# SECTORWATCH: Financial Consulting and Valuation March 2018

7 MILE ADVISORS

#### **SECTORWATCH:**

# **Financial Consulting** and Valuation

March 2018

- **Sector Dashboard**
- **Public Basket Performance**
- **Operational Metrics**
- **Valuation Comparison**
- **Recent Deals**
- **Appendix**

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# **OVERVIEW**



#### **Dashboard**

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12month performance against the last 3-year averages



#### **Public Basket Performance**

summary valuation and operating metrics for a basket of comparable public companies



#### **Valuation Comparison**

a more graphical, detailed comparison of valuation multiples for the public basket



#### **Recent Deals**

the most recently announced sector deals

#### **About Us**

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

#### Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

#### Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.



#### DASHBOARD

#### Revenue Growth Momentum



**-2.0**%

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

# **Pricing / Gross Margin Momentum**



**-0.3**%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

# **Profitability Momentum**



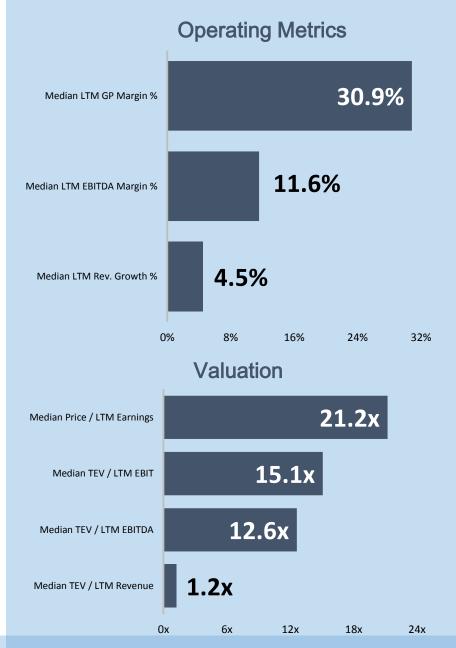
**-0.4**%

1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

#### **PUBLIC BASKET CONSTITUENTS**

NasdagGM:RILY NYSE:CBZ NYSE:FCN NasdaqGS:CRAI **ENXTPA:CAP** NasdaqGS:HCKT NYSE:NCI NYSE:CAN





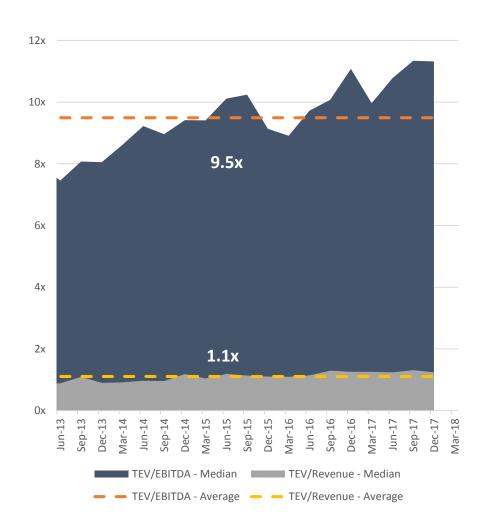
# PUBLIC BASKET PERFORMANCE

Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev	TEV / EBITDA X	# FTEs	Rev / FTE \$k
B. Riley Financial, Inc.	-	293	154%	18%	, NA	0.0	0.0	388	755
CRA International, Inc.	351	370	14%	31%	8%	0.9	12.6	632	586
The Hackett Group, Inc.	518	263	1%	38%	16%	2.0	12.6	1,243	212
Navigant Consulting, Inc.	1,020	940	0%	31%	13%	1.1	8.1	6,008	156
CBIZ, Inc.	1,158	855	7%	12%	10%	1.4	12.9	-	NA
FTI Consulting, Inc.	1,947	1,808	0%	33%	10%	1.1	10.4	4,609	392
Capgemini SE	23,127	15,360	2%	12%	12%	1.5	12.8	199,700	77
Accenture plc	96,424	35,858	7%	32%	16%	2.7	16.5	425,000	84
Average	15,568	6,968	23%	26%	12%	1.3	10.7	79,698	323
Median	1,089	897	4%	31%	12%	1.2	12.6	2,926	212

