



# IT services sector update

March Quarter 2021

# Blackpeak is a leading independent investment banking & advisory firm

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- We are an independent corporate advisory firm based in Sydney providing corporate finance and strategic advice on mergers & acquisitions, strategy and capital raisings
- We strive to be our client's trusted adviser and confidant and are focused on building long term relationships with clients to assist them achieve their growth ambitions and maximise value
- **Blackpeak is the most active independent adviser to technology growth companies in ANZ, completing ~40 technology transactions in the last 6 years**



## Mergers & acquisitions

- Strategic and financial evaluation
- Execution of private and public market transactions including takeover defence
- Designing optimal sale processes to create competitive tension to maximise value
- Negotiating and structuring complex transactions



## Strategic advice

- Evaluate all options to maximise shareholder value
- Identify & evaluate acquisition targets
- Portfolio review to consider value impacts of potential divestments
- Balance sheet & capital structure advice
- Capital management options including dividend policy and other initiatives



## Capital raising advisory

- Private capital raising including pre-IPO financing
- Advice on IPOs and secondary equity capital raisings including both initial planning, structuring and execution
- Debt and hybrid raisings

# AGC strategic alliance: leading local coverage + global distribution

## AGC Partners

- **Leading tech investment bank:** AGC is ranked as the most active boutique bank dedicated to tech, having completed more than 400 M&A and growth equity transactions since inception in 2003. More than 50 professionals, including 20 partners, with offices in Boston (HQ), Silicon Valley, New York, Chicago, Dallas, Los Angeles, Minneapolis, Austin, Atlanta and London
- **Strong connectivity with buyers/ investors:** relationships with over 1,000 technology investors and strategic buyers across North America, Europe, and Asia
- **Domain knowledge:** Experience and in-depth domain knowledge across all key technology sub-sectors including Application Software, Cybersecurity, Defence Technology, Digital Media / Internet, Energy & Industrial Tech, FinTech, Healthcare IT & Life Sciences, Infrastructure / Cloud, Internet of Things, Mobility Solutions, Semiconductors and Tech-Enabled Services
- **Industry conferences:** AGC runs industry conferences in Boston, San Francisco, London and Las Vegas, providing one-on-one meetings with strategic tech acquirers, investors, and emerging growth companies

## Benefits for Blackpeak's clients

- Alliance will uniquely position Blackpeak to provide global technology investment banking capabilities, combined with leading local coverage, service and support to technology growth companies in ANZ that are institutional size and quality
- Alliance enhances Blackpeak's access to strategic acquirers and investors in US and Europe as well as proprietary market intelligence and industry content (particularly relevant in the context of running sell side M&A or capital raising processes)

## Blackpeak and AGC's Global Reach



- ✓ **Leading local coverage to service ANZ tech Co's**
- ✓ **Extensive experience in tech financing + M&A**
- ✓ **Global investor/ buyer connectivity (APAC, USA, EU)**

# Blackpeak service offerings



## PRE-IPO CAPITAL

*Experienced in advising companies with the final round of private fundraising before an IPO by considering investor suitability and structuring alternatives*



*Extensive experience in management and execution of IPO's and equity capital markets transactions with significant shareholder value realised by our clients*

## IPO and ECM ADVISORY



## PRIVATE CAPITAL

*Assisting companies and founders find the right partner for growth and/or selldown*



*With a focus on sell-side M&A, Blackpeak has a track record of achieving outstanding outcomes for our clients.*











































## PRIVATE M&A ADVISORY



## PUBLIC MARKETS M&A

*Extensive public markets M&A experience and capability sets Blackpeak apart from boutique competitors*

# Blackpeak is a leading adviser to technology companies in Australia & NZ

 <p>2021 Rights issue &amp; convertible note restructuring <i>Financial Adviser</i></p> 	 <p>2021 Sale of Elevio to Dixia <i>Financial Adviser</i></p> 	 <p>2021 Sale of Minority Interest <i>Financial Adviser</i></p> 	 <p>2021 Growth equity investment A\$45m <i>Financial Adviser</i></p> 	 <p>2020 Primary/ Secondary Raising ~A\$14m <i>Financial Adviser</i></p> 	 <p>2020 Growth equity investment A\$50m <i>Financial Adviser</i></p> 	 <p>2020 Pre-IPO Raising A\$25m <i>Financial Adviser</i></p> 
 <p>2020 Strategic Review <i>Financial Adviser</i></p> 	 <p>2020 Convertible note investment into Jaxsta <i>Financial Adviser</i></p> 	 <p>2020 Private Raising \$A11m <i>Financial Adviser</i></p> 	 <p>2019 Private raising <i>Financial Adviser</i></p> 	 <p>2019 Sale of Riteq to Ceridian <i>Financial Adviser</i></p> 	 <p>2019 Sale of controlling stake to Potentia Capital - A\$90m <i>Financial Adviser</i></p> 	 <p>2018 Acquisition of HROnboard Undisclosed <i>Financial Adviser</i></p> 
 <p>2018 Initial Public Offering A\$79m <i>Financial Adviser</i></p> 	 <p>2018 Pre-IPO Raising A\$25m <i>Financial Adviser</i></p> 	 <p>2018 Strategic Review <i>Financial Adviser</i></p> 	 <p>2018 Equity Raising A\$100m <i>Financial Adviser</i></p> 	 <p>2018 Equity raising A\$45m <i>Financial Adviser</i></p> 	 <p>2018 Series B equity raising A\$11m <i>Financial Adviser</i></p> 	 <p>2018 Acquisition of Pivot Remesys A\$11m <i>Financial Adviser</i></p> 

# Blackpeak is a leading adviser to technology companies in Australia & NZ

 2017 Strategic Review Financial Adviser	 2017 Trade sale A\$44m Financial Adviser	 2017 Block Trade A\$73m Financial Adviser	 2017 Block Trade A\$23m Financial Adviser	 2017 Acquisition of Quintessential Marketing A\$12m Financial Adviser	 2017 Pre-IPO equity raising NZ\$11m Financial Adviser
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 2017 Initial Public Offering A\$73m Financial Adviser	 2017 Initial Public Offering A\$108m Financial Adviser	 2016/ 2017 Initial Public Offering Pending Financial Adviser	 2016 Acquisition of minority stake (size undisclosed) Financial Adviser	 2016 Initial Public Offering A\$1.0bn Financial Adviser	 2015 Sale of minority interest in SiteMinder (size undisclosed) Financial Adviser
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 2015 Acquisition of CompuClearing A\$25m Financial Adviser	 2015 Acquisition of Core Freight Systems (size undisclosed) Financial Adviser	 2015 Acquisition of Zsoft (size undisclosed) Financial Adviser	 2015 Pre-IPO debt raising A\$45m Financial Adviser	 2015 Pre-IPO equity raising A\$35m Financial Adviser
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# Deep domain expertise in ANZ technology markets

## Proprietary insights and detailed sector analytics

- Blackpeak has deep domain expertise across multiple ANZ technology sectors in both the private and public market
- We have a deep understanding of listed technology companies and key metrics
- We create in-house technology sector reports that contain detailed sector analytics and valuation benchmarking data
- Blackpeak offers a differentiated service for clients in the technology sector based on a highly analytical approach and our focus on understanding the value proposition and key valuation drivers of our clients











## The most comprehensive ANZ technology database

- Technology market themes
- Private equity and venture capital financing
- Private and public market M&A
- Technology IPOs
- Public comparables
- Valuation and performance benchmarking
- Technology deal metrics



# Senior corporate finance professionals

Name/ position	Prior experience	Education/ experience	Years of experience
 <p><b>Max Billingham</b> Executive Chairman <a href="mailto:max@blackpeakcapital.com.au">max@blackpeakcapital.com.au</a> M +61 417 208 845</p>		<ul style="list-style-type: none"> <li>Formerly a Managing Director at Credit Suisse</li> <li>Qualified as a chartered accountant</li> <li>Global experience, worked in New York and London</li> <li>INSEAD, MBA</li> <li>Bachelor of Business, University of Technology Sydney</li> </ul>	28
 <p><b>Scott Colvin</b> Managing Director <a href="mailto:scott@blackpeakcapital.com.au">scott@blackpeakcapital.com.au</a> M +61 416 335 455</p>		<ul style="list-style-type: none"> <li>Prior to founding Blackpeak Capital, Scott held senior positions with Credit Suisse and Wilson HTM</li> <li>AGSM UNSW, Executive MBA</li> <li>London Business School, Masters in Finance</li> <li>Graduate Diploma, FINSIA</li> <li>Bachelor of Commerce, UNSW</li> </ul>	23
 <p><b>Jamie Taylor</b> Director <a href="mailto:jamie@blackpeakcapital.com.au">jamie@blackpeakcapital.com.au</a> M +61 414 922 560</p>		<ul style="list-style-type: none"> <li>Previous roles include Head of Australian Institutional Sales for Merrill Lynch (London-based), and Head of Corporate Finance For Wilson HTM (Sydney-based)</li> <li>Bachelor of Economics, Monash University</li> </ul>	35
 <p><b>Tom Ng</b> Director <a href="mailto:tom.ng@blackpeakcapital.com.au">tom.ng@blackpeakcapital.com.au</a> M +61 490 796 752</p>		<ul style="list-style-type: none"> <li>Formerly a senior FIG banker at Credit Suisse and regulator at Bank of England</li> <li>Oxford University, MPhil (Economics)</li> <li>B. Econ (Hons), UNSW</li> <li>Graduate of Royal Military College, Duntroon</li> </ul>	22



# Agenda

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1. Market snapshot
2. IT services companies trading multiples
3. Mergers and acquisitions
  - a) ANZ
  - b) Global
4. Benchmarking analysis



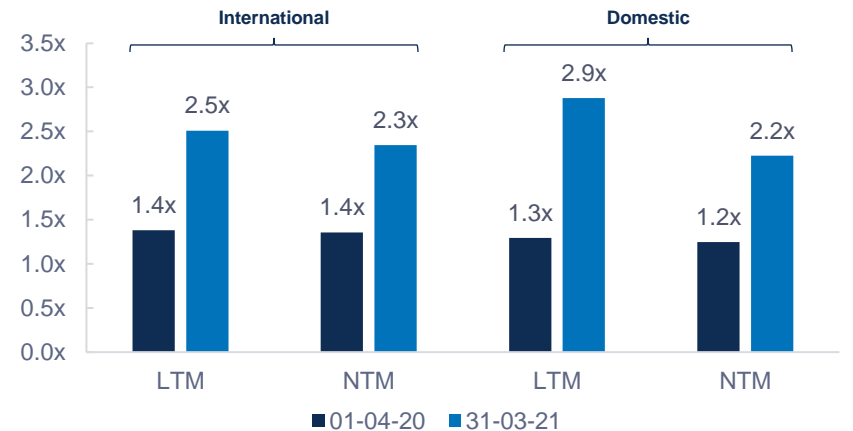
## Market snapshot



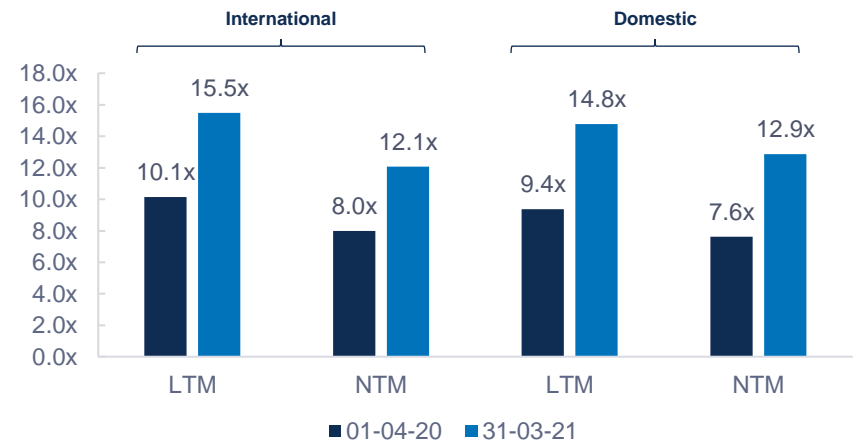
# Market snapshot

- IT services companies performed strongly in the first quarter of 2021, with the domestic sector outperforming the ASX 200 and dominating local M&A activity
- During the March quarter, Blackpeak's IT Services index rose 14.7%, outperforming the ASX 200 and most of Blackpeak's tech indices. IT Services was the only tech index other than Tech H&E to advance during the quarter, which saw most technology stocks decline
- As countries emerge from lockdowns and the economic recovery continues, digital transformation, cloud services and IT consulting companies remain poised to capture business from firms seeking to upgrade their mission critical systems and implement flexible working arrangements
- Likewise, IT service companies stand to benefit as virtualisation, digital communication and cloud connectivity continue to be key focus areas for businesses. Indeed, Gartner believes that IT services spending is expected to grow by 6% in 2021, and a further 6.3% in 2022<sup>2</sup>
- M&A activity in the March quarter was marked by a number of large IT services deals, both domestically and abroad. These included Cognizant's \$309m<sup>3</sup> acquisition of Australian IT services firm Servian in January, as well as Peraton's \$8.8 billion acquisition of government IT services firm Perspecta

