



M&A Insights Q1 2021

**INDUSTRIAL SERVICES
INDUSTRY UPDATE**

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Industrial Services M&A Insights



M&A Activity Expands Again During Q1 2021

Does the M&A market remember COVID-19? During Q1 2021, it almost seemed as if the M&A market had forgotten about the affect of the pandemic on financing markets and transaction risks. M&A continued at a blistering pace with 67 transactions in the quarter, compared to 62 in Q4 2020 (Q4 typically having the lion's share of deals as shareholders seek to close before a calendar year-end). Earnings have started to normalize again at both the public and private levels. Asset-light providers are still commanding higher premiums than their asset-heavy counterparties, and interest from strategic and private equity buyers is at all-time highs.

Historic Cold Snap Heats Up Demand

The February 2021 North American cold wave that brought below-freezing temperatures to most of the continental U.S. affected a significant number of industrial services providers, specifically facilities services companies. Texas, in particular, was severely affected – power equipment was not winterized, which led to significant power outages. Downstream of widespread power outages, excess snow management resources were brought in from out of state, demanding high premiums. In addition, plumbing services could not be completed fast enough, due to frozen pipes. Expect leading facilities services companies to be better-prepared for this type of weather in Texas the next time around.

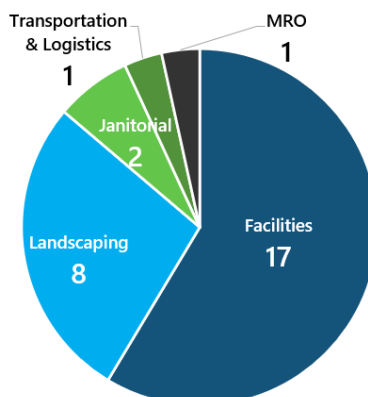
Key Takeaways

- The M&A market remains extremely active, and buyers are aggressively pursuing platforms and add-ons.
- Many potential sellers are weighing the pros and cons of pursuing a transaction in 2021.
- All industrial services sectors have been extremely active in the first quarter, with large transactions in verticals including security, fire and safety, and environmental services.

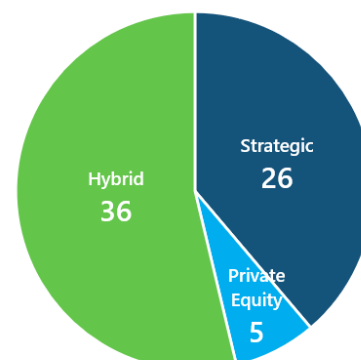
Q1 Deals by Segment



Q1 Facilities Services Deals



Q1 Buyer Type



Selected Transactions



Five new platform acquisitions were made by private equity firms in Q1 2021, which is in line with platform acquisitions in Q4 2020. As predicted, there were many (36) add-ons made by hybrid buyers – one of the strongest drivers of M&A activity in the market right now.

