



M&A for the
digital markets

DATAPOINT:

Analysis of Kanbay International, Inc. IPO



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INITIAL PUBLIC OFFERING – NASDAQ: KBAY

KANBAY INTERNATIONAL, INC.

Company Description:

Founded in 1989, Kanbay International, Inc. is a global IT services firm focused on the financial services industry. Kanbay provides its services primarily to commercial and retail lending institutions, insurance companies, card issuers, and securities and investment management firms. The company uses a global delivery model to provide application development, maintenance and support, software package selection and integration, business process and technology advice, network and system security, and specialized services. Kanbay is headquartered in suburban Chicago and has offices in the U.S., Canada, U.K., Australia, Hong Kong, Japan, Singapore and India.

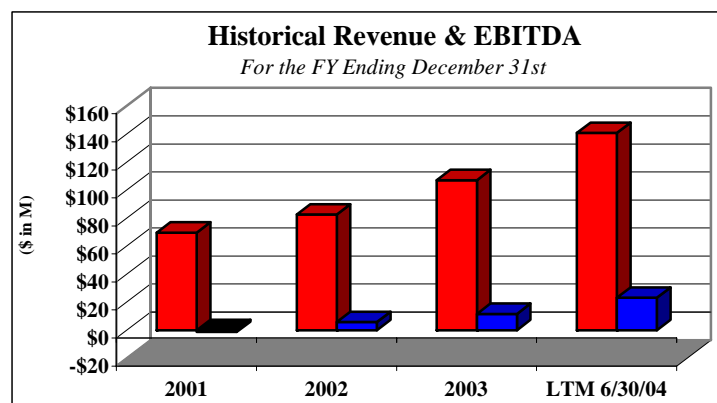
The Offering:	
Pricing Date:	July 22, 2004
Exchange:	NASDAQ
Ticker:	KBAY
Share Price:	\$13.00
Total Shares Offered:	7.15m
Offering amount:	\$92.95m
Total Shares Outstanding:	32.36m
% of Company Offered:	22%
Market Cap. (at pricing):	\$420.68m
Enterprise Value (at pricing):	\$419.54m

Use of Proceeds:	
The company estimates net proceeds from the sale of the 5,362,500 shares of the common stock offering will be approximately \$61m, assuming an initial public offering price of \$13.00 per share, after deducting the underwriting discounts and commissions and estimated expenses. The company will not receive any proceeds from the sale of the 1,787,500 shares to be sold by the selling stockholders pursuant to the underwriters' over-allotment option. KBAY will use the IPO to:	
⊙	Use approximately \$45m of the net proceeds to construct a new delivery center in Hyderabad, India and to expand the company's delivery center in Pune, India;
⊙	Use the balance of \$15m for working capital and other general corporate purposes, including additional infrastructure expansion or acquisitions of or strategic investments in complementary businesses, technologies or services; and
⊙	Pending their use, the company intends to invest net proceeds from this offering in short-term, investment grade interest-bearing instruments.

Timeline of Events:

- 8/2/04: Kanbay announced that the underwriters of the recent IPO of 7,150,000 shares have exercised in full their over-allotment option to purchase an additional 1,072,500 shares of common stock from certain selling stockholders.
- 7/26/04: The company began trading and closed at \$14.45, up 11% for the day.
- 7/22/04: The company priced 7.15m shares at \$13 for the following Monday's trading.
- 7/6/04: The company set its price to \$13-\$15 and set its number of shares to be offered at 7.15m.
- 3/11/04: The company filed for IPO.

Metrics:



Note:

*LTM = Latest Twelve Months.

*LQA = Latest Quarter Annualized.

*Enterprise Value = Market Capitalization + Net Debt.

Enterprise Value at Pricing /	
LTM Revenue at 6/30/04	LTM EBITDA at 6/30/04
3.0x	18.1x

Enterprise Value at Pricing /	
LQA Revenue at 6/30/04	LQA EBITDA at 6/30/04
2.3x	12.0x

The information contained herein was obtained from public sources and should not be relied upon without independent verification.