



PCE Industry Report

Business Services



Middle Market M&A Summary

Business Services

1st Quarter 2016

Key Highlights

- The median value of the top transactions was \$211 million.
 - The largest transaction was the acquisition of Towers Watson & Company by Willis Group Holdings for \$6.7 billion.
- The public company industry median TEV/EBIT multiple is 13.9x.
- The public company industry median TEV/EBITDA multiple is 9.3x.

Key Trends

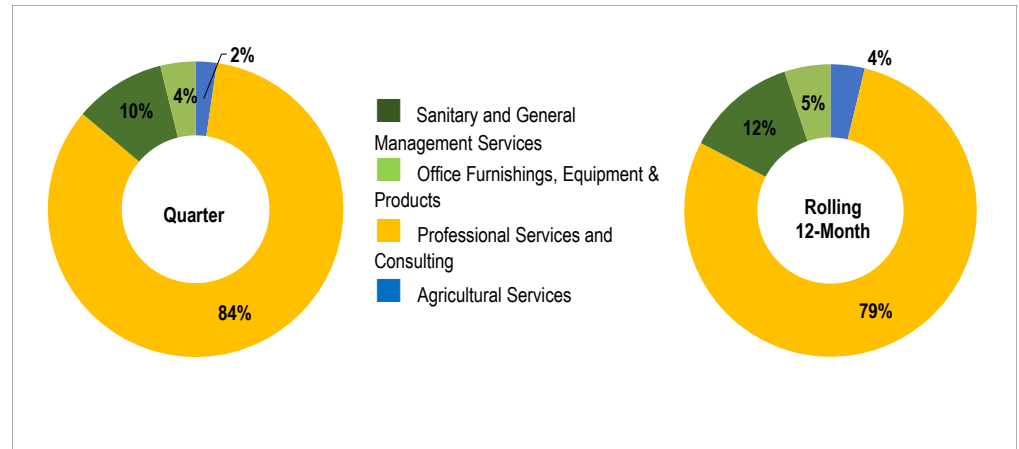
- The Professional Services & Consulting subsector's transaction volume is trending positively. The Sanitary & General Management Service and Office Furnishings, Equipment, & Products and Agriculture subsectors are trending negatively.
- The Professional Service & Consulting subsector's transaction volume was the largest at 84% of the industry over the past quarter.
- The U.S. tech industry employment hit a total of 6.7 million and posted its strongest growth rate in more than a decade. IT Services led in job growth and Software led in wage growth within the sector.
- As corporate profits are expected to see continued growth, marketing budgets should see increases for professional services firms including marketing and advertising agencies.
- Environmentally minded consumers and new regulations will generate opportunities for environmental and efficiency consultants.
- FCC Chairman Tom Wheeler issued proposal that would restrict Internet providers' ability to share customer information with online advertisers and other third parties. If enacted, these restrictions would be the first privacy rules for Internet service providers. The FCC will formally vote on the proposal on March 31, 2016.

Industry Trends During Quarter

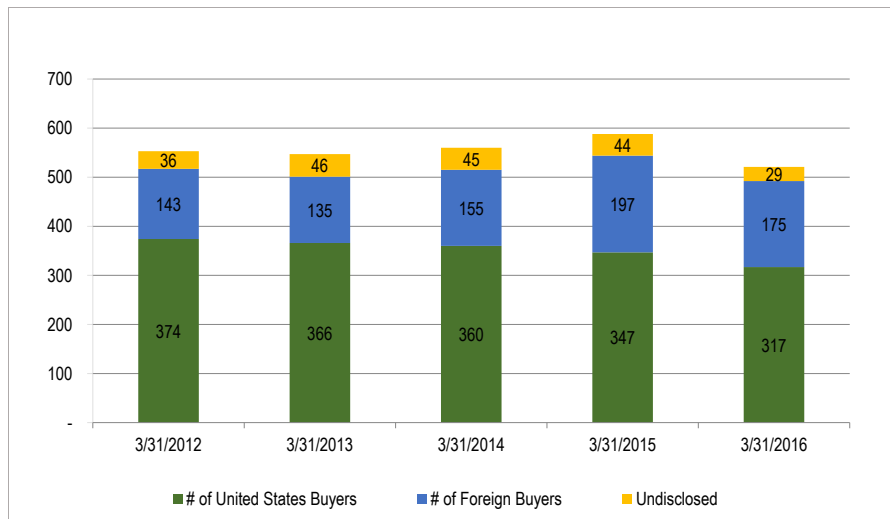
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Agricultural Services	↓	Market data not available	Market data not available
Professional Services and Consulting	↑	↑	↓
Sanitary and General Management Services	↓	↓	↓
Office Furnishings, Equipment & Products	↓	↑	↑

