



Commercial & Industrial Services Update

Harris Williams | Q3 2022

Perspectives on Commercial & Industrial Services

Fire & Life Safety Services



Service companies providing critical design, installation, and maintenance of complex, regulatory-driven fire prevention, suppression, and other life safety systems

Select Market Participants



Key Trends

- Economic cycle resilience due to regulatory demand drivers and customer priorities to maintain safety of life and property
- Market attracts investment due to the critical nature, ongoing regulatory-driven demand, and high value of its technical services, as well as fragmentation of localized providers representing an ongoing rollup opportunity

Services to the Food & Beverage Industry



Businesses that provide highly specialized mission-critical capabilities to the broader foodservice industry

Select Market Participants



Key Trends

- Predictable demand driven by nondiscretionary expenditures to ensure the safety of the U.S. food supply, increased number and complexity of government regulations, and overall growth of U.S. foodservices ecosystem

Mechanical Services



Variety of outsourced service providers supporting technical needs for specialized mechanical services such as HVAC, elevators, and plumbing, as well as soft services such as cleaning, sanitation, and other janitorial services

Select Market Participants



Key Trends

- Services driven by growing complexity of systems and expertise required, as well as ability to outsource non-core operations
- High barriers to entry for customers to self-perform given highly technical nature of hard services and required scale of soft services

Perspectives on Commercial & Industrial Services

Property Restoration Services



Service companies providing mitigation and reconstruction services to properties with damages or losses due to a variety of regularly occurring loss events

Select Market Participants



Key Trends

- Rising frequency of events, nondiscretionary nature of services, and the role of insurance companies as payers create consistent, predictable demand

Landscaping Services



Businesses providing landscaping maintenance and development services, as well as ancillary services such as tree care and snow removal, for commercial and residential customers

Select Market Participants



Key Trends

- Highly recurring, contractual maintenance services drive consistency of revenue
- Increasing housing stock and disposable income of households driving top-line growth

Environmental & Waste Services



Businesses that provide regularly scheduled trash and recycling collection services as well as more complex, highly regulated hazardous and nonhazardous waste disposal

Select Market Participants



Key Trends

- Largely contractual, nondeferrable, and mission-critical services, supporting consistent and predictable base of revenue
- Outsourced environmental and waste service providers add value to and mitigate undue risk on behalf of customers by ensuring compliance with complex national, state, and local regulations

Harris Williams Commercial & Industrial Services Experience

Select Commercial & Industrial Services Transaction Experience

 a portfolio company of the edgewater funds JZ PARTNERS has been acquired by LEVINE LEICHTMAN CAPITAL PARTNERS	 has been recapitalized by Ridgmont EQUITY PARTNERS	 a portfolio company of Goldman Sachs has been acquired by ECP	 has acquired MONARCH a portfolio company of ONE ROCK CAPITAL PARTNERS	 a portfolio company of Audax Private Equity has been acquired by WIND POINT PARTNERS
 a portfolio company of Platinum Equity has been acquired by PECF USS Holding Corporation	 a portfolio company of Chartwell Investments has been acquired by Sentinel CAPITAL PARTNERS	 a portfolio company of ARES has been acquired by LGP LEONARD GREEN & PARTNERS IP HARVEST PARTNERS	 has been acquired by ARGENBRIGHT HOLDINGS	 a portfolio company of OAKTREE has been acquired by ONEX
 has acquired sciens Building Solutions	 a portfolio company of DOMINUS CAPITAL has been acquired by KOHLBERG KRIEGER & COMPANY PARTNERS GROUP	 a portfolio company of CI CAPITAL PARTNERS has been acquired by Apax	 a portfolio company of ALTAS received an investment from LGP LEONARD GREEN & PARTNERS	 received an investment from LEVINE LEICHTMAN CAPITAL PARTNERS
 a portfolio company of ARES IP HARVEST PARTNERS has been acquired by GI PARTNERS	 a portfolio company of WARBURG PINCUS has been acquired by LGP LEONARD GREEN & PARTNERS	 a portfolio company of IP HARVEST PARTNERS has been acquired by KKR	 a portfolio company of CLVC PARTNERS has been acquired by IP HARVEST PARTNERS	 a portfolio company of LGP IP HARVEST PARTNERS has been acquired by The Blackstone Group

Harris Williams Transaction Spotlight



06/22/2022

Company Background

TSS is a leading provider of testing, inspection, certification, and calibration services for pharmaceutical, biotechnology, healthcare, and other life sciences end markets.

Successful Outcome

The transaction delivered a successful outcome for The Edgewater Funds, JZ Capital, and the company. The partnership with Levine Leichtman will enable TSS to further its market-leading position within the healthcare TICC services market and support multifaceted growth initiatives. Harris Williams served as lead financial advisor to TSS, a portfolio company of The Edgewater Funds and JZ Capital Partners, in this transaction.

Harris Williams Transaction Spotlight



05/18/2022

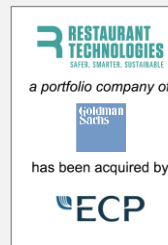
Company Background

CMG is a mission-critical outsourcing partner, providing technical expertise for HVAC, electrical, plumbing, and building automation services to commercial, industrial, and government properties.

