

# Maximizing Transaction Value

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# Valuation Methodologies

Most common valuation methods used by strategic and financial acquirers

## DISCOUNTED CASH FLOW ("DCF") ANALYSIS

- Present value of future cash flows
- Intrinsic value of a business, includes a control premium

## LEVERAGED BUYOUT ("LBO") ANALYSIS

- Financial investor perspective
- Maximum leverage available
- 3-7-year horizon to then monetize the investment

## PUBLIC COMPARABLES VALUATION ANALYSIS

- Trading multiples of comparable public companies
- Based on current stock price and most recent financial performance

## PRECEDENT TRANSACTION ANALYSIS

- Multiples paid for comparable companies in recent acquisitions

## CONSIDERATIONS

- Discount rate determination
- Terminal value assumptions
- Forecasted financials are based on management projections

## CONSIDERATIONS

- Capital structure assumptions
- Current lending market conditions
- Financial projections are based on management projections

## CONSIDERATIONS

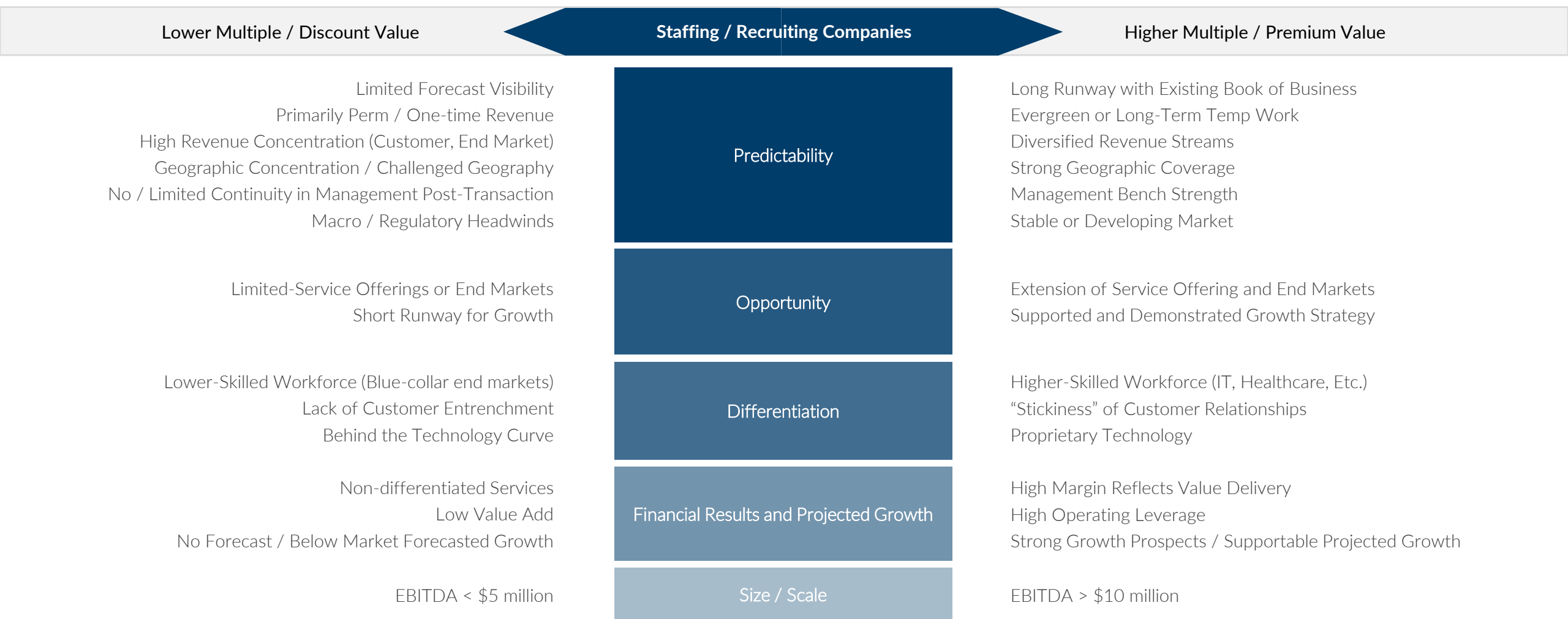
- Market environment
- Liquidity premium/discount
- Economies of scale
- Quality of comparison

## CONSIDERATIONS

- Quality of comparison
- Availability of data
- Impact on data from specific deal structures which are unknown to the public (synergies, etc.)

