



# IT services sector update

January 2023

# 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 ~50 technology transactions in the last 8 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 89 deals in the last 24 months and 492 M&A and growth equity transactions since inception in 2003. Employing more than 80 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



## 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



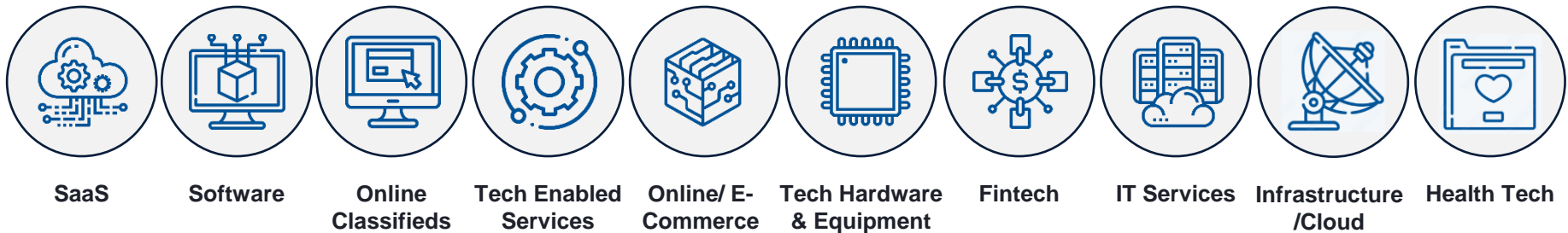
## PUBLIC MARKETS M&A

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

# 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



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

 <p>2022 Growth equity investment (Pending) <i>Financial Adviser</i></p> 	 <p>2022 Series A Raising ~A\$130m (Pending) <i>Financial Adviser</i></p> 	 <p>2022 Merger with Hey You <i>Financial Adviser</i></p> 	 <p>2022 Series C Raising ~A\$37m <i>Financial Adviser</i></p> 	 <p>2022 Acquisition of IT Vision \$54m <i>Financial Adviser</i></p> 	 <p>2022 Sale of Instacluster to NetApp ~US\$500m+ <i>Financial Adviser</i></p> 	 <p>2022 Acquisition of Realbase \$180m+ <i>Financial Adviser</i></p> 
 <p>2021 Sale of Playground XYZ to GumGum <i>Financial Adviser</i></p> 	 <p>2021 Pre-IPO Raising <i>Financial Adviser</i></p> 	 <p>2021 Pre-IPO Raising A\$10m <i>Financial Adviser</i></p> 	 <p>2021 Sale of SuperChoice to Potentia Capital <i>Financial Adviser</i></p> 	 <p>2021 Initial Public Offering A\$188m <i>Financial Adviser</i></p> 	 <p>2021 Acquisition of Massive Music <i>Financial Adviser</i></p> 	 <p>2021 Rights issue &amp; convertible note restructuring <i>Financial Adviser</i></p> 
 <p>2021 Sale of Elevio to Dixa <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> 

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








 2020 Convertible note investment into Jaxsta <i>Financial Adviser</i> 	 2020 Private Raising \$A11m <i>Financial Adviser</i> 	 2019 Private raising <i>Financial Adviser</i> 	 2019 Private raising <i>Financial Adviser</i> 	 2019 Sale of Riteq to Ceridian <i>Financial Adviser</i> 	 2019 Sale of controlling stake to Potentia Capital - A\$90m <i>Financial Adviser</i> 	 2018 Acquisition of HROnboard Undisclosed <i>Financial Adviser</i> 
 2018 Initial Public Offering A\$79m <i>Financial Adviser</i> 	 2018 Pre-IPO Raising A\$25m <i>Financial Adviser</i> 	 2018 Strategic Review <i>Financial Adviser</i> 	 2018 Equity Raising A\$100m <i>Financial Adviser</i> 	 2018 Equity raising A\$45m <i>Financial Adviser</i> 	 2018 Series B equity raising A\$11m <i>Financial Adviser</i> 	 2018 Acquisition of Pivot Remesys A\$11m <i>Financial Adviser</i> 
 2017 Strategic Review <i>Financial Adviser</i> 	 2017 Trade sale A\$44m <i>Financial Adviser</i> 	 2017 Block Trade A\$73m <i>Financial Adviser</i> 	 2017 Block Trade A\$23m <i>Financial Adviser</i> 	 2017 Acquisition of Quintessential Marketing A\$12m <i>Financial Adviser</i> 	 2017 Pre-IPO equity raising NZ\$11m <i>Financial Adviser</i> 	 2017 Initial Public Offering A\$73m <i>Financial Adviser</i> 

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

 <p>2017 Initial Public Offering A\$108m Financial Adviser</p> 	 <p>2017 Initial Public Offering <i>Withdrawn</i></p> 	 <p>2016 Acquisition of minority stake (size undisclosed) Financial Adviser</p> 	 <p>2016 Initial Public Offering A\$1.0bn Financial Adviser</p> 	 <p>2015 Sale of minority interest in SiteMinder (size undisclosed) Financial Adviser</p> 	 <p>2015 Acquisition of CompuClearing A\$25m Financial Adviser</p> 	 <p>2015 Acquisition of Core Freight Systems (size undisclosed) Financial Adviser</p> 
 <p>2015 Acquisition of Zsoft (size undisclosed) Financial Adviser</p> 	 <p>2015 Pre-IPO debt raising A\$45m Financial Adviser</p> 	 <p>2015 Pre-IPO equity raising A\$35m Financial Adviser</p> 				



# 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 7 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 of 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 themes – IT Services

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## Market overview

- Domestic IT services company valuations have risen sharply after the weakness seen in early 2022, recording a 23% rise in the last 6 months, and clearly outperforming the ASX200 and broader ASX200 IT indices (albeit the listed cohort is small by number)
- Correspondingly, the international IT services companies have not enjoyed the same performance recording heavy falls of 20% over the last 12 months in line with the broader S&P500 IT index, and underperforming the S&P500 index materially over that time
- The listed Domestic IT services companies are all very profitable which has been a positively distinguishing feature against the broader Australian listed tech market, and as such they have benefitted from the investor support for profitable companies (and aversion to cash burning companies) evident through the recent volatile market period



## Mergers and acquisitions

- Managed services provider Brennan IT acquired ASX-listed MOQ in November for cash consideration of ~\$23m, beating a previous bid from other ASX listed IT services provider Atturra
- The acquisition of Dialog Group by NCS for \$325m in March 2022 remains the largest IT services M&A transaction in Australia in 2022 which was followed by NCS' acquisition of ARQ Group for \$290m being its 4<sup>th</sup> acquisition in Australia in the previous 15 months
- In November Armitage completed their acquisition of ICT solutions provider Tecala



## Market outlook

- Despite the challenging market conditions the listed Domestic IT services group have all made positive statements on the near term outlook at their recent AGMs which should bode well for continued investor support into the next reporting period
- It is not sure what impact higher interest rates will have on the spending on digitisation initiatives by enterprises in Australia or international markets, but no doubt investors and analysts will watch closely the statements accompanying upcoming results announcements to better understand if IT services companies will be at risk of a slowing in demand for their services



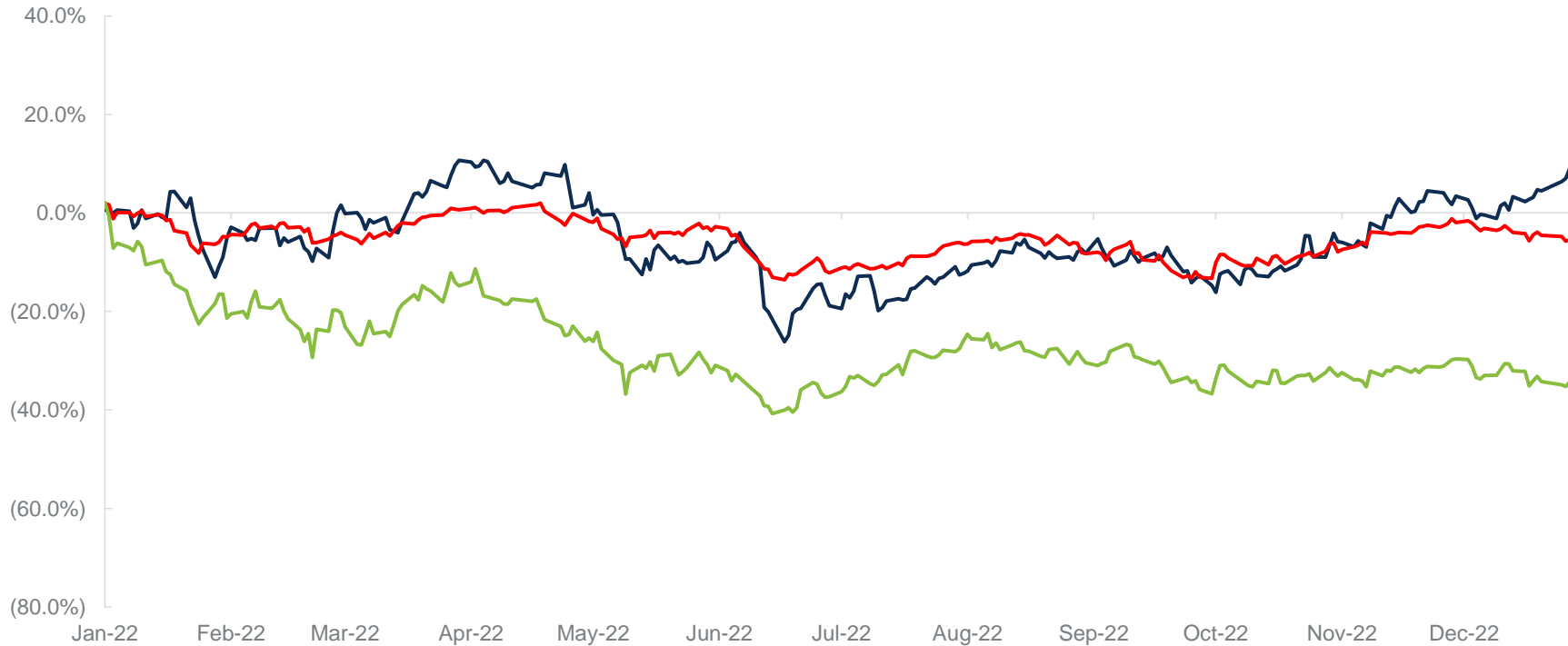
# Domestic: Selected private equity acquisitions<sup>1</sup>

Transaction overview			Observations
Target	Date	Acquirer	Comments
	Jan-15		<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>
	Mar-18		<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>
	Sep-18		<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>
	Oct-18		<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>
	Jan-19		<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>
	Jul-19		<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>
	Feb-20		<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>
	Sep-20		<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>
	Jan-22		<ul style="list-style-type: none"> <li>In January 2022, Five V announced their investment in 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 potential bolt on 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.

