

Third edition

Capitalmind Fabulous 40 - Staffing

An initiative of Capitalmind in cooperation with FlexNieuws (2016)



Promising growth for payrolling and staffing

A broad upward trend is visible in the sector

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CORPORATE FINANCE ADVISORY

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In the previous Fab40 editions, we drew attention to the significant changes in the flexible employment sector through interviews with staffing companies. After the economic recession, many of these suppliers renewed their business models as a response to the changing demands of their clients. The Staffing sector has become very diverse and it supplies solutions and transitions for real issues in the labour market.

Rise of Private Equity in the Staffing sector



An intense consolidation battle is currently taking place in the market between staffing companies and specific payroll companies. This consolidation is partly driven by the underlying investment organisations who are now participating in this market. Through the use of acquisitions, payroll organisations achieve a stronger revenue growth, which they use to maintain competitive margins. Simultaneously, clients in the market expect a specialised offering of services and personnel from their staffing suppliers, focused on a certain sector or specific expertise.

Strengthening this offering requires acquisition of these parties enriching their own offering. That requires a thorough exploration of the market, the proper contacts and the means to initiate discussions with acquisition or merger partners.

It is notable that around 2014 in the Staffing sector the rise of Private Equity and investment funds started. In 2014, De Hoge Dennen Capital was one of the pioneers investing in a payroll organisation: in Tentoo Payroll. Meanwhile, several other investment organisations see payroll and

staffing as a promising growth market. This development is not surprising. Consolidation occurs in a growth market. Companies scale up in terms of width, depth and agility in order to match competitors. That requires investment power and related skills.

Newcomers on the list

"This year, Capitalmind's Fabulous 40 Staffing contains eight new listings, all of which realised a growth spurt. This concerns three general staffing organisations, three payroll companies, one staffing company active in the professionals segment, and a staffing

Top 3 growing companies in the staffing industry



1: FSGroep | HelloFlex

Software and back office service for the flexible employment sector. Tools and services strengthen each other thanks to continuous innovation.



2: Payper

Payroll and HR services, back office services for intermediaries and administration.



3: Pay for People *

Payroll and back office services for HR and intermediaries with own software and web portal.

*Waterland

Capitalmind also publishes these rankings for the Food, Industrial Markets and Retail sectors.

company in the technical segment," according to Marleen Vermeer, Corporate Finance Director. "The rise of newcomers is partly due to strong revenue growth from 2013 to 2014 at a number of newcomers, which results from economic growth in certain sectors, such as the Construction market. In addition, a number of newcomers are included in the list as a result of the fact that they have filed their annual figures with the Chamber of Commerce earlier these years."

Annual revenue doubled

"A broad upward trend is visible in the staffing sector. Whereas last year the No. 40 had a negative CAGR (Compound Annual Growth Rate), this year that number is 5.3%. We see that the slower-growing companies in this period have grown significantly when compared with the picture of our Fabulous 40 last year. From 2011-2013, the last ten on the Fabulous 40 list realised a cumulative CAGR of 30.3%. In the current (2012-2014) list, this has more than doubled, to a cumulative CAGR of 73.2%.

A growing economy and a trend towards more outsourcing explain the increased growth. SMEs are increasingly outsourcing their HR and personnel needs due to increasing regulations as well as the need for more flexibility.

Based on discussions in the market, we have come to understand that cost savings are no longer the prime motive for outsourcing the demand for personnel. The market position relative to competitors, the necessity of scalability, as well as the need for innovation have become at least as important. We see this in the industry in general, and that is also true for the staffing sector. SMEs can use flexible



Bart Jonkman and Marleen Vermeer, Capitalmind

personnel to better meet the demand in their market, and, in doing so, utilise the right people, knowledge and expertise at the right moment. The need of the market for effectiveness exceeds the urge for cost savings, which played an important role in previous years," according to Bart Jonkman, Managing Partner at Capitalmind.

More acquisitions

Furthermore, we see that among the top 10 growing companies, an increased number of acquisitions have been made. Whereas in the previous edition only two of the ten companies had performed acquisitions during the period of 2011-2013, three companies performed acquisitions during this period. This can be partially explained by the increased presence of Private Equity in the top 10. These investors are often focused on the realisation of growth. In the previous edition, only Waterland Private Equity and Bencis Capital Partners were present as investors in the top 10 growing companies. In the current edition, De Hoge Dennen and Gilde Equity Management have been added. In the meantime, however, Bencis has transferred its share in The Employment Group to Egeria PE.

