

## 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 June 30, 2017, the median 52-week share price return of the Management Consulting industry was 22.4%. Between June 30, 2016 and June 30, 2018, the median EV/EBITDA multiple increased from 10.0 to 11.8. However, the median price-to-earnings multiple decreased from 20.0 to 18.5 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 0.6% and 10.0%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

22.4%

Median 3-Year CAGR  
Return

8.4%

Median EV/Revenue  
Multiple

1.2x

Median EV/EBITDA  
Multiple

11.8x

Median Price/Earnings  
Multiple

18.5x

Median EV/Gross CF  
Multiple

18.3x

## Comparable Public Company Market Price Returns as of June 30, 2018

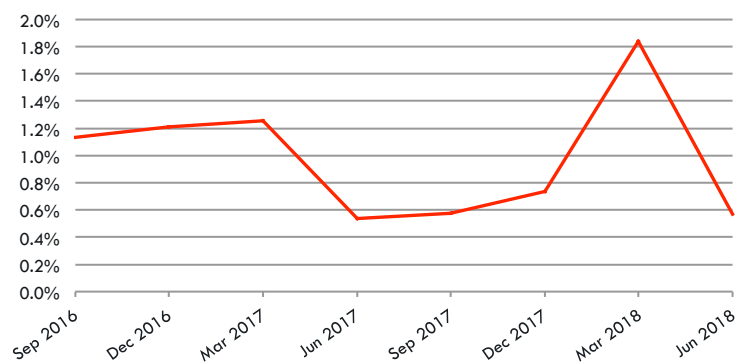
	YTD	3 Month	1 Year	2 Year	2017	2016	2015	2014
<b>Booz Allen Hamilton Holding Corporation</b>	14.7%	12.9%	9.8%	13.5%	5.7%	16.9%	16.3%	38.5%
<b>Cebu Air, Inc.</b>	-35.2%	-28.4%	-6.7%	1.4%	6.6%	7.0%	-8.4%	81.7%
<b>CRA International, Inc.</b>	13.2%	-2.7%	44.0%	14.2%	22.8%	96.2%	-38.5%	53.1%
<b>Forrester Research, Inc.</b>	-5.1%	1.2%	6.2%	4.3%	2.9%	50.8%	-27.6%	2.9%
<b>Franklin Covey Co.</b>	18.3%	-8.7%	25.9%	-2.5%	3.0%	20.4%	-13.5%	-2.6%
<b>FTI Consulting, Inc.</b>	40.8%	24.9%	-14.1%	-7.9%	-4.7%	30.1%	-10.3%	-6.1%
<b>Heidrick &amp; Struggles Internationa</b>	42.6%	12.0%	28.9%	-8.7%	1.7%	-11.3%	18.1%	14.4%
<b>Huron Consulting Group Inc.</b>	1.1%	7.3%	-28.5%	-21.5%	-20.1%	-14.7%	-13.1%	9.1%
<b>ICF International, Inc.</b>	35.3%	21.6%	15.2%	16.2%	-4.9%	55.2%	-13.2%	18.1%
<b>MDC Partners Inc.</b>	-52.8%	-36.1%	-45.9%	-29.1%	48.9%	-69.8%	-4.4%	-10.9%
<b>Navigant Consulting, Inc.</b>	14.1%	15.1%	22.4%	15.3%	-25.9%	63.0%	4.5%	-19.9%
<b>PFSweb, Inc.</b>	30.8%	11.2%	-13.1%	-22.8%	-12.6%	-34.0%	1.7%	39.6%
<b>Median of Industry Public Companies</b>	14.4%	6.4%	9.8%	-2.5%	2.3%	16.9%	-8.4%	9.1%

Multiple year periods are calculated as the average annual return.