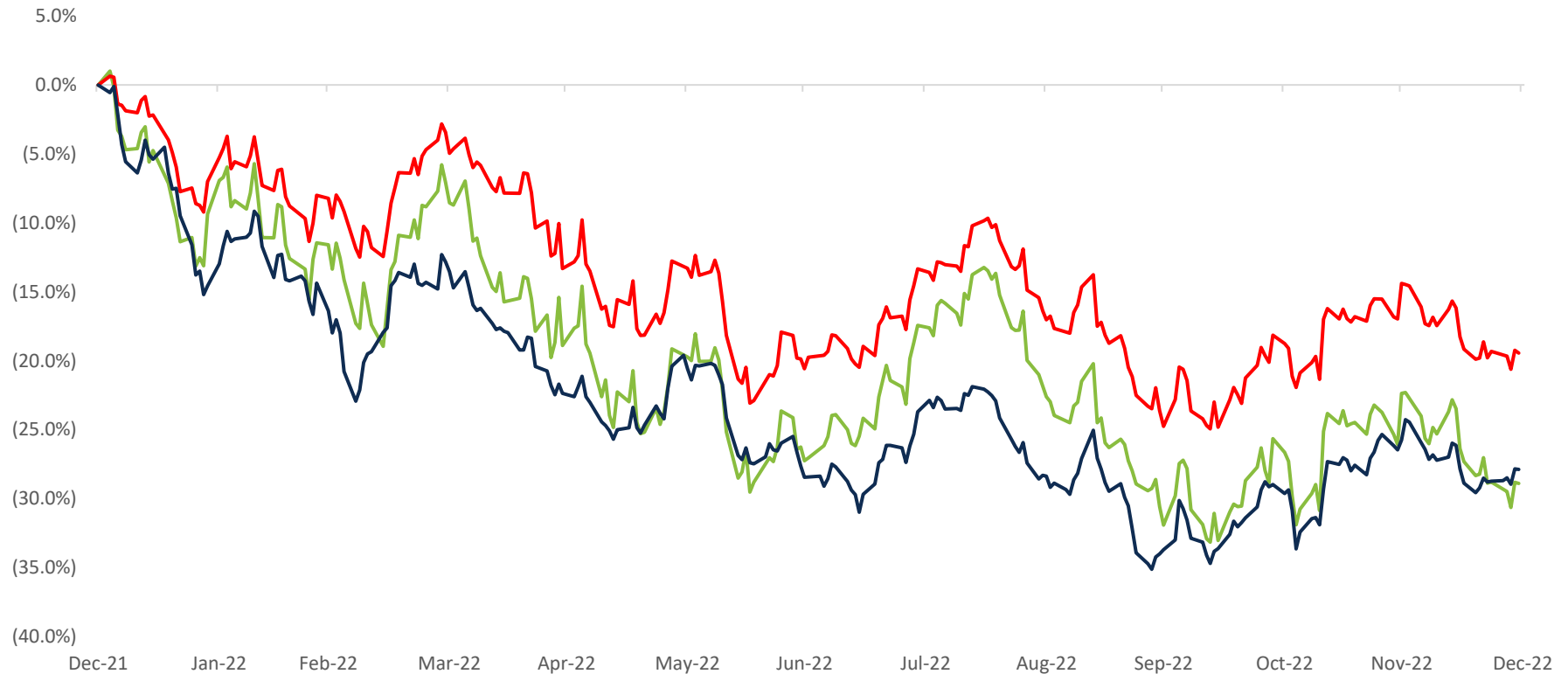
# Domestic IT services index performance<sup>1</sup>



	Domestic IT Services	ASX200	ASX200 IT
3 months	25.0%	8.7%	2.5%
6 months	31.2%	7.2%	5.0%
12 months	9.2%	(5.5%)	(34.3%)

**Domestic IT Services firms have performed strongly, increasing ~25% in the last 3 months, ~31% in the last 6 months, and ~9% in the last 12 months**

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



	International IT Services	S&P 500	S&P 500 IT
<b>3 months</b>	8.8%	7.1%	4.4%
<b>6 months</b>	0.8%	1.4%	(2.3%)
<b>12 months</b>	(27.9%)	(19.4%)	(28.9%)

**The decline in Blackpeak's International IT Services index over CY22 broadly followed that of the S&P 500 IT index**



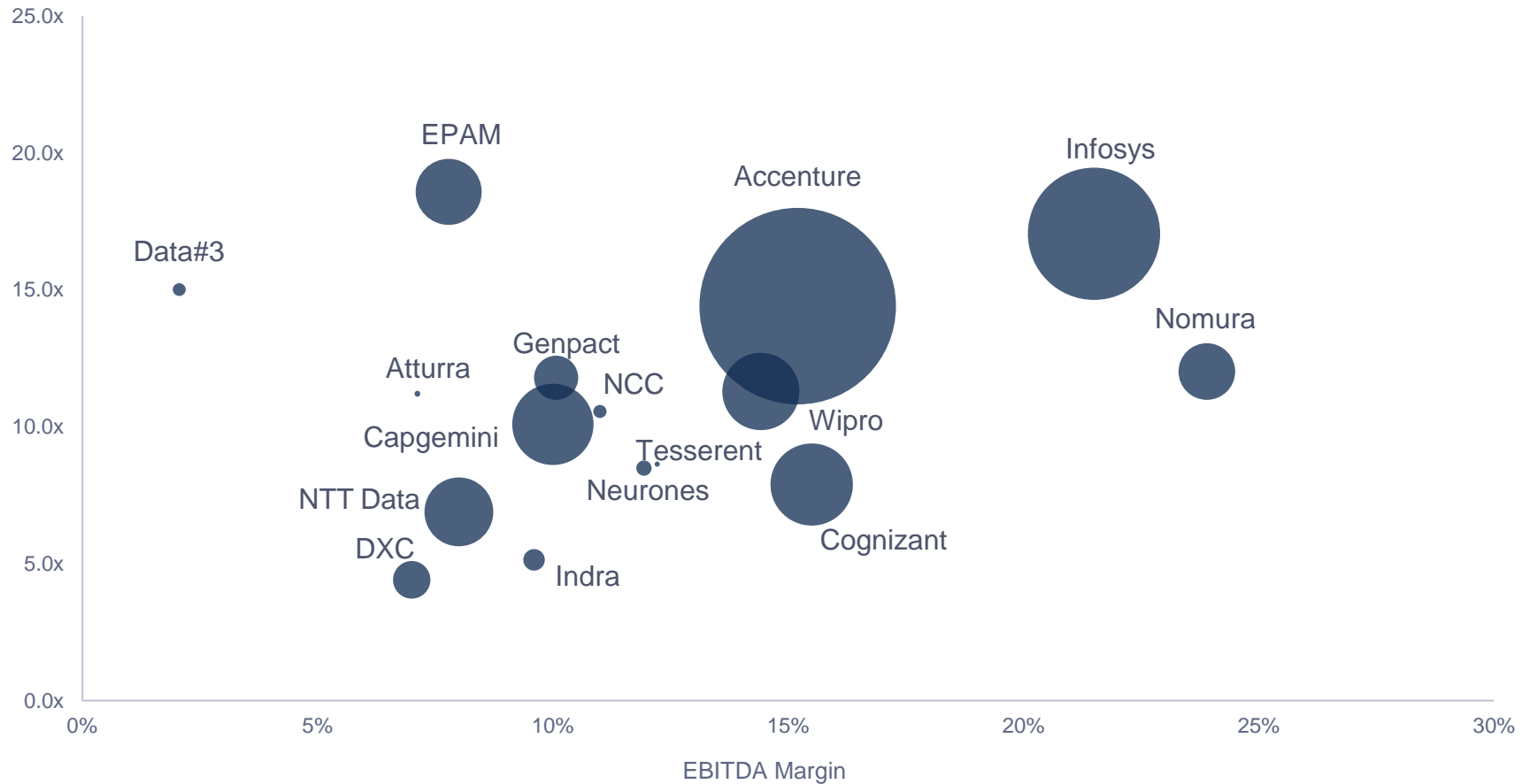
## IT services companies trading multiples





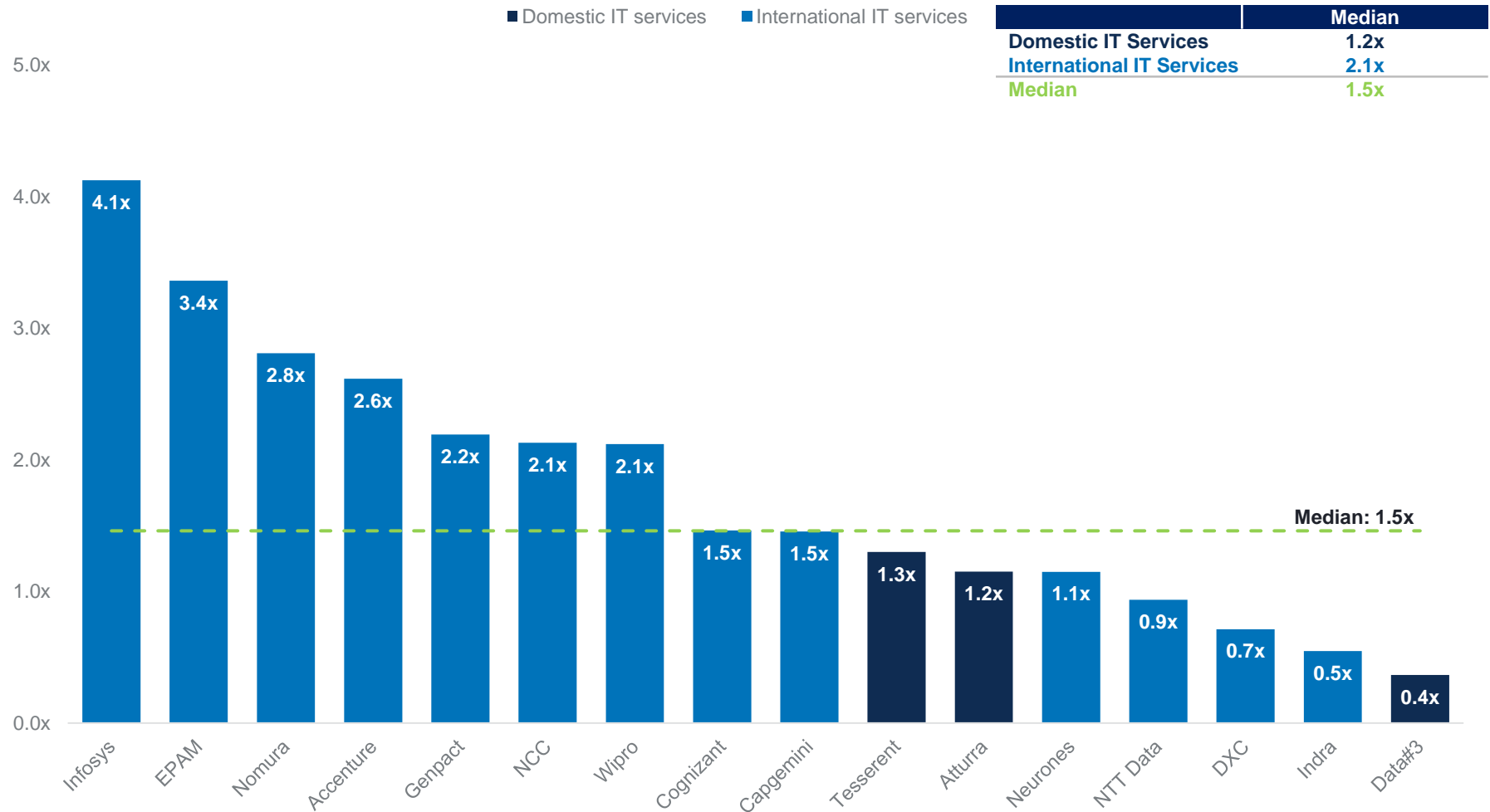
# EBITDA Multiples<sup>(1)</sup> vs EBITDA Margin<sup>(2)</sup> by Market Capitalisation<sup>(3)</sup>

