



HW Harris Williams

Commercial & Industrial Services

SECTOR UPDATE | April 2021

Commercial & Industrial Services Practice Overview

Introduction

Our Commercial & Industrial Services Sector highlights recent content pieces on technology and its impact on facility services. This report also provides commentary on and analysis of current capital market trends and merger and acquisition dynamics within the global commercial and industrial services industry.

Please contact us directly to discuss our perspective on current industry trends, M&A opportunities, and our relevant industry experience.

Our Practice

Harris Williams' Business Services Group has experience advising companies that provide a range of commercial, industrial and professional services.

This particular report focuses on trends and metrics in the following areas:

Environmental & Waste

Events & Entertainment

Facility Services

Field & Route Based Services

Fire & Life Safety

Food Services

Janitorial

Landscaping

Mechanical Services

Property Management

Property Restoration


























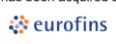









Security

Service Aggregators

Technician Services

Testing, Inspection, Certification & Compliance

Representative Commercial & Industrial Services 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 

Contents

- › [WHAT WE'RE READING](#)
- › [PUBLIC MARKETS](#)
- › [ECONOMIC TRENDS](#)
- › [M&A MARKET TRENDS](#)

Contacts

- › Brian Lucas
 Managing Director
blucas@harriswilliams.com
 +1 (804) 932-1323
- › Bob Baltimore
 Managing Director
bbaltimore@harriswilliams.com
 +1 (804) 915-1129
- › Derek Lewis
 Managing Director
dlewis@harriswilliams.com
 +1 (804) 915-1118
- › Taylor Morris
 Director
tmorris@harriswilliams.com
 +1 (804) 887-6019
- › Anthony Basmajian
 Director
abasmajian@harriswilliams.com
 +1 (804) 887-6030
- › Graham Gillam
 Director
ggillam@harriswilliams.com
 +1 (804) 887-6074
- › Bryce Walker
 Director
bwalker@harriswilliams.com
 +1 (804) 887-6154
- › Pete Morgan
 Vice President
pmorgan@harriswilliams.com
 +1 (804) 887-6170

What We're Reading

In this Industry Update, we have included a collection of articles focused on technology and its impact on facility services. Harris Williams believes that technology integration will be a critical factor in driving the continued evolution of the facility services industry.

Intelligent Building Automation and Facility Management

International Facility Management Association

3/11/2021

"The biggest benefit to building automation is the lack of human involvement. It's faster, less expensive, and more effective for an automated sensor to do what a human otherwise would. As it turns out, it's also much safer. Rather than having security personnel manually take the temperature of every visitor and enforce social distancing, automated security can take care of everything. Centralized digital access controls allow managers to set who can access an area of a building or campus."

"More and more owners and managers are seeing how leveraging intelligent automation can save them money, improve occupant health and satisfaction, and provide a high return on investment. Intelligent automation is here to stay and would make a wise investment for anyone willing to set up, test, and deploy it in their facility."

Read the full article [here](#).

Three Technology Trends in Facility Management You Should Investigate for 2021

AkitaBox

1/20/2021

"Trend #1: The Continued Growth of IoT and Smart Devices in Facilities - This year is a great opportunity to start exploring what IoT and smart devices could do for your facilities. A good first step is installing them for energy management. Not only will these new data sources help meet sustainability and green initiatives put out by executive leadership and government regulations, but it can help drastically cut utility costs by pinpointing where energy waste is happening."

"Trend #2: Building Information Management (BIM) Has Reached the Tipping Point - At its core, BIM is a digital technology that delivers intelligence and real-data to inform how to build and operate buildings. Where CAD is a recreation of manual drawings that requires lots of time and manual effort to keep accurate, BIM is able to do this more accurately and in much less time."

"Trend #3: Drone Technology Takes Flight - The most common use case for drones currently is roof management. Listen, no one likes going up on the roof to complete that inspection or check what condition those rooftop units are in. Drones eliminate this time consuming and potentially dangerous activity for facilities teams."

Read the full article [here](#).

