

Houlihan Lokey

Human Capital Management

Market Update

Q3 2024

About Our Firm

Houlihan Lokey, Inc. (NYSE:HLI) is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

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

CORPORATE FINANCE

2023 M&A Advisory Rankings
All Global Transactions

	Advisor	Deals
1	**Houlihan Lokey**	**352**
2	Rothschild	349
3	Goldman Sachs	300
3	JP Morgan	300
5	Morgan Stanley	253

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

No. 1
Global M&A Advisor

Leading
Capital Markets Advisor

FINANCIAL RESTRUCTURING

2023 Global Distressed Debt &
Bankruptcy Restructuring Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**73**
2	PJT Partners	64
3	Rothschild	51
4	Lazard	37
5	Evercore Partners	27

Source: LSEG (formerly Refinitiv).

No. 1
Global Restructuring Advisor

1,700+
Transactions Completed Valued at More Than $3.5 Trillion Collectively

FINANCIAL AND VALUATION ADVISORY

1999 to 2023 Global M&A
Fairness Advisory Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**1,247**
2	JP Morgan	1,035
3	Duff & Phelps, A Kroll Business	977
4	UBS	884
5	Morgan Stanley	716

Source: LSEG (formerly Refinitiv).
Announced or completed transactions.

No. 1
Global M&A Fairness Opinion Advisor Over the Past 25 Years

2,000+
Annual Valuation Engagements



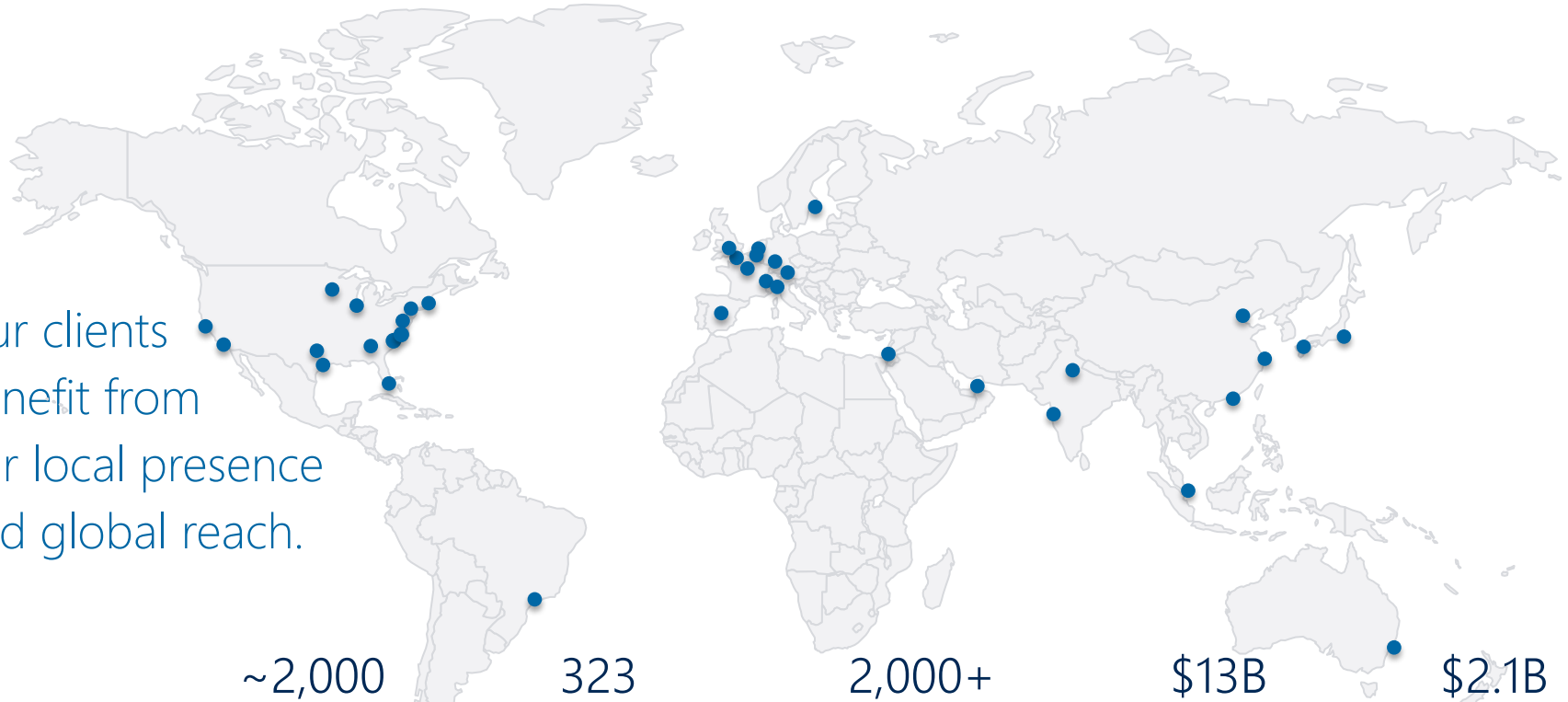
Learn more about how our finance professionals can serve your needs.

Corporate Finance →

Financial Restructuring →

Financial and Valuation Advisory →

Our Industry Coverage →



Our clients benefit from our local presence and global reach.

36
Locations Worldwide

~2,000
Total Financial Professionals

323
Managing Directors(1)

2,000+
Clients Served Annually

$13B
Market Cap(2)

$2.1B
Annual Revenue(3)

AMERICAS	Atlanta	Los Angeles	**EUROPE AND MIDDLE EAST**	Amsterdam	Milan	**ASIA-PACIFIC**	Beijing	Shanghai
	Baltimore	Miami		Antwerp	Munich		Fukuoka	Singapore
	Boston	Minneapolis		Dubai	Paris		Gurugram	Sydney
	Charlotte	New York		Frankfurt	Stockholm		Hong Kong SAR	Tokyo
	Chicago	San Francisco		London	Tel Aviv		Mumbai	
	Dallas	São Paulo		Madrid	Zurich			
	Houston	Washington, D.C.		Manchester				

Fully Integrated Financial Sponsor Coverage

29
Senior officers dedicated to the sponsor community in the Americas and Europe.

1,300+
Sponsors covered, providing market insights and knowledge of buyer behavior.

800+
Companies sold to financial sponsors over the past five years.

HLI LISTED NYSE

(1) As of September 30, 2024.
(2) As of November 29, 2024.
(3) LTM ended September 30, 2024.

Human Capital Management Services

The human capital management (HCM) services sector operates within Houlihan Lokey's Business Services Group, which has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital raising, restructuring, and financial and valuation advisory services.

Business Services Group Industry Coverage

Our clients run the gamut from early-stage businesses and midsized companies to large, private-equity-backed, and publicly traded corporations. We understand that an industry driven by innovation and change requires the sophistication of an advisor who can think ahead of the market and utilize solid industry relationships to help advance your vision.

We have the most comprehensive coverage across the HCM services market, with long-standing and solid relationships with both companies and investors. Our experienced team optimizes client outcomes by running competitive processes with well-informed, deep domain expertise.

BUSINESS SERVICES

2023 M&A Advisory Rankings
All Global Business Services Transactions

	Advisor	Deals
1	**Houlihan Lokey**	**63**
2	Rothschild	46
3	Lincoln International	32
4	Clearwater International	31
5	Goldman Sachs	27

Source: LSEG (formerly Refinitiv).
Excludes accounting firms and brokers.

HCM Services Coverage

Temporary Staffing
- Information Technology
- Healthcare
- Creative/Digital
- Finance and Accounting
- Life Sciences
- Industrial
- Administrative/Clerical

HR Outsourcing
- PEOs
- Payroll
- Benefits Administration
- Compliance/Audit
- Background Screening
- MSP/VMS
- International

Talent Acquisition
- RPO
- Executive Search
- Interim Placement

HR Consulting
- Strategy and Design
- Diversity, Equity, and Inclusion
- Leadership Development
- Engagement
- Compensation/Succession
- Well-Being

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Contact Us

Please reach out to us to schedule a call to discuss this quarter's market update or to explore how we can serve your business needs.

Request a Meeting

Learn More About Us

Featured Transactions

pixid a portfolio company of KEENSIGHT CAPITAL has acquired VectorVMS — Buyside Advisor	Kelly has acquired MOTION RECRUITMENT a portfolio company of LITTLEJOHN & Co. — Buyside Advisor	KNOX LANE has acquired ALL STAR HEALTHCARE SOLUTIONS — Buyside Advisor	Impellam Group has been acquired by HeadFirst Group a portfolio company of ICELAKE — Sellside Advisor	Impellam Group has sold its Regional Specialist Staffing and Healthcare Staffing businesses to TRINITY 20 CAPITAL — Sellside Advisor
ADVANTIS GLOBAL has been acquired by INSPYR SOLUTIONS a portfolio company of ALVAREZ & MARSAL CAPITAL — Sellside Advisor	RE-SOURCING a portfolio company of McNally CAPITAL has been acquired by MIDOCEAN Partners — Sellside Advisor	SPARQ a portfolio company of BainCapital DOUBLE IMPACT has been acquired by HARVEST ASCEND — Sellside Advisor	mobica a portfolio company of inflexion has been acquired by cognizant — Sellside Advisor	CORNELL CAPITAL TORQUEST have acquired S.i. SYSTEMS — Buyside Advisor
HOST HEALTHCARE has been acquired by Medical Solutions a portfolio company of Centerbridge CDPQ — Sellside Advisor	BROOKSON a portfolio company of Riverside has been acquired by PEOPLE2.0 — Sellside Advisor	Addison Group a portfolio company of ODYSSEY has been acquired by Trilantic — Sellside Advisor	A&M CAPITAL PARTNERS has acquired P2P — Buyside Advisor	GHR General Healthcare Resources a portfolio company of Platform Partners and a consortium of investors has been acquired by MIDOCEAN Partners — Sellside Advisor
AHSG a portfolio company of BELHEALTH Investment Partners has been acquired by LITTLEJOHN & CO. — Sellside Advisor	THREEBRIDGE a portfolio company of RFE has been acquired by a portfolio company of abry partners — Sellside Advisor	EMPLOYBRIDGE a portfolio company of funds managed by affiliates of APOLLO has acquired Hire Dynamics a portfolio company of MSOUTH — Buyside Advisor	ettain group a portfolio company of A&M CAPITAL PARTNERS has been acquired by ManpowerGroup — Sellside Advisor	Funds managed by affiliates of APOLLO has acquired EMPLOYBRIDGE — Buyside Advisor

Tombstones included herein represent transactions closed from 2021 forward.

