

Q2 2021 Healthcare Staffing Market Update

Market Commentary

COVID slowly coming to an end, but shortages still loom...

- After a record-high Q1, M&A deal volume slowed to six transactions in Q2 as the demand for COVID-related care continues to subside. With new daily cases approaching 38,000 and a potential Fall surge, however, Covid-related care may not be over yet.
- The shortage of nurses and other health aides was an issue before the pandemic and will continue after it. While the high bill rates for healthcare staffing companies will level off post-pandemic, the demand for their services will remain high.

Last Call...

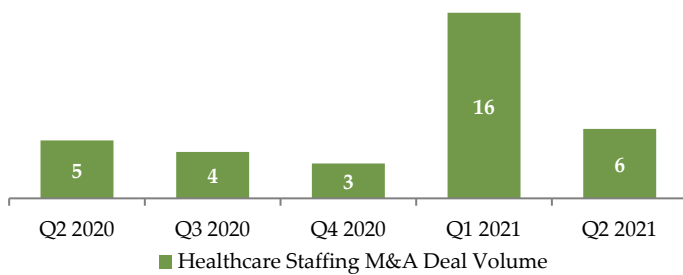
- In most years, business owners with the goal of closing a transaction before year-end need to enter the market no later than August. This year stakes are especially high due to the potential increase in the long-term capital gains tax in 2022. Transactions can be closed in a shorter timeframe, but there will be less certainty than ever before with most investment banks and ancillary firms (accountants, attorneys, etc.) at or near full capacity through the remainder of 2021.

- As illustrated below, the proposed rate increase translates into significant value loss for sellers.

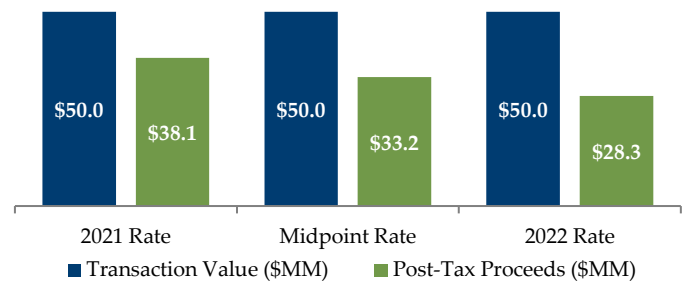
Proposed Capital Gains Tax Rates¹

2021	23.80%
Midpoint	33.60%
2022	43.40%

M&A Deal Activity²



Potential Capital Gains Tax Effect on Net Value



Q2 2021 Healthcare Staffing Transactions

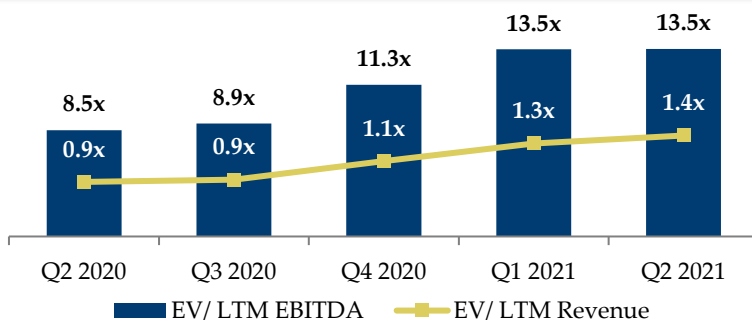
Date	Acquirer	Target	Specialty
06/11/21	Dedicated Nursing Associates	Vital Medical Staffing	Travel Nursing and Per Diem - S&C Deal
06/01/21	Qualivis	Assets of NMHA	Temporary Staffing
05/12/21	ICON Medical Holdings	Independence Anesthesia Services	Locum Tenens
05/12/21	Aya Healthcare	Dawson Healthcare	MSP Services for Healthcare Systems
04/23/21	GIFTED Healthcare	Therapia Staffing	Nursing and Allied
04/19/21	Health Advocates Network Inc.	Staff Today Inc.	Nonclinical Supplemental

Select Publicly Traded Healthcare Staffing Companies

Company	Ticker	Market Cap.	Revenue	EBITDA	EV/Rev.	EV/EBITDA
ASGN Incorporated	ASGN	\$5,156	\$3,986	\$405	1.5x	13.1x
AMN Healthcare Services, Inc.	AMN	4,583	2,677	324	2.1x	15.6x
Korn Ferry	KFY	3,918	1,810	216	2.0x	12.7x
Kforce Inc.	KFRC	1,307	1,426	89	0.9x	13.6x
Cross Country Healthcare, Inc.	CCRN	622	956	47	0.8x	12.6x

Max	2.1x	15.6x
Median	1.5x	13.1x
Mean	1.4x	13.5x
Min	0.8x	12.6x

Historic Mean Valuation Multiples



Josh Mason
Head of Healthcare Investment Banking
(704) 943-2668
jmason@sherman-company.com

Matt Hagan
Associate
(704) 943-2669
mhagan@sherman-company.com

Emily Carico
Analyst
(704) 943-2672
ecarico@sherman-company.com