

7 Mile Advisors



Sectorwatch:

Latin America - IT Services

January 2021



Latin America - IT Services

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Overview

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.

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

DASHBOARD

- Summary metrics on the sector
- 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

- Graphical, detailed comparison of valuation multiples for the public basket.

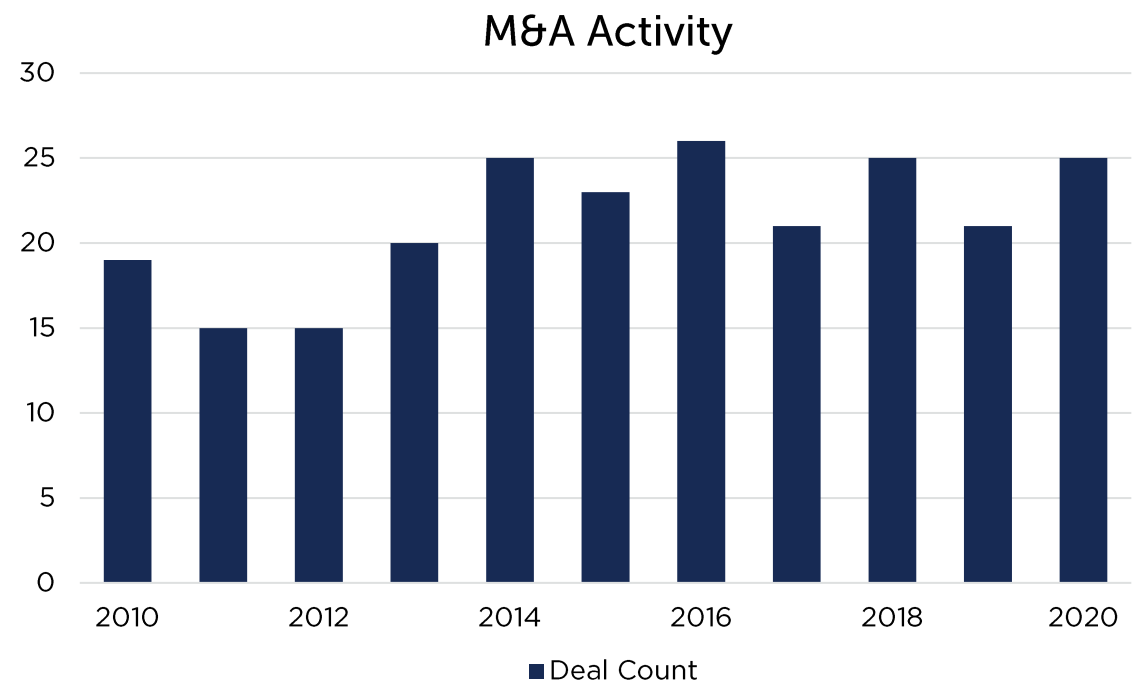
RECENT DEALS

- The most recently announced deals in the sector

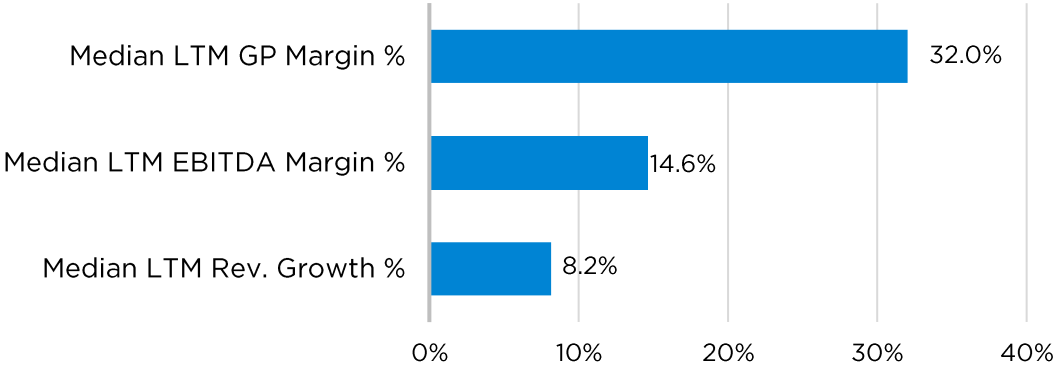
Dashboard

REVENUE GROWTH MOMENTUM ↑ 5.9%

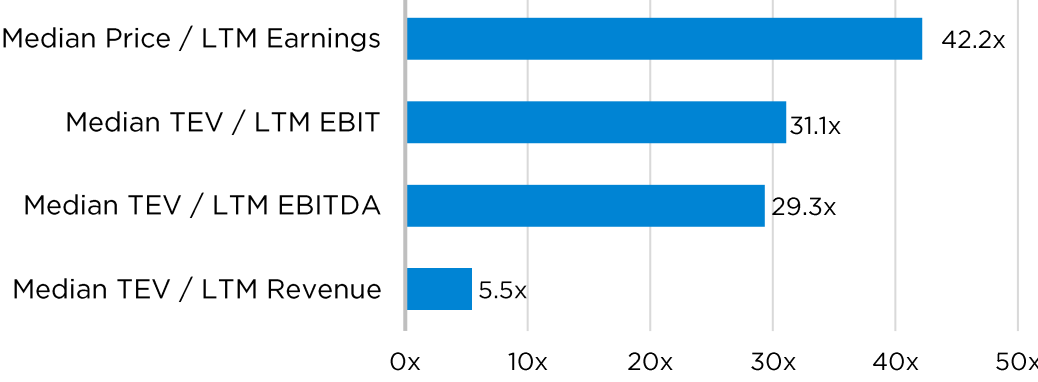
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing