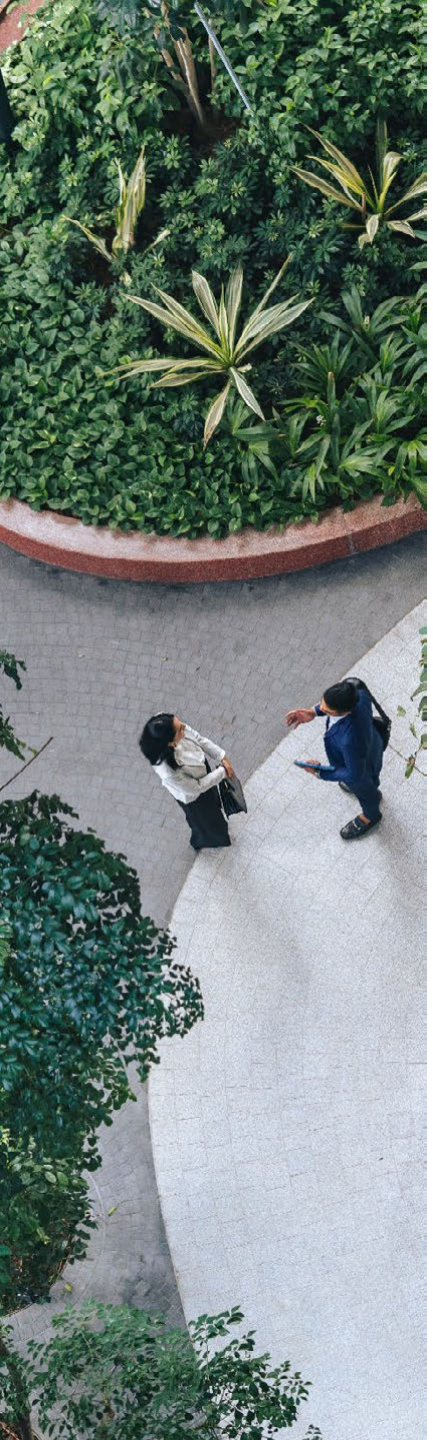


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HCM Services Market Update

Transaction volumes were relatively muted in Q3 2024, partially driven by election uncertainty and lowered demand as companies prepare for the holidays.

However, private equity firms and strategic buyers look to take advantage of more favorable borrowing conditions, driven by interest rate cuts and improving debt markets.

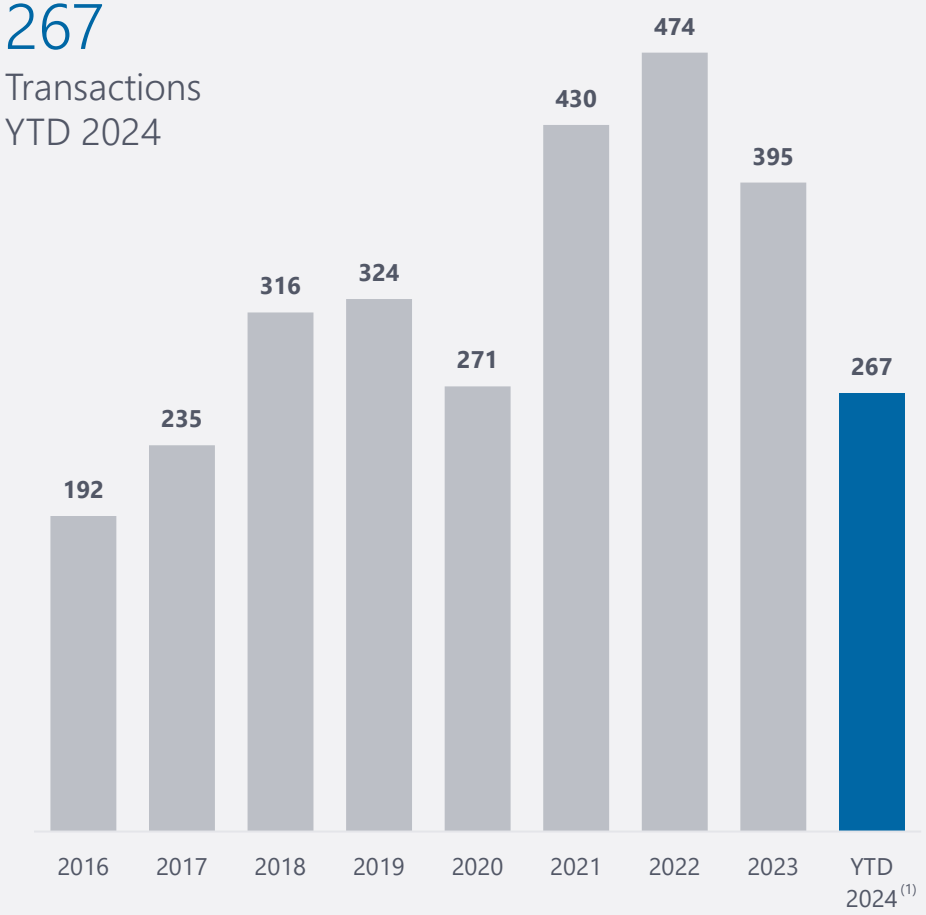
Approximately 267 transactions across the HCM sector occurred in the first three quarters of 2024, which represents a modest decrease of ~4% compared to YTD Sep-23. YTD Sep-24, HCM M&A activity has also experienced slightly lower volumes when compared to the preceding five-year average of ~285 transactions per YTD September period, which included record-breaking years in 2021 and 2022.

Despite lowered M&A activity through the first three quarters of 2024, the staffing industry has remained resilient and should benefit from several sector tailwinds. Companies across industries, especially larger companies and those that are rapidly scaling, continue to adopt contingent labor to supplement their full-time employee base. Remote work has also remained a resilient trend resulting from the pandemic and has opened the door to greater talent pools, unrestricted by geographic barriers. The growth and adoption of talent acquisition and workforce management technologies, as well as the increasing complexity of regulatory standards and labor laws, continue to drive talent acquisition and management functions to outsourced experts with the necessary wherewithal to properly navigate the ever-changing workplace environment.

Investors also remain cautiously optimistic about a return to normalized transaction volumes. Several market trends suggest that M&A activity is primed for growth through Q4 2024 and beyond, which are covered in more detail on page 16. Overall, companies with strong growth profiles, dedicated management teams, and diversified yet entrenched customer bases continue to be highly sought after by both financial and strategic buyers.

YTD 2024 HCM Transaction Volume

267
Transactions
YTD 2024



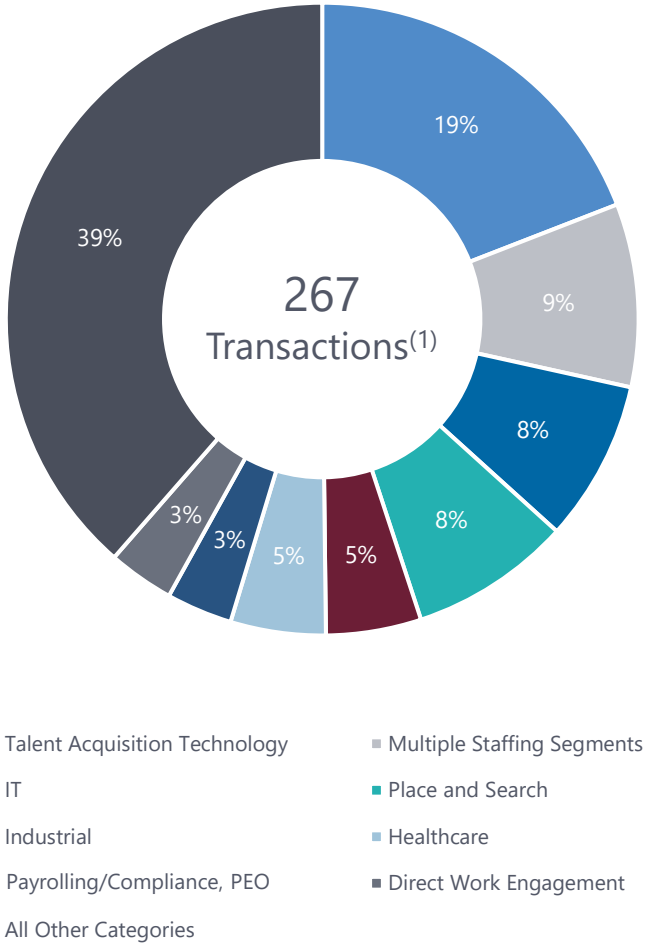
Sources: S&P Capital IQ, Staffing Industry Analysts, Mergermarket, PitchBook, public company filings, press releases. Represents global M&A activity.
(1) Data as of September 30, 2024.

2024 HCM Services M&A Highlights

2024 HCM Transactions by Category

2024 has been characterized by resilient, albeit slightly lower transaction volumes, particularly in the talent acquisition technology space. Approximately 34 transactions YTD Sep-24 were closed or announced in this segment, a ~13% increase compared to YTD Sep-23. HCM services businesses continue seeking to enhance their technology capabilities and leverage AI to increase the efficiency of their hiring practices, and this segment is expected to experience even greater tailwinds as technology evolves.

In addition to talent acquisition technology, PEOs and payrolling/compliance firms have also seen an increase in transaction volume over the past 18–24 months, emerging as a leading category in the market. PEO and payrolling/compliance transaction volumes have increased ~30% YTD Sep-24 compared to YTD Sep-23. In an employment landscape that continues to grow and become more complex, employers are expected to outsource more payrolling and compliance functions to experienced providers and professionals, giving management teams peace of mind and allowing them to focus on operating their businesses.



Featured YTD 2024 Transactions

Date	Acquirer	Target
07/31/24	LightBay Capital	QUESTCO
07/29/24	Vistria	Soliant
06/30/24	Ridgemont Equity Partners	medicus healthcare solutions
06/26/24	pixid	VectorVMS
06/21/24	Gallagher	OperationsInc
06/05/24	V-GROUP	MagisterGroup
06/10/24	cognizant	Belcan
06/03/24	Kelly	Motion Recruitment
05/16/24	randstad	torc
05/01/24	Knox Lane	All Star Healthcare Solutions
04/18/24	CVC	House of Talents
02/29/24	First Advantage	Sterling
02/13/24	INSPYR Solutions	Advantis Global
02/05/24	ONEX	morson group
01/23/24	TPG	G&A Partners

Sources: S&P Capital IQ, Staffing Industry Analysts, Mergermarket, PitchBook, public company filings, press releases.
Note: Represents global M&A activity.
(1) Data as of September 30, 2024.

