



SECTORWATCH:
Staffing
February 2018

7 MILE 
ADVISORS

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Staffing
February 2018

- Sector Dashboard
- Public Basket Performance
- Operational Metrics
- Valuation Comparison
- Recent Deals
- Appendix

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OVERVIEW



Dashboard

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages



Public Basket Performance

summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

a more graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

the most recently announced sector deals

About Us

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.

We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.

DASHBOARD

Revenue Growth Momentum

↑ 1.2%

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

Pricing / Gross Margin Momentum

↓ -0.6%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

Profitability Momentum

↓ 0.0%

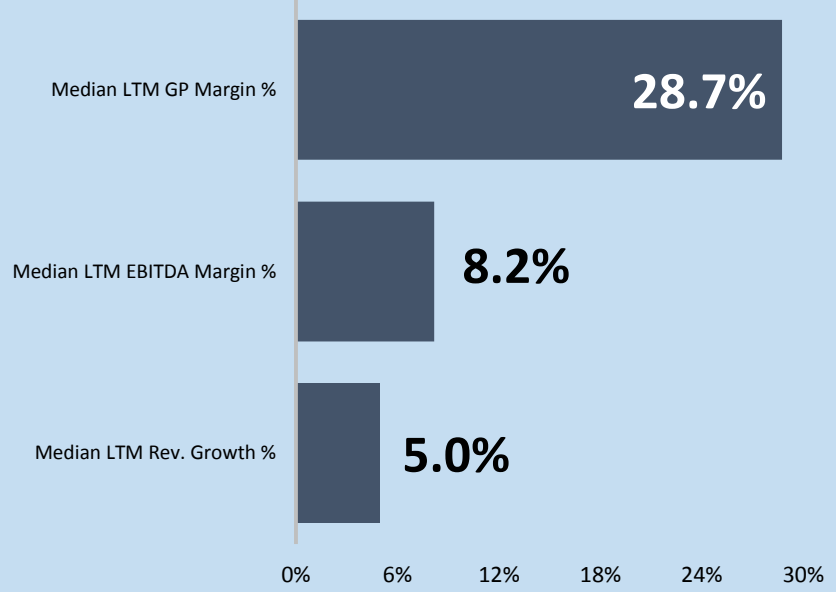
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin is less than the average of the last 3 years EBITDA margins, which may signal further consolidation

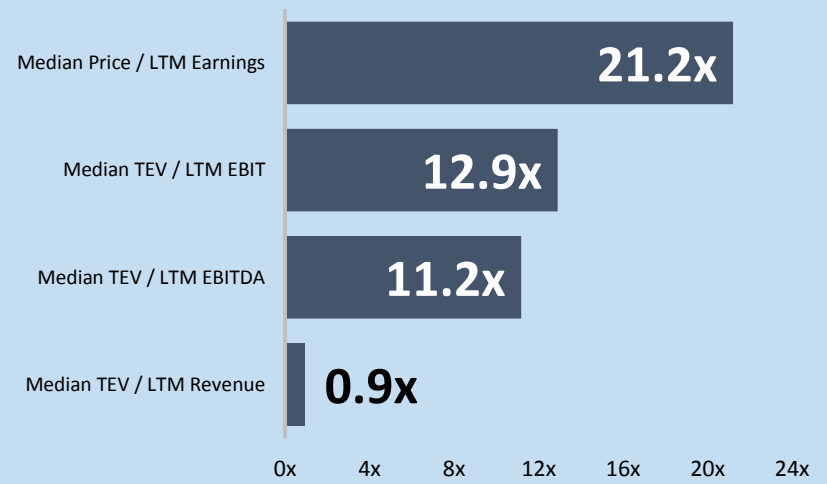
PUBLIC BASKET CONSTITUENTS

- NasdaqGS:KFRC NYSE:ASGN
- NasdaqGS:KELY.A NYSE:RHI
- NYSE:KFY NYSE:MAN

Operating Metrics



Valuation

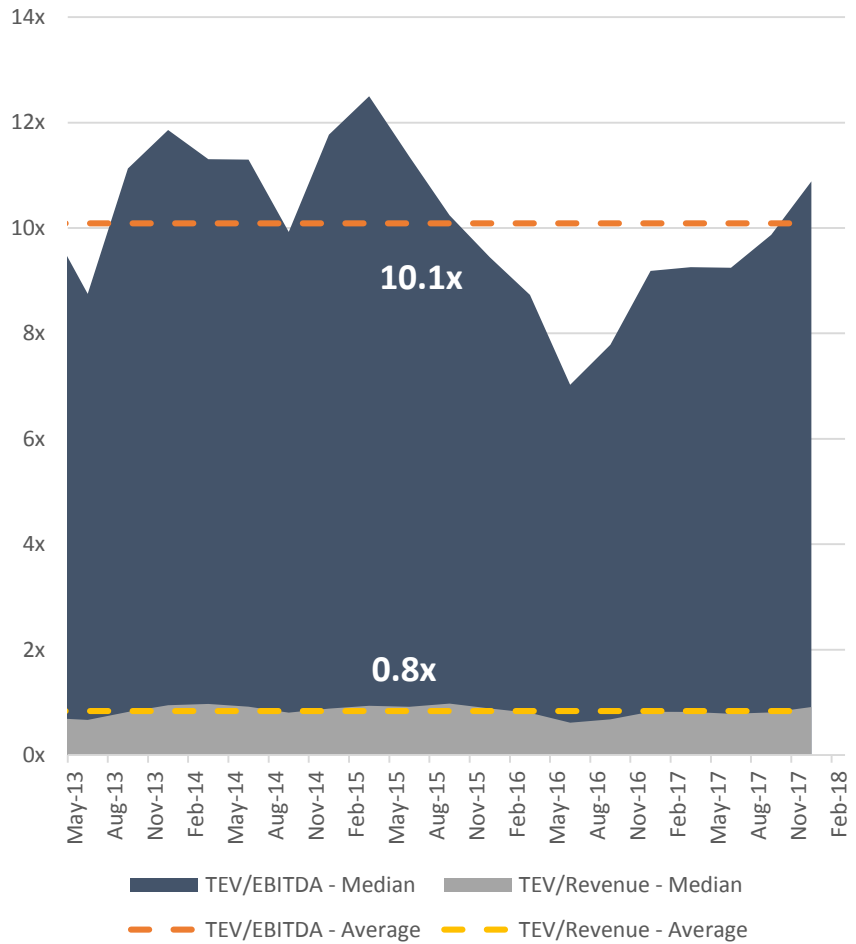


PUBLIC BASKET PERFORMANCE

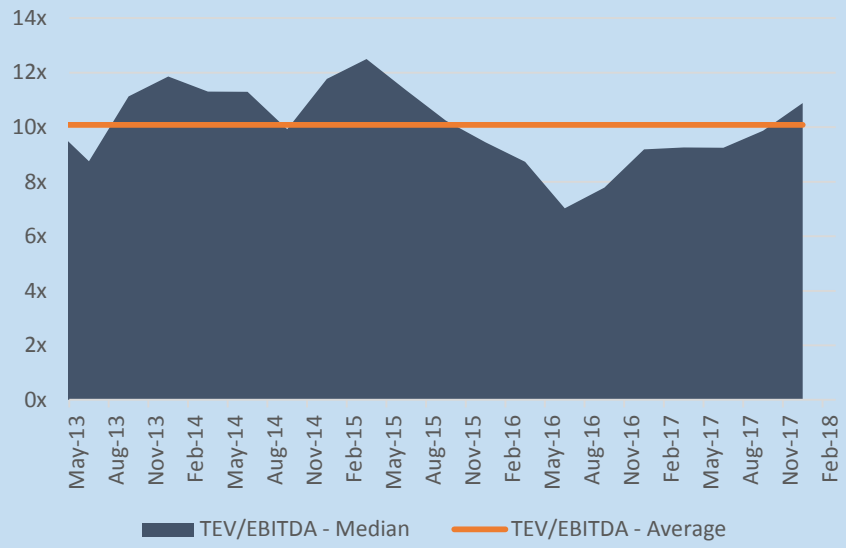
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Kforce Inc.	823	1,358	3%	30%	6%	0.6	10.8	2,600	522
Kelly Services, Inc.	1,132	5,374	2%	18%	2%	0.2	10.2	7,800	689
Korn/Ferry International	2,352	1,632	7%	27%	12%	1.4	11.6	7,232	226
On Assignment, Inc.	4,640	2,626	8%	32%	11%	1.8	16.4	-	NA
Robert Half International Inc.	6,721	5,267	0%	41%	11%	1.3	11.6	17,200	306
ManpowerGroup Inc.	8,287	21,034	7%	17%	4%	0.4	9.2	29,000	725
Average	3,992	6,215	4%	28%	8%	0.9	11.6	10,639	494
Median	3,496	3,946	5%	29%	8%	0.9	11.2	7,516	522

