



M&A Insights Q2 2022

HUMAN CAPITAL INDUSTRY UPDATE

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M&A TRENDS

Off to a Strong Start

The Human Capital industry closed out an impressive first half of 2022 as the labor market continued to recover and as talent acquisitions became a top priority for many firms. In total, the industry recorded 36 deals in the space in Q2.

Trends to Watch

As Q2 closes, a few key trends should be watched to evaluate the cautiously optimistic performance expectations for the Human Capital industry throughout the second half of 2022. The extreme labor shortages faced by many firms have allowed candidates to be in the driver's seat and have their pick of excess open vacancies. This has led many hiring managers to seek the help of experts when trying to attract and retain quality employees. As unemployment rates continue to come down from pandemic-produced highs, this imbalance should be closely observed. Another trend to watch is the prioritization of niche recruitment within the staffing industry. Due to a tight labor market, candidates are more likely to speak to experts at sourcing within their fields. IT, finance and accounting, and healthcare staffing segments are all expected to perform well in the second half of 2022.

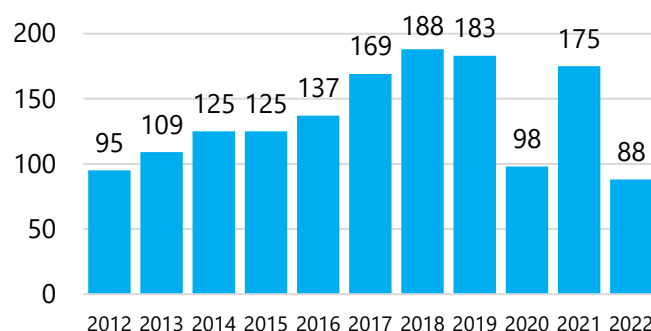
Key Deal Spotlight



On April 26, Oak Healthcare Staffing ("Oak"), a portfolio company of Regal Healthcare Partners, acquired Washington-based healthcare staffing provider, Cunningham Elite Staffing. The acquisition gives Oak, a Florida-based company, the ability to expand its travel nurse service to the West Coast. "We are excited to join Oak Healthcare Staffing and are fully aligned with its vision" said Trent Cunningham, founder of Cunningham Elite Staffing.

Source: Pitchbook, Statista

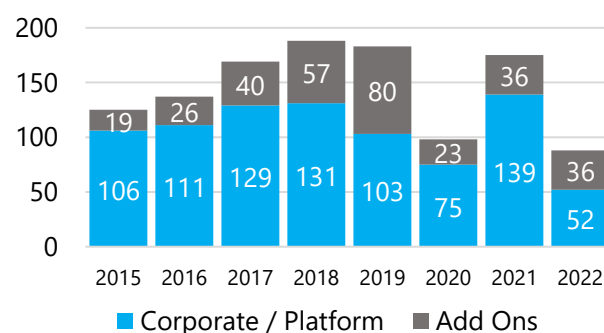
Human Capital Deal Count



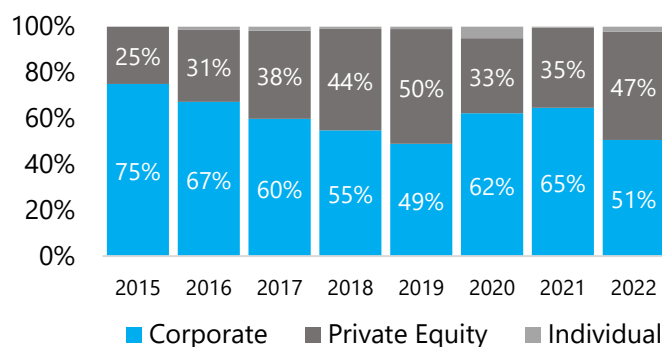
LTM Q2 2022 Deals by Sector

HR Outsourcing	32	IT Staffing	10
Healthcare	31	Other	10
HR Consulting	25	Technical	9
IT Services	15	PEO	7
Executive Search	12	Education	6
Light Industrial	11	Finance/Accounting	2

