

# Market Update

## Facilities Services

Q4 2016



### FS Stock Highlights

From last quarter:

- LI Facilities Services Index decreased 2.8%
- S&P 1500 Environmental and Facilities Services Index increased 10.4%
- S&P 500 Index increased 3.3%
- Facilities Services Enterprise Value / LTM EBITDA multiples increased 5.0% to 12.4x

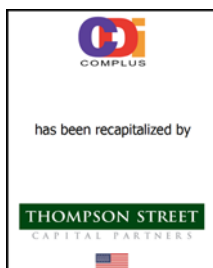
## LI Facilities Services ("FS") Index declines 2.8% after four strong quarters

### 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, Q1 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 above are historically updated to reflect the updated LI Facilities Services Index.

## Recent Facilities Services Transactions

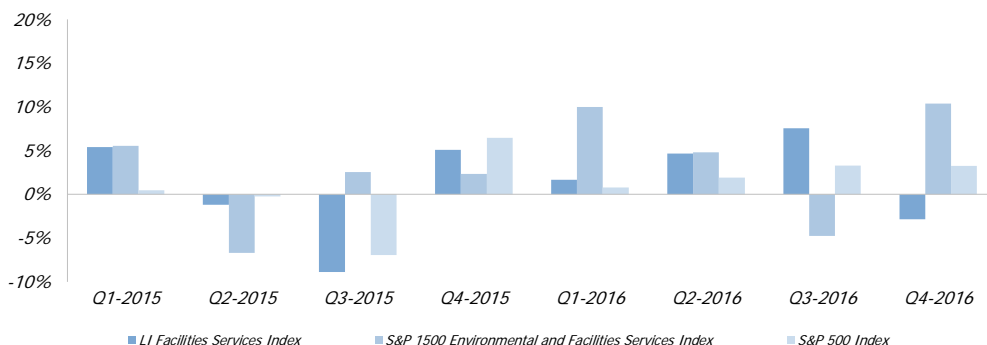


## Quarter over Quarter Performance

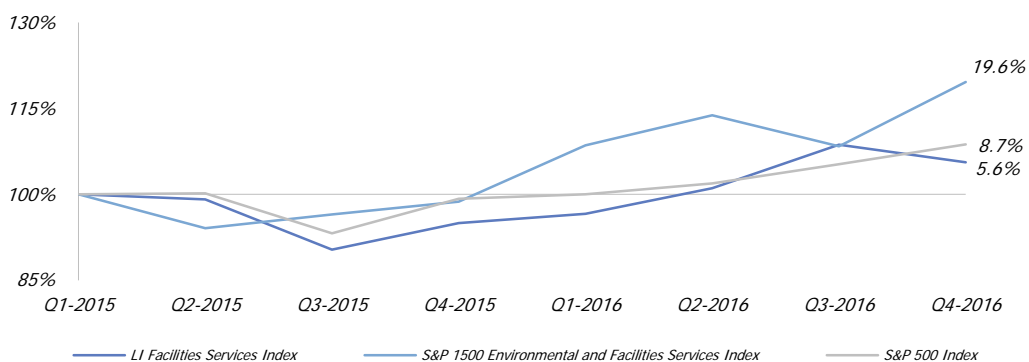
Outperformers	Change	Underperformers	Change
Matrix Service Company	21.0%	Aramark	(6.1%)
Team, Inc.	20.0%	Interserve plc	(7.1%)
EMCOR Group Inc.	18.7%	Johnson Controls Inc.	(11.5%)

Based on quarter-over-quarter share price performance

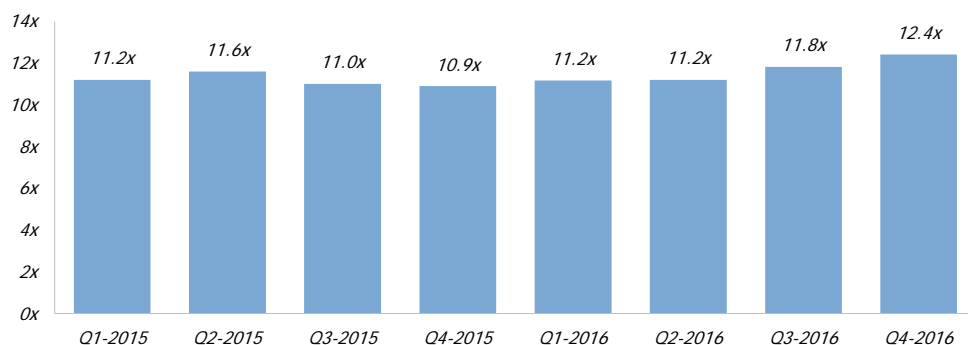
## Quarter over Quarter Stock Index Change



