



HOULIHAN LOKEY

# HUMAN CAPITAL MANAGEMENT

STAFFING & RECRUITMENT – INDUSTRY UPDATE | Fall 2018



# Houlihan Lokey Human Capital Management

Houlihan Lokey, Inc. (NYSE:HLI) is pleased to present its second human capital management (HCM) industry update.

In this new issue, we have included industry insights, a public markets overview, a snapshot of relevant macroeconomic indicators, transaction announcements, and related detail. We believe this newsletter will provide you with the most important and relevant information you need to stay up to date with the HCM industry.

If there is additional content that you would find useful for future updates, please do not hesitate to contact us with your suggestions.

Regards,



*Thomas Bailey*

**Thomas Bailey**  
Managing Director  
TBAiley@HL.com  
404.495.7056



*Andrew Shell*

**Andrew Shell**  
Vice President  
AShell@HL.com  
404.495.7002

## Additional Human Capital Management Contacts

**Larry DeAngelo**  
Head of Business Services  
LDeAngelo@HL.com  
404.495.7019

**Patrick O'Brien**  
Associate  
POBrien@HL.com  
404.495.7042

**Alex Scott**  
Financial Analyst  
AScott@HL.com  
404.926.1609

**Bennett Tullos**  
Financial Analyst  
BTullos@HL.com  
404.926.1619

**Mike Bertram**  
Financial Analyst  
MBertram@HL.com  
404.495.7040

## Human Capital Management – Coverage by Subsector

**Staffing & Recruitment**



**VMS / MSP / RPO**



**Talent Management & Development**



**Payroll / PEO**



**HR Consulting / Benefits Admin**



## Select Advised HCM Transactions

**MOTION RECRUITMENT**  
a portfolio company of  
**GRIDIRON CAPITAL**  
has been acquired by  
**LITTLEJOHN & CO.**  
Sellside Advisor

**MedPartners**  
has been acquired by  
**AMN Healthcare**  
Sellside Advisor

**FFL PARTNERS**  
has completed a majority investment in  
**ProService | HAWAII**  
The smarter way to do HR.  
Buy-side Advisor

**CIP CAPITAL**  
has made a strategic investment in  
**WilsonHCG**  
WILSON H. CAPITAL GROUP  
Buy-side Advisor

**PRINCIPLE TECHNOLOGY GROUP**  
has partnered with  
**ELIASSON GROUP**  
a portfolio company of  
**Riverside PARTNERS**  
Sellside Advisor

**CDI Corporation**  
has been acquired by  
**ae Industrial Partners**  
Sellside Advisor & Fairness Opinion

**ciber**  
has been acquired by  
**HTC global services**  
Sellside Advisor

**search**  
a portfolio company of  
**CHAMONIX**  
has been acquired by  
**H2 Equity Partners**  
Sellside Advisor

**ciber Infor Practice**  
a subsidiary of  
**ciber**  
has been acquired by  
**infor**  
Sellside Advisor

**ciber Spain**  
a subsidiary of  
**ciber**  
has been acquired by  
**ManpowerGroup**  
Sellside Advisor

**iIPAN**  
has been acquired by  
**psi**  
Sellside Advisor

**ABN-AMRO Participaties**  
has sold  
**HUMARES**  
to  
**bencis**  
capital partners  
Sellside Advisor

**BOND RECRUITMENT SOFTWARE**  
a subsidiary of  
**BOND**  
has been acquired by  
**symphony**  
Sellside Advisor

**system|one**  
a portfolio company of  
**MID OCEAN CAPITAL**  
has been acquired by  
**THL Thomas H. Lee Partners**  
Sellside Advisor

**CAPS**  
a portfolio company of  
**UNITED WORLD Capital**  
has been acquired by  
**Cast & Crew**  
a portfolio company of  
**SILVERLAKE**  
Sellside Advisor

**SOURCE4TEACHERS**  
Educational Staffing Solutions  
has been acquired by  
**NAUTIC PARTNERS LLC**  
Sellside Advisor

## HUMAN CAPITAL MANAGEMENT EUROPEAN SUMMIT

SEPTEMBER 20, 2018 4:00PM – 6:00PM | WALDORF ASTORIA AMSTERDAM

*Hosted by*  
**Houlihan Lokey**

Thomas Bailey, Global Head of Human Capital Management  
Rob Oudman, Head of Benelux



Please join us for a Global HCM Update covering key strategy topics in HCM: digital innovation, M&A and capital market trends, and global interest in European businesses.

### **Introduction & Welcome**

Thomas Bailey & Rob Oudman, *Houlihan Lokey*

### **Review of Capital Markets in Europe**

Tony Forshaw, *Houlihan Lokey*

### **Digital Innovation in HCM**

Ilonka Jankovich, *Head of Randstad Innovation Fund*

### **European View of HCM M&A**

### **Cocktail Reception**

### Location



WALDORF  
ASTORIA

### **Waldorf Astoria**

Herengracht 542-556  
1017 CG Amsterdam  
Netherlands

# HOULIHAN LOKEY

**HLI**  
**LISTED**  
**NYSE**

Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

Our clients benefit from our local presence and global reach.

## North America

Atlanta  
Chicago  
Dallas  
Houston  
Los Angeles  
Miami  
Minneapolis  
New York  
San Francisco  
Washington, D.C.

## Europe & Middle East

Amsterdam  
Dubai  
Frankfurt  
London  
Madrid  
Milan  
Paris

## Asia-Pacific

Beijing  
Hong Kong  
Singapore  
Sydney  
Tokyo

*Houlihan Lokey holds an indirect minority stake in Leonardo & Co. S.p.A., an investment bank with an office in Milan.*

## #1 M&A Advisor

As the market's leading business services advisory firm, Houlihan Lokey has more than 40 dedicated business services professionals throughout the United States and internationally to match the global needs of our clients.

### 2017 M&A Advisory Rankings All U.S. Business Services Transactions

Advisor	Deals
<b>1 Houlihan Lokey</b>	<b>23</b>
2 Goldman Sachs & Co	13
2 Oaklins (FKA M&A Intl Inc)	13
4 Morgan Stanley	12
4 Generational Equity	12

Source: Thomson Reuters.

### 2016 M&A Advisory Rankings U.S. Business Services Transactions

Advisor	Deals
<b>1 Houlihan Lokey</b>	<b>16</b>
2 PNC Financial Services Group	15
3 Rothschild & Co	13
3 Bank of America Merrill Lynch	13
5 Jefferies LLC	11

Source: Thomson Reuters.  
Excludes transactions under \$25 million.

### 2015 M&A Advisory Rankings All U.S. Business Services Transactions

Advisor	Deals
<b>1 Houlihan Lokey</b>	<b>14</b>
2 William Blair & Co	11
2 Raymond James Financial Inc	11
2 Stout Risius Ross Inc	11
5 Generational Equity	10

Source: Thomson Reuters.

