

A photograph of a business meeting in progress. In the foreground, a man in a dark suit and blue tie is seated at a table, looking towards the right. He is holding a pair of glasses in his right hand. Behind him, another person is partially visible. In the background, there are blurred figures of other people and office equipment, including a laptop and a glass of water on the table.

Market Update Human Capital Management Services

Q1 2017

Key Highlights

- Top subsector stock performers in Q1 of 2017 included HR Technology Services and HR Professional Services, up 16.2% and 8.8%, respectively
- On average, the stock price indices for the subsectors outperformed the S&P 500 Index during Q1 2017
- On average, EV / LTM EBITDA multiples for the subsectors were down by 0.3x over the prior quarter and up 0.3x on a year over year basis

Lincoln International's Human Capital Management Services Group

Lincoln International recognizes the importance of understanding a client's industry, value drivers, growth opportunities and challenges. Our extensive expertise provides in-depth market insights, deep relationships with the most active strategic and financial partners and superior knowledge on how to best position a business and overcome potential issues. These attributes, combined with our globally integrated resources and flawless execution, enable us to consistently deliver outstanding outcomes for our clients.

Lincoln International's dedicated Human Capital Management Services Group has established itself among the most active M&A advisors in the mid-market. Our senior bankers provide sector-specific expertise, global buyer access and unmatched execution within the human capital management services space. This update tracks pricing and valuation metrics and transaction activity for six key human capital management services subsectors:

- HR Administrative
- HR Professional
- HR Technology
- Specialty Consulting
- Staffing
- Training

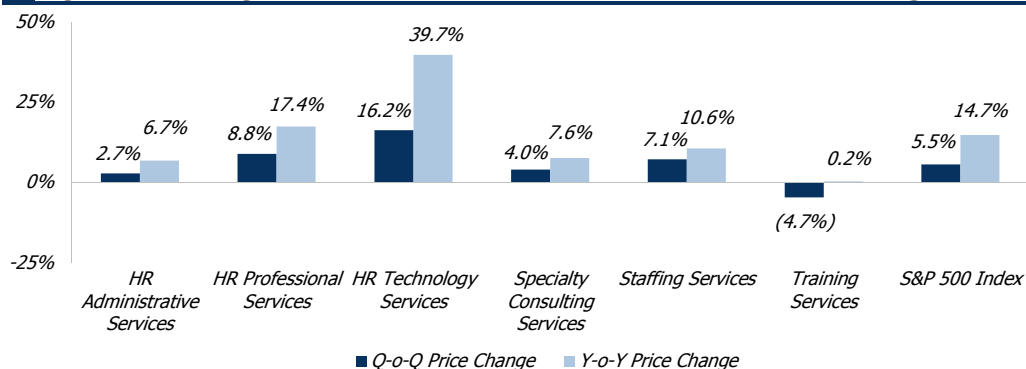
Lincoln's Recent Human Capital Management Services Transactions



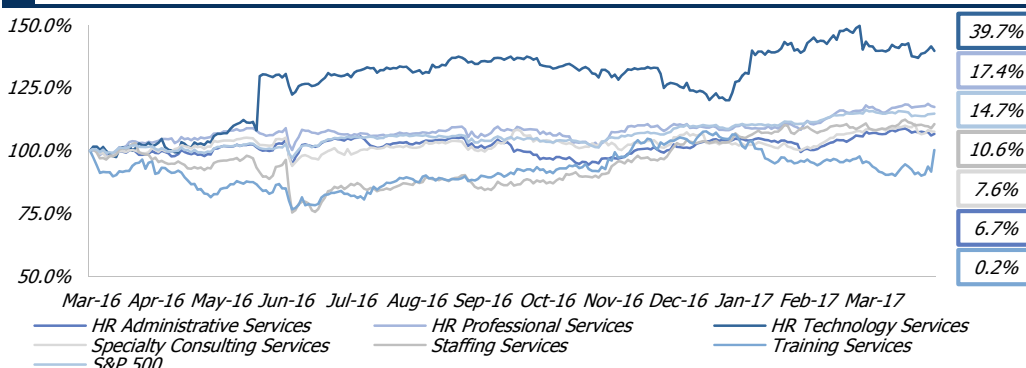
Quarter over Quarter Price Performance

Outperformers	Change	Underperformers	Change
Callidus Software Inc.	27.1%	Resources Connection, Inc.	(13.0%)
Workday, Inc.	26.0%	Barrett Business Services, Inc.	(14.8%)
Insperty, Inc.	24.9%	Huron Consulting Group Inc.	(16.9%)
Atos SE	17.2%	ICF International, Inc.	(25.2%)
CDI Corp.	15.5%	DHI Group, Inc.	(36.8%)