## EV/ Revenue multiples movement<sup>1</sup>



## EV/ EBITDA multiples movement<sup>1</sup>



**The global IT services industry continues its recovery, outperforming the market indices in 1Q21**

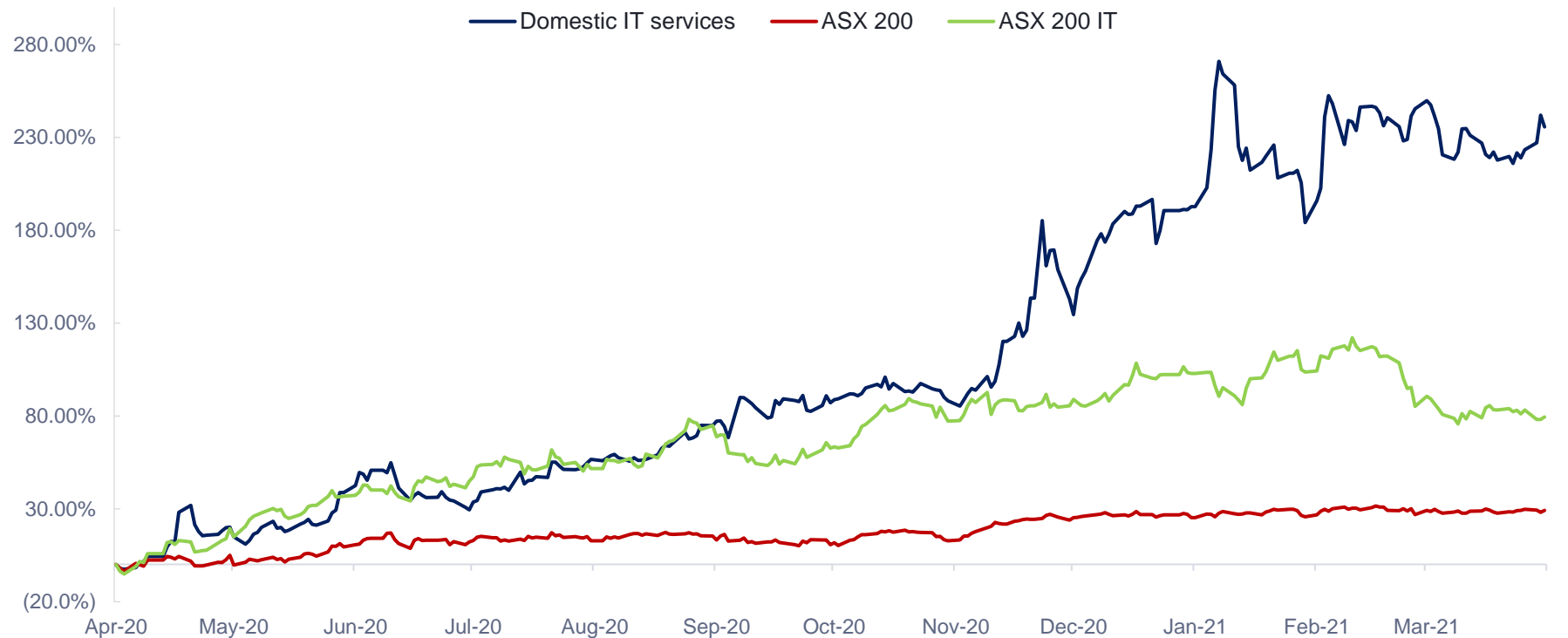
# Domestic: Selected private equity acquisitions<sup>1</sup>

Transaction overview			Observations
Target	Date	Acquirer	Comments
 PlanIT	Jan-15	 THE Growth FUND	<ul style="list-style-type: none"> <li>Acquired a 60% stake in PlanIT, an Australian-based provider of software testing services</li> <li>In March 2021, Nomura Research Institute agreed to acquire PlanIT from The Growth Fund in a deal that was reported to be worth \$300m<sup>2</sup></li> </ul>
 CDRU <small>Costs Down Revenue Up</small>	Mar-18	 BlueSky <small>Alternative Thinking</small>	<ul style="list-style-type: none"> <li>Acquired a 71% stake in CDRU, an IT consultancy business focused on ICT transformation and strategy</li> <li>BlueSky's investment allows CDRU to expand its revenue streams and digital capabilities</li> </ul>
 Revolution IT	Jun-18	 Pemba Capital Partners	<ul style="list-style-type: none"> <li>Acquired Revolution IT, provider of software testing and application quality management solutions in the Asia-Pacific Region</li> <li>Pemba is likely looking to grow Revolution IT organically and through selected acquisitions</li> <li>Merged with Shelde to form Ampion in September 2020</li> </ul>
 servian	Sep-18	 ADAMANTEM CAPITAL	<ul style="list-style-type: none"> <li>Acquired a majority stake in Servian, an Australian-based provider of data and analytics consultancy, advisory and managed services</li> <li>In January 2021, Adamantem announced the sale of Servian to Cognizant in a deal reported to be worth A\$309m<sup>3</sup></li> </ul>
 PLAN.B	Oct-18	 THE Growth FUND	<ul style="list-style-type: none"> <li>Acquired Plan B, a New Zealand-based provider of ICT and business continuity products and services</li> <li>Investment from The Growth Fund helps to accelerate Plan B's growth in New Zealand, and capture strategic opportunities including new services, partnerships, joint ventures and acquisitions</li> </ul>
 Shelde <small>Amplify possibilities</small>	Jan-19	 Pemba Capital Partners	<ul style="list-style-type: none"> <li>Acquired Shelde, an integrated digital, security and data analytics solutions provider in Australia</li> <li>Bolt-on acquisition to meet increasing service demands and strengthen Shelde's market leading position</li> <li>Merged with Revolution IT to form Ampion in September 2020</li> <li>In March 2021, Pemba announced the sale of Ampion to Wipro Ltd in a deal reported to be worth \$154m<sup>4</sup></li> </ul>
 NEXON	Jul-19	 EQT	<ul style="list-style-type: none"> <li>Acquired Nexon Asia Pacific, an end-to-end managed IT services provider in Australia</li> <li>EQT is planning to further enhance Nexon's offerings, growth its client portfolio, engage in inorganic growth and strengthen the scalability of Nexon's platform</li> </ul>
 ARQ group Enterprise Division	Feb-20	 QUADRANT PRIVATE EQUITY	<ul style="list-style-type: none"> <li>Acquired ARQ Group's underperforming Enterprise Services Division for \$35m cash (debt-free), a provider of professional IT services, managed IT services and cloud offerings</li> <li>Prior to the sale, group-wide underlying earnings guidance was updated to \$16.8-19.3m compared to \$27-35m previously, and EBITDA guidance for the Enterprise Services Division was updated to an expected loss of \$1.0-2.0m compared to the previous positive EBITDA expectation of \$1.0-2.5m</li> </ul>
 citadel group <small>MANAGING COMPLEXITY</small>	Sep-20	 PEP PACIFIC EQUITY PARTNERS	<ul style="list-style-type: none"> <li>Successfully acquired The Citadel Group, an enterprise software and IT services company</li> <li>PEP intends to enhance Citadel's ability to invest in growth and further develop its industry-leading software solutions, with the option for its current shareholders to retain an indirect interest in the business</li> </ul>

Source: Capital IQ, Mergermarket, company filings, Blackpeak Capital

- 1) Completed transactions unless otherwise indicated
- 2) The Australian – 16 March 2021
- 3) Cognizant 2020 10-K report, Note 20 – Preliminary purchase price of \$240m converted to AUD
- 4) Times of India – 1 April 2021

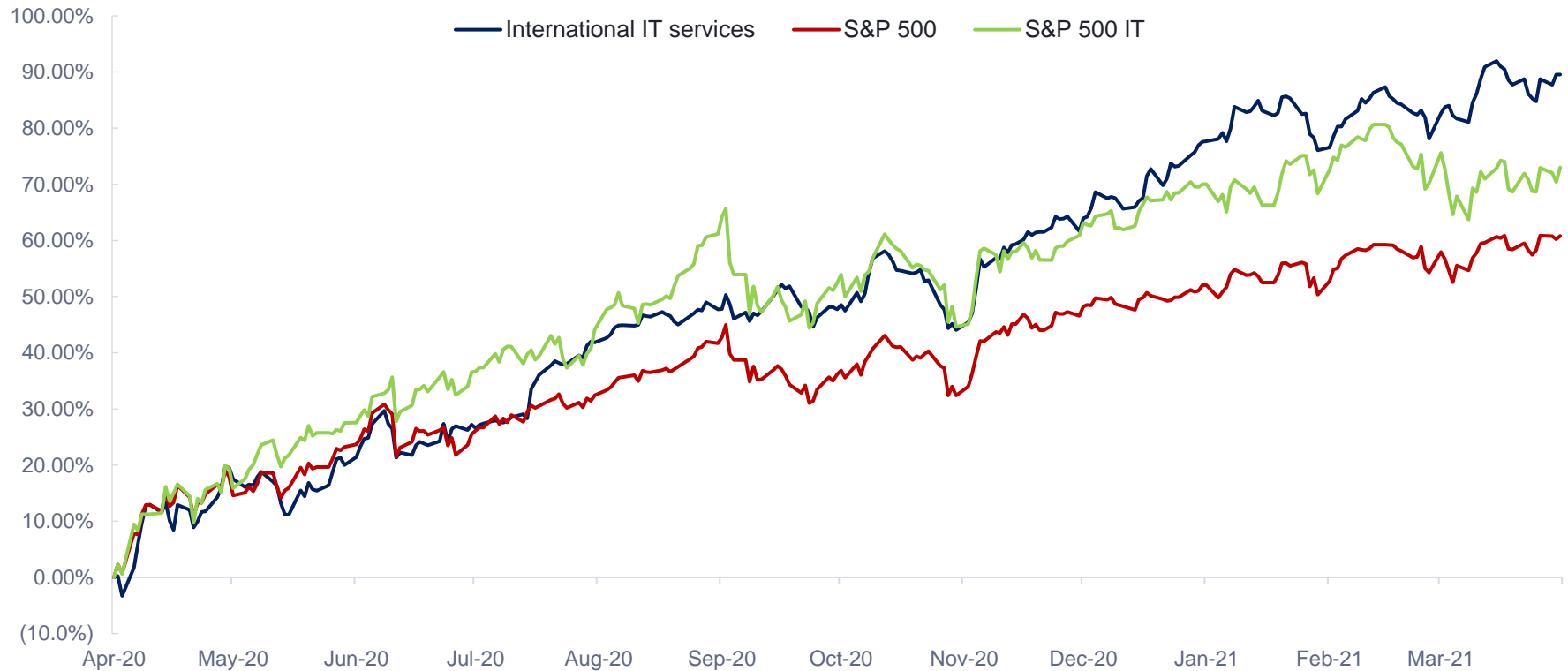
# Domestic IT services index performance<sup>1</sup>



