

FACILITIES SERVICES

Market Update



Q2 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, Q2 2023 marks another deceleration in mergers and acquisitions (M&A) activity, with approximately 7,500 deals closed, according to S&P Global. This represents a decrease of approximately 13% compared to the approximately 8,600 deals closed in the previous quarter. 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 financing available to fund transactions and 2) broader uncertainty about the macroeconomic environment and geopolitical issues. 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 Q2 2023, private equity-backed facilities services companies were particularly active acquirers. Companies, including Pye-Barker Fire & Safety (Altas, Leonard Green), Tech24 (HCI Equity Partners), The Hiller Companies (Littlejohn) and Nextech (Audax), completed acquisitions. As of Q2 2023, the Lincoln Facilities Services Index (14.9x EV / EBITDA) and the S&P 1500 Environmental and Facilities Services Index (15.5x) are both valued at higher multiples relative to Q1 2023. Overall, we remain optimistic that the facilities services M&A market will gain momentum 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>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> 	<p>CMS nextech</p> <p>has been sold to</p> <p>Audax Private Equity</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 2023, 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 500, S&P 1500 Environmental and Facilities Services and Lincoln Facilities Services Index increased. The Lincoln Facilities Services Index Enterprise Value / EBITDA trading multiples increased by 1.0x to 14.9x.

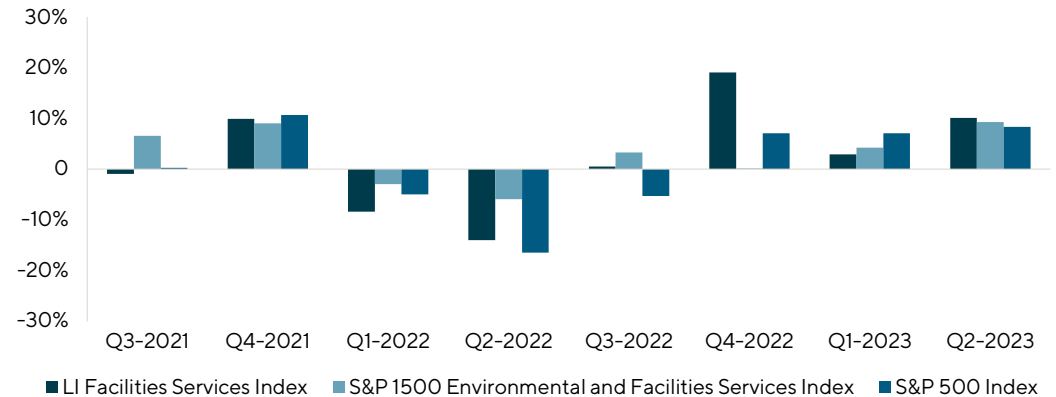
Facilities Services Financial Performance

QUARTER-OVER-QUARTER PERFORMANCE

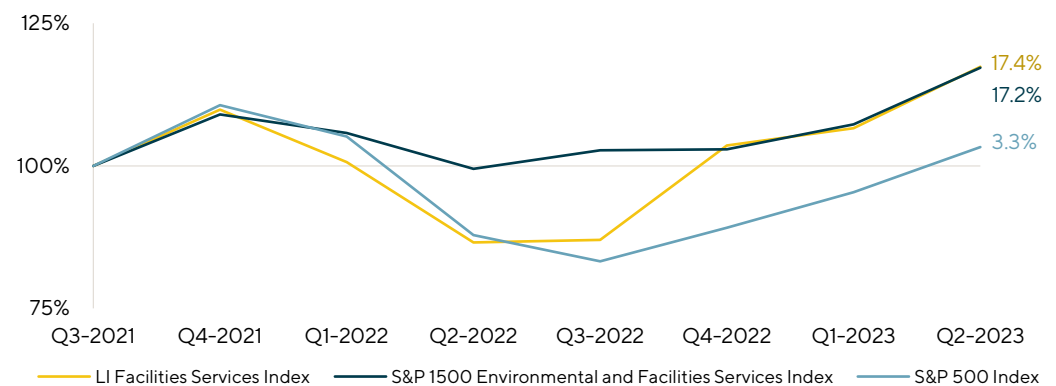
Top Performers	Change	Underperformers	Change
Comfort Systems USA	26.8%	BrightView Holdings	(18.4%)
Rentokil Initial	19.6%	Aramark	(13.4%)
FirstService	14.9%	Matrix Service	(13.2%)