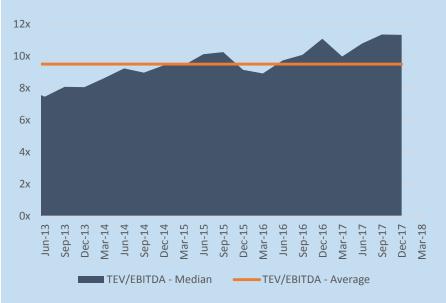
share price as of 01Mar18



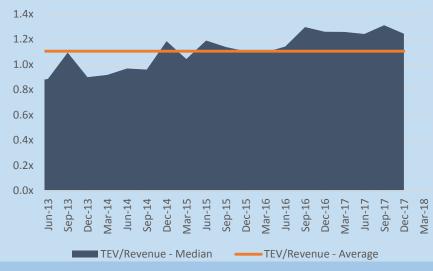
# **PUBLIC BASKET VALUATION TRENDS**



#### **Public EBITDA Multiples Over Time**



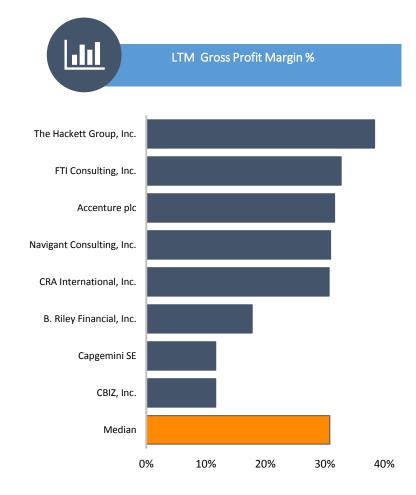
#### **Public Revenue Multiples Over Time**





