



# Sectorwatch: Facilities Maintenance Services

August 2018

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# Overview

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7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

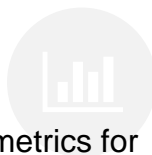
## Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



## Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



## Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



## Recent Deals

- The most recently announced deals in the sector



# Dashboard



## Revenue Growth Momentum

↓ -0.02

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

## Pricing / Gross Margin Momentum

↓ -0.2%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

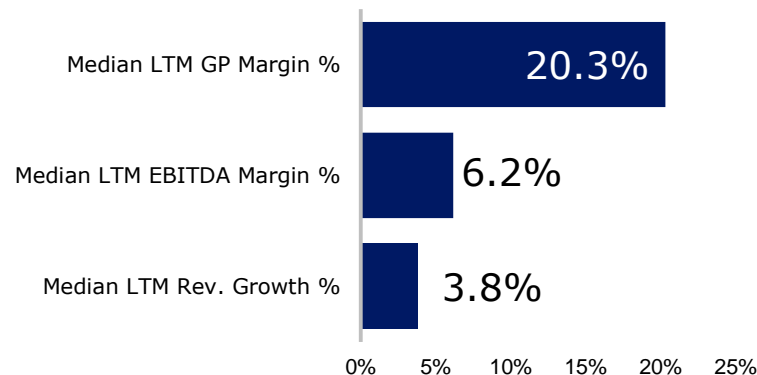
## Profitability Momentum

↑ 0.6%

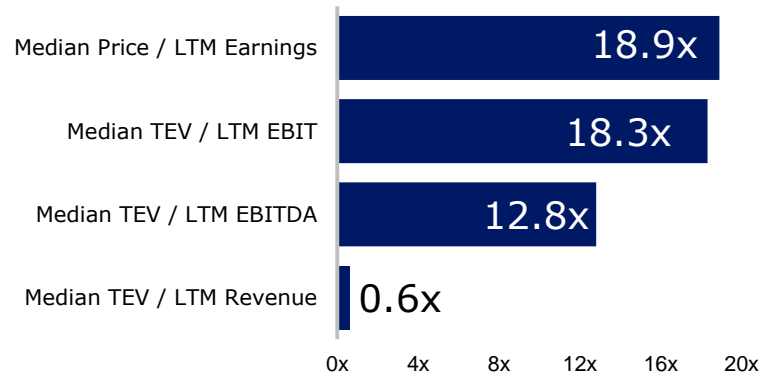
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

## Operating Metrics



## Valuation



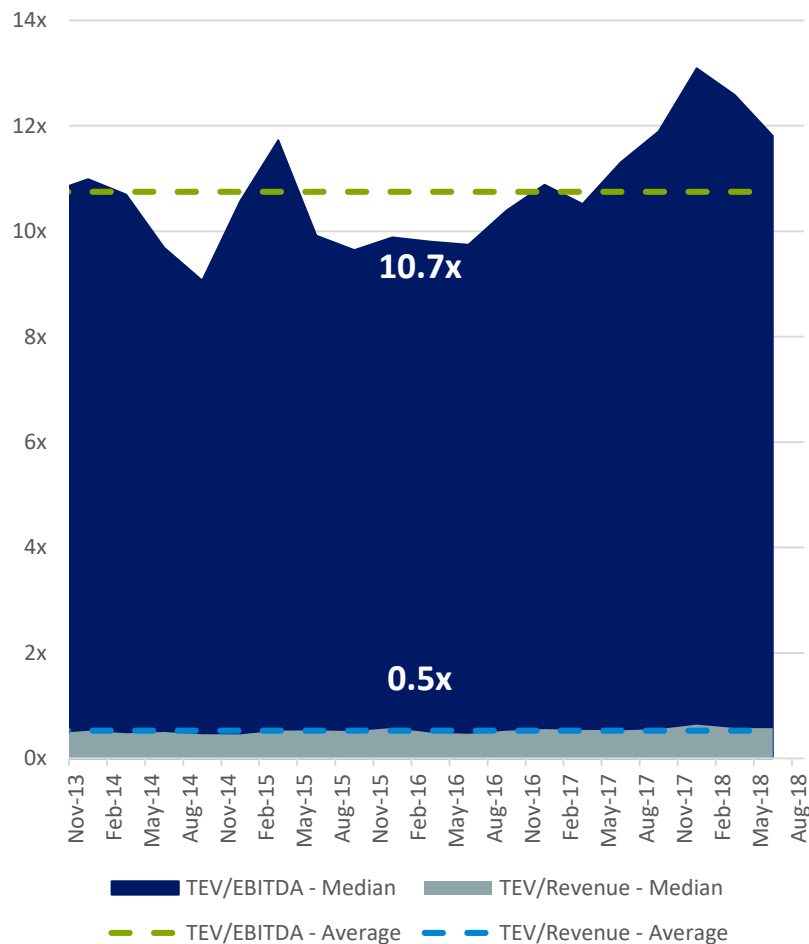
# Public Basket



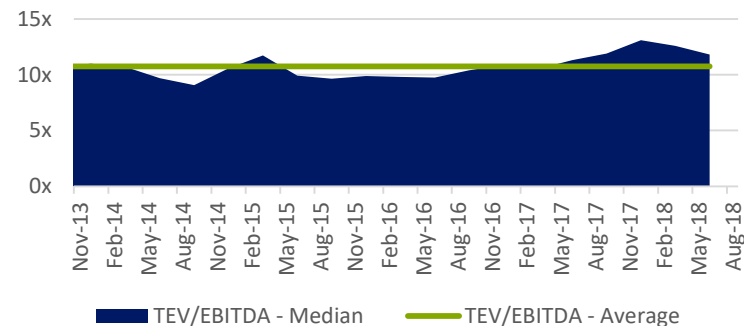
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Mears Group plc	577	1,141	-8%	24%	5%	0.5	9.5	11,636	98
Mitie Group plc	959	3,093	4%	14%	5%	0.3	7.3	48,978	63
Comfort Systems USA, Inc.	2,140	1,942	17%	20%	8%	1.1	13.6	8,700	223
ABM Industries Incorporated	3,206	5,986	14%	11%	4%	0.5	12.8	140,000	43
BrightView Holdings, Inc.	3,473	2,339	0%	26%	10%	1.5	14.4	17,950	130
EMCOR Group, Inc.	4,691	7,754	1%	15%	6%	0.6	9.8	32,000	242
ServiceMaster Global Holdings, Inc.	10,520	3,011	6%	46%	22%	3.5	15.8	13,000	232
<b>Average</b>	3,652	3,609	5%	22%	9%	1.2	11.9	38,895	147
<b>Median</b>	3,206	3,011	4%	20%	6%	0.6	12.8	17,950	130

