



Financial Technology Sector

Quoted Company Analysis

Third Quarter 2011

Sector Valuation Metrics

Company	Share Price Local	Market Cap	Net Debt	Enterprise	Revenue	EV/Revenue	EV/Revs	EV/EBITDA		Revenue Growth ⁽³⁾		EBITDA Margin		% Revs	
	30-Sep-11	(\$m) ⁽¹⁾	(\$m) ⁽²⁾	Value (\$m)	CY11E (\$m)	CY2010	CY2011E	Recurring	CY2010	CY2011E	FY09/10	FY10/11	CY2010	CY2011E	Recurring ⁽⁴⁾
Selected Large Cap															
Thomson Reuters	27.04	22,627	6,654	29,281	12,980	2.2x	2.3x	2.6x	9.8x	8.1x	0.6%	-0.7%	22.9%	27.7%	86%
Fiserv	50.77	7,187	2,793	9,980	4,230	2.4x	2.4x	na	7.4x	7.1x	1.4%	2.4%	32.6%	33.2%	na
FactSet	88.97	4,078	(182)	3,896	757	5.8x	5.1x	5.1x	14.7x	13.4x	13.3%	12.7%	39.5%	38.5%	100%
Computershare	7.47	4,036	666	4,702	1,662	2.9x	2.8x	4.0x	9.4x	9.0x	0.0%	7.9%	31.2%	31.6%	70%
Solera	50.50	3,578	673	4,251	755	6.5x	5.6x	na	15.3x	13.0x	8.5%	20.6%	42.2%	43.3%	na
Morningstar	56.44	2,854	(365)	2,489	643	4.5x	3.9x	na	15.5x	15.9x	15.9%	15.8%	28.9%	24.4%	na
Jack Henry & Associates	28.98	2,504	90	2,594	998	2.9x	2.6x	na	9.3x	8.2x	15.6%	6.3%	31.1%	31.9%	0%
DST Systems	43.83	2,040	663	2,703	2,021	1.2x	1.3x	na	5.6x	6.3x	5.0%	-13.2%	20.6%	21.2%	na
Misys	2.15	1,142	155	1,297	655	2.3x	2.0x	4.0x	9.6x	7.8x	40.6%	19.7%	23.8%	25.4%	49%
Advent Software	20.85	1,090	(152)	938	323	3.3x	2.9x	3.4x	17.1x	11.6x	9.2%	13.8%	19.3%	25.1%	86%
SS&C	14.29	1,085	206	1,291	370	3.9x	3.5x	4.1x	10.7x	9.0x	21.4%	12.5%	36.7%	38.6%	86%
Temenos	12.40	981	26	1,007	504	2.2x	2.0x	5.7x	8.2x	8.5x	21.0%	12.6%	27.5%	23.5%	35%
ACI Worldwide	27.54	922	(96)	825	465	2.0x	1.8x	2.5x	10.3x	7.9x	3.1%	11.2%	19.1%	22.4%	72%
Fidessa	15.70	903	(98)	805	447	1.9x	1.8x	2.2x	7.3x	8.9x	10.0%	7.3%	26.6%	20.3%	81%
IRESS Market Technology	7.00	865	(101)	763	203	4.3x	3.8x	4.7x	9.6x	9.0x	5.8%	13.3%	44.4%	41.8%	79%
FICO	21.83	843	305	1,148	627	1.9x	1.8x	2.6x	7.6x	6.6x	-4.0%	2.7%	24.9%	27.7%	70%
