

FACILITIES SERVICES

Market Update



Q1 2023



INSIDE THIS ISSUE

- Market Insights
- Recent Lincoln International Transactions
- Facilities Services Financial Performance
- Heard on the Street
- M&A Transaction Highlights



































Market Insights

After a series of record-breaking quarters throughout 2021, Q1 2023 marks another deceleration in mergers and acquisitions (M&A) activity, with approximately 8,600 deals closed, according to S&P Global. This represents a decrease of approximately 4.5% compared to the approximately 9,000 deals closed in the previous quarter. However, a decline in transaction activity is unsurprising due to the continuous rebalancing of M&A markets following the record-breaking pace of activity in 2021 and early 2022. This pullback in activity from the record highs in 2021 was due to a combination of factors, including but not limited to 1) increased financing costs and a decrease in overall leverage and 2) broader uncertainty about the macroeconomic environment and geopolitical issues. However, we continue to see both strategic and financial acquirers showing a steady commitment to making investments when they are the right fit for strategic growth and strong returns.

There has also been continued activity within the facilities services sector, specifically within the United States market. During Q1 2023, private equity-backed facilities services companies were particularly active acquirers. Companies, including PestCo Holdings (Thompson Street), SavATree (Apax), Marmic Fire & Safety (HGCC) and Pavion (Wind Point Partners) completed acquisitions. As of Q1 2023, the Lincoln facilities services index (13.9x EV/EBITDA) is valued at a lower multiple relative to Q4 2022, while the S&P 1500 Environmental and Facilities Services Index (14.8x) increased. Overall, we remain optimistic that the facilities services M&A market will remain strong in 2023 for both financial and strategic buyers.

We continue to see both strategic and financial acquirers showing a steady commitment to making investments when they are the right fit for strategic growth and strong returns.

Recent Lincoln International Facilities Services Transactions

| | | | | |
|---|---|---|--|--|
|  has merged with  a portfolio company of LITTLEJOHN & CO. Sell-Side  |  has received a growth investment from  Sell-Side  |  has sold  to  Sell-Side  |  has sold  to  Sell-Side  |  has sold  to  a portfolio company of BLACKROCK® Sell-Side  |
|  has sold  to  Sell-Side  |  has sold  to SNOW PHIPPS Sell-Side  |  has sold  to Blackstone Sell-Side  |  has been sold to  Sell-Side  |  has been recapitalized by  Recapitalization  |

ABOUT THE LINCOLN FACILITIES SERVICES INDEX

The Lincoln facilities services index is a market cap-weighted, composite stock index similar to the S&P 500 Index. The index is prepared by first selecting a base period, in this case, Q2 2021, and totaling the market caps of the companies in this period. This period and the total market cap is set to a base index at 100%. Next, the current period's total market cap is calculated, divided by the base period's total market cap and then multiplied by the base index (100%).

Quarter-over-quarter indices for the S&P and the S&P 500 Environmental and Facilities Services decreased while the Lincoln facilities services index increased. The Lincoln facilities services index enterprise value / EBITDA trading multiples decreased by 0.8x to 13.9x.

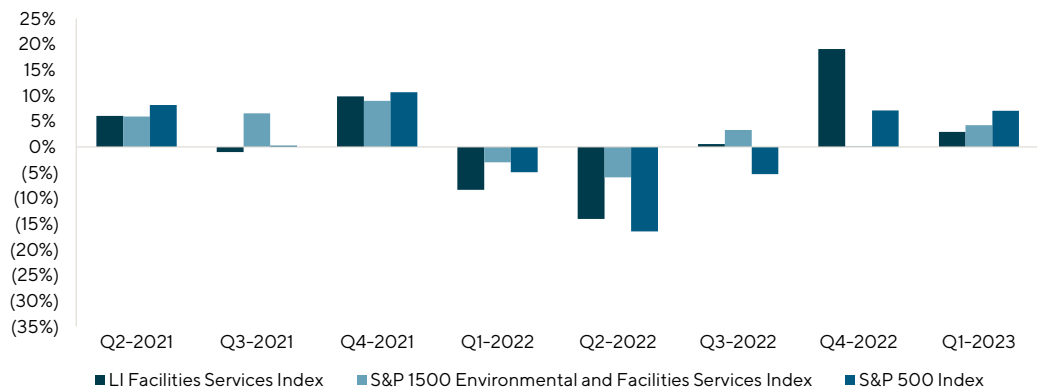
Facilities Services Financial Performance

