

## Finding the right match to turn your vision into reality

SPOT ON | HUMAN RESOURCES | DECEMBER 2018

Oaklins' Brad Buttermore draws on decades of experience in the industry to share his view on the future of Human Resources, in this issue of Spot On.

### WHAT'S BEEN HAPPENING AND WHAT COMES NEXT

The World Employment Confederation has released its 2018 economic report. In 2016, a healthy global employment market helped 56 million people to find work. Five million companies found talent that matched their needs and three million people succeeded in making a career transition.

(CONTINUED ON NEXT PAGE)

"Consolidation continues in the USA HR Outsourcing sector where the big players are getting bigger! For example, on 26 November 2018, Paychex (PAYX) announced its agreement to acquire Oasis Outsourcing, one of the largest privately owned HR outsourcing businesses in the USA for US\$1.2 billion."

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### Read more on the following:

#### CONSOLIDATION IN THE OUTSOURCED HR SECTOR

Private equity investment is driving consolidation in the USA's Outsourced HR sub-sector known as PEOs, or Professional Employer Organizations. See our description of the sub-sector, drivers of the consolidation and how operators can make their businesses more attractive to the buyers. (pg.2)

#### CASE STUDY

Regional HR outsourcing company expands to the Midwest. (pg.6)

#### PUBLIC COMPANY VALUATIONS

Valuations are trending lower, but remain very high in most sub-sectors of the HRM (Human Resource Management) space, led by Software as a Service and Outsourcing service. (pg.7)

#### M&A ACTIVITY

Year-over-year transaction activity is up, led by the IT Consulting and Staffing segment and the Outsourcing Services segment. (pg.9)



# Market overview

**Temporary staffing and recruitment agencies are still the largest drivers of this global market, and the outlook for the human resources space remains bright. Dynamic growth and recurring revenue business models are driving sustained investor interest worldwide.**

Capital investments are flooding into the HR outsourcing segment, known in the USA as professional employer organizations (PEOs), and driving significant M&A activity. PEOs are well-diversified HR companies that have a legal co-employment arrangement with their clients, providing a complete outsourcing service for payroll, a broad array of health and welfare benefits, regulatory and tax compliance, and other services to help improve company performance and employee retention. Client companies are typically businesses with less than 100 employees, which cannot organize these activities on a professional and affordable scale. We have included a white paper that provides detailed insights into a fast-growing industry that employs 3.7 million workers in the USA, representing 12.1% of all employment by private sector employers that have 10-99 employees. In the following report Brad Buttermore, Managing Partner at Oaklins, Dallas, USA, shares his view on the consolidation occurring in this industry and how PEOs<sup>1</sup> can make themselves more attractive to investors.

Our US colleagues also highlight one of their recent transactions in the HR space: the sale of Sequent to Resourcing Edge Holding Company, both PEOs.

In the third part of this newsletter we report on public company valuations. In line with our [previous newsletter](#), this analysis focuses on general and specialist temporary staffing companies and managed services providers, including the PEO segments mentioned above. Finally, we will provide you with a European transaction update for 2018.

## USA

Investable capital in the USA has been growing steadily for the past few years. According to PwC, the current “overhang” (the amount committed to USA private equity funds that has yet to be invested) for 2017 was approximately US\$566 billion.<sup>2</sup> Since the 2016 presidential election, growth in the nation’s economy has accelerated and small business confidence has risen to record levels — both factors helping to drive growth in US businesses. Recent tax legislation reduced the corporate tax rate from 35 to 21% and is expected to release billions in spending by corporations. The tax legislation could also bring the repatriation of a large portion of the estimated US\$2 trillion held overseas, according to an estimate from the United Nations Conference on Trade and Development.<sup>3</sup>

In the attached analysis, we point out the **increase in transaction activity** through the first 9 months of 2018 and show which HR segments are most active. We then follow up with public trading multiples by HR segments as of 15 October 2013 to 2018. There is a lot of granular data here, but we point out

that the 2018 mean EV/EBITDA multiple of 11.9 across all segments is down from 12.8 one year ago, but remains higher than the previous four years. Our data supports our conclusion that M&A transactions in the HR segments remains robust. More details in our [quarterly market transactions and valuations report](#).

## EUROPE

In Europe, corporate and financial players are still taking advantage of the favorable M&A climate ahead of rising interest rates and the planned scale-back of quantitative easing. Recent trade tensions with the USA have not yet had a meaningful effect. Private equity (PE) buyouts have been key to the surge in M&A in Europe in 2017 and 2018. In line with the general M&A activity in 1H 2018, private equity (PE) buyouts recorded a healthy US\$81 billion across 635 deals, increasing 10.9% by deal value compared with 1H 2017, rendering the period the best in terms of value since 2008 (US\$87 billion, 693 deals).