Date	Target (ownership)	Acquirer (ownership)	Segment
1/2/2021	West End Facil./Republic Services (Republic Services (NYSE:RSG))	Earth First Aid Curbside Recycling	Waste Management
1/4/2021	Proshred and Proscan Massachusetts business in Springfield	RediShred Capital Corp. (TSXV:KUT)	Facility & Field Services
1/4/2021	Roy Strom Company	Lakeshore Recycling Systems (Goldman Sachs Private Capital)	Waste Management
1/4/2021	RENEW Energy	Takkion Holdings (Apollo Global Management (NYSE:APO))	Facility & Field Services
1/4/2021	Knox Waste Service	Republic Services (NYSE:RSG)	Waste Management
1/4/2021	Commercial business of Land Shark Shredding	Underground Vaults & Storage	Facility & Field Services
1/4/2021	Appliance Repair Service	General Parts (Marsden Holding)	Facility & Field Services
1/4/2021	Landscape Operations of Volunteer Lawn (Volunteer Lawn)	Landscape Workshop (Carousel Capital)	Facility & Field Services
1/5/2021	Salina Iron & Metal Co.	Allmetal Recycling (Summit Materials)	Waste Management
1/5/2021	GEOS Worldwide	Garmin (NasdaqGS:GRMN)	Security & Safety
1/5/2021	Mulligan Security Corp.	Protos Security (Southfield Capital)	Security & Safety
1/5/2021	Dickinson Fleet Services (Ridgemont Equity Partners)	Cox Enterprises	Facility & Field Services
1/5/2021	Blueway	Resource Environmental Solutions	Environmental Services
1/5/2021	Custom Environmental Services	Ambipar (BOVESPA:AMB3)	Environmental Services
1/5/2021	A. Molly Company	Advanced DRI f/k/a Hudson Valley DKI	Environmental Services
1/5/2021	May River Disposal	Capital Waste Services (Kinderhook Industries)	Waste Management
1/6/2021	Big John Site Services	Lakeshore Recycling Systems (Goldman Sachs Private Capital)	Facility & Field Services
1/6/2021	Southern Coach Management Corporation	Monroe Truck Equipment (Industrial Opportunity Partners)	Facility & Field Services
1/7/2021	Brandywine Elevator Company; Penn City Elevator	3 Phase Elevator (Fort Point Capital)	Facility & Field Services
1/8/2021	Cutting Edge Property Maintenance	BrightView Holdings (NYSE:BV)	Facility & Field Services
1/8/2021	Sunset Commercial Services	SeaCrest Services	Facility & Field Services
1/8/2021	All Systems	South Western Communications (Koch Enterprises)	Security & Safety
1/8/2021	Global Industrial Services	Pritchard Industries (Alvarez & Marsal Capital)	Facility & Field Services
1/11/2021	Hydromax USA (Warren Equity Partners)	Industrial Growth Partners	Environmental Services
1/11/2021	Arborwell	SavATree (CI Capital Partners)	Facility & Field Services
1/11/2021	Standard Elevator	American Elevator and Machine (Arcline Investment Management)	Facility & Field Services
1/12/2021	Emerald Landscape Services	Stay Green	Facility & Field Services
1/13/2021	Gallegos Sanitation	Republic Services (NYSE:RSG)	Waste Management
1/14/2021	PPV	Patriot Environmental Services (Angeleno Group)	Environmental Services
1/15/2021	SecurAmerica	Allied Universal Security Services (CDPQ)	Security & Safety
1/25/2021	Recyc Systems Southeast	Denali Water Solutions (TPG Growth)	Environmental Services
1/26/2021	EHC Associates	PennSpring Capital	Environmental Services
1/27/2021	Great Lakes Fire and Safety Equipment	CertaSite (Riverside)	Security & Safety
2/1/2021	Anachem	Environmental 360 Solutions (Almada Investments)	Environmental Services
2/1/2021	Central Kentucky Fiber Resources	Rumpke Waste & Recycling	Waste Management
2/3/2021	RNA Facilities Management	Revolent Capital	Facility & Field Services
2/3/2021	Sunrise Sanitation	Meridian Waste (Warren Equity Partners)	Waste Management
2/4/2021	GTI	BrightView Holdings (NYSE:BV)	Facility & Field Services
2/4/2021	Commercial Division of The Ohio Valley Group	Schill Landscaping And Lawn Care Services (Plexus Capital)	Facility & Field Services
2/5/2021	Ace Environmental	Meridian Waste (Warren Equity Partners)	Waste Management
2/8/2021	Big Twigs	SavATree (CI Capital Partners)	Facility & Field Services
2/10/2021	Int. Security Solutions Div. of Electrical Controls & Maintenance	Corbett Technology Solutions (Wind Point Advisors, LLC)	Security & Safety
2/11/2021	Auxano Environmental	ASC Group	Environmental Services
2/17/2021	Hydro Technology	Superior Environmental Solutions (Rosewood Private Investments)	Environmental Services
2/19/2021	Orion Environmental Services	Ambipar (BOVESPA:AMB3)	Environmental Services
2/24/2021	Coast Environmental	Alliance Environmental Group	Environmental Services
3/1/2021	Great Lakes Conveyor Maintenance	Binkelman	Facility & Field Services
3/1/2021	Alliance Mechanical Services	Tech-24 (HCI Equity Partners)	Facility & Field Services
3/2/2021	Eagle Elevator	3 Phase Elevator (Fort Point Capital)	Facility & Field Services
3/2/2021	Arrow Septic & Sewer	Lakeshore Recycling Systems (Goldman Sachs Private Capital)	Environmental Services
3/2/2021	Chippers	The Davey Tree Expert Company	Facility & Field Services
3/3/2021	Felix Septic Service; Eastern Pipe Service	Wind River Environmental (Gryphon Investors)	Environmental Services
3/4/2021	CleanStreet / Cannon Pacific Service	Sweeping Corporation of America (Warburg Pincus LLC)	Facility & Field Services
3/5/2021	Fire Alarm Services, Inc.	Pye Barker Fire & Safety (Leonard Green & Partners)	Security & Safety
3/5/2021	Surveillance Plus (monitoring assets)	Armstrong's National Alarm Monitoring	Security & Safety
3/8/2021	L&G Environmental	American AllWaste (NewHold Enterprises)	Waste Management
3/10/2021	Safe Electronics	ADT Inc. (NYSE:ADT)	Security & Safety
3/12/2021	United Fire	Pye Barker Fire & Safety (Leonard Green & Partners)	Security & Safety
3/12/2021	Bealine Environmental Services	Circon Environmental (Kinderhook Industries)	Environmental Services
3/15/2021	Terrapure Environmental	GFL Environmental Inc. (TSX:GFL)	Environmental Services
3/16/2021	Krystal Klean	Fleetwash (ACON Investments)	Facility & Field Services
3/17/2021	Contract Sweeping Services; Statewide Const. Sweeping	Broadtree Partners	Facility & Field Services
3/23/2021	AI Fire (Audex Private Equity)	Snow Phipps Group	Security & Safety
3/30/2021	Ace Portables	Lakeshore Recycling Systems (Goldman Sachs Private Capital)	Facility & Field Services
3/31/2021	Sierra Air	Service Champions (Odyssey Investment Partners)	Facility & Field Services
3/31/2021	A. Duquette & Son	CoolSys (Ares Management)	Facility & Field Services
3/31/2021	Johnson Septic Service	Lakeshore Recycling Systems (Goldman Sachs Private Capital)	Facility & Field Services

