



Healthcare Staffing Industry Report

December 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 2016 – 2021 4.9%
- Annual Growth 2021 – 2026 5.8%



\$895.2m Profit

- Annual Growth 2016 – 2021 7.1%



4.1% Profit Margin

- Annual Growth 2016 – 2021 0.4pp



2,922 Businesses

- Annual Growth 2016 – 2021 0.8%
- Annual Growth 2021 – 2026 3.5%



347k Employment

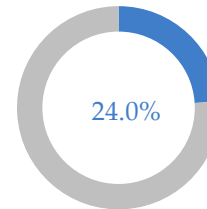
- Annual Growth 2021 – 2026 5.0%



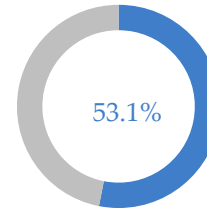
\$15.4bn Wages

- Annual Growth 2016 – 2021 3.6%
- Annual Growth 2021 – 2026 5.2%

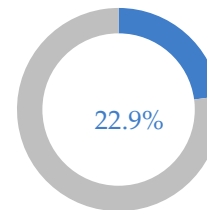
Segments



Allied Staffing Services



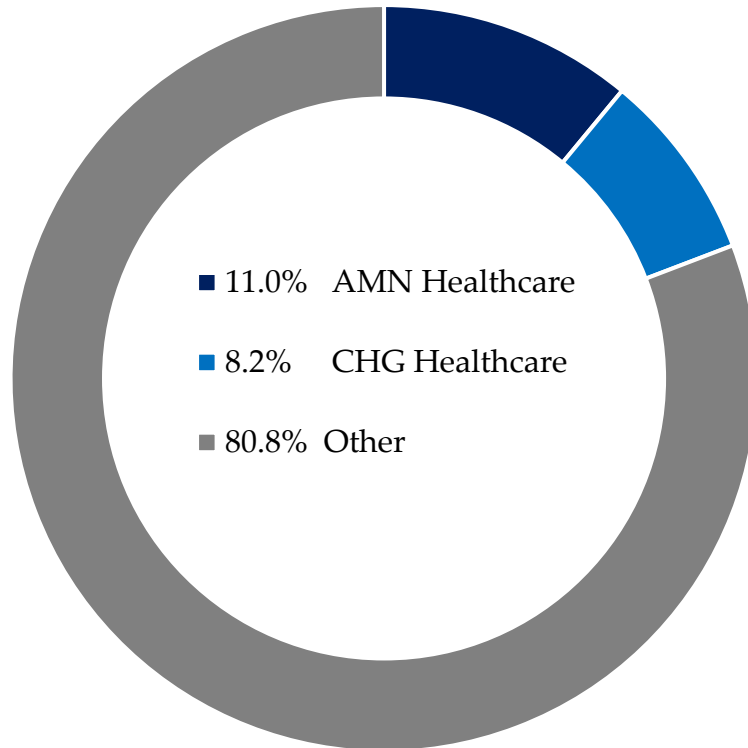
Per diem and Travel
Nurse Staffing



Locum Tenens Staffing

INDUSTRY AT A GLANCE

Major Players



SWOT Analysis

S STRENGTHS

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

W WEAKNESSES

- Low & Steady Barriers to Entry
- Low & Steady Level of Assistance
- Low Profit vs. Sector Average
- High Product/Service Concentration

O OPPORTUNITIES

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

T THREATS

- Low Outlier Growth
- Federal Funding for Medicare and Medicaid

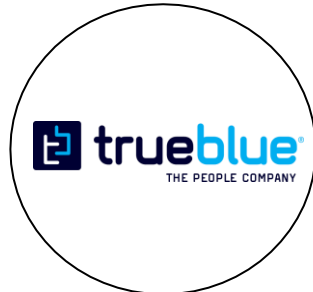
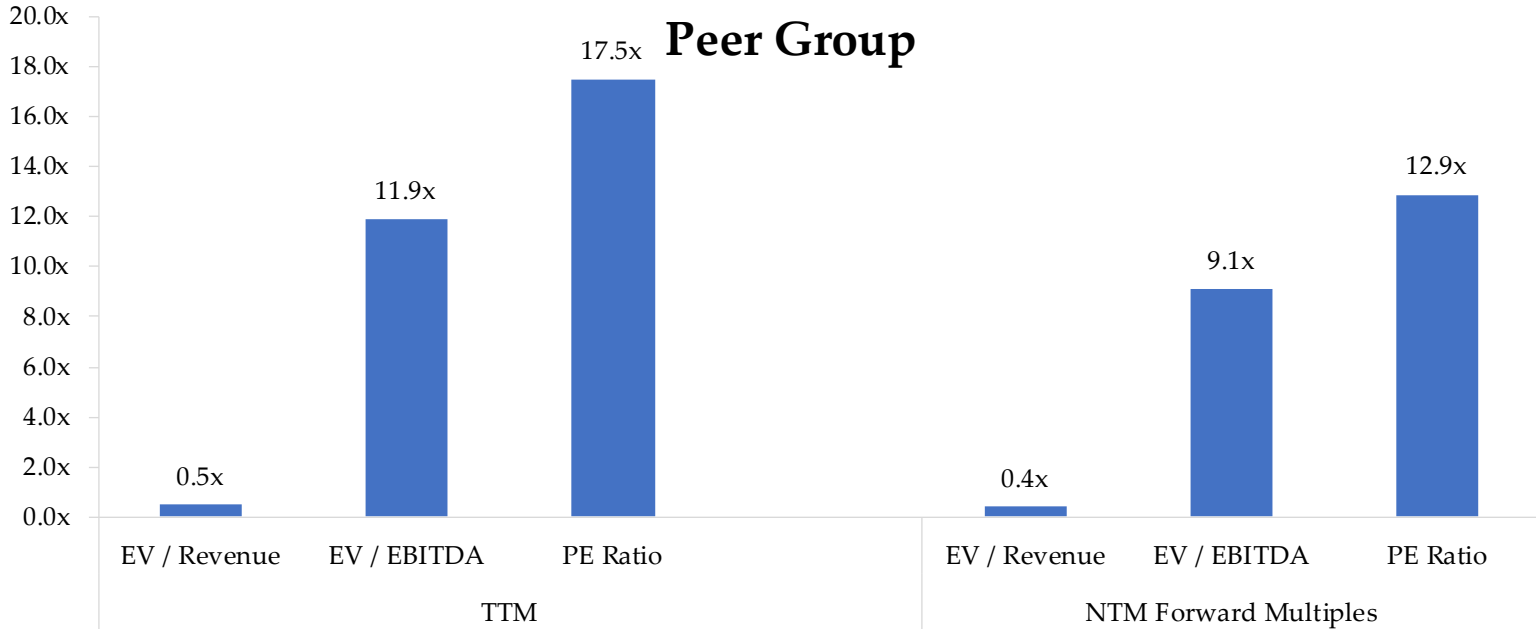
RECENT PRIVATE TRANSACTIONS

