



BUSINESS SERVICES REPORT

Q2 2016

Explore M&A Activity, Capital Market
Conditions and Current Trends for the
Business Services Industry

SDR*Ventures*

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Investment Banking & Securities Offered Through SDR Capital Markets, Inc., Member FINRA & SIPC.





BUSINESS SERVICES REPORT

SDR is continually improving our quarterly reports in order to provide the most beneficial information to our clients and friends. In this quarter, we have restructured the previously titled "Professional Services" report to be more inclusive of the overall "Business Services" industry. Moving forward, SDR will track and report on the overall Business Services industry that includes the majority of the Professional Services segments.

Q2 INDUSTRY UPDATE

The Business Services industry was highly active in Q2 2016 with over 400 transactions announced. Many strategic companies expanded through bolt-on acquisitions, and larger middle-market PE groups added platform investments. Of note, Facility Services and Industrial Services saw continued consolidation as large strategics took advantage of their fragmented markets. Public company performance in Business Services was mixed as the uncertainty of Brexit affected groups that service the U.K. market. However, the strong tailwinds of enterprises continuing to outsource key functions of their businesses are expected to continue to drive demand for the overall Business Services industry.

THE REALITY OF TECHNOLOGY-AS-A-SERVICE

As the adoption of technology in the Business Services industry gains further traction, firms in the middle market are finding significant competitive advantages by implementing technology that enables a more efficient service to their customers. Now more than in the recent past, Business Services companies are utilizing technology to deliver their core service, decreasing the number of employees and assets that are needed, and creating a more scalable business model. Premiums are being paid for service organizations that are able to create the coveted tech-enabled service model. In Q2 2016, a few transactions highlighted the allure of tech-enabled acquisitions by both strategic companies and private equity groups.



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ABOUT SDR

Established in 2002, SDR Ventures has developed deep M&A and capital transaction knowledge and expertise. SDR offers transaction advisory, private capital formation and business consulting services across a wide range of industries. We serve business owners and operators of privately held companies and provide them with a professional-class experience.

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BUSINESS SERVICES REPORT

Date	Target	Buyer/Investor	Buyer Type	Rational
6/7/2016	Elemica	Thoma Bravo LLC	PE Group	Elemica "has developed a patented supply chain and logistics network ...and provides mission-critical applications for its customers"
4/14/2016	Energy Services Group	Accel-KKR	PE Group	"ESG brings technological innovation and unparalleled customer service to the retail energy sector"
6/14/2016	DST North American Customer Communications Business	Broadridge Financial Solutions	Strategic	"The business has pioneered innovations to drive operational excellence including best-of-breed technology"
4/7/2016	Luxe Valet	Hertz	Strategic Investment	"Our investment will support Luxe's ability to scale its successful service ...building on an expanded Luxe footprint and [technical] capability"

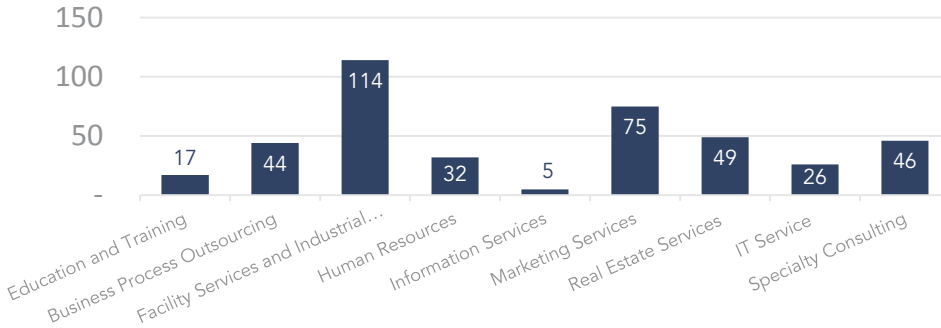
Source: S&P Capital IQ

Though technology can be a key component, traditional business services likely will not be replaced by technology itself. The difference between the Business Services and Technology industries is that Business Services firms will not completely eliminate: the need for people delivering the service; and the need for equipment, machinery or assets. Technology enables the service but will never become the service itself. With that in mind, SDR has found that many Business Services companies are fearful of creating or adapting to the newest technologies in their industry, thus missing out on significant opportunity to increase the value of their businesses. As seen by the recent transaction history, the market (both strategic and private equity buyers) has spoken: the time and investment into technology, which ultimately creates a competitive advantage, are well worth it.