	Domestic IT services <sup>2</sup>	ASX 200	ASX 200 IT
<b>YTD21</b>	14.7%	3.1%	(11.5%)
<b>6 months</b>	79.4%	16.8%	10.3%
<b>12 months</b>	235.6%	29.1%	79.5%

**Domestic IT services companies have benefited from the structural tailwinds associated with Australia's COVID-19 recovery and have consequently outperformed the ASX 200**

# International IT services index performance<sup>1</sup>



	International IT services	S&P 500	S&P 500 IT
<b>YTD21</b>	6.7%	5.8%	1.7%
<b>6 months</b>	28.3%	18.1%	13.5%
<b>12 months</b>	89.5%	60.8%	73.0%

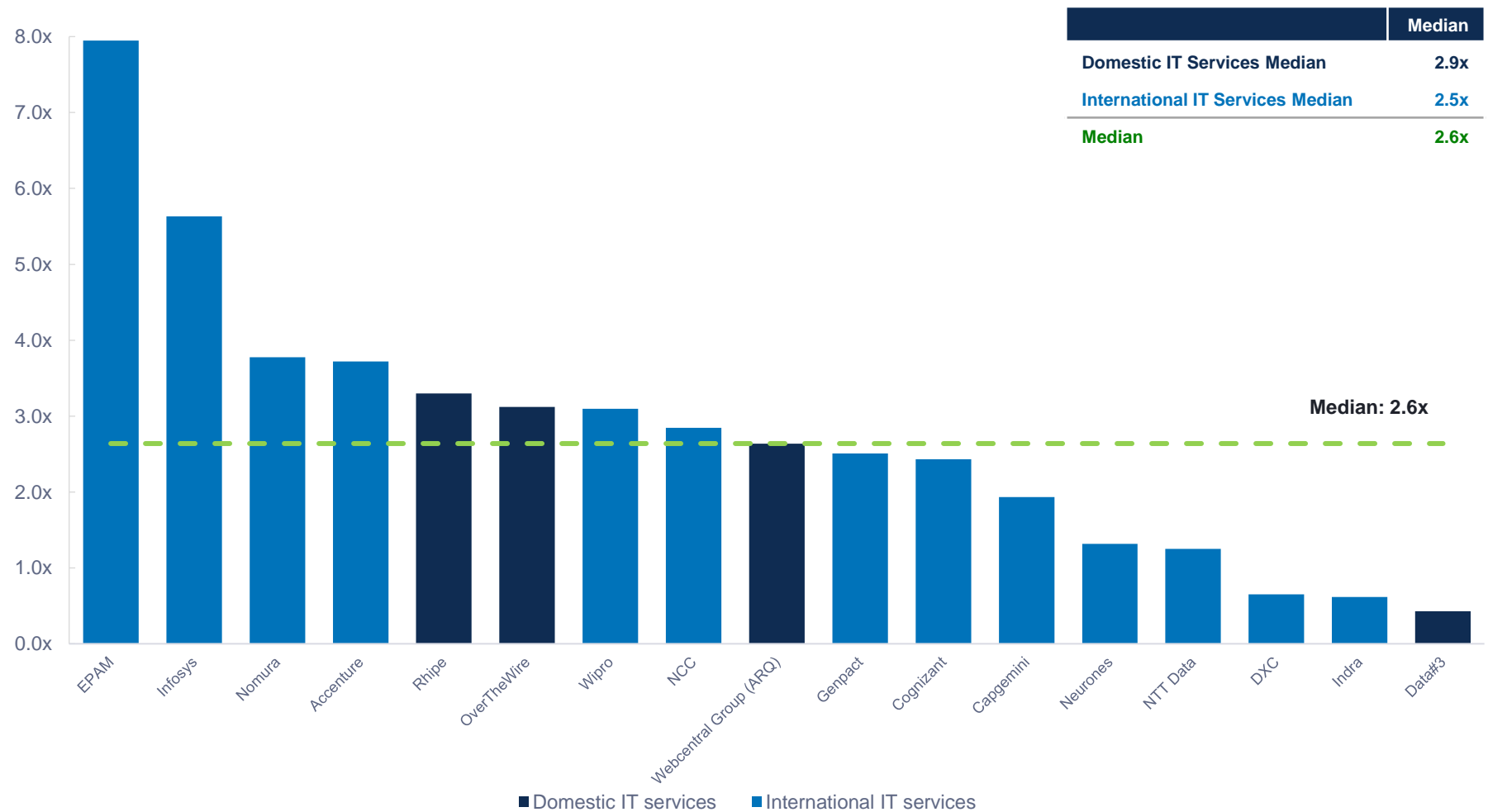
**IT services companies globally have outperformed the S&P 500 index since the COVID sell off**



