

# CHILDS

## ADVISORY PARTNERS

### Quarterly Update

1Q 2013

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#### CHILDS News and Events

**5/2/13**  
CHILDS IT & Professional Services Summit in Chicago, IL

**5/1/13**  
CHILDS advises Locum Leaders on its sale to Onward Health

**3/15/13**  
CHILDS advises HighPoint Solutions on its recapitalization by LLR Partners

**3/14/13**  
CHILDS advises Update Legal on its merger with a subsidiary of Conversion Capital

**3/3/13 - 3/7/13**  
CHILDS attends the HIMSS Conference in New Orleans, LA

**2/25/12 - 2/28/12**  
CHILDS sponsors the Staffing Industry Executive Forum in Orlando, FL

**2/15/13**  
CHILDS advises SOS Employment Group on its sale to Elwood Staffing

**2/12/13**  
CHILDS attends the ACG Capital Connection in Atlanta, GA

**11/8/12 - 11/10/12**  
CHILDS sponsors the TechServe Alliance Conference in Miami Beach, FL

**10/15/12 - 10/17/12**  
CHILDS speaks at the SIA Healthcare Staffing Summit in Las Vegas, NV

**10/9/12 - 10/11/12**  
CHILDS speaks at the ASA Staffing World Conference in Las Vegas, NV

**10/1/12**  
CHILDS advises IO Consulting on its sale to Golden Gate Capital

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#### Letter from Jim

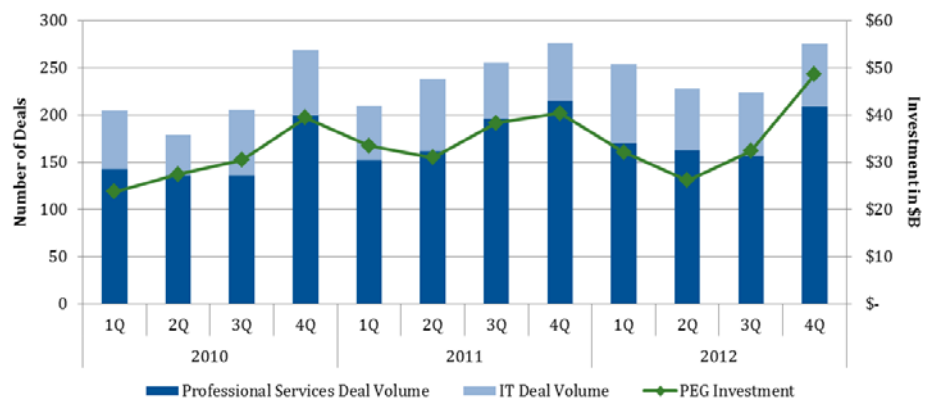
#### IT and Professional Services: A Constantly Changing Landscape

On May 2, we hosted our 4th annual CHILDS IT & Professional Services Summit at the Waldorf Astoria in Chicago. Over 150 industry participants attended this year from three categories: C-level executives/owners of mid-market firms, private equity investors interested in the space and top executives of some of the world's largest services firms such as Accenture, Cognizant, IBM and Deloitte. For us, the conference is certainly a marketing event, but just as important, it serves as our barometer on the space. In one day, we heard from entrepreneurs, investors and global executives about what is happening in the world of IT & Professional Services.

One of the most interesting panels of the day was the "Hot Sectors" panel. This year's panelists talked about Big Data, Health Information Management and the Cloud as three of the hottest segments within the sector. These broad segments reflect the explosion of data available in enterprises today and the ongoing evolution of technology towards a "cloud provider" model. The changing delivery model of IT & Professional Services has had a profound impact already, as witnessed by the massive growth in India and other countries of many of the major services firms.

Along the same lines as global delivery models, we have seen a move towards managed services models where infrastructure and applications, along with the requisite support services, can be delivered remotely. These models, unlike project-based delivery, provide much more even revenue streams for providers and have more substantial "switching costs" for users. The most savvy project-based consulting firms and VARs have developed a managed services/remote support offering to mirror these trends.

Private equity firms ("PEGs") have been very aggressive backing companies that are leading this transition towards managed services. PEGs have also played a prominent role in backing healthcare IT services providers as this market has emerged in the past two years due to regulations requiring hospitals to install electronic medical records. These pockets of activity are just two examples among many within the very dynamic IT & Professional Services space and private equity's increasing role in accelerating change. As shown below, private equity investment in IT services continues to accelerate.