share price as of 28Feb18

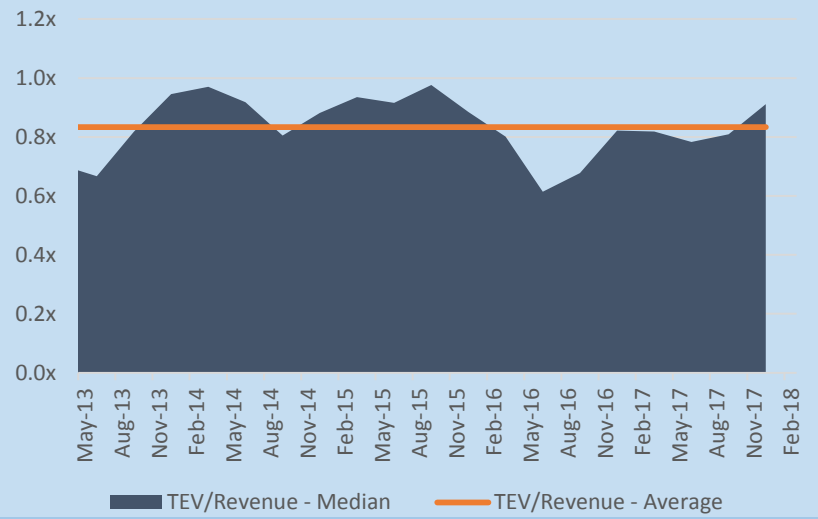
PUBLIC BASKET VALUATION TRENDS



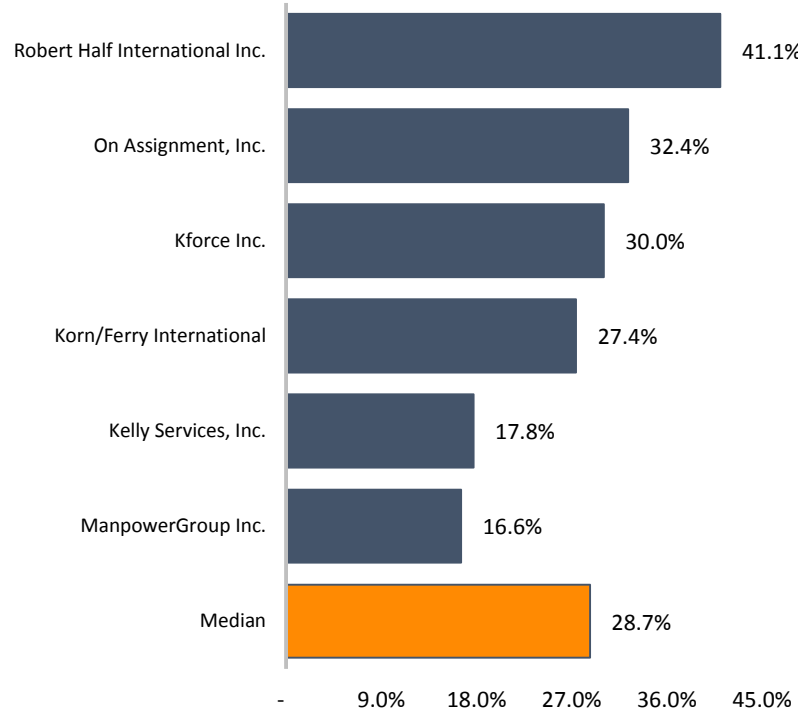
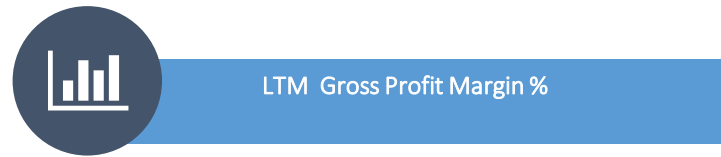
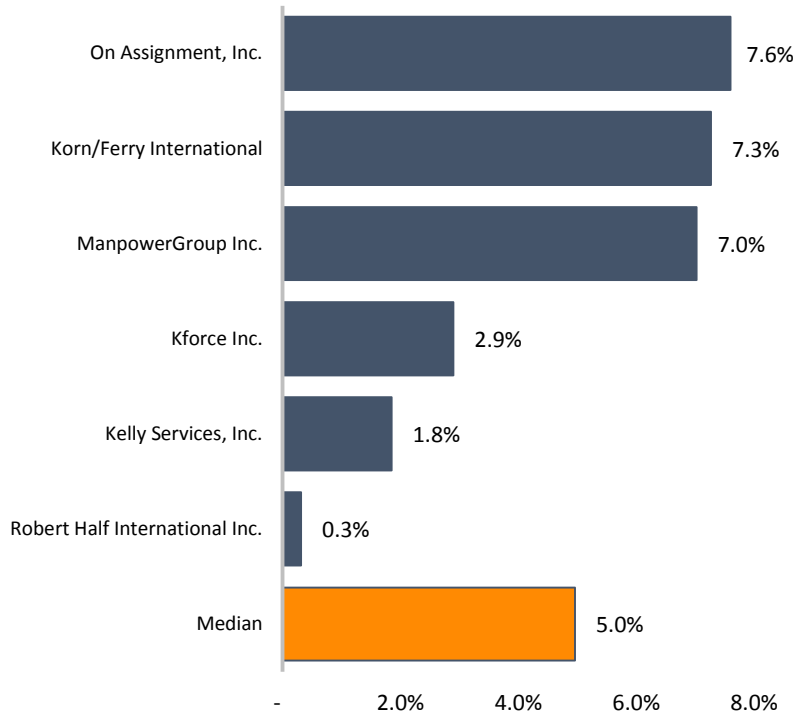
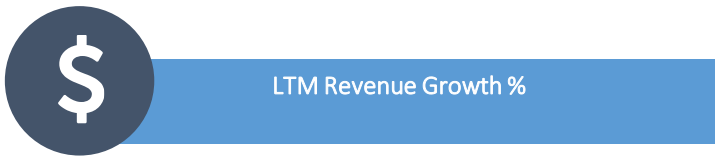
Public EBITDA Multiples Over Time




