



# Home Services Sector Update

Franchise & Non-Franchise

KPMG Corporate Finance  
Q4 2021

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# Home Services Sector Overview

Home services participants include providers of various residential services and solutions, as well as property and facility maintenance services delivered directly or through a network of franchisees. Key players in each sub-sector are categorized as to whether they operate through a franchise model

| Sub-sector                  | Public Revenue / EBITDA Multiple <sup>(1)</sup> | Description   | Key Select Industry Leadership                          |   |
|-----------------------------|---|---|---|---|
| Franchise Home Services     | 4.30x / 25.3x                                   | Includes companies offering home based services directly or through their franchise network. These services entail pest and termite control, remediation, HVAC, exterior and interior home maintenance, landscaping, commercial property management, and in-home healthcare | ❖ FirstService<br>❖ Rollins                             | ❖ Chemed<br>❖ Terminix Global                               |
| Non-Franchise Home Services | 2.62x / 14.2x                                   | Comprised of companies offering interior and exterior building products, insulation, home improvement and repair, security solutions, installations, and related services   | ❖ Fortune Brands Home & Security<br>❖ ADT<br>❖ TopBuild | ❖ HomeServe<br>❖ Installed Building Products<br>❖ Frontdoor |

## Sector Perspectives

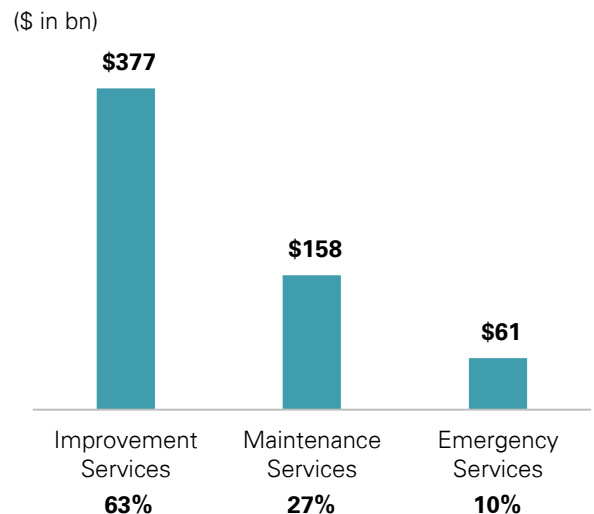
**Increased consumer spending on home remodeling and home maintenance services has resulted in a 17% increase in market expansion**

### Home Services Remain an Attractive Sector for Financial Sponsors

- ❑ Recurring revenue model through contractual or subscription based service offerings such as HVAC, interior and exterior cleaning, and landscaping
- ❑ Favorable, long term demographic trends support growth and drive demand
  - Growing home ownership, low interest rate environment and increased discretionary income
  - Aging population as more baby boomers reach retirement age
- ❑ Industry revenue and demand have remained strong throughout the Covid-19 environment
  - Increased demand for essential services such as pest control and landscaping
  - Consumers are spending more time at home and are more conscious of services available for their homes
- ❑ Younger homeowners are more willing to use third-party service providers
- ❑ Fragmented sub and micro sectors are favorable for increased consolidation

### The Home Services Industry Is a \$595B Market Poised for Significant Growth

- ❑ Improvement Services continues to garner the largest share (63%) of the Home Services Industry



Source: Market statistics sourced from S&P Capital IQ and based on 12/31/2021, Angi

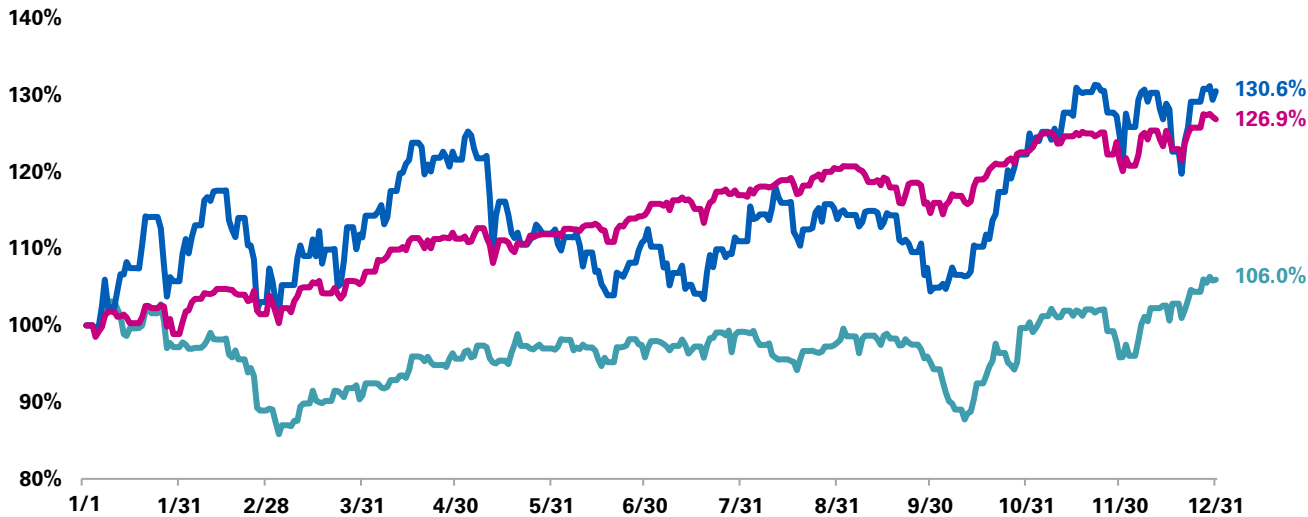
(1) Valuation Multiples represent Enterprise Value to LTM Revenue and LTM EBITDA at 9/30/2021

