

Shields & Company

INVESTMENT BANKERS

Business Services Sector Update

Q4 2020



Business Services Sector Update – Q4 2020

M&A Summary & Outlook

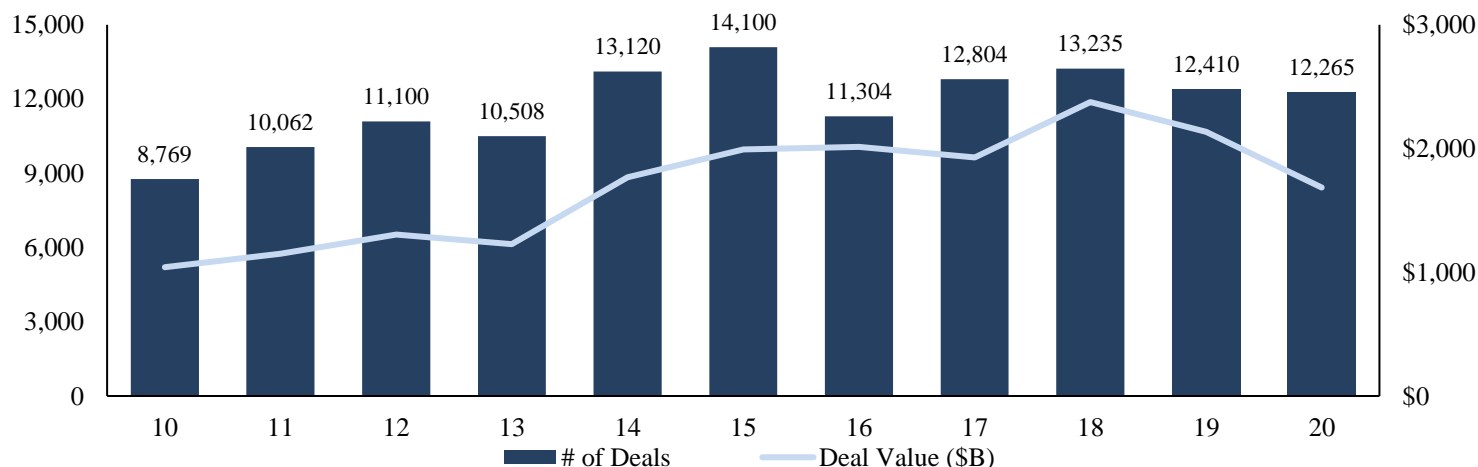
- Q4 2020 saw North American M&A volume of 3,874 transactions and total deal value of \$549.9 billion.
- Within the Business Services sector, there were 305 transactions in Q4 2020, compared to 258 transactions in Q4 2019, representing an 18% increase from last year. The sector had 927 total transactions in 2020 compared to last year's total of 1,058—a substantial decrease of 12% largely due to effects of COVID-19.

Public Company Performance

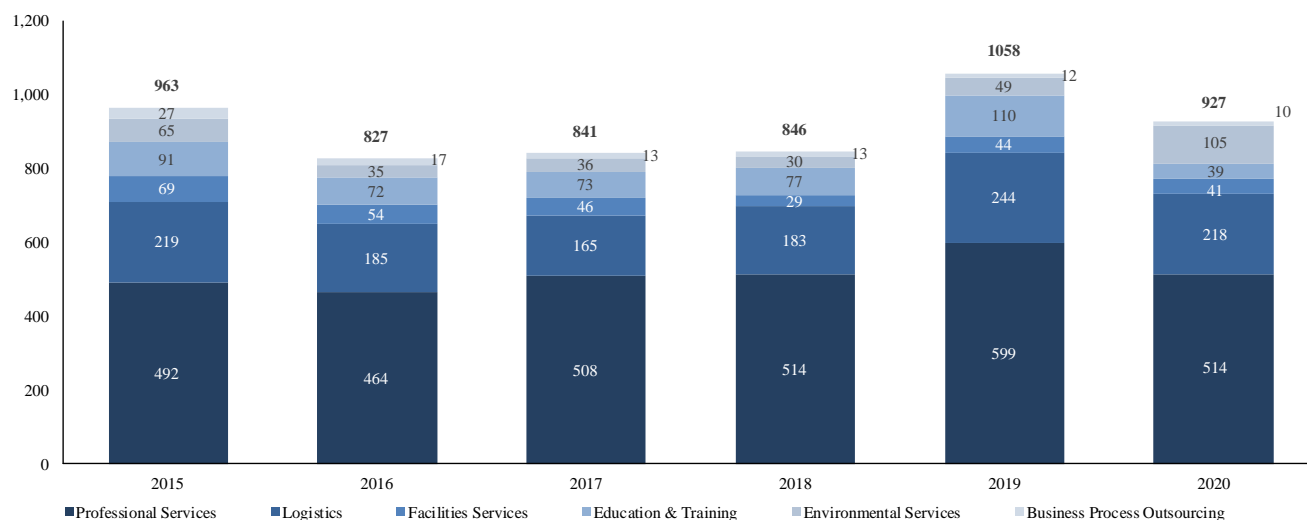
- Public company EV/EBITDA multiples have bounced back toward 2019 levels with a median Business Services multiple of 9.2x in Q4 2020 compared to a median multiple of 8.4x in Q3 2020. The median EV/EBITDA multiple in Q4 2019 was 9.4x.
- After Q4 2020, Facilities Services and Logistics are the only two out of six Business Services sub-sectors that have outperformed the S&P 500 over the past five years.

