

MWS Tracker Spotlight: Stefanini IT Solutions acquires TechTeam Global (Nasdaq: TEAM)

November 10, 2010

Financial Overview:

Transaction Value: \$93.4M	Enterprise Value: \$90.3M
Revenue: \$191.6M	EV / Revenue: 0.5x
EBITDA: \$5.4M	EV / EBITDA: 16.8x

Deal Overview:

Stefanini IT Solutions signed a definitive agreement to acquire TechTeam Global Inc. (NasdaqGM: TEAM) for \$96.4 million in cash on November 1, 2010. Under the terms of the transaction, Stefanini will make an offer to purchase all outstanding shares of TechTeam Global common stock for \$8.35 per share. The tender offer price represents a 16.8% premium over the closing price of TechTeam Global common stock on November 1, 2010.

The transaction will be accomplished through an all-cash tender offer. TechTeam Global is headquartered in Southfield, Missouri and posted revenue of \$191.6 million and EBITDA \$5.4 million for the LTM period ending September 30, 2010. Stefanini's purchase price implies an Enterprise Value to Revenue multiple of 0.5x and an Enterprise to EBITDA multiple of 16.8x.

The deal is expected to close in the fourth quarter. Should the deal fall through, TechTeam Global management will need to pay a termination fee of \$2.8 million to Stefanini IT Solutions. TechTeam Global, Inc. provides information technology outsourcing and business process outsourcing services to large and medium businesses. It has offices in the United States, Belgium, Philippines, Sweden, Germany, Denmark, Poland, Switzerland, France, Portugal, United Kingdom, and Romania.

16.8x EV/EBITDA represents a 150% premium to the EV/EBITDA median multiple for similar large publicly traded IT Outsourcing companies.

IT Outsourcing								
Ticker	Company	Revenue (ltn, \$M)	Market Cap (\$M)	P/S	P/E	Enterprise Value (\$M) ¹	EV/LTM Revenue	EV/LTM EBITDA
CSC	Computer Sciences Corporation	16,172.0	7,467.6	0.46	9.1	8,904.6	0.55	3.7
TSX:GIB.A	CGI Group, Inc.	3,441.5	4,588.1	1.26	14.1	4,605.9	1.27	6.7
IGTE	iGATE Corporation	252.0	1,255.2	4.98	28.2	1,134.4	4.50	20.0
INAP	Internap Network Services Corp.	247.8	272.0	1.10	NM	244.1	0.99	6.0
KEYN	Keynote Systems Inc.	79.1	187.7	2.37	176.5	121.4	1.54	16.4

Median		1255.2	1.3	21.1		1.27	6.7
High		7467.6	5.0	176.5		4.50	20.0
Low		187.7	0.5	9.1		0.55	3.7

Note: Data courtesy of Capital IQ

MWS Intelligence:

The acquisition will help both Stefanini IT Solution and TechTeam Global expand their international presence and broaden the service portfolio for both companies. TechTeam's expertise is in service desk tech support, IT infrastructure, and management services. Stefanini specializes in IT consulting and outsourcing. The merge of two different expertises in different areas will bring stability, scale and flexibility to Stefanini.

TechTeam Global has nearly a 50/50 distribution of revenue from Commercial industry in Europe and the Americas. By acquiring TechTeam Global, the Sao Paulo, Brazil-based Stefanini can expand into the US market. Recent trend shows that international companies are looking to enter into the US market through acquisitions. This would allow companies to gain access to valuable customers and affluent groups, resulting in higher profitability and greater margins.

About Martin Wolf Securities

Based in the San Francisco Bay Area, Martin Wolf Securities is a leading middle market investment bank focused on companies with services-based business models. Since 1997, our team has completed nearly 100 transactions in 6 countries. We are a 5 year member of the Merrill Lynch PS Referral Network, and effective June 25, 2010, have been selected as ICICI Bank's (India's leading private bank) exclusive strategic partner for acquiring U.S. IT companies. You would be hard pressed to find a more experienced and knowledgeable team in our space. We work with high integrity, always focused on achieving the best results possible for our clients. For more information, visit www.martinwolf.com.