

A photograph of a modern office hallway with large windows and a tiled floor. The hallway is brightly lit, and the walls are white. The floor is made of large, light-colored tiles. The ceiling has recessed lighting. The overall atmosphere is clean and professional.

**HW** Harris Williams

# Commercial & Industrial Services

SECTOR UPDATE | August 2021

# What We're Reading

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## COMMERCIAL & INDUSTRIAL SERVICES INDUSTRY NEWS & TRENDS

*In this Industry Update, we have included a collection of articles focused on economic factors and trends that are impacting the commercial and industrial services industry: labor shortage and the impact of return-to-office dynamics on facility services. Despite some of the uncertainty around the economic environment and return-to-office dynamics, Harris Williams believes that commercial and industrial service companies that provide a unique service proposition to their customers will continue to thrive and capture market share, especially if they can attract talent and provide services to commercial buildings to ensure a safe and clean return to the office.*

### LABOR SHORTAGE

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#### ***Tight Labor Market Returns the Upper Hand to American Workers | Wall Street Journal***

“Ballooning job openings in fields requiring minimal education—including in restaurants, transportation, warehousing and manufacturing—combined with a shrinking labor force are giving low-wage workers perks previously reserved for white-collar employees. That often means bonuses, bigger raises and competing offers.”

Read the full article [here](#).

#### ***Job Openings Are at Record Highs. Why Aren't Unemployed Americans Filling Them? | Wall Street Journal***

“As the economy reopens, the process of matching laid-off workers to jobs is proving to be slow and complicated, a contrast to the swift and decisive layoffs that followed the initial stage of the pandemic in early 2020.”

Read the full article [here](#).

#### ***Attracting Talent During a Worker Shortage | Harvard Business Review***

“The Institute for Supply Management’s (ISM) spring survey said expectations for the remainder of 2021 have strengthened somewhat compared to December as there is hope that the corner has been turned on the COVID-19 pandemic. As a result, both manufacturing and services sectors are primed for expansion the rest of the year.”

Read the full article [here](#).

### RETURN-TO-OFFICE DYNAMICS

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#### ***How the Pandemic Is Changing Office Space | IFMA***

“The pandemic has taught us a lot about how our modern office spaces do and don't meet our needs. New offices will have to entice employees with the comforts of home, balance sustainability with good ventilation and flexible indoor/outdoor spaces and understand where to incorporate easy-to-sanitize materials and touchless fixtures.”

Read the full article [here](#).

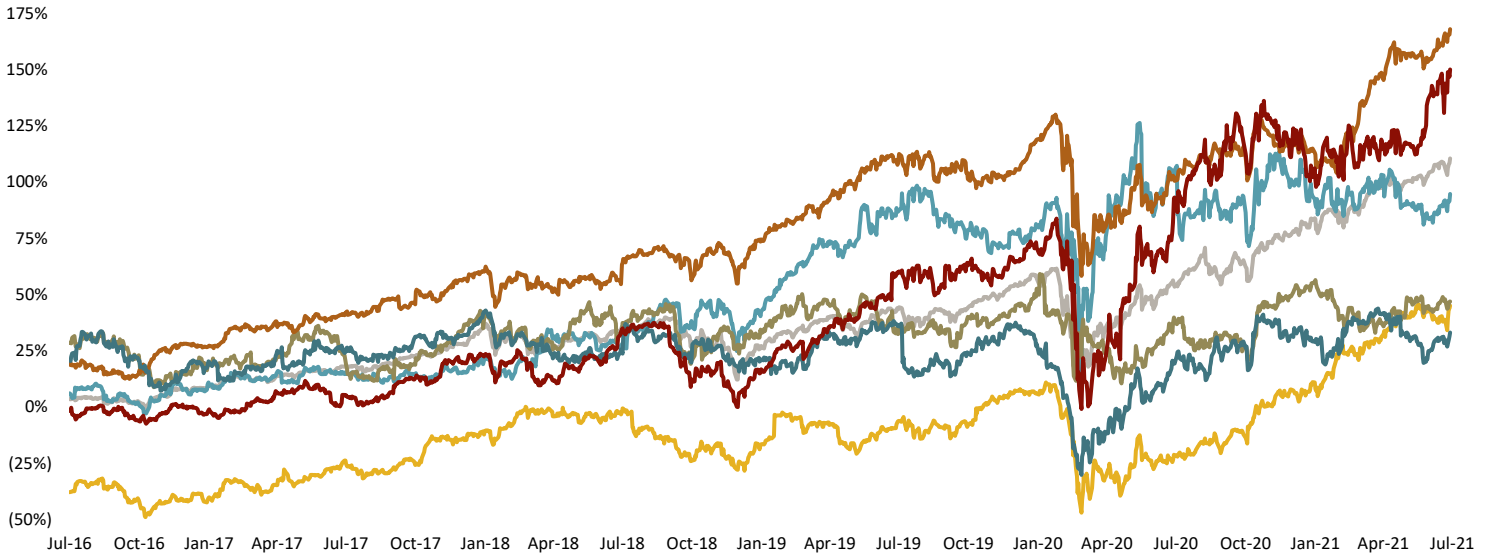
#### ***Five Types of Commercial Cleaning for Workplaces to Consider Post-Covid-19 | Forbes***

