



## Commercial & Industrial Services Update

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Harris Williams | Q2 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

## Facility 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

## Selected Commercial & Industrial Services Transaction Experience

 a portfolio company of  Audax Private Equity has been acquired by  a portfolio company of 	 a portfolio company of  Platinum Equity has been acquired by 	 a portfolio company of  Chartwell Investments has been acquired by 	 a portfolio company of  ARES has been acquired by  	 U.S. Industrial and Specialized Contracts Portfolio has been acquired by 
 a portfolio company of  OAKTREE has been acquired by 	 has acquired 	 a portfolio company of  DOMINUSCAPITAL has been acquired by 	 a portfolio company of  CI CAPITAL PARTNERS has been acquired by 	 a portfolio company of  ALTAS received an investment from  
 received an investment from 	 a portfolio company of  ARES has been acquired by 	 a portfolio company of  WARBURG PINCUS has been acquired by  	 a portfolio company of  HARVEST PARTNERS has been acquired by 	 has merged with  a portfolio company of  NEW MOUNTAIN CAPITAL LLC
 a portfolio company of  CIVC PARTNERS has been acquired by 	 a portfolio company of  PPC has partnered with  NEW MOUNTAIN CAPITAL LLC	 a portfolio company of  GTCR has entered into a partnership with 	 a portfolio company of  AURORA CAPITAL PARTNERS has been acquired by 	 a portfolio company of   has been acquired by 

## Harris Williams Transaction Spotlight

  
a portfolio company of  
  
Audax Private Equity  
has been acquired by  
  
a portfolio company of  


03/09/2022

### Company Background




Smart Care is a customer-centric, technology-driven, commercial kitchen equipment maintenance services provider.

### Successful Outcome

The transaction delivered a successful outcome for Audax and the Company. With the acquisition of Smart Care, Zone Climate Services, a leading provider of refrigeration and HVAC mechanical services to the grocery, convenience stores, and warehouse industries, expands its service capabilities to include the leading provider services to the commercial kitchen equipment market.

Harris Williams served as exclusive financial advisor to Smart Care, a portfolio company of Audax, in this transaction.

## Harris Williams Transaction Spotlight

  
a portfolio company of  
  
OAKTREE  
has been acquired by  


11/09/2021

### Company Background

Fidelity BSG is a leading provider of technical building solutions for the commercial and industrial facilities market, delivering best-in-class services through every phase of a building's lifecycle.

### Successful Outcome

The transaction delivered a successful outcome for Oaktree and the Company. The acquisition will expand Fidelity BSG's product suite and use cases as well as support its strategy of geographic expansion within the HVAC services market.

Harris Williams served as financial advisor to Fidelity BSG, a portfolio company of Oaktree, in this transaction.

## Harris Williams Transaction Spotlight

  
a portfolio company of  
  
DOMINUSCAPITAL  
has been acquired by  


10/19/2021

### Company Background

BluSky is an industry-leading provider of restoration, environmental, and roofing services, providing best-in-class services to customers throughout the U.S.

### Successful Outcome

The transaction delivered a successful outcome for Dominus and the Company. The partnership with Kohlberg and Partners Group will enable BluSky to further their market-leading position within the restoration market and support organic and inorganic growth initiatives.

Harris Williams served as financial advisor to BluSky, a portfolio company of Dominus, in this transaction.

# What We're Reading

5 Facility Services Trends to Watch for in 2022

KBS Services

“The pandemic brought with it a wave of innovation and a willingness to adopt new technologies within the [facility services] industry that has had a positive impact on businesses. KBS predicts many of those innovations, technologies, and operational enhancements are going to stick around in the facility management services space—and we believe for the long term.”

Read the full article [here](#).

2022 Trends in Commercial HVAC

Springbank

“The commercial HVAC market is set to continue changing in 2022 as a result of new technological innovations and growing market demand for more sustainable and efficient systems.”

Read the full article [here](#).

2022 Landscape Business Trends

Landscape Management Software

“The landscape industry today is becoming more professional, profitable and clearly shows signs of revenue growth across all divisions. Yet challenges still exist. Shortage of skilled labor and the increased demand for contractors will continue to be an issue. Technology and innovation can help contractors create greater impact for both their bottom and top line.”

Read the full article [here](#).

Commercial Cleaning Trends in 2022

JBN Cleaning

“Trends are always an interesting thing. It is about leaning towards the consumers more and shifting your own operations to suit the best commercial cleaning trends in 2022. Because quality work never goes out of style and there are only going to be increasing avenues for improvement. Commercial cleaning services are no exception.”

Read the full article [here](#).

