

Market Update













Facilities Services
Q2 2022

Facilities Services Insights

After a series of record-breaking quarters throughout 2021, Q2 2022 marks another slight deceleration in mergers and acquisitions (M&A) activity, with approximately 8,900 deals closed, according to S&P Global. This represents a decrease of approximately 9% compared to the approximately 9,800 deals closed in the previous quarter. However, a decline in transaction activity is unsurprisingly due to the continuous rebalancing of M&A markets following the record-breaking pace of activity in 2021. Buyers, particularly financial sponsors, still remain very active as they look to deploy an estimated \$1 trillion of dry powder in the North American private equity (PE) markets. This pullback in activity from the record highs in 2021 was due to a combination of factors, including but not limited to, 1) increased financing costs due to interest rate hikes, 2) broader concerns about the macroeconomic environment and 3) uncertainty surrounding geopolitical issues. However, 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 Q2 2022, PE-backed facilities services companies were particularly active acquirers. Companies, including Allied Universal (Warburg Pincus / CDPQ), Altus Fire & Life Safety (AE Industrial) and The Arcticom Group (A&M Capital), completed acquisitions. As of Q2 2022, the Lincoln facilities services index (12.4x EV/EBITDA) and S&P 1500 Environmental and Facilities Services Index (15.1x) are both valued at lower multiples relative to Q1 2022. Overall, we remain optimistic that the facilities services M&A market will continue to remain strong in 2022.

Recent Lincoln International Facilities Services Transactions

<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> 	<p>CMS nextech</p> <p>has been sold to</p> <p>Audax Private Equity</p> <p>Sell-Side</p> 	<p>WEST SHORE HOME</p> <p>has been recapitalized by</p> <p>LGP LEONARD GREEN & PARTNERS</p> <p>Recapitalization</p> 	<p>Rotunda Capital Partners</p> <p>has sold</p> <p>MUNCH'S SUPPLY WE MAKE IT EASY</p> <p>to</p> <p>Ridgemont EQUITY PARTNERS</p> <p>Sell-Side</p> 	<p>Audax Private Equity</p> <p>has sold</p> <p>CoolSys</p> <p>to</p> <p>ARES</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 2020, 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 Environmental and Facilities Services and Lincoln facilities services decreased and the Lincoln facilities services index enterprise value / EBITDA trading multiples decreased by 1.0x from 13.4x to 12.4x.

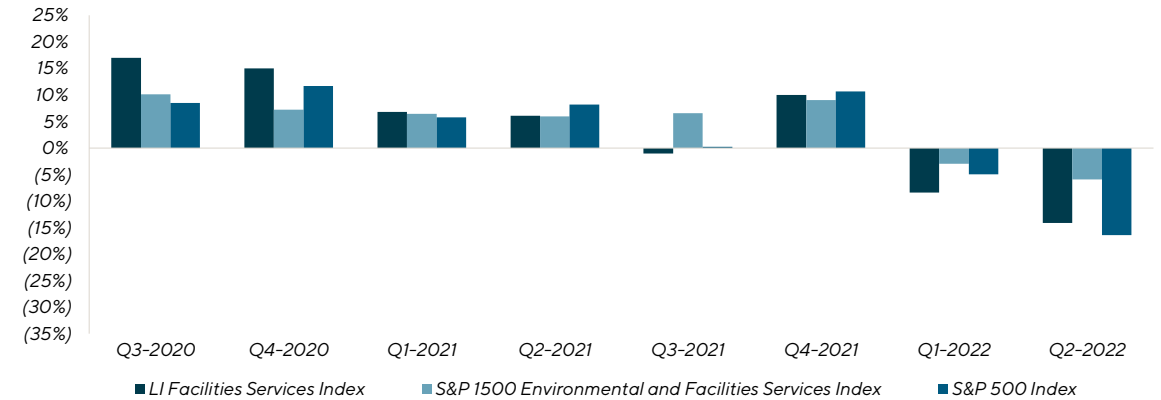
Facilities Services Financial Performance

