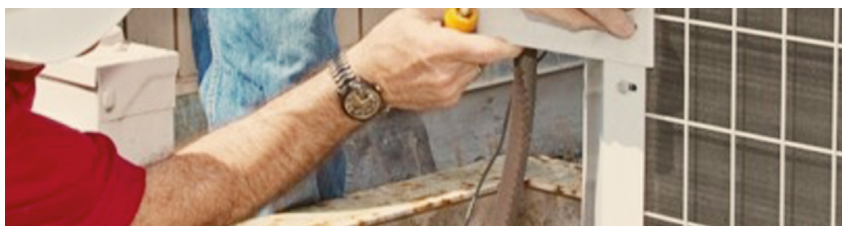


# Market Update



## Market Insights

The first half of 2019 exhibited significant M&A activity across numerous subsectors within facilities services. There was considerable activity in the Fire & Life Safety (“FLS”) market with several acquisitions announced or completed. Multiples continue to be higher than historical averages and growth remains critically important to shareholders and management teams seeking to enhance value in their markets.

M&A activity within the sector is expected to be robust, driven by, among other areas: (i) strong underlying secular trends; (ii) significant “dry powder” among private equity firms interested in backing companies with economically resilient business models and strong management teams; (iii) healthy corporate balance sheets and a desire among strategics to augment organic growth through M&A; (iv) growing number of targets achieving sufficient scale.

**Facilities Services**  
Q2 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, Q3 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 7.6%. LTM Q2 2019 revenue and EBITDA generally increased across the Facilities Services Index, with average growth of 5.6% and 5.0%, respectively.

## Facilities Services Financial Performance

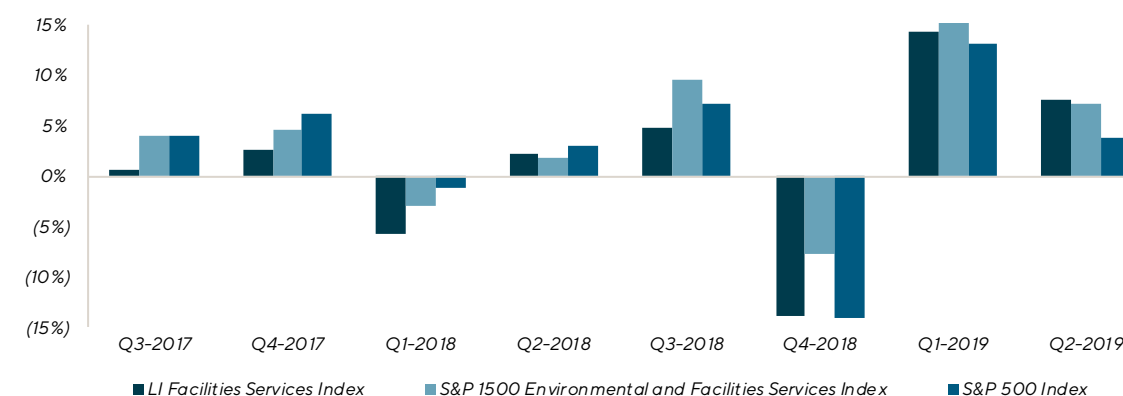
### Quarter over Quarter Performance

Outperformers	Change
BrightView Holdings, Inc.	29.9%
UniFirst Corporation	22.8%
Aramark	22.0%

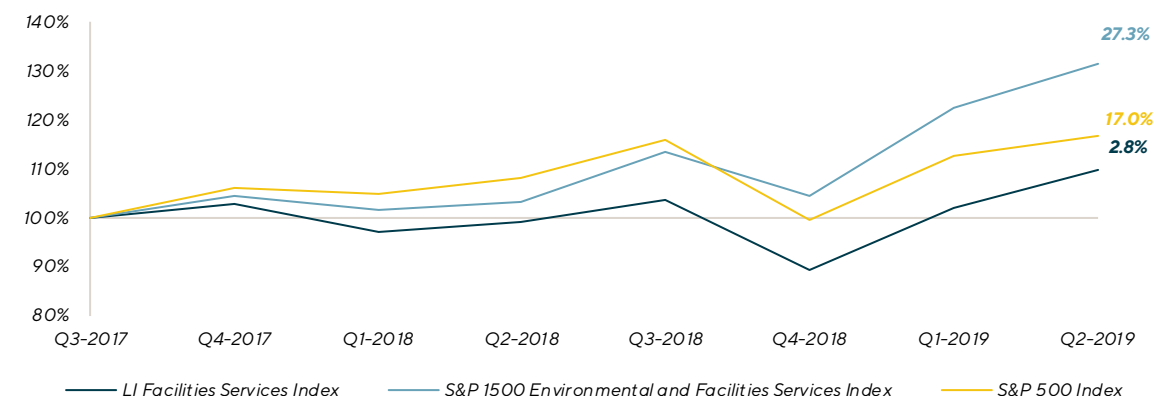
Based on quarter-over-quarter share price performance

