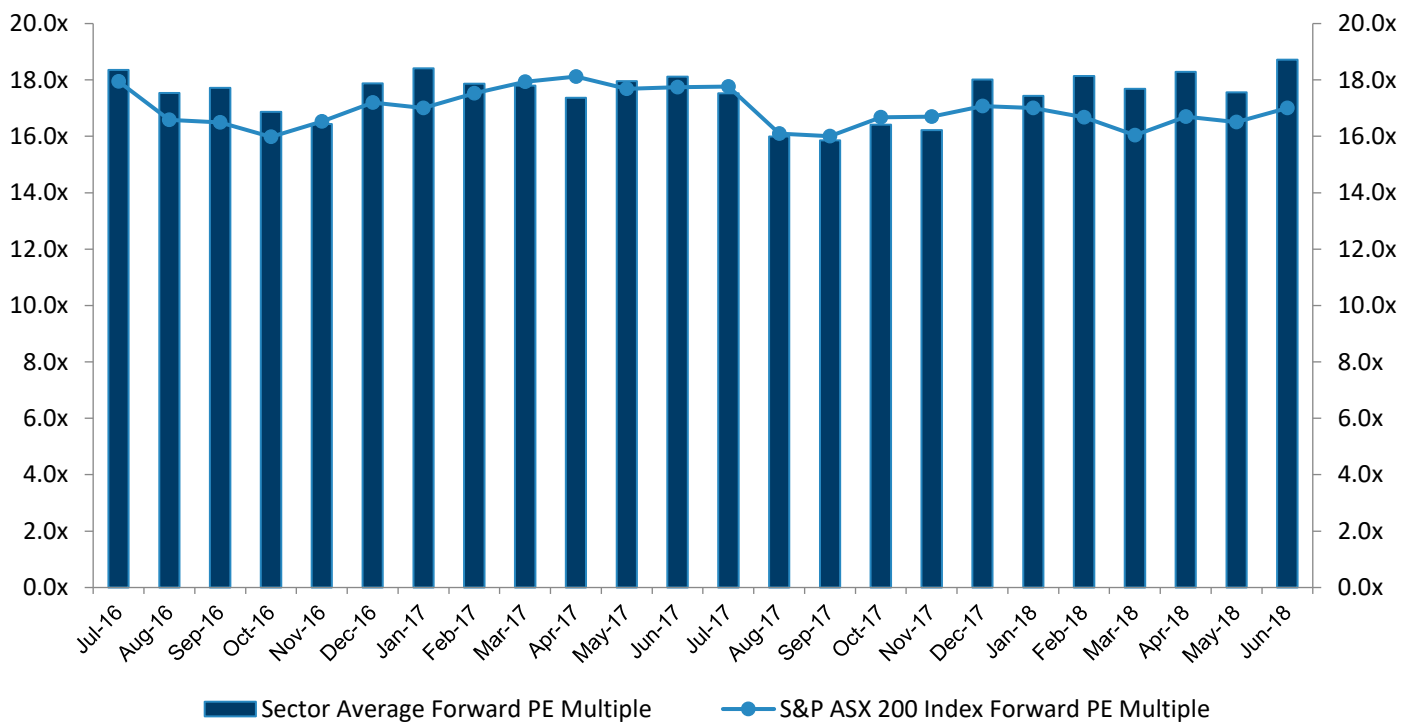


Information & Communication Technology

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.06.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Information & Communication Technology (ICT) sector increased over the month. At the end of June, the ICT sector traded on a forward PE of 18.7x, compared to the ASX200 on 17.0x.



Average Values and Trading Multiples (as at 18.07.18) Source: FactSet Research Systems Inc.

Subsector*	Enterprise Value	EV/EBITDA FY19	EV/EBIT FY19	Price / Earnings FY19
Broadcasting	9,036	6.4x	7.9x	10.3x
Information Technology Services	28,722	10.1x	12.8x	13.1x
Internet Software/Services	11,025	11.1x	13.6x	19.6x
Packaged Software	6,536	10.8x	12.6x	17.9x

* Companies included EV > \$50m.

Emerging vs Established*	Enterprise Value	EV/Rev FY19	Rev Growth % FY+1	Rev Growth % FY+2
\$500m+ EV	35,841	9.2x	23.8%	22.0%
\$100m-\$500m EV	6,586	5.2x	25.4%	25.2%
EV below \$100m	3,003	1.7x	31.1%	34.7%

* 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 FY2019. 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...



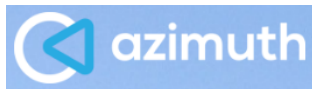
Value: Not disclosed

HQ Equita, a Germany-based private equity firm, and existing management have acquired **Open Access**, an Australia-based provider of technology and solutions for integrated passenger information and audio communication systems in the public transportation space. The value of the management buyout was not disclosed. Under the terms of agreement, **HQ** will own a majority stake and the management team will have a significant stake in **Open Access**. Pursuant to the transaction, **HQ** will merge **Rail & Road Protec** (also recently acquired) with **Open Access**, pursuant to which **Open Access** will operate as a subsidiary of **r2p**. The transaction is expected to complete in mid-July.