* 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	Towers Watson & Co.	Willis Group Holdings Public Limited (\$8,696.4
Sanitary and GM services	TransMontaigne GP L.L.C.	ArLight Capital Partners, LLC; ArLi	\$350.0
Professional Services	Aon Hewitt LLC, RPO Business	PeopleScout Inc.	\$72.0
Professional Services	New Paradigm Resources Group, Inc.	magicJack VocalTec Ltd.	\$42.2

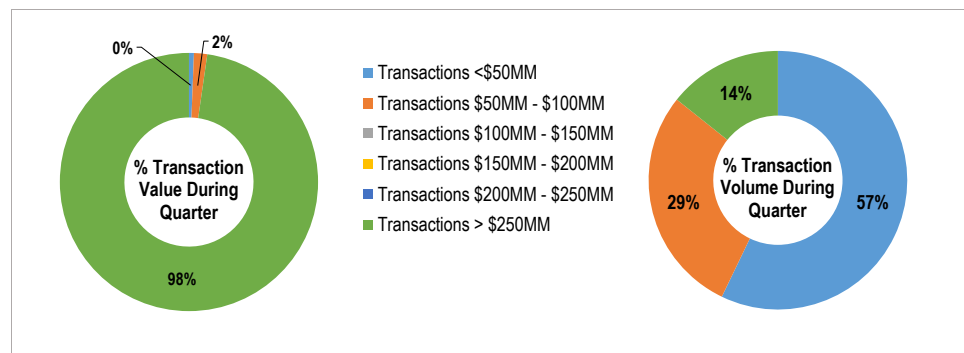
Source: S&P Capital IQ as of 4/27/2016 and PCE Proprietary Data

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

Transaction Volume	109
Number of Transactions with Disclosed Values	7
Transaction Value*	\$8,899.11
Average Transaction Value*	\$1,271.30
Median Transaction Value*	\$42.20

