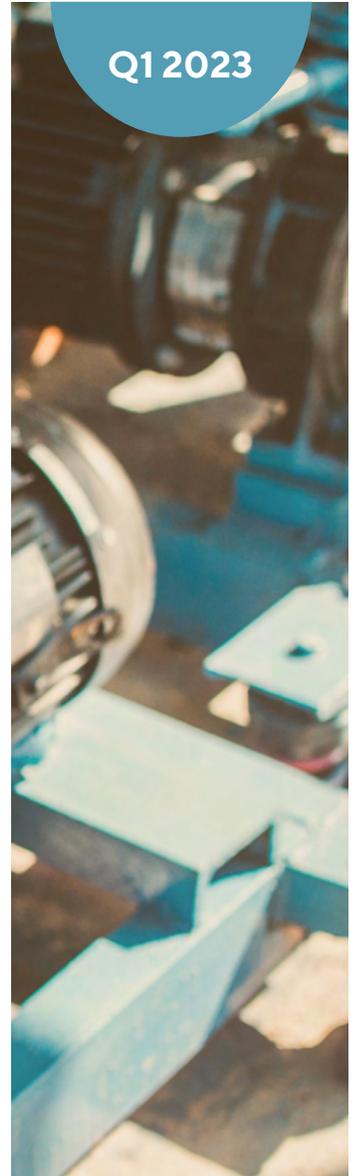


FACILITIES SERVICES

# Market Update



Q1 2023



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# Market Insights

After a series of record-breaking quarters throughout 2021, Q1 2023 marks another deceleration in mergers and acquisitions (M&A) activity, with approximately 8,600 deals closed, according to S&P Global. This represents a decrease of approximately 4.5% compared to the approximately 9,000 deals closed in the previous quarter. However, a decline in transaction activity is unsurprising due to the continuous rebalancing of M&A markets following the record-breaking pace of activity in 2021 and early 2022. 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 and a decrease in overall leverage and 2) broader uncertainty about the macroeconomic environment and 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 United States market. During Q1 2023, private equity-backed facilities services companies were particularly active acquirers. Companies, including PestCo Holdings (Thompson Street), SavATree (Apax), Marmic Fire & Safety (HGCC) and Pavion (Wind Point Partners) completed acquisitions. As of Q1 2023, the Lincoln facilities services index (13.9x EV/EBITDA) is valued at a lower multiple relative to Q4 2022, while the S&P 1500 Environmental and Facilities Services Index (14.8x) increased. Overall, we remain optimistic that the facilities services M&A market will remain strong in 2023 for both 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>has merged with</p>  <p>a portfolio company of</p>  <p>Sell-Side</p> 	 <p>has received a growth investment from</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>a portfolio company of</p>  <p>Sell-Side</p> 
 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	 <p>has been sold to</p>  <p>Sell-Side</p> 	 <p>has been recapitalized by</p>  <p>Recapitalization</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, Q2 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 and the S&P 500 Environmental and Facilities Services decreased while the Lincoln facilities services index increased. The Lincoln facilities services index enterprise value / EBITDA trading multiples decreased by 0.8x to 13.9x.

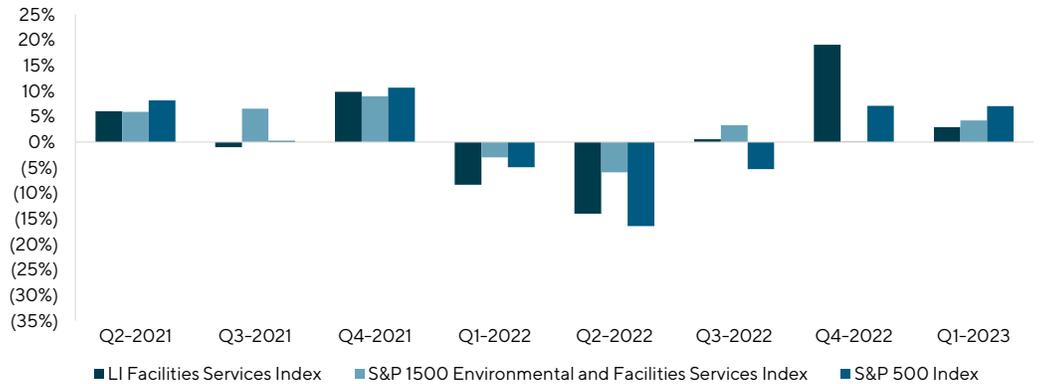
# Facilities Services Financial Performance