Underperformers	Change
Team, Inc.	(12.5%)
Rollins, Inc.	(13.8%)
Prosegur Compañía de Seguridad, S.A.	(14.5%)

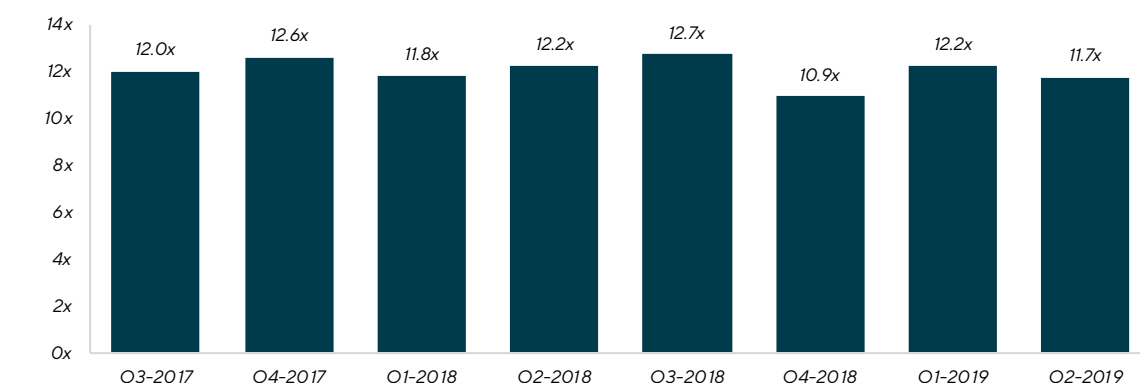
### Quarter over Quarter Stock Index Change



### Two Year Relative Stock Index Performance



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



Source: Capital IQ as of 6/28/2019

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

## 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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## Heard on the Street

**04/22/2019: Engie**, the France-based energy group, is considering a purchase of **Emcor**, the Connecticut-based facilities and construction services firm. Engie has hired third-party advisors to begin work on the potential transaction.

**05/30/2019: Aramark**, the Philadelphia-based provider of commercial food, facilities and uniform services, is being targeted by activist Paul Hilal's Mantle Ridge, who is seeking to push the company to explore a sale.

**06/10/2019: ABM Industries**, the New York-based provider of facilities management services, expects to be more active in M&A next year after focusing on paying down debt in 2019.