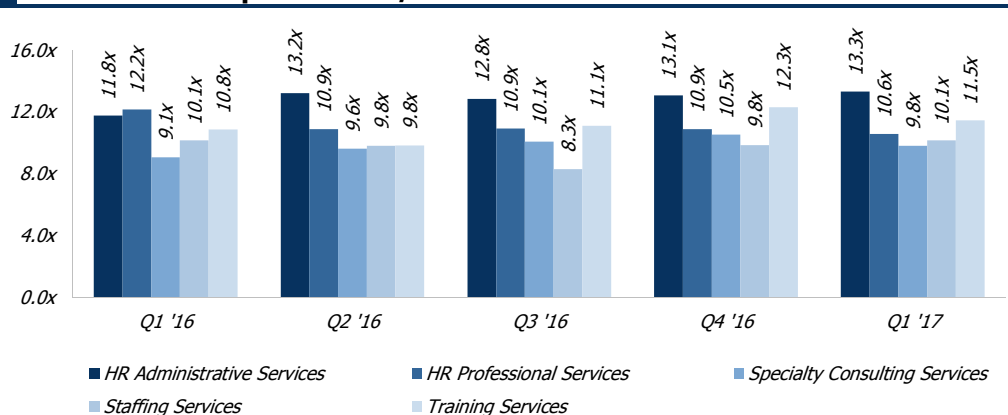
Quarter over Quarter & Year over Year Stock Indices Price Change



LTM Relative Stock Indices Price Performance



Historical Enterprise Value / LTM EBITDA Valuation Performance



Note: Excludes HR Technology Services, as companies within that subsector typically trade as a multiple of revenue