Operating Metrics



Valuation

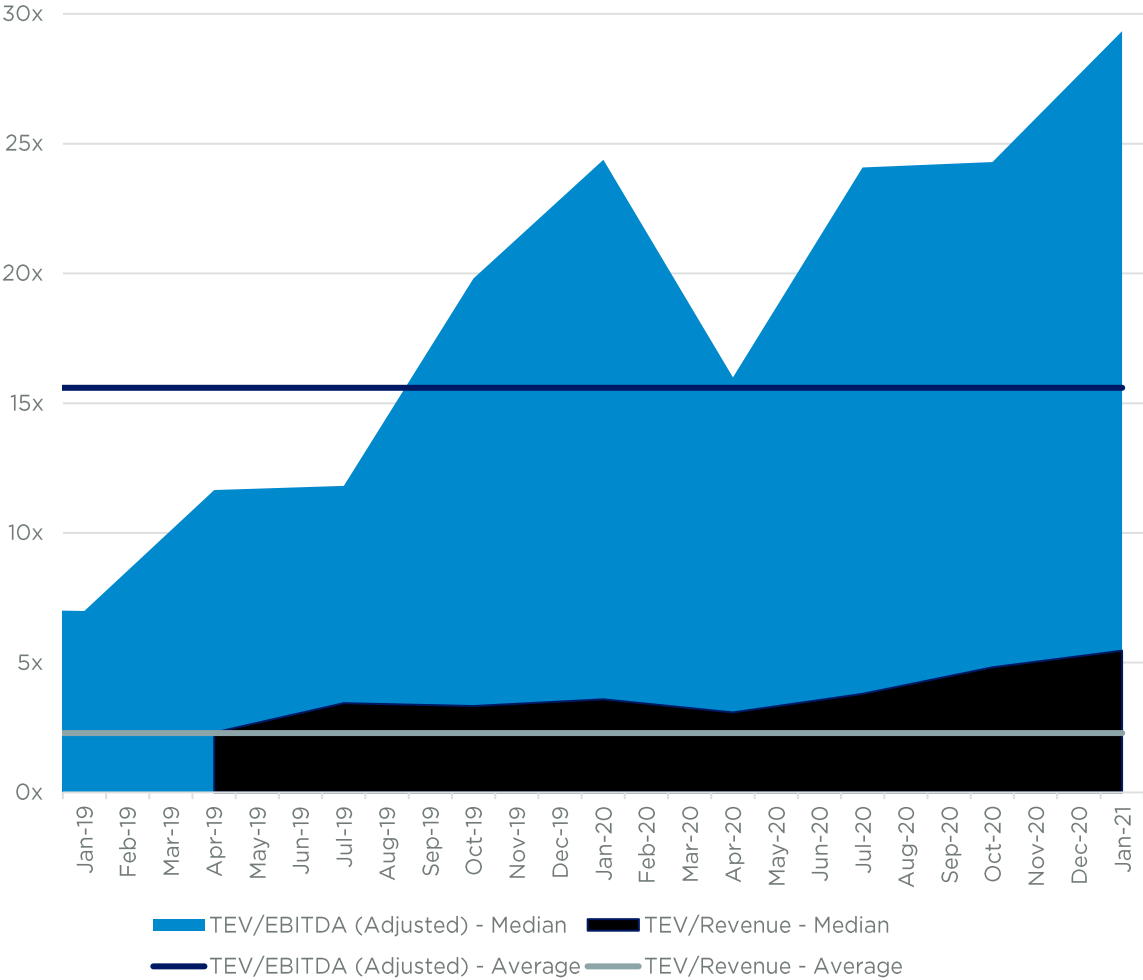


Public Basket

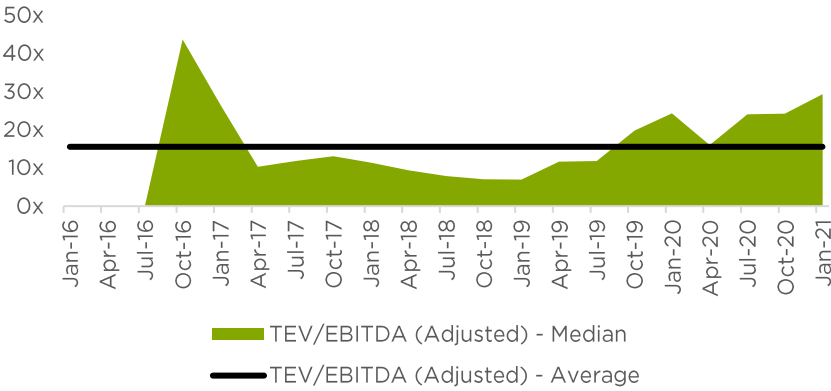
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Sonda	700	104	1,024	-3.4%	16.5%	10.2%	0.7x	6.7x	14,123	72
Indra Sistemas	2,325	221	3,436	-4.6%	35.6%	6.4%	0.7x	10.5x	49,582	69
Endava	4,740	98	463	19.7%	28.4%	21.2%	10.2x	48.1x	6,624	70
Globant	8,017	146	766	24.5%	37.2%	19.1%	10.5x	54.8x	12,333	62
Average	3,946	142	1,422	9.0%	29.4%	14.2%	5.5x	30.1x	20,666	68
Median	3,533	125	895	8.2%	32.0%	14.6%	5.5x	29.3x	13,228	70

