

IT SERVICES MARKET UPDATE

Q3 2022



Houlihan Lokey

ABOUT OUR FIRM



**Houlihan
Lokey**

Houlihan Lokey is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

Our firm is the trusted advisor to more top decision-makers than any other independent global investment bank.

We invite you to learn more about how our bankers can serve your needs:

Learn More About
Corporate Finance

Learn More About
Financial Restructuring

Learn More About
Financial and Valuation Advisory

Learn More About
Our Industry Coverage

Key Facts and Figures



35
LOCATIONS
WORLDWIDE

~2,000
TOTAL FINANCIAL
PROFESSIONALS

306
MANAGING
DIRECTORS⁽¹⁾

2,000+
CLIENTS SERVED
ANNUALLY

\$6.5B
MARKET
CAPITALIZATION⁽²⁾

\$2.3B
REVENUE

Our Ranking by Service

Corporate Finance

2021 Investment Banking Rankings All Global Transactions

Rank	Advisor	Deals
1	Houlihan Lokey	549
2	Goldman Sachs & Co	511
3	JP Morgan	508
4	Rothschild & Co	437
5	Morgan Stanley	393

Source: Refinitiv. Excludes accounting firms and brokers.

No. 1 Global M&A Advisor

Leading Capital Markets Advisor

Financial Restructuring

2021 Global Distressed Debt & Bankruptcy Restructuring Rankings

Rank	Advisor	Deals
1	Houlihan Lokey	63
2	Rothschild & Co	38
3	Moelis & Co	34
4	PJT Partners Inc	33
5	Lazard	24

Source: Refinitiv.

No. 1 Global Restructuring Advisor

1,500+ Transactions Completed Valued
at More Than \$3.0 Trillion Collectively

Financial and Valuation Advisory

2002 to 2021 Global M&A Fairness Advisory Rankings

Rank	Advisor	Deals
1	Houlihan Lokey	952
2	JP Morgan	890
3	Duff & Phelps, A Kroll Business	882
4	Morgan Stanley	602
5	BofA Securities Inc	531

Source: Refinitiv. Announced or completed transactions.

No. 1 Global M&A Fairness Opinion
Advisor Over the Past 20 Years

1,000+ Annual Valuation Engagements

Fully Integrated Financial Sponsor Coverage

23 Senior officers dedicated to
the sponsor community in
North America and Europe

1,000+ Sponsors covered, providing
market insights and
knowledge of buyer behavior

650+ Companies sold to financial
sponsors over the past five years

Houlihan Lokey Is a Global Firm

North America

Atlanta Los Angeles Washington,
Boston Miami D.C.
Chicago Minneapolis
Dallas New York
Houston San Francisco

Europe and Middle East

Amsterdam Manchester Tel Aviv
Dubai Milan Zurich
Frankfurt Munich
London Paris
Madrid Stockholm

Asia-Pacific

Beijing Hong Kong Shanghai
Fukuoka SAR Singapore
Gurugram Mumbai Sydney
Ho Chi Minh Nagoya Tokyo
City Osaka

(1) As of September 30, 2022. Excludes corporate M.D.s. (2) As of November 2022.

ABOUT OUR BUSINESS SERVICES INDUSTRY GROUP

Houlihan Lokey's Business Services Group has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital-raising, restructuring, and financial and valuation advisory services.

Based on number of transactions and according to data provided by Refinitiv, Houlihan Lokey was ranked the No. 1 investment bank for all global business services M&A transactions in 2021.*

*Excludes accounting firms and brokers.

2021 Investment Banking Rankings All Global Business Services Transactions

Advisor	Deals
Houlihan Lokey	80
Goldman Sachs	31
JP Morgan	30
Robert W Baird	24
Clairfield International	23

Source: Refinitiv.
Excludes accounting firms and brokers.

[Learn More About Our Business Services Industry Coverage](#)

Key Facts and Figures

121

Dedicated business services bankers

80

Completed business services M&A/
private placement transactions in CY21

\$2B

In disclosed financing deals in CY21

Industry Sector Coverage

We cover a broad array of sectors, with bankers dedicated to each of our primary coverage areas.



BPO Services



Education and Training



Engineering and Infrastructure



Environmental Services



Equipment-as-a-Service



Facility and Residential Services



HCM Services



IT Services



Marketing Services



Specialty Consulting and Risk Services



Testing, Inspection, Certification, and Compliance



Transportation and Logistics

Selected Business Services Industry Transactions

AQUILINE
CAPITAL PARTNERS LLP
has acquired
XDD
REALTY DATA TECHNOLOGY
a portfolio company of
JLL Partners
Buy-side Advisor

Corporate Visions
conversations that win®
a portfolio company of
Sentinel
has been acquired by
Riverside
Sell-side Advisor

ANSER
ADVISORY
a portfolio company of
RTC
has been recapitalized by
STERLING
Sell-side Advisor

Liberty
a portfolio company of
THE CARLYLE GROUP
has been acquired by
ECP
Sell-side Advisor

BauWatch
a portfolio company of
NORDIAN
CAPITAL PARTNERS
has been acquired by
HANIEL
Sell-side Advisor

Southland
has acquired
BRANDT
Buy-side Advisor

ettain group
a portfolio company of
A&M CAPITAL PARTNERS
has been acquired by
ManpowerGroup
Sell-side Advisor

Magenic
has been acquired by
Cognizant
Sell-side Advisor

OPEN (FAVE)
a portfolio company of
AMULFI CAPITAL
has been acquired by
astorg
Sell-side Advisor

BLACKROCK
ASSET SERVICES GROUP
has been acquired by
DUFF & PHELPS
Sell-side Advisor

Registrar Corp.
a portfolio company of
BENTRAM
CAPITAL
has been acquired by
PAINE SCHWARTZ PARTNERS
Sell-side Advisor

SYNOVOS
has been acquired by
[Red Logo]
Sell-side Advisor

Tombstones included herein represent transactions closed from 2020 forward.

ABOUT OUR IT SERVICES TEAM



The IT services sector operates within Houlihan Lokey's Business Services Group, which has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital-raising, restructuring, and financial and valuation advisory services.

Our clients run the gamut from early-stage businesses and mid-sized companies to large, publicly traded corporations. We understand that an industry driven by innovation and change requires the sophistication of an advisor who can think ahead of the market and utilize solid industry relationships to help advance your vision. We optimize client outcomes by running executed, competitive processes, focusing on deep domain knowledge to position for synergy and scarcity value, and leveraging our world-class strategic and private equity access to bring the right senior decision-makers to the negotiation table.

Leadership



Thomas Bailey
Managing Director
TBailey@HL.com
404.495.7056



Malte Abrams
Managing Director
Malte.Abrams@HL.com
+49 (0) 69 20 434 6425



Oliver Vaughan
Managing Director
Oliver.Vaughan@HL.com
+44 (0) 20 7484 4050



Arthur Callaghan
Director
Arthur.Callaghan@HL.com
+44 (0) 20 7484 4085



Sara Napolitano
Director
Sara.Napolitano@HL.com
+33 1 88 46 10 44



Clayton Young
Director
Clayton.Young@HL.com
404.926.1630



R.B. McCutcheon
Senior Vice President
RMcCutcheon@HL.com
404.495.7059

Contact Us

Please reach out to us to schedule a call to discuss this quarter's market update or to explore how we can serve your business needs.

