



# IT services sector update

March 2022

# Blackpeak is a leading independent investment banking & advisory firm

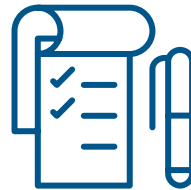
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- We are an independent corporate advisory firm based in Sydney providing corporate finance and strategic advice on mergers & acquisitions, strategy and capital raisings
- We strive to be our client's trusted adviser and confidant and are focused on 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 ~45 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

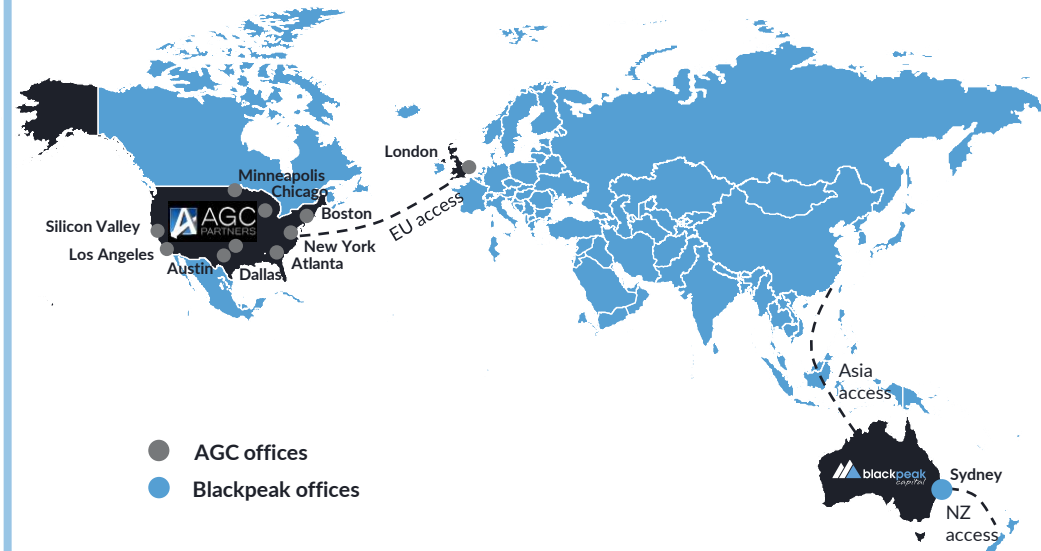
## AGC Partners

- **Leading tech investment bank:** AGC is ranked as the most active boutique bank dedicated to tech, having completed more than 450 M&A and growth equity transactions since inception in 2003. More than 50 professionals, including 21 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

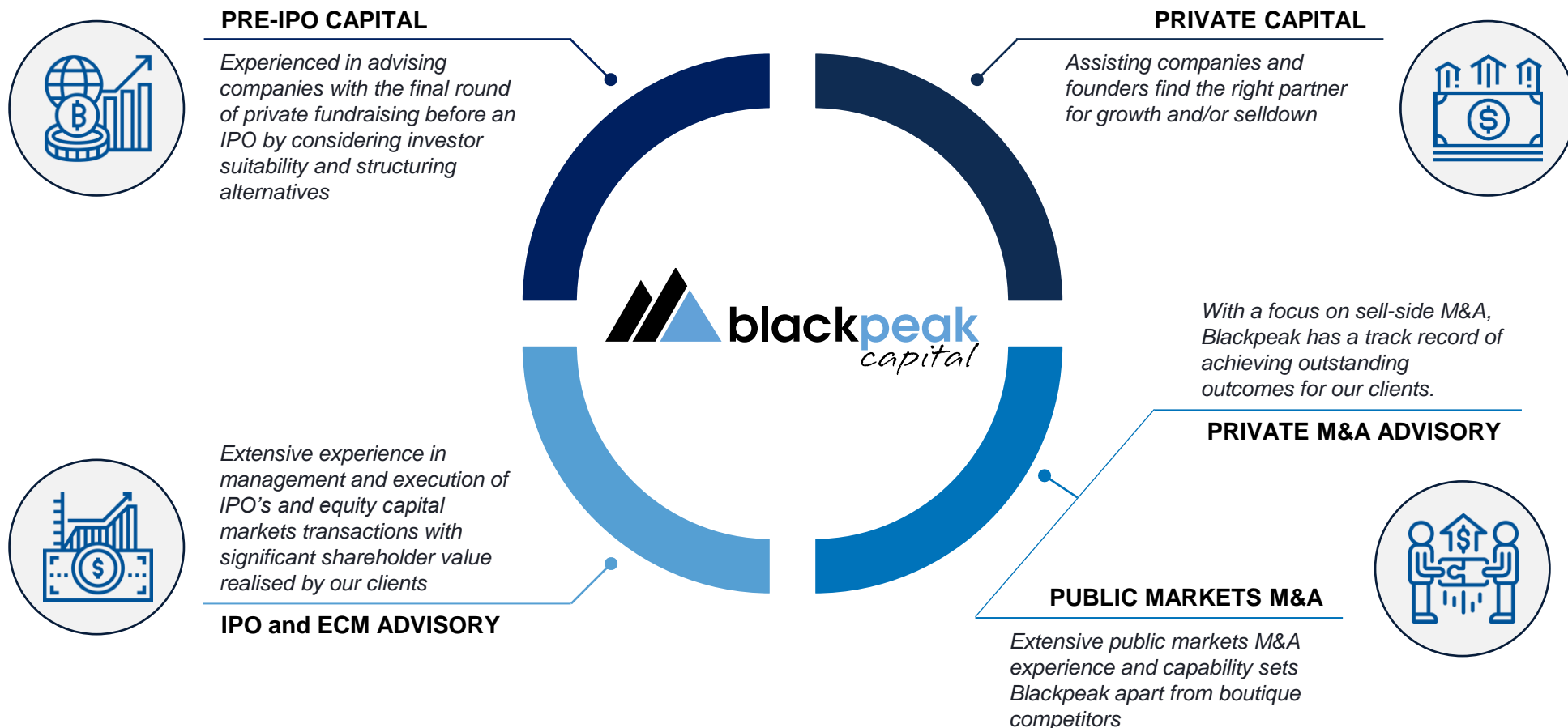
- Alliance will uniquely position Blackpeak to provide global technology investment banking capabilities, combined with leading local coverage, service and support to technology growth companies in ANZ that are institutional size and quality
- Alliance enhances Blackpeak's access to strategic acquirers 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



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

 <p>2021 Sale of Playground XYZ to GumGum Financial Adviser</p> 	 <p>2021 Pre-IPO Raising Financial Adviser</p> 	 <p>2021 Pre-IPO Raising A\$10m Financial Adviser</p> 	 <p>2021 Sale of SuperChoice to Potentia Capital Financial Adviser</p> 	 <p>2021 Initial Public Offering A\$188m Financial Adviser</p> 	 <p>2021 Acquisition of Massive Music Financial Adviser</p> 	 <p>2021 Rights issue &amp; convertible note restructuring Financial Adviser</p> 
 <p>2021 Sale of Elevio to Dixa Financial Adviser</p> 	 <p>2021 Sale of Minority Interest Financial Adviser</p> 	 <p>2021 Growth equity investment A\$45m Financial Adviser</p> 	 <p>2020 Primary/ Secondary Raising ~A\$14m Financial Adviser</p> 	 <p>2020 Growth equity investment A\$50m Financial Adviser</p> 	 <p>2020 Pre-IPO Raising A\$25m Financial Adviser</p> 	 <p>2020 Strategic Review Financial Adviser</p> 
 <p>2020 Convertible note investment into Jaxsta Financial Adviser</p> 	 <p>2020 Private Raising \$A11m Financial Adviser</p> 	 <p>2019 Private raising Financial Adviser</p> 	 <p>2019 Sale of Riteq to Ceridian Financial Adviser</p> 	 <p>2019 Sale of controlling stake to Potentia Capital - A\$90m Financial Adviser</p> 	 <p>2018 Acquisition of HROnboard Undisclosed Financial Adviser</p> 	 <p>2018 Initial Public Offering A\$79m Financial Adviser</p> 

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

 <b>2018</b> Pre-IPO Raising A\$25m Financial Adviser 	 <b>2018</b> Strategic Review Financial Adviser 	 <b>2018</b> Equity Raising A\$100m Financial Adviser 	 <b>2018</b> Equity raising A\$45m Financial Adviser 	 <b>2018</b> Series B equity raising A\$11m Financial Adviser 	 <b>2018</b> Acquisition of Pivot Remesys A\$11m Financial Adviser 	 <b>2017</b> Strategic Review Financial Adviser 
 <b>2017</b> Trade sale A\$44m Financial Adviser 	 <b>2017</b> Block Trade A\$73m Financial Adviser 	 <b>2017</b> Block Trade A\$23m Financial Adviser 	 <b>2017</b> Acquisition of Quintessential Marketing A\$12m Financial Adviser 	 <b>2017</b> Pre-IPO equity raising NZ\$11m Financial Adviser 	 <b>2017</b> Initial Public Offering A\$73m Financial Adviser 	 <b>2017</b> Initial Public Offering A\$108m Financial Adviser 
 <b>2016/ 2017</b> Initial Public Offering Pending Financial Adviser 	 <b>2016</b> Acquisition of minority stake (size undisclosed) Financial Adviser 	 <b>2016</b> Initial Public Offering A\$1.0bn Financial Adviser 	 <b>2015</b> Sale of minority interest in SiteMinder (size undisclosed) Financial Adviser 	 <b>2015</b> Acquisition of CompuClearing A\$25m Financial Adviser 	 <b>2015</b> Acquisition of Core Freight Systems (size undisclosed) Financial Adviser 	 <b>2015</b> Acquisition of Zsoft (size undisclosed) Financial Adviser 

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

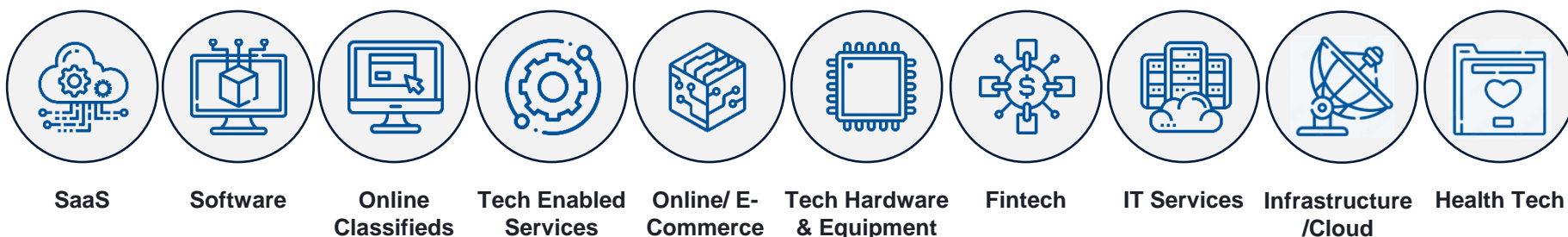
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# Deep domain expertise in ANZ technology markets

## 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>	30
 <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>	25
 <p><b>Jamie Taylor</b> Managing 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>Mark Leddy</b> Vice President <a href="mailto:mark@blackpeakcapital.com.au">mark@blackpeakcapital.com.au</a> M +61 416 471 097</p>		<ul style="list-style-type: none"> <li>Mark has 6 years experience in M&amp;A and corporate finance with technology / significant software experience</li> <li>Prior to working at Blackpeak Capital, Mark held a position as a business analyst at Aurizon</li> <li>Bachelor and Commerce and Bachelor of Economics, University of Queensland</li> </ul>	8