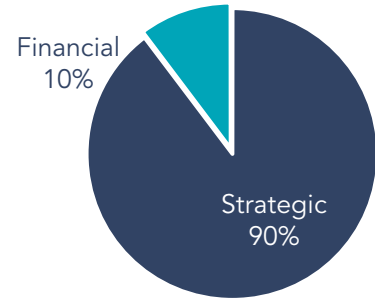


BUSINESS SERVICES REPORT

TRANSACTIONS BY SEGMENT

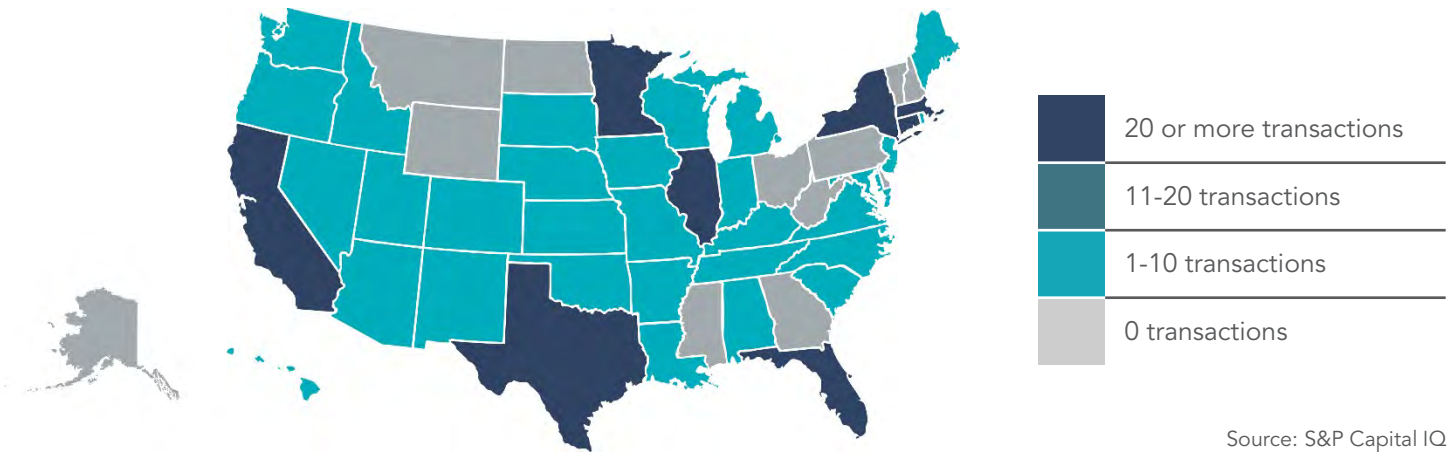


TRANSACTIONS BY TYPE



Source: S&P Capital IQ

TRANSACTIONS BY LOCATION



Source: S&P Capital IQ

TRANSACTION ACTIVITY

Date	Target	Buyer(s)	Segment	Amount (\$ in Mil)	TEV/Rev	TEV/EBITDA
06/14/2016	DST Systems Inc., North American Customer Communications Business	Broadridge Investor Communications Corporation; Broadridge Output Solutions, Inc.	Business Process Outsourcing	410	0.37x	-
04/04/2016	Evanta Inc.	CEB Inc.	Marketing Services	275	-	-
06/21/2016	Dextrys, Inc.	EPAM Systems, Inc.	Business Process Outsourcing	-	-	-
06/17/2016	Evergreen Industrial Services, Inc.	The Sterling Group, L.P.; Platform Partners, LLC	Facility Services and Industrial Services	-	-	-
06/13/2016	Skilled Labor Solutions, Inc.	Construction Labor Contractors, LLC	Human Resources	-	-	-
06/27/2016	ReachLocal, Inc.	Gannett Co., Inc.	Marketing Services	170.5	0.44x	-
06/10/2016	Collier Pest Control, Inc.	Hulett Environmental Services Inc.	Facility Services and Industrial Services	-	-	-
06/08/2016	Conservice, LLC	TA Associates Management, L.P.	Facility Services and Industrial Services	-	-	-
04/22/2016	Business Journals, Inc.	UBM Americas	Marketing Services	69	1.73x	-
05/26/2016	Mind Streams Education, LLC	Peterson's Nynet, LLC	Human Resources	-	-	-

ACCESS FULL LIST

Source: S&P Capital IQ

Note: These data represent recorded transactions only, and are not all-inclusive. Nevertheless, they are typically representative of the industry.



BUSINESS SERVICES REPORT

ACTIVE BUYERS

MOST ACTIVE STRATEGIC BUYERS

Strategic Buyer	Inv. Date	Select Corporate Acquisitions
Arrow Exterminators, Inc.	05/10/2016	<ul style="list-style-type: none"> Spencer Pest Control Co. Of South Carolina, Inc.
	03/07/2016	<ul style="list-style-type: none"> Frye Exterminating Co., Inc.
	01/21/2016	<ul style="list-style-type: none"> BugMaster Termite & Pest Control
	01/05/2016	<ul style="list-style-type: none"> Universal Pest Control Inc.
	12/01/2015	<ul style="list-style-type: none"> Sun Valley Pest & Termite Control, LLC
Advanced Disposal Services, Inc.	05/10/2016	<ul style="list-style-type: none"> Pete's Economy Hauling
	05/05/2016	<ul style="list-style-type: none"> Arwood Waste, Inc., Certain Accounts
	02/02/2016	<ul style="list-style-type: none"> Tatum Sanitation
	11/30/2015	<ul style="list-style-type: none"> Webb Waste, Inc.
	11/27/2015	<ul style="list-style-type: none"> AC Sanitation, Inc.
Waste Management, Inc.	04/20/2016	<ul style="list-style-type: none"> Baker Sanitation, Inc.
	01/08/2016	<ul style="list-style-type: none"> Southern Waste Systems LLC
	08/01/2015	<ul style="list-style-type: none"> Nordic Waste Services
	07/20/2015	<ul style="list-style-type: none"> D.C. Trash Service, Inc.
	02/03/2015	<ul style="list-style-type: none"> Big "O" Refuse LLC
	05/16/2016	<ul style="list-style-type: none"> Chesapeake Testing Services, Inc.
National Technical Systems Inc.	12/23/2015	<ul style="list-style-type: none"> EMC Integrity, Inc.
	11/15/2015	<ul style="list-style-type: none"> NTS Anaheim
	08/11/2015	<ul style="list-style-type: none"> Qualtest, Inc.
	03/04/2015	<ul style="list-style-type: none"> National Quality Assurance Limited
	05/02/2016	<ul style="list-style-type: none"> Catseye Pest Control, Northern Division Operations
	11/05/2015	<ul style="list-style-type: none"> Alterra, LLC
The Terminix International Company Limited Partnership	07/21/2015	<ul style="list-style-type: none"> Capelouto Termite & Pest Control, Inc.
	04/08/2015	<ul style="list-style-type: none"> Team Termite & Pest Control Inc.
	12/31/2014	<ul style="list-style-type: none"> Excel Pest Control, Ltd.

Source: S&P Capital IQ

SELECT SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

Financial Buyer	Inv. Date	Platform Investment(s)	Select Holdings
The Stagwell Group	01/05/2016	N/A	<ul style="list-style-type: none"> Code and Theory Inc.
	11/16/2015		<ul style="list-style-type: none"> Nielsen National Research Group, Inc.
	10/08/2015		<ul style="list-style-type: none"> SKDKnickerbocker LLC
Kinderhook Industries	11/24/2015	STC Holdings, Inc.	<ul style="list-style-type: none"> STC Holdings, Inc.
	11/20/2015		<ul style="list-style-type: none"> Clean Venture, Inc.
	07/22/2015		<ul style="list-style-type: none"> Collision Diagnostic Services Inc.
SCG Partners, LLC	10/22/2015	Seasons ServiceSelect	<ul style="list-style-type: none"> Green Leaf Landscaping & Irrigation Inc. and A New Look Lawn Care, Inc.
	10/22/2015		<ul style="list-style-type: none"> M & M Professional Grounds Maintenance
The Sterling Group, L.P.	06/17/2016	Evergreen Industrial Services, Inc. and NorthAmerican Services Group, LLC	<ul style="list-style-type: none"> Evergreen Industrial Services, Inc.
	06/17/2016		<ul style="list-style-type: none"> NorthAmerican Services Group, LLC
White Wolf Capital LLC	06/16/2016	Consulting Solutions International, Inc.	<ul style="list-style-type: none"> Consulting Solutions International, Inc.

