

7 Mile Advisors



Sectorwatch: LATAM - IT Services

June 2021



Sector Watch: 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

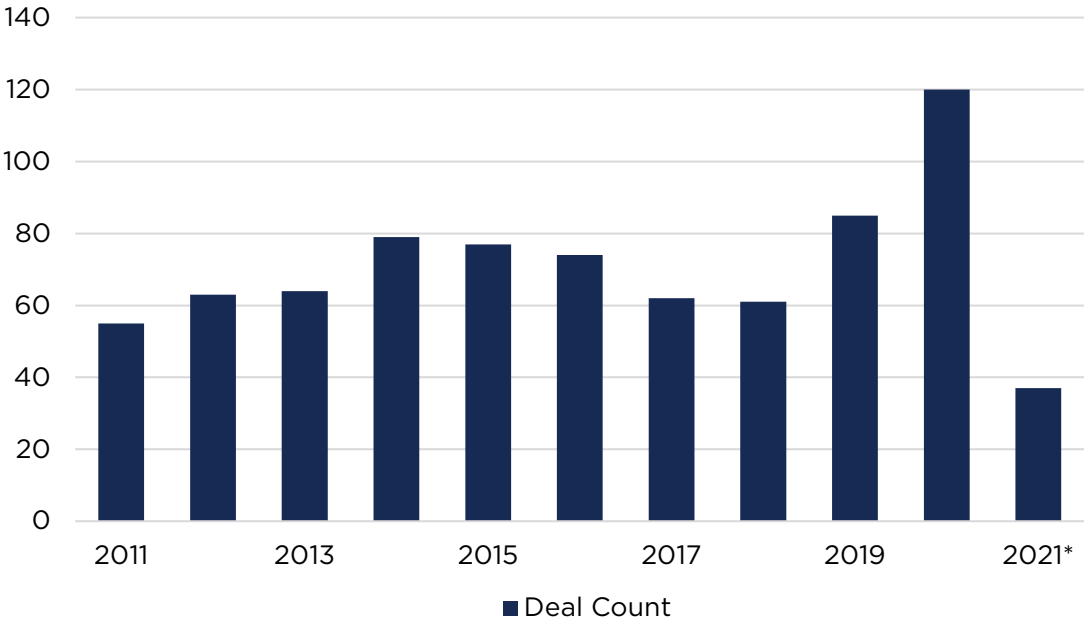
- The most recently announced deals in the sectors.

Dashboard

3.2% REVENUE GROWTH MOMENTUM

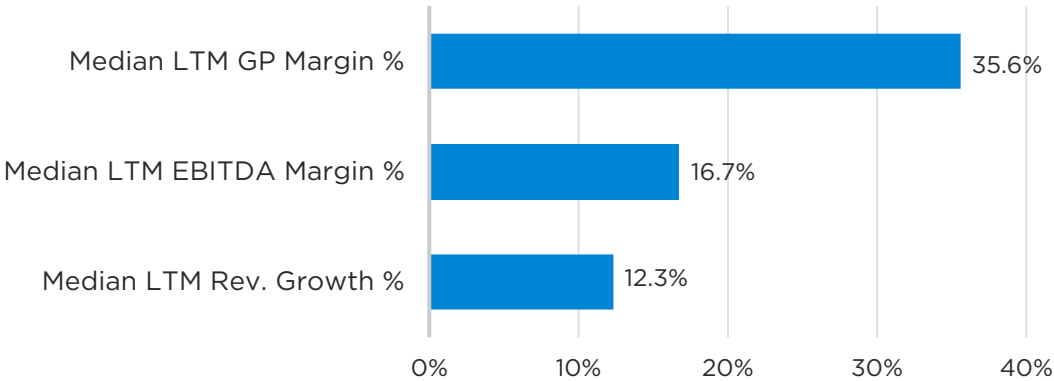
1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

M&A Activity

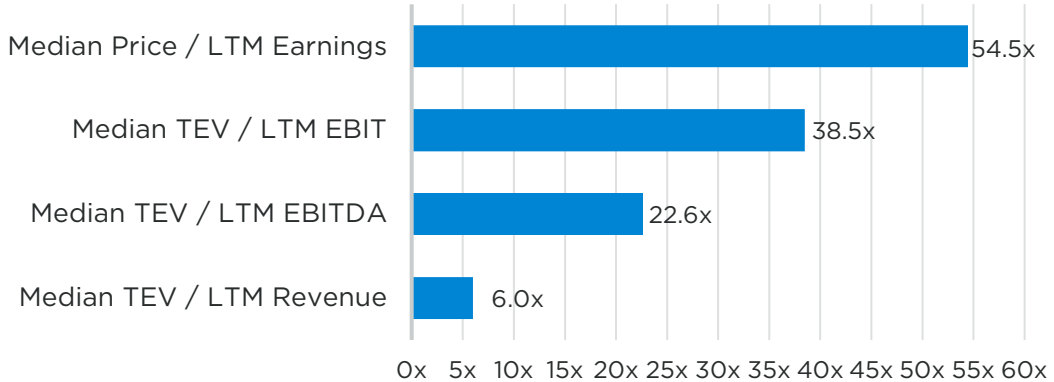


*Deal count for 2021 is as of June 28th and is not a full-year statistic.

