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INVESTMENT  
BANKING

# Staffing M&A Quarterly Update

FIRST QUARTER 2020

# STAFFING M&A QUARTERLY UPDATE

FIRST QUARTER 2020

## COVID-19 Driving Healthcare Staffing

M&A activity slowed down but did not stop amidst COVID-19 due to the large amount of private equity dry powder that needs to be invested. We expect Healthcare Staffing M&A to remain active

### Staffing Market Outlook

**Total staffing** industry revenue in 2020 is projected to be \$119.4 billion, down from 2019 revenue of \$151.8 billion according to the "US Staffing Industry Forecast: April 2020 update" report by SIA

**Industrial staffing** revenue is forecast to fall 25% in 2020

**IT staffing** is expected to fall 14% in 2020

Select **Healthcare staffing** segments are expected to grow this year as they experience increased demand from COVID-19

Travel nurse revenue is expected to grow 5%, per diem to grow 4% and locum tenens to grow 5%

### Staffing Middle-Market M&A

#### M&A Activity

27 staffing transactions closed in Q1 2020, down from 33 transactions in Q1 2019. We expect overall M&A activity in staffing to slow down in 2020 (with the exception of the healthcare segment)

#### Financial Sponsors

Private equity and private equity-backed companies will continue to be opportunistic buyers as they need to continue to put capital to work

#### Strategic Buyers

Public and private non-sponsor backed strategics are canceling planned dividends to conserve cash and will be slowing down on any major acquisitions



“We expect to see M&A deal activity and access to capital for Healthcare staffing to remain active through 2020 while light industrial will slow down due to market volatility stemming from the outbreak of the novel Coronavirus (COVID-19) around the world.”

Chad Gardiner, Director  
Bridgepoint Investment Banking

### Notable Staffing Transactions Q1-20

#### IT Staffing



BG Staffing, Inc. (NYSE: BGSF), a growing national IT staffing company, announced on February 3, 2020 that the Company completed the acquisition of EdgeRock Technology Partners for \$21.6 million cash. EdgeRock reported unaudited revenues of approximately \$41 million for fiscal 2019. BMO Harris Bank, provided financing through BGSF's existing credit facility. The acquisition of this consulting and managed IT services provider both deepens and expands BGSF's IT solutions offerings.



#### IT Staffing

ALAANT

Alaant Workforce Solutions, the leading professional workforce services firm in New York's Capital Region, announced on March 10, 2020 it has acquired Capital Techsearch, Inc., one of the region's technical placement firms. The acquisition expands the services Alaant offers to help employers attract, engage and retain technology professionals – particularly to meet rising demand in the software development sector – while also providing full-service solutions to existing clients of Capital Tech Search. Terms not disclosed.



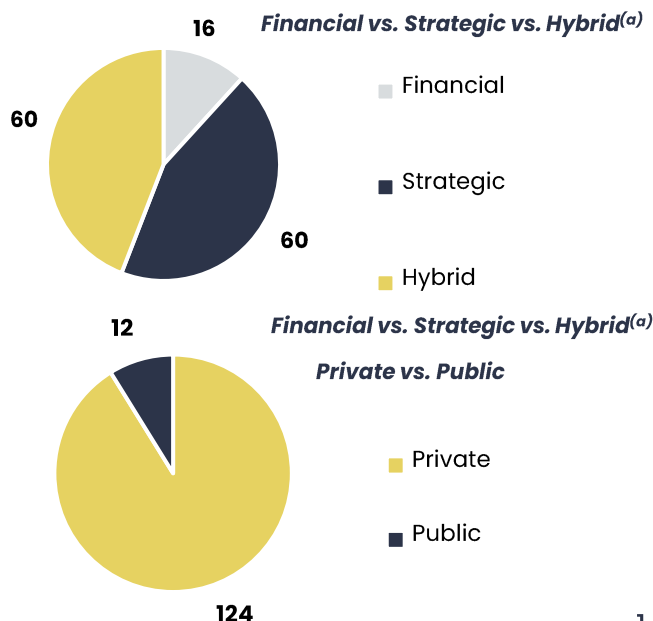
#### Healthcare Staffing



The Delta Companies acquired Foreman Therapy Services, a Dallas-based, therapy-focused staffing company specializing in home health. The deal was announced on March 16, 2020. This acquisition brings additional technology solutions to enhance the firm's digital transformation strategy. With a focus on ongoing innovation, TDC can continue to effectively meet the evolving needs of clients and candidates. The acquisition also supports TDC's growth objectives to purchase firms that enhance its operations.



