



## Business Services Quarterly update

Q2 2019

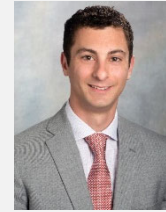
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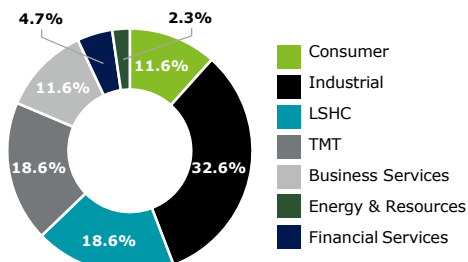
**Fernando Baldellou**  
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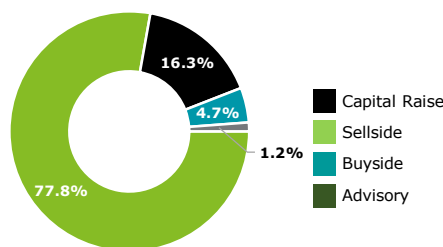
**Antonio Solinas**  
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### Europe

#### DCF deals closed by industry<sup>2</sup>



#### DCF deals closed by transaction type<sup>2</sup>



#### Leading M&A platform<sup>3</sup>

Mid-Market Global M&A Deal Volume (H1 2019)	Rank	No. of deals
Deloitte	1	2131
PwC	2	193
Goldman Sachs & Co	3	158
JPMorgan	4	137
KPMG	5	137
Morgan Stanley	6	125
Rothschild & Co	7	123
Citi	8	105
Lazard	9	101
EY	10	99

1. Deloitte refers to Deloitte Touche Tohmatsu Limited, its network of member firms, and their related entities.  
2. Represents transactions during FY 2019. For certain deals, DCF acted as a subcontractor to a Deloitte member firm.  
3. Refers to Deloitte's global M&A platform. Ranked by number of deals closed during 2019. Data accessed via MergerMarket. Accessed July 20, 2019.

## Business Services M&A sector coverage

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### In this update:

- Business Services trends
- Economic outlook
- Industry analysis
- Select M&A transactions

### Who we are:

Deloitte Corporate Finance LLC is a leading global middle market M&A adviser. The firm's professionals have extensive knowledge in the Business Services space and use their experience to help clients maximize value.

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## Demonstrated transaction experience



has received an investment from



The undersigned acted as exclusive financial advisor to Sourcebooks, LLC.

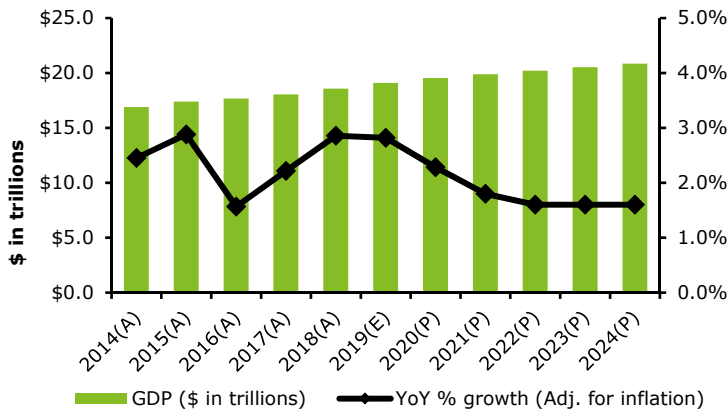


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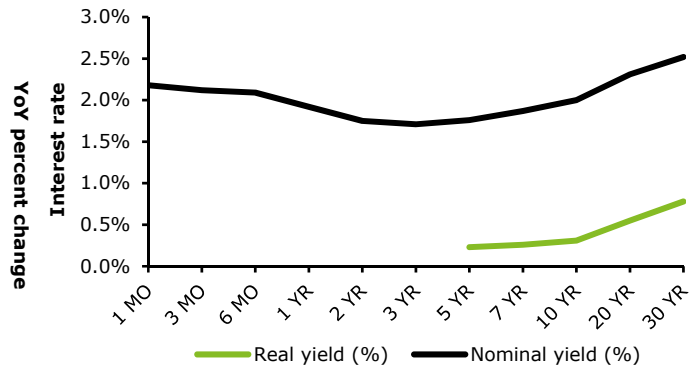
- Founded in 1987 in Naperville, IL, Sourcebooks, LLC (Sourcebooks or the Company) is a leading independent trade book publisher.
- Sourcebooks operates nine imprints that cover five major genres, publishing more than 400 new titles each year and producing over 80 "New York Times" and "USA Today" best sellers.
- DCF advised the founder and sole shareholder of Sourcebooks through a global marketing process and subsequent complex negotiations, ultimately assisting the Company structure a favorable deal with a strategic buyer that provided Sourcebooks's shareholder with an ideal partnership – all while achieving an attractive valuation
- Sourcebooks ultimately completed a minority recapitalization with Penguin Random House LLC, one of the world's largest trade book publishers.

## Macroeconomic outlook

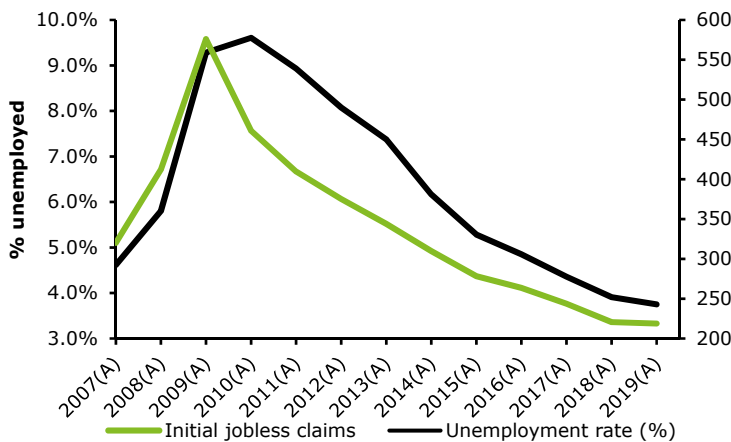
### US gross domestic product<sup>1</sup>



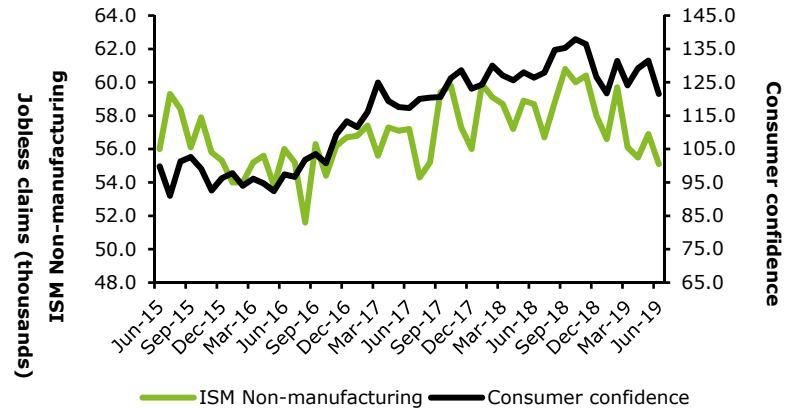
### US Treasury yield curve<sup>2</sup> (nominal vs. real)



### US unemployment rate<sup>3</sup>



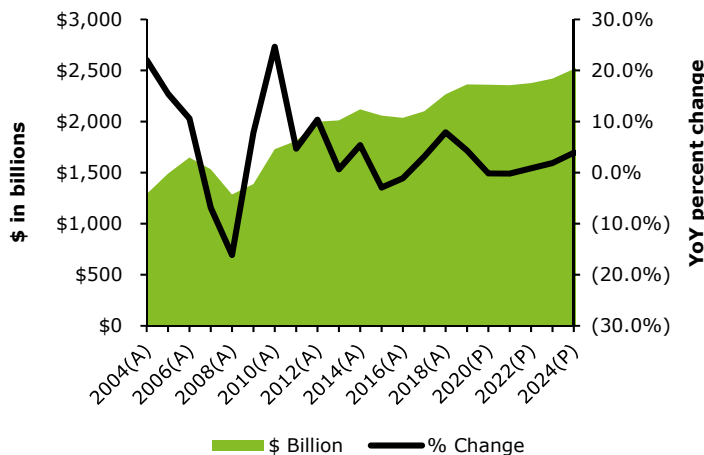
### ISM non-manufacturing index and consumer confidence index<sup>4</sup>



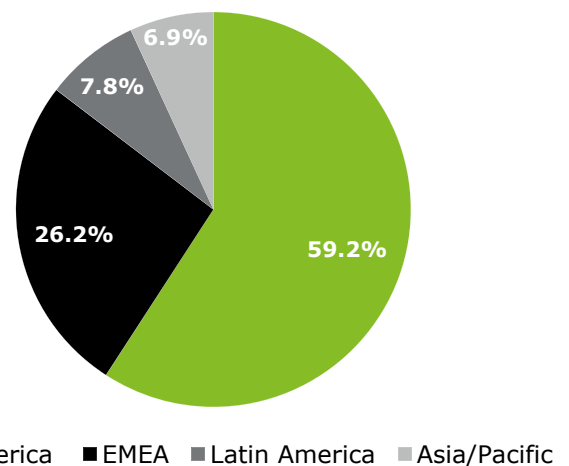
\*An ISM Non-manufacturing Index value above 50 signals economic expansion.