## Winner of Numerous Awards

- No. 1 M&A Advisor for All U.S. Transactions (2017) – Thomson Reuters
- Top 10 Most Active Global M&A Advisor (2017) – Thomson Reuters
- Ranked Top 15 in Vault.com's Best Places to Work in Investment Banking (2018)
- No.1 Global Investment Banking Restructuring Advisor (2017) – Thomson Reuters
- No.1 Global M&A Fairness Opinion Advisor Over the Past 20 Years (2017) – Thomson Reuters
- Leading Valuation Agent (2018) – The Hedge Fund Journal

## Houlihan Lokey Insights

---

# Staffing Industry M&A Activity

- The first half of 2018 saw 70 staffing transactions completed. At an annualized rate of 140 transactions, 2018 is on track to outperform recent years in terms of volume—2015-2017 averaged ~130 transactions per year. In 2017, there were 131 transactions.
- In 1H 2018, public buyers accounted for 13 total transactions, while private buyers accounted for 57.
- Financial sponsors and sponsor-backed strategic buyers accounted for 14 total transactions, continuing the trend of strong interest shown from private equity firms searching for outsized returns.

70

70 staffing transactions occurred in 1H 2018

57

Private buyers accounted for 57 staffing transactions in 1H 2018

13

Public buyers accounted for 13 staffing transactions in 1H 2018

56

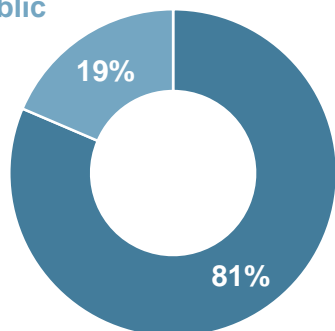
Strategic buyers accounted for 56 staffing transactions in 1H 2018

14

Financial buyers accounted for 14 staffing transactions in 1H 2018

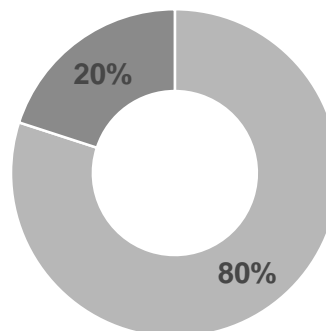
## 1H 2018 Transaction Activity by Buyer Type

Public



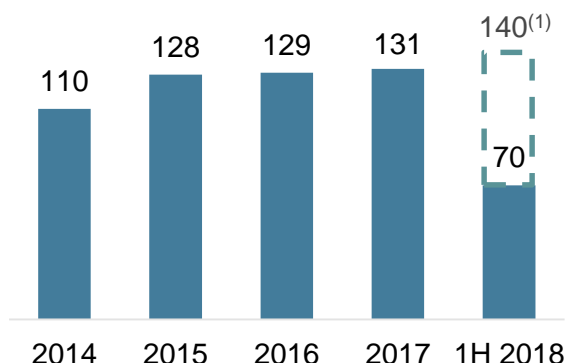
Private

Sponsor



Strategic

## Yearly Staffing Transaction Volume



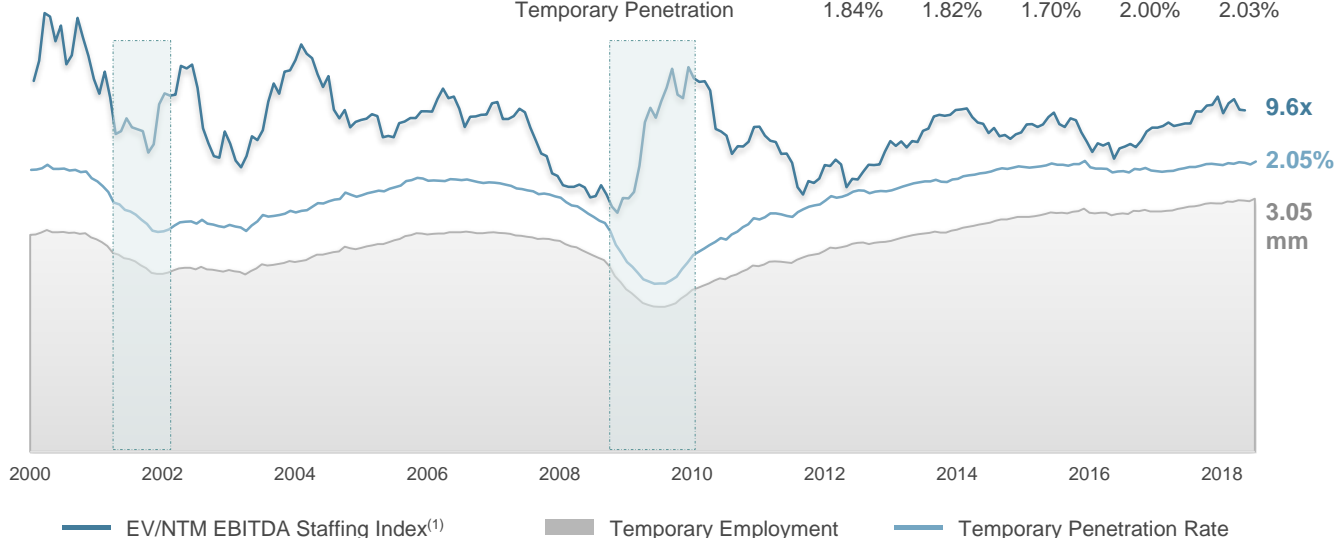
70 staffing transactions were reported in the first half of the year, putting 2018 on track to reach 140 transactions, a volume not seen since before the recession.

The IT and healthcare sectors drove most of the transaction volume (approximately 25 transactions), contributing to the strong momentum of the larger group of professional segments (IT, healthcare, finance & accounting, marketing & creative, and legal).

# Historical Performance and 2018 Trends

Denotes Recession

	Select Averages				
	All	02-07	07-12	5 Yrs	LTM
EV / EBITDA Staffing Index	8.9x	9.5x	7.6x	8.9x	9.7x
Temp Employment (000s)	2,502	2,432	2,279	2,872	3,008
Temporary Penetration	1.84%	1.82%	1.70%	2.00%	2.03%



Temporary employment in the United States continues its slow but steady rise in the decade after the 2008-2009 recession. We expect this trend to continue and mirror the overall economic expansion, as the industry has historically done so.

The U.S. temporary penetration rate, standing at 2.05% as of July, has already passed two previous highs experienced in 2005 and 2000. By comparison, the U.K. temporary penetration rate is 5.6%, while many continental European countries have penetration rates well into the double digits. While each country's labor market may differ in key fundamental ways, we view the relatively lower U.S. rate as a sign that there is room for further sector expansion.

