



SECTORWATCH:
**Outsourcing
In South America**
January 2018

7 MILE 
ADVISORS

SECTORWATCH: Outsourcing in South America

January 2018

- Sector Dashboard
- Public Basket Performance
- Operational Metrics
- Valuation Comparison
- Recent Deals
- Appendix

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OVERVIEW



Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages



Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.

DASHBOARD

Revenue Growth Momentum

↓ -0.06

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

Pricing / Gross Margin Momentum

↓ -0.9%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

Profitability Momentum

↑ 0.2%

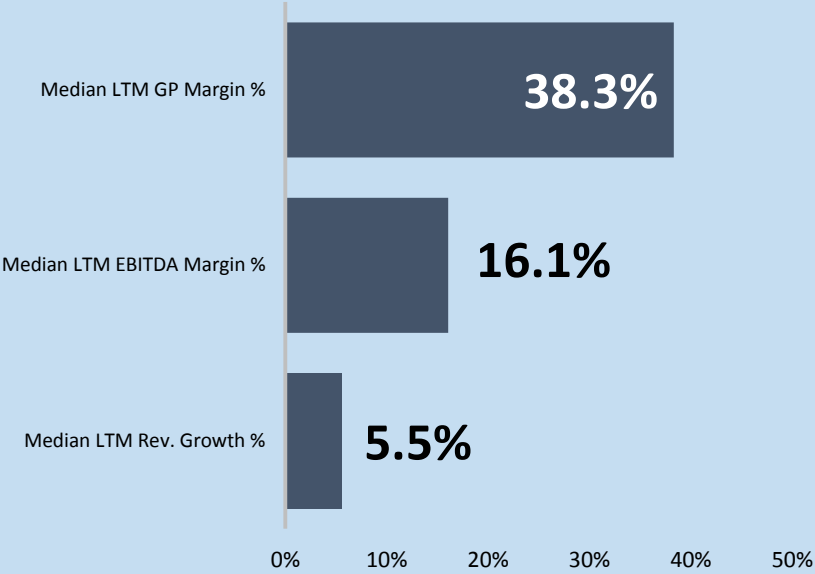
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

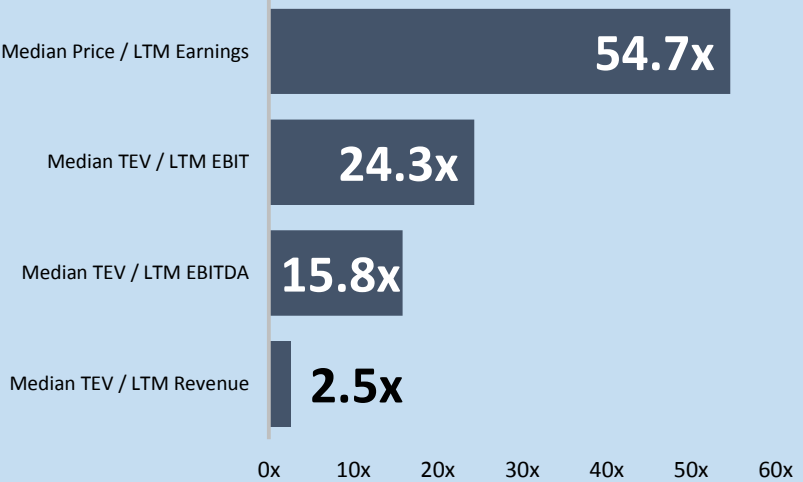
PUBLIC BASKET CONSTITUENTS

- BOVESPA:SNL3 SNSE:SONDA
- NYSE:GLOB SNSE:ALMENDRAL
- BOVESPA:MLFT4 NYSE:G

Operating Metrics



Valuation



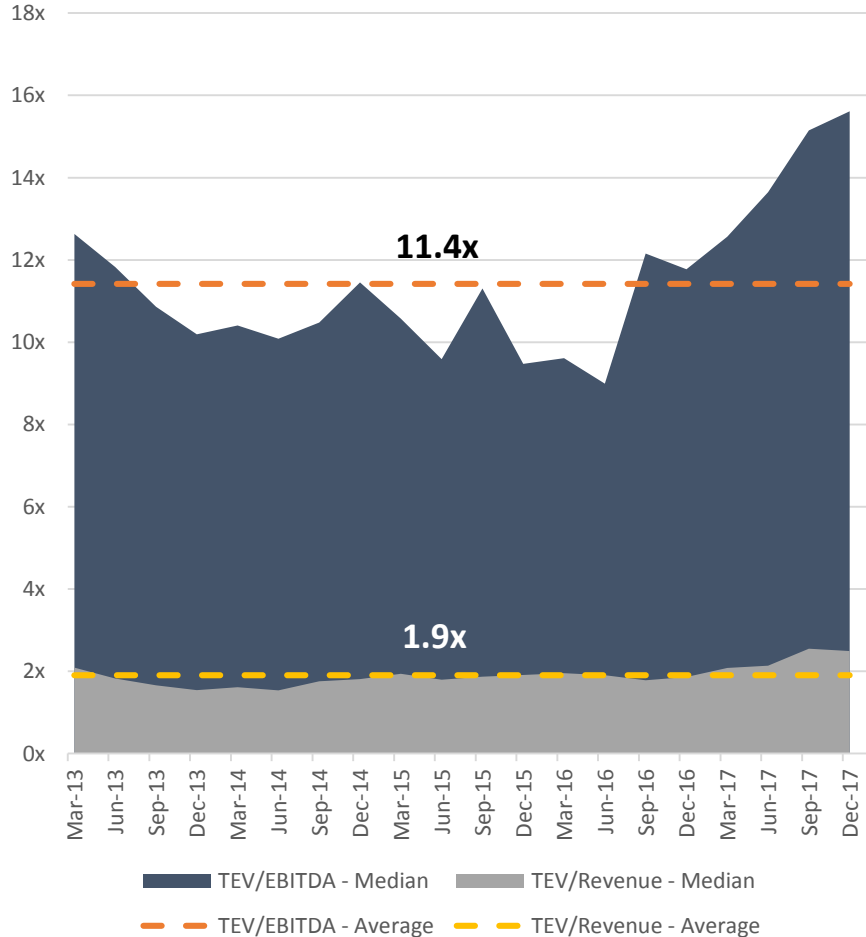
PUBLIC BASKET PERFORMANCE

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Senior Solution S.A.	92	39	54%	38%	15%	2.4	15.7	-	NA
Globant S.A.	1,560	385	25%	37%	14%	4.0	29.5	5,631	68
Jereissati Participações S.A.	1,563	219	5%	69%	73%	7.3	10.0	-	NA
Sonda S.A.	2,121	1,288	-3%	16%	9%	1.6	17.2	-	NA
Almendral S.A.	5,120	2,999	3%	88%	22%	1.6	7.2	12,610	238
Genpact Limited	7,194	2,684	6%	39%	17%	2.7	16.2	75,000	36