## Business Services sector outlook

### US corporate profits<sup>5</sup>



### Global segmentation of business process outsourcing<sup>6</sup>



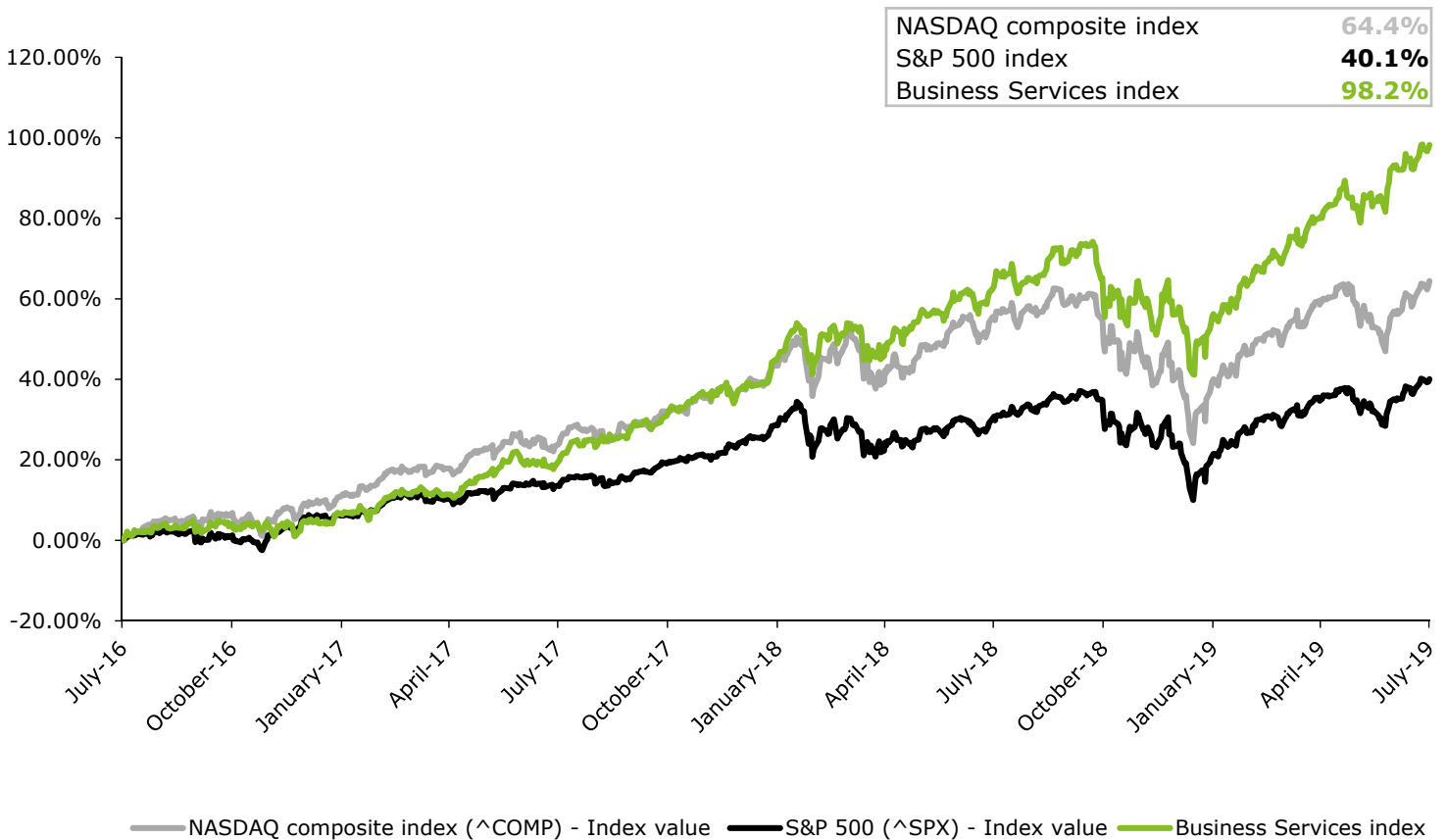
1. US Bureau of Economic Analysis, <https://www.bea.gov>, accessed July 19, 2019, data as of July 13, 2019.
2. US Department of the Treasury, <https://home.treasury.gov>, accessed July 19, 2019, data as of July 13, 2019.
3. US Bureau of Labor Statistics, <https://www.bls.gov>, accessed April 15, 2019, data as of March 29, 2019.
4. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019, data as of July 13, 2019.
5. IBIS World, <https://www.ibisworld.com>, accessed July 18, 2019, data as of June 3, 2019.
6. Gartner, <https://www.gartner.com/en>, accessed July 20, 2019, data as of December 31, 2016.

## Business Services sector breakdown and trading statistics<sup>1</sup>

Sector	Number of companies	% of 52 week high	Median revenue CAGR (3 Yr)	Median LTM EBITDA	Median EBITDA margin	Median enterprise value (\$)	Last twelve months		NTM
							EV/ Revenue	EV/ EBITDA	EV/ EBITDA
Advertising and Marketing	9	86.5 %	2.5 %	\$1,308.2	15.5 %	\$13,650.4	1.4 x	9.8 x	8.2 x
Business Process Outsourcing	11	88.8	8.7	619.3	18.0	7,738.1	2.3	12.5	11.4
Consulting	10	94.2	6.6	101.7	10.8	1,689.1	1.6	14.7	14.2
Education & Training	10	82.9	(0.2)	81.5	17.3	730.2	1.7	9.7	8.9
Staffing and Human Resources	14	76.4	6.9	205.8	4.9	2,118.4	0.4	9.1	7.8
Transaction Processing	14	98.7	9.8	1,036.3	29.0	14,118.0	6.7	22.2	18.1
<b>Comparable Public Companies</b>	<b>68</b>	<b>89.0 %</b>	<b>7.3 %</b>	<b>\$478.1</b>	<b>11.9 %</b>	<b>\$4,274.7</b>	<b>1.6 x</b>	<b>12.8 x</b>	<b>12.2 x</b>

(\$ in millions)

## Public comparables three-year stock market performance<sup>2</sup>



1. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019, data as of July 13, 2019.

2. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019, data as of July 13, 2019.

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# Advertising and Marketing

Sector update | Q2 2019

## Advertising and Marketing

### Advertising and Marketing trend



### Fragmented audiences present short-term hurdles and long-term growth.<sup>1</sup>

The rise of digital media, coupled with the increased ability to consume media through multiple outlets, has increasingly fragmented advertising audiences. Although this trend presents a short-term hurdle for the industry, this fragmentation is ultimately anticipated to pose an opportunity in the coming years. Growing audience fragmentation requires clients to purchase advertising space from a greater number and variety of platforms to reach consumers. This is expected to drive growth for niche agencies that specialize in digital advertising, leading to further acquisition activity as large firms seek innovation through inorganic means.



### Transaction in focus<sup>2</sup>



**July 12, 2019** – WPP PLC (WPP) has agreed to sell a 60 percent stake in market research firm, Kantar, to Bain Capital Private Equity, raising approximately \$3.1 billion in the advertising giant's biggest move yet to refocus its portfolio. London-based WPP, which will retain 40 percent of Kantar, said it plans to return \$1.2 billion to shareholders and use the rest of the sale proceeds to reduce debt. The sale of Kantar comes as established advertising companies like WPP face a range of challenges, from increased competition with consulting firms to the growing influence and power of the Big Four technology companies. Including debt, the stake sale values Kantar at approximately \$4 billion.

