

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): January 13, 2020

**ICF International, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation)

**001-33045**

(Commission File Number)

**22-3661438**

(I.R.S. Employer  
Identification Number)

**9300 Lee Highway, Fairfax, Virginia**

(Address of principal executive offices)

**22031**

(Zip Code)

Registrant's telephone number, including area code: **(703) 934-3000**

**Not Applicable**

(Former name or former address, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act.

Title of each class	Trading Symbols(s)	Name of each exchange on which registered
Common Stock	ICFI	NASDAQ

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company
- If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## Item 1.01 Entry into a Material Definitive Agreement

On January 13, 2020, ICF International, Inc. (the “Company”), by and through its wholly-owned subsidiary, ICF Incorporated, L.L.C., a Delaware limited liability company, (“ICF Incorporated”), entered into an Equity Purchase Agreement (the “Purchase Agreement”) by and among ICF Incorporated, L.L.C., Incentive Technology Group, LLC, a Virginia limited liability company (“ITG”), Project Lucky Holdings, LLC, a Delaware limited liability company and parent company of ITG (“Lucky”), and Shadi Michelle Branch and Adam Branch (“Equity Holders”). By the terms of the Purchase Agreement, which contains customary representations and warranties, ICF Incorporated will acquire 100% of the membership interests in ITG (the “Acquisition”), which will become a wholly-owned subsidiary of ICF Incorporated and an indirect subsidiary of the Company. The Company will pay a base purchase price of US\$255 million (the “Purchase Price”) in cash payable to Lucky, which will distribute the proceeds to the Equity Holders, (subject to adjustment as provided in the Purchase Agreement).

At the closing of the Acquisition, the Company will (i) hold back US\$2.0 million of the Purchase Price for any applicable post-closing and working capital adjustments to the Purchase Price; and (ii) place US\$956,250 of the Purchase Price into an escrow account for potential indemnification claims relating to breaches of representations, warranties or covenants.

The completion of the Acquisition is subject to certain conditions including, among others, (i) the expiration or termination of the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (“HSR”); (ii) subject to certain materiality exceptions, the representations and warranties made by ICF Incorporated, ITG, Lucky and the Equity Holders, respectively, being true and correct; and (iii) ICF Incorporated, ITG, Lucky and the Equity Holders being in compliance in all material respects with their respective Purchase Agreement obligations.

The Company and Lucky may terminate the Purchase Agreement upon mutual written agreement, or any party may terminate the Purchase Agreement if: (1) the other party materially violates or breaches any covenant, representation or warranty contained in the Purchase Agreement that has prevented the satisfaction of any closing condition and such violation or breach has not been cured or waived within ten (10) days after receipt of written notice; provided, however, that failure of the closing to occur on the date specified, or failure of the Company to deliver the closing consideration, is not subject to cure unless agreed to in writing by the Equity Holders, or (2) the Acquisition has not closed on or before February 28, 2020.

The Purchase Price will be funded through the Company’s bank credit facility.

The foregoing description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement, which will be filed as an exhibit by an amendment to this Current Report on Form 8-K.

### Cautionary Note Regarding the Purchase Agreement

The Purchase Agreement will provide investors and security holders with information regarding its terms and conditions and is not intended to provide any factual information about the Company or Lucky. In particular, the assertions embodied in the representations and warranties contained in the Purchase Agreement are qualified by information in confidential disclosure schedules that the parties have exchanged in connection with the signing of the Purchase Agreement. Moreover, certain representations and warranties in the Purchase Agreement were used for the purpose of allocating risk, rather than establishing matters as facts. Accordingly, investors and security holders should not rely on the representations and warranties in the Purchase Agreement as characterizations of the actual state of facts, since they were made only as of the date of the Purchase Agreement and are modified in important part by the underlying confidential disclosure schedules. In addition, the representations and warranties and other terms of the Purchase Agreement may be subject to subsequent waiver or modification. Moreover, information concerning the subject matter of the representations and warranties and other terms may change after the date of the Purchase Agreement, which subsequent information may or may not be fully reflected in the Company’s public disclosures.

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## Cautionary Statements

This filing and the exhibit attached hereto contain forward-looking statements that involve risks, uncertainties and assumptions. If such risks or uncertainties materialize or such assumptions prove incorrect, the results of the Company and its consolidated subsidiaries could differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including the expected benefits and costs of the Acquisition.

