



**Houlihan Lokey**

# Human Capital Management

## Industry Update

Winter 2023



## ABOUT OUR FIRM

- Houlihan Lokey 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.
- We invite you to learn more about how our bankers can serve your needs:

Learn More About Corporate Finance

Learn More About Financial Restructuring

Learn More About Financial and Valuation Advisory

Learn More About Our Industry Coverage

## Key Facts and Figures



**35**  
LOCATIONS  
WORLDWIDE

**~2,000**  
TOTAL FINANCIAL  
PROFESSIONALS

**300+**  
MANAGING  
DIRECTORS<sup>(1)</sup>

**2,000+**  
CLIENTS SERVED  
ANNUALLY

**\$6.5B**  
MARKET  
CAPITALIZATION<sup>(2)</sup>

**\$1.8B**  
REVENUE<sup>(3)</sup>

## Our Ranking by Service

### Corporate Finance

#### 2022 M&A Advisory Rankings Global Transactions Under \$1 Billion

Advisor	Deals
<b>1 Houlihan Lokey</b>	<b>381</b>
2 Rothschild & Co	369
3 JP Morgan	217
4 Lazard	206
5 Goldman Sachs & Co	203

Source: Refinitiv. Excludes accounting firms and brokers.

**No. 1** Global M&A Advisor for Transactions Under \$1 Billion

**Leading** Capital Markets Advisor

### Financial Restructuring

#### 2022 Global Distressed Debt & Bankruptcy Restructuring Rankings

Advisor	Deals
<b>1 Houlihan Lokey</b>	<b>58</b>
2 PJT Partners Inc	30
3 Lazard	29
4 Rothschild & Co	25
5 Moelis & Co	21

Source: Refinitiv.

**No. 1** Global Restructuring Advisor

**1,500+** Transactions Completed Valued at More Than \$3.0 Trillion Collectively

### Financial and Valuation Advisory

#### 1998 to 2022 Global M&A Fairness Advisory Rankings

Advisor	Deals
<b>1 Houlihan Lokey</b>	<b>1,232</b>
2 JP Morgan	1,030
3 Duff & Phelps, A Kroll Business	938
4 Morgan Stanley	725
5 BofA Securities Inc	710

Source: Refinitiv. Announced or completed transactions.

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

**1,000+** Annual Valuation Engagements

## Fully Integrated Financial Sponsor Coverage

**23** Senior officers dedicated to the sponsor community in North America and Europe

**1,000+** Sponsors covered, providing market insights and knowledge of buyer behavior

**650+** Companies sold to financial sponsors over the past five years

## Houlihan Lokey Is a Global Firm

### North America

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

### Europe and Middle East

Amsterdam    Manchester    Tel Aviv  
 Dubai    Milan    Zurich  
 Frankfurt    Munich  
 London    Paris  
 Madrid    Stockholm

### Asia-Pacific

Beijing    Hong Kong    Shanghai  
 Fukuoka    SAR    Singapore  
 Gurugram    Mumbai    Sydney  
 Ho Chi Minh City    Nagoya    Tokyo  
 City    Osaka

(1) As of January 2023. Excludes corporate Managing Directors. (2) As of January 2023. (3) LTM ended December 31, 2022.

# HUMAN CAPITAL MANAGEMENT



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.

Our clients run the gamut from early-stage businesses and mid-sized companies to large, 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 optimize client outcomes by running executed, competitive processes, by focusing on deep domain knowledge to position for synergy and scarcity value, and by leveraging our world-class strategic and private equity access to bring the right senior decision-makers to the negotiation table.

## Subsector Coverage



- HR Consulting
- Human Resources Outsourcing (HRO)
- Managed Service Providers (MSPs)
- Payroll and Benefits
- Professional Employer Organizations (PEOs)
- Recruitment Process Outsourcing (RPO)
- Staffing and Recruiting
- Talent Acquisition

## Featured Transactions

 has been acquired by Medical Solutions a portfolio company of Centerbridge CDPO Subsidiary Advisor	 has acquired Si SYSTEMS Buy-side Advisor	 has acquired P2P Buy-side Advisor	 a portfolio company of Trilantic has been acquired by Trilantic Subsidiary Advisor	 a portfolio company of Platform Partners and a subsidiary of Invision has been acquired by MID OCEAN Subsidiary Advisor	 a portfolio company of BEL HILL has been acquired by LITTLETON & CO. Subsidiary Advisor
 a portfolio company of funds managed by affiliate of APOLLO has acquired DYNACORP a portfolio company of MOUTH Buy-side Advisor	 a portfolio company of RFF has been acquired by abry partners Subsidiary Advisor	 a portfolio company of A&M CAPITAL PARTNERS has been acquired by ManpowerGroup Subsidiary Advisor	 Funds managed by affiliate of APOLLO has acquired EMPLOYBRIDGE Buy-side Advisor	 INFOR BUSINESS UNIT a portfolio company of NMS   CAPITAL ASGN Subsidiary Advisor	 a portfolio company of MinOcean has acquired NMS   CAPITAL a portfolio company of Subsidiary Advisor
 a portfolio company of HERITAGE has been acquired by WILL ROCK Subsidiary Advisor	 has been acquired by CHRYSLER a portfolio company of VERSTONE Subsidiary Advisor	 has been acquired by an affiliate of SUN CAPITAL Subsidiary Advisor	 has been acquired by Cognizant Subsidiary Advisor	 a portfolio company of X3 has been acquired by Cognizant Subsidiary Advisor	 has sold its majority stake in OLYMPIA is managed by Morgan Stanley Subsidiary Advisor

*Tombstones included herein represent transactions closed from 2019 forward.*

## Leadership



**Thomas Bailey**  
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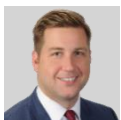
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## Contact Us

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](#)

# SIA EXECUTIVE FORUM NORTH AMERICA

**WE'LL SEE YOU THERE!**

Email Thomas Bailey at [TBailey@HL.com](mailto:TBailey@HL.com) or Andrew Shell at [AShell@HL.com](mailto:AShell@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 6–9, 2023*

*Fontainebleau Hotel, Miami Beach, FL*

Thomas Bailey, Managing Director  
Andrew Shell, Senior Vice President

**Pat O'Brien, Vice President**

Bennett Tullos, Associate

John Quirk, Associate



## **SIA Executive Forum**

**March 6–9, 2023**

**Fontainebleau Hotel, Miami Beach, FL**

Houlihan Lokey is excited to once again attend and participate in 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 suit your needs.

Location:



**Fontainebleau Hotel**  
4441 Collins Avenue,  
Miami Beach, FL 33140



**EXECUTIVE FORUM  
NORTH AMERICA**

# SELECT HOULIHAN LOKEY M&A TRANSACTIONS



Pending

Impellam Group plc (Impellam), a leading global staffing solutions and HCM company, has agreed to sell its non-core Regional Specialist Staffing business in the U.K. and Healthcare Staffing business in the U.K., Ireland and APAC to Twenty20 Capital (Twenty20), a private equity firm specializing in the staffing and workforce solutions sector. Houlihan Lokey served as the exclusive financial advisor to Impellam. The transaction is valued at GBP 85m (cash consideration) on a debt-free, cash-free, normalized working capital basis and is expected to complete in early March.

Impellam Group is a connected group providing global workforce and specialist recruitment solutions. Its operations span across 70 locations in North America, Asia-Pacific, the U.K. and Europe. With 14 businesses, Impellam is the largest workforce and specialist recruitment solutions group in the U.K. and the eighth largest in the world.

Julia Robertson, Chief Executive Officer at Impellam, commented: "We recognise and are very grateful for the hard work and contribution that our Regional Specialist Staffing and Healthcare businesses have made to our Group, and we wish them every success in the next phase of their journey under exciting new ownership. The investment case for Impellam is enhanced by this transaction with a focus on key growth markets and verticals creating increased agility and efficiency to deliver higher margins and return on capital. The company is now a digitally enabled and collaborative workforce solutions and specialist recruitment group dedicated to Managed Services and STEM."

