

# Q3:Quarterly Industry Update

AS OF September 30, 2019

**cogent** valuation  
FINANCIAL OPINIONS

## 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 September 30, 2018, the median 52-week share price return of the Management Consulting industry was 27.5%. Between September 30, 2017 and September 30, 2019, the median EV/EBITDA multiple increased from 10.3 to 11.8. However, the median price-to-earnings multiple decreased from 21.0 to 19.8 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 2.0% and 10.0%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

27.5%

Median 3-Year CAGR  
Return

13.6%

Median EV/Revenue  
Multiple

1.2x

Median EV/EBITDA  
Multiple

11.8x

Median Price/Earnings  
Multiple

19.8x

Median EV/Gross CF  
Multiple

17.4x

## Comparable Public Company Market Price Returns as of September 30, 2019

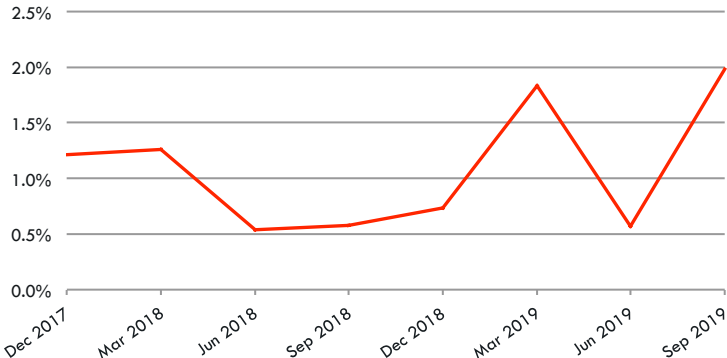
	2019	3 Month	1 Year	2 Year	2017	2016	2015	2014
<b>Booz Allen Hamilton Holding Corporation</b>	30.2%	30.2%	9.8%	13.5%	5.7%	16.9%	16.3%	38.5%
<b>Cebu Air, Inc.</b>	-35.2%	-35.2%	-6.7%	1.4%	6.6%	7.0%	-8.4%	81.7%
<b>CRA International, Inc.</b>	11.7%	11.7%	44.0%	14.2%	22.8%	96.2%	-38.5%	53.1%
<b>Forrester Research, Inc.</b>	3.8%	3.8%	6.2%	4.3%	2.9%	50.8%	-27.6%	2.9%
<b>Franklin Covey Co.</b>	14.0%	14.0%	25.9%	-2.5%	3.0%	20.4%	-13.5%	-2.6%
<b>FTI Consulting, Inc.</b>	70.4%	70.4%	-14.1%	-7.9%	-4.7%	30.1%	-10.3%	-6.1%
<b>Heidrick &amp; Struggles International</b>	37.9%	37.9%	28.9%	-8.7%	1.7%	-11.3%	18.1%	14.4%
<b>Huron Consulting Group Inc.</b>	22.1%	22.1%	-28.5%	-21.5%	-20.1%	-14.7%	-13.1%	9.1%
<b>ICF International, Inc.</b>	43.7%	43.7%	15.2%	16.2%	-4.9%	55.2%	-13.2%	18.1%
<b>MDC Partners Inc.</b>	-57.4%	-57.4%	-45.9%	-29.1%	48.9%	-69.8%	-4.4%	-10.9%
<b>Navigant Consulting, Inc.</b>	18.8%	18.8%	22.4%	15.3%	-25.9%	63.0%	4.5%	-19.9%
<b>PFSweb, Inc.</b>	-0.4%	-0.4%	-13.1%	-22.8%	-12.6%	-34.0%	1.7%	39.6%
<b>Median of Industry Public Companies</b>	12.9%	12.9%	9.8%	-2.5%	2.3%	16.9%	-8.4%	9.1%

Multiple year periods are calculated as the average annual return.

