

## Eroding U.S. Infrastructure: Challenge for Country Equals Opportunity for Services Providers

Every four years the American Society of Civil Engineers, the oldest national engineering society in the United States, provides an assessment of the nation's twelve infrastructure categories. The most recent report card in 2005 would have been difficult to get any parent to sign, with the highest grade of C+ given to any one category. The overall grade given to the nation's infrastructure was a D, down from D+ when last graded in 2001 (ASCE 2005 Report Card for America's Infrastructure). Some modest improvement in grades was logged in certain categories but improvements from D+ to D and D- to D hardly point to any significant accomplishment. The bottom line: on balance, America's infrastructure is neither satisfactory nor improving.

Perhaps the ASCE is not completely unbiased in its conclusions (which of course

### The State of America's Infrastructure <sup>(1)</sup>

Category	2001	2005
Aviation/Aerospace	D	D+
Bridges	C	C
Dams	D	D+
Drinking Water	D	D-
Energy	D+	D
Hazardous Waste	D+	D
Navigable Waterways	D+	D-
Public	-	C-
Parks/Recreation		
Rail	-	C-
Roads	D+	D
Solid Waste	C+	C+
Transit	C-	D+
Wastewater	D	D-

1) ASCE 2005 Report Card. Each category assessed on the basis of condition and performance, capacity vs. need and funding vs. need

imply that the nation is increasingly in desperate demand for its members' services) but its directional recommendations are confirmed by independent government agencies and private studies. The ASCE estimates that a staggering \$1.6 trillion in investment is required to return the U.S. infrastructure to passing grades. Such a tremendous shortfall represents an enormous long-term challenge to this country's federal and local governments that are already struggling to balance budgets. However, the metaphorical "cracks" in the infrastructure are increasingly real and difficult to ignore as evidenced by an increasing number of incidents including the Prudhoe Bay pipeline shutdown in March 2006, the August 2003 East Coast blackout and

(article continued on page 2)

## The Temporary Staffing Market in Germany

### Improved Economic Fundamentals

The German economy is back on track and employment has been growing strongly over the last 13 months with more than 1 million jobs created since January 2006. The overall unemployment rate has

fallen from 13.5% to 10.2% in the same period.

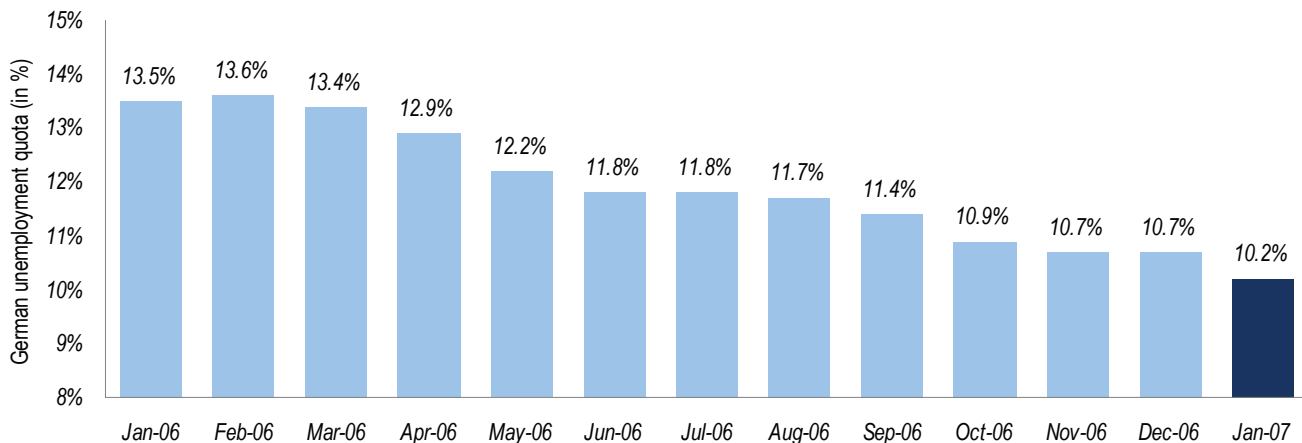
With the pick-up of general employment, temporary staffing agencies once again enjoy very favorable market conditions which have not only improved in economic terms but also through various regulatory amendments. The temporary staffing market is now considered to be a reliable

and flexible element in the otherwise restrictive German labor market.

Temporary staffing can be broadly defined as a temporary employment relationship between a temporary work agency, which is the employer, and a worker, who is then assigned to work for a third party making

(article continued on page 3)

**Average unemployment rate in Germany, January 2006 to January 2007**



Source: Statistisches Bundesamt

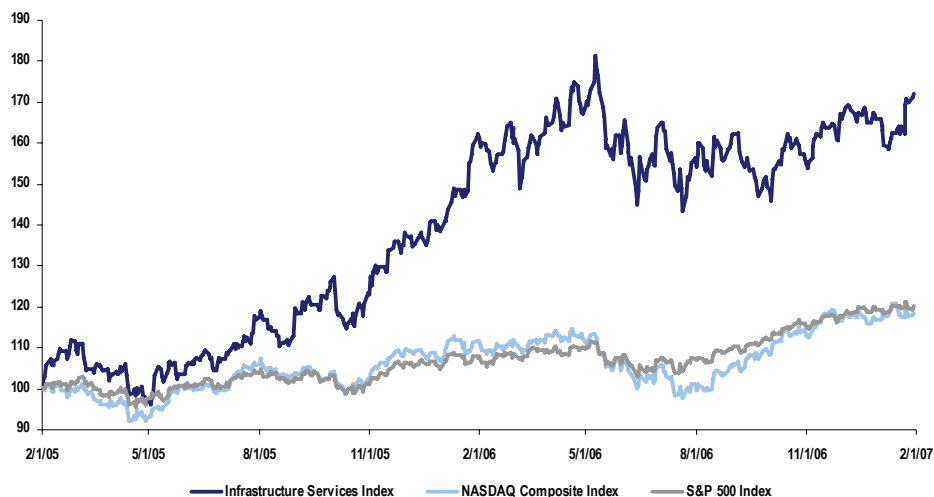
## Eroding U.S. Infrastructure (continued from page 1)

several notable sinkhole occurrences that resulted from collapsed storm sewers.