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# Home Services Public Markets Update

- Sub-segment indices varied in performance in 2021 relative to the S&P 500
  - Franchise Home Services (+6.0%) lagged the S&P 500 (+26.9%)
  - Non-Franchise Home Services outperformed the performance of the S&P 500 (+30.6%)
  
- As of December 31, 2021, the mean EV/LTM EBITDA multiples for Franchise Home Services and Non-Franchise Home were 25.3x and 14.2x, respectively

## Indexed Stock Performance (1/1/2021 through 12/31/2021)



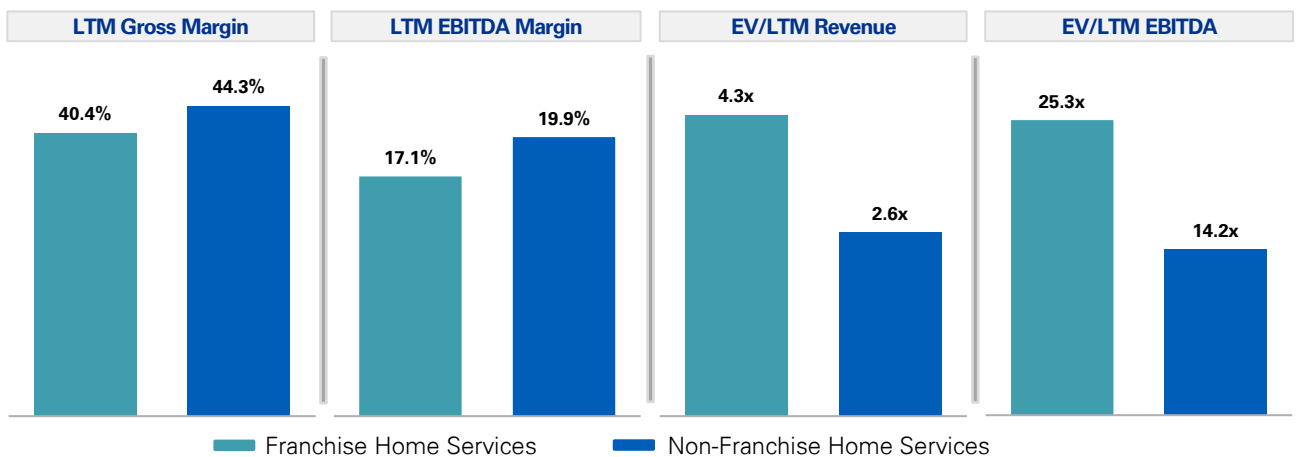
### Legend Key

Franchise Home Services

Non-Franchise Home Services

S&P 500

## Financial Metrics<sup>(1)</sup> for Franchise & Non-Franchise Home Services Peer Groups (12/31/2021)



Source: Market statistics sourced from S&P Capital IQ

(1) Financial metrics represent the average of constituents reporting in category

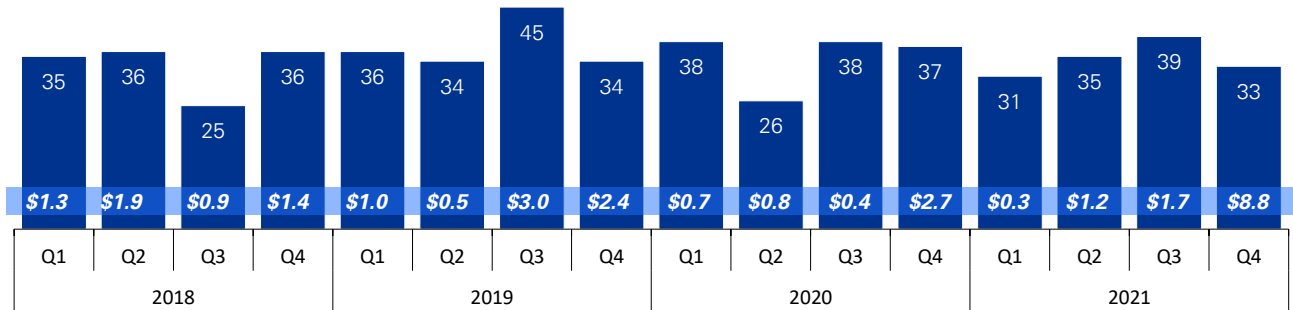
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# Home Services M&A Market Commentary

- Year-over-year, Q4 2021 global announced transaction value increased ~225.9% compared to Q4 2020, driven by Rentokil's announcement to acquire Terminix Global in December 2021 for \$7.7 bn, while transaction volume decreased ~10.8% over the same period
- Quarter-over-quarter, Q4 2021 global transaction volume decreased ~15.4% compared to Q3 2021, while transaction value increased as a result of the Terminix Global – Rentokil transaction

## Home Services Sector Announced Transaction Volume and Value<sup>(1)</sup>

Deal Volume (# of transactions); Deal Value (\$ in bn)



