



# Sectorwatch: Consulting - FinServices

May 2019

# Consulting - FinServices

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# Overview

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

## Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



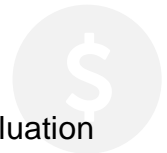
## Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



## Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



## Recent Deals

- The most recently announced deals in the sector



# Dashboard



## Revenue Growth Momentum

**↑ 3.8%**

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

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

## Pricing / Gross Margin Momentum

**↑ 0.6%**

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

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

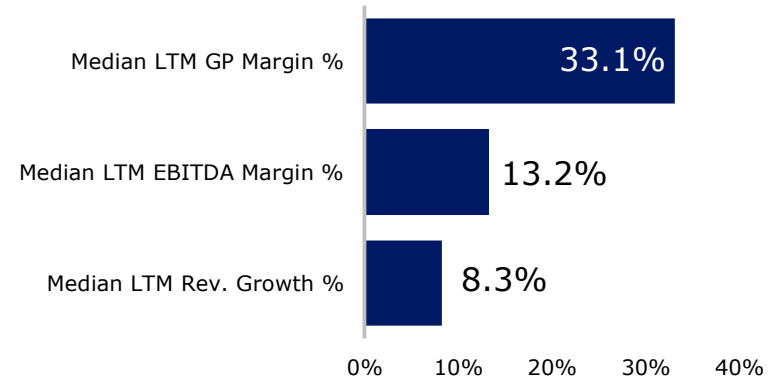
## Profitability

**↓ -0.4%**

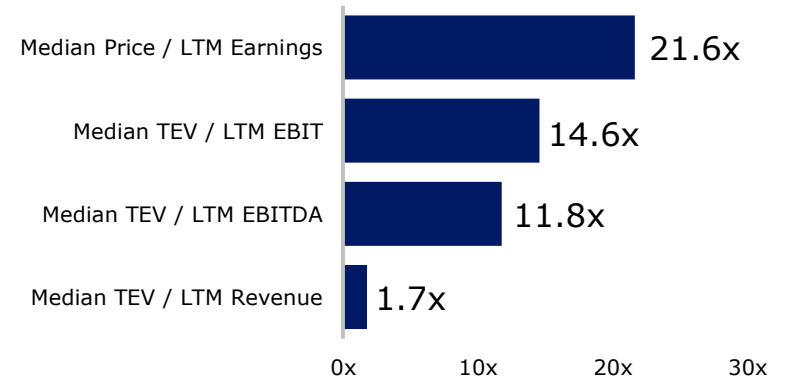
1 - year EBITDA % compared to EBITDA % average for last 3 years

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

## Operating Metrics



## Valuation



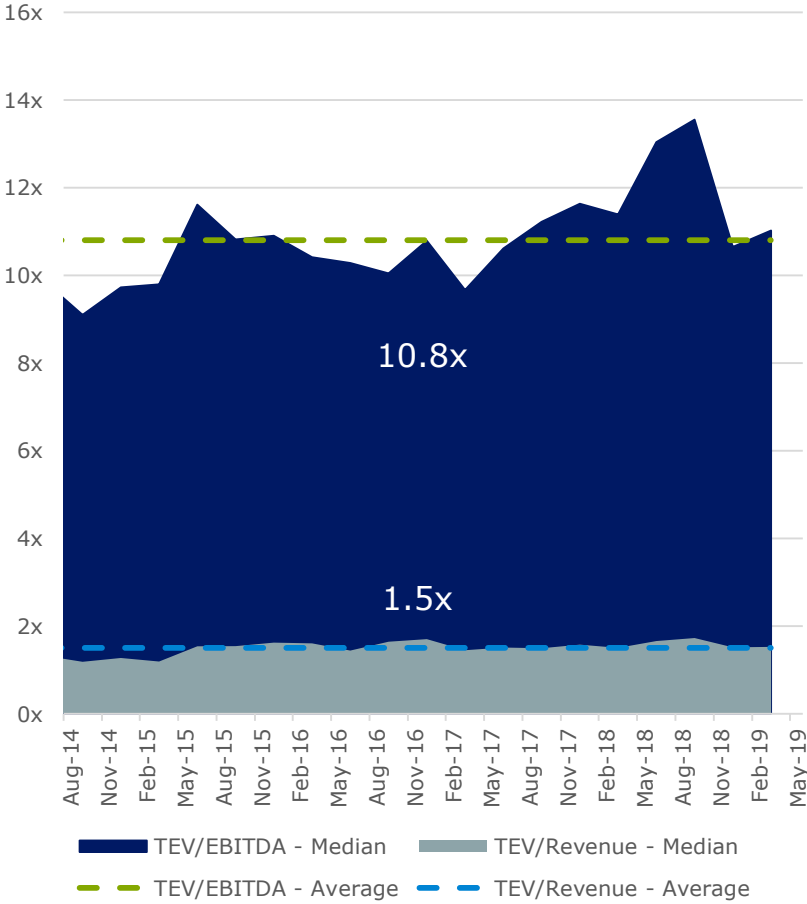
# Public Basket



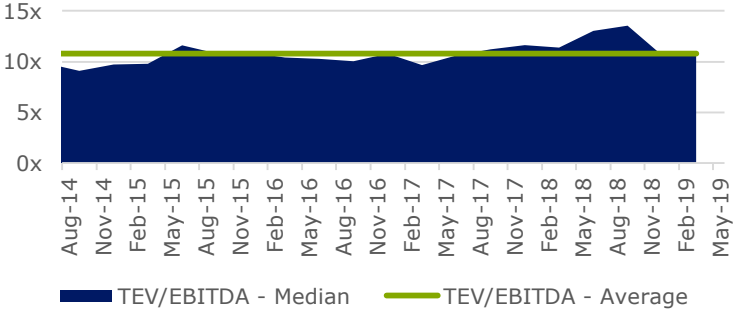
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
CRA International, Inc.	450	424	11%	31%	9%	1.1	11.5	687	617
The Hackett Group, Inc.	485	261	-2%	38%	16%	1.9	11.9	1,165	224
Navigant Consulting, Inc.	887	697	9%	29%	9%	1.3	14.1	5,952	117
Huron Consulting Group Inc.	1,440	806	9%	35%	12%	1.8	15.0	3,269	247
FTI Consulting, Inc.	3,317	2,081	12%	35%	14%	1.6	11.7	4,768	437
Capgemini SE	20,495	15,110	5%	27%	13%	1.4	10.8	211,313	72
Cognizant Technology Solutions Corporation	31,588	16,323	8%	39%	20%	1.9	9.9	281,600	58
Accenture plc	107,224	40,840	8%	32%	16%	2.6	16.1	459,000	89
<b>Average</b>	20,736	9,568	8%	33%	14%	1.7	12.6	120,969	232
<b>Median</b>	2,378	1,444	8%	33%	13%	1.7	11.8	5,360	171

