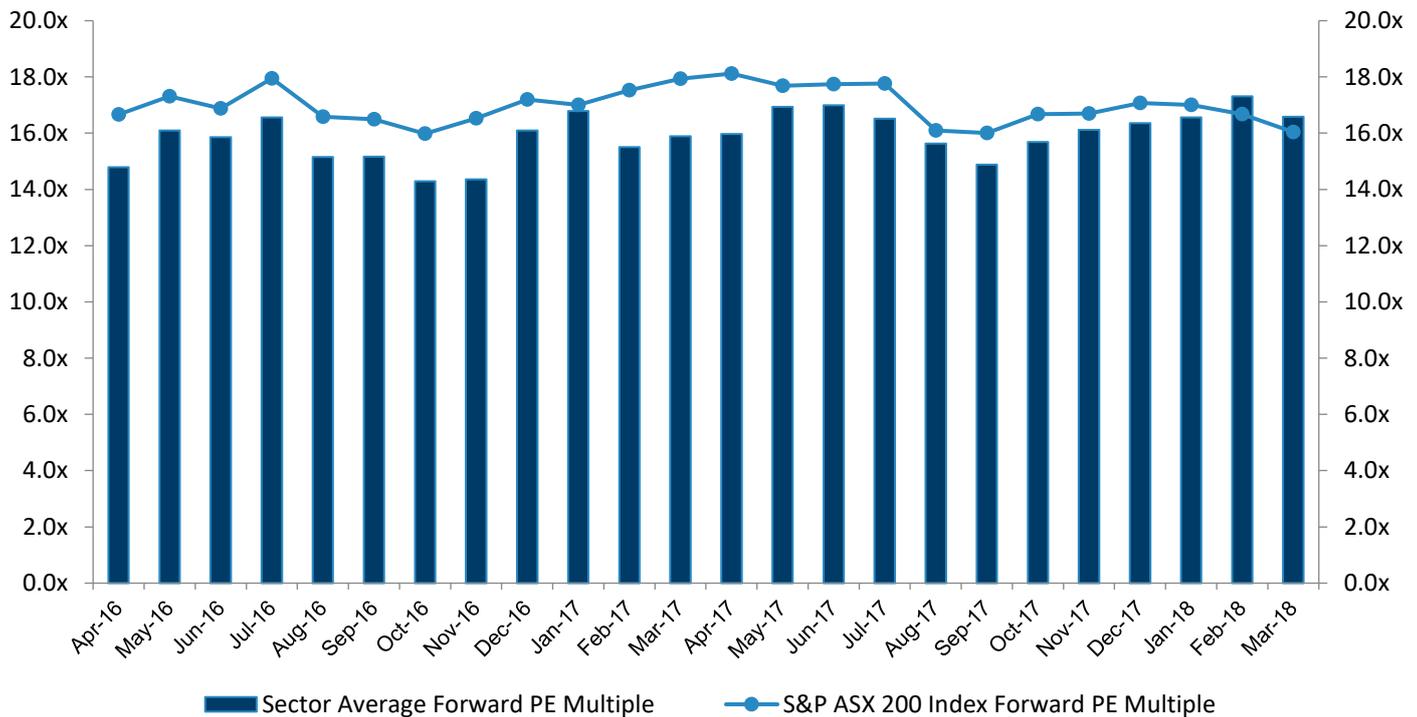


Information & Communication Technology

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.03.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Information & Communication Technology (ICT) sector decreased over the month. At the end of March, the ICT sector traded on a forward PE of 16.6x, compared to the ASX200 on 16.0x.



Average Values and Trading Multiples (as at 16.04.18) Source: FactSet Research Systems Inc.

Subsector*	Enterprise Value	EV/EBITDA FY18	EV/EBIT FY18	Price / Earnings FY18
Broadcasting	7,919	5.9x	7.3x	9.1x
Information Technology Services	26,788	10.9x	14.5x	16.3x
Internet Software/Services	10,139	11.3x	15.0x	20.4x
Packaged Software	4,549	14.3x	16.6x	21.7x

* Companies included EV > \$50m.

Emerging vs Established*	Enterprise Value	EV/Rev FY18	Rev Growth % FY+1	Rev Growth % FY+2
\$500m+ EV	31,672	7.2x	24.4%	23.1%
\$100m-\$500m EV	5,902	4.7x	24.2%	25.5%
EV below \$100m	3,290	2.1x	40.3%	32.5%

* Comparisons of emerging versus established companies in the Information Technology Services, Internet Software/Services, and Packaged Software subsectors. Does not include Broadcasting.
Note: Multiples are based on the forward year of the unreported period, this is currently FY2018. The constituents have been refreshed this month to ensure the sector groups and companies included are current.

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 FactSet Research Systems Inc.

Merger & Acquisition News...



