

Business Services Update

December 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 November 30, 2019 to November 30, 2020)**

Price as Percent of Base (November 30, 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.

Securities offered through Mufson Howe Hunter & Partners LLC

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TABLE OF CONTENTS

Section 1 Human Resources Outsourcing 2

Section 2 Fixed Asset Management 5

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

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| **Comparative Index Performance**  The Mufson Howe Hunter Human Resources Outsourcing Index (a) increased by 17.1% in November of 2020. |
| |  |  |  |  | | --- | --- | --- | --- | |  | |  |  | | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Price Appreciation** |  | **3-Year** |  | **LTM** |  | **1-Month** | | Mufson Howe Hunter Human Resources Outsourcing Index (a) |  | 34.4% |  | 8.1% |  | 17.1% | | NASDAQ |  | 77.5% |  | 40.8% |  | 11.3% | | S&P 500 |  | 36.8% |  | 15.3% |  | 9.4% | |  |  |  |  |  |  |  | | (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. | | | | | | | | | | | |

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| **Selected Valuation Metrics** |
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| **Historical Enterprise Value-to-LTM EBITDA Multiples** |
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| **Selected M&A Transactions** |
| |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Announced** | **Target** | **Target Description** | **Acquirer** | | **Value** | | Nov 23 | Greenwood/Asher & Associates, Inc. | Operates as a woman owned executive search, consulting, and training firm | Kelly Educational Staffing Inc. | ND | | | ND – Not disclosed. Transaction values in millions. | | | | | | |

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| **Selected News** |
| |  | | --- | | **AMN Healthcare Services, Inc. (NYSE:AMN)** reported third quarter net income of $26.1 million for fiscal year 2020 as compared to $23.5 million for the prior year period. Earnings per share were $0.55 versus $0.49 for the prior year period. Revenues for the quarter decreased to $551.6 million from $567.6 million for the same period in fiscal year 2019.  **Cross Country Healthcare, Inc. (NasdaqGS:CCRN)** reported third quarter net income of ($1.3) million for fiscal year 2020 as compared to ($3.1) million for the prior year period. Earnings per share were ($0.04) versus ($0.09) for the prior year period. Revenues for the quarter decreased to $194.0 million from $209.2 million for the same period in fiscal year 2019.  **Barrett Business Services, Inc. (NasdaqGS:BBSI)** reported third quarter net income of $18.5 million for fiscal year 2020 as compared to $25.0 million for the prior year period. Earnings per share were $2.40 versus $3.24 for the prior year period. Revenues for the quarter decreased to $227.5 million from $248.0 million for the same period in fiscal year 2019.  **Hudson Global, Inc. (NasdaqGS:HSON)** reported third quarter net income of ($1.2) million for fiscal year 2020 as compared to $0.4 million for the prior year period. Earnings per share were ($0.40) versus $0.12 for the prior year period. Revenues for the quarter decreased to $25.4 million from $25.8 million for the same period in fiscal year 2019.  **Fair Isaac Corporation (NYSE:FICO)** reported net income of $236.4 million for fiscal year 2020 as compared to $192.1 million for the prior year. Earnings per share were $7.90 versus $6.34 for the prior year. Revenues for the year increased to $1,294.6 million from $1,160.1 million for fiscal year 2019.  **Korn Ferry (NYSE:KFY)** reported second quarter net income of $27.8 million for fiscal year 2021 as compared to $42.8 million for the prior year period. Earnings per share were $0.51 versus $0.77 for the prior year period. Revenues for the quarter decreased to $435.4 million from $492.4 million for the same period in fiscal year 2020.  **Huron Consulting Group Inc. (NasdaqGS:HURN)** reported third quarter net income of $11.1 million for fiscal year 2020 as compared to $13.7 million for the prior year period. Earnings per share were $0.50 versus $0.61 for the prior year period. Revenues for the quarter decreased to $205.3 million from $219.3 million for the same period in fiscal year 2019.  **Insperity, Inc. (NYSE:NSP)** reported third quarter net income of $20.0 million for fiscal year 2020 as compared to $25.9 million for the prior year period. Earnings per share were $0.51 versus $0.63 for the prior year period. Revenues for the quarter decreased to $1,007.8 million from $1,043.4 million for the same period in fiscal year 2019.  **Kelly Services, Inc. (NasdaqGS:KELY.A)** reported third quarter net income of $16.7 million for fiscal year 2020 as compared to ($10.5) million for the prior year period. Earnings per share were $0.42 versus ($0.27) for the prior year period. Revenues for the quarter decreased to $1,038.2 million from $1,267.7 million for the same period in fiscal year 2019.  **Kforce Inc. (NasdaqGS:KFRC)** reported third quarter net income of $18.8 million for fiscal year 2020 as compared to $14.9 million for the prior year period. Earnings per share were $0.89 versus $0.64 for the prior year period. Revenues for the quarter increased to $365.4 million from $345.6 million for the same period in fiscal year 2019.  **RCM Technologies, Inc. (NasdaqGM:RCMT)** reported third quarter net income of ($0.2) million for fiscal year 2020 as compared to $0.3 million for the prior year period. Earnings per share were ($0.02) versus $0.03 for the prior year period. Revenues for the quarter decreased to $31.6 million from $40.3 million for the same period in fiscal year 2019. | | *Note: All**per share results are**reported on a fully-diluted basis.* | |

