



# European HR services sector facing both challenges and opportunities

SPOT ON | HR SERVICES EUROPE | MARCH 2025

“The HR sector is adapting to shifting labor market dynamics as companies navigate talent shortages, rising wages and changing employment patterns. With protectionist measures spreading across global markets, geopolitical tension and continued higher energy prices in Europe, major industrial economies like Germany are under pressure and tempering the growth forecast for Europe’s economy. The service sector, however, remains a key outperformer. What’s more, as inflation continues to cool, GDP growth is still positive and central banks’ rate cuts drive further monetary relaxation, the external geopolitical risk can be balanced. At the same time, a tight labor market and sharp wage increases are making it harder for businesses to secure talent, driving demand for external staffing, workforce mobility solutions and strategic hiring models to offset increasing costs.”

**TOM VAN DE MEIRSSCHE**

HUMAN RESOURCES EUROPE SPECIALIST, OAKLINS

## MARKET TRENDS

### Challenges continue

We zoom in on the geopolitical challenges and monetary policy defining the economic outlook. Despite headwinds, the Eurozone economy continues to report modest growth and Europe’s labor market remains robust, with low unemployment and rising wages.

02

## DEAL NEWS

### Staying on track

Dealmaking activity in Europe’s HR services sector leveled off in 2024, although it remained high compared to the previous year, while the panorama going forward looks positive.

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## VALUATIONS

### Specialists entice investors

Valuation levels for specialist and general staffers remain close to historical levels. Investor confidence in this area is strong, as reflected in the expectations of sustained demand for specialized workforce solutions.

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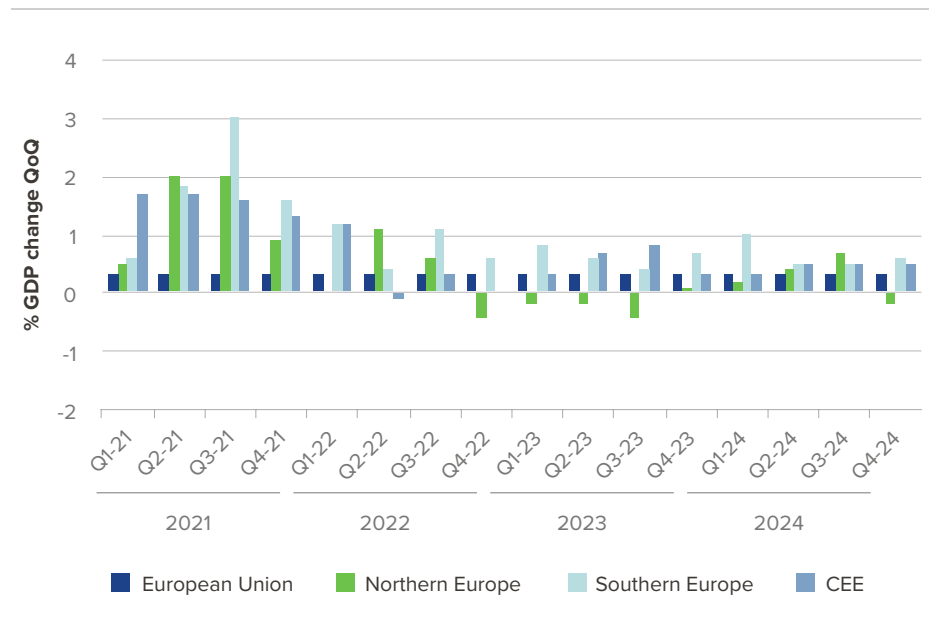


**EUROPEAN MACROECONOMIC DEVELOPMENTS & OUTLOOK**

The Eurozone’s real GDP growth outpaced projections in Q3 2024 and continued to show consistent modest growth in Q4. Over the past two years, growth has averaged 0.1% per quarter, with subdued business confidence, weak consumer spending and sluggish external demand all weighing on economic momentum. The ECB has responded by easing monetary policy, cutting key interest rates by a total of 125 basis points, with the latest reduction in January 2025 taking effect on 5 February. Focus is now shifting to potential cuts later in 2025 to stimulate borrowing, investment and consumption as inflation is on a downward path; however, it remains persistent and this could constrain further interest rate cuts.