Statistics cited by the ASCE include:

- Every day, six billion gallons of clean, treated drinking water simply “disappears” due to old, leaky pipes and water mains – enough to serve the entire State of California (many municipal water systems “lose” 20% or more of the water they produce through leaks)
- Deteriorating road conditions cost the economy \$54 billion annually
- 27% of the country’s 590,750 bridges are rated “deficient” and will cost \$9.4 billion a year for the next 20 years to repair or replace
- 33% of U.S. dams (which create 10% of the nation’s electricity) are unsafe, requiring \$10.1 billion in spending over the next 12 years
- U.S. power transmission capacity continues to decrease (despite rising demand) while maintenance expenditures have actually decreased one percent annually since 1992
- The U.S. faces an \$11 billion annual shortfall to replace aging drinking water facilities

### Relative Performance of Infrastructure Services Sector over the Past Two Years



- The EPA estimates that the nation must invest \$390 billion over the next 20 years to replace aging wastewater facilities that currently discharge an estimated 1.2 trillion gallons of untreated sewage into U.S. surface waters each year

Experts believe demand for infrastructure services will increase in the face of recent historic underinvestment in the country’s infrastructure. In addition, if political rhetoric is any gauge, there is an

increasing sense that the country can no longer keep its head stuck in the sand in the face of infrastructure challenges that are literally making their way into people’s backyards (often in the unpleasant form of raw sewage). Various metrics also suggest that the aging of the U.S. infrastructure will be increasingly difficult to ignore. For example, while the EPA utilizes

(article continued on page 3)

### Select M&A Transactions in the Infrastructure Services Sector

(\$ in millions)

Date	Target Company	Acquiring Company	Enterprise Value <sup>(1)</sup>	Enterprise Value /	
				Revenue	EBITDA
Announced	The RETEC Group Inc.	ENSR International Corporation	N/A	N/A	N/A
Feb-07	Brand Energy & Infrastructure Services Inc.	First Reserve Corporation	\$1,689	2.2x	14.2x
Nov-06	American Water’s Underground Infrastructure Group	Layne Christensen Co.	29	0.6x	5.1x
Nov-06	Hawkeye LLC	Tenaska Energy Inc.	N/A	N/A	N/A
Oct-06	CenterPoint Energy Inc. - Third Party Operations	Energy Maintenance Services Group LLC	N/A	N/A	N/A
Sep-06	Triton Insitutech, LLC	Cohesant Technologies	N/A	N/A	N/A
Sep-06	Ralph Whitehead Associates Inc.	STV Group Inc.	N/A	N/A	N/A
Jul-06	Miller Pipeline Corporation	Vectren Corporation	N/A	N/A	N/A
Jul-06	Collector Wells International Inc.	Layne Christensen Co.	N/A	N/A	N/A
May-06	Black & Veatch - Utility Business Alliance Co. Ltd.	Nawarat Patanakarn Public Co. Ltd.	N/A	N/A	N/A
May-06	InfrastruX Group Inc.	Tenaska Capital Management	275	0.7x	N/A
Apr-06	Techna-West Engineering Ltd.	Jacobs Canads Inc.	N/A	N/A	N/A
Jan-06	SG Resources Mississippi LLC	ArcLight Capital Partners LLC	N/A	N/A	N/A
Dec-05	H.R. Allen Inc.	Management	7	N/A	N/A
Oct-05	The Tensar Corporation	Arcapita Inc.	385	N/A	N/A
Oct-05	BBS Corporation	CH2M Hill Companies, Ltd.	N/A	N/A	N/A
Sep-05	Crowder Construction Co.	Vinci SA	N/A	N/A	N/A
Sep-05	Florida Industrial Electric Inc.	Undisclosed	8	N/A	N/A
Sep-05	Reynolds, Inc.	Layne Christensen Co.	120	N/A	N/A
Jul-05	American Asphalt & Grading Co.	Code Hennessy & Simmons LLC	N/A	N/A	N/A
Jun-05	Ernest P. Breaux Electrical, Inc.	Breaux Constructors Inc.	6	0.1x	N/A
Jun-05	Norm’s Utility Contractor Inc.	Knife River Corporation	N/A	N/A	N/A
May-05	Anderson & Wood Construction Co. Inc.	Energy Systems Inc.	N/A	N/A	N/A
Apr-05	RCI Construction Group Inc.	Parsons Corp.	N/A	N/A	N/A
Jan-05	Cherry Hill Construction Inc.	Perini Corp.	20	N/A	N/A

<sup>1</sup> Limited public information available regarding valuation multiples for the above transactions.

## Eroding U.S. Infrastructure (continued from page 2)

a rule of thumb that a sewer pipe lasts 50 years, a 1998 study found existing pipes then averaged 33 years old (or 42 years old today) which suggests that at present most sewer pipes either currently need or will soon need to be replaced.

For well positioned infrastructure services companies there lies a significant opportunity to provide highly-demanded infrastructure to the electric power, gas, oil pipeline, telecommunications and water and wastewater sectors. The long-term attractive demand dynamics have led to strong growth and profitability for sector participants resulting in relatively strong stock price performance. The below graph highlights the relative performance of Lincoln International's Infrastructure Services Index vs. the S&P and NASDAQ over the last two years.

As an important corollary to this activity, the infrastructure services sector has realized a recent period of healthy M&A volume reflecting its overall attractiveness and consolidation, as participants seek scale, additional core competencies or entrance into new geographic markets.

