

# Market Update

## Facilities Services

Q2 2017



### FS Stock Highlights

From last quarter:

- LI Facilities Services Index increased 5.9%
- S&P 1500 Environmental and Facilities Services Index increased 0.5%
- S&P 500 Index increased 2.6%
- Facilities Services Enterprise Value / LTM EBITDA multiples increased 0.8% to 12.0x

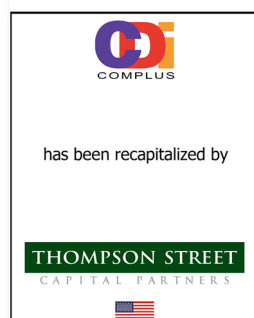
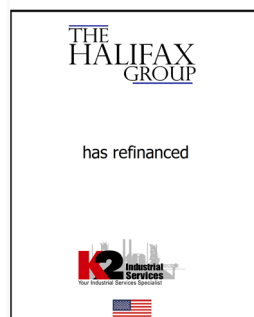
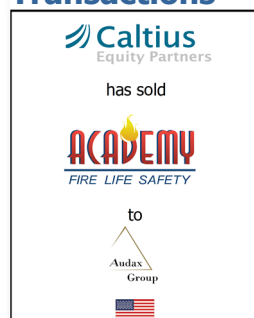
## LI Facilities Services ("FS") Index continues to increase, up 5.9% this quarter

### About the LI Facilities Services Index

The LI Facilities Services Index is a market cap weighted composite stock index similar to the S&P 500 Index. The index is prepared by first selecting a base period, in this case, Q3 2015, and totaling the market caps of the companies in this period. This period and the total market cap is set to a base index at 100%. Next, the current period's total market cap is calculated, divided by

the base period's total market cap and then multiplied by the base index (100%). The result is the index value used for plotting the Relative Stock Index Performance graph below. A full list of the companies included in the LI Facilities Services Index can be found on page 3. Figures shown below are historically updated to reflect the updated LI Facilities Services Index.

## Recent Facilities Services Transactions

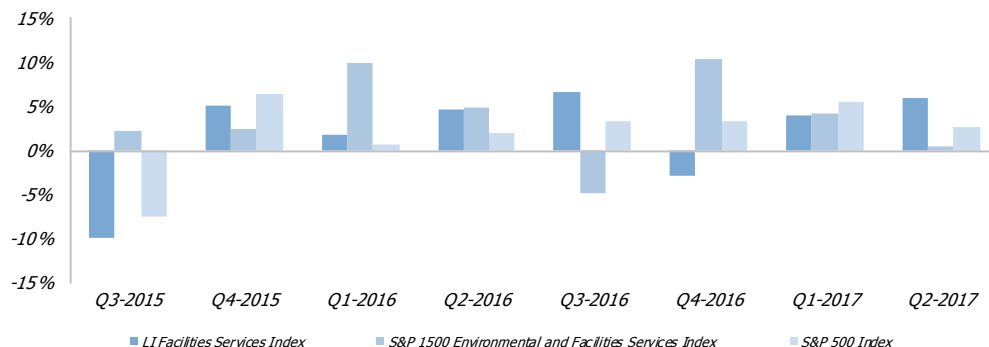


## Quarter over Quarter Performance

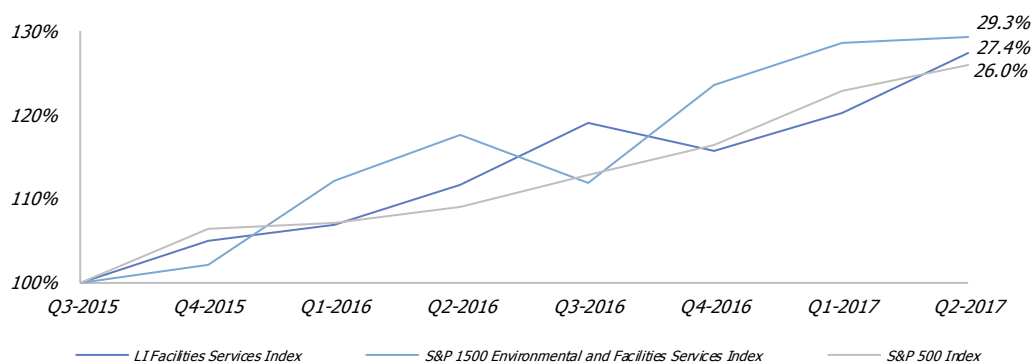
Outperformers	Change	Underperformers	Change
MITIE Group plc	24.7%	ServiceMaster Global Holdings, Inc.	(6.1%)
Aramark	11.1%	Team, Inc.	(13.3%)
Rentokil Initial plc	10.8%	Matrix Service Company	(43.3%)

