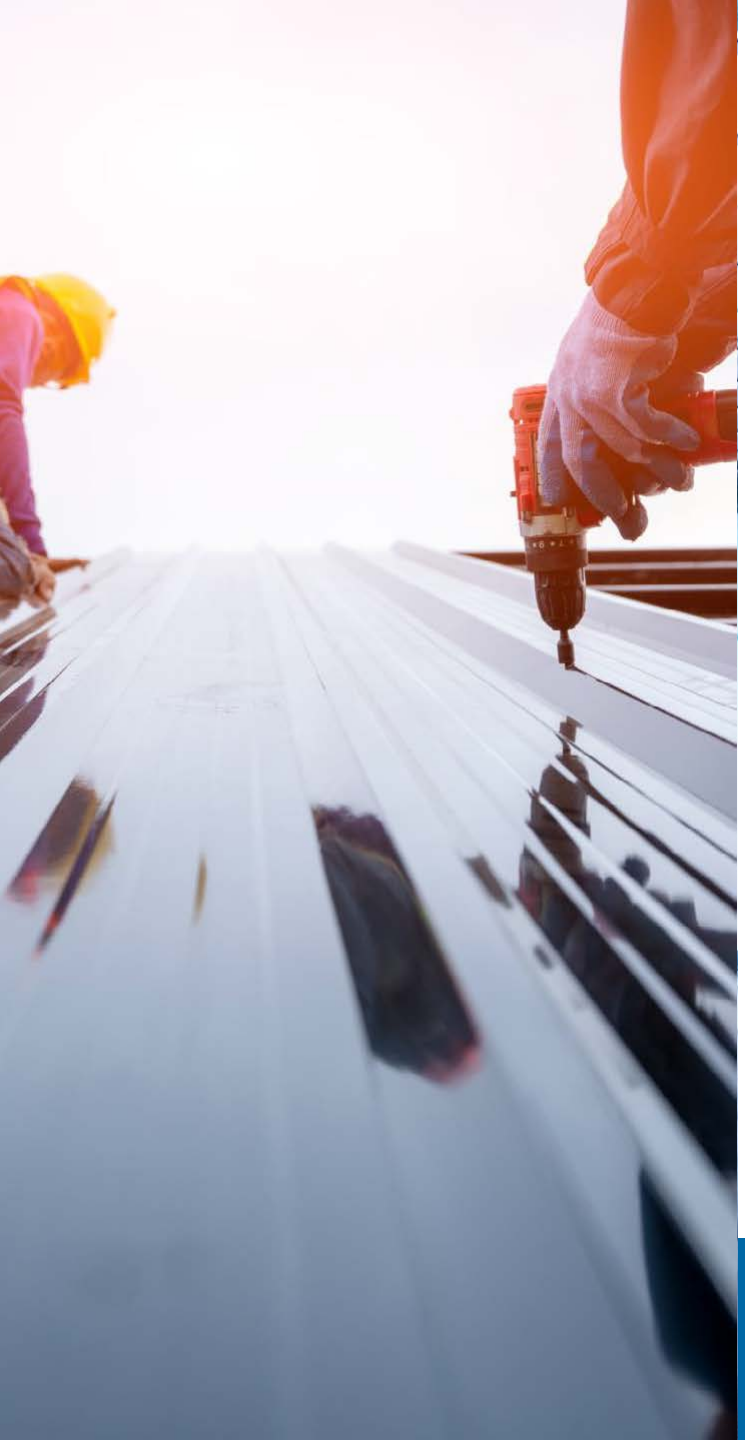

Houlihan Lokey

Facility and Residential Services

Market Update

Summer 2023

ABOUT OUR FIRM

Houlihan Lokey

Houlihan Lokey is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

Our firm is the trusted advisor to more top decision-makers than any other independent global investment bank.

We invite you to learn more about how our bankers can serve your needs:

Learn More About Corporate Finance

Learn More About Financial Restructuring

Learn More About Financial and Valuation Advisory

Learn More About Our Industry Coverage

Key Facts and Figures

HLI LISTED NYSE

36	~2,000	313	2,000+	$6B	$1.8B
LOCATIONS WORLDWIDE	TOTAL FINANCIAL PROFESSIONALS	MANAGING DIRECTORS(1)	CLIENTS SERVED ANNUALLY	MARKET CAPITALIZATION(2)	REVENUE(3)

Our Ranking by Service

Corporate Finance

2022 M&A Advisory Rankings
Global Transactions Under $1 Billion

	Advisor	Deals
1	**Houlihan Lokey**	**381**
2	Rothschild & Co	369
3	JP Morgan	217
4	Lazard	206
5	Goldman Sachs & Co	203

Source: Refinitiv. Excludes accounting firms and brokers.

No. 1 Global M&A Advisor for Transactions Under $1 Billion

Leading Capital Markets Advisor

Financial Restructuring

2022 Global Distressed Debt & Bankruptcy Restructuring Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**58**
2	PJT Partners Inc	30
3	Lazard	29
4	Rothschild & Co	25
5	Moelis & Co	21

Source: Refinitiv.

No. 1 Global Restructuring Advisor

1,500+ Transactions Completed Valued at More Than $3.0 Trillion Collectively

Financial and Valuation Advisory

1998 to 2022 Global M&A Fairness Advisory Rankings

	Advisor	Deals
1	**Houlihan Lokey**	**1,232**
2	JP Morgan	1,030
3	Duff & Phelps, A Kroll Business	938
4	Morgan Stanley	725
5	BofA Securities Inc	710

Source: Refinitiv. Announced or completed transactions.

