

IMAP



# RECRUITMENT SECTOR UPDATE

JULY 2025

# RECRUITMENT: M&A REPORT

## Recruitment Holds Strong Amid Economic Shifts — Especially in Niche Markets

Despite economic challenges and budgetary pressures (especially within the healthcare vertical), the recruitment sector is proving resilient — particularly in specialist and niche areas such as Tech and Education. Valuations have dipped from their peak but remain solid, typically in the 8x–10x EBITDA range — a modest decline.

We see interest in the sector primarily from PE and specialist strategic buyers with the large global recruiters largely focusing on M&A further up the value chain targeting parallel services such as HCM Tech, outsourced HR and Training.

This report dives into recent trends, key M&A drivers, and why now could be a smart moment for strategic investors and business owners eyeing exits, partnerships, or growth funding.

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## M&A MARKET OVERVIEW

Over the course of the last year, the UK M&A market has seen an uptick in deal volume, given the available PE dry powder and a growing pressure on investors to realise returns.

In 2024, the UK market saw the completion of 7,942 reported transactions, up 11% from the 6,762 transactions announced in 2023. The total number of completions was the highest the UK market has seen since 2018. Additionally, the total value of PE funded deals was up to £94bn from £58bn in 2023, representing 33% of total UK deal value<sup>1</sup>.

The beginning of 2025 saw an expectation of an uptick in M&A activity which has not materialised, due to economic uncertainty and the impact of tariffs on global trade. The overall outlook is mixed with acquirers holding off on M&A activity and business owners assessing whether now is the time to go to market. However, there are positive macroeconomic trends including stabilising inflation and a downward trend in interest rates which should fuel further activity.

The UK specifically, has for some time been popular with US dealmakers, and this sentiment is only bolstered given the weak pound and a promise of tax cuts and deregulation from the US government as well as the quick resolution to UK/US tariffs. Given the high valuations of US domestic firms, we expect to see US dealmakers turn their attention to UK and cross border deals. Furthermore, PE firms are facing pressure to realise returns on current investments ahead of raising future funds.

## UK RECRUITMENT MARKET

The recruitment market itself is somewhat subdued, as agencies are finding candidates are unwilling to move amongst ongoing economic uncertainty, coupled with a reduction in the number of permanent positions. Employment costs including minimum wage have risen substantially as well as recent rises in National Insurance contributions have meant companies are closely reviewing overheads including people costs with employers forced to find efficiencies to offset the increase in tax. However, despite this, there is optimism reducing interest rates will ease cost pressures on business.

Source: <sup>1</sup>Experian

Activity also varies by specific sub-sector with some performing better than others, in particular Construction and Engineering demand has surged as the UK government has committed to £113bn of infrastructure spending in the most recent budget including a target of 1.5 million new homes by 2029. Conversely, higher costs including an increase in minimum wage has seen stagnation in the Hospitality sector which has been further exacerbated by higher input costs while Healthcare has been heavily impacted by budgetary pressures with the expected increase in spending after the October budget no materialising yet.



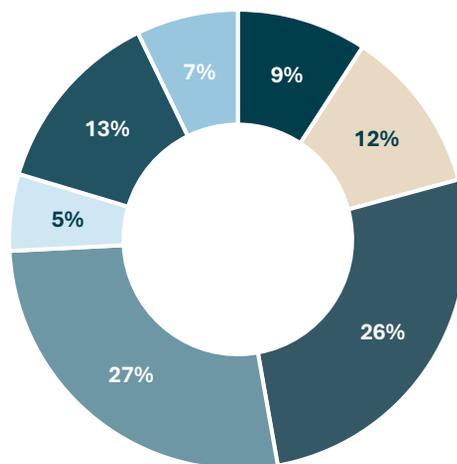


## RECRUITMENT M&A

In the wake of a challenging economic environment, the overall recruitment M&A market exhibited resilience compared to other sectors, with strong transaction momentum throughout 2024 and the beginning of 2025. This includes notable private equity investments such as Cow Corner's acquisition of Compass Recruitment Solutions and Rcapital's acquisition of Gap Personnel.

Undoubtedly, the sector faced challenges as a result of government legislation impacting both Capital Gains Tax and National Insurance although some sub-sectors showed more resilience than others. Firms with a deep niche specialism in more resilient verticals including Education, Technology and Professional Services continued to perform strongly.