For Robots, It's a Time to Shine (and Maybe Disinfect)

New York Times

8/4/2020

"Their creators are promoting the machines as cost-effective solutions to the cleaning challenges posed by the pandemic. They can be put to frequent use without requiring more paid labor hours, they are always compliant, and some can even provide the data to prove that they have scoured every inch assigned."

"Before Neo's activation in January, the airport had three workers cleaning floors every night, amounting to an average 24 labor hours per day, Mr. Cobb said. The Neo has taken over a portion of that, though workers are still needed to do heavier floor maintenance, like burnishing and recoating. It also frees cleaning staff to focus on making sure that 'high-touch' areas of the airport are cleaned more frequently during the pandemic, he said."

Read the full article [here](#).

Maintenance Operations Management: Improving with Technology

Infraspeak

3/31/2019

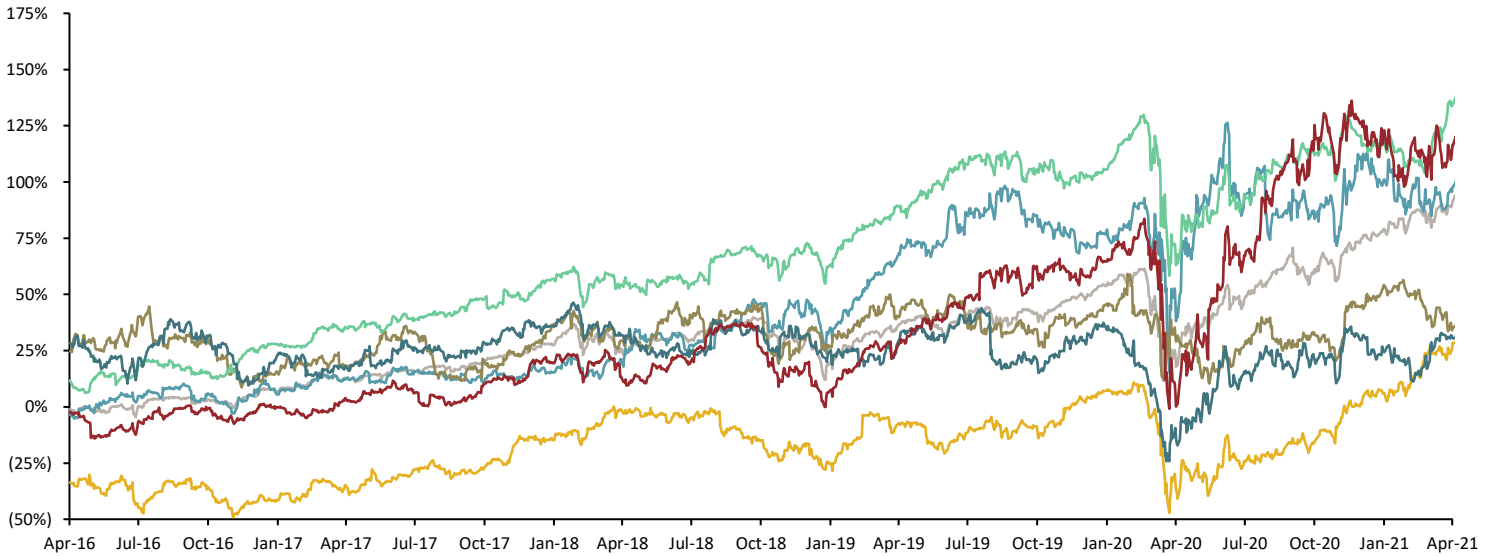
"For most managers, preventive maintenance is the most viable option. Despite being labor-intensive and risking over-maintenance, the benefits far outweigh the drawbacks. The advantages are indisputable: cost savings, fewer breakdowns and large-scale repairs, and longer asset lifespans. And the cherry on top? It's less expensive than predictive maintenance."

"The ability to schedule is one of the major improvements with software. In the past, you might have had trouble estimating execution times, for example. But, as long as your technicians are diligent with closing their orders, you'll gain powerful insights into your maintenance operations. Plus, you can create recurring tasks and work order templates to be even faster next time."