Headline inflation rose to 2.4% in December 2024, reversing some of its previous slowdown. While core and food inflation stabilized at 2.7%, the increase was largely due to energy-related base effects and service inflation rising unexpectedly to 4.0% in the face of ongoing wage adjustments, as workers continue to recover lost purchasing power from past inflation. This recovery process is adding pressure to overall inflation in the service sector. However, inflationary pressures from wages are expected to ease in 2025. While energy prices have experienced a period of sustained decline over the past two years, ongoing geopolitical uncertainties and supply constraints caused them to both fluctuate unpredictably and increase in 2024, limiting the

**Eurozone GDP growth is projected to be 1.3% in 2025, but external risks could weigh on outlook**



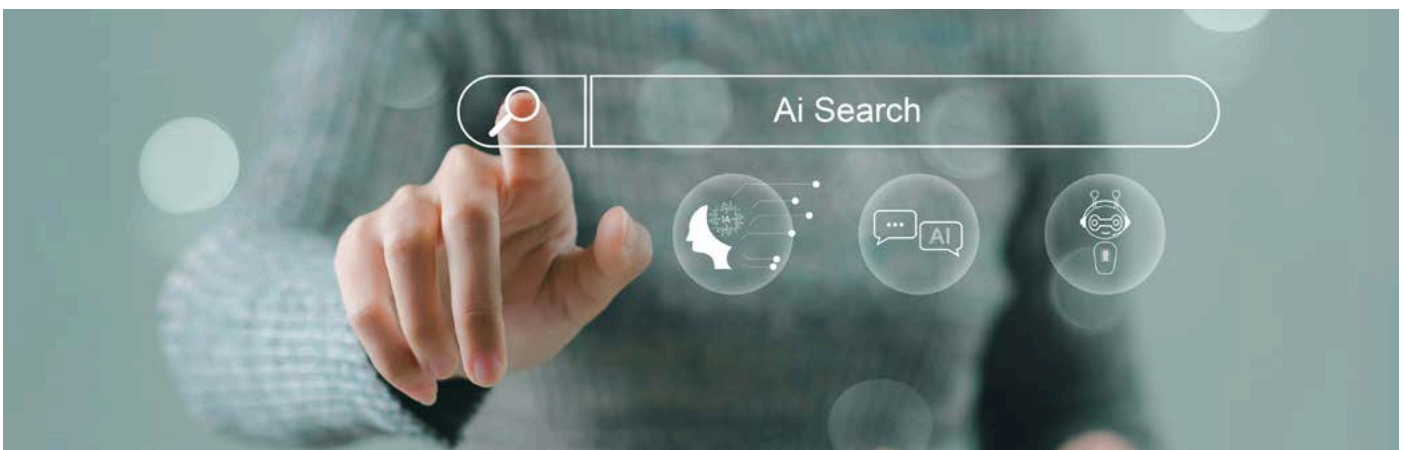
Sources: Eurostat and KBC Bank & Verzekeringen

disinflationary impact that was initially expected.

At the same time, global trade tensions and rising protectionism continue to challenge the Eurozone’s export-driven economy. Higher tariffs, a stronger US dollar and the possibility of countermeasures from key trade partners are likely to push GDP growth below 1% in 2025, while keeping inflation above the ECB’s 2% target.

The global trade environment, energy transition policies and rapid AI-driven automation are continuously reshaping

Europe’s economic outlook. Higher tariffs are hitting industrial economies like Germany, where exports are critical for stability. Wage pressures remain high, straining manufacturing costs and forcing businesses to rethink workforce strategies amid rising tariff uncertainty. While external risks linger, ECB interest rate cuts are facilitating economic activity, leading to modestly positive and accelerating growth projections for the Eurozone compared to recent periods, with 1.3% for 2025 and 1.5% for 2026.

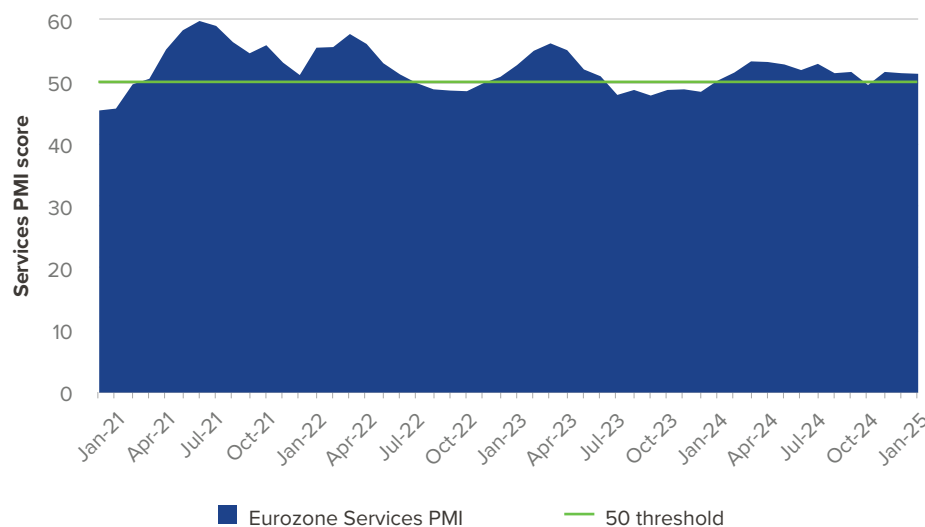


Note: Quarterly GDP change per region is calculated as the simple average of quarterly GDP growth per country compared to the previous quarter.

