



## Business Services Update

### January 2021

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 December 31, 2019 to December 31, 2020)

Price as Percent of Base (December 31, 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.

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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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# Human Resources Outsourcing

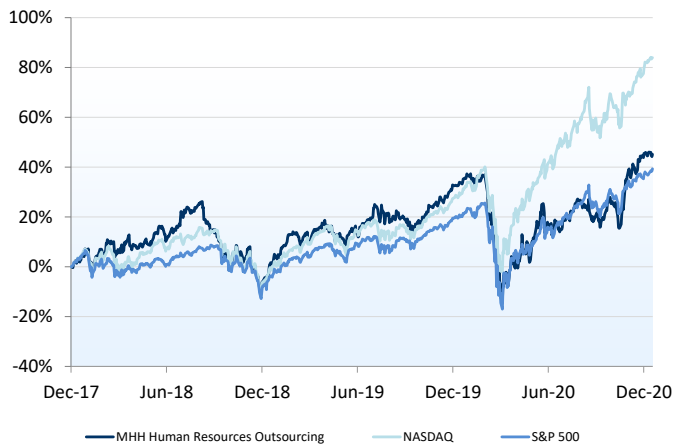
Temporary staffing, HR Outsourcing and Professional Consulting related services for a variety of end-user markets.

## Comparative Index Performance

The Mufson Howe Hunter Human Resources Outsourcing Index <sup>(a)</sup> increased by 4.8% in December of 2020.

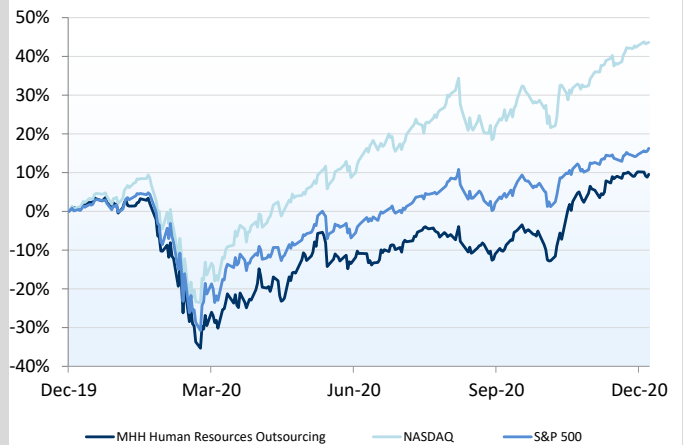
### Last Three Years

Daily from December 31, 2017 to December 31, 2020  
Price as Percent of Base (December 31, 2017 = 0%)



### Last Twelve Months

Daily from December 31, 2019 to December 31, 2020  
Price as Percent of Base (December 31, 2019 = 0%)



## Price Appreciation

	3-Year	LTM	1-Month
Mufson Howe Hunter Human Resources Outsourcing Index <sup>(a)</sup>	45.2%	9.6%	4.8%
NASDAQ	83.9%	43.6%	4.3%
S&P 500	39.3%	16.3%	2.6%

(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.

# Human Resources Outsourcing

## Selected Valuation Metrics

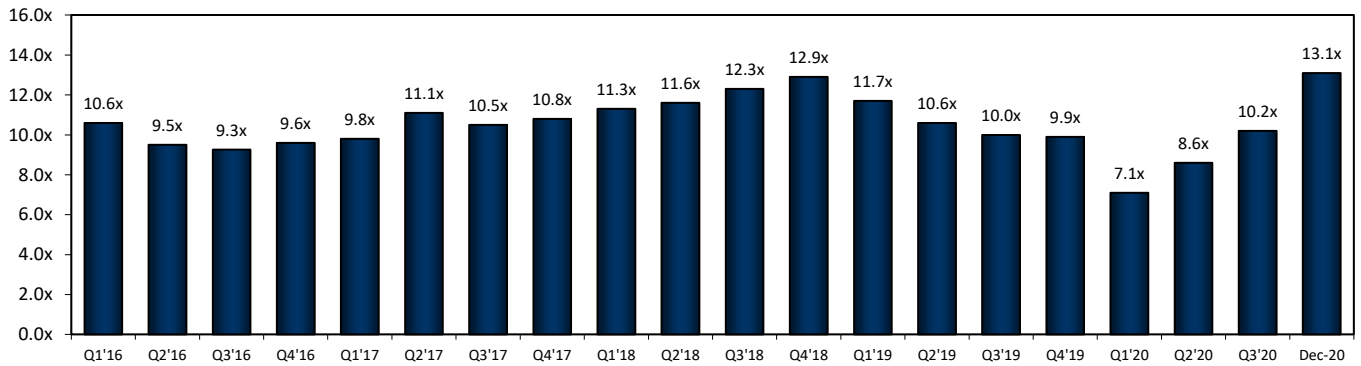
(\$ in millions, except per share data)

