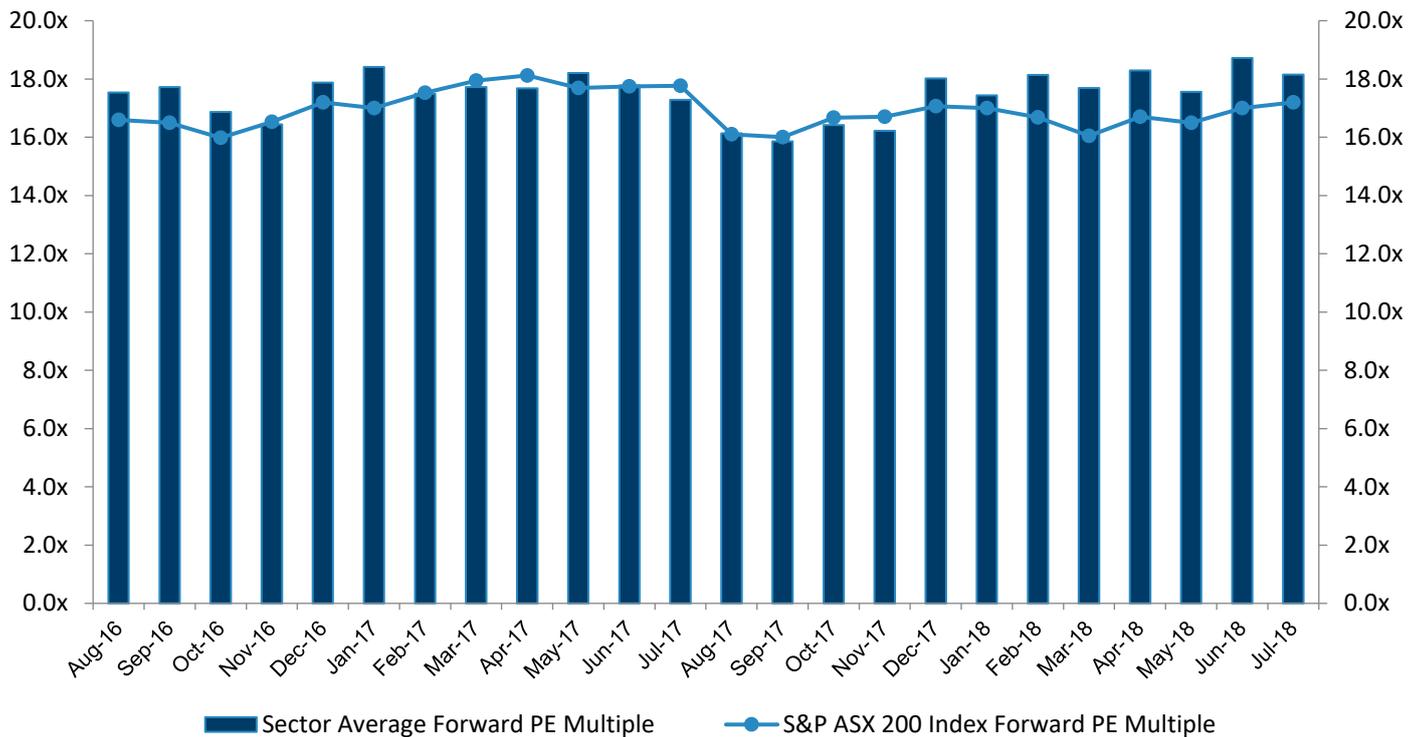


## Information & Communication Technology

### Pricing Multiples

#### Forward Price Earnings Multiples (monthly to 31.07.18)<sup>1</sup> Source: FactSet Research Systems Inc.

Multiples in the Information & Communication Technology (ICT) sector decreased over the month. At the end of July, the ICT sector traded on a forward PE of 18.1x, compared to the ASX200 on 17.2x.



#### Average Values and Trading Multiples (as at 20.08.18) Source: FactSet Research Systems Inc.

Subsector*	Enterprise Value	EV/EBITDA FY19	EV/EBIT FY19	Price / Earnings FY19
Broadcasting	9,274	6.6x	8.3x	10.9x
Information Technology Services	29,614	10.0x	12.8x	15.2x
Internet Software/Services	10,963	11.1x	13.6x	19.4x
Packaged Software	6,150	11.4x	12.6x	19.6x

\* Companies included EV > \$50m.

