

Business Services Update

April 2020

The Mufson Howe Hunter Business Services Update is designed to provide business leaders, investors and industry professionals with current market trends and important developments within the Business Services industry. This monthly report contains recent news, analysis, and M&A activity on selected companies and in-depth coverage of the primary sectors.

Last Twelve Months Performance (Daily from March 31, 2019 to March 31, 2020)
Price as Percent of Base (March 31, 2019 = 0%)

Human Resources Outsourcing Index:



Fixed Asset Management Index:



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Mufson Howe Hunter & Company LLC is a middle-market focused investment bank providing M&A, capital raising and financial advisory services.

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The Mufson Howe Hunter Human Resources Outsourcing Index is currently comprised of AMN Healthcare Services, Inc., Barrett Business Services, Inc., CBIZ, Inc., Computer Task Group, Inc., Corporate Executive Board Co., CRA International, Inc., Cross Country Healthcare, Inc., CT Partners, Exponent, Inc., Fair Isaac Corp., FTI Consulting, Inc., Heidrick & Struggles Intl. Inc., Hudson Global, Inc., Huron Consulting, Kelly Services, Inc., Kforce, Inc., Korn/Ferry International Inc., Manpower, Inc., On Assignment, Inc., RCM Technologies, Inc., Resources Connection, Inc., Robert Half International, Inc., Team Health Holdings, Inc., and TrueBlue, Inc.

The Mufson Howe Hunter Fixed Asset Management Index is currently comprised of ABM Industries Inc., Arcadis NV, BrightView Holdings, Inc., Brinks Co., Chemed Corp., Comfort Systems USA Inc., CoreCivic, Inc., Corrections Corporation of America, Ecology & Environment, Inc., EMCOR Group Inc., FirstService Corp., G4S plc, Healthcare Services Group Inc., Jacobs Engineering Group Inc., Prosegur Compania de Seguridad SA, Rentokil Initial plc, Rollins Inc., Securitas AB, SP Plus Corporation, Stantec Inc., Tetra Tech, Inc., and The GEO Group, Inc.

The companies that comprise each Index periodically change as a result of mergers, acquisitions, initial public offerings and other transactions; therefore, comparisons to historical time periods and historical performance for each Index do not entirely correspond and correlate to the Index's current performance. Historical performance is not a guarantee or prediction of future results.

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Human Resources Outsourcing

Temporary staffing, HR Outsourcing and Professional Consulting related services for a variety of end-user markets.

Comparative Index Performance

The Mufson Howe Hunter Human Resources Outsourcing Index ^(a) decreased by 18.5% in March of 2020.

Last Three Years

Daily from March 31, 2017 to March 31, 2020

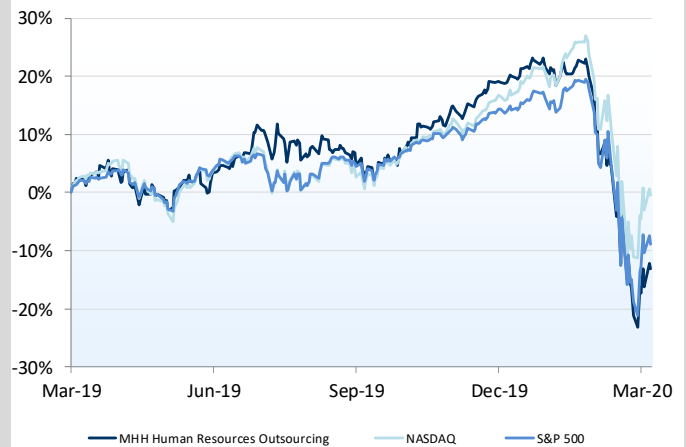
Price as Percent of Base (March 31, 2017 = 0%)



Last Twelve Months

Daily from March 31, 2019 to March 31, 2020

Price as Percent of Base (March 31, 2019 = 0%)



Price Appreciation

	3-Year	LTM	1-Month
Mufson Howe Hunter Human Resources Outsourcing Index ^(a)	13.9%	(13.2%)	(18.5%)
NASDAQ	30.3%	(0.4%)	(10.1%)
S&P 500	9.4%	(8.8%)	(12.5%)

(a) Market cap weighted index assuming no dividend reinvestment. Mufson Howe Hunter Human Resources Outsourcing Index is comprised of all companies listed on the following page.

