

Janitorial Industry Analysis

February 2015

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SCOTT-MACON

BUSINESS SERVICES INVESTMENT BANKING

Overview of the Janitorial Industry

February 2015: Industry Report

Dear Clients and Friends,

Scott-Macon is pleased to present you with our analysis of the Janitorial Market. This report reviews janitorial companies from three perspectives:

- **Industry Overview** – Pages 3 through 6 present an analysis of the janitorial industry's important trends.
- **Publicly-Traded Companies** – Pages 7 and 8 present comparable publicly-traded companies and their valuation metrics.
- **Mergers and Acquisitions** – Starting on page 9 we present a table of selected Janitorial Industry M&A deals since 2010.

Following are the summary valuation statistics:

<u>MERGERS & ACQUISITIONS</u>	Revenue <u>Multiple</u>	EBITDA <u>Multiple</u>	<u>PUBLICLY-TRADED COMPARABLES</u>	Revenue <u>Multiple</u>	EBITDA <u>Multiple</u>
<i>Mean</i>	0.6x	8.3x	<i>Mean</i>	1.4x	11.0x
<i>Median</i>	0.5x	8.2x	<i>Median</i>	1.0x	10.7x

I would welcome your call or email to discuss your corporate development plans or answer any questions you may have about this article or Scott-Macon's merger and acquisition advisory and capital raising capabilities.

Sincerely yours,



Nathan D. Cortright

Managing Director

Group Head – Business Services Investment Banking

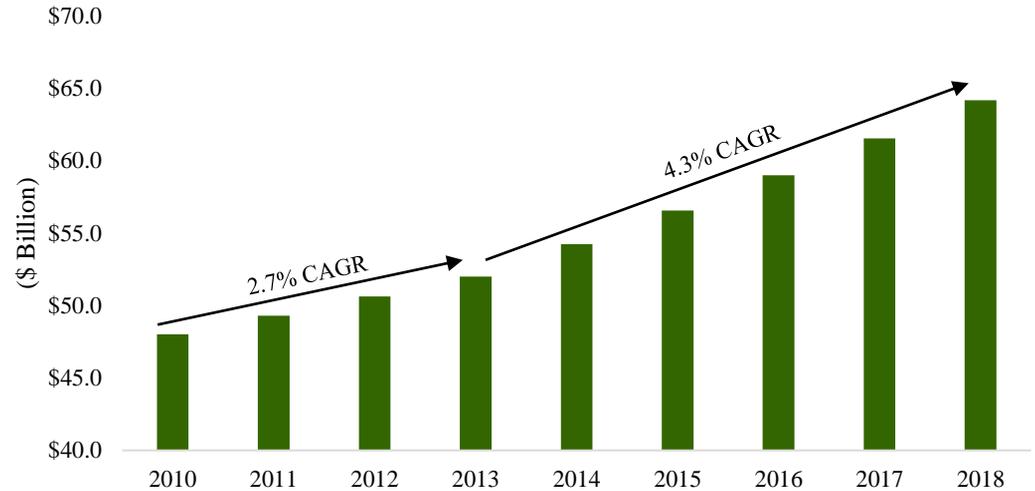
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Introduction

The Janitorial Industry comprises establishments primarily engaged in cleaning building interiors, interiors of transportation equipment (e.g., aircraft, rail cars, ships), and/or windows. Industry activities include contract cleaning services for factories, retail outlets, shopping centers and malls, business and government offices, trains and airlines and housecleaning services. Globally, janitorial and carpet cleaning services companies are more common in industrialized countries. The Janitorial Industry is expected to grow at a faster rate than GDP through 2018. Improvements in the general economy, as shown in Exhibit 1, will drive future growth.

Exhibit 1: Janitorial Industry Revenue 2010 - 2018



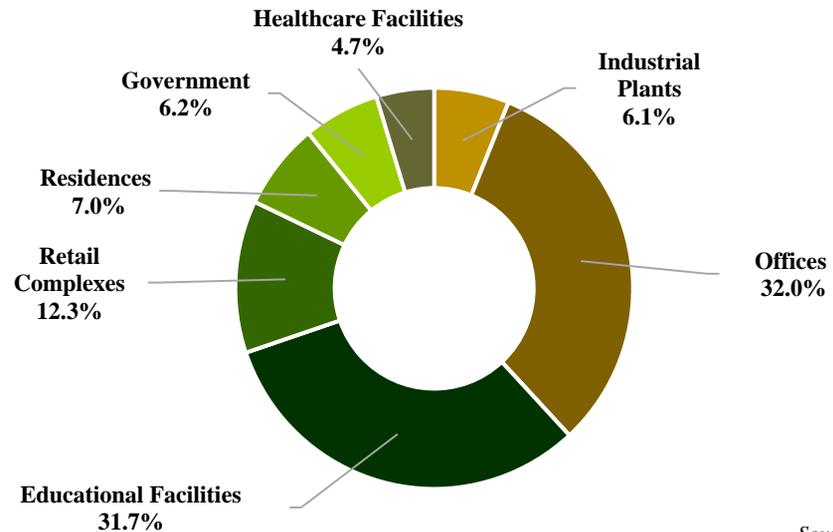
Source: tradingeconomics.com, IBISWorld

The industry is segmented into commercial and residential cleaning services. The commercial sector mainly comprises office buildings, municipal structures and retail spaces, while the residential sector includes single-family homes, apartments and condos.

Educational and healthcare facilities represent the biggest growth areas for the industry. The educational segment includes janitorial services that are provided to colleges, universities and professional schools. Over the past five years, this segment has grown as an increasing portion of municipal school districts and public universities have opted to privately outsource janitorial services.

The majority of revenue is derived from the commercial and retail sectors. These are the mainstays of the industry, although they remain very price competitive.

Exhibit 2: Major Market Segment (2014)



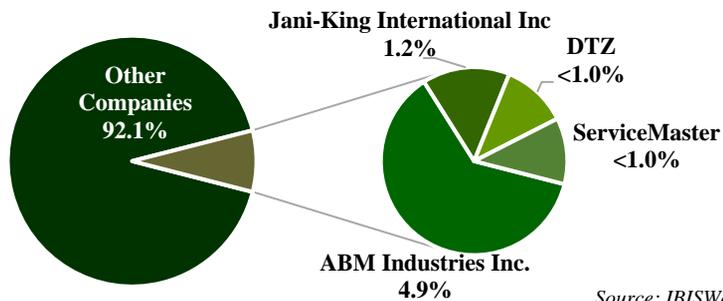
Source: IBISWorld

Competitive Landscape

The Janitorial Industry has few barriers to entry, due to a low level of market share concentration and low capital investment requirements. As you can see from Exhibit 3, the top four players in the industry account for less than 10.0% of the available market in 2014. There are an estimated **829,522** companies competing in the industry. Commercial cleaning contracts are typically for one year and can be terminated by the operator or client with 30 to 90 days of notice. Companies typically bid on contracts, a factor that makes price-based competition important for this industry.

