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## **RUBIK ACQUIRES TWO MORTGAGE SOFTWARE COMPANIES**

Rubik Financial Limited (ASX:RFL) announces it has acquired Stargate Information Systems Pty Ltd (**Stargate**) and executed a binding agreement to acquire Infnitive Pty Ltd (**Infnitive**).

Stargate and Infnitive, two leading mortgage industry software companies, together handle around 25% of all Australian intermediated (broker) mortgage settlements through the provision of cloud-based desktop applications and gateway software (linking the broker desktop application with a panel of Lenders).

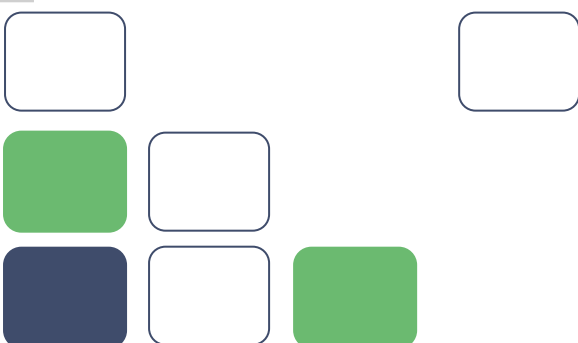
### **Transaction highlights**

- Rubik's product portfolio is expanded to include mortgage desktop applications (incl CRM) and transactional gateway platforms. The companies enjoy a high percentage of recurring revenues from both software licenses and transaction processing.
- Rubik becomes Australia's largest independent supplier of mortgage desktop applications and second largest supplier of mortgage transactional gateway software. Mortgages are Australia's largest Financial Services profit pool.
- These mortgage platforms complement Rubik's existing Wealth and Banking platforms – especially after the systems are integrated.
- The transactions - both together and separately - are EPS accretive on a normalised basis. In addition they unlock significant synergy potential.
- Transactions are fully funded out of cash reserves after the recent over-subscribed \$33 million equity raising.

### **Strategic Rationale**

Rubik's strategy is to own cloud-based platforms with compatible applications enjoying market incumbency to backward integrate into transactional gateways – thus capturing both license fees and transactional revenues. After executing this strategy successfully in Wealth, Rubik has now replicated this in Mortgages.

Rubik capitalises on a rare opportunity to acquire both companies in a single move, thus establishing scale, revenues, profits and relationships instantly.



Rubik believes that the combination of these two businesses, together with Rubik's existing businesses, will generate significant additional synergies over time. This will enhance our Clients' productivity for example via the potential to cross-sell to Consumers.

Brett Spencer, CEO of Stargate and now Rubik's MD Mortgages, said *"I am excited about working more closely with the Rubik team, whom we have previously worked with during the integration of the financial planning and the mortgage broking platforms. We have identified further cost and revenue synergies and we anticipate that our Customers will materially benefit from this union."*

### **Acquisition Consideration**

Overall:

- Upfront consideration of \$22.4 million representing a blended EV/EBITDA multiple of 5.9 times normalised FY14 EBITDA run-rate.
- Additional earn-out payments based on increased recurring software license revenues and earnings above the normalised FY14 run-rate. These earn-outs exclude most synergies and will only decrease the final multiple paid.
- One-off transaction and integration costs are expected to be no more than \$4.5m (largely in platform integration).
- The integration is in progress and anticipated to be materially completed by early CY15.

Stargate:

- Upfront consideration of \$20.0 million (subject to adjustments).
- Additional earn-out in FY15 and FY16 capped at \$15.0 million subject to earnings above \$3.2 million.
- Transaction has been completed.

Infinite:

- Upfront consideration of \$2.4 million (subject to adjustments).
- Additional earn-out over 18 months capped at \$14.1 million subject to increased revenue outcomes.
- Transaction is subject to certain conditions precedent in favour of Rubik.

**-ENDS-**

### **About Rubik**

- The largest Financial Services software house servicing 110 out of 171 Australian ADIs.
- Provides a cloud-based software suite covering planning software to wealth advisers and core banking systems.
- ISO 9001, ISO 27001 and NoCO2 certified.

### **About Stargate**

- Provides loan processing and customer management platforms including a CRM solution to aggregators, brokers and lenders (branded 'Symmetry').
- Amongst the largest independent mortgage technology service providers in the Australian mortgage broking market.

### **About Infinitive**

- Provides desktop applications to aggregators, brokers and lenders (branded 'Spectrum').
- One of only two mortgage gateways (formerly branded 'Pisces').

More information: [www.rubik.com.au](http://www.rubik.com.au).

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