Transaction Type



Buyer Type



HUMAN CAPITAL INDUSTRY UPDATE

SELECTED TRANSACTIONS

Date	Target	Buyer	Description
6/28/2022	Essi Systems	Workplace Options (WindRose Health Investors)	HR Consulting
6/28/2022	Future State Consulting	The Planet Group	HR Consulting
6/24/2022	Katalist	Gyrus Capital	Other
6/23/2022	The Liberty Group	The Halifax Group	Executive Search
6/21/2022	Savantis (Staffing Division)	Futuris Company	IT Staffing
6/18/2022	ProHealth Partners	HealthDrive (Bain Capital Double Impact)	Healthcare
6/16/2022	Renewal (HCM Division)	PayNorthwest	HR Outsourcing
6/16/2022	Staff Me Up	Casting Networks (POV Partners)	Technical
6/13/2022	Quintegra Resourcing	Sales Xceleration (The Firefly Group)	HR Outsourcing
6/13/2022	SumTotal Systems	Cornerstone OnDemand	IT Services
6/7/2022	JBC	WorkGenius	HR Outsourcing
6/7/2022	Sales Search International	Direct Recruiters	IT Staffing
6/6/2022	Leapros Workforce Solutions	Industrial Skilled Trades	IT Staffing
6/1/2022	R&D Partners	Acacium Group	HR Consulting
6/1/2022	Yorkson Legal	SOAL Technologies	Other
5/31/2022	EmPower HR	Vensure Employer Services (Stone Point Capital)	PEO
5/31/2022	Enterprise Medical Recruiting	ARR Healthcare	Healthcare
5/24/2022	Frederickson Partners	Arthur J. Gallagher & Co. (NYSE: AJG)	Executive Search
5/23/2022	Imprimis Group	Private Investor	HR Consulting
5/19/2022	Headway Workforce Solutions	Staffing 360 Solutions (NAS: STAF)	IT Services
5/18/2022	FJC Personnel	Lingo Staffing	IT Services
5/13/2022	Connetics USA	AMN Healthcare Services (NYS: AMN)	Healthcare
5/12/2022	Pinnacle HR Solutions	Patriot Growth Insurance Services	HR Consulting
5/9/2022	Midwest Group Benefits	AssuredPartners	HR Consulting
5/9/2022	Piper Key	JumpCrew	Other
5/9/2022	Technical Connections	Kore1	IT Staffing
5/3/2022	Pediatric Therapeutic Services	Kelly Services (NAS: KELYA)	Education
4/27/2022	Vista Staffing Solutions	Ingenovis Health	Healthcare
4/26/2022	Cunningham Elite Staffing	Oak (Regal Healthcare Capital Partners)	Healthcare
4/25/2022	Becker Health	MedHQ (424 Capital)	Healthcare
4/25/2022	Volt Information Sciences	ACS Group	HR Outsourcing
4/14/2022	BHI Energy	Westinghouse Electric (The Baupost Group)	Light Industrial
4/12/2022	Terra Search Partners	ZRG Partners (RFE Investment Partners)	Executive Search
4/7/2022	Staffing Connections	The Reserves Network	HR Outsourcing
4/1/2022	Comparably	ZoomInfo Technologies (NAS: ZI)	Technical

Source: Pitchbook

HUMAN CAPITAL INDUSTRY UPDATE

PUBLIC TRADING DATA

Once again, executive staffing and healthcare staffing led all segments in sales growth and profitability. As expected, IT staffing has seen a recent uptick in performance.