The Staffing Index shown above currently reflects a EV/NTM EBITDA multiple of 9.6x. Since 2000, the multiple has averaged 8.9x, reaching a high of 15.9x in March of 2000 and a low of 3.8x in October of 2008. The favorable trend since the recession has generally reflected the similar rise in temporary employment and the temporary penetration rate, and outlook remains positive, as the ASA reports staffing jobs have increased 3.7% YoY over the four weeks ending 8/19/2018.<sup>(2)</sup>

## Key Trends in 1H 2018

<b>Leverage Multiples Remain Attractive</b>  5.1x and 5.2x Total Debt/EBITDA in June 2018 (YTD) for U.S. and European-based companies, respectively	<b>Continued Investment in Staffing Assets</b>  70 transactions completed in 1H 2018, on pace to outperform 2017's volume of 131 transactions	<b>Substantial Cash Balances and Investor Dry Powder Remain</b>  Availability of capital generally supporting leverage and valuations, although targets could adjust given massive U.S. tax reform
<b>Historically Low Unemployment</b>  Low unemployment has increased the hiring difficulty given the lack of talent supply, despite increased demand, especially for skilled labor	<b>Shift to a Flexible Workforce</b>  Temp labor is increasing as a percentage of the workforce, allowing companies to utilize highly skilled labor while maintaining greater control over costs	<b>Emphasis on Total Talent Management</b>  Increased demand for providers capable of delivering a comprehensive suite of workforce solutions, including both contingent and permanent

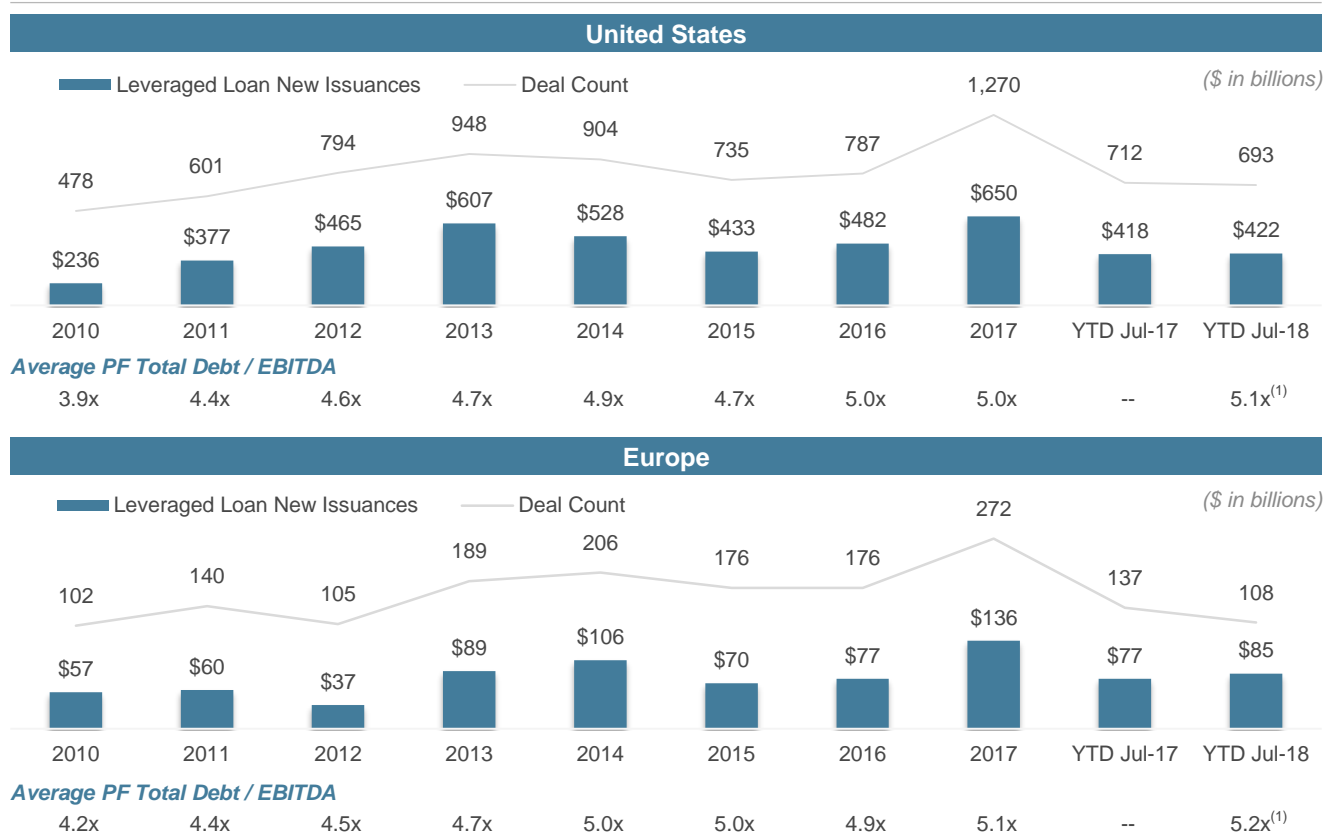
(1) Staffing Index comprises North America, United Kingdom, Europe, APAC, and rest of world (RoW) select public comps (see "Public Comps: Trading and Operating Performance" for additional detail)

(2) "ASA Staffing Index" American Staffing Association (August 24, 2018)



# Debt Capital Markets

## Trends in Loan Statistics



## Recent Issuances and Notable Transactions

(\$ in millions)

Date	Borrower	Sponsor(s)	Use	Structure				1st Lien Libor Spread	2nd Lien Libor Spread	Total Leverage
				Total	RC	1st Lien	2nd Lien			
18-Jul	Alexander Mann	OMERS	LBO	\$162	--	\$162	--	550	--	5.2x
18-Jun	HireRight	Stone Point	Merger	\$1,150	\$100	\$835	\$215	375	725	--
18-Jun	Tradesmen	Blackstone	Refinancing	\$40	--	\$40	--	450	--	--
18-May	Insight Global	Ares	Recap	\$1,144	\$60	\$1,084	--	350	--	--
18-May	CHG Healthcare	Leonard Green	Refinancing	\$270	--	\$270	--	300	--	--
18-Mar	EmployBridge	BlueMountain & Anchorage	Refinancing	\$485	--	\$485	--	500	--	--
18-Feb	On Assignment	Public	Acquisition	\$1,022	\$200	\$822	--	200	--	3.7x
18-Jan	Oasis	Stone Point	Refinancing	\$345	--	\$345	--	325	--	--
17-Dec	Tradesmen	Blackstone	Acquisition	\$454	\$40	\$359	\$55	450	1000	--
17-Nov	CHG Healthcare	Leonard Green	Refinancing	\$1,314	--	\$1,314	--	300	--	6.6x
17-Nov	Insight Global	Ares	Refinancing	\$899	--	\$899	--	350	--	--
17-Jul	Cross Country Healthcare	Public	Refinancing	\$215	\$115	\$100	--	275	--	4.1x

