

FACILITIES SERVICES

Market Update



Q3 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, Q3 2023 marks another deceleration in mergers and acquisitions (M&A) activity, with approximately 6,800 deals closed, according to S&P Global. This represents a decrease of approximately 9% compared to the approximately 7,500 deals closed in the previous quarter. This pullback can be attributed to a combination of factors, including increased financing costs and a decrease in overall leverage. Broader uncertainty surrounding the macroeconomic environment and geopolitical issues has also played a role. However, confidence in the M&A markets increased in the latter half of the quarter as the global banking sector stabilized and lenders put more money to work. 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 U.S. market. During Q3 2023, private equity-backed facilities services companies were particularly active acquirers. Companies, including Pye-Barker Fire & Safety (Altas, Leonard Green), Pavion (Wind Point Partners), Crete Mechanical Group (Ridgemont Equity Partners) and TriplePoint (Caymus Equity Partners) completed acquisitions. As of Q3 2023, the Lincoln Facilities Services Index (13.3x EV / EBITDA) and the S&P 1500 Environmental and Facilities Services Index (14.1x EV / EBITDA) are both valued at lower multiples relative to Q3 2023. We remain optimistic that the facilities services M&A market will stay robust throughout 2023 and into 2024, presenting opportunities for 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

<p>HCI EQUITY PARTNERS</p> <p>has sold</p> <p>TECH 24</p> <p>to</p> <p>VESTAR</p> <p>Sell-Side</p> 	<p>NEXTECH</p> <p>a portfolio company of</p> <p>Audax Group</p> <p>has acquired</p> <p>RAMCO Refrigeration, Air Conditioning & Mechanical Company, Inc.</p> <p>Buy-Side</p> 	<p>UNIFOUR FIRE & SAFETY</p> <p>has merged with</p> <p>THE Hiller COMPANIES</p> <p>a portfolio company of</p> <p>LITTLEJOHN & CO.</p> <p>Sell-Side</p> 	<p>4M Building Solutions</p> <p>has received a growth investment from</p> <p>O2 O2 Investment Partners, LLC</p> <p>Sell-Side</p> 	<p>SEASIDE EQUITY PARTNERS</p> <p>has sold</p> <p>ACP ANDERSEN COMMERCIAL PLUMBING</p> <p>to</p> <p>SUN CAPITAL PARTNERS, INC.</p> <p>Sell-Side</p> 
<p>THOMPSON STREET CAPITAL PARTNERS</p> <p>has sold</p> <p>HEALTHCARE LINEN SERVICES GROUP</p> <p>to</p> <p>YORK CAPITAL MANAGEMENT</p> <p>Sell-Side</p> 	<p>BLUEPOINT</p> <p>has sold</p> <p>FLSA</p> <p>to</p> <p>SUMMIT COMPANIES</p> <p>a portfolio company of</p> <p>BLACKROCK</p> <p>Sell-Side</p> 	<p>CORTEC Group</p> <p>has sold</p> <p>WINDOW NATION</p> <p>to</p> <p>AEA</p> <p>Sell-Side</p> 	<p>Audax Private Equity</p> <p>has sold</p> <p>AI FIRE</p> <p>to</p> <p>SNOW PHIPPS</p> <p>Sell-Side</p> 	<p>GEMSPRING CAPITAL</p> <p>has sold</p> <p>THERMA</p> <p>to</p> <p>Blackstone</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, Q4 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, S&P 500 Environmental and Facilities Services and the Lincoln Facilities Services Index decreased. The Lincoln Facilities Services Index Enterprise Value / EBITDA trading multiples decreased by 1.6x to 13.3x.