# **OPERATIONAL METRICS**

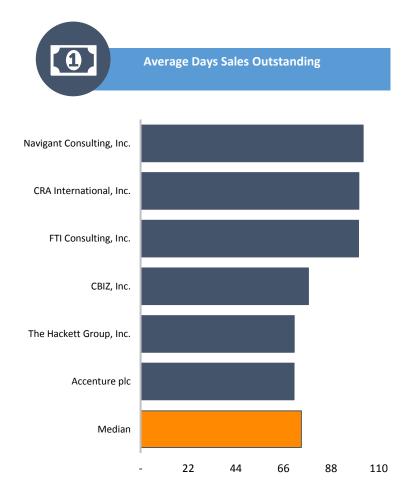






# **OPERATIONAL METRICS**

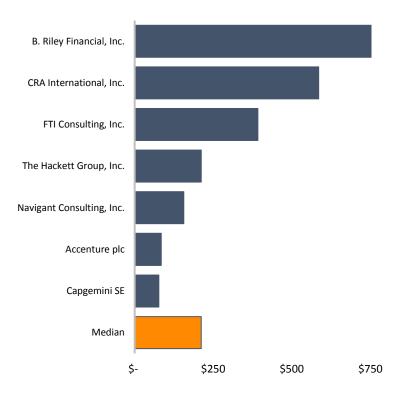


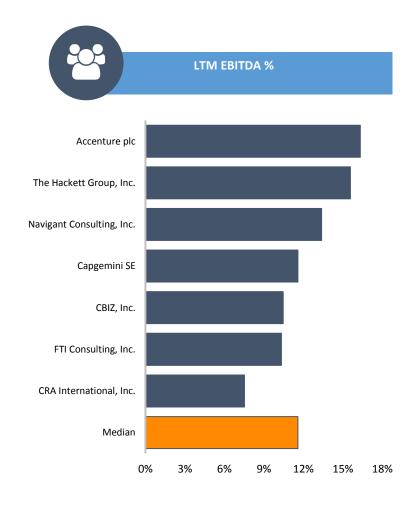




# **OPERATIONAL METRICS**



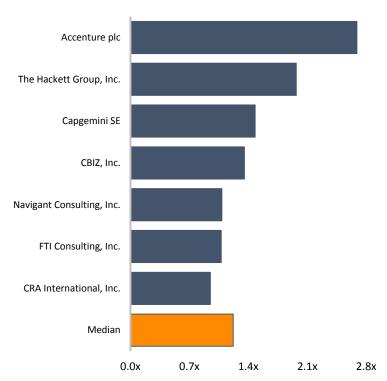


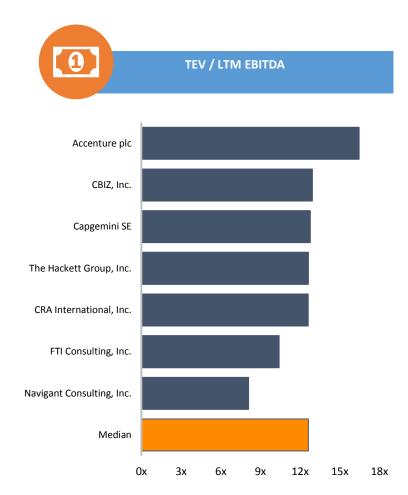




# **VALUATION**

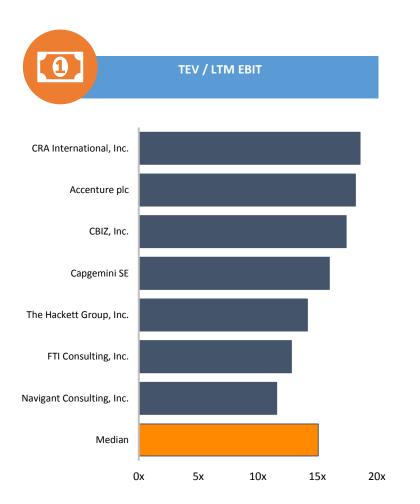








# **VALUATION**







# **VALUATION**

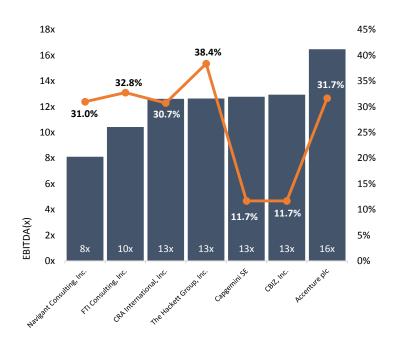


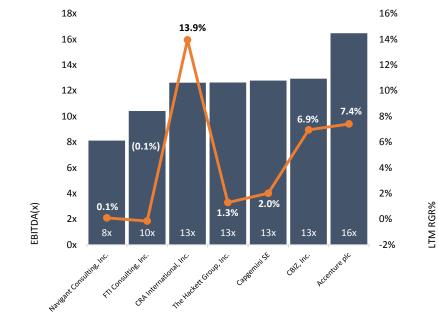
#### Historical Valuation Multiples versus Gross Profit