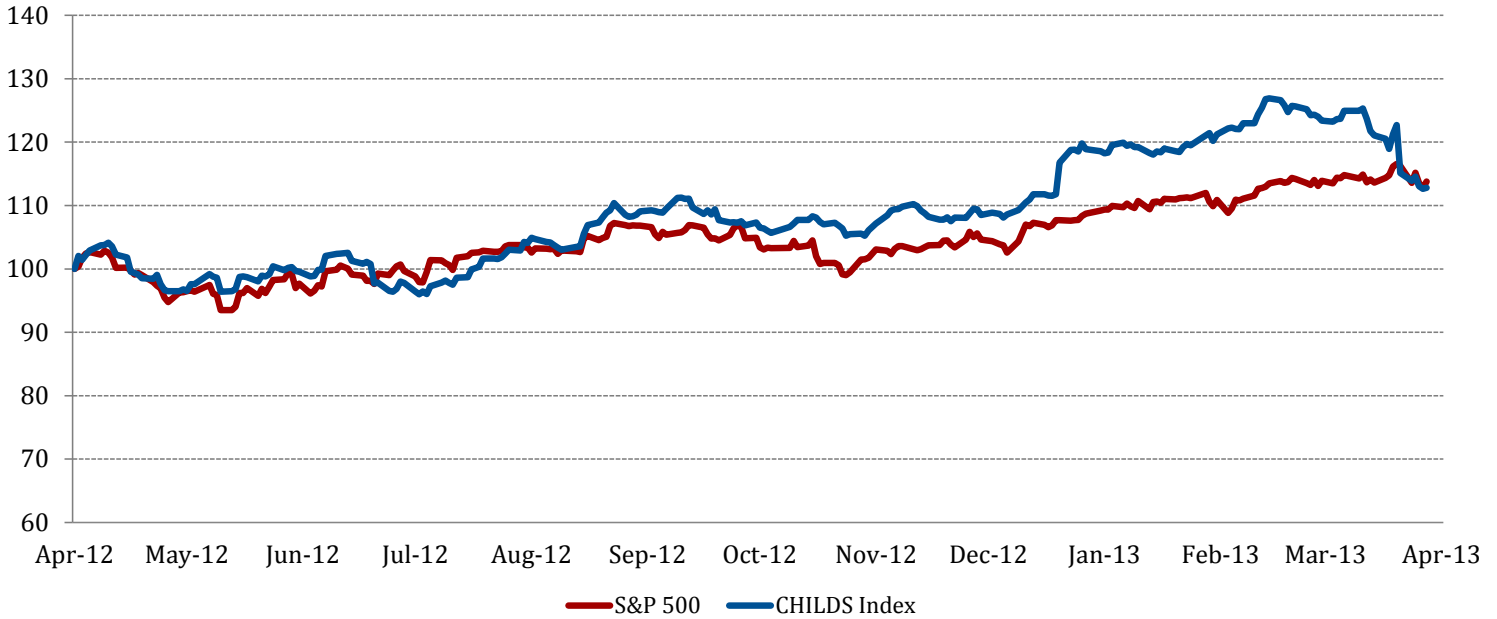
Source: Pitchbook

We at CHILDS Advisory Partners are proud to play a small part in helping well-positioned services firms capitalize on these exciting trends.

Jim Childs

## Business Services & Technology Market Update

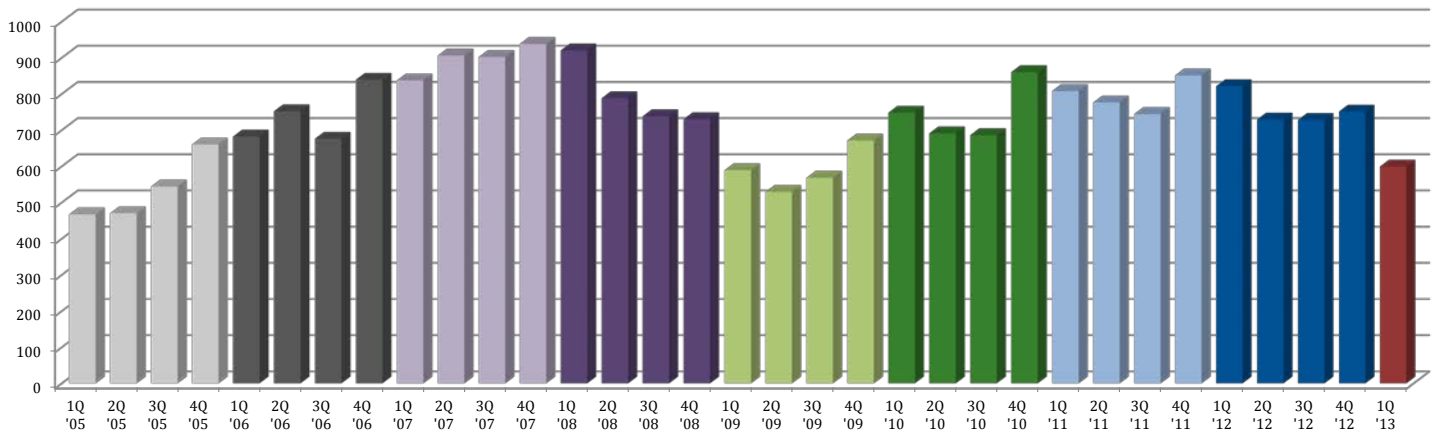
CHILDS Advisory Partners (“CHILDS”) tracks a list of publicly traded companies in our core sectors. The CHILDS Business Services & Technology Index has closely tracked the S&P 500 Index over the past year.



Note: The CHILDS Business Services & Technology Index is made up of select public companies in the following sectors: IT/Professional Services and Business Process Outsourcing (BPO), Human Capital Management (HCM), Marketing & Information Services and Facilities Services. Index data as of April 22, 2013.

## Business Services & Technology M&A Deals by Quarter (2005 - 1Q 2013)

Business Services & Technology M&A volume was down in 1Q 2013 vs. 4Q 2012 and down year-over-year. We’ve noted a total of 599 transactions in 1Q 2013 compared to 751 transactions noted in 4Q 2012 and 821 in 1Q 2012. The M&A market for Business Services & Technology started 2013 slowly after a flurry of 2012 activity before the new tax increases. We expect the market for M&A to improve throughout the year as investors become comfortable with the new regulatory environment.



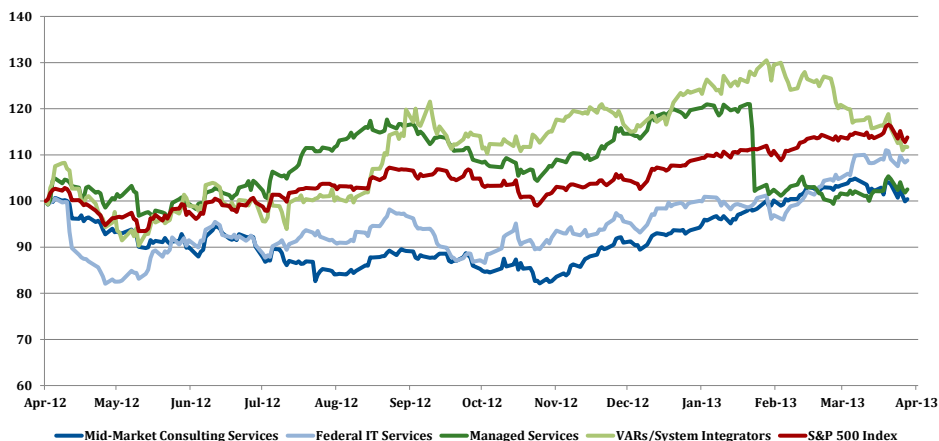
Source: CHILDS database and Capital IQ

## Sector Update: IT/Professional Services and BPO

### IT/Professional Services Comparable Public Company Analysis

#### Public Company Stock Performance

Over the last year, the Mid-Market Consulting, Federal IT Services and Managed Services indices underperformed the S&P, while the VARs/System Integrators segment outperformed the market.