share price as of 10May19

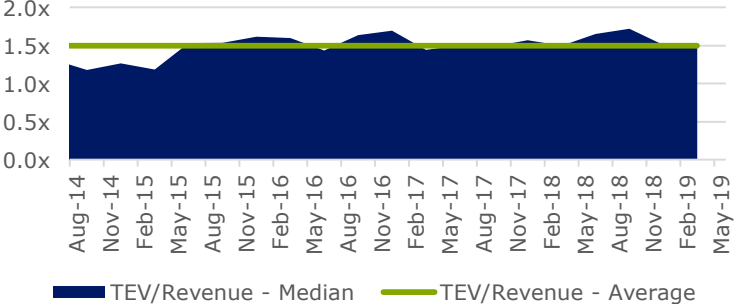
# Public Basket Valuation Trends



## Public EBITDA Multiples over Time



## Public Revenue Multiples over Time



# Operational Metrics



LTM Gross Profit Margin %



LTM EBITDA %



# Operational Metrics



LTM Revenue Growth %



LTM Revenue per Full Time Employee x 000's





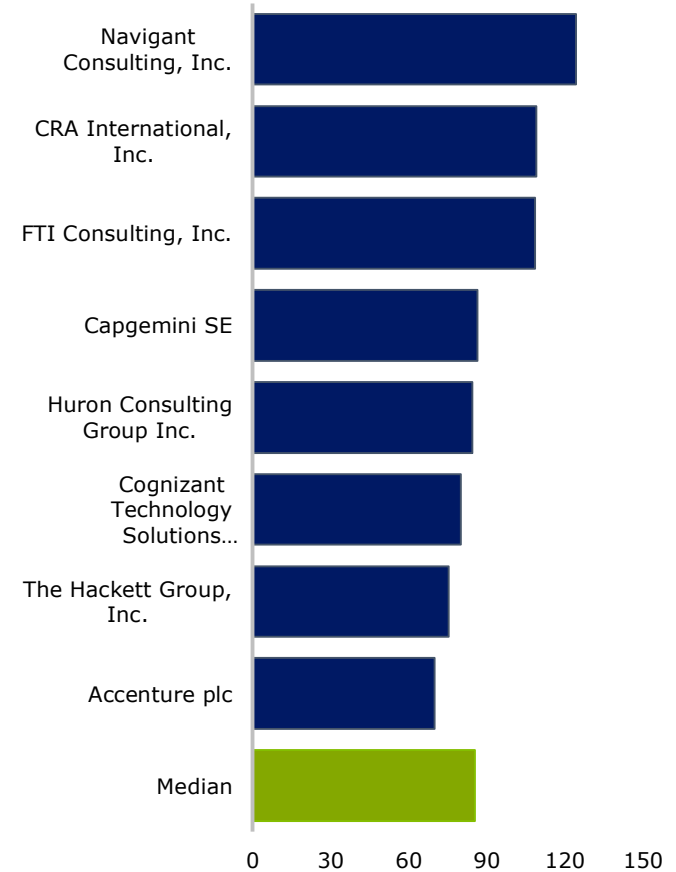
# Operational Metrics



## Accounts Receivable Turnover



## Average Days Sales Outstanding



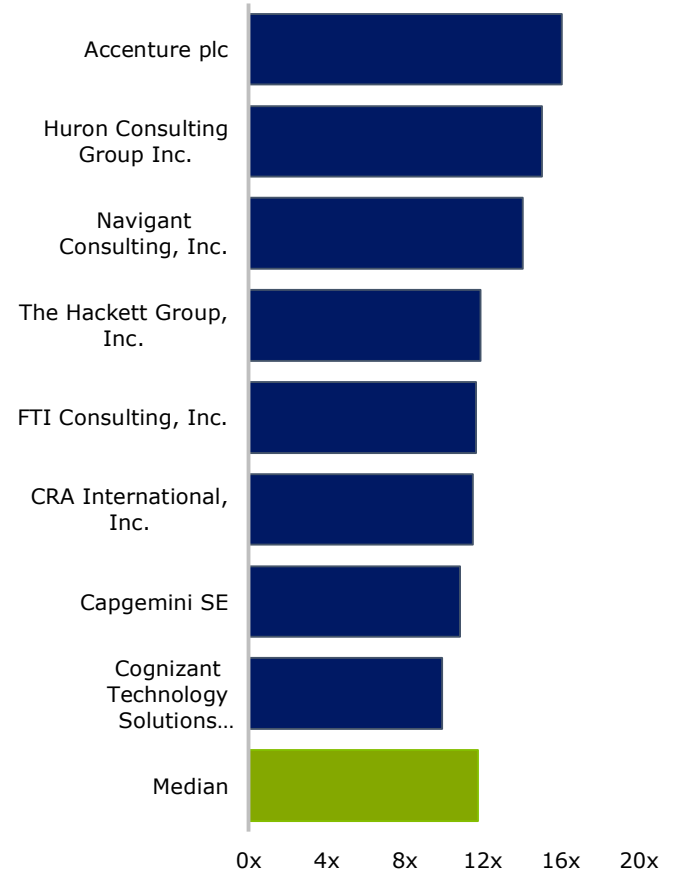
# Valuation



TEV / LTM Revenue



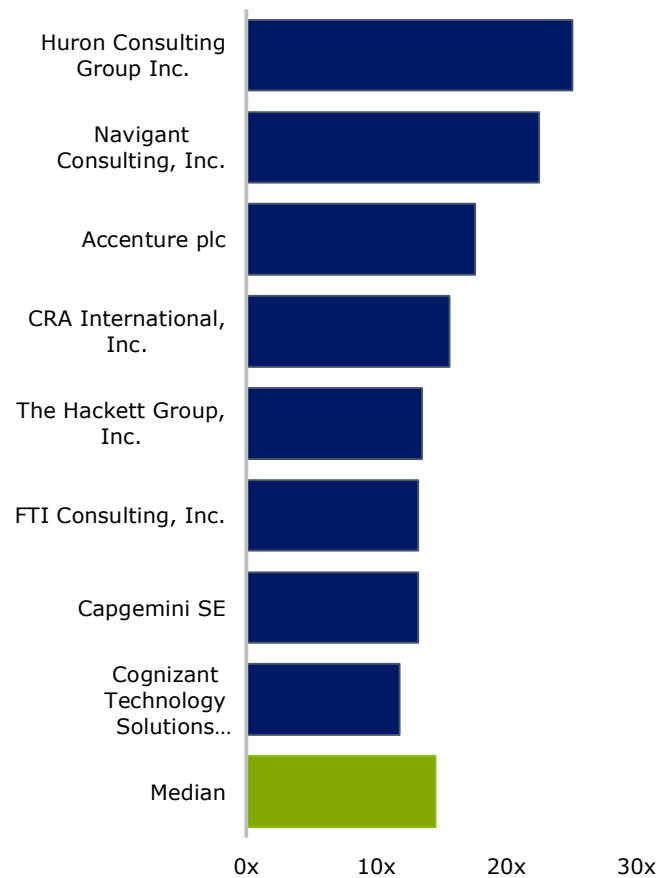
TEV / LTM EBITDA



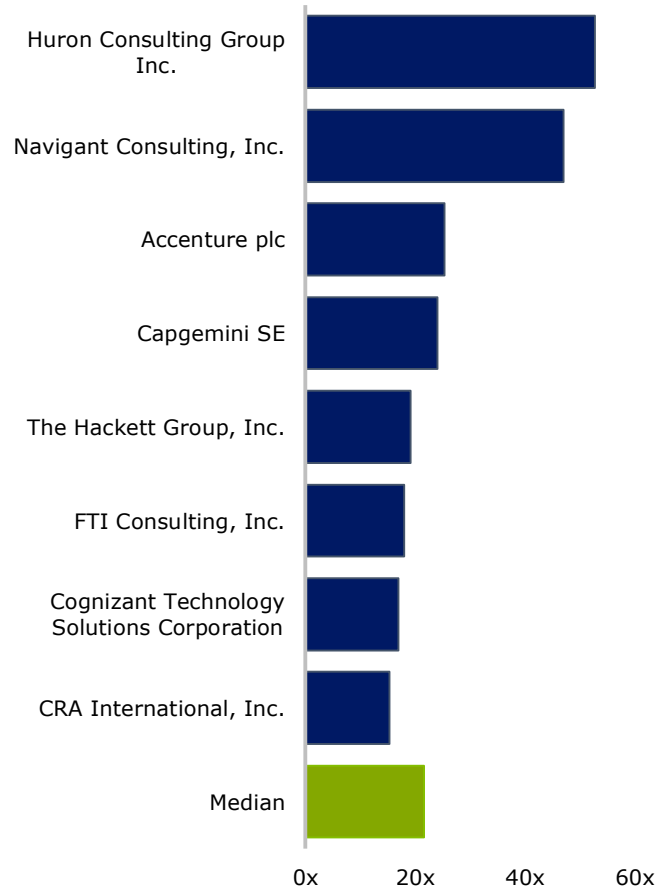
# Valuation



## TEV / LTM EBIT



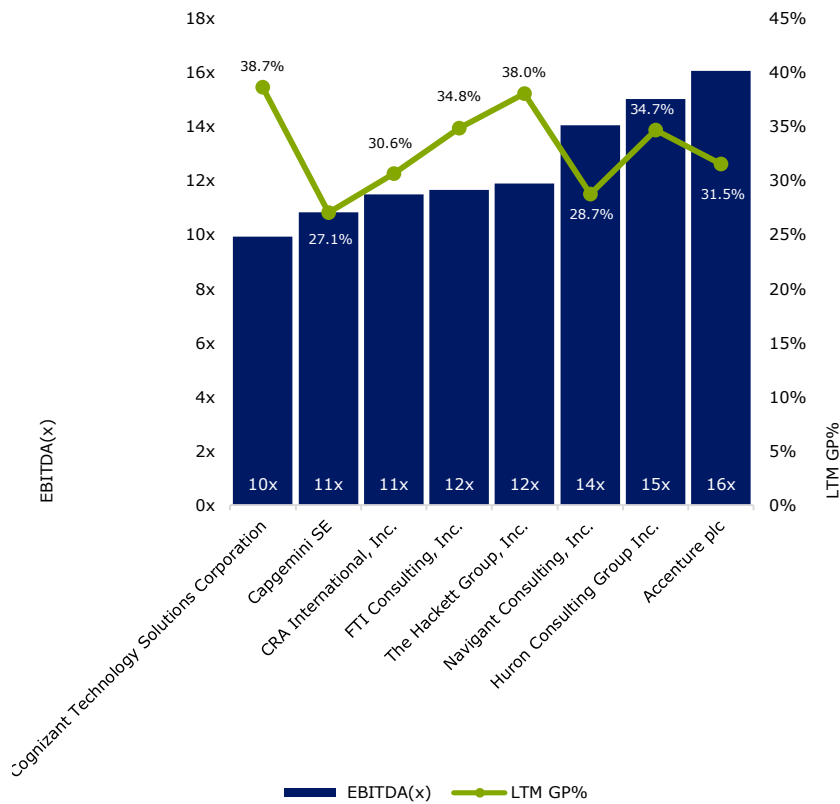
## Price / LTM Earnings



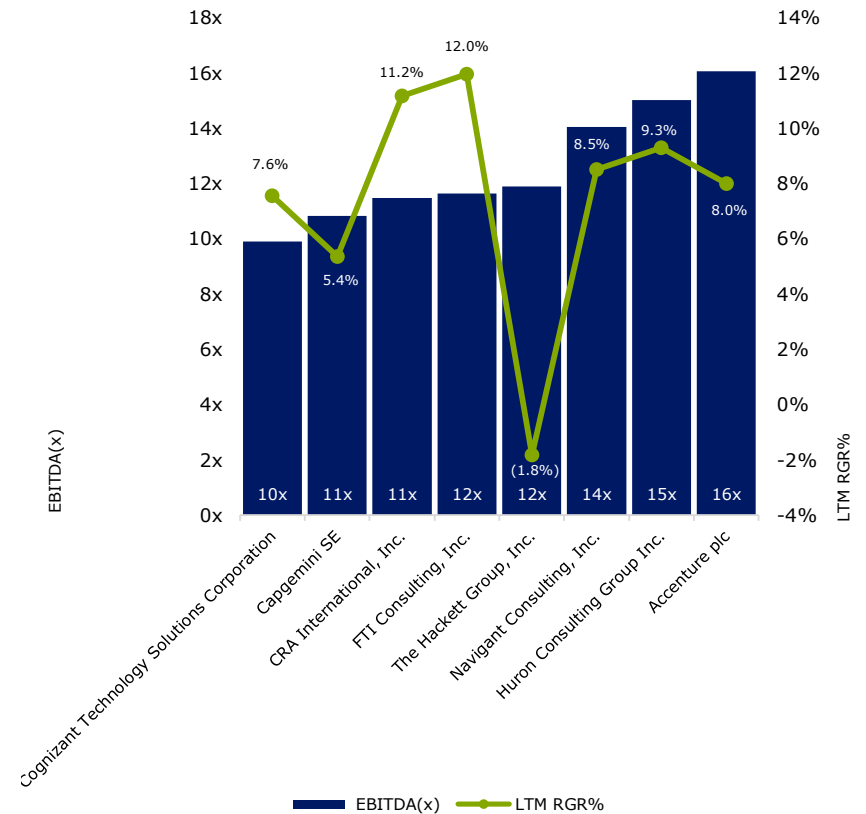
# Valuation



## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions



<u>Date</u>	<u>Target</u>	<u>Buyer / Investor</u>	<u>Total Transaction Value</u>	<u>Target Revenue</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
2May19	McBee Associates, Inc.	Netsmart Technologies, Inc.	-	-	-	-
28Feb19	Ohridska banka AD	Steiermärkische Bank und Sparkassen AG	-	25.53	-	-
28Feb19	Ohridska banka AD	Steiermärkische Bank und Sparkassen AG	-	25.53	-	-
31Jan19	Joint Stock Company Bank CenterCredit	-	20.53	112.62	-	-
15Jan19	A.M.&C. Finance SA	Banque Cramer & Cie SA; Norinvest Holding SA	-	-	-	-
29Nov18	Hana Financial Investment Co., Ltd.	Hana Financial Group Inc.	443.81	2,871.7	-	-
22Oct18	Cambridge Consulting Group, LLC	NFP Corp.	-	-	-	-
6Nov18	Gold Finance Sp z. o o	Metrohouse Franchise S.A.	0.93	-	-	-
10Oct18	Accordion Partners LLC	FFL Partners, LLC	-	-	-	-
20Oct18	A Youngson (Turriff) Limited	Bruce Stevenson Ltd	-	-	-	-
26Sep18	DoBe Group	-	-	-	-	-
25Sep18	21.Finance AG	Bank Frick & Co. AG, Asset Management Arm	-	-	-	-
31Aug18	Donriver, Inc.	Ciena Corporation	71.78	-	-	-