## RECRUITMENT M&A VERTICAL BREAKDOWN



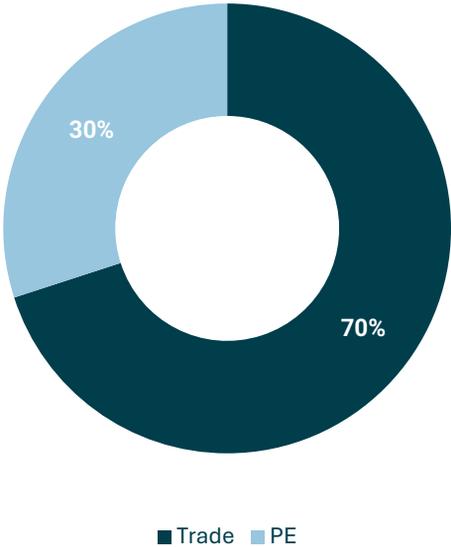
- Technology
- Professional Services
- Other
- Education
- Healthcare
- Generalist
- Construction & Engineering

Source: IMAP Analysis

There has been notable interest from financial investors into recruitment platforms and human capital management software. Like many sectors the application of AI has been a factor in a large proportion of the deals. We only expect this trend to continue as the use of AI and technology in the recruitment sector becomes more and more commonplace.

There has also been a change in the nature of the acquirers. PE has historically had a slight edge in acquisitions in this sector but 2024 saw Trade outperform private equity. This has largely been attributed to trade buyers looking to expand into new verticals and markets. Traditional global diversified recruitment companies are increasingly shunning acquisitions of pure play recruiters in favour of focusing their M&A further up the value chain targeting parallel services such as HCM Tech, outsourced HR and Training. At the same time, PE is increasingly selective in pursuing acquisitions, focusing on attractive vertical focused strategies and we anticipate further activity given the abundance of dry powder that needs deploying.

## PE VS TRADE



Source: IMAP Analysis



The UK recruitment market has historically been attractive to overseas acquirers, and this has continued in 2025 highlighted by a surge of US buyers including Korn Ferry’s purchase of Trilogy Consultants International Limited. Further notable transactions include Canada’s Onex Partners acquiring a majority stake in Morson Group Limited and the UAE’s Dulscos LLC acquiring Advance Global Recruitment Ltd, proving the demand for UK recruitment firms.

