

Business Services Update October 2019

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.

Primary Business Services Contact

Michael J. Mufson
Managing Director
215.399.5410
mmufson@mhhco.com

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 1.9% in September of 2019.

Last Three Years

Daily from September 30, 2016 to September 30, 2019
Price as Percent of Base (September 30, 2016 = 0%)



Last Twelve Months

Daily from September 30, 2018 to September 30, 2019
Price as Percent of Base (September 30, 2018 = 0%)



Price Appreciation

Mufson Howe Hunter Human Resources Outsourcing Index^(a)

3-Year LTM 1-Month

NASDAQ

68.4% 3.0% (1.9%)

S&P 500

50.6% (0.6%) 0.5%

37.3% 2.2% 1.7%

(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 two pages.

Selected Valuation Metrics

Company	Market & Capitalization			LTM Performance ⁽³⁾			Valuation		Margins	
	Price ⁽¹⁾	Equity Value	Enterprise Value ⁽²⁾	Revenue	EBITDA ⁽⁴⁾	EPS	Enterprise Value/Revenue	Price/EBITDA	Gross Profit	EBITDA
Commercial Staffing										
ManpowerGroup Inc. (MAN)	\$84.24	\$5,040.9	\$5,587.2	\$21,060.1	\$848.3	\$7.97	0.27 x	6.6 x	10.6 x	16.1%
Kelly Services, Inc. (KELY.A)	24.22	946.8	1,000.0	5,507.2	128.9	2.90	0.18 x	7.8 x	8.3 x	18.0%
TrueBlue, Inc. (TBI)	21.10	817.7	859.7	2,471.5	121.7	1.68	0.35 x	7.1 x	12.5 x	26.8%
Mean		\$2,268.5	\$2,482.3	\$9,679.6	\$366.3	\$4.19	0.26 x	7.1 x	10.5 x	20.3%
Median		946.8	1,000.0	5,507.2	128.9	2.90	0.27 x	7.1 x	10.6 x	18.0%
Professional Staffing										
Robert Half International Inc. (RHI)	\$55.66	\$6,429.3	\$6,430.4	\$5,932.8	\$674.3	\$3.80	1.08 x	9.5 x	14.6 x	41.7%
Kforce Inc. (KFRC)	37.84	871.4	889.2	1,437.0	89.1	2.35	0.62 x	10.0 x	16.1 x	29.2%
Resources Connection, Inc. (RECN)	16.99	544.1	618.5	722.7	58.5	0.95	0.86 x	10.6 x	17.9 x	39.0%
Hudson Global, Inc. (HSON)	12.24	36.2	8.2	76.3	(0.9)	(1.13)	0.11 x	NM	NM	55.3%
Mean		\$1,970.3	\$1,986.6	\$2,042.2	\$205.2	\$1.49	0.85 x	10.0 x	16.2 x	41.3%
Median		707.8	753.8	1,079.8	73.8	1.65	0.86 x	10.0 x	16.1 x	40.4%
Healthcare Staffing										
AMN Healthcare Services, Inc. (AMN)	\$57.56	\$2,685.9	\$3,441.7	\$2,123.1	\$237.8	\$2.63	1.62 x	14.5 x	21.9 x	33.2%
Cross Country Healthcare, Inc. (CCRN)	10.30	380.0	453.1	799.6	18.4	(2.06)	0.57 x	24.7 x	NM	25.3%
Mean		\$1,532.9	\$1,947.4	\$1,461.3	\$128.1	\$0.28	1.09 x	19.6 x	21.9 x	29.2%
Median		1,532.9	1,947.4	1,461.3	128.1	0.28	1.09 x	19.6 x	21.9 x	29.2%
IT Staffing										
ASGN Incorporated (ASGN)	\$62.86	\$3,325.3	\$4,404.7	\$3,732.1	\$397.3	\$3.24	1.18 x	11.1 x	19.4 x	29.2%
Computer Task Group, Incorporated (CTG)	5.00	72.2	85.2	388.0	9.6	(0.21)	0.22 x	8.9 x	NM	18.7%
RCM Technologies, Inc. (RCMT)	3.00	38.9	75.9	200.1	8.4	0.31	0.38 x	9.0 x	9.6 x	24.7%
Mean		\$1,145.5	\$1,521.9	\$1,440.1	\$138.4	\$1.12	0.59 x	9.7 x	14.5 x	24.2%
Median		72.2	85.2	388.0	9.6	0.31	0.38 x	9.0 x	14.5 x	24.7%
Executive Search										
Korn Ferry (KFY)	\$38.64	\$2,162.9	\$2,223.6	\$1,945.0	\$280.5	\$3.26	1.14 x	7.9 x	11.9 x	28.0%
Heidrick & Struggles International, Inc. (HSII)	27.30	522.3	494.3	717.6	84.4	2.75	0.69 x	5.9 x	9.9 x	29.1%
Mean		\$1,342.6	\$1,359.0	\$1,331.3	\$182.4	\$3.00	0.92 x	6.9 x	10.9 x	28.5%
Median		1,342.6	1,359.0	1,331.3	182.4	3.00	0.92 x	6.9 x	10.9 x	28.5%
Professional & Consulting										
Fair Isaac Corporation (FICO)	\$303.52	\$8,770.7	\$9,514.5	\$1,143.6	\$291.6	\$6.13	8.32 x	NM	NM	71.4%
FTI Consulting, Inc. (FCN)	105.99	3,872.2	4,180.4	2,175.4	309.4	5.07	1.92 x	13.5 x	20.9 x	35.1%
Exponent, Inc. (EXPO)	69.90	3,629.2	3,443.8	374.4	97.1	1.46	9.20 x	NM	NM	38.0%
Huron Consulting Group Inc. (HURN)	61.34	1,332.9	1,704.4	829.1	102.2	1.13	2.06 x	16.7 x	NM	34.8%
CBIZ, Inc. (CBZ)	23.50	1,273.9	1,594.9	928.8	116.3	1.19	1.72 x	13.7 x	19.8 x	14.5%
CRA International, Inc. (CRAI)	41.97	330.5	494.1	429.1	37.8	2.49	1.15 x	13.1 x	16.9 x	29.9%
Mean		\$3,201.6	\$3,488.7	\$980.1	\$159.1	\$2.91	4.06 x	14.2 x	19.2 x	37.3%
Median		2,481.0	2,574.1	878.9	109.2	1.97	1.99 x	13.6 x	19.8 x	34.9%

