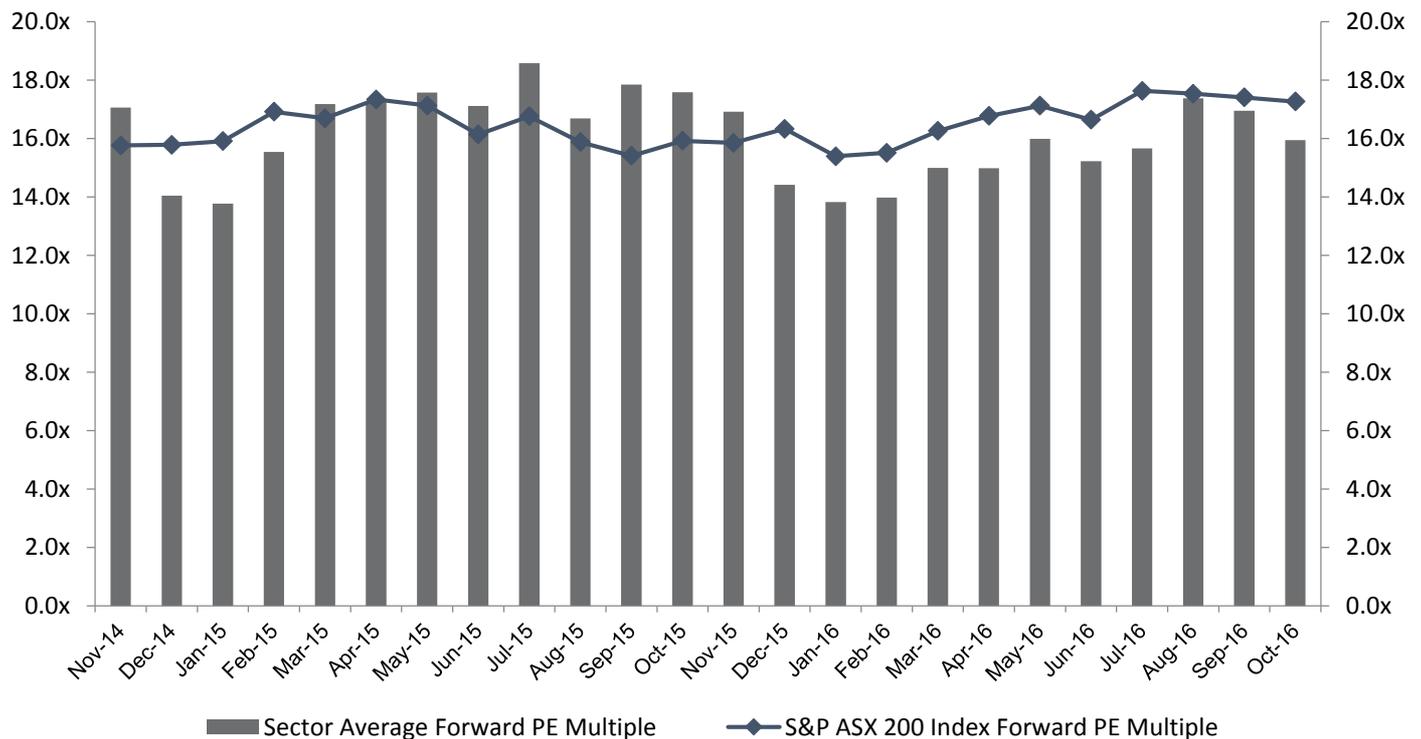


Information & Communication Technology

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 decreased over the month. At the end of October, the ICT sector traded on a forward PE of 15.9x, compared to the ASX200 on 17.3x.



Average Values and Trading Multiples (as at 22.11.16) Source: S&P Capital IQ

Subsector	Enterprise Value	EV/EBITDA FY2017	EV/EBIT FY2017	Price / Earnings FY2017
Application Software	4,494	17.2x	21.0x	21.7x
Equipment	378	5.7x	7.5x	9.4x
Data Processing and Outsourced Services	10,443	12.5x	14.8x	17.9x
Internet Software and Services	3,261	13.5x	15.8x	19.9x
IT Consulting and Other Services	1,635	7.8x	10.5x	11.4x
Telecommunications & wireless	85,524	8.8x	12.2x	16.5x

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...