share price as of 20Jan21

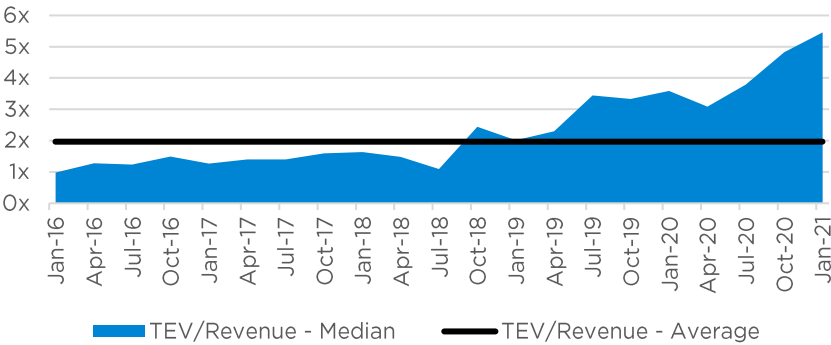
Public Basket



Public EBITDA Multiples over Time

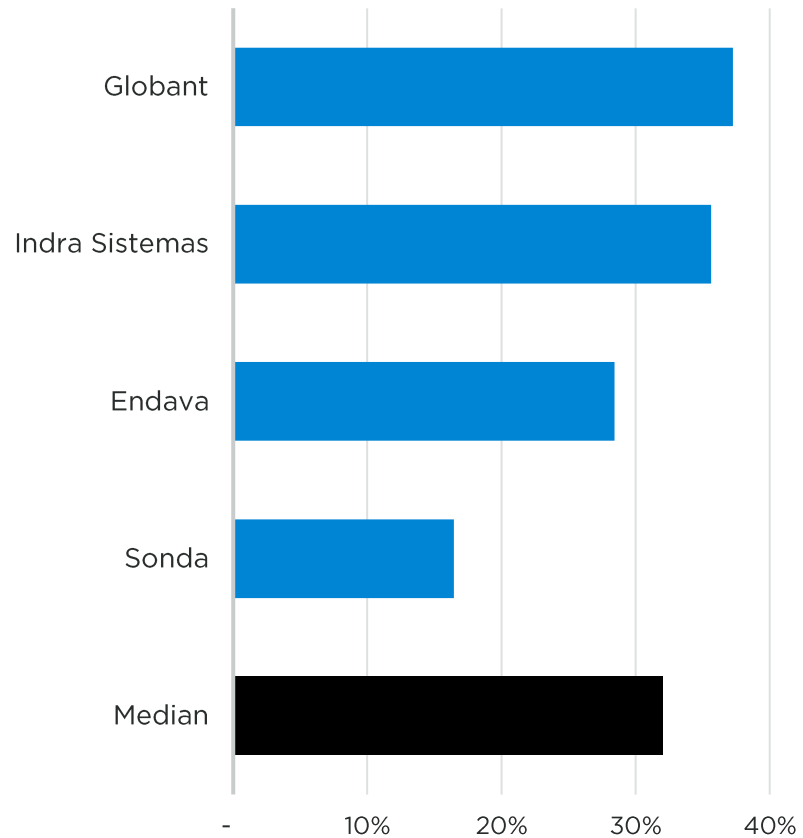


Public Revenue Multiples over Time

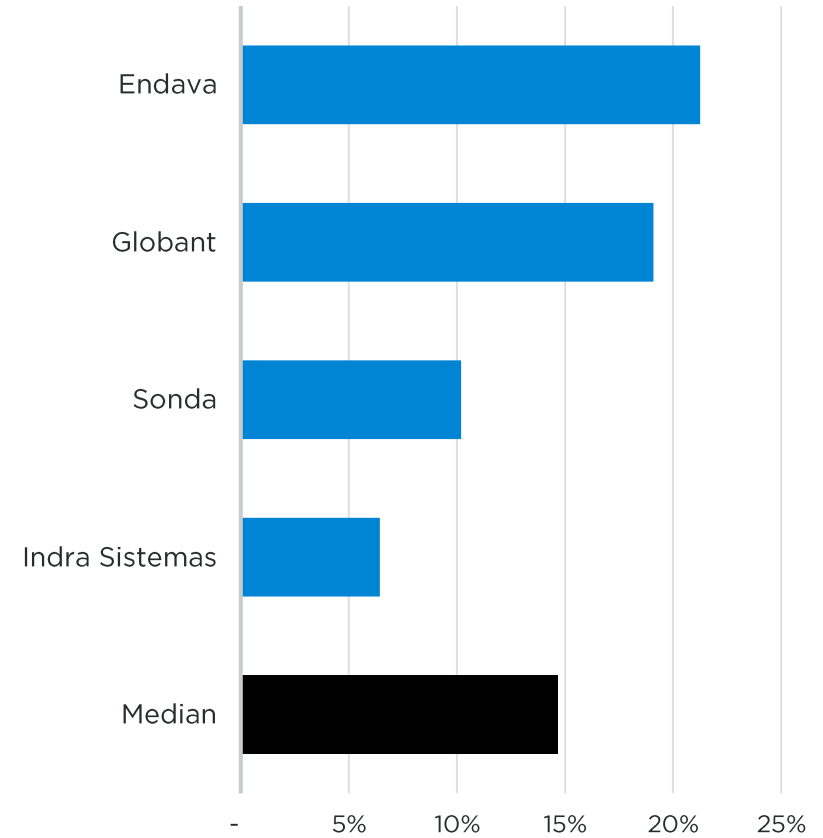


Operational Metrics

