



Residential Services Sector Brief

Harris Williams | Q3 2023

Residential Services Observations and Market Updates

The residential services industry remains attractive in any economic environment



What We're Reading

The Home Buyer's Quandary: Nobody's Selling

Wall Street Journal

Many consumers are ready to move but don't want to lose the low-rate mortgages they locked in a few years ago, crimping the supply of homes and keeping prices high.

Read the full article [here](#).

Improving America's Housing 2023

Joint Center for Housing Studies of Harvard University

The widespread adoption of working from home, spectacular growth in home equity and saving rates, and the continued aging of the housing stock lifted the home remodeling market to unprecedented heights. Growth in market spending involved households at all income levels and projects of all sizes.

Read the full article [here](#).

What Technology Trends Will Impact the HVAC Industry in 2023?

HVAC Insider

With costs rapidly rising and many economists predicting a recession, consumer expectations for competitive prices, accurate job estimates, and exact scheduling are likely to be higher than ever in 2023. Given that, look for HVAC companies to turn increasingly to FSM software to efficiently schedule, dispatch, and assign jobs based on their size, scope, and worker availability.

Read the full article [here](#).

Roofing Contractor eMagazine

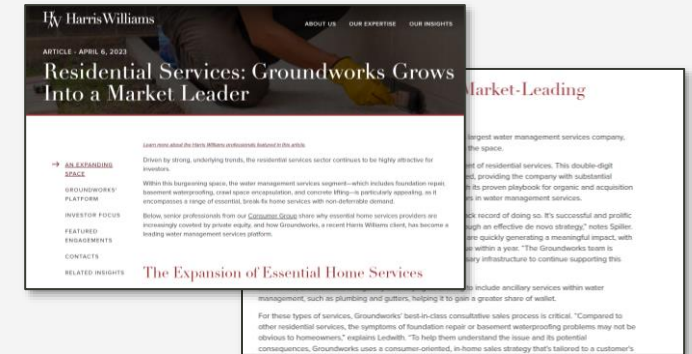
Roofing Contractor

Monthly publication by Roofing Contractor about the latest industry news, current events, new products, and more.

Read the full article [here](#).

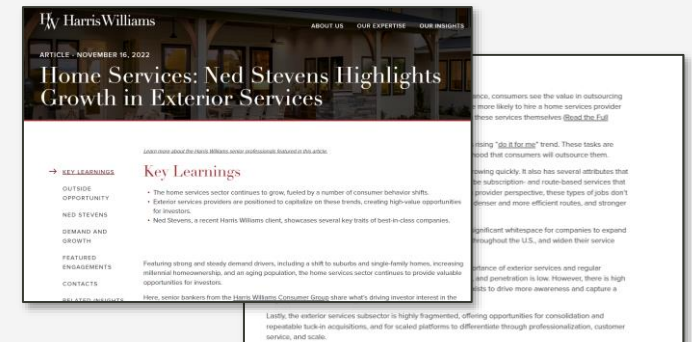
Recent Harris Williams Residential Services Content

- Residential Services: Groundworks Grows Into a Market Leader



[Link to Read](#)

- Home Services: Ned Stevens Highlights Growth in Exterior Services



[Link to Read](#)

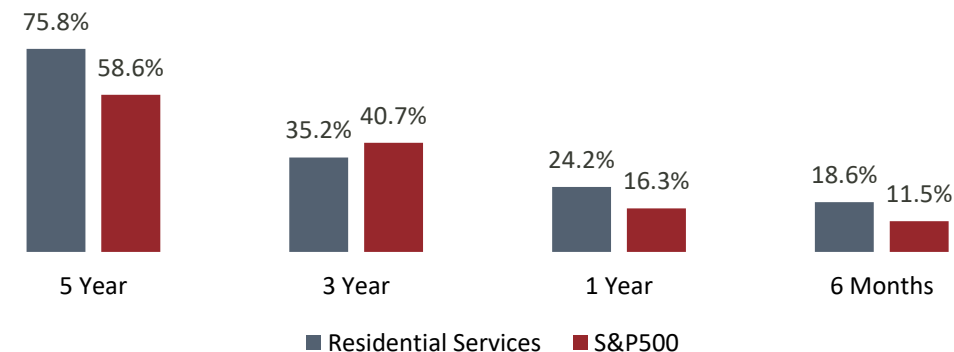
Residential Services Public Company Trended Stock Performance

