

European HR services sector receives a positive prognosis

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“Economic indicators suggest that the decline in GDP growth has bottomed out and recovery is on its way, following uncertainty and inflationary pressures in 2023 and the first half of 2024.

The Eurozone’s expected economic recovery is gaining momentum with inflation on a downward yet irregular path, and central banks anticipated to continue lowering policy rates. However, in addition to a tight labor market, the challenging conditions in the first half of the year prompted companies to halt staff expansion and discouraged employees to seek work elsewhere.

This caution was also noticeable in dealmaking activity in the HR sector, as landmark deals, new platform investments and PE exits all remained below historical levels. Despite this, the sector showed resilience in terms of the number of M&A transactions, while valuation levels remained stable. As central banks are expected to continue loosening their monetary grip, allowing further rises in growth rates, economic forecasts are becoming more optimistic. On the back of these tailwinds, a recovery in the HR sector is on the horizon. This is reflected in 2025 multiples showing significant growth in consensus estimates for HR companies. We expect this to result in an uptick of M&A activity and valuation levels towards the end of 2024 and into early 2025.”

TOM VAN DE MEIRSSCHE

HUMAN RESOURCES EUROPE SPECIALIST, OAKLINS

MARKET TRENDS

Bumpy ride to recovery

An overview of the latest macroeconomic developments and the Eurozone’s encouraging economic outlook.

02

DEAL NEWS

Riding the cycle

After a strong start to 2024, recent M&A activity showed more signs of caution although tailwinds are on the horizon.

04

VALUATIONS

Finding balance

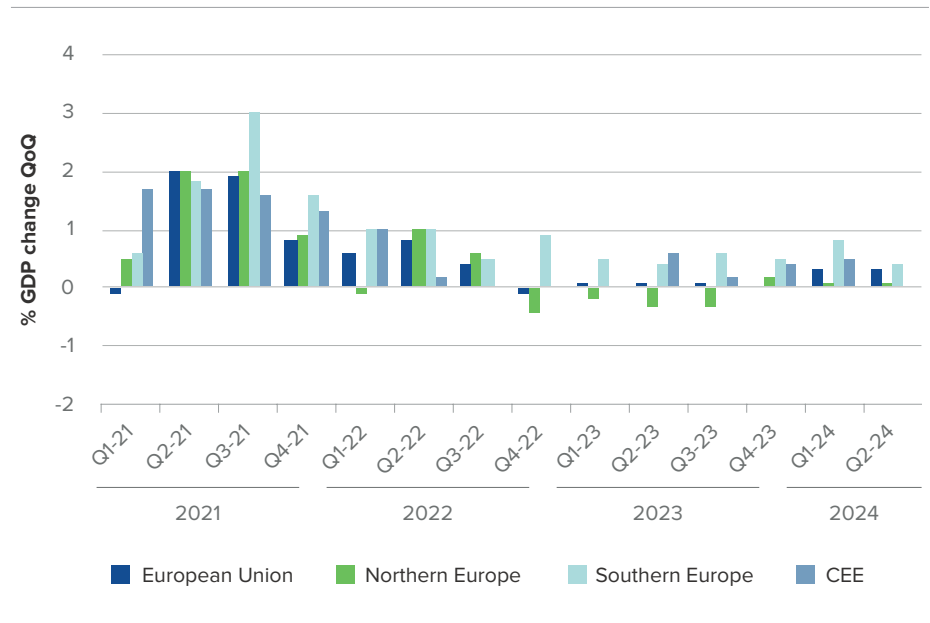
Valuation levels appeared to stabilize over the first half of 2024, while 2025 multiples reflect upbeat forecasts for the HR industry.

08

EUROPEAN MACROECONOMIC DEVELOPMENTS & OUTLOOK

The Eurozone economy reported modest real GDP growth of 0.3% in Q2 2024, which is slightly higher than expected and equal to that seen in the first quarter. This trend confirms signals from economic indicators that the declining GDP growth experienced throughout 2023 has bottomed out. The expected economic recovery in the Eurozone is gaining momentum, although not at a strong pace. Weakening inflation as a result of a restrictive monetary policy in the first half of 2024 drove some recovery in confidence indicators. However, while inflation is cooling, the downward path is proving to be bumpy. Core inflation actually rose in May and July, driven by persistent services inflation and high energy prices. Indeed, while services inflation is showing some signs of cooling by declining from 4.1% to 4.0% in July, the figure is still high and its decrease remains slow. Energy prices on the other hand remain volatile in light of the conflicts in the Middle East and Ukraine. In addition to a recovery in confidence indicators and booming net exports, the ECB's decision to cut interest rates in June 2024 for the first time since September 2019 has fueled optimism. In the second half of 2024, it's expected that the ongoing recovery in purchasing power through real wage catch-up will spur private consumption and support a gradual recovery in growth.

