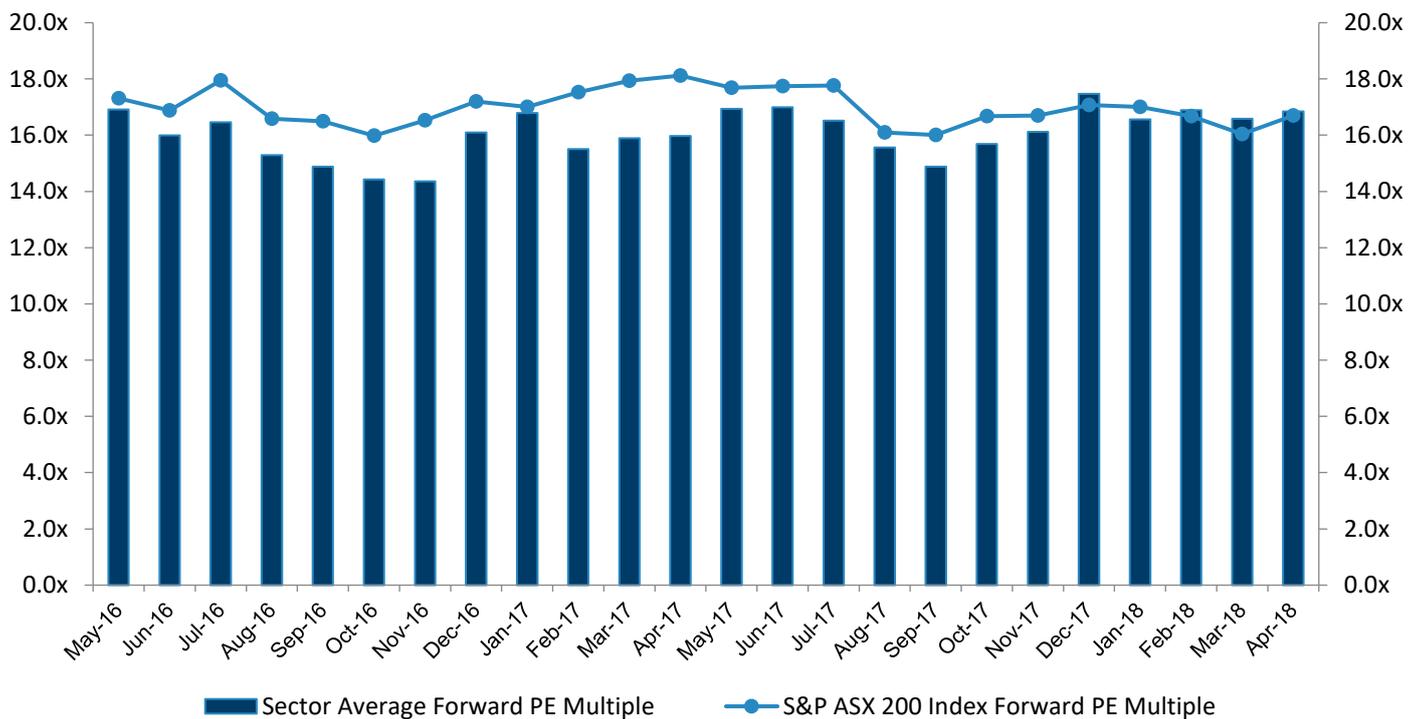


Information & Communication Technology

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.04.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Information & Communication Technology (ICT) sector increased over the month. At the end of April, the ICT sector traded on a forward PE of 16.8x, compared to the ASX200 on 16.7x.



Average Values and Trading Multiples (as at 21.05.18) Source: FactSet Research Systems Inc.

Subsector*	Enterprise Value	EV/EBITDA FY18	EV/EBIT FY18	Price / Earnings FY18
Broadcasting	8,430	6.8x	7.7x	9.6x
Information Technology Services	27,739	11.3x	15.1x	15.4x
Internet Software/Services	10,903	12.3x	16.4x	22.4x
Packaged Software	5,847	14.6x	16.9x	23.4x

* Companies included EV > \$50m.

Emerging vs Established*	Enterprise Value	EV/Rev FY18	Rev Growth % FY+1	Rev Growth % FY+2
\$500m+ EV	34,092	8.4x	25.0%	24.0%
\$100m-\$500m EV	6,086	4.8x	24.3%	26.1%
EV below \$100m	3,141	2.1x	37.3%	32.3%

* 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

Zeetings, the Australia-based interactive presentation software business, has been acquired by **Canva**, the Australia-based design technology business. The acquisition will mean **Canva** will expand further into the presentations space, as **Zeetings** offers an interaction-focused PowerPoint-like presentation software that allows viewers to interact and provide feedback on presentations via their smartphones. The value of the deal was not disclosed.



