Business Services

M&A Update | Q1 2022

GLC Advisors & Co.

Business Services M&A and Public Markets:
Q1 2022 Highlights and Activity

Q1
2022

6.8x
MEDIAN BUSINESS SERVICES EBITDA M&A MULTIPLE

(50%)
BUSINESS SERVICES M&A EBITDA MULTIPLE YoY DECREASE

1.9x
MEDIAN BUSINESS SERVICES REVENUE M&A MULTIPLE

46%+
BUSINESS SERVICES M&A REVENUE MUTIPLE YoY INCREASE

349
OF BUSINESS SERVICES TRANSACTIONS

(3%)
BUSINESS SERVICES M&A VOLUME YoY DECREASE

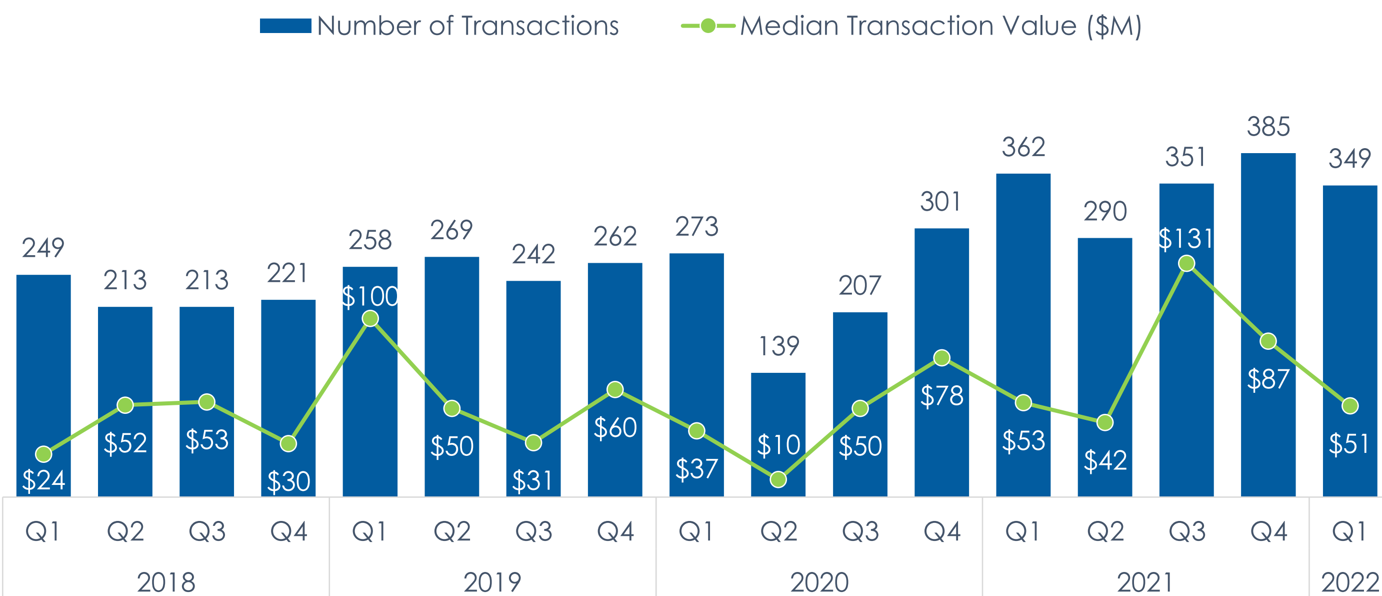
(11%)
GLC BUSINESS SERVICES INDEX YoY DECREASE