Featured Transactions Executed by Houlihan Lokey's HCM Services Team



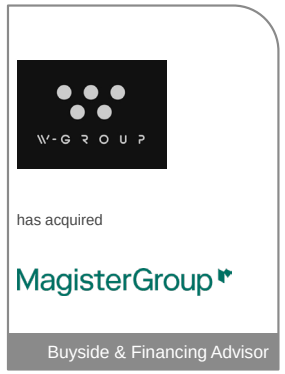
July 2024

Headquartered in Raleigh, North Carolina, VectorVMS provides innovative vendor management software to both corporate clients and managed services providers (MSPs) who support corporate clients. VectorVMS currently serves more than 100 customers globally, with a key focus in the U.S., leveraging its expertise in the healthcare, finance, and government sectors.

Pixid Group (Pixid) provides solutions for clients to efficiently manage their external workforce via a simple, scalable, and cost-effective platform. Initially specializing in temporary staffing, Pixid now provides a wide array of services, including the management of permanent contracts, fixed-term contracts, internships, and apprenticeships.

Keensight Capital, one of the leading European growth buyout firms, is committed to supporting entrepreneurs as they implement their growth strategies. For more than 20 years, Keensight Capital has leveraged its knowledge of investment and growth industries to invest long-term in profitable companies with high growth potential.

Houlihan Lokey served as the exclusive financial advisor to Pixid and Keensight Capital.



June 2024

Headquartered in Italy, W Group is a leading provider of HR services, with a focus on qualified blue-collar and technical personnel. W Group operates through more than 100 branches with a strong presence in North and Central Italy and four main service lines: workforce solution, talent solution, consulting, and outsourcing. Serving more than 3,000 clients and 21,000 workers annually, W Group provides a comprehensive offering of HR solutions through its nine business brands, with "Men at Work," a leading Italian staffing player, as its largest brand.

Founded in 1987 and headquartered in Italy, Magister is an HR consulting platform integrated with a comprehensive portfolio of tailor-made HR solutions, fully dedicated to SMEs. The group serves c. 4,000 clients through a consulting-oriented approach, providing HR services on the back of a portfolio of well-established and complementary brands, comprising ALI S.p.A., Labor-B S.p.A., and Yous S.r.l.

The combination of W Group and Magister creates a leading player in the Italian HR services space, generating an initial turnover of more than €825 million with 1,400 people on staff, significant growth prospects, and the same values, DNA, and focus on clients.

Houlihan Lokey served as the exclusive buyside and financing advisor to W Group on its acquisition of Magister and assisted in structuring and negotiating the transaction, as well as providing debt advisory services that allowed W Group to raise the desired debt capital structure.

Featured Transactions Executed by Houlihan Lokey's HCM Services Team (cont.)



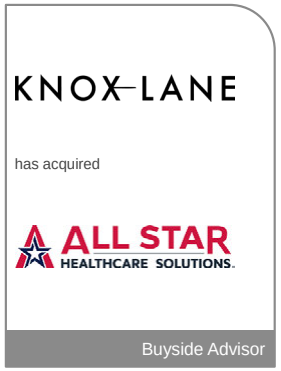
May 2024

Kelly Services (Kelly) helps companies recruit and manage skilled workers and helps job seekers find great work. Since inventing the staffing industry in 1946, the company has become an expert in the many industries and local and global markets it serves. With a network of suppliers and partners around the world, Kelly connects more than 500,000 people with work every year. Its suite of outsourcing and consulting services ensures companies have the people they need, when and where they are needed most.

Established in 1989 and headquartered in Boston, MRP is the parent company to a group of leading global talent solution providers, including Motion Recruitment. The transformational acquisition strengthens the scale and capabilities of Kelly's staffing and consulting solutions across technology, telecommunications, and government specialties in North America and recruitment process outsourcing solutions globally.

Littlejohn is a Greenwich, Connecticut-based investment firm focused on private equity and debt investments, primarily in growing middle-market industrial and services companies that can benefit from Littlejohn's 25+ years of operational and sector expertise.

Houlihan Lokey served as the exclusive financial advisor to Kelly.



May 2024

Based in San Francisco, Knox Lane is a growth-oriented investment firm comprising a team of accomplished investors and operators with a shared work history and a strong track record of partnering with leading companies to accelerate transformational growth. Knox Lane employs an investor-operator mindset and seeks to provide support across a number of business components, including human capital, brand management, end-to-end digital transformation, sourcing, supply chain and logistics, strategic acquisitions, and business development.

Based in Florida, All Star is a top-10 specialty-focused provider of locum tenens placement opportunities for physicians and advanced practitioners. All Star's blue-chip customer base includes more than 150 unique hospital systems and over 400 individual healthcare facilities, including some of the top medical institutions in the country. Widely recognized for its differentiated "red carpet" service and support for both providers and clients, All Star's specialty-focused production teams deliver diverse coverage and deep internal knowledge and also provide depth across all significant subspecialties.

Houlihan Lokey served as the financial advisor to Knox Lane.

Spotlight
Digital/Marketing/Creative Sector: Market Update

Key Themes and Highlights

Traditional Staffing Agencies and Talent Platform Business Models Becoming More Ambiguous

- Distinguishing between traditional staffing agencies and talent platforms is becoming more difficult as the two business models "converge."
- Traditional staffing platforms are rapidly adopting self-service digital platform models to build and bolster an omnichannel model for clients that provides flexibility and allows them to engage on their own terms.

Encouraging Adoption of Talent Platforms Among Enterprises Validates the Value Proposition

- Enterprise adoption of talent platforms has increased by 12x since 2013, validating the value proposition that these firms offer to clients through the utilization of a global workforce and direct cost savings, among other benefits.
- Among enterprise buyers not using talent platforms, a recent SIA survey found that 39% of this population intends to seriously explore the usage of talent platforms in the next two years.

Macroeconomic Headwinds Persist, Although Long-Term Confidence in Growth Is Strong

- The markets for both talent platforms and traditional temporary staffing are cyclical and have faced headwinds in recent years, contracting by (5%) and (6%) in 2023, respectively.
- Talent platforms are positioned to continue outperforming traditional temporary staffing firms due to technology enablement and the ability to leverage advancements in AI.

Valuations for Traditional Staffing Agencies and Talent Platforms Converging and Markets Consolidating

- Valuation multiples for talent platforms contracted over the past few years while multiples for temporary staffing firms have been relatively more resilient.
- There has been continued consolidation across both the talent platform and traditional temporary staffing markets; the 10 largest talent platforms represent ~65% of the market in 2023, while the 10 largest U.S. digital, marketing, and creative temporary staffing firms represent ~82% of the market over the same period.

Source: Staffing Industry Analysts.

Spotlight

Digital/Marketing/Creative Sector: Converging Business Models

There are just a few distinctions between the business models of talent platforms and temporary staffing agencies.

- There are a few fundamental distinctions between the business models of talent platforms and traditional temporary staffing agencies today; the primary difference between the two models is that staffing platforms typically pay taxes and social charges on behalf of workers (e.g., W-2 hourly in the U.S.) while talent platforms generally do not (e.g., 1099 in the U.S.).
- As the two models have continued to converge, there has been a prominent shift in the number of traditional temporary staffing agencies that are adopting digital platform models.
  - Five years ago, many large staffing firms did not take staffing platforms seriously. Today, 12 out of the 20 largest U.S. staffing firms now operate at least one staffing platform brand.
  - In 2021, 61% of staffing firms reported that they were utilizing staffing platforms to complement traditional business. Today, 79% of staffing firms report utilizing platforms to complete traditional business.
- The shift to platform technology enables these firms to offer an omnichannel strategy to clients, providing flexibility and leading to a wide range of direct cost savings.

	Talent Platforms	Temporary Staffing Agencies
Operates as Employer of Record	Rarely	Mostly
Sourcing/Matching	Digital/Algorithmic	Digital/Algorithmic
Background Checks	Mix	Yes
Drug Screening	Rarely	Yes
Vetting/Skill Assessments	Automated/Digital	Automated/Digital
Onboarding	Rarely	Yes, Typically Digitally
Direct Access to Candidates for Clients	Yes	Yes
Independent Selection of Assignments by Worker	Yes	Yes
Transparent Candidate Ratings and Reviews	Yes	Yes
Predominantly Onsite/Remote Work	Remote	Onsite
Pricing Model	Plans Vary, but Cost to Buyer Is Generally Lower	Traditional Markup (Bill Rate, Pay Rate)

Source: Staffing Industry Analysts.