The Eurozone Services PMI has steadily recovered from its 2023 lows with nearly all monthly readings in 2024 exceeding the critical 50 threshold, demonstrating stability and renewed optimism throughout the year and into early 2025. Equally, the Economic Sentiment Indicator (ESI) for the service sector, which reflects business confidence and expectations, has improved, showing that services remain a key driver of economic activity. This sustained expansion has paved the way for strengthening demand, improved business confidence and a continued economic rebound in this sector.

However, despite this improvement, broader economic confidence remains fragile. Six months after the first ECB rate cut, industrial sectors have yet to show significant signs of recovery. In December, the Manufacturing PMI stood at 45.1, its lowest level in the past 12 months and well below the key 50 threshold. Similarly, the Eurozone Construction PMI for December stood at 42.9. Business confidence remains particularly weak in Germany, where manufacturing struggles persist, while ongoing political uncertainty is further dampening sentiment both there and in France.

**Eurozone Services PMI is solid, bringing stability despite recent economic uncertainty**



Sources: S&P Global and KBC Bank & Verzekeringen

Labor market trends, as reflected in PMI employment indices, highlight a divergence between sectors. The manufacturing sector has faced job losses due to weaker demand and the burden of high inflation, while the service sector continues to expand its workforce, supporting economic stability. This supports the view that, even with slow overall growth and weak consumer

confidence, the Eurozone is unlikely to fall into recession. The resilience of the labor market in the service sector, supported by easing inflation and a more accommodating monetary policy, is expected to help offset economic headwinds and sustain modest growth.



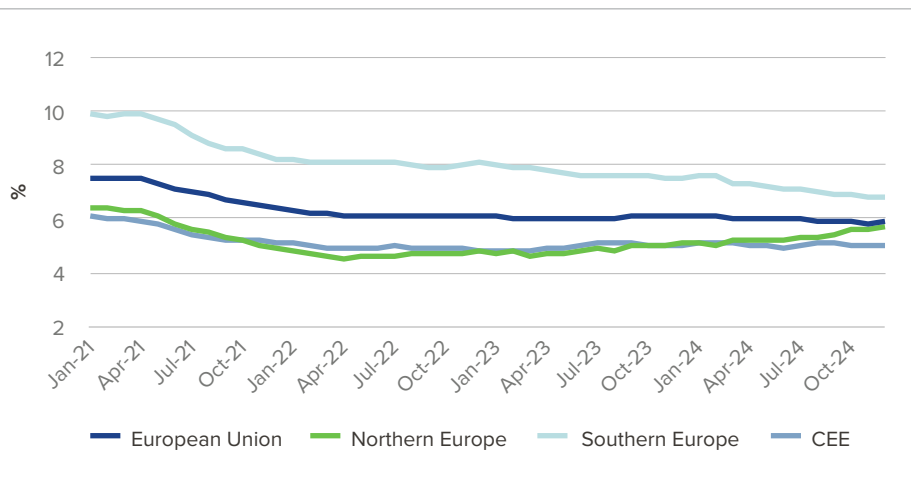
“Trends in the employment sector are being driven by companies increasing their reliance on HR services. For HR businesses, specialized labor solutions and the implementation of digital tools and transformation, including the use of AI for recruitment and employee management, offer significant opportunities. These shifting employment models and trends are driving the HR services sector, and are likely to keep M&A activity at elevated levels. Strategic buyers are expected to push consolidation in the market even further, and they will seize acquisition opportunities as they arise.”

**TOM VAN DE MEIRSSCHE**  
HUMAN RESOURCES EUROPE SPECIALIST, OAKLINS

The EU labor market remains historically tight, with unemployment reaching 5.9% at the end of 2024, extending a prolonged decline. In Northern Europe, where job markets loosened in 2024, recent data suggests a plateau or slight reversal, while the labor market remained most constrained in CEE economies, reinforcing structural labor tightness. Meanwhile, negotiated wages surged by 5.4% in Q3 2024, the fastest rise in a decade, driven by strong union bargaining and sustained hiring demand. Wage pressures are most pronounced in manufacturing, retail and services, where rising labor costs are adding strain.

