



HOULIHAN LOKEY

HUMAN CAPITAL MANAGEMENT

INDUSTRY UPDATE | Winter 2020



Houlihan Lokey Human Capital Management

Houlihan Lokey is pleased to present its Human Capital Management (HCM) Industry Update.

Once again, we are happy to share 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.

We would also like to encourage you to meet us at the SIA Executive Forum North America, March 9–12, 2020. Please find additional details on the following page.

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

Regards,



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Human Capital Management – Coverage by Subsector

Staffing and
Recruitment



VMS/MSP/RPO



Talent Management
and Development



Payroll/
PEO



HR Consulting/
Benefits Admin



Select Advised HCM Transactions

AVEDON
CAPITAL PARTNERS
has sold its majority stake in
OLYMPIA
growth work solutions
to Management and
Morgan Stanley
INVESTMENT MANAGEMENT
Sellside Advisor

GLOBAL
has sold its majority stake in
a portfolio company of
TZP
has been acquired by
ettain group
a portfolio company of
A&M CAPITAL PARTNERS
Sellside Advisor

ettain group
a portfolio company of
NMB CAPITAL
has been acquired by
A&M CAPITAL PARTNERS
Sellside Advisor

CDI Corporation
a portfolio company of
ae Industrial Partners
has divested
GM NETWORK
to Bert Miller
Sellside Advisor

ingeus
the Workforce Development
Services division of
PROTECH
has been acquired by
APM
Sellside Advisor

ELIASSEN GROUP
a portfolio company of
ae Industrial Partners
has divested
Riverside PARTNERS
has been acquired by
STONE POINT CAPITAL
Sellside Advisor

CDI Corporation
a portfolio company of
ae Industrial Partners
has divested
CDI Talent & Technology Solutions
to
ARTECH
Sellside Advisor

TPGS
has been acquired by
system one
a portfolio company of
Thomas H. Lee Partners
Sellside Advisor

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

ECS
along with minority investor
LINDSAY GOLDBERG
has agreed to the sale of ECS
Federal to
On Assignment
Sellside Advisor

FFL PARTNERS
has completed a majority
investment in
ProService HAWAII
The smarter way to do HR.
Buyside Advisor

CIP CAPITAL
has made a strategic investment in
WilsonHCG
HUMAN CAPITAL GROUP
Buyside Advisor

PRINCIPLE SOLUTIONS GROUP
has partnered with
ELIASSEN 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

SIA Executive Forum North America

WE'LL SEE YOU THERE!

Email Thomas Bailey at TBailey@HL.com to schedule a time to discuss how the Houlihan Lokey HCM team can best meet your needs

SIA Executive Forum North America

March 9–12, 2020

Fontainebleau Hotel, Miami Beach, FL

Thomas Bailey, Managing Director, Human Capital Management
Andrew Shell, Vice President, Human Capital Management



Houlihan Lokey is excited to once again attend and participate as a sponsor of the SIA Executive Forum North America. We are looking forward to seeing you there, whether that means reconnecting or meeting for the first time. We encourage you to reach out to us personally to schedule a time to meet so that we can discuss how the HCM team can best meet your needs.

Location:



Fontainebleau Hotel
4441 Collins Avenue,
Miami Beach, FL 33140



No. 1 M&A Advisor for 5 Straight Years All U.S. Transactions

As a market-leading business services advisory firm, Houlihan Lokey has more than 50 dedicated business services professionals throughout the United States and internationally to match the global needs of our clients.

2019 M&A Advisory Rankings All U.S. Business Services Transactions

Advisor	Deals
1 Houlihan Lokey	24
2 Raymond James Financial Inc	13
2 Lincoln International	13
4 Generational Equity	12
5 William Blair & Co	10

Source: Refinitiv (formerly known as Thomson Reuters)

2018 M&A Advisory Rankings All U.S. Business Services Transactions

Advisor	Deals
1 Houlihan Lokey	19
2 Goldman Sachs & Co	15
3 Raymond James Financial Inc	13
3 Jefferies LLC	13
5 Harris Williams & Co	12

Source: Thomson Reuters.

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

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

Source: Thomson Reuters.

HOULIHAN LOKEY

HLI
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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

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

Europe and Middle East

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Dubai
Frankfurt
London
Madrid
Milan
Paris

Asia-Pacific

Beijing
Hong Kong
Singapore
Sydney
Tokyo

Winner of Numerous Awards

- No. 1 M&A Advisor for All U.S. Transactions (2015–2019) – Refinitiv
- Top 10 Most Active Global M&A Advisor (2015–2019) – Refinitiv
- Ranked Top 15 in Vault.com's Best Places to Work in Investment Banking (2019)
- No.1 Global Investment Banking Restructuring Advisor (2010–2019) – Refinitiv
- No.1 Global M&A Fairness Opinion Advisor Over the Past 20 Years (2019) – Refinitiv
- Leading Valuation Agent (2018) – The Hedge Fund Journal

Select HL M&A Transactions

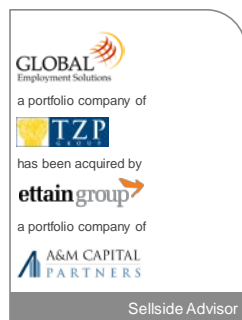


November 2019

Olympia is a leading temporary employment agency with approximately 140 locations in the Netherlands. The company is the only major temporary employment agency to employ a franchise formula, whereby independent entrepreneurs own the local offices. It has more than 700 employees and provides work to more than 12,000 temporary workers on a daily basis. It operates in sectors of logistical, industrial, technical, public, administrative, and contact center.

Morgan Stanley Tactical Value Investing is an investment platform of Morgan Stanley that targets private, long-term, and likely illiquid investments. The investment team seeks to make opportunistic investments globally and has the flexibility to invest in all asset classes and all parts of the capital structures.

Houlihan Lokey served as the exclusive financial advisor to Olympia.



October 2019

Global Employment Solutions (GES), formerly a portfolio company of TZP Group, provides IT and professional staffing services in the commercial and government markets under the brands Fahrenheit IT, ITEC, and Global Employment Solutions. GES employs more than 1,500 professionals with office locations in 13 markets.

ettain group, formerly a portfolio company of NMS Capital, is a leading talent solutions firm that delivers recruitment services and managed services in three practice areas: IT, healthcare IT, and digital creative. Founded in 1996, with nearly 1,300 employees and consultants, ettain group offers talent solutions across North America through its seven offices located across the United States.

Houlihan Lokey served as the exclusive financial advisor to GES.

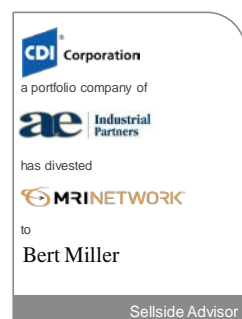


October 2019

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Alvarez & Marsal Capital is a multi-strategy private equity investment firm with more than \$3 billion in assets under management across four funds and three investment strategies. The firm combines a focus on middle-market private equity investing, with deep operational expertise, industry knowledge, and global corporate relationships.

Houlihan Lokey served as the exclusive financial advisor to ettain group.