**Consolidation in the outsourced HR (specifically, the PEO) industry, and what operators can do to make themselves more attractive to the capital sources.**

<sup>1</sup> The World Employment Confederation divides the global employment market into six categories: (i) labor market intelligence, (ii) advisory services, (iii) placement, (iv) managed services, (v) talent acquisition and (vi) career management. Many market players, overall referred to as employment agencies, offer integrated services across categories.

<sup>2</sup> [www.pwc.com](http://www.pwc.com)

<sup>3</sup> <http://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1665>

Consolidations in the human capital management sector continued to accelerate in 2018, and PEOs experienced sustained interest from institutional and strategic investors.

PEOs provide an outsourced solution to tasks and obligations that relate to the client employer's workforce. Service offerings can vary, but the common platform used to deliver the employment, recruiting, health and welfare benefits, and regulatory and tax compliance is a legal arrangement, known in the USA as co-employment, which is grounded in the provisioning of payroll services and the collection and payment of all employment-related taxes. Co-employment platforms alleviate management distraction, allowing companies to allocate administrative resources to business development and other valuable uses. A stronger focus on operational priorities and improved business results can be achieved by any company under the PEO model, especially those with less than 100 employees. PEOs provide services consistent with those of a much larger company, delivered with a level of professionalism not easily attainable for a small operation. The PEO industry has an active trade organization called the National Association of Professional Employer Organizations (NAPEO). NAPEO's industry research is captured in a collection of [white papers](#) that illustrate and document the profound positive outcomes for employer clients who can focus on the core revenue-producing functions of the businesses they operate. NAPEO and independent research point to increased employee engagement, lower employee turnover, higher sales and better profitability for small businesses, and the industry is growing as a result.

Earlier this decade, and as far back as the 1980s, talented management teams and a few private equity investors created the very large, publicly-owned PEOs that we know today. For example, the private equity fund General Atlantic backed the team that grew TriNet from

a relatively small PEO to a national firm today. After many acquisitions, they achieved the ultimate return on investment through an initial public offering (IPO) in 2014. Other successes, like Insperty (Administaff), achieved prominence during the PEO early growth period, mostly backed by private equity capital. Insperty ultimately entered the public capital markets with its IPO in 1998.

### The difference today is the number of private investors and the volume of capital supplied to the PEO industry.

The recent consolidation trend, which we expect to continue in 2019, began some time after the recession of 2008/2009. Several developments came together to drive the exposure of the PEO industry to small businesses and, more importantly, to the capital markets that drive the business of the USA, including the following:

- Increasing government regulation placed a significant burden on employers, especially small ones. PEOs seized the opportunity to provide solutions to this burden.
- The extensive amount of capital available in the USA and the recurring revenue model that PEOs offer was highly attractive to institutional capital.
- NAPEO's long-term objective of having the industry recognized at the federal level, versus state-by-state, became a reality in 2014 with the passing of the Small Business Efficiency Act (SBEA), a move that ultimately brought new awareness for PEOs with a stamp of federal government approval via an Internal Revenue Service (IRS) certification process.
- We believe that NAPEO's efforts to drive industry awareness contributed significantly to industry growth and awareness by issuing a series of white papers that not only explained

the industry, but offered valuable statistics on the size of the PEO market. NAPEO's work also quantified the value proposition that small businesses can achieve by using a PEO service provider. The advent of NAPEO's annual financial reporting and operating statistics (FROS) report also helps the investing community and operators to compare and evaluate performance against an anonymous group of PEO operators representing industry benchmarks.

- Technology plays a key role, as it is critical to successfully scale the PEO business. The available technology offers old and new PEOs the ability to differentiate their service offerings. There are competing technologies, from custom software applications written in-house, to industry-standard software and, in most cases, a combination of the two, as software is purchased and customized for specific audiences and applications.
- The explosive growth in business owners' confidence immediately after the 2016 US elections continues today, according to the National Federation of Independent Business (NFIB): "For two years, small business owners have expressed record levels of optimism and are proving to be a driving force in this rapidly-growing economy," said NFIB President and CEO Juanita D. Duggan. "The October optimism index further validates that when small businesses get tax relief and are freed from regulatory shackles, they thrive and the whole economy prospers." This confidence helps to accelerate the growth in small businesses, the lifeblood of the PEO industry and, some would argue, also of the US economy. The industry's revenue growth in 2018 is expected to exceed 2017's rate of 11%, much of it the result of the positive US business environment. PEO revenue is directly related to the number of worksite employees (WSEs), and as client businesses grow, they hire additional employees, which, in turn, drives organic PEO revenue growth.