## Infrastructure Services Public Company Comparables

(\$ in millions, except per share data)

Company	Stock Price	Market Capitalization	Enterprise Value	Enterprise Value / LTM		
				Revenue	EBIT	EBITDA
<b>Infrastructure Services Companies</b>						
Dycom Industries Inc.	\$ 22.60	\$ 918	\$ 1,110	1.1x	16.7x	9.6x
EMCOR Group Inc.	57.36	1,819	1,577	0.3x	16.1x	13.1x
Fluor Corp.	81.93	7,213	6,823	0.5x	18.8x	14.2x
InfraSource Services Inc.	21.28	852	906	0.9x	17.3x	11.2x
Insituform Technologies Inc.	27.97	762	771	1.3x	22.7x	13.8x
Jacobs Engineering Group Inc.	90.07	5,327	4,993	0.6x	15.2x	13.2x
Layne Christensen Co.	35.35	544	657	1.0x	12.6x	8.0x
MasTec Inc.	11.32	737	794	0.9x	14.2x	11.1x
Michael Baker Corporation	24.42	208	220	0.4x	16.4x	11.5x
Quanta Services Inc.	20.80	2,465	2,563	1.2x	20.8x	14.7x
Shaw Group Inc.	33.83	2,732	3,805	0.8x	35.3x	26.5x
Sterling Construction Co. Inc.	20.68	224	210	0.9x	10.8x	8.0x
Team Inc.	33.66	295	345	1.2x	12.6x	10.1x
<b>Mean</b>		<b>\$ 1,854</b>	<b>\$ 1,906</b>	<b>0.8x</b>	<b>17.7x</b>	<b>12.7x</b>
<b>Adjusted Mean <sup>1</sup></b>		<b>1,516</b>	<b>1,613</b>	<b>0.9x</b>	<b>16.7x</b>	<b>11.9x</b>
<b>Median</b>		<b>852</b>	<b>906</b>	<b>0.9x</b>	<b>16.4x</b>	<b>11.5x</b>

<sup>1</sup> Adjusted mean excludes the highest and lowest values from the mean.

Demand drivers appear to remain strong for infrastructure services relating to sectors including electrical transmission and distribution, water and wastewater, specialty large-scale project engineering and pipeline services among others. As a

result, providers of such services are well-positioned for continued growth and profitability which may provide an attractive opportunity for both sellers and buyers of such companies, resulting in continued healthy levels of underlying M&A activity.

## The Temporary Staffing Market in Germany (continued from page 1)

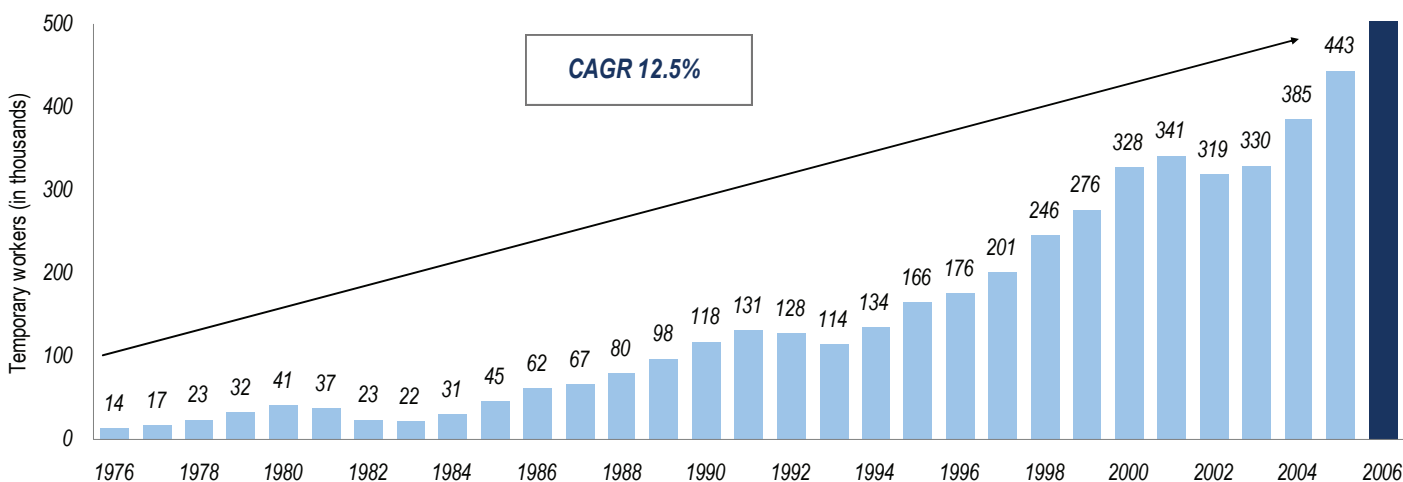
use of his/her workforce. Through their business activities, temporary staffing work agencies increase workers' human capital, the general mobility of the workforce and function as an effective broker in an otherwise less than efficient labor market. As opposed to the permanent core workforce, using temporary workers enables the customer firm to achieve more workforce flexibility, in order to:

- Meet fluctuations in product demand
- Supplement staff due to short-term absences from work
- Reduce labor costs in down times
- Find employees with scarce skills which are only required for a short period or special projects.

In this function, temporary workers act as a buffer peripheral workforce, hedging against market uncertainty for the customer firm. Alternative ways for the customer firm to achieve such flexibility are the increased use of part-timers, flexible working time arrangements, overtime and shift patterns, as well as "outsourcing" strategies. However, all of these may involve

(article continued on page 4)

### Average number of temporary staffing employees in Germany



Source: Statistisches Bundesamt, Bloomberg, BZA

## The Temporary Staffing Market in Germany (continued from page 3)

significant bargaining with trade unions or may be prohibited by Germany's collective trade agreements. As the German economy adjusts to international competitive pressures and finds its way back on a modest but continued growth path, the use of temporary workers has significantly outpaced overall employment growth patterns. The CAGR for temporary staffing growth in Germany stands at 12.5% over the last 30 years.

