

# Market Update



## Market Insights

Q4 2019 M&A activity certainly suggests that the private equity community remains highly focused on the facilities services sector. Across multiple sub-verticals, the market saw activity from Cerberus Capital Management who acquired Kellermeier Bergensons Services, Harvest Partners who acquired Yellowstone Landscape, New Mountain Capital who acquired Horizon Services and Warburg Pincus who closed its acquisition of Allied Universal. Strategic acquirers were also active in certain sub-sectors of the facilities services market. EMCOR Group acquired Batchelor & Kimball and CoolSys (backed by Ares Management) made several strategic acquisitions. Overall, the market remains strong in the facilities services sector with quality assets trading at premium valuations.

**Facilities Services**  
Q4 2019

## 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, Q1 2018, 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 the S&P stock indices increased, though the Lincoln Facilities Services Index decreased by 1.5%. LTM Q4 2019 revenue and EBITDA generally increased across the Facilities Services Index, with average growth of 11.9% and 6.6%, respectively.

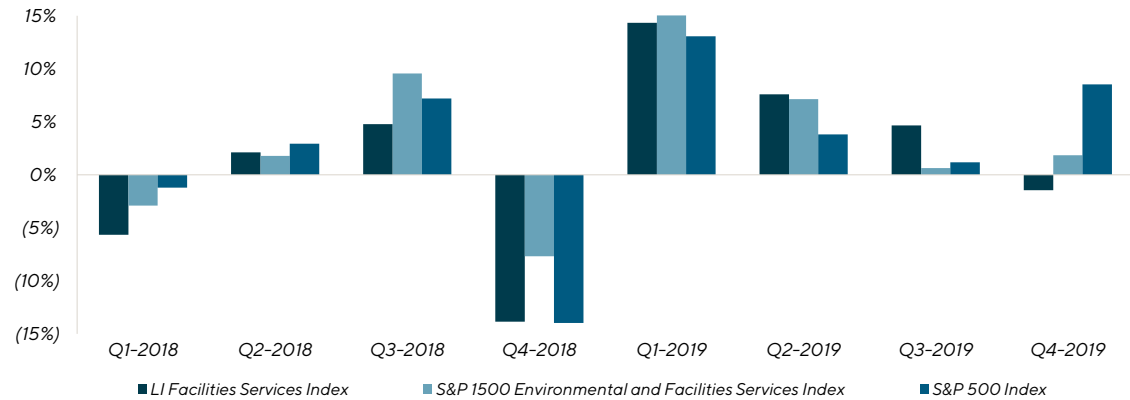
## Facilities Services Financial Performance

### Quarter-over-Quarter Performance

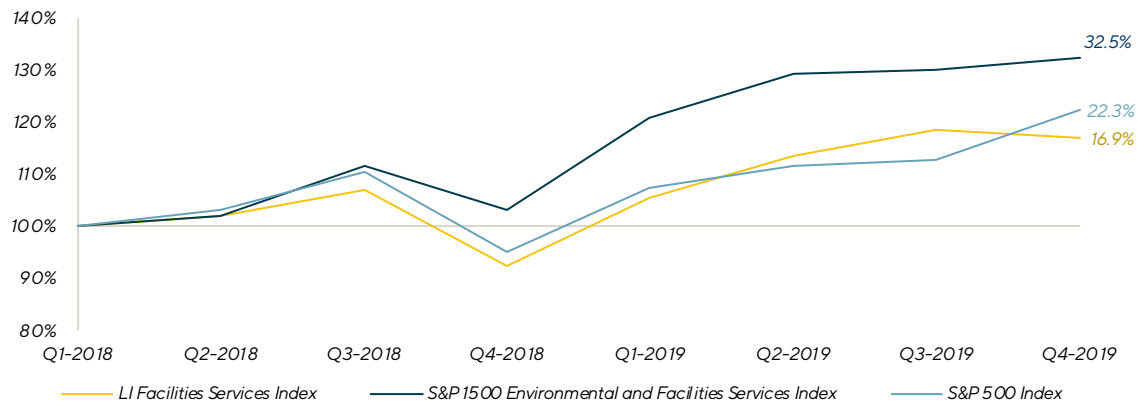
Outperformers	Change	Underperformers	Change
Aramark	20.9%	Comfort Systems USA, Inc.	(13.3%)
Team, Inc.	17.8%	Prosegur Compañía de Seguridad, S.A.	(13.4%)
Rentokil Initial plc	17.7%	Matrix Service Company	(15.4%)