LTM Gross Profit Margin %

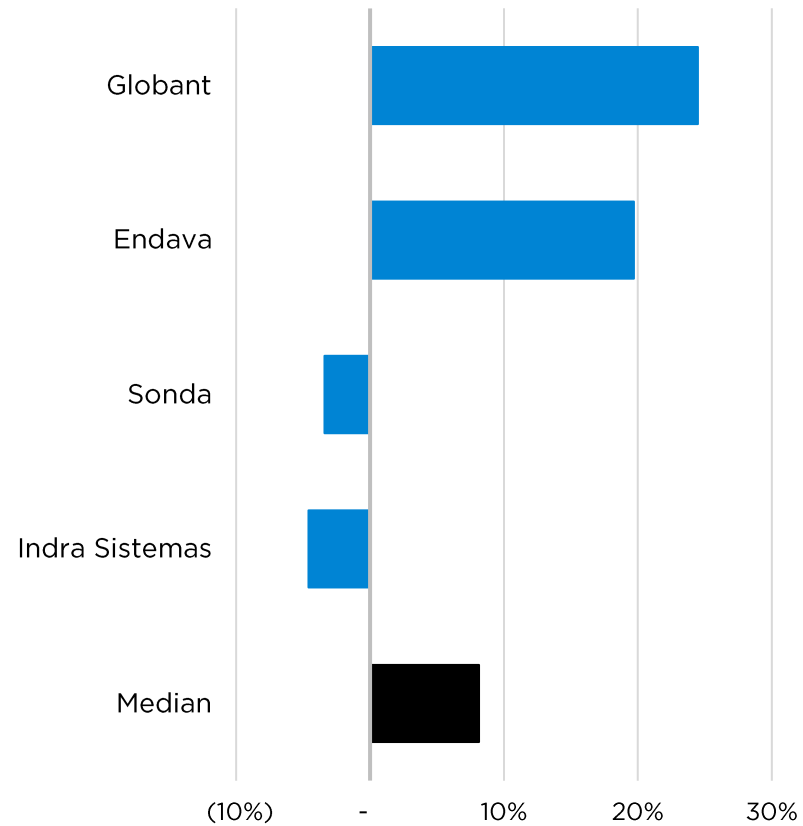


LTM EBITDA %

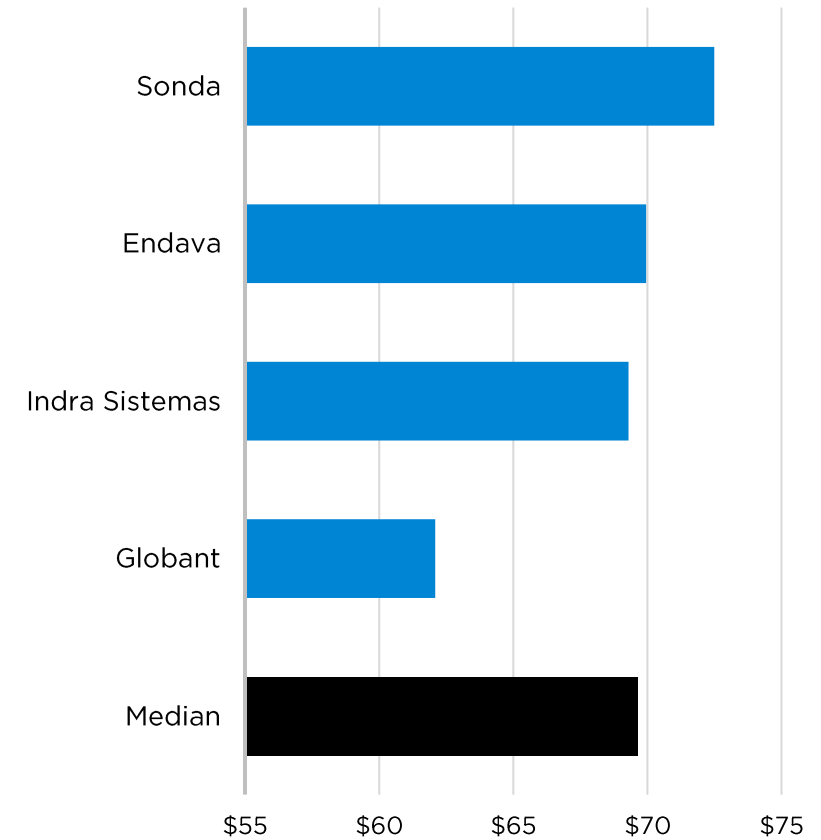


Operational Metrics

LTM Revenue Growth %

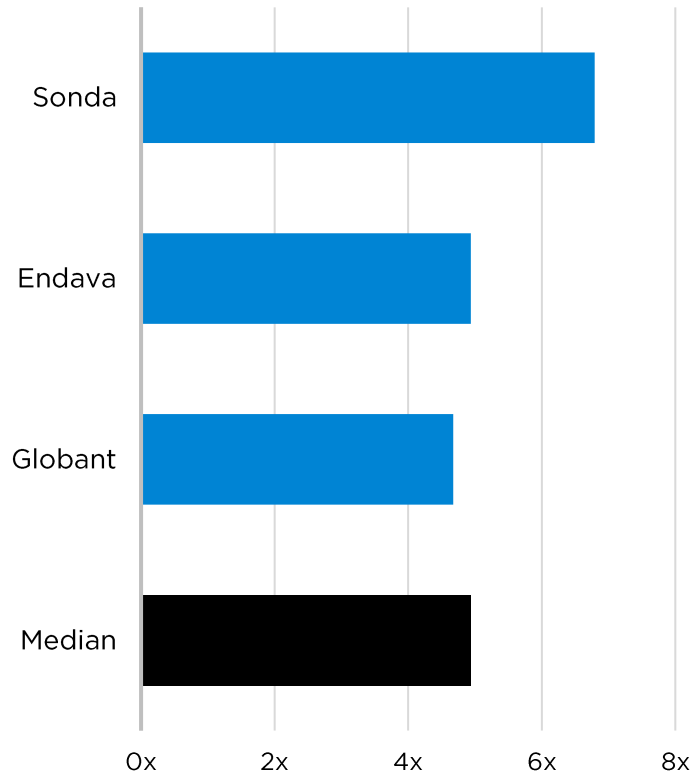


LTM Revenue per Full Time Employee x 000's

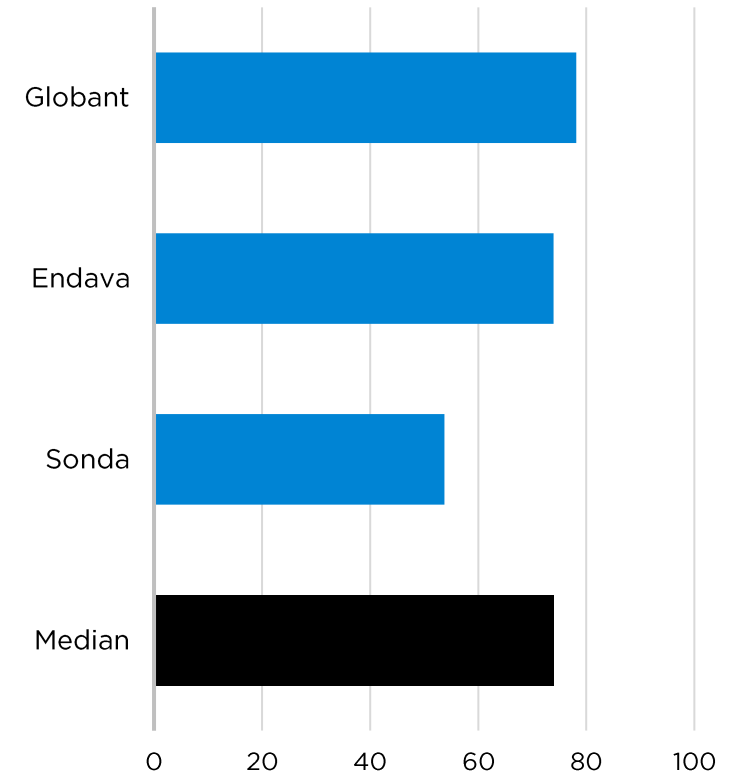