## 2021 Notable U.S. Home Services Transactions

*December 2021 (Announced)*

### Terminix Global / Rentokil Initial

Rentokil Initial, a leader in pest control, hygiene and well-being services, announced the acquisition of Terminix Global. Terminix is a provider of residential and commercial termite and pest management services. Total transaction consideration of \$7.7 bn at 3.74x revenue and 19.9x EBITDA

*November 2021*

### Lynch Landscape & Tree Service / Anvil Capital

Anvil Capital, a private equity firm focused on lower middle-market niche manufacturing and service companies, has acquired Lynch Landscape & Tree Service, a residential landscaping company. Transaction terms were undisclosed

*November 2021*

### Re-Bath / TZP Group

TZP Group, a private equity firm primarily investing in companies in technology & business services and consumer products & services sectors, has acquired Home Brands Group Holdings Inc., the parent company of Re-Bath, a bathroom remodeling franchise company with 100+ locations across North America. Transaction terms were undisclosed

*September 2021*

### Two Maids Franchising / Home Franchise Concepts (JM Family Office)

Home Franchise Concepts, one of the largest franchising systems in home improvement goods and services backed by JM Family, has acquired Two Maids Franchising, a franchise cleaning company with 91 locations. Transaction terms were undisclosed

*September 2021*

### Outdoor Living Brands / LYNX Franchising (MidOcean Partners)

LYNX Franchising, a multi-brand franchise platform with a complementary collection of B2B essential services backed by MidOcean Partners, has acquired Outdoor Living Brands, a leading franchisor in the outdoor residential services sector. Transaction terms were undisclosed

*July 2021*

### Neighborly / KKR & Co.

KKR & Co., a global investment firm, announced the acquisition of the Neighborly, the world's largest provider and franchisor of home service brands. Transaction terms were undisclosed

*April 2021*

### Pestmaster Services / The Riverside Company

The Riverside Company, a global private equity investor focused on the middle market, has acquired Pestmaster Services, a provider of environmentally conscious pest control services for residential, government and commercial markets with over 35 franchised locations. Transaction terms were undisclosed

*March 2021*

### Premium Service Brands / Susquehanna Private Capital

Susquehanna Private Capital, a private investment firm, has invested in Premium Service Brands, a leader in home services franchise opportunities. Transaction terms were undisclosed

(1) Market statistics sourced from S&P Capital IQ, MergerMarket, Pitchbook, Wall Street research, press releases. Notes: M&A analysis based on deals announced during respective periods. Deal value represents aggregate deal value for disclosed transactions for time periods noted above

# Select Public Home Services Companies

## Public Markets Key Trading Statistics (12/31/2021)

| Sub-sectors  | Indexed Share Price<br>% Change |                   | LTM Financials |               | Valuation Multiples<br>Enterprise Value To: |              |
|--|---------------------------------|-------------------|----------------|---------------|---|--------------|
|  | 1/1/20 - 12/31/21               | 1/1/21 - 12/31/21 | Gross Margin   | EBITDA Margin | LTM Revenue                                 | LTM EBITDA   |
| Franchise Home Services  | 35.7%                           | 6.0%              | 40.4%          | 17.1%         | 4.30x                                       | 25.3x        |
| Non-Franchise Home Services                                    | 87.3%                           | 30.6%             | 44.3%          | 19.9%         | 2.62x                                       | 14.2x        |
| <b>Franchise &amp; Non-Franchise Home Services Sector Mean</b> | <b>53.4%</b>                    | <b>15.0%</b>      | <b>42.7%</b>   | <b>18.8%</b>  | <b>3.29x</b>                                | <b>18.6x</b> |

