

Market Update



Market Insights

The facilities services sector experienced a very active third quarter of 2019, highlighted by the significant number of closed transactions, as well as the number of assets currently in the market. Specifically, private equity was very acquisitive, investing in both platform opportunities and add-ons for existing portfolio companies. Active private equity funds include Ares Management, Audax Group, BC Partners, Caltius Equity Partners, CI Capital, Highview Capital, Sterling Investment Partners, The Riverside Company and Warburg Pincus. Acquisitions have been in numerous sub-sectors of facilities services, including fire & life safety, HVAC services, landscaping and property restoration. Additionally, we expect the market to remain strong for the balance of the year given the numerous assets currently available in the marketplace. The following pages highlight market activity.

Facilities Services
Q3 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, Q4 2017, 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 stock indices increased, with the Lincoln Facilities Services index increasing 4.7%. LTM Q3 2019 revenue and EBITDA generally increased across the Facilities Services Index, with average growth of 9.5% and 7.1%, respectively.

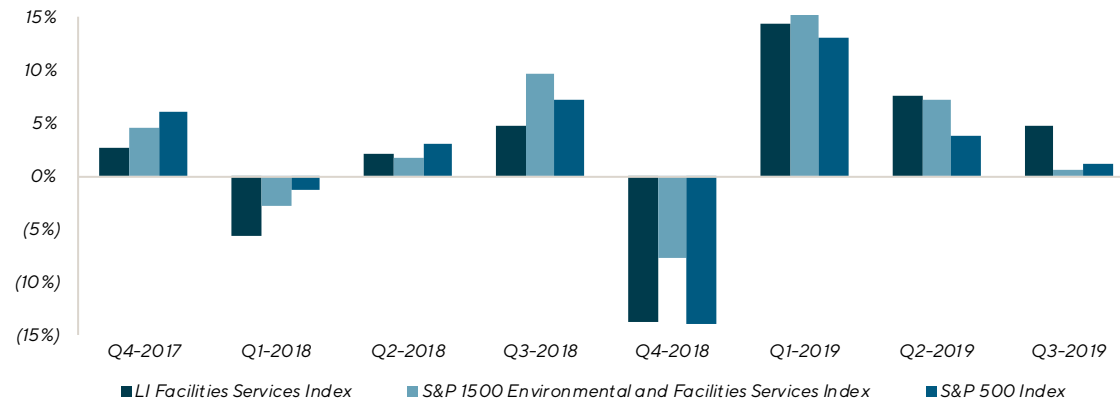
Facilities Services Financial Performance

Quarter-over-Quarter Performance

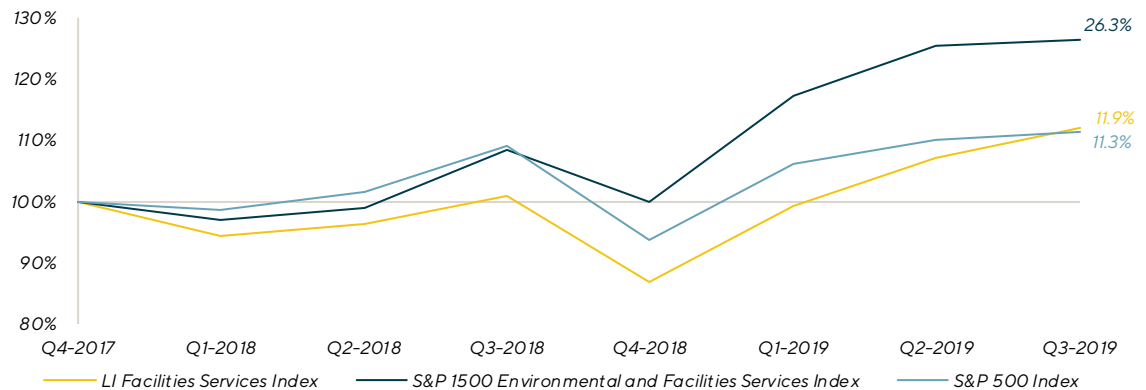
Outperformers	Change	Underperformers	Change
Aramark	20.9%	Comfort Systems USA, Inc.	(13.3%)
Team, Inc.	17.8%	Prosegur Compañía de Seguridad, S.A.	(13.4%)
Rentokil Initial plc	17.7%	Matrix Service Company	(15.4%)