Operational Metrics

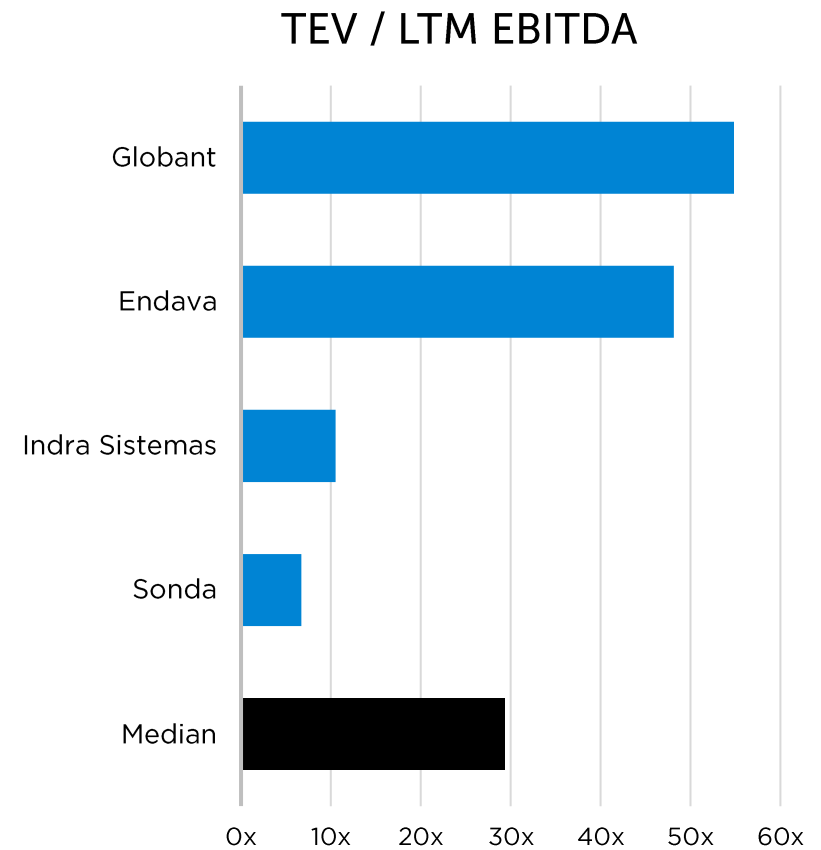
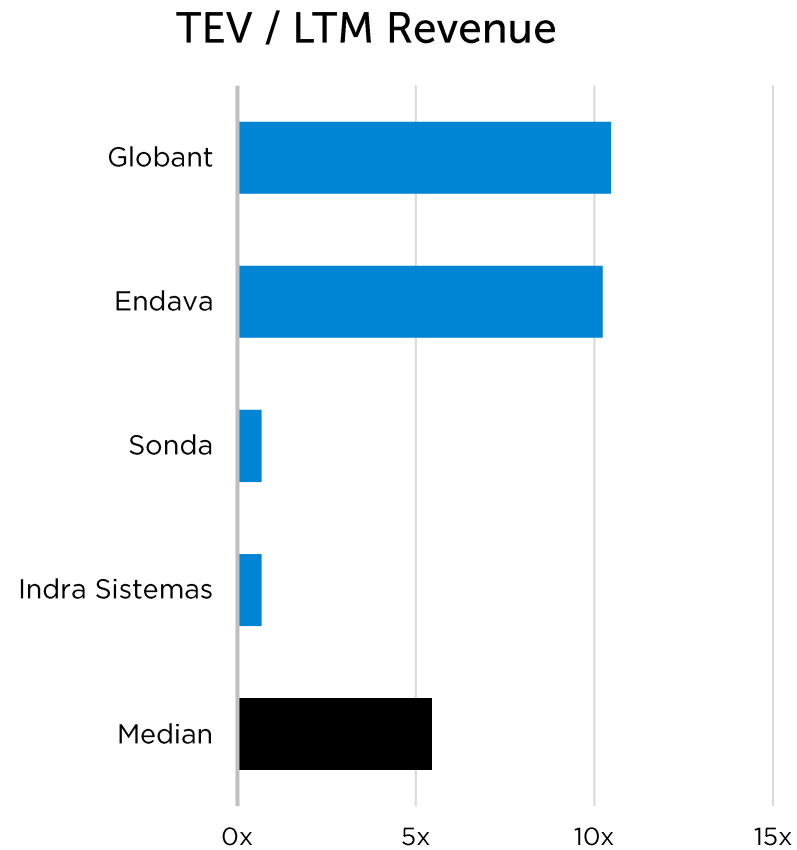
Accounts Receivable Turnover



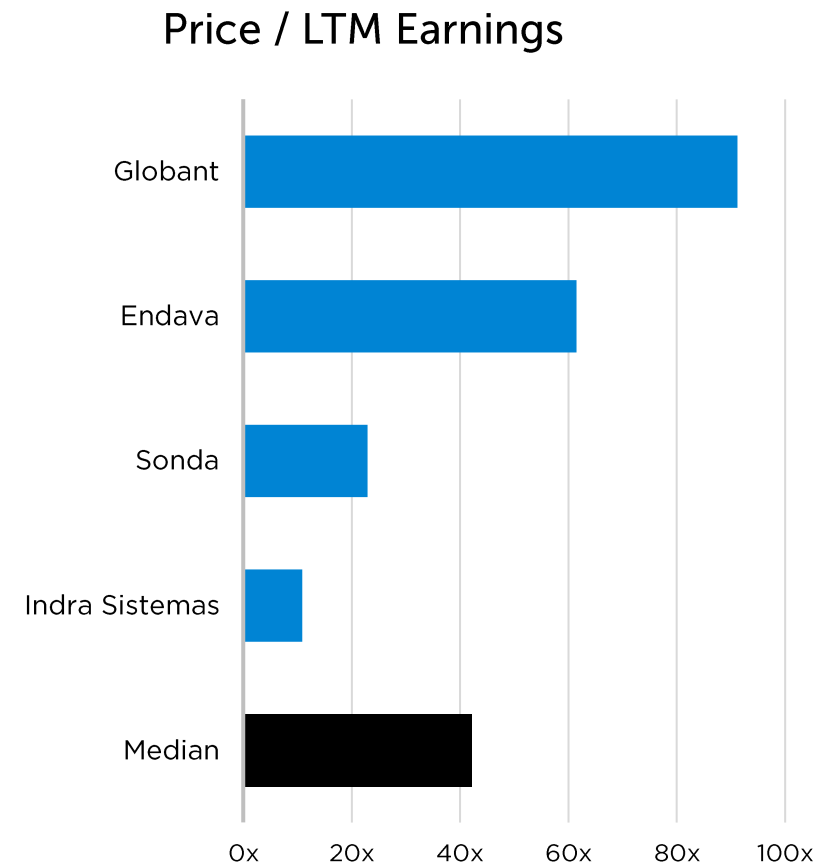
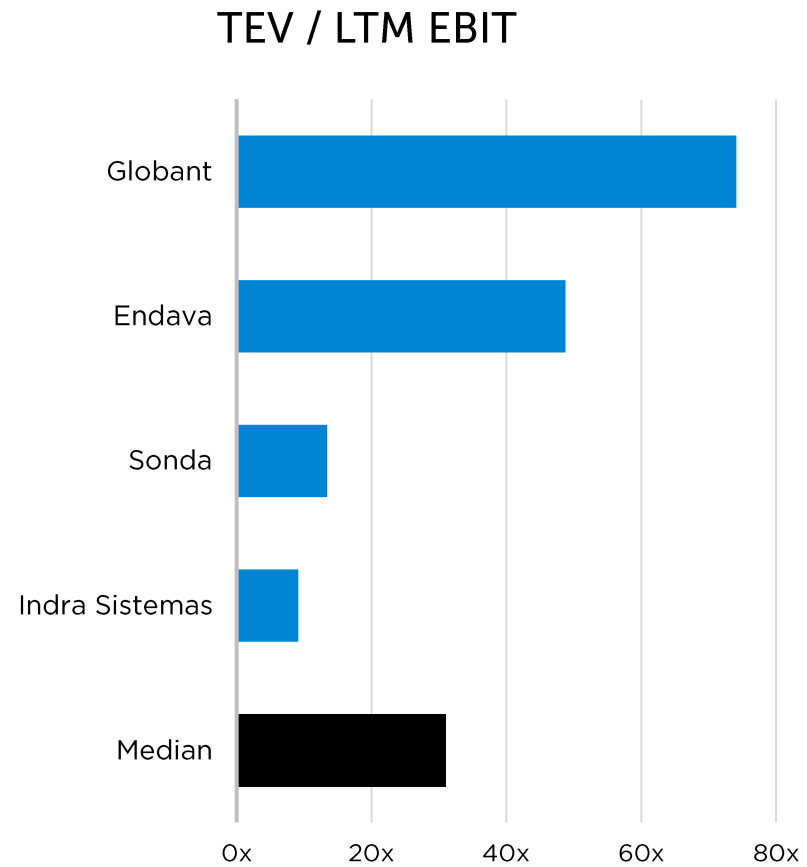
Average Days Sales Outstanding