Based on quarter-over-quarter share price performance

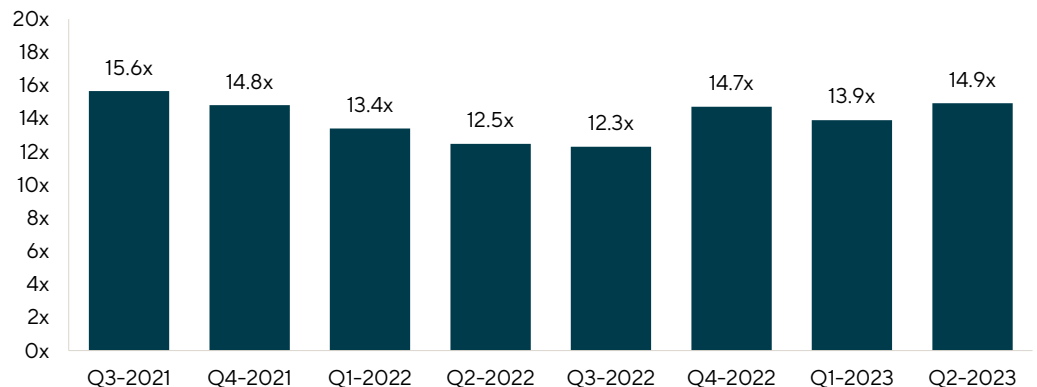
QUARTER-OVER-QUARTER STOCK INDEX CHANGE



TWO-YEAR RELATIVE STOCK INDEX PERFORMANCE



ENTERPRISE VALUE⁽¹⁾ / LTM EBITDA MULTIPLES



Source: Capital IQ as of 6/30/2023.

(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	\$42.65	\$50.20	\$2,821	\$4,135	\$2.14	\$7,948	0.5x	9.2x	12.4x	12.4%	0.2%	5.7%	2.9x
Aramark	43.05	45.72	11,219	18,833	0.95	17,721	1.1x	15.5x	27.9x	23.6%	13.8%	6.8%	6.3x
BrightView Holdings	7.18	13.27	671	2,017	(0.16)	2,777	0.7x	8.2x	22.4x	4.8%	(7.6%)	8.9%	5.5x
Cintas	497.08	497.97	50,554	52,916	12.99	8,816	6.0x	23.9x	29.4x	12.2%	17.9%	25.1%	1.1x
Comfort Systems USA	164.20	167.53	5,856	6,017	6.01	4,430	1.4x	16.1x	20.4x	34.7%	43.6%	8.5%	0.4x
Compass Group	27.98	28.59	48,532	52,419	0.72	36,707	1.4x	18.3x	21.6x	33.2%	22.8%	7.8%	1.3x
EMCOR Group	184.78	185.66	8,786	8,713	9.08	11,374	0.8x	11.9x	14.0x	11.6%	16.3%	6.4%	(0.1x)
FirstService	154.07	156.55	6,865	7,817	2.76	3,930	2.0x	22.2x	33.1x	16.5%	12.8%	9.0%	2.0x
Johnson Controls International	68.14	69.60	46,751	56,455	2.00	26,093	2.2x	17.0x	22.4x	5.7%	(6.7%)	12.7%	2.6x
Matrix Service	5.89	9.52	159	126	(1.43)	790	0.2x	NM	NM	15.8%	NM	(4.8%)	0.9x
Mitie Group	1.23	1.32	1,591	1,638	0.06	4,880	0.3x	8.2x	10.0x	(4.9%)	24.2%	4.1%	0.2x
Prosegur Compañía de Seguridad	1.78	2.39	944	2,655	0.13	4,670	0.6x	5.7x	8.6x	15.4%	30.6%	10.0%	3.6x
Rentokil Initial	7.82	8.37	19,542	23,537	0.12	4,475	5.3x	27.7x	41.1x	11.8%	10.8%	19.0%	4.7x
Rollins	42.83	43.06	21,106	21,046	0.78	2,763	7.6x	34.9x	41.1x	11.4%	11.9%	21.8%	(0.1x)
Securitas AB	8.20	9.82	4,698	8,822	8.50	13,750	0.6x	9.0x	11.5x	16.2%	32.7%	7.1%	4.2x
Sodexo	110.10	113.48	16,072	20,225	5.40	24,361	0.8x	13.1x	16.8x	13.6%	20.2%	6.3%	2.7x
Team	8.30	16.40	36	293	(31.51)	853	0.3x	1.4x	NM	8.2%	NM	25.1%	1.2x
UniFirst	155.01	205.59	2,898	2,828	5.45	2,178	1.3x	11.4x	21.2x	11.7%	(2.5%)	11.4%	(0.3x)
Facilities Services Mean							1.8x	14.9x	22.1x	14.1%	15.1%	10.6%	2.2x
Facilities Services Median							0.9x	13.1x	21.4x	12.3%	15.0%	8.7%	1.7x

