

PEAKSTONE

www.peakstone.com



IT Services Industry Insight

February 2018

IT Services M&A Update

IT Services categories continue to see strong M&A activity

In 2017, 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

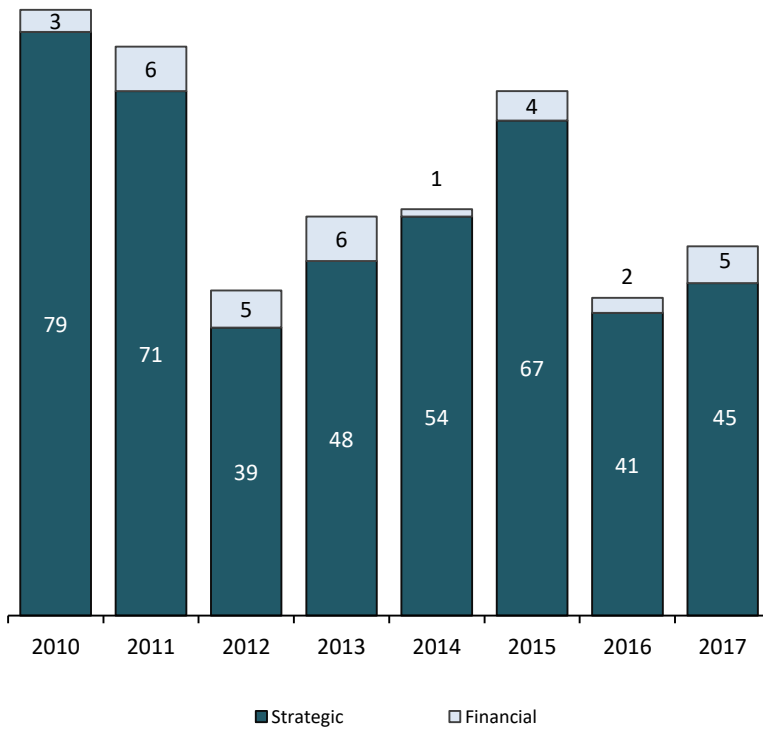
Select Recent Notable Publicly Announced M&A Transactions

Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
01/16/2018	Blackhawk Network Holdings, Inc. (NasdaqGS:HAWK)	\$3,990	Silver Lake; P2 Capital Partners, LLC	25.4x	P2 Capital Master Fund I, LP managed by P2 Capital Partners, LLC and Silver Lake Partners V managed by Silver Lake entered into an agreement and a plan of merger to acquire 94.6% stake in Blackhawk Network Holdings, Inc. (NasdaqGS:HAWK) for \$2.
01/11/2018	DST Systems, Inc. (NYSE:DST)	\$5,748	SS&C Technologies Holdings, Inc. (NasdaqGS:SSNC)	13.0x	SS&C Technologies Holdings, Inc. (Nasdaq:SSNC) entered into a definitive agreement to acquire DST Systems, Inc. (NYSE:DST) for \$5.1 billion on January 11, 2018.
12/18/2017	Cayan LLC	\$1,050	Total System Services, Inc. (NYSE:TSS)	-	Total System Services, Inc. (NYSE:TSS) entered into an agreement to acquire Cayan LLC from Parthenon Investors IV, L.P. managed by Parthenon Capital Partners and others for \$1.1 billion on December 16, 2017.
12/11/2017	IO Data Centers, LLC	\$1,340	Iron Mountain Incorporated (NYSE:IRM)	-	Iron Mountain Incorporated (NYSE:IRM) entered into a definitive agreement to acquire equity interests of IO Data Centers LLC ("IODC") from Sterling Partners for \$1.3 billion on December 11, 2017.
11/30/2017	Aricent Inc.	\$2,000	Altran US	10.4x	Altran US entered into a definitive agreement to acquire Aricent Inc. from KKR & Co. L.P. (NYSE:KKR) and others for an enterprise value of \$2 billion on November 30, 2017. Altran Technologies S.A.
10/26/2017	Planet Payment, Inc.	\$260	Fintrax Group Holdings Ltd.	18.9x	Fintrax Group Holdings Ltd. entered into a definitive agreement to acquire Planet Payment, Inc. (NasdaqCM:PLPM) for approximately \$220 million on October 26, 2017. Fintrax will acquire Planet Payment for \$4.50 per share in cash.
10/20/2017	BluePay, Inc.	\$760	First Data Corporation (NYSE:FDC)	-	First Data Corporation (NYSE:FDC) entered into a definitive stock purchase agreement to acquire BluePay, Inc. from TA Associates Management, L.P., BluePay management and others for \$760 million on October 20, 2017.
10/19/2017	Dominion Products and Services, Inc.	\$143	HomeServe USA Repair Management Corp.	-	HomeServe USA Repair Management Corp. entered into an agreement to acquire Dominion Products and Services, Inc. for approximately \$140 million on October 19, 2017.
10/17/2017	Praxis Engineering Technologies, Inc.	\$235	CSRA LLC	-	CSRA LLC signed a definitive agreement to acquire Praxis Engineering Technologies Inc. ('Praxis') for approximately \$240 million on October 17, 2017. The purchase consideration is payable in cash.
10/02/2017	Not Ordinary Media, LLC	\$53	MTM Choice LLC	-	MTM Choice LLC acquired Not Ordinary Media, LLC from Loren Rochelle and Brent Neill for approximately \$53 million on September 29, 2017.