Based on quarter-over-quarter share price performance

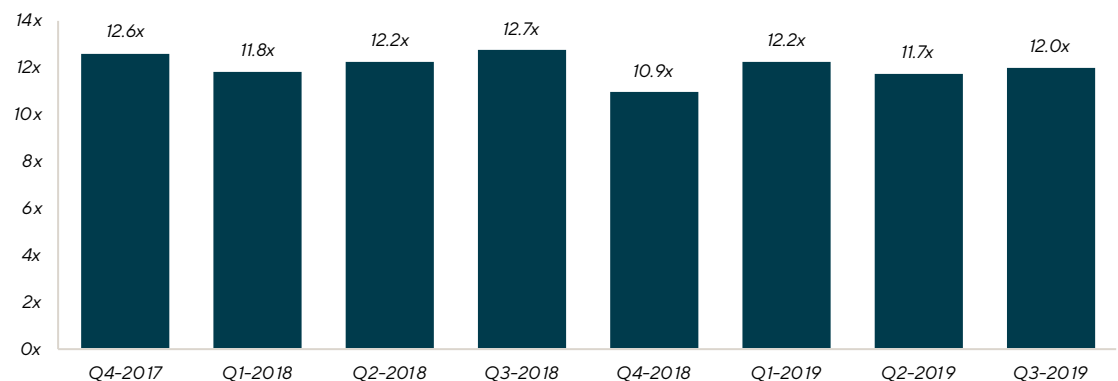
Quarter-over-Quarter Stock Index Change



Two Year Relative Stock Index Performance



Enterprise Value⁽¹⁾ / LTM EBITDA Multiples



Source: Capital IQ as of 9/30/2019

(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	\$36.32	\$42.67	\$2,412	\$3,288	\$1.33	\$6,499	0.5x	10.6x	16.3x	3.3%	8.0%	4.8%	2.8x
Aramark	43.58	43.64	10,760	17,838	2.12	16,190	1.1x	12.6x	21.1x	4.2%	8.7%	8.7%	5.0x
BrightView Holdings, Inc.	17.15	20.27	1,798	2,963	0.08	2,362	1.3x	11.5x	25.0x	1.0%	8.6%	10.9%	4.5x
Cintas Corporation	268.10	270.36	28,104	31,048	8.40	7,005	4.4x	20.1x	n/m	6.7%	16.5%	22.1%	1.9x
Comfort Systems USA, Inc.	44.23	59.83	1,627	1,968	2.87	2,372	0.8x	9.8x	12.8x	22.1%	28.3%	8.5%	1.7x
Compass Group plc	25.74	26.44	40,838	45,376	0.74	31,201	1.5x	15.5x	20.4x	(0.9%)	3.4%	9.4%	1.6x
EMCOR Group, Inc.	86.12	89.55	4,834	5,162	5.51	8,759	0.6x	9.7x	11.5x	13.0%	11.5%	6.1%	0.6x
FirstService Corporation	102.60	108.22	4,024	5,130	(6.67)	2,069	2.5x	n/m	n/m	13.1%	15.1%	9.4%	4.9x
G4S plc	2.33	3.06	3,598	6,277	0.02	9,721	0.6x	9.4x	11.8x	(2.1%)	(16.1%)	6.8%	4.1x
Johnson Controls International plc	43.89	44.65	34,924	39,610	2.27	31,877	1.2x	8.3x	10.7x	25.7%	28.1%	14.9%	0.8x
Matrix Service Company	17.14	24.75	465	381	1.01	1,417	0.3x	6.8x	10.0x	29.8%	n/a	4.0%	(1.5x)
MITIE Group plc	1.80	2.09	650	843	0.08	2,893	0.3x	6.0x	7.5x	1.5%	(6.7%)	4.8%	1.5x
Prosegur Compañía de Seguridad, S.A.	3.90	5.90	2,334	3,332	0.17	4,533	0.7x	6.9x	10.7x	(6.9%)	n/a	10.7%	1.9x
Rentokil Initial plc	5.75	5.79	10,593	12,337	(0.05)	3,298	3.7x	20.3x	24.6x	6.1%	0.7%	18.5%	3.0x
Rollins, Inc.	34.07	43.91	11,157	11,598	0.69	1,885	6.2x	n/m	n/m	7.5%	3.1%	19.8%	1.2x
Securitas AB	15.35	17.31	5,600	7,747	8.34	11,533	0.7x	10.1x	13.6x	8.2%	10.5%	6.7%	2.9x
ServiceMaster Global Holdings, Inc.	55.90	58.78	7,595	8,805	(0.66)	1,995	4.4x	22.4x	n/m	59.3%	n/a	19.7%	3.1x
Sodexo S.A.	112.31	118.47	16,354	19,548	4.32	24,096	0.8x	12.3x	16.1x	(3.1%)	(12.2%)	6.6%	2.1x
Team, Inc.	18.05	23.21	547	969	(1.25)	1,186	0.8x	n/m	n/m	(4.9%)	n/a	1.8%	20.2x
UniFirst Corporation	195.12	205.22	3,707	3,358	8.74	1,764	1.9x	11.2x	17.0x	5.9%	6.5%	17.0%	(1.2x)
Mean							1.7x	12.0x	15.3x	9.5%	7.1%	10.6%	3.1x
Median							1.0x	10.6x	13.6x	6.0%	8.3%	9.1%	2.0x