QUARTER-OVER-QUARTER PERFORMANCE

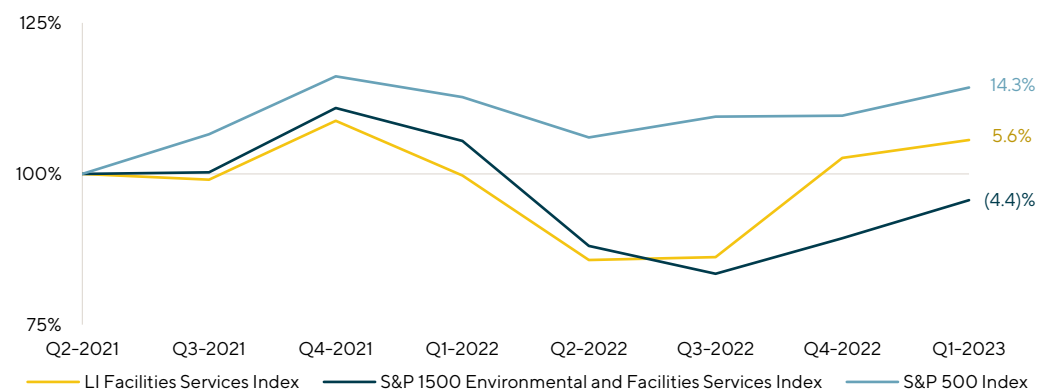
| Top Performers | Change | Underperformers | Change |
|---------------------|--------|---------------------|---------|
| Comfort Systems USA | 26.8% | BrightView Holdings | (18.4%) |
| Rentokil Initial | 19.6% | Aramark | (13.4%) |
| FirstService | 14.9% | Matrix Service | (13.2%) |

Based on quarter-over-quarter share price performance

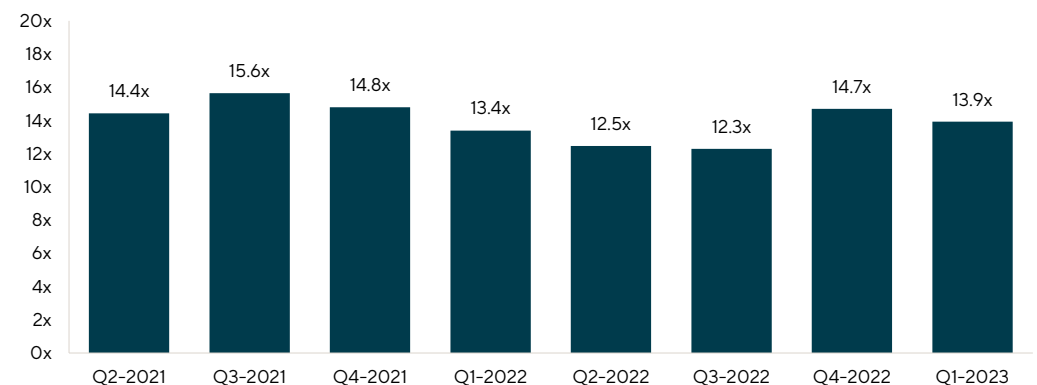
QUARTER-OVER-QUARTER STOCK INDEX CHANGE



TWO-YEAR RELATIVE STOCK INDEX PERFORMANCE



ENTERPRISE VALUE⁽¹⁾ / LTM EBITDA MULTIPLES



Source: Capital IQ as of 3/31/2023

(1) Enterprise value is calculated as market capitalization plus total net debt, preferred equity and minority interest