share price as of 24Aug18

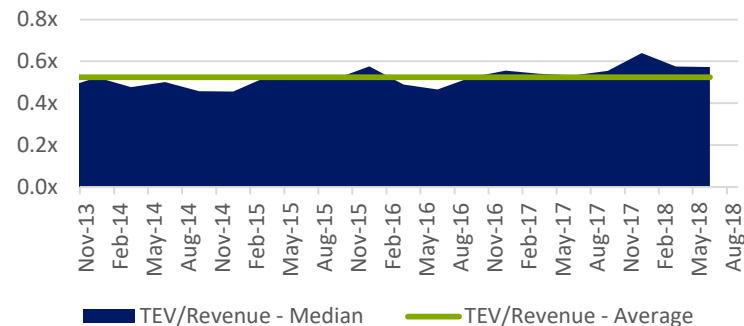
# Public Basket Valuation Trends



## Public EBITDA Multiples over Time



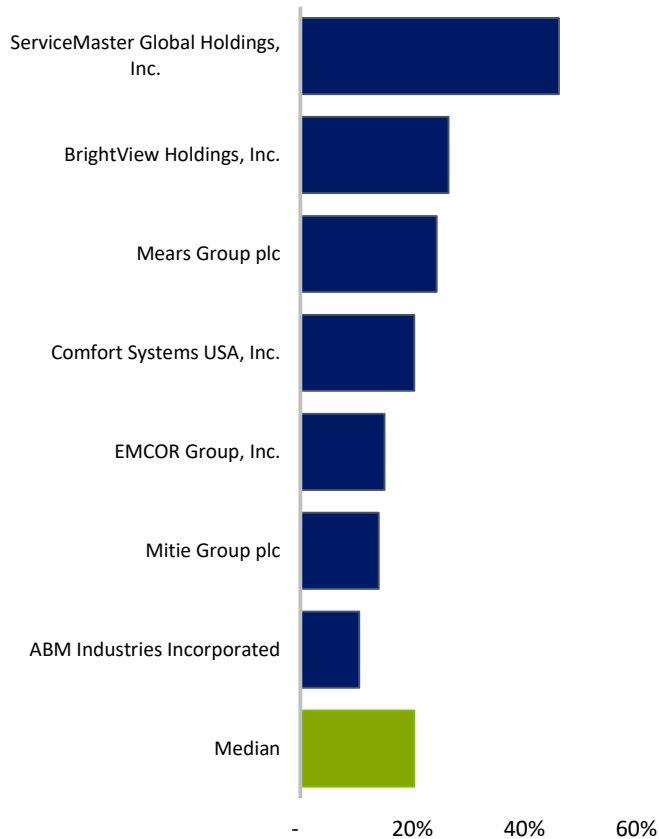
## Public Revenue Multiples over Time



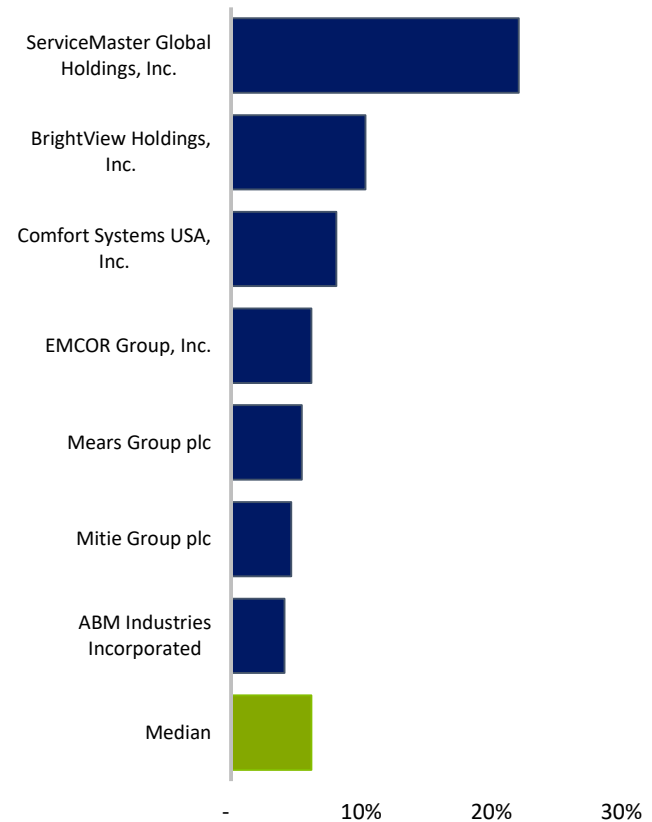
# Operational Metrics



LTM Gross Profit Margin %



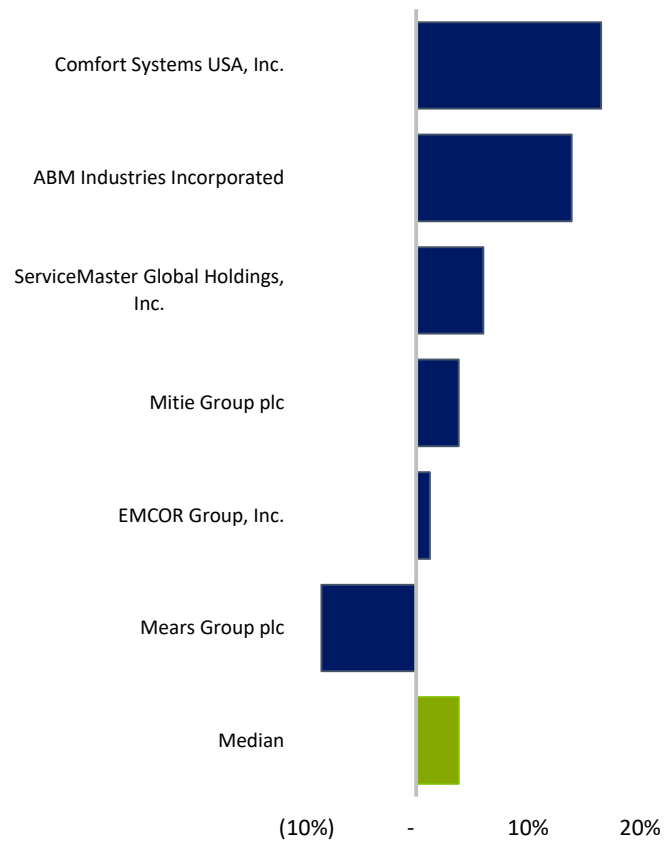
LTM EBITDA %



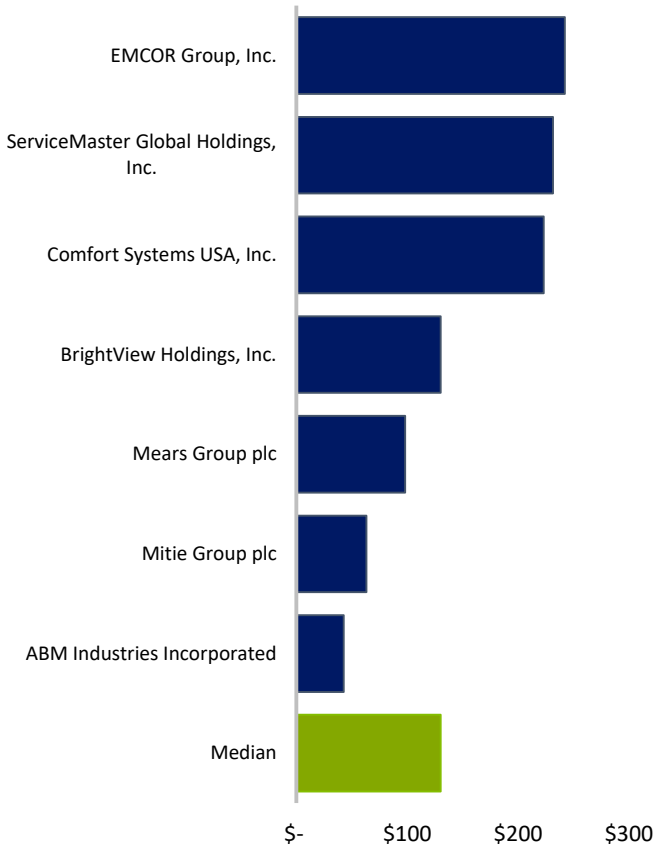
# Operational Metrics



## LTM Revenue Growth %



## LTM Revenue per Full Time Employee x 000's

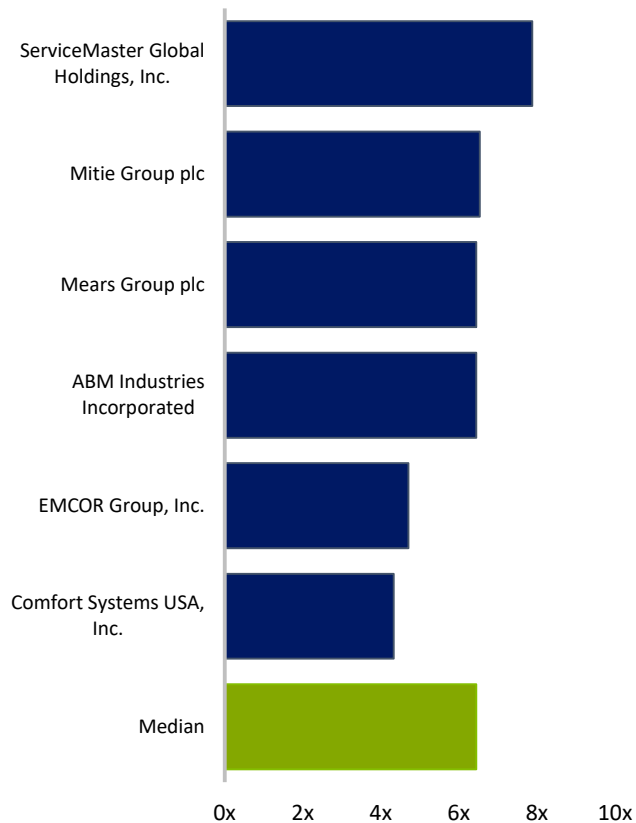




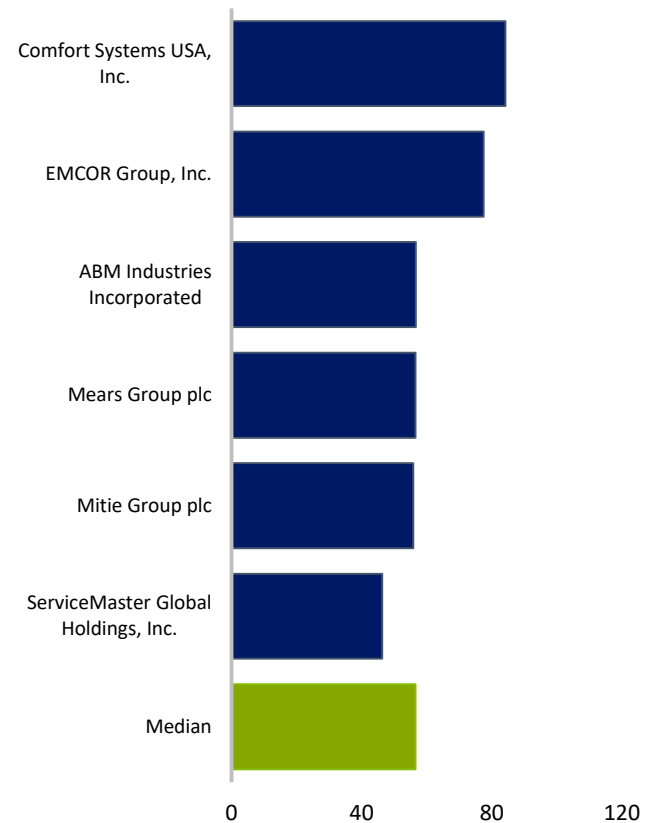
# Operational Metrics



## Accounts Receivable Turnover



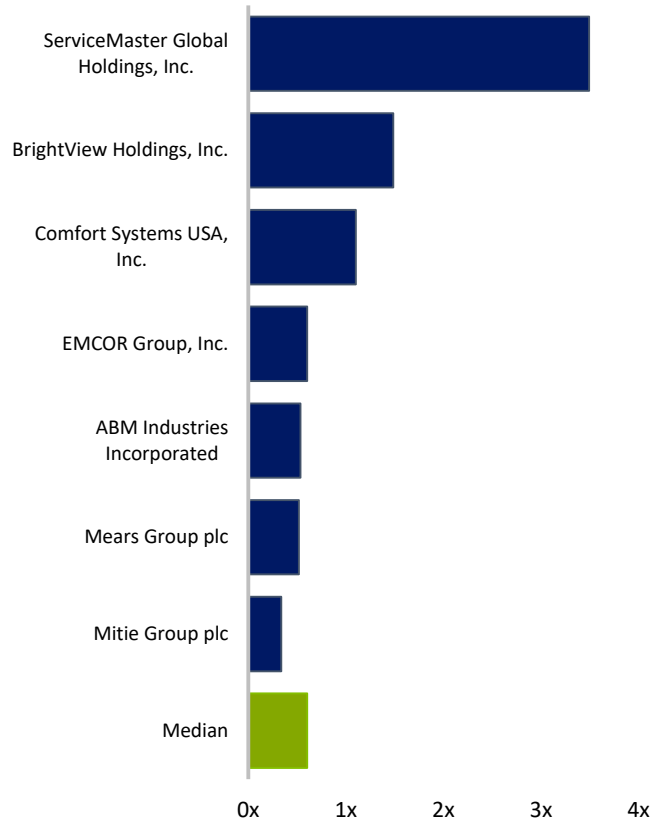
## Average Days Sales Outstanding



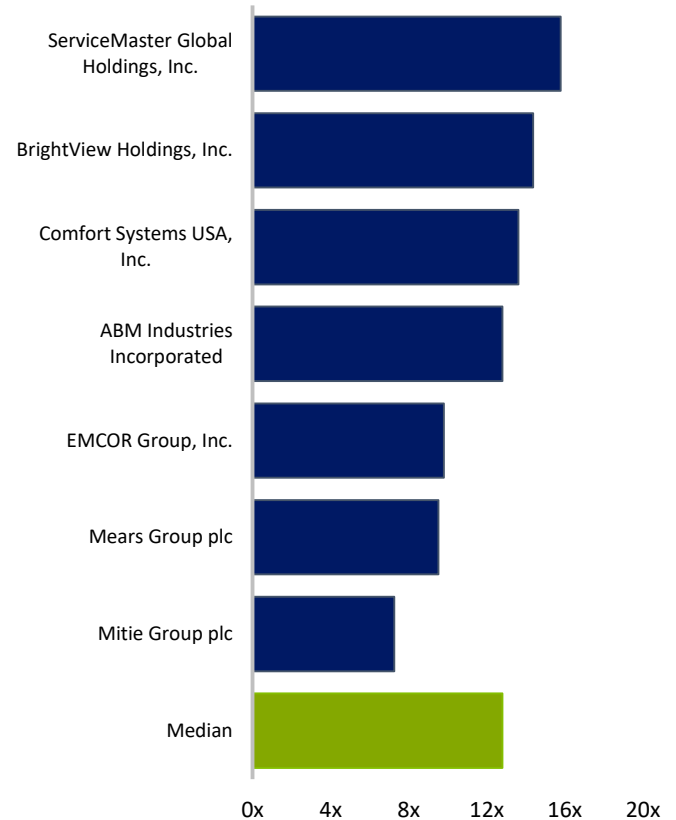
# Valuation



TEV / LTM Revenue



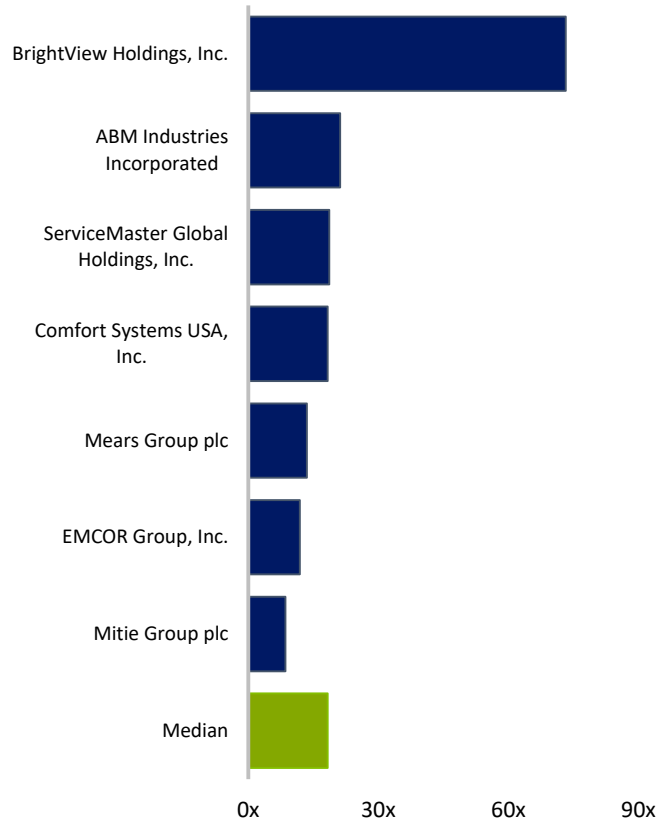
TEV / LTM EBITDA



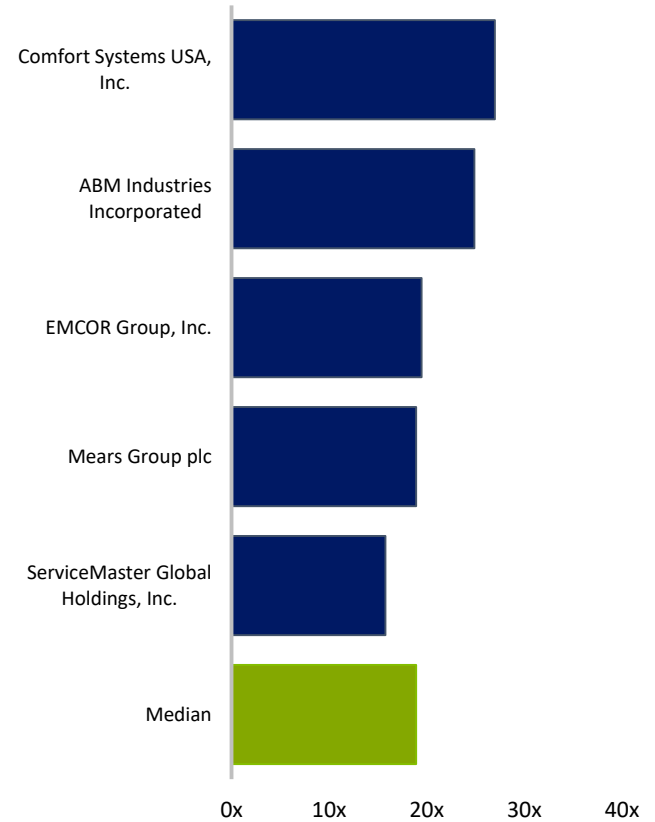
# Valuation



## TEV / LTM EBIT



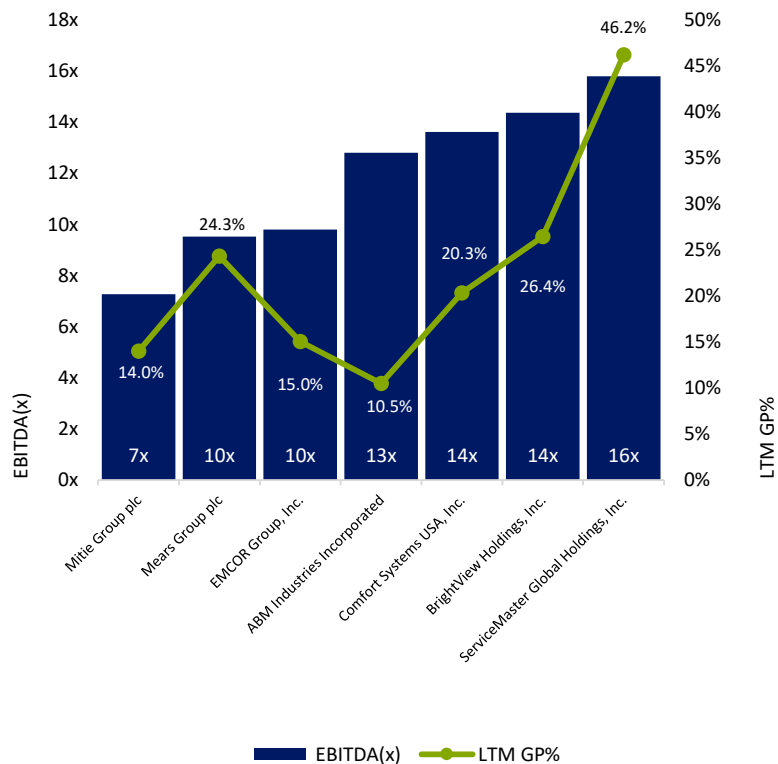
## Price / LTM Earnings



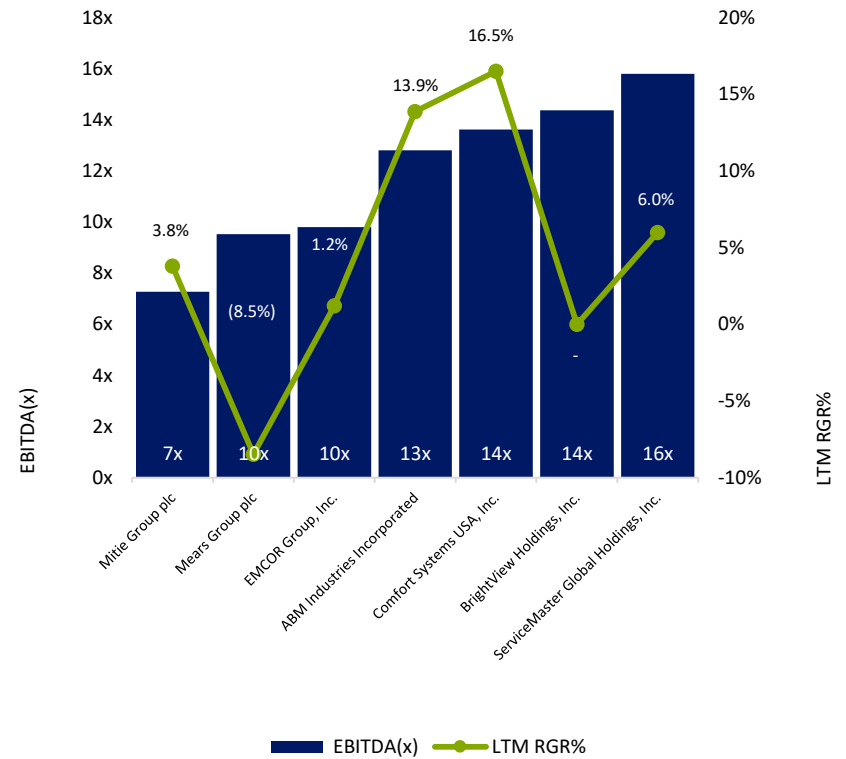
# Valuation



## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
13Aug18	Cutting Edge Glass, Inc.	Installed Building Products, Inc.	-	10.00	-	-
