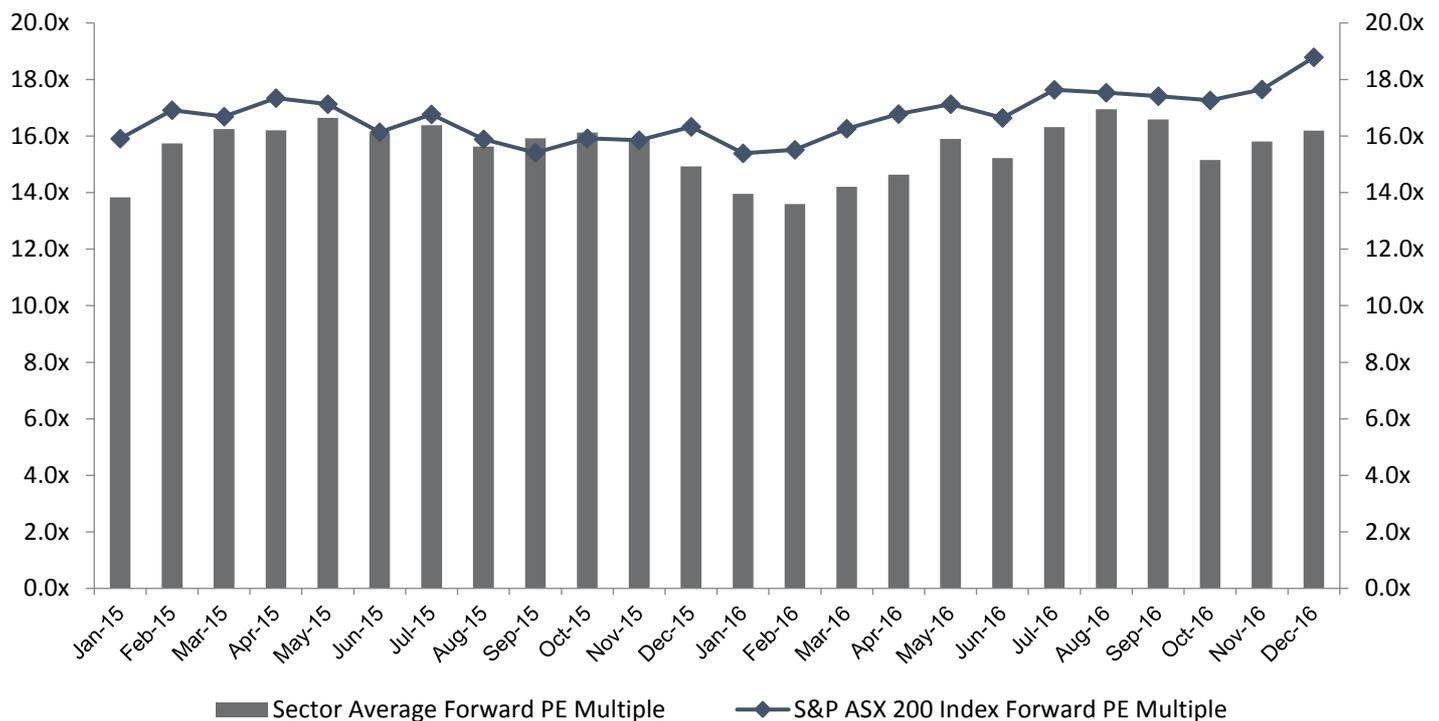


Information & Communication Technology

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.12.16)¹ Source: S&P Capital IQ

Multiples in the Information & Communication Technology (ICT) sector have slightly increased over the month. At the end of December, the ICT sector traded on a forward PE of 16.2x, compared to the ASX200 on 18.8x.



Average Values and Trading Multiples (as at 20.01.17) Source: S&P Capital IQ

Subsector	Enterprise Value	EV/EBITDA FY2017	EV/EBIT FY2017	Price / Earnings FY2017
Application Software	4,282	16.0x	19.6x	20.0x
Equipment	452	6.7x	8.4x	10.0x
Data Processing and Outsourced Services	10,939	13.3x	15.7x	19.0x
Internet Software and Services	3,430	13.2x	15.1x	20.2x
IT Consulting and Other Services	1,306	8.5x	10.7x	11.4x
Telecommunications & wireless	86,903	8.6x	11.9x	16.0x

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...

