



Commercial & Facility Services

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D.A. Davidson Sector Expertise

Commercial & Facility Services Industry Update

Sector Coverage

D.A. Davidson's ("Davidson") Diversified Industrials Group has extensive experience serving middle-market companies across a broad spectrum of commercial & facility market segments. Davidson's expertise and coverage spans deeply across the commercial, industrial, and residential end markets, and Davidson is one of the leading M&A advisors to both entrepreneurs and private equity-backed businesses.

Davidson's focus in the sector includes coverage of the following market segments:

 Facility Services	 Human Capital Management
 Landscaping, Tree Service, and Pest Control	 Residential Services
 Roofing, Restoration, and Remediation	 Security and Access Control Services
 Staffing and Consulting Services	 Testing and Inspection

Commercial & Facility Services Team

For information about our most recent transaction experience or for a confidential conversation regarding plans for a capital raise, acquisitions, or succession, please contact:



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Recent Transaction Experience

 has been acquired by  a portfolio company of  Sell-Side Advisor	Undisclosed Utility Services Buy-Side Advisor	 has acquired  Buy-Side Advisor	Undisclosed Residential Tree Service Company has been acquired by  a portfolio company of  Sell-Side Advisor	 has divested  to  Sell-Side Advisor	HYPERION has acquired  Buy-Side Advisor	 has been acquired by  Sell-Side Advisor	 has been acquired by  Sell-Side Advisor
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Sector Insights & News



Insights

- In this sector brief, we have compiled articles on a variety of market developments observed by the D.A. Davidson team that highlight trends across the commercial & facility services subsectors
- Companies serving the commercial & facility services industry feature several traits that resonate strongly with investors including large and fragmented total addressable markets, ample buy-and-build opportunities, reoccurring nature of services, and runway for add-on acquisitions
- The selected articles highlight trends across America's labor shortage, security and roofing sectors, and the ongoing federal investment into the arborist industry

Recent Sector News

Understanding America's Labor Shortage: The Most Impacted Industries¹

U.S. Chamber of Commerce | December 19, 2023

The U.S. labor market continues to experience major disruption, characterized as the "Great Reshuffle," as millions of workers continue to resign across industries nationwide. As of August 2023, 30.5 million workers resigned, a modest improvement from 2022 and 2021, where 50.0 million and 47.8 million workers did so, respectively. Despite evidence that thousands of individuals are joining the workforce, the U.S. remains in a labor shortage. As of December 2023, there were 9.4 million job openings and 6.3 million unemployed workers. Additionally, the current labor force participation rate of 62.8% continues to recover from pre-pandemic levels – 63.3% in February 2020 – while the national hiring rate of 3.7% has outpaced the quit rate of 2.3%. According to the U.S. Chamber of Commerce, factors such as unwillingness to work in person, government aid packages, and personal growth via education/training have contributed to the ongoing shortage.

SIA Security Market Index: Over 85.0% See Positive Business Conditions²

SDM Magazine | December 13, 2023

Sentiments around the security industry suggest a strong 2024 lies ahead, according to results from the latest Security Industry Association ("SIA") Security Market Index. The SIA Security Market Index is a bimonthly measure of confidence that is based on a survey of industry leaders. The November-December (2023) edition of the Index polled how respondents expect their businesses to perform next year. Nearly half (46.0%) believe they will grow at least 7.5%, and more than 60.0% anticipate growth of at least 5.0%. When asked about current conditions at their company, 85.0% of respondents described them positively, with 29.0% saying they are "excellent" and 56.0% saying they are "good."

How America Is Making Tree Equity a Climate Solution for Cities³

TIME | November 17, 2023

Heat is the leading cause of death from extreme weather in the United States. Research studies led by Duke University estimate that climate change could increase the number of heat-related deaths from 12,000 in this current decade to 100,000 per year by 2100. The urgent need for potential carbon negative cooling has led to billions of dollars allocated to urban tree cover in cities such as Phoenix, Seattle, and Boston. The Biden Administration has implemented a world-leading \$1.5 billion dollars in grants for urban trees through the Inflation Reduction Act ("IRA"), delivered through the U.S. Forest Service's Urban and Community Forestry Program. This unprecedented commitment to urban trees has resulted in a significant economic opportunity for the arborist industry as one study from Key-Log Economics found ~26 direct and indirect new jobs for every \$1 million invested in urban forestry.

State of the Roofing Industry: 2023⁴

Roofing Contractor | June 15, 2023

Recent years in the roofing industry were marked with rising costs and inflation, lead-time and inventory management, and labor shortage challenges. 2023 brought cautious optimism, as roofing materials have become more readily available with less dramatic cost swings and standard lead times returning. Inventory returned to normalized levels and the question of whether the market will return to traditional "just in time" ordering or maintain an elevated level of inventory remains unanswered. Private equity activity continues to shape the industry and has resulted in significant consolidation and platform investments poised to emerge. The industry is also positioned for continued efforts in sustainability, and for environmentally conscious options to become viable solutions.