With labor markets approaching capacity and wage pressures intensifying, demand for HR services is rising as businesses navigate talent shortages and cost constraints. Employers are turning to external staffing, recruitment and workforce restructuring to secure talent while managing rising employment costs. The sharp increase in labor expenses is complicating cost planning, making strategic hiring and retention more critical than ever. As companies adapt, demand for workforce advisory services, flexible employment models and cost-effective staffing solutions continues to grow, making HR services a critical lever in navigating an increasingly complex labor landscape.

**Unemployment — HR services take center stage as labor markets tighten**

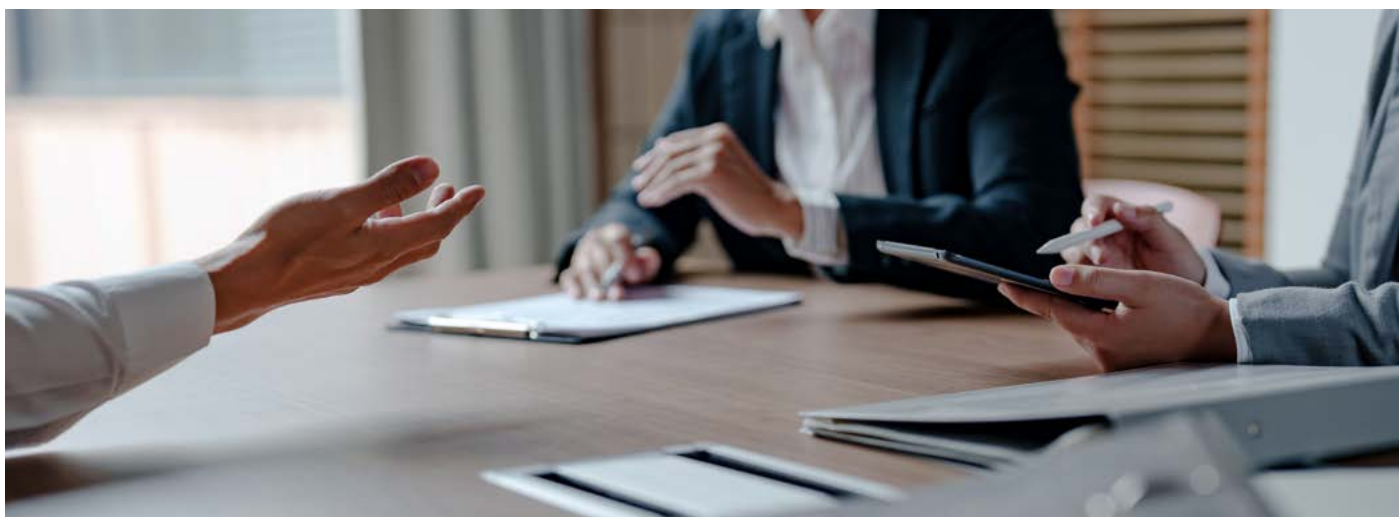


Sources: Eurostat and KBC Bank & Verzekeringen

**Negotiated wages — rising negotiated wages add to labor costs as market pressures intensify**



Source: ECB



Note: 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 STRONG AMID EVOLVING MARKET DYNAMICS

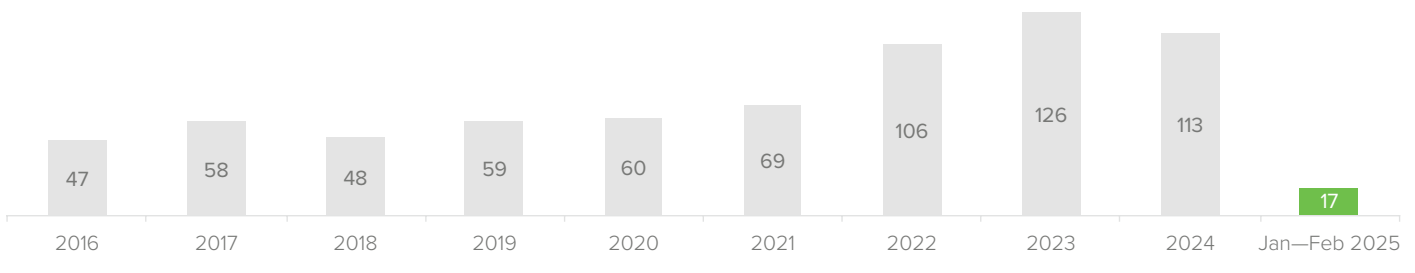
The market demonstrated resilience as investors continued to pursue strategic deals, underscoring confidence in long-term growth opportunities. As central banks are expected to continue easing monetary policy, the dealmaking outlook for

the HR market remains solid. Leading strategic players are forecast to further drive consolidation in the HR services sector and seize M&A opportunities as they arise.

