



Business Services M&A Update

Q3 2024

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CONTACTS



Trevor Hulett
Managing Director
thulett@rlhulett.com



Ryan Hartman
Senior Analyst
rhartman@rlhulett.com



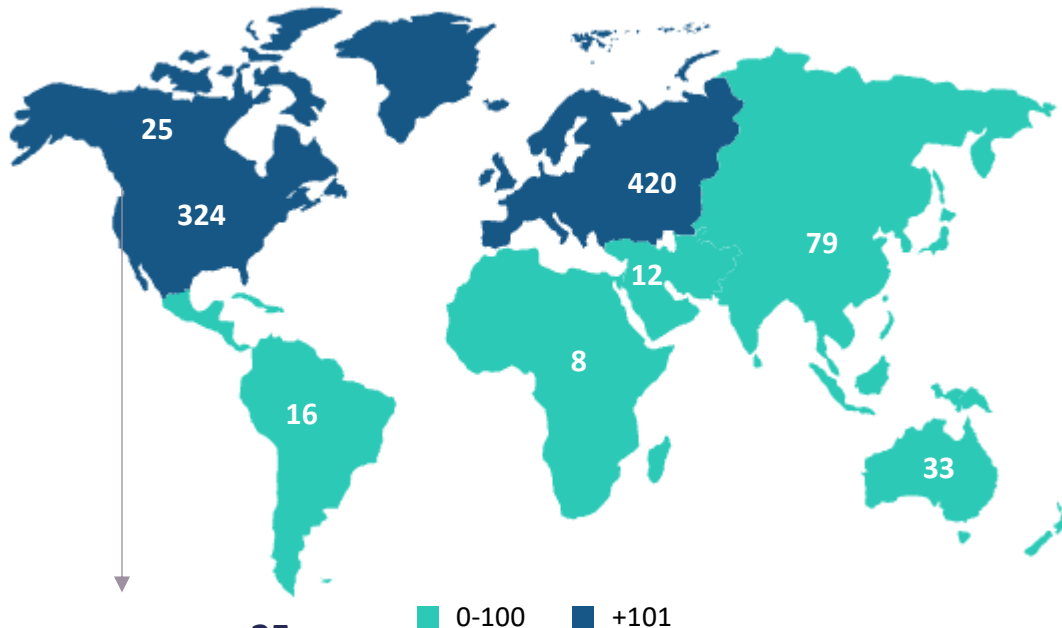
Charlie Meier
Analyst
cmeier@rlhulett.com

REPORT HIGHLIGHTS

- In Q3, S&P CSE Commercial & Professional Services Index decreased by 2.9% and was outperformed by the S&P 500, which increased by 5.3% over the same period.
- The median EV/EBITDA multiple for reported private equity deals decreased to 9.6x in YTD Q3 from 14.5x in 2023, and decreased for strategic deals to 6.6x from 7.7x in the prior year.
- M&A deal volume in the Business Services sector decreased 3.0% in Q3 to 917 deals from 945 deals in Q2, but increased 23.6% from 742 deals in Q3 of the prior year.
- As a % of total capital invested in M&A transactions, PE participation increased substantially in YTD Q3 to 65.7% from 50.8% in 2023.
- Europe was the most active region in Q3 with 420 deals. Most notably in Europe was Cinven's \$5.3 billion acquisition of Alter Domus, a Luxembourg-based provider of corporate advisory services, in July 2024.



Of the 917 deals in the Business Services sector in Q3, Europe was the most active with 420. A notable European deal (in addition to the Alter Domus deal mentioned on the previous page) was Partners Group’s \$995.1 million acquisition of Fairjourney Biologics, a Portuguese provider of biopharma contract research services, in July 2024. North America was the second most active with 349 transactions and all other regions combined for a total of 148 deals.



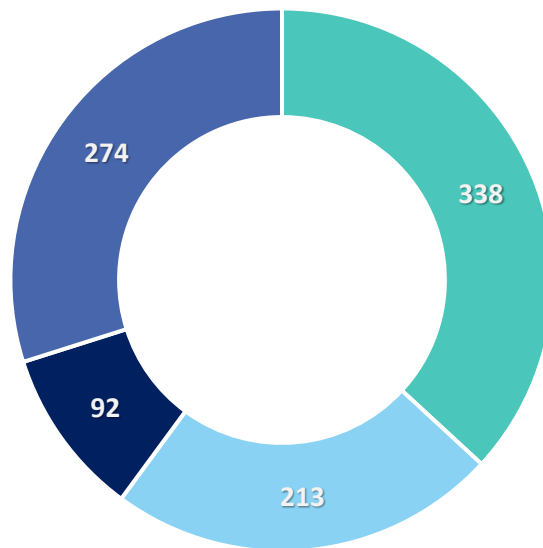
Canada:	25
United States:	324
Mid Atlantic:	66
West Coast:	63
Great Lakes:	54
Southeast:	54
Others:	87

In the U.S. market, the Mid Atlantic region was the most active area with 66 deals, followed by the West Coast with 63 closed transactions. Most notably in North America was Permira’s \$7.2 billion acquisition of Squarespace, a New York-based provider of subscription-based website building software, in September 2024. The Great Lakes and Southeast regions each saw 54 transactions and all other U.S. regions combined for a total of 87 completed deals.