Human Resources Outsourcing

Selected Valuation Metrics

(\$ in millions, except per share data)

Company	Market & Capitalization			LTM Performance ⁽³⁾			Valuation			Margins	
	Price ⁽¹⁾	Equity Value	Enterprise Value ⁽²⁾	Revenue	EBITDA ⁽⁴⁾	EPS	Enterprise Value/Revenue	EBITDA	Price/EPS	Gross Profit	EBITDA
Commercial Staffing											
ManpowerGroup Inc. (MAN)	\$52.99	\$3,109.4	\$3,388.8	\$20,437.7	\$726.9	\$6.92	0.17 x	4.7 x	7.7 x	16.1%	3.6%
Kelly Services, Inc. (KELY.A)	12.69	496.4	539.3	5,355.6	122.4	2.84	0.10 x	4.4 x	4.5 x	18.1%	2.3%
TrueBlue, Inc. (TBI)	12.76	443.5	486.2	2,368.8	105.3	1.61	0.21 x	4.6 x	7.9 x	26.4%	4.4%
Mean		\$1,349.8	\$1,471.4	\$9,387.4	\$318.2	\$3.79	0.16 x	4.6 x	6.7 x	20.2%	3.4%
Median		496.4	539.3	5,355.6	122.4	2.84	0.17 x	4.6 x	7.7 x	18.1%	3.6%
Professional Staffing											
Robert Half International Inc. (RHI)	\$37.75	\$4,263.9	\$4,267.2	\$6,074.4	\$686.0	\$3.90	0.70 x	6.2 x	9.7 x	41.7%	11.3%
Kforce Inc. (KFRC)	25.57	550.6	617.8	1,347.4	81.6	2.29	0.46 x	7.6 x	11.2 x	29.3%	6.1%
Resources Connection, Inc. (RGP)	10.97	352.6	410.5	706.9	53.4	1.05	0.58 x	7.7 x	10.4 x	39.1%	7.6%
Hudson Global, Inc. (HSON)	8.55	23.1	(7.7)	93.8	(1.1)	(0.27)	NM	7.1 x	NM	8.4%	(1.2%)
Mean		\$1,297.5	\$1,322.0	\$2,055.6	\$205.0	\$1.74	0.58 x	7.1 x	10.4 x	29.6%	5.9%
Median		451.6	514.1	1,027.2	67.5	1.67	0.58 x	7.3 x	10.4 x	34.2%	6.8%
Healthcare Staffing											
AMN Healthcare Services, Inc. (AMN)	\$57.81	\$2,708.7	\$3,348.0	\$2,222.1	\$242.6	\$2.40	1.51 x	13.8 x	24.1 x	33.5%	10.9%
Cross Country Healthcare, Inc. (CCRN)	6.74	248.4	343.2	822.2	20.0	(1.61)	0.42 x	17.1 x	NM	24.8%	2.4%
Mean		\$1,478.5	\$1,845.6	\$1,522.2	\$131.3	\$0.39	0.96 x	15.5 x	24.1 x	29.1%	6.7%
Median		1,478.5	1,845.6	1,522.2	131.3	0.39	0.96 x	15.5 x	24.1 x	29.1%	6.7%
IT Staffing											
ASGN Incorporated (ASGN)	\$35.32	\$1,852.3	\$2,890.9	\$3,923.9	\$406.4	\$3.28	0.74 x	7.1 x	10.8 x	28.8%	10.4%
Computer Task Group, Incorporated (CTG)	3.83	57.7	58.5	383.9	11.4	0.32	0.15 x	5.2 x	12.0 x	19.4%	3.0%
RCM Technologies, Inc. (RCMT)	1.25	16.4	55.9	191.1	8.2	0.31	0.29 x	6.9 x	4.0 x	25.4%	4.3%
Mean		\$642.1	\$1,001.8	\$1,499.6	\$142.0	\$1.30	0.39 x	6.4 x	8.9 x	24.5%	5.9%
Median		57.7	58.5	383.9	11.4	0.32	0.29 x	6.9 x	10.8 x	25.4%	4.3%
Executive Search											
Korn Ferry (KFY)	\$24.32	\$1,338.7	\$1,422.8	\$1,983.0	\$269.9	\$2.80	0.72 x	5.3 x	8.7 x	27.5%	13.6%
Heidrick & Struggles International, Inc. (HSII)	22.50	433.8	211.3	706.9	78.7	2.40	0.30 x	2.7 x	9.4 x	29.0%	11.1%
Mean		\$886.2	\$817.0	\$1,345.0	\$174.3	\$2.60	0.51 x	4.0 x	9.0 x	28.3%	12.4%
Median		886.2	817.0	1,345.0	174.3	2.60	0.51 x	4.0 x	9.0 x	28.3%	12.4%
Professional & Consulting											
Fair Isaac Corporation (FICO)	\$307.69	\$8,968.6	\$9,880.7	\$1,196.3	\$289.0	\$6.84	8.26 x	NM	NM	70.6%	24.2%
FTI Consulting, Inc. (FCN)	119.77	4,337.5	4,455.8	2,352.7	346.3	5.69	1.89 x	12.9 x	21.0 x	34.8%	14.7%
Exponent, Inc. (EXPO)	71.91	3,706.2	3,498.7	391.4	91.9	1.53	8.94 x	NM	NM	35.6%	23.5%
CBIZ, Inc. (CBZ)	20.92	1,126.4	1,391.8	948.4	102.9	1.27	1.47 x	13.5 x	16.5 x	13.2%	10.8%
Huron Consulting Group Inc. (HURN)	45.36	978.2	1,252.7	876.8	98.3	1.87	1.43 x	12.7 x	24.3 x	34.3%	11.2%
CRA International, Inc. (CRAI)	33.41	262.3	396.1	451.4	43.2	2.53	0.88 x	9.2 x	13.2 x	30.3%	9.6%
Mean		\$3,229.9	\$3,479.3	\$1,036.2	\$161.9	\$3.29	3.81 x	12.1 x	18.7 x	36.5%	15.7%
Median		2,416.3	2,445.2	912.6	100.6	2.20	1.68 x	12.8 x	18.8 x	34.6%	13.0%