EV/EBITDA FY23E



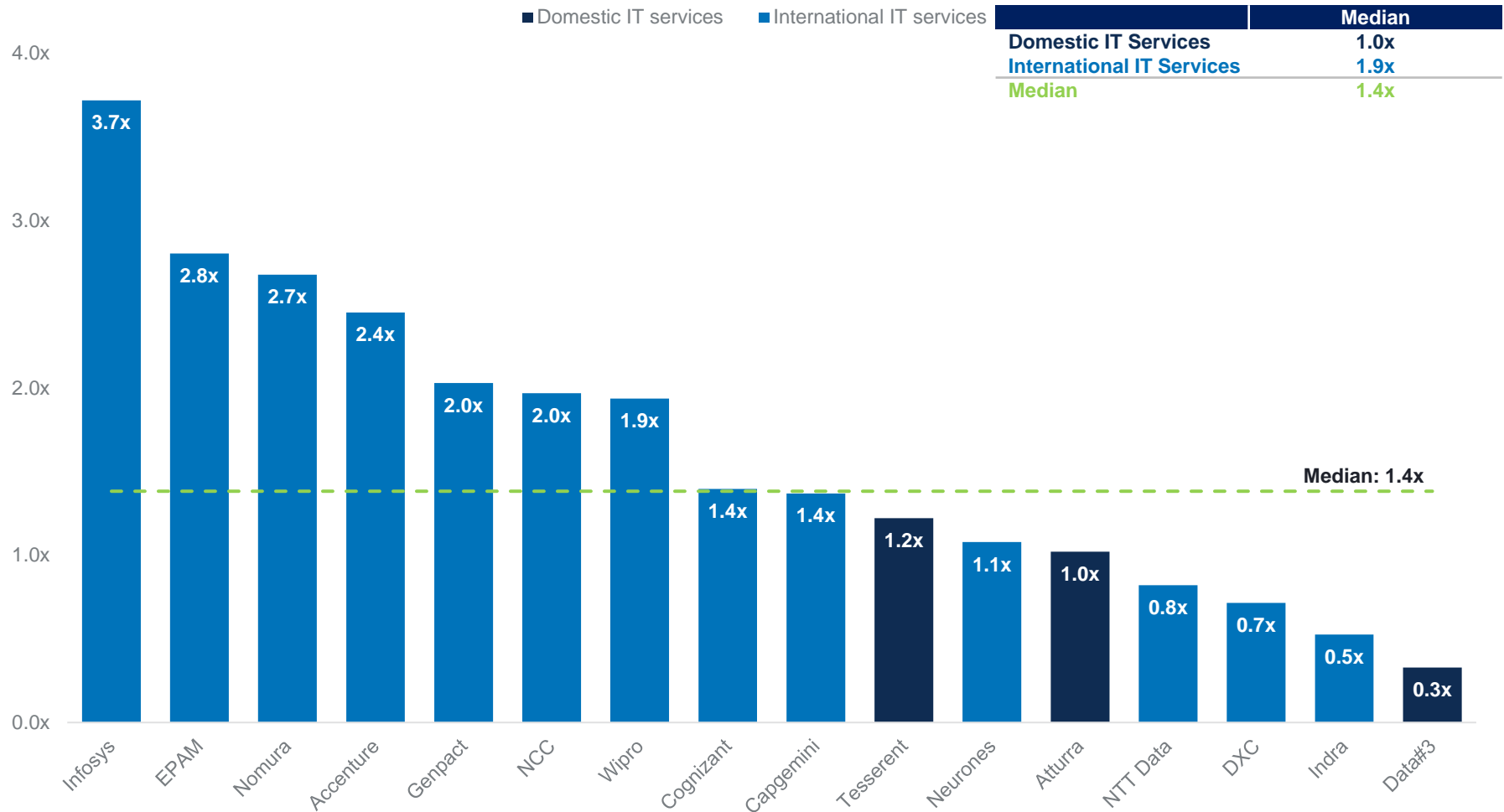
**More scaled IT Services firms tend to generate higher EBITDA Margins and trade on higher EBITDA multiples**

# Trading multiples: EV/ FY23E<sup>1</sup> revenue



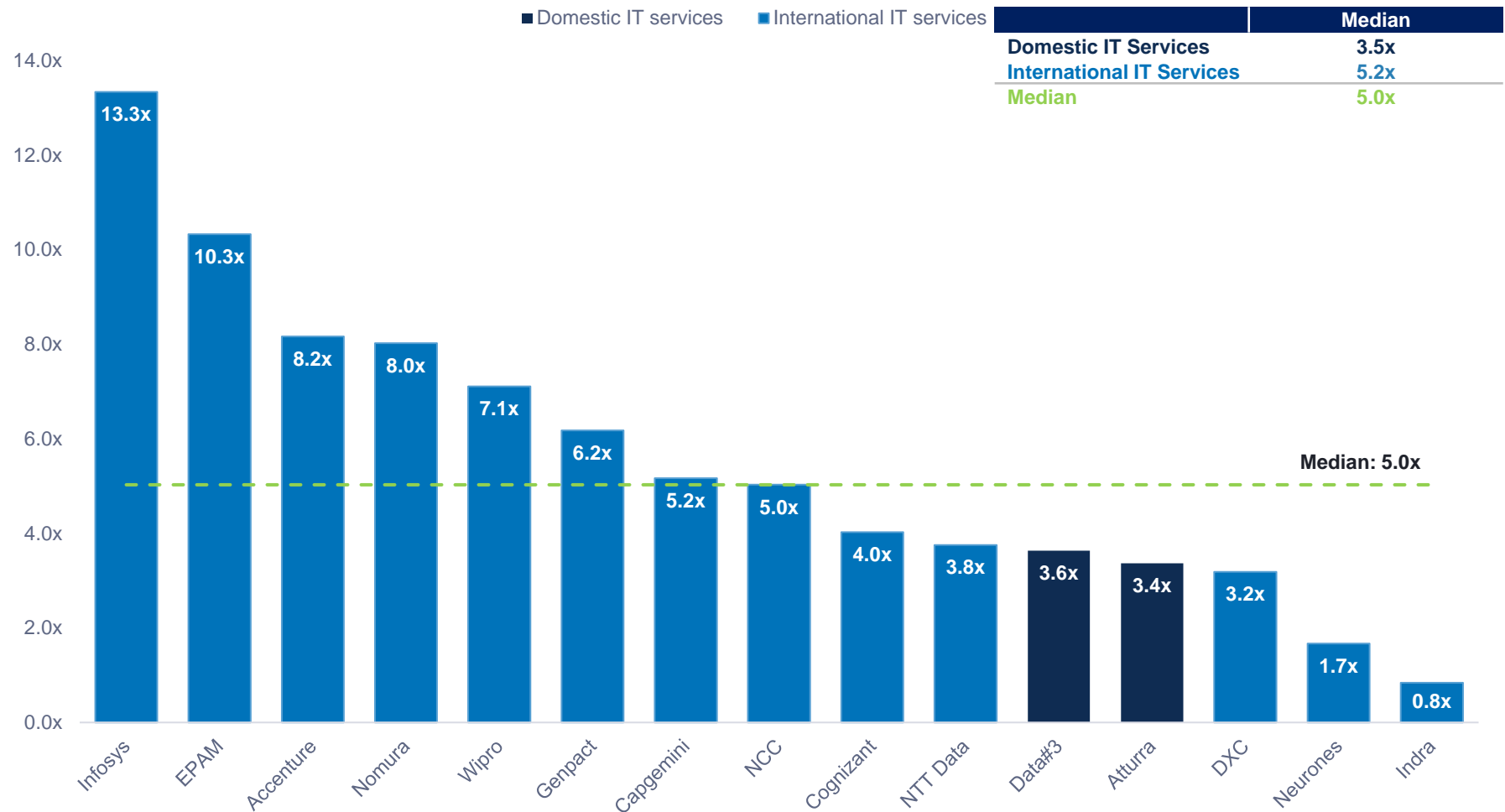
**Global IT services companies tend to trade on higher FY23E revenue multiples than their domestic counterparts**

# Trading multiples: EV/ FY24E<sup>1</sup> revenue



**International IT Services companies are trading at ~2x FY24E revenue**

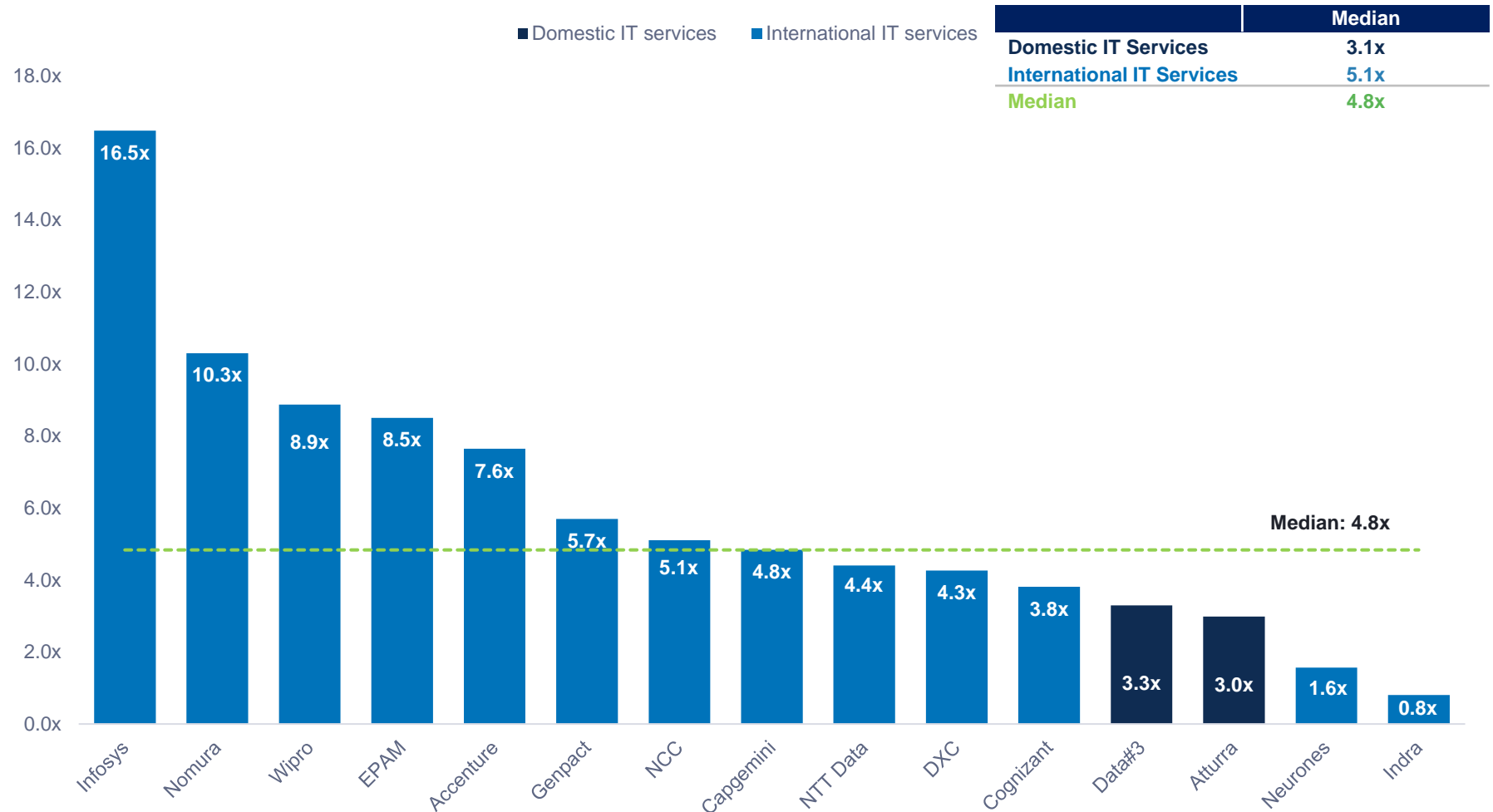
# Trading multiples: EV/ FY23E gross profit<sup>1</sup>



