

# Quarterly Industry Update

As of December 31, 2016

Industry: Management Consulting

## Industry Summary

Cogent Valuation identified Management Consulting publicly traded companies, IPOs, and recent M&A transactions within the Management Consulting industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since December 31, 2015, the median 52-week share price return of the Management Consulting industry was 16.9%. Between December 31, 2014 and December 31, 2016, the median EV/EBITDA multiple increased from 10.8 to 12.0. Furthermore, the median price-to-earnings multiple increased from 21.4 to 25.6 over the same period.

## Comparable Public Company Key Statistics

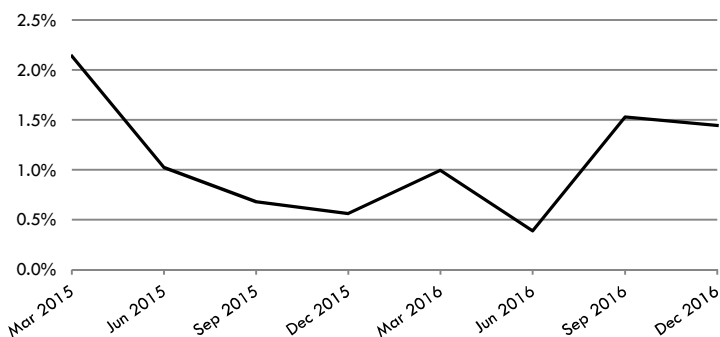
Median 52-Week Return	16.9%	Median EV/Revenue Multiple	1.2x	Median Price/Earnings Multiple	25.6x
Median 3-Year CAGR Return	3.1%	Median EV/EBITDA Multiple	12.0x	Median EV/Gross CF Multiple	18.8x

## Comparable Public Company Market Price Returns (As of December 31, 2016)

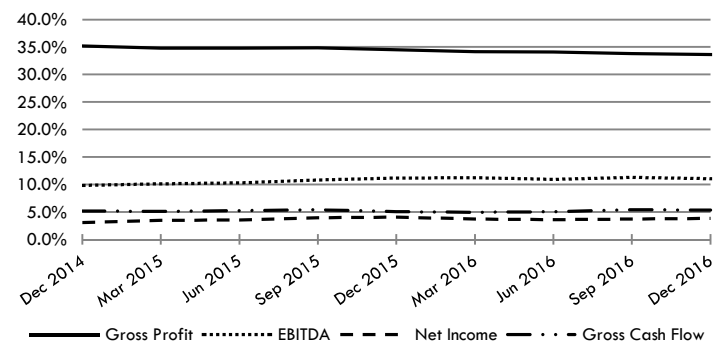
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
Booz Allen Hamilton Holding Corporation	16.9%	14.1%	16.9%	16.6%	23.5%	15.9%	16.3%	38.5%	37.6%	-19.3%	-11.2%
CEB Inc.	-1.3%	11.3%	-1.3%	-8.6%	-7.8%	9.7%	-15.4%	-6.3%	63.1%	24.6%	1.5%
CRA International Inc.	96.2%	37.6%	96.2%	9.9%	22.7%	13.0%	-38.5%	53.1%	0.2%	-0.4%	-15.6%
Forrester Research Inc.	50.8%	10.4%	50.8%	4.5%	3.9%	4.8%	-27.6%	2.9%	42.8%	-21.0%	-3.8%
Franklin Covey Co.	20.4%	13.1%	20.4%	2.0%	0.5%	18.9%	-13.5%	-2.6%	54.1%	52.3%	-1.4%
FTI Consulting, Inc.	30.1%	1.2%	30.1%	8.0%	3.1%	1.2%	-10.3%	-6.1%	24.7%	-22.2%	13.8%
Heidrick & Struggles International Inc.	-11.3%	30.2%	-11.3%	2.4%	6.2%	2.3%	18.1%	14.4%	32.0%	-29.2%	-24.8%
Huron Consulting Group Inc.	-14.7%	-15.2%	-14.7%	-13.9%	-6.9%	5.5%	-13.1%	9.1%	86.0%	-13.0%	46.5%
ICF International Inc.	55.2%	24.5%	55.2%	16.1%	16.7%	17.4%	-13.2%	18.1%	48.1%	-5.4%	-3.7%
MDC Partners Inc.	-69.8%	-38.9%	-69.8%	-46.3%	-36.4%	-6.2%	-4.4%	-10.9%	238.6%	-16.4%	-21.7%
Navigant Consulting Inc.	63.0%	29.5%	63.0%	30.5%	10.9%	18.1%	4.5%	-19.9%	72.0%	-2.2%	24.0%
PFSweb Inc.	-34.0%	-4.8%	-34.0%	-18.1%	-2.1%	20.9%	1.7%	39.6%	218.2%	-13.4%	-16.9%
The Advisory Board Company	-33.0%	-25.7%	-33.0%	-17.6%	-19.5%	-2.2%	1.3%	-23.1%	36.1%	26.1%	55.8%
<b>Median of Industry Public Companies</b>	<b>16.9%</b>	<b>11.3%</b>	<b>16.9%</b>	<b>2.4%</b>	<b>3.1%</b>	<b>9.7%</b>	<b>-10.3%</b>	<b>2.9%</b>	<b>48.1%</b>	<b>-13.0%</b>	<b>-3.7%</b>