Emerging vs Established*	Enterprise Value	EV/Rev FY19	Rev Growth % FY+1	Rev Growth % FY+2
\$500m+ EV	37,780	10.0x	24.4%	22.6%
\$100m-\$500m EV	6,833	5.3x	24.4%	27.5%
EV below \$100m	2,927	2.8x	31.3%	36.4%

\* 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 FY2019.

<sup>1</sup> 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

The **7-Eleven Group**, which is licensed to operate and franchise **7-Eleven** stores in Australia, has acquired a majority interest in **Tipple**, the largest alcohol delivery start-up in Australia. The partnership is focused on accelerating **Tipple's** growth and expansion as a standalone business. The **7-Eleven Group** is investing in on-demand "last-mile" delivery and technological capability by acquiring a majority interest in **Tipple**. Since launching in October 2015, **Tipple** has grown rapidly to service more than 120 suburbs across Melbourne and Sydney, with more zones, cities and bottle shop partners targeted for the next 12 months in a bid to disrupt Australia's alcohol market. **Tipple** is driven by a proprietary technology platform that has been developed in-house by **Tipple's** founders and engineering team to seamlessly integrate with local bottle shops and facilitate on-demand "last-mile" delivery logistics at a national scale.



Value: 5.7m

**Inabox Group** has sold its Direct Business unit to **5G Networks** for \$5.7m. **Inabox Group Limited** provides information technology (IT), cloud, and telecommunications products and services in Australia. It operates in three segments: Direct, Indirect, and Enablement. The acquirer, **5G Networks Limited**, provides high speed network and the cloud infrastructure services in Australia. The Direct Business trades under the **Anittel** and **Hostworks** brands and employs approximately 200 staff across 12 offices around Australia. For FY2018 it generated revenues of \$45m, contributed positively at the contribution line as a business segment but overall had a negative impact on the profitability of **Inabox**.



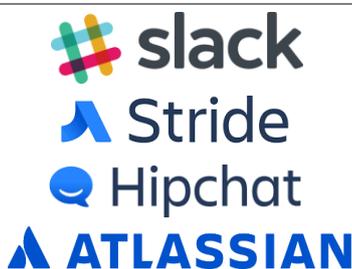
Value: Not disclosed

**BoozeBud**, the Australia-based start-up online alcohol retailer, has been acquired by **AB InBev's ZX Ventures**. **ZX Ventures** is a global disruptive growth and innovation group within **AB InBev**, the world's leading brewer. **ZX Ventures** has committed capital and resources to allow **BoozeBud** to increase its investment in its e-commerce platform, product range and logistics capabilities.



Value: USD \$70m

**Hubdoc**, the Toronto-based data capture solution provider, is to be acquired by **Xero Limited**. **Xero** will pay the acquisition price for **Hubdoc** in two stages, initially USD 60m consisting of 35% cash and 65% in **Xero** equity. A second tranche of USD 10m in equity will be issued to **Hubdoc's** shareholders in 18 months, subject to meeting agreed operational targets and conditions. **Hubdoc** is a leading data capture solution that helps accountants, bookkeepers, and small businesses to streamline administrative tasks such as financial document collection and data entry. Founded in 2011, **Hubdoc** is headquartered in Toronto, currently serving customers in the US, Canada, UK and Australia. **Hubdoc** will continue to operate on a stand-alone basis within **Xero**.



Value: Not disclosed.

**Atlassian Corporation Plc**, an Australian provider of team collaboration and productivity software has sold the intellectual property for **Stride** and **Hipchat** to **Slack Technologies**, the San Francisco-based enterprise messaging app. **Stride** and **Hipchat** were **Atlassian's** products in the real-time communications market, and both will be discontinued, ending **Atlassian's** role in the communications space. **Slack** and **Atlassian** together will be providing pathways for customers affected by this discontinuation. **Atlassian** has also made an equity investment in **Slack** to reinforce the long-term nature and significance of the partnership.



Value: \$8m + equity

**QMS Media** will sell interests in its digital technology investments in **Sportsmate**, **Gomeeki** and **Rpple** to **Place Capital**, a newly established venture capital fund that will invest in Australian technology companies. **QMS Media**, in return, will receive \$8m in cash and about a 20% stake in **Place Capital**.

