

Market Update



Human Capital Management Services Q3 2018
























Key Highlights

HR Technology Services index outperformed the S&P 500 during Q3 2018

Companies in the HR Technology Services index are trading up an average of 52.6% over the last 12 months

Top stock performers for Q3 2018 included Paycom Software, Inc. and Paylocity Holding Corporation up 57.2% and 36.5%, respectively, since the end of last quarter

Lincoln's Recent Human Capital Management Services Transaction

 <p>has been sold to</p>  <p>Sell-Side</p> 	 <p>a subsidiary of</p>  <p>has merged with</p>  <p>a portfolio company of</p>  <p>Sell-Side</p> 	<p>Founding Shareholders</p> <p>have sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has been sold to</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	<p>LaSalle Capital</p> <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 
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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

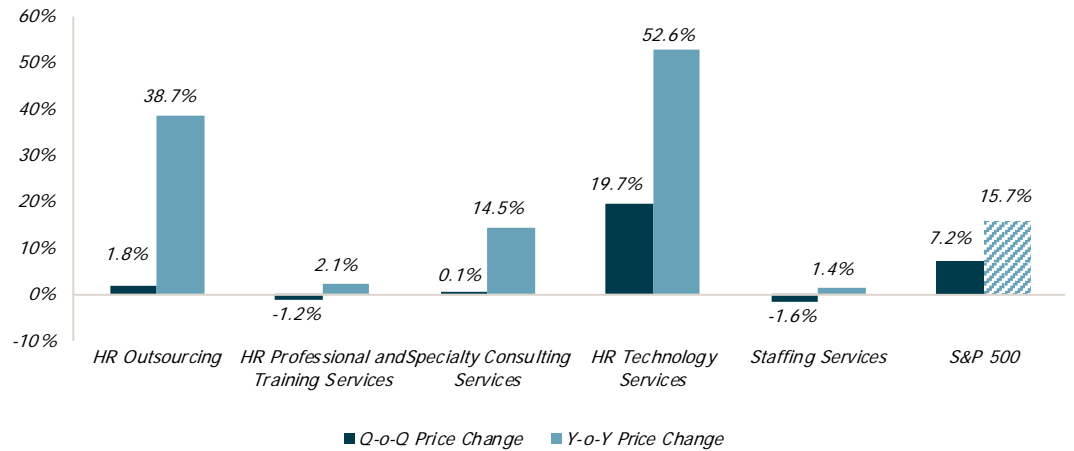
advisors in the mid-market. Our senior bankers provide sector-specific expertise, global buyer access and unmatched execution within the human capital management services space. This update tracks pricing and valuation metrics and transaction activity for five key human capital management services subsectors:

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

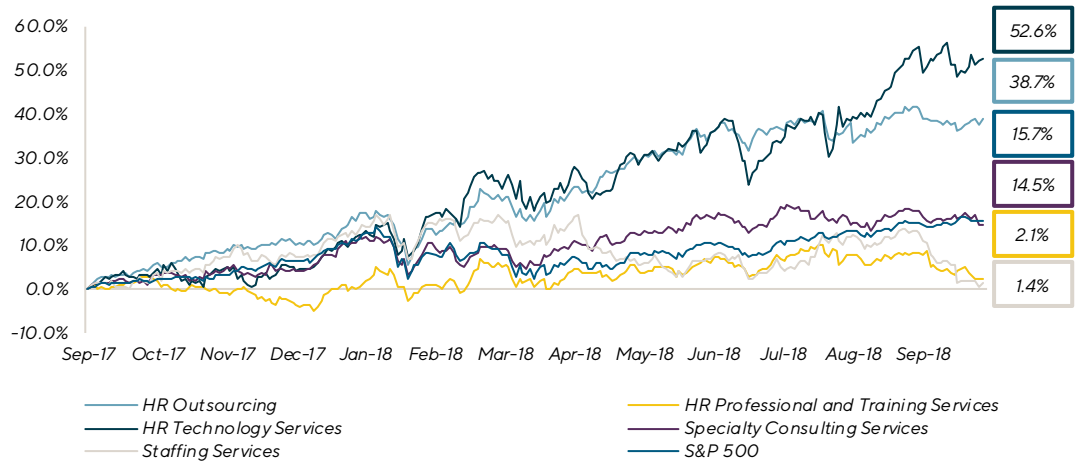
Quarter over Quarter Price Performance

Outperformers	Change	Underperformers	Change
Paycom Software, Inc.	57.2%	Korn/Ferry International	(20.5%)
Paylocity Holding Corporation	36.5%	51job, Inc.	(21.1%)
The Ultimate Software Group, Inc.	25.2%	Cross Country Healthcare, Inc.	(22.4%)
Conduent Incorporated	23.9%	Barrett Business Services, Inc.	(30.8%)
Insperity, Inc.	23.8%	Altran Technologies S.A.	(40.1%)

