

CHILDS

ADVISORY PARTNERS

MERGERS & ACQUISITIONS • CAPITAL RAISES • FINANCIAL & STRATEGIC ADVISORY

INDUSTRIAL SERVICES MARKET UPDATE – SPRING 2018

TRENDS & COMMENTARY

In our Spring 2018 market update, we focus on key trends in the Facility Services market. CHILDS' Facility Services practice advises leading companies focused on delivering a range of support services including fire and life safety, mechanical, electrical, and plumbing, security and guarding, sign and lighting, janitorial and sanitation, to commercial, industrial, multifamily and residential facilities. The global market for the facility services sector is expected to reach \$700 billion by 2020 driven by recovering commercial construction activity, renewed focus on reducing building operating costs and an increasing trend toward outsourced facility management operations.

Rising U.S. Nonresidential Construction Activity

Robust construction activity in the nonresidential sector is driving demand for facility support services as an increasing number of commercial and industrial establishments require constant maintenance, repair, surveillance and cleaning assistance. Nonresidential construction activity is expected to increase 4% in 2018 driven by strong consumer and business confidence levels, rebuilding after record-breaking losses from natural disasters and increased corporate investment in capital expenditures. Furthermore, low interest rates encourage renovation and construction. The sustained increase in U.S. construction activity and the increasing number of commercial properties create a favorable near-term outlook for facility services providers.

Increasing Regulatory Oversight

Economic pressures from regulatory organizations are requiring companies to reevaluate internal business operations. Health, safety, and environmental regulatory bodies are placing increased emphasis on workplace safety and environmental violations. As a result, more businesses and property managers are seeking to shift their regulatory risk to outsourced facility services providers. Additionally, some outsourced facility services providers are adhering to strict guidelines in customer contracts around penalty clauses for violations. New regulatory responsibilities are also driving outsourced facility services providers to deliver value-added services such as effective risk management and labor law supervision.

Ongoing Market Consolidation

Facility services has long been a favored sector for private equity, and while deal volume has declined since the 2012 peak, the sponsor community continues to aggressively invest in platform and add-on acquisitions. Meanwhile publicly traded strategics, emboldened by increasing stock prices in this sustained bull market continue to drive consolidation in their respective end markets.

SPOTLIGHT ON RECENT CHILDS FACILITY SERVICES TRANSACTION



*a portfolio company of
Caltius Equity Partners*

has been recapitalized by



December 2017



CHILDS Advisory Partners served as the exclusive financial advisor to MC Sign (the "Company"), a leading nationwide provider of sign and lighting services, on its sale to Arcapita Investment Management. MC Sign was previously majority owned by Caltius Equity Partners.

Founded in 1953, MC Sign provides sign and lighting installation and maintenance to customers across the U.S. through a highly scalable, vendor-managed and asset-light business model. The Company's customer base is comprised of nationally recognized blue-chip companies in the retail, banking, hospitality, and restaurant sectors throughout the U.S. and Canada. Through its headquarters in Cleveland, Ohio MC Sign processes over 40,000 work orders per year through over 5,000 field service partners.

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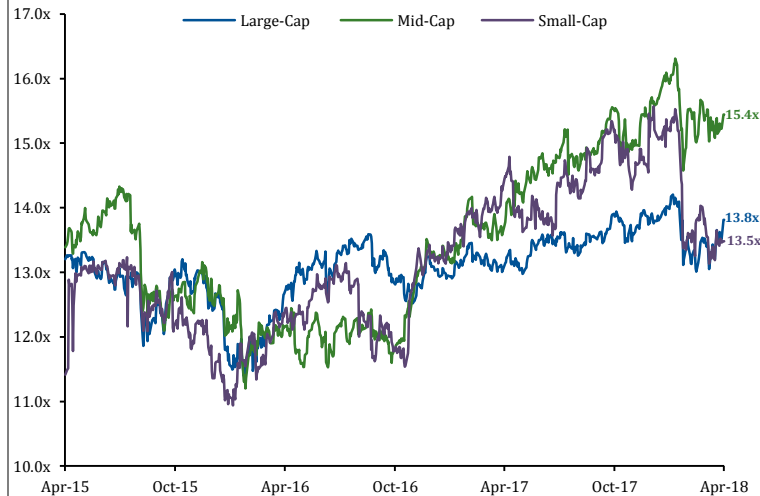
FACILITY SERVICES VALUATIONS AND TRANSACTION ACTIVITY