Represents platform acquisition

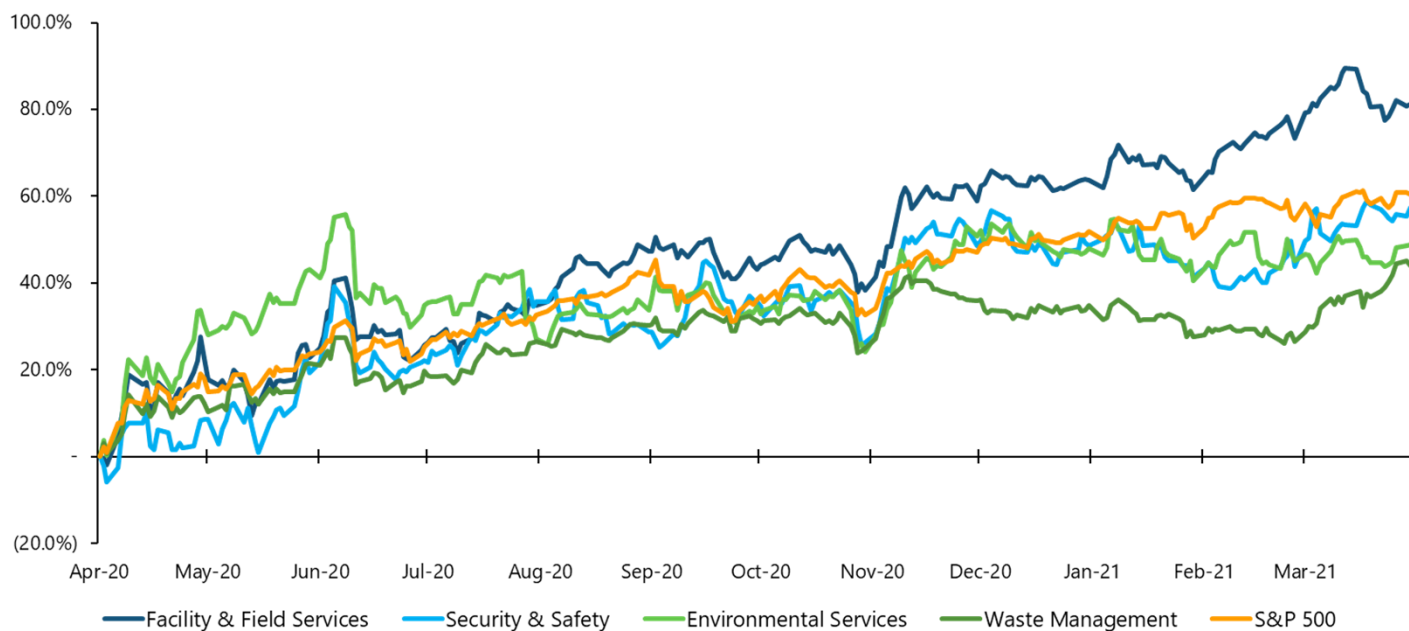
Source: Wall Street Research, Capital IQ, SEC Filings