Operating Statistics

(\$ in millions)

	LTM Revenues		LTM EBITDA			LTM EBIT		LTM Net Income		LTM Capex		Debt /		Net Debt/
	\$(mm)	3yr CAGR	\$(mm)	Margin	3yr CAGR	\$(mm)	Margin	\$(mm)	Margin	\$(mm)	% Sales	EBITDA	Capital	EBITDA
Commercial Staffing														
ManpowerGroup	\$20,740	(2.0%)	\$753	3.6%	(4.3%)	\$677	3.3%	\$423	2.0%	\$81	0.4%	1.9x	41.7%	1.2x
TrueBlue	2,320	(4.5%)	113	4.9%	(2.7%)	85	3.6%	73	3.2%	29	1.3%	0.5x	12.2%	0.3x
Kelly Services	5,000	(3.8%)	101	2.0%	(7.1%)	70	1.4%	82	1.6%	10	0.2%	0.6x	5.6%	(1.5x)
Randstad	29,919	1.1%	1,363	4.6%	2.7%	1,263	4.2%	943	3.2%	42	0.1%	0.8x	20.8%	6.1x
Adecco Group	24,905	(4.3%)	1,114	4.5%	(5.4%)	895	3.6%	644	2.6%	169	0.7%	4.2x	47.0%	3.5x
Mean		(2.7%)		3.9%	(3.4%)		3.2%		2.5%		0.5%	1.6x	25.5%	1.9x
Median		(3.8%)		4.5%	(4.3%)		3.6%		2.6%		0.4%	0.8x	20.8%	1.2x

	LTM Revenues		LTM EBITDA			LTM EBIT		LTM Net Income		LTM Capex		Debt /		Net Debt/
	\$(mm)	3yr CAGR	\$(mm)	Margin	3yr CAGR	\$(mm)	Margin	\$(mm)	Margin	\$(mm)	% Sales	EBITDA	Capital	EBITDA
Professional Staffing														
Robert Half Intl.	\$7,160	3.7%	\$1,041	14.5%	15.6%	\$991	13.8%	\$683	9.5%	\$56	0.8%	0.2x	14.6%	(0.3x)
Kforce Inc.	1,667	6.6%	118	7.1%	14.9%	116	6.9%	87	5.2%	7	0.4%	0.1x	6.2%	(0.1x)
PageGroup	2,261	2.0%	243	10.8%	5.2%	232	10.3%	163	7.2%	14	0.6%	0.5x	23.1%	(0.3x)
Hays	8,200	(0.6%)	264	3.2%	(10.2%)	234	2.9%	161	2.0%	15	0.2%	0.8x	19.7%	(0.2x)
GEE Group, Inc	162	(3.4%)	13	8.3%	14.4%	9	5.6%	20	12.2%	0	0.2%	0.3x	4.0%	(0.7x)
Mean		2.9%		8.9%	6.4%		8.5%		6.0%		0.5%	0.4x	15.9%	(0.2x)
Median		2.8%		8.9%	10.1%		8.6%		6.2%		0.5%	0.4x	17.1%	(0.3x)

	LTM Revenues		LTM EBITDA			LTM EBIT		LTM Net Income		LTM Capex		Debt /		Net Debt/
	\$(mm)	3yr CAGR	\$(mm)	Margin	3yr CAGR	\$(mm)	Margin	\$(mm)	Margin	\$(mm)	% Sales	EBITDA	Capital	EBITDA
IT Staffing														
ASGN Incorporated	\$4,360	5.7%	\$493	11.3%	8.1%	\$406	9.3%	\$272	6.2%	\$0	0.0%	2.1x	35.8%	1.1x
Computer Task Group	375	3.0%	17	4.5%	38.9%	15	3.9%	15	3.9%	2	0.5%	0.8x	16.5%	(1.0x)
RCM Technologies	241	0.6%	19	7.7%	30.1%	18	7.3%	17	6.8%	1	0.2%	0.8x	33.6%	0.8x
GEE Group, Inc	162	(3.4%)	13	8.3%	14.4%	9	5.6%	20	12.2%	0	0.2%	0.3x	4.0%	(0.7x)
Mean		1.5%		8.0%	22.9%		6.5%		7.3%		0.2%	1.0x	22.5%	0.0x
Median		1.8%		8.0%	22.3%		6.5%		6.5%		0.2%	0.8x	25.1%	0.0x

