



PCE Industry Report

Business Services



Middle Market M&A Summary

Business Services

2nd Quarter 2017

Key Highlights

- The largest transaction was the acquisition of CEB, Inc. by Waste Management, Inc. for \$3.8 billion.
- The public company industry median TEV/Revenue multiple is 1.7x.
- The public company industry median TEV/EBITDA multiple is 10.9x.

Key Trends

- The Agriculture and Office Furnishings, Equipment & Products subsector's transaction volume was positive, and the other Business Industry subsectors all trended negatively over the past quarter.
- The Professional Service & Consulting subsector's transaction volume represented approximately 83% of the Business Services Industry activity over the past quarter.
- The management consulting industry has experienced strong growth, in part because of new demand for advisory services in response to constant technological changes. Management consultants will likely find solutions utilizing technology with advanced information technology and big data analytics.
- Corporate clients of consulting firms are increasingly demanding “end-to-end business solutions”, with assistance in each stage of the process from advisory to execution to valuation. Furthermore, the industry will be driven by mergers and acquisitions as leading companies seek greater market share.
- The accounting services industry will experience growth from a variety of sources in the coming years. Private investments, IPO activity, and new business openings are all expected to rise, leading to an increased demand for professional accounting services.

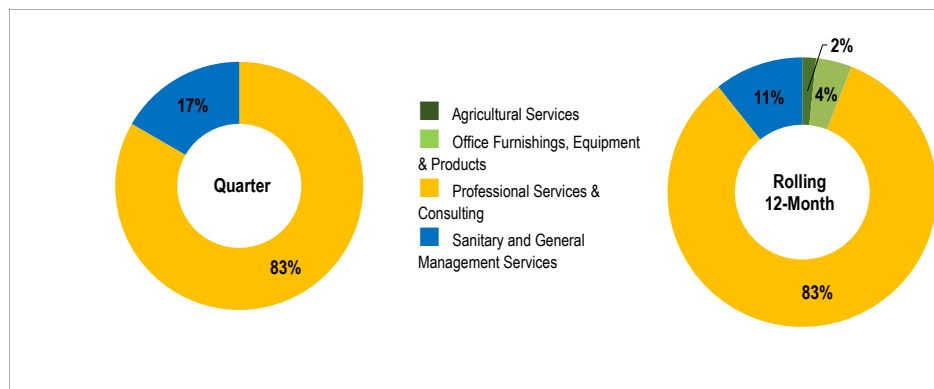
Source: IBIS World, S&P Capital IQ, and PCE Proprietary Data

Industry Trends During Quarter

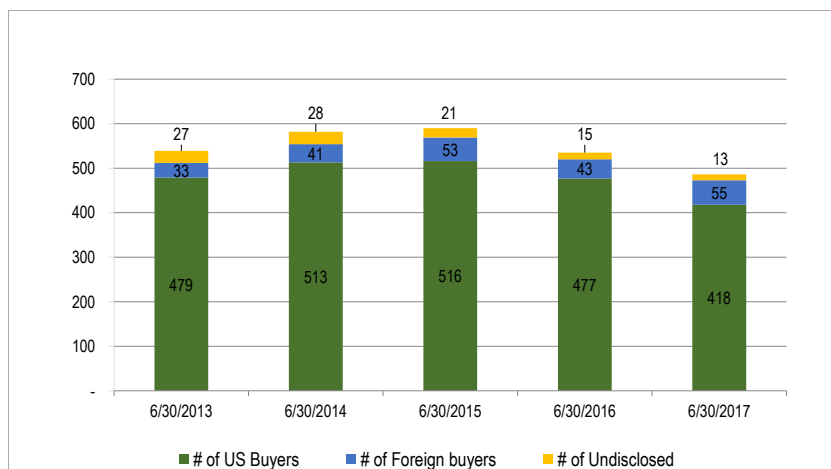
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Agricultural Services	↑	↓	Market Data not Available
Office Furnishings, Equipment & Products	↑	↑	↓
Professional Services & Consulting	↓	↑	↓
Sanitary and General Management Services	↓	↓	↓