- Facility services equities tend to track the performance of the broader market, a result of their reliance on overall economic activity (i.e. GDP, construction spending, consumer confidence and job growth)
- Mid-cap facility services equities, those between \$5 billion and \$10 billion in market capitalization, have outperformed the S&P 500 driven by increased industry consolidation and attractive growth dynamics in niche end markets (e.g. technology and healthcare)
- Large-cap facility services equities, those over \$10 billion in market capitalization, have traded below the broader market as companies in this sector continue to face increased competition, slow organic growth and cyclical exposure to global industrial and energy end-markets
- Facility services M&A activity peaked in 2012 and experienced a noticeable slowdown in 2017, largely driven by reduced acquisitions by industry participants
- Private equity activity in facility services remains high as sponsors seek to deploy capital and favor asset-light business models with recurring revenue streams
- The fragmented facility services market creates ample opportunities for strategic acquirers to buy small-scale competitors in order to expand their product offerings and geographic presence

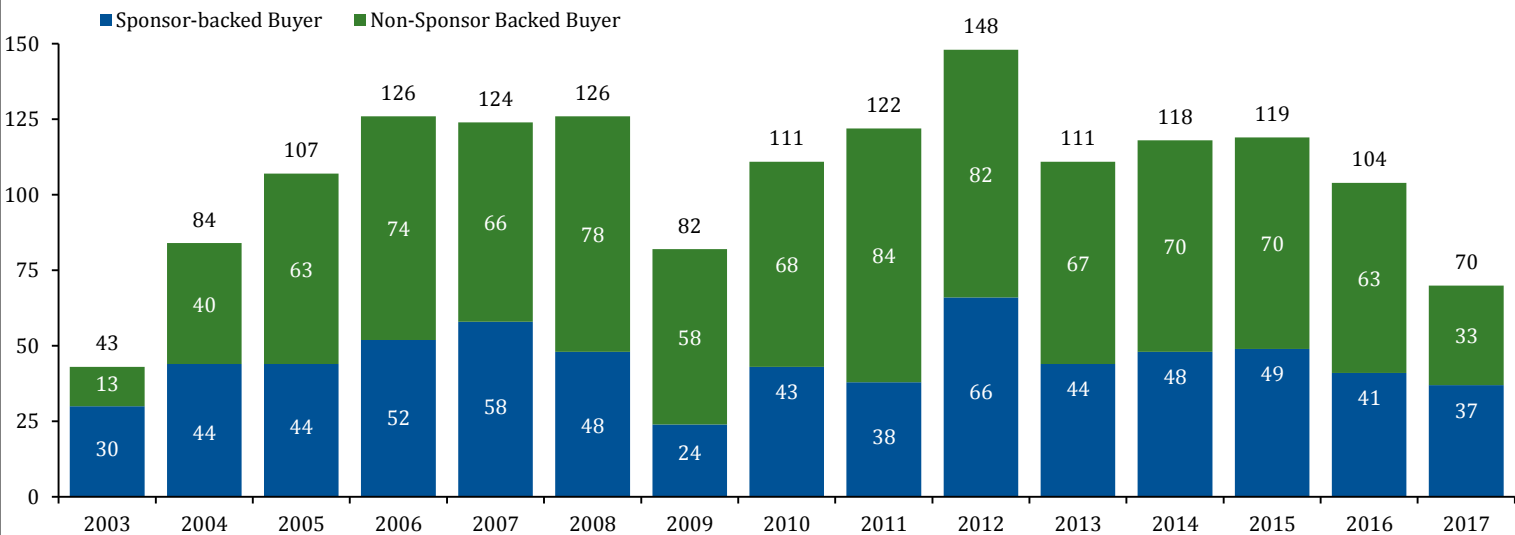
THREE-YEAR INDEXED SHARE PRICE PERFORMANCE



THREE-YEAR VALUATION MULTIPLES – EV/LTM EBITDA



FACILITY SERVICES M&A TRANSACTION VOLUME



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INDUSTRIAL SERVICES SECTOR COVERAGE AND M&A TRANSACTIONS

INDUSTRIAL SERVICES SECTOR COVERAGE



FACILITY

- Fire & Life Safety
- Mechanical, Electrical & Plumbing
- Security & Unarmed Guarding
- Sign & Lighting
- Janitorial & Sanitation



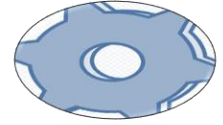
DISTRIBUTION

- Industrial Distribution
- Specialty Distribution
- Route-Based
- Supply Chain Services



