

PEAKSTONE

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IT Services
Industry Insight

October 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 90% of the IT Services M&A transactions with financial buyers making up the difference; during 2016, strategic buyers accounted for approximately 95% of the transactions

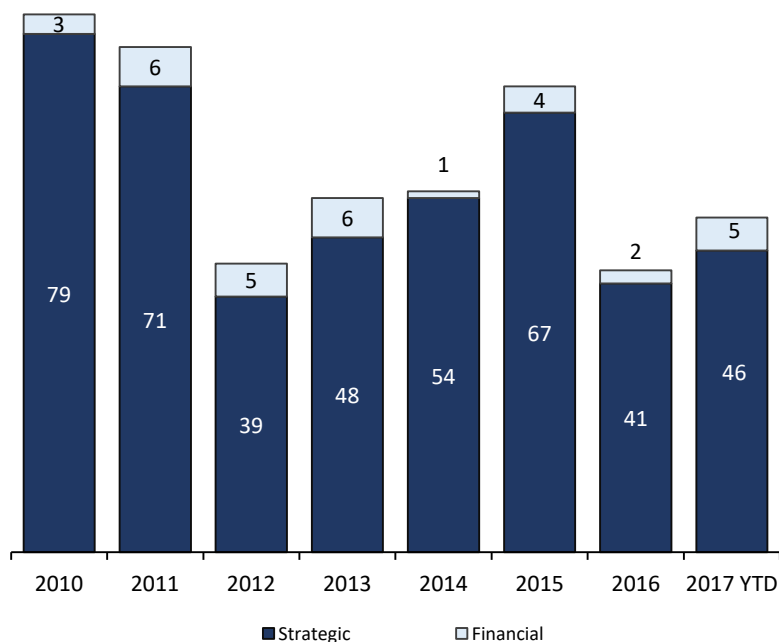
Select Recent Notable Publicly Announced M&A Transactions

Date	Target / Issuer	Buyers / Investors	Transaction Comments
06/23/2017	Clarity, Inc.	Perficient	Clarity, Inc. provides enterprise intelligence solutions for government and commercial entities.
06/14/2017	Perseus Telecom Limited	GTT Communications, Inc.	Perseus Telecom Limited provides design, planning, construction, and implementation of networks for banking industry, trading industry, finance industry, fund management industry and broadcast media industry.
06/01/2017	Pointsource Technologies LLC	Global Payments Inc.	-
01/05/2017	JIBE Inc.	The Hackett Group, Inc.	JIBE Inc. provides cloud-based recruiting technology solutions that allow talent acquisition teams to identify, attract, and engage candidates on the planet.
05/04/2017	SixSigma Networks Mexico SA de CV	Zayo Group Holdings, Inc.	SixSigma Networks Mexico SA de CV operates information data centers and provides information technology outsourcing services to public and private sectors. It offers Internet exchange point, proximity hosting, complex managed hosting, business continuity plans, co-location, and SAX services.
03/20/2017	Ciber, Inc.	Infor	Ciber, Inc. operates as an information technology (IT) service company worldwide. It operates as an independent software vendor or channel partner; and provides project management, application and technical consulting, and database administration for implementation projects and managed-services.
03/07/2017	Maintech, Incorporated	Oak Lane Partners	Maintech, Incorporated provides infrastructure support services for corporate IT enterprises in North America. It offers managed services, such as program management, design and implementation, disaster recovery/business continuity, remote performance monitoring and system administration.
03/06/2017	Kimball Bridge Holdings LLC	TowerBrook	Kimball Bridge Holdings LLC owns and operates data center. The company was incorporated in 2008 and is based in Alpharetta, Georgia.
01/17/2017	Cynergistek, Inc.	AUXO	Cynergistek, Inc. provides outsourced document management services and IT security consulting services primarily to the healthcare industry in the United States. It offers workflow solutions; and creates manageable, dependable print management programs by managing the back-office processes of hospital clients.