7Aug18	Grover Brown Septic Services, LLC	AAA Wastewater Services Inc.	-	-	-	-
3Jul18	Konematic Inc.	ASSA ABLOY AB (publ)	-	-	-	-
29Jun18	Restoration and Recovery Services, LLC	DFW Capital Partners; DFW Capital Partners V, L.P.	-	-	-	-
26Jun18	Fast Water Heater Company, LLC	Montlake Capital LLC	-	-	-	-
13Jun18	A-1 Sewer & Drain Plumbing & Heating Inc.	Succession Capital Partners	-	-	-	-
1Jun18	J&Y Property Preservation LLC	Protect Pharmaceutical Corporation	6.00	-	-	-
4Jun18	The Dwyer Group, Inc.	Harvest Partners, LP	-	-	-	-
21May18	Pecan Grove Solutions LLC	Quality Solutions, Inc.	-	-	-	-
16May18	Whitbeck's Treescape, LLC	Sheridan Landscaping, Inc.	-	-	-	-
2May18	1 Priority Environmental Services, Inc.	O2 Investment Partners, LLC	-	-	-	-
7May18	L.A. Lacy, Incorporated	The Branch Group, Inc.	-	-	-	-
21Mar18	FM Sylvan, Inc.	Blue Point Capital Partners; Blue Point Capital Partners III LP	-	-	-	-
14Mar18	Ragsdale Heating And Air, Inc.	Wrench Group Inc.	-	-	-	-
13Mar18	Twin City Maintenance Team, Inc.	RWK Services, Inc.	-	-	-	-
8Feb18	Belco Industrial Services LLC	Miller Environmental Services, LLC	-	-	-	-
28Feb18	Chamberlin Holding LLC	Main Street Capital Corporation	33.00	-	-	-