ENVIRONMENTAL

- Compliance Assurance
- Consulting
- Industrial Cleaning
- Waste Disposal
- Water Treatment



INFRASTRUCTURE

- Energy Services
- Engineering Services
- Utility Services
- MRO Services
- Specialty Contracting

RELEVANT M&A TRANSACTIONS BY SECTOR

FACILITY

Southeastern Automatic Sprinkler Company
has been acquired by
A MTECK
A Trive Capital portfolio company
March 2018

SASC is fire protection contractor offering sales, service and inspection for fire sprinkler systems

DISTRIBUTION

WSB TITAN
has been acquired by
GMS
GYPSUM MANAGEMENT & SUPPLY, INC.
April 2018

WSB-Titan is a distributor of construction related materials and roofing products in Canada

ENVIRONMENTAL

ALL4
has been recapitalized by
JMH Capital
March 2018

All4 is an environmental consulting company specializing in air quality consulting services

INFRASTRUCTURE

TRM
ENHANCING THE POWER OF CONNECTIONS
has been acquired by
CENTERLINE
COMMUNICATIONS
A Stone-Goff Partners portfolio company
April 2018

Tower Resource Management provides telecommunications infrastructure services

UAS UNITED AMERICAN SECURITY
has been acquired by
GARDAWORLD
March 2018

UAS supplies security guards and guard services for long and short-term security needs

WINDOW NATION
has been recapitalized by
CORTEC Group
January 2018

Window Nation is a distributor of replacement windows, doors, roofing and siding products

TLC Waste Disposal Products
has been acquired by
WM
WASTE MANAGEMENT
April 2018

TLC provides dumpster rental services and waste recycling services

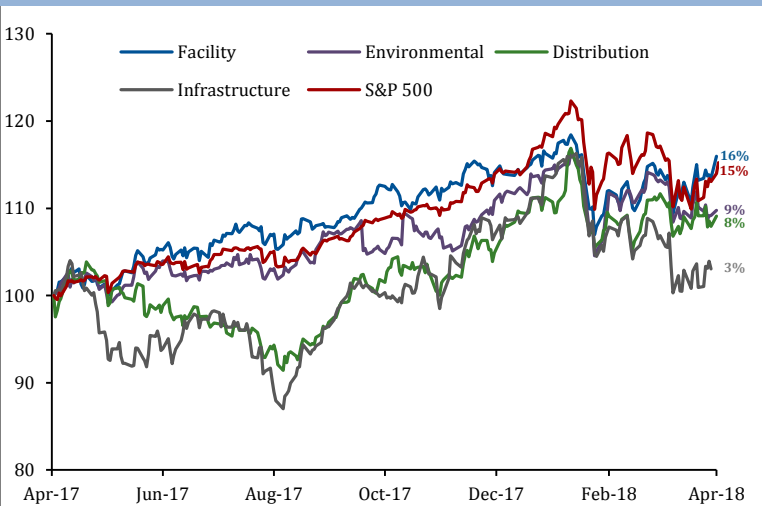
HDR | ICA
has been acquired by
DBI SERVICES
A Sterling Partners portfolio company
February 2018

HDR / ICA Asset Management provides highway asset maintenance services

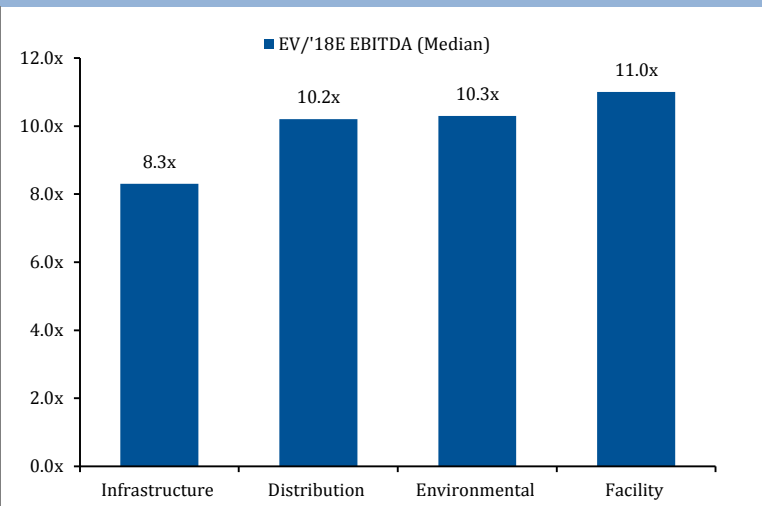
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INDUSTRIAL SERVICES VALUATIONS AND TRANSACTION ACTIVITY

