



M&A REVIEW

Facility Management and Support Services

I: Cleaning and soft FM

RETURN OF CORPORATE TRANSACTIONS AND TRANSFORMATION OF THE COMPETITIVE LANDSCAPE

Our latest analysis of corporate activity and M&A transactions in the soft facility services sector focuses on Western Continental and Mediterranean Europe. The re-awakening of M&A activity and the concurrence of several major deals are changing the competitive landscape in the sector.

Here in Spain, after a long period of quietness in terms of corporate transactions, we can say that the cleaning sector is starting to move its chips.

Deals that in Spain had kept the sector expectant, such as the sale of Ferrovial's services division, announced at the beginning of 2019, finally had its culmination in October 2021, with the signing of the sale of the services business in Spain to the Spanish P.E. fund Portobello, closed in February this year. According to the reported data, the transaction was worth €170M plus €50M in variables and the €60M of cash generated between the signing of the deal and its closing in February 2022. This business, which has adopted the name SERVEO, is already progressing on its organic and inorganic growth path.

It should be recalled that the process initiated by Ferrovial with its services business had already led to operations such as the sale of Broadspectrum in Australia to the Ventia group (€303m deal value) or the sale of Cespa to PreZero in December 2021 (€1032m deal value).

Recently, in October this year, with the announcement of the sale of Amey PLC to One Equity Partners (€278M deal value), the most complicated transaction due to its volume, geography and the difficult economic situation the company had been facing, Ferrovial finally completed the process of selling the bulk of its services business.



It could be said that the SERVEO transaction has marked the return of “calm” in the field of corporate operations in this sector in Spain, which had not seen any relevant transaction since the sale by MBO of 1ne Ibérica Facility

Services at the end of 2020. Although there are still other large operations to take place in terms of divestments by other large national infrastructure and construction groups: in October this year, the press announced SACYR’s desire to find a minority investor for its services division, Valoriza. Other large processes that had been leaked to the press at the end of 2020, such as the sale of Acciona Servicios, have not yet been resolved.

Recently, in the area of soft facility services and conventional cleaning, the following deals have taken place in our country:

DATE	BUYER	TARGET	TARGET SALES	ACTIVITY	DEAL VALUE	MOTIVE
ago-22	SAMSIK	Servicios Industriales Reunidos, SAU	23M€	Cleaning and maintenance services	N/A	Market Share
jul-22	SAMSIK	ISS Facility Services Portugal	51M€	Facility Management	N/A	International Expansion
jun-22	Rentokil	Lokimica	15M€	Hygiene and pest control	N/A	Cuota de mercado
feb-22	GRUPO SASTI	Ezsa Sanidad Ambiental SL y Athisa (Andaluza de Tratamientos de Higiene SA)	8M€	Environmental hygiene and Pest Control	N/A	P.E. deal - add-on investment
nov-21	ferrovial	Hidurbe Serviços SA	N/A	Garden cleaning and waste collection	N/A	Geographical expansion
oct-21	Portobello	Ferrovial Servicios	822M	Facility Management and auxiliary services	170 +50M€	P.E. deal - Non core for corporate group
ago-21	UFENAU	Alfus Iris	10,5M€	Industrial cleaning, sludge removal and sewerage maintenance services	N/A	P.E. deal - Platform investment
dic-20	Management Team	1ne Iberica Facility Services	2,5M	Cleaning services	N/A	Succession Deal

It is worth remarking SAMSIK’s strong commitment towards growth in Spain , with two acquisitions in the Iberian Peninsula in 2022. The last acquisition this group had done in Spain was Servilimpsa in 2018.

Likewise, it is also remarkable the beginning of SERVEO’s purchasing path, after Portobello’s entry into its capital.

At European level, the sector is experiencing increased corporate transaction activity, although the cleaning sector continues to be, except for “transformational” transactions with companies

of important volumes (> €60M turnover), the least active sector within facility services (with the more technical services: HVAC, electrical and plumbing installations being a sector that continues to experience its golden moment).

An analysis of the transactions occurring in 2021 and 2022 in Western and Mediterranean Europe (excluding the British Isles, Scandinavian countries and Eastern Europe) gives the following statistics:

The private equity sector carries out 8 transactions in the cleaning and soft facility services in these 2 years that have as objective:



- Companies in the “damage restoration” sector such as Artus in Germany (Castik Capital, Jul 2022), Resilians in France (Motion E.P., Oct 2021) or COSAWA Sanierung (Kapital 1852, Sept 2021). The first two were companies with more than €100M turnover.

- Leaders (top-10) in the cleaning sector in their countries, such as GSF in France (TowerBrook, Mar 2022), Cantorclin Schoonmaak in the Netherlands (NewPort Capital, Mar 2022), or the multi-service Gruppo Servizi Associati, with €168M turnover in Italy in facility services, systems maintenance and fire protection (Eurizon Capital, Jul 2021).

- Smaller companies with a motivated management team that received a capital investment to support their plan for further growth with acquisitions. Examples are found in the investments of InSitu Group in France (Multicroissance, Apr2022), or Dr. Hoffmann (Beyond Capital Partners, Jan2022).

- Or companies that are no longer “strategic” for their parent company, such as Alba Facility

Solutions, acquired from environmental services provider InterZero (Dubag, Jun2022).

Local strategic transactions, with both buyer and target in the same country, have been rare in the facility services sector over the past two years:

- In France, there are none of relevant size.

- In Benelux, the Dutch Capital Cleaning group and Belgium’s Trixxo BVBA each bought a competitor in their own markets. Belgium’s Multimasters acquired G. van Alem Schoonmaaken Bedrijfsdienst from The Netherlands in September 2021.