“One thing many companies expect to see is an increased focus on sanitation. After more than a year of navigating a highly contagious virus, many customers expect businesses to maintain stringent cleaning and sanitation protocols. In fact, it's likely a condition of patronage for many of them. To meet this expectation, about half of small businesses plan to ramp up their cleaning or disinfection efforts in the coming year.”

Read the full article [here](#).

# Public Markets<sup>1</sup>

## HISTORICAL STOCK PRICES – LAST 5 YEARS



## HISTORICAL MEDIAN TEV/LTM EBITDA MULTIPLES – LAST 5 YEARS

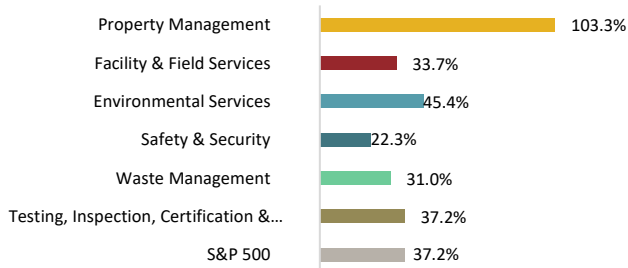


Notes: Sub-sector indices weighted by stock price. Comparable company sets listed on page 9.

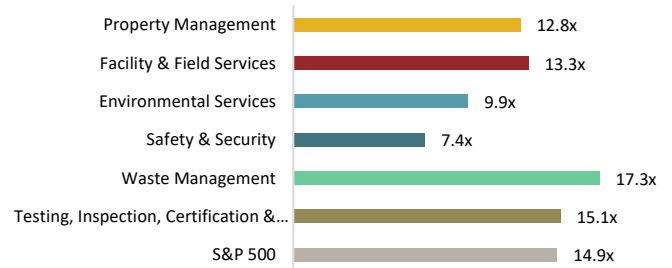
1. S&P Capital IQ, as of 7.26.2021

# Public Markets<sup>1</sup>

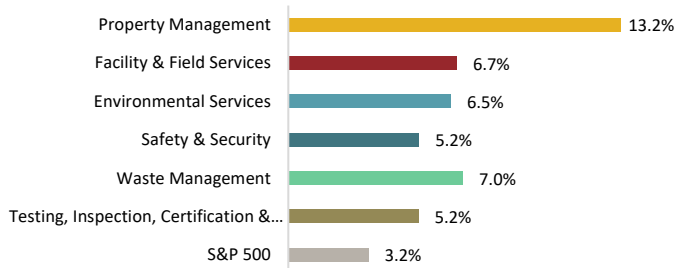
## 12-MONTH % CHANGE IN STOCK PRICE



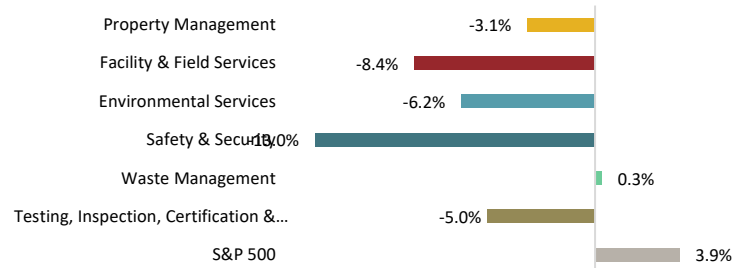
## MEDIAN TEV / 2021E EBITDA MULTIPLE



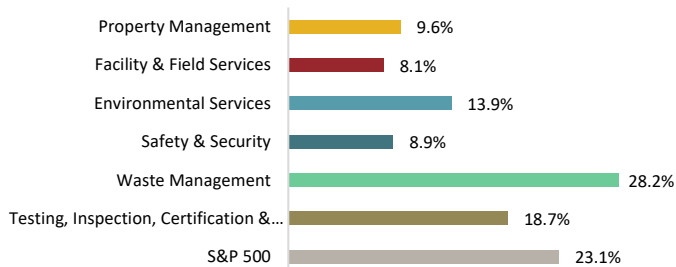
## MEDIAN 3-YEAR REVENUE CAGR (2018 – 2021)



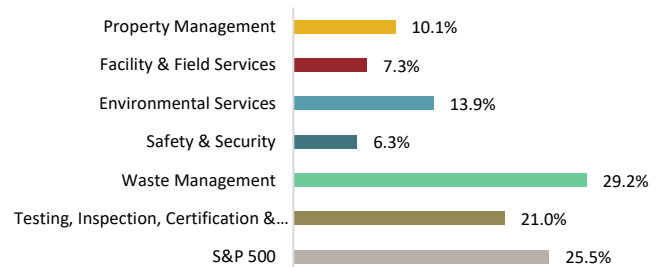
## MEDIAN LTM REVENUE GROWTH



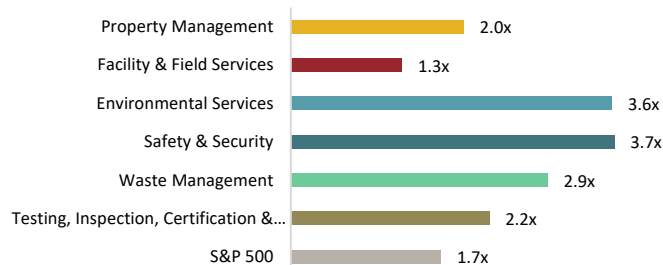
## MEDIAN EBITDA MARGIN (2018 – 2021)



## MEDIAN LTM EBITDA MARGIN



## NET DEBT / LTM EBITDA

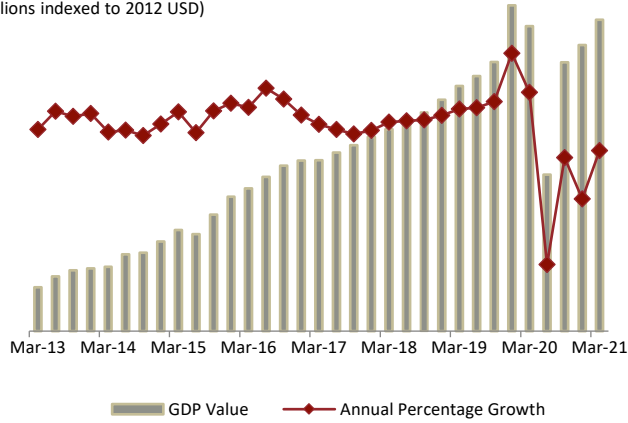


1. S&P Capital IQ, as of 7.26.2021

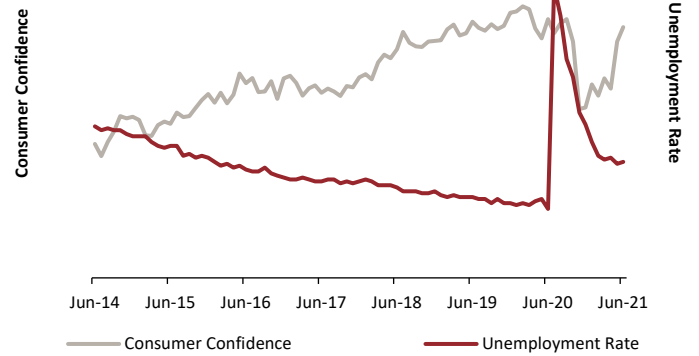
# Economic Trends

## U.S. GDP GROWTH<sup>2</sup>

(In billions indexed to 2012 USD)