Public Valuation Trends

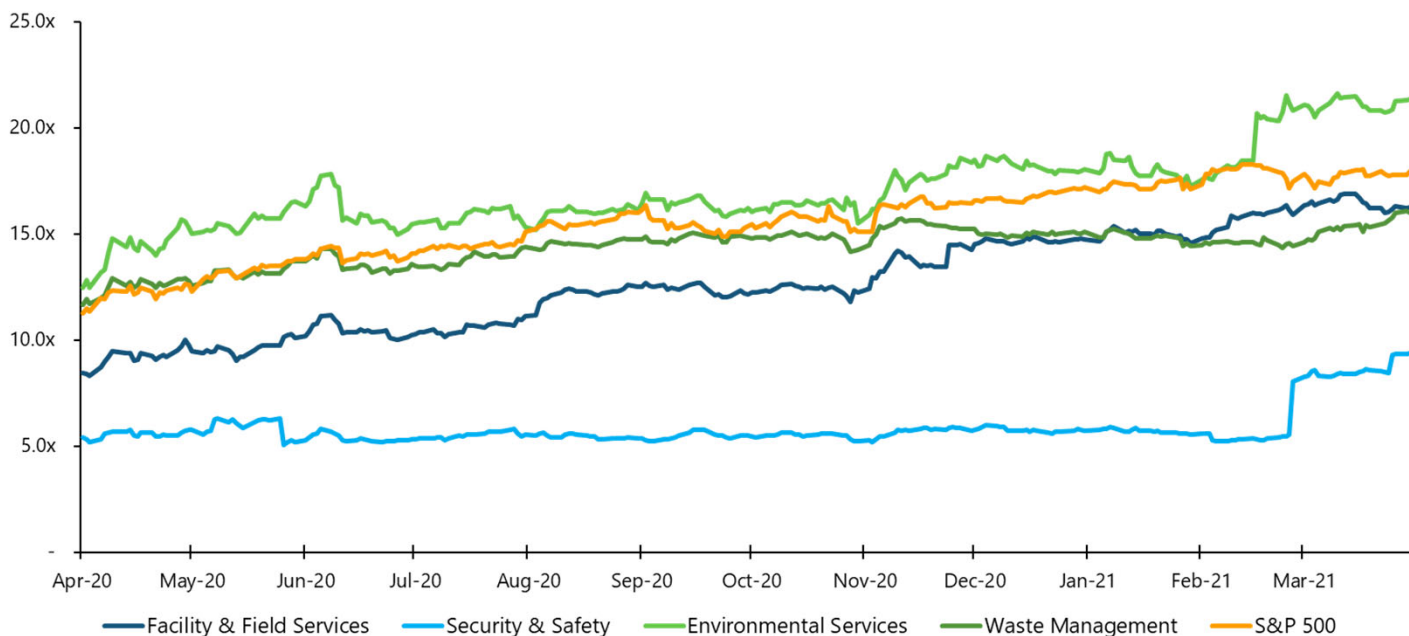


With the March 2020 public equities performance falling off the LTM Q1 2021 charts, all industrial services segments experienced strong share price performance, bolstered by strong quarterly earnings and, to a lesser extent, expanding valuation multiples. However, only facilities and field services outperformed the S&P.

One-Year Share Price Performance by Segment



One-Year Rolling EV/EBITDA



INDUSTRIAL SERVICES INDUSTRY UPDATE

Public Trading Data



Although margins are generally strong, exposure to food service and office services has delayed some margin recovery, which will likely start to recover in Q3 2021.

