

FACILITIES SERVICES

Market Update



Q2 2024



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Market Insights

After a series of declining quarters since 2021, Q2 2024 marks the third consecutive quarter of mergers and acquisitions (M&A) activity growth, with ~7,300 deals closed, according to S&P Global. This represents an increase of ~1% compared to the ~7,200 deals closed in the previous quarter. This continued increase in activity can be attributed to a combination of factors, including but not limited to 1) decreased financing costs and an increase in overall available leverage and 2) greater confidence and visibility into the macroeconomy reaching a “soft landing”. We expect to see this level of activity continue to increase in the second half of 2024 as the global economy continues to stabilize and lenders put more money to work. Both strategic and financial acquirers are showing a steady commitment to making investments and are eager to deploy capital when the strategic fit is right.

There has also been continued activity within the facilities services sector, specifically in the U.S. market. During Q2 2024, private equity-backed facilities services companies were particularly active acquirers. Companies, including Pye-Barker Fire & Safety (Altas, Leonard Green), Eagle Fire (Rosewood Private Investments), PestCo Holdings (Thompson Street Capital Partners) and Juniper Landscaping (Bregal Partners) completed acquisitions. As of Q2 2024, the Lincoln Facilities Services Index (15.0x EV / EBITDA) is valued at a lower multiple relative to Q1 2024 and the S&P 1500 Environmental and Facilities Services Index (17.4x) is valued at the same multiple relative to Q1 2024. Overall, we are optimistic that the facilities services M&A market will remain strong in 2024 for both financial and strategic buyers.

We expect to see this level of activity continue to increase in the second half of 2024 as the global economy continues to stabilize and lenders put more money to work.

Recent Lincoln International Facilities Services Transactions

<p>DUNES POINT CAPITAL</p> <p>has sold</p>  <p>to</p> <p>INVESTCORP</p> <p>Sell-Side</p> 	<p>HCI EQUITY PARTNERS</p> <p>has sold</p>  <p>to</p> <p>VESTAR</p> <p>Sell-Side</p> 	<p>NEXTECH</p> <p>a portfolio company of</p>  <p>has acquired</p>  <p>Buy-Side</p> 	 <p>has merged with</p>  <p>a portfolio company of</p> <p>LITTLEJOHN & CO.</p> <p>Sell-Side</p> 	 <p>has received a growth investment from</p>  <p>Sell-Side</p> 
<p>SEASIDE EQUITY PARTNERS</p> <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	<p>THOMPSON STREET CAPITAL PARTNERS</p> <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	<p>BLUEPOINT</p> <p>has sold</p>  <p>to</p>  <p>a portfolio company of</p> <p>BLACKROCK</p> <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p> <p>SNOW PHIPPS</p> <p>Sell-Side</p> 

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, Q3 2022, and totaling the market caps of the companies in this period. This period and the total market cap are set to a base index of 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, S&P 500 Environmental and Facilities Services and the Lincoln Facilities Services Index increased. The Lincoln Facilities Services Index EV / EBITDA trading multiples decreased by 0.3x to 15.0x.

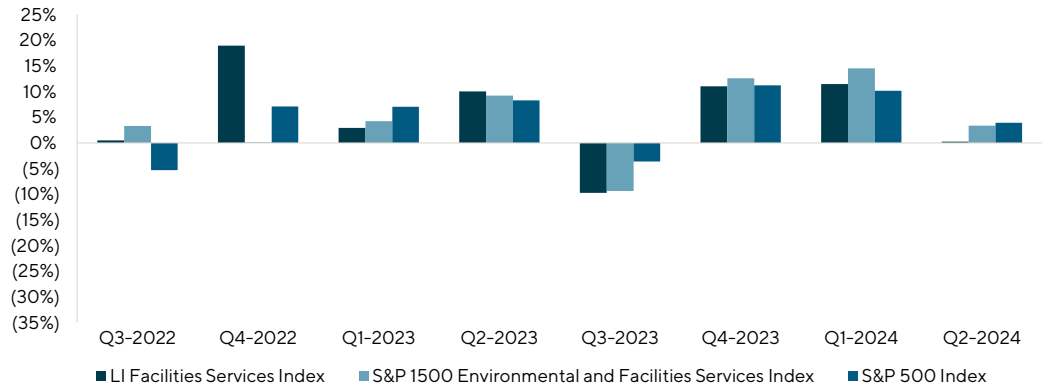
Facilities Services Financial Performance