(Multiple year periods are calculated as the average annual return.)

## Median Quarterly Revenue Growth of All Management Consulting Companies



## Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



## Median Public Company Multiples of the Management Consulting Industry

Date:	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
EV/Revenues Multiple	1.2x	1.1x	1.2x	1.2x	1.1x	1.1x	1.1x	1.2x	1.2x
EV/EBITDA Multiple	10.8x	11.2x	11.7x	10.4x	10.8x	10.8x	10.3x	10.5x	12.0x
Price/Earnings Multiple	21.4x	21.1x	25.9x	20.8x	22.7x	22.2x	21.8x	22.3x	25.6x
EV/Gross Cash Flows Multiple	18.7x	20.5x	21.7x	19.2x	18.9x	18.3x	19.2x	19.3x	18.8x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee.

Contact [Steven Kam](#) at 415-392-0888 for additional information or questions in connection with this research report. Copyright © 2017 Cogent Valuation. All Rights Reserved.

The disclosures and limitations of this research on page four are an integral part of this report.

# Quarterly Industry Update

As of December 31, 2016

Industry: Management Consulting

## Industry Initial Public Offerings (dollars in millions, except share prices)

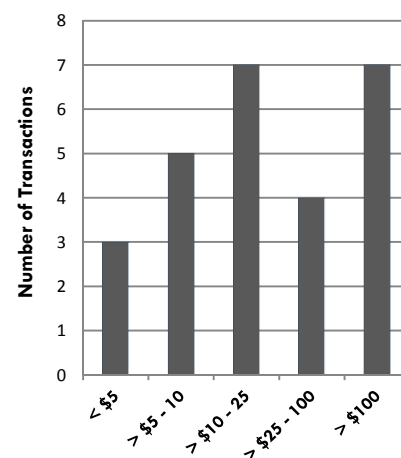
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
9/29/2016	G-Factory Co., Ltd.	\$31.91	0.2	\$7.0	\$17.8	\$4.9	\$17.5	\$0.0	\$1.5	\$0.0
11/16/2010	Booz Allen Hamilton Holding Corporation	\$17.00	14.0	\$238.0	\$3,082.1	\$1,474.9	\$5,323.1	\$336.6	\$49.2	\$388.7
5/19/2010	ReachLocal, Inc.	\$13.00	4.2	\$54.2	\$101.5	\$0.0	\$224.0	(\$3.3)	\$10.0	(\$1.5)
5/4/2010	Charm Communications Inc.	\$9.50	7.8	\$74.2	\$142.6	\$0.0	\$106.0	\$17.6	\$15.3	\$17.9
11/20/2006	Willdan Group, Inc.	\$10.00	2.9	\$29.0	\$37.8	\$1.0	\$76.0	\$5.5	\$3.0	\$7.1
9/28/2006	ICF International Inc.	\$12.00	4.7	\$56.0	\$171.2	\$64.9	\$203.5	\$8.0	(\$0.1)	\$10.8
10/12/2004	Huron Consulting Group Inc.	\$15.50	5.0	\$77.5	\$48.9	\$10.1	\$148.2	\$17.3	\$4.4	\$21.0
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$65.1</b>	<b>\$122.1</b>	<b>\$7.5</b>	<b>\$175.8</b>	<b>\$12.6</b>	<b>\$7.2</b>	<b>\$14.3</b>