No. 1 Global M&A Fairness Opinion Advisor Over the Past 25 Years

1,000+ Annual Valuation Engagements

Fully Integrated Financial Sponsors Coverage

24 Senior officers dedicated to the sponsor community in the Americas and Europe

1,000+ Sponsors covered, providing market insights and knowledge of buyer behavior

700+ Companies sold to financial sponsors over the past five years

Houlihan Lokey Is a Global Firm

Americas

Atlanta
Baltimore
Boston
Chicago
Dallas
Houston
Los Angeles
Miami
Minneapolis
New York
San Francisco
São Paulo
Washington, D.C.

Europe and Middle East

Amsterdam
Antwerp
Dubai
Frankfurt
London
Madrid
Manchester
Milan
Munich
Paris
Stockholm
Tel Aviv
Zurich

Asia-Pacific

Beijing
Fukuoka
Gurugram
Hong Kong SAR
Mumbai
Nagoya
Shanghai
Singapore
Sydney
Tokyo

(1) As of April 31, 2023. Excludes corporate MDs. (2) As of May 2023. (3) LTM ended March 31, 2023.

ABOUT OUR BUSINESS SERVICES INDUSTRY GROUP

Houlihan Lokey's Business Services Group combines extensive industry relationships with substantial experience to offer a broad array of M&A, corporate finance, restructuring, and financial and valuation advisory services to the business services industry.

Based on number of transactions and according to data provided by Refinitiv, Houlihan Lokey was ranked the No. 1 investment bank for all global business services M&A transactions in 2022.*

**Excludes accounting firms and brokers.*

2022 M&A Advisory Rankings
All Global Business Services Transactions

	Advisor	Deals
1	**Houlihan Lokey**	**69**
2	Rothschild & Co	50
3	Lincoln International	37
4	Goldman Sachs & Co	34
5	GCG	26

Source: Refinitiv. Excludes accounting firms and brokers.

Learn More About Our Business Services Industry Coverage

Key Facts and Figures

130+
Dedicated Business Services bankers

69
Completed business services M&A/ private placement transactions in CY22

$2.9B
In financing deals in CY22

Industry Sector Coverage

We cover a broad array of sectors, with bankers dedicated to each of our primary coverage areas.

BPO Services

Engineering and Infrastructure

Environmental Services

Equipment-as-a-Service

Facility and Residential Services

HCM Services

IT Services

Marketing Services

Specialty Consulting and Risk Services

Testing, Inspection, Certification, and Compliance

Training and Education

Transportation and Logistics

Selected Business Services Industry Transactions

VLS Environmental Solutions — a portfolio company of — I Squared Capital — has acquired — Texas Molecular — Buyside Advisor

Open Harbor — a portfolio company of — Amulet Capital — has been acquired by — Astorg — Sellside Advisor

Gannett Fleming — has received a strategic investment from — Ocean Sound Partners — Sellside Advisor

Hill International — has been acquired by — GISI — Sellside Advisor & Fairness Opinion

Odyssey — has acquired — Magna Legal Services — a portfolio company of — CIVC Partners — Buyside Advisor

Host Healthcare — has been acquired by — Medical Solutions — a portfolio company of — Centerbridge / CDPQ — Sellside Advisor

Williams Marston — a portfolio company of — Align Capital Partners — has been acquired by — Kelso — Sellside Advisor

Phenna Group — a portfolio company of — Inflexion — has received secondary investment from — Oakley Capital — Sellside Advisor

US Ecology — has been acquired by — Republic Services — Sellside Advisor

RevHealth — has received an investment from — WindRose — Sellside Advisor

Ocean Tomo — a portfolio company of — Bow River Capital — has been acquired by — JS Held — a portfolio company of — Kelso — Sellside Advisor

Universal Pure — a portfolio company of — Tilia — has been acquired by — Aurora Capital Partners — Sellside Advisor

FACILITY AND RESIDENTIAL SERVICES TEAM

Houlihan Lokey's dedicated Facility & Residential Services practice has advised companies and clients across 20+ subsectors over the past few years. We have earned a reputation as a thought leader in the industry and a partner to our clients, having achieved outstanding results in M&A advisory, capital raising, and financial and valuation advisory services for companies in our sector.

Our clients run the gamut from early-stage businesses and midsized private companies to large, publicly traded corporations. We have deep experience working with family- and founder-owned businesses as well as companies owned by institutional sponsors.

We understand the unique value drivers and characteristics of companies across multiple subsectors in this essential, often critical outsourced services industry. Our disciplined, intellectually driven approach to process strategy and deep industry relationships helps achieve the strategic goals of our clients. Our experience and market intelligence are invaluable—particularly in complex macroeconomic environments—when leveraged to maximize valuation and deal certainty for our clients.

Leadership

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Contact Us

Please reach out to us to schedule a call to discuss this quarter's market update or to explore how we can serve your business needs.

