



Healthcare Staffing Industry Report

August 2021

HEALTHCARE STAFFING INDUSTRY KEY TAKEAWAYS

- ❑ **Healthcare Staffing:** Industry Revenue increased at an annualized rate of 4.9% to \$21.8 billion from 2015 to 2020. Much of this growth is the result of two factors: increasing demand for healthcare services, driven by a progressively aging US population with greater need for medical services, and a shortage of qualified physicians, nurses, and other healthcare personnel.
- ❑ **External Drivers**
 - **Total health expenditure:** Total health expenditure includes public and private spending on activities that promote health and prevent disease, in addition to spending on healthcare facility services. Aside from recruiting doctors and nurses, agencies in this industry recruit a wide variety of medical professionals, including pharmacists, laboratory technicians, respiratory therapists, and radiologists. Therefore, an increase in total healthcare expenditure positively corresponds with an increase in industry revenue and demand for healthcare staff recruitment.
 - **Federal funding for Medicare and Medicaid:** Federal and state funding of Medicare and Medicaid, coupled with the government-determined terms of access to these reimbursement programs, affect demand for healthcare services. Consequently, an increase in Medicare and Medicaid funding will increase industry revenue.
 - **Number of adults aged 65 and older:** An increasing number of elderly Americans and a progressively higher average life expectancy will stimulate demand for the industry as people above the age of 65 are more likely to require medical assistance.
 - **National unemployment rate:** This industry is sensitive to the level of employment in the overall economy. When the national unemployment rate rises, demand for employment agencies, even specialized agencies such as healthcare staff recruitment agencies, tends to fall.
- ❑ **Industry Outlook**
 - **Continued Growth and Ongoing Trends:** Moving forward, the industry is anticipated to benefit from the evolving needs of the aging baby-boomer generation as the number of adults aged 65 and older is expected to increase at an annualized rate of 3.1% to 65.0 million people from 2020 to 2025. This will provide the impetus for healthcare providers to hire extra staff to compensate for the influx of patients, boosting demand for industry services. The Healthcare Staff Recruitment Agencies industry has and will likely continue to benefit from structural factors affecting the overall healthcare sector.

INDUSTRY AT A GLANCE

Key Statistics

\$21.8bn
Revenue

Annual Growth	Annual Growth	Annual Growth
2015–2020	2020–2025	2015–2025
4.9%	5.8%	

347k
Employment

Annual Growth	Annual Growth	Annual Growth
2015–2020	2020–2025	2015–2025
3.1%	5.0%	

\$895.2m
Profit

Annual Growth	Annual Growth
2015–2020	2015–2020
7.1%	

\$15.4bn
Wages

Annual Growth	Annual Growth	Annual Growth
2015–2020	2020–2025	2015–2025
3.6%	5.2%	

4.1%
Profit Margin

Annual Growth	Annual Growth
2015–2020	2015–2020
0.4pp	



Allied staffing services



Per diem and travel nurse staffing



Locum tenens staffing

2,922
Businesses

Annual Growth	Annual Growth	Annual Growth
2015–2020	2020–2025	2015–2025
0.8%	3.5%	

Healthcare Staff Recruitment Agencies
Source: IBISWorld

INDUSTRY AT A GLANCE

Major Players



- 11.0% AMN Healthcare Services Inc.
- 8.2% CHG Healthcare
- 80.8% Other

Healthcare Staff Recruitment Agencies

Source: IBISWorld

SWOT

S

Strengths

- Growth Life Cycle Stage
- Low Imports
- Low Capital Requirements

W

Weaknesses

- Low & Steady Barriers to Entry
- None & Steady Level of Assistance
- Low Profit vs. Sector Average
- High Customer Class Concentration
- High Product/Service Concentration

O

Opportunities

- High Revenue Growth (2005-2021)
- High Revenue Growth (2016-2021)
- High Revenue Growth (2021-2026)
- High Performance Drivers
- Research and Development Expenditure