* 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 & Consulting	CEB Inc.	Waste Management, Inc.	\$3,815.6
Sanitary and General Management Services	TriNet Group, Inc.	Veritas Capital Fund Management, LLC	\$700.0
Professional Services & Consulting	RISI, Inc.	Euromoney Institutional Investor PLC (LSE:ERM)	\$125.0
Professional Services & Consulting	SNI Companies Inc.	Yechiu Metal Recycling (China) Ltd.	\$86.0
Sanitary and General Management Services	Esco Marine Inc.	Huron Consulting Group Inc.	\$26.5
Professional Services & Consulting	The Crypto Company	CROE, INC.	\$25.3
Professional Services & Consulting	Expaticore Services LLC	Immedis Unlimited Company	\$10.0

Source: S&P Capital IQ as of 7/21/2017 and PCE Proprietary Data

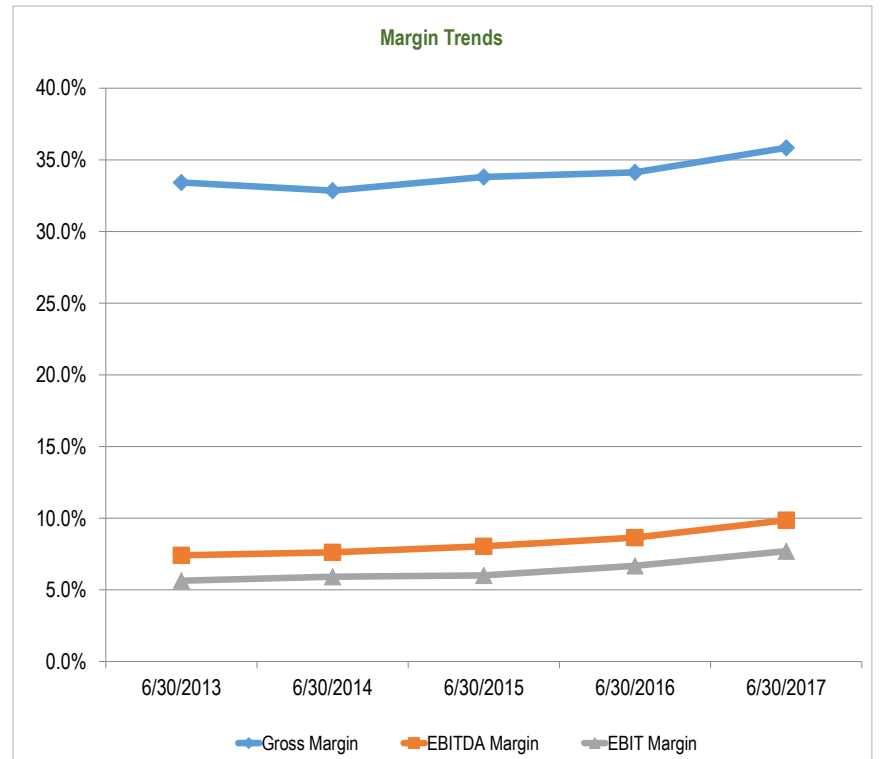
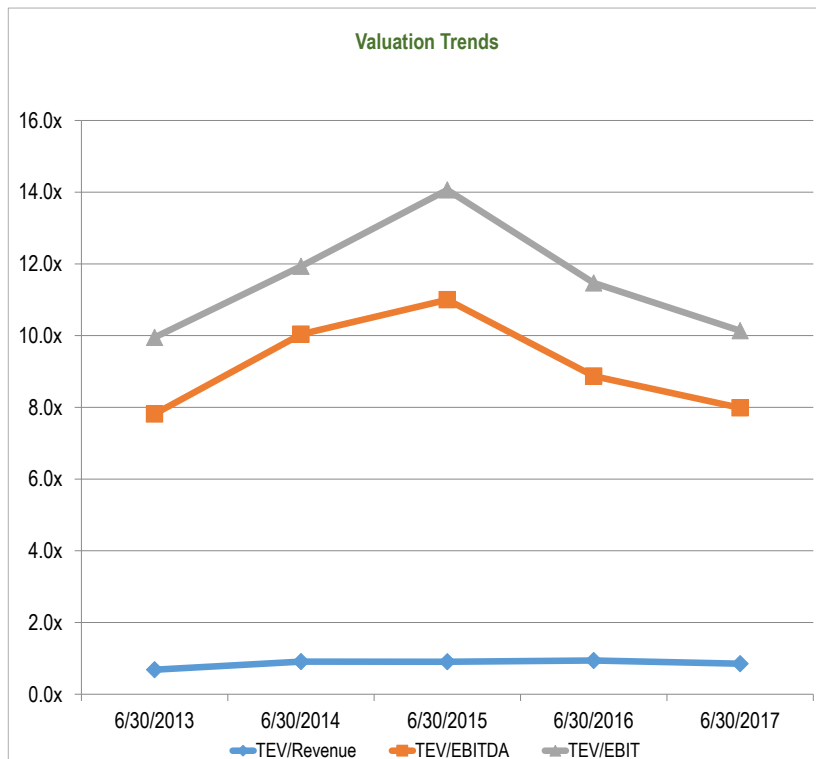
Office Furnishing, Equipment & Products

