



KPMG

Corporate Finance LLC

U.S. Healthcare Staffing
Market Update

April 2023

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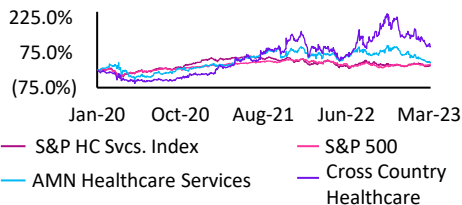


Market Update and Overview

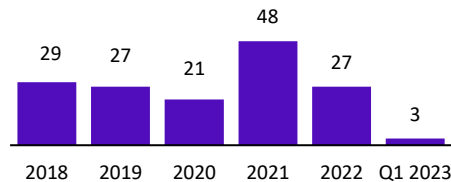
Capital Markets Update

- Macro-economic issues (e.g., inflation, Ukraine conflict) have led to significant decline in the public capital markets since its January 2022 peak
- While positive indicators for inflation appeared to improve investor outlook for 2023 at the onset of the year, the failure of SVB Financial, Credit Suisse's distressed sale to UBS, and ongoing uncertainty of regional U.S. banks has created significant market volatility
- Despite this market volatility, the healthcare staffing sector continues to outperform the broader markets with the two major publicly-traded companies (AMN Healthcare Services and Cross Country Healthcare) posting gains of 33.6% and 100.2%, respectively, as compared to a 26.1% gain in the S&P 500, since the beginning of 2020
- Healthcare staffing M&A activity remains strong as aging of the U.S. population continues to increase demand for medical services, exacerbated by shortages of nurses, physicians, and other healthcare professionals

Market Performance (Since Pre-Pandemic)^{(1)*}



Healthcare Staffing M&A Activity^{(1),(2)}



Factors Impacting Healthcare Staffing



Aging Population

- The population of seniors (those 65 years of age or above) is expected to grow in both number and percentage of the population, reaching 73.1 million and 20.6% of the population by 2030



Increased Healthcare Spend

- Seniors are living longer with 80% of this population having more than one chronic condition, which will lead to continued increase in demand for healthcare services
- As a result, Medicare spend is expected reach \$1.8 trillion by 2031, representing approximately 14% annual growth over 2021 Medicare spending



Staffing Shortage

- Despite the expected increase in demand for healthcare services, the industry is seeing an increasing shortage of nurses, physicians, and other clinical staff
- Primary causes for the shortage include a decreasing number of graduates, higher attrition due to an aging workforce, and higher levels of burnout resulting from the COVID pandemic



Large Addressable Market for Staffing Services

- As a result, the healthcare industry is seeing a significant increase in demand for staffing services that provide both permanent and temporary placement of nurse, physicians, and other healthcare professionals
- Currently estimated at \$18.5 billion in 2022, the industry is expected to grow to \$26.7 billion over the next five years

Healthcare Staffing Services

Nurse Staffing

Placement of registered nurses in temporary assignments including per diem, short-term (3-4 months), and permanent

Allied Health

Placement of other healthcare professionals, such as therapists or technologists

Locum Tenens

Temporary placement of physicians, nurse practitioners, or physician assistants

International Staffing

Placement of registered nurses from countries outside the U.S. (e.g., Philippines)