Deal Date	Target	Acquirer	Deal Synopsis
13-Dec-2021	General Healthcare Resources	MidOcean Partners (Elias Dokas)	The company was acquired by MidOcean Partners through an LBO on December 13, 2021 for an undisclosed amount. The acquisition will support the company's growth plans through comprehensive organic initiatives and strategic acquisitions.
08-Dec-2021	ConnectRN	Adage Capital Management, Amedisys (NAS: AMED)(Paul Kusserow), Avidity Partners, Cormorant Asset Management, HBM Healthcare Investments (SWX: HBMN)	The company raised \$76 million of Series F venture funding in a deal led by Suvretta Capital Management and Avidity Partners on December 8, 2021, putting the company's pre-money valuation at \$180 million. Amedisys, Park West Asset Management, Infinitum Asset Management, HBM Healthcare Investments, Adage Capital Management and Cormorant Asset Management also participated in the round.
01-Dec-2021	Ennoble Care Hospice	Bradford Brown Capital Partners	The company received an undisclosed amount of development capital from Bradford Brown Capital Partners in approximately December 2021.
30-Nov-2021	Planet Group (Belgium)	Creafund (Kenneth Depuydt)	The company received an undisclosed amount of development capital from Creafund on November 30, 2021.
29-Nov-2021	HealthCare Support	Cornell Capital (Stephen Trevor), Ingenovis Health, Trilantic North America (Jeremy Lynch)	The company was acquired by Ingenovis Health, via its financial sponsors Cornell Capital and Trilantic North America, through an LBO on November 29, 2021 for an undisclosed amount.
22-Nov-2021	American Health Staffing	Littlejohn & Co. (Drew Greenwood)	The company was acquired by Littlejohn & Co. through an LBO on November 22, 2021 for an undisclosed amount. The acquisition will help the company to enhance patient outcomes and ensure that more healthcare professionals are able to access skilled employment positions.

RECENT PUBLIC TRANSACTIONS

Deal Date	Target	Investors	Deal Synopsis
15-Jul-2021	HeartFlow	Longview Acquisition	The company reached a definitive agreement to acquire Longview Acquisition through a reverse merger, resulting in the combined entity trading on the New York Stock Exchange under the ticker symbol HFLO as of July 15, 2021.
08-Jul-2021	Hyperfine	HealthCor Catalio Acquisition	The company reached a definitive agreement to acquire HealthCor Catalio Acquisition and Liminal Sciences for \$375 million through a reverse merger, resulting in the combined entity trading on the Nasdaq Stock Exchange under the ticker symbol HYPR on July 8, 2021, putting the company's pre-money valuation at \$205 million.
01-Jul-2021	VisitPay	R1 RCM	The company was acquired by R1 RCM (NAS: RCM) for \$300 million on July 1, 2021. The acquisition will help the acquirer to combine best-in-class consumer payments platform with R1's leading patient access technology to enable providers to deliver a seamless financial journey for their patients.
09-Jun-2021	PlushCare	Accolade	The company was acquired by Accolade (NAS: ACCD) for \$450 million on June 9, 2021. Of the total amount, \$40 million is being paid in cash, \$340 million in Accolade common stock and \$70 million in the form of contingent payout payable upon the achievement of defined revenue milestones.
13-May-2021	OODA Health	Cedar	The company was acquired by Cedar for \$425 million on May 13, 2021.
06-May-2021	PatientPing	Appriss	The company was acquired by Appriss, via its financial sponsors Auburn Hill Capital, Clearlake Capital Group, Insight Partners and Norwest Venture Partners, through a \$500 million LBO on May 6, 2021.

