



Industrials & Business Services M&A Report 1H'21

1H 2021 Industrials & Business Services M&A Highlights

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After the unprecedented challenges of 2020, deal making surged to record levels in the first half of 2021 as economic confidence rebounded and investors began to put money to use after holding off during the pandemic. The value of both U.S. and global mergers and acquisitions hit record highs during the first half of 2021, with \$1.3 trillion in U.S. deals accounting for 47% of the \$2.8 trillion in worldwide M&A. Industrials and business services M&A has followed a similar trend, with the value of all deals closed increasing by 91% in the first half of 2021 compared to the first half of 2020.

Private Equity M&A Appetite

Private equity firms have begun deploying significant amounts of dry powder, closing more than \$550 billion of deals in 1H 2021, the busiest six months on record. As private equity firms refocus their portfolio companies on profitability, we anticipate an increased emphasis on consolidation and vertical integration as businesses look to streamline overall operations and drive cost efficiencies through scale.

Strategic Acquiror M&A Appetite

Strategic acquirors continue to focus on geographic expansion and service offering augmentation, leading to M&A strategies that emphasize regional consolidation and scale. As strategics also continue to focus on profitability, we believe some will consider divesting non-core assets in order to double down on core capabilities.

2H'21 Outlook

- We expect robust deal activity to continue for the remainder of 2021, with strong interest in acquisitions from both private equity and strategic acquirors
- Acquirors are especially interested in targets with recurring revenue and significant buy and build opportunities, leading to strong interest in the fragmented residential services, personal protective equipment and staffing sectors
- Cost reduction measures during COVID-19 led to significant demand for business process outsourcing and other efficiency-focused service businesses. To improve operating efficiency, many companies are seeking to replace fixed costs with variable costs, enabling management to focus on tasks that are deemed strategic, which is in turn driving investment in this sector.
- The M&A market continues to see an abundance of deals across all segments, leading to investors be highly selective about opportunities due to bandwidth constraints
- Nevertheless, with strategic and private equity Acquirors competing head to head for strong assets, valuations are expected to remain high for attractive assets

Jeremiah Mann

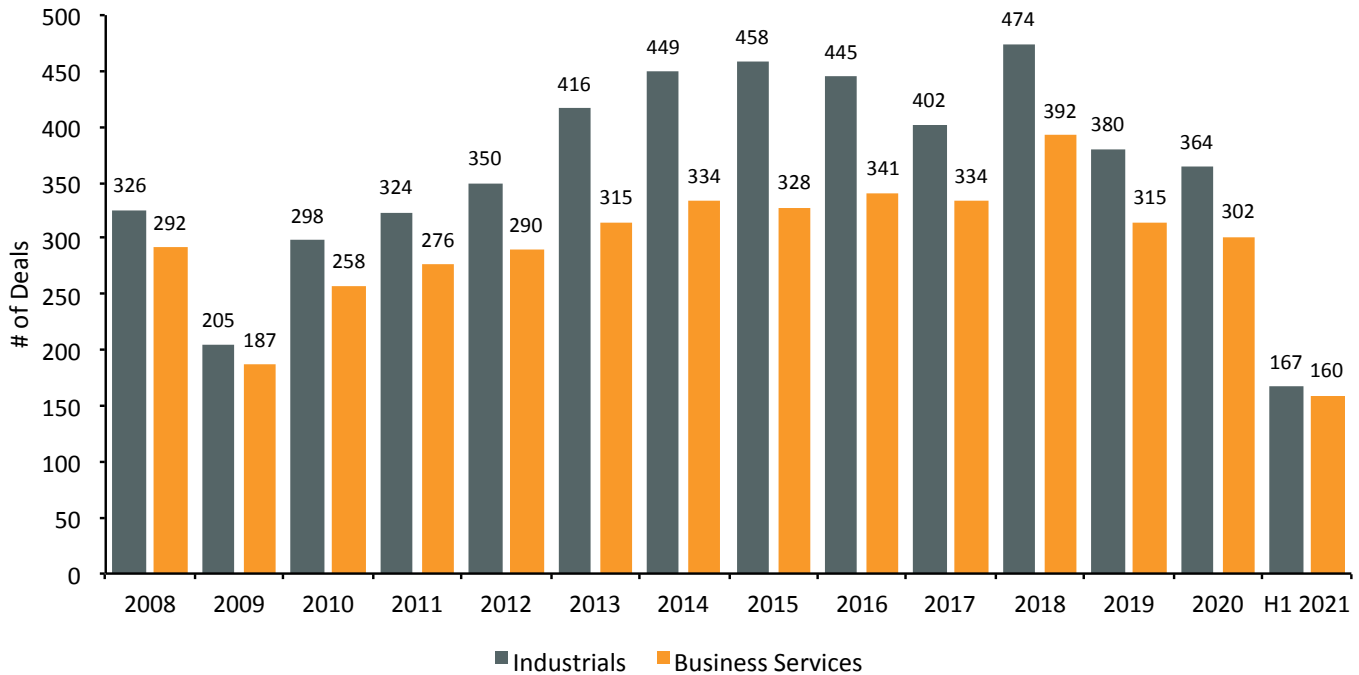
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Sources: Pitchbook, CapitalIQ and Proprietary Industry Research

