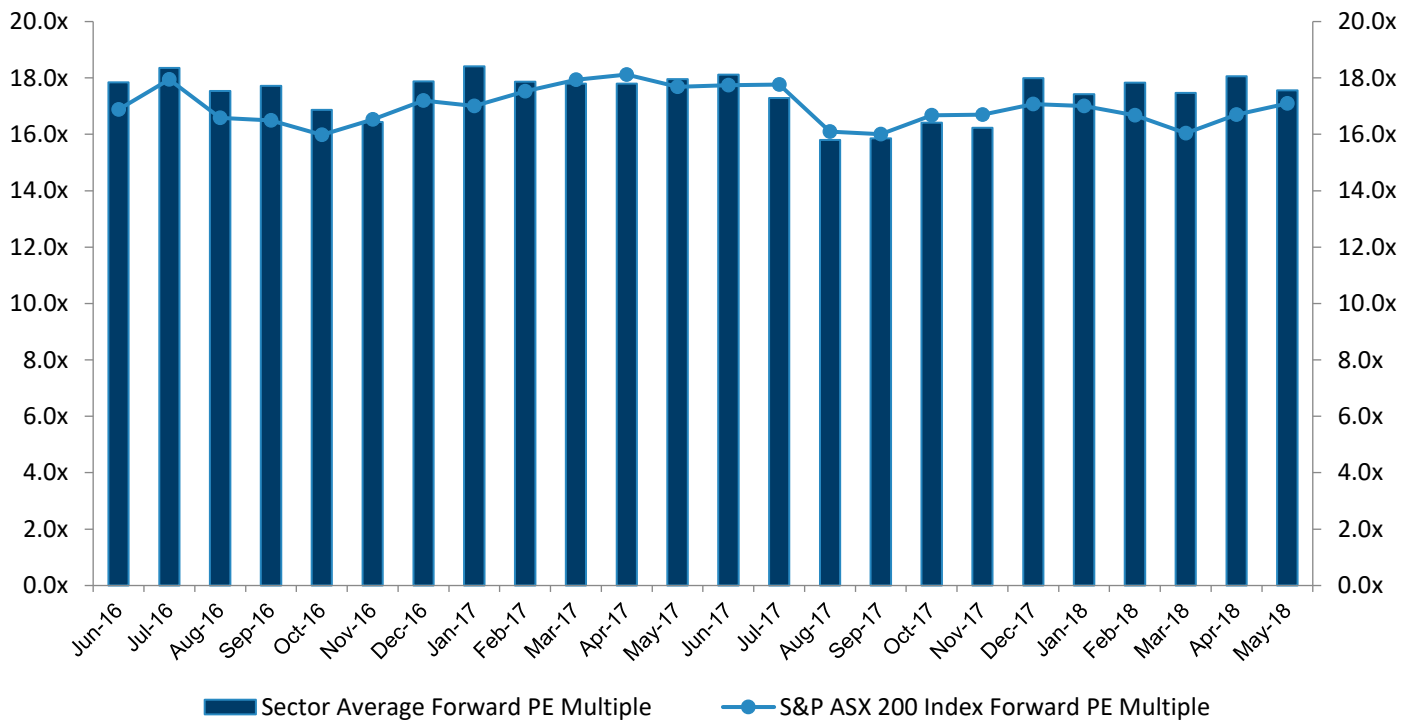


## Information & Communication Technology

### Pricing Multiples

#### Forward Price Earnings Multiples (monthly to 31.05.18)<sup>1</sup> Source: FactSet Research Systems Inc.

Multiples in the Information & Communication Technology (ICT) sector decreased over the month. At the end of May, the ICT sector traded on a forward PE of 17.6x, compared to the ASX200 on 17.1x.



#### Average Values and Trading Multiples (as at 26.05.18) Source: FactSet Research Systems Inc.

Subsector*	Enterprise Value	EV/EBITDA FY18	EV/EBIT FY18	Price / Earnings FY18
Broadcasting	8,851	7.2x	8.0x	10.2x
Information Technology Services	28,694	11.8x	16.1x	14.9x
Internet Software/Services	11,442	14.1x	18.8x	21.6x
Packaged Software	6,512	11.2x	15.9x	22.6x

\* Companies included EV > \$50m.

Emerging vs Established*	Enterprise Value	EV/Rev FY18	Rev Growth % FY+1	Rev Growth % FY+2
\$500m+ EV	36,192	9.1x	24.2%	22.5%
\$100m-\$500m EV	6,532	5.2x	25.1%	24.6%
EV below \$100m	2,957	1.4x	27.2%	19.7%

\* 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.