	LTM Revenues		LTM EBITDA			LTM EBIT		LTM Net Income		LTM Capex		Debt /		Net Debt/
	\$(mm)	3yr CAGR	\$(mm)	Margin	3yr CAGR	\$(mm)	Margin	\$(mm)	Margin	\$(mm)	% Sales	EBITDA	Capital	EBITDA
Healthcare Staffing														
AMN Healthcare Services	\$5,220	23.1%	\$786	15.1%	51.6%	\$666	12.8%	\$460	8.8%	\$61	1.2%	1.1x	45.4%	1.0x
CrossCountry Healthcare	2,558	27.1%	285	11.2%	149.5%	274	10.7%	216	8.4%	8	0.3%	0.7x	34.5%	0.8x
Mean		25.1%		13.1%	100.6%		11.7%		8.6%		0.7%	0.9x	39.9%	0.9x
Median		25.1%		13.1%	100.6%		11.7%		8.6%		0.7%	0.9x	39.9%	0.9x

	LTM Revenues		LTM EBITDA			LTM EBIT		LTM Net Income		LTM Capex		Debt /		Net Debt/
	\$(mm)	3yr CAGR	\$(mm)	Margin	3yr CAGR	\$(mm)	Margin	\$(mm)	Margin	\$(mm)	% Sales	EBITDA	Capital	EBITDA
Executive Staffing														
Heidrick&Struggles Intl.	\$1,132	11.9%	\$124	11.0%	13.9%	\$122	10.8%	\$80	7.0%	\$8	0.7%	0.5x	17.6%	(2.1x)
Korn Ferry	2,627	10.9%	518	19.7%	23.7%	483	18.4%	319	12.1%	49	1.9%	1.0x	27.8%	(0.8x)
Mean		11.4%		15.3%	18.8%		14.6%		9.6%		1.3%	0.8x	22.7%	(1.4x)
Median		11.4%		15.3%	18.8%		14.6%		9.6%		1.3%	0.8x	22.7%	(1.4x)

Source: Bloomberg, Capital IQ and Company Filings

HUMAN CAPITAL INDUSTRY UPDATE

PUBLIC TRADING DATA

Market caps and trading multiples took a step backwards from lofty figures put forth at the end of Q1, indicating a drawback in assumed valuations.

Trading Multiples

(\$ in millions, except per share amounts)

	Price 3/31/22	% 52-Wk High	Market Cap	Net Debt	Tot. Ent. Value	Total Enterprise Value /						P / E		Price / Book
						Revenues		EBITDA		EBIT				
						LTM	NFY	LTM	NFY	LTM	NFY	LTM	NFY	
Commercial Staffing														
ManpowerGroup	\$76.41	62%	\$4,030	\$871	\$4,900	0.2x	0.4x	6.5x	3.3x	7.2x	4.0x	9.9x	46.2x	1.6x
TrueBlue	17.90	54%	593	32	626	0.3x	0.4x	5.6x	5.4x	7.4x	7.4x	8.5x	23.5x	nmf
Kelly Services	19.83	79%	752	(155)	597	0.1x	0.3x	5.9x	5.6x	8.6x	6.8x	9.5x	26.8x	nmf
Randstad	48.30	68%	8,830	8,281	17,111	0.6x	na	12.6x	na	13.5x	na	9.5x	na	2.0x
Adecco Group	33.97	50%	5,903	3,936	9,838	0.4x	na	8.8x	na	11.0x	na	8.6x	na	1.8x
Mean		63%				0.3x	0.4x	7.9x	4.8x	9.6x	6.0x	9.2x	32.1x	1.8x
Median		62%				0.3x	0.4x	6.5x	5.4x	8.6x	6.8x	9.5x	26.8x	1.8x