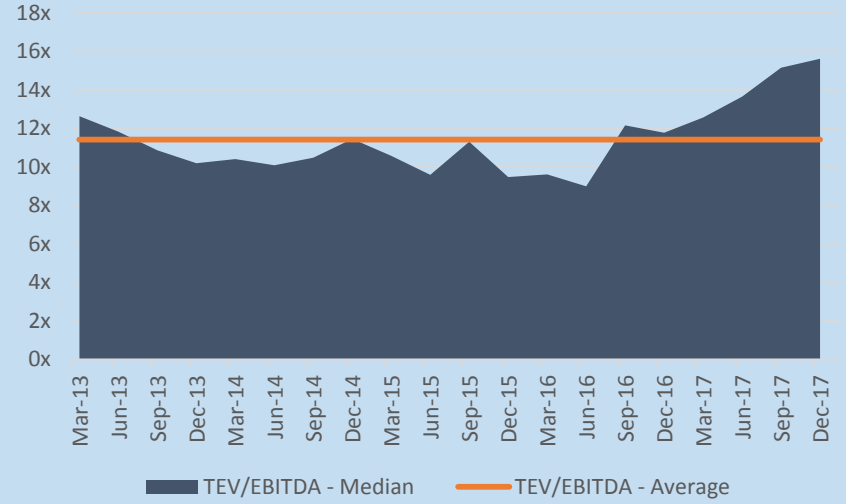
Average	2,942	1,269	15%	48%	25%	3.3	16.0	15,540	114
Median	1,842	836	6%	38%	16%	2.5	16.0	2,816	68

share price as of 06Jan18

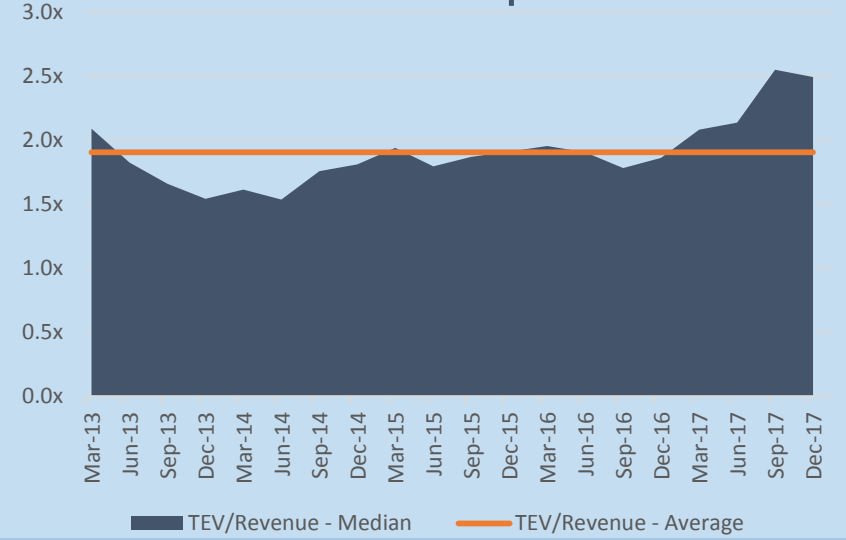
PUBLIC BASKET VALUATION TRENDS



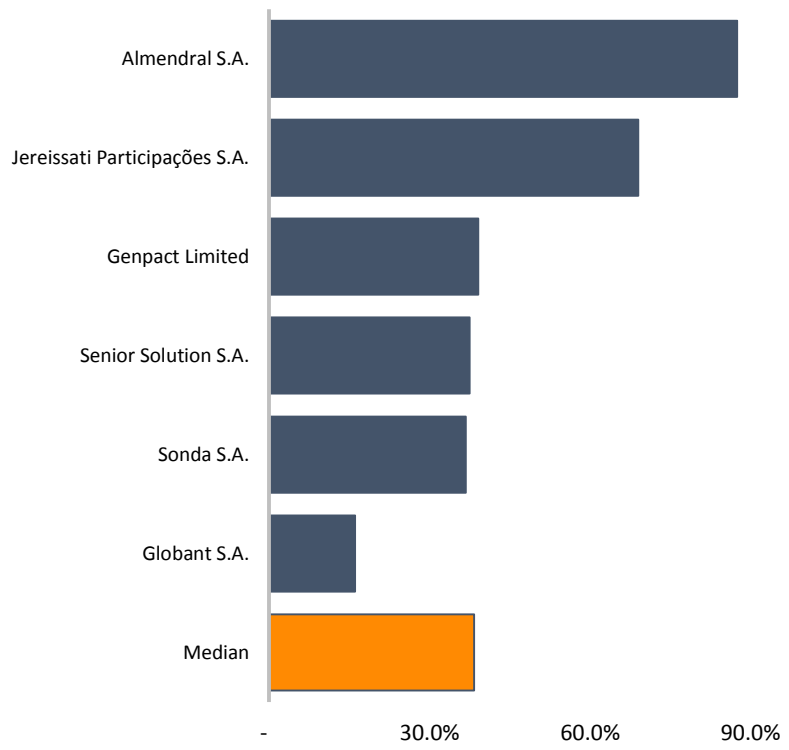
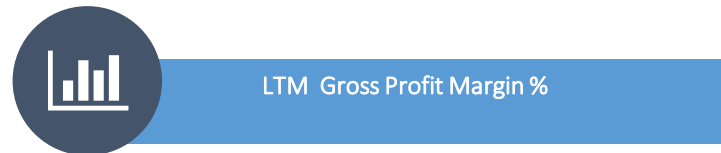
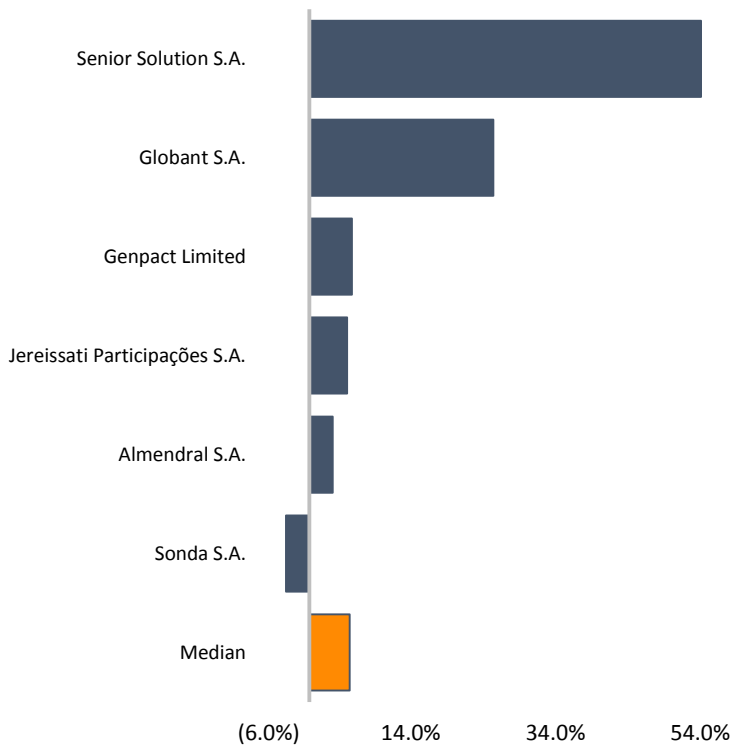
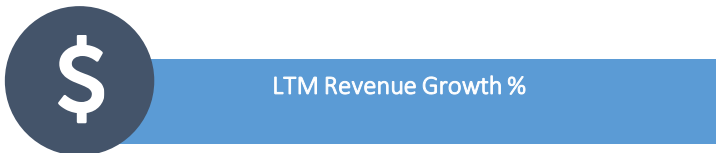
Public EBITDA Multiples Over Time