Outside of the U.S. in the North American market, 25 transactions closed in the Canadian market in Q3 2024.

Of the 917 Business Services deals in Q3, 338 deals were in the Media & Information Services subsector, making it the most active from an M&A volume standpoint. Consulting Services was the second most active with 213, followed by Human Capital Services with 92 reported deals. All other transactions combined for a total of 274 deals in the quarter

Deal by Subsector



Media & Information Services

Consulting Services

Human Capital Services

Other

VERICAST

Heyday

mim Mega-info Media
兆讯传媒

SUPPONOR

STRADA

eres

wsp

enmac

Belcan
a cognizant company

HR Path.
Your way to people success

Recruiter.com™

AIGATE

FairJourney
Biologics

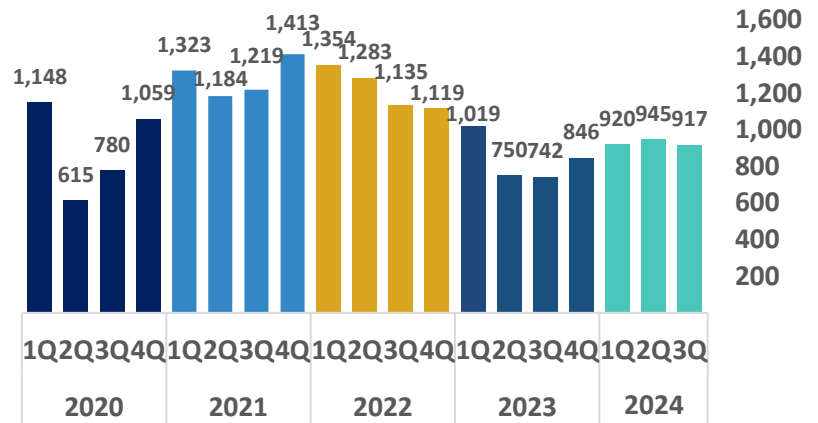
TOPS LLC
TOTAL OPERATIONS & PRODUCTION SERVICES

Xtend
Healthcare

GLOBAL GROUP

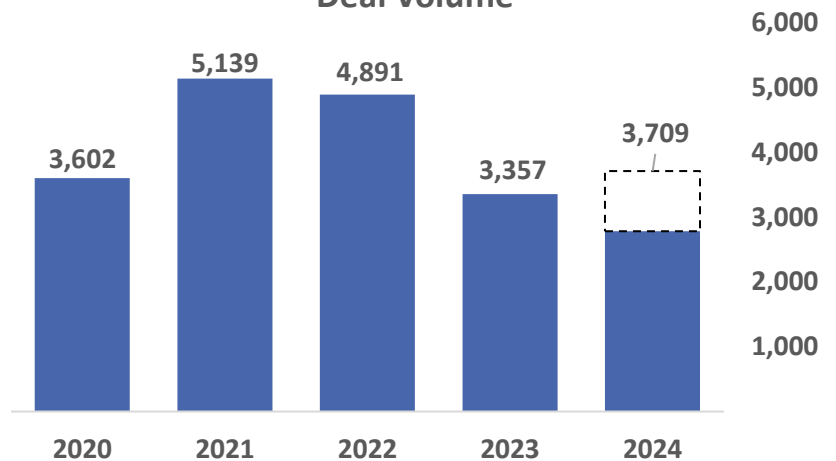
Deal volume in the Business Services sector decreased 3.0% in Q3 to 917 deals from 945 deals in Q2, but increased 23.6% from 742 deals in Q3 of the prior year. Q3 represents a reversal of the trend of increasing quarterly deal volume seen from Q3 2023 to Q2 2024.