## QUARTER-OVER-QUARTER PERFORMANCE

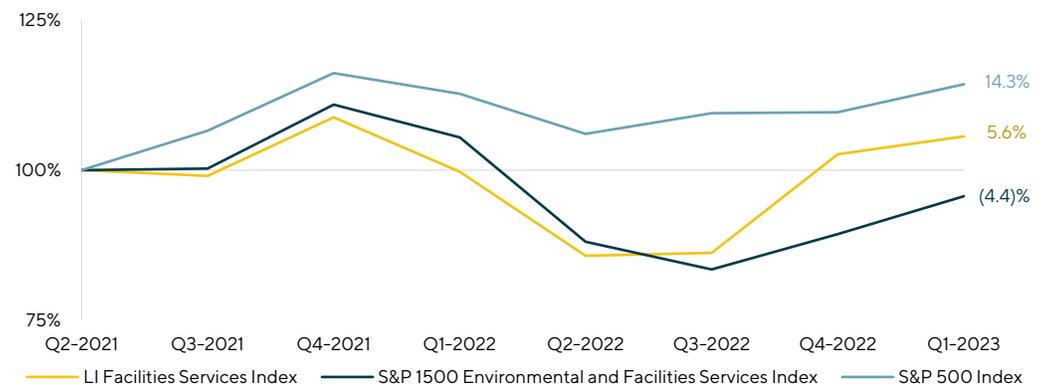
Top Performers	Change	Underperformers	Change
Comfort Systems USA	26.8%	BrightView Holdings	(18.4%)
Rentokil Initial	19.6%	Aramark	(13.4%)
FirstService	14.9%	Matrix Service	(13.2%)

Based on quarter-over-quarter share price performance

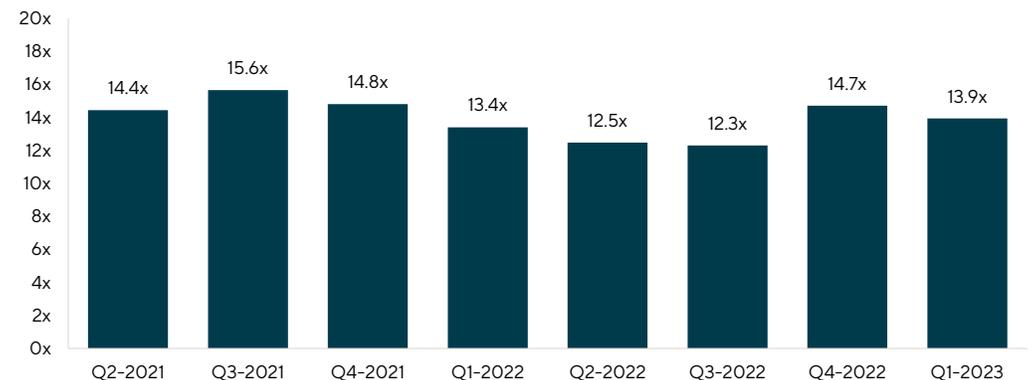
## QUARTER-OVER-QUARTER STOCK INDEX CHANGE