## Two Year Relative Stock Index Performance



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



Source: Capital IQ as of 12/31/2016

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

## Heard on the Street

**10/17/16: Sealed Air Corporation**, the food safety / security and facility hygiene provider, plans to spin-off its Diversey Care division and the food hygiene and cleaning business within its Food Care division

**10/17/16: Compass Group**, the UK-based contract foodservice provider, is in early stage talks to buy an undisclosed catering firm in Southern India

**11/18/2016: Sodexo**, the French-based food services and facilities management

company, is looking to acquire targets to expand its geographic reach

**12/16/2016: ABM Industries**, the New York-based provider of facilities solutions, is pursuing a sale of its Government Services business

**12/18/2016: Johnson Controls** is exploring a sale of Scott Safety, the manufacturer of firefighting equipment it acquired as part of its merger with Tyco

### 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	\$40.84	\$45.03	\$2,269	\$2,481	\$1.09	\$5,145	0.5x	15.2x	23.4x	5.0%	10.7%	3.2%	1.3x
Aramark	35.72	38.30	8,782	13,950	1.16	14,416	1.0x	11.2x	18.7x	(2.1%)	9.2%	8.6%	4.2x
Cintas Corporation	115.56	122.21	12,135	13,102	4.52	5,079	2.6x	13.3x	16.1x	8.8%	9.9%	19.4%	1.0x
Comfort Systems USA Inc.	33.30	35.25	1,229	1,232	1.61	1,626	0.8x	9.8x	12.4x	4.7%	21.0%	7.7%	0.0x
Compass Group plc	18.53	19.25	30,464	34,258	0.60	25,529	1.3x	14.6x	18.8x	(4.1%)	(3.0%)	9.2%	1.7x
EMCOR Group Inc.	70.76	73.44	4,291	4,311	3.13	7,379	0.6x	10.7x	13.3x	10.9%	13.5%	5.4%	0.0x
FirstService Corporation	47.45	51.78	1,700	1,983	0.83	1,418	1.4x	16.6x	23.2x	15.3%	29.4%	8.4%	1.6x
G&K Services Inc.	96.45	98.22	1,902	2,104	3.31	982	2.1x	12.9x	16.8x	4.0%	14.8%	16.6%	1.2x
G4S plc	2.90	3.14	4,486	6,814	0.03	9,272	0.7x	9.5x	14.1x	(15.0%)	(12.0%)	7.7%	3.5x
Interserve plc	4.22	6.53	611	1,030	0.02	4,311	0.2x	5.6x	10.4x	(12.5%)	(45.1%)	4.2%	2.4x
Johnson Controls Inc.	41.19	48.97	38,546	55,421	(1.30)	37,674	1.5x	15.8x	21.7x	1.3%	5.9%	9.3%	4.5x
Matrix Service Company	22.70	23.20	602	583	1.05	1,334	0.4x	9.4x	14.1x	(0.5%)	61.6%	4.7%	(0.3x)
MITIE Group plc	2.77	3.90	977	1,305	(0.18)	2,868	0.5x	8.4x	10.5x	(17.5%)	(29.5%)	5.4%	2.2x
Prosegur Compañía de Seguridad, S.A.	6.27	7.24	3,752	4,530	0.32	4,339	1.0x	9.4x	12.2x	(1.5%)	(2.0%)	11.1%	1.7x
Rentokil Initial plc	2.74	2.92	5,048	6,444	0.07	2,514	2.6x	11.2x	21.0x	(8.2%)	(9.2%)	23.0%	2.6x
Rollins Inc.	33.78	34.24	7,358	7,219	0.74	1,550	4.7x	23.5x	27.9x	5.7%	9.4%	19.8%	(0.5x)
Securitas AB	15.80	16.84	5,767	7,365	7.14	9,976	0.7x	11.5x	15.2x	6.2%	9.2%	6.4%	2.6x
ServiceMaster Global Holdings, Inc.	37.67	42.21	5,076	7,615	1.02	2,714	2.8x	12.6x	14.6x	5.6%	2.2%	22.3%	4.2x
Sodexo S.A.	115.27	115.54	17,257	18,572	4.15	22,568	0.8x	11.9x	15.2x	1.7%	(0.8%)	6.9%	0.9x
Team, Inc.	39.25	39.60	1,125	1,476	(0.33)	1,186	1.2x	20.4x	61.0x	35.2%	(16.5%)	6.1%	4.8x
UniFirst Corp.	143.65	147.65	2,913	2,549	6.17	1,468	1.7x	9.5x	13.8x	0.8%	(3.8%)	18.2%	(1.4x)
Mean							1.4x	12.5x	18.8x	2.1%	3.6%	10.7%	1.8x
Median							1.0x	11.5x	15.2x	1.7%	5.9%	8.4%	1.7x