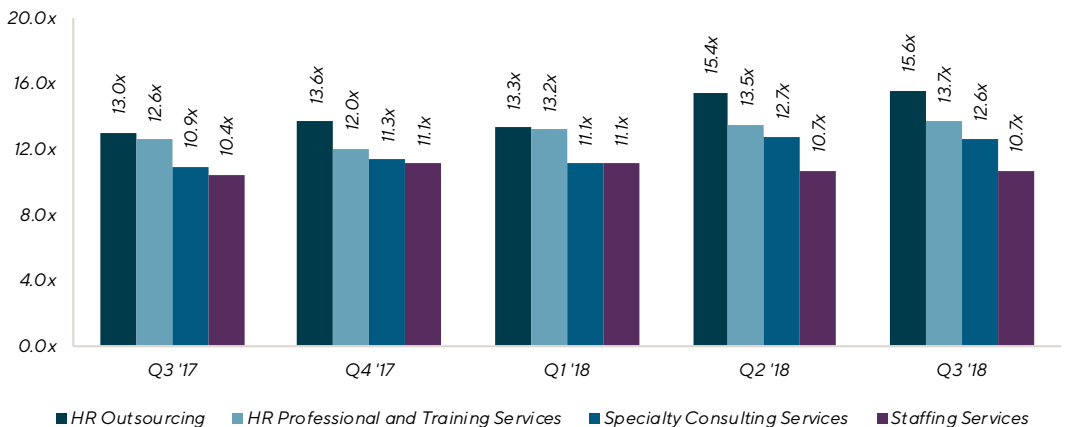
Quarter over Quarter & Year over Year Stock Indices Price Change