nm: not meaningful, N/A: not applicable

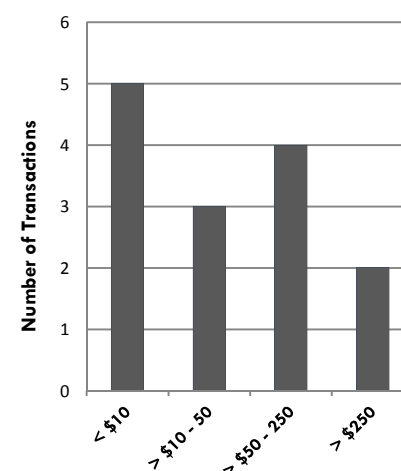
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
11/2/2016	Kurt Salmon US Inc.	Accenture plc	\$166.4	100%	\$93.6	1.8x
10/12/2016	Bluetube, LLC	Perficient, Inc.	\$10.1	100%	\$7.0	1.4x
9/23/2016	nexum AG	N/A	\$24.0	100%	\$15.6	1.5x
9/1/2016	Epsilon AB	ÅF AB	\$14.0	100%	N/A	N/A
7/29/2016	Elsys Consulting Services	itelligence AG	\$24.2	100%	N/A	N/A
7/1/2016	WSP Group plc	GENIVAR Inc.	\$127.5	100%	\$135.0	0.9x
6/30/2016	RedSentry Pte Ltd	Soverus Technology	\$2.0	100%	N/A	N/A
5/6/2016	MWH Global, Inc.	Stantec Inc.	\$793.0	100%	\$1,270.3	0.6x
2/18/2016	LOC Consulting Limited	iBe TSE Ltd	\$5.7	100%	\$9.6	0.2x
1/8/2016	Management Consulting Group	Solucom SA	\$89.5	100%	\$146.5	0.6x
1/4/2016	Towers Watson	Willis Group Holdings	\$8,696.4	100%	\$3,645.0	2.2x
12/31/2015	CB&I Stone & Webster	Westinghouse Electric	\$229.0	100%	N/A	N/A
11/4/2015	Horwath Consulting Services	Shiji (Hong Kong) Limited	\$10.0	75%	N/A	N/A
8/25/2015	Kerensen Consulting SAS	salesforce.com, inc.	\$24.2	100%	\$17.0	1.4x
7/28/2015	Agora Group, Inc.	Virtusa Corporation	\$7.5	100%	N/A	N/A
7/27/2015	ThinOps Resources, LLC	Code Rebel Corp	\$9.3	100%	\$1.9	4.9x
6/3/2015	Trissential, LLC	SQS Software Quality	\$30.9	100%	\$32.3	1.0x
11/27/2014	Sandra Hartog & Assc.	BTS USA, Inc.	\$6.6	100%	N/A	N/A
11/3/2014	VERTEX Incorporated	Ebix Inc.	\$29.0	100%	N/A	N/A
9/15/2014	Synapsis Soluciones	TIVIT Terceirização	\$196.9	100%	N/A	N/A
8/25/2014	Connecta AB	Acando AB (publ.)	\$81.7	100%	\$107.5	0.8x
7/8/2014	ACE International Consultants	AECOM Technology	\$14.3	100%	N/A	N/A
5/6/2014	IMG Worldwide, Inc.	Silver Lake	\$2,300.0	100%	N/A	N/A
4/30/2014	JMM Management Group, LLC	BSM Wireless Inc.	\$4.5	100%	N/A	N/A
4/28/2014	I-Cubed, Inc.	KPIT Technologies	\$24.2	100%	\$10.0	2.4x
4/10/2014	RedTree Inc.	Franklin Covey Co.	\$0.5	100%	\$1.3	0.4x
<b>Median of the 26 M&amp;A Transaction Targets</b>			<b>\$24.2</b>	<b>100%</b>	<b>\$24.7</b>	<b>1.2x</b>