Value: ~\$17.0m

Beautiful China Holdings, an application software developer, announced that it has signed an agreement to sell a 51% stake in **Crown World Holdings** to a wholly-owned subsidiary of ASX-listed **Integrated Green Energy Solutions**, called **IGE**, for approximately \$17m. Upon completion of the joint venture, **Beautiful China** and **IGE** will hold 49 and 51 shares in **Crown World**, representing 49% and 51% of the issued share capital of Crown World, respectively.



Value: \$2.9m plus earn-out up to \$4.6m

ASX-listed **WiseTech Global** has acquired **Ulukom**, a logistics and customs solutions provider in Turkey. **Ulukom** offers a range of logistics, freight forwarding and warehouse solutions. The value of the deal was reported as \$2.9m upfront, with a further multi-year earn-out potential of up to \$4.6m related to integration, product development, customer conversion and revenue growth.

Going Viral...

- ASX-listed **Covata**, a Sydney-headquartered data security technology company, is looking to move on from small bolt-on acquisitions to larger deals to quickly build up its technology capability and customer base. The company, which develops software for data security, is prepared to entertain approaches from potential targets that have a complementary business.
- Vonex**, the soon-to-be-listed Australian telecom, is likely to spin off its social media platform app **Oper8tor** within two years. **Oper8tor** will allow users to connect to any social media friend via messaging and calls, regardless of whether the contacts are using different applications. The user will be able to connect its contacts from services such as **Skype**, **Facebook Messenger**, **WeChat**, **WhatsApp**, **Viber** and **Google Hangouts** into one single conversation.
- ASX-listed **Novatti**, an Australian payments solutions provider, is looking to buy a remittance company in Australia or overseas in order to expand its customer base. **Novatti** is not only looking at remittance companies – it also wants to grow in payments and billing.
- Kinetic IT**, the Australia-based IT services business, is said to be testing buyer interest. The company could be valued at up to \$400m.
- MOVUS**, a Brisbane, Australia-based developer of sensors to connect industrial machinery to the internet, is planning to enter the US to tap a larger market by 2H18. The company, which develops Internet of Things (IoT) and Artificial Intelligence (AI)-powered sensors to monitor industrial machinery, is talking to advisory firms from the US and the UK that could assist its entry into the US and expects to hire one of them soon.
- ASX-listed **Vocus Group Limited** has concluded the sale process for **Vocus NZ**. **Vocus** has ceased all discussions with interested parties in the sale process.
- Asia Pacific Data Centres** has received a non-binding, conditional, indicative proposal from **NEXTDC** to purchase all of the **APDC** securities it does not already own for \$2.00 per security, equivalent to a portfolio price of approximately \$258m.
- Raiz Invest**, formerly known as **Acorns Grow Australia**, is planning for a proposed \$15.1m initial public offering. **Raiz** automatically invests your spare change, with the investment platform enabling commission free investing, and portfolio management. The company will sell 8.4m new shares at \$1.80 apiece. A successful listing would give the company a market capitalization of \$119.2m. The company had a loss of \$2m in 1H18 on revenue of \$1.04m.
- Polus**, the Switzerland-based cyber-intelligence business, is considering an ASX listing this year. The company wants to raise \$6m in a pre-IPO round that could value the business at up to \$50m. **Polus** anticipates this year's revenue of \$7.5m which is forecast to grow to \$15m next year, with earnings of \$5.5m.
- ASX-listed **OtherLevels**, a California-based digital messaging company, will consider acquisitions that can accelerate growth now that it is cash flow positive. The \$15m-market capitalisation company, which also has offices in Melbourne and London, listed on the ASX in 2015, with a primary goal to become cash flow positive, and is now ready to scale.
- ASX-listed **Seek International** has raised its stake in **BdJobs.com**, a Bangladesh-based operator of career management site, to 35% from 25% after purchasing additional shares for \$5.9m from local investors.
- Integrated Portfolio Solutions (IPS)**, the Australia-based administration platform, has been approached by potential buyers in the past, but it may seek an acquisition opportunity on its own. **IPS** could be a potential IPO candidate, however no float is imminent.

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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