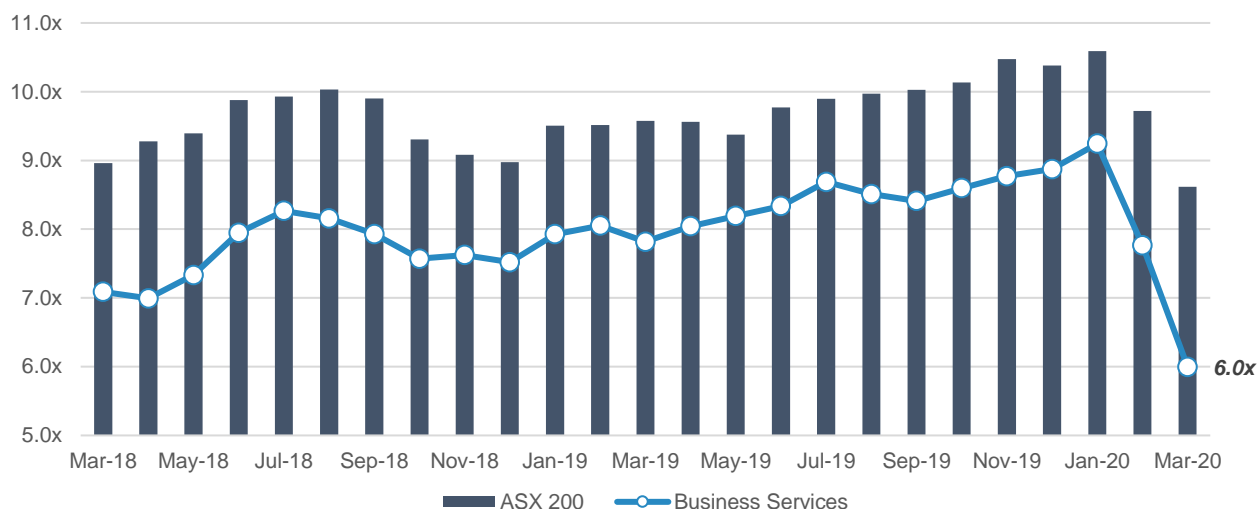


VALUATION MULTIPLES

Forward EV / EBITDA Multiples (monthly to 31/3/2020) Source: FactSet Research Systems Inc.

Multiples in the Business Services sector have decreased over the period. At the end of March, the sector traded on a forward EV / EBITDA multiple of 6.0x, compared to the ASX200 on 8.6x.



Average Values and Trading Multiples (values as at 20/04/2020) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2020	EV/EBIT FY2020	Price / Earnings FY2020
Business and Technical Consulting	7,079	6.0x	7.5x	10.2x
Business Process Outsourcing	14,172	7.6x	10.3x	11.2x
Education	5,737	15.3x	NA	23.5x
Transportation, Logistics & Distribution	51,130	7.9x	NA	17.7x
Business Services	78,849	8.2x	NA	14.1x

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2020. Difference in forward EV/EBITDA multiples between Figure and Table are representative of the timing difference between month-end result, and current day result. Composition of companies in Sector Dashboards are updated every 6 months. Most recent update: February 2020.

¹ The InterFinancial Business Services Index set is an unweighted index comprising Business Services sector related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from FactSet Research Systems Inc.

SERVING UP SOME SUPPOSITION...

- **Virgin Australia** has entered voluntary administration.
- **TSA Group**, a leading Australian business process outsourcing (BPO) company, could participate in the upcoming sector consolidation if the right opportunity arises. The Perth-headquartered company, which provides a range of services including inbound and outbound call centre support, telemarketing, tele-sales and customer care, is receptive to consolidation opportunities and would seriously consider the right ones as it expects further M&A activities in the sector post COVID-19.
- **Japan Post** are considering options for **Toll Holdings**, an Australian logistics business. Analyst believe that Toll is now likely worth around half of Japan Post's 2015 purchase price of AUD 8bn. Listing Toll on the ASX could be an option, but that may not be palatable for Japan Post. Paul Little, the founder of Toll Holdings, may be interested in buying back the business.
- **Invocare**, the global company operating funeral homes, cemeteries & crematoria around Australia, New Zealand & Singapore has increased the size of its institutional placement from AUD 150m to AUD 200m.
- Australian market research company **TKW Research** could consider an outright sale as a preferred exit route while still looking to grow the business potentially via bolt-on acquisitions. The Melbourne-based company, which collects data for market research and stakeholder consultation via telephone, online and face-to-face surveys, was approached by several suitors over the past few years but none were able to present an acceptable offer.
- NZX-listed **Evolve Education Group**, the New Zealand-based childcare operator, has announced the termination of the acquisition of five childcare centres in the Australian Capital Territory for AUD 12m.
- **Affordable Staff**, an Australian business process outsourcing (BPO) company, is looking to make an overseas acquisition in 2021 to diversify its geographic presence. The Queensland-headquartered company, which operates an office of over 200 employees in the Philippines city of Bacolod, now has many of them working from home instead of the office as the country under lockdown due to the coronavirus pandemic.
- **Sydney Airport**, an Australia-based airport owner, and **Transurban**, an Australian toll road owner, are considered likely to raise equity. Sydney Airport and Transurban could follow **Auckland International Airport**, which surprised the market with an NZD 1.2bn equity raising.
- **CDM Direct**, an Australian business process outsourcing (BPO) company, is evaluating potential acquisition opportunities worth up to AUD 20m as some of its peers might have been impacted by the novel coronavirus. The Melbourne-headquartered company, which provides outsourced contact center services among a suite of services to corporate clients, has in-house capabilities to conduct the search and has made a list of about 100 Australian BPO companies to assess opportunities recently.
- **IDP Education**, an Australia-based international student placement and English language testing services provider, has increased the size of its equity raise by AUD 50m. IDP Education's book was well covered and as a result the size of its placement was increased to AUD 225m at a fixed price of AUD 10.65.
- **Downer** is increasingly expected to sell **Spotless Laundries** at a discounted price. The field of buyers for Spotless Laundries is believed to be narrowing and suitors are thought to be looking at how much they could pay for the asset without using any debt. The deal would normally be financed with mix of cash and debt, but debt is likely to be hard to come by in the current environment.
- **Sureway Employment and Training (Sureway)**, a privately held Australia-based employment and training services provider, could acquire local peers to expand after receiving significant investment from local private equity (PE) firm **Anacacia Capital**. The Wagga Wagga-headquartered company, which delivers employment services on behalf of the Federal Government and training on behalf of various State Governments, announced it sold a majority stake in the company to Anacacia for an undisclosed amount.

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