Various explanations have been proposed for the strong growth of temporary work services over that of the general economy. These include the reluctance of firms to increase their labor force on a permanent basis during economic upswings, the reduction of labor costs, including savings on continued sickness payments and savings on seasonal bonuses, and the bypassing of relatively strict German employment protection legislation.

### The Temporary Staffing Market from an M&A Perspective

With the acquisition of DIS by Adecco, the secondary buy-outs of Tuja by Barclays Capital and of Time Partner by Investcorp and the sale of Management 2000 from Bridgepoint to Vebego International amid many other smaller scale transactions, the German temporary staffing market attracted a high level of M&A awareness over the last 18 months. This development is driven by major industry trends and the

eagerness of financial sponsors to participate in the formation of a more mature German temporary staffing market and realize strong capital gains within this process. The three major industry trends include consolidation, the search for highly qualified employees and outsourcing.

### Consolidation

The German temporary staffing market is extremely fragmented with owner-managed companies shaping the market for personnel services in Germany. In total, there are more than 4,700 temporary staffing agencies. Only 12 companies achieve revenues above Euro 100 million and most of the market participants account for sales of less than Euro 1 million. These small businesses find it increasingly more difficult to compete with large foreign competitors that are looking to increase their foothold in Europe's largest economy.

The top three providers (Randstad, Manpower and Adecco, including DIS) hold a joint market share of 21.3%. The top 15 account for approximately 42% of the German staffing market but are poised to grow at much higher levels than the vast majority of the remaining small competitors.

In order to gain further market share in terms of workforce, client portfolio and regional infrastructure, most large competitors have confirmed their increased appetite to review acquisition

opportunities in Germany. The desire to grow market share and the pressure to succeed on a pan-European level will make growth through the execution of acquisitions a continued strategic focus for the leading staffing agencies.

### Qualified Workforce

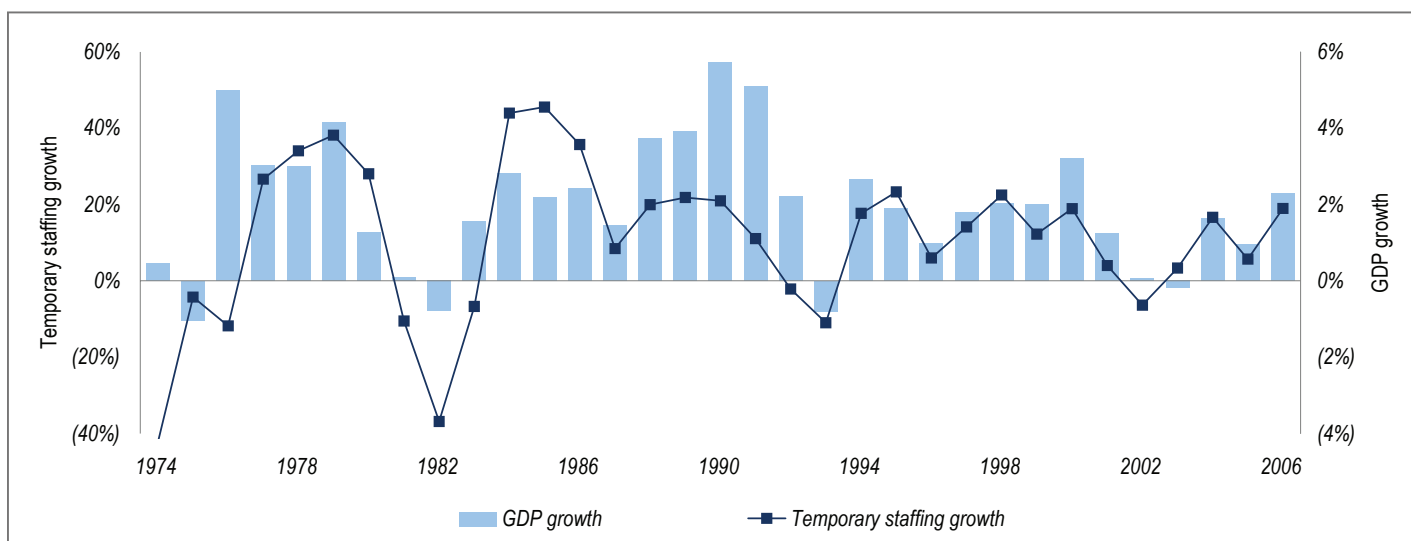
The second important trend is the intentional portfolio shift from a workforce dominated by support staff towards one with access to higher qualified employees. In particular, this trend will impact the white collar segment where strong demand is met by high margins, lower seasonality and lower cyclicity as well as a better reputation.

### Outsourcing

Due to a low penetration rate of approximately 1.4% within the overall labor market, the temporary staffing market in Germany lags significantly behind other European countries. In the Netherlands and U.K. the respective levels reach almost 5%. This structural market adjustment towards further market penetration is expected to create strong organic growth for all staffing agencies and further acquisition opportunities for the larger participants in this market. Domestic and foreign competitors are actively looking to acquire complete qualified workforces and related outsourcing projects from

(article continued on page 8)