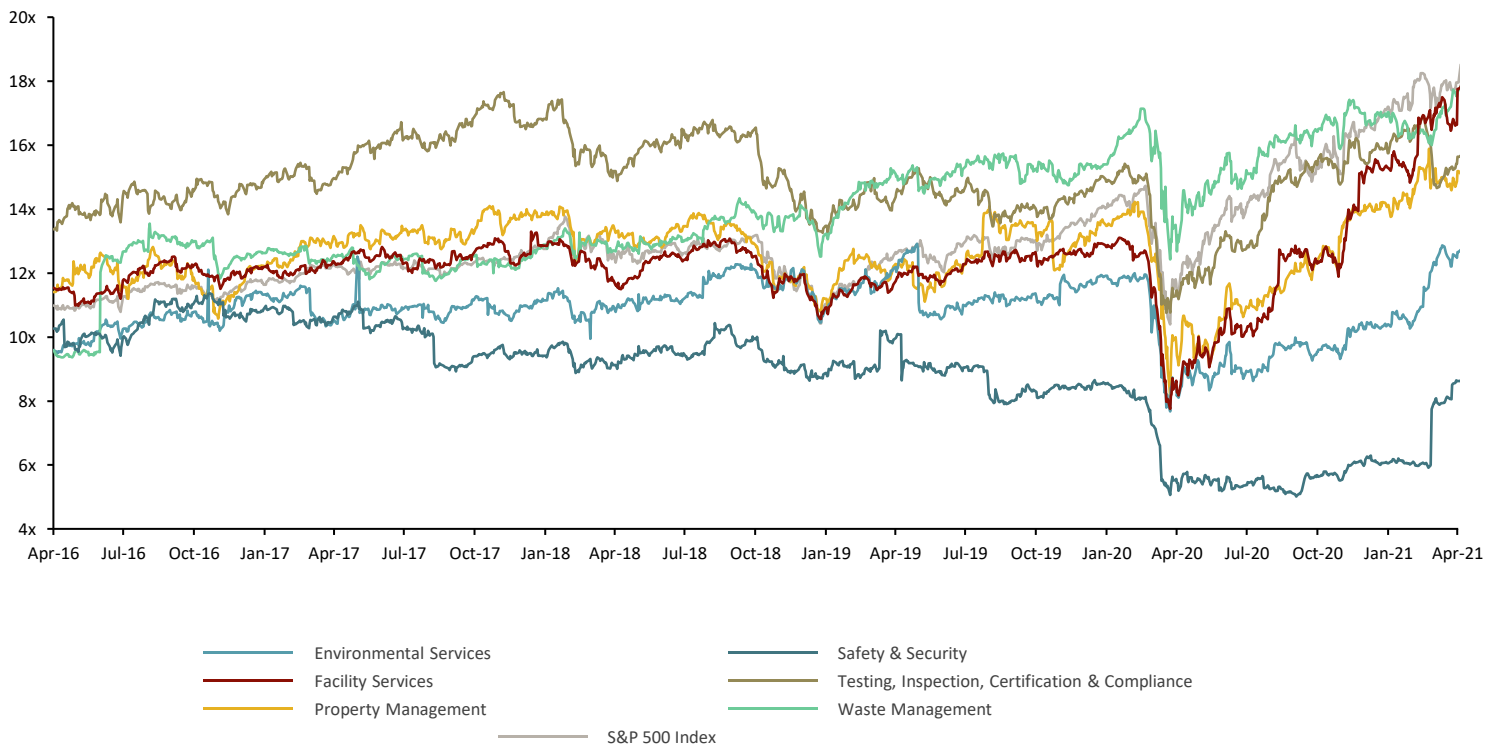
Read the full article [here](#).