T

Threats

- Low Outlier Growth
- Federal Funding for Medicare and Medicaid

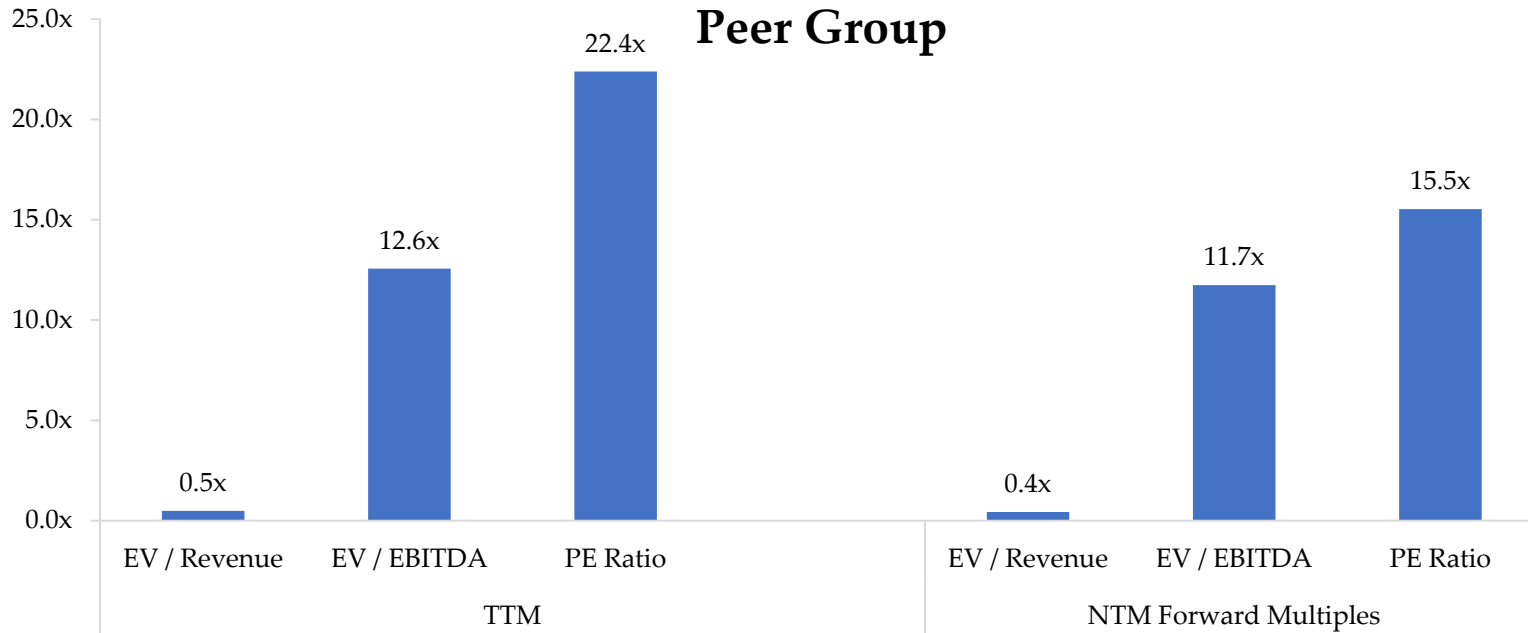
RECENT PRIVATE TRANSACTIONS

Transaction Date	Target	Acquirer	Deal Synopsis
08/19/2021	Fortus Resources	Job.com	The company was acquired by Job.com for an undisclosed amount on August 19, 2021. The transaction enables Jobs.com to penetrate into the healthcare, automotive, and other sectors.
6/11/2021	Vital Medical Staffing	Dedicated Nursing Associates	The company was acquired by Dedicated Nursing Associates for an undisclosed amount on June 11, 2021.
4/23/2021	Therapia Staffing	Gifted Healthcare	The company was acquired by Gifted Healthcare for an undisclosed amount on April 23, 2021. The acquisition connects two purpose and passion-centric companies allowing for even greater impact to candidates, facilities, and company Ohana.
3/5/2021	U.S. Nursing	Cornell Capital	The company was acquired by Cornell Capital and Trilantic North America through an LBO on March 5, 2021 for an undisclosed sum.
2/8/2021	Trustaff	Cornell Capital	The company was acquired by Cornell Capital and Trilantic North America through an LBO on February 8, 2021 for an undisclosed sum. As a part of the transaction, Citizens Bank and UBS provided \$575 million debt financing in the form of a \$50 million revolver credit facility and a \$525 million term loan B to support the deal.
01/05/2021	Boon (Human Capital Services)	CrowdfundNC	The company was acquired by CrowdfundNC for an undisclosed amount on January 5, 2021.
01/01/2021	Healthcare Staffing Services	Cornell Capital	The company was acquired by Cornell Capital through an LBO in 2021 for an undisclosed sum.
10/15/2020	Ardor School Solutions	Five Arrows Capital Partners	The company, a subsidiary of Ardor Health Solutions, was acquired by Stepping Stones Group, via its financial sponsors Stepping Stones Group and Florac, through an LBO on October 15, 2020 for an undisclosed sum.
07/01/2020	Colorado Medical Staffing	J Thompson Staffing, Inc	The company was acquired by J Thompson Staffing for an undisclosed amount in July 2020.

RECENT PUBLIC TRANSACTIONS

Transaction Date	Target	Acquirer	Deal Synopsis
08/05/2021	Cornerstone OnDemand	Clearlake Capital Group	The company entered into a definitive agreement to be acquired by Clearlake Capital Group and Vector Capital (California) through an estimated \$3.8 billion public-to-private LBO on August 5, 2021. Through this deal, the company will benefit from the operating capabilities, capital support and deep sector expertise of Clearlake and their strong track record with software platform investments and the investment will create new opportunities for its employees, providing clients with more capabilities to empower their people and enable to help more people realize their potential.
07/15/2019	HireQuest	Command Center	The company acquired Command Center through a reverse merger, resulting in the combined entity trading on the Nasdaq Stock Exchange under the ticker symbol HNI on July 15, 2019.
04/02/2019	Recruiter.com	Truli Technologies	The company acquired Truli Technologies (OTC: TRLI) through a reverse merger, resulting in the combined entity trading on the Over The Counter Pink Sheet Exchange under the ticker RCRT on April 2, 2019.
11/28/2018	TSR	QAR Industries	The company was in talks to be acquired by QAR Industries on November 14, 2018. Subsequently, the deal was cancelled on November 28, 2018.

