

Profiler Talk: Moore Frères' Martez Moore on Opera TV, the firm's maiden TMT investment
by Deborah Balshem in Ft. Lauderdale
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*Moore Frères & Company, a New York-based investment holding company founded in 2014 by former Viacom executives and TMT industry investors, acquired a majority stake in Oslo, Norway-based **Opera TV**, a division of **Opera Software ASA** [OSE: OPERA] on 20 December 2016. Moore Frères paid USD 80m in cash along with preferred equity securities, convertible into a 30% common equity ownership stake in the Opera TV newco. Opera TV was the first investment announced by the tech, media, telecom (TMT) investment firm.*

Mergermarket spoke with Martez Moore, chairman and CEO of Moore Frères, about how the firm's inaugural deal came about and the growth strategy of Opera TV under its new privately held status. Moore's relationships can be found on Profiler app: [Martez Moore PROFILER](#).

Moore Frères swings for fences first time at bat

Opera TV serves the over-the-top (OTT) content market throughout Asia, Europe, North America and South America. Its software enables consumers to stream content from the Internet to Smart TVs, Blu-ray disc players, set-top boxes and video game consoles. Opera TV's customers include Sony, Samsung, TiVo, Verizon and Sagemcom.

Once Opera TV came on the market, Moore Frères saw an opportunity to take the company to the next level, given it is a high-growth asset but was seen as non-core to its former parent Opera Software. Though Moore Frères competed with a range of domestic and international financial and strategic buyers, the firm took an "ironman approach" to the acquisition -- first to engage and ultimately the last participant standing, with that process spanning the course of one year, Moore said.

Though Moore Frères was not the highest (or lowest) bidder, the firm's members have spent the past decade as senior dealmakers in the TMT space and demonstrated the best overall value proposition associated with maximizing Opera TV's return on investment.

Moore Frères uses a highly integrated investment approach that combines strategic, financial and operational expertise. What also sets Moore Frères apart from other buyers is the fact that it did not raise a captive pool of capital but instead created a holding company structure that allows it the flexibility to purchase assets and hold them for an indefinite period of time. "This is incredibly important in the TMT space as it enables us to maintain continuity in a rapidly changing industry with varying degrees of market transformation," Moore noted.

A global advisory team key to a successful deal

This "incredibly complex cross-border, carve-out transaction" included the creation of a UK-based acquisition entity to act as a holding company for Opera TV. This gives Moore Frères the option down the road to sell the asset within the UK jurisdiction, which Moore said is a more friendly dominion that appeals to a broad range of buyers. To ensure success, Moore Frères was advised by a cross-border legal team. **Morgan Stanley Senior Funding** and **Morgan Stanley Credit Partners** provided financing for the transaction.

While Moore couldn't speak specifically to valuation, he said the Opera TV deal fell within the industry range of 12x to 18.5x trailing 12-month EBITDA.

For 3Q16, Opera TV had revenue of USD 5.8m and adjusted EBITDA just shy of 40%, according to Opera Software.

Ample room to grow amid strong industry headwinds

Opera TV takes an agnostic approach, so it can be a service partner to both the cable operators and smart TV

platforms such as Google and Android TV. The company also operates in a niche sector of the overall space that has a high barrier to entry and strong macro dynamics.

The global OTT market is expected to more than double by 2020 to USD 62bn. It is forecast that 378m set-top boxes will ship in 2016, with the majority likely to include OTT-enabled software. Additionally, it's estimated that more than half of all households in the US, Europe, Japan and China are expected to have smart TVs by 2019, which represents approximately 426 million households.

Moore Frères plans to grow Opera TV through a combination of organic and inorganic growth. The firm first plans to engage in a rigorous strategic growth review to evaluate the entire global business and optimize customer service. It then will assess partnership and acquisition opportunities, while at the same time evaluating new adjacent businesses.

The company is looking for acquisitions that can serve as logical product, technology and geographic extensions, Moore said.

Opera TV's business is spread fairly evenly across the Americas, Europe and Asia. Moore noted that there is significant opportunity to grow in Asia and Latin America given the strong, macro-demographic trends -- dynamic population growth, robust connected TV and set-top-box penetration, and brisk consumer internet streaming consumption patterns.

Moore, appointed executive chairman of Opera TV, said Moore Frères is positioning Opera TV to be able to evaluate several opportunities down the road when it chooses to exit, including a sale to a financial or strategic buyer, or an IPO.

Advisers

Moore Frères legal team was led by [Mark Getachew](#) of **Willkie Farr & Gallagher**, as well as [Kai Thogerson](#) of law firm **Wiersholm**, [Helge Weiner-Trapness](#) of financial advisor **Quintus Partners** and [Shailen Amin](#) of accounting firm **BDO**.

Opera TV was advised by **Carnegie Investment Bank**, [Erling Christiansen](#) of law firm **Schjodt** and [Carsten Greve](#) of **Dorsey & Whitney**.

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