



PCE Industry Report

Business Services



Middle Market M&A Summary

Business Services

3rd Quarter 2015

Key Highlights

- The average value of the top ten transactions was \$71.3 mm
 - The largest transaction was the acquisition of Carlise & Gallagher Consulting Group, Inc. by NTT DATA, Inc. for \$212.5 mm.
 - The smallest transaction was the acquisition of Spectrum Analytical, Inc. by Eurofins Scientific, Inc. for \$5.0 mm.
- The public company industry median TEV/EBIT multiple is 14.3x.
- The public company industry median TEV/EBITDA multiple is 9.2x.

Key Trends

- The Professional Services & Consulting subsector's transaction volume is trending positively, while the Sanitary & General Management Service and Office Furnishings, Equipment, & Products subsectors are trending negatively.
- The Professional Service & Consulting subsector's transaction volume was the largest at 83% of the industry over the past quarter.
- Over the next 5 years, industry performance is expected to grow at 2.6% and as firms start increasing in size/market share they will begin targeting new markets through M&A. ¹
- Increased consolidation through M&A activity is occurring among the industry's larger players driving higher multiples.

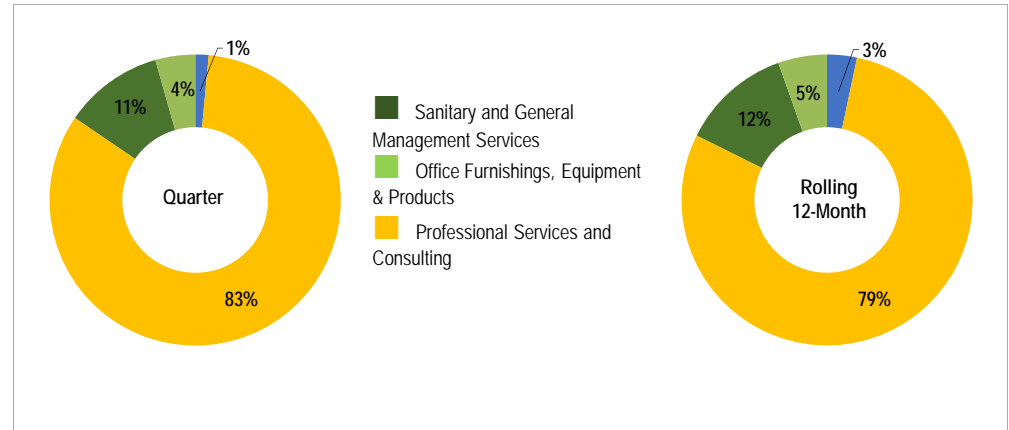
Sources: ¹ *Management Consulting in the US*. (May 2015), IBIS World, Retrieved: October 14, 2015.

Industry Trends During Quarter

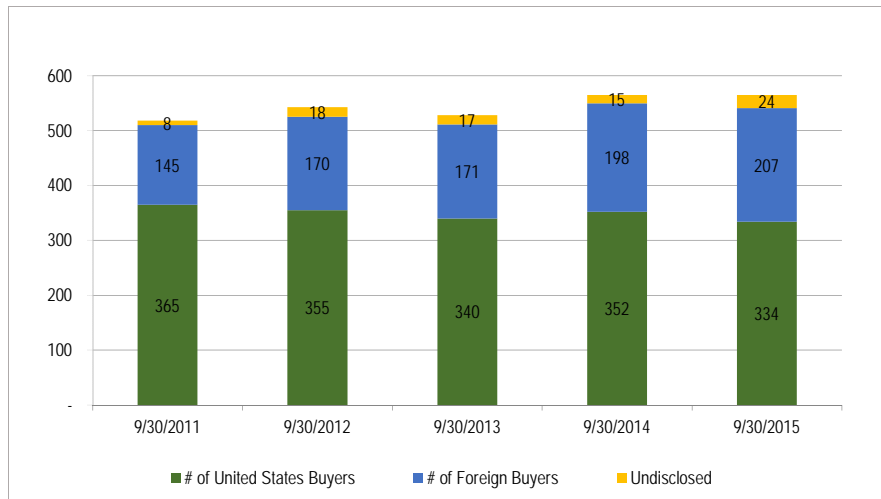
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Agricultural Services	↓	Market data not available	Market data not available
Professional Services and Consulting	↑	↓	↓
Sanitary and General Management Services	↓	↓	↓
Office Furnishings, Equipment & Products	↓	↑	↓

* Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data

Transaction Volume as % of Industry



Rolling 12-Month Transaction Volume Trends by Buyer Origin



Largest Transactions Closed During Quarter by Transaction Value (\$ in millions)