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

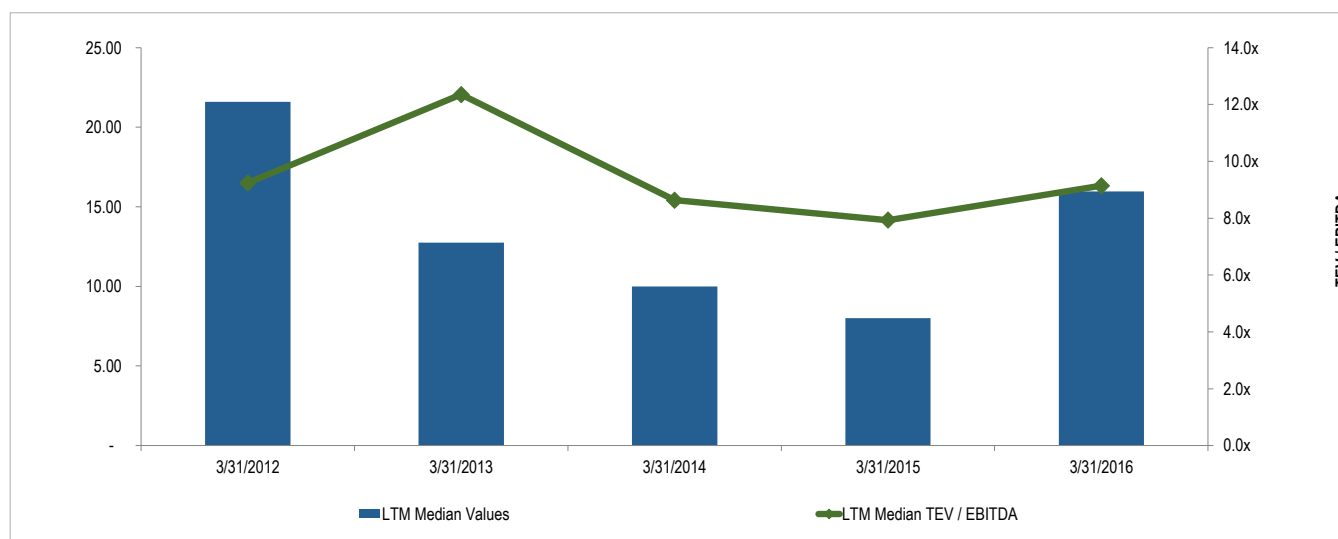
Transaction by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple 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 4/27/2016 and PCE Proprietary Data

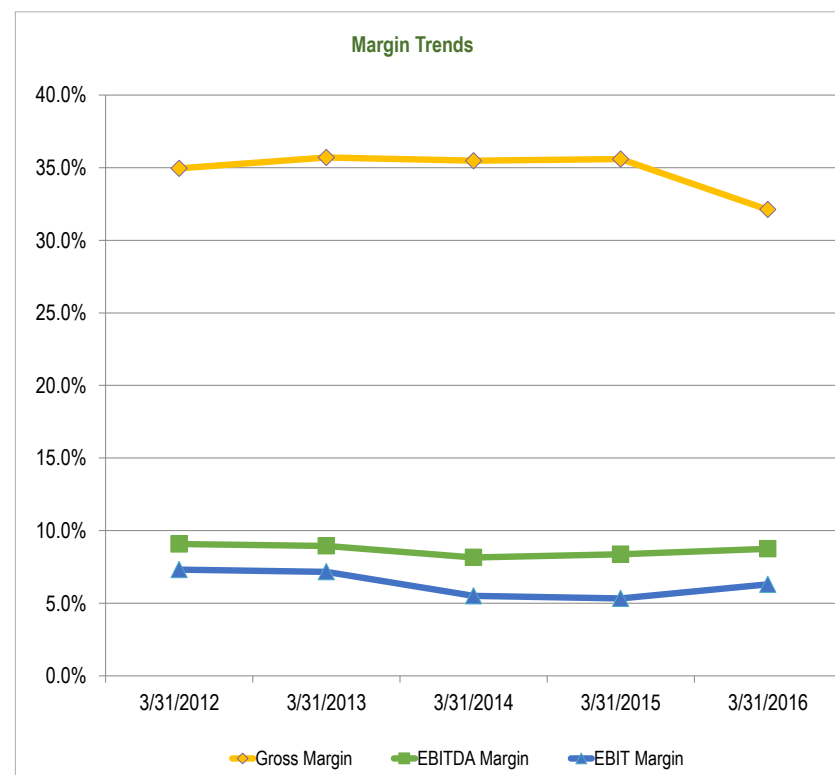
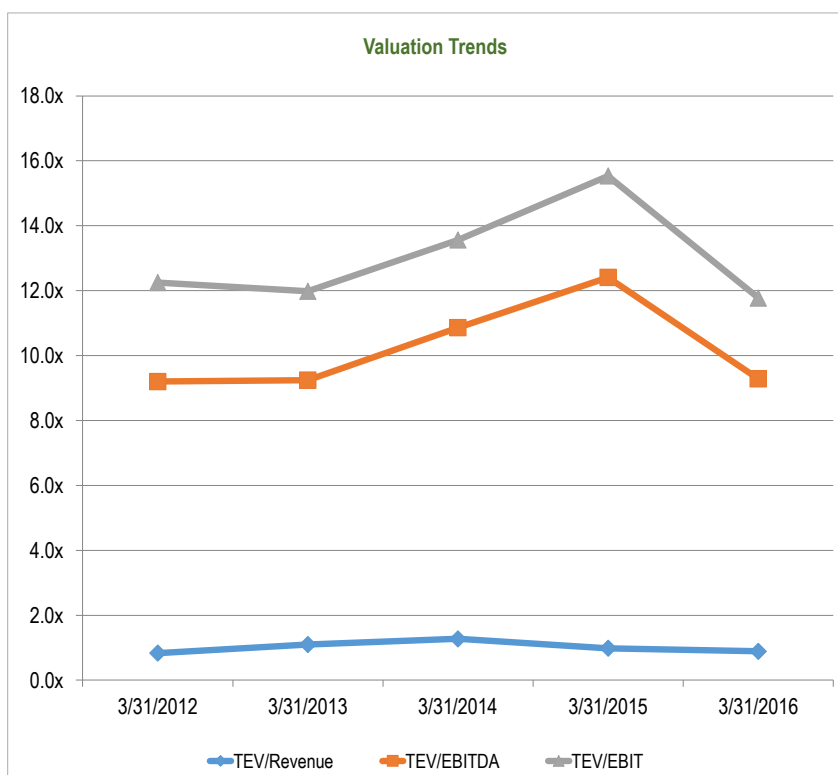
Professional Services and Consulting