NA = Not Available; NM = Not Meaningful; LTM = Latest Twelve Months
 ‡ = excluded from Mean and Median calculations
 Source: Public Filings, Press Releases and Published Research Reports.

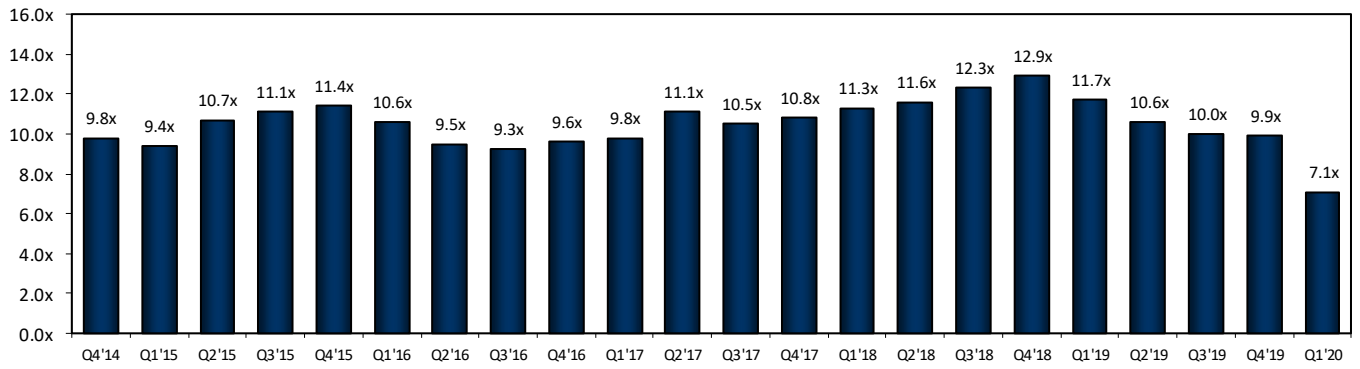
(1) As of close on March 31, 2020.

(2) Enterprise value is defined as equity value plus net debt, preferred stock and minority interests. Net Debt includes long term debt, short term debt, postretirement benefits and unfunded pensions, if applicable, less cash and cash equivalents.