Source: Capital IQ | Note: All values based on publicly available data as of 6/30/2023.

Heard on the Street

6/29/2023: Tech24 (HCI Equity Partners), a Greenville, South Carolina-based foodservice and commercial heating, ventilation and air conditioning (HVAC) repair and maintenance services provider, announced the acquisition of Harris Warren Commercial Kitchen Service, a Massachusetts-based repair, preventative maintenance and installation services provider specializing in hot and cold side equipment to restaurants and hotels. Harris Warren represents the 17th add-on acquisition for Tech24 under the ownership of HCI Equity Partners and will allow the company to expand its service offering among a broader set of customers in the Northeast as they continue their M&A growth strategy.

5/24/2023: The Service Companies (Gridiron Capital), a Miramar, Florida based provider of facilities services to the hospitality, gaming, healthcare, education and corporate catering industries, announced Brian Coyne as Chief Executive Officer. Coyne joined the company in August 2022 as Senior Vice President of Special Strategic Projects ahead of being promoted to Chief Operating Officer and now his eventual appointment as Chief Executive Officer. With more than 20 years of military experience and a background in strategic leadership, Coyne's appointment is expected to drive innovation and collaboration within The Service Companies. Gridiron expressed confidence in Coyne's ability to lead the team and deliver top-notch services to clients while expanding partnerships and creating value for the company.

5/4/2023: Pye-Barker Fire & Safety (Altas, Leonard Green), an Atlanta-based provider of fire protection equipment services, has announced its acquisition of Grand Rapids, Michigan-based Vanguard Fire & Security Systems, a provider of inspection, maintenance and installation services for fire and safety equipment. This transaction marks the company's 10th

acquisition in the first half of 2023, 30th since Altas's investment in June 2021 and 44th since Leonard Green's investment in November 2019. With the addition of Vanguard, Pye-Barker continues its aggressive M&A strategy centered around geographic expansion by entering Michigan and increasing its footprint to 35 states across 150 locations and 4,500 team members.

4/25/2023: Security 101 (Gemspring), a West Palm Beach, Florida based provider of integrated security solutions to a wide range of commercial verticals, announced the appointment of Greg Daly as Chief Executive Officer. Daly most recently served as Senior Vice President of Field Services and Operations of ADT Security Services, bringing more than 25 years of leadership experience in the security solutions industry. Former Chief Executive Office and founder, Steve Crespo, will continue to support the business as a board member, sharing, "Greg is an exemplary leader, great cultural fit and committed to delivering best in class services for customers."

