

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 presenting, with a globe and a laptop on a table. The scene is brightly lit, suggesting an office environment.

Market Update Human Capital Management Services

Q2 2018

Key Highlights

- HR Outsourcing, Specialty Consulting Services and HR Technology Services indices outperformed the S&P 500 Index during Q2 2018
- Companies in the HR Outsourcing index are trading up an average of 46.5% over the last 12 months
- Top stock performers for Q2 2018 included Inperity, Inc. and Chegg, Inc., up 37.0% and 34.5%, respectively, since the end of last quarter

Lincoln International's Human Capital Management Services Sector

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 Team 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 Outsourcing
- HR Professional and Training
- HR Technology
- Specialty Consulting
- Staffing

Lincoln's Recent Human Capital Management Services Transactions

tmp.worldwide
has been sold to
trueblue
THE PEOPLE COMPANY

GRIDIRON CAPITAL
has sold
E2E Group
to
COMVEST PARTNERS

LaSalle Capital
has sold
avtex
the point of interaction™
to
NEP
Norwest Equity Partners

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

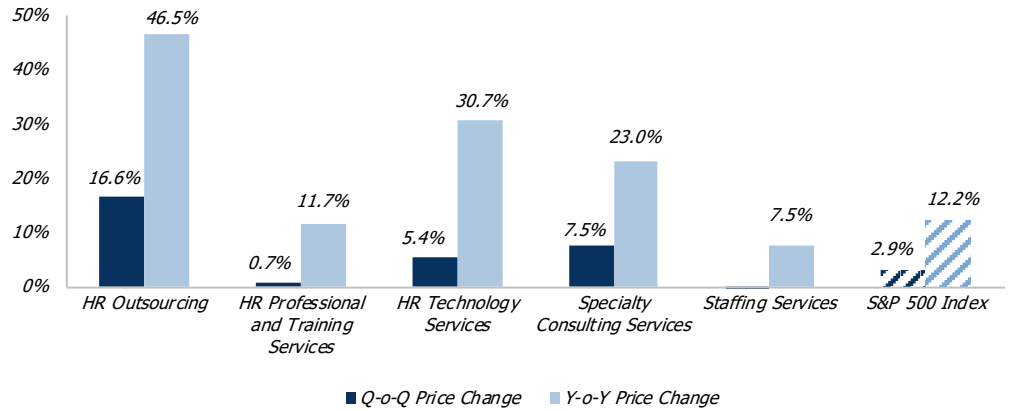
an investment of
Rotunda and Management
has been sold to

Founding Shareholders
have sold
EIFFEL
to
GILDE EQUITY MANAGEMENT

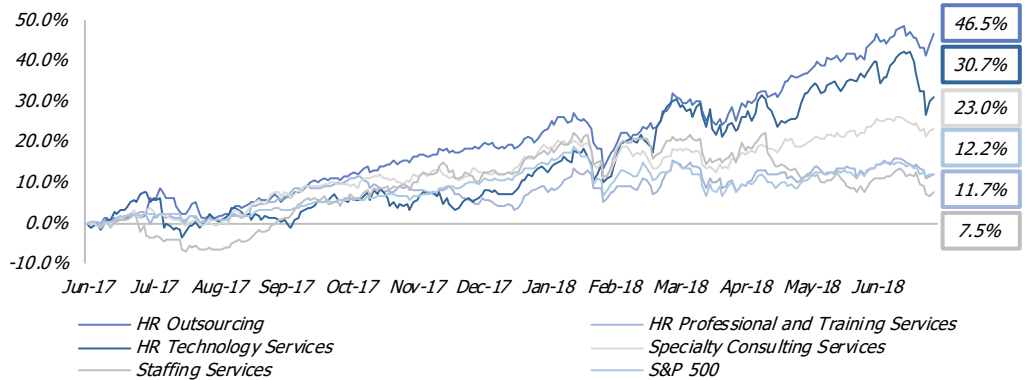
Quarter over Quarter Price Performance

Outperformers	Change	Underperformers	Change
Insperty, Inc.	37.0%	Randstad NV	(10.5%)
Chegg, Inc.	34.5%	Adecco Group AG	(16.7%)
Kforce Inc.	26.8%	GP Strategies Corporation	(22.3%)
FTI Consulting, Inc.	24.9%	Kelly Services, Inc.	(22.7%)
ICF International, Inc.	21.6%	ManpowerGroup Inc.	(25.2%)

