

FACILITIES SERVICES

# Market Update



Q1 2024



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# Market Insights

After a series of declining quarters since 2021, Q1 2024 marks another acceleration in mergers and acquisitions (M&A) activity, with ~7,200 deals closed, according to S&P Global. This represents an increase of ~3% compared to the ~7,000 deals closed in the previous quarter. This continued increase in activity can be attributed to a combination of factors, including but not limited to 1) decreased financing costs and an increase in overall available leverage and 2) greater confidence and visibility into the macroeconomy reaching a “soft landing”. We expect to see this level of activity continue to increase in 2024 as the global economy continues to stabilize and lenders put more money to work. Both strategic and financial acquirers are showing a steady commitment to making investments and are eager to deploy capital when the strategic fit is right.

There has also been continued activity within the facilities services sector, specifically within the U.S. market. During Q1 2024, private equity-backed facilities services companies were particularly active acquirers. Companies, including Pye-Barker Fire & Safety (Altas, Leonard Green), Senske Services (GTCR), PremiStar (Partners Group) and CertaSite (The Riverside Company) completed acquisitions. As of Q1 2024, the Lincoln Facilities Services Index (15.3x EV/EBITDA) and the S&P 1500 Environmental and Facilities Services Index (17.4x) are both valued at higher multiples relative to Q4 2023. Overall, we are optimistic that the facilities services M&A market will remain strong in 2024 for both financial and strategic buyers.

*Both strategic and financial acquirers are showing a steady commitment to making investments and are eager to deploy capital when the strategic fit is right.*

## Recent Lincoln International Facilities Services Transactions

<p>DUNES POINT CAPITAL</p> <p>has sold</p>  <p>to</p> <p>INVESTCORP</p> <p>Sell-Side</p> 	<p>HCI EQUITY PARTNERS</p> <p>has sold</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>Buy-Side</p> 	 <p>has merged with</p>  <p>a portfolio company of</p> <p>LITTLEJOHN &amp; CO.</p> <p>Sell-Side</p> 	 <p>has received a growth investment from</p>  <p>Sell-Side</p> 
<p>SEASIDE EQUITY PARTNERS</p> <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	<p>THOMPSON STREET CAPITAL PARTNERS</p> <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	<p>BLUEPOINT</p> <p>has sold</p>  <p>to</p>  <p>a portfolio company of</p> <p>BLACKROCK®</p> <p>Sell-Side</p> 	 <p>has sold</p>  <p>to</p>  <p>Sell-Side</p> 	<p>Audax Private Equity</p> <p>has sold</p>  <p>to</p> <p>SNOW PHIPPS</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, Q2 2022, and totaling the market caps of the companies in this period. This period and the total market cap are 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 increased. The Lincoln Facilities Services Index Enterprise Value / EBITDA trading multiples increased by 1.6x to 15.3x.

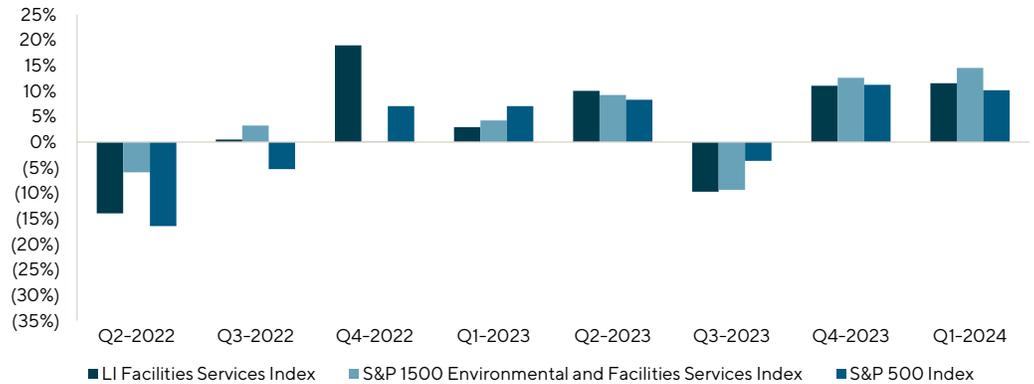
# Facilities Services Financial Performance