Deal Volume



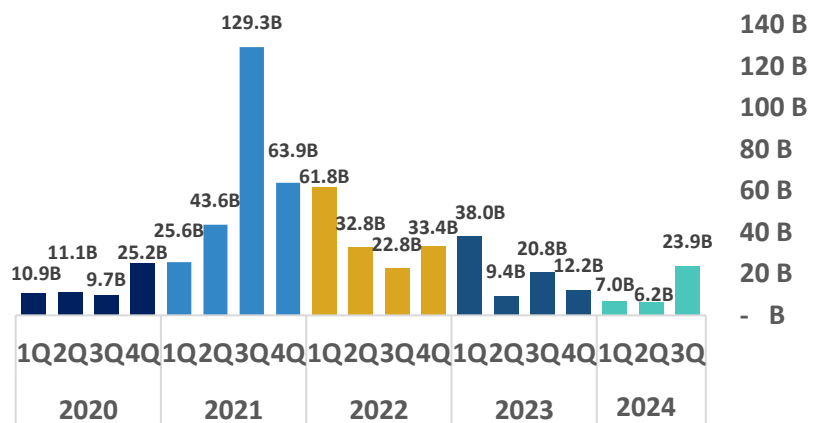
Based on activity through Q3, M&A deal volume in the sector is anticipated to increase 10.5% to 3,709 deals in 2024 from 3,357 in 2023. We attribute this uptick in deal volume to a more positive outlook on future market conditions in the coming quarters, with the Fed cuts in interest rates and the election moving to the rearview mirror.

Deal Volume



Total capital invested in M&A deals in the Business Services sector increased 285.5% in Q3 to \$23.9B from \$6.2B in Q2, and increased 14.9% from \$20.8B in Q3 of the prior year. The increase from the prior quarter is primarily due to an increase in large cap transactions from one \$1.9B deal in Q2 to five in Q3 totaling \$16.3 billion.

Total Capital Invested

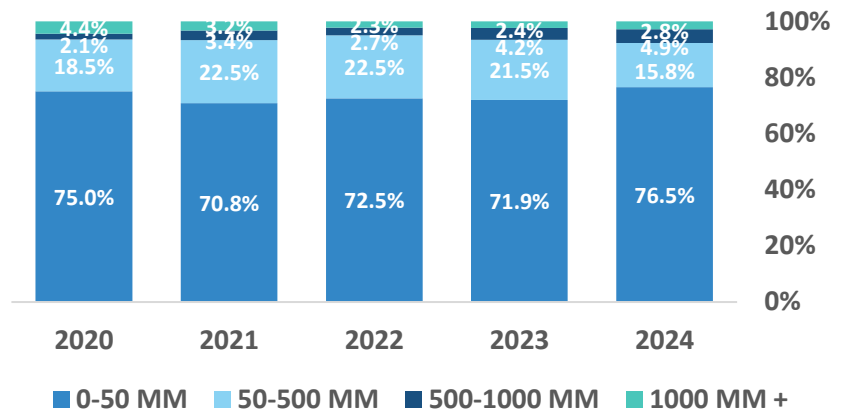


YTD through Q3, we generally saw a shift in mix towards smaller-sized deals from the prior year, specifically in the lower middle market (\$0 - \$50 MM), which increased to 76.5% from 71.9% in 2023, while the middle market (\$50 - \$500 MM) decreased to 15.8% from 21.5% in the prior year. The upper middle (\$500 - \$1000 MM) and large cap (\$1000 MM+) tranches of the market saw increases to 4.9% and 2.8% in 2024 from 4.2% and 2.4% in 2023, respectively.

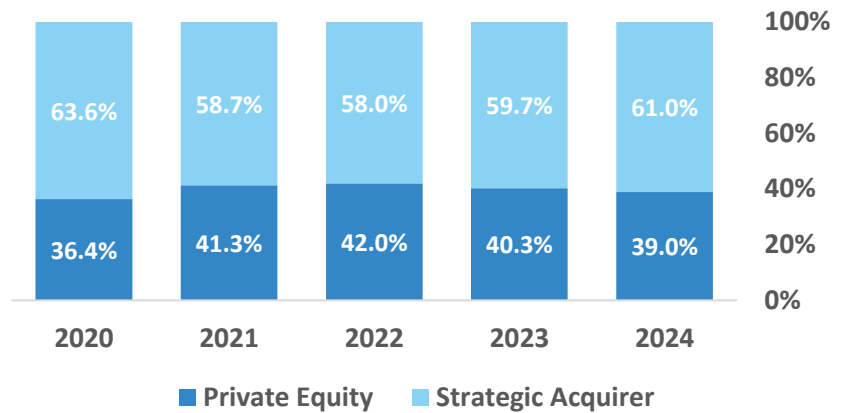
As a % of total deal volume, PE buyers have trended lower so far in 2024 relative to strategic buyers, representing 39.0% of deal volume in the sector compared to 40.3% in 2023. YTD Q3 2024 marks the lowest level of participation in the sector (from a volume standpoint) from PE buyers versus strategic buyers since the pandemic in 2020.

Despite the trend in deal volume, total capital invested by PE investors (as a % of overall capital invested) increased significantly in YTD 2024 to 65.7% from 50.8% in 2023. The 3 largest deals in Q3 were completed by PE acquirers, which drove their % of capital invested higher relative to strategic buyers' share.