Predicting 2022 Disaster Restoration Trends

Cleaning & Restoration

“The competitive landscape of restoration changed dramatically in the past year due to mergers and acquisitions. I expect this trend to continue over the next several years. I also expect to see at least two of the equity companies roll over their equity and either sell to new players or roll their portfolio into another equity-backed industry player.”

Read the full article [here](#).

Recent HW Content: 2022 Outlook

- 2022 Outlook | Business Services Trends



[Link to Read](#)

- Commercial Facility Services | Industry Spotlight

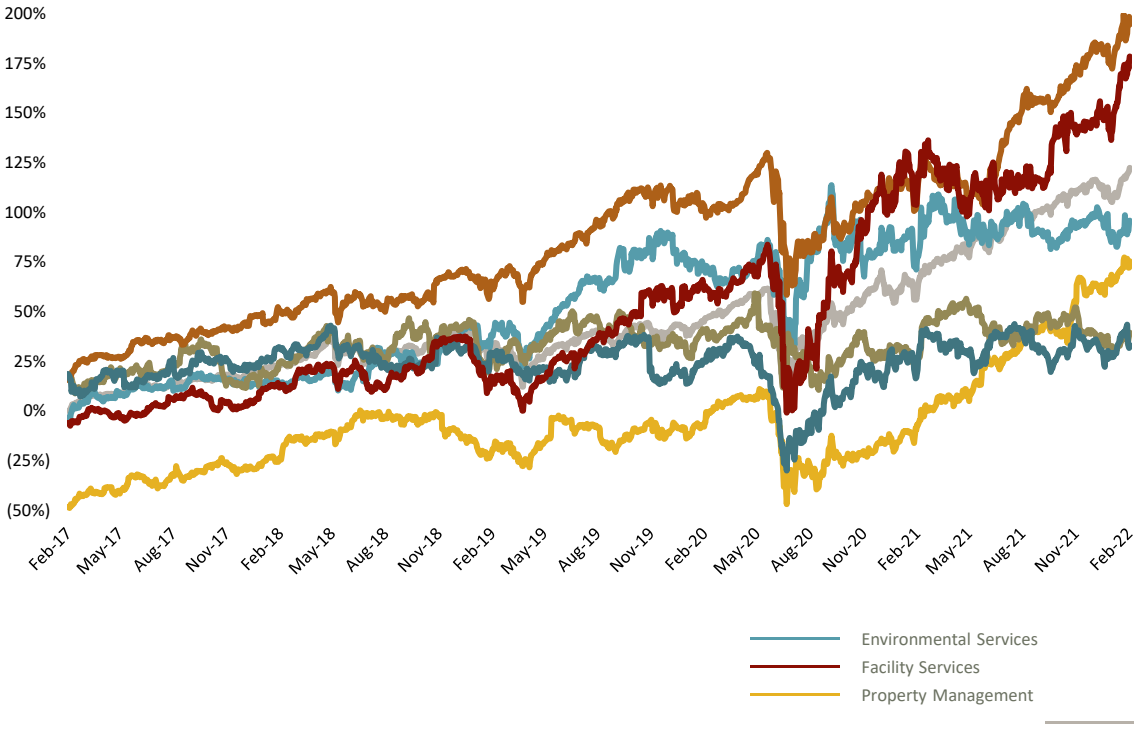


Email: [BusinessServicesGroup@harriswilliams.com](mailto:BusinessServicesGroup@harriswilliams.com) to receive a copy of the Industry Spotlight