## QUARTER-OVER-QUARTER PERFORMANCE

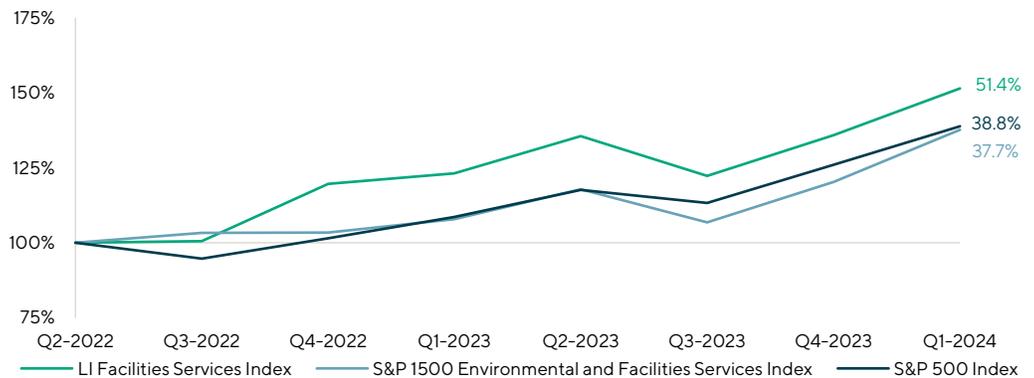
Top Performers	Change	Underperformers	Change
EMCOR Group	62.6%	Sodexo	(22.1%)
Comfort Systems USA	54.5%	Prosegur Compañía de Seguridad	(14.9%)
BrightView Holdings	41.3%	UniFirst	(5.2%)

Based on quarter-over-quarter share price performance

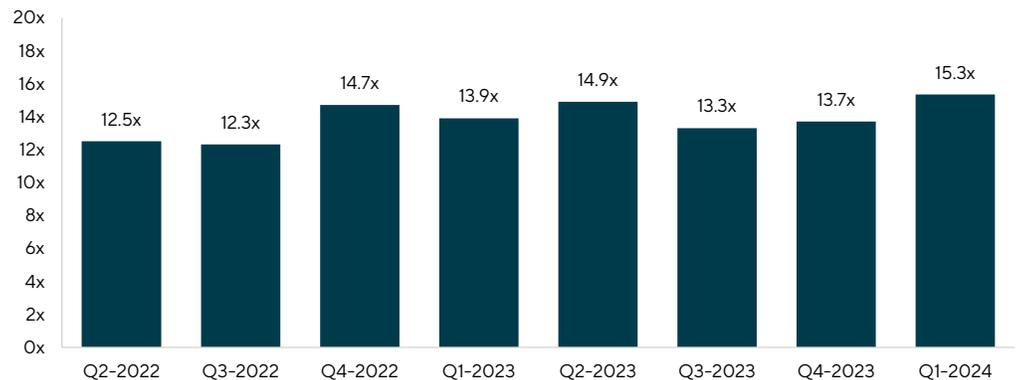
## QUARTER-OVER-QUARTER STOCK INDEX CHANGE



