

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, looking towards the right. He is holding a pair of glasses. In the background, other people in business attire are visible, along with a computer monitor displaying a colorful chart. The overall scene is a professional office environment.

Market Update Human Capital Management Services

Q1 2018

Key Highlights

- All five subsector stock indices outperformed the S&P 500 Index during Q1 2018
- Top stock performers for Q1 2018 included 51job, Inc. and Paycom Software, Inc., up 41.4% and 33.7%, respectively
- EV / LTM EBITDA multiples for the subsectors were down 0.3x over the prior quarter and up 4.2x over Q1 2017

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

LaSalle Capital
has sold
avtex
the point of interaction®
to
N|E|P
Norwest Equity Partners

GRIDIRON
CAPITAL
has sold
E2E Group
to
COMVEST
PARTNERS

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

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

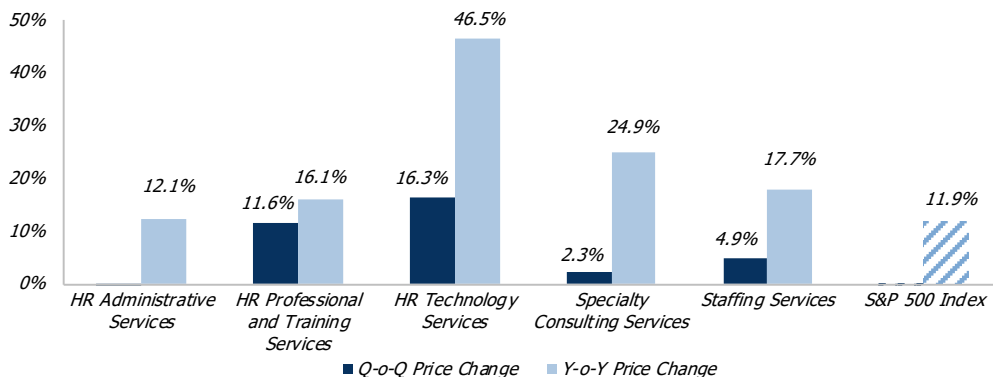
PRIMARY INTEGRATION
an investment of
Rounda
SOLUTIONS
and Management
has been sold to
PRIMA

ae Industrial Partners
has acquired
CDI Corporation

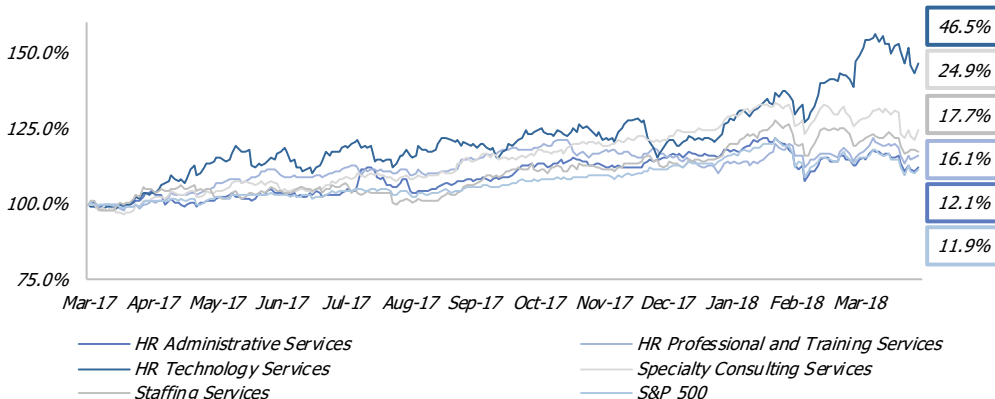
Quarter over Quarter Price Performance

Outperformers	Change	Underperformers	Change
51job, Inc.	41.4%	Paychex, Inc.	(9.5%)
Paycom Software, Inc.	33.7%	Altran Technologies S.A.	(11.4%)
Franklin Covey Co.	29.6%	Cross Country Healthcare, Inc.	(12.9%)
Barrett Business Services, Inc.	28.5%	WageWorks, Inc.	(27.1%)
ASGN Incorporated	27.4%	Capita plc	(62.7%)