This trend has continued after 2014. In the comments at the bottom of the list, activities are noted regarding acquisitions and Private Equity that have taken place after the measured

period at those companies listed. Capitalmind expects that this will continue and be visible in next year's Fabulous 40.

Payrolling is the strongest growing segment (32.3% CAGR) in the list. The growing SME segment notably has a strong need for outsourcing with the help of payrolling services.

The payroll segment is followed by the largest segment: the staffing of professionals. With average revenues of €129 M realised by parties in the Fabulous 40 list, and a CAGR of 20.5% between 2012 and 2014, this is also the segment in which the most acquisitions have been made. For example, Talent&Pro, Aethon Group, Driessen and De Staffing Groep have all made acquisitions in the period between 2012 and 2014.

The highest newcomer is Payper (2nd position). The organisation consists of three parties from Breda (NL) - Payroll Factory, ActiPay payroll and Payper backoffice for staffing agencies - that merged into Payper at the beginning of 2014. The payroll organisation has provided a consolidated financial statement to the Chamber of Commerce (KvK) for 2013. In 2012, a pro forma financial statement was filed, in which the business units were consolidated.

The next highest newcomer is EasyStaff (12th position), which grew from €40M of revenues in 2012 to €59M in 2014. The strong growth of this payroll company is consistent with the general tendency that payroll service has grown strongly (CAGR 32.3% from 2012-2014). We notice that growing companies, including the growing SME segment, have a strong need for payrolling. Studies of the growth within this segment have highlighted that the number of payroll workers between 2009 and 2014 grew by 15%, where the core of payrolling is in the outsourcing of administration and HR.

EasyStaff, amongst others, has benefited greatly here. EasyStaff was acquired by Payroll Select in 2016.

In the 13th position is a newcomer named Prima Personnel, which has realised strong revenue growth between 2013 and 2014. Revenues have grown from €28M in 2012 to €41M in 2014, the year that the construction sector resumed its growth by 3.4% after a difficult period (Statistics Netherlands, 2016).

Another newcomer is In Person, which occupies the 26th position on the list. In Person has realised strong revenue growth between 2013 and 2014. After its restructuring in 2013 and the opening of a new location, the accessibility of the organisation was improved. The influence of recruitment & selection, the pool of temporary workers and specialist knowledge were also increased in this period. Other adjustments to In Person's working method related to the new website that was introduced in 2013 and the development of the 'My In Person' platform, where clients received more insight in the hours worked via a personal dashboard. Finally, at the end of 2013, a new financial director was appointed to secure the further growth and financial position of the organisation. The restructuring in 2013 has contributed to the strong revenue growth of 2014.

Dynamics in the ranking of this edition, versus with the previous one

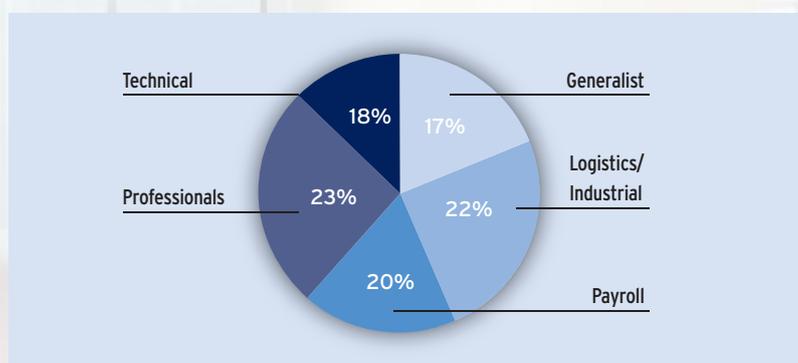
Newcomers: 8 Rising: 15 Descending: 14 Equal: 3

Revenue growth of the listed staffing agencies

	Revenues 2014	CAGR 2012-2014
Adecco	519,7	3,9%
Brunel	175,4	4,1%
DPA	85,8	14,8%
Manpower	530,6	3,9%
Randstad	2.794,7	- 0,6%
USG People	1.011,7	- 0,1%