Source: S&P Capital IQ

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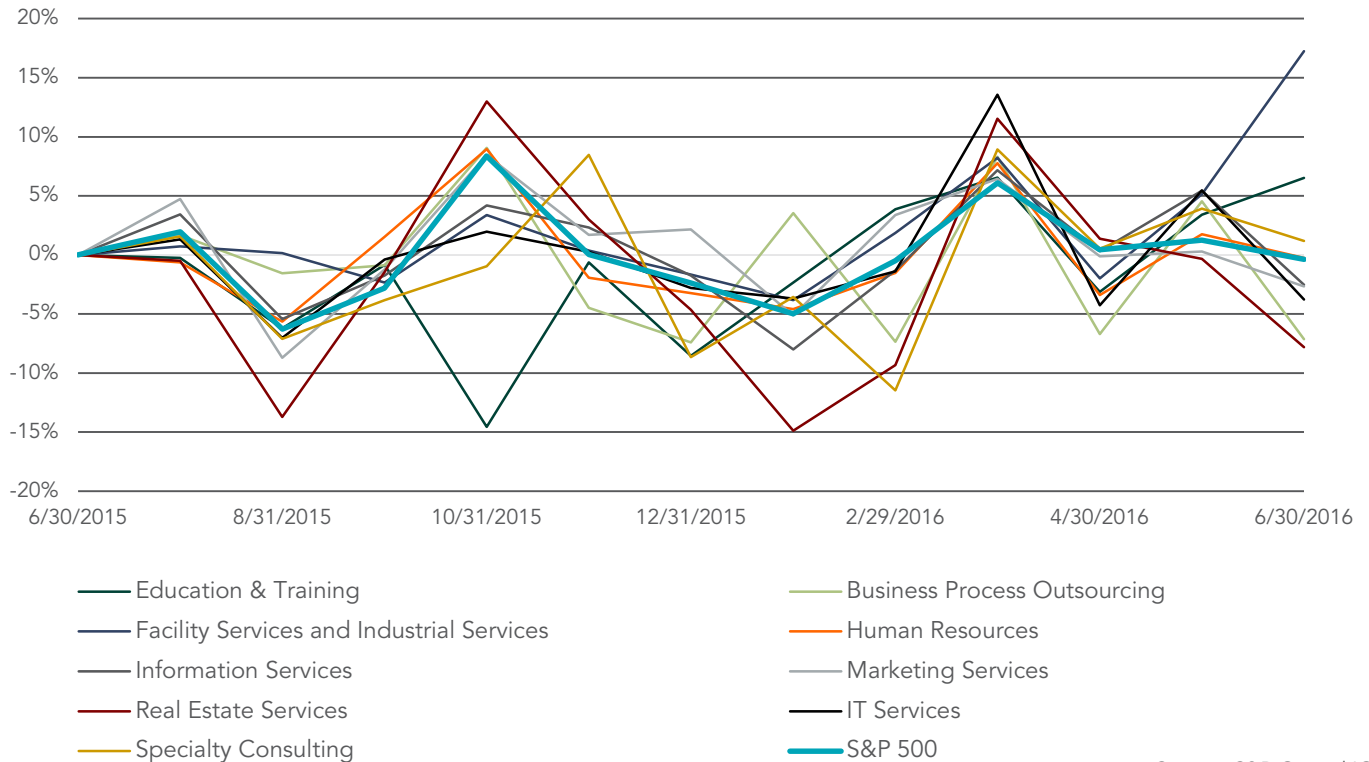


BUSINESS SERVICES REPORT

PUBLIC BASKET

BUSINESS SERVICES SEGMENTS VS. S&P 500

Running 12 Months



Source: S&P Capital IQ

EDUCATION & TRAINING

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Graham Holdings Company	NYSE:GHC	\$2,750	\$490	(1.7%)	0.9%	NM	13.4%	0.9x	6.6x	25.4x	NM	NM
GP Strategies Corp.	NYSE:GPX	\$363	\$22	(9.6%)	(13.6%)	2.8%	8.3%	0.8x	9.8x	19.2x	0.8x	9.0x
Pearson plc	LSE:PERSON	\$7,848	\$10	15.3%	31.4%	(0.9%)	15.7%	1.9x	11.5x	27.9x	2.0x	11.4x
John Wiley & Sons Inc.	NYSE:JW.A	\$3,003	\$52	(3.2%)	15.9%	2.3%	16.4%	1.9x	11.5x	24.1x	1.9x	8.2x
Capella Education Co.	NasdaqGS:CPLA	\$615	\$53	0.3%	13.9%	(2.2%)	16.9%	1.1x	6.7x	15.6x	1.2x	5.6x
Bridgepoint Education, Inc.	NYSE:BPI	\$335	\$7	(6.8%)	(4.9%)	(2.1%)	7.9%	0.1x	1.3x	18.8x	0.1x	2.3x
Strayer Education Inc.	NasdaqGS:STRA	\$521	\$49	2.0%	(18.3%)	(0.5%)	20.4%	0.9x	4.6x	12.4x	0.9x	5.0x
K12, Inc.	NYSE:LRN	\$488	\$12	5.2%	41.9%	(9.1%)	4.3%	0.4x	8.5x	57.1x	0.4x	3.4x
DeVry Education Group Inc.	NYSE:DV	\$1,119	\$18	(1.4%)	(29.5%)	(4.0%)	15.4%	0.4x	2.8x	9.8x	0.4x	2.9x
Career Education Corp.	NasdaqGS:CEC	\$407	\$6	1.2%	63.9%	(19.5%)	4.8%	0.3x	6.1x	44.7x	0.4x	NM
Segment Average		\$1,745		0.1%	10.2%	(3.7%)	12.3%	0.9x	6.9x	25.5x	0.9x	6.0x
Segment Median		\$568		(0.6%)	7.4%	(2.1%)	14.4%	0.9x	6.7x	21.6x	0.8x	5.3x