26Feb18	Copesan Services, Inc.	ServiceMaster Global Holdings, Inc.	150.00	-	-	-
27Feb18	Revolent Solutions Group, LLC	SG360	-	-	-	-
6Feb18	Engineered Facility Solutions, Inc. (nka:HUNT Property Solutions, LLC)	HUNT Real Estate Corporation	-	-	-	-
4Jan18	Climate Pros, Inc.	Saw Mill Capital LLC; Saw Mill Capital Partners II, LP	-	-	-	-
29Dec17	Empire Janitorial Sales & Service, LLC	Kellermeyer Bergensons Services, LLC	-	-	-	-
20Oct17	Lawn Doctor, Inc.	CNL Strategic Capital, LLC	85.00	15.09	-	-
22Dec16	Juniper Landscaping Holdings, LLC	ZS Fund L.P.	-	-	-	-
30Sep17	Terracare Associates, LLC	Monarch Landscapes Holdings, LLC	-	-	-	-
5Sep17	Summit Fire Protection Co., Inc.	CI Capital Partners LLC	-	-	-	-
31Jul17	Service Logic, LLC	Warburg Pincus LLC	-	-	-	-

# Facilities Maintenance Services

August 2018

## APPENDIX: Public Basket Constituents

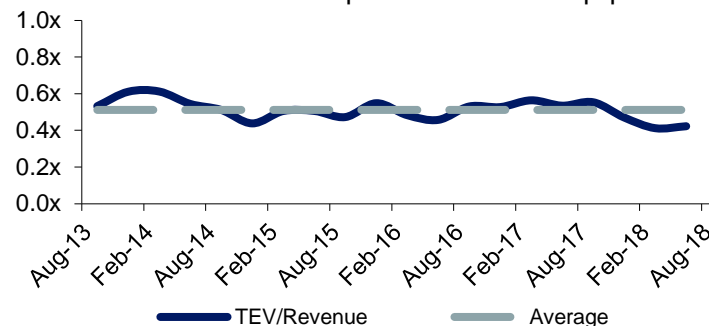
# Public Basket



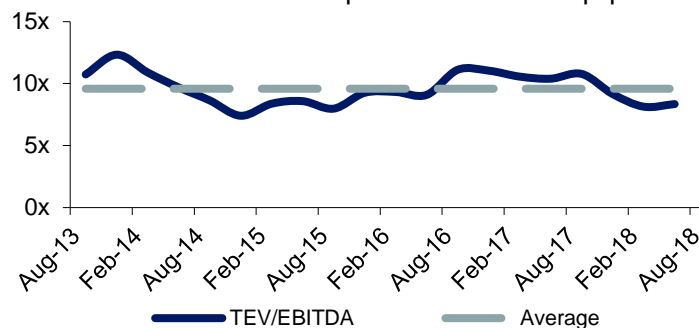
## Mears Group plc

Mears Group PLC, through its subsidiaries, provides a range of outsourced services to the public and private sectors in the United Kingdom. It operates in two segments, Housing and Care. The company offers rapid response and planned maintenance services to local authorities and registered social landlords, including responsive repairs; gas and voids services; maintenance, repairs, capital works, and energy investment solution for public buildings; estate cleaning services; and grounds maintenance, hard landscaping, soft landscaping, and arboriculture. It also provides individual or archetypal energy and carbon assessments, and private sector finance; and installation services, such as insulation, glazing, heating, lighting, and renewable services; and monitoring and aftercare services. In addition, the company offers residential property management in partnership with landlords, investors, and local authorities; a range of new build development solutions on behalf of local authorities, ALMOs, and registered providers; and a range of home improvement services comprising advice and information, home improvements, disabled facilities grants, aids and adaptations, energy efficiency, small repairs, stairlifts, and home from hospital services, as well as minor adaptations that include ramps. The company was incorporated in 1996 and is headquartered in Gloucester, the United Kingdom.