Request a Meeting

Learn More About Us

Subsector Coverage



- Cyber
- Digital Transformation
- IT Consulting
- IT Solutions
- Managed Services
- Software Development/Engineering

Featured Transactions

	<p>Lender Education FPE CAPITAL has sold TNP to NODE4 Sellside Advisor*</p>		
<p>gcp has invested in hippo digital BuySide Advisor*</p>			<p>Magenic has been acquired by Cognizant Sellside Advisor</p>

*Selected transactions were executed by Houlihan Lokey professionals while at other firms acquired by Houlihan Lokey or by professionals from a Houlihan Lokey joint venture company.

Q3 IT SERVICES MARKET UPDATE

Introduction

The third quarter of 2022 was driven by the same factors that have defined global macro all year long: U.S. Federal Reserve rate hikes, record-breaking inflation, European volatility, and recessionary fears, all of which have made offshore IT services more attractive.

At the same time, new remote/hybrid workplace norms, evolving employee and client expectations, and the push to make data-driven decisions have put digital, cloud, and networking expertise front and center, making global IT services and technical innovation more business-critical than ever before.

By most measures, the IT services sector has shown great resilience. A flurry of M&A activity this quarter matched the enthusiasm seen in early 2021. Quarterly transaction volume eclipsed all but one of the past 12 quarters, while reported transaction values are on pace to exceed 2018 and 2020 totals.

Many M&A deals this quarter focused on expanding global IT services, consolidating operations, digital and cloud transformation, B2B consulting solutions, and engineering/DevOps services.

Table of Contents

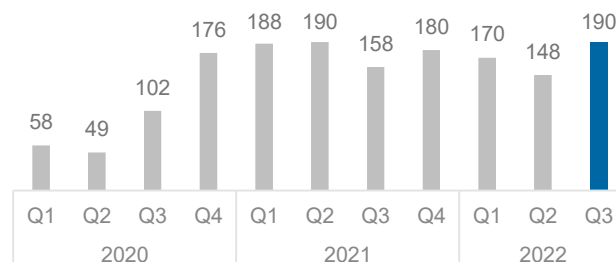
1. Executive Summary.....	6
2. Featured Sector News.....	7
3. Select 2022 Transactions Executed by Houlihan Lokey.....	10
4. IT Services M&A Highlights	11
5. Equity Market Index Performance.....	12
6. Equity Market Index Performance: IT Services Subsectors.....	13
7. Public Company Valuations	14
8. Public Comparables	16
9. Disclaimer.....	18

Q3 2022 Quick Facts

IT Services M&A Transaction Volume

190

Transactions Q3 2022



IT Services Sector Index Revenue

\$57.6 Billion

in Revenue

0.5%

Increase Over Prior Quarter

Sector Index revenue barely increased this quarter, while Q3 deal volume soared to its highest point since Q2 2021.

EXECUTIVE SUMMARY

Sector Business Conditions

- According to Deloitte, the technology and IT industry outlook remains focused on hybrid cloud capabilities and service-based IT, rethinking the digital supply chains of the future, building out the remote/hybrid workforce model, and helping to create a sustainable future for tech.
- According to CompTIA's recent Cyberstates survey report, the most critical areas of focus for tech and IT workforces are networking, cloud computing, user experience, quality assurance, privacy, risk analysis, database administration, and data management.
- More enterprises are integrating technology solutions and services into their offerings to augment their existing product and service lines and to offset revenues lost to pandemic-related slowdowns.
- IDC projects that the global tech industry will exceed \$5.3T by the end of 2022 and is forecasted to grow 5%–6% annually. The direct economic impact of the U.S. technology industry amounts to 10.5% of total U.S. economic value, or more than \$2T.
- Part of the IT services sector's resilience can be attributed to its necessity within the modern workforce. It's estimated that every new job in IT services or software development helps create or support an additional 4.8 jobs.
- IBM expects business tech spending in 2023 to remain resilient despite recessionary fears while reporting 6% revenue growth for the quarter.

News Highlights

- Digital transformation advisory firm Kin + Carta became the first publicly traded B Corp-certified business on the London Stock Exchange.
- U.K.-based Endava, which supports enterprise digital transformation, re-partners with data cloud services provider Snowflake to develop customer data-driven solutions.
- Berkshire Partners purchased a majority stake in AHEAD, which builds cloud-based, enterprise digital platforms for businesses.
- Tokyo-based NTT Data, a global IT business services firm, has agreed to acquire Apisero, a global MuleSoft and Salesforce consultancy.
- HCL Technologies partnered with VMware to launch a dedicated VMware business unit that supports enterprise multi-cloud development and app modernization.
- Marks and Spencer hired long-time strategic technology partner Tata Consultancy Services to digitally transform its HR function using Oracle HCM.
- Grid Dynamics was chosen by Knowde to build a modern, best-in-class B2B search engine for chemicals, ingredients, and polymers.
- U.K.-based Monument Bank hired Persistent Systems, a global digital engineering solutions provider, to build a cloud-based digital banking platform for lending and deposits.

M&A Highlights

- IT services and solutions provider ASGN acquired ServiceNow consultant and implementation company Glidefast for \$350M.
- Mastek, a public digital engineering and cloud transformation company, acquired MST Solutions, a Salesforce systems integrator and consultancy, for \$112M.
- Advent International acquired a 65% majority stake in Neoris, a Mexican digital transformation and IT consultancy that specializes in SAP services on Microsoft Azure, from CEMEX for \$120M.

Public Comps Highlights

- Over the past 12 months, the Houlihan Lokey IT Services Index (31.9%) lagged behind the S&P 500 (17.7%) while only slightly trailing the S&P IT Services Index (28.1%).
- On a quarterly basis, the Houlihan Lokey IT Services Index (1.7%) outperformed both the S&P IT Services Index (6.7%) and the S&P 500 as a whole (6.3%).
- On a three-year basis, offshore and next-gen IT services returned 88% and 89%, respectively, while global IT services grew 16%.
- On an LTM basis, next-gen IT services enjoyed the highest revenue, EBITDA, and forward P/E multiples, followed by offshore IT services and global IT services.

(1) Sources: [cyberstates.org](https://www.cyberstates.org), [deloitte.com](https://www.deloitte.com), [comptia.org](https://www.comptia.org), [yahoo.com](https://www.yahoo.com), [ibm.com](https://www.ibm.com).

(2) Houlihan Lokey IT Services Index consists of a diversified set of companies across the IT services sector. See pages 16 and 17 for a complete list.

FEATURED SECTOR NEWS

In Q3 2022, global information technology services M&A was a flurry of activity that matched the enthusiasm seen in the first two quarters of 2021. Many enterprise IT solutions providers focused on either offshoring specific expertise or acquiring best-in-class next-gen service offerings, including digital transformation, multi-cloud computing, data analytics, DevOps, and more.