Based on quarter-over-quarter share price performance

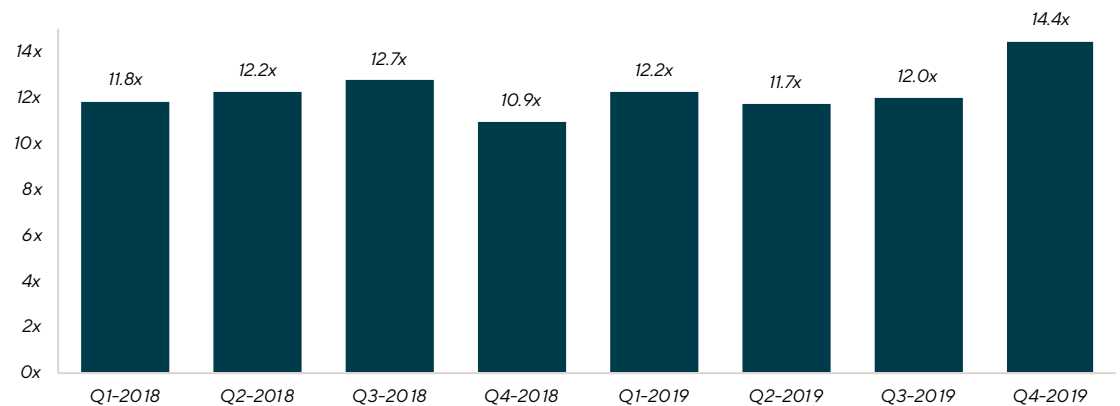
### Quarter-over-Quarter Stock Index Change



### Two Year Relative Stock Index Performance



### Enterprise Value<sup>(1)</sup> / LTM EBITDA Multiples



Source: Capital IQ as of 12/31/2019

(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

Company Name	Current Price	52-Wk High	Market Cap	Enterprise Value	Diluted EPS	LTM Rev	EV/LTM Rev	EV/LTM EBITDA	EV/LTM EBIT	LTM Growth Rev	LTM Growth EBITDA	EBITDA Margin	Net Debt / EBITDA
ABM Industries Incorporated	\$37.71	\$42.67	\$2,511	\$3,276	\$1.91	\$6,499	0.5x	9.9x	14.7x	0.9%	10.4%	5.1%	2.3x
Aramark	43.40	45.69	10,845	17,334	1.78	16,227	1.1x	13.2x	22.9x	2.8%	(6.1%)	8.1%	4.9x
BrightView Holdings, Inc.	16.87	20.27	1,767	2,883	0.43	2,405	1.2x	10.5x	20.8x	2.2%	17.2%	11.4%	4.1x
Cintas Corporation	269.08	277.85	27,904	30,591	8.49	7,131	4.3x	19.1x	n/mf	6.8%	17.5%	22.5%	1.7x
Comfort Systems USA, Inc.	49.85	58.21	1,824	2,113	2.83	2,484	0.9x	10.4x	13.7x	20.8%	15.9%	8.2%	1.4x
Compass Group plc	25.03	28.47	39,752	44,395	0.70	30,599	1.5x	17.3x	23.1x	2.5%	(7.2%)	8.4%	1.7x
EMCOR Group, Inc.	86.30	93.54	4,846	4,990	5.59	9,000	0.6x	9.2x	11.0x	13.7%	11.9%	6.0%	0.3x
FirstService Corporation	93.20	110.45	3,868	5,014	(6.67)	2,235	2.2x	23.6x	34.5x	19.4%	20.7%	9.5%	4.5x
G4S plc	2.89	3.20	4,464	7,349	0.02	9,721	0.8x	11.1x	13.9x	(2.1%)	(16.1%)	6.8%	4.1x
Johnson Controls International plc	40.71	44.82	31,404	36,881	1.26	23,968	1.5x	13.9x	20.1x	2.4%	(10.3%)	11.1%	1.7x
Matrix Service Company	22.88	24.36	621	518	1.15	1,436	0.4x	8.2x	11.6x	26.0%	n/a	4.4%	(1.7x)
MITIE Group plc	1.92	2.25	694	1,041	0.09	2,863	0.4x	7.1x	9.5x	9.7%	23.9%	5.2%	2.2x
Prosegur Compañía de Seguridad, S.A.	4.13	5.72	2,472	3,523	0.13	4,588	0.8x	6.5x	10.4x	0.4%	n/a	11.7%	1.7x
Rentokil Initial plc	6.00	6.23	11,046	12,923	(0.05)	3,298	3.9x	21.2x	36.3x	6.1%	0.7%	18.5%	3.0x
Rollins, Inc.	33.16	43.91	10,858	11,277	0.62	2,015	5.6x	28.5x	35.5x	10.6%	5.6%	19.6%	1.0x
Securitas AB	17.28	18.20	6,307	8,452	8.84	11,140	0.8x	11.4x	15.3x	0.4%	0.5%	6.7%	2.7x
ServiceMaster Global Holdings, Inc.	38.66	58.78	5,243	6,689	(0.61)	2,027	3.3x	17.0x	22.6x	9.4%	6.4%	19.4%	3.7x
Sodexo S.A.	118.56	121.93	17,299	19,969	4.50	24,147	0.8x	12.3x	16.1x	1.9%	1.0%	6.7%	1.6x
Team, Inc.	15.97	19.64	485	890	(0.70)	1,185	0.8x	27.8x	n/mf	(5.4%)	n/a	2.7%	12.7x
UniFirst Corporation	201.98	214.39	3,826	3,441	9.86	1,836	1.9x	10.0x	14.4x	6.8%	20.7%	18.7%	(0.9x)
<b>Mean</b>							<b>1.6x</b>	<b>14.4x</b>	<b>19.3x</b>	<b>6.8%</b>	<b>6.6%</b>	<b>10.5%</b>	<b>2.6x</b>
<b>Median</b>							<b>1.0x</b>	<b>11.9x</b>	<b>15.7x</b>	<b>4.5%</b>	<b>6.4%</b>	<b>8.3%</b>	<b>2.0x</b>