Source: S&P Capital IQ

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BUSINESS SERVICES REPORT

BUSINESS PROCESS OUTSOURCING

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Wipro Ltd.	BSE:507685	\$1,371,241	\$558	2.2%	(0.3%)	10.5%	20.5%	2.3x	11.1x	19.8x	2.1x	10.0x
Cognizant Technology Solutions Corporation	NasdaqGS:CTSH	\$34,680	\$57	(6.8%)	(4.6%)	10.9%	20.0%	2.5x	12.3x	25.0x	2.2x	10.6x
Sykes Enterprises, Incorporated	NasdaqGS: SYKE	\$1,225	\$29	(2.9%)	(5.9%)	9.1%	11.8%	0.8x	6.8x	21.8x	0.7x	6.1x
Convergys Corporation	NYSE: CVG	\$2,412	\$25	(11.3%)	0.4%	(0.6%)	13.1%	0.9x	6.5x	20.8x	0.8x	6.4x
West Corporation	NasdaqGS:WSTC	\$1,624	\$20	(6.8%)	(8.9%)	1.5%	28.5%	2.1x	7.4x	9.0x	2.1x	7.2x
TeleTech Holdings Inc.	NasdaqGS:TTEC	\$1,305	\$27	(0.6%)	(2.8%)	3.7%	12.3%	1.1x	8.7x	26.1x	1.0x	8.1x
Virtusa Corporation	NasdaqGS:VRTU	\$864	\$29	(18.0%)	(30.1%)	49.1%	10.3%	1.7x	16.3x	24.0x	1.1x	12.6x
Unisys Corporation	NYSE:UIS	\$364	\$7	(13.7%)	(34.1%)	(6.7%)	5.0%	0.1x	2.2x	6.8x	0.1x	1.7x
Segment Average		\$1,745		0.1%	(10.8%)	9.7%	15.2%	1.4x	8.9x	19.2x	1.3x	7.8x
Segment Median		\$568		(0.6%)	(5.3%)	6.4%	12.7%	1.4x	8.1x	21.3x	1.1x	7.6x

Source: S&P Capital IQ

FACILITY SERVICES AND INDUSTRIAL SERVICES

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Cintas Corporation	NasdaqGS:CTAS	\$10,500	\$98	3.5%	7.8%	9.0%	19.3%	2.4x	12.5x	25.6x	2.2x	11.6x
ABM Industries Incorporated	NYSE:ABM	\$2,040	\$36	6.8%	28.1%	5.5%	2.8%	0.4x	14.9x	41.8x	0.4x	10.0x
SP Plus Corporation	NasdaqGS:SP	\$505	\$23	1.2%	(5.5%)	1.7%	8.6%	0.8x	9.1x	30.1x	0.8x	7.8x
Aramark	NYSE:ARMK	\$8,115	\$33	0.4%	3.6%	1.5%	8.2%	0.9x	11.4x	33.7x	0.9x	9.7x
Iron Mountain Incorporated	NYSE:IRM	\$10,461	\$40	8.4%	47.5%	16.1%	30.1%	5.1x	17.0x	56.1x	4.2x	12.9x
UniFirst Corp.	NYSE:UNF	\$2,331	\$116	0.0%	11.1%	0.7%	18.6%	1.4x	7.3x	19.4x	1.3x	7.3x
FirstService Corporation	TSX:FSV	\$2,128	\$59	(4.8%)	5.7%	16.1%	8.0%	1.5x	18.2x	69.4x	1.3x	14.7x
Waste Management, Inc.	NYSE:WM	\$29,441	\$66	8.7%	24.2%	3.6%	26.4%	3.0x	11.4x	28.1x	2.9x	10.6x
Republic Services, Inc.	NYSE:RSG	\$17,646	\$51	6.3%	16.6%	3.0%	27.9%	2.7x	9.8x	25.5x	2.7x	9.4x
Waste Connections US, Inc.	NYSE:WCN	\$12,638	\$72	11.8%	29.4%	57.7%	33.4%	6.9x	20.7x	38.4x	3.8x	12.2x
Stericycle, Inc.	NasdaqGS:SRCL	\$8,841	\$104	6.3%	(13.7%)	22.1%	25.5%	3.7x	14.7x	24.6x	3.2x	11.9x
US Ecology, Inc.	NasdaqGS:ECOL	\$1,000	\$46	1.4%	26.1%	(8.7%)	22.8%	2.4x	10.4x	27.2x	2.5x	9.7x
Casella Waste Systems Inc.	NasdaqGS:CWS	\$322	\$8	9.3%	31.3%	2.4%	17.2%	1.5x	8.7x	NM	1.5x	7.3x
Covanta Holding Corporation	NYSE:CVA	\$2,136	\$16	(1.3%)	6.2%	0.2%	20.6%	2.7x	12.7x	189.2x	2.7x	11.0x
Clean Harbors, Inc.	NYSE:CLH	\$2,999	\$52	1.2%	25.1%	(13.3%)	15.2%	1.3x	8.8x	37.1x	1.5x	9.0x
United Rentals, Inc.	NYSE:URI	\$5,939	\$67	(3.7%)	(7.5%)	(2.4%)	30.5%	2.3x	7.6x	9.4x	2.4x	4.9x
H&E Equipment Services Inc.	NasdaqGS:HEES	\$675	\$19	(1.0%)	8.9%	(0.4%)	14.1%	1.4x	10.2x	15.0x	1.5x	5.1x
CECO Environmental Corp.	NasdaqGS:CECE	\$298	\$9	7.2%	13.8%	15.9%	12.9%	1.1x	8.8x	16.7x	1.0x	7.7x
Team, Inc.	NYSE:TISI	\$733	\$25	(18.1%)	(22.3%)	0.0%	7.1%	1.0x	14.7x	35.9x	0.82x	8.5x
Segment Average		\$6,250		2.3%	12.4%	6.9%	18.4%	2.2x	12.0x	40.2x	2.0x	9.5x
Segment Median		\$2,331		1.4%	11.1%	2.4%	18.6%	1.5x	11.4x	29.1x	1.5x	9.7x