The recovery in GDP growth of early 2024 is expected to continue into 2025



Source: Eurostat and KBC Bank & Verzekeringen

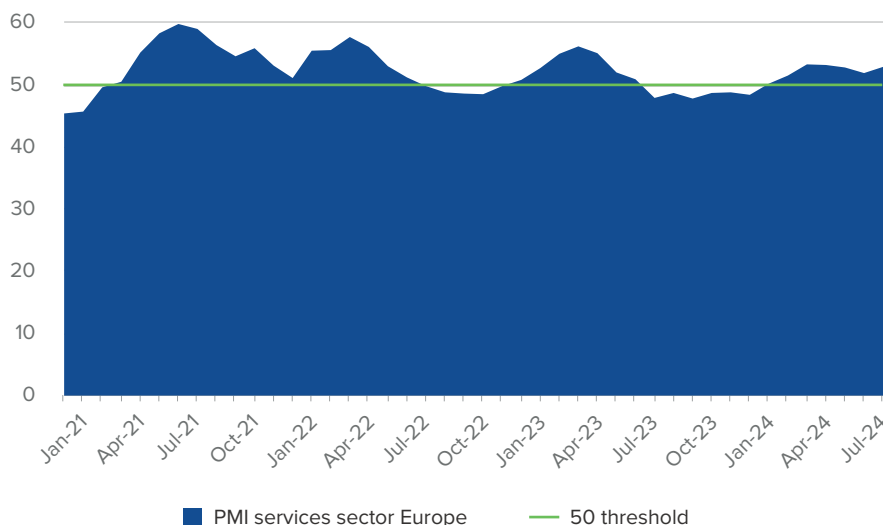
The downward inflationary trend also raises expectations of further interest rate cuts as of September to boost further growth in the Eurozone. Real GDP is forecast to grow by 0.7% and 1.3% in 2024 and 2025, respectively. However, the persistently sluggish performance of the German economy, which contracted slightly in Q2 2024 and has yet to report convincing signs of growth, and the absence of a sustained recovery in

consumer spending in the first half of 2024 have tempered the mood. These headwinds together with a Chinese economy that continues to struggle and heightened geopolitical challenges in Europe, as seen in France, and the US, resulting in potential austerity measures, further highlight risks to the positive growth outlook.



The Eurozone Services PMI has been recovering from its lows in 2023 by reporting an increase for the seventh consecutive month in 2024. As the Services PMI rose to 52.9 in August, up from 51.9 in the previous month and notably above initial market expectations, the recovery reached its sharpest pace in three months. The Services PMI crossed the 50 threshold in February 2024 for the first time since June 2023, signaling optimism regarding the economic outlook. While consumer spending is still to report significant signs of recovery, a downward inflationary trend combined with real GDP growth and a resilient labor market could signal an injection of purchasing power for the Eurozone economy through an increase in real wages. As such, this positive trend in the Services PMI is expected to continue through the second half of 2024. Nonetheless, sentiment is more tempered in other markets. The Manufacturing PMI was at 45.8 in August, unchanged from the previous

Services PMI — Optimism in the European economy remains high



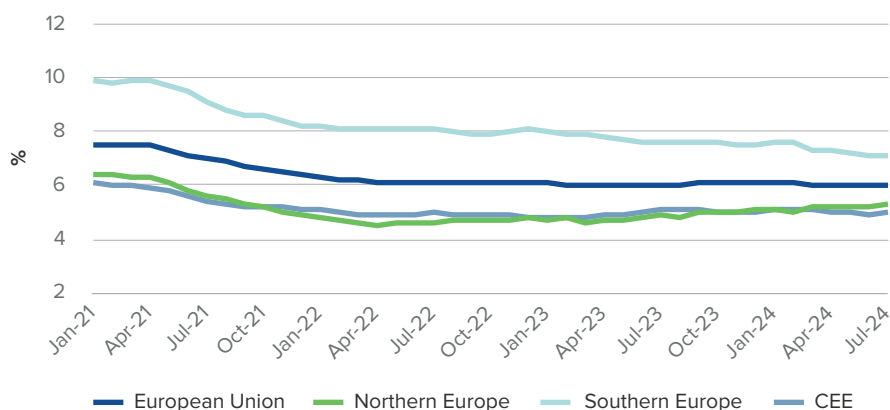
Sources: Eurostat and Refinitiv

two months and remaining well below the key threshold level of 50. As such, the recovery in confidence is gradual and not spread equally over business sectors. As outlined

