



Staffing

Sector and M&A Highlights

2017

Continuous growth results in higher multiples and more PE

Our research shows continuous growth, especially in the outsourcing segment (e.g. payrolling, recruitment & selection) and the high-end (e.g. technical & professional) segment within the Staffing industry. This is attracting more and more Private Equity firms.

Executive Summary:

- Revenues in the Staffing industry in Q3 2016 exceeded those of Q3 2015 by 6%. Overall, revenues in the first three quarters exceeded the same period in 2015 by 8%. It is expected that strong growth in the Staffing industry will maintain during the last quarter, realising the 4th consecutive year of growth.
- This strong continuous growth of the market has attracted more and more Private Equity firms to invest in the staffing industry, often in the form of buy & build strategies.
- Our research shows that the number of cross-border M&A transactions is proportionally increasing in relation to the number of deals executed in total. In 2015, the number of cross-border M&A transactions represented 22% of the total transactions.
- It can be seen that vast majority of the targets in the Staffing industry are situated in Europe and (North) America.
- In terms of buyer types, our research indicates that the majority of the buyers in the Staffing industry were (1) large diversified HR firms, (2) pure staffing companies, (3) diversified consulting firms and (4) private equity companies.
- We have seen relatively high multiples being paid for targets in this industry, consistent with the consistently high trading multiples. The median revenue and EBITDA multiples were respectively 0,3x and 7,9x on the 1st of December 2016.



Bart Jonkman
Managing Partner, Capitalmind

"In the past years it has become increasingly important for staffing companies to add substantial value to customers. This is exactly what those active in specialist segments of the staffing spectrum fully understand, hence the strong growth we see in those segments."

"This effect seems to be further strengthened by the wide interest of Private Equity companies entering in this market. Generally, we have seen them investing in those active in some of the more lucrative specialist segments of the industry."

TOTAL EQUITY VALUE / EBITDA TRADING MULTIPLES OVER TIME

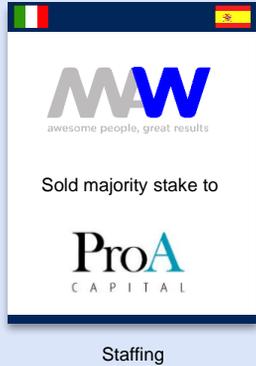


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Staffing
Industry

The strong interest of Private Equity in the Staffing industry became further apparent during the sale of Men At Work to Spanish PE Proa

Case Study: Our Italian colleagues advised Men at Work Agenzia on their (majority) sale to Spanish PE: Proa



Our Italian colleagues advised the shareholders Men at Work on the sale of an 82,5% stake to Proa, a Spanish private equity fund.

Through this deal, Proa completed their first Italian deal since their incorporation. Our Italian colleagues were able to successfully identify potential financial – and strategic – buyers and advised on the new shareholder structure in which Francesco Turini and the management team (13 people) acquired the remaining stake in the company

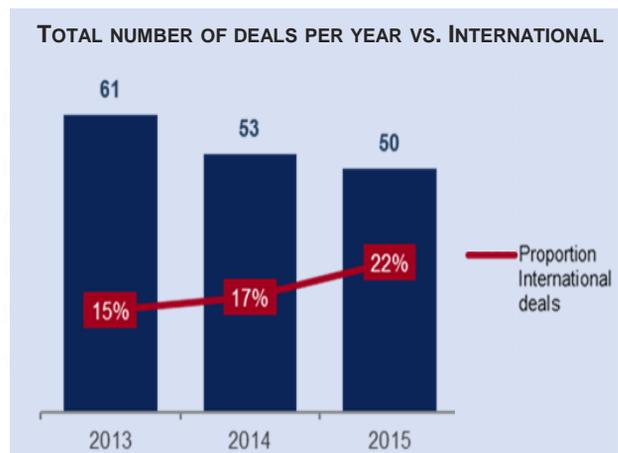
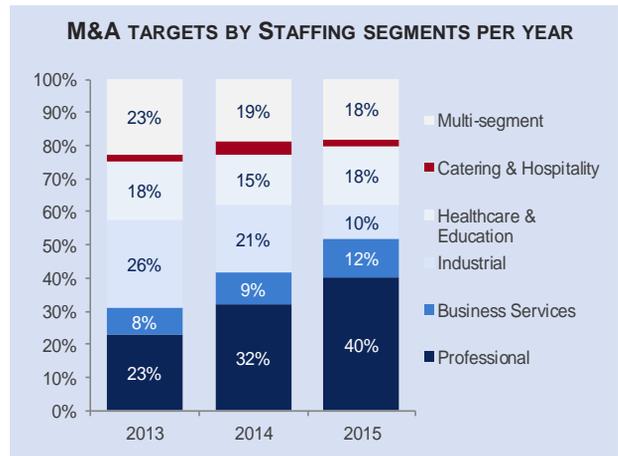