Company	Market & Capitalization			LTM Performance <sup>(3)</sup>			Valuation			Margins	
	Price <sup>(1)</sup>	Equity Value	Enterprise Value <sup>(2)</sup>	Revenue	EBITDA <sup>(4)</sup>	EPS	Enterprise Value/Revenue	Price/EBITDA	Price/EPS	Gross Profit	EBITDA
<b>Commercial Staffing</b>											
ManpowerGroup Inc. (MAN)	\$90.18	\$5,188.3	\$5,139.0	\$18,142.7	\$490.6	\$1.46	0.28 x	10.5 x	NM	15.9%	2.7%
TrueBlue, Inc. (TBI)	18.69	637.4	650.2	1,918.8	41.5	(3.90)	0.34 x	15.7 x	NM	24.7%	2.2%
Kelly Services, Inc. (KELY.A)	20.57	808.3	648.2	4,612.4	75.5	(2.00)	0.14 x	8.6 x	NM	18.4%	1.6%
<b>Mean</b>		<b>\$2,211.3</b>	<b>\$2,145.8</b>	<b>\$8,224.6</b>	<b>\$202.5</b>	<b>(\$1.48)</b>	<b>0.25 x</b>	<b>11.6 x</b>	<b>NA</b>	<b>19.7%</b>	<b>2.2%</b>
<b>Median</b>		<b>808.3</b>	<b>650.2</b>	<b>4,612.4</b>	<b>75.5</b>	<b>(2.00)</b>	<b>0.28 x</b>	<b>10.5 x</b>	<b>NA</b>	<b>18.4%</b>	<b>2.2%</b>
<b>Professional Staffing</b>											
Robert Half International Inc. (RHI)	\$62.48	\$7,009.6	\$6,722.6	\$5,342.3	\$508.1	\$2.85	1.26 x	13.2 x	21.9 x	40.1%	9.5%
Kforce Inc. (KFRC)	42.09	874.8	897.2	1,379.9	81.0	2.42	0.65 x	11.1 x	17.4 x	28.5%	5.9%
Resources Connection, Inc. (RGP)	12.57	408.6	416.8	647.2	39.5	0.38	0.64 x	10.6 x	33.2 x	38.6%	6.1%
<b>Mean</b>		<b>\$2,764.3</b>	<b>\$2,678.9</b>	<b>\$2,456.5</b>	<b>\$209.5</b>	<b>\$1.88</b>	<b>0.85 x</b>	<b>11.6 x</b>	<b>24.2 x</b>	<b>35.7%</b>	<b>7.2%</b>
<b>Median</b>		<b>874.8</b>	<b>897.2</b>	<b>1,379.9</b>	<b>81.0</b>	<b>2.42</b>	<b>0.65 x</b>	<b>11.1 x</b>	<b>21.9 x</b>	<b>38.6%</b>	<b>6.1%</b>
<b>Healthcare Staffing</b>											
AMN Healthcare Services, Inc. (AMN)	\$68.25	\$3,209.9	\$4,152.4	\$2,349.3	\$268.4	\$1.87	1.77 x	15.5 x	NM	33.3%	11.4%
Cross Country Healthcare, Inc. (CCRN)	8.87	333.2	411.7	835.9	24.1	(0.52)	0.49 x	17.1 x	NM	24.1%	2.9%
<b>Mean</b>		<b>\$1,771.5</b>	<b>\$2,282.0</b>	<b>\$1,592.6</b>	<b>\$146.3</b>	<b>\$0.67</b>	<b>1.13 x</b>	<b>16.3 x</b>	<b>NA</b>	<b>28.7%</b>	<b>7.2%</b>
<b>Median</b>		<b>1,771.5</b>	<b>2,282.0</b>	<b>1,592.6</b>	<b>146.3</b>	<b>0.67</b>	<b>1.13 x</b>	<b>16.3 x</b>	<b>NA</b>	<b>28.7%</b>	<b>7.2%</b>
