

# Support Services Sector Valuation

Overview					Valuation									
Calendarised data to a Dec year end	Price	Mkt Cap	Net debt	EV	EV/Sales (x)		EV/EBITDA (x)		P/E (x)		Yield (%)		FCF Yield (%)	
	(p)	(£m)	(£m)	(£m)	2010E	2011E	2010E	2011E	2010E	2011E	2010E	2011E	2010E	2011E
<b>Consulting</b>														
Atkins	720.5	721.3	336.2	385.1	0.29	0.26	3.1	2.9	9.9	10.7	4.0	4.1	11.2	10.1
RPS Group*	182.0	394.0	(28.2)	422.2	0.98	0.88	6.8	5.9	10.9	9.9	2.6	2.9	-	-
WSP Group	344.5	219.9	(58.5)	278.4	0.40	0.39	5.3	5.4	9.7	10.0	4.4	4.4	9.8	10.4
Mouchel	119.0	133.7	(94.4)	228.1	0.36	0.34	4.4	4.2	5.3	5.3	5.1	5.1	9.7	14.6
Hyder Consulting*	339.0	130.3	11.6	118.6	0.41	0.38	4.9	4.3	9.8	8.8	2.0	2.3	9.9	9.8
Scott Wilson Group*	286.5	212.9	11.3	201.6	0.61	0.58	7.2	6.9	16.8	17.3	1.4	1.4	9.9	8.9
AEA Technology*	16.0	36.6	(16.6)	53.2	0.48	0.42	3.7	3.2	7.5	8.6	-	-	28.4	18.8
<b>Weighted average</b>					<b>0.40</b>	<b>0.37</b>	<b>4.3</b>	<b>4.0</b>	<b>9.8</b>	<b>10.0</b>	<b>2.9</b>	<b>3.1</b>	<b>13.5</b>	<b>13.1</b>
<b>Linear average</b>					<b>0.50</b>	<b>0.47</b>	<b>5.1</b>	<b>4.7</b>	<b>10.0</b>	<b>10.1</b>	<b>3.2</b>	<b>3.4</b>	<b>13.1</b>	<b>12.1</b>
<b>Outsourcing</b>														
Capita	767.5	4,726.6	(521.8)	5,248.4	1.82	1.64	11.6	10.4	17.9	16.6	2.6	2.8	5.5	6.0
Serco	579.0	2,853.6	(273.4)	3,127.0	0.73	0.65	10.5	9.1	17.3	15.1	1.2	1.4	4.1	4.8
Babcock International	629.5	2,256.2	(720.1)	2,976.3	1.09	0.89	10.6	8.0	12.1	10.6	2.9	3.3	5.3	8.2
Homeserve*	2,128.0	1,399.2	(47.0)	1,446.2	3.41	3.05	12.0	10.8	18.2	16.8	2.1	2.2	2.8	3.7
MITIE*	215.0	759.7	(66.7)	826.4	0.43	0.39	6.8	6.1	11.8	10.5	3.9	4.2	-	-
Connaught	114.1	159.5	(116.5)	276.0	0.39	0.37	5.2	4.4	5.3	4.4	3.7	4.1	(4.7)	6.1
eaga	116.5	292.9	45.0	247.9	0.31	0.28	4.1	3.6	7.8	7.5	3.5	3.8	6.3	10.0
Mears Group	233.5	197.5	(15.2)	212.7	0.37	0.34	6.1	5.6	9.5	8.5	2.8	3.1	2.0	4.2
Mouchel	119.0	133.7	(94.4)	228.1	0.36	0.34	4.4	4.2	5.3	5.3	5.1	5.1	9.7	14.6
Spice*	55.3	194.6	(95.4)	290.0	0.93	0.86	7.5	6.8	8.9	8.4	3.0	3.2	5.8	7.1
<b>Weighted average</b>					<b>0.98</b>	<b>0.87</b>	<b>9.9</b>	<b>8.5</b>	<b>14.5</b>	<b>13.1</b>	<b>2.1</b>	<b>2.4</b>	<b>4.9</b>	<b>6.0</b>
<b>Linear average</b>					<b>0.99</b>	<b>0.88</b>	<b>7.9</b>	<b>6.9</b>	<b>11.4</b>	<b>10.4</b>	<b>3.1</b>	<b>3.3</b>	<b>4.1</b>	<b>7.2</b>
<b>FTSE A/S Support Services</b>														
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Prices updated as at close on Wednesday, 14 July 2010

Source: Company reports, Thomson Datastream, Bloomberg, I/B/E/S, Execution Noble