Average									3.1x	2.8x			29.5%	29.8%	67.8%
Selected Mid Cap															
Bottomline Technologies	20.14	723	(112)	611	205	3.5x	3.0x	5.1x	23.5x	14.9x	19.9%	16.2%	15.0%	20.0%	58%
SimCorp	799.00	664	(57)	607	266	2.5x	2.3x	5.4x	11.4x	9.1x	2.8%	7.6%	21.5%	25.0%	42%
Ebix	14.70	550	6	556	169	4.2x	3.3x	3.7x	9.5x	12.9x	35.3%	28.1%	44.3%	25.5%	88%
Average									3.4x	2.9x			26.9%	23.5%	62.7%
Selected Small Cap															
S1 Corporation	9.17	495	(57)	439	247	2.1x	1.8x	4.1x	65.3x	14.5x	-12.5%	18.0%	3.2%	12.2%	43%
Fundtech	23.08	346	(53)	293	162	2.1x	1.8x	4.2x	14.0x	11.9x	20.5%	14.1%	14.7%	15.2%	43%
Investnet	0.10	317	(67)	250	125	2.6x	2.0x	8.7x	31.1x	10.0x	25.8%	27.5%	8.2%	20.1%	23%
Innovation group	0.20	291	(46)	245	284	0.9x	0.9x	na	8.8x	6.7x	4.0%	8.1%	10.6%	12.9%	na
Polaris Software	132.55	269	(31)	238	410	0.7x	0.6x	na	4.9x	4.2x	17.2%	21.6%	14.2%	13.9%	na
Microgen	1.48	188	(37)	151	60	2.8x	2.5x	na	10.9x	10.0x	15.9%	12.6%	26.0%	25.2%	na
ORC Software	46.60	161	(34)	127	134	1.2x	1.0x	1.3x	5.2x	4.0x	4.3%	28.8%	23.5%	23.7%	73%
Sword Group	0.13	160	126	287	214	1.2x	1.3x	2.5x	5.8x	6.0x	2.6%	-13.4%	20.0%	22.3%	53%
First Derivatives	4.60	119	31	150	71	2.7x	2.1x	na	11.3x	9.3x	44.2%	25.1%	24.0%	22.8%	na
Linedata Services	8.35	118	(3)	115	183	0.6x	0.6x	na	2.9x	2.9x	-5.7%	0.6%	22.1%	21.8%	na
vwd	2.61	91	11	101	109	1.0x	0.9x	na	11.5x	8.4x	-3.9%	7.7%	8.7%	11.1%	na
COR&FJA	1.56	90	(5)	85	182	0.5x	0.5x	2.5x	8.6x	6.2x	69.9%	17.6%	6.4%	7.5%	19%
StatPro	0.84	80	9	89	52	1.7x	1.7x	1.8x	5.2x	8.7x	5.0%	-0.5%	32.5%	19.6%	93%
Ffastfill	0.12	78	(5)	73	26	3.0x	2.8x	na	11.8x	10.7x	8.7%	5.7%	25.6%	26.5%	na
Patsystems	0.20	63	(15)	49	37	1.4x	1.3x	1.7x	6.5x	38.3x	0.1%	4.2%	21.2%	3.5%	77%
Brady	0.72	61	(18)	43	30	2.5x	1.5x	na	13.1x	7.4x	35.8%	68.7%	18.7%	19.6%	na
Average									1.7x	1.5x			17.5%	17.4%	53.0%