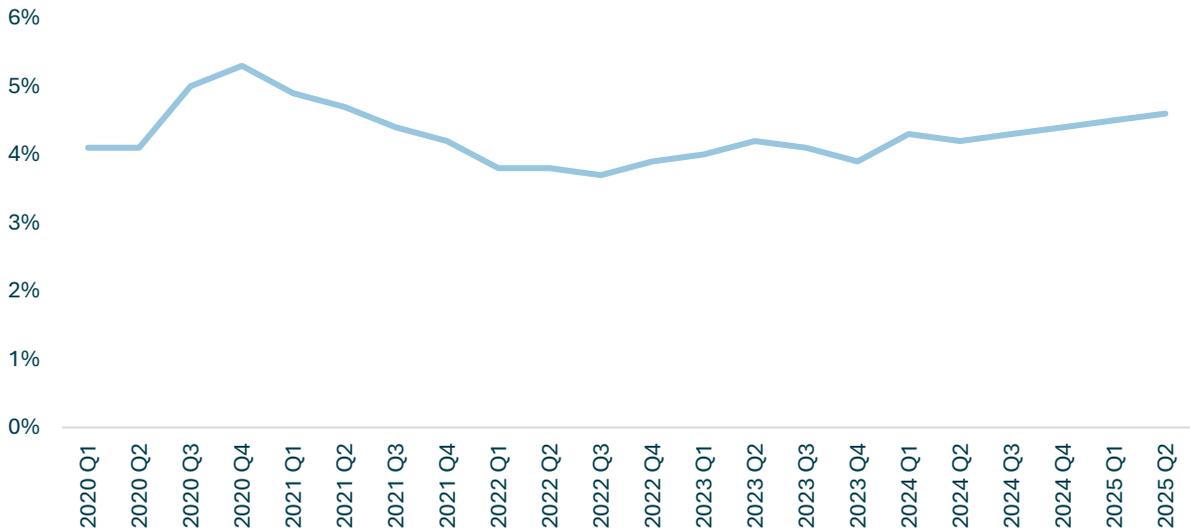


## UK MACRO OUTLOOK & DRIVERS FOR RECRUITMENT SECTOR

There are several drivers that determine activity in the recruitment sector

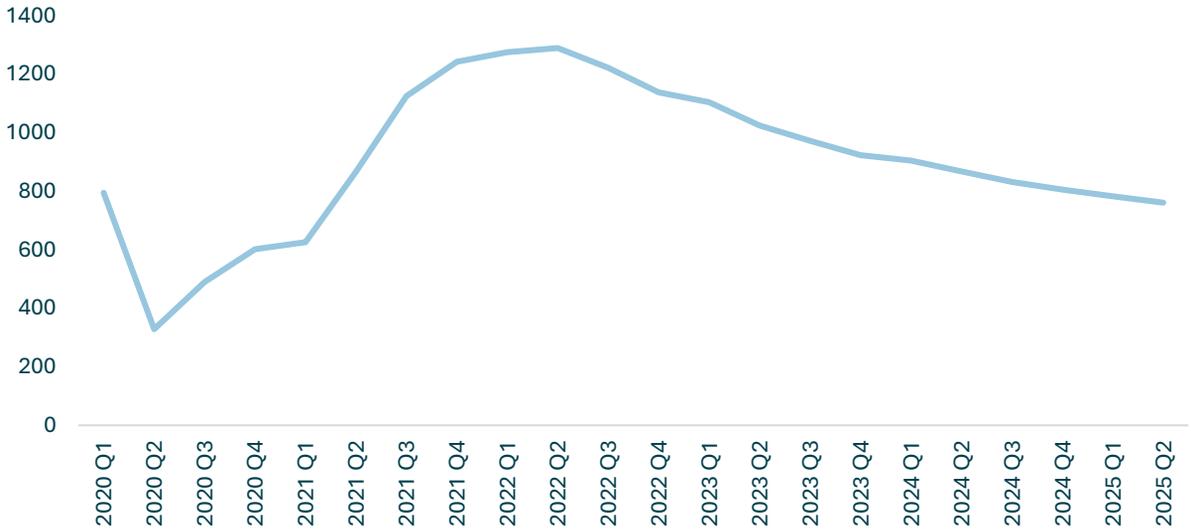
- Unemployment rate
- Job vacancies
- Business confidence
- Geographical mobility
- Technology

### UNEMPLOYMENT RATE %



Source: ONS

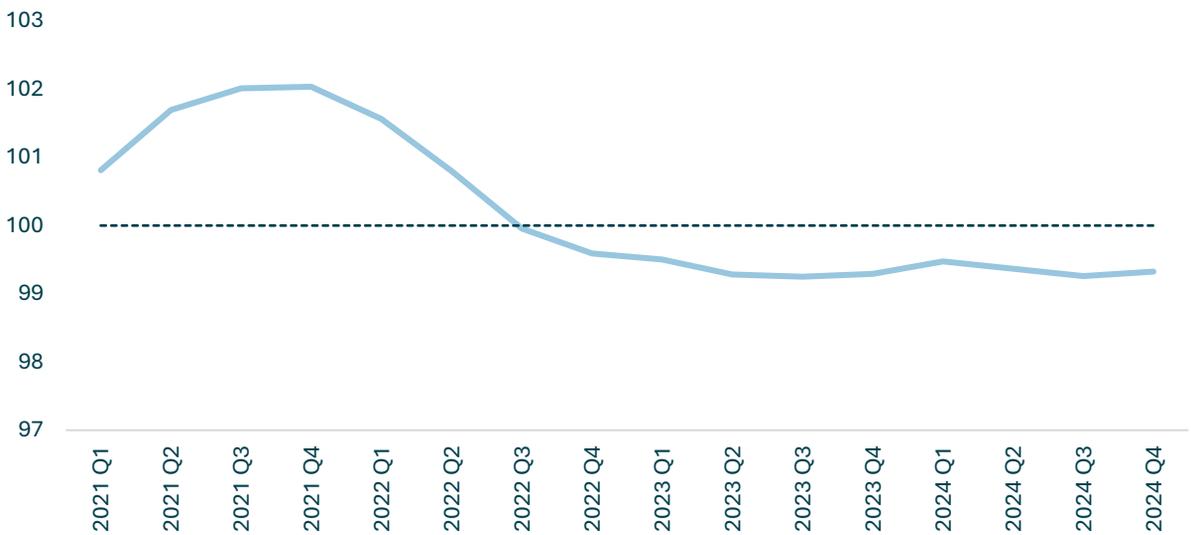
### ESTIMATED UK JOB VACANCIES (000'S)



Source: ONS

Recent years have seen a challenging recruitment environment with a rise in the unemployment rate and a squeeze on the number of available job positions, meaning an undersupply of jobs. The unemployment number remained on a marginal downward trend largely driven by economic uncertainty and further exacerbated by the rise in National Insurance leading to a focus on cost saving measures. Both metrics are indicative of the UK’s macroeconomic environment and heavily impact the recruitment sector.

### UK BUSINESS CONFIDENCE



Source: OECD – Amplitude adjusted, long term average =100

Business confidence is a key macro indicator for the recruitment market. Higher periods of business confidence correlate to higher periods of investing into human capital to drive business growth. Anything above the base line of 100 indicates an increase in business confidence and anything under the trendline indicates a decrease in business confidence. The above graph indicates that the UK crossed that inflection point at the end of 2023 and has remained underneath it since. This is primarily due to political and fiscal instability in the UK and wider global economy. Many believe that the drivers of low business confidence are slowly being eradicated, and in turn suggest the potential of an uptick in business confidence. The OECD is yet to release their data for the current year but 2025 has brought further, arguably temporary, instability through the tariff wars. Business confidence has remained subdued but there are indications of an uptick in the near future especially with many of the more notable US tariffs having since been lifted. We expect as business confidence increases so will the rate of hiring.