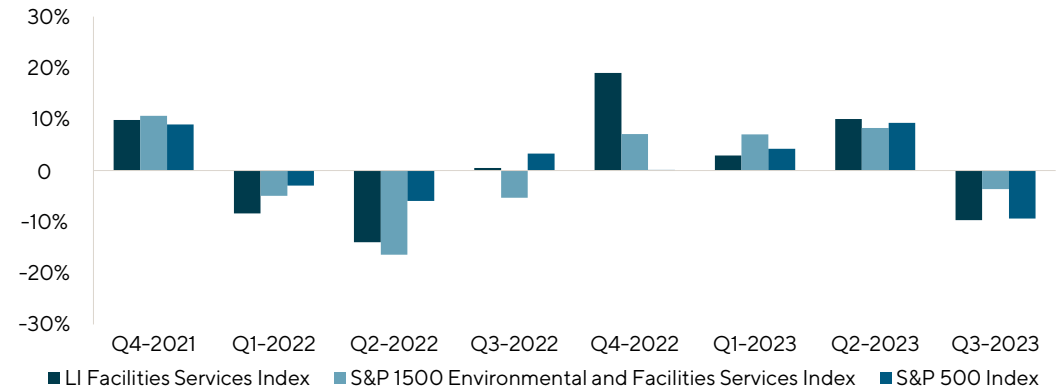
Facilities Services Financial Performance

QUARTER-OVER-QUARTER PERFORMANCE

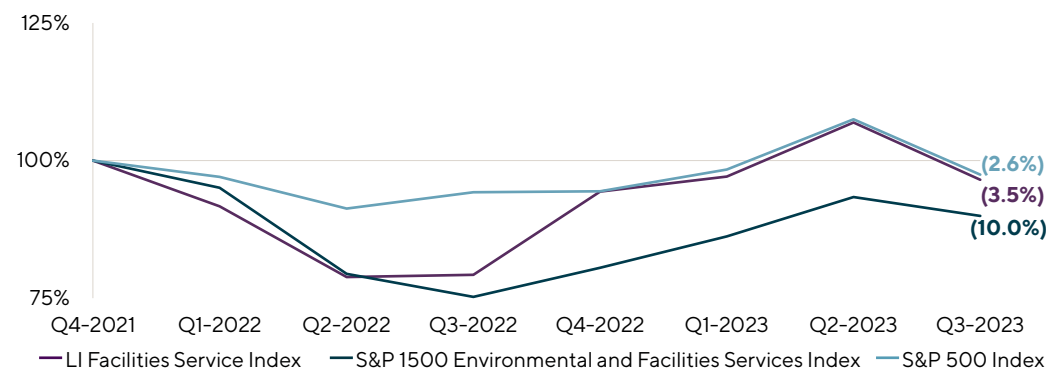
Top Performers	Change	Underperformers	Change
Comfort Systems USA	26.8%	BrightView Holdings	(18.4%)
Rentokil Initial	19.6%	Aramark	(13.4%)
FirstService	14.9%	Matrix Service	(13.2%)