### Select Advertising and Marketing M&A transactions<sup>3</sup>

(\$ in millions)

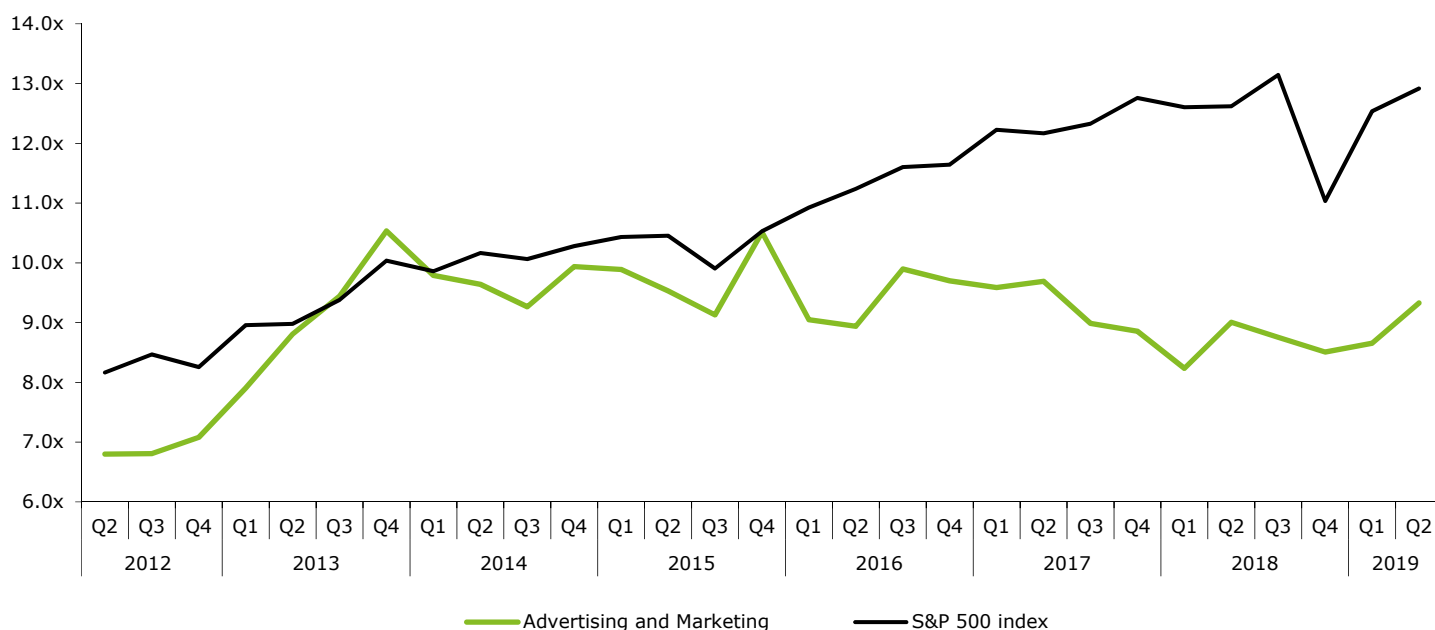
Close date	Target/acquiror	Target business description	Enterprise value ("EV")	EV/Revenue	EV/EBITDA
Pending	<b>Epsilon Data Management, LLC</b> Publicis Groupe Holdings B.V.; MMS USA	Provides marketing solutions that integrate data, creativity, and technologies for advertisers.	\$4,400.0	2.3 x	8.2 x
Pending	<b>Dynamic Yield Ltd.</b> McDonald's Corporation	Develops a machine learning engine that enables marketers to increase revenue through personalization, recommendations, and automatic optimization across web, mobile, and email.	300.0	N/A	N/A
December-18	<b>Digital Evolution Group</b> Dentsu Inc.	Offers email marketing, social media marketing, data management, web content management, portals and collaboration, customer relationship management, and demand generation.	150.0	3.3	N/A
December-18	<b>495 Communications, LLC</b> Lighthouse Digital Inc.	Provides cross-platforms advertising and content marketing services.	15.0	1.0	7.9
December-18	<b>MightyHive, Inc.</b> S4 Capital plc	Provides online advertising and marketing services.	150.0	3.7	13.5
October-18	<b>Navience Healthcare Solutions LLC</b> Huntsworth plc	Operates as a payer advisory and marketing agency that offers market research and analytics services.	70.0	10.9	18.4

1. IBISWorld, "Industry Outlook," <https://clients1.ibisworld.com/reports/us/industry/industryoutlook.aspx?entid=1433>, accessed July 14, 2019.
2. Nick Kostov, "Ad Giant WPP to Sell Kantar Stake to Bain," <https://www.wsj.com/articles/ad-giant-wpp-sells-kantar-stake-to-bain-11562936860?mod=searchresults&page=1&pos=14>, accessed July 13, 2019.
3. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019. Data as of July 13, 2019.

## Advertising and Marketing public comparables<sup>1</sup>

Company (ticker)	% of 52 Week high	LTM revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA margin	Enterprise value	LTM		NTM
							EV/Revenue	EV/EBITDA	EV/EBITDA
<i>(\$ in Millions)</i>									
Cello Health plc (AIM:CLL)	86.5 %	\$211.0	1.8 %	\$15.5	7.3 %	\$154.5	0.7 x	10.0 x	8.2 x
Cheil Worldwide Inc. (KOSE:A030000)	96.5	3,058.2	6.4	196.8	6.4	2,103.1	0.7	10.7	10.0
Dentsu Inc. (TSE:4324)	68.0	9,268.0	0.0	1,499.3	16.2	13,650.4	1.5	9.1	8.1
Hakuhodo DY Holdings Inc (TSE:2433)	88.4	13,045.9	6.0	698.7	5.4	5,806.0	0.4	8.3	8.8
Huntsworth plc (LSE:HNT)	59.9	286.7	10.1	47.9	16.7	511.5	1.8	10.7	8.2
Omnicom Group Inc. (NYSE:OMC)	98.1	15,129.5	(0.1)	2,341.4	15.5	22,939.4	1.5	9.8	9.5
Publicis Groupe S.A. (ENXTPA:PUB)	78.1	10,269.1	(2.2)	1,989.9	19.4	14,432.0	1.4	7.3	5.7
The Interpublic Group of Companies, Inc. (NYSE:IPG)	92.1	8,262.4	2.5	1,308.2	15.8	14,003.7	1.7	10.7	9.5
WPP plc (LSE:WPP)	72.2	19,885.5	8.4	2,346.0	11.8	20,528.0	1.0	8.8	7.3
<b>Median</b>	<b>86.5 %</b>	<b>\$9,268.0</b>	<b>2.5 %</b>	<b>\$1,308.2</b>	<b>15.5 %</b>	<b>\$13,650.4</b>	<b>1.4 x</b>	<b>9.8 x</b>	<b>8.2 x</b>
<b>Mean</b>	<b>82.2 %</b>		<b>3.7 %</b>		<b>12.7 %</b>		<b>1.2 x</b>	<b>9.5 x</b>	<b>8.4 x</b>

## Advertising and Marketing historical EV/EBITDA multiples<sup>2</sup>



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1. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019, data as of July 13, 2019.  
 2. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019, data as of July 13, 2019.



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# Business Process Outsourcing

Sector update | Q2 2019

## Business Process Outsourcing

### Business Process Outsourcing trend



### Multi-tasking is key in Business Process Outsourcing<sup>1</sup>

Business process outsourcing (BPO) of the past was largely synonymous with call centers. This notion has become outdated as BPO firms have expanded their product and service offerings to web design, human resources, accounting, coding, and various other tasks. BPO operators continue to invest in ancillary service offerings such as mobile applications, cloud computing, and digital technology. As with the broader business services industry, technology is a primary disruptor in the BPO sector. The trend of expanding to a more comprehensive suite of outsourced solutions has paired well with significant startup growth, as growth-stage companies with small budgets increasingly depend upon BPOs to complete tedious tasks with cost-effective labor.



### Transaction in focus



**May 21, 2019** – Broadridge Financial Solutions (Broadridge), a global leader in the financial sector, has completed its previously announced acquisition of RPM Technologies (RPM), a leading Canadian provider of enterprise wealth management software solutions and services. Total deal consideration amounted to \$300 million or an implied 6.7x multiple of revenue. The acquisition brings important new capabilities and next-generation technology to clients of both RPM and Broadridge. RPM offers wealth management, digital, and regulatory solutions.