# Commercial & Industrial Services Public Company Performance and Trends<sup>1</sup>

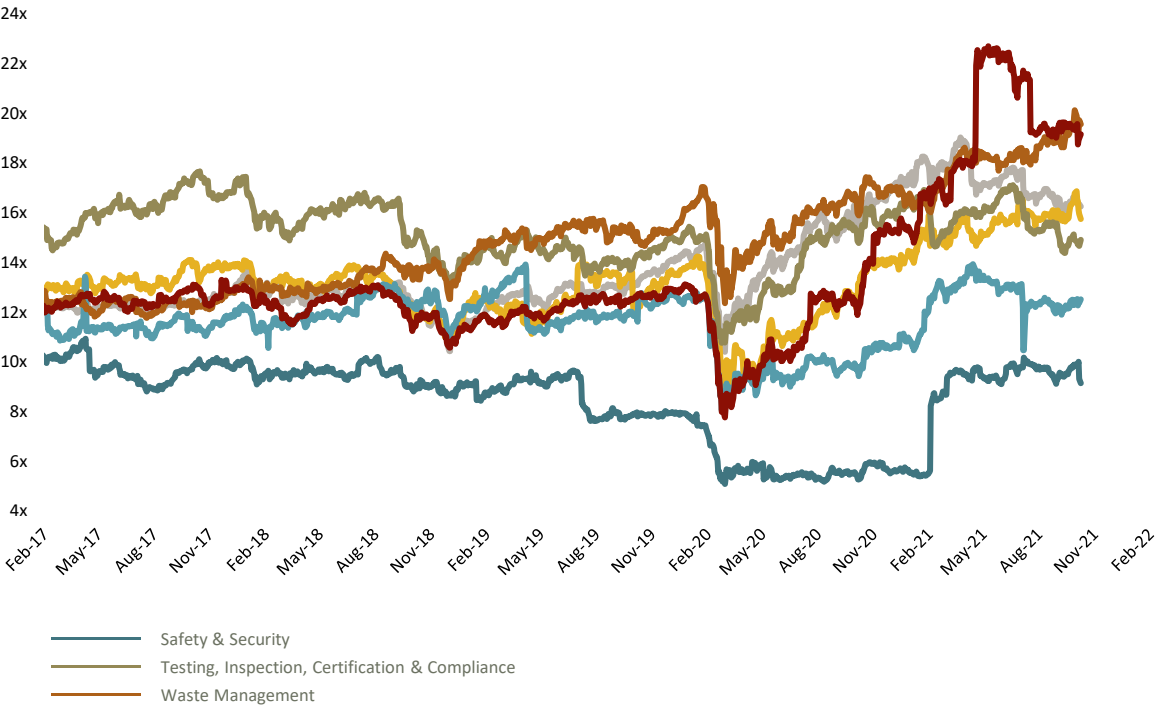
## Historical Stock Prices – Last 5 Years

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



## Historical Median TEV/LTM EBITDA Multiples – Last 5 Years

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



Key Public Comparables

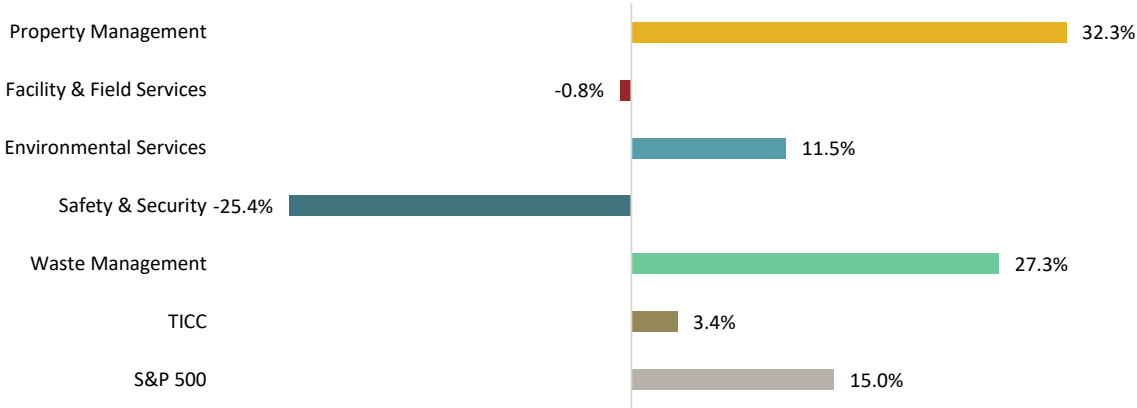
Harris Williams

1. S&P Capital IQ; Property Management Comps: Jones Lang LaSalle, CBRE Group, FirstService; Environmental Services Comps: Clean Harbors, US Ecology, Heritage-Crystal Clean, Veolia Environmental, Ecolab, Suez; TICC Comps: ALS Limited, Bureau Veritas, Eurofins Scientific, Intertek Group, SGS; Waste Management Comps: Advanced Disposal Services, Casella Waste Systems, Republic Services, Waste Connections, Waste Management; Safety & Security Comps: G4S, Prosegur, Securitas; Facility Services Comps: ABM Industries, Aramark, Cintas, Compass Group, ISS, Mitie Group, Sodexo, EMCOR, UniFirst, Rentokil Initial, Terminix, Stericycle

