



M&A Insights Q4 2021

HUMAN CAPITAL INDUSTRY UPDATE

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M&A TRENDS

The fourth quarter of 2021 closed out what was an exceptionally strong year for human capital M&A activity. After deal activity plummeted by ~50% as a result of the COVID-19 pandemic in early 2020, activity has recovered to pre-pandemic levels.

This drastic recovery was spurred on by several positive macro-economic trends, paired with beneficial, industry specific tailwinds. The first contributing macro-economic trend was the significant amount of excess cash that investors had stockpiled in 2020 and were ready to deploy towards attractive targets in 2021.

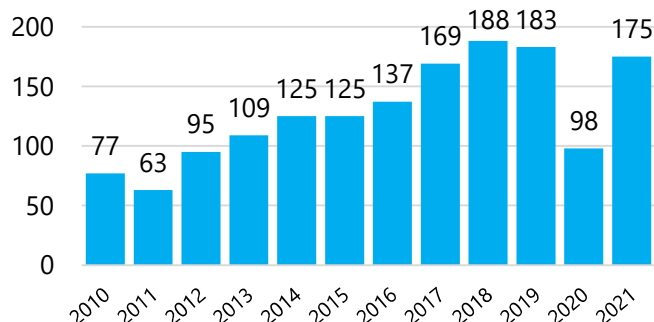
Another macro-economic/industry specific trend that supported the M&A growth in 2021 was the labor shortage experienced across almost every industry and end market. Companies depended on human capital providers more than ever in 2021 to fill empty positions and outsource responsibilities that were previously held in house. This increase in market demand led to increased profitability for a plethora of human capital businesses and created a more willing group of sellers looking to capitalize on strong financial performance.

When analyzing the specific sectors within the human capital industry that were most active in 2021, HR outsourcing and healthcare recruiting firms were by far and away the most active. The likely cause of the significant amount of activity in the HR outsourcing sector is the recent increase in demand for outsourced HR services as a response to the labor shortage. The activity in the healthcare space is related to the COVID-19 pandemic that created significant labor demand in the healthcare space.

Lastly, 2021 saw a resurgence in corporate/platform acquisitions in comparison to add on acquisitions. As general demand in the human capital industry continues to rise, it is likely that more investors will be willing to purchase platform investments in the space that can stand alone rather than just investing in add on opportunities.

Source: Pew Research, Reuters

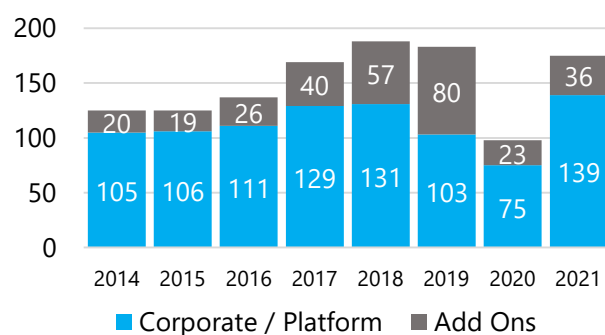
Human Capital Deal Count



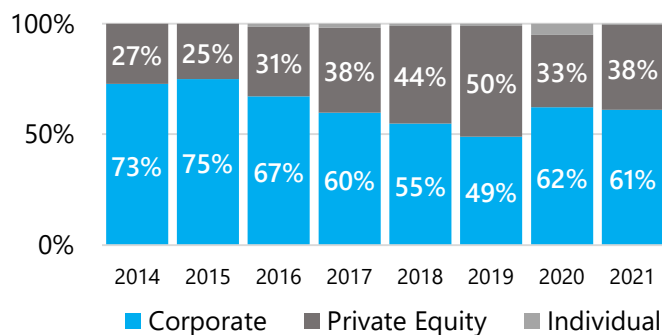
LTM Q4 2021 Deals by Sector

HR Outsourcing	49	Executive Search	12
Healthcare	35	IT Staffing	6
HR Consulting	18	Other	5
Technical	19	PEO	1
IT Services	17	Education	1
Light Industrial	12	Finance/Accounting	0

