

# SCISYS Group

CGI to acquire SCISYS for 254.15p in cash

The Canadian IT services company CGI is acquiring SCISYS for 254.15p in cash. The offer price represents a 24.6% premium to Thursday's closing price and values the entire issued and to be issued ordinary share capital of SCISYS at c £78.9m. In addition, SCISYS shareholders will receive the final dividend of 1.73p. The offer price translates to c 20x our FY19 earnings forecast, which falls to c 19x in FY20e and 18x in FY21e. Alternatively, the offer values the business at 1.2x FY20e revenues and 11x EBITDA.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/17	53.2	3.6	9.3	2.16	21.8	1.1
12/18	58.4	4.6	13.1	2.38	15.6	1.2
12/19e	61.5	5.0	12.7	2.62	16.1	1.3
12/20e	63.5	5.4	13.4	2.88	15.2	1.4

Note: \*PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments. IFRS 15 is applied from 1 January 2017.

CGI is listed on the Toronto Stock Exchange and the New York Stock Exchange. With a market capitalisation of c \$19bn, CGI is a giant in the IT services space. Notably, in 2012 CGI acquired Logica, the LSE-listed UK IT services leader, at a c 60% premium, valuing Logica at c £2bn including debt, or c 0.5x EV/sales.

Recommended cash offer

IT services

14 June 2019

**Price** 204p  
**Market cap** £60m

Net debt (£m) at 31 December 2018	3.1
Shares in issue	29.6m
Free float	64%
Code	SSY
Primary exchange	AIM
Secondary exchange	ESM

## Share price performance



## Business description

SCISYS provides a range of professional services in support of the planning, development and use of computer systems in the space, media/broadcast and defence sectors, as well as to other public and private sector enterprises.

## Analysts

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