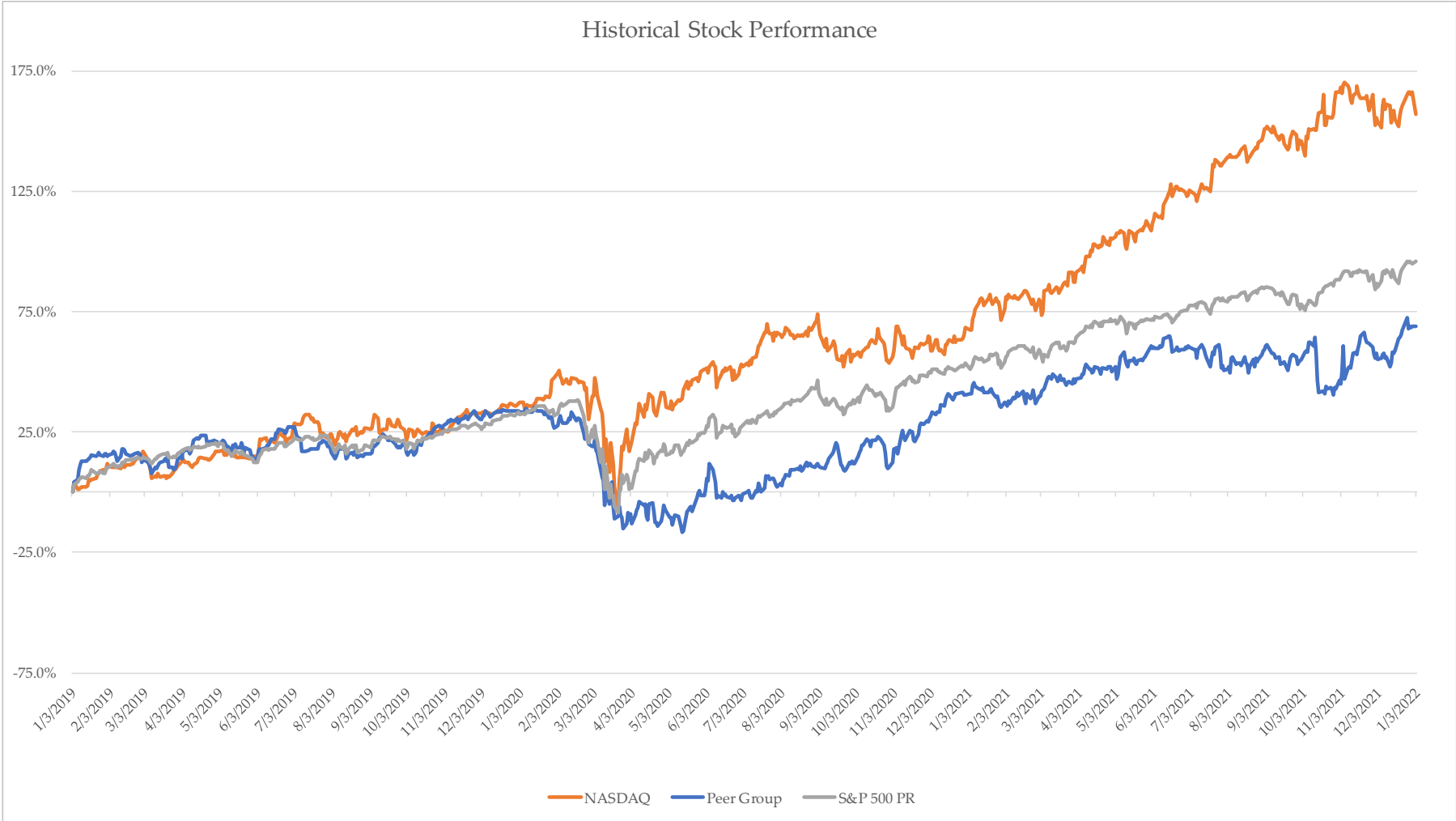
PUBLIC COMPARABLES



PUBLIC COMPARABLES

\$ in Millions	Cross Country Healthcare	AMN Healthcare Services	Kelly Services	TrueBlue	ManpowerGroup	
Ticker	CCRN	AMN	KELYA	TBI	MAN	
Total Revenue	\$1,252	\$3,252	\$4,901	\$2,070	\$20,397	
Gross Profit	282	1,083	897	514	3,280	
EBIT	69	338	128	56	565	
Net Income	\$59	\$220	\$108	\$49	\$348	
EBITDA (Normalized)	93	502	182	97	674	
Total Debt	119	871	83	70	1,334	
EV	1,173	6,518	700	1,002	5,010	
Employees	1,450	3,000	377,100	5,200	25,000	
Ratio Analysis						Median
Revenue/Employee	\$863,158	\$1,084,154	\$12,996	\$398,140	\$815,880	\$815,880
EV/Revenue	0.94x	2.00x	0.14x	0.48x	0.25x	0.44x
Debt/EBITDA	1.32x	2.17x	0.48x	0.74x	2.17x	1.32x
EV/EBITDA (Normalized)	12.65x	14.10x	5.17x	10.43x	10.00x	10.43x
Market Cap/EBITDA	17.31x	17.74x	5.17x	12.54x	10.69x	12.54x
Market Cap (mm)	1,055	5,783	661	982	5,279	
Close Price	27.80	120.80	17.82	28.25	99.16	
52 Week Low	8.60	68.56	15.89	18.33	85.97	
52 Week High	30.40	129.12	26.98	32.91	125.07	
Gross Margin	22.6%	33.3%	18.3%	24.8%	16.1%	22.6%
EBIT	5.5%	10.4%	2.6%	2.7%	2.8%	2.8%
EBITDA	6.3%	13.5%	3.6%	4.1%	3.1%	4.1%
Acct. Receivable Days	67	64	96	51	88	67
Acct. Payable Days	24	26	56	13	88	26
Revenue Growth	49.7%	38.4%	6.3%	7.9%	12.4%	12.4%

