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# M&A Market Update

TRENDS AND ACTIONABLE INSIGHTS FOR THE STAFFING INDUSTRY



# Meet the Team



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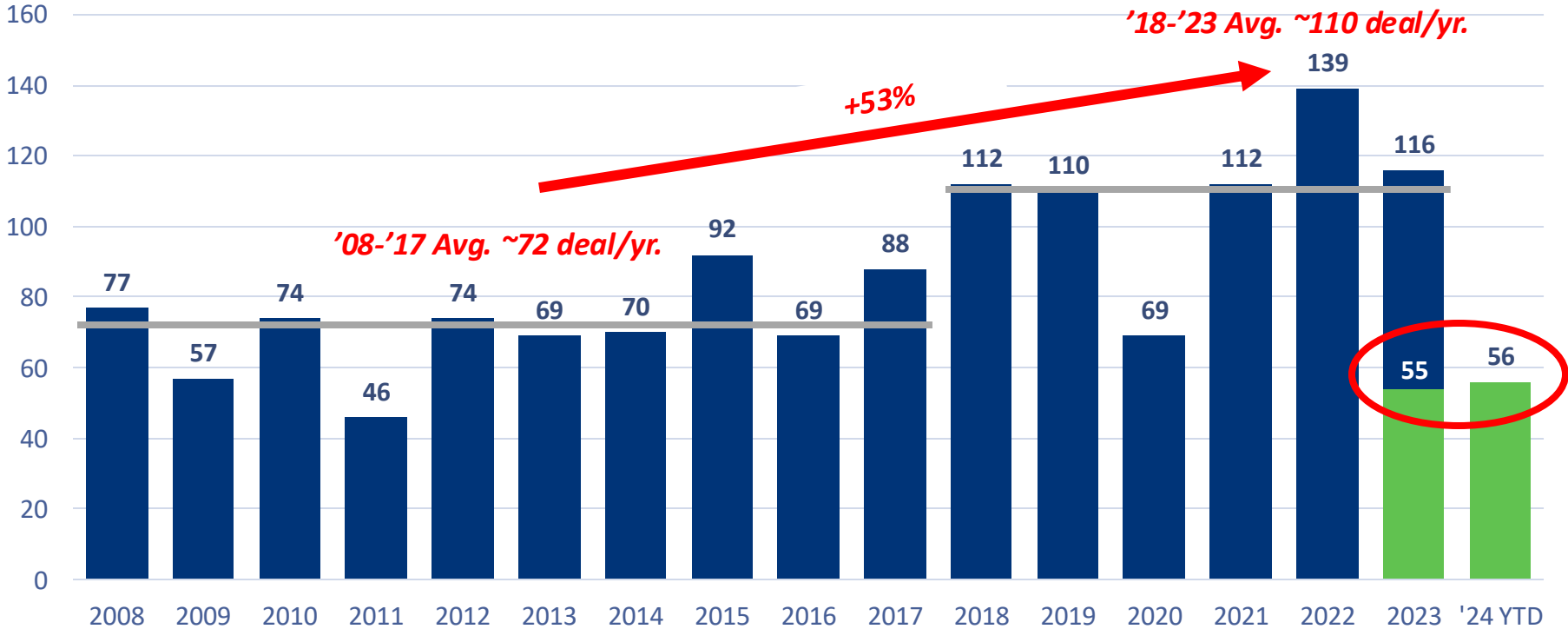


