



# PCE Industry Report

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Business Services



# Middle Market M&A Summary

## Business Services

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3rd Quarter 2017

### Key Highlights

- The largest transaction was the acquisition of CareerBuilder LLC by Apollo Global Management, LLC; Ontario Teachers' Pension Plan Board for \$475 million.
- The public company industry median TEV/Revenue multiple is 1.0x.
- The public company industry median TEV/EBITDA multiple is 11.4x.

### Key Trends

- The Office Furnishings, Equipment & Products subsector's transaction volume was positive, Sanitary and General Management Services trended neutrally, and the other Business Industry subsectors all trended negatively over the past quarter.
- The Professional Service & Consulting subsector's transaction volume represented approximately 91% of the Business Services Industry activity over the past quarter.
- Accounting services remains on a strong upward trend for revenue and profits with the CPA Outlook Index (CPOI) at a three year high, with a score in Q3 of 77. Availability of skilled personnel overtook the top concern for CPA's moving forward, with regulatory requirements/changes in second.
- Legal industry revenue is expected to steadily increase at an annualized rate of 1.6% over the next five years, driven by growing M&A activity and changes in regulations, to a value of \$330 billion.
- Demand for waste collection and sanitation services will continue to be driven by population growth, business creation and increased privatization over the next five years. The industry is anticipating annualized revenue growth of 1.2% per year.

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

## Industry Trends During Quarter

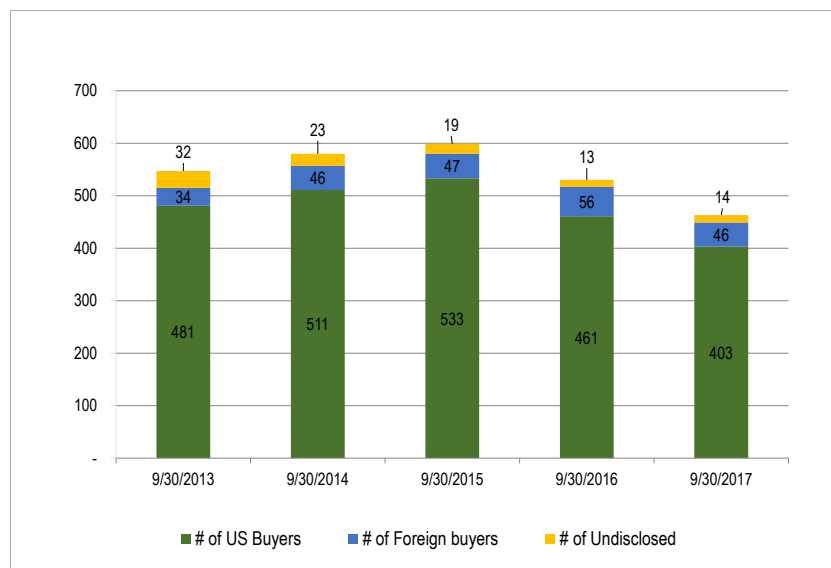
Sector	Transaction Volume	TEV/ Revenue	TEV/EBITDA
Agricultural Services	↓	↓	Market Data not Available
Office Furnishings, Equipment & Products	↑	↓	↓
Professional Services & Consulting	↓	↓	↓
Sanitary and General Management Services	→	↑	↑

\* 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	CareerBuilder, LLC	Apollo Global Management, LLC; Ontario Teachers' Pension Plan	\$475.0
Professional Services & Consulting	R2Net Inc.	Sterling Jewelers Inc.	\$328.0
Professional Services & Consulting	CDI Corp.	AE Industrial Partners, LLC	\$173.4
Sanitary and General Management Services	Severn Trent Environmental Services, Inc.	Alston Capital Partners; PPC Enterprises LLC	\$62.1
Professional Services & Consulting	Vdynamic, LLC	UDG Healthcare plc	\$32.0
Professional Services & Consulting	Technology Sciences Group Inc. and Technology Sciences (Europe) Limited and Associated Subsidiaries	Science Group plc	\$17.8
Professional Services & Consulting	Absolute Consulting, Inc.	GSE Performance Solutions, Inc.	\$8.8
Professional Services & Consulting	Smart Resources, Inc.	BG Finance and Accounting, Inc.	\$8.0
Professional Services & Consulting	firstPRO, Inc.	Staffing 360 Solutions, Inc.	\$8.0
Professional Services & Consulting	Quadrant 4 System Corporation, Legacy Staffing Business	Intellyk, Inc.	\$3.5