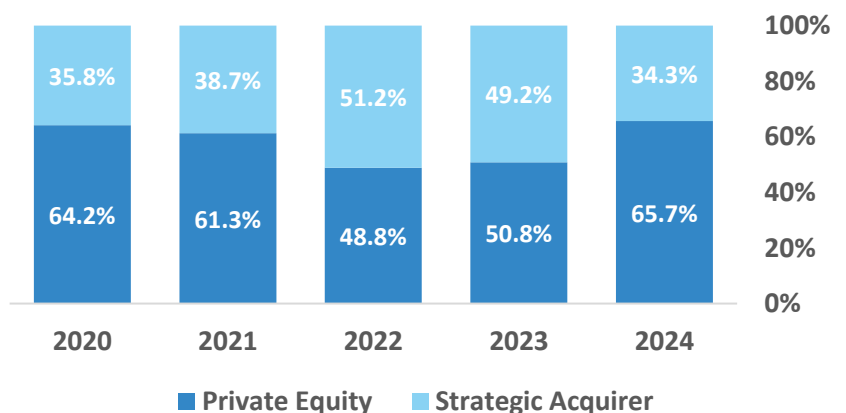
Deal Volume by Deal Size



Deal Volume by Acquirer



Total Capital Invested by Acquirer

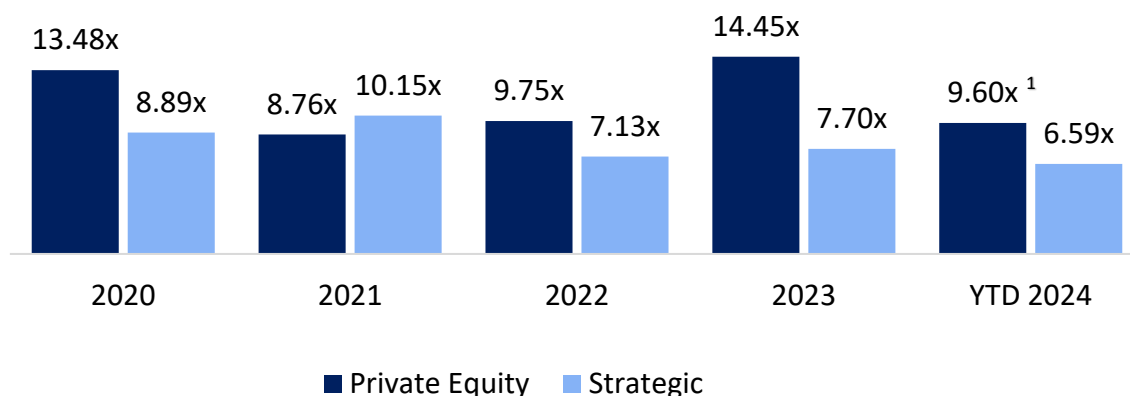


The median EV/EBITDA multiple for reported private equity deals decreased to 9.60x in 2024 from 14.45x in 2023, and decreased for strategic deals to 6.59x from 7.70x in the prior year.

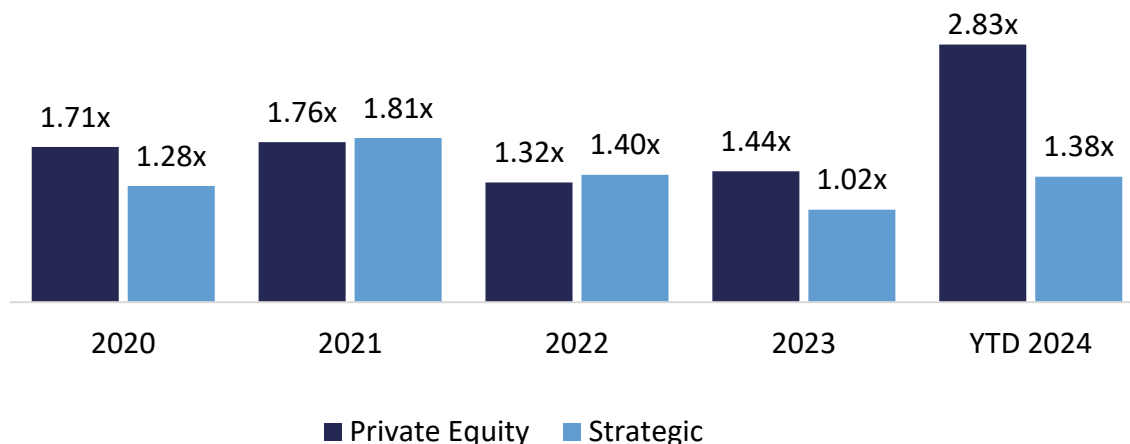
The median EV/Revenue multiple for reported private equity deals increased to 2.83x in 2024 from 1.44x in 2023, and increased for strategic deals to 1.38x from 1.02x in the prior year.

