



Mergers & Acquisitions

Capital Raising

Strategic Advisory

Metronome Partners is pleased to present a market update and overview of the Disaster Restoration & Emergency Response sector. With several prominent transactions completed, relationships with key players, and mandates currently in process, our firm is uniquely positioned to leverage our deep sector insights and experience to help you navigate the industry's evolving landscape.

### M&A Market Update

The Facility Services sector has emerged as one of the most active M&A markets over the last several years. Sub-categories such as HVAC and Plumbing, Fire and Life Safety, Janitorial / Sanitation, Landscaping Services, and Pest Control, to name a few, have received a high level of investor interest and are seeing unprecedented valuations. One sub-sector in particular, Disaster Restoration & Emergency Response, has caught the attention of the private equity community, and we've witnessed billions of dollars flood the space just dating back to 2019. Leading investment firm Blackstone invested in SERVPRO in Q1 2019, followed by middle-market private equity firm American Securities' acquisition of Belfor a month later. Shortly thereafter, Interstate Restoration and FirstOnSite Restoration were acquired by public company FirstService Corporation (NASDAQ: FSV). Since these initial transformational deals, several other transactions have occurred, with no slow-down during the pandemic and a historic year in 2021. We've highlighted other representative investments below:

### Select Industry Transactions (Since 2019)

<p>Q1 2022</p> <p><b>Two Prominent PE-backed Platforms</b></p> <p><i>Currently in Market</i></p>	<p>December 2021</p>  <p>has been acquired by</p>  <p>JOHNS LYNG GROUP</p>	<p>October 2021</p>  <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>Partners Group</p>  <p>KOHLBERG &amp; COMPANY</p>	<p>August 2021</p>  <p>has been acquired by</p>  <p>BESSEMER INVESTORS</p>	<p>July 2021</p>  <p>has been acquired by</p>  <p>AEA</p>	<p>June 2021</p>  <p>has been acquired by</p> <p>Private Investors</p>
<p>December 2020</p>  <p>has been acquired by</p>  <p>TRINITY HUNT PARTNERS</p>	<p>October 2020</p>  <p>has been acquired by</p>  <p>ROARK CAPITAL GROUP</p>	<p>October 2020</p>  <p>has received an investment from</p>  <p>CYPRIMUM PARTNERS</p>	<p>August 2020</p>  <p>has received an investment from</p>  <p>TSG CONSUMER PARTNERS</p>	<p>February 2020</p>  <p>has received an investment from</p>  <p>Brookstone Partners</p>	<p>January 2020</p>  <p>has been acquired by</p>  <p>SUN CAPITAL PARTNERS, INC.</p>
<p>December 2019</p>  <p>has been acquired by</p>  <p>GRC GREAT RANGE CAPITAL</p>	<p>September 2019</p>  <p>has been acquired by</p>  <p>AEA</p>	<p>May 2019</p>  <p>has been acquired by</p>  <p>FirstService</p>	<p>May 2019</p>  <p>has been acquired by</p>  <p>SOUNDCORE CAPITAL PARTNERS</p>	<p>April 2019</p>  <p>has been acquired by</p>  <p>AMERICAN SECURITIES</p>	<p>March 2019</p>  <p>has been acquired by</p>  <p>Blackstone</p>

### Value Drivers

There are several attractive attributes that have driven investor interest in the space, highlighted by the industry's ability to withstand economic downturns due to the time-sensitive and critical nature of the work. This was on full display during the pandemic, as disaster restoration



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entrenched itself as an essential industry. Financial characteristics such as the attractive margin profile, low capital expenditure requirements, and insurance reimbursement further piqued private equity interest.