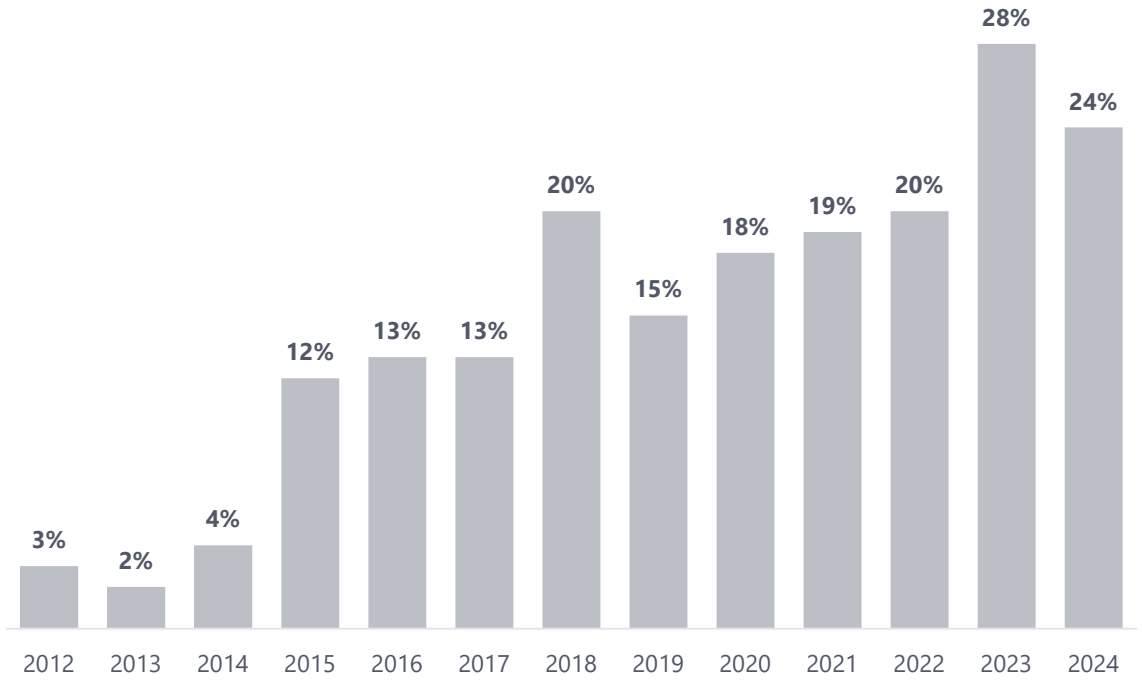
Spotlight

Digital/Marketing/Creative Sector: Growing Enterprise Adoption

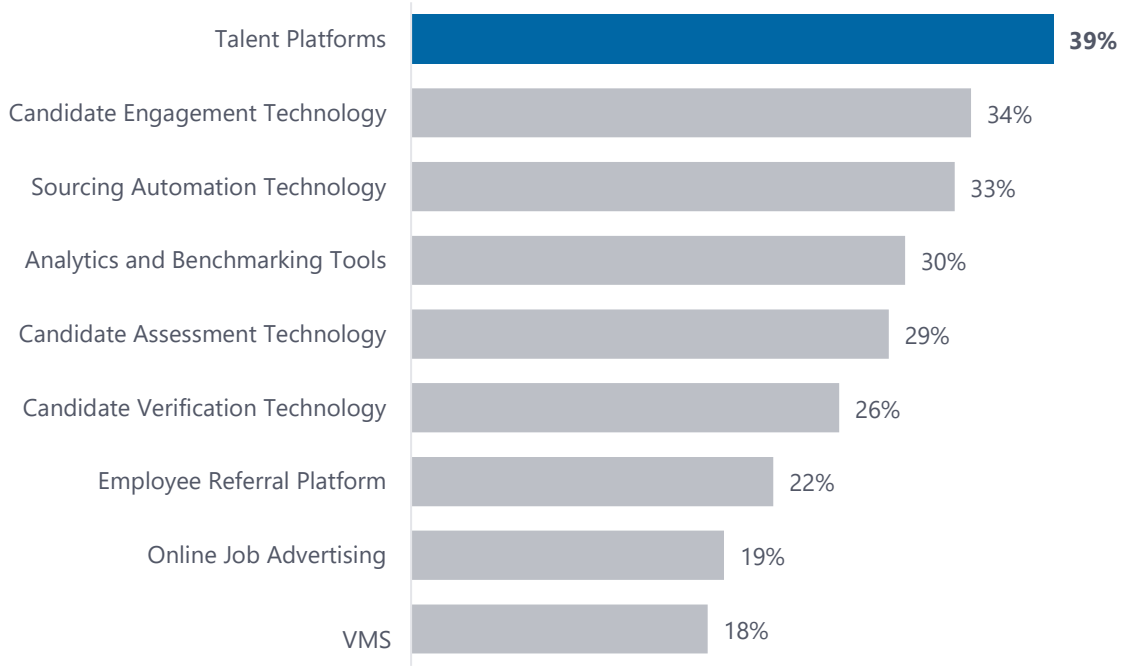
Enterprise adoption of talent platforms has increased by 12x since 2013.

- Since 2013, the market penetration of talent platforms among a population of large buyers of workforce solutions (>1,000 FTEs) has increased by 12x, growing to an all-time high of 28% in 2023.
- A survey of enterprise buyers who do not currently use talent platforms found that talent acquisition technology is likely to be seriously considered/explored within the next 24 months.

Enterprise Adoption of Online Talent Platforms



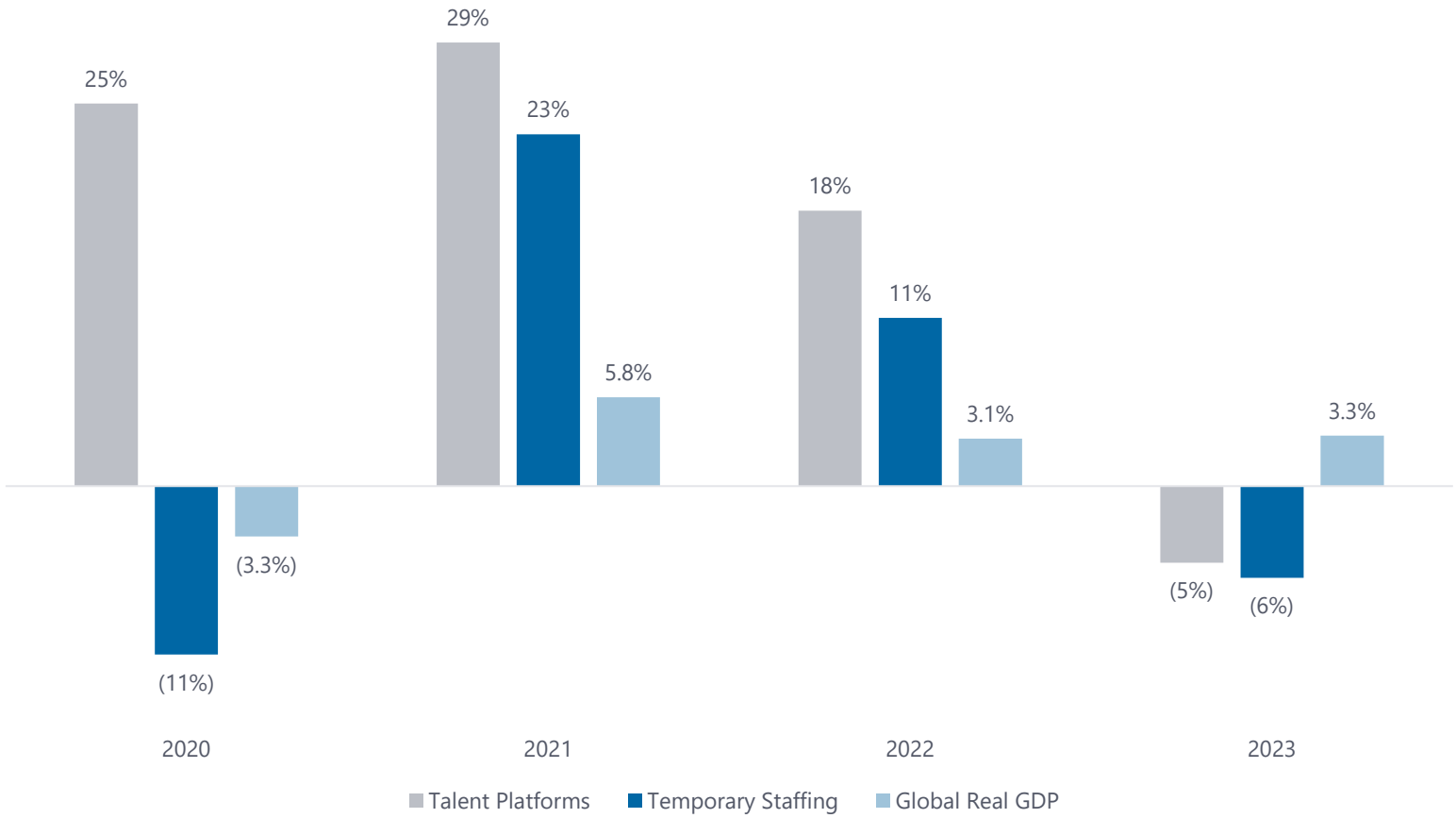
Enterprise Buyers Identify Talent Platforms as Top Priority



Source: Staffing Industry Analysts as of August 2024.

Spotlight
Digital/Marketing/Creative Sector: Recent Performance Trends

Annual Growth: Talent Platforms, Temporary Staffing, and Global Real GDP



Source: Staffing Industry Analysts.

Key Takeaways

- The markets for both talent platforms and traditional temporary staffing have faced headwinds in recent years and contracted by (5%) and (6%) in 2023, respectively.
- Both the staffing and talent platform markets are cyclical and have been primarily impacted by softening labor markets.
- While it is difficult to precisely predict when the demand environment will improve, the digital, marketing, and creative market for talent platforms and staffing firms should continue to benefit from long-term secular tailwinds, including the following:
  - Freelancers/temporary staff are accounting for a rising share of the workforce.
  - The prevalence of remote work arrangements opens the door for buyers to access a more global workforce.
  - Global demographics and trends strongly suggest a tighter labor market ahead.
- Talent platforms are positioned to continue outperforming traditional temporary staffing firms due to technology enablement and the ability to leverage advancements in AI.

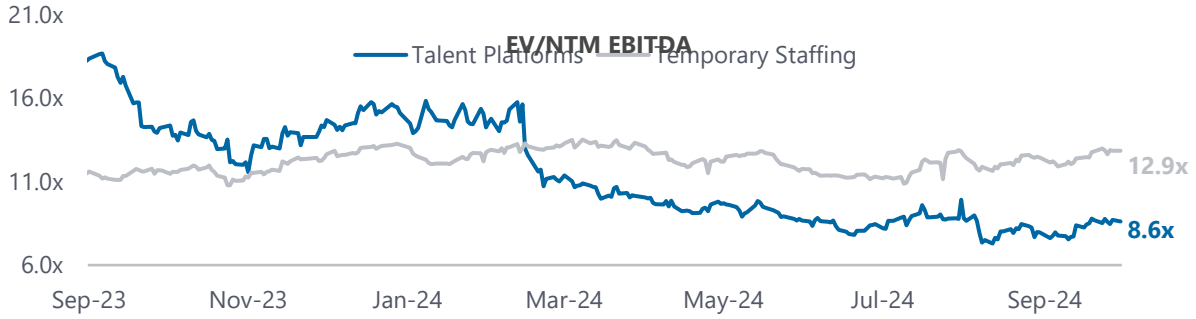
Spotlight

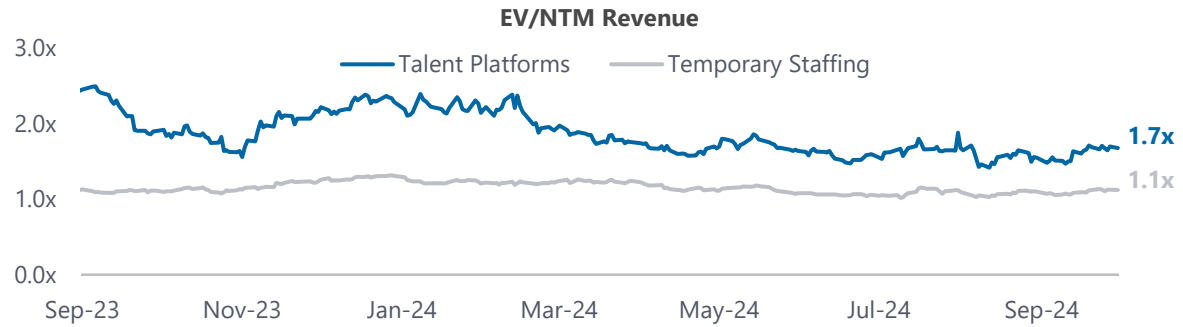
Digital/Marketing/Creative Sector: Trading and M&A Update

The valuations of talent platforms and temporary staffing firms are narrowing, and the markets are consolidating.