### Staffing Transaction Buyer Statistics LTM

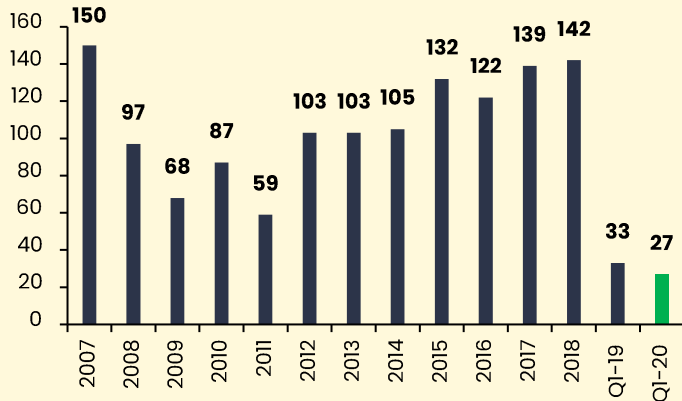


(a): Hybrid – Sponsored backed strategics

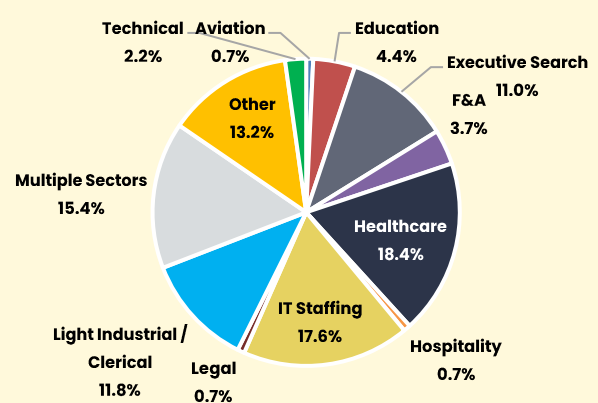
Sources: S&P Capital IQ, DWS Worldwide, Businesswire, Alaant Blog