Quarter-over-Quarter Performance

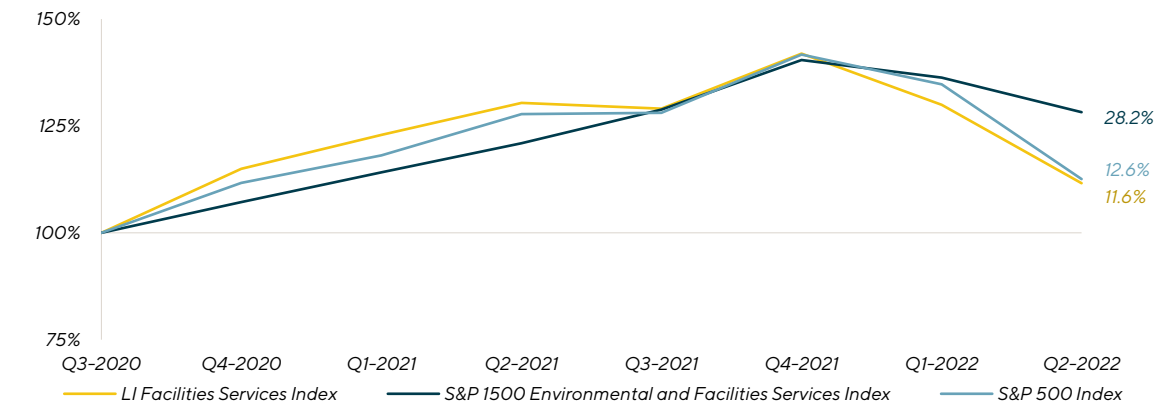
Top Performers	Change	Underperformers	Change
MITIE Group plc	53.4%	Rentokil Initial plc	(4.9%)
Comfort Systems USA, Inc.	42.0%	Terminix Global Holdings, Inc.	(6.5%)
ABM Industries Incorporated	34.8%	Rollins, Inc.	(11.9%)