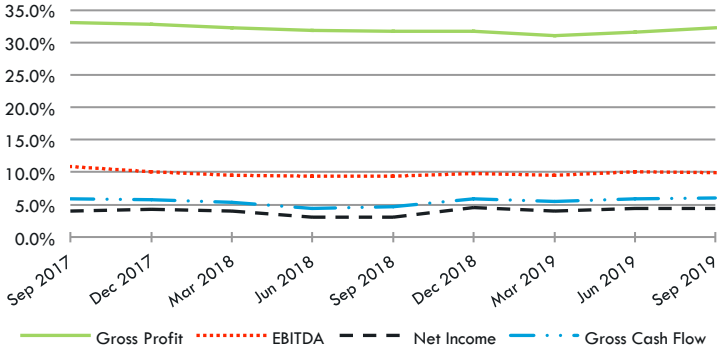
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# 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

	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17
<b>EV/Revenues Multiple</b>	1.2x	1.2x	1.1x	1.0x	1.1x	1.1x	1.1x	1.1x
<b>EV/EBITDA Multiple</b>	11.8x	11.8x	10.3x	10.4x	10.8x	11.2x	10.1x	10.3x
<b>Price/Earnings Multiple</b>	19.8x	18.5x	15.1x	15.1x	21.3x	19.0x	22.8x	22.5x
<b>EV/Gross Cash Flows Multiple</b>	17.4x	18.3x	15.8x	14.6x	22.0x	17.5x	18.9x	20.6x

■ 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
9/27/19	<b>Frontier Management Inc.</b>	\$19.95	0.2	\$7.0	\$2,136.0	\$588.0	\$34.4	\$0.0	\$179.0	\$0.0
7/22/19	<b>Management Solutions Co.,Ltd.</b>	\$18.78	14.0	\$238.0	\$3,082.1	\$1,474.9	\$22.2	\$0.0	\$49.2	\$388.7
4/2/18	<b>Lex Nimble Solutions Limited</b>	\$0.88	4.2	\$54.2	\$101.5	\$0.0	\$0.3	\$336.6	\$10.0	(\$2.3)
9/29/16	<b>G-Factory Co.,Ltd.</b>	\$31.91	7.8	\$74.2	\$187.8	\$19.7	\$17.5	(\$4.1)	\$21.3	\$24.6
11/16/10	<b>Booz Allen Hamilton Holding Corporation</b>	\$17.00	2.9	\$29.0	\$37.8	\$1.0	<b>\$5,323.1</b>	\$24.3	\$0.8	\$6.3
5/19/10	<b>ReachLocal, Inc.</b>	\$13.00	4.7	\$56.0	\$171.2	\$64.9	\$224.0	\$4.7	(\$0.1)	\$10.8
5/4/10	<b>Charm Communications Inc.</b>	\$9.50	5.0	\$77.5	\$55.5	\$10.1	\$123.7	\$8.0	\$7.6	\$26.3
9/27/18	<b>Median of all IPOs</b>	nm	nm	<b>\$65.1</b>	<b>\$179.5</b>	<b>\$42.3</b>	<b>\$123.7</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

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
7/2/19	Projects Assured Pty Ltd	DWS Limited	\$31.8	100%	N/A	N/A
6/28/19	Cartesian, Inc.	Blackstreet Capital Management, LLC	\$11.5	100%	\$50.8	N/A
3/5/19	Airlie Funds Management	Magellan Financial Group	\$114.8	100%	N/A	N/A
2/19/18	SQS Software Quality Systems	Assystem Technologies SA	\$436.2	100%	\$378.0	1.5x
2/2/18	Orchard Marketing Pty. Ltd.	Enero Group Limited	\$21.4	100%	N/A	N/A
11/15/18	Eons Global Holdings Pte. Ltd.	N/A	\$1.4	100%	N/A	0.9x
7/12/18	Vynamic, LLC	UDG Healthcare plc	\$32.0	100%	N/A	N/A
7/6/17	Sentensia Q AB	B3IT Management AB (nka:B3 Consulting Group AB (publ))	\$3.0	100%	N/A	0.6x
6/20/17	ProofID Limited	PEGRight, Inc.	\$5.0	100%	N/A	0.2x
5/8/17	Jibe Consulting, Inc.	The Hackett Group, Inc.	\$20.0	100%	N/A	0.6x
1/6/17	The Investment Firm Pte. Ltd.	Sino Holdings (S'pore) Pte Ltd	\$1.4	100%	N/A	2.2x
12/31/15	R.A.S. Associates, Inc.	Perficient, Inc.	\$13.5	100%	\$9.0	N/A