Sector	Target	Buyer	Transaction Value
Professional Services	Carlisle & Gallagher Consulting Group, Inc.	NTT DATA, Inc.	\$212.5
Professional Services	Clark Consulting, LLC	Stone Point Capital LLC; The Newport	\$177.5
Sanitary and GM services	Metalico Inc.	Total Merchant Limited	\$107.6
Professional Services	RiseSmart, Inc.	Randstad Holding NV	\$100.0
Professional Services	Gilardi & Company LLC	Kurtzman Carson Consultants LLC	\$41.0
Professional Services	CastleLine Holdings, LLC	Altisource Portfolio Solutions S.A.	\$38.1
Office Furnishings, Equipment	Roehm Marine LLC	Lippert Components, Inc.	\$16.0
Professional Services	BRC Restoration Specialists, Inc.	Heritage Insurance Holdings, Inc.	\$8.0
Professional Services	Agora Group, Inc.	Virtusa Corporation	\$7.5
Professional Services	Spectrum Analytical, Inc.	Eurofins Scientific, Inc.	\$5.0

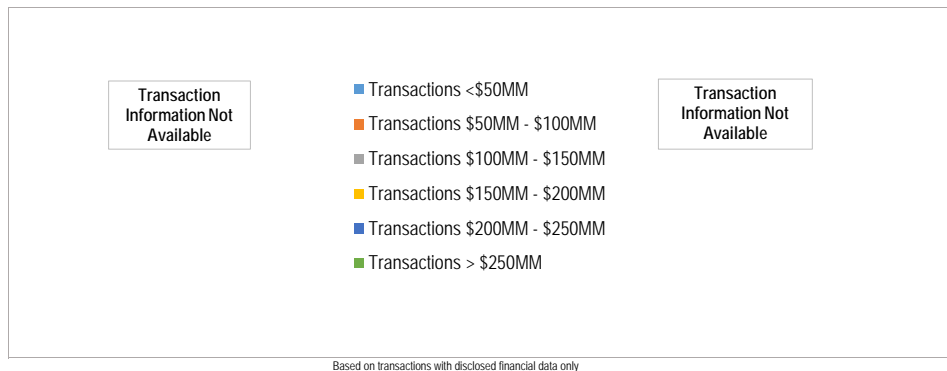
Source: S&P Capital IQ as of 11/3/2015 and PCE Proprietary Data

Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	2
Number of Transactions with Disclosed Values	0
Transaction Value*	Not Available
Average Transaction Value*	Not Available
Median Transaction Value*	Not Available

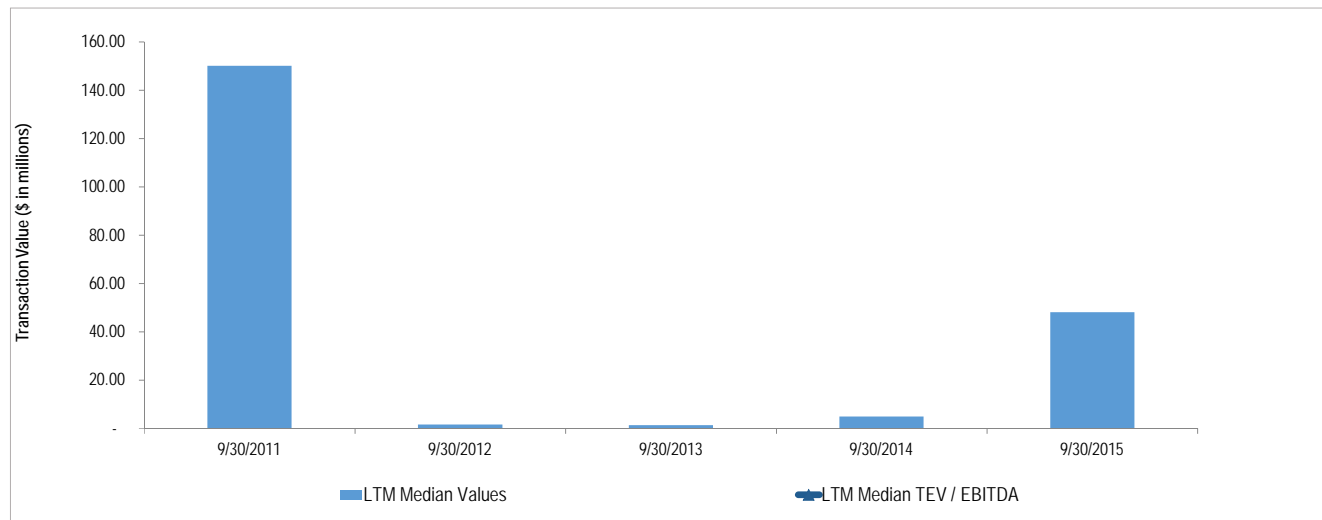
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Transaction by Value & Volume