In evaluating opportunities, investors want to understand a few key aspects to determine appetite as well as valuation drivers:

- *How much of the work is truly recurring versus relying on the unpredictability of catastrophic events?*
- *How integrated is the service provider? Can they perform a project from start to finish, from initial emergency services to the final rebuild?*
- *How embedded are its relationships with referral sources? Are there MSAs and ERPs in place with clients?*
- *What's the breadth of services and can it handle work across various end markets (industrial, commercial, hospitality, healthcare, education, government, multi-family, etc.)*
- *What's the physical footprint? Does it have the "dots on the map" to cover a certain geographic area as a regional or national provider?*

The exhibit below highlights several other important attributes and ultimately how far investors can push up the valuation spectrum for certain businesses. The last one mentioned may be the most important, as investors can't rely solely on organic growth, so they have instituted playbooks to implement acquisitions as part of their long-term strategy. The industry landscape is marked by a few large players, and then it is extremely fragmented beyond that with primarily local / regional firms that focus on a relatively small geographic area. These businesses have built great brand equity in their respective markets and have caught the eye of many of the strategic buyers and private-equity backed platforms.

### Representative Valuation Attributes

	Recurring / Reoccurring Services		Non-Discretionary Nature of Work
	Insurance Reimbursed		Integrated Solutions (Initial Emergency Services / Mitigation, Restoration / Reconstruction)
	End Market Exposure (Industrial, Commercial, Residential)		Geographic Coverage (Local, Regional, Super Regional, National)
	National Accounts / MSAs		Asset Light / Low Capital Expenditure Requirements
	Repeat Customers / Referral Sources		Recession Resistant
	Reliance on Weather Events / CAT Projects		Highly Fragmented Industry

### Fragmentation / Consolidation Activity

Industry acquirers have developed a buy and build strategy to capitalize on the highly fragmented nature of the industry. By partnering with a local player, they can leverage what that business has built in its home market, while also providing the capital and operational resources necessary to help these smaller firms continue to expand. The integration of the business into the platform also yields other synergies such as the ability to cross-sell services, systems improvement, sharing of best practices, and leveraging the power and scale of a larger entity. In addition to the strategic rationale, industry acquirers recognize that people are critical assets and place a high level of importance on ensuring they align with the company's culture and values. The market is still in the first few innings of the consolidation game, and while we've seen an extraordinary number of acquisitions of smaller companies, we expect it to continue.



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### Recent M&A Activity

After receiving a minority investment from TSG in late 2020, ATI has since completed **five acquisitions** across the U.S., varying in size from single-location mom & pop operations to multi-location and multi-state businesses. FSV and its subsidiary FirstOnSite have made **20+ acquisitions** as they expand across the U.S., partnering with a variety of small regional players. Since being acquired by AEA Investors in 2019, BMS CAT has completed **seven acquisitions** across the U.S., as the company strengthens its foothold in various geographies. Since being acquired by Trinity Hunt Partners in late 2020, Fleet Response (fka Dayspring Restoration) has made **five acquisitions**, with plans for additional acquisitions of regional restoration businesses in 2022.

A full list of transactions follows:

Date	Target	Target Description	Acquirer
Mar-22	RestorePro Reconstruction	NC-based with 5 locations	FLEET Response (Trinity Hunt Partners)
Jan-22	Southeast Construction & Restoration	TN-based with 1 location	Commercial Restoration Company
Jan-22	J&M Keystone	CA-based with 1 location	ATI Restoration (TSG Consumer)
Jan-22	Alliance Environmental Group	CA-based platform investment *	Incline Equity Partners
Jan-22	Advance Catastrophe Technologies	KS-based with 1 location	Cotton Holdings (Sun Capital)
Jan-22	Target Solutions	TX-based with 1 location	Cotton Holdings (Sun Capital)
Jan-22	Cousino Restoration	OH-based with 6 locations	FLEET Response (Trinity Hunt Partners)
Jan-22	Stat Services	VA-based with 1 location	Firstservice Corporation (TSX: FSV)
Jan-22	Five Star Restoration	CA-based with 2 locations	Kustom US (Cyprum Partners)
Dec-21	AstroCare Fire and Water Restoration	NJ-based with 1 location	Advanced Disaster Recovery (Brookstone)
Dec-21	Lang Restoration & Construction	GA-based with 1 location	ATI Restoration (TSG Consumer)
Dec-21	Reconstruction Experts	CO-based with 8 locations	Johns Lyng Group (ASX: JLG)
Dec-21	Dalworth Restoration	TX-based with 1 location	FLEET Response (Trinity Hunt Partners)
Dec-21	Sendero Restoration Services	TX-based with 14 locations	Blue Team Restoration (Palm Beach Capital)
Dec-21	Kauai Restoration & Cleaning	HI-based with 1 location	Firstservice Corporation (TSX: FSV)
Dec-21	Emergency Fire & Water Restoration	WI-based with 1 location	Firstservice Corporation (TSX: FSV)
Dec-21	A-1 Flood Tech	VA-based with 2 locations	Firstservice Corporation (TSX: FSV)
Dec-21	Bales Restoration	WA-based with 1 location	Firstservice Corporation (TSX: FSV)
Dec-21	J.C. Restoration	IL-based with 1 location	BluSky Restoration (Partners Group and Kohlberg)
Nov-21	ProCare Solutions	TN-based with 2 locations	ATI Restoration (TSG Consumer)
Oct-21	Menold Construction & Restoration	IL-based with 3 locations	BluSky Restoration (Partners Group and Kohlberg)
Oct-21	Disaster Restoration Pros	NC-based with 1 location	Bassett Creek Services (Gladstone)
Oct-21	Thermatech Northwest	WA-based with 1 location	Alliance Environmental Group (MFG and ORIX)
Oct-21	BluSky Restoration	CO-based platform investment *	Partners Group and Kohlberg
Sep-21	Guardian Restoration	FL-based with 1 location	BMS Enterprises (AEA Investors)
Sep-21	Insurance Restoration Specialists	NJ-based with 2 locations	Firstservice Corporation (TSX: FSV)
Aug-21	Legacy Restoration	MN-based platform investment *	Bessemer Investors
Aug-21	QFB Property Restoration	FL-based with 1 location	ATI Restoration (TSG Consumer)
Aug-21	Complete DKI	FL-based with 3 locations	Firstservice Corporation (TSX: FSV)
Jul-21	Polygon Holding	European platform investment *	AEA Investors
Jul-21	Integrity Construction & Development	MA-based with 1 location	BluSky Restoration (Dominus Capital)
Jul-21	RebuildEx	MA-based with 1 location	BluSky Restoration (Dominus Capital)
Jul-21	Square One Builders	AZ-based with 1 location	Kustom US (Cyprum Partners)
Jul-21	National Drying Technologies	FL-based equipment solutions provider	Sunbelt Rentals
Jun-21	Moore Restoration Inc.	IN-based with 1 location	Firstservice Corporation (TSX: FSV)
Jun-21	Full Circle Restoration	GA-based with 1 location	Cotton Holdings (Sun Capital)
May-21	Maxons Restorations Inc.	NY-based with 4 locations	Firstservice Corporation (TSX: FSV)
May-21	Stratton Restoration	AZ-based with 1 location	BMS Enterprises (AEA Investors)
Apr-21	Mellon Certified Restoration	PA-based with 1 location	BMS Enterprises (AEA Investors)
Mar-21	Trilink Restoration Services, LLC	OK-based with 1 location	Firstservice Corporation (TSX: FSV)
Mar-21	CATCON	SC-based with 25 locations	BMS Enterprises (AEA Investors)
Feb-21	CleanAll Supply	FL-based with 1 location	Aramsco (Odyssey Investment Partners)
Jan-21	Midboro Management, Inc.	NY-based with 3 locations	Firstservice Corporation (TSX: FSV)
Jan-21	A. Molly Company	NJ-based with 1 location	Advanced Disaster Recovery (Brookstone Partners)
Jan-21	American Restoration Water & Fire	NM-based with 1 location	American Restoration (Soundcore Capital Partners)

### Most Active Acquirers



20+ acquisitions  
dating back to 2019



9 acquisitions  
dating back to 2019



7 acquisitions  
dating back to 2019



7 acquisitions  
dating back to 2019



5 acquisitions  
dating back to 2019



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### Recent M&A Activity (Cont.)

