

## Everbridge

# Thoma Bravo to acquire Everbridge for \$1.5bn, Move to No Rating

Rating Change: NO RATING | PO: NA | Price: 28.10 USD

## Bids \$28.60/share, values EVBG at \$1.5bn

This morning, Everbridge announced that it has agreed to be acquired by Thoma Bravo in an all cash-deal for \$28.60/share, or approximately a \$1.5bn transaction price. Based on our last forecast, the transaction price represents an approximate 3.3x EV/CY24E revenue valuation multiple and 3.1x EV/CY25E multiple. This compares with infrastructure peer group average of 7.8x/6.6x, respectively. The \$28.60/share price represents a 20% premium over the price as of Friday 2/2 close, and a 32% premium over the volume-weighted average share price over the last 90 days. The transaction is expected to close in 2Q24. There is a 25-day “go-shop” period which expires on Feb 29<sup>th</sup>. Given the growth challenges the business has faced over the past several years balanced against its higher profitability strategy, we believe the acquisition price is reasonable. However, the multiple is below the historical private equity take-out multiple range of 4-6x EV/revenue, which may suggest reacceleration in revenue growth from the low single digits over the medium-term may have been difficult to achieve. While there is a go-shop period, we think it is unlikely that a strategic buyer steps in with a competing bid, as in our view Everbridge’s current revenue growth profile would likely be dilutive to a strategic buyer’s revenue growth profile.

## Move to No Rating

We are moving our rating on EVBG to No Rating because we believe the shares are no longer trading on fundamentals due to the proposed acquisition. Investors should no longer rely on our previous rating or price objective.

## Read-throughs – PE activity picking up

Including the Everbridge acquisition announcement, there have been several other media reports around other software companies that are seeing takeout interest from private equity. This will likely continue in the future given the many attractive assets in within the enterprise software category, in our view. Within our coverage universe, the acquisition of Alteryx by Clearlake Capital and Insight on December 18, 2023, was the most recent private equity takeout transaction.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	0.21	0.67	1.50	1.94	2.13
GAAP EPS	(2.50)	(1.54)	(0.83)	(0.30)	(0.17)
EPS Change (YoY)	NM	219.0%	123.9%	29.3%	9.8%
Consensus EPS (Bloomberg)			1.52	1.87	2.04
DPS	0	0	0	0	0
Valuation (Dec)					
P/E	133.8x	41.9x	18.7x	14.5x	13.2x
EV / EBITDA*	67.6x	34.1x	17.0x	14.8x	13.1x
Free Cash Flow Yield*	0.2%	0.1%	2.3%	3.7%	5.2%

\* For full definitions of *IQmethod*<sup>SM</sup> measures, see page 4.

05 February 2024

### Equity

#### Key Changes

(US\$)	Previous	Current
Inv. Opinion	C-3-9	-6-
Inv. Rating	UNDERPERFORM	NO RATING
Price Obj.	22.00	NA

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### Stock Data

Price	28.10 USD
Price Objective	NA
Date Established	NA
Investment Opinion	-6-
52-Week Range	18.50 USD - 35.55 USD
Mrkt Val (mn) / Shares Out (mn)	1,154 USD / 41.1
Free Float	98.4%
Average Daily Value (mn)	10.95 USD
BofA Ticker / Exchange	EVBG / NAS
Bloomberg / Reuters	EVBG US / EVBG.OQ
ROE (2023E)	21.8%
Net Dbt to Eqty (Dec-2022A)	104.3%
ESGMeter <sup>TM</sup>	Medium

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to ["BofA ESGMeter Methodology"](#).

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Timestamp: 05 February 2024 11:33AM EST

# iQprofile<sup>SM</sup> Everbridge

## iQmethod<sup>SM</sup> – Bus Performance\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	0.2%	2.7%	8.5%	10.7%	10.7%
Return on Equity	2.7%	8.2%	21.8%	24.4%	21.8%
Operating Margin	0.3%	5.5%	14.1%	17.4%	18.6%
Free Cash Flow	2	1	27	42	60

## iQmethod<sup>SM</sup> – Quality of Earnings\*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	2.3x	0.6x	0.8x	0.8x	0.9x
Asset Replacement Ratio	0.4x	0.3x	0.4x	0.4x	0.4x
Tax Rate	NM	NM	NM	NM	NM
Net Debt-to-Equity Ratio	38.4%	104.3%	79.2%	48.8%	27.5%
Interest Cover	0.1x	43.5x	NM	NM	NM

## Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	368	432	448	471	500
% Change	35.9%	17.2%	3.7%	5.2%	6.1%
Gross Profit	270	315	334	354	382
% Change	38.3%	16.7%	6.1%	6.1%	7.8%
EBITDA	21	42	84	97	110
% Change	163.9%	98.4%	100.0%	15.1%	13.0%
Net Interest & Other Income	(3)	25	6	8	8
<b>Net Income (Adjusted)</b>	<b>10</b>	<b>31</b>	<b>67</b>	<b>89</b>	<b>100</b>
<b>% Change</b>	<b>NM</b>	<b>223.2%</b>	<b>115.4%</b>	<b>34.4%</b>	<b>11.9%</b>

## Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	(202)	(125)	(68)	(26)	(15)
Depreciation & Amortization	53	60	59	59	62
Change in Working Capital	(4)	(26)	(32)	(38)	(32)
Deferred Taxation Charge	(13)	(5)	(1)	0	0
Other Adjustments, Net	189	116	93	73	71
Capital Expenditure	(20)	(19)	(24)	(26)	(27)
<b>Free Cash Flow</b>	<b>2</b>	<b>1</b>	<b>27</b>	<b>42</b>	<b>60</b>
<b>% Change</b>	<b>-15.7%</b>	<b>-59.9%</b>	<b>NM</b>	<b>57.0%</b>	<b>41.8%</b>
Share / Issue Repurchase	5	2	3	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	281	(287)	(130)	0	0

## Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	488	199	105	158	220
Trade Receivables	121	120	107	132	141
Other Current Assets	46	54	59	78	106
Property, Plant & Equipment	12	9	9	9	9
Other Non-Current Assets	788	716	688	688	688
<b>Total Assets</b>	<b>1,478</b>	<b>1,125</b>	<b>999</b>	<b>1,096</b>	<b>1,195</b>
Short-Term Debt	0	0	0	0	0
Other Current Liabilities	304	301	288	293	298
Long-Term Debt	666	500	359	359	359
Other Non-Current Liabilities	46	35	32	32	32
<b>Total Liabilities</b>	<b>1,016</b>	<b>837</b>	<b>679</b>	<b>684</b>	<b>689</b>
<b>Total Equity</b>	<b>463</b>	<b>289</b>	<b>321</b>	<b>413</b>	<b>507</b>
<b>Total Equity &amp; Liabilities</b>	<b>1,479</b>	<b>1,126</b>	<b>1,000</b>	<b>1,096</b>	<b>1,196</b>

\* For full definitions of iQmethod<sup>SM</sup> measures, see page 4.

## Company Sector

Server & Enterprise Software

## Company Description

Everbridge, Inc. is a cloud provider of critical communications and enterprise safety applications, including emergency notification, incident management, IT alerting and secure messaging. The core EMNS enables organizations to communicate with employees, law enforcement, suppliers and other third parties over secure, reliable infrastructure across multiple communication channels (phone, text, email) in the event of local or organization-specific disasters.

## Investment Rationale

We have removed the investment opinion on the company's stock. Investors should no longer rely on our previous opinion or price objective.

## Stock Data

Average Daily Volume 389,681

## Quarterly Earnings Estimates

	2022	2023
Q1	-0.02A	0.25A
Q2	0.03A	0.31A
Q3	0.27A	0.46A
Q4	0.39A	0.48E

## Price objective basis & risk

### Everbridge (EVBG)

We have removed the investment opinion on the company's stock. Investors should no longer rely on our previous opinion or price objective.

## Analyst Certification

I, Koji Ikeda, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

### US - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	8x8	EGHT	EGHT US	Michael J. Funk
	Adobe	ADBE	ADBE US	Brad Sills
	Alarm.com	ALRM	ALRM US	Michael J. Funk
	Amplitude, Inc.	AMPL	AMPL US	Koji Ikeda, CFA
	BILL	BILL	BILL US	Brad Sills
	CCC Intelligent Solutions	CCCS	CCCS US	Michael J. Funk
	Dropbox	DBX	DBX US	Michael J. Funk
	Dynatrace	DT	DT US	Koji Ikeda, CFA
	Elastic NV	ESTC	ESTC US	Koji Ikeda, CFA
	GitLab Inc.	GTLB	GTLB US	Koji Ikeda, CFA
	Global-e Online Ltd.	GLBE	GLBE US	Koji Ikeda, CFA
	HubSpot	HUBS	HUBS US	Brad Sills
	Informatica Inc.	INFA	INFA US	Koji Ikeda, CFA
	Intapp Inc.	INTA	INTA US	Koji Ikeda, CFA
	Intuit	INTU	INTU US	Brad Sills
	JFrog Ltd	FROG	FROG US	Koji Ikeda, CFA
	MeridianLink, Inc.	MLNK	MLNK US	Koji Ikeda, CFA
	Microsoft Corporation	MSFT	MSFT US	Brad Sills
	MongoDB Inc	MDB	MDB US	Brad Sills
	nCino, Inc.	NCNO	NCNO US	Adam Bergere
	NICE Ltd.	NICE	NICE US	Michael J. Funk
	NICE Ltd.	NCSYF	NICE IT	Michael J. Funk
	PagerDuty	PD	PD US	Koji Ikeda, CFA
	PowerSchool Holdings, Inc.	PWSC	PWSC US	Koji Ikeda, CFA
	RingCentral	RNG	RNG US	Michael J. Funk
	Salesforce.com	CRM	CRM US	Brad Sills
	ServiceNow	NOW	NOW US	Brad Sills
	UiPath	PATH	PATH US	Brad Sills
	Unity	U	U US	Michael J. Funk
	Weave	WEAV	WEAV US	Michael J. Funk
	Workday Inc.	WDAY	WDAY US	Brad Sills
	Zeta Global	ZETA	ZETA US	Koji Ikeda, CFA
	ZoomInfo	ZI	ZI US	Koji Ikeda, CFA
<b>NEUTRAL</b>				
	Autodesk	ADSK	ADSK US	Michael J. Funk
	Bentley Systems	BSY	BSY US	Michael J. Funk
	BigCommerce Holdings, Inc.	BIGC	BIGC US	Koji Ikeda, CFA
	Coveo	YCVO	CVO CN	Koji Ikeda, CFA
	Datadog Inc	DDOG	DDOG US	Koji Ikeda, CFA
	DocuSign	DOCU	DOCU US	Brad Sills
	Freshworks, Inc.	FRSH	FRSH US	Adam Bergere