Based on quarter-over-quarter share price performance

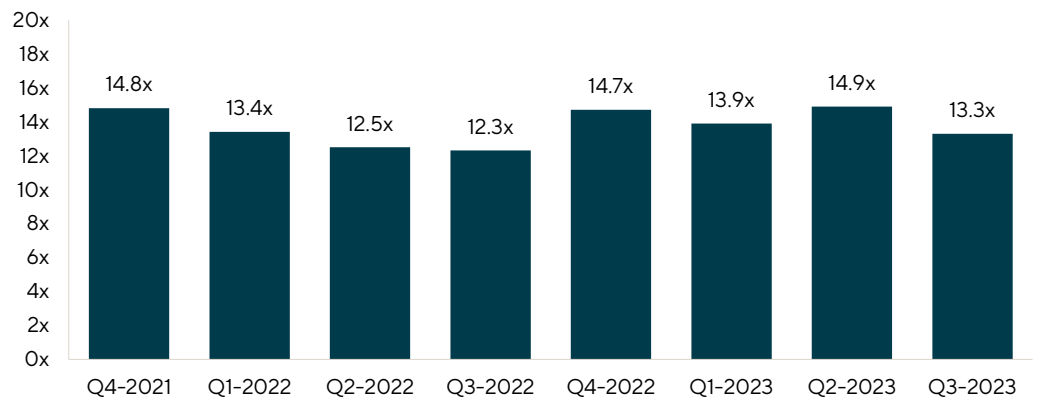
QUARTER-OVER-QUARTER STOCK INDEX CHANGE



TWO-YEAR RELATIVE STOCK INDEX PERFORMANCE



ENTERPRISE VALUE⁽¹⁾ / LTM EBITDA MULTIPLES



Source: Capital IQ as of 9/30/2023.

(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, except per share)

	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	\$40.01	\$49.58	\$2,622	\$3,848	\$2.14	\$8,015	0.5x	8.8x	12.2x	7.0%	1.7%	5.4%	2.8x
Aramark	34.70	45.72	9,058	16,201	2.08	18,343	0.9x	12.6x	21.6x	18.4%	9.7%	7.0%	5.5x
BrightView Holdings	7.75	9.32	724	2,063	(0.10)	2,796	0.7x	7.9x	19.3x	2.6%	(0.5%)	9.4%	5.1x
Cintas	481.01	524.76	49,028	51,417	13.30	8,992	5.7x	23.8x	27.6x	10.7%	13.5%	24.0%	1.1x
Comfort Systems USA	170.41	192.33	6,078	6,165	6.78	4,708	1.3x	15.6x	19.6x	31.0%	39.4%	8.4%	0.2x
Compass Group	24.41	27.46	41,863	45,750	0.72	36,707	1.2x	16.0x	18.8x	33.2%	22.8%	7.8%	1.3x
EMCOR Group	210.39	227.50	9,917	9,661	10.06	11,712	0.8x	12.2x	14.2x	12.0%	25.4%	6.8%	(0.3x)
FirstService	146.04	158.20	6,516	7,434	3.00	4,119	1.8x	19.7x	28.6x	18.6%	20.1%	9.2%	1.8x
Johnson Controls International	53.21	70.43	36,200	46,046	2.99	26,612	1.7x	12.8x	16.6x	6.6%	7.9%	13.5%	2.4x
Matrix Service	11.80	12.19	321	276	(1.94)	795	0.3x	NM	NM	12.3%	NM	(3.0%)	1.9x
Mitie Group	1.25	1.31	1,624	1,671	0.06	4,880	0.3x	8.3x	10.2x	(4.9%)	24.2%	4.1%	0.2x
Prosegur Compañía de Seguridad	1.62	2.32	859	2,545	0.11	4,769	0.5x	5.3x	8.0x	18.1%	21.4%	10.0%	3.4x
Rentokil Initial	7.45	8.10	18,638	22,891	0.12	6,116	3.7x	19.6x	28.5x	63.7%	72.9%	19.1%	3.6x
Rollins	37.33	45.04	18,071	18,253	0.79	2,870	6.4x	29.1x	34.2x	12.3%	16.4%	21.9%	0.3x
Securitas AB	7.95	9.72	4,556	8,767	8.00	14,067	0.6x	8.5x	10.9x	25.9%	46.5%	7.4%	4.1x
Sodexo	103.22	110.02	15,068	19,221	5.40	24,361	0.8x	12.4x	16.0x	13.6%	20.2%	6.3%	2.7x
Team	6.95	11.50	30	311	(28.57)	871	0.4x	1.4x	NM	7.4%	NM	26.3%	1.2x
UniFirst	163.01	205.59	3,047	2,978	5.45	2,178	1.4x	12.0x	22.3x	11.7%	(2.5%)	11.4%	(0.3x)
Facilities Services Mean							1.6x	13.3x	19.3x	16.7%	21.2%	10.8%	2.1x
Facilities Services Median							0.9x	12.4x	19.1x	12.3%	20.2%	8.8%	1.8x

Source: Capital IQ | Note: All values based on publicly available data as of 9/30/2023.