## Select Business Process Outsourcing M&A transactions<sup>3</sup>

(\$ in millions)

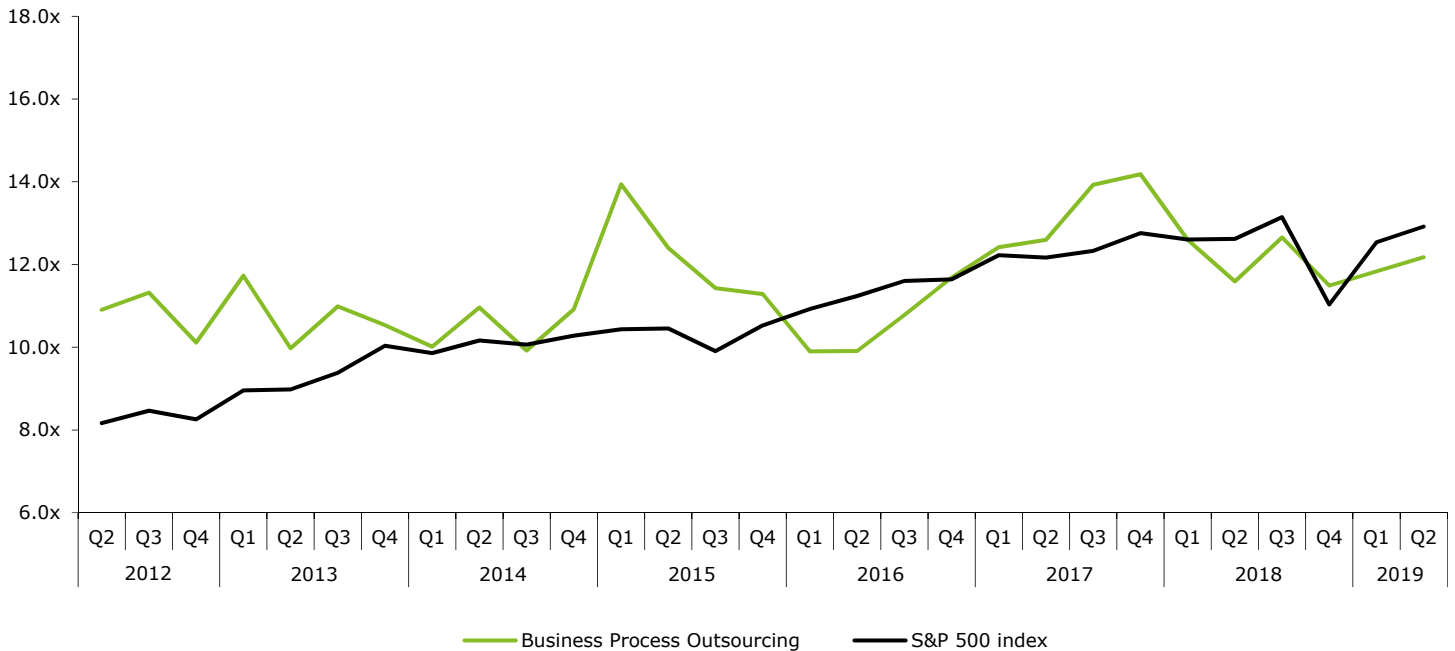
Close date	Target/acquiror	Target business description	Enterprise value ("EV")	EV/ Revenue	EV/ EBITDA
Pending	<b>Cortex Business Solutions Inc.</b> TransZap P2P Canada, Inc.	Supplies e-commerce products and services in Canada and the United States.	\$30.3	3.3 x	21.4 x
December-18	<b>Communisic plc</b> Output Services Group, Inc.	Provides integrated business services in the United Kingdom and internationally.	225.0	0.4	6.8
October-18	<b>Convergys Corporation</b> Concentrix Corporation	Provides customer management services to communications and media, technology, financial services, retail, healthcare, government, travel and hospitality, and other vertical markets worldwide.	2,544.7	0.9	7.4
October-18	<b>CSRA Inc.</b> General Dynamics Corporation	Delivers a range of information technology solutions and professional services to government customers to modernize legacy systems, protect networks and assets, and enhance the mission-critical functions for war fighters.	9,871.1	1.9	11.7

1. Octopus Tech, "Business Process Outsourcing: What to expect in 2019," <https://www.theoctopustech.com/business-process-outsourcing-what-to-expect-in-2019>, accessed July 13, 2019.
2. Donovan Jones, "Broadridge to Acquire RPM Technologies for Enterprise Wealth Management Tech," <https://seekingalpha.com/article/4265595-broadridge-acquire-rpm-technologies-enterprise-wealth-management-tech>, accessed July 15, 2019
3. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019. Data as of July 13, 2019.

## Business Process Outsourcing public comparables<sup>1</sup>

Company (ticker)	% of 52 Week high	LTM revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA margin	Enterprise value	LTM		NTM
							EV/Revenue	EV/EBITDA	EV/EBITDA
<i>(\$ in Millions)</i>									
Cognizant Technology Solutions Corporation (NasdaqGS:CTSH)	77.7 %	\$16,323.0	8.7 %	\$3,183.0	19.5 %	\$34,411.3	2.1 x	10.8 x	10.3 x
Computershare Limited (ASX:CPU)	80.0	2,301.1	5.7	619.3	26.9	7,738.1	3.4	12.5	10.9
DXC Technology Company (NYSE:DXC)	57.1	20,753.0	42.9	4,228.0	20.4	2,281.1	0.1	0.5	N/A
ExlService Holdings, Inc. (NasdaqGS:EXLS)	95.1	915.7	12.0	123.6	13.5	2,352.9	2.6	19.0	13.9
Genpact Limited (NYSE:G)	98.8	3,121.1	7.9	481.8	15.4	8,624.0	2.8	17.9	13.8
Sykes Enterprises, Incorporated (NasdaqGS:SYKE)	86.9	1,614.2	7.9	166.4	10.3	1,326.4	0.8	8.0	7.4
SYNNEX Corporation (NYSE:SNX)	85.9	21,624.5	17.3	1,051.8	4.9	8,158.0	0.4	7.8	6.8
Tata Consultancy Services Limited (NSEI:TCS)	91.7	21,817.0	10.2	5,828.8	26.7	114,592.0	5.3	19.7	18.2
TTEC Holdings, Inc. (NasdaqGS:TTEC)	95.0	1,528.3	6.3	175.0	11.5	2,460.3	1.6	14.1	12.0
Wipro Limited (BSE:507685)	88.8	8,455.6	4.6	1,688.2	20.0	19,328.9	2.3	11.4	10.4
WNS (Holdings) Limited (NYSE:WNS)	97.1	809.1	12.9	145.3	18.0	2,866.6	3.5	19.7	14.3
<b>Median</b>	<b>88.8 %</b>	<b>\$3,121.1</b>	<b>8.7 %</b>	<b>\$619.3</b>	<b>18.0 %</b>	<b>\$7,738.1</b>	<b>2.3 x</b>	<b>12.5 x</b>	<b>11.4 x</b>
<b>Mean</b>	<b>86.7 %</b>		<b>12.4 %</b>		<b>17.0 %</b>		<b>2.3 x</b>	<b>12.9 x</b>	<b>11.8 x</b>

## Business Process Outsourcing historical EV/EBITDA multiples<sup>2</sup>



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1. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019, data as of July 13, 2019.  
 2. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019, data as of July 13, 2019.

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Consulting  
Sector update | Q2 2019

## Consulting

### Consulting trend

#### Consulting firms look to capture advertising market share<sup>1,2</sup>

For years, the Big Four have invested in marketing services, acquiring ad agencies and hiring executives in a bid to capture market share in the advertising sector, estimated to currently exceed \$70 billion. These investments come simultaneously as marketers experience pressure to modernize their operations and rethink the way they interact with consumers, a task that requires business and strategy support that goes beyond traditional advertising. In recent years, leading advertising agencies have moved in the reverse direction by acquiring business consultancies. Although consulting firms are still developing the soft skills that are unique to ad agencies, the Big Four's broad resources and extensive relationships with executives will likely act as a competitive advantage into the future.



### Transaction in focus<sup>3</sup>

**April 12, 2019** – Global technology and consulting firm, Accenture, has agreed to purchase Irish consultancy Enterprise System Partners (EPS). The deal further strengthens Accenture's manufacturing-centered arm of the firm by adding EPS's niche expertise in manufacturing execution systems and serialization. Accenture has spent roughly \$515 million on acquisitions in fiscal year 2019 to expand its global outfit. The deal aligns with Accenture's current strategic initiatives, pushing the company deeper into digital, cloud, and security services.

