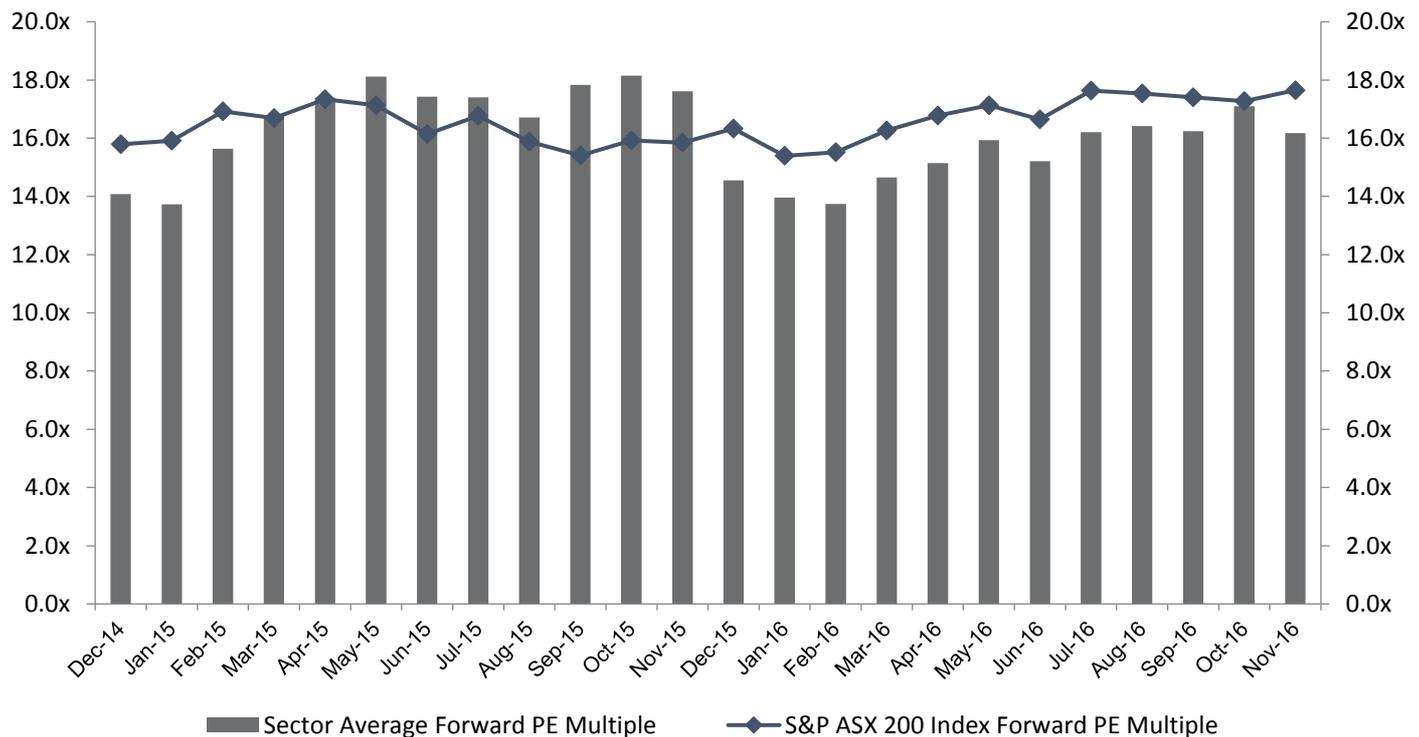


Information & Communication Technology

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.11.16)¹ Source: S&P Capital IQ

Multiples in the Information & Communication Technology (ICT) sector have slightly decreased over the month. At the end of November, the ICT sector traded on a forward PE of 16.2x, compared to the ASX200 on 17.6x.



Average Values and Trading Multiples (as at 19.12.16) Source: S&P Capital IQ

Subsector	Enterprise Value	EV/EBITDA FY2017	EV/EBIT FY2017	Price / Earnings FY2017
Application Software	4,327	16.4x	20.0x	20.8x
Equipment	461	6.3x	7.7x	9.7x
Data Processing and Outsourced Services	10,857	13.0x	15.4x	18.5x
Internet Software and Services	3,349	13.0x	14.6x	19.7x
IT Consulting and Other Services	1,549	8.1x	10.2x	11.8x
Telecommunications & wireless	83,608	8.2x	11.5x	15.2x

Note: Multiples are based on the forward year of the unreported period, this is currently FY2017.

¹ The InterFinancial ICT Index set is an unweighted index comprising ICT related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from S&P Capital IQ.

Merger & Acquisition News...

