

INDUSTRY INSIGHTS:

Staffing Industry M&A Landscape

Spring 2018



Q Highlights

As the staffing industry continues to benefit from a positive operating environment across most industry sectors, owners in record numbers are capitalizing on their strong financial performance by realizing value through either a sale or recapitalization transaction.

Noticeably absent from the record M&A activity are the public staffing companies, as staffing industry acquisition activity remains primarily driven by privately held buyers.

Strategic buyers accounted for 87% of the staffing industry acquisitions in Q1 2018, with private equity (financial buyers) investing in a new platform acquisition accounting for the other 13% of the transactions.

– Financial investors acquired 6 new platform staffing investments in Q1 2018, following the 28 new investments in 2017 and 20 in 2016.

Professional staffing companies (including IT, healthcare, life sciences, finance and accounting and creative/digital staffing) continue to see the most widespread demand from buyers and investors.

Buyers continue to have very specific criteria as they evaluate acquisition targets. Acquirers desire companies with a strong blend of both revenue growth and profitability, with significant attention paid to customer diversification and the gross margin impact of potential acquisitions. Proven management teams desiring to stay on post-transaction also remain highly sought after.

BY THE NUMBERS

1

45

45 Staffing Industry M&A transactions were reported in the first quarter of 2018.

43

43 unique buyers completed a staffing company acquisition in the first quarter of 2018.

2

Of the 45 transactions announced in Q1 2018, only 2 were acquired by publicly traded staffing companies.

96%

96% of Q1 2018 staffing transactions were completed by either privately held buyers or financial investors

M&A Activity – Staffing Industry ...

The first quarter of 2018 saw 45 staffing industry M&A transactions completed by 43 different buyers, the highest level of announced quarterly M&A activity in the staffing industry since 2007. As the staffing industry continues to benefit from a positive operating environment across most industry sectors, owners in record numbers are capitalizing on their strong financial performance by realizing value through either a sale or recapitalization transaction.

Transaction activity will likely remain robust throughout 2018, as we continue to field a steady stream of inquiries from both strategic buyers and financial investors, as well as potential sellers. Buyers reported seeing a large surge in available deal opportunities right after Labor Day in 2017, so many of these transactions have now closed or will be completed in the second quarter of 2018. This supports our observation that seller interest has noticeably risen, as improving operating results make valuation targets more achievable. Additionally, many owners are increasingly mentioning the potential risk of holding their business too long and missing the open window that currently exists for completing a transaction.

Even as acquisition activity continues to flourish, buyers/investors continue to have very specific criteria as they evaluate acquisition targets. Professional staffing businesses, particularly those in the areas of IT, healthcare and life sciences staffing, continue to generate the greatest buyer demand. Acquirers continue to be most interested in companies that have a strong blend of both revenue growth and profitability, with significant attention paid to customer diversification and the gross margin impact of potential acquisitions. Proven management teams desiring to continue with the business post-transaction also remain highly sought after. Conversely, companies with flat or declining growth profiles, excessive customer concentration, or without management teams staying on with the business post-transaction are finding more limited buyer interest and, hence, less exciting valuation multiples.

Noticeably absent from the record M&A activity are the public staffing companies, as staffing industry acquisition activity remains primarily driven by privately-held strategic buyers (many of whom are backed by private equity). Of the 45 Q1 2018 staffing transactions, 43 deals were completed by privately-owned investors/buyers and only 2 of these transactions were completed by a publicly traded staffing company.

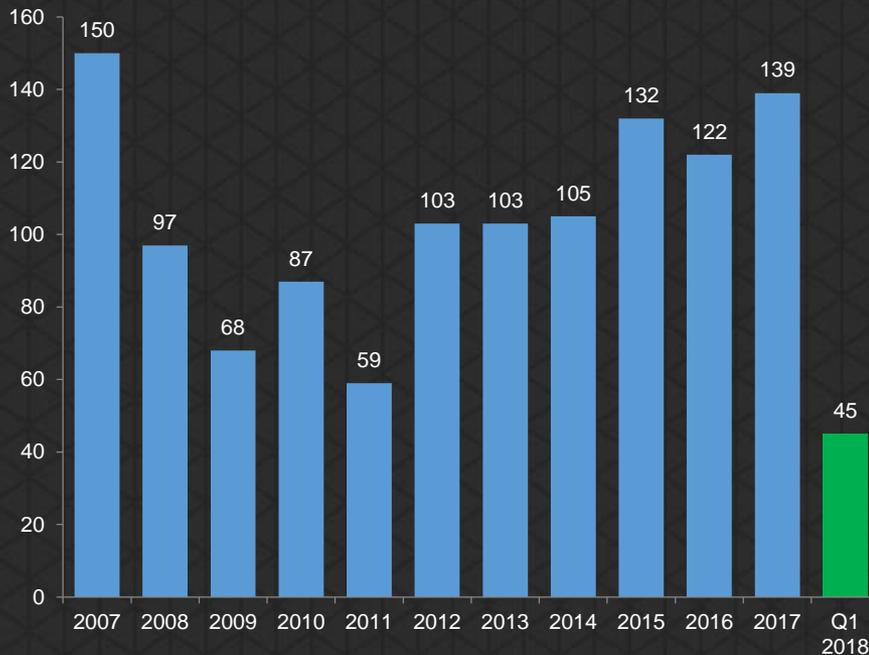
Strategic buyers (including those staffing companies primarily owned by private equity investors) completed 87% of the staffing acquisitions in the first quarter of 2018. However, private equity (financial buyers) continues to be an attractive option for the largest- and fastest-growing staffing companies, with 6 new platform investments made in Q1 2018. This follows the 28 new platform investments made in 2017 and 20 in 2016. Companies with scale, excellent historical and projected growth rates and management teams seeking to continue the growth of their businesses while taking some money off the table are proving to be very attractive investment platforms for many private equity investors interested in the business services sector.