## CAPITAL INVESTMENTS AND ITS EFFECT ON INDUSTRY GROWTH AND CONSOLIDATION

Providing an impressive but small sample of transactions, **we get a glimpse of how capital inflows can influence the growth of an industry sub-sector.** The following transactions have occurred in just the past few years.

Reviewing the transactions below, think about how each transaction carries an expectation of profit or return on investment. Each turn of the former investor's position can drive valuation higher and procure terms more agreeable to the seller. **More to the point of this article, when substantial amounts of capital investment flow into an industry subsector like PEOs, there will be growth in that industry, principally because the required return on that capital demands it.**

- Private equity firm Tenex Capital Management acquired PEMCO (a large PEO) from Palm Beach Capital in 2015. In 2017, Tenex sold their investment in PEMCO to Co-Advantage, another large PEO, principally owned by Morgan Stanley
- Morgan Stanley's PEO platform acquisition of Co-Advantage, which was a combination of the original Co-Advantage PEO, combined with Odyssey One Source PEO out of Texas and Global Employment Solutions PEO out of Colorado. This consolidation began with an investment by Madison Capital Funding, who, one year later, sold their position to CIP Capital Fund. Ultimately, CIP sold their position to Morgan Stanley. One or two more PEOs were added as bolt-on investments along the way. Morgan Stanley continued to build their platform with the 2017 acquisitions of PEMCO and Total HR Solutions, a PEO based in California.
- Clarion Capital is a private equity fund who sold their investment in regional PEO Strategic Outsourcing to TriNet in 2012. They returned to the PEO industry with the acquisition of HROI out of Atlanta and followed that with

the acquisition of Fortune Financial, a Florida-based PEO. Clarion Capital then sold their position to publicly-owned payroll and PEO company Paychex in 2017.

- Oasis Outsourcing was owned by private equity for many years, but two new groups have acquired the business from the earlier investors. The new influx of capital is driving a very aggressive acquisition program, including Doherty Employer Services, A1 HR, Fortune Industries and recent acquisitions of Staff One out of Dallas, Texas, and Aureon (formerly Merit Resources) out of Des Moines, Iowa. As we write this report, we have received the news that Paychex (NYSE: PAYX) has acquired Oasis Outsourcing for US\$1.2 billion, another extremely high valuation for the industry.
- GPB Capital, a substantial NY-based investment fund made its initial investment into the PEO industry in 2018, with the acquisition of Matrix OneSource out of Jacksonville, Florida.

These large, merged companies now have substantial footprints in almost every state. As the US economy returns to a normal growth track after a decade of low interest rates and weak GDP growth, these large public or private-equity-backed operators have brought large, professional sales teams to the task of expanding organically, in addition to making selective acquisitions. In turn, the growth of the industry has attracted new investors, as in the case of GBP Capital and others.

### As we close out 2018, the institutional backing of the PEO industry remains strong.

We believe more M&A activity is on the horizon as the majors look for regional players to scale their businesses and fill in needed service offerings, provide geographic and client diversification, and supply technology solutions.

## REGIONAL MARKET PARTICIPANTS WILL NEED TO BULK UP

There will be some challenges, to be sure, as regional PEOs will need to bulk up via M&A activity, in addition to their organic growth, to make themselves more attractive to clients and industry leaders who now have considerable heft. The enlarged majors will forego the smaller acquisitions they might have considered two or three years ago to focus on more sizable deals, which often lead them to regional participants.

Regional PEOs that partner with or acquire other smaller PEOs is not a new trend, but it does seem to be accelerating. These firms are building buying power for better benefit plans, expanding geographical coverage and diversifying their revenue-producing client base. For example, in 2017, Aureon, an Iowa-based company seeking a foothold in the Mountain West region, acquired Peliton, a Denver-based PEO. We saw it again with the acquisition of Sequent, Inc., a Columbus, Ohio-based PEO, by Resourcing Edge, Inc., a Dallas-based PEO that continues to expand its geographical footprint.

Smaller, more local PEOs face several challenges, but they too have a strong economy as a tailwind. For them, the key to success is high client service and low to moderate growth. However, those with good clients and reasonable profitability should be able to partner with other PEOs seeking to hit the level of earnings necessary to fund more internal growth and operating initiatives, such as new technology and investments in sales programs and personnel to enhance organic growth. Perhaps they may also be able to raise enough capital to make some small but strategic acquisitions.



## WHERE OWNERS MIGHT FOCUS ATTENTION TO INCREASE ATTRACTIVENESS TO POTENTIAL BUYERS

The PEO industry has a highly desirable, recurring revenue business model, and if the companies on their client list are retained and growing their employee bases, then revenue will grow with little or no overhead costs for sales and marketing. It's a model that capital sources like and will support.