Twenty20 is one of Europe's largest specialist investment funds focused on the human capital services sector. Its portfolio includes The Recruitment Co., Staffgroup, HCRG, HCRG Care Group, HCRG Medical Services, HCL Workforce Solutions, Sugarman Group, Affinity Workforce Solutions and Halian.

Houlihan Lokey served as the exclusive financial advisor to Impellam in a deal that exemplifies the continued success of Houlihan Lokey's dedicated global coverage of the HCM sector.



Nov. 2022

Medical Solutions, one of the nation's largest providers of total workforce solutions serving the healthcare industry, has acquired San Diego-based Host Healthcare.

Host Healthcare, which will continue to operate independently as its own brand under the Medical Solutions parent company, was founded in 2012 and has experienced rapid growth in the healthcare staffing industry. Specializing in nursing, allied, and therapy staffing, Host Healthcare has earned numerous healthcare staffing industry awards in categories such as fastest-growing privately held companies in the U.S. and best places to work.

Houlihan Lokey served as the exclusive financial advisor to Host Healthcare and assisted in marketing, structuring, and negotiating the transaction on behalf of the company.



Oct. 2022

Cornell Capital LLC and TorQuest Partners (TorQuest) have completed an investment in S.i. Systems ULC, Canada's largest information technology staffing company.

Headquartered in Calgary, with offices in Edmonton, Vancouver, Toronto, Mississauga, Montréal, and Ottawa, S.i. Systems leverages its proprietary MatchGuide™ technology to offer its customers a comprehensive suite of solutions for on-demand access to the high-skilled IT talent necessary to support its most critical business initiatives. Led by a best-in-class leadership team with deep industry experience, S.i. Systems has established itself as a leading provider of critical IT talent across industries in Canada and recently entered the high-demand U.S. market through the establishment of new offices in Chicago and Houston.

Cornell Capital and TorQuest have extensive experience investing in the staffing industry and are excited to partner with S.i. Systems' management team. The company will retain its headquarters in Calgary, and Cornell Capital and TorQuest will work closely with the current management team—led by Chief Executive Officer and Founder Derek Bullen, President Leonie Tyler, and Chief Financial Officer Andrew White—to build on S.i. Systems' long track record of supporting its Canadian clients and accelerating momentum to execute on the company's next phase of growth.

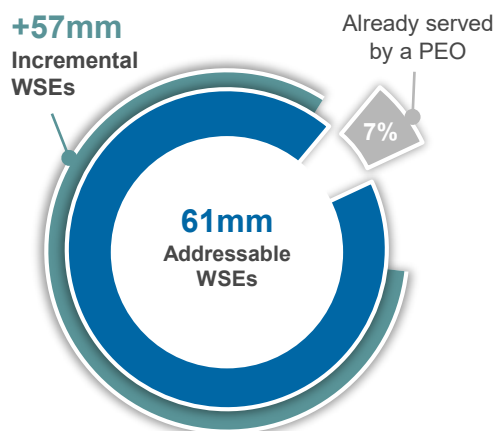
Houlihan Lokey served as the exclusive buy-side financial advisor to Cornell Capital and TorQuest.

# SPOTLIGHT: PROFESSIONAL EMPLOYER ORGANIZATIONS (PEOs)

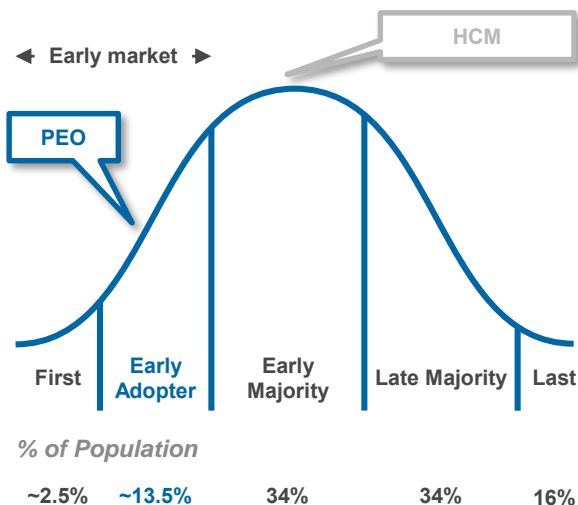
## There Is a Confluence of Supportive Tailwinds for PEOs

The PEO market is positioned for sustained growth; the space is highly fragmented, with hundreds of firms serving a very large and diverse client base. In particular, the market for SMBs (defined as a company with less than 500 employees) is underpenetrated, with **only 7% of worksite employees (WSEs) at SMBs working through a PEO**.

### Underpenetrated SMB Market



### PEO Adoption Phase



**~61mm**

Employees within the PEO target market (work for companies with 500 or fewer employees)

**Only 7%**

The approximate percentage of WSEs who work for SMBs using a PEO

**480+**

The number of PEO service providers within the industry

## Post-Pandemic Trends in the PEO Sector

Heightened compliance and regulatory matters generated from the pandemic (i.e., distributed workforce, changing tax implications, new health and safety regulations) **create a favorable environment for PEOs**.

### PEO WSE Growth Summary (Year-Over-Year)

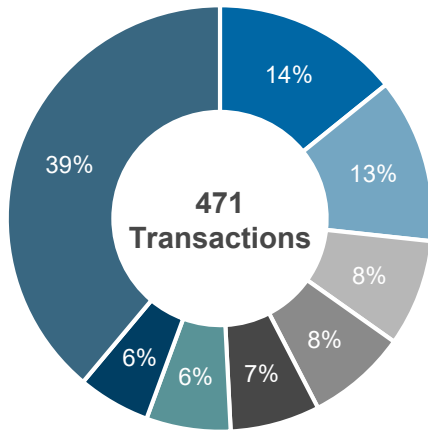
	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	Ø
TNET	0.1%	1.6%	4.4%	4.4%	6.3%	(3.4%)	(3.3%)	(2.4%)	(3.2%)	8.6%	9.6%	10.0%	6.8%	3.2%	1.1%	(3.1%)	<b>2.5%</b>
ADP	9.1%	5.2%	7.0%	6.4%	<b>7.4%</b>	(4.6%)	<b>(2.5%)</b>	<b>(0.9%)</b>	<b>0.0%</b>	<b>16.2%</b>	<b>15.0%</b>	<b>15.4%</b>	15.6%	14.3%	11.9%	7.7%	<b>7.7%</b>
NSP	<b>15.3%</b>	<b>13.8%</b>	<b>12.0%</b>	<b>9.9%</b>	5.5%	<b>(1.8%)</b>	(3.8%)	(1.8%)	(2.0%)	6.7%	11.1%	12.4%	<b>19.5%</b>	<b>19.4%</b>	<b>17.8%</b>	<b>14.3%</b>	<b>9.3%</b>

Ø calculated as the average for 1Q19 through 4Q22

Sources: NAPEO, Trinet, Insperty, and ADP investor presentations and filings.

