



## Investors are back but where are the opportunities?

Cobalt, the TMT sector corporate finance specialist, has conducted its third annual survey of UK investors in Technology, Media and Telecoms to identify their investment predictions for these sectors in 2010.

Investor appetite has clearly strengthened but the corporate market does not appear to be moving at the same pace – some investor frustration is emerging in the quest to find and develop quality opportunities through to a satisfactory transaction.

One company emerged as a favourite to watch in 2010.....

### Investment appetite

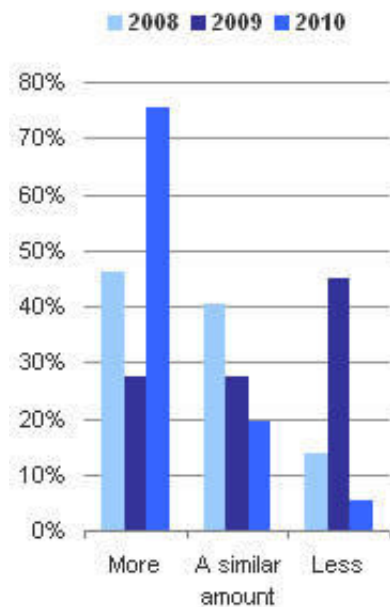
- 50% of respondents confirmed that they would be delaying the exit of portfolio investments (down from 75% in 2009) suggesting that pricing and liquidity has improved but is still not expected to recover quickly in 2010

- 16% of investors are looking to take advantage of the recovery to date and exit investments early

- Uncertainty appears to reign with regard to IPOs with a similar number of investors switching from trade sale to IPO and vice versa

- Most investors stated their core strategy as 'business as usual' and all appear to be open for business with new investments. This contrasts sharply with the lack of interest expressed in the first half of 2009, but was wholly predictable once market prices had fallen

Compared to last year, in the next 12 months do you expect to invest:



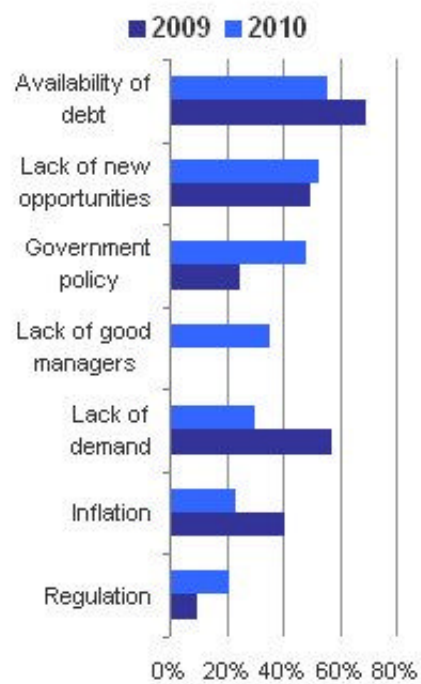
### Market context

Three drivers stood out and were identified by almost 50% of all respondents:

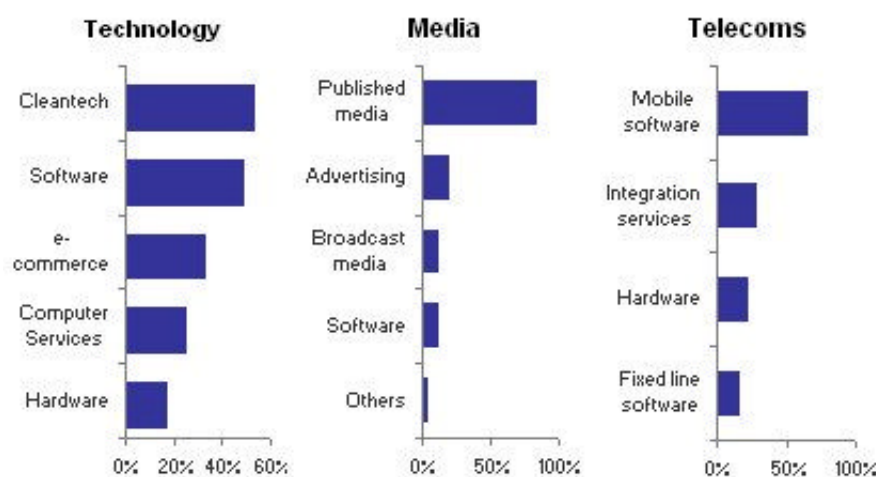
- Firstly availability of debt, confirming that the credit crunch continues to constrain equity investors' ability to structure deals optimally, leaving trade buyers in pole position for many sales
- Secondly, government policy alongside uncertain economic stability, policy direction and exchange rates
- Thirdly, the lack of new opportunities, with different investors citing the dearth of quality businesses and poor visibility of forward revenues

A number of investors highlighted the continuing gap between valuation expectations of buyers and investors. Nevertheless 75% of investors expect to invest more in 2010, with 85% expecting investment size to be the same or greater, confirming that the appetite to invest has bounced back and suggesting that the pricing gap is set to close further.

What are the biggest threats to investment activity in 2010?



### Sectors to invest in



### Companies to watch

A broad spread of young and established business were identified by investors across TMT but interestingly out of all the responses only one business was cited more than once in each of the subsectors highlighting the diversity of the industry and the relentless pace of change in underlying technologies.....that company was **Google**.

If you would like more information on Cobalt please visit [www.cobaltcf.com](http://www.cobaltcf.com) or call us on +44 (0) 20 7491 1271