Date	Target	Target Description	Acquirer
Jan-21	Stellar Restoration Services	TX-based with 18 locations	Cotton Holdings (Sun Capital)
2021	Burke's Restoration	ID-based with 1 location	FLEET Response (Trinity Hunt Partners)
2021	Alpha-Omega	MT-based with 1 location	FLEET Response (Trinity Hunt Partners)
Dec-20	Dayspring (FLEET Response)	MT-based platform investment *	Trinity Hunt Partners
Nov-20	Spectrum Restoration DKI	Canadian-based with 101 locations	Firstservice Corporation (TSX: FSV)
Nov-20	Mark 1 Restoration	PA-based with 6 locations	ATI Restoration (TSG Consumer)
Oct-20	ServiceMaster Brands	TN-based platform investment *	Roark Capital Partners
Oct-20	Kustom US	FL-based platform investment *	Cyprium Partners
Sep-20	A&J Property Restoration	WI-based with 2 locations	American Restoration (Soundcore Capital Partners)
Aug-20	ATI Disaster Recovery Services	CA-based platform investment *	TSG Consumer Partners
Aug-20	FireDEX	PA-based with 1 location	BMS Enterprises (AEA Investors)
Jul-20	Rolyn Companies, Inc.	MD-based with 10 locations	Firstservice Corporation (TSX: FSV)
Jul-20	THE PATCH BOYS	TN-based with 98 locations (drywall)	BELFOR Property Restoration (American Securities)
Jul-20	Zion Carpet and Restoration	WA-based with 3 locations	Kustom US
Jul-20	Jarvis Restoration	MI-based with 1 location	BMS Enterprises (AEA Investors)
May-20	HARBRO Emergency & Restoration	CA-based with 5 locations	BluSky Restoration (Dominus Capital)
Apr-20	Restoration 1	TX-based platform investment *	MPK Equity and Princeton Equity
Mar-20	Diamond Restoration	NC-based with 1 location	BMS Enterprises (AEA Investors)
Mar-20	J.Keith Moore Construction Limited	Canadian-based insurance	Firstservice Corporation (TSX: FSV)
Feb-20	Advanced Disaster Recovery	NY-based platform investment *	Brookstone Partners
Feb-20	Cavalry Construction and Restoration	TX-based with 4 locations	American Restoration (Soundcore Capital Partners)
Jan-20	Sharp & Robbins Construction	TN-based with 3 locations	BluSky Restoration (Dominus Capital)
Jan-20	Cotton Holdings	TX-based platform investment *	Sun Capital
Dec-19	Perfection Property Restoration, Inc.	IL-based with 7 locations	Firstservice Corporation (TSX: FSV)
Nov-19	Catastrophe Cleaning & Restoration	MO-based with 3 locations	Firstservice Corporation (TSX: FSV)
Nov-19	Total Restoration	IN-based with 1 location	Kustom US
Sep-19	Baxter Restoration	FL-based with 3 locations	Bassett Creek Services (Gladstone)
Sep-19	BMS Enterprises	TX-based platform investment *	AEA Investors
Sep-19	JPL Disaster Recovery	Canadian-based with 1 location	Firstservice Corporation (TSX: FSV)
Jul-19	ASR Constructors, Inc.	CA-based with 1 location	Firstservice Corporation (TSX: FSV)
Jul-19	Patriot USA	MI-based with 2-locations	Kustom US
Jun-19	Region Construction Group, LLC	IL-based with 4 locations	Bassett Creek Services (Gladstone)
Jun-19	Parker Young Companies	GA-based with 2 locations	RESCON Group (PNC Mezzanine Capital)
May-19	Utah Disaster Kleenup	UT-based with 4 locations	American Restoration (Soundcore Capital Partners)
May-19	Disaster Kleenup	ID-based with 1 location	American Restoration (Soundcore Capital Partners)
May-19	American Restoration Operations	IN-based platform investment *	Soundcore Capital Partners
May-19	United Services	MO-based with 1 location	BluSky Restoration (Dominus Capital)
May-19	Global Restoration Holdings	CO-based with 58 locations	Firstservice Corporation (TSX: FSV)
Apr-19	Farris Enterprises, Inc.	OH-based with 1 location	Firstservice Corporation (TSX: FSV)
Apr-19	Steamatic Australia	Australian-based with 40 locations	Johns Lyng Group (ASX: JLG)
Apr-19	Belfor Property Restoration	MI-based platform investment *	American Securities
Feb-19	Lieberman Management Services Inc.	IL-based with 2 locations	Firstservice Corporation (TSX: FSV)
2019	Charter Construction	WA-based with 3 locations	American Restoration (Soundcore Capital Partners)
2019	Paces Contracting	GA-based with 1 location	American Restoration (Soundcore Capital Partners)
2019	Restore Restoration	IL-based with 1 location	American Restoration (Soundcore Capital Partners)
2019	TCM Restoration	AK-based with 2 locations	American Restoration (Soundcore Capital Partners)

