

Aerospace and Defense ■ Automotive ■ Chemicals ■ Diversified Manufacturing ■ Engineering Procurement Construction ■ Heavy Equipment ■ Oil and Gas

Q1 2016



The Q1 2016 release of the ZRG Partners Global Industrial Hiring Index posted a 31% increase in global hiring demand quarter-over-quarter. More impressively, when compared to another seasonally strong quarter, the Index showed a 26% year-over-year increase versus Q1 2015. We have now collected nine quarters of data for the Index, and as the Index matures the historical data becomes more meaningful and we are able to observe trends more easily. One observation, is that the most volatility quarter-to-quarter appears to happen Q4 versus Q1, with the former being much weaker than the later. This release of the Index provides the second quarter-over-quarter comparison we have observed (Q1 versus Q4) in our data, and what the data says is significant. The data shows us that Q4 is seasonally the weakest quarter, while the other three quarters have been stronger and more uniform in comparison. Q1 2016 results seem to indicate that companies are hungry for talent across all subsectors within the Industrial space versus last quarter and, perhaps more significantly, versus last year (Q1 2015). We would conclude based on the data that we are experiencing pent up demand for talent. From a subsector perspective, Diversified Manufacturing, Chemicals and Heavy Equipment led the way as the largest percentage gainers in Q1 versus Q4 2015, each also hit an all-time high in job postings (over the life of the Index). From a year-over-year perspective, EPC and Automotive showed the largest gains on a percentage basis. Despite showing strong gains from Q4 2015, Oil and Gas continues to lag, as overall postings were improved but still very weak when you consider the enormous stock market capitalization of this subsector, which in a healthy demand environment for the underlying commodity we would expect to lead the other subsectors in postings, due to its sheer size, scale and global focus.

What's Growing? Every industrial subsector we cover posted an increase in job postings during Q1 2016 versus the prior quarter. Diversified Manufacturing, Chemicals and Heavy Equipment were up the most on a percentage basis (discounting the increase from Oil and Gas job postings which were up significantly, but still low relatively speaking).

What's Slowing? Oil and Gas continues to have a small number of job postings relative to the overall size of the industry. Hiring in that subsector made up only 5% of the total demand in the Industrial sector – even though it is one of the largest, if not the largest subsectors in terms of size (market capitalization, revenues, etc).

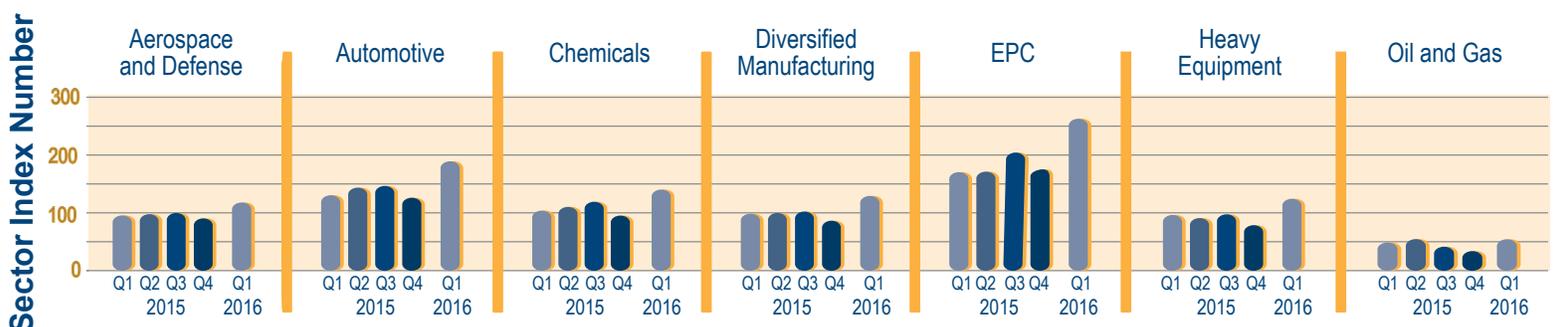
Where are the investment dollars flowing? From a Private Equity investment perspective in Q1 2016, US investments in the Industrial sector was by far the lowest we have ever recorded (past nine quarters), with \$4.1 billion total invested. Investment in the Chemicals subsector led the way with five deals and a \$1.7 billion total investment.

Global Industrial Hiring Index



Rob Wolgemuth, Managing Director for ZRG Partners stated:

"The Q1 2016 Global Industrial Hiring Index showed strong gains in hiring across the board versus the previous quarter. In particular, the data tells us that certain, recently weak subsectors like Chemicals appear to be bouncing back nicely. That said there is still relatively weak hiring happening in certain subsectors, like Oil and Gas. Additionally, Private Equity investment in the Industrial space is trending down aggressively. Our experience with our clients tells us that many have recently ramped up hiring plans after a sluggish start to 2016. However, we are still not seeing much activity from our clients that are heavily levered to commodities like Oil and Gas or Metals."



About the ZRG Global Industrial Hiring Index

ZRG tracks hiring demand and PE investment over seven industrial sectors globally. We do this by tracking hiring trends of top 10 leaders in each sector and track private equity investment in the same areas. The index is a proprietary formula that will reflect global hiring demand from these data sources. ZRG collaborates with data providers Wanted Analytics™, a CEB Company and Pitchbook to assemble the sector data.



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Private Equity investment in all tracked sectors

Capital Invested & Deal Count



From a Private Equity investment perspective in Q1 2016, investment in the Industrial sector was by far the lowest we have ever recorded (past nine quarters), with \$4.1 billion total invested. That follows a weak second half of 2015, which saw only \$14.8 billion invested. For comparison purposes, in the first half of 2015 there was \$140.1 billion invested. In Q1 2016, Chemical investment was the leader with five deals and a \$1.7 billion investment. The laggard was Aerospace and Defense with only three deals and \$220 million in total investment dollars.



Number of deals (orange circle)
 US Capital Invested (Billions of dollars) (blue bar)
 Global Hiring Demand (orange circle)



About ZRG Partners

ZRG Partners, LLC is a leading authority on global talent management issues within the Industrial markets. ZRG provides its clients with specialized market expertise in executive recruitment, consulting and advisory work, with a focus on data and analytics to drive great business decisions.

ZRG brings patented solutions that are changing how companies approach talent in the Industrial sector. Our value proposition is centered around providing data and analytics that perfectly compliment the market expertise we bring in this sector.

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