2nd Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 06/30/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$1,002	0.8x	8.2x	10.9x	TEV/Revenue	↓
Median	\$1,078	0.9x	8.0x	10.1x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 06/30/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	35.2%	10.0%	7.5%	Gross Margin	↑
Median	35.8%	9.9%	7.7%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 7/21/2017 and PCE Proprietary Data



Professional Services and Consulting

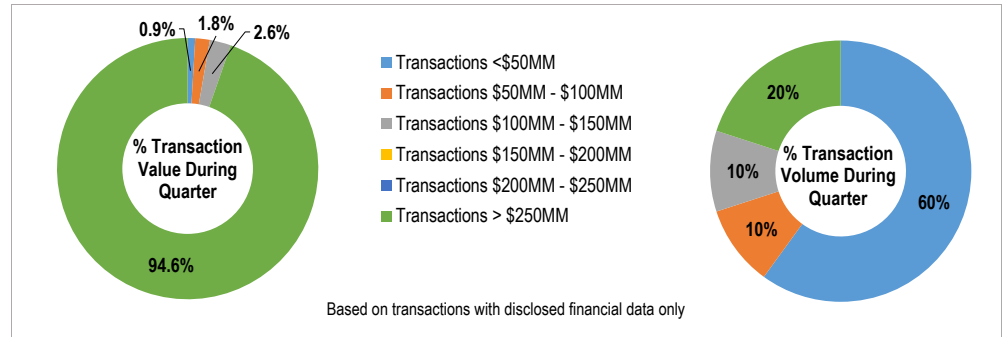
2nd Quarter 2017

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

Transaction Volume	88
Number of Transactions with Disclosed Values	10
Transaction Value*	\$4,770.91
Average Transaction Value*	\$477.09
Median Transaction Value*	\$17.63

