



M&A Insights Q4 2020

**INDUSTRIAL SERVICES
INDUSTRY UPDATE**

INDUSTRIAL SERVICES INDUSTRY UPDATE

Industrial Services M&A Insights



M&A Activity Rebounds in Late 2020

The industrial services M&A market bounced back significantly since the spring of 2020. Many M&A transactions were put on hold in early 2020 as the COVID pandemic increased uncertainty and dried up financing markets. However, the second half of 2020 marked a return to normal. In fact, **many businesses saw increased interest in the M&A market, particularly businesses in verticals such as janitorial services, HVAC services, food production and food retailing services, and environmental services.**

Strong Demand for High Performing Assets

All signs point towards continued M&A activity in the industrial services space. Private equity dry powder is at all time highs. Balance sheets of strategic acquirers remain cash-rich after preparing for the worst in early 2020. Most industrial services were deemed essential services and are considered safer investments than non-essential businesses. There is less supply of high performing businesses willing to exit than demand from buyers. The trend towards outsourcing select industrial services continues as outside spend analysis and facilities management decisions are increasingly centralized.

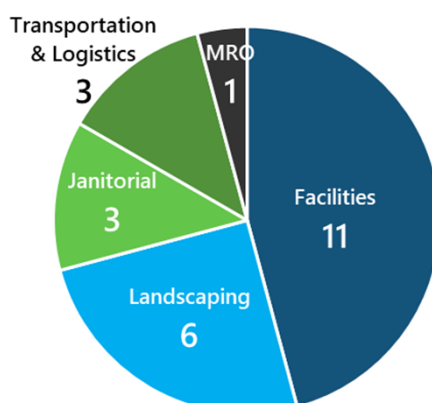
Key Takeaways

- The M&A market has returned to normalized levels after stalling during the first few months of the COVID pandemic.
- There is significant private equity and strategic buyer interest in the industrial services space, creating upward pressure on multiples.
- Facilities and field services transaction count continues to outpace other segments, mainly driven by consolidation plays by private-equity backed companies (platforms) in fragmented sub-markets.
- Charter has seen an increase in sellers wanting to go to market to capitalize on current trends and de-risk their personal balance sheets.

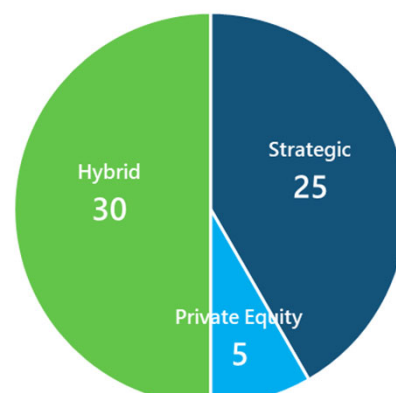
Q4 Deals by Segment



Q4 Facilities Services Deals



Q4 Buyer Type



Source: Wall Street Research, Capital IQ, SEC Filings

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SELECTED TRANSACTIONS



Five new platform acquisitions were made by private equity firms in Q4 2020, and all five of those platforms are in the facility and field services segment. We expect those platforms (new standalone investments) to be highly acquisitive in the next few quarters.

