

Q3: Quarterly Industry Update

AS OF September 30, 2019



Text Analytics

INDUSTRY SUMMARY

COGENT VALUATION identified **Text Analytics** publicly traded companies, IPOs, and recent M&A transactions within the Text Analytics 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 Text Analytics industry was 17.8%. Between September 30, 2018 and September 30, 2019, the median EV/EBITDA multiple decreased from 13.0 to 12.6. However, the median price-to-earnings multiple increased from 20.7 to 30.5 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 2.2% and 14.7%, respectively.

Public Company Key Statistics

Median 52-Week
Return

17.8%

Median 3-Year CAGR
Return

4.1%

Median EV/Revenue
Multiple

1.8x

Median EV/EBITDA
Multiple

12.6x

Median Price/Earnings
Multiple

30.5x

Median EV/Gross CF
Multiple

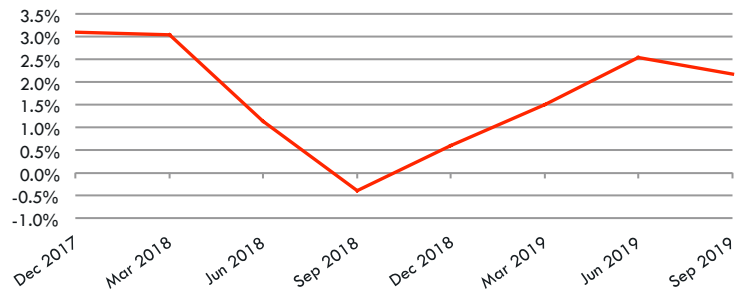
26.7x

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

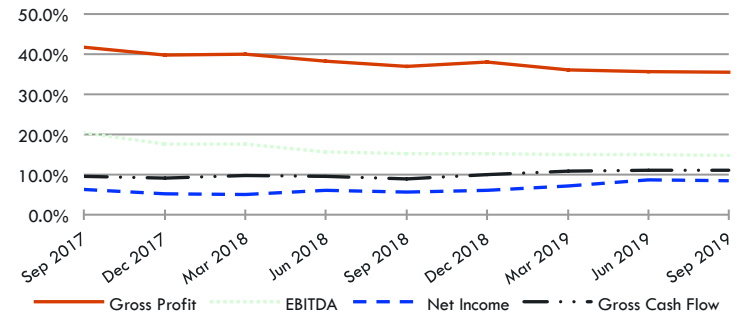
	2019	3 Month	1 Year	2 Year	3 Year	2018	2017	2016
FTI Consulting, Inc.	70.4%	70.4%	106.3%	28.2%	20.8%	30.1%	-10.3%	-6.1%
Innodata Inc.	22.1%	22.1%	44.0%	-9.1%	-7.6%	-14.7%	-13.1%	9.1%
Iron Mountain Incorporated	8.1%	8.1%	-2.0%	-23.0%	-14.2%	-14.0%	-2.4%	19.2%
MAXIMUS, Inc.	-8.5%	-8.5%	-11.3%	-4.1%	3.6%	20.3%	-30.1%	27.4%
Navigant Consulting, Inc.	-9.1%	-9.1%	0.9%	7.3%	3.0%	-0.8%	2.6%	24.7%
National Storage REIT	18.8%	18.8%	36.3%	6.8%	13.2%	63.0%	4.5%	-19.9%
Open Text Corporation	0.8%	0.8%	3.1%	-0.9%	4.1%	-3.6%	-5.5%	28.8%
Tyler Technologies, Inc.	6.6%	6.6%	17.8%	8.3%	19.4%	29.0%	-17.7%	26.7%
Median of Industry Public Companies	38.4%	38.4%	40.6%	19.6%	18.0%	-18.1%	59.3%	7.2%

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Text Analytics 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
EV/Revenues Multiple	1.8x	1.6x	1.7x	1.8x	1.6x	1.8x	1.8x	1.8x
EV/EBITDA Multiple	12.6x	13.0x	13.3x	12.6x	12.5x	12.1x	12.6x	11.8x
Price/Earnings Multiple	30.5x	28.2x	30.1x	31.0x	38.1x	28.2x	24.1x	21.7x
EV/Gross Cash Flows Multiple	26.7x	21.5x	22.2x	22.6x	25.0x	20.5x	20.2x	17.8x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Text Analytics (dollars in millions, except share prices)