Diversification of the client base helps to mitigate risks from business failures. Certainly, we'd be remiss not to mention that small businesses have a higher failure rate. There is no guarantee that a PEO will be able to retain all of its clients year to year, or that its clients will grow employee counts. However, if the PEO is well-managed and diversified, a recession may only cause a manageable decline in revenue, instead of a potentially devastating drop caused by negative news or events affecting a highly-concentrated client industry.

This model of recurring revenue is attractive to all sizes of debt and equity investors. We believe that recurring revenue is the most important feature that attracts capital to the human resources industry. PEOs that seek growth capital must make growing and retaining recurring revenue their top priority.

One thing that capital sources like more than recurring revenue is high-quality recurring revenue, based on service and not necessarily on price. More importantly, investors always place significant weight on the quality of the people in the organization in which they invest. From this perspective, owners need to consider the added attraction of a strong staff and competent management team that extends beyond the owner. In today's human resources environment, good client-facing employees are hard to find and retain, so it is important that adequate attention is given to hiring and retaining the right people.

Most employee-driven HR service is connected to the processing and payment of payroll and related taxes. This requires the basic business to exploit technology to allow it to scale its growth and drive earnings. One thing you can expect investors and lenders to want is a firm handle on developing technology. Whether PEOs tap into third-party vendors or develop their own, they need to be technologically savvy. Technology provides efficiencies and cost-savings with an opportunity to differentiate oneself from the competition.

## CONCLUSIONS

We believe that PEOs with attractive fundamentals will continue to be approached with the possibility of a merger or acquisition. Those owners and investors that are growing and profitable and looking to manage their financial/retirement risk will be prime M&A candidates. We have offered a very condensed view of the types of investors that are in the marketplace and a glimpse at some of the ways that owners can take advantage of partnering with them. As the industry continues to grow and mature, we forecast additional M&A activity, including continued private equity investment, for 2019. However, we believe our economic cycle is closer to a pause or downturn than it is to a major upturn. None of us know when it will slow down, but merger and acquisition transactions (for the sellers) are rarely as profitable when the trend line begins to moderate or decline.



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Brad has developed a strong track record of closings in the Human Capital Management sector (outsourced HR/PEOs). He recently advised on the sale of Peliton to Aureon and the sale of Sequent HR Consulting to Change4Growth. He also advised Lyons HR on the acquisition of AdminHR.



# Case study

**RESOURCING EDGE HOLDING COMPANY LLC (RESOURCING EDGE), AN INDUSTRY LEADER AND CERTIFIED PROFESSIONAL EMPLOYER ORGANIZATION (CPEO), HAS ACQUIRED SEQUENT, INC., A WELL-ESTABLISHED PROFESSIONAL EMPLOYER ORGANIZATION (PEO) BASED IN COLUMBUS, OHIO.**

Sequent serves the small and mid-sized business market as a consulting and outsourcing company offering a full range of integrated human resources (HR) support services, such as a member-only health fund, government compliance, HR administration, payroll management, HR audits and assessments, and talent recruiting.

Resourcing Edge, based in the southwestern US, provides human capital management (HCM) solutions, combining decades of experience with cutting-edge tools, helping businesses manage, develop and retain a talented team, ensuring compliance, minimizing risks and freeing up precious time and resources.

Oaklins' Dallas team advised the seller in this transaction, working with the management and shareholders to prepare a plan, including the separate sale of two operating subsidiaries to clear the way for the sale of the parent company. The team prepared a memorandum and ran a targeted and formal process. They recommended the top three candidates and then approached each one of them with requests to improve the terms and valuation. They then proposed the best-fit buyer and the transaction was closed within 60 days of the acceptance of the LOI.

### Client testimonial

William Hutter, CEO, Sequent, Inc., said: "Resourcing Edge's vision for the highest level of commitment to service is a great match for Sequent's clients, employees and for the Columbus community. Being able to expand healthcare options and national footprint capabilities for our clients is wonderful. Oaklins' Dallas team proved pivotal in maneuvering through unique personalities and managing all critical aspects to bring this complex transaction to a successful close."



John Boyer and Tom Ewers, Shareholders of Sequent, Inc., added: "A very special thank you to the team in Dallas for being the catalyst that brought this to fruition through pure hard work and great vision. They were able to see and feel the true value of the company and then articulate it to interested parties in a way that we could never have done. As a result, the final transaction price far exceeded our expectations."

# Public company valuations

HR services companies follow the general decline in the stock market.