Date	Company	Subsectors	Description	Article Link
09/30/2022	Intellias GmbH	Global IT Services	Global software engineering and digital consulting company Intellias completed the acquisition of U.K.-based Digitally Inspired, which focuses on enterprise retail and e-commerce software solutions.	Read More
09/29/2022	Meriplex Communications Ltd.	Global IT Services	Meriplex, a national leader in managed tech solutions, announced the acquisition of veteran-owned managed IT services provider F1 Solutions.	Read More
09/28/2022	Kin + Carta plc	Next-Gen IT Services	Digital transformation advisory firm Kin + Carta became the first publicly traded B Corp-certified business on the London Stock Exchange.	Read More
09/28/2022	Solvd	Next-Gen IT Services	Sigular Guff & Co. has invested in Solvd, a global tech and software engineering consultancy, to strengthen its app development and DevOps offerings for clients.	Read More
09/28/2022	Emircom	Next-Gen IT Services	Abu Dhabi-based IHC completed a 54% majority stake acquisition of the Middle East's leading ICT services provider, Emircom, for \$68.1M.	Read More
09/27/2022	UPSTACK, Inc.	Next-Gen IT Services	New York-based UPSTACK, a business intelligence solutions provider, acquired Digital Planet Communications, a Minnesota-based telecom and IT agency that specializes in healthcare, insurance, and finance.	Read More
09/27/2022	NTT Data Corp.	Offshore IT Services	Tokyo-based NTT Data, a global IT business services firm, has agreed to acquire Umvel, a Mexican digital design, product development, and engineering firm.	Read More
09/26/2022	AHEAD, LLC	Next-Gen IT Services	Berkshire Partners purchased a majority stake in AHEAD, which builds cloud-based, enterprise digital platforms for businesses.	Read More
09/22/2022	Endava	Next-Gen IT Services	U.K.-based Endava, which supports enterprise digital transformation, re-partnered with Snowflake, a data cloud services provider, to develop customer data-driven solutions.	Read More

FEATURED SECTOR NEWS (CONT.)

Date	Company	Subsectors	Description	Article Link
09/20/2022	Apisero, Inc.	Global IT Services	Tokyo-based NTT Data, a global IT business services firm, has agreed to acquire Apisero, a global MuleSoft and Salesforce consultancy.	Read More
09/16/2022	Dynascale Inc.	Next-Gen IT Services	Parler, a neutral, free-speech-focused social media platform, raised \$16M in Series B funding and acquired Irvine-based cloud service provider Dynascale Inc.	Read More
09/14/2022	United Star Software Ltd.	Offshore IT Services	Miami-based 777 Partners has entered into an agreement to acquire a 40% stake in Dublin-based United Star Software, which aggregates software development from Central and Eastern Europe.	Read More
09/12/2022	Converge Technology Solutions Corp.	Offshore IT Services	Converge Technology Solutions Corp., an IT and cloud solutions provider, acquired Canada-based Newcomp Analytics, which helps companies transform digital operations across 15+ industries.	Read More
09/12/2022	Knowit AB	Next-Gen IT Services	Stockholm-based Knowit AB, a business intelligence consultancy, purchased Ascend AB and sister company Ionic AB, which focus on digital transformation, IT operations, and cloud adoption.	Read More
09/08/2022	Capgemini SE	Offshore IT Services	Capgemini, a global tech transformation partner, has completed the acquisition of Singapore-based Aodigy Asia Pacific, which specializes in Salesforce-powered digital transformations.	Read More
09/08/2022	Flexotronix Ltd.	Next-Gen IT Services	KKR and Neoenta-backed Sapphiros acquired Flexotronix, a high-volume manufacturer of flexoprinted electronics that uses proprietary conductive inks and components.	Read More
08/31/2022	Telefónica Vivo	Next-Gen IT Services	Telefónica Vivo's IT arm bought out systems integrator Vita IT to consolidate the Brazilian telecom operator's professional and managed services with Vita IT's hardware/software resale business.	Read More
08/23/2022	Grid Dynamics Holdings, Inc.	Next-Gen IT Services	Grid Dynamics was chosen by Knowde to build a modern, best-in-class B2B search engine for chemicals, ingredients, and polymers.	Read More
08/16/2022	CI&T	Offshore IT Services	In a bid to expand into APAC, CI&T, a global digital consultancy, acquired Melbourne-based tech consultancy Transpire, which focuses on mobile- and cloud-first digital experiences.	Read More

FEATURED SECTOR NEWS (CONT.)

Date	Company	Subsectors	Description	Article Link
08/08/2022	Advent International	Offshore IT Services	Advent International acquired a 65% majority stake in Neoris, a Mexican digital transformation and IT consultancy that specializes in SAP services on Microsoft Azure, from CEMEX for \$120M.	Read More
08/02/2022	Persistent Systems Ltd.	Next-Gen IT Services	U.K.-based Monument Bank hired Persistent Systems, a global digital engineering solutions provider, to build a cloud-based digital banking platform for lending and deposits.	Read More
07/27/2022	HCL Technologies Ltd.	Global IT Services	HCL Technologies partnered with VMware to launch a dedicated VMware business unit that supports enterprise multi-cloud development and app modernization.	Read More
07/27/2022	Tata Consultancy Services Ltd.	Next-Gen IT Services	Marks and Spencer hired long-time strategic technology partner Tata Consultancy Services to digitally transform its HR function using Oracle HCM.	Read More
07/18/2022	Mastek	Global IT Services	Mastek, a public digital engineering and cloud transformation company, acquired MST Solutions, a Salesforce systems integrator and consultancy, for \$111.6M.	Read More

Sources: Company website, press releases.

SELECT 2022 TRANSACTIONS EXECUTED BY HOULIHAN LOKEY'S IT SERVICES TEAM

Houlihan Lokey Advises Kontron



- Kontron AG has agreed to sell significant parts of its IT services business to VINCI Energies S.A. for approximately €400 million. The transaction is subject to customary closing conditions.
- Through this divestment, Kontron is following its growth strategy to focus on the Internet of Things (IoT) business. Kontron is listed on the Frankfurt Stock Exchange and is one of the leading providers of smart solutions for a host of industries.
- VINCI Energies, through its Axians brand, is a global information and communications technology group and portfolio company of the French group VINCI.
- Houlihan Lokey served as the exclusive financial advisor to Kontron.

Houlihan Lokey Advises Launch



- Launch Consulting Group (Launch), a portfolio company of TA Group Holdings (TAG), has been acquired by The Planet Group, a portfolio company of Odyssey Investment Partners. The transaction closed on July 15, 2022.
- Launch navigates world-class organizations through digital transformation—specifically, empowering people by helping them to harness data, implement modern technology, and enhance the human experience so they can thrive in a digital-first world.
- The Planet Group consists of a group of related global consulting organizations and renowned staffing brands and has been purposefully built to address the professional services needs of leading companies.
- Houlihan Lokey served as the exclusive financial advisor to Launch in connection with the transaction.

