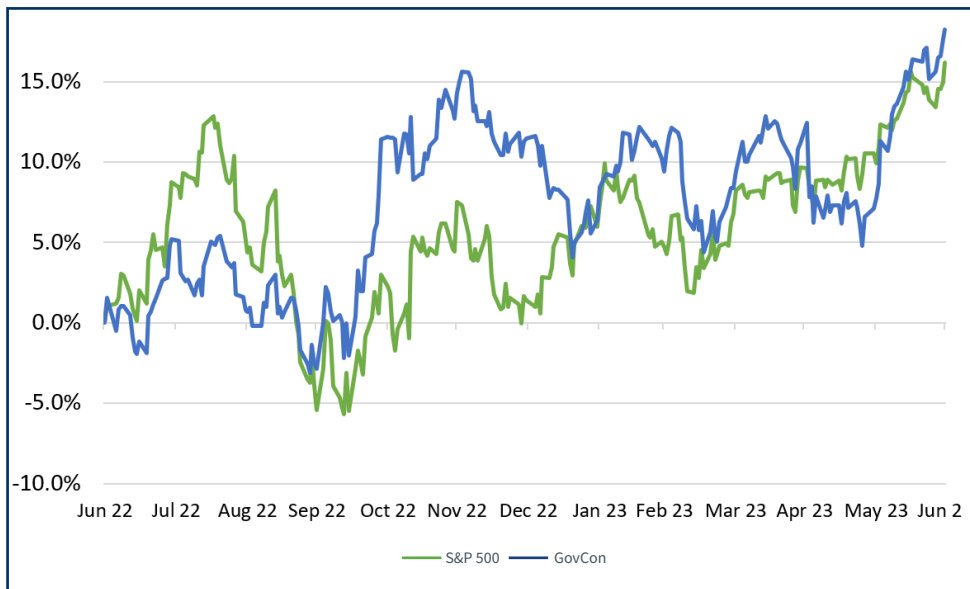


COHNREZNICK GOVERNMENT CONTRACTOR VALUATION H1 2023 TRACKER

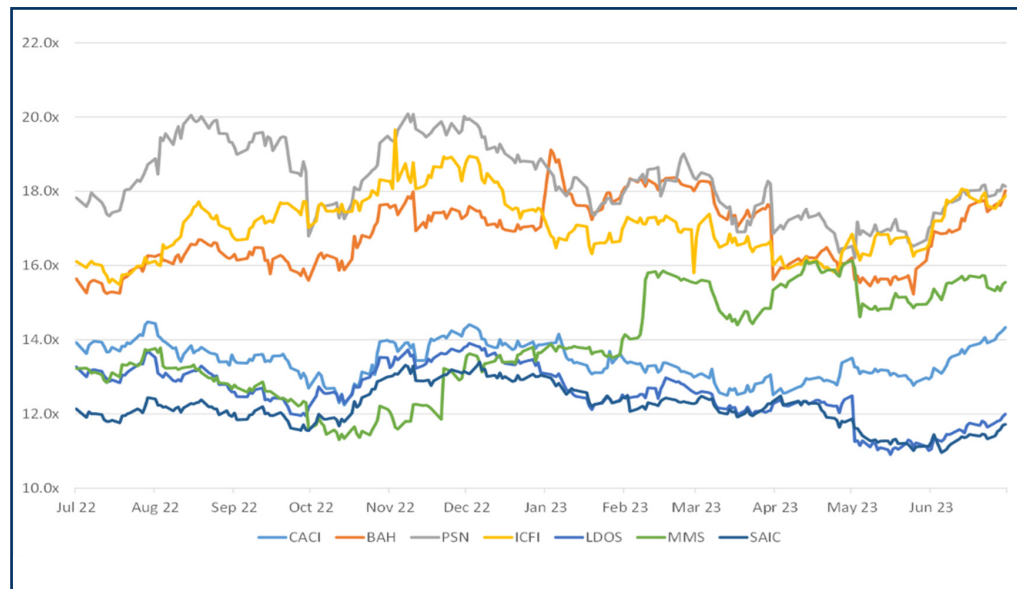
Welcome to the fourth edition of our Government Contractor Valuation semi-annual update. This update includes key valuation indicators to help GovCon management teams and investors keep track of industry valuation benchmarks and trends. We will continue to update this information on a semi-annual basis.