- In Switzerland, the Honegger AG group buys Onet’s facility management business in Switzerland (June 2022) and Investing Holding makes two transactions in Facility Services: Home Service AG (June 2022) and Rohr AG (March 2021).

- In Germany, the Apleona Group buys Siemens Gebäudemanagement & Services GmbH (March 2022) and Dr. Hoffmann Gebäuedienste buys the cleaning company Gebäudereinigung Daniel Baumann GmbH (December 2022).

Announced Date	Target Company	Target Description	Bidder Company	Bidder Description
15/7/22	ARTUS Ges. fuer Brand- und Wasserschadensanierung mbH	Germany-based damage restoration services provider	Castik Capital S.a.r.l.	Luxembourg-Munich based private equity firm. Investing 100-200M€ per transaction
30/6/22	Alba Facility Solutions GmbH	German facility management specialist;	DUBAG Group	Germany-based private equity firm focusing on special situations
12/4/22	InSitu Group (100% Stake)	France-based business support services provider (facility services, relocation, business centre)	Multicroissance Toulouse-Pyrenees SCR; IRDI Capital; Management;	France-based P.E. firm investing 0.2m-4M€ France-based P.E., investing up to EUR 2m;
24/3/22	GSF SA (100% Stake)	French provider of cleanliness and hygiene for industrial and commercial sites.	TowerBrook Capital Partners L.P.	US-based private equity firm investing 100-300M\$, in Europe and North America
18/3/22	Cantorclin Schoonmaak B.V.	Netherlands based national -top 10-cleaning organization, specialised in offices, cleanrooms, pharmacies, schools and retail.	NewPort Capital B.V.	Netherlands-based private equity firm investing 5-15M€ in Dutch companies
12/1/22	Dr. Hoffmann Gebäuedienste GmbH (100%)	Germany-based cleaning and facility management services provider	Beyond Capital Partners GmbH	Germany-based private equity firm that invests up to EUR 15m of equity
1/10/21	Resilians	France-based provider of emergency assistance and renovation services after fire and water damage on behalf of insurance companies for residential property	Motion Equity Partners	France-based private equity firm that invests 20-80M€ in control equity in Europe
16/9/21	COSAWA Sanierung GmbH	Germany based company engaged in cleaning building contaminants (poison, hazardous material), fire damage restoration and waste management	Kapital 1852 Beratungs GmbH	Germany-based private equity arm of Bankhaus Lampe
1/7/21	Gruppo Servizi Associati SpA	Italy-based provider of security, safety and facility management services	Eurizon Capital SGR SpA	Italy-based asset management firm

Most M&A in the sector is Cross-border

At local level there are fewer acquisitions in the soft FM sector and main growth option is organic

Finally, there were many cross-border transactions in Western Europe during this period. The hygiene, pest, and washroom services groups Elis and CWS were the protagonists of many transactions:

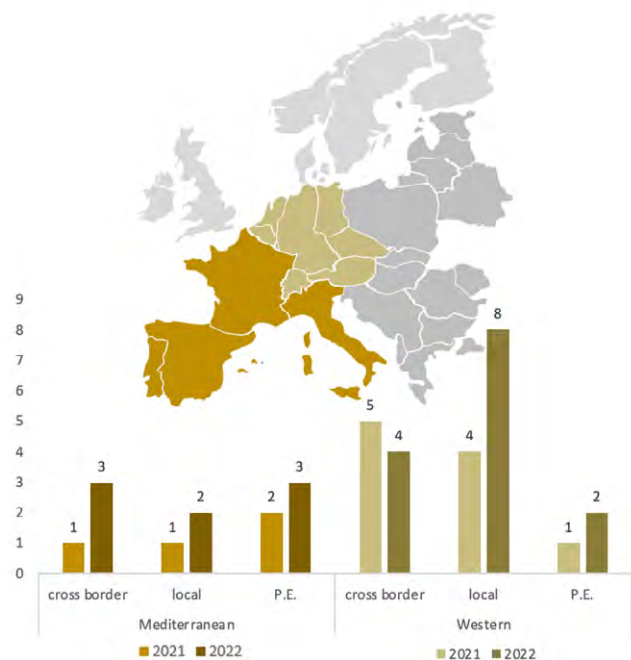
- In 2021, the French Elis group made acquisitions in Denmark (Chrisal Skadedyrservice, in pest control), the United Kingdom (Pure Washrooms Limited), Ireland (PestGuard Ltd.) and Belgium (Scaldis, in cleanroom clothing and cleaning).

- Germany's CWS has acquired the Irish company Service Matters (hygiene, workwear and facility services) in October 2021 and the Dutch cleaning company WERO specialistische reiniging B.V. in March of the same year.

- Finland's PHM Group acquired 100% of Schultz Gruppe, the German provider of facility services and technical building services, in October 2022.

On the other hand, while Samsic and ISS were expanding southward, with the Iberian acquisitions mentioned above, other Central European groups were expanding northward and northeast:

- Apleona GmbH acquired Combined Technical Solutions in the UK and FM Solutions in Poland, deals it carries out in October 2022.



- The Dutch group Vebego International BV buys the services business of the German company Hectas Facility Services, with more than 8,000 employees and around €200 million in turnover in Germany, Austria and the Netherlands (December 2021).

- France's Groupe Armonia acquires in the UK the business of Anabas Limited, with €20M of turnover in the facility services sector (March 2021).

- Germany's Dussman acquired The Janus Group in Austria in March 2021.

Source: Mergermarket



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