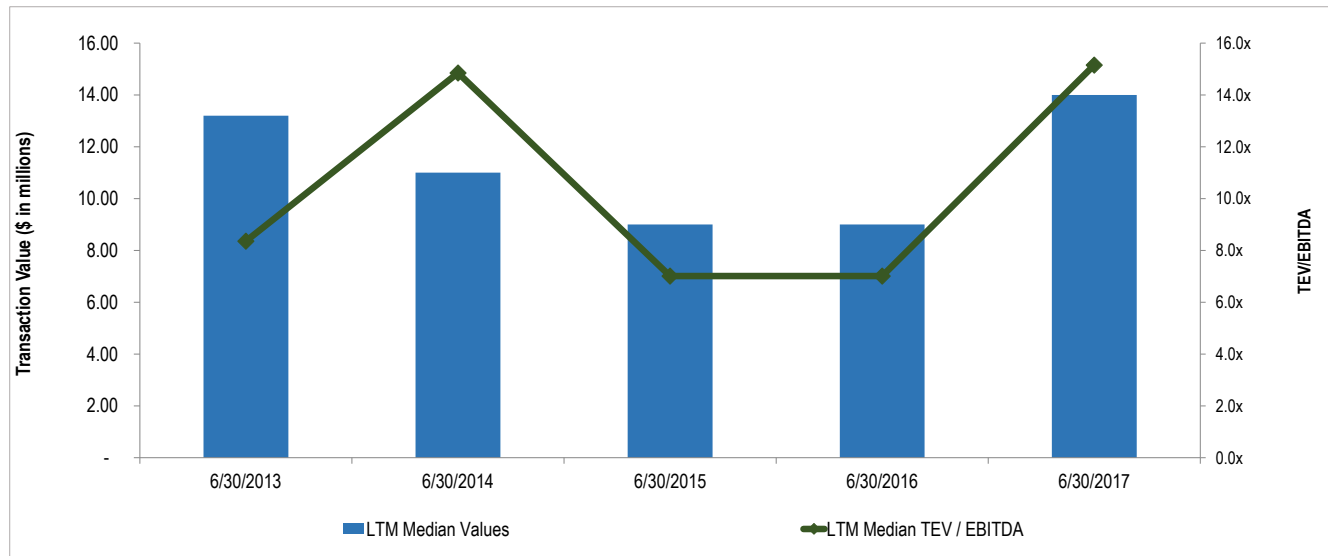
*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.

Transactions by Value & Volume



Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 7/24/2017 and PCE Proprietary Data