	Price 3/31/22	% 52-Wk High	Market Cap	Net Debt	Tot. Ent. Value	Total Enterprise Value /						P / E		Price / Book
						Revenues		EBITDA		EBIT				
						LTM	NFY	LTM	NFY	LTM	NFY	LTM	NFY	
Professional Staffing														
Robert Half Intl.	\$74.89	60%	\$8,145	(\$340)	\$7,804	1.1x	3.3x	7.5x	33.6x	7.9x	na	12.2x	97.5x	5.6x
Kforce Inc.	61.34	75%	1,246	(16)	1,230	0.7x	0.2x	10.4x	6.9x	10.6x	7.7x	14.8x	21.5x	6.3x
PageGroup	4.86	58%	1,544	(70)	1,474	0.7x	1.3x	6.1x	10.9x	6.4x	na	9.5x	5.1x	5.8x
Hays	1.36	63%	2,238	(58)	2,180	0.3x	2.1x	8.3x	27.6x	9.3x	34.6x	14.3x	1.6x	2.8x
GEE Group, Inc	0.52	76%	60	(10)	49	0.3x	0.1x	3.7x	0.5x	5.5x	0.9x	3.0x	0.9x	0.6x
Mean		64%				0.7x	1.7x	8.1x	19.8x	8.6x	21.2x	12.7x	31.4x	5.1x
Median		61%				0.7x	1.7x	7.9x	19.3x	8.6x	21.2x	13.2x	13.3x	5.7x

	Price 3/31/22	% 52-Wk High	Market Cap	Net Debt	Tot. Ent. Value	Total Enterprise Value /						P / E		Price / Book
						Revenues		EBITDA		EBIT				
						LTM	NFY	LTM	NFY	LTM	NFY	LTM	NFY	
IT Staffing														
ASGN Incorporated	\$90.25	68%	\$4,612	\$544	\$5,156	1.2x	0.3x	10.5x	7.5x	12.7x	8.3x	10.9x	22.7x	2.5x
Computer Task Group	8.56	82%	132	(17)	115	0.3x	0.0x	6.8x	0.2x	7.9x	0.3x	8.7x	3.9x	1.4x
RCM Technologies	20.24	70%	204	14	219	0.9x	0.0x	11.7x	1.0x	12.4x	1.4x	13.8x	23.5x	nmf
GEE Group, Inc	0.52	76%	60	(10)	49	0.3x	0.0x	3.7x	0.2x	5.5x	0.2x	3.0x	0.2x	0.6x
Mean		74%				0.7x	0.1x	8.2x	2.2x	9.6x	2.5x	9.1x	12.6x	1.5x
Median		73%				0.6x	0.0x	8.6x	0.6x	10.2x	0.8x	9.8x	13.3x	1.4x

	Price 3/31/22	% 52-Wk High	Market Cap	Net Debt	Tot. Ent. Value	Total Enterprise Value /						P / E		Price / Book
						Revenues		EBITDA		EBIT				
						LTM	NFY	LTM	NFY	LTM	NFY	LTM	NFY	
Healthcare Staffing														
AMN Healthcare Services	\$109.71	85%	\$4,906	\$783	\$5,689	1.1x	0.5x	7.2x	11.7x	8.5x	14.6x	11.2x	79.4x	4.6x
Cross Country Healthcare	20.83	69%	796	216	1,012	0.4x	0.1x	3.5x	1.3x	3.7x	1.2x	3.6x	18.0x	2.2x
Mean		77%				0.7x	0.3x	5.4x	6.5x	6.1x	7.9x	7.4x	48.7x	3.4x
Median		77%				0.7x	0.3x	5.4x	6.5x	6.1x	7.9x	7.4x	48.7x	3.4x

	Price 3/31/22	% 52-Wk High	Market Cap	Net Debt	Tot. Ent. Value	Total Enterprise Value /						P / E	Price / Book	
						Revenues		EBITDA		EBIT				
						LTM	NFY	LTM	NFY	LTM	NFY			
Executive Staffing														
Heidrick&Struggles Intl.	\$32.36	65%	\$638	(\$258)	\$380	0.3x	0.0x	3.1x	0.8x	3.1x	1.0x	8.3x	23.4x	1.8x
Korn Ferry	58.02	69%	3,076	(422)	2,654	1.0x	0.2x	5.1x	3.4x	5.5x	3.3x	9.7x	50.1x	nmf
Mean		67%				0.7x	0.1x	4.1x	2.1x	4.3x	2.1x	9.0x	36.8x	1.8x
Median		67%				0.7x	0.1x	4.1x	2.1x	4.3x	2.1x	9.0x	36.8x	1.8x

