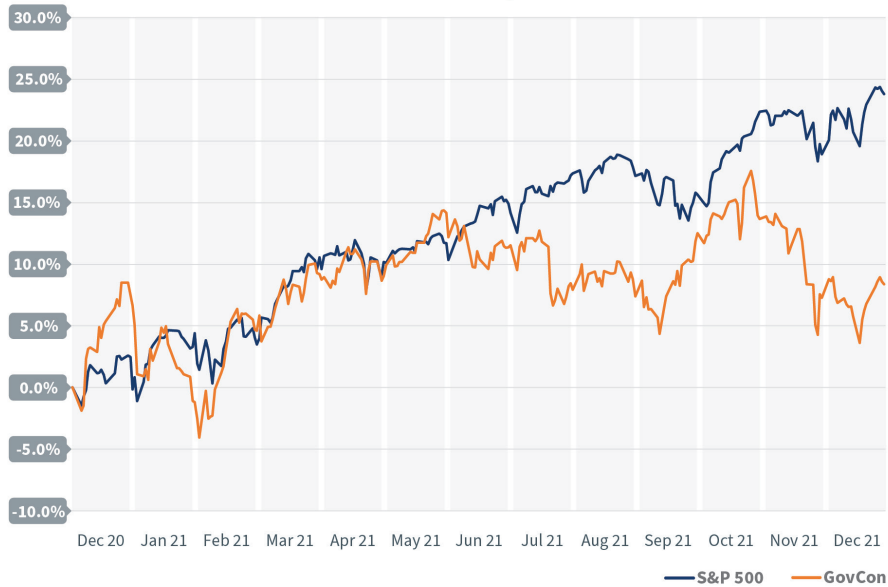


GOVERNMENT CONTRACTOR VALUATION TRACKER – CY 2021

Welcome to the inaugural edition of our Government Contractor Valuation semi-annual update. This update includes key indicators to help GovCon management teams and investors keep track of industry valuation benchmarks and trends. We will be updating this information on a semi-annual basis.

GOVERNMENT SERVICES COMPOSITE VS S&P 500



The returns above are based on a select group of publicly traded government contractors* which appeared to match the performance of the S&P 500 in the first half of 2021 but dropped off in the second half. By Dec. 31, 2021, the S&P 500 outperformed these contractors on average by 15%.

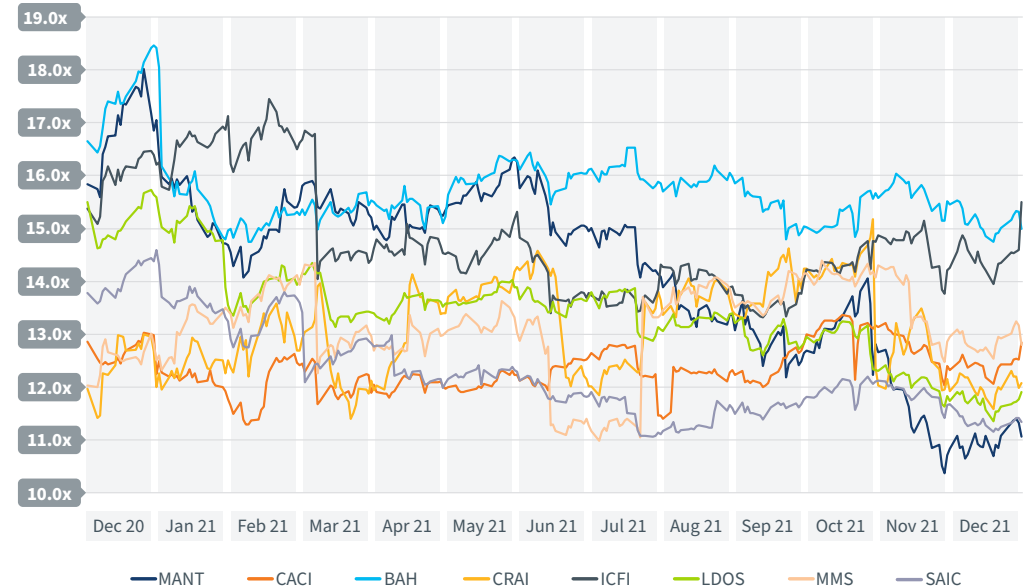
As interest rates are projected to rise, we may see a closing of the underperformance gap going into 2022.

*Contractors included in composite are: MANT, CACI, BAH, CRAI, ICFI, LDOS, MMS, SAIC

Abbreviations:

CY = Calendar Year; **EV** = Enterprise Value; **TTM** = Trailing Twelve Months;
EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization;
DoD = Department of Defense

TTM EBITDA MULTIPLE TRENDS CY2021



Public government services contractors generally traded between 12.0x to 18.0x EBITDA at the beginning of 2021. However, by the end of the year contractors traded between 10.0x to under 16.0x, indicating compression in valuation multiples.

Factors driving multiples in 2022 may include rising interest rates pressuring equities overall and the war in Ukraine, which may contribute to driving up multiples for defense-oriented contractors.

Mergers & Acquisitions in CY 2021

Transaction Date	Target Name	Acquirer Name	Net Sales (\$M)	EBITDA (\$M)	EBITDA Margin %	Enterprise Value	EV/Net Sales	EV/EBITDA
10/25/2021	PAE Incorporated	Amentum Government Services Holdings LLC	2,973	219	7.4%	1,913	0.6x	8.7x
8/19/2021	Alion Science and Technology Corp.	Huntington Ingalls Industries, Inc.	1,065	82	7.7%	2,057	1.9x	24.9x
5/25/2021	Cubic Corporation	Veritas Capital Fund Management, L.L.C; Evergreen Coast Capital Corp.	1,488	237	15.9%	3,477	2.3x	14.7x
5/6/2021	Perspecta Inc.	Peraton Corporation	4,483	646	14.4%	7,273	1.6x	11.3x
4/29/2021	Abaco Systems Inc.	AMETEK, Inc.	325	NA	NA	1,350	4.2x	NA
4/26/2021	Whitney, Bradley & Brown, Inc.	Serco Group plc	212	29	13.7%	288	1.4x	9.9x
4/21/2021	NIC Inc.	Tyler Technologies, Inc.	460	108	23.4%	2,103	4.6x	19.5x
11/2/2020	Pacific Star Communications, Inc.	Curtiss-Wright Corporation	120	NA	NA	406	3.4x	NA
3/13/2020	Unisys Federal	Science Applications International Corporation	689	92	13.4%	1,200	1.7x	13.0x
1/31/2020	Incentive Technology Group, LLC	ICF Incorporated, L.L.C.	90	NA	NA	255	2.8x	NA

Enterprise Value Multiples	Net Sales (\$M)	EBITDA (\$M)	EBITDA Margin %	Enterprise Value	EV/Net Sales	EV/EBITDA
25th Percentile	240	87	10.6%	605	1.7x	10.6x
Median	575	108	13.7%	1,631	2.1x	13.0x

The data above is based on ten transactions in the GovCon space that were closed or announced over CY2021 with publicly disclosed valuation multiples. The transactions indicate a continued trend of middle market firms being acquired by larger rivals and consolidation within the industry. The median EBITDA multiple was 13.0x, near the median of the public company valuation multiples.



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