1: <https://www.uschamber.com/workforce/understanding-americas-labor-shortage-the-most-impacted-industries>

2: <https://www.sdmag.com/articles/102692-sia-security-market-index-over-85-see-positive-business-conditions>

3: <https://time.com/6336537/america-tree-equity-urban-climate-solution/>

4: <https://www.roofingcontractor.com/articles/98379-state-of-the-roofing-industry-2023>

Recent Notable M&A Transactions



Landscaping, Tree Service, and Pest Control

Roofing, Restoration, and Remediation

Security and Access Control Services

Staffing and Consulting Services

Target	Acquirer	Target Description	Deal Notes
 HEARTLAND December 2023	 PRITZKER PRIVATE CAPITAL	<ul style="list-style-type: none"> Provider of commercial landscaping services Operates 60+ branches throughout 26 states with over 4,000 employees 	<ul style="list-style-type: none"> An opportunity to accelerate its organic growth, bolster the portfolio through acquisitions, and invest in additional capabilities
 SHOOTER & LINDSEY, Inc. LANDSCAPE CONTRACTORS November 2023	 a portfolio company of 	<ul style="list-style-type: none"> Shooter & Lindsey is a landscaping maintenance and installation provider serving the greater Houston market Ranked #19 on Lawn & Landscape's Top 100 in 2022 	<ul style="list-style-type: none"> Allows Juniper to take on additional maintenance accounts and larger landscape installation projects Opportunity to build a platform for further expansion across TX
 NOLANDS ROOFING INC. December 2023	 DUNES POINT CAPITAL	<ul style="list-style-type: none"> Provider of re-roofing and building exterior services to residential customers Operates in FL with 70 employees 	<ul style="list-style-type: none"> Marks Dunes Point Capital's first investment in a platform consolidation strategy in the roofing services space
 ROOFING CORP OF AMERICA December 2023	 FirstService	<ul style="list-style-type: none"> Delivers end-to-end roofing services, including re-roofing, repair and maintenance, and new roof installations 	<ul style="list-style-type: none"> The addition is highly complementary to FirstService's existing portfolio of essential property services brands, adding to its capabilities in property repair, maintenance, and restoration
 ISP RVA Integrated Security Professionals RVA Security Integrators, Inc. January 2024	 a portfolio company of 	<ul style="list-style-type: none"> ISP and RVA offer integrated electronic security solutions to a diverse range of clients in the Richmond, VA area 	<ul style="list-style-type: none"> Two of the largest franchises under the Security 101 brand umbrella Enables Security 101 to focus on providing top-tier security solutions to a broad set of customers
 STAR PROTECTION AGENCY December 2023	 a portfolio company of WARBURG PINCUS	<ul style="list-style-type: none"> Star Protection Agency is a leading provider of unarmed security services in the Pacific northwest Well-regarded and recognized brand by both clients and guards 	<ul style="list-style-type: none"> The partnership will allow Star to further invest in and deliver on the high-touch service and client focus <i>D.A. Davidson served as exclusive financial advisor to Star Protection Agency</i>
 SHIPYARD STAFFING December 2023	 a portfolio company of 	<ul style="list-style-type: none"> Serves shipyard and marine infrastructure industries, providing skilled and unskilled workers for contract placement, permanent placement, and/or contract to permanent placement 	<ul style="list-style-type: none"> Reinforces NSC's commitment to growth and motivation to lead the marine and skilled trades staffing industries Opportunity to expand operations in CA, FL, VA, WA
 Chartwell Staffing Solutions October 2023	 PARTNERS PERSONNEL	<ul style="list-style-type: none"> Provides temporary, temporary to hire, and permanent placement solutions for manufacturers and businesses Ranked as the 28th largest U.S. industrial staffing firm in 2022 	<ul style="list-style-type: none"> Expands Partners Personnel's geographic reach across CA, IL, NV, NY, NC, and PA, and enhances its ability to offer a range of staffing services to clients and job seekers