#### Mid-Market Consulting

The average LTM EBITDA multiple is 8.1x, which is higher than last quarter's multiple of 8.0x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
The Advisory Board Company	\$47.07	85.5%	3.6x	25.7x *
CIBER, Inc.	\$4.44	89.0%	0.3x	9.6x
CRA International Inc.	\$20.56	83.0%	0.6x	6.1x
Edgewater Technology Inc.	\$4.15	92.6%	0.3x	7.7x
Exponent Inc.	\$52.36	88.9%	2.2x	9.4x
FTI Consulting, Inc.	\$31.68	83.2%	1.1x	7.3x
Huron Consulting Group Inc.	\$40.79	97.1%	1.7x	8.7x
Mattersight Corporation	\$4.90	51.6%	2.5x	NM
Navigant Consulting Inc.	\$11.51	78.7%	1.0x	6.6x
Perficient Inc.	\$10.04	74.2%	1.1x	8.7x
Resources Connection Inc.	\$10.86	79.4%	0.6x	6.6x
Sapient Corp.	\$11.13	87.0%	1.2x	9.3x
The Hackett Group, Inc.	\$4.93	74.9%	0.8x	8.4x
Towers Watson & Co.	\$72.45	98.5%	1.6x	8.2x
<b>Average</b>		<b>83.1%</b>	<b>1.1x</b>	<b>8.1x</b>

#### Federal IT Services

The average LTM EBITDA multiple is 5.2x this quarter, lower than last quarter's multiple of 5.4x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
CACI International Inc.	\$55.98	90.0%	0.5x	5.7x
Dynamics Research Corporation	\$5.73	60.0%	0.5x	4.4x
ICF International Inc.	\$26.01	93.4%	0.6x	6.7x
ManTech International Corporation	\$24.25	74.1%	0.4x	4.3x
NCI, Inc.	\$4.22	52.8%	0.2x	4.2x
SAIC, Inc.	\$14.20	99.4%	0.5x	6.0x
Official Payments Holdings, Inc.	\$5.48	84.4%	0.3x	NM
Tyler Technologies, Inc.	\$58.16	94.4%	5.1x *	26.7x *
<b>Average</b>		<b>81.1%</b>	<b>0.4x</b>	<b>5.2x</b>

#### Managed Services

The average LTM EBITDA multiple has decreased to 11.8x from 15.4x in the fourth quarter of 2012.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
CenturyLink, Inc.	\$37.35	86.0%	2.4x	5.7x
Equinix, Inc.	\$213.64	92.4%	6.8x	15.8x
Internap Network Services Corp.	\$8.18	85.2%	2.0x	11.6x
Limelight Networks, Inc.	\$1.83	57.4%	0.3x	NM
Rackspace Hosting, Inc.	\$44.38	54.5%	4.6x	14.3x
<b>Average</b>		<b>75.1%</b>	<b>3.2x</b>	<b>11.8x</b>

#### VARs/System Integrators

The average LTM EBITDA multiple is 5.6x, lower than last quarter's multiple of 6.2x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Atos S.A.	\$65.72	85.2%	0.5x	4.3x
Black Box Corp.	\$20.73	71.8%	0.5x	6.0x
Cap Gemini S.A.	\$43.91	86.4%	0.4x	4.7x
Datalink Corporation	\$9.72	77.2%	0.4x	7.5x
ePlus inc.	\$41.74	84.3%	0.4x	5.7x
<b>Average</b>		<b>81.0%</b>	<b>0.4x</b>	<b>5.6x</b>

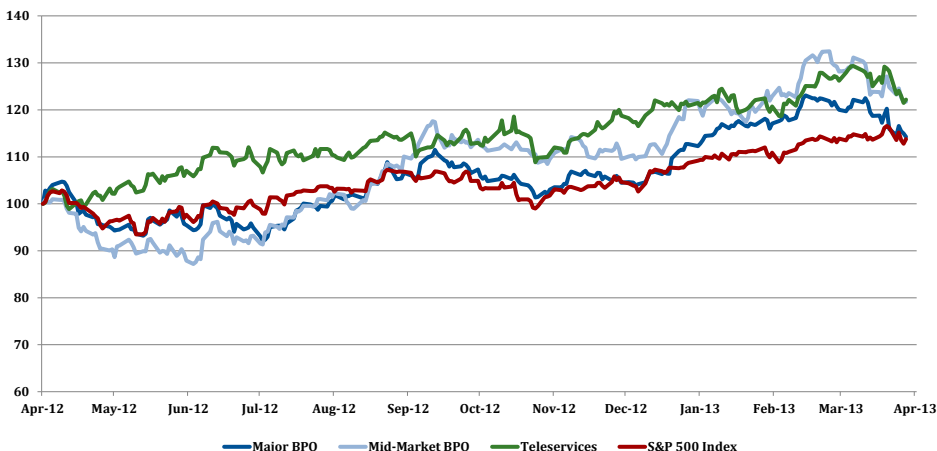
\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock prices as of April 22, 2013 in US\$.

# CHILDS Quarterly Update: 1Q 2013

## BPO Comparable Public Company Analysis

### Public Company Stock Performance

In the last year, the Major BPO segment has generally tracked the S&P 500. The Mid-Market BPO and Teleservices segments have outperformed the market over the past six months.



### Major BPO

The average LTM EBITDA multiple is 8.9x this quarter, down from last quarter's multiple of 9.2x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Accenture plc	\$74.90	95.5%	1.5x	10.0x
CGI Group, Inc.	\$25.76	93.1%	1.8x	12.7x
Cognizant Technology Solutions Co.	\$66.63	82.2%	2.4x	11.6x
Computer Sciences Corporation	\$44.30	87.6%	0.5x	3.9x
Convergys Corporation	\$15.94	91.1%	0.6x	4.9x
EPIQ Systems, Inc.	\$13.08	90.8%	2.0x	9.2x
Genpact Ltd.	\$18.20	93.2%	2.3x	12.8x
Infosys Ltd.	\$41.45	74.6%	2.6x	9.1x
Iron Mountain Inc.	\$36.79	97.3%	3.5x	11.8x
ITC Limited	\$5.85	99.8%	9.2x	26.1x
Pitney Bowes Inc.	\$14.41	80.6%	1.3x	6.3x
Tata Consultancy Services Limited	\$26.32	89.2%	4.6x	15.7x
Unisys Corporation	\$20.07	81.2%	0.2x	1.8x
Wipro Ltd.	\$6.27	73.3%	2.0x	9.5x
Xerox Corporation	\$8.60	91.7%	0.8x	5.6x
<b>Average</b>		<b>88.1%</b>	<b>1.9x</b>	<b>8.9x</b>

### Mid-Market BPO

The average LTM EBITDA multiple is 6.9x this quarter, a decrease from last quarter's multiple of 7.0x.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Aditya Birla Nuvo Limited	\$18.12	82.4%	1.1x	5.3x
HCL Technologies Ltd.	\$13.31	89.1%	2.1x	10.0x
Hexaware Technologies Limited	\$1.57	59.9%	1.1x	5.2x
iGATE Corporation	\$16.85	84.4%	1.8x	7.8x
Mphasis Limited	\$6.70	85.7%	0.9x	4.0x
Satyam Computer Services Limited	\$1.99	82.2%	1.3x	6.3x
Syntel, Inc.	\$65.71	95.4%	3.2x	10.1x
Tech Mahindra Limited	\$17.27	83.2%	2.0x	6.9x
<b>Average</b>		<b>82.8%</b>	<b>1.7x</b>	<b>6.9x</b>

### Teleservices

The average LTM EBITDA multiple has increased to 8.0x from 5.4x in the fourth quarter of 2012.