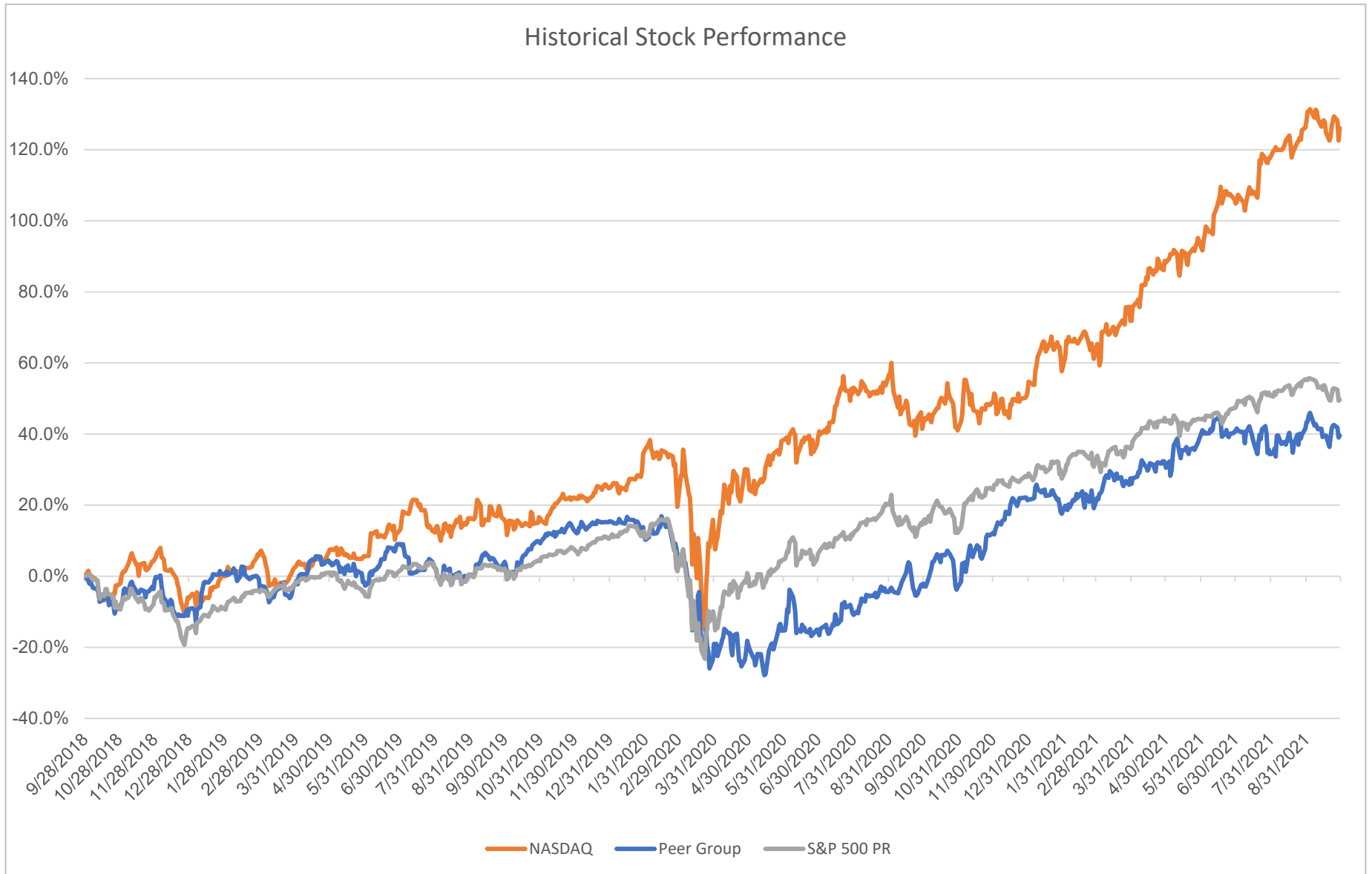
PUBLIC COMPARABLES



PUBLIC COMPARABLES

\$ in Millions Ticker	Cross Country Healthcare CCRN	AMN Healthcare Services AMN	Adecco Group ADEN	Kelly Services KELYA	TrueBlue TBI	ManpowerGroup MAN		
Total Revenue	\$836	\$2,394	\$22,298	\$4,516	\$1,846	\$18,001		
Gross Profit	203	792	4,319	828	441	2,825		
EBIT	-9	149	99	-104	-175	178		
Net Income	(\$12.96)	\$70.67	(\$111.71)	(\$72.00)	(\$141.84)	\$23.80		
EBITDA	3	243	337	-59	-143	254		
Total Debt	76	955	2,817	87	69	1,429		
EV	536	4,409	12,186	824	807	5,440		
Employees	1,450	3,000	30,000	447,700	5,200	25,000		
Ratio Analysis								Median
Revenue/Employee	\$576,839	\$797,905	\$743,261	\$10,087	\$355,069	\$720,040		\$648,440
EV/Revenue	0.64x	1.84x	0.55x	0.18x	0.44x	0.30x		0.49x
Debt/EBITDA	25.28x	4.06x	7.96x			5.48x		
EV/EBITDA	0.64x	1.84x	0.55x	0.18x	0.44x	0.30x		0.49x
Market Cap/EBITDA	142.92x	14.31x	33.15x			21.89x		
Market Cap	462	3,483	11,184	959	801	5,565		
Close Price	12.31	73.82	68.58	23.84	22.56	101.29		
52 Week Low	4.50	36.65	35.97	11.01	12.30	53.58		
52 Week High	13.68	80.80	69.48	23.90	22.89	104.81		
Gross Margin	24.2%	33.1%	19.4%	18.3%	23.9%	15.7%		21.6%
EBIT	-1.1%	6.2%	0.4%	-2.3%	-9.5%	1.0%		-0.3%
EBITDA	0.4%	10.2%	1.5%	-1.3%	-7.7%	1.4%		0.9%
Acct. Receivable Days	72	66	72	97	56	96		72
Acct. Payable Days	35	24	76	54	14	89		45
Revenue Growth	1.7%	7.7%	-16.5%	-15.7%	-22.1%	-13.7%		-14.7%

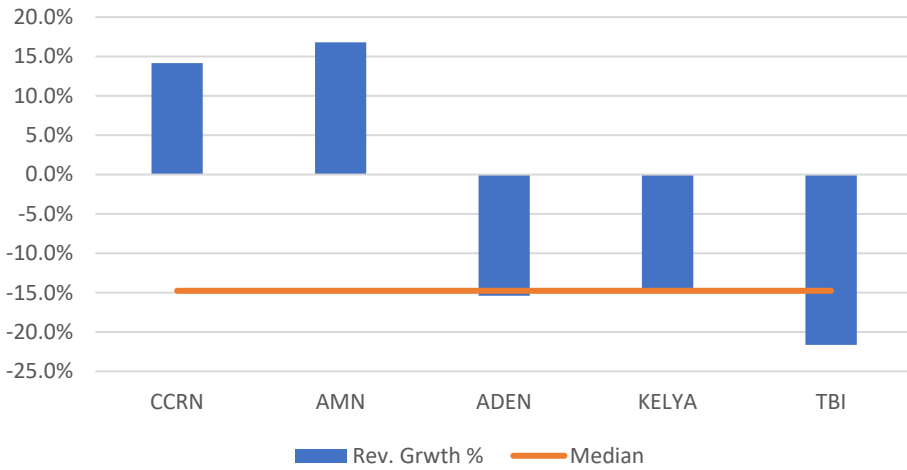
HEALTHCARE STAFFING INDEX VS. S&P 500



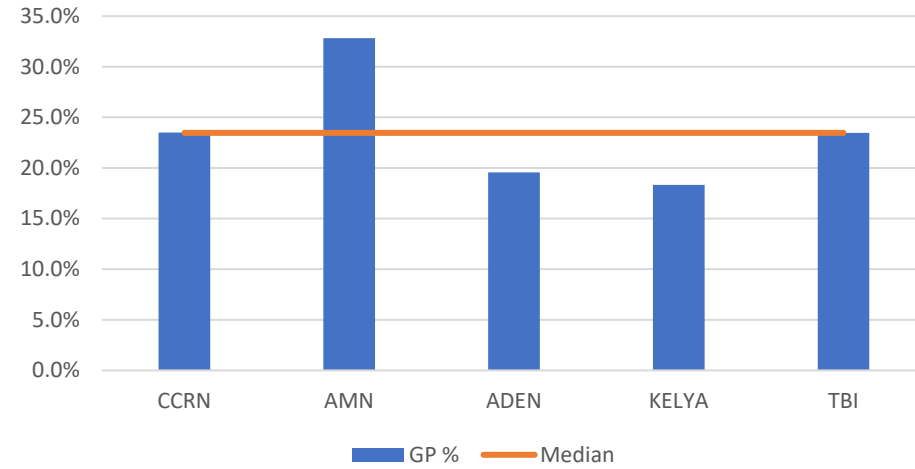
DCA Healthcare Staffing Index: CCRN, AMN, ADEN, TBI, KELYA