# 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



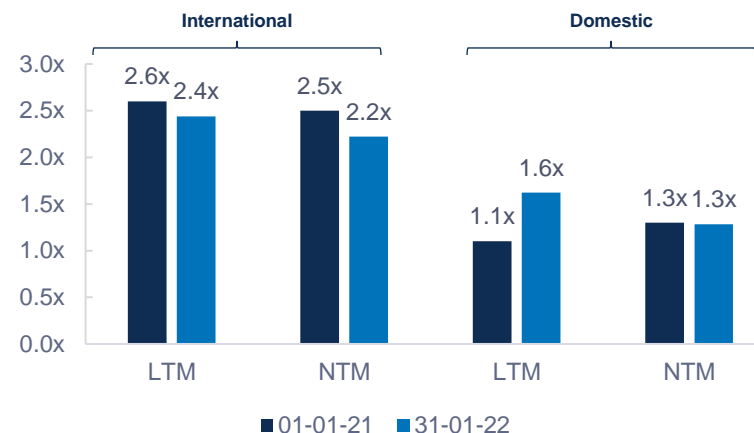
## Market snapshot



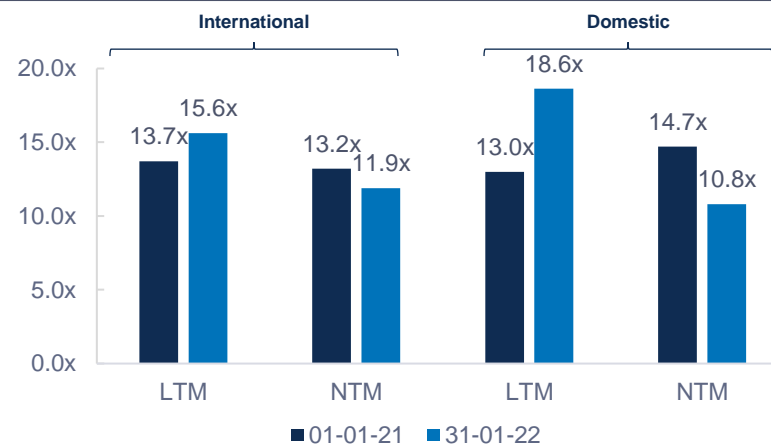
# Market snapshot

- While IT services companies recorded strong performance in 2021, domestic company valuations have fallen considerably in recent months, although not to the extent of international firms which fell below the S&P500 and its IT counterpart.
- The IT Services index fell by 8.7% between November and January, a moderate decline compared to the ASX 200 IT, which tumbled 25.0%. Such decline offsets strong performance throughout 2021, which saw IT Services companies gain 10.4% in CY21.
- The recent decline is a function of the recent broader technology sell-off amongst rising interest rate expectations.
- Furthermore, an easing of lockdowns despite the emergence of the Omicron COVID-19 variant has somewhat normalised the demand for digital transformation, cloud services and IT consulting companies.
- However, IT Service companies will benefit from flexible work arrangements as cloud services remain an essential element of supporting hybrid work practices. Indeed, Gartner believes that the demand for cloud services is a driver of IT services spending, and the industry will stand to benefit and is forecast to climb by a further 7.9% in 2022<sup>2</sup>.
- M&A activity remained steady, with the December quarter seeing Tesseract agreeing to pay ~\$28m for IT consulting service company The Pearson Corporation. Additionally, Crayon Group closed out their deal to acquire cloud IT service company Rhiper for ~\$400m. Additionally, Aussie Broadband Network announced a ~\$392m deal with Over the Wire.

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






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



**IT Services companies, both locally and abroad, have outperformed broader market indices in CY21**



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

Transaction overview			Observations
Target	Date	Acquirer	Comments
 Plan IT	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>
 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 <small>Capital Partners</small>	<ul style="list-style-type: none"> <li>Acquired Revolution IT (software testing and application quality management solutions provider) in Jun-18, and Shelde (integrated digital, security and data analytics solutions provider) in Jan-19</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	 IEQT	<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> </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 such as medical software business Genie Solutions which was acquired in October 2021.</li> </ul>
 Five V / Capital	Jan-22	 Mantel group	<ul style="list-style-type: none"> <li>In January 2022, Five V announced their investment in with technology consulting and software engineering firm Mantel Group</li> <li>Five V's investment will support Mantel Group in increasing scale and executing on potential growth opportunities including Mergers and Acquisitions</li> </ul>

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

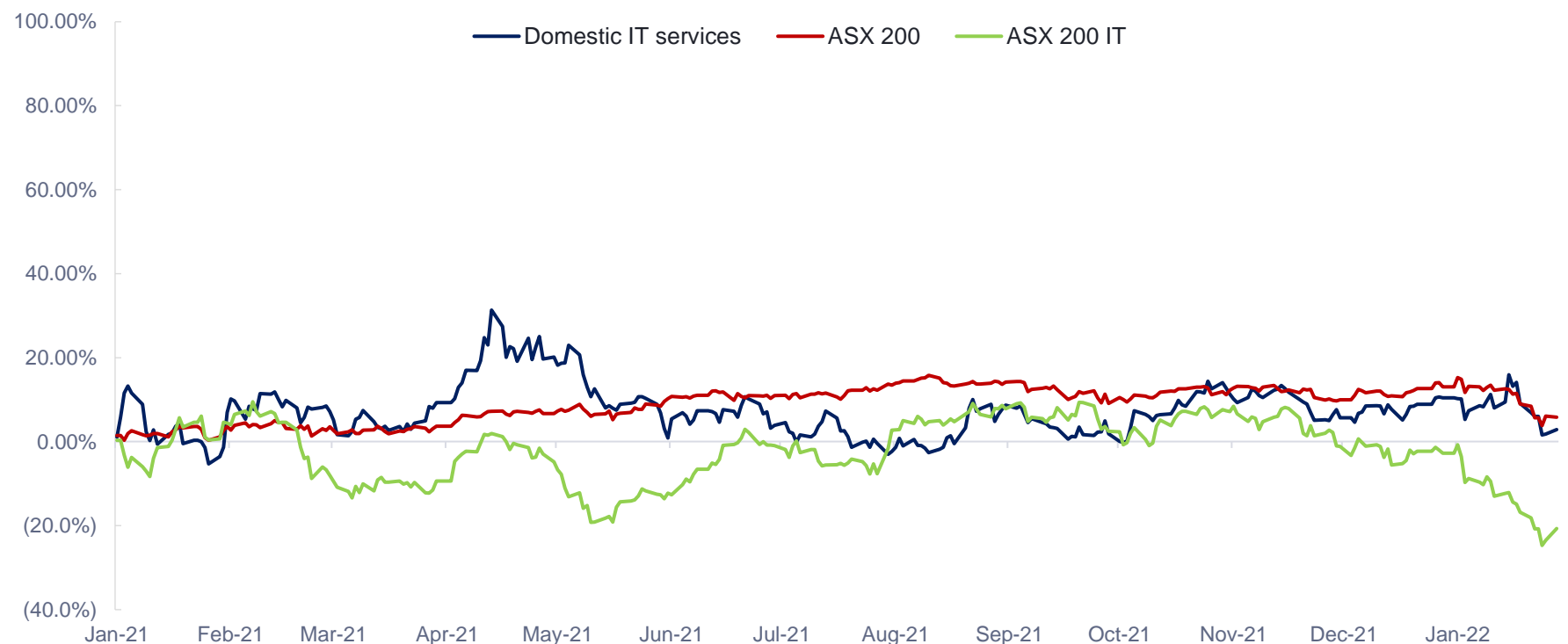
1) Completed transactions unless otherwise indicated

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

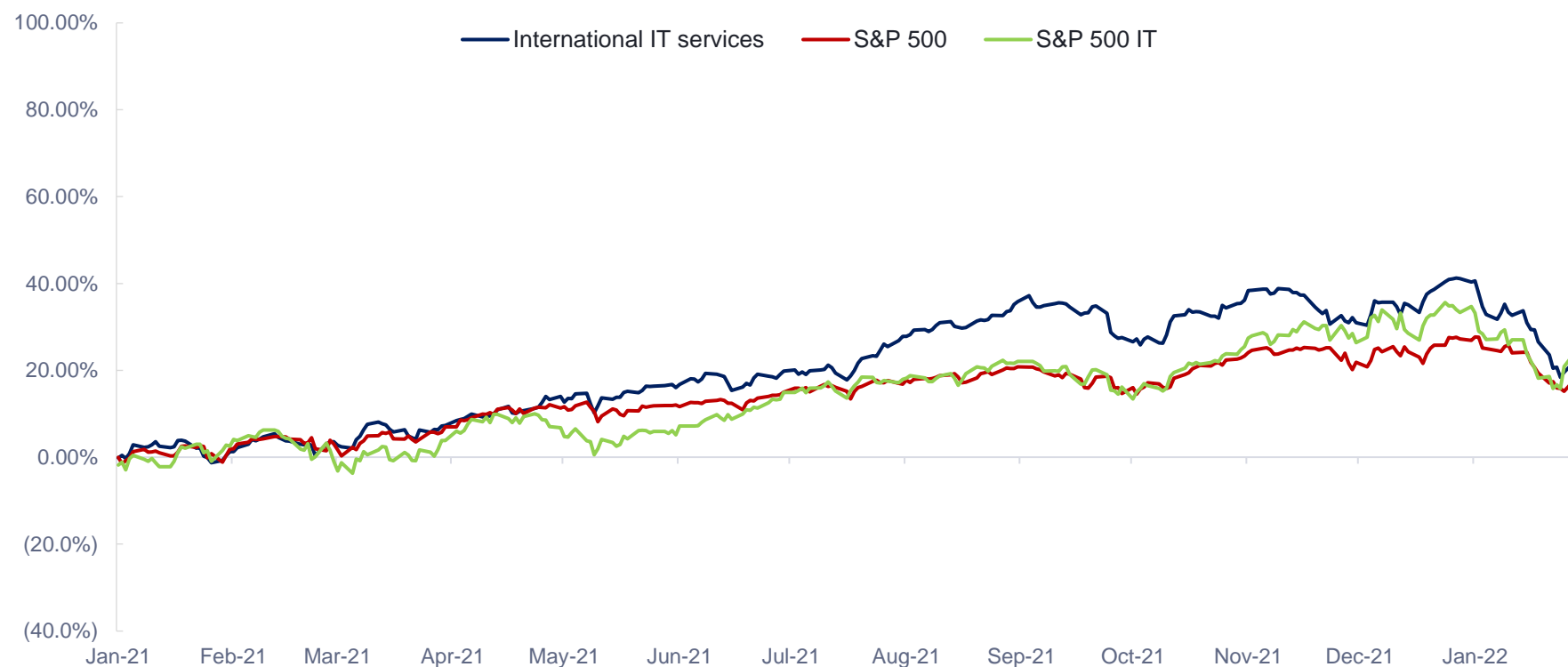
# Domestic IT services index performance<sup>1</sup>



	Domestic IT services	ASX 200	ASX 200 IT
3 months	(8.7%)	(4.8%)	(25.0%)
6 months	3.3%	(5.7%)	(14.1%)
CY21	10.4%	13.0%	(2.8%)
CY22YTD	(6.8%)	(6.4%)	(18.4%)

**Gains made by Domestic IT services firms have been offset by a substantial decline during January in particular**

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



	International IT services	S&P 500	S&P 500 IT
3 months	(9.0%)	(1.9%)	0.3%
6 months	(2.6%)	2.7%	5.6%
CY21	41.1%	26.9%	33.4%
CY22YTD	(13.4%)	(5.3%)	(6.9%)