Operating Metrics



Valuation

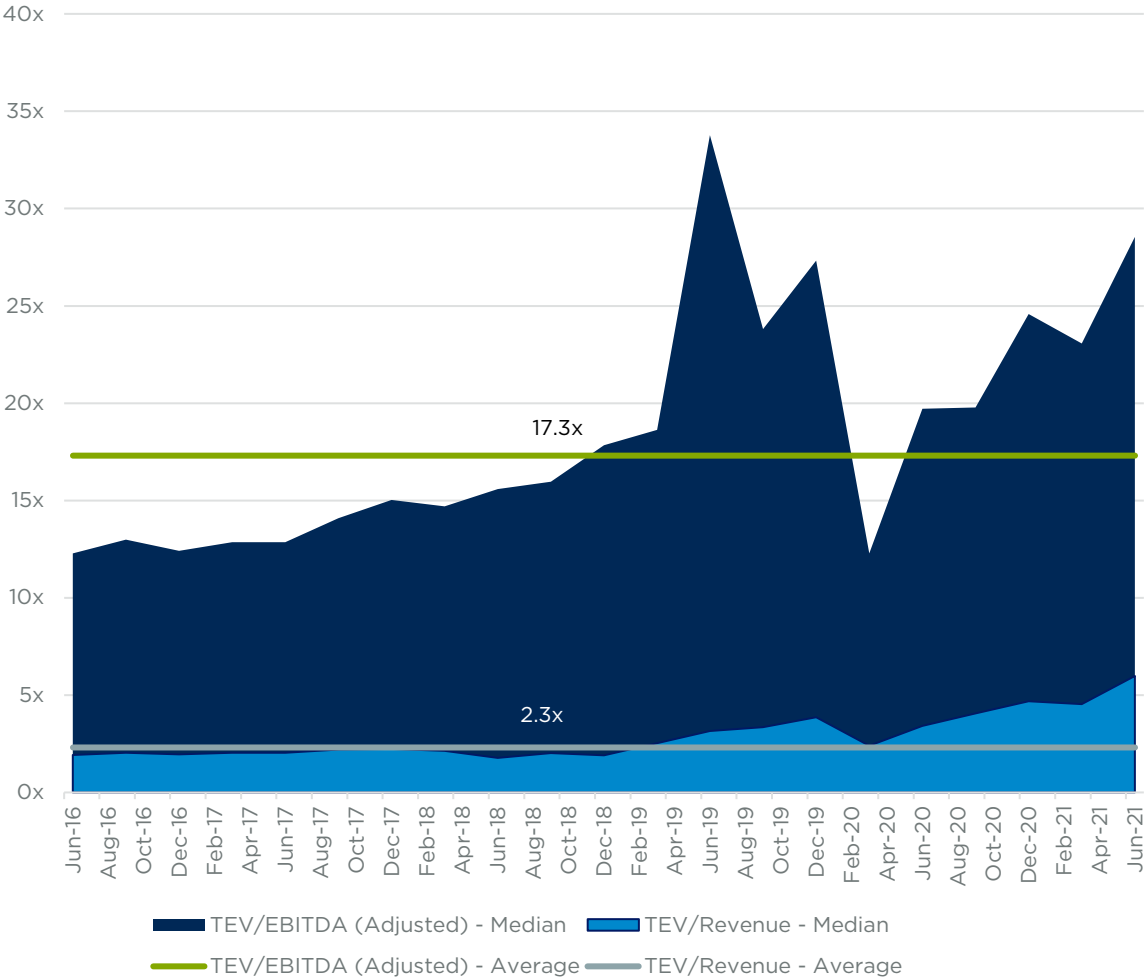


Public Basket

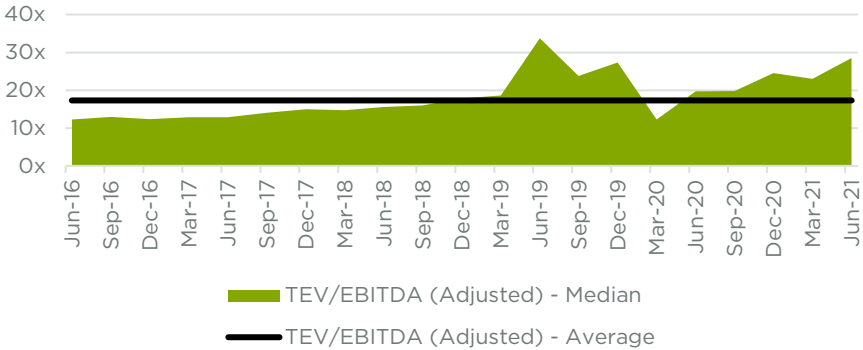
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Sonda	693	121	994	-11.4%	17.4%	12.1%	0.7x	5.7x	13,387	74
Indra Sistemas	2,220	302	3,565	-4.5%	37.6%	8.5%	0.6x	7.4x	48,979	73
Totvs	4,198		502	17.0%	70.5%		8.4x		10,000	50
Endava	6,886	98	526	19.6%	33.6%	18.6%	13.1x	70.2x	7,139	74
Globant	9,331	203	893	26.7%	37.6%	22.7%	10.5x	46.0x	17,267	52
Accenture	180,358	8,007	47,949	7.6%	32.0%	16.7%	3.8x	22.5x	569,000	84
Average	33,948	1,746	9,071	9.2%	38.1%	15.7%	6.2x	30.4x	110,962	68
Median	5,542	203	943	12.3%	35.6%	16.7%	6.1x	22.5x	15,327	73