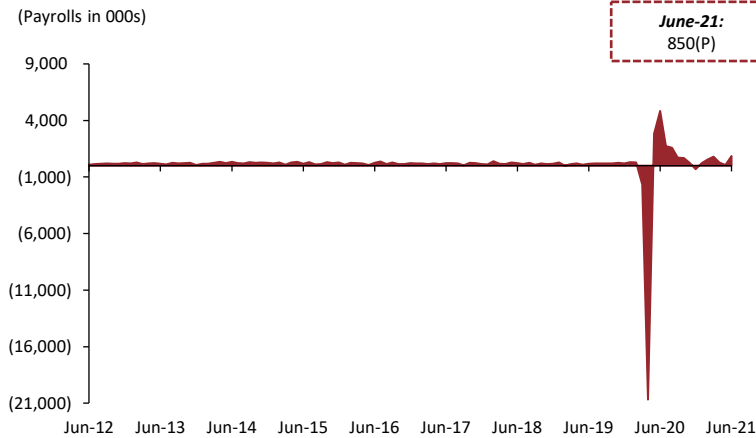


## CONSUMER CONFIDENCE AND UNEMPLOYMENT RATE<sup>3,4</sup>

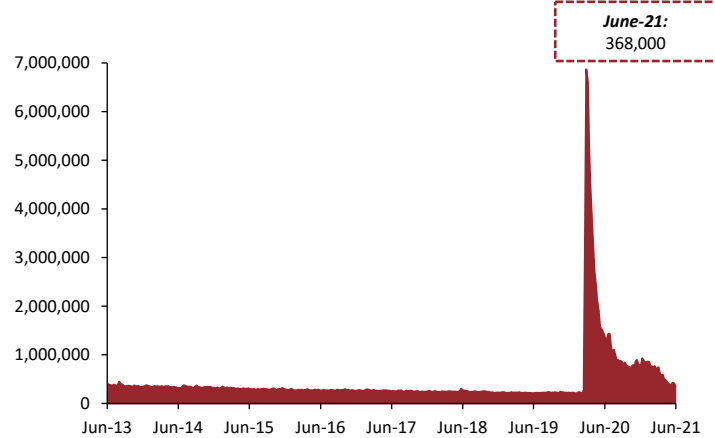


## NON-FARM PAYROLLS (1-MONTH NET CHANGE)<sup>4</sup>

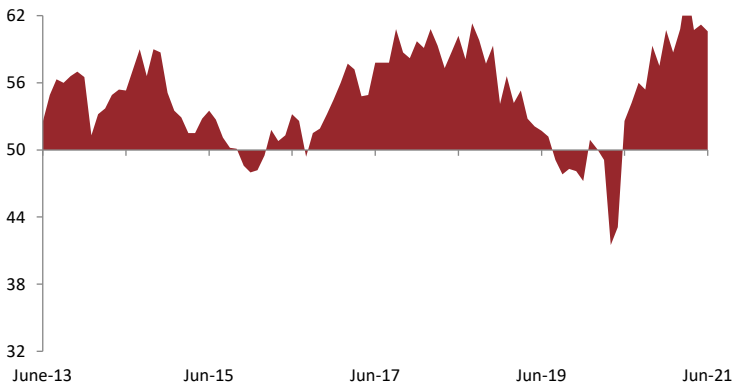
(Payrolls in 000s)



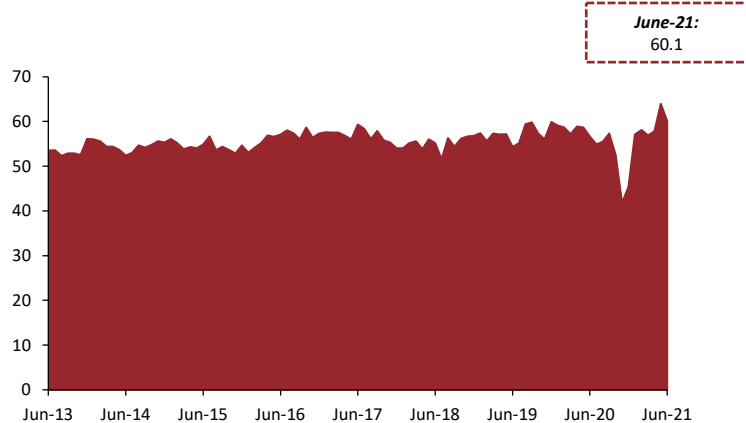
## U.S. INITIAL JOBLESS CLAIMS<sup>5</sup>