Public Markets¹

Historical Stock Prices – Last 5 years



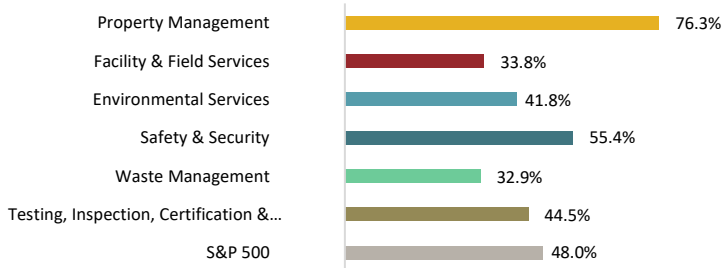
Historical Median TEV/LTM EBITDA Multiples – Last 5 years



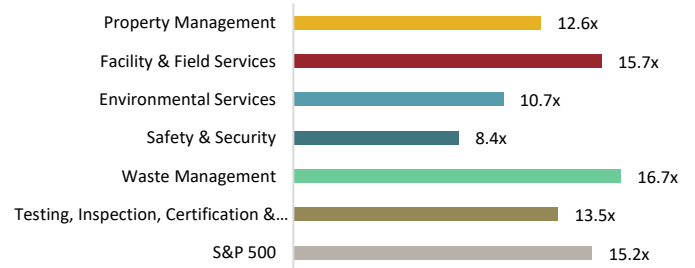
Notes: Sub-sector indices weighted by stock price. Comparable company sets listed on page 9.

Public Markets¹

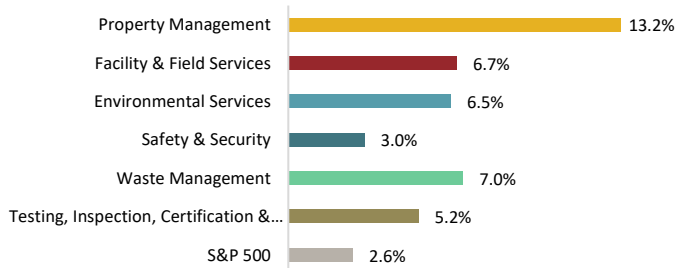
12-Month % Change in Stock Price



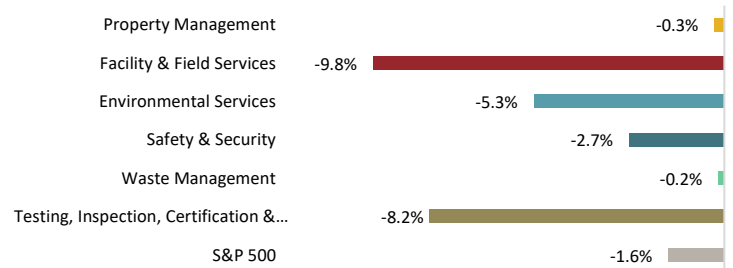
Median TEV / 2021E EBITDA Multiple



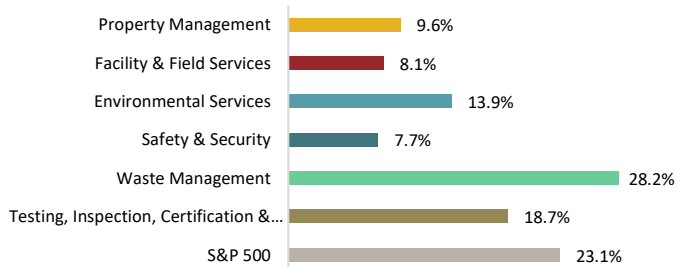
Median 3-Year Revenue CAGR (2017 – 2020)



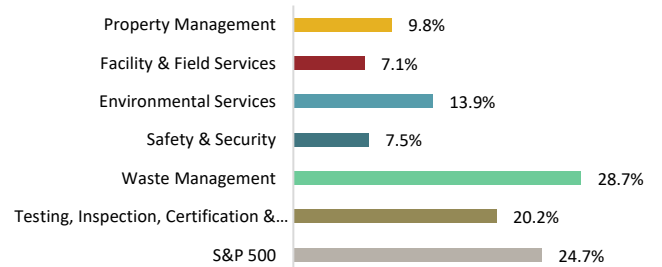
Median LTM Revenue Growth



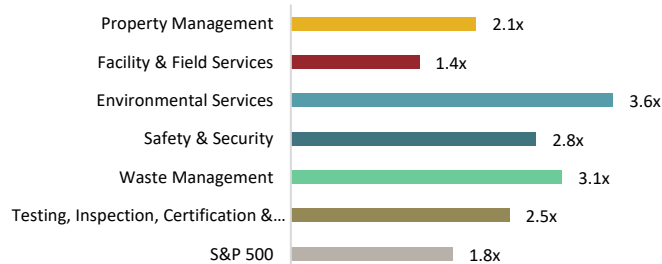
Median EBITDA Margin (2017 – 2020)