GOVERNMENT SERVICES COMPOSITE VS S&P 500



The returns for this select group of public government services contractors* outperformed the S&P 500 from February through March 2023. In June 2023 the S&P 500 caught up with the government services companies. Over the TTM period ending June 30, 2023, the S&P 500 was up approximately 16.2%, compared to 18.2% for government contractors. Although the first half of 2023 was impacted by the debt-ceiling negotiations, generally the publicly traded government contractors were unscathed.

EV/TTM EBITDA H2 2023 LOOKBACK



Public government services contractors generally traded between 11.0x to 20.0x EBITDA. The median EBITDA multiple has remained stable over the last 12 months ranging from 12.5x-16.0x. PSN, ICFI, and BAH have continued to outperform in this group, though BAH was negatively impacted by a DOJ investigation into its cost accounting and indirect cost charging practices.

*Contractors included in composite are: CACI, BAH, PSN, ICFI, LDOS, MMS, SAIC.

Mergers & Acquisitions in the Last Twelve Months

In USD Millions

Transaction Date	Target Name	Acquirer Name	Net Sales (\$M)	EBITDA (\$M)	EBITDA Margin %	Enterprise Value	EV/Net Sales	EV/EBITDA
5/6/2023	Logistics and supply chain management business of SAIC	ASRC Federal	650	NA	NA	350	0.5x ¹	NA
4/14/2023	Global Traffic Technologies, LLC	Miovision Technologies Incorporated	40	11	26.8%	107	2.7x	10.0x
3/22/2023	Global Technology And Management Resources, Inc.	Castellum, Inc.	10	NA	NA	7	0.7x	NA
1/31/2023	Atlas Technical Consultants, Inc.	GI Partners	599	72	12.0%	1,050	1.8x	14.6x
9/14/2022	ManTech International Corporation	The Carlyle Group Inc.	2,596	318	12.2	4,339	1.7x	13.7x
7/7/2022	GTY Technology Holdings Inc.	GI Manager L.P.	63	NA	NA	417	6.6x	NM
7/5/2022	Vertex Aerospace	Vectrus	1,783	153	8.6%	2,100	1.2x	11.7x

Enterprise Value Multiples	Net Sales (\$M)	EBITDA (\$M)	EBITDA Margin %	Enterprise Value	EV/Net Sales	EV/EBITDA
25th Percentile	52	57	11.1%	107	0.9x	11.2x
Median	599	112	12.1%	417	1.7x	12.7x
75th Percentile	1,217	194	15.9%	1,050	2.2x	13.9x

Source: S&P Capital IQ

¹Reflects forward Y1 multiple

We tracked seven transactions in the GovCon space that were closed or announced over the last 12 months with publicly disclosed valuation multiples or other data. The median EBITDA multiple was 12.7x and below the public company valuation multiples. Generally deal volume slowed in the second half of 2022 compared to 2021 due to rising interest rates and higher costs of capital. However, overall deal volume appears to have picked up in the first half of 2023.

One of the active acquirers in 2023 has been ASRC Federal, which is a subsidiary of Arctic Slope Regional Corporation, an Alaska Native Owned Corporation. In addition to acquiring the logistics and supply chain business of SAIC, it has acquired Manassas-based IT and defense contractor Broadleaf, Inc. in April 2023.

TTM = Trailing 12-month; **EBITDA** = Earnings before interest, taxes, depreciation, and amortization, GovCon Composite based on straight average with no regard to size or other factors.



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