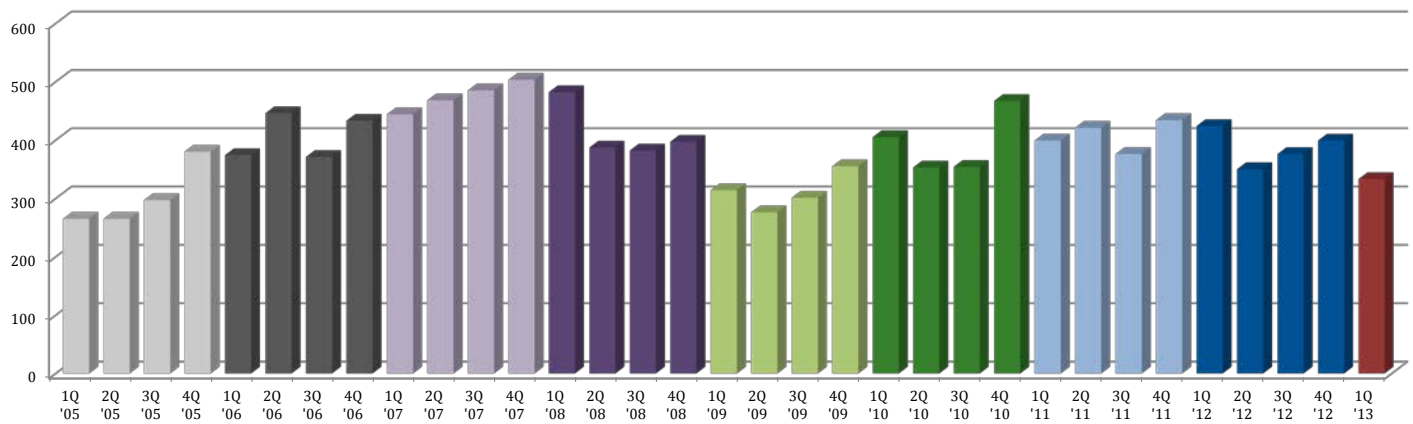
Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Convergys Corporation	\$15.94	91.1%	0.6x	4.9x
StarTek, Inc.	\$6.94	97.1%	0.5x	15.0x
Sykes Enterprises, Incorporated	\$14.65	88.7%	0.5x	4.9x
TeleTech Holdings Inc.	\$20.72	95.5%	0.9x	7.1x
<b>Average</b>		<b>93.1%</b>	<b>0.6x</b>	<b>8.0x</b>

\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock prices as of April 22, 2013 in US\$.

# CHILDS Quarterly Update: 1Q 2013

## IT/Professional Services and BPO M&A Deals by Quarter (2005 – 1Q 2013)

M&A activity in the IT/Professional Services and BPO sector slowed in the first quarter, with 333 deals, compared to 399 in 4Q 2012. Volume is down significantly when compared to 1Q of 2012 (424 deals), although certain pockets remain hot, such as data analytics, ITSM and SaaS/Cloud.



Source: CHILDS database and Capital IQ

## Notable Transactions

Date Closed	Buyer	Target	Enterprise Value (\$mm)	EV/Revenue	EV/EBITDA	Target Description/Comment
3/29/2013	Ernst & Young	Semphonic	ND	ND	ND	Web analytics and digital measurement consulting services
3/15/2013	LLR Partners	HighPoint Solutions	ND	ND	ND	Specialized IT services dedicated to the life sciences and healthcare
3/4/2013	Microsoft	MetricsHub	ND	ND	ND	Provides public cloud monitoring services
2/20/2013	KPMG	The Hacket Group (Oracle ERP Practice)	ND	ND	ND	Oracle ERP consulting, deployment and implementation
2/15/2013	Trident Private Holdings	TNS	840.6	1.5x	6.5x	Provider of networking, managed connectivity and data communications services
2/14/2013	Capita plc	Northgate Managed Services Limited	100.8	0.5x	ND	IT consulting and data processing services
2/14/2013	Linedata Services	CapitalStream	45.0	1.5x	ND	Software and consulting service provider for financial applications
1/29/2013	Cogeco Cable	Peer 1 Network Enterprises	599.7	4.2x	20.0x	Internet infrastructure solutions and related managed services
1/14/2013	Wood Creek Capital Management	Wireless Infrastructure Group	240.9	7.5x	ND	Shared infrastructure solutions to the communications sector in the UK
1/10/2013	Digital River	LML Payment Systems	71.6	2.1x	6.3x	Data processor of electronic financial payments, risk management and authentication services

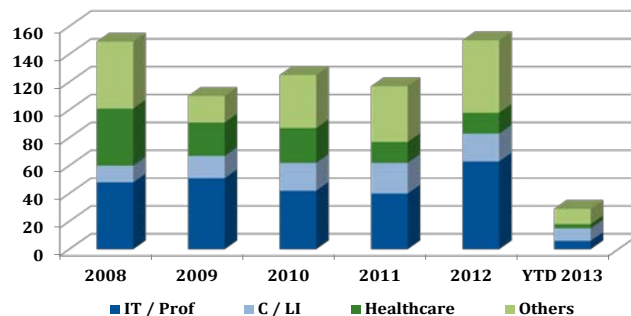
## Sector Update: Human Capital Management (HCM)

### Mergers and Acquisitions by Segment

CHILDS has recorded 29 HCM transactions so far in 2013, equaling the total number of transactions in 1Q 2012. The Commercial/Light Industrial and IT/Professional Services segments were the most active in 1Q 2013 with 50% of the total deals (15 deals).