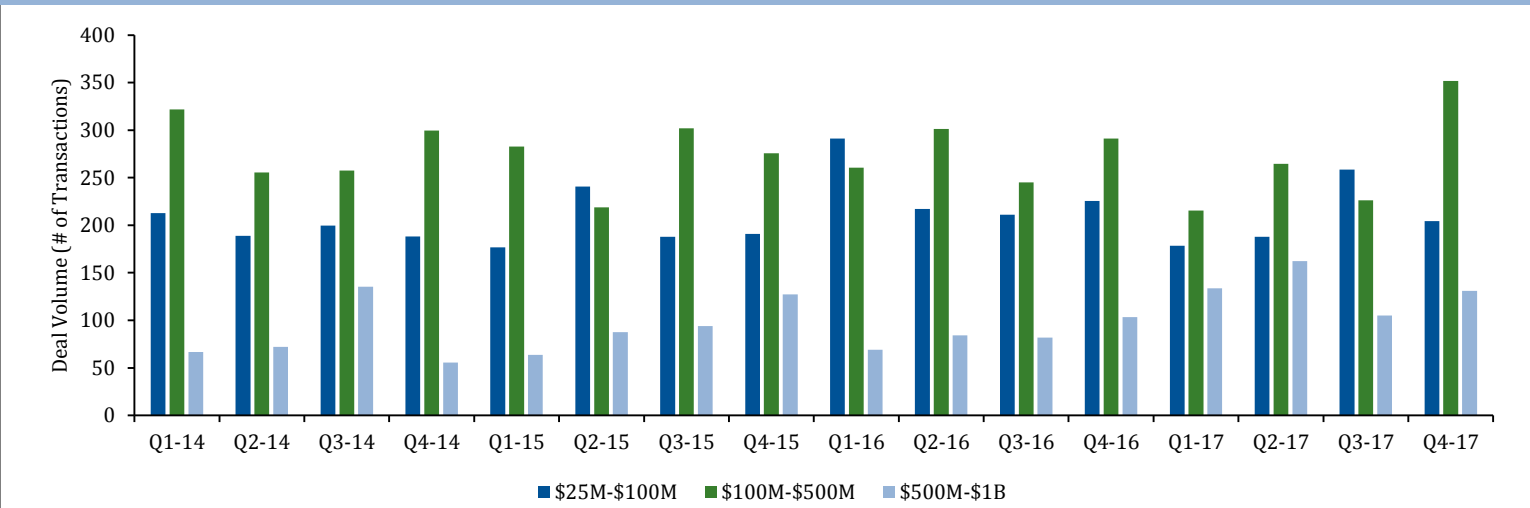
ONE-YEAR INDEXED SHARE PRICE PERFORMANCE