North American M&A Overview

(\$ in billions)



M&A Deal Volume: Business Services Sector



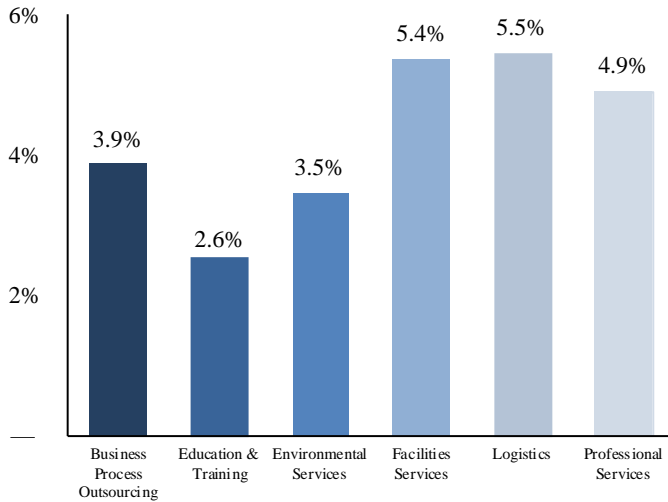
Select Recent M&A Transactions

(\$ in millions)

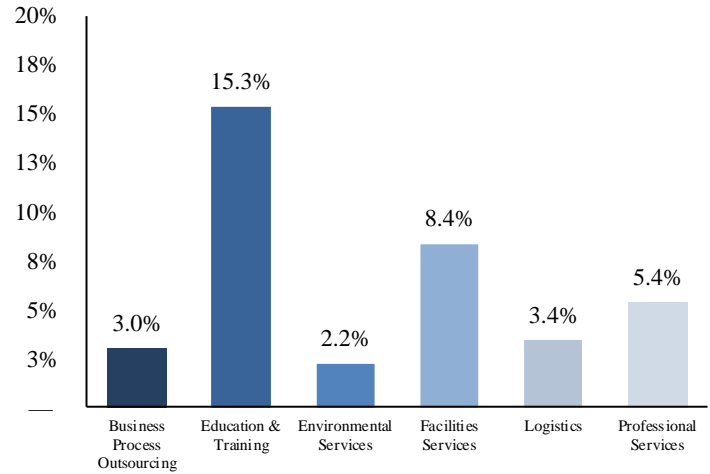
Date	Target	Description	Buyer	Transaction Value
12/28/2020	Zenetex, LLC	Zenetex, LLC provides management and technology support to federal government agencies and commercial organizations.	Vectrus Systems Corporation	\$125
12/22/2020	IQTalent Partners, LLC	IQTalent Partners, LLC operates as a recruitment agency.	The Caldwell Partners International, Ltd.	\$11
12/18/2020	Taylor Ryan Inc.	Taylor Ryan Inc. engages in executive search, contingency recruitment, and human resource consulting services.	Hire Technologies Inc.	\$4
12/15/2020	Meeting Jobs, LLC	Meeting Jobs, LLC provides recruitment and job search services to the meetings industry.	Cadre LLC	NA
12/9/2020	NonstopDelivery, Inc.	NonstopDelivery, Inc. provides third-party logistics and transportation services.	Hub Group, Inc.	\$95
12/9/2020	FoodChain ID, Inc.	FoodChain ID, Inc. provides testing, certification, and consulting services for the production of food products.	Berkshire Partners LLC	NA
12/1/2020	QPS Evaluation Services Inc.	QPS Evaluation Services Inc. provides third-party testing, product certification, and field evaluation services.	Applus Services, S.A.	\$65
11/20/2020	Perfect Creation, Inc.	Perfect Creation, Inc. provides coach training and certification solutions to the professional coaching industry.	Eureka Equity Partners, L.P.; Eureka IV, L.P.	NA
11/16/2020	METIS Solutions, LLC	METIS Solutions, LLC offers strategy, policy, intelligence, and operations support.	Pacific Architects and Engineers, LLC	\$92
11/12/2020	HYPERION Global Partners, LLC	HYPERION Global Partners, LLC provides business and technology consulting to professional services organizations.	Epiq Systems, Inc.	NA
11/10/2020	Fort Transfer Co., Inc.	Fort Transfer Co., Inc. provides freight transportation services in the United States and Canada.	The Kenan Advantage Group, Inc.	NA
11/9/2020	Texas Power Consultants LLC	Texas Power Consultants LLC offers energy advisory and consulting services to electric retail customers in Texas.	Priority Power Management, LLC	NA
11/5/2020	Hall's Warehouse Corp.	Hall's Warehouse Corp. provides third party logistics services in the Northeast United States.	Americold Realty Trust	\$480
11/3/2020	Inspired eLearning LLC	Inspired eLearning LLC provides e-learning solutions for corporate, government, and non-profit.	J2 Global, Inc.	NA
10/29/2020	LifeDojo Inc.	LifeDojo Inc. provides online behavior change and wellness programs that lead employees for health behavior change.	Ontrak, Inc.	\$8
10/27/2020	HYLA Mobile, Inc.	HYLA Mobile, Inc. provides mobile device trade-in and reuse solutions.	Assurant, Inc.	\$325
10/16/2020	Detroit River Tunnel Partnership	Detroit River Tunnel Partnership owns and operates Detroit River Rail Tunnel.	Canadian Pacific Railway Limited	\$312
10/8/2020	Education Galaxy	Education Galaxy provides solutions and tools to developing learners.	USATestprep, Inc.	NA
10/7/2020	Commercial Tree Care, Inc.	Commercial Tree Care, Inc. offers tree care services.	BrightView Holdings, Inc.	NA
10/5/2020	Transaction Tax Resources, Inc.	Transaction Tax Resources, Inc. provides sales tax research services, consulting services, and tax automation tools.	Avalara, Inc.	\$377
10/1/2020	Irving Burton Associates, Inc.	Irving Burton Associates, Inc. provides professional and technical services to large businesses.	DLH Holdings Corp.	\$33