# HCM M&A ACTIVITY

## 2022 HCM Transactions by Category



- Talent Acquisition Technology
- Multiple Staffing Segments
- IT Staffing
- Industrial Staffing
- Healthcare Staffing
- Direct Work Engagement
- Place & Search
- All Other Categories

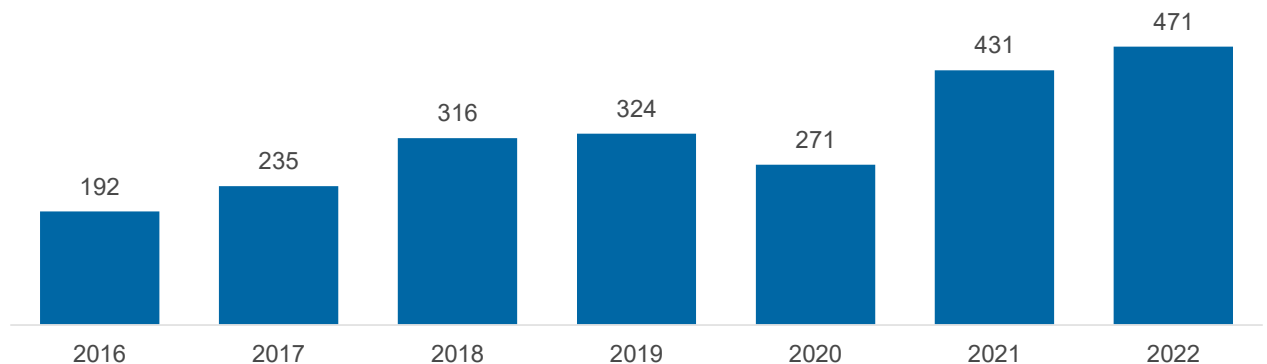
2022 saw robust transaction volumes as interest persisted in tech-enabled and high-margin assets. The largest segment of HCM transactions was for firms providing talent acquisition technology. This segment is experiencing significant tailwinds as companies have adjusted their hiring practices during the pandemic.

Information technology staffing and healthcare staffing were particularly active sectors in 2022, with a combined 70 transactions. Other professional staffing assets (e.g., F&A and Creative) are also continuing to experience strong demand.

## Yearly HCM Transaction Volume

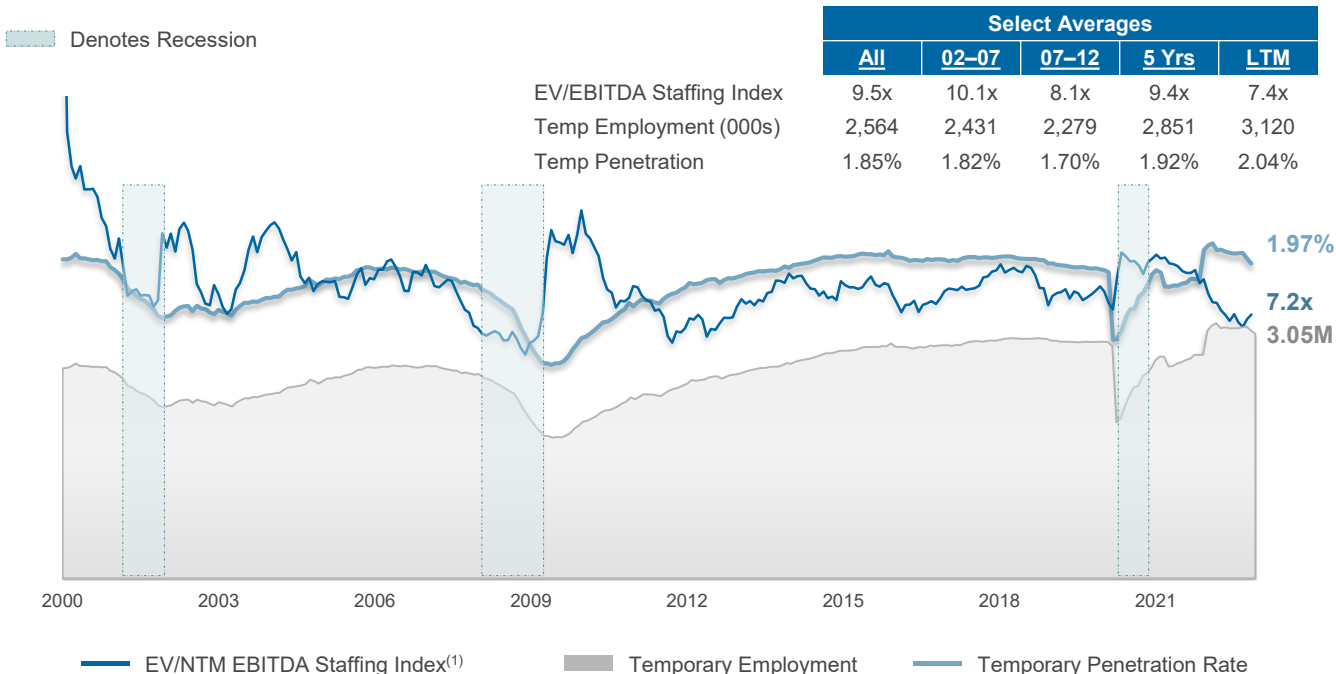
2022 saw 471 transactions, which represents an increase of 9% compared to 2021. In spite of more difficult macroeconomic conditions, this is still significantly above the preceding five-year average of HCM M&A activity of 268 transactions per year for the 2016–2020 period.

Companies with a strong growth profile, dedicated management team, and diversified yet entrenched customer base are highly sought after by both financial and strategic buyers.



Sources: S&P Capital IQ, Staffing Industry Analysts, Mergermarket, public company filings, press releases.  
 Note: Represents global M&A activity.

# HISTORICAL PERFORMANCE AND 2022 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 and continued steadily growing in 2022.

The U.S. temporary penetration rate settled at 2.0% in December 2022, above its average of 1.9% since 2000. Nonfarm employment rose by just 260,000 jobs in December, signaling a slight slowdown to the strong recovery made since the beginning of 2022. In recent years, many continental European countries have seen temporary staffing penetration rates well into the double digits. However, these rates have softened in recent quarters for many countries. 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 an EV/NTM EBITDA multiple of 7.2x as of September 2022. Since 2000, the multiple has averaged 9.5x, reaching a peak in January 2000 and a low in December 2008. Lower valuation multiples are primarily driven by significant monetary policy changes that have created a more difficult financing environment.

## Key Market Trends

### Investors Keep an Eye on Inflation and Rates

Investors are keeping a close eye on interest rates, with inflation rates rising globally, as regulators decide their next steps.

### M&A Resilient With Abundance of Interested Buyers

The 471 HCM transactions in 2022 demonstrate the market resilience that continued throughout the year despite less-than-ideal macroeconomic conditions.

### Historic Levels of Dry Powder

Armed with brisk fundraising and more than \$2 trillion in dry powder, global PEs are expected to continue driving the unabated dealmaking space.

### Competition for Select Assets Driving Valuations

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

(1) Staffing Index comprises North America, the United Kingdom, Europe, APAC, and rest of world (RoW) select public comps (see "Public Comps—Trading and Operating Performance" on page 13 for additional detail).