above, developments in key European economies such as Germany, geopolitical developments and consumer spending can all shape the evolution in business confidence.

The labor market in the EU remained tight over the first half of 2024 as unemployment continued its downward path from its previous historic low of 6.1% to stabilize at a level of 6.0% from March 2024. The inflationary environment, rising wages and macroeconomic headwinds drove companies to limit their efforts to expand their employee base and discouraged candidates from changing employers. This trend continued in early 2024 as the recovery in economic growth and confidence in the economic outlook proved to be gradual. Recent figures corroborate the trend experienced by many HR professionals, notably that the Eurozone is slowly reaching organic full employment, albeit with a residual structural unemployment that's difficult to eradicate. The tight labor market underlines the bloc's resilience in a challenging economic environment within certain segments of the market, as outlined above. Equally, the low

Unemployment — Eurozone labor market remained tight with a record low unemployment rate



Source: Eurostat

unemployment rate is expected to drive a catch-up of wages to be in line with the past inflation upsurge. This supports the case for an optimistic scenario for economic growth through the remainder

of 2024. In light of the expectation that economic expansion and loosening monetary policy will continue, momentum for the HR sector is expected to improve notably in 2025.

Note: Quarterly GDP change per region is calculated as the simple average of quarterly GDP growth per country compared to the previous quarter. Unemployment rates per region are calculated as the simple average of each labor indicator per country.

Recent M&A activity

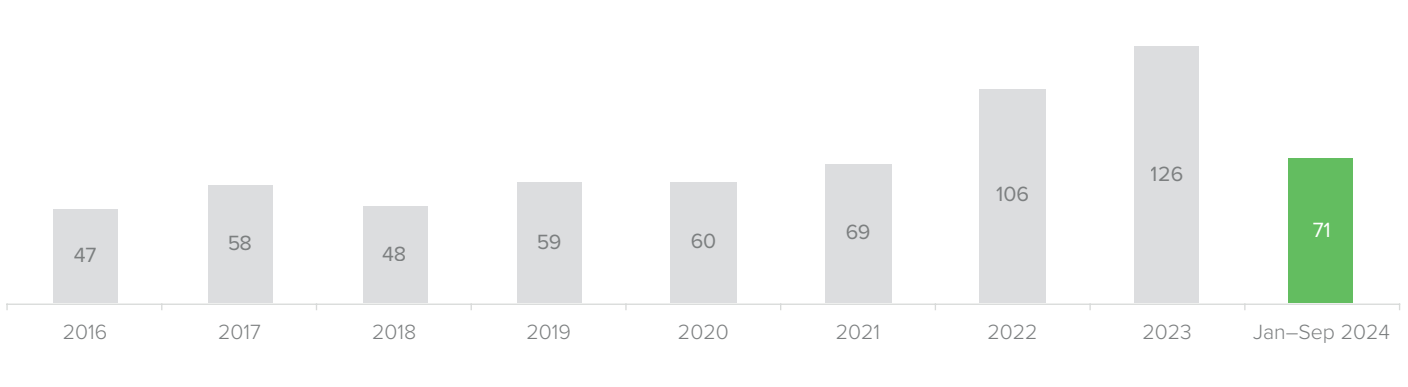
M&A ACTIVITY IN THE HR SECTOR REMAINED RESILIENT WHILE SHOWING SIGNS OF CAUTION

Since the COVID-19 crisis, the HR services market has rebounded strongly on the back of companies and candidates increasing their recruitment and job-seeking efforts. Despite recent macroeconomic headwinds and inflationary pressures, M&A activity stayed resilient in the latter stages of 2023 and early 2024, as sizable transactions and notable platform

investments were announced. In Q2 and early Q3 2024, signs of caution in dealmaking were evident, in line with the overall decrease in M&A activity. While deal volume stayed resilient, platform investments and significant transactions remained relatively tempered. Equally, the number of PE exits in the HR sector stayed below historical levels. As central banks begin to implement a less restrictive monetary policy, this should combine with sustainable economic growth and decreasing inflationary pressures to create a bright spot on