## IT services companies trading multiples



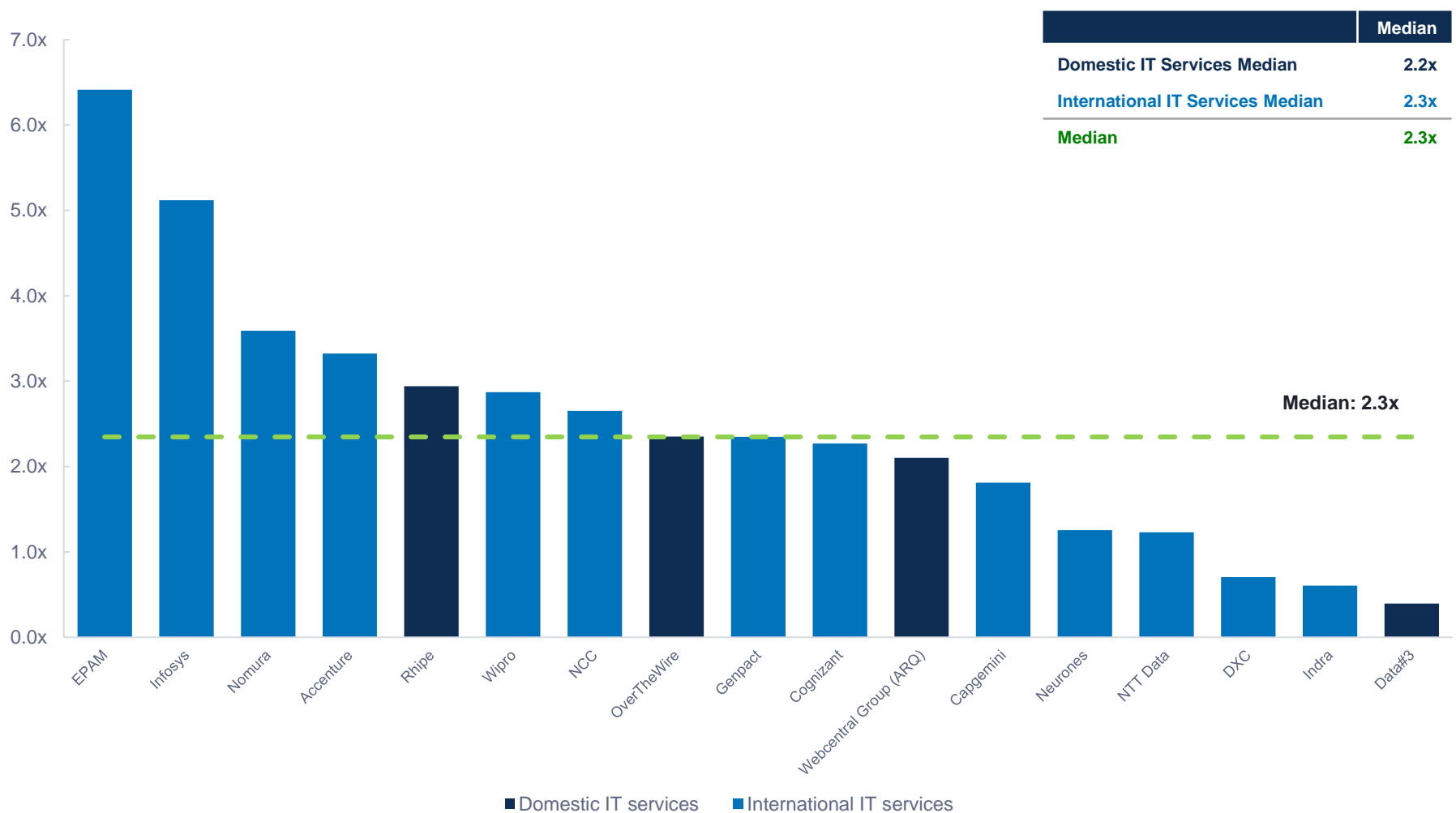
# Trading multiples: EV/ LTM revenue



**Global and domestic IT services companies tend to trade at similar LTM revenue multiples**

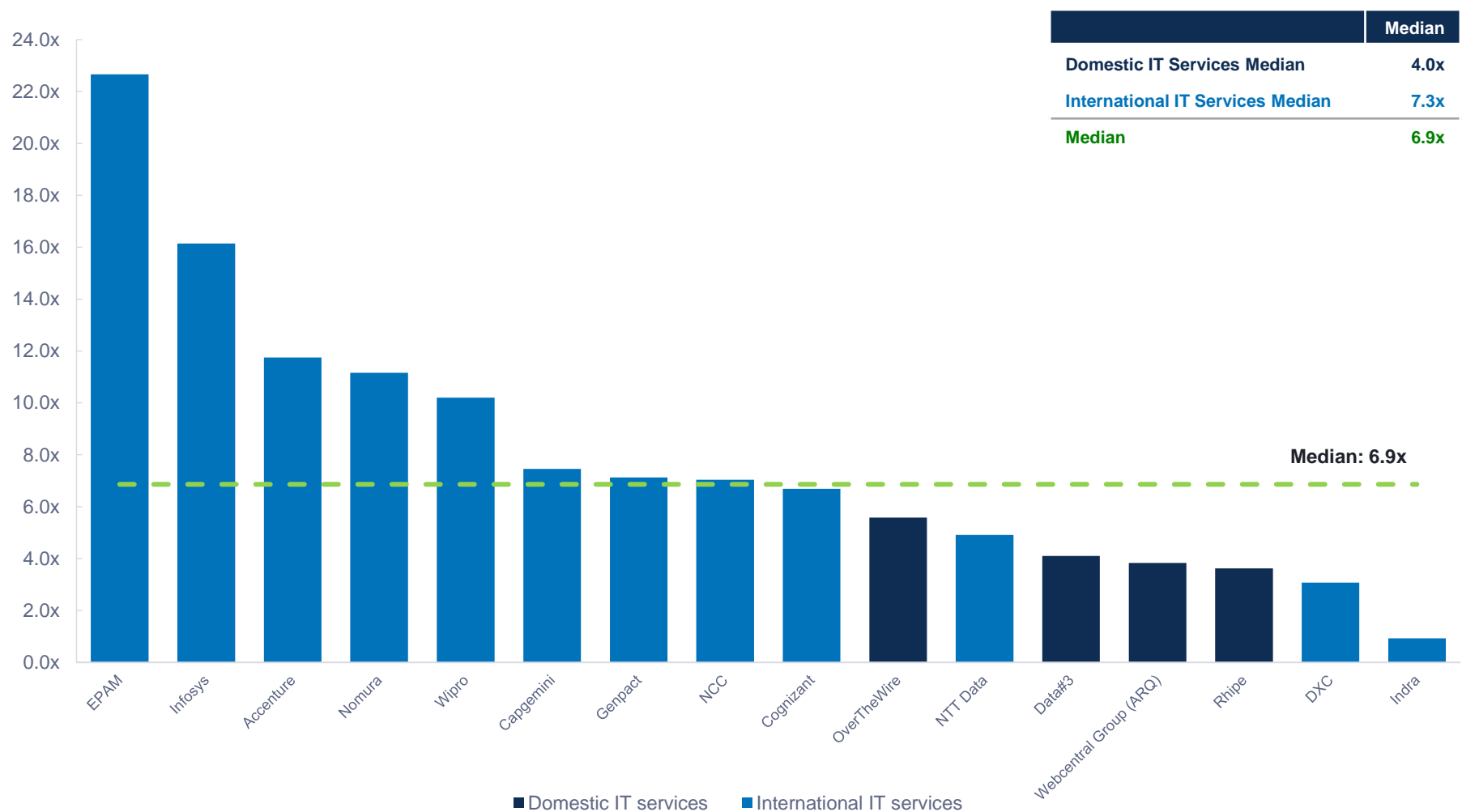


# Trading multiples: EV/ NTM revenue



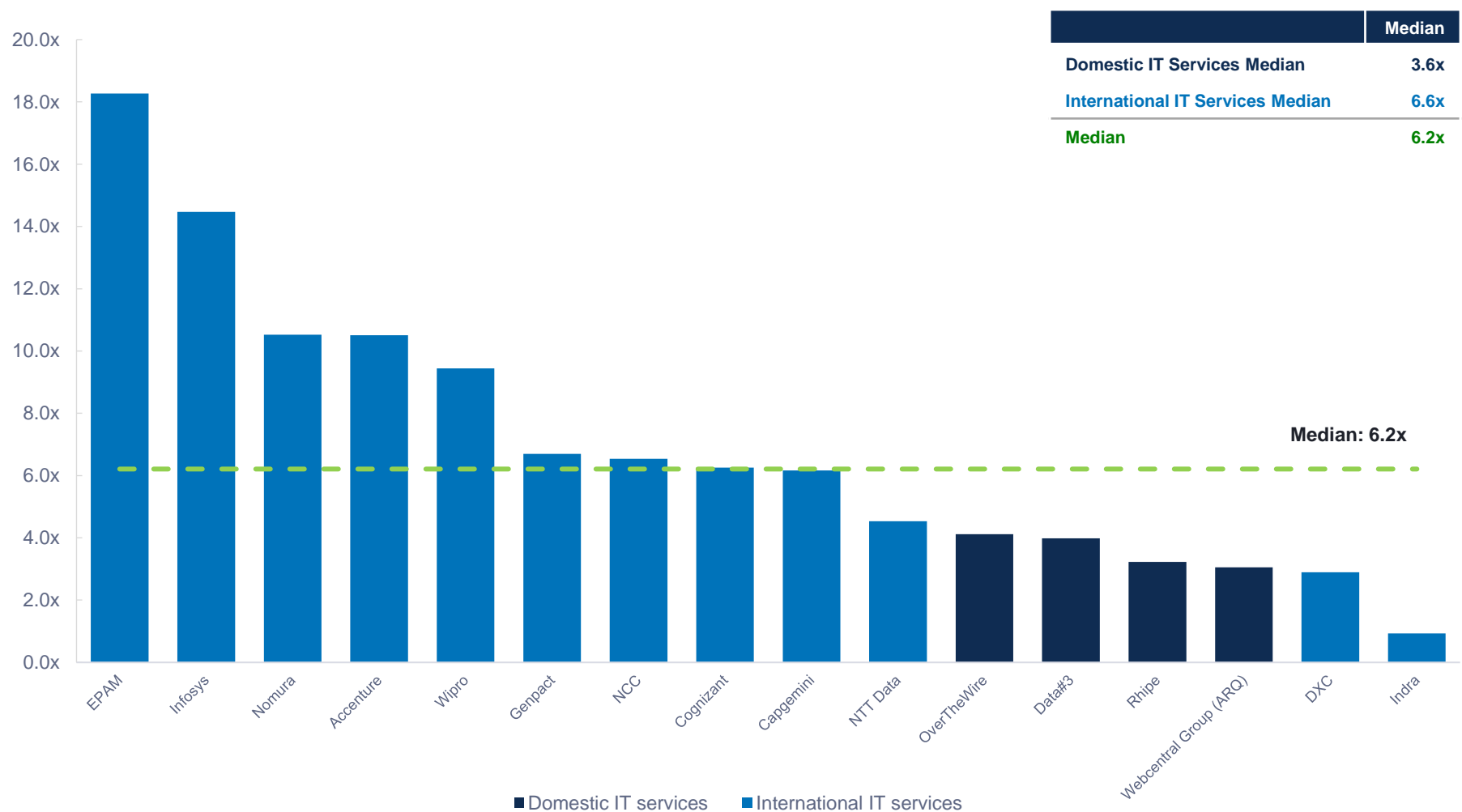
**Global and domestic IT services companies tend to trade at similar NTM revenue multiples**

# Trading multiples: EV/ LTM gross profit<sup>1</sup>



**International IT services companies trade at significantly higher LTM gross profit multiples**

# Trading multiples: EV/ NTM gross profit<sup>1</sup>



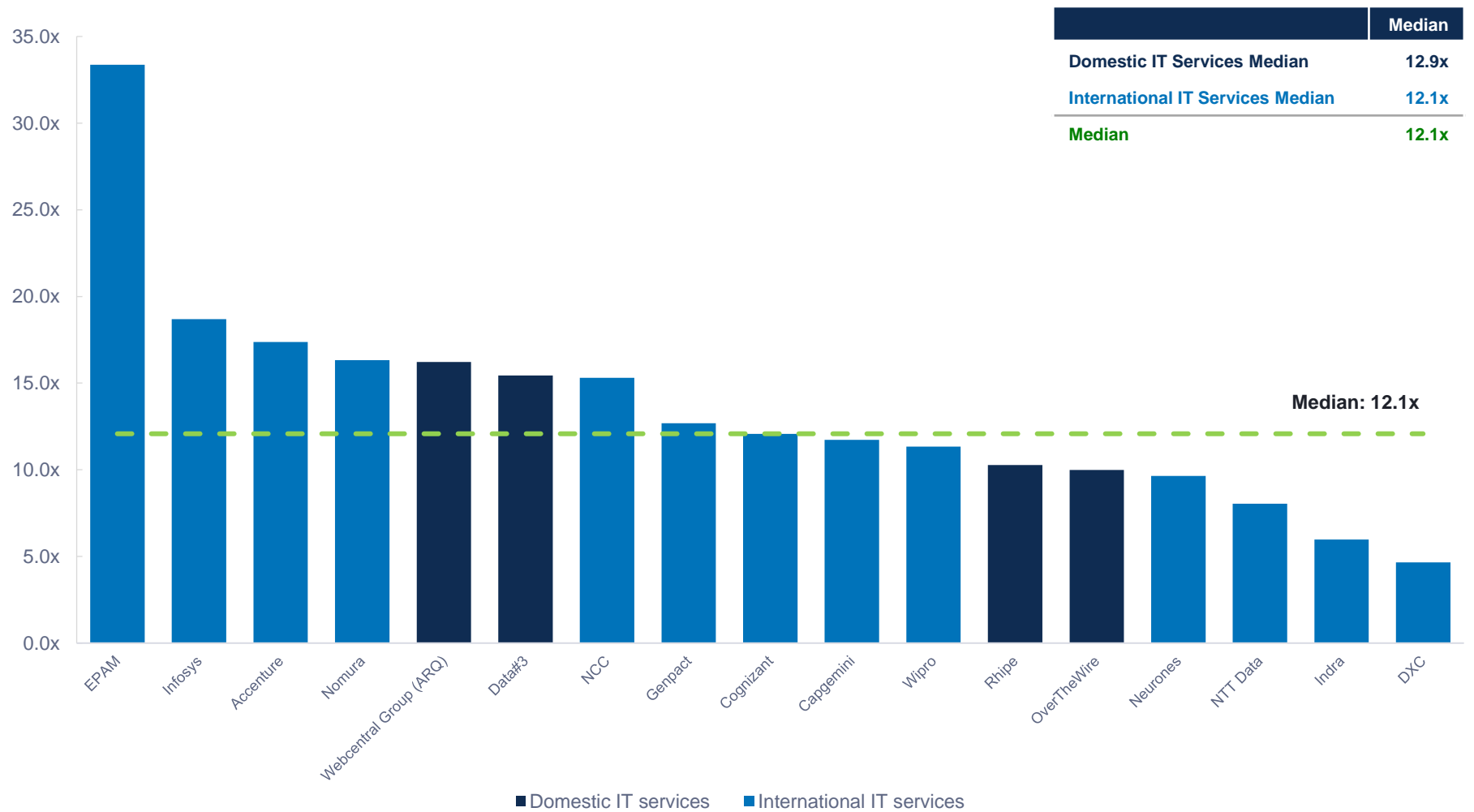
**International IT services companies trade at significantly higher NTM gross profit multiples**

# Trading multiples: EV/ LTM EBITDA



**Global and domestic IT services companies tend to trade at similar LTM EBITDA multiples**

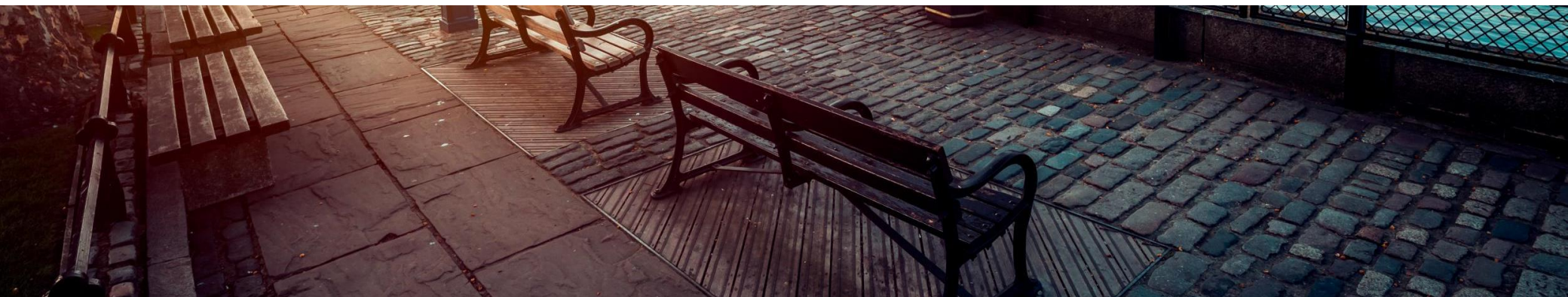
# Trading multiples: EV/ NTM EBITDA































**IT services companies globally trade at similar NTM EBITDA multiples**




























# Global: Mergers and acquisitions



# Domestic: Selected strategic mergers and acquisitions (> A\$10m)<sup>1</sup>

















Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
	Jan-18		28.5	0.6x	9.1x
	Apr-18		12.6	0.7x	n.a.
	Jun-18		43.0	2.4x	n.a.
 	Jul-18		313.0	n.a.	n.a.
	Sep-18		22.0	n.a.	n.a.
	Oct-18		23.3	n.a.	n.a.
	Oct-18		19.8	1.3x	6.3x
	Dec-18		31.0	1.1x	n.a.
	Jan-19		17.0	n.a.	n.a.
	Jun-19		20.0	2.2x	n.a.
	Aug-19		13.1	0.9x	8.8x
	Aug-19		25.0	1.7x	n.a.
PS&C Security Division	Oct-19		13.8	0.8x	6.0x
	Oct-19		397.8	1.7x	15.7x

# Domestic: Selected strategic mergers and acquisitions (> A\$10m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
 Bluleader	Nov-19	 DXC.technology	20.7	n.a.	n.a.
 IconIntegration	Feb-20	 accenture	20.0	n.a.	n.a.
 VOICE PRINT DATA	Jun-20	 Spirit <small>Different. Better.</small>	27.5	1.9x	n.a.
 SEERSECURITY	Jul-20	 TESSERENT	15.0	2.7x	n.a.
Reliance IT/ Beachhead Group/ Altitude IT	Aug-20	 Spirit <small>Different. Better.</small>	10.4	0.9x	n.a.
 airloom	Aug-20	 TESSERENT	15.0	0.6x	5.6x
 Webcentral GROUP	Sep-20	 5G <sup>®</sup> networks	79.2	1.3x	n.a.
 citadel group <small>MANAGING COMPLEXITY</small>	Sep-20	 PEP PACIFIC EQUITY PARTNERS	503.1	4.2x	17.4x
 DWS	Sep-20	 HCL	203.0	1.1x	9.5x
 iQ3	Sep-20	 TESSERENT	16.0	n.a.	n.a.
 ZAG	Oct-20	 accenture	45.0	n.a.	n.a.
 DIGITAL SENSE	Oct-20	 OvertheWire	39.0	2.1x	7.3x
 momenton	Oct-20	 Tech Mahindra	14.3	1.3x	n.a.