Source: Press releases, PitchBook, and S&P Capital IQ as of 2/13/2024

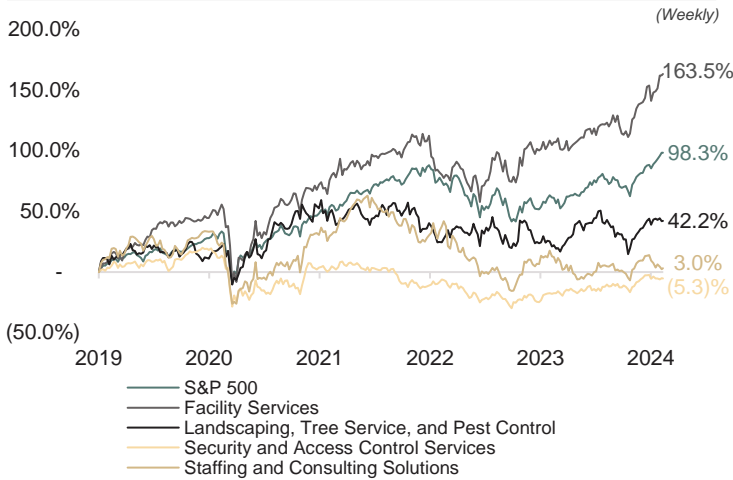
Sector Valuations

Public Markets Valuations

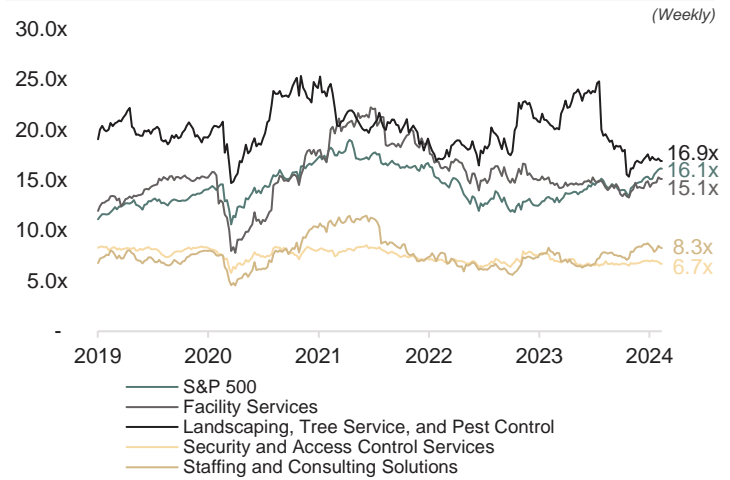


Public Comparables Overview

5-Year Stock Price Index Performance



5-Year EV / EBITDA Multiples



Comparable Companies	Share Price 2/13/2024	As % of LTM High	Market Capitalization	Enterprise Value (EV)	EV / EBITDA			EV / EBIT		
					LTM	2024E	2025E	LTM	2024E	2025E
Facility Services										
ABM Industries Incorporated	\$ 40.34	76.0%	\$ 2,581	\$ 3,837	8.3x	7.7x	7.4x	11.2x	10.3x	9.5x
Aramark	30.33	68.6%	8,136	13,709	8.9x	10.8x	9.8x	13.8x	14.9x	13.2x
Cintas Corporation	608.30	97.1%	62,211	64,809	29.2x	25.3x	23.5x	NM	NM	NM
Comfort Systems USA, Inc.	239.39	97.4%	8,679	8,589	19.1x	16.4x	15.5x	23.3x	19.4x	18.1x
FirstService Corporation	162.19	94.6%	7,426	8,753	22.2x	18.4x	16.6x	NM	NM	NM
UniFirst Corporation	173.36	85.5%	3,322	3,233	11.7x	9.9x	9.3x	22.1x	17.4x	15.6x
Mean		86.5%	\$ 15,392	\$ 17,155	16.6x	14.8x	13.7x	17.6x	15.5x	14.1x
Median		90.0%	\$ 7,781	\$ 8,671	15.4x	13.6x	12.7x	17.9x	16.2x	14.4x
Landscaping, Tree Service, and Pest Control										
BrightView Holdings, Inc.	\$ 8.25	90.1%	\$ 798	\$ 2,120	8.5x	6.6x	6.1x	20.5x	10.1x	9.0x
Rentokil Initial plc	4.99	59.7%	12,494	16,747	14.1x	10.1x	9.2x	20.5x	14.1x	12.5x
Rollins, Inc.	43.81	97.3%	21,090	21,543	NM	27.3x	25.0x	NM	NM	NM
Mean		82.3%	\$ 11,460	\$ 13,470	11.3x	14.7x	13.4x	20.5x	12.1x	10.7x
Median		90.1%	\$ 12,494	\$ 16,747	11.3x	10.1x	9.2x	20.5x	12.1x	10.7x
Security and Access Control Services										
ADT Inc.	\$ 6.58	78.0%	\$ 6,378	\$ 15,713	6.2x	6.2x	5.9x	15.0x	13.8x	12.4x
Loomis AB (publ)	26.33	74.1%	1,872	2,328	5.0x	4.1x	3.9x	8.0x	7.1x	6.6x
SECOM CO., LTD.	71.18	94.8%	15,044	12,432	8.3x	8.6x	8.3x	12.3x	12.8x	12.2x
Securitas AB (publ)	9.90	96.5%	5,672	9,587	7.0x	6.8x	6.6x	10.0x	9.4x	9.0x
SIS Limited	5.41	79.6%	780	907	13.9x	11.1x	9.5x	17.2x	15.1x	12.3x
The Brink's Company	81.00	89.9%	3,732	6,319	8.1x	6.6x	5.8x	12.4x	8.9x	7.6x
Mean		85.5%	\$ 5,580	\$ 7,881	8.1x	7.2x	6.7x	12.5x	11.2x	10.0x
Median		84.8%	\$ 4,702	\$ 7,953	7.6x	6.7x	6.3x	12.4x	11.1x	10.6x
Staffing and Consulting Solutions										
Adecco Group AG	\$ 40.89	85.9%	\$ 6,833	\$ 9,826	10.1x	8.8x	7.8x	12.9x	10.7x	9.3x
Kelly Services, Inc.	20.99	93.6%	758	641	6.7x	4.8x	NM	10.5x	7.7x	6.6x
ManpowerGroup Inc.	71.13	79.5%	3,611	4,043	10.1x	7.9x	6.6x	13.0x	9.3x	7.2x
Randstad N.V.	56.40	83.9%	10,202	11,277	10.0x	7.8x	7.4x	11.0x	11.0x	9.2x
TrueBlue, Inc.	12.86	65.9%	422	375	12.5x	12.8x	6.3x	NM	NM	12.6x
Mean		81.8%	\$ 4,365	\$ 5,232	9.9x	8.4x	7.0x	11.8x	9.7x	9.0x
Median		83.9%	\$ 3,611	\$ 4,043	10.1x	7.9x	7.0x	11.9x	10.0x	9.2x

