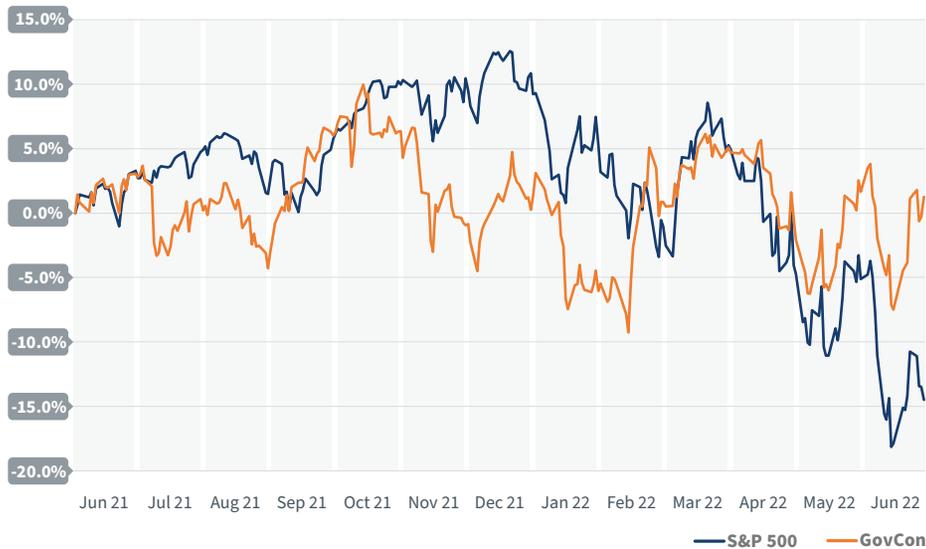


GOVERNMENT CONTRACTOR VALUATION TRACKER – H1 2022

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

Financial data was provided by S&P Capital IQ.

GOVERNMENT SERVICES COMPOSITE VS S&P 500

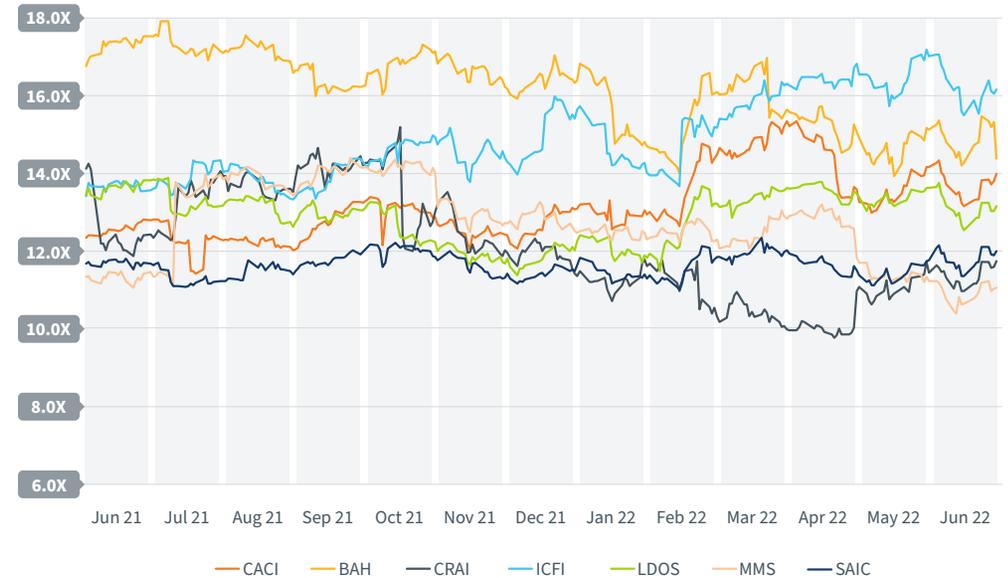


The returns for this select group of public government services contractors* appeared to underperform from October 2021 until February 2022; however, beginning in April 2022, these contractors started to outperform the S&P 500. By June 30, 2022, the contractors' performance, while volatile, was flat over the past twelve months and has outperformed the S&P 500 on average by 13%.

Abbreviations:

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

EV/TTM EBITDA H1 2022 LOOKBACK



Public government services contractors generally traded between 11.0x to 16.0x EBITDA heading into the second half of 2021. While that range widened somewhat around the end of March of 2022, by June 30 the multiples generally returned to a similar range.

Thus, despite a correction in the S&P 500 and multiples compression in the broader index, government contractor valuation multiples have generally held steady.

**Contractors included in the composite are: CACI, BAH, CRAI, ICFI, LDOS, MMS, SAIC. The year-end 2021 tracker included ManTech (Nasdaq: MANT), which was announced to be acquired by The Carlyle Group, and is removed from our composite.*

Mergers & Acquisitions in the Last Twelve Months

Transaction Date	Target Name	Acquirer Name	Net Sales (\$M)	EBITDA (\$M)	EBITDA Margin %	Enterprise Value	EV/Net Sales	EV/EBITDA
7/7/2022	GTY Technology Holdings Inc.	GManager L.P.	63	NA	NA	417	6.6x	NM
NA	ManTech International Corporation	The Carlyle Group Inc.	2,596	318	12.2%	4,337	1.7x	13.6x
4/25/2022	RE2, Inc.	Sarcos Technology and Robotics Corp.	15	NA	NA	100	6.7x	NA
2/15/2022	PAE Incorporated	Amentum Government Services Holdings LLC	2,973	219	7.4%	1,913	0.6x	8.7x
1/31/2022	Vitalyst, LLC	Alithya Group Inc.	26	10	38.3%	45	1.7x	4.5x
1/10/2022	Integrated Laboratory Systems, Inc.	Inotive, Inc.	20	NA	NA	53	2.6x	NA
12/16/2021	Clairvoyant AI, Inc.	Exl Service.com, LLC	38	NA	NA	100	2.6x	NA
12/1/2021	Sirius Computer Solutions, LLC	CDWLLC	2,035	240	11.8%	2,500	1.2x	10.4x
8/19/2021	Alion Science and Technology Corp.	Huntington Ingalls Industries Inc.	1,065	82	7.7%	2,057	1.9x	24.9x
7/22/2021	BK Technologies Corporation	Metrolina Capital	43	3	7.1%	43	1.0x	14.1x

Enterprise Value Multiples	Net Sales (\$M)	EBITDA (\$M)	EBITDA Margin %	Enterprise Value	EV/Net Sales	EV/EBITDA
25th Percentile	29	28	7.5%	65	1.3x	9.1x
Median	53	151	9.8%	259	1.8x	12.0x
75th Percentile	1,793	235	12.1%	2,021	2.6x	14.0x

We tracked 10 transactions in the GovCon space that closed or were announced over the last twelve months with publicly disclosed valuation multiples. The median EBITDA multiple was 12x, which is near the lower end of the public company valuation multiples. ManTech's acquisition by The Carlyle Group at 13.6x was close to the 75th percentile of the private transactions and slightly above the public company median. The transaction implied an Enterprise Value of \$4.2 billion, or approximately a 15% acquisition premium, over the implied enterprise value one week prior to the announcement date.

TTM = Trailing twelve month; **EBITDA** = Earnings before interest, taxes, depreciation, and amortization, GovCon Composite based on straight average with no regard to size or other factors



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