4/13/2023: Allied Universal (Warburg Pincus), a Santa Ana, California based provider of security and facilities services, announced it has paused its multibillion-dollar initial public offering due to hiring problems and economic uncertainty. The company plans to re-evaluate its position when market conditions improve, but in the meantime continues to pursue growth through M&A. Allied has completed two transactions in the first half of 2023, including the acquisition of Elite Tactical Security Solutions, a provider of specialized security solutions to hospitality and entertainment clients, allowing the company to enter into the Las Vegas market.

M&A TRANSACTION HIGHLIGHTS

Closed	Target	Target Description	Acquirer
Jun-23	Anchor Plumbing	Provides plumbing maintenance and repair, installation and retrofit services	P3 Services (Stellex)
Jun-23	Richard Meek Air Conditioning	Provides HVAC and refrigeration repair and installation services to residential and commercial clients	Smart Care (Wind Point Partners)
Jun-23	Harris Warren Commercial Kitchen Service	Provides foodservice installation, repair and maintenance services for commercial kitchens	Tech24 (HCI Equity Partners)
Jun-23	Any Pest	Provides pest control services to residential and commercial clients	Percheron Capital
Jun-23	JF Plumbing & Heating	Provides HVAC and plumbing services to residential and commercial clients	Ally Services (Watchtower Capital Partners)
Jun-23	Clearview Building Services	Provides window cleaning and pressure washing services to commercial and residential clients	Valcourt (Littlejohn)
Jun-23	South Shore Building Services	Provides cleaning services to commercial clients	Valcourt (Littlejohn)
Jun-23	The Folde	Provides laundry and dry-cleaning services to residential and commercial clients	2ULaundry (Level 5 Capital Partners)
Jun-23	Bamford	Provides fire protection services	Pye-Barker Fire & Safety (Altas Partners, Leonard Green)
Jun-23	Acadiana Security Plus	Provides security and fire safety services to residential and commercial clients	Pye-Barker Fire & Safety (Altas Partners, Leonard Green)
Jun-23	S&R Air Conditioning	Provides HVAC services to residential and commercial clients in Southern California	Tradewinds Mechanical (Sound Partners, Calico Group)
Jun-23	Climate Specialists	Provides HVAC services to residential and commercial clients in Texas	Tradewinds Mechanical (Sound Partners, Calico Group)
Jun-23	Blue Wolf Performance Solutions	Provides industrial cleaning and maintenance services	Conco Services (Rising Point Capital)
Jun-23	McVay Plumbing Company	Provides HVAC and plumbing services to residential and commercial clients	Legacy Service Partners (Gridiron Capital)

M&A TRANSACTION HIGHLIGHTS (CONTINUED)

