



 **CHARTER**
Capital Partners

M&A Insights Q1 2022

**HUMAN CAPITAL
INDUSTRY UPDATE**

HUMAN CAPITAL INDUSTRY UPDATE

M&A TRENDS

The Human Capital industry closed out a robust first quarter of 2022 as it continued to benefit from the recovery of the labor market. Although deal activity was not as overwhelming as in Q4 2021, the industry recorded 52 deals in the space, up ~19% relative to Q1 2021.

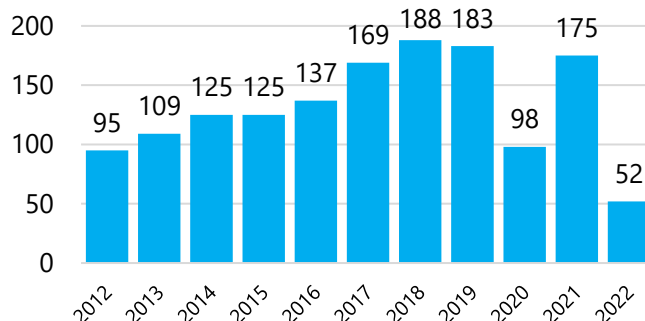
While previously negotiated deals closed on time, announcement activity diminished due to the uncertainty created by geopolitical conditions. Additional headwinds including inflation concerns, rising interest rates, and public market volatility further hindered the development of active deals in the space.

Going forward, however, the Human Capital industry remains poised for growth; forecasts are projecting annual growth rates of nearly 10% through 2024 within the industry, driven in large part by the increasingly consistent need for Human Capital Management ("HCM") technology to support evolving roles. The historically tight labor market has increased the importance of attractive employee benefits and wellbeing initiatives. Moreover, the enhanced focus on normalizing mental, physical, and financial health needs, as highlighted through the pandemic, has spurred a growing priority for companies to retain and attract talent through wellbeing solutions.

HR outsourcing and healthcare were the most active sectors during Q1 2022, with 40 and 33 deals, respectively. HR outsourcing continues to drive the industry as employers continue to experience talent shortages and therefore seek additional technologies to increase HR effectiveness.

A transaction that highlights many of the above trends was CAVU Human Capital Management's acquisition of Silver State Payroll, a provider of payroll processing services, in January 2022. Silver State will allow CAVU to further expand its geographic coverage, talent, and support capabilities across payroll and human capital management solutions.

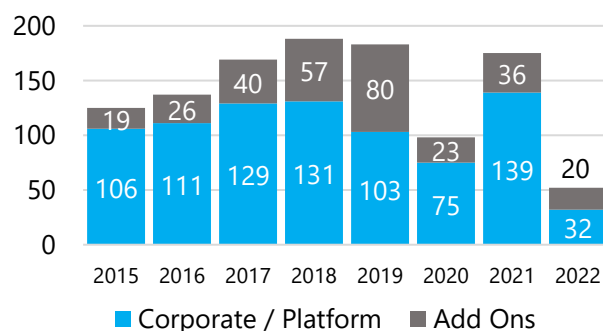
Human Capital Deal Count



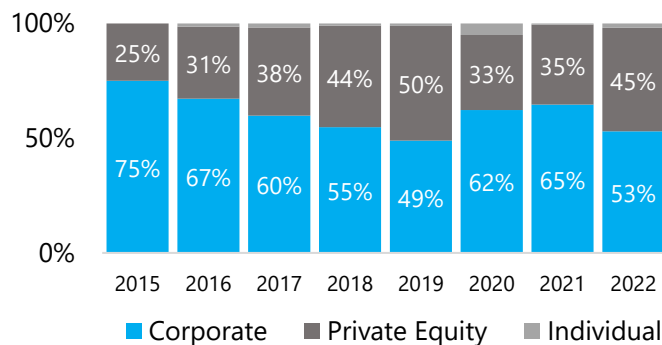
LTM Q1 2022 Deals by Sector

HR Outsourcing	40	Executive Search	10
Healthcare	33	Other	8
HR Consulting	24	PEO	6
Technical	15	IT Staffing	5
IT Services	13	Education	5
Light Industrial	12	Finance/Accounting	2