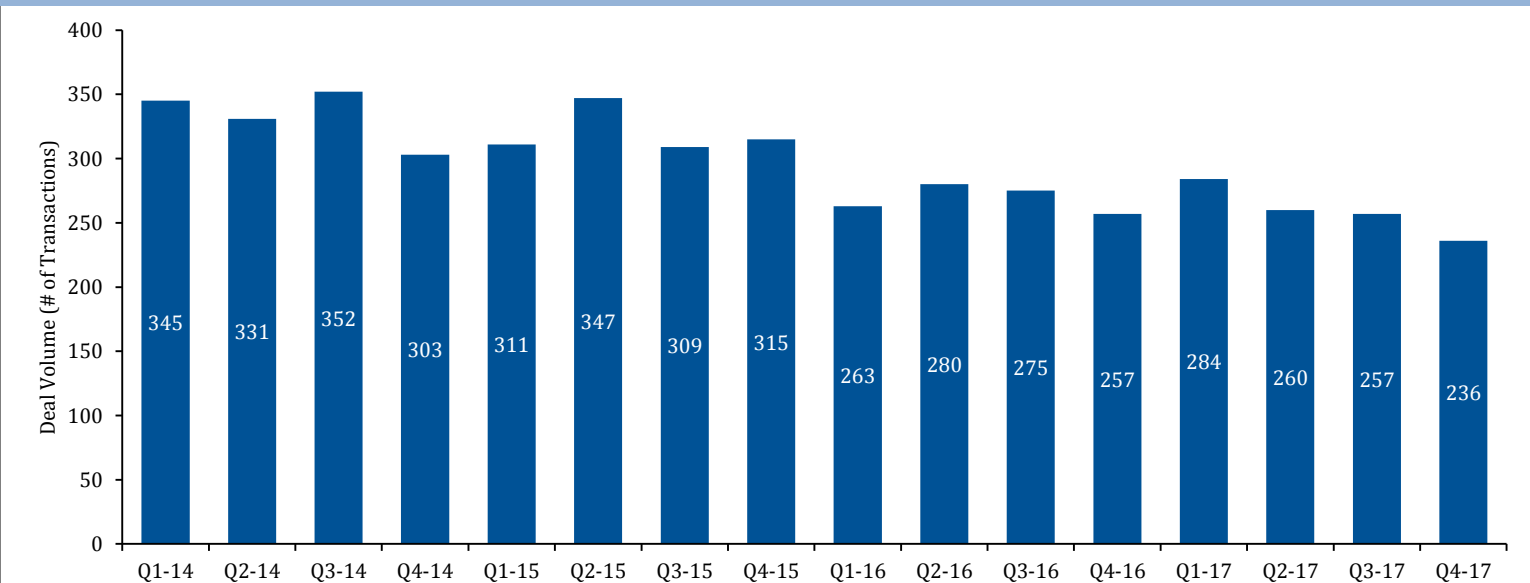
PUBLICLY TRADED COMPANY VALUATION MULTIPLES



QUARTERLY PRIVATE EQUITY DEALS BY SIZE



INDUSTRIAL SERVICES QUARTERLY M&A DEAL VOLUME



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INDUSTRIAL SERVICES PUBLIC TRADING STATISTICS

FACILITY

Company Name	Market Data			Operating Statistics			EV as a Multiple of:				Growth		
	Stock Price 4/23/18	% of 52 Week High	Market Cap.	Enterprise Value	CY2018			CY2018		CY2019		5-Year EPS CAGR Growth	3 Year Rev CAGR
					Revenue	EBITDA	% Margin	Revenue	EBITDA	Revenue	EBITDA		
Ecolab Inc.	\$149.15	99.1%	\$43,007.1	\$50,188.6	14,567.8	3,165.1	21.7%	3.43x	15.8x	3.27x	14.7x	13.2%	(1.0%)
CBRE Group, Inc.	47.28	97.6%	15,699.8	17,923.4	15,602.8	1,801.7	11.5%	1.17x	10.1x	1.07x	9.4x	13.0%	16.2%
Rollins, Inc.	51.74	95.4%	11,289.5	11,182.5	1,779.3	387.0	21.8%	6.53x	29.8x	6.16x	25.8x	12.0%	5.8%
Iron Mountain Incorporated	33.44	80.5%	9,540.8	15,751.2	4,194.4	1,452.4	34.6%	3.81x	11.0x	3.66x	10.2x	6.0%	7.2%
Aramark	37.74	81.9%	9,277.7	16,153.6	15,765.2	1,611.9	10.2%	1.01x	9.6x	0.98x	8.8x	10.4%	0.1%
Jones Lang LaSalle Incorporated	173.74	97.2%	7,903.5	8,739.3	8,442.3	795.0	9.4%	1.04x	11.0x	0.97x	10.1x	13.5%	13.5%
ServiceMaster Global Holdings, Inc.	50.98	92.1%	6,900.0	9,187.0	3,056.5	701.6	23.0%	3.04x	13.2x	2.89x	12.4x	8.0%	5.8%
The Scotts Miracle-Gro Company	84.04	76.3%	4,783.9	6,517.1	2,689.9	525.0	19.5%	2.40x	12.3x	2.30x	11.6x	11.1%	(2.0%)
The Brink's Company	75.75	86.0%	3,831.1	4,474.1	3,516.1	529.9	15.1%	1.27x	8.4x	1.18x	7.2x	17.2%	(2.1%)
Healthcare Services Group, Inc.	39.49	70.3%	2,909.6	2,824.7	2,065.6	152.3	7.4%	1.40x	18.8x	1.29x	15.9x	13.5%	13.7%
The GEO Group, Inc.	21.59	62.9%	2,631.3	5,145.5	2,278.3	429.1	18.8%	2.29x	12.3x	2.20x	11.8x	6.0%	10.2%
ABM Industries Incorporated	31.95	70.8%	2,099.1	3,210.9	6,504.2	348.6	5.4%	0.49x	9.0x	0.48x	8.4x	16.0%	7.4%
Comfort Systems USA, Inc.	41.85	93.4%	1,550.2	1,574.2	1,941.8	161.6	8.3%	0.81x	9.7x	0.76x	8.9x	20.0%	8.2%
Tennant Company	74.45	96.9%	1,332.2	1,653.4	1,094.2	115.2	10.5%	1.46x	13.5x	1.39x	11.7x	10.0%	9.6%
SP Plus Corporation	36.55	87.6%	816.2	947.4	923.3	98.7	10.7%	1.02x	9.5x	0.99x	9.0x	12.7%	3.0%
Mean		85.9%					15.2%	2.08x	13.0x	1.97x	11.7x	12.2%	6.4%
Median		87.6%					11.5%	1.40x	11.0x	1.29x	10.2x	12.7%	7.2%