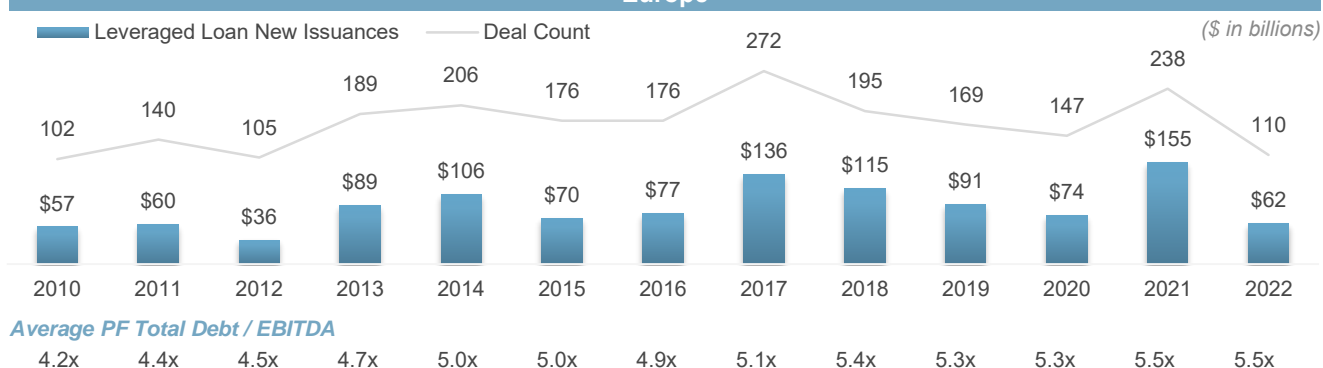
# DEBT CAPITAL MARKETS

## Trends in Loan Statistics

### United States



### Europe



## Recent Issuances and Notable Transactions

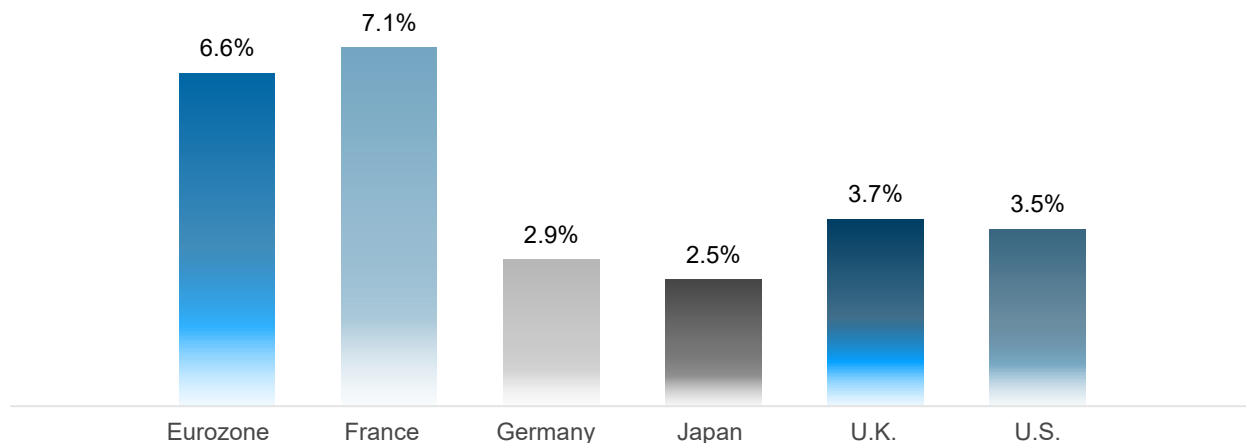
(\$ in millions)

Date	Borrower	Sponsor(s)	Use	Structure				1st Lien LIBOR / SOFR Spread	2nd Lien LIBOR / SOFR Spread	Total Leverage
				Total	RC	1st Lien	2nd Lien			
Oct-22	Tetra Tech Inc.	--	Acquisition	\$500	--	\$500	--	188	--	--
Jul-22	Paycom Software Inc.	--	Corp. Purpose	\$1,400	\$650	\$750	--	125	--	--
Jul-22	Fleetcor Technologies Inc.	--	Acquisition	\$500	\$200	--	--	--	--	--
Feb-22	Cast & Crew Entertainment	EQT Partners	Acquisition	\$225	--	\$225	--	375	--	--
Feb-22	Virtusa Corp	Baring Private Equity	Recap / Dividend	\$670	--	\$670	--	375	--	--
Jan-22	Vaco Holdings	Olympus Partners	Recap / Dividend	\$740	\$40	\$700	--	500	--	--
Jan-22	Addison Group	Trilantic Capital Partners	LBO	\$590	\$65	\$525	--	425	--	--
Nov-21	EmployBridge Holding Co.	Apollo Management	Acquisition	\$200	--	\$200	--	475	--	--
Sep-21	CHG Healthcare Services	Leonard Green	Recap	\$1,730	\$150	\$1,580	--	350	--	--
Sep-21	Cornerstone OnDemand	Clearlake Capital	LBO	\$2,418	\$300	\$2,118	--	375	--	--
Aug-21	Alight Solutions	Blackstone	Acquisition	\$525	--	\$525	--	300	--	--

Source: S&P Global Market Intelligence.

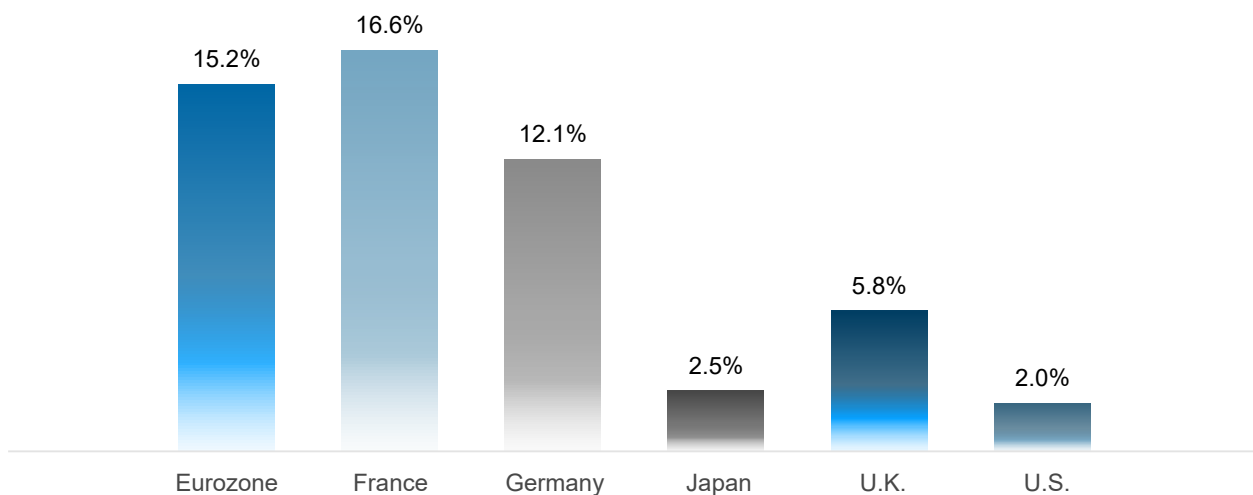
# GLOBAL EMPLOYMENT STATISTICS

## International Comparison: Unemployment Rates<sup>(1)</sup>



Global unemployment rates continued to decline from COVID-19 peaks through December 2022. According to the OECD, unemployment rates reached a trough in Q2 and will slowly start ticking up throughout 2023 as global growth slows.

## International Comparison: Temporary Penetration Rates<sup>(2)</sup>



Penetration trends in Europe varied by country over 2022 but remained high overall 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 2022.

Sources: Bureau of Labor Statistics (U.S.), Eurostat, Office for National Statistics (U.K.), Statistics Bureau (Japan), OECD, SIA.  
Note: Eurozone comprises the following countries: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia, and Spain.

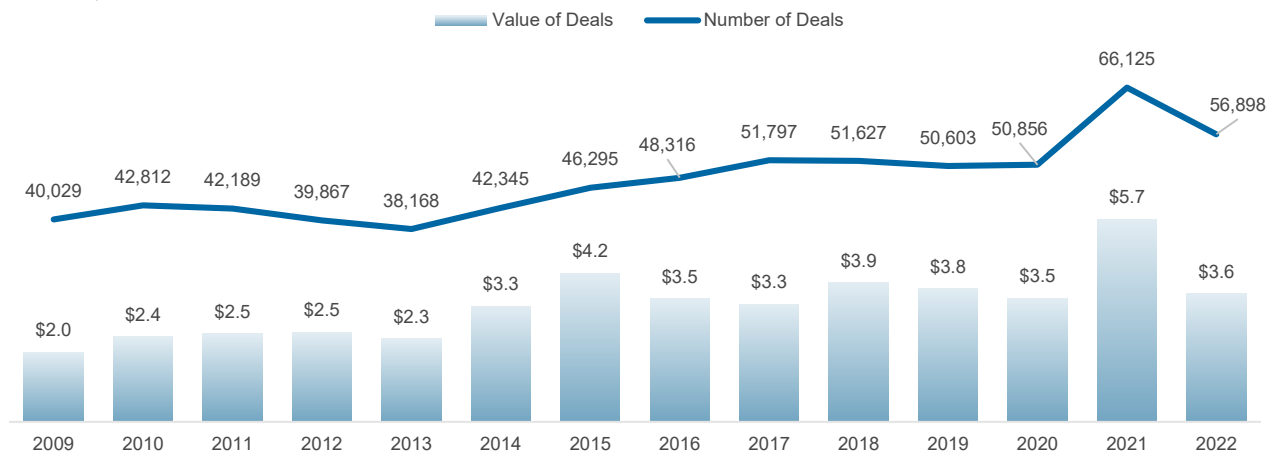
(1) U.K. data as of November 2022; all others as of December 2022.