Value: Not disclosed

Credit Card Compare (CCC), a private Australian online credit card comparison company, has acquired **Finty**, a Singapore provider of the platform for comparison between credit cards and personal loans, with rewards. The acquisition will help **Finty** expand into other markets in Asia, while running the business in Singapore. The value of the deal was not disclosed.



Value: \$268m (combined deal value of two targets)

NYSE-listed **L3 Technologies** announced that it has entered into a definitive agreement to acquire **Azimuth Security** (Australia) and **Linchpin Labs** (Canada), two information security businesses that significantly strengthen **L3's** existing C6ISR (Command, Control, Communications, Computers, Cyber-Defense and Combat Systems, and Intelligence, Surveillance and Reconnaissance) capabilities and create synergies to drive future growth in cyber and international markets. **Azimuth Security** is an Australian information security consultancy firm focused on analysis of software systems, including threat modelling and design, configuration, and source code review. The individual deal values were 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.
- **OneAtom 12**, an Australian water treatment membrane technology firm, is looking to launch an initial public offering in Australia. The company is offering up to 37.5m shares to the public at \$0.08 each to raise \$3m.
- NZX-listed **Gentrack**, the New Zealand-based software developer, has completed the institutional component of its NZD 90m entitlement offer.
- ASX-listed **Dreamscape Networks**, the provider of domain names, hosting and online services, is looking for more acquisitions in Australia and Southeast Asia after bedding down its latest deal. The company acquired Australia-based **Domain Name Registrar** for \$8.5m last month.
- **HashChing**, an Australian online marketplace for home loans, is in the process of raising \$5m in equity ahead of a planned IPO in 18 months. The company will aim for a \$75m pre-money valuation in the IPO.
- **Unlocked**, the Australia-based based tech start-up which entered into administration in June, has received a takeover offer from ASX-listed **Invigor Group**.
- ASX-listed **Change Financial**, a U.S-based FinTech Solutions and Blockchain Investment Company has acquired a call option from **Elmoson** to purchase the remaining 67% interests in Australian **Ivy Koin** and **Ivy Blockchain** that it does not currently own. If **Change Financial** receives shareholder approval, then it may exercise the option at any time prior to 30 September 2018 and purchase the interests for \$13.6m.
- PE firm **Adamantem** is believed to have considered an offer for ASX-listed **Amaysim**, the Australia-based telecommunications business, however they did not pursue an acquisition due to difficulty in justifying the merits of the deal as competition in the mobile phone space accelerated. **Amaysim** has a market value of \$193m.
- **OANDA**, the New York-based foreign exchange trading and currency information services provider, is seeking M&A opportunities in Australia. The company is keen to expand its presence in the Asia-Pacific region and is interested in investments, including possible deals in Australia.

If you are interested in specific information regarding mergers and acquisitions in this sector, please contact Sharon Doyle.

Contact Details

Name	Position	Phone	Email
Sharon Doyle	Managing Director	(07) 3218 9122	sdoyle@interfinancial.com.au
Chris Munday	Partner	(07) 3218 9100	cmunday@interfinancial.com.au
Mark Steinhardt	Director	(07) 3218 9105	msteinhardt@interfinancial.com.au
Cathy Montesin	Director	(07) 3218 9100	cmontesin@interfinancial.com.au
David Hassum	Director	(07) 3218 9108	dhassum@interfinancial.com.au
Andrew Wheeler	Director	(07) 3218 9107	awheeler@interfinancial.com.au
Simon Douglas	Director	(07) 3218 9100	sdouglas@interfinancial.com.au
Anthony Vago	Associate Director	(07) 3218 9100	avago@interfinancial.com.au
Jake Moyle	Associate	(07) 3218 9113	jmoyle@interfinancial.com.au
Michael Kakanis	Analyst	(07) 3218 9106	mkakanis@interfinancial.com.au

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.

Important Disclaimer – This may affect your legal rights: Because this document has been prepared without consideration of any specific persons financial situation, particular needs and investment objectives, a financial services licensee or investment adviser should be consulted before any investment decision is made. While this document is based on information from sources which are considered reliable, InterFinancial, its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does InterFinancial accept any responsibility to inform you of any matter that subsequently comes to notice, which may affect any of the information contained in this document. This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of InterFinancial. This report does not constitute advice to any person.

Disclosure. InterFinancial has no interest in any of the securities mentioned in this publication. However, its directors, executives or consultants may have an interest in some of the securities, directly or indirectly, which are mentioned.