Public Revenue Multiples Over Time



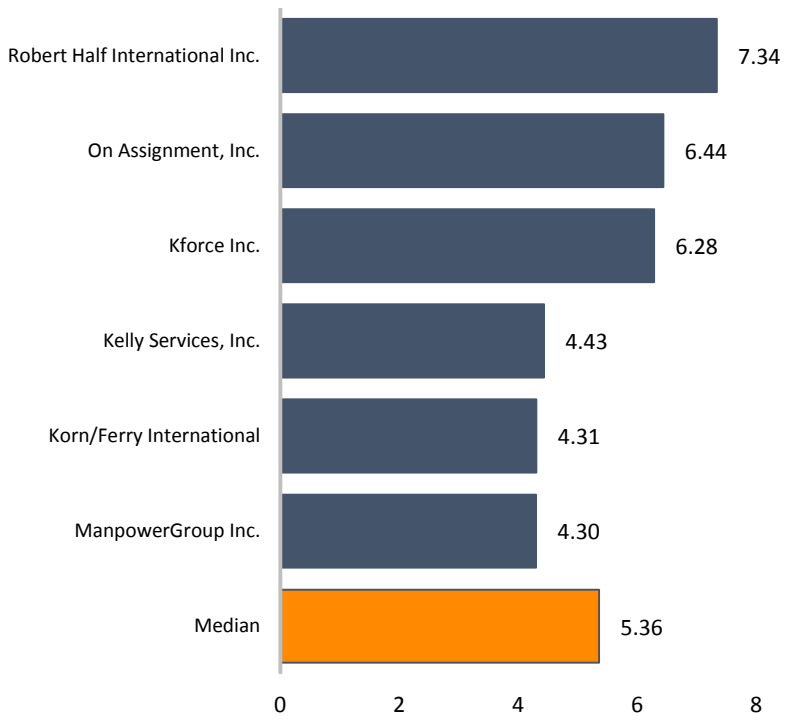

OPERATIONAL METRICS



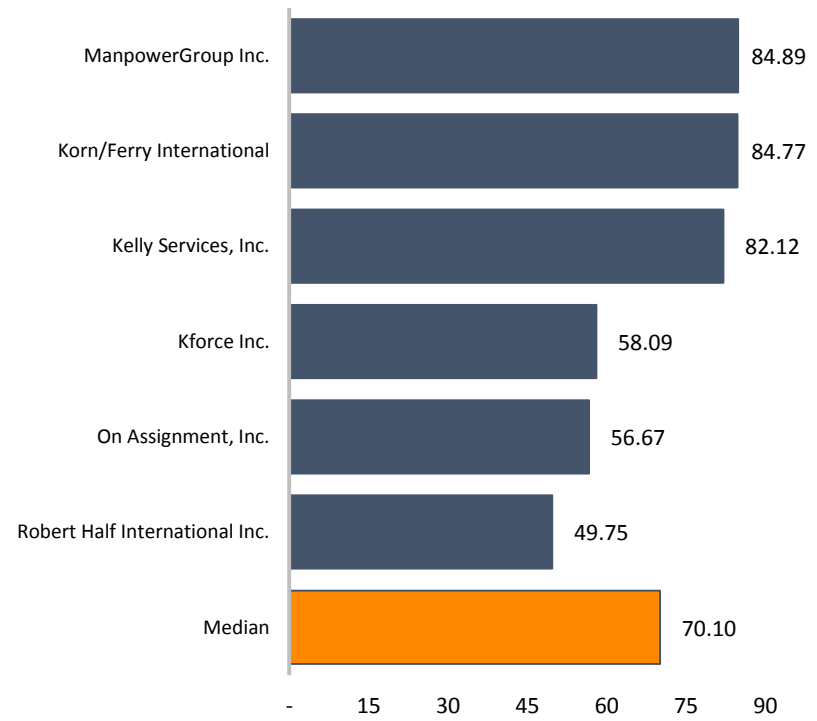
OPERATIONAL METRICS



Accounts Receivable Turnover

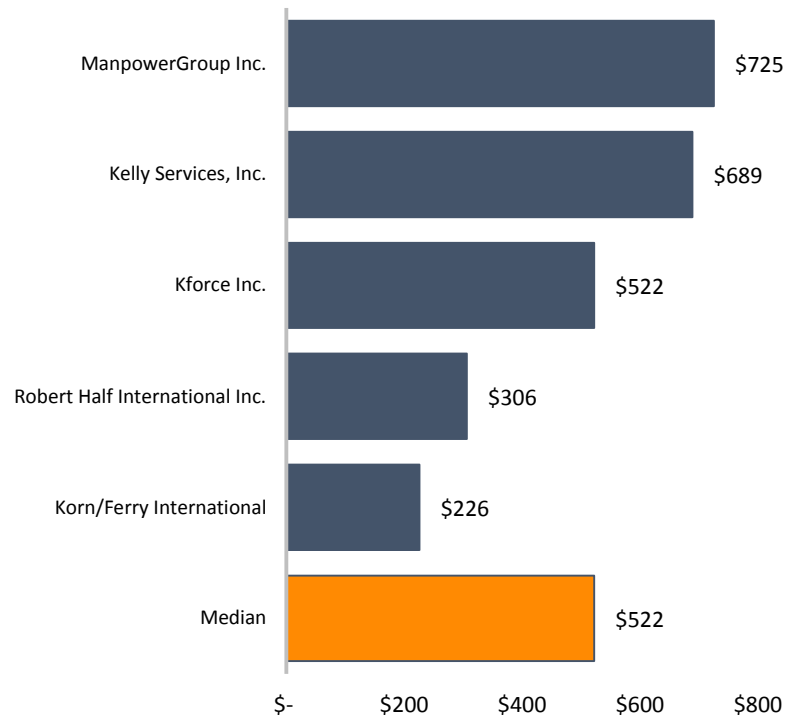
Average Days Sales Outstanding



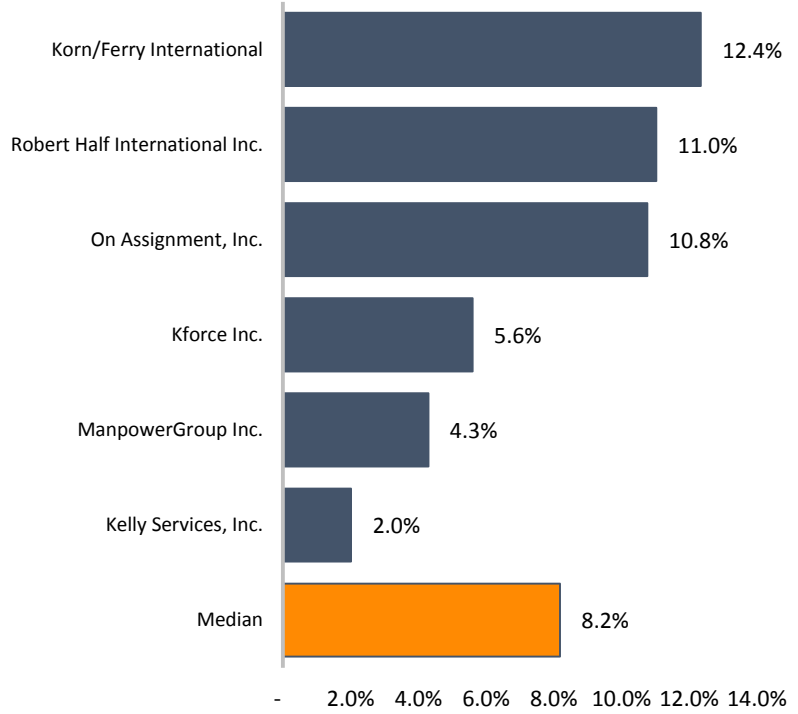
OPERATIONAL METRICS



LTM Revenue per Full Time Employee x 000's



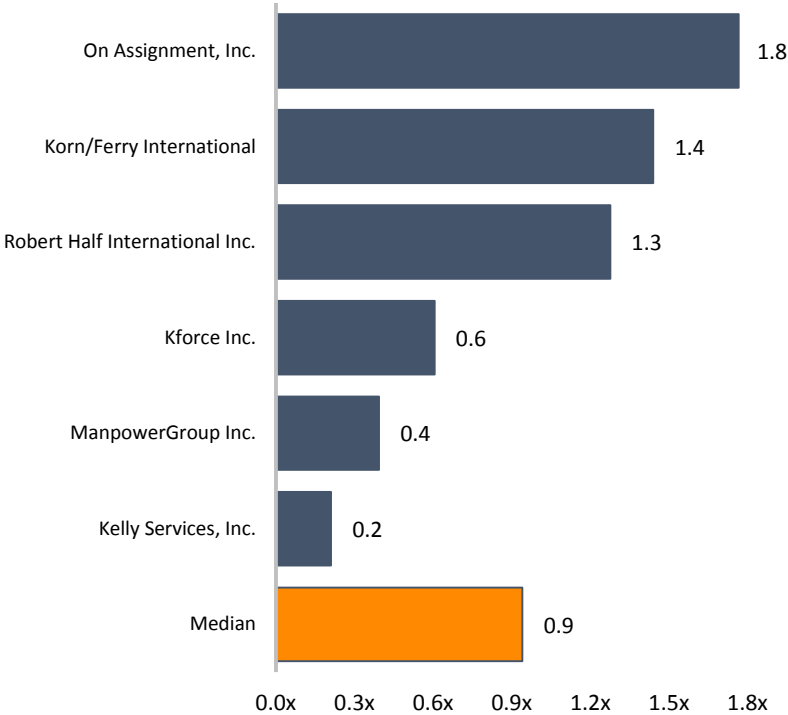
LTM EBITDA %



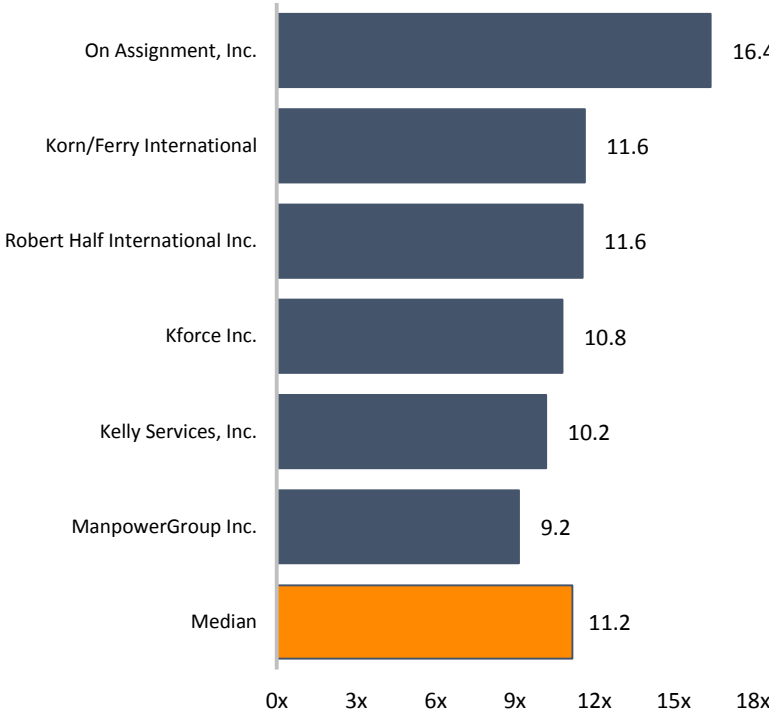
VALUATION



TEV / LTM Revenue



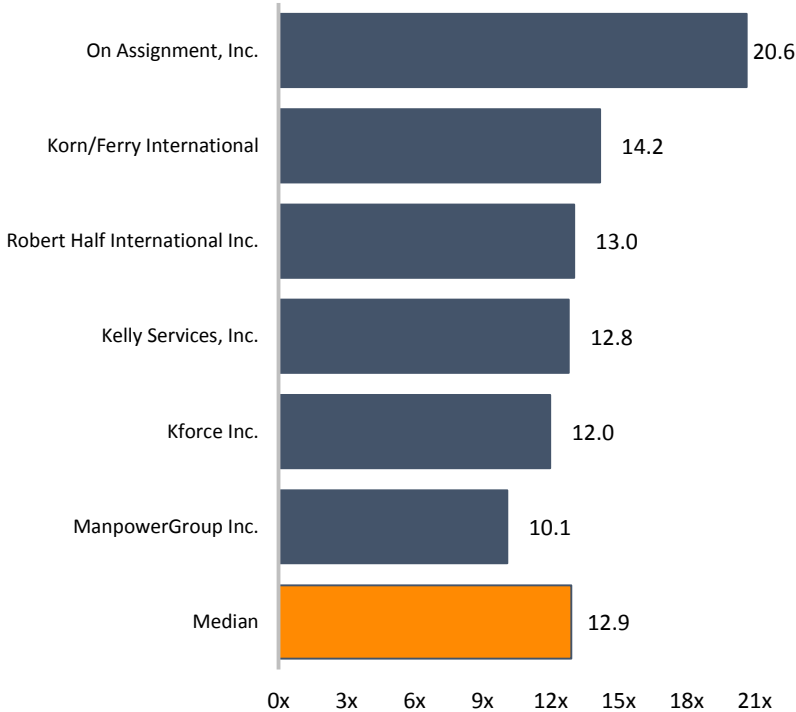
TEV / LTM EBITDA



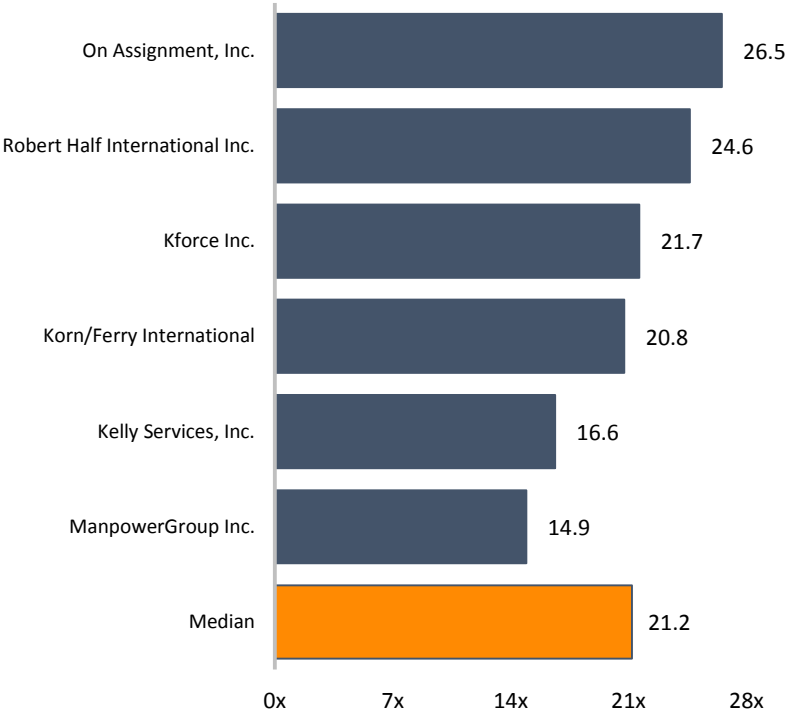
VALUATION



TEV / LTM EBIT



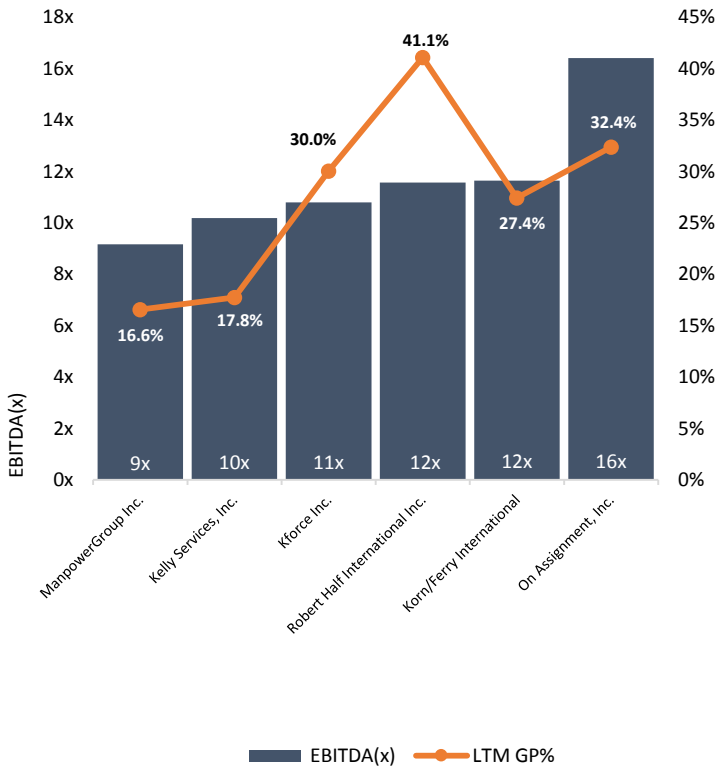
Price / LTM Earnings



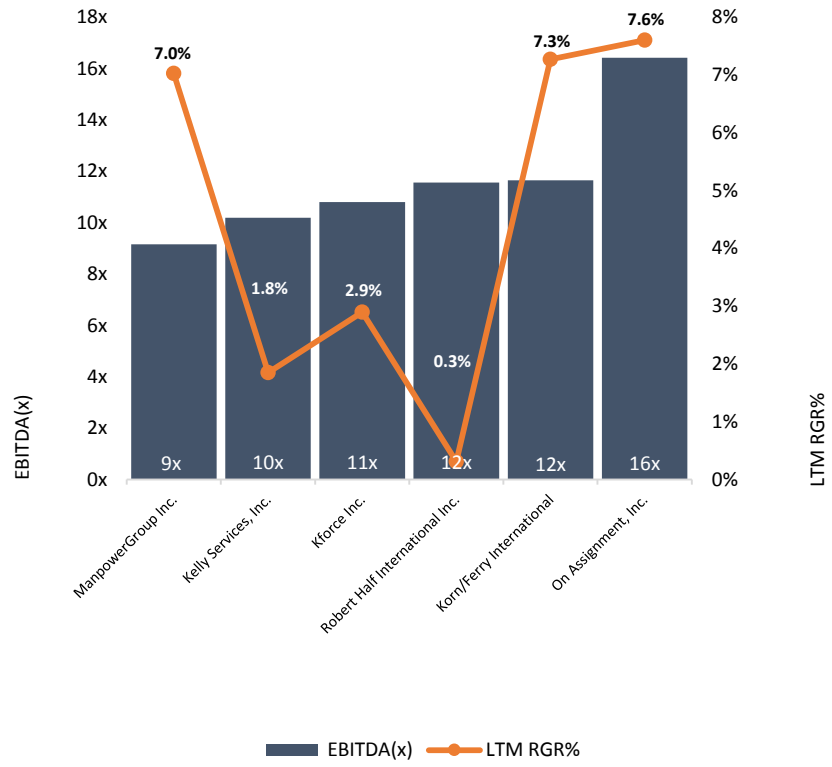
VALUATION



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



RECENT TRANSACTIONS

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
27Feb18	Lyneer Staffing Solutions, LLC	Palm Beach Capital; Palm Beach Capital Fund IV, L.P.	-	-	-	-
23Feb18	MBS Associates, Inc	Kable Staffing Resources, LLC	-	-	-	-
