



Robert Dunn  
Michael Wolleben

**hiddenopportunities.report**

Marketed Exclusively by:

PCS Research Group LLC  
88 Pine Street, Suite 3100  
New York, NY 10005  
212-233-0100

**PAR announces agreements to sell its Government operating segment, in two separate transactions, for a combined total of \$102 million**

- Today, before the market open, PAR announced that it had agreed to sell its Government operating segment, in two separate transactions, for a combined total of \$102 million.
- Booz Allen Hamilton (NYSE: BAH) will acquire PAR Government Systems Corp. (PGSC) for ~\$95 million, in a transaction that closed on June 7<sup>th</sup>, while NexTech Solutions (private) will purchase Rome Research Corp. (RRC) for ~\$7 million, in a transaction that is expected to close by the end of 2Q 2024.
- Recall, PAR had previously disclosed it was seeking strategic alternatives for its Government business in its 2Q 2023 10-Q.
- By our calculation, the combined purchase price represents an ~8.0x multiple on 2025E segment adj. EBITDA.
- While the ultimate deal value modestly lagged our most recent \$121 million fair value estimate (but exceeded our initial ~\$91 million forecast) we think this announcement is a clear positive catalyst for the company; to that end, the transactions will reduce overall complexity (i.e., create a pure-play) while also providing significant capital for it to invest in its faster-growth/higher-margin (and increasingly recurring) SaaS business, which is focused on serving restaurant enterprises. (As well, the deal will limit the perceived risk of future equity dilution as well as potentially make the remaining business a more attractive target to itself be acquired at some point).
- Our fair value estimate for PAR is \$48 per share, reflecting value of ~\$55 per share for the Restaurants/Retail segment, based on a blended 2025E sales multiple of 5x, and accounting for projected net debt (see Exhibit #1 on page 2).

## UPDATE

### PAR Technology Corporation NYSE: PAR

Publication Date:  
June 10, 2024

Price: \$42.94/share

Market capitalization: ~\$1.10B

Restaurant/Retail: \$55/share

**Government: Being sold for \$102 million  
or ~\$3 per share**

Net Debt & Other: (\$10/share)

**SOTP: \$48/share \***

\*SOTP may not add due to rounding

(See the report dated 12/21/2021 and updates from 5/11/2022, 5/11/2023, 10/5/2023 for more info.)

NOTE: This publication could be considered as advocating for corporate restructurings. Authors select companies for this report based on the potential for a future value-unlocking transaction. In many cases, these companies have or could come under activist investor pressure, media scrutiny, or general market speculation that a spin-off or asset sale is possible.



**Institutional Research Group**



Institutional Research Group, LLC ("IRG") is the author of this report. PCS Research Group ("PCS") is the exclusive marketer and an authorized distributor of this and other research reports created by IRG. IRG and PCS are affiliates. IRG, PCS and each of their respective employees and affiliates may have positions in the securities of companies mentioned herein. This report is based on information available to the public, and no representation is made with regard to its accuracy or completeness. This document is neither an offer nor a solicitation to buy or sell securities. All expressions of opinion reflect judgment at the date set forth above and are subject to change. All views expressed in this research report accurately reflect the research analysts' opinion about the subject matter contained herein. No part of the research analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in the research report. Reproduction of this report is strictly prohibited. Institutional Research Group, LLC © 2023.

# Exhibit #1 PAR Technology: Sum-of-the-Parts Fair Value Estimate

(\$ in millions, except per share figures)

	<u>Restaurant/ Retail</u>	<u>Government</u>	<u>Enterprise Value</u>	<u>Net Debt</u>	<u>Market Cap</u>
<b>2024E Revenue</b>	<b>\$296.3</b>	<b>\$141.9</b>			
Revenue growth est.	20.8%	2.0%			
<b>2025E Revenue</b>	<b>\$358.1</b>	<b>\$144.7</b>			
EBITDA margin	<u>38.3%</u>	<u>9.0%</u>			
<b>2025E EBITDA</b>	<b>\$14.9</b>	<b>\$13.0</b>		<b>(\$327.4)</b>	
Applied multiple	<u>5.0x</u>	<u>7.8x</u>		<b>1.0x</b>	
<b>Enterprise value</b>	<b>\$1,789.4</b>	<b>\$102.0</b>	<b>\$1,891.4</b>	<b>(\$327.4)</b>	<b><u>\$1,564.0</u></b>
Diluted shares	<u>32.8</u>	<u>32.8</u>		<u>32.8</u>	<u>32.8</u>
<b>Per share basis</b>	<b>\$54.55</b>	<b>\$3.11</b>		<b>(\$9.98)</b>	<b>\$47.68</b>
Bull	\$65.47	\$3.90		(\$9.98)	\$59.39
Base	\$54.55	\$3.11		(\$9.98)	\$47.68
Bear	\$43.63	\$2.32		(\$9.98)	\$35.97

Source: Company reports, Bloomberg, and Institutional Research Group estimates.