

— Street Talk

IntelliHR's M&A ping pong match ends with whopper 280pc premium

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One spectacular bidding war has played out under the radar and came to a head on Wednesday morning after one party pulled the pin.

That was **IntelliHR**, the little-known human resources platform, which had sat on the ASX at about 6.3¢ per share until the **Accel-KKR-owned Humanforce** lobbed a 11¢ per share bid for the company. That was already a 75 per cent premium on the last close.

While that premium wouldn't normally leave much headroom for higher bids – even in the technology sector, where market caps have fallen substantially – that was not the case with IntelliHR. The arrival of **The Access Group** in early March turned the friendly approach from Humanforce –recommended by the board – into a heated contest.

The exit of TAG from the bidding on Wednesday left the offer at 24¢ – or a 280 percent premium to the undisturbed price. To put that in context, Nearmap in November and a more recent bid for Nitro Software won over shareholders at 83per cent and 86 per cent premiums respectively.

In all, IntelliHR got nine bids, including the 11¢ per share opening salvo from Humanforce, 14¢ from TAG, 16.5¢ from Humanforce, 20¢ from TAG and 19.5¢ from Humanforce after it cornered a 19.99 stake after convincing private equity investors like Colinton Capital Partners to sell at 16.5¢.

A few bids later, Humanforce ended up at 24¢ on Monday.

There's still the chance that someone on the register holds out for a final increase –arb funds Harvest Lane and Canada's Traynor Ridge Capital could make getting to 75 per cent hard even though Humanforce should reach majority control from here. A 280 per cent premium, however, will likely leave the gunpowder cupboard emptied.

IntelliHR is a small business. But it has been an entertaining M&A battle to watch. A near-300 per cent premium is something bankers joked about needing to get deals done in a red-hot tech market last year. Could this deal reset premium expectations for bidders – including at larger targets – or is it a once-off case of a small group catching the fancy of two cashed-up suitors?

Johnson Winter Slattery and MA Moelis advised Humanforce, while **Oaktower Partnership** was on TAG's side.