Source: S&P Capital IQ as of 10/13/2017 and PCE Proprietary Data

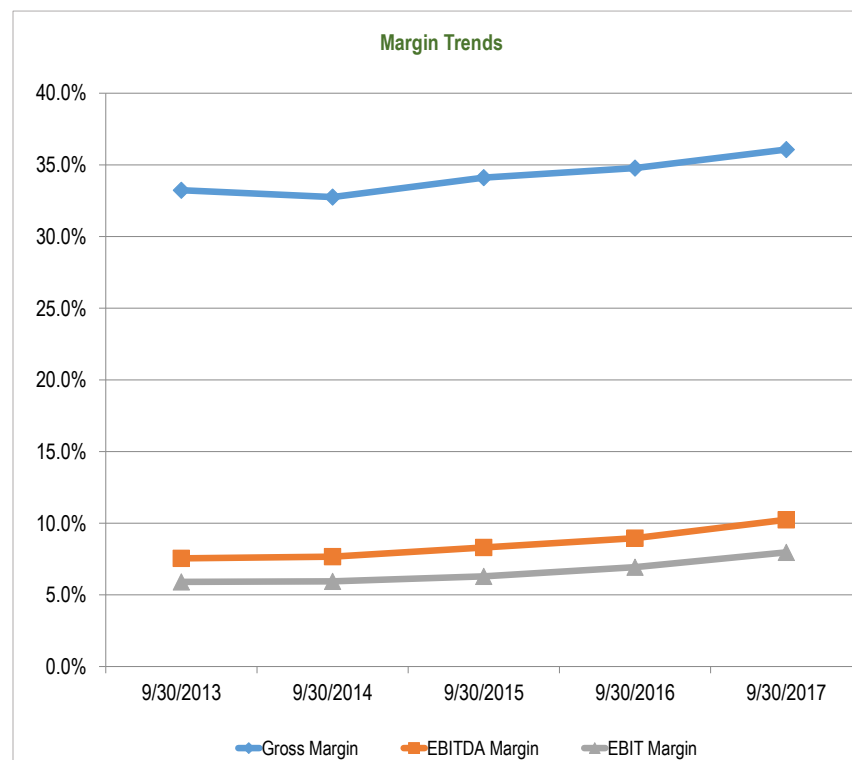
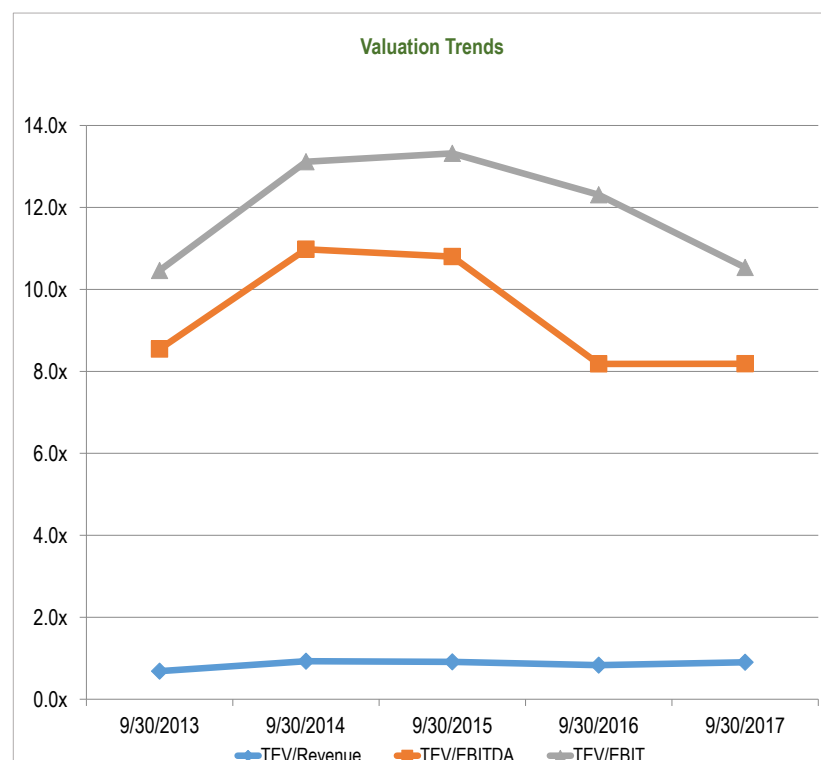
# Office Furnishing, Equipment & Products