# Domestic: Selected strategic mergers and acquisitions (> A\$10m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
	Oct-20		41.5	1.1x	n.a.
	Nov-20		112.6	0.8x	7.2x
	Dec-20		22.5	1.0x	9.8x
	Jan-21		308.9 <sup>4</sup>	n.a.	n.a.
	Feb-21		40.0	n.a.	n.a.
	Mar-21		~300.0 <sup>5</sup>	n.a.	n.a.
 Managed Security Services Business	Mar-21		22.3	2.5x	5.3x
	Mar-21		153.8 <sup>6</sup>	n.a.	n.a.
<b>Median</b>				<b>1.3x</b>	<b>8.0x</b>





# International: Selected mergers and acquisitions (> A\$100m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
 ECS	Jan-18	 ASGN Incorporated	959.7	1.4x	11.9x
 liquidhub	Feb-18	 Capgemini	630.5	2.1x	n.a.
 CSRA	Feb-18	<b>GENERAL DYNAMICS</b>	12,942.4	2.0x	11.8x
 REALDOLMEN	Feb-18	 gfi NEW CHALLENGES NEW IDEAS	304.3	0.6x	10.1x
 MWR	Jun-18	 F-Secure	187.5	3.8x	n.a.
 ProData consult	Jun-18	<b>POLARIS</b>	105.2	0.6x	6.6x
<b>POMEROY</b>	Jul-18	 Getronics	1,100.3	0.9x	n.a.
<b>SYNTEL</b>	Jul-18	<b>Atos</b>	4,952.0	3.8x	14.0x
 cardinal	Aug-18	 Insight	106.7	n.a.	n.a.
<b>fluida</b>	Sep-18	 Infosys	105.6	n.a.	n.a.
<b>FUSIONSTORM</b>	Oct-18	 Computacenter	124.6	0.2x	9.8x
<b>softvision</b>	Oct-18	<b>Cognizant</b>	763.9	4.1x	n.a.










# International: Selected mergers and acquisitions (> A\$100m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
	Dec-18		1,739.6	1.4x	7.3x
	Jan-19		2,906.2	2.3x	21.4x
	Jan-19	  	316.0	n.a.	n.a.
	Jan-19		271.8	1.2x	12.9x
	Mar-19		520.6	1.5x	15.2x
	May-19		515.0	2.1x	n.a.
	Jun-19		264.7	2.6x	n.a.
	Jun-19		3,275.2	1.5x	13.4x
	Jul-19		146.2	n.a.	n.a.
	Aug-19		386.2	1.7x	n.a.
	Aug-19	BC Partners	3,561.1	0.8x	10.8x
	Oct-19		446.7	n.a.	n.a.

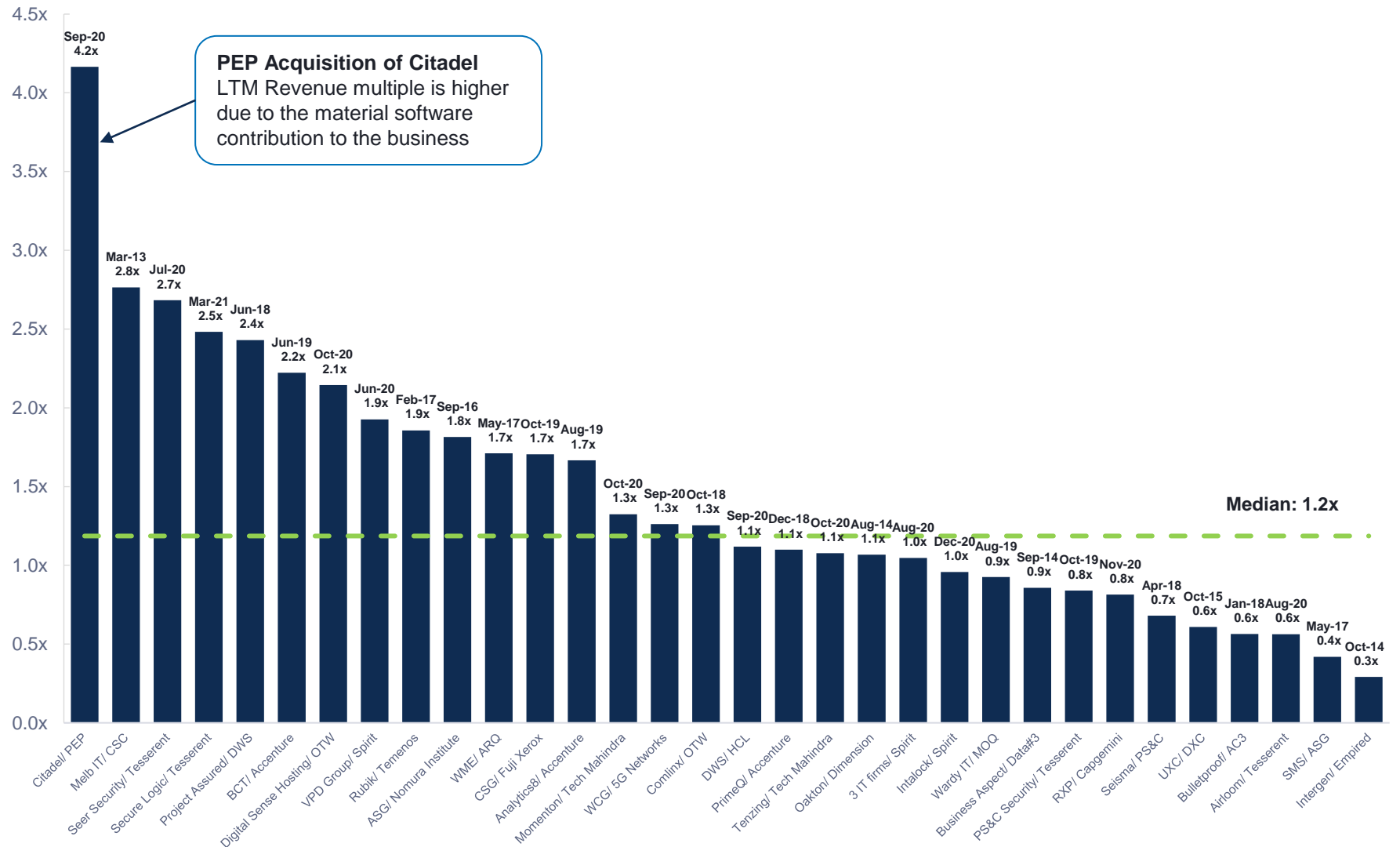
# International: Selected mergers and acquisitions (> A\$100m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
 PA GROUP	Oct-19	 RETELIT	140.9	n.a.	n.a.
 Minori Solutions Co., Ltd.	Oct-19	 SCSK	278.0	n.a.	n.a.
 DLT	Oct-19	 TechData	306.1	n.a.	n.a.
 nasstar	Dec-19	 GCI Enabling your future <sup>®</sup>	158.5	3.0x	15.0x
 mthree	Jan-20	 WILEY	186.6	2.5x	n.a.
 ITG	Jan-20	 ICF	368.8	2.9x	n.a.
 BLACKSTONE technology group	Jan-20	 ASGN Incorporated	125.8	1.9x	n.a.
 UNISYS FEDERAL	Feb-20	 SAIC	1,780.1	1.9x	n.a.
 context	Mar-20	 accenture	210.0	n.a.	n.a.
 COLLABORATIVE SOLUTIONS	May-20	 Cognizant	612.3	n.a.	n.a.
 NEWSIGNATURE	Jul-20	 Cognizant	426.2	n.a.	n.a.
 ORYPSIS <sup>™</sup>	Aug-20	 paloalto <sup>®</sup> NETWORKS	369.8	n.a.	n.a.

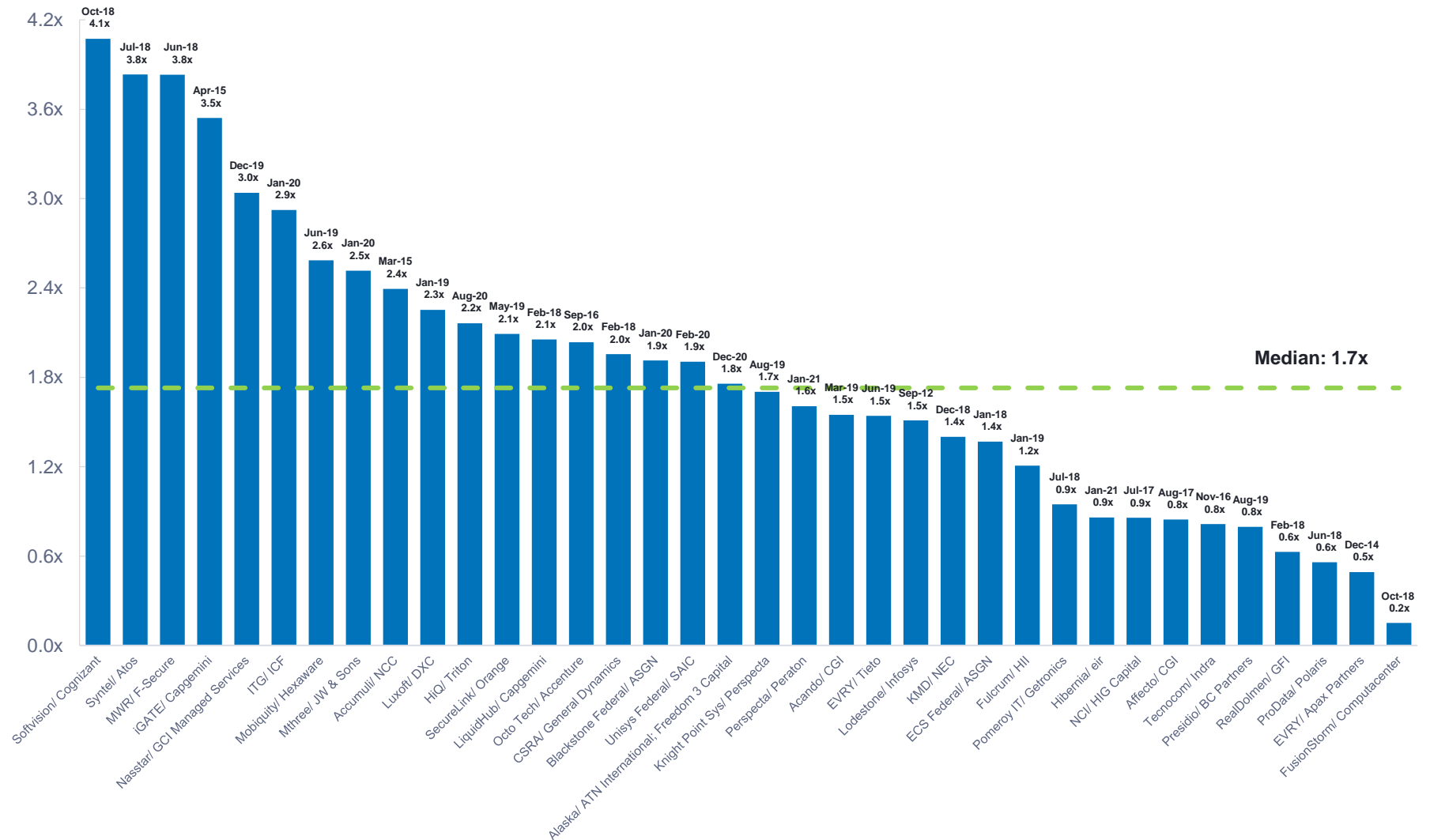
# International: Selected mergers and acquisitions (> A\$100m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
	Oct-20	Triton	643.4	2.2x	15.9x
	Dec-20		286.0	n.a.	n.a.
	Dec-20	 	587.1	1.8x	5.6x
	Jan-21		126.3	0.9x	8.6x
	Jan-21	Peraton	8,836.7	1.6x	11.1x
	Feb-21	<u>CENTRE LANE PARTNERS</u>	125.2	1.1x	39.7x
<b>Median</b>				<b>1.8x</b>	<b>11.8x</b>