■ USA   
 ■ International   
 ■ Highest   
 ■ Lowest   
 ■ Median

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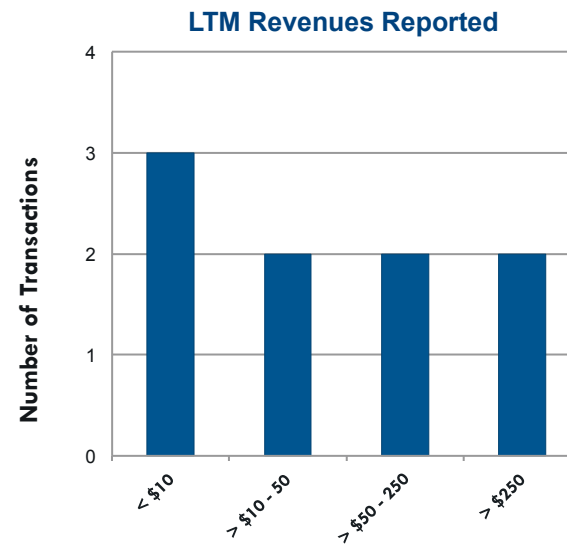
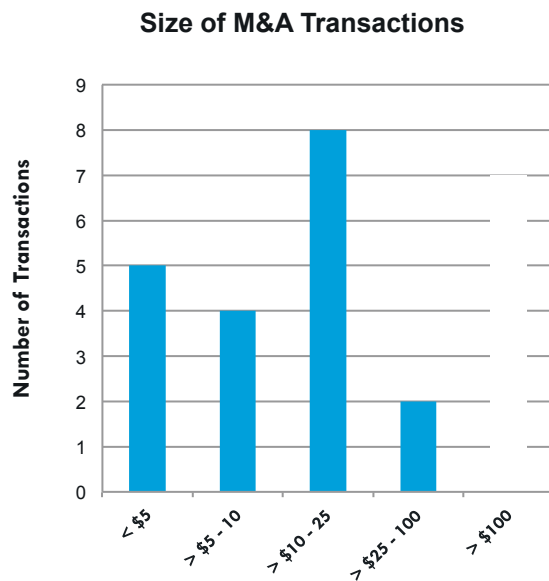
## Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
11/4/15	<b>Horwath Consulting Services</b>	Shiji (Hong Kong) Limited	\$10.0	75%	N/A	N/A
8/25/15	<b>Kerensen Consulting SAS</b>	Salesforce.com, inc.	\$24.2	100%	\$17.0	1.4x
7/28/15	<b>Agora Group, Inc.</b>	Virtusa Corporation	\$7.5	100%	N/A	N/A
7/27/15	<b>ThinOps Resources, LLC</b>	Code Rebel Corp	\$9.3	100%	\$1.9	4.9x
6/3/15	<b>Trissential, LLC</b>	SQS Software Quality	\$30.9	100%	\$32.3	1.0x
11/27/14	<b>Sandra Hartog &amp; Assc.</b>	BTS USA, Inc.	\$6.6	100%	N/A	N/A
11/3/14	<b>VERTEX Incorporated</b>	Ebix Inc.	\$29.0	100%	N/A	N/A
<b>Median of the 20 M&amp;A Transaction Targets</b>			<b>\$22.7</b>	<b>100%</b>	<b>N/A</b>	<b>N/A</b>

USA
  International
  Highest
  Lowest
  Median

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





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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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