### Most Active Acquirers



5 acquisitions  
dating back to 2020



5 acquisitions  
dating back to 2019



4 acquisitions  
dating back to 2019



BASSETT CREEK SERVICES

3 acquisitions  
dating back to 2019



2 acquisitions  
dating back to 2019

We fully expect 2022 M&A activity to reach new highs in both the volume of deals and total dollars, as the industry as a whole remains in the early stages of consolidation, and there are still attractive opportunities to invest in the space. This provides a great opportunity for local / regional players whose business is at an inflection point; they can partner with private equity or one of the larger private equity-backed entities for additional resources and access to capital to help them take their business to the next level. These private business owners also have the option to invest alongside their new partner, which enables a first and second bite of the apple --- they can recognize a partial liquidity event to capitalize on what they've built to date while also being able to participate in future growth. We've seen valuations on the rise, particularly on the heels of large deals last year, and we predict that private equity and industry consolidators will continue fueling that increase into 2022.



#### Our Experience

Metronome Partners has extensive experience representing sellers in the Disaster Restoration & Emergency Response sector across the U.S. Our team actively tracks a variety of key market segments, participants, trends, and deals to provide industry-leading M&A advisory services. With extensive connectivity with each of the major strategic and financial players, Metronome specializes in working with shareholders to identify the best option for their business to preserve culture and maximize value for all stakeholders. Recent engagements include the following mandates:

#### Project Lightning

Corporate Sale  
(In Process)

Mitigation /  
Restoration Services



#### Project Tiger

Corporate Sale  
(In Process)

Mitigation /  
Restoration Services



#### Project Ranger

Corporate Sale  
(In Process)

Mitigation /  
Restoration Services



#### Project Bronco

Corporate Sale  
(In Process)

Mitigation /  
Restoration Services



#### Project Restore

Buy-side Advisory



has acquired



has been acquired by



has been acquired by



a subsidiary of



has been acquired by



a portfolio company of



has been acquired by



We pride ourselves on the long-term, consistent advice we provide our clients and are proud of the relationships our team has established, built, and sustained. Our reputation is our livelihood and a testament to the rigorous processes we run and the excellent results we achieve.

If you would like to discuss how the transactions and trends described in this report will affect the outlook for M&A opportunities for Disaster Restoration & Emergency Response industry participants, or would like specific commentary on company valuations and industry transaction multiples in today's Disaster Restoration & Emergency Response market, please contact David Edelson.

Additionally, if you or anyone from your team will be attending the Restoration Industry Association (RIA) industry conference in Reno, Nevada on April 11 - 13, 2022 and would like to meet with David in person, please feel free to reach out to set something up.

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