## Public Markets Detail (12/31/2021)

| Company                              | Country | Market Data |              |                           |                                 | LTM Financials |              |               | Valuation Multiples<br>Enterprise Value To: |              |                 |                |
|--------------------------------------|---------|-------------|--------------|---------------------------|---------------------------------|----------------|--------------|---------------|---|--------------|-----------------|----------------|
|                                      |         | Share Price | % 52-Wk High | Market Cap <sup>(1)</sup> | Enterprise Value <sup>(2)</sup> | Revenue        | Gross Margin | EBITDA Margin | LTM Revenue                                 | LTM EBITDA   | CY 2021 Revenue | CY 2021 EBITDA |
| <b>Franchise Home Services</b>       |         |             |              |                           |                                 |                |              |               |   |              |                 |                |
| Rollins, Inc.                        | US      | \$34.21     | 81.8%        | \$16,833                  | \$17,037                        | \$2,360        | 52.1%        | 22.5%         | 7.22x                                       | 32.1x        | 7.09x           | 31.6x          |
| FirstService Corporation             | CA      | \$196.45    | 97.1%        | \$8,630                   | \$9,434                         | \$3,167        | 32.0%        | 9.8%          | 2.98x                                       | 30.5x        | 2.92x           | 28.7x          |
| Chemed Corporation                   | US      | \$529.04    | 94.5%        | \$8,109                   | \$8,220                         | \$2,132        | 35.8%        | 18.6%         | 3.86x                                       | 20.7x        | 3.84x           | 18.0x          |
| Terminix Global Holdings, Inc.       | US      | \$45.23     | 82.2%        | \$5,480                   | \$6,340                         | \$2,021        | 41.8%        | 17.7%         | 3.14x                                       | 17.8x        | 3.10x           | 16.4x          |
| <b>Mean</b>                          |         |             |              |                           |                                 |                | <b>40.4%</b> | <b>17.1%</b>  | <b>4.30x</b>                                | <b>25.3x</b> | <b>4.24x</b>    | <b>23.7x</b>   |
| <b>Median</b>                        |         |             |              |                           |                                 |                | <b>38.8%</b> | <b>18.1%</b>  | <b>3.50x</b>                                | <b>25.6x</b> | <b>3.47x</b>    | <b>23.4x</b>   |
| <b>Non-Franchise Home Services</b>   |         |             |              |                           |                                 |                |              |               |   |              |                 |                |
| Fortune Brands Home & Security, Inc. | US      | \$106.90    | 93.8%        | \$14,510                  | \$16,845                        | \$7,353        | 36.4%        | 17.4%         | 2.29x                                       | 13.2x        | 2.21x           | 12.9x          |
| TopBuild Corp.                       | US      | \$275.91    | 97.1%        | \$9,020                   | \$9,500                         | \$3,144        | 28.3%        | 16.9%         | 3.02x                                       | 17.9x        | 2.76x           | 16.0x          |
| ADT Inc.                             | US      | \$8.41      | 71.4%        | \$6,991                   | \$16,833                        | \$5,241        | 71.2%        | 36.9%         | 3.21x                                       | 8.7x         | 3.21x           | 7.7x           |
| Installed Building Products, Inc.    | US      | \$139.72    | 98.8%        | \$4,123                   | \$4,564                         | \$1,876        | 30.3%        | 14.1%         | 2.43x                                       | 17.2x        | 2.33x           | 15.7x          |
| HomeServe plc                        | GB      | \$11.84     | 71.8%        | \$3,984                   | \$4,836                         | \$1,861        | 50.2%        | 16.5%         | 2.60x                                       | 15.7x        | 2.57x           | 11.4x          |
| Frontdoor, Inc.                      | US      | \$36.65     | 62.2%        | \$3,104                   | \$3,479                         | \$1,586        | 49.2%        | 17.7%         | 2.19x                                       | 12.4x        | 2.18x           | 11.1x          |
| <b>Mean</b>                          |         |             |              |                           |                                 |                | <b>44.3%</b> | <b>19.9%</b>  | <b>2.62x</b>                                | <b>14.2x</b> | <b>2.54x</b>    | <b>12.5x</b>   |
| <b>Median</b>                        |         |             |              |                           |                                 |                | <b>42.8%</b> | <b>17.1%</b>  | <b>2.52x</b>                                | <b>14.4x</b> | <b>2.45x</b>    | <b>12.2x</b>   |
| <b>Total Mean</b>                    |         |             |              |                           |                                 |                | <b>42.7%</b> | <b>18.8%</b>  | <b>3.29x</b>                                | <b>18.6x</b> | <b>3.22x</b>    | <b>17.0x</b>   |
| <b>Total Median</b>                  |         |             |              |                           |                                 |                | <b>39.1%</b> | <b>17.5%</b>  | <b>3.00x</b>                                | <b>17.5x</b> | <b>2.84x</b>    | <b>15.9x</b>   |

Source: Market statistics sourced from S&P Capital IQ

All figures in USD and in millions (except share price data), where applicable, converted at rates as of 12/31/2021

(1) Market Capitalization based on closing share prices as of 12/31/2021

(2) Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents

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# U.S. Home Services Transaction History

| Closed Date | Target                                     | Buyer                            | Enterprise Value (\$mm) | EV / LTM Revenue | EV / LTM EBITDA |
|-------------|--|----------------------------------|-------------------------|------------------|-----------------|
| Pending     | Terminix Global                            | Rentokil Initial                 | \$7,561                 | 3.74x            | 19.9x           |
| Dec-21      | Bales Restoration                          | FirstOnSite Property Restoration | NA                      | NA               | NA              |
| Dec-21      | Rice Pest Control                          | Northwest Exterminating          | NA                      | NA               | NA              |
| Dec-21      | Acorn Exterminating                        | Debug Pest Control               | NA                      | NA               | NA              |
| Dec-21      | Pro-Staff Termite & Pest Control           | Turner Pest Control              | NA                      | NA               | NA              |
| Dec-21      | Yarnell Security Systems                   | Pye-Barker Fire & Safety         | NA                      | NA               | NA              |
| Dec-21      | Impact Pest Elimination                    | Turner Pest Control              | NA                      | NA               | NA              |
| Dec-21      | Hulett Environmental Services              | Rollins                          | NA                      | NA               | NA              |
| Dec-21      | Arbor Care                                 | SavATree                         | NA                      | NA               | NA              |
| Dec-21      | Securix                                    | American Digital Security        | NA                      | NA               | NA              |
| Dec-21      | Ants Plus Pest Control                     | Modern Pest Services             | NA                      | NA               | NA              |
| Dec-21      | Rise Pest Control                          | Greenix Holdings                 | NA                      | NA               | NA              |
| Dec-21      | Essential Cabinetry Group                  | Breck Partners                   | NA                      | NA               | NA              |
| Dec-21      | Carolina Pest Management                   | Northwest Exterminating          | NA                      | NA               | NA              |
| Dec-21      | Rampart Security Systems                   | Guardian Protection Services     | NA                      | NA               | NA              |
| Dec-21      | Aussie Pet Mobile                          | Home Franchise Concepts          | NA                      | NA               | NA              |
| Dec-21      | Perschel & Meyer Pest Management           | Turner Pest Control              | NA                      | NA               | NA              |
| Nov-21      | On Guard Security                          | Chorus SmartSecure               | NA                      | NA               | NA              |
| Nov-21      | Kauai Restoration & Cleaning               | FirstOnSite Property Restoration | NA                      | NA               | NA              |
| Nov-21      | Home Pest Control                          | Rockit Pest                      | NA                      | NA               | NA              |
| Nov-21      | Que Dee Enterprises                        | Senske                           | NA                      | NA               | NA              |
| Nov-21      | Action Air Conditioning, Heating and Solar | NearU Services                   | NA                      | NA               | NA              |
| Nov-21      | Urban Tree Service                         | SavATree                         | NA                      | NA               | NA              |
| Nov-21      | Lynch Landscape & Tree Service             | Anvil Capital                    | NA                      | NA               | NA              |
| Nov-21      | Re-Bath                                    | TZP Group                        | NA                      | NA               | NA              |
| Nov-21      | Matt Mertz Plumbing                        | Armstrong Comfort Solutions      | NA                      | NA               | NA              |
| Nov-21      | Simpson Security Systems                   | Convergint Technologies          | NA                      | NA               | NA              |
| Nov-21      | Paradise Air                               | Strikepoint Group Holdings       | NA                      | NA               | NA              |