- **Wynyard Group**, the New Zealand-based crime analytics software developer, has sold its **Cognevo** business to **Telstra**.
- **HUB24**, an investment and superannuation platform provider, has executed a binding agreement to acquire 100% of **Agility Applications** \$6m made up of \$2m in cash and \$4m in **HUB24** ordinary shares representing approximately 0.74m shares.
- **BidEnergy**, the Australian-based provider of energy management platform, has acquired **RealWinWin** for an undisclosed sum. **RealWinWin**, based in Philadelphia, PA, is a specialist energy-efficiency rebate administration.
- **MSL Solutions**, the Australian technology firm has acquired **GolfBox**, a Denmark-based golf software provider. The acquisition gives **MSL** a strong foothold in the European market as it continues to expand its reach internationally.
- **Spark New Zealand** has acquired the remaining 50% of the **Connect 8** fibre construction business from its joint venture partner **Vocus Communications**. The move provides **Spark** with continued capability for its ongoing fibre replacement programme and for expansion of its Optical Transport Network. It is also supportive of **Spark's** strategy to establish a CBD owned fibre position in key markets such as Wellington and Auckland.
- **Trade Me Group**, the New-Zealand and Australia-listed ecommerce platform, has sold **Travelbug** and **BookIt**. Sale price was confidential. **Trade Me Group** has a market cap of USD 1.3bn.
- **Allscripts**, a healthcare information technology solutions company, has acquired **Core Medical Solutions**, a healthcare IT company with a strong presence in Victoria and Western Australia.
- **Over the Wire Holdings** has entered into a binding agreement to acquire all of the shares in **Telarus** on 16 January 2017 for a consideration of \$7.62m. This implies a transaction multiple of approximately 5x FY16 EBITDA prior to the realisation of any synergies. Significant synergies are expected to be realised post integration.
- **Nomura Research Institute** will acquire 100% of the issued capital of **ASG Group** following the approval of the scheme of arrangement by the Federal Court of Australia. A copy of the Court's orders have now been lodged with ASIC and the Scheme has become legally effective.
- **Cognizant** has entered into an agreement to acquire **Adaptra**, a Sydney-based consulting business transformation and IT services provider. **Adaptra** works with 5 of the top 10 insurers in Australia and New Zealand, helping them define their target business and operating models and providing platform advisory and implementation services.
- **Trustees Australia** has entered into a Heads of Agreement to acquire the issued capital of **Cashwerkz**, an innovative Australian fin-tech company. The transaction is a merger of complementary assets and skills establishing a significant new online transaction engine with fixed interest product development capability.
- **APN Outdoor Group** and **oOh!media** have entered into a Scheme Implementation Deed under which the two companies will merge via an all-scrip scheme of arrangement whereby **oOh!media** shareholders will receive 0.83 **APN Outdoor** shares for each **oOh!media** share held. The transaction will create a diversified out-of-home and digital media group in Australia and New Zealand with a pro forma market capitalisation of approximately \$1.6bn. On completion of the Transaction, existing **APN Outdoor** and **oOh!media** shareholders will own 55% and 45% respectively of the merged group.

Going Viral...

- **ELMO Talent Management**, an Australian provider of an integrated single talent management platform, has hired a financial adviser for a potential capital raising, including an IPO. The company, which is planning to expand its business into the US market over the next 12 months, is seeking to raise \$40m from equity markets.
- **Mobilicom**, the Israeli-based private mobile network solutions business, is planning to list on the ASX. It plans to raise between \$5m to \$10m. The listing will occur through the reverse takeover of **Public Holdings**. **Mobilicom** is expected to begin trading with a market capitalisation of \$40m to \$45m.
- **Marketboomer**, the Sydney-based procurement software provider, is looking to raise \$1.5m in a Series A funding. It is also considering making opportunistic acquisitions in Australia and potential joint ventures in China.
- **Deswik**, the Australian developer of mining planning software, is continuing its organic growth after having executed due diligences on various targets and amid numerous approaches from financial and strategic investors. The company, with a turnover of \$35m and an EBITDA margin of around 25%, projects to reach the \$40m turnover mark at the end of the current financial year, based on existing contracts and sales.
- **Shenzhen Aitaocity**, a Chinese cross-border electronic commerce service provider, plans to seek two funding rounds by June 2018. The first round could be conducted by September 2017. It will sell fewer than 15% of its shares in each round with a total fundraising size not exceeding USD 15m.

- **Versent**, a privately held Australian informational technology and consulting company, is considering acquisitions and is eyeing targets in Australia, US and parts of Asia. The company will assess acquiring subscription-based businesses that ideally provide Data as a Service and application programming interface development services.
- **ContentKeeper**, a privately held Australian internet security solutions provider, is willing to hear from advisors for a \$30m to \$100m growth capital raise in 2017. The company is seeking external capital, primarily for marketing and sales activities for its next growth phase. The company has had a 42% increase in revenue and 20% increase in NFAT this year.
- **Descartes Systems Group**, a Waterloo, Ontario-based logistics and supply chain technology company, could pursue more M&A opportunities following on from its acquisition of **4Solutions**, an Australian provider of cloud-based business-to-business supply chain integration solutions, in early November.
- **Tridant**, a private Melbourne, Australia-based business consulting and services provider, is well advanced in the acquisition of two domestic players. The company, which has revenues of around \$20m, is working on completing two deals that will allow it to further expand in Queensland and gain technological expertise.
- **Arria NLG**, a UK-based software developer, is planning NZD 25m New Zealand and Australian listings in March 2017.
- **Ballr**, a privately held, Singapore-based fantasy sports platform games developer, will seek to raise between USD 30m-50m in a Series B round in the next 12-20 months to fund technology development and business growth. **Ballr**, which offers a free gaming platform for fans to connect, compete and communicate during real-time sporting events, could attract potential investors from Hong Kong, the Middle East, Singapore and Australia.
- **Metronode**, an Australian data centre business, has rejected speculation that it is moving forward with plans for an IPO. The company could be valued at around \$600m.
- **Technology One** plans to pursue a secondary listing on the Nasdaq. The company's chief executive, Adrian DiMarco, said that a dual-listing would make sense for the \$1.7bn business as it plans to expand in the US.
- **EON Broadcasting** is thought to be the preferred suitor for **2CH**, the radio station asset owned by **Macquarie Media**. It is believed **EON** offered \$5.5m for the asset.

If you are interested in specific information regarding mergers and acquisitions in this sector, please contact Sharon Doyle or Hyun-ju Johnson.

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This information has been sourced from the ASX, mergermarket.com and various other public information sources. Forecasts are consensus forecasts sourced from S&P Capital IQ.

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