**In recent months International IT services companies lost ground made over the S&P 500 in CY21**

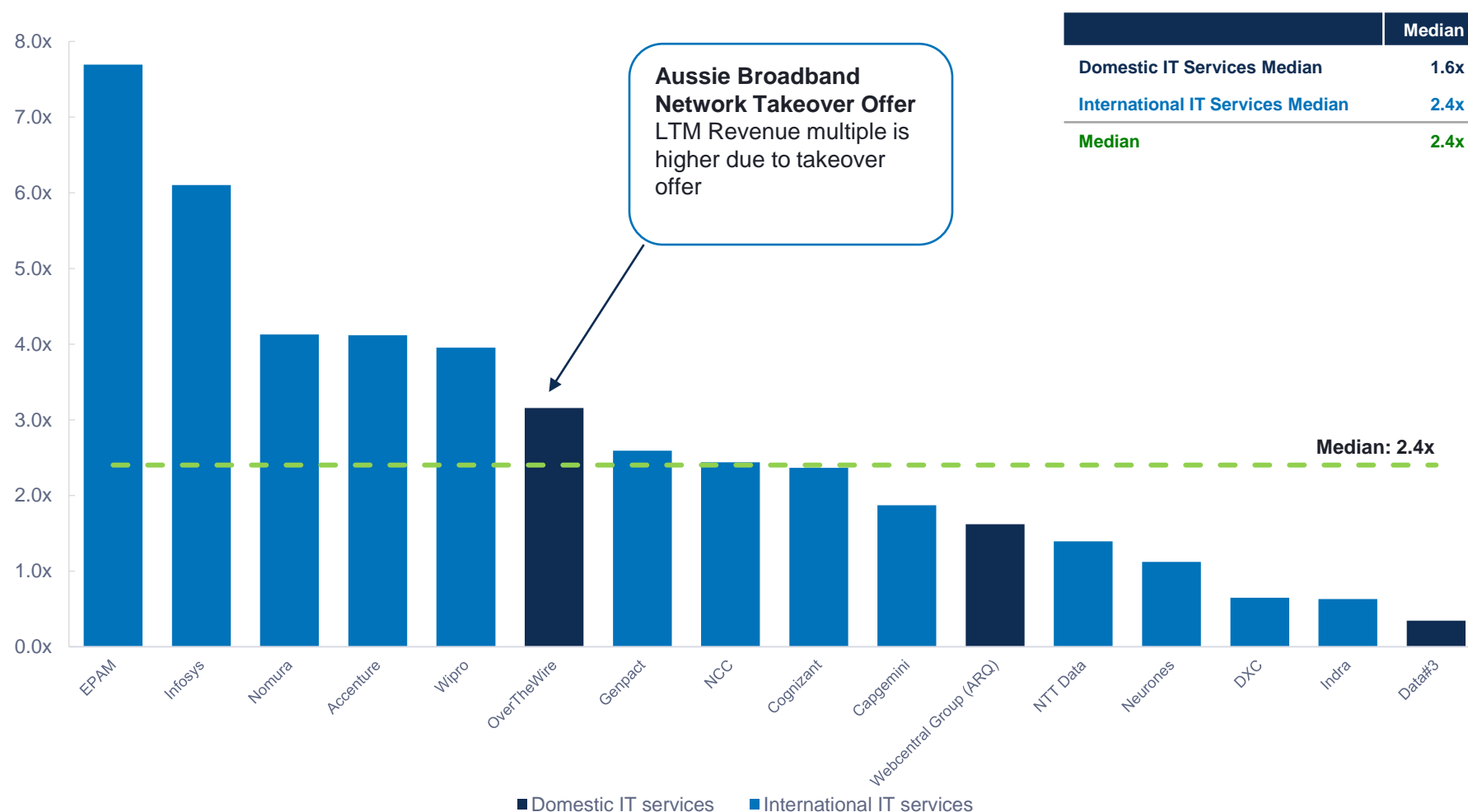


## IT services companies trading multiples



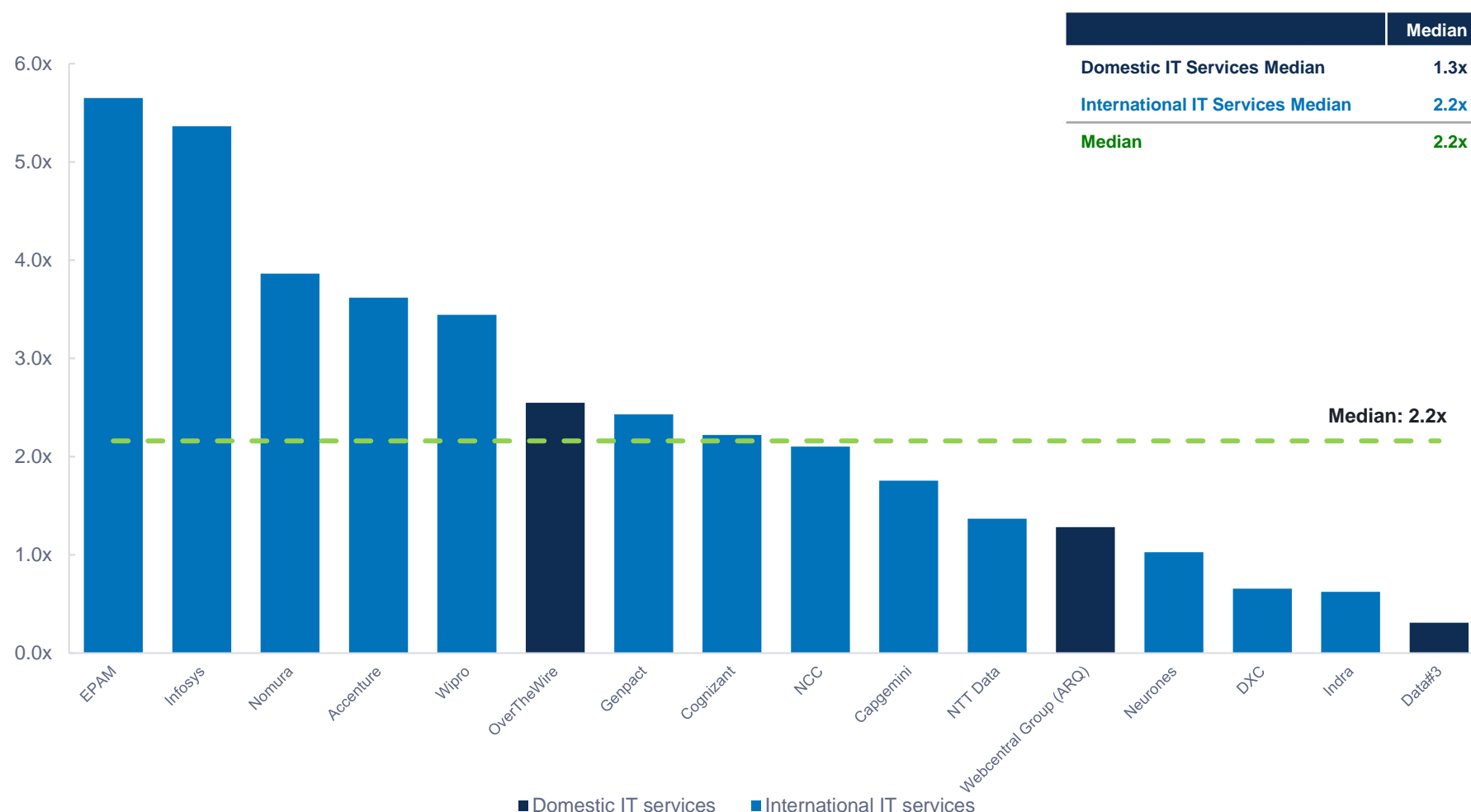


# Trading multiples: EV/ LTM revenue



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

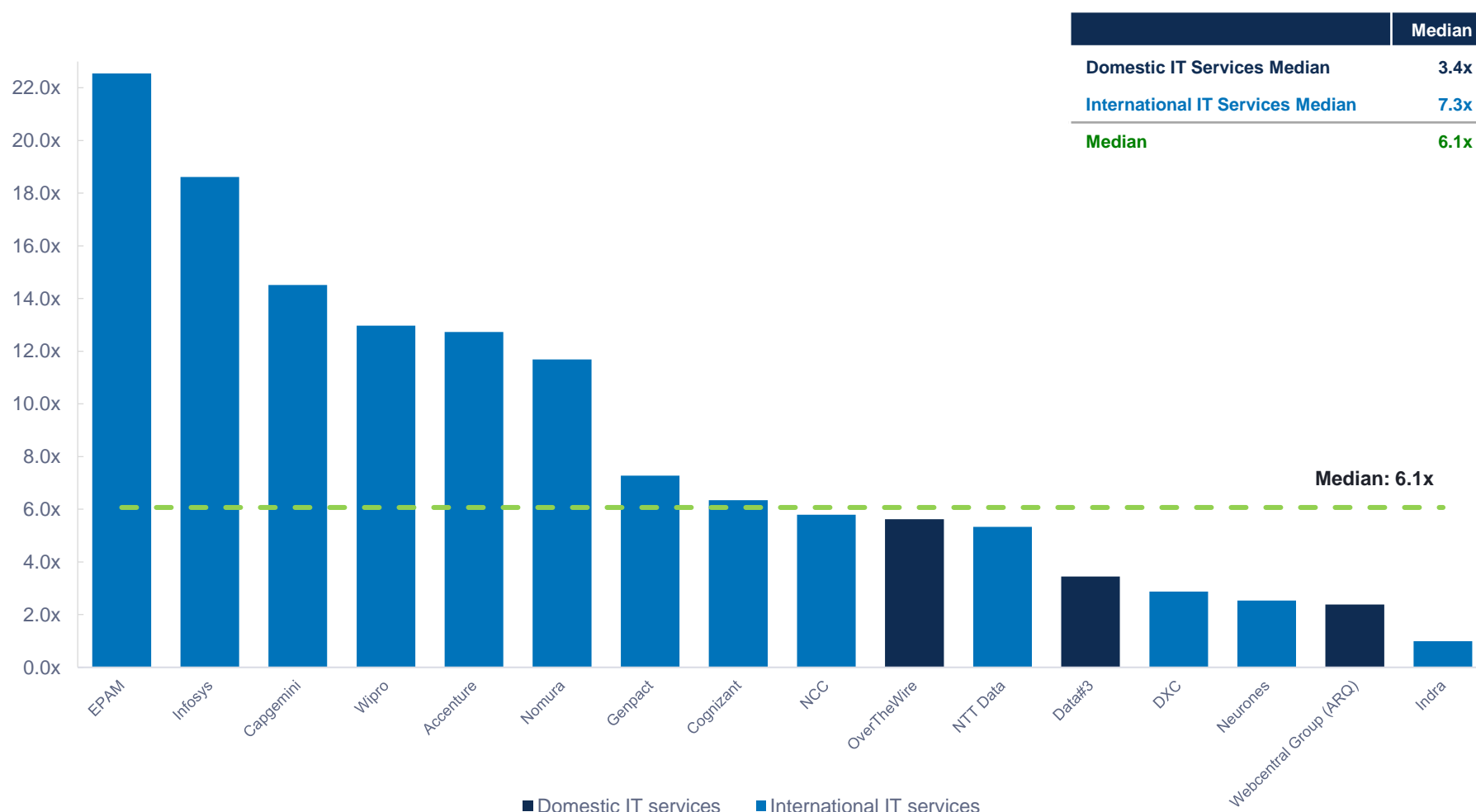
# Trading multiples: EV/ NTM revenue



	Median
Domestic IT Services Median	1.3x
International IT Services Median	2.2x
Median	2.2x