Most of the listed staffing and recruitment companies are highly diversified groups with a main focus on general or specialist staffing services. General staffers mainly focus on blue-collar and lower-educated, white-collar profiles. Specialist staffers focus principally on higher-educated, white-collar profiles.

Company	Market cap (US\$m)	Enterprise value (US\$m)	Sales 2017 (US\$m)	Sales 2018E (US\$m)	Sales 2019E (US\$m)	EBITDA% 2017	EBITDA% 2018E	EBITDA% 2019E	EBIT% 2017	EBIT% 2018E	EBIT% 2019E
<b>General staffers</b>											
Randstad	8,871	12,917	26,250	27,183	27,926	4.7%	5.0%	5.1%	3.7%	4.6%	4.6%
Adecco	8,163	14,140	26,687	27,220	27,777	5.2%	4.7%	4.8%	4.8%	4.3%	4.4%
Manpower	5,006	8,904	21,034	22,120	22,317	4.3%	4.0%	4.1%	3.9%	3.7%	3.8%
Synergie	754	1,262	2,620	2,908	3,069	5.8%	5.7%	5.8%	5.4%	5.0%	5.1%
Groupe Crit	699	987	2,728	2,837	2,931	6.2%	5.7%	5.7%	5.3%	5.0%	5.0%
Staffline	474	385	1,233	1,382	1,683	4.2%	4.1%	3.7%	2.8%	3.7%	3.3%
Impellam	394	488	2,796	2,926	3,048	2.7%	2.3%	2.3%	2.2%	2.0%	2.0%
CPL	177	166	623	606	619	3.6%	3.8%	3.8%	3.4%	3.8%	3.7%

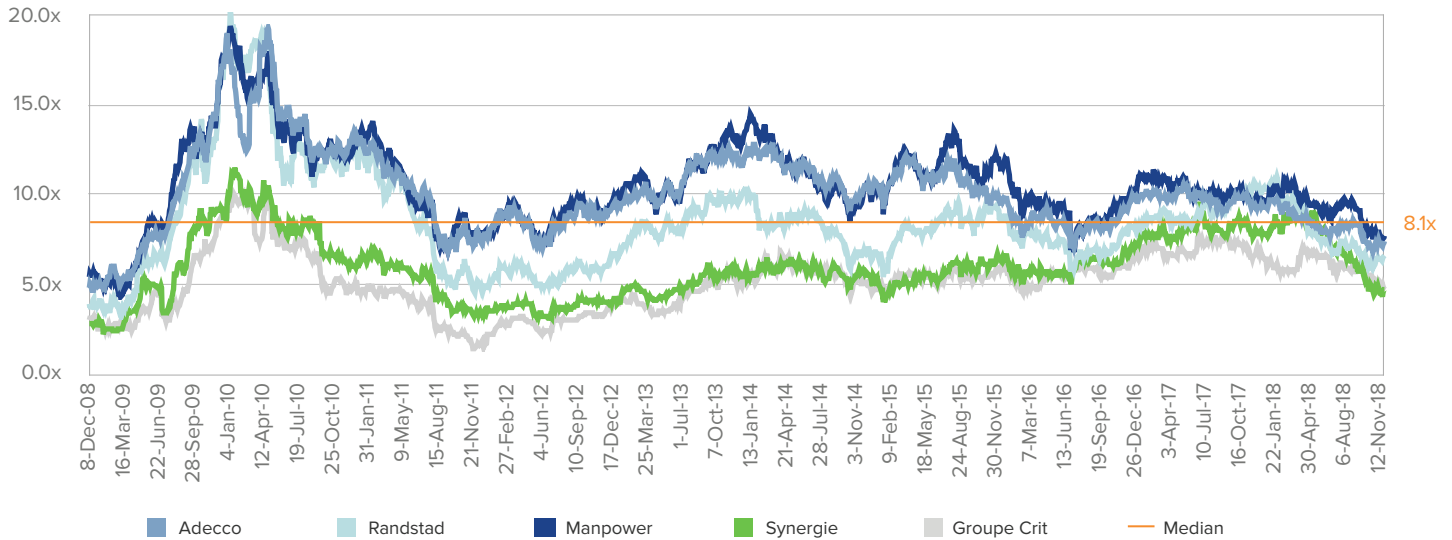
<b>Specialist staffers</b>											
Robert Half	7,330	6,643	5,267	5,771	6,139	11.0%	11.2%	11.4%	9.8%	10.1%	10.3%
Hays	2,941	3,452	7,741	7,483	7,711	4.5%	4.5%	4.7%	4.2%	4.2%	4.4%
PageGroup	2,069	1,861	1,766	1,948	2,107	10.1%	10.6%	11.1%	8.7%	9.3%	9.8%
Brunel	631	781	891	1,030	1,129	3.3%	4.8%	5.8%	2.3%	4.0%	4.9%
Robert Walters	514	562	1,501	1,692	1,786	4.1%	4.0%	4.1%	3.7%	3.6%	3.7%
Sthree	481	609	1,427	1,609	1,761	4.6%	4.6%	4.8%	4.1%	4.1%	4.2%
DPA	73	136	155	186	199	6.5%	8.3%	8.7%	4.7%	6.8%	7.3%
Empresaria	47	88	460	471	492	3.5%	3.5%	3.5%	2.8%	3.3%	3.2%