share price as of 28Jun21

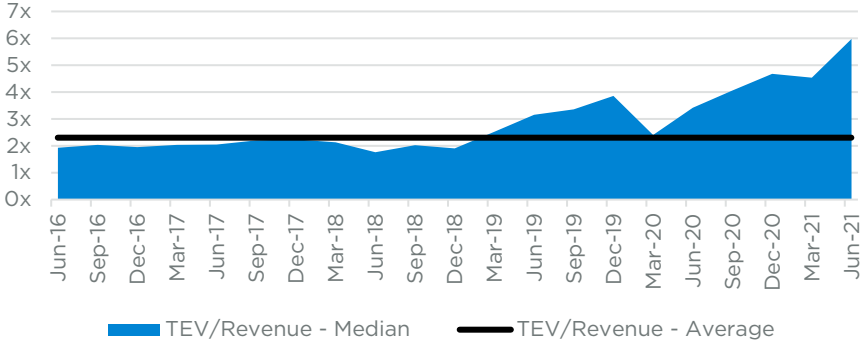
Public Basket



Public EBITDA Multiples over Time

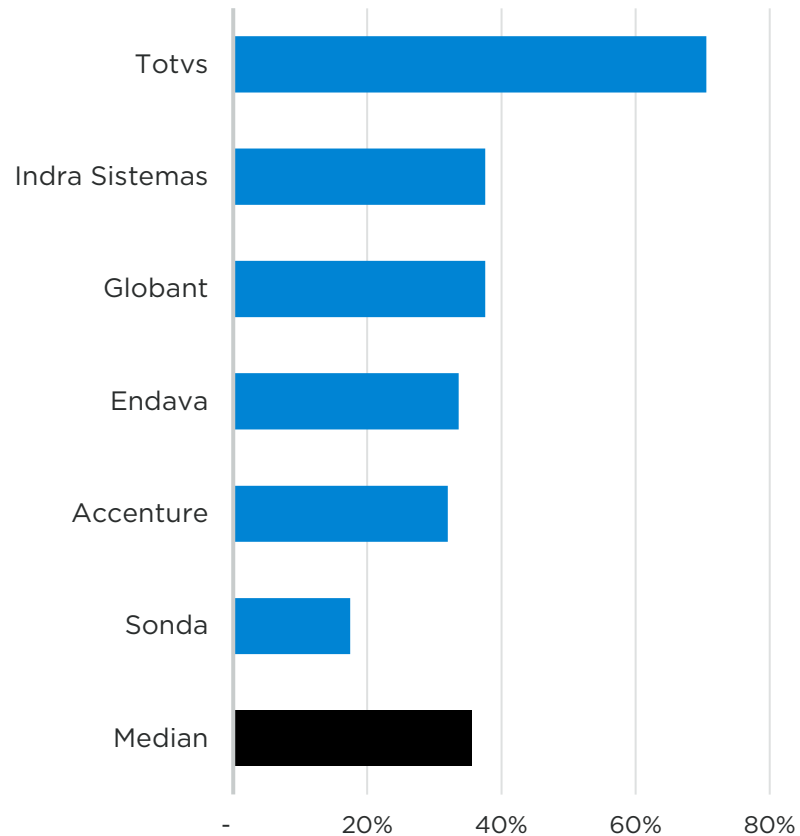


Public Revenue Multiples over Time

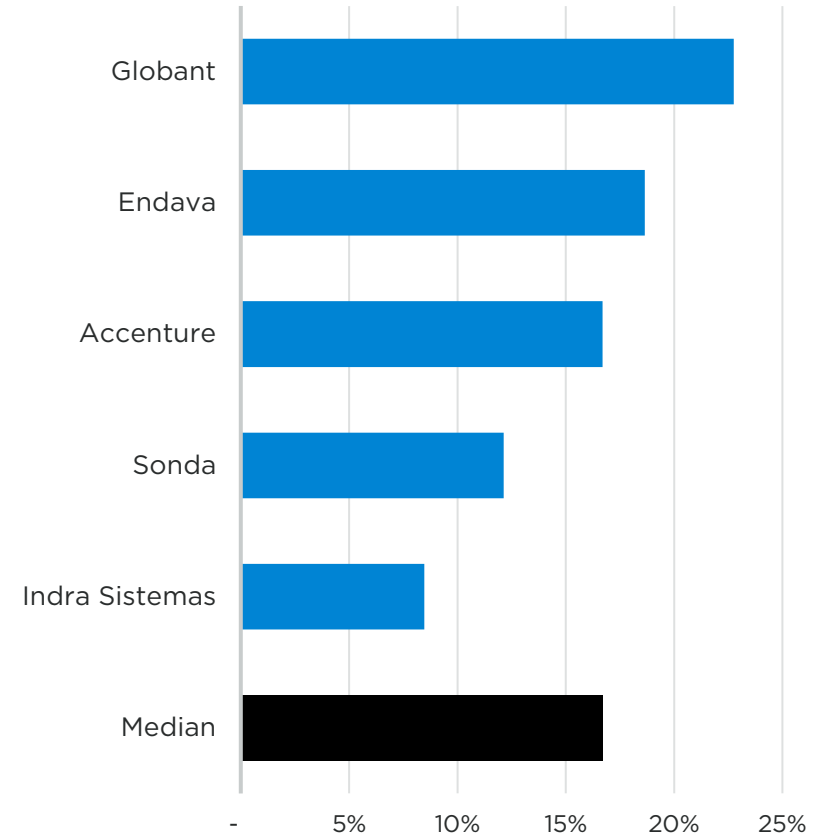


Operational Metrics

LTM Gross Profit Margin %



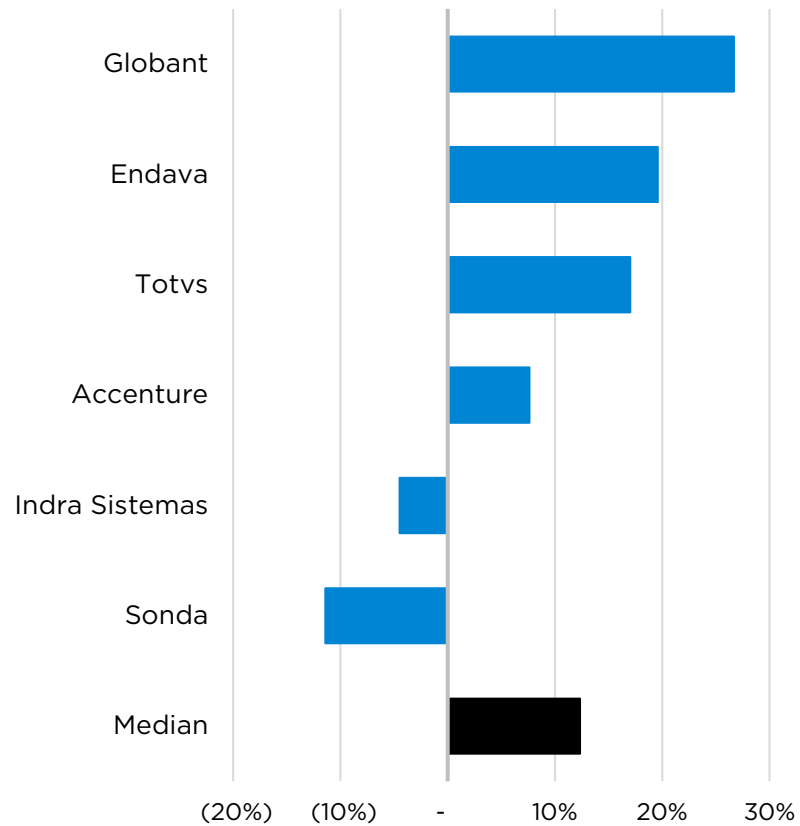
LTM EBITDA %



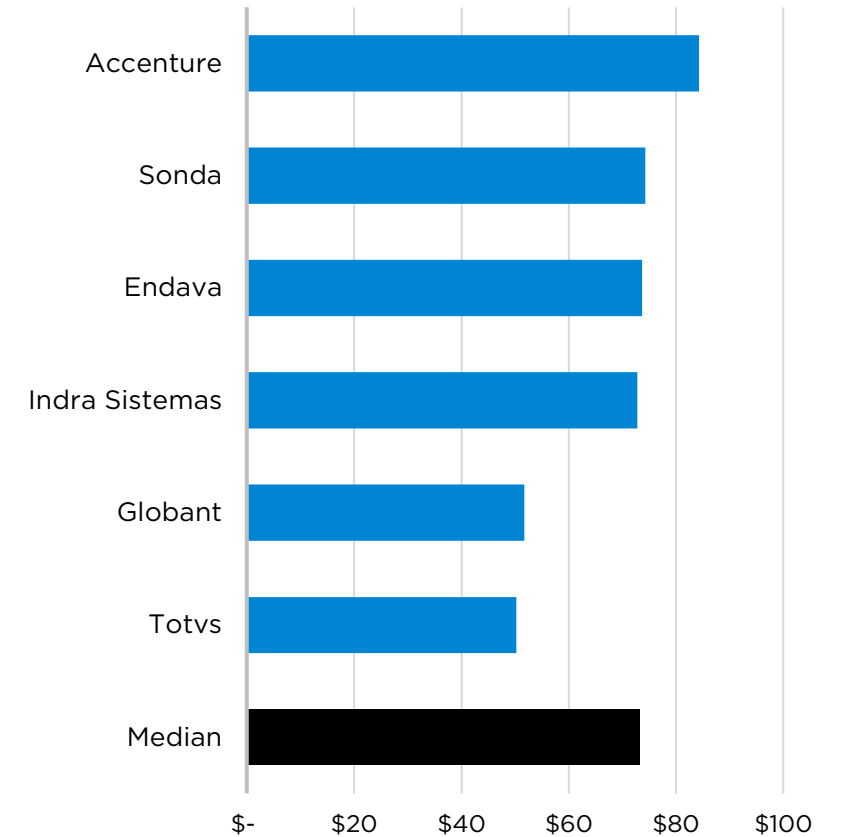
*Totvs EBITDA data is not available.