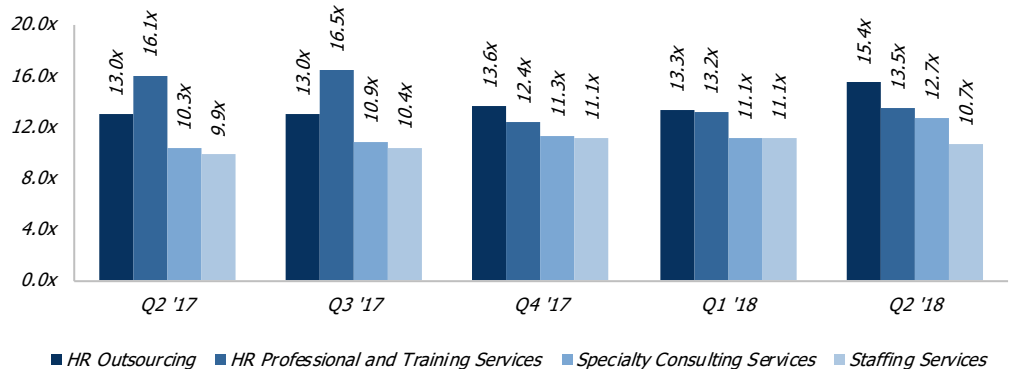
Quarter over Quarter & Year over Year Stock Indices Price Change