20Feb18	Agility Staffing, Inc.	Staffing Express, Inc.	-	-	-	-
29Jan18	Update Legal, Inc.	Driven, Inc.	-	-	-	-
19Jan18	Arlington Resources, Inc.	CornerStone Staffing Solutions, Inc.	-	-	-	-
10Jan18	Rumba Solutions LLC	Technosoft Corporation	-	-	-	-
2Jan18	Career Professionals Inc.	SEEK Professionals, LLC	-	-	-	-
22Dec17	Temporary Staffing Division of Magellan Search & Staffing	Diversified Staffing Services Ltd.	-	-	-	-
21Nov17	Momentum Specialized Staffing, Inc.	AtWorkGroup LLC	-	-	-	-
12Nov17	Vaco, LLC	Olympus Partners LP; Olympus Growth Fund VI, L.P.	-	-	-	-
25Sep17	Principle Solutions Group, LLC	Eliassen Group, LLC.	-	-	-	-
15Sep17	firstPRO, Inc.	Staffing 360 Solutions, Inc.	8.00	-	-	-
31Jul17	CDI Corp.	AE Industrial Partners, LLC; Ae Industrial Partners Fund I-B, Lp; Ae Industrial Partners Fund I-A, Lp; AE Industrial Partners Fund I, LP	173.39	761.18	0.2x	NM
7Jul17	InfoTrellis Inc.	Mastech Digital, Inc.	55.00	22.00	-	-
1Jun17	People Store Staffing Solutions Inc.	Peoplesource Staffing Solutions, Inc.	-	-	-	-