OPERATING METRICS

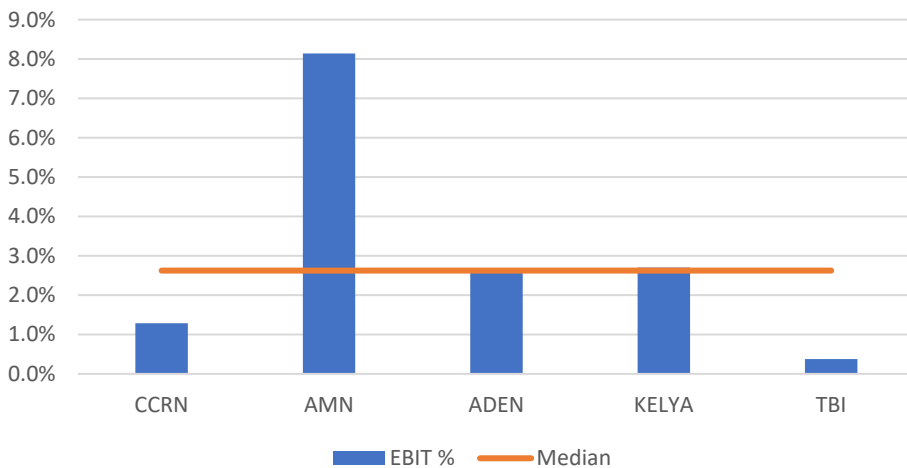
Revenue Growth



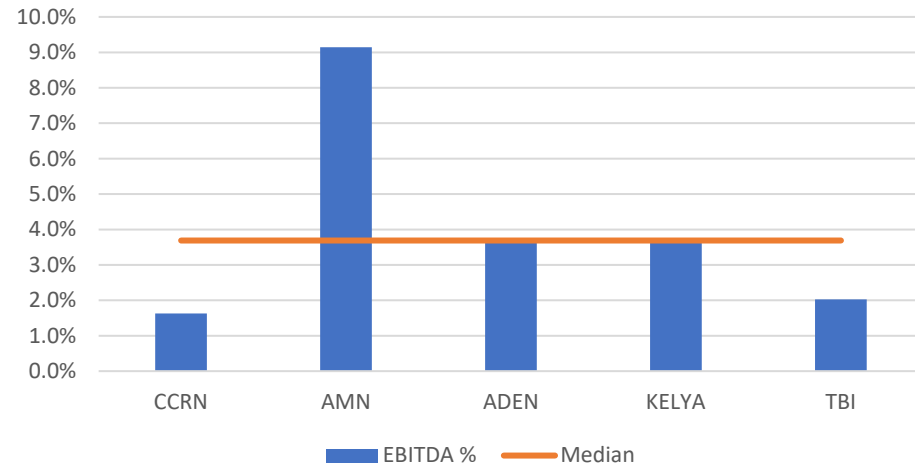
Gross Profit Margin



EBIT Margin

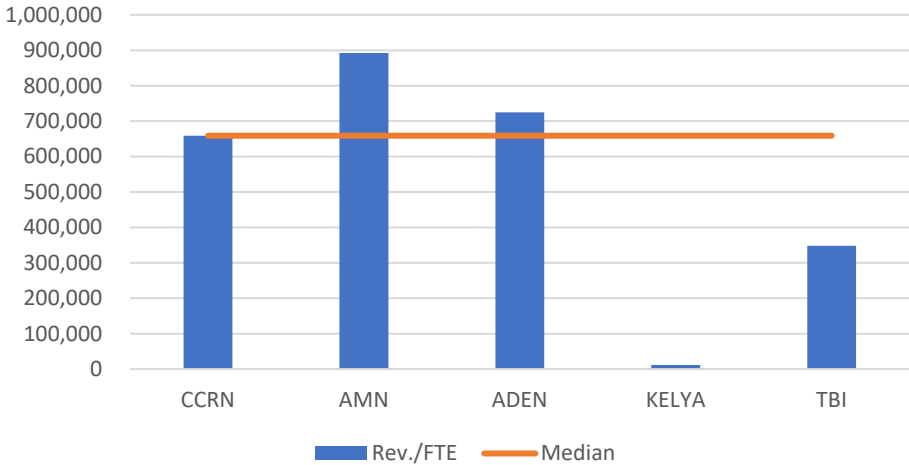


EBITDA Margin

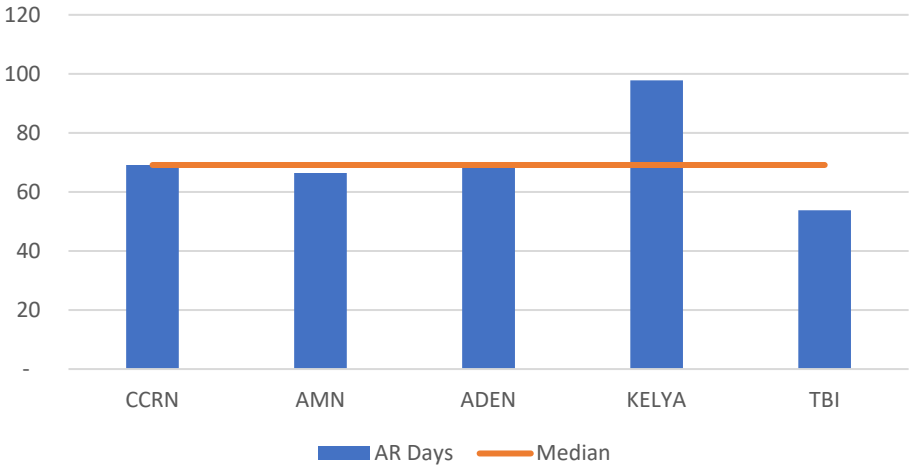


RATIO ANALYSIS

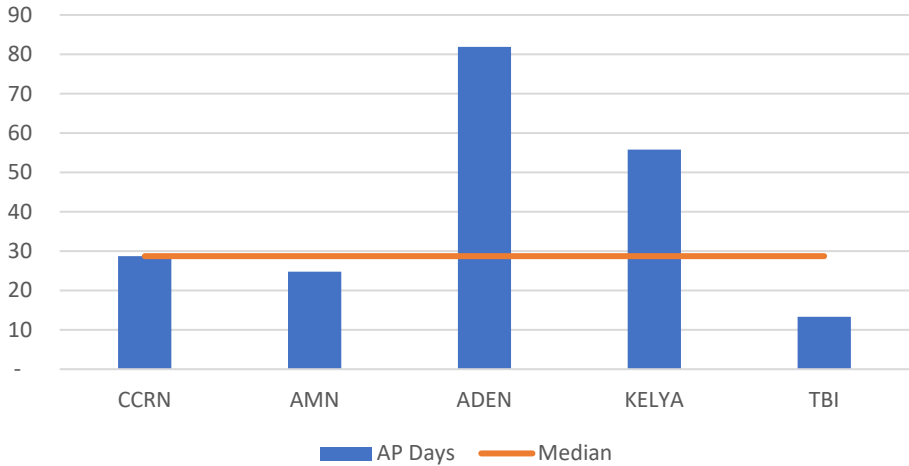
Revenue per Employee



AR Days



AP Days



VALUATION TRENDS

Price Date: 9/20/21		Fundamentals								
Dollars in millions		TTM					NTM Estimates			
Ticker	Company	Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
Peer Group										
CCRN	Cross Country Healthcare	20.82	769.54	884.00	1,070.64	45.35	0.94	1,118.73	59.39	0.83
AMN	AMN Healthcare Services	112.11	5,298.61	6,087.79	2,926.29	305.63	3.63	3,142.34	454.44	5.10
ADEN	Adecco Group	52.06	8,490.11	9,645.64	24,407.54	1,070.47	3.68	25,973.83	1,427.11	4.93
TBI	TrueBlue	28.26	1,003.33	963.43	1,967.83	76.67	1.14	2,221.10	95.51	1.82
KELYA	Kelly Services	19.64	774.09	796.49	4,743.60	144.50	2.26	5,208.87		1.61

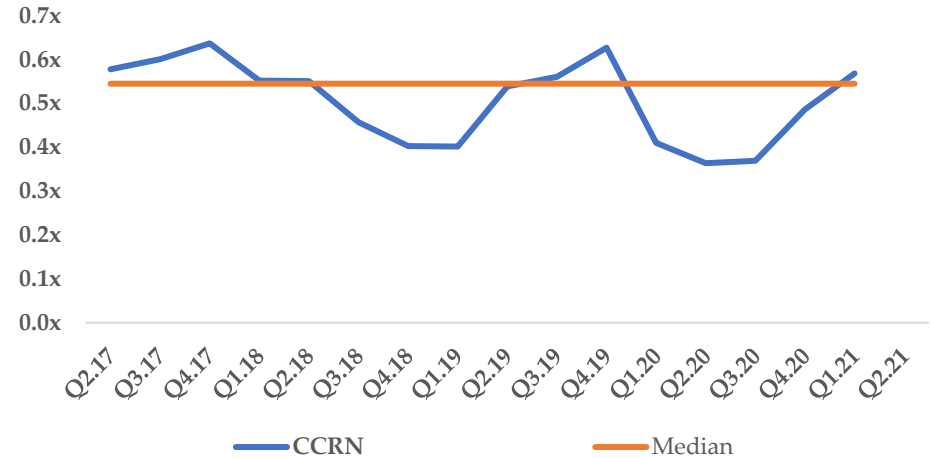
Price Date: 9/20/21		Multiples					
Dollars in millions		TTM			NTM Forward Multiples		
Ticker	Company	EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
Peer Group							
CCRN	Cross Country Healthcare	0.8x	19.5x	22.4x	0.8x	14.9x	25.2x
AMN	AMN Healthcare Services	2.1x	19.9x	31.1x	1.9x	13.4x	22.0x
ADEN	Adecco Group	0.4x	9.0x	14.2x	0.4x	6.8x	10.6x
TBI	TrueBlue	0.5x	12.6x	25.9x	0.4x	10.1x	15.5x
KELYA	Kelly Services	0.2x	5.5x	8.7x	0.2x		12.2x