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.

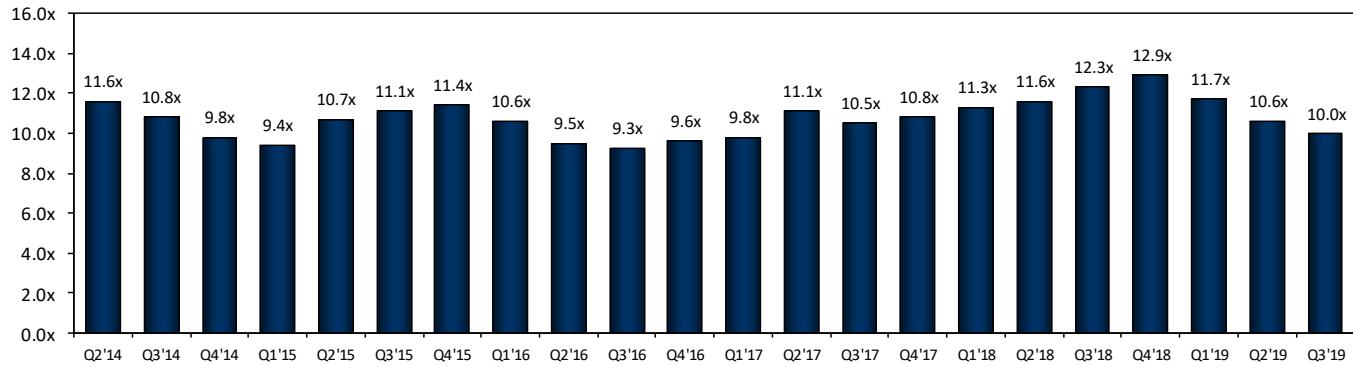
(1) As of close on September 30, 2019.