(2) Eurozone, France, and Germany data as of Q3 2022; all others as of Q4 2022.

# M&A MARKET INTELLIGENCE

## Global M&A Activity

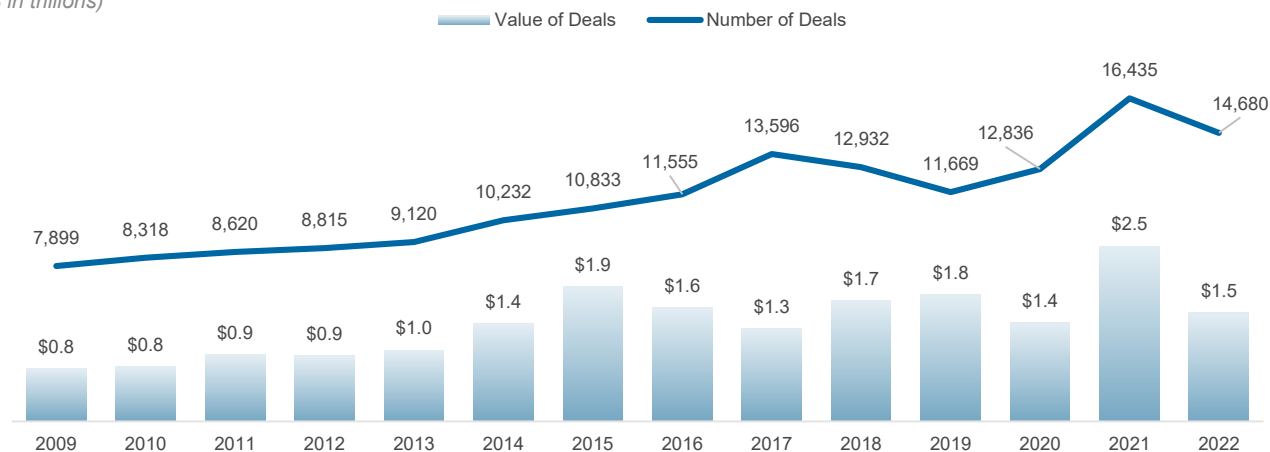
(\$ in trillions)



Global M&A activity declined precipitously from 2021 highs, primarily due to slowing economic recovery and more difficult global financing conditions. Overall, the value and number of announced M&A deals shrank 37% and 14%, respectively. Tighter conditions have driven sponsors and strategic buyers to choose their deals extremely carefully and take significant time to de-risk potential acquisitions. Transaction values have shrunk to their lowest levels since the onset of the COVID-19 pandemic in 1H 2020.

## U.S. M&A Activity

(\$ in trillions)



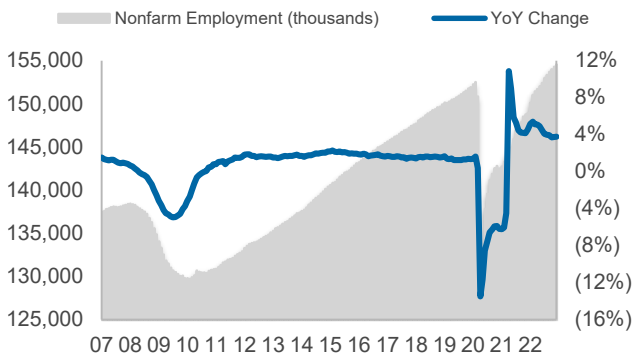
U.S. M&A activity also experienced a deceleration from 2021 highs, stemming from significant monetary policy changes making financing conditions more difficult. The value and number of deals in the YTD period shrank 38% and 11%, respectively.

Source: Refinitiv.

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.

# U.S. MACROECONOMIC INDICATORS

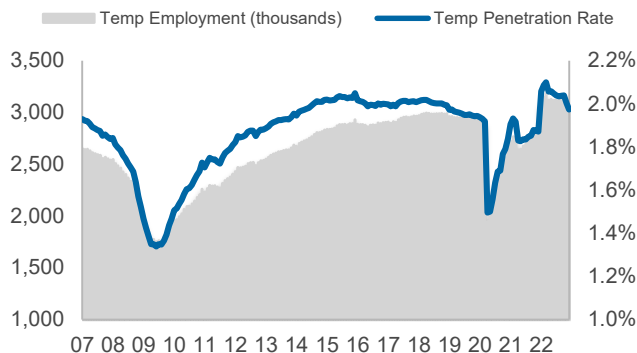
## Nonfarm Employment and YoY Change



Source: U.S. Bureau of Labor Statistics.

December 2022 nonfarm employment reached 154.6 million, recording a monthly increase of 260,000, a tepid rise compared to the strong gains made since May 2021. The 260,000 increase compares to the median gain of 254,000 per month over the previous five years. Higher overall employment is a driver of HCM revenue.

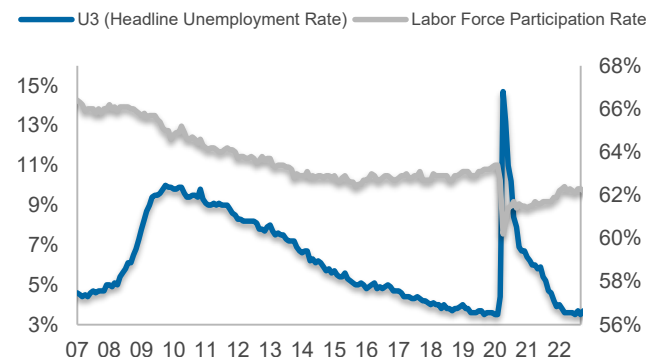
## Temp Employment and Penetration



Source: U.S. Bureau of Labor Statistics.

The temporary penetration rate, which measures temporary employment as a percentage of total nonfarm employment, increased from 1.9% in December 2021 to 2.0% in December 2022. Temporary employment was 3.1 million in December 2022, an increase of 20.0% since December 2007. A higher temporary penetration rate signifies a larger market for HCM businesses.

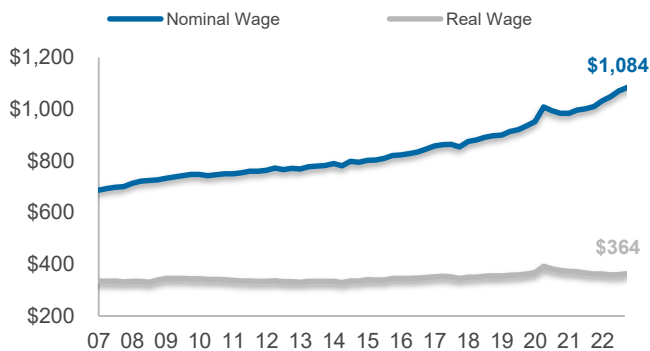
## Unemployment Rate and Participation



Source: U.S. Bureau of Labor Statistics.

The unemployment rate was 3.5% in December 2022, while labor force participation (LFP) was 62.3%. The LFP rate dropped sharply during the first few months of the pandemic before making a partial recovery during 2020 and continued to inch higher through 2021 and 2022. Just how long the participation rate will stay at these relatively depressed levels is up for debate.

## Real and Nominal Wage Growth



Source: U.S. Bureau of Labor Statistics.

Nominal wages have grown 54.9% since Q4 2007, with the average hourly wage rate coming in at \$32.93 in December 2022, a 4.8% increase over the rate a year prior. Real wages increased 1.2% over the same period. Wage growth is a fundamental contributor to the HCM market, especially the staffing segment.