Public Revenue Multiples Over Time



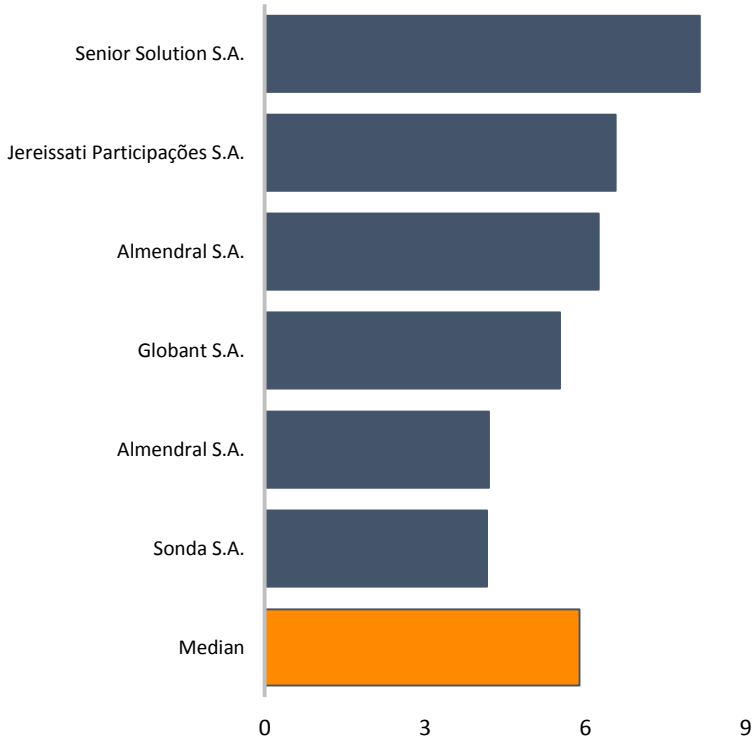
OPERATIONAL METRICS



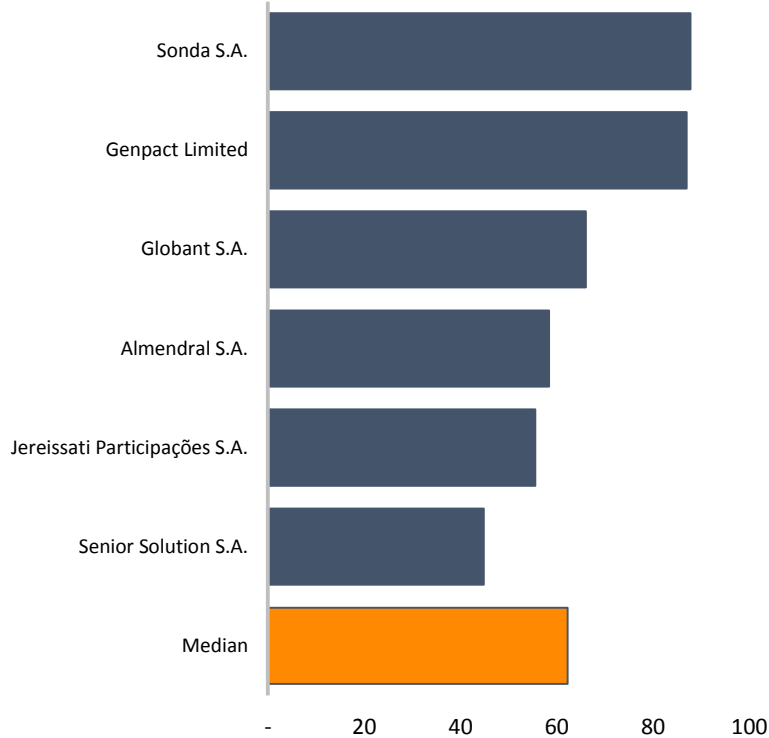
OPERATIONAL METRICS



Accounts Receivable Turnover



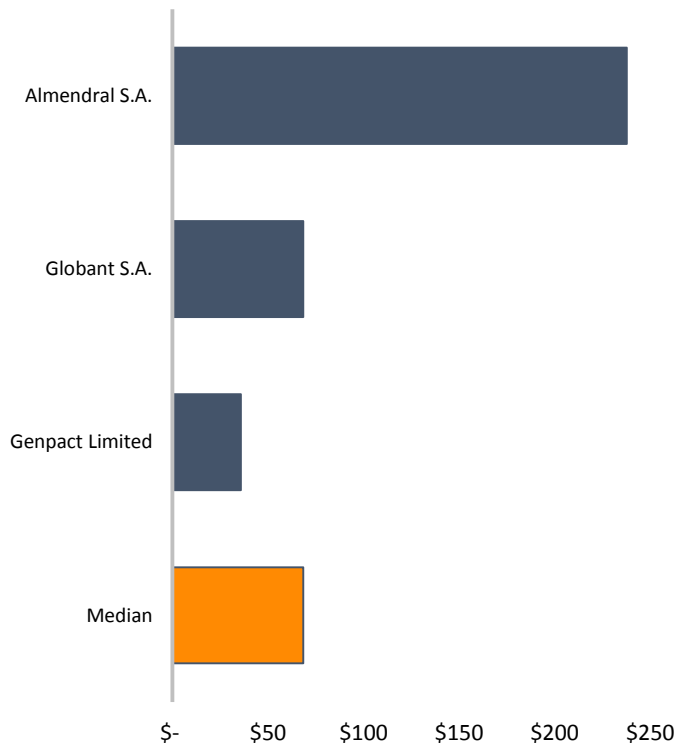
Average Days Sales Outstanding



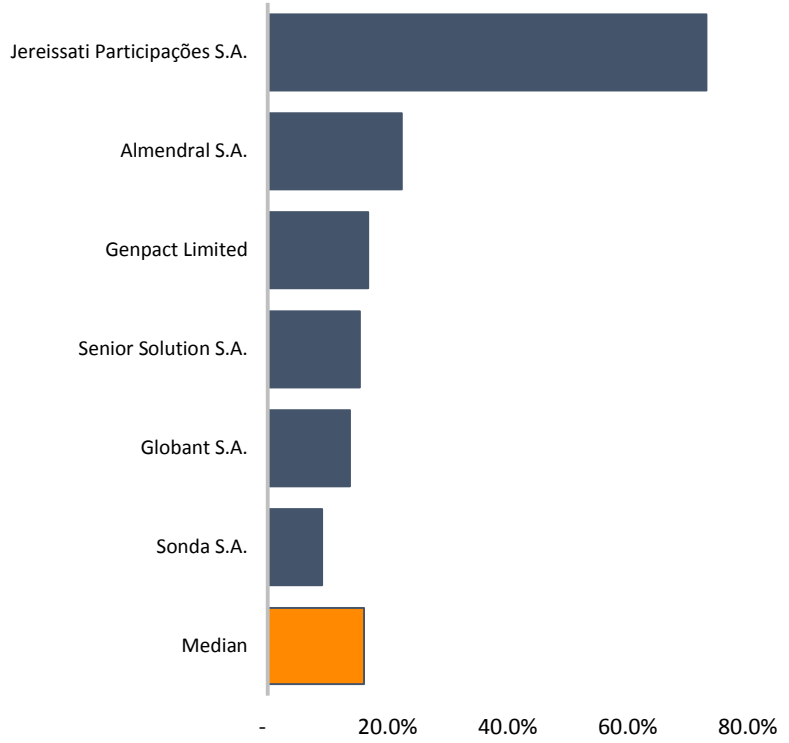
OPERATIONAL METRICS



LTM Revenue per Full Time Employee x 000's



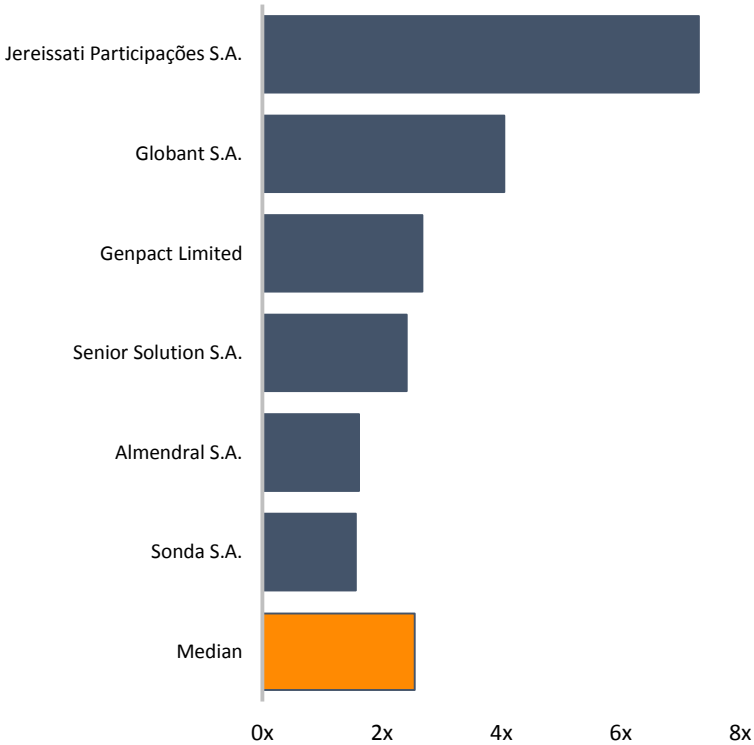
LTM ADJ. EBITDA %



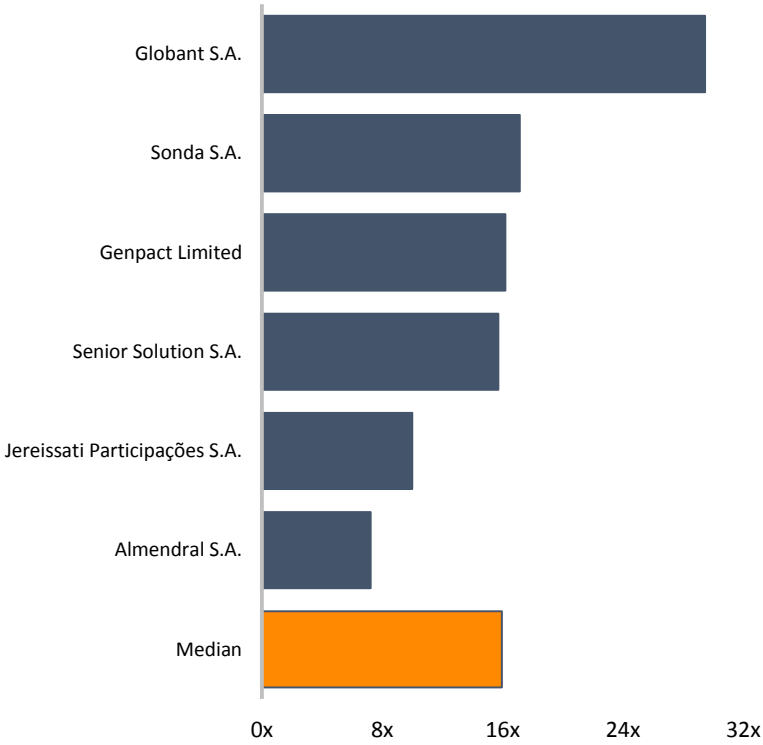
VALUATION



TEV / LTM Revenue



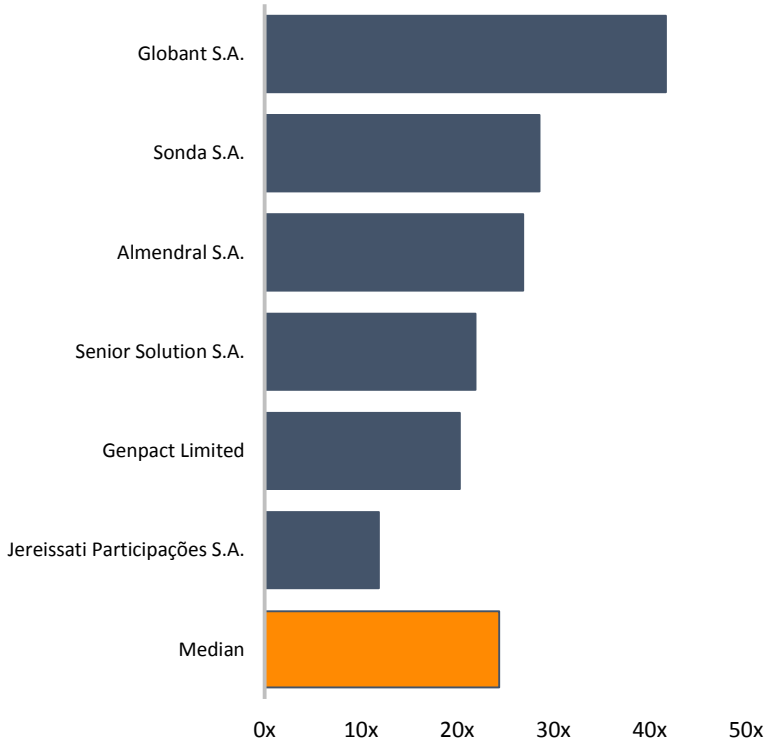
TEV / LTM EBITDA



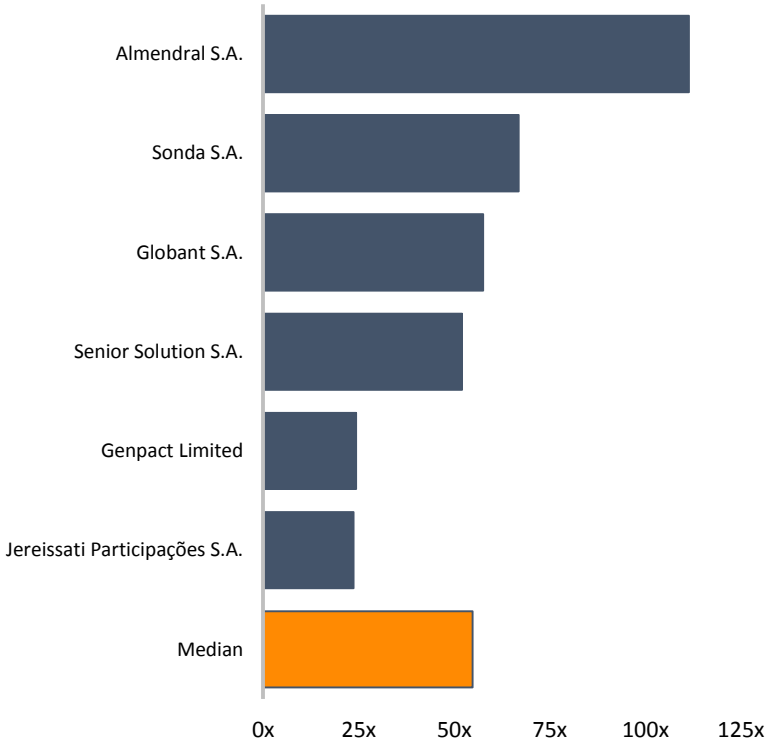
VALUATION



TEV / LTM EBIT



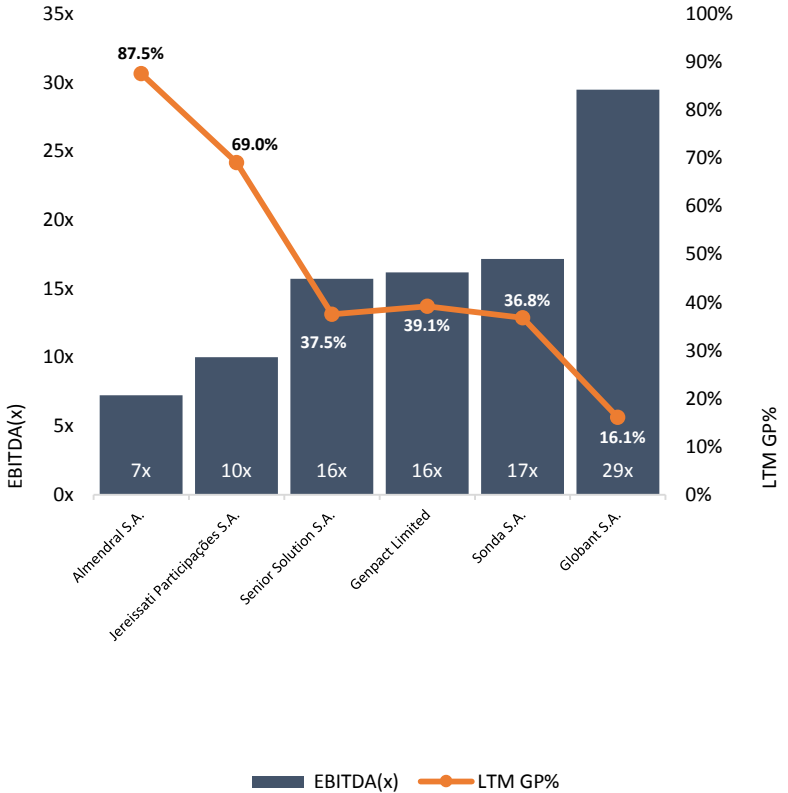
Price / LTM Earnings



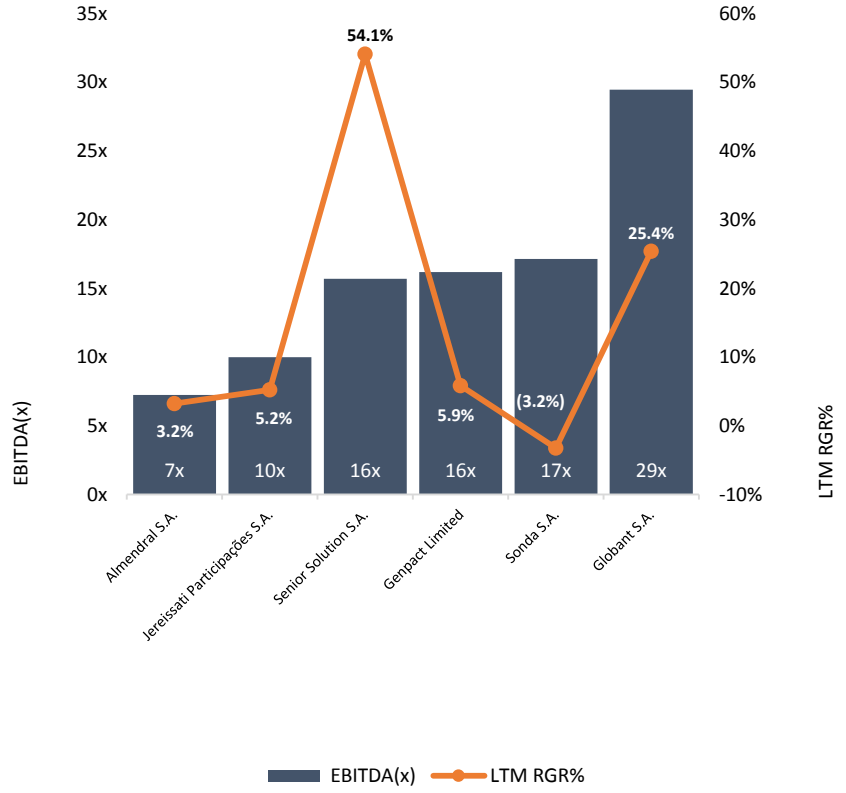
VALUATION



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
12Dec17	Andrade Soto Information Security	Agility Networks Support Services Ltda	-	-	-	-
6Dec17	Prodama Ltda	Senior Sistemas S.A.	-	-	-	-
9Nov17	MTM Tecnologia	Lighthouse Investimentos	-	-	-	-
26Oct17	VaiMoto	Inovadora 2A Serviços S.A.	-	-	-	-
14Aug17	PlusMobile LLC	AtmanCo Inc.	2.50	4.70	0.5x	-