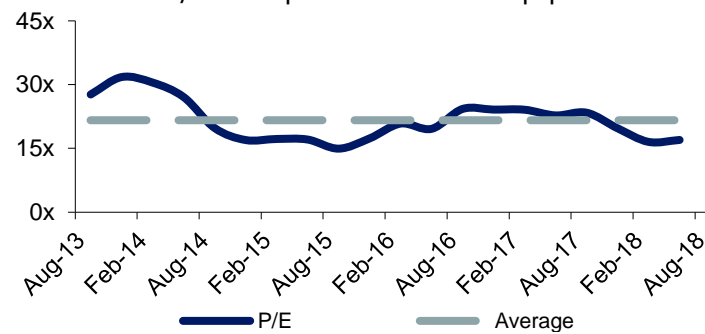
Revenue Multiples - Mears Group plc



EBITDA Multiples - Mears Group plc



P/E Multiples - Mears Group plc



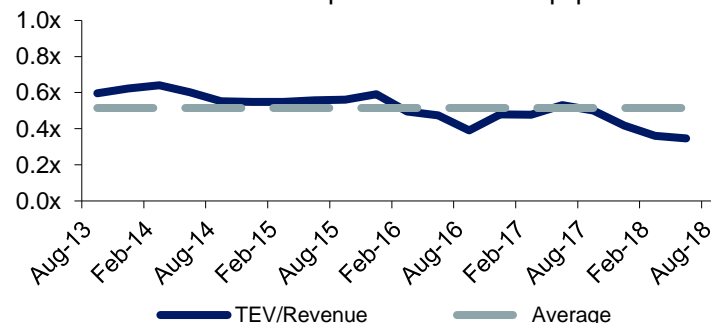
# Public Basket



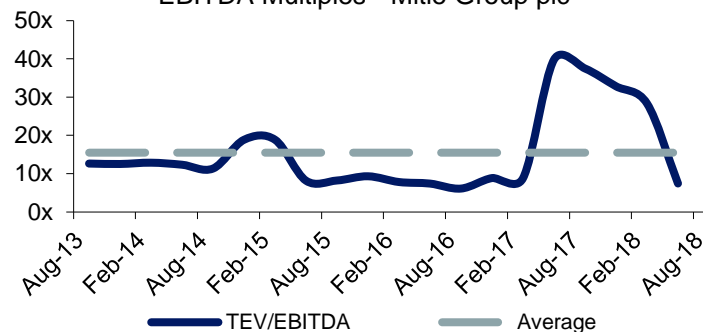
## Mitie Group plc

Mitie Group plc, through its subsidiaries, provides strategic outsourcing services in the United Kingdom and internationally. It offers engineering services, such as technical and building maintenance services, as well as offers specialist services, such as heating, cooling, lighting, water treatment, and building controls; and security services and products, including security personnel, emergency mobile response solutions, and fire and security systems. The company also provides professional services, including capital project consultancy, energy consultancy, real estate advisory, records management consultancy, security and risk strategy, sustainability strategy, technical assets strategy, and workplace and design services; and cleaning and environmental services, such as pest control and landscaping services. In addition, it offers document management services; custody services, such as immigration and prison services; and indoor and outdoor event catering services. Further, the company provides property management services primarily to clients in the social housing sector; and painting and commercial refurbishment roofing services. Mitie Group plc was founded in 1987 and is headquartered in Southwark, the United Kingdom.

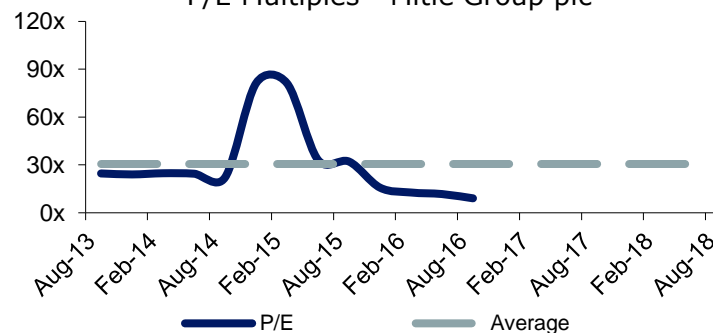
Revenue Multiples - Mitie Group plc



EBITDA Multiples - Mitie Group plc



P/E Multiples - Mitie Group plc



### Date Key Development Headline

12/5/17 Mitie Pulls Off Property Management Business Sale



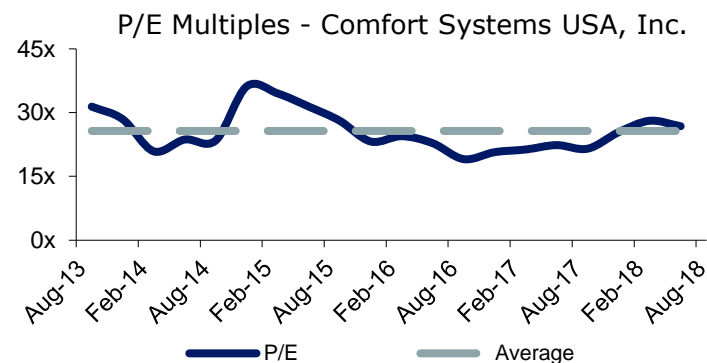
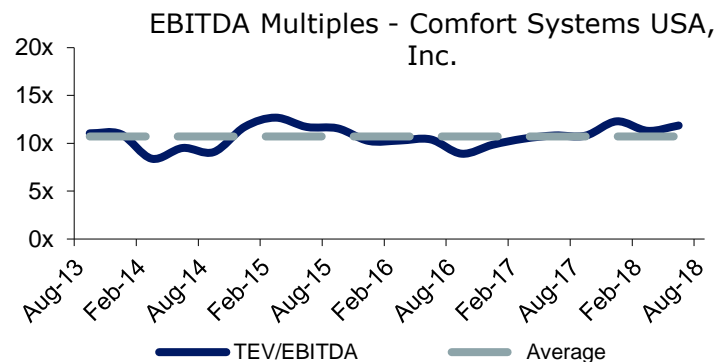
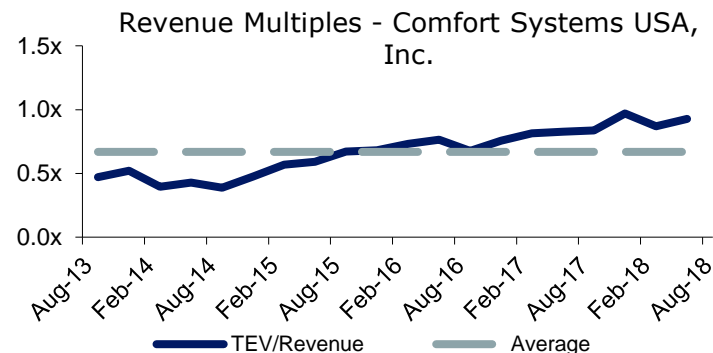
# Public Basket