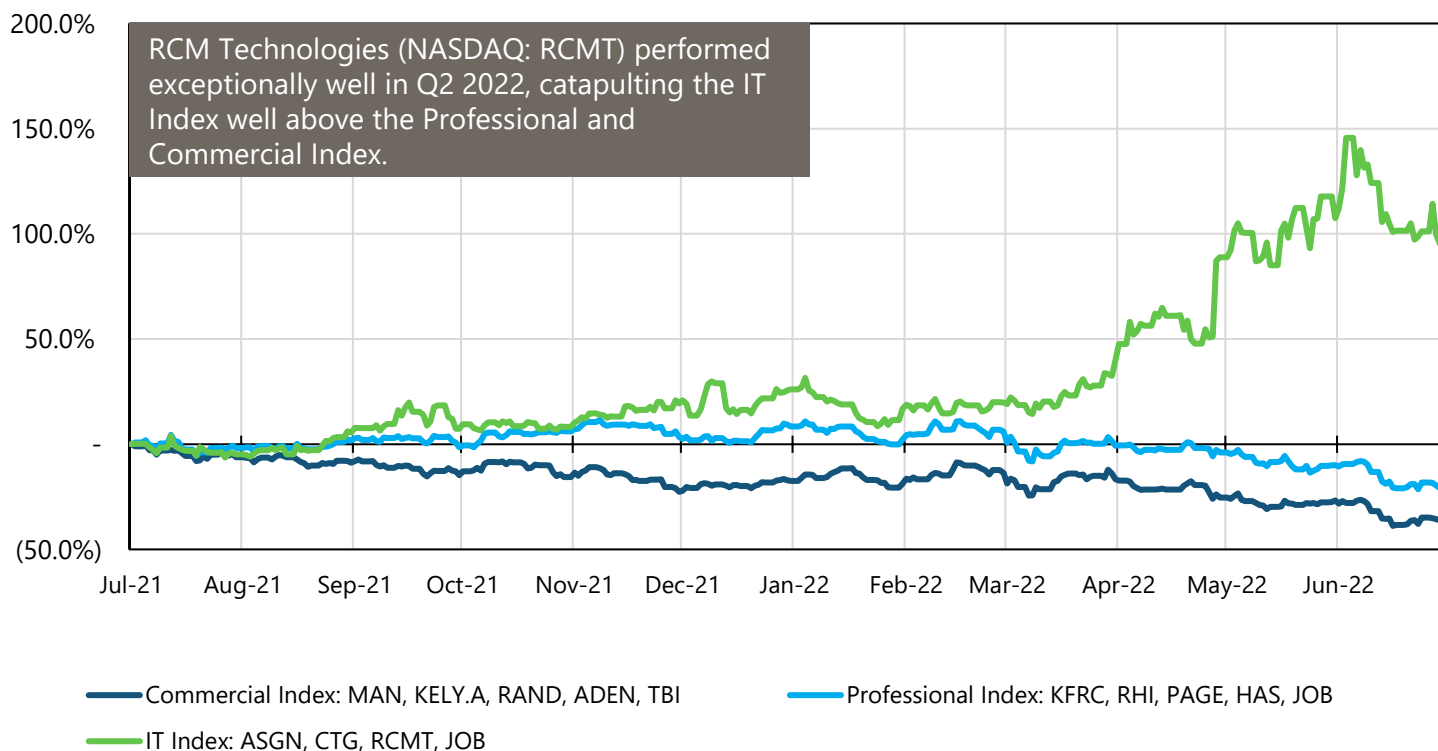
Source: Bloomberg, Capital IQ and Company Filings

