

# AUGUST 2020 – TECHNOLOGY & DIGITAL MEDIA

## Executive Summary

The **Digital Media Sector** closed this month, up 9.6%. **Corporate Travel Management Ltd** recorded the largest movement, up 83.2%

The **Digital Media Sector** average **LTM EV/EBITDA** multiple was 29.6x, whilst the average **NTM EV/EBITDA** multiple is projected to be 30.5x

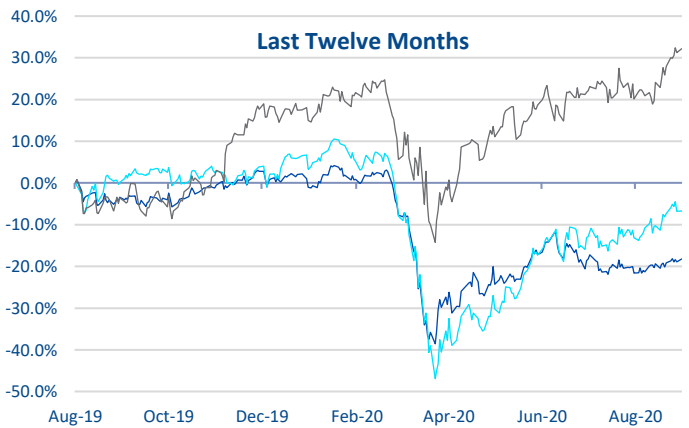
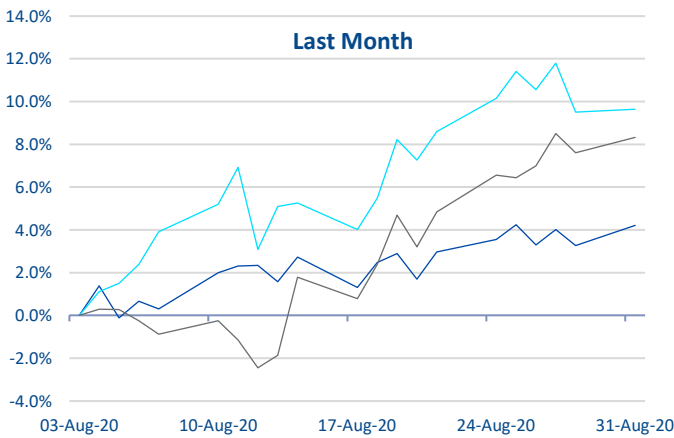
The **Technology Services Sector** closed this month, up 8.3%. **Hansen Technologies Limited** recorded the largest movement, up 41.4%

The **Technology Services Sector** average **LTM EV/EBITDA** multiple was 16.0x, whilst the average **NTM EV/EBITDA** multiple is projected to be 23.4x

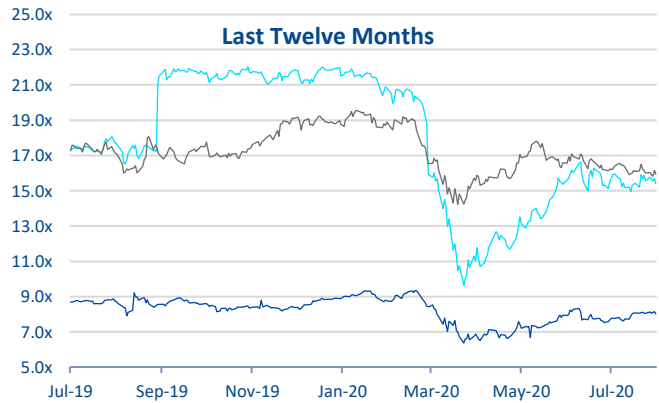
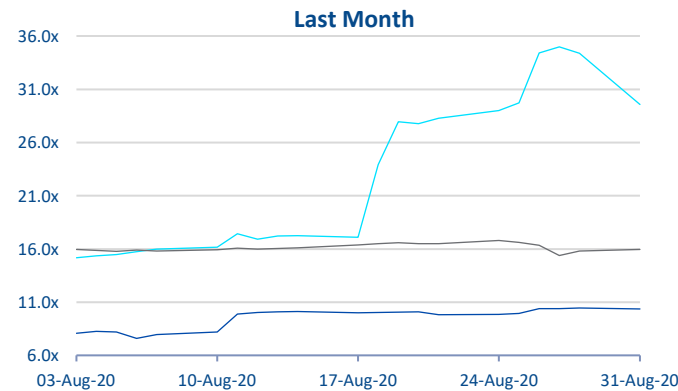
## Key Developments

- **Xero Limited** agreed to acquire Waddle Loans Pty Ltd for AUD 80 million
- **Reckon Limited** acquired ZebraWorks, Inc.
- **Wunderman Thompson Pty Ltd** acquired Meerkats for AUD 2.5 million
- **Flight Centre Travel Group Limited** acquired WhereTo