Date	Target (ownership)	Acquirer (ownership)	Segment
10/1/2020	Pinto Trucking Services	Casella Waste Systems (NasdaqGS:CWST)	Waste Management
10/1/2020	Highland Technical Services	LaBella Associates	Environmental Services
10/2/2020	Platinum Protection Group	AEGIS Security & Investigations	Security & Safety
10/6/2020	One Stop Environmental	Ambipar (BOVESPA:AMBP3)	Environmental Services
10/6/2020	IntraCoastal Environmental	Ambipar (BOVESPA:AMBP3)	Environmental Services
10/7/2020	Commercial Tree Care	BrightView Holdings (NYSE:BV)	Facility & Field Services
10/15/2020	Whitcap Environmental Services	Environmental 360 Solutions (Almada Investments)	Waste Management
10/20/2020	Green Remedies Waste and Recycling	Quest Resource Holding Corporation (NasdaqCM:QRHC)	Waste Management
10/20/2020	National Facility Services (Hennick & Co)	Kleen-Tech Services Corporation	Facility & Field Services
10/20/2020	Certain Assets of Tonawanda Environmental Corp.	Chemtron Corporation (Kinderhook Industries)	Environmental Services
10/21/2020	Safe Environment Business Solutions	Allied Universal Security Services (CDPQ)	Security & Safety
10/23/2020	Environmental Strategy Consultants	ALL4 (JMH Capital)	Environmental Services
10/26/2020	All Star Truck Services Corp.	Lubezone (Trivest)	Facility & Field Services
10/27/2020	Veris Environmental; AWS Dredge	Denali Water Solutions (TPG Growth)	Environmental Services
10/29/2020	King & MacGregor Environmental	Barr Engineering Company	Environmental Services
10/30/2020	Mcdonald Farms Enterprises	Waste Resource Management	Waste Management
10/31/2020	American Elevator and Machine	Arcline Investment Management	Facility & Field Services
11/2/2020	WLE LLC	BrightView Holdings (NYSE:BV)	Facility & Field Services
11/2/2020	Water Blasting & Vacuum Services	Terrapure Environmental (Birch Hill Equity Partners)	Environmental Services
11/2/2020	P. Munro Group	Urban Life Solutions (Signal Hill Equity Partners)	Facility & Field Services
11/2/2020	A&D Fire Sprinklers	The Hiller Companies (Pon)	Facility & Field Services
11/2/2020	Service Logic (Warburg Pincus)	Leonard Green & Partners	Facility & Field Services
11/3/2020	Sweeping Corp. of America (Soundcore Capital Partners)	Warburg Pincus	Facility & Field Services
11/3/2020	Beck Facility Services	Kellermeyer Bergensons Services (Cerberus Capital Mgt)	Facility & Field Services
11/6/2020	T.C. Security Company	Vermillion Systems	Security & Safety
11/10/2020	Walker Aero Enterprises	American AllWaste (NewHold Enterprises)	Waste Management
11/16/2020	TransCanada Turbines Ltd. (John Wood Group PLC)	TC Energy Corporation (TSX:TRP)	Facility & Field Services
11/18/2020	A Smart Elevator Solution; 1 Able Elevator Inspector	American Testing & Inspection Services (Cequel III)	Facility & Field Services
11/18/2020	TED Systems	Midwest Alarm Services (Per Mar Security)	Security & Safety
11/19/2020	Allied International Emergency	Ambipar (BOVESPA:AMBP3)	Environmental Services
