

## Cyber Security

### INDUSTRY SUMMARY

COGENT VALUATION identified **Cyber Security** publicly traded companies, IPOs, and recent M&A transactions within the Cyber Security 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 June 30, 2016, the median 52-week share price return of the Cyber Security industry was 26.2%. Between June 30, 2015 and June 30, 2017, the median EV/EBITDA multiple increased from 8.0 to 29.0. Furthermore, the median price-to-earnings multiple increased from 20.0 to 46.9 over the same period.

### Public Company Key Statistics

Median 52-Week  
Return

26.2%

Median 3-Year CAGR  
Return

9.0%

Median EV/Revenue  
Multiple

2.8x

Median EV/EBITDA  
Multiple

29.0x

Median Price/Earnings  
Multiple

46.9x

Median EV/Gross CF  
Multiple

36.4x

## Comparable Public Company Market Price Returns as of June 30, 2017

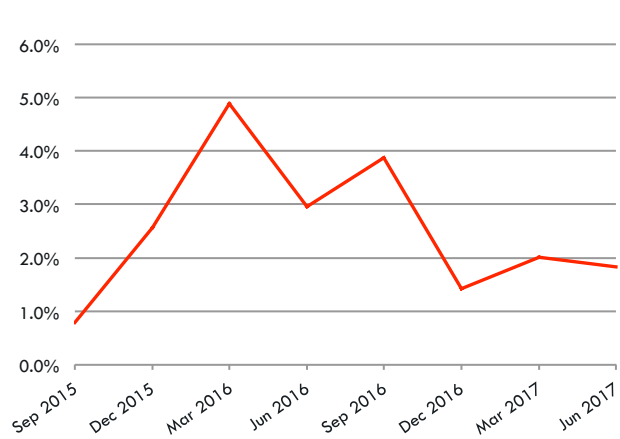
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
Ability Inc.	-53.8%	-35.4%	-67.3%	N/A	N/A	-72.0%	N/A	N/A
CyberArk Software Ltd.	9.8%	-1.8%	2.8%	-10.8%	N/A	0.8%	13.8%	N/A
Finjan Holdings, Inc.	189.6%	88.9%	80.2%	54.2%	-8.3%	-1.5%	-57.4%	-58.0%
Fortinet, Inc.	24.3%	-2.4%	18.5%	-4.8%	14.2%	-3.4%	1.7%	60.3%
Imperva, Inc.	24.6%	16.6%	11.3%	-15.9%	22.3%	-39.3%	28.1%	2.7%
Magal Security Systems Ltd.	-3.0%	-34.6%	3.1%	6.2%	9.0%	19.4%	-26.9%	63.2%
ManTech International Corporation	-2.1%	19.5%	9.4%	19.5%	11.9%	39.7%	0.0%	1.0%
NCI, Inc.	51.3%	40.2%	50.2%	42.9%	33.4%	2.2%	33.7%	54.2%
NetScout Systems, Inc.	9.2%	-9.4%	54.6%	-3.1%	-8.1%	2.6%	-16.0%	23.5%
Radware Ltd.	20.3%	8.5%	55.8%	-11.1%	1.3%	-5.0%	-30.3%	22.5%
Rapid7, Inc.	38.3%	12.3%	33.8%	N/A	N/A	-19.6%	N/A	N/A
Symantec Corporation	18.3%	-7.9%	37.5%	10.2%	7.2%	13.8%	-18.1%	8.8%
<b>Median of Industry Public Companies</b>	<b>19.3%</b>	<b>3.4%</b>	<b>26.2%</b>	<b>1.5%</b>	<b>9.0%</b>	<b>-0.4%</b>	<b>-8.0%</b>	<b>22.5%</b>

Multiple year periods are calculated as the average annual return.

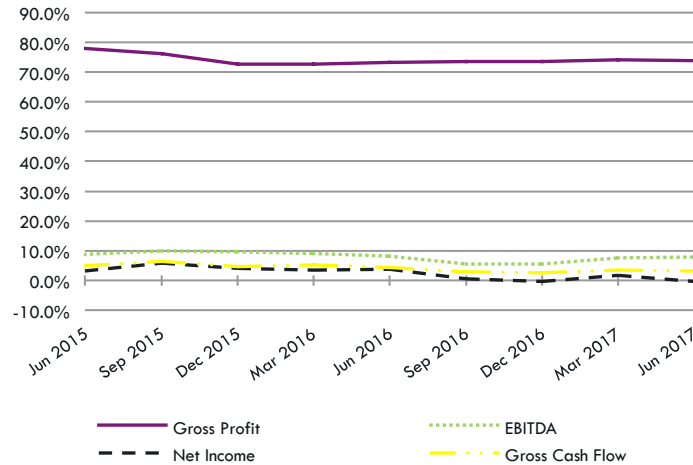
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# Industry Revenue Growth and Profit Margins for the Past Two Years

**Median Quarterly Revenue Growth of All Cyber Security Companies**



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



## Median Public Companies

The chart below illustrates Public Company Multiples.

