



M&A Insights Q1 2021

HUMAN CAPITAL INDUSTRY UPDATE

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M&A TRENDS

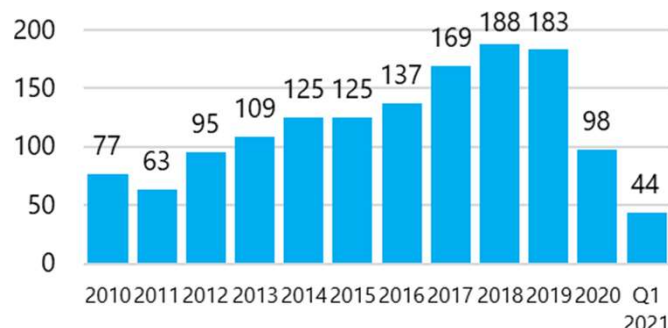
The COVID 19 pandemic impacted M&A activity in the Human Capital industry significantly in 2020. However, the M&A market has rebounded nicely so far in 2021, with Q1 2021 transactions accounting for approximately 45% of total 2020 deal count. This increased deal count follows the overall increase in M&A transactions across all industries, occurring so far in 2021. The increase in general M&A activity is a result of pent-up demand from buyers who put acquisitions on hold for most of the previous year.

HR Outsourcing focused transactions led the deal count for LTM Q1 2021, followed, unsurprisingly so, by IT and Healthcare focused transactions, as those two sectors remain among the least impacted by the pandemic. Corporate acquirers continue to be responsible for the majority of transactions as we move into 2021, although that may change as the historic trend prior to 2020 favored private equity, and activity continues to ramp back up.

While Human Capital M&A activity seems to be increasing, the labor market is still returning to pre pandemic normalcy. While there is reason to be optimistic, with vaccination rates increasing, and the subsequent return to on site work, the labor market is slated to recover only partially in 2021. Low wage employment fell by 11.7% from February 2020 to February 2021, due in large part to the pandemic impact on the services sector.

As of the end of March the number of total U.S. job openings was reported at 8.1 million. That is the highest reported number of openings since the stat was initially tracked starting in December 2000. Staffing agencies, especially in the less technical/executive spaces, look to take advantage of the intense demand for work, which is expected to lead to strong industry performance in the coming months.

Human Capital Deal Count



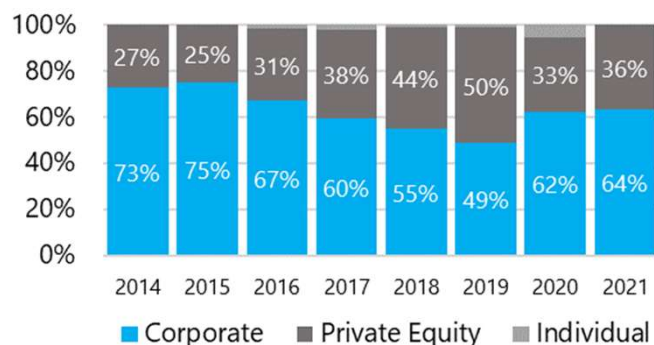
LTM Q1 2021 Deals by Sector

HR Outsourcing	18	Executive Search	6
IT Staffing	14	Technical	5
Healthcare	14	Education	2
Light Industrial	12	Finance/Accounting	2
IT Services	10	PEO	2
HR Consulting	9	Other	5