### M&A key drivers

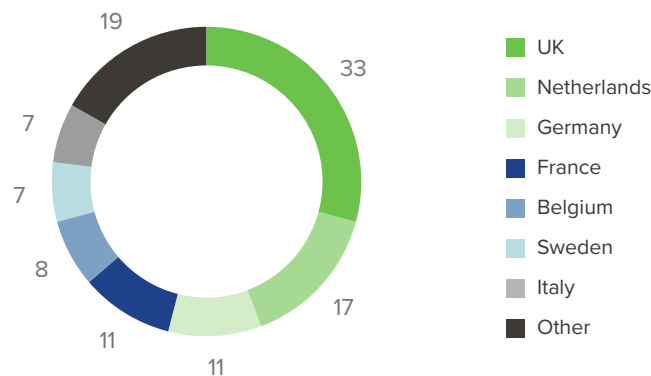
- Growth of the freelance economy and flexible work models:** The rising demand for temporary staffing, contract-based employment and freelance work is fueling the acquisition of HR firms specializing in flexible workforce solutions.
- Advancements in HR technology and digital transformation:** Companies are increasingly acquiring HR tech firms to leverage AI-driven recruitment tools, automation and workforce analytics, ensuring they remain competitive in a rapidly evolving market.
- Expansion of global workforce management:** As companies grow internationally, demand for cross-border HR solutions is further driving M&A activity, with firms seeking to strengthen their capabilities in global talent acquisition, compliance management and international payroll services.
- Searching for specialized players in a tight labor market:** As companies compete for specialized talent, consolidation is set to accelerate, with larger HR firms acquiring niche hiring specialists to meet growing demand for targeted expertise.

### Dealmaking activity in the European HR sector is on a sustained upward trajectory



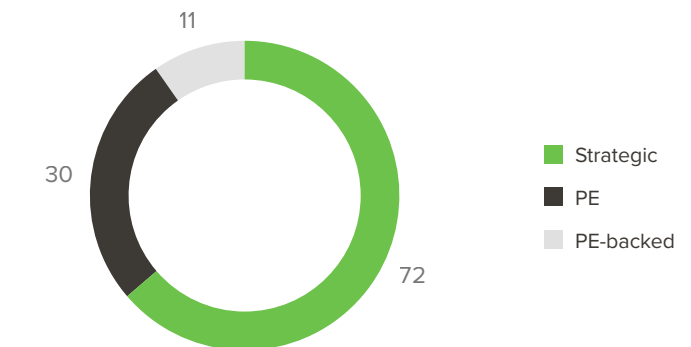
Source: Mergermarket

### Key geographic distribution — the UK was the primary target in HR M&A in 2024



















Source: Mergermarket

















### Strategic investors dominated M&A activity in the HR sector in 2024

















Source: Mergermarket

## SELECTED M&amp;A TRANSACTIONS (SEP 2024–FEB 2025)

Date	Target	Buyer	Target country	Description
Feb-25	R2 Global Recruitment Services	Talento		Company providing HR and employment services
Feb-25	Techconsult	AGR Petroleum Services Holdings		Firm providing staffing and recruitment consulting and advisory services
Feb-25	StaffPoint	Valtion Elakerahasto — State Pension Fund		Company offering temporary employment, executive search and recruitment services
Feb-25	Driven	Pro-Force		HR and employment agency
Jan-25	Pro Industry	House of Covebo		Company operating in business support services
Jan-25	Hartmann Young Ltd	Existing management		Recruitment firm specializing in healthcare
Jan-25	Apollo Executive Search BV	Schelstraete Delacourt Associates		Specialized executive search firm
Jan-25	Hrlink	Partena		Company specialized in automation, digitalization and AI implementation for HR processes
Jan-25	HR Suite	NFP Corp; Aon		Firm providing HR consultancy and training services
Jan-25	Ofir	Jobindex		Company providing software solutions for online job advertising
Dec-24	Sed System Group	F2A		Italian HR and payroll solutions provider
Dec-24	FinancePeople	Broviken Gruppen		Staffing and recruitment agency for economists
Dec-24	Future of Work Group	Existing management		Company developing software solutions for HR management
Dec-24	Servizimpresa Business Unit (Milan branch)	SD Worx		Firm specializing in payroll management
Dec-24	TMA	Main Capital Partners		Firm providing talent management in the HRtech space
Dec-24	Avenir Group	Liberta Partners Holding		Company specializing in HR management services