Operational Metrics

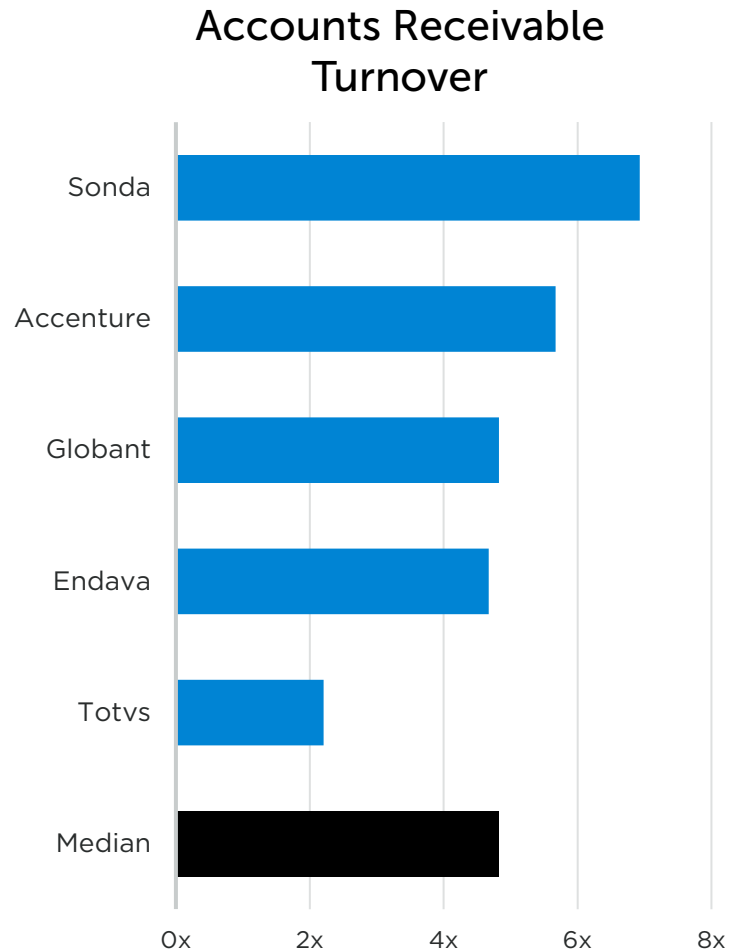
LTM Revenue Growth %



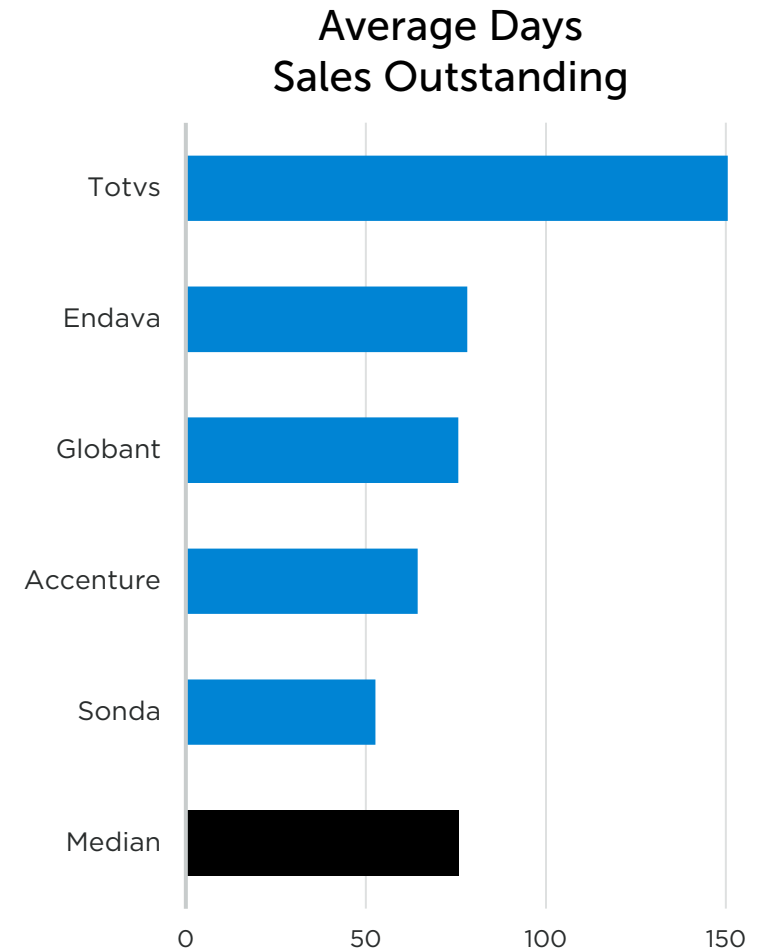
LTM Revenue per Full Time Employee x 000's



Operational Metrics



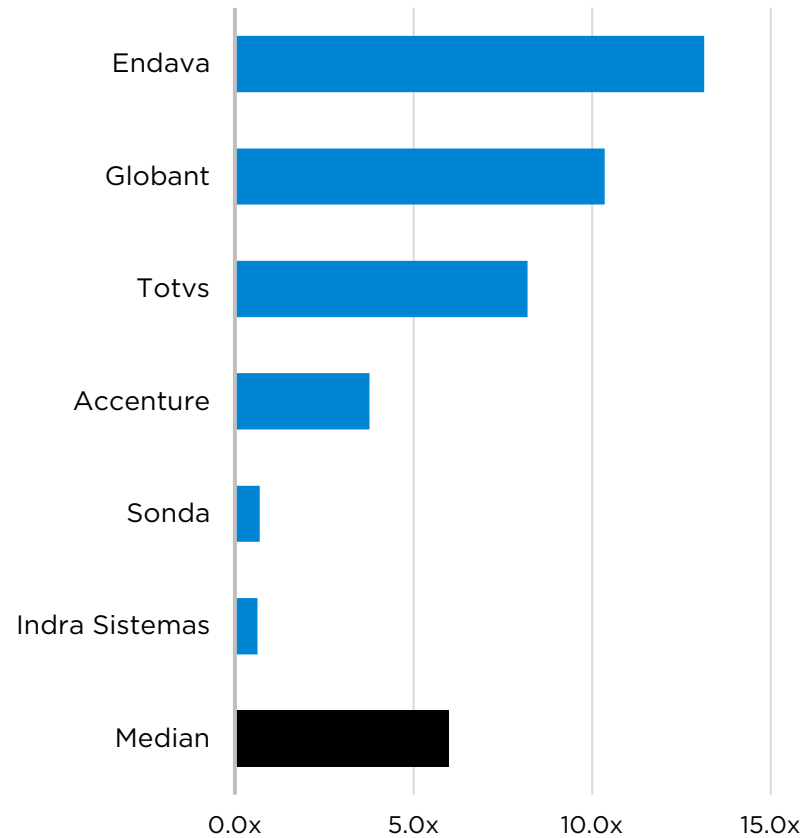
*Indra Sistemas AR turnover data is not available.



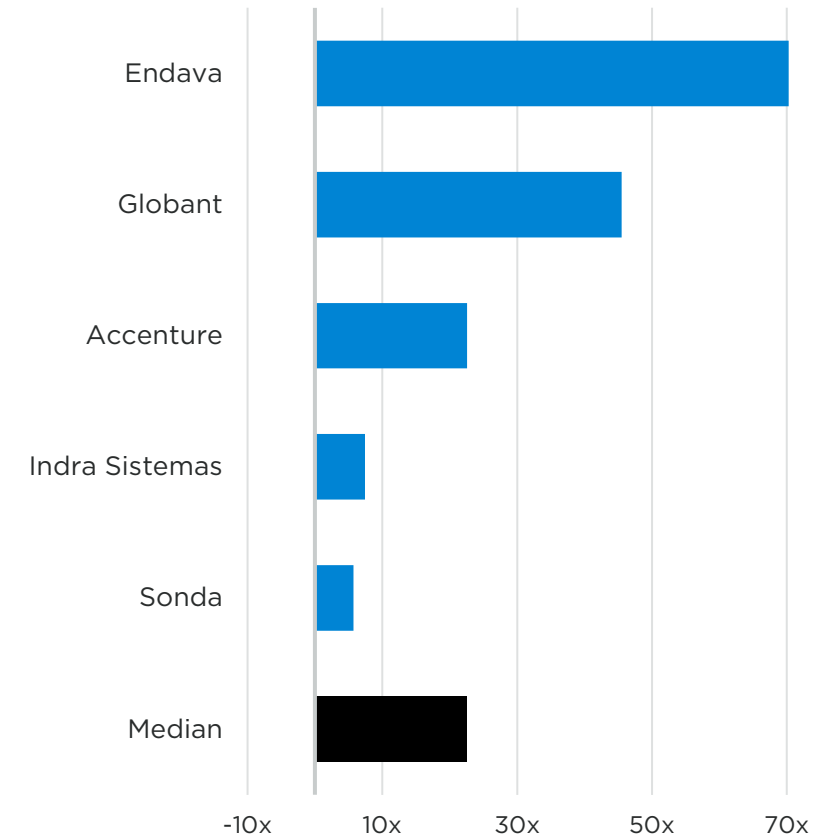
*Indra Sistemas average days sales outstanding data is not available.