24Jul18	ZYXR.com	Zhejiang Zheshang Chanrong Holdings Co., Ltd.	-	-	-	-
24Jul18	Global Index Group, Inc.	-	-	-	-	-
13Jul18	GFIT Inc.	SOLXYZ Co., Ltd.	-	-	-	-
12Jun18	Finergy Solutions Pty Ltd/Avantek Pty Ltd	Arthur J. Gallagher & Co.	-	-	-	-
3May18	Medius Consulting Limited	Elixirr Partners LLP	-	-	-	-
17Apr18	Visual Risk Pty. Ltd.	G Treasury SS, LLC	-	-	-	-
28Mar18	Da Nang Securities Company	-	-	-	-	-
23Mar18	Hana Financial Investment Co., Ltd.	Hana Financial Group Inc.	649.07	2,863.49	-	-
22Mar18	Thomson Financial Management, Inc.	Bloomfield Hills Financial, Inc.	-	-	-	-
10Jan18	Screen Group B.V.	TRGRP, Inc.	-	-	-	-
29Dec17	Hengtai Securities Co., Ltd	CITIC Guoan Group Co., Ltd.	1,386.24	486.05	-	-
28Dec17	Ohridska banka AD	Société Générale Société anonyme	8.71	-	-	-

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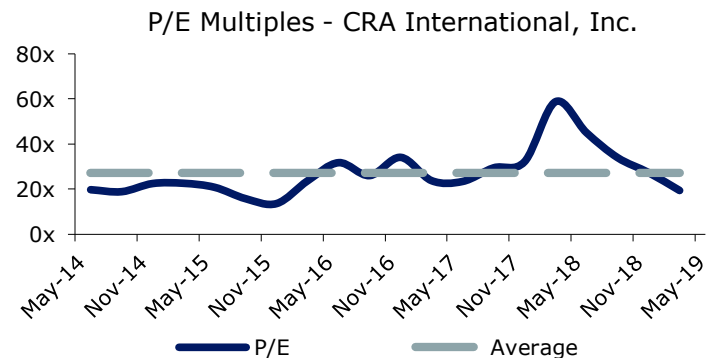
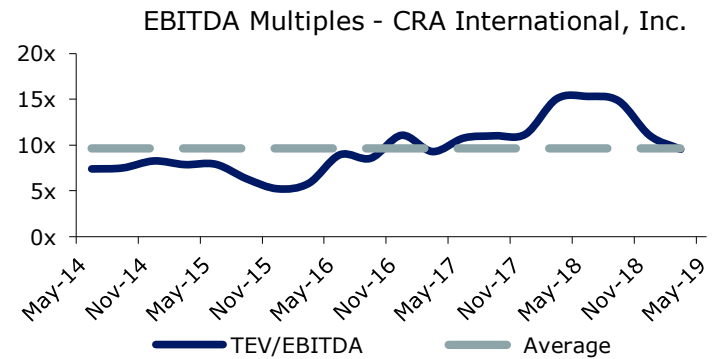
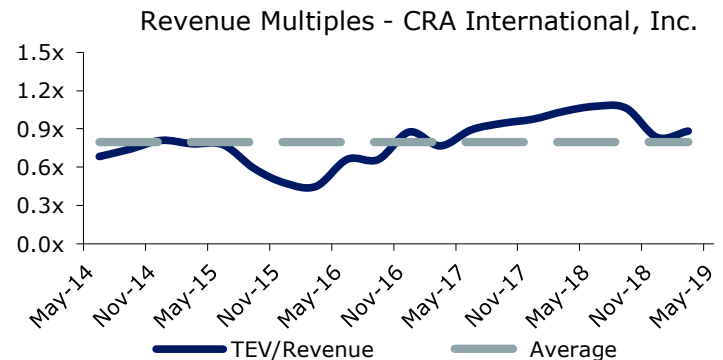
APPENDIX:  
Public Basket  
Constituents