Public Multiple Performance – 5 Years¹

TEV / EBITDA Performance for the period June 2018 – June 2023



Stock Performance¹



What They're Saying²

Rentokil Initial

- Rentokil acquired Terminix in October 2022 and saw organic growth of 6.6% compared to 2021. The market reacted positively, and their stock price increased after the announcement
- Continuing to work on integration with key focus areas of increasing organic revenue growth to at least 5%, increasing operating margin to 19%, improving FCF conversion
- Pest control business up 6.4% (4.9% organic) vs. prior quarter in 2022, Hygiene and Wellness up 6.2% (5.5% organic), and France Workwear up 17.3% (17.3% organic)

Rollins

- Rollins has seen balanced growth across all major service categories for Q1 growth vs. prior quarter last year; Commercial: 12.0%, Residential: 9.4%, and Termite / Ancillary: 14.1%

FirstService

- Grew overall revenue 22% relative to prior quarter last year, driven by 17% organic growth
- Residential segment grew 13% versus prior year (11% organic); FirstService Brands grew 30% versus the prior year (23% organic), driven by Century Fire Protection and restoration brands

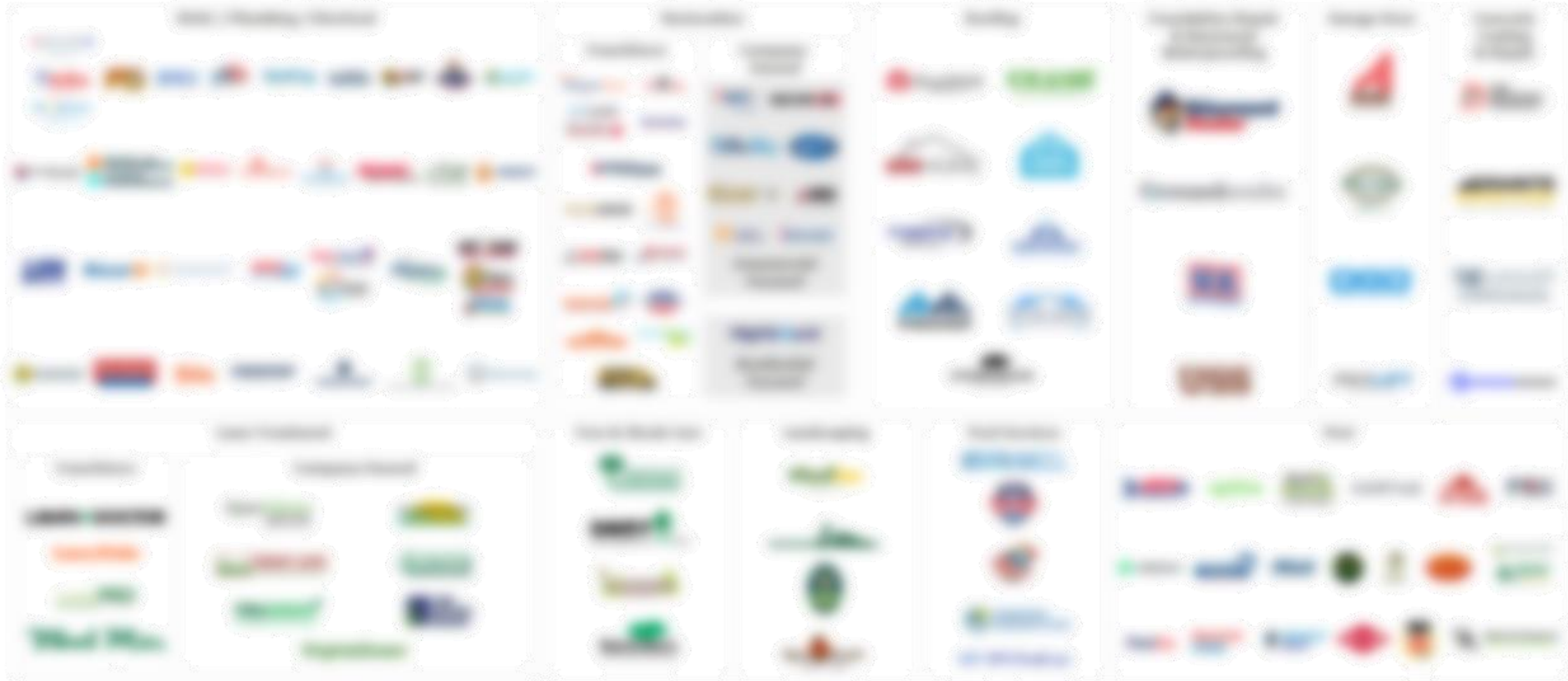
Rentokil
Initial



Residential Services Market Landscape

To view full market map please contact:
ConsumerInsights@harriswilliams.com

Select sub-verticals and platforms

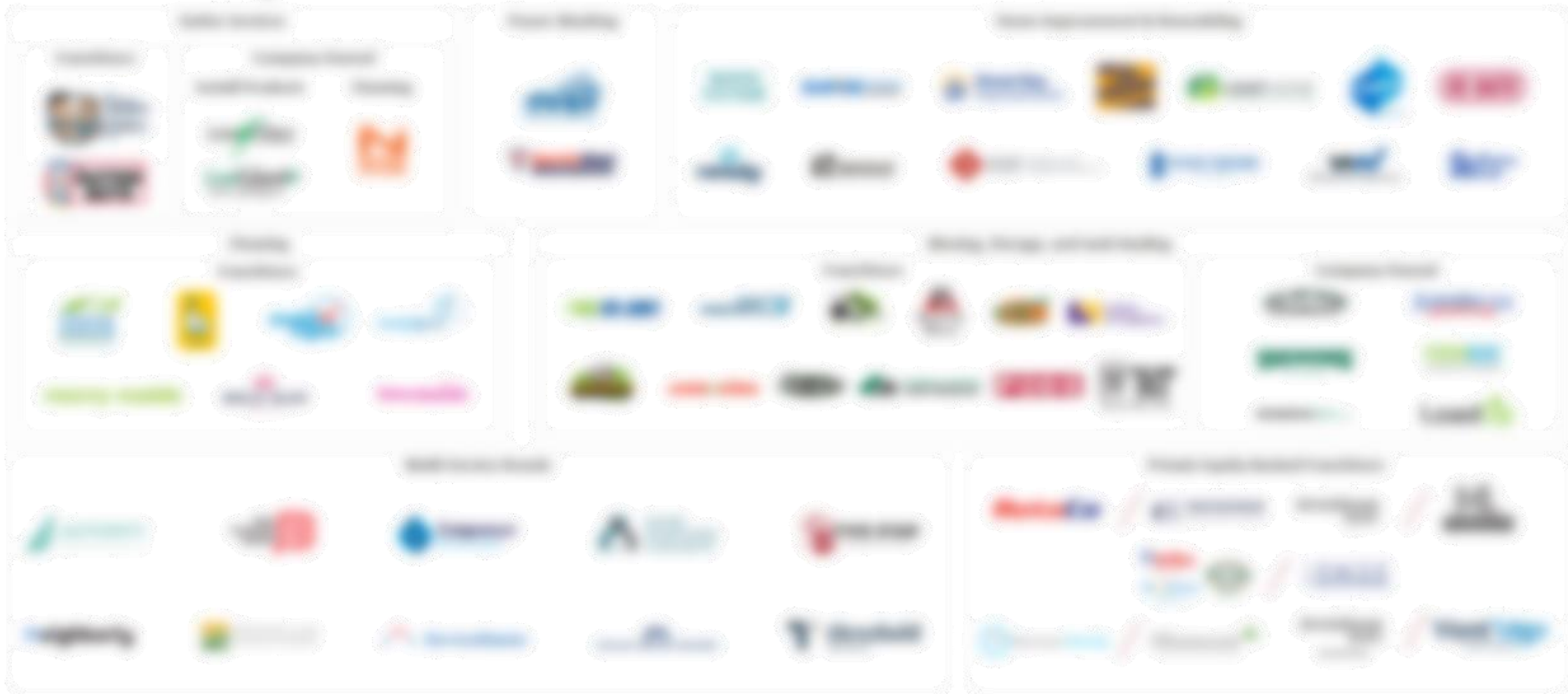


Note: Logos shown in alphabetical order

Residential Services Market Landscape

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Select sub-verticals and platforms



Note: Logos shown in alphabetical order

Sector Spotlight: Roofing

To view sector spotlight please contact:
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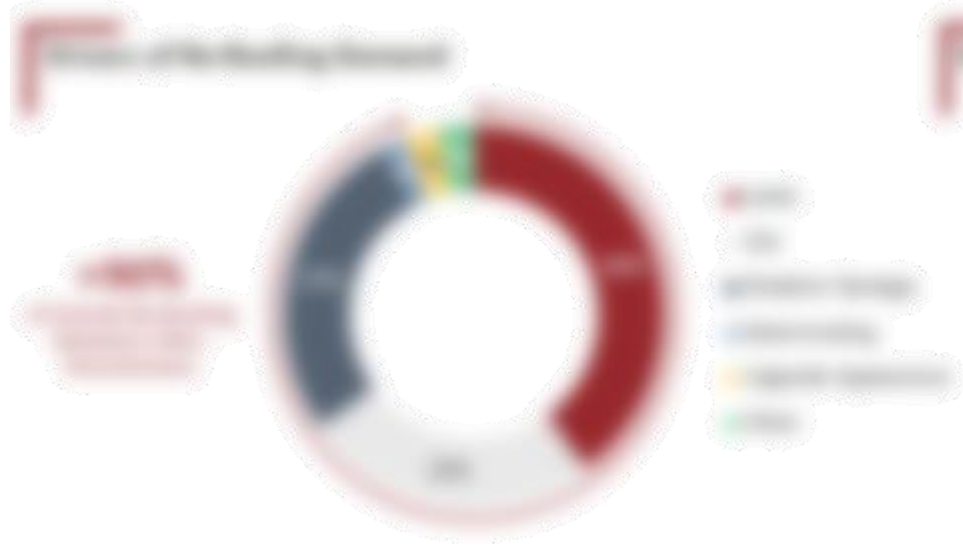
Key Findings

- 1. The roofing market is highly fragmented, with a large number of small, local contractors.
- 2. The market is heavily dependent on weather, with significant seasonal fluctuations in demand.
- 3. The market is highly competitive, with many contractors offering similar services and pricing.
- 4. The market is highly labor-intensive, with a significant portion of the workforce being unskilled or semi-skilled.



Market Segments

- Residential
- Commercial
- Industrial
- Institutional
- Government
- Military



Market Performance Metrics

Metric	Value
Market Size	\$1.2B
Market Growth	5.2%
Market Penetration	85%
Market Saturation	92%
Market Efficiency	88%
Market Resilience	90%

Consumer Global Coverage

- › North America
- › Europe
- › Asia

Consumer Sector Coverage Areas

- › Consumer Products
- › Consumer Services
- › Consumer Multi-Site
- › Food and Beverage

Direct Ferries
a portfolio company of

LIVINGBRIDGE
has received an investment from

ICG

r.e.m.beauty
has received a strategic investment from

SANDBRIDGE
CAPITAL

strand equity

STERLING
INVESTMENT PARTNERS L.P.
has acquired

Greens
a portfolio company of

SHORELINE
EQUITY PARTNERS

Western Smokehouse Partners
a portfolio company of

Monogram Capital
has been acquired by

ALTA
PRIVATE EQUITY PARTNERS

Groundworks
a portfolio company of

CORTEC Group
has been acquired by

KKR

Learn more about our experience advising premier Residential Services companies.