Source: S&P Capital IQ, MergerMarket, Pitchbook, Wall Street research, press releases

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# U.S. Home Services Transaction History (continued)

| Closed Date | Target                                 | Buyer  | Enterprise Value (\$mm) | EV / LTM Revenue | EV / LTM EBITDA |
|-------------|--|--|-------------------------|------------------|-----------------|
| Nov-21      | Northwest Tree Specialists             | SavATree   | NA                      | NA               | NA              |
| Nov-21      | East Cooper Termite and Pest Solutions | Rockit Pest  | NA                      | NA               | NA              |
| Oct-21      | Lyell Environmental Services           | Deep Green Waste & Recycling                         | NA                      | NA               | NA              |
| Oct-21      | High Mountain Door & Trim              | 1847 Cabinet   | \$17                    | NA               | NA              |
| Sep-21      | Capitol Pest                           | American Pest  | NA                      | NA               | NA              |
| Sep-21      | House Doctors Handyman Service         | Premium Service Brands / Susquehanna Private Capital | NA                      | NA               | NA              |
| Sep-21      | Sir Grout                              | Threshold Brands / Riverside Company                 | NA                      | NA               | NA              |
| Sep-21      | SFP                                    | BlackRock  | NA                      | NA               | NA              |
| Sep-21      | The Grout Medic                        | Premium Service Brands / Susquehanna Private Capital | NA                      | NA               | NA              |
| Sep-21      | Two Maids Franchising                  | Home Franchise Concepts                              | NA                      | NA               | NA              |
| Sep-21      | Outdoor Living Brands                  | LYNX Franchising / MidOcean Partners                 | NA                      | NA               | NA              |
| Sep-21      | Fearless Endeavors                     | Skils'kin  | NA                      | NA               | NA              |
| Sep-21      | Whiteflag Consulting                   | Restoration Builders                                 | NA                      | NA               | NA              |
| Sep-21      | B & D Pest Solutions                   | Viking Termite & Pest Control                        | NA                      | NA               | NA              |
| Sep-21      | A&D Professional Pest Elimination      | Modern Pest Services                                 | NA                      | NA               | NA              |
| Aug-21      | Solvit                                 | Strikepoint  | NA                      | NA               | NA              |
| Aug-21      | Copter Pest Control                    | Arrow Exterminators                                  | NA                      | NA               | NA              |
| Aug-21      | Mint Apartment Cleaning                | Spruce   | NA                      | NA               | NA              |
| Aug-21      | Wood Landscapes                        | Private Investor                                     | NA                      | NA               | NA              |
| Aug-21      | Pioneer Pest Control                   | Smithereen Pest Management Services                  | NA                      | NA               | NA              |
| Aug-21      | Abalene Termite and Pest Control       | Western Industries-South                             | NA                      | NA               | NA              |
| Aug-21      | Ambassador Pest Management             | Certus Pest  | NA                      | NA               | NA              |
| Jul-21      | Neighborly                             | KKR & Co.  | NA                      | NA               | NA              |
| Jul-21      | Hawx Services                          | PCM Growth   | NA                      | NA               | NA              |
| Jul-21      | Langman's Wildlife & Pest Control      | Plunkett'S Pest Control                              | NA                      | NA               | NA              |
| Jun-21      | Residential Design Services            | Interior Logic                                       | \$215                   | 0.64x            | 11.3x           |
| Jun-21      | Plumbing Heating Paramedics            | Threshold Brands / Riverside Company                 | NA                      | NA               | NA              |
| Jun-21      | Inman-Murphy Termite and Pest Control  | Rentokil North America                               | NA                      | NA               | NA              |

Source: S&P Capital IQ, MergerMarket, Pitchbook, Wall Street research, press releases