Source: S&P Capital IQ

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BUSINESS SERVICES REPORT

HUMAN RESOURCES

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Robert Half International Inc.	NYSE:RHI	\$4,933	\$38	(8.2%)	(19.0%)	7.1%	12.4%	0.9x	7.4x	13.7x	0.9x	6.81x
ManpowerGroup Inc.	NYSE:MAN	\$4,600	\$64	(19.3%)	(23.7%)	2.4%	4.1%	0.2x	6.0x	11.4x	0.2x	5.7x
WageWorks, Inc.	NYSE:WAGE	\$2,167	\$60	6.7%	31.8%	8.0%	19.4%	5.0x	25.9x	86.7x	4.5x	14.7x
On Assignment Inc.	NYSE:ASGN	\$1,972	\$37	(1.9%)	(17.8%)	17.7%	10.8%	1.2x	11.2x	21.9x	1.1x	8.8x
51job Inc.	NasdaqGS:JOBS	\$1,740	\$29	(5.5%)	(0.5%)	11.8%	29.7%	3.4x	11.3x	27.1x	3.1x	9.1x
Insperty, Inc.	NYSE:NSP	\$1,652	\$77	7.3%	60.4%	15.0%	4.1%	0.5x	13.0x	30.1x	0.5x	9.5x
TriNet Group, Inc.	NYSE:TNET	\$1,470	\$21	3.2%	7.4%	15.4%	4.1%	0.6x	15.4x	43.7x	0.6x	9.8x
Korn/Ferry International	NYSE:KFY	\$1,186	\$21	(28.2%)	(37.6%)	20.8%	12.1%	0.8x	6.6x	13.7x	0.6x	4.2x
TrueBlue, Inc.	NYSE:TBI	\$734	\$19	(4.5%)	(26.6%)	4.6%	5.3%	0.3x	6.0x	12.4x	0.3x	5.8x
Kelly Services, Inc.	NasdaqGS:KELY.A	\$720	\$19	(4.3%)	17.5%	1.5%	1.7%	0.1x	7.8x	17.3x	0.1x	4.8x
Kforce Inc.	NasdaqGS:KFRC	\$441	\$17	(9.7%)	(33.2%)	2.6%	6.2%	0.4x	6.6x	10.3x	0.4x	6.5x
Automatic Data Processing, Inc.	NasdaqGS:ADP	\$41,850	\$92	4.6%	8.4%	7.1%	21.1%	3.6x	16.9x	31.7x	3.3x	15.3x
Heidrick & Struggles International Inc.	NasdaqGS:HSII	\$313	\$17	(8.6%)	(38.0%)	7.4%	8.8%	0.5x	5.2x	15.0x	0.4x	4.6x
Segment Average		\$4,906		(5.3%)	(5.4%)	9.3%	10.7%	1.4x	10.7x	25.8x	1.2x	8.1x
Segment Median		\$1,652		(4.5%)	(17.8%)	7.4%	8.8%	0.6x	7.8x	17.3x	0.6x	6.8x

Source: S&P Capital IQ

INFORMATION SERVICES

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
Thomson Reuters Corporation	TSX:TRI	\$39,223	\$52	(5.1%)	(0.3%)	(6.9%)	20.5%	3.2x	15.5x	44.1x	3.4x	12.1x
Axiom Corporation	NasdaqGS:ACXM	\$1,711	\$22	3.8%	5.1%	4.3%	9.3%	2.0x	21.6x	129.0x	1.9x	11.5x
Gartner Inc.	NYSE:IT	\$8,036	\$97	(4.1%)	7.4%	12.7%	16.8%	3.8x	22.7x	41.2x	3.4x	17.8x
Alliance Data Systems Corporation	NYSE:ADS	\$11,547	\$196	(11.8%)	(29.2%)	10.0%	23.4%	4.4x	18.8x	21.0x	3.9x	13.8x
The Dun & Bradstreet Corporation	NYSE:DNB	\$4,418	\$122	(4.0%)	17.2%	4.1%	25.1%	3.5x	13.9x	21.9x	3.3x	11.5x
comScore, Inc.	NasdaqGS:SCOR	\$1,353	\$24	(26.3%)	(42.0%)	40.8%	10.1%	3.4x	33.4x	NM	2.4x	10.1x
Fair Isaac Corporation	NYSE:FICO	\$3,523	\$113	1.4%	20.0%	3.4%	23.3%	4.8x	20.5x	42.1x	4.5x	19.7x
Experian plc	LSE:EXPN	\$13,326	\$14	8.1%	17.6%	3.3%	30.9%	4.9x	15.8x	32.1x	4.3x	12.5x
Equifax Inc.	NYSE:EFX	\$15,281	\$128	2.1%	15.3%	17.0%	33.7%	6.7x	19.8x	37.5x	5.7x	16.0x
The Advisory Board Company	NasdaqGS:ABC O	\$1,451	\$35	7.8%	(28.7%)	6.6%	14.3%	2.5x	17.6x	53.7x	2.3x	10.1x
Verisk Analytics, Inc.	NasdaqGS:VRSK	\$13,635	\$81	2.1%	5.5%	(2.7%)	45.6%	7.6x	16.6x	34.1x	8.1x	15.8x
CoreLogic, Inc.	NYSE:CLGX	\$3,419	\$38	3.2%	13.6%	22.3%	20.8%	2.8x	13.3x	34.2x	2.4x	9.3x
CoStar Group Inc.	NasdaqGS:CSGP	\$7,118	\$219	5.8%	5.8%	18.0%	16.4%	9.3x	56.7x	NM	8.1x	27.1x
FactSet Research Systems Inc.	NYSE:FDS	\$6,570	\$161	1.5%	(0.7%)	12.2%	34.8%	6.0x	17.4x	31.0x	5.5x	15.4x
Moody's Corporation	NYSE:MCO	\$18,208	\$94	(5.0%)	(6.6%)	1.7%	44.3%	5.8x	12.9x	23.4x	5.5x	12.2x
S&P Global, Inc.	NYSE:SPGI	\$28,381	\$107	(4.1%)	8.8%	6.5%	41.8%	5.9x	14.1x	26.4x	5.5x	13.1x
Forrester Research Inc.	NasdaqGS:FORR	\$657	\$37	0.1%	29.4%	4.2%	10.5%	1.7x	16.2x	44.2x	1.6x	12.9x
IHS Markit Ltd.	NasdaqGS:INFO	\$5,840	\$33	(5.1%)	8.1%	0.0%	32.9%	5.8x	18.1x	40.1x	5.5x	12.6x
Segment Average		\$10,205		(1.6%)	2.6%	8.8%	25.2%	4.7x	20.3x	41.0x	4.3x	14.1x
Segment Median		\$6,844		0.8%	6.6%	5.4%	23.3%	4.6x	17.5x	35.9x	4.1x	12.8x

Source: S&P Capital IQ

Note: These data represent recorded transactions only, and are not all-inclusive. Nevertheless, they are typically representative of the industry.