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

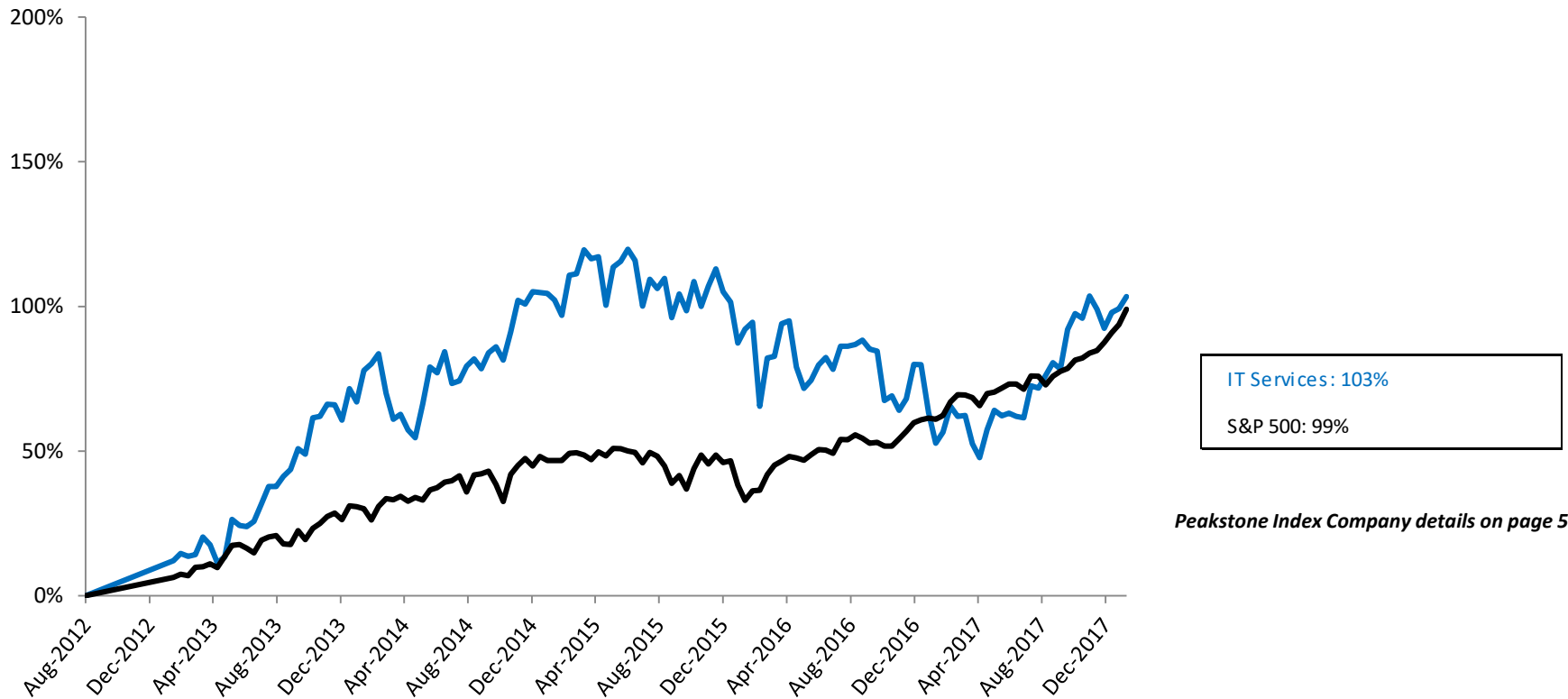


Source: Capital IQ, data as of 1/18/2018.