Trading Update

Valuation multiples for talent platforms contracted over the past few years due to softening macroeconomic conditions, a downturn across the technology sector, and a growing emphasis on investors prioritizing earnings growth; the valuation multiples of temporary staffing firms have been relatively more resilient due to margin stability, although weakening labor markets have created headwinds.





Recent M&A Activity

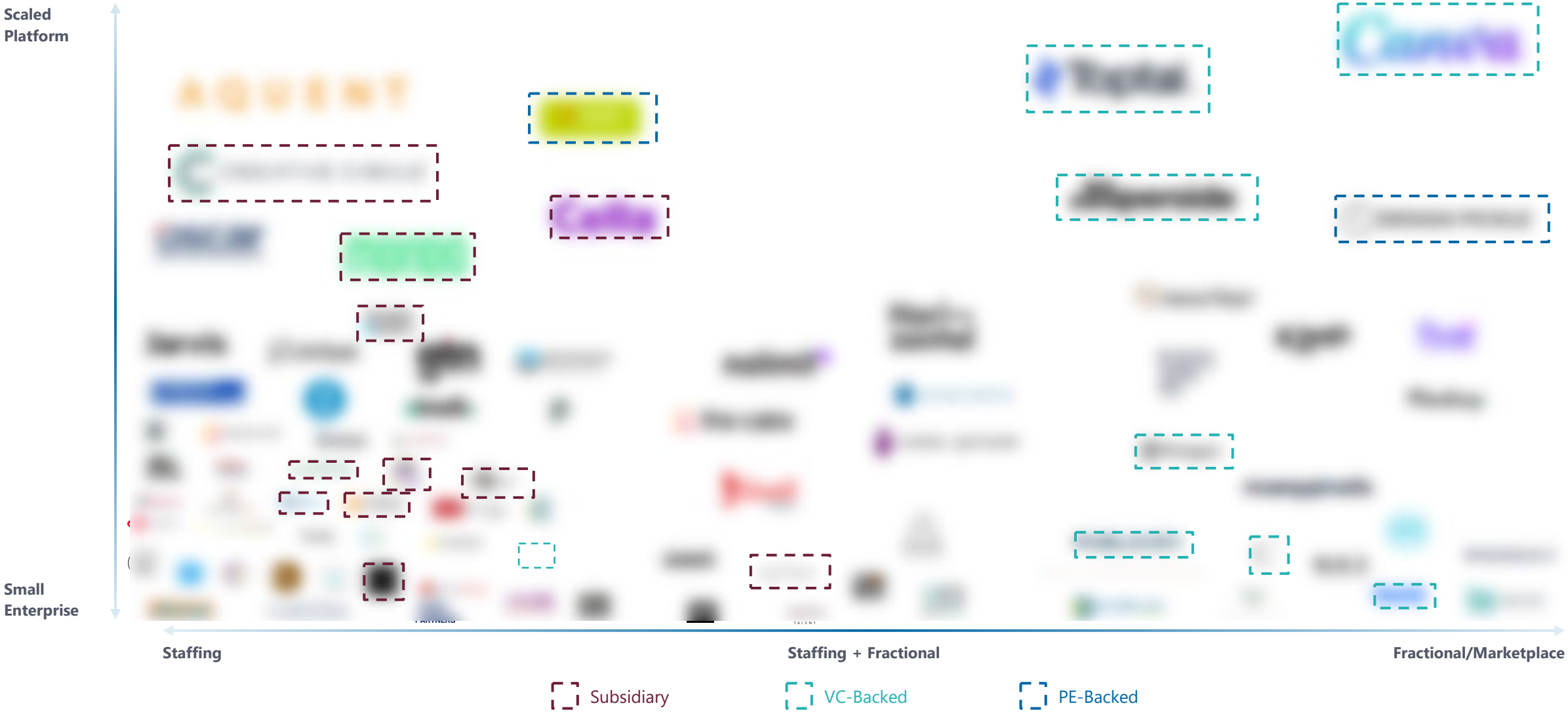
There has been continued consolidation across the talent platform and traditional temporary staffing markets with staffing firms looking to acquire talent platforms to bolster an omnichannel offering; the 10 largest talent platforms represent ~65% of the market in 2023, while the 10 largest U.S. digital, marketing, and creative temporary staffing firms represent ~82% of the market over the same period.

Date	Acquirer	Target	Target Description
Sep-24	TalentBurst	PUBLICIST,	Marketing Talent Platform
Jun-24	Toptal	growth collective	Marketing Talent Platform
May-24	randstad	torc the nearshore talent network	AI-Powered Digital Talent Platform
Apr-24	24seven	FILTER	Digital, Marketing, and Creative Temporary Staffing Firm

Sources: Staffing Industry Analysts, S&P Capital IQ.
Note: Talent Platforms comprises FVRR and UPWK; Temporary Staffing comprises ASGN, KFRC, and RHI.

Spotlight
Digital/Marketing/Creative Sector: Market Map

For more information, contact
Thomas Bailey at TBailey@HL.com



Equity Markets

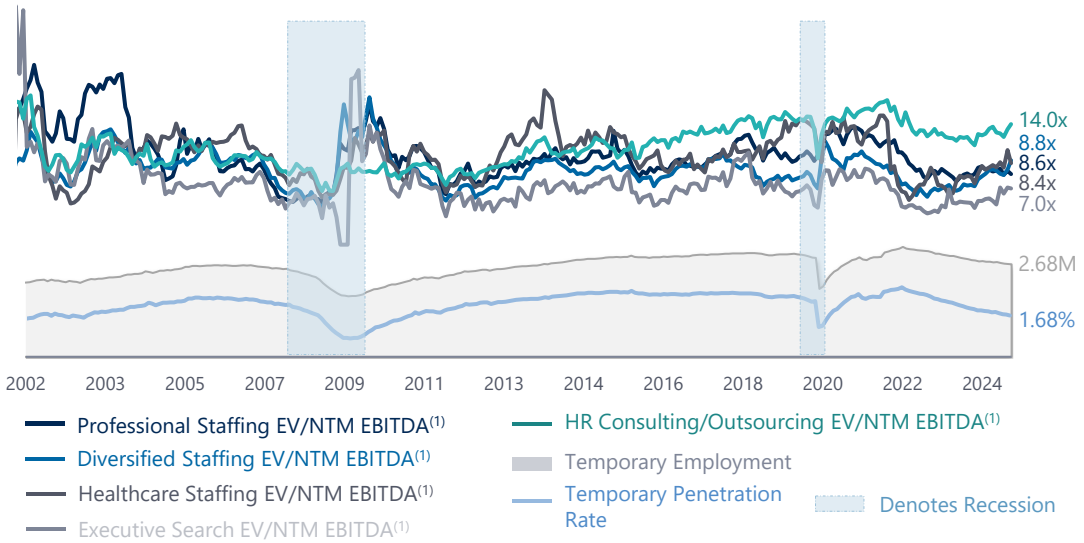
Historical Performance and 2024 Trends

Following the volatility in temporary employment in the U.S. in 2020 (due to the varied responses to COVID-19), key indicators largely stabilized in 2021 but have modestly declined through the greater part of 2024.

The U.S. temporary penetration rate settled at 1.7% in September 2024, slightly below the average of 1.9% since 2000. Nonfarm employment rose by 254,000 jobs in September for a strong finish to Q3 2024 and a 1.6% increase when compared to September 2023. Overall, nonfarm employment continued to grow steadily throughout 2023 and YTD Sep-24, albeit at a slower pace than in 2021 and 2022.

The Staffing Indices shown to the right reflect an EV/NTM EBITDA multiple of 8.8x, 8.6x, 8.4x, and 7.0x for diversified, professional, healthcare, and executive search at the close of 1H 2024, respectively. Lower valuation multiples throughout 2023 and early 2024 were primarily driven by the perspective that growth in the labor market remained slow due to tightening monetary policy.

With an EV/NTM EBITDA multiple of 14.0x, the HR Consulting/Outsourcing Index has also contracted since the beginning of the pandemic, but performance has been positive overall as general themes of outsourcing and cost reduction remain top of mind for employers and will benefit HR services companies.



	Selected Averages				
	All	'02–'07	'07–'12	5 Yrs	LTM
Professional Staffing EV/NTM EBITDA Index	10.0x	12.5x	8.8x	10.1x	8.5x
Diversified Staffing EV/NTM EBITDA Index	9.1x	9.8x	8.3x	8.2x	8.2x
Healthcare Staffing EV/NTM EBITDA Index	9.6x	10.7x	9.0x	10.1x	8.8x
Executive Search EV/NTM EBITDA Index	6.9x	8.8x	6.7x	6.1x	5.5x
HR Consulting/Outsourcing EV/NTM EBITDA Index	10.9x	10.7x	8.6x	13.9x	13.0x
Temporary Employment (000s)	2,589	2,431	2,279	2,840	2,758
Temporary Penetration	1.85%	1.82%	1.70%	1.89%	1.75%

Sources: Staffing Industry Analysts, S&P Capital IQ, PitchBook.
(1) See page 21 for additional detail on companies within each group.

Key Market Trends

Competition for Selected Assets Driving Valuations

Valuations are stable in a market filled with buyers holding cash and looking to acquire assets to enhance competitive advantages.

PE Firms Are Seeking to Take Advantage of Interest Rate Cuts

PE firms are seeking to increase their buying activity as interest rate cuts take hold. Buyside activity has increased 12% YTD Sep-24, and overall M&A activity should continue to increase if additional rate cuts occur.

More Structure in Recent M&A Deals

In certain end markets and deal sizes, structure has played a larger role, with earnouts, time-based deferrals, and net working capital balloons being utilized.

Emphasis on Consolidation and Operational Efficiencies

PE firms are placing a strategic emphasis on consolidating assets to gain market share, take advantage of operational synergies, and create more considerable scale.

Improved Syndicated Loan Markets

Syndicated loan values are up ~80% YTD Sep-24 compared to the prior year, but M&A-focused lending activity remains lower than pre-pandemic values.