# Staffing Services Value Continuum

Value is optimized based on select characteristics of staffing service providers as well as select operating & financial metrics of each unit



# Decreasing Middle Market Debt Coverage

Macroeconomic factors combined with the recent banking collapse have significantly impacted private market liquidity conditions, driving more conservative market metrics

## Debt Market Overview

### Cash Flow Senior Debt / EBITDA

	< \$5.0M EBITDA	> \$10M EBITDA	> \$20M EBITDA
April 2023	1.50x – 2.00x	2.00x – 3.00x	2.50x – 4.50x
March 2023	1.50x – 2.50x	2.50x – 3.00x	3.00x – 4.00x
April 2022	1.75x – 2.75x	2.75x – 3.50x	3.50x – 5.50x

### Total Debt / EBITDA

	< \$5.0M EBITDA	> \$10M EBITDA	> \$20M EBITDA
April 2023	2.50x – 3.50x	3.50x – 4.50x	4.00x – 5.00x
March 2023	3.00x – 4.00x	3.50x – 5.00x	4.00x – 5.50x
April 2022	3.00x – 4.50x	4.00x – 5.50x	5.00x – 7.00x

### Senior Cash Flow Pricing

	Bank	Non-Bank <\$7.5M EBITDA	Non-Bank > \$20M EBITDA
April 2023	S+ 3.75% - 5.00%	S+ 6.50% - 8.50%	S+ 6.50% - 8.00%
March 2023	S+ 3.75% - 5.00%	S+ 6.50% - 8.00%	S+ 6.00% - 7.50%
April 2022	S+ 2.50% - 4.50%	S+ 5.50% - 8.00%	S+ 5.50% - 6.00%

### Unitranche and Second Lien Pricing

	< \$5.0M EBITDA	> \$10M EBITDA	> \$20M EBITDA
April 2023	S+ 8.50% - 11.00%	S+ 7.00% - 8.50%	S+ 6.50% - 8.00%
March 2023	S+ 8.50% - 11.00%	S+ 6.50% - 8.00%	S+ 6.00% - 8.00%
April 2022	S+ 7.50% - 10.50%	S+ 6.50% - 8.50%	S+ 5.50% - 7.50%

### Sub Debt Pricing (Total Coupon: Cash + RPK)

	< \$5.0M EBITDA	> \$10M EBITDA	> \$20M EBITDA
April 2023	13.00% - 16.00%	12.50% - 14.00%	11.00% - 14.00%
March 2023	13.00% - 15.00%	12.00% - 14.00%	11.00% - 13.00%
April 2022	11.50% - 14.00%	10.00% - 12.00%	8.50% - 11.00%

# Comparable Public Staffing Companies

- Median public equity EV/EBITDA multiples in the Q1 2023 HCM Index remained mostly stagnant in comparison with the prior quarter, emphasizing the continued demand for high performing staffing firms despite a decrease in M&A activity
- Public comparable company data presented as of March 31<sup>st</sup>, 2023