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Deep Industry Experience



Aerospace, Defense & Government Services



Business Services



Consumer



Energy, Power & Infrastructure



Healthcare & Life Sciences



Industrials



Technology



Transportation & Logistics

70% Revenue from repeat clients

83% Managing directors promoted from within the firm

30+ Year history



BANKING



Harris Williams: Residential Services Experience

Residential Services Transaction Experience

 <i>a portfolio company of</i>  has been acquired by 	 has been acquired by  and funds advised by 	 <i>a portfolio company of</i> AVALT has been acquired by 	 <i>a portfolio company of</i>   has been acquired by Morgan Stanley CAPITAL PARTNERS
 has invested in  <i>a portfolio company of</i> 	 <i>a portfolio company of</i>  has been recapitalized by 	 has acquired HOMEOWNER SERVICES GROUP <i>a business unit of</i> 	 <i>a portfolio company of funds managed by</i>  has been acquired by 
 <i>a portfolio company of</i>  has been acquired by funds managed by 	 <i>a portfolio company of</i>  has been acquired by 	 has acquired 	 <i>a portfolio company of</i>  has entered into a growth capital partnership with 
 <i>a portfolio company of</i>  has been acquired by 	 has been recapitalized by 	 <i>a portfolio company of</i>  has been acquired by 	 <i>a portfolio company of</i>  has been acquired by 

Harris Williams: Transaction Spotlight



a portfolio company of



has been acquired by



March 2023

Relevant Subsectors

Company Background

Groundworks is a leading provider of foundation repair and water management services.

Successful Outcome

The transaction delivered a successful outcome for Groundworks and Cortec. The acquisition will enable Groundworks to further invest in its predominantly blue-collar workforce and continue to expand its presence and services to homeowners across the country.

Our Role

Harris Williams served as exclusive financial advisor to Groundworks in this transaction.

Foundation Repair

Basement Waterproofing

Crawl Space Encapsulation

Concrete Lifting

Sources and Disclosures

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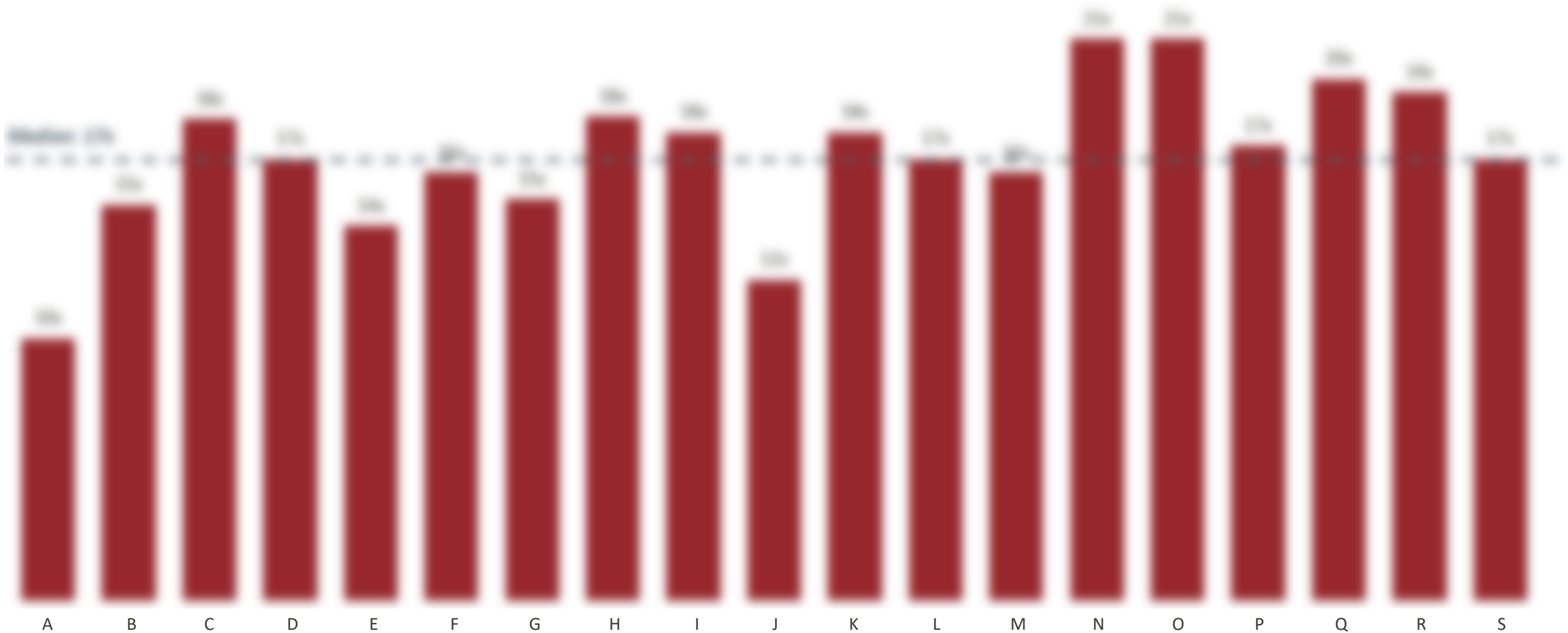
Appendix