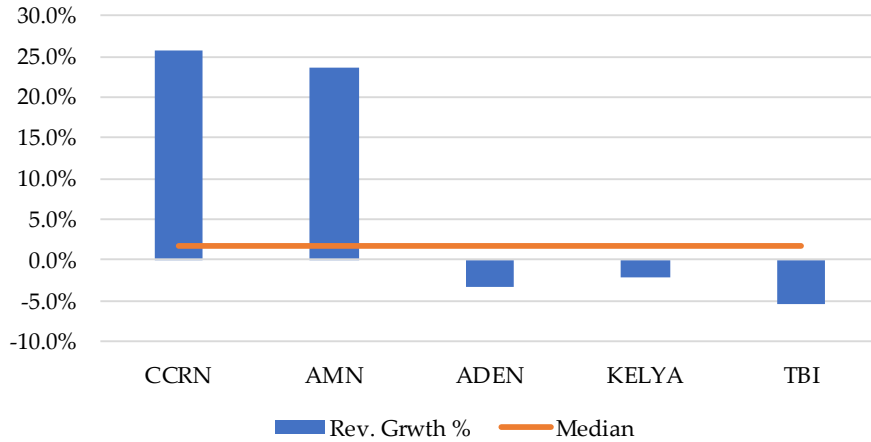
HEALTHCARE STAFFING INDEX VS. S&P 500



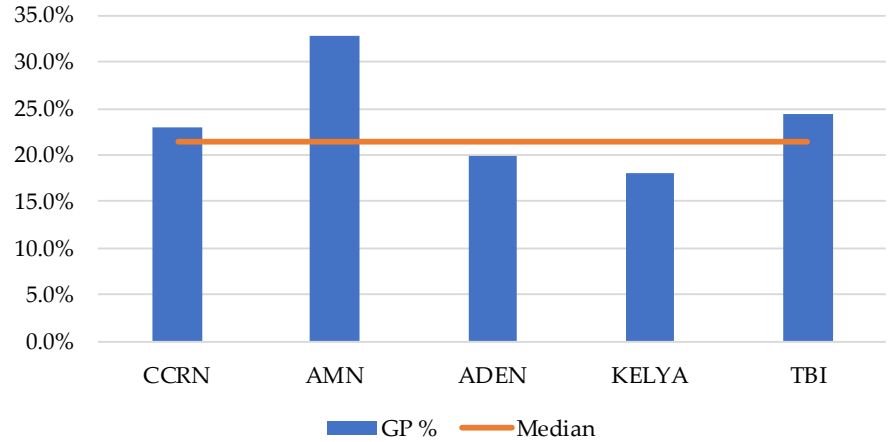
DCA Healthcare Staffing Index: CCRN, AMN, ADEN, TBI, KELYA