## Trading Comparable Output

Company Name	Headquarters Location	Market Cap.	Enterprise Value	TTM Revenue	TTM Gross Margin	TTM EBITDA Margin	Net Debt/ EBITDA	EV/ Revenue	EV/EBITDA <sup>(1)</sup>	
									Q1 '23	Q4 '22
<b>Professional &amp; Specialty Staffing</b>										
Recruit Holdings Co., Ltd.	Japan	\$43,416	\$ 39,317	\$ 25,491	58.2%	14.7%	(1.1x)	1.6x	10.5x	11.8x
Robert Half International Inc.	United States	8,536	8,115	7,238	42.7%	14.1%	(0.4x)	1.1x	7.3x	6.6x
AMN Healthcare Services, Inc.	United States	3,407	4,203	5,243	32.7%	14.9%	1.0x	0.8x	5.2x	6.0x
ASGN Incorporated	United States	4,076	5,127	4,581	29.9%	10.9%	2.1x	1.1x	9.5x	9.3x
Korn Ferry	United States	2,712	2,461	2,826	26.5%	16.7%	(0.5x)	0.9x	4.6x	4.3x
Hays plc	United Kingdom	2,199	2,309	8,870	6.9%	3.1%	0.4x	0.3x	6.8x	6.3x
PageGroup plc	United Kingdom	1,796	1,769	2,398	54.1%	10.4%	(0.1x)	0.7x	5.6x	5.3x
Kforce Inc.	United States	1,228	1,274	1,711	29.3%	7.0%	0.4x	0.7x	10.2x	8.7x
Cross Country Healthcare, Inc.	United States	822	976	2,807	22.4%	10.5%	0.5x	0.3x	3.2x	3.4x
Resources Connection, Inc.	United States	574	525	808	40.5%	11.8%	(0.9x)	0.6x	4.8x	5.6x
Heidrick & Struggles International, Inc.	United States	603	64	1,073	24.7%	11.4%	(4.4x)	0.1x	0.4x	1.2x
Impellam Group plc	United Kingdom	350	326	2,359	10.5%	1.7%	(0.6x)	0.1x	6.7x	6.9x
<b>Median</b>						<b>29.6%</b>	<b>(0.3x)</b>	<b>0.7x</b>	<b>6.1x</b>	<b>6.2x</b>
<b>Industrial &amp; Commercial Staffing</b>										
Randstad N.V.	Netherlands	\$10,836	\$ 12,114	\$ 29,462	20.9%	4.5%	0.7x	0.4x	7.9x	7.6x
Adecco Group AG	Switzerland	6,070	9,336	25,265	21.0%	3.7%	3.4x	0.4x	7.7x	8.2x
ManpowerGroup Inc.	United States	4,191	4,922	19,437	18.2%	3.7%	0.8x	0.2x	5.6x	5.3x
Synergie SE	France	865	677	3,116	4.7%	4.7%	(2.4x)	0.2x	4.0x	3.5x
Groupe CRIT SA	France	880	586	2,497	5.8%	6.6%	0.0x	0.2x	3.5x	3.1x
Barrett Business Services, Inc.	United States	610	471	1,054	22.3%	5.9%	(2.2x)	0.4x	6.6x	7.6x
SThree plc	United Kingdom	684	645	1,956	26.3%	5.1%	(0.4x)	0.3x	5.3x	5.5x
Kelly Services, Inc.	United States	616	533	4,965	20.4%	2.1%	(0.8x)	0.1x	4.0x	4.1x
TrueBlue, Inc.	United States	570	561	2,254	26.7%	4.4%	(0.1x)	0.2x	4.5x	4.5x
Brunel International N.V.	Netherlands	700	696	1,263	21.3%	5.5%	(0.3x)	0.5x	8.1x	7.0x
<b>Median</b>						<b>21.0%</b>	<b>(0.2x)</b>	<b>0.3x</b>	<b>5.4x</b>	<b>5.4x</b>
<b>Median</b>						<b>23.5%</b>	<b>(0.2x)</b>	<b>0.4x</b>	<b>5.6x</b>	<b>5.8x</b>
<b>Mean</b>						<b>25.7%</b>	<b>(0.2x)</b>	<b>0.5x</b>	<b>6.0x</b>	<b>6.0x</b>

# Precedent Transactions Analysis – Staffing & HCM Solutions

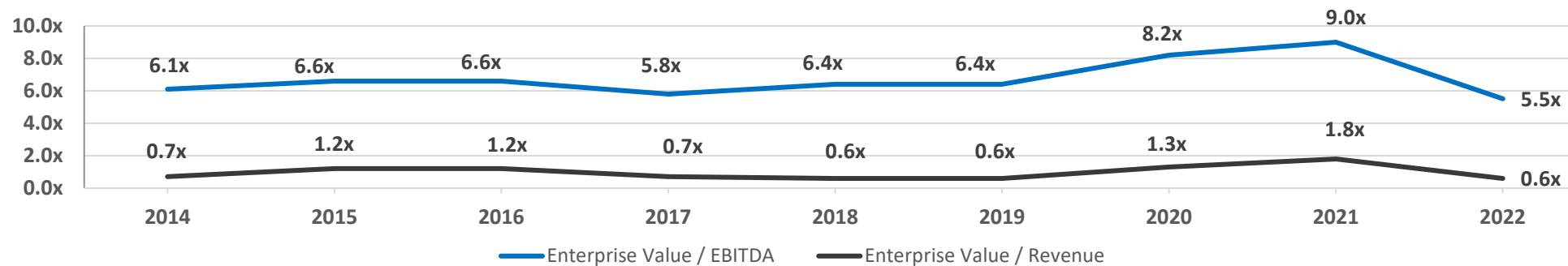
- The Precedent Transactions analysis considers Enterprise Value and EBITDA multiples for recently announced U.S. transactions in the commercial staffing & human capital management sectors

## Private Middle Market Comparable Output by Enterprise Value

\$ in Millions

Enterprise Value (TEV) Range	TEV	Revenue	TTM Rev Growth	EBITDA Margin	TEV/Rev	TEV / EBITDA	TEV / EBITDA STD DEV
10 - 25	15.5	30.1	9.1%	14.1%	0.8x	5.4x	1.4
25 - 50	32.6	46.3	16.5%	13.9%	0.8x	6.2x	1.6
50 - 100	64.1	94.3	18.7%	11.4%	0.9x	7.6x	1.5
100 - 250	132.8	267.8	11.1%	13.5%	1.4x	9.2x	4.8
Total	43.6	72.5	14.2%	13.4%	0.9x	6.5x	2.2

