

PEAKSTONE

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IT Services Industry Insight









August 2017

IT Services M&A Update

IT Services categories continue to see strong M&A activity

For the 2017 YTD period, strategic buyers accounted for 95% of the IT Services M&A transactions with financial buyers making up the difference; during 2016, strategic buyers accounted for approximately 87% of the transactions

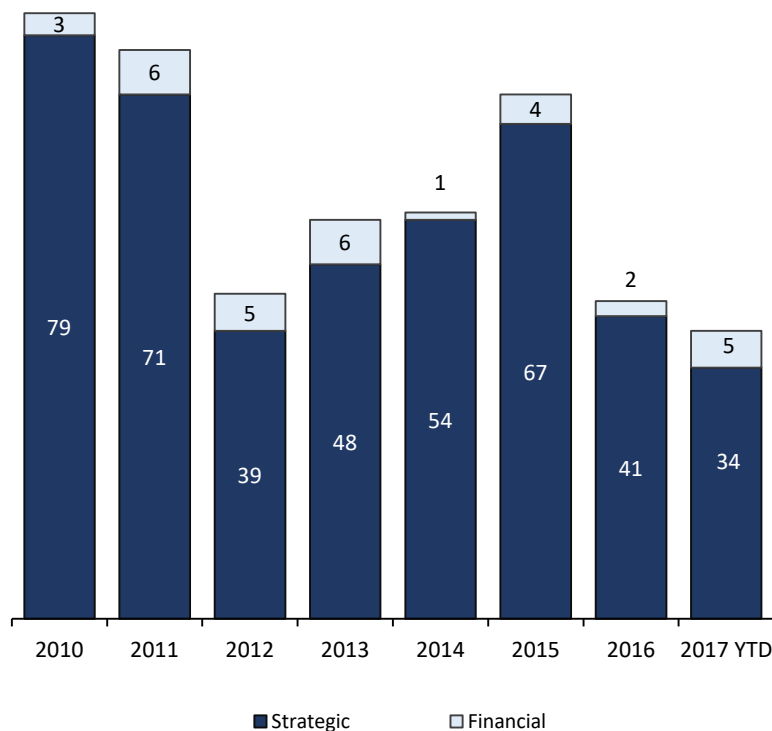
Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
Aug-2017	Announced	 BAMTECHNOLOGIES	\$1.58 billion	The  Company
Jun-2017	Announced	 viawest	\$1.68 billion	 peak 10
Jan-2017	Announced	 MoneyGram®	\$2.15 billion	 Alipay™
Dec-2016	Closed	 neustar	\$2.94 billion	 GIC