11/20/2020	Sonoma Technical Services	Quality Uptime Services (Seaport Capital)	Facility & Field Services
11/22/2020	Fairfield Construction; Fairfield Snow & Ice Services	American Landscaping Systems (Cold Bore Capital)	Facility & Field Services
11/23/2020	Spectrum Restoration	FirstService Corporation (TSX:FSV)	Facility & Field Services
11/26/2020	Hot Iron Texas	United Site Services (Platinum Equity)	Facility & Field Services
11/30/2020	Security Resource Group	Input Capital Corp. (TSXV:INP)	Security & Safety
11/30/2020	Almega Environmental & Tech. Svcs.	Alliance Holdings (Align Capital Partners)	Environmental Services
12/1/2020	Landfill Reduction and Recycling	Lakeshore Recycling Systems (Goldman Sachs Priv. Capital)	Waste Management
12/1/2020	Talismark	Waste Harmonics (Arcapita)	Waste Management
12/1/2020	Monarch Environmental Services	Miller Environmental Group (GenNx360)	Environmental Services
12/2/2020	Shoener Environmental	TRC Companies (New Mountain Capital)	Environmental Services
12/2/2020	JD Irrigation	T.D.T. Corporation	Facility & Field Services
12/3/2020	JBR Environmental Services	VLS Recovery Services (Aurora Capital Partners)	Waste Management
12/4/2020	WFF Facility Services/Clean-Tech Company	HES Facilities (Nautic Partners)	Facility & Field Services
12/7/2020	All-Star Fire	Fire Safety and Protection (Sunny River Management)	Security & Safety
12/9/2020	Aegis Fire Protection; Cornet	Century Fire Protection (FirstService Corporation)	Security & Safety
12/10/2020	Total Fire & Safety	Marmic Fire & Safety Co. (HGGC)	Security & Safety
12/10/2020	ContainerPros	Wastequip (HIG Capital)	Waste Management
12/10/2020	Treecology	SavATree (CI Capital Partners)	Facility & Field Services
12/15/2020	Action Elevator Company	Southwest Elevator Company (Align Capital Partners)	Facility & Field Services
12/15/2020	Total Asphalt Svcs; Clean Sweep; Buckeye Sweeping; US Sweeping	Sweeping Corporation of America (Warburg Pincus LLC)	Facility & Field Services
12/15/2020	Virginia American Industries	Shamrock Environmental Corporation (CenterOak Partners)	Environmental Services
12/15/2020	CEI Alarm	Mountain Alarm	Security & Safety
12/15/2020	Hart Alarm LTD	Doyle Security Systems	Security & Safety
12/18/2020	Direct Specialty Industrial Services	Environmental 360 Solutions (Almada Investments)	Environmental Services
12/21/2020	Titan Security	Doyle Security Systems	Security & Safety
12/23/2020	AWP (Riverside Companies)	Kohlberg & Company	Facility & Field Services
12/23/2020	Utility Services Group	Rexel S.A. (ENXTPA:RLX)	Facility & Field Services
12/24/2020	Amerit Fleet Solutions (Ridgemont Equity Partners)	Brightstar Capital Partners	Facility & Field Services
12/30/2020	Illini Security Systems	Alarm Detection Systems	Security & Safety
12/31/2020	C&J Parking Lot Sweeping	Sweeping Corporation of America (Warburg Pincus LLC)	Facility & Field Services