Size of M&A Transactions



LTM Revenues Reported



### Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

# Quarterly Industry Update

As of December 31, 2016

Consulting Services Aggregates



## Comparable Public Company Key Statistics

Median 52-Week Return	13.4%	Median EV/Revenue Multiple	1.2x	Median Price/Earnings Multiple	25.9x
Median Year-to-Date Return	14.3%	Median EV/EBITDA Multiple	11.8x	Median EV/Gross CF Multiple	16.0x

## Comparable Public Company Market Price Returns (As of December 31, 2016)

	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
AECOM	21.1%	22.3%	21.1%	9.4%	7.3%	12.1%	-1.1%	3.2%	23.7%	15.7%	-26.5%
Amer Foster Wheeler plc	-8.3%	-22.0%	-8.3%	-33.9%	-31.5%	-16.3%	-52.4%	-26.2%	10.6%	15.4%	-21.3%
Aon plc	21.0%	-0.9%	21.0%	8.4%	10.0%	19.0%	-2.8%	13.0%	50.9%	18.8%	1.7%
Argan, Inc.	117.7%	19.2%	117.7%	44.8%	36.8%	35.9%	-3.7%	22.1%	53.1%	18.3%	64.1%
Booz Allen Hamilton Holding Corporation	16.9%	14.1%	16.9%	16.6%	23.5%	15.9%	16.3%	38.5%	37.6%	-19.3%	-11.2%
Cartesian, Inc.	-59.0%	46.7%	-59.0%	-54.0%	-30.8%	-9.8%	-48.3%	56.0%	19.0%	52.0%	-41.5%
CEB Inc.	-1.3%	11.3%	-1.3%	-8.6%	-7.8%	9.7%	-15.4%	-6.3%	63.1%	24.6%	1.5%
CGI Group, Inc.	20.2%	0.8%	20.2%	12.0%	12.8%	20.5%	4.4%	14.3%	45.4%	21.9%	9.2%
Cognizant Technology Solutions Corporation	-6.6%	17.4%	-6.6%	3.2%	3.5%	11.7%	14.0%	4.3%	36.7%	14.9%	-12.3%
CRA International Inc.	96.2%	37.6%	96.2%	9.9%	22.7%	13.0%	-38.5%	53.1%	0.2%	-0.4%	-15.6%
Ecology & Environment, Inc.	3.1%	6.7%	3.1%	7.5%	-1.4%	-8.2%	12.0%	-17.0%	-1.1%	-31.2%	7.7%
Edgewater Technology Inc.	-6.4%	-11.8%	-6.4%	0.0%	2.4%	22.1%	6.7%	7.4%	83.9%	37.7%	17.4%
Engility Holdings, Inc.	3.8%	7.0%	3.8%	-11.3%	0.3%	N/A	-24.1%	28.1%	73.4%	N/A	N/A
Exponent Inc.	20.7%	18.1%	20.7%	20.9%	16.0%	21.3%	21.1%	6.8%	38.4%	21.4%	22.5%
Forrester Research Inc.	50.8%	10.4%	50.8%	4.5%	3.9%	4.8%	-27.6%	2.9%	42.8%	-21.0%	-3.8%
Franklin Covey Co.	20.4%	13.1%	20.4%	2.0%	0.5%	18.9%	-13.5%	-2.6%	54.1%	52.3%	-1.4%
FTI Consulting, Inc.	30.1%	1.2%	30.1%	8.0%	3.1%	1.2%	-10.3%	-6.1%	24.7%	-22.2%	13.8%
Heidrick & Struggles International Inc.	-11.3%	30.2%	-11.3%	2.4%	6.2%	2.3%	18.1%	14.4%	32.0%	-29.2%	-24.8%