1st Quarter 2016

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

	Total Enterprise Value				Last Twelve Months 3/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$1,686	3.5x	15.2x	15.1x	TEV/Revenue	↑
Median	\$513	0.9x	9.3x	11.8x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 3/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	34.7%	11.7%	5.2%	Gross Margin	↑
Median	32.1%	8.8%	6.3%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 4/27/2016 and PCE Proprietary Data

Sanitary and General Management Services

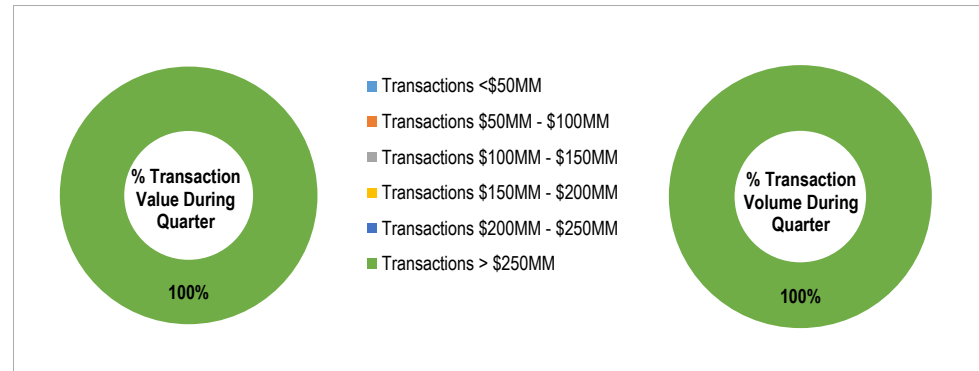
1st Quarter 2016

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

Transaction Volume	13
Number of Transactions with Disclosed Values	1
Transaction Value*	\$350.00
Average Transaction Value*	\$350.00
Median Transaction Value*	\$350.00