- **ASG**, an Australian IT services company, is to be acquired by **Nomura Research Institute**, a Japan-based consulting and IT solutions group, at a Scheme Consideration of \$1.63 per share. This values **ASG** at \$328.9m representing an undisturbed premium of 28.35% over the unaffected price of \$1.27, being the last closed price prior to the announcement on 23 Sep 2016.
- **360 Capital**, has settled the sale of the majority of its funds management platform and co-investments to **Centuria Capital Group** for \$290.7m.
- **iSentia**, has acquired **China Newswire**, a Shanghai-based press release aggregator and new announcement distributor. **China Newswire** has been in the press release aggregating business for more than 10 years in China and caters to 30,000 journalists, social media writers, and media outlets.
- **ALS**, an Australian testing services business, has acquired **TECAM**, a Brazilian food safety laboratory operator. **ALS** has acquired 100% of the shares in **TECAM** with part of the purchase price deferred over a two-year period contingent on the business achieving certain financial hurdles.
- **Atlassian**, an Australian provider of team collaboration and productivity software, has reached an agreement to acquire **Trello**, a New York City-based maker of an online collaboration tool, for USD 425m. The transaction, expected to close in the third quarter of fiscal 2017. **Fleep**, **10,000 ft**, **Smartsheet**, **Safetyculture** and **Culture Amp** could be potential acquisition targets for **Atlassian**.
- **REA Group** has expressed an intention to acquire a 14.7% stake in **PropTiger**, a digital real estate marketing platform in India. The stake will be acquired for a cash consideration of \$67.9m, and will be funded by existing cash reserves. **News Corp** is currently the largest shareholder of **PropTiger** and will hold a 21% investment after completion of **REA's** investment.
- **Techniche** has decided to terminate the non-binding proposal to sell its **Urgent Technology** business for a consideration of USD 8m. The counterparty, a leading provider of software and services to the retail and petroleum industries, and **Techniche** have agreed to pursue discussions regarding a strategic partnership.
- **TMX Group** has sold **Razor Risk**, the Sydney-based risk management entity, to **Parabellum**, the UK-based investment company, for an undisclosed company.
- **Cognizant** announced it has entered into an agreement to acquire **Adaptra**, a Sydney-based consulting, business transformation and IT services provider for an undisclosed consideration. The acquisition further strengthens **Cognizant's** deep insurance, business transformation and platform capabilities to help clients succeed in a technology- and data-intensive world.

Going Viral...

- **Dreamscape Network**, the Australia-based provider of domain name, hosting and online services, has engaged Evan Cross as director of acquisitions. The new role is a strategic initiative designed to accelerate the future growth of **Dreamscape Networks** by having a dedicated resource focussed solely on the analysis, negotiation and acquisition of businesses, products and technologies.
- **Genie Solutions**, an Australia-based provider of backend software for medical professionals, is now up for sale for an expected value of around \$40m. **Affinity Equity Partners** and private equity firm **Potentia** are believed to be logical buyers, with other potential acquirers including the **Accel-KKR** fund, **Partners for Growth** and **Armitage Associates**.
- The owners of **Foxtel**, the Australia-based pay TV business, could revisit plans to list the business this year. The IPO could raise between \$1.5bn and \$2bn.
- **Talkingtech**, a privately held New Zealand-based payment solutions company, has rejected approaches by North American acquirers and investors in recent months and would only engage with strategics that can assist with its EU and US expansion. The company, with revenue of NZD 10m- NZD 20m and double-digit yearly growth, is primarily focused on addressing new European geographies.
- **MSL Solutions**, the Australia-based sports club software business, is seeking acquisitions as it prepares to list on the ASX this year. **MSL** raised \$16m last year to fund the purchase of **Verteda** and **Golf Box**. Craig Kinross, **MSL's** chief executive, noted that the business plans to use its 1H17 IPO proceeds to upgrade its platform and position itself as a market leader.
- **BrainChip Holdings**, the US-based technology business with a market capitalisation of \$130m, is considering a move off of the ASX and into US capital markets.
- **Invento**, the privately held New Zealand-based technology company, is looking for partners to continue its North American, Australian and European expansion. It is also pursuing acquisitions of technology companies, particularly developers of subcomponents for its hardware to increase efficiency of its supply chain and to meet the growing demand for its payment solutions.
- **PeerEstate**, a privately held digital marketplace for real estate loans, is seeking equity-based investors to drive scale within Australia. It is planning to launch a Series A funding round during the next 12 months, at which point there will be a decision on a funding target.

- **Nuix**, the Australia-based forensic software business, is seeking a new chief executive with global experience to push ahead with the business' plan to list on the ASX. The business is expected to pursue an IPO in 2017 that could bring a new \$1bn technology business to the Australian market.
- **Optimization Group**, the privately held New Zealand-based diversified group operating in the technology integration, risk assessment and recruitment spaces, will be assessing various options over the next two years including taking investors on board and mid-term M&A, said CEO Alex Bouma.
- **ECreators**, a Melbourne-based digital learning solutions provider, would consider an opportunistic stake sale in the foreseeable future, owner and CEO Dean Saunders said.
- **Living Room of Satoshi**, a private Australian bitcoin payments company, could raise capital after 12 months to grow its bitcoin business.
- **Boardcave**, a Queensland-based online marketplace of custom surfboards, has ruled out acquisitions and has scaled back efforts to seek partnerships for its global rollout to focus on product development.
- **GroupM**, a subsidiary of UK-based advertising and public relations company **WPP**, is believed to be eyeing M&A opportunities in Asia Pacific countries.
- **Blockchain Global**, an Australia-based bitcoin mining and technology consulting services firm, has withdrawn its application for a listing on the **Australian Securities Exchange**. The company had planned to raise \$10m.

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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