Transaction Type



Buyer Type



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SELECTED TRANSACTIONS

Date	Target	Buyer	Description
12/23/2021	Pierce Group Benefits	AssuredPartners (GTCR)	HR Outsourcing
12/22/2021	MBA	DecisionHR	HR Outsourcing
12/20/2021	DevBase	FinTech Automation	IT Staffing
12/15/2021	24 Seven	Glendower Capital; Pantheon Ventures	HR Outsourcing
12/15/2021	Leadership Alliance	Chapman & Co. Leadership Institute	HR Consulting
12/13/2021	General Healthcare Resources	MidOcean Partners	Healthcare
12/8/2021	Taylor Hopkinson	Brunel International (AMS: BRNL)	HR Outsourcing
12/7/2021	Dental Power (Dental Power Staffing Division)	HireQuest (NAS: HQI)	Healthcare
12/7/2021	Hobbs & Towne	True (LLR Partners)	Executive Search
12/2/2021	Whiteboard Higher Education	Huron Consulting Group (NAS: HURN)	HR Outsourcing
12/1/2021	DSS	Gulf Island Fabrication (NAS: GIFL)	Light Industrial
12/1/2021	ESR	ClearStar (Hanover Investors)	HR Outsourcing
12/1/2021	Shields Meneley Partners	Felix Global	HR Consulting
11/29/2021	HealthCare Support	Ingenovis Health (Cornell Capital; Trilantic North America)	Healthcare
11/22/2021	AHSG	Littlejohn & Co.	Healthcare
11/22/2021	Hire Dynamics	EmployBridge (Apollo Global Management)	HR Outsourcing
11/11/2021	Ensearch	Private Investor	Healthcare
11/4/2021	BDV Solutions	Astara Capital	Other
11/3/2021	Bay State Search	Vaco (Olympus Partners)	HR Outsourcing
11/1/2021	Cisive	GTCR	HR Outsourcing
11/1/2021	Karani	Hudson Global (NAS: HSON)	HR Outsourcing
11/1/2021	Medical Solutions	Centerbridge Partners; CDPQ	Healthcare
10/29/2021	The Daniel Group	Hire Dynamics (MSouth Equity Partners)	HR Outsourcing
10/27/2021	ReCreation (Talent Acquisition Division)	Blue Rock Search	Executive Search
10/26/2021	Southerland Group	Focus Search Partners	Executive Search
10/25/2021	Interim HealthCare	Wellspring Capital Management	Healthcare
10/21/2021	American Personnel & Temps	The HT Group	HR Outsourcing
10/21/2021	Lucas Group	Korn Ferry (NYS: KFY)	Executive Search
10/20/2021	Workforce Logiq	PRO Unlimited (EQT)	HR Consulting
10/18/2021	Resource Staffing	The Reserves Network	HR Outsourcing
10/12/2021	Cornerstone	Clearlake Capital Group; Vector Capital	HR Consulting
10/11/2021	Acclivity Healthcare	Health Advocates Network	Healthcare
10/7/2021	TNR Staffing	InHomeTherapy	Healthcare
10/6/2021	Hiring Manager	Fourth Enterprises (Marlin Equity Partners)	Other
10/1/2021	Blue Communications	Alera Group	HR Consulting
10/1/2021	Ettain Group	ManpowerGroup	HR Outsourcing
10/1/2021	IBM (Talent Acquisition Division)	Infinite Computer Solutions	HR Outsourcing
10/1/2021	Pinnacle HR	GTM Payroll Services	HR Consulting
10/1/2021	Riverside Staffing Services	Ascend Staffing	HR Outsourcing
10/1/2021	Select Staff	Hire Dynamics (MSouth Equity Partners)	HR Outsourcing

Source: Pitchbook

HUMAN CAPITAL INDUSTRY UPDATE

PUBLIC TRADING DATA

Executive staffing and healthcare staffing are currently leading the industry in terms of profitability, while commercial and professional staffing continue a slow recovery from the pandemic.