Private Sector Value Trends

Rolling 12-Month Value Trends



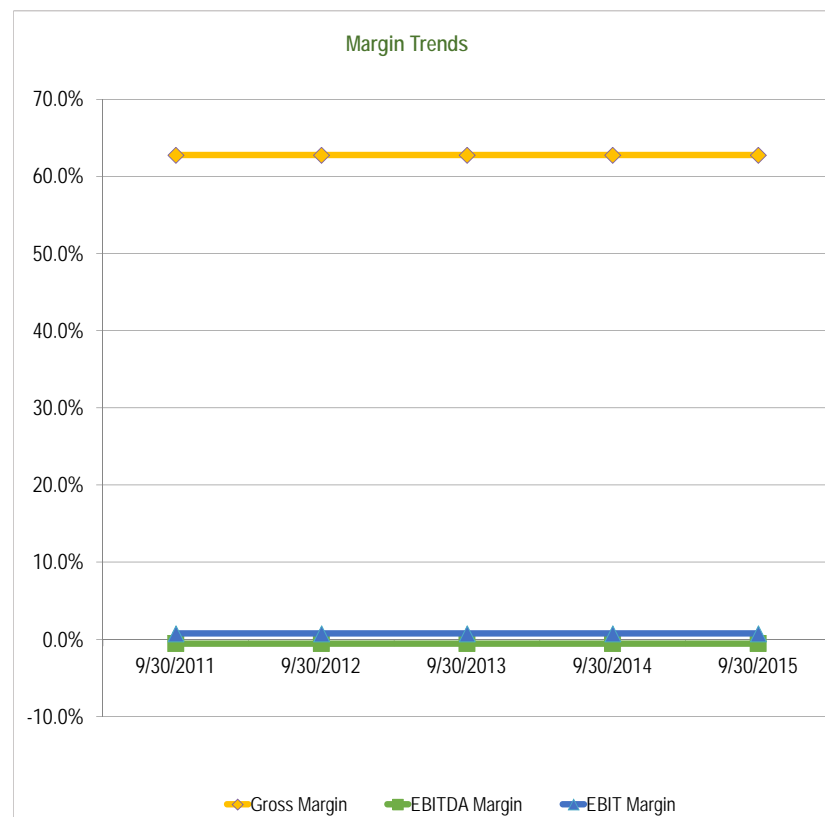
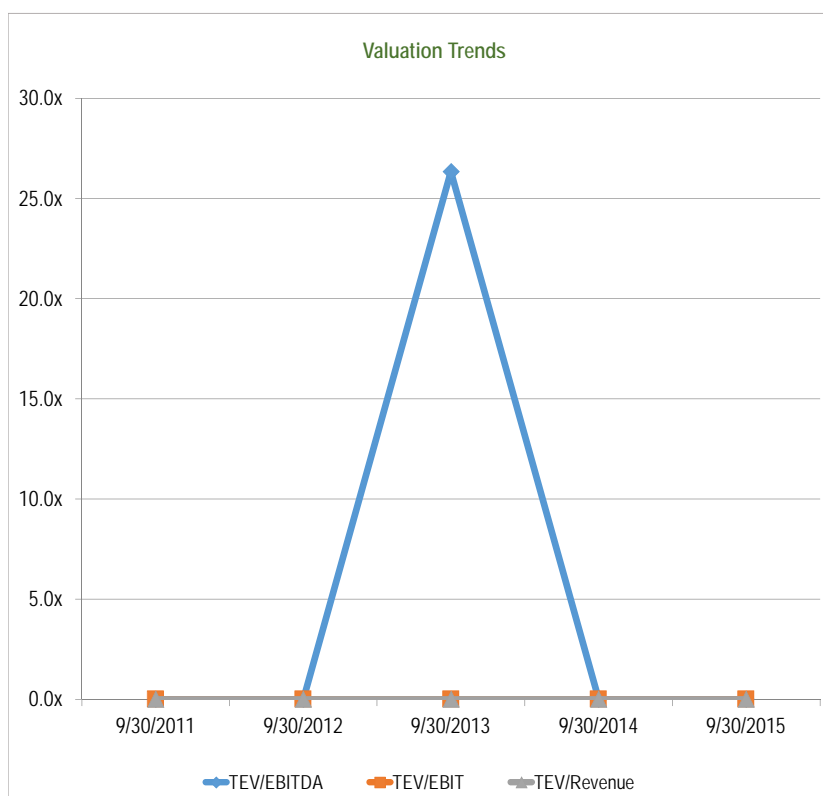
* Values and multiples may be skewed given data includes reported information only. While - 30% - 40% of transactions disclose values, only - 3% - 5% disclose EBITDA multiples. As a result, data may be a poor indicator of overall market performance.

Source: S&P Capital IQ as of 11/3/2015 and PCE Proprietary Data

Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months	
	Market Cap	Revenue	EBITDA	EBIT	9/30/2015 Trends	
Average	\$8	Not available	Not available	Not available	TEV/Revenue	Not available
		Not available	Not available	Not available		
Median	\$8				TEV/EBITDA	#NUM!
					TEV/EBIT	Not available

	Margins			Last Twelve Months	
	Gross Profit	EBITDA	EBIT	9/30/2015 Trends	
Average	45.8%	-27.1%	-28.9%	Gross Margin	↓
Median	62.8%	-0.6%	0.8%	EBITDA Margin	↑
				EBIT Margin	↓