Source: S&P Global Market Intelligence

(1) Average PF Total Debt / EBITDA multiple based on YTD Jun-2018

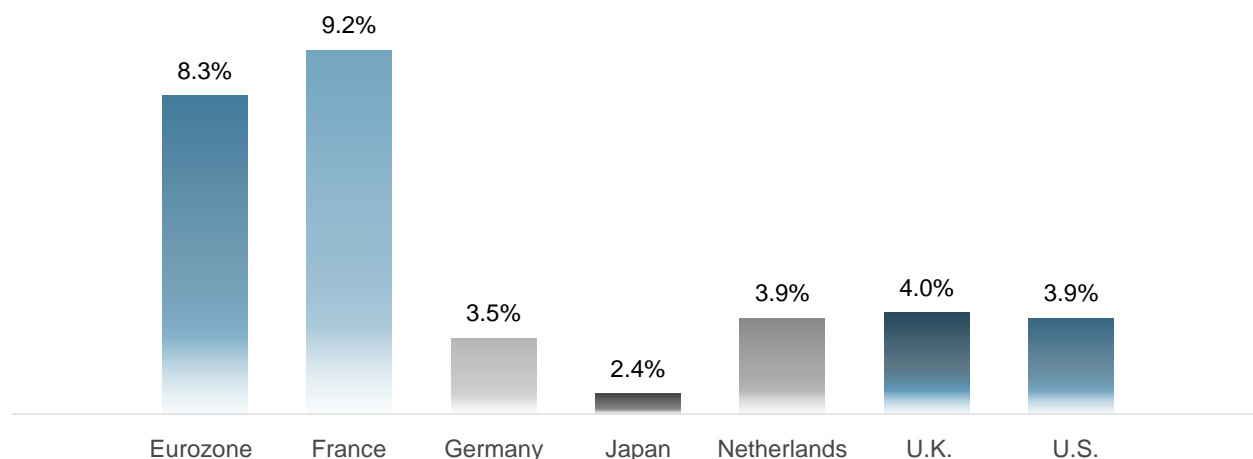


# Market Observations

---

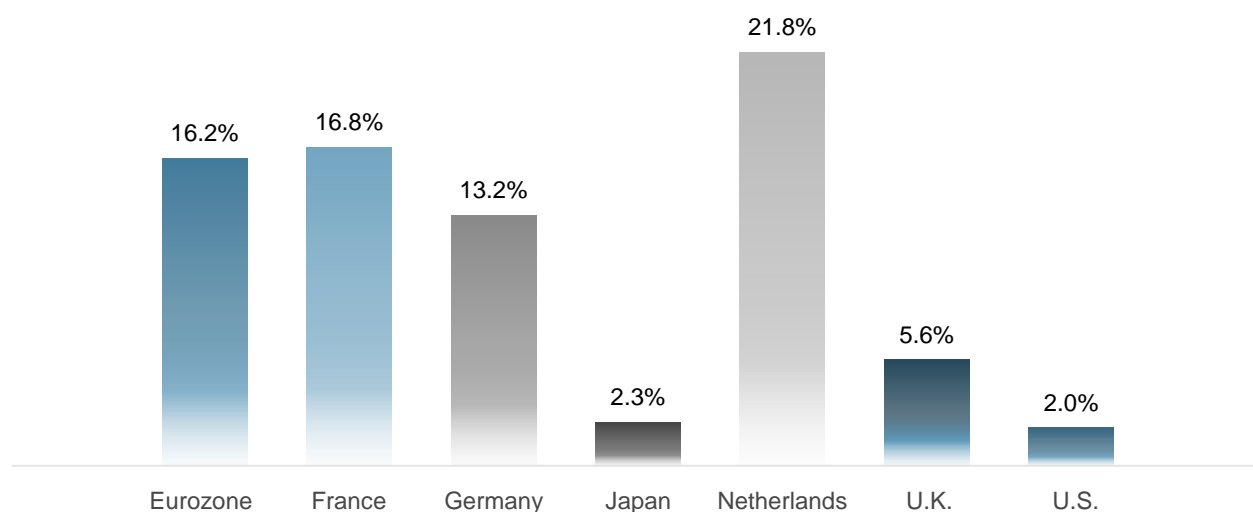
# Global Employment Statistics

## International Comparison: Unemployment Rates<sup>(1)</sup>



In Q1 2018, global unemployment rates continued to slowly decline as economic conditions remain favorable around the world. Global unemployment is forecasted to continue this downward trend in both 2018 and 2019, acting as a positive tailwind for HCM markets overall.

## International Comparison: Temporary Penetration Rates<sup>(2)</sup>



Penetration in Europe remains high as a result of more stringent protections around permanent employment, causing employers to be more cautious about hiring full-time employees. U.S. penetration has steadily increased since the financial crisis and stood at 2.05% in July 2018.

(1) U.S. data as of July 2018; Japan data as of June 2018; all others as of May 2018

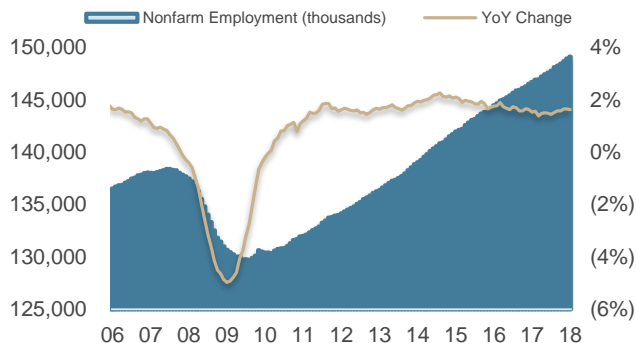
(2) U.S. data as of July 2018; Japan data as of June 2018; all others as of March 2018

Note: Eurozone comprised the following countries: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain

Sources: Bureau of Labor Statistics (U.S.), Eurostat, Statistics Bureau (Japan), Staffing Industry Analysts

# U.S. Macroeconomic Indicators

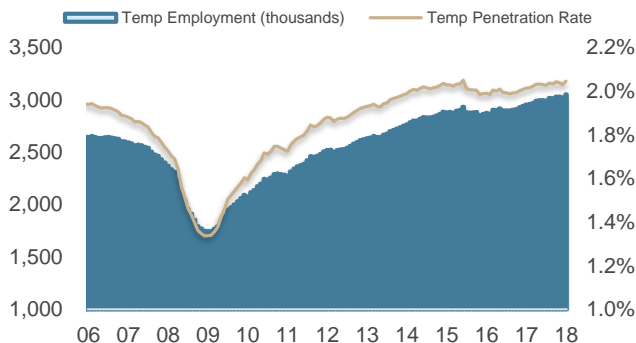
## Nonfarm Employment<sup>(1)</sup> and YoY Change



Source: U.S. Bureau of Labor Statistics

Nonfarm employment has increased 9.4% since June 2006 but at a decreasing rate since early 2015. July 2018 nonfarm employment was 149.1 million, a monthly increase of 157,000. Higher overall employment is a driver of HCM revenue.

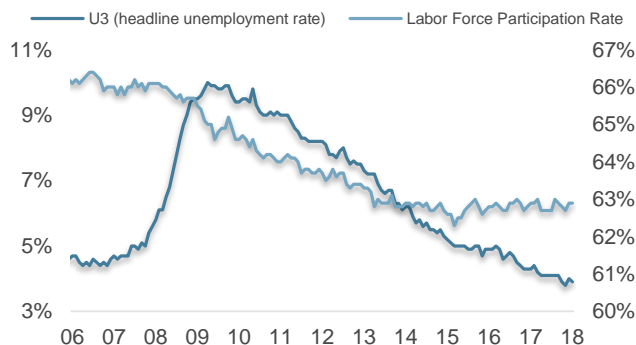
## Temp Employment<sup>(1)</sup> and Penetration



Source: U.S. Bureau of Labor Statistics

The temporary penetration rate, which measures temporary employment as a percentage of total nonfarm employment, stood at 2.05% in July 2018. Temporary employment was 3.05 million in July, an increase of 15.3% since June 2006. A higher temporary penetration rate means a larger market for HCM business; how much higher the penetration rate can go is still open for debate.