Source: Capital IQ

Note: All values based on publicly available data as of 12/31/2019

## Heard on the Street

**10/01/2019: Brookfield Business Partners**, the Bermuda-based business services and industrials investor, has agreed to buy approximately 45% of Kennesaw, Georgia-based **Brand Industrial Services (BrandSafway)** from **Clayton, Dubilier & Rice**. BrandSafway provides infrastructure services to industrial and commercial facilities, including scaffolding, forming and shoring equipment, as well as performs specialty industrial services.

**10/28/2019: National Fire & Safety**, the Denver-based provider of fire protection and life safety solutions, is actively looking for acquisitions. **Highview Capital** acquired **Frontier Fire Protection** in April 2019, using the business as the foundation for the National Fire & Safety platform, with which it intends to pursue a buy-and-build strategy.

**11/07/2019: Ackerman Security Systems**, the Atlanta-based security alarm monitoring company owned by **Imperial Capital** and **OPTrust Private Markets Group**, is currently exploring a sale process. The company recently moved past second round management presentations. Suitors are likely to value Ackerman at a discount to what the business sold for in 2015, approximately 48x RMR (recurring monthly revenue).

**12/19/2019: Chief Fire Prevention & Mechanical**, the Mount Vernon, New York-based provider of commercial kitchen exhaust fire suppression systems and related services, recently received an investment from **Capitala Group** and **Trinity Private Equity Group**. Proceeds will be used to expand Chief Fire's market share organically and through acquisitions.

**12/20/2019: American Residential Services**, the Memphis-based provider of HVAC and plumbing services owned by **Charlesbank Capital Partners**, is exploring a sale process. First round bids were due in late December. The business is being marketed at around \$100 million of 2019 Adjusted EBITDA.

**12/20/2019: HydroChemPSC**, the Deer Park, Texas-based provider of industrial cleaning and maintenance services, has ended its sale attempt. The company's financial sponsor, **Littlejohn & Co.**, recently pulled the sale process after a discrepancy over the bid-ask spread. Potential bidders struggled to value the business at a double-digit EBITDA multiple.