There is also a low level of training required for industry employees, thus labor is not expected to be a significant barrier to entry. Competition within this industry is high but steady, since many companies operate with a small share of the market. Typical wages for industry employees average \$14,753. There are no licenses or regulations exclusive to this industry, apart from meeting all general state occupational health and safety regulations, including the use and safe storage of all cleaning chemicals and compounds.

Exhibit 3: Industry Market Share



Source: IBISWorld

Competition (Very High)

- There are over 829,522 businesses operating in janitorial services in the United States

Concentration (Very Low)

- The top four companies only comprises 7.9% of the industry's revenue

Life Cycle Stage (Mature)

- Through 2018, industry revenue is forecast to increase at an average annual rate of 4.3%

Capital Intensity (Low)

- Costs are largely related to labor and cleaning supplies used during service requests

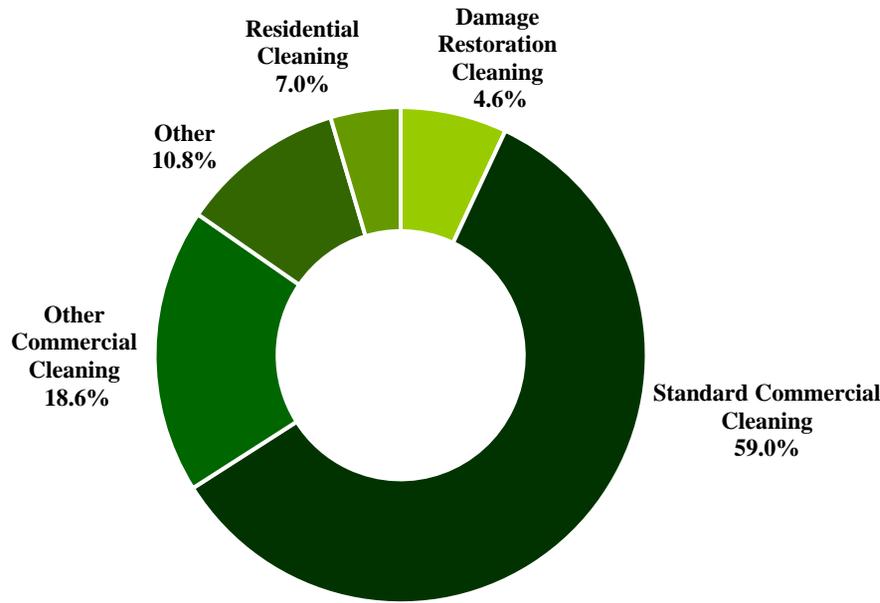
Technology Change (Low)

- Most of cleaning supplies are easy to use and require very little training

Regulation & Policy (Light)

- There are no licenses or regulations exclusive to the janitorial industry, apart from meeting all general state occupational health and safety regulations

Exhibit 4: Products and Services Segmentation (2014)



Source: IBISWorld

Commercial cleaning is the largest industry segment, making up 77.6% of industry revenue in 2014. Growth has occurred in this segment in the past five years due to the outsourcing of cleaning services and investment in new buildings, particularly in the educational, healthcare, penal, food processing and pharmaceuticals manufacturing industries.

Residential cleaning services will account for an estimated 7.0% of the industry’s revenue in 2014. This segment has fallen as a share of revenue over the past five years primarily because of decreased disposable income during the recession and the slow recovery period.

Damage Restoration Services is expected to account for 4.6% of industry revenue. These services generally encompass water extraction dehumidification, mold and mildew remediation, debris removal and site reconstruction, depending on the cause.