3rd Quarter 2017

## Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$1,090	0.9x	8.3x	11.2x	TEV/Revenue	↑
Median	\$1,162	0.9x	8.2x	10.5x	TEV/EBITDA	↑
					TEV/EBIT	↓

	Margins			Last Twelve Months 09/30/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	35.5%	10.0%	7.5%	Gross Margin	↑
Median	36.1%	10.2%	8.0%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 10/11/2017 and PCE Proprietary Data

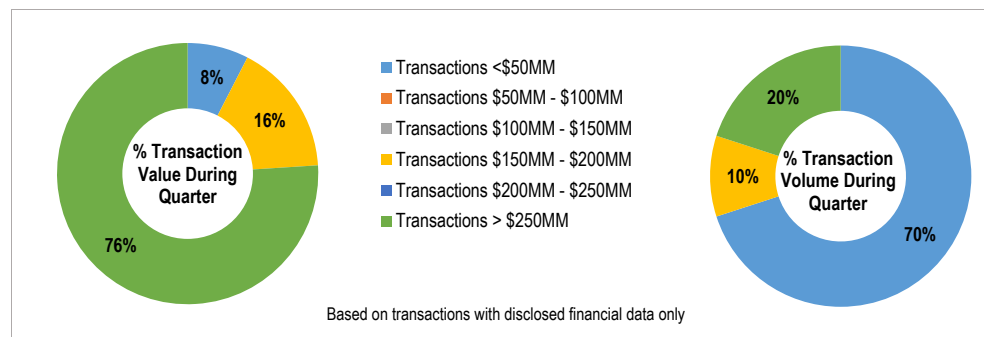
# Professional Services and Consulting

3rd Quarter 2017

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