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# U.S. Home Services Transaction History (continued)

| Closed Date | Target                                  | Buyer                                 | Enterprise Value (\$mm) | EV / LTM Revenue | EV / LTM EBITDA |
|-------------|---|---------------------------------------|-------------------------|------------------|-----------------|
| Jun-21      | Arrow Exterminating                     | Rentokil North America                | NA                      | NA               | NA              |
| Jun-21      | Tri-County Pest Control                 | Hoffman's Exterminating               | NA                      | NA               | NA              |
| Jun-21      | Home Smart Industries                   | Titan Home Improvement                | NA                      | NA               | NA              |
| Jun-21      | Clean Slate Septic                      | Flamingo Plumbing & Backflow Services | NA                      | NA               | NA              |
| Jun-21      | Precision Restoration Services          | Private Investor                      | NA                      | NA               | NA              |
| Jun-21      | Keystone Pest Control                   | Certus Pest                           | NA                      | NA               | NA              |
| Jun-21      | Green Air Care Group                    | Granite Comfort                       | NA                      | NA               | NA              |
| Jun-21      | PlumbRight Services                     | Water Intelligence                    | NA                      | 0.70x            | NA              |
| May-21      | Advantage Green Lawn and Pest Solutions | Arrow Exterminators                   | NA                      | NA               | NA              |
| May-21      | KMSKM                                   | Smithereen Pest Management            | NA                      | NA               | NA              |
| May-21      | Patrick Exterminating                   | Certus Pest                           | NA                      | NA               | NA              |
| May-21      | Fahey Pest & Lawn Solutions             | Turner Pest Control                   | NA                      | NA               | NA              |
| May-21      | The Driveway Company                    | Stellar Brands                        | NA                      | NA               | NA              |
| May-21      | Lawn Oklahoma                           | Green Group Oklahoma                  | NA                      | NA               | NA              |
| Apr-21      | Pestmaster Services                     | The Riverside Company                 | NA                      | NA               | NA              |
| Mar-21      | California Closets Franchise            | FirstService                          | NA                      | NA               | NA              |
| Mar-21      | Premium Service Brands                  | Susquehanna Private Capital           | NA                      | NA               | NA              |
| Mar-21      | My Home Expert                          | VipHomeLink                           | NA                      | NA               | NA              |
| Feb-21      | Valley Pest Control                     | Arrow Exterminators                   | NA                      | NA               | NA              |
| Feb-21      | DoodyCallsFranchising                   | Authority Brands / Apax Partners      | NA                      | NA               | NA              |
| Feb-21      | Greenix Holdings                        | Riata Capital                         | NA                      | NA               | NA              |
| Jan-21      | United Air Temp                         | Summit Park                           | NA                      | NA               | NA              |
| Jan-21      | Cranney Companies                       | The Flint Group                       | NA                      | NA               | NA              |
| Dec-20      | Environmental Pest Service              | Rentokil North America                | NA                      | NA               | NA              |
| Dec-20      | Precision Holdings of Brevard           | Neighborly                            | NA                      | NA               | NA              |
| Nov-20      | STOP Franchising                        | Authority Brands / Apax Partners      | NA                      | NA               | NA              |
| Oct-20      | ShelfGenie Franchise Systems            | Neighborly                            | NA                      | NA               | NA              |
| Oct-20      | Legg Lawncare                           | Andover Environmental Solutions       | \$7                     | NA               | NA              |

Source: S&P Capital IQ, MergerMarket, Pitchbook, Wall Street research, press releases

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# U.S. Home Services Transaction History (continued)

| Closed Date | Target                            | Buyer                            | Enterprise Value (\$mm) | EV / LTM Revenue | EV / LTM EBITDA |             |
|-------------|-----------------------------------|----------------------------------|-------------------------|------------------|-----------------|-------------|
| Sep-20      | Monster Tree Service              | Authority Brands / Apax Partners | NA                      | NA               | NA              |             |
| Jul-20      | American Leak Detection Franchise | Water Intelligence               | \$1                     | 1.26x            | NA              |             |
| Jul-20      | HM Services                       | Neighborly                       | NA                      | NA               | NA              |             |
| Feb-20      | Dryer Vent Wizard                 | Neighborly                       | NA                      | NA               | NA              |             |
| Jan-20      | Renew Crew Franchising            | Premium Service Brands           | NA                      | NA               | NA              |             |
| Sep-19      | Handyman Matters Franchise        | Ace Hardware                     | NA                      | NA               | NA              |             |
| Aug-19      | Paul Davis Restoration            | FirstService                     | NA                      | NA               | NA              |             |
| Jul-19      | Home Franchise Concepts           | JM Family Enterprises            | NA                      | NA               | NA              |             |
| Apr-19      | Clark Pest Control                | Rollins                          | \$376                   | 2.70x            | NA              |             |
| Apr-19      | Clockwork                         | Authority Brands / Apax Partners | \$300                   | NA               | NA              |             |
| Apr-19      | CertaPro Painters Franchise       | Private Investor                 | NA                      | NA               | NA              |             |
| Mar-19      | Servpro Industries                | Blackstone                       | NA                      | NA               | NA              |             |
| Jan-19      | AdvantaClean Systems              | Home Franchise Concepts          | NA                      | NA               | NA              |             |
| Dec-18      | Mosquito Squad                    | Authority Brands / Apax Partners | NA                      | NA               | NA              |             |
| Oct-18      | America's Swimming Pool           | Authority Brands / Apax Partners | NA                      | NA               | NA              |             |
| Sep-18      | Authority Brands                  | Apax Partners                    | NA                      | NA               | NA              |             |
| Jun-18      | Nicor Energy Services             | American Water Enterprises       | \$365                   | 2.81x            | 7.5x            |             |
| Feb-18      | Veolia Environmental Services     | Clean Harbors                    | \$120                   | 0.57x            | NA              |             |
|             |                                   |                                  | <b>Mean</b>             | <b>\$175</b>     | <b>1.45x</b>    | <b>9.4x</b> |
|             |                                   |                                  | <b>Median</b>           | <b>\$168</b>     | <b>0.98x</b>    | <b>9.4x</b> |