Public Company Trading Statistics

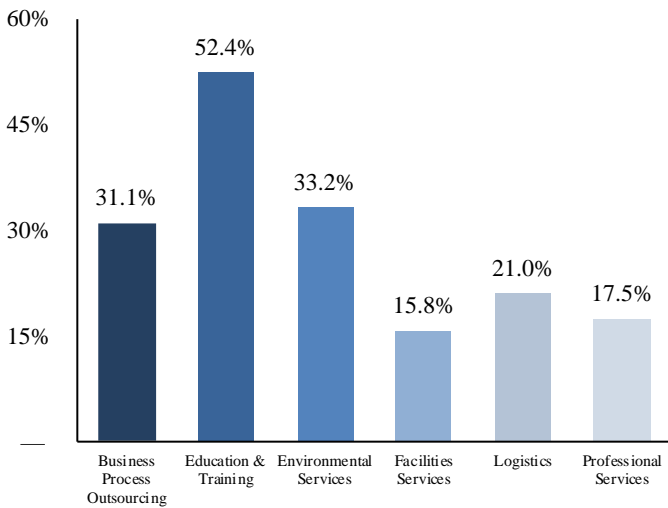
3-Year Revenue CAGR



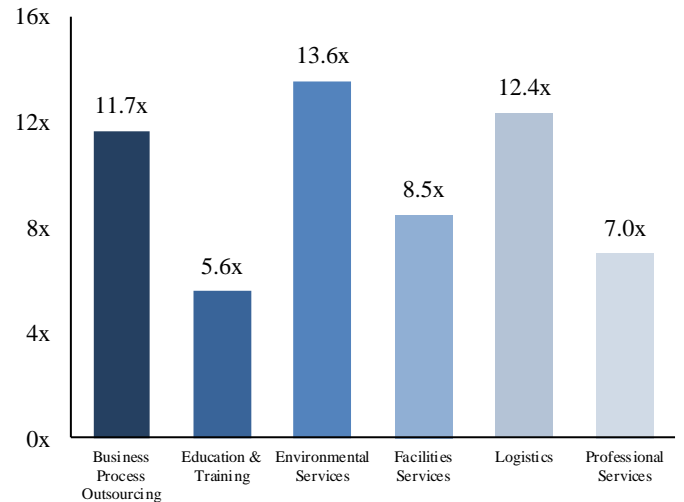
3-Year EBITDA CAGR



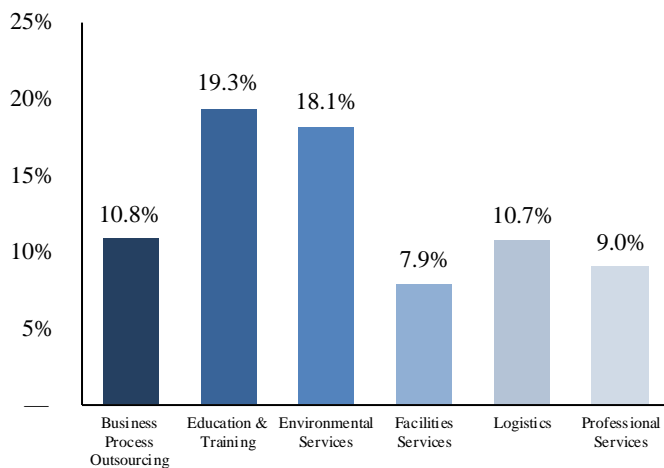
Gross Margin



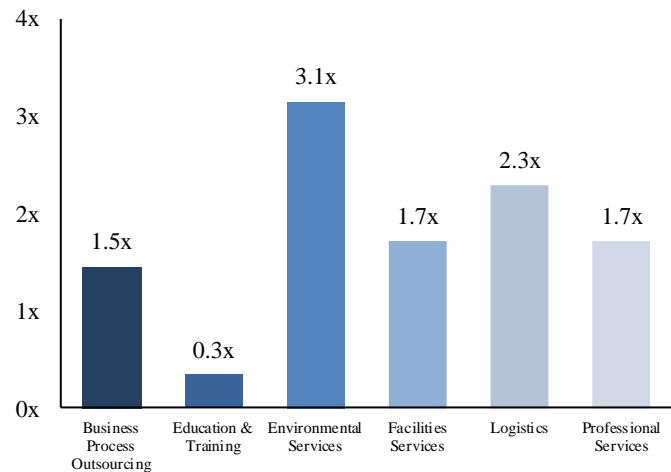
TEV/EBITDA



EBITDA Margin



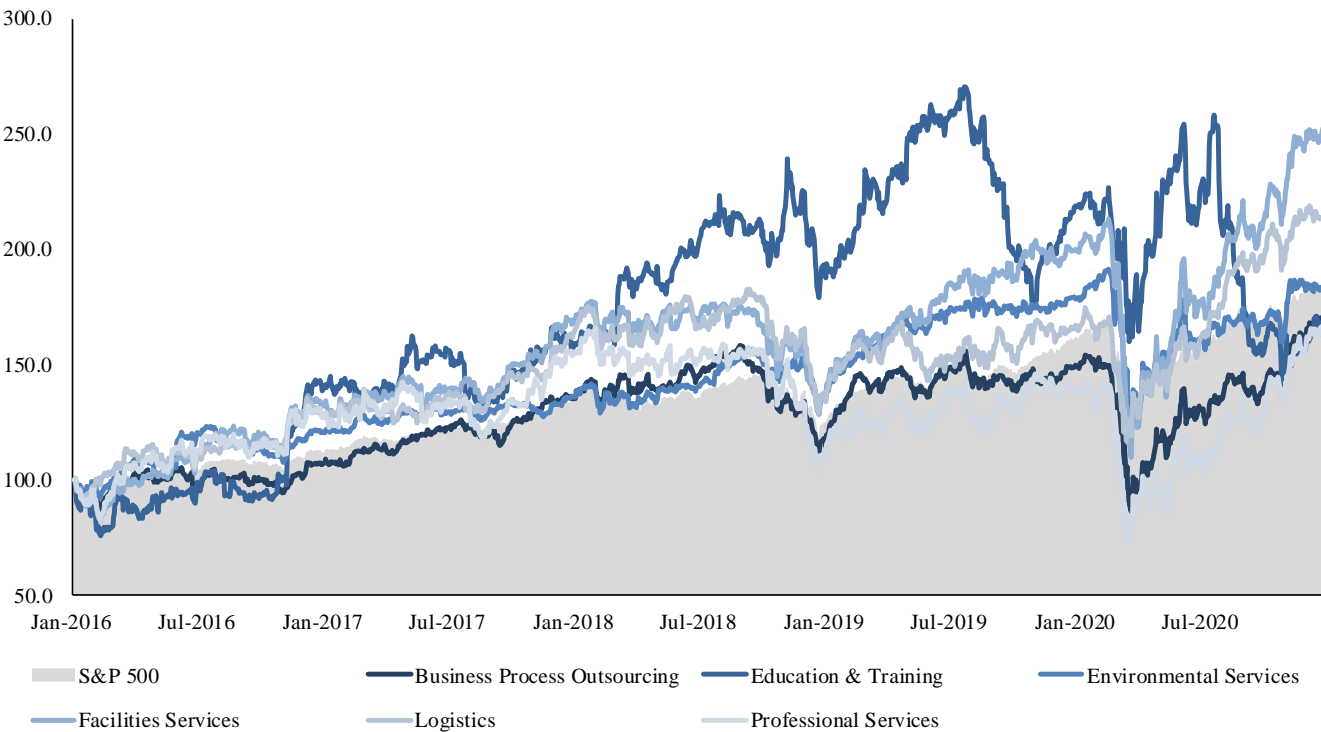
Total Debt/EBITDA



Public Company Trading History

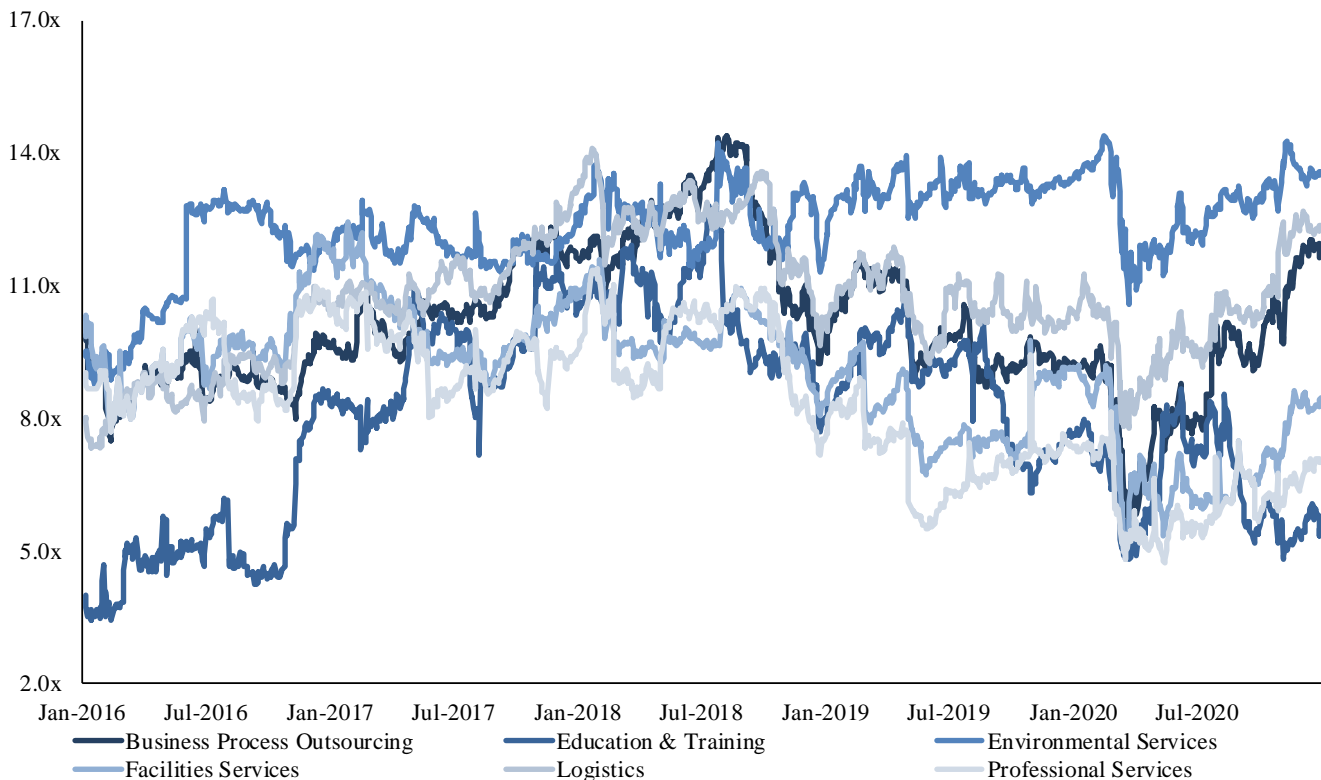
5-Year Stock Return

(Indexed to 100)



Facilities Services	253.1
Logistics	212.2
S&P 500	186.6
Environmental Services	184.4
Business Process Outsourcing	168.5
Professional Services	165.9
Education & Training	163.5

5-Year Historical EBITDA Multiple



Environmental Services	13.6x
Logistics	12.4x
Business Process Outsourcing	11.7x
Facilities Services	8.5x
Professional Services	7.0x
Education & Training	5.6x

Public Comparable Companies