	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	12/31/15	9/30/15
<b>EV/Revenues Multiple</b>	2.8x	2.7x	2.7x	3.2x	2.3x	2.7x	3.7x	2.9x
<b>EV/EBITDA Multiple</b>	29.0x	23.5x	16.9x	13.4x	10.7x	10.0x	9.4x	8.3x
<b>Price/Earnings Multiple</b>	46.9x	22.7x	21.5x	26.2x	25.1x	24.8x	22.0x	17.8x
<b>EV/Gross Cash Flows Multiple</b>	36.4x	55.0x	31.7x	30.9x	15.0x	14.4x	18.0x	16.0x

■ Highest Multiple    
 ■ Lowest Multiple    
 ■ Median Multiple

## Industry Initial Public Offerings—Industry: Cyber Security (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
6/1/17	WIIT S.p.A.	\$50.48	0.6	\$31.2	\$22.6	\$13.7	\$15.4	\$3.9	\$1.0	\$5.9
3/7/17	Microware Group Limited	\$0.19	60.0	\$11.3	\$44.5	\$0.0	\$138.7	\$6.1	\$3.2	\$6.3
12/13/16	ECSC Group plc	\$2.12	3.5	\$7.4	\$1.5	\$0.0	\$3.5	\$0.8	\$0.6	\$0.8
4/21/16	SecureWorks Corp.	\$14.00	8.0	\$112.0	\$917.8	\$28.0	\$339.5	(\$60.5)	(\$72.4)	(\$48.1)
4/11/16	Osirium Technologies plc	\$2.22	5.7	\$12.6	\$1.9	\$0.0	\$0.4	(\$1.3)	(\$1.1)	(\$1.3)
1/27/16	Secura Group Limited	\$0.17	112.0	\$19.6	\$5.2	\$0.0	\$14.0	\$0.2	\$0.9	\$0.2
7/16/15	Rapid7, Inc.	\$16.00	6.5	\$103.2	\$79.4	\$17.0	\$83.7	(\$23.6)	(\$31.8)	(\$20.1)
9/29/14	FFRI, Inc.	\$13.26	0.3	\$4.4	N/A	N/A	N/A	N/A	N/A	N/A
6/29/17	Median of all IPOs	nm	nm	\$16.1	\$22.6	\$0.0	\$15.4	\$0.2	\$0.6	\$0.2

Multiple year periods are calculated as the average annual return.

■ Highest Return    
 ■ Lowest Return    
 ■ Median Return

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
12/1/16	<b>Camber Corporation</b>	Huntington Ingalls	\$380.0	100%	\$364.0	1.0x
11/8/16	<b>ITC Secure Networking</b>	C5 Capital Ltd	\$29.8	100%	\$18.0	1.7x
8/31/16	<b>Wave Systems Corp.</b>	ESW Capital, LLC	\$3.8	100%	N/A	N/A
8/16/16	<b>Sypris Electronics, LLC</b>	Analog Devices, Inc.	\$42.0	100%	N/A	N/A
5/2/16	<b>Recall Holdings Limited</b>	Iron Mountain Inc.	\$2,452.5	100%	\$842.3	2.8x
3/10/16	<b>TowerSec Inc.</b>	Harman Becker Automotive	\$75.8	100%	N/A	N/A
2/25/16	<b>Amicus ITS Ltd.</b>	N/A	\$7.4	100%	N/A	N/A
2/3/16	<b>R&amp;L AG</b>	targit GmbH	\$1.6	55%	N/A	N/A
11/27/15	<b>Fox-IT Group B.V.</b>	NCC Group (Solutions)	\$140.6	100%	\$29.0	4.9x
9/1/15	<b>Code Green Networks</b>	Digital Guardian, Inc.	\$18.0	100%	N/A	N/A
7/9/15	<b>Caspida, Inc.</b>	Splunk, Inc.	\$190.0	100%	N/A	N/A