Business Services M&A Update:
Deal Flow and Valuation Multiples

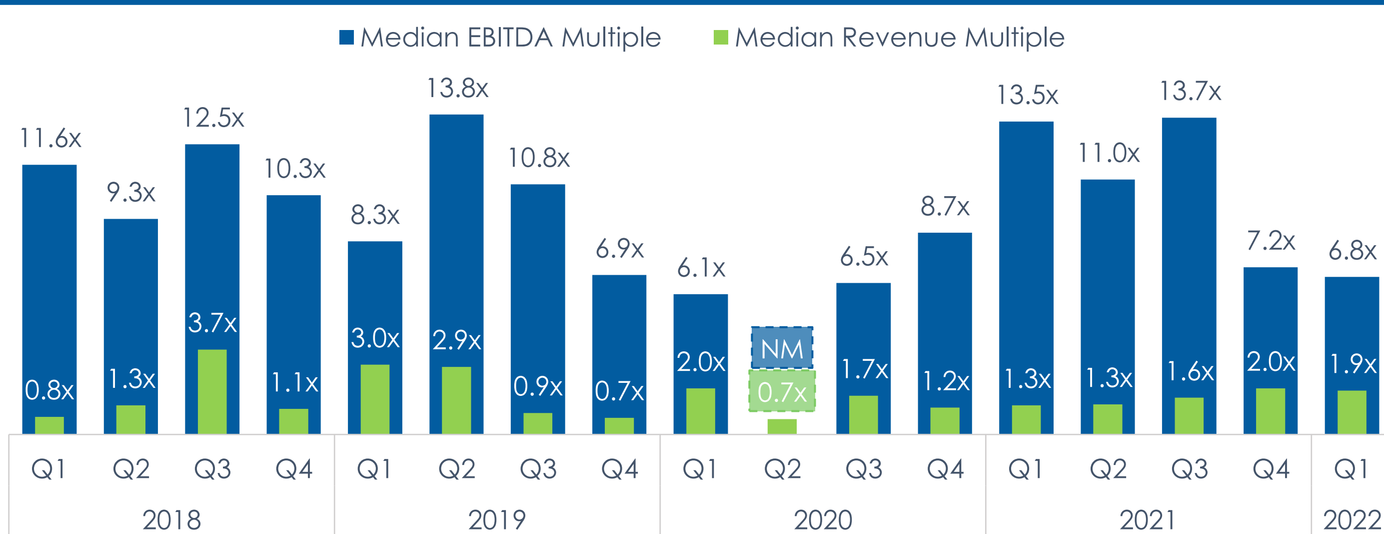
Q1
2022

Q1 2022 experienced 349 Business Services transactions – well above pre-COVID levels (pre-COVID average of 240 transactions per quarter). Q1 2022 median transaction value for Business Services transactions retreated from pandemic recovery highs mainly attributed to smaller transaction targets coupled with macro, rising wages, inflation, and labor shortages. Business Services EV/Revenue multiples are in line with pre-COVID levels while EV/EBITDA multiples are below pre-COVID valuations – indicating higher EBITDA margin transactions.

Business Services Transactions & Total Transaction Value[1]



Median Business Services Valuation Multiple[1]



Source: Capital IQ
Note: Data as of 3/31/2022
(1) Excludes EBITDA multiples <2.0x and >20.0x

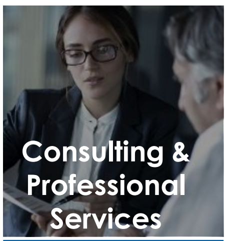
Business Services M&A Update:
Subsectors In Focus

Q1
2022

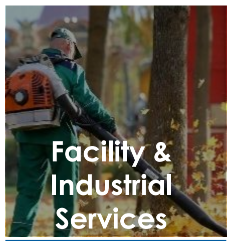
In Q1 2022, two Business Services subsectors experienced increased transaction activity year-over-year – Business Process Outsourcing and HR & Staffing. Staffing shortages and a record tight labor market are driving demand for leaders in job placement and outsourcing services as businesses attempt to meet record demand for goods and services with limited staff and personnel capacity.

Business Services Subsector Detail and Deep Dive

- Data Processing
- Electronic Document Processing
- Fraud Management
- Office Services & Supplies
- Online Bill Payment
- Writing, Editing, Translation



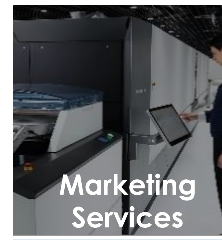
- Accounting, Auditing, and Taxation
- Credit Reporting
- IT Consulting & Other Services
- Legal Services
- Research, Development, and Testing



- Building Care & Improvement
- Commercial Rental & Leasing
- Environmental & Facilities Services
- Security & Alarm
- Warehousing & Storage

- Development Training
- Employee Leasing
- Executive Placing
- Online Recruiting
- Payroll
- Secretarial Services
- Temporary Help

- Air Courier
- Charter Air Freight
- Ground Courier
- Postal Courier
- Technology Distributors



- Bookbinding
- Commercial Interior Design
- Commercial Photography
- Commercial Printing
- Engraving
- Film Processing
- Graphic Design

Q1 2022 Subsector M&A Tracking(1)

	Business Process Outsourcing	Consulting & Professional Services	Facility & Industrial Services	HR & Staffing	Logistics Services	Marketing Services
# of Transactions	43	175	68	38	17	8
YoY M&A Trend	↑	↓	↓	↑	↓	↓
Average EV ($M)	$419	$55	$391	$177	$173	$135
Median EV ($M)	$136	$40	$21	$177	$173	$135