Transaction Type



Buyer Type



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SELECTED TRANSACTIONS

Date	Company Name	Investors	Description
3/31/2021	The Planet Group	Odyssey Investment Partners, ProPharma Group	Human resources outsourcing
3/26/2021	Upsider	Recruiter.com (PINX: RCRT)	IT staffing
3/23/2021	Oasis Staffing	Performance Personnel	Light industrial staffing
3/19/2021	Asen	Kyyba	IT staffing
3/18/2021	LaborX	Opportunity@Work	Technical staffing
3/15/2021	Binc Search	Robinhood	Executive staffing
3/15/2021	New Deal MFG	Vervetla	Film director staffing agency
3/10/2021	Arete Partners	Kayne Anderson Capital, Riviera Partners	Executive staffing
3/10/2021	Atrilogy Solutions Group	Diversant	IT staffing
3/9/2021	Benz International Group	Corsica Partners	Executive staffing
3/9/2021	HIREtech	Equifax Workforce Solutions	Human resources outsourcing
3/9/2021	Peakon	Workday (NAS: WDAY)	IT staffing
3/9/2021	TalentX Entertainment	ReKTGlobal	Human resources outsourcing
3/5/2021	U.S. Nursing	Cornell Capital, Trilantic North America	Healthcare staffing
3/2/2021	Snelling Staffing (Texas)	HireQuest (NAS: HQL)	Light industrial staffing
3/2/2021	System One Holdings	GFI Energy Group	Technical staffing
2/25/2021	Quintrix Solutions	Mindlance	IT staffing
2/24/2021	HR Analytical Services	DCI Consulting	Healthcare staffing
2/24/2021	Synergy Plan	Group Management Services	PEO service provider
2/22/2021	High Potential	CareerCurve	Provider of talent and career management services
2/11/2021	Medpath	Health Carousel	Healthcare staffing
2/11/2021	Tek Connexion	Concentric Equity Partners, et al*	Light industrial staffing
2/11/2021	Working Not Working	Fiverr (NYS: FVRR)	Human resources outsourcing
2/9/2021	TRIO Talent	Buildforce	Light industrial staffing
2/8/2021	Stella.ai	Cornell Capital, Trilantic North America	IT services provider
2/8/2021	trustaff	Cornell Capital, Trilantic North America	Healthcare staffing
2/5/2021	TherapyTravelers	PharmaLogics Recruiting, Webster Equity Partners	Healthcare staffing
2/4/2021	INT Technologies	A&M Capital, Ettain Group	IT staffing
2/3/2021	Chesapeake Registry Program	Qualivis	Healthcare staffing
2/2/2021	People 2.0	TPG Growth	Human resources outsourcing
2/2/2021	Velossent	Aprio	Technical staffing
1/31/2021	Scouted	Recruiter.com (PINX: RCRT)	IT services provider
1/26/2021	Novem Benefits	New Mountain Capital, OneDigital Health	Human resources outsourcing
1/25/2021	TurnkeyZRG	RFE Investment Partners, ZRG Partners	Executive staffing
1/20/2021	Human Resources	Lyons HR	Human resources outsourcing
1/19/2021	TrialTech Medical	Scarritt Group	Provider of a recruitment software
1/14/2021	Employment Screening Services	Global HR Research, Renovo Capital	Human resources outsourcing
1/14/2021	Greenhouse Software	TPG Growth	Operator of a recruiting platform
1/14/2021	Vitruvian Medical	Health Carousel	Healthcare staffing
1/12/2021	Vitiello Communications Group	WRG Creative Communication	Human resources outsourcing
1/5/2021	Boon (Human Capital Services)	CrowdfundNC	Healthcare staffing
1/5/2021	Workforce Staffing Service	Ascend Staffing	Light industrial staffing
1/4/2021	Sapling	Apse Capital, Kallidus	IT services provider
1/1/2021	Healthcare Staffing Services	Cornell Capital	Healthcare staffing

* Concentric Equity Partners, Consulting Solutions International, Ironwood Capital, White Wolf Capital

Source: Pitchbook

HUMAN CAPITAL INDUSTRY UPDATE

PUBLIC TRADING DATA

IT and Healthcare staffing continue to lead the industry in terms of profitability, while commercial and professional staffing remain on track of 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)	3 yr CAGR	\$(mm)	Margin	3 yr CAGR	\$(mm)	Margin	\$(mm)	Margin	\$(mm)	% Sales	EBITDA	Capital	EBITDA
Commercial Staffing														
ManpowerGroup	\$18,306	(5.1%)	\$468	2.6%	(20.6%)	\$394	2.2%	\$84	0.5%	\$54	0.3%	2.3x	38.4%	(0.1x)
TrueBlue	1,811	(9.7%)	37	2.0%	(33.1%)	7	0.4%	16	0.9%	30	1.7%	1.0x	13.1%	(0.6x)
Kelly Services	4,461	(5.6%)	67	1.5%	(13.4%)	43	1.0%	107	2.4%	15	0.3%	0.8x	6.4%	(2.3x)
Randstad	20,832	(3.8%)	685	3.3%	(13.6%)	569	2.7%	400	1.9%	49	0.2%	0.9x	15.9%	0.3x
Adecco Group	19,561	(6.1%)	766	3.9%	(13.3%)	686	3.5%	374	1.9%	143	0.7%	2.3x	41.8%	1.1x
Mean		(6.1%)		2.7%	(18.8%)		1.9%		1.5%		0.7%	1.5x	23.1%	(0.3x)
Median		(5.6%)		2.6%	(13.6%)		2.2%		1.9%		0.3%	1.0x	15.9%	(0.1x)

