

NOVEMBER 2020 – TECHNOLOGY & DIGITAL MEDIA

Executive Summary

The **Digital Media Sector** closed this month, up 22.6%. **Flight Centre Travel Group Limited** recorded the largest movement, up 52.0%

The **Digital Media Sector** average **LTM EV/EBITDA** multiple was 30.0x, whilst the average **NTM EV/EBITDA** multiple is projected to be 38.0x

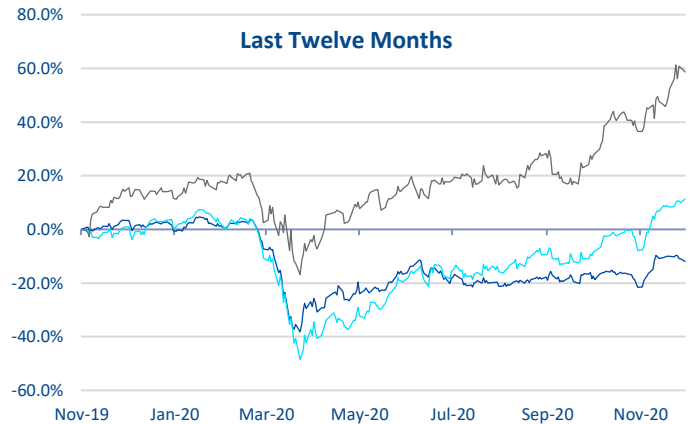
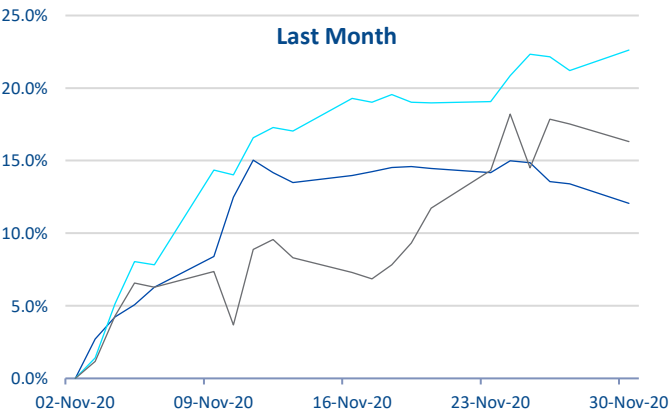
The **Technology Services Sector** closed this month, up 16.3%. **Insentia Group Limited** recorded the largest movement, down 37.8%

The **Technology Services Sector** average **LTM EV/EBITDA** multiple was 15.7x, whilst the average **NTM EV/EBITDA** multiple is projected to be 22.8x

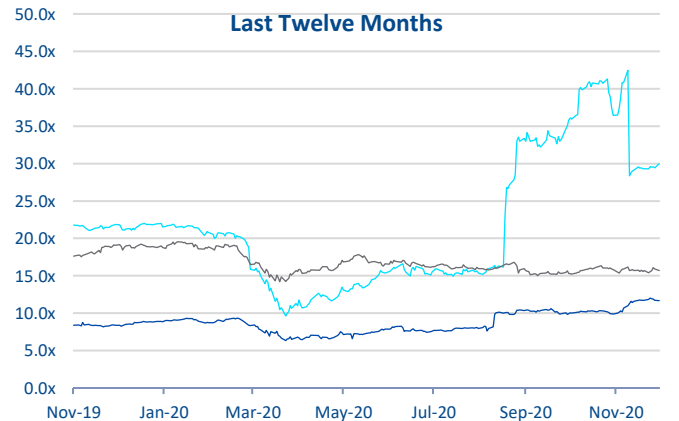
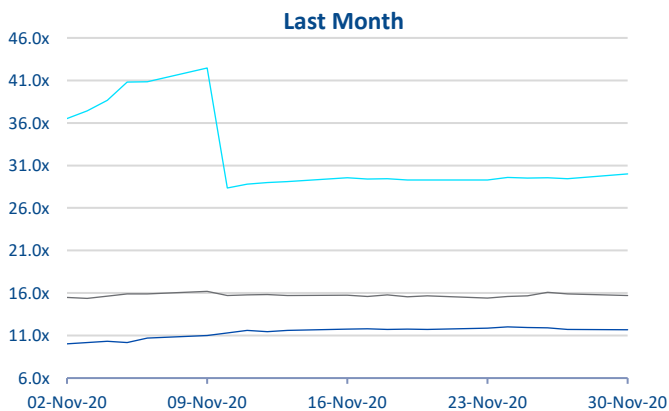
Key Developments