IT staffing companies, especially those with a more relationship-oriented direct sales model generating higher gross margins and double-digit EBITDA margins, continue to be the most attractive temporary staffing segment for acquirers, as 7 of the 45 transactions reported in Q1 2018 involved companies whose predominant service offering was IT staffing. Healthcare staffing companies are also seeing significant buyer interest and very attractive valuation multiples, with 6 transactions completed in Q1 2018. The professional staffing segments (including IT, healthcare, life sciences, finance and accounting, and creative/digital staffing) all continue to see the most widespread demand from buyers and, thus, the strongest valuations. The light industrial/clerical staffing segment continues to produce a healthy number of transactions, although typically at lower valuation multiples as compared to professional staffing.

M&A Activity – Staffing Industry ...

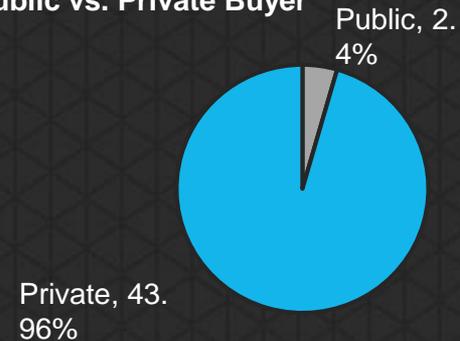
Yearly Staffing Transaction Volume – 2007 to Q1 2018

Number of Deals

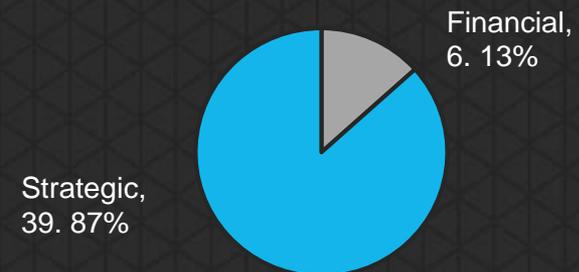


Staffing Industry Transaction Activity – Q1 2018

Public vs. Private Buyer



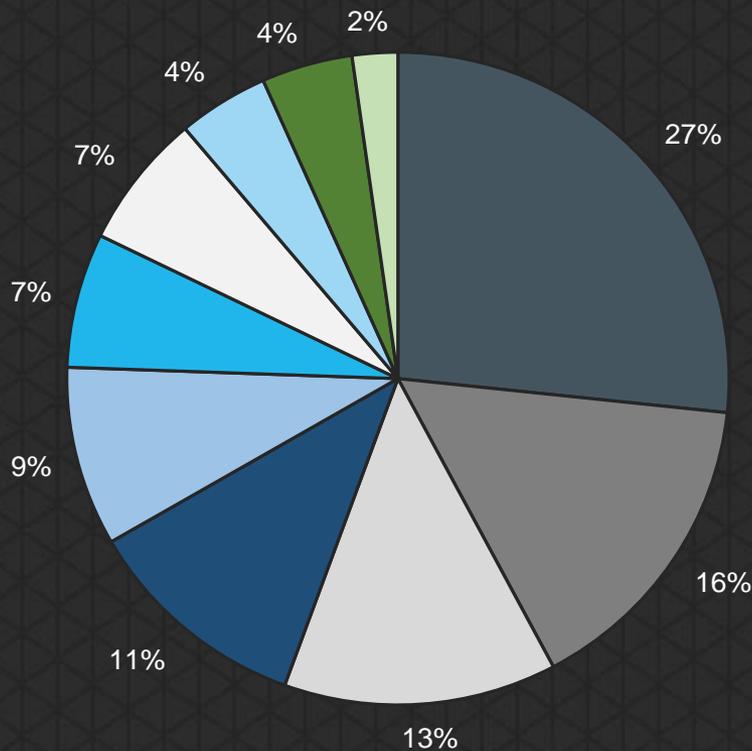
Strategic vs. Financial Buyer



Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *Staffing Industry Analysts*, *American Staffing Association*, *The Deal*, *The Wall Street Journal*)

M&A Activity – Staffing Industry ...

M&A Activity by Staffing Industry Sector – Q1 2018



| Industry Sector | No. of 2018 Transactions |
|------------------------------------|--------------------------|
| Light Industrial / Clerical | 12 |
| IT Staffing | 7 |
| Healthcare | 6 |
| Executive Search | 5 |
| Other | 4 |
| Technical | 3 |
| Finance & Accounting | 3 |
| Professional Employer Organization | 2 |
| Legal | 2 |
| Place & Search | 1 |

Source: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., *Staffing Industry Analysts*, *American Staffing Association*, *The Deal*, *The Wall Street Journal*)

