

A photograph of a business meeting in progress. In the foreground, a man in a dark suit and blue tie is seen from the side, holding a pair of glasses. Behind him, another man in a suit is partially visible. In the background, a woman is standing and pointing towards a screen displaying a colorful globe. The setting appears to be a modern office or conference room with a white table in the foreground holding papers and glasses of water.

Market Update Human Capital Management Services

Q4 2017

Key Highlights

- Four of five stock price indices for the subsectors outperformed the S&P 500 Index during Q4 2017
- Top stock performers for Q4 2017 included Hudson Global, Inc. and TriNet Group, Inc., up 54.1% and 31.9%, respectively
- EV / LTM EBITDA multiples for the subsectors were down 0.4x over the prior quarter and up 1.0x over Q4 2016

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 five key human capital management services subsectors:

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

Lincoln's Recent Human Capital Management Services Transactions

AOS
has been sold to
ConvergeOne
a portfolio company of
CLEARLARK CAPITAL

capiton
has sold gess-group to
JR
a portfolio company of
AUCTUS

PRIMARY INTEGRATION
an investment of
Rotunda
and Management
has been sold to
STANLEY

ae Industrial Partners
has acquired
CDI Corporation

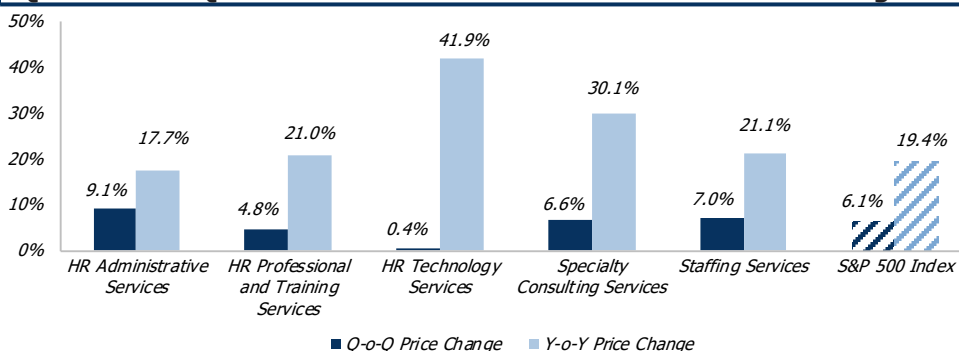
Recruitment Investment Group
has sold
RIG LO CUMS
to
cpl

LUMIS PARTNERS
TRIFUND **HDFC**
has sold
PeopleStrong
to
MULTIPLES

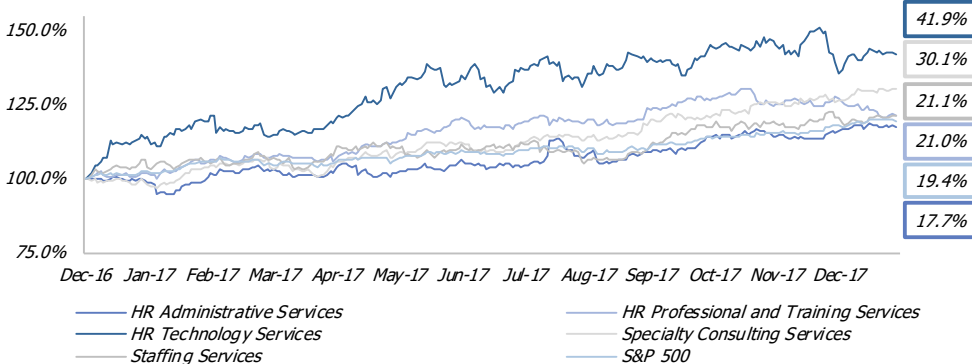
Quarter over Quarter Price Performance

Outperformers	Change	Underperformers	Change
Hudson Global, Inc	54.1%	Cross Country Healthcare, Inc.	(10.3%)
TriNet Group, Inc.	31.9%	Cornerstone OnDemand, Inc.	(13.0%)
Insperty, Inc.	30.3%	GP Strategies Corporation	(24.8%)
Kforce Inc.	25.0%	DHI Group, Inc.	(26.9%)
TrueBlue, Inc.	22.5%	Capita plc	(28.5%)