**International IT services companies trade at ~5x FY23E gross profit multiples**

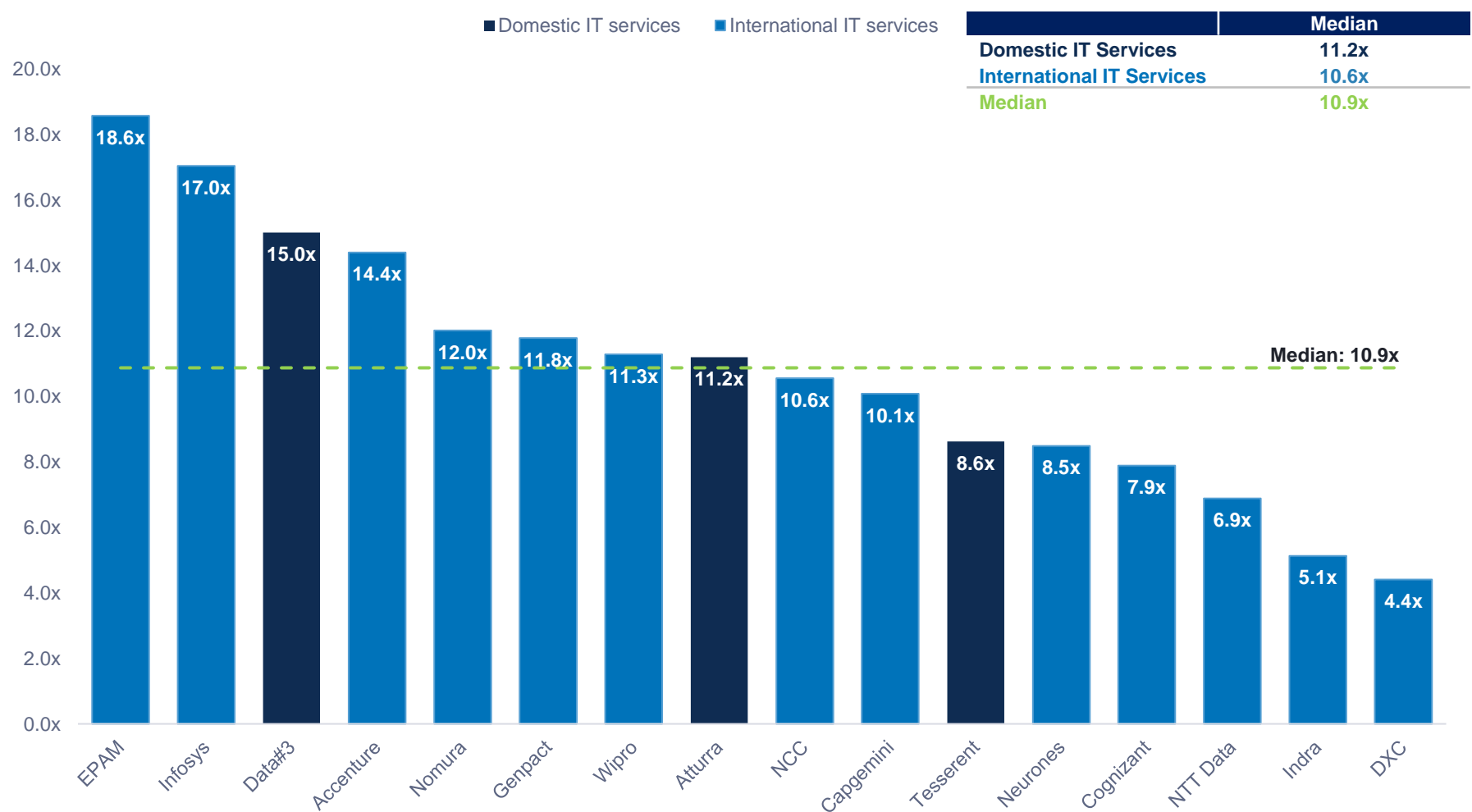


# Trading multiples: EV/ FY24E gross profit<sup>1</sup>



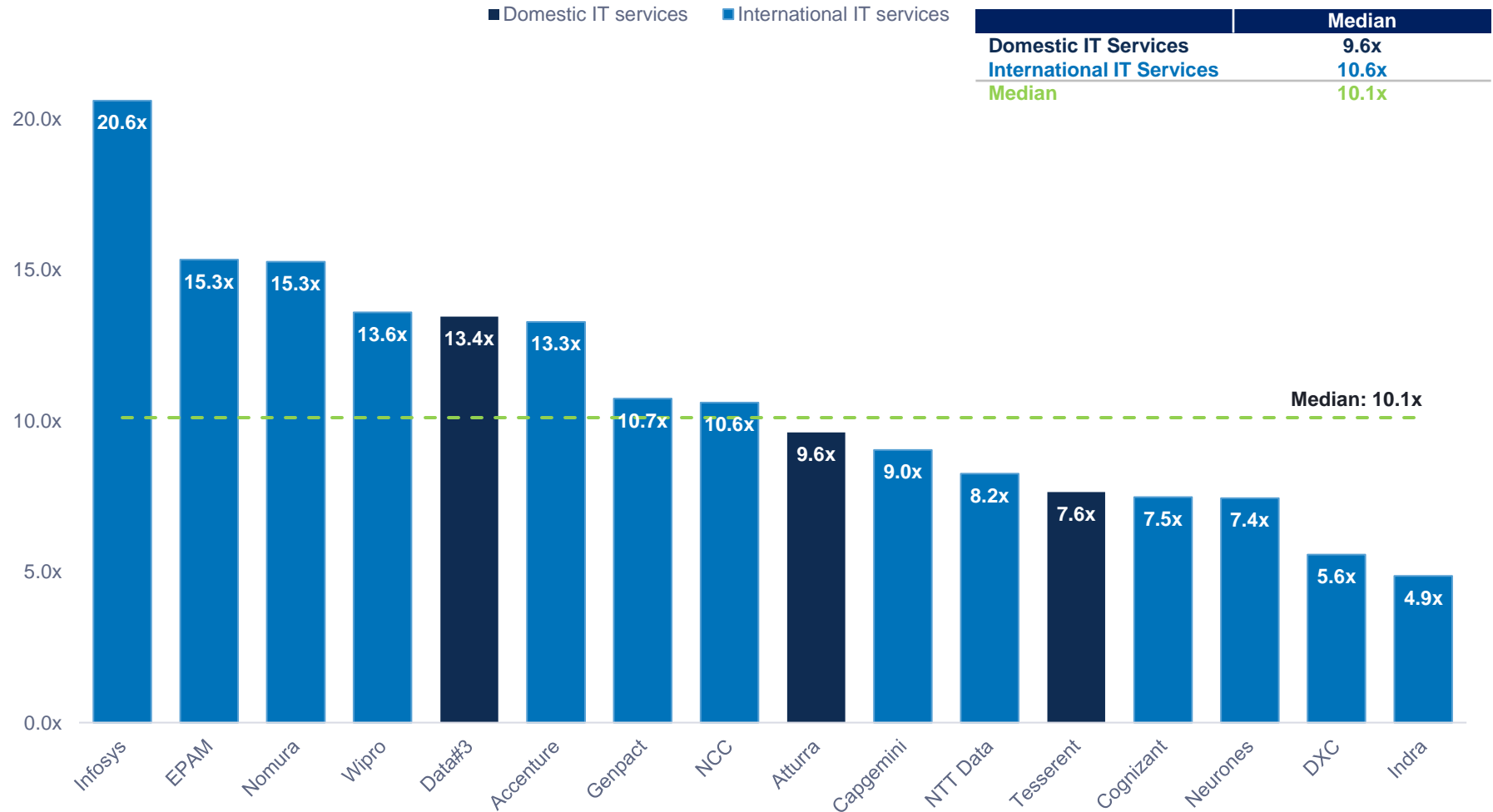
**International IT services firms also trade on higher FY24E gross profit multiples relative to their domestic counterparts**

# Trading multiples: EV/ FY23E EBITDA<sup>1</sup>



**IT services companies trade at ~11x FY23E EBITDA multiples**

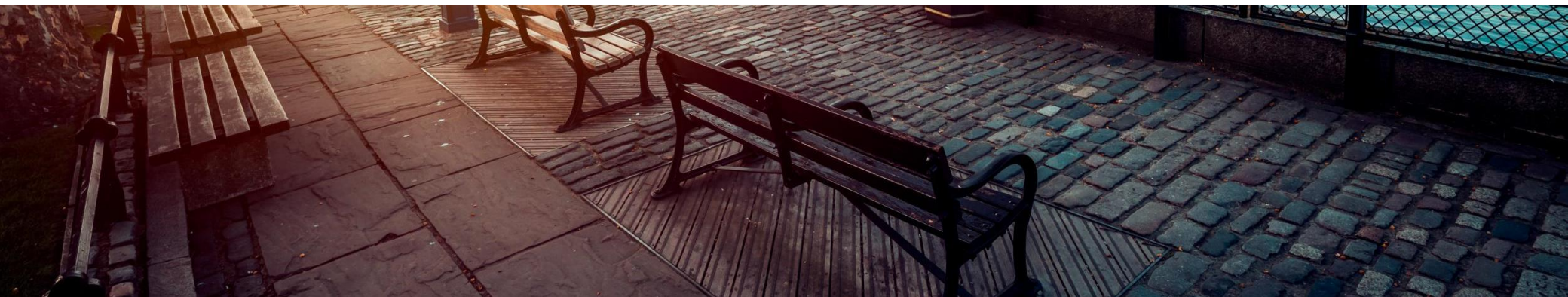
# Trading multiples: EV/ FY24E EBITDA<sup>1</sup>



**IT services companies trade at ~10x FY24E EBITDA multiples**































# Global: Mergers and acquisitions
















































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

Transaction Overview				Multiples and metrics	
Target	Date	Acquirer	Transaction value (A\$m)	EV/ LTM Revenue	EV/ LTM EBITDA
 SEERSECURITY	Jul-20	 TESSERENT	15	2.7x	n.a.
Reliance IT/ Beachhead Group/ Altitude IT	Aug-20	 Spirit	13	1.0x	n.a.
 airloom	Aug-20	 TESSERENT	15	0.6x	5.6x
 Webcentral GROUP	Sep-20	 5G networks	68	1.3x	n.a.
 citadel group MANAGING COMPLEXITY	Sep-20	 PEP PACIFIC EQUITY PARTNERS	541	4.1x	17.2x
 DWS	Sep-20	 HCL	203	1.1x	6.6x
 iQ3	Sep-20	 TESSERENT	16	n.a.	n.a.
 DIGITAL SENSE	Oct-20	 OvertheWire	39	2.1x	7.3x
 ZAG	Oct-20	 accenture	45	n.a.	n.a.
 momenton	Oct-20	 Tech Mahindra	14	1.3x	n.a.
 tenzing	Oct-20	 Tech Mahindra	41	1.1x	n.a.
 rxp	Nov-20	 Capgemini	113	0.8x	7.2x
 Intalock	Dec-20	 Spirit	23	1.0x	9.8x
 servian	Jan-21	 Cognizant	324	n.a.	n.a.
 Hypothesis	Feb-21	McKinsey & Company	40	n.a.	n.a.

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

Transaction Overview				Multiples and metrics	
Target	Date	Acquirer	Transaction value (A\$m)	EV/ LTM Revenue	EV/ LTM EBITDA
 Planit	Mar-21	 NRI	300	n.a.	15.0x
 SECURELOGIC	Mar-21	 TESSERENT	22	2.3x	5.0x
 ampion	Mar-21	 wipro	154	n.a.	n.a.
 Industrie&Co	May-21	 accenture	40-50	n.a.	n.a.
 ELECTRO80 <small>A DIVISION OF AUTOMATION PARTNERS PTY LTD</small>	May-21	 accenture	30	n.a.	n.a.
 rhipe	Jul-21	 Crayon	383	4.9x	22.8x
 empired	Jul-21	 Capgemini	254	1.3x	13.3x
 Loop <small>SECURE</small>	Aug-21	 TESSERENT	17	0.9x	7.1x
 AULDHOUSE <small>POWERED BY DDLS</small>	Aug-21	 EdventureCo	17	n.a.	n.a.
 OvertheWire	Oct-21	 Aussie Broadband <small>Simply Good Broadband</small>	387	3.1x	16.5x
 THE PEARSON CORPORATION	Dec-21	 TESSERENT	30	n.a.	n.a.
 Mantel group	Jan-22	 Five V/Capital	n.a.	n.a.	n.a.
 clade	Jan-22	 BRENNAN IT	n.a.	n.a.	n.a.
 velrada	Mar-22	 ASG <small>AN NRI COMPANY</small>	50	1.1x	n.a.