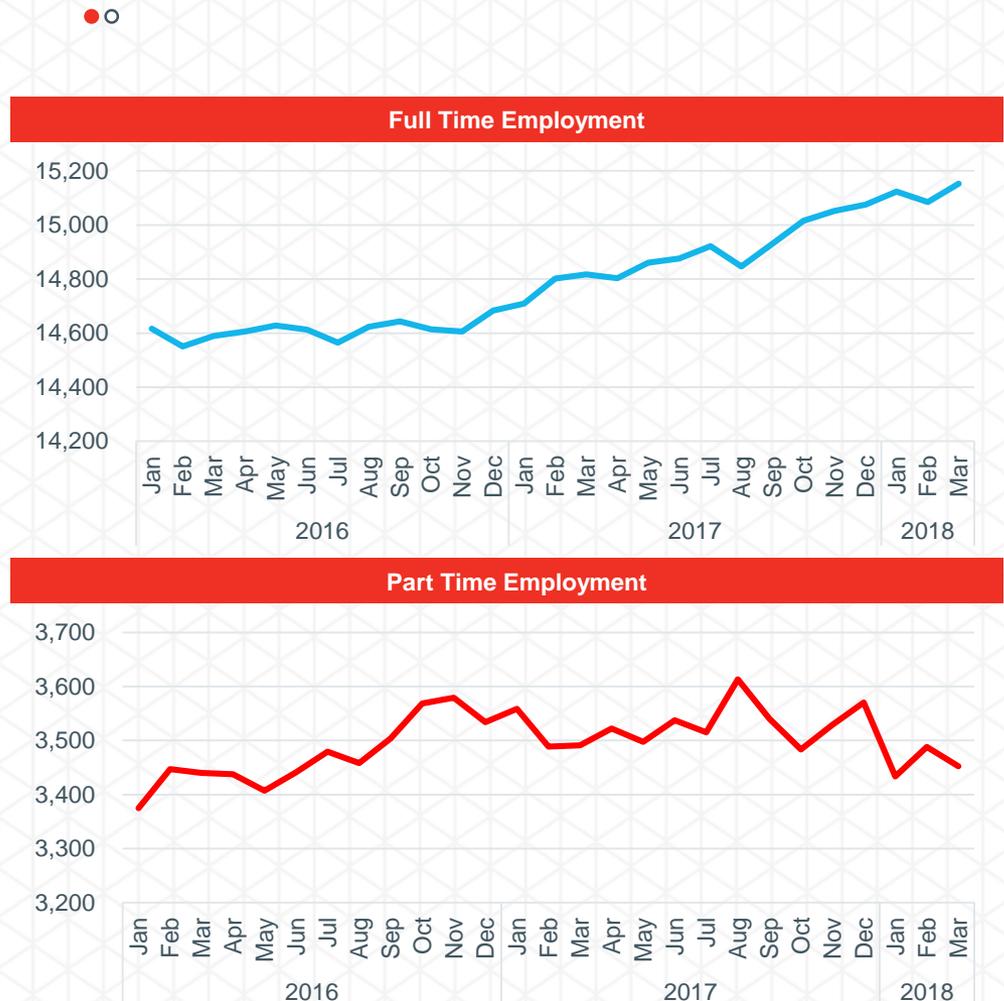
Canadian Staffing Indicators and Trends

The Canadian staffing industry has seen moderate growth in 2018 as the economy continued its upward trajectory from 2017. Unemployment in the country dropped to 5.8% in Q1 2018, with 15.2 million full-time employees and 3.5 million part time workers across the country.¹

The jobless rate stayed at 5.8% in March for the second-consecutive month — and for the third time since December — to match its lowest mark since *Statistics Canada* started measuring the indicator in 1976. The only other time the rate has slipped to this level was in 2007.¹

The office staffing and temp agencies industry in Canada is projected to grow at an annual rate of 3.3% over the next five years.² Additionally, Canada’s GDP is expected to remain strong, rising by 1.9% in 2018 and 1.6% in 2019, which will likely continue to stimulate demand for workers.³

Ontario increased its minimum wage to \$14 from \$11.60 on January 1, 2018 and plans another hike – to \$15 an hour – next year.⁴ Alberta also increased its minimum wage to \$13.60, with plans for \$15 an hour by Q4 of 2018.⁵ As many predicted, some businesses responded immediately by reducing hiring, cutting employee work hours, reducing benefits and charging higher prices.⁴ As these wage hikes are implemented, other provinces are likely to follow suit.



(1) Statistics Canada: CANSIM 282-0087
 (2) IBISWorld – Office Staffing & Temp Agencies - Canada Market Research Report – August 2017
 (3) RBC Economics, March 2018
 (4) Globe and Mail - The ripple effect of Ontario's minimum-wage increase, February 18, 2018
 (5) CBC - Alberta's minimum wage set to rise again, as opposition warns it will kill jobs – September 30, 2017

Canadian Staffing M&A Activity

The Canadian staffing industry is highly fragmented, with the top three staffing companies in Canada (Adecco Group, Randstad and ManpowerGroup) each holding less than 5% of the market.¹ Over the last five years, larger companies have attempted to make up for lackluster organic growth and gain market share through M&A activity – the top 3 alone made 57 acquisitions over this time period in Canada and abroad.² (See Exhibit 1)

Low barriers to entry, coupled with agency specialization has made way for new entrants to carve out successful niches in the staffing industry. As these new entrants continue to experience stellar growth margins, as seen in Exhibit 2, Canadian staffing leaders will continue to face difficulty in grasping a substantial market share. Although current growth rates may be inflated due to overall company size, the current rates experienced by these companies are still a testament to the diluted market share larger companies are experiencing.

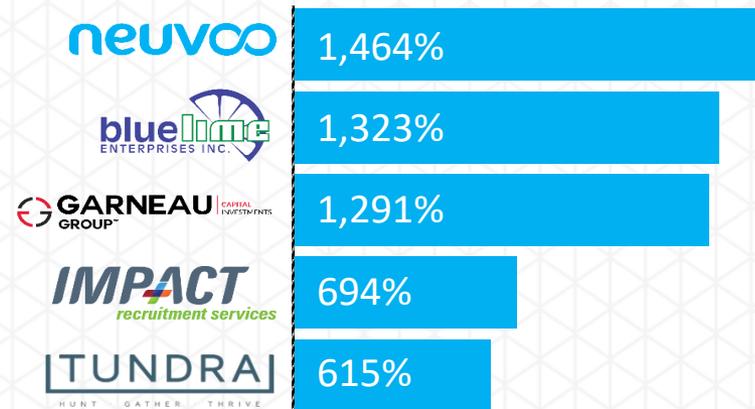
Given the above industry dynamics, the Canadian staffing industry could be poised for an increase in possible M&A activity. As large global players may seek out high-growth niche players as prime M&A targets.