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.	\$150.66	99.6%	\$65,905	\$65,734	\$13,326	\$2,918	7.6%	21.9%	4.9x	22.5x
Barrett Business Services, Inc.	66.78	67.6%	491	462	940	35	6.7%	3.7%	0.5x	13.1x
Capgemini SE	125.94	90.5%	20,953	23,760	14,791	1,839	3.3%	12.4%	1.6x	12.7x
Capita plc	1.86	24.4%	3,088	4,287	5,280	520	(5.1%)	9.8%	0.8x	8.1x
Conduent Incorporated	22.52	96.3%	4,756	5,949	5,780	713	(6.2%)	12.3%	1.0x	8.3x
Insperty, Inc.	117.95	97.4%	4,945	4,733	3,559	177	14.4%	5.0%	1.3x	26.7x
Paychex, Inc.	73.65	97.3%	26,491	26,067	3,451	1,432	9.2%	41.5%	7.7x	18.3x
TriNet Group, Inc.	56.32	93.6%	3,973	4,165	3,378	284	5.9%	8.4%	1.2x	14.7x
Mean		83.3%					4.5%	14.4%	2.4x	15.6x
Median		95.0%					6.3%	11.1%	1.3x	13.9x
HR Professional and Training Services										
Aon plc	\$153.78	96.9%	\$37,316	\$43,286	\$10,900	\$2,270	13.5%	20.8%	4.0x	19.0x
BTS Group AB	16.42	97.3%	310	302	150	19	13.0%	12.8%	2.0x	15.3x
Franklin Covey Co.	23.65	75.8%	329	369	210	8	13.2%	3.9%	1.8x	NM
GP Strategies Corporation	16.85	53.9%	279	366	514	27	2.3%	5.2%	0.7x	13.4x
Heidrick & Struggles International, Inc.	33.85	74.7%	642	556	672	69	12.9%	10.2%	0.8x	8.1x
Korn/Ferry International	49.24	71.4%	2,804	2,672	1,832	248	15.1%	13.6%	1.5x	10.7x
Marsh & McLennan Companies, Inc.	82.72	94.1%	41,772	47,069	14,760	3,505	9.4%	23.7%	3.2x	13.4x
Willis Towers Watson Public Limited Company	140.94	85.4%	18,431	22,340	8,126	1,416	2.4%	17.4%	2.7x	15.7x
Mean		81.2%					10.2%	13.5%	2.1x	13.7x
Median		80.6%					12.9%	13.2%	1.9x	13.4x
HR Technology Services										
51job, Inc.	\$76.99	67.2%	\$4,753	\$3,986	\$471	\$149	28.7%	31.7%	8.1x	NM
Chegg, Inc.	28.43	86.6%	3,240	3,051	287	11	13.4%	3.7%	10.6x	NM
Cornerstone OnDemand, Inc.	56.75	95.9%	3,335	3,233	519	(12)	16.7%	(2.3%)	6.2x	NM
Paycom Software, Inc.	155.41	94.7%	9,111	9,092	498	118	30.1%	23.6%	18.3x	NM
Paylocity Holding Corporation	80.32	90.8%	4,238	4,101	378	32	25.8%	8.5%	10.9x	NM
The Ultimate Software Group, Inc.	322.19	96.9%	10,043	9,867	1,035	107	20.3%	10.3%	9.5x	NM
WageWorks, Inc.	42.75	65.0%	1,694	1,047	462	92	6.2%	19.9%	2.3x	11.4x
Workday, Inc.	145.98	92.9%	31,678	29,870	2,428	(169)	30.7%	(7.0%)	12.3x	NM
Mean		86.2%					21.5%	11.1%	9.8x	11.4x
Median		91.8%					23.1%	9.4%	10.1x	11.4x
Specialty Consulting Services										
Accenture plc	\$170.20	96.9%	\$109,055	\$104,376	\$39,573	\$6,435	13.6%	16.3%	2.6x	15.4x
Altran Technologies S.A.	8.68	46.2%	2,203	4,112	2,845	334	13.6%	11.7%	1.4x	12.1x
Atos SE	119.09	75.7%	12,725	13,013	14,461	1,815	1.9%	12.6%	0.9x	7.0x
Capgemini SE	125.94	90.5%	20,953	23,760	14,791	1,839	3.3%	12.4%	1.6x	12.7x
CRA International, Inc.	50.22	85.5%	406	418	393	28	14.7%	7.2%	1.1x	14.8x
FTI Consulting, Inc.	73.19	89.4%	2,714	2,969	1,927	252	8.8%	13.1%	1.5x	11.8x
Huron Consulting Group Inc.	49.40	98.0%	1,064	1,406	754	90	3.0%	12.0%	1.9x	15.6x
ICF International, Inc.	75.45	91.7%	1,423	1,660	1,254	111	4.6%	8.9%	1.3x	14.9x
Navigant Consulting, Inc.	23.06	89.2%	1,038	1,174	951	124	19.9%	13.1%	1.2x	9.5x
Mean		84.8%					9.3%	11.9%	1.5x	12.6x
Median		89.4%					8.8%	12.4%	1.4x	12.7x
Staffing Services										
Adecco Group AG	\$52.80	64.3%	\$8,756	\$10,646	\$27,011	\$1,285	1.4%	4.8%	0.4x	7.9x
AMN Healthcare Services, Inc.	54.70	80.2%	2,598	3,050	2,084	249	7.1%	12.0%	1.5x	12.2x
ASGN Incorporated	78.93	83.7%	4,132	5,328	2,910	318	15.0%	10.9%	1.8x	16.8x
Cross Country Healthcare, Inc.	8.73	59.6%	317	382	863	40	1.0%	4.6%	0.4x	9.6x
Hays plc	2.66	95.6%	3,863	3,702	7,373	329	13.2%	4.5%	0.5x	11.1x
Kelly Services, Inc.	24.03	74.4%	932	900	5,508	104	6.4%	1.9%	0.2x	8.3x
Kforce Inc.	37.60	86.4%	929	1,032	1,389	83	3.9%	6.0%	0.7x	12.4x
ManpowerGroup Inc.	85.96	62.8%	5,578	5,983	22,282	951	11.5%	4.3%	0.3x	6.3x
PageGroup plc	7.46	91.2%	2,341	2,228	1,858	176	12.1%	9.5%	1.2x	12.4x
Randstad NV	53.42	77.2%	9,782	11,543	26,843	1,216	5.6%	4.5%	0.4x	9.3x
Resources Connection, Inc.	16.60	92.5%	523	529	692	57	19.0%	8.3%	0.8x	10.4x
Robert Half International Inc.	70.38	88.1%	8,470	8,162	5,523	609	6.2%	11.0%	1.5x	13.4x
TrueBlue, Inc.	26.05	87.3%	1,024	1,108	2,499	126	(4.3%)	5.0%	0.4x	8.8x
Mean		80.3%					7.6%	6.7%	0.8x	10.7x
Median		83.7%					6.4%	5.0%	0.5x	10.4x
Total Mean		82.9%					10.2%	11.0%	3.0x	12.7x
Total Median		88.6%					9.3%	10.3%	1.5x	12.4x

Sources: Bloomberg, Capital IQ and company filings, as of 9/28/2018

8/23/2018: **MThree Corporate Consulting**, a fast growing global technology consultancy, which works predominantly with global investment banks to provide expert technology capability under its highly regarded 'Alumni' brand, has been acquired by **ECI Partners**.

"MThree is an exciting business with a very bright future. We have greatly enjoyed working with the senior MThree team and are pleased to have helped them find the right partner to support their growth ambitions."

- Edward Lethbridge, Lincoln UK Head of Business Services

Market Intelligence

8/20/2018: **CACI International**, a Virginia based provider of information solutions to the federal government, considers acquisitions as among its top uses of cash, according to CEO Ken Asbury.