**Global IT services companies tend to trade at higher NTM revenue multiples than their domestic counterparts**

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



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

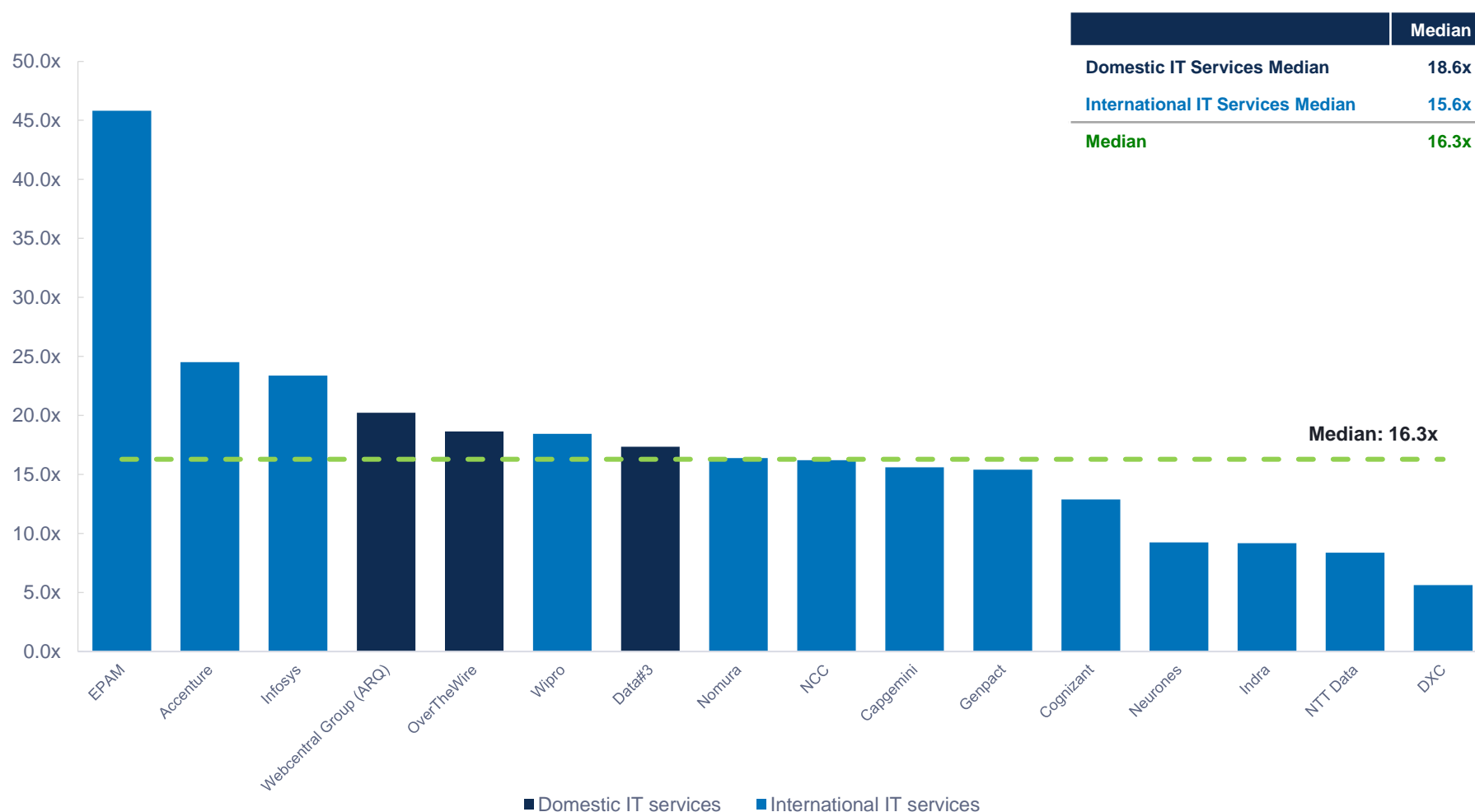
# Trading multiples: EV/ NTM gross profit<sup>1</sup>



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

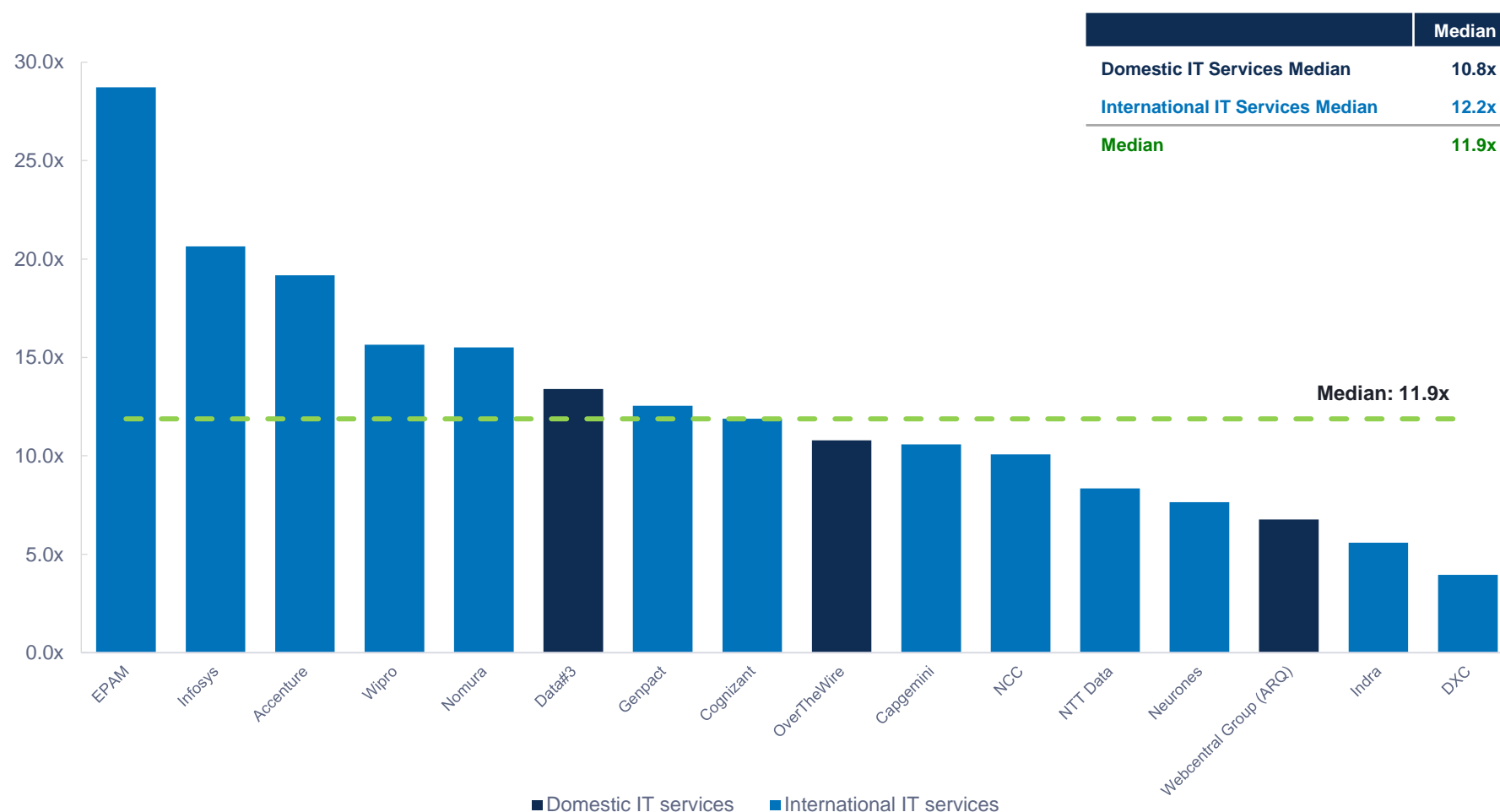


# Trading multiples: EV/ LTM EBITDA



**IT services companies trade at ~16x LTM EBITDA multiples**

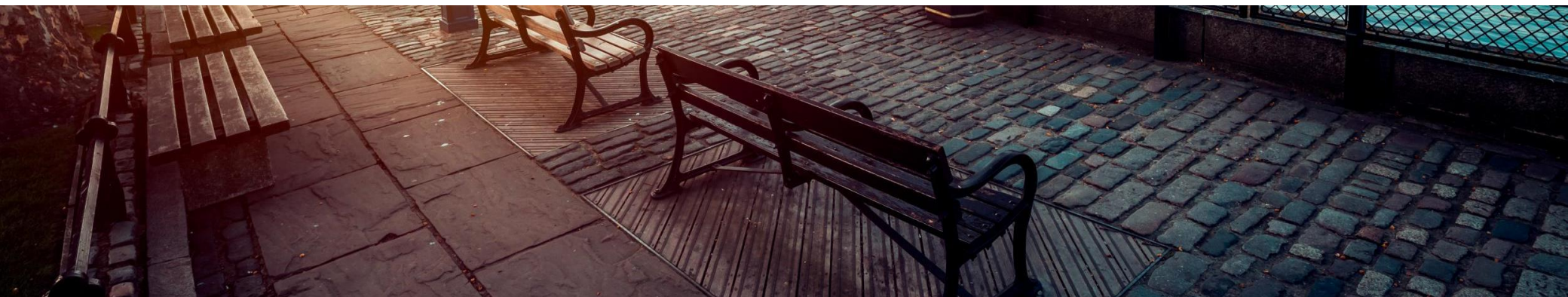
# Trading multiples: EV/ NTM EBITDA































**IT services companies trade at ~12x 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
 Bluelender	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	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	10.4	0.9x	n.a.
 airloom	Aug-20	 TESSERENT	15.0	0.6x	5.6x
 Webcentral GROUP	Sep-20	 5G networks	79.2	1.3x	n.a.
 citadel group MANAGING COMPLEXITY	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
 tenzing	Oct-20	 Tech Mahindra	41.5	1.1x	n.a.
 rxp	Nov-20	 Capgemini	112.6	0.8x	7.2x
 Intalock	Dec-20	 Spirit <small>Different. Better.</small>	22.5	1.0x	9.8x
 servian	Jan-21	 Cognizant	308.9 <sup>4</sup>	n.a.	n.a.
 Hypothesis	Feb-21	 McKinsey & Company	40.0	n.a.	n.a.
 Planit	Mar-21	 NRI	~300.0 <sup>5</sup>	n.a.	n.a.
 <b>SECURELOGIC</b> Managed Security Services Business	Mar-21	 TESSERENT	22.3	2.3x	5.0x
 ampion	Mar-21	 wipro	153.7	n.a.	n.a.
 <b>ELECTRO80</b> <small>A DIVISION OF AUTOMATION PARTNERS PTY LTD</small>	May-21	 accenture	30.0	n.a.	n.a.
 Industrie&Co	May-21	 accenture	40.0 – 50.0 <sup>6</sup>	n.a.	n.a.
 rhipec	Jul-21	 Crayon	403.8	4.9x	22.8x
 empired	Jul-21	 Capgemini	254.5	1.3x	13.3x
 loop <small>SECURE</small>	Aug-21	 TESSERENT	13.3	0.7x	5.9x
 <b>AULDHOUSE</b> <small>POWERED BY DOLS</small>	Sep-21	 EdventureCo	16.6	n.a.	n.a.
 OvertheWire	Oct-21	 Aussie Broadband <small>Good Good Broadband</small>	392	3.3x	16.6x
 THE PEARSON CORPORATION	Dec-21	 TESSERENT	28.0	n.a.	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
 Five V / Capital	Jan-22	 Mantel group	n.a.	n.a.	n.a.
<b>Median</b>				1.3x	8.9x