2024 marks the lowest median EV/EBITDA multiple for strategic buyers in the past five years.

Reported EV/EBITDA Multiples


















Reported EV/Revenue Multiples



¹ Only one PE EV/EBITDA multiple was reported in Q3 2024 and is excluded for being an outlier.

Active Strategic Investors








Investor	YTD Business Svs. Inv.	Select Targets
	7	   
	5	   
	4	   

Active Private Equity Investors

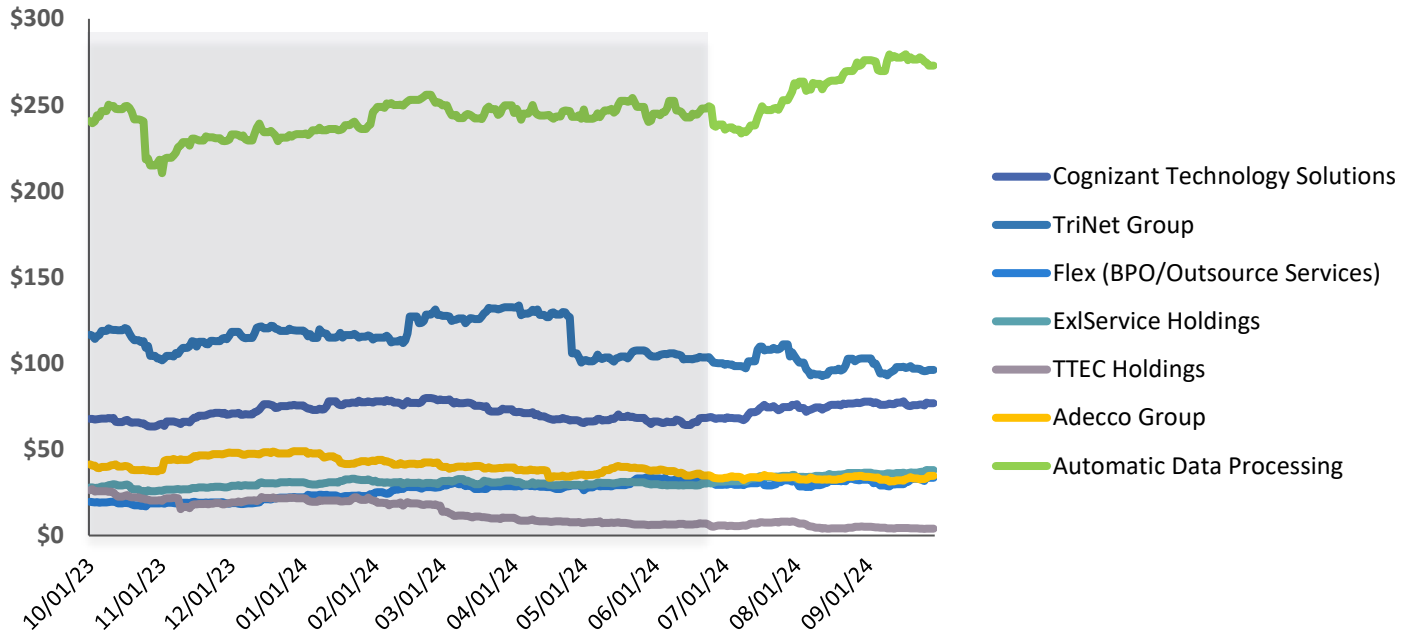
Investor	YTD Business Svs. Inv.	Select Targets
	11	   
	10	   
	7	   

Largest Deals (Disclosed)