Houlihan Lokey Advises OCI



- OCI received a minority partnership investment from Chequers Capital. The deal was signed on March 14, 2022 and closed on March 18. The transaction value is undisclosed.
- OCI is the fastest-growing, one-stop-shop IT services provider for SMEs in France, reaching €150 million in revenue in 2021, from €61 million in 2018, gaining a significant scale advantage in a very fragmented market.
- OCI's management team has an outstanding track record in sourcing, executing, and integrating tuck-in acquisitions and completed five build-ups over the past three years, transforming the group into a scalable platform for growth.
- Houlihan Lokey served as the exclusive financial advisor to OCI and its shareholders.

Houlihan Lokey Advises Neudesic

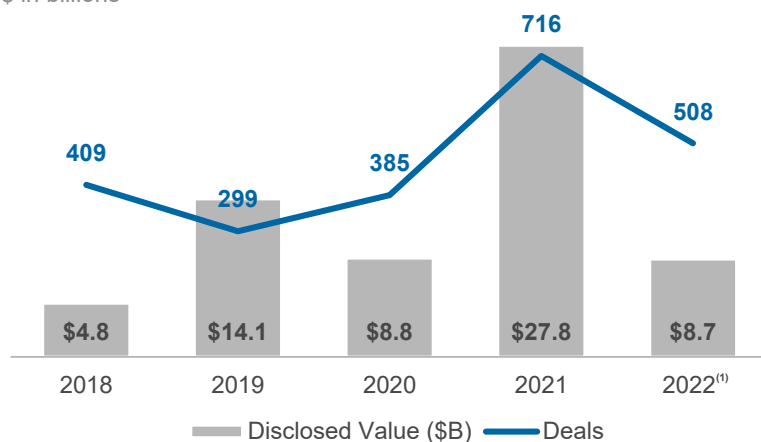


- Neudesic, LLC, a leading U.S. cloud services consultancy specializing in the Microsoft Azure platform, has been acquired by IBM (NYSE:IBM).
- Neudesic will significantly expand IBM's portfolio of hybrid multi-cloud services and further advance the company's hybrid cloud and AI strategy.
- Financial details of the deal were not disclosed. IBM and Neudesic signed a definitive agreement in the fourth quarter of 2021.
- Houlihan Lokey served as the financial advisor and provided transaction advisory services to Neudesic.

IT SERVICES M&A HIGHLIGHTS

Transaction Value and Deal Volume

\$ in billions



Key Takeaways

- As of Q3, 2022 transaction volume is on pace for its second-best year since 2018, behind only 2021's surge in deal flow. Reported transaction values are on pace to exceed 2020 and 2018 totals as well.
- Transactions this quarter focused on expanding IT services globally (often through offshore acquisitions), consolidating IT operations, digital and cloud transformation, B2B IT consulting solutions, and DevOps services.
- Some of the quarter's largest deals came from the global IT services and next-gen IT services subsectors.

Additional Notable Transactions

Date	Acquirer	Target	Subsector	Deal Value \$M
10/20/2022	BainCapital	CitiusTech	Global IT Services	N/A
9/28/2022	IHC	EMIRCOM	Next-Gen IT Services	68.1
9/22/2022	IBM	DIALEXA	Offshore IT Services	N/A
9/15/2022	Telefónica	VITA	Next-Gen IT Services	22.9
9/12/2022	CONVERGE	newcomer analytics	Offshore IT Services	15.6
9/06/2022	KELSO	Emtec	Offshore IT Services	N/A
9/06/2022	knowit	Ascend	Next-Gen IT Services	23.2
8/16/2022	CIST	transpire	Offshore IT Services	16.4
7/26/2022	Advent International	NEORIS	Global IT Services	120.0
7/19/2022	CGI	Umanis	Global IT Services	319.8
7/18/2022	Mastek	MST SOLUTIONS	Global IT Services	111.6
7/15/2022	TAILWIND	onix	Offshore IT Services	N/A
7/06/2022	ASGN Incorporated	GlideFast consulting	Offshore IT Services	350.0
7/01/2022	IDEAL HOLDINGS	Byte	Next-Gen IT Services	63.2

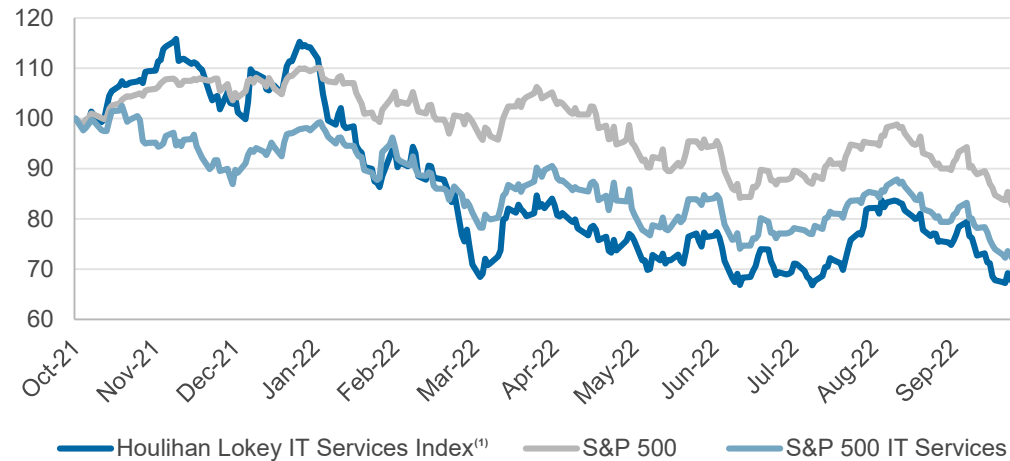
Source: S&P Capital IQ.

(1) YTD Sep 2022

EQUITY MARKET INDEX PERFORMANCE

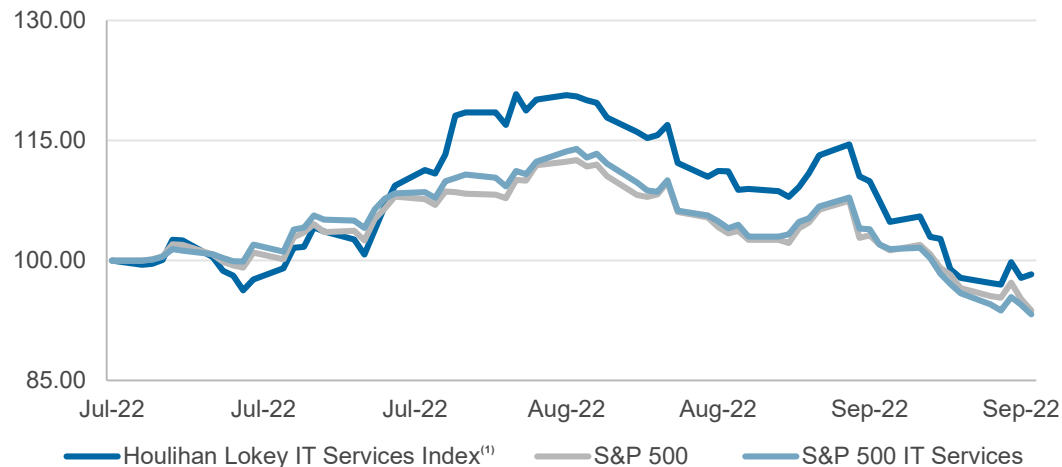
- As the Federal Reserve's rate hike war against inflation continues, both Houlihan Lokey's IT Services Index and the S&P IT Services Index have moved in lockstep with the S&P 500.
- Over the past 12 months, the Houlihan Lokey IT Services Index (31.9%) lagged behind the S&P 500 (17.7%) while slightly trailing the S&P IT Services Index (28.1%).
- On a quarterly basis, the Houlihan Lokey IT Services Index (1.7%) outperformed both the S&P IT Services Index (6.7%) and the S&P 500 as a whole (6.3%).
- While all IT services subsectors ended Q3 in the red, some subsectors (such as global and offshore IT services) fared better than the overall IT services indices.