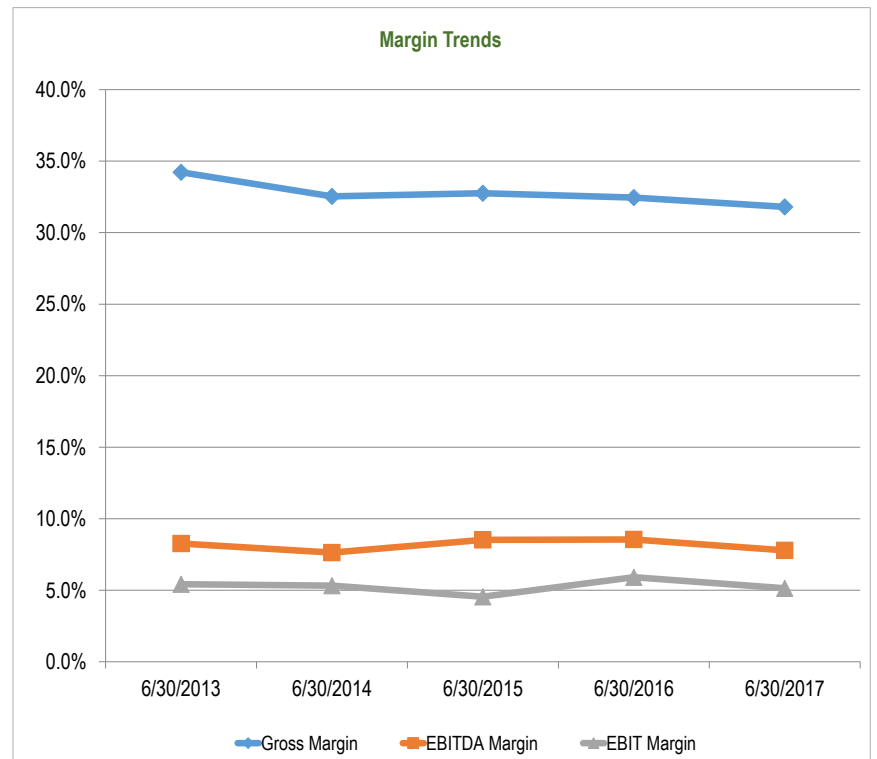
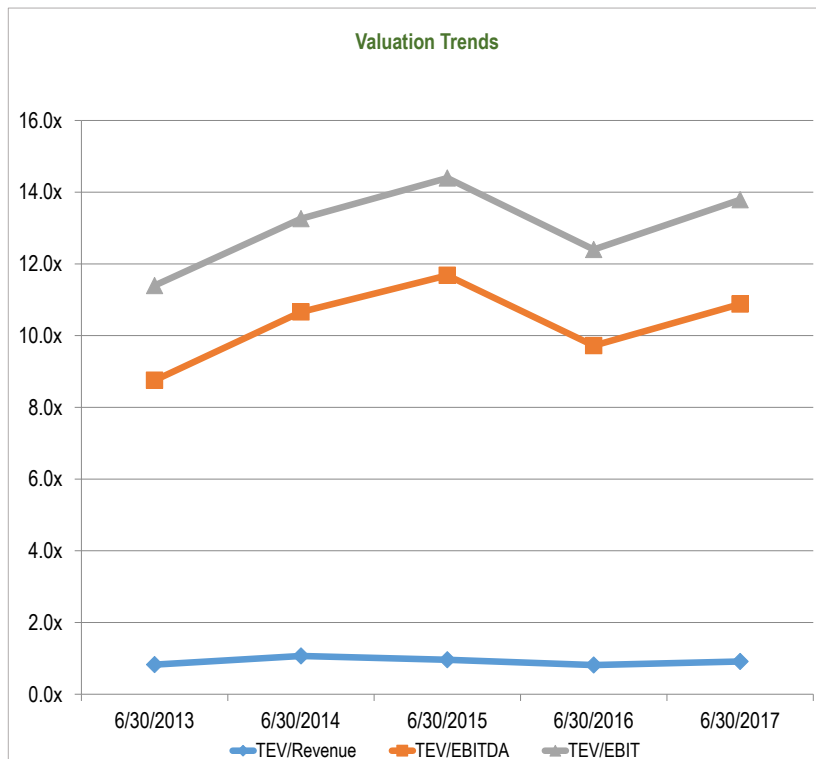
Professional Services and Consulting

2nd Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months	
	Market Cap	Revenue	EBITDA	EBIT	06/30/2017 Trends	
Average	\$1,777	1.9x	16.6x	15.8x	TEV/Revenue	↑
Median	\$426	0.9x	10.9x	13.8x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months	
	Gross Profit	EBITDA	EBIT	06/30/2017 Trends	
Average	32.2%	2.5%	3.4%	Gross Margin	↓
Median	31.8%	7.8%	5.1%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 7/21/2017 and PCE Proprietary Data



Sanitary and General Management Services

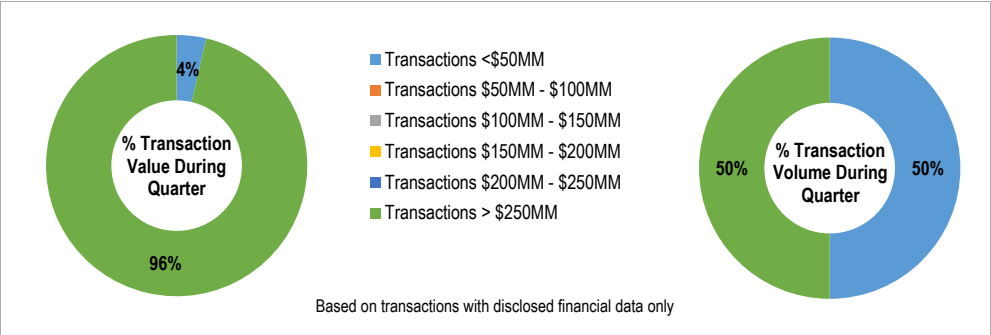
2nd Quarter 2017

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

Transaction Volume	2
Number of Transactions with Disclosed Values	2
Transaction Value*	\$726.49
Average Transaction Value*	\$363.25
Median Transaction Value*	\$363.25