Represents Platform Acquisition

Source: Wall Street Research, Capital IQ, SEC Filings

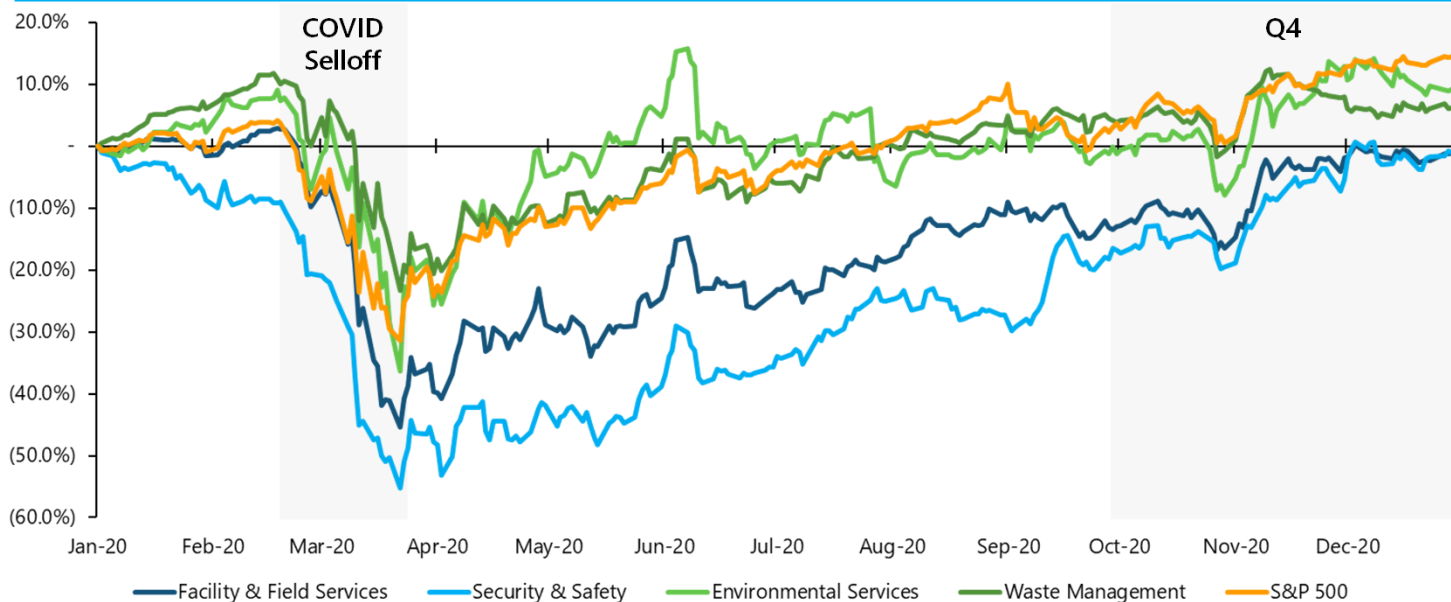
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PUBLIC VALUATION TRENDS