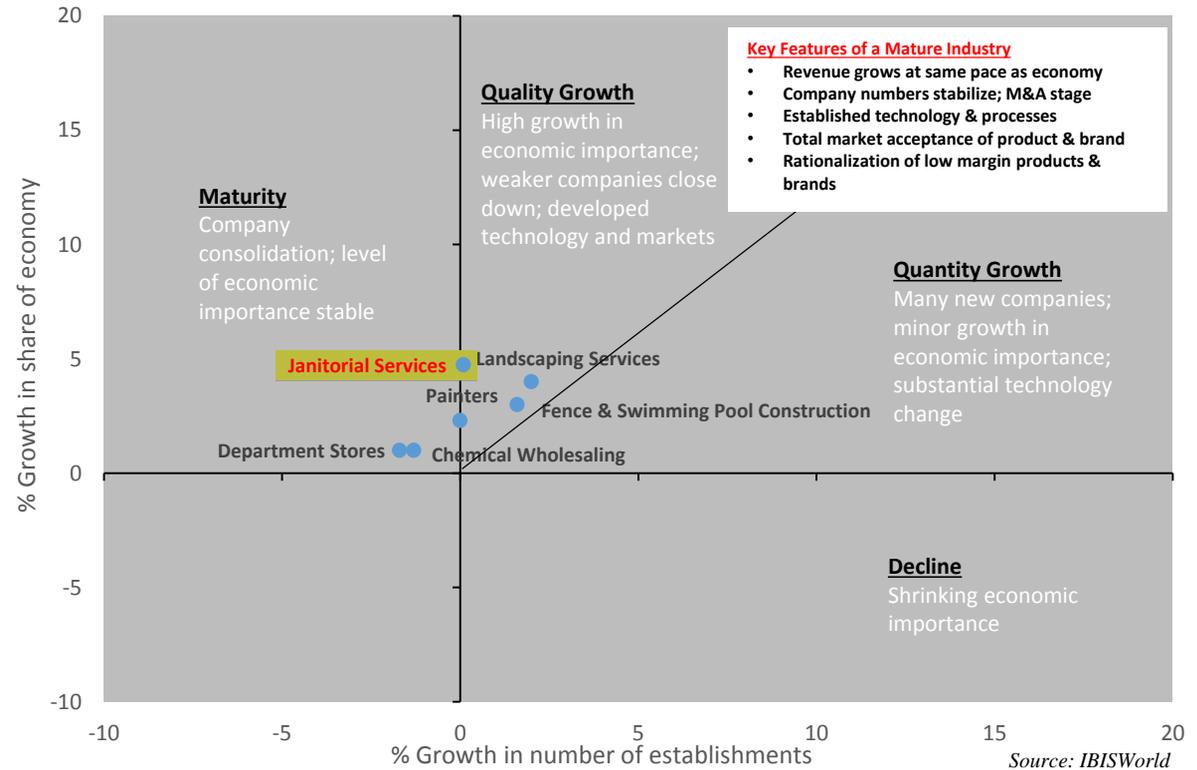
Key External Drivers

- **Number of Businesses** – Growth in the number of business operators creates a large potential client base for industry operators.
- **Office rental vacancy** – When the office vacancy rate is low, there is greater demand for janitorial cleaning services.
- **Corporate profit** – As corporate profit rises, businesses typically expand, therefore more janitorial services are required to clean additional offices, retail stores, restaurants and malls.
- **Value of private nonresidential construction** –Nonresidential construction is a major market for industry services and therefore serves as a leading indicator of demand.
- **Households earning more than \$100,000** – Households in the highest income brackets have the greatest propensity to purchase housekeeping services, due to their greater amount of disposable income and larger estates.
- **World price of crude oil** – When the price of gas rises, transportation costs increase for industry operators.

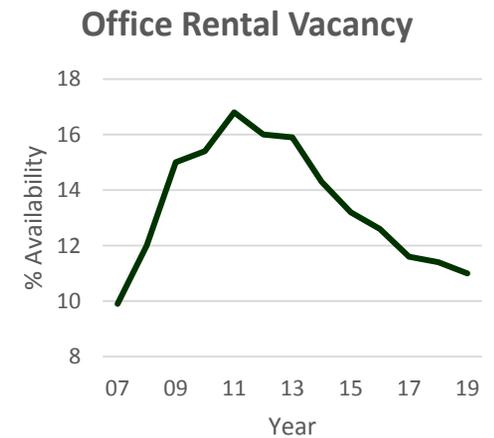
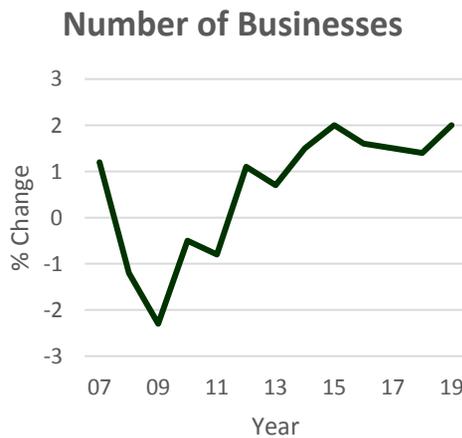
Janitorial Industry Overview

Industry Trends

There are a number of trends that can be observed regarding the industry's overall growth characteristics. The Janitorial Services industry is starting to enter the mature phase of its industry life cycle due to recent consolidation. Despite the Janitorial industry entering the mature stage, a new wave of growth (4.3% CAGR through 2018) is emerging, fueled by the rise in consumer income (*residential cleaning growth*), increase in business confidence (*office cleaning*) and rise in manufacturing (*industrial cleaning*). Through 2018 the industry revenue is forecast to increase at an average annual rate of 4.3%; this is 1.6% greater than the United States annualized GDP growth of 2.7% over the same period.



The Janitorial Services industry will encounter promising conditions over the four years to 2018, due to an expected upswing that will be caused by the recovering economy. As a result, industry revenue is forecast to increase at an average annual rate of 4.3% to reach \$64.2 billion in 2018. Demand for domestic cleaning services is also expected to rise, as the unemployment level drops and household disposable income continues to grow. The percentage of households with annual incomes exceeding \$100,000 is expected to increase from 23.1% in 2014 to 24.9% by 2019. In addition, the number of businesses in the United States is also expected to rise at an average annual rate of 1.7% to an estimated 8.3 million companies.



Source: IBISWorld

Company Name	Description	Price	% of 52 Wk High	Market Value	Total Enterprise Value (TEV)	TEV / LTM ¹ EBITDA ²	% Change TEV / LTM ¹ EBITDA ²		TEV / LTM Rev.	% Change TEV / LTM ¹ Rev.	
							30 Day	1 Year		30 Day	1 Year
ABM Industries Incorporated	Janitorial, parking, security and engineering services	\$29.01	95.8%	\$1,617.3	\$1,900.6	9.6 x	0.0%	1.1%	0.4 x	0.0%	1.1%
Aeon Delight Co Ltd.	Provides facility management services	22.37	91.5	1,175.3	760.9	5.0	0.0	-11.4	0.3	0.0	-11.2
ARC Document Solutions, Inc.	Document management services	9.35	87.7	436.9	624.5	9.1	0.0	-6.1	1.5	0.0	-6.1
Brink's Company	Secure transportation and other security-related services	22.70	68.1	1,102.6	1,417.7	4.5	0.0	-5.5	0.4	0.0	-5.5
Carillion plc	Provides services needed to manage and operate buildings	5.17	86.0	2,226.0	2,558.0	10.8	0.0	1.3	0.5	0.0	1.3
Cintas Corporation	Rental uniforms and document management services	78.35	96.8	9,192.1	9,665.3	11.7	0.0	0.2	2.1	0.0	0.2
Command Security Corp.	Provides uniformed aviation and security services	2.37	66.8	23.0	28.0	7.6	0.0	22.6	0.2	0.0	22.6
Compass Group PLC	Contract food services and support services	17.36	99.4	28,947.2	32,573.0	14.0	0.0	3.4	1.3	0.0	3.4
Darling Ingredients Inc.	Recycling and recovery solutions for the food industry	16.99	79.4	2,798.0	4,988.0	10.7	0.0	-3.7	1.5	0.0	-3.7
Ecolab Inc.	Services for healthcare and industrial markets	103.58	87.4	31,086.0	37,757.3	13.2	0.0	-0.7	2.7	0.0	-0.7
Faber Group Bhd	Facilities management services	0.72	69.7	584.5	485.0	20.4	0.0	-5.7	2.6	0.0	-5.7
Healthcare Services Group Inc.	Housekeeping, facility maintenance and food services	31.20	97.6	2,204.9	2,140.2	NA	NA	NA	1.7	0.0	0.9
Heritage-Crystal Clean, Inc	Provides industrial and hazardous waste services	12.08	60.3	260.9	265.2	11.6	0.0	-2.0	0.8	0.0	-2.0
Impel S.A.	Cleaning, security and catering services	8.13	95.6	104.6	174.5	8.5	0.0	0.9	0.4	0.0	0.9
Interserve plc	Facilities management and maintenance services	8.12	71.2	1,168.1	1,552.7	7.6	0.0	-3.1	0.4	0.0	-3.1
Iron Mountain Inc.	Records management and data protection	40.17	97.7	8,426.9	12,647.3	13.9	0.0	2.7	4.1	0.0	2.7
Johnson Service Group plc	Textile rental and facilities management services	1.07	99.3	319.5	367.8	5.5	0.0	11.7	1.2	0.0	11.7
Jones Lang LaSalle Incorporated	Integrated real estate and management services	151.54	98.0	6,792.3	7,231.7	12.4	0.0	1.0	1.4	0.0	1.0

