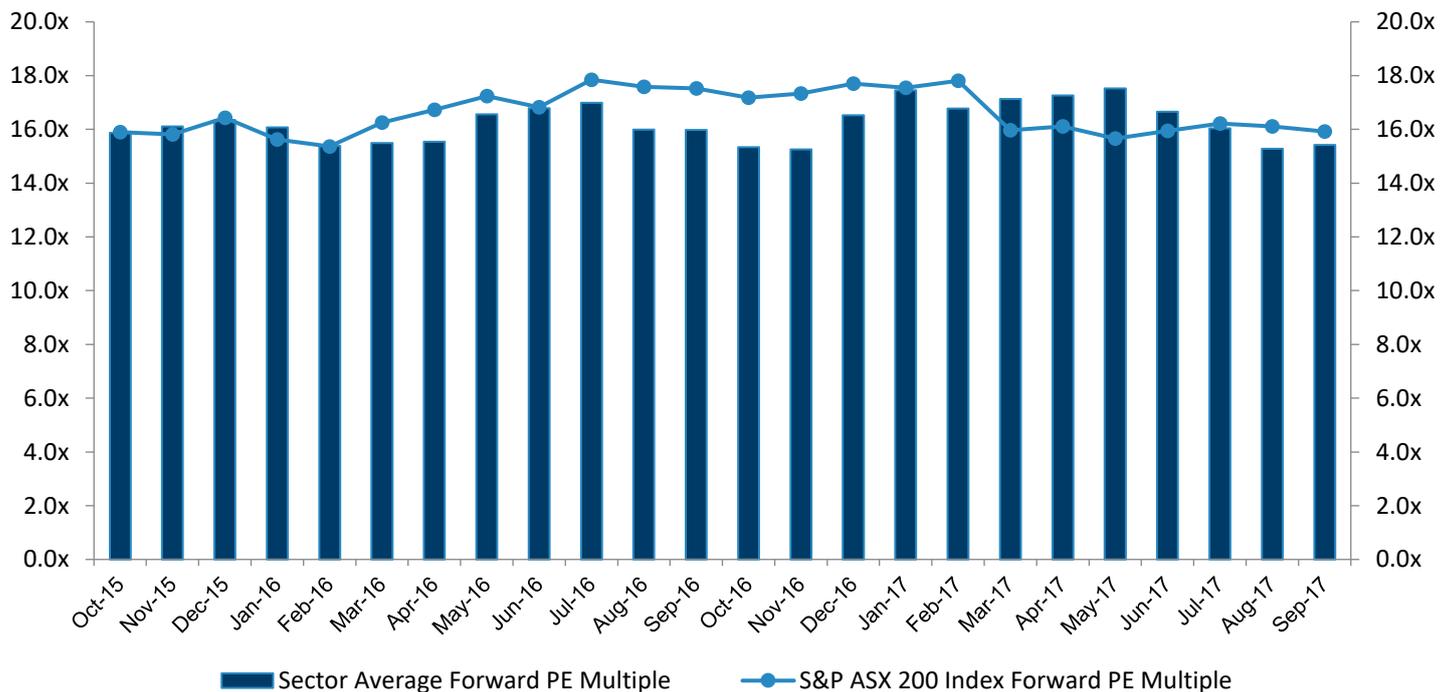


Information & Communication Technology

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.09.17)¹ Source: FactSet Research Systems Inc.

Multiples in the Information & Communication Technology (ICT) sector have increased over the month. At the end of September, the ICT sector traded on a forward PE of 15.4x, compared to the ASX200 on 15.9x.



Average Values and Trading Multiples (as at 20.09.17) Source: FactSet Research Systems Inc.

| Subsector | Enterprise Value | EV/EBITDA FY2018 | EV/EBIT FY2018 | Price / Earnings FY2018 |
|---------------------------------|------------------|------------------|----------------|-------------------------|
| Broadcasting | 8,640 | 6.5x | 8.2x | 10.0x |
| Information Technology Services | 19,382 | 10.4x | 12.1x | 16.4x |
| Internet Software/Services | 10,189 | 10.2x | 12.1x | 15.6x |
| Packaged Software | 1,849 | 11.5x | 15.8x | 18.4x |

| Enterprise Value | EV | EV/Rev FY18 | Rev Growth % FY+1 | Rev Growth % FY+2 |
|------------------|--------|-------------|-------------------|-------------------|
| \$500m+ EV | 19,091 | 6.6x | 55.4% | 21.9% |
| \$100m-\$500m EV | 5,015 | 3.4x | 26.3% | 17.4% |
| EV below \$100m | 2,544 | 1.9x | 1988.3% | 57.9% |

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...

VERILUMA



Value: \$12.4m

Veriluma, the ASX-listed Artificial Intelligence company has signed a conditional legally binding term sheet to acquire 100% of the issued capital and options on issue in Australia-based **Concept Safety Systems (CSS)**. Acquisition of **CSS** will bring complementary emergency, safety and compliance technology to **Veriluma's** prescriptive analytics software. Consideration of \$12.4m will comprise \$3.1m in cash and \$9.3m in new **Veriluma** shares, subject to many conditions precedent and shareholder approval.