Exhibit 1: Global Leaders

| | 2017 Canadian Market Share ³ | # of Global Acquisitions (Last 5 Years) ² |
|--|---|--|
|  THE ADECCO GROUP | 4.0% | 16 |
|  randstad | 3.6% | 11 |
|  ManpowerGroup Solutions | 3.3% | 30 |

Exhibit 2: Fastest Growing Canadian Staffing Companies – 5 Year Revenue Growth ¹



(1) Canadian Business – Canada’s fastest growing human resource companies: 2017 profit 500
 (2) CapitalIQ
 (3) IBISWorld – Office Staffing & Temp Agencies - Canada Market Research Report – August 2017

Notable Staffing Transactions – Q1 2018 .oooooo



BRILLIANT

Private equity firm Silver Oak Services Partners LLC led the recapitalization of Brilliant, a staffing firm targeting the accounting, finance and IT sectors. Management and co-investors also participated in the recapitalization of the Chicago-based firm. As part of the transaction, Jeff Mariola will transition to CEO from President. Founder Jim Wong, who previously held the CEO role, will transition into a board of directors role.

Brilliant, founded in 2009, targets the Greater Chicago and South Florida markets. It is included on Staffing Industry Analysts' list of fastest-growing US staffing firms.

“Brilliant has experienced great success and has been recognized regionally and nationally for our rapid growth, service quality and colleague engagement,” Mariola said. “We realized that to continue growing our business, we needed a strategic partner that shared our 2020 vision to continue to far outpace the industry in our core markets and expand into new markets over the next five years.”

Evanston, Ill.-based Silver Oak exclusively targets service businesses and invests in lower, middle-market companies, typically with EBITDA of \$4 million to \$20 million.

Duff & Phelps acted as the exclusive financial advisor to Brilliant

Notable Staffing Transactions – Q1 2018



Technology staffing firm Yoh acquired Maxsys Solutions LLC, a Frisco, Texas-based specialty IT recruitment firm. The transaction included Maxsys Financial Solutions LLC, a separate finance and accounting brand. For the foreseeable future, Maxsys Solutions and Maxsys Financial Solutions will continue as brand names under the Yoh umbrella of companies.

“Technology companies large and small continue to struggle finding highly-skilled IT, application development, project management, and finance and accounting professionals to meet their critical talent needs in today’s fast-moving business landscape,” said Yoh President Emmett McGrath. “This acquisition is a reinforcement of our commitment to providing focused recruiting solutions to our clients. Maxsys is a strong addition to our national IT recruiting practice and will allow us to deliver top IT talent to more of our customers.”

Maxsys Solutions, founded in 2007, targets the Dallas/Fort Worth market. Maxsys Financial Solutions was established in 2014 to provide finance and accounting professionals.

Yoh is a business unit of Day & Zimmermann and ranks No. 16 on the Staffing Industry Analysts list of largest IT staffing firms in the US.

Duff & Phelps acted as the exclusive financial advisor to Maxsys Solutions and Maxsys Financial Solutions

Notable Staffing Transactions – Q1 2018



Morson Group acquired the Canadian parent company Strategic Infusion Inc. (SI). The acquisition includes SI's four operating companies: in Canada, Commissioning & Technical Services (N.A) Ltd (CTSNA); in the USA, Commissioning & Technical Services (N.A) Inc (CTS US), Comtask Global Inc. (Comtask) and also MComm Solution of Puerto Rico Inc. (MComm).

Strategic Infusion was founded by experienced recruitment professionals Rick Goodman and Neil Smith in 2005. Headquartered in Burlington, Ontario, it also has operations in the USA and Caribbean and core technical markets include nuclear and telecommunications. SI currently has over 400 contractors on assignment.

Ged Mason, CEO of Morson Group, commented, "We are delighted that the SI team has joined the Morson Group family. SI, through CTSNA, has an extremely strong brand within Nuclear and Power and MComm/Comtask equally so in Telecom. Many of the staff at SI have long tenure with a wealth of experience and knowledge and the business shares similar values and culture with Morson. We look forward to offering our clients and contractors extended services and coverage as part of the enhanced Morson Group".

Duff & Phelps acted as the exclusive financial advisor to Strategic Infusion

Notable Staffing Transactions – Q1 2018



Private equity firm Gen Cap America, Inc. sponsored a buyout of CoreMedical Group in partnership with management. CoreMedical Group, based in Manchester, New Hampshire, is a leading healthcare staffing and recruiting agency specializing in travel and permanent placement for nurses, allied health professionals and physicians. With more than 25 years of experience, CoreMedical recruits medical professionals and provides staffing solutions to hospitals and healthcare providers in all 50 states.

The CoreMedical management team will be led by Aram Hampoian, who assumed the CEO role upon close. He has been with CoreMedical since 2004.

Chris Godwin, Managing Director at Gen Cap America stated, “We are excited to have the opportunity to invest in CoreMedical alongside the management team. CoreMedical is an excellent platform in an area with great demand – skilled medical staffing – and leverages our niche of partnering with go forward management to facilitate and navigate an ownership transition.”

Gen Cap America is a Nashville-based private equity firm that provides equity for management buyouts, division spin-offs, and recapitalizations of lower middle-market businesses. Its other investments in the medical space include Alpha Technics and Advantage Medical Professionals.

Notable Staffing Transactions – Q1 2018



Private equity firm MidOcean Partners invested in The Planet Group, a provider of staffing and consulting in the life sciences and diversified energy and engineering markets. The Planet Group was founded in 2009, and is headquartered in Chicago.

The Planet Group consists of six related entities, including Planet Pharma, and is aimed at serving firms in the life sciences, diversified energy and engineering, healthcare and digital marketing industries. Planet founders CEO Michael Stomberg and CFO Timothy Bauwens will continue to lead the company and will own a stake in the company.

“MidOcean has tremendous resources and experience building successful business services platforms with founder-owned businesses and a deep understanding of the professional staffing industry which makes them an ideal partner for Planet,” Stomberg said. “This partnership with MidOcean will enable us to dedicate additional resources to build out our existing infrastructure and expand Planet’s offerings into other professional service areas both organically and through M&A activity.”

MidOcean is a former investor in System One, which ranks among the largest staffing firms in the US. It exited its investment in System One in October 2016. The private equity firm reported it worked closely with its own management resources when evaluating Planet, including Jon Chait, who formerly served as chairman and CEO of Hudson Global Inc. and CFO of Manpower Inc.