Valuation

TEV / LTM Revenue

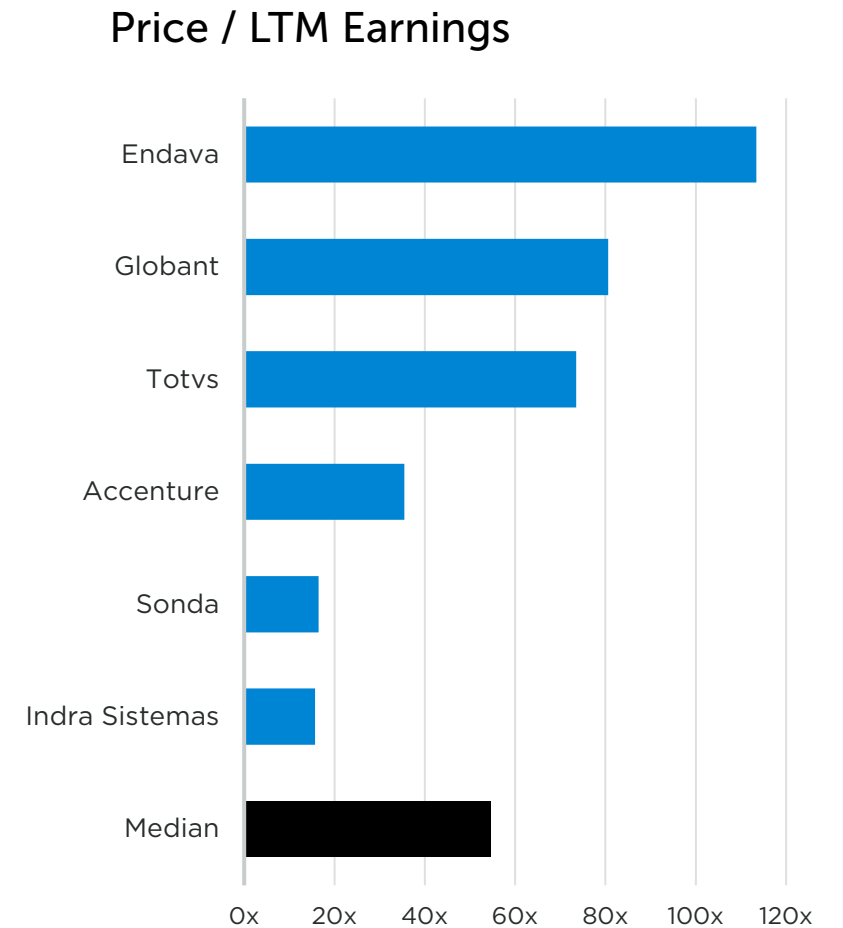
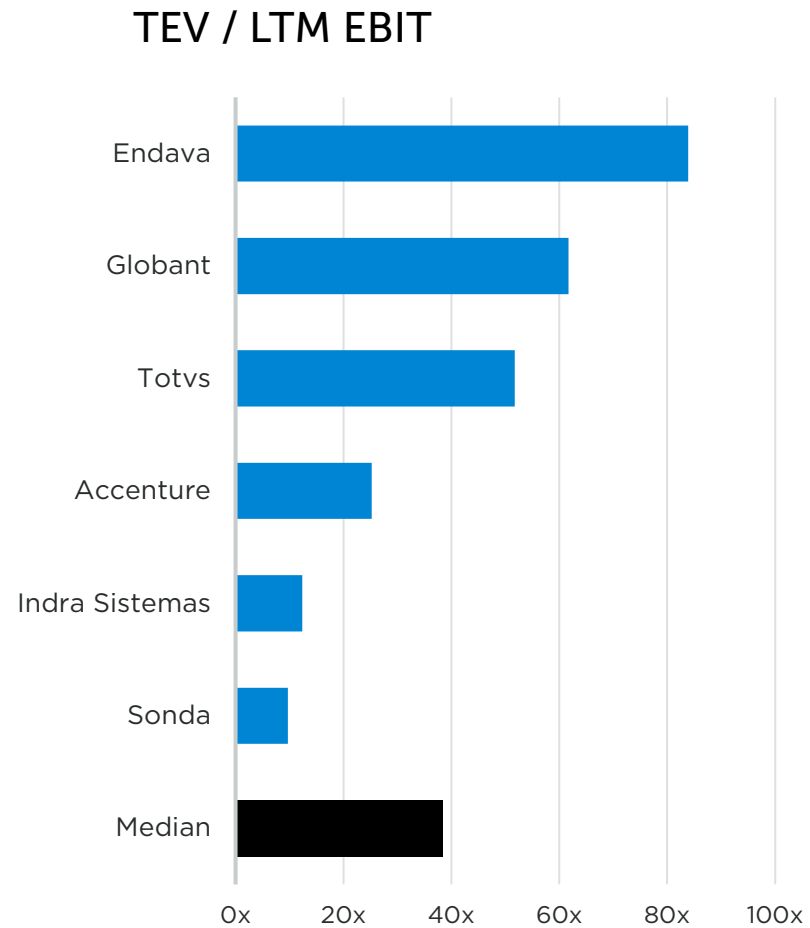


TEV / LTM EBITDA



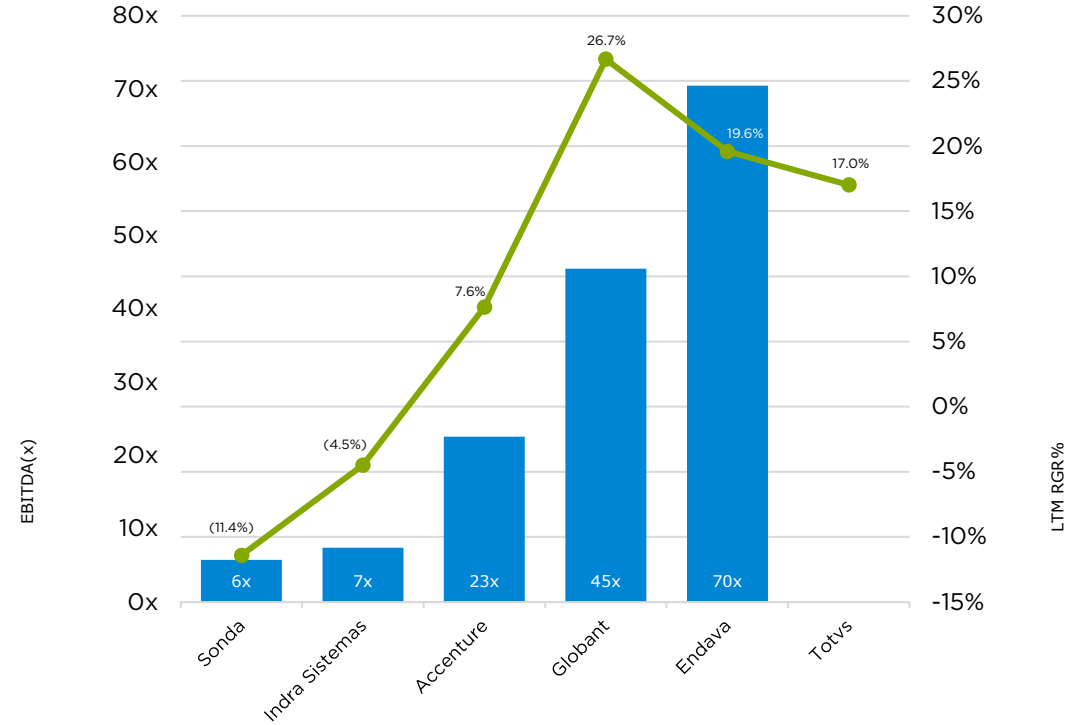
*Totvs EBITDA data is not available.

Valuation



Valuation

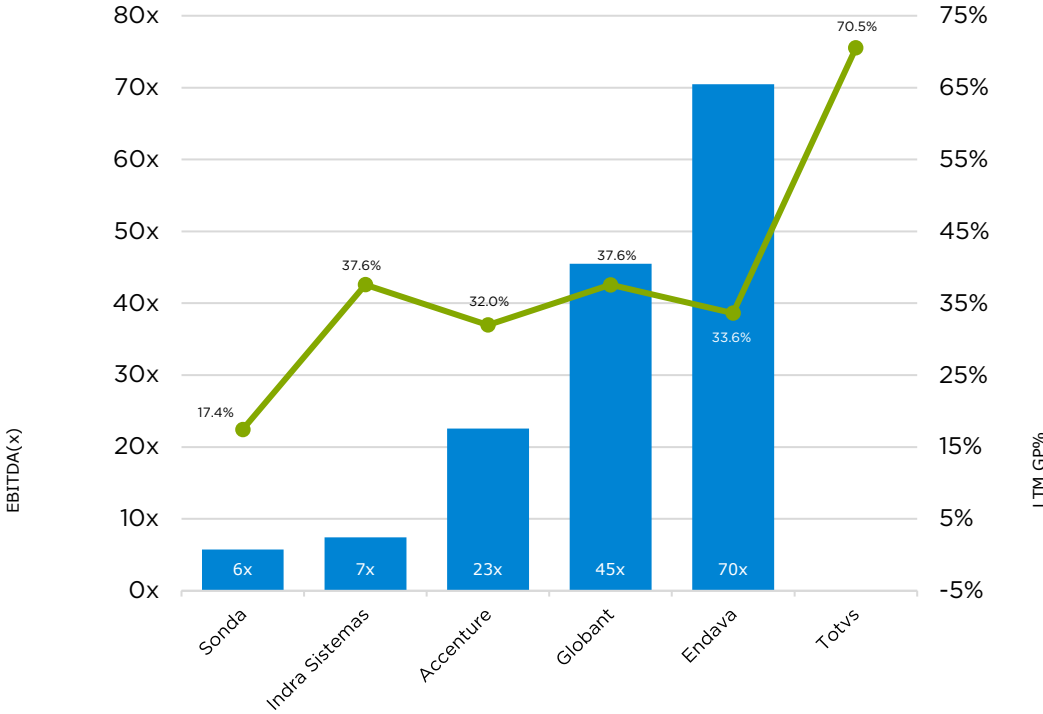
Historical Valuation Multiples
versus Revenue Growth Rate



EBITDA(x) LTM RGR%

*Totvs EBITDA data is not available.