(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 June 30, 2019 except MAN (September 30, 2019); CTG and EXPO (September 27, 2019); RECN (August 24, 2019); KFY (July 31, 2019) and CRAI and RCMT (June 29, 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
September 30	Miller Heiman Group, Inc./Achieveforum, Inc./TwentyEighty Strategy Execution, Inc.	Provides consultancy, corporate leadership training and contract and vendor management services	Korn Ferry (NYSE:KFY)	ND
September 27	Anchor Staffing, Inc.	Provides recruitment and staffing services	Lyneer Staffing Solutions, LLC	ND
September 27	Marquette Detachering B.V.	Provides staffing, temporary assignment and payroll services	Flexfactory	ND
September 24	2GET	Provides executive search services at the C-suite level	Heidrick & Struggles International, Inc. (NasdaqGS:HSII)	ND
September 24	SonoTemps, Inc.	Provides temporary placements for medical imaging positions	Loyal Source Government Services, LLC	ND
September 17	Employment Staffing Group, Inc.	Provides recruitment and screening services for short-term, temporary and long-term staffing	Paramount Staffing, Inc.	ND
September 12	PC Staffing/PCS Staffing	Provides staffing solutions to job seekers and employers	BelFlex Staffing Network	ND
September 11	TechLink, Inc.	Provides IT consulting and staffing services	The Execu-Search Group, Inc.	ND
September 5	Assets of ALTEK Information Technology, Inc.	Provides IT consulting, staffing and project management services	Digital Intelligence Systems, LLC	ND
September 5	Best Practices Staffing, Inc.	Provides staffing services	PeopleShare, Inc.	ND
September 4	QBA Benefits, LLC	Provides employee benefits services	CBIZ, Inc. (NYSE:CBZ)	ND
September 3	Brinig Taylor Zimmer, Inc.	Provides financial consulting services	CBIZ, Inc. (NYSE:CBZ)	ND
September 3	Working Transitions Ltd.	Provides career management and consulting services	Adviserplus Holdings Limited	ND

ND – Not disclosed. Transaction values in millions.

Selected News

AMN Healthcare Services, Inc. (NYSE:AMN) announced the appointment of **Teri G. Fontenot** to its **Board of Directors**.

Korn Ferry (NYSE:KFY) reported first quarter net income of \$43.0 million for fiscal year 2020 as compared to (\$38.6) million for the prior year period. Earnings per share were \$0.76 versus (\$0.70) for the prior year period. Revenues for the quarter increased to \$484.5 million from \$465.6 million for the same period in fiscal year 2019.

Tetra Tech, Inc. (NasdaqGS:TTEK) announced the appointment of **Dr. Leslie Shoemaker** to **President**.

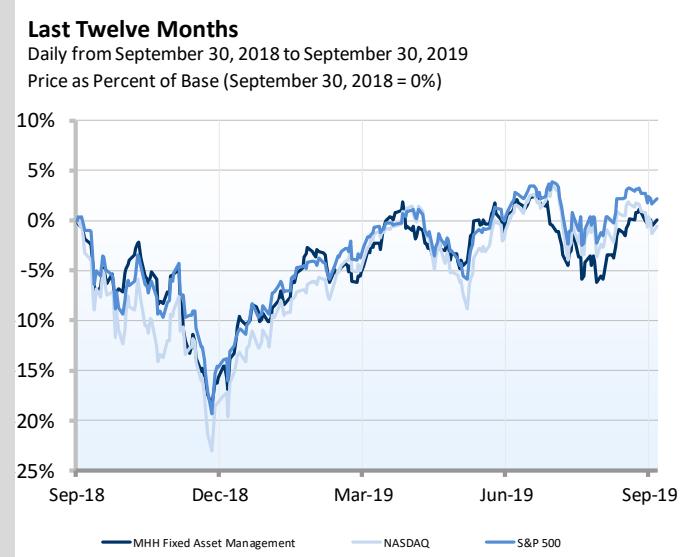
Note: All per share results are reported on a fully-diluted basis.