Hill International, Inc.	12.1%	-5.6%	12.1%	6.4%	3.3%	-3.3%	1.0%	-2.8%	7.9%	-28.8%	-20.6%
Huron Consulting Group Inc.	-14.7%	-15.2%	-14.7%	-13.9%	-6.9%	5.5%	-13.1%	9.1%	86.0%	-13.0%	46.5%
ICF International Inc.	55.2%	24.5%	55.2%	16.1%	16.7%	17.4%	-13.2%	18.1%	48.1%	-5.4%	-3.7%
Insight Enterprises Inc.	61.0%	24.2%	61.0%	25.0%	21.2%	21.5%	-3.0%	14.0%	30.7%	13.6%	16.2%
KBR, Inc.	-1.4%	10.3%	-1.4%	-0.8%	-19.4%	-9.7%	-0.2%	-46.8%	6.6%	7.4%	-8.5%
Lightbridge Corp.	14.0%	-34.5%	-77.2%	-61.6%	-46.0%	-35.5%	-35.5%	6.9%	2.8%	-30.9%	-61.9%
MDC Partners Inc.	-69.8%	-38.9%	-69.8%	-46.3%	-36.4%	-6.2%	-4.4%	-10.9%	238.6%	-16.4%	-21.7%
MOCON Inc.	33.2%	24.2%	33.2%	4.4%	7.3%	4.0%	-18.2%	13.2%	9.7%	-10.0%	23.8%
Navigant Consulting Inc.	63.0%	29.5%	63.0%	30.5%	10.9%	18.1%	4.5%	-19.9%	72.0%	-2.2%	24.0%
NVS Global, Inc.	52.0%	3.4%	52.0%	60.3%	60.1%	N/A	69.1%	59.7%	N/A	N/A	N/A
PAREXEL International Corporation	-3.5%	-5.4%	-3.5%	8.8%	13.3%	25.9%	22.6%	23.0%	52.7%	42.7%	-2.3%
Perficient Inc.	2.2%	-13.2%	2.2%	-3.1%	-9.3%	11.8%	-8.1%	-20.5%	98.8%	17.7%	-19.9%
PFSweb Inc.	-34.0%	-4.8%	-34.0%	-18.1%	-2.1%	20.9%	1.7%	39.6%	218.2%	-13.4%	-16.9%
Resources Connection, Inc.	17.8%	28.8%	17.8%	8.2%	10.3%	12.7%	-0.7%	14.8%	20.1%	12.7%	-43.0%
Robert Half International Inc.	3.5%	28.8%	3.5%	-8.6%	5.1%	11.4%	-19.3%	39.0%	32.0%	11.8%	-7.0%
Stantec Inc.	2.1%	7.5%	2.1%	-4.3%	-6.6%	13.2%	-10.3%	-11.1%	55.5%	47.0%	-2.7%
Tetra Tech, Inc.	65.8%	21.7%	65.8%	27.1%	15.5%	14.9%	-2.5%	-4.6%	5.7%	22.6%	-13.8%
The Advisory Board Company	-33.0%	-25.7%	-33.0%	-17.6%	-19.5%	-2.2%	1.3%	-23.1%	36.1%	26.1%	55.8%
The Hackett Group, Inc.	9.9%	6.9%	9.9%	41.7%	41.7%	36.4%	82.8%	41.5%	45.1%	14.4%	6.6%
TRC Companies Inc.	14.6%	22.3%	14.6%	29.3%	14.1%	12.0%	45.9%	-11.2%	22.7%	-3.2%	71.7%
TriNet Group, Inc.	32.4%	18.4%	32.4%	-9.5%	N/A	N/A	-38.1%	N/A	N/A	N/A	N/A
Willdan Group, Inc.	169.6%	28.7%	169.6%	29.4%	62.0%	41.7%	-37.9%	154.0%	139.2%	-43.9%	-1.0%
<b>Median of Industry Public Companies</b>	<b>14.3%</b>	<b>10.8%</b>	<b>13.4%</b>	<b>5.4%</b>	<b>5.1%</b>	<b>12.1%</b>	<b>-2.9%</b>	<b>7.4%</b>	<b>38.0%</b>	<b>12.7%</b>	<b>-2.7%</b>

(Multiple year periods are calculated as the average annual return.)