QUARTER-OVER-QUARTER PERFORMANCE

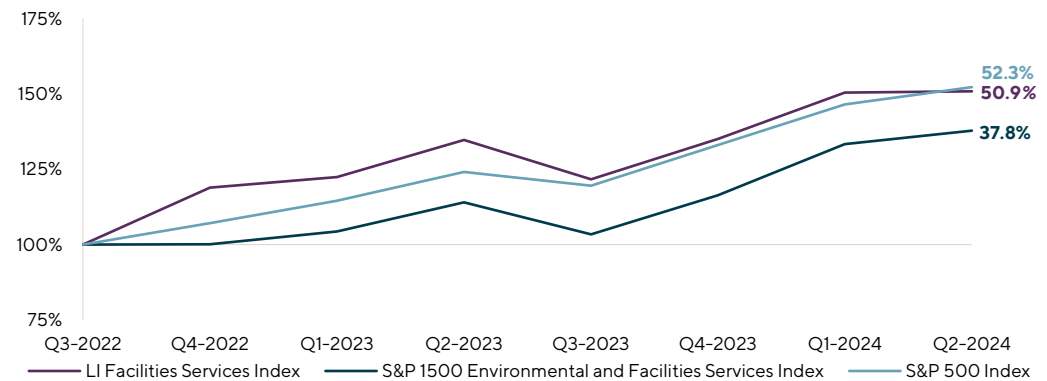
Top Performers	Change	Underperformers	Change
Team	23.2%	Matrix Service	(23.8%)
ABM Industries	13.3%	FirstService	(8.1%)
BrightView Holdings	11.8%	Compass Group	(7.0%)

Based on quarter-over-quarter share price performance

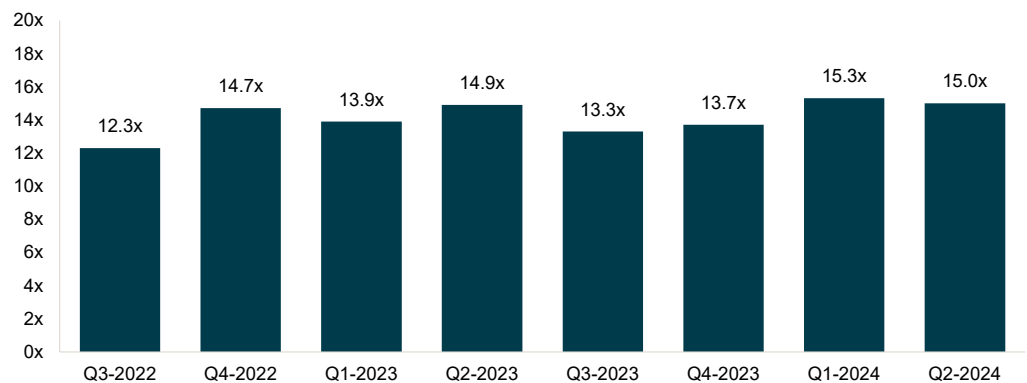
QUARTER-OVER-QUARTER STOCK INDEX CHANGE



TWO-YEAR RELATIVE STOCK INDEX PERFORMANCE



ENTERPRISE VALUE⁽¹⁾ / LTM EBITDA MULTIPLES



Source: Capital IQ as of 6/30/2024

(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, except per share)