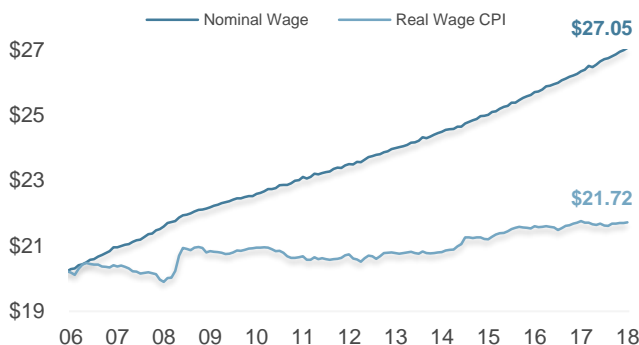
## Unemployment Rate and Participation



Source: U.S. Bureau of Labor Statistics

The unemployment rate was 3.9% in July 2018, while labor force participation was 62.9%. In the past few years, the labor force participation rate has stabilized while unemployment has continued to fall, indicating that job growth has not outpaced population growth.

## Real and Nominal Wage Growth



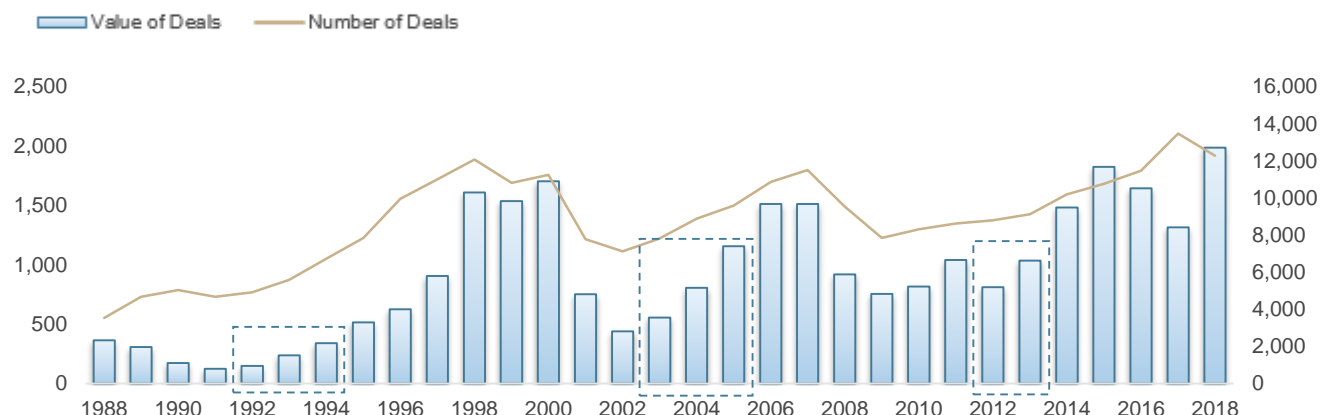
Source: U.S. Bureau of Labor Statistics

Real wages have grown 33.7% since June 2006, with the average hourly wage rate sitting at \$27.05 in July 2018, a 2.7% increase over the rate a year prior. Wage growth is a fundamental contributor to the HCM market, especially the staffing segment.

(1) Numbers in thousands

# M&A Market Intelligence

## Historical Domestic M&A Activity<sup>(1)</sup>



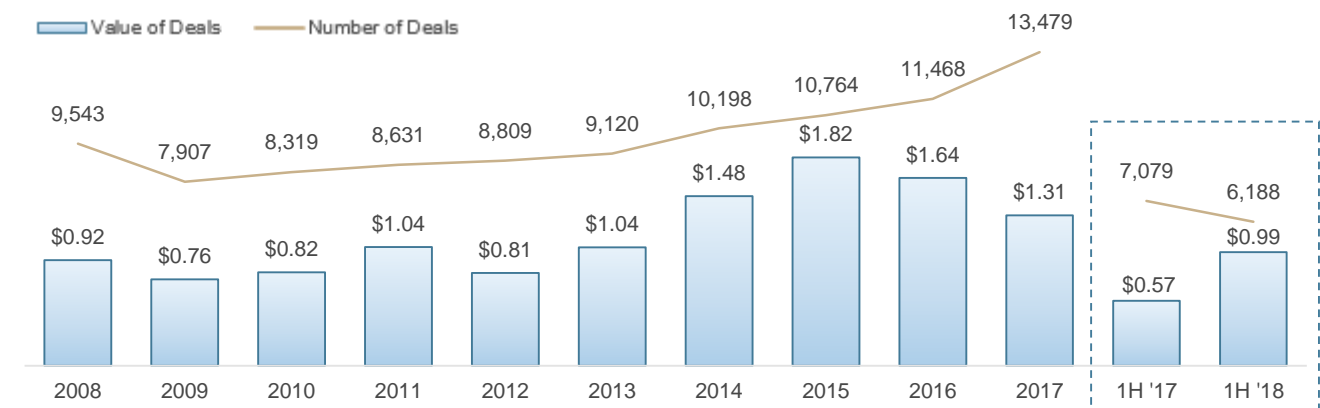
Domestic M&A activity has rebounded in 2018, with transaction values on pace to reach record levels, despite a drop-off in the number of transactions relative to 2017 levels. Despite geopolitical surprises (i.e., Brexit) and sustained regulatory headwinds throughout most of 2016, M&A activity was resilient. Uncertainty around tax and other regulatory reforms may have impacted larger transformative transactions throughout most of 2017, as the value of domestic M&A activity dropped significantly in 2017 despite the number of transactions reaching their highest levels in history. While transaction values have rebounded sharply thus far in 2018, it remains to be seen whether the current record levels of M&A activity will continue throughout the rest of 2018 given recent market volatility.

Source: Thomson Reuters, as of 6/30/18

Note: 2018 data shown on annualized basis, based on data through 6/30/2018

(1) Value of deals in \$ billions

## U.S. M&A Volume<sup>(2)</sup>



Global and domestic M&A transaction values increased substantially in 1H '18 relative to 1H '17, despite declines in the number of transactions over the same time period.









































Source: Thomson Reuters, as of 6/30/18

Notes: Regional breakdowns are by target and are based on total number of transactions

Includes minority equity deals, equity carve-outs, exchange offers, open market repurchases, and deals with undisclosed transaction values