## Lincoln Facilities Services Index Stock Data

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	\$40.00	\$41.34	\$2,654	\$3,561	\$1.29	\$6,476	0.5x	11.5x	17.6x	8.2%	26.2%	4.8%	2.9x
Aramark	36.06	43.70	8,886	15,893	2.08	16,151	1.0x	11.2x	18.9x	6.6%	14.4%	8.8%	4.9x
BrightView Holdings, Inc.	18.71	23.42	1,964	3,129	(0.26)	2,335	1.3x	13.3x	nmf	(0.0%)	(7.5%)	10.1%	4.9x
Cintas Corporation	237.29	237.55	24,814	27,496	7.59	6,768	4.1x	19.1x	23.8x	6.8%	17.9%	21.3%	1.9x
Comfort Systems USA, Inc.	50.99	59.83	1,882	2,003	3.09	2,256	0.9x	9.9x	12.7x	20.5%	37.9%	9.0%	0.6x
Compass Group plc	23.98	24.53	38,038	42,725	0.74	31,201	1.4x	14.6x	19.2x	(0.9%)	3.4%	9.4%	1.6x
EMCOR Group, Inc.	88.10	88.27	4,942	5,230	5.23	8,389	0.6x	10.2x	12.2x	9.0%	8.6%	6.1%	0.6x
FirstService Corporation	96.33	101.16	3,767	4,334	1.69	1,991	2.2x	nmf	nmf	12.1%	17.4%	9.4%	2.2x
G4S plc	2.64	3.59	4,087	6,115	0.05	9,574	0.6x	9.0x	11.6x	(9.5%)	(17.8%)	7.1%	3.0x
Johnson Controls International plc	41.31	41.40	32,874	46,286	2.60	31,708	1.5x	9.9x	12.9x	18.5%	20.6%	14.7%	2.6x
Matrix Service Company	20.26	25.75	543	496	0.02	1,311	0.4x	12.4x	23.1x	20.2%	22.3%	3.0%	(1.2x)
MITIE Group plc	1.86	2.35	671	871	0.08	2,893	0.3x	6.2x	7.7x	1.5%	(6.7%)	4.8%	1.5x
Prosegur Compañía de Seguridad, S.A.	4.70	6.82	2,813	3,803	0.00	4,404	0.9x	7.9x	12.3x	(15.5%)	(23.4%)	10.9%	1.9x
Rentokil Initial plc	5.05	5.13	9,300	10,741	(0.05)	3,151	3.4x	17.9x	24.6x	(3.4%)	(11.8%)	19.0%	2.4x
Rollins, Inc.	35.87	43.91	11,748	11,814	0.69	1,842	6.4x	nmf	nmf	7.9%	4.4%	20.1%	0.2x
Securitas AB	17.55	18.32	6,405	8,550	8.45	11,305	0.8x	11.0x	15.2x	1.3%	7.9%	6.9%	2.7x
ServiceMaster Global Holdings, Inc.	52.09	62.70	7,082	8,304	(0.81)	1,954	4.2x	nmf	nmf	26.9%	19.4%	19.8%	3.2x
Sodexo S.A.	116.98	123.63	17,046	20,379	4.32	24,096	0.8x	12.8x	16.7x	(3.1%)	(12.2%)	6.6%	2.1x
Team, Inc.	15.32	25.55	463	876	(2.50)	1,214	0.7x	nmf	nmf	(0.2%)	(28.1%)	1.3%	26.5x
UniFirst Corporation	188.57	191.95	3,595	3,245	8.74	1,764	1.8x	10.8x	16.3x	5.9%	6.9%	17.1%	(1.2x)
<b>Mean</b>							<b>1.7x</b>	<b>11.7x</b>	<b>16.3x</b>	<b>5.6%</b>	<b>5.0%</b>	<b>10.5%</b>	<b>3.2x</b>
<b>Median</b>							<b>0.9x</b>	<b>11.1x</b>	<b>16.3x</b>	<b>6.2%</b>	<b>7.4%</b>	<b>9.2%</b>	<b>2.1x</b>

Source: Capital IQ

Note: All values based on publicly available data as of 6/28/2019

## Sub-Sector Spotlight – Fire & Life Safety Market

The Fire & Life Safety (“FLS”) market experienced continued strong M&A activity in H1 2019. Non-discretionary regulatory requirements and increased outsourcing underpin the large and growing, recession-resilient market. There continues to be strong momentum in the FLS sector and the industry remains ripe for consolidation, with levels of interest consistent across the private equity and strategic universe. The amount of debt available provides a competitive advantage for private equity firms in auctions even when strategies are able to achieve a meaningful level of synergies.

### Key Macro Trends:

- **Increasingly Stringent Fire & Life Safety Regulations**
  - Code regulations, including building codes, local fire ordinances and federal laws require building owners to upgrade fire suppression and notification systems on a frequent and regular basis
- **Non-Discretionary Fire & Life Safety Spending** – Non-compliance with safety codes can result in significant negative consequences such as loss of life or property and fines imposed by regulatory bodies
- **Continuing Trend of Outsourcing Non-Core Services**
  - Businesses are focused on core competencies and are increasingly outsourcing facilities services and consolidating vendors

### Benefits of Scale:

Service providers with meaningful size, scale and geographic reach benefit from key competitive advantages:

- **Route Density** – Geographic density drives efficiencies and leads to margin improvement
- **Access to Large, Multi-National Customers** – Broader footprint enables companies to provide coverage for national and global accounts with dispersed locations across several geographies
- **Improved Service Levels** – Customers prefer providers with extensive service capabilities and efficient processes; larger organizations benefit from consistent, rigorous and reliable processes