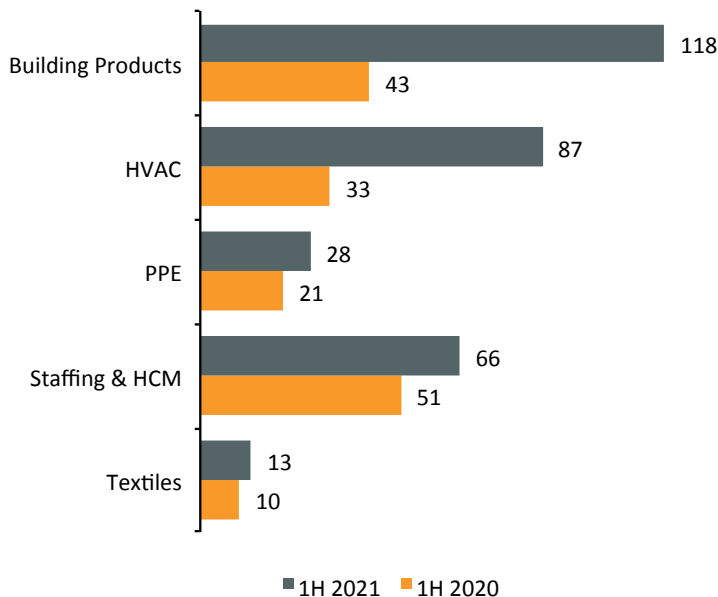
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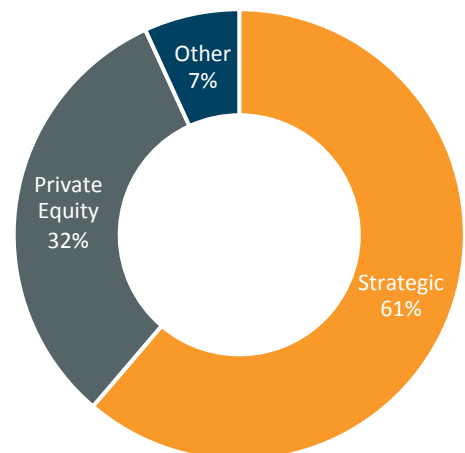
North America Industrials & Business Services Middle Market Transaction Volume