Historical Valuation Multiples
versus Gross Profit



EBITDA(x) LTM GP%

*Totvs EBITDA data is not available.

Recent Market Transactions

Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
15-Jun-21	Werise (Brazil)	Delta-v Capital	-	-	-	-
14-Jun-21	Pixan Apps	Zigatta	-	-	-	-
02-Jun-21	Redpagos	Prosegur Compañia de Seguridad	-	-	-	-
31-May-21	Energy Computer Systems	Grupo Amper	0.97	-	-	-
28-May-21	NotCo	Union Square Hospitality Group	10.00	-	-	-
24-May-21	Valor Inmueble	Cinven	-	-	-	-
12-May-21	OmniLatam	777 Partners	11.30	-	-	-
09-May-21	Nubila	Nybl	-	-	-	-
03-May-21	Acepta (Chile)	HG Capital (UK)	-	-	-	-
30-Apr-21	DTI Digital	WPP	-	-	-	-
14-Apr-21	Adweb Solutions Mexico	Zigatta	-	-	-	-
07-Apr-21	BoosterAgro	Agrosmart	-	-	-	-

Appendix

*Public Basket
Contact Information*



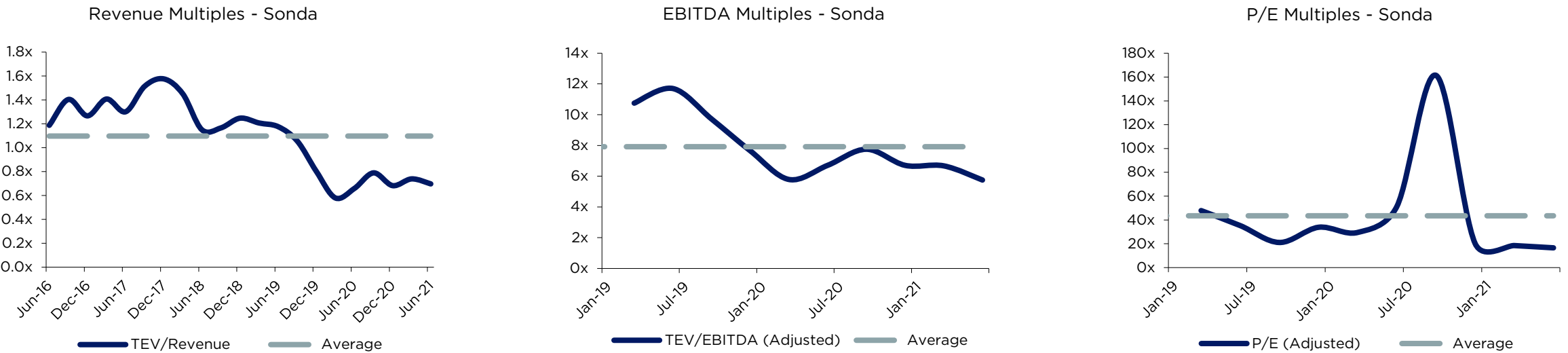
Sonda

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.

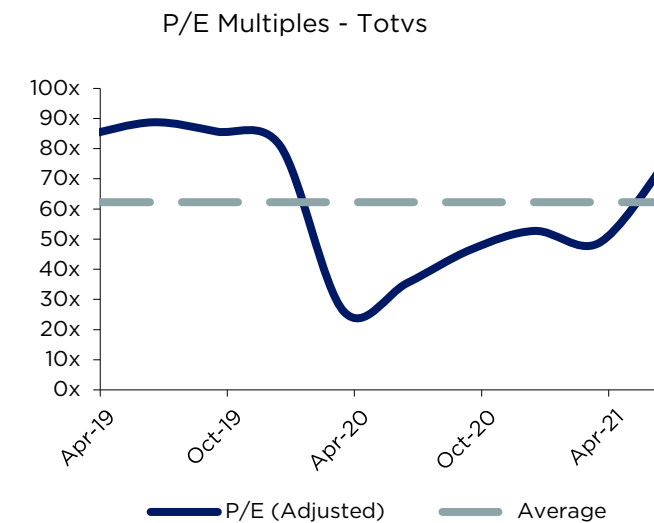
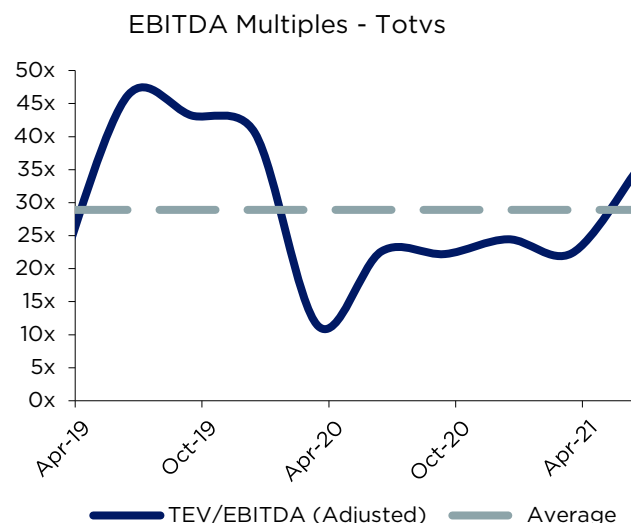
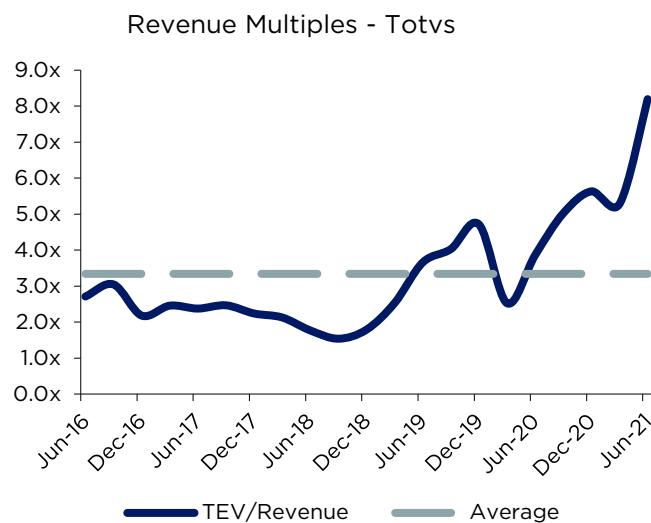
Totvs

Totvs SA is a Brazil-based provider of information technology solutions to small and medium enterprises in the education, government, healthcare, and retail end markets.

Its primary product offerings are enterprise resource planning applications with modules for management, finance, operations, human resources, and client services. Other solutions include integrated management software, collaboration, and productivity platforms, and consulting services. The firm has operations in Brazil, Argentina, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, and Uruguay.

Public Basket

Totvs



Company Name	Date	Deal Synopsis
RD Station	10-Mar-21	The company was acquired by Totvs (BSP: TOTS3) for BRL 1.8 billion on March 10, 2021. The acquisition will help the company to enhance the acquirer's business-to-business offer with its SaaS digital marketing solution.
Tail Target (São Paulo)	19-Dec-20	The company was acquired by Totvs (BSP: TOTS3) for BRL 32 million on December 19, 2020. The company will receive a contingent payout of BRL 20 million upon the completion of goals to be reached in 2021 and 2022, in addition to other conditions.

