

Deal of the Week: SAIC to Buy Unisys Federal for \$1.2B

Announcement Date	<ul style="list-style-type: none"> February 6, 2020 	
Acquirer	<ul style="list-style-type: none"> Science Applications International Corp. (NYSE: SAIC) 	
Acquirer Description	<ul style="list-style-type: none"> Provides technical, engineering, and enterprise information technology (IT) services primarily in the United States to the federal government and military Founded in 1969 and headquartered in Reston, VA 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$4.1 billion EV: \$5.9 billion LTM Revenue: \$6.4 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$556.0 million LTM EV / Revenue: 0.9x LTM EV / EBITDA: 11.5x
Target Company	<ul style="list-style-type: none"> Unisys Federal, a unit of Unisys Corp. (NYSE: UIS) 	
Target Description	<ul style="list-style-type: none"> The operating unit is a leading provider of infrastructure modernization, cloud migration, managed services, and enterprise IT-as-a-service through scalable and repeatable solutions to U.S. federal civilian agencies and the Department of Defense Parent company, Unisys, was founded 1886 and is headquartered in Blue Bell, PA 	
Target Financial Statistics (not publicly traded entity)	<ul style="list-style-type: none"> Mkt Cap: NA EV: NA LTM Revenue: \$689 million 	<ul style="list-style-type: none"> LTM EBITDA: NA LTM EV / Revenue: NA LTM EV / EBITDA: NA
Acquirer Advisors	<ul style="list-style-type: none"> Guggenheim Securities and Citigroup 	
Target Advisor	<ul style="list-style-type: none"> Centerview Partners 	
Price / Consideration	<ul style="list-style-type: none"> \$1.2 billion 	<ul style="list-style-type: none"> Cash
Rationale	<ul style="list-style-type: none"> The deal is expected to be immediately accretive to SAIC with no duplicative corporate overhead costs or functions The acquisition brings with it \$18 billion year-to-date contract wins and a projected compound annual growth rate of 10% across the next two years There is an expected 10% increase in free cash flow atop the expected 2022 target of \$500 million Strategic benefits of the transaction include: 1) Enhanced capabilities in government priority areas, including IT modernization, cloud migration, managed services, and development, security, and operations; 2) Expanded portfolio of intellectual property (IP) and technology-driven offerings, that enable government-tailored, commercial-based solutions, and; 3) Increased access to current and new customers with a strong pipeline of new business opportunities “With the addition of Unisys Federal, SAIC will be a leading provider of digital transformation services and solutions to the federal government. This exciting opportunity advances our strategy by building on our modernization capabilities, increasing customer access, accelerating growth and enhancing shareholder value,” said SAIC CEO Nazzic Keene. “The financial benefits of acquiring Unisys Federal are compelling, including accretion of adjusted EBITDA margins, non-GAAP earnings per share, and cash generation.” Unisys executives said Thursday the sale will help reduce overall debt from \$1.9 billion to \$860 million and help tackle \$1.7 billion in unfunded pension obligations 	
Deal Points	<ul style="list-style-type: none"> Transaction will be funded through a combination of cash on hand and incremental debt The purchase price represents a transaction multiple of approximately 10.5x CY2020 adjusted EBITDA, adjusted for the net present value of tax assets 	