OPERATING METRICS

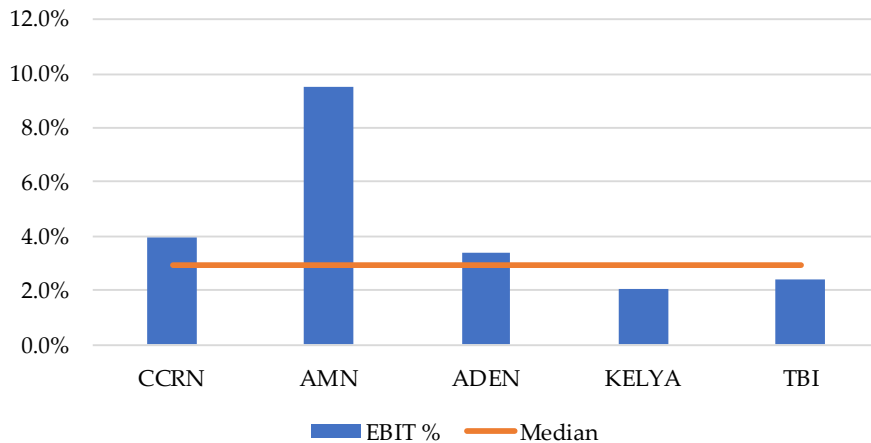
Revenue Growth



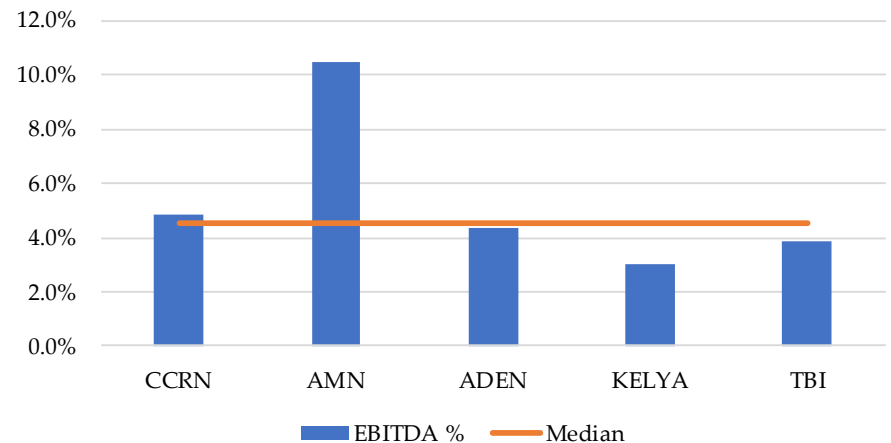
Gross Profit Margin



EBIT Margin

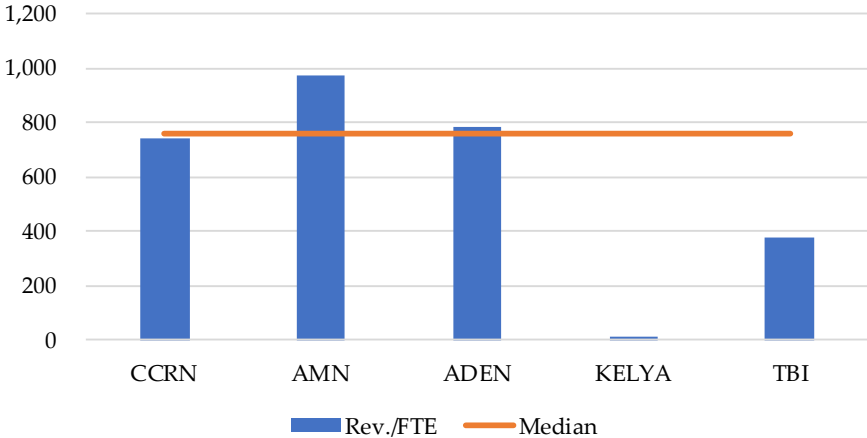


EBITDA Margin

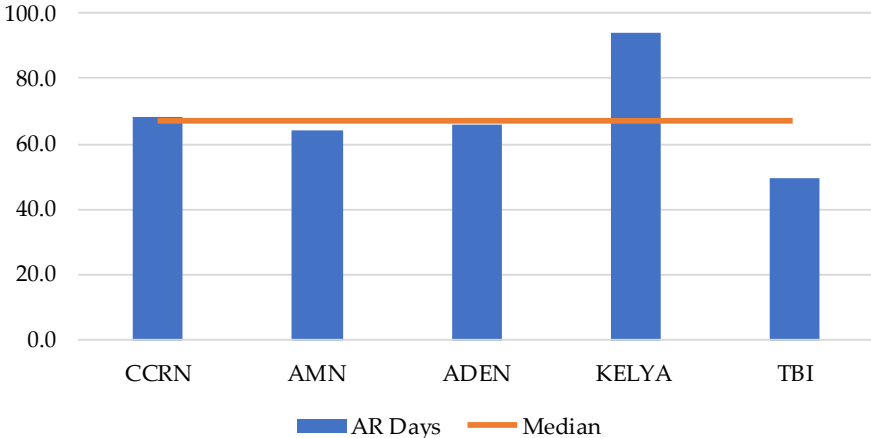


RATIO ANALYSIS

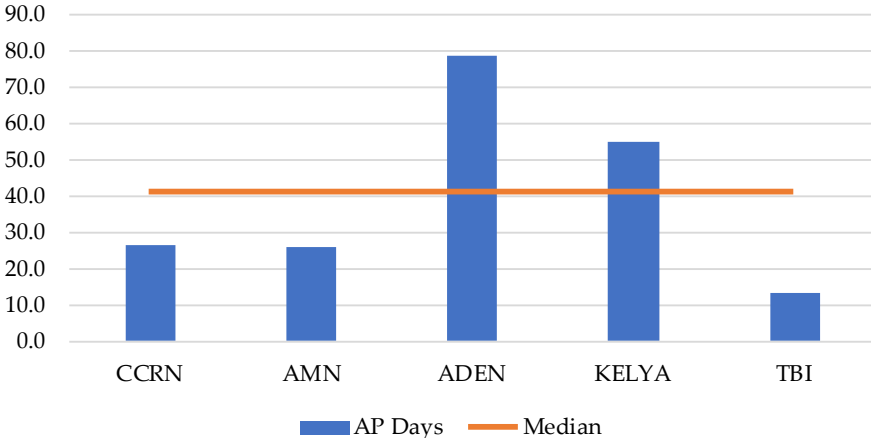
Revenue per Employee



AR Days



AP Days



VALUATION TRENDS

		Fundamentals								
		TIM						NTM Estimates		
Ticker	Company	Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
CCRN	Cross Country Healthcare	27.80	1054.98	1172.87	1251.58	78.63	1.62	1582.95	101.43	1.51
AMN	AMN Healthcare Services	120.80	5783.15	6517.54	3252.46	438.05	4.63	3729.39	539.38	6.03
ADEN	Adecco Group	51.55	8314.29	9469.82	24407.54	1070.47	3.68	25492.64	1411.53	4.86
TBI	TrueBlue	28.25	981.75	1002.10	2070.33	84.06	1.42	2322.80	109.90	2.19
KELYA	Kelly Services	17.82	661.33	700.33	4900.80	177.00	2.71	5292.90	123.50	1.96