Notable Staffing Transactions – Q1 2018



Tradesmen International acquired Construction Labor Contractors LLC from private equity firm Silver Oak Services Partners. Tradesmen International is a portfolio company of private equity funds managed by Blackstone Capital Partners.

Construction Labor Contractors provides temporary staffing of skilled tradesmen for the commercial construction market. It has about 130 internal employees and issued 8,500 W-2s in 2017. The company launched in 1997 and is based in Richfield, Ohio, a Cleveland suburb. It operates 19 locations and serves clients nationwide. Silver Oak first invested in Construction Labor Contractors in June 2014.

“We are extremely proud of our partnership with the CLC management team,” said Greg Barr, Managing Partner at Silver Oak. “They have significantly expanded the business over the last three-and-a-half years, and we believe the combination of CLC and Tradesmen will allow the consolidated entity to better serve client needs throughout the country.”

During Silver Oak’s ownership, the company enhanced the depth of its management team, invested in a centralized national accounts sales team and national recruiting team, and upgraded the IT infrastructure. It also expanded its geographic footprint via new office openings and three acquisitions, including Skilled Labor Solutions Inc. in 2016 and Trade Solutions Inc. in August 2017.

Notable Staffing Transactions – Q1 2018 ○○○○○○●



Private equity firm Webster Capital acquired travel nurse staffing firm Emerald Health Services. The Los Angeles-based healthcare staffing provider was founded in 2002 by Mark Stagen, who is also a founder and former president of the National Association of Travel Healthcare Organizations.

“For over 15 years, Emerald has been a true love of mine,” Stagen said. “Though I will miss the team, the clients and the business, I’m very excited to see the amazing things Emerald will accomplish with Webster Capital and the amazing Emerald management team.”

“We are very excited to partner with Webster for our next chapter of growth,” Emerald Health Services’ CEO and President Mark Siegel said. “The Webster team brings a wealth of experience in healthcare services and shares our vision for growth, commitment to core values and drive for innovation.”

Waltham, Mass.-based Webster has a healthcare staffing portfolio that also includes Cirrus Medical Staffing, a national provider of travel nurse and allied staffing it acquired in October; and PharmaLogics Recruiting, a provider of recruiting solutions for life sciences companies worldwide.

Staffing M&A Transactions Q1 2018

| Announced Date | Seller | Buyer | Business Description |
|----------------|--------------------------------|---------------------------|---|
| 1/1/2018 | Emergency Practice Associates | Wapiti Medical Staffing | Provides temporary healthcare staffing and services, including locum tenens, billing/coding services, emergency department medical director and permanent placement, to the Midwest region. |
| 1/1/2018 | ReWork | Koya Leadership Partners | Focuses on mid- and senior-level executives for non-profit organizations. |
| 1/1/2018 | Avant Healthcare Professionals | Jackson Healthcare | Avant Healthcare works in the field of international recruitment and placement of healthcare professionals. It has more than 650 employees in more than 38 states. It has placed more than 1,800 international nurses, physical therapists and occupational therapists throughout the US. |
| 1/10/2018 | Kelly Healthcare Resources | InGenesis Inc. | Provides healthcare staffing services in the United States. |
| 1/11/2018 | Career Professionals Inc. | Seek Professionals | Places candidates in entry-level to midlevel permanent positions in sales, customer service, marketing, management, finance and administrative functions. |
| 1/11/2018 | Employer Essentials | G&A Partners | Provides outsourced human resources services. |
| 1/11/2018 | Gros Executive Recruiters | Molding Business Services | Provides recruiting and executive search services to the plastics industry. |
| 1/12/2018 | On Time Staffing, Philadelphia | First Step Staffing | Provides placements for homeless people and those recently released from prison. |
| 1/16/2018 | Kranect | KORE1 | Provides information technology staffing services in the Denver area. |

Staffing M&A Transactions

Q1 2018

| Announced Date | Seller | Buyer | Business Description |
|----------------|------------------------------------|--------------------------------|--|
| 1/17/2018 | Arlington Resources Inc. | Cornerstone Staffing Solutions | Provider of human resources and accounting/finance staffing. |
| 1/19/2018 | MatrixOneSource | GPB Capital Holdings LLC | Provides outsourced human resources services for small and medium sized companies. |
| 1/22/2018 | The Planet Group | MidOcean Partners | Provider of staffing and consulting in the life sciences and diversified energy and engineering markets. |
| 1/23/2018 | Construction Labor Contractors LLC | Tradesmen International | Provides temporary staffing of skilled tradesmen for the commercial construction market. |
| 1/29/2018 | Update Legal | Driven Inc. | Provides legal recruiting and placement services across the United States. |
| 1/31/2018 | Strategic Infusion | Morson Group Limited | Provides staff augmentation and managed task services to the nuclear and telecom industry across North America. Headquartered in Burlington, Ontario, it also has operations in the USA and Caribbean and its core technical markets include nuclear and telecommunications. |
| 2/1/2018 | Miligistix LLC | Bridge My Return LLC | Provides military and veteran recruiting, hiring, engagement, and retention programs. |
| 2/2/2018 | Mark/Ryan Associates | The Reserves Network Inc. | Places accounting and financial professionals to wider range of clients in the Greater Chicago market. |
| 2/7/2018 | Neohire South | TS2 Holdings LLC | An executive search company targeting top venture capitalist and tech startups. |