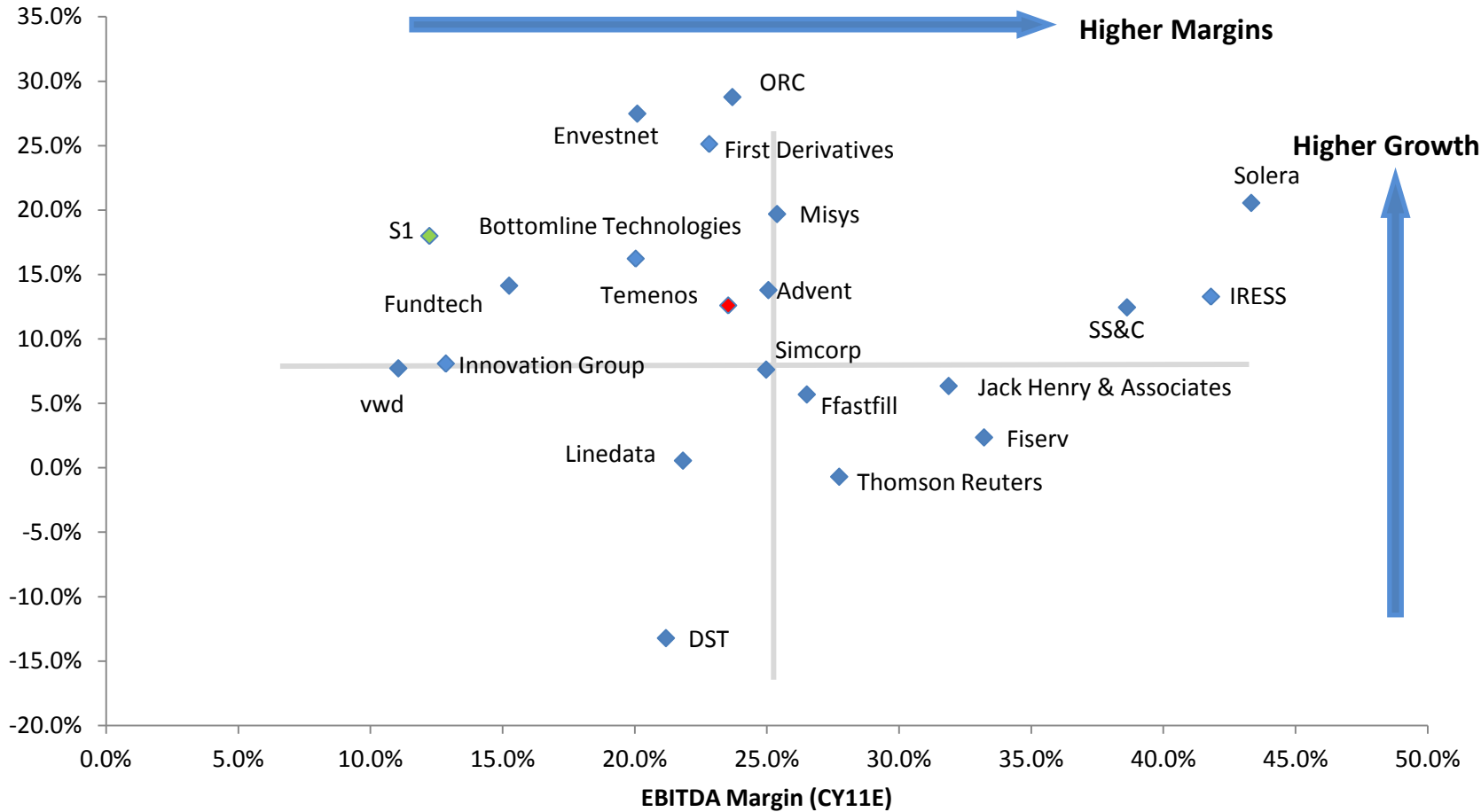
(1) Excludes treasury shares

(2) Net financial debt minus marketable securities and collaterals.

(3) Organic growth - excludes acquisitions, where sufficient information is available