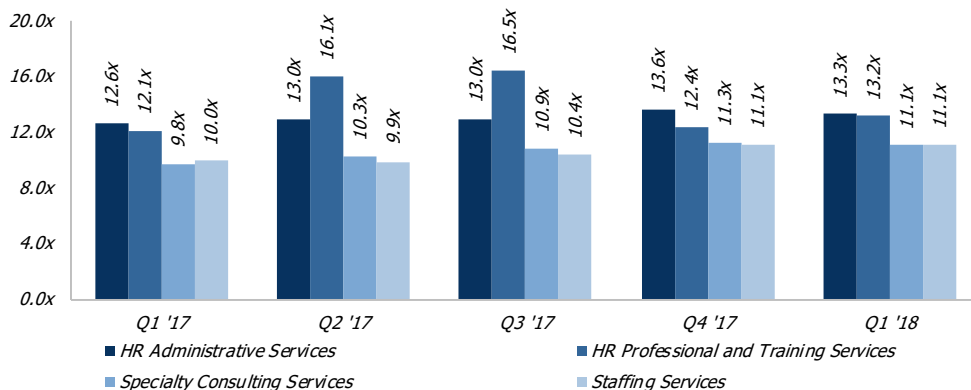
Quarter over Quarter & Year over Year Stock Indices Price Change