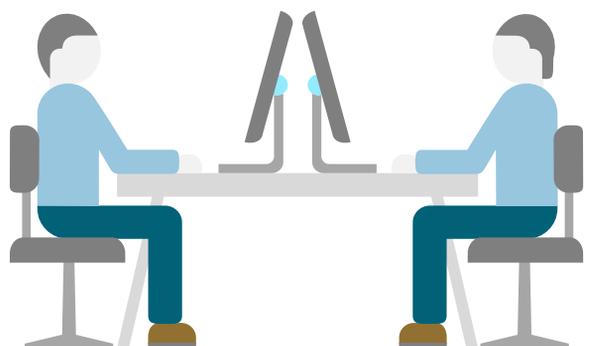
COVID-19 saw a surge in remote and flexible working assisted by technological advancements including Zoom and Microsoft Teams. This has reduced the impact of geographical immobility allowing people to access jobs that were previously inaccessible. As a result, a new pool of remote working jobs has arisen allowing recruiters to place people globally from their current pool of candidates.

One of the key driver in deals, regardless of the end-segment focus, is technology. A large proportion of UK deals in the recruitment sector are driven by recruitment platforms or recruitment technology (RecTech). Additionally, Machine Learning and Artificial Intelligence are increasingly being utilised by recruitment firms, enabling them to speed up the hiring process. Furthermore, it is allowing firms in the space wishing to raise capital to access to a new pool of technology focussed investors.

A key example of this is Jobtoolz BV (a subsidiary of Invincible Software Holdings Ltd) acquiring HireHive, a recruitment platform whose primary offering is a software as a service (SaaS) applicant tracking system with in-built AI capabilities. This example highlights a technology focussed investor investing into recruitment companies, and we expect this trend to only increase as AI and Machine Learning become more embedded in the UK recruitment space.

Technology has impacted recruitment in different verticals, including the standards of automating labour-intensive tasks such as ensuring that potential candidates match up to a job description. This streamlining of the process allows firms to run leaner or reallocate capital to hiring net fee income (NFI) generating employees. Additionally, as nepotism and hiring biases are slowly being eradicated from hiring processes, AI has been implemented to diversify the talent pool, as names, gender etc. can be redacted. In turn, this eliminates sub-conscious or conscious bias towards certain candidates ensuring all potential suitors for the role are fairly assessed. From the point of view of a candidate, the process, be it successful or not has been made more efficient with the aid of technology, for example timely status updates, or process and information management.

However, clearly AI has not yet perfected the process as it can overlook candidates who may be moving laterally, or those with less traditional paths into a role, but it has in general streamlined the hiring process for all involved.



## SELECTED RECENT TRANSACTIONS

### INSPIRIT CAPITAL ACQUIRES WILEY EDGE

In January 2024, Inspirit Capital, announced it acquired Wiley Edge from John Wiley & Sons (NYSE: WLY). Operating in eleven countries, Wiley Edge specialises in upskilling and corporate training services to help bridge the skills gap in high-demand sectors like Technology and Financial Services, as noted in the press release. The company also provides customised training programs to reskill current employees and enhance retention rates. This transaction highlights the cross jurisdictional nature of the recruitment M&A market.



### COW CORNER INVESTS INTO COMPASS RECRUITMENT

In March 2024, Cow Corner made a strategic investment in Compass Recruitment Solutions (CRS), an award-winning recruitment firm specialising in the health, social care, and life sciences sectors within the UK, and expanding its reach internationally. This investment allows Cow Corner to acquire a substantial equity stake in CRS, with the objective of accelerating the company's growth through organic expansion into both existing and adjacent markets. The investment will also focus on enhancing digital capabilities and implementing artificial intelligence, as well as pursuing acquisition-driven consolidation within the UK and international markets.



COMPASS Recruitment Solutions

### PELICAN CAPITAL INVESTS INTO UNSEEN GROUP

In May 2024, Pelican Capital completed the acquisition of Unseen Group, a consortium of EdTech and RecTech brands dedicated to creating opportunities and choices for the next generation of talent. This group utilises strategic acquisitions and innovative technology within the early careers and employability sector, offering universities and corporate employers a variety of digital solutions to revolutionize the early careers market. The investment from Pelican Capital will enable Unseen Group to expand its operations and enrich its portfolio with advanced, high-impact businesses.