Based on quarter-over-quarter share price performance

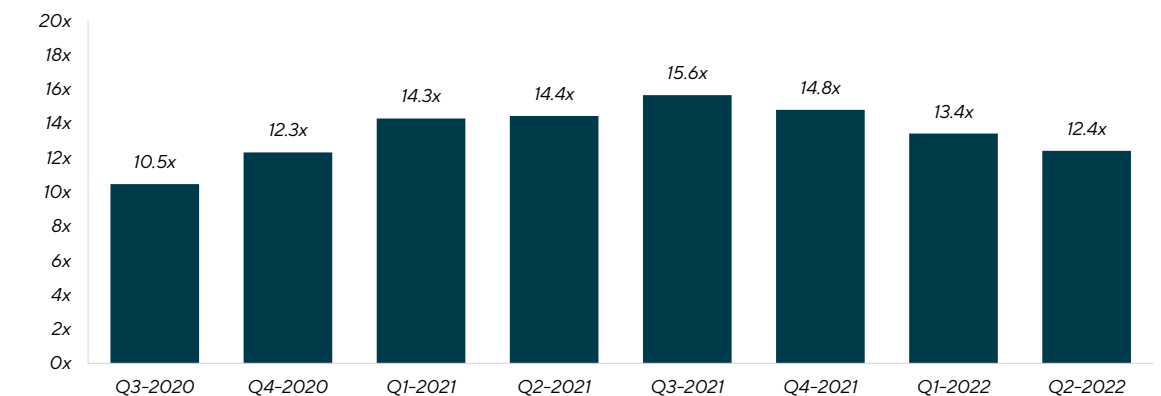
Quarter-over-Quarter Stock Index Change



Two-Year Relative Stock Index Performance



Enterprise Value⁽¹⁾ / LTM EBITDA Multiples



Source: Capital IQ as of 6/30/2022

(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
Facilities Services													
ABM Industries	\$43.42	\$54.00	\$2,900	\$4,020	\$2.14	\$7,072.9	0.6x	8.3x	10.5x	20.5%	7.0%	6.8%	2.3x
Aramark	30.63	39.95	7,881	15,255	0.57	14,341	1.1x	14.1x	28.3x	37.8%	1271.7%	7.5%	6.8x
BrightView Holdings	12.00	17.53	1,116	2,340	0.38	2,651	0.9x	9.3x	21.0x	9.4%	13.1%	9.5%	4.9x
Cintas	373.53	461.44	38,221	40,926	11.65	7,854	5.2x	20.6x	25.8x	10.4%	18.8%	25.3%	1.4x
Comfort Systems USA	83.15	103.74	2,982	3,279	5.59	3,289	1.0x	12.6x	17.5x	16.4%	(1.3%)	7.9%	1.1x
Compass Group	20.41	22.38	36,218	39,603	0.41	27,568	1.4x	21.8x	27.6x	25.9%	268.6%	6.6%	1.8x
EMCOR Group	102.96	135.98	5,266	5,013	6.92	10,192	0.5x	8.0x	9.8x	15.8%	2.7%	6.1%	(0.4x)
FirstService	121.22	198.76	5,357	6,091	2.87	3,373	1.8x	19.5x	28.9x	18.4%	7.9%	9.3%	1.7x
Johnson Controls International	47.88	81.77	33,309	42,324	1.74	24,693	1.7x	10.3x	13.0x	11.1%	40.5%	16.6%	1.9x
Matrix Service	5.06	11.76	136	101	(3.30)	682	0.1x	NM	NM	(1.8%)	NM	(7.6%)	0.7x
Mitie Group	0.68	0.95	946	861	0.02	5,131	0.2x	5.3x	6.9x	49.0%	83.8%	3.1%	(0.5x)
Prosegur Compañía de Seguridad	1.76	3.21	947	2,435	0.06	4,046	0.6x	6.8x	11.8x	2.0%	22.5%	8.9%	4.0x
Rentokil Initial	5.77	8.04	10,695	12,460	0.14	4,003	3.1x	16.3x	24.9x	4.6%	9.6%	19.1%	2.3x
Rollins	34.92	40.11	17,197	17,234	0.67	2,479	7.0x	NM	38.9x	12.2%	NM	21.7%	0.1x
Securitas AB	8.60	15.22	3,135	4,946	9.03	11,831	0.4x	6.7x	8.8x	(2.1%)	15.3%	6.2%	2.4x
Terminix Global Holdings	40.65	53.33	4,939	5,698	0.96	2,070	2.8x	15.9x	22.9x	4.8%	3.5%	17.3%	2.1x
Sodexo	70.10	91.97	10,249	14,657	3.00	21,443	0.7x	11.7x	16.2x	9.2%	115.4%	5.8%	3.5x
Team	0.74	7.19	32	435	(5.64)	899	0.5x	NM	NM	10.9%	NM	(1.9%)	NM
UniFirst	172.18	236.91	3,238	2,828	5.89	1,950	1.5x	11.2x	19.4x	8.9%	(15.6%)	12.9%	(1.6x)
Facilities Services Mean							1.6x	12.4x	19.5x	13.9%	116.5%	9.5%	1.9x
Facilities Services Median							1.0x	11.5x	19.4x	10.9%	14.2%	7.9%	1.9x

Source: Capital IQ | Note: All values based on publicly available data as of 6/30/2022

Heard on the Street

5/31/2022: Allied Universal (Warburg Pincus / CDPQ), the Santa Ana, California and Conshohocken, Pennsylvania-based security and facility services provider, continues to pursue acquisitions as it monitors the markets for an expected initial public offering. Allied announced three acquisitions in June 2022: (i) International Protective Service Agency, a New York-based provider of security and event services; (ii) CQB Beveiliging, a Netherlands-based provider of security services and (iii) Kronjyllands Vagtservice A/S, a Denmark-based provider of security services. Including these three acquisitions, Allied announced a total of seven acquisitions in the first half of 2022.

5/10/2022: Aramark (NYSE:ARMK), the Philadelphia-based hospitality and facilities management firm, has announced its plan to separate its uniform services business into an independent publicly traded company. The deal is intended to be structured as a tax-free spin-off to Aramark and its stockholders and is expected to occur by the end of fiscal year 2023. Pre-COVID-19 annual revenues for Aramark's Uniform Services totaled \$2.6 billion.

5/9/2022: Terminix Global Holdings (NYSE:TMX), the Memphis, Tennessee-based pest control firm, has entered into a definitive agreement to divest its pest management businesses in the UK and Norway. Terminix is divesting these businesses as a condition to closing its pending merger with Rentokil Initial (LON:RTO).

5/4/2022: EQT Infrastructure launched the sale of portfolio company Wash Multifamily Laundry, a Torrance, California-based provider of laundry facilities management services, which is expected to attract a valuation of approximately \$2 billion. EQT has owned the company since 2015 and overseen the company's growth to a reported approximately \$170 million in annual EBITDA.

4/7/2022: Healthcare Linen Services Group (HLSG), a leading provider of healthcare laundry services in the Midwest and Central United States, announced a growth investment from York Capital Management. HLSG delivers linens to hospitals, physician offices, surgery centers and nursing homes, serving more than 500 customers across 12 states. York's investment in HLSG represents the fifth platform investment completed in the last 12 months and the seventh since the inception of York's middle market PE fund, York Special Opportunities III. Joe LaPorta, Chief Executive Officer of HLSG, anticipates leveraging the new partnership with York to enter new geographies and continue investments in automating processing plants and facilities.