### Select Consulting M&A transactions<sup>4</sup>

(\$ in millions)

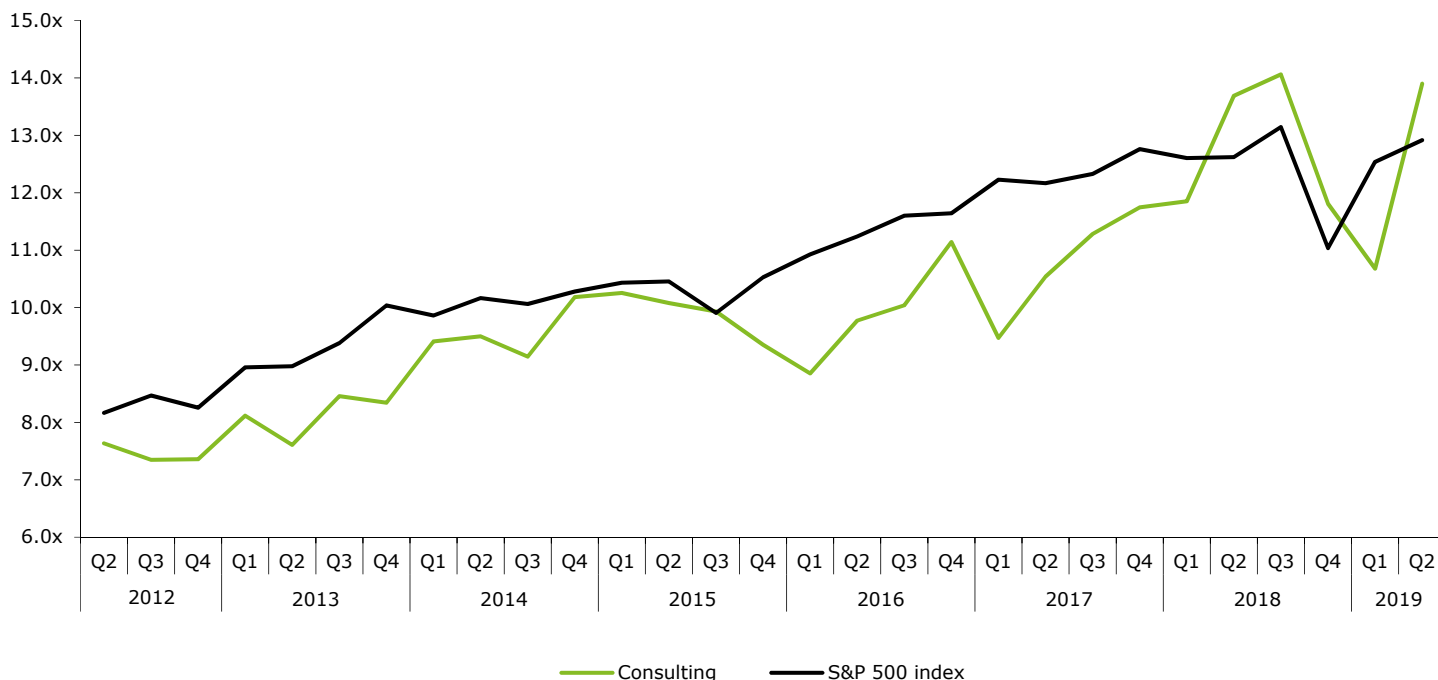
Close date	Target/acquirer	Target business description	Enterprise value ("EV")	EV/Revenue	EV/EBITDA
Pending	<b>Luxoft Holding, Inc.</b> DXC Technology Company	Provides software development services and IT solutions to multinational corporations.	\$1,964.8	2.2 x	20.6 x
Pending	<b>Project Management Partners Pty Ltd</b> OUTSOURCING Inc.	Offers advice and support to organizations to run projects and programmes.	29.6	0.5	N/A
January-19	<b>Imperva, Inc.</b> Thoma Bravo, LLC	Engages in the development, marketing, sales, and support of cyber security solutions that protect business critical data and applications in the cloud or on premises worldwide.	1,814.7	5.2	N/A
December-18	<b>Enaxis Consulting LP</b> Accenture plc	Offers management consulting services to oil and gas and airline industries.	N/A	N/A	N/A
September-18	<b>FusionStorm, Inc.</b> Computacenter plc	Provides information technology (IT) consulting, technology solutions, and cloud/managed services to enterprises.	90.0	0.2	N/A
August-18	<b>Thoreau Holdco, LLC and Navigant Consulting</b> Ankura Consulting Group, LLC	Provides professional and advisory services to clients primarily in the financial services sector.	470.0	1.5	11.9

- Alexandra Bruell, "Consulting Firms Make Inroads into the Business of Ad Agencies," <https://www.wsj.com/articles/consulting-firms-make-inroads-into-the-business-of-ad-agencies-11560823320>, accessed July 13, 2019.
- S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019.
- Consultancy.uk, "Accenture buys Irish IT consultancy in latest acquisition drive," <https://www.consultancy.uk/news/20991/accenture-buys-irish-it-consultancy-in-latest-acquisition-drive>, accessed July 14, 2019.
- S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019. Data as of July 13, 2019.

## Consulting public comparables<sup>1</sup>

Company (ticker)	% of 52 Week high	LTM revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA margin	Enterprise value	LTM		NTM
							EV/Revenue	EV/EBITDA	EV/EBITDA
<i>(\$ in Millions)</i>									
Accenture plc (NYSE:ACN)	99.4 %	\$41,244.3	8.5 %	\$6,785.6	16.5 %	\$119,217.9	2.9 x	17.6 x	15.6 x
Booz Allen Hamilton Holding Corporation (NYSE:BAH)	97.9	6,704.0	7.4	663.7	9.9	10,892.4	1.6	16.4	14.9
CBIZ, Inc. (NYSE:CBZ)	86.8	925.9	6.8	107.6	11.6	1,530.2	1.7	14.2	11.9
CRA International, Inc. (NasdaqGS:CRAI)	64.5	424.0	11.4	39.2	9.2	435.9	1.0	11.1	N/A
Exponent, Inc. (NasdaqGS:EXPO)	98.2	367.6	7.4	94.3	25.6	3,280.9	8.9	34.8	31.1
FTI Consulting, Inc. (NYSE:FCN)	98.9	2,081.4	4.6	284.7	13.7	3,740.6	1.8	13.1	14.5
Huron Consulting Group Inc. (NasdaqGS:HURN)	95.3	805.9	3.6	95.8	11.9	1,568.9	1.9	16.4	15.0
ICF International, Inc. (NasdaqGS:ICFI)	98.4	1,376.4	6.4	125.2	9.1	1,912.4	1.4	15.3	13.2
Navigant Consulting, Inc. (NYSE:NCI)	87.9	697.4	4.0	63.1	9.1	947.6	1.4	15.0	12.8
Resources Connection, Inc. (NasdaqGS:RECN)	87.1	729.0	6.8	58.0	8.0	524.6	0.7	9.0	8.6
<b>Median</b>	<b>96.6 %</b>	<b>\$865.9</b>	<b>6.8 %</b>	<b>\$101.7</b>	<b>10.8 %</b>	<b>\$1,740.7</b>	<b>1.6 x</b>	<b>15.1 x</b>	<b>14.5 x</b>
<b>Mean</b>	<b>91.4 %</b>		<b>6.7 %</b>		<b>12.5 %</b>		<b>2.3 x</b>	<b>16.3 x</b>	<b>15.3 x</b>

## Consulting historical EV/EBITDA multiples<sup>2</sup>



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1. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019, data as of July 13, 2019.  
 2. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019, data as of July 13, 2019.

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# Education and Training

Sector update | Q2 2019

## Education & Training

### Education & Training trend



#### A new emphasis on workforce development<sup>1</sup>

Last summer, President Trump signed an executive order “aimed at spurring new investments for training Americans to help them secure jobs,” and created a National Council for the American Worker. This policy is driving investment into work-based learning opportunities and the promotion of alternative pathways in education. Emily Bouck West, deputy executive director for Higher Learning Advocates, said “for a long time, workforce development has been a siloed conversation disconnected from high education. But students – learners – don’t see it that way. Stakeholders and policymakers should work to build stronger linkages between these two systems and enable students to participate and gain the skills they need with an exit ticket to their next career step.” There is an emphasis on investment to increase the capacity and accessibility of the workforce pipeline.



### Transaction in focus<sup>2</sup>



**June 12, 2019** – KnowBe4, Inc., among the world’s largest security awareness training and simulated phishing platforms, announced that it will receive a \$300 million investment, led by leading global private equity firm KKR with significant participation from existing investors Elephant Partners and TenEleven Ventures. This new infusion of funds, valuing the company at \$1 billion, is expected to be used for global growth initiatives and platform development, and builds upon KKR and TenEleven Ventures’s initial investment in early 2019, which valued the company at over \$800 million. KnowBe4 has established itself as a clear leader in the space, with over \$100 million of annual recurring revenue, near triple-digit growth, and a customer base of over 25,000 organizations.