# Public Basket



## CRA International, Inc.

CRA International, Inc., a consulting company, provides economic, financial, and management consulting services in the United States, the United Kingdom, and internationally. 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. The company's consulting services include 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. In addition, its management consulting services comprise strategy development, performance enhancement, 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. It 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. CRA International, Inc. was founded in 1965 and is headquartered in Boston, Massachusetts.

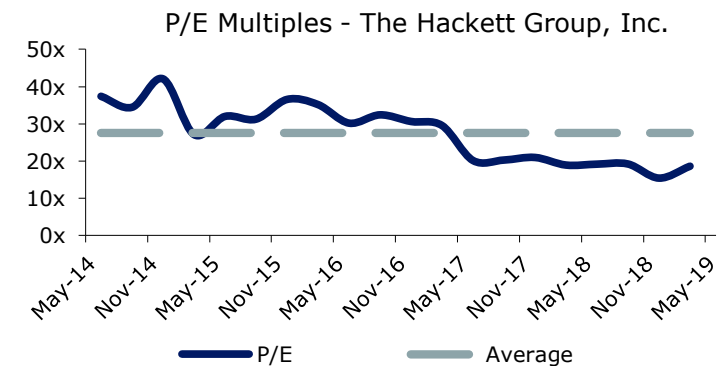
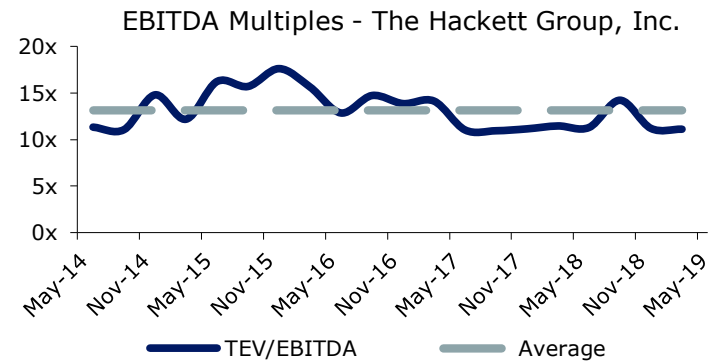
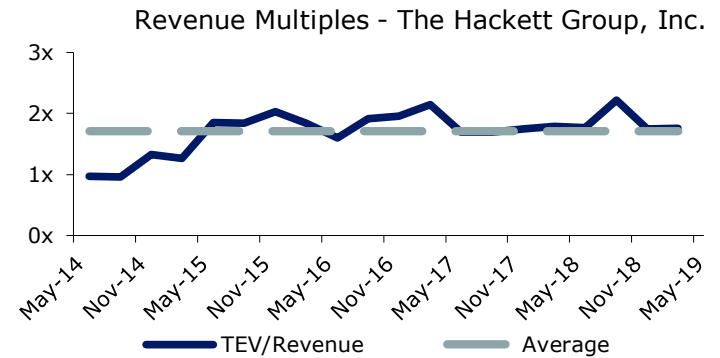


# Public Basket



## The Hackett Group, Inc.

The Hackett Group, Inc. operates as a strategic advisory and technology consulting firm primarily in North America and European countries. Its executive advisory programs include best practice intelligence center, an online searchable repository of best practices, performance metrics, conference presentations, and associated research; best practice accelerators that provide Web based access to best practices, customized software configuration tools, and best practice process flows; 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; and peer interaction comprising member-led Webcasts, annual best practice conferences, annual member forums, membership performance surveys, and client-submitted content. 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. The company was founded in 1991 and is headquartered in Miami, Florida.



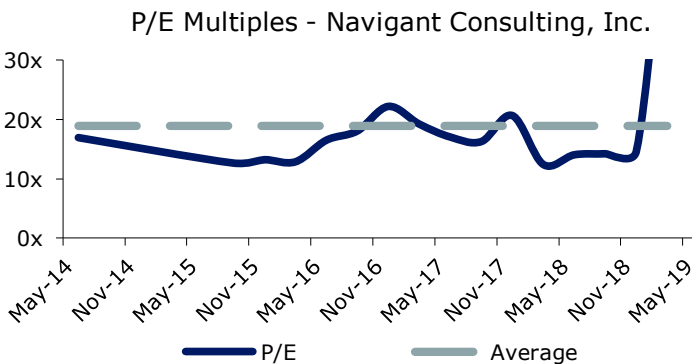
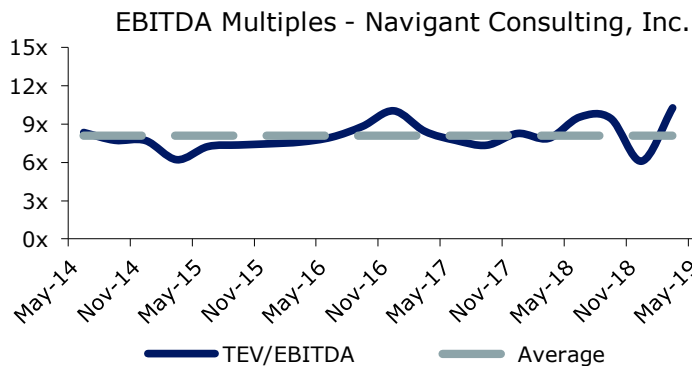
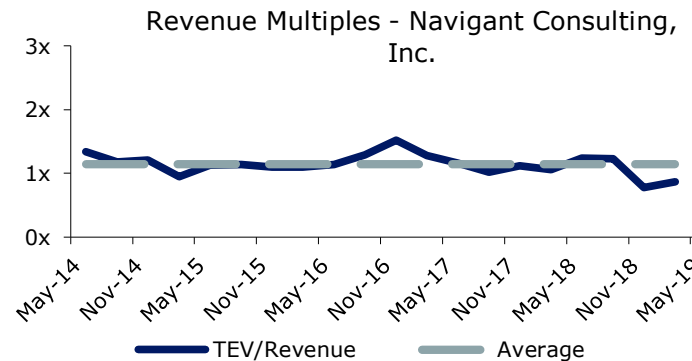


# Public Basket



## 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. Navigant Consulting, Inc. was founded in 1983 and is headquartered in Chicago, Illinois.