(\$ in millions)	Latest Twelve Months				TEV / LTM		TEV / EBITDA	
	TEV	Revenue	Gross Profit	EBITDA	Revenue	EBITDA	2021P	2022P
Business Process Outsourcing								
Cognizant Technology Solutions Corporation	\$42,722	\$16,752	\$6,056	\$3,360	2.6x	12.7x	12.0x	11.0x
Clairvest Group Inc.	\$295	\$99	\$134	\$77	3.0x	3.9x	NA	NA
Equifax Inc.	\$26,337	\$3,915	\$2,276	\$1,041	6.7x	25.3x	18.0x	15.5x
ExlService Holdings, Inc.	\$2,851	\$966	\$325	\$168	3.0x	17.0x	12.3x	11.1x
Genpact Limited	\$9,033	\$3,700	\$1,264	\$660	2.4x	13.7x	11.4x	10.4x
Insperty, Inc.	\$3,150	\$4,306	\$801	\$254	0.7x	12.4x	12.0x	10.3x
Kelly Services, Inc.	\$648	\$4,612	\$849	\$108	0.1x	6.0x	4.8x	NA
Kforce Inc.	\$897	\$1,380	\$394	\$88	0.7x	10.2x	9.0x	8.2x
Korn Ferry	\$2,380	\$1,735	\$425	\$256	1.4x	9.3x	7.2x	6.1x
ManpowerGroup Inc.	\$5,139	\$18,143	\$2,885	\$668	0.3x	7.7x	6.8x	5.6x
ASGN Incorporated	\$5,323	\$3,964	\$1,102	\$415	1.3x	12.8x	11.6x	10.8x