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	\$20,397	(5.1%)	\$645	3.2%	(11.9%)	\$575	2.8%	\$348	1.7%	\$60	0.3%	1.8x	36.7%	(0.2x)
TrueBlue	2,070	(9.7%)	75	3.6%	(15.4%)	47	2.3%	49	2.4%	40	1.9%	0.7x	12.5%	0.3x
Kelly Services	4,901	(5.6%)	77	1.6%	(10.6%)	49	1.0%	107	2.2%	11	0.2%	0.7x	6.1%	0.5x
Randstad	23,574	(3.8%)	1,010	4.3%	(3.0%)	990	4.2%	727	3.1%	58	0.2%	0.8x	16.7%	0.2x
Adecco Group	20,475	(6.1%)	978	4.8%	(4.7%)	995	4.9%	551	2.7%	127	0.6%	1.9x	42.0%	1.0x
Mean		(6.1%)		3.5%	(9.1%)		3.0%		2.4%		0.7%	1.2x	22.8%	0.4x
Median		(5.6%)		3.6%	(10.6%)		2.8%		2.4%		0.3%	0.8x	16.7%	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
Professional Staffing														
Robert Half Intl.	\$5,996	(1.0%)	\$690	11.5%	3.2%	\$632	10.5%	\$525	8.8%	\$29	0.5%	0.3x	17.0%	(0.5x)
Kforce Inc.	1,524	3.7%	109	7.1%	11.3%	106	6.9%	73	4.8%	6	0.4%	1.0x	38.6%	0.0x
PageGroup	1,416	(1.6%)	87	6.2%	(14.1%)	81	5.7%	34	2.4%	5	0.4%	0.7x	20.8%	(0.8x)
Hays	5,648	(0.6%)	117	2.1%	(23.1%)	94	1.7%	62	1.1%	9	0.2%	1.2x	18.7%	(1.8x)
Mean		0.1%		6.7%	(5.7%)		6.2%		4.3%		0.4%	0.8x	23.8%	(0.8x)
Median		(0.8%)		6.6%	(5.5%)		6.3%		3.6%		0.4%	0.9x	19.8%	(0.7x)

	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	\$4,305	14.6%	\$450	10.5%	8.9%	\$359	8.3%	\$237	5.5%	\$30	0.7%	2.1x	37.4%	0.9x
Computer Task Group	381	6.7%	14	3.7%	25.7%	11	3.0%	7	1.8%	2	0.6%	1.1x	21.4%	(0.6x)
RCM Technologies	180	(7.0%)	(1)	(0.6%)	nmf	(2)	(1.3%)	3	1.8%	1	0.3%	13.7x	33.4%	(8.6x)
Mean		4.8%		4.5%	17.3%		3.3%		3.1%		0.5%	5.6x	30.7%	(2.8x)
Median		6.7%		3.7%	17.3%		3.0%		1.8%		0.6%	2.1x	33.4%	(0.6x)

	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	\$3,252	6.4%	\$446	13.7%	20.4%	\$346	10.6%	\$220	6.8%	\$49	1.5%	1.9x	45.5%	1.6x
CrossCountry Healthcare	1,252	(1.1%)	85	6.8%	35.6%	75	6.0%	59	4.7%	6	0.5%	1.3x	35.4%	1.4x
Mean		2.6%		10.2%	28.0%		8.3%		5.7%		1.0%	1.6x	40.5%	1.5x
Median		2.6%		10.2%	28.0%		8.3%		5.7%		1.0%	1.6x	40.5%	1.5x

	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.	\$878	0.0%	\$113	12.9%	14.4%	\$99	11.2%	\$66	7.5%	\$4	0.5%	0.6x	20.3%	(2.3x)
Korn Ferry	2,255	0.8%	389	17.3%	13.6%	352	15.6%	262	11.6%	35	1.5%	1.3x	28.1%	(0.5x)
Mean		0.4%		15.1%	14.0%		13.4%		9.6%		1.0%	0.9x	24.2%	(1.4x)
Median		0.4%		15.1%	14.0%		13.4%		9.6%		1.0%	0.9x	24.2%	(1.4x)

Source: Bloomberg, Capital IQ and Company Filings

HUMAN CAPITAL INDUSTRY UPDATE

PUBLIC TRADING DATA

The fourth quarter of 2021 was another strong quarter for staffing companies as trading multiples as market caps remain bolstered.