**US - Enterprise Software Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	HashiCorp	HCP	HCP US	Brad Sills
	Jamf	JAMF	JAMF US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	LSPD	LSPD US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	YLSPD	LSPD CN	Koji Ikeda, CFA
	Oracle Corporation	ORCL	ORCL US	Brad Sills
	Paycom	PAYC	PAYC US	Adam Bergere
	Paylocity	PCTY	PCTY US	Adam Bergere
	Shopify, Inc.	SHOP	SHOP US	Brad Sills
	Snowflake	SNOW	SNOW US	Brad Sills
	Veeva Systems, Inc.	VEEV	VEEV US	Brad Sills
	Zoom Video Communications	ZM	ZM US	Michael J. Funk

**UNDERPERFORM**

	AvidXchange, Inc.	AVDX	AVDX US	Brad Sills
	Blackbaud, Inc.	BLKB	BLKB US	Koji Ikeda, CFA
	BlackLine, Inc.	BL	BL US	Koji Ikeda, CFA
	C3.ai	AI	AI US	Brad Sills
	Confluent	CFLT	CFLT US	Brad Sills
	CS Disco, Inc.	LAW	LAW US	Koji Ikeda, CFA
	Enfusion, Inc.	ENFN	ENFN US	Koji Ikeda, CFA
	Five9	FIVN	FIVN US	Michael J. Funk
	Guidewire Software, Inc.	GWRE	GWRE US	Michael J. Funk
	Twilio	TWLO	TWLO US	Michael J. Funk
	Vertex, Inc.	VERX	VERX US	Brad Sills

**RSTR**

	Splunk	SPLK	SPLK US	Brad Sills
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**iQmethod<sup>SM</sup> Measures Definitions****Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

**Numerator**

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

**Denominator**

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

**Quality of Earnings**

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

**Numerator**

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash &amp; Equivalents

EBIT

**Denominator**

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

**Valuation Toolkit**

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

**Numerator**

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

**Denominator**

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

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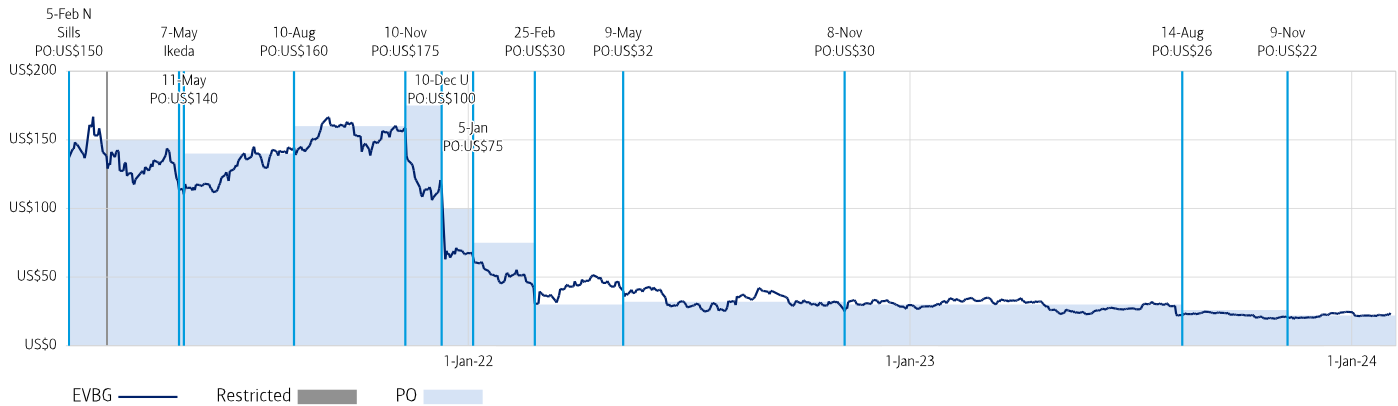
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# Disclosures

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### Everbridge (EVBG) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

### Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Neutral	≥ 0%	≤ 30%
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<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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