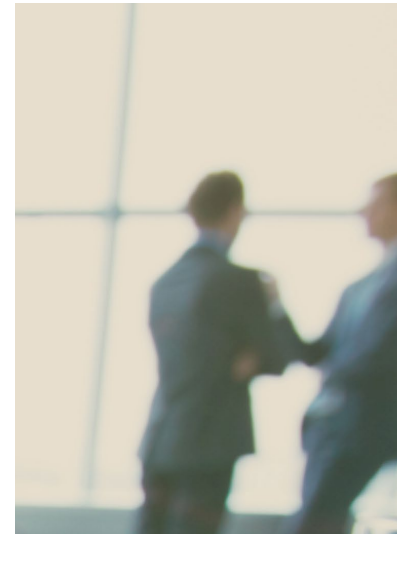
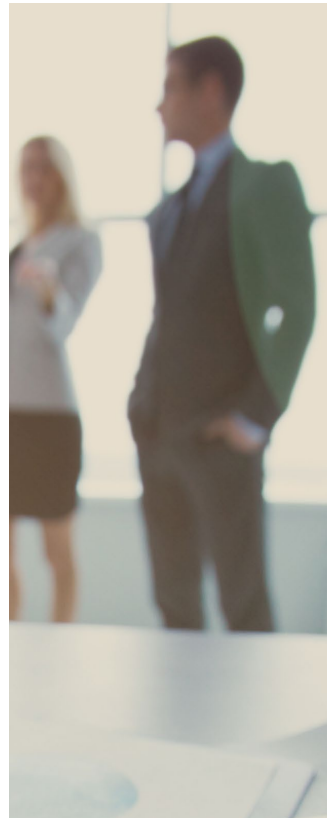


Market Update



Human Capital Management Services Q3 2020

Market Insights

Despite September showing a slowing of momentum in the labor market recovery, the economy has done better than many forecasters expected in the spring. Regaining just over half of the more than 22 million jobs lost in March and April, the unemployment rate has fallen sharply to nearly 8% since it reached a record high of nearly 15% percent in April.

With this as context, many companies in the human capital services space experienced a slowdown of the pace of recovery in revenue, earnings and stock price appreciation. To some degree, the reductions in overall headcount at clients is offset by clients' movement toward the outsourcing of human resources (HR) functions, additional use of contingent resources for flexibility and additional utilization of expert advisory services and software to address changing approaches to workforce management, workforce engagement and the use of data, analytics and artificial intelligence (AI) in order respond to the COVID-disrupted environment.

As a result, three of five indices followed in the market update were up on quarter-to-quarter basis, but on balance, only the HR technology group has outperformed the S&P 500 (38.9% vs. 14.4%) on a last 12 months basis and only three to five indices are above the level of a year ago.

With an accelerating need to evolve business models to address the changing environment, we continue to see companies in the space pursue mergers and acquisitions (M&A) to gain additional capabilities, access new markets and consolidate market shares. With 27 transactions in the third quarter, M&A volume was down slightly from the 30 transactions completed in the prior quarter and significantly down from the 41 announced transactions in Q3 2019.

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

 has been sold to  a portfolio company of    Sell-Side  	 and founders have sold  to  Sell-Side  	 has been sold to  a portfolio company of  Sell-Side  	 has sold  to  a portfolio company of  Sell-Side 	 has been sold to  Sell-Side  	 and founding shareholders have sold   to  Sell-Side  
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Human Capital Management Services Financial Performance

Quarter-over-Quarter Price Performance

Outperformers	Change
AMN Healthcare Services, Inc.	29.2%
Upwork Inc.	20.8%
Randstad N.V.	17.2%
Workday, Inc.	14.8%
Adecco Group AG	13.0%

Underperformers	Change
Automatic Data Processing, Inc.	(6.3%)
FTI Consulting, Inc.	(7.5%)
Heidrick & Struggles International, Inc.	(9.1%)
Huron Consulting Group Inc.	(11.1%)
Franklin Covey Co.	(17.1%)