U.S. IT Services Industry – M&A Market Overview

U.S. IT Services transaction activity has been strong

U.S. Number of Transactions by Buyer Type



U.S. Transaction Multiples

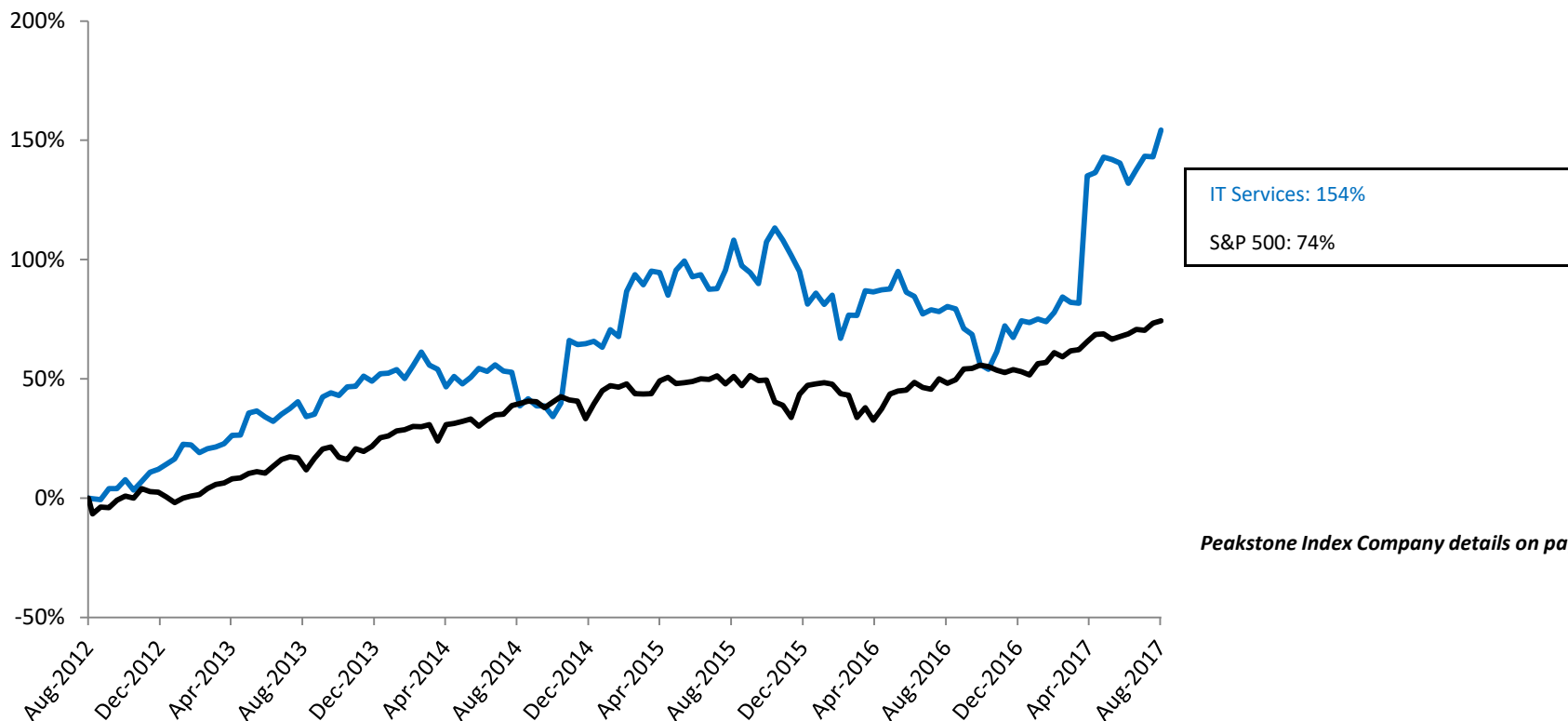


Source: Capital IQ, data as of 8/11/2017.

Peakstone IT Services Index – Trading Statistics

IT Services categories performed favorably compared to the S&P 500

Relative Stock Performance



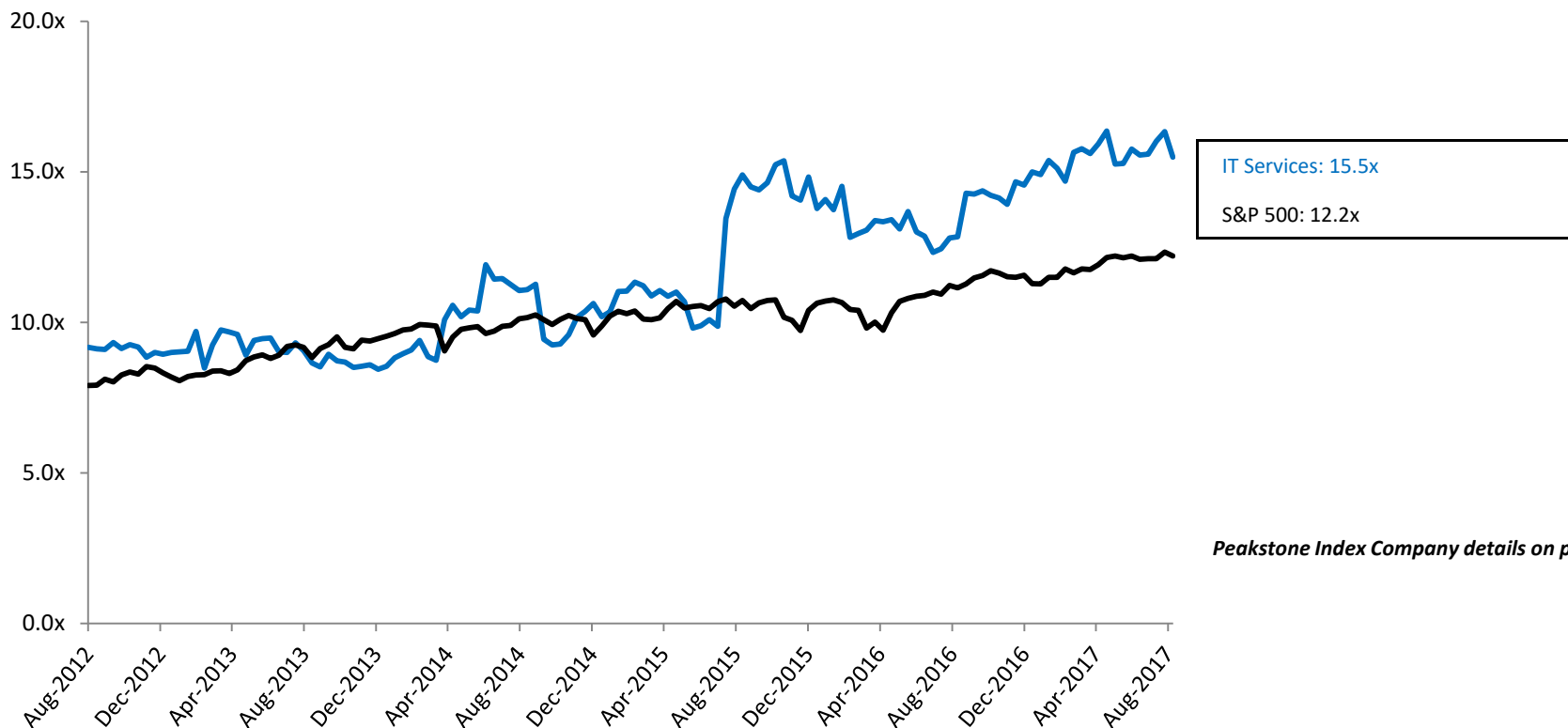
Peakstone Index Company details on page 5