## TWO-YEAR RELATIVE STOCK INDEX PERFORMANCE



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



Source: Capital IQ as of 3/31/2024

(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	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	\$44.62	\$53.05	\$2,824	\$4,095	\$2.14	\$8,175	0.5x	8.9x	12.0x	4.0%	7.1%	5.6%	2.8x
Aramark	32.52	44.24	8,535	14,108	2.52	19,348	0.7x	9.1x	14.2x	18.8%	35.2%	8.0%	3.6x
BrightView Holdings	11.90	11.92	1,124	2,446	(0.19)	2,787	0.9x	9.8x	23.7x	(1.8%)	(5.5%)	9.0%	3.3x
Cintas	687.03	704.84	69,695	72,042	14.49	9,410	7.7x	31.3x	36.2x	9.3%	13.4%	24.4%	1.0x
Comfort Systems USA	317.71	329.43	11,301	11,141	9.01	5,207	2.1x	22.4x	26.8x	25.8%	49.2%	9.6%	(0.3x)
Compass Group	29.34	29.37	49,991	54,423	0.75	37,864	1.4x	19.8x	23.3x	33.2%	39.5%	7.3%	1.6x
EMCOR Group	350.20	354.73	16,482	15,699	13.31	12,583	1.2x	15.8x	17.9x	13.6%	45.9%	7.9%	(0.8x)
FirstService	165.61	171.13	7,448	8,775	2.24	4,335	2.0x	22.3x	32.9x	15.7%	18.2%	9.1%	2.5x
Johnson Controls International	65.32	70.43	44,515	54,527	3.07	26,819	2.0x	14.9x	19.6x	5.2%	5.6%	13.7%	2.4x
Matrix Service	13.03	13.90	356	309	(0.70)	765	0.4x	NM	NM	(1.9%)	NM	(1.7%)	3.6x
Mitie Group	1.33	1.39	1,666	1,795	0.07	5,069	0.4x	8.2x	10.0x	16.5%	89.1%	4.3%	0.6x
Prosegur Compañía de Seguridad	1.65	2.08	880	2,652	0.12	4,764	0.6x	6.1x	9.4x	6.8%	(2.6%)	9.1%	4.0x
Rentokil Initial	5.96	8.38	14,956	19,035	0.15	6,846	2.8x	14.3x	20.6x	53.0%	54.7%	19.4%	3.1x
Rollins	46.27	47.45	22,419	22,805	0.89	3,073	7.4x	33.0x	38.6x	14.0%	18.2%	22.5%	0.6x
Securitas AB	10.32	10.68	5,913	9,811	2.24	15,636	0.6x	8.5x	10.5x	22.3%	30.6%	7.4%	3.4x
Sodexo	85.75	113.71	12,517	17,302	3.80	24,552	0.7x	13.6x	17.9x	13.8%	(4.8%)	5.2%	3.7x
Team	7.21	11.25	32	308	(17.32)	863	0.4x	12.2x	NM	2.7%	NM	2.9%	10.9x
UniFirst	173.43	187.22	3,243	3,141	6.12	2,333	1.3x	10.6x	19.2x	10.4%	20.4%	12.7%	(0.3x)
<b>Facilities Services Mean</b>							<b>1.8x</b>	<b>15.3x</b>	<b>20.8x</b>	<b>14.5%</b>	<b>25.9%</b>	<b>9.8%</b>	<b>2.5x</b>
<b>Facilities Services Median</b>							<b>1.1x</b>	<b>13.6x</b>	<b>19.4x</b>	<b>13.7%</b>	<b>19.3%</b>	<b>8.5%</b>	<b>2.6x</b>

Source: Capital IQ | Note: All values based on publicly available data as of 3/31/2024

# Heard on the Street

**03/19/2024: Pye-Barker Fire & Safety (Altas, Leonard Green)**, an Atlanta, Georgia-based provider of fire protection equipment services, has announced its acquisition of Absolute Fire Protection, a provider of fire sprinkler and fire alarm services based in Annapolis, Maryland. The acquisition is one of three for the company in Q1 2024, following the completion of 30 acquisitions in 2023. With the acquisition of Absolute Fire, Pye-Barker increases its Mid-Atlantic presence and continues the company's aggressive M&A strategy centered around geographic expansion, increasing its footprint to 200 branches and 6,000 team members.

**03/06/2024: GarageCo (Gridiron Capital)**, a New Canaan, Connecticut-based private equity firm announced the formation of GarageCo, a commercial and residential garage door services platform. GarageCo is the fifth platform investment of Gridiron's recently closed \$2.1 billion fund and was formed to establish a national garage door services provider. GarageCo's initial acquisitions include 1) P.D.Q. Door Company based in Maine, 2) Apple Door Systems based in Virginia and 3) Cunningham Door & Window based in Kentucky. GarageCo is led by Chief Executive Officer Mars Shah, who most recently served as President of Driven Glass North America.