## PMI INDEX<sup>6</sup>



## ISM NON-MANUFACTURING INDEX<sup>7</sup>

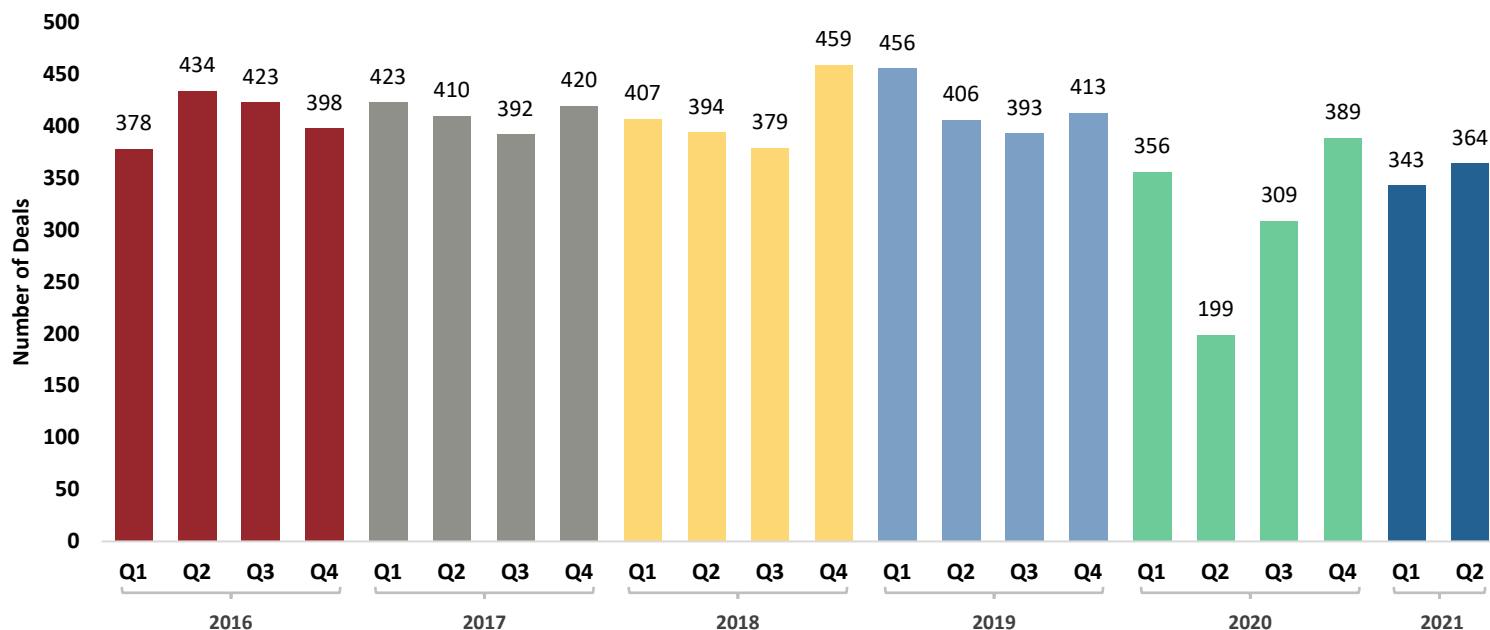


2. U.S. Bureau of Economic Analysis  
3. The Conference Board  
4. U.S. Bureau of Labor Statistics

5. U.S. Department of Labor  
6. U.S. Census  
7. Institute for Supply Management

# M&A Market Trends<sup>1</sup>

## COMMERCIAL & INDUSTRIAL SERVICES M&A VOLUME BY YEAR



## REPRESENTATIVE COMMERCIAL & INDUSTRIAL SERVICES TRANSACTIONS

Date	Target	Business Description	Sector	Acquirer(s)
7/20/21	Rapid Fire Protection Group	Leading provider of comprehensive fire protection solutions across the western United States	Fire & Life Safety	Pye Barker (Altas)
7/20/21	EIS Holdings	Provides federally mandated services to help make spaces safe from environmental and structural hazards	Environmental	Sun Capital Partners
7/16/21	CMTA	Provider of HVAC and plumbing installation, replacement, and preventive maintenance services for commercial clients	Mechanical Services	Therma Holdings (Blackstone)
7/12/21	Polygon	Provider of damage restoration services in Sweden	Property Restoration	AEA Investors
6/29/21	West Virginia Elevator	An elevator company based out of West Virginia	Mechanical Services	3Phase Elevator (Berkshire)
6/23/21	Pittman's Tree and Landscaping	Landscaping services company based out of Front Royal, Virginia	Landscaping	Gunnison (Warren Equity)
6/14/21	Fire Engineered Solutions Ghent	Provider of safety consultancy services based in Ghent, Belgium	Fire & Life Safety	Jensen Hughes (Gryphon)
6/9/21	Gil-Bar Industries	A leading provider of HVAC solutions and services in the United States	Facility Services	ICG
6/7/21	ACR Supplies	Distributor of air conditioning, refrigeration, and roof support in Nottingham, United Kingdom	Mechanical Services	DiversiTech
5/26/21	Texas Fire & Safety	A fire and life safety company based out of Texas	Fire & Life Safety	National Fire & Safety (Highview Capital)

1. S&P Capital IQ, as of 7.26.2021

# Commercial & Industrial Practice Overview

## HW Harris Williams / GLOBAL M&A ADVISOR

10 INDUSTRY GROUPS

With Robust Experience  
Across the Globe

3 DECADES

Providing Award-Winning  
M&A Advisory Services

1 UNIFIED TEAM

Bringing Firmwide Dedication  
to Every Engagement