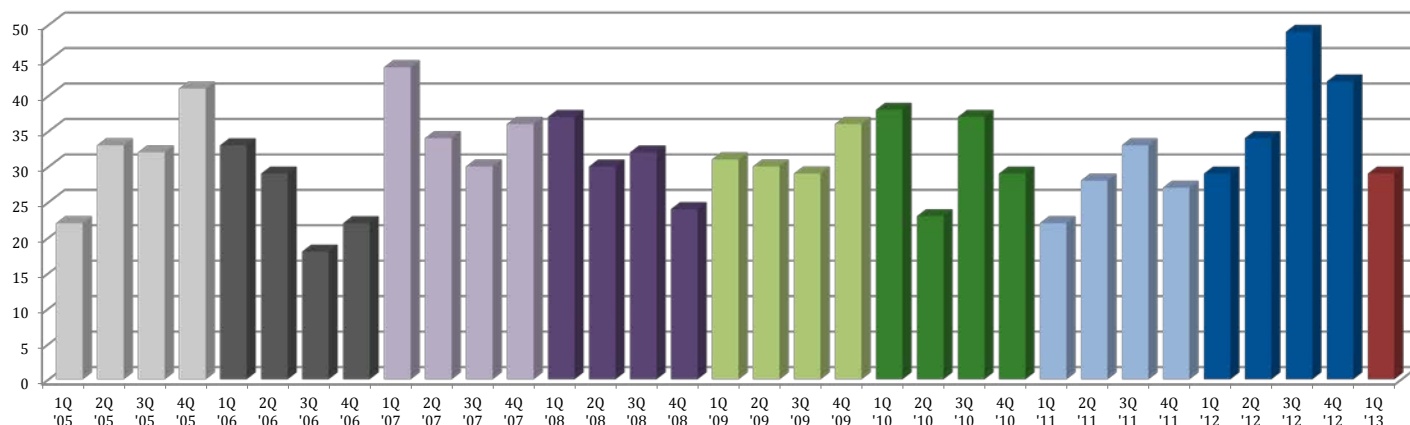
The Healthcare segment had a slow quarter in terms of M&A, with only 3 transactions occurring in the first quarter.

Staffing M&A Deal Volume by Segment



### HCM M&A Deals by Quarter (2005 - 1Q 2013)

M&A activity decreased with 29 transactions in 1Q 2013, compared to 42 in 4Q 2012. International companies were active in the M&A market this quarter with eight (or 28%) of the M&A deals involving international targets and 24% involving international buyers.



Source: CHILDS database and Capital IQ

### Notable Transactions

Date Closed	Buyer	Target	Enterprise Value (\$mm)	EV/Revenue	EV/EBITDA	Target Description/Comment
5/1/2013	Onward Health	Locum Leaders	ND	ND	ND	Provider of locum tenens staffing services
4/4/2013	Randstad	USG People (select European markets)	25.6	ND	ND	Staffing services in Spain, Italy, Poland, Switzerland, Luxembourg and Austria
3/14/2013	Conversion Capital (subsidiary)	Update Legal	ND	ND	ND	Legal process outsourcing including staffing and eDiscovery services
2/15/2013	Elwood Staffing Services	SOS Employment Group	ND	ND	ND	National provider of C/LI staffing services
2/14/2013	Medical Solutions	On Assignment Nurse Travel	31.0	ND	ND	Provider of travel nursing staffing services
2/13/2013	Staffing 360 Solutions	IDC Technologies	13.4	0.3x	ND	IT staffing and consulting services
2/6/2013	TrueBlue	MDT Personnel	48.0	ND	ND	C/LI staffing services

# CHILDS Quarterly Update: 1Q 2013

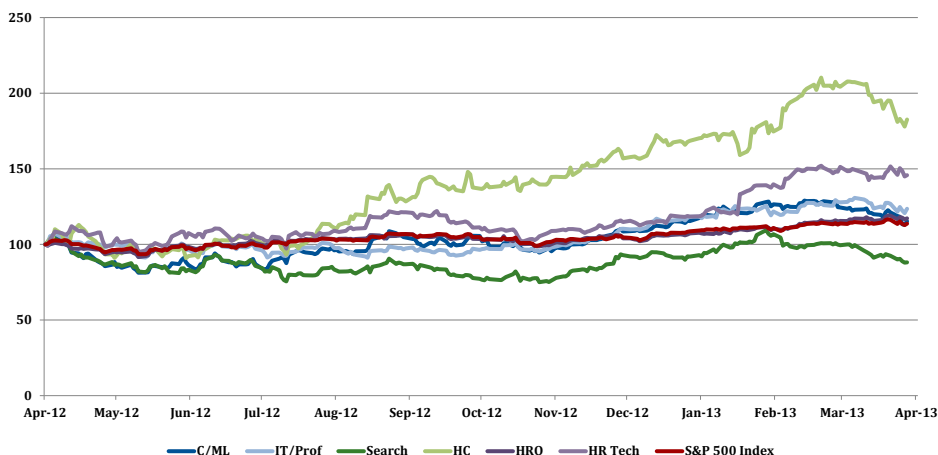
## HCM Comparable Public Company Analysis

### Public Company Stock Performance

Of the HCM segments we track, search has consistently performed the weakest.

Healthcare has made significant gains against the market since August while HR Tech has outperformed the S&P 500 for most of 2012.

Over the past twelve months, the Commercial/Multi-line, IT/Professional and HRO segments have traded in line with the S&P.



### Commercial & Multi-Line Staffing

The average LTM EBITDA multiple this quarter has decreased to 8.9x from 9.0x in the fourth quarter of 2012.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Adecco S.A.	\$51.32	84.9%	0.4x	9.3x
Kelly Services, Inc.	\$17.20	90.5%	0.1x	6.5x
ManpowerGroup	\$53.02	91.8%	0.2x	8.0x
Randstad Holding NV	\$37.26	83.6%	0.4x	11.7x
TrueBlue, Inc.	\$20.00	93.3%	0.5x	9.0x
<b>Average</b>		<b>88.8%</b>	<b>0.3x</b>	<b>8.9x</b>

### IT & Professional Staffing

The average LTM EBITDA multiple has decreased to 9.9x this quarter from 10.2x in the fourth quarter of 2012.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Analysts International Corp.	\$3.55	68.3%	0.1x	10.6x
CDI Corp.	\$15.69	85.1%	0.2x	6.2x
Computer Task Group Inc.	\$19.41	84.1%	0.7x	12.2x
Kforce Inc.	\$14.88	89.4%	0.5x	20.9x *
Mastech Holdings, Inc.	\$8.13	90.3%	0.3x	7.6x
On Assignment Inc.	\$22.62	86.7%	1.3x	12.5x
RCM Technologies Inc.	\$5.58	83.0%	0.4x	8.3x
Robert Half International Inc.	\$36.54	96.8%	1.2x	11.7x
<b>Average</b>		<b>85.5%</b>	<b>0.6x</b>	<b>9.9x</b>

### Executive Search

The average LTM EBITDA multiple decreased to 4.6x this quarter from 5.2x in the fourth quarter of 2012.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
CTPartners Executive Search Inc.	\$3.25	50.8%	0.1x	3.5x
Heidrick & Struggles International Inc.	\$12.64	57.0%	0.2x	3.4x
Korn/Ferry International	\$15.79	81.5%	0.7x	7.0x
<b>Average</b>		<b>63.1%</b>	<b>0.4x</b>	<b>4.6x</b>