Number of Deals by Key Sector



Deals by Buyer Type ^{(1) (2)}

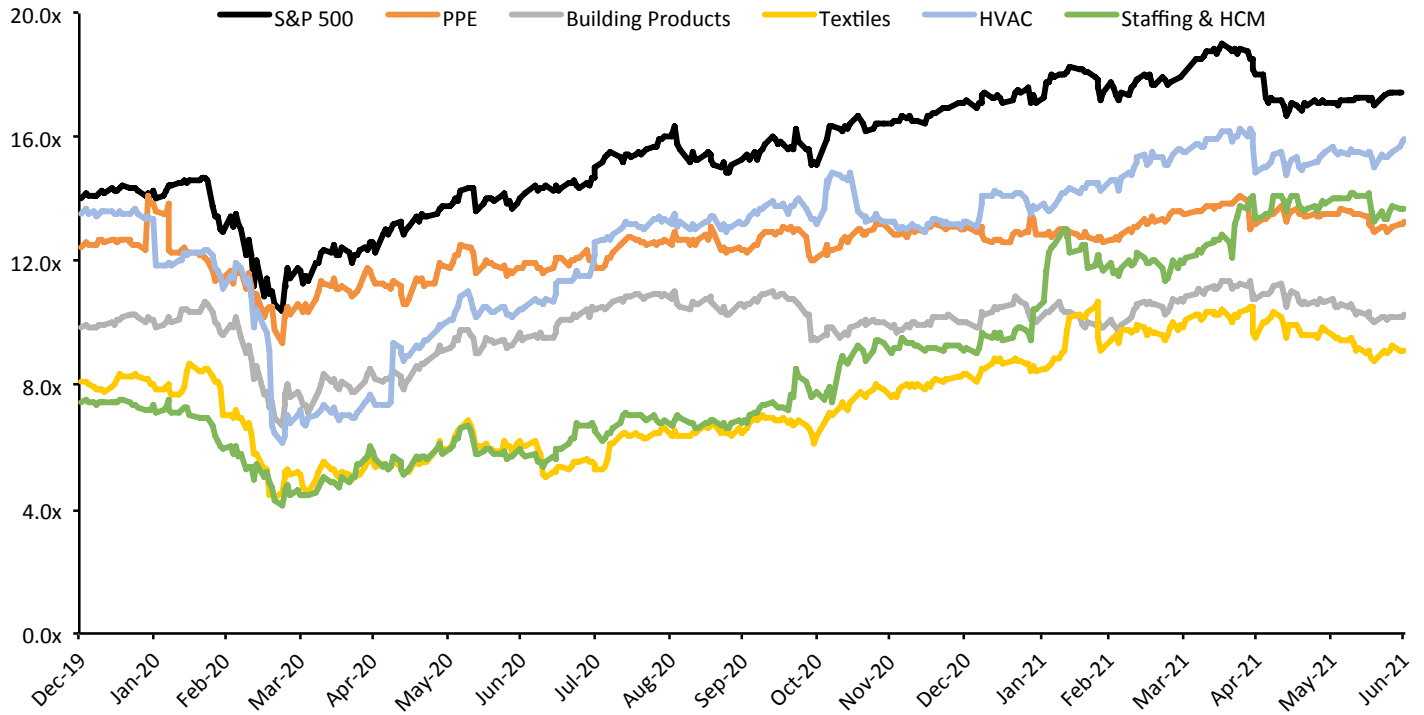


Sources: Pitchbook, CapitalIQ

Middle-Market transactions deal size: \$10M - \$500M







⁽¹⁾ "Other Deal Types" include non-control transactions such as large venture funding and corporate investments; ⁽²⁾ "Strategic" deals include PE-backed strategic transactions







Performance by Sector vs. S&P 500 (EV/EBITDA)










Sources: Pitchbook, CapitalIQ, Intrepid Proprietary Database








PPE Index: MMM, DLT, MSA, ANN, UNF, SIOE, LAKE; Building Products Index: MAS, OC, AWI, SSD, DOOR, AMWD; Textile Index: MHK, AIN, TILE, UFI, CULP; HVAC Index: CARR, LII, AAON, MOD, WSO, FIX; Staffing & HCM Index: KFRC, MAN, TBI, KELYA, BBSI, KFY, RHI, BGSE

Recently Closed Building Products Transactions				
Date	Acquiror	Target	Type	Description
Jan-21	 AMERICAN SECURITIES	 Foundation Building Materials	Platform	On January 29, American Securities acquired Foundation Building Materials Inc., a specialty building products distributor for \$1.4 billion.
Jun-21	 A portfolio company of 	 TANCO	PE Backed Strategic Add-On	On June 22, American Construction Source (via its financial sponsor Clearlake Capital Group and Angeles Equity Partners) acquired Tanco Lumber, a provider of lumber and building materials based in Missouri.
Jun-21	 VICTORIA PLC	 CALI BAMBOO & MORE	Strategic	On June 23, Victoria (LON: VCP) acquired Cali Bamboo Holdings, a manufacturer and retailer of branded bamboo building products for \$76 million.