Source: S&P Capital IQ as of 11/3/2015 and PCE Proprietary Data

Professional Services and Consulting

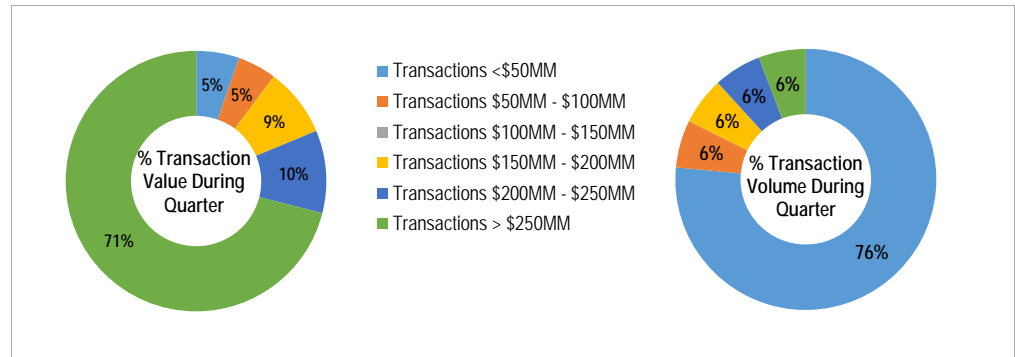
3rd Quarter 2015

Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	113
Number of Transactions with Disclosed Values	17
Transaction Value*	\$2,075.85
Average Transaction Value*	\$129.73
Median Transaction Value*	\$6.25

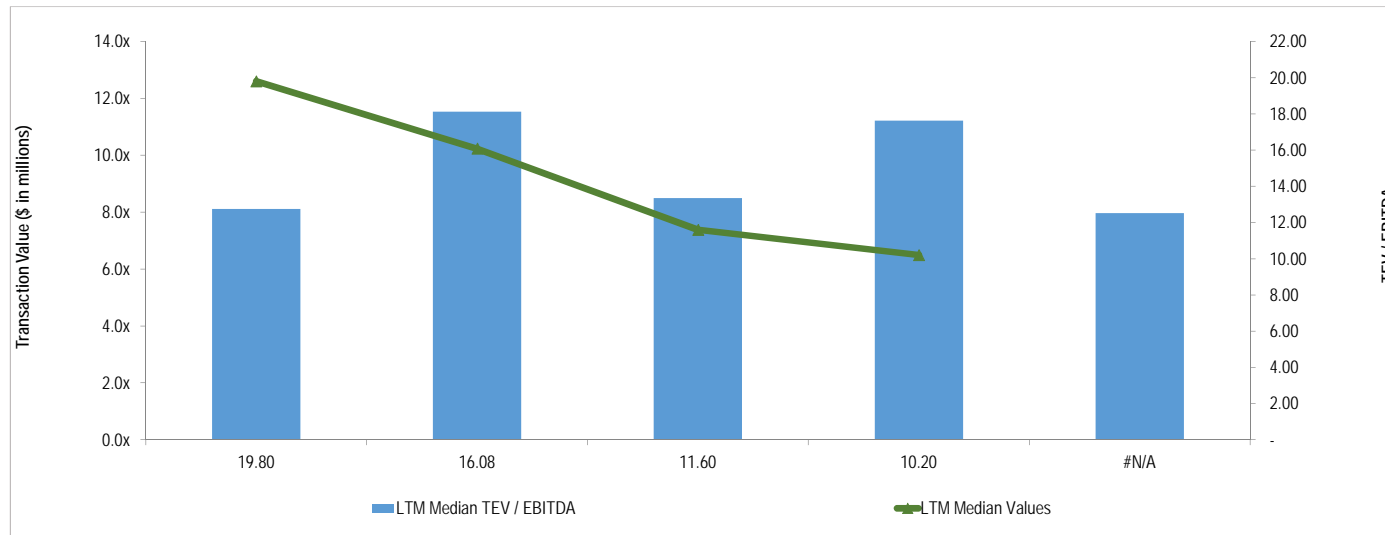
**Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.*

Transaction by Value & Volume



Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



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Source: S&P Capital IQ as of 11/3/2015 and PCE Proprietary Data