8Aug17	Concrete Solutions Ltda.	Accenture plc	-	-	-	-
18Jul17	Explicitly Grand Investments Limited	Digital Zone Global Limited	9.96	0.18	55.3x	-
10Jul17	Rockhead Estudios SA	Antera Gestão de Recursos S.A.; BRAIN ventures Gestão de Negócios S/A; Inova	0.76	-	-	-
28Jun17	DoubleDigit	CreativeDrive	-	-	-	-
20Jun17	Ascenty, IT services assets	Mandic S.A.	-	-	-	-
7Jun17	Devago, Inc.	12 Hong Kong Limited (nka:12 Retech Corporation)	-	-	-	-
24May17	Integradores de Tecnologia y Sistemas S.A	GTD Grupo Teleductos SA	-	-	-	-
23May17	Global Sources Ltd.	The Blackstone Group L.P.	488.50	152.40	2.5x	12.7x
10May17	Mosyle Tecnologia S.A	Conexia	-	158.28	-	-
25Apr17	Maximus Venture Holdings Limited	-	3.73	1.58	6.6x	-
11Apr17	Jaguar Lab Mobile Developers, S.A.P.I. de C	Tiempo Development, LLC	-	-	-	-
3Apr17	BR Soluções Integradas Serviços em Tecno	Lambda3 Informatica Ltda.	-	-	-	-
28Mar17	TotalCross	-	-	-	-	-
31Jan17	aPlicativa Costa Rica	EX2 OutCoding Solutions SRL	-	-	-	-
25Jan17	InfoSERVER S.A.	Wipro Limited	8.71	-	-	-
29Dec16	FS VAS Participacoes e Servicos de Tecno	The Carlyle Group L.P.; Carlyle South America Partners, L.P.; Carlyle Peru Fund, L.P.	-	-	-	-