PUBLIC COMP

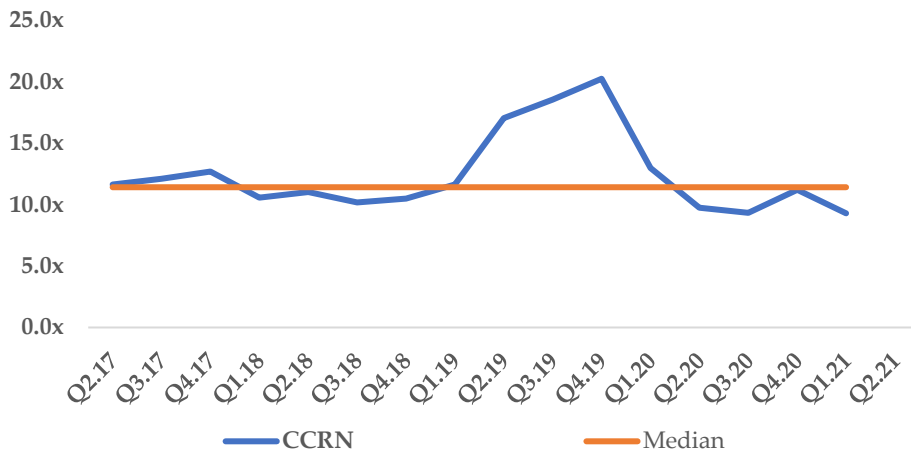
Cross Country Healthcare (NAS: CCRN)

Cross Country Healthcare Inc is a provider of staffing, recruiting, and workforce solutions to healthcare clients such as private and public hospitals, government facilities, outpatient clinics, ambulatory care facilities, and physician practice groups, among others. The company operates in three business segments: nurse and allied staffing, physician staffing, and search. The nurse and allied staffing segment, which generates a vast majority of revenue, offers temporary and permanent placements of travel and local nurses and allied professionals, and other outsourcing services. The other services offered by the company include physician staffing, search for healthcare executives, and recruitment process outsourcing. The company earns majority of its revenue from the United States.

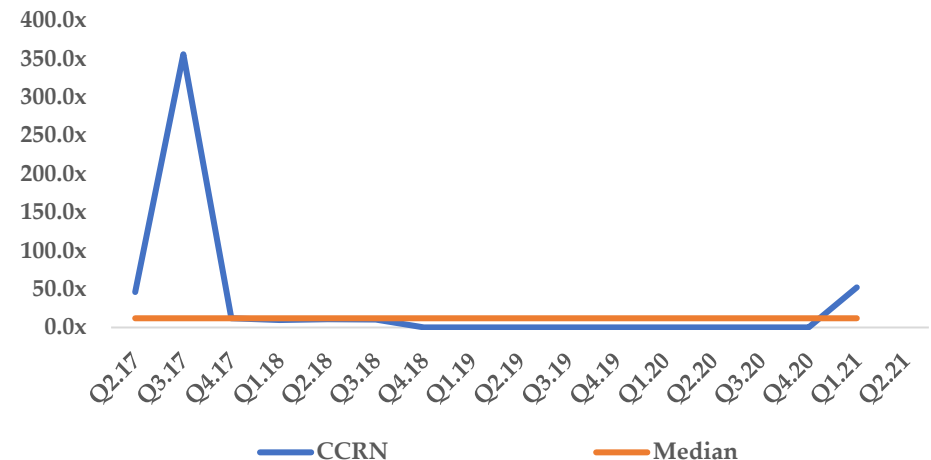
EV/Revenue Cross Country Healthcare



EV/EBITDA Cross Country Healthcare



P/E Cross Country Healthcare

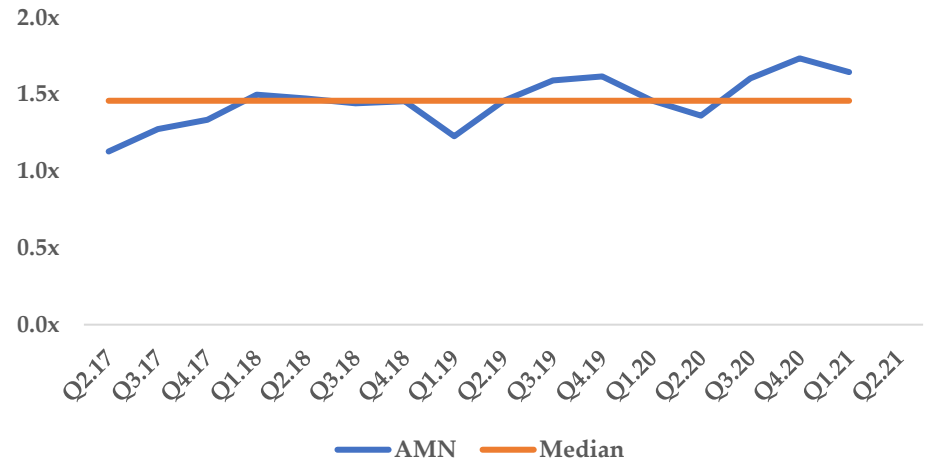


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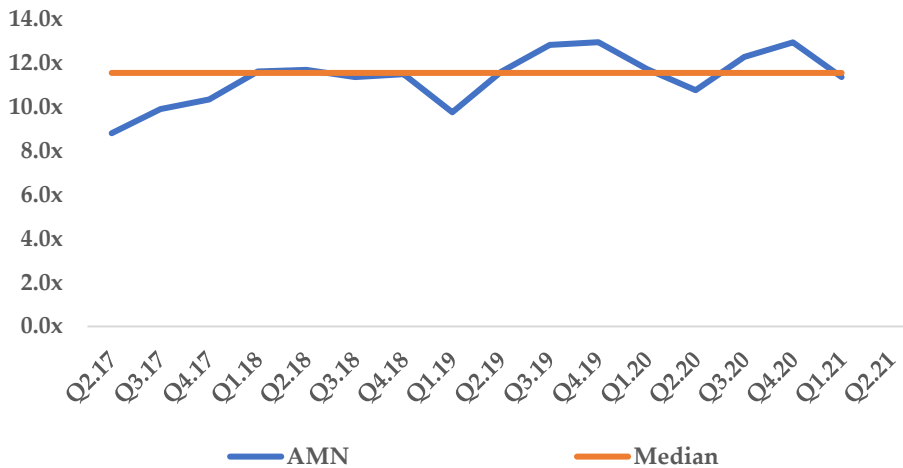
AMN Healthcare Services (NYS: AMN)

AMN Healthcare Services is the largest healthcare staffing company in the United States. In 2019, it placed almost 10,000 nurses and allied healthcare full-time workers with provider clients nationwide. About two thirds of its business is generated from its temporary nursing division; the other third is generated from its physician placement and technology-backed workplace solutions divisions.