31May17	CER Staffing Solutions Limited	Endless LLP; Endless Fund IV	-	180.70	-	-
23May17	Academic Appointments Ltd	Solingen Private Equity Limited	-	-	-	-
1May17	RCK, LLC	Corps Team Services, LLC	-	-	-	-
1Apr17	Dahl Consulting, Inc.	Doherty Staffing Solutions, Inc.	-	-	-	-
31Dec16	The Columbus Organization, LLC	HealthEdge Investment Partners, LLC; HealthEdge Investment Fund III LP	-	-	-	-
20Apr17	LCL Staffing LLC	Intermountain Staffing, Inc.	-	-	-	-
31Mar17	SNI Companies Inc.	GEE Group, Inc.	86.00	113.50	0.8x	-
23Mar17	Staffing 360 Solutions, Inc.	Jackson Investment Group	32.58	187.58	0.2x	-
15Mar17	Adams and Garth, Inc.	Qualified Staffing Services	-	-	-	-
14Mar17	OmniSource Integrated Supply, LLC	Malone Workforce Solutions	-	20.00	-	-
6Mar17	Brigad SAS	Square Capital LLP; 50 Partners	2.33	-	-	-
13Feb17	Smart Professional Resources, LLC	RemX Specialty Staffing Inc.	-	-	-	-
1Feb17	Healthcare Staffing, Inc.	Novation Companies, Inc.	24.00	-	-	-
2Feb17	Resourcing Solutions Limited	Matchtech Group (Holdings) Limited	8.65	-	-	-
10Jan17	FLERT LLC	BelFLEX Staffing Network	-	-	-	-