Successful Outcome

The transaction delivered a successful outcome for CMG's Management team and shareholders. The partnership with Ridgmont Equity Partners will allow CMG to continue executing on its strategy of organic and inorganic growth across the HVAC services market. Harris Williams served as exclusive financial advisor to Crete Mechanical Group in this transaction.

Harris Williams Transaction Spotlight



4/1/2022

Company Background

Restaurant Technologies provides closed-loop cooking oil management solutions to the U.S. foodservice industry.

Successful Outcome

The transaction delivered a successful outcome for Goldman Sachs Group and the Company. The acquisition by Energy Capital Partners will support Restaurant Technologies' strategy of geographic expansion within the North American foodservice industry. Harris Williams served as lead financial advisor to Restaurant Technologies, a portfolio company of Goldman Sachs Group, in this transaction.

What We're Reading

In this Sector Update, we have included a collection of articles focused on the continuing labor shortage dynamic, how technology is changing facility services, and HVAC & plumbing trends. Harris Williams believes that demand for commercial and industrial services is well positioned to be recession-resistant due to the mission-critical nature of the services provided.

Understanding America's Labor Shortage

U.S. Chamber of Commerce

"In 2021, businesses added an unprecedented 3.8 million jobs. But at the same time, workforce participation remains below pre-pandemic levels, meaning we have 3.25 million fewer Americans working today compared to February of 2020."

Read the full article [here](#).

Three Ways Technology Is Changing How National Facilities Services Are Delivered

Forbes

"Technology has changed service delivery in practically every aspect of our lives. Providing facilities services on a national level to clients operating hundreds of locations across multiple geographies still boils down to the field force who are literally 'turning the screws' to get the job done. So how can technology help an industry that relies primarily on manual labor?"

Read the full article [here](#).

HVAC Industry Trends to Watch Out for in 2022

Cielo

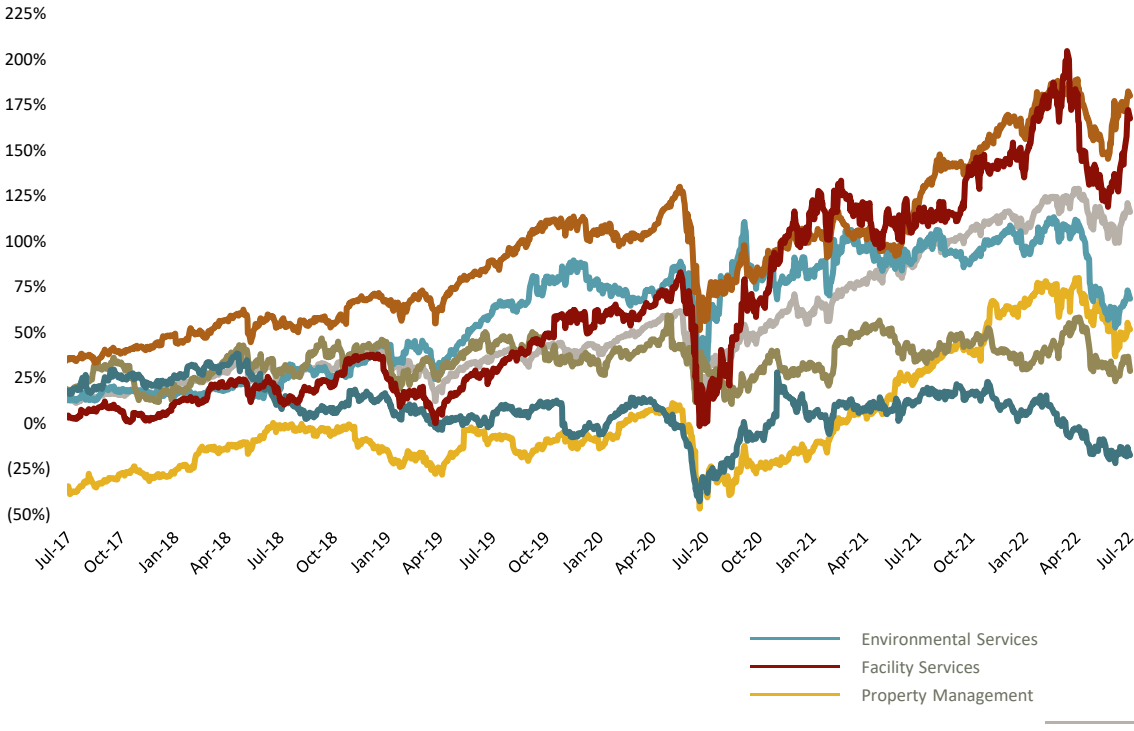
"The total number of HVAC systems in the US has now exceeded the country's total population. This indicates unprecedented growth in the heating, ventilation, and air conditioning (HVAC) industry. Extreme climate conditions, infrastructure developments, and a rising focus on comfort are the main factors driving the growth of the HVAC market in the country."

Read the full article [here](#).