BUSINESS SERVICES REPORT

REAL ESTATE SERVICES

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
CBRE Group, Inc.	NYSE:CBG	\$8,653	\$26	(11.3%)	(23.4%)	21.8%	9.4%	1.0x	9.1x	17.2x	0.9x	7.1x
CoStar Group Inc.	NAsdaqGS:CSGP	\$7,118	\$219	5.8%	5.8%	18.0%	16.4%	9.3x	56.7x	NM	8.1x	27.1x
Jones Lang LaSalle Incorporated	NYSE:JLL	\$4,397	\$97	(17.3%)	(39.0%)	7.3%	10.9%	0.9x	7.5x	12.1x	0.9x	7.4x
Realogy Holdings Corp.	NYSE:RLGY	\$4,266	\$29	(11.5%)	(20.9%)	4.6%	13.2%	1.4x	10.3x	20.6x	1.3x	9.1x
SouFun Holdings Ltd.	NYSE:SFUN	\$2,392	\$5	(7.4%)	(31.9%)	36.4%	(14.2%)	2.5x	NM	NM	2.0x	NM
Kennedy-Wilson Holdings, Inc.	NYSE:KW	\$2,156	\$19	(11.1%)	(21.3%)	17.4%	34.1%	11.1x	32.7x	NM	10.1x	26.8x
E-House (China) Holdings Limited	NYSE:EJ	\$932	\$6	0.5%	2.9%	13.2%	4.0%	0.8x	18.5x	31.8x	0.7x	NM
RE/MAX Holdings, Inc.	NYSE:RMAX	\$710	\$40	(0.3%)	7.9%	(2.9%)	52.0%	2.2x	4.3x	67.6x	2.3x	4.3x
Altisource Portfolio Solutions S.A.	NasdaqGS:ASPS	\$514	\$28	(0.3%)	0.1%	(8.9%)	22.5%	0.8x	3.6x	7.3x	0.9x	4.9x
Segment Average		\$3,460		(5.9%)	(13.3%)	11.9%	16.5%	3.3x	17.8x	26.1x	3.0x	12.4x
Segment Median		\$2,392		(7.4%)	(20.9%)	13.2%	13.2%	1.4x	9.7x	18.9x	1.3x	7.4x

Source: S&P Capital IQ

SPECIALTY CONSULTING

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
CEB Inc.	NYSE:CEB	\$1,986	\$62	(3.3%)	0.5%	5.2%	22.4%	2.6x	11.5x	25.3x	2.4x	9.3x
FTI Consulting, Inc.	NYSE:FCN	\$1,654	\$41	(2.8%)	17.4%	4.1%	11.6%	1.1x	9.7x	18.8x	1.1x	10.0x
Exponent Inc.	NasdaqGS:EXPO	\$1,516	\$58	8.3%	16.9%	4.8%	25.4%	4.6x	17.9x	35.5x	4.3x	16.9x
The Advisory Board Company	NasdaqGS:ABCO	\$1,451	\$35	7.8%	(28.7%)	6.6%	14.3%	2.5x	17.6x	53.7x	2.3x	10.1x
Huron Consulting Group Inc.	NasdaqGS:HURN	\$1,259	\$60	3.2%	1.7%	8.2%	22.4%	2.2x	9.8x	24.9x	2.1x	10.8x
ICF International Inc.	NasdaqGS:ICFI	\$778	\$41	0.3%	15.0%	3.5%	9.6%	1.0x	10.1x	18.9x	0.9x	9.2x
Navigant Consulting Inc.	NYSE:NCI	\$769	\$16	1.4%	0.6%	11.9%	14.3%	1.1x	8.0x	14.9x	1.0x	7.2x
Resources Connection, Inc.	NasdaqGS:RECN	\$543	\$15	(5.1%)	(9.5%)	0.6%	9.7%	0.8x	7.8x	16.7x	0.7x	7.6x
CBIZ, Inc.	NYSE:CBZ	\$537	\$10	(1.4%)	5.6%	6.5%	11.4%	1.0x	8.9x	15.5x	1.0x	8.1x
Segment Average		\$1,166		0.9%	2.2%	5.7%	15.7%	1.9x	11.3x	24.9x	1.8x	9.9x
Segment Median		\$1,259		0.3%	1.7%	5.2%	14.3%	1.1x	9.8x	18.9x	1.1x	9.3x