LTM GP%

Historical Valuation Multiples versus Revenue Growth Rate





Series1 ——Series2





# **RECENT TRANSACTIONS**

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
20Nov17	Bridgepoint Consulting, LLC	Addison Group, LLC	-	-	-	-
28Sep17	May & Barnhard, PC	Councilor- Buchanan & Mitchell	-	-	-	-
21Aug17	Orion Financial Group, Inc. (nka:U-Mind Space, Inc.)	U-Mind Club, Inc	0.28	-	-	-
2Jul17	Bankrate, Inc.	Red Ventures Holdco, LP	1,623.28	476.96	3.0x	14.2x
8Jun17	CMF Associates, LLC	CBIZ, Inc.	-	19.20	-	-
9May17	Matchi Holdings Limited	KPMG International	-	-	-	-
10Apr17	Northbridge Financial Consulting Pty Ltd	Lifestyle Financial Services Pty Ltd.	-	-	-	-
1Jan17	Equity Trends Valuations Inc. (nka:Fazzari Valuations Inc.)	Fazzari + Partners LLP	-	-	-	-
17Jan17	Austin Associates LLC	Professional Bank Services, Inc. (nka:ProBank Austin)	-	-	-	-
30Dec16	Mirae Asset Life Insurance Co., Ltd.	Mirae Asset Daewoo Co., Ltd.	-	3,256.35	-	-
6Dec16	Beijing Huaxia Jiyuan Financial Consulting Co., Ltd.	China Xinyuan Asset Management Co., Ltd.	17.87	-	-	-
10Nov16	PCA Life Insurance Co., Ltd.	Mirae Asset Life Insurance Co., Ltd.	146.13	364.82	-	-
30Sep16	Huatai Securities Co., Ltd.	-	_	2,784.97	_	_
15Jul16	Fortune Securities Co., Ltd.	Hunan Valin Steel Co., Ltd.	76.53	376.04	-	-
13Jul16	Riskedge SAS	Finance Active SA	-	_	-	_
4Jul16	Jones Sheridan Financial Consulting Limited	Pearson Jones plc	-	-	_	-
13Jun16	Anhui Derun Financial Leasing Co., Ltd.	Anhui Xinli Investment Group Company Limited	-	44.09	-	-
31Mar16	Beskidzkie Biuro Consultingowe SA	ABS Investment SA	-	0.21	-	-
28Mar16	Shenzhen Defu United Financial Holding Co., Ltd	Shenzhen Zero-seven Investment Development	0.11	-	-	-
31Dec15	Arrow Financial Consulting Sarl	Astek S.A.	-	11.90	-	-
20Jan16	Residenz GmbH	Neutrass Versicherungs Partner AG (nka:Neutrass-Residenz AG)	-	-	-	-
14Jan16	DJG Financial Consulting, LLC	Holbrook & Manter, CPAs, Investment Arm	-	-	-	-
11Jan16	Beverly Financial Group, Inc.	Sentinus, Llc	-	-	-	-
8Jan16	Natoma Partners, LLC	Stout Risius Ross, Inc.	-	-	-	-
22Dec15	modeFinance SRL	Corvallis BI	1.43	_	-	_
1Dec15	Jackson Clearing Corporation	-	-	-	-	-
9Oct15	DeMoss Capital, Inc.	Keel Point Advisors, LLC	-	-	-	-
29Sep15	AMTD Group Company Limited	China Minsheng Investment Group Corp., Ltd.; L.R. Capital Group	-	-	-	-
5Jun15	Corporate Value Management, Inc.	Caliber Advisors, Inc.		_	_	-
26May15	ACI Advisors, LLC	H. J. Umbaugh and Associates, Certified Public Accountants, LLP	-	-	-	-



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March 2018

Appendix: Public Basket Constituents



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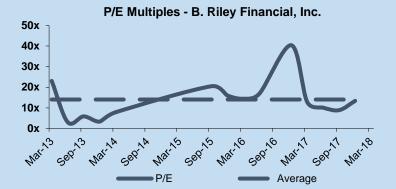


#### B. Riley Financial, Inc.

B. Riley Financial, Inc. provides financial services and solutions primarily in the United States and Europe. The company operates in four segments: Capital Markets, Auction and Liquidation, Valuation and Appraisal, and Principal Investments. It offers merger and acquisitions, restructuring advisory, initial and secondary public offerings, institutional private placements, corporate finance, and research services, as well as equity securities trading services to corporate, institutional, and high net worth individual clients. The company provides investment advisory services to institutional and high net worth investors; multi-family office practice and wealth management services to ultra-high net worth individuals and families: senior secured loans and second lien secured loan facilities to middle market public and the private U.S. companies; and asset disposition and auction solutions to a range of retail and industrial clients. In addition, it offers consumer subscription services and products consisting of Internet access services and devices under the NetZero and Juno brands; valuation and appraisal services to financial institutions, lenders, private equity firms, and other providers of capital. The company was formerly known as Great American Group, Inc. and changed its name to B. Riley Financial, Inc. in November 2014. B. Riley Financial, Inc. was founded in 1973 and is headquartered in Woodland Hills. California.