LTM September 2022 Performance



S&P 500	(17.7%)
S&P IT Services Index	(28.1%)
Houlihan Lokey IT Services Index	(31.9%)

July–September 2022 Performance



Houlihan Lokey IT Services Index	(1.7%)
S&P 500	(6.3%)
S&P IT Services Index	(6.7%)

Source: S&P Capital IQ. Data as of September 30, 2022. All share prices rebased to 100.

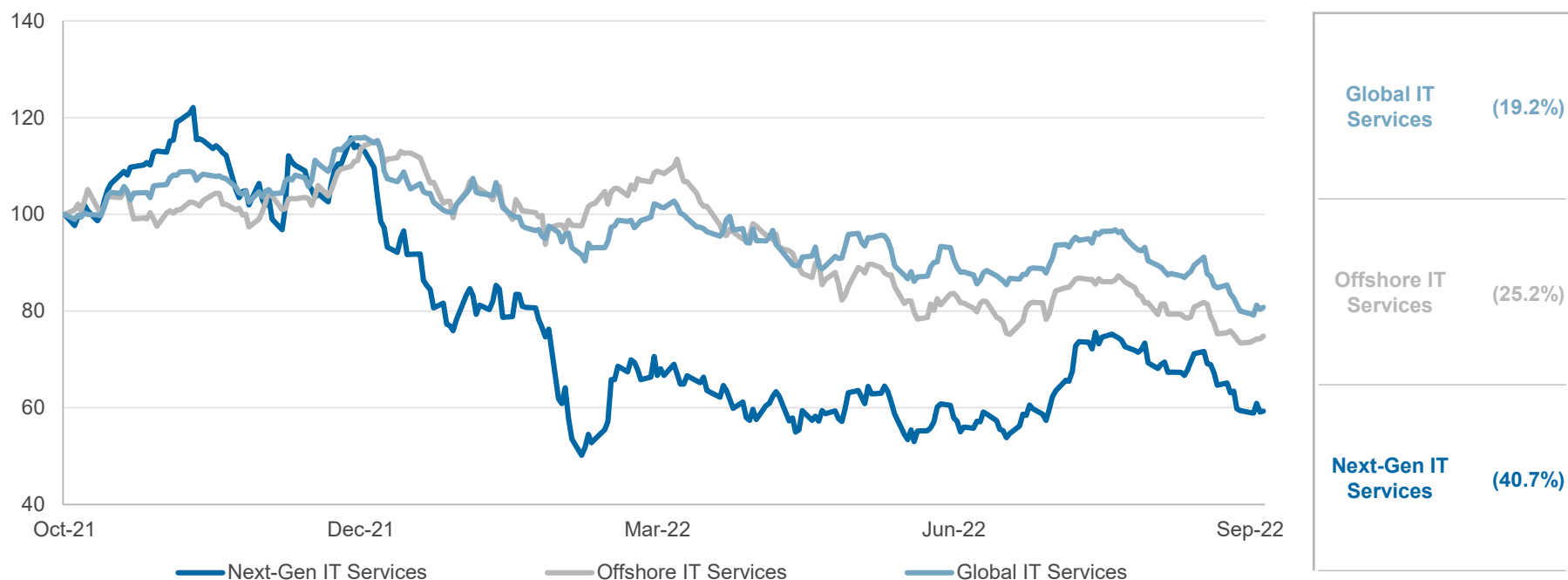
(1) The Houlihan Lokey IT Services Index consists of a diversified set of companies across the IT services sector. See pages 16 and 17 for a complete list.

EQUITY MARKET INDEX PERFORMANCE

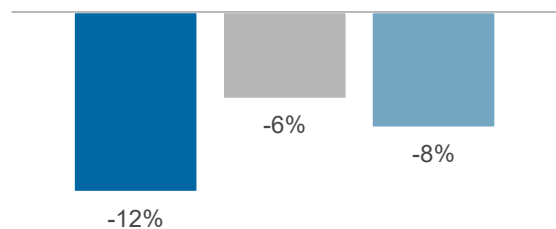
IT SERVICES SUBSECTORS

On a monthly, LTM, and YTD basis, the next-gen IT subsector was hit hardest by global “risk-off” sentiment. On a three-year basis, however, offshore IT and next-gen IT returned 88% and 89%, respectively, while global IT grew just 16%.

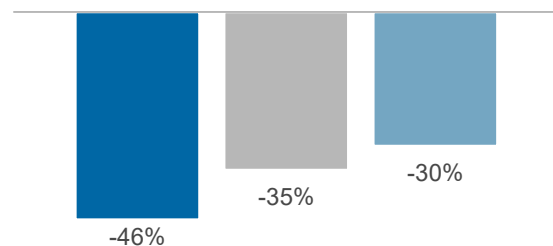
LTM September 2022 Performance by Subsector