May 2019

CDI Corporation, a portfolio company of AE Industrial Partners, is a multinational company that provides engineering, IT, and staffing services to clients in a range of industries, including energy, chemical, transportation, and financial services. CDI's Management Recruiters International (MRI) business operates MRINetwork, one of the largest search and recruitment organizations in the world, comprising nearly 400 independent search and recruitment firms.

Bert Miller is the co-founder and CEO of Protis Global, a leading executive search and advisory firm specializing in the consumer, food, and beverage; cannabis; hospitality; and banking industries. Mr. Miller is an industry veteran with more than 24 years in executive search and talent advisory services.

Houlihan Lokey served as the exclusive financial advisor to CDI.

HCM Spotlight: California Assembly Bill 5 (AB 5)

What is AB 5?

- Effective in California since January 1, 2020, AB 5 addresses the employment status of a worker when a company claims that he or she is an independent contractor and not an employee
- The bill requires all companies in California to apply the “ABC test” to avoid misclassifying the employment status of their workers
- Other states, including New York, New Jersey, and Illinois, have been preparing legislation similar to AB 5 with the aim of curbing illegal misclassification which, according to a report by New Jersey Governor Phil Murphy, has risen 40% over the last 10 years

What is the ABC test?

Under the ABC test, all three of the following conditions must be satisfied in order for a worker to be classified as an independent contractor:

- A** The worker is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact
- B** The worker performs work that is outside the usual course of the hiring entity’s business
- C** The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed

How will AB 5 affect staffing firms?

- If a staffing firm classifies a worker as an independent contractor and deploys that worker to a client site, the worker arguably may be exposed to the control of the client (contracting) company, raising the risk that the worker claims for employment status misclassification based on the ABC test against both the staffing firm and the contracting company
- Staffing firms, therefore, should take all precaution to ensure they are classifying temporary workers as employees unless they clearly meet the definition of independent contractors

What effect has AB 5 already had on the market?



In response to the legislation, Uber has established a companywide initiative called “Project Luigi” to add new features to its app for its drivers in California. These new features will allow drivers to see estimated fares before accepting a ride, giving them more power to determine whether a trip is worth their time. These changes would support Uber’s argument that its drivers are independent and free from its control, thus meeting the ABC test requirement to be classified as independent contractors.



Wonolo, an online staffing platform that has both W-2 and 1099 workers in California, is already seeing fewer 1099 jobs posted to its platform and expects this trend to continue. As a result, the company is working with policymakers to create a new worker classification, called “dependent workers,” that is neither 1099 nor W-2.

Staffing Industry M&A Activity

- A total of 144 staffing transactions were completed in 2019, slightly up from the 139 transactions reported in 2018
- Public buyers accounted for only 21 of the 144 transactions reported, with private buyers accounting for the remaining 123
- Financial sponsors and sponsor-backed strategic buyers accounted for 42 total transactions, representing 29% of M&A activity in 2019

144

144 staffing transactions occurred in 2019

123

Private buyers accounted for 123 staffing transactions in 2019

21

Public buyers accounted for 21 staffing transactions in 2019

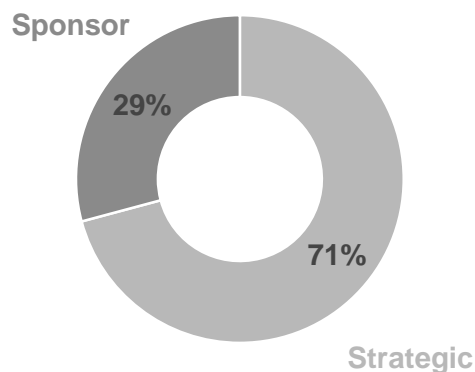
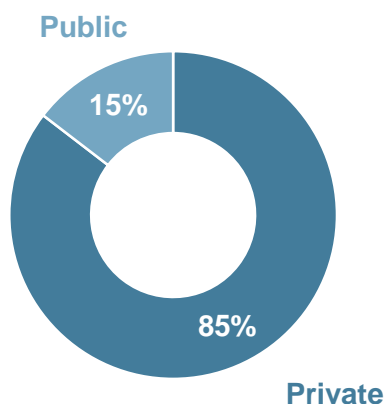
102

Strategic buyers accounted for 102 staffing transactions in 2019

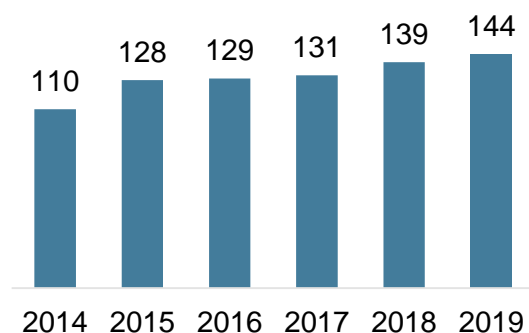
42

Financial buyers accounted for 42 staffing transactions in 2019

2019 Transaction Activity by Buyer Type



Yearly Staffing Transaction Volume



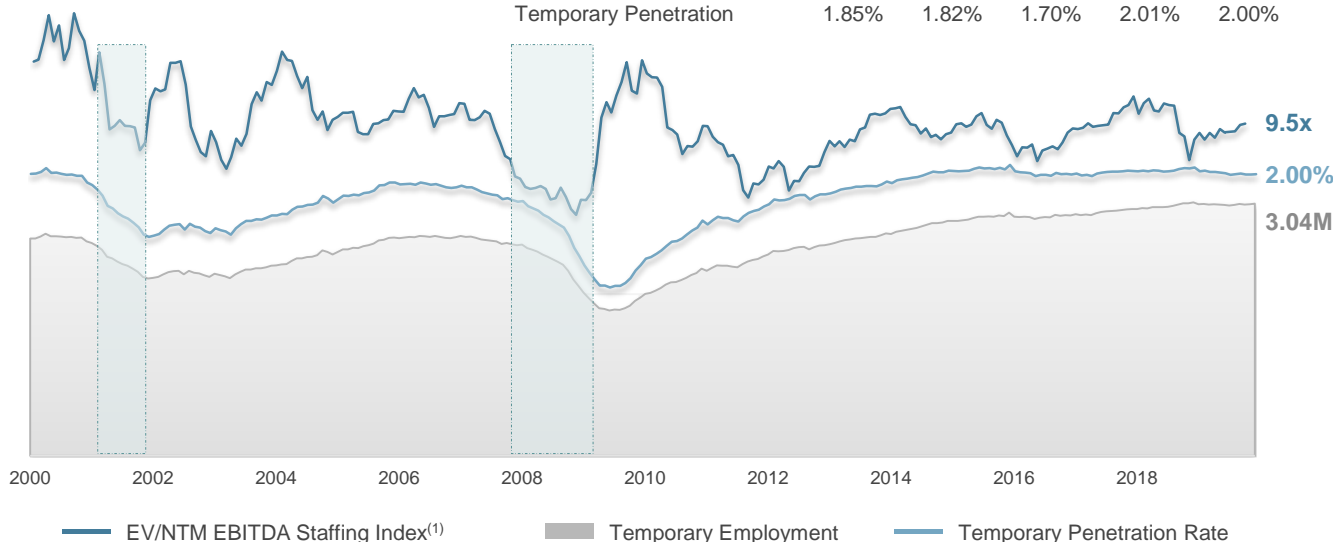
A total of 144 staffing transactions were completed in 2019, making it the biggest year for M&A in the current expansion.