Source: Capital IQ
(1) Represents Q1 2022 Data

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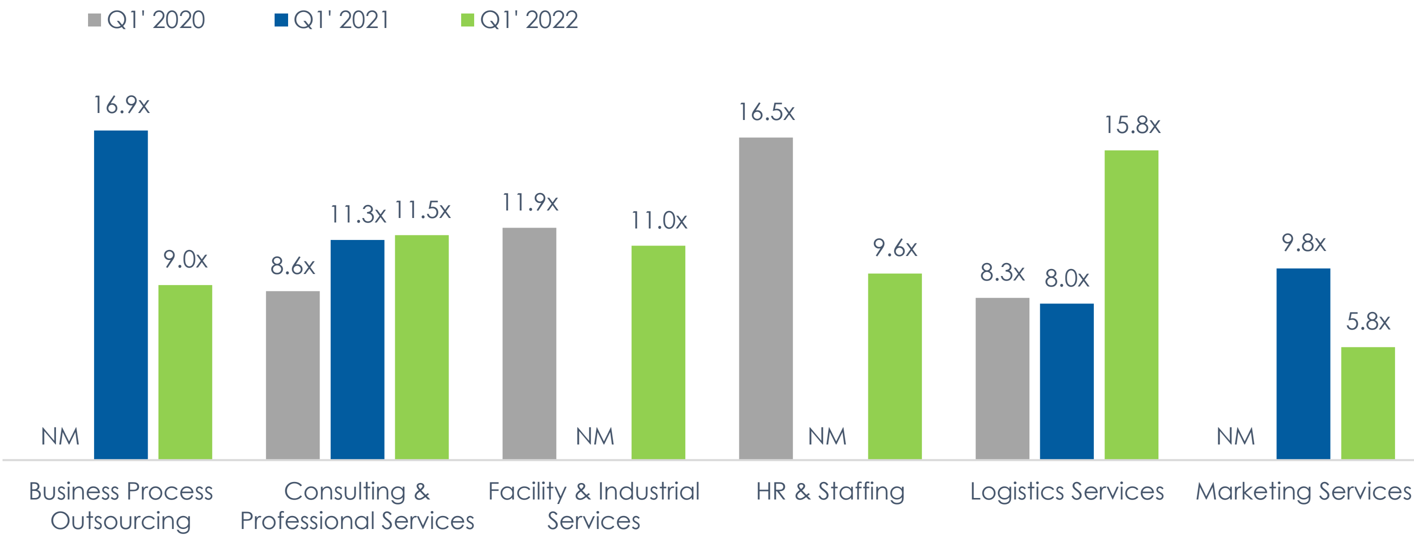
Business Services M&A Update:
Valuation Multiples by Subsector