23Dec16	Openpay SAPI de C.V.	BBVA Bancomer, S.A.	-	-	-	-
8Dec16	BasisIT Consulting	Ax4B Sistemas de Informatica Ltda	-	-	-	-
14Nov16	ADEXUS S.A.	Graña y Montero S.A.A.	-	-	-	-
27Sep16	Media Magic Technology Ltd.	-	0.01	-	-	-
31Oct16	Leyu Limited	Credit China FinTech Holdings Limited (nka:Chong Sing Holdings FinTech Group)	-	8.56	-	-
30Sep16	X2TI Informática LTDA.	InfraTI Informática Ltda.	-	-	-	-
4Sep16	Laburame S.A.	Jobokit Holdings Ltd. (nka:Together Startup Network Ltd)	-	-	-	-
18Aug16	STANISCIA TECNOLOGIA E INFORMÁTICA	Voxage Servicos Interativos De Informatica Ltda	-	-	-	-
18Aug16	INTELLEGO S.C	Southern Cross Group	-	-	-	-
15Aug16	OpenUX Servicos E Solucoes Em Tecnolog	Teiko, S.A.	-	-	-	-
14Aug16	LumenUP	77 Digital (nka:DoubleDigit)	-	-	-	-
22Jun16	Graion SA	Valtech SE	-	-	-	-
22Oct15	Dynaflows S.A.	Globant S.A.	1.82	-	-	-
22Apr16	Cherrypicks Alpha Holdings Limited	Cherrypicks International Holdings Limited	1.50	-	-	-
19Apr16	SOA Professionals S de RL de C.V. and CF	Cognicase Management Consulting, S.L.	-	-	-	-
11Apr16	W.G. Systems Ltda.	GFT Technologies SE	-	6.35	-	-