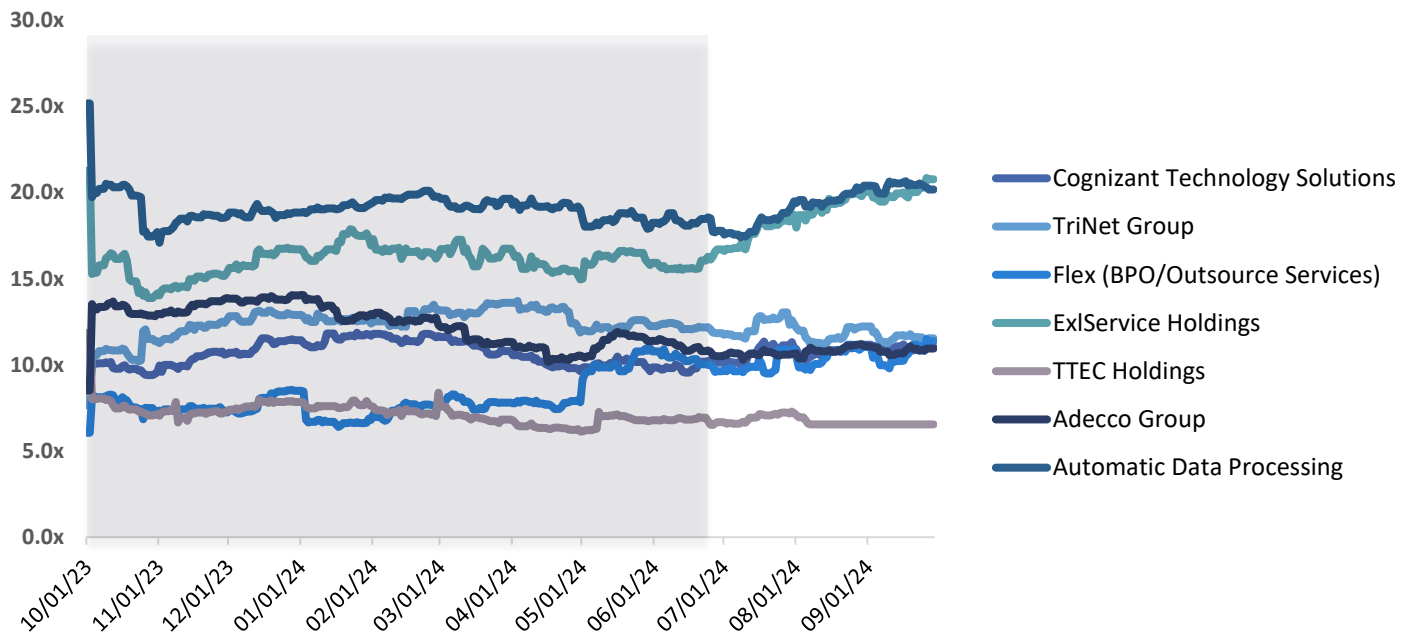
Deal Date	Company Name	Investor	Deal Type	Deal Size (\$mm)	EV		Target Business Description
					Revenue	EBITDA	
20-Sep-2024	BioVectra	Agilent Technologies	Merger/ Acquisition	\$ 925.0	7.12x		Provider of contract development and manufacturing services intended for intermediates and active pharmaceutical ingredients.
19-Sep-2024	Xtend Healthcare	Cannae Holdings	Buyout/ LBO	365.0			Provider of revenue cycle outsourcing services for hospitals and the healthcare sector.
17-Sep-2024	Serán	Bain Capital	PE Growth/ Expansion	200.0			Operator of a contract development and manufacturing organization (CDMO) intended for pharmaceutical and biotechnology companies.
16-Sep-2024	HR Path	Undisclosed Investor	PE Growth/ Expansion	221.9			Provider of human capital management services dedicated to supporting businesses in their digital transformation.
13-Sep-2024	Squarespace	Permira	Buyout/ LBO	7,200.0	6.22x	60.37x	Provider of subscription-based website-building software and hosting services primarily servicing entrepreneurs and micro businesses.
05-Sep-2024	Heyday	Branded	Merger/ Acquisition	521.0	1.30x		Operator of a data-driven company intended to accelerate digital brands for today's consumers.
30-Aug-2024	Total Operations and Production Services	Archrock	Merger/ Acquisition	983.0			Provider of gas compression systems intended to facilitate energy production.
27-Aug-2024	Belcan	Cognizant Technology Solutions	Merger/ Acquisition	1,300.0	0.07x		Provider of engineering project management and technical staffing services intended to serve the aerospace, automotive, industrial, and government sectors.
27-Aug-2024	Pepr	Electric Guitar	Merger/ Acquisition	198.6			Provider of marketing performance platform catering to deliver personalized brand experiences.
19-Aug-2024	WSP Global	British Columbia Investment Management	PIPE	417.2			Provider of engineering and design services to clients in the Transportation and Infrastructure, Property and Buildings, Environment, and other Industry sectors.
31-Jul-2024	Eres	Eurazeo	Buyout/ LBO	643.5			Provider of employee beneficiary consulting services focused on creating and distributing products that connect companies and their employees.
23-Jul-2024	Alter Domus	Cinven	Buyout/ LBO	5,299.0			Provider of fund and corporate advisory services intended to serve international private equity and infrastructure houses, real estate firms and other industries.
22-Jul-2024	Vericast	Chatham Asset Management, R.R. Donnelley & Sons	Buyout/ LBO	1,330.0			Provider of digital and print marketing services based in the United States.
18-Jul-2024	Mega-info Media	366 Mobile Internet Technology Co., Ltd.	Merger/ Acquisition	316.8	0.89x	1.26x	Provider of high-speed rail digital media resources.
12-Jul-2024	Strada	H.I.G. Capital	Buyout/ LBO	1,200.0			Provider of technology-enabled payroll, human capital management, and professional services.
09-Jul-2024	Fairjourney Biologics	Partners Group	Buyout/ LBO	995.1			Provider of biopharma contract research services intended to offer antibody discovery and engineering services to global pharma.
05-Jul-2024	QX Global Group	Long Ridge Equity Partners	PE Growth/ Expansion	164.5			Provider of business process management services intended for business transformation in the areas of finance, accounting, and recruitment operations.
03-Jul-2024	HR Path	Ardian	PE Growth/ Expansion	537.7			Provider of human capital management services dedicated to supporting businesses in their digital transformation.
Mean				1,267.7	3.12x	30.82x	
Median				590.6	1.30x	30.82x	
High				7,200.0	7.12x	60.37x	
Low				164.5	0.07x	1.26x	