(3) As of December 31, 2019 except MAN (March 31, 2020); CTG (March 27, 2020); RGP (February 22, 2020); KFY (January 31, 2020); EXPO (January 3, 2020); KELY.A and TBI (December 29, 2019) and CRAI and RCMT (December 28, 2019).

(4) Excludes non-recurring and discontinued operations.

Historical Enterprise Value-to-LTM EBITDA Multiples



Selected M&A Transactions

Announced	Target	Target Description	Acquirer	Value
Mar 12	LegalPartners, LLC	Provides temporary and permanent legal staffing services	Eureka Equity Partners, L.P.	ND
Mar 10	Capital TechSearch, Inc.	Provides information technology staffing and recruitment services	Alaant Worforce Solutions	ND
Mar 3	StarDust SAS	Provides functional and user acceptance testing services	Computer Task Group, Incorporated (NasdaqGS:CTG)	\$4.85

ND – Not disclosed. Transaction values in millions.

Selected News

Barrett Business Services, Inc. (NasdaqGS:BBSI) announced the appointment of **Gary Kramer** to the role of **Chief Executive Officer**, as well as the appointment of **Anthony Harris** to the role of **Chief Financial Officer**.

CRA International, Inc. (NasdaqGS:CRAI) announced the appointment **Daniel K. Mahoney** to the role of **Chief Financial Officer**, as well as the appointment of **Christine Detrick** and **Richard D. Booth** to its **Board of Directors**.

Cross Country Healthcare, Inc. (NasdaqGS:CCRN) reported net income of (\$57.7) million for fiscal year 2019 as compared to (\$17.0) million for the prior year. Earnings per share were (\$1.61) versus (\$0.48) for the prior year. Revenues for the year increased to \$822.2 million from \$816.5 million for fiscal year 2018.

Fair Isaac Corporation (NYSE:FICO) announced the appointment of **Fabiola R. Arredondo** to its **Board of Directors**.

Hudson Global, Inc. (NasdaqGS:HSO) reported net income of (\$1.0) million for fiscal year 2019 as compared to \$7.9 million for the prior year. Earnings per share were (\$0.31) versus \$2.39 for the prior year. Revenues for the year increased to \$93.8 million from \$66.9 million for fiscal year 2018.

Korn Ferry (NYSE:KFY) reported third quarter net income of \$20.0 million for fiscal year 2020 as compared to \$45.0 million for the prior year period. Earnings per share were \$0.36 versus \$0.80 for the prior year period. Revenues for the quarter increased to \$515.3 million from \$474.5 million for the same period in fiscal year 2019.

Paychex, Inc. (NasdaqGS:PAYX) reported third quarter net income of \$354.5 million for fiscal year 2020 as compared to \$324.6 million for the prior year period. Earnings per share were \$0.98 versus \$0.90 for the prior year period. Revenues for the quarter increased to \$1,142.7 million from \$1,070.4 million for the same period in fiscal year 2019.

RCM Technologies, Inc. (NasdaqGM:RCMT) reported net income of \$4.1 million for fiscal year 2019 as compared to \$2.7 million for the prior year. Earnings per share were \$0.31 versus \$0.22 for the prior year. Revenues for the year decreased to \$191.1 million from \$200.4 million for fiscal year 2018.

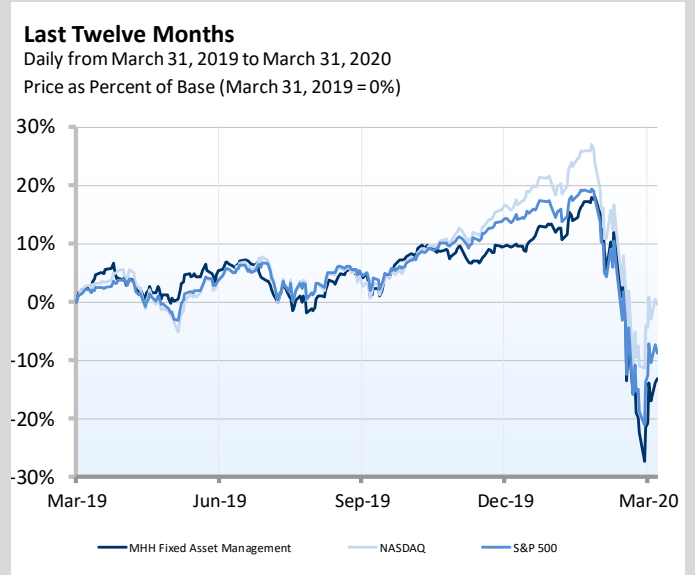
Note: All per share results are reported on a fully-diluted basis.