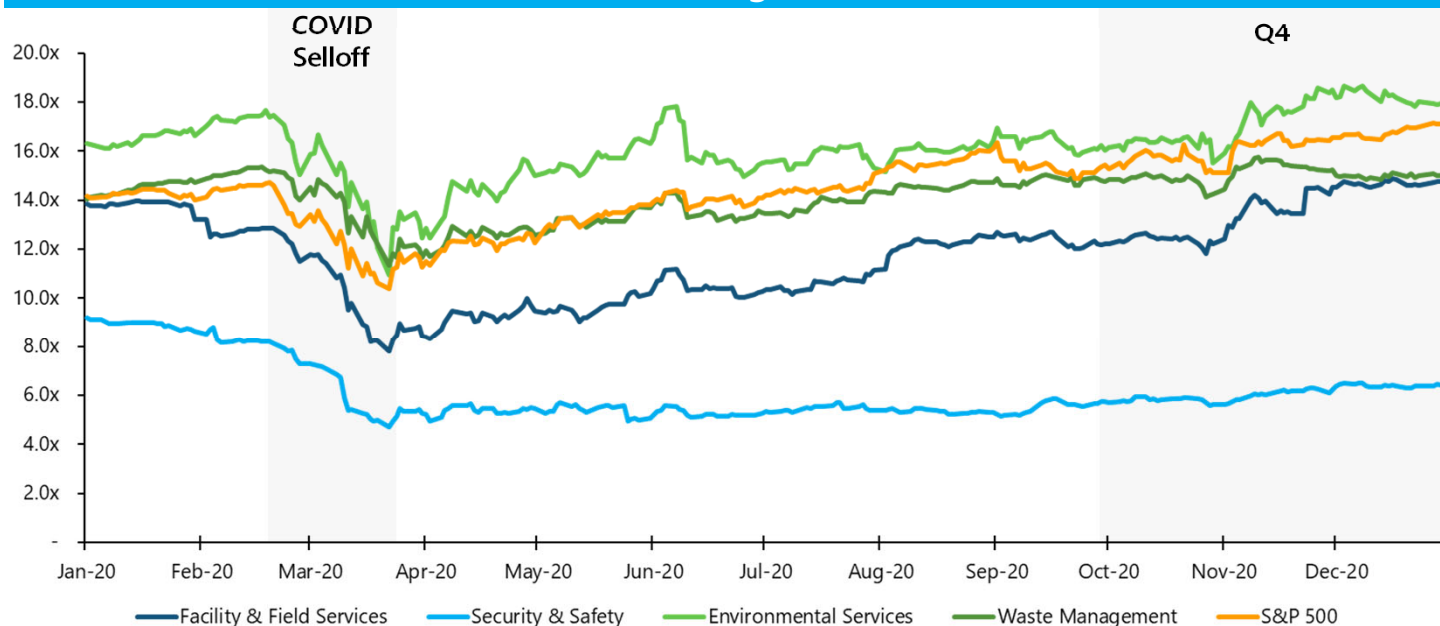


S&P 500 share prices ended the year in positive territory, rebounding faster than industrial services share prices. Although environmental services and waste management trailed the S&P slightly, security and safety price performance trailed significantly as ongoing reopening concerns weighted on investor sentiment.