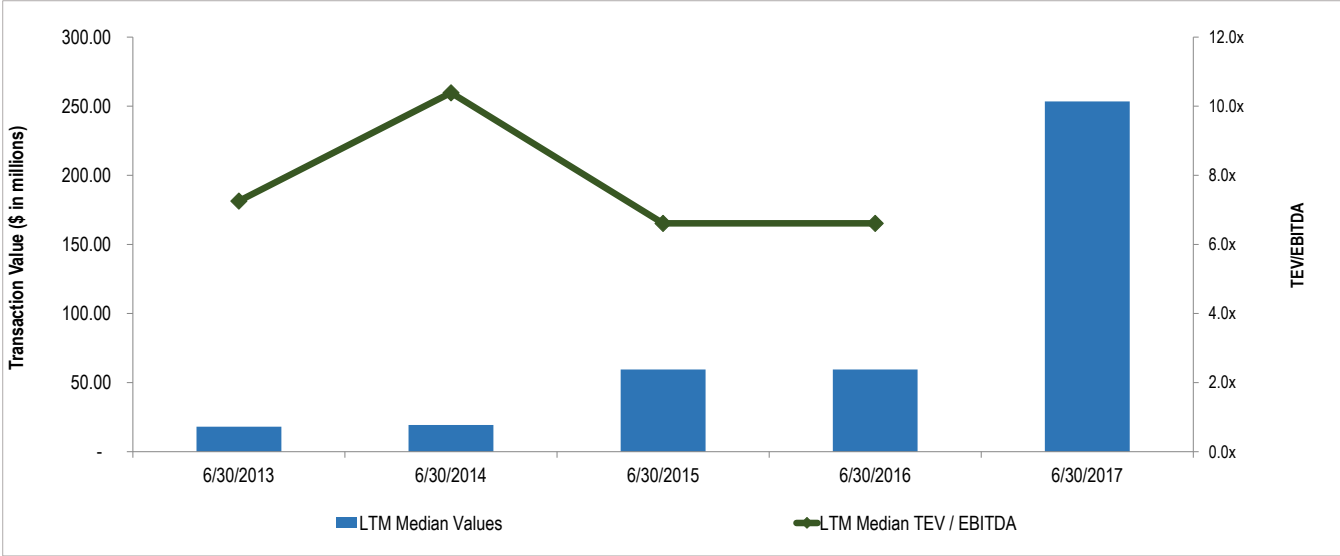
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Transactions by Value & Volume



Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 7/24/2017 and PCE Proprietary Data