Fixed Asset Management

Outsourced facility management services including: environmental services, facility maintenance, food service contracting, manned security services, uniform/linen rental, and waste management services.

Comparative Index Performance

The Mufson Howe Hunter Fixed Asset Management Index ^(a) decreased by 17.8% in March of 2020.



Price Appreciation

	3-Year	LTM	1-Month
Mufson Howe Hunter Fixed Asset Management Index ^(a)	1.5%	(13.1%)	(17.8%)
NASDAQ	30.3%	(0.4%)	(10.1%)
S&P 500	9.4%	(8.8%)	(12.5%)

(a) Market cap weighted index assuming no dividend reinvestment. Mufson Howe Hunter Fixed Asset Management Index is comprised of all companies listed on the following page.

Selected Valuation Metrics

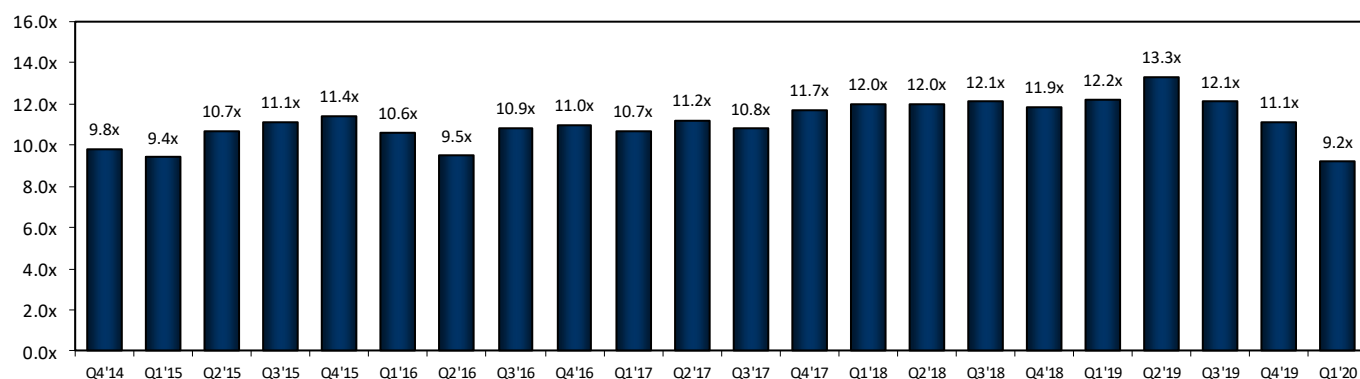
(\$ in millions, except per share data)