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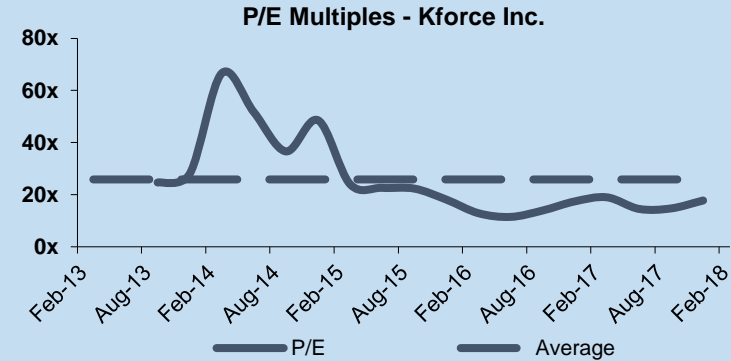
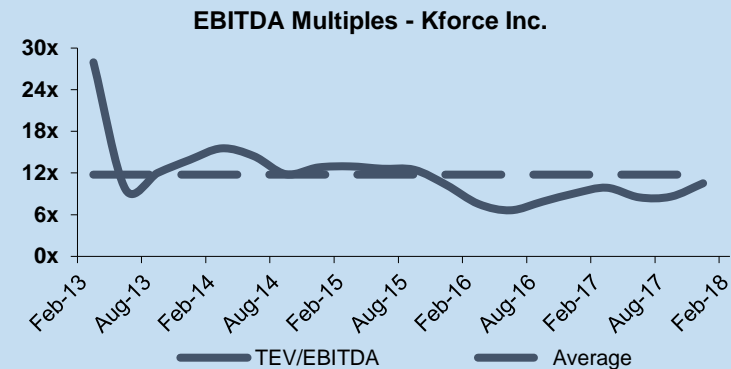
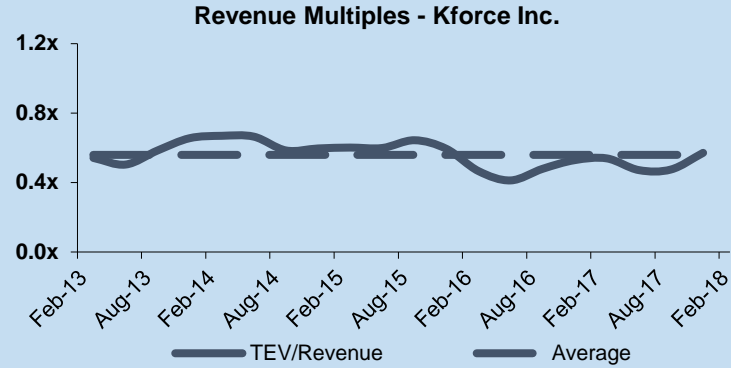
Appendix: Public Basket
Constituents



PUBLIC BASKET CONSTITUENTS

Kforce Inc.

Kforce Inc. provides professional and technical specialty staffing services and solutions in the United States and internationally. It operates through three segments: Technology (Tech), Finance and Accounting (FA), and Government Solutions (GS). The Tech segment provides temporary staffing and permanent placement services to its clients primarily in the areas of information technology, such as systems/applications architecture and development, project management, enterprise data management, business intelligence, e-commerce, technology infrastructure, network architecture, and security. This segment serves clients in various industries, primarily comprising financial services, communications, insurance services, and government sectors. The FA segment offers temporary staffing and permanent placement services to its clients in areas, such as general accounting, business analysis, accounts payable, accounts receivable, financial analysis and reporting, taxation, budget preparation and analysis, mortgage and loan processing, cost analysis, professional administration, credit and collections, audit services, and systems and controls analysis and documentation. This segment serves clients in various industries, primarily consisting of financial services, and healthcare and government sectors. The GS segment provides services and solutions to the Federal Government as a prime and a subcontractor. This segment offers integrated business solutions to its customers in areas, such as information technology, healthcare informatics, data and knowledge management, research and development, audit readiness, financial management, accounting, and other areas. The company was founded in 1962 and is headquartered in Tampa, Florida.

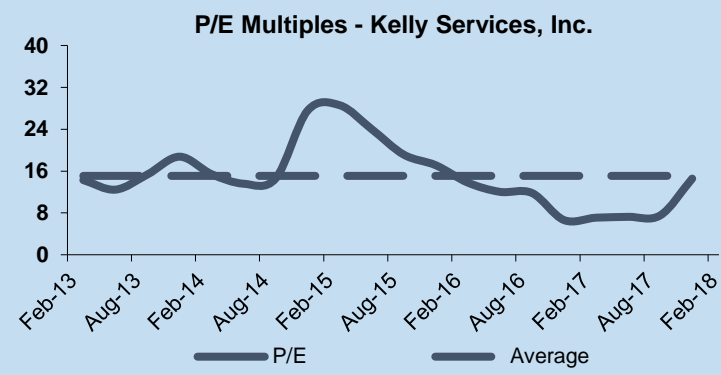
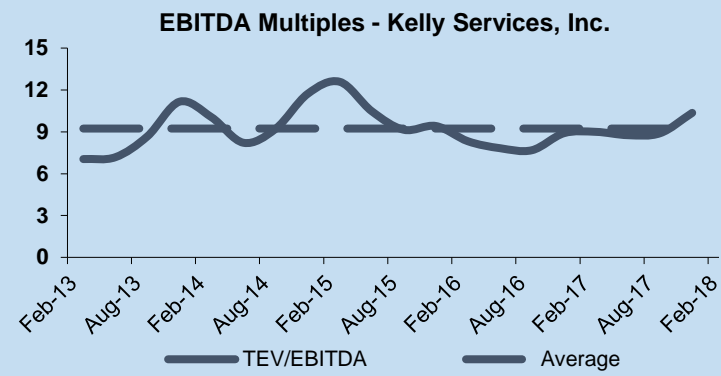
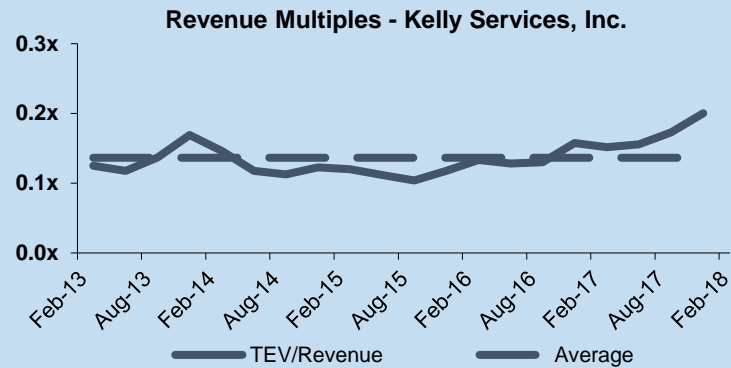


PUBLIC BASKET CONSTITUENTS

Kelly Services, Inc.

Kelly Services, Inc., together with its subsidiaries, provides workforce solutions to various industries worldwide. The company operates through seven segments: Americas Commercial; Americas Professional and Technical; Europe, Middle East and Africa Commercial; Europe, Middle East and Africa Professional and Technical; Asia Pacific Commercial; Asia Pacific Professional and Technical; and Outsourcing and Consulting Group. It offers trained employees for data entry, clerical, and administrative support roles; staff for contact centers, technical support hotlines, and telemarketing units; instructional and non-instructional employees for schools; support staff for seminars, sales, and trade shows; assemblers, quality control inspectors, and technicians for electronic assembly; maintenance workers, material handlers, and assemblers for light industrial maintenance; and temporary-to-hire services, as well as direct-hire placement and vendor on-site management services. The company also provides scientists, and scientific and clinical research workforce solutions; engineering professionals and information technology specialists across various disciplines; creative services, including placing creative talent in the spectrum of creative services positions; financial professionals; healthcare specialists and professionals; and legal professionals. In addition, it offers staffing services for catering and hospitality; and manual workers and semi-skilled professionals for trade, non-trade, and operational positions. Kelly Services, Inc. was founded in 1946 and is headquartered in Troy, Michigan.

Date	Key Development Headline
1/9/18	InGenesis, Inc. agreed to acquire healthcare specialty business of Kelly Services, Inc. (NasdaqGS:KELY.A).
9/5/17	Kelly Services, Inc. (NasdaqGS:KELY.A) acquired Teachers On Call, Inc.