# 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	 GENERAL DYNAMICS	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	 POLARIS	105.2	0.6x	6.6x
 POMEROY	Jul-18	 Getronics	1,100.3	0.9x	n.a.
 SYNTEL	Jul-18	 Atos	4,952.0	3.8x	14.0x
 cardinal	Aug-18	 Insight	106.7	n.a.	n.a.
 fluida	Sep-18	 Infosys	105.6	n.a.	n.a.
 FUSIONSTORM	Oct-18	 Computacenter	124.6	0.2x	9.8x
 softvision	Oct-18	 Cognizant	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
 KMD	Dec-18	 NEC	1,739.6	1.4x	7.3x
 LUXOFT	Jan-19	 DXC.technology	2,906.2	2.3x	21.4x
 INTERGLOBE	Jan-19	 AION APOLLO  ICICI Venture  Goldman Sachs	316.0	n.a.	n.a.
 fulcrum	Jan-19	 Huntington Ingalls Industries	271.8	1.2x	12.9x
 ACANDO	Mar-19	 CGI	520.6	1.5x	15.2x
 Secure Link	May-19	 orange <sup>TM</sup>	515.0	2.1x	n.a.
 mobiquity	Jun-19	 HEXAWARE	264.7	2.6x	n.a.
 EVRY	Jun-19	 tieto	3,275.2	1.5x	13.4x
 Oceane Consulting	Jul-19	 Umanis	146.2	n.a.	n.a.
 KNIGHT POINT SYSTEMS	Aug-19	 perspecta	386.2	1.7x	n.a.
 PRESIDIO	Aug-19	 BC Partners	3,561.1	0.8x	10.8x
 CONTINO	Oct-19	 Cognizant	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.
 Minor 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	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.
 CRYPSIS	Aug-20	 paloalto NETWORKS	369.8	n.a.	n.a.

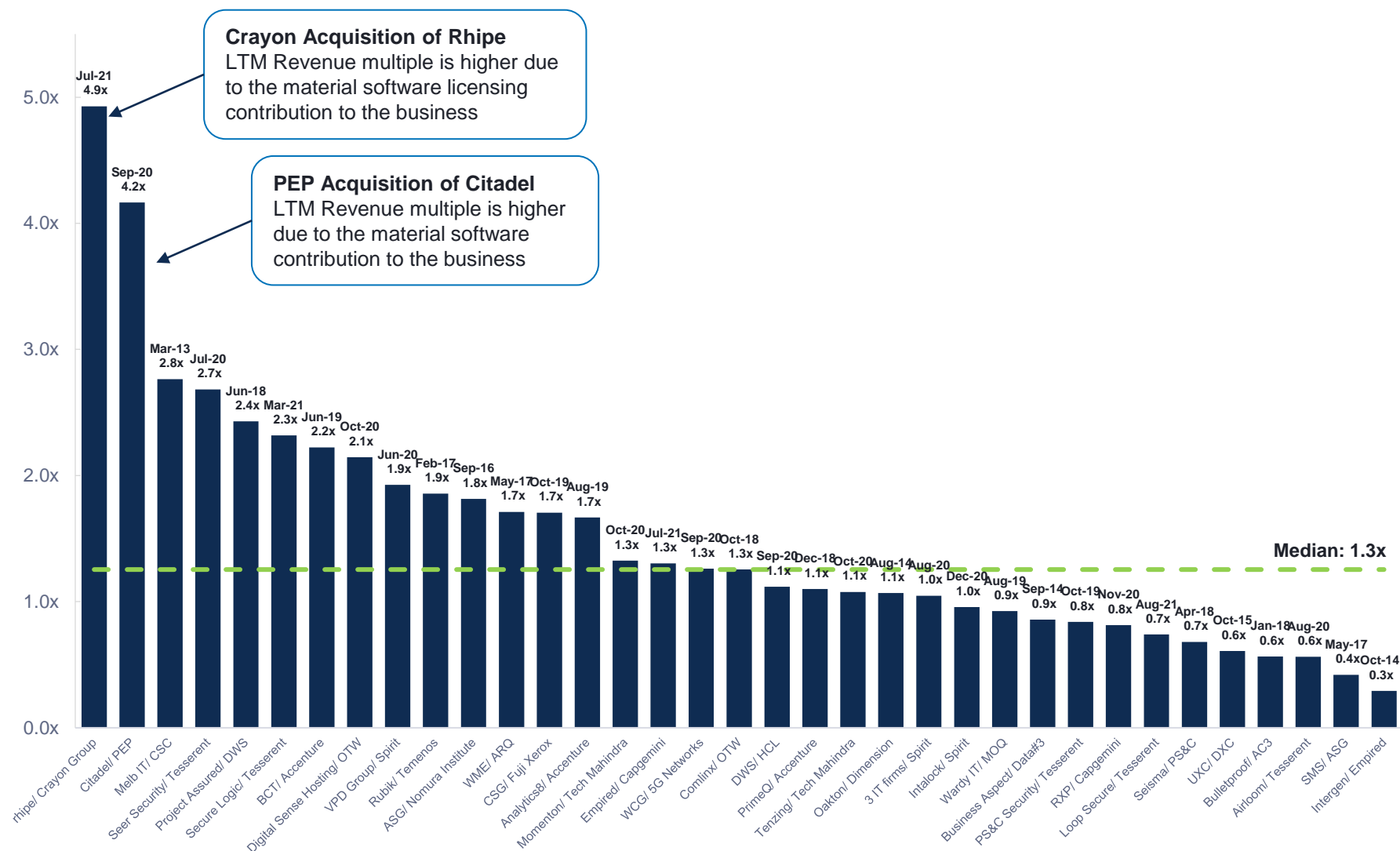
# International: Selected mergers and acquisitions (> A\$100m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
	Oct-20		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		8,836.7	1.6x	11.1x
	Feb-21		125.2	1.1x	39.7x
	Apr-21		1,416.1	3.3x	17.6x
	May-21	Booz   Allen   Hamilton	942.1	n.a.	n.a.
	Jul-21		639.3	2.6x	n.a.
	Aug-21		154.3	1.0x	n.a.
	Aug-21		1,274.4	n.a.	11.5x
	Oct-21		140.1	n.a.	12.5x
	Nov-21		628.8	n.a.	13.5x

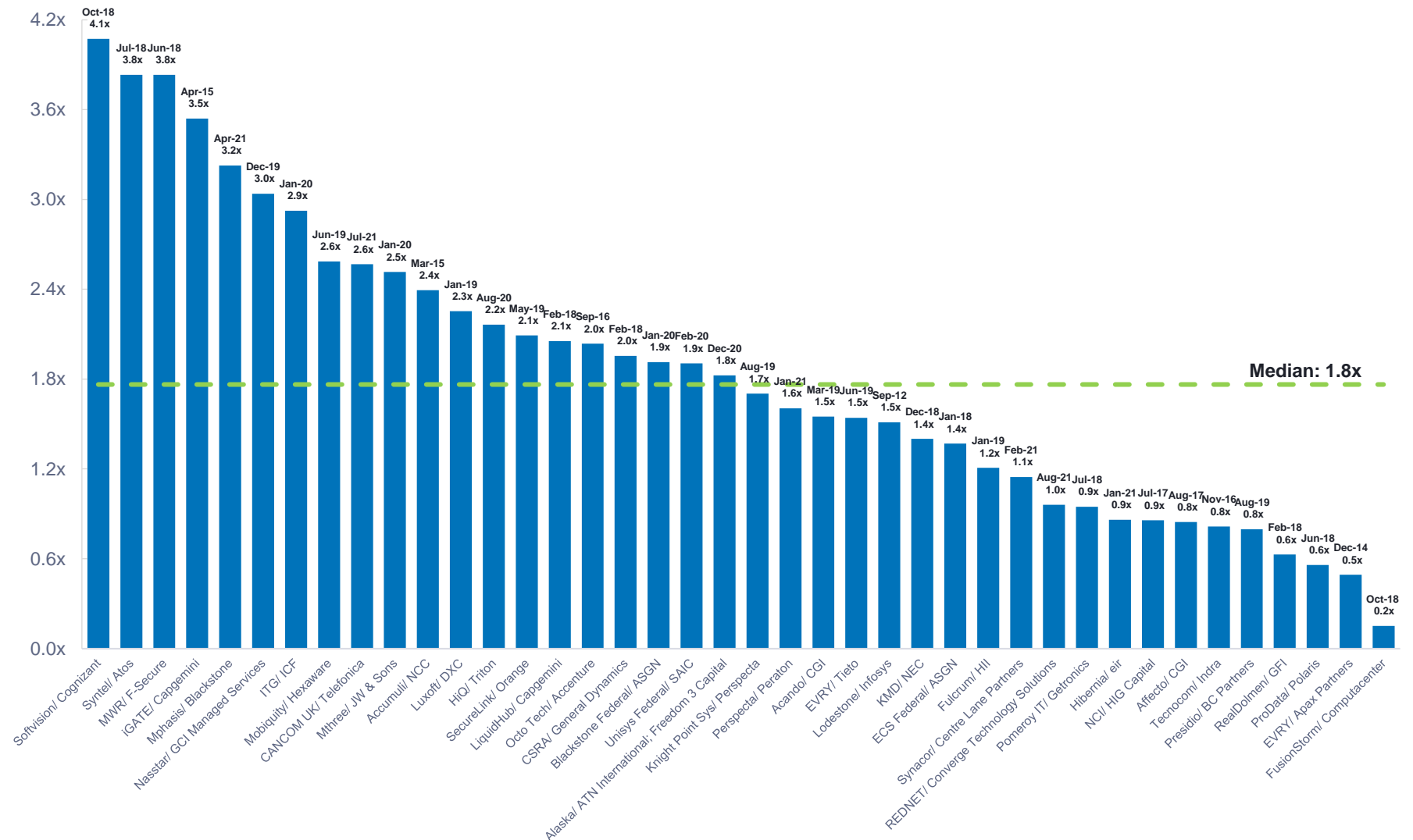
# International: Selected mergers and acquisitions ( > A\$100m)<sup>1</sup>

Transaction overview				Multiples	
Target	Date	Acquirer	Transaction value (A\$m) <sup>2</sup>	EV/ LTM revenue	EV/ LTM EBITDA
 CREATIVE Systems and Consulting <small>Proudly part of ICF</small>	Dec-21	ICF Incorporated	224.7	n.a.	15.5x
 CompuCom	Dec-21	 VARIANT EQUITY	419.5	n.a.	16.5x
Median				1.9x	12.7x