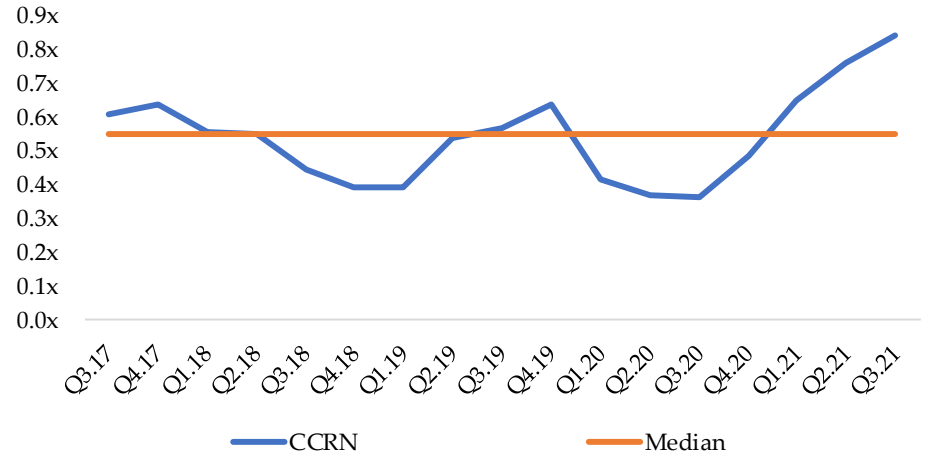
		Multiples					
		TIM			NTM Forward Multiples		
Ticker	Company	EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
CCRN	Cross Country Healthcare	0.94	14.92	17.48	0.74	11.56	18.38
AMN	AMN Healthcare Services	2.00	14.88	26.32	1.75	12.08	20.03
ADEN	Adecco Group	0.39	8.85	14.09	0.37	6.71	10.60
TBI	TrueBlue	0.48	11.92	20.77	0.43	9.12	12.90
KELYA	Kelly Services	0.14	3.96	6.55	0.13	5.67	9.12

PUBLIC COMP

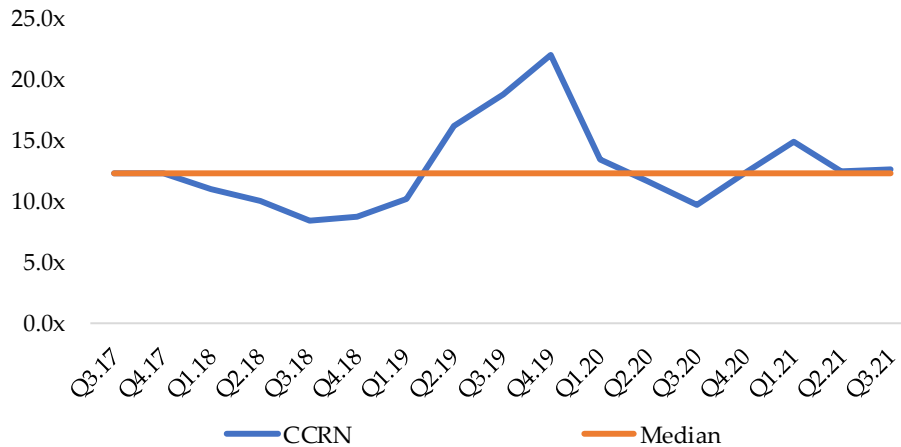
Cross Country Healthcare (NAS: CCRN)