Commercial & Industrial Services Public Company Performance and Trends¹

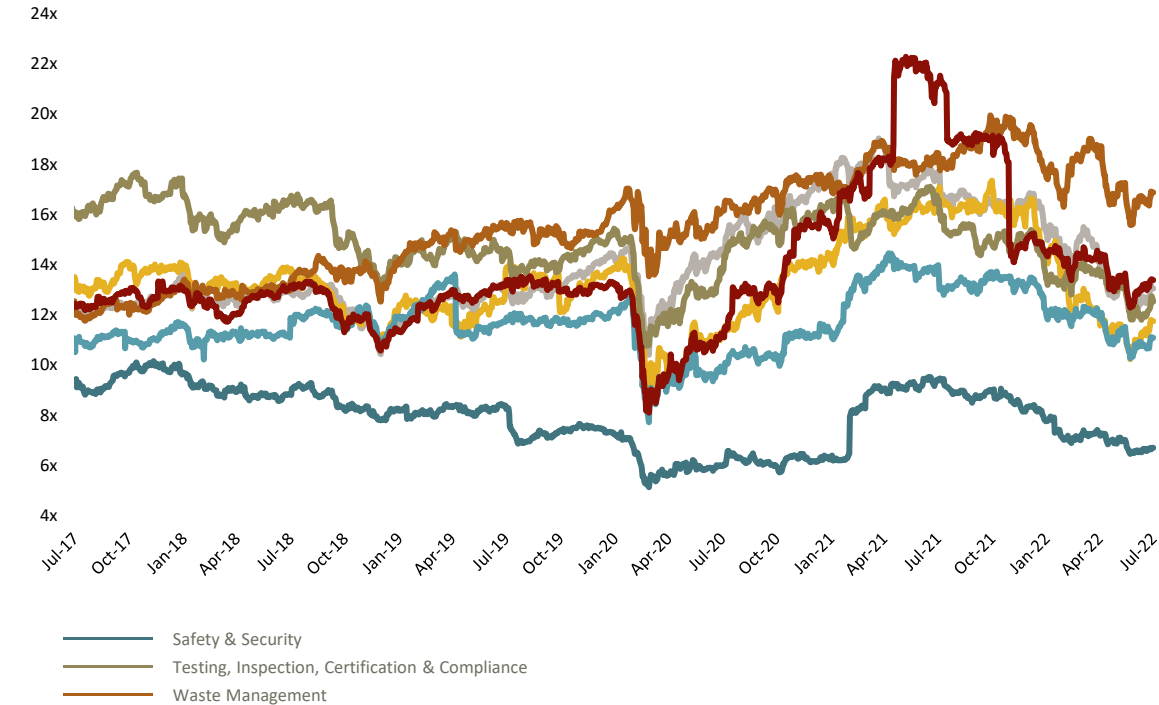
Historical Stock Prices – Last 5 Years

Indexed Stock Price Performance for the period July 2017 – July 2022



Historical Median TEV/LTM EBITDA Multiples – Last 5 Years

Indexed Stock Price Performance for the period July 2017 – July 2022



Key Public Comparables

ABM

CleanHarbors

ALS

FirstService

aramark

GFL

Bureau Veritas

JLL

casella

PROSEGUR

CBRE

REPUBLIC SERVICES

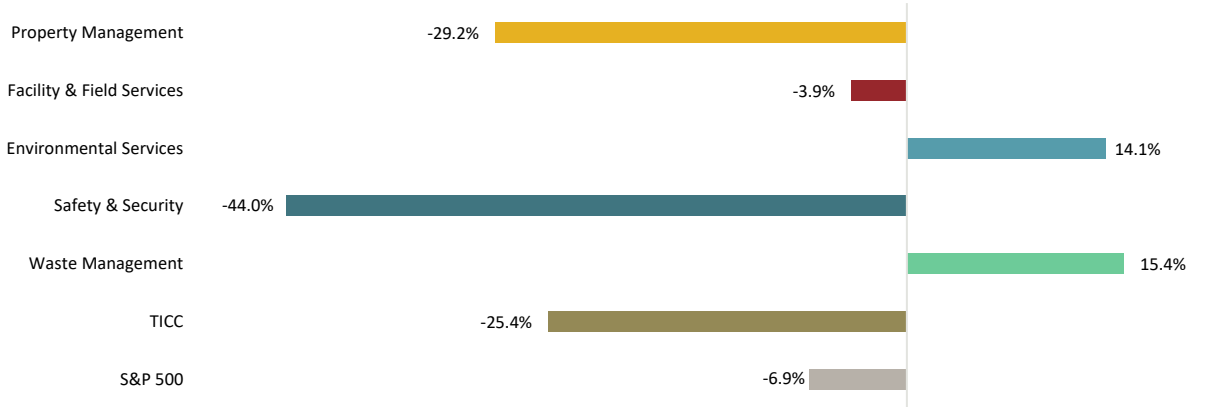
CINTAS

WM WASTE MANAGEMENT

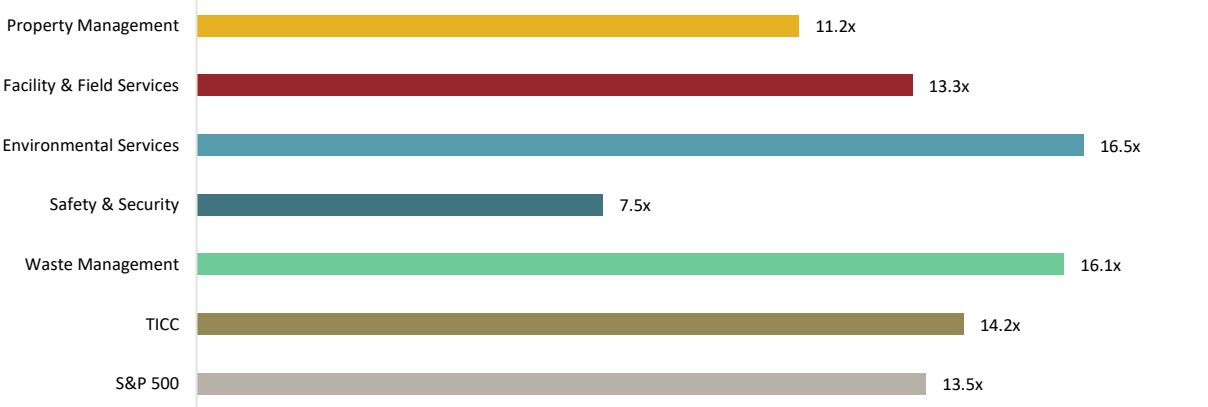
1. S&P Capital IQ; Property Management Comps: Jones Lang LaSalle, CBRE Group, FirstService; Environmental Services Comps: Clean Harbors, Republic