Increase in Platform Investment Activity

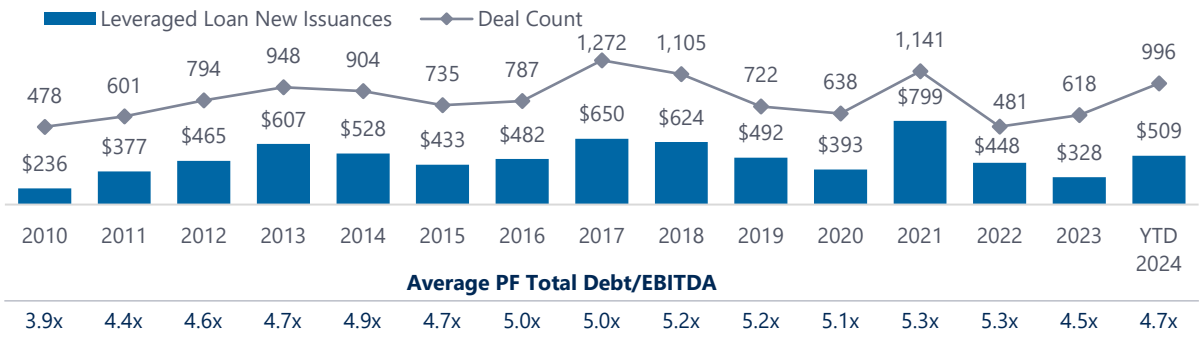
Platform investment activity in the U.S. has experienced a rebound YTD Sep-24, rising 28% year-over-year, following a two-year decline in dealmaking activity.

Debt Capital Markets
Historical Performance and 2024 Trends

Trends in Loan Statistics

United States

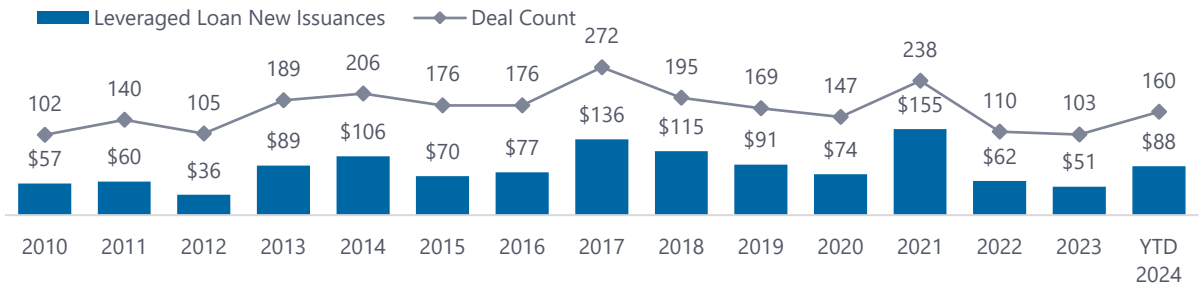
($ in Billions)



Average PF Total Debt/EBITDA														
3.9x	4.4x	4.6x	4.7x	4.9x	4.7x	5.0x	5.0x	5.2x	5.2x	5.1x	5.3x	5.3x	4.5x	4.7x

Europe

($ in Billions)



Average PF Total Debt/EBITDA														
4.2x	4.4x	4.5x	4.7x	5.0x	5.0x	4.9x	5.1x	5.4x	5.3x	5.3x	5.5x	5.5x	5.0x	5.1x

Sources: S&P Global Market Intelligence as of September 2024, PitchBook LCD.

Recent Issuances and Notable Transactions

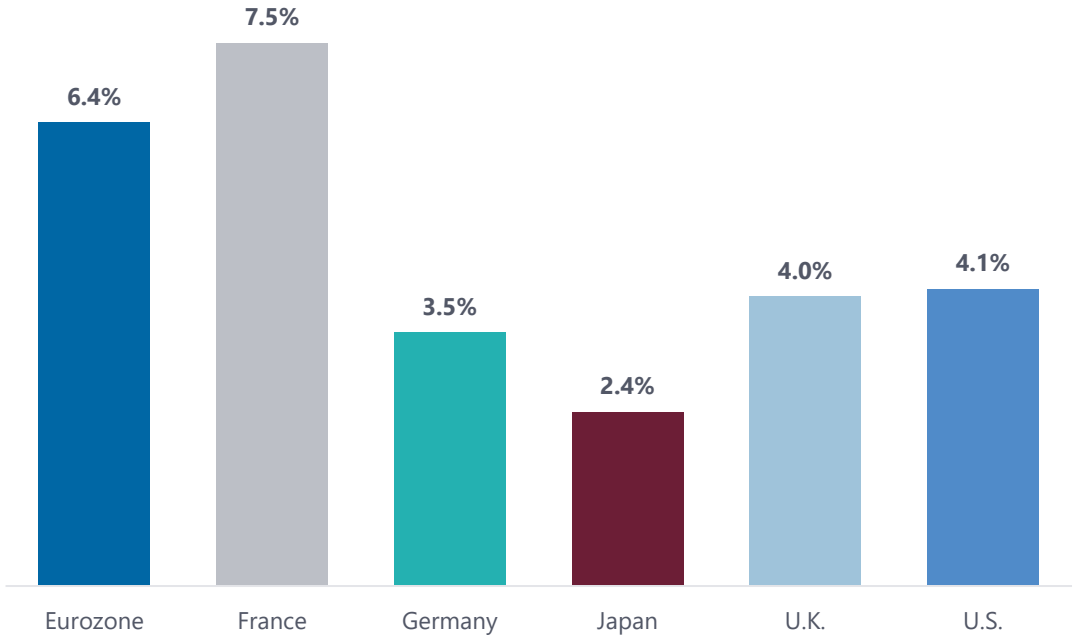
($ in Millions)

				Structure					
Date	Borrower	Sponsor(s)	Use	Total	RC	1st Lien	2nd Lien	1st Lien LIBOR/ SOFR Spread	2nd Lien LIBOR/ SOFR Spread
Sep-24	First Advantage	–	Acquisition	$2,335	$150	$2,185	–	325	–
Sep-24	Ryan, LLC	Onex Corporation	Acquisition	$575	$125	$450	–	350	–
Jul-24	Vizient	–	Acquisition	$2600	$700	$1,900	–	200	–
Jul-24	CHG Healthcare Services Inc.	Ares Management	Recap/ Dividend	$370	–	$370	–	350	–
Jun-24	Soliant Health	Vistria Group	LBO	$1,490	$200	$1,290	–	375	–
May-24	Alight Solutions	–	Refinancing	$2,489	–	$2,489	–	225	–
May-24	Allied Universal	Warburg Pincus	Refinancing	$1,100	–	$1,100	–	375	–
Apr-24	Cast & Crew	EQT Partners	Refinancing	$950	–	$950	–	375	–
Mar-24	HireRight	General Atlantic Partners	LBO	$300	–	$300	–	400	–
Jan-24	Vistage Worldwide	Gridiron Capital	Refinancing	$125	–	$125	–	475	–
Jan-24	KBR Inc.	–	Refinancing	$1,000	–	$1,000	–	225	–
Dec-23	R1 RCM	–	Acquisition	$575	–	$575	–	300	–
Sep-23	Alight Solutions	–	Refinancing	$2,507	–	$2,507	–	275	–

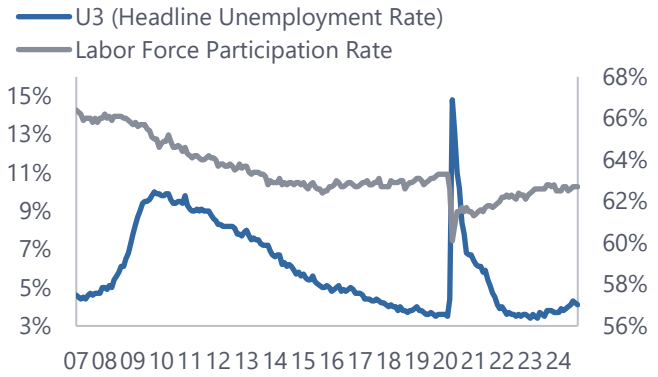
Macroeconomic Indicators in the Labor Environment

International Comparison: Unemployment Rates[1]

According to the OECD, unemployment rates have risen in several countries throughout 2024, including rises of 0.5% or greater in countries like Japan and the U.S. This is partially a reflection of moderating demand, but the rising labor supply has been a key element as well. Oftentimes, especially in larger economies like the U.S., rising labor supply reflects stronger immigration trends as greater numbers of foreign-born workers contribute to an economy's labor force growth.

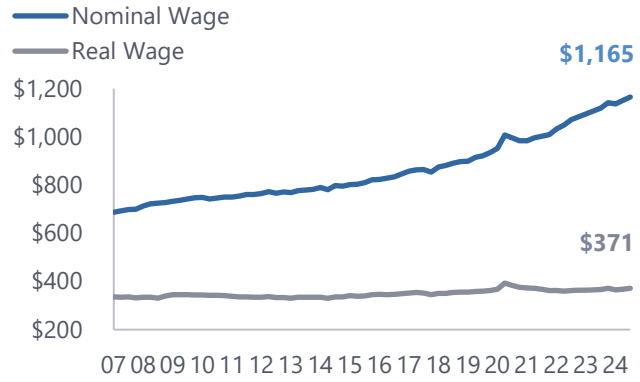


Unemployment Rate and Participation



The U.S. unemployment rate was 4.1% in September 2024, while labor force participation (LFP) was 62.7%. The LFP rate dropped sharply during the first few months of the pandemic before making a partial recovery during 2020 and continuing to inch higher throughout 2023 before stabilizing in the later part of the year and through the first three quarters of 2024. The extent to which the participation rate will stay at these relatively depressed levels remains a topic for debate.

Real and Nominal Wage Growth



Nominal wages have grown 69.6% from Q1 2007 through Q3 2024, with the average hourly wage rate coming in at $35.36 in September 2024, a 4.0% increase over the rate a year prior. Real wages increased 10.4% over the same 17-year period. Wage growth continues to be a fundamental contributor to the HCM market, especially the staffing segment.