Source: S&P Capital IQ as of 2/13/2024

Sector Valuations (Cont'd)

Additional Transactions



Sector M&A Transactions

- At D.A. Davidson, we believe that commercial & facility services will continue to command elevated attention from investors
- Despite broader M&A market volume being slower than prior years, we see heightened investor focus within subsectors with re-occurring, essential, and non-discretionary service needs
- With significant dry powder from private equity and pressure to deploy capital, we expect a “flight to quality” where tier-1 assets will command premium valuations

Date	Target	Acquirer	Subsector	Business Description
02/13/24	Pinnacle Home Improvements	Boyne Capital	Roofing, Restoration, and Remediation	Provider of a variety of home improvement services
02/08/24	BAM Outdoor	Schill Landscaping & Lawn Care / Argonne Capital / Plexus Capital	Facility Services	Environmental and facilities services company
02/08/24	L.S.L. Lawn Service	Virginia Green / Golden Gate Capital	Landscaping, Tree Service, and Pest Control	Provides personalized lawn care solutions
02/06/24	Yellowstone Tree Surgeons / H&O / Ken's Tree Care	SavATree / Apax Partners / Audax Management Company	Landscaping, Tree Service, and Pest Control	Provides a wide range of tree care services
02/02/24	Pro Turf Lawn Service	Senske / GTCR	Landscaping, Tree Service, and Pest Control	Provides residential and commercial lawn and pest control services
02/01/24	Cram Roofing Company	PAX Services Group / New State Capital Partners	Roofing, Restoration, and Remediation	Provides re-roofing, maintenance, and repair services
02/01/24	GroundsPRO	Visterra Landscape Group / Trinity Hunt Partners	Landscaping, Tree Service, and Pest Control	Provides a wide range of turf and landscape maintenance services
02/01/24	Roofers Supply of Greenville	Beacon Roofing Supply (NasdaqGS:BECN)	Roofing, Restoration, and Remediation	Provides commercial roofing throughout the southeast U.S.
01/30/24	Greenleaf Energy Solutions	Facility Solutions Group	Facility Services	Offers lighting and energy system assessment and upgrade services
01/25/24	Cutters Edge Lawn & Maintenance	LMC Landscape Partners / Trivest Partners	Landscaping, Tree Service, and Pest Control	Provides landscape maintenance, design, tree care, irrigation, and plant health care services
01/23/24	Eberhard	Tecta America / Leonard Green / Altas Partners	Roofing, Restoration, and Remediation	Offers roofing, waterproofing, and sheet metal trades
01/23/24	Macs Pest Control	Certus Pest / Imperial Capital	Landscaping, Tree Service, and Pest Control	Provides commercial and residential pest control services
01/19/24	Palmetto Landscaping and Design	Yard Alliance / WSC & Company	Landscaping, Tree Service, and Pest Control	Provides landscape design, installation, and maintenance services
01/19/24	Per-Fect-A-Lawn	Yard Alliance / WSC & Company	Landscaping, Tree Service, and Pest Control	Provides professional landscape maintenance and seasonal installation services
01/18/24	Guardian Fire Protection	Knox Lane	Fire & Life Safety	One-stop-shop provider of fire protection services
01/18/24	Integrated Security Professionals / RVA Security Integrators	Security 101 / Gemspring Capital	Security & Access Control Services	Providers of integrated security solutions
01/10/24	Southern Roofing and Renovations	Legacy Restoration / Bessemer Investment Partners	Roofing, Restoration, and Remediation	Provides remodeling and roofing services
01/05/24	Portland Safe	Everon	Security & Access Control Services	Provides security solutions for banking and financial institutions
01/02/24	Newman Lawn Care	Superscapes / Crux Capital	Landscaping, Tree Service, and Pest Control	Provides commercial lawn care, landscaping, and grass installation services
12/26/23	Noland's Roofing	Dunes Point Capital	Roofing, Restoration, and Remediation	Provides roofing and home renovation services
12/20/23	The Tree Amigos Outdoor Services	Ruppert Landscape	Landscaping, Tree Service, and Pest Control	Offers landscape design, maintenance, and installation services
12/15/23	Roofing Corp. of America	FirstService Corporation (TSX:FSV)	Roofing, Restoration, and Remediation	Delivers a wide range of end-to-end roofing services
12/14/23	Heartland	PPC Investment Partners	Landscaping, Tree Service, and Pest Control	Provides commercial landscape maintenance and winter services