Recently Closed HVAC Transactions				
Date	Acquiror	Target	Type	Description
Jan-21	SKYKNIGHT	 NearU	Platform	On January 6, 2021, SkyKnight Capital invested in NearU Services, a provider of HVAC maintenance and repair services.
May-21	 A portfolio company of 	 Dayton SERVICES	PE Backed Strategic Add-On	On May 7, 2021, Goettl Air Conditioning (via its financial sponsor Baum Capital Partners) acquired Dayton Services, a provider of heating, air conditioning and plumbing maintenance services.
Aug-21	 COMFORT SYSTEMS USA	 AMTECK	Strategic	On August 3, 2021, Comfort Systems USA acquired Amteck, a provider of electrical contracting services for residential and commercial clients.

Recently Closed PPE & Safety Products Transactions				
Date	Acquiror	Target	Type	Description
Feb-21	 ODYSSEY INVESTMENT PARTNERS	 PROTECTIVE INDUSTRIAL PRODUCTS	Platform	On January 5, 2021, Odyssey Investment Partners acquired Protective Industrial Products from Audax Private Equity.
Mar-21	 A portfolio company of 	 VirusDefense	PE Backed Strategic Add-On	On March 15, 2021, Team Technologies (via its financial sponsors Clearlake Capital Group) acquired VirusDefense, a manufacturer and supplier of healthcare PPE products.
Jun-21	 Ritz Safety	 SAFETY RESOURCE INC.	Strategic	On June 1, 2021, Ritz Safety LLC acquired Safety Resource Inc. The acquisition helps position Ritz as a local, regional and national supplier of PPE equipment.

Recently Closed Textiles Transactions				
Date	Acquiror	Target	Type	Type
Jan-21	 Insight Equity	 EASYWAY PRODUCTS CO.	Platform	On January 15, 2021, Insight Equity acquired Easy Way Leisure Corporation, a designer and manufacturer of premium textiles for the outdoor furniture industry.
Jun-21	 A portfolio company of 	 CLASSIC ACCESSORIES	PE Backed Strategic Add-On	On June 21, 2021, Twin-Star International (via its financial sponsor Z Capital Group), acquired Classic Accessories, a designer and manufacturer of textile products that cover and organize outdoor gear.
Jun-21	 MANNINGTON Beautiful floors for the real world	 atlas masland	Strategic	On June 30, 2021, Mannington Mills acquired AtlasMasland, a subsidiary of the Dixie Corporation. The acquisition adds commercial carpet manufacturing capacities to Mannington's product line.

Recently Closed Staffing & HCM Transactions				
Date	Acquiror	Target	Type	Type
Mar-21	 APOLLO	 EMPLOYBRIDGE® Creating a Better Work Life. Delivering a Stronger Workforce.	Platform	On June 3, 2021, Apollo (NYSE: APO) acquired EmployBridge, the largest industrial staffing company in the US.
Jun-21	 A portfolio company of 	 VEP HEALTHCARE	PE Backed Strategic Add-On	On June 1, 2021, US Acute Care Solutions (via its financial sponsors Apollo Global Management and Alta Partners), acquired VEP Healthcare, a provider of healthcare staffing solutions.
Apr-21	 Kelly	 SOFTWORLD	Strategic	On April 6, 2021 Kelly Services Inc. acquired Softworld Inc., an IT staffing firm for \$215 million. The transaction enhances Kelly Services' offering within IT and aligns with the company's initiative to transition to a specialty talent provider.