In 2019, the IT, healthcare, and industrial sectors represented the top three industries of acquired companies, accounting for nearly 60% of all transactions. Finance and accounting and office specialty staffing firms contributed about 15% combined, with engineering/design making up a slightly smaller portion of deals at 5%, as compared to 7% last year.

Historical Performance and 2020 Trends

■ Denotes Recession

	Select Averages				
	All	02-07	07-12	5 Yrs	LTM
EV/EBITDA Staffing Index	9.3x	9.9x	8.1x	8.9x	8.6x
Temp Employment (000s)	2,538	2,431	2,279	2,949	3,033
Temporary Penetration	1.85%	1.82%	1.70%	2.01%	2.00%



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.

The U.S. temporary penetration rate settled at 2.00% in December 2019, above its average of 1.85% since 2000. By comparison, the U.K. temporary penetration rate is 5.00%, while many continental European countries have penetration rates well into the double digits. However, these rates have softened in recent quarters across the globe. While the labor market of each country may differ in key ways, we view the relatively lower U.S. rate as a sign that there is room for further expansion.

The Staffing Index shown above reflects a EV/NTM EBITDA multiple of 9.5x as of December 31, 2019. Since 2000, the multiple has averaged 9.3x, reaching a high of 21.4x in January 2000 and a low of 3.9x in October 2008. The positive trend during the current expansion has reflected the similar rise in temporary employment and the temporary penetration rate. Late 2018 downturns in equity markets pushed multiples lower before recovering significantly in 2019.

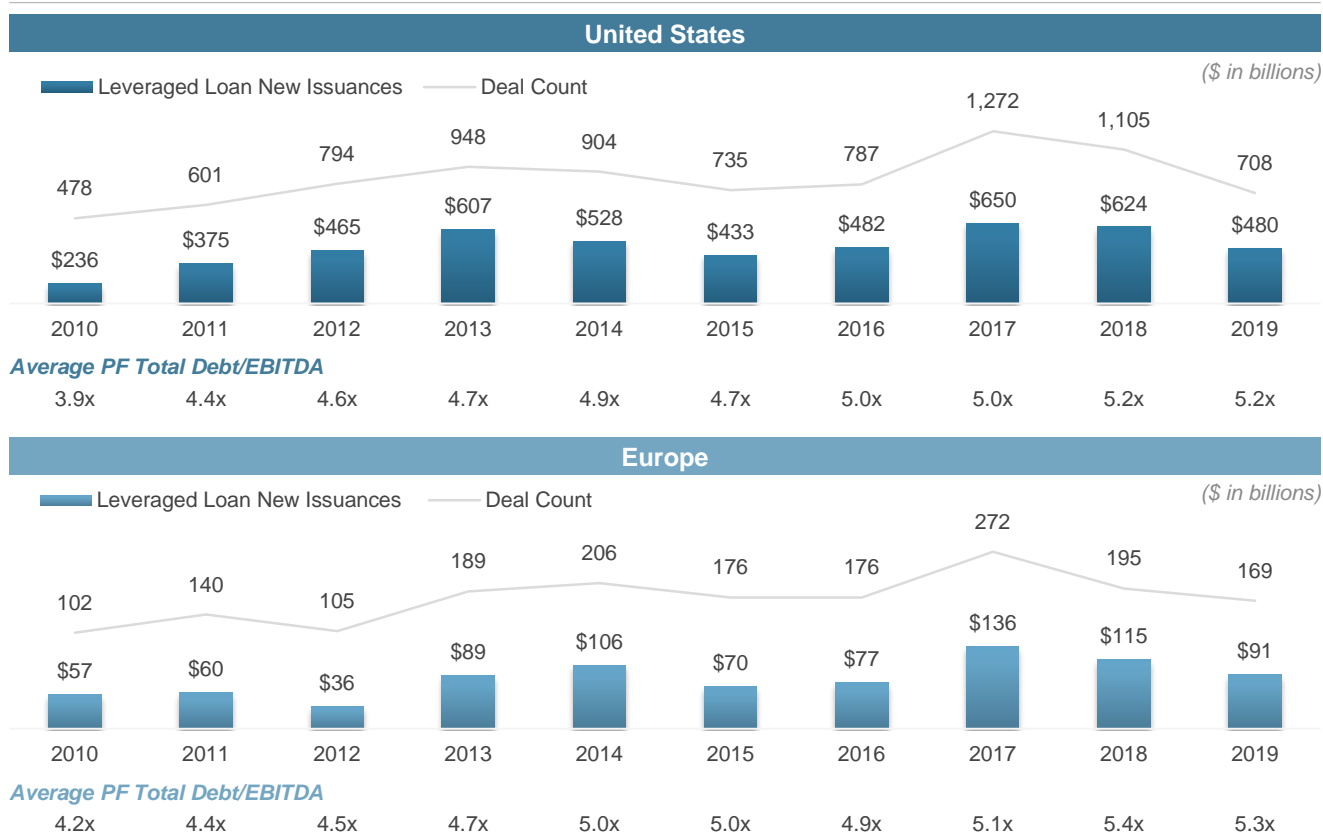
Key Market Trends

Capital Markets Characterized by Choppiness and Volatility <p>Increasing geopolitical uncertainty and overall lack of clarity of business conditions continues to create market volatility</p>	M&A Still Represents Top-Line Expansion Opportunity <p>A total of 144 staffing deals completed in 2019; slightly above the 139 reported in 2018, in line with the high levels of activity seen in recent years</p>	Substantial Cash Balances and Investor Dry Powder Remain <p>Availability of capital generally supporting leverage and valuations; cash buildup still near all-time highs</p>
Historically Low Unemployment <p>At 3.5%, 2019 ended with historically low unemployment, reflecting great hiring difficulty among a tight talent supply and increased demand for skilled labor</p>	Supportive Debt Markets <p>Historically low borrowing costs and attractive leverage multiples—5.2x and 5.3x debt/EBITDA in 2019 for U.S.- and European-based companies, respectively</p>	Investors Cautious of Volatile Global Environment <p>Investors increasingly concerned about international trade, elevated labor costs, and sluggish global growth</p>

(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)

Debt Capital Markets

Trends in Loan Statistics



Recent Issuances and Notable Transactions

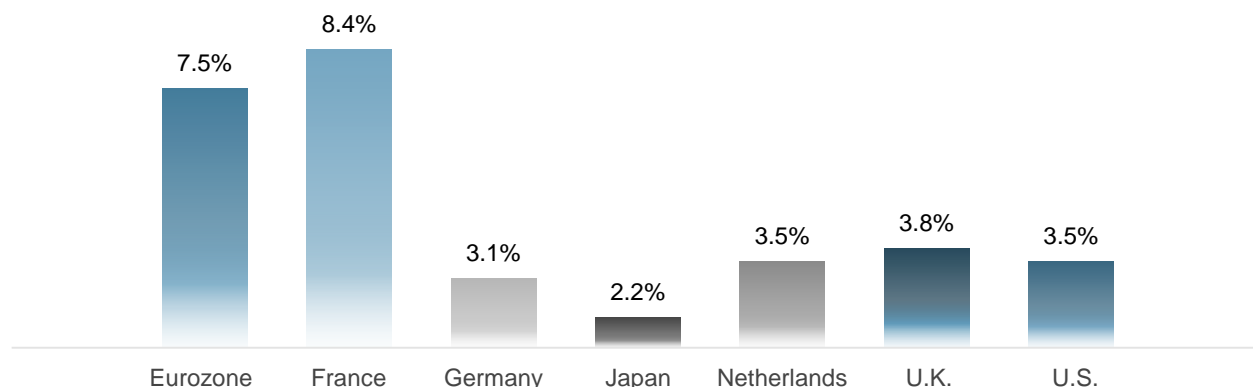
(\$ in millions)