Services, Heritage-Crystal Clean, Veolia Environmental, Ecolab; TICC Comps: ALS Limited, Bureau Veritas, Eurofins Scientific, Intertek Group, SGS; Waste Management Comps: Casella Waste Systems, GFL Environmental, Republic Services, Waste Connections, Waste Management; Safety & Security Comps: ADT, Prosegur, Securitas; Facility Services Comps: ABM Industries, Aramark, Cintas, Compass Group, ISS, Mitie Group, Sodexo, EMCOR, UniFirst, Rentokil Initial, Terminix, Stericycle

Commercial & Industrial Services Public Company Performance and Trends (Cont.)¹

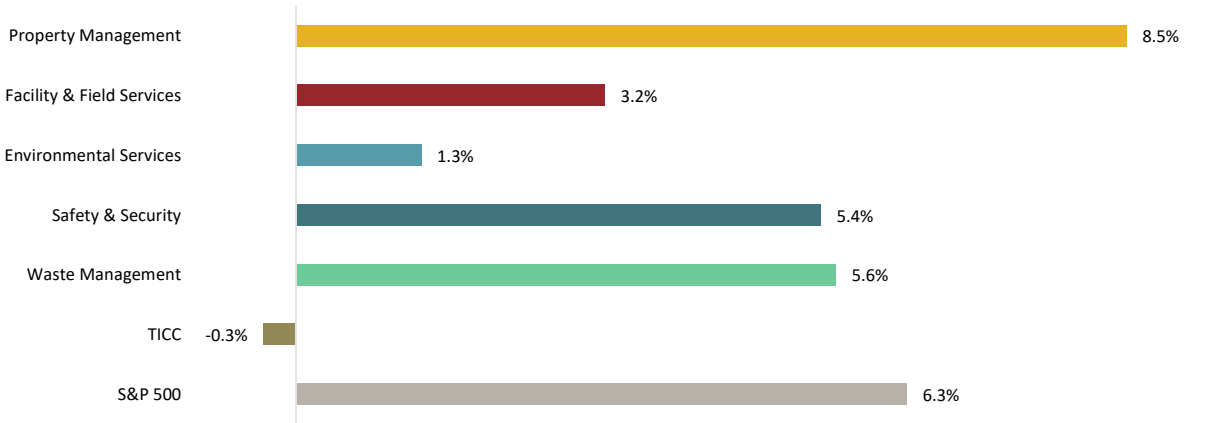
12-Month Change in Stock Price



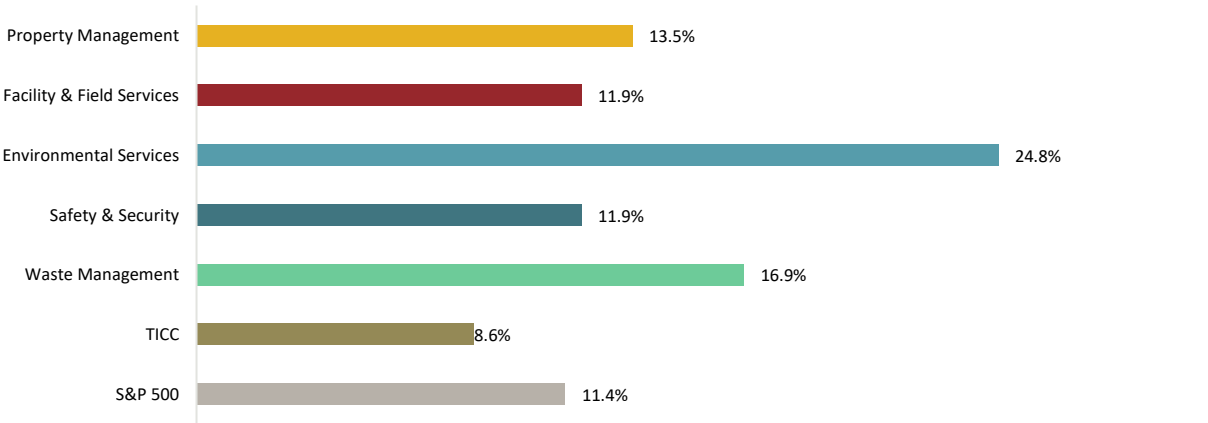
Median TEV / LTM EBITDA Multiple



Median 3-Year Revenue CAGR (2018 – 2021)