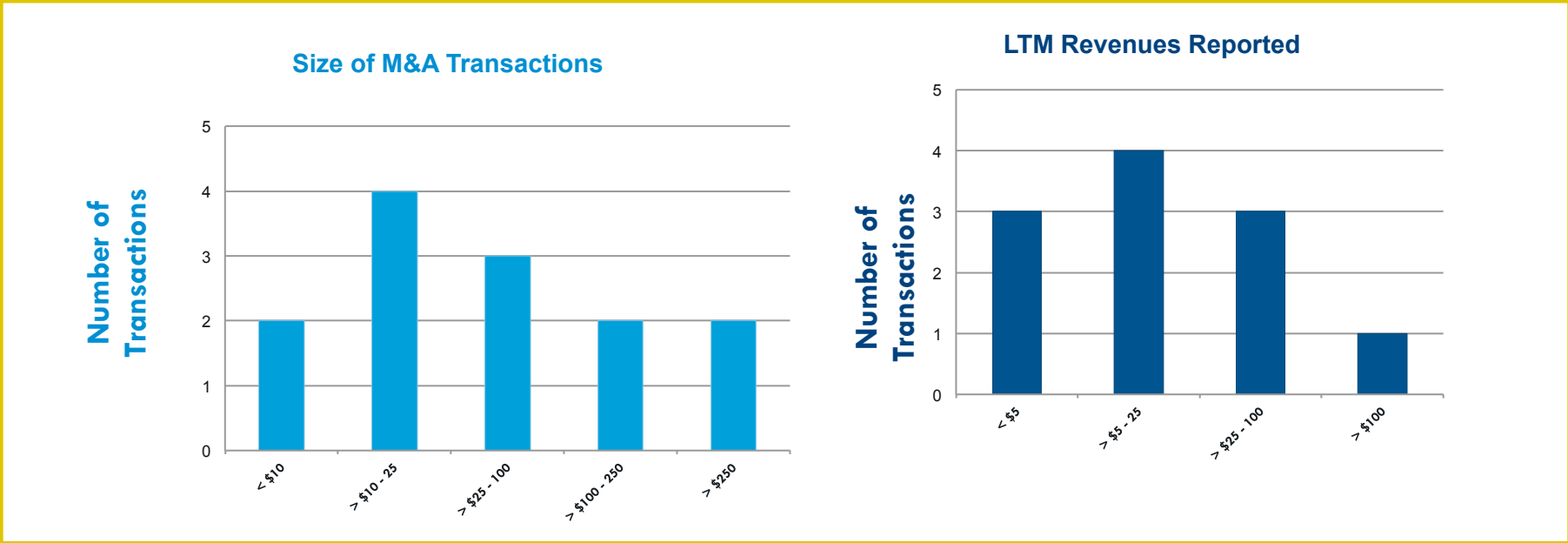
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
6/25/15	AppFolio, Inc.	\$12.00	6.2	\$74.4	\$36.0	\$9.6	\$53.7	(\$8.8)	(\$11.0)	(\$7.8)
12/12/11	Jive Software, Inc.	\$12.00	13.4	\$161.3	\$143.9	\$32.9	\$69.4	(\$31.9)	(\$44.9)	(\$28.9)
11/8/11	Imperva, Inc.	\$18.00	5.0	\$90.0	\$42.5	\$3.0	\$72.0	(\$10.1)	(\$11.8)	(\$8.6)
8/1/07	The Dolan Company	\$14.50	13.5	\$195.1	\$213.3	\$93.2	\$133.8	\$33.5	(\$60.5)	\$36.3
12/12/06	Guidance Software, Inc.	\$11.50	5.0	\$57.5	\$26.6	\$2.0	\$51.2	(\$0.3)	(\$1.8)	\$1.4
	Median of all IPOs	nm	nm	\$90.0	\$42.5	\$9.6	\$69.4	(\$8.8)	(\$11.8)	(\$7.8)

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
9/21/19	Daegis Inc.	Open Text Corporation	\$23.3	100%	\$23.7	0.9x
5/29/19	Quindell Plc	Slater and Gordon	\$1,002.1	100%	\$954.8	1.0x
3/25/18	Agilex Technologies, Inc.	Accenture Federal Services LLC	\$263.8	100%	N/A	N/A
2/26/18	Prelytix, LLC	Market Resource Partners	\$20.0	100%	\$2.0	10.0x
4/7/18	Third Coast Holdings Inc.	Wolters Kluwer	\$180.0	62%	\$57.0	5.1x
9/17/17	ISD Corporation	Daily Journal Corp.	\$16.0	100%	N/A	N/A
9/12/17	Molecular Profiles Ltd.	Columbia Laboratories	\$25.4	100%	\$9.0	2.8x
9/5/13	KnowledgeCenter Ltd.	Charles Taylor plc	\$11.1	100%	\$4.2	2.6x
8/28/13	Panopticon Software AB	Datawatch Corporation	\$27.5	100%	\$5.0	5.5x
4/25/13	Angoss Software Corp.	Peterson Partners LP	\$8.5	100%	\$7.0	1.1x
5/28/12	UBIC, Inc.	Nomura Securities Co.	\$26.6	9%	\$65.0	4.0x
5/8/12	BPA Technologies, Inc.	ICRA Techno Analytics	\$8.0	51%	\$10.0	1.6x
12/28/11	De Novo Legal LLC	Epiq Systems Holdings	\$119.0	100%	\$58.4	2.0x
11/23/15	Daegis Inc.	Open Text Corporation	\$25.4	100%	\$10.0	2.6x
Median of the 14 M&A Transaction Targets			\$25.4	100%	\$23.7	2.6x

■ USA ■ International

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of September 30, 2019



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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): 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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