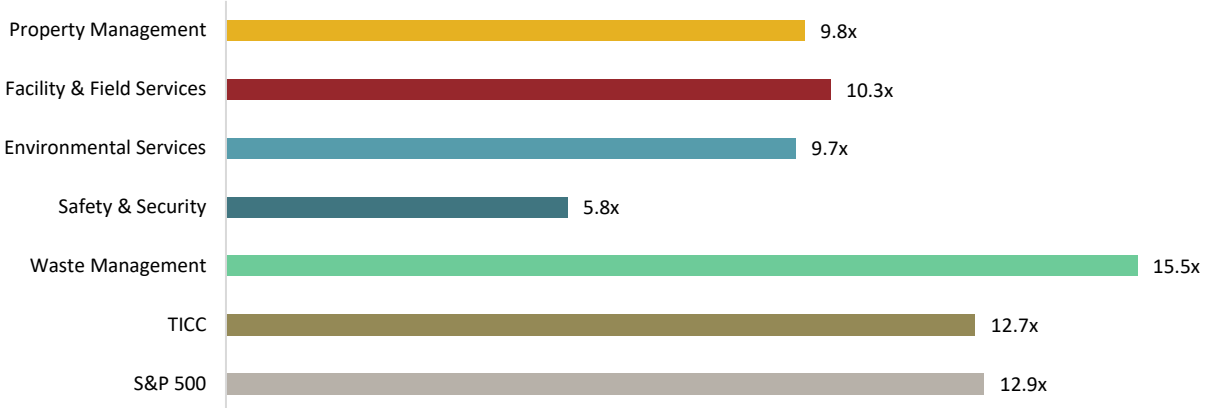
Commercial & Industrial Services | Q2 2022 5