Request a Meeting

Learn More About Us

Subsector Coverage

Technical Services

- Asset Management
- Automation and Controls
- Code Compliance
- Elevator Services
- Equipment Care
- Fire and Life Safety
- Flooring
- HVAC Services
- Mechanical, Electrical, and Plumbing
- Roofing and Siding
- Utility and Energy Management
- Windows and Doors

Managed Services

- Aviation Site Services
- Catering and Foodservice
- Equipment-as-a-Service
- Exterior Care
- Grounds Management
- Interior Maintenance and Care
- Janitorial and Sanitation
- Laundry Services
- Multisite Property Services
- Pest Control
- Response and Restoration
- Security Services

Featured Transactions

Facility Services

FusionSite — has been acquired by — The Cynosure Group — Sellside Advisor

AmSpec — a portfolio company of — Incline Equity Partners — has been acquired by — Olympus Partners — Sellside Advisor

Angelica — has been acquired by — KKR — Sellside Advisor

Pritchard Industries — a portfolio company of — Alvarez & Marsal Capital — has been acquired by — Littlejohn & Co. — Sellside Co-Advisor

Technical Services

Air Pros — Revolver & Term Loan — Acquisition Financing & Dividend Recapitalization — $185,000,000 — Exclusive Placement Agent

Gannett Fleming — has received a strategic investment from — Ocean Sound Partners — Sellside Advisor

In-Place Machining Company — a portfolio company of — Levine Leichtman — has been acquired by — Levine Leichtman — Sellside Advisor

OBG — has been acquired by — Ramboll Group A/S — Sellside Advisor

Tombstones included herein represent transactions closed from 2016 forward.

FACILITY AND RESIDENTIAL SERVICES MARKET UPDATE

Introduction

- In YTD 2023, the facility and residential services (F&RS) market remained constructive with steady participation by both strategic and private equity players. Investors have successfully built a thesis around, and are attracted to, the nondiscretionary suite of mission-critical services, stable recurring revenue models, and tremendous market size and opportunity. These fundamentals continue to channel both capital and cautious optimism throughout the sector.
- Despite constricting liquidity conditions and sluggish M&A activity, we have seen stable interest within F&RS from buyers and lenders alike. Our firm's active engagement in multiple deals has been met with robust enthusiasm and confidence, even amid selected secular headwinds. In addition to opportunistic deal activity, these dynamic market conditions create a powerful market consolidation proposition. Though average valuations are lower than the 2021 peak, valuations across the sector remain durable through the cycle and the "best" assets are commanding 2021-like results amid a relative dearth of premium opportunities.

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- The residential services sector has lately experienced rising interest in emerging sectors, as investors look to discover "the next HVAC." This broadened investment aperture has been underscored by significant investments from leading firms. Notably, Cortec's investment in A1 Garage Door, followed by an upsurge in add-on activity, along with Freeman Spogli and LightBay's joint acquisition of a leading roofing platform, Infinity Home Services, exemplify the sector's promising evolution. These subsectors offer an exciting landscape for consolidation with the potential for immense roll-up activity. Characterized by high fragmentation, they are currently in the nascent stages of consolidation, promising lucrative opportunities ahead. The facility and residential services sector stands as an emblem of robustness as investors have recognized the sector's stability, driven by the durable business model and recurring revenue dynamics. This resilience offers a secure harbor in an otherwise conservative market. A cautious optimism seems to pervade the sector.
- The managed facility services space remains fast-moving and dynamic catering to commercial and residential end markets. While subsectors like interior cleaning and sanitation, paving, and grounds management have seen significant M&A activity, the market continues to assess the sustainability of post-pandemic growth in demand for services across many sectors. Overall trends such as increased travel, emphasis on hygiene, continued outsourcing, and general commercial/light industrial expansion will continue to benefit the sector. We engage in active dialogue with key industry participants and have witnessed significant consolidation activity within the space evidenced by multiple marquee deals in recent years.
- Given these promising trends and steady M&A activity, the outlook for high-quality assets with impressive growth stories and solid margins remains positive.

FEATURED SECTOR NEWS

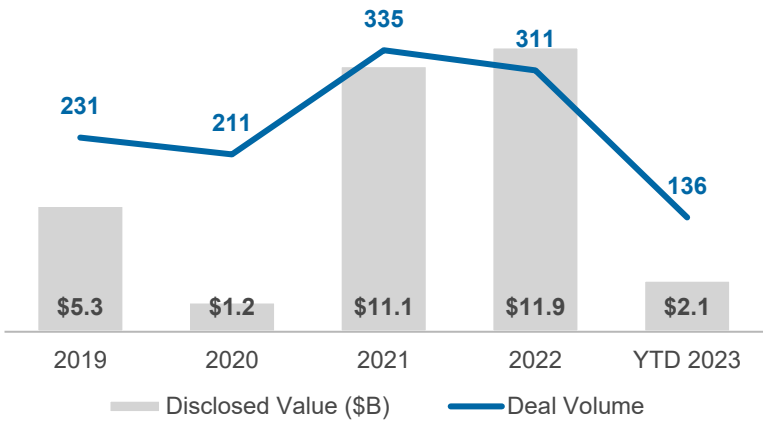
Date	Company	Subsectors	Description	Article Link
5/10/2023	ACE The helpful place.	Residential Services	Ace Hardware acquired Unique Indoor Comfort's portfolio of 12 independent HVAC companies from Grove Mountain Partners. Nate Kukla, CEO, and the entire management team, including the brand presidents, will continue to lead Unique Indoor Comfort Holdings as the company changes hands.	Read More
4/6/2023	mitie	Technical Services	Mitie is further developing its security intelligence offering through the acquisition of Linx International Group, a risk management consulting business that also provides technical and management training to the security industry. The addition of Linx will enrich Mitie's own security risk analysis and intelligence capabilities.	Read More
4/5/2023	ROLLINS	Residential Services	Rollins announced the acquisition of Fox Pest Control, which provides services for residential customers across 13 states. The transaction, valued at $350 million, including $32 million of earnouts, will contribute revenue potentially in excess of the $120 million Fox had during 2022.	Read More
3/27/2023	ABM Building Value	Diversified Facility Management	ABM partnered with Tropicana Field and Al Lang Stadium, enhancing operational efficiency and optimizing facility management. Their expertise provided a seamless and high-quality experience, solidifying ABM's position as a trusted sports and entertainment industry partner.	Read More
3/9/2023	aramark	Diversified Facility Management	Aramark and Triple B Hospitality formed an alliance to empower communities, address labor challenges, and drive equitable impact. The partnership advanced diversity and inclusion in the workplace, prioritizing workforce needs through mentorship and professional development programs.	Read More
2/28/2023	ISS	Diversified Facility Management	ISS India and Tata Power Renewable Energy Ltd. (TPREL) collaborated to advance clean energy solutions, aiming for net zero emissions by 2040. The partnership bolstered sustainability efforts in areas such as green energy, efficiency, waste management, and innovation.	Read More
2/22/2023	COMFORT SYSTEMS USA	Technical Services	Comfort Systems USA, Inc., acquired Eldeco, Inc., an electrical design and construction services company. Eldeco is expected to bring in $130 million to $140 million in annual revenue and $8 million to $9 million in earnings.	Read More
2/13/2023	aramark	Diversified Facility Management	Healthcare veterans Quint Studer and Dan Collard of Healthcare Plus Solutions Group partnered with Aramark's Patient Experience Organization to improve hospital outcomes through skills training for managers and front-line employees.	Read More
2/1/2023	ISS	Diversified Facility Management	Workplace management company ISS expanded its partnership with a global healthcare firm to deliver integrated facility services globally, increasing revenue. The collaboration involved providing services such as cleaning, food, and technical services by more than 600 ISS placemakers.	Read More
1/12/2023	FirstService RESIDENTIAL	Residential Services	FirstService Residential expanded its market leadership in New York City with the acquisitions of Greenthal and Tudor. The deals strengthened its position and enhanced property management services in the region.	Read More