Highlights

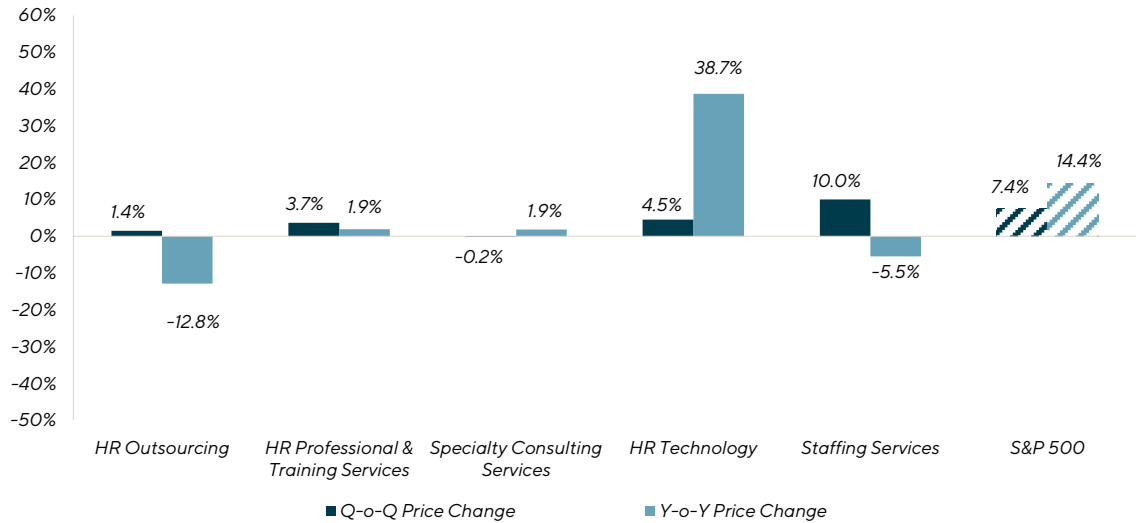
HR technology is up 38.7% year-over-year and outperformed the S&P 500 in Q2 and Q3 2020 to surpass the year highs previously set in Q1 prior to the COVID-induced economic downturn. The four other human capital management subsectors continue to recover at a more modest pace, though below the rest of the market.

Values for companies in the HR outsourcing and staffing services, despite notching increases quarter-over-quarter, remain below their year ago levels as they continue to track with employment levels within the economy.

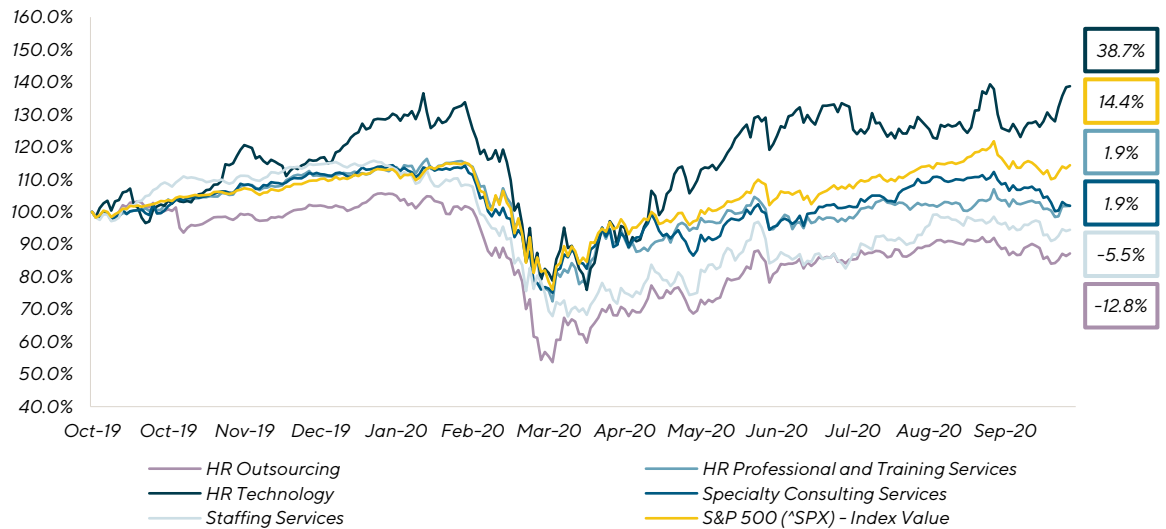
HR professional and training services and specialty consulting services were closely tracking the market recovery through Q2, but both subsectors have since slowed in their rebound from Q2 2020 levels.

Valuation multiples for each of the groups continue to recover and are at or near their highest levels since the onset of the pandemic. Multiples, however, remain materially below where they stood at the end of 2019. The current multiple discount ranges from 25.5% for the specialty consulting services group to 40% for the staffing services group. Lower multiples for the public comps have not hindered the rebound in M&A transaction volume among healthy companies in the space.