Robert Half International Inc.	\$6,723	\$5,342	\$2,141	\$589	1.3x	11.4x	11.0x	9.8x
Sykes Enterprises, Incorporated	\$1,561	\$1,685	\$643	\$248	0.9x	6.3x	5.7x	5.4x
TTEC Holdings, Inc.	\$3,828	\$1,840	\$519	\$322	2.1x	11.9x	11.0x	10.2x
TrueBlue, Inc.	\$650	\$1,919	\$475	\$70	0.3x	9.4x	7.3x	6.3x
WNS (Holdings) Limited	\$3,526	\$918	\$331	\$200	3.8x	17.6x	14.6x	12.8x
Business Process Outsourcing Median					1.4x	11.7x	11.0x	10.3x
Education & Training								
Adtalem Global Education Inc.	\$1,740	\$1,066	\$590	\$276	1.6x	6.3x	5.8x	NA
American Public Education, Inc.	\$234	\$310	\$193	\$43	0.8x	5.5x	3.9x	2.3x
Perdoceo Education Corporation	\$569	\$672	\$588	\$171	0.8x	3.3x	3.1x	3.0x
Stride, Inc.	\$971	\$1,155	\$380	\$110	0.8x	8.8x	4.2x	NA
Strategic Education, Inc.	\$1,638	\$1,024	\$505	\$291	1.6x	5.6x	5.4x	4.8x
Education & Training Median					0.8x	5.6x	4.2x	3.0x