Sources: Company website, press releases.

ADDITIONAL FACILITY AND RESIDENTIAL SERVICES M&A HIGHLIGHTS

Transaction Value and Deal Volume

($ in billions)



Key Takeaways

- Fewer deals were completed last year compared to 2021, but disclosed transaction values rose to their highest level in the past five years. At the same time, although 2021 deal volumes lagged, they were also at their second-highest level over the same period.
- Early industry investments were primarily directed toward commercial services, driven by a consistent demand, regulatory obligations, and the need for regular inspections and maintenance.
- The allure of residential services continues to grow through both platform investments and add-ons. There continues to be a focus on investing in and around “the home,” capitalizing on the absence of unions and exploiting advancements in technology and service for a competitive edge.
- 2022 witnessed a spike in M&A activity, causing a surge in valuation multiples due to the escalating dealmaking trends. While overall deal valuations appear to have peaked and experienced a degree of moderation over the past few months, many high-quality assets have still achieved premium valuation multiples.

Additional Notable Transactions

Date	Acquirer	Target	Subsector
June-2023	A1 Garage Door Service	Garage Door Doctor	Windows and Doors
June-2023	Legacy Service Partners	McVay Plumbing, Heating & Cooling; Mister Sewer Sewer & Drain Experts	Mechanical, Electrical, and Plumbing
June-2023	Guardian Capital Partners	NWESTCO	Multisite Property Services
May-2023	ACE The helpful place.	Unique Indoor Comfort	HVAC Services
May-2023	Morgan Stanley Capital Partners	ALLSTAR	Roofing and Siding
May-2023	Morgan Stanley Capital Partners	RowCal	Multisite Property Services

Source: S&P Capital IQ as of June 21, 2023

ADDITIONAL FACILITY AND RESIDENTIAL SERVICES M&A HIGHLIGHTS (CONT.)

Date	Acquirer	Target	Subsector
May-2023	Sila (Morgan Stanley)	Jackson Comfort Services	HVAC Services
Apr-2023	CIVC Partners	American Refrigeration	HVAC Services
Apr-2023	Imperial Capital	Skyline Roofing Partners	Roofing and Siding
Apr-2023	mitie	Linx Consultancy	Security Services
Apr-2023	Rollins	Fox Pest Control	Pest Control
Mar-2023	Southeast Mechanical	Carolina Comfort Heating & Air	HVAC Services
Mar-2023	A1 Garage Door Service	Pro Door Doctor.com	Windows and Doors
Mar-2023	SuperHero Fire Protection	FPS Fire Protection Solutions	Fire and Life Safety
Mar-2023	BMS CAT	Colorado Premier Restoration	Response and Restoration
Mar-2023	Security101	Security Solutions	Security Services
Mar-2023	Pavion Connect and Protect	Turnkey Technology	Security Services
Feb-2023	Senske Lawn & Tree Care	Blades of Green	Grounds Management
Feb-2023	LTP Home Services Group	ACREE Plumbing • Air • Electric	HVAC, Plumbing, and Electric
Feb-2023	Redwood	Best Care Home Services	HVAC, Plumbing, and Electric

Source: S&P Capital IQ.

ADDITIONAL FACILITY AND RESIDENTIAL SERVICES M&A HIGHLIGHTS (CONT.)