Public Comparables by Sector

(\$ in millions) Company	Share Price	% of 52-Week	Enterprise Value	Market Cap	Cash	Debt	Last 12 Months				Revenue Growth		Enterprise Value /	
							Revenue	EBITDA	GM%	EBITDA %	1-Year	3-Year	Revenue	EBITDA
PPE														
3M Company	\$198.63	95.1%	\$129,130	\$115,141	\$4,695	\$19,119	\$34,734	\$10,074	48.7%	29.0%	10.8%	1.9%	3.7x	12.8x
MSA Safety Incorporated	\$165.58	95.8%	6,677	6,485	174	393	1,342	273	43.1%	20.3%	(2.9%)	0.9%	5.0x	24.5x
Ansell Limited	\$32.62	98.7%	4,418	4,176	240	516	2,027	366	40.0%	18.1%	25.6%	10.8%	2.2x	12.1x
UniFirst Corporation	\$234.64	90.6%	3,936	4,430	535	41	1,790	298	37.3%	16.7%	(3.5%)	2.4%	2.2x	13.2x
Delta Plus Group	\$91.89	87.7%	787	658	56	189	353	57	52.3%	16.1%	9.6%	8.4%	2.2x	13.8x
Lakeland Industries, Inc.	\$22.33	46.6%	121	179	60	2	148	39	48.5%	26.5%	14.6%	14.9%	0.8x	3.1x
		Mean	\$24,178	\$21,845	\$960	\$3,377	\$6,732	\$1,851	45%	21%	9%	7%	2.7x	13.3x
		Median	\$4,177	\$4,303	\$207	\$291	\$1,566	\$286	46%	19%	10%	5%	2.2x	13.0x
Staffing & Capital Management														
Robert Half International Inc.	\$88.97	96.4%	9,659	9,869	543	281	5,473	540	40.3%	9.9%	(4.1%)	(0.3%)	1.8x	17.9x
ManpowerGroup Inc.	\$118.91	95.1%	6,453	6,484	1,461	1,476	19,841	603	15.9%	3.0%	5.5%	(3.8%)	0.3x	10.7x
Korn Ferry	\$72.55	97.0%	3,600	3,918	851	601	1,810	216	24.0%	12.0%	(6.3%)	0.8%	2.0x	16.6x
Kforce Inc.	\$62.93	97.8%	1,325	1,307	117	121	1,486	106	28.4%	7.2%	9.3%	3.8%	0.9x	12.4x
TrueBlue, Inc.	\$28.11	93.7%	896	917	105	65	1,968	68	24.3%	3.5%	(5.4%)	(7.7%)	0.5x	13.1x
Kelly Services, Inc.	\$23.97	88.8%	788	944	239	84	4,461	67	18.3%	1.5%	(14.8%)	(6.5%)	0.2x	11.8x
Barrett Business Services, Inc.	\$72.61	91.1%	435	549	2	28	912	48	70.0%	5.2%	(0.1%)	(1.0%)	0.5x	9.1x
BGSF, Inc.	\$12.34	73.0%	172	128	0	46	283	16	28.1%	5.5%	(1.7%)	(0.2%)	0.6x	11.1x
		Mean	\$2,916	\$3,015	\$415	\$338	\$4,529	\$208	31%	6%	-2%	-2%	84%	12.8x
		Median	\$1,110	\$1,125	\$178	\$103	\$1,889	\$87	26%	5%	-3%	-1%	54%	12.1x
HVAC														
Carrier Global Corporation	\$48.60	99.0%	50,261	42,180	2,630	10,360	19,735	2,765	29.8%	14.0%	14.9%	0.0%	2.5x	18.2x
Lennox International Inc.	\$350.80	98.4%	14,578	13,252	45	1,429	4,138	706	29.9%	17.1%	15.5%	1.5%	3.5x	20.7x
Watsco, Inc.	\$286.64	93.1%	10,634	10,163	97	387	5,677	537	25.2%	9.5%	17.5%	8.4%	1.9x	19.8x
AAON, Inc.	\$62.59	77.0%	3,185	3,282	111	0	511	118	29.4%	23.1%	2.4%	6.2%	6.2x	27.0x
Comfort Systems USA, Inc.	\$78.79	89.0%	3,068	2,849	54	258	2,797	240	19.1%	8.6%	(2.6%)	12.9%	1.1x	12.8x
Modine Manufacturing Company	\$16.59	89.5%	1,213	856	49	427	1,955	164	16.4%	8.4%	9.0%	(3.2%)	0.6x	7.4x
		Mean	\$13,823	\$12,097	\$498	\$2,143	\$5,802	\$755	25%	13%	9%	4%	265%	17.6x
		Median	\$6,910	\$6,722	\$75	\$407	\$3,468	\$388	27%	12%	12%	4%	221%	19.0x
Building Products														
Masco Corporation	\$58.91	85.9%	17,189	14,650	769	3,112	7,992	1,233	36.3%	15.4%	19.3%	1.5%	2.2x	13.9x
Owens Corning	\$97.90	89.1%	12,974	10,227	888	3,313	7,983	1,735	25.6%	21.7%	17.4%	5.4%	1.6x	7.5x
Armstrong World Industries, Inc.	\$107.26	97.0%	5,789	5,136	119	741	1,017	263	36.1%	25.8%	4.2%	3.2%	5.7x	NM
Simpson Manufacturing Co., Inc.	\$110.44	92.2%	4,584	4,796	306	44	1,416	342	46.3%	24.2%	19.8%	10.6%	3.2x	13.4x
Masonite International Corp.	\$111.79	84.5%	3,384	2,739	323	957	2,352	363	25.4%	15.4%	7.0%	4.5%	1.4x	9.3x
American Woodmark Corporation	\$81.69	75.1%	1,917	1,357	91	651	1,744	207	18.3%	11.8%	5.7%	11.7%	1.1x	9.3x
		Mean	\$11,984	\$10,004	\$592	\$2,389	\$5,664	\$1,077	33%	21%	14%	3%	316%	10.7x
		Median	\$12,974	\$10,227	\$769	\$3,112	\$7,983	\$1,233	36%	22%	17%	3%	215%	10.7x
Textiles														
Mohawk Industries, Inc.	\$192.19	82.9%	15,084	13,397	557	3,020	9,935	1,543	27.2%	15.5%	1.2%	0.9%	1.5x	9.8x
Albany International Corp.	\$89.26	95.5%	3,050	2,889	253	359	896	239	41.2%	26.7%	(9.6%)	(1.2%)	3.4x	12.8x
Interface, Inc.	\$15.30	89.4%	1,460	903	107	664	1,068	135	36.6%	12.7%	(19.9%)	1.7%	1.4x	10.8x
Unifi, Inc.	\$24.36	78.7%	474	450	78	95	668	74	14.0%	11.0%	10.1%	(0.6%)	0.7x	6.4x
Culp, Inc.	\$16.30	91.2%	164	201	37	10	300	19	16.6%	6.5%	17.0%	(2.5%)	0.5x	8.5x
		Mean	\$4,047	\$3,568	\$207	\$830	\$2,573	\$402	27%	14%	0%	0%	151%	9.6x
		Median	\$1,460	\$903	\$107	\$359	\$896	\$135	27%	13%	1%	-1%	137%	9.8x