Date	Borrower	Sponsor(s)	Use	Structure				1 st Lien Libor Spread	2 nd Lien Libor Spread	Total Leverage
				Total	RC	1 st Lien	2 nd Lien			
Feb-20	Cast & Crew Entertainment	EQT Partners	Acquisition	\$125	--	\$125	--	375	--	--
Dec-19	Korn Ferry	--	Refinancing	\$650	\$650	--	--	--	--	--
Nov-19	Alight Solutions	Blackstone Group	Acquisition	\$90	--	\$90	--	300	--	--
Nov-19	ASGN	--	Refinancing	\$540	--	\$540	--	175	--	--
Sep-19	Guidehouse	Veritas Capital	Acquisition	\$915	\$75	\$640	\$200	450	850	--
Sep-19	ALKU	FFL Partners	LBO	\$248	\$30	\$218	--	550	--	+5x
Sep-19	CoAdvantage	Aquiline Capital Partners	LBO	\$370	\$45	\$325	--	500	--	--
Jun-19	CHG Healthcare	Leonard Green	Acquisition	\$50	--	\$50	--	300	--	--
Apr-19	Insight Global	Ares	Recap	\$30	--	\$30	--	400	--	--
Mar-19	Addison Group	Odyssey Partners	Refinancing	\$355	\$45	\$310	--	500	--	--
Jan-19	Cast & Crew Entertainment	EQT Partners	LBO	\$855	\$90	\$765	--	400	--	--
Nov-18	CareerBuilder	Apollo	Recap	\$65	--	\$65	--	675	--	--
Nov-18	MSX International	Bain Capital	Refinancing	\$50	--	\$50	--	475	--	--

Source: S&P Global Market Intelligence

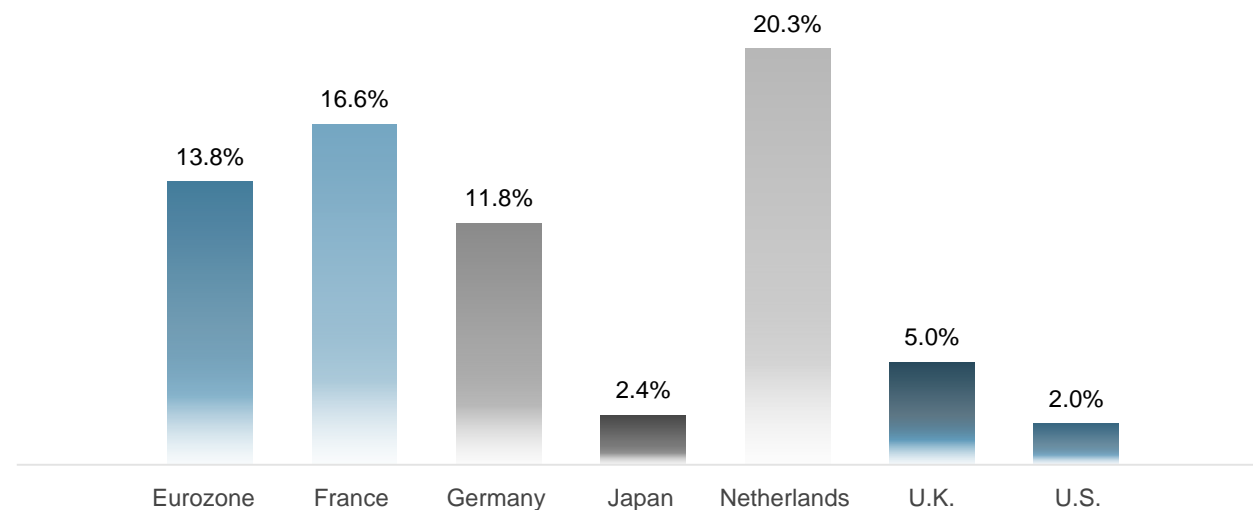
Global Employment Statistics

International Comparison: Unemployment Rates⁽¹⁾



In 2019, global unemployment rates continued to decline amidst a backdrop of sociopolitical volatility. Global growth is muted, although it is expected to increase slightly from 2.9% in 2019 to 3.3% in 2020 and 3.4% in 2021.⁽²⁾

International Comparison: Temporary Penetration Rates⁽³⁾



Penetration in Europe is down slightly over the past year but remains high as a result of stringent protections around permanent employment, causing employers to be more cautious about hiring full-time employees. U.S. penetration has generally increased since the financial crisis and stood at 2.0% as of December 2019.

(1) U.K. data as of October 2019; all others as of November 2019

(2) "World Economic Outlook Update (January 20, 2020)," International Monetary Fund

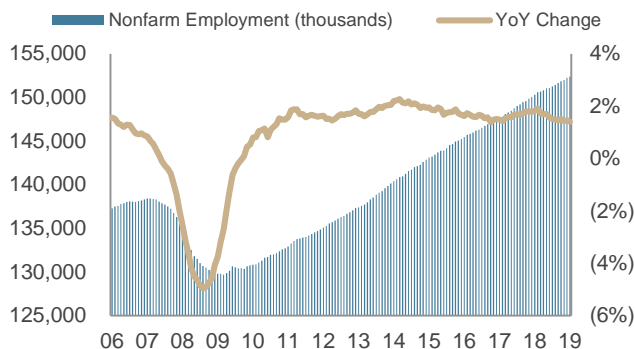
(3) All data as of September 2019

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

Sources: Bureau of Labor Statistics (U.S.), Eurostat, Office for National Statistics (U.K.), Statistics Bureau (Japan), SIA

U.S. Macroeconomic Indicators

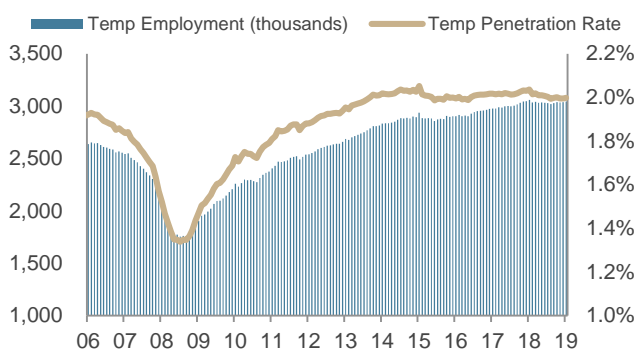
Nonfarm Employment⁽¹⁾ and YoY Change



Source: U.S. Bureau of Labor Statistics

December 2019 nonfarm employment was 152.4 million, a monthly increase of 145,000, as compared to the average gain of 200,000 per month over the previous five years. Payrolls have grown on a month-to-month basis for nearly 10 years, a streak of 111 straight months. Higher overall employment is a driver of HCM revenue.