Company	Market & Capitalization			LTM Performance ⁽³⁾			Valuation			Margins	
	Price ⁽¹⁾	Equity Value	Enterprise Value ⁽²⁾	Revenue	EBITDA ⁽⁴⁾	EPS	Enterprise Value/Revenue	Price/EBITDA	Price/EPS	Gross Profit	EBITDA
Facility Maintenance											
Rollins, Inc. (ROL)	\$36.14	\$11,845.9	\$12,244.8	\$2,015.5	\$398.5	\$0.62	6.08 x	30.7 x	58.3 x	50.7%	19.8%
Rentokil Initial plc (LSE:RTO)	4.83	8,915.8	10,306.2	3,595.0	657.0	0.20	2.87 x	15.7 x	23.9 x	79.1%	18.3%
Chemed Corporation (CHE)	433.20	6,875.3	7,085.1	1,938.6	311.8	13.31	3.65 x	22.7 x	32.5 x	31.8%	16.1%
FirstService Corporation (TSX:FSV)	76.56	3,186.1	4,148.1	2,407.4	227.1	(6.58)	1.72 x	18.3 x	NM	32.1%	9.4%
EMCOR Group, Inc. (EME)	61.32	3,449.8	3,662.0	9,174.6	556.1	5.75	0.40 x	6.6 x	10.7 x	14.8%	6.1%
ABM Industries Incorporated (ABM)	24.36	1,623.1	2,618.7	6,503.6	342.3	2.12	0.40 x	7.7 x	11.5 x	11.8%	5.3%
BrightView Holdings, Inc. (BV)	11.06	1,158.6	2,382.5	2,449.3	271.0	0.39	0.97 x	8.8 x	28.2 x	26.5%	11.1%
Healthcare Services Group, Inc. (HCSG)	23.91	1,779.0	1,636.2	1,813.8	117.2	1.02	0.90 x	14.0 x	23.5 x	13.3%	6.5%
Comfort Systems USA, Inc. (FIX)	36.55	1,334.8	1,596.8	2,615.3	211.9	3.08	0.61 x	7.5 x	11.9 x	19.2%	8.1%
SP Plus Corporation (SP)	20.75	477.2	1,265.4	934.9	120.3	2.20	1.35 x	10.5 x	9.4 x	24.4%	12.9%
Mean		\$4,064.6	\$4,694.6	\$3,344.8	\$321.3	\$2.21	1.90x	14.2x	23.3x	30.4%	11.3%
Median		2,482.6	3,140.3	2,428.4	291.4	1.57	1.16x	12.2x	23.5x	25.5%	10.2%
Manned Security Services											
Securitas AB (OM: SECU B)	\$10.82	\$3,947.1	\$5,889.1	\$11,871.2	\$766.3	\$0.98	0.50 x	7.7 x	11.0 x	17.4%	6.5%
G4S plc (LSE:GFS)	1.15	1,777.3	4,673.8	10,274.8	878.1	(0.08)	0.45 x	5.3 x	NM	17.3%	8.5%
The GEO Group, Inc. (GEO)	12.16	1,477.6	4,314.5	2,477.9	431.2	1.40	1.74 x	10.0 x	8.7 x	24.9%	17.4%
The Brink's Company (BCO)	52.05	2,625.2	4,257.7	3,683.2	393.8	0.55	1.16 x	10.8 x	94.6 x	23.1%	10.7%
CoreCivic, Inc. (CXW)	11.17	1,336.3	3,297.9	1,980.7	437.6	1.59	1.67 x	7.5 x	7.0 x	28.2%	22.1%
Prosegur Compañía de Seguridad, S.A. (BME:PSG)	2.51	1,429.6	2,524.8	4,711.3	550.9	0.22	0.54 x	4.6 x	11.7 x	24.5%	11.7%
Mean		\$2,098.9	\$4,159.6	\$5,833.2	\$576.3	\$0.8	1.01x	7.7x	26.6x	22.6%	12.8%
Median		1,627.5	4,286.1	4,197.2	494.3	0.8	0.85x	7.6x	11.0x	23.8%	11.2%
Environmental Services											
Jacobs Engineering Group Inc. (J)	\$79.27	\$10,546.9	\$12,025.1	\$13,014.1	\$977.1	\$2.96	0.92 x	12.3 x	26.8 x	19.7%	7.5%
Tetra Tech, Inc. (TTEK)	70.62	3,861.8	4,338.4	2,450.3	242.3	2.94	1.77 x	17.9 x	24.0 x	17.1%	9.9%
Stantec Inc. (TSX:STN)	25.40	2,821.8	3,851.7	2,861.4	339.5	1.34	1.35 x	11.3 x	18.9 x	54.1%	11.9%
Arcadis NV (ARCAD)	15.93	1,411.4	2,095.0	3,897.8	253.1	0.16	0.54 x	8.3 x	NM	16.7%	6.5%
EEL Corporation (EEL)	0.10	103.9	264.9	464.9	44.6	0.02	0.57 x	5.9 x	4.6 x	12.3%	9.6%
Mean		\$3,749.1	\$4,515.0	\$4,537.7	\$371.3	\$1.48	1.03 x	11.2 x	18.6 x	24.0%	9.1%
Median		2,821.8	3,851.7	2,861.4	253.1	1.34	0.92 x	11.3 x	21.5 x	17.1%	9.6%

NA = Not Available; NM = Not Meaningful; LTM = Latest Twelve Months
 ‡ = excluded from Mean and Median calculations
 Source: Public Filings, Press Releases and Published Research Reports.