One-Year Share Price Performance by Segment



One-Year Rolling EV/EBITDA



Source: Wall Street Research, Capital IQ, SEC Filings

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PUBLIC TRADING DATA



Although most industrial services businesses remained resilient through Q4, growth and bottom-line performance remained muted compared to previous years.

Operating Statistics

	LTM Revenues		LTM EBITDA			LTM Net Income		LTM Capex		Debt /		Net Debt /
	\$(M)	3 yr CAGR	\$(M)	Margin	3 yr CAGR	\$(M)	Margin	\$(M)	% Sales	EBITDA	Capital	EBITDA
Facility & Field Svcs.												
ABM Industries	\$5,988	3.2%	\$373	6.2%	23.3%	\$0	0.0%	\$38	0.6%	1.9x	37.7%	2.4x
Aramark	11,320	(4.2%)	153	1.4%	(50.7%)	(689)	(6.1%)	389	3.4%	14.0x	76.4%	nm
BrightView Holdings	2,330	1.8%	190	8.2%	(8.6%)	(41)	(1.8%)	48	2.1%	5.1x	48.9%	6.4x
Cintas	6,934	10.0%	1,517	21.9%	8.4%	957	13.8%	162	2.3%	1.8x	44.1%	1.9x
Compass Group	25,786	(4.0%)	1,183	4.6%	(24.4%)	172	0.7%	350	1.4%	4.4x	49.6%	5.2x
EMCOR Group	8,797	4.6%	601	6.8%	7.9%	133	1.5%	48	0.5%	0.7x	20.7%	0.9x
Iron Mountain	4,147	2.5%	1,405	33.9%	4.2%	343	8.3%	438	10.6%	5.8x	90.2%	7.8x
Johnson Controls	22,082	(0.8%)	2,978	13.5%	(9.5%)	799	3.6%	408	1.8%	2.6x	32.9%	3.1x
Mitie Group	2,674	0.8%	111	4.1%	31.6%	37	1.4%	9	0.3%	2.5x	51.9%	3.2x
Rentokil Initial	3,351	5.4%	594	17.7%	(3.3%)	254	7.6%	177	5.3%	3.6x	65.3%	4.2x
Sodexo	23,097	(2.3%)	1,083	4.7%	(17.4%)	(377)	(1.6%)	476	2.1%	5.4x	69.7%	7.0x
Stericycle	2,676	(9.3%)	486	18.2%	(13.6%)	(57)	(2.1%)	120	4.5%	3.6x	47.1%	4.5x
UniFirst	1,786	4.3%	275	15.4%	0.9%	129	7.2%	130	7.3%	0.1x	2.3%	0.2x
Mean		0.9%		12.0%	(3.9%)		2.5%		3.2%	4.0x	49.0%	3.9x
Median		1.8%		6.2%	(8.6%)		0.0%		2.1%	4.4x	48.9%	3.7x
Security & Safety												
G4S	\$9,257	0.7%	\$817	8.8%	0.3%	\$21	0.2%	\$130	1.4%	3.8x	84.5%	4.5x
Prosegur	4,367	(5.9%)	328	7.5%	(19.3%)	405	9.3%	139	3.2%	6.5x	73.6%	7.5x
Securitas	12,251	5.4%	717	5.9%	2.7%	295	2.4%	0	0.0%	2.9x	51.4%	3.4x
Mean		0.1%		7.4%	(5.5%)		4.0%		1.5%	4.4x	69.8%	5.1x
Median		0.7%		7.5%	0.3%		2.4%		1.4%	3.8x	73.6%	4.5x
Environmental Svcs.												
Clean Harbors	\$3,144	2.2%	\$502	16.0%	6.4%	\$135	4.3%	\$196	6.2%	2.9x	57.3%	3.6x
Ecolab	11,790	(5.2%)	2,497	21.2%	(5.4%)	967	8.2%	489	4.1%	2.7x	53.4%	2.8x
Heritage-Crystal Clean	406	3.5%	44	10.8%	1.9%	12	2.9%	24	5.8%	1.4x	28.2%	2.5x
US Ecology	934	22.8%	157	16.8%	12.7%	(389)	(41.7%)	57	6.1%	4.9x	59.1%	5.5x
Mean		5.8%		16.2%	3.9%		(6.6%)		5.6%	2.9x	49.5%	3.6x
Median		2.9%		16.4%	4.2%		3.6%		6.0%	2.8x	55.4%	3.2x
Waste Management												
Casella Waste Systems	\$775	8.9%	\$157	20.2%	10.9%	\$91	11.8%	\$108	14.0%	3.5x	63.2%	4.0x
Republic Services	10,154	0.4%	2,951	29.1%	2.1%	967	9.5%	1,195	11.8%	3.1x	52.2%	3.1x
Waste Connections	5,446	5.6%	1,646	30.2%	6.0%	205	3.8%	665	12.2%	3.0x	42.2%	3.0x
Waste Management	15,218	1.7%	4,299	28.2%	2.5%	1,496	9.8%	1,632	10.7%	3.2x	65.8%	3.3x
Mean		4.1%		26.9%	5.4%		8.7%		12.2%	3.2x	55.8%	3.4x
Median		3.6%		28.7%	4.2%		9.7%		12.0%	3.1x	57.7%	3.2x