Target	Investor	Driver	Deal Synopsis
 SQUARESPACE		Buyout/LBO	Squarespace, a New York-based provider of subscription-based website building software, was acquired by Permira for \$7.2 billion in July 2024. The acquisition allows Permira to capitalize on Squarespace’s distinct, globally recognized brand, while providing the company with operational freedom away from the pressures of public market scrutiny.
alterDomus*		Buyout/LBO	Alter Domus, a Luxembourg-based provider of corporate advisory services, was acquired by Cinven for \$5.3 billion in July 2024. Cinven’s investment will enable Alter Domus to further expand its private debt and corporate services, with a focus on enhancing technology-enabled partnerships with top-tier alternative investment firms globally.
		Buyout/LBO	The Digital & Print Marketing business division of Vericast was acquired by R.R. Donnelley & Sons (“RRD”), via its financial sponsor Chatham Asset Management, through a \$1.3 billion LBO in July 2024. The acquisition strengthens RRD's marketing services offering, further establishing the company as a leader in the marketing sector.
 a cognizant company		Merger/ Acquisition	Belcan, a Cincinnati-based provider of engineering project management and staffing services, was acquired by Cognizant Technology Solutions (“Cognizant”) for \$1.3 billion in August 2024. The acquisition strengthens Cognizant's engineering capabilities and increases its presence in the high-growth aerospace and defense services market.