Indra Sistemas

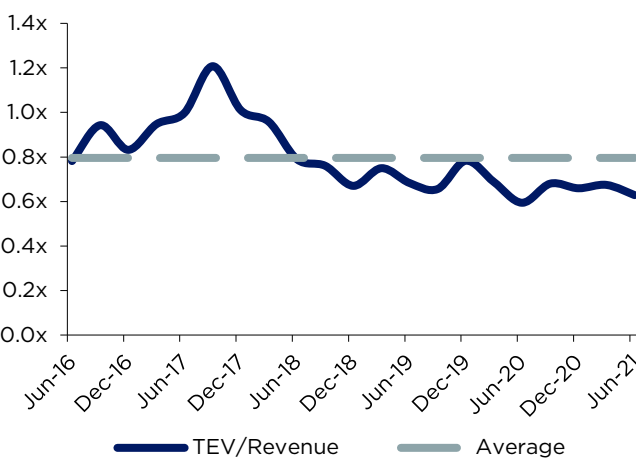
Indra Sistemas is a Spain-based provider of information technology offerings for finance, insurance, public administration, airports, defense, healthcare, media, telecom, security, energy, and infrastructure end markets.

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.

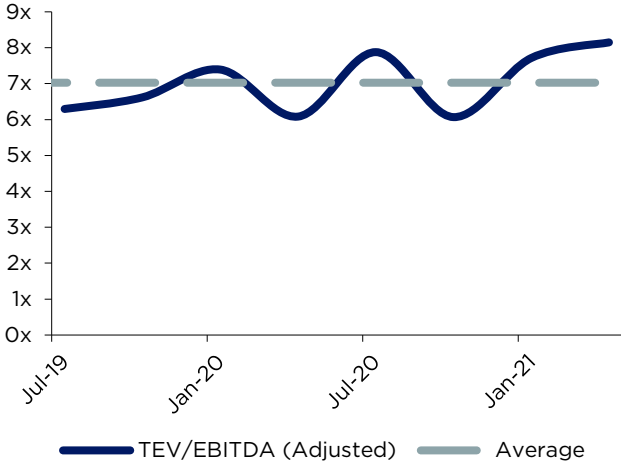
Public Basket

Indra Sistemas

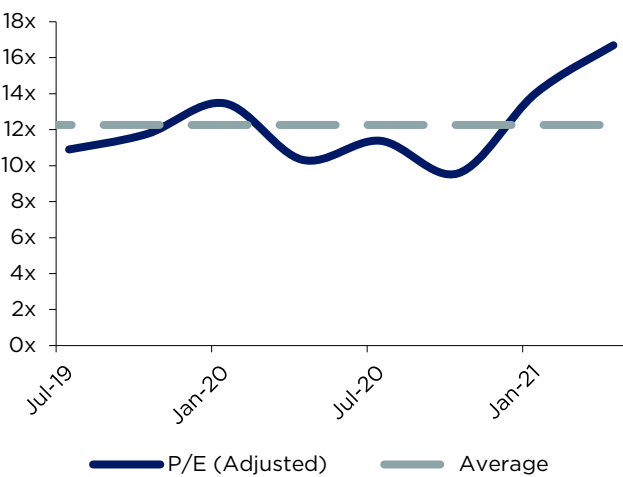
Revenue Multiples - Indra Sistemas



EBITDA Multiples - Indra Sistemas



P/E Multiples - Indra Sistemas



Company Name	Date	Deal Synopsis
SmartPaper	12-Jan-21	The company was acquired by Indra Sistemas (XMAD: IDR) for an undisclosed amount on January 12, 2021. The acquisition reinforces the Minsait's presence in the Italian 'Business Process Outsourcing' (BPO) market.
Sistemas Informaticos Abiertos	31-Dec-19	The company was acquired by Indra Sistemas (XMAD: IDR) for EUR 72.896 million on December 31, 2019.

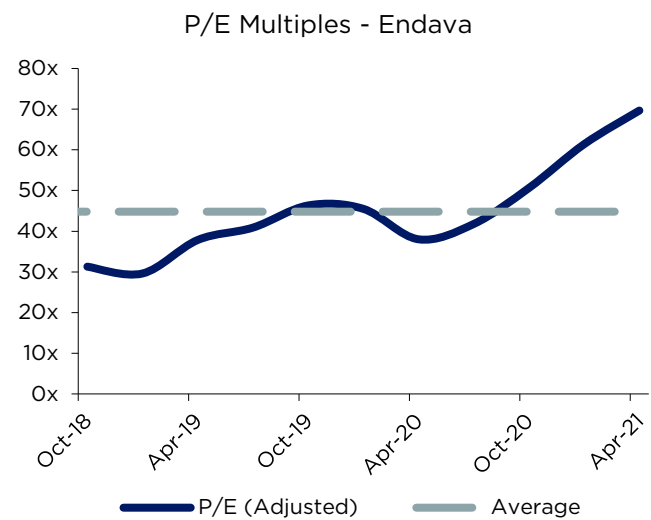
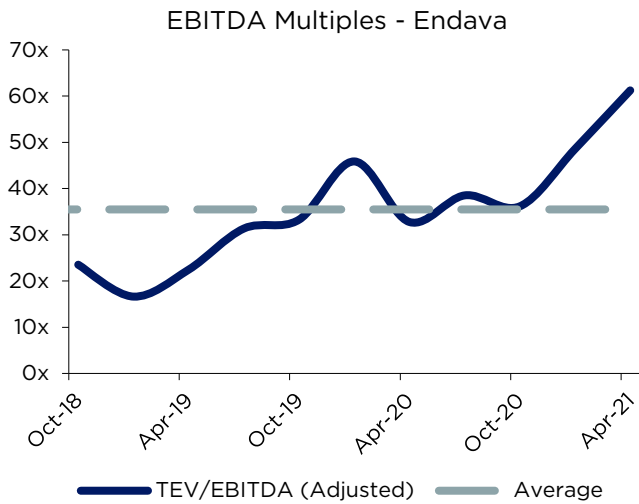
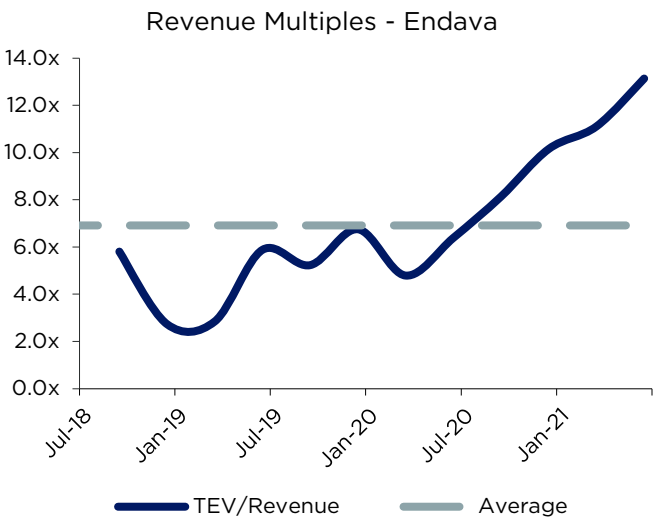
Endava

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
Level	01-Apr-21	The company was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on April 1, 2021.
Five (Croatia)	04-Mar-21	The company, a subsidiary of RealNetworks (NAS: RNWK) was acquired by Endava (NYS: DAVA), a subsidiary of Concise, for an undisclosed amount on March 4, 2021. With this acquisition, Endava increases its capacity in the ideation, design and delivery of intelligent digital experiences and enhances its capabilities in digital product strategy and performance optimization services.