Where Healthcare Staffing Companies Seek Diversification

Nurse Allied Staffing

Language Interpretation

International Staffing

Credentialing

Vendor Management Solutions

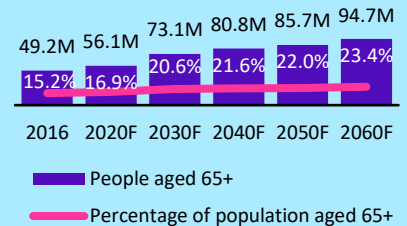
Teletherapy and Virtual Care

Leadership Solutions

Revenue Cycle Management

Scheduling & Predictive Workforce Analytics

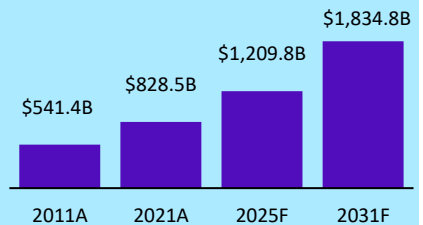
U.S. Population Aged 65+⁽³⁾



80.0% of adults 65 and older have at least one chronic condition⁽⁴⁾

Projected Medicare Spending⁽⁵⁾

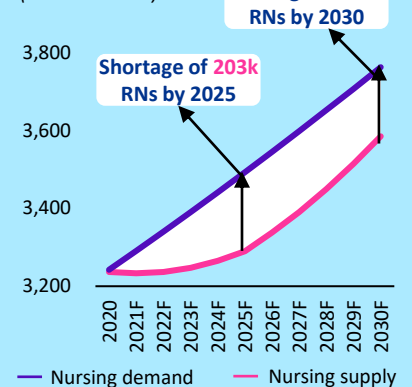
(\$ in billions)



Medicare spending to reach \$1.8T in 2031

Nursing Shortage Projection⁽⁶⁾

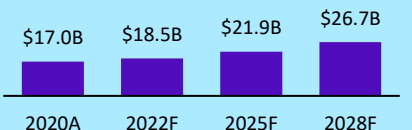
(# in thousands)



47.0% healthcare workers plan to leave their positions by 2025⁽⁷⁾

U.S. Healthcare Staffing Market⁽⁸⁾

(\$ in billions)



\$18.5B industry in 2022 with high prospects of growth

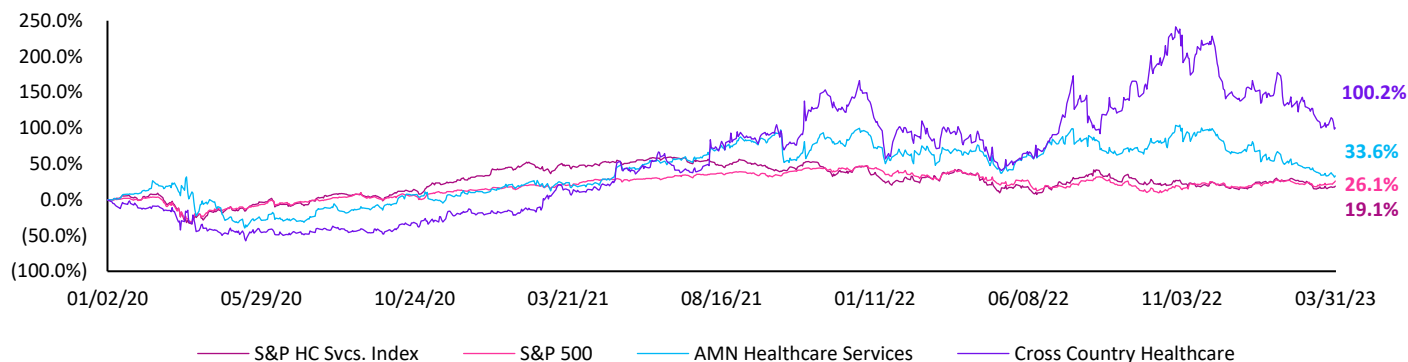
Note: *Market data as of March 31, 2023.

Sources: (1) Capital IQ; (2) Pitchbook; (3) U.S. Census Bureau (February 2020); (4) The National Council on Aging "The Top 10 Most Common Chronic Conditions in Older Adults" (April 2021); (5) Kaiser Family Foundation "What to Know about Medicare Spending and Financing" (January 2023); (6) William Blair "The Nursing Shortage Issue A Deep Dive Into Our Long-Term Proprietary Model of Nurse Availability in the U.S." (January 2022); (7) Definitive Healthcare, "Addressing the healthcare staffing shortage" (October 2022); (8) The Insight Partners, "Global & US Healthcare Staffing Market to 2028" (December 2022).