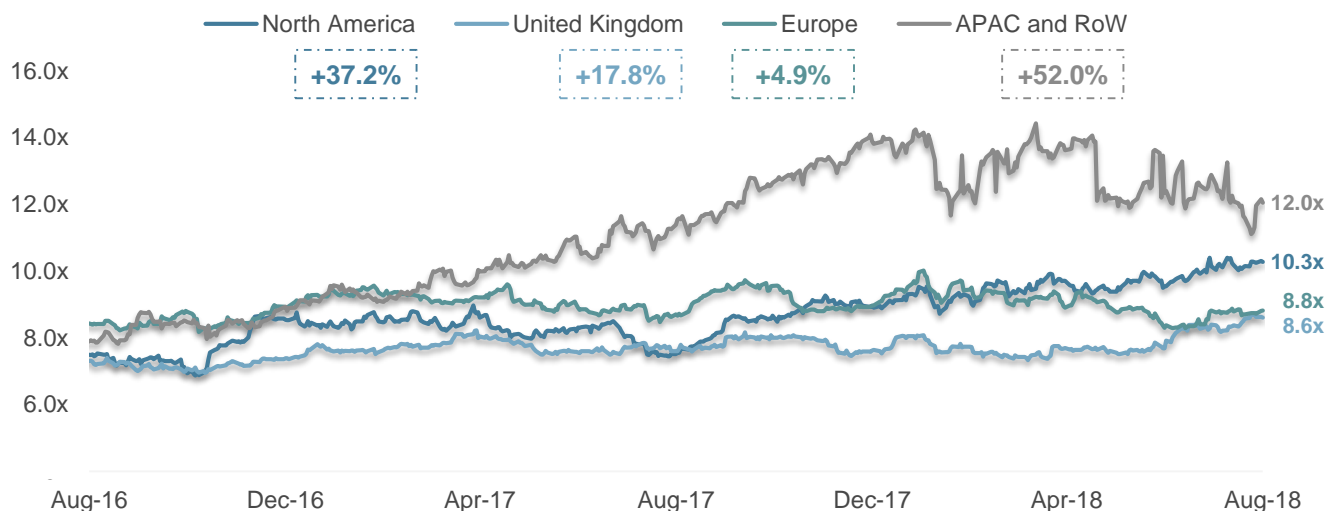
(2) Value of deals in \$ trillions

# Public Comps – Segment Composition & Performance

North America	United Kingdom	Europe	APAC and RoW
 AMN Healthcare	 Harvey Nash	 Adecco	 Career International
 BG Staffing	 Hays	 Allgeier	 HRnetGroup
 Computer Task Group	 Impellam Group	 Amadeus FiRe	 LIKE
 Cross Country Healthcare	 PageGroup	 Brunel	 MEITEC
 Heidrick & Struggles	 Robert Walters	 CPL Resources	 OUTSOURCING
 Kelly Services	 Staffline Group	 GFI Informatique	 Pasona Group
 Kforce	 SThree	 Groupe CRIT	 PERSOL
 Korn Ferry	<b>Count: 7</b>	 Randstad	 Recruit Holdings
 ManpowerGroup		 Synergie	 TechnoPro Holdings
 On Assignment		<b>Count: 9</b>	 Trust Tech
 RCM Technologies			 UT Group
 Robert Half			<b>Count: 11</b>
 TrueBlue			
<b>Count: 13</b>			

## Public Equity Markets Performance: Two-Year Change in EV/NTM EBITDA

Public equity markets remain strong; the U.S. and U.K. have trended upward in the past six months, while Europe has remained relatively flat; APAC has underperformed since May

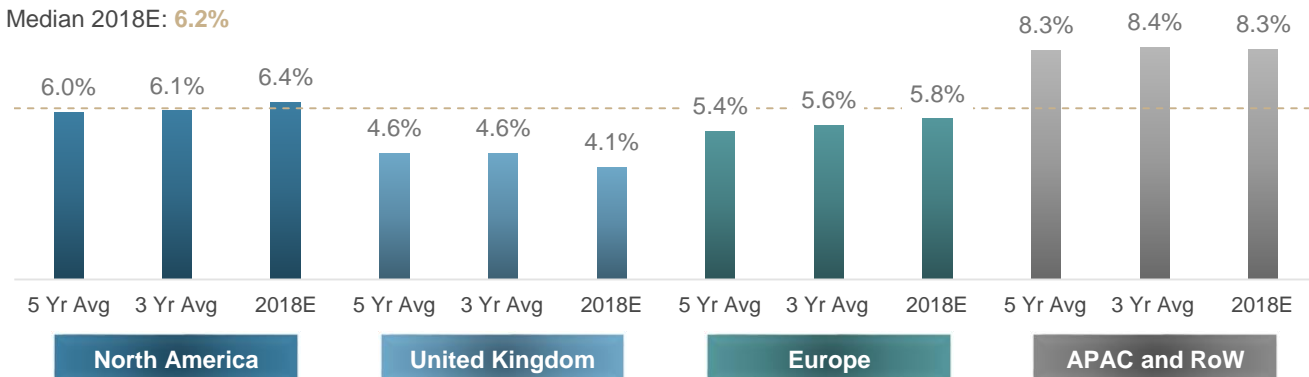


# Public Comps – Benchmarking Analysis

## Margin: EBITDA Margin

Margins have remained healthy and stable during the favorable operating environment of recent years and are projected to remain as such in 2018.

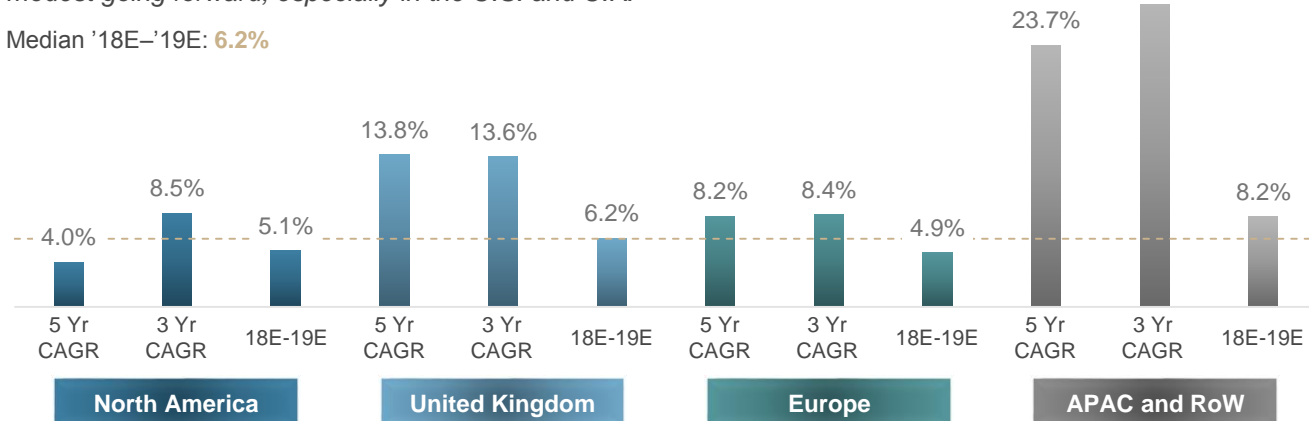
Median 2018E: **6.2%**



## Growth: Revenue

Revenue growth has been plentiful over recent years but is projected to be more modest going forward, especially in the U.S. and U.K.

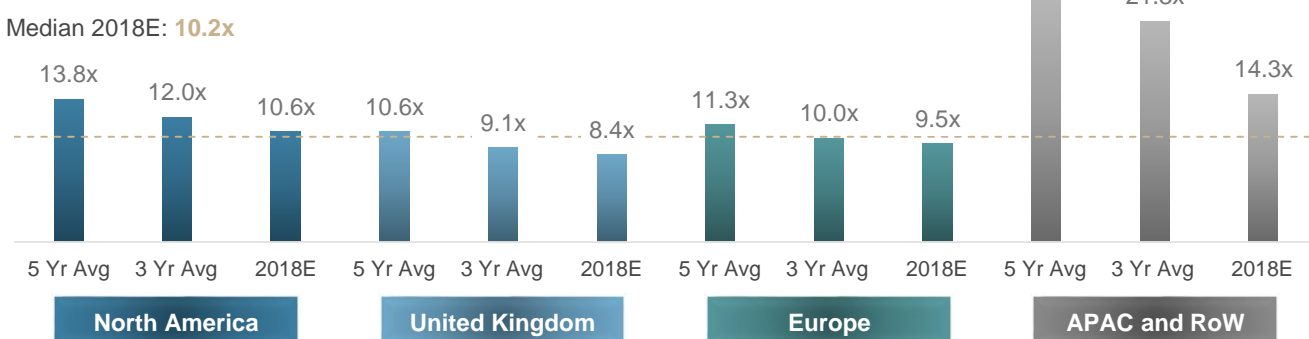
Median '18E-'19E: **6.2%**



## Multiple: Enterprise Value / EBITDA

High multiples from the immediate post-recession years caused by low EBITDAs have caused a declining trend in multiples over time, though the still sizable multiples we see today are more indicative of the true health of the market.