LINCOLN FACILITIES SERVICES INDEX STOCK DATA

\$ in millions

| | Current Price | 52-Wk High | Market Cap (1) | Enterprise Value | Diluted EPS | LTM Rev | EV / LTM | | | LTM Growth | | EBITDA Margin | Net Debt/ EBITDA |
|--------------------------------|---------------|------------|----------------|------------------|-------------|---------|----------|--------|-------|------------|---------|---------------|------------------|
| | | | | | | | Rev | EBITDA | EBIT | Rev | EBITDA | | |
| Facilities Services | | | | | | | | | | | | | |
| ABM Industries | \$44.94 | \$54.00 | \$2,971 | \$4,269 | \$2.14 | \$7,862 | 0.5x | 9.9x | 13.6x | 17.8% | (4.4%) | 5.5% | 3.0x |
| Aramark | 35.80 | 45.72 | 9,326 | 17,109 | 0.86 | 16,979 | 1.0x | 14.5x | 26.6x | 27.7% | 26.7% | 6.9% | 6.6x |
| BrightView Holdings | 5.62 | 13.97 | 525 | 1,924 | 0.08 | 2,839 | 0.7x | 7.2x | 16.8x | 9.6% | 3.9% | 9.5% | 5.2x |
| Cintas | 462.68 | 470.23 | 47,042 | 49,688 | 12.46 | 8,606 | 5.8x | 24.5x | 28.6x | 13.0% | 10.7% | 23.6% | 1.3x |
| Comfort Systems USA | 145.96 | 152.13 | 5,201 | 5,400 | 6.82 | 4,140 | 1.3x | 16.2x | 21.4x | 34.7% | 30.4% | 8.1% | 0.6x |
| Compass Group | 25.15 | 25.23 | 43,885 | 47,241 | 0.63 | 28,428 | 1.7x | 22.3x | 26.8x | 17.6% | 14.3% | 7.5% | 1.6x |
| EMCOR Group | 162.59 | 169.89 | 7,754 | 7,545 | 8.10 | 11,076 | 0.7x | 11.1x | 13.3x | 11.8% | 4.8% | 6.1% | (0.3x) |
| FirstService | 140.75 | 146.84 | 6,270 | 7,101 | 2.72 | 3,746 | 1.9x | 21.3x | 31.8x | 15.3% | 6.7% | 8.9% | 1.8x |
| Johnson Controls International | 60.22 | 69.60 | 41,382 | 50,817 | 1.82 | 25,505 | 2.0x | 16.0x | 21.5x | 5.4% | (14.9%) | 12.4% | 2.6x |
| Matrix Service | 5.40 | 9.52 | 146 | 130 | (2.26) | 780 | 0.2x | NM | NM | 19.4% | NM | (5.7%) | 0.4x |
| Mitie Group | 1.01 | 1.09 | 1,336 | 1,385 | 0.02 | 4,351 | 0.3x | 12.0x | 16.8x | (6.0%) | (34.8%) | 2.6% | 0.4x |
| Prosegur Compañía de Seguridad | 1.99 | 2.38 | 1,057 | 2,655 | 0.12 | 4,461 | 0.6x | 6.0x | 9.2x | 12.1% | 27.1% | 10.0% | 3.5x |
| Rentokil Initial | 7.32 | 7.35 | 18,308 | 22,303 | 0.12 | 4,475 | 5.0x | 26.2x | 39.0x | 11.8% | 10.8% | 19.0% | 4.7x |
| Rollins | 37.53 | 43.06 | 18,493 | 18,452 | 0.75 | 2,696 | 6.8x | NM | 37.4x | 11.2% | NM | 21.7% | (0.1x) |
| Securitas AB | 8.91 | 11.58 | 5,105 | 9,131 | 9.20 | 12,782 | 0.7x | 10.3x | 13.0x | 7.3% | 20.2% | 6.9% | 4.5x |
| Sodexo | 97.85 | 104.09 | 14,283 | 18,436 | 5.40 | 24,361 | 0.8x | 11.9x | 15.3x | 13.6% | 20.2% | 6.3% | 2.7x |
| Team | 5.48 | 30.70 | 24 | 252 | (35.85) | 840 | 0.3x | 1.3x | NM | 5.8% | NM | 23.8% | 1.1x |
| UniFirst | 176.23 | 205.59 | 3,293 | 2,948 | 5.47 | 2,112 | 1.4x | 12.1x | 22.2x | 11.0% | (11.0%) | 11.6% | (1.4x) |
| Facilities Services Mean | | | | | | | 1.8x | 13.9x | 22.1x | 13.3% | 7.4% | 10.3% | 2.1x |
| Facilities Services Median | | | | | | | 0.9x | 12.0x | 21.5x | 12.0% | 10.7% | 8.5% | 1.7x |

Source: Capital IQ | Note: All values based on publicly available data as of 3/31/2023

Heard on the Street

3/2/2023: Pavion (Wind Point Partners), a Chantilly, Virginia-based provider of integrated solutions for fire, safety, security and critical communications, is seeking to acquire peers in the Western United States, Australia and Japan, according to Chief Executive Officer Joe Oliveri. Pavion is targeting companies with \$3-\$10 million in EBITDA and, within the next 12-18 months, is seeking acquisitions that will strengthen the company's technology offerings. In Q1 2023, Pavion announced the acquisitions of Turnkey Technology, a Missouri-based video surveillance and access control system service provider and Netronix, a California-based system integration and security firm. Since being acquired by Wind Point Partners in 2020, 14 acquisitions have been completed with an organic growth rate of approximately 10%.