Median LTM EBITDA Margin



Net DEBT / LTM EBITDA

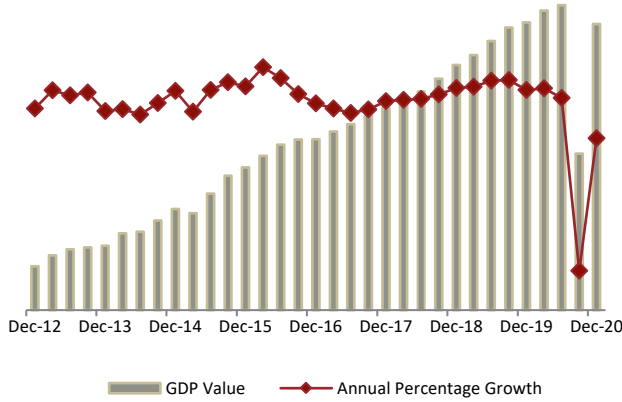


1. S&P Capital IQ, as of 4.11.2021

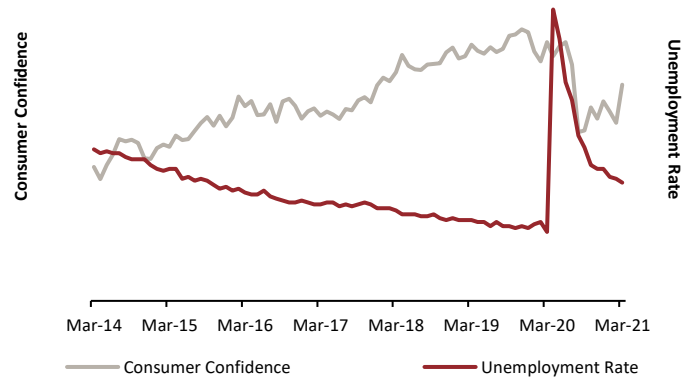
Economic Trends

U.S. GDP Growth²

(In billions indexed to 2012 USD)