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Appendix: Public Basket
Constituents

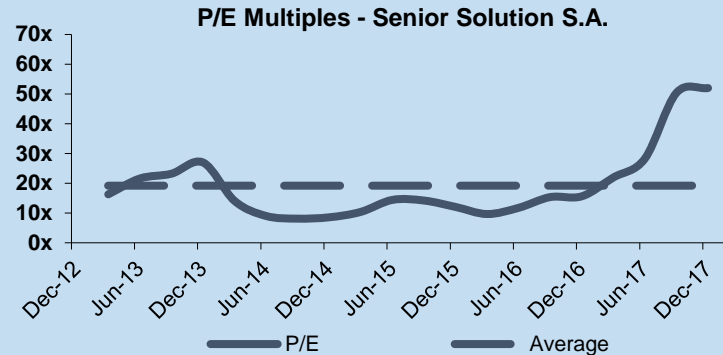
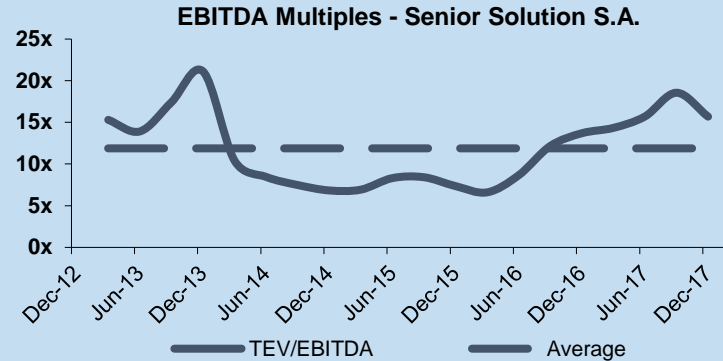
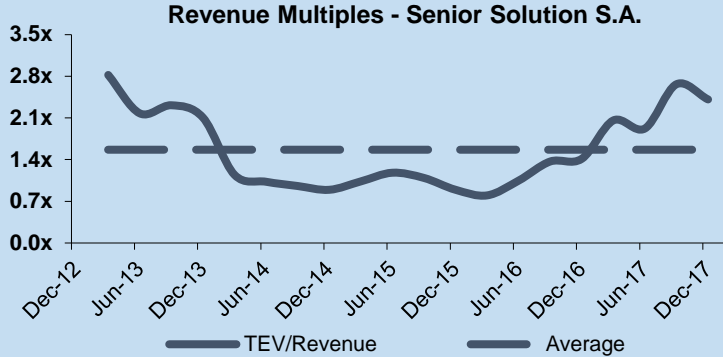
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PUBLIC BASKET CONSTITUENTS

Senior Solution S.A.

Senior Solution S.A. engages in the development and commercialization of software applications for the financial industry in Brazil. It offers software solutions, such as Senior Banking Solution application for Brazilian banks, brokers, dealers, and treasuries of non-financial companies; SBS Trade for capturing of operations on business departments; SIAN, a treasury solution; Profit, a solution comprising modules for the management of assets, liabilities, and custody of investment funds and managed portfolios; e-Funds for online portfolio management; E-seg for the integrated management of insurances and pensions; Single Sign On, a tool to control access to Web and Intranet application; and DriveAMnet for asset managers to meet the needs related to trading, control, management, and processing of operations. The company is also involved in the provision of primesourcing services for the production of software in the technology platforms; and implementation of various projects. In addition, it offers outsourcing solutions, including the allocation of information technology professionals for to perform activities, such as analysis, development, and maintenance of systems; and consulting solutions for financial institutions. Senior Solution S.A. was founded in 1996 and is headquartered in Sao Paulo, Brazil.

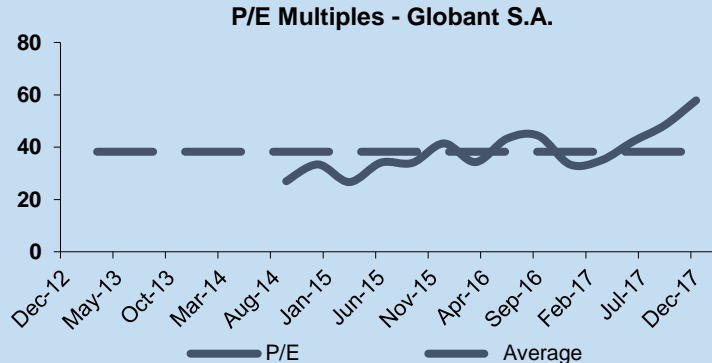
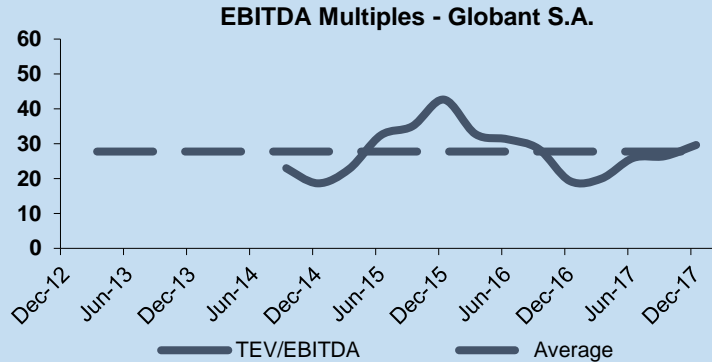
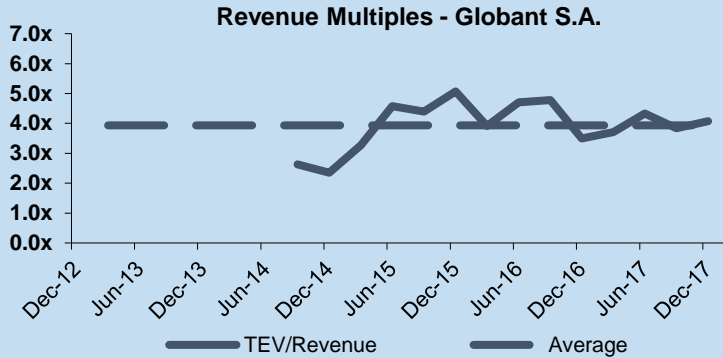


PUBLIC BASKET CONSTITUENTS

Globant S.A.

Globant S.A. develops and provides software solutions to clients in North America, the Latin America, Europe, and Asia. It offers API management, e-commerce, and digital solutions; graphics engineering, game engineering, gaming experience, VR/AR development, and digital platform services; Big Data services, such as data integration, data architecture, scalable platform, blockchain, data visualization, and data science; testing center, test automation, mobile testing, and load and performance testing services. The company also provides enterprise consumerization services, including enterprise operations, collaboration solutions, cloud development, and talent management; UX design services comprising service, user experience, industrial design, and visual design; and native development, product development, and enterprise mobility services for mobiles. In addition, it engages in the provision of cloud technologies and managed services; wearable application usability and design, hardware integration, data design and management, and native wearable and embedded development activities. Further, the company offers software evolution, IT service management, and software archaeology services; content management system, e-learning solution, digital marketing, and video content production services; and cognitive computing services. Globant S.A. was founded in 2003 and is based in Luxembourg.