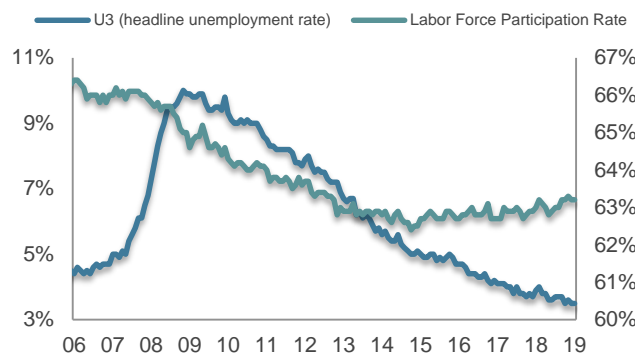
Temp Employment⁽¹⁾ and Penetration



Source: U.S. Bureau of Labor Statistics

The temporary penetration rate, which measures temporary employment as a percentage of total nonfarm employment, has decreased slightly from 2.04% in December 2018 to 2.00% in December 2019. Temporary employment was 3.04 million in December 2019, an increase of 15.4% since December 2006. A higher temporary penetration rate signifies a larger market for HCM business.

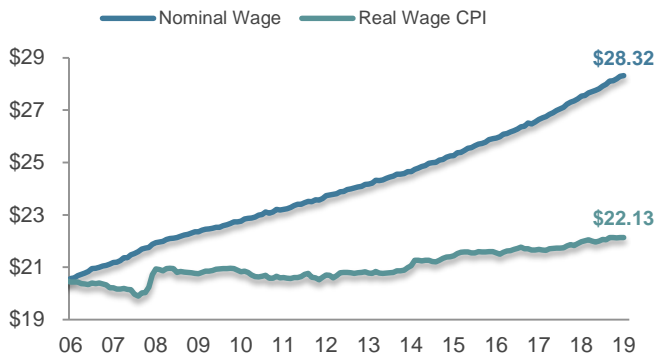
Unemployment Rate and Participation



Source: U.S. Bureau of Labor Statistics

The unemployment rate was 3.5% in December 2019, while labor force participation was 63.2%, which is a 0.2% increase over prior year. 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. The current unemployment rate is amongst the lowest on record.

Real and Nominal Wage Growth



Source: U.S. Bureau of Labor Statistics

Nominal wages have grown 37.7% since December 2006, with the average hourly wage rate coming in at \$28.32 in December 2019, a 2.9% increase over the rate a year prior. Real wages increased 0.6% over the same period. Wage growth is a fundamental contributor to the HCM market, especially the staffing segment.

(1) Numbers in thousands

CEO Confidence and Recession Outlook

CEO Confidence Rebounds in Q4 2019, Though Overall Executives Remain Cautious

The Conference Board Measure of CEO Confidence™ rebounded to a reading of 43 in Q4 2019, after its decline to 34 in Q3 2019⁽¹⁾

THE CONFERENCE BOARD 

- According to the CEO Confidence survey conducted by the Conference Board, CEOs are more optimistic about current economic conditions than they were in Q3, with 15% saying that conditions are better in Q4 than they were six months ago, as opposed to 8% in Q3. 52% say that conditions are worse in Q4, which is a significant decrease from 73% in Q3
- Moving forward, CEOs are less pessimistic about the economic outlook, with 44% expecting economic conditions to worsen over the next six months, as compared to 67% who held the same opinion in the prior quarter
- CEOs' thoughts on the current global macro environment improved meaningfully as compared to Q3; however, overall, CEOs still maintain a pessimistic view on current economic conditions
 - Expectations for Europe and China are muted, while the U.K. and China may benefit from recent positive momentum

CEO Confidence improved in the final quarter of 2019, after having declined to its lowest level in a decade in Q3

- Lynn Franco, Senior Director of Economic Indicators at The Conference Board

Source: "CEO Confidence Rebounded in Q4," The Conference Board (January 7, 2020)

(1) A reading of more than 50 points reflects more positive than negative responses

Recession Outlook

Trade uncertainty, political instability, and additional competition rising from disruptive technologies cause worry for C-suite executives, but fear of a recession is the top external concern in 2020 for CEOs in the U.S., after registering as their third biggest concern in 2019

No Recession

- While nearly all respondents believe that some type of downturn will occur over the coming year, **only 3% of those surveyed believe that a recession specifically will occur before the end of 2020**, down from 15% last year
- The decade-long expansion continued in 2019, with full-year GDP growth of 2.3% bringing positive momentum into 2020

Recession Case

- According to Deloitte's CFO Signals™ Q4 2019 report, **97% of CFOs surveyed⁽¹⁾ expect either an economic downturn or recession will occur in 2020**, with 82% saying that they've already taken at least one action in response to the expected slowdown
- Making matters worse, the top internal concern of global executives heading into 2020 is attracting and retaining top talent

Continued growth and low interest rates are expected to keep M&A activity high in 2020. Private equity firms will be very active, having ~\$2.5 trillion of dry powder to deploy⁽²⁾

Many banking and private equity executives expect a rush to market in the first half of 2020

Sources: "CFO Signals: Q4 2019," Deloitte; "Latest data show the economy ended 2019 on a strong note, putting recession fears to bed," CNBC (January 7, 2020)

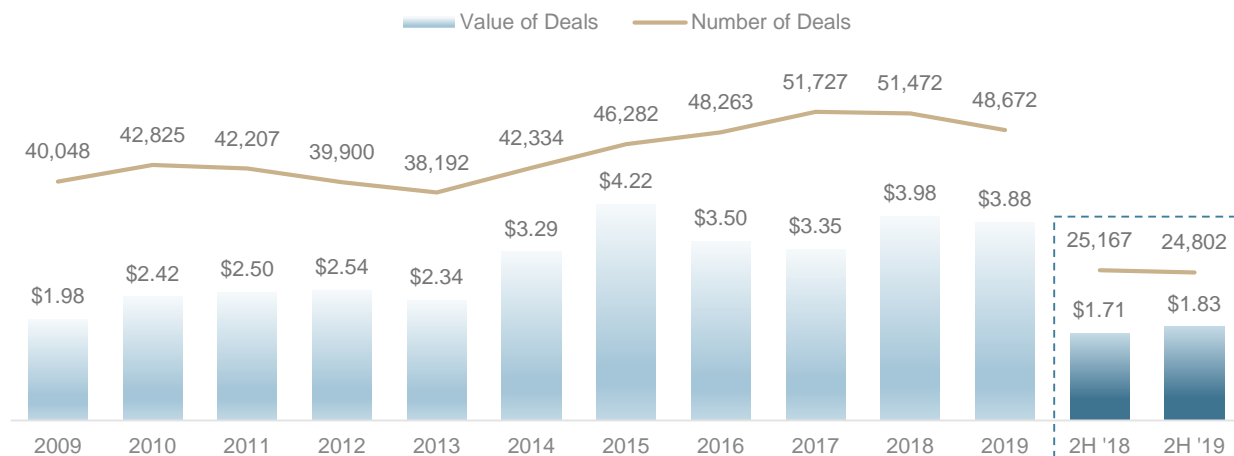
(1) Survey composed of 147 CFOs of North American companies, 88% of whom work at companies generating more than \$1 billion in annual revenue