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 Revenue Growth	EBITDA Margin	Enterprise Value / LTM	
					Revenue	EBITDA			Revenue	EBITDA
HR Outsourcing										
Automatic Data Processing, Inc.	\$134.14	94.8%	\$59,092	\$58,800	\$13,072	\$2,782	5.6%	21.3%	4.5x	21.1x
Barrett Business Services, Inc.	96.57	98.7%	706	686	934	38	6.0%	4.1%	0.7x	17.9x
Capgemini SE	134.41	96.9%	22,424	24,043	14,706	1,845	2.6%	12.5%	1.6x	12.7x
Capita plc	2.11	22.8%	3,491	5,195	5,319	590	(3.7%)	11.1%	0.9x	7.6x
Conduent Incorporated	18.17	86.3%	3,825	5,467	5,889	700	(4.4%)	11.9%	0.9x	7.8x
Insperty, Inc.	95.25	93.5%	4,001	3,749	3,432	156	10.4%	4.6%	1.1x	24.0x
Paychex, Inc.	68.35	93.5%	24,538	24,113	3,381	1,426	7.3%	42.2%	7.1x	16.9x
TriNet Group, Inc.	55.94	97.9%	3,932	4,015	3,328	258	4.4%	7.8%	1.2x	15.6x
Mean		85.5%					3.5%	14.4%	2.3x	15.4x
Median		94.1%					5.0%	11.5%	1.1x	16.2x
HR Professional and Training Services										
Aon plc	\$137.17	89.8%	\$33,540	\$39,267	\$10,707	\$2,489	11.5%	23.2%	3.7x	15.7x
BTS Group AB	13.67	99.2%	258	248	138	17	5.0%	12.2%	1.8x	14.3x
Franklin Covey Co.	24.55	78.7%	341	381	204	8	7.3%	4.1%	1.9x	NM
GP Strategies Corporation	17.60	56.3%	291	343	512	29	1.8%	5.6%	0.7x	11.9x
Heidrick & Struggles International, Inc.	35.00	88.1%	662	601	641	61	7.7%	9.6%	0.9x	9.8x
Korn/Ferry International	61.93	90.6%	3,500	3,217	1,767	240	12.9%	13.6%	1.8x	13.4x
Marsh & McLennan Companies, Inc.	81.97	94.7%	41,590	46,830	14,521	3,507	7.6%	24.2%	3.2x	13.4x
Willis Towers Watson Public Limited Company	151.60	91.9%	19,987	23,783	8,089	1,485	1.9%	18.4%	2.9x	16.0x
Mean		86.2%					7.0%	13.9%	2.1x	13.5x
Median		90.2%					7.4%	12.9%	1.8x	13.4x
HR Technology Services										
51job, Inc.	\$97.64	85.2%	\$6,083	\$5,301	\$444	\$146	20.0%	33.0%	10.9x	33.0x
Chegg, Inc.	27.79	93.4%	3,117	2,928	269	5	6.4%	2.0%	10.9x	NM
Cornerstone OnDemand, Inc.	47.43	88.2%	2,736	2,656	504	(27)	13.1%	(5.3%)	5.3x	NM
Paycom Software, Inc.	98.83	83.4%	5,837	5,804	467	91	22.1%	19.5%	12.4x	NM
Paylocity Holding Corporation	58.86	91.7%	3,099	2,970	357	31	19.0%	8.7%	8.3x	NM
The Ultimate Software Group, Inc.	257.31	91.1%	7,877	7,739	989	94	14.9%	9.5%	7.8x	NM
WageWorks, Inc.	50.00	72.2%	1,982	1,334	462	92	6.2%	19.9%	2.9x	14.6x
Workday, Inc.	121.12	86.5%	26,162	24,306	2,282	(170)	33.7%	(7.5%)	10.7x	NM
Mean		86.5%					16.9%	10.0%	8.6x	23.8x
Median		87.4%					16.9%	9.1%	9.5x	23.8x
Specialty Consulting Services										
Accenture plc	\$163.59	98.8%	\$104,820	\$101,272	\$38,574	\$6,276	12.8%	16.3%	2.6x	16.1x
Altran Technologies S.A.	14.49	76.8%	3,678	4,049	2,605	298	2.0%	11.4%	1.5x	13.3x
Atos SE	136.45	86.4%	14,342	14,642	14,483	1,820	1.9%	12.6%	1.0x	7.9x
Capgemini SE	134.41	96.9%	22,424	24,043	14,706	1,845	2.6%	12.5%	1.6x	12.7x
CRA International, Inc.	50.89	86.6%	411	411	381	27	14.9%	7.0%	1.1x	15.3x
FTI Consulting, Inc.	60.48	92.9%	2,228	2,517	1,859	221	5.0%	11.9%	1.4x	11.4x
Huron Consulting Group Inc.	40.90	93.6%	879	1,251	737	90	0.8%	12.2%	1.7x	13.9x
ICF International, Inc.	71.05	93.3%	1,336	1,548	1,236	113	3.1%	9.2%	1.3x	13.7x
Navigant Consulting, Inc.	22.14	87.7%	1,000	1,178	945	123	19.3%	13.0%	1.2x	9.5x
Mean		90.3%					6.9%	11.8%	1.5x	12.7x
Median		92.9%					3.1%	12.2%	1.4x	13.3x
Staffing Services										
Adecco Group AG	\$59.14	73.4%	\$9,808	\$11,170	\$26,960	\$1,303	1.0%	4.8%	0.4x	8.2x
AMN Healthcare Services, Inc.	58.60	85.9%	2,804	3,070	2,016	248	3.6%	12.3%	1.5x	12.4x
ASGN Incorporated	78.19	90.8%	4,090	4,578	2,685	295	6.1%	11.0%	1.7x	15.5x
Cross Country Healthcare, Inc.	11.25	76.8%	409	475	868	42	1.6%	4.8%	0.5x	11.4x
Hays plc	2.46	90.5%	3,573	3,528	6,909	310	6.8%	4.5%	0.5x	11.0x
Kelly Services, Inc.	22.45	69.5%	873	869	5,455	103	4.5%	1.9%	0.2x	8.1x
Kforce Inc.	34.30	93.3%	846	971	1,370	79	2.5%	5.8%	0.7x	12.2x
ManpowerGroup Inc.	86.06	62.8%	5,665	6,167	21,800	933	9.1%	4.3%	0.3x	6.6x
PageGroup plc	7.44	96.5%	2,327	2,201	1,796	168	9.1%	9.4%	1.2x	13.2x
Randstad NV	58.83	84.7%	10,771	12,016	26,705	1,199	4.9%	4.5%	0.4x	9.8x
Resources Connection, Inc.	16.90	94.2%	533	552	654	51	12.1%	7.8%	0.9x	8.5x
Robert Half International Inc.	65.10	92.5%	7,907	7,615	5,375	590	3.4%	11.0%	1.4x	12.9x
TrueBlue, Inc.	26.95	91.4%	1,070	1,113	2,495	124	(6.7%)	5.0%	0.4x	8.9x
Mean		84.8%					4.5%	6.7%	0.8x	10.7x
Median		90.5%					4.5%	5.0%	0.5x	11.0x
Total Mean		86.5%					7.4%	10.8%	2.8x	13.3x
Total Median		90.7%					6.0%	10.3%	1.5x	12.9x