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	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA	Revenue Growth		Revenue	EBITDA
HR Administrative Services										
Automatic Data Processing, Inc.	\$113.48	90.6%	\$50,302	\$50,528	\$12,790	\$2,725	6.1%	21.3%	4.0x	18.5x
Barrett Business Services, Inc.	82.88	92.2%	605	549	920	35	9.5%	3.8%	0.6x	15.5x
Capgemini SE	124.45	93.0%	20,853	22,568	15,360	1,944	16.0%	12.7%	1.4x	11.3x
Capita plc	2.02	20.0%	1,346	3,157	5,724	704	6.1%	12.3%	0.5x	4.3x
Conduent Incorporated	18.64	91.7%	3,923	5,468	6,022	689	(6.0%)	11.4%	0.9x	7.9x
Insperty, Inc.	69.55	95.8%	2,921	2,670	3,300	144	12.2%	4.4%	0.8x	18.5x
Paychex, Inc.	61.59	84.3%	22,128	21,764	3,308	1,407	6.5%	42.5%	6.6x	15.5x
TriNet Group, Inc.	46.32	94.5%	3,245	3,413	3,275	235	7.0%	7.2%	1.0x	14.5x
Mean		82.8%					7.2%	14.5%	2.0x	13.3x
Median		92.0%					6.8%	11.9%	1.0x	15.0x
HR Professional and Training Services										
Aon plc	\$140.33	91.9%	\$34,564	\$39,406	\$9,998	\$1,974	6.3%	19.7%	3.9x	19.8x
BTS Group AB	12.19	92.7%	230	216	152	18	24.4%	12.1%	1.5x	11.6x
Franklin Covey Co.	26.90	86.2%	373	414	198	7	3.2%	3.3%	2.1x	NM
GP Strategies Corporation	22.65	72.5%	376	421	509	32	3.8%	6.2%	0.8x	13.3x
Heidrick & Struggles International, Inc.	31.25	95.7%	588	380	621	56	6.7%	9.0%	0.6x	6.8x
Korn/Ferry International	51.59	98.9%	2,916	2,769	1,698	216	8.9%	12.7%	1.6x	12.8x
Marsh & McLennan Companies, Inc.	82.59	95.4%	41,924	46,289	14,024	3,337	6.2%	23.8%	3.3x	13.9x
Willis Towers Watson Public Limited	152.19	92.2%	20,122	23,778	8,116	1,698	4.3%	20.9%	2.9x	14.0x
Median		90.7%					8.0%	13.5%	2.1x	13.2x
Median		92.5%					6.2%	12.4%	1.9x	13.3x
HR Technology Services										
51job, Inc.	\$86.04	96.3%	\$5,322	\$4,483	\$438	\$144	30.0%	32.8%	10.2x	31.5x
Chegg, Inc.	20.66	89.0%	2,272	2,064	255	(2)	0.4%	(0.9%)	8.1x	NM
Cornerstone OnDemand, Inc.	39.11	84.7%	2,242	2,212	482	(36)	13.9%	(7.5%)	4.6x	NM
Paycom Software, Inc.	107.39	93.0%	6,343	6,333	433	91	31.6%	21.0%	14.6x	NM
Paylocity Holding Corporation	51.23	89.6%	2,695	2,584	334	25	26.4%	7.5%	7.7x	NM
The Ultimate Software Group, Inc.	243.70	94.5%	7,451	7,296	941	74	20.4%	7.9%	7.8x	NM
WageWorks, Inc.	45.20	59.0%	1,792	1,144	462	92	26.6%	19.9%	2.5x	12.5x
Workday, Inc.	127.11	90.8%	26,947	25,171	2,143	(166)	36.1%	(7.8%)	11.7x	NM
Mean		87.1%					23.2%	9.1%	8.4x	22.0x
Median		90.2%					26.5%	7.7%	7.9x	22.0x
Specialty Consulting Services										
Accenture plc	\$153.50	92.7%	\$98,714	\$95,900	\$37,126	\$6,031	10.0%	16.2%	2.6x	15.9x
Altran Technologies S.A.	14.78	71.5%	2,551	2,943	2,740	313	25.2%	11.4%	1.0x	9.2x
Atos SE	136.62	82.1%	14,361	14,677	15,239	1,917	18.9%	12.6%	0.9x	7.5x
Capgemini SE	124.45	93.0%	20,853	22,568	15,360	1,944	16.0%	12.7%	1.4x	11.3x
CRA International, Inc.	52.29	98.6%	438	384	370	26	13.9%	6.9%	1.0x	15.1x
FTI Consulting, Inc.	48.41	95.3%	1,767	1,974	1,808	187	(0.1%)	10.3%	1.1x	10.6x
Huron Consulting Group Inc.	38.10	81.3%	819	1,145	733	104	0.9%	14.2%	1.6x	11.0x
ICF International, Inc.	58.45	94.3%	1,088	1,283	1,229	113	3.7%	9.2%	1.0x	11.4x
Navigant Consulting, Inc.	19.24	78.6%	867	992	940	126	0.1%	13.4%	1.1x	7.9x
Mean		87.5%					9.8%	11.9%	1.3x	11.1x
Median		92.7%					10.0%	12.6%	1.1x	11.0x
Staffing Services										
Adecco Group AG	\$71.04	84.9%	\$11,781	\$13,008	\$28,410	\$1,442	18.5%	5.1%	0.4x	8.8x
AMN Healthcare Services, Inc.	56.75	93.3%	2,714	3,018	1,988	245	4.5%	12.3%	1.5x	12.3x
ASGN Incorporated	81.88	95.1%	4,272	4,813	2,626	284	7.6%	10.8%	1.8x	17.0x
Cross Country Healthcare, Inc.	11.11	73.6%	405	479	865	39	3.8%	4.5%	0.6x	12.2x
Hays plc	2.64	91.3%	3,833	3,784	7,333	329	27.1%	4.5%	0.5x	11.1x
Kelly Services, Inc.	29.04	93.7%	1,116	1,094	5,374	108	1.8%	2.0%	0.2x	9.8x
Kforce Inc.	27.05	92.2%	674	793	1,358	76	2.9%	5.6%	0.6x	10.4x
ManpowerGroup Inc.	115.10	84.1%	7,614	7,955	21,034	905	7.0%	4.3%	0.4x	8.8x
PageGroup plc	7.53	94.8%	2,331	2,197	1,854	171	25.5%	9.2%	1.1x	12.1x
Randstad NV	65.69	89.7%	12,013	13,647	27,945	1,246	28.0%	4.5%	0.5x	10.7x
Resources Connection, Inc.	16.20	94.7%	508	500	619	64	5.4%	10.3%	0.8x	10.8x
Robert Half International Inc.	57.89	95.5%	7,072	6,778	5,267	581	0.3%	11.0%	1.3x	11.7x
TrueBlue, Inc.	25.90	87.8%	1,029	1,119	2,509	125	(8.8%)	5.0%	0.4x	9.0x
Mean		90.1%					9.5%	6.9%	0.8x	11.1x
Median		92.2%					5.4%	5.1%	0.6x	10.8x
Total Mean		87.9%					11.3%	10.7%	2.7x	12.5x
Total Median		92.2%					7.0%	10.3%	1.2x	11.6x