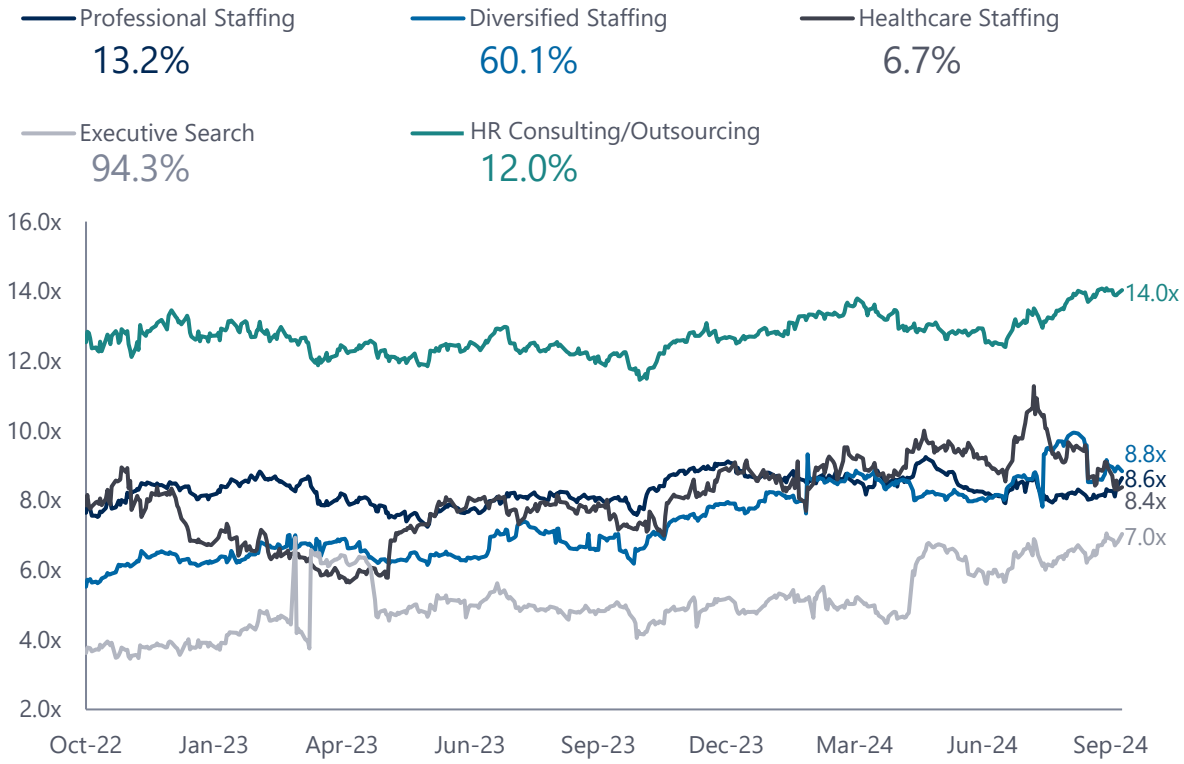
Sources: U.S. Bureau of Labor Statistics, Eurostat, Office for National Statistics (U.K.), Statistics Bureau (Japan), OECD, Staffing Industry Analysts.
Note: Eurozone comprises the following countries: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Croatia, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.
(1) Eurozone, France, and Germany as of August 2024; U.K. as of July 2024; U.S. and Japan as of September 2024.

Public Comparables
Segment Composition and Performance

Professional Staffing	Allgeier	GEE Group	SThree
	Amadeus FiRe	Kforce	TechnoPro
	ASGN	RCM Technologies	
	BGSF	Resources Connection	
	Career International	Robert Half International	
Diversified Staffing	The Adecco Group	MEITEC	Robert Walters
	Brunel	PageGroup	Staffline Group
	Groupe CRIT	Pasona Group	Synergie
	Hays	Persol	TrueBlue
	Kelly Services	Randstad	
	ManpowerGroup	Recruit Holdings	
Healthcare Staffing	AMN Healthcare	Cross Country Healthcare	
Executive Search	Heidrick & Struggles	Korn Ferry	
HR Consulting/ Outsourcing	ADP	First Advantage	TriNet
	Alight	Insperity	Willis Towers Watson
	Aon	Marsh & McLennan	
	BBSI	Paychex	

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

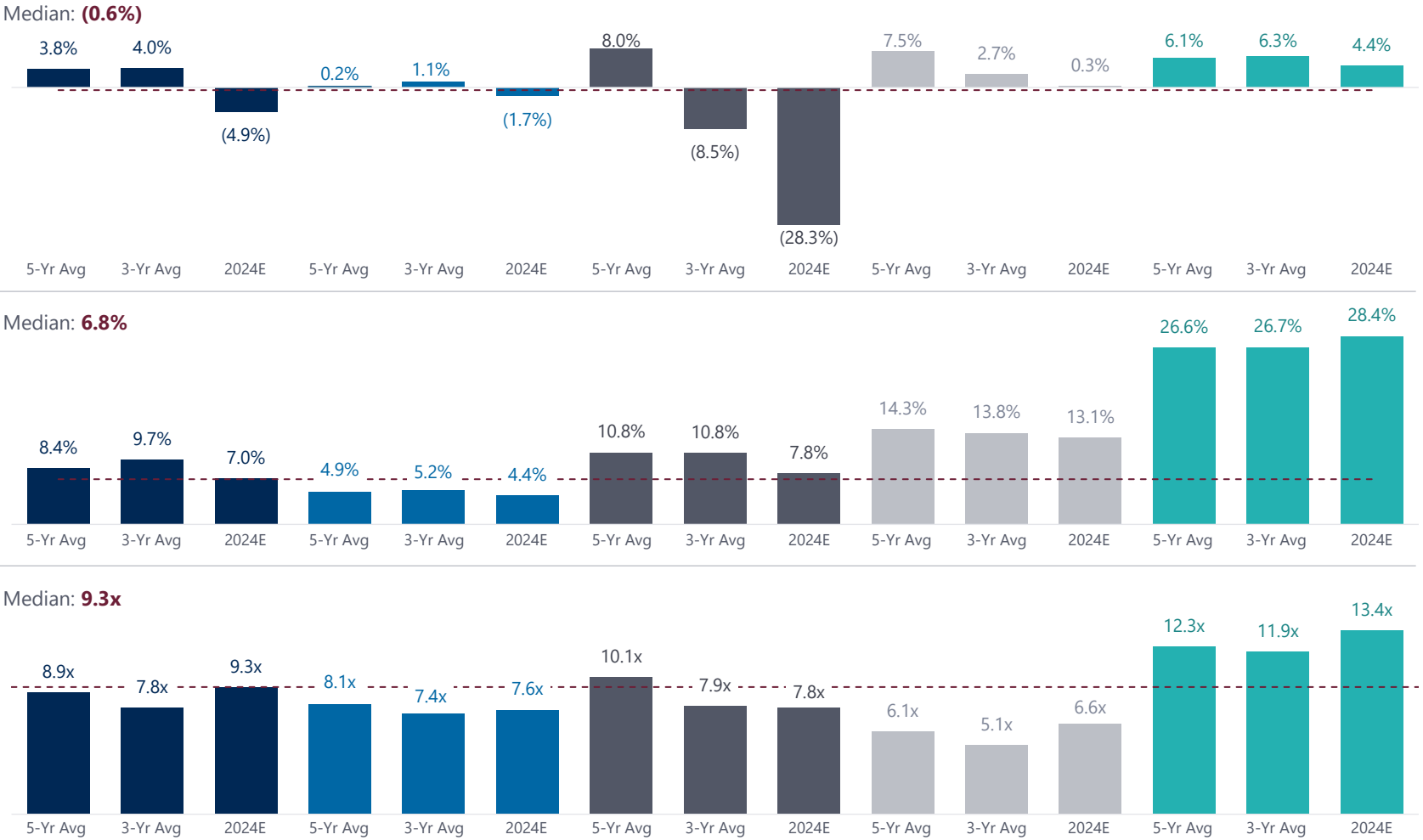
The public markets decline that dampened a strong period of valuation appreciation in the early pandemic days has largely stabilized over the course of 2023 and YTD Sep-24. However, most segments have experienced some valuation appreciation through YTD Sep-24, especially in Q3.



Source: S&P Capital IQ.

Public Comparables
Benchmarking Analysis

	Professional Staffing	Diversified Staffing	Healthcare Staffing	Executive Search	HR Consulting/ Outsourcing[1]
Growth 2023A–2024E Revenue	Following prolonged periods of economic expansion and post-pandemic-induced growth, a tightening labor market in 2024 has led to a reduction in staffing company revenue outlooks, particularly in healthcare, professional, and diversified staffing segments.				
Margin 2024E EBITDA Margin	Stabilizing labor markets and overall market uncertainty have driven normalization YTD 2024, whereas higher-margin HR consulting has shown the most resilience over the past few years.				
Multiple Enterprise Value/ 2024E EBITDA	Valuation multiples throughout 2024 have been mixed relative to historical averages, with professional staffing and executive search outperforming despite lower growth estimates.				



Source: S&P Capital IQ. Trading multiples are based on share price, other market data, and broker consensus future revenue and earnings estimates from S&P Capital IQ as of September 30, 2024.
(1) EBITDA margin for TriNet, Insperity, and Barrett Business Services represented as gross profit/EBITDA conversion.

Public Comparables
Trading and Operating Performance

($ in Millions, Except Per-Share Data)		Stock Price	% of 52-Week	Market	Enterprise	EBITDA		EBITDA Margin		EV/ EBITDA		'23–'24E Revenue
Company	Headquarters	9/30/2024	High	Cap.	Value	2023	2024E	2023	2024E	2023	2024E	Growth
Professional Staffing												
Robert Half International	North America	$67.41	76.3%	$6,896	$6,564	$614	$404	9.6%	7.0%	10.7x	16.3x	(9.4%)
ASGN	North America	93.23	87.6%	4,177	5,116	514	451	11.6%	10.9%	10.0	11.3	(7.3%)
TechnoPro	APAC and RoW	17.99	74.3%	1,887	1,828	184	196	12.4%	12.2%	9.9	9.3	7.8%
Kforce	North America	61.45	82.2%	1,143	1,185	115	93	7.5%	6.6%	10.3	12.7	(8.2%)
Amadeus FiRe	Europe	99.27	72.5%	539	636	107	109	21.9%	21.3%	5.9	5.8	4.5%
Career International	APAC and RoW	3.08	64.6%	607	606	49	52	3.6%	3.1%	12.3	11.6	22.1%
SThree	United Kingdom	4.84	82.2%	642	560	116	111	5.5%	5.4%	4.8	5.0	(2.3%)
Allgeier	Europe	17.28	70.5%	198	419	67	68	12.0%	13.0%	6.3	6.1	(4.9%)
Resources Connection	North America	9.70	64.8%	325	260	63	32	9.0%	5.6%	4.1	8.1	(17.8%)
RCM Technologies	North America	20.28	63.1%	155	181	24	29	9.2%	10.5%	7.5	6.2	5.5%
BG Staffing	North America	8.42	78.4%	92	148	25	15	8.0%	5.2%	5.9	9.9	(8.2%)
GEE Group	North America	0.26	43.1%	28	12	7	0	4.7%	NM	1.8	NM	NM
Average			**71.6%**					**9.6%**	**9.2%**	**7.5x**	**9.3x**	**(1.7%)**
Median			**73.4%**					**9.1%**	**7.0%**	**6.9x**	**9.3x**	**(4.9%)**
Diversified Staffing												
Recruit	APAC and RoW	$56.36	91.2%	$83,937	$77,572	$3,853	$4,413	16.0%	18.0%	20.1x	17.6x	1.5%
Randstad	Europe	47.86	77.5%	8,399	9,887	1,473	1,175	5.2%	4.4%	6.7	8.4	(4.2%)
The Adecco Group	Europe	32.86	68.2%	5,506	9,208	1,069	1,067	4.0%	4.1%	8.6	8.6	(0.6%)
ManpowerGroup	North America	73.52	91.6%	3,488	4,403	539	471	2.8%	2.6%	8.2	9.4	(5.1%)
Persol	APAC and RoW	1.66	88.9%	3,712	3,716	0	565	NM	5.8%	NM	6.6	4.8%
Hays	United Kingdom	1.20	82.9%	1,895	2,053	233	229	2.5%	2.5%	8.8	9.0	(2.8%)
PageGroup	United Kingdom	4.98	77.0%	1,564	1,632	227	164	8.9%	7.1%	7.2	9.9	(10.2%)
MEITEC	APAC and RoW	20.53	91.8%	1,585	1,258	131	129	14.7%	14.0%	9.6	9.8	3.0%
Kelly Services	North America	21.41	84.7%	762	996	110	153	2.3%	3.5%	9.0	6.5	(9.8%)
Synergie	Europe	34.34	87.0%	807	807	171	159	5.0%	4.5%	4.7	5.1	2.6%
Groupe CRIT	Europe	71.90	83.8%	758	704	143	167	5.1%	4.8%	4.9	4.2	23.4%
Brunel	Europe	9.41	64.7%	475	547	93	90	6.3%	5.6%	5.9	6.1	8.9%
Robert Walters	United Kingdom	4.24	69.7%	278	319	60	46	4.4%	3.9%	5.3	6.9	(13.2%)
TrueBlue	North America	7.89	48.9%	235	284	26	2	1.4%	0.1%	10.8	NM	(17.6%)
Staffline Group	United Kingdom	0.39	71.5%	52	69	19	19	1.6%	1.4%	3.7	3.6	15.6%
Pasona Group	APAC and RoW	14.24	72.6%	558	(273)	0	0	NM	NM	NM	NM	(5.7%)
Average			**78.2%**					**5.7%**	**5.5%**	**8.1x**	**8.0x**	**(0.6%)**
Median			**80.2%**					**4.7%**	**4.4%**	**7.7x**	**7.6x**	**(1.7%)**