Environmental Services								
Casella Waste Systems, Inc.	\$3,773	\$768	\$255	\$176	4.9x	21.5x	18.2x	16.4x
Clean Harbors, Inc.	\$5,414	\$3,219	\$1,014	\$690	1.7x	7.8x	7.8x	7.5x
Covanta Holding Corporation	\$4,316	\$1,838	\$515	\$349	2.3x	12.4x	9.9x	9.6x
Ecolab Inc.	\$68,109	\$14,313	\$5,763	\$3,255	4.8x	20.9x	22.1x	20.1x
Heritage-Crystal Clean, Inc	\$550	\$413	\$82	\$88	1.3x	6.2x	5.3x	4.7x
Republic Services, Inc.	\$39,433	\$10,157	\$4,129	\$2,904	3.9x	13.6x	12.2x	11.7x
Secure Energy Services Inc.	\$690	\$2,121	\$72	\$123	0.3x	5.6x	5.3x	4.8x
Stericycle, Inc.	\$8,691	\$2,820	\$1,065	\$622	3.1x	14.0x	13.8x	12.8x
US Ecology, Inc.	\$1,943	\$924	\$246	\$181	2.1x	10.7x	9.4x	8.7x
Waste Connections, Inc.	\$31,084	\$5,410	\$2,161	\$1,674	5.7x	18.6x	16.8x	15.7x
Waste Management, Inc.	\$59,559	\$14,997	\$5,842	\$4,107	4.0x	14.5x	12.2x	11.7x
Environmental Services Median					3.1x	13.6x	12.2x	11.7x

