

Q4-2016 Recruiting & Staffing Update



Market Overview

Healthcare staffing consolidation activity remained rampant in the fourth quarter of 2016 to complete one of the most active years within the sector. There were a number of factors driving the quarter's transaction activity, including consolidators looking to diversify service offerings to clients, acquire customer contracts to increase market share, obtain additional capital for growth via acquisitions, and merge with peers to improve leverage in rate negotiations. An acquisition of particular note was Aya Healthcare's investment in HealthCare Select, a workforce solutions provider that is known for its VMS & MSP offerings. Historically the industry has seen acquisitions of workforce solutions providers by publicly-traded organizations or private-equity backed groups. Provident predicts M&A activity will persist in 2017 due to the aforementioned motivations.

Comparative Performance Analysis

Select Public Staffing Trading Multiples (as of 12/30/2016)				
Company	Ticker	EV (MM)	EV/REV	EV/EBITDA
TeamHealth	TMH	5,907	1.3x	14.7x
On Assignment	ASGN	\$3,048	1.3x	11.8x
AMN Healthcare	AHS	\$2,263	1.2x	10.8x
Cross Country Healthcare	CCRN	\$556	0.7x	13.8x

Note: information is sourced from Capital IQ

Select Transactions

Month	Acquirer	Target Company	Details
December 2016	Cross Country Healthcare (NASDAQ: CCRN)	US Resources Healthcare	Cross Country Healthcare has acquired US Resources Healthcare, a Nashville-based healthcare recruitment process outsourcing business. US Resources Healthcare has provided RPO services since 2000. Cross Country expects the acquisition to provide an immediate accretion to revenue and improvement on EBITDA margin. Financial terms of the deal were not disclosed.
December 2016	Harren Equity Partners	MedPro Healthcare Staffing	MedPro Healthcare Staffing, a diversified healthcare staffing provider for allied professionals and nurses, has recapitalized with Harren Equity Partners, a lower middle market private equity firm. The MedPro management team will continue running operations and remain as a key driver to the growth of operations. Financial terms of the deal were not disclosed.
December 2016	Dedicated Nursing Associates	Aaron Healthcare	Dedicated Nursing Associates (DNA), a travel and per diem nurse staffing provider, has completed the strategic acquisition of Aaron Healthcare, a home care and staffing provider in Pennsylvania. This acquisition will expand DNA's geographic reach and broadens its offerings in the home care space. Financial terms of the deal were not disclosed.
November 2016	Aya Healthcare	HealthCare Select	Aya Healthcare, one of the largest travel nurse staffing providers, completed the acquisition of HealthCare Select, a workforce solutions provider to hospitals throughout the United States. As a result of this acquisition, Aya Healthcare will gain access to an expanded suite of workforce solutions (VMS and MSP offerings) in addition to HealthCare Select's client base. Financial terms of the deal were not disclosed.
October 2016	BelHealth Investment Partners	AHS Staffing	BelHealth Investment Partners, a healthcare-focused private equity firm, has acquired a majority stake in AHS Staffing, a pharmacy staffing and dialysis nurse provider. BelHealth is targeting add-on acquisitions to expand AHS' scope of services. Financial terms of the deal were not disclosed.
October 2016	Blackstone	TeamHealth Holdings, Inc. (NYSE: TMH)	Global private equity firm Blackstone has announced a definitive agreement to acquire TeamHealth Holdings, Inc. in a transaction valued at approximately \$6.1 billion. This marks the continuation of a trend that saw a sharp uptick in 2016 of private equity firms investing in leading physician services organizations. The valuation represents about a 33% premium over TeamHealth Holdings, Inc.'s share price on October 3 rd , 2016.
October 2016	Accountable Healthcare Staffing	Horizons Medical Staffing & Hopewell Healthcare	Accountable Healthcare Staffing, a national provider of healthcare staffing services, has completed the acquisitions of Horizons Medical Staffing and Hopewell Healthcare (Horizons), two joint nurse staffing providers. This acquisition will allow Accountable to obtain more contracts in Kentucky, Indiana, and Tennessee. Financial terms of the deal were not disclosed.