Valuation

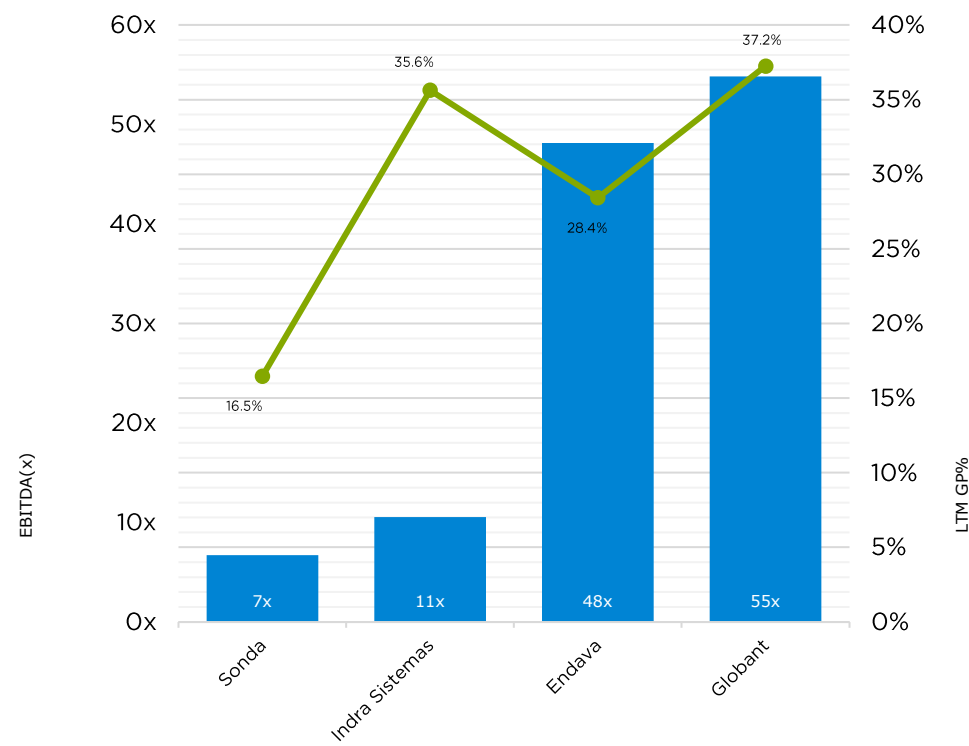


Valuation

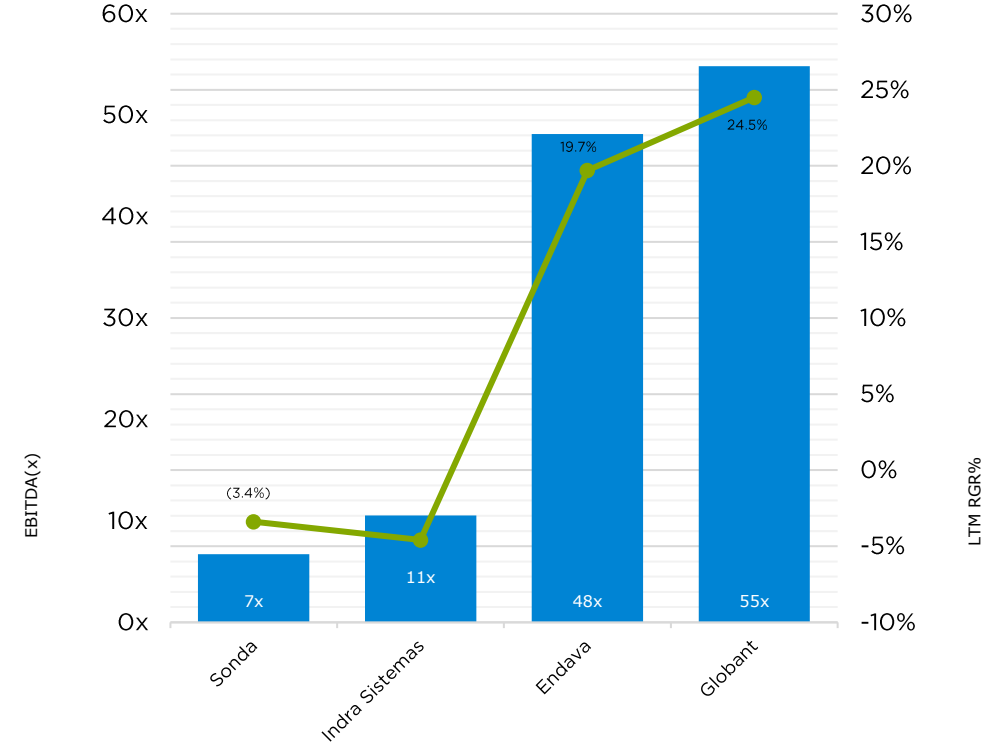


Valuation

Historical Valuation Multiples
versus Gross Profit



Historical Valuation Multiples
versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue (TTM at time of deal)	TEV / Revenue	TEV / EBITDA
15-Jan-21	Wolox	Accenture	-	-	-	-
11-Jan-21	Real Protection	Accenture	-	-	-	-
5-Jan-21	Vindi	Locaweb Internet Services	34	-	-	-
21-Dec-20	Gestionix	Konfio	-	-	-	-
16-Dec-20	Headways Media	Valtech via Capza, Kharis Capital and Verlinvest	-	-	-	-
8-Dec-20	Tiempo Development	3Pillar Global via CIP Capital	-	-	-	-
7-Oct-20	San Pancho	Jellyfish Group	-	-	-	-
21-Sep-20	Silver Peak	Hewlett Packard Enterprise	925	-	-	-
21-Aug-20	Opennet	Amdocs	180	-	-	-
13-Aug-20	Isthmus Software	3Pillar Global via CIP Capital	-	-	-	-
10-Aug-20	Organize Cloud Labs	Accenture	-	-	-	-
3-Aug-20	Grupo ASSA Worldwide	Globant	74.5	-	-	-
17-Jun-20	Productora de Software S.A.S. ("PSL")	Perficient	93.1	33	2.82	-
1-Jun-20	Digodat	MightyHive via S4 Capital	-	-	-	-

