

FEBRUARY 2020 – TECHNOLOGY & DIGITAL MEDIA

Executive Summary

The **Digital Media Sector** closed the month down 10.8%. **Arq Group Limited** recorded the largest loss of 68.1%

The **Digital Media Sector** average **LTM EV/EBITDA** multiple was 15.0x, whilst the **NTM EV/EBITDA** multiple is projected to be 12.9x

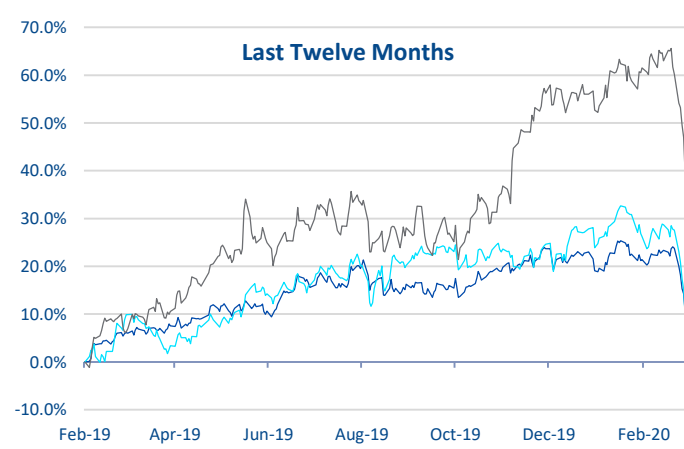
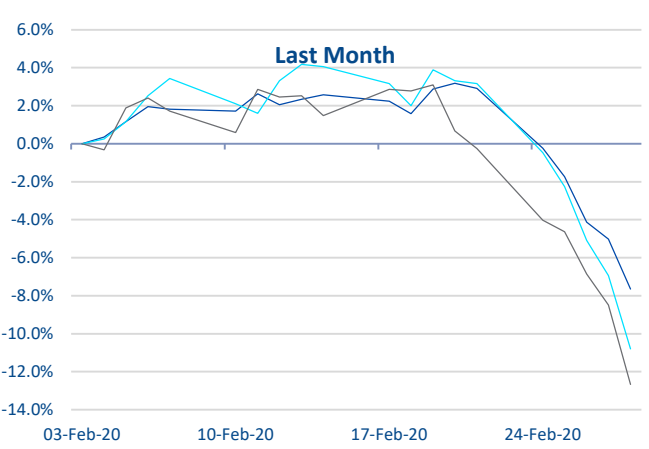
The **Technology Services Sector** closed down 12.7%. **Isentia Group Limited** recorded the largest movement, down 19.2%

The **Technology Services Sector** average **LTM EV/EBITDA** multiple was 17.0x, whilst the **NTM EV/EBITDA** multiple is projected to be 19.9x

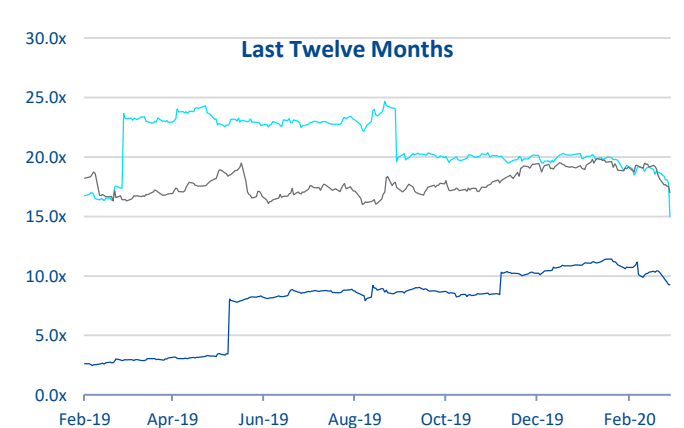
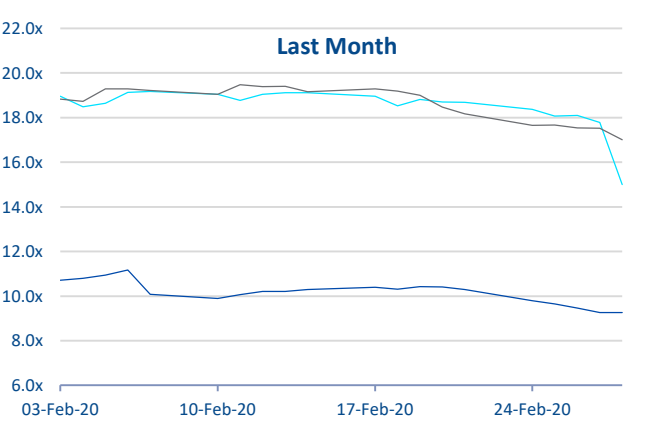
Key Developments

- **Flight Centre Travel Group Limited** acquired BLC Ventures Ltd
- An unknown buyer agreed to acquire a 50.1% stake in Stratton Finance Pty Ltd from **carsales.com Ltd**
- A consortium signed a binding agreement to acquire the Enterprise Services Division from **Arq Group Limited**

INDEXED SHARE PRICE PERFORMANCE



VALUATION PERSPECTIVES (LTM EV/EBITDA)



EAC Partners has constructed a market capitalisation weighted index for the Digital Media and Technology coverage groups: The charts shown are the indexed share price performance for the constituent companies of the EAC coverage group and the ASX200 Industrials Index.