Source: S&P Capital IQ

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BUSINESS SERVICES REPORT

IT SERVICES

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
International Business Machines Corporation	NYSE:IBM	\$145,703	\$152	0.2%	10.3%	(3.1%)	22.4%	2.2x	9.3x	15.5x	2.2x	8.4x
Accenture plc	NYSE:ACN	\$70,528	\$113	(1.8%)	8.4%	5.7%	16.8%	2.1x	12.5x	28.2x	2.0x	11.7x
Cognizant Technology Solutions Corporation	NasdaqGS:CTSH	\$34,680	\$57	(8.7%)	(4.6%)	10.9%	20.0%	2.5x	12.3x	25.0x	2.2x	10.6x
CGI Group Inc.	TSX:GIB.A	\$16,585	\$55	(11.1%)	(0.4%)	4.3%	17.1%	1.7x	10.2x	19.5x	1.7x	9.0x
Booz Allen Hamilton Holding Corporation	NYSE:BAH	\$4,392	\$30	(2.1%)	(3.9%)	3.9%	9.4%	1.1x	11.5x	18.7x	1.0x	10.5x
Leidos Holdings, Inc.	NYSE:LDOS	\$3,479	\$48	(4.9%)	(14.9%)	1.8%	8.6%	0.8x	8.8x	15.6x	0.7x	8.9x
Teradata Corporation	NYSE:TDC	\$3,259	\$25	(4.5%)	(5.1%)	(9.5%)	15.2%	1.2x	7.9x	19.2x	1.3x	5.1x
EPAM Systems, Inc.	NYSE:EPAM	\$3,258	\$64	(13.9%)	(18.2%)	27.3%	15.2%	3.1x	20.5x	39.9x	2.5x	13.9x
Interxion Holding NV	NYSE:INXN	\$2,598	\$37	6.7%	22.3%	9.4%	42.5%	7.0x	16.6x	64.4x	6.6x	14.5x
CACI International Inc.	NYSE:CACI	\$2,199	\$90	(15.3%)	(2.6%)	12.5%	9.3%	1.0x	11.3x	15.6x	0.9x	10.2x
ManTech International Corporation	NasdaqGS:MAN T	\$1,426	\$38	18.2%	25.1%	4.8%	7.6%	0.9x	11.5x	26.2x	0.8x	10.8x
Virtusa Corporation	NasdaqGS:VRTU	\$864	\$29	(22.9%)	(30.1%)	49.1%	10.3%	1.7x	16.3x	24.0x	1.1x	12.6x
The Hackett Group, Inc.	NasdaqGS:HCKT	\$398	\$14	(8.3%)	(13.7%)	8.6%	12.4%	1.6x	12.9x	29.0x	1.3x	8.8x
Unisys Corporation	NYSE:UIS	\$364	\$7	(5.5%)	(34.1%)	(6.7%)	5.0%	0.1x	2.2x	6.8x	0.1x	1.7x
ServiceSource International, Inc.	NasdaqGS:SREV	\$344	\$4	(5.4%)	(12.6%)	1.4%	(5.9%)	1.1x	NM	NM	1.1x	58.2x
Segment Average		\$19,339		(5.3%)	(4.9%)	8.0%	13.7%	1.9x	11.7x	24.8x	1.7x	13.0x
Segment Median		\$3,258		(5.4%)	(4.6%)	4.8%	12.4%	1.6x	11.5x	21.7x	1.3x	10.5x

Source: S&P Capital IQ

MARKETING SERVICES

Company Name	Symbol	Market Stats				Operating Stats		LTM Multiples			NTM Multiples	
		Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Est. Revenue Growth	EBITDA Margin	TEV/ Rev	TEV/ EBITDA	P/E	TEV/ NTM Revenue	TEV/ NTM EBITDA
WPP plc	LSE:WPP	\$19,643	\$16	(2.5%)	(0.7%)	11.1%	17.5%	1.9x	10.6x	21.1x	1.7x	10.6x
Omnicom Group Inc.	NYSE:OMC	\$19,374	\$81	(2.2%)	7.7%	2.2%	14.8%	1.5x	10.3x	19.5x	1.5x	9.8x
Publicis Groupe SA	ENXTPA:PUB	\$13,608	\$61	(7.0%)	(1.4%)	3.2%	18.0%	1.6x	8.9x	15.3x	1.6x	8.9x
The Interpublic Group of Companies, Inc.	NYSE:IPG	\$9,296	\$23	(3.3%)	(0.8%)	3.1%	13.5%	1.4x	10.2x	19.7x	1.3x	9.5x
MDC Partners Inc.	NasdaqGS:MDC A	\$944	\$18	2.0%	(15.8%)	6.9%	12.6%	1.5x	11.6x	33.8x	1.4x	8.4x
InnerWorkings Inc.	NasdaqGS:INWK	\$441	\$8	(4.1%)	10.3%	4.9%	3.7%	0.5x	13.7x	29.7x	0.5x	9.1x
Ipsos SA	ENXTPA:IPS	\$1,157	\$26	(9.5%)	20.5%	1.2%	11.2%	1.0x	8.7x	13.2x	1.0x	8.2x
UBM plc	LSE:UBM	\$2,522	\$6	(3.3%)	8.2%	7.7%	25.8%	4.0x	15.5x	36.0x	3.8x	13.4x
Segment Average		\$8,373		(3.7%)	3.5%	5.0%	14.6%	1.7x	11.2x	23.5x	1.6x	9.7x
Segment Median		\$5,909		(3.3%)	3.5%	4.0%	14.2%	1.5x	10.5x	20.4x	1.4x	9.3x

Source: S&P Capital IQ

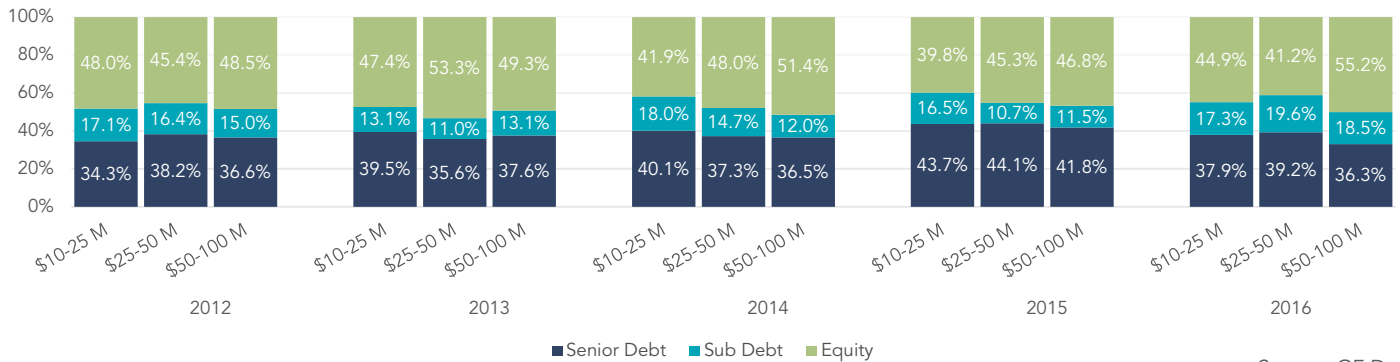
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BUSINESS SERVICES REPORT