Value: Not disclosed

ASX-listed **Seven West Media** will sell its 50% stake in **Yahoo7** to **Oath**, the media and technology brand business owned by NYSE-listed **Verizon**. **Oath** will take full control of **Yahoo7** by acquiring **SWM's** 50% stake in the business. The transaction is expected to complete by August. **Yahoo7** was founded in 2006. Today, it is a premium media and publishing company which reaches nearly half of the Australian population every month. **Yahoo7** creates websites including the **Yahoo7 homepage**, **7News**, **7Sport**, **Yahoo Finance**, as well as lifestyle and entertainment destination **Be**, and connects people through **Yahoo7 Mail**.



Value: Not disclosed

NYSE-listed **DXC Technology** has agreed to acquire **Sable37**, an Australia-based software business. The company, founded in 2004, has operations across New Zealand, Dubai, India, and the US with more than 200 workers. **Sable37** specialises in cloud-based solutions built on **Microsoft Dynamics 365**, targeting customers in retail and distribution, homebuilding, food manufacturing and government. **Sable37** will be integrated with **DXC Eclipse**, the company's **Microsoft Dynamics 365** specialist practice, along with **eBECS**, a global **Dynamics** partner that **DXC** also recently acquired.



Value: Not disclosed

Contino, a UK-based software development and IT services consultancy, has agreed to acquire Australian-based **Nebulr**. The Australian company provides IT consultancy offering cloud security, software development, and cloud migration services. **Nebulr** is a 50-person company with expertise in DevOps, cloud, big data, artificial intelligence and machine learning.

Going Viral...

- **LoanDolphin**, a Sydney, Australia-based online home loans auction platform, is currently in talks with financial companies from Canada and the UK to establish joint ventures (JVs) in those markets. The company, which offers a live bidding marketplace to connect clients to lenders and brokers, will utilize the JVs to bring its online platform to those markets.
- **CrowdfundUP**, an Australia-based real estate crowdfunding platform, is looking to make a foray in Japan and China this year to tap resources. The Perth-based company already has licenses to operate its platform in Japan and is now seeking to establish joint ventures for its entry. The company plans to open offices in Tokyo and Shanghai and believes the JVs would make it easier to introduce the platform in those markets.
- **Vonex Group**, an Australian public telecommunication service provider, is seeking to raise as much as \$7m via an IPO. The company is offering up to 35m shares at \$0.20 each, with the minimum subscription set to raise \$6m. Upon the completion of the offer, the number of total shares on issue will be 152.6m.
- **MadeComfy**, a Sydney, Australia-based short-term rental property management company, is about to close its Series A round to support its domestic growth, before seeking entry into New Zealand, the US and Europe. The company, which forecasts over \$10m in revenue in FY18, would look at sale options either through an initial public offering or a trade sale in two years' time. **MadeComfy** provides an end-to-end management service company for short-term rentals, offering listing creation, guest communication, check-in/out, housekeeping and pricing among others.
- **PowerLedger**, a privately held Perth, Australia-based peer-to-peer marketplace for renewable energy, is looking at acquiring businesses in undisclosed regions of Africa. The company is targeting engineering, procurement, and project management companies that have knowledge around energy opportunities and could use **PowerLedger's** platform.
- **Clubessential**, a Cincinnati, Ohio-based software provider for private clubs, resorts and fitness clubs, is actively seeking buys to expand its presence in existing markets and move into new geographies outside the US, and ideally in Australia or the UK. The company is looking to acquire US or international software providers with revenues between USD 5m and USD 50m, particularly those focused on mobile applications in the private club, athletic, fitness and wellness spaces.
- ASX-listed **ELMO Software** has announced a \$40m capital raise involving an institutional placement and share purchase plan. The company plans to use funds to acquire complementary businesses over the next 12-months. **ELMO** is one of Australia and New Zealand's leading providers of SaaS, cloud-based talent management software solutions.
- **Micromine**, the Australia-based software business, is seeking buyers. The company, which is currently testing market interest, could be valued at between \$50m and \$100m.
- **Data Republic**, a privately held Sydney-based data exchange technology platform, is talking with potential investors to raise between \$20m to \$30m in a Series B round to fund further growth. The company, which provides secure analytics and data exchange as a service, will use the proceeds of the capital raise to further grow the company, including entering new markets and creating products. It is looking for venture capital and strategic investors.

- **ThinkMarkets**, the Australia-based trading platform, could list on the ASX later this year. The company is hoping to raise \$5m in a pre-IPO round at a pre-money valuation of \$25m. The company's eventual IPO is anticipated to raise around \$10m and value the group at between \$50m and \$60m.
- **Asia Pacific Data Centre Group** is now free to sell its data centre portfolio at or above \$265m at any time over the next 180 days, after **NEXTDC** rejected the offer. This puts **APDC** in the position of being able to pursue a variety of options without requiring **NEXTDC** consent.
- **Cyber Research**, a private Brisbane-based cybersecurity company, has turned down buyers to pursue its own growth strategy, including overseas expansion, and build value ahead of a potential exit in three to five years.

If you are interested in specific information regarding mergers and acquisitions in this sector, please contact Sharon Doyle.

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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 FactSet Research Systems Inc.

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