Date	Acquirer	Target	Subsector
Feb-2023	KKR	Groundworks	Response and Restoration
Feb-2023	Atlantic Southern Paving and Sealcoating	Property Paving, an ASP company	Multisite Property Services
Feb-2023	Pavement Partners	Brothers National	Multisite Property Services
Feb-2023	GenServe	Illini Power Products	Equipment Care
Feb-2023	Juniper Design | Build | Maintain	Yohe's Lawn Care & Landscape	Grounds Management
Feb-2023	TWC The Waterproofing Company, LLC.	Phoenix Bay State Construction Co., Inc.	Response and Restoration
Feb-2023	Healthcare Linen Services Group	Linen King	Janitorial and Sanitation
Feb-2023	American Equipment (am-quip)	Shannahan crane & hoist inc.	Equipment-as-a-Service
Feb-2023	RealManage powered by CIRAConnect	Brown Community Management, Inc.	Multisite Property Services
Feb-2023	RealManage powered by CIRAConnect	Walter Investment Management Corp.	Multisite Property Services
Feb-2023	KKR	Boasso Global	Janitorial and Sanitation
Feb-2023	Pavion Connect and Protect	Short Circuit Electronics Incorporated	Security Services
Jan-2023	Pye-Barker Fire & Safety, Inc. Since 1946	Bevan Security Systems, Inc. (856) 461-2234	Security Services
Jan-2023	Boasso Global	National Tank Services	Janitorial and Sanitation

Source: S&P Capital IQ.

ADDITIONAL FACILITY AND RESIDENTIAL SERVICES M&A HIGHLIGHTS (CONT.)

Date	Acquirer	Target	Subsector
Jan-2023	Rogers Building Solutions	Sluss + Padgett	HVAC Services
Jan-2023	Thomas Park	The Loughlin Management Group, Inc.	Multisite Property Services
Jan-2023	One Rock Capital Partners	EnviroServe, A Savage Company	Response and Restoration
Jan-2023	Miner	Pace Material Handling, Inc.	Windows and Doors
Jan-2023	SES	Mountain Environmental Services, Inc.	Response and Restoration
Jan-2023	Nextech	Aire Rite	HVAC Services
Jan-2023	Champion Specialty Services Provider	WRS Environmental Services	Utility and Energy Management
Jan-2023	BrightView	Smith's Tree Care	Grounds Management
Jan-2023	4M Building Solutions	Capital Services, Inc. Cleaning Services	Janitorial and Sanitation
Jan-2023	Flotilla	AQUA FLO	Grounds Management
Jan-2023	Diversified Maintenance "Details Matter"	Perennial Medical Cleaning Solutions	Janitorial and Sanitation
Jan-2023	Pye-Barker Fire & Safety, Inc. Since 1948	IT&M Division, Inc.	Fire and Life Safety
Jan-2023	Boasso Global	Quala	Janitorial and Sanitation
Jan-2023	CertaSite	Ace Fire Protection	Fire and Life Safety

Source: S&P Capital IQ.

ADDITIONAL FACILITY AND RESIDENTIAL SERVICES M&A HIGHLIGHTS (CONT.)

Date	Acquirer	Target	Subsector
Jan-2023	SCHILL Grounds Management	GrassCor commercial grounds management	Grounds Management
Jan-2023	AVCO ROOFING	SOLAR INTEGRATED ROOFING CORPORATION	Roofing and Siding
Jan-2023	NORTHPOINT ROOFING SYSTEMS	Master Roofers	Roofing and Siding
Jan-2023	TRACTION CAPITAL	Restoration 1 WATER | FIRE | MOLD	Response and Restoration
Jan-2023	STRONGHOUSE SOLUTIONS	Marshall ROOFING · SIDING · WINDOWS	Roofing and Siding
Jan-2023	THE FACILITIES GROUP	JANITECH	Janitorial and Sanitation
Jan-2023	BEACH POINT CAPITAL MANAGEMENT	BOTANICAL DESIGNS	Grounds Management
Jan-2023	BLAND LANDSCAPING CO.	MUTCH LANDSCAPING, INC.	Grounds Management
Jan-2023	STRONGHOUSE SOLUTIONS	INFINITY ROOFING & SIDING STORM DAMAGE SPECIALIST	Roofing and Siding
Jan-2023	GRIDIRON CAPITAL	LEGACY SERVICE PARTNERS	HVAC Services and Mechanical, Electrical, and Plumbing
Jan-2023	Sila SERVICES	Central Cooling & Heating Inc.	HVAC Services
Jan-2023	FS Freeman Spogli & Co. / LIGHTBAY CAPITAL	INFINITY HOME SERVICES	Roofing and Siding
Jan-2023	CORTEC Group	A1 GARAGE DOOR SERVICE	Windows and Doors
Jan-2023	INCLINE EQUITY PARTNERS	Barefoot Mosquito & Pest Control	Pest Control

Source: S&P Capital IQ.

SELECT TRANSACTIONS EXECUTED BY HOULIHAN LOKEY'S FACILITY AND RESIDENTIAL SERVICES TEAM

Houlihan Lokey Advises Conhagen

Conhagen® Rotating Equipment Specialists

has been acquired by

OVATION Holdings, Inc.

a portfolio company of

WARREN EQUITY PARTNERS

Sellside Advisor

- Alfred Conhagen, Inc. (Conhagen) was acquired by Ovation Holdings, Inc. (Ovation), a portfolio company of Warren Equity Partners, in March 2023.
- Founded in 1942, Conhagen is a leading provider of rotating equipment repair solutions to ensure operational continuity for high-cost-of-failure projects. Serving a national customer base from three operational hubs in Louisiana, Texas, and California, the company's facilities and technicians specialize in all facets of rotating and mechanical equipment, providing customers with unique, full-service solutions to minimize costly downtime. For more than 80 years, Conhagen has been an indispensable partner to customers across a range of end markets, which now include refinery, chemical processing, municipal, electric utility, natural resources production and storage, and agriculture.
- Ovation is the holding company of Allied Valve, Automation Service, Valve Sales Inc., and Allied Instrumentation. Serving customers from 15 locations in the Midwest, Ovation represents best-in-class products from manufacturers, including Baker Hughes, Continental Disc, Groth, Yokogawa, MSA/General Monitors, nVent, FLEXIM, and TASI Group. With more than 400 employees, Ovation provides valve service, actuation, instrumentation, gas detection, and heat trace solutions in the Midwest region.
- Houlihan Lokey served as the exclusive financial advisor and assisted in marketing, structuring, and negotiating the transaction on behalf of Conhagen. This transaction exemplifies the continued success of Houlihan Lokey's dedicated coverage of the facility services market.
- Against the backdrop of macroeconomic uncertainty, Houlihan Lokey focused on the resiliency of the business model and end-market exposure, opportunity to grow through a cycle, and significant upfront preparation to enable a market-making outcome for the selling shareholders.