Value: Unknown

TEG, the Australian ticketing and data analytics business, and **YongLe**, the China-based live entertainment and ticketing business, have formed a joint venture. The new JV will be named **YunTek** and will be an entertainment and cloud-based ticketing platform in China. **TEG** will own a large minority stake holding in **YunTek**, which is anticipated to launch in 2018. Owned by **Affinity Equity Partners**, **TEG** is estimated to have an approximate value over \$1.0bn.



Value: Unknown

Australian communications and networking distributor **Madison Technologies** has acquired Victoria-based IoT manufacturer and distributor **Shepelec Instrumentation** for an undisclosed sum. The acquisition forms part of **Madison Technologies'** plan to move into the development of IoT technologies, with the business and assets purchase including **Shepelec's** flagship industrial IoT product, the **MultiPar Multi-IO** Device. The **MultiPar** product is a cloud-based data logging platform that measures analogue, digital and serial devices and transmits data over a cellular network.



Value: Unknown

REALas, the tech startup, has been acquired by **Australia and New Zealand Banking Group (ANZ)**. **REALas** has built an app to let home buyers search for accurate price predictions for properties available for sale which **ANZ** saw value in offering customers access to accurate price predictions when buying real estate. The deal value is unknown, but is thought to be in the low millions.



Riverside



Value: Unknown

The Riverside Company, the Australia-based private equity group, has secured a controlling stake in **Energy Exemplar**, the Adelaide, Australia-based business developing software for the energy sector. The company's software product, **PLEXOS**, runs complex market modelling simulations for industry players in the electricity, water, gas and renewables sectors. While the fast-growing company is based in Adelaide, it is understood only 5 per cent of revenues are generated in Australia, with the rest spread across 47 countries.



Value: Unknown

Zuuse and **Progressclaim** have announced the successful merger of both businesses. **Progressclaim** is a cloud collaboration platform managing the entire construction project progress claim, assessment and approval process. **Zuuse** provide 3D BIM (Building Information Modelling) and digital asset management software to transform the way assets are traditionally built and managed across the full asset lifecycle. Jason Lilienstein, CEO of the combined business, believes that there is inefficiency in the AECO (Architecture-Engineering-Construction-Operations) sector and after the merger, now have a strong software platform for construction and building operations globally.

Going Viral...

- **OrionVM**, a privately held Australian provider of cloud infrastructure platforms, is looking to raise \$5m to fund its next growth phase. The company is interested to hear from potential investors, especially those with experience in the technology sector and that could add some sort of strategic value.
- **CaroMel**, an Australian digital agritech marketplace, plans to list on the Australian Securities Exchange in November 2018 to raise funds for rapid global expansion. The company plans to raise some \$40m by floating around a 40% stake through the initial public offering, aiming for an expected market capitalization of around \$100m. Proceeds would be used to open offices in offshore markets.
- **Ecash**, a privately held Australian payment solutions company for the gaming and retail industries, announced it would welcome approaches from and entertain discussions with strategic entities on M&A opportunities, establishing joint ventures or taking investors on board. An injection of capital would be beneficial to assist in scaling the business.
- **Sky and Space Global**, the Australian and UK nano-satellite deployer, is currently engaged in discussions with potential strategic investors from the telco and satellite industry. The company – with a market cap of \$104m – recently demonstrated successful ongoing operation of its **3 Diamonds** nano-satellites.
- **Terem Technologies**, a privately held Sydney, Australia-based software developer, is in acquisition mode and looking at an Australian target. The company looks to acquire a 20-employee company with a turnover of around \$2m-\$5m. Potential targets include direct competitors as well as product development firms, strategy firms close to the digital/innovation space, and user experience firms.
- **CAMMS Group**, a privately held Sydney, Australia-based software developer is scouting for performance management software acquisitions. The company, which has revenue of around \$14m, is actively seeking to acquire companies in a similar business line that provides business intelligence, enterprise performance and corporate performance management software and services, including risk management solutions.
- **Equinix**, **Warburg Pincus**, and Singapore's **ST Telemedia** has expressed interest in buying **Metronode**, the Australia-based data centre business. **Metronode**, owned by **Ontario Teachers' Pension Plan**, could be worth \$1bn.
- **Kyckr**, the ASX listed Australia-based regulatory technology company, could enter into joint ventures (JVs) to scale, said Managing Director David Cassidy. **Kyckr** is keen to hear from potential commercial or JV partners, said the MD, stating that the structure will be clearer in two to three months.
- **OneFitStop**, a privately owned Australian provider of business software for the fitness sector, will consider a sale in two to four years' time. A potential future acquirer could be a direct competitor, a private equity firm, or a buyer from the payments industry.
- **Wesfarmers** is one of the parties interested in **Jaybro**, the Sydney-based supplier of road safety signs, barriers, and building equipment, competing against local private equity firms. The company, founded in 1996, has an EBITDA of \$20m+ on revenue of about \$100m.
- **Digital Shadows**, a cybersecurity company based in the UK and San Francisco, will look to grow through international expansion and possibly acquisitions, despite receiving interest from suitors. **Digital Shadows** is particularly interested in countries such as Australia, Japan, Singapore and Hong Kong after its recent US\$26m raise announced in September.
- **LifeWorks**, an Atlanta, Georgia-based provider of a mobile employee engagement platform (EEP), is looking to make at least two acquisitions in 2018 as part of its growth strategy. More specifically, **LifeWorks** is interested in start-ups or larger businesses that generate up to US\$50m in revenue in Europe, Asia and Australia.

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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