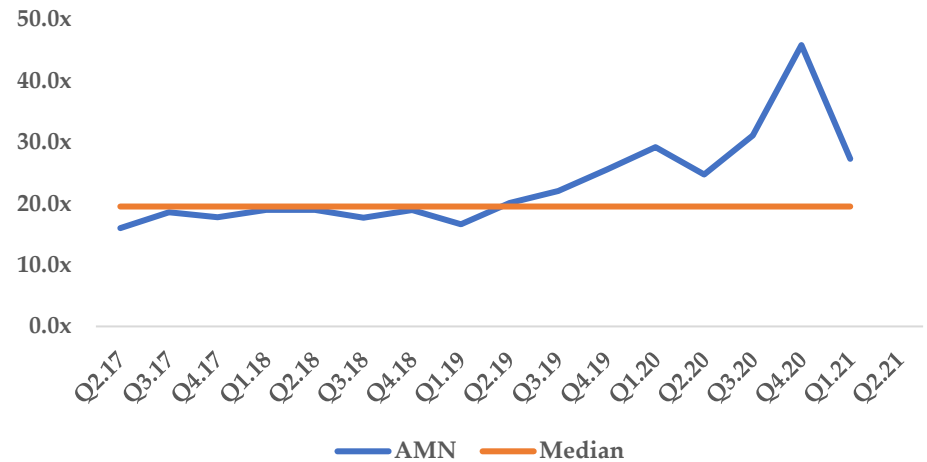
EV/Revenue AMN Healthcare Services



EV/EBITDA AMN Healthcare Services



P/E AMN Healthcare Services

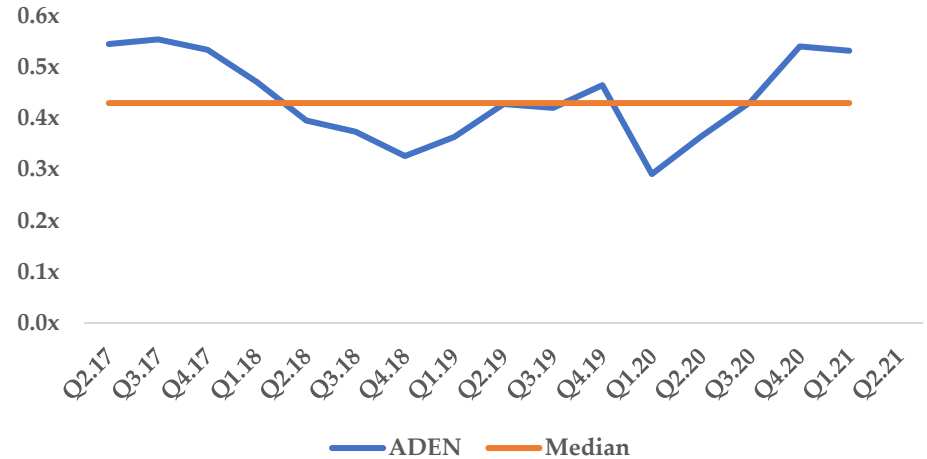


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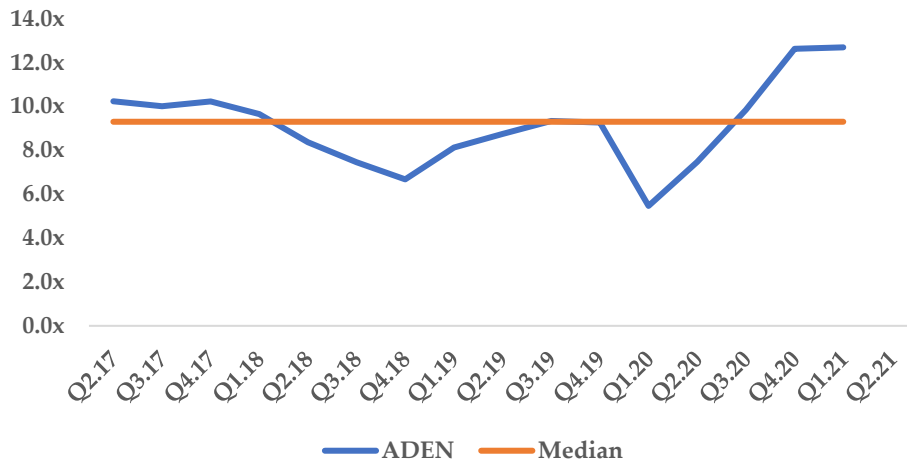
Adecco Group AG (ADIA: GR)

The Adecco Group is a personnel and temporary employment company. The company supplies personnel and temporary help, and offers permanent placement services for professionals and specialists in a range of occupations. Adecco Group conducts its placement services internationally