Public Comparable Companies

(\$ in millions)	Latest Twelve Months				TEV / LTM		TEV / EBITDA	
	TEV	Revenue	Gross Profit	EBITDA	Revenue	EBITDA	2021P	2022P
Facilities Services								
AECOM	\$8,893	\$13,240	\$710	\$1,049	0.7x	8.5x	8.3x	8.0x
CBRE Group, Inc.	\$23,512	\$24,035	\$4,848	\$2,017	1.0x	11.7x	11.1x	9.9x
Cintas Corporation	\$39,106	\$5,524	\$3,178	\$1,590	7.1x	24.6x	21.8x	20.4x
Dycom Industries, Inc.	\$3,018	\$3,186	\$556	\$370	0.9x	8.2x	7.3x	6.7x
EMCOR Group, Inc.	\$4,880	\$8,920	\$1,376	\$808	0.5x	6.0x	6.3x	6.2x
KBR, Inc.	\$5,054	\$5,753	\$670	\$558	0.9x	9.1x	7.4x	7.0x
MasTec, Inc.	\$6,187	\$6,393	\$1,011	\$1,156	1.0x	5.4x	5.0x	4.9x
Quanta Services, Inc.	\$11,272	\$11,403	\$1,638	\$1,735	1.0x	6.5x	5.8x	5.6x
Rollins, Inc.	\$19,496	\$2,131	\$1,094	\$564	9.1x	34.5x	32.4x	30.4x
Facilities Services Median					1.0x	8.5x	7.4x	7.0x
Logistics								
C.H. Robinson Worldwide, Inc.	\$14,008	\$15,451	\$1,118	\$784	0.9x	17.9x	14.3x	13.8x
CSX Corporation	\$83,485	\$10,643	\$5,652	\$6,133	7.8x	13.6x	12.4x	11.8x
Echo Global Logistics, Inc.	\$843	\$2,289	\$368	\$46	0.4x	18.3x	8.6x	7.7x
Expeditors International of Washington, Inc.	\$15,064	\$8,992	\$1,114	\$1,004	1.7x	15.0x	14.2x	14.0x
FedEx Corporation	\$98,929	\$74,729	\$18,756	\$12,023	1.3x	8.2x	7.0x	6.5x
Forward Air Corporation	\$2,305	\$1,434	\$305	\$577	1.6x	4.0x	3.8x	3.8x
Hub Group, Inc.	\$2,036	\$3,444	\$446	\$246	0.6x	8.3x	6.8x	6.1x
Kirby Corporation	\$4,774	\$2,338	\$698	\$430	2.0x	11.1x	10.6x	9.1x
Knight-Swift Transportation Holdings Inc.	\$7,870	\$4,247	\$1,367	\$1,075	1.9x	7.3x	5.9x	5.7x
Landstar System, Inc.	\$5,048	\$3,783	\$799	\$281	1.3x	18.0x	13.9x	13.3x
Matson, Inc.	\$3,502	\$2,224	\$388	\$392	1.6x	8.9x	7.8x	7.5x
Old Dominion Freight Line, Inc.	\$22,522	\$3,951	\$1,404	\$1,116	5.7x	20.2x	16.7x	15.3x
Union Pacific Corporation	\$167,313	\$18,299	\$11,267	\$10,486	9.1x	16.0x	14.4x	13.5x
United Parcel Service, Inc.	\$165,089	\$80,300	\$14,975	\$10,785	2.1x	15.3x	11.8x	10.9x
Werner Enterprises, Inc.	\$2,855	\$2,374	\$691	\$471	1.2x	6.1x	5.1x	4.9x
XPO Logistics, Inc.	\$18,002	\$15,723	\$2,475	\$2,207	1.1x	8.2x	6.8x	6.4x
Logistics Median					1.6x	12.4x	9.6x	8.4x
Professional Services								
Aegion Corporation	\$821	\$1,118	\$231	\$135	0.7x	6.1x	5.8x	5.7x