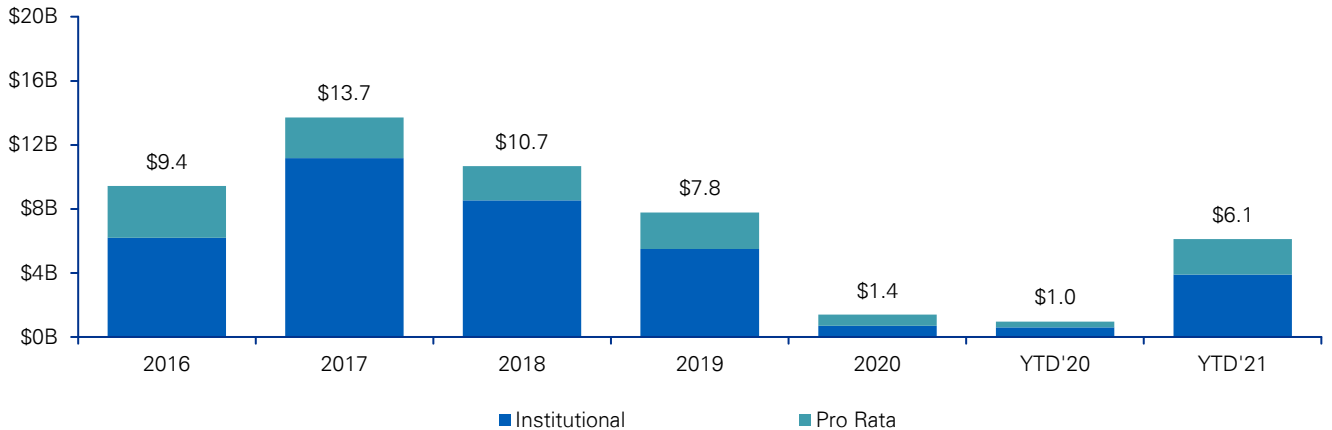
Source: S&P Capital IQ, MergerMarket, Pitchbook, Wall Street research, press releases

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# Capital Markets Update

## Capital Markets – Q3 2021

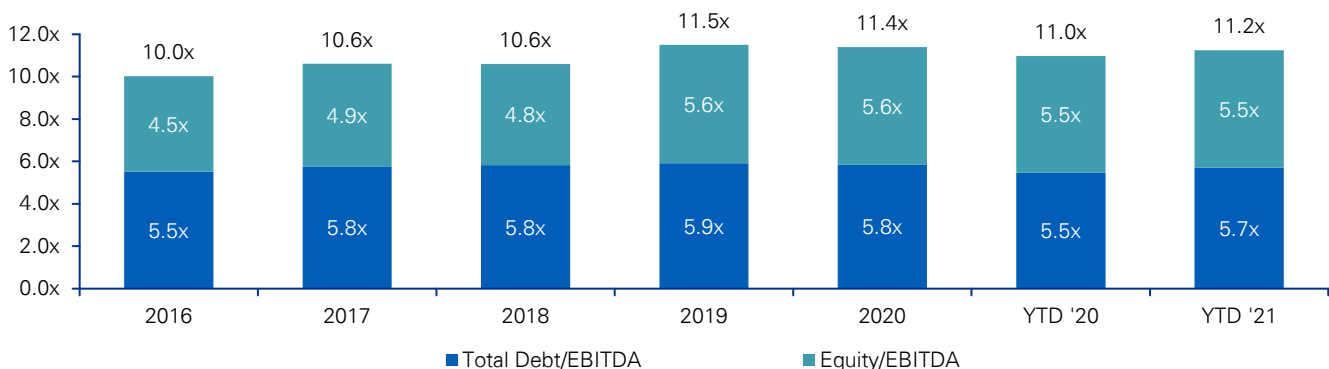
### Middle Market Leveraged Loan Volume (\$bn)<sup>(1)</sup>



#### Market Commentary:

- ▣ Deal volume in the credit markets continued at a robust pace through the end of the third quarter of 2021 as markets continue to experience aggressive liquidity conditions
- ▣ Middle market leveraged loan volume has gained strong momentum in 2021 and has rebounded to reach \$6.1bn YTD compared to \$1.0bn YTD in 2020
- ▣ Driving market activity is strong M&A volume and sponsored dividend recapitalizations

### Average Purchase Price & Debt Multiples - LBO



#### Libor Transition Update:

- ▣ Libor is expected to phase out and be replaced by SOFR (“Secured Overnight Financing Rate”) by the end of 2021. SOFR is based on overnight “repo” funding rates on transactions collateralized by Treasury securities, one of the deepest and most liquid markets in the world
- ▣ One-month and three-month Libor benchmark rates will continue to be published solely for use with legacy contracts
- ▣ Banks can face supervisory actions if they delay replacing the Libor benchmark in pricing new loans and financial contracts in 2022

Source: Standard & Poor | Leveraged Commentary & Data.