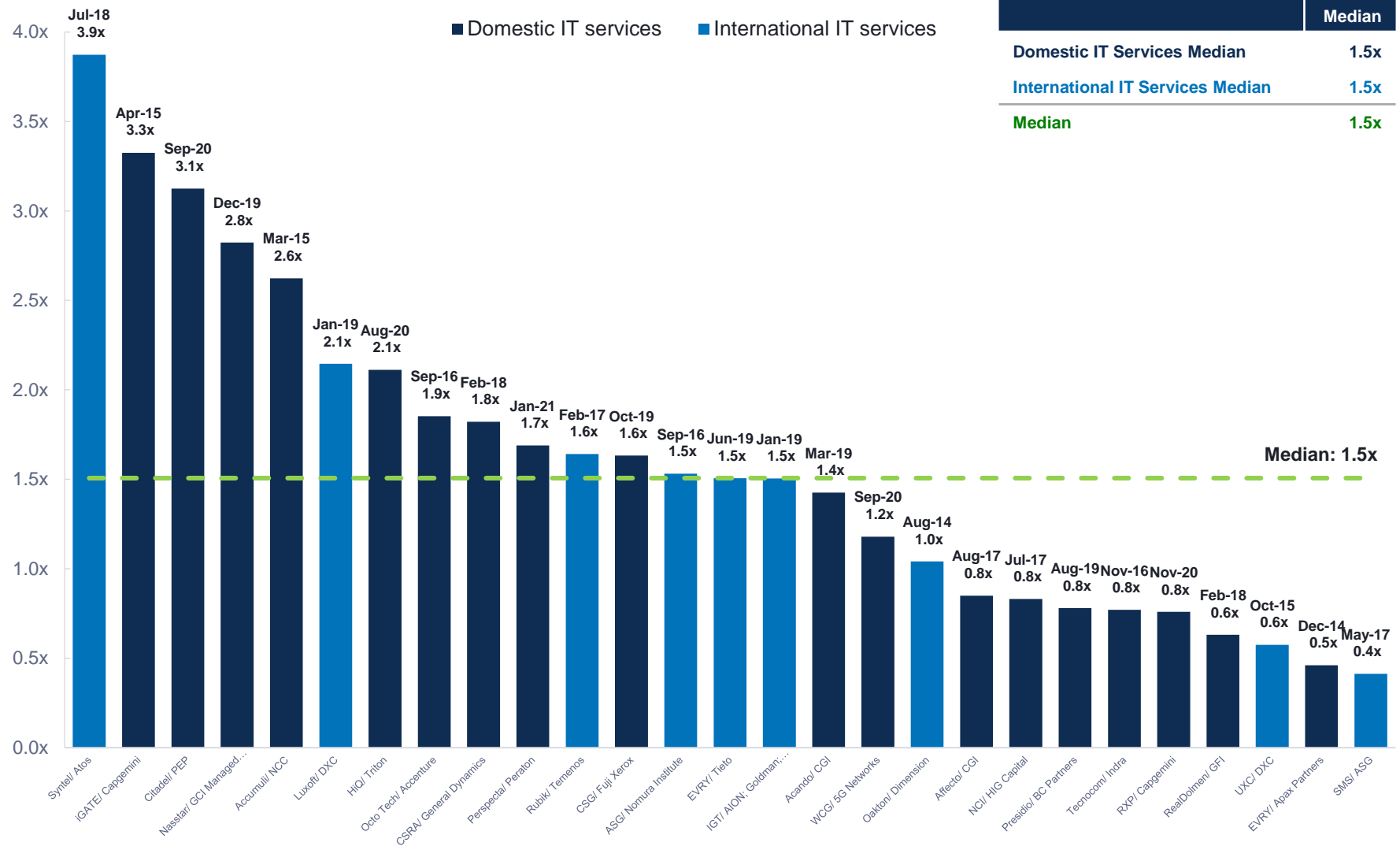
# Domestic: Selected mergers and acquisitions EV/ LTM revenue