Staffing M&A Transactions

Q1 2018

| Announced Date | Seller | Buyer | Business Description |
|----------------|---------------------------------------|--------------------------|--|
| 2/7/2018 | RockIT | TS2 Holdings LLC | Works with venture-backed start-ups to Fortune 100s to help them find top IT talent. |
| 2/7/2018 | Carnegie Affiliates | Resource1 | Boutique IT search firm specializing in permanent placements in the New York-metro region. |
| 2/8/2018 | Regal Staffing Services, OH Operation | Nesco Resource | Provides light industrial and clerical staffing in the Columbus, OH market. |
| 2/9/2018 | PPR Healthcare | Medical Solutions | Provides travel nurse staffing and interim leadership for acute and post-acute markets. |
| 2/15/2018 | Soft Company | CTG | A consulting and engineering firm with expertise in both business and information systems. |
| 2/20/2018 | STAFFWORKS, IN Entity | ULG Staffing | Provides light industrial and clerical staffing. |
| 2/21/2018 | Clearwater Legal | CertaTech Solutions | Provider of managed document review services and legal staffing. |
| 2/22/2018 | Agility Staffing Inc. | Staffing Express Inc. | Provides light industrial and clerical staffing services to accounting / finance, property management, medical, and legal end markets. |
| 2/23/2018 | MBS Associates Inc. | Kable Staffing Resources | Provides temporary and permanent staffing services to companies. It caters to technology, pharmaceutical, engineering, supply chain, and manufacturing industries. |

Staffing M&A Transactions

Q1 2018

| Announced Date | Seller | Buyer | Business Description |
|----------------|---------------------------------|----------------------------|--|
| 2/23/2018 | GGK Technologies | American CyberSystems Inc. | Provides offshore IT consulting and development services. |
| 2/23/2018 | Rumba Solutions LLC | Technosoft Corp. | Provides information technology staffing services. |
| 2/28/2018 | Maxsys Solutions | Yoh | Provides specialty IT and finance / accounting in the Dallas / Fort Worth area. |
| 2/28/2018 | JHill's Staffing Services Inc. | Marcum Search LLC | Provides executive recruiting services for legal industry. |
| 3/5/2018 | Lyneer Staffing Solutions LLC | Palm Beach Capital | Focuses on staffing of light industrial, mail room and data entry, clerical and accounting and permanent placement professionals. |
| 3/5/2018 | Epsen Fuller Group | ZRG Partners Inc. | Provides executive search services for board and leadership projects for Fortune 500, mid-cap and subject matter experts, as well as private equity or venture-backed clients in the consumer, digital and lifestyle, life sciences, and technology sectors. |
| 3/5/2018 | Victory Personnel Services Inc. | CorTech International | A diversity temporary labor payroll provider for the Fortune 1000, provides professional, administrative and clerical staffing. |
| 3/6/2018 | GECO Deutschland | Yoh | Provides specialty IT staffing services in Germany. |
| 3/6/2018 | Roy's Staffing Inc. | Trillium Staffing | Provides strategic and event staffing in the Southern region. |

Staffing M&A Transactions Q1 2018

| Announced Date | Seller | Buyer | Business Description |
|----------------|--|--|---|
| 3/12/2018 | Emerald Health Services | Webster Capital | Los Angeles-based healthcare staffing provider. |
| 3/14/2018 | CoreMedical Group | Gen Cap America Inc. led MBO | A healthcare staffing and recruiting agency providing travel and permanent placement for nurses, allied health professionals and physicians. |
| 3/15/2018 | Smart Rhino Labs | Randall-Reilly LLC | Offers recruiting services for trucking industry. |
| 3/15/2018 | SEARCH Group Partners Inc.'s Westlake Village, CA Office | Partners Personnel | Provides professional talent acquisition and consulting services including temporary, temp-to-hire, permanent placement and executive search. Targeted sectors include accounting and finance, office and administrative, technology, marketing and creative, human resources and executive search. |
| 3/19/2018 | Access Staffing, Light Industrial Division | TemPositions Group of Companies | Provides light industrial staffing services in New York metro area. |
| 3/19/2018 | PlaneTechs LLC | Launch Technical Workforce Solutions LLC | Provides staff to aircraft maintenance, repair, overhaul and manufacturing companies in the commercial, government services, and business aviation sectors. |
| 3/27/2018 | Brilliant | Silver Oak Services Partners | Provides accounting / finance and IT staffing services in the Greater Chicago and South Florida regions. |
| 3/28/2018 | TempForce Pennsylvania | MBO | Provides light industrial and clerical staffing. |
| 3/29/2018 | Agency a la Carte | Hueman People Solutions | Provides creative and marketing staffing services to Northeast Florida, the Southeast, Mid-Atlantic and the Midwest. Clients includes EverBank, The Adecco Group, Acosta Sales and Marketing, Regency Centers and Stein Mart. |

Public Trading Data for Staffing Companies .oo

(\$ in millions, except per share amounts;
average excludes highest and lowest values)