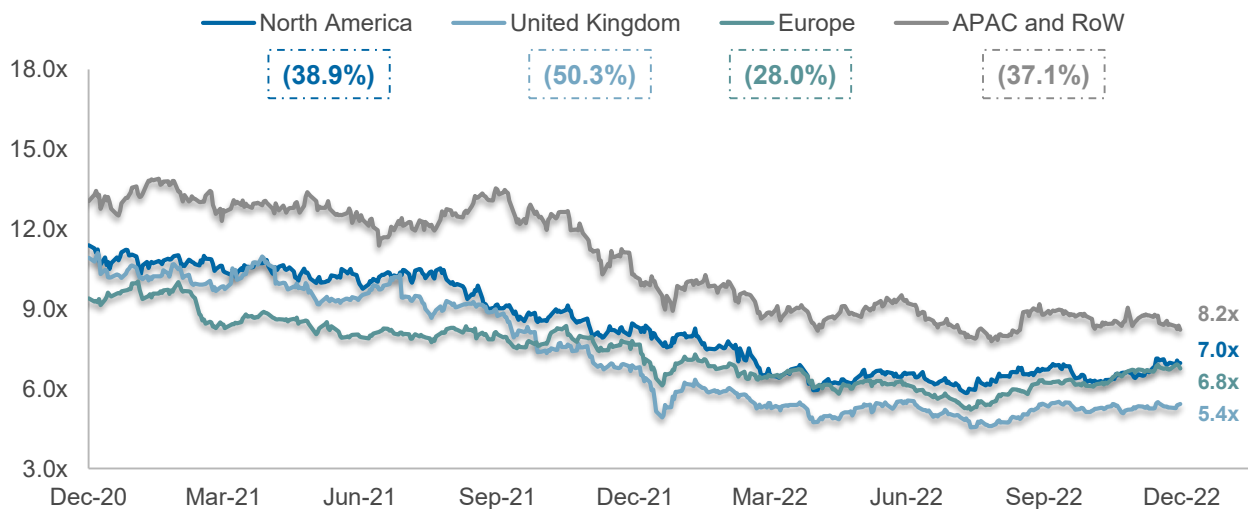
# PUBLIC COMPS

## SEGMENT COMPOSITION AND PERFORMANCE

North America	United Kingdom	Europe	APAC and RoW
AMN Healthcare	Hays	Adecco	Career International
ASGN	Impellam Group	Allgeier	HRnetGroup
BG Staffing	PageGroup	Amadeus FiRe	LIKE
Computer Task Group	Robert Walters	Brunel	MEITEC
Cross Country Healthcare	Staffline Group	Groupe CRIT	OUTSOURCING
GEE Group	SThree	Randstad	Pasona Group
Heidrick & Struggles	<b>Count: 6</b>	Synergie	PERSOL
Kelly Services		<b>Count: 7</b>	Recruit Holdings
Kforce			BeNext-Yumeshin
Korn Ferry			Trust Tech
ManpowerGroup			UT Group
RCM Technologies			<b>Count: 11</b>
Robert Half			
TrueBlue			
<b>Count: 14</b>			

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

The recent public markets decline has put a damper on an otherwise strong period of valuation appreciation experienced since the initial sell-off of the early pandemic days.



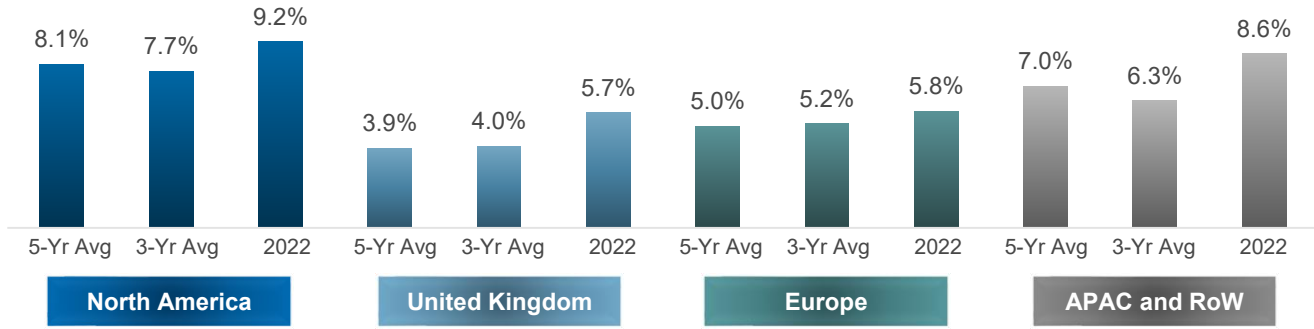
Source: S&P Capital IQ.

# PUBLIC COMPS BENCHMARKING ANALYSIS

## Margin: 2022 EBITDA Margin

Margin projections for 2022 are elevated above historical levels, with cost optimizations undertaken during a difficult 2020 and recent wage inflation offering an opportunity to boost to rate spreads.

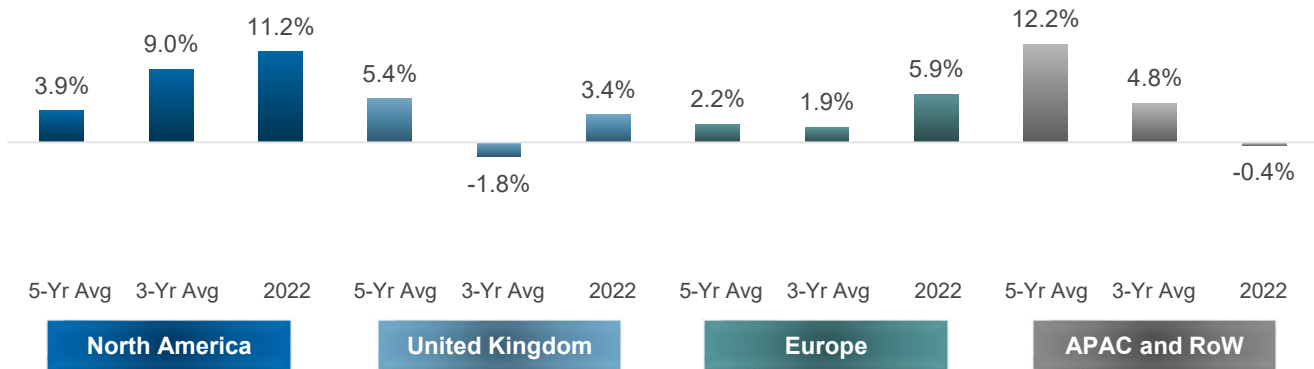
Median: **6.9%**



## Growth: 2021 – 2022 Revenue

While staffing revenues grew substantially in 2022 in North America, global revenues are expected to decline as economic recovery slows and companies adjust to more difficult market conditions.

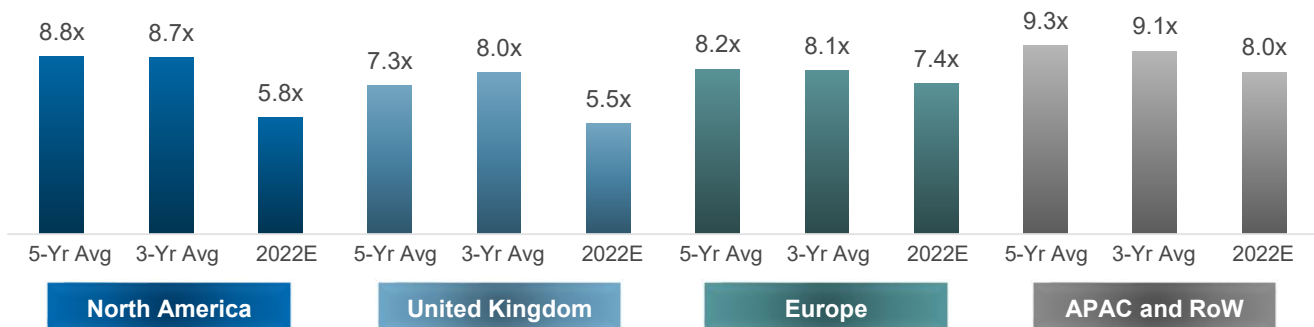
Median: **5.9%**



## Multiple: Enterprise Value/2022 EBITDA

Valuation multiples throughout 2022 were below historical averages, with significant monetary policy changes depressing valuations.