# Commercial & Industrial Services Public Company Performance and Trends (Cont.)<sup>1</sup>

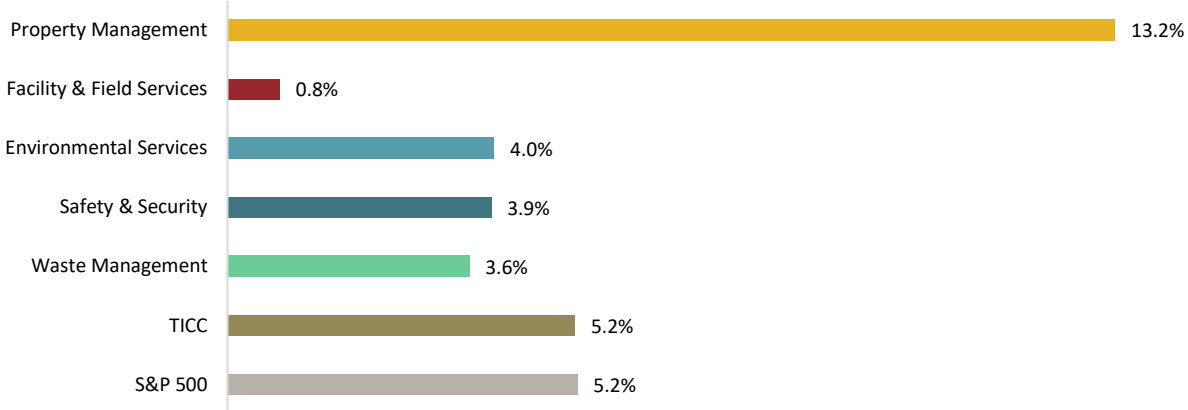
## 12-Month & Change in Stock Price



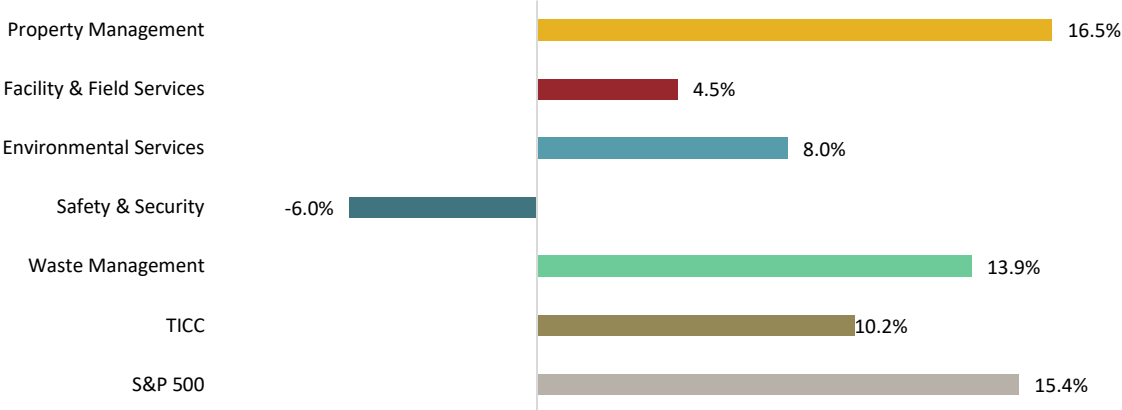
## Median TEV / 2021E EBITDA Multiple



## Median 3-Year Revenue CAGR (2018 – 2021)

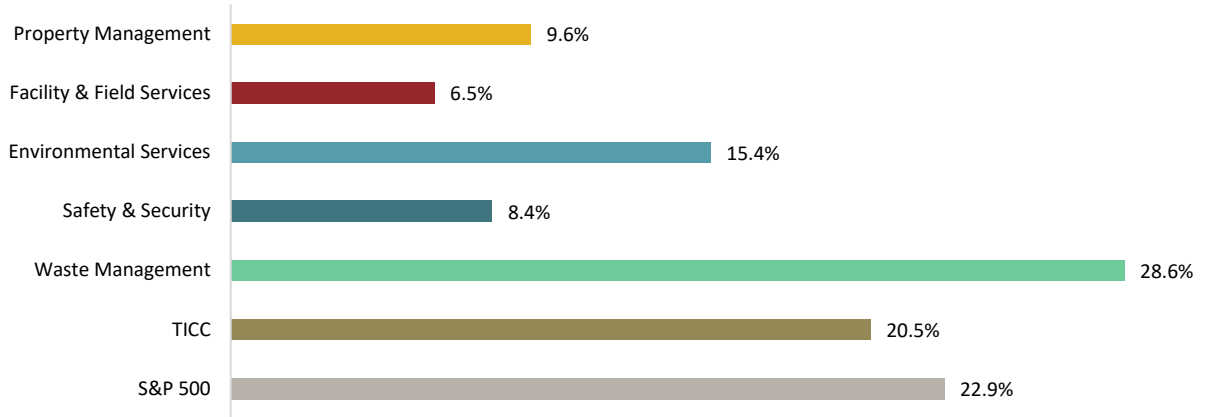


## Median LTM Revenue Growth

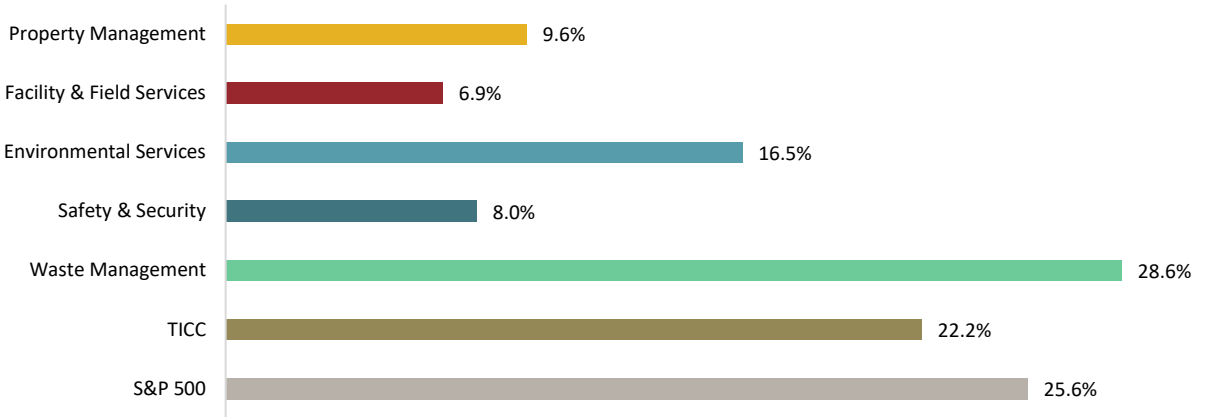


# Commercial & Industrial Services Public Company Performance and Trends (Cont.)<sup>1</sup>

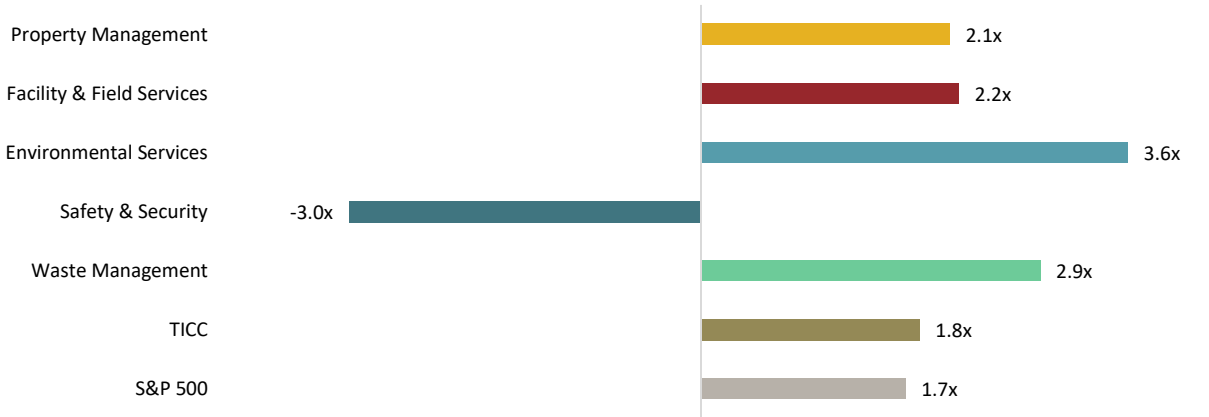
Median EBITDA Margin (2018 – 2021)