Houlihan Lokey Advises FusionSite

FUSIONSITE

has been acquired by

THE CYNOSURE GROUP

Sellside Advisor

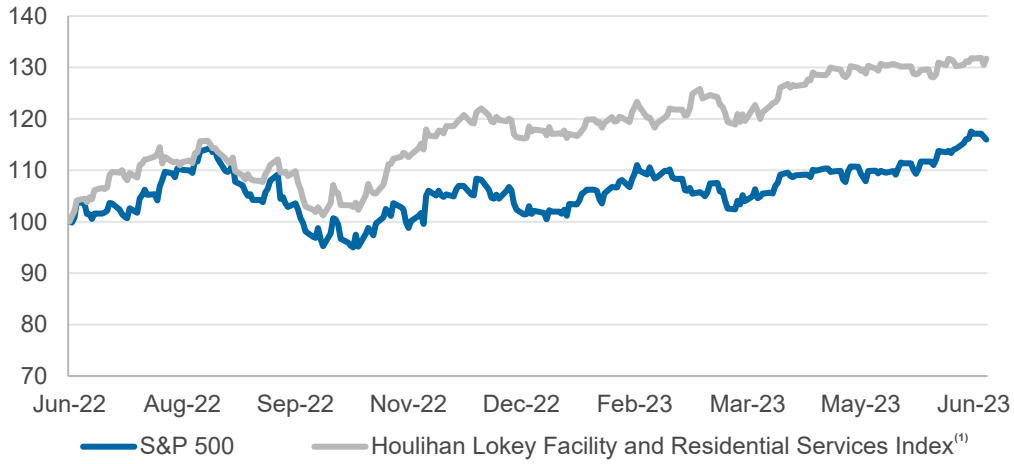
- FusionSite Services, LLC (FusionSite) was acquired by The Cynosure Group (Cynosure) in October 2022.
- Founded in 2018 and headquartered in Nashville, Tennessee, FusionSite provides critical site sanitation and other site services to a diverse base of customers across multiple end markets, including residential construction, commercial and infrastructure, government and military, recreational events, and consumer and agriculture. The company operates across the Southeast, Midwest, and Northeast, providing a full suite of equipment and route-based sanitation services, including portable toilets, luxury restroom trailers, dumpster rentals, handwash units, portable storage containers, and more.
- Formed in 2014 and headquartered in Salt Lake City, Utah, Cynosure is an independent alternatives asset manager and advisor that makes long-term investments.
- Houlihan Lokey served as the exclusive financial advisor to FusionSite. This deal exemplifies the continued success of Houlihan Lokey's coverage of the managed facility services sector.
- Despite a challenging macroeconomic backdrop, Houlihan Lokey was able to successfully position the resiliency of the business model and end markets as well as the compelling opportunity to back a scalable platform and experienced management team with a proven playbook to continue rolling up the sizable, highly fragmented portable sanitation and site services industry.

EQUITY MARKET INDEX PERFORMANCE

- U.S. macro outlook remains constructive, with GDP growth for 2023 expected to be ~3% and ~6% in 2024, while unemployment is expected to remain near historic lows.
- While the Fed's ongoing rate hike campaign to curb inflationary pressures and stave off a looming recession have sent markets on a prolonged decline, indices began to stabilize in 2023 providing a much-needed level of support to the market.
- The Houlihan Lokey Facility and Residential Services Index increased ~32% on an LTM basis and significantly outperformed the S&P 500, which was up only ~16% in the same time frame.
- Since January, the Houlihan Lokey Facility and Residential Services Index was up 12.5%, slightly trailing the S&P 500 as a whole (14.2%).
- On an LTM basis, the diversified facility management subsector outperformed residential services, although both outperformed the broader market.

LTM June 2023 Performance

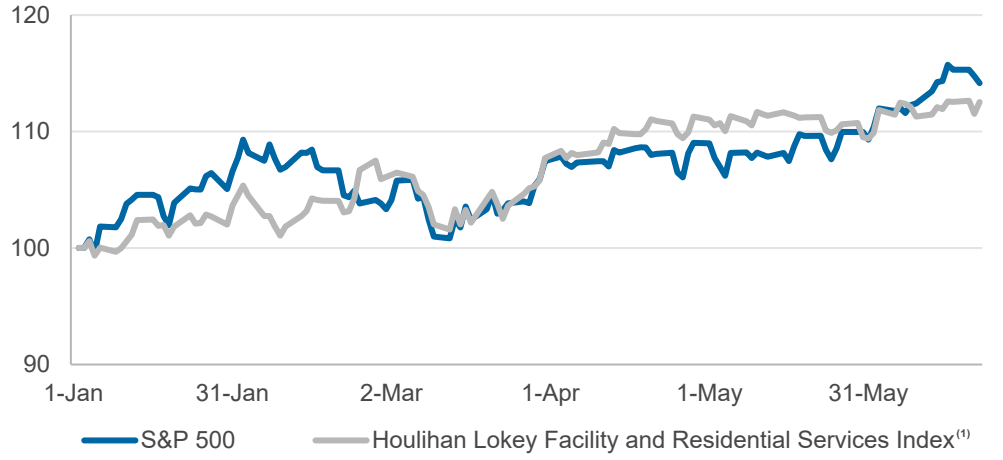
(Share Price Indexed to 100)