Closed	Target	Target Description	Acquirer
Jun-23	Arrow Plumbing	Provides residential and commercial plumbing services	Harmonic Heating & Air Conditioning (Rush Street Ventures)
Jun-23	Trenton Elevator Company	Provides elevator installation, maintenance and repair services to residential and commercial clients	Amercian Elevator Group (Arcline)
Jun-23	Sipes Asphalt & Concrete	Provides asphalt and sealcoating paving services	Central States Paving and Concrete (Grove Mountain Partners)
Jun-23	Eyeforce	Provides remote video monitoring and access control services	AvantGuard (BV Investment Partners)
Jun-23	Ballou Fire Systems	Provides fire and life safety services to commercial clients in Texas	Convergint Technologies (Leonard Green)
Jun-23	Priority Fire and Security	Provides security and fire safety systems services	Altus Fire and Life Safety (AE Industrial Partners)
May-23	Total Mechanical Repair Services	Provides repair and maintenance services to restaurants and convenience stores	Tech24 (HCI Equity Partners)
May-23	Barnes Quality Pest Control	Provides pest control services to residential and commercial clients	Senske Services (GTCR)
May-23	Crime Intervention Alarm	Provides security and fire safety systems services	Altus Fire and Life Safety (AE Industrial Partners)
May-23	Encore Pavement	Provides concrete and asphalt paving services	Central States Paving and Concrete (Grove Mountain Partners)
May-23	Automatic Fire Sprinklers	Provides fire protection services	Pye-Barker Fire & Safety (Altas Partners, Leonard Green)
May-23	Integrated Fire Systems	Provides fire and life safety services	Performance Systems Integration (The Riverside Company)
May-23	Service Specialists	Provides HVAC, refrigeration and foodservice installation and maintenance services	Nextech (Audax)
May-23	Fisher Engineering	Provides fire-protection engineering services	Bowman Consulting
May-23	Legends Landscape Management	Provides landscape management services	Tendit Group (Osceola Capital Management)
May-23	Rebmann Plumbing, Heating & Air Conditioning	Provides HVAC and plumbing services to residential and commercial clients	Northwinds Services Group (TruArc Partners)
May-23	Premier Security Solutions	Provides security and fire safety services to commercial clients	Pavion (Wind Point Partners)
May-23	Vixxo Corporation	Provides tech-enabled facilities maintenance services	Braemont Capital
May-23	Sanford Tree Service	Provides tree services to residential and commercial clients	United Land Services (Centre Partners, LP First Capital)
May-23	Greenway Lawn & Landscape	Provides landscape maintenance services to commercial clients in Florida	United Land Services (Centre Partners, LP First Capital)
May-23	Ace Exterminating	Provides pest and mold control services to residential and commercial clients	Rockit Pest (Halle Capital Management)
May-23	Red River Sanitors	Provides janitorial and facilities maintenance services	The Facilities Group
May-23	Vanguard Fire & Security Systems	Provides fire, life safety and security services to commercial clients	Pye-Barker Fire & Safety (Altas Partners, Leonard Green)
May-23	Carroll Air Systems	Provides HVAC services to commercial clients	Daikin Applied Americas
May-23	All Pro Plumbing, Heating, Air & Electrical	Provides HVAC, plumbing and electrical services to residential and commercial clients	Apex Service Partners (Alpine Investors)
May-23	Oasis Fire Protection	Provides fire protection services	Century Fire Protection (FirstService)

M&A TRANSACTION HIGHLIGHTS (CONTINUED)

Closed	Target	Target Description	Acquirer
Apr-23	Southview Design	Provides landscape services to residential and commercial clients	Mariani Enterprises (CI Capital Partners)
Apr-23	Legacy Fire Protection	Provides fire protection services	Classic Fire + Life Safety (McCain Capital Partners)
Apr-23	Photon Electronic	Provides fire protection and electrical systems services	Classic Fire + Life Safety (McCain Capital Partners)
Apr-23	Integrated Fire Protection	Provides fire protection services	Classic Fire + Life Safety (McCain Capital Partners)
Apr-23	Thompson Safety	Provides first aid, fire and life safety services to commercial clients	Berkshire Partners
Apr-23	JPG Plumbing & Mechanical Services	Provides plumbing, HVAC and mechanical services to commercial clients	Exigent (Huron Capital)
Apr-23	ThermaServe	Provides HVAC services to commercial clients	Exigent (Huron Capital)
Apr-23	KNC Technologies	Provides communication, fire and security services to healthcare and education clients	SuperHero Fire Protection (Hidden Harbor Capital Partners)
Apr-23	Koala Insulation	Provides insulation services in Florida	Empower Brands (MidOcean Partners)
Apr-23	Wallaby Windows	Provides window and door installation and replacement services	Empower Brands (MidOcean Partners)
Apr-23	Kapp's Green Lawn	Provides lawn care and pest control services to residential and commercial clients	Fairway Lawns (Morgan Stanley Capital Partners)
Apr-23	Green Guard Services	Provides commercial kitchen exhaust cleaning and ancillary services	EverSmith Brands (The Riverside Company)
Apr-23	NVM Paving and Concrete	Provides asphalt and concrete paving and maintenance services	Rose Paving Company (Tenex Capital Management)
Apr-23	Alliance Group	Provides HVAC services to commercial clients	Trinity Hunt Partners
Apr-23	Elite Tactical Security Solutions	Provides specialized security services	Allied Universal (Warburg Pincus)
Apr-23	The Hartline Company	Provides security and fire safety services to residential and commercial clients	Pye-Barker Fire & Safety (Altas Partners, Leonard Green)
Apr-23	Mid Rivers Fire Safety	Provides fire protection and inland marine services for riverfront vessels	The Hiller Companies (Littlejohn)
Apr-23	Borst Landscape & Design	Provides landscape design and maintenance services to residential clients	Mariani Enterprises (CI Capital Partners)
Apr-23	Southern Nevada Fire Protection	Provides fire protection installation and maintenance services to residential and commercial clients	The Hiller Companies (Littlejohn)
Apr-23	Unifour Fire and Safety	Provides fire protection and installation services to commercial clients in the Southeast	The Hiller Companies (Littlejohn)
Apr-23	Ramco Refrigeration	Provides HVAC and refrigeration services to restaurant and food service clients	Nextech (Audax)
Apr-23	Roofed Right America	Provides roofing installation and replacement services to commercial and industrial clients	Great Range Capital
Apr-23	Fox Pest Control	Provides pest control services to residential and commercial clients	Rollins
Apr-23	Palmetto Heating & Air	Provides HVAC services to residential and commercial clients	Air Conditioning Specialist (Hidden Harbor Capital Partners)
Apr-23	Weed Pro	Provides lawn care services to residential and commercial clients in Ohio	Authority Brands (Apax Partners)
Apr-23	Champions Hydro-Lawn	Provides lawn care and erosion control services to commercial clients in Texas	Westco Grounds Maintenance (Evolution Strategy Partners, Gemini Investors)

