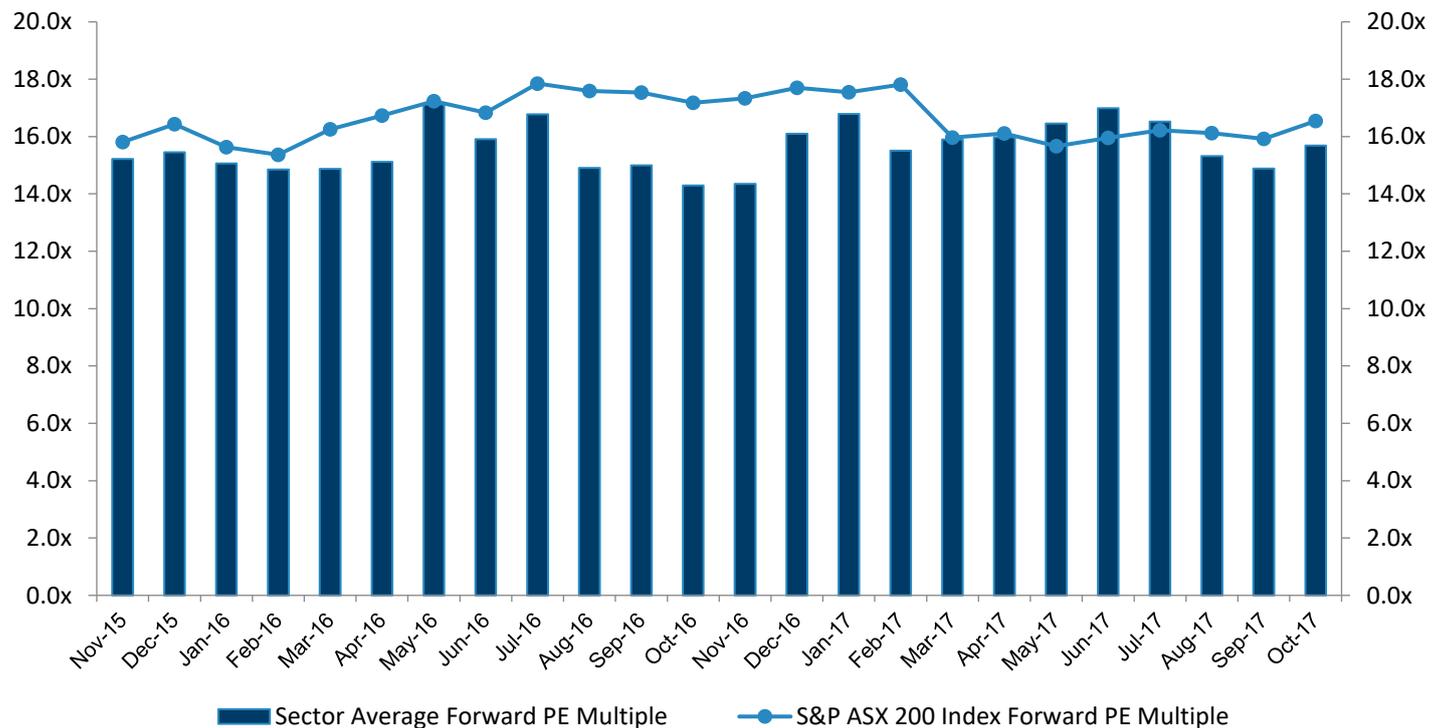


Information & Communication Technology

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.10.17)¹ Source: FactSet Research Systems Inc.

Multiples in the Information & Communication Technology (ICT) sector have increased over the month. At the end of October, the ICT sector traded on a forward PE of 15.7x, compared to the ASX200 on 16.5x.



Average Values and Trading Multiples (as at 23.11.17) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Broadcasting	7,537	5.8x	7.2x	9.5x
Information Technology Services	20,673	10.8x	12.4x	16.7x
Internet Software/Services	9,971	9.3x	11.2x	16.0x
Packaged Software	1,811	12.3x	17.2x	19.8x

Enterprise Value	EV	EV/Rev FY18	Rev Growth % FY+1	Rev Growth % FY+2
\$500m+ EV	19,834	7.1x	55.7%	22.3%
\$100m-\$500m EV	5,103	3.4x	23.5%	18.8%
EV below \$100m	2,524	2.0x	1796.4%	45.1%

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: \$15.6m

Over the Wire Holdings, an ASX-listed telecommunications, cloud and information technology solutions provider, has entered into a binding agreement to acquire all shares in **VPN Solutions**, an Australian telecommunications solutions provider. The upfront consideration of \$15.6m comprises \$14.8 in cash plus \$0.78m in shares. The cash component will be funded from cash reserves and a debt facility. VPN Solutions reported revenue of \$11.9m and EBITDA of \$3.1m for the 12-month period to 30 September 2017. This deal implies a 5x EV / EBITDA.