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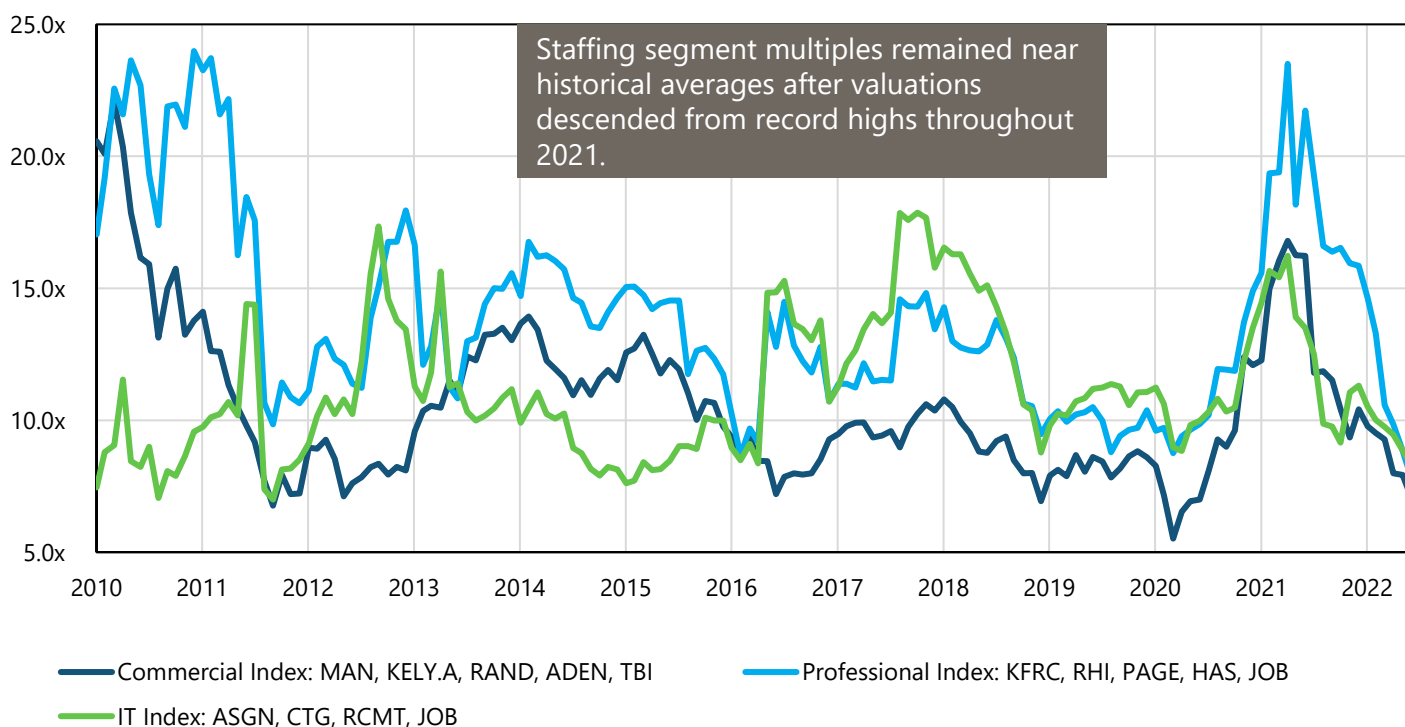
PUBLIC VALUATION TRENDS



Share Price Performance by Segment



Rolling EV/EBITDA



Source: S&P Capital IQ



About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. We offer a comprehensive range of investment banking and private capital investing advisory services, including buy-side and sell-side M&A, succession planning, business valuation, and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance to both business owners and investors throughout the complete business lifecycle.

Human Capital Industry Expertise

Our human capital industry practice team provides targeted merger and acquisition advisory and capital raising expertise to the industry. By maintaining a strong focus on staffing companies, our industry bankers have a deep understanding of trends and value drivers across the sector and maintain ongoing dialogue with the acquirer and investor universe. Our human capital industry practice has a growing track record of helping clients sell to strategic acquirers and value-added private equity groups across the industry landscape.

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