# Domestic: Selected mergers and acquisitions EV/ LTM revenue

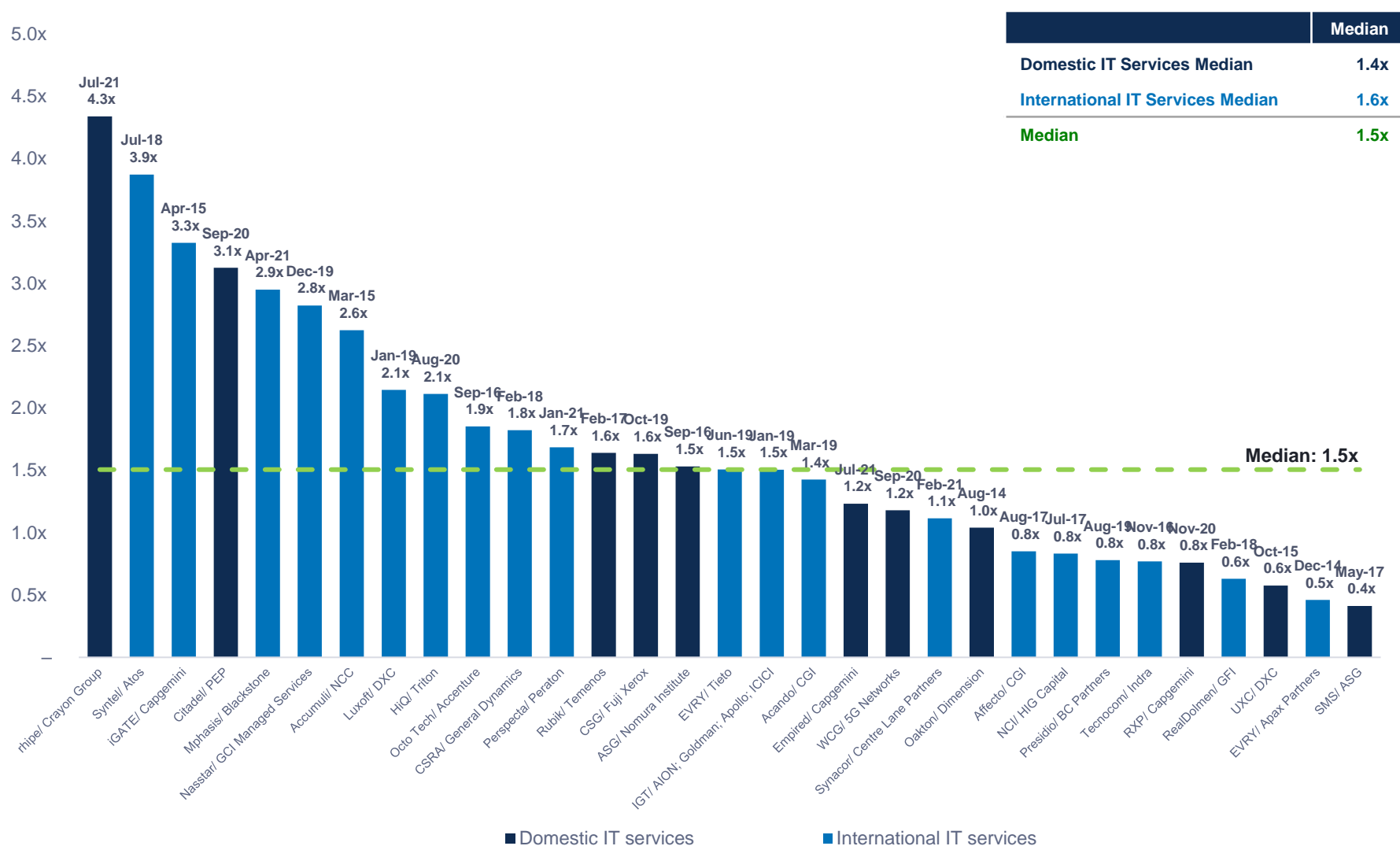


# International: Selected mergers and acquisitions EV/ LTM revenue

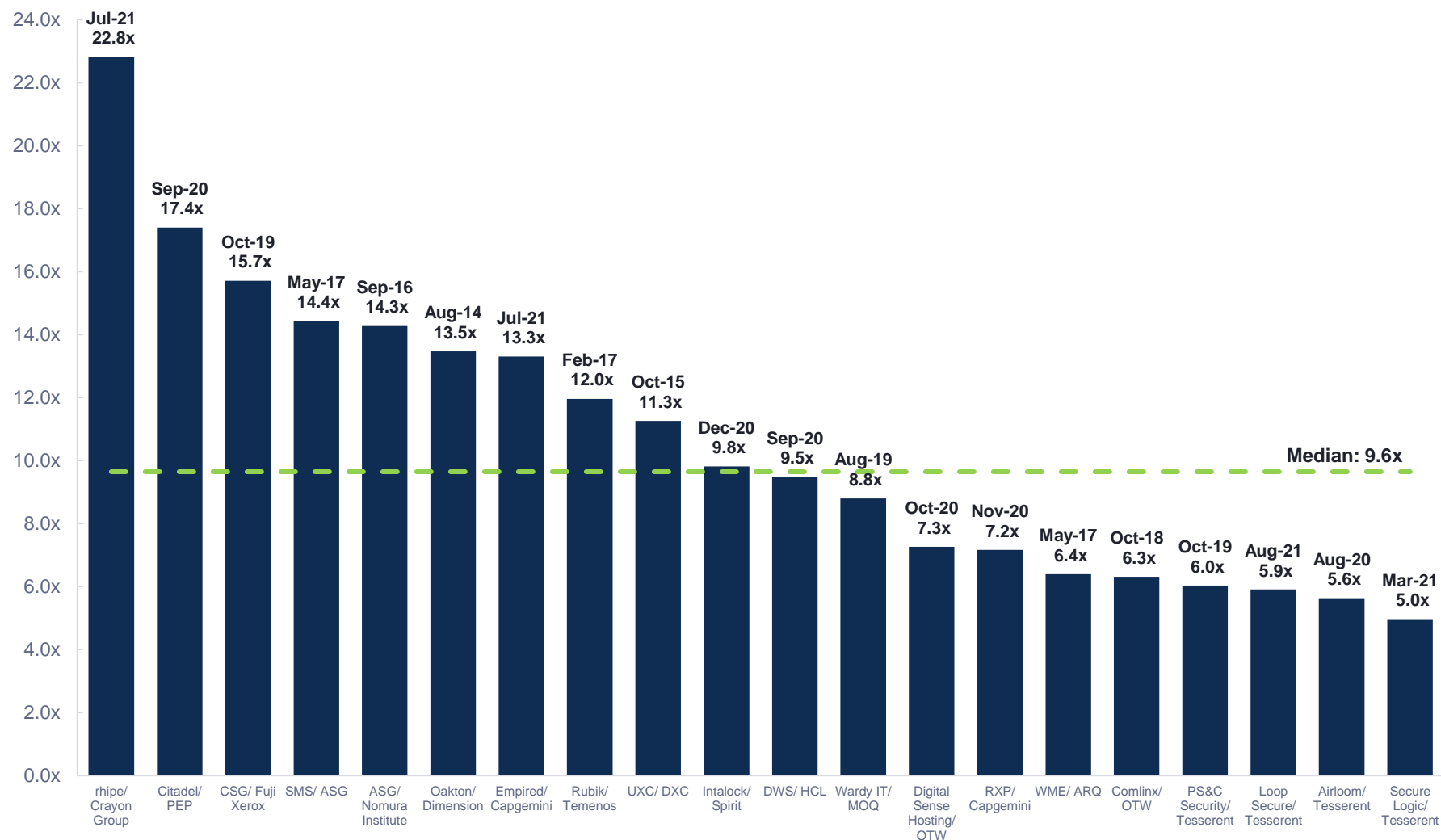




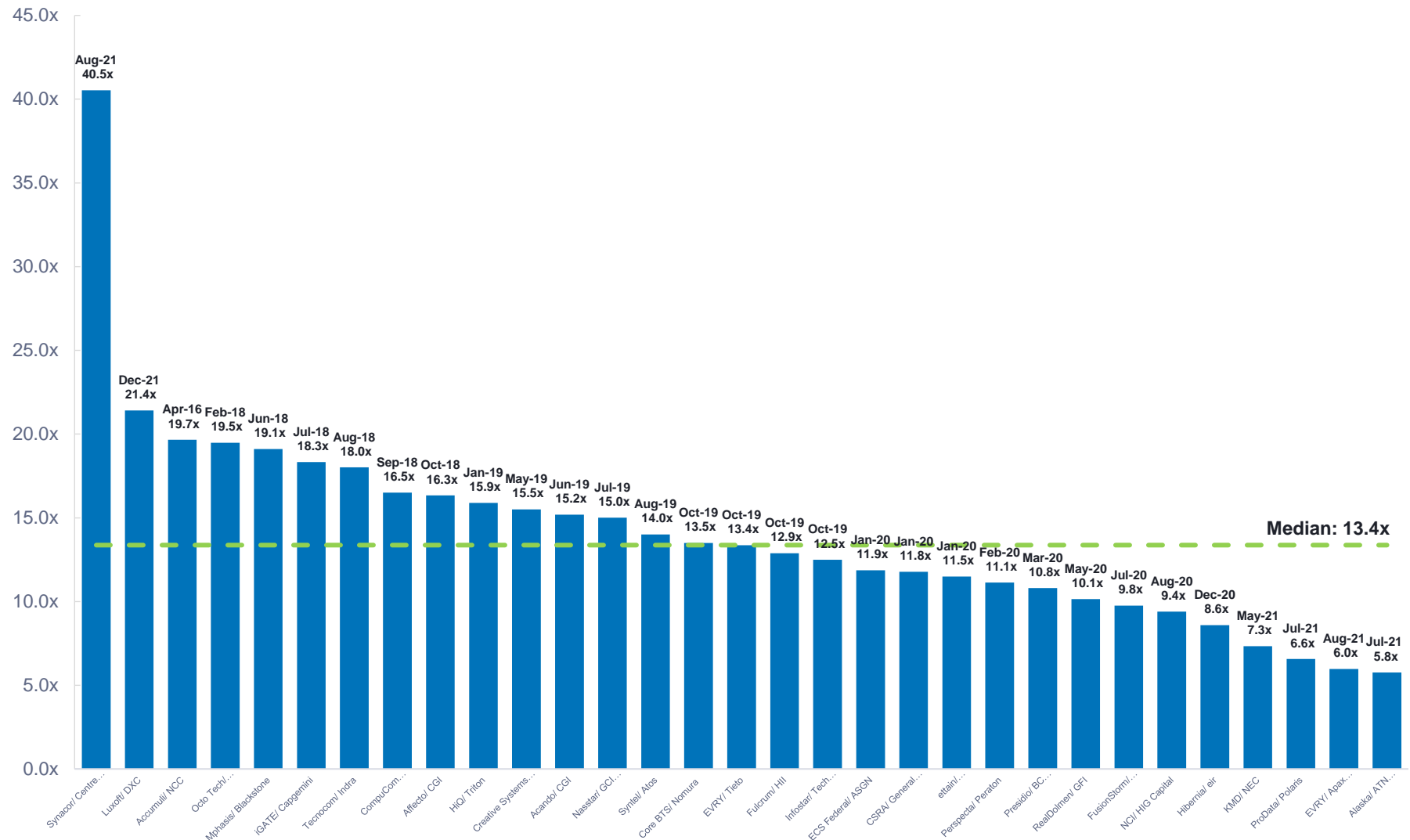
# Selected mergers and acquisitions EV/ NTM revenue