# International: Selected mergers and acquisitions EV/ LTM revenue

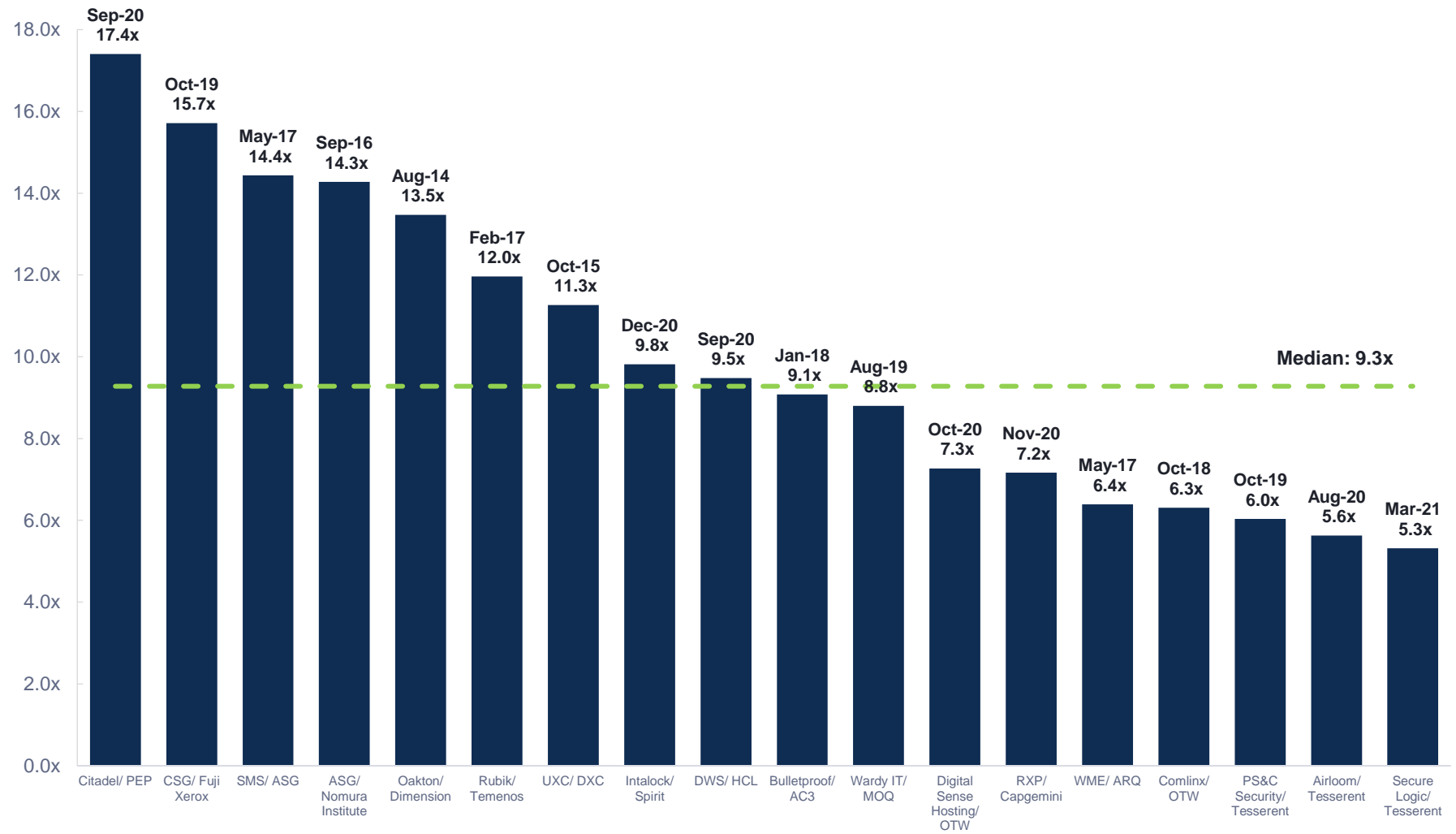


# Selected mergers and acquisitions EV/ NTM revenue

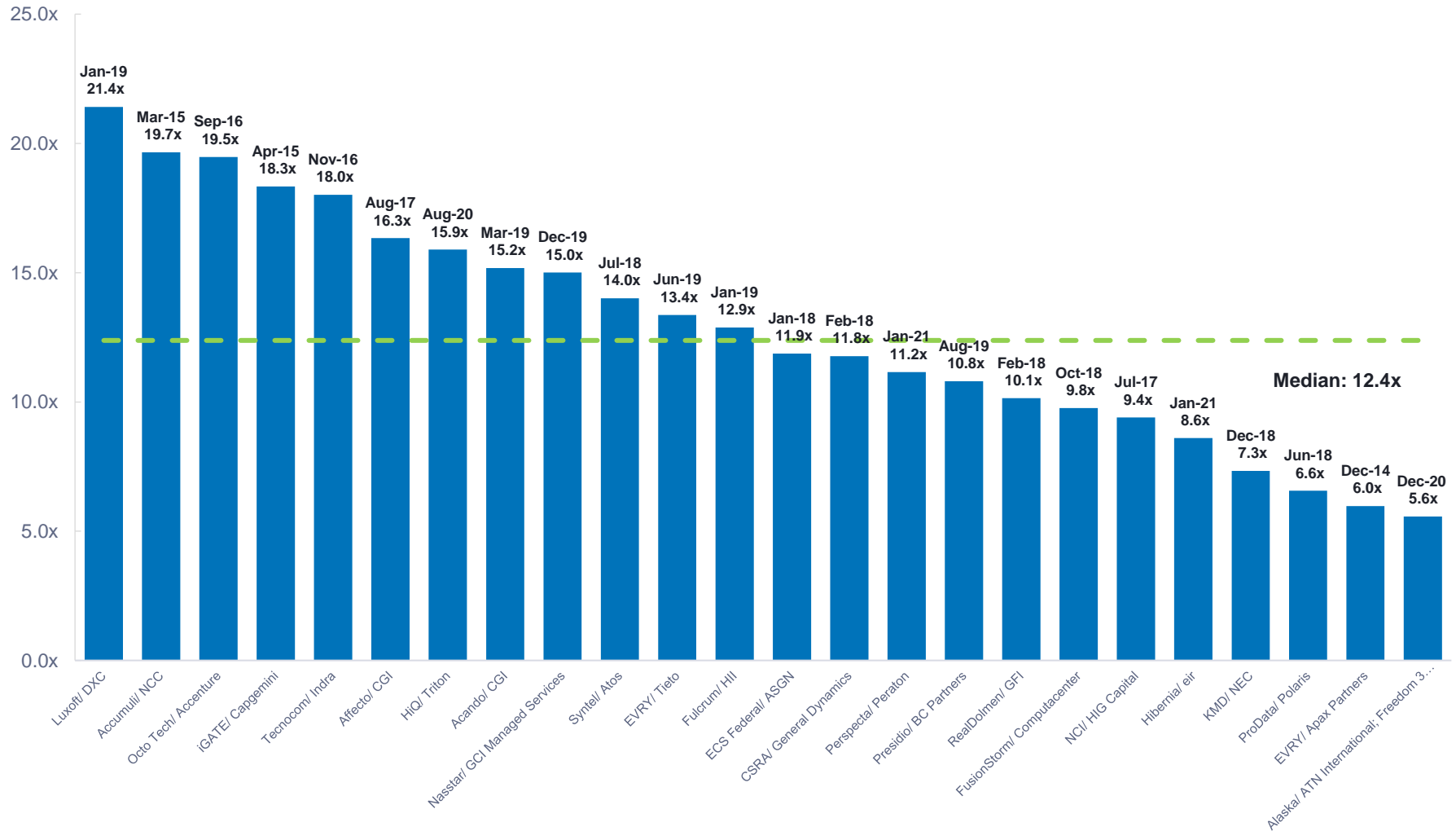




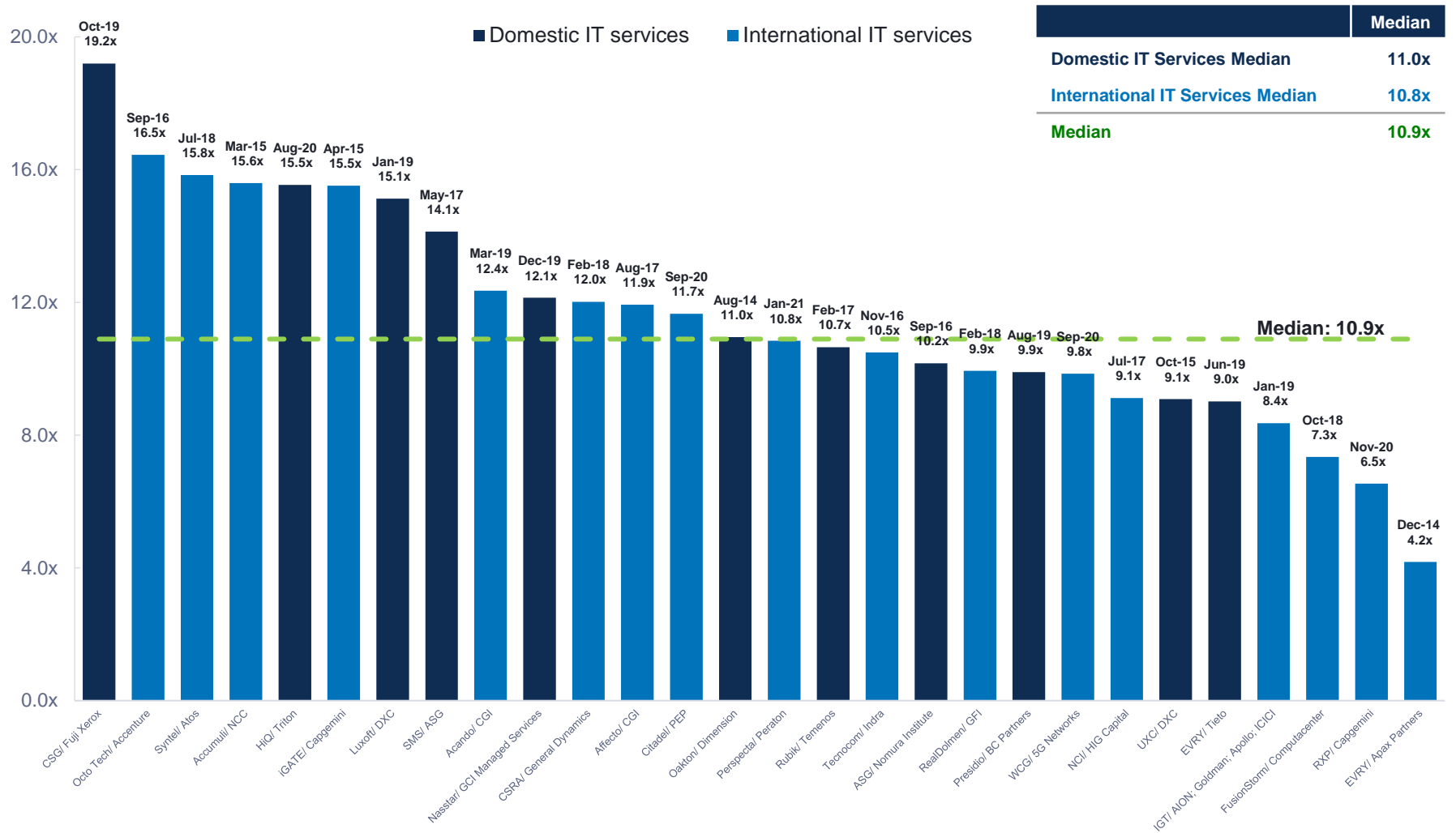
# Domestic: Selected mergers and acquisitions EV/ LTM EBITDA



# International: Selected mergers and acquisitions EV/ LTM EBITDA



# Selected mergers and acquisitions EV/ NTM EBITDA





# Benchmarking analysis



# Benchmarking: LTM revenue growth



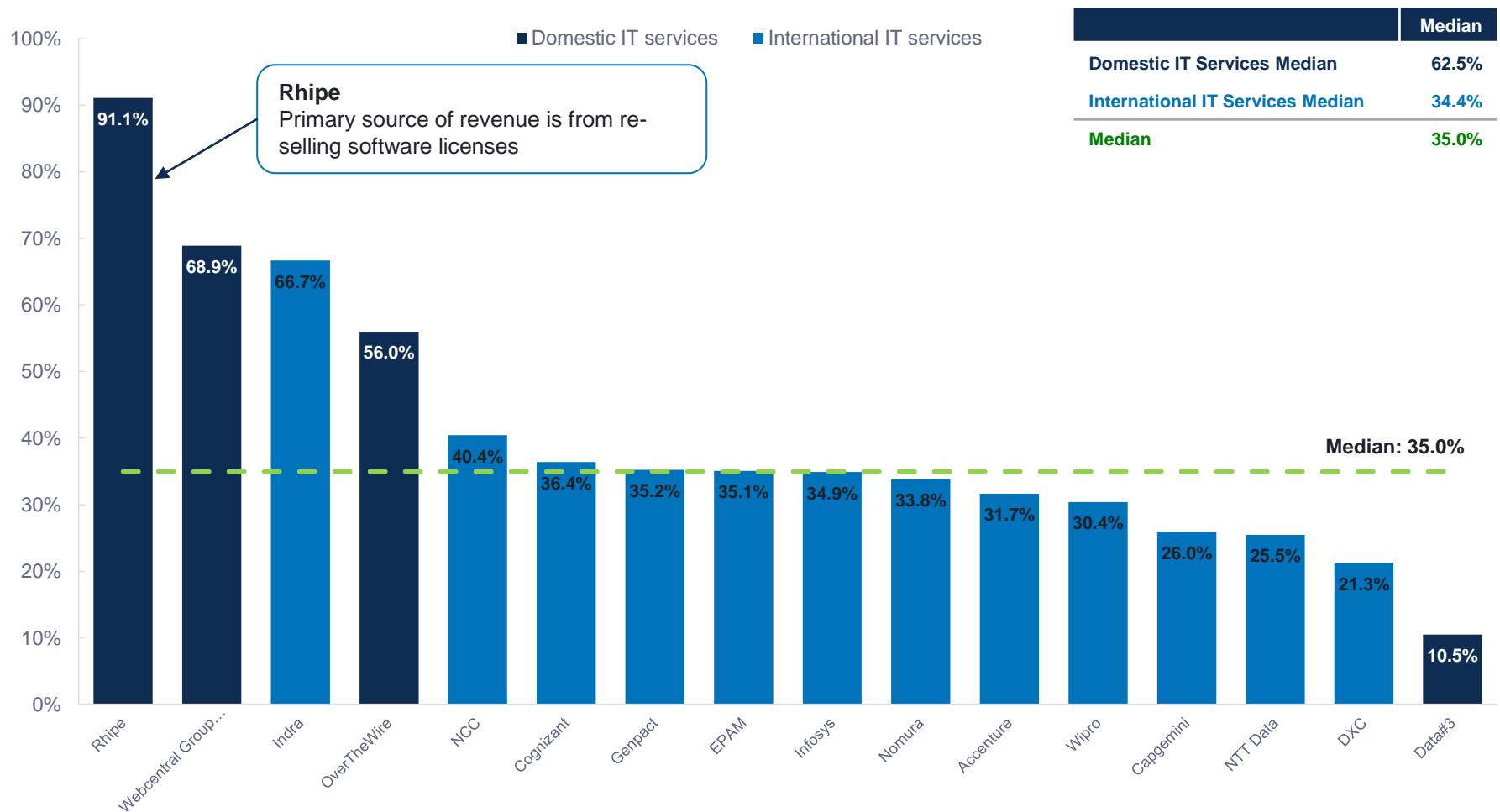
**Domestic IT services' LTM revenue growth outpaced that of their international comparables**

# Benchmarking: NTM revenue growth



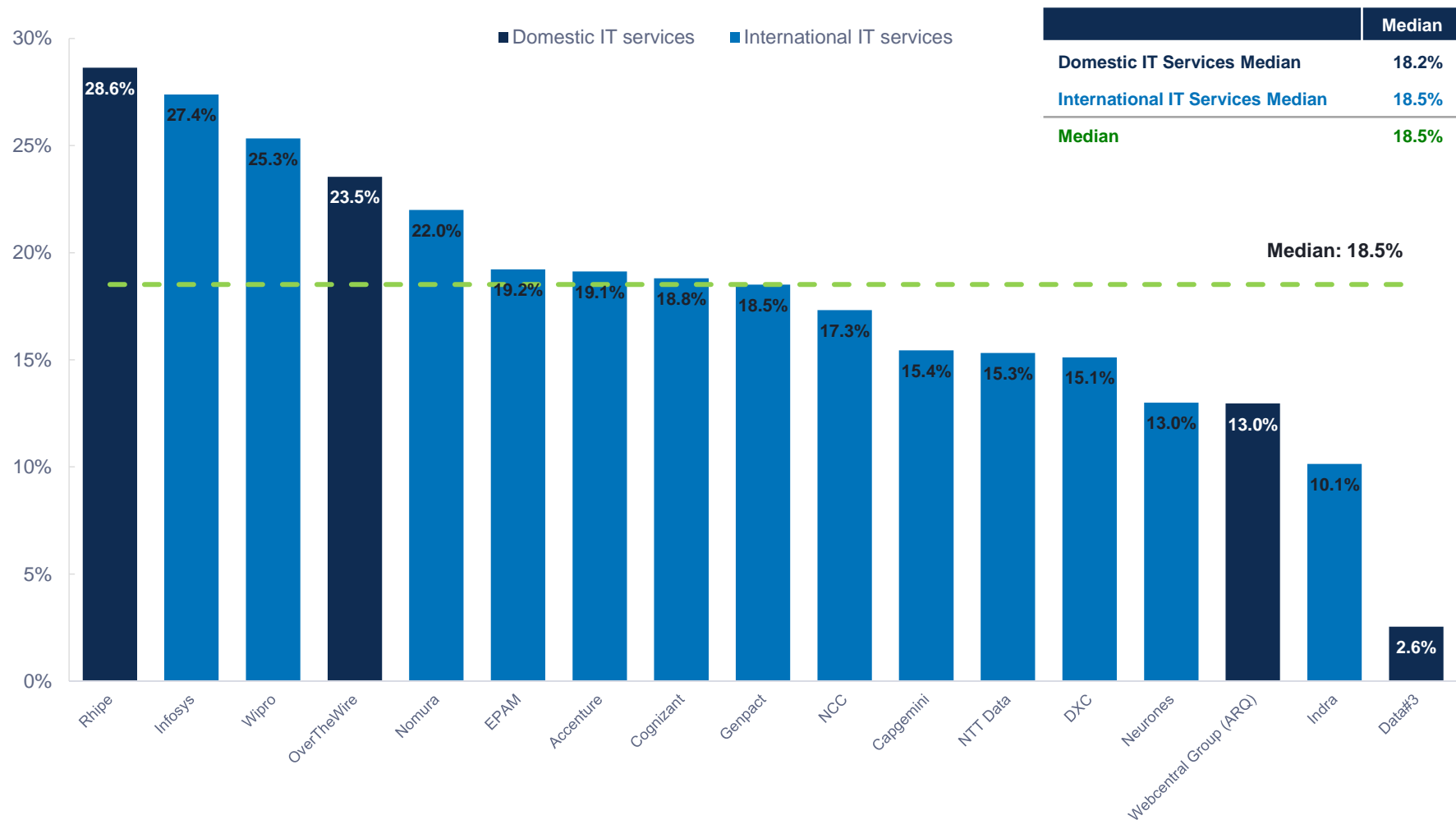
**IT services companies are expected to experience stronger growth in the coming year**