Source: Press releases, investor presentations, and S&P Capital IQ as of 2/13/2024

Sector Valuations (Cont'd)

Additional Transactions (Cont'd)



Sector M&A Transactions (Cont'd)

Date	Target	Acquirer	Subsector	Business Description
12/14/23	Watchtower Security	TruArc Partners	Security & Access Control Services	Provides managed video surveillance and asset protection solutions
12/12/23	Star Protection Agency	Allied Universal Security Services / Warburg Pincus	Security & Access Control Services	Leading provider of unarmed security services in the Pacific northwest
12/11/23	Arborscapes / Mr. Amoto Lawn & Tree Service / Sussex Tree	SavATree / Apax Partners / Audax Management Company	Landscaping, Tree Service, and Pest Control	Provides lawn and tree care services
12/07/23	Dansk Enterprises	Allied Universal Security Services / Warburg Pincus	Security & Access Control Services	Provides security services, such as armed guards and controlled gate access
12/06/23	Shipyard Staffing	NSC Technologies / Concentric Equity Partners / White Wolf Capital	Staffing & Consulting Services	Provider of staffing services intended for the ship repair and ship construction industries
12/04/23	Mainline Information Systems	H.I.G. Capital	Staffing & Consulting Services	Offers IT consulting solutions
12/04/23	TEC, The Employment Company	HireQuest (NasdaqCM:HQI)	Staffing & Consulting Services	Offers light industrial, clerical, technical, and professional staffing services
12/01/23	Liberty Restoration	BluSky Restoration Contractors / Kohlberg & Co.	Facility Services	Provider of property restoration and cleanup services
11/30/23	Roof Technologies	Roofing Corp. of America	Roofing, Restoration, and Remediation	Offers roofing urgent care, regular leak repair, and annual maintenance services
11/28/23	Waddell Recruitment Solutions	McKinsey CMO Group	Human Capital Management	Develops and offers a recruitment platform for employers and job seekers
11/14/23	Shooter and Lindsey	Juniper Landscaping / Bregal Partners	Landscaping, Tree Service, and Pest Control	Offers landscape, irrigation, construction, and landscape maintenance services
11/07/23	Georgia Scapes	United Land Services / Centre Partners	Landscaping, Tree Service, and Pest Control	Provides landscape services to commercial and residential customers
10/31/23	Silversand Services / Sli Landscape Inc.	Zodega Landscape Services / Lincoln Road Global Management	Landscaping, Tree Service, and Pest Control	Provides commercial landscaping, lawncare, and plant care services
10/05/23	Chartwell Staffing Solutions	Partners Personnel - Management Services	Staffing & Consulting Services	Provides placement solutions for manufacturers and businesses

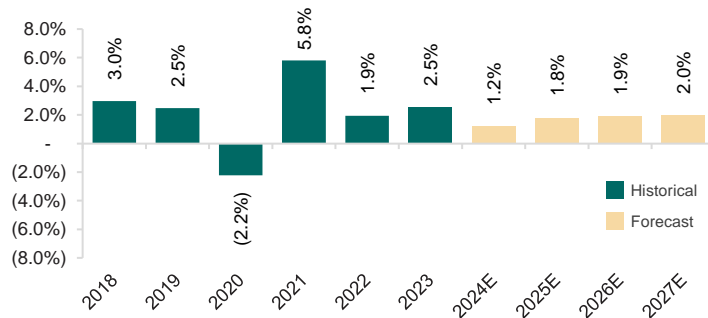
Source: Press releases, investor presentations, and S&P Capital IQ as of 2/13/2024