Source: Capital IQ, data as of 8/11/2017.
Note: Peakstone Indexes are equally weighted.

Peakstone IT Services Index – Trading Statistics

IT Services categories performed favorably compared to the S&P 500

Comparable Valuation Trends – Enterprise Value / EBITDA



Peakstone Index Company details on page 5

Source: Capital IQ, data as of 8/11/2017.
Note: Peakstone Indexes are equally weighted.

Public Trading Comparables by Sector

Select IT Services Public Trading Comparables

(\$ in millions)

Company Name	Cap	Value	Revenue	EBITDA	EBIT	P/E Ratio	Margin %	Margin %
IT Services								
Visa Inc.	\$228,882	\$240,108	13.5x	19.7x	20.2x	26.2x	97%	68%
International Business Machines Corporation	\$132,186	\$165,690	2.1x	9.6x	13.0x	10.2x	46%	22%
Mastercard Incorporated	\$136,893	\$135,356	11.8x	20.5x	21.8x	27.1x	100%	58%
PayPal Holdings, Inc.	\$69,787	\$60,622	5.2x	26.8x	35.5x	29.0x	46%	19%
Automatic Data Processing, Inc.	\$48,352	\$47,571	3.8x	17.5x	19.8x	28.3x	43%	22%
Fidelity National Information Services, Inc.	\$29,658	\$38,698	4.1x	15.5x	22.7x	19.6x	33%	27%
Cognizant Technology Solutions Corporation	\$41,704	\$38,317	2.7x	13.8x	16.2x	17.5x	39%	20%
First Data Corporation	\$16,125	\$36,904	4.7x	12.2x	18.3x	10.8x	60%	35%
Alliance Data Systems Corporation	\$12,353	\$32,114	4.3x	21.9x	30.1x	11.1x	22%	20%
Fiserv, Inc.	\$25,854	\$30,296	5.4x	17.1x	20.2x	22.6x	46%	31%
DXC Technology Company	\$23,359	\$28,635	2.5x	23.5x	53.3x	11.4x	23%	11%
Leidos Holdings, Inc.	\$8,571	\$11,557	1.2x	12.0x	16.6x	16.5x	12%	10%
The Western Union Company	\$8,770	\$11,333	2.1x	8.4x	10.4x	10.6x	39%	25%
Booz Allen Hamilton Holding Corporation	\$4,945	\$6,469	1.1x	11.6x	13.0x	17.3x	23%	10%
Conduent Incorporated	\$3,520	\$5,483	0.9x	12.0x	NM	20.7x	15%	7%
IT Services Median	\$25,854	\$36,904	3.8x	15.5x	20.0x	17.5x	39%	22%

Source: Capital IQ, data as of 8/11/2017.