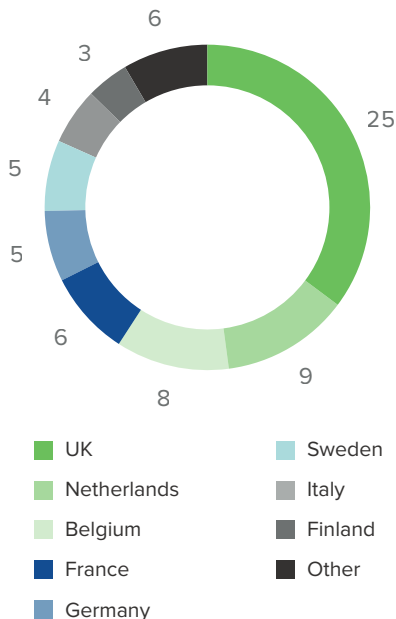
the horizon for the HR market. As such, companies are expected to bolster their recruitment efforts and candidates to be more inclined to seek new opportunities with other employers. The general improvement of market conditions and lower interest rates are expected to further improve dealmaking conditions in the market. As such, we expect M&A activity in the HR space to pick up towards the end of 2024 and into 2025, with consolidation drivers remaining in force and top performers seizing opportunities as they come.

Dealmaking activity in the HR sector stabilized after a strong start to 2024



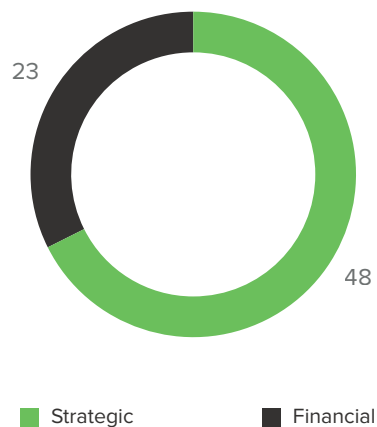
Source: Mergermarket

Geographic split by target country (Jan-Sep 2024)




















Source: Mergermarket






Investor type split (Jan-Sep 2024)


















Source: Mergermarket

SELECTED M&A TRANSACTIONS (JAN–SEP 2024)

Date	Target	Buyer	Target country	Description
Sep-24	Absolute Jobs	Trixxo		Firm offering temporary employment and project sourcing solutions for technical profiles and payroll services
Aug-24	Integrata	Mandatum Life Insurance		Firm offering HR and payrolling services
Aug-24	TMF Jobs	SD Worx		Company specialized in the recruitment of cross-border employees
Aug-24	Seed Environmental Group	Celnor Group		Consulting company in engineering design
Jul-24	F2A	SD Worx		Firm offering HR and payrolling services
Jul-24	Hamlyn Williams	Meraki Capital		International staffing service provider
Jul-24	Trust Nurse Service	FinRes & PE Global		Nursing recruitment specialist
Jul-24	eligio	House of Talent		Company specialized in outsourcing of reception and office services
Jul-24	Metric Search	Business Growth Fund		Company offering staffing and recruitment services
Jul-24	AxL	Groupe Adequat		Human resources group
Jul-24	Petroplan Europe	TXM Group & Step5 Resourcing		Recruitment agency for the oil & gas industry
Jul-24	S3 Science Recruitment	Barrington James		Recruiting firm for the life sciences sector
Jul-24	Pears	Timing		Recruitment agency focused on healthcare & education professionals
Jun-24	hkw Group	Piening		Employment agency
Jun-24	CAMO Groupe	W Group		Interim staffing specialist
Jun-24	Red Arbor	Vitruvian Partners		Human resources company
Jun-24	Linksap Europe	Oxford Global Resources		Staffing firm focused on qualified SAP candidates