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

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| **Comparative Index Performance**  The Mufson Howe Hunter Fixed Asset Management Index (a) increased by 7.3% in November of 2020. |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | |  | |  |  | | | |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | | **Price Appreciation** |  | **3-Year** |  | **LTM** |  | **1-Month** | | Mufson Howe Hunter Fixed Asset Management Index (a) |  | 20.4% |  | 13.1% |  | 7.3% | | NASDAQ |  | 77.5% |  | 40.8% |  | 11.3% | | S&P 500 |  | 36.8% |  | 15.3% |  | 9.4% | |  |  |  |  |  |  |  | | (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. | | | | | | | | | | |

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| **Selected Valuation Metrics** |
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| **Historical Enterprise Value-to-LTM EBITDA Multiples** |
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| **Selected M&A Transactions** |
| |  |  |  |  |  | | --- | --- | --- | --- | --- | | **Announced** | **Target** | **Target Description** | **Acquirer** | **Value** | | Nov 30 | PA Consulting Group Limited | Provides consulting services, technology solutions, and innovation solutions | Jacobs Consulting Solutions Limited | $2,394.78 | | Nov 24 | The Buffalo Group, LLC | Provides engineering services for HVDC and EHVAC power transmission systems | Jacobs Engineering Group Inc. (NYSE:J) | ND | | ND – Not disclosed. Transaction values in millions. | | | | | |

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| **Selected News** |
| |  | | --- | | **Aramark (NYSE:ARMK)** reported net income of ($461.5) million for fiscal year 2020 as compared to $448.5 million for the prior year. Earnings per share were ($1.83) versus $1.78 for the prior year. Revenues for the year decreased to $12,829.6 million from $16,227.3 million for fiscal year 2019.  **Clean Harbors, Inc. (NYSE:CLH)** reported third quarter net income of $54.9 million for fiscal year 2020 as compared to $36.4 million for the prior year period. Earnings per share were $0.99 versus $0.65 for the prior year period. Revenues for the quarter decreased to $779.3 million from $891.7 million for the same period in fiscal year 2019.  **CoreCivic, Inc. (NYSE:CXW)** reported third quarter net income of $26.7 million for fiscal year 2020 as compared to $49.0 million for the prior year period. Earnings per share were $0.22 versus $0.41 for the prior year period. Revenues for the quarter decreased to $468.3 million from $508.5 million for the same period in fiscal year 2019.  **Compass Group PLC (LSE:CPG)** reported net income of $172.0 million for fiscal year 2020 as compared to $1,396.0 million for the prior year. Earnings per share were $0.10 versus $0.88 for the prior year. Revenues for the year decreased to $25,785.6 million from $30,598.7 million for fiscal year 2019.  **Prosegur Compañía de Seguridad, S.A. (BME:PSG)** reported third quarter net income of $25.2 million for fiscal year 2020 as compared to $37.8 million for the prior year period. Earnings per share were $0.04 versus $0.03 for the prior year period. Revenues for the quarter decreased to $1,036.2 million from $1,136.8 million for the same period in fiscal year 2019.  **Jacobs Engineering Group Inc. (NYSE:J)** reported net income of $491.8 million for fiscal year 2020 as compared to $848.0 million for the prior year. Earnings per share were $3.71 versus $6.09 for the prior year. Revenues for the year increased to $13,567.0 million from $12,737.9 million for fiscal year 2019.  **Securitas AB (OM:SECU B)** reported third quarter net income of $84.6 million for fiscal year 2020 as compared to $95.2 million for the prior year period. Earnings per share were $0.23 versus $0.26 for the prior year period. Revenues for the quarter increased to $2,958.6 million from $2,871.2 million for the same period in fiscal year 2019.  **Republic Services, Inc. (NYSE:RSG)** reported third quarter net income of $260.0 million for fiscal year 2020 as compared to $298.3 million for the prior year period. Earnings per share were $0.81 versus $0.93 for the prior year period. Revenues for the quarter decreased to $2,572.1 million from $2,646.9 million for the same period in fiscal year 2019.  **SP Plus Corporation (NasdaqGS:SP)** reported third quarter net income of ($88.1) million for fiscal year 2020 as compared to $14.2 million for the prior year period. Earnings per share were ($4.19) versus $0.64 for the prior year period. Revenues for the quarter decreased to $118.2 million from $237.2 million for the same period in fiscal year 2019.  **Stericycle, Inc. (NasdaqGS:SRCL)** reported third quarter net income of ($81.2) million for fiscal year 2020 as compared to ($59.2) million for the prior year period. Earnings per share were ($0.89) versus ($0.65) for the prior year period. Revenues for the quarter decreased to $636.4 million from $833.1 million for the same period in fiscal year 2019.  **Waste Management, Inc. (NYSE:WM)** reported third quarter net income of $390.0 million for fiscal year 2020 as compared to $495.0 million for the prior year period. Earnings per share were $0.92 versus $1.16 for the prior year period. Revenues for the quarter decreased to $3,861.0 million from $3,967.0 million for the same period in fiscal year 2019. | | *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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