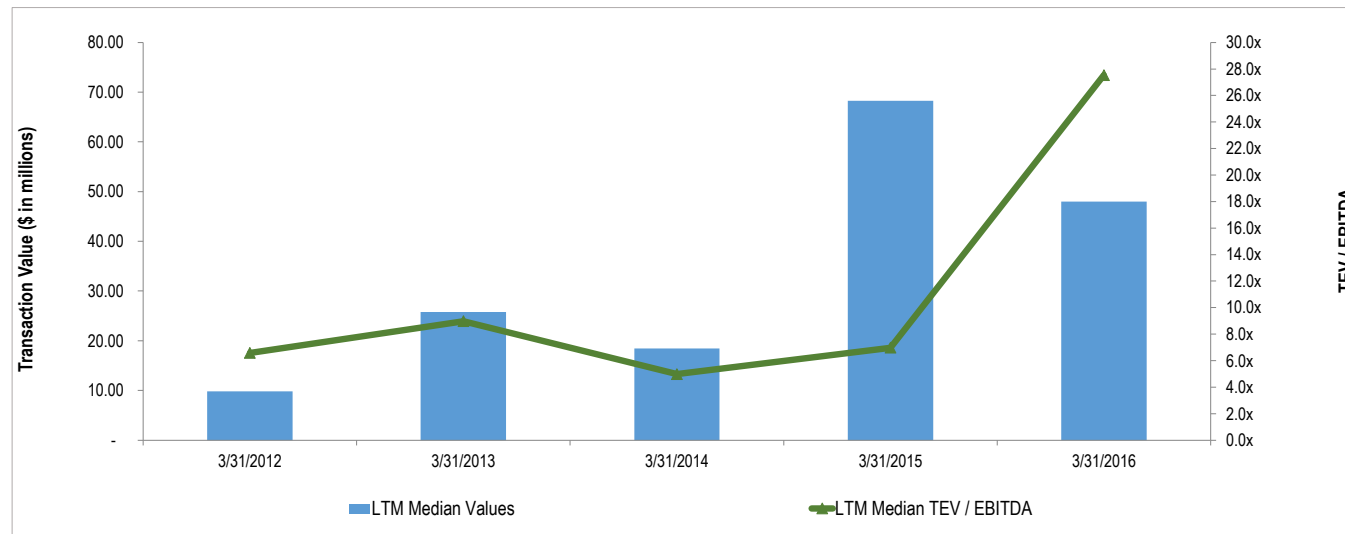
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Transaction by Value & Volume



Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



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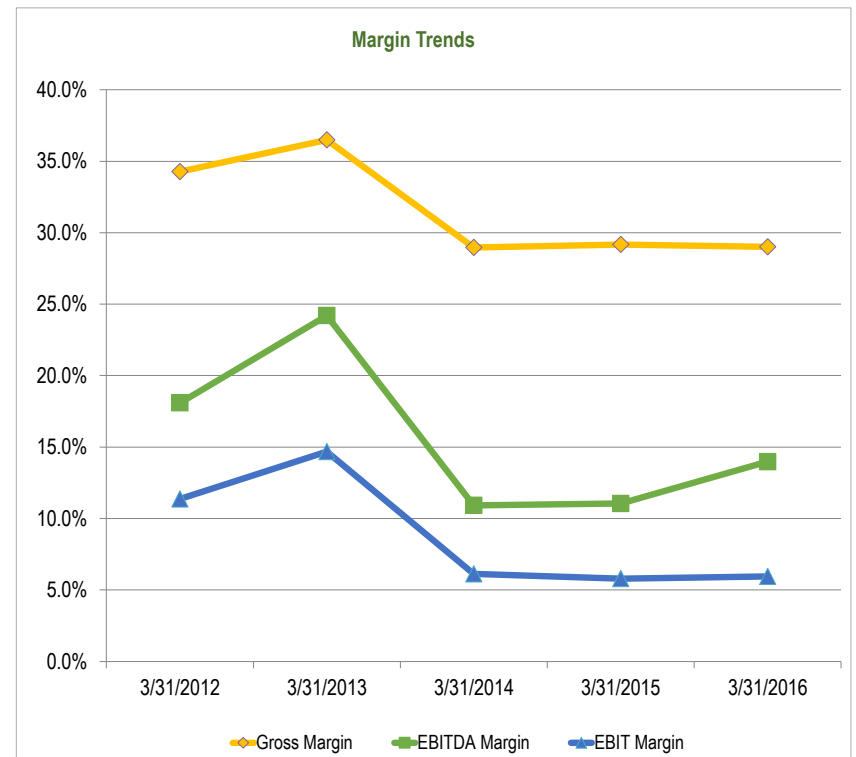
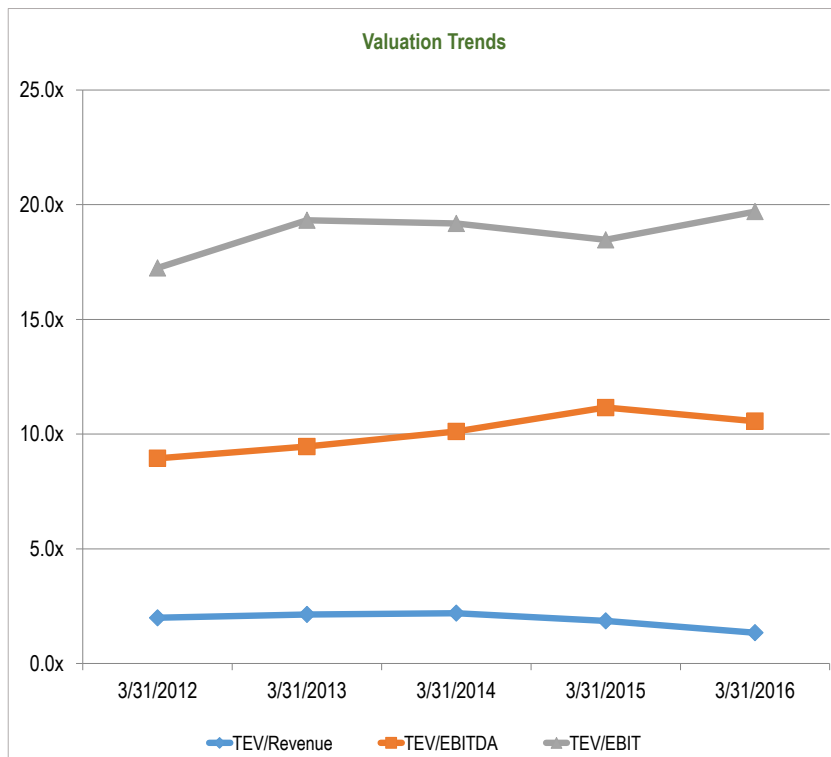
Sanitary and General Management Services

1st Quarter 2016

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

	Total Enterprise Value				Last Twelve Months 3/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$4,175	1.7x	11.4x	23.2x	TEV/Revenue	↓
Median	\$248	1.3x	10.6x	19.7x	TEV/EBITDA	↓
					TEV/EBIT	↑

	Margins			Last Twelve Months 3/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	25.6%	13.5%	6.7%	Gross Margin	↑
Median	29.0%	14.0%	5.9%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 4/27/2016 and PCE Proprietary Data

Office Furnishings, Equipment & Products

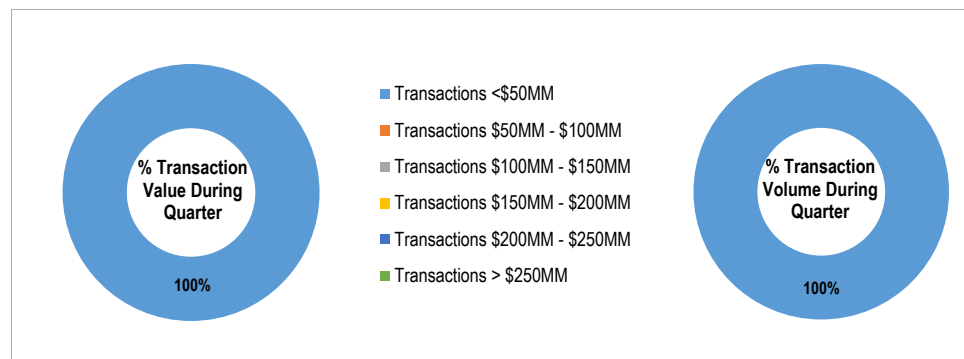
1st Quarter 2016

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

Transaction Volume	5
Number of Transactions with Disclosed Values	1
Transaction Value*	\$0.15
Average Transaction Value*	\$0.15
Median Transaction Value*	\$0.15