Date	Key Development Headline

1/15/18 B. Riley Financial, Inc. acquired 6.1% stake in bebe stores, inc. (OTCPK:BEBE) for \$3 million.





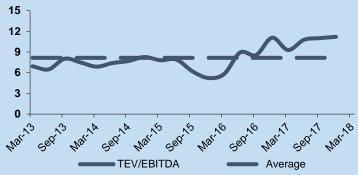
#### CRA International, Inc.

CRA International, Inc., a consulting company, provides economic, financial, and management consulting services worldwide. The company advises clients on economic and financial matters pertaining to litigation and regulatory proceedings; and guides corporations through critical business strategy and performance-related issues. It provides consulting services, including research and analysis, expert testimony, and support in litigation and regulatory proceedings in the areas of finance, accounting, economics, insurance, and forensic accounting and investigations to corporate clients and attorneys. The company also offers services related to class certification, damages analysis, expert reports and testimony, regulatory analysis, strategy development, valuation of tangible and intangible assets, risk management, and transaction support to law firms, businesses, and government agencies. In addition, it provides management consulting services, such as strategy development, performance improvement, corporate strategy and portfolio analysis, estimation of market demand. new product pricing strategies, valuation of intellectual property and other assets, assessment of competitors' actions, and analysis of new sources of supply. The company serves various industries, including agriculture; banking and capital markets; chemicals; communications and media; consumer products; energy; entertainment; financial services; health care; insurance; life sciences; manufacturing; metals. mining, and materials; oil and gas; real estate; retail; sports; telecommunications; transportation; and technology. Further, it develops and markets neural network software tools, as well as provides complementary application consulting services primarily for electric utilities. CRA International, Inc. was founded in 1965 and is headquartered in Boston, Massachusetts.

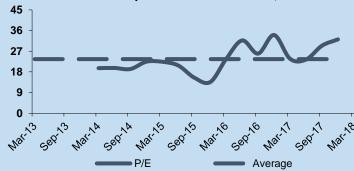
#### 1.5x 1.2x 0.9x 0.6x 0.3x 0.0x

Revenue Multiples - CRA International, Inc.

**EBITDA Multiples - CRA International, Inc.** 



P/E Multiples - CRA International, Inc.





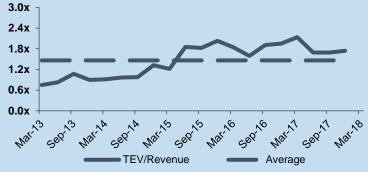
#### The Hackett Group, Inc.

The Hackett Group, Inc. operates as a strategic advisory and technology consulting firm primarily in the United States and Western Europe. Its executive advisory programs include advisor inquiry, an inquiry service used by clients for access to fact-based advice on proven approaches and methods; best practice research, a research that provides insights into the proven approaches; peer interaction comprising member-led Webcasts, annual best practice conferences, annual member forums, membership performance surveys, and clientsubmitted content; best practice accelerators that provide Web based access to best practices, customized software configuration tools, and best practice process flows; and best practice intelligence center, an online searchable repository of best practices, performance metrics, conference presentations, and associated research. The company's benchmarking services conduct studies in the areas of selling, general and administrative, finance, human resources, information technology, procurement, enterprise performance management, shared service centers, and working capital management. These services are used by clients to establish priorities, generate organizational consensus, align compensation to establish performance goals, and develop the required business case for business and technology investments. The company was founded in 1991 and is headquartered in Miami, Florida.

