

## PUBLIC COMPANY METRICS

9.04x

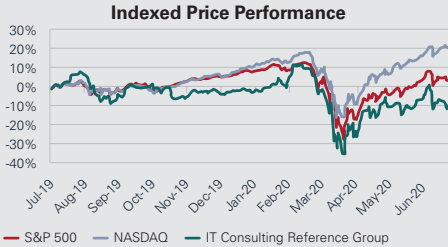
### Median EV to TTM EBITDA Multiple

Share price performance for public IT Consulting firms underperformed the S&P 500 Index and the NASDAQ composite index since Nov-19 and hit the floor on Apr-20, but quickly recovered after Apr-20. The median EV to TTM EBITDA multiple for our IT Consulting reference group dropped from about 10.5x in Jul-19 to about 9.0x in Jun-20. The cited median multiples reflect a wide range within the group.



### Valuation Spotlight

The best performer in our public company reference group was EPAM Systems. (NAS: EPAM), a leading provider of digital platform engineering and software development services, whose share price increased by 36% during the TTM period despite the COVID-19 pandemic. One possible reason EPAM outperformed other IT Consulting public companies is that it was involved in helping healthcare systems implement a simplified COVID-19 crisis response solution.



## US M&A TRANSACTIONS

323

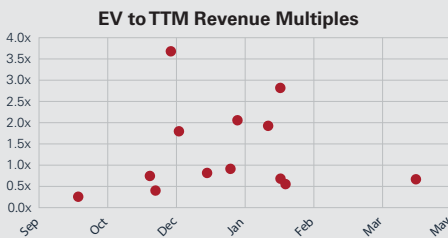
### Number of Deals

There were 323 US M&A transactions in the IT Consulting industry during the 12 months ended Jun-20. Of the 13 transactions for which valuation data was disclosed, the median EV to TTM revenue multiple was 0.8x (see graph at the left). The median EV to TTM EBITDA multiple was 6.1x.



### M&A Spotlight

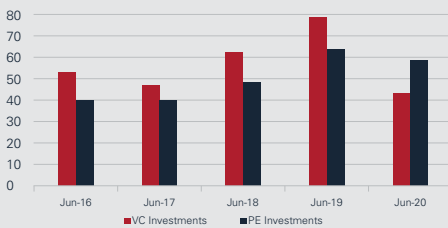
Incentive Technology Group is a pure play digital consulting firm delivering IT systems modernization and business transformation services that was acquired by ICF International (NAS: ICFI) in Jan-20. The purchase consideration was \$255M and the implied EV to TTM revenue multiple was 2.8x.



## PRIVATE EQUITY & VENTURE CAPITAL ACTIVITY



### PE / VC Investment Volume



After upticks in transaction volume over the last several years, the number of PE and VC investments in the US IT Consulting space decreased during the 12 months ended Jun-20. The average amount invested, however, was trending upward.



### VC Investment Spotlight

Moveworks closed a \$75 million Series B financing round in Nov-19. As the market leader in IT support automation, the company planned to use the funding to accelerate R&D efforts around natural language understanding and conversational AI.

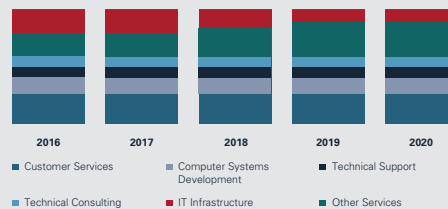
## IT Consulting Industry Revenue

3.1%  
Historical 5-Year CAGR

2.7%  
Prospective 5-Year CAGR

## REVENUE GROWTH

### Sub-Industry Breakdown



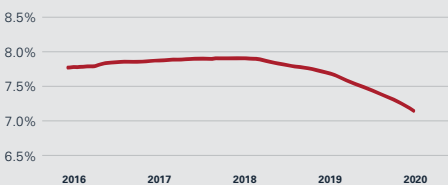
### Sub-Industry Trends

Over the past five years, the computer systems development sub-industry and the IT infrastructure sub-industry declined on a relative basis, due to widespread adoption of IaaS (infrastructure-as-a-service), PaaS (platform-as-a-service) and hybrid cloud systems.

## PROFITABILITY



### EBITDA Margin



Industry profitability was stable in the prior four years before dropping more recently. This is due to rising wages as a percentage of revenue. A strong demand for IT services, increased investment in new technology, and a growing trend of entrepreneurship have boosted the average wage per worker.

**FOR MORE INFORMATION  
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Sources: S&P Capital IQ, SEC filings, press releases, IBISWorld IT Consulting Industry Reports.

Abbreviations: EV=Enterprise Value; EBITDA=Earnings Before Interest, Taxes, Depreciation and Amortization; TTM=Trailing Twelve Months; PE=Private Equity; M&A=Merger and Acquisition; PE=Private Equity Public Company Metrics: Based on reference group of publicly traded IT Consulting firms: IBM, PRFT, VRTU, DXC, UIS, HCKT, CSPI, CTG, III, EPAM. Composite metrics weighted based on market capitalization.

M&A Transactions: A variety of factors can influence the implied valuation multiple reported for any given M&A transaction, including the type of buyer involved, the target's growth prospects, and profitability. While revenue-based valuation multiples can be less meaningful than earnings-based valuation multiples (e.g. EV to EBITDA), revenue multiples are presented in our chart because that information is more commonly disclosed.

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