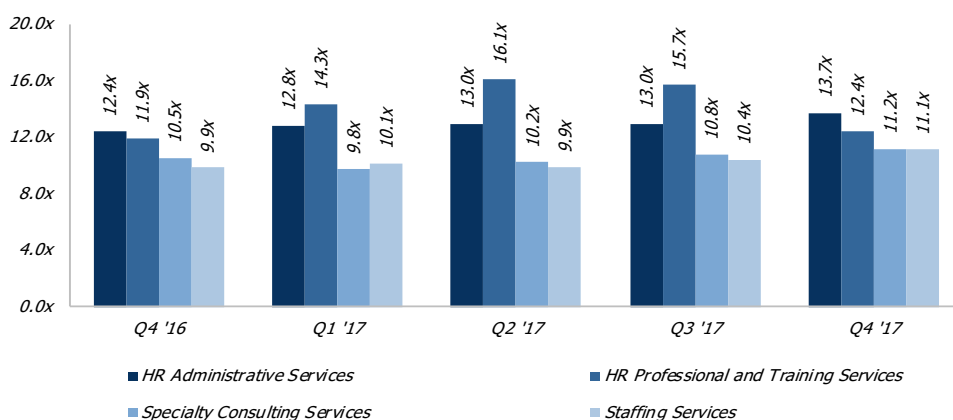
Quarter over Quarter & Year over Year Stock Indices Price Change