3/15/2023: Marmic Fire & Safety (HGGC), a Joplin, Missouri-based provider of fire alarm, sprinkler and suppression services, announced the acquisition of four fire protection companies in Q1 2023, including 1) Absolute Fire Protection based in Arkansas, 2) Kansas City Fire & Security based in Kansas, 3) West Memphis Fire Extinguisher based in Tennessee and 4) F.L. Sons Fire Equipment based in Illinois. These acquisitions support the company's growth strategy of geographic expansion and expand Marmic's footprint to 40 offices across 18 states.

3/8/2023: Solenis (Platinum Equity), a Wilmington, Delaware-based manufacturer of specialty chemicals used in water-intensive industries, announced they have entered into a definitive agreement to acquire Diversey, a South Carolina-based provider of cleaning, sanitation and hygiene solutions, in an all-cash transaction valued at \$4.6 billion. Following completion of the transaction, which is expected to occur in the second half of 2023, Diversey will become a private company with current Solenis Chief Executive Officer John Panichella leading the combined entity. The acquisition increases Solenis' scale, global reach and customer service capabilities while providing several cross-selling opportunities to meet customers' demands for water management, cleaning and hygiene-related services.

1/26/2023: ATIS Ascenda Partners (Cequel III), a Wilmington, Delaware-based provider of elevator and escalator management and advisory services announced its platform formation. The new platform is formed via the merger of 1) ATIS (Missouri), 2) Liberty Elevator Experts (New Jersey) and 3) KJA Consultants (Canada). ATIS Ascenda aims to serve as a one-stop shop for elevator and escalator consulting, inspection and compliance needs. The new platform will be led by ATIS' Chip Smith (Chief Executive Officer), KJA's Mark Davies (Chief Strategy Officer) and Liberty Elevator's Chris Dodds (Chief Growth Officer).

M&A TRANSACTION HIGHLIGHTS

| Closed | Target | Target Description | Acquirer |
|--------|---|--|---|
| Mar-23 | Premiere Lawn Service | Provides full-service commercial landscape services | Monarch Landscape Companies (Audax) |
| Mar-23 | Synecore | Provides heating, ventilation and air conditioning (HVAC) maintenance and installation services | Andwis Group (H.I.G. Capital) |
| Mar-23 | Meesons | Provides physical security and entrance control services | Andwis Group (H.I.G. Capital) |
| Mar-23 | Fire Protection Solutions | Provides installation services for fire and life safety equipment with a focus on retailer retrofits | SuperHero Fire Protection (Hidden Harbor Capital Partners) |
| Mar-23 | George M. Hill & Sons | Provides HVAC maintenance, repair and installation services | Five Star Plumbing Heating Cooling (MSouth Equity Partners) |
| Mar-23 | Zodega Landscape Services | Provides residential and commercial landscaping and lawn services | Lincoln Road Global Management |
| Mar-23 | Absolute Fire Protection | Provides fire protection system installation services to residential and commercial clients | Marmic Fire & Safety (HGGC) |
| Mar-23 | Kansas City Fire & Security | Provides services for fire alarm, detection and suppression systems | Marmic Fire & Safety (HGGC) |
| Mar-23 | West Memphis Fire Extinguisher | Provides maintenance and installation services for fire extinguishers and fire suppression systems | Marmic Fire & Safety (HGGC) |
| Mar-23 | F.L. Sons Fire Equipment | Provides kitchen-based fire extinguisher safety services | Marmic Fire & Safety (HGGC) |
| Mar-23 | Colorado Premier Restoration | Provides commercial and residential environmental restoration services | Blackmon Mooring (AEA Investors) |
| Mar-23 | Clean Uniform Company | Provides uniform rental and laundry services to the construction, hospitality, manufacturing and industrial industries | UniFirst |
| Mar-23 | Amherst Alarm | Provides fire alarm, security and monitoring services | Pye-Barker Fire & Safety (Leonard Green & Partners) |
| Mar-23 | Landscape Service Professional | Provides landscaping, irrigation, maintenance, tree relocation and storm cleanup services | United Land Services |
| Mar-23 | Piper Fire Protection | Provides fire protection services | Fortis Fire & Safety (Imperial Capital) |
| Mar-23 | Texas Tree Team | Provides arboriculture and plant healthcare services | SavATree (Apax) |
| Mar-23 | Nunning Heating, Air Conditioning and Refrigeration | Provides HVAC services to residential and commercial clients | Flow Service Partners (RLJ Equity Partners) |