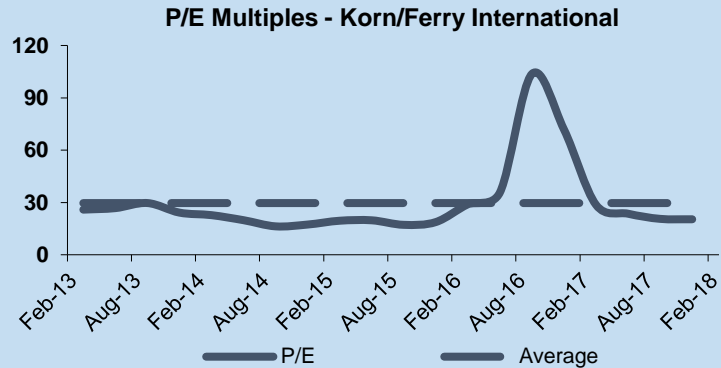
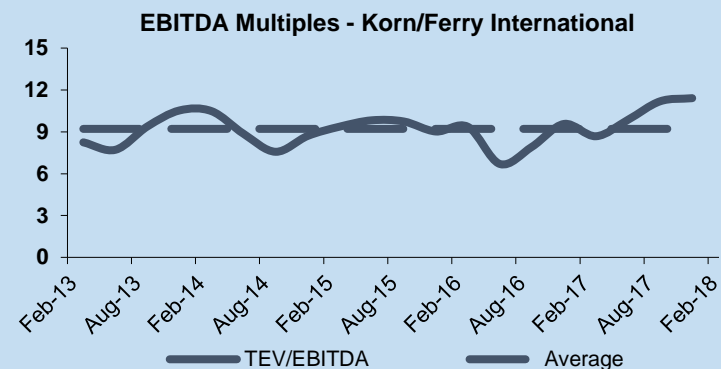
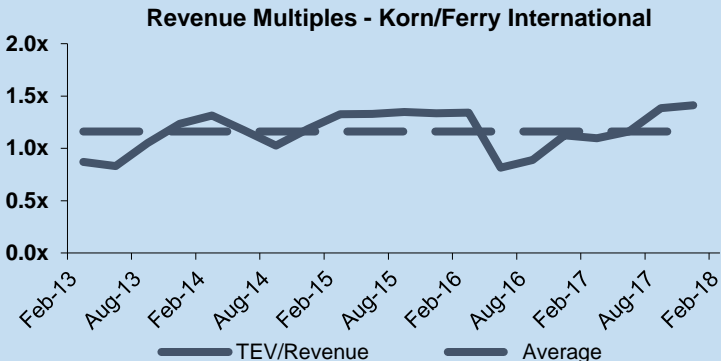


PUBLIC BASKET CONSTITUENTS

Korn/Ferry International

Korn/Ferry International, together with its subsidiaries, provides talent management solutions worldwide. It operates through three segments: Executive Search, Hay Group, and Futurestep. The company provides executive recruitment services that are used to fill executive-level positions, such as board directors, chief executive officers, chief financial officers, chief operating officers, chief information officers, chief human resource officers, and other senior executive officers for clients in the consumer, financial services, industrial, life sciences/healthcare provider, technology, and educational/not-for-profit industries. It also offers talent strategy, succession management, and leadership development, as well as rewards, motivation, and engagement solutions to assist clients with their ongoing assessment, compensation, and leadership development efforts. In addition, the company provides various talent acquisition solutions, including recruitment process outsourcing, project recruitment, professional search, talent consulting and employer branding, and individual professional search and consulting services. It serves public and private companies, and middle market and emerging growth companies, as well as government and non-profit organizations. Korn/Ferry International was founded in 1969 and is based in Los Angeles, California.

Date	Key Development Headline
6/20/17	Korn/Ferry International Seeks Acquisitions

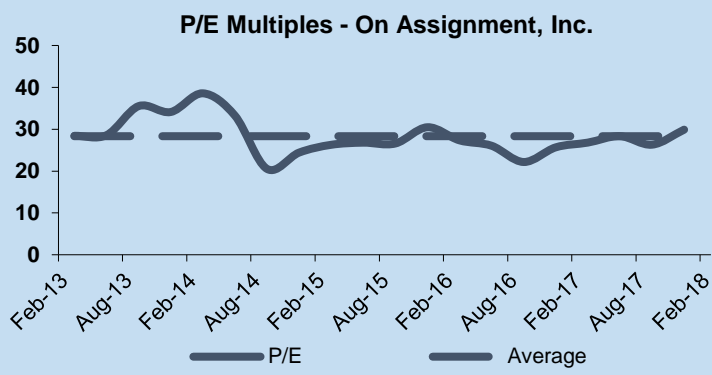
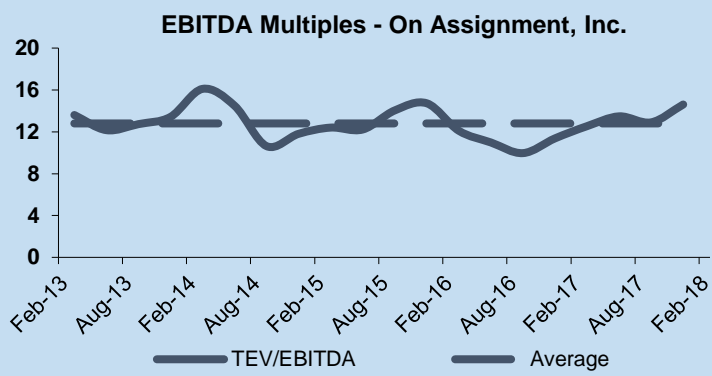
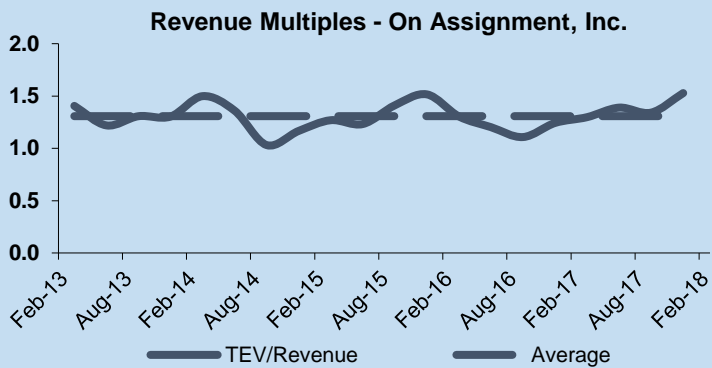


PUBLIC BASKET CONSTITUENTS

On Assignment, Inc.

On Assignment, Inc. provides professionals for contract, contract-to-hire, and direct hire assignments in the United States, Europe, and Canada. The Apex segment offers technical, scientific, and digital and creative professionals for contract, contract-to-hire, and permanent placement positions to Fortune 1000 and mid-market clients; IT staffing and consulting services comprising IT infrastructure, application development, project management, and healthcare IT professionals; and creative, marketing, advertising, and digital professionals. It also provides contract and permanent life science professionals, which includes chemists, clinical research associates, clinical lab assistants, engineers, biologists, biochemists, microbiologists, molecular biologists, biostatisticians, drug safety specialists, SAS programmers, medical writers, food scientists, regulatory affairs specialists, lab assistants, and other skilled scientific professionals. This segment offers staffing and services support for companies from various industries, including technology, financial services, healthcare, business services, telecommunications, government services, consumer, biotechnology, pharmaceutical, food and beverage, personal care, chemical, medical device, automotive, municipal, education, and environmental and clinical research industries. The company was founded in 1985 and is headquartered in Calabasas, California.

