

Q3-2016 Recruiting & Staffing Update



Market Overview

The healthcare staffing merger and acquisition environment in third quarter of the year exemplified similar characteristics to prior periods in terms of consolidation motivators (provider shortage, greater service offerings to clients, improving margins). However, the quarter's consolidation activity was heavily influenced by private-equity backed strategic organizations rather than private equity firms investing in stand-alone platform opportunities. Whereas in earlier quarters of the year, private equity groups like Gridiron Capital, MTS Health Investors, Vistria Group, etc. completed portfolio investments, we are beginning to see a greater emphasis on add-on acquisitions for private-equity backed organizations. This is exemplified by acquisitions completed by CHG Healthcare and Advanced Medical. Provident anticipates add-on acquisition activity will continue in the fourth quarter with the possibility for a platform investment among one of the larger strategic players seeking capital to fund add-on acquisitions, similar to the strategy CHG and Advanced Medical have employed.

Comparative Performance Analysis

Select Public Staffing Trading Multiples (as of 09/30/2016)

| Company | Ticker | EV (MM) | EV/REV | EV/EBITDA |
|--------------------------|--------|---------|--------|-----------|
| TeamHealth Holdings | TMH | \$5,208 | 1.3x | 13.4x |
| On Assignment | ASGN | \$2,629 | 1.1x | 10.3x |
| AMN Healthcare | AHS | \$1,938 | 1.1x | 9.8x |
| Cross Country Healthcare | CCRN | \$471 | 0.6x | 11.8x |

Note: information is sourced from Capital IQ

Select Transactions

| Month | Acquirer | Target Company | Details |
|----------------|---|-------------------------|--|
| September 2016 | Advanced Medical Personnel Services / Clearview Capital | Innovative Placements | Innovative Placements (IPI), a provider of travel nurse staffing services across 50 states and to more than 100 hospitals in Indiana, has recapitalized with Advanced Medical Personnel Services (Advanced Medical), a provider of allied healthcare travel staffing and a portfolio company of Clearview Capital. Advanced Medical received an investment from Clearview Capital in June of 2015 and has used the capital provided from the investment to expand into the travel nurse staffing space. The acquisition of IPI supplements Advanced Medical's acquisition of Rise Medical Staffing in April of this year. Clearview will support Advanced Medical's growth and is aiming to achieve \$250 million in revenue in the next four to five years; the company generated approximately \$50M in revenue in 2015. |
| September 2016 | Therapy Staff / Aequor Healthcare Services | TheraStaff | TheraStaff has announced they are being acquired by Therapy Staff, a division of Aequor Healthcare Services. San Diego based TheraStaff provides therapy staffing services to clients in California, Colorado, and Indiana. This transaction will be immediately accretive to Therapy Staff who focuses on staffing physical therapists, occupational therapists and speech-language pathologists. Through denovo and acquisition growth, Aequor Healthcare Services has emerged as a leading provider in the healthcare staffing industry servicing clinics, health systems, nursing homes, school systems, etc. |
| August 2016 | CHG Healthcare / Leonard Green & Partners and Ares Management | Global Medical Staffing | CHG Healthcare Services, one of the nation's largest healthcare staffing companies and a portfolio company of private equity groups Leonard Green & Partners and Ares Management, completed the acquisition of Global Medical Staffing (GMS), an international locum tenens staffing provider based in Utah. GMS provides services to Australia, New Zealand, Southeast Asia, the South Pacific, the Caribbean, Canada, and the United Kingdom. GMS joins two other locum tenens companies owned by CHG, including Salt Lake City based CompHealth and Weatherby Healthcare of Fort Lauderdale. |
| July 2016 | MDstaffers | LAM and Associates | LAM and Associates has been acquired by MDstaffers, a staffing provider in the locum tenens and permanent physician placement industries. LAM and Associates serves 800 clients and staffs 13,000 physicians annually through its headquarters in Hawaii. With the acquisition MDstaffers will deepen its service coverage in the Hawaiian market. |