**02/16/2024: Pavion (Wind Point Partners)**, a Chantilly, Virginia-based provider of fire, security and communication integration products and services, announced it is seeking to acquire four companies in 2024, compared to eight in 2023. According to Chief Executive Officer Joe Oliveri, the company is slowing down its acquisition pace now to focus on integration to be better placed for an increased acquisition appetite

later down the road. Pavion recently completed a refinancing and is particularly interested in targets in Australia, Japan and the central U.S. In January, Pavion announced the acquisition of Integrated Security and Communications, a New Jersey-based provider of security and technology integration services.

**02/05/2024: CBRE Group (NYSE: CBRE)**, a Dallas, Texas-based commercial real estate services and investment firm announced the acquisition of J&J Worldwide Services from Arlington Capital Partners. J&J Worldwide Services is a provider of essential, preventative maintenance to the U.S. Federal Government, servicing over 250 hospitals, clinics and military installations with 3,300 employees globally. The transaction value is estimated to be \$1.05 billion, including \$800 million of upfront cash and \$250 million of contingent consideration, with an EV / EBITDA multiple of 12.3x.

**01/14/2024: CertaSite (The Riverside Company)**, an Indianapolis, Indiana-based provider of commercial fire protection services, announced it plans to acquire four companies in the next 90 to 120 days, according to Kenneth Johnson, Vice President for Riverside. In Q1 2024, CertaSite announced the acquisitions of Weber Fire and Safety in Missouri and Fire Systems Professionals in Ohio, with the two remaining acquisitions assumed to be under LOI. CertaSite targets businesses with roughly \$5 million in annual revenue and 5-10 employees, having bought a total of 23 companies in the Great Lakes region since the business was formed in 2018. The company is interested in making acquisitions in new submarkets as well as acquiring businesses that provide new commercial fire protection service offerings across the platform.

## M&A TRANSACTION HIGHLIGHTS

Closed	Target	Target Description	Acquirer
Mar-24	Franklin Heating, Cooling & Refrigeration	Provides refrigeration and cooling services for commercial and residential customers	Timmerman Capital
Mar-24	KBS	Provides integrated facility management services	Ares Management, Blackrock and KKR
Mar-24	Weber Lawn Care	Provides landscape design, installation, fertilization, property maintenance and tree care services	Senske Services (GTCR)
Mar-24	Absolute Fire Protection	Provides fire sprinkler and fire alarm installation services	Pye-Barker Fire & Safety (Leonard Green & Partners, Atlas Partners)
Mar-24	Peak Event Services	Provides special event and tent rental services	Bright Event Rentals (Trivest Partners)
Mar-24	Bright Event Rentals	Provides special event management services	Trivest Partners
Mar-24	W-S Companies	Provides industrial and mechanical services	Groome Industrial Service (Argosy Private Equity)
Mar-24	DaBo Fire Protection	Provides fire sprinkler installation, inspection and testing services	Pye-Barker Fire & Safety (Leonard Green & Partners, Atlas Partners)
Mar-24	Reed Family Heating & Air Conditioning	Provides HVAC installation, repair, replacement, maintenance, plumbing and air quality services	Quality Heating Cooling & Plumbing
Mar-24	Anchor Heating & Air	Provides HVAC installation, retrofit, replacement and maintenance services	Interstate AC Service (Point 41 Capital Partners)
Mar-24	C2H Air and Electric	Provides HVAC, mechanical and electrical services	FirstCall Mechanical (SkyKnight Capital)
Mar-24	Apple Door Systems	Provides door repair services for businesses and homes	GarageCo (Gridiron Capital)
Mar-24	Cunningham Door & Window	Provides door, door opener, dock equipment, window and gate services	GarageCo (Gridiron Capital)
Mar-24	P.D.Q. Door Company	Provides garage door installation and repair services	GarageCo (Gridiron Capital)
Mar-24	Weber Fire and Safety	Provides fire protection services for fire extinguishers, kitchen systems and emergency exit lights	CertaSite (The Riverside Company)
Mar-24	Texas Star Fire Systems	Provides fire safety installation, inspection, testing and maintenance services	RapidFire Safety & Security (Concentric Equity Partners)
Mar-24	Holmes Landscape Company	Provides landscape maintenance and tree care services	Enhanced Landscape Management
Mar-24	The Turf Doctor	Provides lawn care and pest control services	Senske Services (GTCR)
Feb-24	Troy Alarm	Provides fire safety equipment services	RapidFire Safety & Security (Concentric Equity Partners)