Transaction Type



Buyer Type



Source: Pitchbook, Statista

HUMAN CAPITAL INDUSTRY UPDATE

SELECTED TRANSACTIONS

Date	Target	Buyer	Description
3/31/2022	The CFO Suite (Churchill Asset Management)	E78 Partners	Finance and Accounting
3/29/2022	GRI (Bain Capital)	PRO Unlimited (EQT)	IT Services
3/29/2022	Paddle HR	LinkedIn	IT Services
3/28/2022	CoMatch	Malt	HR Consulting
3/21/2022	InStaff	Jobandtalent	Light Industrial
3/18/2022	McKee-Burke	PDQ Staffing	Light Industrial
3/9/2022	Alliant Staffing	Nurses PRN (The Firmament Group)	Healthcare
3/9/2022	CareStaf of Dallas	Nova Leap Health (TSX: NLH)	Healthcare
3/9/2022	Lumeidon Partners	33eleven Partners	Executive Search
3/9/2022	RocketPower	Kelly Services (NAS: KELYA)	IT Staffing
3/8/2022	Employer Advantage	G&A Partners (The Riverside Company)	PEO
3/3/2022	AfterCollege	Jobcase (PSG; Workday Ventures)	Education
3/3/2022	Alta Associates	Diversified Search (ShoreView Industries)	IT Staffing
3/1/2022	flipMD	GoodRx Holdings (NAS: GDRX)	Healthcare
2/28/2022	LaSalle Network	Infinedi Partners; Maranon Capital	Light Industrial
2/28/2022	Nolan Partners	Excel Sports Management (Shamrock Capital)	Other
2/22/2022	Dubin Workforce Solutions	HireQuest (NAS: HQI)	Other
2/16/2022	HCMWorks	Procom	Other
2/15/2022	WhitneySmith	Higginbotham (Stone Point Capital)	HR Consulting
2/14/2022	Marick Group	Aeyon (Enlightenment Capital)	IT Services
2/14/2022	VOLT	ACS Group	HR Outsourcing
2/7/2022	Allstar Temporary Services	Staff Zone	Other
2/3/2022	VERCO Group	MethodHub Software	Finance and Accounting
2/2/2022	CareerGig	Alef	IT Services
2/1/2022	Northbound Executive Search	HireQuest (NAS: HQI)	HR Consulting
2/1/2022	Selected	Cross Country Healthcare (NAS: CCRN)	Education
2/1/2022	Slayton Search Partners	The Judge Group	Executive Search
1/31/2022	XYZ Media	John Wiley & Sons (NYSE: WLY)	Education
1/27/2022	ESS (Nautic Partners)	Vistria Group	Education
1/26/2022	Global Upside	SafeGuard Global (Accel-KKR)	PEO
1/25/2022	MomSource Network	Boulo	IT Services
1/24/2022	Corestaff Services	swipejobs	HR Outsourcing
1/24/2022	Davenport Benefits	Relation Insurance Services (Aquiline Capital Partners)	PEO
1/20/2022	Silver State Payroll	CAVU Human Capital Management	HR Outsourcing
1/19/2022	Precita Placements	ZRG Partners (RFE Investment Partners)	Executive Search
1/18/2022	AccessRN	Dynamic Infusion Therapy (RiverGlade Capital)	Healthcare
1/14/2022	CnL Advisors	Alexander Mann Solutions (OMERS Private Equity)	HR Consulting
1/13/2022	Integrated Payroll Services	Inova Payroll (Tritium Partners)	PEO
1/11/2022	People Etc.	BerganKDV	HR Consulting
1/10/2022	Alto Healthcare Staffing	Littlejohn Capital	Healthcare

Source: Pitchbook

HUMAN CAPITAL INDUSTRY UPDATE

PUBLIC TRADING DATA

Executive staffing and healthcare staffing continue to lead the industry in terms of profitability, while commercial, professional, and IT staffing sales slow relative to other sectors of the market.

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	\$20,943	(2.0%)	\$735	3.5%	(6.0%)	\$663	3.2%	\$412	2.0%	\$71	0.3%	1.6x	35.8%	0.9x
TrueBlue	2,266	(4.5%)	102	4.5%	(6.0%)	74	3.3%	65	2.9%	31	1.4%	0.5x	13.3%	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	29,908	1.1%	1,388	4.6%	2.3%	1,278	4.3%	949	3.2%	55	0.2%	0.7x	17.9%	5.7x
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%)		3.8%	(4.4%)		3.1%		2.4%		0.6%		1.5x	23.9%
Median		(3.8%)		4.5%	(6.0%)		3.3%		2.6%		0.3%		0.7x	17.9%

	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.	\$6,878	3.7%	\$913	13.3%	11.2%	\$862	12.5%	\$656	9.5%	\$42	0.6%	0.3x	15.3%	(0.3x)
Kforce Inc.	1,634	6.6%	117	7.2%	14.4%	115	7.0%	81	5.0%	7	0.4%	0.9x	36.8%	(0.0x)
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%		8.6%	5.2%		8.2%		5.9%		0.5%		0.6x	23.7%
Median		2.8%		9.0%	8.2%		8.6%		6.1%		0.5%		0.7x	21.4%