# Benchmarking: LTM gross margins<sup>1</sup>



**High gross margins in certain domestic IT service companies are driven by managed services and software solutions**

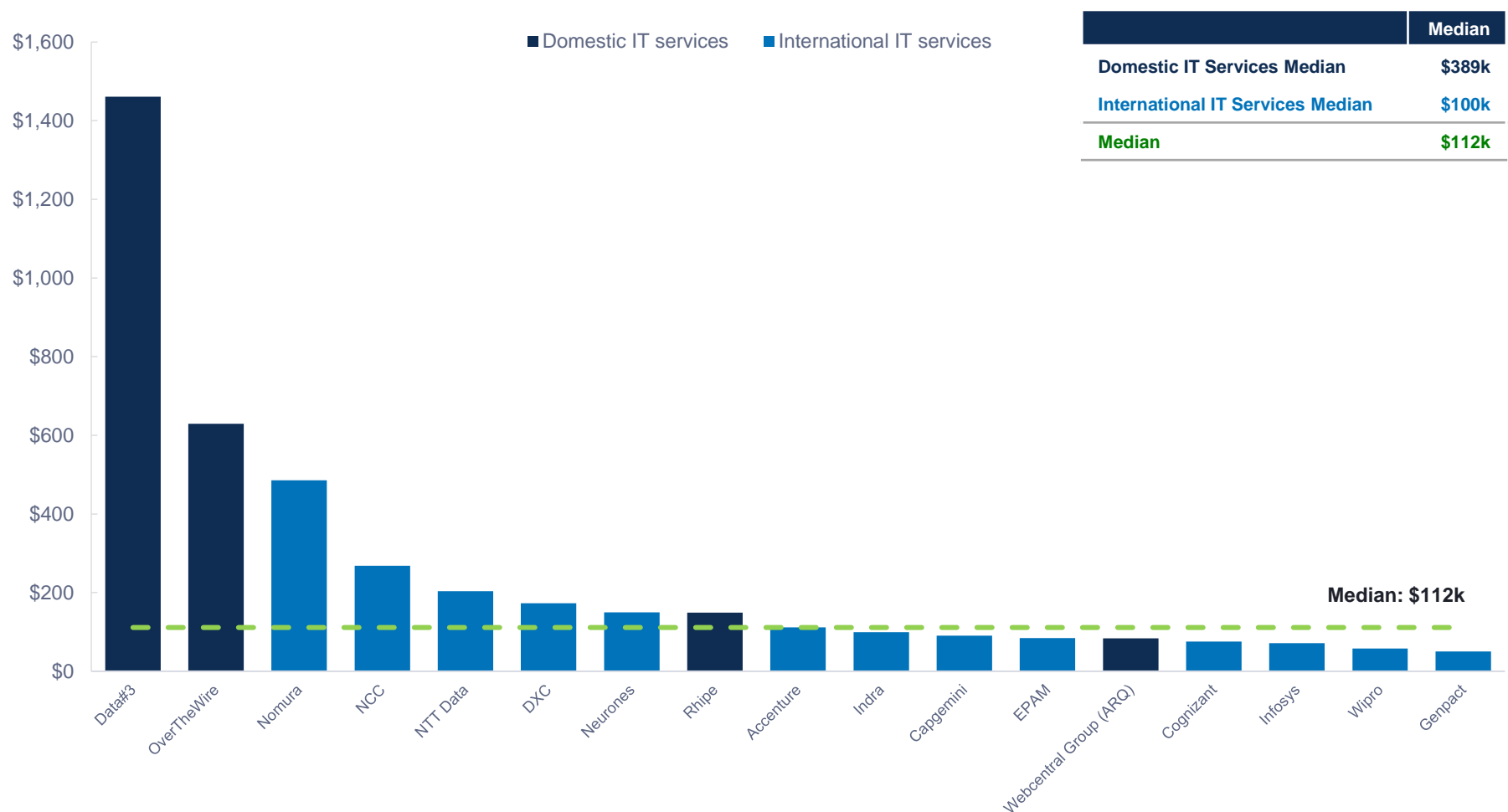
# Benchmarking: NTM EBITDA margins



**IT services margins are relatively consistent across domestic and international peers**



# Benchmarking: Revenue per employee (\$'000)



**Domestic IT services companies tend to generate more revenue per employee than their international counterparts due to their scalable managed IT services/software offerings**



## Appendix: Index constituents



# Domestic: IT Services Constituents

Company	Capitalisation		Multiples						Operating metrics						
			EV/ Revenue		EV/ EBITDA		EV/ GP		Margins (LTM)		Revenue growth		EBITDA margin		
	Equity Value (A\$m)	Enterprise Value (A\$m)	LTM	NTM	LTM	NTM	LTM	NTM	Gross	EBITDA	LTM	NTM	NTM	FY20	FY21E
<b>Domestic IT services</b>															
Data#3	799.1	758.4	0.4x	0.4x	17.2x	15.4x	4.1x	4.0x	10.5%	2.5%	18.4%	13.5%	2.6%	2.4%	2.5%
Webcentral Group (ARQ)	85.5	137.8	2.6x	2.1x	20.5x	16.2x	3.8x	3.0x	68.9%	12.8%	(37.5%)	25.5%	13.0%	11.7%	13.0%
Rhipe	251.3	197.0	3.3x	2.9x	12.2x	10.3x	3.6x	3.2x	91.1%	27.1%	11.6%	11.8%	28.6%	24.6%	27.2%
OverTheWire	254.9	296.6	3.1x	2.4x	12.4x	10.0x	5.6x	4.1x	56.0%	25.2%	7.9%	31.5%	23.5%	19.9%	22.7%
<b>Median</b>			<b>2.9x</b>	<b>2.2x</b>	<b>14.8x</b>	<b>12.9x</b>	<b>4.0x</b>	<b>3.6x</b>	<b>62.5%</b>	<b>19.0%</b>	<b>9.7%</b>	<b>19.5%</b>	<b>18.2%</b>	<b>15.8%</b>	<b>17.8%</b>
<b>Max</b>			<b>3.3x</b>	<b>2.9x</b>	<b>20.5x</b>	<b>16.2x</b>	<b>5.6x</b>	<b>4.1x</b>	<b>91.1%</b>	<b>27.1%</b>	<b>18.4%</b>	<b>31.5%</b>	<b>28.6%</b>	<b>24.6%</b>	<b>27.2%</b>
<b>Min</b>			<b>0.4x</b>	<b>0.4x</b>	<b>12.2x</b>	<b>10.0x</b>	<b>3.6x</b>	<b>3.0x</b>	<b>10.5%</b>	<b>2.5%</b>	<b>(37.5%)</b>	<b>11.8%</b>	<b>2.6%</b>	<b>2.4%</b>	<b>2.5%</b>

# International: IT Services Constituents

Company	Capitalisation		Multiples						Operating metrics						
			EV/ Revenue		EV/ EBITDA		EV/ GP		Margins (LTM)		Revenue growth		EBITDA margin		
	Equity Value (A\$m)	Enterprise Value (A\$m)	LTM	NTM	LTM	NTM	LTM	NTM	Gross	EBITDA	LTM	NTM	NTM	FY20	FY21E
<b>International IT services</b>															
Accenture	230,717.6	223,234.0	3.7x	3.3x	22.4x	17.4x	11.7x	10.5x	31.7%	16.6%	2.3%	10.7%	19.1%	16.7%	16.3%
Capgemini	37,678.4	47,255.1	1.9x	1.8x	15.5x	11.7x	7.5x	6.2x	26.0%	12.5%	12.2%	6.8%	15.4%	16.2%	12.5%
Cognizant	54,463.2	53,222.9	2.4x	2.3x	13.9x	12.1x	6.7x	6.3x	36.4%	17.5%	(0.8%)	7.2%	18.8%	19.6%	17.5%
DXC	10,456.8	15,558.7	0.7x	0.7x	4.7x	4.7x	3.1x	2.9x	21.3%	13.9%	(9.4%)	(9.9%)	15.1%	22.6%	17.1%
Genpact	10,529.2	12,232.8	2.5x	2.3x	14.8x	12.7x	7.1x	6.7x	35.2%	16.9%	5.4%	6.9%	18.5%	18.6%	16.9%
Indra	2,035.5	2,950.6	0.6x	0.6x	38.5x	6.0x	0.9x	0.9x	66.7%	1.6%	(5.5%)	2.1%	10.1%	10.6%	1.6%
Infosys	104,280.4	100,315.0	5.6x	5.1x	20.7x	18.7x	16.6x	14.5x	34.0%	27.2%	6.1%	16.2%	27.4%	25.6%	23.9%
NCC	1,310.8	1,372.7	2.8x	2.7x	20.9x	15.3x	7.0x	6.5x	40.4%	13.6%	3.6%	3.3%	17.3%	17.4%	13.2%
Neurones	1,064.4	1,064.4	1.3x	1.3x	11.5x	9.6x	n.a.	n.a.	n.a.	11.4%	2.8%	5.0%	13.0%	12.1%	11.4%
Nomura	24,394.1	24,353.0	3.8x	3.6x	17.8x	16.3x	11.2x	10.5x	33.8%	21.3%	3.4%	4.2%	22.0%	20.3%	21.5%
NTT Data	28,541.5	33,943.8	1.3x	1.2x	8.1x	8.0x	4.9x	4.5x	25.5%	15.5%	1.3%	0.8%	15.3%	14.1%	14.6%
Wipro	40,607.2	36,149.0	3.2x	3.0x	13.6x	12.0x	10.3x	9.7x	31.7%	23.9%	1.5%	17.9%	25.3%	20.4%	19.1%
EPAM	29,244.1	27,778.1	7.9x	6.4x	47.9x	33.4x	22.7x	18.3x	35.1%	16.6%	15.9%	23.9%	19.2%	18.5%	16.6%
<b>Median</b>			<b>2.5x</b>	<b>2.3x</b>	<b>15.5x</b>	<b>12.1x</b>	<b>7.3x</b>	<b>6.6x</b>	<b>33.9%</b>	<b>16.6%</b>	<b>2.8%</b>	<b>6.8%</b>	<b>18.5%</b>	<b>18.5%</b>	<b>16.6%</b>
<b>Max</b>			<b>7.9x</b>	<b>6.4x</b>	<b>47.9x</b>	<b>33.4x</b>	<b>22.7x</b>	<b>18.3x</b>	<b>66.7%</b>	<b>27.2%</b>	<b>15.9%</b>	<b>23.9%</b>	<b>27.4%</b>	<b>25.6%</b>	<b>23.9%</b>
<b>Min</b>			<b>0.6x</b>	<b>0.6x</b>	<b>4.7x</b>	<b>4.7x</b>	<b>0.9x</b>	<b>0.9x</b>	<b>21.3%</b>	<b>1.6%</b>	<b>(9.4%)</b>	<b>(9.9%)</b>	<b>10.1%</b>	<b>10.6%</b>	<b>1.6%</b>



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