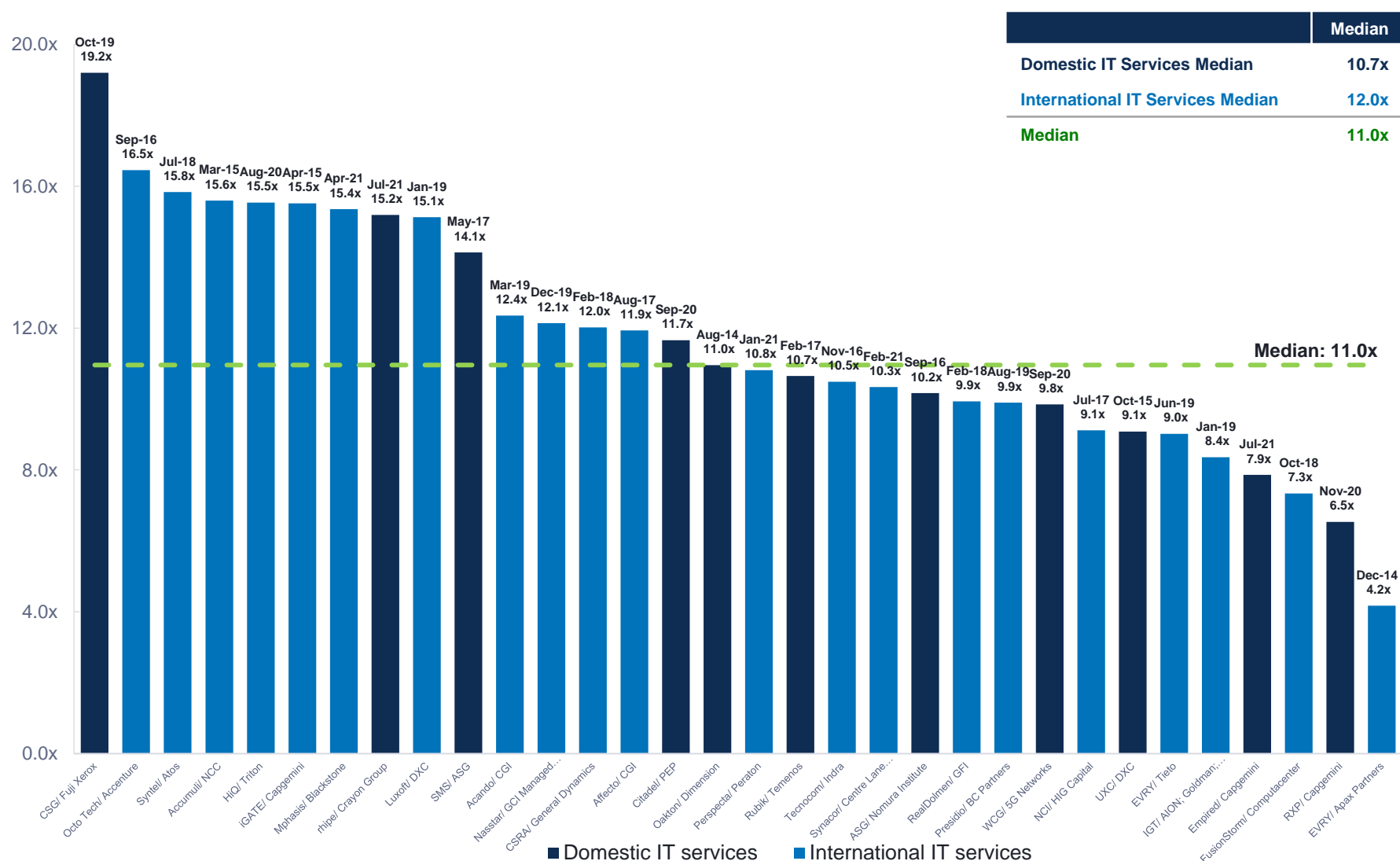
# Domestic: Selected mergers and acquisitions EV/ LTM EBITDA



# International: Selected mergers and acquisitions EV/ LTM EBITDA



# Selected mergers and acquisitions EV/ NTM EBITDA





## Benchmarking analysis



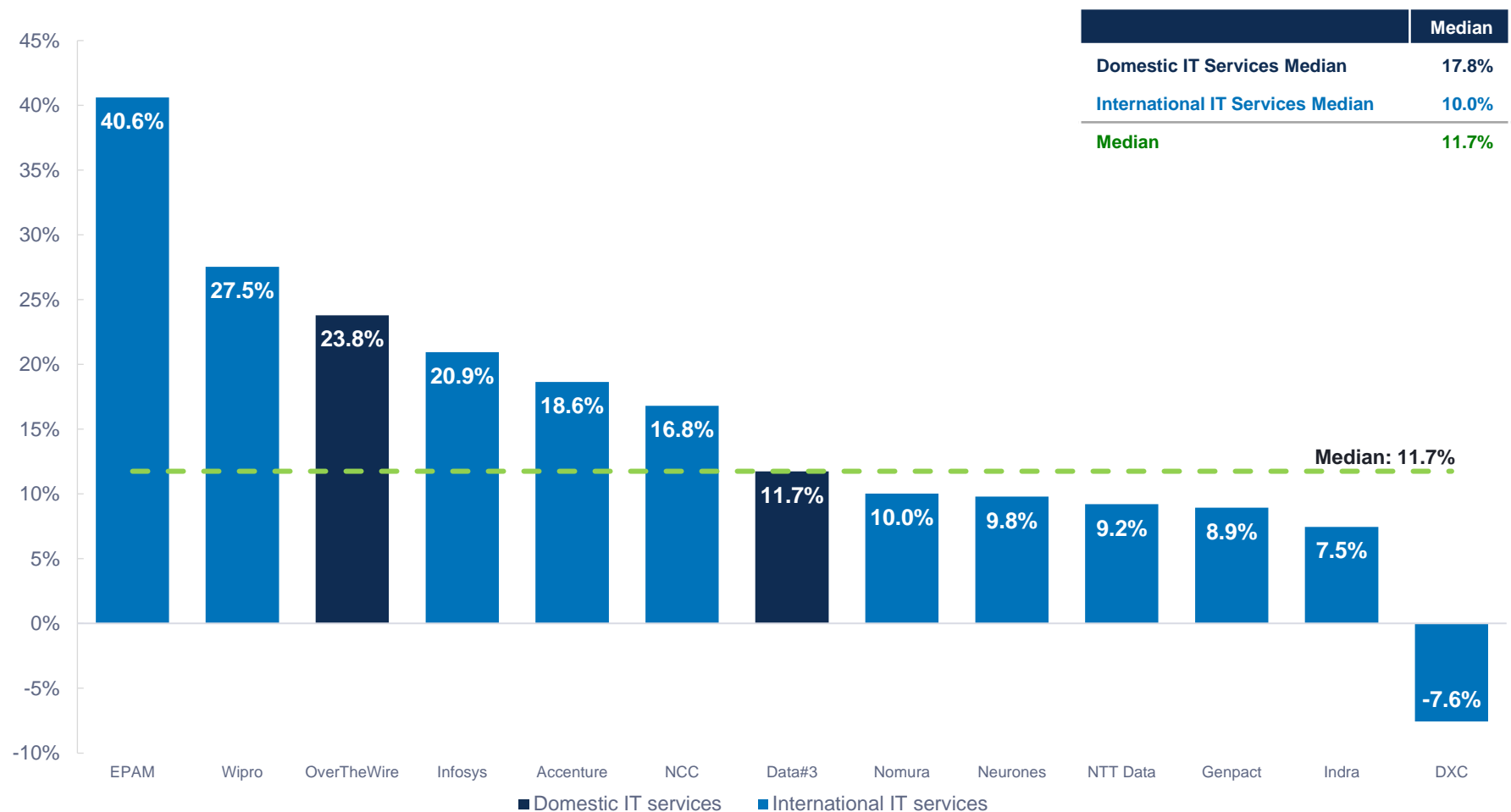


# Benchmarking: LTM revenue growth



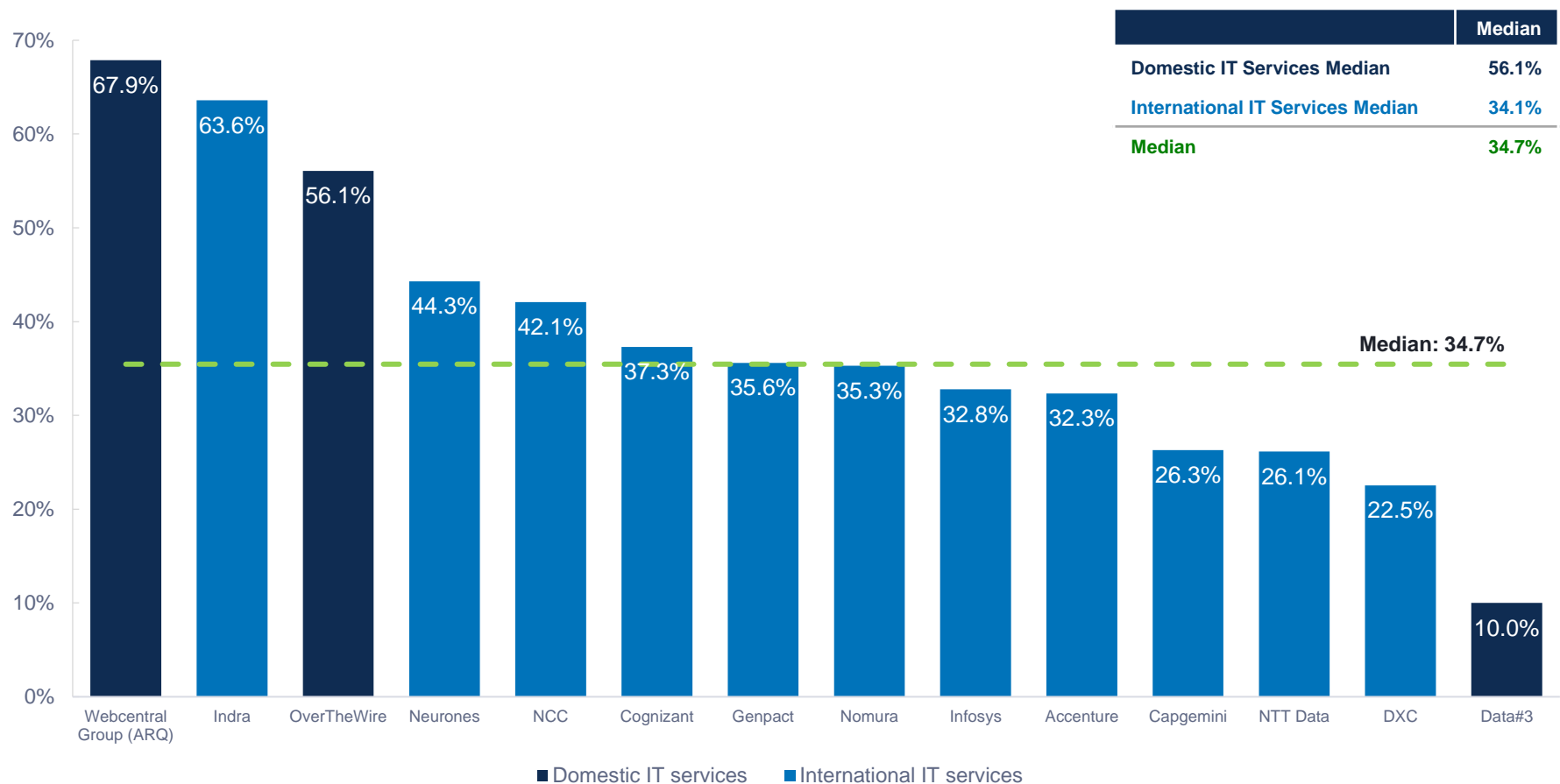
**Domestic IT services' LTM revenue growth outpaced that of their international comparables**