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

Company Name	Stock Price	% of 52 Week High	Market Cap	Enterprise Value	LTM		YoY		Enterprise Value / LTM	
					Revenue	EBITDA	Revenue Growth	EBITDA Margin	Revenue	EBITDA
HR Administrative Services										
Automatic Data Processing, Inc.	\$117.19	96.2%	\$51,973	\$51,627	\$12,542	\$2,714	5.7%	21.6%	4.1x	19.0x
Barrett Business Services, Inc.	64.49	93.0%	471	439	897	32	10.3%	3.5%	0.5x	13.8x
Capgemini SE	118.74	93.5%	19,347	21,949	14,483	1,843	2.7%	12.7%	1.4x	11.3x
Capita plc	5.42	55.6%	3,607	6,691	6,339	873	4.2%	13.8%	1.0x	7.4x
Conduent Incorporated	16.16	89.1%	3,400	5,136	6,043	464	(8.8%)	7.7%	0.8x	11.1x
Insperty, Inc.	57.35	95.0%	2,391	2,207	3,203	135	11.9%	4.2%	0.7x	16.3x
Paychex, Inc.	68.08	96.7%	24,453	24,248	3,238	1,416	5.7%	43.7%	7.5x	17.1x
TriNet Group, Inc.	44.34	98.0%	3,081	3,249	3,239	239	8.9%	7.4%	1.0x	13.6x
Mean		89.6%					5.1%	14.3%	2.1x	13.7x
Median		94.2%					5.7%	10.2%	1.0x	13.7x
HR Professional and Training Services										
Aon plc	\$134.00	87.7%	\$33,503	\$37,251	\$11,935	\$2,220	18.9%	18.6%	3.1x	16.7x
BTS Group AB	11.42	95.7%	216	206	148	18	19.6%	12.1%	1.4x	11.5x
Franklin Covey Co.	20.75	93.0%	287	325	193	6	(0.6%)	3.0%	1.8x	NM
GP Strategies Corporation	23.20	74.2%	389	430	505	36	3.1%	7.1%	0.9x	12.0x
Heidrick & Struggles International, Inc.	24.55	90.6%	461	355	612	58	7.9%	9.5%	0.6x	6.1x
Hudson Global, Inc.	2.25	93.8%	70	62	435	5	1.6%	1.1%	0.1x	12.7x
Korn/Ferry International	41.38	93.9%	2,339	2,305	1,632	202	7.3%	12.4%	1.4x	11.4x
Marsh & McLennan Companies, Inc.	81.39	94.0%	41,538	46,033	13,703	3,267	3.9%	23.8%	3.4x	14.1x
Willis Towers Watson Public Limited Company	150.69	91.3%	19,897	23,729	7,969	1,585	16.4%	19.9%	3.0x	15.0x
Mean		90.5%					8.7%	11.9%	1.7x	12.4x
Median		93.0%					7.3%	12.1%	1.4x	12.3x
HR Technology Services										
51job, Inc.	\$60.85	92.4%	\$3,759	\$2,895	\$402	\$125	19.1%	31.1%	7.2x	23.2x
Callidus Software Inc.	28.65	93.6%	1,951	1,775	240	(7)	21.4%	(2.7%)	7.4x	NM
Chegg, Inc.	16.32	97.9%	1,770	1,567	245	(6)	(5.6%)	(2.5%)	6.4x	NM
Cornerstone OnDemand, Inc.	35.33	79.8%	2,046	1,983	459	(48)	12.0%	(10.4%)	4.3x	NM
DHI Group, Inc.	1.90	29.2%	95	142	212	35	(10.6%)	16.7%	0.7x	4.0x
Paycom Software, Inc.	80.33	93.3%	4,680	4,648	407	86	32.8%	21.2%	11.4x	NM
Paylocity Holding Corporation	47.16	87.4%	2,477	2,379	316	23	26.3%	7.1%	7.5x	NM
The Ultimate Software Group, Inc.	218.23	93.5%	6,520	6,391	900	69	21.4%	7.7%	7.1x	NM
WageWorks, Inc.	62.00	77.0%	2,457	1,810	462	92	33.1%	19.9%	3.9x	19.7x
Workday, Inc.	101.74	87.0%	21,365	19,628	1,995	(205)	36.8%	(10.3%)	9.8x	NM
Mean		83.1%					18.7%	7.8%	6.6x	15.6x
Median		89.9%					21.4%	7.4%	7.2x	19.7x
Specialty Consulting Services										
Accenture plc	\$153.09	96.6%	\$94,406	\$91,540	\$35,858	\$5,854	7.4%	16.3%	2.6x	15.6x
Altran Technologies S.A.	16.68	82.7%	2,880	3,344	2,553	277	10.2%	10.9%	1.2x	11.5x
Atos SE	145.71	89.6%	15,258	15,491	14,069	1,873	8.1%	13.3%	1.0x	7.9x
Capgemini SE	118.74	93.5%	19,347	21,949	14,483	1,843	2.7%	12.7%	1.4x	11.3x
CRA International, Inc.	44.95	95.0%	365	344	353	31	11.0%	8.7%	1.0x	11.2x
FTI Consulting, Inc.	42.96	94.1%	1,590	1,893	1,782	160	(1.6%)	9.0%	1.1x	11.9x
Huron Consulting Group Inc.	40.45	79.2%	860	1,226	725	97	(1.2%)	13.3%	1.7x	12.7x
ICF International, Inc.	52.50	90.6%	979	1,202	1,198	113	1.8%	9.5%	1.0x	10.6x
Navigant Consulting, Inc.	19.41	73.4%	891	1,059	949	128	4.1%	13.5%	1.1x	8.3x
Mean		88.3%					4.7%	11.9%	1.3x	11.2x
Median		90.6%					4.1%	12.7%	1.1x	11.3x
Staffing Services										
Adecco Group AG	\$76.50	93.4%	\$13,026	\$14,295	\$27,741	\$1,443	9.6%	5.2%	0.5x	9.9x
AMN Healthcare Services, Inc.	49.25	95.2%	2,353	2,653	1,967	240	8.3%	12.2%	1.3x	11.0x
Cross Country Healthcare, Inc.	12.76	77.9%	465	551	868	39	7.9%	4.5%	0.6x	14.0x
Hays plc	2.47	91.5%	3,586	3,435	6,599	299	13.8%	4.5%	0.5x	11.0x
Kelly Services, Inc.	27.27	88.2%	1,052	1,054	5,257	99	(3.3%)	1.9%	0.2x	10.4x
Kforce Inc.	25.25	93.7%	637	766	1,341	73	1.5%	5.4%	0.6x	10.5x
ManpowerGroup Inc.	126.11	95.5%	8,357	8,704	20,353	878	3.6%	4.3%	0.4x	9.9x
PageGroup plc	6.32	88.7%	1,955	1,835	1,680	155	11.9%	9.2%	1.0x	11.4x
On Assignment, Inc.	64.27	97.8%	3,343	3,925	2,568	269	7.1%	10.5%	1.5x	14.6x
Randstad Holding NV	61.53	87.7%	11,275	12,953	26,971	1,179	19.1%	4.4%	0.5x	10.8x
Resources Connection, Inc.	15.45	78.0%	465	464	590	46	0.0%	7.9%	0.8x	11.8x
Robert Half International Inc.	55.54	96.3%	6,840	6,493	5,186	577	(2.0%)	11.1%	1.3x	11.2x
TrueBlue, Inc.	27.50	93.2%	1,010	1,110	2,574	136	(8.9%)	5.3%	0.4x	8.2x
Mean		90.5%					5.3%	6.6%	0.7x	11.1x
Median		93.2%					7.1%	5.3%	0.6x	11.0x
Total Mean		88.5%					8.5%	10.1%	2.5x	12.2x
Total Median		93.0%					7.4%	9.2%	1.2x	11.4x