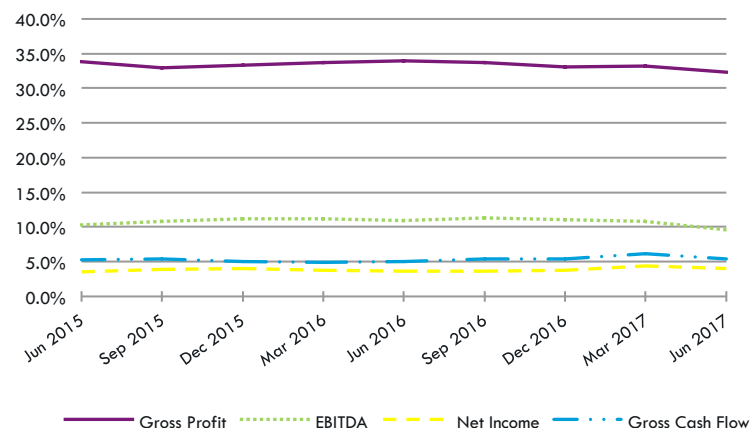
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

**Median Quarterly Revenue Growth of All Management Consulting Companies**



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



## Public Company Median Multiples by Quarter

	6/30/18	3/31/18	12/31/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
<b>EV/Revenues Multiple</b>	1.2x	3.1x	1.0x	1.1x	1.1x	1.1x	1.1x	1.1x
<b>EV/EBITDA Multiple</b>	11.8x	10.3x	10.4x	9.8x	10.3x	10.3x	10.0x	9.3x
<b>Price/Earnings Multiple</b>	18.5x	15.1x	15.1x	22.8x	22.5x	21.0x	20.0x	19.6x
<b>EV/Gross Cash Flows Multiple</b>	18.3x	15.8x	14.6x	18.9x	20.6x	17.9x	18.3x	17.1x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

## Industry Initial Public Offerings—Management Consulting

(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
4/2/18	<b>Lex Nimble Solutions Limited</b>	\$0.88	0.2	\$7.0	\$2,136.0	\$588.0	<b>\$0.3</b>	\$0.0	\$179.0	\$0.0
9/29/16	<b>G-Factory Co.,Ltd.</b>	\$31.91	14.0	\$238.0	\$3,082.1	\$1,474.9	\$17.5	\$0.0	\$49.2	\$388.7
11/16/10	<b>Booz Allen Hamilton Holding Corporation</b>	\$17.00	4.2	\$54.2	\$101.5	\$0.0	<b>\$5,323.1</b>	\$336.6	\$10.0	(\$2.3)
5/19/10	<b>ReachLocal, Inc.</b>	\$13.00	7.8	\$74.2	\$187.8	\$19.7	\$224.0	(\$4.1)	\$21.3	\$24.6
5/4/10	<b>Charm Communications Inc.</b>	\$9.50	2.9	\$29.0	\$37.8	\$1.0	\$123.7	\$24.3	\$0.8	\$6.3
11/20/06	<b>Willdan Group, Inc.</b>	\$10.00	4.7	\$56.0	\$171.2	\$64.9	\$76.0	\$4.7	(\$0.1)	\$10.8
9/28/06	<b>ICF International, Inc.</b>	\$12.00	5.0	\$77.5	\$55.5	\$10.1	\$203.5	\$8.0	\$7.6	\$26.3
6/29/17	<b>Median of all IPOs</b>	<b>nm</b>	<b>nm</b>	<b>\$65.1</b>	<b>\$179.5</b>	<b>\$42.3</b>	<b>\$213.8</b>	<b>\$15.3</b>	<b>\$15.7</b>	<b>\$17.7</b>