DISTRIBUTION

Company Name	Market Data			Operating Statistics			EV as a Multiple of:				Growth		
	Stock Price 4/23/18	% of 52 Week High	Market Cap.	Enterprise Value	CY2018			CY2018		CY2019		5-Year EPS CAGR Growth	3 Year Rev CAGR
					Revenue	EBITDA	% Margin	Revenue	EBITDA	Revenue	EBITDA		
W.W. Grainger, Inc.	\$286.08	92.3%	\$16,025.4	\$18,135.7	11,172.8	1,518.4	13.6%	1.63x	12.4x	1.54x	11.4x	11.8%	2.1%
Fastenal Company	50.37	85.8%	14,490.9	14,758.8	4,861.8	1,083.8	22.3%	3.04x	13.6x	2.80x	12.7x	19.0%	5.9%
Brenntag AG	48.32	85.8%	7,465.4	9,049.7	12,119.2	882.4	7.3%	0.75x	10.3x	0.72x	9.7x	6.3%	5.4%
HD Supply Holdings, Inc.	39.15	92.7%	7,263.8	8,806.8	5,146.4	727.4	14.1%	1.50x	10.5x	1.42x	9.7x	15.0%	(8.5%)
Watsco, Inc.	187.46	97.2%	6,434.2	6,629.1	4,562.1	403.8	8.9%	1.46x	16.5x	1.40x	15.2x	12.0%	3.3%
MSC Industrial Direct Co., Inc.	88.40	88.5%	4,993.0	5,472.7	3,200.3	492.4	15.4%	1.70x	10.9x	1.59x	10.0x	11.0%	1.7%
Univar Inc.	28.94	89.0%	4,088.1	6,515.3	8,665.9	659.6	7.6%	0.75x	9.8x	0.72x	9.1x	13.0%	(7.3%)
Beacon Roofing Supply, Inc.	50.22	75.5%	3,415.5	5,389.7	6,746.4	578.8	8.6%	0.75x	8.5x	0.71x	7.5x	15.0%	23.8%
WESCO International, Inc.	62.95	90.8%	2,961.4	4,226.0	8,093.3	419.8	5.2%	0.52x	10.0x	0.50x	9.2x	11.7%	(0.9%)
Applied Industrial Technologies, Inc.	71.75	95.2%	2,774.9	3,002.5	2,999.4	257.0	8.6%	0.92x	10.2x	0.87x	8.8x	10.6%	0.5%
Anixter International Inc.	78.15	88.0%	2,601.9	3,733.8	8,255.5	437.9	5.3%	0.46x	8.6x	0.44x	8.1x	10.0%	12.9%
Builders FirstSource, Inc.	18.46	79.3%	2,115.9	3,842.8	7,716.3	493.9	6.4%	0.52x	8.1x	0.49x	7.2x	15.7%	63.7%
MRC Global Inc.	19.19	92.4%	1,770.2	2,603.2	4,081.0	252.8	6.2%	0.63x	10.1x	0.58x	8.8x	N/A	(15.0%)
Boise Cascade Company	42.05	91.5%	1,634.3	1,895.4	4,810.1	251.9	5.2%	0.40x	7.6x	0.38x	7.4x	18.3%	7.4%
Nexeo Solutions, Inc.	10.71	96.1%	961.1	1,821.0	3,958.5	206.9	5.2%	0.46x	8.8x	0.43x	8.0x	21.1%	N/A
DXP Enterprises, Inc.	36.77	85.1%	638.3	858.8	1,147.1	77.5	6.8%	0.77x	11.4x	0.72x	9.6x	20.0%	(12.4%)
Mean		89.1%					9.2%	1.01x	10.5x	0.96x	9.5x	14.0%	5.5%
Median		89.9%					7.4%	0.75x	10.2x	0.72x	9.1x	13.0%	2.1%