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) increased by 3.7% in September of 2019.



Price Appreciation	3-Year	LTM	1-Month
Mufson Howe Hunter Fixed Asset Management Index ^(a)	40.5%	0.1%	3.7%
NASDAQ	50.6%	(0.6%)	0.5%
S&P 500	37.3%	2.2%	1.7%

(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 two pages.

Selected Valuation Metrics

Company	Market & Capitalization			LTM Performance ⁽³⁾			Valuation			Margins	
	Price ⁽¹⁾	Equity Value	Enterprise Value ⁽²⁾	Revenue	EBITDA ⁽⁴⁾	EPS	Enterprise Value/ Revenue	Price/ EBITDA	Gross Profit	EPS	EBITDA
		Enterprise Value									
Facility Maintenance											
Rentokil Initial plc (LSE:RTO)	\$5.75	\$10,593.3	\$12,394.6	\$3,297.8	\$608.7	(\$0.07)	3.76 x	20.4 x	NM	80.2%	18.5%
Rollins, Inc. (ROL)	34.07	11,157.5	11,576.8	1,954.1	389.0	0.62	5.92 x	29.8 x	54.8 x	50.8%	19.9%
Chemcor Corporation (CHE)	417.57	6,648.5	6,831.7	1,837.3	276.0	12.10	3.72 x	24.8 x	34.5 x	31.2%	15.0%
EMCOR Group, Inc. (EME)	86.12	4,834.3	5,161.5	8,759.3	533.4	5.51	0.59 x	9.7 x	15.6 x	14.8%	6.1%
FirstService Corporation (TSX:FSV)	102.60	4,024.3	5,147.5	2,235.1	212.4	(6.76)	2.30 x	24.2 x	NM	31.6%	9.5%
ABM Industries Incorporated (ABM)	36.32	2,412.2	3,288.4	6,499.3	309.3	1.33	0.51 x	10.6 x	27.3 x	11.1%	4.8%
BrightView Holdings, Inc. (BV)	17.15	1,798.0	2,962.8	2,361.7	257.4	0.08	1.25 x	11.5 x	NM	26.8%	10.9%
Comfort Systems USA, Inc. (FIX)	44.23	1,626.6	1,968.2	2,371.7	201.5	2.87	0.83 x	9.8 x	15.4 x	19.9%	8.5%
Healthcare Services Group, Inc. (HCSG)	24.29	1,800.2	1,691.6	1,895.0	105.0	1.03	0.89 x	16.1 x	23.6 x	12.7%	5.5%
SP Plus Corporation (SP)	37.00	822.2	1,639.3	852.1	113.6	2.13	1.92 x	14.4 x	17.4 x	24.5%	13.3%
Mean		\$4,571.7	\$5,266.2	\$3,206.3	\$300.6	\$1.88	2.17x	17.1x	26.9x	30.4%	11.2%
Median		3,218.3	4,218.0	2,298.4	266.7	1.18	1.59x	15.3x	23.6x	25.6%	10.2%
Manned Security Services											
Securitas AB (OM: SECU B)	\$15.35	\$5,600.4	\$7,872.6	\$11,532.8	\$769.7	\$0.90	0.68 x	10.2 x	17.1 x	17.6%	6.7%
G4S plc (LSE:GFS)	2.33	3,598.0	6,365.7	9,721.3	664.6	0.03	0.65 x	9.6 x	74.5 x	17.2%	6.8%
The Brink's Company (BCO)	82.95	4,147.5	5,778.3	3,654.9	407.8	1.31	1.58 x	14.2 x	63.3 x	26.0%	11.2%
The GEO Group, Inc. (GEO)	17.34	2,066.6	4,883.7	2,407.6	417.2	1.29	2.03 x	11.7 x	13.4 x	25.2%	17.3%
CoreCivic, Inc. (CXW)	17.28	2,058.0	3,981.2	1,919.3	444.6	1.51	2.07 x	9.0 x	11.4 x	28.8%	23.2%
Prosegur Compañía de Seguridad, S.A. (BME:PSG)	3.90	2,334.4	3,375.5	4,532.5	485.9	0.19	0.74 x	6.9 x	20.5 x	23.8%	10.7%
Mean		\$3,300.8	\$5,376.2	\$5,628.1	\$531.7	\$0.9	1.29x	10.3x	33.4x	23.1%	12.6%
Median		2,966.2	5,331.0	4,093.7	465.3	1.1	1.16x	9.9x	18.8x	24.5%	10.9%
Environmental Services											
Jacobs Engineering Group Inc. (JEC)	\$91.50	\$12,398.1	\$12,695.8	\$16,741.7	\$1,065.8	\$2.54	0.76 x	11.9 x	36.0 x	18.4%	6.4%
Tetra Tech, Inc. (TTEK)	86.76	4,741.3	4,976.7	2,314.7	241.0	3.14	2.15 x	20.7 x	27.6 x	17.4%	10.4%
Slantec Inc. (TSX:STN)	22.15	2,473.9	3,660.2	2,706.9	284.5	1.16	1.35 x	12.9 x	19.1 x	54.0%	10.5%
Arcadis NV (ARCAD)	18.69	1,657.2	2,405.2	3,842.8	279.4	(0.34)	0.63 x	8.6 x	NM	16.7%	7.3%
Ecology & Environment, Inc. (EEI)	15.18	65.7	55.6	86.4	(1.0)	(0.44)	0.64 x	NM	NM	43.2%	-1.2%
Mean		\$4,267.2	\$4,758.7	\$5,138.5	\$373.9	\$1.21	1.11 x	13.5 x	27.6 x	29.9%	6.7%
Median		2,473.9	3,660.2	2,706.9	279.4	1.16	0.76 x	12.4 x	27.6 x	18.4%	7.3%