Peakstone IT Services Index – Trading Statistics

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

Relative Stock Performance



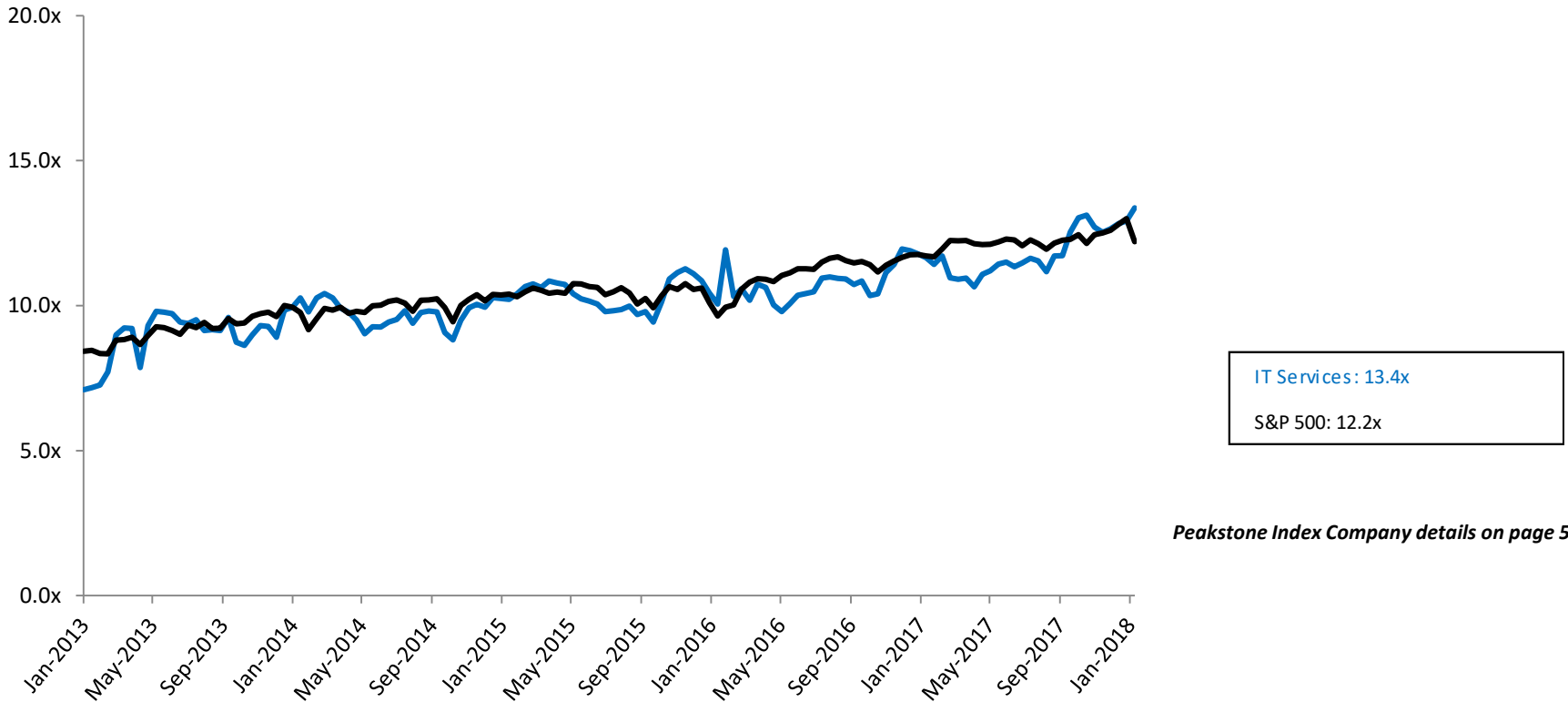
Peakstone Index Company details on page 5

Source: Capital IQ, data as of 1/18/2018.
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 1/18/2018.
Note: Peakstone Indexes are equally weighted.

Public Trading Comparables by Sector

Select IT Services Public Trading Comparables

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
IT Services								
International Business Machines Corporation	\$156,570	\$190,827	2.4x	11.7x	16.2x	12.1x	46%	21%
Accenture plc	\$99,247	\$96,381	2.7x	16.5x	18.2x	23.8x	32%	16%
Cognizant Technology Solutions Corporation	\$45,255	\$41,365	2.9x	14.4x	16.8x	18.2x	39%	20%
HP Inc.	\$38,317	\$38,002	0.7x	8.7x	9.5x	13.0x	18%	8%
Xerox Corporation	\$7,986	\$12,451	1.2x	8.1x	11.5x	9.4x	40%	14%
EPAM Systems, Inc.	\$5,974	\$5,485	4.0x	27.9x	32.4x	28.2x	37%	14%
CACI International Inc	\$3,384	\$4,489	1.0x	12.4x	15.2x	20.2x	33%	8%
Syntel, Inc.	\$1,945	\$2,224	2.4x	9.0x	9.6x	13.5x	38%	27%
Insight Enterprises, Inc.	\$1,379	\$1,917	0.3x	8.3x	10.1x	11.6x	14%	4%
ManTech International Corporation	\$2,019	\$1,870	1.1x	14.8x	19.6x	30.8x	15%	8%
Virtusa Corporation	\$1,396	\$1,460	1.6x	24.5x	42.7x	25.8x	28%	6%
Systemax Inc.	\$1,147	\$971	0.6x	17.5x	20.3x	21.1x	21%	3%
Perficient, Inc.	\$685	\$747	1.6x	14.6x	23.6x	14.4x	34%	11%
Unisys Corporation	\$452	\$474	0.2x	3.5x	5.1x	5.1x	20%	5%
IT Services Median	\$2,702	\$3,356	1.4x	13.4x	16.5x	16.3x	32%	10%

Source: Capital IQ, data as of 1/18/2018.

Peakstone Momentum

 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 Financial Advisor PEAKSTONE	 Financial Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE
 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 Financial Advisor PEAKSTONE
 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE
 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 Financial Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE

Contact Us

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.

Contact

Alex Fridman

Managing Director

alex@peakstone.com

312-204-7300

Shreyas Venkatasubramaniam

Analyst

shreyas@peakstone.com

312-204-7347