### **Item 7.01 Regulation FD Disclosure**

On January 13, 2020, the Company issued a press release announcing the signing of the Purchase Agreement and that it will host an investor meeting to discuss the Purchase Agreement and the Acquisition on January 13, 2020 at 4:45 p.m. ET. The meeting will be carried live via webcast, and instructions on how to participate in the webcast are contained in the press release, a copy of which is attached hereto as Exhibit 99.1. Also attached as Exhibit 99.2 is a copy of the Investor Presentation which will be available on the Company's website in conjunction with the investor meeting.

Neither the information in 7.01 of this Current Report on Form 8-K, nor the information in the press release or the Investor Presentation, shall be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

### **Item 9.01 Financial Statements and Exhibits**

(d) The following exhibits are being furnished with this Current Report on Form 8-K:

<b><u>Exhibit No.</u></b>	<b><u>Description</u></b>
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99.1	<a href="#">Press Release dated January 13, 2020</a>
99.2	<a href="#">Investor Presentation dated January 13, 2020</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ICF International, Inc.

Date: January 13, 2020

By: /s/ James C. Morgan  
James C. Morgan  
*Executive Vice President and  
Chief Financial Officer*



## NEWS RELEASE

**ICF Announces Definitive Agreement to Acquire ITG**

- Significantly expands ICF's IT modernization services to U.S. federal government clients
- Adds best-in-class IT platform expertise and partnerships

*Company Provides Preliminary Revenue Guidance for 2020*

FAIRFAX, Va. January 12, 2020— ICF (NASDAQ:ICFI), a global consulting and technology services provider, announced that it has entered into a definitive agreement to acquire Incentive Technology Group, LLC ("ITG"), one of the leading and fastest growing providers of cloud-based platform services to the U.S. federal government. ITG had revenues of approximately \$90 million in 2019 and ended the year with a revenue run-rate in excess of \$100 million. The purchase price is \$255 million, funded by ICF's existing credit facility. The closing of this transaction, subject to regulatory approval and customary closing conditions, is expected to occur in the first quarter of this year and to be accretive on a non-GAAP EPS basis in 2020.

Commenting on the acquisition, John Wasson, ICF president and chief executive officer, said, "This transaction is aligned with our strategy to complement organic growth with acquisitions that strengthen ICF's position in key growth areas. IT modernization and cloud together is estimated to be approximately a \$21 billion federal market and one in which ICF already has gained traction through organic expansion. The 350+ people at ITG are driving transformational solutions through the adoption of next generation technologies for federal government agencies, many of which are long-standing clients of ICF, including the Department of Health and Human Services, the Department of State, the Department of Homeland Security, the General Services Administration and others. Thus, in addition to delivering on ITG's substantial backlog and business development pipeline, we see significant revenue synergies by combining ICF's domain expertise, robust business development platform and contract vehicles with ITG's best-in-class qualifications, performance track record, deep technology partnerships and leading platform expertise."

Founded in 2010, ITG is a unique IT consulting and modernization firm, primarily working with federal government agency clients. The company provides full lifecycle solutions using a broad range of technology platforms. Named ServiceNow's 2019 "U.S. Federal Partner of the Year," ITG is the second largest ServiceNow partner in the public sector and has the largest Appian federal practice in North America.

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Commenting on its combination with ICF, JC Chidiac, ITG's chief operating officer said, "Federal CIOs work closely with agency personnel to deliver technologies and services that achieve missions through platforms, communications, policy, cross-agency collaboration and more. As one team, ICF and ITG bring highly complementary capabilities and will be uniquely positioned to architect and implement technology platforms that drive the strategic transformation agencies need to meet their new mandates. Importantly, this is an excellent cultural fit for our collaborative, entrepreneurial organization, which was a key determinant in our decision to join together with ICF."

ICF expects the net present value of the tax benefit of this transaction to be approximately \$33 million. ITG's EBITDA margin is in the mid-teens. Following the completion of this acquisition, the company's leverage ratio is expected to be less than 2.7.