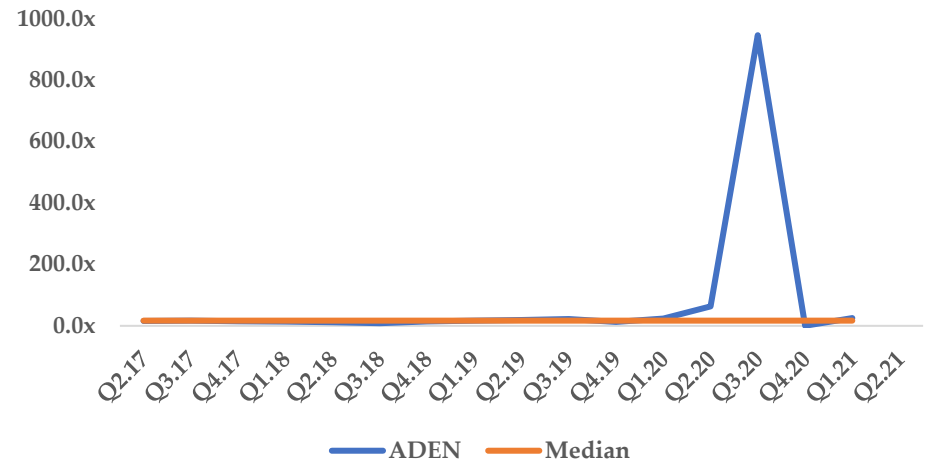
EV/Revenue Adecco Group



EV/EBITDA Adecco Group



P/E Adecco Group

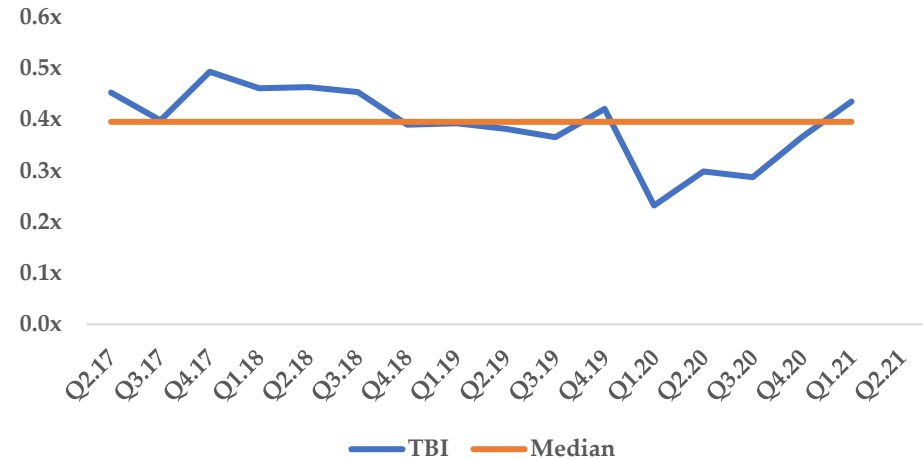


PUBLIC COMP

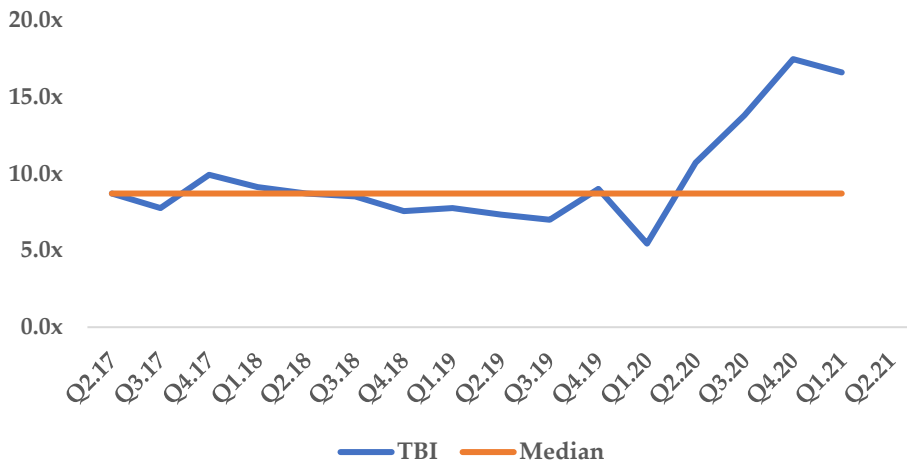
TrueBlue (NYS: TBI)

TrueBlue Inc is a provider of staffing and workforce management solutions. The company's reportable segments include PeopleReady offers industrial staffing services. PeopleManagement offers contingent and productivity-based on-site industrial staffing services and PeopleScout offers recruitment process outsourcing and managed service provider services. It generates maximum revenue from the PeopleReady segment.

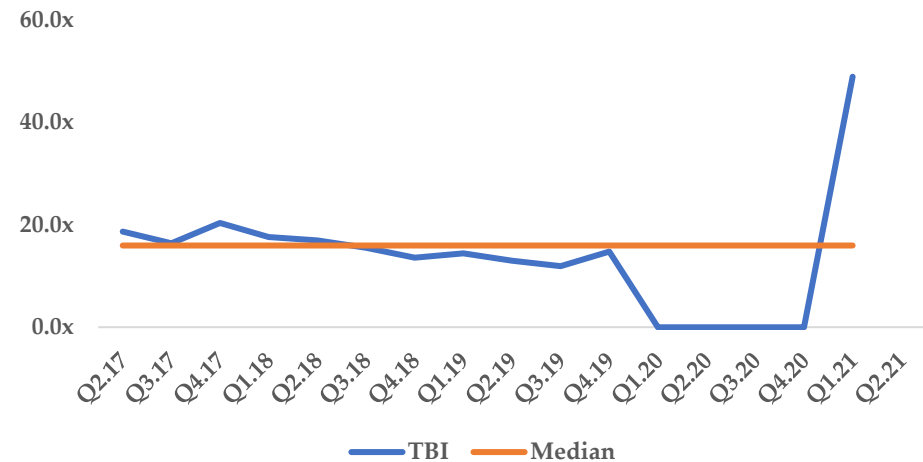
EV/Revenue TrueBlue



EV/EBITDA TrueBlue



P/E TrueBlue

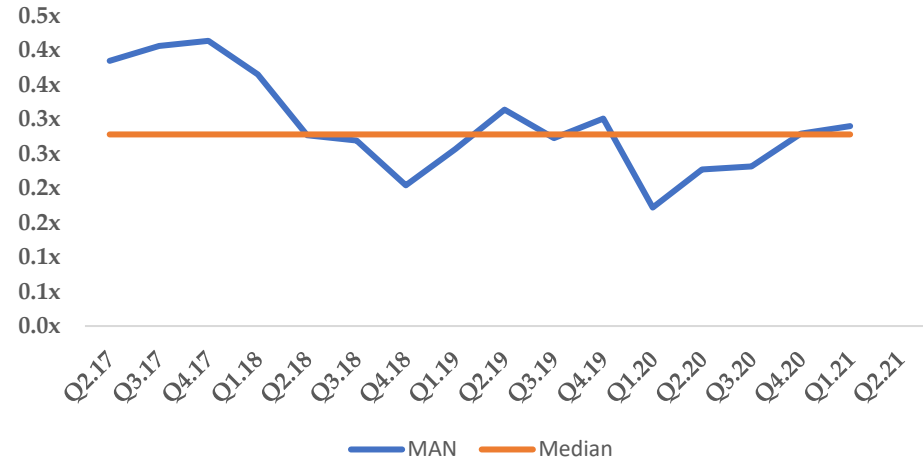


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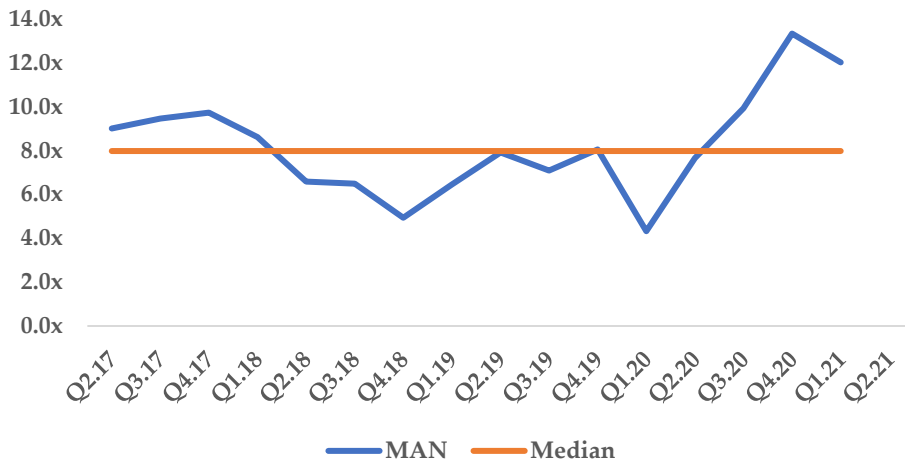
ManpowerGroup (NYS: MAN)

ManpowerGroup is one of the largest firms in the fragmented global staffing industry. It serves each main staffing category--temporary, permanent, and project-based--and also offers a suite of HR outsourcing and outplacement services. Manpower generates annual revenue and operating income of more than \$18 billion and nearly \$200 million, respectively. A vast majority of sales are generated outside the U.S. from operations in 80 countries. Its 30,000 employees serve an estimated 600,000 clients and place millions of job candidates.