- **Fonebox**, an Australian telecommunications provider, has been acquired by a US NASDAQ listed company for a reported \$30m.
- **oOh! Media** (ASX:OML) has completed its acquisition of **Executive Channel International** for \$68.5m.
- **NRMA** has invested a significant minority share in **Divvy Parking**, an app that connects commuters with under-used parking spaces.
- **Aconex's** co-founders, Leigh Jasper and Rob Phillpot, have invested in **Equiem**, the Australian software business. The raising was valued between \$10m and \$20m. The funds will be used to fund product development and expansion in the US.
- **Securatrak**, an Australian provider of GPS vehicle and fleet tracking systems, has been acquired by the Toronto-based **Fleet Complete** software development firm for an undisclosed sum.
- **IRESS**, a supplier of innovative technology solutions for clients in the financial market, has completed the acquisition of **Financial Synergy**, a provider of software to the Australian superannuation industry. **IRESS** paid \$90m to gain control of the unlisted target. The company also recently completed a share purchase plan, raising around \$15.1m.
- **Descartes Systems Group**, a provider of on-demand, software-as-a-service solutions, has acquired **4Solutions**, an Australian provider of cloud-based business-to-business supply chain integration solutions. The purchase price for the acquisition was approximately \$3.5m paid in cash.
- **Timelio**, a Fintech startup, has raised \$5m in seed funding from investors including **Thorney Investment Group**. The funding comes after **Timelio** announced growth of 30% per month.
- **Webjet**, the online travel business, has entered into an agreement to sell **Zuji** in Hong Kong and Singapore to **Uriel Aviation Holding** for \$56m, representing a \$26m gain over the purchase price of \$30m.
- **Techniche Limited** has entered into a non-binding proposal to sell its **Urgent Technology** business for a total consideration of USD 8m. the consideration would be 100% cash payable with USD 6.5m cash at closing and USD 1.5m cash paid 13 months post-closing subject to satisfaction of a range of performance and transaction-related conditions.
- **Gridstone**, the Australia-based app developer, has been acquired by **Motorola Solutions**. The deal value was undisclosed.
- **ASG Group** (ASX:ASZ) confirmed that the Federal Court ordered that a meeting of **ASG** shareholders be convened to consider and, if thought fit, approve the scheme of arrangement under which **Nomura Research Institute** will acquire 100% of shares in **ASG**. The meeting will be held on 8 December 2016.

Going Viral...

- **Covata Limited** (ASX:CVT), a data security company, is participating in a paid Proof of Concept with three UK government agencies, including the **Crown Prosecution Service**, **Her Majesty's Revenue and Customs** and the **National Crime Authority**.
- **Touchtech**, a private New Zealand mobile and web application developer, is ready to field approaches from potential buyers now that it has its Australian operations up and running.
- **Cloud Plus**, the privately held Australian IT business specialising in cloud services, is considering market entry into Hong Kong and Singapore as well as the Czech Republic to accelerate growth. The Brisbane-based company, which recorded turnover of more than \$8m last year, is eyeing the aforementioned Asian markets as they have quality data centres and also the Czech Republic because the country has a lot of skilled labour.
- **DataDot Technology**, an Australian security technology company, will consider acquisitions to fast track growth of its anti-counterfeiting business.
- **CAMMS Group**, a privately held Australian software developer, is in early-stage talks with potential investors for growth capital.
- **Codan** (ASX:CDA), the Australian radio communications, metal detection and tracking products manufacturer, is accelerating its pursuit of acquisitions in light of its improved balance sheet. The South-Australia-based \$277m market cap company is actively seeking to build scale, broaden its product range and diversify revenue by making technology acquisitions in its three core divisions.
- **Airobotics**, an Israel-based drone technology company, is actively seeking USD 50m for its Series C round of investment. The company is keen to attract Australian investors and is happy to hear from advisors who can bring investors.
- **Bio-Nexus**, a private Israel-based workflow software developer, is actively seeking USD 5m to fast-track expansion in Australia and Asia for further product development.
- **PowWow Mobile**, a mobile enterprise application maker, will seek a VC raise in six months that could top total funding raised to date. The San-Francisco based company will use the proceeds to fund buys in mobile computing and support marketing efforts with larger enterprises to tap overseas markets.
- **miiFile**, a privately held Queensland-based digital filing platform is considering a \$5m Series A fundraising as founder and sole owner, Jason Knight, is willing to sell a 20% stake to potential investors that would have long term interest in the company.

- **Beanhunter**, a privately held Australian café and coffee discovery app and review site, is ready to start engaging with strategists for its next capital raise. The company, which is about to close a second seed funding round taking capital raised in the past two years to \$1m, plans an aggressive offshore growth strategy in 2018 and will require capital to achieve this.
- **Motorola Solutions**, a US-based data communications company, is actively seeking more acquisitions in Australia and New Zealand. The company's acquisition of Melbourne-based mobility solutions developer **Grindstone** is its first in Australia and additional acquisitions are planned to accelerate growth and reinforce its position, both in Australia and New Zealand.
- **United Securities**, the Australian telecommunications provider, is attempting to be listed on the ASX. The company is seeking to raise \$7m at \$0.2 per share.
- **Lifespot Health**, an Australian developer of digital healthcare solutions, is looking to float on the ASX. The company is seeking to raise \$5m from the float. The proposed listing date is 22 December.
- **Carsales** (ASX:CAR) denied that the company is considering a takeover offer for **iCar Asia** (ASX:ICQ).
- **United Networks**, an Australian telecommunications solutions provider, is seeking to raise as much as \$7.5m in an initial public offering in Australia. The company is offering up to 37.5m shares at \$0.2 each, and the minimum subscription is to raise \$3.5m
- **Veriluma** (ASX:VRI), a prescriptive analytics software provider, is actively seeking joint venture partnerships to facilitate entry into the US, Canada and UK.
- **Valleyarm Digital**, a privately held Australia-based digital producer and distributor of music and video content, is still looking to secure an investment to grow the business internationally. The Sydney-based company has been looking to secure a minimum of \$2m, in exchange for around a 17% stake in the company for the past 13 months.

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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