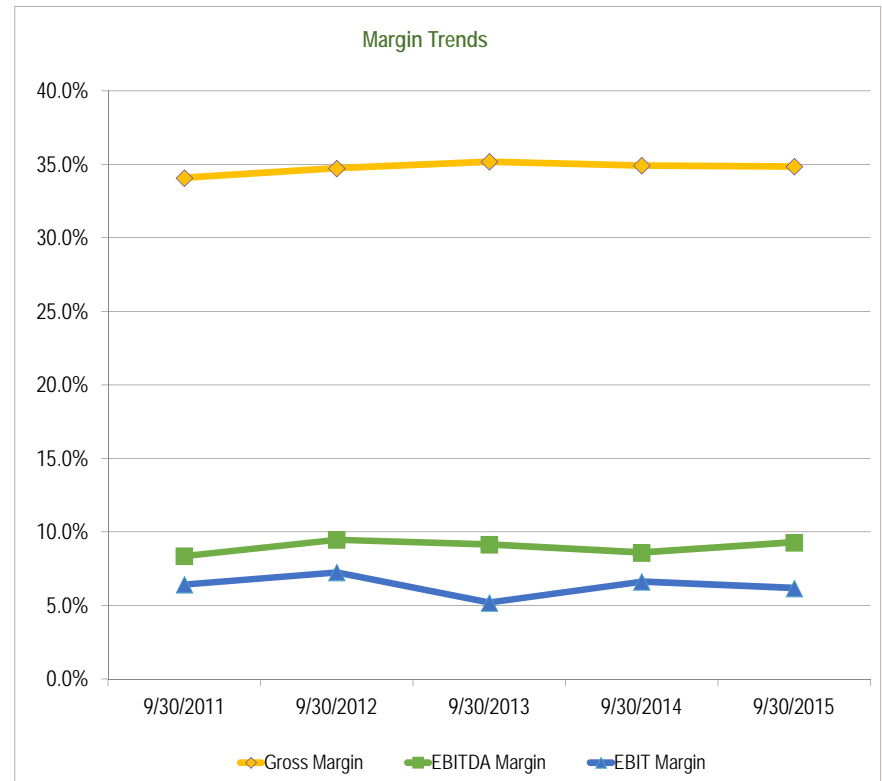
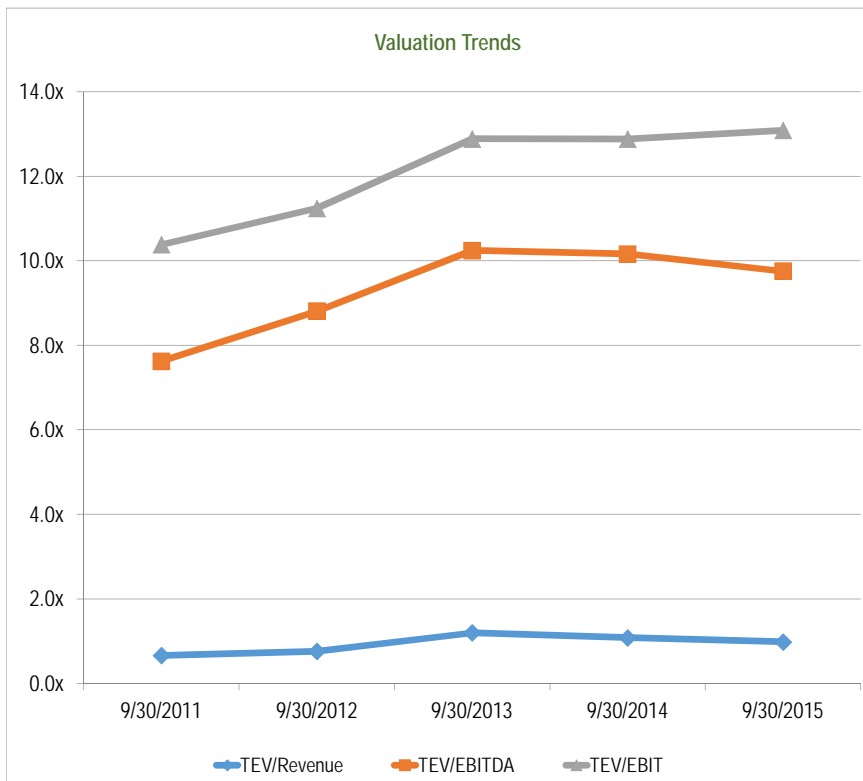
Professional Services and Consulting

3rd Quarter 2015

Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months 9/30/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$2,115	2.8x	13.0x	25.0x	TEV/Revenue	↑
Median	\$518	1.0x	9.8x	13.1x	TEV/EBITDA	↑
					TEV/EBIT	↓

	Margins			Last Twelve Months 9/30/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	37.9%	11.1%	4.7%	Gross Margin	↑
Median	34.8%	9.3%	6.2%	EBITDA Margin	↓
				EBIT Margin	↑



Source: S&P Capital IQ as of 11/3/2015 and PCE Proprietary Data



Sanitary and General Management Services

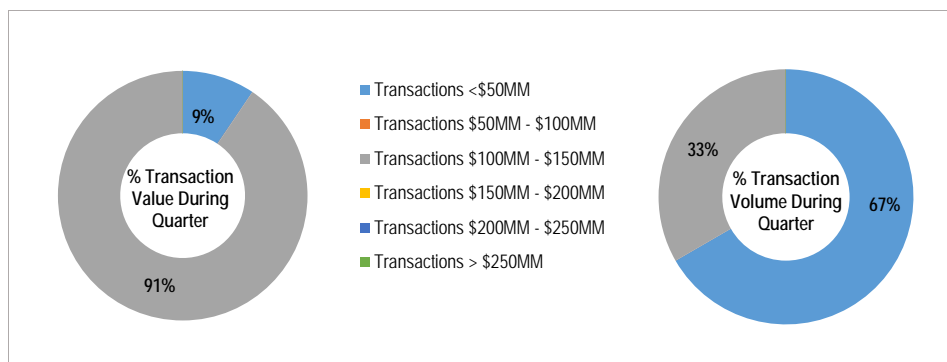
3rd Quarter 2015

Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	15
Number of Transactions with Disclosed Values	3
Transaction Value*	\$118.85
Average Transaction Value*	\$39.62
Median Transaction Value*	\$8.00