Houlihan Lokey Facility and Residential Services Index	31.7%
S&P 500	16.0%

YTD 2023 Performance

(Share Price Indexed to 100)



Houlihan Lokey Facility and Residential Services Index	12.5%
S&P 500	14.2%

Source: S&P Capital IQ. Data as of June 21, 2023.
(1) The Houlihan Lokey Facility and Residential Services Index consists of a diversified set of 11 companies across the facility and residential services sector.

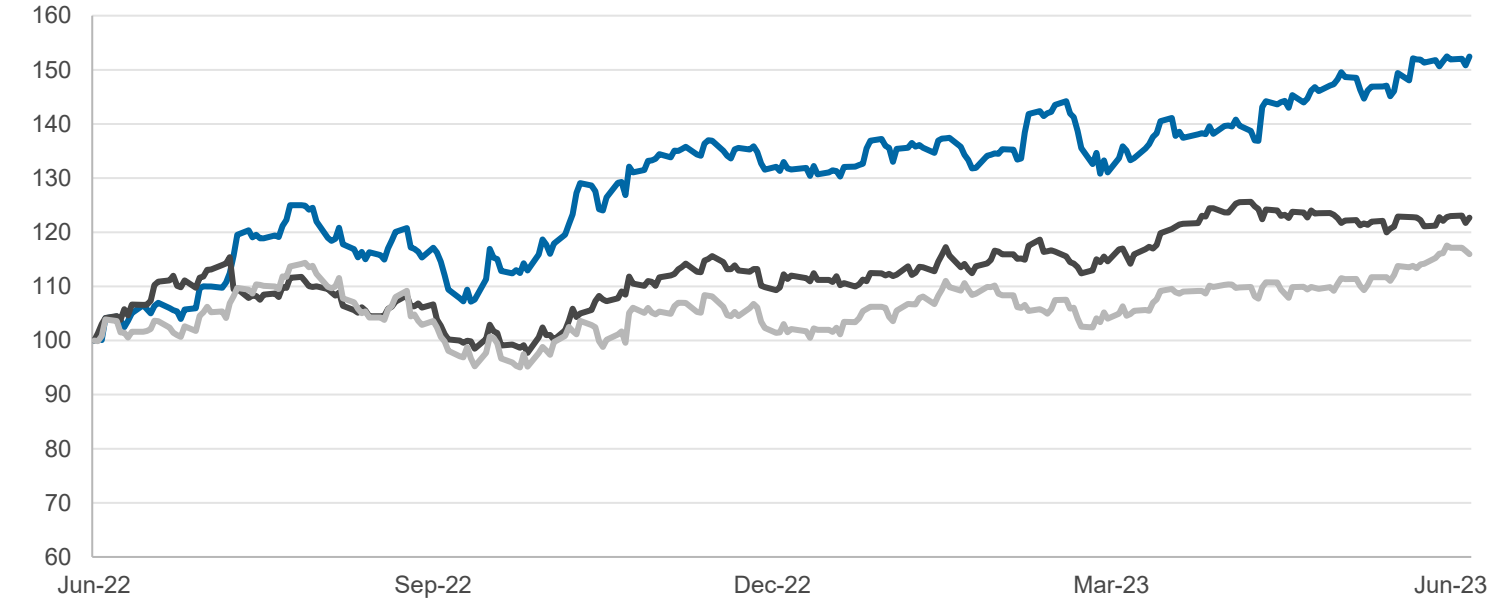
EQUITY MARKET INDEX PERFORMANCE

FACILITY AND RESIDENTIAL SERVICES SUBSECTORS

While diversified facility management has outperformed residential services over the past 12 months, both subsectors have shown resiliency and outpaced the broader market

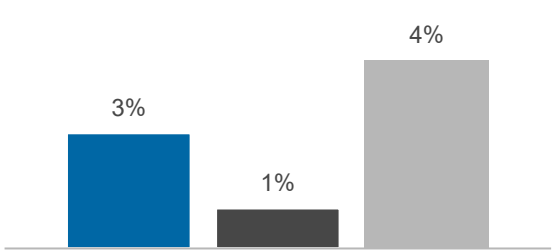
LTM June 2023 Performance by Subsector

(Share Price Indexed to 100)

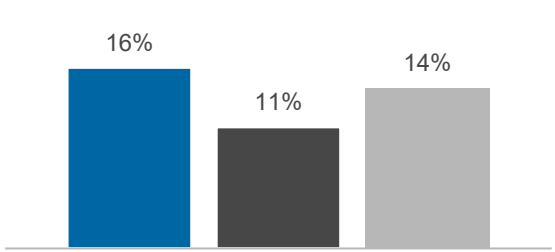


Diversified Facility Management	52.5%
Residential Services	22.7%
S&P 500	16.0%

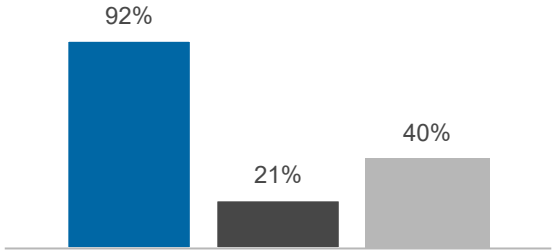
Monthly Performance



YTD 2023 Performance



Three-Year Performance



Diversified Facility Management — Residential Services — S&P 500

Source: S&P Capital IQ. Data as of June 21, 2023.