## INDEXED SHARE PRICE PERFORMANCE



## VALUATION PERSPECTIVES (LTM EV/EBITDA)



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

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

# CONSTITUENTS

Digital Media Sector	Ticker	Closing Price	Monthly Movement	Market Cap (AUD)	EV (AUD)	EV / EBITDA (LTM)	EV / EBITDA (NTM)	P / E (Trailing)	P / E (Forward)	ND / EBITDA (Trailing)	Div Yield (Trailing)
Beyond International Limited	BYI	0.55	(9.8%) ▼	33.7	37.8	3.6x	NM	NM	NM	0.0x	NM
carsales.com Ltd	CAR	20.79	13.0% ▲	5,115.0	5,555.2	29.1x	23.0x	42.7x	36.5x	2.4x	2.3%
Corporate Travel Management Ltd	CTD	15.99	83.2% ▲	1,742.9	1,722.4	71.6x	43.6x	NM	137.1x	NM	NM
Flight Centre Travel Group Limited	FLT	13.23	24.9% ▲	2,633.1	1,748.2	NM	NM	NM	NM	NM	NM
REA Group Limited	REA	114.17	5.2% ▲	15,037.9	15,142.6	37.0x	28.5x	133.8x	48.5x	0.2x	1.0%
SEEK Limited	SEK	20.67	(4.6%) ▼	7,271.4	8,988.2	32.0x	26.9x	NM	163.2x	4.4x	NM
WPP AUNZ Limited	WPP	0.32	6.7% ▲	272.6	507.6	4.1x	NM	NM	NM	1.6x	NM
Webjet Limited	WEB	3.72	31.4% ▲	1,261.1	1,261.5	NM	NM	NM	NM	NM	NM
<b>Average - adjusted to exclude outliers</b>			<b>9.6%</b>			<b>29.6x</b>	<b>30.5x</b>	<b>88.3x</b>	<b>96.3x</b>	<b>1.7x</b>	<b>1.6%</b>
<b>Technology Services</b>											
Hansen Technologies Limited	HSN	4.17	41.4% ▲	826.6	961.6	19.5x	10.8x	32.3x	17.4x	2.7x	1.9%
IRESS Limited	IRE	10.72	4.4% ▲	2,044.1	2,155.8	17.8x	16.3x	30.7x	26.4x	2.0x	NM
Isentia Group Limited	ISD	0.19	2.8% ▲	37.0	69.9	4.3x	3.7x	NM	5.1x	2.0x	NM
Reckon Limited	RKN	0.85	24.1% ▲	96.3	135.2	9.4x	4.2x	11.9x	10.9x	3.1x	4.9%
Technology One Limited	TNE	8.08	(3.9%) ▼	2,579.9	2,526.3	28.7x	23.3x	43.5x	37.9x	NM	1.5%
Xero Limited	XRO	100.97	12.3% ▲	14,360.6	14,323.0	NM	82.4x	NM	NM	NM	NM
<b>Average</b>			<b>8.3%</b>			<b>16.0x</b>	<b>23.4x</b>	<b>29.6x</b>	<b>19.6x</b>	<b>2.5x</b>	<b>2.8%</b>
<b>Coverage Group Average</b>						<b>23.4x</b>	<b>26.3x</b>	<b>49.2x</b>	<b>53.7x</b>	<b>2.1x</b>	<b>2.3%</b>

# KEY DEVELOPMENTS

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## Activity

- **Xero Limited (ASX:XRO)** agree to acquired Waddle Loans Pty Ltd for AUD 80 million. Under the terms of consideration, Xero will pay AUD 31 million as upfront cash payment and subsequent earnout payments based on product development and revenue milestones, of up to AUD 49 million. The acquisition positions Xero to partner with lenders globally, to better serve small businesses' working capital and other financial needs
- **Reckon Limited (ASX:RKN)** acquired ZebraWorks, Inc. Under the terms of agreement, Reckon will acquire ZebraWorks via its Legal Practice Management division (Reckon legal group). All of the ZebraWorks IP and other assets will be rolled into the merged entity. Post completion, Reckon Limited will own 70% of the merged entity and ZebraWorks shareholders (mostly key members of the management team) will own the remaining 30%
- Wunderman Thompson Pty Ltd completed the acquisition of Meerkats for AUD 2.5 million on August 10, 2020. Total consideration consists a cash consideration of AUD 0.4 million and an additional contingent consideration which is estimated to be AUD 2.1 million. As part of the transaction, Meerkats will merge with Wunderman Thompson in WA and will operate under the Wunderman Thompson brand from its Subiaco office
- **Flight Centre Travel Group Limited (ASX:FLT)** acquired WhereTo. Flight Centre will integrate WhereTo into products and services in both its Corporate Traveler and FCM Travel Solutions brands

# EAC PARTNERS

EAC Partners is an independent corporate advisory firm providing a full suite of mid-market merger, acquisition, divestment, capital structure and corporate finance services to private and public companies, located within Australia and abroad

## Transaction Experience



**Sibelco:** Advised on the divestment of their sand mining operations to Holcim Australia



**mpower:** Advised on the sale of the Australian and New Zealand products distribution businesses



**Zentree:** Advised on takeover panel application regarding equity rights issue by ERA, underwritten by Rio Tinto



**Safe Direction:** Completed a strategic and capital structure review



**Batchfire:** Advised in relation to a AUD25M equity rights issue



**Running Bare:** Completed a strategic review



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



**Yello:** Advised in relation to its series A capital raising



**ATL:** Advised on its USD500M investment grade bond offer  
Advised on their finance plan, which included rating advice



**Smollen Group:** Advised Australia's largest real estate franchise on its AUD70M sale to McGrath Limited



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



**Holcim:** Strategic review of two non-core assets



**Moko:** Advised in relation to an acquisition and capital raise



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



**APSEZ:** Advised on acquisition of Abbot Point Bulkcoal from Glencore  
Advised on its inaugural USD650M investment grade bond offer



**Sibelco:** Advised on the acquisition of an industrial minerals producer



**Adani:** Advised on the AUD1.25B refinance of Adani Abbot Point Terminal

## Awards



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



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

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