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

































Transaction Overview				Multiples and metrics	
Target	Date	Acquirer	Transaction value (A\$m)	EV/ LTM Revenue	EV/ LTM EBITDA
 Dialog INFORMATION TECHNOLOGY	Mar-22	 NCS	351	1.9x	14.8x
 ARQ group	Mar-22	 NCS	290	n.a.	n.a.
 MOQ	Aug-22	 BRENNAN	26	0.3x	n.a.
 BARRETT	Aug-22	 MOTOROLA SOLUTIONS	26	n.a.	n.a.
 transpire	Aug-22	 C&T	23	1.5x	n.a.
 aginic	Aug-22	 Mantel group	10	n.a.	n.a.
 outfit	Sep-22	 smartsheet	30	n.a.	n.a.
 SAJARI	Sep-22	 algolia	100	n.a.	n.a.
 LEXICON DIGITAL	Oct-22	 endava	96	2.4x	n.a.
 logicwireless™	Nov-22	 CSE	23	n.a.	5.6x
 tec a la	Nov-22	 ARMITAGE ASSOCIATES	27	n.a.	n.a.
<b>Median</b>				<b>1.3x</b>	<b>8.5x</b>

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

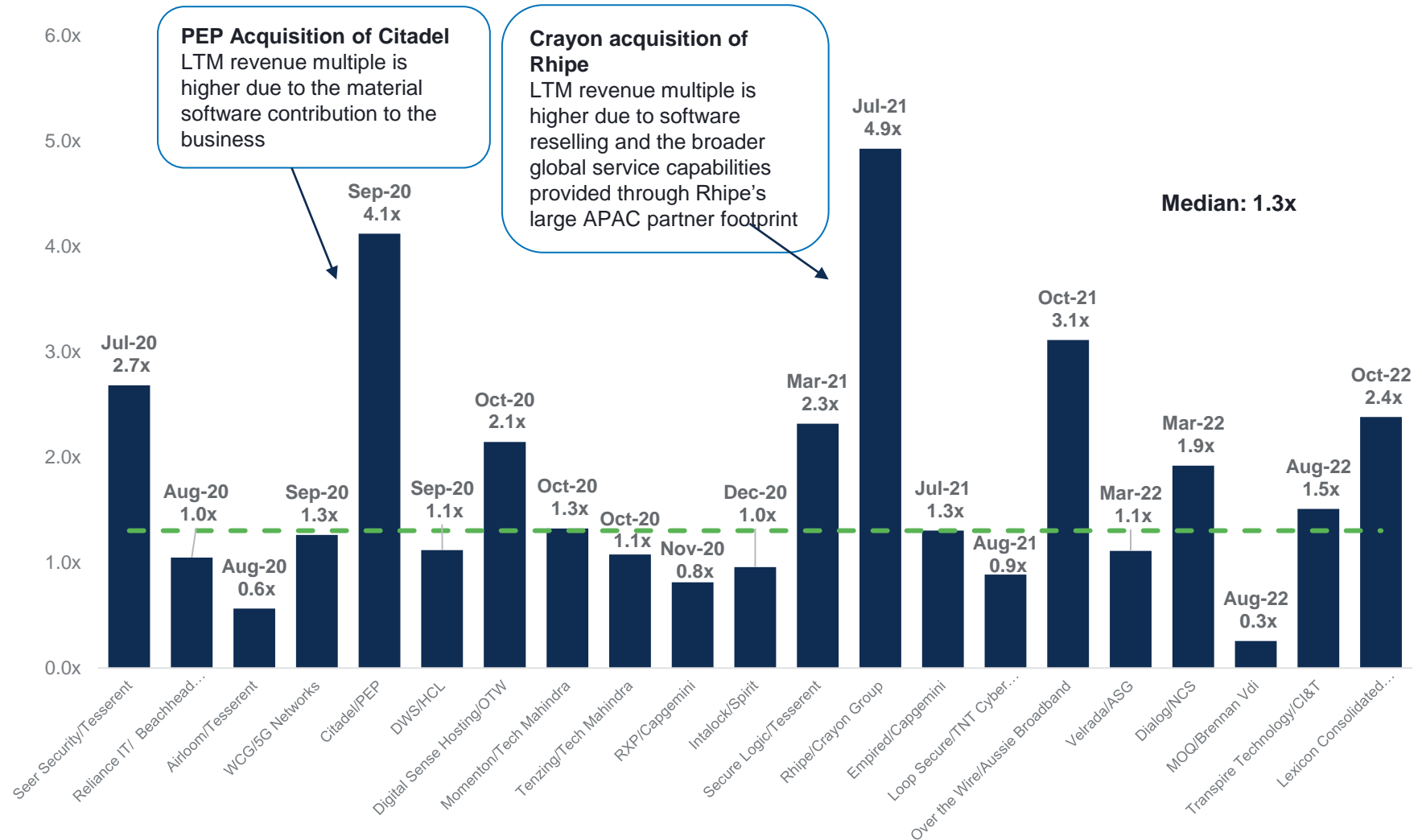
Offer Overview				Multiples and metrics	
Target	Date	Acquirer	Transaction value (A\$m)	EV/ LTM Revenue	EV/ LTM EBITDA
	Jul-20		418	n.a.	n.a.
	Aug-20		370	n.a.	n.a.
	Aug-20		643	2.2x	15.9x
	Dec-20		285	n.a.	n.a.
	Dec-20	 	587	1.8x	5.8x
	Jan-21		126	0.9x	8.6x
	Jan-21		8837	1.6x	11.1x
	Feb-21		125	1.1x	17.2x
	Apr-21		0	0.2x	0.8x
	May-21	Booz   Allen   Hamilton	942	n.a.	n.a.
	Jul-21		639	2.6x	n.a.
	Aug-21		154	1.0x	n.a.
	Aug-21		1274	1.3x	12.3x
	Oct-21		140	n.a.	n.a.
	Nov-21		629	3.1x	n.a.
	Dec-21		225	n.a.	n.a.



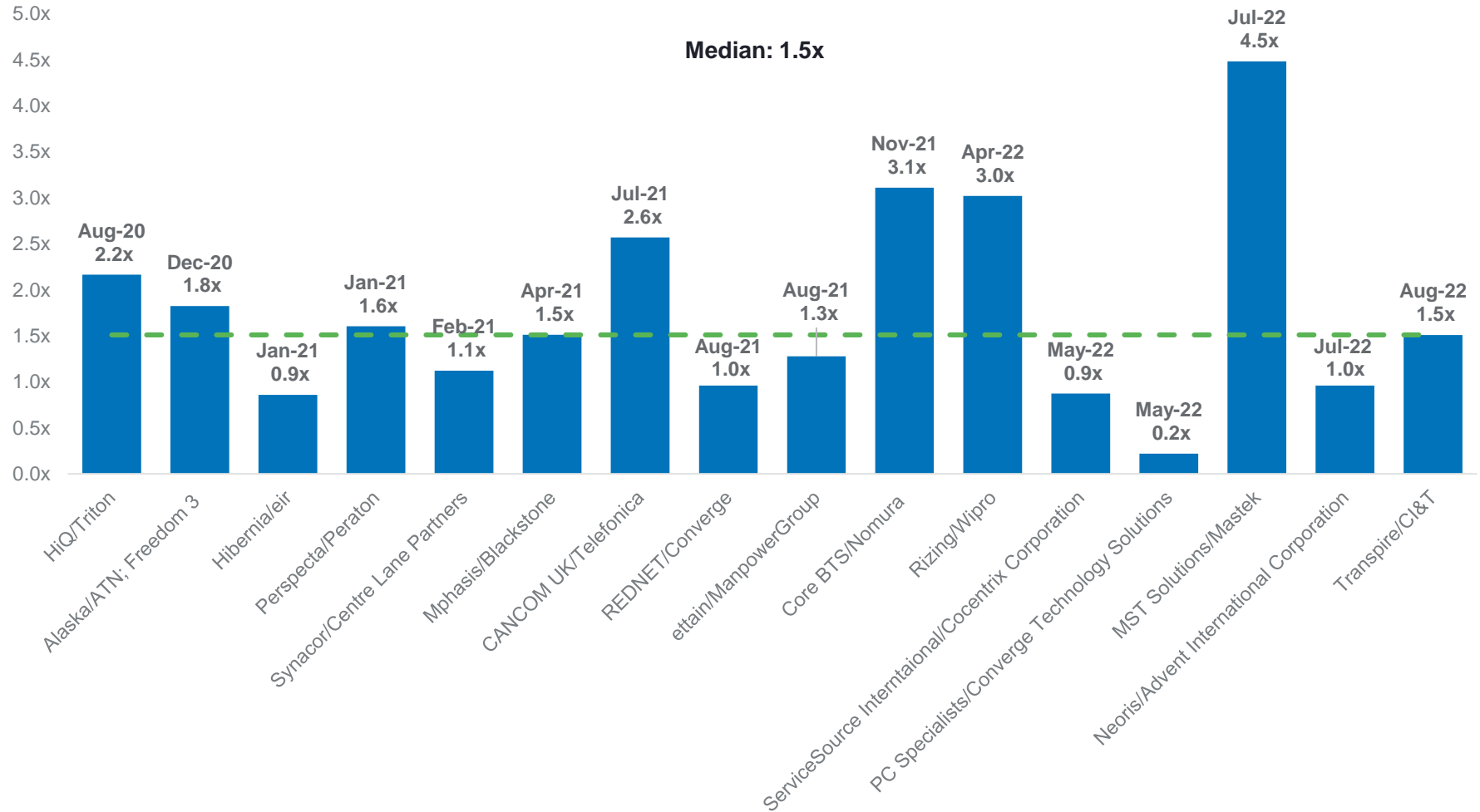
# International: Selected mergers and acquisitions (> A\$100m)<sup>1</sup>

Offer Overview				Multiples and metrics	
Target	Date	Acquirer	Transaction value (A\$m)	EV/ LTM Revenue	EV/ LTM EBITDA
 CompuCom	Dec-21	 VARIANT EQUITY	419	n.a.	n.a.
 true DIGITAL SECURITY	Jan-22	 CERBERUS SENTINEL	238	n.a.	n.a.
 B TECHNOLOGIES <small>Accelerating Simplicity</small>	Jan-22	 CACI	314	n.a.	n.a.
 ElasticM2M <small>Enabling Connected Businesses</small>	Feb-22	 Sensata Technologies	124	n.a.	n.a.
 ptc	Apr-22	 itc INFOTECH	156	n.a.	n.a.
 RIZING	Apr-22	 wipro	803	3.0x	n.a.
 Xator CORPORATION	May-22	 PARSONS	563	n.a.	n.a.
 GlideFast consulting	Jun-22	 ASGN Incorporated	544	n.a.	n.a.
 ROI-DNA	Jul-22	 enero	133	n.a.	n.a.
 SERVICE SOURCE	Jul-22	 CONCENTRIX	250	0.9x	n.a.
 MST SOLUTIONS	Jul-22	 Mastek	163	4.5x	n.a.
NEORIS	Jul-22	 Advent International	173	1.0x	n.a.
 transpire	Aug-22	 CIST	23	1.5x	n.a.
 TIG <small>Technology Integration Group</small>	Aug-22	 CONVERGE TECHNOLOGY SOLUTIONS	105	0.2x	n.a.
RafterOne <b>R<sup>1</sup></b>	Oct-22	 IFG <small>Interpublic Group</small>	370	n.a.	n.a.
 CELTIC Systems	Oct-22	 3 VERTICALS	131	n.a.	n.a.
 GRSi	Dec-22	 DLH	273	n.a.	n.a.
<b>Median</b>				<b>1.5x</b>	<b>11.7x</b>