7/30/2018: **Equifax**, the Atlanta based provider of information solutions and human resources business process outsourcing services, is working on a pipeline of bolt-on opportunities, according to CEO Mark Begor. "The M&A machine was never turned off," he said. "But if you want to characterize that way, we've got it turned on meaning that our team is out there. We have monthly meetings on it. I meet with the team all the time, the team that works for me, that works on M&A, and we're in the marketplace."

September 27, 2018: **Market Research Future (MRFR)**'s latest study projects that the global workflow management system market is poised to thrive exponentially striking a CAGR of 19% during the forecast period 2016 to 2022. The

market valuation is estimated to grow from USD 2.4 billion to USD 6.96 billion by the end of the year 2022. The rapid changes witnessed in the nature of business and workflow in small and medium business units have paved the way for accelerated adoption of the technology.

10/4/2018: **ZipRecruiter**, a leading online employment marketplace, announced a \$156 million investment co-led by Wellington Management Company and returning investor IVP, and including participation by other existing investors. The Series B financing will further accelerate the company's continued growth as well as its ongoing investment in artificial intelligence (AI)-powered matching technology and mobile apps to actively connect more job seekers and businesses of all sizes.

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Beeline.com, Inc.	Provides workforce optimization software	New Mountain Capital, LLC
Sep-18	Remedy Employer Services	Provides human resources solutions	CoAdvantage, Inc.
Sep-18	Choice HR, Inc.	Provides human resources management services	Fourth Ltd.
Sep-18	Simplified Business Solutions, Inc.	Provides human resources and talent management solutions	iSolved HCM, LLC
Sep-18	Workpop, Inc.	Provides an online job search tool and hiring platform	Cornerstone OnDemand, Inc.
Sep-18	Burnham Benefit Advisors/Champion Benefits/VantagePoint Benefit Strategies	Provides wellness program management and human resources software	Pentra, Inc.; Alera Group, Inc.
Sep-18	iCIMS, Inc.	Provides cloud based talent acquisition services	Vista Equity Partners LLC
Aug-18	Core BTS, Inc.	Provides consulting and staffing services	Tailwind Capital Group, LLC
Aug-18	Contract Management Strategies, Inc.	Provides recover audit and consulting services	SpendMend LLC
Aug-18	easyBackgrounds, Inc.	Offers background screening solutions	Global HR Research, LLC
Aug-18	Key Resources Inc.	Provides staffing services	Monroe Staffing Services LLC
Aug-18	Veracity Research Company	Provides insurance defense investigation services	Trinity Hunt Partners
Aug-18	HR Consulting Business of Conduent	Provides human resources consulting services	H.I.G. Capital, LLC
Aug-18	Adaptive Insights, Inc.	Offers corporate performance management solutions	Workday, Inc.
Jul-18	Celergo LLC	Provides payroll management services	Automatic Data Processing, Inc.
Jul-18	PeopleDoc SAS	Offers software for human resources	The Ultimate Software Group, Inc.
Jul-18	LifeWorks Corporation Ltd.	Provides employee management and wellbeing solutions	Morneau Shepell Ltd
Jul-18	PeopleDoc SAS	Provides human resources management software	The Ultimate Software Group, Inc.
Jul-18	Five Star Company, Inc.	Provides employee recruitment services	HIRE Strategies, LLC
Jul-18	Stories s.r.o.	Provides analytics for businesses through machine learning and AI	Workday, Inc.
Jul-18	Aureon HR, Inc.	Offers human resources outsourcing services	Oasis Outsourcing Holdings Inc.
Jul-18	HireRight, LLC	Provides enterprise screening management solutions	General Information Services, Inc.
Jul-18	Kogentix Inc.	Provides machine learning applications	Accenture
Jul-18	StudyBlue, Inc.	Provides educational technology solutions	Chegg, Inc.

Source: CapIQ, Mergermarket, company filings and Business Wire, as of 9/28/2018

Advisory Services

Mergers & Acquisitions
Debt Advisory
Growth Equity
Special Situations
Valuations & Opinions
Joint Ventures & Partnering

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and public and privately held companies around the world. Our advisory services include mergers and acquisitions, debt advisory, growth equity and restructuring for the mid-market. We also provide valuations and fairness opinions and joint ventures advisory services. As one tightly integrated team of more than 500 professionals across 15 countries, we offer an unobstructed perspective, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at www.lincolninternational.com.

Lincoln's Business Services Group

Committed to Serving Our Clients

We are immersed in the constantly evolving, rapidly growing service-based economy. Our breadth of transactional, operational and technical experience enables us to intuitively communicate the underlying dynamics in key subsectors and generate excellent outcomes for our clients' individual needs.

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