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

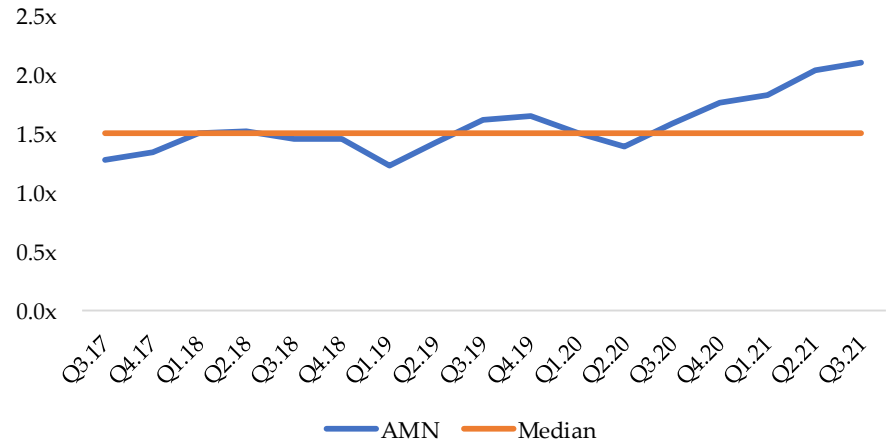


PUBLIC COMP

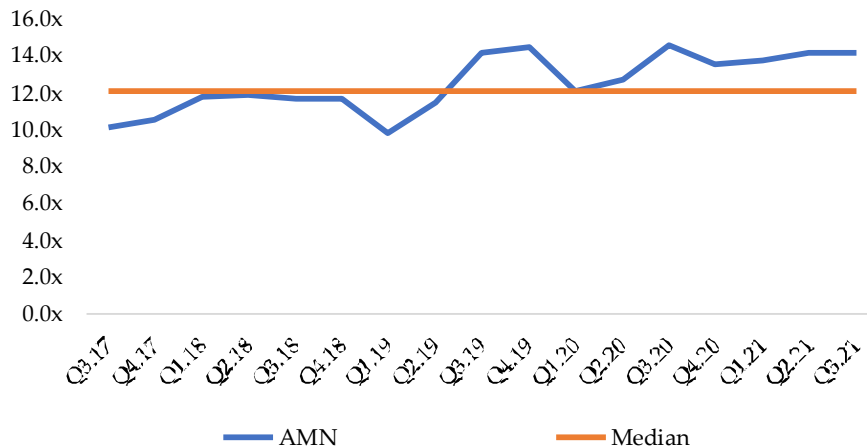
AMN Healthcare Services (NYS: AMN)

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.

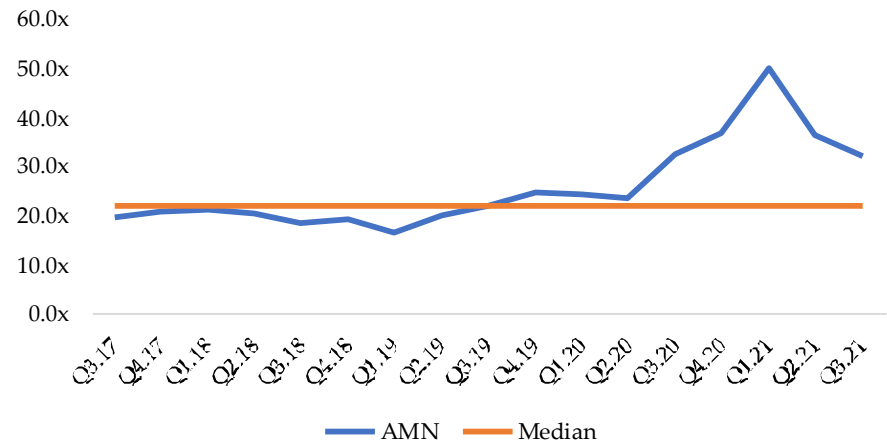
EV/Revenue AMN Healthcare Services



EV/EBITDA AMN Healthcare Services



P/E AMN Healthcare Services

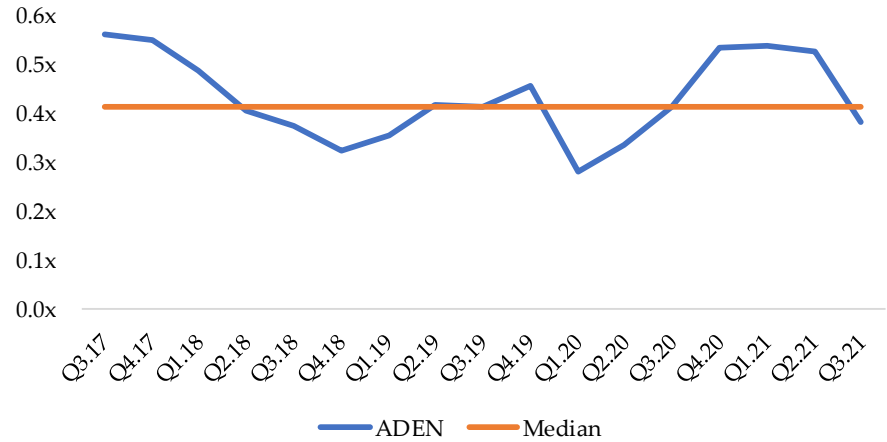


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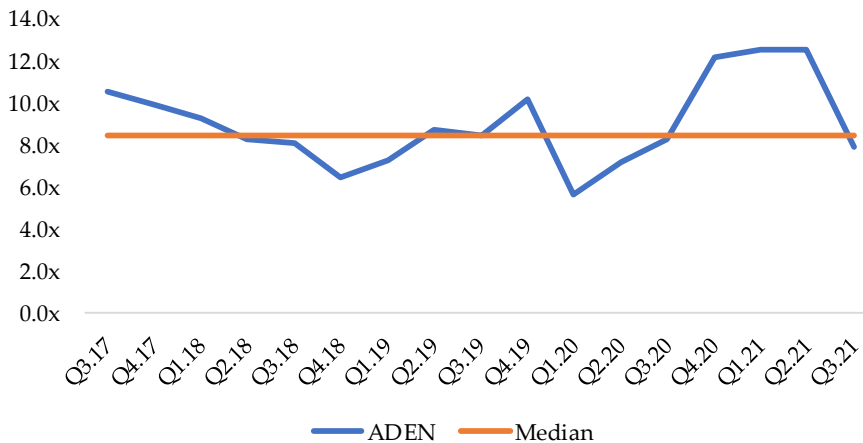
Adecco Group AG (ADIA: GR)