### Growth in temporary staffing versus GDP



Source: Statistisches Bundesamt, Bloomberg, BZA

## Valuation Update: Information Services

### Select Public Comparables

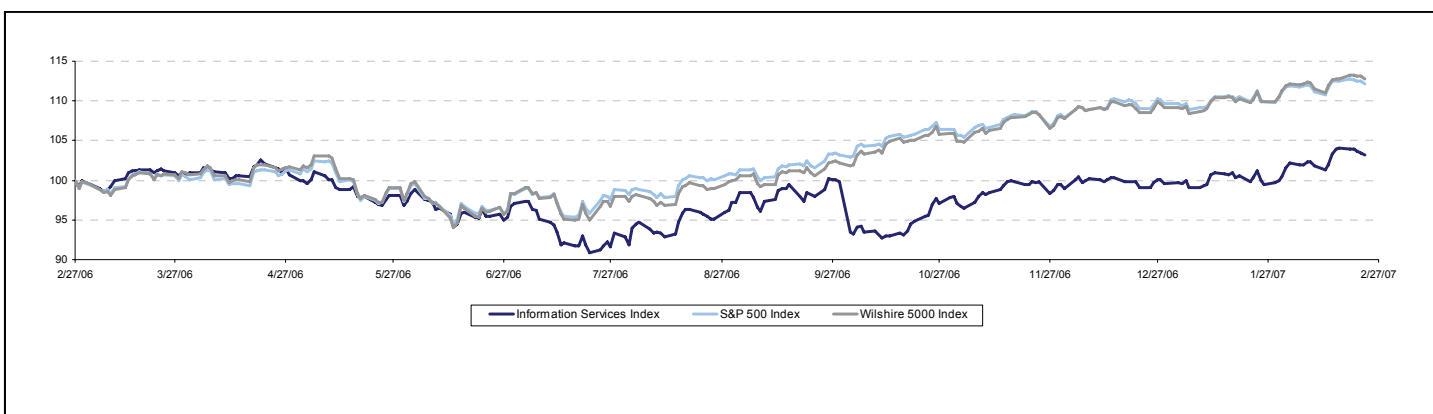
(\$ in millions, except per share data)

Company	Stock Price		Enterprise Value	EV / LTM		NTM Est. P/E	1 Year Est. Earn. Growth
	2/26/2007	52-Wk High		Revenue	EBITDA		
Affiliated Computer Services Inc.	\$ 53.53	\$ 63.66	\$ 7,573	1.4x	7.8x	13.5x	13.4%
Alliance Data	61.18	68.10	5,491	2.7x	10.7x	14.7x	15.1%
Automatic Data Processing Inc.	51.26	51.50	26,778	2.8x	12.1x	19.1x	12.8%
Bisys Group Inc.	13.50	16.48	1,504	1.8x	10.1x	22.1x	10.3%
Choicepoint Inc.	39.62	45.98	3,513	3.3x	10.1x	18.6x	15.2%
CoStar Group Inc.	50.57	62.60	799	5.0x	31.2x	92.4x	(10.6%)
Dow Jones & Co. Inc.	37.19	41.39	3,756	2.1x	13.5x	21.4x	15.4%
DST Systems Inc.	73.16	74.22	5,938	2.7x	12.4x	17.8x	16.7%
Dun & Bradstreet Corp.	90.52	91.02	5,821	3.8x	12.7x	17.2x	14.9%
Equifax Inc.	38.85	42.00	5,433	3.5x	10.3x	16.1x	10.1%
FactSet Research Systems Inc.	61.79	63.60	2,873	7.1x	17.6x	24.9x	21.4%
Fair Isaac Corp.	39.96	44.08	2,531	3.0x	9.5x	15.5x	12.2%
Fidelity National Information Services Inc.	46.79	47.75	11,583	2.8x	11.3x	16.4x	14.1%
First American Corp.	47.27	48.47	4,675	0.5x	5.2x	12.8x	9.1%
First Data Corp.	25.90	48.88	21,028	3.0x	10.2x	18.4x	13.4%
Fiserv Inc.	54.18	55.08	9,945	2.2x	10.2x	16.7x	13.4%
Interactive Data Corp.	24.65	24.94	2,099	3.4x	10.2x	23.0x	9.6%
Iron Mountain Inc.	28.86	29.83	8,326	3.7x	14.1x	36.6x	19.6%
Moody's Corp.	65.37	76.09	18,107	8.9x	15.9x	22.3x	14.0%
Morningstar Inc.	53.31	54.57	2,063	6.5x	19.9x	35.9x	34.4%
Paychex Inc.	42.29	42.50	15,598	8.7x	20.0x	24.6x	14.4%
Reed Elsevier plc	12.15	12.75	19,670	2.1x	14.1x	16.9x	7.8%
Reuters Group plc	8.36	9.46	10,656	2.1x	13.5x	19.9x	26.5%
Taylor Nelson Sofres plc	4.48	5.32	2,563	1.3x	9.6x	NMF	NMF
Thomson Corp.	41.91	44.19	30,780	4.6x	15.9x	19.2x	18.5%
Western Union Co.	22.37	24.14	19,047	4.3x	13.5x	17.5x	15.0%
<b>Mean</b>			<b>\$ 9,544</b>	<b>3.6x</b>	<b>13.1x</b>	<b>22.9x</b>	<b>14.3%</b>
<b>Adjusted Mean <sup>1</sup></b>			<b>9,024</b>	<b>3.5x</b>	<b>12.7x</b>	<b>20.4x</b>	<b>14.5%</b>
<b>Median</b>			<b>5,879</b>	<b>3.0x</b>	<b>12.2x</b>	<b>18.6x</b>	<b>14.1%</b>

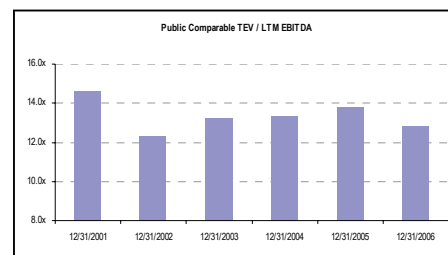
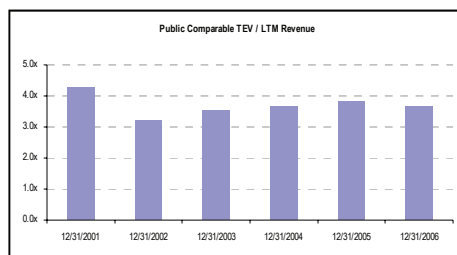
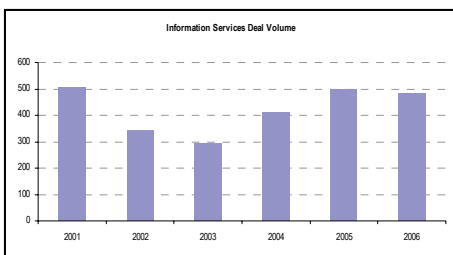
(1) - Adjusted mean excludes the highest and lowest values

