

MARCH 2020 – TECHNOLOGY & DIGITAL MEDIA

Executive Summary

The **Digital Media Sector** closed this month, down 31.5%. **Flight Centre Travel Group** recorded the largest loss of 69.6%

The **Digital Media Sector** average **LTM EV/EBITDA** multiple was 10.7x, whilst the average **NTM EV/EBITDA** multiple is projected to be 10.7x

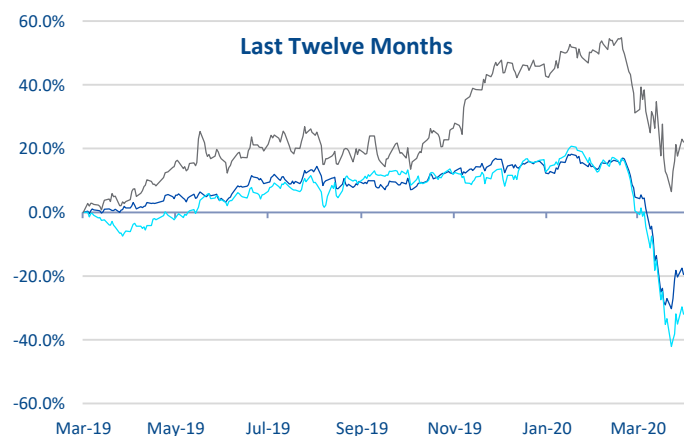
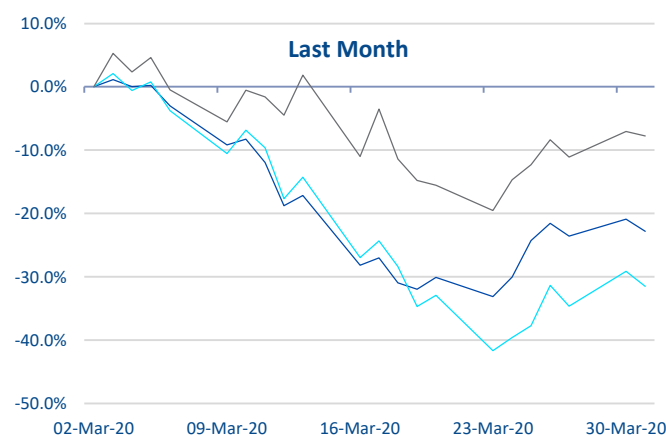
The **Technology Services Sector** closed this month, down 7.8%. **Reckon Limited** recorded the largest movement, down 27.8%

The **Technology Services Sector** average **LTM EV/EBITDA** multiple was 16.0x, whilst the average **NTM EV/EBITDA** multiple is projected to be 18.6x

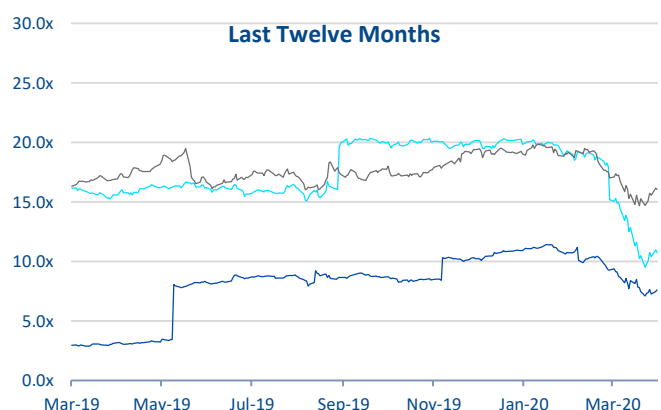
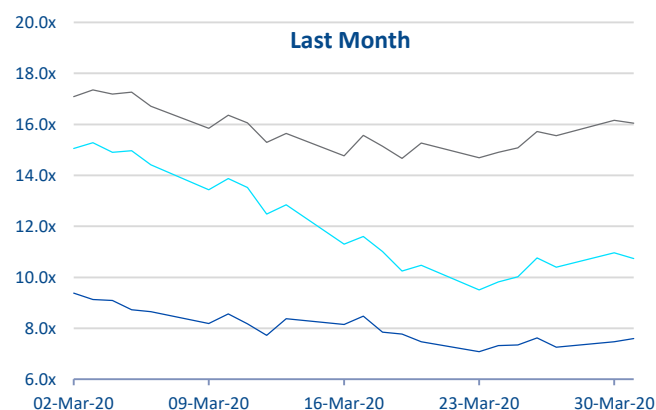
Key Developments