Macroeconomic Indicators



Real Gross Domestic Product Yearly Growth

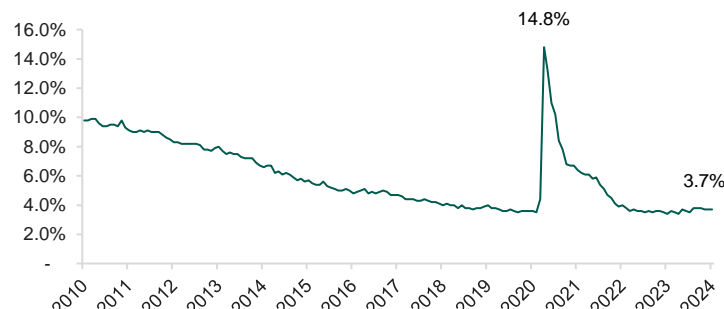
- Economic growth over the past year has once again defied expectations. Through 2023, the U.S. economy grew 2.5% (as measured by inflation-adjusted, or real GDP) for the year, which is significantly better than the Federal Reserve Bank, in its own December 2022 Summary of Economic Projections (“SEP”), which estimated that 2023 U.S. GDP would increase just 0.5%
- The upside GDP surprise last year was mostly attributed to resilient consumer spending and business investment growth, which included increases in intellectual property (software/research and development), equipment, and structures. Government spending (federal, state, and local) since the second half of 2022 has also exceeded multi-year averages, contributing to additional GDP growth upside



(U.S., Percent Change, Annual, Seasonally Adjusted)

Unemployment Rate

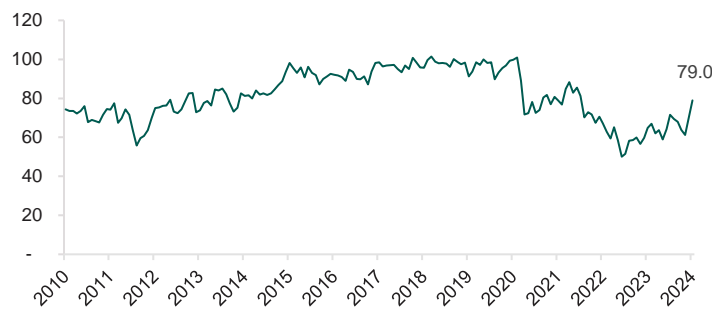
- In March and April 2020, when pandemic-related shutdowns caused the unemployment rate to jump to 14.8% (with 23.1 million people unemployed), the U.S. civilian labor force (people searching for work or who wanted to work) dropped by 8.0 million as those able to work left the jobs market. As of January 2023, the civilian workforce was 11.0 million above the April 2020 low, indicating that, along with eligible workforce population growth, many of those uninterested workers have returned to the market
- The current unemployment rate of 3.7% through January 2024 (0.3% higher than in January 2023 and 0.3% lower than in January 2022), has supported solid consumer finances and provided a positive backdrop for the strength in spending in 2024



(U.S., Monthly, Seasonally Adjusted)

Consumer Sentiment

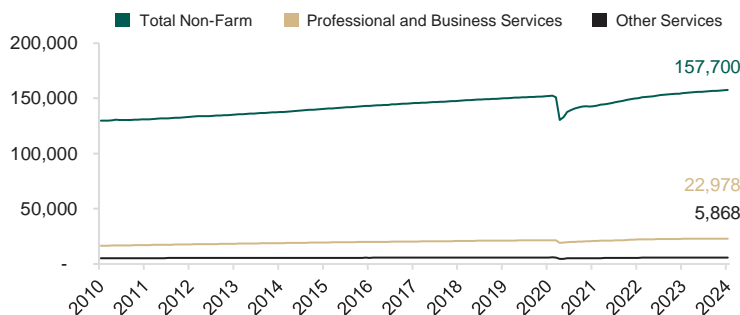
- The University of Michigan’s Consumer Sentiment Index surged 9.3 index points, or ~13%, from December 2023 to January 2024, reaching its highest level since July 2021, reflecting improvements in the outlook for both inflation and personal incomes
- Over the last twelve months, consumer sentiment has climbed +21.7% to 79.0, continuing the upward trajectory from the all-time low measured in June of 2022 (50.0), which had stalled in the late summer and fall of 2023
- Year-ahead inflation expectations eased to 2.9%, down from 3.1% in December and 4.5% in November. The current reading is the lowest since December 2020 and is now within the 2.3-3.0% range seen in the two years prior to the pandemic



(University of Michigan, Index 1966:Q1=100, Monthly, Not Seasonally Adjusted)