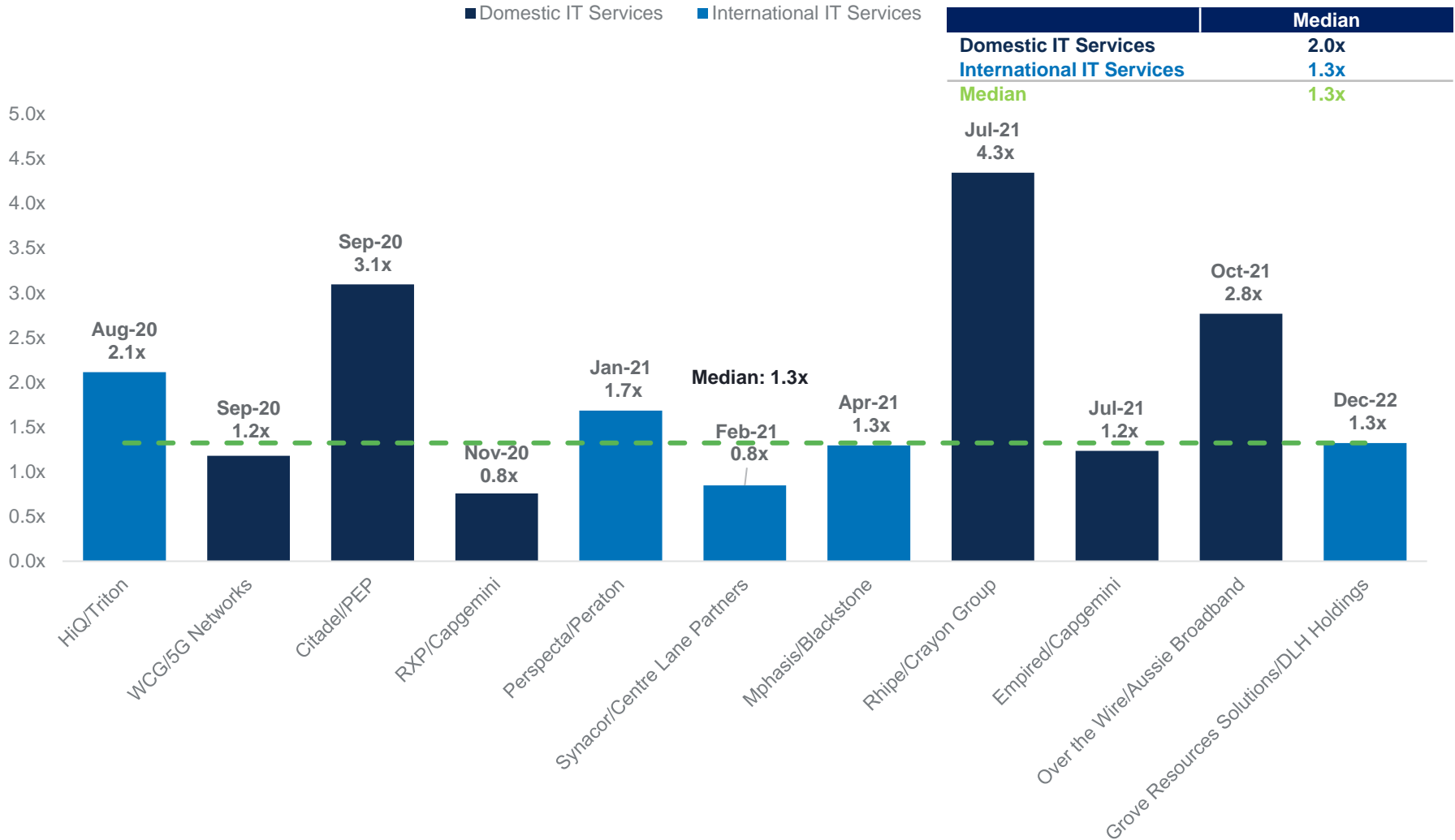
# Domestic: Selected mergers and acquisitions EV/ LTM revenue