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.

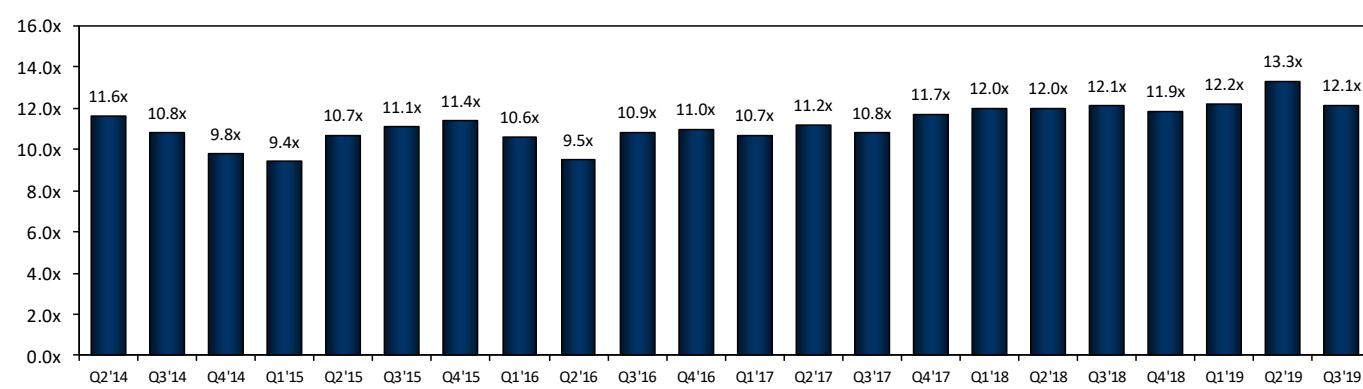
(1) As of close September 30, 2019.