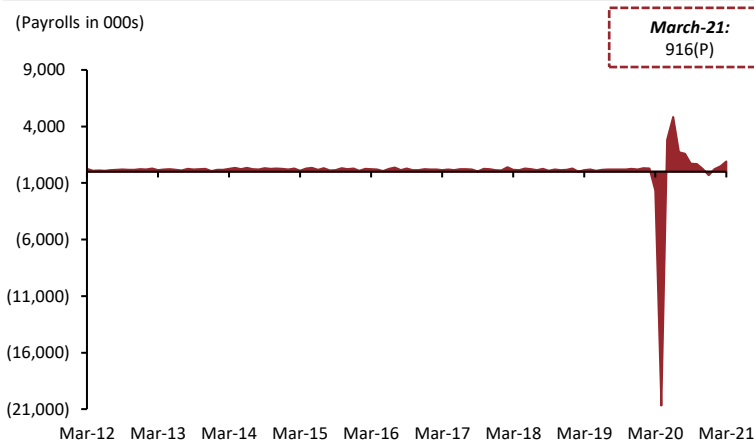


Consumer Confidence and Unemployment Rate^{3,4}

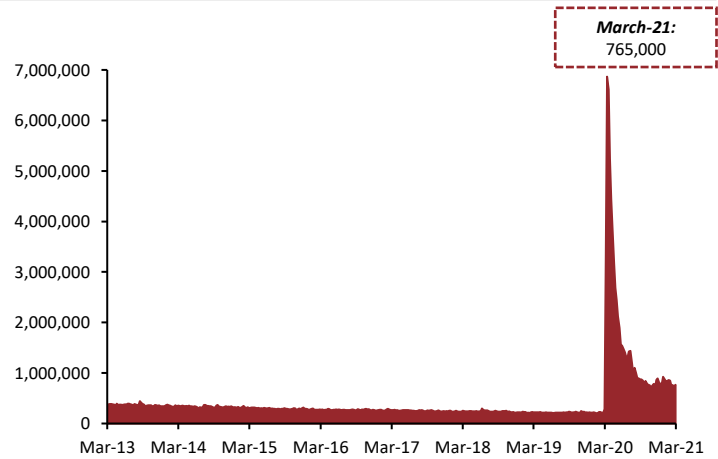


Non-Farm Payrolls (1-Month net change)⁴

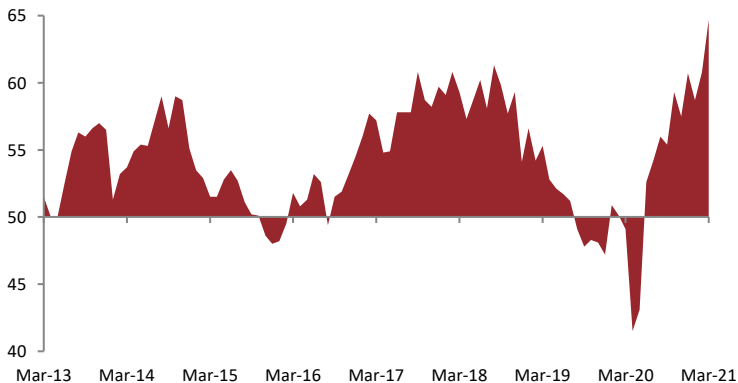
(Payrolls in 000s)