Select Recent Transactions



has acquired



(NYSE: HPP)

Advisor to Star Waggon's

California Supply North, Inc.



has been acquired by



a division of



Advisor to California Supply North



has been acquired by



a portfolio company of




Advisor to CleanStreet




has been acquired by




Advisor to Weber Logistics



has been acquired by



a portfolio company of



Advisor to Service Champions



have completed a growth recapitalization with



and




Advisor to Unix Packaging




has been acquired by




Advisor to Lakin Tire



has been acquired by



a portfolio company of



Advisor to 9to5



has been acquired by



Advisor to ALC



has been acquired by



a portfolio company of



Advisor to Cicoil



has been acquired by



a portfolio company of



Advisor to HHS Construction




has been acquired by




a subsidiary of



Advisor to Miracle Sealants



has been acquired by



Advisor to Artisan Vehicles



has been acquired by



NASDAQ: AMWD
\$1,075,000,000

Advisor to RSI



has completed a recapitalization with



Advisor to Stinson

Select Recent Transactions



has been acquired by



Advisor to Infinite RF*



Protective Industries, Inc.
dba



a portfolio company of



Advisor to Shercon*



a portfolio company of



has been acquired by



Advisor to ML Kishigo




has completed a management buyout with financing from




and




Advisor to PCMC



a portfolio company of



has been acquired by



Advisor to Pasternack*



a portfolio company of



has been acquired by



Advisor to Tharco*




has been acquired by



a portfolio company of



Advisor to Blue Sea Systems*



Bender Machine Co.

has been acquired by




Advisor to Bender Machine*




has completed a recapitalization with



Advisor to MooreCo.*



has been acquired by




Advisor to Adams Rite*




have been acquired by



Advisor to Soff-Cut



has been acquired by



Advisor to Momentum Textiles*




has been acquired by




NYSE: GGG


Advisor to Sharpe*



has been acquired by



a portfolio company of



Advisor to Ricon*



has been acquired in partnership with Management by



Advisor to Capital Drywall*

*Represents transactions executed by principals of Intrepid while at previous securities firms.



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About Intrepid's Industrials Group

Our **Industrials team** has decades of experience advising middle-market niche manufacturers, value-added distributors and specialty service providers across a variety of sectors, including building products, capital equipment, electrical and industrial components, and textiles.