(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 June 30, 2019 except BCO, FSV, HCSG and ROL (September 30, 2019); ABM (July 31, 2019); JEC (June 28, 2019) and EEI (April 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
September 30	Sergent Services Pte Ltd	Provides cleaning and maintenance services for enterprise customers	Trancom Co., Ltd. (TSE:9058)	\$10.2
September 27	Henan Senyuan Urban Environmental Technology Service Co., Ltd.	Provides sanitation and urban domestic garbage treatment services	Henan Senyuan Electric Co., Ltd. (SZSE:002358)	\$77.5
September 27	Norrlands Miljövård Aktiebolag	Provides cleaning, workstation, staffing and home services	Coor Service Management Holding AB (OM:COOR)	\$18.9
September 24	ATALIAN Espaces Verts SAS	Provides landscaping services	MBO Partenaires (nka:MBO & Co)	\$37.4
September 24	Pinson Paysage S.A.S.U.	Provides landscaping services and maintenance of grounds, gardens and sports fields	MBO Partenaires (nka:MBO & Co)	ND
September 23	Industrial Maintenance Business of Veolia Environnement S.A. (ENXTPA:VIE)	Provides maintenance services	Jernbro Industrial Services AB	ND
September 18	Alarm Business of Prosegur Compañía de Seguridad, S.A. (BME:PSG)	Provides residential and business security services	Telefónica, S.A. (BME:TEF)	\$331.9
September 18	Synergy Property Development Services Pvt. Ltd.	Provides project management, delivery support, and design services through the development process	Colliers International (India) Property Services Private Limited	ND
September 12	SAS SNADEC	Provides sanitation and asbestos removal services	Amundi Private Equity Funds S.A.; LFPI Gestion	ND
September 12	Softair SASU	Provides installation, maintenance and repair services of heating, ventilation and air conditioning equipment	Cesacap SAS	ND

September 10	Reym B.V.	Provides industrial cleaning and waste transport services	REMONDIS SE & Co. KG	\$70.7
September 9	ISS Facility Services GmbH	Provides facility management services	KLÜH Service Management GmbH	ND
September 6	SAS ISS Hygiène et Prévention	Provides air hygiene, pest control, sewerage and fire protection services	Weinberg Capital Partners	ND

ND – Not disclosed. Transaction values in millions.

Selected News

ABM Industries Incorporated (NYSE:ABM) reported third quarter net income of \$36.8 million for fiscal year 2019 as compared to \$33.6 million for the prior year period. Earnings per share were \$0.55 versus \$0.51 for the prior year period. Revenues for the quarter increased to \$1,647.9 million from \$1,624.3 million for the same period in fiscal year 2018.

ABM Industries Incorporated (NYSE:ABM) announced the appointment of **Jill Golder** to its **Board of Directors**.

Cintas Corporation (NasdaqGS:CTAS) reported first quarter net income of \$250.8 million for fiscal year 2020 as compared to \$212.5 million for the prior year period. Earnings per share were \$2.32 versus \$1.89 for the prior year period. Revenues for the quarter increased to \$1,811.1 million from \$1,698.0 million for the same period in fiscal year 2019.

SP Plus Corporation (NasdaqGS:SP) announced the appointment of **Ritu Vig** as **Chief Legal Officer** and **Secretary of the Board of Directors**.

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

Mufson Howe Hunter & Company LLC
1717 Arch Street
39th Floor
Philadelphia, PA 19103
215.399.5400

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