# International: Selected mergers and acquisitions EV/ LTM revenue

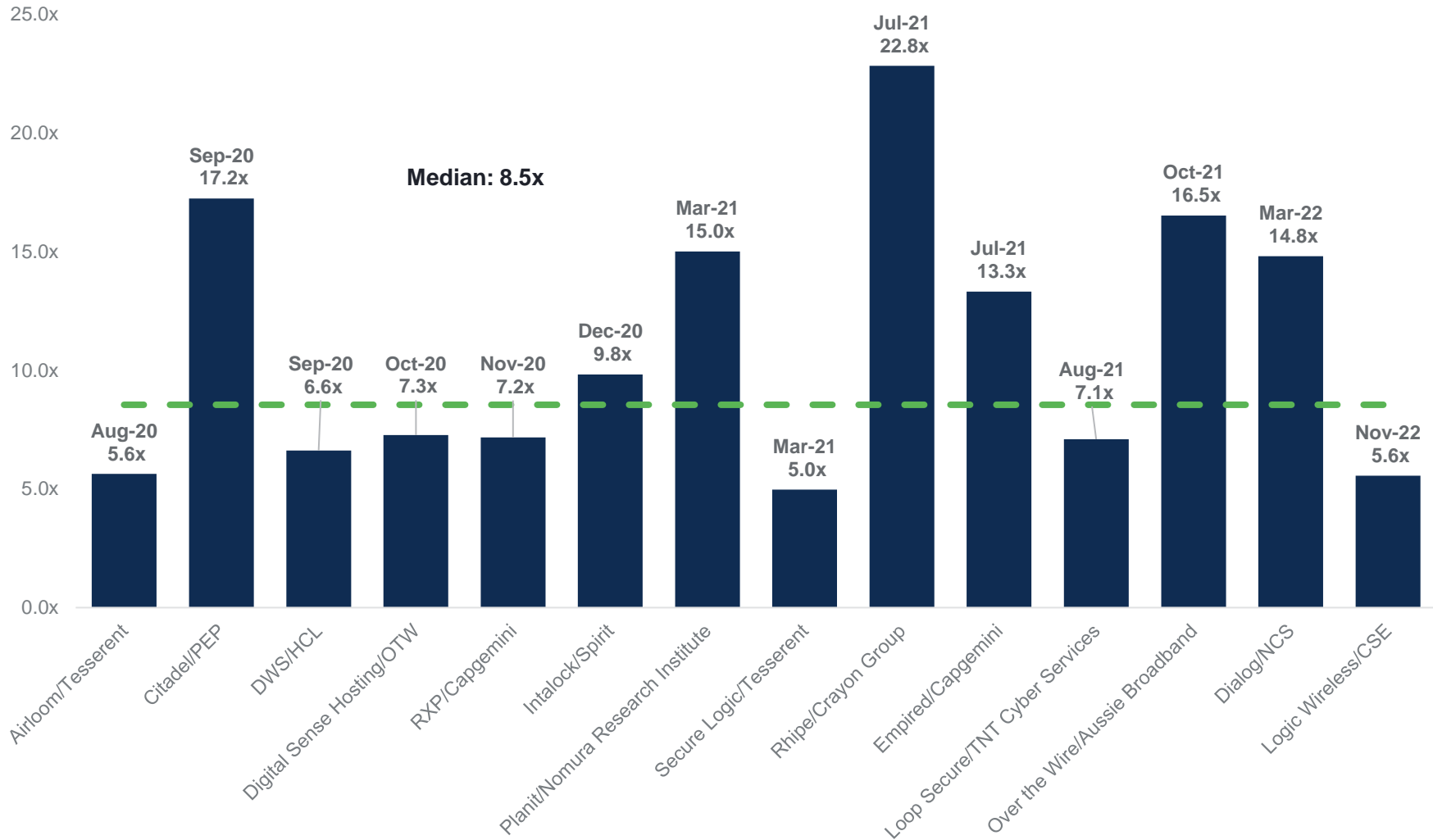


# Selected mergers and acquisitions EV/ NTM revenue

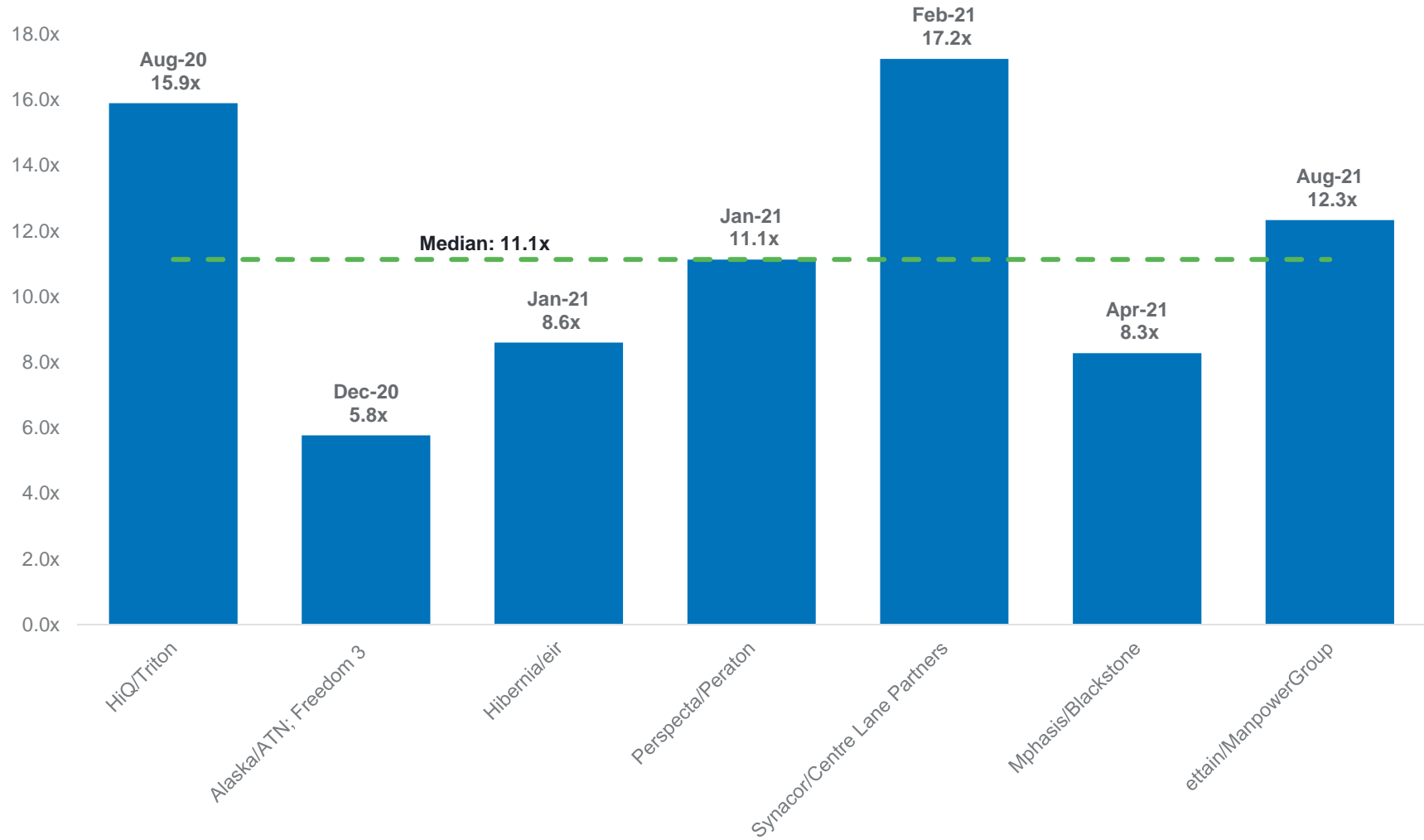




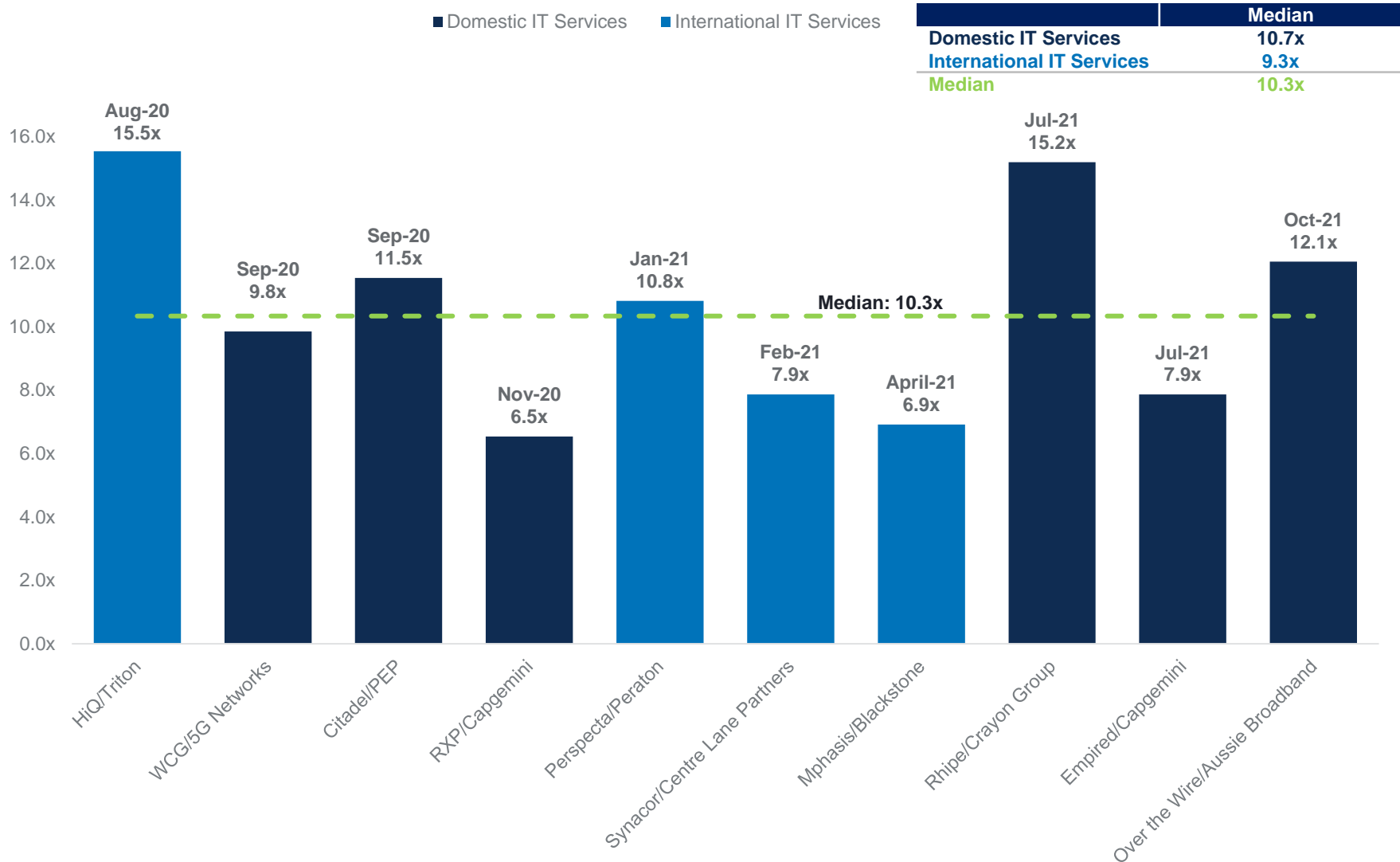
# Domestic: Selected mergers and acquisitions EV/ LTM EBITDA



# International: Selected mergers and acquisitions EV/ LTM EBITDA



# Selected mergers and acquisitions EV/ NTM EBITDA

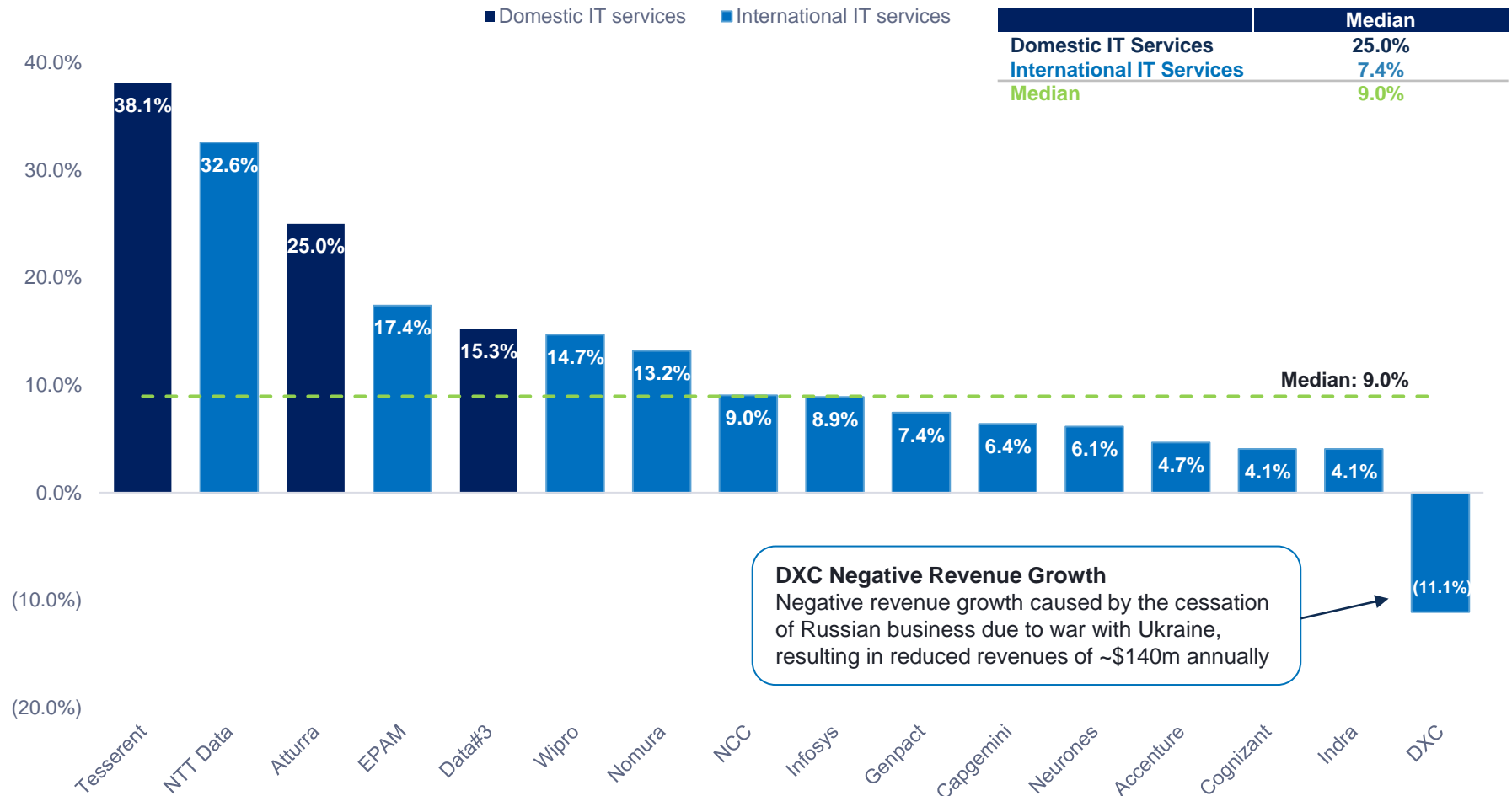




## Benchmarking analysis



# Benchmarking: FY23E revenue growth<sup>1</sup>

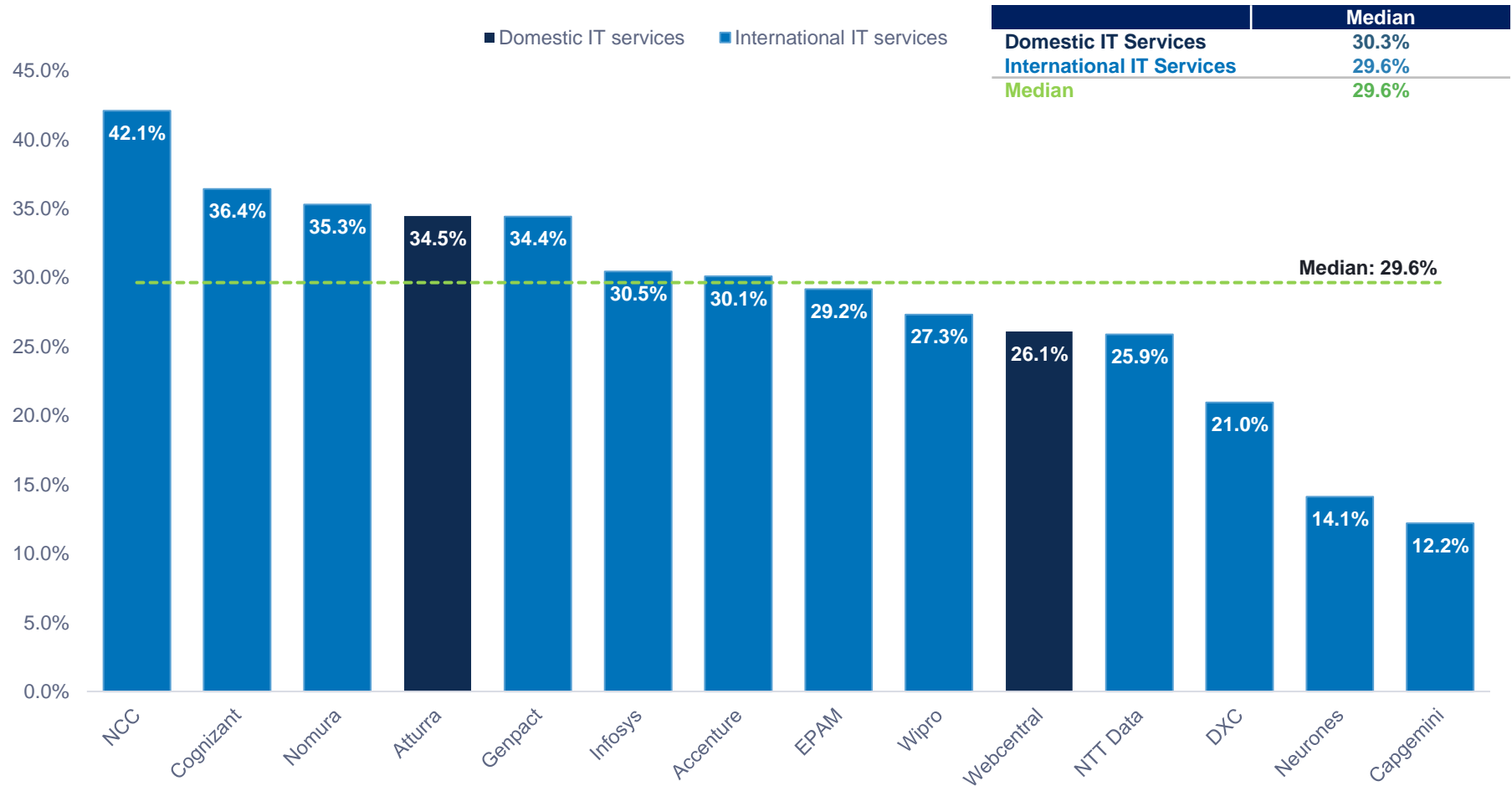


**DXC Negative Revenue Growth**  
 Negative revenue growth caused by the cessation of Russian business due to war with Ukraine, resulting in reduced revenues of ~\$140m annually