In light of this acquisition, ICF is providing preliminary revenue guidance for 2020. Based on current backlog and visibility, the company expects revenue to increase by approximately 10 percent from 2019 levels of approximately \$1.48 billion. This expectation assumes the closing of the ITG acquisition by the end of January and organic growth in our federal and commercial markets, which more than offsets our expectation for lower revenues from the company's FEMA-funded contract in Puerto Rico related to a recent insourcing initiative by the client. Preliminary 2020 revenue guidance does not include any additional contract wins or expansions in the disaster recovery arena, nor any material benefit from potential disaster recovery-related mitigation contract awards or energy efficiency contract wins in California. Both 2020 GAAP EPS and Non-GAAP EPS will reflect higher interest expense than was incurred in 2019, and the company expects that its 2020 effective tax rate will return to a more normalized rate and will be approximately 300 basis-points higher than what is expected for 2019. ICF will provide formal 2020 guidance when it issues its full year 2019 earnings release on February 27, 2020.

Advisors to ICF on the transaction include DLA Piper and PwC.

### **Conference Call Information**

A conference call is scheduled for 4:45pm Eastern Time to discuss this transaction. A slide presentation for this conference call will be posted on the company's website. To participate on the day of the call, dial 1-877-270-2148 or internationally 1-412-902-6510 approximately 10 minutes before the call and tell the operator you wish to join the ICF conference call. A live webcast of the conference call will be available in the Investor Relations section of the ICF website at <http://investor.icf.com/>.

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## About ICF

ICF (NASDAQ:ICFI) is a global consulting services company with over 7,000 full- and part-time employees, but we are not your typical consultants. At ICF, business analysts and policy specialists work together with digital strategists, data scientists and creatives. We combine unmatched industry expertise with cutting-edge engagement capabilities to help organizations solve their most complex challenges. Since 1969, public and private sector clients have worked with ICF to navigate change and shape the future. Learn more at [icf.com](http://icf.com).

## Caution Concerning Forward-looking Statements

*Statements that are not historical facts and involve known and unknown risks and uncertainties are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. Such statements may concern our current expectations about our future results, plans, operations and prospects and involve certain risks, including those related to the government contracting industry generally; our particular business, including our dependence on contracts with U.S. federal government agencies; and our ability to acquire and successfully integrate businesses, including the ITG business. These and other factors that could cause our actual results to differ from those indicated in forward-looking statements are included in the "Risk Factors" section of our securities filings with the Securities and Exchange Commission. The forward-looking statements included herein are only made as of the date hereof, and we specifically disclaim any obligation to update these statements in the future.*

### Investor information contact:

Lynn Morgen, AdvisIRy Partners, [lynn.morgen@advisiry.com](mailto:lynn.morgen@advisiry.com), +1.212.750.5800

or

David Gold, AdvisIRy Partners, [david.gold@advisiry.com](mailto:david.gold@advisiry.com), +1.212.750.5800

### Company information contact:

Lauren Dyke, ICF, [lauren.dyke@icf.com](mailto:lauren.dyke@icf.com), +1. 571.373.5577



we are  **ICF**

## Definitive Agreement for ICF to Acquire Incentive Technology Group, LLC (“ITG”)

January 13, 2020

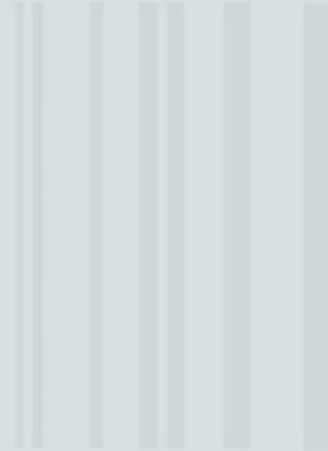
[icf.com](http://icf.com)

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# Cautionary Statement

Certain statements made by us in this presentation that are not historical facts or that relate to future plans, events, or performances are forward-looking statements within the meaning of the federal securities laws. Our actual results may differ materially from those expressed in any forward-looking statements made by us. All statements made by us in this presentation are qualified in all respects by the information disclosed in our filings with the Securities and Exchange Commission and specifically, the risks described therein under the heading "Risk Factors". We are under no duty to update or revise any forward-looking statements pursuant to actual results or events, and do not intend to do so.