ASX 200 Media (Industry Group) Technology Services
Digital Media Sector

CONSTITUENTS

Digital Media Sector	Ticker	Closing Price	Monthly Movement	Market Cap (AUD)	EV (AUD)	EV / EBITDA (LTM)	EV / EBITDA (NTM)	P / E (Trailing)	P / E (Forward)	ND / EBITDA (Trailing)	Div Yield (Trailing)
Beyond International Limited	BYI	0.68	(15.0%) ▼	41.7	42.9	NM	NM	NM	NM	11.4x	NM
carsales.com Ltd	CAR	16.20	(6.0%) ▼	3,973.3	4,426.9	22.1x	18.0x	27.4x	26.7x	2.1x	2.9%
Corporate Travel Management Ltd	CTD	13.94	(21.7%) ▼	1,519.5	1,535.2	11.3x	9.9x	18.9x	16.1x	NM	2.9%
Flight Centre Travel Group Limited	FLT	32.62	(17.0%) ▼	3,299.0	3,850.1	8.9x	8.2x	16.5x	15.7x	NM	4.8%
Arq Group Limited	ARQ	0.12	(68.1%) ▼	14.0	86.3	7.0x	5.2x	NM	14.4x	5.8x	NM
REA Group Limited	REA	98.32	(13.8%) ▼	12,950.2	13,191.8	31.2x	22.7x	52.3x	37.4x	0.4x	1.2%
SEEK Limited	SEK	20.68	(8.9%) ▼	7,272.3	8,960.2	25.1x	18.1x	47.7x	45.4x	3.2x	2.2%
WPP AUNZ Limited	WPP	0.61	4.3% ▲	515.2	751.4	5.1x	NM	NM	NM	1.6x	8.6%
Webjet Limited	WEB	9.56	(18.6%) ▼	1,296.3	1,330.8	9.4x	7.9x	29.4x	13.1x	0.1x	2.4%
Average - adjusted to exclude outliers			(10.8%)			15.0x	12.9x	32.0x	24.1x	3.5x	3.6%
Technology Services											
Hansen Technologies Limited	HSN	3.18	(13.4%) ▼	629.6	804.8	22.9x	10.5x	39.3x	16.2x	4.3x	1.9%
IRESS Limited	IRE	11.86	(15.3%) ▼	2,045.6	2,294.6	18.2x	16.4x	31.5x	26.4x	2.0x	3.9%
Isentia Group Limited	ISD	0.21	(19.2%) ▼	42.0	84.1	4.7x	4.1x	NM	5.3x	1.9x	NM
Reckon Limited	RKN	0.72	4.3% ▲	81.6	126.3	8.9x	3.9x	10.2x	9.5x	3.1x	5.6%
Technology One Limited	TNE	7.84	(8.0%) ▼	2,498.4	2,393.3	30.3x	24.8x	42.8x	38.3x	NM	1.5%
Xero Limited	XRO	73.65	(13.9%) ▼	10,405.6	10,387.6	NM	59.4x	NM	291.3x	NM	NM
Average			(12.7%)			17.0x	19.9x	31.0x	64.5x	2.8x	3.2%
Coverage Group Average						15.8x	16.1x	31.6x	42.7x	3.3x	3.4%

KEY DEVELOPMENTS

Activity

- **Flight Centre Travel Group Limited (ASX:FLT)** acquired BLC Ventures Ltd for AUD \$1.5 million
- An unknown buyer agreed to acquire a 50.1% stake in Stratton Finance Pty Ltd from **carsales.com Ltd (ASX:CAR)**. The net impact of the Stratton Finance sale is a AUD \$2.7 million income statement gain for shareholders
- A consortium comprising Quadrant Private Equity Pty Limited and certain members Tristan Sternson, Justin Parcell and Cameron Boog have signed a binding agreement to acquire the Enterprise Services Division from **Arq Group Limited (ASX:ARQ)** for AUD \$35 million

EAC PARTNERS

EAC Partners is an independent corporate advisory firm based in Sydney. Our services include Mergers and Acquisitions, Divestments, Corporate Finance and Capital Raisings. Below is a brief snapshot of our recent experience:

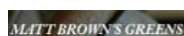
Transaction Experience



Batchfire: Advised in relation to a \$25m equity rights issue



Safe Direction: Completed a strategic and capital structure review



Matt Brown's Greens: Advised on its sale to MorCo Fresh



Running Bare: Completed a strategic review



Smollen Group: Advised Australia's largest real estate franchise on its \$70m sale to McGrath Limited



Yello: Advised in relation to its series A capital raising



APSEZ: Advised on acquisition of Abbot Point Bulkcoal from Glencore
Advised on its inaugural USD650m investment grade bond offer



ATL: Advised on its USD500m investment grade bond offer
Advised on their finance plan, which included rating advice



Sibelco: Advised on the acquisition of an industrial minerals producer



Holcim: Strategic review of two non-core assets



EnviroPacific Services: Advised on the divestment of 44% of the shares to Adexum Capital



Freemantle Media: Advised on the takeover of a listed media business



Adani: Advised on the AUD1.25Bn refinance of Adani Abbot Point Terminal
Advised on its USD150m maiden USPP issue
Advised on its AUD100m 6 year AMTN issue



Moko: Advised in relation to an acquisition and capital raise

Awards



EAC Partners received the 2018 award for "Best M&A Advisory Firm – Australia"



EAC Partners received the 2018 award for "Most Client-Focused Corporate Advisory Firm – NSW"

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