**Based on transactions with reported financial data only; historically - 30% to 40% of transactions report financial data.*

Transaction by Value & Volume



Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



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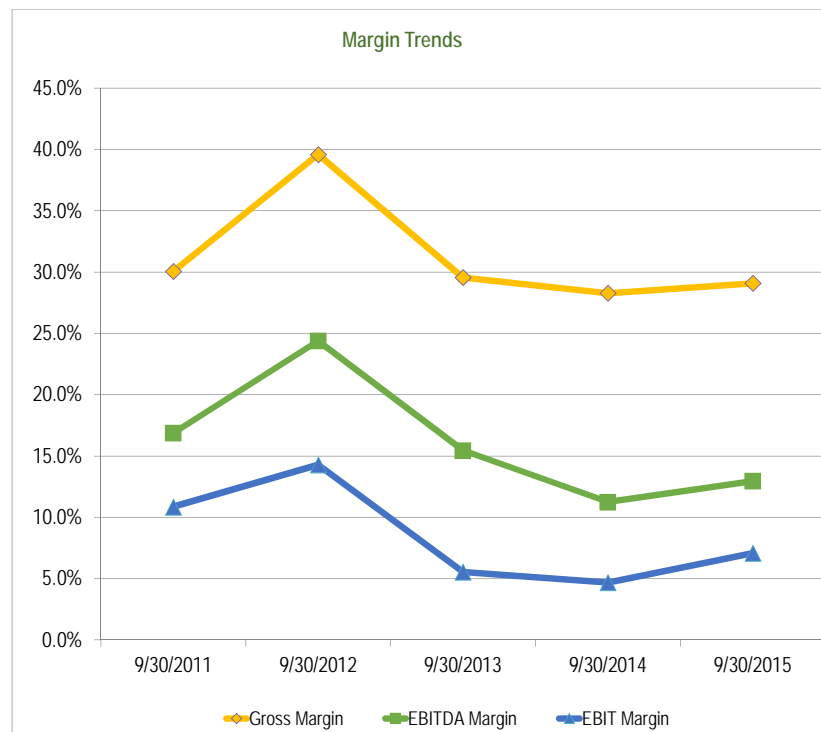
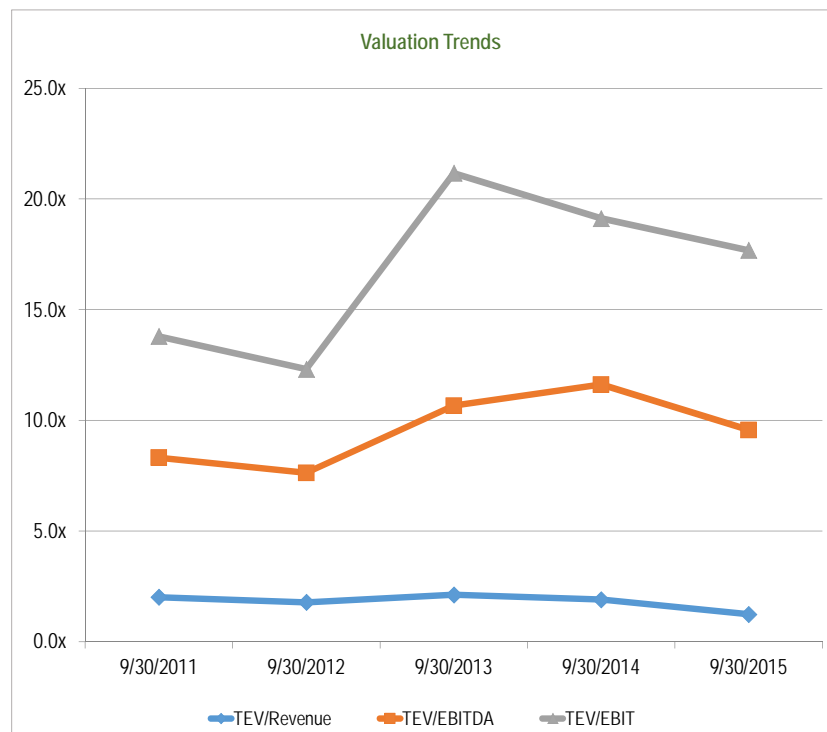
Sanitary and General Management Services

3rd Quarter 2015

Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months 9/30/2015 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$3,951	1.7x	12.0x	21.4x	TEV/Revenue	↓
Median	\$235	1.2x	9.6x	17.7x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 9/30/2015 Trends	
	Gross Profit	EBITDA	EBIT		
Average	25.7%	13.9%	7.3%	Gross Margin	↑
Median	29.1%	13.0%	7.1%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 11/3/2015 and PCE Proprietary Data