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
6/28/18	Airlie Funds Management	Blackstreet Capital Management, LLC	\$114.8	100%	N/A	N/A
3/5/18	SQS Software Quality Systems	Magellan Financial Group	\$446.2	100%	N/A	N/A
2/19/18	Orchard Marketing Pty. Ltd.	Assystem Technologies SA	\$21.4	100%	N/A	N/A
2/2/18	Eons Global Holdings Pte. Ltd.	Enero Group Limited	\$1.4	100%	\$9.0	1.5x
11/15/17	Vynamic, LLC	N/A	\$32.0	100%	N/A	N/A
7/12/17	Sentensia Q AB	UDG Healthcare plc	\$3.0	100%	\$135.0	0.9x
7/6/17	ProofID Limited	B3IT Management AB (nka:B3 Consulting Group AB (publ))	\$5.0	100%	N/A	N/A
6/20/17	Airlie Funds Management	PEGRight, Inc.	\$20.0	100%	\$1,270.3	0.6x
5/8/17	SQS Software Quality Systems	The Hackett Group, Inc.	\$1.4	100%	\$9.6	0.2x
1/6/17	WSP Group	Sino Holdings (S'pore) Pte Ltd	\$13.5	100%	\$146.5	0.6x
1/3/17	Towers Watson	Willis Group Holdings	\$166.4	100%	\$3,645.0	2.2x
12/31/15	CB&I Stone & Webster	Westinghouse Electric	\$10.1	100%	N/A	N/A

 USA
  International
  Highest
  Lowest
  Median

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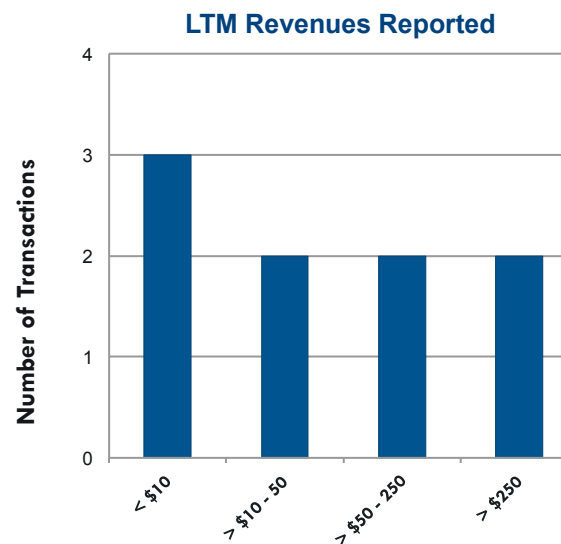
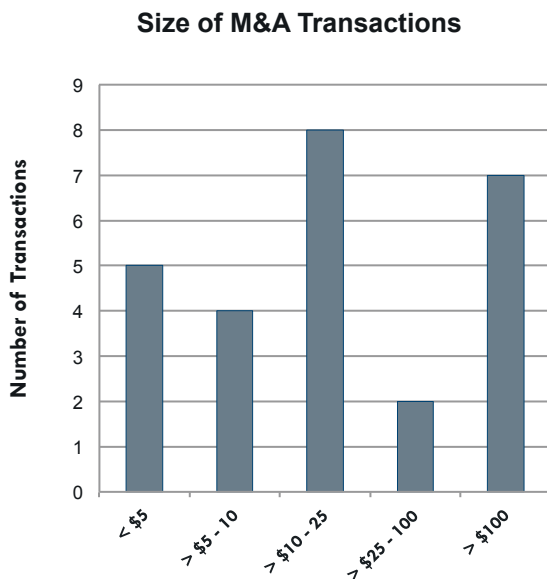
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
11/4/15	Horwath Consulting Services	Shiji (Hong Kong) Limited	\$10.0	75%	N/A	N/A
8/25/15	Kerensen Consulting SAS	Salesforce.com, inc.	\$24.2	100%	\$17.0	1.4x
7/28/15	Agora Group, Inc.	Virtusa Corporation	\$7.5	100%	N/A	N/A
7/27/15	ThinOps Resources, LLC	Code Rebel Corp	\$9.3	100%	\$1.9	4.9x
6/3/15	Trissential, LLC	SQS Software Quality	\$30.9	100%	\$32.3	1.0x
11/27/14	Sandra Hartog & Assc.	BTS USA, Inc.	\$6.6	100%	N/A	N/A
11/3/14	VERTEX Incorporated	Ebix Inc.	\$29.0	100%	N/A	N/A
Median of the 20 M&A Transaction Targets			\$196.9	100%	N/A	N/A

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of June 30, 2018





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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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