## TWO-YEAR RELATIVE STOCK INDEX PERFORMANCE



## ENTERPRISE VALUE<sup>(1)</sup> / LTM EBITDA MULTIPLES



Source: Capital IQ as of 3/31/2023

(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

	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		
<b>Facilities Services</b>													
ABM Industries	\$44.94	\$54.00	\$2,971	\$4,269	\$2.14	\$7,862	0.5x	9.9x	13.6x	17.8%	(4.4%)	5.5%	3.0x
Aramark	35.80	45.72	9,326	17,109	0.86	16,979	1.0x	14.5x	26.6x	27.7%	26.7%	6.9%	6.6x
BrightView Holdings	5.62	13.97	525	1,924	0.08	2,839	0.7x	7.2x	16.8x	9.6%	3.9%	9.5%	5.2x
Cintas	462.68	470.23	47,042	49,688	12.46	8,606	5.8x	24.5x	28.6x	13.0%	10.7%	23.6%	1.3x
Comfort Systems USA	145.96	152.13	5,201	5,400	6.82	4,140	1.3x	16.2x	21.4x	34.7%	30.4%	8.1%	0.6x
Compass Group	25.15	25.23	43,885	47,241	0.63	28,428	1.7x	22.3x	26.8x	17.6%	14.3%	7.5%	1.6x
EMCOR Group	162.59	169.89	7,754	7,545	8.10	11,076	0.7x	11.1x	13.3x	11.8%	4.8%	6.1%	(0.3x)
FirstService	140.75	146.84	6,270	7,101	2.72	3,746	1.9x	21.3x	31.8x	15.3%	6.7%	8.9%	1.8x
Johnson Controls International	60.22	69.60	41,382	50,817	1.82	25,505	2.0x	16.0x	21.5x	5.4%	(14.9%)	12.4%	2.6x
Matrix Service	5.40	9.52	146	130	(2.26)	780	0.2x	NM	NM	19.4%	NM	(5.7%)	0.4x
Mitie Group	1.01	1.09	1,336	1,385	0.02	4,351	0.3x	12.0x	16.8x	(6.0%)	(34.8%)	2.6%	0.4x
Prosegur Compañía de Seguridad	1.99	2.38	1,057	2,655	0.12	4,461	0.6x	6.0x	9.2x	12.1%	27.1%	10.0%	3.5x
Rentokil Initial	7.32	7.35	18,308	22,303	0.12	4,475	5.0x	26.2x	39.0x	11.8%	10.8%	19.0%	4.7x
Rollins	37.53	43.06	18,493	18,452	0.75	2,696	6.8x	NM	37.4x	11.2%	NM	21.7%	(0.1x)
Securitas AB	8.91	11.58	5,105	9,131	9.20	12,782	0.7x	10.3x	13.0x	7.3%	20.2%	6.9%	4.5x
Sodexo	97.85	104.09	14,283	18,436	5.40	24,361	0.8x	11.9x	15.3x	13.6%	20.2%	6.3%	2.7x
Team	5.48	30.70	24	252	(35.85)	840	0.3x	1.3x	NM	5.8%	NM	23.8%	1.1x
UniFirst	176.23	205.59	3,293	2,948	5.47	2,112	1.4x	12.1x	22.2x	11.0%	(11.0%)	11.6%	(1.4x)
<b>Facilities Services Mean</b>							<b>1.8x</b>	<b>13.9x</b>	<b>22.1x</b>	<b>13.3%</b>	<b>7.4%</b>	<b>10.3%</b>	<b>2.1x</b>
<b>Facilities Services Median</b>							<b>0.9x</b>	<b>12.0x</b>	<b>21.5x</b>	<b>12.0%</b>	<b>10.7%</b>	<b>8.5%</b>	<b>1.7x</b>

Source: Capital IQ | Note: All values based on publicly available data as of 3/31/2023

# Heard on the Street

**3/2/2023: Pavion (Wind Point Partners)**, a Chantilly, Virginia-based provider of integrated solutions for fire, safety, security and critical communications, is seeking to acquire peers in the Western United States, Australia and Japan, according to Chief Executive Officer Joe Oliveri. Pavion is targeting companies with \$3-\$10 million in EBITDA and, within the next 12-18 months, is seeking acquisitions that will strengthen the company's technology offerings. In Q1 2023, Pavion announced the acquisitions of Turnkey Technology, a Missouri-based video surveillance and access control system service provider and Netronix, a California-based system integration and security firm. Since being acquired by Wind Point Partners in 2020, 14 acquisitions have been completed with an organic growth rate of approximately 10%.