	LTM Revenues		LTM EBITDA			LTM EBIT		LTM Net Income		LTM Capex		Debt /		Net Debt /
	\$(mm)	3 yr CAGR	\$(mm)	Margin	3 yr CAGR	\$(mm)	Margin	\$(mm)	Margin	\$(mm)	% Sales	EBITDA	Capital	EBITDA
Professional Staffing														
Robert Half Intl.	\$5,001	(1.0%)	\$374	7.5%	(14.1%)	\$312	6.2%	\$327	6.5%	\$29	0.6%	0.6x	19.4%	(0.6x)
Kforce Inc.	1,426	3.7%	89	6.2%	4.8%	85	6.0%	60	4.2%	6	0.4%	1.2x	40.2%	0.2x
PageGroup	1,305	(1.6%)	27	2.1%	(40.3%)	17	1.3%	(6)	(0.4%)	5	0.4%	1.6x	24.7%	(2.3x)
Hays	5,580	5.3%	78	1.4%	(31.7%)	58	1.0%	(7)	(0.1%)	7	0.1%	1.8x	21.7%	(2.2x)
Mean		1.6%		4.3%	(20.3%)		3.6%		2.5%		0.4%	1.3x	26.5%	(1.2x)
Median		1.3%		4.2%	(22.9%)		3.6%		2.0%		0.4%	1.4x	23.2%	(1.4x)

	LTM Revenues		LTM EBITDA			LTM EBIT		LTM Net Income		LTM Capex		Debt /		Net Debt /
	\$(mm)	3 yr CAGR	\$(mm)	Margin	3 yr CAGR	\$(mm)	Margin	\$(mm)	Margin	\$(mm)	% Sales	EBITDA	Capital	EBITDA
IT Staffing														
ASGN Incorporated	\$3,986	14.6%	\$405	10.2%	10.7%	\$314	7.9%	\$205	5.1%	\$27	0.7%	2.5x	40.4%	1.8x
Computer Task Group	376	6.7%	12	3.3%	30.2%	9	2.5%	8	2.1%	2	0.6%	1.3x	22.9%	(0.8x)
RCM Technologies	150	(7.0%)	(7)	(4.3%)	nmf	1	0.8%	(2)	(1.3%)	0	0.3%	nmf	43.0%	(2.5x)
Mean		4.8%		3.0%	20.4%		3.7%		2.0%		0.5%	1.9x	35.4%	(0.5x)
Median		6.7%		3.3%	20.4%		2.5%		2.1%		0.6%	1.9x	40.4%	(0.8x)

	LTM Revenues		LTM EBITDA			LTM EBIT		LTM Net Income		LTM Capex		Debt /		Net Debt /
	\$(mm)	3 yr CAGR	\$(mm)	Margin	3 yr CAGR	\$(mm)	Margin	\$(mm)	Margin	\$(mm)	% Sales	EBITDA	Capital	EBITDA
Healthcare Staffing														
AMN Healthcare Services	\$2,677	6.4%	\$324	12.1%	9.3%	\$226	8.5%	\$128	4.8%	\$36	1.3%	2.8x	52.4%	2.8x
Cross Country Healthcare	956	(1.1%)	47	5.0%	4.5%	38	4.0%	9	0.9%	5	0.5%	2.0x	40.3%	2.2x
Mean		2.6%		8.5%	6.9%		6.2%		2.8%		0.9%	2.4x	46.4%	2.5x
Median		2.6%		8.5%	6.9%		6.2%		2.8%		0.9%	2.4x	46.4%	2.5x