## BGF INVESTS INTO METRIC SEARCH

In July 2024, BGF made a substantial investment in Metric Search, a specialist recruitment firm operating in both the UK and US. Metric Search is recognised as a premier partner for sourcing technical talent in the life sciences, energy, and infrastructure sectors. This funding from BGF will enable Metric to enhance its presence in the US recruitment market, valued at approximately \$216 billion, by broadening its services to include dedicated executive search, contract recruitment, and additional niche specialties.

The logo for BGF, consisting of the letters 'BGF' in a bold, teal, sans-serif font.The logo for Metric, featuring a stylized 'M' icon made of three black bars of varying heights, followed by the word 'Metric' in a bold, black, sans-serif font.

## KORN FERRY ACQUIRED TRILOGY INTERNATIONAL

In November 2024, Korn Ferry (NYSE:KFY), the global organisational consulting firm, acquired UK-based Trilogy International. Trilogy is a leading provider of digital interim talent across both the EMEA region and the United States. The terms of the deal were not disclosed; however, it was a prime example of the prevalence of trade buyers in the recruitment M&A market and in particular overseas buyers.

The logo for Korn Ferry, featuring a stylized 'K' icon made of two black bars, followed by the text 'KORN FERRY' in a black, sans-serif font.The logo for Trilogy International, featuring the word 'Trilogy' in a bold, black, sans-serif font with a stylized 'Y' icon made of three bars, and the word 'INTERNATIONAL' in a smaller, black, sans-serif font below it.

## FRESHSTREAM ACQUIRED G2V GROUP

December 2024 saw Freshstream Private Equity acquire G2V Group; the fast-growing contract staffing and recruitment firm focused on talent solutions for highly skilled roles within the Technology, Engineering, Government and Life Sciences sectors. The company operates 22 offices across Europe including the Benelux and DACH as well as the UK and US.

The logo for Freshstream, featuring a stylized 'F' icon made of three horizontal bars, followed by the word 'Freshstream' in a black, sans-serif font.The logo for G2V, consisting of the letters 'G2V' in a bold, black, sans-serif font.

## FREELAND GROUP ACQUIRED MINDQUEST

In March 2025, MML-backed Freeland Group acquired Mindquest – its seventh acquisition in recent years. The acquisition of Mindquest significantly strengthens Freeland's tech capabilities and creates new synergies in talent sourcing. Freeland Group has a substantial European footprint with offices including London, Barcelona and Paris.

The logo for Freeland, featuring the word 'freeland' in a bold, blue, sans-serif font with a stylized orange butterfly icon to the right.The logo for Mindquest, featuring the word 'mindquest' in a bold, sans-serif font where 'mind' is black and 'quest' is red.

## QUAD PARTNERS INVESTS INTO THE EDWIN GROUP

In July 2024, Quad Partners acquired The Edwin Group from LDC. Established in 2008, The Edwin Group is one of the UK's largest providers of supply teachers to primary, secondary and special educational needs schools across the Vision for Education, ABC Teachers and Smart Teachers brands. This additional investment will allow the business to continue expanding on the next stage of its growth journey.

**QUAD  
PARTNERS**

 **The Edwin Group**

## THREE HILLS INVESTS INTO OPERAM EDUCATION GROUP

In November 2024, Three Hills invested into BGF backed Operam Education Group. Operam is a leading education resourcing business based in Manchester that provides temporary teaching and support staff to under-served schools across the UK. Three Hills will provide additional capital and expertise to drive both organic and inorganic growth.

**THREE HILLS**

Operam Education Group 

## PRICOA PRIVATE CAPITAL INVESTS IN TEACHERACTIVE

March 2024 saw Pricoa Private Capital invest in TeacherActive; one of the largest education recruitment agencies in the UK. As experts in education, the business delivers both temporary and permanent placements and is one of the largest education recruitment agencies in the UK.