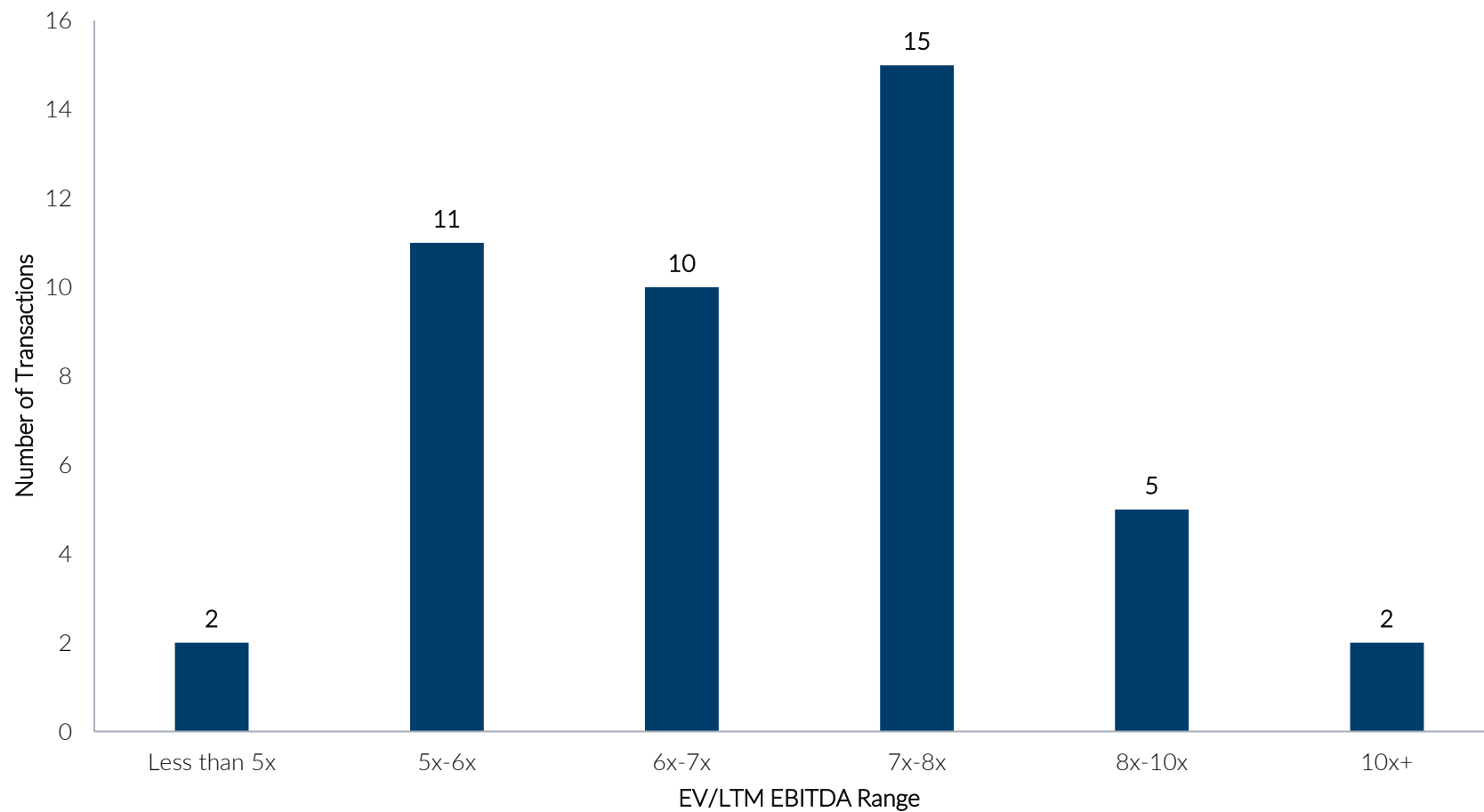
## Private Middle Market Multiple Trends<sup>(1)</sup>