(2) Preqin

M&A Market Intelligence

Global M&A Activity

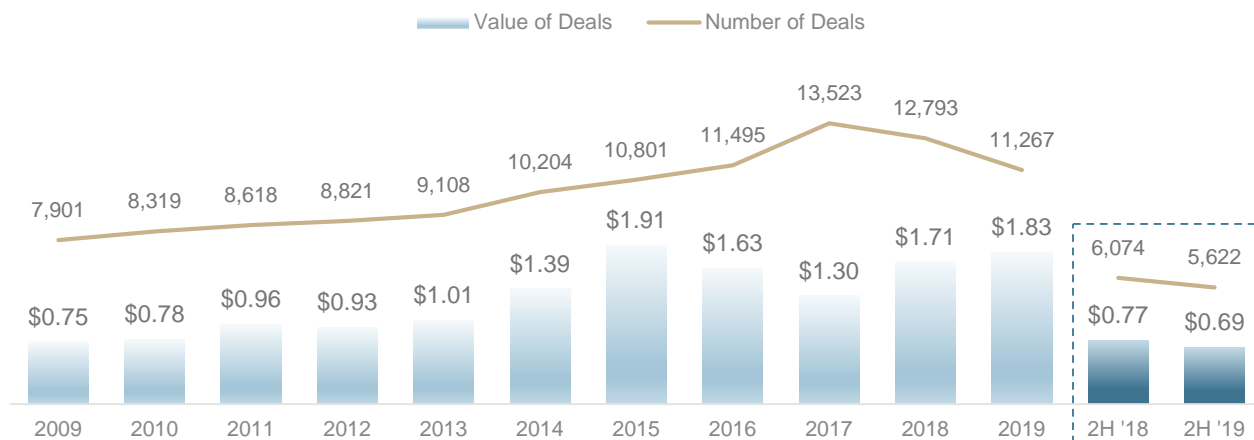
(\$ in billions)



Although the volume of deals decreased in 2019 versus 2018, global M&A transaction value increased slightly (7.1%) in the second half of 2019 relative to 2H 2018. Over the same period, the number of transactions was nearly flat, decreasing by 1.5%. 2018 was the second most active year for M&A in terms of both value and number of deals, making a tough comparison for the activity seen in 2019. Still at high levels, this relatively strong M&A activity should continue in 2020 with a relatively healthy economic environment, availability of capital, and supportive debt markets.

U.S. M&A Activity

(\$ in billions)



Compared to the second half of 2018, domestic M&A activity weakened in the second half of 2019 in terms of both value and number of deals. Although 2019 brought the second highest value of deals in the last 10 years (with 2015 being the highest), bearish sentiment regarding a potential recession in late 2019 may have suppressed further M&A volume, hence the decline year over year. One of the biggest market decelerators in 2019 was the trade dispute with China, which negatively impacted domestic business development. However, recent developments have given the market more confidence that instability in international business relations will not be an outsized detractor from domestic growth, and low interest rates and significant dry powder should continue to act as a boon to M&A levels throughout the coming year.

Source: Refinitiv (formerly known as Thomson Reuters)

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

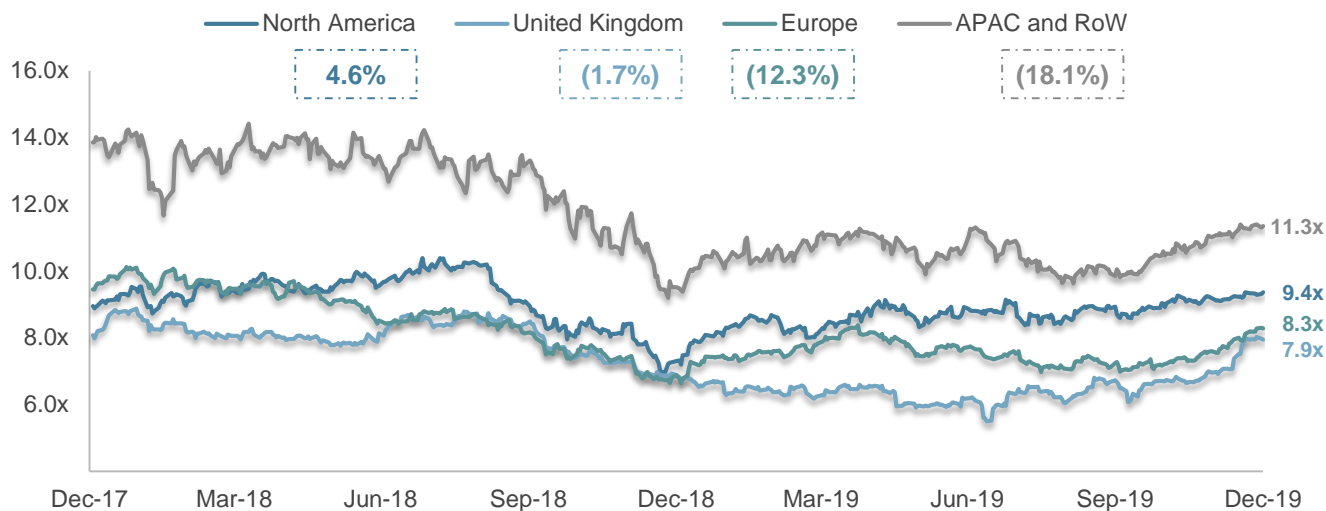
Includes minority equity deals, equity carve-outs, exchange offers, open market repurchases, and deals with undisclosed transaction values

Public Comps – Segment Composition and Performance

North America	United Kingdom	Europe	APAC and RoW
AMN Healthcare	Hays	Adecco	Career International
BG Staffing	Impellam Group	Allgeier	HRnetGroup
Computer Task Group	PageGroup	Amadeus FiRe	LIKE
Cross Country Healthcare	Robert Walters	Brunel	MEITEC
Heidrick & Struggles	Staffline Group	CPL Resources	OUTSOURCING
Kelly Services	SThree	Groupe CRIT	Pasona Group
Kforce	Count: 6	Randstad	PERSOL
Korn Ferry		Synergie	Recruit Holdings
ManpowerGroup		Count: 8	TechnoPro Holdings
On Assignment			Trust Tech
RCM Technologies			UT Group
Robert Half			Count: 11
TrueBlue			
Count: 13			

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

2019 brought relatively stable, gradual improvement to valuation multiples after a negative trend in the second half of 2018; modest growth expectations continue into 2020

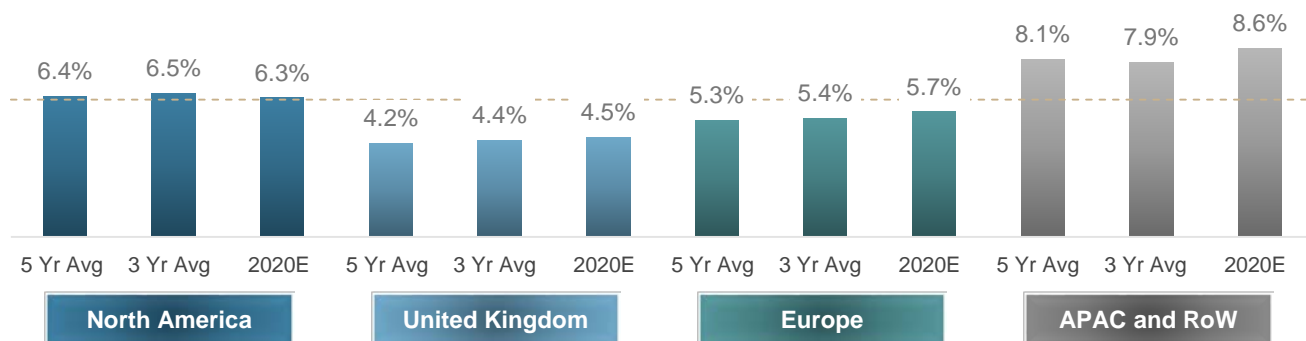


Public Comps – Benchmarking Analysis

Margin: 2020E EBITDA Margin

Margins are projected to continue at historical levels in 2020, as firms continue to focus on operational efficiencies while top-line growth expectations remain muted