Pricoa Private Capital

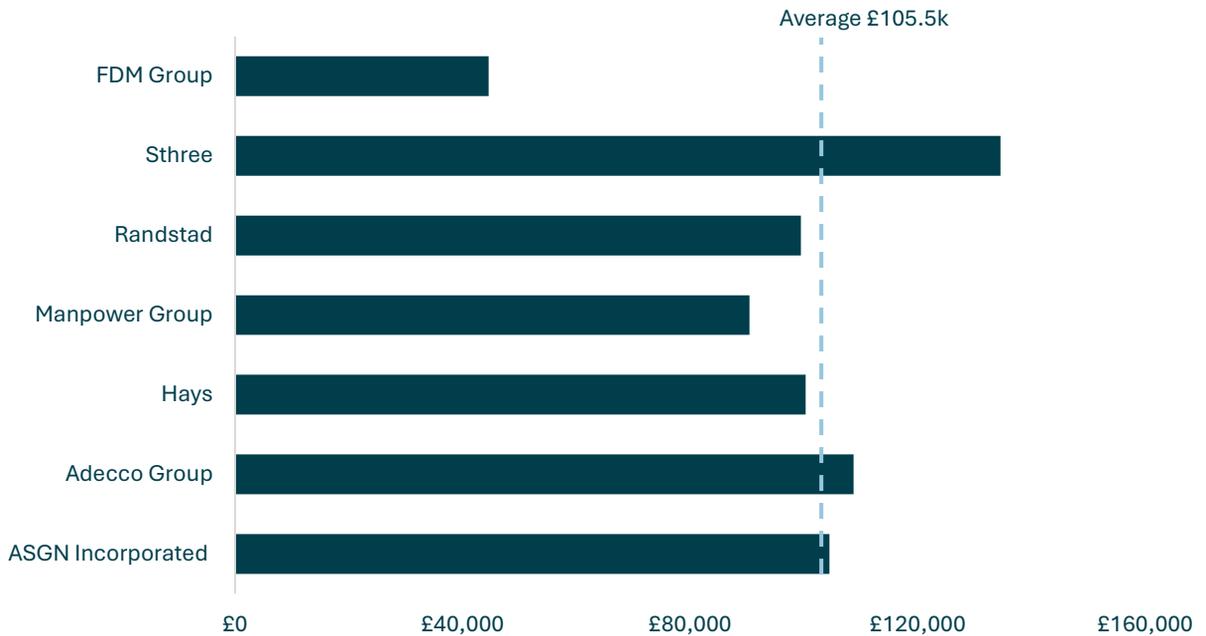


 **TeacherActive**

## OPERATIONAL BENCHMARKING

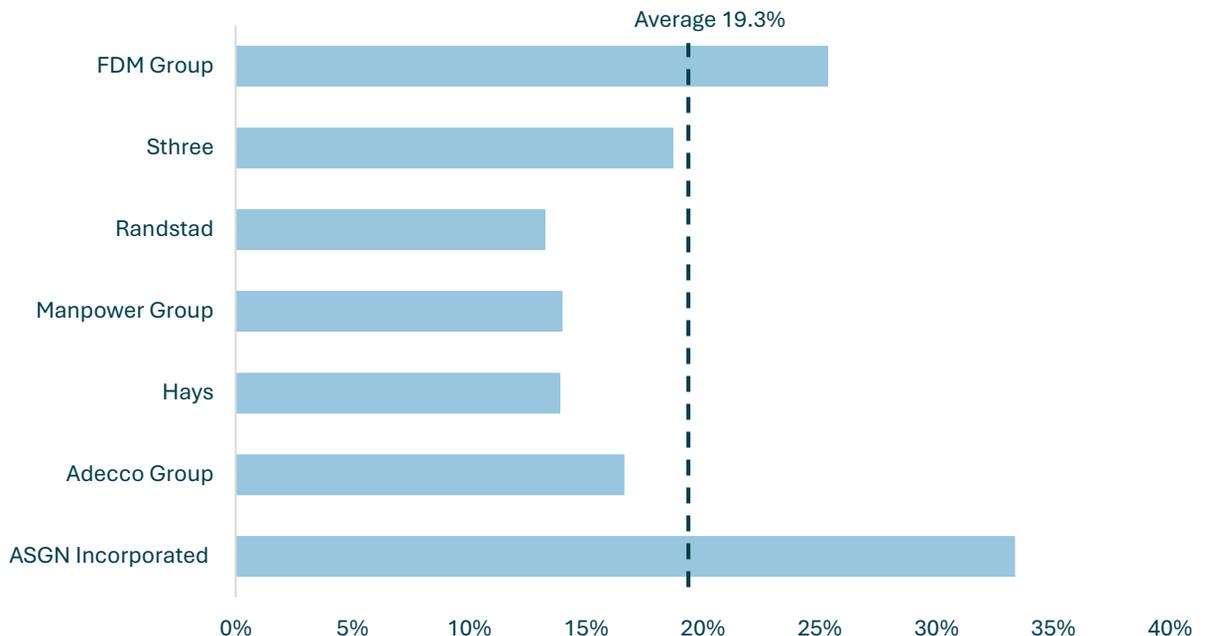
Operational gearing varies widely within the sector with broadly similar NFI per employee converting to hugely differing EBITDA margins. Compared to 2024, recruitment firms have seen an uptick in NFI driven by a more stable economic environment, as we move towards 2026 those businesses that are able to demonstrate both NFI growth and consistent double digit conversion ratios will be able to command premium valuations.

### NFI per employee



Source: CapIQ, as at 02/06/2025

### NFI to EBITDA Conversion



Source: CapIQ, as at 02/06/2025

## CEO INSIGHT

“During FY24, client and candidate confidence reduced, and time-to-hire extended. We estimate it is taking about 15-20% longer on average to secure a placement, although in terms of input activity, our teams are as busy as ever. This creates a material drag on the average number of placements per consultant, and our profitability.