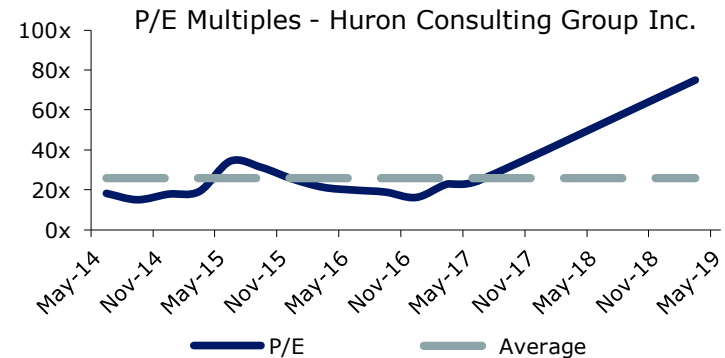
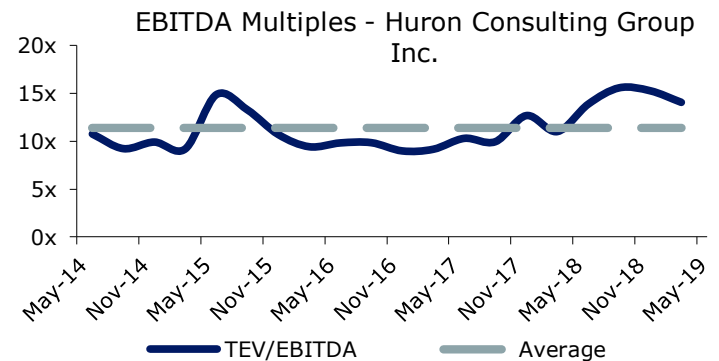
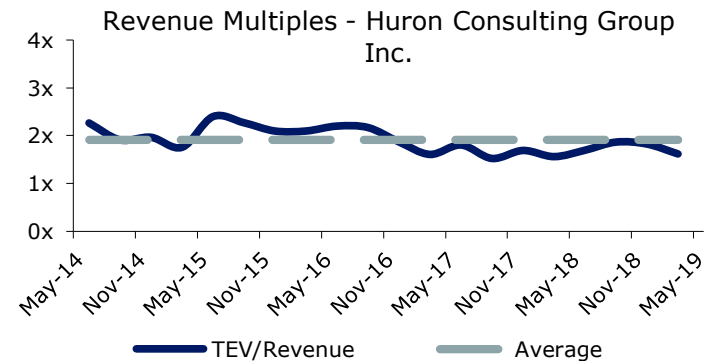
Date	Key Development Headline
2/26/19	Navigant To Seek Acquisitions
8/23/18	Ankura Consulting Group, LLC completed the acquisition of Thoreau Holdco, LLC and Navigant Consulting (Europe) Ltd. from Navigant Consulting, Inc. (NYSE:NCI).
6/25/18	Navigant Consulting Seeks Acquisitions
6/24/18	Ankura Consulting Group, LLC entered into a definitive agreement to acquire Thoreau Holdco, LLC and Navigant Consulting (Europe) Ltd. from Navigant Consulting, Inc. (NYSE:NCI) for \$470 million.

# Public Basket



## Huron Consulting Group Inc.

Huron Consulting Group Inc., a professional services firm, provides advisory, technology, and analytic solutions in the United States and internationally. Its Healthcare segment provides advisory services in the areas of strategy, care transformation, financial and operational performance, technology and analytics, and leadership development to national and regional hospitals, integrated health systems, academic medical centers, community hospitals, and medical groups. The company's Education segment offers management consulting and technology solutions related to business and technology strategy, financial management, operational and organizational effectiveness, research administration, and regulatory compliance for higher education institutions and academic medical centers. Huron Consulting Group Inc. was founded in 2002 and is headquartered in Chicago, Illinois.



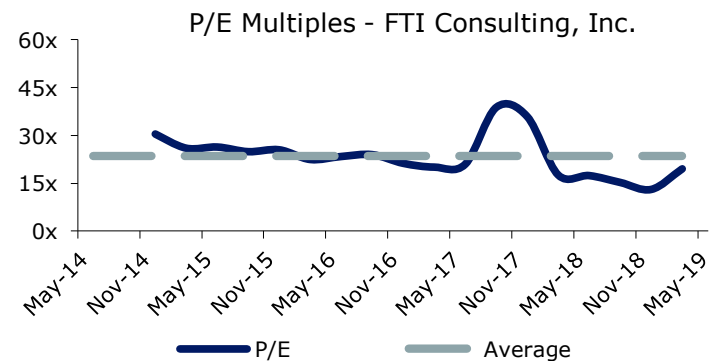
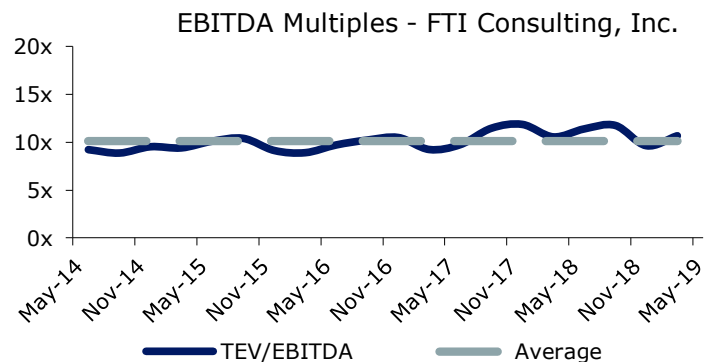
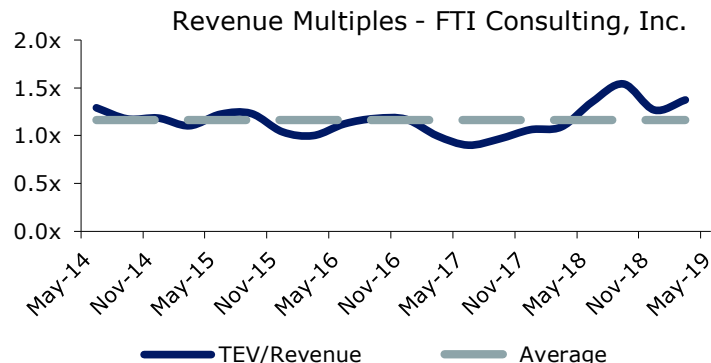
# Public Basket