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INDUSTRIAL SERVICES PUBLIC TRADING STATISTICS

ENVIRONMENTAL

Company Name	Market Data			Enterprise Value	Operating Statistics			EV as a Multiple of:				Growth	
	Stock Price 4/23/18	% of 52 Week High	Market Cap.		CY2018			CY2018		CY2019		5-Year EPS CAGR Growth	3 Year Rev CAGR
					Revenue	EBITDA	% Margin	Revenue	EBITDA	Revenue	EBITDA		
Waste Management, Inc.	\$82.50	91.9%	\$35,671.2	\$45,597.2	14,882.3	4,193.7	28.2%	3.07x	10.9x	2.92x	10.3x	11.6%	2.2%
Republic Services, Inc.	65.71	94.7%	21,660.8	29,767.2	10,146.0	2,890.3	28.5%	2.93x	10.3x	2.81x	9.8x	11.9%	4.5%
Waste Connections, Inc.	73.37	98.4%	19,330.6	22,828.8	4,878.7	1,567.8	32.1%	4.70x	14.6x	4.44x	13.6x	13.6%	30.6%
Stericycle, Inc.	60.99	69.3%	5,219.1	7,930.7	3,557.0	783.2	22.0%	2.21x	10.1x	2.17x	9.5x	10.2%	11.9%
Clean Harbors, Inc.	48.58	78.8%	2,745.1	4,017.1	3,256.2	464.3	14.3%	1.23x	8.6x	1.17x	8.0x	11.0%	(4.7%)
Casella Waste Systems, Inc.	24.50	89.5%	1,045.9	1,526.5	623.0	137.1	22.0%	2.45x	11.1x	2.36x	10.5x	0.0%	2.7%
US Ecology, Inc.	55.95	93.7%	1,226.5	1,477.1	539.5	125.5	23.3%	2.73x	11.7x	2.60x	11.0x	N/A	4.1%
Heritage-Crystal Clean, Inc	22.80	90.5%	540.5	528.1	390.8	51.4	13.2%	1.35x	10.2x	1.26x	9.0x	16.5%	2.6%
Newalta Corporation	1.29	62.0%	113.7	460.4	256.0	53.6	20.9%	1.81x	8.6x	1.75x	8.3x	N/A	(20.8%)
Mean		85.4%					22.7%	2.50x	10.7x	2.39x	10.0x	10.7%	3.7%
Median		90.5%					22.0%	2.45x	10.3x	2.36x	9.8x	11.6%	2.7%