Source: Bloomberg, Capital IQ and company filings, as of 12/29/2017

Transaction Spotlight

12/01/2017: **Clearlake Capital**-backed **ConvergeOne**, an IT services provider, agreed to merge with special purpose acquisition company **Forum Merger Corporation (Nasdaq:FMCI)**. This transaction will enable **ConvergeOne** to become a Nasdaq-listed company with an anticipated initial enterprise value of \$1.2 billion.

"We are thrilled to help facilitate **ConvergeOne's** listing on the Nasdaq, and are eager to watch John and the rest of the management team continue to grow the business as a public company." - Stephen Vogel, Executive Chairman at **Forum**

Market Intelligence

12/14/2017: **West Monroe Partners**, a business and technology consultancy firm, is considering ramping up its acquisition efforts in 2018

12/11/2017: **Reffind**, an Australian-based human resources technology company, is actively seeking acquisitions or investments in blockchain technology companies in order to support its growth strategy, led by its newly appointed CEO, Tim Lea and external advisor, Matthew Hamilton

11/17/2017: **Addison Group**, a provider of professional staffing and search services, is concentrating more on acquisition growth to help bolster its geographic footprint, looking specifically at the Los Angeles, Atlanta and Charlotte markets and at companies with at least \$3 million of EBITDA

11/15/2017: **StaffPoint**, a Finland-based staffing and recruiting services provider, is looking to make add-on acquisitions in the Nordic region, driven by its new owner,

Sponsor Capital

11/13/2017: **LifeWorks**, a provider of a mobile employee engagement platform (EEP), is looking to make at least two acquisitions in 2018 as part of its growth strategy

10/20/2017: **Nelson**, a provider of staffing and recruiting services, is opportunistic about acquisitions in its existing market of California, according to Chairman, Craig Nelson, who also noted the Company is keen on breaking into the travel nurse space

Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Announced	Hula Partners	Human resources software developing services	GP Strategies
Announced	Hudson Global (Europe Recruitment and Talent Management Operations)	Recruiting and talent management services	Value Plus NV Morgan Philips Group Apache Group
Announced	Promerit AG	Business transformation consulting	Mercer
Announced	Staffpoint	Staffing and recruiting services	Sponsor Capital
Dec-17	Neville-Clarke International	Organizational training and consulting	British Standards Institution
Dec-17	Gatehouse Consulting	Internal communication consulting	Arthur J. Gallagher & Co.
Dec-17	Alexander Open Systems	Information technology consulting services	ConvergeOne
Dec-17	Being Human	Change management services	Prosci
Dec-17	Staff One HR	Human resources and employer services	Oasis Outsourcing
Dec-17	Accretive Solutions	Consulting and executive placement services	Resources Connection
Nov-17	HR Knowledge	Payroll processing, HR support and pre-employment verification	The Hilb Group
Nov-17	Whitney, Bradley and Brown	Management consulting services	H.I.G. Capital
Nov-17	Adcorp Holdings	Permanent recruitment and flexible staffing services	Value Capital Partners
Nov-17	Vaco, LLC	Project and permanent placement services for senior	Olympus Partners
Oct-17	Valley Healthcare Systems	level positions	TotalMed Systems
Oct-17	Total HR Management	Healthcare staffing services	CoAdvantage
Oct-17	Ultra Force	Human resources administration	Gaston Capital Partners
Oct-17	StaffMasters	Staffing and recruitment services	Hire Dynamics

Global Industry Groups

Business Services
Consumer
Energy, Power & Infrastructure
Healthcare
Industrials
Technology, Media & Telecom

Global Locations

Amsterdam
Beijing
Chicago
Dallas
Frankfurt
London
Los Angeles
Madrid
Milan
Moscow
Mumbai
Munich
New York
Paris
San Francisco
São Paulo
Tokyo
Vienna
Zurich

Advisory Services

Mergers & Acquisitions
Debt Advisory
JV & Partnering
Valuations & Opinions
Special Situations

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 nineteen 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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