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

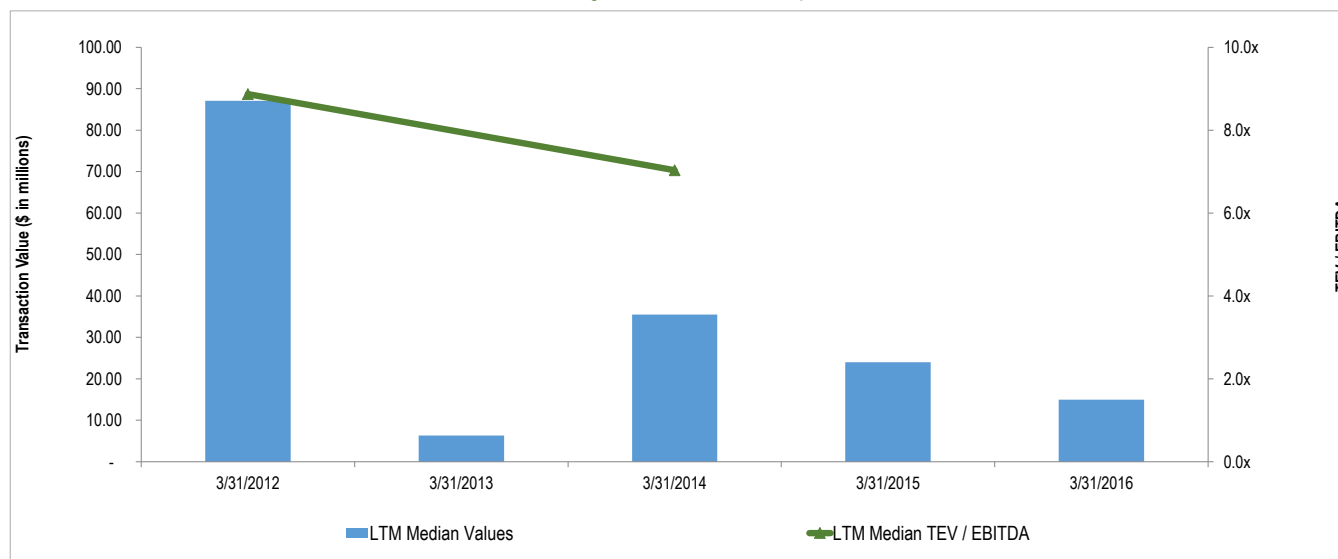
Transactions by Value & Volume



Based on transactions with disclosed financial data only

Private Sector Value & EBITDA Multiple Trends

Rolling 12-Months Value & Multiple Trends



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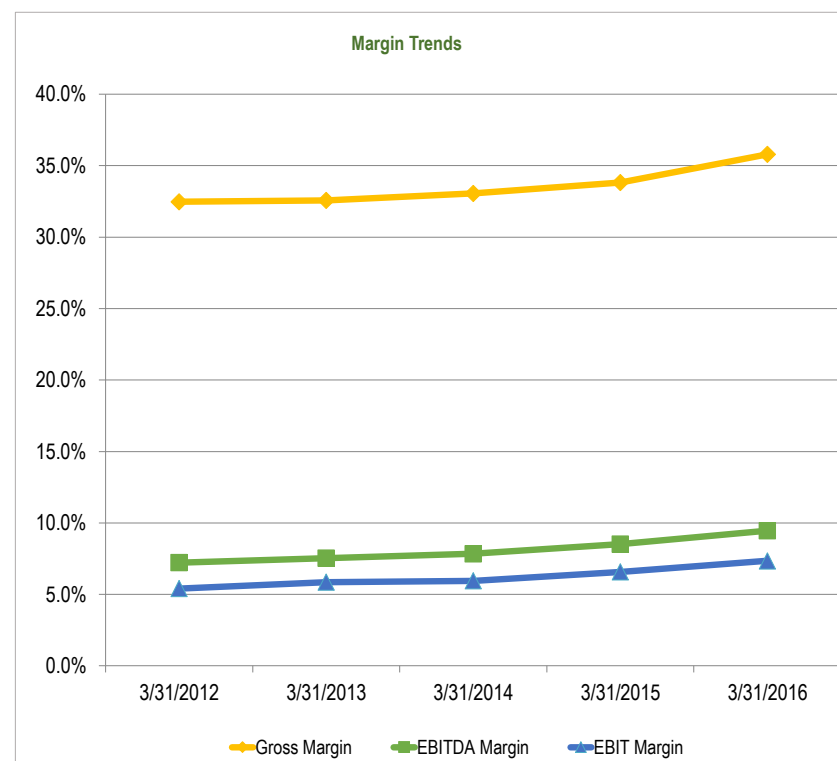
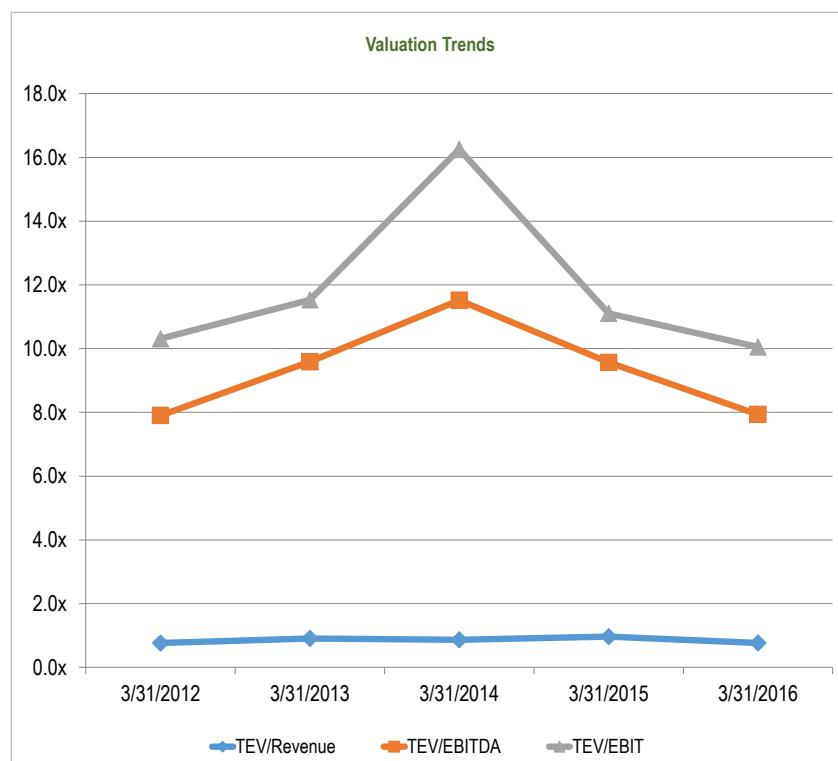
Office Furnishings, Equipment & Products

1st Quarter 2016

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

	Total Enterprise Value				Last Twelve Months 3/31/2016 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$902	0.8x	7.7x	10.1x	TEV/Revenue	↓
Median	\$973	0.8x	7.9x	10.1x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 3/31/2016 Trends	
	Gross Profit	EBITDA	EBIT		
Average	34.9%	9.8%	7.3%	Gross Margin	↑
Median	35.8%	9.5%	7.3%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 4/27/2016 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

Experienced in all market sectors, PCE has established several specialty practice areas:

- Aerospace & Defense
- 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