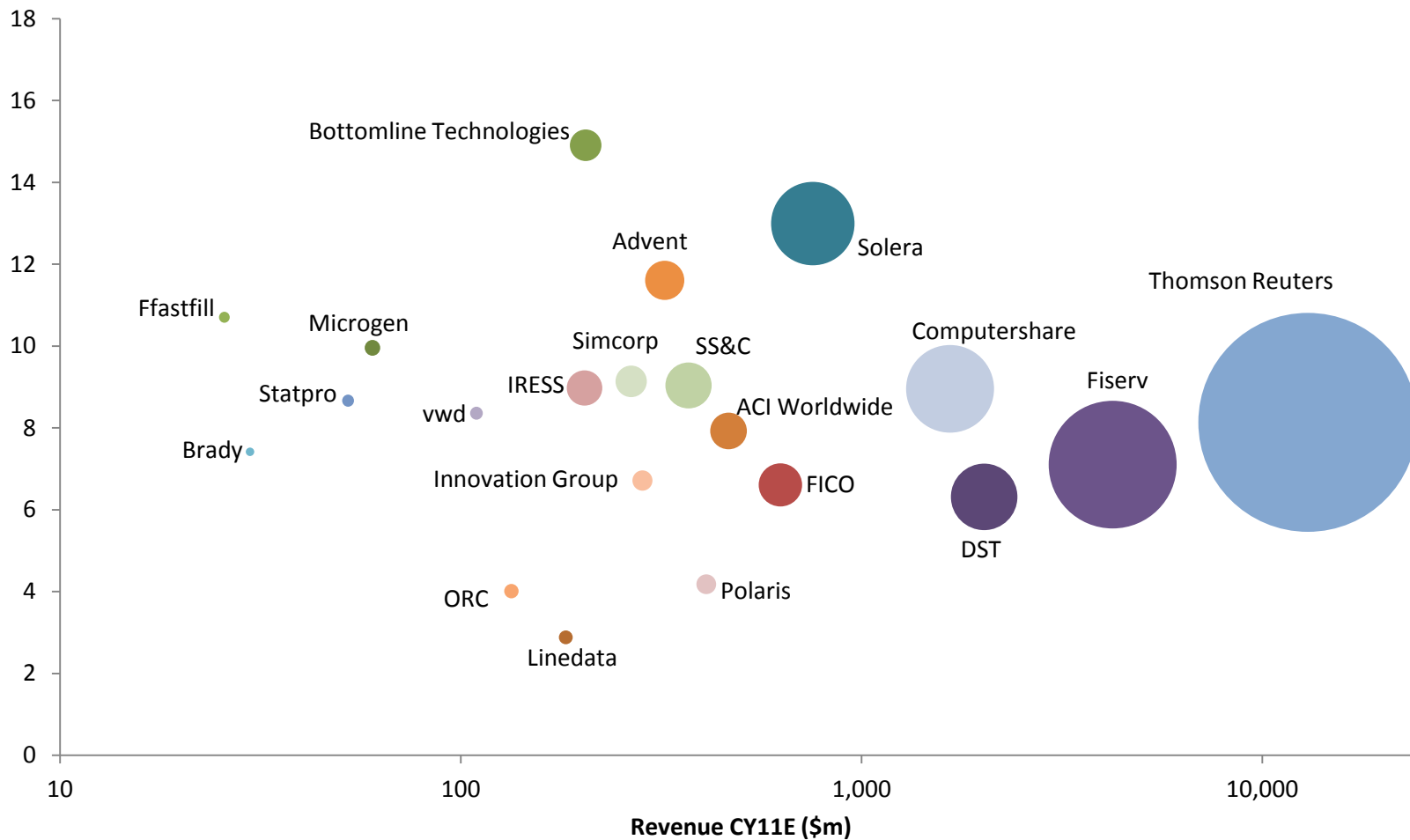
(4) Recurring revenues (maintenance, subscriptions etc) where reported for last full year

Organic Revenue Growth (FY10-11E)