NMF - not meaningful

### LTM Relative Stock Price Performance



### M&A Public and Private Transaction Data



Source: Capital IQ and Factset MergerStat

# Valuation Update: Professional and Human Capital Services

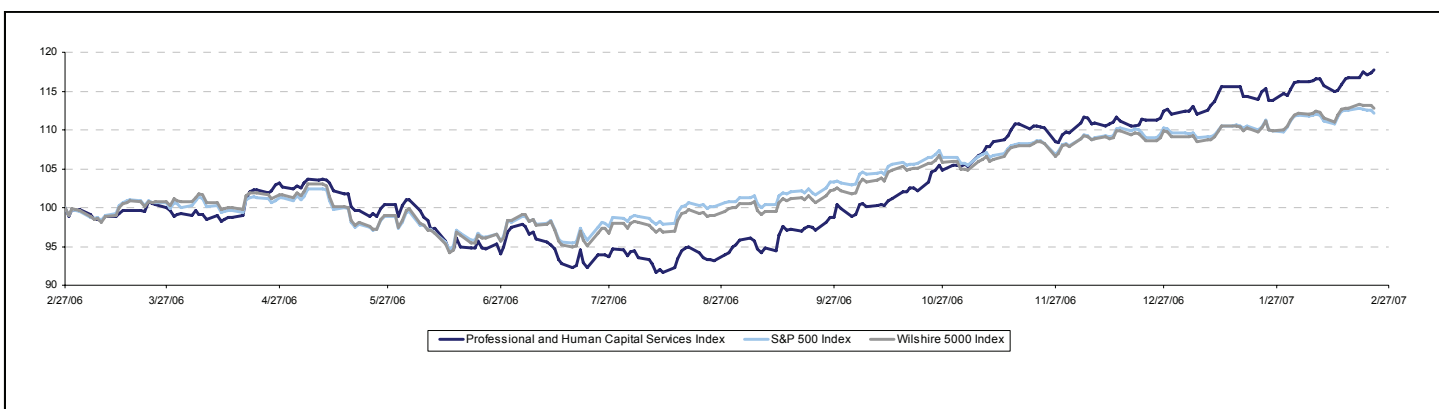
## Select Public Comparables

(\$ in millions, except per share data)

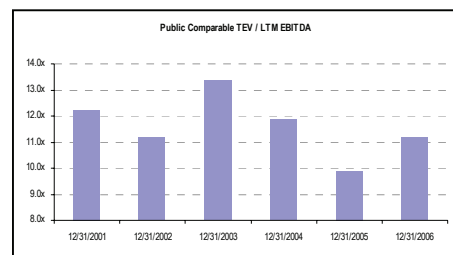
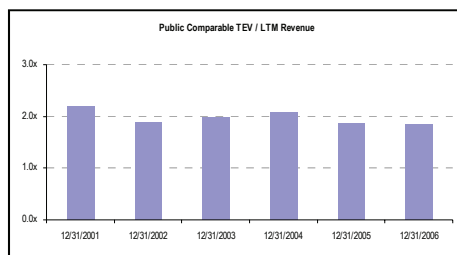
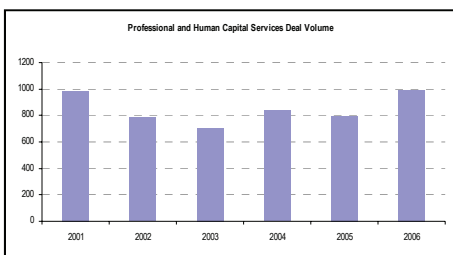
Company	Stock Price		Enterprise Value	EV / LTM		NTM Est. P/E	1 Year Est. Earn. Growth
	2/26/2007	52-Wk High		Revenue	EBITDA		
Accenture Ltd.	\$ 37.95	\$ 39.25	\$ 21,698	1.2x	9.5x	17.6x	12.1%
Axiom Corp.	21.81	26.80	2,430	1.8x	6.1x	16.8x	29.3%
ADVO Inc.	32.92	36.85	1,154	0.8x	12.2x	19.7x	21.9%
CACI International Inc.	48.00	68.24	1,748	0.9x	8.7x	16.8x	11.5%
Catalina Marketing Corp.	32.25	32.89	1,584	3.4x	10.0x	19.5x	20.2%
CB Richard Ellis Group Inc.	35.31	39.15	8,238	2.0x	12.9x	15.8x	18.6%
Convergys Corp.	26.66	27.18	3,781	1.4x	9.0x	18.6x	12.4%
Corporate Executive Board Co.	80.34	112.97	2,845	6.2x	20.3x	27.9x	20.0%
CRA International Inc.	53.51	54.94	585	1.7x	9.3x	16.8x	16.2%
Forrester Research Inc.	27.49	32.32	422	2.3x	12.7x	28.2x	32.7%
FTI Consulting Inc.	34.42	34.93	1,920	2.7x	12.5x	15.8x	21.0%
Gartner Inc.	22.13	22.65	2,652	2.5x	18.7x	23.0x	32.2%
Harte-Hanks Inc.	27.88	28.78	2,276	1.9x	10.4x	16.4x	13.4%
Heidrick & Struggles International Inc.	46.83	47.89	624	1.3x	8.9x	18.9x	32.0%
Hewitt Associates Inc.	30.01	30.77	3,201	1.1x	8.0x	18.3x	24.2%
Interpublic Group of Companies Inc.	13.18	13.94	6,631	1.1x	14.4x	40.6x	NMF
Manpower Inc.	77.36	79.17	6,707	0.4x	10.8x	15.4x	16.1%
Marsh & McLennan Companies Inc.	30.00	32.47	19,416	1.6x	10.1x	14.2x	14.8%
Navigant Consulting Inc.	20.27	23.28	1,110	1.6x	8.7x	15.0x	17.4%
Omnicom Group Inc.	106.27	106.90	20,561	1.8x	12.1x	16.7x	12.6%
Robert Half International Inc.	41.22	43.94	6,481	1.6x	11.4x	18.2x	16.0%
RR Donnelley & Sons Co.	38.59	38.71	10,729	1.2x	7.6x	14.1x	9.3%
Valassis Communications Inc.	17.11	30.80	924	0.9x	6.5x	13.1x	2.0%
WPP Group plc	15.16	15.41	20,725	1.8x	9.8x	17.1x	11.1%
<b>Mean</b>			<b>\$ 6,185</b>	<b>1.8x</b>	<b>10.9x</b>	<b>18.9x</b>	<b>18.1%</b>
<b>Adjusted Mean <sup>1</sup></b>			<b>5,742</b>	<b>1.7x</b>	<b>10.6x</b>	<b>18.2x</b>	<b>18.2%</b>
<b>Median</b>			<b>2,749</b>	<b>1.6x</b>	<b>10.1x</b>	<b>17.0x</b>	<b>16.2%</b>