## Comfort Systems USA, Inc.

Comfort Systems USA, Inc. provides mechanical installation, renovation, maintenance, repair, and replacement services for the mechanical services industry in the United States. It is involved in the design, engineering, integration, installation, and start-up of mechanical and related systems; and maintenance, repair, replacement, renovation, expansion, reconfiguration, and monitoring of mechanical systems, including heating, ventilation, and air conditioning (HVAC) systems, as well as industrial process piping. The company provides its services for office buildings, retail centers, apartment complexes, and manufacturing plants; and healthcare, education, and government facilities. It serves building owners and developers, general contractors, architects, consulting engineers, and property managers in the commercial, industrial, and institutional HVAC markets. Comfort Systems USA, Inc. was founded in 1917 and is headquartered in Houston, Texas.

Date	Key Development Headline
7/27/18	Comfort Systems Seeks Acquisitions



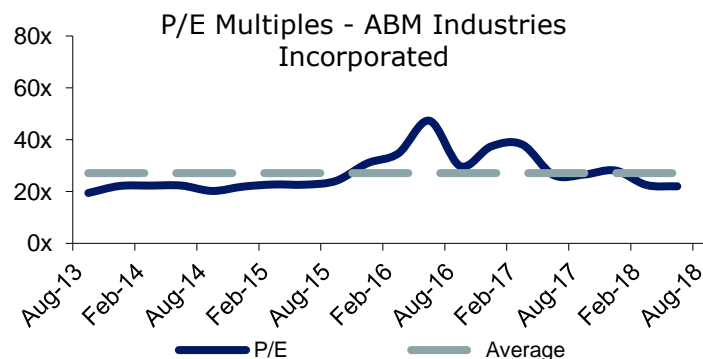
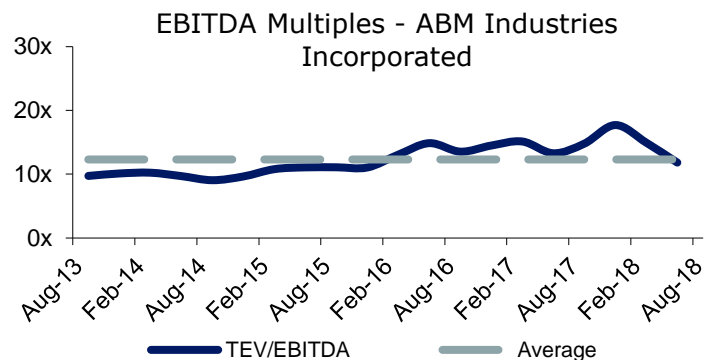
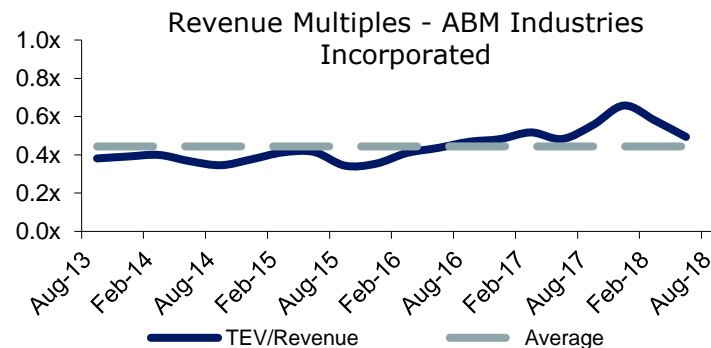
# Public Basket



## ABM Industries Incorporated

ABM Industries Incorporated provides integrated facility solutions in the United States and internationally. The company operates through five segments: Business & Industry, Aviation, Emerging Industries Group, Technical Solutions, and GCA Services. It offers janitorial, facilities engineering, parking, passenger assistance, catering, air cabin maintenance, transportation, and specialized mechanical and electrical services. The company also franchises engineering services under the Linc Service and TEGG brands through individual and area franchises. It serves commercial real estate properties, sports and entertainment venues, industrial and manufacturing sites, airlines and airports, educational institutions, and commercial facilities, as well as education, healthcare, and high tech industry groups. ABM Industries Incorporated was founded in 1909 and is headquartered in New York, New York.

Date	Key Development Headline
8/31/17	ABM Industries Incorporated (NYSE:ABM) completed the acquisition of GCA Services Group, Inc. from Thomas H. Lee Partners, L.P., Goldman Sachs Group, Merchant Banking Division and other shareholders.



# Public Basket



## BrightView Holdings, Inc.

BrightView Holdings, Inc. provides commercial landscaping services in the United States. It operates through two segments, Maintenance Services and Development Services. The Maintenance Services segment delivers a suite of recurring commercial landscaping services ranging from mowing, gardening, mulching, and snow removal to horticulturally advanced services, such as water management, irrigation maintenance, tree care, golf course maintenance, and specialty turf maintenance. It serves Fortune 500 corporate campuses and commercial properties, homeowners' associations, public parks, international hotels and resorts, airport authorities, municipalities, hospitals and other healthcare facilities, educational institutions, restaurants and retail, and golf courses. This segment's customer base includes approximately 13,000 office parks and corporate campuses, 9,000 residential communities, and 450 educational institutions. The Development Services segment offers landscape architecture and development services for new facilities and redesign projects. Its services include project design and management services, landscape architecture, landscape installation, irrigation installation, tree nursery and installation, pool and water features, and sports field services. The company was founded in 1939 and is headquartered in Plymouth Meeting, Pennsylvania.