- (1) As of close March 31, 2020.
- (2) Enterprise value is defined as equity value plus net debt, preferred stock and minority interests. Net Debt includes long term debt, short term debt, postretirement benefits and unfunded pensions, if applicable, less cash and cash equivalents.
- (3) As of December 31, 2019 except HCSG and TSX:FSV (March 31, 2020); ABM (January 31, 2020); TTEK (December 29, 2019) and J (December 27, 2019).
- (4) Excludes non-recurring and discontinued operations.

Historical Enterprise Value-to-LTM EBITDA Multiples



Selected M&A Transactions

Announced	Target	Target Description	Acquirer	Value
Mar 18	Viridor Limited	Provides waste collections management, recycling, treatment and transfer services	KKR & Co. Inc. (NYSE:KKR)	\$5,174.8
Mar 16	Kyodo Civil Engineering Co., Ltd.	Provides industrial waste collection, transportation and treatment services	DAIEI KANKYO Co., Ltd.	ND
Mar 13	Delete Special Demolition AB	Provides demolition services	Demox AB	ND
Mar 11	Access Exterminator Service Inc.	Provides pest control services	Rentokil Initial plc (LSE:RTO)	ND
Mar 11	NT Killingley Ltd	Provides engineering, remediation, landscaping and grounds maintenance services	RD Capital Partners LLP	ND
Mar 11	PHM Holding Oy	Provides property maintenance services	Norvestor Equity AS	ND
Mar 11	Tapia Seguridad, S.L.	Installs and services CCTV systems, security systems and access controls	Prosegur Compañía de Seguridad, S.A. (BME:PSG)	ND
Mar 9	Maser Consulting P.A.	Provides civil / site engineering and consulting services	Colliers International Group Inc. (TSX:CIGI)	ND
Mar 9	TAS Energy Inc.	Designs, manufactures, installs and services thermodynamic solutions	Comfort Systems USA, Inc. (NYSE:FIX)	\$120.0

ND – Not disclosed. Transaction values in millions.

Selected News

ABM Industries Incorporated (NYSE:ABM) reported first quarter net income of \$28.0 million for fiscal year 2020 as compared to \$13.0 million for the prior year period. Earnings per share were \$0.41 versus \$0.20 for the prior year period. Revenues for the quarter increased to \$1,612.9 million from \$1,607.9 million for the same period in fiscal year 2019.

Cintas Corporation (NasdaqGS:CTAS) reported third quarter net income of \$234.5 million for fiscal year 2020 as compared to \$203.3 million for the prior year period. Earnings per share were \$2.16 versus \$1.85 for the prior year period. Revenues for the quarter increased to \$1,810.6 million from \$1,682.3 million for the same period in fiscal year 2019.

G4S plc (LSE:GFS) reported net income of (\$120.5) million for fiscal year 2019 as compared to \$104.5 million for the prior year. Earnings per share were (\$0.08) versus \$0.07 for the prior year. Revenues for the year increased to \$10,274.8 million from \$9,574.2 million for fiscal year 2018.

Heritage-Crystal Clean, Inc (NasdaqGS:HCCI) reported net income of \$8.4 million for fiscal year 2019 as compared to \$14.7 million for the prior year. Earnings per share were \$0.36 versus \$0.63 for the prior year. Revenues for the year increased to \$444.4 million from \$410.2 million for fiscal year 2018.

Note: All per share results are reported on a fully-diluted basis.

Mufson Howe Hunter is an independent investment bank for middle-market companies. We focus on selling businesses, buy-outs, acquisitions and raising capital. Unique to the middle market, our senior bankers have extensive corporate finance experience and deep knowledge of the capital markets.

Mergers & Acquisitions

- Advise buyers and sellers (public and private companies)
- Sale of businesses, strategic acquisitions, management buy-outs and industry build-ups

Raise Capital

- Equity (control and non-control)
- Mezzanine financing
- Senior and junior debt
- Typically raise capital from banks, finance companies, private investment funds and private equity groups

Financial Advisory Services

- Analysis of business strategies and options
- Fairness opinions
- Valuations

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