Note: Market capitalization and enterprise value are based on latest available audited financials and share price as per 6 September 2018

Source: Factset (27 November 2018)

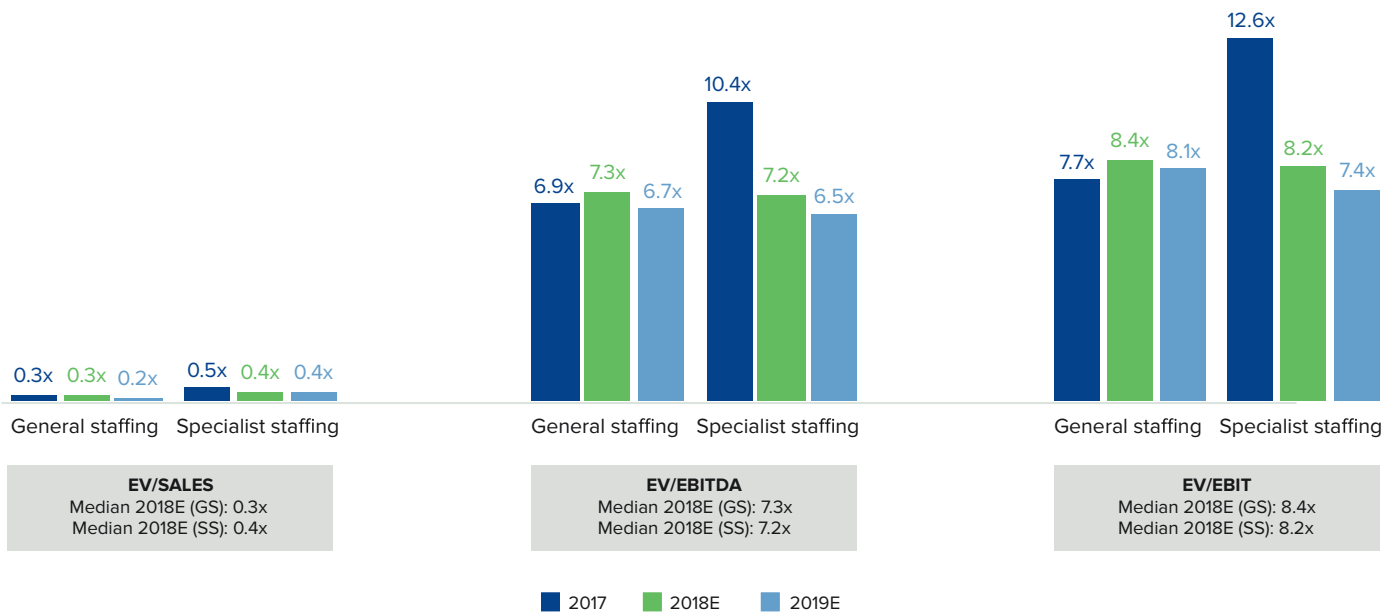
After the double dip of 2008 and 2012, most general staffing companies traded above the long-term median. Since our previous edition of Spot on, most listed HR services companies within our selection have followed the general decline in the stock market.

**EV/EBITDA LTM general staffing companies over the period 3Q12–3Q18**



Source: Factset (27 November 2018)

**Comparable trading multiples – median multiples of the above-listed peer group**



















Source: Factset (27 November 2018)



