**3/15/2023: Marmic Fire & Safety (HGGC)**, a Joplin, Missouri-based provider of fire alarm, sprinkler and suppression services, announced the acquisition of four fire protection companies in Q1 2023, including 1) Absolute Fire Protection based in Arkansas, 2) Kansas City Fire & Security based in Kansas, 3) West Memphis Fire Extinguisher based in Tennessee and 4) F.L. Sons Fire Equipment based in Illinois. These acquisitions support the company's growth strategy of geographic expansion and expand Marmic's footprint to 40 offices across 18 states.

**3/8/2023: Solenis (Platinum Equity)**, a Wilmington, Delaware-based manufacturer of specialty chemicals used in water-intensive industries, announced they have entered into a definitive agreement to acquire Diversey, a South Carolina-based provider of cleaning, sanitation and hygiene solutions, in an all-cash transaction valued at \$4.6 billion. Following completion of the transaction, which is expected to occur in the second half of 2023, Diversey will become a private company with current Solenis Chief Executive Officer John Panichella leading the combined entity. The acquisition increases Solenis' scale, global reach and customer service capabilities while providing several cross-selling opportunities to meet customers' demands for water management, cleaning and hygiene-related services.

**1/26/2023: ATIS Ascenda Partners (Cequel III)**, a Wilmington, Delaware-based provider of elevator and escalator management and advisory services announced its platform formation. The new platform is formed via the merger of 1) ATIS (Missouri), 2) Liberty Elevator Experts (New Jersey) and 3) KJA Consultants (Canada). ATIS Ascenda aims to serve as a one-stop shop for elevator and escalator consulting, inspection and compliance needs. The new platform will be led by ATIS' Chip Smith (Chief Executive Officer), KJA's Mark Davies (Chief Strategy Officer) and Liberty Elevator's Chris Dodds (Chief Growth Officer).

## M&A TRANSACTION HIGHLIGHTS

Closed	Target	Target Description	Acquirer
Mar-23	Premiere Lawn Service	Provides full-service commercial landscape services	Monarch Landscape Companies (Audax)
Mar-23	Synecore	Provides heating, ventilation and air conditioning (HVAC) maintenance and installation services	Andwis Group (H.I.G. Capital)
Mar-23	Meesons	Provides physical security and entrance control services	Andwis Group (H.I.G. Capital)
Mar-23	Fire Protection Solutions	Provides installation services for fire and life safety equipment with a focus on retailer retrofits	SuperHero Fire Protection (Hidden Harbor Capital Partners)
Mar-23	George M. Hill & Sons	Provides HVAC maintenance, repair and installation services	Five Star Plumbing Heating Cooling (MSouth Equity Partners)
Mar-23	Zodega Landscape Services	Provides residential and commercial landscaping and lawn services	Lincoln Road Global Management
Mar-23	Absolute Fire Protection	Provides fire protection system installation services to residential and commercial clients	Marmic Fire & Safety (HGGC)
Mar-23	Kansas City Fire & Security	Provides services for fire alarm, detection and suppression systems	Marmic Fire & Safety (HGGC)
Mar-23	West Memphis Fire Extinguisher	Provides maintenance and installation services for fire extinguishers and fire suppression systems	Marmic Fire & Safety (HGGC)
Mar-23	F.L. Sons Fire Equipment	Provides kitchen-based fire extinguisher safety services	Marmic Fire & Safety (HGGC)
Mar-23	Colorado Premier Restoration	Provides commercial and residential environmental restoration services	Blackmon Mooring (AEA Investors)
Mar-23	Clean Uniform Company	Provides uniform rental and laundry services to the construction, hospitality, manufacturing and industrial industries	UniFirst
Mar-23	Amherst Alarm	Provides fire alarm, security and monitoring services	Pye-Barker Fire & Safety (Leonard Green & Partners)
Mar-23	Landscape Service Professional	Provides landscaping, irrigation, maintenance, tree relocation and storm cleanup services	United Land Services
Mar-23	Piper Fire Protection	Provides fire protection services	Fortis Fire & Safety (Imperial Capital)
Mar-23	Texas Tree Team	Provides arboriculture and plant healthcare services	SavATree (Apax)
Mar-23	Nunning Heating, Air Conditioning and Refrigeration	Provides HVAC services to residential and commercial clients	Flow Service Partners (RLJ Equity Partners)