Trading Multiples

(\$ in millions, except per share amounts)

	Price 12/31/21	% 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	\$97.33	78%	\$5,279	(\$161)	\$5,118	0.3x	0.4x	7.9x	3.5x	8.9x	4.2x	15.7x	58.8x	2.3x
TrueBlue	27.67	84%	982	20	1,002	0.5x	0.6x	13.3x	8.7x	21.3x	11.8x	19.8x	36.3x	2.1x
Kelly Services	16.77	62%	661	39	700	0.1x	0.4x	9.0x	6.6x	14.2x	7.9x	6.2x	22.6x	0.5x
Randstad	60.04	90%	11,045	243	11,287	0.5x	na	11.2x	na	11.4x	na	15.3x	na	2.4x
Adecco Group	46.60	70%	8,096	999	9,095	0.4x	na	9.3x	na	9.1x	na	15.1x	na	2.1x
Mean		77%				0.4x	0.5x	10.1x	6.3x	13.0x	8.0x	14.4x	39.2x	1.9x
Median		78%				0.4x	0.4x	9.3x	6.6x	11.4x	7.9x	15.3x	36.3x	2.1x

	Price 12/31/21	% 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.	\$111.52	92%	\$12,208	(\$365)	\$11,843	2.0x	5.0x	17.2x	51.0x	18.7x	na	23.8x	145.2x	9.3x	
Kforce Inc.	75.22	92%	1,527	4	1,530	1.0x	0.3x	14.1x	8.5x	14.5x	9.6x	22.0x	26.4x	7.6x	
PageGroup	6.34	92%	2,002	(73)	1,929	1.4x	1.7x	22.1x	14.3x	23.8x	na	58.8x	6.7x	5.6x	
Hays	1.46	81%	2,445	(210)	2,235	0.4x	2.1x	19.2x	28.3x	23.8x	35.5x	40.2x	1.7x	3.0x	
Mean		89%				1.2x	2.3x	18.1x	25.5x	20.2x	22.6x	36.2x	45.0x	6.4x	
Median		92%				1.2x	1.9x	18.2x	21.3x	21.3x	22.6x	32.0x	16.5x	6.6x	

	Price 12/31/21	% 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	\$123.40	94%	\$6,429	\$417	\$6,846	1.6x	0.4x	15.2x	9.9x	19.1x	11.0x	27.9x	31.1x	3.3x
Computer Task Group	9.97	85%	153	(8)	145	0.4x	0.0x	10.3x	0.3x	12.8x	0.4x	21.2x	4.5x	1.5x
RCM Technologies	7.12	57%	75	9	84	0.5x	0.0x	nmf	0.4x	nmf	0.5x	24.8x	8.3x	2.9x
Mean		79%				0.8x	0.2x	12.8x	3.5x	15.9x	4.0x	24.7x	14.6x	2.6x
Median		85%				0.5x	0.0x	12.8x	0.4x	15.9x	0.5x	24.8x	8.3x	2.9x

	Price 12/31/21	% 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	\$122.33	95%	\$5,783	\$734	\$6,518	2.0x	0.6x	14.6x	13.4x	18.9x	16.7x	26.6x	88.6x	4.9x
Cross Country Healthcare	27.76	91%	1,055	118	1,173	0.9x	0.1x	13.8x	1.5x	15.5x	1.4x	17.4x	24.0x	3.7x
Mean		93%				1.5x	0.3x	14.2x	7.4x	17.2x	9.1x	22.0x	56.3x	4.3x
Median		93%				1.5x	0.3x	14.2x	7.4x	17.2x	9.1x	22.0x	56.3x	4.3x