	LTM Revenues		LTM EBITDA			LTM EBIT		LTM Net Income		LTM Capex		Debt /		Net Debt /
	\$(mm)	3 yr CAGR	\$(mm)	Margin	3 yr CAGR	\$(mm)	Margin	\$(mm)	Margin	\$(mm)	% Sales	EBITDA	Capital	EBITDA
Executive Staffing														
Heidrick & Struggles Intl.	\$644	0.0%	\$64	9.9%	1.1%	\$55	8.6%	(\$32)	(4.9%)	\$7	1.0%	1.2x	28.2%	(1.2x)
Korn Ferry	1,695	7.3%	197	11.6%	(3.2%)	154	9.1%	46	2.7%	31	1.8%	2.3x	32.1%	(0.6x)
Mean		3.6%		10.7%	(1.0%)		8.8%		(1.1%)		1.4%	1.8x	30.1%	(0.9x)
Median		3.6%		10.7%	(1.0%)		8.8%		(1.1%)		1.4%	1.8x	30.1%	(0.9x)

Source: Bloomberg, Capital IQ and Company Filings

HUMAN CAPITAL INDUSTRY UPDATE

PUBLIC TRADING DATA

Then influx of capital in the market and active investors created in part by general fiscal policy has led to increasing enterprise values and multiples across the board in the human capital industry.

Trading Multiples

(\$ in millions, except per share amounts)

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	Price 03/31/21	% 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	\$98.90	94%	\$5,434	(\$30)	\$5,404	0.3x	0.4x	11.6x	3.7x	13.7x	4.4x	67.7x	59.8x	2.9x
TrueBlue	22.02	96%	781	(21)	760	0.4x	0.5x	20.5x	6.6x	nmf	8.9x	49.2x	28.9x	2.2x
Kelly Services	22.27	97%	875	(156)	720	0.2x	0.4x	10.8x	6.8x	16.9x	8.2x	8.2x	30.1x	0.8x
Randstad	59.98	97%	11,034	195	11,228	0.5x	na	16.4x	na	19.7x	na	27.6x	na	2.7x
Adecco Group	63.64	98%	10,255	832	11,087	0.6x	na	14.5x	na	16.2x	na	nmf	na	2.6x
Mean		96%				0.4x	0.4x	14.8x	5.7x	16.6x	7.2x	38.2x	39.6x	2.2x
Median		97%				0.4x	0.4x	14.5x	6.6x	16.5x	8.2x	38.4x	30.1x	2.6x

	Price 03/31/21	% 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.	\$78.07	93%	\$8,694	(\$210)	\$8,484	1.7x	3.6x	22.7x	36.6x	27.2x	na	27.0x	101.7x	8.3x
Kforce Inc.	53.60	97%	1,123	17	1,140	0.8x	0.2x	12.8x	6.4x	13.4x	7.2x	19.0x	18.8x	7.1x
PageGroup	4.70	93%	1,499	(63)	1,436	1.1x	1.2x	53.1x	10.6x	nmf	na	nmf	5.0x	5.9x
Hays	1.50	92%	2,506	(169)	2,337	0.4x	2.2x	30.1x	29.6x	40.2x	37.1x	nmf	1.8x	3.4x
Mean		94%				1.0x	1.8x	29.7x	20.8x	26.9x	22.1x	23.0x	31.8x	6.2x
Median		93%				1.0x	1.7x	26.4x	20.1x	27.2x	22.1x	23.0x	11.9x	6.5x

	Price 03/31/21	% 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	\$95.44	93%	\$5,058	\$730	\$5,789	1.5x	0.4x	14.3x	8.4x	18.4x	9.3x	24.8x	24.0x	3.3x
Computer Task Group	9.55	96%	145	(10)	135	0.4x	0.0x	10.9x	0.3x	14.3x	0.3x	17.4x	4.3x	1.8x
RCM Technologies	3.55	28%	42	16	58	0.4x	0.0x	nmf	0.3x	47.5x	0.4x	nmf	4.1x	1.8x
Mean		72%				0.7x	0.1x	12.6x	3.0x	26.7x	3.3x	21.1x	10.8x	2.3x
Median		93%				0.4x	0.0x	12.6x	0.3x	18.4x	0.4x	21.1x	4.3x	1.8x