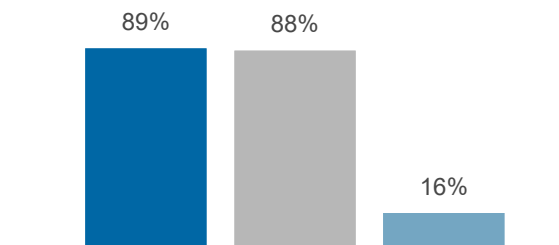
Monthly Performance



YTD Performance

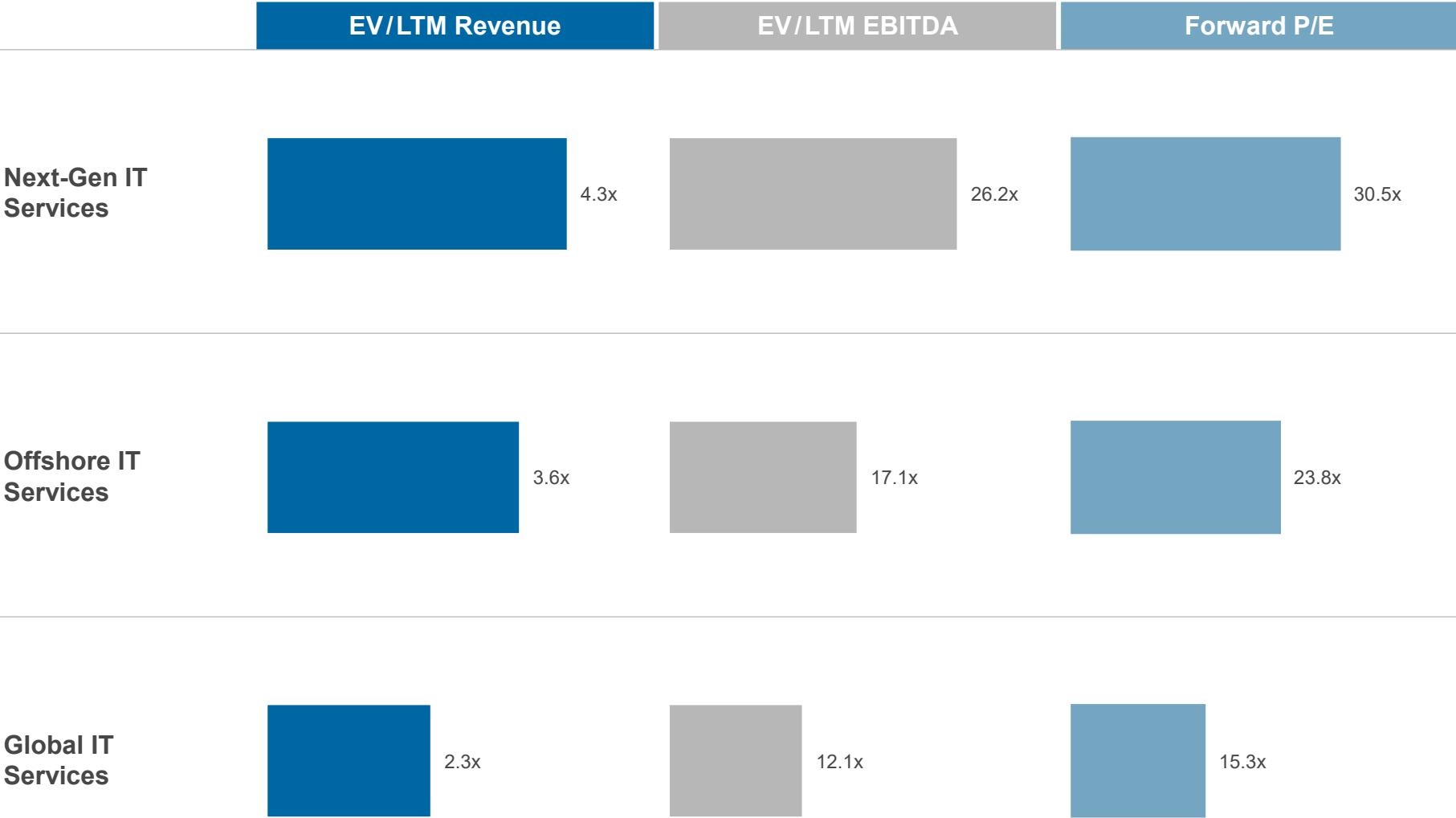


Three-Year Performance



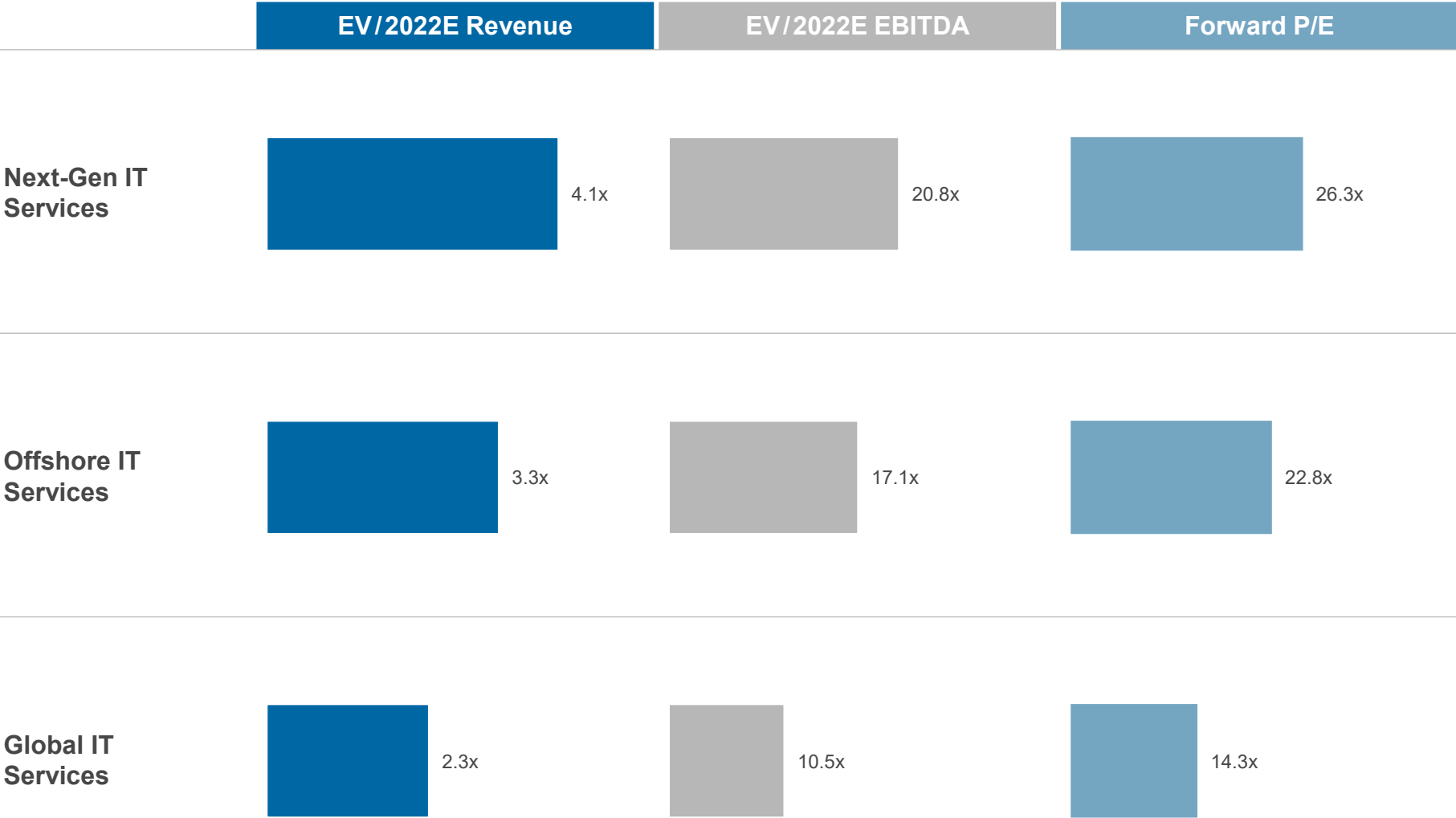
Source: S&P Capital IQ. Data as of September 30, 2022. All share prices rebased to 100.