Median: **6.9x**



Source: S&P Capital IQ.

Note: Select firms are in process of reporting full-year 2022 earnings. Therefore, select figures reflect estimates for 2022.

# PUBLIC COMPS

## TRADING AND OPERATING PERFORMANCE

(\$ in millions, except per share data)												
Company	Sector	Stock Price 17/2/2023	% of 52-Week High	Market Cap.	Enterprise Value	EBITDA		EBITDA Margin		EV / EBITDA		'21-'22E Revenue Growth
						2021	2022E	2021	2022E	2021	2022E	
<b>North America</b>												
Robert Half International	Diversified	\$82.42	67.4%	\$8,732	\$8,311	\$857	\$950	13.4%	13.1%	9.7x	8.7x	13.4%
ASGN	Professional	92.46	74.4%	4,614	5,610	473	558	11.9%	12.2%	11.9	10.1	14.7%
ManpowerGroup	Professional	88.20	79.0%	4,459	5,190	674	750	3.3%	3.8%	7.7	6.9	(4.3%)
AMN Healthcare	Healthcare	92.50	71.7%	4,009	4,805	632	834	16.0%	16.1%	7.6	5.8	31.2%
Korn Ferry	Executive Search	57.41	83.2%	3,026	2,963	499	501	20.5%	17.8%	5.9	5.9	15.8%
Kforce	Professional	63.00	80.6%	1,241	1,271	124	136	7.9%	8.0%	10.3	9.3	9.0%
TrueBlue	Diversified	19.09	63.0%	627	617	89	118	4.2%	5.2%	6.9	5.2	5.9%
Heidrick & Struggles	Executive Search	31.44	71.5%	624	247	123	130	12.3%	12.2%	2.0	1.9	5.7%
Cross Country Healthcare	Healthcare	25.60	63.8%	955	1,109	161	299	9.6%	10.8%	6.9	3.7	65.9%
Kelly Services	Diversified	16.91	73.5%	629	547	72	112	1.4%	2.3%	7.6	4.9	0.4%
BG Staffing	Diversified	15.22	95.0%	160	190	16	23	6.7%	7.9%	11.9	8.3	21.6%
RCM Technologies	Diversified	14.05	48.8%	138	142	9	29	4.6%	10.4%	16.4	4.8	49.1%
Computer Task Group	Diversified	7.40	73.3%	116	110	16	16	4.2%	5.1%	6.7	6.7	(18.0%)
GEE Group	Diversified	0.44	54.9%	50	35	12	11	8.1%	6.8%	2.8	3.1	7.2%
<b>Average</b>			<b>71.4%</b>					<b>8.9%</b>	<b>9.4%</b>	<b>8.2x</b>	<b>6.1x</b>	<b>15.5%</b>
<b>Median</b>			<b>72.5%</b>					<b>8.0%</b>	<b>9.2%</b>	<b>7.6x</b>	<b>5.8x</b>	<b>11.2%</b>
<b>United Kingdom</b>												
Hays	Diversified	\$1.49	84.3%	\$2,399	\$2,505	\$290	\$327	3.5%	4.0%	8.6x	7.7x	(1.6%)
PageGroup	Diversified	5.55	75.2%	1,766	1,724	240	311	10.8%	12.9%	7.2	5.5	8.5%
SThree	Diversified	5.30	91.7%	704	665	94	105	5.3%	5.7%	7.1	6.3	3.4%
Robert Walters	Diversified	6.32	70.1%	473	454	79	98	6.0%	6.9%	5.7	4.6	8.3%
Impellam Group	Diversified	8.51	96.3%	383	378	42	0	1.4%	NM	9.0	NM	NM
Staffline Group	Diversified	0.46	55.6%	75	90	19	20	1.5%	1.8%	4.7	4.4	(10.6%)
<b>Average</b>			<b>78.9%</b>					<b>4.7%</b>	<b>6.2%</b>	<b>7.1x</b>	<b>5.7x</b>	<b>1.6%</b>
<b>Median</b>			<b>79.7%</b>					<b>4.4%</b>	<b>5.7%</b>	<b>7.1x</b>	<b>5.5x</b>	<b>3.4%</b>
<b>Europe</b>												
Randstad	Diversified	\$62.75	89.0%	\$11,463	\$12,709	\$1,537	\$1,669	5.6%	5.7%	8.3x	7.6x	6.7%
The Adecco Group	Diversified	37.40	72.7%	6,173	9,638	1,119	1,029	4.7%	4.1%	8.6	9.4	4.2%
Synergie	Diversified	35.06	82.8%	841	657	148	176	4.8%	5.6%	4.4	3.7	1.6%
Groupe CRIT	Diversified	71.61	95.5%	795	508	109	139	4.7%	5.6%	4.7	3.7	8.0%
Amadeus FiRe	Professional	133.90	77.4%	766	866	80	99	18.8%	22.9%	10.9	8.7	2.7%
Brunel	Diversified	12.08	88.9%	609	585	60	85	5.7%	6.9%	9.8	6.9	18.4%
Allgeier	Diversified	31.67	58.7%	362	549	36	67	7.9%	13.0%	15.2	8.2	12.5%
<b>Average</b>			<b>80.7%</b>					<b>7.5%</b>	<b>9.1%</b>	<b>8.8x</b>	<b>6.9x</b>	<b>7.7%</b>
<b>Median</b>			<b>82.8%</b>					<b>5.6%</b>	<b>5.7%</b>	<b>8.6x</b>	<b>7.6x</b>	<b>6.7%</b>
<b>APAC and RoW</b>												
Recruit	Diversified	\$28.49	67.7%	\$45,057	\$40,960	\$3,660	\$3,919	15.7%	15.5%	11.2x	10.5x	8.3%
Persol	Diversified	20.56	85.6%	4,698	4,487	528	545	5.9%	6.1%	8.5	8.2	(0.4%)
TechnoPro	Diversified	25.89	84.1%	2,789	2,692	193	186	13.3%	12.9%	14.0	14.5	(0.1%)
Career International	Diversified	7.22	90.0%	1,405	1,324	55	67	5.0%	5.0%	24.2	19.9	21.9%
Meitec	Diversified	17.86	89.7%	1,402	1,075	110	120	12.3%	13.5%	9.8	8.9	(0.5%)
BeNext-Yumeshin	Diversified	14.14	92.4%	1,230	1,139	0	0	NM	NM	NM	NM	(1.8%)
OUTSOURCING	Diversified	9.09	83.8%	1,144	2,178	281	317	5.8%	6.3%	7.7	6.9	4.6%
UT Group	Diversified	17.39	63.0%	702	604	64	83	5.0%	6.3%	9.5	7.3	1.9%
HRnetGroup	Diversified	0.62	96.0%	611	384	61	69	15.3%	14.8%	6.3	5.6	17.2%
Pasona Group	Diversified	14.27	73.4%	559	181	227	175	7.3%	6.6%	0.8	1.0	(15.5%)
LIKE	Diversified	14.18	78.8%	272	310	47	43	9.5%	10.3%	6.6	7.1	(13.8%)
<b>Average</b>			<b>82.2%</b>					<b>9.5%</b>	<b>9.7%</b>	<b>9.9x</b>	<b>9.0x</b>	<b>2.0%</b>
<b>Median</b>			<b>84.1%</b>					<b>8.4%</b>	<b>8.4%</b>	<b>9.0x</b>	<b>7.8x</b>	<b>(0.1%)</b>
<b>Average</b>			<b>77.4%</b>					<b>8.1%</b>	<b>9.0%</b>	<b>8.6x</b>	<b>7.0x</b>	<b>8.1%</b>
<b>Median</b>			<b>78.1%</b>					<b>6.0%</b>	<b>6.9%</b>	<b>7.7x</b>	<b>6.9x</b>	<b>5.9%</b>

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 February 17, 2023. All financials calendarized to a December year-end. Margins and multiples exclude outliers.