Date	Target	Buyer	Target country	Description
Dec-24	anaflex	JR OP-TIMIERT		Employment agency dedicated to placing nursing professionals
Nov-24	Online Results	zvoove Group		Recruitment marketing firm
Nov-24	HR Nominapress 360	Septeo		Firm developing cloud-based HR management software
Nov-24	Interactive Workshops	Cegos		Firm providing HR consulting
Nov-24	GITP	Knop Investments		Company offering HR and employee assessment services
Nov-24	Operam Education Group	Business Growth Fund; Three Hills Capital Partners		Education-focused recruitment provider
Nov-24	WFS PRO	Carriere Planning Groep		Firm providing recruitment services
Nov-24	MC Personnel	Kingdom Services Group		Professional recruitment company
Nov-24	C & M Recruitment	Existing management		Online recruitment company focused on travel industry hiring
Nov-24	Gravitaciyu-U TOV	Grupa Pracuj		Ukrainian recruitment company
Nov-24	Reflex Services SAS	Jubil Interim		Temporary work agency
Nov-24	Careloop	Ernst Klett Aktiengesellschaft		HR solutions provider offering online international nurse recruitment
Nov-24	Team Resourcing	Team Resourcing (Holdings)		Recruitment company
Nov-24	Aviation Crew Services	Scandinavian Airlines System		Company engaged in recruitment for the aviation sector
Nov-24	Trilogy Consultants International	Korn Ferry		Employment placement agency
Oct-24	peopleForecast	TalentNeuron		Firm providing innovative HR analytics

Date	Target	Buyer	Target country	Description
Oct-24	Sisko Group	Clan Partners		Provider of workforce and recruitment solutions
Oct-24	Onfolk	Tide Platform		Software company providing a payroll and HR web application
Oct-24	SERT Group	Simply Energy Matters		Firm offering recruitment and deployment of talent across different sectors
Oct-24	Tandemz	Bilendi		Operator of an online recruitment platform
Oct-24	Prium Consulting	Freelance.com		HR firm specializing in recruitment, training and salary services for freelancers
Oct-24	Hummelklappen i Stockholm	Hummelklaeppen Holding		Firm specializing in HR, payroll, accounting and auditing
Oct-24	Construction Labour Solutions (UK) Holdings	ORB Recruitment		Recruitment agency for the construction sector
Oct-24	Jobtip Group	Talentech		Recruitment firm offering marketing-driven hiring
Oct-24	Toma Interim	Domino		Specialized staffing network
Sep-24	hkp Deutschland	Mercer Consulting Group		International management consultancy for HR strategy and governance
Sep-24	Meditempus ETT	Alphyr		Temporary staffing business
Sep-24	FreshMinds Group	Dexteritas Capital Partners		Provider of market research and talent recruitment services
Sep-24	Absolute Jobs	Trixxo		Firm offering temporary employment and project sourcing solutions for technical profiles and payroll services
Sep-24	Steens Consultants	PIA Group		Staffing agency for finance and IT professionals