Selected IT Services Industry Transactions

Selected IT Services Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
08/08/2017	BAM Technologies, LLC	\$1,580	The Walt Disney Company (NYSE:DIS)	-	The Walt Disney Company (NYSE:DIS) entered into an agreement to acquire an incremental 42% interest in BAM Technologies, LLC for approximately \$1.6 billion on August 8, 2017.
07/28/2017	FORTRUST LLC	\$128	Iron Mountain Incorporated (NYSE:IRM)	-	Iron Mountain Incorporated (NYSE:IRM) agreed to acquire FORTRUST LLC for approximately \$130 million on July 28, 2017.
07/03/2017	NCI, Inc. (NasdaqGS:NCIT)	\$289	H.I.G. Capital, LLC	9.6x	H.I.G. Capital, LLC signed a definitive agreement to acquire NCI, Inc. (NasdaqGS:NCIT) for approximately \$270 million on July 2, 2017.
06/13/2017	ViaWest, Inc.	\$1,675	Peak 10 Holding Corporation	-	Peak 10 Holding Corporation entered into an agreement to acquire ViaWest, Inc. from Shaw Communications, Inc. (TSX:SJR.B) for approximately \$1.7 billion on June 12, 2017. The purchase consideration will be paid in cash.
05/29/2017	CardConnect Corp.	\$728	First Data Corporation (NYSE:FDC)	26.6x	First Data Corporation (NYSE:FDC) entered into a definitive merger agreement to acquire CardConnect Corp. for approximately \$480 million on May 26, 2017.
05/24/2017	NES Associates, LLC	\$105	CSRA Inc. (NYSE:CSRA)	-	CSRA Inc. (NYSE:CSRA) signed a definitive agreement to acquire NES Associates, LLC for approximately \$110 million on May 22, 2017.
05/13/2017	Lattice Data, Inc.	\$200	Apple Inc. (NasdaqGS:AAPL)	-	Apple Inc. (NasdaqGS:AAPL) acquired Lattice Data, Inc. for approximately \$200 million on May 13, 2017.

Source: Capital IQ.

Selected IT Services Industry Transactions (cont.)

Selected IT Services Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
05/01/2017	Viptela, Inc.	\$610	Cisco Systems, Inc. (NasdaqGS:CSCO)	-	Cisco Systems, Inc. (NasdaqGS:CSCO) announced its intent to acquire Viptela Inc. for approximately \$610 million on May 1, 2017. Under the terms of the agreement, Cisco will acquire Viptela for \$610 million in cash and assumed equity awards.
04/17/2017	Wilcon Holdings LLC	\$600	Crown Castle International Corp. (NYSE:CCI)	-	Crown Castle International Corp. (NYSE:CCI) entered into a definitive agreement to acquire Wilcon Holdings LLC from Pamlico Capita and others for approximately \$600 million on April 17, 2017.
03/14/2017	MoneyGram International, Inc. (NasdaqGS:MGI)	\$1,929	Euronet Worldwide, Inc. (NasdaqGS:EEFT)	8.0x	Euronet Worldwide, Inc. (NasdaqGS:EEFT) made a proposal to acquire MoneyGram International, Inc. (NasdaqGS:MGI) from Thomas H. Lee Partners, L.P., Carlson Capital, L.P. and other shareholders for approximately \$1 billion on March 14, 2017.
02/06/2017	Sentinel NC-1, LLC and 800 Cottontail, LLC	\$490	CyrusOne LP	-	CyrusOne LP entered into a definitive agreement to acquire Sentinel NC-1, LLC and 800 Cottontail, LLC from Sentinel Data Centers, LLC for \$490 million in cash on February 6, 2017. The purchase price excludes transaction-related expenses.
01/27/2017	Harris Corporation, Government IT Services Business	\$690	Veritas Capital Fund Management, LLC	-	Veritas Capital entered into a definitive agreement to acquire government IT services business from Harris Corporation (NYSE:HRS) for \$690 million in cash on January 26, 2017. The transaction is subject to customary purchase price adjustments.
01/26/2017	MoneyGram International, Inc. (NasdaqGS:MGI)	\$2,146	Alipay (UK) Limited	9.1x	Alipay UK Ltd. ('Alipay') entered into a definitive agreement to acquire MoneyGram International, Inc. for approximately \$760 million on January 26, 2017.
01/17/2017	SimpliVity Corporation	\$650	Hewlett Packard Enterprise Company (NYSE:HPE)	-	Hewlett Packard Enterprise Company (NYSE:HPE) signed a definitive agreement to acquire SimpliVity Corporation from a group of sellers for \$650 million in cash on January 17, 2017. The transaction is subject to adjustments.

Source: Capital IQ.

Peakstone Momentum

 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>	 <p>M&A Advisor PEAKSTONE</p>
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About Peakstone

Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com.

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