Median LTM EBITDA Margin



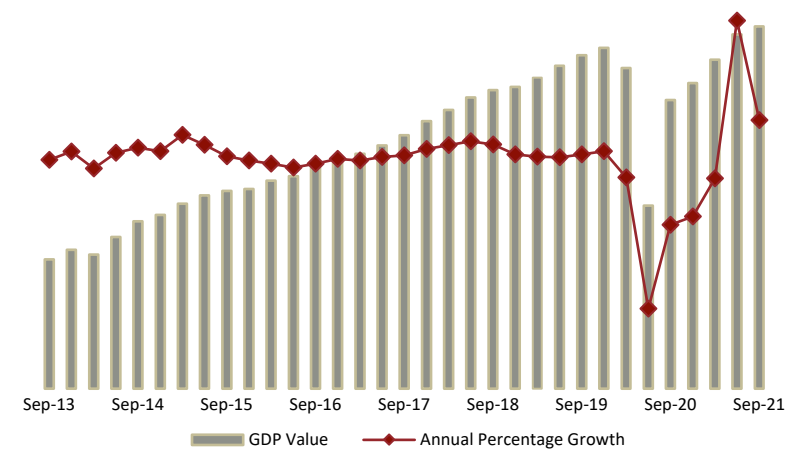
Net Debt / LTM EBITDA



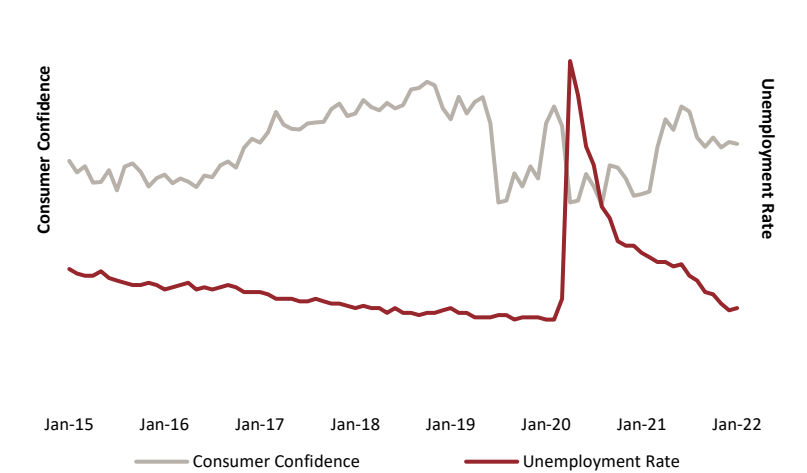
# Economic Trends

## U.S. GDP Growth<sup>1</sup>

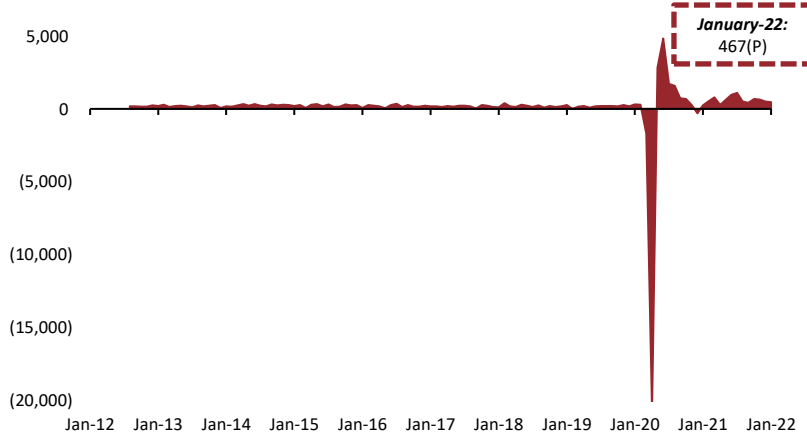
(In billions indexed to 2013 USD)