Human Capital Management Services Stock Indices Data

	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
Company Name					Revenue	EBITDA			Revenue	EBITDA
HR Administrative Services										
Aon plc	\$118.69	99.0%	\$31,168	\$36,791	\$11,605	\$2,393	(0.5%)	20.6%	3.2x	15.3x
Automatic Data Processing, Inc.	102.39	97.3%	45,963	45,219	12,051	2,733	7.2%	22.7%	3.8x	16.5x
Barrett Business Services, Inc.	54.62	81.6%	396	344	841	32	13.5%	3.8%	0.4x	10.7x
Cap Gemini S.A.	92.56	96.4%	15,167	16,860	13,237	1,670	2.3%	12.6%	1.3x	10.0x
Capita plc	7.07	51.3%	4,704	7,629	6,061	777	(15.0%)	12.8%	1.2x	9.7x
Insperty, Inc.	88.65	97.9%	1,862	1,678	2,941	120	13.0%	4.1%	0.6x	14.0x
Paychex, Inc.	58.90	93.4%	21,160	20,811	3,107	1,338	7.5%	43.1%	6.7x	15.6x
TriNet Group, Inc.	28.90	95.8%	1,973	2,248	3,060	153	15.1%	5.0%	0.7x	14.7x
Mean		89.1%					5.4%	15.6%	2.2x	13.3x
Median		96.1%					7.4%	12.7%	1.2x	14.3x
HR Professional Services										
Heidrick & Struggles International, Inc.	\$26.35	99.4%	\$492	\$327	\$582	\$54	9.6%	9.2%	0.6x	6.1x
Hudson Global, Inc	1.26	46.0%	40	27	423	(3)	(8.7%)	(0.7%)	0.1x	NM
Korn/Ferry International	31.49	96.8%	1,800	1,708	1,559	197	34.0%	12.6%	1.1x	8.7x
Marsh & McLennan Companies, Inc.	73.89	97.8%	38,054	41,915	13,211	3,102	2.5%	23.5%	3.2x	13.5x
Willis Towers Watson Public Limited	130.89	98.1%	17,739	20,903	7,778	1,489	104.2%	19.1%	2.7x	14.0x
Mean		87.6%					28.3%	12.8%	1.5x	10.6x
Median		97.8%					9.6%	12.6%	1.1x	11.1x
HR Technology Services										
51job, Inc.	\$36.66	96.7%	\$2,204	\$1,510	\$337	\$97	6.4%	28.9%	4.5x	15.5x
Callidus Software Inc.	21.35	99.1%	1,361	1,176	207	(7)	19.4%	(3.5%)	5.7x	NM
Chegg, Inc.	8.44	98.5%	775	698	254	(16)	(15.7%)	(6.2%)	2.7x	NM
Conduent Incorporated	16.78	96.2%	3,404	5,097	6,408	444	(3.8%)	6.9%	0.8x	11.5x
Cornerstone OnDemand, Inc.	38.89	81.4%	2,203	2,140	423	(46)	24.6%	(10.9%)	5.1x	NM
DHI Group, Inc.	3.95	46.9%	199	261	227	47	(12.6%)	20.7%	1.1x	5.5x
The Ultimate Software Group, Inc.	195.21	87.1%	5,790	5,710	781	68	26.4%	8.7%	7.3x	NM
WageWorks, Inc.	72.30	89.8%	2,682	2,252	365	64	9.1%	17.6%	6.2x	NM
Workday, Inc.	83.28	89.2%	16,906	15,444	1,569	(274)	35.0%	(17.4%)	9.8x	NM
Mean		87.2%					9.9%	5.0%	4.8x	10.9x
Median		89.8%					9.1%	6.9%	5.1x	11.5x
Specialty Consulting Services										
Accenture plc	\$119.88	94.7%	\$74,336	\$71,773	\$33,757	\$5,721	6.8%	16.9%	2.1x	12.5x
Altran Technologies S.A.	16.87	99.3%	2,914	3,138	2,238	244	5.9%	10.9%	1.4x	12.7x
Atos SE	123.98	99.8%	12,749	12,790	12,369	1,657	6.6%	13.4%	1.0x	7.6x
Cap Gemini S.A.	92.56	96.4%	15,167	16,860	13,237	1,670	2.3%	12.6%	1.3x	10.0x
CRA International, Inc.	35.33	88.3%	302	249	325	27	7.0%	8.2%	0.8x	9.3x
FTI Consulting, Inc.	41.17	87.4%	1,657	1,807	1,810	196	1.8%	10.8%	1.0x	9.2x
Huron Consulting Group Inc.	42.10	64.8%	894	1,169	726	128	3.9%	17.6%	1.6x	9.2x
ICF International, Inc.	41.30	69.4%	785	1,039	1,185	112	4.7%	9.4%	0.9x	9.3x
Navigant Consulting, Inc.	22.86	82.1%	1,072	1,199	939	142	12.6%	15.1%	1.3x	8.4x
Mean		86.9%					5.7%	12.8%	1.3x	9.8x
Median		88.3%					5.9%	12.6%	1.3x	9.3x
Staffing Services										
Adecco Group AG	\$71.14	97.1%	\$12,118	\$13,071	\$23,971	\$1,242	0.3%	5.2%	0.5x	10.3x
AMN Healthcare Services, Inc.	40.60	90.2%	1,943	2,295	1,902	221	30.0%	11.6%	1.2x	10.4x
CDI Corp.	8.55	88.6%	160	156	864	(6)	(12.3%)	(0.7%)	0.2x	NM
Cross Country Healthcare, Inc.	14.36	87.7%	474	541	834	41	8.6%	5.0%	0.6x	13.1x
Hays plc	1.97	94.8%	2,836	2,776	5,768	379	(1.6%)	6.6%	0.5x	7.2x
Kelly Services, Inc.	21.86	92.6%	831	801	5,277	88	(4.4%)	1.7%	0.2x	9.0x
Kforce Inc.	23.75	88.1%	596	711	1,320	72	0.0%	5.5%	0.5x	9.9x
ManpowerGroup Inc.	102.57	98.7%	6,938	7,249	19,654	827	1.7%	4.2%	0.4x	8.8x
PageGroup plc	5.36	96.3%	1,671	1,554	1,477	136	(6.0%)	9.2%	1.0x	11.2x
On Assignment, Inc.	48.53	98.8%	2,555	3,169	2,440	253	18.2%	10.4%	1.3x	12.5x
Randstad Holding NV	57.85	92.6%	10,566	11,739	21,835	1,005	4.6%	4.6%	0.5x	11.5x
Resources Connection, Inc.	16.75	84.6%	498	492	587	46	(1.3%)	7.9%	0.8x	9.7x
Robert Half International Inc.	48.83	95.8%	6,240	5,981	5,250	618	3.1%	11.8%	1.1x	9.7x
TrueBlue, Inc.	27.35	98.2%	1,131	1,234	2,751	145	(0.6%)	5.3%	0.4x	8.5x
Mean		93.2%					2.9%	6.3%	0.7x	10.1x
Median		93.7%					0.2%	5.4%	0.5x	9.9x
Training Services										
BTS Group AB	\$8.68	95.7%	\$162	\$149	\$122	\$14	(1.3%)	11.3%	1.2x	10.6x
Franklin Covey Co.	20.20	90.0%	279	308	192	9	(7.1%)	4.8%	1.6x	NM
GP Strategies Corporation	25.30	84.3%	424	470	491	38	0.1%	7.8%	1.0x	12.3x
Mean		90.0%					(2.8%)	8.0%	1.3x	11.5x
Median		90.0%					(1.3%)	7.8%	1.2x	11.5x
Total Mean										
Total Median		89.4%					7.4%	9.6%	1.9x	10.9x
		94.8%					4.3%	9.2%	1.1x	10.3x