Date	Target	Buyer	Target country	Description
Jun-24	RCA & HeadOffice	Glowi		Marketing and communications firm
Jun-24	Aptic	Sofiouest		Headhunting agency for top and middle management
May-24	TribePerk	SD Worx		Provider of cloud HR solutions such as payroll and attendance management
May-24	Envirozone Workforce	PokaYoke		Staffing company
May-24	Link Group	Interaction Group		Company providing recruitment services
May-24	AVANTGARDE Experts	YER		Recruitment agency
May-24	Movimento Zorg	DELTA Equity Partners & Health Transformation Group		Provider of recruitment services
May-24	B-source	Yontec		Provider of technical outsourcing services
May-24	ICTZaakwaarnemer	Linden-IT		Secondment and staffing firm for IT professionals
May-24	Medikumppani	Eilakaisla		Provider of recruitment and staffing services for healthcare professionals
Apr-24	NewR	Consolid Equity		Interim and permanent recruitment firm for financial profiles
Apr-24	Romanian Software	SD Worx		Company engaged in payroll and HR management solution
Apr-24	House of Talents	CVC Advisers		Provider of staffing services
Mar-24	Compass Recruitment Solutions	Cow Corner Investing		Company engaged in recruitment services
Mar-24	Staffxperts	YER		Recruitment and engineering specialist
Mar-24	cv.It	CV Keskus		Job marketplace that specializes in white-collar jobs
Mar-24	ADITUS Personaldienstleistungen	TEMPTON		Staffing and recruitment firm
Mar-24	Impellam Group	HeadFirst & Morefield Group		Provider of staffing and outsourcing services

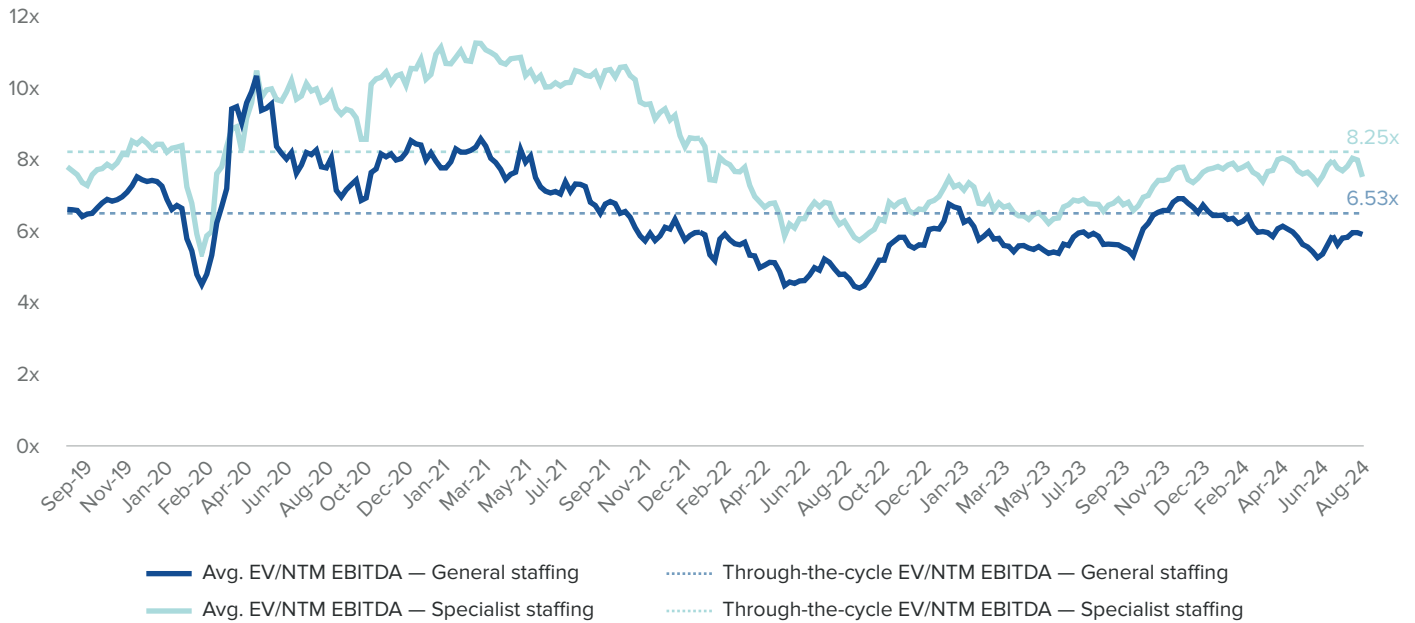
Date	Target	Buyer	Target country	Description
Mar-24	Prodea Personal	Consolid Equity		Staffing agency
Mar-24	TeacherActive	PGIM Private Capital		Recruitment agency focused on education professionals
Mar-24	St David Recruitment Services	Abatec Recruitment		Recruitment agency
Mar-24	Chemistree Solutions	Mesh Recruitment		Pharmaceutical and healthcare recruitment specialist
Mar-24	Staffing 360 Solutions	HeadFirst & Morefield		Staffing and outsourcing services
Feb-24	Finders	Wicresoft		Company specialized in the recruitment of executive profiles
Feb-24	Solid Talent	Planet Group		Consultancy firm providing staffing solutions
Feb-24	Motmans en Partners	Glowi Group		Provider of recruitment, selection and talent development facilities
Feb-24	Australasian Recruitment	Home Recruitment		Professional job placement and recruitment company
Feb-24	Morson Group	Onex Corp		Firm offering recruitment and training services
Feb-24	A-Staffing Group Sweden	Job Solution Sweden		Company offering staffing services
Jan-24	At Work	F2A		Human resources company
Jan-24	ATG Europe	Pauwels Consulting		Provider of consulting, IT and engineering services
Jan-24	I-Talent Solutions	Vitec Software Group		Provider of human resource management, reintegration and training services
Jan-24	Tech Tribes	NPM Capital		Provider of IT consulting and digital strategy services
Jan-24	Just On Business	Openjobmetis		Recruitment agency