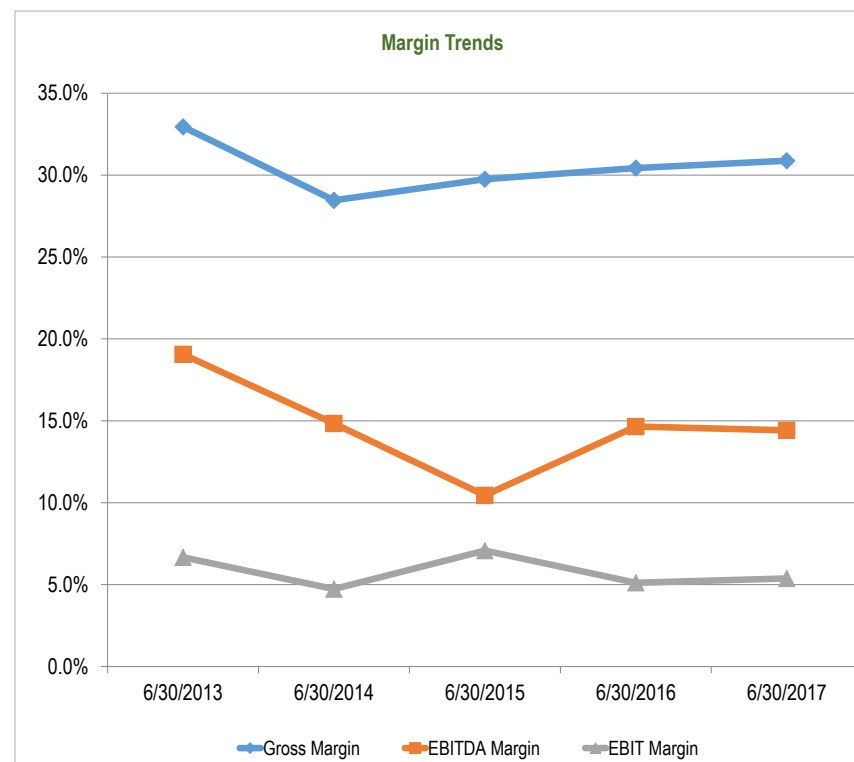
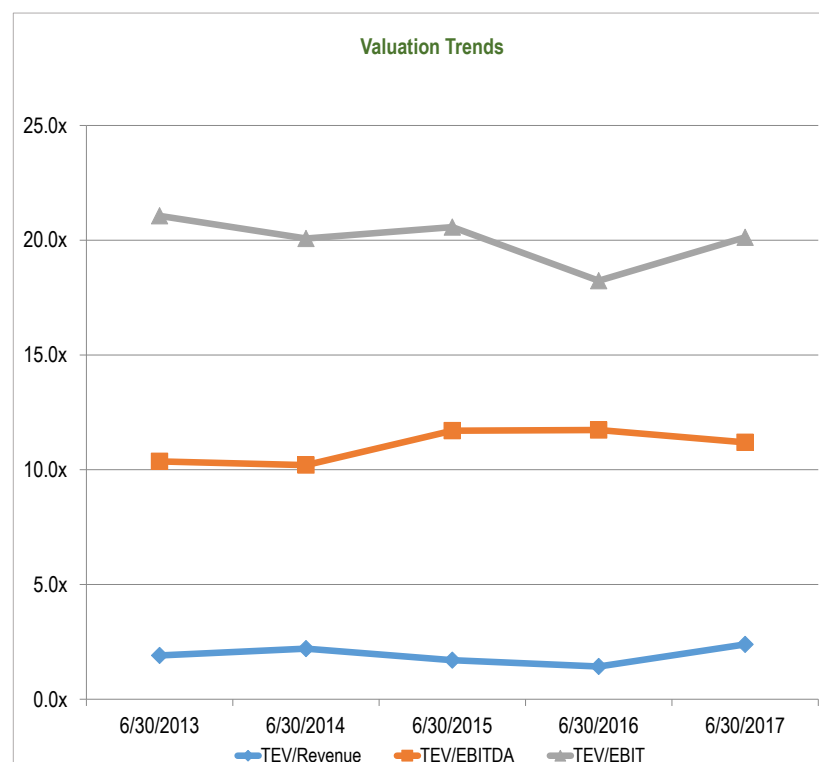
Sanitary and General Management Services

2nd Quarter 2017

Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 06/30/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$4,215	1.9x	13.3x	22.9x	TEV/Revenue	↑
Median	\$374	2.4x	11.2x	20.1x	TEV/EBITDA	↓
					TEV/EBIT	↑

	Margins			Last Twelve Months 06/30/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	27.8%	13.4%	4.7%	Gross Margin	↑
Median	30.9%	14.4%	5.4%	EBITDA Margin	↓
				EBIT Margin	↑



Source: S&P Capital IQ as of 7/21/2017 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 dates only.

Glossary

EBIT - Earnings Before Interest and Taxes

EBITDA - Earnings Before Interest, Taxes, Depreciation, Amortization

LTM - Last Twelve Months

TEV - Total Enterprise Value