## 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 anti-corruption 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. FTI Consulting, Inc. was founded in 1982 and is headquartered in Washington, District of Columbia.

Date	Key Development Headline
11/30/18	FTI Consulting May Seek Acquisitions
9/9/18	Nuix Pty. Ltd. acquired Ringtail Solutions, Inc. from FTI Consulting, Inc. (NYSE:FCN) for \$55 million.
5/18/18	Rex Energy Initiates Sale Process
3/5/18	FTI Consulting May Look At Potential Acquisitions



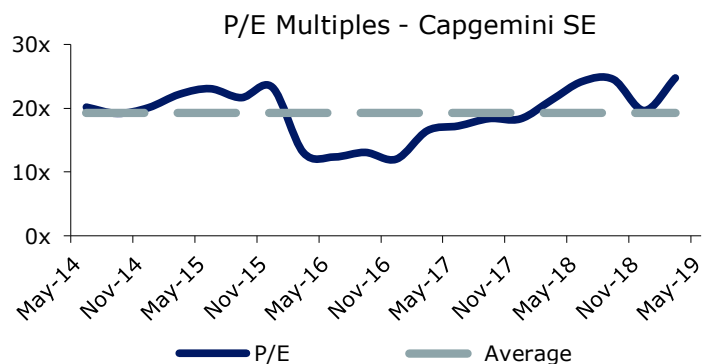
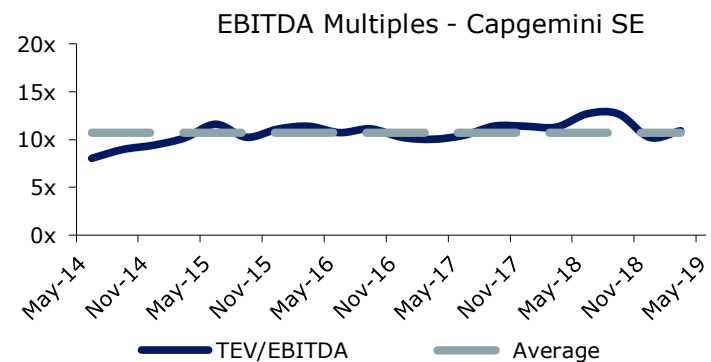
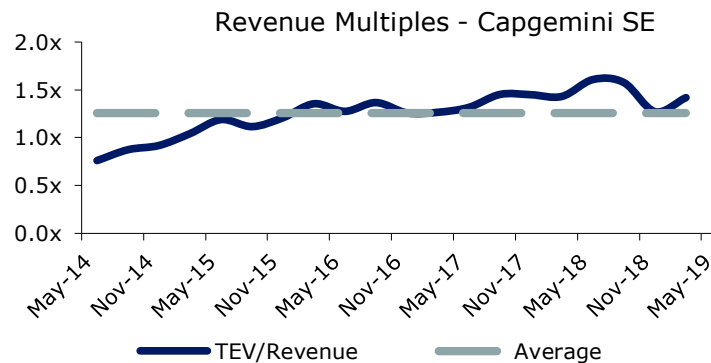
# Public Basket



## Capgemini SE

Capgemini SE provides consulting, technology, and digital transformation services. It addresses clients' opportunities in the world of cloud, digital, and platforms, as well as enables organizations to realize business ambitions through an array of services from strategy to operations. The company's Consulting Services segment offers strategy and transformation consulting services primarily in digital transformation that enhance the performance of organizations based on intimate client relationships, and the knowledge of client industries and processes. Its Technology & Engineering Services segment provides assistance and support to internal IT teams of client companies. Capgemini SE was founded in 1967 and is based in Paris, France.

Date	Key Development Headline
2/20/19	Capgemini SE (ENXTPA:CAP) completed the acquisition of Leidos Cyber, Inc. from Leidos Intermediate Holdings, Inc. and others.
2/14/19	Capgemini To Seek Acquisitions
6/21/18	Capgemini Seeks Acquisitions in India
6/6/18	Capgemini SE (ENXTPA:CAP) entered into an agreement to acquire Leidos Cyber, Inc. from Leidos Intermediate Holdings, Inc. and others.
6/4/18	SAP SE to Team with Accenture, Capgemini and Deloitte to Accelerate Customer Adoption of SAP S/4Hana(R) Cloud in Target Industries



