Finance

T +44 (0)20 7651 1499

M +44 (0)7826 870 108

damian.ryan@moorestephens.com



Dougie Hunter – Director, Corporate Finance

T +44 (0)20 7651 1197

M +44 (0)7876 884 533

dougie.hunter@moorestephens.com



Ryan Biscomb – Associate Director, Corporate Finance

T +44 (0)20 7651 1476

M +44 (0)7867 393 084

ryan.biscomb@moorestephens.com

Moore Stephens LLP, 150 Aldersgate Street, London EC1A 4AB

T +44 (0)20 7334 9191

www.moorestephens.co.uk

MOORE STEPHENS

We believe the information contained herein to be correct at the time of going to press, but we cannot accept any responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein. Printed and published by © Moore Stephens LLP, a member firm of Moore Stephens International Limited, a worldwide network of independent firms. Moore Stephens LLP is registered to carry on audit work in the UK and Ireland by the Institute of Chartered Accountants in England and Wales. Authorised and regulated by the Financial Conduct Authority for investment business. DPS40964 August 2018