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KippsDeSanto's DealView — Top 10 M&A Deals of the Quarter

KippsDeSanto & Co., a leading aerospace / defense and government technology solutions investment bank, would like to share its thoughts on the "Top 10 M&A Deals of the Quarter" for the period ended June 30, 2017. The following table is our take on the most notable announced M&A transactions — not only based on size, but also on strategic importance and / or impact.

Precedent Transactions

(\$ in millions)

Date Announced	Buyer / Target	Target Description	Target Sector	Enterprise Value	EV / LTM Revenue	EBITDA
06/07/17	Accenture Federal Services / Phase One Consulting Group, Inc.	Provides modernization and digital transformation solutions, delivering high-impact Salesforce and other secure cloud solutions to cabinet departments and Federal agencies	Government Technology Solutions	ND	ND	ND
06/01/17	OSI Systems, Inc. / Explosive Trace Detection Business from Smiths Group plc	Provides trace detection used by airports and the military	Defense	\$75.5	1.16x	NA
05/24/17	CSRA Inc. / NES Associates LLC ⁽¹⁾	Provides IT infrastructure, network operations, data center, and application-related services primarily to defense agencies	Government Technology Solutions	105.0	ND	ND
05/05/17	J.F. Lehman & Co. / BEI Precision Systems & Space Co. ⁽¹⁾	Provides precision positioning sensor technologies, which it delivers through advanced design, manufacturing, and testing for space, defense, and critical infrastructure applications	Defense	ND	ND	ND
05/04/17	Belden Inc. / Thinklogical, Inc.	Provides data distribution systems and real time enterprise video management solutions across the military and other end markets	Defense	160.0	3.13x	9.4x
04/18/17	ECS Federal, LLC / InfoReliance Corporation ⁽¹⁾	Provides cloud computing, cybersecurity, enterprise IT, and software engineering services and solutions to DoD, civilian, and commercial customers	Government Technology Solutions	ND	ND	ND
04/13/17	Kobe Steel / Quintus Technologies AB	Provides and supports high pressure systems for sheet metal forming and densification of advanced materials and critical industrial components	Aerospace	115.0	NA	NA
04/06/17	Belcan Corporation / Schafer Corporation	Provides scientific, engineering, and technical services and products to customers in aerospace, national security, and the private sector	Government Technology Solutions	ND	ND	ND
04/03/17	PAE, Inc. / FCI Federal, Inc.	Provides program management, human capital strategies, business process management, performance management, and quality management to Federal government agencies	Government Technology Solutions	NA	NA	NA
04/03/17	Mercury Systems, Inc. / Delta Microwave, LLC	Provides high-value radio frequency, microwave, and millimeter wave subassemblies and components for the military, aerospace, and space markets	Defense	40.5	3.16x	NA

NA = Not Available; ND = Not Disclosed
(1) KippsDeSanto acted as the exclusive financial advisor

Of the above transactions, the following were especially noteworthy:

J.F. Lehman & Company acquired BEI Precision Systems & Space Company, Inc. ("BEI PSSC"), a subsidiary of InnoVista Sensors Ltd., a portfolio company of The Carlyle Group, PAI Partners, and Schneider Electric. BEI PSSC provides precision positioning sensor technologies, which it delivers through advanced design, manufacturing, and testing for space, defense, and critical infrastructure applications. BEI PSSC's product portfolio includes scanners, optical encoder-based positioning systems, and precision accelerometers. Combining industry-leading engineering capabilities and domain knowledge of customer requirements has enabled BEI PSSC to greatly expand and influence U.S. space and defense capabilities. This acquisition provides JFL an industry-leading platform with single-source status on well-funded, mission-critical Programs of Record and access to key aerospace and defense customers aligned with favorable budgets.

The government technology solutions deal of the quarter is ECS Federal, LLC's ("ECS") acquisition of InfoReliance Corporation, a provider of next-generation information technology ("NextGen IT") services, including cybersecurity, cloud computing, enterprise IT, and software engineering solutions and managed services, to DoD and Federal Civilian customers. Although terms of the deal were not disclosed, ECS expects the acquisition to add approximately \$150 million in annual revenue, increasing ECS's projected revenue to roughly \$525 million in 2017. In line with recent M&A market trends, the InfoReliance acquisition reflects ECS's strategic shift towards cybersecurity systems integration and cloud solution offerings, further emphasizing the increased demand for NextGen IT targets. Additionally, the deal highlights a broader shift in the competitive landscape of government contracting M&A as mid-tier firms have become increasingly aggressive as buyers to reposition their capabilities and establish meaningful growth channels in priority end-markets. InfoReliance is ECS's third acquisition since receiving an investment from private equity group Lindsay Goldberg in 2015, and is expected to be ECS's largest closed transaction to date.