Date	Key Development Headline
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8/8/18	BrightView Seeks Acquisitions
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# Public Basket

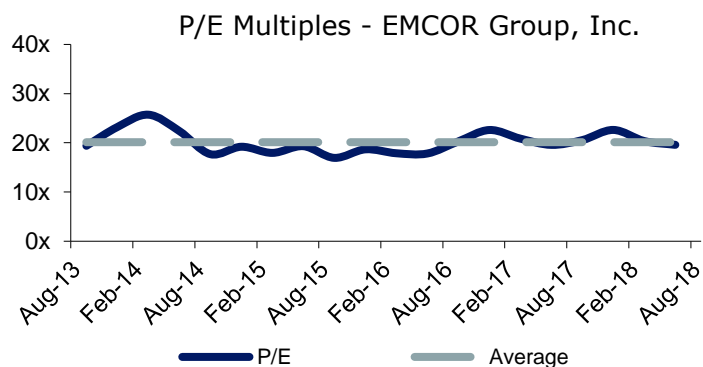
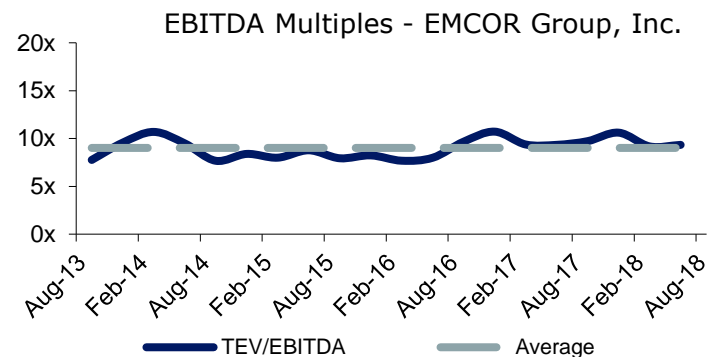
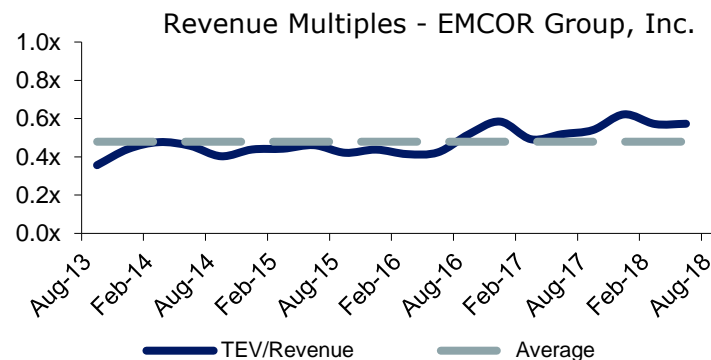


## EMCOR Group, Inc.

EMCOR Group, Inc. provides electrical and mechanical construction, and facilities services in the United States. The company designs, integrates, installs, starts-up, operates, and maintains electric power transmission and distribution systems; premises electrical and lighting systems; process instrumentation in the refining, chemical process, food process, and mining industries; low-voltage, voice and data communications, fire protection, water and wastewater treatment, and controls and filtration systems; roadway and transit lighting and fiber-optic lines; heating, ventilation, air conditioning, refrigeration, and clean-room process ventilation systems; plumbing, processing, and piping systems; and central plant heating and cooling systems, as well as offers cranes and rigging, millwrighting, and steel fabrication, erection, and welding services. It also offers building services to facilities, such as commercial and government site-based operations and maintenance; reception, security, and catering; outage services to utilities and industrial plants; military base operations support; mobile mechanical maintenance and services. EMCOR Group, Inc. was founded in 1966 and is headquartered in Norwalk, Connecticut.

### Date Key Development Headline

7/26/18	EMCOR Seeks Acquisitions
2/22/18	EMCOR Group Seeks Acquisitions



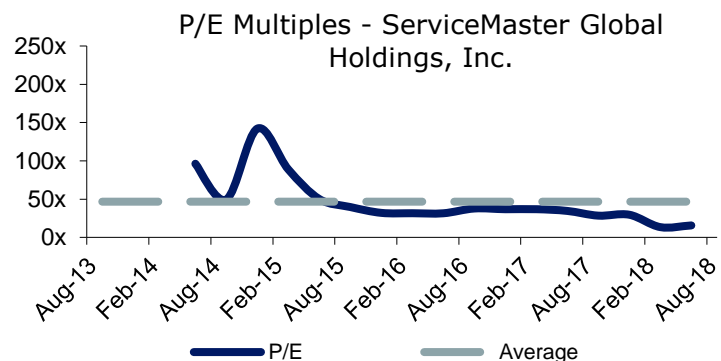
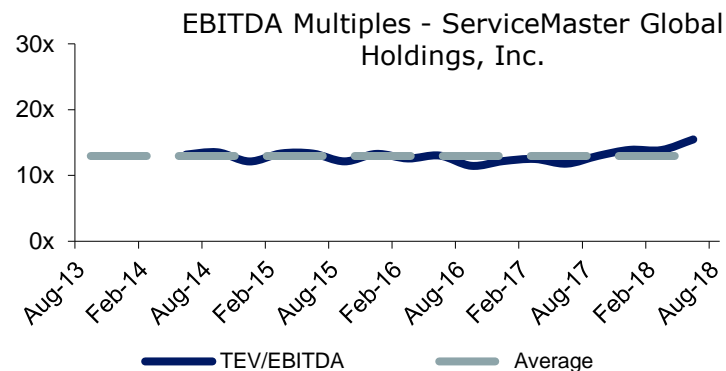
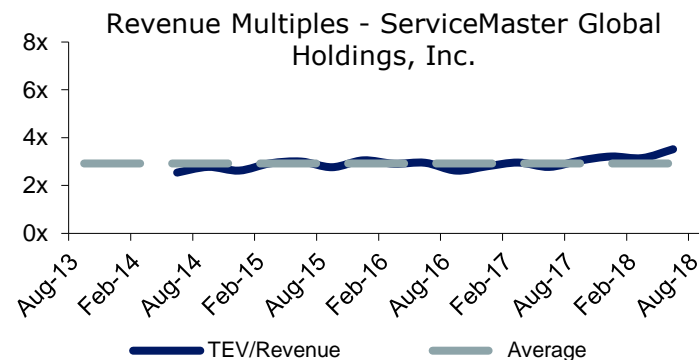
# Public Basket



## ServiceMaster Global Holdings, Inc.

ServiceMaster Global Holdings, Inc. provides residential and commercial services in the United States. The company operates through three segments: Terminix, American Home Shield, and the Franchise Services Group. The Terminix segment offers termite and pest control services, including termite remediation, annual termite inspection, and prevention treatments with damage claim guarantees, periodic pest control services, insulation services, mosquito control, crawlspace encapsulation, and wildlife exclusion. The American Home Shield segment provides home service plans that cover the repair or replacement of household systems and appliances, such as electrical, plumbing, central heating and air conditioning systems, water heaters, refrigerators, dishwashers, and ranges/ovens/cooktops. The company was founded in 1929 and is headquartered in Memphis, Tennessee.

Date	Key Development Headline
5/2/18	ServiceMaster Global Seeks Acquisitions
3/29/18	ServiceMaster Global Holdings, Inc. (NYSE:SERV) completed the acquisition of Copesan Services, Inc.
2/26/18	ServiceMaster Global Holdings, Inc. (NYSE:SERV) entered into an agreement to acquire Copesan Services, Inc. for approximately \$150 million.
11/1/17	ServiceMaster Global Seeks Acquisitions



# Contact Information

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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