Value: ~\$15m

ASX-listed **Family Zone Cyber Safety** will acquire 100% of the shares of **Linewize Services** and **Linewize Limited**. **Linewize** is the leading provider of cyber security and safety services in New Zealand. Consideration consists of NZD 0.2m in cash, the issue of 9.5m ordinary shares in **Family Zone Cyber Safety** plus 9.5m performance shares with aggressive growth hurdles at completion.



Value: \$50m

MTData, an Australian based GPS and transport technology company, has been acquired by **Telstra** for \$50m. **Telstra** will bolster their Internet of Things (IoT) ecosystem with the acquisition. **MTData** specialises in providing fleet management solutions for customers in Australia and globally. The acquisition will form a key pillar of **Telstra's** Connected Vehicle offering delivered in the IoT footprint on their mobile network.



Value: \$10m

ELMO Software, an Australian-based human resources software business, has acquired two complementary HR software solutions, **PeoplePulse** and **LiveSalary**, for a combined \$10m. The \$10m purchase price equates to an EV / FY17 revenue of 2.4x. The acquisition gives **ELMO** significant scope to sell new modules to their existing customer base and cross-sell their existing modules to the acquired customer base.



Value: \$180m

ASX-listed accounting software company, **MYOB**, has acquired **Reckon Accountants Practice Management Business** from **Reckon** for \$180m. **Reckon's Accountant Group** provides practice software solutions to more than 3,000 accounting practices in Australia and New Zealand through three product lines; **Reckon APS**, **Reckon Elite** and **Reckon Docs**. The acquisition enables **MYOB** to accelerate the development of its online practice suite to bring all **MYOB** advisers online faster and provide an online migration path for **Reckon's Accountant Group** clients. The deal was valued at 5.6x revenue for year ending FY16.



Value: Unknown

Ausgrid, an Australia-based company engaged in the distribution of electricity, has agreed to acquire **Active Stream**, an Australia-based provider of digital metering services from **AGL Energy**, the listed Australia-based integrated renewable energy company, for an undisclosed consideration. The acquisition provides **Ausgrid** with a solid platform to grow its digital meter footprint.

Going Viral...

- ASX-listed **Vocus Group** is targeting the sale of **Vocus New Zealand** by the end of 2018. **Vocus** announced a review of non-core Australian assets for potential divestment options and has now determined that the **Vocus New Zealand** business will be prepared for sale. The company is also looking to sell its Australian Data Centre assets.
- **Deswik**, the privately held Australian developer of mining planning software, is expecting an offer in the next three months from a US-based private equity firm which is currently executing due diligence on the company. The company had \$35m turnover and \$9m profit in FY17. It expects \$40m turnover for FY18.
- **Hexagon Mining**, an Arizona based information technology and mining software group, is seeking acquisitions in Australia. Hexagon already has a presence in Western Australia from previous acquisitions of **MineSight** and **MiPlan**.
- **Partners Group** and **Equinix** are both considering offers for **Metronode**, an Australian-based data centre business currently owned by the **Ontario Teachers' Pension Plan**.
- A 51% stake in the non-wireless assets of Indian telecommunications company **Reliance Communications (RCom)** has attracted interest from a total of 12 suitors based in India and abroad. Potential suitors include; **TPG Capital**, **Carlyle Group**, **Bharti Airtel**, and **KKR**. The stake of **RCom's** non-wireless assets has been valued at \$1.43bn.
- **FileInvite**, a privately held Auckland-based file transferring platform, is raising capital ahead of its series A capital raise in 18 months. The company is currently seeking less than NZD 1m to fund marketing activities as well as further technological development. **FileInvite** has customers in Australia, the US, Canada and New Zealand.
- **Trade Ledger**, an Australian based financial analysis technology platform plans to launch a Series A growth capital round of between \$3-5m in mid-2018. The capital raised would be used for marketing activities and building **Trade Ledger's** technology team. The company is seeking strategic investors such as finance companies or high-growth technology companies.
- **Liven**, an Australian restaurant rewards mobile app, is looking to raise \$50m to expand into new markets. The company is considering raising the capital as a mix of equity and debt, of which equity investors in the US and UK are of interest. The capital raise is needed to fund **Liven's** aggressive growth strategy into seven or eight new cities.
- **Whitehawk**, a US-based cyber-security business, is planning to issue 20m shares at \$0.20 per share to list on the ASX. The IPO will raise a minimum of \$4m. The offer is slated for opening on 15 November until 5 December.
- **CommsChoice Group**, an Australia-based provider of optimal ICT solution services, is seeking to raise \$7.5m in an initial public offering. A successful deal would give the company a market capitalisation of \$33.8m for the scheduled mid-December listing on the Australian Securities Exchange.
- **PeoplesHR**, a developer of cloud-based human capital management software, is seeking to raise \$15m in an initial public offering. The indicative market capitalization, upon the completion of the offer, will be \$36.5m at the maximum subscription.
- ASX- and NZX-listed **Vista Group International**, a New Zealand cinema and film software company, is in talks with three software businesses in the film industry for potential acquisitions. The Auckland-based business is in early stage discussions to acquire two businesses in the US for between NZD 50m and NZD 100m each, and one in Europe under NZD 5m.

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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