Source: Mergermarket

Valuation trends

Valuation levels of publicly listed peers remained below historical averages

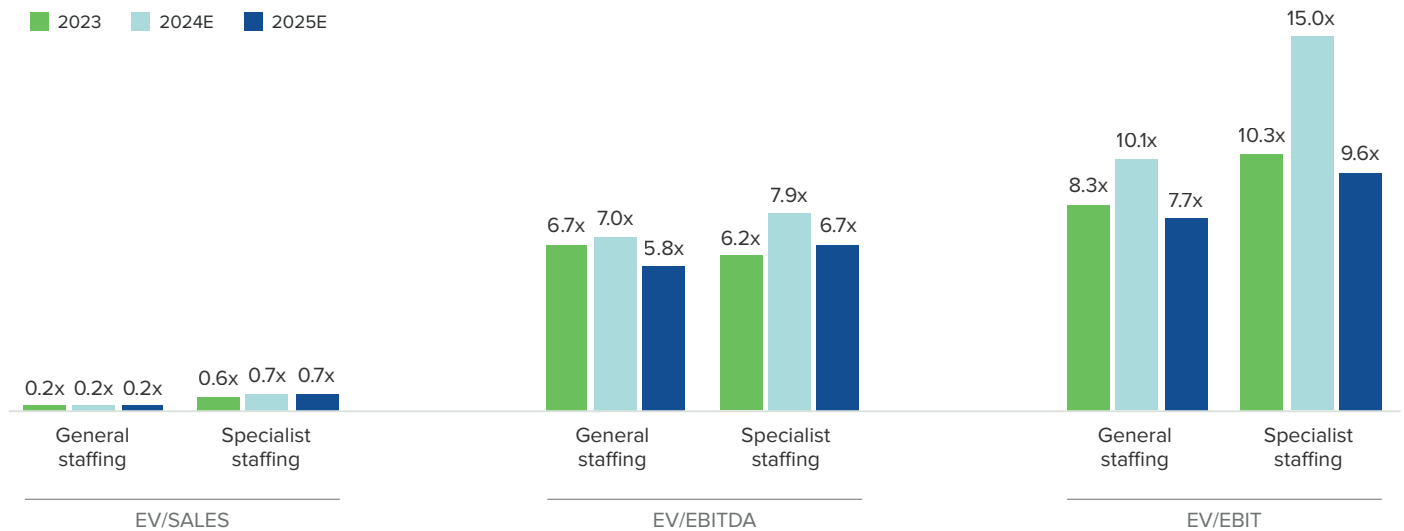
EV/NTM EBITDA*



Source: Thomson Reuters Eikon

*Note: NTM = next 12 months

EBIT(DA) 2025E multiples reflect confidence in a strong rebound, driven by macroeconomic tailwinds for HR services



Source: Thomson Reuters Eikon

Case studies

The shareholders of Pears, a Netherlands-based provider of staffing services in the education and care sectors, have welcomed Timing, a Netherlands-based employment agency, as a new shareholder to support the company's growth plans.