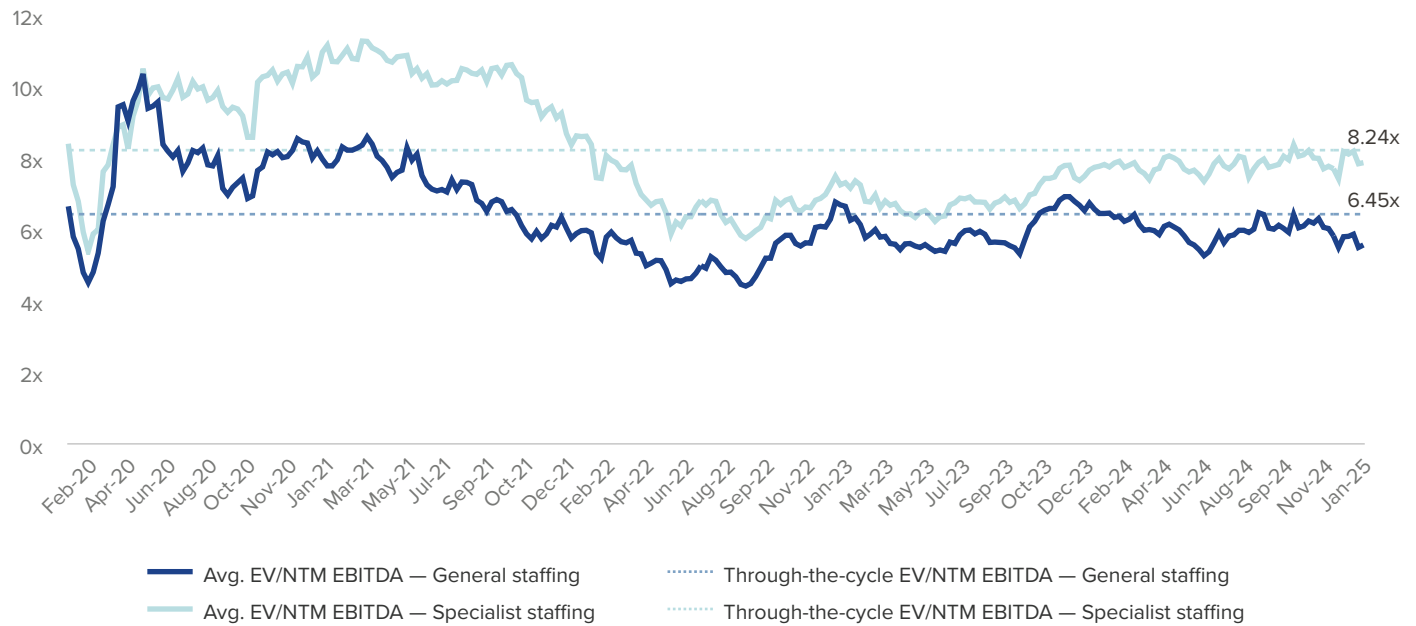
Source: Mergermarket



# Valuation trends

Valuation levels of publicly listed peers remain close to historical averages

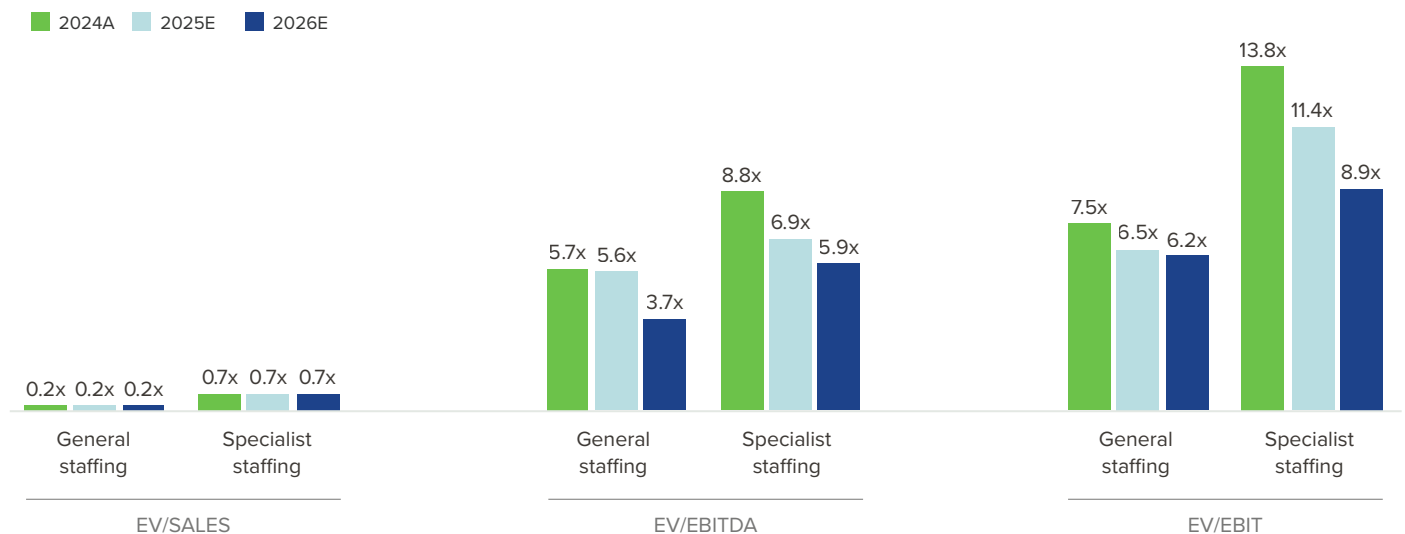
## EV/NTM EBITDA\*



Source: Thomson Reuters Eikon

\*Note: NTM = next 12 months

## Specialist staffing multiples signal sustained confidence, while general staffing navigates a modest outlook into 2026



Source: Thomson Reuters Eikon

# Case studies

## **Apollo Executive Search has entered into a strategic partnership with Schelstraete Delacourt.**

Apollo Executive Search, a Netherlands-based firm specializing in executive search services for mid-market private equity portfolio companies and high-growth technology scale-ups, has formed a strategic partnership with Schelstraete Delacourt, a leading executive search, board search and executive assessment firm in the Benelux region.