## Going Viral...

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- **AgriDigital**, an Australian provider of cloud-based commodity management software for the agriculture industry, plans a Series B capital raise for 1Q19. The company's cloud-based software helps grain growers, buyers, exporters, traders, and processors manage all interactions in the supply chain. In the past year, revenues have grown by 400%.
- **Empired**, the Australian IT services provider, is eyeing acquisition opportunities to accelerate its strategy in FY20.
- **Legend Corporation**, an Australian electronics and computer manufacturer, is planning to grow through acquisitions. **Legend's** core strategy is to maintain and extend its leadership and deliver strong growth through quality, range, availability, service and innovation.
- **Digivizer**, an Australian social media analytics company, will start conversations in the next three months to raise \$5m-\$8m. The funds will be used to scale marketing, product development and overseas expansion. **Digivizer's** software allows businesses to see how their investment in social media are performing. Founded in 2010, the company had revenue of \$5.8m in 2017.
- **Freelancer**, the Australia-based global online jobs marketplace, plans to eventually list its California-based payments business **Escrow.com**. **Freelancer** is not in a rush to spin off **Escrow** due to concerns that the market for tech stocks is overheated.
- **Scrunch**, an Australian influencer marketing platform, is chasing a \$50m exit in three to five years. **Scrunch** is aiming for a 10x revenue multiple at an exit, which would likely target US buyers. Logical buyers would be social media companies or other players who finds such data valuable are potential buyers.
- **ResponSight**, the Sydney, Australia-based cybersecurity services company, will seek to raise a Series A round to fund its expansion to the US in the next 12 to 18 months. An ideal investor would be a US-based venture capital firm that with experience of investing in cybersecurity businesses can also open doors to new clients in the US.
- **intelliHR**, an Australia-based human resources (HR) management software developer, could look to acquire other HR technology targets while preparing for an offshore expansion. The \$20.92m market-cap company, which designs and develops HR management software as a service (SaaS), will look at potential targets with technology in HR or people in businesses.
- **Inference Technologies**, a US/Australia-based provider of virtual agents, is likely to be sold to a strategic buyer in around three years' time. The virtual agent market is very acquisitive, and **Inference** already had a number of buyer approaches during its recent capital raising process.
- **Delivery Hero**, the Germany-based online food-delivery service company which owns the **Foodora** brand, plans to sell its operations in Australia, The Netherlands, France and Italy.
- **NEC Australia**, the Australia-based software business, is seeking acquisitions as it has turned a profit of \$1.4m for FY17, following a loss of \$19.3m in FY16, and is seeking acquisitions. In order to maintain its positive momentum, the group will seek to expand in areas where it has traditionally accelerated.
- **Incent**, a privately held Australia-based crypto currency rewards program company, is seeking partners to enter the UK and Canada markets while it is keeping an eye out on potential acquisition opportunities. The company is planning to enter the aforementioned markets in 2019 and is interested to hear from parties that could assist it with its offshore expansion.
- **Gentrack**, the New Zealand-based software developer, has completed the retail component of its NZD 90m entitlement offer.
- **QSR International**, an Australian qualitative data analytics software company, received strategic investment from **Rubicon Technology Partners**, a private equity firm. The financing will allow QSR to extend its position in the academic and social research disciplines and accelerate its business in the commercial and public sectors.
- **Walker Capital**, an Australian investment and financial technology company (fintech), is gearing up to enter the UK and EU as it scales its platform. The company has a three to five year exit plan via IPO or trade sale but could attract buyers prior to that and would consider offers. The Sydney-based company provides a managed discretionary account (MDA) with its primary focus on rule-based trading and derivatives for private and wholesale investors, incorporated bodies and trustees including self-managed super funds.
- **archTIS**, the Australia-based cybersecurity business, plans to list on the ASX to raise a minimum of \$8m.
- **Vivid Technology**, an Australian cleantech developer of intelligent Internet of Things (IoT) industrial lighting products, is actively seeking partners, including possible joint ventures (JVs), to enter offshore markets as its growth focus moves towards international expansion. The Melbourne-headquartered \$26m market capitalisation company is seeking to enter markets in Southeast Asia. It is also seeking to enter Western Europe, particularly Spain, Germany and the UK, where it is trialling its intelligent lighting platform.
- **INX Software**, an Australian provider of health, safety and environmental (HSE) and workforce logistics software, is seeking a strategic partner to accelerate growth.
- **Culture Amp**, the Australia-based tech start-up, announced that it has raised USD 40m in a Series D funding round led by **Blackbird Ventures**. Previous investors including **Felicitis Ventures**, **Index Ventures**, **Sapphire Ventures** and **Skip Capital** are also participated. The funding will be used to continue to grow the **Culture Amp** team and invest further in its revolutionary Collective Intelligence framework - helping its customers move from collection and analysis to successful action and change.

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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