# Recent M&A activity

Below is a selection of recent European transactions











Date	Target	Country	Target activity	Bidder	Valuation			
					EV (US\$m)	EV/Sales	EV/EBITDA	EV/EBIT
7-Nov-2018	Marks Sattin (UK) Limited		UK-based recruitment company providing permanent, temporary, contract, and interim recruitment services for financial and accounting professionals	Gi Group Recruitment Limited	N/A	N/A	N/A	N/A
22-Oct-2018	Acton Banks Limited		UK-based company providing healthcare staffing services	Maven Capital Partners UK LLP	N/A	N/A	N/A	N/A
15-Oct-2018	CER Staffing Solutions Limited		UK-based company engaged in providing public sector temporary and permanent recruitment services across education, healthcare and social care	Castlerock Recruitment Group Ltd.	N/A	N/A	N/A	N/A
10-Oct-2018	Orion Managed Services Limited (60% Stake)		UK-based technology temp staffing and recruitment company	TechnoPro Holdings, Inc.	N/A	N/A	N/A	N/A
2-Oct-2018	Grafton Recruitment Limited		UK-based provider of recruitment services to private and public sector clients	Gi Group SpA	N/A	N/A	N/A	N/A
24-Sep-2018	Expertum GmbH		Germany-based company engaged in providing temporary staffing and recruiting services	ASAP HR Group N.V.	N/A	N/A	N/A	N/A
20-Sep-2018	Staffing Management Services B.V.		Netherlands-based company engaged in the hiring of external professionals for schools and hospitals, among others	HeadFirst Source Group N.V.	N/A	N/A	N/A	N/A
31-Aug-2018	Allen Lane Limited		UK-based staffing and recruitment company	Outsourcing Inc.	N/A	N/A	N/A	N/A
31-Aug-2018	Staffing		HR services provider	Trixxo	N/A	N/A	N/A	N/A
24-Aug-2018	VNOM		Provider of technical staffing and secondment agency	Covebo Uitzendgroep N.V.	N/A	N/A	N/A	N/A
10-Aug-2018	Quattro Group Holdings Limited		Staff dispatching service company	Trust Tech Inc.	9	N/A	N/A	N/A
7-Jul-2018	Jobmade Personal Service GmbH		Temporary staffing services provider	Actief Interim N.V.	N/A	N/A	N/A	N/A
26-Jul-2018	AndersElite Limited		Provider of recruitment and staffing services	Morson Group Limited	N/A	N/A	N/A	N/A
25-Jul-2018	pluss Personal-management GmbH		Staffing services company	BIP Investment Partners SA	N/A	N/A	N/A	N/A
20-Jul-2018	Grafton Recruitment Limited		Provider of recruitment services; UK-based provider of recruitment services	Staffline Group Plc	N/A	N/A	N/A	N/A
16-Jul-2018	TeacherActive Limited		Recruitment firm for teachers, education support staff and nursery nurses	Management Vehicle	N/A	N/A	N/A	N/A

Source: Mergermarket

## Recent M&amp;A activity

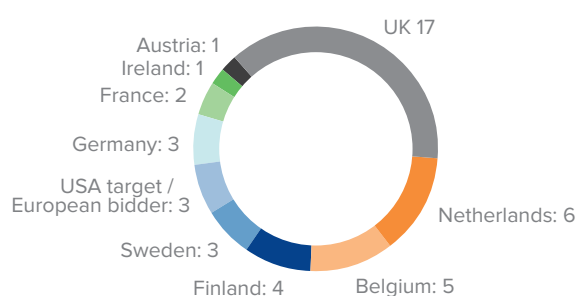
Date	Target	Country	Target activity	Bidder	Valuation			
					EV (US\$m)	EV/Sales	EV/EBITDA	EV/EBIT
13-Jul-2018	The Service Companies, Inc.		Provider of cleaning, staffing and managed services to hospitality industry	Gridiron Capital LLC	N/A	N/A	N/A	N/A
11-Jul-2018	Legevisitten AB		Provider of healthcare services, operatorship of healthcare centers and staffing services for temporary physician positions	Capio AB	42	0,7x	16,8x	22,4x
2-Jul-2018	Paramount Staffing, Inc.		Temporary staffing and recruitment services provider	Groupe Proman SAS	N/A	N/A	N/A	N/A
29-Jun-2018	Clockwork AB		Staffing services company	OTIGA Group AS	N/A	N/A	N/A	N/A
20-Jun-2018	mtev		Recruitment firm engaged in recruiting personnel within engineering sector	Continu BV (House of HR)	N/A	N/A	N/A	N/A
14-Jun-2018	Flexpoint Diensten Groep B.V.		HR company that provides temporary jobs for the logistics, production, sales and services sectors	SD Worx VZW	N/A	N/A	N/A	N/A
13-Jun-2018	TMP Holdings Limited		Provider of Recruitment Process Outsourcing (RPO), resourcing and recruitment marketing services	PeopleScout Inc.	25	N/A	N/A	N/A
4-Jun-2018	Uniflex AB		Staffing agency that provides hiring, recruitment, and reassignment services	Poolia AB	34	0.2x	7.7x	7.7x
30-May-2018	Alexander Mann Solutions		Leading global provider of talent acquisition and management solutions	OMERS Private Equity	1084	N/A	16.4x	N/A
23-May-2018	Jobio Oy		Staffing services company	Smile Henkilötopalvelut Oy	N/A	N/A	N/A	N/A
18-May-2018	ProClinical Limited		Provider of specialist professionals in both contract and permanent roles for the life sciences sector	Independent Clinical Services Limited	N/A	N/A	N/A	N/A
8-May-2018	Altus Infusion, L.P.		Provider of administrative support, staffing and revenue management services to physicians	Undisclosed bidder	N/A	N/A	N/A	N/A
30-Apr-2018	NIM EUROPE		Provider of recruitment and staffing services	Groupe Menway SAS	5	0.2x	N/A	4.7x
20-Apr-2018	Carrot Palvelut Oy		Provider of staffing services	Panostaja Oyj	N/A	N/A	N/A	N/A
4-Apr-2018	Phaidon International Group		Global staffing group	Quilvest SA	84	N/A	N/A	N/A
30-Mar-2018	OTTO Holding B.V.		Staffing and recruitment services provider	Outsourcing Inc.	166	N/A	N/A	N/A
22-Mar-2018	Adicio Oy		Staffing company for the construction sector	Smile Henkilötopalvelut Oy	N/A	N/A	N/A	N/A
19-Mar-2018	Endeavour Group Limited		Provision of temporary and permanent placement services	Staffline Group Plc	N/A	N/A	N/A	N/A
12-Mar-2018	Healthcare Locums Limited		Medical staffing company	Castlerock Recruitment Group Ltd.	N/A	N/A	N/A	N/A