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

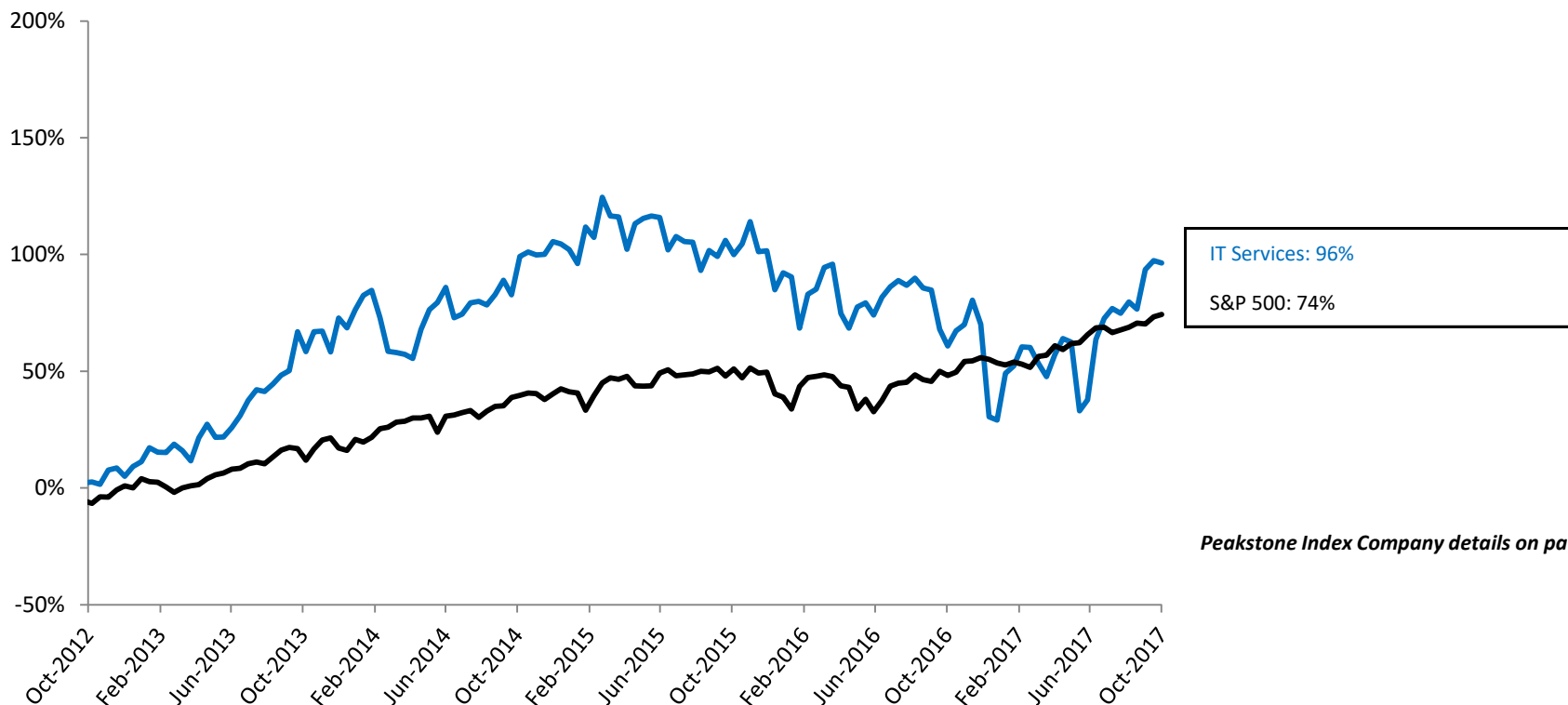


Source: Capital IQ, data as of 10/27/2017.