# Benchmarking: NTM revenue growth



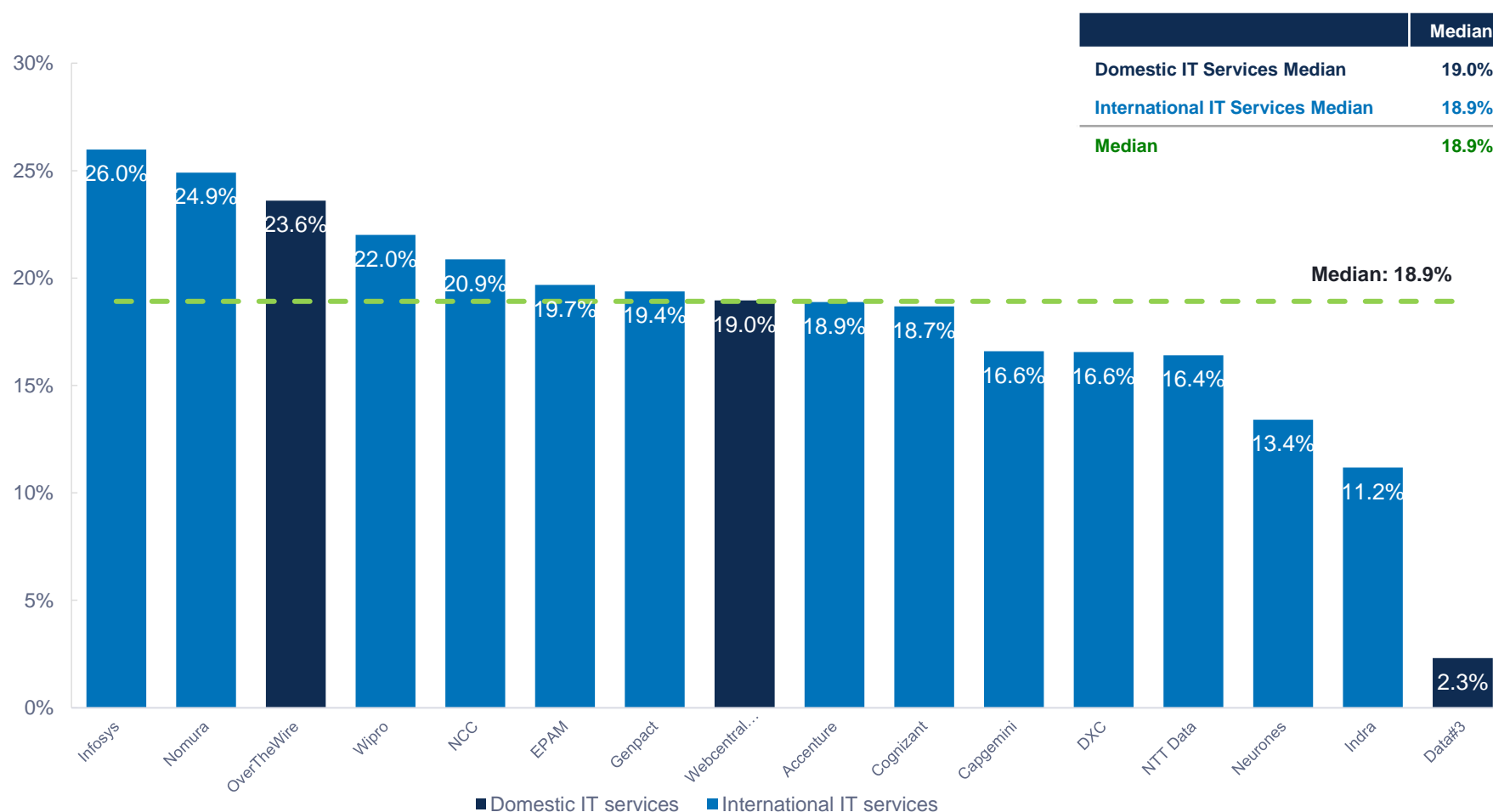
*IT services companies are expected to experience stronger growth in the next 12 months*

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



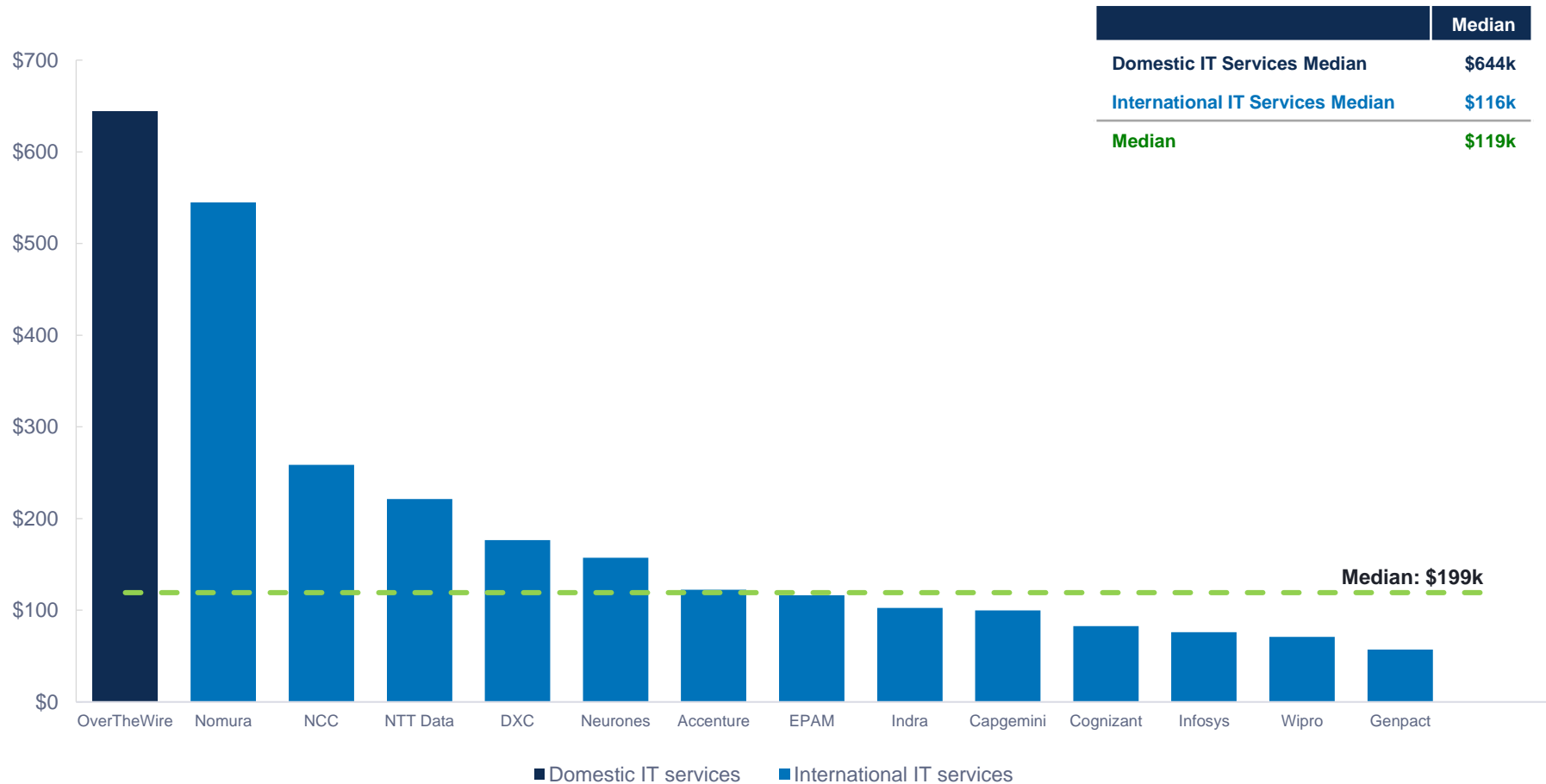
**High gross margins in certain domestic IT service companies are driven by managed services and software solutions**

# Benchmarking: NTM EBITDA margins



**Domestic and International IT services are expected to generate EBITDA margins of ~19% in the next year**

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



**IT Services companies typically generate ~\$200k in revenue per employee**





## 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	FY21	FY22E
Domestic IT services															
Data#3	850.5	673.0	0.3x	0.3x	17.4x	13.4x	3.4x	3.0x	10.0%	2.0%	20.4%	11.7%	2.3%	2.0%	2.3%
Webcentral Group (ARQ)	117.1	141.2	1.6x	1.3x	20.2x	6.8x	2.4x	1.9x	67.9%	8.0%	81.5%	n.a.	19.0%	8.0%	19.0%
OverTheWire	319.0	355.5	3.2x	2.5x	18.6x	10.8x	5.6x	4.6x	56.1%	16.9%	28.7%	23.8%	23.6%	16.9%	23.6%
Median			1.6x	1.3x	18.6x	10.8x	3.4x	3.0x	56.1%	8.0%	28.7%	17.8%	19.0%	8.0%	19.0%
Max			3.2x	2.5x	20.2x	13.4x	5.6x	4.6x	67.9%	16.9%	81.5%	23.8%	23.6%	16.9%	23.6%
Min			0.3x	0.3x	17.4x	6.8x	2.4x	1.9x	10.0%	2.0%	20.4%	11.7%	2.3%	2.0%	2.3%

# 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	FY21	FY22E
International IT services															
Accenture	317,227.8	314,151.8	4.1x	3.6x	24.5x	19.2x	12.7x	11.3x	32.3%	16.8%	20.1%	18.6%	18.9%	16.7%	18.7%
Capgemini	53,997.5	53,997.5	1.9x	1.8x	15.6x	10.6x	14.5x	6.4x	12.9%	12.0%	12.2%	n.a.	16.6%	n.a.	16.6%
Cognizant	63,693.2	62,164.3	2.4x	2.2x	12.9x	11.9x	6.3x	6.0x	37.3%	18.4%	(0.8%)	n.a.	18.7%	n.a.	18.7%
DXC	10,771.0	15,333.6	0.6x	0.7x	5.6x	4.0x	2.9x	2.9x	22.5%	11.5%	(8.4%)	(7.6%)	16.6%	10.0%	16.3%
Genpact	13,281.8	14,794.7	2.6x	2.4x	15.4x	12.5x	7.3x	6.9x	35.6%	16.8%	5.4%	8.9%	19.4%	n.a.	18.6%
Indra	2,517.3	3,316.7	0.6x	0.6x	9.2x	5.6x	1.0x	1.0x	63.6%	6.9%	(5.5%)	7.5%	11.2%	10.6%	11.4%
Infosys	138,356.4	135,534.3	6.1x	5.4x	23.4x	20.6x	18.6x	15.9x	32.8%	26.1%	19.0%	20.9%	26.0%	27.2%	26.6%
NCC	1,121.4	1,324.1	2.4x	2.1x	16.2x	10.1x	5.8x	5.0x	42.1%	15.1%	6.9%	16.8%	20.9%	15.1%	20.6%
Neurones	1,309.3	997.0	1.1x	1.0x	9.2x	7.7x	2.5x	n.a.	44.3%	12.1%	9.5%	9.8%	13.4%	13.4%	13.4%
Nomura	28,735.9	30,197.3	4.1x	3.9x	16.4x	15.5x	11.7x	11.0x	35.3%	25.2%	9.4%	10.0%	24.9%	22.5%	24.9%
NTT Data	37,768.3	43,053.8	1.4x	1.4x	8.4x	8.3x	5.3x	5.2x	26.1%	16.6%	9.9%	9.1%	16.4%	15.2%	16.2%
Wipro	59,499.5	55,983.9	4.0x	3.4x	18.4x	15.6x	13.0x	11.3x	30.5%	21.4%	21.3%	27.5%	22.0%	22.9%	21.5%
EPAM	38,338.4	36,860.8	7.7x	5.7x	45.8x	28.7x	22.5x	16.3x	34.1%	16.8%	15.9%	40.6%	19.7%	19.5%	19.4%
Median			2.4x	2.2x	15.6x	11.9x	7.3x	6.6x	34.1%	16.8%	9.5%	10.0%	18.5%	16.0%	18.7%
Max			7.7x	5.7x	45.8x	28.7x	22.5x	16.3x	63.6%	26.1%	21.3%	40.6%	25.6%	27.2%	26.6%
Min			0.6x	0.6x	5.6x	4.0x	1.0x	1.0x	12.9%	6.9%	(8.4%)	(7.6%)	10.6%	10.0%	11.4%



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