Comfort Systems USA, Inc.	\$2,162	\$2,877	\$543	\$273	0.8x	7.9x	9.2x	9.1x
Dycom Industries, Inc.	\$3,018	\$3,186	\$556	\$370	0.9x	8.2x	7.3x	6.7x
Fluor Corporation	\$2,033	\$13,452	\$112	(\$51)	0.2x	NM	5.0x	4.3x
Jura Energy Corporation	\$30	\$17	\$10	\$12	1.7x	2.5x	NA	NA
KBR, Inc.	\$5,054	\$5,753	\$670	\$558	0.9x	9.1x	7.4x	7.0x
MasTec, Inc.	\$6,187	\$6,393	\$1,011	\$1,156	1.0x	5.4x	5.0x	4.9x
Primoris Services Corporation	\$1,666	\$3,384	\$362	\$331	0.5x	5.0x	4.9x	4.3x
Tetra Tech, Inc.	\$6,638	\$2,349	\$447	\$353	2.8x	18.8x	17.8x	16.8x
Professional Services Median					0.9x	7.0x	6.5x	6.2x
TOTAL INDUSTRY MEDIAN					1.3x	9.2x	8.5x	8.2x

Source: Capital IQ.

Market Inputs as of December 31, 2020.

NA - Not Available.

NM - Not Meaningful.

Shields & Company

Shields & Company, Inc., founded in 1991, is a leading middle-market investment bank located in the Boston area providing corporate finance advisory services to privately-owned and closely-held businesses in North America. The Shields & Company team utilizes its in-depth experience and knowledge to provide creative, thorough, and professional financial advice. We are committed to providing senior-level, objective financial advice for our clients. We embrace a corporate philosophy where our clients' goals come first and, as a result, we design and execute tailored processes that maximize shareholder outcomes and exceed client expectations more than 90% of the time.

Our partners have Wall Street experience and sit on the Boards of Directors of various public and private companies, and are therefore sensitive to the fiduciary and governance responsibilities confronting leaders in the current era of increased corporate responsibility.

SERVICES

Mergers & Acquisitions	Debt Raising	Corporate Advisory	Valuations
Due Diligence Processes	Bank Debt	Acquisitions	409A & ASC 718
Selective Buy-Side Advisory	Mezzanine Debt	Corporate Divestitures	Fairness Opinions
Sell-Side Advisory		Corporate Governance	Goodwill Impairment
		Joint Ventures	Purchase Allocation
			Securities Valuation

INDUSTRIES

Business Services 	Consumer, Food, & Beverage 	Healthcare & Human Services 	Industrial Products & Services 	Niche Manufacturing 	Specialty Distribution 
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