

# Serco buys SI International for \$423 million

Posted At : August 27, 2008 12:12 PM | Posted By : Ashlea Higgs

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Serco [announced](#) today it will buy [SI international](#) for \$423 million.

**Acquisition trends:** British buyers ([QinetiQ](#), [BAE Systems](#), [Serco](#)) continue their buying spree. Mid-sized contractors continue to disappear.

**Valuation:** Relative to other acquisitions in the government contractor market, Serco appears to be getting a deal (or conversely SI earning a low valuation) paying less than 1x revenue. SI has revenue of \$555 million in the last 12 months as of June 2008. SI shareholders are not getting a bad deal, with Serco paying a 40% premium on the August 26th closing price.

**SI's cancelled acquisition:** SI dropped its [acquisition of Arrowpoint](#) in late July. At the time, no reason was given. The announcement today is a good candidate.

## British buying spree:

Buyer:	Seller:	Consideration:	Announced:
BAE Systems PLC	Mevatec	\$82 million	March 2003
BAE Systems PLC	United Defense Industries	\$3.97 billion	March 2005
BAE Systems PLC	National Sensor Systems	\$8.7 million	October 2006
BAE Systems PLC	Armor Holdings	\$4.1 billion	July 2007
BAE Systems PLC	MTC Technologies	\$450 million	December 2007
QinetiQ Group PLC	Apogen Technologies	\$300 million	February 2006
QinetiQ Group PLC	Analex	\$170 million	January 2007
QinetiQ Group PLC	ITS Corp.	\$90 million	March 2007
QinetiQ Group PLC	Boldon James Holdings Ltd	\$37 million	October 2007
QinetiQ Group PLC	Dominion Technology Resources	\$104.5 million	August 2008
Serco Group PLC	Resource Consultants	\$215 million	December 2004
Serco Group PLC	SI International	\$423 million	August 2008