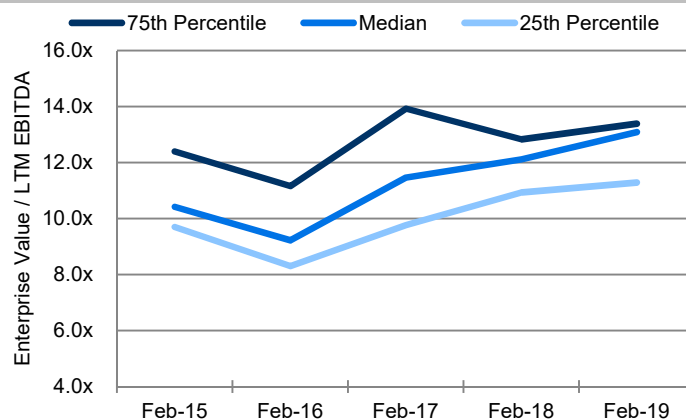


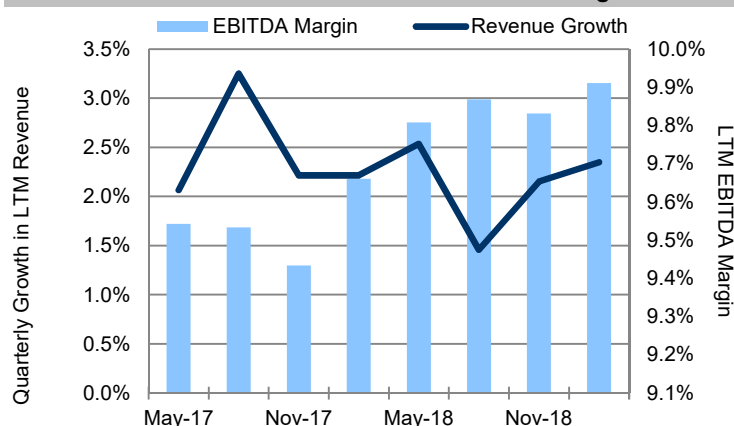
Industry Highlights

- Supported by a \$674 billion FY2019 Defense budget, robust valuations, continued consolidation, and ongoing interest from non-traditional buyers, M&A activity remains strong. Although the funding environment remains positive, the outlook isn't as clear as at this point last year.
- ManTech is acquiring Kforce Government Solutions for \$115 million, increasing its footprint at VA and providing access to the T4NG contract.
- Backed by the Acacia Group, Applied Insight acquired ATG and Stratus Solutions in February. This followed its October acquisition of Organizational Strategies Inc. The transactions align with AI's strategy of building an agile mid-market business supporting the federal government.
- Prominent acquisitions by newer entrants to the space included ASGN's acquisition of DHA Group, Parsons' acquisition of OGSystems, and Huntington Ingalls' acquisition of Fulcrum IT Services and G2.
- In October 2018, DC Capital Partners' portfolio company Caliburn International filed to raise \$100 million in a public offering. Caliburn provides professional services and solutions to government and commercial clients.
- In October 2018, Maximus acquired GDIT's government call center business for \$400 million. The transaction expands Maximus' citizen services offering in federal civilian programs and enhances scale and capabilities.
- In September 2018, Iron Bow Technologies was acquired for approximately \$100 million by H.I.G. Capital, which also owns NCI and WBB. Initially a hardware and software reseller, Iron Bow has expanded into services and developed a telehealth offering to improve veteran medical care.
- In September 2018, AE Industrial Partners announced its acquisition of Gryphon Technologies and the subsequent combination of Gryphon with fellow portfolio company CDI's Government Services business.
- Arlington Capital Partners continues to be active including the sale of Endeavor Robotics to Flir and MicroPact to Tyler Technologies as well as the acquisition of Intellectual Technology, Inc., among others.
- In September 2018, New Spring acquired The Sentinel Company, establishing its government services platform. It subsequently merged Sentinel with E3 to serve government customers including DoD, Intel, DHS and other civilian agencies.
- Other prominent deals include Novetta's acquisition of Berico, VT Group's of National Technology Associates, Calibre Systems' of Spear, Culman International's of Centrifuge Systems, LMI's of The Tauri Group and Evolver Inc. and eVigilant Security's merger to form Converged Security Solutions.

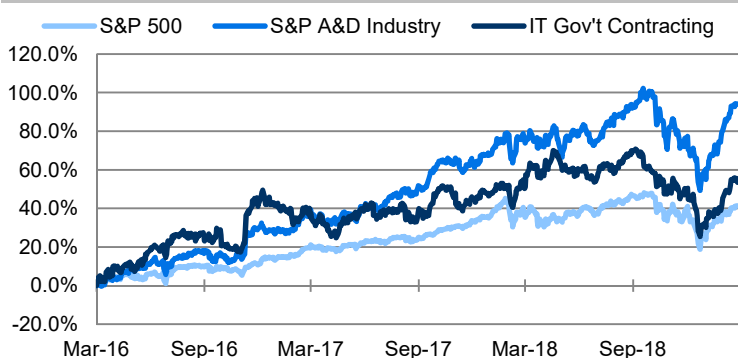
Trend in Industry EBITDA Multiples¹



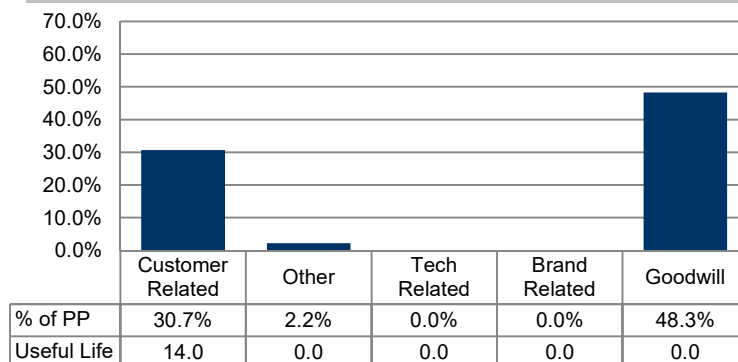
Trends in Revenue Growth and EBITDA Margins¹



Relative Stock Price Returns²



Purchase Price Allocation % from Recent Transactions



¹Calculated using aggregated data for Booz Allen, CACI, Engility, ICF International, KEYW, Leidos, ManTech, Perspecta, SAIC, Vectrus and VSE. ²IT Gov't Contracting is a custom, equal-weighted index constructed with the aforementioned companies.

Notable M&A Deals



In January 2019, CACI agreed to acquire LGS and Mastodon in a pair of deals worth approximately \$975 million. It acquired LGS from Madison Dearborn Partners and CoVent Management for \$750 million in an effort to expand its presence in spectrum management, C4ISR and cyber. Mastodon offers signals intelligence, electronic warfare and cyber technology platforms in a compact form factor.



Chevy Chase-based Enlightenment Capital continues to be an active investor in the market. It recently formed EverWatch as a combination of five companies, took stakes in both Emagine IT and System High Corp. and portfolio company ByteCubed acquired Chief to form U.Group.



In January 2019, SAIC closed its \$2.5 billion acquisition of Engility. Together the two companies create a market leader with more than 23,000 employees. The transaction creates scale in areas of national interest including defense, intelligence, space and federal civilian agencies.

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