# NOTABLE RECENT M&A TRANSACTIONS

Date	Target	Acquirer	Target Segment	Target Description
12/19/22	Personnel Decisions Research Institutes, LLC	Pearson plc (LSE:PSON)	Talent Management / Development	Provides talent workforce assessment solutions such as assessment & hiring and career management
12/16/22	MINAGINE Co., Ltd.	Chatwork Co., Ltd. (TSE:4448)	Payroll / PEO	Offers outsourcing of payroll, attendance management systems, and personnel evaluation systems
12/13/22	Hireup Leadership Inc.	Cross Country (NasdaqGS:CCRN)	Talent Management / Development	Provides healthcare interim and permanent recruitment services
12/01/22	Kanden Joinus Co., Ltd.	Pasona Group Inc. (TSE:2168)	Talent Management / Development	Provides human resources services, including temporary staffing, outsourcing, recruitment, and training services
11/10/22	Launch Recruitment Pty Ltd.	geechs inc. (TSE:7060)	IT Consulting	Provides IT human resource services
10/11/22	Helpster Pte. Ltd.	PERSOL Asia Pacific Pte. Ltd.	Staffing	Offers an on-demand staffing platform providing recruitment, shift scheduling, and workforce analytics
10/11/22	Talenterherder LLC	RCM Technologies, Inc. (NASDAQGM:RCMT)	ATS / Talent Mgmt / Development	Operates as a talent acquisition services firm that identifies and hires talent across tech and nontech functions
10/04/22	EmployBridge (Apollo)	Bluecrew	Staffing	Provider of commercial staffing services via "Workforce-as-a-Service" mobile platform
09/21/22	Optionis Group	Alcentra Ltd.	Payroll / PEO	Provides workforce and SME support services such as tax, payroll, and human resources consulting
09/21/22	Spencer Group Ltd.	RSK Group Ltd.	Staffing	Offers executive search and selection services
09/16/22	NKD Learning Ltd.	ITA Group, Inc.	ATS / Talent Mgmt / Development	Provides employee engagement and experiential learning solutions
09/08/22	Fusion Employer Services, LLC	Engage PEO, LLC	Payroll / PEO	Provides payroll, workers' compensation, medical benefits, dental and vision benefits, and life insurance
08/31/22	Direct Recruiters, Inc.	NL Starfish Partners Inc.	Staffing	Provides recruitment services for small firms, middle-market businesses, and Fortune 500 companies
08/01/22	Infinity Consulting Solutions, Inc.	Korn Ferry (NYSE:KFY)	Staffing	Provides staffing solutions to various clients and candidates
07/28/22	Preferred Payroll, Inc.	CAVU Human Capital Management LLC	Payroll / PEO	Provides solutions for payroll, timekeeping, workers' compensation, and automated benefit enrollment
07/26/22	PrincetonOne LLC	My Job Matcher Inc.	Staffing	Provides recruitment and staffing services for companies across the globe
07/26/22	I4 Pay Partners Ltd.	IPE Ventures	Payroll / PEO	Provides payroll management services
06/28/22	Cooper Fitch DMCC	Lincoln Associates, SAS	Staffing	Provides recruitment, executive search, and human resources advisory services
06/22/22	EmPower HR, LLC	Vensure Employer Services, Inc.	Staffing	Provides human resources management and consulting services to small and mid-sized businesses
05/02/22	CoreAxis, LLC	eLearning Brothers, LLC	ATS / Talent Mgmt / Development	Provides corporate training and employee engagement consulting services
04/29/22	KHS Personnel Ltd.	The Jarell Group	VMS / MSP / RPO	Provides recruitment and workforce management services
04/12/22	Innovative Employer Solutions, Inc.	Engage PEO, LLC	Payroll / PEO	Provides integrated human resources solutions, such as outsourcing services, payroll, and administration
03/31/22	InStaff Personnel, LLC	Unicorn Content, S.L.	ATS / Talent Mgmt / Development	Provides recruitment and career development solutions
03/14/22	Volt Information Sciences, Inc.	American CyberSystems, Inc.	Staffing	Provides traditional time, materials-based, and project-based staffing services
03/08/22	Employer Advantage, LLC	G&A Outsourcing, Inc.	Payroll / PEO	Provides payroll, benefits administration, and human resources services to employers
02/24/22	Tempay, Inc.	Encore Funding, Inc.	Staffing	Offers temporary staffing, payroll funding and factoring, and temporary payroll finance solutions
01/31/22	OneSource Employee Management, LLC	Vensure Employer Services, Inc.	Payroll / PEO	Provides human resources management, payroll, and workers' compensation solutions
01/10/22	MATRIX Resources	Motion Recruitment Partners (Littlejohn)	Staffing	Provides IT staffing, consulting, and telecom services

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



# ABOUT OUR BUSINESS SERVICES INDUSTRY GROUP

- Houlihan Lokey's Business Services Group combines extensive industry relationships with substantial experience to offer a broad array of M&A, corporate finance, restructuring, and financial and valuation advisory services to the business services industry.
- Based on number of transactions and according to data provided by Refinitiv, Houlihan Lokey was ranked the No. 1 investment bank for all global business services M&A transactions in 2022.\*

\*Excludes accounting firms and brokers.

2022 M&A Advisory Rankings All Global Business Services Transactions		
	Adviser	Deals
1	<b>Houlihan Lokey</b>	<b>69</b>
2	Rothschild & Co	50
3	Lincoln International	37
4	Goldman Sachs & Co	34
5	GCG	26

Source: Refinitiv. Excludes accounting firms and brokers.

Learn More About Our Business Services Industry Coverage

## Key Facts and Figures

**124**

Dedicated Business Services bankers

**69**

Completed business services M&A / private placement transactions in CY22

**\$2B**

In disclosed financing deals in CY21

## Industry Sector Coverage

We cover a broad array of sectors, with bankers dedicated to each of our primary coverage areas.



BPO Services



Engineering and Infrastructure



Environmental Services



Equipment-as-a-Service



Facility and Residential Services



HCM Services



IT Services



Marketing Services



Specialty Consulting and Risk Services



Testing, Inspection, Certification, and Compliance



Training and Education



Transportation and Logistics

## Selected Business Services Industry Transactions

**VLS**  
ENVIRONMENTAL SOLUTIONS  
a portfolio company of  
**ISQUARED CAPITAL**  
has acquired  
**Texas Molecular**  
Sellside Advisor

**OPEN HFX**  
a portfolio company of  
**AMULIT CAPITAL**  
has been acquired by  
**astorg**  
Sellside Advisor

**GANNETT FLEMING**  
has received a strategic investment from  
**OCEAN SOUND PARTNERS**  
Sellside Advisor

**HILL International**  
has been acquired by  
**GISI**  
Sellside Advisor & Fairness Opinion

**Odyssey**  
has acquired  
**MAGNA**  
a portfolio company of  
**CLIVC PARTNERS**  
Buy-side Advisor

**HOST HEALTHCARE**  
has been acquired by  
**Medical Solutions**  
a portfolio company of  
**Centerbridge** **CDPQ**  
Sellside Advisor

**WILLIAMS MARSTON**  
a portfolio company of  
**ALIGN CAPITAL PARTNERS**  
has been acquired by  
**KELSO**  
Sellside Advisor

**PHENNA GROUP**  
a portfolio company of  
**inflexion**  
has received secondary investment from  
**Oakley Capital**  
Sellside Advisor

**USecology**  
has been acquired by  
**REPUBLIC SERVICES**  
Sellside Advisor

**REVHEALTH**  
has received an investment from  
**WINDROSE**  
Sellside Advisor

**OCEAN TOMO**  
a portfolio company of  
**B & W RYDER**  
has been acquired by  
**JSHELD**  
a portfolio company of  
**KELSO**  
Sellside Advisor

**Universtature**  
a portfolio company of  
**tilia**  
has been acquired by  
**AURORA CAPITAL PARTNERS**  
Sellside Advisor

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