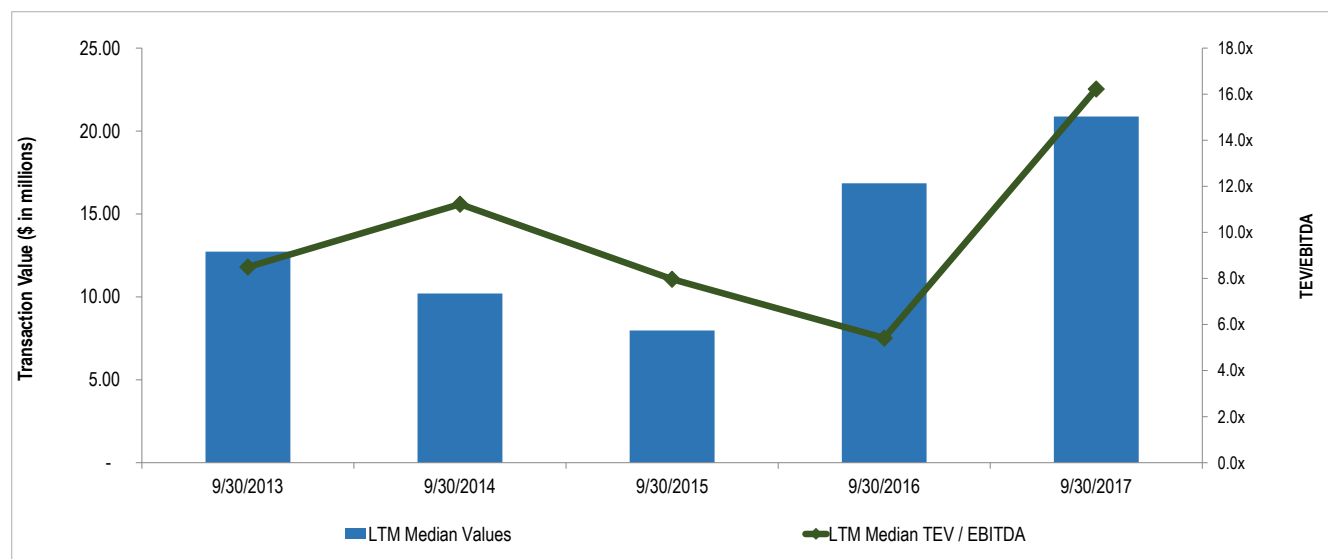
Transaction Volume	91
Number of Transactions with Disclosed Values	10
Transaction Value*	\$1,056.40
Average Transaction Value*	\$105.64
Median Transaction Value*	\$13.25
*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.	

## Transactions by Value & Volume



## Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 10/11/2017 and PCE Proprietary Data



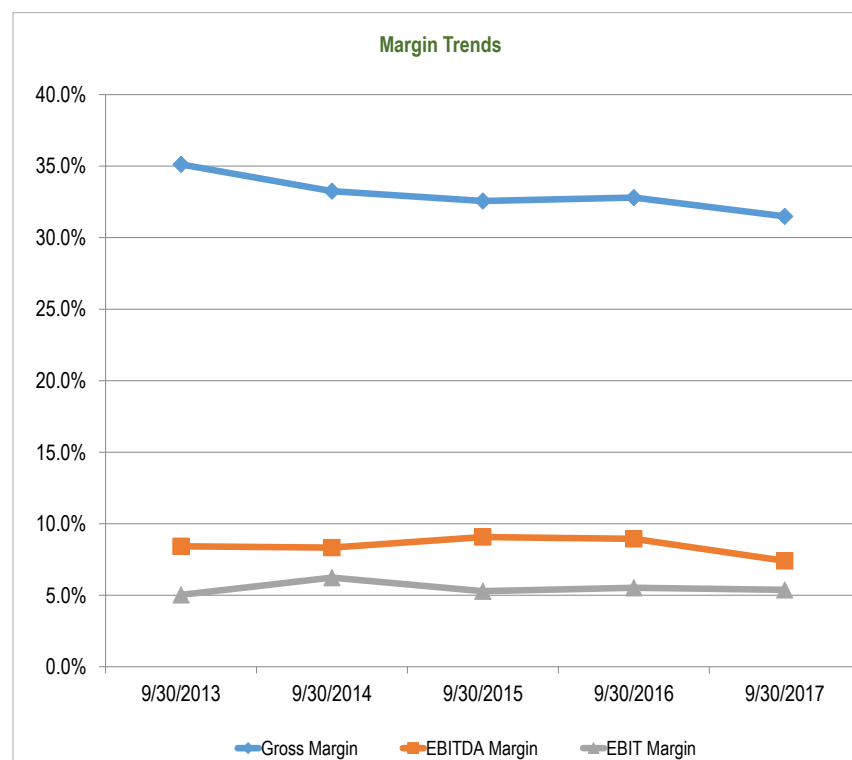
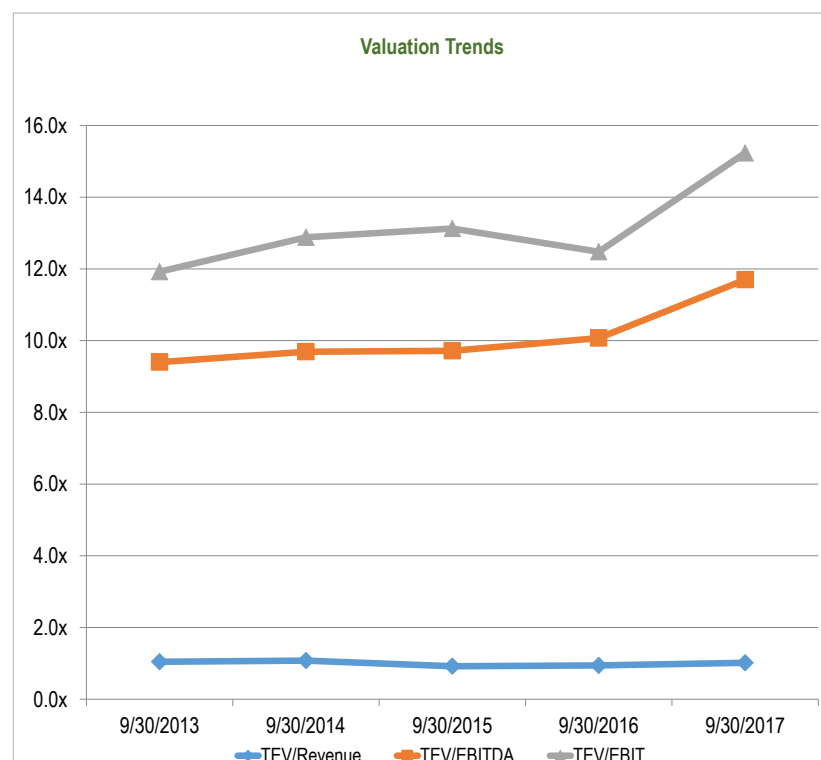
# Professional Services and Consulting