Non-Farm Payroll

- According to the Bureau of Labor Statistics (“BLS”), monthly non-farm payrolls (jobs) grew +1.9% year-over-year to 157,700 persons through January 2024
- Non-farm payrolls averaged 156,069 in 2023, above the monthly average of 152,531 in 2022, while the average over the past four months (October 2023 through January 2024) was 157,223 persons
- Through January 2024, professional and business services grew by +0.9% (+207,000 jobs) year-over-year, while other services grew by +1.5% (+84,000 jobs) year-over-year



(U.S., Thousands of Persons, Monthly, Seasonally Adjusted)

Sources: Organization for Economic Co-operation and Development (“OECD”), Federal Reserve Economic Data (“FRED”), Bureau of Labor Statistics (“BLS”), FactSet, and D.A. Davidson research

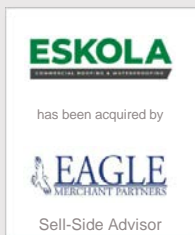
Roofing Sector Focus



D.A. Davidson is Highly-Focused on and Experienced in Roofing

- D.A. Davidson's Diversified Industrials Investment Banking Group is highly active in the roofing sector, including commercial, residential, and related facility and exterior services
- The roofing sector team draws on deep sector expertise and global relationships to serve a wide range of clients and investor groups
- We help roofing companies maximize the value of their businesses by providing M&A, strategic advisory, and capital markets capabilities

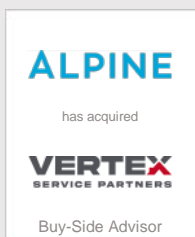
Recent Commercial Roofing Experience



- D.A. Davidson served as the exclusive financial advisor to Eskola Roofing & Waterproofing ("Eskola") on its majority equity investment from Atlanta-based private equity firm Eagle Merchant Partners ("Eagle")
- Eskola is a leading commercial roofing company of scale providing reroofing, maintenance and repair, inspections, waterproofing, and new roof construction services in the southeast
- Eskola is based in Tennessee and operates multiple branches throughout the region
- Davidson designed and executed a customized and highly-targeted process involving private equity firms and other investment groups with known interest in the commercial, facility, and infrastructure services sectors
- The Eskola transaction was priced at the highest value yet for a commercial roofer as a multiple of LTM EBITDA
- With support and investment from Eagle, Eskola will consolidate the attractive southeastern commercial roofing market while simultaneously opening multiple new branches per year in growing sun belt markets



Recent Residential Roofing Experience



- D.A. Davidson advised private equity firm Alpine Investors as it established Vertex Service Partners
- Vertex is a residential home improvement platform with a focus on roofing and other exterior services
- Alpine Investors is a top-performing private equity fund with \$15 billion of assets under management
- Upon Vertex's launch, the platform announced partnerships with four leading roofing companies: Cherry Roofing & Siding, McHale Roofing, Rogers Roofing, and Victors Home Solutions
- Previously, Davidson supported Alpine as it evaluated a potential investment in a leading retail-focused residential roofing company in the midwest



D.A. Davidson's Roofing Sector Transaction Team

For additional information on this transaction or for a confidential conversation regarding plans for capital, acquisitions, or succession, please contact:



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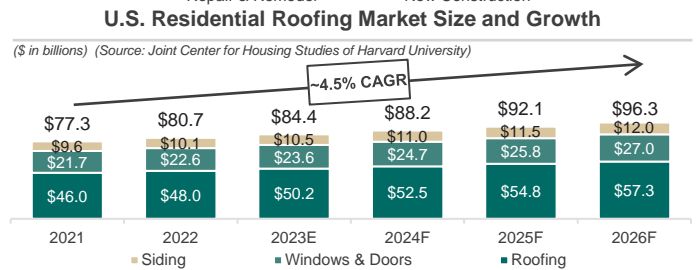
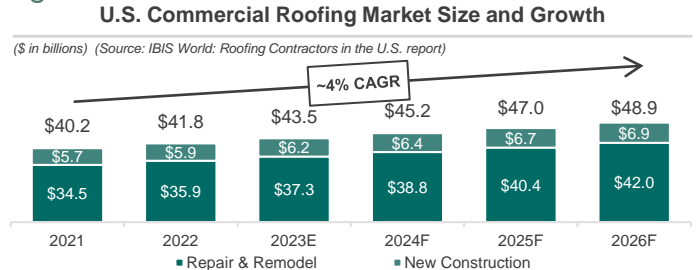
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Roofing Sector Focus (Cont'd)