(1) - Adjusted mean excludes the highest and lowest values  
NMF - not meaningful

## LTM Relative Stock Price Performance



## M&A Public and Private Transaction Data



Source: Capital IQ and Factset MergerStat

## Valuation Update: Commercial and Industrial Services

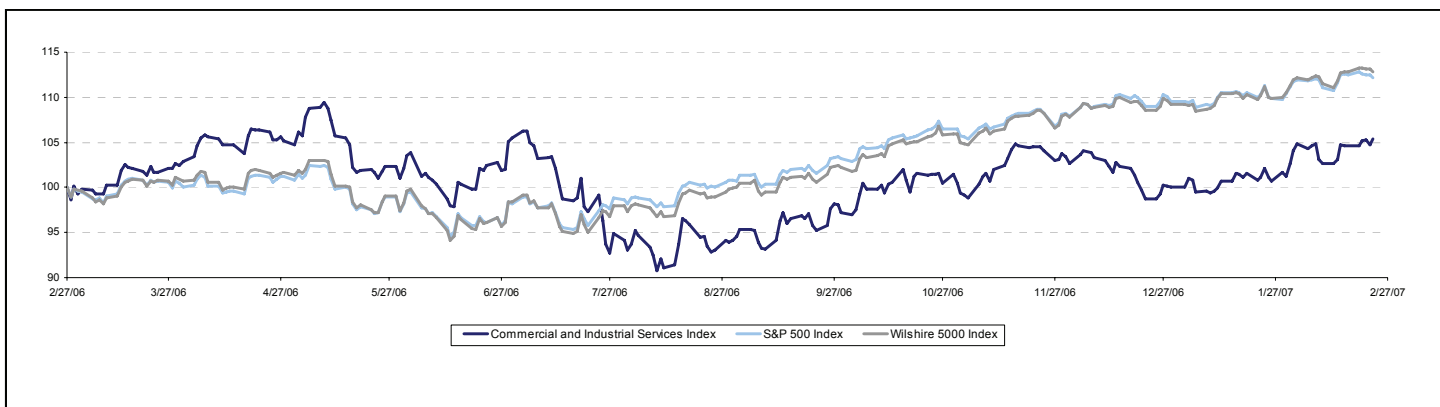
### Select Public Comparables

(\$ in millions, except per share data)

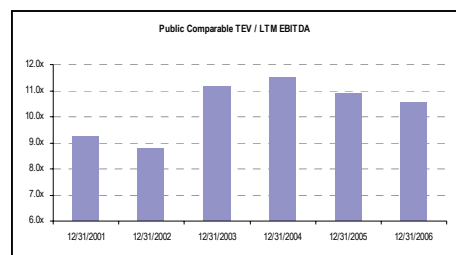
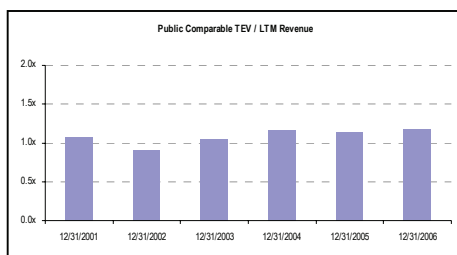
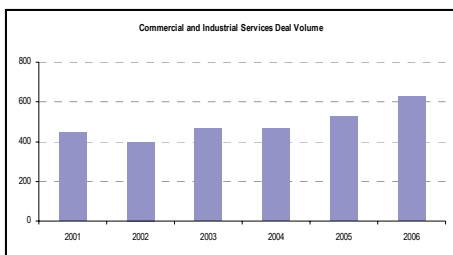
Company	Stock Price		Enterprise Value	EV / LTM		NTM Est. P/E	1 Year Est. Earn. Growth
	2/26/2007	52-Wk High		Revenue	EBITDA		
Allied Waste Industries Inc.	\$ 13.01	\$ 14.38	\$ 12,205	2.0x	7.8x	18.0x	14.8%
Brinks Co.	61.47	66.12	3,009	1.1x	8.3x	20.5x	16.0%
CH Robinson Worldwide Inc.	52.40	55.18	8,653	1.3x	19.6x	25.9x	15.6%
Cintas Corp.	42.08	44.30	7,340	2.0x	10.4x	16.2x	14.3%
Clean Harbors Inc.	52.28	54.54	1,075	1.4x	10.4x	23.5x	(5.1%)
Dycom Industries Inc.	23.27	24.99	1,137	1.1x	9.8x	22.4x	24.7%
EGL Inc.	34.40	53.80	1,463	0.5x	9.7x	20.5x	9.8%
EMCOR Group Inc.	61.55	63.89	1,688	0.3x	11.6x	21.7x	31.0%
FedEx Corporation	116.99	121.42	37,290	1.1x	7.6x	14.3x	14.8%
FirstService Corp.	25.47	26.84	904	0.7x	8.2x	15.3x	15.1%
Fluor Corp.	87.72	103.85	7,333	0.5x	15.3x	23.2x	42.6%
Forward Air Corp.	33.02	43.67	934	2.6x	11.1x	17.5x	9.9%
Hub Group Inc.	32.83	34.00	1,257	0.8x	14.2x	21.0x	14.2%
Jacobs Engineering Group Inc.	92.69	94.66	5,101	0.7x	13.5x	18.5x	15.1%
Landstar System Inc.	46.20	49.01	2,670	1.1x	12.4x	18.4x	18.7%
Quanta Services Inc.	23.68	23.94	2,872	1.3x	15.7x	31.3x	29.0%
Ryder System Inc.	53.51	59.93	5,937	0.9x	4.8x	11.2x	10.3%
Servicemaster Co.	13.78	13.99	4,512	1.3x	11.1x	18.2x	12.8%
Shaw Group Inc.	31.53	35.73	3,619	0.7x	25.2x	16.6x	24.7%
United Parcel Service Inc.	72.79	83.99	80,665	1.7x	9.6x	15.8x	10.1%
URS Corp.	45.98	49.80	2,504	0.6x	9.1x	18.1x	15.8%
UTI Worldwide, Inc.	31.51	36.32	3,236	1.0x	18.6x	25.4x	28.3%
Waste Management Inc.	34.52	38.70	26,380	2.0x	7.8x	16.0x	9.2%
YRC Worldwide Inc.	44.72	49.12	3,972	0.4x	4.7x	8.8x	11.7%
<b>Mean</b>			<b>\$ 9,406</b>	<b>1.1x</b>	<b>11.5x</b>	<b>19.1x</b>	<b>16.8%</b>
<b>Adjusted Mean <sup>1</sup></b>			<b>6,554</b>	<b>1.1x</b>	<b>11.2x</b>	<b>19.0x</b>	<b>16.6%</b>
<b>Median</b>			<b>3,427</b>	<b>1.1x</b>	<b>10.4x</b>	<b>18.3x</b>	<b>14.9%</b>