# Staffing Companies Remain in High Demand!

- **Acquisition momentum continues in Staffing M&A**

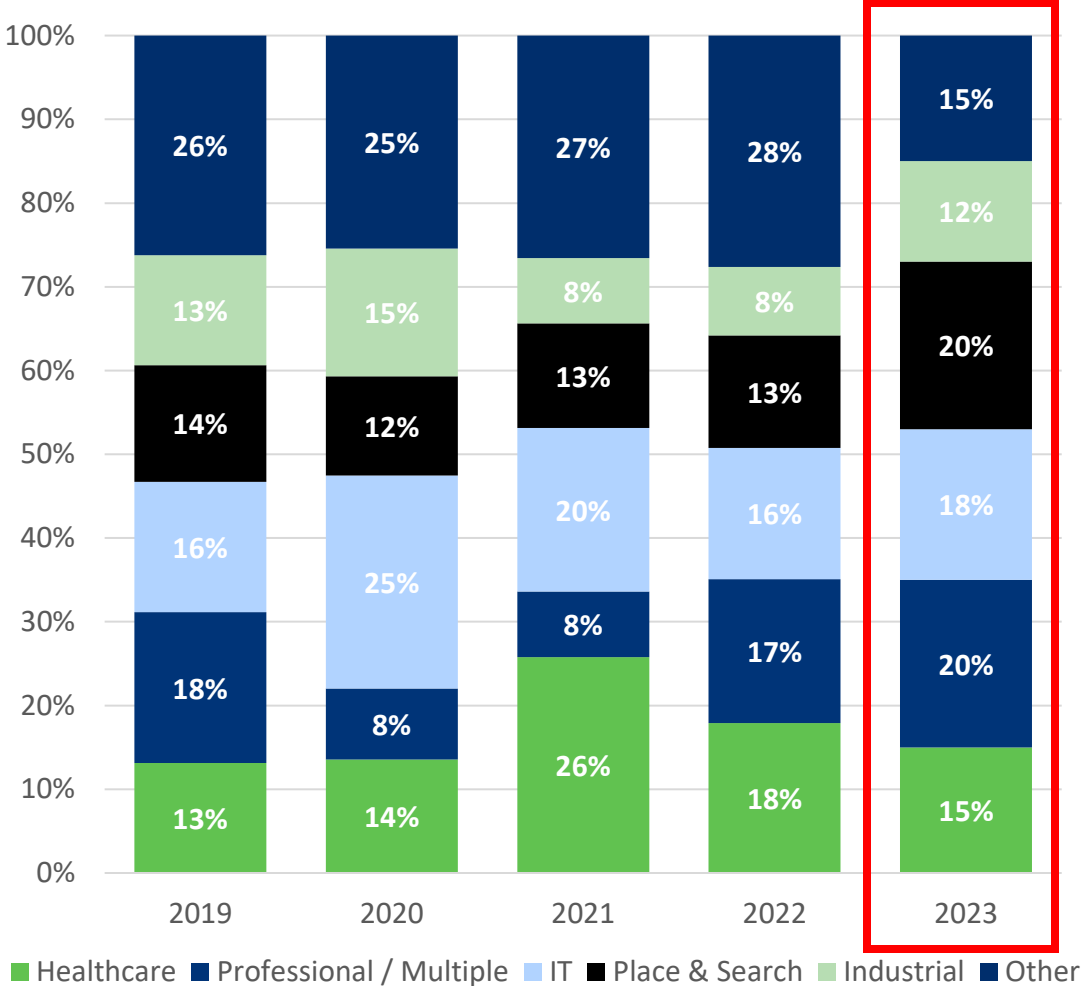
- Continued “step function” of increased sector M&A activity since 2018
- Down in '23 (-17%), but still a “highly active market” (**second highest deal count in 15 years!**)
- Quarterly momentum to end '23 (+11% H2 vs. H1)
- YTD '24 activity in line with the same period last year – will we see the same uptick in H2 '24 as we did last year?

N.A. Staffing M&A Activity (# of Transactions)



# Know Your Sub-Sector and What it Means for M&A

## U.S. Staffing Sub-Sector Breakdown



- **LI represented 12% of deals in '23**
  - Meaningful vs. 8% in prior 2 years
  - Tends to be more cyclical
- **IT represented 18% of activity**
  - Ends 2-years of declines
- **Healthcare represented 15%**
  - Down meaningfully vs. '21 (26%)
  - Few deals in 2024 YTD
- **Professional represented 20%**
  - Momentum: 19% past 2 yrs. vs. 8% prior 2
  - Most deals in '24 YTD period
- **Talent Acquisition Tech. (30+ deals)**
  - Buyers continue to target tech!
  - # of deals > all core Staffing sub-sectors in the past 5 years



# What does the Buyer Landscape Look Like Today?

- **Private, Strategic Staffing companies remain the primary acquirers**

- Private company acquirers represented ~83% of buyers in '23
- Public Staffing companies remain highly selective at ~12%

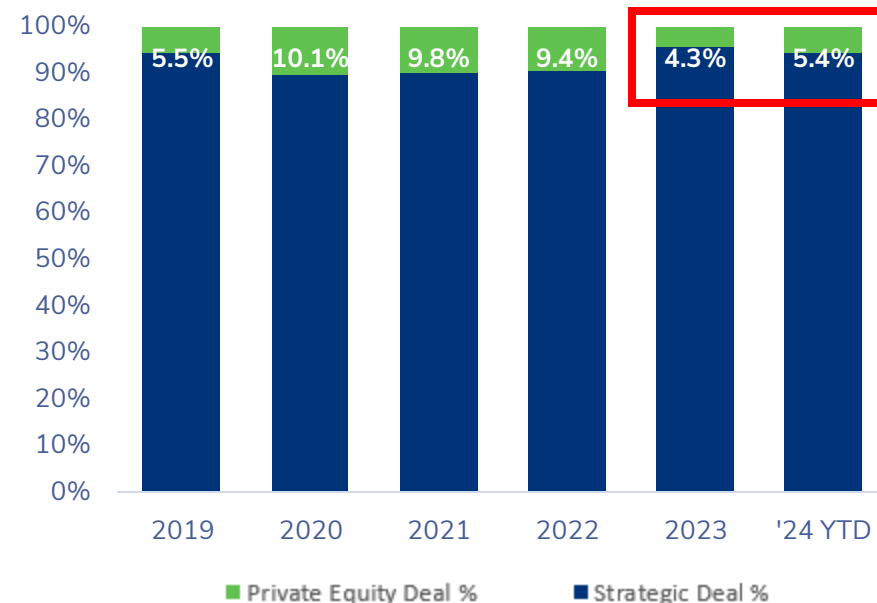
- **Private Equity buyers pulling back in '23 and '24 YTD**