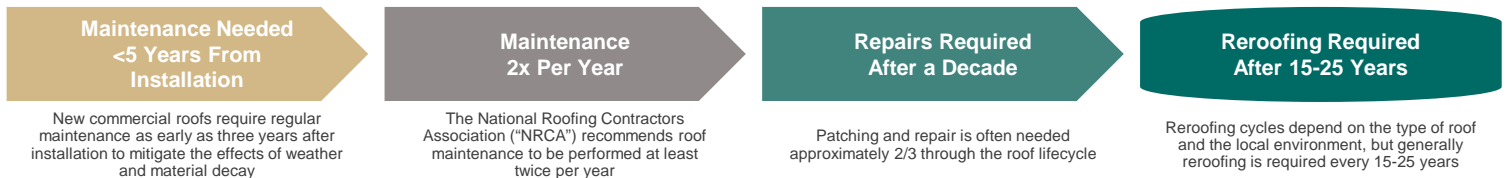


Roofing is a Very Large and Fragmented Market with Strong Growth

- The U.S. commercial and residential roofing markets are estimated to generate ~\$45 billion and ~\$50 billion, respectively, with another ~\$35 billion generated from residential windows, doors, and siding
- The U.S. commercial and residential roofing markets are expected to grow ~4-5% per year over the next five years
- Growth is largely driven by replacement of aging roofs, with 75-80% of roofing demand from reroofing and maintenance and repair
- Reroofing demand is driven by a number of factors including deterioration, upgrades, aging, leaks, and weather damage
- The growing and reoccurring nature of the roofing sector, along with industry fragmentation and consolidation are driving strong interest in both commercial and residential roofing from private equity firms and other investor groups



Roofing Services are Essential and Reoccurring



Numerous Megatrends Propelling Sustainable Industry Growth

Aging U.S. Housing Stock

- Median age of U.S. homes is 39 years, with over 75% built prior to 2000, resulting in continued and growing need for reroofing

(Source: Joint Center for Housing Studies of Harvard University)

Recent Passage of Infrastructure Bill

- Recently passed \$1 trillion Infrastructure Investment and Jobs Act ("IIJA") is supporting commercial roofing in key markets such as government, transportation & logistics, education, and healthcare

Roofing System Lifecycles Declining

- Lifecycles of roofing systems have been declining due to increasing patterns of severe weather events, leading to more frequent needs for repairs and reroofing services

(Source: Ed Zarenski Construction Analytics report)

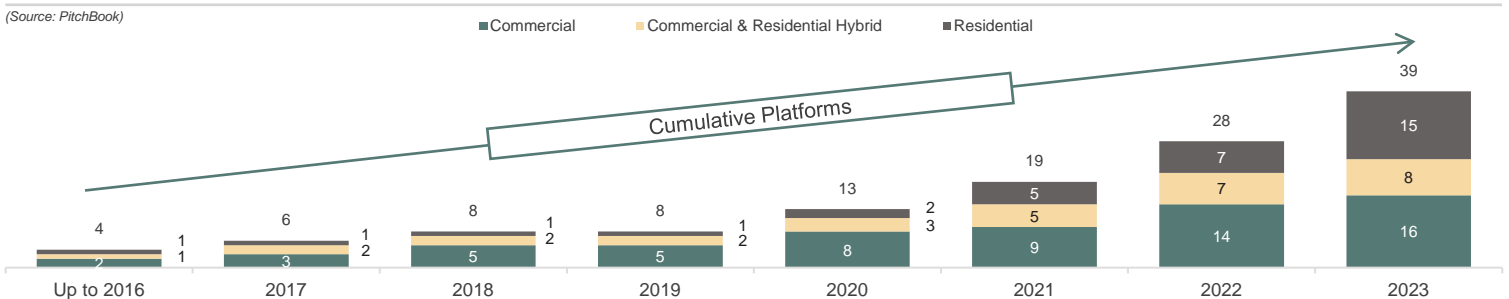
Rising Home Values

- Rising per capita disposable income has empowered consumers to spend more, particularly on home investment, supporting residential roof replacement

Highly Fragmented Roofing Sector Experiencing Aggressive Private Equity Consolidation

- Commercial and residential roofing are highly fragmented industries. As a result, private equity firms and other investor groups are driving aggressive consolidation. There are roughly 40 roofing consolidation platforms controlled by private equity, with over 30 having been formed since COVID

Rapid Formation of New PE-Backed Roofing Platforms





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Glossary of Terms & Other Important Information

EBITDA – Earnings before interest, taxes, depreciation & amortization. An approximate measure of a company's operating cash flow based on data from the company's income statement.

EBIT – Earnings before interest and taxes. A measure of a company's earning power from ongoing operations, equal to earnings before deduction of interest payments and income taxes.

Enterprise Value (EV) – Market value of equity plus debt less cash. A measure of what the market believes a company's ongoing operations are worth.

LTM – Last twelve months. Time period used when referencing a financial statistic.

NTM – Next twelve months. Time period used when referencing a financial statistic.

The S&P 500 – An unmanaged common stock index commonly used to measure and report common stock performance.



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