M&A TRANSACTION HIGHLIGHTS (CONTINUED)

| Closed | Target | Target Description | Acquirer |
|--------|---------------------------------------|--|--|
| Mar-23 | Proline Vactor Services | Provides sewer and storm drain cleaning, telespection, certification and grouting services | Aegion (American Industrial Partners) |
| Mar-23 | Security Solutions Northwest | Provides design and installation services for commercial security systems | Security 101 (Gemspring Capital) |
| Mar-23 | Liqui-Lawn | Provides lawn aeration and watering services | Senske Services (GTCR) |
| Mar-23 | Fairway Green | Provides lawn, tree and shrub care services | Turf Masters Brands (CenterOak Partners) |
| Mar-23 | Hutto Pest Services | Provides pest management services to residential and commercial clients | Arrow Exterminators |
| Mar-23 | Turnkey Technology | Provides video surveillance, access control, fire alarm, structured cabling, networking and wireless solutions | Pavion (Wind Point Partners) |
| Mar-23 | Boise Tree | Provides arboriculture and plant healthcare services | SavATree (Apax) |
| Feb-23 | American Service Company | Provides fire and life safety system services | The Riverside Company |
| Feb-23 | Advanced Fire Protection Systems | Provides fire alarm installation and maintenance services | The Riverside Company |
| Feb-23 | Vecta Environmental Services | Provides mission-critical in-plant industrial hydro excavation, industrial insulation and scaffolding services | Silver Oak Services Partners |
| Feb-23 | Pavement Partners / Brothers National | Provides maintenance-driven pavement solutions including repair, milling, sealcoating and striping services | Pave America (Shoreline Equity Partners, Trivest Partners) |
| Feb-23 | Life Safety Inspections | Provides installation services for fire and life safety equipment and systems | SuperHero Fire Protection (Hidden Harbor Capital Partners) |
| Feb-23 | Commercial Kitchen Repairs | Provides maintenance, repair and installation services for commercial cooking equipment | Tech24 (HCI Equity Partners) |
| Feb-23 | Walker Air Conditioning and Heating | Provides maintenance and installation services for heating and air conditioning systems | Paschal Heating and Air Conditioning |
| Feb-23 | A-1 Heating & Air Conditioning | Provides residential and commercial HVAC installation services | Leap Service Partners (Concentric Equity Partners) |
| Feb-23 | Blades Of Green | Provides residential lawn care and pest control services | Senske Services (GTCR) |
| Feb-23 | Southeastern Termite & Pest Control | Provides termite and pest control services in Alabama | Wayne's Pest Control Company (GIC) |
| Feb-23 | San Diego Ice Company | Provides ice machine sales and leasing services intended for hotels, casinos, markets and grocers | Easy Ice (Freeman Spogli) |
| Feb-23 | Sterling Site Access Solutions | Provides temporary ground protection and site access services | Blue Wolf Capital Partners |
| Feb-23 | Adam's Pest Control | Provides pest control services in Florida | Rockit Pest (Halle Capital) |
| Feb-23 | Pointe Pacific Northwest | Provides residential and commercial pest control services | PestCo Holdings (Thompson Street Capital) |
| Feb-23 | Lyndon Tree Care & Landscaping | Provides arboriculture and plant healthcare services | SavATree (Apax) |
| Feb-23 | Ace Fire Protection | Provides distribution and maintenance services for fire protection products | CertaSite (The Riverside Company) |
| Feb-23 | Capital Services | Provides comprehensive commercial cleaning services | 4M Building Solutions (O2 Investment Partners) |
| Feb-23 | Barefoot Mosquito & Pest Control | Provides mosquito and general pest control services throughout Texas | Incline Equity Partners |
| Feb-23 | Ardurra Group | Provides engineering and construction management services | Littlejohn & Co. |