As of Wednesday, December 31st, 2014

Company Name	Description	Price	% of 52	Market Value	Total Enterprise Value (TEV)	TEV / LTM ¹ EBITDA ²	% Change TEV / LTM ¹ EBITDA ²		TEV / LTM Rev.	% Change TEV / LTM ¹ Rev.	
			Wk High				30 Day	1 Year		30 Day	1 Year
MITIE Group PLC	Asset management services in support of facilities	\$4.05	78.0%	\$1,449.4	\$1,805.7	19.0 x	2.3%	0.0%	0.6 x	2.3%	0.0%
Newalta Corporation	Recycling of products from industrial residues	11.66	63.21	653.44	1014.93	7.88	0.00	-12.15	1.52	0.00	-12.15
Rentokil Initial plc	Business to business support services	1.85	91.5	3,368.2	4,679.8	6.8	0.0	0.5	1.3	0.0	0.5
Restore PLC	Document management solutions	4.03	94.1	331.1	365.1	19.7	0.0	-0.3	4.0	0.0	-0.3
Rollins Inc.	Pest control, sanitation services and products	34.85	102.7	5,071.6	4,963.2	19.0	0.0	3.2	3.5	0.0	4.1
Secom Co. Ltd.	Diversified security services	58.16	94.5	12,695.2	11,620.6	7.8	0.0	-1.5	1.7	0.0	-1.5
Securitas AB	Specialized guarding services	12.01	98.7	4,383.9	5,770.7	11.2	0.0	3.6	0.7	0.0	3.6
ShiDax Corp.	Institutional contracted, medical and retail food services	4.69	100.0	182.7	362.5	4.8	0.0	0.6	0.2	0.0	0.6
Sohgo Security Services Co. Ltd.	Stationed security and transportation services	26.79	99.8	2,692.8	2,241.2	8.7	0.0	9.6	0.8	0.0	9.6
Sodexo S.A.	Food and facilities management services	102.03	100.0	15,547.9	16,516.0	12.4	0.0	10.1	0.8	0.0	10.1
Stericycle, Inc.	Provides waste management and related services	133.45	97.5	11,332.7	12,991.1	18.6	0.0	1.6	5.3	0.0	1.6
Transfield Services Limited	Operations, maintenance and construction services	1.19	75.6	608.8	1,040.0	5.8	0.0	-5.6	0.3	0.0	-5.6
Turvatiimi Corp.	Security services	0.15	46.9	9.0	13.9	NA	NA	NA	0.3	0.0	18.0
Zep, Inc.	High-efficacy maintenance and cleaning solutions	15.79	82.9	364.0	573.0	11.2	0.0	7.0	0.8	0.0	3.5
Mean			86.7%	\$4,911.2	\$5,659.2	11.0 x	0.1%	0.8%	1.4 x	0.1%	1.2%
Median			92.8%	\$1,533.3	\$1,853.2	10.7 x	0.0%	0.6%	1.0 x	0.0%	0.8%

As of Wednesday, December 31st, 2014

1) LTM: Last Twelve Months

2) EBITDA: Earnings Before Interest, Taxes, Depreciation and amortization

Source: Financial Information from SEC filings and other publicly-available sources

Selected Janitorial Industry M&A Transactions (2010—2014, \$ millions)

Date	Acquirer / Target	EV ¹	EV ¹		Target Description
			Revenue	EBITDA ²	
10/8/2012	ABM Industries Inc. / Air Serv Corporation	\$158.8	0.5x	NA	Provides cabin cleaning and janitorial services to aviation industry
9/1/2013	ABM Industries Inc. / BEST Infrared Services Inc.	\$4	NA	NA	Provides onsite inspections, testing, analysis and maintenance services to industrial and commercial customers
6/30/2010	ABM Industries Inc. / Diversco Integrated	\$30.3	0.4x	NA	Provides cleaning and facility maintenance programs
10/1/2014	ABM Industries Inc. / GBM Support Services Group Limited	NA	NA	NA	Provides cleaning services, such as daily cleaning, janitorial, glass facade cleaning and specialist cleaning service
11/1/2012	ABM Industries Inc. / HHA Services, Inc.	\$34.3	0.7x	NA	Offers housekeeping, food and nutrition, plant operations/maintenance, laundry, security and food service consulting services
3/25/2014	Actionview International Inc. / Fantastic Pool Services LLC	NA	NA	NA	Provides pool cleaning and maintenance services
7/31/2013	Advanced Disposal Services, Inc. / AAA Sanitation, Inc.	NA	NA	NA	Provides septic, portable toilet, waste liquid, utility and concrete services
4/23/2011	Aeon Delight Co Ltd. / Kajitaku Inc.	NA	NA	NA	Provides lifestyle support services such as cooking, vacuuming and bathroom cleaning
8/24/2010	Aktrion Holdings Ltd. / Alpha Facilities Management Limited	NA	NA	NA	Facilities management and temporary labor services
11/20/2014	Allianceplus AB / Städab Service Partner Sverige AB	NA	NA	NA	Offers cleaning services to schools
5/22/2014	AlliHub, Inc. / GetMaid, Inc.	NA	NA	NA	Provides on-demand house cleaning and maid services
3/22/2013	American Capital, Ltd. / Service Experts LLC	\$10.4	NA	NA	Offers household and commercial repair and installation services
4/1/2010	Ames Services, Ltd. / DARRYLZ Landscaping	NA	NA	NA	Landscaping maintenance and snow removal services for home and business premises
5/1/2014	AMPE Service Group, Inc. / 4FastPlumber LLC	NA	NA	NA	Provides plumbing services for commercial and residential customers
12/31/2013	Aquilex Holdings LLC / Inland Industrial Services Group, LLC	NA	NA	NA	Provides environmental and industrial cleaning services
3/17/2014	ARC Industries, Inc. / PetroChem Recovery Services, Inc.	NA	NA	NA	Provides various environmental services to government agencies, large industrial companies and small businesses
1/11/2011	ARCADIA Beteiligungen Bensei Tiefenbacher / Biffinger Berger Umweltsanierung GmbH	NA	NA	NA	Environmental restoration services

Selected Janitorial Industry M&A Transactions (2010—2014, \$ millions) (Cont.)