## M&A TRANSACTION HIGHLIGHTS (CONTINUED)

Closed	Target	Target Description	Acquirer
Mar-23	Proline Vector Services	Provides sewer and storm drain cleaning, telespection, certification and grouting services	Aegion (American Industrial Partners)
Mar-23	Security Solutions Northwest	Provides design and installation services for commercial security systems	Security 101 (Gemspring Capital)
Mar-23	Liqui-Lawn	Provides lawn aeration and watering services	Senske Services (GTCR)
Mar-23	Fairway Green	Provides lawn, tree and shrub care services	Turf Masters Brands (CenterOak Partners)
Mar-23	Hutto Pest Services	Provides pest management services to residential and commercial clients	Arrow Exterminators
Mar-23	Turnkey Technology	Provides video surveillance, access control, fire alarm, structured cabling, networking and wireless solutions	Pavion (Wind Point Partners)
Mar-23	Boise Tree	Provides arboriculture and plant healthcare services	SavATree (Apax)
Feb-23	American Service Company	Provides fire and life safety system services	The Riverside Company
Feb-23	Advanced Fire Protection Systems	Provides fire alarm installation and maintenance services	The Riverside Company
Feb-23	Vecta Environmental Services	Provides mission-critical in-plant industrial hydro excavation, industrial insulation and scaffolding services	Silver Oak Services Partners
Feb-23	Pavement Partners / Brothers National	Provides maintenance-driven pavement solutions including repair, milling, sealcoating and striping services	Pave America (Shoreline Equity Partners, Trivest Partners)
Feb-23	Life Safety Inspections	Provides installation services for fire and life safety equipment and systems	SuperHero Fire Protection (Hidden Harbor Capital Partners)
Feb-23	Commercial Kitchen Repairs	Provides maintenance, repair and installation services for commercial cooking equipment	Tech24 (HCI Equity Partners)
Feb-23	Walker Air Conditioning and Heating	Provides maintenance and installation services for heating and air conditioning systems	Paschal Heating and Air Conditioning
Feb-23	A-1 Heating & Air Conditioning	Provides residential and commercial HVAC installation services	Leap Service Partners (Concentric Equity Partners)
Feb-23	Blades Of Green	Provides residential lawn care and pest control services	Senske Services (GTCR)
Feb-23	Southeastern Termite & Pest Control	Provides termite and pest control services in Alabama	Wayne's Pest Control Company (GIC)
Feb-23	San Diego Ice Company	Provides ice machine sales and leasing services intended for hotels, casinos, markets and grocers	Easy Ice (Freeman Spogli)
Feb-23	Sterling Site Access Solutions	Provides temporary ground protection and site access services	Blue Wolf Capital Partners
Feb-23	Adam's Pest Control	Provides pest control services in Florida	Rockit Pest (Halle Capital)
Feb-23	Pointe Pacific Northwest	Provides residential and commercial pest control services	PestCo Holdings (Thompson Street Capital)
Feb-23	Lyndon Tree Care & Landscaping	Provides arboriculture and plant healthcare services	SavATree (Apax)
Feb-23	Ace Fire Protection	Provides distribution and maintenance services for fire protection products	CertaSite (The Riverside Company)
Feb-23	Capital Services	Provides comprehensive commercial cleaning services	4M Building Solutions (O2 Investment Partners)
Feb-23	Barefoot Mosquito & Pest Control	Provides mosquito and general pest control services throughout Texas	Incline Equity Partners
Feb-23	Ardurra Group	Provides engineering and construction management services	Littlejohn & Co.