Appendix

*Public Basket
Contact Information*



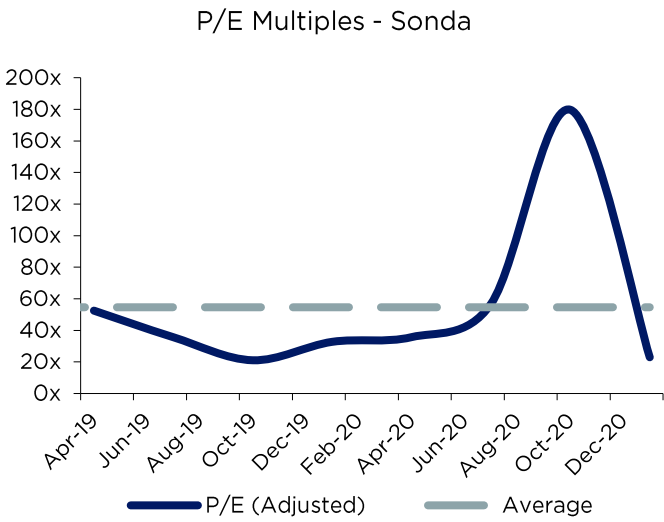
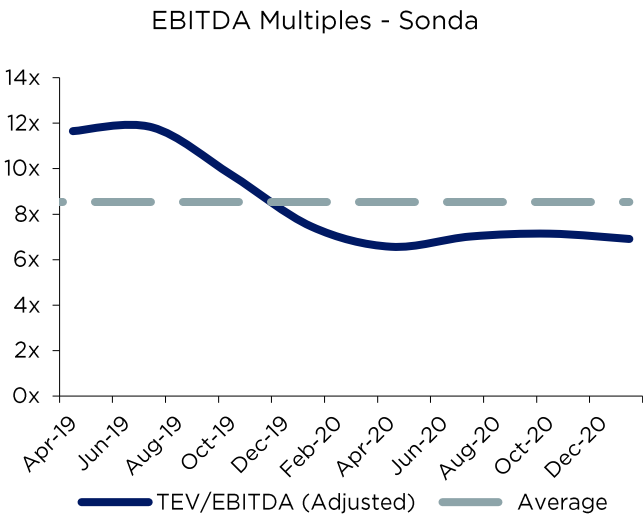
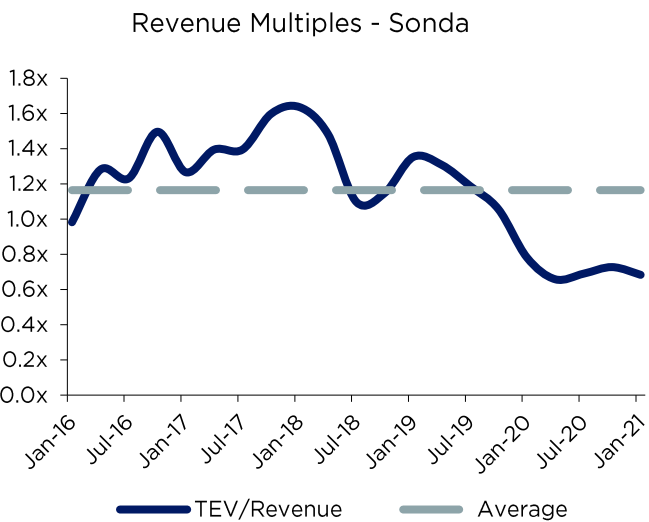
Sonda

Sonda SA provides information technology solutions and services.

The firm has IT Services, Applications, and Platform segments. The company provides its products and services to banking, education, governance, health, manufacturing, mining, retail, transportation and utility industries. It operates mainly in Argentina, Brazil, Chile, Columbia, Costa Rica, Ecuador, Mexico, Panama, Peru, and Uruguay.

Public Basket

Sonda



Company Name	Date	Deal Synopsis
M2M Solutions	22-Jan-19	The company was acquired by Sonda (SGO: SONDA) for approximately BRL 13 million on January 22, 2019.
Ativas Data Center	10-Aug-16	Cia Energética de Minas Gerais (BSP: CMIG3) was in talks to sell its 49% stake in the company to an undisclosed investor as of August 10, 2016. Subsequently the deal was cancelled.

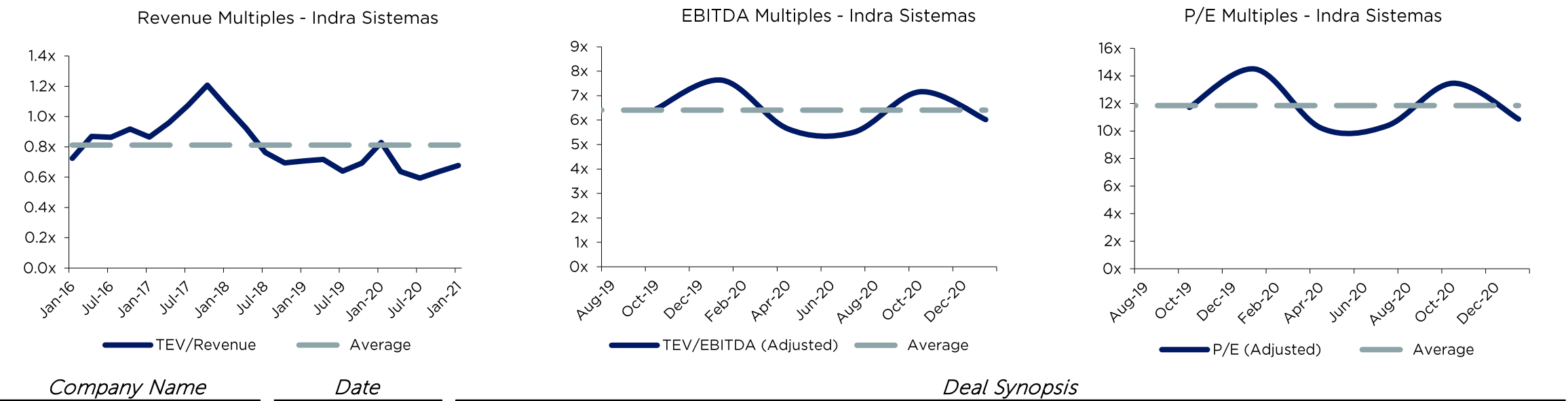
Indra Sistemas

Indra Sistemas is a Spain-based provider of information technology offerings for finance, insurance, public administration, airports, defense, healthcare, media, telecom, security, energy, and infrastructure end markets.

Its product capabilities include analytics, cloud computing, enterprise resource planning, networks and communications, electoral processes, bus technology, subway technology, and sustainability solutions. The firm generates revenue in Europe, Africa, the Middle East, the Americas, and Asia-Pacific.