Heard on the Street

9/14/2023: ABM Industries, a New York-based provider of integrated facilities services, announced it maintains a strong pipeline of acquisition opportunities and retains the financial firepower to actively pursue these deals. The company has noted its strong free cash flow profile coupled with an attractive leverage ratio of 2.3x. ABM has recently been quiet by means of inorganic growth, with its last notable acquisition closing in September 2022.

9/13/2023: Pye-Barker Fire & Safety (Altas, Leonard Green), an Atlanta, Georgia-based provider of fire protection equipment services, has announced its acquisition of Iowa Fire Equipment Company, a provider of installation, inspection and maintenance services for fire and safety equipment based in Des Moines, Iowa. This transaction is one of six for the company in Q3 2023 and one of 20 in 2023 thus far. With the addition of Iowa Fire, Pye-Barker increases its Midwestern presence with five new locations, including securing the Iowa market while also entering Indiana. The acquisition continues Pye-Barker's aggressive M&A strategy centered around geographic expansion, increasing its footprint to 40 states across 170 locations and 5,000 team members.

9/12/2023: TriplePoint (Caymus Equity Partners), a Columbus, Ohio-based commercial plumbing, electrical and mechanical services provider, announced the acquisition of three heating, ventilation and air conditioning (HVAC) and refrigeration companies in Q3 2023, including 1) Polk Mechanical based in Texas, 2) Commercial Air Systems based in North Carolina and 3) Professional Air Systems based in North

Carolina. With these new additions, TriplePoint expands into the growing geographies of Texas, North Carolina, South Carolina and Virginia while increasing its combined footprint to 10 states across the Midwestern and Southern U.S.

8/17/2023: Pavion (Wind Point Partners), a Chantilly, Virginia-based provider of integrated solutions for fire, safety, security and critical communications, announced the acquisition of three fire and life safety companies in Q3 2023, including 1) RFI Enterprises based in California, 2) REECE Complete Security Solutions based in Oregon and 3) K&J Integrated Systems based in Massachusetts. These acquisitions support Pavion's growth strategy of geographic expansion and mark the company's 19th acquisition since Wind Point's investment in June 2020.

8/2/2023: GTCR, a Chicago-based private equity firm has announced the acquisition of the commercial fire and security segment of ADT, a national provider of commercial and residential security, fire protection and related monitoring services. The transaction value is estimated at \$1.6 billion with an adjusted EV / EBITDA multiple of 11x. GTCR plans to rebrand the business as "Everon" and reprioritize M&A as a growth strategy after five years of primarily organic growth. In pursuit of Everon's five-year goal of increasing its global geographical presence, the company has stated it will be vertical-and size-agnostic when evaluating new opportunities. Dan Bresingham, former President of ADT's commercial division, will lead the business as the Chief Executive Officer of Everon.