Date	Key Development Headline
5/31/17	Globant S.A. (NYSE:GLOB) entered into a definitive stock purchase agreement to acquire PointSource, LLC for \$28 million.
4/6/17	Globant S.A. (NYSE:GLOB) acquired Difier S.A. from 3Cinteractive, L.L.C. for \$0.03 million.
2/28/17	Globant S.A. (NYSE:GLOB) acquired Ratio for \$10.8 million.

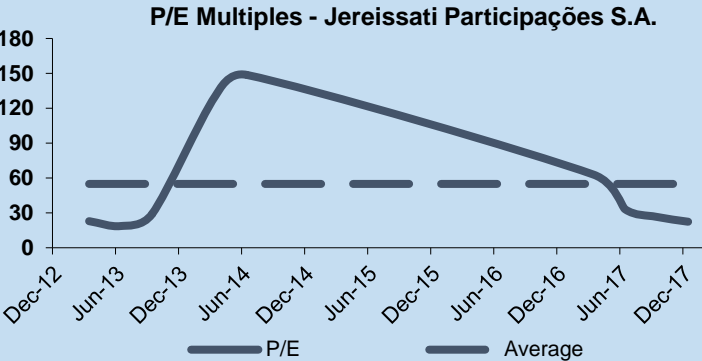
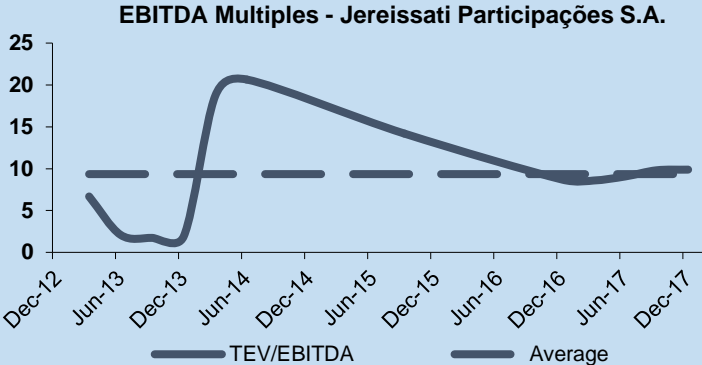
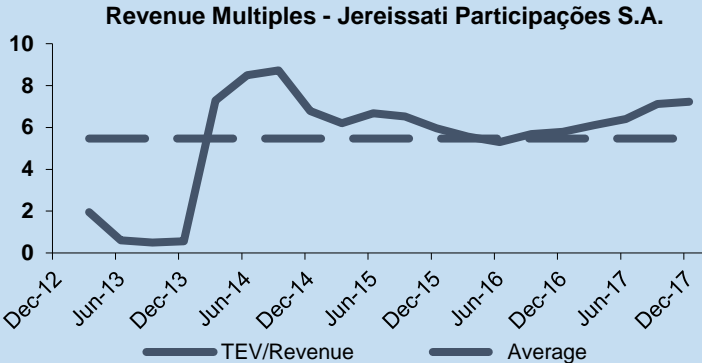


PUBLIC BASKET CONSTITUENTS

Jereissati Participações S.A.

Jereissati Participações S.A. operates shopping centers in Brazil. The company operates a network of 17 shopping malls and 3 commercial towers with a total gross marketable area of 715,000 square meters. It also provides advisory and economic, financial, and tax advisory services. The company is based in São Paulo, Brazil.

Date	Key Development Headline
6/19/17	Jereissati Participações S.A. (BOVESPA:MLFT4) completed the acquisition of an additional 0.27% stake in JPSP Investimentos e Participações S.A. (BOVESPA:LFFE3) for BRL 0.15 million.
5/4/17	Jereissati Participações S.A. (BOVESPA:MLFT4) made an offer to acquire an additional 0.89% stake in JPSP Investimentos e Participações S.A. (BOVESPA:LFFE3) for BRL 0.49 million.

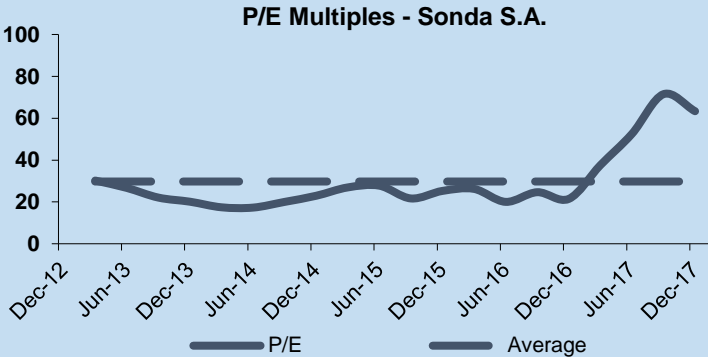
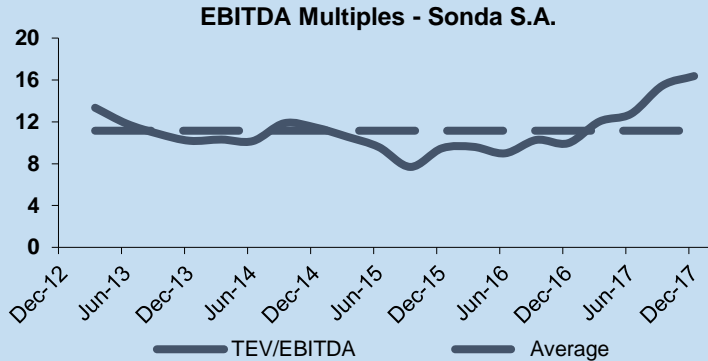
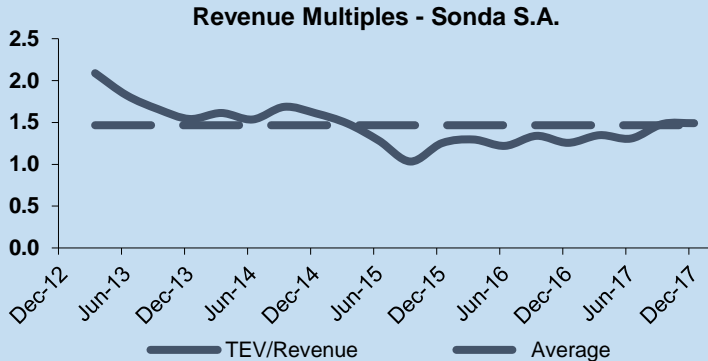


PUBLIC BASKET CONSTITUENTS

Sonda S.A.

SONDA S.A., together with its subsidiaries, provides information technology (IT) solutions in Latin America. The company operates through business lines, including IT Services, Software Applications, and Platforms. The IT Services business provides IT outsourcing, system projects and integration, managed device, infrastructure support, datacenter and cloud computing, consulting and professional, SONDA Utility, and BPO services. The Software Applications business offers application services, such as application management, implementation and consultancy, functional support, application outsourcing, and technical support services; cross market solutions comprising asset management, foreign trade, ERP, CRM, BI, logistics, tax administration, and BPM tools; and tax and accounting management, financial and logistical control, and foreign trade solutions, as well as various application services for financial social security, building, manufacture, retail services, basic services, mining, energy, natural resources, government, public institutions, transportation, and health sectors. The Platform segment provides value solutions, software, equipment, and IT infrastructure services. It operates in Chile, Brazil, Mexico, Argentina, Colombia, Costa Rica, Ecuador, Panama, Peru, and Uruguay. SONDA S.A. was founded in 1974 and is headquartered in Santiago, Chile.