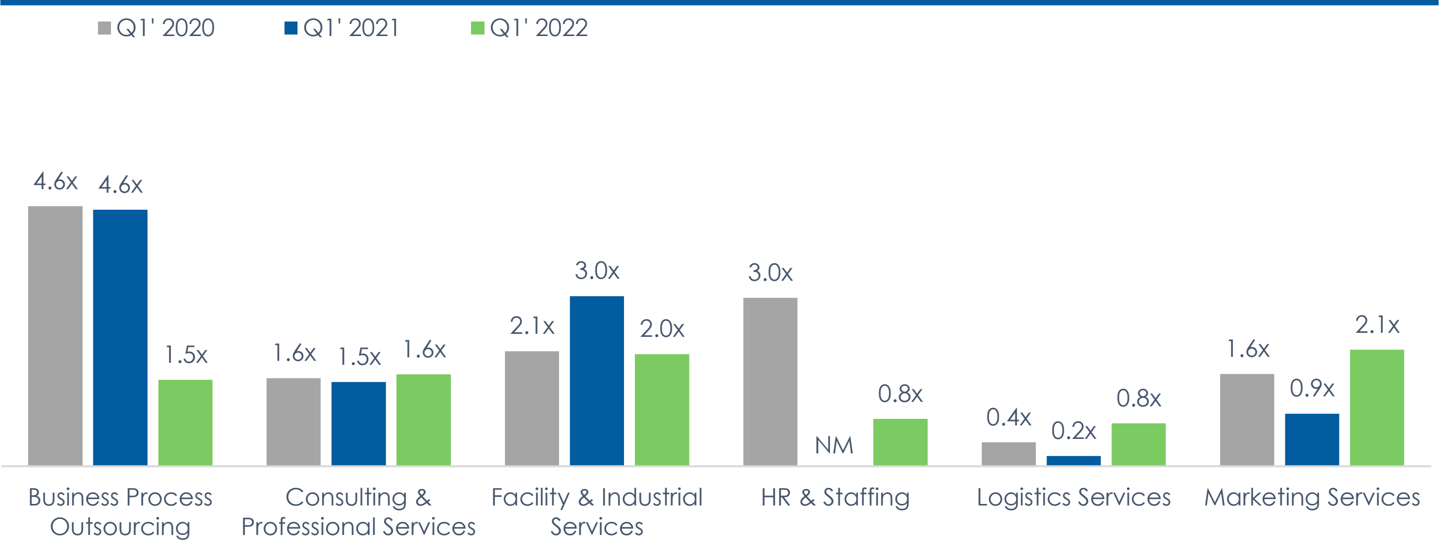
Q1
2022

Nearly every Business Services subsector is reporting EV/EBITDA multiples in excess of 9.0x (excluding the Marketing Services subsector) and two-thirds of the Business Services subsectors are reporting EV/Revenue multiples in excess of 1.5x (excluding HR & Staffing and Logistics Services). Business Services subsectors based industry-specific suffered an impact from fast changing macro economic drivers (higher interest rates, low unemployment, supply chain constraints, etc.) Subsectors experiencing valuation increases from 2021 include i) Consulting and Professional Services; ii) Logistics Services; and iii) Marketing Services.

TTM[1] EV/EBITDA Multiple by Business Services Subsector[2]



TTM[1] EV/Revenue Multiple by Business Services Subsector[2]



Source: Capital IQ
(1) Data as of 3/31/2022; (2) Excludes EBITDA multiples <2.0x and >20.0x

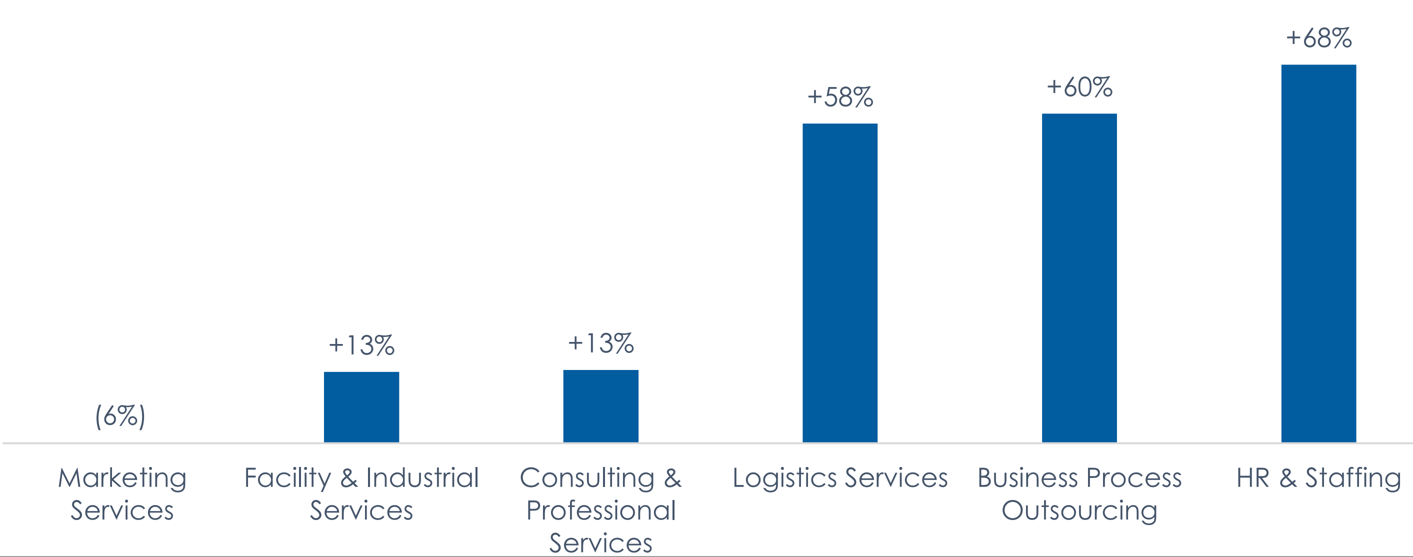
Business Services Public Markets Update: **Index Performance**

Q1 2022

In Q1 2022, public company valuations' declined. The Russell Index ("Russell") retreated during Q1 2022 finishing down -7.8% and the Business Services Index finished down -4.7%. The Business Services Index continues to outperform the Russell over the past 2+ years with a 39%+ return – mainly driven by the following subsectors: Logistics Services, Business Process Outsourcing, and HR & Staffing. These subsectors are viewed as "mission critical" for the vast majority of businesses and have been in high demand during the post-COVID reopening surge in the economy.