Date	Acquirer / Target	EV ¹	EV ¹		Target Description
			Revenue	EBITDA ²	
8/11/2014	Arnold Zlotnik / Enviro-Master Corporate, Pittsburgh Franchise	NA	NA	NA	Provides restroom cleaning services and products for public restrooms
11/14/2014	Arrowguard Environmental Services Limited / Safeguard Pest Control & Environmental Services Ltd	NA	NA	NA	Provides domestic and commercial specialist cleaning services
1/31/2012	Austin Outdoor, Inc. / Cornerstone Tree Farm, Inc., Landscape Management Division	NA	NA	NA	Offers landscape services which include maintenance of properties, quality control, property upgrades and seasonal color expertise
10/31/2010	Belfor USA Group, Inc. / Coach's Catastrophe Cleaning	NA	NA	NA	Disaster recovery, environmental cleaning and contents restoration services
3/16/2012	Biehler Companies, Inc. / Dreamscapes Landscape Center	NA	NA	NA	Offers solutions to landscaping and ground maintenance needs
2/14/2012	Big 3 Packaging, LLC / Pak-It, LLC	\$0.9	NA	NA	Sanitary cleaning services
7/13/2010	BIO Landscape and Maintenance, Inc. / Forest Hills Lawn Service, Inc.	NA	NA	NA	Lawn maintenance and landscaping services
1/9/2012	Birch Hill Equity Partners Management Inc. / Distinction Group, Inc.	\$158.6	0.6x	8.2x	Provides critical support services to military, civil and commercial customers
4/1/2014	Black Diamond Plumbing & Mechanical, Inc. / Axberg Heating Company, Inc.	NA	NA	NA	Provides plumbing, sewer, electric and duct cleaning services for residential and commercial customers
11/1/2012	Blackstone Group, Private Equity Group / GCA Services Group, Inc.	NA	NA	NA	Provides facility services that include janitorial, contamination control and facilities operations and maintenance
3/28/2011	BNP Paribas Développement SA, SCR, and FSI Régions / CTP Environnement S.A.S.	NA	NA	NA	Industrial cleaning and maintenance services
11/11/2014	Busy Bee Cleaning Services Ltd. / Optim Contract Services Limited	NA	NA	NA	Provides cleaning and security services
7/31/2014	Cari-All Inc. / French Company, LLC	NA	NA	NA	Provides customized maintenance, repair and cleaning services programs for rolling stock equipment, material and handling equipment
10/18/2013	Carillion plc / John Laing Integrated Services Ltd.	NA	NA	NA	Facilities management support such as cleaning, catering and ground maintenance
3/1/2010	Castle Keepers of Charleston, Inc. / Cassie's Cleaning, Inc.	NA	NA	NA	Cleaning services including apartment move outs, residential cleaning and maid services, office cleaning and new construction cleaning
5/6/2014	Charlesbank Capital Partners / American Residential Services L.L.C.	NA	NA	NA	Provides heating, air conditioning (AC), plumbing, sewer and drain services to homes and businesses
5/1/2013	COIT Services, Inc. / COIT Cleaning and Restoration of Sacramento	NA	NA	NA	Provides cleaning and disaster restoration services including carpet, upholstery and drapery cleaning services

Selected Janitorial Industry M&A Transactions (2010—2014, \$ millions) (Cont.)

Date	Acquirer / Target	EV ¹	EV ¹		Target Description
			Revenue	EBITDA ²	
12/18/2014	Coldwell Banker Residential Real Estate LLC / Exit Realty Central Inc.	NA	NA	NA	Provides cleaning services to buildings
3/8/2011	Compass Group PLC / BW HLS Holdings, Inc.	NA	NA	NA	Support services to healthcare sector
11/26/2013	Compass Group PLC / Canteen And Cleaning Services	NA	NA	NA	Comprises the canteen and cleaning services operations of Vestas Wind Systems
5/7/2010	Compass Group PLC / Clean Mall Serviços Ltda	NA	NA	NA	Offers general building and hospital cleaning services
2/7/2013	Compass Group PLC / Clinical Resources For Equipment Support Technology Services, Inc.	\$42.4	NA	NA	Provides medical equipment maintenance, asset management and healthcare facilities program management service
9/29/2011	Compass Group PLC / Don Vapor S.A.	NA	NA	NA	Offers cleaning and sanitary services
2/6/2012	Compass Group PLC / DORA Gastro a.s.	NA	NA	NA	Provides catering services for industrial market, office buildings, hospitals, schools, army and government institutions
2/4/2010	Compass Group PLC / Hurley Corporation	\$31	NA	NA	Building cleaning and facility services
9/30/2010	Compass Group PLC / IDA Service A/S	NA	NA	NA	Industrial cleaning and catering services
10/21/2011	Compass Group PLC / Integrated Cleaning Management Ltd.	NA	NA	NA	Offers cleaning and support services
10/31/2012	Compass Group PLC / Nova Services Group Inc.	\$26	1.2x	NA	Dietary, environmental and janitorial services company
3/7/2012	Compass Group PLC / Supercare Services Group (Pty) Ltd	NA	NA	NA	Offers contract cleaning, hygiene, hospitality and pest management solutions
2/15/2011	Contract Solutions Grampian Limited / Bon Accord Cleaning Services	NA	NA	NA	Commercial contract cleaning services
8/20/2011	Costain Group plc / Promanex Group Limited	\$18.6	0.3x	7.8x	Industrial support services, total facilities management and environmental services
12/7/2010	Darling Ingredients Inc. / Griffin Industries LLC	NA	NA	NA	Collects and recycles grocery scraps, restaurant grease and bakery waste
5/28/2010	Darling Ingredients Inc. / Nebraska By-Products, Inc.	NA	NA	NA	Collects and processes dead stock from farms
6/8/2012	Darling Ingredients Inc. / RVO BioPur, LLC	NA	NA	NA	Collects and processes waste cooking oil products

Selected Janitorial Industry M&A Transactions (2010—2014, \$ millions) (Cont.)