- **IRESS Limited** completed the acquisition of O&M systems from O&M Life and Pensions Limited
- **Corporate Travel Management** withdrew its intention to acquire Capita plc's travel businesses
- A consortium of investors including Quadrant Private Equity completed the acquisition of the Enterprise Services Division from **Arq Group Limited**
- Clear Media Ltd has been approached with an offer to sell the remaining 50.91% stake in the business

INDEXED SHARE PRICE PERFORMANCE



VALUATION PERSPECTIVES (LTM EV/EBITDA)

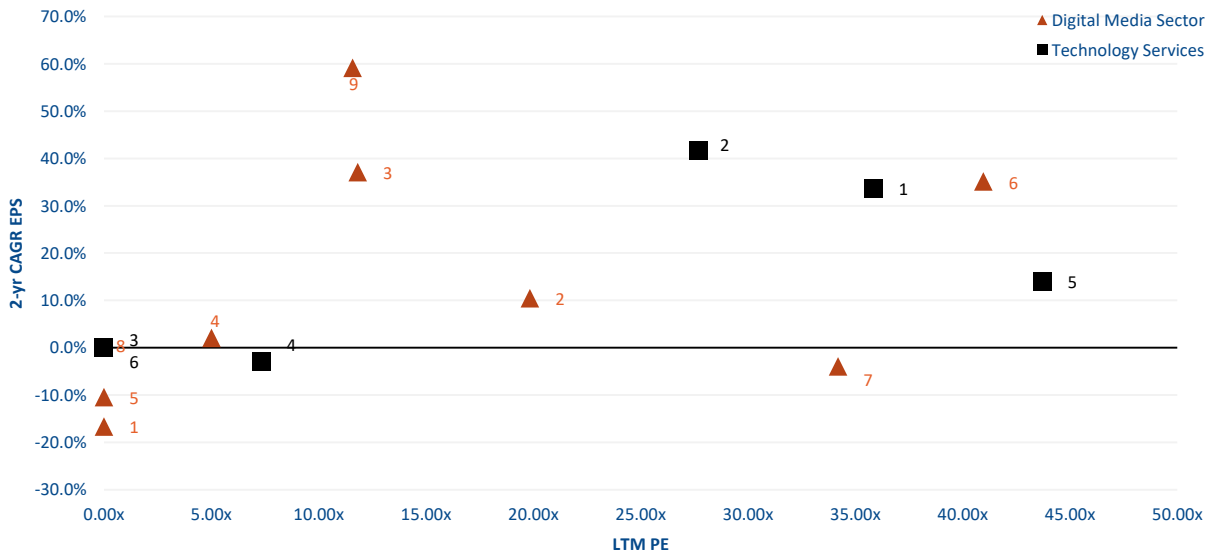


EAC Partners has constructed a market capitalisation weighted index for the Digital Media and Technology coverage groups: The charts shown are the indexed share price performance for the constituent companies of the EAC coverage group and the ASX200 Industrials Index.