(1) - Adjusted mean excludes the highest and lowest values

### LTM Relative Stock Price Performance



### M&A Public and Private Transaction Data



Source: Capital IQ and Factset MergerStat

## The Temporary Staffing Market in Germany (continued from page 4)

large German enterprises. These acquisitions may or may not encompass other service offerings such as facility management or logistics.

### Financial Sponsors

Private equity groups have taken a strong interest in the field of temporary staffing. The market still provides for bountiful arbitrage opportunities by buying into small temporary staffing agencies at lower than 6 times EBIT, consolidating them into a larger integrated group of companies and disposing of the new entity at valuation levels exceeding 10 to 12 times EBIT or even higher depending on the client / employee portfolio of the target, its management, regional scope and the competitiveness within the auction process.

A limiting factor to private equity's participation in this market is that the execution of such transactions is being complicated by the reluctance of many

financial institutions to provide sufficient acquisition finance for smaller non-asset based deals in the services industries. In general, these acquisitions are considered to be too risky from a financial standpoint and are also viewed as being over-dependent on a few key people in senior management. Furthermore, private equity groups take a very cautious look at auctioned targets to avoid overpaying in wide-spread processes.

### Lincoln International has built significant industry knowledge

Lincoln International has taken an active role in helping our clients achieve their objectives within the temporary staffing industry. In December 2006, Bridgepoint Capital and the management team successfully completed the sale of 100% of the shares in Management 2000 Beteiligungs-AG to Vebego International. Management 2000

focuses on providing highly qualified, technical temporary staff to its client base of approximately 3,000 small and medium sized companies. Management 2000 operates 20 branches in Germany and Austria and generated approximately Euro 57 million in sales in 2006. The company currently employs a staff of 1,700 people.

Our industry experts see continued opportunities to realize M&A transactions in light of the illustrated industry trends, especially for strategies focusing on consolidation and the diversification of the employee portfolio towards highly qualified personnel. This general optimism applies in particular to those international strategic buyers seeking a sustainable market entry into Europe's largest economy.

## About Lincoln International

Lincoln International specializes in merger and acquisition services and private capital raising for leading organizations involved in mid-market transactions. With offices in Chicago, Frankfurt, Los Angeles, New York, and Paris, and strategic partnerships with China Everbright and other partner firms in Asia, Lincoln International has strong local knowledge and contacts in the key global economies. The organization provides clients with senior-level attention, in-depth industry expertise, and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).

## Officer Contacts

### NORTH AMERICA

Robert T. Brown  
Managing Director  
[rbrown@lincolninternational.com](mailto:rbrown@lincolninternational.com)  
+1-312-580-8340

Michael J. Iannelli  
Senior Vice President  
[miannelli@lincolninternational.com](mailto:miannelli@lincolninternational.com)  
+1-312-580-6281

Curtis C. Tatham  
Senior Vice President  
[ctatham@lincolninternational.com](mailto:ctatham@lincolninternational.com)  
+1-312-580-8329

### FRANKFURT

Friedrich Bieselt  
Managing Director  
[f.bieselt@lincolninternational.de](mailto:f.bieselt@lincolninternational.de)  
+49-69-97-10-54-26

### PARIS

Dominique Lecendreau  
Managing Director  
[d.lecendreau@lincolninternational.fr](mailto:d.lecendreau@lincolninternational.fr)  
+33-01-53-53-18-20



CHICAGO | FRANKFURT | LOS ANGELES | NEW YORK | PARIS

### Contributors

Timothy Mada, Associate, [tmada@lincolninternational.com](mailto:tmada@lincolninternational.com)  
Jessica Lukas, Associate, [jlukas@lincolninternational.com](mailto:jlukas@lincolninternational.com)  
Chris Lee, Analyst, [clee@lincolninternational.com](mailto:clee@lincolninternational.com)  
Kathryn Roberts, Analyst, [kr Roberts@lincolninternational.com](mailto:kr Roberts@lincolninternational.com)