PUBLIC COMPANY VALUATIONS (LTM SEPTEMBER 2022)



Source: S&P Capital IQ. Data as of September 30, 2022.

PUBLIC COMPANY VALUATIONS (FY 2022E)



Source: S&P Capital IQ. Data as of September 30, 2022.

PUBLIC COMPARABLES (LTM SEPTEMBER 2022)

IT SERVICES

		Market Cap USDm	EV USDm	Net Debt/LTM EBITDA	LTM				TEV/		
					Revenue USDm	EBITDA USDm	EBITDA Margin	EPS	Forward P/E	LTM EBITDA	LTM Revenue
Next-Gen IT Services	Endava plc	\$4,487.0	\$4,496.9	0.4x	\$783.9	\$164.3	21.0%	\$2.6	30.5x	27.4x	5.7x
	EPAM Systems, Inc.	20,777.9	20,031.7	0.0x	4,700.9	749.8	16.0%	10.9	33.3x	26.7x	4.3x
	Globant S.A.	7,815.5	7,707.7	0.5x	1,669.3	271.4	16.3%	5.6	33.5x	28.4x	4.6x
	Grid Dynamics Holdings, Inc.	1,367.5	1,259.2	N/M	296.4	3.0	1.0%	0.5	40.4x	NM	4.2x
	Kin and Carta plc	346.9	378.8	1.2x	231.5	26.8	11.6%	0.1	18.1x	14.1x	1.6x
	Thoughtworks Holding, Inc.	3,263.8	3,641.9	N/M	1,272.3	(81.6)	(6.4%)	0.5	19.2x	NM	2.9x
	Netcompany Group A/S	1,658.9	1,953.1	2.5x	682.2	120.7	17.7%	2.0	17.3x	16.2x	2.9x
	Kainos Group plc	1,779.8	1,698.1	0.0x	379.0	66.3	17.5%	0.5	30.5x	25.6x	4.5x
Median				0.5x	\$733.0	\$93.5	16.1%	\$1.3	30.5x	26.2x	4.3x
Mean				0.8x	\$1,251.9	\$165.1	11.8%	\$2.8	27.9x	23.1x	3.8x
Offshore IT Services	HCL Technologies Ltd.	\$31,019.5	\$29,997.0	0.3x	\$12,078.0	\$2,599.0	21.5%	\$0.7	17.4x	11.5x	2.5x
	Infosys Ltd.	72,859.6	70,943.0	0.2x	17,530.0	4,152.0	23.7%	0.7	23.8x	17.1x	4.0x
	Persistent Systems Ltd.	3,042.0	3,105.3	0.7x	867.1	134.7	15.5%	1.6	24.2x	23.1x	3.6x
	Tata Consultancy Services Ltd.	135,101.5	131,168.2	0.1x	25,504.7	6,608.5	25.9%	1.4	25.7x	19.8x	5.1x
	Wipro Ltd.	26,512.5	25,298.6	1.2x	10,475.3	1,985.8	19.0%	0.3	17.8x	12.7x	2.4x
Median				0.3x	\$12,078.0	\$2,599.0	21.5%	\$0.7	23.8x	17.1x	3.6x
Mean				0.5x	\$13,291.0	\$3,096.0	21.1%	\$0.9	21.8x	16.9x	3.5x
Global IT Services	Accenture plc	\$162,613.6	\$155,415.4	0.0x	\$61,594.3	\$11,455.4	18.6%	\$11.3	22.7x	13.6x	2.5x
	Capgemini SE	27,913.6	33,175.4	2.9x	21,050.6	2,777.5	13.2%	11.1	14.6x	11.9x	1.6x
	CGI Inc.	17,927.4	20,394.9	1.7x	9,371.9	1,723.6	18.4%	4.7	16.0x	11.8x	2.2x
	International Business Machines Corp.	107,306.9	150,124.9	4.2x	60,535.0	12,159.0	20.1%	9.8	12.1x	12.3x	2.5x
Median				2.3x	\$40,792.8	\$7,116.5	18.5%	\$10.5	15.3x	12.1x	2.3x
Mean				2.2x	\$38,138.0	\$7,028.9	17.6%	\$9.3	16.3x	12.4x	2.2x
Overall Median				0.5x	\$4,700.9	\$749.8	17.7%	\$1.6	22.7x	16.2x	2.9x
Overall Mean				1.1x	\$13,471.9	\$2,642.1	15.9%	\$3.8	23.4x	18.2x	3.4x

PUBLIC COMPARABLES (FY 2020-2022E)