<b>IT Staffing</b>											
ASGN Incorporated (ASGN)	\$83.53	\$4,418.7	\$5,323.4	\$3,964.4	\$404.1	\$3.47	1.34 x	13.2 x	24.1 x	27.8%	10.2%
Computer Task Group, Incorporated (CTG)	6.12	93.0	86.1	364.1	11.8	0.51	0.24 x	7.3 x	12.0 x	20.8%	3.2%
RCM Technologies, Inc. (RCMT)	2.07	24.7	42.6	157.8	(4.9)	(0.50)	0.27 x	NM	NM	25.9%	NM
<b>Mean</b>		<b>\$1,512.1</b>	<b>\$1,817.4</b>	<b>\$1,495.4</b>	<b>\$137.0</b>	<b>\$1.16</b>	<b>0.62 x</b>	<b>10.2 x</b>	<b>18.1 x</b>	<b>24.8%</b>	<b>6.7%</b>
<b>Median</b>		<b>93.0</b>	<b>86.1</b>	<b>364.1</b>	<b>11.8</b>	<b>0.51</b>	<b>0.27 x</b>	<b>10.2 x</b>	<b>18.1 x</b>	<b>25.9%</b>	<b>6.7%</b>
<b>Executive Search</b>											
Korn Ferry (KFY)	\$43.50	\$2,355.7	\$2,380.1	\$1,735.3	\$183.8	\$0.29	1.37 x	13.0 x	NM	24.5%	10.6%
Heidrick & Struggles International, Inc. (HSII)	29.38	568.8	435.3	640.7	63.9	(1.70)	0.68 x	6.8 x	NM	28.3%	10.0%
<b>Mean</b>		<b>\$1,462.2</b>	<b>\$1,407.7</b>	<b>\$1,188.0</b>	<b>\$123.8</b>	<b>(\$0.70)</b>	<b>1.03 x</b>	<b>9.9 x</b>	<b>NA</b>	<b>26.4%</b>	<b>10.3%</b>
<b>Median</b>		<b>1,462.2</b>	<b>1,407.7</b>	<b>1,188.0</b>	<b>123.8</b>	<b>(0.70)</b>	<b>1.03 x</b>	<b>9.9 x</b>	<b>NA</b>	<b>26.4%</b>	<b>10.3%</b>
<b>Professional &amp; Consulting</b>											
Fair Isaac Corporation (FICO)	\$511.04	\$14,870.3	\$15,648.6	\$1,294.6	\$369.6	\$7.90	NM	NM	NM	72.1%	28.6%
Exponent, Inc. (EXPO)	90.03	4,648.2	4,461.3	383.3	93.9	1.50	NM	NM	NM	35.5%	24.5%
FTI Consulting, Inc. (FCN)	111.72	3,874.5	4,082.2	2,436.9	310.1	4.88	1.68 x	13.2 x	22.9 x	32.2%	12.7%
CBIZ, Inc. (CBZ)	26.61	1,438.6	1,713.0	955.9	121.2	1.39	1.79 x	14.1 x	19.2 x	14.8%	12.7%
Huron Consulting Group Inc. (HURN)	58.95	1,270.8	1,526.3	878.0	93.7	(0.15)	1.74 x	16.3 x	NM	31.2%	10.7%
CRA International, Inc. (CRAI)	50.93	396.0	565.8	490.2	48.1	2.82	1.15 x	11.8 x	18.1 x	28.7%	9.8%
<b>Mean</b>		<b>\$4,416.4</b>	<b>\$4,666.2</b>	<b>\$1,073.2</b>	<b>\$172.8</b>	<b>\$3.06</b>	<b>1.59 x</b>	<b>13.8 x</b>	<b>20.1 x</b>	<b>35.8%</b>	<b>16.5%</b>
<b>Median</b>		<b>2,656.6</b>	<b>2,897.6</b>	<b>917.0</b>	<b>107.5</b>	<b>2.16</b>	<b>1.71 x</b>	<b>13.7 x</b>	<b>19.2 x</b>	<b>31.7%</b>	<b>12.7%</b>