3rd Quarter 2017

## Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$1,759	2.6x	17.0x	18.8x	TEV/Revenue	↑
Median	\$446	1.0x	11.7x	15.2x	TEV/EBITDA	↑
					TEV/EBIT	↑

	Margins			Last Twelve Months 09/30/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	26.8%	4.3%	2.7%	Gross Margin	↓
Median	31.5%	7.4%	5.4%	EBITDA Margin	↓
				EBIT Margin	↓



Source: S&P Capital IQ as of 10/11/2017 and PCE Proprietary Data

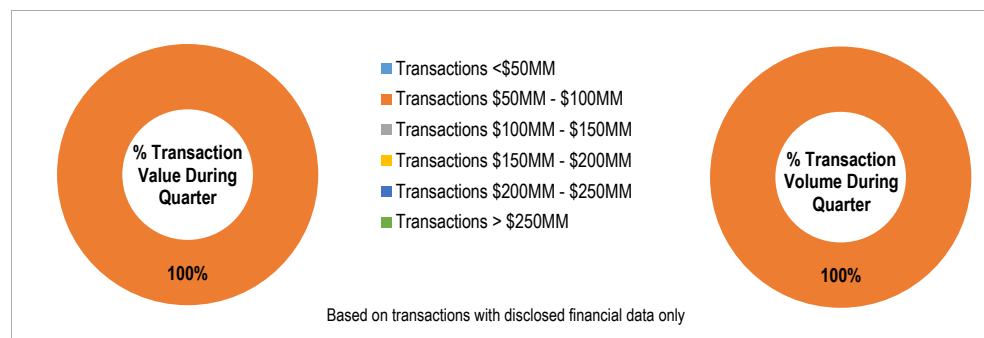
# Sanitary and General Management Services