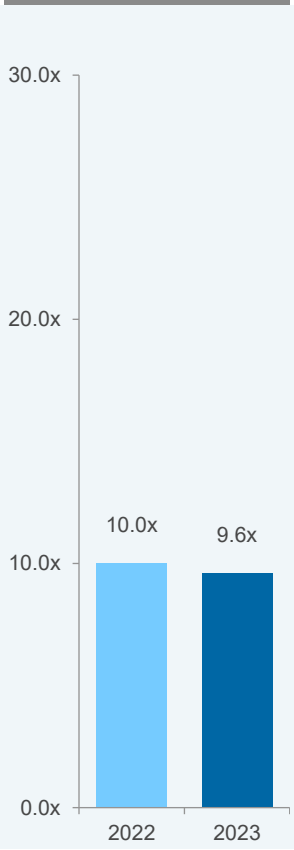
PUBLIC TRADING MULTIPLES IN FACILITY AND RESIDENTIAL SERVICES

Diversified Facility Management

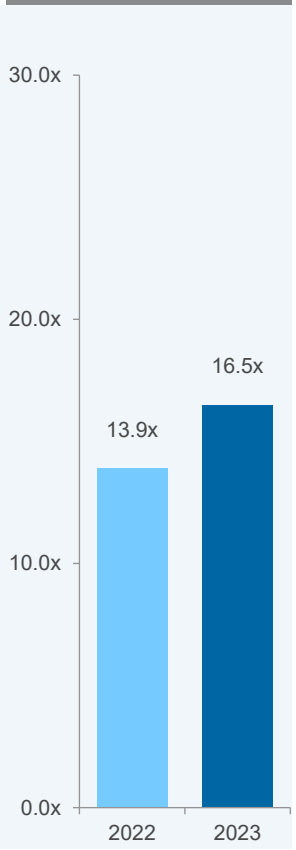
ABM Building Value · aramark · COMFORT SYSTEMS USA · GDI Integrated Facility Services · ISS · mitie · sodexo

EV/LTM Revenue

EV/LTM EBITDA



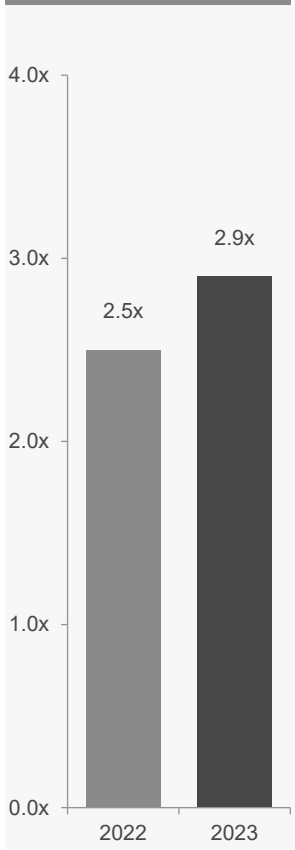
Forward P/E



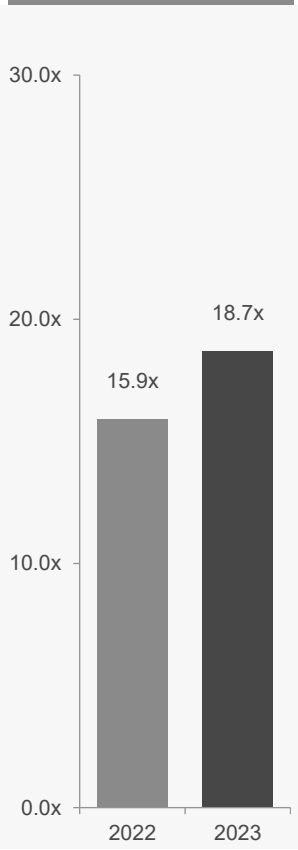
Residential Services

CHEMED CHEMED CORPORATION · FirstService Creating value one step at a time · frontdoor · ROLLINS

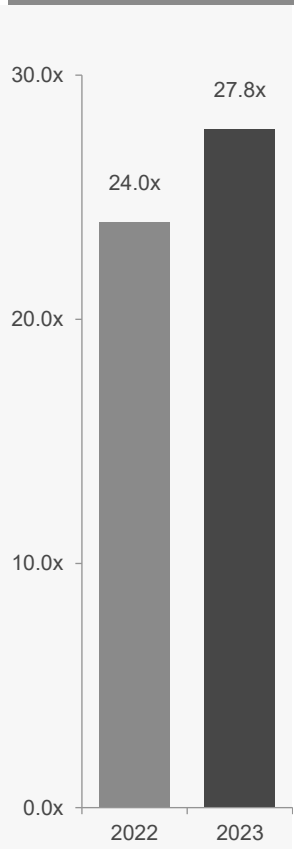
EV/LTM Revenue



EV/LTM EBITDA



Forward P/E



Source: S&P Capital IQ. Data as of June 21, 2023
Notes: Diversified facility management includes ABM Industries, Aramark, ISS A/S, GDI Integrated Facility Services, Mitie Group, Sodexo S.A., and Comfort Systems USA. Residential Services includes Chemed Corporation, FirstService Corporation, Frontdoor, and Rollins.Values are median for entire composite.

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