- **Corporate Travel Management** completed the acquisition of Travel and Transport, Inc.
- **IRESS Limited** completed the acquisition of OneVue Holdings Limited
- 5G Networks Limited completed the acquisition of a stake in Webcentral Group Limited
- **Xero Limited** announced a Fixed-Income Offering in the amount of AU\$700M
- WPP plc launched a proposal to acquire the remaining 38.5% stake in subsidiary **WPP AUNZ Limited**

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	0.51	-	31.3	31.7	NM	NM	NM	NM	NM	NM
carsales.com Ltd	CAR	20.33	(2.1%) ▼	5,009.0	5,449.2	28.5x	22.4x	41.8x	35.5x	2.4x	2.3%
Corporate Travel Management Ltd	CTD	20.00	37.0% ▲	2,728.5	2,708.0	NM	65.4x	NM	210.7x	NM	NM
Flight Centre Travel Group Limited	FLT	17.11	52.0% ▲	3,407.1	2,610.0	NM	NM	NM	NM	NM	NM
REA Group Limited	REA	145.24	22.8% ▲	19,130.2	19,234.9	47.0x	36.2x	170.3x	61.2x	0.2x	NM
SEEK Limited	SEK	26.05	21.1% ▲	9,164.0	10,880.8	38.8x	28.2x	NM	152.6x	4.4x	NM
WPP AUNZ Limited	SGN	0.56	32.1% ▲	472.9	707.8	5.7x	NM	NM	NM	1.6x	NM
Webjet Limited	WEB	5.77	65.3% ▲	1,956.0	1,956.4	NM	NM	NM	NM	NM	NM
Average - adjusted to exclude outliers			22.6%			30.0x	38.0x	106.0x	115.0x	2.1x	2.3%
Technology Services											
Hansen Technologies Limited	HSN	3.80	(3.6%) ▼	755.5	890.4	18.1x	8.9x	29.5x	13.5x	2.7x	2.1%
IRESS Limited	IRE	10.41	13.5% ▲	1,985.9	2,097.6	17.4x	15.8x	29.8x	26.1x	2.0x	4.4%
Isentia Group Limited	ISD	0.12	(37.8%) ▼	23.1	56.1	3.4x	4.6x	NM	NM	2.0x	NM
Reckon Limited	RKN	0.80	3.2% ▲	90.1	128.9	9.0x	4.3x	11.2x	11.4x	3.1x	5.0%
Technology One Limited	TNE	9.18	2.3% ▲	2,947.7	2,851.8	30.6x	24.8x	46.8x	40.5x	NM	1.4%
Xero Limited	XRO	132.50	20.3% ▲	18,883.8	18,816.0	NM	78.2x	NM	282.4x	NM	NM
Average			16.3%			15.7x	22.8x	29.3x	74.8x	2.5x	3.2%
Coverage Group Average						22.0x	28.9x	54.9x	92.7x	2.3x	3.1%

KEY DEVELOPMENTS

Activity

- **Corporate Travel Management Limited (ASX:CTD)** has completed the acquisition of Travel and Transport, Inc. for approximately AU\$200M. The transaction of the US-based travel provider is expected to deliver EPS accretion of 30% including synergies based on CY19 pro-forma financials for Corporate Travel Management.
- **IRESS Limited (ASX:IRE)** completed its acquisition of OneVue Holdings Limited for approximately AU\$120M from Thorney Investment Group Australia. The acquisition signals managements intention of expanding the customer base through innovative solutions around automation, delivering significant earnings upside in the future.
- **5G Networks Limited (ASX:5GN)** completed the acquisition of an additional 46.5% stake in Webcentral Group Limited from Keybridge Capital for AU\$7.9M. The inorganic growth strategy is expected to double 5GN's earnings per share on a pre-synergy basis.
- **Xero Limited (ASX:XRO)** announced a Fixed-Income Offering in the amount of AU\$700M in the form of Senior Unsubordinated Unsecured Notes.
- **WPP AUNZ Limited (ASX:SGN)** received an indicative offer to sell its remaining 38.5% stake to parent company WPP plc for AU\$180M. The proposal will see WPP plc become the sole (100%) owner in WPP AUNZ Limited.

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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