3rd Quarter 2017

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

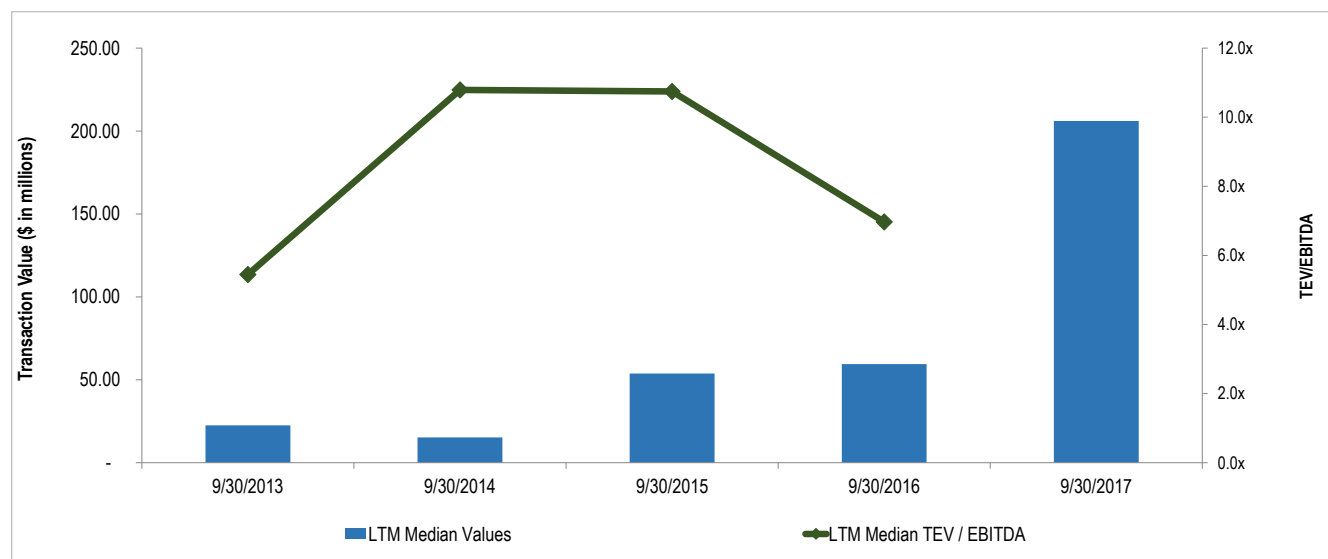
Transaction Volume	9
Number of Transactions with Disclosed Values	1
Transaction Value*	\$62.10
Average Transaction Value*	\$62.10
Median Transaction Value*	\$62.10
*Based on transactions with reported financial data only; historically ~ 30% to 40% of transactions report financial data.	