	Price 03/31/21	% 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	\$73.70	91%	\$3,477	\$908	\$4,385	1.6x	0.4x	13.5x	9.0x	19.4x	11.2x	27.5x	53.4x	4.7x
Cross Country Healthcare	12.49	91%	469	104	573	0.6x	0.0x	12.1x	0.7x	15.0x	0.7x	52.7x	10.8x	3.4x
Mean		91%				1.1x	0.2x	12.8x	4.9x	17.2x	6.0x	40.1x	32.1x	4.0x
Median		91%				1.1x	0.2x	12.8x	4.9x	17.2x	6.0x	40.1x	32.1x	4.0x

	Price 03/31/21	% 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.	\$35.72	90%	\$692	(\$75)	\$617	1.0x	0.1x	9.7x	1.3x	11.2x	1.6x	nmf	25.9x	3.0x
Korn Ferry	62.37	94%	3,368	(120)	3,249	1.9x	0.3x	16.5x	4.2x	21.0x	4.0x	72.1x	53.9x	2.8x
Mean		92%				1.4x	0.2x	13.1x	2.7x	16.1x	2.8x	72.1x	39.9x	2.9x
Median		92%				1.4x	0.2x	13.1x	2.7x	16.1x	2.8x	72.1x	39.9x	2.9x

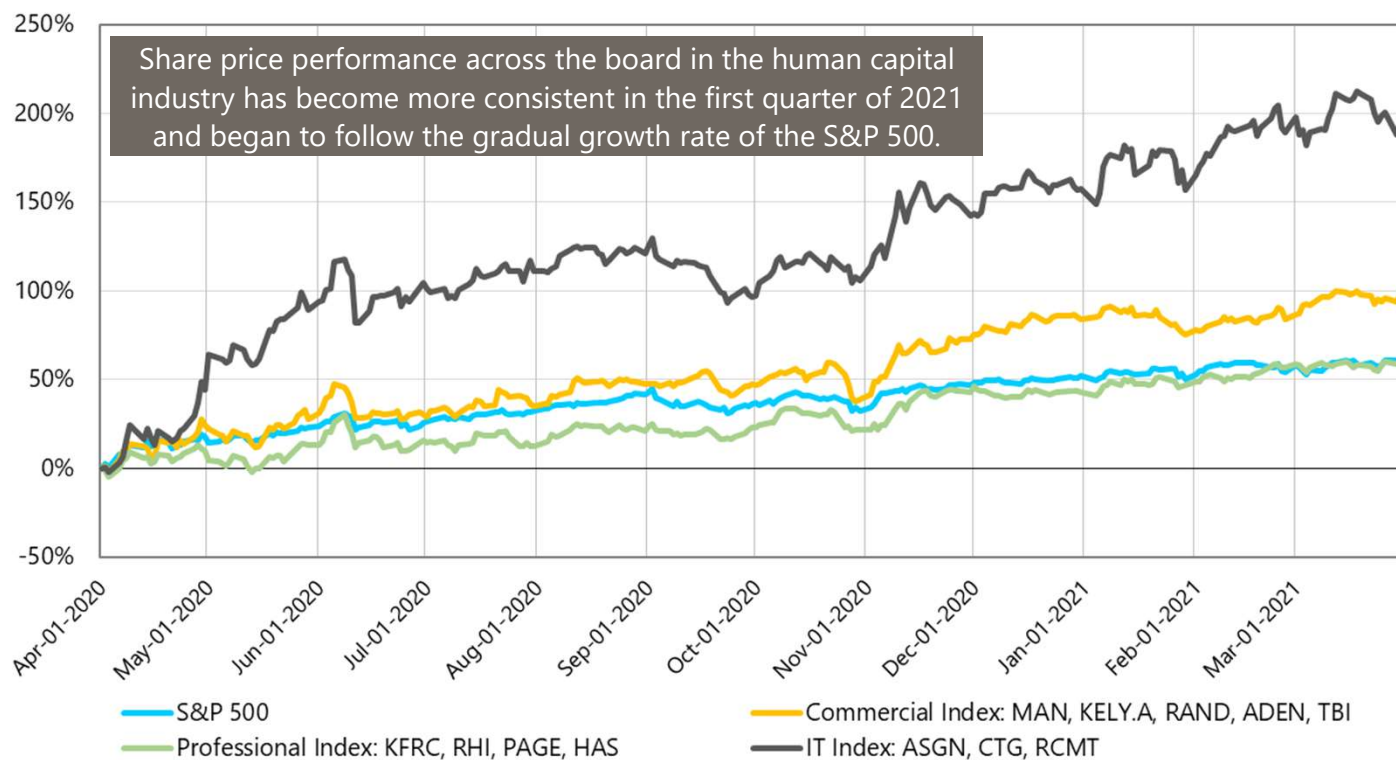
Source: Bloomberg, Capital IQ and Company Filings