## Recent Lincoln International Facilities Services Transactions

# M&A Transaction Highlights

Closed	Target	Target Description	Acquirer
Dec-19	Allied Universal	Provides commercial security and janitorial solutions	Warburg Pincus
Dec-19	Cobb Refrigeration	Provides refrigeration, heating and air conditioning service, sales and installation	Temp-Con
Dec-19	Tech Mechanical	Provides commercial and industrial heating, ventilation, air conditioning and refrigeration services	CoolSys
Dec-19	BRR Refrigeration	Provides commercial refrigeration and HVAC services	CoolSys
Dec-19	Maintenance Insulation Company	Provides corrosion protection and specialty industrial services	Superior Industrial Maintenance Company
Dec-19	Greenhaven Tree Care	Provides residential tree care services	SavATree
Dec-19	Environmental Sciences Business of Univar Solutions	Provides commercial and residential pest management services	AEA Investors
Dec-19	Corley Plumbing Air Electric	Provides plumbing, heating, cooling and electrical maintenance, repair and replacement services	Turnpoint Services
Dec-19	Pendergraph Systems	Provides design, assembly, installation, maintenance and management services for fire, life safety and security systems	Convergint Technologies
Dec-19	Fire Control Systems	Provides commercial fire protection services	Marmic Fire & Safety Co.
Nov-19	SOS Security	Provides security services, such as security personnel, executive protection and corporate investigation services	Allied Universal
Nov-19	Sunrise Landscape	Provider of commercial landscaping services	NextGen Growth Partners
Nov-19	Horizon Services	Provides residential heating, air conditioning, plumbing and electrical services	New Mountain Capital
Nov-19	PureTex Solutions	Provides healthcare textile rental and laundry services	ImageFIRST Healthcare Laundry Specialists
Nov-19	Niemeyer Brothers Plumbing	Full-service provider of commercial plumbing services	Pueblo Mechanical & Controls
Nov-19	Pauley Tree & Lawn Care	Provides tree, shrub and lawn care services	SavATree
Nov-19	Mac Systems	Provides fire and life safety system monitoring, testing, inspections and maintenance services	Summit Companies
Nov-19	Duncan Entrance Systems	Provides automatic door installation, repair and modernization services	Oracle Elevator Company
Nov-19	Yellowstone Landscape	Provides commercial landscaping maintenance and installation services	Harvest Partners
Nov-19	American Equipment Group	Provides temporary cooling, heating, dehumidification and power solutions	Resolute Industrial
Nov-19	Aegis Fire & Integrated Services	Installer and servicer of fire extinguishers, as well as suppression, sprinkler and alarm systems	Republic Fire Protection
Nov-19	Kellermeyer Bergensons Services	Provides facilities management services to retail and grocery chains	Cerberus Capital Management
Oct-19	Gregory Pest Solutions	Provides commercial and residential pest control services	ServiceMaster Global Holdings
Oct-19	Dutton Plumbing	Provides residential plumbing and drain services	Goettl Air Conditioning
Oct-19	Able Heating & Cooling	Provides heating and cooling services, including furnace and air conditioning installation	Perfect Home Services
Oct-19	Smartwatch Security & Sound	Designs, installs, services and monitors enterprise access control systems and fire safety systems	Sciens Building Solutions
Oct-19	Affinity Elevator Company	Provides elevator maintenance services	Oracle Elevator Company
Oct-19	Bay-Valley Pest Control	Provides pest control services	Orkin
Oct-19	Building Air Services	Provides service and preventive maintenance for commercial HVAC systems	CoolSys
Oct-19	First Point Mechanical Services	Maintains, installs, repairs and replaces HVAC and mechanical equipment	Reedy Industries
Oct-19	RCI Systems	Provides wet and dry fire suppression systems design, engineering and installation services	National Fire & Safety
Oct-19	Hennigan Engineering Co.	Provides a diverse range of industrial cleaning services	Dorilton Capital Advisors
Oct-19	PowerVac	Provides hydro excavation, pipe inspection, plumbing, electrical, mechanical and other maintenance services	Pillsman Partners; Peninsula Capital
Oct-19	Elevator Service	Provides maintenance and testing, repair and elevator modernization services	Carroll Capital
Oct-19	Uls Maintenance & Landscaping	Provides landscape design and construction services	City Wide Towing & Recovery Service
Oct-19	Auchinachie Plumbing	Provides residential plumbing, heating, air conditioning, water treatment and air purification services	Astar Heating & Air
Oct-19	Batchelor & Kimball	Provides mechanical construction and maintenance services	EMCOR Group
Oct-19	Red Cedar Landscapers	Provider of landscaping and arboricultural services	SavATree
Oct-19	Southern Air Heating & Cooling	Provides residential HVAC maintenance services	Apex Service Partners
Oct-19	Park Place Technologies	Global third-party maintenance provider, offering post-warranty data center equipment maintenance services	Charlesbank Capital Partners
Oct-19	Groome Industrial Service Group	Provides industrial cleaning and maintenance services	Argosy Capital
Oct-19	Ned Stevens Gutter Cleaning & General Contracting	Provides full-service residential gutter cleaning and essential exterior services	AVALT
Oct-19	Real Connect	Provides integrated security, smart building technologies and data network infrastructure solutions	Convergint Technologies
Oct-19	ADT Security Services Canada	Provides automated security solutions for residential and commercial applications	TELUS Communications

Source: Capital IQ, Mergermarket, Company Filings





## Advisory Services

Mergers & Acquisitions  
Capital Advisory  
Joint Ventures & Partnering  
Valuations & Opinions

## Contributors

**Luke Webb**  
Managing Director | Chicago  
lwebb@lincolninternational.com  
+1 (312) 506-2747

**Andy Schwartz**  
Director | Chicago  
aschwartz@lincolninternational.com  
+1 (312) 506-2726

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