## M&A TRANSACTION HIGHLIGHTS (CONTINUED)

Closed	Target	Target Description	Acquirer
Feb-24	PestShield	Provides pest control services	PestCo Holdings (Thompson Street Capital Partners)
Feb-24	GMS Air Conditioning	Provides air conditioning repair and maintenance services	Seacoast Service Partners (White Wolf Capital Group)
Feb-24	Shamrock Plumbing & Drain Cleaning	Provides plumbing services including drain cleaning, snaking and water heater and pipe repair	Seacoast Service Partners (White Wolf Capital Group)
Feb-24	J&J Worldwide Services	Provides facility maintenance services primarily serving the U.S. Department of Defense	CBRE Group
Feb-24	Fresh Picks Café	Provides outsourced food management services to schools and summer camp locations	Whitsons Culinary Group (GenNx360)
Feb-24	CRIMPCO	Provides security alarm and monitoring services	Pye-Barker Fire & Safety (Leonard Green & Partners, Atlas Partners)
Feb-24	Central Midlands Cleaning	Provides disinfecting, industrial cleaning and medical cleaning services	Triad Service Solutions (Tide Rock)
Feb-24	SITEX	Provides facility services and uniform supply solutions	Cintas
Feb-24	Mecon	Provides HVAC installation, maintenance, replacement and repair services	FirstCall Mechanical (SkyKnight Capital)
Feb-24	Mercury Mechanical	Provides HVAC, sheet metal and piping contractor services	PremiStar (Partners Group)
Feb-24	Fire Systems Professionals	Provides fire system design, installation, maintenance and upgrade services	CertaSite (The Riverside Company)
Feb-24	American Cleaning Systems	Provides commercial cleaning services	Valcourt (Littlejohn)
Feb-24	Johansen & Anderson	Provides HVAC installation, repair and maintenance services	PremiStar (Partners Group)
Feb-24	Lindstrom Air Conditioning	Provides HVAC, plumbing, drain cleaning, maintenance and air quality systems services	Wrench Group (Leonard Green & Partners)
Feb-24	BAM Outdoor	Provides landscape design and maintenance services	Schill Grounds Management (Argonne Capital)
Feb-24	Altec Roofing	Provides roofing repair and replacement services	Infinity Home Services (LightBay Capital, Freeman Spogli)
Feb-24	Carpenter's Roofing & Sheet Metal	Provides roofing repair and replacement services	Infinity Home Services (LightBay Capital, Freeman Spogli)
Feb-24	Riverside Integrated Systems	Provides commercial fire alarm and security systems services	Everon (GTCR)
Feb-24	Ken's Tree Care	Provides tree pruning, emergency maintenance and crane rental services	SavATree (Apax Partners)
Feb-24	Park 'N Fly	Provides near-airport parking services	The Parking Spot (Green Courte Partners)
Feb-24	J&S Mechanical Contractors	Provides mechanical construction services to commercial and industrial customers	Comfort Systems USA
Feb-24	Cram Roofing Company	Provides roofing, maintenance and emergency repair services	Patuxent Roofing & Contracting (New State Capital Partners)
Feb-24	RC&E	Provides refrigeration engineering and installation services	Kelvin Group (Southfield Capital)
Feb-24	Aire Care Mechanical	Provides HVAC repair and maintenance services	Liberty Service Partners (NorthCurrent Partners)
Feb-24	U.S. Lawns	Provides landscape maintenance, enhancements, lawn care, irrigation and snow and ice services	Eversmith Brands (The Riverside Company)
Jan-24	Ridgeline Roofing & Restoration	Provides re-roofing and restoration services	Bertram Capital
Jan-24	Botanica Landscaping	Provides landscape maintenance, trimming and installation services	Mariani Enterprises (CI Capital Partners)
Jan-24	Cutters Edge Total Landscape Solutions	Provides commercial landscape maintenance, design, tree care and irrigation services	LMC Landscape Partners (Trivest Partners)
Jan-24	MIINC Mechanical Contractors	Provides HVAC, plumbing and piping services	SubSplit Services Group
Jan-24	Yellowstone Valley Tree Surgeons	Provides tree removal, trimming, pesticide spray and plant healthcare services	SavATree (Apax Partners)
Jan-24	Palmetto Landscaping & Design	Provides landscape maintenance, design and installation services	Yard Works (WSC & Company)
Jan-24	Integrated Security and Communications	Provides security and technology integration services	Pavion (Wind Point Partners)
Jan-24	RVA Security Integrators	Provides commercial security services	Security 101 (Gemspring Capital)