Source: Bloomberg, Capital IQ and company filings, as of 3/29/2018

Transaction Spotlight

2/20/2018: **Adecco**, the Switzerland-based provider of human resource solutions, has acquired **Vettery Inc.**, a digital recruitment marketplace. The acquisition strengthens **Adecco's** Professional Staffing & Solutions business and complements its growing suite of digital HR platforms.

"The acquisition of Vettery accelerates the development of **Adecco's** digital strategy, broadening our offering into the fast-growing digital permanent recruitment market" – Alain Dehaze, CEO of **Adecco**

Market Intelligence

3/27/2018: **Paychex**, a provider of payroll, human resource and benefits outsourcing services, continues to watch for European targets, according to CEO Martin Mucci

3/21/2018: **Asure Software**, a provider of cloud-based software-as-a-service time and labor management solutions, continues to look for complimentary tuck-in acquisitions, targeting resellers of its own workforce management software

3/12/2018: **Capita plc**, a provider of business process outsourcing services, is considering selling as many as seven subsidiaries, totaling an estimated value of \$970 million

3/5/2018: **Capgemini**, a French-based provider of business consulting solutions, plans to spend \$590 million to buy up to 10 smaller-sized consulting firms in order to bolster the company's capabilities in emerging business segments, like analytics and the digital space

3/5/2018: **Accenture**, an Ireland-based provider of management consulting and outsourcing services, plans to spend between \$1 billion - \$1.5 billion on acquisitions to more rapidly expand its digital capabilities

1/11/2018: **Pitney Bowes**, a provider of integrated mail and document management services, has received interest from private equity firms, including Carlyle Group and Blackstone

Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Announced	C3 Consulting	Provides management consulting services	Ankura Consulting Group
Announced	Nintex Group	Provides workflow automation software	Thoma Bravo
Mar-18	LESSOR A/S	Provides payroll and human resource management solutions	Paychex
Mar-18	PlaneTechs	Provides staffing solutions for the aviation industry	Launch Technical Workforce Solutions
Mar-18	Engage2Excel	Provides recruitment and retention services	Comvest Investment Partners
Mar-18	Vivid Learning Systems	Provides online safety training courses	Health & Safety Institute
Mar-18	Arrow Systems Integration	Provides enterprise systems integration consulting and solutions	ConvergeOne
Mar-18	Genex Services	Provides workers' compensation consulting solutions	Stone Point Capital LLC
Feb-18	Pointbreak Consulting Group	Provides employee benefits consulting solutions	HUB International Limited
Feb-18	Ducker Worldwide	Provides research and market intelligence solutions	Frontier Strategy Group
Feb-18	Avtex Solutions	Provides customer experience consulting and technology	Norwest Equity Partners
Jan-18	RRB Business Services	Provides certified public accounting and consulting solutions	Aprio
Jan-18	InTouch Accounting	Provides tax management, invoicing and cash management solutions	Brookson (The Riverside Company)
Jan-18	CBIG Consulting	Provides data analytics and consulting solutions	Trianz Holdings
Jan-18	TelePayroll	Provides payroll, human resources and employee benefits solutions	Asure Software
Jan-18	TrainingTeam	Provides training courses for cargo security	Freight Transport Association
Jan-18	Provation	Provides clinical decision support and procedure documentation solutions	Clearlake Capital Group

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
Stockholm
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 twenty 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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