The partnership is expected to bring substantial benefits to both companies. With this strategic cooperation, Timing has expanded its activities into the care and education sectors. In turn, Pears aims to accelerate its growth trajectory and establish itself as a leading provider in the Dutch care and education staffing market by leveraging Timing's operational framework and market knowledge.

Established in 2018, Pears provides recruitment services for the care and education sectors in the northern Netherlands, specifically in the provinces of Groningen, Friesland and Drenthe.

As part of its recruitment services, Pears offers temporary recruitment solutions, secondment services, temporary to permanent solutions, and recruitment and selection. The company is headquartered in Groningen.


Timing is an employment agency for operational work, founded in 1994. The company provides flexible and payroll workers, from production staff to cleaners. Timing is headquartered in Apeldoorn and has grown to over 900 employees in the Netherlands. In 2022, it was acquired by Groupe Proman SAS, a France-based employment agency.

Oaklins' team in the Netherlands acted as the exclusive M&A advisor to the shareholders of Pears, with support from Oaklins' Belgian team. Leveraging our strong track record and expertise in the HR services sector, we provided Pears with optimal positioning and conducted a competitive process across



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TIMING

M&A SELL-SIDE

Business Support Services


the Benelux region to identify the right partner. This transaction underlines our extensive experience in business services-related transactions.

The shareholders of Aptic have completed a primary minority LBO with Sofiouest.


Founded in 2016, Aptic has become a key player in recruiting for finance and support functions in the mid-market segment. The group offers two complementary services: headhunting for top and middle management through Aptic, and permanent and non-permanent recruitment through Maïki. The company serves a high-quality B2B clientele of large groups and SMEs with whom Aptic maintains strong, recurring relationships, thanks to its experienced and specialized consultants, and professional and efficient recruitment process.

Sofiouest, an investment company and subsidiary of Groupe SIPA Ouest-France, invests its funds in venture capital and private equity. The firm aims to promote the sustainable, profitable growth of French SMEs. This strategy is deployed through direct investments in the capital of companies, co-investments and investments in specialized funds. Sofiouest contributes to the development of Groupe SIPA Ouest-France through human and socially responsible investment.

Oaklins' team in France acted as the exclusive sell-side financial advisor to Aptic's shareholders in this transaction.



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SOFIOUEST
H U M A I N E T C A P I T A L

M&A SELL-SIDE

Business Support Services/Private Equity

Our track record

A selection of Oaklins' experience in the HR industry.

 <p>has been acquired by</p>  <p>M&A SELL-SIDE</p> <p>Business Support Services/Construction & Engineering Services</p>	 <p>has been acquired by</p>  <p>M&A SELL-SIDE</p> <p>Business Support Services/Private Equity/TMT</p>	 <p>has been acquired by</p>  <p>M&A SELL-SIDE</p> <p>Business Support Services</p>	 <p>has been acquired by</p>  <p>M&A SELL-SIDE</p> <p>Business Support Services/Private Equity</p>
 <p>has sold a majority stake to</p>  <p>M&A SELL-SIDE</p> <p>Aerospace, Defense & Security/Business Support Services/Private Equity/TMT</p>	 <p>has been acquired by</p>  <p>M&A SELL-SIDE</p> <p>Business Support Services</p>	 <p>has been acquired by</p>  <p>M&A SELL-SIDE</p> <p>Business Support Services</p>	 <p>has been acquired by</p>  <p>M&A SELL-SIDE</p> <p>Business Support Services/Healthcare/Private Equity</p>
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- M&A advisory (buy- and sell-side)
- Growth equity and equity capital markets advisory
- Debt advisory
- Corporate finance services

Human resources Europe 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 resource 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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Tom leads Oaklins' human resources team in Europe and is a managing director at Oaklins KBC Securities in Belgium. He has established high-level contacts with market consolidators, such as House of HR, Proman, Randstad and Brunel. Relevant transactions include the sale of ATG to Pauwels Consulting, the sale of Tax Consult HR Tax & IM to Moore, the acquisition of Impact by Talentus, the sale of Pragmatics to World of Talents, and the sale of Advipro to Normec.



United by a strong belief that we can achieve the extraordinary. Oaklins is a global team of 800+ financial advisory professionals in 40 countries providing M&A, growth equity, ECM, debt advisory and corporate finance services to support entrepreneurs, corporates and investors in reaching their goals.

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