Source: Capital IQ

Note: All values based on publicly available data as of 12/31/2016

## M&A Transaction Highlights

(\$ in millions)

Closed	Target	Target Description	Acquirer	Enterprise Value	EV/LTM Rev.	EV/LTM EBITDA
Announced	EVANTEC	Provides technical infrastructure services	ISS Facility Services Holding	-	-	-
Announced	Ray L. Hellwig Plumbing & Heating	Provides services for plumbing and HVAC systems	Total Facility Solutions	-	-	-
Announced	Rentokil Initial plc, Workwear and Hygiene Business	Offers washroom hygiene and laundering services	CWS-boco International	\$634	1.9x	-
Dec-16	Tri Comm Security Services	Provides security services	Heartland Security Services	-	-	-
Dec-16	GreenStreets	Provides dry cleaning and laundry services	Mulberrys	-	-	-
Dec-16	Century 21 Car Wash	Provides car wash and cleaning services	Zips Car Wash	-	-	-
Dec-16	Accent Food Services	Provides customized snacks and refreshment services	Audax Group	-	-	-
Nov-16	Merit Service Solutions	Provides managed exterior facilities services	Eureka Growth Capital Management	-	-	-
Nov-16	US Safety & Security	Offers personal and corporate security and threat assessment services	TorchStone Global	-	-	-
Nov-16	Window Genie	Provides window cleaning services	The Dwyer Group	-	-	-
Nov-16	Direct Energy Business Services Limited	Provides HVAC installation, maintenance and related technical services	Ainsworth	\$20	0.2x	-
Nov-16	Advanced Fire And Security	Offers fire and security systems services	Century Fire Protection	-	-	-
Nov-16	Source Security & Investigations	Provides security services	Allied Universal	-	-	-
Nov-16	Titan Fire & Security	Offers installation, testing, maintenance and other services for fire and security systems	Marlowe plc	-	-	-
Nov-16	EMS Management	Provides environmental cleaning services	Arrow Material Services	-	-	-
Oct-16	Creative Surroundings	Offers commercial grounds maintenance contracting services	Columbia Landcare	-	-	-
Oct-16	IPC Lydon	Offers maintenance, repair and upgrade services for mechanical systems and process equipment	Warren Equity Partners	-	-	-
Oct-16	Wash.io	Provides dry cleaning and laundry delivery services	Rinse	-	-	-
Oct-16	Premium Franchise Brands	Operates commercial cleaning franchises	Incline Equity Partners	-	-	-
Oct-16	Jim Clary and Associates	Offers environmental consulting services	Trinity Consultants	-	-	-
Oct-16	FJC Security Services	Provides building security services	Allied Universal	-	-	-
Oct-16	Ned Stevens Gutter Cleaning	Provides gutter cleaning, maintenance, installation and repair services	Incline Equity Partners	-	-	-

Source: Capital IQ, Mergermarket, Company Filings

## Global Industry Groups

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

## Global Locations

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Beijing  
Chicago  
Dallas  
Frankfurt  
London  
Los Angeles  
Madrid  
Milan  
Moscow  
Mumbai  
Munich  
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São Paulo  
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