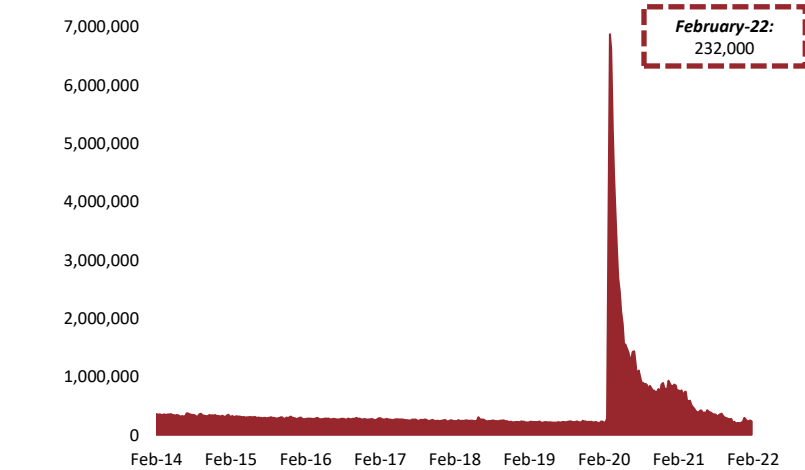
## Consumer Confidence & Unemployment Rate<sup>2</sup>



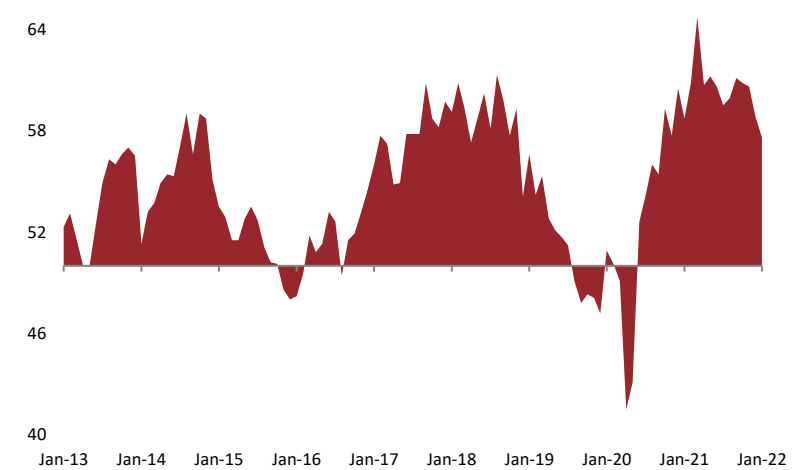
## Non-Farm Payrolls (1-Month Net Change)<sup>3</sup>



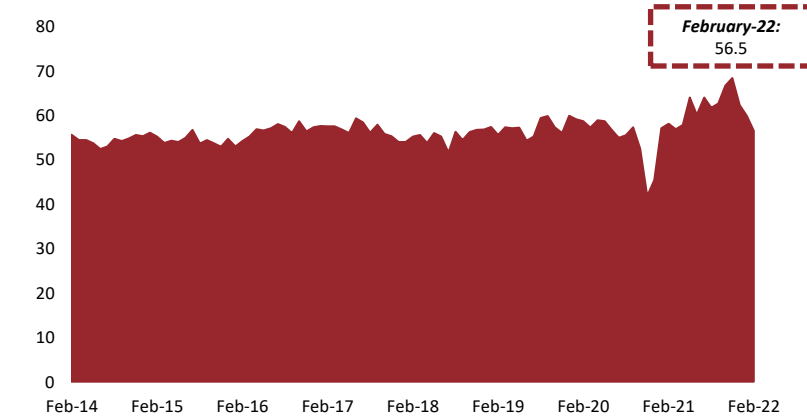
## U.S. Initial Jobless Claims<sup>4</sup>