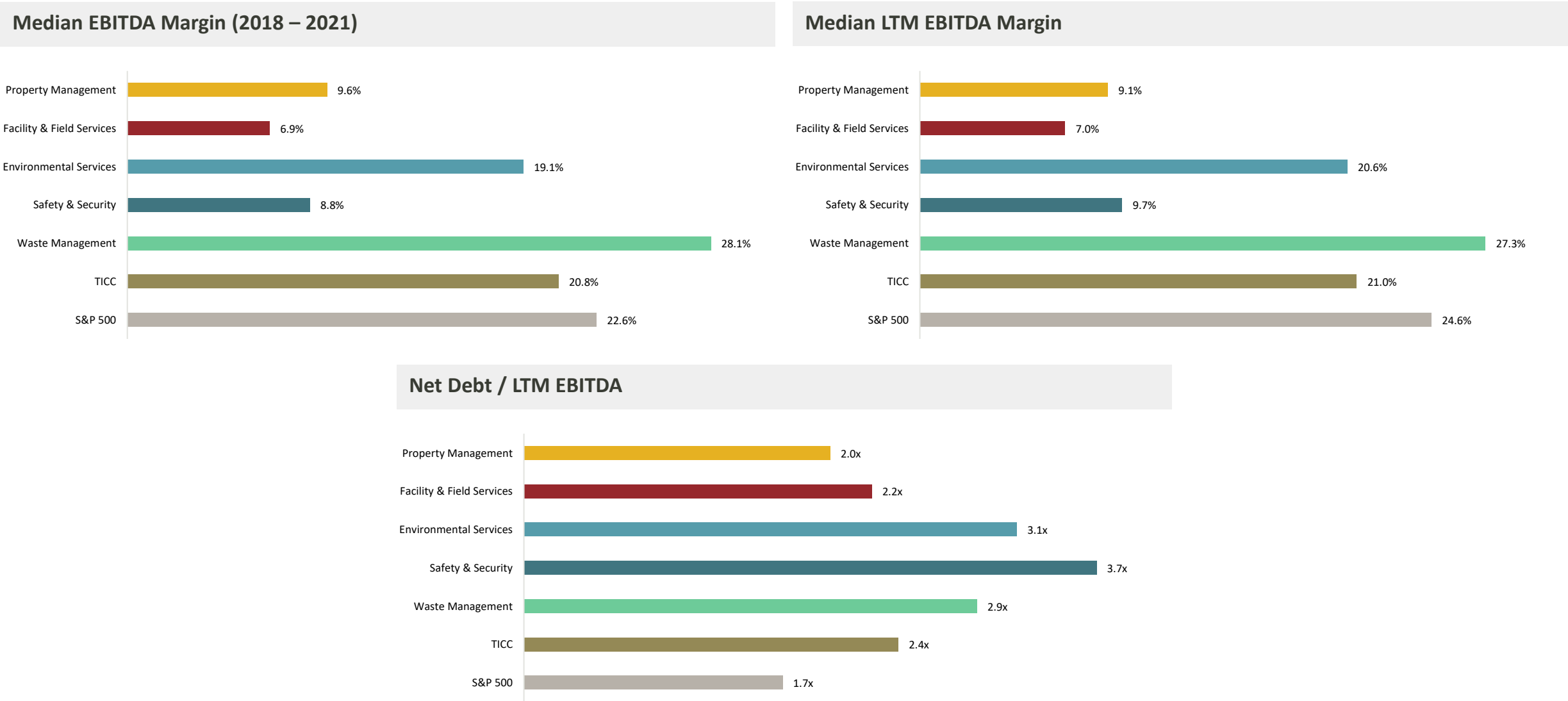


Median LTM Revenue Growth

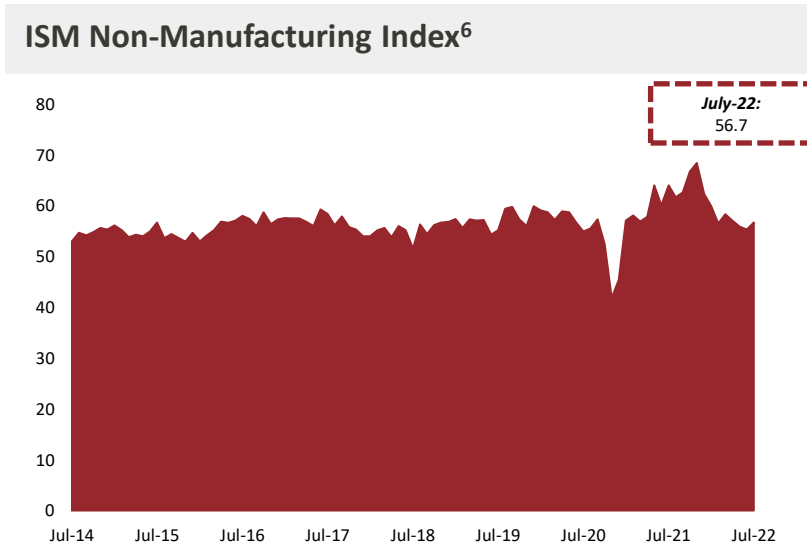
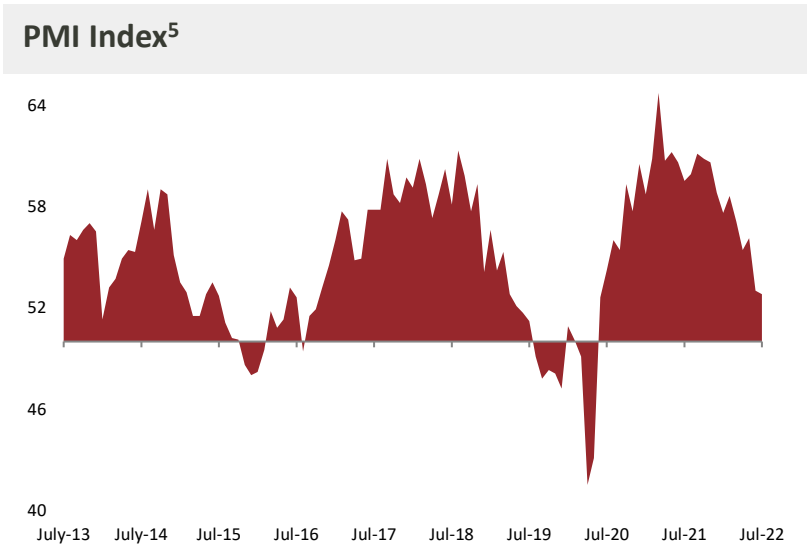