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Capital Markets Update

Comparative Performance: Broader Market vs Healthcare Staffing Public Companies^{(1)*}



Select Public Companies^{(1)*}

(\$ in millions, except per share data)	Stock Price					Last Twelve			Enterprise Value as a multiple of CY 2023E	
	As of 03/31/23	% Δ	% of 52-Wk	Market	Enterprise	Months (LTM)				
		YTD	High	Cap	Value	Revenue	EBITDA	% Margin	Revenue	EBITDA
Healthcare Staffing Solutions										
AMN Healthcare Services, Inc.	\$82.96	(19.3%)	64.3%	\$3,407	\$4,203	\$5,243	\$781	14.9%	1.0x	6.7x
Cross Country Healthcare, Inc.	22.32	(16.0%)	55.6%	822	976	2,807	294	10.5%	0.4x	5.0x
								Mean	0.7x	5.8x
								Median	0.7x	5.8x

Recent Healthcare Staffing M&A Transactions^{(1),(2)}

Announced Date	Target Name	Acquirer Name	Deal Value (\$ mm)	Description
03/23/23	Fusion Healthcare Staffing	Waud Capital Partners	NA	Locum tenens staffing
03/07/23	WorldWide HealthStaff Solutions	Medical Solutions	NA	International recruitment services
01/11/23	Queen Consulting Group	Talent Group	NA	IT staffing and human resource consulting
12/22/22	SpringBoard Healthcare Group	Ingenovis Health	NA	Staffing and education for cardiovascular medicine
12/13/22	Hireup Leadership	Cross Country Healthcare	NA	Healthcare recruitment services
12/08/22	Integrity Search	Starfish Partners	NA	Healthcare recruitment services
11/01/22	HOST Healthcare	Medical Solutions	NA	Travel nursing, allied, and therapy professionals
10/05/22	Premier Healthcare Professionals	Grupo Proeza	NA	Travel nursing
09/27/22	Prime Time Healthcare	OEP Capital Advisors	NA	Healthcare staffing for long-term care facilities
09/21/22	Ethika Group	All Medical Personnel	NA	Travel occupational, physical, and respiratory therapy
09/20/22	The Lawton Group	Longship Group	NA	Non-clinical healthcare professionals
09/16/22	Medix Staffing Solutions	MSouth Equity Partners	NA	Clinical and non-clinical staffing and recruitment
09/13/22	Mint Medical Physician Staffing & Lotus Medical Staffing	Cross Country Healthcare	\$40	Locum tenens staffing
08/01/22	Barton & Associates	H.I.G. Capital	NA	Locum tenens and travel nursing
08/01/22	C2 Healthcare Solutions	Impact Capital Advisors	NA	Labor solutions for healthcare organizations
07/11/22	Harmony Healthcare	Addison Group	NA	Non-clinical healthcare workforce and consulting
07/06/22	Matchwell	Medical Solutions	NA	Tech-enabled marketplace for clinical staff
05/31/22	Enterprise Medical Recruiting	Alliance Recruiting Resources	NA	Physician recruitment services
05/13/22	Connetics USA	AMN Healthcare Services	79	International nurse and allied recruitment
04/26/22	Cunningham Elite Staffing	Staffing Management	NA	Travel nursing and locum tenens staffing
04/25/22	Becker Technical Staffing	MedHQ	NA	Specialty nursing and allied health staffing
04/18/22	Epic Staffing Group	The Pritzker Organization	675	Staffing to life sciences and healthcare companies
03/10/22	Full Spectrum Staffing	Starfish Partners	NA	Healthcare recruitment and advisory services
03/09/22	Alliant Healthcare Staffing	Prn Health Services, The Firmament Group	NA	Travel nurse, allied health, and therapist staffing

Note: *Market data as of March 31, 2023.

Sources: (1) Capital IQ; (2) Pitchbook.

KPMG Corporate Finance LLC Healthcare Investment Banking Team



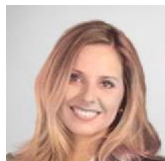
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2003-2022 global advisor ranking ⁽¹⁾		# of Deals
1.	KPMG*	9,069
2.	PwC	8,405
3.	Houlihan Lokey	6,301
4.	Deloitte	5,847
5.	Ernst & Young	5,333
6.	Rothschild & Co	5,127
7.	Goldman Sachs & Co	3,705
8.	Lazard	3,672
9.	JP Morgan	3,629
10.	Morgan Stanley	3,416



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Note: (1) League tables include completed deals which have value between \$0 million to \$500 million and also where deal value is not disclosed, as of January 2023.

*Represents the global Corporate Finance practice of KPMG International's network of independent member firms.



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