	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	\$4,194	5.7%	\$472	11.3%	6.6%	\$384	9.2%	\$257	6.1%	\$35	0.8%	2.2x	36.9%	1.3x
Computer Task Group	385	3.0%	17	4.4%	39.5%	14	3.7%	14	3.8%	1	0.3%	0.8x	17.7%	(1.1x)
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
Mean		3.1%		7.8%	25.4%		6.7%		5.6%		0.5%		1.3x	29.4%
Median		3.0%		7.7%	30.1%		7.3%		6.1%		0.3%		0.8x	33.6%

	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	\$4,651	23.1%	\$693	14.9%	43.5%	\$582	12.5%	\$403	8.7%	\$56	1.2%	1.2x	44.4%	1.1x
CrossCountry Healthcare	2,136	27.1%	226	10.6%	120.2%	216	10.1%	175	8.2%	8	0.4%	1.0x	39.7%	1.0x
Mean		25.1%		12.7%	81.8%		11.3%		8.4%		0.8%		1.1x	42.0%
Median		25.1%		12.7%	81.8%		11.3%		8.4%		0.8%		1.1x	42.0%

	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.	\$1,093	11.9%	\$131	12.0%	15.4%	\$120	11.0%	\$76	7.0%	\$7	0.6%	0.5x	18.8%	(1.4x)
Korn Ferry	2,461	0.8%	460	18.7%	18.3%	422	17.1%	294	11.9%	41	1.7%	1.1x	27.6%	(0.7x)
Mean		6.3%		15.3%	16.9%		14.1%		9.5%		1.2%		0.8x	23.2%
Median		6.3%		15.3%	16.9%		14.1%		9.5%		1.2%		0.8x	23.2%

Source: Bloomberg, Capital IQ and Company Filings

HUMAN CAPITAL INDUSTRY UPDATE

PUBLIC TRADING DATA

The first quarter of 2022 was another strong quarter for staffing companies as trading multiples and market caps remain bolstered, particularly in the commercial and professional sectors.

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
Commercial Staffing														
ManpowerGroup	\$93.92	75%	\$5,026	\$660	\$5,685	0.3x	0.5x	7.7x	3.9x	8.6x	4.6x	12.5x	56.7x	2.0x
TrueBlue	28.89	88%	1,013	35	1,048	0.5x	0.6x	10.3x	9.1x	14.1x	12.3x	15.7x	37.9x	nmf
Kelly Services	21.69	80%	855	(155)	699	0.1x	0.4x	6.9x	6.6x	10.0x	7.9x	10.4x	29.3x	nmf
Randstad	60.70	81%	11,111	7,902	19,013	0.6x	na	13.7x	na	14.9x	na	11.8x	na	2.2x
Adecco Group	45.62	63%	7,926	3,936	11,862	0.5x	na	10.7x	na	13.3x	na	11.6x	na	1.8x
Mean		77%				0.4x	0.5x	9.9x	6.5x	12.2x	8.3x	12.4x	41.3x	2.0x
Median		80%				0.5x	0.5x	10.3x	6.6x	13.3x	7.9x	11.8x	37.9x	2.0x

	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
Professional Staffing														
Robert Half Intl.	\$114.18	91%	\$12,438	(\$288)	\$12,150	1.8x	5.1x	13.3x	52.4x	14.1x	na	19.3x	148.7x	9.0x
Kforce Inc.	73.97	91%	1,501	(1)	1,500	0.9x	0.3x	12.8x	8.4x	13.1x	9.4x	19.2x	25.9x	8.0x
PageGroup	6.47	71%	2,059	(70)	1,989	0.9x	1.7x	8.2x	14.7x	8.6x	na	44.5x	6.8x	5.6x
Hays	1.61	68%	2,689	(58)	2,630	0.3x	2.5x	10.0x	33.3x	11.3x	41.8x	17.0x	1.9x	2.8x
GEE Group, Inc	0.55	39%	63	(10)	53	0.3x	0.1x	3.9x	0.5x	5.8x	1.0x	3.1x	1.0x	0.6x
Mean		80%				1.0x	2.4x	11.1x	27.2x	11.7x	25.6x	25.0x	45.8x	6.4x
Median		81%				0.9x	2.1x	11.4x	24.0x	12.2x	25.6x	19.3x	16.4x	6.8x