Select HVAC / Plumbing Transactions

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EV / EBITDA

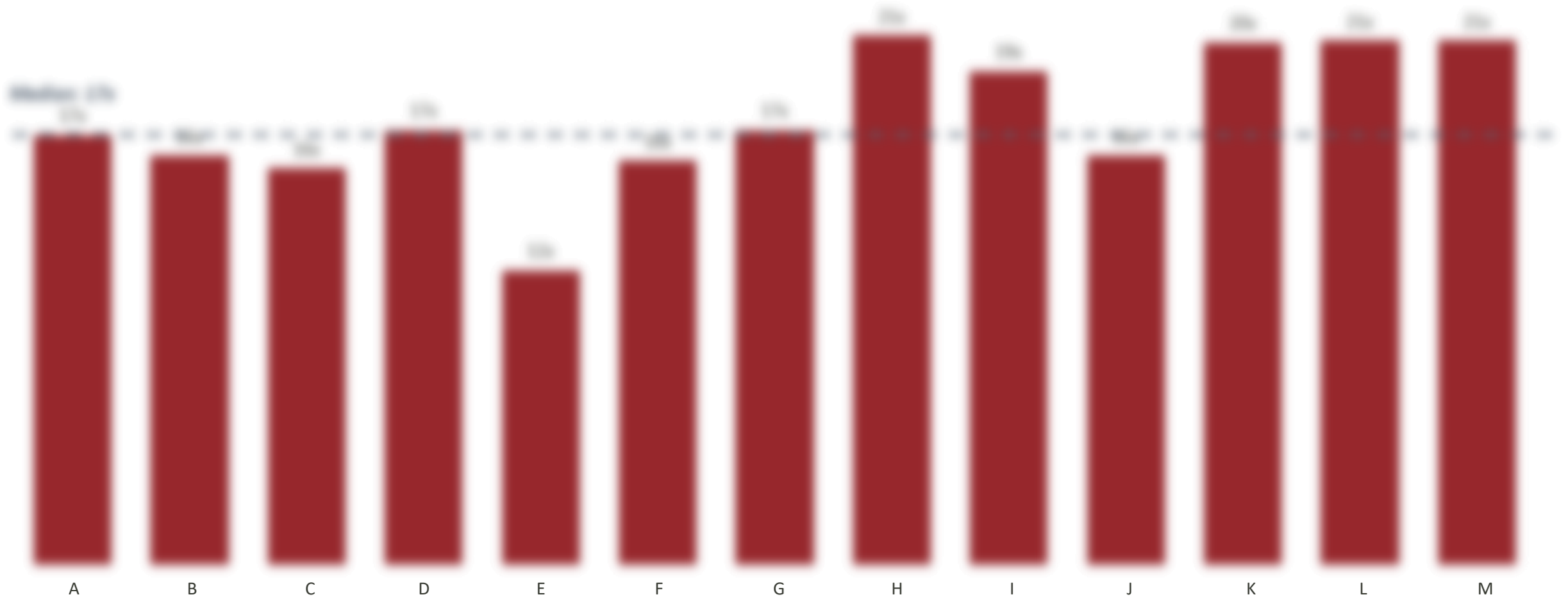


Select Exterior Recurring Services Transactions

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EV / EBITDA