	Current Price	52-Wk High	Market Cap	Enterprise Value	Diluted EPS	LTM Rev	EV / LTM			LTM Growth		EBITDA Margin	Net Debt / EBITDA
							Rev	EBITDA	EBIT	Rev	EBITDA		
Facilities Services													
ABM Industries	\$50.57	\$53.05	\$3,174	\$4,384	\$2.14	\$8,209	0.5x	9.7x	12.9x	3.3%	2.3%	5.5%	2.7x
Aramark	34.02	44.24	8,947	14,384	2.67	19,632	0.7x	8.8x	13.3x	20.1%	52.4%	8.3%	3.3x
BrightView Holdings	13.30	14.42	1,257	2,467	0.31	2,809	0.9x	9.2x	19.8x	1.2%	8.5%	9.5%	2.6x
Cintas	700.26	719.98	71,051	73,397	14.49	9,410	7.8x	31.9x	36.8x	9.3%	13.4%	24.4%	1.0x
Comfort Systems USA	304.12	352.45	10,829	10,818	10.11	5,569	1.9x	18.5x	22.2x	25.7%	62.5%	10.5%	(0.0x)
Compass Group	27.30	29.47	46,434	51,619	1.02	41,277	1.3x	16.7x	19.6x	14.7%	18.6%	7.5%	1.7x
EMCOR Group	365.08	401.98	17,157	16,323	15.17	13,125	1.2x	14.8x	16.6x	15.4%	49.5%	8.4%	(0.8x)
FirstService	152.12	169.31	6,842	8,257	2.02	4,474	1.8x	20.9x	31.4x	13.9%	12.4%	8.8%	2.7x
Johnson Controls International	66.47	74.23	44,779	55,842	2.48	26,832	2.1x	18.8x	27.1x	2.8%	(18.2%)	11.0%	3.3x
Matrix Service	9.93	13.90	271	202	(0.77)	745	0.3x	NM	NM	(5.7%)	NM	(2.1%)	4.5x
Mitie Group	1.47	1.58	1,828	1,950	0.09	5,614	0.3x	7.2x	8.7x	15.0%	34.3%	4.8%	0.4x
Prosegur Compañía de Seguridad	1.83	2.06	974	2,801	0.13	4,710	0.6x	6.7x	10.8x	0.9%	(10.9%)	8.9%	4.3x
Rentokil Initial	5.83	8.39	14,639	18,717	0.15	6,846	2.7x	14.1x	20.2x	53.0%	54.7%	19.4%	3.1x
Rollins	48.79	50.09	23,626	24,024	0.90	3,164	7.6x	33.5x	39.3x	14.5%	18.8%	22.6%	0.6x
Securitas AB	9.93	10.87	5,687	9,662	2.42	14,848	0.7x	8.7x	10.8x	8.0%	12.9%	7.5%	3.6x
Sodexo	90.00	112.93	13,197	17,592	4.85	25,032	0.7x	12.9x	16.9x	16.0%	34.4%	5.4%	3.2x
Team	8.88	11.25	39	322	(15.54)	860	0.4x	12.1x	NM	0.8%	NM	3.1%	10.6x
UniFirst	171.53	187.22	3,200	3,075	6.85	2,359	1.3x	10.3x	18.7x	8.4%	18.9%	12.7%	(0.4x)
Facilities Services Mean							1.8x	15.0x	20.3x	12.1%	22.8%	9.8%	2.6x
Facilities Services Median							1.1x	12.9x	19.1x	11.6%	18.7%	8.6%	2.7x

Source: Capital IQ | Note: All values based on publicly available data as of 6/30/2024

Heard on the Street

06/28/2024: Allied Universal (Warburg Pincus), an Irvine, California-based provider of security, janitorial and staffing services, announced plans to pursue acquisitions ahead of a potential initial public offering in 2026. According to Chief Executive Officer Steve Jones, size is not a concern for acquisitions, and the company can fund deals valued up to \$10 billion. Jones notes that multiples in the industry range from 6x to 12x EBITDA, with average EBITDA margins between 4% and 10%. Allied Universal completed six acquisitions in 2023 and has closed on three additional targets thus far in 2024. Ahead of a potential initial public offering, the company is working to complete its artificial intelligence transformation around scheduling, recruiting and workforce management.

06/26/2024: Legence (Blackstone), a San Jose, California-based provider of energy efficiency and sustainability consulting and engineering services, previously known as Therma Holdings, is exploring a potential sale or initial public offering. Legence completed two acquisitions in Q2 2024 along with six in 2023, adding over 1,000 employees to the platform.

06/11/2024: Pye-Barker Fire & Safety (Altas, Leonard Green), an Atlanta, Georgia-based provider of fire protection equipment services, has announced its acquisition of Bates Security, a leading provider of security and fire alarms, access control, video surveillance, CCTV and integrated life safety systems, based in Lexington, Kentucky. The acquisition is one of 10 for the company in Q2 2024, following the completion of three acquisitions in Q1 2024. With the acquisition of Bates Security, Pye-Barker increases its presence in the Southeast and continues its aggressive M&A strategy centered around geographic expansion, increasing its footprint to 200 branches and 6,000 team members.