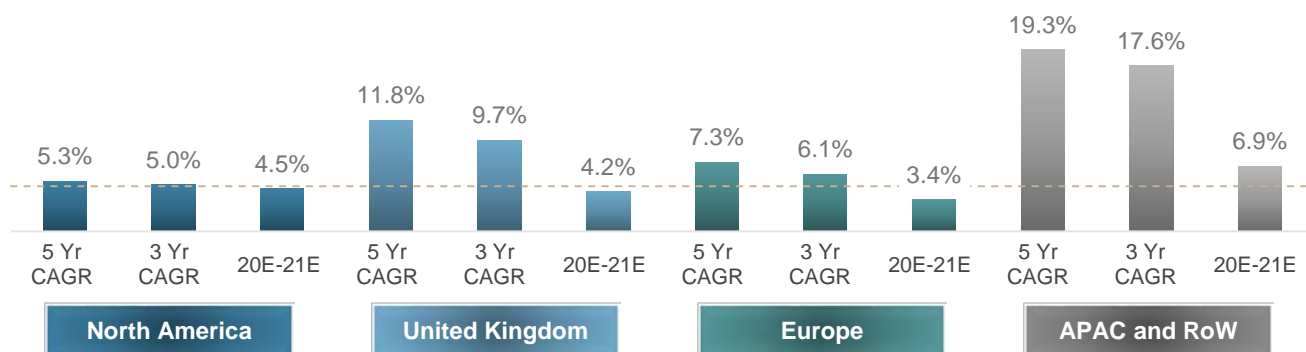
Median 2020E: **6.3%**



Growth: 2020E–2021E Revenue

While still positive, growth expectations have trended downward in recent years, in line with more modest macroeconomic growth expectations. Going forward, companies expect stable yet comparatively low growth.

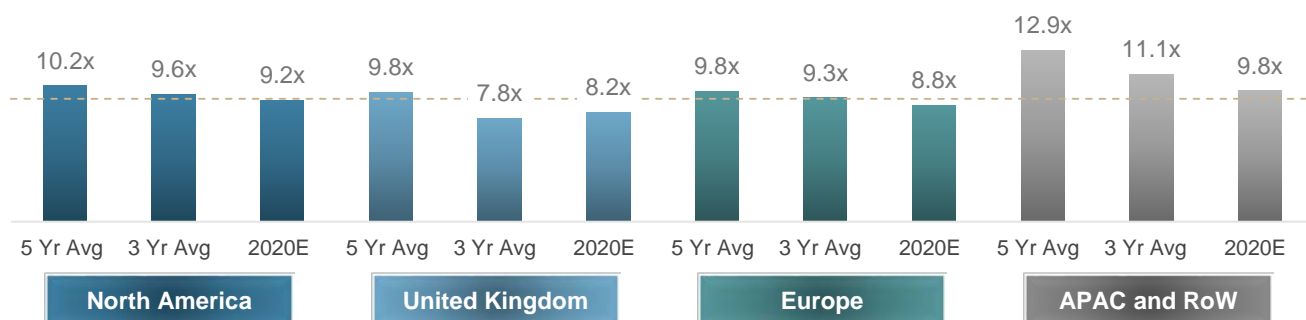
Median 2020E–2021E: **4.8%**



Multiple: Enterprise Value/2020E EBITDA

Though multiples have modestly drifted down over the past several years, 2019 brought a positive course correction and value expectations remain poised for strong levels in 2020.