### Select Education and Training M&A transactions<sup>3</sup>

(\$ in Millions)					
Close date	Target/ acquiror	Target business description	Enterprise value ("EV")	EV/ Revenue	EV/ EBITDA
Pending	<b>Trident University International</b> American InterContinental University, Inc.	Comprises a university offering online undergraduate, master’s, and doctoral programs.	~\$37.0	0.8 x	4.1 x
Pending	<b>Childrens Services Education Pty Ltd</b> Australian Apex Education Pty Ltd	Provides vocational training and education services to international students.	2.2	0.5	3.6
December-18	<b>Cambium Learning Group, Inc.</b> Veritas Capital Fund Management, LLC	Provides educational technology solutions in the United States and internationally.	725.2	4.5	24.4
November-18	<b>The Learning House, Inc.</b> Wiley Education Services	Develops a cloud-based technology platform for enabling colleges and universities to create, manage, and develop online degrees and programs.	200.0	3.3	28.6
August-18	<b>Capella Education Company</b> Strayer Education, Inc. (nka:Strategic Education, Inc.)	Provides online postsecondary education and job-ready skills services in the United States.	797.0	1.8	11.5
April-18	<b>CEB Talent Assessment</b> Exponent Private Equity LLP	Engages in the development, implementation, and sale of objective assessment products and services worldwide.	400.0	4.1	10.5

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- Trainingindustry.com, “Market-Leading Cybersecurity Company KnowBe4 Raises \$300 Million in a Round Led By KKR,” <https://trainingindustry.com/press-release/compliance/market-leading-cybersecurity-company-knowbe4-raises-300-million-in-a-round-led-by-krk/>, accessed July 13, 2019.
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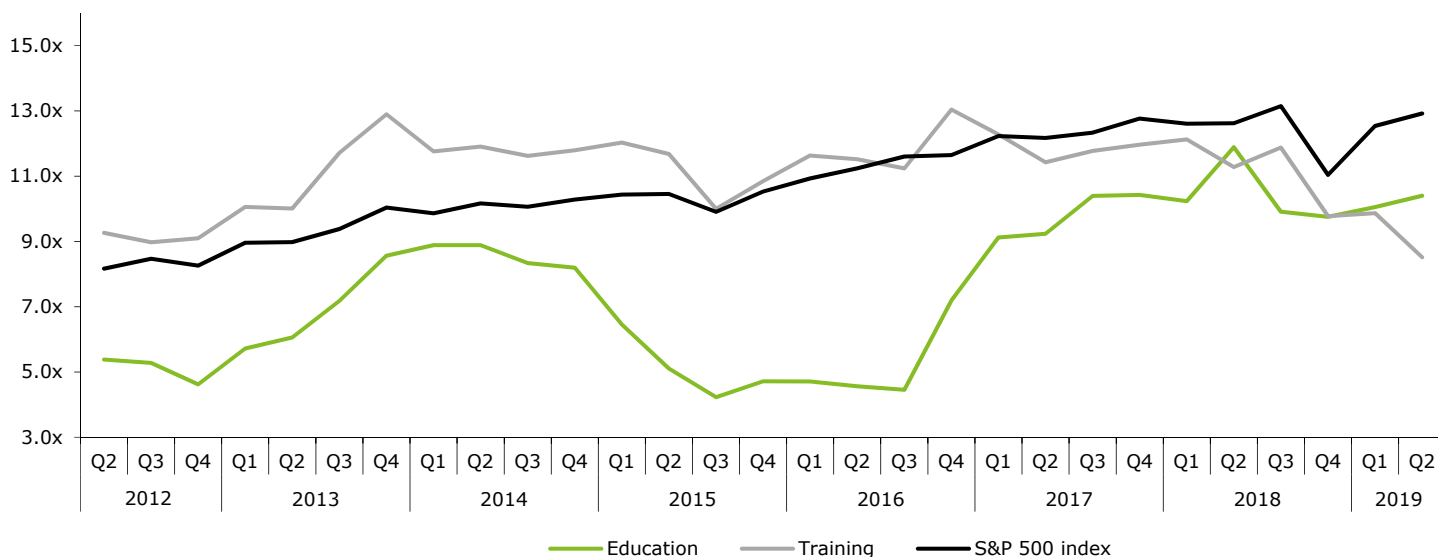
## Education & Training public comparables<sup>1</sup>

Company (ticker)	% of 52 Week high	LTM revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA margin	value ("EV")	LTM		NTM
							EV/ Revenue	EV/ EBITDA	EV/ EBITDA
(\$ in Millions)									
<b>Education</b>									
American Public Education, Inc. (NasdaqGS:APEI)	68.9 %	\$296.2	(3.2) %	\$51.1	17.3 %	\$302.2	1.0 x	5.9 x	6.3 x
Career Education Corporation (NasdaqGS:CECO)	96.3	591.1	(10.3)	111.8	18.9	1,057.8	1.8	9.5	11.7
Adtalem Global Education Inc. (NYSE:ATGE)	81.8	1,229.2	(12.7)	262.6	21.4	2,660.8	2.2	10.1	9.3
Grand Canyon Education, Inc. (NasdaqGS:LOPE)	97.5	767.1	(1.8)	290.2	37.8	6,213.1	8.1	21.4	20.0
Lincoln Educational Services Corporation (NasdaqGS:LINC)	57.8	264.6	4.6	6.2	2.4	113.0	0.4	18.1	7.5
Strategic Education, Inc. (NasdaqGS:STRA)	98.4	764.2	20.8	132.0	17.3	3,718.9	4.9	28.2	15.6
Universal Technical Institute, Inc. (NYSE:UTI)	88.3	319.9	(3.3)	(19.3)	N/A	150.4	0.5	N/A	NM
<b>Median</b>	<b>88.3 %</b>	<b>\$591.1</b>	<b>(3.2) %</b>	<b>\$111.8</b>	<b>18.1 %</b>	<b>\$1,057.8</b>	<b>1.8 x</b>	<b>14.1 x</b>	<b>10.5 x</b>
<b>Mean</b>	<b>84.1 %</b>		<b>(0.8) %</b>		<b>19.2 %</b>		<b>2.7 x</b>	<b>15.5 x</b>	<b>11.7 x</b>

Company (Ticker)	% of 52 Week high	LTM revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA margin	Enterprise value	LTM		NTM
							EV/ Revenue	EV/ EBITDA	EV/ EBITDA
(\$ in Millions)									
<b>Training</b>									
Franklin Covey Co. (NYSE:FC)*	97.4 %	\$225.0	3.5 %	\$14.3	6.4 %	\$506.0	2.2 x	35.3 x	21.1 x
GP Strategies Corporation (NYSE:GPX)	80.2	529.6	2.6	26.6	5.0	402.6	0.8	15.1	8.9
John Wiley & Sons, Inc. (NYSE:JW.A)	64.8	1,800.1	1.4	309.8	17.2	2,981.6	1.7	9.6	8.3
Wilmington plc (LSE:WIL)	86.4	155.6	7.5	32.5	20.9	267.5	1.7	8.2	8.8
<b>Median</b>	<b>80.2 %</b>	<b>\$529.6</b>	<b>2.6 %</b>	<b>\$32.5</b>	<b>17.2 %</b>	<b>\$402.6</b>	<b>1.7 x</b>	<b>9.6 x</b>	<b>8.8 x</b>
<b>Mean</b>	<b>77.1 %</b>		<b>3.8 %</b>		<b>14.4 %</b>		<b>1.4 x</b>	<b>11.0 x</b>	<b>8.7 x</b>

\* Financial information was withheld from median and mean calculations to normalize the data set.

## Education and Training historical EV/EBITDA multiples<sup>3</sup>



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# Staffing and Human Resources

Sector update | Q2 2019

## Staffing and Human Resources

### Staffing and Human Resources trend



#### Consumerizing the employee experience<sup>1</sup>

Human Resources (HR) is becoming more of a consumer experience as employees demand opportunities, resources, and recognition analogous to consumer products and services. Similarly, employees desire services on-demand that are simple and easy to access. The integration of mobile applications for human resource services is becoming a necessity compared to a luxury, and HR services may produce the greatest results when tools are designed to minimize process while delivering personalized and integrated resources. As with many business service trends, technology is expected to be the primary enabler of innovation and progression in the human resources industry.



#### Transaction in focus<sup>2</sup>



**June 17, 2019** – AMN Healthcare Services Inc. (AMN), the largest US healthcare staffing provider, announced the completion of its acquisition of Advanced Medical Personnel Services Inc. (Advanced). The total consideration for the transaction was \$200 million with an earn out of up to \$20 million if certain financial results are achieved by year end 2019. Advanced is ranked 22nd on Staffing Industry Analysts’ list of largest healthcare staffing firms in the US AMN continues to grow its market share through strategic acquisitions, as the deal is AMN’s third acquisition in the past two years.