INDUSTRIAL SERVICES INDUSTRY UPDATE

PUBLIC TRADING DATA



Due to softer than expected earnings in 2020, many trading multiples remain inflated as investors expect earnings to catch up to price in the coming years.

Trading Multiples

	Price 12/31/20	% 52-Wk High	Market Cap	Net Debt	Tot. Ent. Value	Total Enterprise Value /				P / E		Price / Book
						Revenues		EBITDA				
						LTM	NFY	LTM	NFY	LTM	NFY	
Facility & Field Svcs.												
ABM Industries	\$37.84	91%	\$2,526	\$513	\$3,039	0.5x	0.5x	8.2x	8.5x	nmf	15.7x	2.1x
Aramark	38.48	81%	9,771	7,558	17,329	1.5x	1.3x	nmf	20.7x	nmf	nmf	4.0x
BrightView Holdings	15.12	88%	1,585	1,131	2,716	1.2x	1.1x	14.3x	9.7x	nmf	14.9x	1.4x
Cintas	353.46	96%	37,108	2,136	39,244	5.7x	5.3x	25.9x	22.8x	39.6x	37.5x	9.9x
Compass Group	18.61	68%	33,193	4,223	37,417	1.5x	1.4x	nmf	17.7x	nmf	46.8x	5.9x
EMCOR Group	91.46	98%	5,024	(367)	4,657	0.5x	0.5x	7.7x	8.4x	38.1x	15.8x	2.9x
Iron Mountain	29.48	85%	8,495	10,874	19,369	4.7x	4.6x	13.8x	12.6x	24.8x	22.3x	9.3x
Johnson Controls	46.59	98%	33,727	8,559	42,286	1.9x	1.8x	14.2x	12.8x	43.3x	18.6x	2.5x
Mitie Group	0.56	27%	792	(86)	706	0.3x	0.2x	6.4x	4.9x	9.8x	14.4x	2.2x
Rentokil Initial	6.96	88%	12,848	1,289	14,137	4.2x	3.6x	23.8x	16.7x	43.1x	33.8x	7.6x
Sodexo	84.67	65%	12,363	5,219	17,583	0.8x	0.8x	16.2x	12.8x	nmf	28.4x	4.6x
Stericycle	69.33	87%	6,347	2,116	8,464	3.2x	3.2x	17.4x	16.5x	nmf	27.6x	2.6x
UniFirst	211.69	97%	3,995	(431)	3,564	2.0x	2.0x	13.0x	12.7x	31.1x	30.2x	2.7x
Mean		82%				2.1x	2.0x	14.6x	13.6x	32.8x	25.5x	4.4x
Median		88%				1.5x	1.4x	14.2x	12.8x	38.1x	24.9x	2.9x
Security & Safety												
G4S	\$3.47	98%	\$5,358	\$1,992	\$7,350	0.8x	0.8x	9.0x	8.9x	nmf	17.6x	7.1x
Prosegur	2.98	62%	1,502	1,356	2,858	0.7x	0.6x	8.7x	5.1x	4.1x	14.5x	2.0x
Securitas	16.16	81%	5,899	1,607	7,506	0.6x	0.6x	10.5x	7.7x	19.1x	13.1x	2.9x
Mean		80%				0.7x	0.7x	9.4x	7.3x	11.6x	15.1x	4.0x
Median		81%				0.7x	0.6x	9.0x	7.7x	11.6x	14.5x	2.9x
Environmental Svcs.												
Clean Harbors	\$76.10	86%	\$4,204	\$1,232	\$5,436	1.7x	1.6x	10.8x	10.2x	31.4x	39.4x	3.6x
Ecolab	216.36	94%	61,759	5,888	67,646	5.7x	5.4x	27.1x	24.5x	nmf	43.4x	9.8x
Heritage-Crystal Clean	21.07	67%	506	42	547	1.3x	1.3x	12.4x	10.1x	41.3x	29.9x	2.4x
US Ecology	36.33	62%	1,131	796	1,927	2.1x	2.0x	12.3x	10.5x	nmf	56.4x	2.2x
Mean		77%				2.7x	2.6x	15.7x	13.8x	36.4x	42.3x	4.5x
Median		76%				1.9x	1.8x	12.3x	10.3x	36.4x	41.4x	3.0x
Waste Management												
Casella Waste Systems	\$61.95	97%	\$3,164	\$468	\$3,632	4.7x	4.4x	23.2x	20.1x	33.3x	68.9x	8.9x
Republic Services	96.30	93%	30,693	9,244	39,937	3.9x	3.8x	13.5x	12.9x	31.9x	26.6x	3.6x
Waste Connections	102.57	92%	26,958	4,393	31,351	5.8x	5.4x	19.0x	17.7x	nmf	35.5x	3.9x
Waste Management	117.93	93%	49,838	13,775	63,613	4.2x	3.8x	14.8x	13.4x	33.5x	26.1x	6.9x
Mean		94%				4.6x	4.4x	17.6x	16.0x	32.9x	39.3x	5.8x
Median		93%				4.4x	4.1x	16.9x	15.5x	33.3x	31.0x	5.4x

Source: Wall Street Research, Capital IQ, SEC Filings



About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. Charter offers a comprehensive range of investment banking and private capital investing advisory services, including buy-side and sell-side M&A, succession planning, business valuation and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance to both business owners and investors throughout the complete business lifecycle.

Industrial Services Expertise

Our industrial services practice team provides targeted merger and acquisition advisory and capital raising expertise to the industry. By maintaining a strong focus on industrial services companies, our industry bankers have a deep understanding of trends and value drivers across the sector and maintain ongoing dialogue with the acquirer and investor universe. Our industrial services practice has a growing track record of helping clients sell to strategic acquirers and value-added private equity groups across the industry landscape.

Broker dealer services offered through M&A Securities Group, Inc., Member FINRA/SIPC, a separate entity from Charter Capital Partners.

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