Source: Capital IQ

Note: All values based on publicly available data as of 9/30/2019

Heard on the Street

09/30/2019: AECOM, the California-based provider of facilities management and infrastructure services, recently agreed to sell its management services division to a consortium of private equity firms, including Lindsay Goldberg and American Securities, for \$2.4 billion. AECOM plans to use the proceeds from the sale to reduce debt and repurchase stock.

09/13/2019: HydroChemPSC, the Texas-based industrial and energy services provider owned by **Littlejohn & Co.**, has been exploring a sale and recently held management presentations with prospective buyers.

09/04/2019: Centerbridge is preparing to sell **Apcoa**, the Germany-based parking garage services provider. Apcoa could be valued at more than \$1.1 billion and command more than a 12x EBITDA multiple in the event of a sale.














09/04/2019: ThyssenKrupp, the Germany-based industrial and facilities services provider, has launched a structured process to collect bids for its elevator business unit. Private equity and strategic investors were invited to submit proposals letters for the business, which is valued between \$13 billion and \$19 billion.

08/21/2019: Atlantic Southern Paving, the Florida-based pavement laying and maintenance company owned by Harbor Beach Capital, is looking at a handful of acquisitions to expand up the Atlantic coast and Westward. Atlantic Southern wants to build a regional footprint that extends North up the coast through the Mid-Atlantic and Westward into the Midwest and Texas.

07/23/2019: United Rentals, the Connecticut-based equipment rental services provider, is looking for acquisitions for its Specialty Rentals segment. The company is looking for an acquisition that will expand its product offering or geographic footprint.

07/01/2019: UniFirst, the Massachusetts-based provider of workwear and facility services, is watching for targets and is interested in regional consolidation opportunities. The company plans to continue to aggressively pursue acquisition targets as they remain an integral part of its overall growth strategy.

Recent Lincoln International Facilities Services Transactions

 has sold  to  Sell-Side 	 has sold  to  Sell-Side 	 has sold  to  Sell-Side 	 has sold  to  Sell-Side 	 has sold  to  Sell-Side 	 has sold  to  a portfolio company of  Sell-Side 
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M&A Transaction Highlights