Public Basket

Indra Sistemas



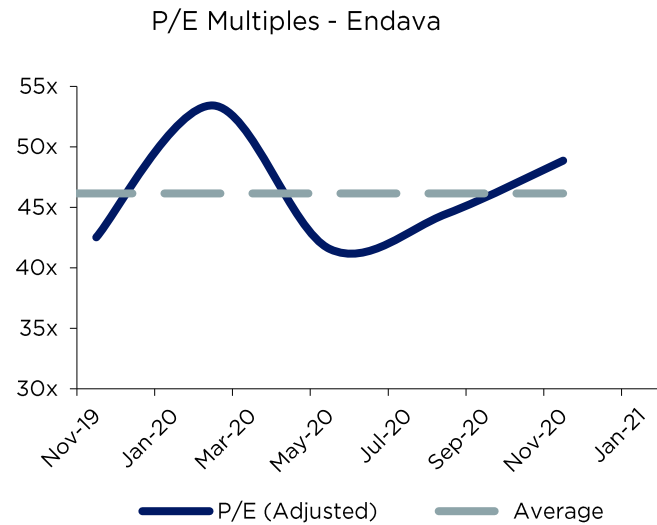
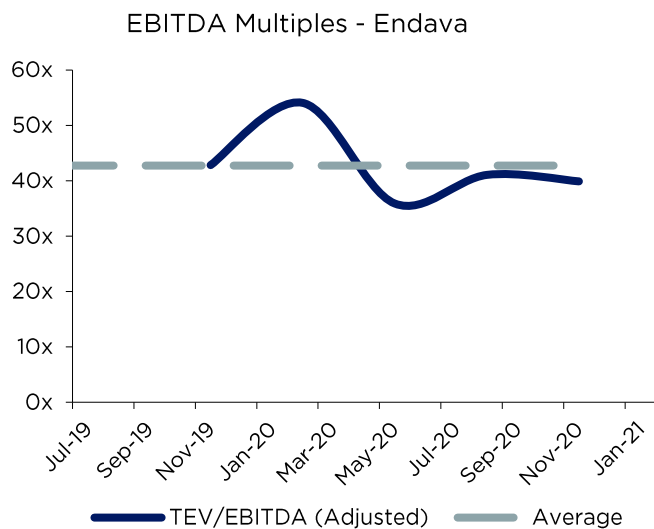
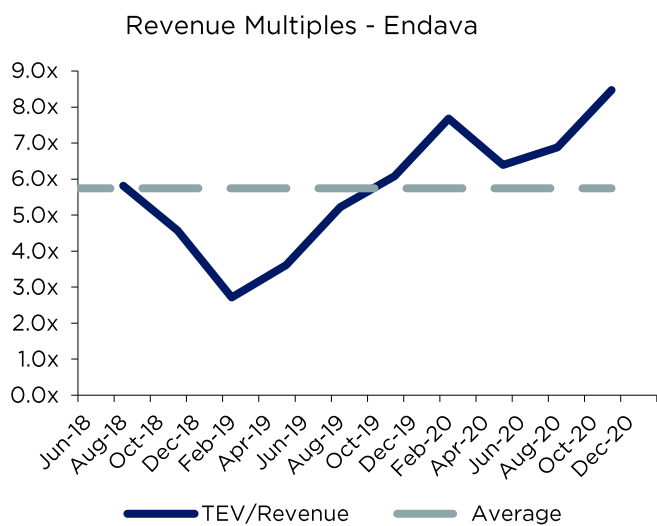
Endava

Endava PLC provides technology solutions.

It offers various services such as Agile Transformation, through which the company identify, define, and implement the mix of process, technology, and culture. It also provides Digital Evolution and Automation, Test Automation and Engineering, Cloud, Architecture, Software Engineering, and others. The company offers its services to various industries such as Finance, Retail and Consumer Goods, Telecommunication, Media, and Technology, Insurance and Healthcare, and others.

Public Basket

Endava



Company Name	Date	Deal Synopsis
Comtrade Digital Services	3/23/20	The business unit of Comtrade Group was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on August 17, 2020. The acquisition will help Endava to reinforces its presence in South Eastern Europe and strengthen its industry verticals in payments and financial services.
Exozet	1/6/20	The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on December 17, 2019.

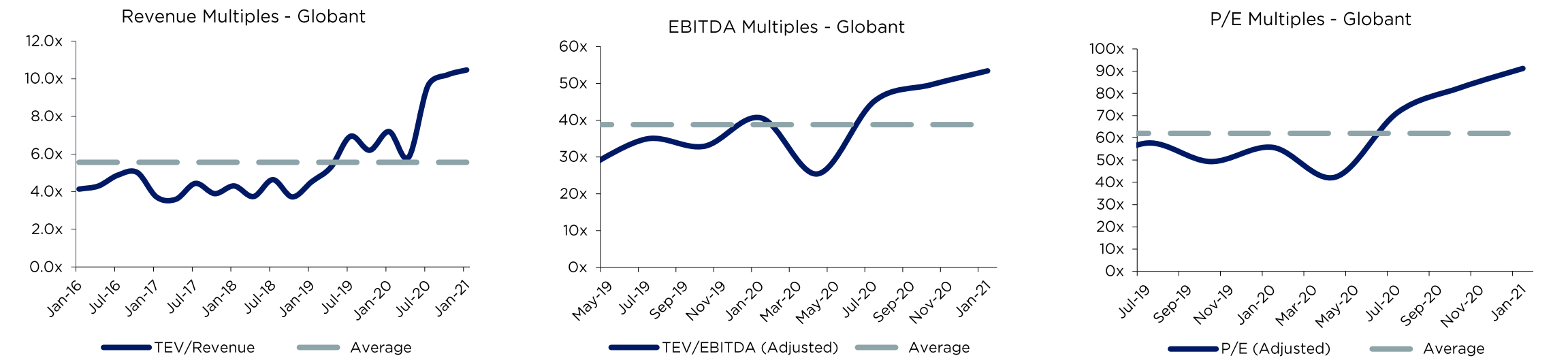
Globant

Globant SA is a software technology developer based in Luxembourg.

It creates platforms which are powered by native digital technology, better known as digital journeys. The digital journey incorporates various software products, mobile apps and sensors that assist its clients in knowing its end user's behavioral pattern. The key aspects of the digital journey are stay relevant, discover and build. The stay relevant helps its clients in staying abreast of the developments in its industry and taking preemptive measures. The discover conceives digital journeys for the users based on consumer behaviors and technologies and the build creates each digital journey leveraging the work of its studios. The company's revenue is primarily generated by its technology services in the United States.

Public Basket

Globant



Company Name	Date	Deal Synopsis
Grupo ASSA Worldwide	03-Aug-20	The company was acquired by Globant (NYS: GLOB) for ARS 74.5 million on August 3Co Private - New C, 2020. The deal includes \$17 million on the 24th month anniversary of the closing date and an additional amount of \$12.5 subject to upwards or downwards adjustment based on Grupo ASSA's achievement of specified revenue and gross margin targets for the period from August 1, 2020 through December 31, 2020.
Singularity University	16-Dec-19	The company received an undisclosed amount of convertible debt financing from Globant on December 16, 2019.

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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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