# Company Snapshot

ITG is a unique IT consulting firm delivering application modernization and business transformation for U.S. federal government clients

## KEY BUSINESS STATISTICS

**\$90M**  
2019 Revenue

**> EBITDA**  
margin  
than ICF's

**+\$100M**  
revenue run-rate

**350**  
Digital  
transformation  
consultants

**92%**  
prime contract revenue

**65+**  
CSM & SAFe  
certifications

## KEY TECH PARTNERS



## REPRESENTATIVE SYSTEMS ITG BUILDS



Case  
Management



Purchasing &  
Acquisitions



Grants  
Management



Asset  
Management



Contract  
Writing



Content  
Management



Financial  
Management



Audit  
Tracking



Inspections



Workforce  
Management



Healthcare  
Compliance



Emergency  
Management





## Compelling Strategic Rationale – The Big Picture

IT modernization and cloud is estimated to be a \$21B Federal market<sup>1</sup>, comprised of large projects

Sustaining ICF's future revenue growth requires a broader technology offering beyond existing engagement, cyber, and software development

Creates immediate revenue synergies due to the combination of ICF's domain expertise and client relationships with ITG's IT modernization capabilities



<sup>1</sup> Source: Bloomberg Government, Deltek GovWin Federal Priorities Spotlight

## Compelling Strategic Rationale – The Details

ITG's expertise and past performance with Agile systems engineering, business process engineering and cloud-based platforms significantly enhance ICF's implementation services

Adding these capabilities combined with strong past performance qualifications enables us to more effectively compete for large \$100M+ IT modernization opportunities

ITG's partnerships and ability to deliver on platforms, such as ServiceNow and Appian, is a competitive advantage

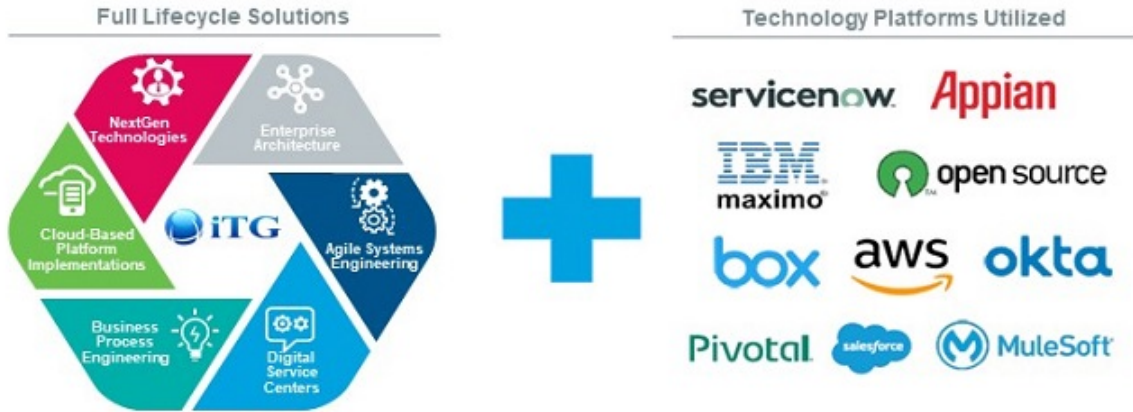
ITG's proven ability to deliver Agile software teams at GSA is a model that will resonate across ICF's client base, including HHS, DHS, DoD and even private sector entities

ICF's deep domain expertise and client relationships provide an easy entry point for ITG's "proof of concept" sales model to thrive, where ITG showcases how technology can be used to solve customer challenges



# Capabilities

ITG combines its end-to-end IT consulting capabilities with leading technology platforms to deliver transformational solutions



## Enterprise Architecture

Tailored delivery methodologies and industry frameworks to deliver actionable analyses, strategic vision, and roadmaps for digital

## NextGen Technologies

Delivering prototypes and solution in IoT, AI, green and sustainable tech, and machine learning for various industries

## Cloud-Based Platform Implementation

Cloud-based ecosystems leveraging best-of-breed solutions to deliver highly available, exceptionally scalable, and extremely secure business applications

## Digital Service Centers

Encompassing best practices, technologies, guidelines, and accelerators to maximize business and IT investments, product licensing, and velocity

## Agile Systems Engineering

Develop, maintain, and integrate platforms, applications, and COTS products, empowering scalable, efficient, and effective operations.