(1) Middle market refers to companies with EBITDA of \$50 million or less

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# Highlights from KPMG LLP's 2021 U.S. CEO Outlook

KPMG's survey of more than 1,300 CEOs from large, global companies, including 400 in the U.S., shows that U.S. CEOs remain confident in the growth prospects of the economy and their businesses as confidence in global economic growth is rising

## Growth Strategies

Companies seek to use M&A as a means for growth and to bring new and increased value to their organizations as they position for a post pandemic economy

**86%**

*CEOs surveyed are likely to make acquisitions within the next three years*

"Pursuing inorganic growth, such as M&A or strategic alliances, is no longer about financial engineering or scale. Instead, companies are leveraging inorganic strategies to drive network and revenue synergies."

– **Carl Carande, Vice Chair-Advisory, KPMG U.S. and Global Head of Advisory**

## Resilience Priorities

Nearly all top operational priorities critical to achieving growth objectives will lean heavily on the supply chain function

**59%**

*CEOs said they will ensure their supply chain is resilient in the event of a global lockdown and travel restrictions*

"COVID-19 has brought about great challenges to the supply chain arena. There is a significant supply-and-demand disequilibrium, further exacerbated by raw material shortages, transportation congestion and delays, labor challenges and a shifting regulatory landscape"

– **Brian Higgins, Supply Chain & Operations Practice Leader, KPMG U.S.**

## Sustainable Future

CEOs are seeing significant demand for increased reporting and transparency on ESG issues today from stakeholders

**61%**

*CEOs believe their organization's principal objective is to create long-term value for all stakeholders*

"Today, stakeholders trust and, therefore, expect businesses to help solve our biggest societal challenges. This dynamic manifests itself in many ways... employees, customers, investors and, most recently, regulators are raising expectations on companies to deliver long-term ESG commitments"

– **Scott Flynn, Vice Chair-Audit, KPMG U.S.**

## People-Focused

CEOs identified their employee value proposition as the top operational priority to achieve their growth objectives


















**79%**

*CEOs said that addressing burnout among their workforces is a top priority*

"Ensuring a successful outcome includes thinking beyond where teams work and focusing more on how teams work together—enabling purposeful, intentional interactions to help people succeed, learn and develop their careers"

– **Laura Newinski, Deputy Chair and COO, KPMG U.S.**

## Select Home Services Transaction Experience

|   |   |   |  |  |
|---|---|---|--|--|
|   <p><b>InXpress</b></p> <p>has been acquired by</p>  <p>Corporate Finance</p> |   <p></p> <p>has been acquired by</p> <p><b>AVALT</b></p> <p>Corporate Finance</p> |   <p></p> <p>has been acquired by</p> <p><b>Apax</b><br/>PARTNERS</p> <p>Corporate Finance</p> |   <p></p> <p>has been acquired by</p> <p></p> <p>Corporate Finance</p> |   <p></p> <p>has been acquired by</p> <p></p> <p>Corporate Finance</p> |
|---|---|---|--|--|

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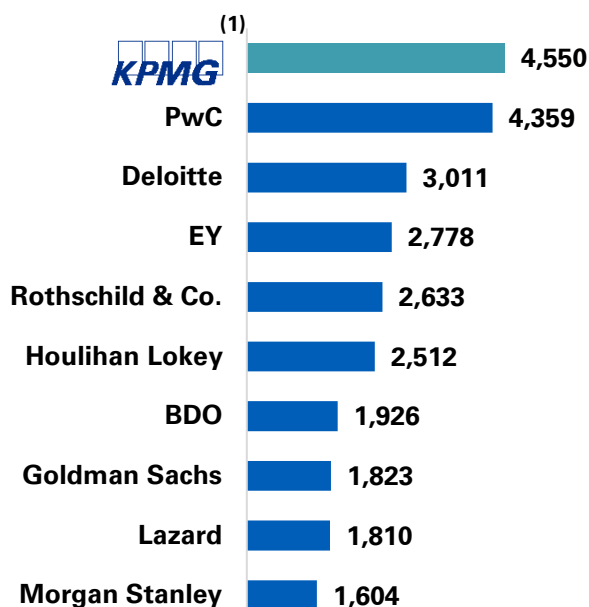
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## Leading Middle Market Investment Banking Platform - FY 2011 to 2020

### Global Completed Advisor Ranking Refinitiv League Tables<sup>(2)</sup>



## Global coverage. Industry knowledge. Middle-market focus.

The Corporate Finance practices of KPMG International's network of independent member firms (KPMG) have been ranked collectively as the number one global mid-market advisor based on total deal volume for the past 20 years, according to Refinitiv. KPMG Corporate Finance provides a broad range of investment banking and advisory services to its domestic and international clients. Our professionals have the experience and depth of knowledge to advise clients on global mergers and acquisitions, sales and divestitures, buyouts, financings, debt restructurings, equity recapitalizations, infrastructure project finance, capital advisory, portfolio solutions, fairness opinions, and other advisory needs.

(1) Represents the global Corporate Finance practices of KPMG International's network of independent member firms.

(2) Thomson Reuters SDG; Each set of figures is taken from the league table press releases issued for that year. Middle market is defined as deals less than US\$500 million.

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