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 December 31, 2020.
- (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 September 30, 2020 except RGP (November 28, 2020); KFY (October 31, 2020); EXPO (October 2, 2020); KELY.A and TBI (September 27, 2020); CRAI and RCMT (September 26, 2020); CTG (September 25, 2020).
- (4) Excludes non-recurring and discontinued operations.

## Historical Enterprise Value-to-LTM EBITDA Multiples



## Selected M&A Transactions

Announced	Target	Target Description	Acquirer	Value
Dec 21	Identropy, Inc.	Provides identity and access management (IAM) services to businesses	Protiviti Inc.	ND
Dec 16	Substantially All Assets of BeyondPay Inc.	Comprises business of developing software solutions and provides services for human resource management	CBIZ, Inc. (NYSE:CBZ)	ND
Dec 1	Integrated Solutions Management, Inc.	Offers information technology (IT) performance and management consulting services	ECS Federal, LLC	ND

ND – Not disclosed. Transaction values in millions.

## Selected News

**Paychex, Inc. (NasdaqGS:PAYX)** reported second quarter net income of \$272.4 million for fiscal year 2021 as compared to \$258.7 million for the prior year period. Earnings per share were \$0.75 versus \$0.72 for the prior year period. Revenues for the quarter decreased to \$983.7 million from \$990.7 million for the same period in fiscal year 2020.

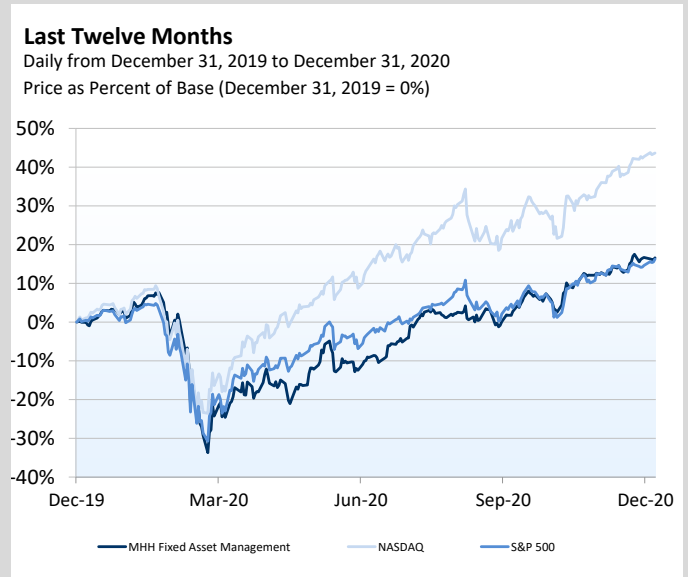
*Note: All per share results are reported on a fully-diluted basis.*

# 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 <sup>(a)</sup> increased by 3.1% in December of 2020.



Price Appreciation	3-Year	LTM	1-Month
Mufson Howe Hunter Fixed Asset Management Index <sup>(a)</sup>	26.6%	16.6%	3.1%
NASDAQ	83.9%	43.6%	4.3%
S&P 500	39.3%	16.3%	2.6%

(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.

# Fixed Asset Management

## Selected Valuation Metrics

(\$ in millions, except per share data)