Sales₂₀₁₆: €186m
EBITDA₂₀₁₆: €10m

Men At Work is a rapidly expanding Italian provider of staffing solutions, with a strong local presence in Northern and Central Italy.

MAW was founded in 1998 and was acquired by the current CEO in 2000. He further boosted the business to serve over 3.000 clients with 8.500 people staffed daily through a network of 60 branches.

- Our research indicates that those active in the Professional segment of the Staffing industry constitute the largest category in terms of acquired companies (targets). This averaged 27% between 2010 and April 2016. However, if we look at the last three years in the table to the right, it can be seen that this proportion increased considerably from 23% in 2013 to 40% over 2015. This Professional or 'white collar' segment is constituted by amongst others lawyers, IT-engineers, directors/executives and finance professionals.
- The Healthcare & Education segment as well as Multi-segment players, both 18%, are the second largest group of acquired companies (targets) in the Staffing industry. However, the diversified multi-segment players have been decreasing in terms of proportion of acquired companies (targets), whereas the Healthcare & Education segment has returned to its 2013 level, after a slight dip in 2014.
- Finally, when looking at the proportion of domestic versus cross border deals between 2013 and 2015, our research firstly shows a slight decrease in the numbers of M&A transactions realized in 2015. However, we see an increased cross border proportion of the targets being acquired. This indicates that firms are seeking to build international (well-known) brands or further expand their international presence, in some cases backed by Private Equity.



Selection of our Staffing deals



awesome people, great results

Sold majority stake to



Sale



PHAI DON
INTERNATIONAL

Raised debt from



Shareholder restructuring
and debt raise



isoper

Acquired by



Acquisition

Management buy-out



Human Capital
Investment Group

Supported by



Graphite Capital

MBO



Acquired the IT staffing
businesses (Oracle
applications
implementation)



Acquisition



ConSol
Partners
Connecting the Next Generation

Acquired by



Acquisition



REGLERA

Sold to



Sale

Secondary
Management buy-out



NES
Global Talent

Supported by



AEA Investors

MBO



Atlas
Services Group
Energy & Marine professionals

Acquired by



HAL Investments

Acquisition



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Sold to



Sale



DBS

Sold to



Sale



HUMARES

Acquired a part of



IMPACT | Expertise included

Acquisition



ESH GROUP

acquired



Pertemps
the face of recruitment

Acquisition

Management buy-out



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Contact us

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Capitalmind is one of the largest independent corporate finance advisory firms in Europe, owned by its partners. Since 1999 we have provided unbiased advice to mid-market companies, entrepreneurs, (PE) investors and large corporates on selling, buying and financing businesses all over the world, and in the following sectors:

- 200+ closed transactions in the last 5 years - 500+ since 1999
- Worldwide access to strategic/financial players and likely buyers
- Team of 60 experienced professionals in Europe; plus 300 worldwide, via our international partnership
- European Headquartered advisory firm, with offices in Benelux, France, Germany & the Nordics
- We have received numerous awards



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