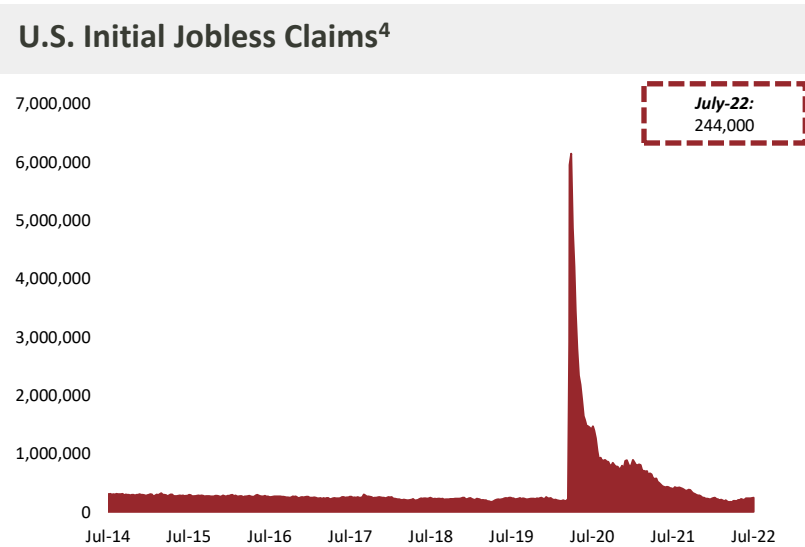
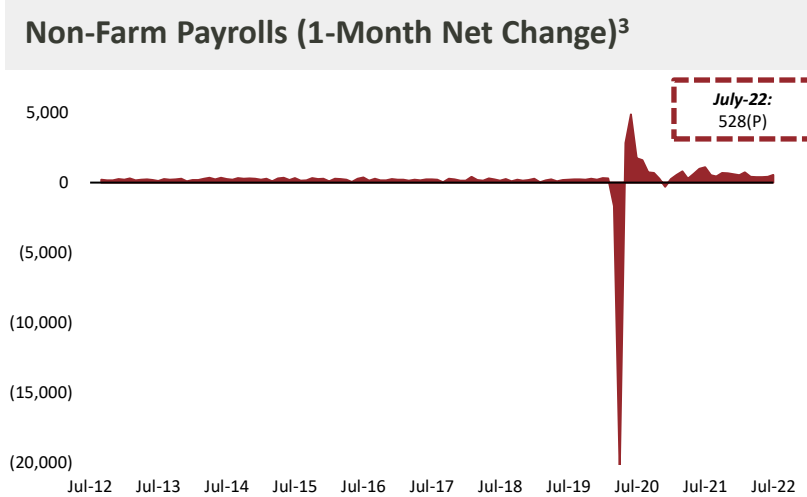
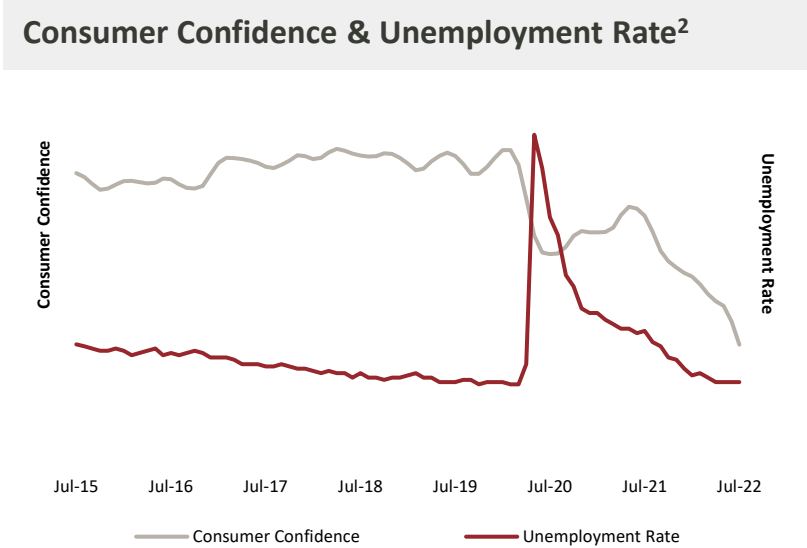
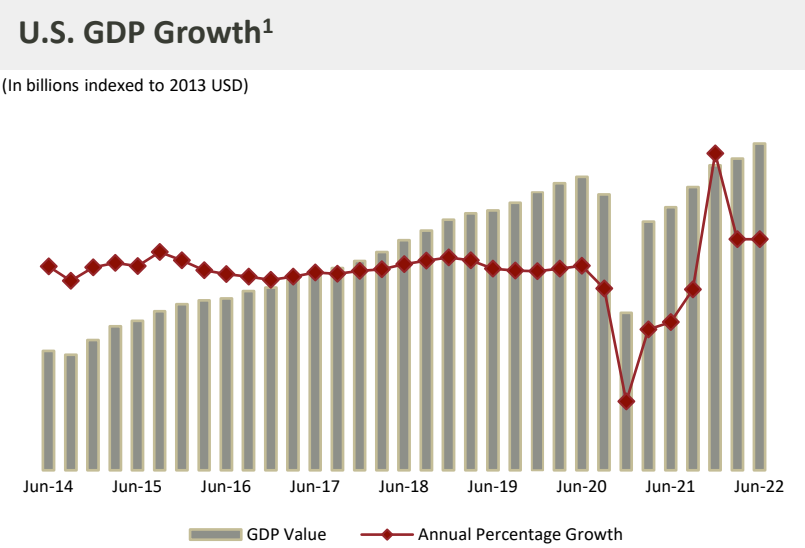