Peakstone IT Services Index – Trading Statistics

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

Relative Stock Performance



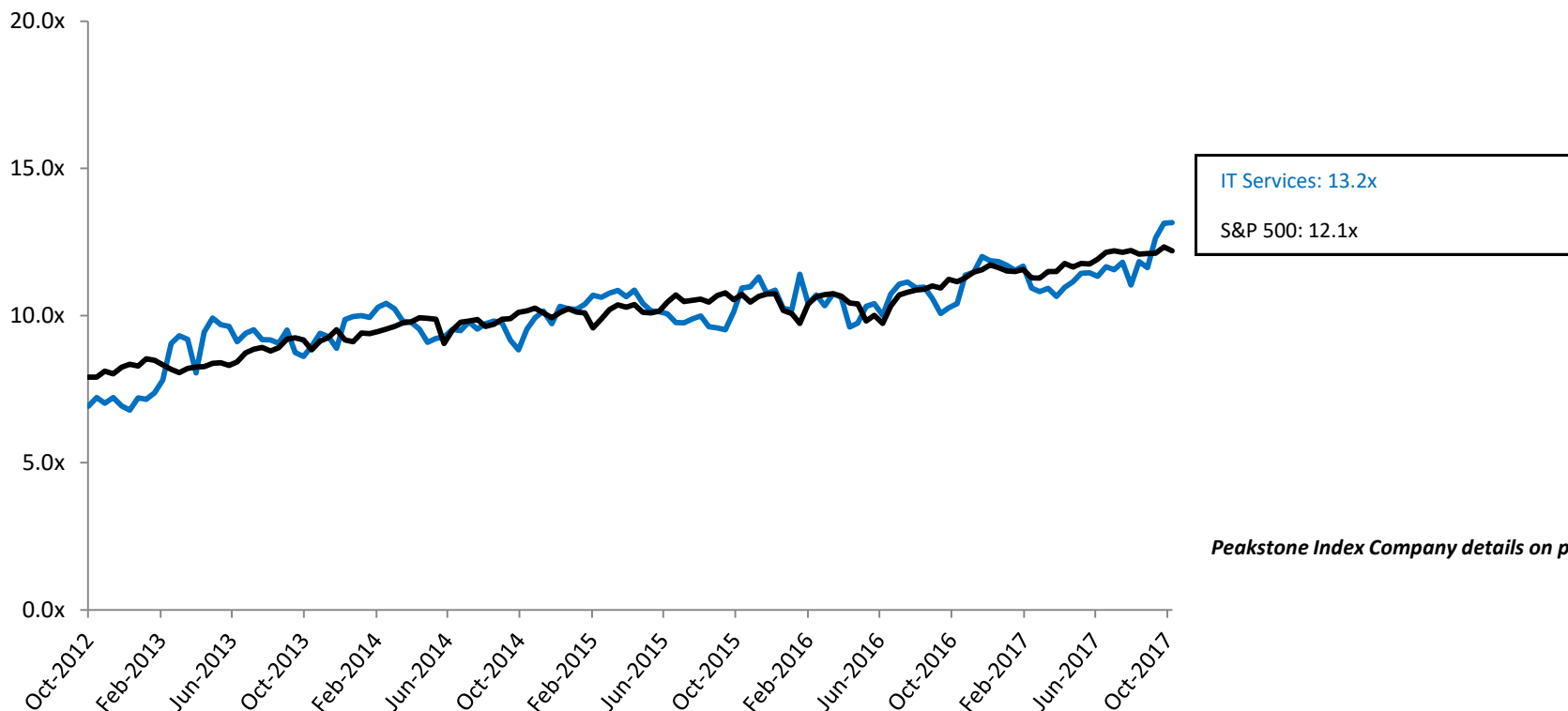
Peakstone Index Company details on page 5

Source: Capital IQ, data as of 10/27/2017.
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 10/27/2017.
Note: Peakstone Indexes are equally weighted.

Public Trading Comparables by Sector

Select IT Services Public Trading Comparables

(\$ in millions)

(\$ in millions)	Market	Enterprise	Enterprise Value /			Forward	Gross	EBITDA
Company Name	Cap	Value	Revenue	EBITDA	EBIT	P/E Ratio	Margin %	Margin %
Financial Software								
International Business Machines Corporation	\$143,221	\$177,462	2.3x	10.0x	13.4x	11.0x	46%	23%
Accenture plc	\$88,077	\$84,733	2.4x	14.3x	16.5x	21.7x	32%	16%
Cognizant Technology Solutions Corporation	\$44,527	\$41,140	2.9x	14.8x	17.4x	18.6x	39%	20%
HP Inc.	\$35,910	\$35,729	0.7x	8.5x	9.3x	12.3x	18%	8%
Xerox Corporation	\$7,747	\$12,212	1.2x	7.7x	11.0x	8.7x	40%	14%
CACI International Inc	\$3,545	\$4,714	1.1x	12.9x	15.8x	21.3x	33%	8%
EPAM Systems, Inc.	\$4,777	\$4,358	3.4x	23.7x	27.6x	24.5x	36%	14%
Syntel, Inc.	\$1,909	\$2,188	2.4x	9.2x	9.9x	13.4x	38%	26%
Insight Enterprises, Inc.	\$1,601	\$1,911	0.3x	8.5x	10.3x	13.9x	14%	4%
ManTech International Corporation	\$1,800	\$1,692	1.0x	13.4x	17.7x	30.4x	15%	8%
Virtusa Corporation	\$1,122	\$1,207	1.4x	22.7x	42.1x	22.7x	28%	6%
Systemax Inc.	\$1,046	\$886	0.5x	21.0x	25.7x	20.3x	20%	2%
Perficient, Inc.	\$683	\$746	1.6x	15.7x	26.0x	13.8x	33%	10%
Unisys Corporation	\$434	\$495	0.2x	3.8x	5.4x	4.6x	20%	5%
Financial Software Median	\$2,727	\$3,273	1.3x	13.2x	16.1x	16.2x	32%	9%

Source: Capital IQ, data as of 10/27/2017.

Peakstone Momentum

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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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