HUMAN CAPITAL INDUSTRY UPDATE

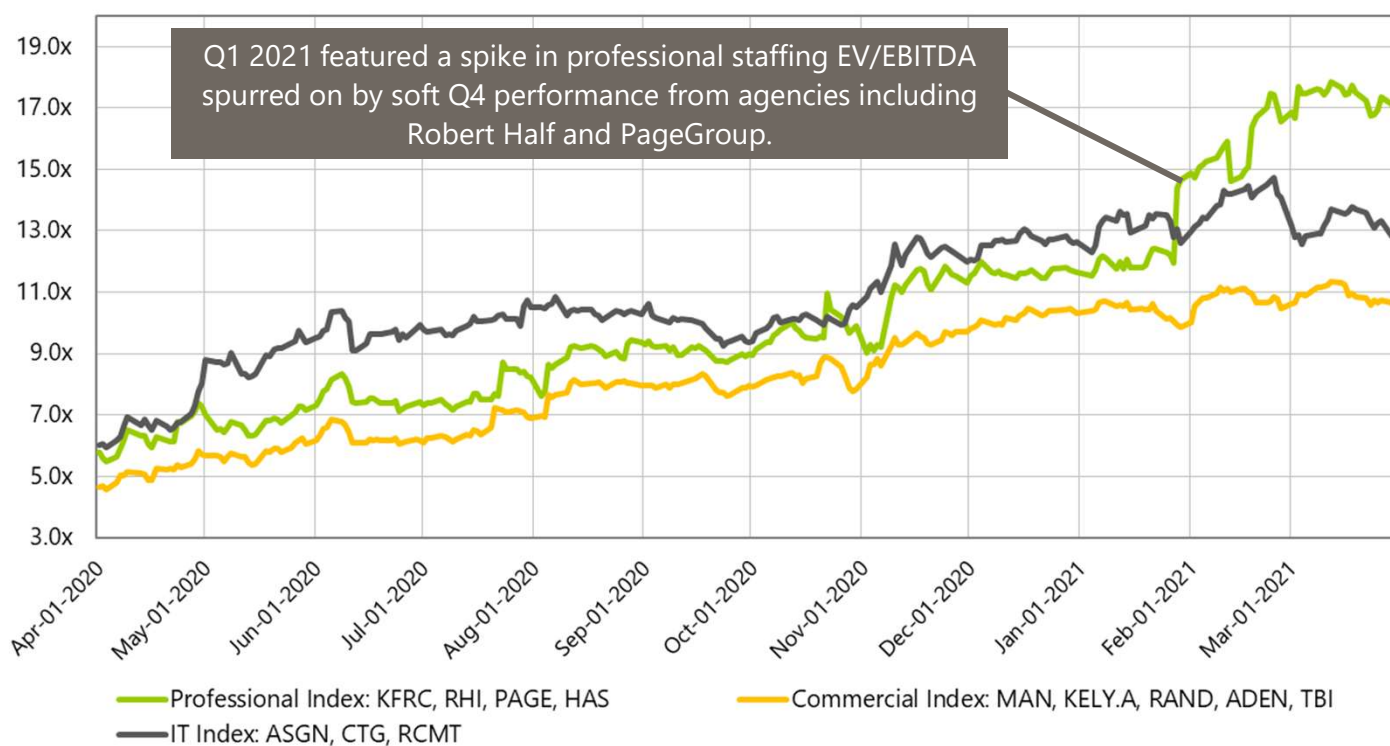
PUBLIC VALUATION TRENDS



One-Year Share Price Performance by Segment



One-Year 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. Charter offers 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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Human Capital Industry Practice Team



Mike Palm
Director

mpalm@chartercapitalpartners.com



Elisa Berger
Vice President

eberger@chartercapitalpartners.com



Mike Welch
Associate

mwelch@chartercapitalpartners.com