($ in Millions, Except Per-Share Data)		Stock Price	% of 52-Week	Market	Enterprise	EBITDA		EBITDA Margin		EV/ EBITDA		'23–'24E Revenue
Company	Headquarters	9/30/2024	High	Cap.	Value	2023	2024E	2023	2024E	2023	2024E	Growth
Healthcare Staffing												
AMN Healthcare	North America	$42.39	48.2%	$1,611	$2,799	$577	$336	15.2%	11.5%	4.9x	8.3x	(23.3%)
Cross Country Healthcare	North America	13.44	52.4%	454	390	145	54	7.2%	4.0%	2.7	7.2	(33.2%)
Average			**50.3%**					**11.2%**	**7.8%**	**3.8x**	**7.8x**	**(28.3%)**
Median			**50.3%**					**11.2%**	**7.8%**	**3.8x**	**7.8x**	**(28.3%)**
Executive Search												
Korn Ferry	North America	$75.24	98.2%	$3,913	$3,827	$390	$443	13.9%	16.3%	9.8x	8.6x	(3.3%)
Heidrick & Struggles	North America	38.86	92.7%	790	484	124	105	12.0%	9.8%	3.9	4.6	3.8%
Average			**95.4%**					**13.0%**	**13.1%**	**6.9x**	**6.6x**	**0.3%**
Median			**95.4%**					**13.0%**	**13.1%**	**6.9x**	**6.6x**	**0.3%**
HR Consulting/Outsourcing												
Marsh & McLennan	North America	$223.09	96.0%	$109,706	$122,881	$6,177	$6,871	27.2%	28.3%	19.9x	17.9x	6.8%
Automatic Data Processing	North America	276.73	98.3%	112,858	115,538	5,110	5,611	27.5%	28.4%	22.6	20.6	6.1%
Aon	Europe	345.99	97.9%	75,164	92,296	4,354	5,073	32.6%	32.3%	21.2	18.2	17.5%
Paychex	North America	134.19	97.7%	48,274	47,643	2,290	2,420	44.4%	45.2%	20.8	19.7	4.0%
Willis Towers Watson	United Kingdom	294.53	99.4%	29,911	34,606	2,418	2,666	25.5%	26.8%	14.3	13.0	4.9%
Alight	North America	7.40	71.3%	3,961	6,705	740	578	21.7%	24.8%	9.1	11.6	(31.7%)
TriNet[1]	North America	96.97	72.0%	4,817	5,629	657	516	59.6%	54.1%	8.6	10.9	(16.2%)
Insperity[1]	North America	88.00	73.7%	3,303	3,252	351	271	33.8%	25.4%	9.3	12.0	1.6%
First Advantage	North America	19.85	98.9%	2,886	3,179	241	237	31.5%	30.7%	13.2	13.4	1.0%
Barrett Business Services[1]	North America	37.51	99.2%	980	891	65	66	27.0%	26.3%	13.6	13.5	5.3%
Average			**90.4%**					**33.1%**	**32.2%**	**15.3x**	**15.1x**	**(0.1%)**
Median			**97.8%**					**29.5%**	**28.4%**	**14.0x**	**13.4x**	**4.4%**
Average			**78.7%**					**14.4%**	**13.7%**	**9.4x**	**10.1x**	**(2.1%)**
Median			**77.9%**					**9.4%**	**8.5%**	**8.7x**	**9.3x**	**(0.6%)**

Sources: S&P Capital IQ, public company filings.
Notes: Trading multiples are based on share price, other market data, and broker consensus future earnings estimates from S&P Capital IQ as of September 30, 2024. All financials calendarized to a December year-end. Margins and multiples exclude outliers.
(1) EBITDA margin represents gross profit/EBITDA conversion.

Featured M&A Transactions

Staffing

Date	Target	Acquirer	Target Description
07/29/24	Soliant Health	The Vistria Group	Provides healthcare staffing services across nursing, allied, education, therapy, and pharmacy specialties.
06/30/24	Medicus Healthcare Solutions	Ridgemont Equity Partners	Provides locum tenens staffing services for physicians and advanced practitioners.
06/10/24	Belcan, LLC	Cognizant (NASDAQGS:CTSH)	Offers engineering consulting and technical recruiting services to organizations worldwide.
06/03/24	Motion Recruitment Partners	Kelly Services, Inc (NASDAQGS:KELY.A)	Provides IT contingent staffing, permanent placement, consulting, and recruitment process outsourcing solutions.
05/16/24	Torc	Randstand (AMS:RAND)	Operator of a talent marketplace platform intended for the future of work.
05/01/24	All Star Healthcare Solutions	Knox Lane	Places physicians and advanced practitioners on locum tenens assignments and in permanent positions.
04/18/24	House of Talents BV	CVC Capital Partners (ENXTAM:CVC)	Provides recruitment services across care, engineering, executive, financial, food, HR, ICT, sales, science, and technical segments.
02/13/24	Advantis Global Services	INSPYR Solutions, LLC	Technical solutions and consulting services provider for the technology sector.
02/05/24	Morson Group Ltd.	Onex Corporation (TSX:ONEX)	Provides recruitment, engineering, consulting, training, technology, and screening services across the U.K., U.S., and Canada.
12/27/23	Re-Sourcing	MidOcean Partners	Provides professional staffing, consulting, and direct hire services.
12/21/23	Openjobmetis S.p.A	Groupe Crit SA	Offers temporary or permanent placement, recruitment process outsourcing, training, and outplacement services.
12/13/23	Impellam (AIM:IPEL)	HeadFirst Global B.V.	Provides staffing solutions, HCM, and outsourced people-related services.
12/08/23	OUTSOURCING (TSE:2427)	Bain Capital	Provides engineering, manufacturing, and service operations outsourcing services and solutions.
11/02/23	SBG Healthcare	Epic Staffing Group	Provides locum tenens staffing services.
11/02/23	Chicago Telerad	Epic Staffing Group	Offers diagnostic imaging and teleradiology services to hospitals and radiology groups.
10/23/23	Medical Search International; DRW Healthcare Staffing	AMN Healthcare (NYSE:AMN)	Combined entity, MSDR, specializes in locum tenens and advanced practice staffing services.

HR Consulting/Outsourcing

Date	Target	Acquirer	Target Description
09/09/24	GeBBS Healthcare Solutions	EQT Private Capital Asia	Provides revenue cycle management, health information management, and medical billing services.
07/31/24	Questco	LightBay Management	Provides employee benefits, workers' compensation administration, payroll, and HR outsourcing services.
06/26/24	VectorVMS	Pixid Group	Operates as a vendor management platform and contingent workforce management solutions provider.
06/21/24	OperationsInc.	Arthur J. Gallagher & Co.	Offers HR, payroll, recruiting, and employee training solutions for businesses.
02/29/24	Sterling Check Corp. (NASDAQGS:STER)	First Advantage Corporation (NASDAQGS:FA)	Provides technology-enabled background and identity verification services to companies across the globe.
01/23/24	G&A Partners	TPG Capital (NASDAQGS:TPG)	Professional employer organization providing outsourced HR services and solutions, including payroll, benefits management, etc.
12/11/23	HireRight Holdings Corporation (NYSE:HRT)	General Atlantic; Stone Point Capital	Provides background screening, verification, identification, monitoring, and health screening services.
08/09/23	Engage PEO	Kohlberg & Co.	Leading professional employer organization providing HR outsourcing solutions to small and midsized businesses.
05/17/23	ProService	Silver Lake	Provides outsourced HR functions, including payroll, compliance, and other related services.
04/03/23	Buck	Arthur J. Gallagher & Co.	Integrated HR, pensions, and employee benefits consulting, technology, and administration services firm.
12/19/22	Personnel Decisions Research Institutes	Pearson PLC (LSE:PSON)	Provides talent workforce assessment solutions, such as assessment, hiring, and career management.
12/16/22	MINAGINE Co., Ltd.	Chatwork Co., Ltd. (TSE:4448)	Offers outsourcing of payroll, attendance management systems, and personnel evaluation systems.
12/13/22	Hireup Leadership	Cross Country Healthcare, Inc. (NASDAQGS:CCRN)	Provides healthcare interim and permanent recruitment services.
12/01/22	Kanden Joinus Co., Ltd.	Pasona Group, Inc. (TSE:2168)	Provides HR services, including temporary staffing, outsourcing, recruitment, and training services.
10/11/22	Talentherder	RCM Technologies, Inc. (NASDAQGM:RCMT)	Operates as a talent acquisition services firm that identifies and hires talent across tech and nontech functions.
09/21/22	Optionis Group	Alcentra, Ltd.	Provides workforce and SME support services, such as tax, payroll, and HR consulting.

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

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