### Select Staffing and Human Resources M&A transactions<sup>3</sup>

(\$ in millions)

Close date	Target/	Target business description	Enterprise value ("EV")	EV/ Revenue	EV/ EBITDA
Pending	<b>DHI Group, Inc.</b> TCS Capital Management, LLC	Provides data, insights, and employment connections through specialized services for technology professionals in the United States and internationally.	\$156.8	0.8 x	5.8 x
April-19	<b>Kforce Government Holdings, Inc.</b> ManTech International Corporation	Provides staffing solutions for government services.	115.0	N/A	13.0
November-18	<b>Martin Healthcare Group</b> HNI Healthcare, Inc.	Provides physician staffing and practice management services for hospitals.	25.0	N/A	N/A
August-18	<b>HeadFirst Source Group N.V.</b> Ruvercap Sourcehub Ag	Provides external professionals hiring services in the Benelux Union.	10,418.6	1.3	9.7
May-18	<b>PeopleFluent, Inc.</b> Learning Technologies Group plc	Provides Software-as-a-Service talent management solutions.	54.1	0.3	8.7

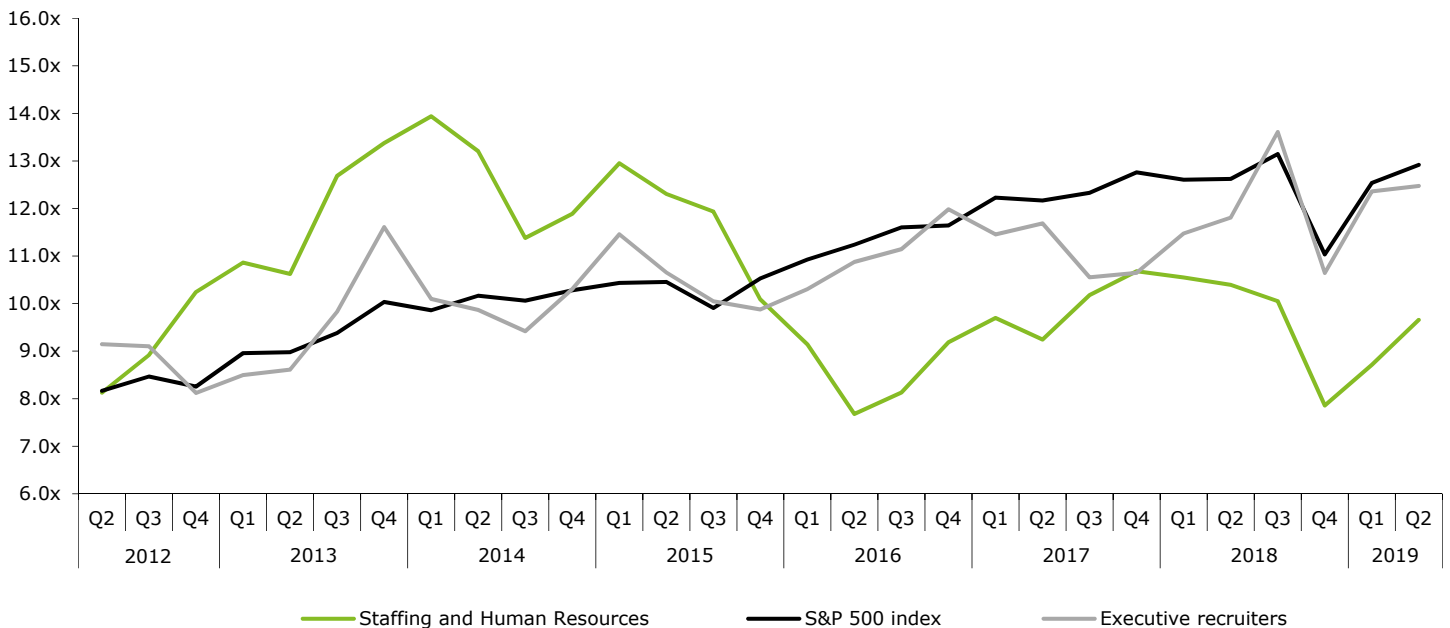
1. Ceridian Market Perspectives, "2019 Human Capital Management Trends," <https://www.ceridian.com/resources/human-capital-management-trends-2019>, accessed July 14, 2019.
2. Staffing Industry Analysts, "AMN completes Advanced Medical Acquisition," <https://www2.staffingindustry.com/Editorial/Daily-News/AMN-completes-Advanced-Medical-acquisition-50287>, accessed July 15, 2019
3. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019. Data as of July 13, 2019.

## Staffing and Human Resources public comparables<sup>1</sup>

Company (ticker)	% of 52 Week high	LTM revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA margin	value ("EV")	LTM		NTM
							EV/Revenue	EV/EBITDA	EV/EBITDA
<i>(\$ in Millions)</i>									
<b>Executive Recruiters</b>									
Heidrick & Struggles International, Inc. (NasdaqGS:HSII)	64.2 %	\$727.5	10.0 %	\$85.3	11.7 %	\$565.7	0.8 x	6.6 x	6.4 x
Korn Ferry (NYSE:KFY)	56.1	1,926.0	14.2	274.1	14.2	1,810.9	0.9	6.6	5.7
<b>Median</b>	<b>60.1 %</b>	<b>\$1,326.8</b>	<b>12.1 %</b>	<b>\$179.7</b>	<b>13.0 %</b>	<b>\$1,188.3</b>	<b>0.9 x</b>	<b>6.6 x</b>	<b>6.0 x</b>
<b>Mean</b>	<b>60.1 %</b>		<b>12.1 %</b>		<b>13.0 %</b>		<b>0.9 x</b>	<b>6.6 x</b>	<b>6.0 x</b>

Company (ticker)	% of 52 Week high	LTM revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA margin	Enterprise value	LTM		NTM
							EV/Revenue	EV/EBITDA	EV/EBITDA
<i>(\$ in Millions)</i>									
<b>Diversified Staffing</b>									
Adecco Group AG (SWX:ADEN)	86.8 %	\$26,734.0	2.3 %	\$1,292.9	4.8 %	\$10,515.8	0.4 x	8.1 x	7.8 x
ASGN Incorporated (NYSE:ASGN)	61.5	3,638.3	18.0	389.4	10.7	4,274.7	1.2	11.0	9.1
Barrett Business Services, Inc. (NasdaqGS:BBSI)	87.2	934.9	6.9	49.6	5.3	621.1	0.7	12.5	11.5
Hays plc (LSE:HAS)	69.3	7,595.9	14.5	337.5	4.4	2,665.5	0.4	7.9	7.7
Impellam Group PLC (AIM:IPEL)	69.8	2,894.2	8.6	38.6	1.3	368.9	0.1	9.5	5.1
Insperty, Inc. (NYSE:NSP)	97.9	3,967.2	13.6	218.1	5.5	5,054.1	1.3	23.2	16.6
Kelly Services, Inc. (NasdaqGS:KELY.A)	97.0	5,526.6	(0.1)	126.0	2.3	1,139.6	0.2	9.0	8.2
Kforce Inc. (NasdaqGS:KFRC)	80.6	1,427.7	2.4	89.7	6.3	963.1	0.7	10.7	9.8
ManpowerGroup Inc. (NYSE:MAN)	89.0	21,513.7	3.6	882.7	4.1	6,446.8	0.3	7.3	7.5
PageGroup plc (LSE:PAGE)	67.7	1,975.4	13.3	193.4	9.8	1,571.3	0.8	8.1	6.9
Randstad N.V. (ENXTAM:RAND)	82.1	26,764.3	7.0	1,218.9	4.6	11,200.9	0.4	9.2	7.6
Robert Half International Inc. (NYSE:RHI)	71.6	5,873.5	4.2	664.4	11.3	6,681.1	1.1	10.1	9.6
SThree plc (LSE:STHR)	70.5	1,605.8	14.0	72.5	4.5	445.6	0.3	6.2	5.4
TrueBlue, Inc. (NYSE:TBI)	72.2	2,497.2	(3.4)	123.4	4.9	827.1	0.3	6.7	6.6
<b>Median</b>	<b>76.4 %</b>	<b>\$3,802.7</b>	<b>6.9 %</b>	<b>\$205.8</b>	<b>4.9 %</b>	<b>\$2,118.4</b>	<b>0.4 x</b>	<b>9.1 x</b>	<b>7.8 x</b>
<b>Mean</b>	<b>78.8 %</b>		<b>7.5 %</b>		<b>5.7 %</b>		<b>0.6 x</b>	<b>10.0 x</b>	<b>8.5 x</b>

## Staffing and Human Resources historical EV/EBITDA multiples<sup>2</sup>



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# Transaction Processing

Sector update | Q2 2019

## Transaction Processing

### Transaction Processing trend



### Quantum computing & AI to transform transaction processing<sup>1</sup>

Quantum computing and artificial intelligence (AI) have the potential to impact the transaction processing industry in many ways. Quantum computing can improve the efficiency of data processing and transaction settlement and perform modeling and security functions. JP Morgan Chase & Co. and Barclays PLC have been working with International Business Machine’s quantum computing tools, looking to the future for practical applications. Many firms are now applying AI to regulatory compliance tasks in an effort to reduce costs and increase transparency. The major exchange infrastructure on Wall Street is already almost entirely managed by automated machines. Industry experts predict this trend to continue well into the future.



### Transaction in focus<sup>2</sup>



**May 28, 2019** – Payment technology company Global Payments, Inc. said it would buy peer Total System Services Inc. (TSYS) for approximately \$21.5 billion in stock, adding scale in a fiercely competitive and fast-growing industry. The deal, Global Payments’ biggest ever, and the sector’s third major acquisition this year, comes as payment technology companies consolidate to battle competition from banks making inroads into digital payments and financial technology start-ups chipping away market share. After the deal, Global Payments will process more than 50 billion transactions annually throughout the world, making it one of the largest providers of integrated payment technology.