Business Services Index Performance (since 2019)

Subsector Performance Growth (since 2019)



Source: Capital IQ
Note: Data as of 3/31/2022
(1) Index criteria: enterprise value <$5B and >$100M, HQ in the United States, traded on major US exchanges, and daily volume >10k

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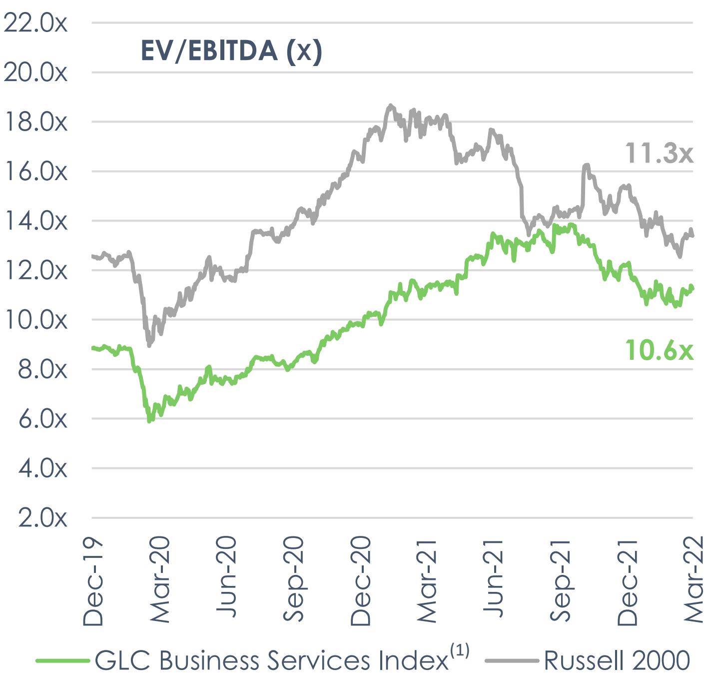
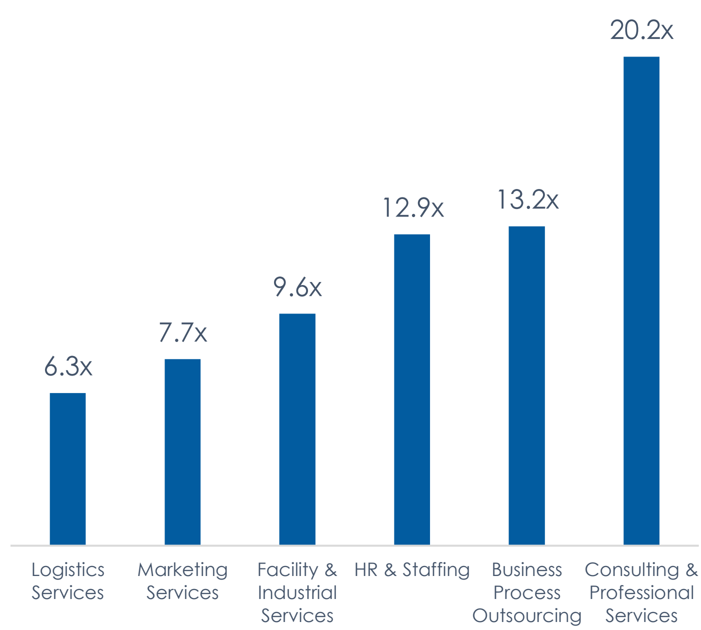
Business Services Public Markets Update: **Valuation Trends**