# Quarterly Industry Update

As of December 31, 2016

Consulting Services Aggregates



## Median Public Company Multiples of the Consulting Services Aggregates

Date:	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
EV/Revenues Multiple	1.1x	1.1x	1.2x	1.2x	1.1x	1.1x	1.1x	1.2x	1.2x
EV/EBITDA Multiple	11.3x	11.6x	12.1x	10.5x	10.7x	9.9x	10.4x	11.1x	11.8x
Price/Earnings Multiple	23.2x	23.1x	23.9x	20.4x	21.3x	21.8x	22.2x	23.9x	25.9x
EV/Gross Cash Flows Multiple	15.6x	16.4x	17.8x	15.1x	14.8x	14.0x	14.4x	13.8x	16.0x

## Industry Initial Public Offerings - Consulting Services Aggregates (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
12/9/2016	KNK Holdings Limited	\$0.04	120.0	\$5.0	\$1.7	\$0.0	\$3.8	\$2.1	\$0.8	\$2.1
11/28/2016	Eltes Co.,Ltd.	\$15.96	0.2	\$3.4	N/A	N/A	N/A	N/A	N/A	N/A
10/14/2016	Allied Sustainability and Environmental	\$0.04	204.0	\$7.4	\$6.5	\$0.0	\$4.2	\$1.6	\$0.7	\$1.7
9/29/2016	G-Factory Co.,Ltd.	\$31.91	0.2	\$7.0	\$17.8	\$4.9	\$17.5	\$0.0	\$1.5	\$0.0
9/1/2016	Baycurrent Consulting, Inc.	\$20.35	11.7	\$238.7	N/A	N/A	N/A	N/A	N/A	N/A
2/3/2016	Tus-Design Group Co., Ltd.	\$3.18	15.0	\$47.7	\$71.9	\$0.0	\$51.8	\$10.9	\$7.9	\$10.9
1/15/2016	Fourth Dimension Solutions Limited	\$0.44	2.7	\$1.3	\$46.7	\$0.2	\$104.3	\$3.8	\$2.1	\$4.1
9/29/2015	FDB Holdings Limited	\$0.03	308.0	\$9.9	\$12.9	\$1.0	\$25.7	\$3.6	\$2.7	\$3.6
7/29/2015	ItoKuro Inc.	\$15.58	2.9	\$45.5	\$15.6	\$2.2	\$26.6	\$0.0	\$3.8	\$0.0
7/9/2015	Kainos Group plc	\$2.14	38.9	\$83.1	\$58.9	\$0.0	\$90.3	\$18.3	\$14.5	\$19.1
3/26/2014	TriNet Group, Inc.	\$16.00	15.0	\$240.0	\$1,434.7	\$818.9	\$1,644.3	\$136.9	\$13.1	\$154.8
3/26/2013	NV5 Global, Inc.	\$6.00	1.4	\$8.4	\$32.1	\$10.7	\$60.3	\$3.4	\$0.9	\$4.3
11/16/2010	Booz Allen Hamilton Holding Corporation	\$17.00	14.0	\$238.0	\$3,082.1	\$1,474.9	\$5,323.1	\$336.6	\$49.2	\$388.7
5/19/2010	ReachLocal, Inc.	\$13.00	4.2	\$54.2	\$101.5	\$0.0	\$224.0	(\$3.3)	\$10.0	(\$1.5)
5/4/2010	Charm Communications Inc.	\$9.50	7.8	\$74.2	\$142.6	\$0.0	\$106.0	\$17.6	\$15.3	\$17.9
1/31/2007	Information Services Group, Inc.	\$8.00	28.1	\$225.0	N/A	N/A	N/A	N/A	N/A	N/A
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$46.6</b>	<b>\$46.7</b>	<b>\$0.2</b>	<b>\$60.3</b>	<b>\$3.6</b>	<b>\$3.8</b>	<b>\$4.1</b>

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