M&A TRANSACTION HIGHLIGHTS (CONTINUED)

| Closed | Target | Target Description | Acquirer |
|--------|---|---|---|
| Feb-23 | Weeks Service Company | Provides HVAC maintenance services to residential and commercial clients | Strikepoint Group Holdings (New Mountain Capital) |
| Jan-23 | Island Plant Company | Provides landscape maintenance, installation and design services for residential and commercial clients | BrightView |
| Jan-23 | Romney Pest Control | Provides pest control services in Texas | PestCo Holdings (Thompson Street Capital) |
| Jan-23 | Phenom Pest Protection | Provides pest control services in Maryland | PestCo Holdings (Thompson Street Capital) |
| Jan-23 | YardWorks | Provides landscaping design-build, irrigation, maintenance and lighting services | WSC & Company |
| Jan-23 | ATIS / Liberty Elevator Experts / KJA Consultants | Provides elevator and escalator management and advisory services | ATIS Ascenda Partners |
| Jan-23 | Smith's Tree Care | Provides tree care, tree trimming and pruning, tree removal and stump grinding services | BrightView |
| Jan-23 | Aire-Rite Air Conditioning & Refrigeration | Provides HVAC services for residential and commercial clients in Southern California | Nextech (Audax) |
| Jan-23 | Indoor Environmental Services | Provides design-build and maintenance services for HVAC and refrigeration systems in commercial and industrial facilities | Service Logic (Leonard Green & Partners) |
| Jan-23 | Petri Pest Control Services | Provides pest control services in Florida | Rockit Pest (Halle Capital) |
| Jan-23 | P-F Plumbing | Provides plumbing services to both residential and light commercial customers | Air Conditioning Specialist (Hidden Harbor Capital Partners) |
| Jan-23 | Precision Air | Provides geothermal and HVAC services in Tennessee | Air Conditioning Specialist (Hidden Harbor Capital Partners) |
| Jan-23 | Classic Lifts | Provides lift engineering and maintenance services | CPS Building Services (H.I.G. Capital) |
| Jan-23 | Nevada Heating, Cooling, Plumbing, Fireplace | Provides plumbing, heating, fireplace and cooling services | Goettl Home Services (Cortec Group) |
| Jan-23 | Eagle Remediation and Demolition Services | Provides environmental and consulting services to help clients address environmental concerns | Pacific West (Winterfell Investments, Bluejay Advisors) |
| Jan-23 | Short Circuit Electronics | Provides video security systems and surveillance services | Pavion (Wind Point Partners) |
| Jan-23 | Bevan Security Systems | Provides comprehensive security and alarm services | Pye-Barker Fire & Safety (Leonard Green & Partners) |
| Jan-23 | Central Cooling and Heating | Provides heat pump and air conditioner installation and maintenance services | Sila Heating & Air Conditioning (Morgan Stanley Capital Partners) |
| Jan-23 | Botanical Designs | Provides landscaping design, installation and maintenance services | Beach Point Capital Management |
| Jan-23 | Linen King | Provides healthcare laundry services in the South Central part of the United States | Healthcare Linen Services Group (York Capital Management) |
| Jan-23 | Global Remediation Services | Provides environmental remediation services including emergency response, marine services and site remediation | Covanta Holding (EQT Partners) |
| Jan-23 | Janitech | Provides janitorial and facility maintenance services | The Facilities Group (Greenbriar Equity, Revolent Capital) |
| Jan-23 | Building Systems Technology | Provides design, installation, inspection and integration services for fire and life safety equipment | Eagle Fire (Rosewood Private Investments) |
| Jan-23 | A1 Garage | Provides residential garage door repair and replacement services | Cortec Group |
| Jan-23 | Yohe's Lawn Care & Landscape | Provides landscaping maintenance, enhancement and installation services | Juniper Landscaping (Bregal Partners) |
| Jan-23 | Moore Landscapes | Provides landscape maintenance services in the Chicagoland area | Yellowstone Landscape (Harvest Partners) |

About Lincoln International

We are trusted investment banking advisors to business owners and senior executives of leading private equity firms and their portfolio companies and to public and privately held companies around the world. Our services include mergers and acquisitions advisory, private funds and capital markets advisory, and valuations and fairness opinions. As one tightly integrated team of more than 850 employees in more than 20 offices in 15 countries, we offer an unobstructed perspective on the global private capital markets, backed by superb execution and a deep commitment to client success. With extensive industry knowledge and relationships, timely market intelligence and strategic insights, we forge deep, productive client relationships that endure for decades. Connect with us to learn more at www.lincolninternational.com.

Advisory Services

Mergers & Acquisitions
Capital Advisory
Private Funds Advisory
Valuations & Opinions



Contributor

Luke Webb

Managing Director

lwebb@lincolninternational.com

+1 (312) 506-2747

Connect with a professional in Lincoln International's Business Services Group at
www.lincolninternational.com/whoweserve/business-services/