Date	Acquirer / Target	EV ¹	EV ¹		Target Description
			Revenue	EBITDA ²	
8/26/2013	Darling International Inc. / Terra Renewal Services, Inc.	NA	NA	NA	Provides collection, hauling, reprocessing and recycling of waste cooking oil and disposal of non-hazardous waste
9/12/2013	Data Clean Corp. / Environmental Maintenance Solutions, Inc.	NA	NA	NA	Provides environment cleaning and maintenance services
3/21/2014	Diversified Maintenance Systems, LLC / Rite Way Service, Inc.	NA	NA	NA	Provides janitorial and commercial services
12/2/2010	Dussmann AG & Co. KGaA / Abegglen Reinigungen AG	NA	NA	NA	Industrial cleaning, maintenance cleaning and housing maintenance services
3/8/2012	Ecolab Inc. / Econ Indústria e Comércio de Produtos de Higiene e Limpeza Ltda	NA	NA	NA	Provides cleaning and sanitizing products and services
10/21/2014	Edmond de Rothschild Investment Partners / Europ Net	NA	NA	NA	Provides cleaning and routine maintenance services for commercial building
11/30/2010	Egeria BV / CleanLeaseFortex B.V.	NA	NA	NA	Rental and cleaning of linen and work wear
7/30/2013	EQ - The Environmental Quality Company / Allstate Power Vac, Inc.	NA	NA	NA	Operates as an industrial service company
6/4/2012	EQ - The Environmental Quality Company / Vac-All Service, Inc.	NA	NA	NA	Provides industrial cleaning services
5/17/2010	Europa Facility Holdings Ltd. / Nationwide Building Services Group Ltd.	NA	NA	NA	Building maintenance services
7/29/2013	F.A. Bartlett Tree Expert Company / Collier Arbor Care Inc.	NA	NA	NA	Provides tree, shrub and lawn care services for residential and commercial customers
7/2/2012	Facility Supply Group, Inc. / Eastern Janitorial Services, Inc.	NA	NA	NA	Represents combined operations that provide cleaning and janitorial services to businesses
6/4/2013	FacilitySource, Inc. / Ascential Corporation	NA	NA	NA	A facility maintenance and management company
8/6/2012	Fockele Garden Company / Kathy Montgomery and Associates, LLC	NA	NA	NA	Provides landscape design for residential and commercial applications
11/2/2012	Gallivan Corporation / Northern Landscape Services, Inc.	NA	NA	NA	Landscaping and excavating services
11/4/2014	GI Partners / Kellermeyer Bergensons Services	NA	NA	NA	Provides property services to retailers and commercial facilities
3/24/2014	Gordon Olson / Inland Empire Franchise	NA	NA	NA	Provides commercial hygiene/cleaning services for public restrooms

Selected Janitorial Industry M&A Transactions (2010—2014, \$ millions) (Cont.)

Date	Acquirer / Target	EV ¹	EV ¹		Target Description
			Revenue	EBITDA ²	
1/12/2012	Grillmeier Facility & Service GmbH / Grillmeier Gebäudereinigung e.K.	NA	NA	NA	Industrial cleaning and maintenance services
6/15/2012	Guardian Management, LLC / Legacy Management Group, LLC	NA	NA	NA	Provides property management services specializing in residential multi-family homes and homeowner's associations
8/1/2014	H.B. McClure Company / I.T. Landes & Son, Inc.	NA	NA	NA	Provides residential and commercial plumbing, heating, fuel oil and air conditioning services
3/31/2014	Halifax Group / United States Environmental Services, LLC	NA	NA	NA	Provides environmental services
3/26/2012	Hallie Beth Skarpa; Patricia G. Skarpa / Exclusive Building Services, Inc	NA	NA	NA	Offers commercial cleaning services to office buildings of 10,000 to 15,000 square feet
7/12/2013	Healthcare Services Group Inc. / Platinum Health Services, LLC	\$35.4	NA	NA	Provides housekeeping and linen services to health care facilities
8/1/2012	Hercules Window Cleaning Company / Hawkins Building Services Ltd.	NA	NA	NA	Offers window cleaning services for high rise office buildings and government buildings
12/2/2010	Impel S.A. / Przedsiębiorstwo Handlowo Usugowe	\$1.3	0.4x	NA	Offers cleaning services to energy and raw materials businesses
1/7/2010	Instar Services Group, Inc. / B. Poole Restoration, LLC	NA	NA	NA	Disaster recovery solutions
3/11/2013	Integra Certified Document Destruction LLC / Tri Noble Corporation	NA	NA	NA	Provides building services
9/29/2010	Intera Equity Partners Oy / Tehoc Oy	NA	NA	NA	Cleaning and maintenance services
3/28/2014	Interserve plc / Rentokil Initial plc, Initial Facilities Business	\$391	0.5x	NA	Comprises the facilities services businesses of Rentokil
12/14/2012	Interstate Restoration, Inc. / InStar Services Group, LP	NA	NA	NA	Restoration, reconstruction and technical services
8/31/2013	Invision Capital / Commercial Cleaning Systems, Inc.	NA	NA	NA	Provides commercial janitorial services
3/8/2010	ISS A/S / Mulberry Grounds Maintenance Ltd.	NA	NA	NA	Provides landscape services for commercial and public organizations
7/8/2011	Kellermeyer Building Services, LLC / Bergensons Property Services, Inc.	NA	NA	NA	Contract cleaning, property maintenance and janitorial services
5/22/2014	Kohlberg Kravis Roberts & Co. L.P. / Brickman Group, Ltd.	NA	NA	NA	Provides commercial landscaping services

Selected Janitorial Industry M&A Transactions (2010—2014, \$ millions) (Cont.)