M&A Transaction Highlights

Closed	Target	Target Description	Acquirer
Announced	Attenti Electronic Monitoring	Provides presence and location verification technologies for the criminal justice industry and wireless monitoring solutions	Allied Universal (Warburg Pincus / CDPQ)
Jun-22	Tomco Mechanical Corporation	Provides commercial refrigeration and heating, ventilation and air conditioning (HVAC) services throughout New York	The Arcticom Group (A&M)
Jun-22	Travers Mechanical Services	Provides HVAC maintenance and repair services	Pueblo Mechanical & Controls (Huron Capital)
Jun-22	Dutton Food Equipment Repair	Provides emergency repair and preventative maintenance services for cooking, refrigeration and beverage equipment	Zone Mechanical (Wind Point Partners)
Jun-22	Bassett Creek Services	Provides commercial roofing and reconstruction services	Watterson Environmental Group (Highview Capital)
Jun-22	Thad Hedrick Builders	Provides residential HVAC and plumbing services	Southern HVAC (Gryphon)
Jun-22	Elite Fire Safety	Provides fire alarm and protection services for healthcare and high-rise / commercial market spaces	Sciens Building Solutions (Carlyle)
Jun-22	International Protective Service Agency / Kronjyllands Vagtservice / Cqb Beveiliging	Provides security guard services	Allied Universal (Warburg Pincus / CDPQ)
Jun-22	Window Cleaning Experts	Provides residential window cleaning and pressure washing services	Fleetwash (ACON Investments)
Jun-22	General Fire Extinguisher Service	Provides repeating fire and life safety system inspection, repair and maintenance services	Performance Systems Integration (Riverside)
Jun-22	Absolute Protective Systems	Provides design, install, inspection and maintenance services for fire protection and security equipment	Sciens Building Solutions (Carlyle)
Jun-22	Diamond Sharp Services	Provides cutlery sharpening and rental services	Cozzini Bros (Birch Hill Equity Partners)
Jun-22	Judd Fire Protection	Provides fire and life safety system installation and maintenance services	Superhero Fire Protection (Hidden Harbor Capital Partners)
Jun-22	Lokimica	Provides pest control and disinfection services	Rentokil Initial
Jun-22	Carlton-Gray Systems	Provides inspection, service, monitoring and installation of fire and life safety systems	Eagle Fire (Rosewood Private Investments)
Jun-22	Teem Sprinkler	Provides fire sprinkler design, fabrication, installation, repair, inspection and maintenance services	Eagle Fire (Rosewood Private Investments)
Jun-22	Heartland Fire & Security	Provides fire protection and security services	CertaSite (Riverside)
Jun-22	Crete Mechanical Group	Provides HVAC, electrical, plumbing and building automation services	Ridgemont Equity Partners
Jun-22	B.K. Systems	Provides installation, monitoring and repair services for fire and security systems	Altus Fire and Life Safety (AE Industrial)
May-22	Service Minds	Provides electrical, plumbing and HVAC services	Altamont Capital Partners
May-22	Evergreen Fire and Security	Provides life safety and security solutions	Performance Systems Integration (Riverside)
May-22	Tri-State Home Services	Provides installation, repair and service of HVAC, plumbing and electrical equipment	Sila Heating & Air Conditioning (Morgan Stanley Capital Partners)
May-22	Mile High Elevator	Provides elevator maintenance, repair and modernization services	3Phase Elevator Corporation (Berkshire Partners)
May-22	George Plumbing	Provides residential, commercial and industrial plumbing services	Leap Partners (Concentric Equity)
May-22	Bel-O Pest Solutions	Provides residential and commercial pest control services	PestCo Holdings (Thompson Street Capital Partners)

Source: Capital IQ, Mergermarket, Company Filings

M&A Transaction Highlights (cont'd)