Company	Market & Capitalization			LTM Performance <sup>(3)</sup>			Valuation			Margins	
	Price <sup>(1)</sup>	Equity Value	Enterprise Value <sup>(2)</sup>	Revenue	EBITDA <sup>(4)</sup>	EPS	Enterprise Value/Revenue	EBITDA	Price/EPS	Gross Profit	EBITDA
<b>Facility Maintenance</b>											
Rollins, Inc. (ROL)	\$39.07	\$19,207.7	\$19,496.0	\$2,130.9	\$442.5	\$0.51	9.15 x	NM	77.2 x	51.4%	20.8%
Rentokil Initial plc (LSE:RTO)	5.33	9,842.6	10,883.3	2,706.5	479.5	0.13	4.02 x	22.7 x	40.9 x	79.0%	17.7%
Chemed Corporation (CHE)	532.61	8,496.1	8,515.9	2,068.6	351.5	16.49	4.12 x	24.2 x	32.3 x	32.8%	17.0%
FirstService Corporation (TSX:FSV)	174.22	7,590.8	8,364.2	2,673.0	257.1	1.66	3.13 x	32.5 x	NM	32.8%	9.6%
EMCOR Group, Inc. (EME)	91.46	5,024.0	4,879.9	8,919.5	583.8	2.51	0.55 x	8.4 x	36.5 x	15.4%	6.5%
ABM Industries Incorporated (ABM)	37.84	2,526.1	3,038.6	5,987.6	372.5	0.00	0.51 x	8.2 x	NM	15.0%	6.2%
BrightView Holdings, Inc. (BV)	15.12	1,584.5	2,657.2	2,346.0	191.1	(0.40)	1.13 x	13.9 x	NM	25.4%	8.1%
Comfort Systems USA, Inc. (FIX)	52.66	1,912.4	2,162.2	2,877.3	244.8	3.84	0.75 x	8.8 x	13.7 x	18.9%	8.5%
Healthcare Services Group, Inc. (HCSG)	28.10	2,091.3	1,904.3	1,784.1	125.2	1.20	1.07 x	15.2 x	23.3 x	14.4%	7.0%
SP Plus Corporation (SP)	28.83	665.6	1,344.4	661.9	64.6	(7.77)	2.03 x	20.8 x	NM	22.4%	9.8%
<b>Mean</b>		<b>\$5,894.1</b>	<b>\$6,324.6</b>	<b>\$3,215.5</b>	<b>\$311.2</b>	<b>\$1.82</b>	<b>2.65x</b>	<b>17.2x</b>	<b>37.3x</b>	<b>30.7%</b>	<b>11.1%</b>
<b>Median</b>		<b>3,775.1</b>	<b>3,959.3</b>	<b>2,509.5</b>	<b>304.3</b>	<b>0.85</b>	<b>1.58x</b>	<b>15.2x</b>	<b>34.4x</b>	<b>23.9%</b>	<b>9.1%</b>
<b>Manned Security Services</b>											
Securitas AB (OM: SECU B)	\$0.00	\$0.0	\$14,392.0	\$109,734.0	\$6,421.0	\$7.57	0.13 x	2.2 x	0.0 x	17.2%	5.9%
G4S plc (LSE:GFS)	2.54	3,924.5	5,533.5	7,476.0	660.0	0.01	0.74 x	8.4 x	NM	16.6%	8.8%
The Brink's Company (BCO)	50.19	2,481.0	4,799.2	3,605.1	356.6	(0.25)	1.33 x	13.5 x	NM	21.6%	9.9%
The GEO Group, Inc. (GEO)	8.86	1,055.7	3,814.2	2,393.7	384.8	1.16	1.59 x	9.9 x	7.6 x	24.0%	16.1%
CoreCivic, Inc. (CXW)	6.55	783.6	2,648.0	1,929.8	392.4	1.03	1.37 x	6.7 x	6.4 x	26.7%	20.3%
Prosegur Compañía de Seguridad, S.A. (BME:PSG)	2.44	1,227.7	2,380.8	3,828.1	816.9	0.94	0.62 x	2.9 x	2.6 x	35.4%	21.3%
<b>Mean</b>		<b>\$1,578.8</b>	<b>\$5,594.6</b>	<b>\$21,494.5</b>	<b>\$1,505.3</b>	<b>\$1.7</b>	<b>0.97x</b>	<b>7.3x</b>	<b>4.1x</b>	<b>23.6%</b>	<b>13.7%</b>
<b>Median</b>		<b>1,141.7</b>	<b>4,306.7</b>	<b>3,716.6</b>	<b>526.2</b>	<b>1.0</b>	<b>1.04x</b>	<b>7.6x</b>	<b>4.5x</b>	<b>22.8%</b>	<b>13.0%</b>
<b>Environmental Services</b>											
Jacobs Engineering Group Inc. (J)	\$108.96	\$14,162.8	\$15,600.7	\$13,567.0	\$1,047.4	\$2.67	1.15 x	14.9 x	40.8 x	19.1%	7.7%
EEL Corporation (EEL)	0.00	0.0	9,930.6	18,091.8	315.2	(0.52)	0.55 x	31.5 x	0.0 x	6.0%	1.7%
Tetra Tech, Inc. (TTEK)	115.78	6,226.3	6,637.7	2,348.6	268.1	3.16	2.83 x	24.8 x	36.6 x	19.0%	11.4%
Slantec Inc. (TSX:STN)	41.28	4,627.7	5,687.9	3,723.8	442.6	1.67	1.53 x	12.9 x	24.7 x	52.7%	11.9%
Arcadis NV (ARCAD)	19.46	1,747.0	2,350.0	3,469.0	192.8	0.43	0.68 x	12.2 x	45.1 x	16.6%	5.6%
<b>Mean</b>		<b>\$5,352.8</b>	<b>\$8,041.4</b>	<b>\$8,240.0</b>	<b>\$453.2</b>	<b>\$1.48</b>	<b>1.35 x</b>	<b>19.2 x</b>	<b>29.5 x</b>	<b>22.7%</b>	<b>7.7%</b>
<b>Median</b>		<b>4,627.7</b>	<b>6,637.7</b>	<b>3,723.8</b>	<b>315.2</b>	<b>1.67</b>	<b>1.15 x</b>	<b>14.9 x</b>	<b>36.6 x</b>	<b>19.0%</b>	<b>7.7%</b>