Date	Acquirer / Target	EV ¹	EV ¹		Target Description
			Revenue	EBITDA ²	
6/11/2012	Lembaga Tabung Haji / Faber Group Bhd	NA	NA	NA	Maintenance management information, janitorial and hospital support services
12/2/2014	Leonard Green & Partners, L.P / Packers Holdings, LLC	NA	NA	NA	Provides contract cleaning and sanitation services to the food processing industry
2/26/2010	LianDi Clean Technology, Inc. / Remediation Services, Inc.	NA	NA	NA	Restoration and mold remediation business for residential and commercial real estate
7/30/2010	Lindsay Goldberg / PSC, LLC	NA	NA	NA	Environmental, industrial cleaning and container and transportation services
12/5/2014	Lorraine Capital LLC / Buffalo Hotel Supply Company, Inc.	NA	NA	NA	Provides facility maintenance and janitorial services to the hospitality industry
6/12/2014	Madison Capital Funding / Envirovac	NA	NA	NA	Environmental and industrial cleaning
8/24/2011	Management Group / Avalon Property Services, Inc.	NA	NA	NA	Commercial janitorial services
12/31/2012	Matrix Service Company / Pelichem Industrial Cleaning Services, LLC	\$8.3	NA	NA	Provides industrial cleaning and transportation and portable services
8/20/2014	Maxim Facilities Management / Ross Cleaning Services	NA	NA	NA	Provides cleaning services to blue chip companies
3/9/2012	Mercapital, S.L. and Permira Advisers Ltd / Clece FS, S.A.	\$80	NA	NA	Environmental, cleaning, gardening and janitorial services
1/4/2012	Millard Group, Inc. / Renaissance Industries, Inc.	NA	NA	NA	Provides landscaping and lighting services
8/28/2014	Mistras Group, Inc. / The NACHER Corporation	NA	NA	NA	Provides maintenance services to oil, gas and petrochemical industries
3/1/2013	Mitch Murch's Maintenance Management Company / Vivid Cleaning Inc.	NA	NA	NA	Provides commercial cleaning services
7/29/2011	MITIE Group PLC / Services Management International Ltd.	NA	NA	NA	Provides facilities services solutions including janitorial services
11/4/2014	MPS Group, Inc. / Superior Mill Services, LLC	NA	NA	NA	Provides industrial cleaning and maintenance services
1/30/2014	Mtech Mechanical Technologies, Inc. / Total Plumbing, Inc.	NA	NA	NA	Provides commercial and residential plumbing services
7/29/2011	Nabors Industries Ltd. / Peak Oilfield Service Company	\$135.5	NA	NA	Construction, maintenance, industrial cleaning, power generation and transportation services

Selected Janitorial Industry M&A Transactions (2010—2014, \$ millions) (Cont.)

Date	Acquirer / Target	EV ¹	EV ¹		Target Description
			Revenue	EBITDA ²	
12/31/2010	Nature's Trees, Inc. / Autumn Tree Care Experts, Inc.	NA	NA	NA	Tree care services
2/24/2011	NBGI Private Equity Limited / Facilities Services Group Limited	\$9.0	NA	NA	Facilities management and related services
7/30/2014	NexGen Holdings Corp / CTB Pools LLC	NA	NA	NA	Provides pool maintenance and repair services
7/14/2010	Nifisk-Advance, Inc. / Cyclone Surface Cleaning, Inc.	NA	NA	NA	Contract cleaning services for airport runway rubber and paint removal as well as gate area and parking structure surface cleaning
7/29/2013	NRC US Holding Company LLC / Op-Tech Environmental Services Inc.	\$13.9	0.4x	3.9x	Provides environmental and industrial cleaning and decontamination services
1/14/2015	Omega Capital Management, LLC / M&M Environmental Oil Field Services LLC	NA	NA	NA	Provides environmental services and safety such as tank cleaning, general washing and cleaning, and waste management
6/30/2010	Omni Facility Services Canada Ltd. / Cascadian Building Maintenance, Ltd.	\$0.3	NA	NA	Janitorial services to commercial customers
8/1/2011	Omni Facility Services Canada Ltd. / Cleanmax Inc.	\$2.7	NA	NA	Commercial cleaning services
1/1/2011	Omni Facility Services Canada Ltd. / SOS Janitorial Services, Ltd.	\$2.9	NA	NA	Janitorial services to commercial and industrial customers
10/23/2010	Packers Sanitation Services, Inc. / Canadian Contract Cleaning Specialists, Inc.	NA	NA	NA	Provides sanitation services to the food service industry
9/21/2011	Palladium Equity Partners, LLC / Capital Contractors, Inc.	\$9	NA	NA	Commercial and office janitorial services
5/21/2010	Paramount Services Limited / Security Cleaning Services Ltd.	NA	NA	NA	Commercial cleaning services
7/1/2010	Pine Tree Equity / Hydrovac Industrial Services, Inc.	NA	NA	NA	Industrial cleaning services
4/29/2012	Pristine Environments Inc. / BeeLabor Janitorial Services, Inc.	NA	NA	NA	Provides facility management services to the government
6/6/2014	Professional Systems / Eurest Services Inc.	NA	NA	NA	Maintenance and cleaning services to retailers and malls
2/22/2011	QualaWash Holding, LLC / PSC Container Services LLC	NA	NA	NA	Cleaning, environmental, transport and container services
1/1/2015	QualaWash Holdings, LLC / Long's Tank Wash Inc.	NA	NA	NA	Offers cleaning services for petroleum tankers

Selected Janitorial Industry M&A Transactions (2010—2014, \$ millions) (Cont.)