M&A TRANSACTION HIGHLIGHTS

Closed	Target	Target Description	Acquirer
Sep-23	Flo-Systems	Provides water and wastewater collection, treatment, distribution and repair services	PumpMan (Soundcore Capital Partners)
Sep-23	Superior Grouting & Restoration Services	Provides concrete restoration and waterproofing services	Valcourt (Littlejohn)
Sep-23	Total Comfort Cooling & Heating	Provides HVAC repair and maintenance services	Air Conditioning Specialist (Hidden Harbor Capital Partners)
Sep-23	Environmental Designs	Provides commercial landscaping maintenance, enhancements and arbor-care services	Monarch Landscape Companies (Audax)
Sep-23	Maximum Security	Provides security, alarm and fire detection services	Pye-Barker Fire & Safety (Altas, Leonard Green)
Sep-23	Juniper Landscape	Provides commercial landscaping and property maintenance services in Southern California	Verde Equity Partners
Sep-23	Tech24	Provides HVAC and food service equipment installation, preventative maintenance and repair services	Vestar Capital Partners
Sep-23	Knight Commercial	Provides commercial roofing mitigation, reconstruction and restoration services	OMERS Private Equity
Sep-23	OBCO Chemical Corporation	Provides janitorial, commercial dishwasher and ice machine services	Easy Ice (Freeman Spogli)
Sep-23	AMSconnect	Provides a full suite of security services to commercial and residential clients	Pye-Barker Fire & Safety (Altas, Leonard Green)
Sep-23	Southern Elevator	Provides commercial elevator repair, maintenance and modernization services	Plexus Capital
Sep-23	Arundel Elevator Inspections	Provides elevator inspection, maintenance and repair services	ATIS Ascenda Partners (Cequel III)
Sep-23	Power of Clean Energy	Provides energy transition planning and project implementation services for commercial facilities	Fidelity Building Services Group (Onex Corporation)
Sep-23	Iowa Fire Equipment Company	Provides fire protection and alarm services	Pye-Barker Fire & Safety (Altas, Leonard Green)
Sep-23	Guardian Access Solutions	Provides exterior access control equipment maintenance, repair and installation services	CenterOak Partners

M&A TRANSACTION HIGHLIGHTS (CONTINUED)

Closed	Target	Target Description	Acquirer
Sep-23	Polk Mechanical	Provides plumbing installation and maintenance services	TriplePoint (Caymus Equity Partners)
Sep-23	Commercial Air Systems	Provides commercial and industrial HVAC repair and maintenance services	TriplePoint (Caymus Equity Partners)
Sep-23	Professional Air Services	Provides HVAC and plumbing repair, maintenance and installation services	TriplePoint (Caymus Equity Partners)
Sep-23	Duvall Plumbing Heating and Cooling	Provides heating, cooling and plumbing services to commercial and residential clients	CenterOak Partners
Sep-23	McCurdy-Walden	Provides commercial roofing maintenance, re-roofing, repair, inspection and waterproofing services	Core Roofing Systems (Shoreline Equity Partners)
Sep-23	DK Haney Roofing	Provides commercial roofing maintenance, re-roofing and renovation services	BlueThread Services (Seaside Equity Partners)
Sep-23	Metro Elevator	Provides elevator maintenance, repair and modernization services	Elevator Services (Carroll Capital)
Sep-23	ProPack International	Provides a full range of commercial and industrial export packing solutions	MEI Rigging & Cratering (Olympus Partners)
Sep-23	Eastman Fire Protection	Provides fire protection services focused on fire extinguishers and suppression systems	CertaSite (The Riverside Company)
Aug-23	Asphalt Solutions	Provides asphalt installation and maintenance services to commercial and residential clients	ACI Holdings Group (Soundcore Capital Partners)
Aug-23	Mr. Fire Protection	Provides fire and life safety design, installation, repair and maintenance services	SuperHero Fire Protection (Hidden Harbor Capital Partners)
Aug-23	Case Restoration	Provides restoration, cleaning and damage repair services for commercial and residential properties	FirstOnSite Property Restoration
Aug-23	Semones Heating & Air	Provides HVAC repair and installation services to commercial and residential clients	Leap Partners (Concentric Equity Partners)
Aug-23	Aircor Refrigeration	Provides industrial, commercial and residential refrigerant services	Cold Core Group (TJM Capital Partners)
Aug-23	Arctic Consulting	Provides industrial refrigeration and energy management services	Cold Core Group (TJM Capital Partners)
Aug-23	Christian Cable Group	Provides life safety installation and maintenance services	Sciens Building Solutions (Carlyle, Huron Capital Partners)
Aug-23	RFI Enterprises	Provides fire and life safety design, installation and maintenance services	Pavion (Wind Point Partners)
Aug-23	AAA Fire Safety & Alarm	Provides fire protection, alarm and security services	Pye-Barker Fire & Safety (Altas, Leonard Green)
Aug-23	Global Guardian	Provides comprehensive security, medical and travel-related services	Align Capital Partners
Aug-23	Landworks	Provides lawn care, landscaping and property maintenance services	Focal Pointe Outdoor Solutions
Aug-23	Professional Pipe	Provides design and installation piping services	PremiStar (Partners Group)
Aug-23	Flawless Lawncare & Landscaping	Provides landscaping maintenance services to commercial and residential properties	Juniper Landscaping (Bregal Partners)
Aug-23	Pronto Repairs	Provides commercial kitchen equipment maintenance and installation services	Tech24 (HCI Equity Partners)
Aug-23	American Landscaping Partners	Provides landscaping maintenance services to commercial and residential properties	Shoreline Equity Partners
Aug-23	Precision Asphalt	Provides asphalt paving and repair services	Tendit Group (Osceola Capital)