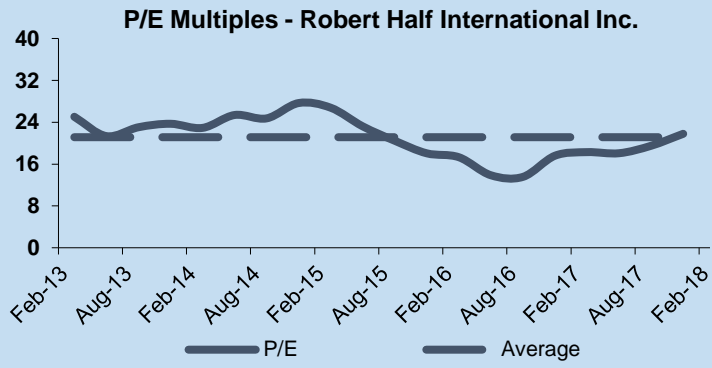
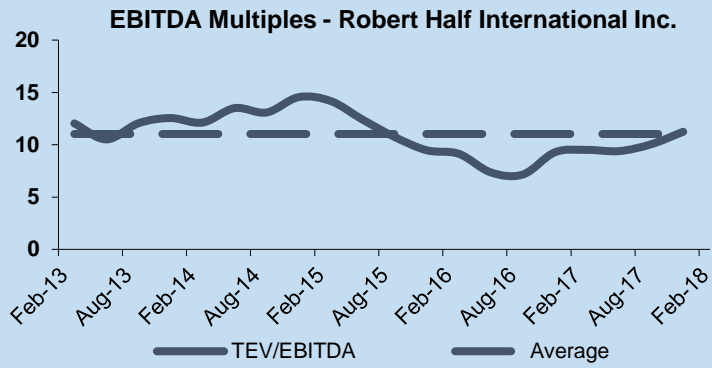
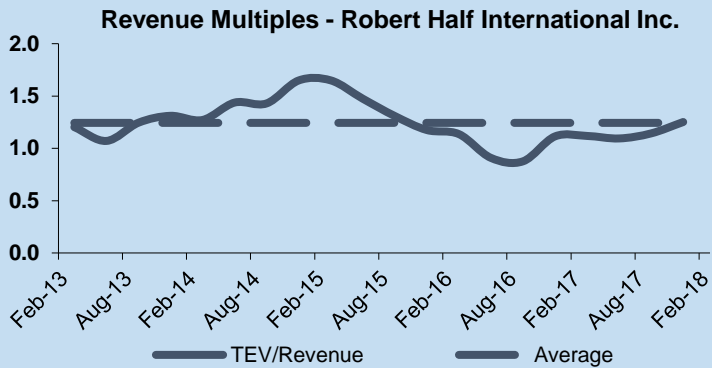
Date	Key Development Headline
2/14/18	On Assignment Seeks Acquisitions
1/31/18	ECS Federal, Inc., On Assignment, Inc. - M&A Call
1/30/18	On Assignment, Inc. (NYSE:ASGN) signed a definitive agreement to acquire ECS Federal, LLC from Roy Kapani, Lindsay Goldberg LLC and management for approximately \$780 million.
8/7/17	On Assignment, Inc. (NYSE:ASGN) acquired Stratacuity Staffing Partners, Inc.



PUBLIC BASKET CONSTITUENTS

Robert Half International Inc.

Robert Half International Inc. provides staffing and risk consulting services in North America, South America, Europe, Asia, and Australia. The company operates through three segments: Temporary and Consultant Staffing, Permanent Placement Staffing, and Risk Consulting and Internal Audit Services. It places temporary personnel for accounting, finance, and bookkeeping; temporary and full-time office and administrative personnel consisting of executive and administrative assistants, receptionists, and customer service representatives; full-time accounting, financial, tax, and accounting operations personnel; and information technology contract consultants and full-time employees in the areas of platform systems integration and end-user support, including specialists in Web development, networking, application development, systems integration, database design, security and business continuity, and desktop support. The company also offers temporary and full-time employees in attorney, paralegal, legal administrative, and legal secretarial positions; senior level project professionals in the accounting and finance fields for financial systems conversions, expansion into new markets, business process reengineering, business systems performance enhancement, and post-merger financial consolidation. In addition, it is involved in serving professionals in the areas of interactive media, design, marketing, advertising, and public relations; and placing project consultants in various positions, such as creative directors, graphics designers, Web content developers, Web designers, media buyers, brand managers, and public relations specialists. Further, the company provides business and technology risk consulting, and internal audit services. It markets its staffing services to clients, as well as to employment candidates. The company was founded in 1948 and is headquartered in Menlo Park, California.

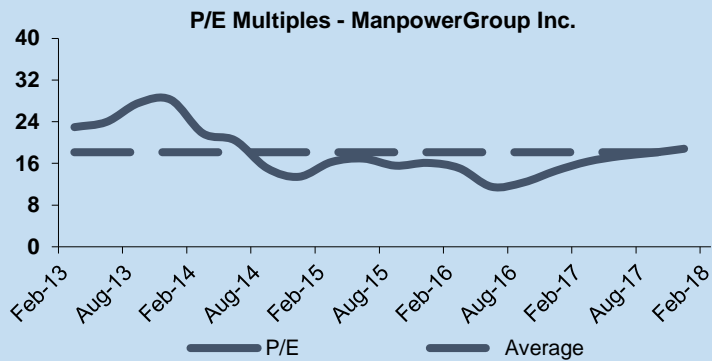
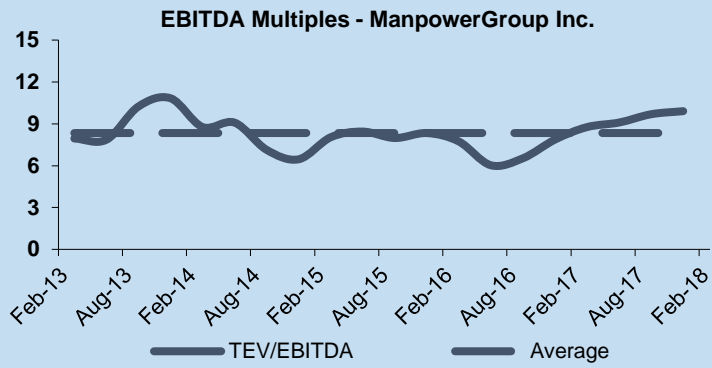
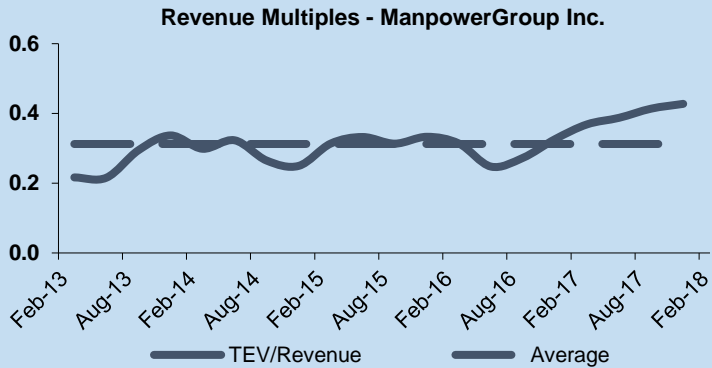


PUBLIC BASKET CONSTITUENTS

ManpowerGroup Inc.

ManpowerGroup Inc. provides workforce solutions and services in the Americas, Southern Europe, Northern Europe, and the Asia Pacific Middle East region. The company's recruitment service portfolio includes permanent, temporary, and contract recruitment of professionals, as well as administrative and industrial positions. It also offers various assessment services; career management; training and development services; and outsourcing services related to human resources functions primarily in the areas of large-scale recruiting and workforce-intensive initiatives. In addition, the company provides workforce consulting services; professional resourcing and project-based solutions in information technology, engineering, and finance fields; contingent staffing and permanent recruitment services; solutions in the areas of organizational efficiency, individual development, and career management; and talent based outsourcing services, TAPFIN managed services, and recruitment process outsourcing services, as well as Proservia services in the areas of digital services market and IT infrastructure sector. It operates through a network of approximately 2,800 offices in 80 countries and territories. The company was founded in 1948 and is headquartered in Milwaukee, Wisconsin.

Date	Key Development Headline
9/11/17	University Avenue Partners acquired two-story, 14,356-square-foot building at 2960 Stevens Creek Blvd. for \$7.3 million.



CONTACT INFORMATION

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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