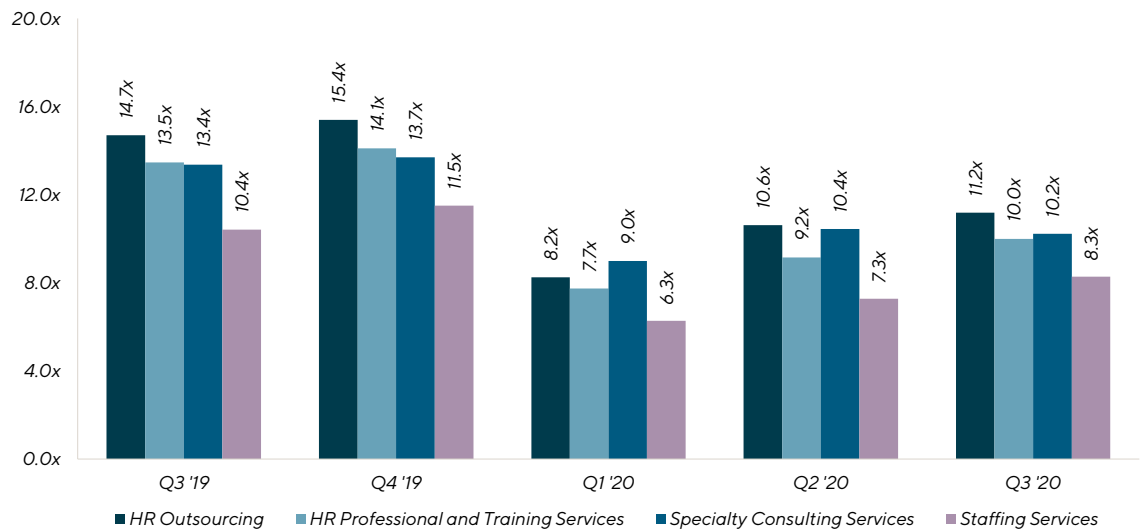
Quarter-over-Quarter & Year-over-Year Stock Indices Price Change