M&A TRANSACTION HIGHLIGHTS (CONTINUED)

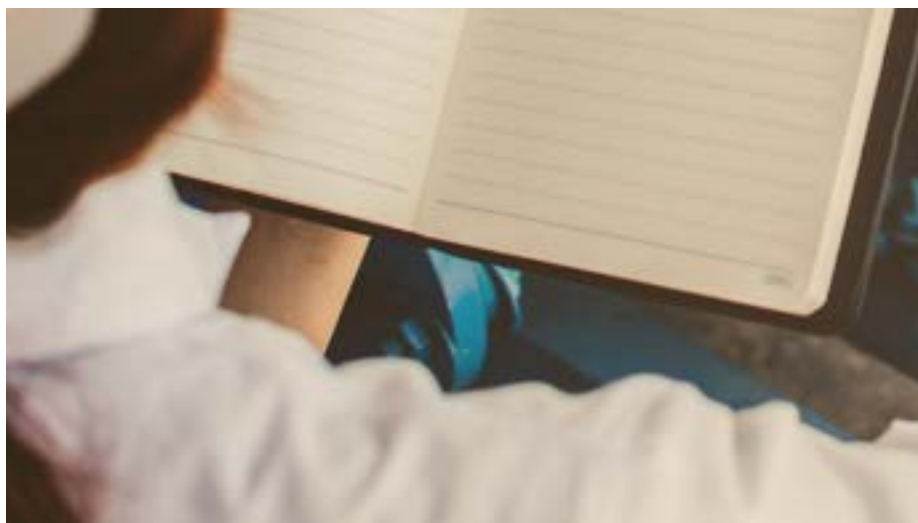
Closed	Target	Target Description	Acquirer
Apr-23	Herbafex	Provides landscape and pest control services to commercial and residential clients	United Land Services (Centre Partners, LP First Capital)
Apr-23	Thompson Industrial Services	Provides industrial cleaning and maintenance services	Clean Harbors
Apr-23	Icon Parking Systems	Provides parking facilities services in New York	Arkview Capital
Apr-23	Synecore	Provides HVAC installation and maintenance services to commercial clients	H.I.G. Capital
Apr-23	Meesons	Provides physical security systems services to commercial clients	H.I.G. Capital
Apr-23	Total Care Pest Management	Provides pest control services to residential and commercial clients	Plunkett's Pest Control
Apr-23	Fusion Security	Provides security technology, personnel and consulting services	Scarlet Security & Risk Group (Trilogy Capital Group)

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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