Median 2020E: **9.2x**



Public Comps – Trading and Operating Performance

(\$ in millions, except per share data)		Stock Price	% of	Market	Enterprise	EBITDA		EBITDA Margin		EV/ EBITDA		'20E-'21E
Company	Sector	12/31/2019	52-Week High	Cap.	Value	2020E	2021E	2020E	2021E	2020E	2021E	Revenue Growth
North America												
Robert Half International	Diversified	\$63.15	91.4%	\$7,202	\$7,161	\$689	\$717	11.3%	11.3%	10.4x	10.0x	4.2%
ManpowerGroup	Professional	97.10	99.1%	5,725	6,384	783	803	3.7%	3.8%	8.2	8.0	(0.1%)
On Assignment	Professional	70.97	97.7%	3,747	4,757	445	476	11.4%	11.4%	10.7	10.0	7.1%
AMN Healthcare	Healthcare	62.31	94.7%	2,911	3,593	271	295	12.3%	12.4%	13.2	12.2	7.6%
Korn Ferry	Executive Search	42.40	85.6%	2,342	2,404	308	337	15.7%	15.9%	7.8	7.1	7.5%
TrueBlue	Diversified	24.06	93.4%	906	965	111	102	4.7%	4.4%	8.7	9.5	(2.4%)
Kelly Services	Diversified	22.58	78.1%	883	945	133	127	2.5%	2.4%	7.1	7.5	(0.3%)
Kforce	Professional	39.70	93.1%	855	901	86	92	6.3%	6.5%	10.5	9.8	4.5%
Heidrick & Struggles	Executive Search	32.50	72.8%	623	512	85	87	12.0%	12.1%	6.0	5.9	1.8%
Cross Country Healthcare	Healthcare	11.62	89.5%	429	515	24	34	3.0%	3.9%	21.1	15.3	4.7%
BG Staffing	Diversified	21.89	78.2%	224	250	27	28	9.0%	9.0%	9.4	8.9	5.6%
Computer Task Group	Diversified	5.18	83.1%	76	88	13	13	3.2%	3.3%	7.0	6.6	4.3%
RCM Technologies	Diversified	3.00	62.2%	39	77	8	11	4.4%	5.2%	9.2	7.1	7.7%
Average			86.1%					7.7%	7.8%	9.9x	9.1x	4.0%
Median			89.5%					6.3%	6.5%	9.2x	8.9x	4.5%
United Kingdom												
Hays	Diversified	\$2.36	97.6%	\$3,464	\$3,296	\$338	\$340	4.3%	4.3%	9.7x	9.7x	0.6%
PageGroup	Diversified	6.80	95.2%	2,160	2,234	243	252	11.5%	11.5%	9.2	8.9	3.8%
SThree	Diversified	4.93	100.0%	632	643	89	95	4.8%	4.9%	7.2	6.8	5.3%
Robert Walters	Diversified	7.23	82.2%	518	555	80	82	4.7%	4.6%	6.9	6.8	4.7%
Impellam Group	Diversified	4.75	62.4%	225	355	74	78	2.7%	2.6%	4.8	4.6	9.4%
Staffline Group	Diversified	1.13	6.8%	77	205	21	29	1.4%	1.9%	9.9	7.0	2.4%
Average			74.0%					4.9%	5.0%	8.0x	7.3x	4.4%
Median			88.7%					4.5%	4.5%	8.2x	6.9x	4.2%
Europe												
Randstad	Diversified	\$59.89	98.0%	\$10,977	\$12,741	\$1,549	\$1,534	5.9%	5.8%	8.2x	8.3x	1.1%
The Adecco Group	Diversified	62.78	96.7%	10,195	12,089	1,248	1,302	4.8%	5.0%	9.7	9.3	0.5%
Groupe CRIT	Diversified	80.97	98.5%	899	957	189	194	6.8%	6.9%	5.1	4.9	1.0%
Amadeus FiRe	Professional	162.60	99.2%	845	804	52	78	20.4%	22.5%	15.4	10.3	35.6%
Synergie	Diversified	32.12	81.3%	771	804	159	168	5.4%	5.6%	5.1	4.8	1.9%
Brunel	Diversified	9.91	59.2%	501	481	51	73	4.5%	5.9%	9.3	6.6	6.3%
Allgeier	Diversified	37.29	92.9%	411	605	65	91	7.6%	9.9%	9.3	6.7	6.0%
CPL Resources	Diversified	8.36	98.7%	229	181	30	30	4.6%	4.5%	6.1	6.0	4.8%
Average			90.6%					7.5%	8.3%	8.5x	7.1x	7.2%
Median			97.4%					5.7%	5.9%	8.8x	6.7x	3.4%
APAC and RoW												
Recruit	Diversified	\$37.54	97.6%	\$61,895	\$61,697	\$2,953	\$3,247	13.4%	13.9%	20.9x	19.0x	6.1%
Persol	Diversified	18.79	76.2%	4,353	4,526	546	586	6.2%	6.2%	8.3	7.7	6.2%
TechnoPro	Diversified	70.07	96.3%	2,532	2,591	143	164	10.1%	10.3%	18.1	15.7	12.4%
Meitec	Diversified	56.33	98.6%	1,555	1,169	125	129	13.5%	13.4%	9.4	9.1	4.8%
OUTSOURCING	Diversified	10.61	75.9%	1,333	2,005	190	230	5.5%	5.9%	10.6	8.7	13.9%
UT Group	Diversified	30.13	94.8%	1,216	1,157	86	103	8.8%	8.8%	13.5	11.3	20.2%
Career International	Diversified	4.58	76.1%	825	810	33	39	6.8%	6.2%	24.7	20.7	30.4%
Pasona Group	Diversified	14.62	88.5%	572	568	150	NM	4.6%	NM	3.8	NM	NM
Trust Tech	Diversified	11.65	60.7%	494	458	66	75	8.6%	9.1%	6.9	6.1	7.0%
HRnetGroup	Diversified	0.46	77.2%	462	291	48	50	15.1%	15.6%	6.1	5.8	2.1%
LIKE	Diversified	14.32	81.4%	272	321	33	NM	6.7%	NM	9.8	NM	6.8%
Average			83.9%					9.0%	9.9%	12.0x	11.6x	11.0%
Median			81.4%					8.6%	9.1%	9.8x	9.1x	6.9%
Average			84.5%					7.6%	8.0%	9.9x	9.0x	6.6%
Median			90.4%					6.3%	6.2%	9.2x	8.1x	4.8%

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

Notable Recent M&A Transactions

(\$ in MM)						
Date	Acquiror	Target	Target Segment	Target Description		
02/04/20	BG Staffing	EdgeRock Technologies	Staffing	Provider of SAP, Oracle, and PeopleSoft consultants in the U.S.		
12/16/19	BG Staffing	L.J. Kushner & Associates	Staffing	IT executive search and recruitment services		
11/18/19	The Planet Group (MidOcean Partners)	Winter Wyman	Staffing	Permanent and contract staffing services focused on technology, finance, administration, and HR		
11/13/19	Morgan Stanley Tactical Value Investing	Olympia Nederland	Staffing	Netherlands-based light industrial staffing provider		
11/05/19	Olympus Partners	Soliant Health	Staffing	Healthcare staffing solutions for healthcare facilities in metropolitan cities and rural hospitals in the United States		
11/05/19	Waud Capital Partners	PSI Services	Talent Management/ Development	Workforce assessment and management solutions, education, certification, and licensure		
10/22/19	ettain group (A&M Capital)	Global Employment Solutions	Staffing	IT, government IT, and professional and commercial staffing		
10/22/19	A&M Capital	ettain group	Staffing	Recruitment and managed services in the areas of IT, healthcare IT, and creative		
09/17/19	24 Seven (Morgan Stanley Private Equity)	The Sage Group	Staffing	Provides marketing consultants, contractors, and permanent talent to blue-chip clients		
08/22/19	Alight Solutions	NGA Human Resources	Payroll/PEO	Technology solutions and services for HR management worldwide		
08/12/19	Medical Solutions (TPG Growth)	C&A Industries	Staffing	Staffing services through four divisions across all industries, including executive search		
08/06/19	Vaco (Olympus Partners)	MorganFranklin Consulting	Staffing	Strategy and execution-focused business consulting and professional advisory services		
07/30/19	FFL Partners	ALKU	Staffing	Provides information technology consulting solutions		
07/24/19	Aquiline Capital Partners	CoAdvantage	Payroll/PEO	Integrated HR solutions for small- and medium-sized businesses		
06/11/19	Riviera Partners (Kayne Anderson)	WorthyWorks	Staffing	Staffing and recruiting services for engineering within the blockchain ecosystem		
04/30/19	AMN Healthcare	Advanced Medical Personnel Services	Staffing	Occupational, physical, and speech therapy staffing through therapy, nursing, and school divisions		
04/16/19	PharmaLogics Recruiting (Webster Equity Partners)	Orbis Clinical	Staffing	Staffing and consulting services for life sciences companies		
04/08/19	Hire Quest	Command Center	Staffing	Manual on-demand labor segment of the light industrial, auto and transportation, and event services industries		
04/03/19	Eliassen Group (Stone Point Capital)	Project One	Staffing	IT consulting and staffing firm within the media technology industry		
03/01/19	ManTech International	Kforce Government Solutions	Staffing	Technology solutions, transformation management, data management, and analytics for federal health and defense		
02/19/19	Vaco (Olympus Partners)	Aventine Hill Partners	Staffing	C-suite advisory services, executive search services, and project and interim solutions		
02/19/19	Health Carousel	Onyx M.D.	Staffing	Locum tenens physician and advanced practice staffing		
02/11/19	Investcorp Bank	Revature	Talent Management/ Development	Recruits, develops, and deploys enterprise-ready technology talent		
01/30/19	Addison Group (Odyssey)	DLC Group	Staffing	Interim and project-based finance and accounting consulting and staffing services		
01/14/19	Trustpoint.One	Kelly Legal Managed Services	Staffing	Staffing, e-discovery, and other services for law firms, corporations, and government agencies		
				Enterprise Value	EV/Revenue LTM	EV/EBITDA LTM
				\$215	1.5x	12.0x
				\$197	1.3x	11.3x
				Average Median		

Sources: S&P Capital IQ, Mergermarket, public company filings, press releases

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