### M&A Activity

Several notable transactions were announced or completed in the FLS industry in H1 2019:

- **January: Summit Companies**, a portfolio company of **CI Capital Partners**, acquired **ABC Fire** and **Cylinder Service**, a provider of commercial, residential and industrial fire alarms and safety equipment
  - This acquisition expands the geographic footprint of Summit’s existing fire protection, life safety and consulting business by adding locations in Reno and Las Vegas, Nevada, while complementing Summit’s existing portfolio of products and solutions.
- **April: Century Fire Protection**, an operating subsidiary of **FirstService**, acquired **Advantage Fire Sprinkler** and **Chief Fire Systems**, which are leading providers of fire sprinkler suppression services in the Atlanta and Houston markets
  - These acquisitions continue to advance Century’s strategy of growing its recurring fire sprinkler suppression services, enhancing scale in existing markets and expanding its presence in key new geographic regions across the southeast U.S.
- **April: Highview Capital** acquired **Frontier Fire**, a leading provider of fire and life safety solutions in the U.S. Mountain West and Southwest regions, from **Champlain Capital**
  - Frontier Fire and Highview will continue to seek bolt-on acquisitions to supplement organic growth and fuel the Company’s progress in entering new geographies and developing new service and product capabilities.

## M&A Transaction Highlights

Closed	Target	Target Description	Acquirer	Enterprise Value
Announced	Chief Fire Systems	Design and installation of fire suppression systems in residential and commercial buildings	Century Fire Protection	-
Announced	Advantage Fire Sprinkler Company	Commercial sprinkler design, installation and inspection services	Century Fire Protection	-
Jun-19	Wrench Group	Residential HVAC, plumbing and electrical maintenance and repair services	Leonard Green & Partners	-
Jun-19	Let's Pave	Outsourced parking lot maintenance and repair services	Saw Mill Capital	-
Jun-19	Integrated Fire and Security Solutions	Design and installation of fire alarm and access control systems	Newlook Capital	-
Jun-19	Roger Schweitzer and Sons	Installation, maintenance and replacement of commercial and industrial boiler systems	Reedy Industries	-
Jun-19	Global Restoration Holdings	Commercial and large loss property restoration	FirstService Corporation	\$530
May-19	United Services	Commercial and residential disaster restoration services	BluSky Restoration Contractors	-
May-19	ImageFIRST Tampa	ImageFIRST's largest franchisee and provider of medical laundry services	ImageFIRST	-
May-19	FirstService Residential	Commercial landscaping solutions	BrightView Landscapes	-
May-19	Faultless Laundry Company	Healthcare laundry services	ImageFIRST	-
May-19	Specialized Elevator Services	Elevator maintenance, installation and repair services	CIVC Partners	-
May-19	Tri-Temp Refrigeration	HVAC and refrigeration installation, repair and maintenance	Climate Pros	-
May-19	Service Champions	Air conditioning, plumbing, solar and electrical repair and replacement services	CenterOak Partners	-
May-19	Norfoxx Refrigeration	Commercial refrigeration and air conditioning services	Climate Pros	-
May-19	JP Mchale Pest Management	Residential and commercial pest control services	Anticimex	-
Apr-19	Mosquito Control Services	Residential and commercial pest control services	Rentokil Steritech	-
Apr-19	Fireguard	Commercial fire safety service, repair, inspection and installation services	Protegis Fire & Safety	-
Apr-19	Frontier Fire Protection	Full-service fire sprinkler and fire alarm solutions, including installation, retrofitting, inspection and detection	Highview Capital	-
Apr-19	Admiral Cleaning Supplies	Cleaning and catering supplies to hotels, restaurants and cafés	Citron Hygiene	-
Apr-19	ABC Electric Corporation	Field services, including motor rewind, pump repair and electro-mechanical troubleshooting	PumpMan	-
Apr-19	Capital Contractors	Commercial janitorial management services	Kellermeyer Bergensons Services	-
Apr-19	Allcoopers	Installation, maintenance and monitoring of security and fire systems	Securitas	\$6

Source: Capital IQ, Mergermarket, Company Filings





## Advisory Services

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

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