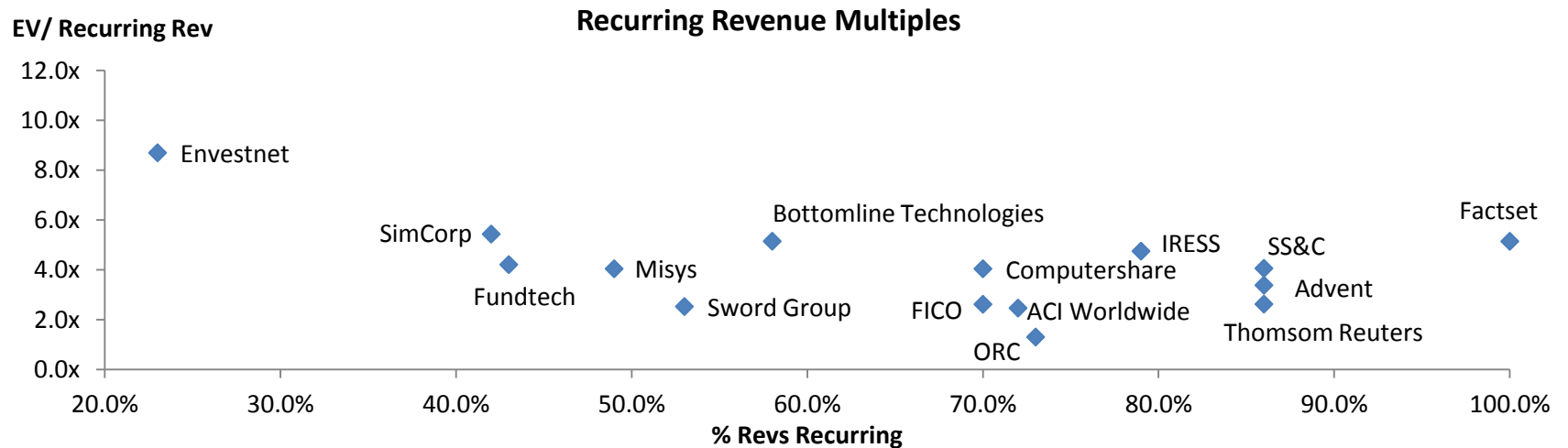
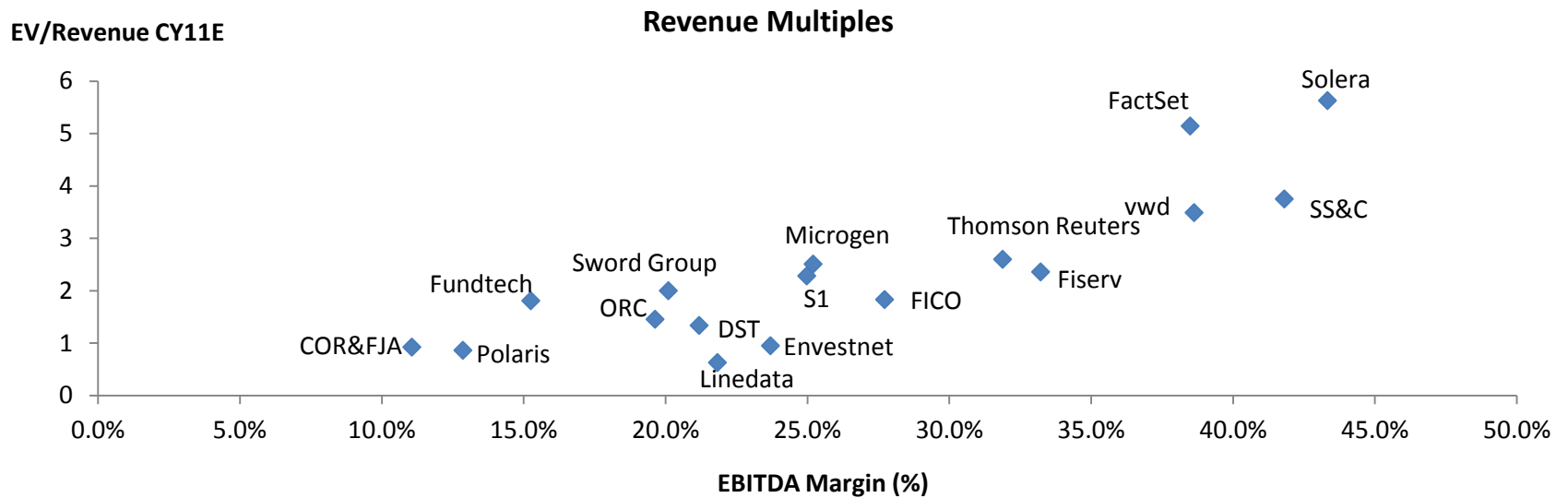


- ◆ Largest % Share price increase (last quarter)
- ◆ Largest % Share price decrease (last quarter)