Closed	Target	Target Description	Acquirer
May-22	Paradise Fire Protection	Provides fire and life safety services	Pye-Barker Fire & Safety (Altas Partners)
May-22	Southern Fire Protection	Provides design and installation services for fire protection and detection systems	Walker Fire
May-22	Fairway Lawns	Provides residential lawn treatment and pest control services	Morgan Stanley Capital Partners
May-22	Almcoe Refrigeration Company	Provides repair, installation and maintenance services for commercial HVAC / refrigeration (R) equipment	Zone Mechanical (Wind Point Partners)
May-22	Charcool Heating & Cooling	Provides HVAC installation and maintenance services to residential and light commercial customers	Air Conditioning Specialist (Hidden Harbor Capital Partners)
May-22	American Services	Provides security, staffing and janitorial services	Allied Universal (Warburg Pincus / CDPQ)
May-22	Time & Alarm Systems	Provides safety and security system services	Sciens Building Solutions (Carlyle)
May-22	Mario Air Conditioning & Heating	Provides HVAC maintenance and repair services	Southeastern Home Services (Whitney Wilder)
May-22	Williams Refrigeration & Heating	Provides heating and air conditioning repairs, maintenance and installation services	Heartland Home Services (The Jordan Company / Cobepa)
May-22	Fire Systems	Provides inspection, maintenance and installation services for fire protection systems	Altus Fire and Life Safety (AE Industrial)
May-22	Star Protection Agency	Provides security and monitoring system services	Allied Universal (Warburg Pincus / CDPQ)
May-22	Protegis	Provides fire and safety system inspection, maintenance and installation services	Summit Fire Protection (BlackRock)
May-22	Facilities Management	Provides preventative maintenance, repair and installation for restaurant equipment	Tech-24 (HCI Equity)
May-22	Polar Service Centers	Provides tank and hydraulic system maintenance and repair services	Quala (Advent International)
Apr-22	Gulfstream Termite & Environmental Services	Provides home and commercial pest control solutions	Certus Pest (Imperial Capital)
Apr-22	Lincsafe / Merlin Security Services / Amwit Security / Secusystems	Provides custom payment solutions, smart safes and money handling equipment	Cennox (York Private Equity)
Apr-22	Hutto Refrigeration	Provides maintenance and repair services for refrigeration equipment	Easy Ice (Freeman Spogli)
Apr-22	Patuxent Roofing & Contracting	Provides roofing installation and waterproofing services	New State Capital Partners
Apr-22	Superior Blacktop Services / Pavement Exchange / C&T Paving	Provides parking lot and general asphalt repair services	Atlantic Southern Paving (Harbor Beach Capital)
Apr-22	Enviro-Master Service	Provides commercial cleaning services	Eagle Merchant Partners
Apr-22	Custom Mechanical	Provides HVAC, plumbing, electrical, carpentry and home performance services	Heartland Home Services (The Jordan Company / Cobepa)
Apr-22	Total Business Management	Provides heating, cooling, plumbing and home remodeling services	Heartland Home Services (The Jordan Company / Cobepa)
Apr-22	Owens and Taunton	Provides pest control services	Knox Pest Control
Apr-22	Electronic Security Solutions	Provides security and safety services	Sciens Building Solutions (Carlyle)
Apr-22	Nicholson Plumbing, Heating and Air Conditioning	Provides HVAC and plumbing services	Strikepoint Group Holdings (New Mountain Capital)

Source: Capital IQ, Mergermarket, Company Filings

M&A Transaction Highlights (cont'd)

Closed	Target	Target Description	Acquirer
Apr-22	Action Heating & Cooling	Provides HVAC maintenance and repair services	Royal House Partners (CPS Capital)
Apr-22	PDS Systems	Provides fire alarm and access control system services	Protegis (Align Capital)
Apr-22	Reliable Industrial Group	Provides plant maintenance and pre-commissioning services	Blue Wolf Performance Solutions (Dorilton Capital)
Apr-22	Deljo Heating & Cooling	Provides HVAC/R repair and installation services	Heartland Home Services (The Jordan Company / Cobepa)
Apr-22	Jackson And Sons	Provides repair and installation services for heat pumps and air conditioners	NearU Services (SkyKnight Capital)
Apr-22	OK Generators	Provides maintenance and repair services for industrial diesel and gaseous generators	GenServe (GenNx360)
Apr-22	Healthcare Linen Services Group	Provides linen management services to the healthcare and hospitality industries	York Private Equity
Apr-22	ESCO Services	Provides repair, maintenance and installation services for HVAC, plumbing and electrical systems	American Residential Services (GI Partners / Charlesbank)
Apr-22	Kimco Facility Services	Provides hospitality, cleaning and floor care maintenance services	Kellermeyer Bergensons Services (Cerberus)
Apr-22	Brandt Mechanical Services	Provides mechanical services for commercial and industrial construction projects	Southland Industries
Apr-22	Central Disposal	Provides solid waste management and recycling services	Superior USA Waste (The Pritzker Organization)
Apr-22	Atlantic Electric	Provides data and fiber optic cable installation services	Comfort Systems USA

Source: Capital IQ, Mergermarket, Company Filings



Advisory Services

Mergers & Acquisitions
Capital Advisory
Private Funds Advisory
Valuations & Opinions

Contributors

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

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 800 professionals 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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