Office Furnishings, Equipment & Products

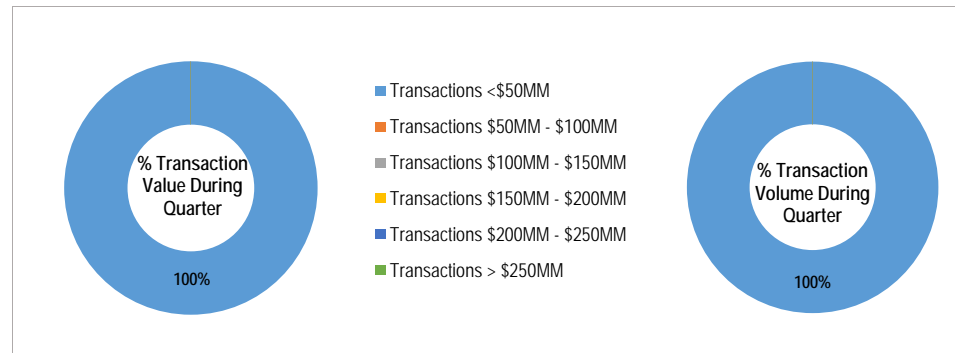
3rd Quarter 2015

Summary of Sector Transactions During Quarter (\$ in millions)

Transaction Volume	6
Number of Transactions with Disclosed Values	1
Transaction Value*	\$16.00
Average Transaction Value*	\$16.00
Median Transaction Value*	\$16.00

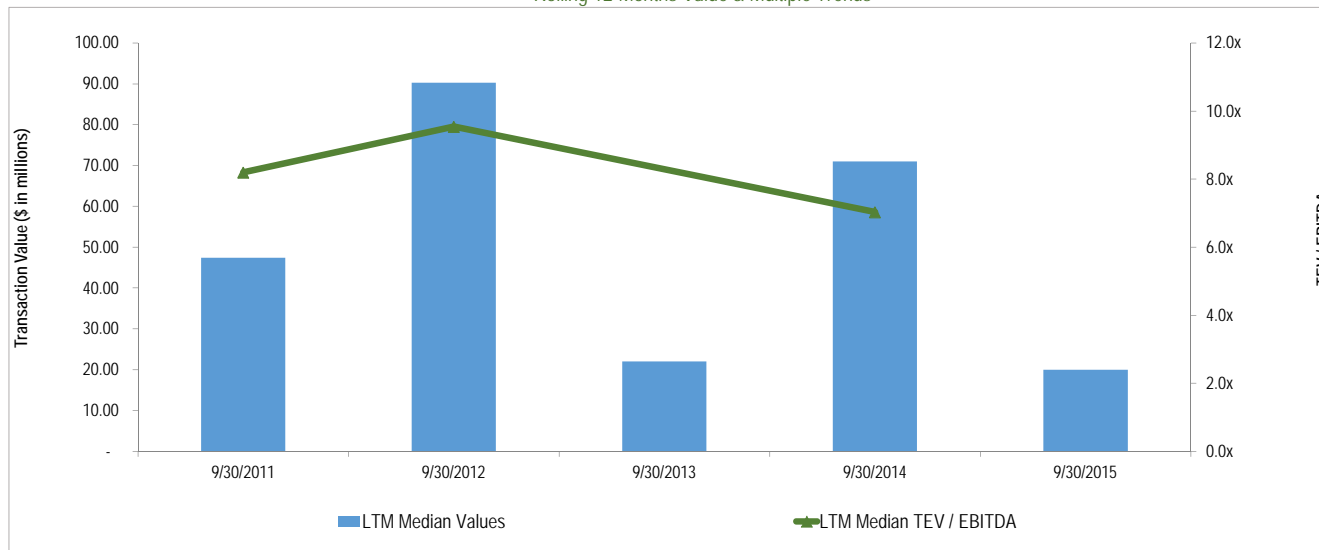
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Transactions by Value & Volume