### Healthcare Staffing

The average LTM EBITDA multiple has increased to 32.7x from 15.3x in the fourth quarter.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
AMN Healthcare Services Inc.	\$13.31	83.5%	0.8x	11.3x
Cross Country Healthcare, Inc.	\$4.68	75.1%	0.4x	54.1x
<b>Average</b>		<b>79.3%</b>	<b>0.6x</b>	<b>32.7x</b>

### HR Outsourcing

The average LTM EBITDA multiple is 10.7x for the first quarter, up from 8.9x in the fourth quarter of 2012.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Automatic Data Processing, Inc.	\$65.50	98.9%	2.9x	15.9x
Barrett Business Services Inc.	\$56.33	95.0%	0.9x	17.0x
Capita PLC	\$12.98	92.9%	2.1x	12.7x
Insperty, Inc.	\$27.48	80.4%	0.2x	4.8x
Paychex, Inc.	\$35.56	98.3%	5.4x	12.5x
Towers Watson & Co.	\$72.45	98.5%	1.6x	8.2x
Xchanging PLC	\$2.06	89.6%	0.4x	3.8x
<b>Average</b>		<b>93.4%</b>	<b>1.9x</b>	<b>10.7x</b>

### HR Technology

The average LTM EBITDA multiple is 11.9x this quarter, down from 14.7x last quarter.

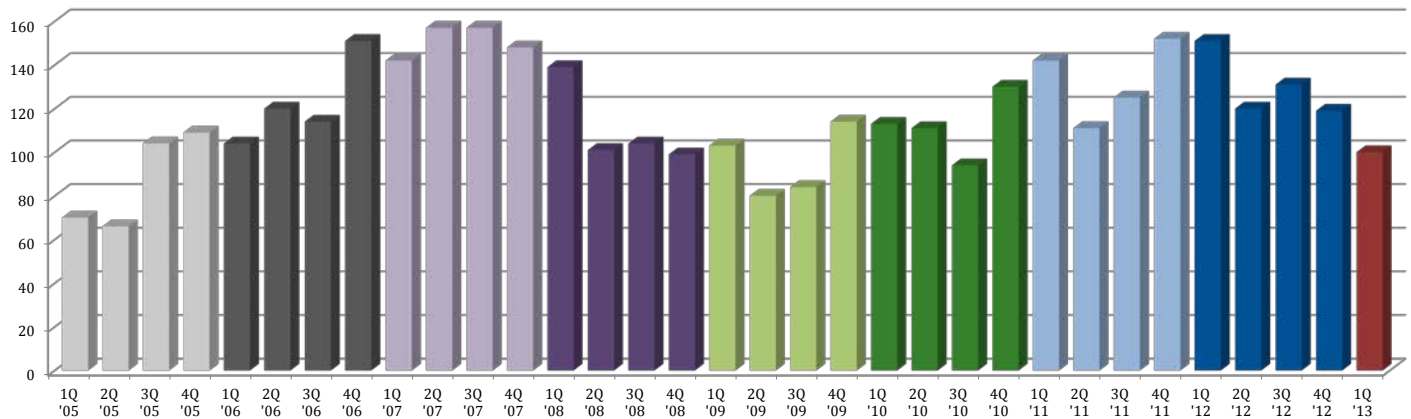
Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
51job Inc.	\$58.00	93.9%	5.5x	15.5x
Asure Software, Inc.	\$5.00	62.5%	2.2x	24.8x
Bond International Software plc	\$0.85	87.5%	0.7x	7.8x
Callidus Software Inc.	\$4.18	51.7%	2.0x	NM
Concur Technologies, Inc.	\$68.76	90.3%	7.8x	85.4x *
Cornerstone OnDemand, Inc.	\$33.29	93.3%	13.8x	NM
Dice Holdings, Inc.	\$9.09	82.7%	2.8x	7.7x
LinkedIn Corporation	\$177.22	95.2%	19.1x	148.0x *
Monster Worldwide, Inc.	\$4.17	43.3%	0.5x	3.4x
The Ultimate Software Group, Inc.	\$92.84	87.3%	7.5x	60.3x *
Workday, Inc.	\$58.15	89.5%	32.6x	NM
<b>Average</b>		<b>79.7%</b>	<b>6.2x</b>	<b>11.9x</b>

\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock price as of April 22, 2013 in US\$.

## Sector Update – Marketing & Information Services

### Marketing & Information Services M&A Deals by Quarter (2005 – 1Q 2013)

We noted a total of 100 transactions in the first quarter of 2013, compared to 119 transactions in 4Q 2012 and 151 transactions in the first quarter of 2012.



Source: CHILDS database and Capital IQ

### Notable Transactions

Date Closed	Buyer	Target	Enterprise Value (\$mm)	EV/Revenue	EV/EBITDA	Target Description/Comment
3/31/2013	InnerWorkings	DB Studios	ND	ND	ND	Design, manufacturing and implementation of in-store advertising programs
3/28/2013	Sequential Brands Group	Brand Matter	81.9	ND	ND	Diversified brand management and licensing
3/28/2013	St. Ives Marketing Services	Amaze Limited	37.3	1.4x	ND	Digital marketing and technology services
2/11/2013	Post Capital Partners	TBA Global	ND	ND	ND	Connective marketing and communications agency
1/16/2013	Quad/Graphics	Vertis Holdings	267.0	ND	ND	Advertising and marketing services company

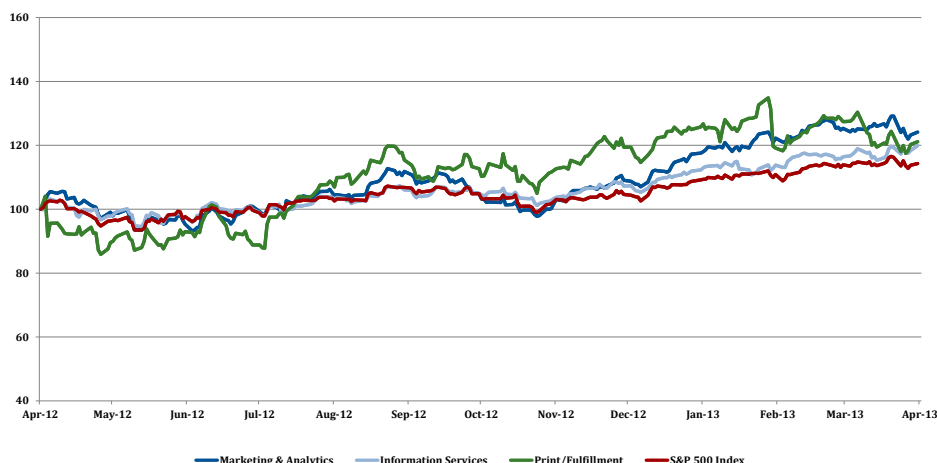


# CHILDS Quarterly Update: 1Q 2013

## Marketing and Information Services Comparable Public Company Analysis

### Public Company Stock Performance

The Marketing and Analytics and Print/Fulfillment sectors have outperformed the S&P over the past year. Information Services has recently achieved positive separation from the market after closely tracking the S&P over the last year.