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.

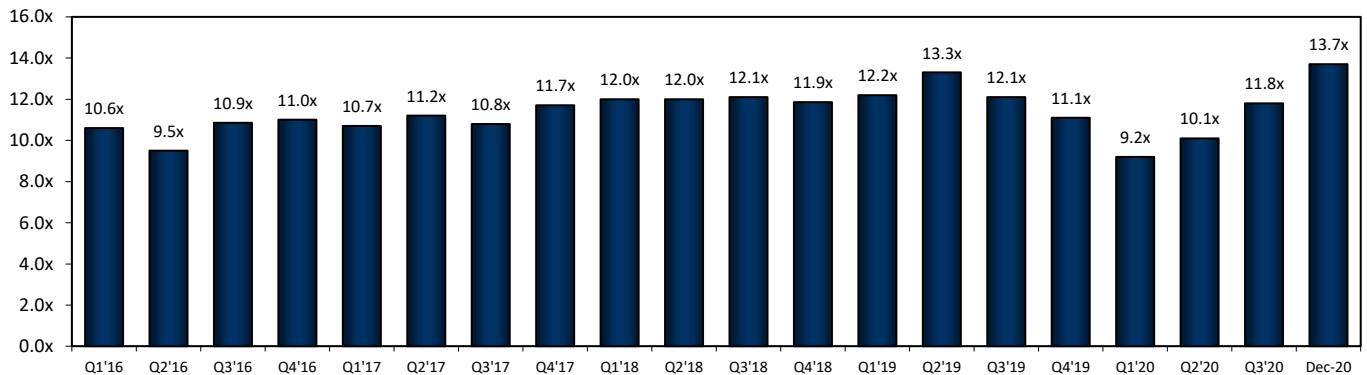
(1) As of close December 31, 2020.

(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 September 30, 2020 except ABM (October 31, 2020); J (October 2, 2020); TTEK (September 27, 2020); and ARCAD, GFS and RTO (June 30, 2020).

(4) Excludes non-recurring and discontinued operations.

## Historical Enterprise Value-to-LTM EBITDA Multiples



## Selected M&A Transactions

Announced	Target	Target Description	Acquirer	Value
Dec 20	111 Ideation Way	Comprises 157,000-square-foot life sciences building in the Northern New Jersey city of Nutley	Harrison Street Real Estate Capital, LLC	ND
Dec 16	FE Moran Security Solutions	Provides electronic security and home solutions services in the United States	Securitas AB (OM:SECU B)	\$82.0
Dec 8	Holly Duran Real Estate Partners LLC	Provides brokerage, site selection, strategic advisory and consulting, investment sales,	Colliers International	ND
Dec 7	85,420-square-foot R&D/office property	Comprises a real estate property and is located in the Palo Alto, California	Harrison Street Real Estate Capital, LLC	\$123.0
Dec 3	Wenck Associates, Inc.	Provides engineering construction and consulting services	Stantec Inc. (TSX:STN)	ND

ND – Not disclosed. Transaction values in millions.

## Selected News

**Cintas Corporation (NasdaqGS:CTAS)** reported second quarter net income of \$284.9 million for fiscal year 2021 as compared to \$246.1 million for the prior year period. Earnings per share were \$2.62 versus \$2.27 for the prior year period. Revenues for the quarter decreased to \$1,757.0 million from \$1,843.7 million for the same period in fiscal year 2020.



**ABM Industries Incorporated (NYSE:ABM)** reported net income of \$0.3 million for fiscal year 2020 as compared to \$127.4 million for the prior year. Earnings per share were \$0.00 versus \$1.91 for the prior year. Revenues for the year decreased to \$5,987.6 million from \$6,498.6 million for 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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