# Staffing Transaction Multiples

Enterprise Value / LTM EBITDA multiples for our last 45 staffing transactions

## EV/LTM EBITDA Multiples for Recent Staffing Transactions



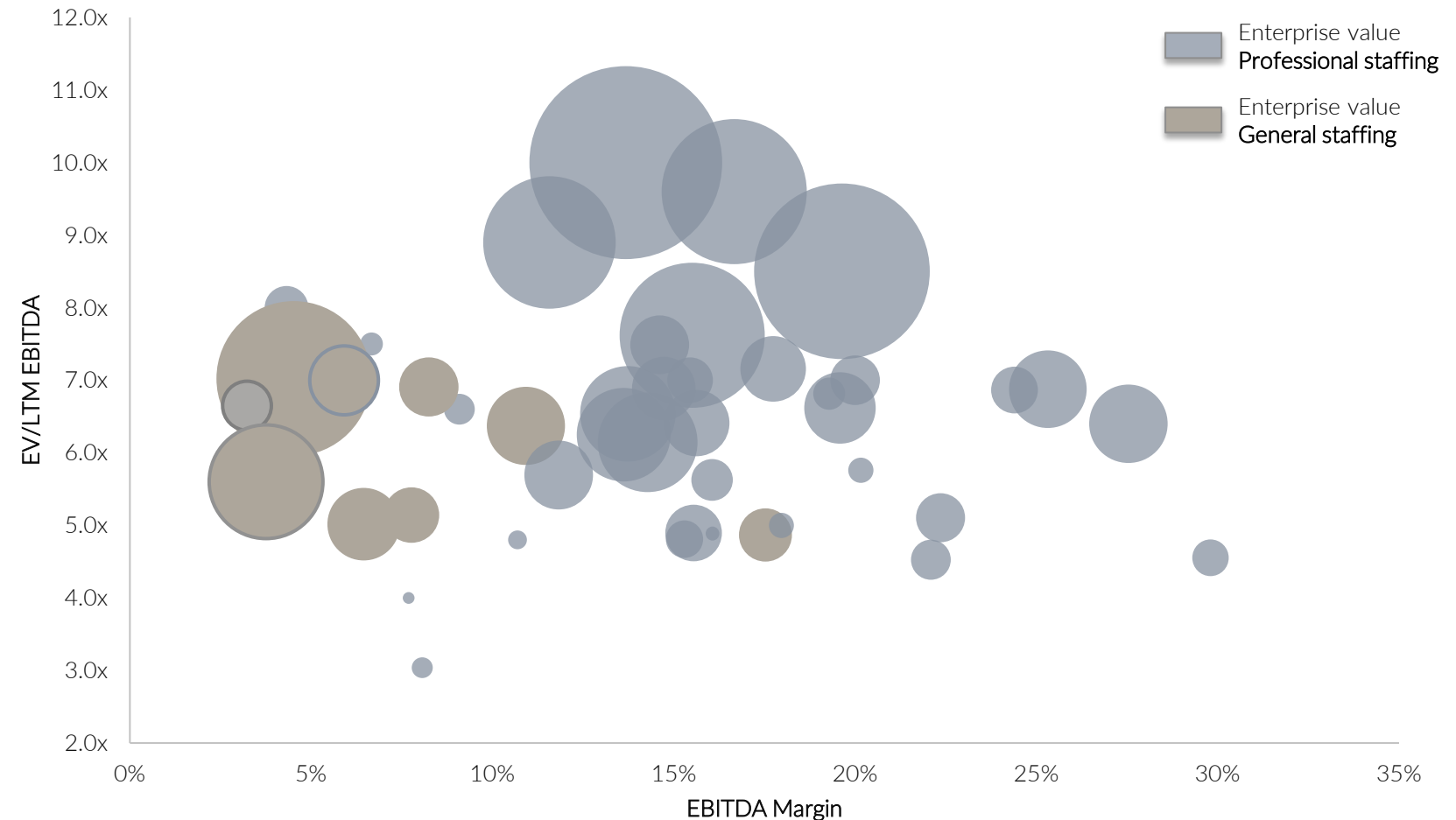
# Key Drivers of Premium Multiples

Leveraging data from our 45 most recent professional & general staffing transactions demonstrates the positive correlation between EBITDA margin, size, and the multiple paid

## Analysis Comments

- Analysis based on LTM EBITDA and EBITDA margin at closing, plus enterprise value for our proprietary set of 45 staffing industry transactions over the last 48 months
- Recorded enterprise values as shown by the size of each data point illustrate the positive correlation between EBITDA margin & size
- Transactions in the professional staffing sector represent 37 of the total transactions analyzed and show a positive correlation with premium EV/EBITDA multiples in comparison with the general staffing sector

## EV/LTM EBITDA Multiple based on LTM EBITDA Margin & Size







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