05/14/2024: NexCore (Trinity Hunt), an Essex Junction, Vermont-based provider of commercial HVAC, electrical, controls, plumbing and mechanical facility services, has announced the acquisition of Sylvester & Cockrum, a provider of commercial HVAC, plumbing and electrical services based in Winston-Salem, North Carolina. The acquisition is one of three completed by the company in Q2 2024, along with the acquisitions of Kennedy Mechanical and Ryan Plumbing & Heating in May. The acquisitions in Q2 2024 mark an acceleration in M&A activity since Trinity Hunt founded the NexCore platform with the acquisition of Alliance Group in April 2023. With the acquisition of Sylvester & Cockrum, NexCore establishes its presence in the Southeast and indicates an acceleration in the company's M&A strategy centered around geographic expansion.

M&A TRANSACTION HIGHLIGHTS

Closed	Target	Target Description	Acquirer
Jun-24	Metropolitan Protective Services	Provides security patrol services	Citadel Security (Great Range Capital)
Jun-24	Citadel Security	Provides manned guarding, event security and patrol services	Great Range Capital
Jun-24	Mckenzie Pest Control	Provides insect, rodent and other pest control services	Arrow Exterminators
Jun-24	AlarmTech	Provides fire alarm and security services including design, installation, maintenance and inspection	Pye-Barker Fire & Safety (Altas, Leonard Green)
Jun-24	McQuillan Home Services	Provides HVAC services to commercial and residential clients	Any Hour Services (Knox Lane)
Jun-24	MountainScapes	Provides landscape maintenance, irrigation and snow removal services	Diamond Landscaping (Kian Capital)
Jun-24	On Duty Tree & Landscape	Provides commercial landscaping and tree services	Superscapes (Crux Capital)
Jun-24	Divine Electric	Provides electrical and plumbing services	Any Hour Services (Knox Lane)
Jun-24	Quality Uptime Services	Provides maintenance services for data centers and other mission-critical facilities	ABM Industries
Jun-24	Solarships Installation Services	Provides solar panel installation and maintenance services	ProLux Energy
Jun-24	Harris Fire Protection	Provides fire systems, alarms and extinguisher installation, maintenance, repair and recharge services	Guardian Fire Protection Services (Knox Lane)
Jun-24	Imperial Linen Services	Provides laundry services for the healthcare and hospitality industries	ImageFIRST (Calera Capital)
Jun-24	Signet	Provides mission-critical technology systems integration services	Pavion (Wind Point Partners)
Jun-24	Universal Refrigeration	Provides installation and servicing of heating, air conditioning and refrigeration systems	CoolSys (Ares Management)
Jun-24	Brightspeed Security Systems	Provides inspection, installation and services of fire alarms, fire detection, security and surveillance systems	Pye-Barker Fire & Safety (Altas, Leonard Green)

M&A TRANSACTION HIGHLIGHTS (CONTINUED)