Source: Bloomberg, Capital IQ and company filings, as of 03/31/2017

Acquisition Spotlight

02/21/2017: **SourceHOV** and **Novitex** will combine under **Quinpario Acquisition Corp. 2**, a publicly traded special purpose acquisition company, a transaction valued at \$2.8 billion. The combination of **Novitex** and **SourceHOV** will create a leading provider of business process automation, back office support and strategic consulting services, delivering solutions to over 3,500 clients in 55 countries; the transaction is expected to close in Q2 of 2017

Market Intelligence

03/30/2017: **Wipro (NYSE:WIT)**, a global provider of information technology services, is actively seeking acquisitions in Portugal, Spain and Africa to enhance its footprint in niche markets

03/21/2017: **Deutsche Post (ETR:DPW)**, is in the process of divesting **Williams Lea Group**, a UK-based provider of business process outsourcing services, and is guiding potential buyers to bid off of 2016 EBITDA of €75 million

03/08/2017: **Paysafe Group (LON:PAYS)**, a provider of online payment processing services, is examining several acquisition opportunities and is open to making acquisitions as large as \$1 billion in enterprise value

02/13/2017: **Azets**, a provider of business support services owned by **HG Capital**, is actively seeking acquisitions in the Nordic region and plans to spend €135 million on acquisitions in the next few years

02/02/2017: **Data Blue**, a provider of cloud architecture and server virtualization services owned by **The Gores Group** and **Platinum Equity**, is seeking acquisitions following the purchase of **LPS Integration**, a provider of IT consulting and project management

01/30/2017: **BDO International**, a provider of accounting, tax and advisory services, plans to continue its aggressive acquisition strategy of smaller accounting firms and partner companies and has spoken with several competitors about a possible merger

Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Announced	ITELIOS SAS	IT consulting and e-commerce solutions	Cap Gemini S.A.
Announced	HR Benefits and BPO Platform (Aon)	Benefits administration platform (cloud-based HR services)	The Blackstone Group L.P.
Mar-17	First Annapolis Consulting, Inc.	Strategic and tactical advisory services to the payments industry	Accenture plc
Mar-17	Advisory and Aviation Consulting (Seabury)	Strategic planning and consulting services to the aviation industry	Accenture plc
Mar-17	Vernalis	Custom technology solutions for enterprise clients	Orion (Potomac Equity Partners)
Mar-17	Blakestad, Inc.	Risk management advice and insurance coverage placement	Marsh & McLennan Agency LLC
Mar-17	Davies Consulting LLC	Business strategy consulting and emergency management services	Accenture plc
Mar-17	HealthHelp	Business process management for the healthcare industry	WNS Holdings
Mar-17	Idean Enterprises Oy	User experience strategy, interaction and visual design services	Cap Gemini S.A.
Mar-17	Consulting services Support	Investment advisory and financial and healthcare consulting	Cardiff International
Mar-17	Innosight LLC	Strategy and growth consulting services	Huron Consulting Group Inc.
Feb-17	zData Inc.	IT consulting services	Atos SE
Feb-17	iaCONSULTING	Employee health and benefits-related services	Marsh & McLennan Agency LLC
Feb-17	J. Smith Lanier & Co.	Employee benefits and risk management consulting services	Marsh & McLennan Agency LLC
Feb-17	McKinney Rogers International Limited	Corporate strategy and consulting services	GP Strategies Corporation
Feb-17	ACS Inc.	Regulatory compliance testing and certification services	TÜV SÜD America Inc.
Jan-17	C1 Consulting LLC	Life sciences strategy consulting services	CRA International, Inc.
Jan-17	Next Generation Enrollment	Benefits administration services	PlanSource
Jan-17	solid-serVision.com GmbH	BPO services and change management consulting	Accenture plc
Jan-17	The Marcus Buckingham Company, Inc	Leadership development and research solutions	Automatic Data Processing, Inc.
Jan-17	Engage ESM Ltd.	IT management consultancy and technology solutions	Atos SE
Jan-17	Pope Woodhead & Associates Ltd	Risk management and regulatory strategy services	Huron Consulting Group Inc.

Global Industry Groups

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Industrials
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About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With seventeen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at www.lincolninternational.com.

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