## Transactions by Value & Volume



## Private Sector Value and EBITDA Multiple Trends

Rolling 12-Month Value & Multiple Trends



Source: S&P Capital IQ as of 10/11/2017 and PCE Proprietary Data



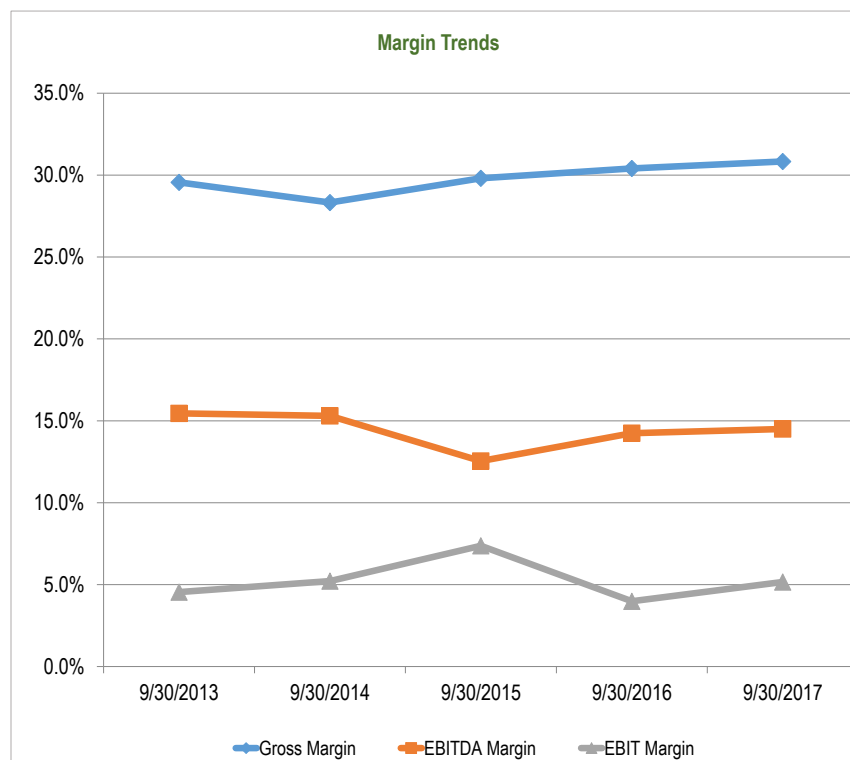
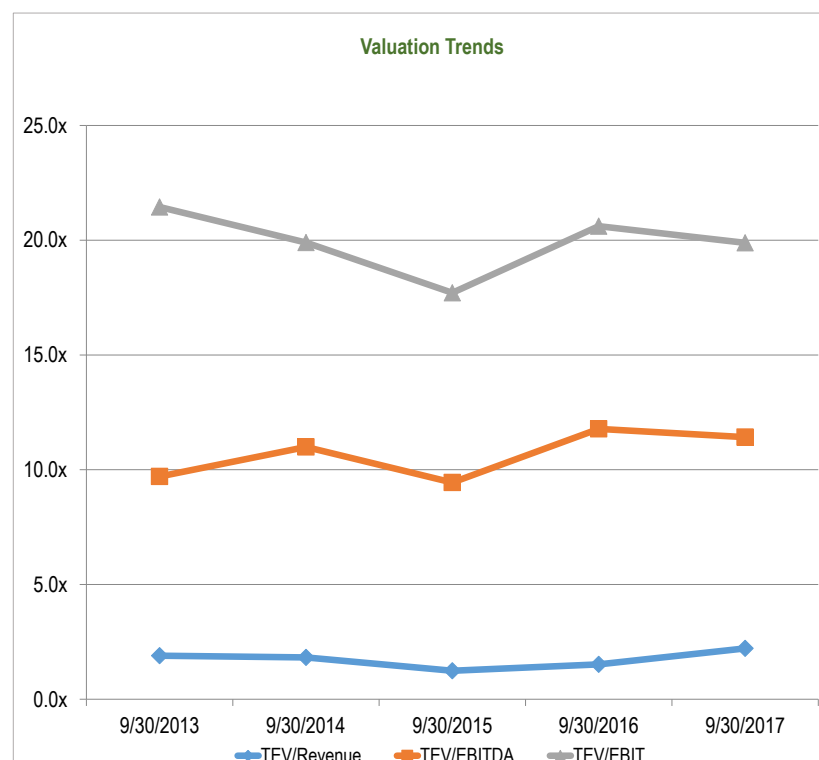
# Sanitary and General Management Services

3rd Quarter 2017

## Summary of Public Comparables (\$ in millions)

	Total Enterprise Value				Last Twelve Months 09/30/2017 Trends	
	Market Cap	Revenue	EBITDA	EBIT		
Average	\$4,236	1.9x	12.7x	22.8x	TEV/Revenue	↑
Median	\$490	2.2x	11.4x	19.9x	TEV/EBITDA	↓
					TEV/EBIT	↓

	Margins			Last Twelve Months 09/30/2017 Trends	
	Gross Profit	EBITDA	EBIT		
Average	27.6%	13.6%	4.9%	Gross Margin	↑
Median	30.8%	14.5%	5.2%	EBITDA Margin	↑
				EBIT Margin	↑



Source: S&P Capital IQ as of 10/11/2017 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

PCE Investment Bankers, Inc - member FINRA & SIPC; PCE Valuations, LLC; PCE Advisory, LLC

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### PCE Locations

Orlando

Atlanta

Chicago

New York

### 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