**Median growth rate for the IT Services peer group is ~9%**

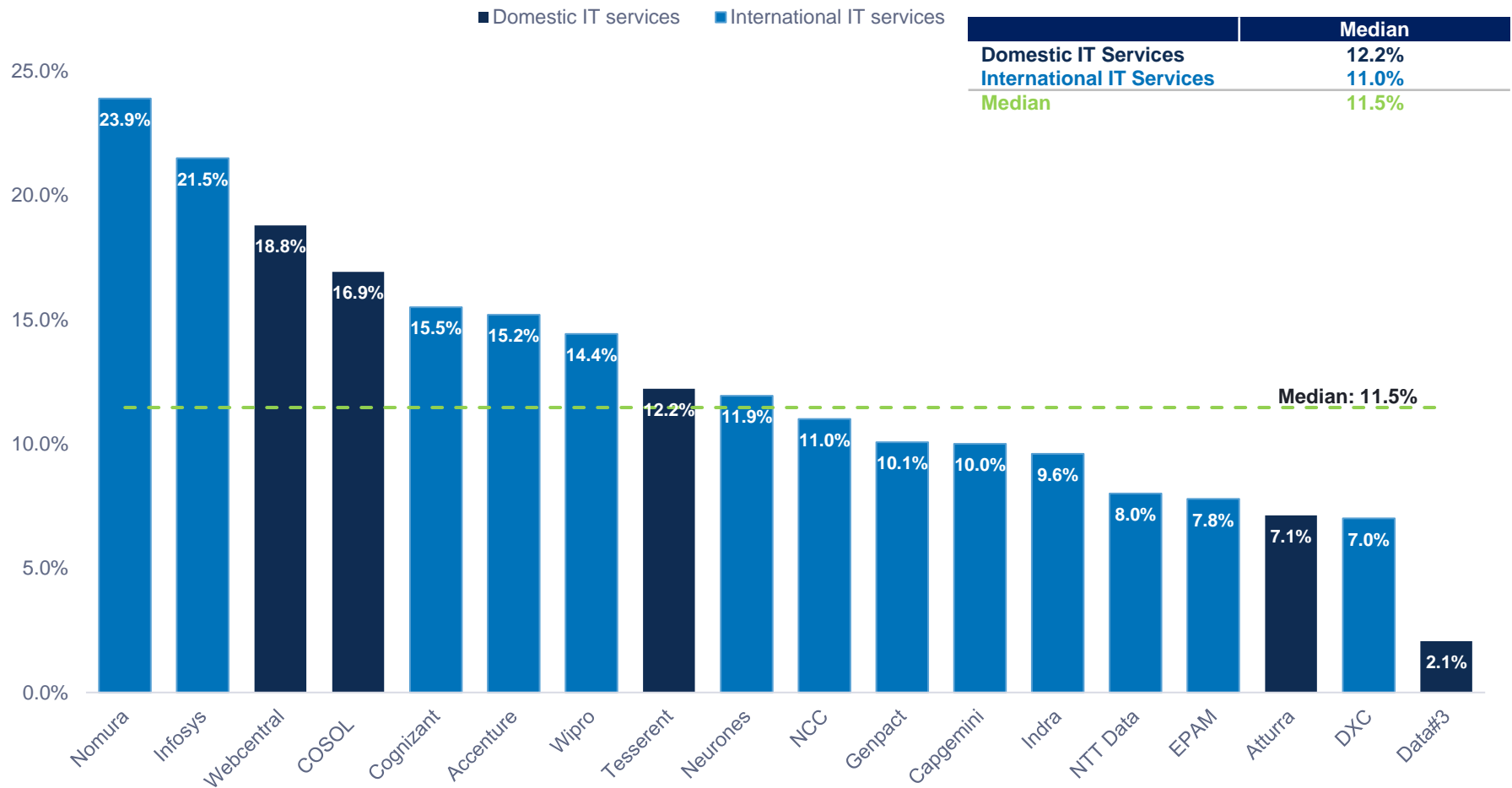


# Benchmarking: gross profit margins<sup>1</sup>



**The median IT services company generates a gross profit margin of ~30%**

# Benchmarking: EBITDA margins<sup>1</sup>



**Median EBITDA margin for IT services companies is ~11-12% with international companies typically delivering higher margins through scale benefits**



## Appendix: Index constituents



# IT Services Constituents

Company	Share price data					Multiples									Operating metrics		
	Trading data		Capitalisation (A\$m)			EV/ Revenue			EV/ GP			EV/ EBITDA			Revenue growth	Margins (Last reported)	
	Share price	As a % of 52-week high / low	3-month performance	Market capitalisation	Enterprise value	FY22A	FY23E	FY24E	FY22A	FY23E	FY24E	FY22A	FY23E	FY24E	FY23E	Gross	EBITDA
<b>Domestic IT services</b>																	
Atturra	0.95	90.9% / 193.9%	21.0%	218	199	1.5x	1.2x	1.0x	4.5x	3.5x	3.1x	16.0x	11.5x	9.9x	25.0%	34.5%	7.1%
COSOL	0.75	83.3% / 166.7%	23.0%	111	114	2.4x	n.a.	n.a.	n.a.	n.a.	n.a.	13.9x	n.a.	n.a.	n.a.	n.a.	16.9%
Data#3	6.77	94.6% / 157.4%	8.3%	1,047	945	0.4x	0.4x	0.3x	4.3x	3.7x	3.4x	20.5x	15.4x	13.8x	14.6%	10.0%	2.1%
Tesserent	0.13	66.7% / 151.2%	23.8%	176	203	1.8x	1.3x	1.2x	n.a.	n.a.	n.a.	14.7x	8.6x	7.6x	38.1%	n.a.	12.2%
Webcentral	0.15	33.7% / 120.0%	7.1%	49	103	1.1x	n.a.	n.a.	n.a.	n.a.	n.a.	26.5x	n.a.	n.a.	n.a.	26.1%	18.8%
<b>Median</b>			<b>21.0%</b>			<b>1.4x</b>	<b>0.8x</b>	<b>0.7x</b>	<b>4.3x</b>	<b>3.5x</b>	<b>3.1x</b>	<b>15.6x</b>	<b>13.1x</b>	<b>11.5x</b>	<b>20.1%</b>	<b>34.5%</b>	<b>7.1%</b>
<b>Max</b>			<b>23.0%</b>			<b>2.4x</b>	<b>1.2x</b>	<b>1.0x</b>	<b>4.4x</b>	<b>3.6x</b>	<b>3.3x</b>	<b>20.0x</b>	<b>15.0x</b>	<b>13.4x</b>	<b>25.0%</b>	<b>34.5%</b>	<b>16.9%</b>
<b>Min</b>			<b>8.3%</b>			<b>0.4x</b>	<b>0.4x</b>	<b>0.3x</b>	<b>4.2x</b>	<b>3.4x</b>	<b>3.0x</b>	<b>13.9x</b>	<b>11.2x</b>	<b>9.6x</b>	<b>15.3%</b>	<b>34.5%</b>	<b>2.1%</b>

# IT Services Constituents

Company	Share price data					Multiples									Operating metrics		
	Trading data		Capitalisation (A\$m)			EV/ Revenue			EV/ GP			EV/ EBITDA			Revenue growth	Margins (Last reported)	
	Share price	As a % of 52-week high / low	3-month performance	Market capitalisation	Enterprise value	FY22A	FY23E	FY24E	FY22A	FY23E	FY24E	FY22A	FY23E	FY24E	FY23E	Gross	EBITDA
<b>International IT services</b>																	
Accenture	266.84	74.1% / 109.8%	3.7%	247,237	247,140	2.8x	2.6x	2.4x	8.8x	8.2x	7.6x	16.6x	14.4x	13.3x	4.7%	30.1%	15.2%
Capgemini	155.95	75.0% / 102.4%	(5.8%)	42,470	51,791	1.6x	1.5x	1.4x	5.8x	5.1x	4.7x	12.0x	10.1x	9.0x	6.4%	12.2%	10.0%
Cognizant	57.19	61.2% / 111.4%	(0.4%)	43,243	42,508	1.5x	1.5x	1.4x	4.2x	4.0x	3.8x	8.3x	7.9x	7.5x	4.1%	36.4%	15.5%
DXC	26.50	66.8% / 117.0%	8.3%	8,970	15,172	0.7x	0.7x	0.7x	2.9x	3.2x	4.3x	3.6x	4.4x	5.6x	(11.1%)	21.0%	7.0%
EPAM	327.74	60.0% / 194.4%	(9.5%)	27,733	25,927	4.1x	3.4x	2.8x	12.4x	10.3x	8.5x	23.5x	18.6x	15.3x	17.4%	29.2%	7.8%
Genpact	46.32	89.1% / 122.9%	5.8%	12,489	14,580	2.4x	2.2x	2.0x	6.7x	6.2x	5.7x	13.4x	11.8x	10.7x	7.4%	34.4%	10.1%
Indra	10.65	96.6% / 141.7%	35.6%	2,941	3,287	0.6x	0.5x	0.5x	0.9x	0.8x	0.8x	6.2x	5.1x	4.9x	4.1%	68.5%	9.6%
Infosys	18.22	77.2% / 111.3%	6.7%	111,809	110,737	4.5x	4.1x	3.7x	13.7x	13.3x	16.5x	18.1x	17.0x	20.6x	8.9%	30.5%	21.5%
NCC	2.00	81.6% / 122.9%	(8.5%)	1,106	1,305	2.3x	2.1x	2.0x	5.5x	5.0x	5.1x	14.8x	10.6x	10.6x	9.0%	42.1%	11.0%
Neurones	39.25	96.2% / 130.0%	23.4%	1,495	1,229	1.3x	1.1x	1.1x	3.4x	1.7x	1.6x	9.9x	8.5x	7.4x	6.1%	14.1%	11.9%
Nomura	3,115.00	67.8% / 104.1%	(12.3%)	20,556	22,007	3.1x	2.8x	2.7x	8.9x	8.0x	10.3x	13.3x	12.0x	15.3x	13.2%	35.3%	23.9%
NTT Data	1,932.00	67.0% / 107.2%	3.5%	30,229	37,079	1.2x	0.9x	0.8x	4.6x	3.8x	4.4x	7.5x	6.9x	8.2x	32.6%	25.9%	8.0%
Wipro	392.80	60.3% / 105.5%	(0.4%)	38,239	35,030	2.4x	2.1x	1.9x	8.1x	7.5x	9.3x	12.3x	11.3x	13.6x	14.7%	27.3%	14.4%
<b>Median</b>			<b>3.5%</b>			<b>2.3x</b>	<b>2.1x</b>	<b>1.9x</b>	<b>5.8x</b>	<b>5.1x</b>	<b>5.1x</b>	<b>12.3x</b>	<b>10.6x</b>	<b>10.6x</b>	<b>7.4%</b>	<b>30.1%</b>	<b>11.0%</b>
<b>Max</b>			<b>35.6%</b>			<b>4.5x</b>	<b>4.1x</b>	<b>3.7x</b>	<b>13.7x</b>	<b>13.3x</b>	<b>16.5x</b>	<b>23.5x</b>	<b>18.6x</b>	<b>20.6x</b>	<b>32.6%</b>	<b>68.5%</b>	<b>23.9%</b>
<b>Min</b>			<b>(12.3%)</b>			<b>0.6x</b>	<b>0.5x</b>	<b>0.5x</b>	<b>0.9x</b>	<b>0.8x</b>	<b>0.8x</b>	<b>3.6x</b>	<b>4.4x</b>	<b>4.9x</b>	<b>(11.1%)</b>	<b>12.2%</b>	<b>7.0%</b>





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