Founded in 2017, Apollo Executive Search is known for its ability to connect top-tier talent with mid-sized companies seeking C-level executives. As a leading search partner in the Dutch market, Apollo has successfully completed over 200 searches for more than 100 clients, building strong partnerships with private equity and venture capital investors.

With over 35 years of experience, Schelstraete Delacourt is renowned for its expertise in executive and director search services, as well as executive assessment. The company places a strong emphasis on cultural alignment and innovation, which are key drivers of its success in identifying exceptional leaders. Since KeBeK Private Equity became a shareholder in 2021, the partnership with Apollo marks Schelstraete Delacourt's third strategic collaboration, now consolidated under the Capenti brand. Capenti combines deep expertise in executive search and interim management, offering tailored solutions that align with clients' strategic and cultural objectives.

Oaklins' team in the Netherlands served as the exclusive M&A advisor to the shareholders of Apollo Executive Search, drawing on its strong track record and



expertise in the HR services sector. This transaction highlights Oaklins' extensive experience in business services-related transactions.

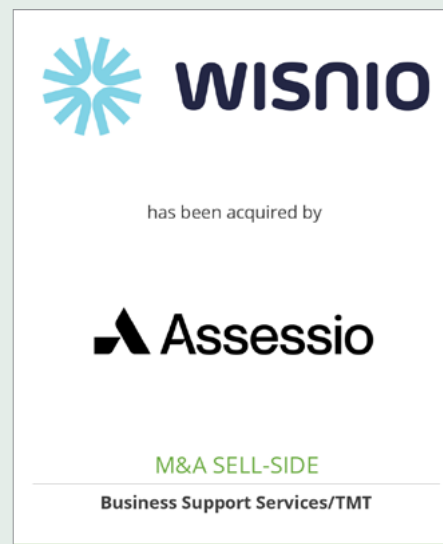
## **Wisnio has been acquired by Assessio.**

Assessio has successfully completed the strategic acquisition of Wisnio, a rapidly growing HR tech provider specializing in talent assessment and development solutions. With its pioneering generative AI capabilities, Wisnio strengthens Assessio's market position, targeting private equity and executive search segments. This acquisition creates an opportunity for expansion into international markets, including the UK and US.

Wisnio has developed an AI-based talent analytics platform designed to help team leaders make informed hiring decisions. The platform identifies potential gaps within teams, outlines the required competencies, evaluates candidates and combines data with intuition to provide businesses with decision-making tools for hiring, onboarding and team development. Wisnio offers several solutions, including: executive search, which provides a unique, data-driven executive search experience for both

private equity and venture capital clients and candidates, offering actionable tools for leadership assessment, executive hiring, onboarding and team development to support post-deal value creation; enterprise talent acquisition, which simplifies complex talent decisions by giving business leaders the insights and tools to build high-performing teams; and leadership development, to help organizations leverage individual strengths and shape a culture of peak performance.

Assessio, a leading provider of strategic HR solutions in Northern Europe, specializes in psychometric assessments and data-driven tools and services to help organizations make informed decisions in recruitment, talent management and employee development. Assessio's proprietary assessments evaluate candidates' skills, competencies and potential for success in specific roles. Its digital platform allows businesses to compare candidates and create ranking lists, optimizing hiring processes,



































improving team performance and enhancing leadership development.

Oaklins' team in Estonia assisted Wisnio in the preparation and launch of the sale process, and was actively involved in the negotiation phase and valuation discussions with Assessio.

# Our track record

A selection of Oaklins' experience in the HR industry.

 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Business Support Services/TMT</p>	 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Business Support Services</p>	 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Healthcare/Private Equity/TMT</p>	 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Business Support Services/Construction &amp; Engineering Services</p>
 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Business Support Services/Private Equity/TMT</p>	 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Business Support Services</p>	 <p>has sold a majority stake to</p>  <p>M&amp;A SELL-SIDE Aerospace, Defense &amp; Security/Business Support Services/Private Equity/TMT</p>	 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Business Support Services</p>
 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Business Support Services</p>	 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Business Support Services/Private Equity</p>	 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Business Support Services/Private Equity</p>	 <p>has been acquired by</p>  <p>M&amp;A SELL-SIDE Business Support Services</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.

### ✉ TOM VAN DE MEIRSSCHE

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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 850+ 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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