Closed	Target	Target Description	Acquirer
Jun-24	SI Mechanical	Provides HVAC and plumbing planning, design, fabrication and installation services	PremiStar (Partners Group)
Jun-24	Bates Security	Provides alarm and security systems and services	Pye-Barker Fire & Safety (Altas, Leonard Green)
Jun-24	Nature Coast Landscape Services	Provides landscape maintenance, arbor care, installation, fertilization, pest control and irrigation services	Landscape Workshop (Carousel Capital)
Jun-24	Crowther Roofing and Cooling	Provides commercial roofing and complimentary HVAC maintenance services	FirstService
Jun-24	Eastwood Landscaping	Provides landscape design, maintenance and hardscape services	APHIX (Caltius Equity Partners)
Jun-24	Hamilton Roofing	Provides commercial roofing installation and repair services	FirstService
Jun-24	TriplePoint	Provides HVAC installation, maintenance, repair, design and consulting services	Stellex Capital Management
Jun-24	Executive Landscaping	Provides landscape design, hardscaping, pool design, maintenance programs and snow removal services	Fairwood Brands (Crane Group)
Jun-24	GMS Services	Provides commercial refrigeration and HVAC services	Kelvin Group (Southfield Capital)
Jun-24	Elevated Facility Services Group	Provides contractually based services for elevator and escalator equipment	APi Group
Jun-24	Integrity Elevator Solutions	Provides commercial elevator installations, modernizations, maintenance and repair services	Del Monte Capital
Jun-24	West Orange Roofing	Provides re-roofing and building exterior services	Roofing Services Solutions (Dunes Point Capital)
May-24	LaBahn's Landscaping	Provides commercial landscape maintenance, design, installation and tree care services	Verde Equity Partners
May-24	Temp-Con	Provides installation, maintenance and repair of HVAC and refrigeration systems	Stellex Capital Management
May-24	O'Hara's Son Roofing	Provides roof installation, repair and coating services	Angeles Equity Partners
May-24	Security Solutions	Provides security, alarms and surveillance systems and services	Pye-Barker Fire & Safety (Altas, Leonard Green)
May-24	Enviro-Safe Pest Control	Provides commercial pest control services	PestCo Holdings (Thompson Street Capital Partners)
May-24	DynaServ	Provides landscape maintenance, enhancements, arbor care, pest control and snow removal services	Monarch Landscape (Audax)
May-24	Vermillion Systems	Provides fire alarm monitoring, video surveillance, access control and intrusion detection services	Pye-Barker Fire & Safety (Altas, Leonard Green)
May-24	Central Termite & Pest Control	Provides pest management, inspection, treatment and hygiene services	Auriliao Investments
May-24	Certus Pest	Provides commercial and residential pest control services	Imperial Capital, Liberty Mutual Investments
May-24	Mac Heating & Air Conditioning	Provides HVAC maintenance and repair services	Air Conditioning Specialist (Hidden Harbor Capital Partners)
May-24	Arrowhead Environmental Services	Provides environmental and industrial services	Superior Environmental Solutions (Palladium Equity Partners)
May-24	Davis Landscape	Provides landscape maintenance and installation services	Juniper Landscaping (Bregal Partners)
May-24	Stat Pest Control	Provides pest control services for commercial and residential customers	Certus Pest (Imperial Capital)
May-24	Kennedy Mechanical	Provides HVAC, plumbing and fire protection installation and services	NexCore (Trinity Hunt Partners)
May-24	Ryan Plumbing & Heating	Provides HVAC, plumbing and fire protection services and maintenance	NexCore (Trinity Hunt Partners)
May-24	Cedar Park Overhead Doors	Provides repair and replacement services for commercial and residential garage doors	GarageCo (Gridiron Capital)
May-24	Southern Burglar and Fire Alarm	Provides burglar alarm, fire alarm, CCTV, video surveillance and alarm monitoring services	Pye-Barker Fire & Safety (Altas, Leonard Green)
May-24	First Trust Alarm Company	Provides fire alarms, security systems and fire code compliance	Pye-Barker Fire & Safety (Altas, Leonard Green)
May-24	Premier Tree Specialists	Provides landscape maintenance, renovations, ice removal, irrigation and installation services	Century House Partners
May-24	Sylvester & Cockrum	Provides commercial HVAC, plumbing and electrical services	NexCore (Trinity Hunt Partners)

M&A TRANSACTION HIGHLIGHTS (CONTINUED)