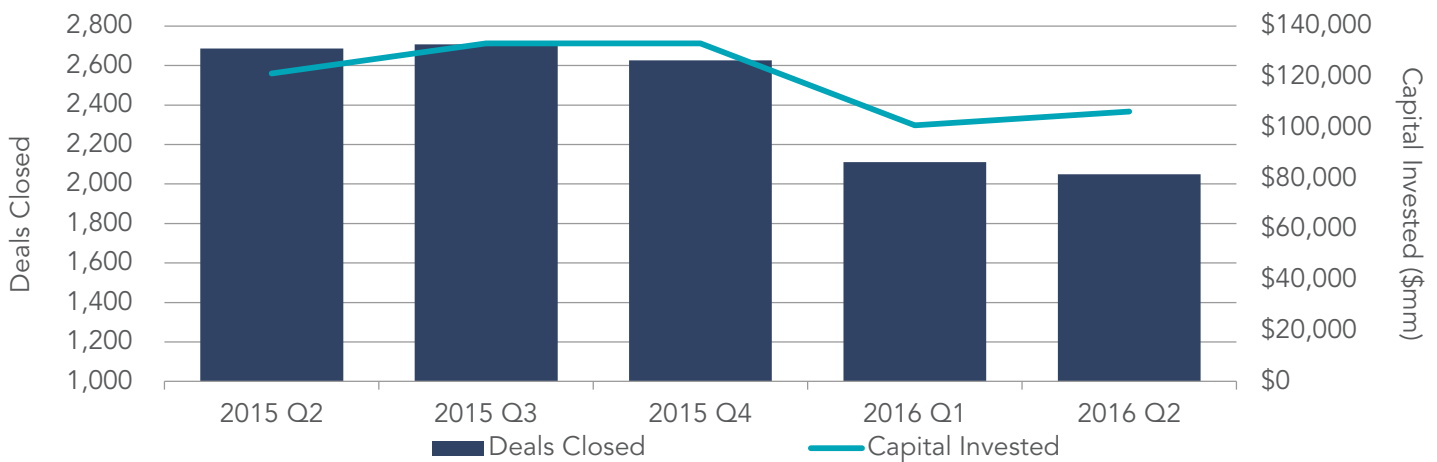
OVERALL U.S. LOWER MIDDLE MARKET M&A ACTIVITY

CAPITAL STACK



Source: GF Data*

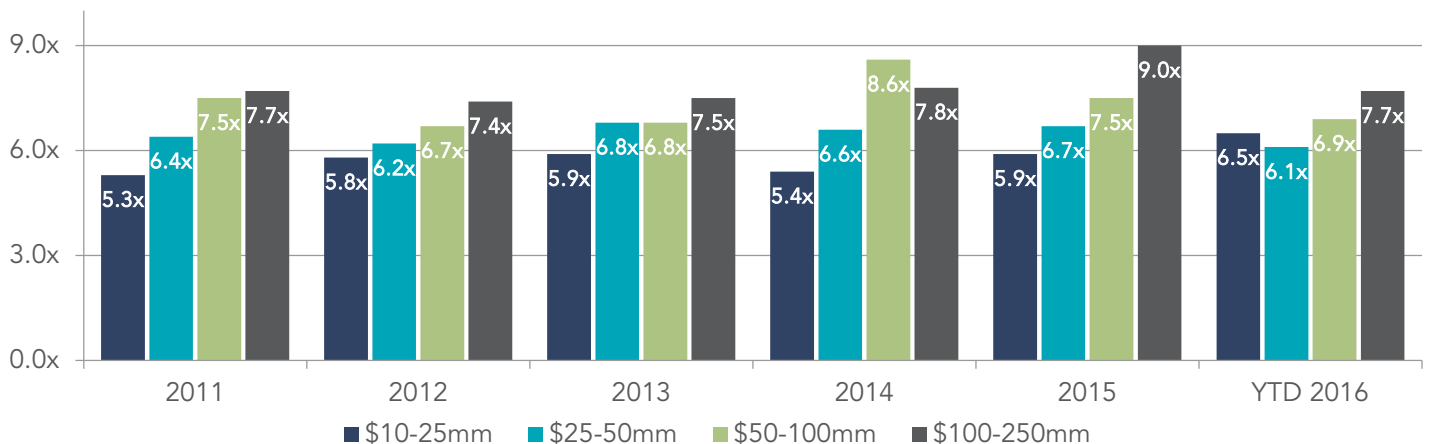
M&A ACTIVITY



Source: S&P Capital IQ

TRANSACTION MULTIPLES

EBITDA Multiples By Transaction Size



Source: GF Data*

*The most current source of GF Data is as of March 31, 2016, and lags one quarter behind the current quarter.



BUSINESS SERVICES REPORT

COMPREHENSIVE BUSINESS SERVICES EXPERTISE

Our experience in providing services makes us the professionals to choose for your transactions in the business services industry. Through long- or short-term advisory, buy-side research, sell-side execution or capital formation, we can help you maximize the potential of your company and take advantage of the many opportunities that this industry has to offer.

Our Business Services investment banking expertise includes the following segments:

- Education and Training
- Business Process Outsourcing
- Facility Services and Industrial Services
- Human Resources
- Information Services
- Marketing Services
- Real Estate Services
- IT Service
- Specialty Consulting

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SELECT TRANSACTION EXPERIENCE

SDR has completed numerous transactions types throughout the business services industry, including:

BUY-SIDE



Has acquired

Copyrite Business Equipment

SDR Ventures SELL-SIDE TRANSACTION

STRATEGIC SALES



Has been acquired by

Denver Commercial Property Services, Inc.

DCPS

SDR Ventures SELL-SIDE TRANSACTION




Has been acquired by

CD Energy Services

CD

SDR Ventures SELL-SIDE TRANSACTION

CAPITAL FORMATIONS



Financing provided by

SDR Ventures CAPITAL FORMATION



Financing provided by

SDR Ventures CAPITAL FORMATION

SDR SERVICE OFFERINGS



SELL-SIDE ADVISORY



PRIVATE CAPITAL FORMATION



BUY-SIDE ADVISORY



STRATEGIC CONSULTING