Q1
2022

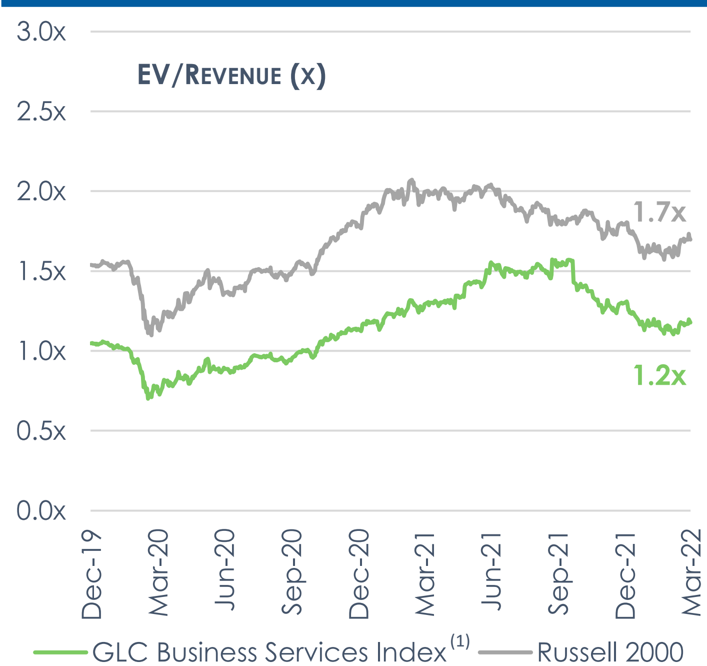
Business Services Index EV/EBITDA Performance



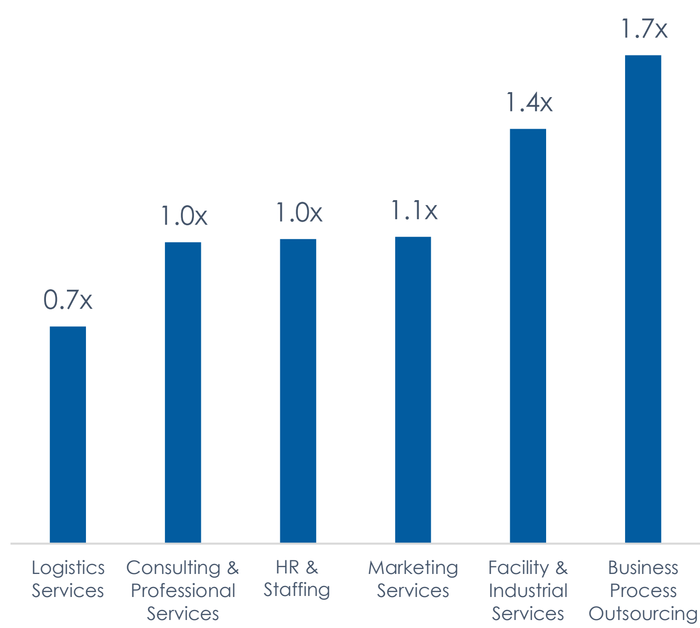
EoQ Subsector EV/EBITDA Multiples[2]



Business Services Index EV/Rev. Performance



EoQ Subsector EV/Revenue Multiples[2]



Source: Capital IQ; Note: Data as of 3/31/2022
(1) Index criteria: enterprise value <$5B and >$100M, HQ in the United States, traded on major US exchanges, and daily volume >10k
(2) As of 3/31/2022

GLC Advisors & Co.

GLC ADVISORS FIRM OVERVIEW

GLC Advisors & Co.

A Leading, Full-Service Investment Bank

GLC Advisors & Co. is a leading independent investment banking advisory firm focused on senior-level expertise, long-term relationships and objective guidance to our clients. We offer comprehensive services to our clients through a variety of advisory assignments including: M&A, financing/debt advisories, restructurings, recapitalizations, fairness opinions, and valuations. Our offices are located across the nation in New York, Denver, and San Francisco.

GLC has received numerous awards recognizing both firm and individual accomplishments, including multiple "Deal of the Year" and "Firm of the Year" awards for M&A and Restructuring transactions.

GLC's Advisory Services

Mergers and Acquisitions

- 100% Sale
- Majority Recap
- Buy-side
- Valuations
- Fairness Opinions

Capital Raising

- Growth Equity
- Debt Capital (Senior, Sub, Unitranche)
- Minority Recap (Secondary Capital)

Restructuring

- Corporate Restructuring
- Debtor and Creditor Advisory
- Distress M&A / 363 Transactions

GLC Firm Highlights

50+
Professionals

900+
Transactions

GLC's Middle Market M&A Team

GLC's Middle Market M&A Team is exclusively focused on advising clients in a variety of industries within the Middle Market. Our team's advisory work includes M&A (sell-side and buy-side), financing/debt advisories, recapitalizations, fairness opinions, and valuations. We excel at working with founders and owner-operators. Our team is passionate about the businesses and people that hire us to advise in their strategic decisions and events.

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