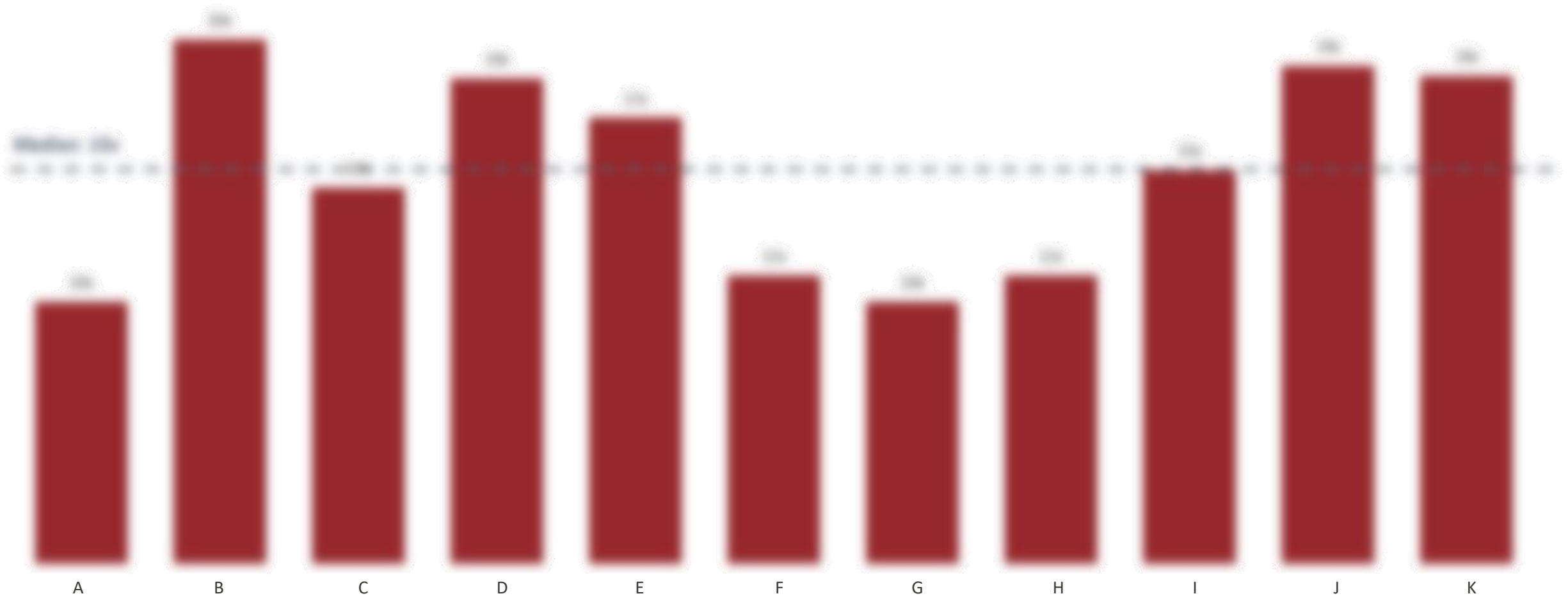


Select DTC Home Improvement Transactions

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EV / EBITDA



Select Multi-Brand Platform Transactions

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EV / EBITDA