## M&A TRANSACTION HIGHLIGHTS (CONTINUED)

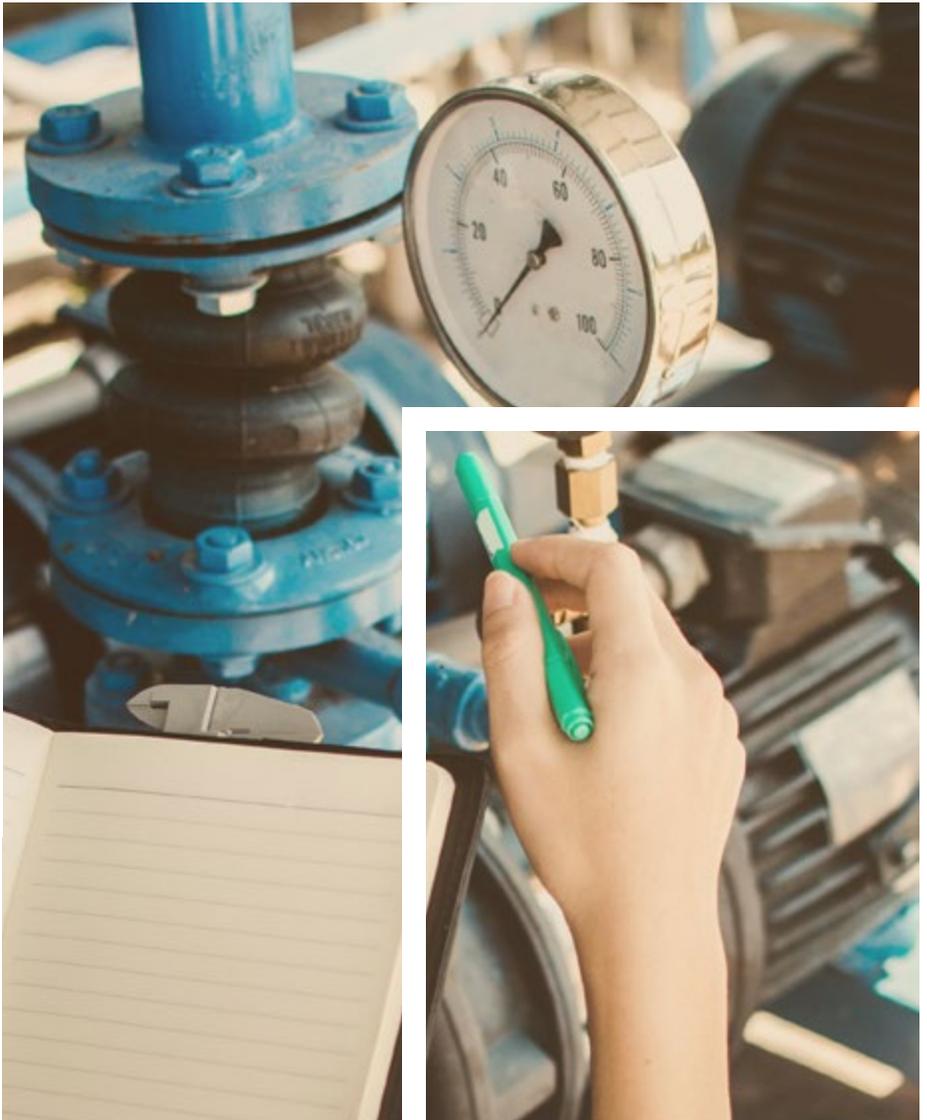
Closed	Target	Target Description	Acquirer
Jan-24	Dorado Pest Control	Provides pest and weed control services	Certus Pest (Imperial Capital)
Jan-24	Entek Solutions	Provides HVAC, building automation and energy services	PremiStar (Partners Group)
Jan-24	Guardian Fire Protection Services	Provides fire safety solutions including inspection, repair, monitoring and installation	Knox Lane
Jan-24	Findlay Roofing	Provides roofing services	Vertex Services Partners (Alpine Investors)
Jan-24	King Quality Construction	Provides roofing, siding and window services	Vertex Services Partners (Alpine Investors)
Jan-24	O'Leary Roofing	Provides roofing services	Vertex Services Partners (Alpine Investors)
Jan-24	Semper Fi Roofing	Provides exterior solutions	Vertex Services Partners (Alpine Investors)
Jan-24	Dunk Fire & Security	Provides security systems and fire alarm maintenance and monitoring services	State Systems
Jan-24	The Greenery	Provides landscape maintenance, installation and irrigation services	Ruppert Landscape (Knox Lane)
Jan-24	Ice House America	Provides automated retail ice and water vending machine rentals and services	Fort Point Capital
Jan-24	Integrated Security Professionals	Provides integrated electronic security services	Security 101 (Gemspring Capital)
Jan-24	Nutri-Lawn	Provides lawn care services	Senske Services (GTCR)
Jan-24	1-2-3 Equipment Solution	Provides commercial equipment maintenance and installation services	Tech24 (HCI Equity Partners)
Jan-24	Able Machinery Movers	Provides machinery moving and rigging services	MEI Rigging & Crating (Olympus Partners)
Jan-24	Austin Generator (Commercial Division)	Provides generator equipment maintenance, repair and rental services	GenServe (GenNx360)
Jan-24	Howell Chase Heating & Air Conditioning	Provides commercial and residential HVAC services	Air Conditioning Specialist (Hidden Harbor Capital Partners)