## PMI Index<sup>5</sup>

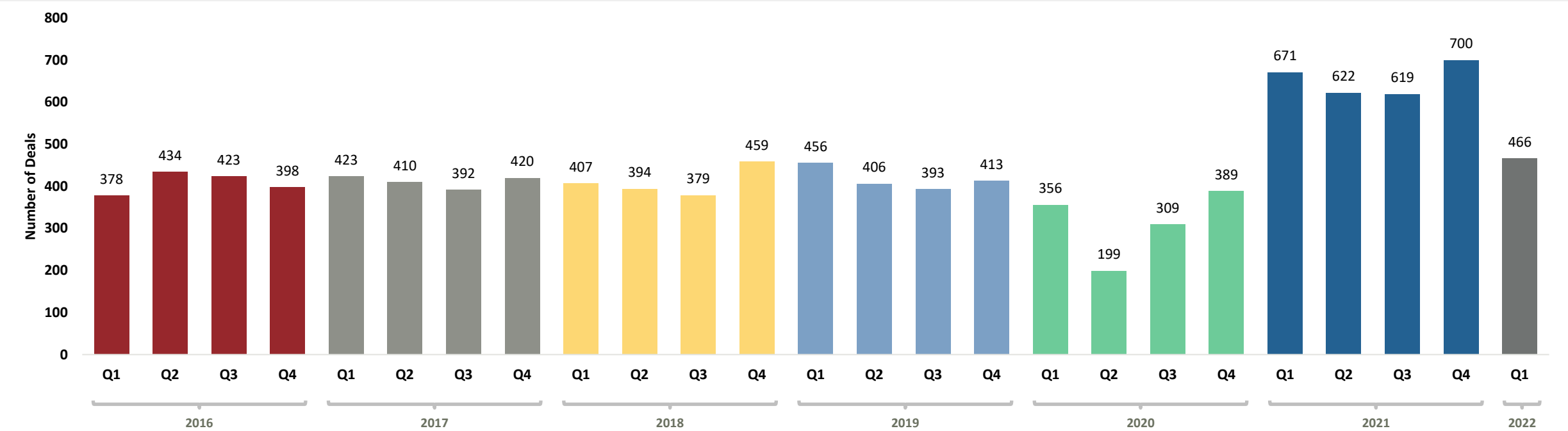


## ISM Non-Manufacturing Index<sup>6</sup>



# M&A Market Trends


Commercial & Industrial Services M&A Volume by Year<sup>1</sup>



### Argenbright Holdings Acquires ISS A/S



Target



Buyer

- Harris Williams, a global investment bank specializing in M&A advisory services, announces it advised ISS A/S (CPSE:ISS; ISS) on its sale of its U.S.-based portfolio of single-service janitorial and specialized services contracts to Argenbright Holdings. All other ISS businesses in the U.S., including integrated facilities services (IFS), cleaning and janitorial, aviation, and foodservice offerings, will remain unaffected by the transaction.

### The Carlyle Group Acquires Sciens Building Solutions



Target



Buyer

- Harris Williams advised The Carlyle Group on its acquisition of Sciens Building Solutions. Sciens provides fire detection and security services, including the design, installation, and provision of maintenance services for fire detection and clean agent fire suppression systems in a variety of commercial, institutional, and government facilities.

# Recent Commercial & Industrial Services Transactions Detail

Date	Target	Business Description	Sector	Acquirer(s)
3/9/22	Smart Care	Provider of commercial kitchen equipment and appliance service, repair and maintenance	Food & Beverage	Zone Climate Services (Wind Point)
3/7/22	Icesurance (Arctic Glacier)	Mamaroneck, New York-based leasing division of Arctic Glacier, a packaged ice company	Mechanical Services	Easy Ice (Freeman Spogli)
3/1/22	Absolute Fire Protection	Glendale, Arizona-based fire and life safety service provider	Fire & Life Safety	National Fire & Safety (Highview Capital)
2/25/22	Prosys Services	Australian provider of security management	Safety & Security	Convergint (Leonard Green, Harvest Partners)
2/22/22	RF Dickson	Downey, California-based provider of sweeping services to municipal entities	Cleaning & Sanitation	Sweeping Corporation (Warburg Pincus)
2/9/22	Teasley Fire Protection	Kentucky-based provider of fire and life safety equipment; specializes in fire sprinkler systems, fire extinguishers, suppression systems, and emergency lighting	Fire & Life Safety	CertaSite (Riverside)
1/31/22	Atlanta General Contracting	Provider of plumbing, heating, and air conditioning services	Facility Services	Valet Living (GI Partners)
1/29/22	Assured Comfort Heating, Air & Plumbing	Provider of plumbing, heating, and air conditioning services	Mechanical Services	Southern HVAC (Gryphon Investors)
1/21/22	United Site Services	Provides portable restrooms, temporary fence, and other site services	Cleaning & Sanitation	PECF USS Holding Corporation
1/19/22	Case Facilities Management Solutions	North Attleboro, MA-based provider of snow and ice management and commercial landscaping services across the United States	Landscaping	The Halifax Group LLC
1/18/22	Bozeman Tree, Lawn & Pest	Montana-based tree care company	Landscaping	SavATree (Apax)
1/14/22	Parr	Pulaski, TN-based national provider of Oil Water Separator (“OWS”), grease trap, drain cleaning, and ancillary services	Facility Services	Liquid Environmental Solutions (Audax)
1/7/22	Strickland Fire Protection	Forestville, Maryland-based fire protection contractor	Fire & Life Safety	Pye-Barker Fire & Safety (LGP)
1/3/22	James Lane Mechanical	Texas-based HVAC / mechanical service provider	Mechanical Services	Fidelity Building Services Group (Onex)

# 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](http://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

### United States

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