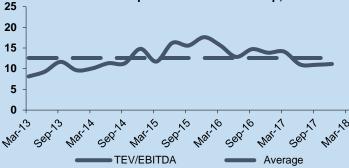
Date	Key Development Headline

11/7/17 Hackett Group Seeks Acquisitions 5/9/17 Hackett Group Seeks Acquisitions

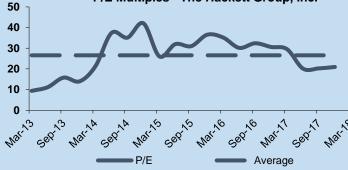




**EBITDA Multiples - The Hackett Group, Inc.** 



P/E Multiples - The Hackett Group, Inc.





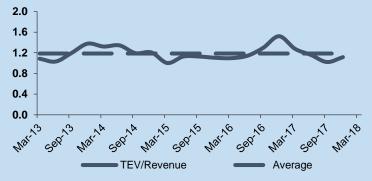
#### Navigant Consulting, Inc.

Navigant Consulting, Inc. provides professional services to corporate executives and senior management, corporate counsel, law firms, corporate boards, special committees, and governmental agencies worldwide. It operates through four segments: Healthcare; Energy; Financial Services Advisory and Compliance; and Disputes, Forensics and Legal Technology. The Healthcare segment offers consulting and business process management services to healthcare providers, payers, and life sciences companies. This segment helps clients respond to market legislative changes, such as the shift to an outcome and value-based reimbursements model, ongoing industry consolidation and reorganization, Medicaid expansion, the implementation of a new electronic health records system, and product planning and commercialization expertise. The Energy segment provides advisory services to utilities, governmental agencies, manufacturers, and investors. This segment offers its clients with advisory solutions in business strategy and planning, distributed energy resources and renewables, energy efficiency and demand response, and grid modernization, as well as various benchmarking and research services. The Financial Services Advisory and Compliance segment provides strategic, operational, valuation, risk management, investigative, and compliance advisory services to clients primarily in the financial services industry, including financial and insurance institutions. This segment also offers anti-corruption solutions and anti-money laundering consulting, litigation support, and tax compliance and valuation services. Navigant Consulting, Inc. was founded in 1983 and is headquartered in Chicago, Illinois.

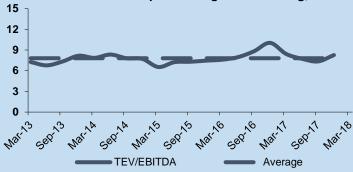
Date	Key Development Headline
11/1/17	Navigant Consulting, Inc. (NYSE:NCI) acquired substantially all of the assets of Quorum Consulting Group SC

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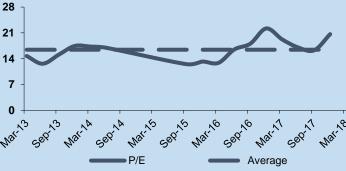
#### **Revenue Multiples - Navigant Consulting, Inc.**



#### **EBITDA Multiples - Navigant Consulting, Inc.**



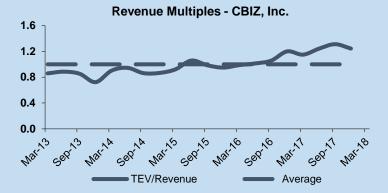
P/E Multiples - Navigant Consulting, Inc.

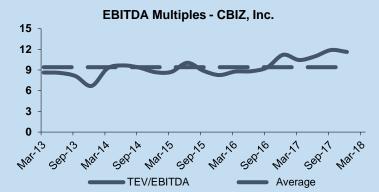


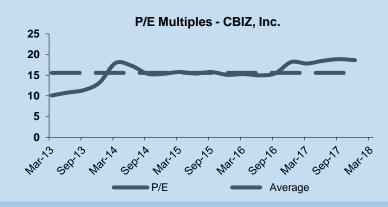
#### CBIZ, Inc.