- 5 PE acquisitions in '23: lowest deal count in 8+ years
- ~5% of buyers in '23 & '24: vs. ~10% in prior 3 years
- '23 & '24 PE activity below/similar to '19 activity

- **Will the pullback continue?**

- Depends on whether/when larger/platform sellers return to the market (yet to occur)
- Declining interest rates should also support uplift in PE activity (rates remain highly volatile)
- Fundamentally, PE interest in the sector remains
- Active bidders on marketed sale transactions

Buyer Composition: PE vs. Strategics

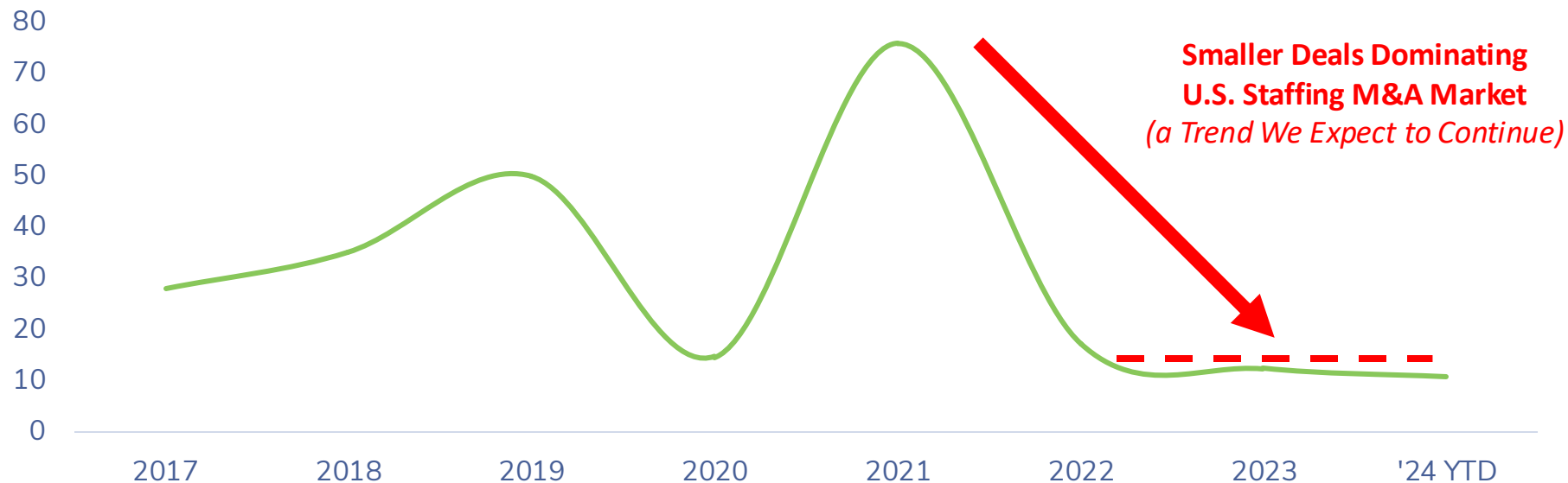


# A Continued Focus on Smaller Deals in Staffing M&A

## ■ Buyers continue to target smaller acquisition targets

- 2+ years removed from larger deal environment in '21
- Median deal size declined in each of '22, '23, and YTD '24
- \$10MM-\$25MM targets are in HIGH demand
- Middle-market acquisitions tend to be less reliant on external financing
- Opportunities available for platforms to pursue meaningful bolt-ons in the current environment
- Larger acquirors moving down market, making smaller acquisitions more competitive for buyers  
*We are seeing surprisingly strong interest/competition in smaller sale transactions*

### U.S. Staffing Companies Sold: Median Rev. (\$MM)



# Panel Discussion





# Questions & Answers

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