U.S. Initial Jobless Claims⁵

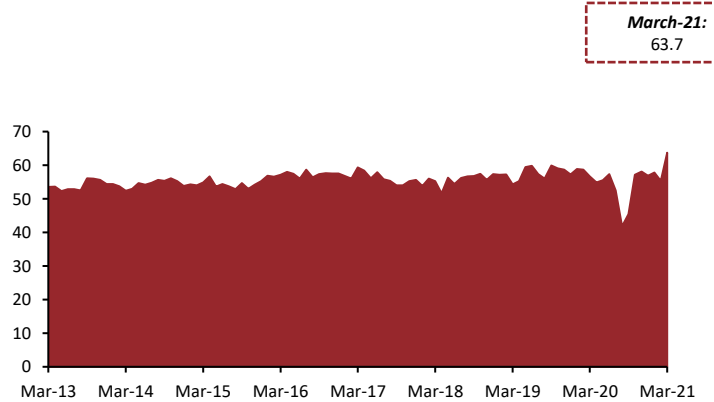


PMI Index⁶



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

ISM non-manufacturing index⁷

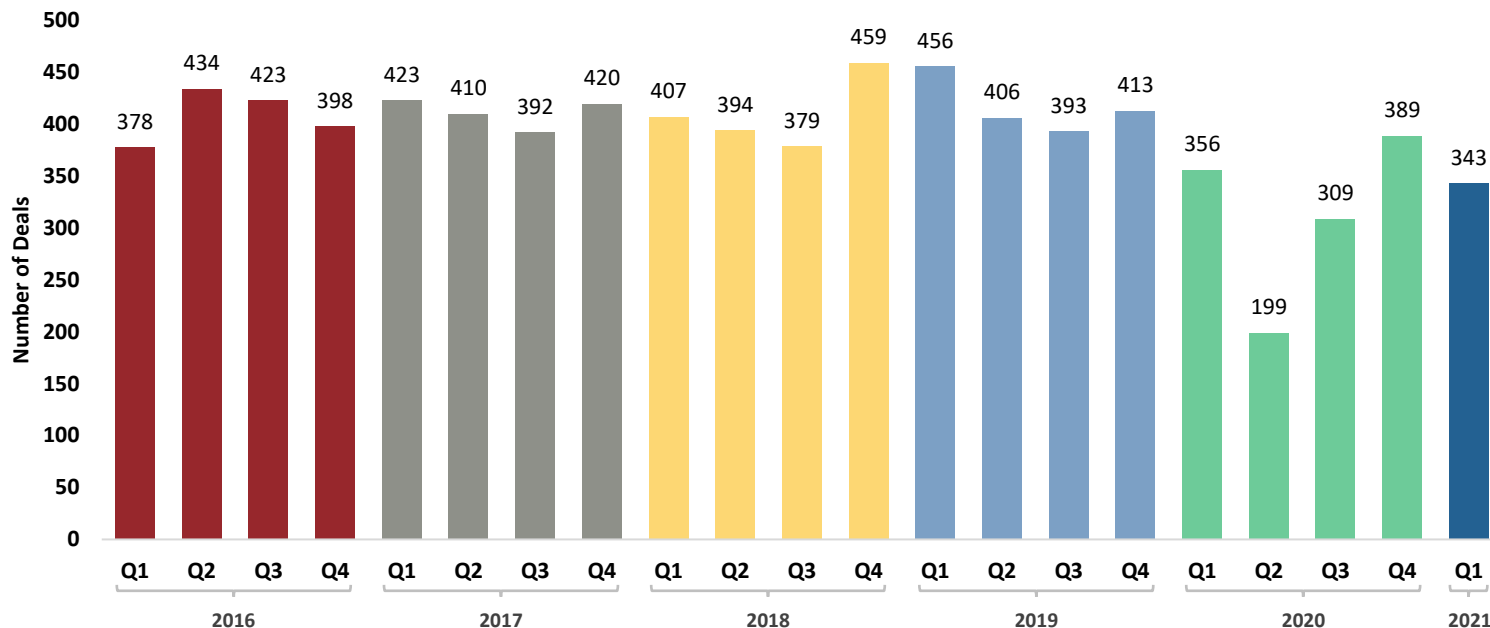


2. U.S. Bureau of Economic Analysis
3. The Conference Board
4. U.S. Bureau of Labor Statistics

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

M&A Market Trends¹

Commercial & Industrial Services M&A Volume by Year



Note: Data through April 12, 2021.

Representative Commercial & Industrial Services Transactions

Date	Target	Business Description	Sector	Acquirer(s)
4/6/21	Gerry's Fire & Safety	A Saint Paul, Minnesota-based fire safety service provider	Fire & Life Safety	Pye-Barker Fire & Safety (LGP)
4/1/21	Liberty Tire Recycling	Provider of tire recycling services in North America	Environmental	Energy Capital Partners
3/31/21	Duquette Refrigeration	Provider of superior HVACR service and installations for supermarkets, convenience stores, refrigerated warehouses, manufacturing, commercial office and retail customers	Facility Services	CoolSys (Ares)
3/23/21	AI Fire	Provider of fire and life safety services	Fire & Life Safety	Snow Phipps Group
3/12/21	Blair Duron Restoration	Provider of concrete repair, restoration and installation services intended for industrial, commercial, healthcare, university and military facilities	Engineering & Construction	Crescendo Capital Partners
3/14/21	United Fire Protection	Full-service fire protection company that has 150 employees and four locations in Florida and Georgia	Fire & Life Safety	Pye-Barker Fire & Safety (LGP)
3/5/21	Control Works	Provider of commercial HVAC, mechanical and energy services	Facility Services	Reedy Industries (Audax)
3/3/21	Eagle Elevator	Manufacturer of elevators, escalators and automatic building doors	Mechanical Services	3Phase Elevator Corporation (Fort Point Capital)
2/17/21	Hydro Technology	Provider of industrial and environmental cleaning services, such as water blasting, abrasive cleaning, emergency response and waste management	Environmental	Superior Environmental Solutions (Rosewood)
2/11/21	AMI Mechanical Systems	Provider of commercial heating, ventilation and air conditioning, refrigeration, and plumbing services based in Centennial, Colorado	Mechanical Services	Colorado Mechanical Systems (Reedy / Audax)
2/9/21	Capitol Engineering	Provider of design, installation, and service of commercial/industrial HVAC systems to industrial, commercial, and institutional clients	Facility Services	American Refrigerator Company (Southfield)
2/9/21	Applied Ecological Services	A Brodhead, Wisconsin-based ecological restoration firm, with 17 locations in the Midwest U.S.	Environmental	Restoration Builders

1. S&P Capital IQ, as of 4.11.2021

Our Firm

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.