IT SERVICES

	Market Cap USDm	EV USDm	EV/Revenue			EV/EBITDA			P/E		2020-22E CAGR		EBITDA Margin			Forward P/E			
			2020	2021	2022E	2020	2021	2022E	2020	2022E	Revenue	EBITDA	2020	2021	2022E	2021	2022E		
Next-Gen IT Services	Endava plc	\$4,487.0	\$4,496.9	8.6x	6.0x	5.0x	NM	33.5x	22.1x	NM	NM	34.9x	31.3%	57.6%	15.7%	18.0%	22.5%	33.6x	26.2x
	EPAM Systems, Inc.	20,777.9	20,031.7	7.5x	5.3x	4.2x	45.4x	31.9x	22.9x	NM	44.4x	36.3x	34.6%	40.8%	16.6%	16.7%	18.2%	34.7x	30.8x
	Globant S.A.	7,815.5	7,707.7	9.5x	5.9x	4.3x	NM	35.6x	21.2x	NM	NM	36.9x	47.8%	70.5%	15.4%	16.7%	20.4%	43.0x	32.7x
	Grid Dynamics Holdings, Inc.	1,367.5	1,259.2	11.3x	6.0x	4.1x	NM	NM	23.0x	NM	NM	44.0x	66.2%	NA	N/M	2.4%	17.8%	NM	41.2x
	Kin and Carta plc	346.9	378.8	2.5x	1.8x	1.4x	24.7x	16.4x	11.8x	NM	NM	19.6x	32.2%	45.0%	10.2%	10.7%	12.2%	22.7x	14.1x
	Thoughtworks Holding, Inc.	3,263.8	3,641.9	4.5x	3.4x	2.8x	25.2x	NM	14.6x	40.3x	NM	21.7x	26.8%	31.4%	18.0%	5.3%	19.3%	22.3x	21.5x
	Netcompany Group A/S	1,658.9	1,953.1	4.2x	3.5x	2.5x	15.7x	15.4x	12.6x	31.5x	19.0x	19.7x	28.2%	11.6%	26.6%	22.9%	20.2%	12.8x	15.6x
	Kainos Group plc	1,779.8	1,698.1	5.7x	4.4x	4.4x	28.3x	24.2x	20.5x	38.2x	34.8x	32.0x	14.8%	17.4%	20.3%	18.1%	21.2%	26.6x	26.3x
	Median			6.6x	4.9x	4.1x	25.2x	28.0x	20.8x	38.2x	34.8x	33.5x	31.8%	40.8%	16.6%	16.7%	19.7%	26.6x	26.3x
Mean			6.7x	4.5x	3.6x	27.9x	26.2x	18.6x	36.7x	32.8x	30.6x	35.2%	39.2%	17.5%	13.9%	19.0%	28.0x	26.1x	
Offshore IT Services	HCL Technologies Ltd.	\$31,019.5	\$29,997.0	3.0x	2.7x	2.5x	11.3x	11.2x	11.4x	17.5x	20.9x	18.0x	8.9%	(0.4%)	26.5%	23.9%	22.2%	16.7x	16.3x
	Infosys Ltd.	72,859.6	70,943.0	5.4x	4.5x	4.1x	20.7x	17.4x	17.1x	29.4x	25.5x	25.5x	14.8%	9.9%	26.1%	26.1%	23.9%	23.2x	22.8x
	Persistent Systems Ltd.	3,042.0	3,105.3	5.7x	4.5x	3.3x	38.0x	27.2x	18.4x	NM	36.1x	28.6x	31.4%	44.0%	14.9%	16.4%	17.9%	30.7x	23.9x
	Tata Consultancy Services Ltd.	135,101.5	131,168.2	6.0x	5.3x	5.0x	22.1x	19.4x	18.8x	32.4x	27.0x	27.2x	9.6%	8.4%	27.0%	27.3%	26.4%	24.9x	24.6x
	Wipro Ltd.	26,512.5	25,298.6	3.0x	2.5x	2.3x	14.3x	11.9x	12.7x	20.2x	16.3x	18.7x	13.3%	5.9%	21.1%	21.2%	18.4%	15.9x	18.4x
Median			5.4x	4.5x	3.3x	20.7x	17.4x	17.1x	24.8x	25.5x	25.5x	13.3%	8.4%	26.1%	23.9%	22.2%	23.2x	22.8x	
Mean			4.6x	3.9x	3.4x	21.3x	17.4x	15.7x	24.9x	25.2x	23.6x	15.6%	13.6%	23.1%	23.0%	21.7%	22.3x	21.2x	
Global IT Services	Accenture plc	\$162,613.6	\$155,415.4	3.5x	2.9x	2.5x	21.0x	17.2x	13.4x	31.7x	26.8x	23.5x	17.9%	25.3%	16.6%	16.8%	18.7%	23.8x	22.6x
	Capgemini SE	27,913.6	33,175.4	1.7x	1.6x	1.5x	13.7x	12.1x	10.3x	23.9x	21.4x	15.4x	8.3%	15.1%	12.5%	13.2%	14.1%	14.8x	13.4x
	CGI Inc.	17,927.4	20,394.9	2.1x	2.1x	2.1x	12.3x	12.0x	10.6x	21.7x	17.2x	16.7x	1.1%	7.6%	17.4%	17.6%	19.8%	16.2x	15.3x
	International Business Machines Corp.	107,306.9	150,124.9	2.7x	2.6x	2.5x	12.2x	12.3x	10.2x	27.1x	22.8x	12.7x	4.5%	9.7%	22.3%	21.3%	24.5%	11.4x	12.3x
Median			2.4x	2.4x	2.3x	13.0x	12.2x	10.5x	25.5x	22.1x	16.1x	6.4%	12.4%	17.0%	17.2%	19.2%	15.5x	14.3x	
Mean			2.5x	2.3x	2.1x	14.8x	13.4x	11.1x	26.1x	22.0x	17.1x	8.0%	14.4%	17.2%	17.2%	19.3%	16.5x	15.9x	
Overall Median			4.5x	3.5x	2.8x	20.8x	17.2x	14.6x	29.4x	24.2x	23.5x	17.9%	16.3%	17.7%	17.6%	19.8%	23.0x	22.6x	
Overall Mean			5.1x	3.8x	3.2x	21.8x	19.8x	16.0x	28.5x	26.0x	25.4x	23.0%	25.0%	19.2%	17.3%	19.9%	23.3x	22.2x	

DISCLAIMER

© 2022 Houlihan Lokey. All rights reserved. This material may not be reproduced in any format by any means or redistributed without the prior written consent of Houlihan Lokey.

Houlihan Lokey is a trade name for Houlihan Lokey, Inc., and its subsidiaries and affiliates, which include the following licensed (or, in the case of Singapore, exempt) entities: in (i) the United States: Houlihan Lokey Capital, Inc., and Houlihan Lokey Advisors, LLC, each an SEC-registered broker-dealer and member of FINRA (www.finra.org) and SIPC (www.sipc.org) (investment banking services); (ii) Europe: Houlihan Lokey EMEA, LLP, Houlihan Lokey (Corporate Finance) Limited, and Houlihan Lokey UK Limited, authorized and regulated by the U.K. Financial Conduct Authority; Houlihan Lokey (Europe) GmbH, authorized and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht); (iii) the United Arab Emirates, Dubai International Financial Centre (Dubai): Houlihan Lokey (MEA Financial Advisory) Limited, regulated by the Dubai Financial Services Authority for the provision of advising on financial products, arranging deals in investments, and arranging credit and advising on credit to professional clients only; (iv) Singapore: Houlihan Lokey (Singapore) Private Limited and Houlihan Lokey Advisers Singapore Private Limited, each an “exempt corporate finance adviser” able to provide exempt corporate finance advisory services to accredited investors only; (v) Hong Kong SAR: Houlihan Lokey (China) Limited, licensed in Hong Kong by the Securities and Futures Commission to conduct Type 1, 4, and 6 regulated activities to professional investors only; (vi) India: Houlihan Lokey Advisory (India) Private Limited, registered as an investment adviser with the Securities and Exchange Board of India (registration number INA000001217); and (vii) Australia: Houlihan Lokey (Australia) Pty Limited (ABN 74 601 825 227), a company incorporated in Australia and licensed by the [Australian Securities and Investments Commission](http://www.asic.gov.au) (AFSL number 474953) in respect of financial services provided to wholesale clients only. In the United Kingdom, European Economic Area (EEA), Dubai, Singapore, Hong Kong, India, and Australia, this communication is directed to intended recipients, including actual or potential professional clients (UK, EEA, and Dubai), accredited investors (Singapore), professional investors (Hong Kong), and wholesale clients (Australia), respectively. Other persons, such as retail clients, are NOT the intended recipients of our communications or services and should not act upon this communication.

Houlihan Lokey gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this presentation. The material presented reflects information known to the authors at the time this presentation was written, and this information is subject to change. Houlihan Lokey makes no representations or warranties, expressed or implied, regarding the accuracy of this material. The views expressed in this material accurately reflect the personal views of the authors regarding the subject securities and issuers and do not necessarily coincide with those of Houlihan Lokey. Officers, directors, and partners in the Houlihan Lokey group of companies may have positions in the securities of the companies discussed. This presentation does not constitute advice or a recommendation, offer, or solicitation with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Houlihan Lokey or its affiliates may from time to time provide investment banking or related services to these companies. Like all Houlihan Lokey employees, the authors of this presentation receive compensation that is affected by overall firm profitability.



Corporate Finance
Financial Restructuring
Financial and Valuation Advisory

[HL.com](https://www.hl.com)