1. S&P Capital IQ as of 08/09/2022; Property Management Comps: Jones Lang LaSalle, CBRE Group, FirstService; Environmental Services Comps: Clean Harbors, Republic Services, Heritage-Crystal Clean, Ecolab; TICC Comps: ALS Limited, Bureau Veritas, Eurofins Scientific, Intertek Group, SGS; Waste Management Comps: Casella Waste Systems, GFL Environmental, Republic Services, Waste Connections, Waste Management; Safety & Security Comps: ADT, Prosegur, Securitas; Facility Services Comps: ABM Industries, Aramark, Cintas, Compass Group, ISS, Mitie Group, Sodexo, EMCOR, UniFirst, Rentokil Initial, Terminix, Stericycle

Commercial & Industrial Services Public Company Performance and Trends (Cont.)¹



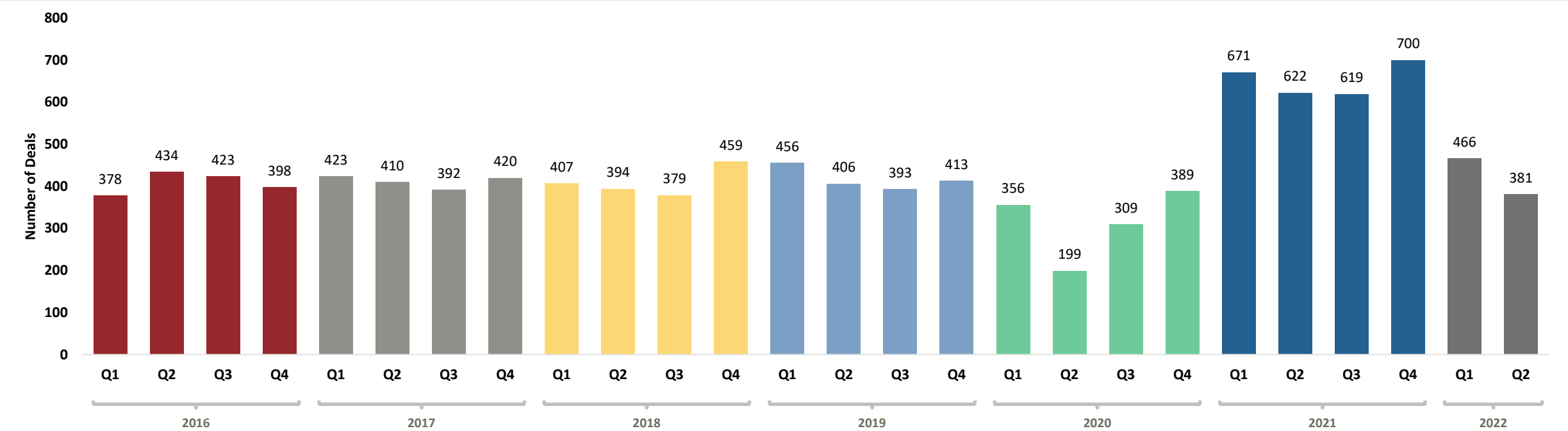
Economic Trends



Note: A PMI Index figure greater than 50 indicates expansion.