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

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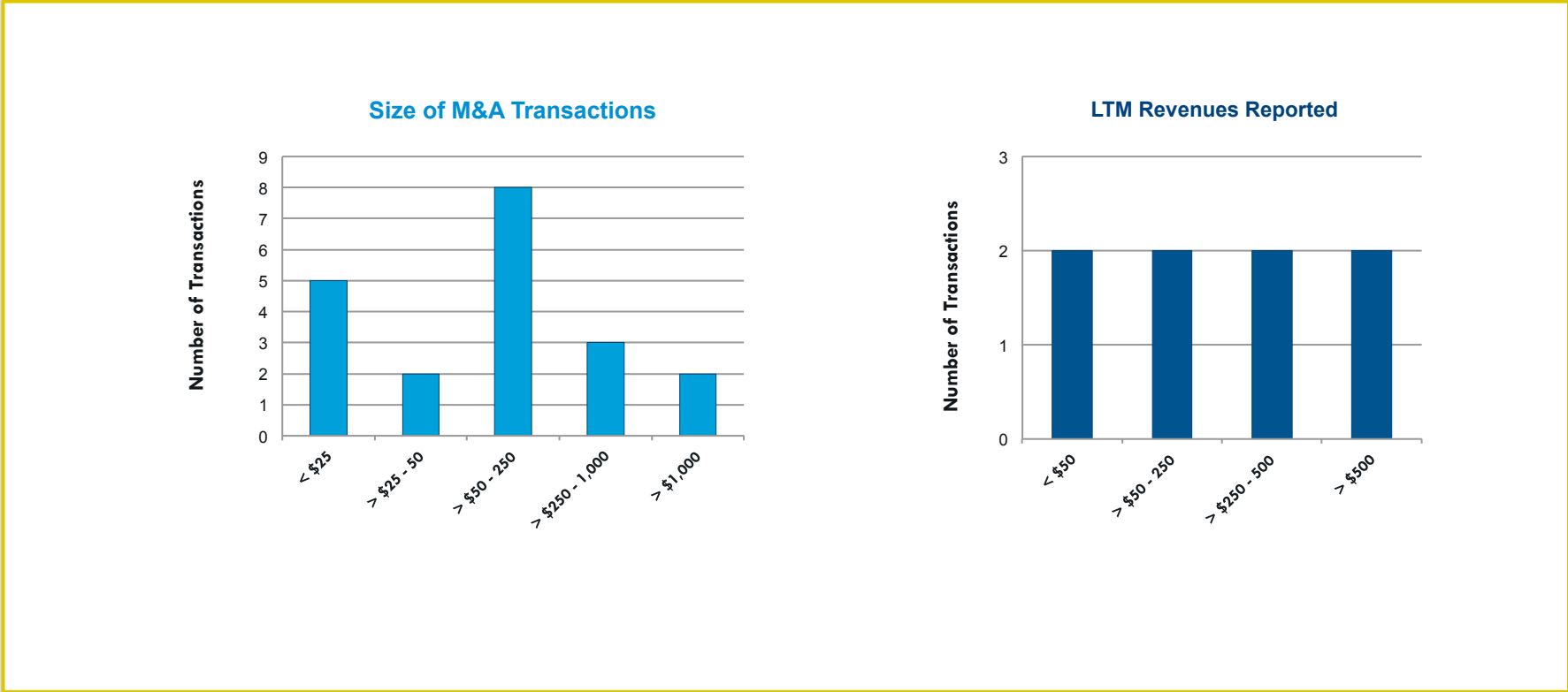
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
2/27/15	CloudShield Technologies	LookingGlass Cyber	\$5.0	100%	N/A	N/A
2/26/15	TASC, Inc.	Engility Holdings, Inc.	\$1,100.0	100%	N/A	N/A
1/2/15	Tripwire, Inc.	Belden Inc.	\$710.0	100%	\$118.5	6.0x
12/11/14	BAE Systems	BAE Systems plc	\$232.5	100%	N/A	N/A
10/2/14	Bull Société Anonyme	Atos SE	\$848.5	100%	\$1,708	0.4x
3/7/14	Inform P. Lykos S.A.	Lykos AG	\$77.9	57%	\$161.6	0.5x
3/4/14	Data Tactics Corp.	L-3 Communications Holdings	\$57.0	100%	N/A	N/A
1/28/14	Dynamics Research	Engility Holdings, Inc.	\$204.1	100%	\$286.7	0.7x
Median of the 20 M&A Transaction Targets			\$76.8	100%	\$224.2	1.3x

USA
  International
  Highest
  Lowest
  Median

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of June 30, 2017





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**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.

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