| Company Name | Ticker | Price as of 4/02/2018 | 52 Week | | % of 52 Week High | Market Cap | Enterprise Value | 2017 Revenue | EBITDA | | 2017 EBITDA Margin | EV/EBITDA | |
|---------------------------------|--------|--------------------------|---------|---------|-------------------------|---------------|---------------------|-----------------|-----------|-----------|--------------------------|-----------|-------|
| | | | Low | High | | | | | LTM | 2017 | | LTM | 2017 |
| Commercial Staffing | | | | | | | | | | | | | |
| Adecco Group AG | ADEN | \$71.04 | \$69.15 | \$83.88 | 84.7% | \$11,781.0 | \$12,986.5 | \$28,410.2 | \$1,442.1 | \$1,442.1 | 5.1% | 9.0x | 9.0x |
| Barrett Business Services, Inc. | BBSI | 81.20 | 44.52 | 89.87 | 90.4 | 593.1 | 537.0 | 920.4 | 35.4 | 35.4 | 3.8 | 15.2 | 15.2 |
| GEE Group, Inc. | JOB | 2.56 | 2.45 | 7.00 | 36.6 | 26.7 | 126.1 | 159.2 | 7.5 | 7.5 | 4.7 | 16.7 | 16.7 |
| Kelly Services, Inc. | KELYA | 28.75 | 20.27 | 30.99 | 92.8 | 1,104.9 | 1,082.6 | 5,374.4 | 108.4 | 108.4 | 2.0 | 10.0 | 10.0 |
| ManpowerGroup, Inc. | MAN | 113.63 | 97.15 | 136.93 | 83.0 | 7,517.0 | 7,858.2 | 21,034.3 | 904.8 | 904.8 | 4.3 | 8.7 | 8.7 |
| Randstad Holding NV | RAND | 65.69 | 59.18 | 73.25 | 89.7 | 12,013.1 | 13,608.5 | 27,945.2 | 1,246.3 | 1,246.3 | 4.5 | 10.9 | 10.9 |
| Staffing 360 Solutions, Inc. | STAF | 2.01 | 2.01 | 6.60 | 30.5 | 7.8 | 69.7 | 192.7 | 3.9 | 3.9 | 2.0 | 17.8 | 17.8 |
| TrueBlue, Inc. | TBI | 25.95 | 19.30 | 29.50 | 88.0 | 1,030.6 | 1,120.6 | 2,508.8 | 124.6 | 124.6 | 5.0 | 9.0 | 9.0 |
| Average | | | | | 78.7% | \$3,675.5 | \$3,951.8 | \$9,662.6 | \$404.5 | \$404.5 | 4.1% | 11.8x | 11.8x |
| Median | | | | | 86.3% | \$1,067.7 | \$1,101.6 | \$3,941.6 | \$116.5 | \$116.5 | 4.4% | 10.5x | 10.5x |

DEFINITIONS

EBITDA: earnings before interest, taxes, depreciation and amortization

EPS: earnings per share

Enterprise Value: market capitalization + total debt + preferred equity + minority interest – cash and short-term investments

LTM: publicly announced last twelve months

Note: \$ Millions, except for per share data. Average excludes the highest and lowest values. EBITDA does not reflect adjustments for extraordinary items.

Source: S&P Global Market Intelligence as of April 02, 2017. Represents publicly traded staffing companies tracked by Duff & Phelps.

Public Trading Data for Staffing Companies

(\$ in millions, except per share amounts;
average excludes highest and lowest values)

| Company Name | Ticker | Price as of 4/02/2018 | 52 Week | | % of 52 Week High | Market Cap | Enterprise Value | 2017 Revenue | EBITDA | | 2017 EBITDA Margin | | EV/EBITDA | |
|---------------------------------|--------|--------------------------|---------|---------|-------------------------|----------------|---------------------|-----------------|---------------|---------------|--------------------------|--------------|--------------|--|
| | | | Low | High | | | | | LTM | 2017 | LTM | 2017 | | |
| Professional Staffing | | | | | | | | | | | | | | |
| BG Staffing, Inc. | BGSF | \$18.45 | \$14.05 | \$19.46 | 94.8% | \$161.7 | \$205.8 | \$272.6 | \$24.0 | \$24.0 | 8.8% | 8.6x | 8.6x | |
| Hudson Global, Inc. | HSON | 1.93 | 1.05 | 2.44 | 79.1 | 60.1 | 46.3 | 456.7 | 5.6 | 5.6 | 1.2 | 8.2 | 8.2 | |
| Kforce, Inc. | KFRC | 26.35 | 16.75 | 29.35 | 89.8 | 656.3 | 775.9 | 1,357.9 | 76.2 | 76.2 | 5.6 | 10.2 | 10.2 | |
| Mastech Digital, Inc. | MHH | 11.97 | 6.13 | 15.93 | 75.1 | 65.4 | 101.0 | 147.9 | 8.0 | 8.0 | 5.4 | 12.7 | 12.7 | |
| On Assignment, Inc. | ASGN | 82.52 | 44.66 | 86.13 | 95.8 | 4,305.6 | 4,846.3 | 2,625.9 | 283.8 | 283.8 | 10.8 | 17.1 | 17.1 | |
| RCM Technologies, Inc. | RCMT | 5.69 | 4.60 | 7.50 | 75.9 | 69.7 | 94.1 | 186.7 | 6.8 | 6.8 | 3.6 | 13.8 | 13.8 | |
| Resources Connection, Inc. | RECN | 15.15 | 12.05 | 17.00 | 89.1 | 475.3 | 467.0 | 590.4 | 46.4 | 46.4 | 7.9 | 10.1 | 10.1 | |
| Robert Half International, Inc. | RHI | 57.48 | 42.92 | 60.59 | 94.9 | 7,021.5 | 6,727.6 | 5,266.8 | 581.2 | 581.2 | 11.0 | 11.6 | 11.6 | |
| TSR, Inc. | TSRI | 6.20 | 3.80 | 11.10 | 55.9 | 12.2 | 7.4 | 65.8 | 0.8 | 0.8 | 1.2 | 9.8 | 9.8 | |
| Volt Information Sciences, Inc. | VISI | 3.05 | 2.16 | 6.90 | 44.2 | 64.1 | 85.5 | 1,134.8 | (10.2) | (10.2) | NM | NM | NM | |
| Average | | | | | 81.8% | \$732.3 | \$827.8 | \$846.6 | \$56.4 | \$56.4 | 6.2% | 11.0x | 11.0x | |
| Median | | | | | 84.1% | \$115.7 | \$153.4 | \$523.6 | \$16.0 | \$16.0 | 5.6% | 10.2x | 10.2x | |

DEFINITIONS

EBITDA: earnings before interest, taxes, depreciation and amortization

EPS: earnings per share

Enterprise Value: market capitalization + total debt + preferred equity + minority interest – cash and short-term investments

LTM: publicly announced last twelve months

Note: \$ Millions, except for per share data. Average excludes the highest and lowest values. EBITDA does not reflect adjustments for extraordinary items.

Source: S&P Global Market Intelligence as of April 02, 2017. Represents publicly traded staffing companies tracked by Duff & Phelps.