M&A Market Trends

Commercial & Industrial Services M&A Volume by Year¹





Target



Buyer

- Harris Williams advised Smart Care Equipment Solutions, a portfolio company of Audax Private Equity, on its sale to Zone Climate Services, a portfolio company of Wind Point Partners. Smart Care is a national service provider for foodservice refrigeration, cooking, dish wash, HVAC, and coffee equipment.



Target



Buyer

- Harris Williams advised Audax on its acquisition of Monarch Landscape Companies. Monarch is a leading provider of commercial landscaping services across the Western United States. The company operates in 5 states and serves a broad set of blue-chip customers primarily comprising commercial and corporate campuses, municipalities, and HOAs.

Recent Commercial & Industrial Services Transactions Detail

Date	Target	Business Description	Sector	Acquirer(s)
7/27/22	ClubUp	Charlotte, NC-based golf technology and service company that caters to golf clubs domestically and internationally	Other	Troon (TPG)
7/25/22	TEMCO	Jackson, MS-based provider of repair and maintenance services for commercial kitchen and HVAC equipment	Mechanical Services	Tech24 (HCI Equity Partners)
7/25/22	VLS Environmental Solutions	Provider of mission-critical, customized waste and specialty cleaning and repair services	Environmental Services	L Squared Capital
7/13/22	Andersen Commercial Plumbing	La Verne, CA-based plumbing services provider	Facility Services	Sun Capital Partners
7/12/22	Bender & Modlin Fire Sprinkler	Orange Park, FL-based full-service fire sprinkler company	Fire & Life Safety	Pye-Barker Fire & Safety (LGP)
7/6/22	ProCraft Mechanical	Broomfield, CO-based provider of HVAC services	Mechanical Services	Pueblo Mechanical (Huron Capital)
6/29/22	Van Duinen Elevator Co.	Elevator service company located in Grand Rapids, Michigan	Mechanical Services	Elevator Service (Carroll Capital)
6/28/22	Dutton Food Equipment Repair	Richmond, VA-based family-owned and operated commercial kitchen equipment repair company	Mechanical Services	Smart Care (Wind Point Partners)
6/27/22	Bassett Creek Services	Chicago, IL-based provider of mission-critical restoration, renovation, and specialty services	Property Restoration	Watterson (Highview)
6/23/22	Technical Safety Services	La Jolla, CA-based biotechnology testing and inspection firm	Testing, Inspection & Certification	Levine Leichtman Capital Partners
6/21/22	Plaquemine Point Shipyard	Provides full-service barge cleaning and repair along the Mississippi River	Environmental Services	VLS (Aurora Capital)
6/23/22	Elite Fire Safety	Novi, MI-based fire and life safety provider	Fire & Life Safety	Sciens (Carlyle, Huron Capital)
6/21/22	Vorpagel Service	Commercial HVAC contractor in Burlington, WI	Mechanical Services	Reedy Industries (Partners Group)
6/14/22	Diamond Sharp	California-based leading cutlery sharpening and exchange services company in the Western US	Facility Services	Cozzini Bros (Birch Hill Equity Partners)
6/7/22	Heartland Fire & Security	Iowa-based full-service fire protection and security business	Fire & Life Safety	CertaSite (Riverside)
6/2/22	RealManage Partners	The third largest home owner association and condominium management company in the United States	Facility Services	American Securities
5/26/22	Mile High Elevator	Provider of elevator maintenance, repair, and modernization services in the Denver and Cheyenne markets	Mechanical Services	3Phase Elevator (Berkshire)
5/25/22	Allmark Door	New Jersey-based commercial door and loading dock services provider	Facility Services	LLR Partners
5/25/22	First General Services of Hartford	Hartford, CT-based restoration services provider	Property Restoration	Advanced Disaster Recovery (Brookstone Partners)

Harris Williams: At a Glance



- **30 years** and thousands of deals closed
- **100%** of revenue is from M&A advisory
- **10** Industry Groups with deep sector expertise
- **70%** of revenue from repeat clients
- **8** offices across the U.S. and Europe

The Harris Williams Business Services & Specialty Distribution Coverage Areas

- Commercial & Industrial Services
- Professional Services
- Specialty Distribution
- IT Services

Commercial & Industrial Services Subsectors

- | | | |
|--------------------------------|------------------------|---|
| • Environmental & Waste | • Janitorial | • Security |
| • Facility Services | • Landscaping | • Service Aggregators |
| • Field & Route Based Services | • Mechanical Services | • Technician Services |
| • Fire & Life Safety | • Property Management | • Testing, Inspection, Certification & Compliance |
| • Foodservice | • Property Restoration | |

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Harris Williams Capabilities and Locations



Harris Williams has a broad range of industry expertise, which creates powerful opportunities. Our clients benefit from our deep sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com.

	Aerospace, Defense & Government Services		Business Services		Building Products & Materials		Consumer		Energy, Power & Infrastructure
	Healthcare & Life Sciences		Industrials		Specialty Distribution		Technology		Transportation & Logistics

Office Locations			
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