Jan-24	Vertex Refrigeration	Provides maintenance, repair and upgrade services for industrial refrigeration systems	Industrial Refrigeration Pros (Saw Mill Capital)
Jan-24	Wyatt Refrigeration	Provides design, build and maintenance services for industrial refrigeration systems	Industrial Refrigeration Pros (Saw Mill Capital)
Jan-24	Giant Enterprises	Provides chute management, installation, cleaning and maintenance services	Kept Companies (DFW Capital)
Jan-24	Southern Roofing & Renovations	Provides exterior restoration and remodeling services	Legacy Restoration (Bessemer Investors)
Jan-24	Brookside Lawn Services	Provides lawn care treatment, tree, shrub and pest and weed control services	HCI Equity Partners
Jan-24	Delaware Valley Turf	Provides lawn care treatment, tree, shrub and pest control services	HCI Equity Partners
Jan-24	HD Energy	Provides refrigeration and HVAC asset optimization services to grocery and retail customers	Climate Pros (Saw Mill Capital)
Jan-24	Roxboro Refrigeration	Provides ice machine services	Easy Ice (Freeman Spogli)
Jan-24	Southwest Refrigeration	Provides ice machine rentals and services	Easy Ice (Freeman Spogli)
Jan-24	Home Pride Lawn Care	Provides lawn care services	Virginia Green (Golden Gate Capital)
Jan-24	Evergreen North America	Provides environmental solutions for industrial and infrastructure customers	Quanta Services
Jan-24	Newman Lawn Care	Provides commercial lawn care, fertilization, weed control and irrigation maintenance services	Superscapes (Crux Capital)
Jan-24	Portland Safe	Provides security services for banking and financial institutions	Everon (GTCR)
Jan-24	Advanced Heating & Air	Provides HVAC installation, repair and maintenance services	The SEER Group (Genstar Capital)

## 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 950 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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