	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
IT Staffing														
ASGN Incorporated	\$116.71	88%	\$6,022	\$592	\$6,614	1.6x	0.4x	14.0x	9.6x	17.2x	10.7x	14.5x	29.4x	3.2x
Computer Task Group	9.77	84%	150	(18)	132	0.3x	0.0x	7.9x	0.3x	9.3x	0.3x	10.1x	4.4x	1.6x
RCM Technologies	9.86	92%	103	14	118	0.5x	0.0x	6.3x	0.5x	6.7x	0.8x	6.7x	11.5x	nmf
Mean		88%				0.8x	0.2x	9.4x	3.5x	11.1x	3.9x	10.4x	15.1x	2.4x
Median		88%				0.5x	0.0x	7.9x	0.5x	9.3x	0.8x	10.1x	11.5x	2.4x

	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
Healthcare Staffing														
AMN Healthcare Services	\$104.33	81%	\$4,796	\$750	\$5,546	1.2x	0.5x	8.0x	11.4x	9.5x	14.2x	12.4x	75.5x	4.2x
Cross Country Healthcare	21.67	71%	825	233	1,058	0.5x	0.1x	4.7x	1.4x	4.9x	1.3x	4.7x	18.7x	2.7x
Mean		76%				0.8x	0.3x	6.3x	6.4x	7.2x	7.7x	8.5x	47.1x	3.5x
Median		76%				0.8x	0.3x	6.3x	6.4x	7.2x	7.7x	8.5x	47.1x	3.5x

	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
Executive Staffing														
Heidrick&Struggles Intl.	\$39.58	79%	\$775	(\$187)	\$589	0.5x	0.1x	4.5x	1.2x	4.9x	1.5x	10.6x	28.7x	2.3x
Korn Ferry	64.94	77%	3,500	(317)	3,183	1.3x	0.3x	6.9x	4.1x	7.5x	3.9x	11.8x	56.1x	2.4x
Mean		78%				0.9x	0.2x	5.7x	2.7x	6.2x	2.7x	11.2x	42.4x	2.4x
Median		78%				0.9x	0.2x	5.7x	2.7x	6.2x	2.7x	11.2x	42.4x	2.4x

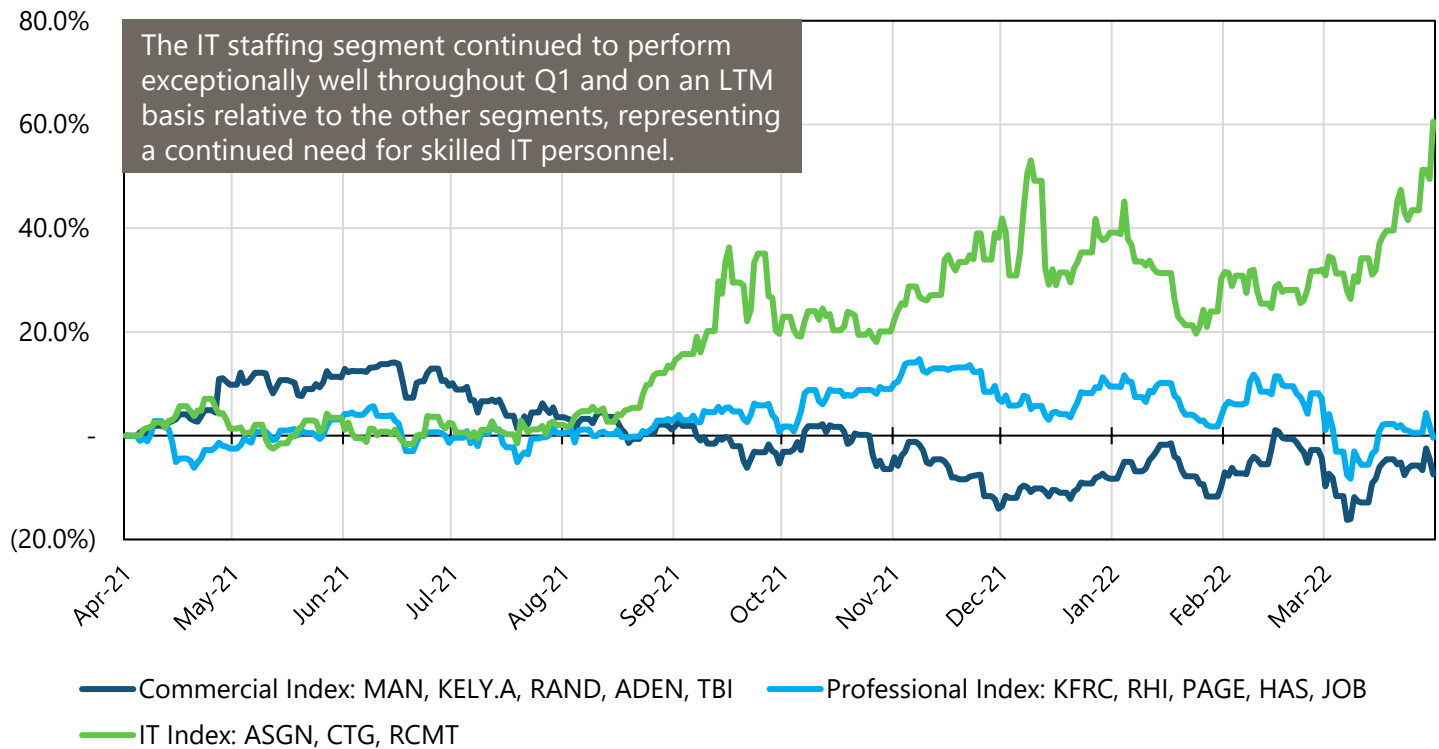
Source: Bloomberg, Capital IQ and Company Filings