### Marketing & Analytics

The average LTM EBITDA multiple increased to 7.4x in the first quarter, up from 6.8x in the fourth quarter of 2012.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Acxiom Corporation	\$18.83	92.0%	1.3x	6.6x
Harte-Hanks Inc.	\$7.32	74.6%	0.7x	5.9x
Havas	\$5.95	86.8%	1.1x	7.7x
The Interpublic Group of Companies, Inc.	\$13.56	99.0%	0.9x	7.5x
MDC Holdings Inc.	\$34.70	81.8%	1.5x	42.0x *
Omnicom Group Inc.	\$58.55	97.2%	1.2x	8.6x
Publicis Groupe SA	\$66.81	90.5%	1.6x	8.2x
<b>Average</b>		<b>88.8%</b>	<b>1.2x</b>	<b>7.4x</b>

### Information Services

The average LTM EBITDA multiple is 9.6x this quarter, which is up from 9.0x in the fourth quarter of 2012.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Alliance Data Systems Corporation	\$164.96	101.0%	4.4x	14.3x
Digital River Inc.	\$13.18	69.0%	0.2x	1.9x
Dun & Bradstreet Corp.	\$85.41	98.5%	2.8x	8.5x
Equifax Inc.	\$59.26	99.0%	4.0x	13.4x
Intersections Inc.	\$8.89	53.6%	0.4x	2.8x
National Research Corp.	\$55.13	89.5%	4.5x	14.1x
FactSet Research Systems Inc.	\$90.87	83.2%	4.6x	12.1x
HomeAway, Inc.	\$32.05	93.4%	8.6x	47.6x *
CoStar Group Inc.	\$108.79	97.4%	8.9x	47.8x *
<b>Average</b>		<b>87.2%</b>	<b>3.0x</b>	<b>9.6x</b>

### Print/Fulfillment

The average LTM EBITDA multiple was 5.9x in the first quarter of 2013, up from 5.5x in the fourth quarter of 2012.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
Cenveo Inc.	\$2.01	64.2%	0.7x	6.4x
Innotrac Corp.	\$3.76	93.5%	0.4x	6.4x
PFSweb Inc.	\$4.02	91.4%	0.2x	5.3x
Valassis Communications Inc.	\$27.38	87.4%	0.7x	5.4x
<b>Average</b>		<b>84.1%</b>	<b>0.5x</b>	<b>5.9x</b>

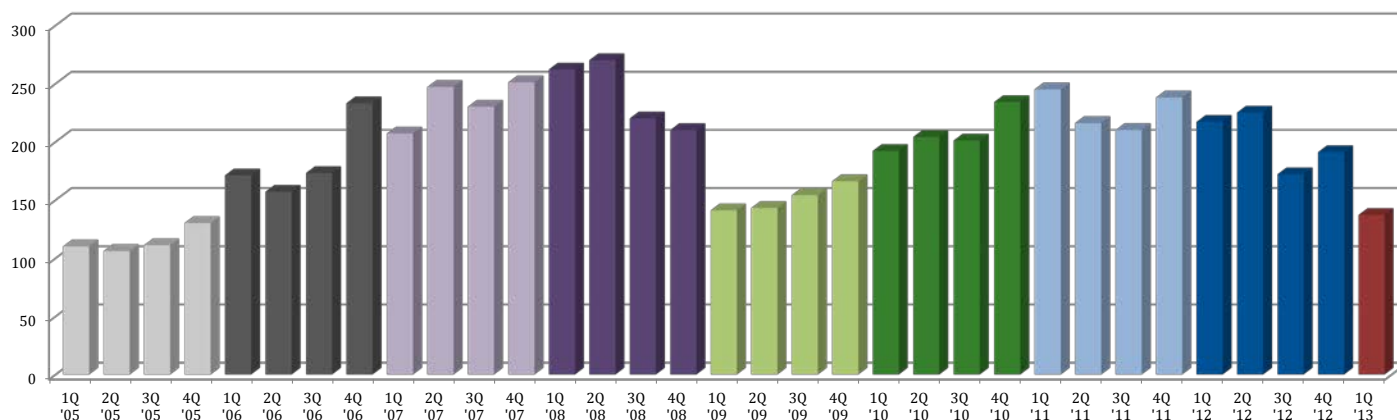
\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock price as of April 22, 2013 in US\$.

# CHILDS Quarterly Update: 1Q 2013

## Sector Update – Facility Services

### Facility Services M&A Deals by Quarter (2005 – 1Q 2013)

We noted a total of 137 transactions this quarter, down from 191 transactions in 4Q 2012 and from 217 in 1Q 2012.



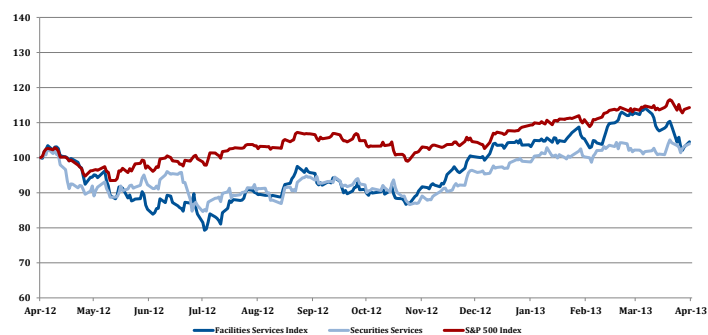
Source: CHILDS database and Capital IQ

### Notable Transactions

Date Closed	Buyer	Target	Enterprise Value (\$mm)	EV/ Revenue	EV/ EBITDA	Target Description/Comment
3/25/2013	Amey plc	Enterprise Group Holdings	587.7	0.4x	6.4x	Infrastructure maintenance support services for public and utilities sectors
3/13/2013 (announced)	Integrated Electrical Services	MISCOR Group	24.0	0.5x	5.1x	Industrial and rail support services
1/31/2013	WM Recycle America (Waste Management)	Greenstar	210.0	ND	ND	Provider of recycling solutions
1/2/2013	Great Lakes Dredge and Dock	Terra Contracting	20.0	ND	ND	Environmental contracting and remediation company

### Facilities Services Stock Index

The Facilities and Securities Services stock indices have underperformed the S&P 500 over the past twelve months.