Revenues in the Netherlands in € million

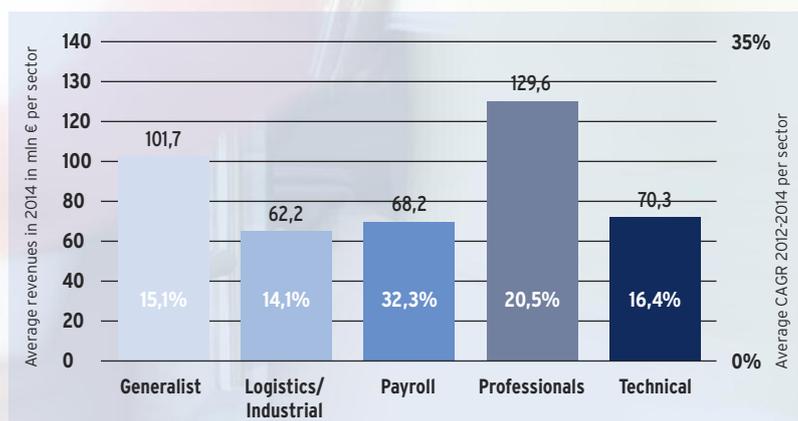
Market share



Subsector analysis

	#	Total revenues 2014 in mln. €	Average revenues 2014 in mln. €	CAGR 2012-2014
Generalist	7	711,9	101,7	15,1%
Logistics / Industrial	9	560,1	62,2	14,2%
Payroll	8	545,8	68,2	32,3%
Professionals	9	1.166,4	129,6	20,5%
Technical	7	492,3	70,3	16,4%

Revenue growth of the players of the ranking



Capitalmind Fabulous 40 - Staffing Industry

Rank 2016	Rank 2015	Company	Branche	Total revenues 2014 in mln. €	Total revenues 2013 in mln. €	Total revenues 2012 in mln. €	CAGR 2012-2014	M&A activities	Private equity
1	1	FSGroep	Payroll	43,4	25,9	14,0	76,2%		
2	-	Payper ❶	Payroll	36,4	24,5	14,8	56,9%		
3	6	Pay for people ❷	Payroll	59,2	45,2	30,3	39,8%		Waterland
4	8	The Employment Group ❸,❹	Logistics / industrial	80,4	66,8	41,3	39,5%		Egeria
5	3	Talent & Pro ❺	Professionals	51,9	45,8	28,2	35,7%	✓	De Hoge Dennen
6	9	Aethon Groep	Professionals	13,4	9,2	7,3	35,3%	✓	
7	2	Decom Technology People	Technical	9,4	7,0	5,4	32,7%		
8	10	Driessen	Professionals	183,5	136,5	108,3	30,2%	✓	
9	18	Talenter	Professionals	19,6	15,1	11,8	29,1%		Gilde Equity management
10	7	Staffing Associates	Generalist	43,0	35,9	28,2	23,5%	✓	
11	17	Please Payroll ❻	Payroll	66,6	52,1	44,2	22,8%		
12	-	EasyStaff ❼	Payroll	59,0	52,6	40,0	21,5%		
13	-	Prima Personeel	Technical	41,0	32,0	28,0	21,0%		
14	26	IT Staffing Groep / De Staffing Groep	Professionals	391,2	323,3	267,7	20,9%	✓	
15	15	Oranjevliet Beheer (NL-Jobs)	Technical	66,5	53,7	45,9	20,4%		
16	22	Payroll Select ❽	Payroll	109,7	85,9	76,8	19,5%	✓	ABN AMRO Participaties
17	-	Careermaker Uitzendorganisatie	Generalist	18,8	19,4	13,2	19,1%		
18	33	Timing Uitzendteam	Generalist	312,0	242,0	224,6	17,9%		
19	19	AB Werkt (Zuid-Nederland)	Logistics / industrial	69,0	61,3	49,6	17,9%		
20	38	Abiant Personeelsdiensten (AB Groningen) ❾	Logistics / industrial	81,9	63,3	60,7	16,1%		
21	12	Star Group ❿	Technical	127,1	119,4	94,6	15,9%	✓	Parcom
22	14	YoungCapital (Studentenwerk) ⓫	Professionals	99,2	85,9	76,1	14,2%		
23	24	Kolibrie Uitzendbureau	Payroll	51,2	43,6	39,8	13,3%		
24	34	MF (Mutua Fides) Uitzendbureau ⓬	Generalist	50,7	42,6	39,9	12,7%		
25	40	Consolid	Logistics / industrial	53,8	43,5	42,8	12,1%		Scheybeek Investments
26	-	In Person ⓭	Generalist	62,4	53,9	50,0	11,7%		
27	30	AB Service Midden Nederland	Logistics / industrial	31,4	28,5	25,5	11,0%		
28	35	Covebo Uitzendgroep ⓮	Logistics / industrial	78,8	71,9	64,5	10,6%		
29	28	OTTO Work Force	Generalist	209,5	190,1	171,8	10,4%		
30	11	Atlas Professionals	Technical	189,8	180,2	156,5	10,1%	✓	HAL
31	-	Euro Planit ⓯	Generalist	15,5	13,7	12,8	10,0%		
32	-	Tentoo	Payroll	120,3	108,7	102,1	8,6%		De Hoge Dennen
33	32	Z.O.N. Uitzendgroep	Logistics / industrial	27,8	26,9	23,8	8,1%		
34	23	Match International	Technical	14,2	14,2	12,2	7,9%		
35	13	Brainnet ⓰	Professionals	279,1	262,8	241,5	7,5%		
36	16	Xelvin	Technical	44,3	42,0	38,7	7,0%		
37	29	Jenrick ⓱	Professionals	79,8	85,3	70,4	6,5%		
38	31	AB Vakwerk	Logistics / industrial	95,6	94,3	84,3	6,5%		
39	36	IBN-Productie	Logistics / industrial	41,3	39,5	37,0	5,7%		
40	-	YER Group	Professionals	47,5	41,6	42,9	5,3%		