## M&A TRANSACTION HIGHLIGHTS (CONTINUED)

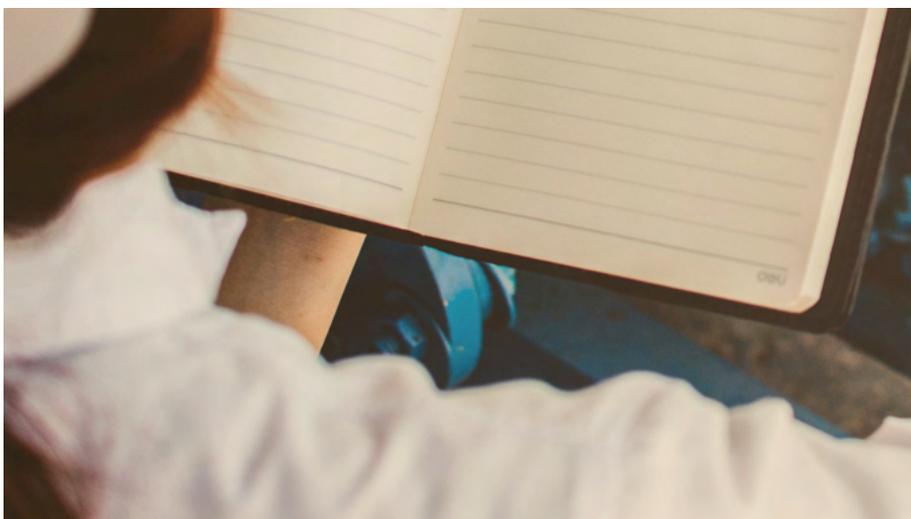
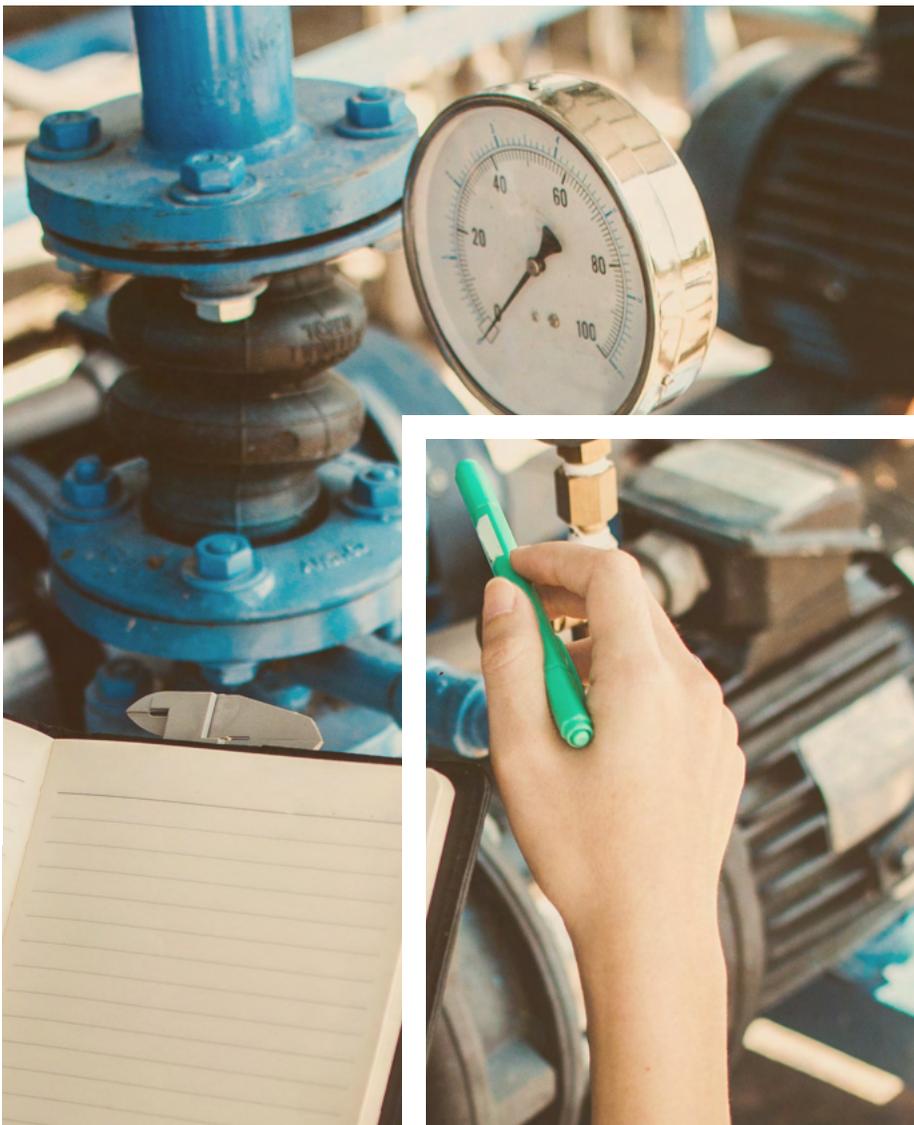
Closed	Target	Target Description	Acquirer
Feb-23	Weeks Service Company	Provides HVAC maintenance services to residential and commercial clients	Strikepoint Group Holdings (New Mountain Capital)
Jan-23	Island Plant Company	Provides landscape maintenance, installation and design services for residential and commercial clients	BrightView
Jan-23	Romney Pest Control	Provides pest control services in Texas	PestCo Holdings (Thompson Street Capital)
Jan-23	Phenom Pest Protection	Provides pest control services in Maryland	PestCo Holdings (Thompson Street Capital)
Jan-23	YardWorks	Provides landscaping design-build, irrigation, maintenance and lighting services	WSC & Company
Jan-23	ATIS / Liberty Elevator Experts / KJA Consultants	Provides elevator and escalator management and advisory services	ATIS Ascenda Partners
Jan-23	Smith's Tree Care	Provides tree care, tree trimming and pruning, tree removal and stump grinding services	BrightView
Jan-23	Aire-Rite Air Conditioning & Refrigeration	Provides HVAC services for residential and commercial clients in Southern California	Nextech (Audax)
Jan-23	Indoor Environmental Services	Provides design-build and maintenance services for HVAC and refrigeration systems in commercial and industrial facilities	Service Logic (Leonard Green & Partners)
Jan-23	Petri Pest Control Services	Provides pest control services in Florida	Rockit Pest (Halle Capital)
Jan-23	P-F Plumbing	Provides plumbing services to both residential and light commercial customers	Air Conditioning Specialist (Hidden Harbor Capital Partners)
Jan-23	Precision Air	Provides geothermal and HVAC services in Tennessee	Air Conditioning Specialist (Hidden Harbor Capital Partners)
Jan-23	Classic Lifts	Provides lift engineering and maintenance services	CPS Building Services (H.I.G. Capital)
Jan-23	Nevada Heating, Cooling, Plumbing, Fireplace	Provides plumbing, heating, fireplace and cooling services	Goettl Home Services (Cortec Group)