### COMMERCIAL & INDUSTRIAL FOCUS SECTORS

- › Environmental & Waste
- › Events & Entertainment
- › Facility Services
- › Field & Route Based Services
- › Fire & Life Safety
- › Food Services
- › Janitorial
- › Landscaping
- › Mechanical Services
- › Property Management
- › Property Restoration
- › Security
- › Service Aggregators
- › Technician Services
- › Testing, Inspection,  
Certification & Compliance

### SELECT RECENT COMMERCIAL & INDUSTRIAL TRANSACTIONS

 a portfolio company of  has been acquired by 	 a portfolio company of  has been acquired by 	 a portfolio company of  has been acquired by 	 a portfolio company of  has been acquired by 	 a portfolio company of  has been acquired by 	 a portfolio company of  has been acquired by 
 a portfolio company of  has received an investment from 	 has been acquired by 	 a portfolio company of  has been acquired by 	 a portfolio company of  has been acquired by 	 a portfolio company of  has been acquired by 	 a portfolio company of  has been acquired by 

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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/industries](http://www.harriswilliams.com/industries).

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[Consumer](#)

[Healthcare & Life Sciences](#)

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## SOURCES

1. S&P Global Capital IQ
2. U.S. Bureau of Economic Analysis
3. The Conference Board
4. U.S. Bureau of Labor Statistics
5. U.S. Department of Labor
6. US Census
7. Institute for Supply Management

### Public Comparable Companies:

Facility & Field Services: ABM Industries, Aramark, Cintas Corporation, Compass Group, ISS, Mitie Group, Sodexo, EMCOR Group, UniFirst Corporation, Rentokil Initial, ServiceMaster Global, Stericycle

Environmental Services: Clean Harbors, US Ecology, Heritage-Crystal Clean, Veolia Environment, Ecolab, Suez

Property Management: Jones Lang LaSalle, CBRE Group, FirstService

Safety & Security: G4S, Prosegur, Securitas

Waste Management: Advanced Disposal Services, Casella Waste Systems, Republic Services, Waste Connections, Waste Management

Testing, Inspection & Certification: ALS Limited, Bureau Veritas, Eurofins Scientific, Intertek Group, SGS

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