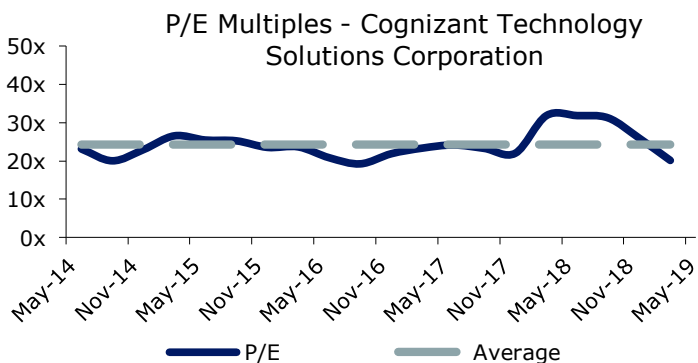
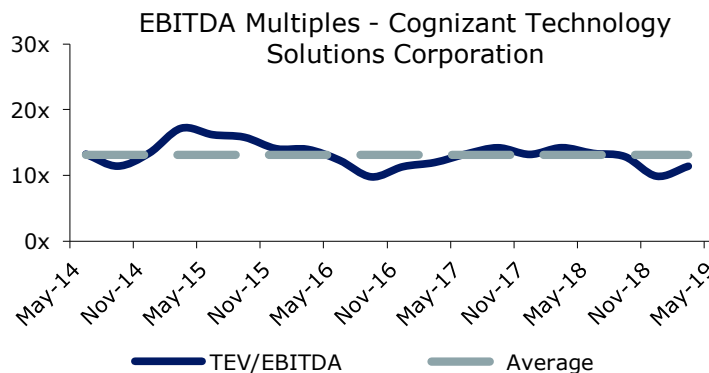
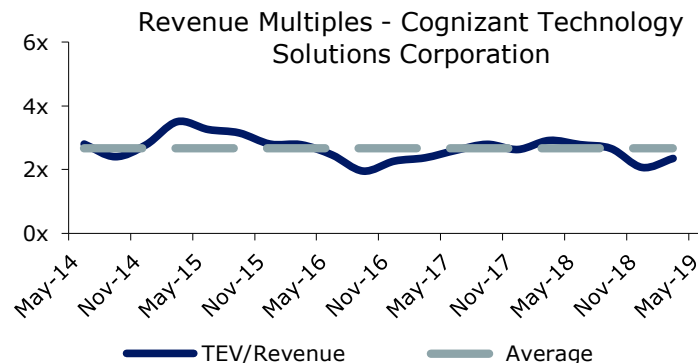
# Public Basket



## Cognizant Technology Solutions Corporation

Cognizant Technology Solutions Corporation, a professional services company, provides consulting and technology, and outsourcing services worldwide. The company operates through four segments: Financial Services; Healthcare; Products and Resources; and Communications, Media and Technology. It offers business, process, operations, and technology consulting services; application design and development, and systems integration services; application testing, consulting, and engineering services; and enterprise information management services. The company was founded in 1994 and is headquartered in Teaneck, New Jersey.

Date	Key Development Headline
5/7/19	AVEVA and Cognizant Expand R&D Partnership to Build Next-Gen Industrial Software
5/2/19	Cognizant Technology Solutions Intends To Seek Acquisitions
3/31/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) completed the acquisition of Oy Samlink AB from Posti Group Oyj, Aktia Bank p.l.c. (HLSE:AKTIA), Oma Säästöpankki Oyj (HLSE:OMASP), Savings Bank Group, Svenska Handelsbanken AB (publ), Asset Management Arm, POP Pankkiliitto osk and other minority shareholders.
3/4/19	Cognizant Technology Solutions Corporation (NasdaqGS:CTSH) acquired Meritsoft from Synova Capital Fund II managed by Synova Capital LLP, 22C Capital and others.



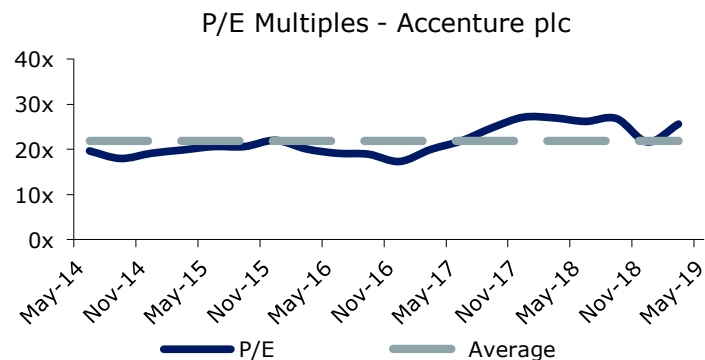
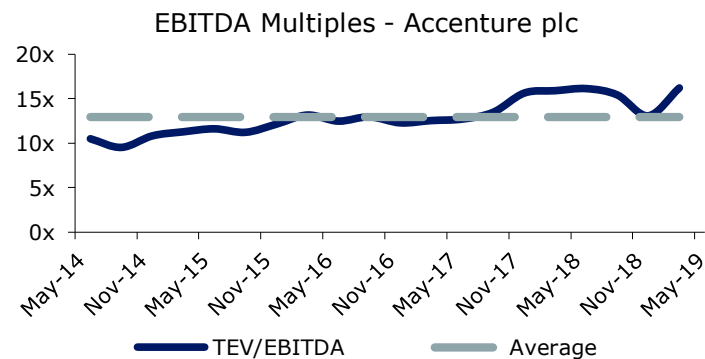
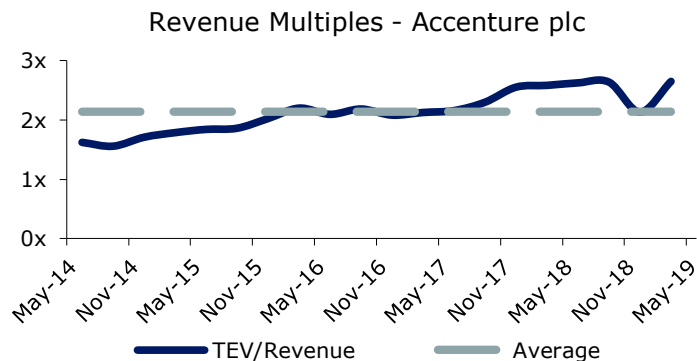
# Public Basket



## Accenture plc

Accenture plc provides consulting, technology, and outsourcing services in Ireland and internationally. Its Communications, Media & Technology segment provides professional services that help clients accelerate and deliver digital transformation, develop industry-specific solutions to seize new opportunities, and enhance efficiencies and business results for communications, media, high tech, software, and platform companies. 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 for banking, capital markets, and insurance industries. Accenture plc was founded in 1989 and is based in Dublin, Ireland.

Date	Key Development Headline
5/6/19	Accenture plc and SAP SE to Co-Develop and Co-Innovate New Industry Solutions on SAP® C/4HANA Suite
4/30/19	Accenture plc (NYSE:ACN) completed the acquisition of Enterprise System Partners Limited.
4/29/19	Accenture plc (NYSE:ACN) entered into an agreement to acquire Zielpuls GmbH.
4/10/19	Pitney Bowes Inc. and Accenture Team to Help Clients Take Advantage of Intelligent, Data-Driven Solutions
3/28/19	Accenture plc (NYSE:ACN) agreed to acquire selected assets from Caltec Scube Co., Ltd.



# CONTACT INFO

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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