So, while we are not satisfied with our financial performance last year, we are firmly focused on ensuring that we benefit strongly from market recovery. And when the recovery comes, I remain confident we can return to, and then exceed, our prior peak profits of £250 million” **DIRK HAHN, CEO, HAYS**



“It’s clear that our strategy is working. The cyclically sensitive Talent Acquisition offerings are being buoyed by growth and stability from our diversified offerings, particularly Consulting. Although that’s complemented by Digital, they’ve both generated very, very solid performance during the year.” **GARY BURNISON, CEO, KORN FERRY**

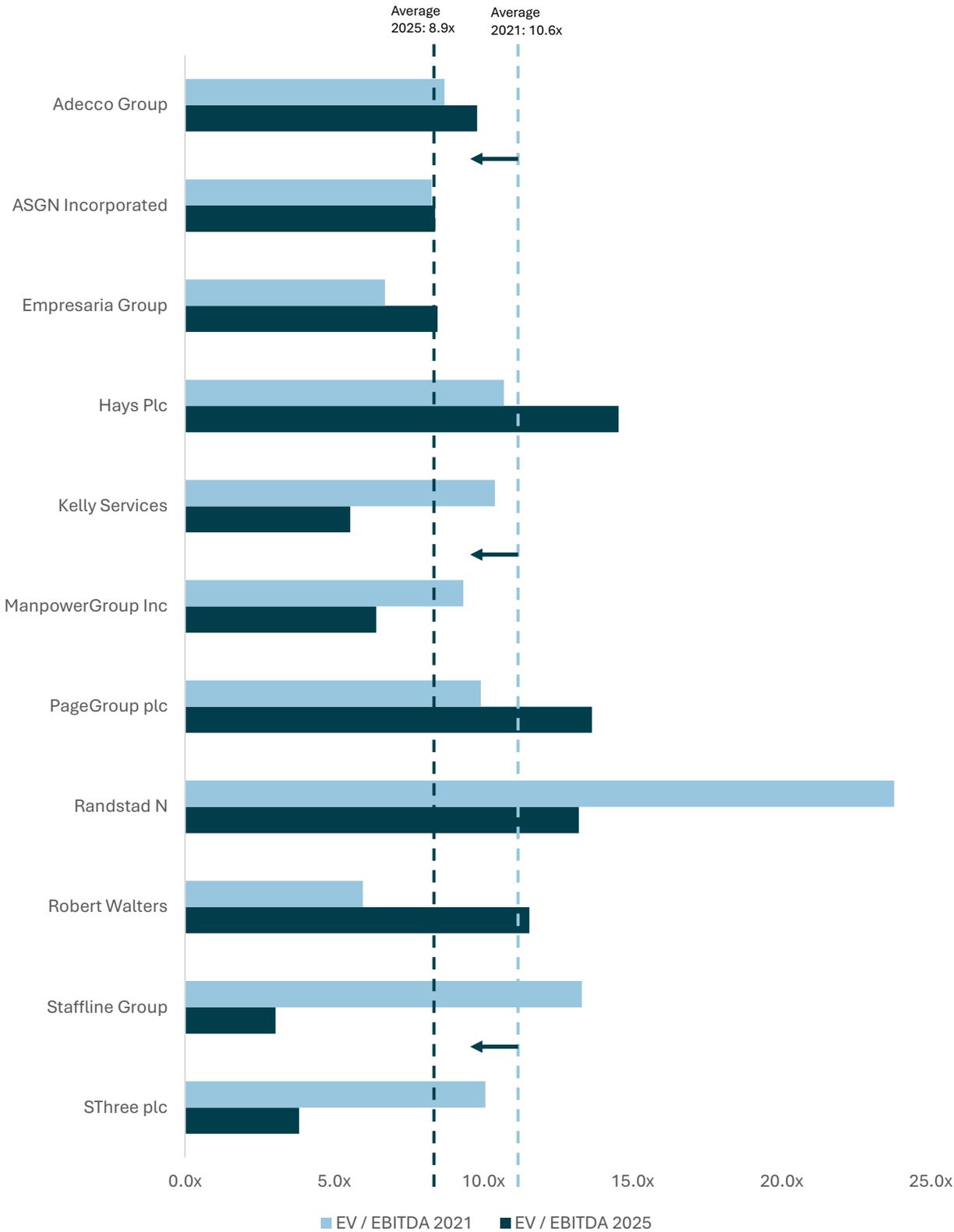
“We continued to see challenging market conditions throughout the group in the second quarter, and we experienced a softening in activity levels through the quarter, particularly in terms of new jobs registered and number of interviews.