Aerospace, Defense
& Government Services



Building Products
& Materials



Business
Services



Consumer



Energy, Power
& Infrastructure



Healthcare
& Life Sciences



Industrials



Specialty
Distribution



Technology



Transportation
& Logistics



Harris Williams Office Locations

United States

BOSTON

One International Place
Suite 2620
Boston, Massachusetts 02110
Phone: +1 (617) 482-7501

CLEVELAND

1900 East 9th Street
20th Floor
Cleveland, Ohio 44114
Phone: +1 (216) 689-2400

MINNEAPOLIS

222 South 9th Street
Suite 3350
Minneapolis, Minnesota 55402
Phone: +1 (612) 359-2700

**RICHMOND
(HEADQUARTERS)**
1001 Haxall Point
9th Floor
Richmond, Virginia 23219
Phone: +1 (804) 648-0072

SAN FRANCISCO
One Market Plaza, Steuart Tower
11th Floor
San Francisco, California 94105
Phone: +1 (415) 288-4260

WASHINGTON, D.C.
800 17th St. NW
2nd Floor
Washington, D.C. 20006
Phone: +1 202-207-2300

Europe

FRANKFURT

Bockenheimer Landstrasse 33-35
60325 Frankfurt
Germany
Phone: +49 069 3650638 00

LONDON

25 Savile Row
4th Floor
London W1S 2ER, England
Phone: +44 (0) 20 7518 8900

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

Disclosures and Disclaimers

Investment banking services are provided by Harris Williams LLC (“Harris Williams”). Harris Williams is a registered broker-dealer and member of FINRA and SIPC. Harris Williams & Co. Ltd is a private limited company incorporated under English law with its registered office at 8th Floor, 20 Farringdon Street, London EC4A 4AB, UK, registered with the Registrar of Companies for England and Wales, registration number 07078852. Harris Williams & Co. Ltd is authorized and regulated by the Financial Conduct Authority. Harris Williams & Co. Corporate Finance Advisors GmbH is registered in the commercial register of the local court of Frankfurt am Main, Germany, under HRB 107540. The registered address is Bockenheimer Landstrasse 33-35, 60325 Frankfurt am Main, Germany (email address: hwgermany@harriswilliams.com). Geschäftsführers/Directors: Jeffery H. Perkins, Paul Poggi, VAT No. DE321666994. Harris Williams is a trade name under which Harris Williams LLC, Harris Williams & Co. Ltd and Harris Williams & Co. Corporate Finance Advisors GmbH conduct business.

The information and views contained in this content have been prepared in part by Harris Williams. This content does not purport to be comprehensive or to contain all the information that a recipient may need in order to evaluate any investment or potential transaction. This content is not a research report, as such term is defined by applicable law and regulations, and is provided for informational purposes only. Any and all information, including estimates, projections and other forward-looking statements, presented in this document may involve various assumptions and significant elements of subjective judgment and analysis that may or may not be correct. Harris Williams has not independently verified, and neither Harris Williams nor any other person will independently verify, any of the information, estimates, projections or forward-looking statements contained herein or the assumptions on which they are based. The information contained in this document is made as of the date hereof unless stated otherwise. Harris Williams does not expect to update or otherwise revise this document nor provide any additional information, nor correct any inaccuracies herein which may become apparent.

This content is intended for institutional use only and should not be relied upon by retail investors or members of the general public. The information contained herein is believed by Harris Williams to be reliable but Harris Williams makes no representation or warranty as to the accuracy or completeness of such information, and information contained herein that is based on material prepared by others may involve significant elements of subjective judgment and analysis which may or may not be correct. Opinions, estimates and projections contained herein constitute Harris Williams’ judgment and are subject to change without notice.

This content is not to be construed as investment advice an offer to buy or sell or a solicitation of an offer to buy or sell any financial instruments or to participate in any particular transaction, nor shall this content form the basis of any contract. It does not constitute and should not be construed as an endorsement or recommendation of any entities’ products or services.

No part of this material may be copied or duplicated in any form or by any means, or redistributed, without Harris Williams’ prior written consent.