Criteria for the Fabulous 40

1. The company is active and headquartered in the Netherlands
2. A minimum revenue of five million euro in one of the three measured years
3. Annual financial statements are filed at the Chamber of Commerce (KvK) or shared with an accessible database or with Capitalmind.
4. Majority stake owned by Dutch shareholders or private equity firms.
5. Not listed on the stock exchange

WePayPeople is not included in this list because the company commenced filing annual revenue data with the Chamber of Commerce since 2015.

Should there be any confusion, discussion as to inclusion in the list or suggestions for improvement, please contact marleen.vermeer@capitalmind.com or dial +31 73 6238774. This list is compiled by Capitalmind Corporate Finance Advisory.

Comments

- ❶ Created in 2014 as a result of the merger of 3 companies
- ❷ Acquired Smart Payroll Services & Holland Payroll in 2016
- ❸ Previously known as Faber
- ❹ Until 2016, Bencis was the investor in The Employment Group
- ❺ Now part of Redmore
- ❻ Acquired DNA 360 in 2015
- ❼ Acquired by Payroll Select in 2016
- ❽ Acquired Proxx Payroll Professional in 2015, and Flint & EasyStaff in 2016
- ❾ Acquired Synergon Metaal & MF in 2015.
- ❿ Acquired IMG & ECC Group in 2015
- ⓫ Acquired bijbanen.nl in 2015
- ⓬ Acquired by Abiant in 2015
- ⓭ Acquired Tocontinyou in 2015 and Human United XS in 2016
- ⓮ Acquired by Accent Jobs for People in 2015
- ⓯ Acquired Flexperfect in 2015
- ⓰ Acquired Intraflex in 2015
- ⓱ Acquired by H2 Equity Partners (Myler) in 2015



scheybeeck

In the Fabulous 40, Scheybeeck Investments participates in Consolid, which occupies the 25th place on the list of the fastest growing companies in the staffing sector.

Peter Roosjen co-manages Scheybeeck Investments, whose owner is entrepreneur Dick Burger.

Since its establishment in 2007, Scheybeeck has developed into a mid-sized investment company which currently participates in 18 organisations, half of which concern a minority interest and the other half a majority interest.

Interview with Peter Roosjen, Partner:

"We stand alongside our entrepreneurs; we want to create value, invest for the long run, and we often act as a sparring partner."

Peter Roosjen: "I worked as a Partner at Deloitte until 2006. In that role I came into contact with entrepreneur Dick Burger. I had led an acquisition of a company for him with his organisation BUKO. Following that process, we discussed other possible forms of collaboration. On 1 January 2007, we established our investment company in addition to the other companies of Burger. Burger and I had our offices in Huize Scheybeeck, a nice name which I thought was suitable for our new company. Currently, we lead the organisation with three partners.