Based on quarter-over-quarter share price performance

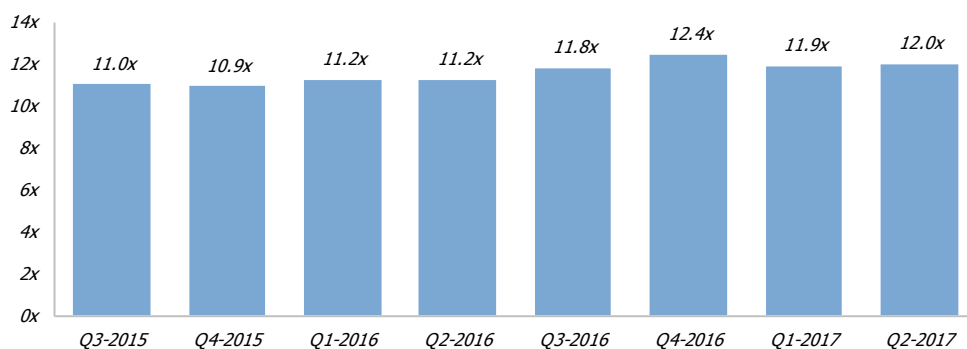
## Quarter over Quarter Stock Index Change



## Two Year Relative Stock Index Performance



## Enterprise Value<sup>(1)</sup> / LTM EBITDA Multiples



Source: Capital IQ as of 6/30/2017

(1) Enterprise Value is calculated as market capitalization plus total net debt, preferred equity and minority interest

## Heard on the Street

**05/31/2017: Sodexo**, the French-based facilities services and benefits / rewards services provider, announced Denis Machuel will succeed Michel Landel as CEO and Chairman in January 2018

**06/01/2017: Elior**, the French-based provider of contract catering and support services, intends to keep the pace of its

acquisition strategy, and will focus on the U.S., the U.K. and India

**06/08/2017: Comfort Systems USA**, the Texas-based provider of mechanical and electrical contracting services, is seeking acquisitions of non-union electrical contracting service providers

### LI Facilities Services Index Stock Data

(\$ in millions except per share data)