CBIZ, Inc., through its subsidiaries, provides professional business services, products, and solutions in the United States and Canada. It offers its services through three practice groups: Financial Services, Benefits and Insurance Services, and National Practices. The Financial Services practice group provides accounting and tax, government health care consulting, financial advisory, valuation, litigation support, risk and advisory, real estate consulting, and internal audit outsourcing services. The Benefits and Insurance Services practice group offers health benefits consulting, employee benefits consulting and brokerage, property and casualty brokerage, retirement plan advisory, payroll, human capital advisory, actuarial, life insurance, and other services. The National Practices practice group provides managed networking and hardware, and health care consulting services. The company primarily serves small and midsized businesses, as well as individuals, governmental entities, and not-for-profit enterprises. CBIZ, Inc. was founded in 1987 and is headquartered in Cleveland, Ohio.

Date	Key Development Headline
2/15/18	CBIZ Seeks Acquisitions
2/1/18	CBIZ, Inc. (NYSE:CBZ) acquired Laurus Transaction
	Advisors LLC.
12/3/17	CBIZ, Inc. (NYSE:CBZ) acquired McKay & Carnahan, Inc.
8/3/17	CBIZ Seeks Acquisitions
6/7/17	CBIZ, Inc. (NYSE:CBZ) acquired substantially all of the
	assets of CMF Associates, LLC.









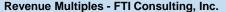
#### FTI Consulting, Inc.

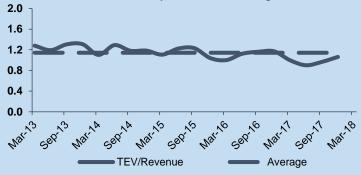
FTI Consulting, Inc. provides business advisory services to manage change, mitigate risk, and resolve disputes worldwide. The company's Corporate Finance & Restructuring segment provides turnaround and restructuring, business transformation, interim management, valuation and financial advisory, transaction, dispute advisory, and tax services. as well as mergers and acquisitions (M&A), and M&A integration services. Its Forensic and Litigation Consulting segment offers anticorruption investigations and compliance, and data and analytics, as well as compliance, monitoring, and receivership services; cybersecurity, forensic accounting and advisory, and global risk and investigations practice; and construction solutions, dispute advisory, intellectual property, trial, business insurance claims, and health solutions. The company's Economic Consulting segment provides financial, economic, and econometric consulting services; business and expert valuation, and expert testimony services; intellectual property and international arbitration services; economic and statistical analyses services; services related to public policy and regulated industries, and healthcare economics and policy; and network and economic impact analysis, and securities litigation and risk management services. Its Technology segment offers e-discovery management, managed document review, collections and digital forensics, information governance and compliance, investigations, and contract intelligence services, and as well as e-discovery software. FTI Consulting, Inc. was founded in 1982 and is headquartered in Washington, District of Columbia.

Date	Key Development Headline

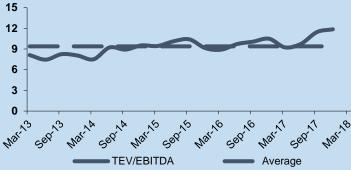
11/13/17 FTI Consulting, Inc. Seeks Acquisitions7/5/17 FTI Consulting, Inc. (NYSE:FCN) acquired CDG Group, LLC.



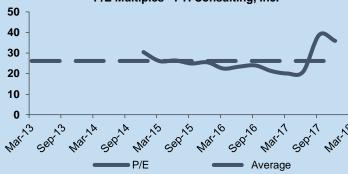




#### **EBITDA Multiples - FTI Consulting, Inc.**



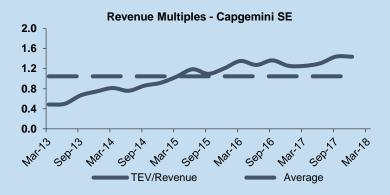
P/E Multiples - FTI Consulting, Inc.