LTM Relative Stock Indices Price Performance



Historical Enterprise Value / LTM EBITDA Valuation Performance



Note: Excludes HR technology, 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.	\$139.49	76.5%	\$59,959	\$60,509	\$14,565	\$3,809	1.9%	26.2%	4.1x	15.3x
Barrett Business Services, Inc.	52.44	54.8%	400	300	913	50	(2.3%)	5.5%	0.3x	5.0x
Capgemini SE	128.88	90.2%	21,806	30,426	14,699	1,853	5.5%	12.6%	1.8x	12.2x
Insperity, Inc.	65.49	60.8%	2,541	2,480	4,341	243	3.2%	5.6%	0.6x	9.5x
Paychex, Inc.	79.77	88.1%	28,715	28,719	3,981	1,602	2.0%	40.2%	7.1x	16.7x
TriNet Group, Inc.	59.32	80.4%	3,992	3,951	3,989	437	6.2%	11.0%	1.0x	8.3x
Mean		75.1%					2.8%	16.8%	2.5x	11.2x
Median		78.4%					2.6%	11.8%	1.4x	10.9x
HR Professional and Training Services										
BTS Group AB	22.44	68.4%	433	404	1,707	186	(5.6%)	10.9%	2.1x	15.3x
Franklin Covey Co.	17.74	42.4%	246	264	215	19	(4.8%)	8.7%	1.2x	NM
GP Strategies Corporation	9.64	63.3%	165	237	529	19	(5.7%)	3.5%	0.4x	8.1x
Heidrick & Struggles International, Inc.	19.65	59.2%	380	301	641	64	(10.0%)	10.0%	0.4x	2.9x
Korn Ferry	29.00	65.9%	1,589	1,638	1,792	192	(7.9%)	10.7%	0.9x	6.2x
Marsh & McLennan Companies, Inc.	114.70	94.8%	58,099	71,989	17,072	4,734	6.0%	27.7%	4.2x	14.1x
Willis Towers Watson Public Limited Company	208.82	94.5%	26,908	32,585	9,278	2,204	6.4%	23.8%	3.5x	13.3x
Mean		69.8%					(3.1%)	13.6%	1.8x	10.0x
Median		65.9%					(5.6%)	10.7%	1.2x	10.7x
HR Technology										
51job, Inc.	\$77.99	84.2%	\$5,238	\$3,765	\$3,744	\$1,069	(5.0%)	28.6%	7.1x	24.9x
Chegg, Inc.	71.44	79.5%	8,881	9,123	564	81	48.0%	14.4%	18.1x	NM
Cornerstone OnDemand, Inc.	36.36	56.4%	2,339	3,523	629	60	11.3%	9.5%	5.6x	NM
Paycom Software, Inc.	311.30	91.0%	17,932	17,872	792	256	14.1%	32.2%	22.6x	NM
Paylocity Holding Corporation	161.42	96.3%	8,687	8,583	561	89	13.7%	15.8%	15.3x	NM
Upwork Inc.	17.44	98.0%	2,098	1,991	329	(25)	14.1%	(7.7%)	6.1x	NM
Workday, Inc.	215.13	86.5%	51,020	50,404	3,995	(47)	23.1%	(1.2%)	12.6x	NM
Mean		84.6%					17.0%	13.1%	12.5x	24.9x
Median		86.5%					14.1%	14.4%	12.6x	24.9x
Specialty Consulting Services										
Accenture plc	\$225.99	91.2%	\$143,774	\$139,247	\$44,327	\$7,235	2.6%	16.3%	3.1x	15.2x
Atos SE	80.79	83.4%	8,881	11,332	11,471	1,370	0.9%	11.9%	0.8x	5.5x
Capgemini SE	128.88	90.2%	21,806	30,426	14,699	1,853	5.5%	12.6%	1.8x	12.2x
CRA International, Inc.	37.47	64.4%	293	488	490	46	11.2%	9.3%	1.0x	7.2x
FTI Consulting, Inc.	105.97	73.5%	3,773	3,985	2,437	315	8.0%	12.9%	1.7x	10.8x
Huron Consulting Group Inc.	39.33	55.5%	848	1,177	892	102	5.0%	11.4%	1.3x	10.1x
ICF International, Inc.	61.53	64.6%	1,160	1,770	1,483	127	1.6%	8.6%	1.2x	10.6x
Mean		74.7%					5.0%	11.9%	1.6x	10.2x
Median		73.5%					5.0%	11.9%	1.3x	10.6x
Staffing Services										
Adecco Group AG	\$53.07	76.9%	\$8,601	\$9,845	\$21,179	\$862	(10.2%)	4.1%	0.4x	7.6x
AMN Healthcare Services, Inc.	58.46	65.5%	2,747	3,769	2,365	261	9.3%	11.1%	1.6x	12.5x
ASGN Incorporated	63.56	84.9%	3,337	4,259	3,964	403	3.6%	10.2%	1.1x	9.5x
Cross Country Healthcare, Inc.	6.49	48.4%	244	314	851	24	5.3%	2.8%	0.4x	8.0x
Hays plc	1.46	60.8%	2,456	2,125	5,930	150	(2.9%)	2.5%	0.3x	8.4x
Kelly Services, Inc.	17.04	67.9%	671	544	4,842	97	(10.9%)	2.0%	0.1x	4.3x
Kforce Inc.	32.17	75.4%	669	739	1,360	75	1.4%	5.5%	0.5x	9.0x
ManpowerGroup Inc.	73.33	72.6%	4,258	4,313	18,143	394	(13.9%)	2.2%	0.2x	5.8x
PageGroup plc	4.84	68.1%	1,543	1,491	1,488	82	(9.0%)	5.5%	0.8x	9.7x
Randstad N.V.	52.29	79.4%	9,584	10,646	21,020	668	(11.6%)	3.2%	0.4x	9.7x
Robert Half International Inc.	52.94	82.9%	5,974	5,753	5,342	508	(11.2%)	9.5%	1.0x	8.8x
TrueBlue, Inc.	15.49	62.0%	537	530	1,919	41	(21.0%)	2.2%	0.3x	6.1x
Mean		70.4%					(5.9%)	5.1%	0.6x	8.3x
Median		70.4%					(9.6%)	3.6%	0.4x	8.6x
Total Mean		74.3%					2.0%	11.1%	3.4x	10.1x
Total Median		75.4%					2.0%	10.0%	1.2x	9.5x

Sources: Bloomberg, Capital IQ and company filings, as of 06/30/20

In September, NES Global Talent acquired Firecroft, a portfolio company of Equistone, creating the largest engineering staffing firm in the world. This combination of two of the largest players in the space comes at a time when engineering staffing is forecasted to be down 15% in 2020.

Firecroft operates in the oil and gas, chemicals, information and communications technology (ICT), energy, renewables, mining, automotive and construction sectors. Presumably, the combined entity, NES Firecroft, will realize a broader geographic reach and cost synergies, driving greater combined profitability.

Market Intelligence

09/04/2020: At the lowest levels since the Great Recession, staffing agencies reported employing only an average 2.1 million temporary and contract workers per week during Q2 2020 – down 33.6%. Despite record low-levels in Q2, 88% of staffing agencies expected Q3 revenue to “improve sequentially with a year-to-year decrease of 12% for the quarter”. Gradual improvements in demand were reported for the first two months of Q3 with the trend expected to continue through the end of 2020. Second wave related shutdowns remain the foremost threat to recovery from drastic year-over-year declines.