EV/EBITDA CY11E

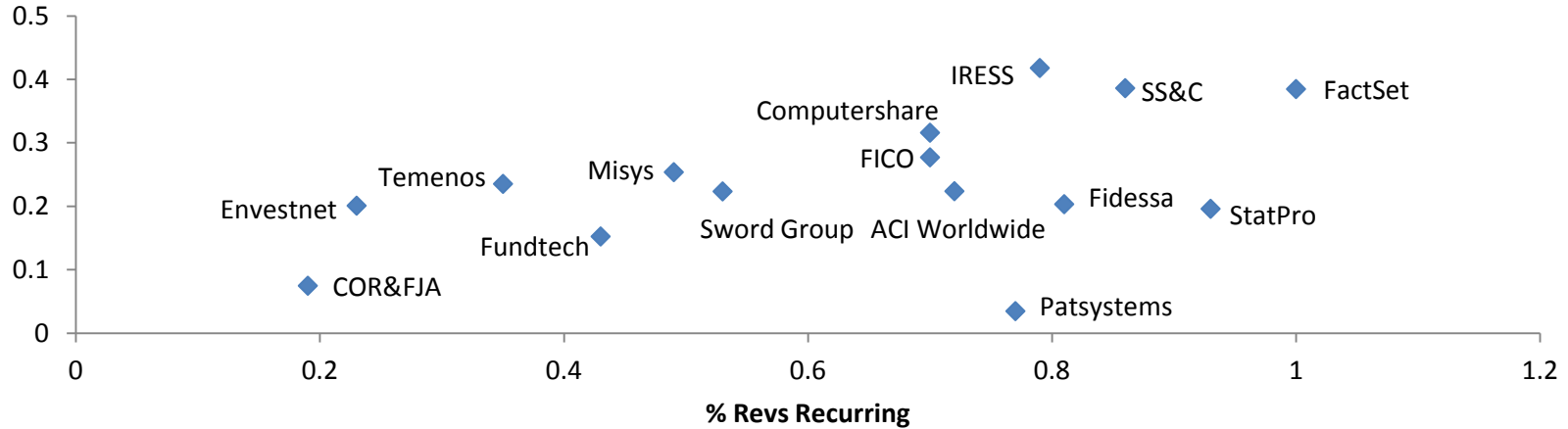


Note: Bubble size depicts enterprise value



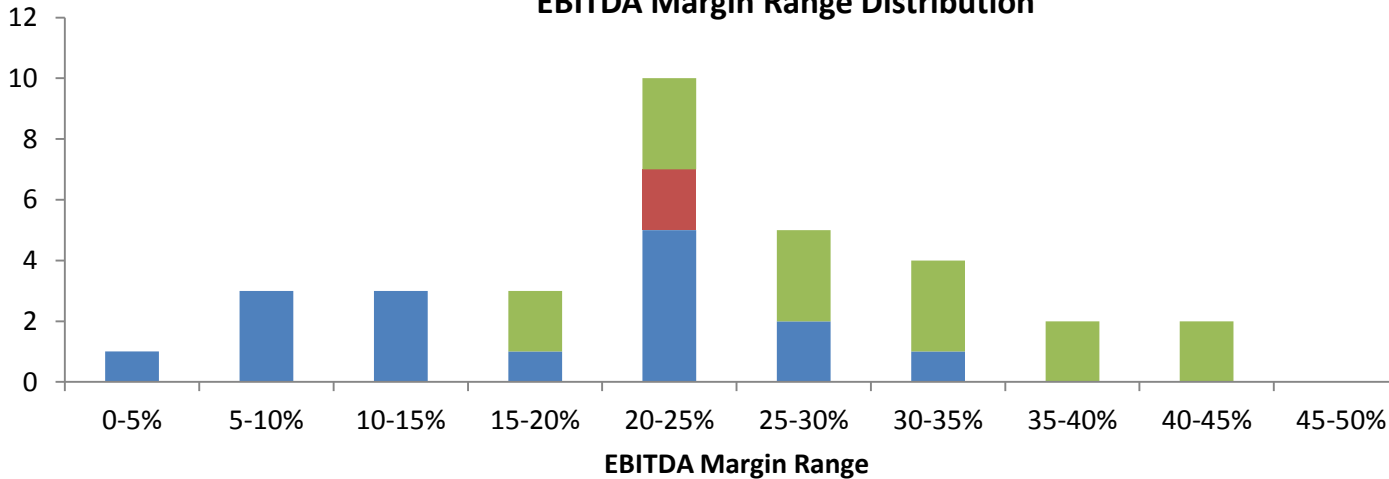
EBITDA Margin CY11E

Recurring Revenue as a Driver of Operating Margins



Number of Companies

EBITDA Margin Range Distribution



Larger players operating at higher margins

- Large Cap
- Mid Cap
- Small Cap

Selected Financial Technology Deals – Third Quarter 2011

Date	Buyer	Seller	Seller Description	Deal Size	Seller Revenue/Profit	Revenue Multiple	Target Sector	Comments
Sep-11	Private Group led by GTCR LLC	Fundtech	End-to-end financial transaction processing software solutions for financial institutions	\$390M	\$142M / \$13M	2.7x	Banking	Delisting of Fundtech and merging with Bankserv to grow to a \$210M turnover business. The aim is to cross sell fundtech's solutions including cash management to Bankserv's customers.
Sep-11	Hellman and Friedman	Openlink (Carlyle Group)	Energy and Commodities Trading and Risk management (ECTRIM) software, and Treasury software	Not disclosed	\$250M / \$75M (estimated)	n/a	Trading and Risk Management	H&F plan to grow Openlink through developing products and services, reaching new markets, and acquisition
Sep-11	Vista Equity Partners	Thomson Reuters Enterprise Risk Division	Trade and risk management platform (Kondor and J-risk)	\$600M (estimated)	\$200M / \$50M (estimated)	3.0x	Trading and Risk Management	The first result of Thomson Reuters' stated strategy of divesting a number of non-core software businesses
Sep-11	Carlyle	ITRS	Realtime monitoring systems / optimisation	£50M (estimated)	£16.4M / £5.4M	3.0x	Banking	Carlyle see growth opportunities for ITRS driven by the continued investment in high performance trading infrastructure and the resulting need to manage operational risk .
Sep-11	Reed Elsevier	Accuity	Reference data for payments and compliance	£343M	n/a	n/a	Payments and Compliance	Accuity will be integrated with Bankers' Almanac and will share the combined data assets with LexisNexis Risk Solutions
Sep-11	Broadridge	Paladyne	Investment software (hedge fund focus)	\$76.5M	\$20M / \$7M (estimated)	3.8x	Securities	Part of Broadridge's strategy to move into the buy-side market from their traditional sell-side focus.
Sep-11	IBM	Algorithmics	Risk management software	\$387M	\$170M / \$10m (estimated)	2.3x	Risk Management	Expands IBM's business analytics capabilities in financial services by helping clients manage risk exposure across market, liquidity, credit, operational and insurance risk as well as economic and regulatory capital risk

Selected Financial Technology Deals – Third Quarter 2011