Source: Bloomberg, Capital IQ and company filings, as of 6/29/2018

Transaction Spotlight

Transaction Spotlight - 6/12/2018: **TrueBlue**, a Tacoma, Washington-based provider of specialized workforce solutions, has acquired London-based **TMP Holdings**, a provider of Recruitment Process Outsourcing (RPO), resourcing and recruitment marketing services.

"TMP establishes a position for us in the UK, which is the second largest RPO market in the world and one of the most common markets included in the multi-continent RPO deals." - Steve Cooper, CEO of **TrueBlue**

Market Intelligence

7/13/2018: **Allgeier**, a Munich Germany based IT Services company, expects to attract interest from international strategic buyers and private equity firms with other recruitment portfolio companies for its personnel services division. Potential buyers for the division are likely to be focused on staffing and recruitment services.

6/14/2018: **Kforce Government Solutions**, a Virginia based IT service management company, has appointed Maureen Coyle as CEO of the subsidiary after two years at the company

5/11/2018: **Technavio**, a London-based market research and industry analysis firm, forecasts the global Human Capital

Management market to grow at a CAGR of more than 8% during the period 2018 – 2022

5/08/2018: **Cognizant Technology Solutions**, a provider of outsourced technology consulting services, announced that it will continue to focus its M&A efforts on smaller tuck-in acquisitions

4/29/2018: **Capita**, a provider of customer management, administration and professional support services rejected significant interest from the private equity community after revealing losses of \$707 million; the company is seeking to raise \$413 million from the sale of three subsidiaries this year and an additional \$966 million from existing investors

Selected M&A Transaction Recap

Date	Target Company	Target Description	Acquiring Company
Announced	Navigant	Consulting and process management services	Ankura Consulting Group
Announced	Convergys Corporation	BPO solutions for customer experience management	Concentrix Corporation
Jun-18	PEN-CAL Administrators, Inc.	Employee benefit solutions and services	Voya Financial, Inc.
Jun-18	Learndirect Limited	Skills, training and employment services	Dimensions Training Solutions
Jun-18	TMP Worldwide	Brand-led talent management	TrueBlue, Inc.
Jun-18	Glassdoor, Inc.	Online jobs, employer reviews and career community	Recruit Holdings
Jun-18	Pathgather, Inc.	Enterprise learning platform services	Degreed, Inc.
Jun-18	Allegiant International	Advisory and consultancy services	Belcan Corporation
Jun-18	Aasonn	Cloud-based human resource and talent management solutions	Rizing
May-18	PeopleFluent, Inc.	Software-as-a-Services talent management solutions	Learning Technologies Group plc
May-18	SafetyServe	Online safety training	TransForce
May-18	Xtreme Consulting Group	Project management and consulting services	Digital Intelligence Systems, LLC
May-18	Hedera Consulting	Consulting and analytics services in growth strategy, innovation and customer service	Cognizant Technology Solutions
Apr-18	Motion Recruitment Partners LLC	Recruitment and staffing services	Littlejohn & Co.
Apr-18	TMP Worldwide	Staffing and search & talent management solutions	Gemspring Capital LLC
Apr-18	Slattery	Employee benefits and specialty insurance products	BenefitMall
Apr-18	TRAK-1 Technology	Employment screening services	PeopleFacts
Apr-18	Fitch Group, Inc.	Specialized technical training services	The Hearst Corporation
Apr-18	Innovative HR Solutions	Human resource consulting services and training solutions	PSI Services LLC
Apr-18	CEB Talent Assessment	Objective talent assessment products and services	Exponent Private Equity LLP
Apr-18	Callidus Software	Cloud-based sales, marketing, learning and customer experience solutions	SAP
Apr-18	ECS Federal, LLC	Information technology consulting services	On Assignment, Inc.

Source: CapIQ, Mergermarket, company filings and Business Wire, as of 6/29/2018

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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