In our team, we work exclusively with very experienced entrepreneurs. We operate with strict reporting, providing us with weekly and monthly insights into the working capital and the cash position of the organisations in which we participate. Once a year we have a strategy discussion with the organisations in which we participate financially. We have contact with the management teams about issues relating to business operations on a

daily basis. That happens automatically. Management teams experience it as pleasant to be able to spar with us about strategic questions. We let the entrepreneur be the entrepreneur.

Consolid

We came into contact with Consolid, a personnel intermediary in Transport and Security, in 2014 via the Supervisory Board. We had a good feeling about the management under the direction of Arian and Dennis Mortier, resulting in our participation in shares. The organisation was then on the brink of an enormous increase in the demand for temporary personnel. In 2014, the revenues of Consolid were some €50M and in 2015 revenues rose to €70M. For 2016, revenues of €110M are expected.

Such revenue growth requires the necessary effort of an organisation. That's why people deploy us where needed, as extra expertise within the management team."

Interview with Marius Coebergh, Director of Private Equity:

"We invest in large organisations with proven stable management and a close management team. We aim for value increase in the proposition, where necessary via a Buy & Build strategy."

DEHOGEDENNEN CAPITAL

De Hoge Dennen Capital is listed as a private equity firm in the Fabulous 40 in 5th place, with Talent&Pro, and also with payroll organisation Tentoo.

De Hoge Dennen Capital is the investment company of the De Rijcke family. This entrepreneurial family started

its investment activities in 2002 after the sale of its international retail activities, including the drugstore chain Kruidvat, the perfume business ICI Paris XL and the supermarket concern Groenwoudt.

Marius Coebergh, Director Private Equity at De Hoge Dennen Capital:

"Our financing does not come from funds but from our own means. This has the advantage that we are flexible and can act in an entrepreneurial manner. Our strength is further constituted by our network and the expertise of the people within the team.

We participate in companies that fit within our strategy, meaning companies with proven stable growth and quite a substantial volume. As a rule of thumb, we invest in companies with a transaction value between €10M and €100M and which can show a stable and successful track record. We have no specific sector focus, although

Business Services is well represented in our portfolio of companies.

Additionally, the quality of the management determines our choices. Management, in terms of age and focus, must be willing – and able – to be actively involved in the business for quite some time. Furthermore, we look at whether we can make the relevant company twice as large within a number of years.

This growth can occur either organically or through a Buy & Build strategy. We have realised such a Buy & Build strategy a number of times with companies, where we initially don't focus as much on scalability, but especially on what an add-on acquisition can add strategically.



An example in the Staffing sector is Talent&Pro, a secondment company within the Redmore Group. We have followed a Buy & Build strategy with this business to allow the company to move up in the value chain. Redmore Group consists of three organisations that complement each other.

The additional companies provide complementary services and tools, such that the group as a whole can not only provide personnel in the finance sector based on an hourly rate, but also provide an array of models to be able to unburden the organisation requiring services in its processes in a customised manner.



We have done this in a similar manner with STAR Group. We started participating in them in 2008. Subsequently we paved the way for them to double in size, after which we sold it to Parcom Capital in 2011.

TENTOO

HR | PAYROLL | ZFP

When we took a majority position in Tentoo in 2014, we were one of the first investment companies investing in a payroll organisation. Since then, several other investment companies have followed our footsteps by investing in this market. The need for outsourcing of the legal employment or a large share of the administrative processes surrounding employment in the payroll form remains. The trend in risk management and ever-increasing complexity in legislation for the labour market further strengthens this.

At that time, the shareholders of Tentoo wanted to sell their interest, whereas the sitting management wanted to continue building the organisation. As such, we were approached to participate in the organisation. We bought out the shareholders at the time and the two remaining management members became co-shareholders of Tentoo.

With Tentoo, we strive for autonomous growth. Buy & Build strategy isn't to be ruled out, on the condition that, in doing so, new elements and/or services are added to the service. As Tentoo is already of a substantial size, we don't have the intention to take over other payroll companies with the goal of increasing revenues.

As for the management of the companies in our portfolio: we are heavily involved in the quickly developing organisations in which we are also significant participants. However, we are not going to sit in the management's chair. The dynamics in the business, do pave the way for much consultation among the shareholders. As always, with multiple shareholders within an organisation, it is of utmost importance to find consensus and trust one another."



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- We have received numerous awards



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