## Selected Staffing Q1-20 M&A Transaction Statistics

**Transaction Volume 2007-Q1 2020**



**M&A Activity Staffing by Industry (LTM)**

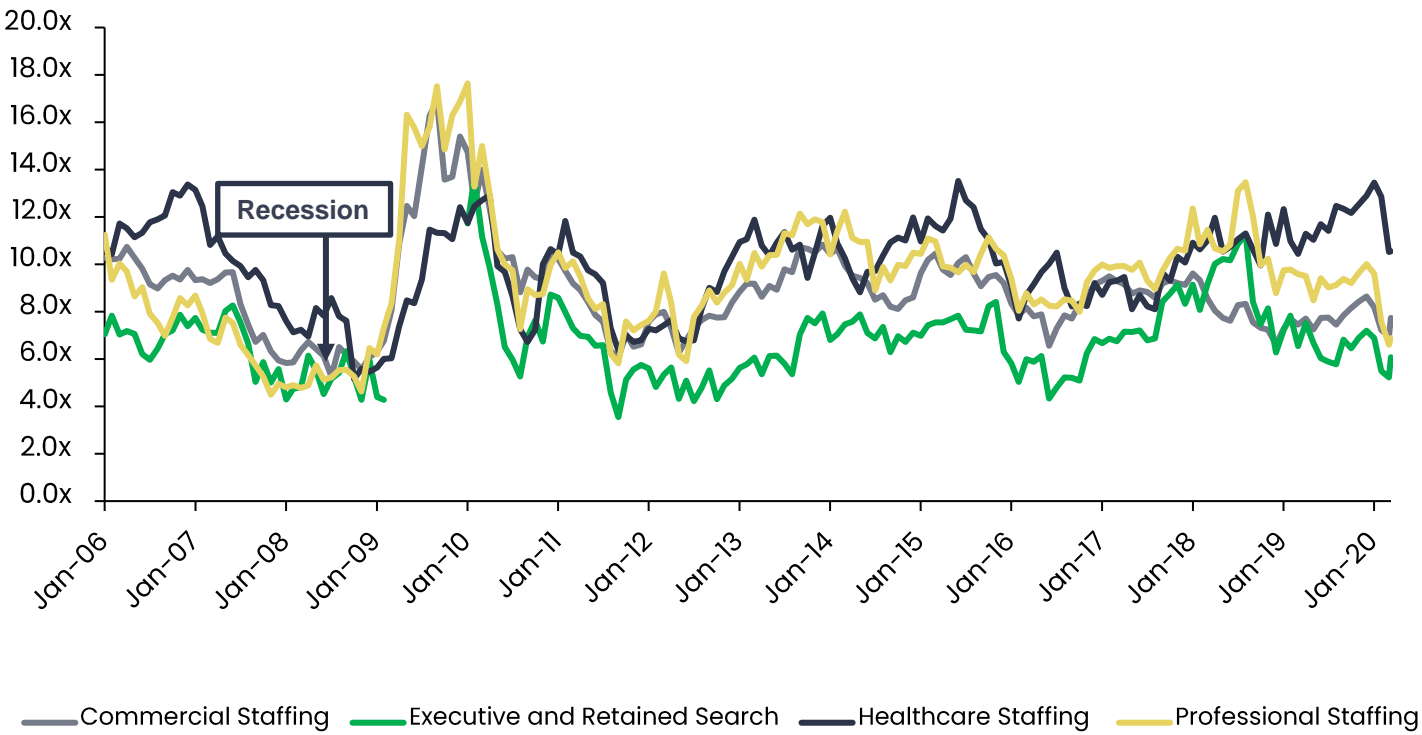


## Selected Staffing Q1-20 M&A Transactions

Date Announced	Seller	Buyer	Business Description
3/16/2020	Foreman Therapy Services	The Delta Companies	Healthcare Staffing
3/12/2020	LegalPartners	Eureka Equity Partners	Temporary and permanent legal staffing
3/10/2020	Capital TechSearch	Alaant Workforce Solutions	IT staffing
3/6/2020	Elite Diagnostics	Lighthouse Lab Services	Laboratory management and recruiting
3/5/2020	AsiaNet China Limited	Cielo	Executive search and consultancy
3/3/2020	ISP Investments Limited	Recruitment Group Holdings	Recruitment and executive search
3/3/2020	Medidoktor Norden AB	Hedera Group AB (OM:HEGR)	Recruitment of medical staffing
2/28/2020	Flex-Team	Lingo Staffing	Light industrial staffing
2/24/2020	SQR2	Valtas Group	Executive recruiting and career counseling
2/13/2020	Vanderloo Financial Services	Quattro Business Support	accounting, staffing, and consulting services
2/6/2020	Storbeck Pimentel & Associates	Diversified Search	Educational executive search services
2/4/2020	Edgerock Technologies	BG Staffing (NYSE: BGSF)	IT staffing services
2/4/2020	Heartland Rehab/Milestone	Grant Avenue Capital	Outpatient medical personnel staffing
1/31/2020	Support System, K.K.	UT Group Co. (TSE:2146)	Temporary staffing services
1/15/2020	The Novak Consulting Group	Raftelis Financial Consultant	Strategic planning and executive search
1/14/2020	Insight	Kelly Educational Staffing	Education staffing services
1/13/2020	iTech Solutions	Ampcus	IT staffing services
1/13/2020	Hospitality Staffing Solutions	Kellermeyer Bergensons	Hospitality staffing services
1/8/2020	Management Recruiters of Woodbury	Shepherd Search Group	Recruitment services
1/8/2020	Angie's Staffing and Pete 'The Job Guy'	Ascendo Resources	Staffing services
1/7/2020	Midwest Financial Search	Versique	Recruitment services for financial sectors
1/7/2020	Everest Search Partners	Kingsley Gate Partners	Executive search and recruitment
1/3/2020	Staff Matters	NSC Technologies	Recruiting and staffing service



## Rolling TEV/NTM EBITDA by Sector Index January 2007–April 2020



## SELECTED STAFFING TRANSACTION EXPERIENCE



Senior debt financings



Sole Financial Advisor



Has been acquired by



Buy-side Advisor



Has been acquired by



Buy-side Advisor



Has been acquired by



Buy-side Advisor



An NES Global Talent Company

Has been acquired by



Sell-side Advisor



Has been acquired by



Sell-side Advisor

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## Market-leading boutique investment bank providing M&A and capital raising advisory solutions focused on the staffing industry

- 229+ years cumulative investment banking experience spanning 118 transactions
- \$108+ billion of M&A, capital raising, corporate finance and M&A transaction advisory service experience
- 73 completed M&A assignments spanning more than \$34 billion
- 90 completed corporate finance transactions, raising more than \$74 billion in capital

## Head of Staffing and Business Services **Chad Gardiner**



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## SECTORS OF FOCUS



Business Services & Staffing



Healthcare



Consumer & Retail



Software & IT Services



Industrials & Transportation

229

YEARS OF EXPERIENCE

\$108B

IN TRANSACTIONS

163

TOTAL TRANSACTIONS

## SENIOR LEADERSHIP



**Matt Plooster**  
Managing Director



**Wm. Lee Merritt**  
Managing Director



**Gary Grote**  
Managing Director



**Mike Anderson**  
Managing Director



**Chad Gardiner**  
Director



**Adam Claypool**  
Managing Director



**Joe Liss**  
Managing Director



**Natasha Plooster**  
COO



**Subhash Marineni**  
Vice President



**Alex Spanel**  
Associate

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Note: The transactions listed above include those executed by bankers at firms outside of Bridgepoint Investment Banking. In order to offer securities-related Investment Banking Services discussed herein, to include M&A and institutional capital raising, certain representatives of Bridgepoint Investment Banking are registered representatives of M&A Securities Group, Inc., an unaffiliated broker-dealer and member FINRA/SIPC. This entity is not affiliated or associated with, authorized or sponsored by Bridgepoint Advisers Limited.