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 Services												
ABM Industries	\$5,867	3.2%	\$431	7.3%	24.6%	\$47	0.8%	\$33	0.6%	1.7x	35.5%	2.0x
Aramark	10,408	(4.2%)	41	0.4%	(68.0%)	(564)	(5.4%)	353	3.4%	18.3x	76.7%	nmf
BrightView Holdings	2,423	1.8%	222	9.2%	(4.6%)	(14)	(0.6%)	46	1.9%	4.5x	48.6%	5.5x
Cintas	6,900	10.0%	1,528	22.2%	7.7%	981	14.2%	141	2.0%	1.7x	42.0%	1.8x
Compass Group	21,903	(4.0%)	475	2.2%	(44.5%)	(482)	(2.2%)	271	1.2%	8.6x	49.1%	12.9x
EMCOR Group	8,801	4.6%	613	7.0%	9.1%	142	1.6%	44	0.5%	0.6x	20.1%	0.9x
Iron Mountain	4,161	2.5%	1,413	34.0%	3.0%	324	7.8%	487	11.7%	5.8x	91.7%	8.0x
Johnson Controls	22,232	(0.8%)	3,282	14.8%	(5.3%)	929	4.2%	390	1.8%	2.4x	32.6%	2.8x
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	3,855	5.4%	718	18.6%	1.5%	254	6.6%	177	4.6%	5.6x	75.0%	6.5x
Sodexo	19,630	(2.3%)	553	2.8%	(32.7%)	(799)	(4.1%)	362	1.8%	8.6x	68.3%	13.8x
Stericycle	2,559	(9.3%)	508	19.9%	(11.9%)	(11)	(0.4%)	105	4.1%	3.4x	46.6%	4.2x
UniFirst	1,771	4.3%	272	15.4%	(0.5%)	127	7.2%	121	6.9%	0.1x	2.2%	0.2x
Mean		0.9%		12.1%	(6.9%)		2.4%		3.1%	4.9x	49.2%	5.1x
Median		1.8%		7.3%	(4.6%)		(0.6%)		1.9%	4.5x	48.6%	3.7x
Security & Safety												
Prosegur	\$4,367	(5.9%)	\$328	7.5%	(19.3%)	\$396	9.1%	\$121	2.8%	6.5x	73.6%	7.5x
Securitas	12,079	5.4%	641	5.3%	(2.5%)	288	2.4%	201	1.7%	3.1x	51.7%	3.7x
Mean		(0.3%)		6.4%	(10.9%)		5.7%		2.2%	4.8x	62.7%	5.6x
Median		(0.3%)		6.4%	(10.9%)		5.7%		2.2%	4.8x	62.7%	5.6x
Environmental Services												
Clean Harbors	\$3,094	2.2%	\$500	16.1%	5.2%	\$145	4.7%	\$155	5.0%	2.8x	56.2%	3.5x
Ecolab	11,655	(5.2%)	2,444	21.0%	(6.4%)	869	7.5%	443	3.8%	2.7x	53.0%	2.9x
Heritage-Crystal Clean	404	3.5%	42	10.4%	2.8%	16	3.9%	19	4.8%	1.0x	21.0%	1.8x
US Ecology	922	22.8%	148	16.1%	10.1%	(92)	(10.0%)	48	5.2%	5.1x	58.3%	5.8x
Mean		5.8%		15.9%	2.9%		1.5%		4.7%	2.9x	47.1%	3.5x
Median		2.9%		16.1%	4.0%		4.3%		4.9%	2.7x	54.6%	3.2x
Waste Management												
Casella Waste Systems	\$781	8.9%	\$162	20.7%	12.1%	\$94	12.1%	\$115	14.7%	3.4x	62.4%	3.8x
Republic Services	10,196	0.4%	3,031	29.7%	2.5%	1,017	10.0%	1,153	11.3%	2.9x	51.2%	3.0x
Waste Connections	5,490	5.6%	1,673	30.5%	4.4%	222	4.0%	624	11.4%	2.9x	41.7%	3.0x
Waste Management	15,601	1.7%	4,464	28.6%	3.2%	1,556	10.0%	1,443	9.2%	2.9x	64.5%	3.0x
Mean		4.1%		27.4%	5.5%		9.0%		11.7%	3.0x	54.9%	3.2x
Median		3.6%		29.2%	3.8%		10.0%		11.3%	2.9x	56.8%	3.0x

Public Trading Data



At the end of Q1, stocks across the market were close to 52-week highs, continuing to expand market multiples until earnings catch up to valuations.