Median 2018E: **10.2x**



# Public Comps – Trading and Operating Performance

(\$ in millions, except per share data)

(\$ in millions, except per share data)		Stock Price	% of 52-Week High	Market Cap.	Enterprise Value	EBITDA		EBITDA Margin		EV / EBITDA		18E-'19E Revenue
Company	Sector	8/28/2018	High	Cap.	Value	2018E	2019E	2018E	2019E	2018E	2019E	Growth
North America												
Robert Half International	Diversified	\$77.86	97.4%	\$9,370	\$9,062	\$639	\$690	11.2%	11.3%	14.2x	14.2x	6.1%
ManpowerGroup	Professional	94.46	69.0%	6,130	6,535	921	993	4.1%	4.3%	7.1	7.1	3.4%
On Assignment	Professional	91.68	97.3%	4,800	5,996	396	443	11.7%	11.9%	15.2	15.2	9.7%
Korn Ferry	Executive Search	67.19	97.4%	3,859	3,575	292	324	15.5%	16.2%	12.2	12.2	5.6%
AMN Healthcare	Healthcare	58.55	85.9%	2,781	3,233	271	294	12.6%	13.1%	11.9	11.9	4.7%
TrueBlue	Diversified	29.40	98.5%	1,156	1,239	129	138	5.2%	5.4%	9.6	9.6	2.6%
Kforce	Professional	41.90	96.3%	1,036	1,138	92	104	6.4%	6.9%	12.4	12.4	5.1%
Kelly Services	Diversified	25.43	78.7%	987	955	111	134	2.0%	2.3%	8.6	8.6	4.0%
Heidrick & Struggles	Executive Search	44.05	97.3%	835	749	73	76	10.4%	10.5%	10.3	10.3	3.1%
Cross Country Healthcare	Healthcare	10.17	69.4%	369	434	35	48	4.3%	5.6%	12.3	12.3	3.4%
BG Staffing	Diversified	27.08	91.5%	273	301	28	32	9.7%	10.1%	10.6	10.6	9.7%
Computer Task Group	Diversified	5.97	62.1%	86	83	10	14	2.7%	3.6%	8.5	8.5	7.2%
RCM Technologies	Diversified	4.80	64.0%	59	88	9	10	4.5%	4.6%	9.7	9.7	6.7%
Average			85.0%					7.7%	8.1%	11.0x	11.0x	5.5%
Median			91.5%					6.4%	6.9%	10.6x	10.6x	5.1%
United Kingdom												
Hays	Diversified	\$2.60	94.8%	\$3,777	\$3,732	\$358	\$391	4.7%	4.8%	10.4x	10.4x	6.2%
PageGroup	Diversified	7.99	99.2%	2,508	2,396	202	218	10.4%	10.7%	11.8	11.8	4.8%
Robert Walters	Diversified	9.84	93.9%	683	651	67	73	4.0%	4.1%	9.8	9.8	6.2%
SThree	Diversified	4.51	89.7%	578	586	74	84	4.6%	4.9%	7.9	7.9	8.2%
Impellam Group	Diversified	7.34	87.0%	369	471	80	83	2.7%	2.7%	5.9	5.9	4.2%
Staffline Group	Diversified	15.92	97.3%	427	474	56	62	4.1%	3.8%	8.4	8.4	16.4%
Harvey Nash	Diversified	1.68	98.4%	122	131	20	21	1.7%	1.8%	6.4	6.4	2.7%
Average			94.3%					4.6%	4.7%	8.7x	8.7x	7.0%
Median			94.8%					4.1%	4.1%	8.4x	8.4x	6.2%
Europe												
Randstad	Diversified	\$64.23	92.1%	\$11,761	\$13,536	\$1,423	\$1,514	5.0%	5.1%	9.5x	9.5x	3.5%
The Adecco Group	Diversified	61.46	74.9%	10,238	12,102	1,421	1,521	5.0%	5.2%	8.5	8.5	3.9%
Synergie	Diversified	44.23	69.3%	1,062	1,059	178	198	5.8%	6.1%	5.9	5.9	6.1%
Groupe CRIT	Diversified	82.37	74.0%	914	931	173	183	5.8%	5.9%	5.4	5.4	4.9%
Brunel	Diversified	15.35	78.3%	776	659	55	71	5.2%	6.2%	12.0	12.0	8.8%
GFI Informatique	Professional	9.47	96.2%	630	1,004	104	122	6.9%	7.2%	9.6	9.6	12.5%
Amadeus FiRe	Professional	117.87	97.3%	613	580	41	43	18.0%	18.4%	14.1	14.1	3.5%
Allgeier	Diversified	40.77	97.5%	401	492	49	61	6.1%	6.9%	10.0	10.0	10.2%
CPL Resources	Diversified	6.87	86.8%	187	165	23	24	3.8%	3.8%	7.1	7.1	3.1%
Average			85.1%					6.9%	7.2%	9.1x	9.1x	6.3%
Median			86.8%					5.8%	6.1%	9.5x	9.5x	4.9%
APAC and RoW												
Recruit	Diversified	\$30.86	98.5%	\$51,567	\$50,787	\$2,515	\$2,945	12.1%	13.1%	20.2x	20.2x	8.2%
PERSOL	Diversified	22.00	77.0%	5,132	5,452	519	557	6.3%	6.3%	10.5	10.5	7.0%
TechnoPro	Diversified	60.47	90.0%	2,192	2,102	118	140	10.1%	10.6%	17.8	17.8	12.7%
OUTSOURCING	Diversified	18.91	84.6%	1,928	2,403	168	241	6.2%	7.3%	14.3	14.3	22.0%
UT Group	Diversified	33.65	85.7%	1,358	1,328	74	99	8.3%	9.1%	17.9	17.9	22.6%
Meitec	Diversified	47.69	80.1%	1,342	1,013	112	117	12.9%	12.9%	9.1	9.1	4.6%
Trust Tech	Diversified	42.11	89.3%	892	848	53	63	7.8%	8.1%	16.1	16.1	15.2%
HRnetGroup	Diversified	0.66	97.8%	662	459	48	51	15.4%	15.6%	9.6	9.6	4.7%
Career International	Diversified	3.52	78.1%	634	584	22	31	9.0%	8.7%	26.1	26.1	43.1%
Pasona Group	Diversified	16.55	70.1%	609	683	115	133	3.9%	4.2%	6.0	6.0	7.4%
LIKE	Diversified	14.51	59.7%	274	317	29	31	6.7%	6.6%	10.9	10.9	8.0%
Average			82.8%					9.0%	9.3%	14.4x	14.4x	14.1%
Median			84.6%					8.3%	8.7%	14.3x	14.3x	8.2%
Average			86.1%					7.3%	7.6%	11.1x	11.1x	8.3%
Median			89.5%					6.2%	6.5%	10.2x	10.2x	6.2%

Note: Margins and multiples exclude outliers  
Sources: S&P Capital IQ, public company filings