	Price 12/31/21	% 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	
Executive Staffing														
Heidrick&Struggles Intl.	\$43.73	87%	\$857	(\$266)	\$591	0.7x	0.1x	5.2x	1.2x	6.0x	1.5x	13.3x	31.7x	2.7x
Korn Ferry	75.73	89%	4,121	(209)	3,912	1.7x	0.3x	10.1x	5.0x	11.1x	4.8x	15.5x	65.5x	2.6x
Mean		88%				1.2x	0.2x	7.6x	3.1x	8.6x	3.2x	14.4x	48.6x	2.7x
Median		88%				1.2x	0.2x	7.6x	3.1x	8.6x	3.2x	14.4x	48.6x	2.7x

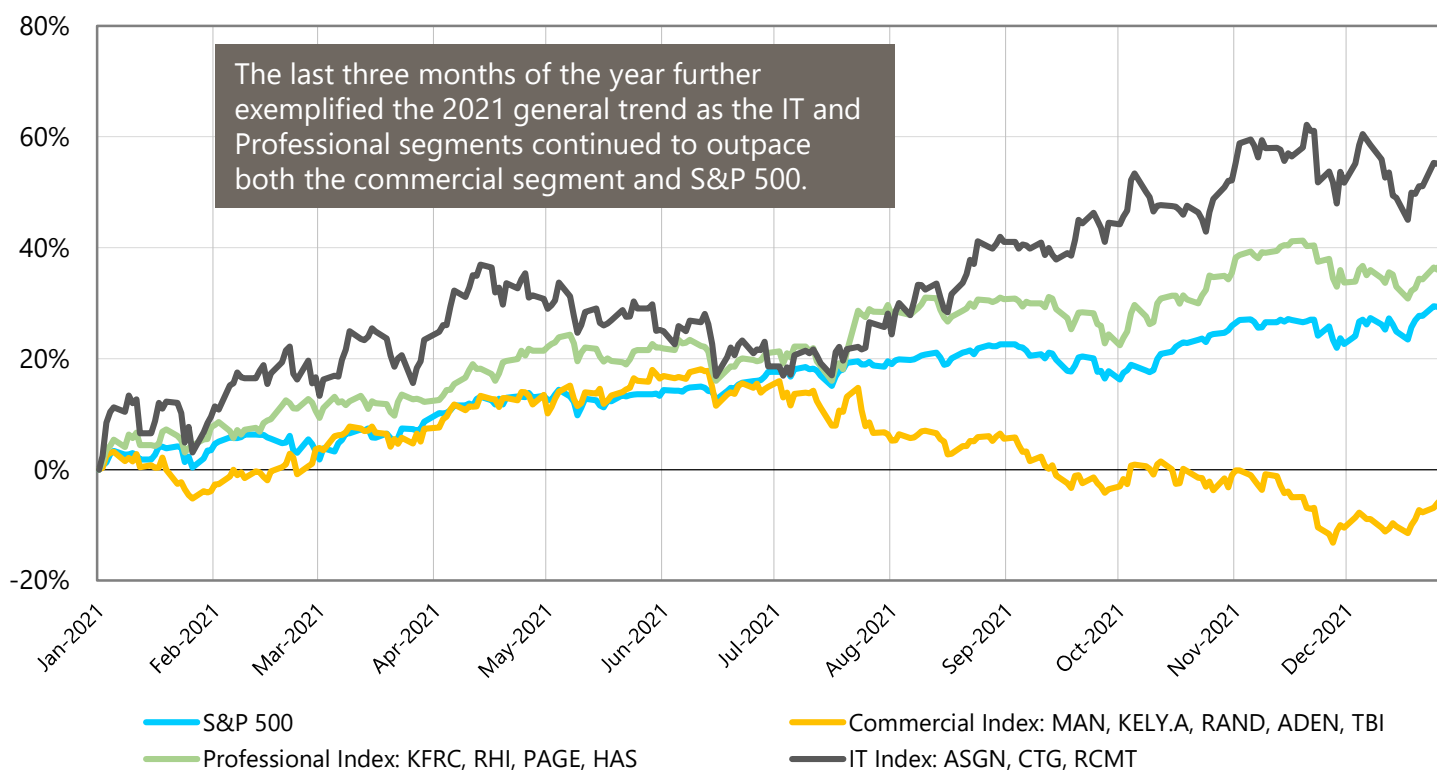
Source: Bloomberg, Capital IQ and Company Filings