Company	Current Price	52-Wk High	Market Cap	Enterprise Value	Diluted EPS	LTM Rev	EV/LTM Rev	EV/LTM EBITDA	EV/LTM EBIT	LTM Growth Rev	LTM Growth EBITDA	EBITDA Margin	Net Debt/EBITDA
ABM Industries Incorporated	\$41.52	\$45.03	\$2,316	\$2,538	\$1.57	\$5,256	0.5x	13.7x	19.9x	4.0%	27.4%	3.5%	1.2x
Aramark	40.98	41.72	10,004	15,179	1.30	14,488	1.0x	11.7x	19.1x	1.1%	10.2%	8.9%	4.0x
Cintas Corporation	126.04	131.41	13,275	14,272	4.55	5,144	2.8x	14.3x	17.3x	7.7%	8.6%	19.4%	1.0x
Comfort Systems USA, Inc.	37.10	39.67	1,377	1,348	1.66	1,629	0.8x	10.8x	13.7x	2.0%	6.1%	7.7%	(0.2x)
Compass Group plc	21.04	22.93	33,268	37,157	0.70	26,973	1.4x	14.8x	19.2x	3.0%	5.0%	9.3%	1.5x
EMCOR Group, Inc.	65.38	73.44	3,873	3,991	3.34	7,698	0.5x	9.3x	11.6x	12.0%	17.6%	5.5%	0.3x
FirstService Corporation	64.02	67.67	2,298	2,647	1.10	1,551	1.7x	19.6x	27.6x	19.4%	30.0%	8.7%	1.8x
G4S plc	4.24	4.41	6,557	8,790	0.13	9,371	0.9x	12.6x	17.8x	(7.4%)	(6.3%)	7.4%	3.0x
Interserve plc	3.00	5.84	436	960	(0.71)	4,006	0.2x	3.3x	4.7x	(15.2%)	(36.1%)	7.2%	1.7x
Johnson Controls International plc	43.36	48.97	40,676	54,721	(1.41)	42,598	1.3x	13.7x	19.2x	53.3%	35.0%	9.4%	3.3x
Matrix Service Company	9.35	23.45	249	253	0.37	1,265	0.2x	7.8x	22.2x	(3.9%)	(55.5%)	2.6%	0.1x
MITIE Group plc	3.59	4.07	1,273	1,467	(0.15)	2,663	0.6x	nmf	nmf	(13.9%)	(84.9%)	1.0%	6.6x
Prosegur Compañía de Seguridad, S.A.	6.49	7.83	3,885	4,047	0.22	4,354	0.9x	8.0x	10.4x	(1.7%)	(0.6%)	11.6%	0.1x
Rentokil Initial plc	3.55	3.74	6,504	8,020	0.09	2,677	3.0x	13.3x	25.1x	3.2%	(0.1%)	22.5%	2.4x
Rollins, Inc.	40.71	43.75	8,875	8,713	0.80	1,596	5.5x	27.3x	32.8x	5.9%	9.6%	20.0%	(0.5x)
Securitas AB	16.82	18.11	6,141	7,820	7.36	10,081	0.8x	12.2x	16.3x	(0.4%)	1.0%	6.4%	2.5x
ServiceMaster Global Holdings, Inc.	39.19	42.45	5,253	7,729	1.13	2,781	2.8x	11.8x	13.9x	5.7%	9.2%	23.5%	3.8x
Sodexo S.A.	129.15	141.02	19,186	21,626	4.11	21,532	1.0x	15.3x	19.2x	(3.2%)	(10.5%)	6.6%	1.6x
Team, Inc.	23.45	39.70	699	1,033	(0.53)	1,232	0.8x	20.9x	nmf	18.7%	(26.9%)	4.0%	6.7x
UniFirst Corporation	140.70	147.65	2,857	2,545	5.43	1,551	1.6x	10.2x	15.8x	6.0%	(8.4%)	16.1%	(1.3x)
Mean							1.4x	13.2x	18.1x	4.8%	(3.5%)	10.1%	2.0x
Median							1.0x	12.6x	18.4x	3.1%	3.0%	8.2%	1.6x

Source: Capital IQ

Note: All values based on publicly available data as of 6/30/2017

## M&A Transaction Highlights

(\$ in millions)