Jan-23	Eagle Remediation and Demolition Services	Provides environmental and consulting services to help clients address environmental concerns	Pacific West (Winterfell Investments, Bluejay Advisors)
Jan-23	Short Circuit Electronics	Provides video security systems and surveillance services	Pavion (Wind Point Partners)
Jan-23	Bevan Security Systems	Provides comprehensive security and alarm services	Pye-Barker Fire & Safety (Leonard Green & Partners)
Jan-23	Central Cooling and Heating	Provides heat pump and air conditioner installation and maintenance services	Sila Heating & Air Conditioning (Morgan Stanley Capital Partners)
Jan-23	Botanical Designs	Provides landscaping design, installation and maintenance services	Beach Point Capital Management
Jan-23	Linen King	Provides healthcare laundry services in the South Central part of the United States	Healthcare Linen Services Group (York Capital Management)
Jan-23	Global Remediation Services	Provides environmental remediation services including emergency response, marine services and site remediation	Covanta Holding (EQT Partners)
Jan-23	Janitech	Provides janitorial and facility maintenance services	The Facilities Group (Greenbriar Equity, Revolent Capital)
Jan-23	Building Systems Technology	Provides design, installation, inspection and integration services for fire and life safety equipment	Eagle Fire (Rosewood Private Investments)
Jan-23	A1 Garage	Provides residential garage door repair and replacement services	Cortec Group
Jan-23	Yohe's Lawn Care & Landscape	Provides landscaping maintenance, enhancement and installation services	Juniper Landscaping (Bregal Partners)
Jan-23	Moore Landscapes	Provides landscape maintenance services in the Chicagoland area	Yellowstone Landscape (Harvest 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 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](http://www.lincolninternational.com).

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