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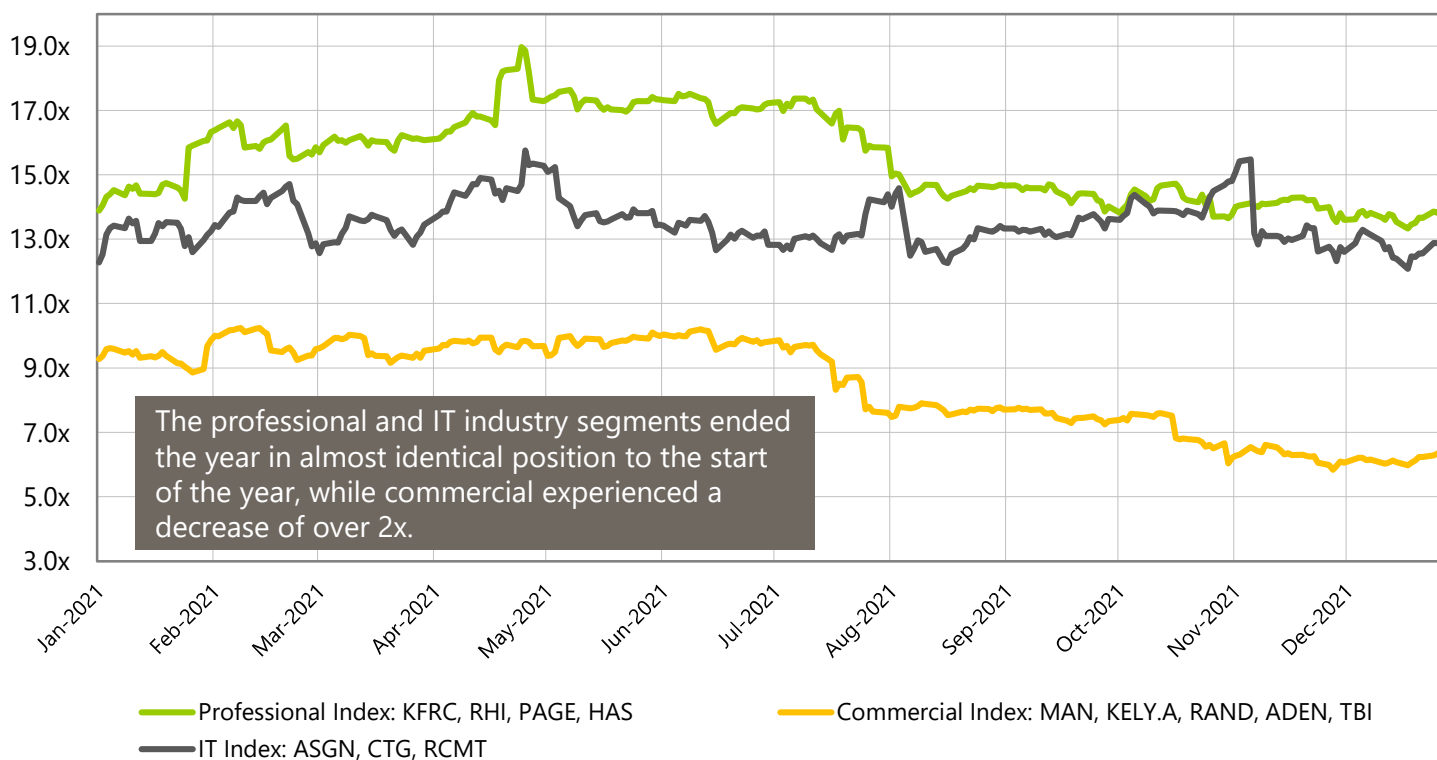
PUBLIC VALUATION TRENDS



Share Price Performance by Segment



Rolling EV/EBITDA



Source: S&P Capital IQ



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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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Human Capital Industry Practice Team



Mike Palm
Managing Director
mpalm@chartercapitalpartners.com



Elisa Berger
Vice President
eberger@chartercapitalpartners.com



Mike Welch
Senior Associate
mwelch@chartercapitalpartners.com