Date	Buyer	Seller	Seller Description	Deal Size	Seller Revenue/Profit	Revenue Multiple	Target Sector	Comments
Aug-11	Sircon/ Vertafore	DF Insitutute (Kaplan Compliance Solutions)	Compliance management and automation software for the insurance sector	Not disclosed	n/a	n/a	Insurance	Enhances Sircon/Vertafore's range of compliance solutions for insurance carriers and brokers
Jul-11	FFastfill	Spread Intelligence	Spread trading software	£1.5M	n/a	n/a	Securities	Strengthens the spread trading capability of Ffastfill's existing Front Office SaaS platform
Jul-11	NYSE Euronext	Metabit	Investment trading exchange software	Not disclosed	n/a	n/a	Securities	Complements NYSE Technologies' product portfolio and Asian offerings and addresses growing customer interest in expanding Asian financial marketplace
Jul-11	Patsystems	Mixit	Sell side order and execution management systems	\$20.2M (£12.6M) + earnout up to \$8M (£5M)	\$9.2M / \$0.6M	2.2x	Banking	Adds further product and asset classes to Patsystems, particularly equities; increases scale in structurally growing market; increases percentage of recurring revenue
Jul-11	Fiserv	CashEdge	Financial institution- centric person-to-person payments. Saas	\$465M	\$75M / n/a (estimated)	6.2x (est)	Payments	Advances Fiserv's Digital Payments and Channel Strategies. Provide Fiserv clients with new capabilities and accelerate the adoption of financial institution-centric person-to-person payments .
Jul-11	Crealogix	Cordys	Business process management software and portal solutions for financial institutions	Not disclosed	n/a	n/a	Banking	Strengthens Crealogix presence in the German market
Jul-11	Accenture	Duck Creek Technologies	Rating and policy administration software for the insurance industry	Not disclosed	\$30M / n/a (estimated)	n/a	Insurance	Complements Accenture Software's existing component based P&C insurance product suite.
Jul-11	Thomas H Lee led PE consortium	Sword Group	Sword Insurance business unit. Global P&C insurance software	Not disclosed	n/a	n/a	Insurance	Buyout of Sword Insurance, the combination of London market supplier Intech and Boston-based AgencyPort, with aim of growing into a top five P&C global technology provider

Goldenhill International M&A Advisors
42 Brook Street
London
W1K 5DB
United Kingdom

Goldenhill International M&A Advisors
964 Fifth Avenue
San Diego, California
92101
United States

Goldenhill International M&A Advisors
Torre ABN Amro Victoria Ocampo 360
Puerto Madero, Buenos Aires
C1107BGA
Argentina

www.gtallp.com

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