Date	Acquirer / Target	EV ¹	EV ¹		Target Description
			Revenue	EBITDA ²	
6/10/2012	Real American Brands, Inc. / J. C. Decierdo, Corp.	NA	NA	NA	Provides home cleaning services
12/10/2012	Rentokil Initial plc / Eden Advanced Pest Technologies Inc.	\$10	1.4x	NA	Cleaning and sanitation services
3/5/2014	Rentokil Initial plc / Grupo Bestway	NA	NA	NA	Offers facilities management services such as catering and cleaning
8/6/2012	Rentokil Initial plc / Modus FM Ltd.	\$8.3	NA	NA	Provides a range of business support services. It offers electrical, mechanical, fabric maintenance and support service
12/11/2013	Rentokil Initial plc / Plantworks, Inc.	NA	NA	NA	Provides interior plant maintenance and leasing, fresh cut flowers, Christmas decorating and exterior landscaping service
1/2/2015	Restore Shred Limited / Ancora Solutions Limited	\$0.8	NA	NA	Provides storage, removal, archiving, and confidential destruction services
5/4/2012	Restore Shred Limited / ROC Relocations Limited	\$0.3	NA	NA	Collects and destroys confidential data
10/20/2011	Restore Shred Limited / Thoroughshred Limited	NA	NA	NA	Provides secure collection and confidential offsite shredding, destruction, and recycling services
4/26/2014	River City Furniture, LLC / The Cuyahoga Companies, Inc.	NA	NA	NA	Provides office furniture and interior solutions for corporate, healthcare, education, hospitality, and government enterprises
8/18/2014	Riverside Company / The Dwyer Group, Inc.	NA	NA	NA	Provides residential and light commercial repair and maintenance services
2/11/2012	Rock Hill Capital Group, LLC / Alpha Technical Services Corporation, LLC	NA	NA	NA	Industrial cleaning services
6/6/2013	Rollins Inc. / Lawn and Ornamental Green Services LLC	NA	NA	NA	Offers lawn care services
6/27/2012	Ruppert Landscape, Inc. / Eco Scapes, Inc.	NA	NA	NA	Comprise commercial landscape management contracts, trucks, equipment and the hiring of several employees
9/4/2012	Ruppert Landscape, Inc. / New River Landscapes Inc.	NA	NA	NA	Operates as a landscaping management company
10/3/2011	Sealed Air Corporation / Diversey Holdings, Inc.	\$4,576.3	1.4x	12.1x	Janitorial and building maintenance services
4/30/2014	Seaview holdings Sdn. Bhd / Damansara Realty Bhd	\$40.3	0.8x	NM	Provides integrated property related services including cleaning services
5/25/2011	Sodexo S.A / CIBUS Business Meals Ltd.	\$27.7	NA	NA	Offers catering services

Selected Janitorial Industry M&A Transactions (2010—2014, \$ millions) (Cont.)

Date	Acquirer / Target	EV ¹	EV ¹		Target Description
			Revenue	EBITDA ²	
12/24/2012	Sodexo S.A / MacLellan Integrated Services India Pvt Ltd.	NA	NA	NA	Provides facility management services
2/14/2012	Sodexo S.A / Ri.Co. Srl	NA	NA	NA	Provides maintenance, installation, and management services
11/8/2011	Sodexo S.A / Roth Bros., Inc.	NA	NA	NA	Provides total facility maintenance services
4/24/2011	Sodexo S.A / Zehnacker Ireland Limited	NA	NA	NA	Provides building and facility management services
4/1/2011	Sohgo Security Services Co. Ltd. / ALSOK Souei Co., Ltd.	NA	NA	NA	Provides security and building management services
2/28/2011	Sohgo Security Services Co. Ltd. / Japan Facilio Co., Ltd.	\$76	0.2x	NA	Offers facility construction work focusing on plumbing and electrical operations
4/8/2014	Sohgo Security Services Co. Ltd. / Nippon Building Maintenance Co., Ltd.	NA	NA	NA	Provides building maintenance and management services
5/5/2010	Sovereign Capital / 8 Solutions Ltd.	NA	NA	NA	Computer room, data center and server room cleaning services; and disaster recovery cleaning services
7/27/2011	Spie Nucleaire SAS / ATMN	NA	NA	NA	Mechanical maintenance and cleaning services
3/18/2010	Spotless Group Ltd. / Cleanevent Holdings Pty. Limited	NA	NA	NA	Cleaning and waste management services
8/1/2013	Standard Register Company / WorkflowOne LLC	\$339.1	0.7x	9.3x	Residential and commercial restoration and cleaning services
4/22/2014	Stericycle, Inc. / PSC Environmental Services, LLC	\$275	NA	NA	Provides recycling, industrial cleaning and environmental services
9/30/2014	STRABAG Property and Facility Services GmbH / DIW Instandhaltung Ltd. & Co. KG	NA	NA	NA	Provides management, maintenance, and technical cleaning services to the industrial and private enterprises
1/4/2010	Systematic Holdings Pte. Ltd. / Systematic Laundry & Healthcare Services Pte. Ltd.	NA	NA	NA	Offers laundry and dry cleaning services
12/31/2012	Tetra Tech Inc. / American Environmental Group, Ltd.	NA	NA	NA	Provides specialty environmental, construction and maintenance services
7/12/2010	Thompson Industrial Service, LLC / A & T Industrial Services, Inc.	NA	NA	NA	Cleaning services for industrial facilities
12/31/2014	Thompson Street Capital Partners / TriStar Global Energy Solutions, Inc.	NA	NA	NA	Provides tank cleaning to power generation industries

Selected Janitorial Industry M&A Transactions (2010—2014, \$ millions) (Cont.)

Date	Acquirer / Target	EV ¹	EV ¹		Target Description
			Revenue	EBITDA ²	
5/13/2014	Thorpe Corporation / APRM, Incorporated	NA	NA	NA	Provides industrial maintenance, cleaning and waste handling services
1/12/2012	Triangle Services, Inc. / MetroClean Express Corp.	\$2.2	NA	NA	Offers transit related maintenance and administration of products and cleaning services
9/30/2014	Trinity Hunt Partners / Miller Environmental Services, Inc.	NA	NA	NA	Provides environmental solutions and industrial services to commercial and institutional entities
1/2/2015	True Blue Cleaners, Inc. / Quest Cleaners, LLC	NA	NA	NA	Offers laundry and dry cleaning services
5/10/2012	Undisclosed / Elite Maintenance Services, Inc.	NA	NA	NA	Provides pavement cleaning, power washing and related services
11/15/2010	Universal Building Maintenance, LLC / Service Link Commercial L.L.C.	NA	NA	NA	Commercial cleaning services
12/31/2011	University General Health System, Inc. / SYBARIS Group LLC	\$1.1	0.2x	NA	Hospitality, cleaning and sanitation, janitorial and concierge services
10/3/2012	Valet Waste, Inc. / Zodiac Valet Trash, LLC	NA	NA	NA	Waste removal, clean-up and recycling services
6/8/2010	ValleyCrest Companies, Inc. / Waverly Landscape Associates, Inc.	NA	NA	NA	Professional landscaping and snow removal services
1/27/2014	Weiman Products, LLC / Homax Products, Inc., Cleaning Products Division	NA	NA	NA	Cleaning products division which includes specialty cleaning brands
Mean			0.6x	8.3x	
Median			0.5x	8.2x	

1) EV: Enterprise Value

2) EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization

Source: Financial Information from SEC filings and other publicly-available sources

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ABOUT SCOTT-MACON

Scott-Macon is an investment banking firm providing corporate advisory services to a broad range of industries, including a specific focus on business services. Founded in 1973, Scott-Macon has 20 senior professionals with an average of 20 years' experience in investment banking.

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