Public Trading Data for Staffing Companies ∞•

(\$ in millions, except per share amounts)

| Company Name | Ticker | Price as of 4/02/2018 | 52 Week | | % of 52 Week High | Market Cap | Enterprise Value | 2017 Revenue | EBITDA | | 2017 EBITDA Margin | EV/EBITDA | |
|--|--------|-----------------------|---------|---------|-------------------|------------|------------------|--------------|---------|---------|--------------------|-----------|-------|
| | | | Low | High | | | | | LTM | 2017 | | LTM | 2017 |
| Healthcare Staffing | | | | | | | | | | | | | |
| AMN Healthcare Services, Inc. | AMN | \$56.15 | \$34.71 | \$60.80 | 92.4% | \$2,685.0 | \$2,989.7 | \$1,988.5 | \$244.7 | \$244.7 | 12.3% | 12.2x | 12.2x |
| Cross Country Healthcare, Inc. | CCRN | 10.71 | 9.07 | 15.09 | 71.0 | 390.2 | 464.4 | 865.0 | 39.3 | 39.3 | 4.5 | 11.8 | 11.8 |
| Average | | | | | 81.7% | \$1,537.6 | \$1,727.1 | \$1,426.8 | \$142.0 | \$142.0 | 8.4% | 12.0x | 12.0x |
| Median | | | | | 81.7% | \$1,537.6 | \$1,727.1 | \$1,426.8 | \$142.0 | \$142.0 | 8.4% | 12.0x | 12.0x |
| Executive & Retained Search | | | | | | | | | | | | | |
| Heidrick & Struggles International, Inc. | HSII | \$30.40 | \$17.90 | \$32.65 | 93.1% | \$571.9 | \$364.4 | \$621.4 | \$55.7 | \$55.7 | 9.0% | 6.5x | 6.5x |
| Korn/Ferry International | KFY | 50.69 | 29.84 | 52.17 | 97.2 | 2,865.2 | 2,718.0 | 1,697.9 | 216.4 | 216.4 | 12.7 | 12.6 | 12.6 |
| Average | | | | | 95.1% | \$1,718.6 | \$1,541.2 | \$1,159.7 | \$136.0 | \$136.0 | 10.9% | 9.6x | 9.6x |
| Median | | | | | 95.1% | \$1,718.6 | \$1,541.2 | \$1,159.7 | \$136.0 | \$136.0 | 10.9% | 9.6x | 9.6x |

DEFINITIONS

EBITDA: earnings before interest, taxes, depreciation and amortization

EPS: earnings per share

Enterprise Value: market capitalization + total debt + preferred equity + minority interest – cash and short-term investments

LTM: publicly announced last twelve months

Note: \$ Millions, except for per share data. Average excludes the highest and lowest values. EBITDA does not reflect adjustments for extraordinary items.

Source: S&P Global Market Intelligence as of April 02, 2017. Represents publicly traded staffing companies tracked by Duff & Phelps.

Selected Duff & Phelps Staffing Transactions

| | | | | |
|---|---|--|--|--|
| <p>Sell Side Advisor</p> <hr/>  <p>BRILLIANT. has completed a majority recapitalization with</p>  <p>SILVER OAK SERVICES PARTNERS</p> | <p>Sell Side Advisor</p> <hr/>  <p>has been acquired by</p>  <p>Yoh A DAY & ZIMMERMANN COMPANY</p> | <p>Sell Side Advisor</p> <hr/> <p>Strategicinfusion</p> <p>has been acquired by</p>  <p>MORSON GROUP</p> | <p>Sell Side Advisor</p> <hr/>  <p>has been acquired by</p>  <p>BG STAFFING, INC.</p> | <p>Sell Side Advisor</p> <hr/>  <p>has been acquired by</p>  <p>mastech</p> |
| <p>Sell Side Advisor</p> <hr/>  <p>has been acquired by</p>  <p>DTI</p> | <p>Sell Side Advisor</p> <hr/>  <p>a portfolio company of North Texas Opportunity Fund LP, has been acquired by</p>  <p>BG Staffing</p> | <p>Sell Side Advisor</p> <hr/>  <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>HARVEST PARTNERS</p> | <p>Sell Side Advisor</p> <hr/>  <p>Addison Group has been acquired by</p>  <p>a portfolio company of</p>  <p>LAKE CAPITAL</p> | <p>Sell Side Advisor</p> <hr/>  <p>EXTRINSIC LLC EXCEPTIONAL IT SOLUTIONS</p> <p>has been acquired by</p>  <p>BG Staffing</p> <p>a portfolio company of</p>  <p>TAGLICH PRIVATE EQUITY LLC</p> |

Contact Us

American M&A Contacts

John Niehaus

Managing Director
+1 713 986 9307
john.niehaus@duffandphelps.com
Houston, TX

Jim Rebello

Managing Director
+1 713 986 9318
james.rebello@duffandphelps.com
Houston, TX

Laura McNaughton

Head of Business Services M&A
+1 312 697 4678
laura.mcnaughton@duffandphelps.com
Chicago, IL

Canadian M&A Contacts

Howard Johnson

Managing Director
+1 416 597 4500
howard.johnson@duffandphelps.com
Toronto, ON

Kurt Schurer

Managing Director
+1 403 890 7355
kurt.schurer@duffandphelps.com
Calgary, AB

Ross Fletcher

Managing Director
+1 416 361 2588
ross.fletcher@duffandphelps.com
Toronto, ON

About Duff & Phelps

Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, disputes and investigations, compliance and regulatory matters, and other governance-related issues. Our clients include publicly traded and privately held companies, law firms, government entities and investment organizations such as private equity firms and hedge funds. We also advise the world's leading standard-setting bodies on valuation and governance best practices. The firm's nearly 2,500 professionals are located in over 70 offices in 20 countries around the world.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory, capital raising and secondary market advisory services in the United Kingdom are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. M&A advisory and capital raising services in Germany are provided by Duff & Phelps GmbH, which is a Tied Agent of DPSL. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.

For more information, please visit:

www.duffandphelps.com