INFRASTRUCTURE

Company Name	Market Data			Enterprise Value	Operating Statistics			EV as a Multiple of:				Growth	
	Stock Price 4/23/18	% of 52 Week High	Market Cap.		CY2018			CY2018		CY2019		5-Year EPS CAGR Growth	3 Year Rev CAGR
					Revenue	EBITDA	% Margin	Revenue	EBITDA	Revenue	EBITDA		
SNC-Lavalin Group Inc.	\$56.51	95.2%	\$9,919.1	\$12,258.2	11,543.9	1,151.3	10.0%	1.05x	10.5x	1.00x	9.7x	N/A	4.3%
Fluor Corporation	61.48	99.0%	8,601.8	8,405.6	18,869.3	967.6	5.1%	0.42x	8.3x	0.41x	7.8x	14.5%	(3.2%)
Jacobs Engineering Group Inc.	60.46	83.8%	8,565.5	10,191.6	14,150.7	969.1	6.8%	0.66x	9.6x	0.63x	9.6x	17.3%	(7.3%)
AECOM	36.08	90.4%	5,742.8	9,058.2	19,735.5	923.3	4.7%	0.45x	9.2x	0.44x	8.0x	8.5%	20.9%
Quanta Services, Inc.	33.49	83.5%	5,026.4	5,564.1	10,107.6	813.7	8.1%	0.56x	6.9x	0.52x	6.1x	9.3%	6.9%
MasTec, Inc.	44.90	80.9%	3,633.0	4,963.8	6,767.3	688.8	10.2%	0.73x	7.2x	0.68x	6.5x	N/A	12.7%
Stantec Inc.	31.80	85.6%	3,622.2	4,116.0	3,623.4	406.8	11.2%	1.14x	10.1x	1.06x	9.0x	0.0%	18.1%
Dycom Industries, Inc.	105.30	84.9%	3,284.5	3,948.0	2,995.2	383.8	12.8%	1.16x	8.4x	1.05x	7.3x	16.0%	0.0%
Tetra Tech, Inc.	51.50	96.4%	2,876.3	3,151.3	2,135.1	243.2	11.4%	1.46x	12.7x	1.38x	11.7x	12.0%	4.8%
Granite Construction Incorporated	55.16	80.4%	2,209.0	1,930.5	3,304.0	254.3	7.7%	0.58x	7.6x	0.52x	5.8x	18.5%	9.5%
McDermott International, Inc.	7.00	77.2%	1,996.0	2,170.9	3,154.0	359.1	11.4%	0.60x	5.3x	0.55x	4.8x	N/A	9.1%
Primoris Services Corporation	26.68	88.9%	1,374.8	1,469.3	2,588.7	187.8	7.3%	0.56x	7.7x	0.53x	6.9x	14.8%	4.5%
Aegion Corporation	24.00	85.1%	782.2	1,032.1	1,358.6	113.8	8.4%	0.74x	8.8x	0.72x	7.8x	11.6%	0.7%
MYR Group Inc.	30.94	71.1%	509.5	586.8	1,482.8	87.4	5.9%	0.39x	6.7x	0.38x	6.2x	8.0%	14.1%
Mean		85.9%					8.6%	0.75x	8.5x	0.71x	7.7x	11.9%	6.8%
Median		85.0%					8.2%	0.63x	8.3x	0.59x	7.5x	12.0%	5.9%



CHILDS Connect

May 10, 2018

Connecting Decision Makers
for Middle Market Growth

REGISTER TODAY

CHILDS Advisory Partners

FIRM OVERVIEW

QUICK FACTS

- 40 professionals across three offices in the U.S. with headquarters in Atlanta
- 77 Closed Transactions Since Beginning of 2014
- 60% financial / 40% strategic buyer mix
- Market-leading close rate

CORE COVERAGE

BUSINESS SERVICES	HEALTHCARE	TECHNOLOGY
Industrial Services	Services	Professional Svcs
Human Capital	Technology	Software

ACCOLADES



- 2016 U.S. Boutique Investment Bank of the Year Winner
- 2014 Cross-Border Transaction of the Year Finalist
- 2014 Professional Services Transaction of the Year Finalist
- 2013 Strategic Acquisition of the Year Winner

SERVICES

MERGERS & ACQUISITIONS

CAPITAL RAISES

FINANCIAL ADVISORY

INDUSTRIAL SERVICES TEAM



Jason Wallace
Managing Director

- Former Managing Director for Blackstone Advisory Partners, the M&A advisory arm of Blackstone
- 20 years of investment banking experience, executing \$40B+ of M&A transactions
- MBA, Harvard Business School



David Morse
Director

- Former Director in Industrials at SunTrust Robinson Humphrey and Vice President in Industrials at Evercore Partners
- 13 years of investment banking experience, executing \$20B+ of M&A transactions
- MBA, Kellogg School of Management



Steve Dyott
Director

- Prior corporate finance and restructuring experience with FTI Consulting
- Over 10 years of investment banking experience
- BS in Economics from Vanderbilt University, summa cum laude



Ryan Sugrue
Vice President

- Prior M&A experience with Piper Jaffray
- JD from University of Georgia School of Law and MBA from Terry College of Business at the University of Georgia



Robert Womble
Vice President

- Prior M&A experience with FMI Capital Advisors
- Over 5 years of investment banking experience
- BS in Business Administration from Washington & Lee University



Kenny Osakwe
Associate

- Prior investment banking and capital markets experience with Wells Fargo Securities and Goldman Sachs
- BA from Duke University



Josh Chin, CPA
Associate

- Prior M&A experience with Prairie Capital Advisors
- Graduated from Richard Ivey School of Business with Honors in Business Administration



Alex Aldworth
Associate

- Prior M&A experience performing buy-side financial due diligence as a Manager at PwC
- MBA from Emory University; BBA and MAcc from the University of Georgia



Christian Given
Associate

- Prior business development experience at Axial, Inc.
- B.A. from Washington and Lee University
- Passed CFA Level 1