### Facilities Services Comparable Company Analysis

The average LTM EBITDA multiple was 8.2x this quarter, an increase from 7.8x in 4Q 2012.

Company Name	Stock Price	% of 52 Wk High	Enterprise Value /	
			LTM Revenue	LTM EBITDA
ABM Industries Incorporated	\$20.62	86.4%	0.3x	9.7x
EMCOR Group Inc.	\$38.21	89.5%	0.3x	6.9x
Fluor Corporation	\$55.27	82.7%	0.3x	7.8x
G4S plc	\$4.67	98.6%	0.8x	9.6x
Garda World Security Corp.	\$11.67	99.9%	0.8x	7.0x
Johnson Controls Inc.	\$33.15	94.3%	0.7x	10.1x
MITIE Group PLC	\$4.16	90.0%	0.5x	8.4x
National Security Group Inc.	\$8.19	81.2%	0.7x	9.9x
Pike Electric Corporation	\$14.79	96.3%	0.8x	6.9x
Rentokil Initial plc	\$1.44	92.6%	1.1x	6.3x
Securitas AB	\$9.11	93.6%	0.5x	7.9x
<b>Average</b>		<b>91.4%</b>	<b>0.6x</b>	<b>8.2x</b>

\*Excluded from average calculations. LTM = Last Twelve Months. Data obtained from Capital IQ. Stock price as of April 22, 2013 in US\$.

## About CHILDS Advisory Partners

CHILDS Advisory Partners provides exceptional investment banking services to high-performing business services and technology companies. Our unique combination of sector focus, process excellence and strength of team allow us to maximize value—and achieve successful outcomes for our deals. Collectively, our senior bankers have executed over 350 M&A and financing transactions. CHILDS is a member of FINRA and SIPC and is a registered broker-dealer.

### Our Services

**Sell-side Advisory:** When you desire to sell or merge your business, we help you prepare, position and execute the process with confidentiality and speed to obtain maximum results.

**Buyouts & Recapitalizations:** We know the private equity groups interested in the sector and can help you prepare for due diligence and transaction success.

**Buy-side Advisory:** CHILDS can help you source deals, qualify them and negotiate them. Our sourcing “engine”, market knowledge and experience in creative deal structures will ensure that you see as many deals as possible and have the ability to get them done.

**Debt/Equity Capital Raises:** We advise companies seeking equity or debt capital for growth, recapitalization or restructuring. CHILDS can help you negotiate with your existing lenders to renew or restructure debt facilities. If needed, we can tap into our many banking relationships to solicit and negotiate term sheets with other potential lenders as well.

**Financial & Strategic Advisory:** We provide an objective and disciplined methodology to help your team develop a winning plan for short-term performance and long-term value creation. Whether it’s a Value Creation Road Map, Strategic Alternatives Assessment, Employee Stock Ownership Plan, or Fairness Opinion, we provide insight to the options available for company owners to maximize value and liquidity.

### Sector Focus – Business Services & Technology

IT/Professional Services & Software	Business Process Outsourcing	Human Capital Management	Facilities Services	Marketing & Info Services
<ul style="list-style-type: none"> <li>▪ Consulting</li> <li>▪ Managed Services</li> <li>▪ Federal</li> <li>▪ Tech-enabled business services</li> <li>▪ Software</li> </ul>	<ul style="list-style-type: none"> <li>▪ Collections/receivables</li> <li>▪ Legal process outsourcing</li> <li>▪ Teleservices</li> <li>▪ Knowledge process outsourcing</li> <li>▪ Revenue cycle management</li> </ul>	<ul style="list-style-type: none"> <li>▪ Staffing</li> <li>▪ Human resource outsourcing</li> <li>▪ Vendor management services/ managed services provider</li> <li>▪ Recruitment process outsourcing</li> <li>▪ Professional employment organization</li> <li>▪ HCM Technology</li> </ul>	<ul style="list-style-type: none"> <li>▪ Facilities management</li> <li>▪ Security</li> <li>▪ Building &amp; janitorial</li> <li>▪ Engineering &amp; maintenance</li> <li>▪ Equipment rental</li> <li>▪ Logistics</li> <li>▪ Aviation</li> </ul>	<ul style="list-style-type: none"> <li>▪ Advertising &amp; media</li> <li>▪ Digital agencies</li> <li>▪ Data analytics</li> <li>▪ Direct marketing</li> <li>▪ Print/ fulfillment</li> </ul>

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Selected CHILDS Transactions

**locumleaders**  
*has been acquired by*  
  
 May 2013

**HighPoint SOLUTIONS**  
 Kayne Anderson  
*has been recapitalized by*  
**LLRpartners**  
 March 2013

**UPDATE LEGAL**  
*has merged with a subsidiary of*  
**Conversion Capital**  
 March 2013

**SOS EMPLOYMENT GROUP**  
*has been acquired by*  
  
 February 2013


**ioConsulting**  
*has been acquired by*  
  
 October 2012

**Nordic CONSULTING**  
 creating meaningful partnerships  
*has been recapitalized by an investor group led by*  
  
 September 2012

**utopia**  
 Perfectly Possible®  
*has received a growth equity investment from*  
  
 April 2012

**AGGRESSOR**  
*has been acquired by*  
  
 April 2012

**Fahrenheit technology**  
 IT Staffing Division  
*has been acquired by*  
  
 January 2012

**Cumberland consulting group**  
*has been recapitalized by*  
  
 December 2011

**glenture**  
*has been acquired by*  
  
 December 2011

**EMPLOYBRIDGE™**  
*has been recapitalized by*  
**Morgan Stanley Capital Partners**  
 May 2011

**FineLine**  
*has been recapitalized by*  
  
 May 2011

**clovis**  
*has been acquired by*  
  
 A Riverside Partners Company  
 April 2011

**THE JOHNSON GROUP**  
 A WATERSTONE COMPANY  
*has been acquired by*  
**PRGX**  
 December 2010

**vcg**  
*has been acquired by*  
  
 November 2010

**Centre for High Performance Development**  
*has been acquired by*  
**Kenexa**  
 July 2010

**The CSI Companies**  
*has been acquired by*  
**RECRUIT**  
 July 2010

**UTILISERV**  
*has been acquired by*  
**Olameter**  
 May 2010

**OnSite RESOURCE SOLUTIONS**  
*has been acquired by*  
  
 October 2009