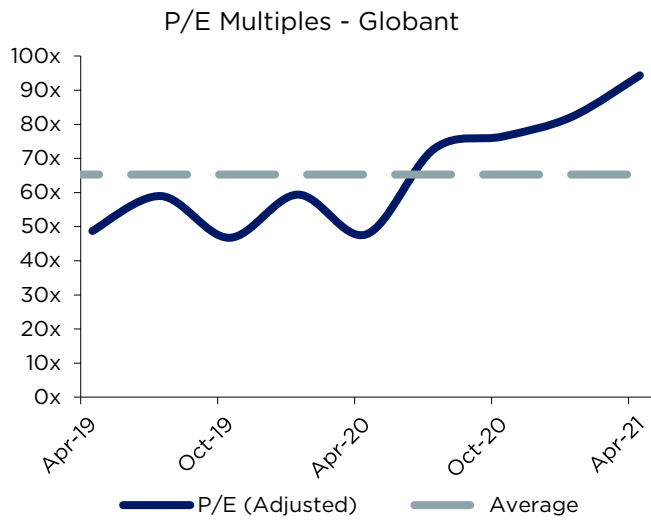
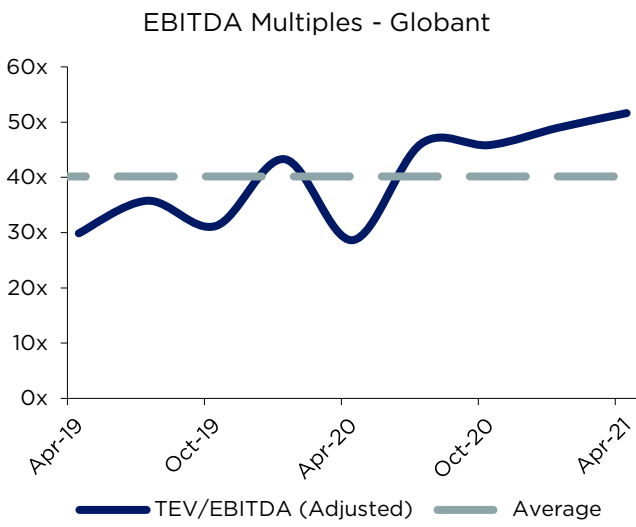
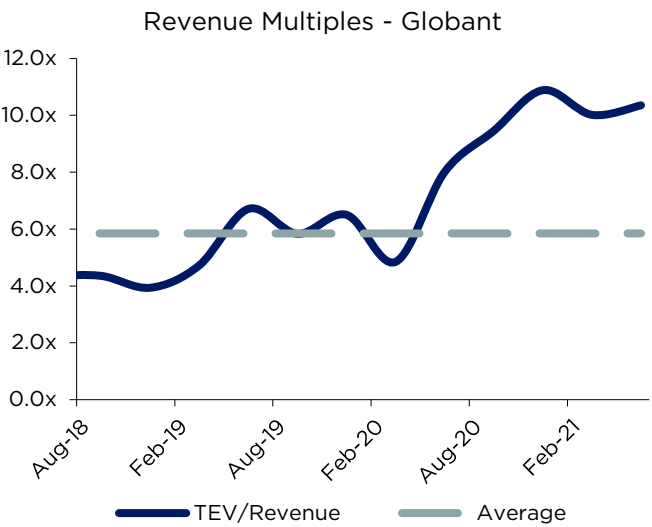
Globant

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
HABITANT (Spain)	12-May-21	The company was acquired by Globant (NYS: GLOB) for an undisclosed amount on May 12, 2021. With this acquisition, Globant reinforces its expansion plans in Europe.
Digital House	25-Mar-21	The company raised \$50 million of venture funding from MercadoLibre, Globant, and Riverwood Capital on March 25, 2021. Kaszek also participated in the round. The funds will be used to evolve the company's digital training platform, in addition to launching a two-year technology training program and expand its alliances with employers and technology companies in Brazil and the rest of Latin America.

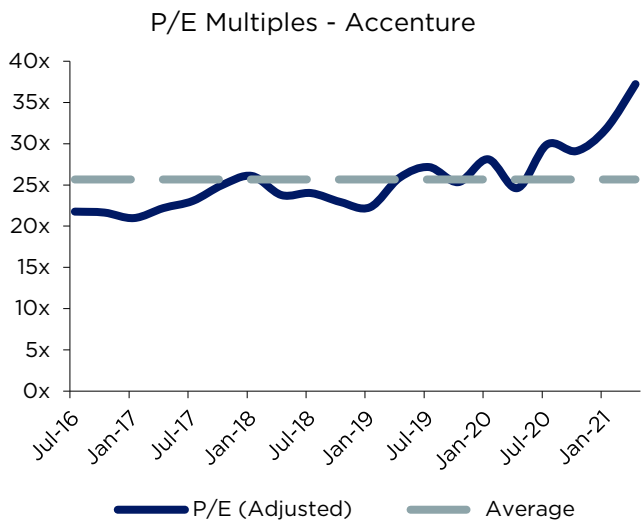
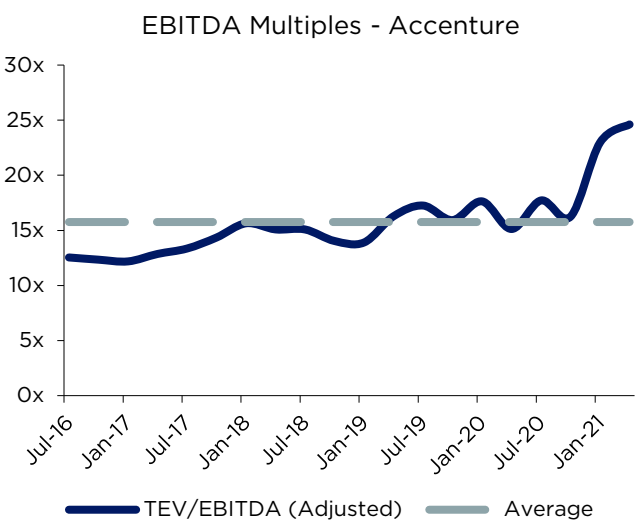
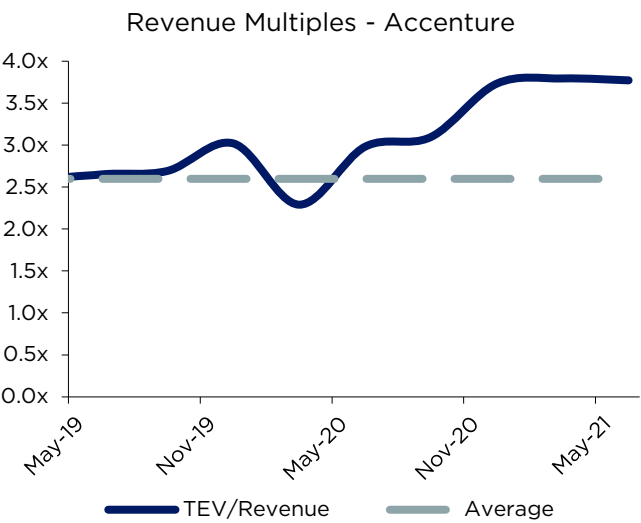
Accenture

Accenture is a leading global IT-services firm that provides consulting, strategy, and technology and operational services.

These services run the gamut from aiding enterprises with digital transformation to procurement services to software system integration. The company provides its IT offerings to a variety of sectors, including communications, media and technology, financial services, health and public services, consumer products, and resources. Accenture employs just under 500,000 people throughout 200 cities in 51 countries.

Public Basket

Accenture



Company Name	Date	Deal Synopsis
Sentor	29-Jun-21	The company was acquired by Accenture (NYS: ACN) for an undisclosed amount on June 29, 2021. The acquisition will further extend Accenture's local resources and capabilities and addressing the growing demand for local cybersecurity and managed security services.
Exton Consulting	18-Jun-21	The company reached a definitive agreement to be acquired by Accenture (NYS: ACN) for an undisclosed amount on June 18, 2021. The acquisition will enhance Accenture's ability to leverage the combination of group of people with the latest technologies such as artificial intelligence, data and cloud, to help clients embrace change, accelerate transformation, unlock value and build new sustainable models that benefit all.

Contact Info

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