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

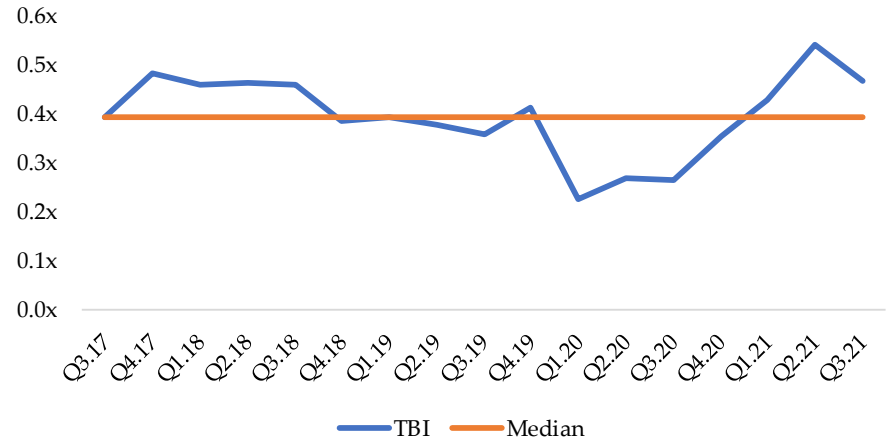


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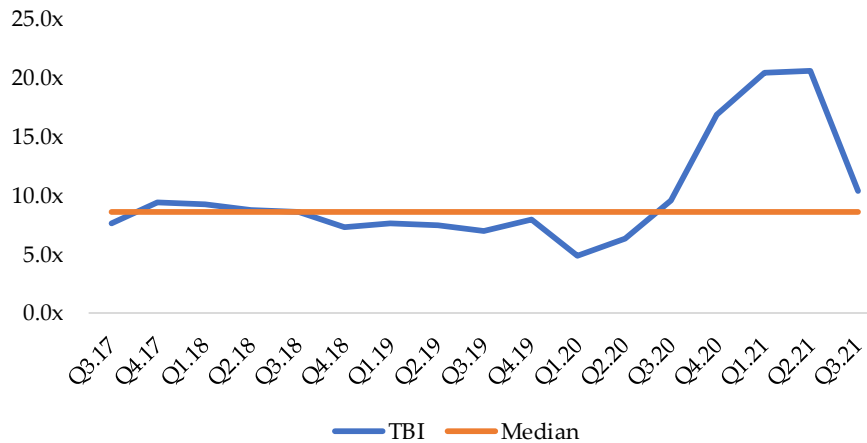
TrueBlue (NYS: TBI)

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

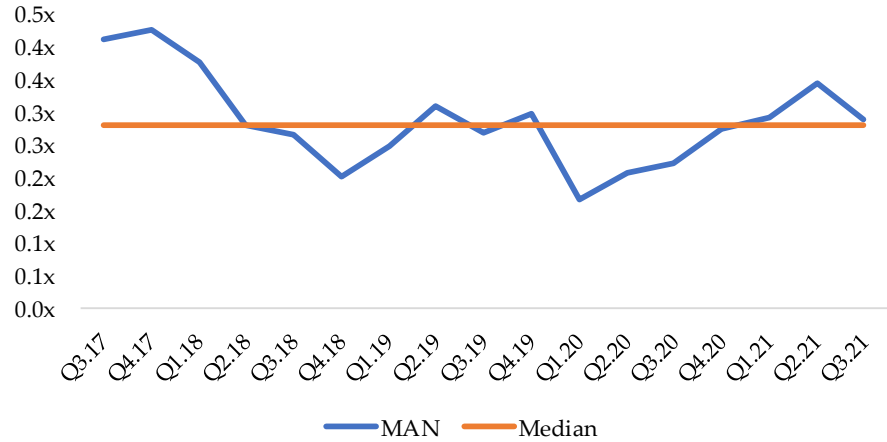


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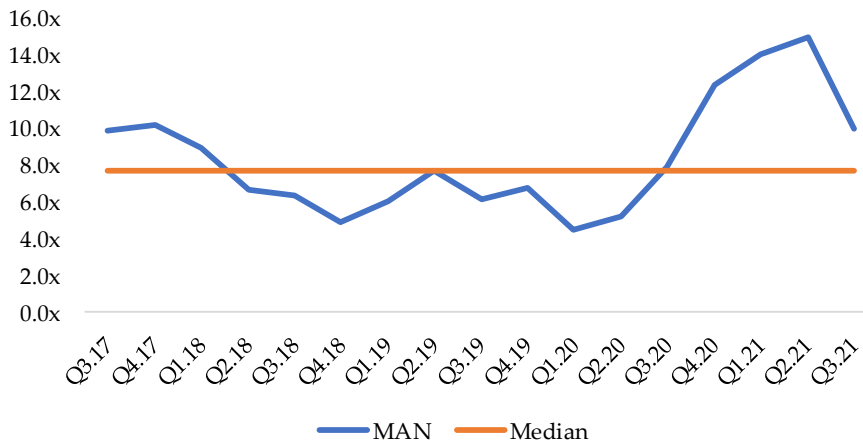
ManpowerGroup (NYS: MAN)

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



DAVIDSON CAPITAL ADVISORS RECENT HEALTHCARE TRANSACTIONS



Healthcare Technology, Payment Services
www.acryness.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.



Health Care, Health Care Facilities
www.encompashealth.com

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.



Retail, Pharmacy and Retail
www.fruthpharmacy.com

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.



Health Care, Health Care Facilities
www.ecompasshealth.com

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.



Hospital & Healthcare
www.accessonemedcard.com

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.

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.