HUMAN CAPITAL INDUSTRY UPDATE

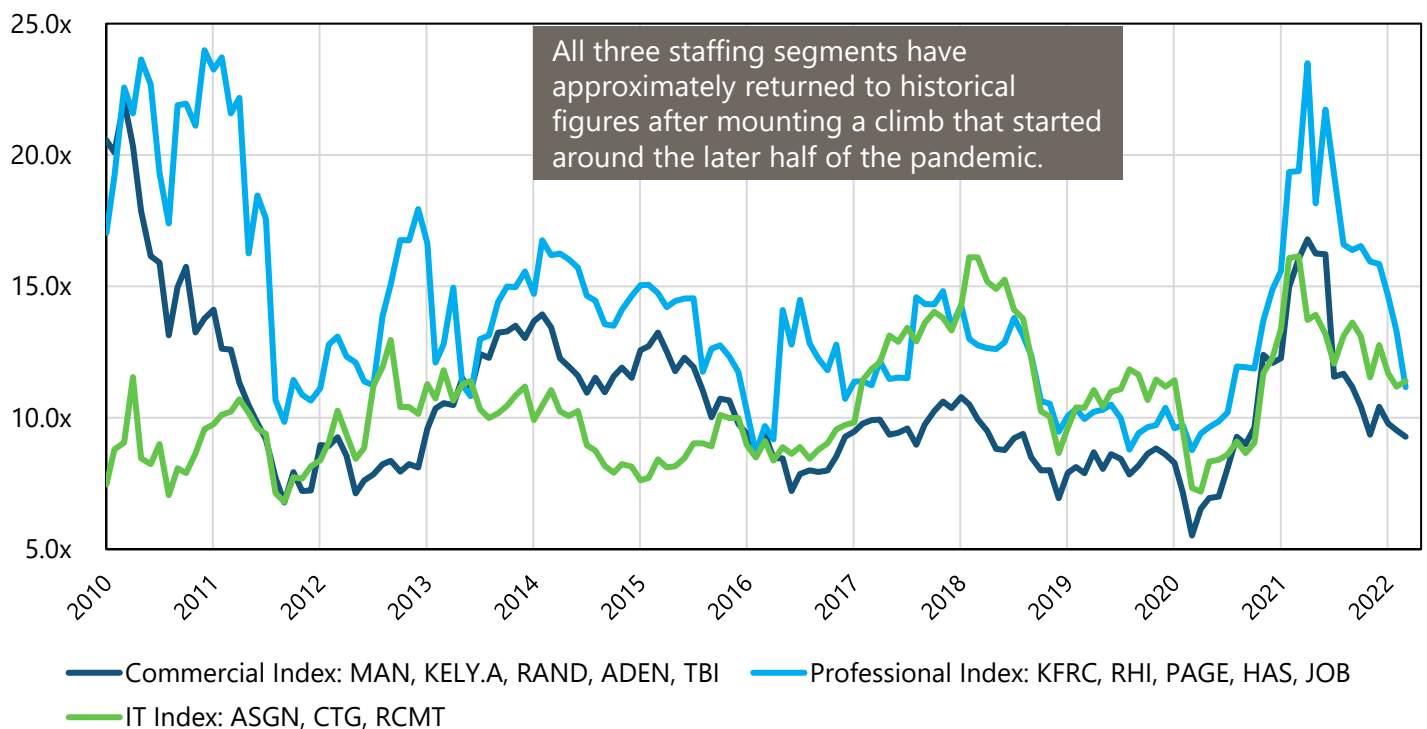
PUBLIC VALUATION TRENDS



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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