Closed	Target	Target Description	Acquirer
May-24	Cut Above Enterprises	Provides landscape maintenance and installation services	Landscape Workshop (Carousel Capital)
May-24	R&B Pest Control	Provides pest control services	Sureguard Termite & Pest Control
May-24	Beary Landscaping	Provides landscape maintenance, enhancement, construction and snow removal services	Silver Oak Services Partners
May-24	Elo Roofing	Provides roof replacement and repair services	Skyline Roofing Partners (Imperial Capital)
May-24	ADS Systems	Provides security and fire alarm solutions	Pye-Barker Fire & Safety (Altas, Leonard Green)
May-24	Automatic Fire Protection	Provides installation, maintenance and inspections for sprinkler, alarm and extinguisher systems	Satori Capital
May-24	Precision Fire Protection	Provides inspection, testing, maintenance and installation of fire sprinkler systems	Eagle Fire (Rosewood Private Investments)
May-24	USA DeBusk	Provides industrial cleaning and infrastructure maintenance services	H.I.G. Capital
May-24	Walker Backflow and Fire Protection Services	Provides fire protection and backflow prevention services	Eagle Fire (Rosewood Private Investments)
Apr-24	Alarm Specialists	Provides security and fire detection system services, design and installation	Pye-Barker Fire & Safety (Altas, Leonard Green)
Apr-24	Corporate Sustainability Strategies	Provides commercial real estate sustainability consulting services	Legence (Blackstone)
Apr-24	Lydale Property Restoration	Provides fire and flood restoration services	Canstar Restorations (Fulcrum Capital Partners)
Apr-24	86 Ice and Water Vending Units	Provides ice and water vending services	Ice house America (Fort Point Capital)
Apr-24	Stratos Elevator	Provides elevator installation and maintenance services	Integrity Elevator Solutions
Apr-24	Walburn Industrial Services	Provides specialty refractory installation services	Thorpe Specialty Services (KLH Capital)
Apr-24	Green Simple	Provides commercial landscaping services	Landscape Workshop (Carousel Capital)
Apr-24	Tree of Life Landscaping (Commercial Division)	Provides commercial landscape maintenance services	Landscape Workshop (Carousel Capital)
Apr-24	DC Canada	Provides decontamination services for critical environments focused on data centers	Data Clean (Angeles Equity Partners)
Apr-24	Sasquatch Pest Control	Provides pest control services	PestCo Holdings (Thompson Street Capital Partners)
Apr-24	Twin City Crane & Hoist	Provides industrial crane services	CraneTech (Balance Point Capital Advisors)
Apr-24	Aspire Landscape	Provides commercial landscaping services	Silversand Services (Lincoln Road Global Management)
Apr-24	Vista Security Group	Provides patrol, investigative services and event security	Tarian Group (Nautic Partners)
Apr-24	Cardinal Heating & Air	Provides HVAC installation, repair and maintenance services	SE Capital
Apr-24	Fidelity Roof Company	Provides roof assembly, repair, maintenance, waterproofing and solar services	Highland Commercial Roofing (HCI Equity Partners)
Apr-24	Liberty Land Management Group	Provides landscape installation and maintenance services	Landscape Workshop (Carousel Capital)
Apr-24	P2S	Provides engineering, commissioning and construction management services	Legence (Blackstone)
Apr-24	Cleveland Building Restoration	Provides masonry repair and restoration services	Extera Building Restoration (Prospect Partners)
Apr-24	Total Roofing Services	Provides roofing repairs, maintenance, restoration and modification services	Extera Building Restoration (Prospect Partners)
Apr-24	Warren Roofing & Insulating	Provides commercial customers with roofing, masonry and a range of other exterior services	Extera Building Restoration (Prospect Partners)
Apr-24	Mammoth Fire Alarms	Provides fire alarm systems and services, as well as monitoring, sprinkler and suppression services	Sciens Building Solutions (The Carlyle Group)
Apr-24	Mosquito Scott	Provides pest control services	Barefoot Mosquito & Pest Control (Incline Equity Partners)

M&A TRANSACTION HIGHLIGHTS (CONTINUED)

Closed	Target	Target Description	Acquirer
Apr-24	The Plumbing & Drain Company	Provides plumbing solutions including repair, maintenance, clog removal and leak detection	P3 Services (Stellex Capital Management)
Apr-24	International Parking Management	Provides parking management services	LAZ Parking (Argo Infrastructure Partners)
Apr-24	Lifescape Colorado	Provides landscape design, construction and maintenance services	Mariani Enterprises (CI Capital Partners)
Apr-24	Pacific Fire & Security	Provides fire alarm and security systems monitoring, testing, maintenance, installation and design services	Pye-Barker Fire & Safety (Altas, Leonard Green)
Apr-24	Punctual Pros	Provides HVAC, plumbing and electrical services	Broad Sky Partners
Apr-24	Panavidéo	Provides design, implementation and servicing of access control and video security solutions	Convergint (Leonard Green & Partners, Harvest Partners)
Apr-24	Bounds Elevator	Provides elevator installation, maintenance, repair and modernization services	Elevator Service (Carroll Capital)
Apr-24	L.A. Hydro-Jet	Provides drain cleaning, jetting and sewer repair services to commercial facilities	Orion Group (Alpine Investors)
Apr-24	Total Access Elevator	Provides elevator repair, modernization and maintenance services	Century Park Capital Partners
Apr-24	Arco Comfort Air	Provides HVAC repair, maintenance, installation and air quality assessment services	Apex Services Partners (Alpine Investors)
Apr-24	Elegant Landscape & Design	Provides landscaping maintenance and installation services	Juniper Landscaping (Bregal Partners)
Apr-24	Landmark Landscape Group	Provides landscaping services, lot sweeping, tree work, pressure washing and installation services	KeyServ
Apr-24	Reliable Service Partners	Provides HVAC and plumbing installation and maintenance services	SIG Partners
Apr-24	Rip's Professional Lawn Care	Provides landscaping maintenance and installation services	Juniper Landscaping (Bregal 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 950 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.

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