American Staffing Association

09/10/2020: With the COVID-19 pandemic bringing an abrupt end to a decade of sustained growth in the United States staffing industry, SIA projects a 17% overall decline in revenue for the year. Despite the noteworthy overall decline in industry revenues, trends vary greatly depending on occupational segment and sector. In the SIA forecast, professional segments fare better than commercial with a 10% forecasted decline versus a 20% decline in the commercial segment; while temporary staffing overall fares better than place and search, declining 14% versus 33%. However, two segments of the United States staffing industry

– travel nurse and life sciences – are forecasted to grow at 10% and 3%, respectively.

US Staffing Industry Forecast – September 2020 Update

09/15/2020: In 2019, the global human capital management sector in was \$16.24 billion and is expected to grow at a compound annual growth rate of 9.3% by 2027. More companies are apt to invest in workforce management solutions to drive efficiency and effectiveness with the advent of predictive and in-cloud HCM technologies. Intelligent workforce solutions are expected to contribute significant drive to HCM market growth but the market’s upward trajectory has been decreased by the dramatic spikes in unemployment globally from the pandemic – the United States Congressional Budget Office estimates that in the United States alone 15% of people were likely to be unemployed by the end of Q3 2020. COVID-19’s impact continues to restrict the overall market growth for HCM. Policy decisions and varying state regulations will ultimately further dampen sector growth or allow for a faster rebound to the previously expected growth rate of the market.

Fortune Business Insights

Selected M&A Transaction Recap

Closed	Target Company	Target Description	Acquiring Company
Announced	Futuris Technology Services	Provides technology staffing services and workforce solutions	Mission Mining Company (nka:Futuris Co.)
Sep-20	Archer Software US	Provides technology consulting and custom software development, product design services and business growth services	cPrime
Sep-20	Textkernel	Provides information resources and solutions for the human capital management sector	Main Capital Partners
Sep-20	True North Talent Group	Provides job placement and recruiting services	Alliance of Professionals & Consultants
Sep-20	Officient	Provides development services for human resource information systems and software	Exact Holding
Sep-20	LaunchPad Recruits	Provides an online platform for businesses to conduct video as part of employee selection process	OutMatch

Source: CapIQ, Mergermarket, company filings and Business Wire, as of 09/30/20



Selected M&A Transaction Recap (cont'd)

Closed	Target Company	Target Description	Acquiring Company
Sep-20	NES Global Talent	Provides staffing services including contract, permanent hire and managed solutions	Fircroft Engineering Services
Sep-20	Easypay Services	Provides funding, payroll and back office services to support the recruitment industry	Workr Solutions Limited
Sep-20	DS Benefits Group	Provides benefits consulting, human resources administration and organization development consulting services	OneDigital Health and Benefits
Sep-20	SILAEXPERT	Provides cloud-based payroll and human resource software	Silver Lake Management
Sep-20	Geneva Consulting Group	Provides temporary and permanent IT staffing services	TSR
Sep-20	58 com	Provides a multi-category online classifieds platform and vertical listing platforms	General Atlantic
Aug-20	Work Service	Provides temporary employment, human resources consulting, recruitment, competency assessment, etc.	GI International
Aug-20	HireVergence	Provides IT staffing and recruiting services	Job.com
Aug-20	Tradehelm	Provides staffing services to technology companies	The Acacia Group
Aug-20	Citation Limited	Provides health and safety, human resources and employment law and other support services to businesses	KKR & Co
Aug-20	Pioneer Global	Provides recruiting and staffing services for IT professionals and executives	Mission Mining Company (nka:Futuris Co.)
Aug-20	Navin Haffty & Associates	Provides consulting services for the Meditech market	Providence Services Group
Jul-20	PC Legal Tools	Provides hiring compliance solutions for large organizations	Mitrastech Holdings
Jul-20	Townsend & Associates	Provides cutting edge staffing solutions for large corporations	Software Specialists
Jul-20	Sonru Limited	Provides an automated online video tool used in recruitment, education, CRM and training applications	Modern Hire
Jul-20	America's Job Exchange	Provides recruitment advertising, diversity hiring, and OFCCP compliance solutions	Infosoft Group Holding
Jul-20	Americlerk	Provides recruitment and staffing services to corporate and legal departments	Lexitas
Jul-20	TruMensch	Provides and operates human capital solutions	Papaya Global
Jul-20	A Plus Health Care	Provides home care and medical staffing services	Addus HomeCare Corporation
Jul-20	Prosperity Funding	Provides funding and financial services to staffing-firms	eCapital Corp

Source: CapIQ, Mergermarket, company filings and Business Wire, as of 09/30/20

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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