## Business Process Engineering

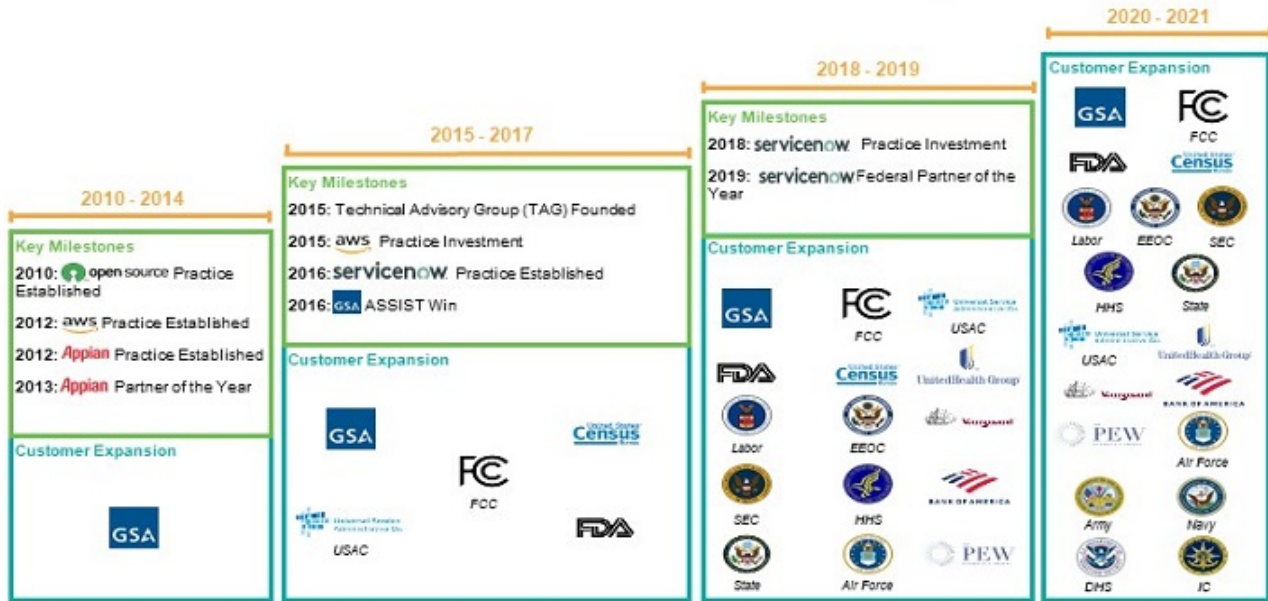
Process management methodologies to automate, streamline, and document critical functions in both the public and private sectors





# Proven Growth Platform

ITG has made strategic investments to develop new technology practice areas that have helped drive growth and new customer acquisition





## Meaningful Joint Growth Opportunities

ICF's Domain  
Expertise +  
Client  
Relationships

ICF's Robust  
Business  
Development  
Engine

ICF's Best-in-  
Class Contract  
Vehicles

Selective  
Insourcing

ITG's  
Qualifications

- ITG brings a substantial business development pipeline and a backlog that provides visibility
- ICF has a large number of net new opportunities in its pipeline for which ITG enhances our win potential
- Combination of ICF's deep domain expertise and broad client base with ITG's IT modernization skills will allow us to identify "new-new" opportunities
- Opportunity also exists to bring in-house the revenues historically subcontracted out by ITG





## Financial Considerations

- Cash purchase price of \$255 million; the transaction will be accretive in 2020 on a non-GAAP EPS basis
- ITG revenue run-rate >\$100 million
- Net present value of tax benefit to ICF estimated at \$33 million
- ITG EBITDA margin in mid-teens
- ICF's existing credit facility will be used to fund ITG acquisition
- Leverage ratio is expected to be less than 2.7







## Preliminary 2020 Guidance Considerations

- ICF's preliminary 2020 revenue guidance is for 10% growth over 2019 estimated revenues of \$1.48 billion
- Includes 11 months of ITG and reflects lower anticipated revenues in 2020 from current FEMA-funded disaster recovery contract in Puerto Rico following a recent insourcing initiative by the client
- Does not include any additional contract wins or plus-ups in disaster recovery, nor any material benefit from related mitigation contract or energy efficiency contract wins in California
- Interest expense will be higher year-on-year and the tax rate is expected to return to normalized rates and be approximately 300 basis points higher than in 2019





## In Summary

- Acquisition aligned with ICF's growth strategy
- Positions us for accelerated growth in the large IT modernization government market
- Revenue synergies identified
- Strong cultural fit with experienced leadership