Closed	Target	Target Description	Acquirer
Announced	Allied Universal	Provides commercial security and janitorial solutions	Warburg Pincus
Announced	Fusion Fire Protection	Provides fire sprinkler and suppression system installation, maintenance and test services	ADT
Announced	Systems Group	Provides commercial fire alarm detection, installation, inspection and maintenance services	ADT
Announced	Garda World Security Corporation	Provides commercial and residential security solutions	BC Partners
Announced	Brand Industrial Services	Provides construction equipment rental and specialty construction services	Brookfield Business Partners
Announced	Rapid Fire Protection	Provides design, installation and maintenance services for fire suppression and safety systems	Boyne Capital Partners
Sep-19	Southern Air Heating & Cooling	Provides residential HVAC installation and repair, as well as plumbing services	Apex Service Partners
Sep-19	American Heritage Protection Services	Provides armed and unarmed security guard services	Mangrove Equity Partners
Sep-19	Vredevoogd Heating & Cooling	Provides residential HVAC replacement and maintenance services	Randazzo Mechanical Heating & Cooling
Sep-19	ICON Identity Solutions	Provides commercial sign and lighting maintenance and specialty services	MC Group
Sep-19	Nomor Holding	Provides pest control, food safety and house inspection and sanitation services	ServiceMaster Global
Sep-19	Mike's Flooring Companies	Provides commercial and residential flooring installation and supply services	Interior Logic Group
Sep-19	Life Safety Solutions	Provides fire alarm, life safety and security solutions	Convergent Technologies
Sep-19	Hoodco Systems	Provides kitchen exhaust and fire suppression system installation, inspection and maintenance services	AI Fire
Sep-19	Air Conditioning Innovative Solutions	Provides HVAC, plumbing and mechanical maintenance and installation services	Caltius Equity Partners
Sep-19	VarcoMac	Provides electrical maintenance and installation services	Therma Corporation
Sep-19	API Group	Provides specialty construction and life safety services	J2 Acquisition
Aug-19	United Security Services and Southern Supply	Provides fire suppression and safety solutions	Summit Companies
Aug-19	Vendor International	Provides sanitation and hygiene solutions to commercial facilities	CWS Group
Aug-19	HeartLand	Provides commercial landscaping services	Sterling Investment Partners
Aug-19	Pro Scapes	Provides commercial and residential landscaping services	BrightView Holdings
Aug-19	Sprint Safety	Provides safety equipment rental services	Total Safety
Aug-19	Aegis Fire	Provides fire extinguisher, sprinkler and alarm system solutions	Fire Safety Systems
Aug-19	Midstate Security Company	Provides design and installation services for electronic security and monitoring systems	Allied Universal
Aug-19	Security Resources	Provides security services and direct guard solutions	Protos Security
Aug-19	TotalFacility	Provides facilities maintenance, repair and operations services	Advanced Service Solutions
Aug-19	Performance Systems Integration	Provides fire and life safety services, including inspection, installation and maintenance	The Riverside Company
Aug-19	Carolina Coating Solutions and Industrial Services	Provides corrosion protection and surface cleaning services	Superior Industrial Maintenance Company
Aug-19	Just Service	Provides mechanical, HVAC, plumbing, energy management and engineering services	Reedy Industries
Aug-19	AIRmasters	Provides HVAC and refrigeration installation and maintenance services	Reedy Industries
Aug-19	Good Uncle	Provides commercial and educational food plan and delivery services	Aramark
Aug-19	HSW RR and Western Drain Supply	Provides plumbing and drain cleaning services	Chemed
Aug-19	Pristine	Provides facility management, contract cleaning and related services	Kellermeyer Bergensons Services
Jul-19	Best Electric, Air Conditioning & Plumbing	Provides air conditioning, electrical and plumbing maintenance and repair services	Alpine Investors
Jul-19	ASR Property Restoration	Provides emergency restoration and reconstruction services	Interstate Restoration
Jul-19	LandCare	Provides commercial landscaping and maintenance services	Management Buyout
Jul-19	Frank Gay Services	Provides plumbing, HVAC and electrical services	Alpine Investors
Jul-19	Clear Cut Tree and Lawn Care	Provides tree, shrub and lawn care maintenance services	SavATree
Jul-19	CertaSite	Provides fire and life safety system design, installation and maintenance services	The Riverside Company
Jul-19	Home Franchise Concepts	Provides home improvement services and solutions	JM Family Enterprises
Jul-19	Oakland, CA Franchise (Roto-Rooter Services)	Provides plumbing and drain cleaning services	Roto-Rooter Services
Jul-19	Cleaning and Repair Division of Tubal-Cain	Provides cleaning, repair and gas-freeing services	VLS Recovery Services
Jul-19	EQM Technologies & Energy	Provides environmental remediation, restoration and emission measurement services	ASRC Industrial Services
Jul-19	O'keefe Elevator Company	Provides design, installation and maintenance services for elevator systems	ThyssenKrupp
Jul-19	American Fire Technologies	Provides installation services for fire protection, suppression and specialty detection systems	The Hiller Companies
Jul-19	Elite FPS	Provides fire sprinkler and alarm system installation, inspection and maintenance services	National Fire & Safety

Source: Capital IQ, Mergermarket, Company Filings



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