Source: Mergermarket

Date	Target	Country	Target activity	Bidder	Valuation			
					EV (US\$m)	EV/Sales	EV/EBITDA	EV/EBIT
5-Mar-2018	GECO Deutschland GmbH		Recruitment firm specializing in IT	Yoh Services LLC	N/A	N/A	N/A	N/A
9-Feb-2018	NOVA Engineering N.V. & IMPACT N.V.		Recruitment and selection agency; Belgium-based temporary employment agency	Gimv N.V.	N/A	N/A	N/A	N/A
8-Feb-2018	Sigmar Recruitment Consultants Limited		Provider of recruitment and staffing services	Groupe Adequat, SAS	N/A	N/A	N/A	N/A
29-Jan-2018	E.L.I.T.T.		Employment agency	Groupe Ergalis - SAS	N/A	N/A	N/A	N/A
26-Jan-2018	Kymppi Service Oy		Staffing services company	Smile Henkilöstöpalvelut Oy	7	N/A	N/A	N/A
23-Jan-2018	Human Ventures Group (iStorm & Xpertize Luxembourg s.a.r.l.)		Recruitment of employees, placement of freelancers' profiles in IT and engineering	Select HR	N/A	N/A	N/A	N/A
23-Jan-2018	Peps Interim BVBA		Company offering recruitment services	Select HR	N/A	N/A	N/A	N/A
18-Jan-2018	ClearXperts		Project-sourcing recruitment agency specializing in finance, HR and sales & marketing	ASAP HR Group N.V.	N/A	N/A	N/A	N/A
10-Jan-2018	Aelbers Flexibele Personeelsdiensten B.V.		Staffing services company	Flexfactory B.V.	N/A	N/A	N/A	N/A
5-Jan-2018	De Poel UK Limited		Temporary staffing services	Geometric Results, Inc.	N/A	N/A	N/A	N/A
Average						0.4x	12.3x	11.6x
Median						0.2x	12.3x	7.7x

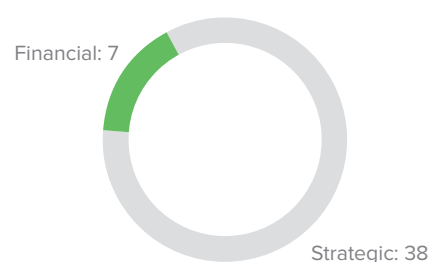
Source: Mergermarket

### Split of European transactions based on geography for the period 1Q2018 - present



Source: Mergermarket

### Split of European transactions based on buyer type for the period 1Q2018 - present



Source: Mergermarket

# Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are

## OAKLINS OFFERS A COMPREHENSIVE RANGE OF SERVICES

- M&A advisory (buy- and sell-side)
- Growth equity and equity capital markets advisory
- Debt advisory
- Corporate finance services

Human resources is one of our focus areas. Combining comprehensive sector knowledge with global execution has led Oaklins to become one of the most experienced M&A advisors in the human resources sector, with a large network of relevant market players worldwide. This results in the best possible merger, acquisition and divestment opportunities for human resources companies.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.

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Oaklins is the world's most experienced mid-market M&A advisor, with 800 professionals globally and dedicated industry teams in 40 countries worldwide. We have closed over 1,500 transactions in the past five years.



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