# Notable Recent M&A Transactions

(\$ in millions)						
Date	Acquiror	Target	Segment	Target Description		
08/07/18	DBAY Advisors	Harvey Nash Group	Staffing	Recruitment and outsourcing primarily in the U.K., Ireland, and mainland Europe		
07/26/18	New Mountain Capital	Beeline	VMS / MSP / RPO	VMS solutions for sourcing and managing the extended workforce		
06/14/18	Belcan Corporation	Allegiant International	Staffing	Advisory, tactical operations, and technical services		
06/11/18	NES Global Talent	Redbock	Staffing	Consulting solutions for the pharma, biotech, and medical devices industries		
05/30/18	Aya Healthcare	Locums Unlimited	Staffing	Boutique staffing agency specializing in locum tenens		
05/10/18	OMERS Private Equity	Alexander Mann Group	VMS / MSP / RPO	Recruitment process outsourcing and related advisory services		
05/09/18	Recruit Holdings	Glassdoor	Talent Management / Development	Online job listings, salary reports, ratings and reviews, interview questions, and more		
04/30/18	Littlejohn	Motion Recruitment Partners	VMS / MSP / RPO	Recruitment process outsourcing and IT permanent placement and contract staffing		
04/09/18	AMN Healthcare Services	MedPartners	Staffing	Staffing and recruitment solutions for healthcare facilities		
02/09/18	Medical Solutions	Professional Placement Resources	Staffing	Travel nurse staffing for acute and post-acute markets in the U.S.		
01/31/18	On Assignment	ECS Federal	Staffing	Technology services and solutions for United States government agencies and departments		
01/19/18	American Surgical Professionals	Chesapeake Medical Staffing	Staffing	Healthcare and medical staffing services		
12/08/17	ALKU	Holland Square	Staffing	IT consulting and technical staffing services		
12/05/17	Oasis Outsourcing	Staff One	Payroll / PEO	Outsourced HR management services for small and medium-sized firms in the U.S.		
11/20/17	The Carlyle Group	BenefitMall	Payroll / PEO	Payroll, HR, employee benefits, and employer services for businesses in the U.S.		
11/12/17	Olympus Partners	Vaco	Staffing	Placement services for F&A, IT, and administrative professionals		
11/08/17	FFL Partners	ProService Hawaii	Payroll / PEO	Large, privately held PEO providing essential HR-related solutions		
10/30/17	Graphite Capital	Young Samuel Chambers	Talent Management / Development	Individual assessment and development, talent management, and leadership programs		
10/17/17	CIP Capital	Wilson Human Capital Group	VMS / MSP / RPO	Recruitment process outsourcing (RPO) and human capital consulting services		
09/27/17	Synergie SE	Völker	Staffing	Employment and staffing services based in Hainfeld, Austria		
09/21/17	Eliassen (Riverside)	Principle Solutions Group	Staffing	IT staffing and consulting firm focusing on emerging technologies		
09/06/17	Kelly Services	Teachers On Call	Staffing	Substitute teacher staffing services for K-12 schools and early childcare centers		
08/21/17	Paychex	HR OutSourcing	Payroll / PEO	U.S.-based PEO offering tailored HR and benefits solutions		
07/31/17	AE Industrial Partners	CDI Corp.	Staffing	Engineering, information technology (IT), and staffing solutions worldwide		
07/17/17	The Carlyle Group	ZeroChaos	VMS / MSP / RPO	Contingent workforce management solutions for organizations worldwide		
07/14/17	PERSOL	Programmed Maintenance Services	Staffing	Staffing, maintenance, and facility management services primarily in Australia		
				Enterprise Value	EV/Revenue LTM	EV/EBITDA LTM
				\$369	1.3x	10.3x
Average Median				\$194	1.0x	10.0x

Sources: S&P Capital IQ, Mergermarket

# Disclaimer

---

© 2018 Houlihan Lokey. All rights reserved. This material may not be reproduced in any format by any means or redistributed without the prior written consent of Houlihan Lokey.

Houlihan Lokey gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this presentation. The material presented reflects information known to the authors at the time this presentation was written, and this information is subject to change. Houlihan Lokey makes no representations or warranties, expressed or implied, regarding the accuracy of this material. The views expressed in this material accurately reflect the personal views of the authors regarding the subject securities and issuers and do not necessarily coincide with those of Houlihan Lokey. Officers, directors, and partners in the Houlihan Lokey group of companies may have positions in the securities of the companies discussed. This presentation does not constitute advice or a recommendation, offer, or solicitation with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Houlihan Lokey or its affiliates may from time to time provide investment banking or related services to these companies. Like all Houlihan Lokey employees, the authors of this presentation receive compensation that is affected by overall firm profitability.

Houlihan Lokey is a trade name for Houlihan Lokey, Inc., and its subsidiaries and affiliates, which include those in (i) the United States: Houlihan Lokey Capital, Inc., an SEC-registered broker-dealer and member of FINRA ([www.finra.org](http://www.finra.org)) and SIPC ([www.sipc.org](http://www.sipc.org)) (investment banking services); Houlihan Lokey Financial Advisors, Inc. (financial advisory services); Houlihan Lokey Consulting, Inc. (strategic consulting services); HL Finance, LLC (syndicated leveraged finance platform); and Houlihan Lokey Real Estate Group, Inc. (real estate advisory services); (ii) Europe: Houlihan Lokey EMEA, LLP, and Houlihan Lokey (Corporate Finance) Limited, authorized and regulated by the U.K. Financial Conduct Authority; Houlihan Lokey GmbH; Houlihan Lokey (Netherlands) B.V.; and Houlihan Lokey (España), S.A.; (iii) the United Arab Emirates, Dubai International Financial Centre (Dubai): Houlihan Lokey (MEA Financial Advisory) Limited, regulated by the Dubai Financial Services Authority for the provision of advising on financial products, arranging deals in investments, and arranging credit and advising on credit to professional clients only; (iv) Singapore: Houlihan Lokey (Singapore) Private Limited, an “exempt corporate finance adviser” able to provide exempt corporate finance advisory services to accredited investors only; (v) Hong Kong SAR: Houlihan Lokey (China) Limited, licensed in Hong Kong by the Securities and Futures Commission to conduct Type 1, 4, and 6 regulated activities to professional investors only; (vi) China: Houlihan Lokey Howard & Zukin Investment Consulting (Beijing) Co., Limited (financial advisory services); (vii) Japan: Houlihan Lokey K.K. (financial advisory services); and (viii) Australia: Houlihan Lokey (Australia) Pty Limited (ABN 74 601 825 227), a company incorporated in Australia and licensed by the Australian Securities and Investments Commission (AFSL number 474953) in respect of financial services provided to wholesale clients only. In the European Economic Area (EEA), Dubai, Singapore, Hong Kong, and Australia, this communication is directed to intended recipients, including actual or potential professional clients (EEA and Dubai), accredited investors (Singapore), professional investors (Hong Kong), and wholesale clients (Australia), respectively. Other persons, such as retail clients, are NOT the intended recipients of our communications or services and should not act upon this communication.



HOULIHAN LOKEY

CORPORATE FINANCE  
FINANCIAL ADVISORY SERVICES  
FINANCIAL RESTRUCTURING  
STRATEGIC CONSULTING

[HL.com](https://www.hl.com)