### Select Transaction Processing M&A transactions<sup>3</sup>

(\$ in millions)

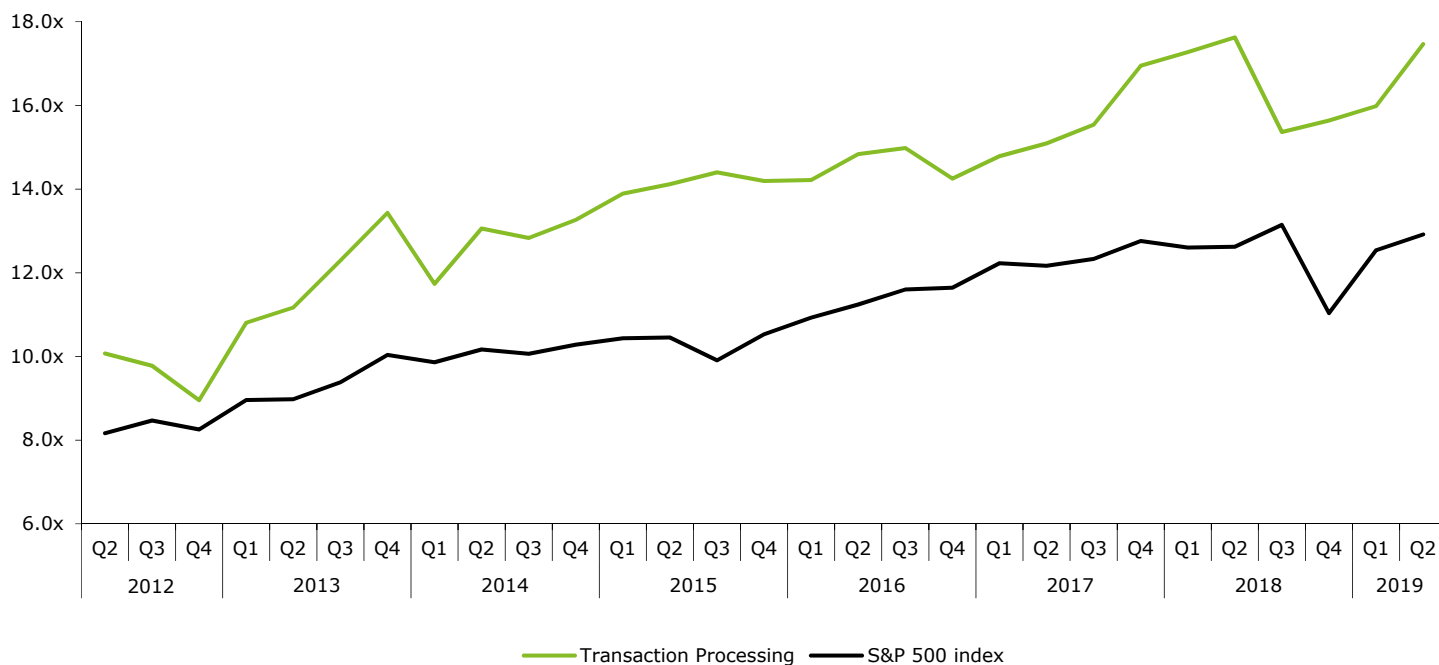
Close date	Target/acquiror	Target business description	Enterprise value ("EV")	EV/ Revenue	EV/ EBITDA
Pending	<b>SpeedPay, Inc.</b> ACI Worldwide, Inc.	Provides electronic and cash bill payment services for utility, auto finance, mortgage, insurance and government industries.	\$750.0	2.1 x	8.3 x
Pending	<b>First Data Corporation</b> Fiserv, Inc.	Provides commerce enabled technology and solutions for merchants, financial institutions, and card issuers in the United States, Canada, Europe, the Middle East, Africa, Latin America, and the Asia Pacific.	41,215.6	4.7	12.5
Pending	<b>Worldpay, Inc.</b> Fidelity National Information Services, Inc.	Provides electronic payment processing services in the United States, Europe, Asia, and Australasia.	43,406.3	11.1	28.0
December-18	<b>JetPay Corporation</b> NCR Corporation	Provides debit and credit card processing, payroll, human capital management (HCM) and card services to businesses and their employees in the United States.	180.4	2.2	50.7
August-18	<b>Cotiviti Holdings, Inc.</b> Versend Technologies, Inc.	Provides analytics-driven payment accuracy and spend management solutions primarily for the healthcare sector in the United States, Canada, the United Kingdom, and India.	4,929.3	6.7	17.1

1. Andrew Medal, "4 Trends That Will Rewire the Inner Workings of the Fintech Industry," <https://www.stamfordadvocate.com/business/article/4-Trends-That-Will-Rewire-the-Inner-Workings-of-13998179.php>, accessed July 15, 2019.
2. Arjun Panchadar, "Global Payments to buy TSYS for \$21.5 billion in latest fintech deal," <https://www.reuters.com/article/us-total-systems-m-a-global-payments/global-payments-to-buy-tsys-for-21-5-billion-in-latest-fintech-deal-idUSKCN1SY142>, accessed July 10, 2019.
3. S&P Capital IQ, <https://www.capitaliq.com>, accessed July 13, 2019. Data as of July 13, 2019.

## Transaction Processing public comparables<sup>1</sup>

Company (ticker)	% of 52 Week high	LTM revenue	Revenue CAGR (3 Yr)	LTM EBITDA	EBITDA margin	Enterprise value	LTM		NTM
							EV/Revenue	EV/EBITDA	EV/EBITDA
<i>(\$ in Millions)</i>									
Broadridge Financial Solutions, Inc. (NYSE:BR)	95.7 %	\$4,471.4	16.2 %	\$926.2	20.7 %	\$16,241.3	3.6 x	17.5 x	16.2 x
Cardtronics plc (NasdaqGS:CATM)	71.6	1,327.3	2.8	267.3	20.1	2,153.6	1.6	8.1	N/A
Conduent Incorporated (NYSE:CNDT)	39.1	5,131.0	(8.4)	597.0	11.6	3,490.2	0.7	5.8	6.0
Euronet Worldwide, Inc. (NasdaqGS:EEFT)	96.1	2,563.6	12.2	482.2	18.8	8,451.5	3.3	17.5	13.4
EVERTEC, Inc. (NYSE:EVTC)	99.1	462.4	7.0	177.8	38.4	2,860.8	6.2	16.1	12.8
Global Payments Inc. (NYSE:GPN)	99.2	3,454.4	0.0	1,386.2	40.1	30,962.0	9.0	22.3	18.3
Jack Henry & Associates, Inc. (NasdaqGS:JKHY)	85.8	1,603.2	6.7	478.1	29.8	10,843.6	6.8	22.7	20.5
Mastercard Incorporated (NYSE:MA)	98.6	15,259.0	15.6	9,141.0	59.9	282,171.2	18.5	30.9	26.9
PayPal Holdings, Inc. (NasdaqGS:PYPL)	98.9	15,894.0	18.1	2,815.0	17.7	134,801.2	8.5	47.9	27.6
The Western Union Company (NYSE:WU)	98.3	5,537.5	0.5	1,359.7	24.6	11,637.9	2.1	8.6	8.8
Total System Services, Inc. (NYSE:TSS)	99.4	4,075.6	12.6	1,146.4	28.1	27,457.7	6.7	24.0	18.3
Visa Inc. (NYSE:V)	98.9	21,674.0	14.9	14,606.0	67.4	402,431.6	18.6	27.6	23.7
Worldpay, Inc. (NYSE:WP)	99.4	4,044.7	7.3	1,615.8	39.9	48,383.2	12.0	29.9	21.7
WEX Inc. (NYSE:WEX)	99.3	1,520.5	21.0	534.3	35.1	12,257.5	8.1	22.9	15.7
<b>Median</b>	<b>98.7 %</b>	<b>\$4,060.1</b>	<b>9.8 %</b>	<b>\$1,036.3</b>	<b>29.0 %</b>	<b>\$14,249.4</b>	<b>6.8 x</b>	<b>22.5 x</b>	<b>18.3 x</b>
<b>Mean</b>	<b>91.4 %</b>		<b>9.0 %</b>		<b>32.3 %</b>		<b>7.5 x</b>	<b>21.6 x</b>	<b>17.7 x</b>

## Transaction Processing historical EV/EBITDA multiples<sup>2</sup>



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## Deloitte Corporate Finance LLC (DCF)

DCF provides deal execution and lead financial advisory services to large corporate, middle market, private equity and venture capital firms. DCF and its affiliates maintain a presence in key US financial centers.

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