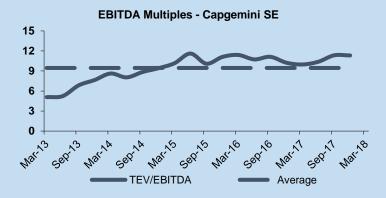


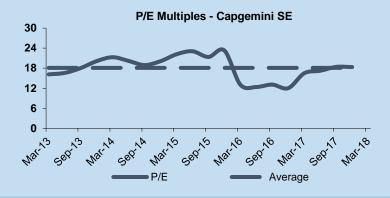
#### Capgemini SE

Capgemini SE provides consulting, technology, and outsourcing services. It operates through Consulting Services, Technology & Engineering Services, Application Services, and Other Managed Services segments. The company offers consulting services in the areas of digital transformation, strategy and transformation, supply chain management, finance transformation, people and performance, CIO strategy and transformation, accelerated solutions environment, and big data and analytics, as well as marketing, sales, and services. It also designs, develops, and implements technology projects; and provides system integration, and IT application development and maintenance services. In addition, the company integrates, manages, and/or develops client's IT infrastructure systems, transaction services, on-demand services, and/or business process outsourcing services; and offers professional technology services for applications. engineering, testing, and operations. It serves aerospace and defense, consumer products and retail, high tech, life sciences, automotive, distribution and transportation, industrial products, manufacturing, telecom, media and entertainment, banking and capital markets, healthcare, insurance, utilities, and oil and gas sectors, as well as public sector. Capgemini SE was founded in 1967 and is based in Paris. France.

Date	Key Development Headline
2/27/18	Capgemini Seeks Acquisitions
2/4/18	Capgemini SE (ENXTPA:CAP) agreed to acquire
	LiquidHub, Inc. from ChrysCapital and others for \$500 million.
9/25/17	Capgemini Seeks Investments
9/19/17	Capgemini SE (ENXTPA:CAP) agreed to acquire Lyons Consulting Group.





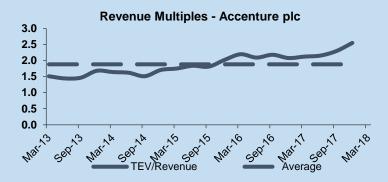


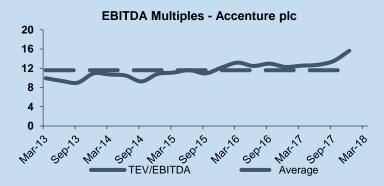


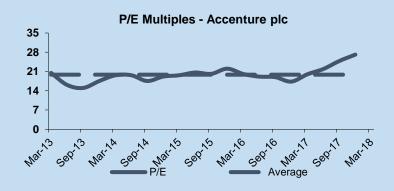
#### Accenture plc

Accenture plc provides consulting, technology, and outsourcing services worldwide. Its Communications, Media & Technology segment provides professional services that help clients accelerate and deliver digital transformation, and enhance business results through industryspecific solutions for communications, media, and high tech industries, as well as for software platforms. The company's Financial Services segment offers services that address profitability pressures, industry consolidation, regulatory changes, and the need to continually adapt to new digital technologies. This segment serves clients in banking, capital markets, and insurance industries. Its Health & Public Service segment provides research-based insights and offerings, including consulting services and digital solutions to help clients deliver social, economic, and health outcomes. This segment serves healthcare payers and providers, as well as government departments and agencies, public service organizations, educational institutions, and non-profit organizations. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
2/18/18	Accenture plc (NYSE:ACN) completed the acquisition of
	MACKEVISION Medien Design GmbH from GIMV NV
	(ENXTBR:GIMB) and other shareholders.
2/10/18	Accenture Mulls Acquisitions
1/31/18	Accenture plc (NYSE:ACN) completed the acquisition of
	Rothco Limited.
1/9/18	Accenture plc (NYSE:ACN) signed an agreement to
	acquire MACKEVISION Medien Design GmbH from GIMV
	NV (ENXTBR:GIMB) and other shareholders.
1/7/18	Accenture plc (NYSE:ACN) acquired Altima SAS from
	Capital Croissance SAS and others.









#### **CONTACT INFORMATION**

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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