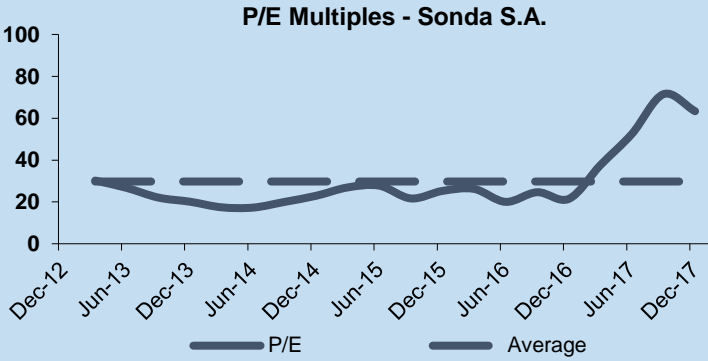
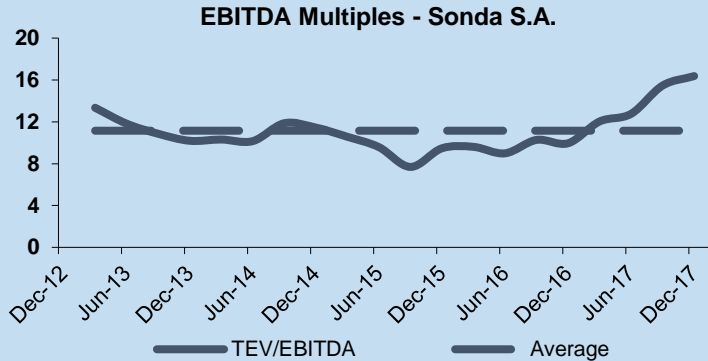
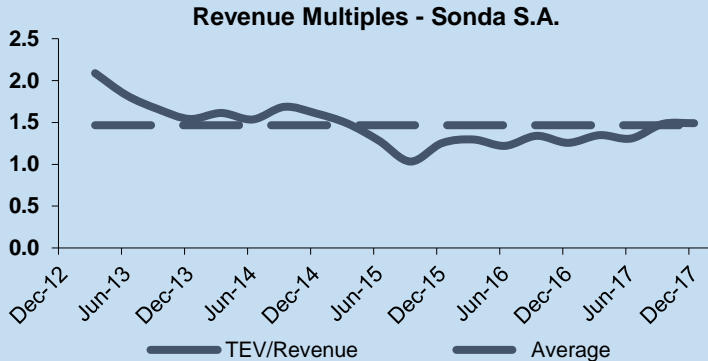
Date	Key Development Headline
6/21/17	Sonda S.A. (SNSE:SONDA) signed a binding contract to acquire Grupo Compufacil for COP 44 billion.



PUBLIC BASKET CONSTITUENTS

Almendral S.A.

Almendral S.A., through its subsidiaries, provides telecommunication services in Chile. It offers mobile telecommunications services comprising voice, value added, data, broadband, and mobile Internet and fixed network services; and call center services for the corporate market. The company also provides integrated solutions, including data networking services, local telephony, Internet access, long distance telephony, network leasing, and wholesale traffic services; and information technology services, such as data center, business process outsourcing, and operational continuity services. In addition, it holds real estate investments in the areas of Quilpué and Curauma. The company was formerly known as Chilquinta, S.A. and changed its name to Almendral S.A. in 2001. Almendral S.A. was founded in 1921 and is based in Las Condes, Chile.

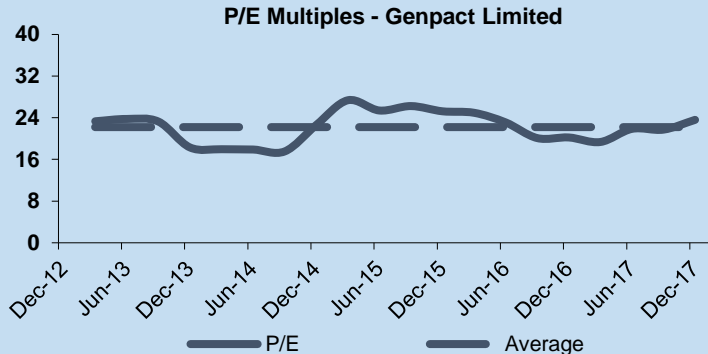
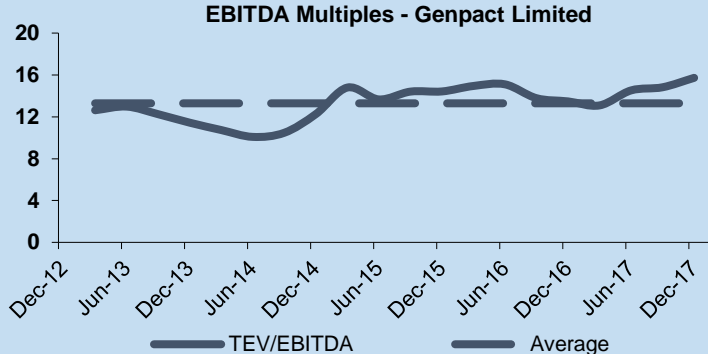
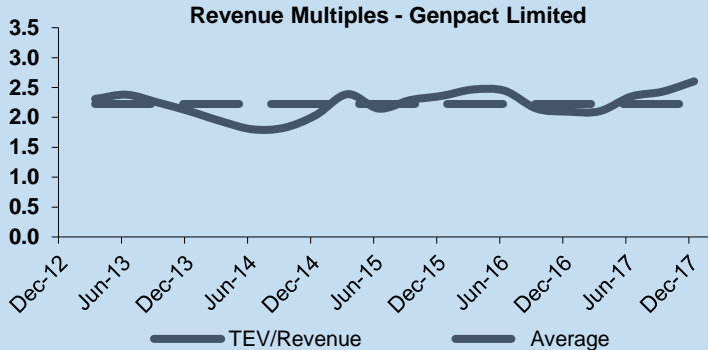


PUBLIC BASKET CONSTITUENTS

Genpact Limited

Genpact Limited provides business process outsourcing and information technology (IT) management services worldwide. The company offers finance and accounting services, including accounts payable comprising document management, invoice processing, approval, resolution management, and T&E processing; order to cash services, such as customer master data management, credit and contract management, fulfillment, billing, collections, and dispute management services; record to report services consisting of accounting, closing and reporting, treasury, tax, and product cost accounting services; enterprise performance management, including budgeting, forecasting, business performance reporting, and analytics; and enterprise risk and compliance services comprising SOX advisory, enterprise risk management, internal audit, FCPA, and IT risk management services. Genpact Limited was founded in 1997 and is based in Hamilton, Bermuda.

Date	Key Development Headline
11/17/17	Bain Capital And GIC To Sell 10 Million Shares In Genpact
11/8/17	Genpact Limited (NYSE:G) acquired certain assets comprising a portion of IT business of Birlasoft (India) Ltd.
11/8/17	Genpact Limited (NYSE:G) acquired certain assets comprising a portion of Birlasoft's IT business from Birlasoft (U K) Ltd and Birlasoft Inc.
9/6/17	Genpact Limited (NYSE:G) acquired Tandemseven Inc.
8/2/17	Genpact Limited (NYSE:G) acquired OnSource, LLC from Greybull Stewardship and others.



CONTACT INFORMATION

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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