<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

**Reckon** has acquired **Better Clinics**, an Australia-based practice management software provider for healthcare professionals. The purchase of **Better Clinics** is part of a wider effort by the business to move its cloud platform into new markets. The business is looking for complementary acquisitions that provide features to its **Reckon One** platform. The value of the deal was not disclosed.



Value: \$30.0m

ASX-listed **DWS Ltd.** will acquire all the shares of **Projects Assured**, a Canberra-based strategic management and IT consulting business, for an initial payment of \$30m. The upfront purchase price was reportedly based on the historical EBITDA in the range of 5x to 6x. FY19 annual revenue for **Projects Assured** is forecast to be approximately \$35m to \$40m diversified across a range of clients.



Value: \$130.0m

**ZPG Plc** which owns and operates some of the UK's most trusted digital property brands including **Zoopla**, **uSwitch**, **Money**, **PrimeLocation** and **Hometrack** has confirmed that it has now completed the sale of **Hometrack Australia** to **REA Group Limited** for \$130m in cash. **Hometrack** is a provider of automated property valuations and statistical property market insights to partners including mortgage lenders, developers, investors, government agencies, housing associations and others.



Value: Not disclosed

**Agentbox**, the No.1 real estate CRM solution in Australia, joins the **Reapit Group**, the largest CRM and Property Management provider to the UK residential real estate sector, to deliver comprehensive solutions to agencies across Sales and Property Management in the Australian market. The combined company is backed by **Accel-KKR**, a technology-focused investment firm. The value of the deal was not disclosed.

## Going Viral...

- **KKR** is believed to be involved in exclusive discussions to buy **Open Office**, the Australia-based software as a service business. **Open Office** was recently put on the market and has attracted interest from private equity players around the globe.
- **Optal**, the business-to-business payments group, is marketing a stake in itself to potential buyers. **Optal** is thought to be seeking one or two investors to take the minority position in the company. **Optal**, which has business all over the world, is anticipated to be valued at a minimum of \$500m.
- **HearMeOut**, the Australian listed Israeli technological platform, could consider offers for its operations. The firm decided to terminate operations, as it concluded that its cash reserves and funds it can raise given market conditions do not seem to fall in line with the capital it requires to make its HMO business sustainable. The company had attained an \$13m valuation on its IPO in Australia in 2016.
- **Blackstone** is said to be informally testing buyer interest in Sydney and Adelaide data centres held by its Singapore-based **DCI Data Centre** company, however there are no formal sale plans. **Blackstone** is thought to be willing to expand the market-testing process into a sale should there be sufficient interest.
- **Whispir**, an Australian communications application firm, could be looking to list on the stock market in 2019. The company is seeking investors for \$10m as a potential pre-listing fundraise. **Whispir's** previous investors included **Telstra Ventures**, **NSI Ventures**, and **Telkom Indonesia's** venture capital unit.
- **ReadyTech**, the Australia-based software business, is considering a possible IPO. **Pemba Capital** owns 80% of **ReadyTech**, with the balance owned by management. The company is believed to have annual earnings of \$15m.
- **Servian**, the Sydney-based IT services business, is set to receive an investment from **Adamantem Capital**. It is believed **Adamantem** is on the verge of agreeing to a major investment in **Servian** and would own the group alongside its management, taking a partner approach to the investment. A deal has not yet been signed. **Servian**, founded in 2007, has 270 employees at offices in Sydney, Melbourne, Brisbane, and Adelaide.
- **PictureWealth**, a private Perth-based integrated technology and financial advisory company, is actively seeking acquisitions Australia-wide to grow its customer base and scale its offering. The company is looking to acquire financial services companies or planners with solid client bases, strong management teams, industry-specific expertise, global vision and proven execution.

- ASX-listed **iSelect** has confirmed that it has recently received several unsolicited and non-binding proposals from both listed and unlisted groups related to mergers and change of control transactions.
- **AC3**, a privately-owned Australian managed services provider, is keeping an eye out for other acquisitions, following its \$24.7m acquisition of Sydney-headquartered cloud services business **Bulletproof Networks** this February. Sydney-based **AC3** is keen on complementary acquisitions that can add to its current offerings.
- **Frugl**, the Australia-based price comparison tool, plans to list on the ASX later this year. The group is raising seed capital to enhance its user interface and incorporate new features as it prepares for an ASX listing by early September.

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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