M&A TRANSACTION HIGHLIGHTS (CONTINUED)

Closed	Target	Target Description	Acquirer
Aug-23	REECE Complete Security Solutions	Provides integrated fire, safety and security services	Pavion (Wind Point Partners)
Aug-23	Crown Pest Control	Provides pest control services for residential and commercial clients	Bug Busters
Aug-23	Lima Company	Provides HVAC and energy services to commercial and industrial clients	CoolSys (Ares Management)
Aug-23	Custom Lawn Care	Provides lawn care treatment services to commercial and residential clients	HCI Equity Partners
Aug-23	APIC Solutions	Provides electrical security and life safety services	Tower Arch Capital
Jul-23	Tree Preservation Landscaping	Provides tree pruning, removal and preservation services	A Plus Tree (Hyperion Capital Partners)
Jul-23	Black Diamond Experts	Provides plumbing, electric and heating services	Any Hour Services (Knox Lane)
Jul-23	Bumble Breeze	Provides HVAC and plumbing repair and replacement services	Any Hour Services (Knox Lane)
Jul-23	Floors First Nashville	Provides flooring installation services for multi-family properties	Rasa Floors (Saw Mill Capital)
Jul-23	A.H. Management	Provides commercial foodservice management solutions	Sodexo
Jul-23	Advanced Engineered Systems	Provides fire and life safety inspection, testing, maintenance, installation and design services	Pye-Barker Fire & Safety (Altas, Leonard Green)
Jul-23	Pyrotech	Provides fire and life safety inspection, testing, maintenance and installation services	Pye-Barker Fire & Safety (Altas, Leonard Green)
Jul-23	World Pest Control	Provides pest control services to commercial and residential clients	Rentokil North America
Jul-23	CERK Security	Provides access control, surveillance and alarm services	Nextgen Security (Dunes Point Capital)
Jul-23	Hillard Electric	Provides electrical design and maintenance services for commercial and industrial clients	Crete Mechanical Group (Ridgemont Equity Partners)
Jul-23	K&J Integrated Systems	Provides electrical and life safety services	Pavion (Wind Point Partners)
Jul-23	5 Star Pest Solutions	Provides pest and termite control services	PestCo Holdings (Thompson Street Capital)
Jul-23	Loellke Plumbing	Provides plumbing installation, repair and maintenance services to the utilities sector	Crete Mechanical Group (Ridgemont Equity Partners)
Jul-23	Integrated Security Operations	Provides electronic access control and video surveillance security services	NextGen Security (Dunes Point Capital)
Jul-23	SCI Flooring	Provides full-service floor covering services	Rainier Partners
Jul-23	Integrated Systems and Controls	Provides HVAC services catered to commercial and industrial sectors	Daikin North America
Jul-23	MEI Rigging & Cratering	Provides rigging, machinery installation and export packing services	Olympus Partners
Jul-23	Towne Park	Provides comprehensive commercial and residential parking services	Greenbriar Equity Group
Jul-23	ACME Industrial Piping	Provides pipe fitting, design and maintenance services	Limbach Holdings
Jul-23	Diversey	Provides cleaning, sanitation and hygiene products and services	Solenis (Platinum Equity)

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.

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