Private Sector Value & EBITDA Multiple Trends

Rolling 12-Months Value & Multiple Trends



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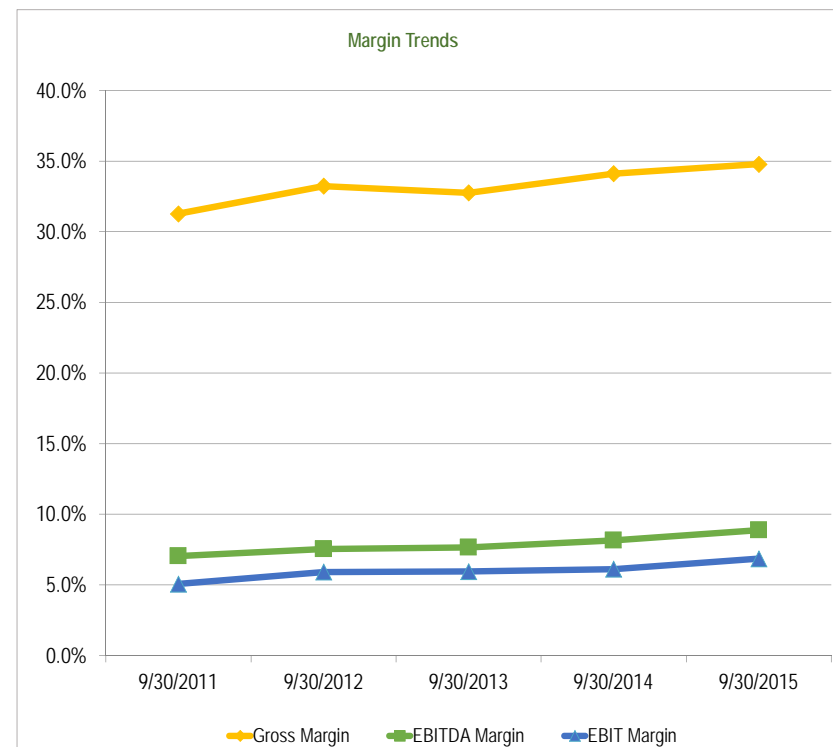
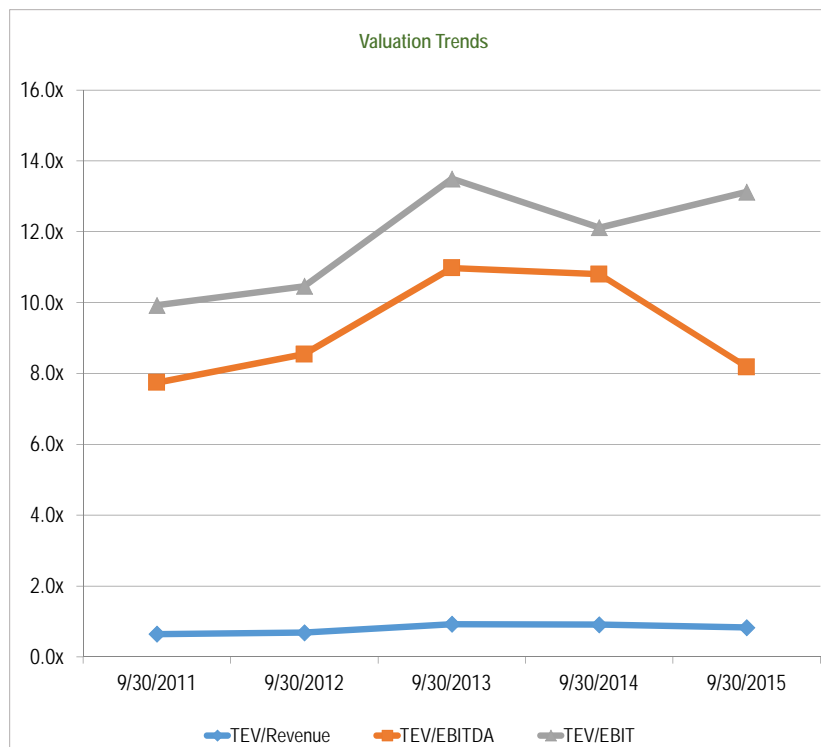
Office Furnishings, Equipment & Products

3rd Quarter 2015

Summary of Public Comparables as of Quarter End (\$ in millions)

	Total Enterprise Value				Last Twelve Months	
	Market Cap	Revenue	EBITDA	EBIT	9/30/2015 Trends	
Average	\$1,008	0.9x	8.9x	12.4x	TEV/Revenue	↓
Median	\$958	0.8x	8.2x	13.1x	TEV/EBITDA	↓
					TEV/EBIT	↑

	Margins			Last Twelve Months	
	Gross Profit	EBITDA	EBIT	9/30/2015 Trends	
Average	34.2%	9.5%	7.0%	Gross Margin	↑
Median	34.8%	8.9%	6.9%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 11/3/2015 and PCE Proprietary Data

About PCE

When you're navigating the critical and sometimes challenging phases of the business life cycle, nothing is more important than getting the right advice at the right time. At PCE, that's our specialty. Providing clients with the insightful strategies, creative solutions, and expert guidance they need to address the challenges they face today and achieve the goals they set for tomorrow.

PCE, a leading financial services firm for mid-market companies, offers a full range of services:

- M&A (mergers & acquisitions)
- Growth Capital – Equity & Debt
- Business Valuation
- ESOP (Employee Stock Ownership Plans)
- Financial & Management Consulting
- MBO (management buy outs)
- Bankruptcy
- Restructuring
- Fairness and Solvency Opinion
- Management Consulting
- Succession Planning
- Strategic Analysis
- Litigation Support

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- Banking, Finance & Insurance
- Building Products & Construction
- Business Services
- Consumer & Food
- Diversified Industrials
- Healthcare
- IT & Telecom
- Power & Energy
- Transportation & Logistics

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Data Assumptions

This report represents transaction activity as mergers & acquisitions, consolidations, restructurings and spin-offs. Targets are defined as U.S. Based companies with either foreign or U.S. based buyers. Transaction information provided is based on closed/announced dates only.

Glossary

EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization
LTM - Last Twelve Months
TEV - Total Enterprise Value