Closed	Target	Target Description	Acquirer	Enterprise Value	EV/LTM Rev.	EV/LTM EBITDA
Announced	Blue Bell Enterprises	Provides onsite kitchen management services	Elior North America	\$70	1.0x	-
Announced	3M Company, Electronic Monitoring Business	Provides electronic monitoring technologies to law enforcement agencies	Apax Partners	\$200	2.1x	-
Announced	Safety-Kleen Europe	Offers parts washing, chemical application and waste management services	Apax Partners	-	-	-
Jun-17	InterPark	Owns and operates parking facilities	TIAA; Antarctica Capital	-	-	-
Jun-17	Technical Services	Provides commercial HVAC and plumbing services	STR Mechanical	-	-	-
Jun-17	SavATree	Provides tree and landscape maintenance services	CI Capital Partners	-	-	-
Jun-17	Guardian Force Security Services	Provides professional security services	Vector Security	-	-	-
May-17	JLH Security Services	Offers contract security services for residential communities, condominiums and office buildings	Allied Universal	-	-	-
May-17	Garda World Security	Provides security services	Rhone Capital	-	-	-
May-17	Moore Landscapes	Offers landscape installation, maintenance and enhancement services	ClearLight Partners	-	-	-
May-17	Oracle Elevator Company	Maintains and installs elevators	L Squared Capital Partners	-	-	-
May-17	Thrive	Provides tree, turf and plant management services	Nature's Trees	-	-	-
May-17	Countrywide Grounds Maintenance	Offers ground maintenance services	The Dwyer Group	-	-	-
Apr-17	Horizon Electric Company	Provides electrical services for professional building contractors	Installed Building Products	-	-	-
Apr-17	Guckenheimer Services	Offers onsite corporate restaurant management and catering services	ISS A/S	\$225	0.7x	-
Apr-17	Academy Fire Life Safety (AFLS)	Provides fire and life safety repair, service and inspection services	Audax Group	-	-	-
Apr-17	Florida State Security Services	Provides uniformed, unarmed security services	United American Security	-	-	-
Apr-17	Top Gun Security & Investigations	Provides uniformed security services	United American Security	-	-	-
Apr-17	Mountain High Tree, Lawn & Landscaping	Offers landscape care services to residential and commercial customers	Nature's Trees	-	-	-
Apr-17	Sky Sweeping	Offers sweeping services to businesses and commercial spaces	Sweeping Corporation of America	-	-	-
Apr-17	G4S Youth Services	Provides correctional and detention programs for juvenile offenders	BHSB Holdings	\$57	-	-
Apr-17	Wind River Environmental	Services, repairs, installs and inspects non-hazardous liquid waste systems	Gryphon Investors	-	-	-

Source: Capital IQ, Mergermarket, Company Filings

**Global Industry Groups**

Aerospace & Defense  
 Automotive & Truck  
 Building & Infrastructure  
 Business Services  
 Chemicals  
 Consumer  
 Distribution  
 Electronics  
 Energy & Power  
 Financial Institutions  
 Food & Beverage  
 Healthcare  
 Industrials  
 Packaging  
 Technology & Media

**Global Locations**

Amsterdam  
 Beijing  
 Chicago  
 Dallas  
 Frankfurt  
 London  
 Los Angeles  
 Madrid  
 Milan  
 Moscow  
 Mumbai  
 Munich  
 New York  
 Paris  
 São Paulo  
 Tokyo  
 Vienna  
 Zurich

**Advisory Services**

Mergers & Acquisitions  
 Debt Advisory  
 Special Situations  
 Joint Venture & Partnering  
 Valuations & Opinions

# About Lincoln International

Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and pension advisory services on a wide range of transaction sizes. With eighteen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).

## Lincoln's Facilities Services Team

### North America

**Michael J. Iannelli**

Managing Director (Chicago)  
[miannelli@lincolninternational.com](mailto:miannelli@lincolninternational.com)  
 +1 (312) 580-6281

**Lucien G. Webb**

Managing Director (Chicago)  
[lwebb@lincolninternational.com](mailto:lwebb@lincolninternational.com)  
 +1 (312) 506-2747

**Andrew Schwartz**

Director (Chicago)  
[aschwartz@lincolninternational.com](mailto:aschwartz@lincolninternational.com)  
 +1 (312) 506-2726

**Disclaimer**

This document contains significant assumptions and has been prepared based on publicly available information, or additional information supplied by the owners and/or managers of the company(ies) described in this document, which has not been independently verified. Accuracy and completeness of the information provided has been presumed and, therefore, its content may or may not be accurate and complete. No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information or statements made in this document and Lincoln International, its affiliates, directors, officers, employees and representatives expressly disclaim any and all liability with regards thereto. This document has been prepared for informational purposes only, is not a research report (as such term is defined by applicable law and regulations) and is not to be relied on by any person for any purpose. In addition, it is not to be construed as 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 trading strategy. No part of this material may be copied or duplicated in any form, or redistributed, without the prior written consent of Lincoln International.