The conversion of interviews to accepted offers is the most significant area of challenge, as candidate and client confidence remains subdued, reflecting the macro-economic uncertainty in the majority of our markets.

Permanent recruitment continues to be impacted more than temporary, as clients seek more flexible options and permanent candidates remain reluctant to move jobs.” **NICHOLAS KIRK, CEO, PAGEGROUP**



# EV/EBITDA MULTIPLES HAVE CONTRACTED



Source: CapIQ, as at 02/06/2025 and CapIQ, as at 02/06/2021

## QUOTED PEERS

Name	Market Cap (£m)	Total EV (£m)	Revenue (£m)	EBITDA (£m)	EV / EBITDA
Adecco Group AG (SWX:ADEN)	£3,421.1	£6,203.5	£19,589.1	£633.3	9.8x
ASGN Incorporated (NYSE:ASGN)	£1,654.3	£2,573.1	£3,208.9	£309.2	8.4x
Empresaria Group plc (AIM:EMR)	£14.7	£43.2	£246.2	£5.1	8.5x
Hays plc (LSE:HAS)	£1,129.5	£1,266.5	£6,949.1	£87.1	14.5x
Kelly Services, Inc. (NASDAQGS:KELY.A)	£304.3	£480.1	£3,390.0	£86.5	5.5x
ManpowerGroup Inc. (NYSE:MAN)	£1,378.5	£2,173.0	£13,974.5	£338.1	6.4x
PageGroup plc (LSE:PAGE)	£848.1	£889.5	£1,738.9	£65.2	13.6x
Randstad N.V. (ENXTAM:RAND)	£5,405.3	£6,962.9	£20,422.1	£527.4	13.2x
Robert Walters plc (LSE:RWA)	£139.4	£159.3	£892.1	£13.8	11.5x
Staffline Group plc (AIM:STAF)	£49.2	£44.3	£992.9	£14.6	3.0x
SThree plc (LSE:STEM)	£294.3	£264.4	£1,492.9	£69.2	3.8x

Source: CapIQ, as at 02/06/2025

## IMAP RECRUITMENT SECTOR CREDENTIALS

  
Risk management solutions

**INVESTED IN**

  
Environmental safety and health staffing

  
Application and analytic software provider

**ACQUIRED**

  
Human capital management software

  
Talent management solutions

**ACQUIRED**

  
Staffing and recruiting resources

  
Temporary employment services

**ACQUIRED**

  
Staffing agency

  
Private equity firm

**INVESTED IN**

  
Staffing and recruiting services

  
Job search engine

**ACQUIRED**

 **YARDSTICK MANAGEMENT**  
Purpose. Measurement. Results.

DEI Consulting and executive search

## IMAP RECRUITMENT SECTOR CREDENTIALS

**MAINST**  
CAPITAL CORPORATION

Private equity firm

RECAPITALISATION

**HW**  
STAFFING  
SOLUTIONS

Staffing services

**TCV**

Private equity firm

INVESTED IN

 grupa pracuj

Online recruitment group



Workforce solutions

ACQUIRED

**CALIPER**

Talent management solutions



Group of human capital specialists

ACQUIRED



Staffing and recruiting

 **INVESTMENT PARTNERS**  
SINCE 1983

Private equity firm

INVESTED IN

 **Bolton**  
REMOTE

Outsourcing and remote staffing services

**glowi**

Group in temporary staffing

ACQUIRED

 **mojo**

Staffing agency

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- Global sector and project teams across 51 countries and 15 sector groups
- Proven cross-border advisory practice
- Leveraging local knowledge and corporate access in all relevant international markets

## 50+ YEARS

- Multiple decades of experience of sell-side advisory for primarily privately held companies and corporate carve outs.
- Strategic acquisitions for international corporates
- Sweet-spot transaction values £20-500m

## \$30BN DEALS IN 2024

- IMAP has closed over 2,200 transactions valued at \$130 billion in the last 10 years

## 450+ PROFESSIONALS

- IMAP is a partner-driven, client-focused and independent M&A advisory
- Senior experience and hands on involvement in deals – 230 Senior Transaction/Transaction Advisors

## GLOBAL PERFORMANCE RANK ADVISOR

1. PwC
2. Houlihan Lokey
3. Deloitte
4. **IMAP**
5. Jefferies
6. Rothschild
7. Mizuho
8. KPMG
9. Goldman Sachs
10. Lincoln International

Ranking based on number of transactions closed in Q1 2025. Undisclosed values and values up to \$500 million. Source: LSEG (Refinitiv) and IMAP internal data.





# ABOUT IMAP

INTERNATIONAL MERGERS  
& ACQUISITIONS PARTNERS

**2025**

OVER HALF A CENTURY HELPING OUR  
CLIENTS THRIVE IN COMPETITIVE  
EVER-CHANGING ECONOMIES

IMAP