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

CONSTITUENTS

Graph Reference	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)
1	Beyond International Limited	BYI	0.50	(26.5%) ▼	30.7	34.7	NM	NM	NM	NM	11.4x	NM
2	carsales.com Ltd	CAR	11.75	(27.5%) ▼	2,881.9	3,335.4	16.6x	14.6x	19.8x	20.7x	2.1x	4.0%
3	Corporate Travel Management Ltd	CTD	8.72	(37.4%) ▼	950.5	966.2	7.1x	8.1x	11.8x	13.2x	NM	4.6%
4	Flight Centre Travel Group Limited	FLT	9.91	(69.6%) ▼	1,002.3	1,553.3	3.6x	3.8x	5.0x	7.4x	NM	NM
5	Arq Group Limited	ARQ	0.08	(31.3%) ▼	9.6	82.4	8.1x	9.5x	NM	NM	7.1x	NM
6	REA Group Limited	REA	76.99	(21.7%) ▼	10,140.7	10,382.3	24.6x	19.9x	41.0x	33.6x	0.4x	1.5%
7	SEEK Limited	SEK	14.83	(28.3%) ▼	5,215.1	6,903.0	19.3x	14.9x	34.2x	37.7x	3.2x	3.1%
8	WPP AUNZ Limited	WPP	0.21	(66.1%) ▼	174.6	410.8	2.8x	NM	NM	NM	1.6x	NM
9	Webjet Limited	WEB	3.76	(60.7%) ▼	509.9	544.4	3.8x	3.8x	11.6x	6.5x	0.1x	6.0%
Average - adjusted to exclude outliers				(31.5%)			10.7x	10.7x	20.6x	19.9x	3.7x	3.8%
Technology Services												
1	Hansen Technologies Limited	HSN	2.90	(8.8%) ▼	574.8	750.0	21.4x	8.8x	35.8x	14.1x	4.3x	2.1%
2	IRESS Limited	IRE	10.42	(12.1%) ▼	1,807.7	2,058.5	16.3x	14.6x	27.7x	23.0x	2.0x	4.4%
3	Isentia Group Limited	ISD	0.17	(19.0%) ▼	34.0	76.1	4.3x	3.6x	NM	5.7x	1.9x	NM
5	Reckon Limited	RKN	0.52	(27.8%) ▼	58.9	103.6	7.3x	3.2x	7.3x	6.7x	3.1x	7.7%
6	Technology One Limited	TNE	8.00	2.0% ▲	2,549.4	2,444.3	31.0x	25.3x	43.7x	39.2x	NM	1.5%
7	Xero Limited	XRO	67.91	(7.8%) ▼	9,600.8	9,582.8	NM	56.0x	NM	298.3x	NM	NM
Average				(7.8%)			16.0x	18.6x	28.6x	64.5x	2.8x	3.9%
Coverage Group Average							12.8x	14.3x	23.8x	42.2x	3.4x	3.9%



KEY DEVELOPMENTS


















Activity

- **IRESS Limited (ASX:IRE)** completed the acquisition of research software provider O&M Systems. The research capabilities offered by O&M will be immediately integrated within the financial advisory division at IRESS Limited
- **Corporate Travel Management Limited (ASX:CTD)** cancelled the acquisition of travel businesses from Capita plc. Capita plc is a UK-based firm with a market capitalisation of AUD \$3.7 billion
- A consortium comprising of Quadrant Private Equity Pty Limited and certain members Tristan Sternson, Justin Parcell and Cameron Boog have completed the acquisition of the Enterprise Services Division from **Arq Group Limited (ASX:ARQ)** for AUD \$35 million. Net proceeds from the sale will help Arq Group pay down debt
- Clear Media, subsidiary of Hong-Kong based outdoor advertising business Clear Channel Outdoor Holdings has been approached by Ever Harmonic Global Limited to acquire the remaining 50.91% in the company. The share price offering of HKD 7.12 represents a 50.21% premium over the closing price of the stock as at November 29th, 2019

EAC PARTNERS

EAC Partners is an independent corporate advisory firm focussed on mid-market mergers & acquisitions, divestments and corporate finance advisory services

Transaction Experience

	Sibelco: Advised on the divestment of their sand mining operations to Holcim Australia		mpower: Advised on the sale of the Australian and New Zealand products distribution businesses
	Zentree: Advised on takeover panel application regarding equity rights issue by ERA, underwritten by Rio Tinto		Safe Direction: Completed a strategic and capital structure review
	Batchfire: Advised in relation to a AUD25M equity rights issue		Running Bare: Completed a strategic review
	Matt Brown's Greens: Advised on its sale to MorCo Fresh		Yello: Advised in relation to its series A capital raising
	ATL: Advised on its USD500M investment grade bond offer Advised on their finance plan, which included rating advice		Smollen Group: Advised Australia's largest real estate franchise on its AUD70M sale to McGrath Limited
	Enviropacific Services: Advised on the divestment of 44% of the shares to Adexum Capital		Holcim: Strategic review of two non-core assets
	Moko: Advised in relation to an acquisition and capital raise		Freemantle Media: Advised on the takeover of a listed media business
	APSEZ: Advised on acquisition of Abbot Point Bulkcoal from Glencore Advised on its inaugural USD650M investment grade bond offer		Sibelco: Advised on the acquisition of an industrial minerals producer
	Adani: Advised on the AUD1.25B refinance of Adani Abbot Point Terminal		

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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