Trading Multiples

	Price 03/31/21	% 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 Services												
ABM Industries	\$51.01	92%	\$3,422	\$484	\$3,907	0.7x	0.6x	9.1x	9.9x	73.1x	17.5x	2.2x
Aramark	37.78	88%	9,595	7,272	16,868	1.6x	1.3x	nmf	17.0x	nmf	nmf	3.6x
BrightView Holdings	16.87	94%	1,770	1,087	2,857	1.2x	1.2x	12.9x	9.9x	nmf	15.7x	1.4x
Cintas	341.31	92%	35,851	2,213	38,064	5.5x	5.0x	24.9x	20.9x	37.4x	33.7x	9.7x
Compass Group	20.13	90%	35,914	3,834	39,748	1.8x	1.5x	nmf	17.4x	nmf	42.0x	6.0x
EMCOR Group	112.16	97%	6,146	(225)	5,921	0.7x	0.6x	9.7x	9.8x	43.6x	17.6x	3.2x
Iron Mountain	37.01	90%	10,674	11,165	21,840	5.2x	5.0x	15.5x	13.7x	32.9x	26.3x	12.6x
Johnson Controls	59.67	96%	42,937	8,231	51,168	2.3x	2.2x	15.6x	14.4x	47.0x	22.5x	2.6x
Mitie Group	0.87	62%	1,227	(86)	1,141	0.4x	0.3x	10.3x	7.7x	15.2x	20.6x	2.3x
Rentokil Initial	6.67	84%	12,356	1,368	13,724	3.6x	3.4x	19.1x	15.2x	49.0x	30.2x	7.7x
Sodexo	95.99	93%	14,001	4,984	18,984	1.0x	0.9x	nmf	13.0x	nmf	31.6x	4.2x
Stericycle	67.51	85%	6,185	2,090	8,275	3.2x	3.1x	16.3x	16.3x	nmf	27.0x	2.9x
UniFirst	223.71	86%	4,219	(468)	3,750	2.1x	2.0x	13.8x	12.4x	33.4x	29.4x	2.3x
Mean		88%				2.3x	2.1x	14.7x	13.7x	41.4x	26.2x	4.7x
Median		90%				1.8x	1.5x	14.6x	13.7x	40.5x	26.7x	3.2x
Security & Safety												
Prosegur	\$3.18	92%	\$1,728	\$1,356	\$3,084	0.7x	0.7x	9.4x	6.1x	4.3x	16.6x	2.1x
Securitas	17.03	99%	6,214	1,741	7,954	0.7x	0.6x	12.4x	9.0x	21.6x	15.3x	2.8x
Mean		95%				0.7x	0.7x	10.9x	7.6x	13.0x	15.9x	2.4x
Median		95%				0.7x	0.7x	10.9x	7.6x	13.0x	15.9x	2.4x
Environmental Services												
Clean Harbors	\$84.06	91%	\$4,606	\$1,156	\$5,763	1.9x	1.8x	11.5x	10.2x	32.3x	35.9x	3.7x
Ecolab	214.07	93%	61,241	5,962	67,203	5.8x	5.4x	27.5x	23.7x	70.6x	41.4x	10.1x
Heritage-Crystal Clean	27.13	90%	655	30	685	1.7x	1.5x	16.4x	10.2x	40.5x	24.2x	2.5x
US Ecology	41.64	91%	1,297	773	2,070	2.2x	2.1x	14.0x	11.3x	nmf	53.3x	2.1x
Mean		91%				2.9x	2.7x	17.4x	13.9x	47.8x	38.7x	4.6x
Median		91%				2.1x	1.9x	15.2x	10.8x	40.5x	38.6x	3.1x
Waste Management												
Casella Waste Systems	\$63.57	96%	\$3,248	\$466	\$3,714	4.8x	4.5x	23.0x	19.8x	33.6x	79.3x	9.2x
Republic Services	99.35	96%	31,683	9,049	40,731	4.0x	3.8x	13.4x	12.8x	31.2x	26.8x	4.1x
Waste Connections	107.98	97%	28,337	4,231	32,567	5.9x	5.5x	19.5x	17.8x	nmf	35.4x	4.5x
Waste Management	129.02	98%	54,452	13,014	67,466	4.3x	4.0x	15.1x	13.9x	35.3x	27.3x	8.0x
Mean		97%				4.8x	4.4x	17.7x	16.1x	33.4x	42.2x	6.5x
Median		97%				4.5x	4.2x	17.3x	15.9x	33.6x	31.4x	6.3x



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