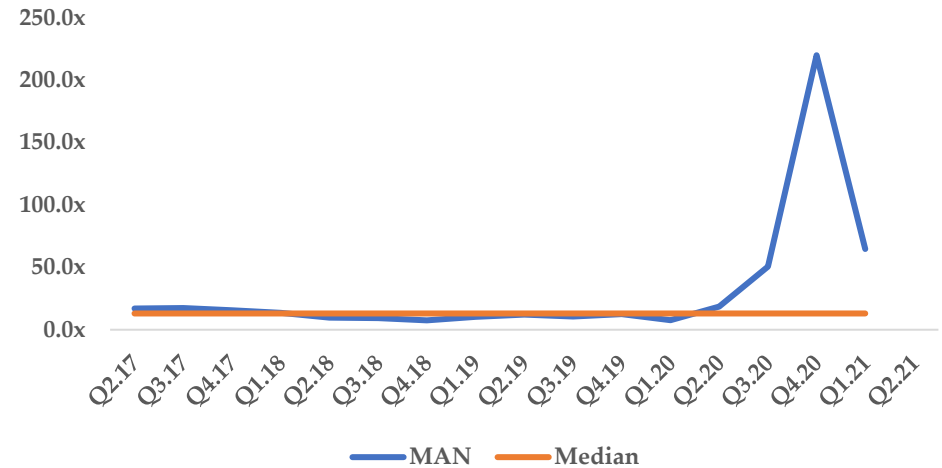
EV/Revenue ManpowerGroup



EV/EBITDA ManpowerGroup



P/E ManpowerGroup



DAVIDSON CAPITAL ADVISORS RECENT HEALTHCARE TRANSACTIONS



Healthcare Technology, Payment Services
www.acryness.com



Health Care, Health Care Facilities
www.encompashealth.com



Retail, Pharmacy and Retail
www.fruthpharmacy.com



Health Care, Health Care Facilities
www.ecompasshealth.com



Hospital & Healthcare
www.accessonemedcard.com



Client Acryness

Acryness is an information technology company which provides a full range of billing support and payment processing solutions for large and small B2C billers with a core emphasis serving the healthcare community.

Client: Radiotherapy Clinics of Georgia

Radiotherapy Clinics of Georgia LLC operates as a provider of medical services specializing in radiation oncology. The Company provides treatments including surgery, chemotherapy, biologic therapy, and radiation therapy. Radiotherapy Clinics diagnoses and treats conditions such as brain, breast, cervical, endometrial, lung, prostate, and skin cancer. Acquired January 2007 by Physician Oncology Services, L.P.

Client: Fruth Pharmacy

Fruth Pharmacy operates as pharmacy and retail store. The Company provides medication, health and beauty products, groceries, household items, gifts, balloons, and flowers. Fruth Pharmacy serves customers throughout West Virginia and Ohio.

Client: Health South

Health South changed its name to Encompass Health, based in Birmingham, Alabama, is one of the United States' largest providers of post-acute healthcare services, offering both facility-based and home-based post-acute services in 36 states and Puerto Rico through its network of inpatient rehabilitation hospitals, home health agencies, and hospice agencies.

Client: Access One

Based in Fort Mill, South Carolina, Access One provides hospitals, health systems and employers with patient financing solutions. They strive to provide an easy user experience and a patient-friendly interface

DAVIDSON CAPITAL ADVISORS PROFESSIONALS

Robert S. Cashion
Managing Director, Investment Banking and Advisory Services

Prior to joining Davidson Capital Advisors, Mr. Cashion spent over 20 years in the financial services industry. He manages the firm's overall corporate finance and consulting practice where he oversees and executes the firm's investment banking, advisory and capital raising engagements.

Mr. Cashion worked with several financial institutions and consulting firms delivering investment banking, leveraged finance, consulting and restructuring services. He worked with Bank of America Merrill Lynch and its predecessor firms in the High Grade Capital Markets, Corporate Finance and the Special Situations group.

Mr. Cashion has been involved in industry sectors including general industrial, distribution, business services, retail, technology and healthcare. Mr. Cashion holds B.A. Education, B.S. Accounting, and an MBA from the University of North Carolina. He is a Certified Public Accountant and holds FINRA 7, 63 and 79 securities licenses.



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DAVIDSON CAPITAL ADVISORS PROFESSIONALS

Elizabeth Folger **Managing Director, Institutional Client Coverage**

Prior to joining Davidson Capital Advisors, Ms. Folger spent 16 years in the financial services industry in a variety of functions, most recently with Bank of America Merrill Lynch and its predecessor firms. She manages the sales and auction processes for the firm's sell side M&A and capital raising engagements. Her deep experience in the sales and trading has resulted in excellent execution for our client's projects.

She worked in the Loan Syndication Sales Group, headquartered in Charlotte, with her primary responsibilities for sales and distribution of syndicated loans for middle market and large corporate credits. Also, Ms. Folger worked on the Corporate Bond Trading desk where she managed and traded risk positions of \$50-\$100 million of intermediate term bank and finance paper.

Ms. Folger has been involved in a variety of sectors including general industrial, distribution, business services, retail, technology and healthcare. She holds a Bachelor of Arts from Hollins University.



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DAVIDSON CAPITAL ADVISORS ANALYST TEAM

Maxwell Purdy **Corporate Finance Coverage**

Prior to joining Davidson Capital Advisors in 2021, Mr. Purdy interned with Graycliff Partners, a private equity located in New York, NY. He graduated from University of North Carolina Chapel Hill in 2021 with a BS in Political Science and a minor in Economics and Entrepreneurship.

Maxwell assists in leading the firm's corporate finance client coverage as well as private equity coverage.

Jake Hall **Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors, Mr. Hall interned with Churchill Terry, a private equity firm located in Dallas, TX. He graduated from Southern Methodist University in 2021 with an MBA in Finance and Strategy.

DAVIDSON CAPITAL ADVISORS ANALYST TEAM

Sam Fernandez
Analyst, Investment Banking

Prior to joining Davidson Capital Advisors in 2021, Mr. Fernandez lead finance and business development for Radio Nueva Vida radio station. He graduated from University of North Carolina in 2021 with a Bachelor of Science in Business Administration.

Luke Habecker
Analyst, Investment Banking

Prior to joining Davidson Capital Advisors in 2021, Mr. Habecker headed up business development for Odyssey Specialized Logistics, LLC. He graduated from University of North Carolina in 2019 with a Bachelor of Science in Business Administration.

Luke Bitler
Analyst, Investment Banking

Prior to joining Davidson Capital Advisors in 2021, Mr. Generation Estate, a private equity located in London, England. He graduated from University of Virginia in 2021 with a BA in History and Economics.