Stock Price

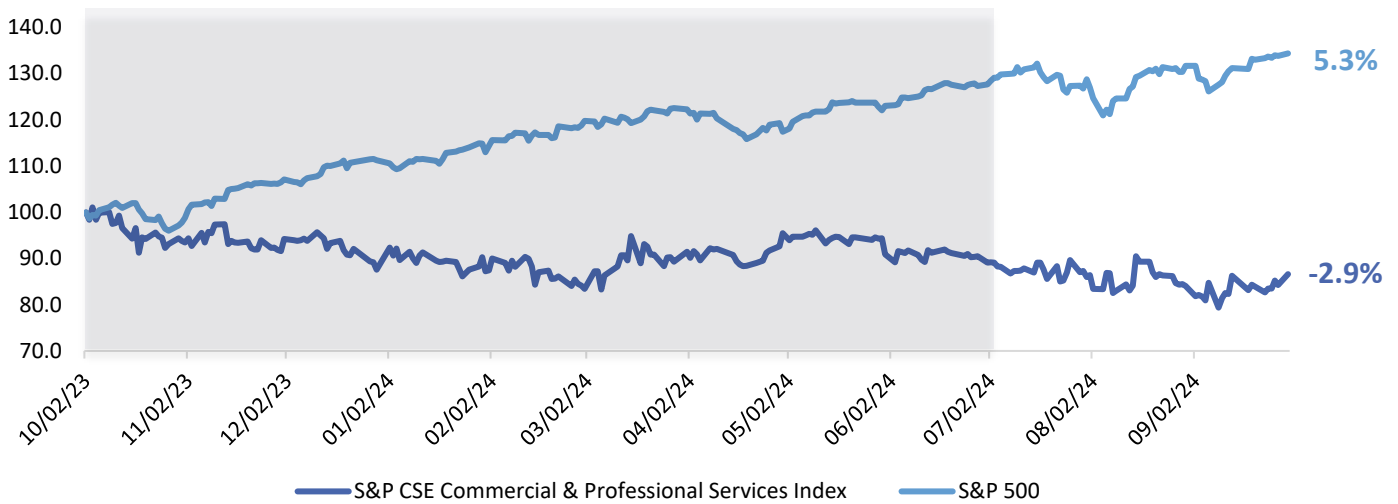


EV/EBITDA



Index Performance

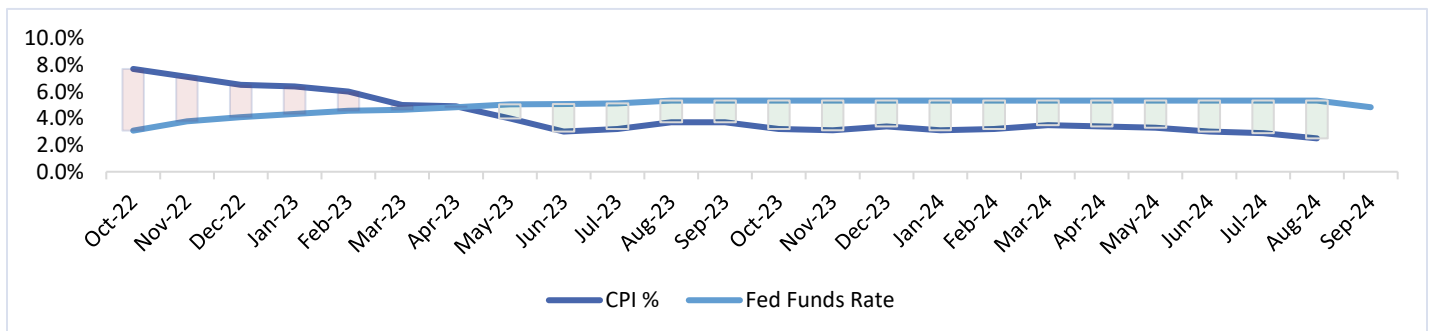
The S&P CSE Commercial & Professional Services Index decreased by 2.9% and was outperformed by the S&P 500, which increased by 5.3% over the same period.



Key External Drivers

Overall, the Business Services sector tends to be more stable and resistant to volatility in the broader economy than other industries due to its diverse client base and essential nature. By catering to a wide range of industries, it reduces dependency on any single sector and mitigates risks associated with specific market downturns. Additionally, many services provided, such as accounting, legal, IT support, and consulting, are mission-critical for business operations, ensuring ongoing demand even during economic downturns as companies must maintain compliance, manage finances, and optimize operations.

The Federal Reserve implemented its first interest rate cut in more than four years following a mid-September meeting, lowering the federal funds rate by 0.50%. This marks the start of what many economists predict will be a series of cuts over the next 1-2 years. The decision comes after a year of holding rates steady in the 5.25% to 5.50% range, following 11 rate hikes between March 2022 and July 2023 aimed at combating record inflation. With inflation now closer to the Fed’s 2% target, many experts anticipate further rate cuts through 2025. This move could ease borrowing costs, potentially narrowing the gap between seller expectations and buyer offers in M&A transactions, which may lead to increased deal volume.



Emerging trends in the Business Services sector:



AI-Powered Customer Service

Revolutionizing Client Interaction

AI tools such as chatbots and virtual assistants are reshaping customer service by providing 24/7 support and automating responses to common queries. This not only enhances customer satisfaction but also reduces operational costs, allowing businesses to allocate resources more efficiently.



Robotic Process Automation (RPA)

Streamlining Repetitive Tasks

RPA is transforming business operations by automating repetitive, manual tasks, allowing employees to focus on more strategic initiatives. This technology is improving productivity, reducing errors, and speeding up processes in sectors such as accounting, HR, and customer service.



Employee Experience (EX) Focus

Enhancing Workforce Engagement

Companies are investing more in employee experience, offering flexible work options, wellness programs, and professional development opportunities. By prioritizing EX, businesses aim to improve retention, boost morale, and increase overall productivity, recognizing the link between employee satisfaction and business success.



Cybersecurity as a Service (CaaS)

Protecting Digital Assets

As cyber threats grow, businesses are turning to third-party providers for managed cybersecurity services. CaaS offers continuous monitoring, threat detection, and protection against cyberattacks, allowing companies to focus on core operations while safeguarding their digital assets.



Proven, Professional, Principled.

Investment Bankers for the Middle Market

About

R.L. Hulett is a middle-market investment bank based in St. Louis, Missouri, providing M&A and financial advisory services to middle-market companies. Since its founding in 1981, the firm has advised in over 280 transactions in a variety of industries including Business Services, Packaging, Food & Consumer, Industrials, Transportation & Logistics, Healthcare and Software/Tech-Enabled Services. The firm has an experienced team of M&A advisors consisting of former business owners, seasoned corporate executives, professional service firm partners, CPAs and MBAs. Our ability to deliver customized solutions to meet or exceed our clients' expectations is what sets us apart from our competitors.

Our Clients

\$10 - 250MM
Revenue

\$2 - 20MM
EBITDA

Middle Market
Privately Owned

Industries Served



**Business
Services**



Healthcare



**Tech-Enabled
Services**



Industrials



**Transportation
& Logistics**



**Food &
Consumer**





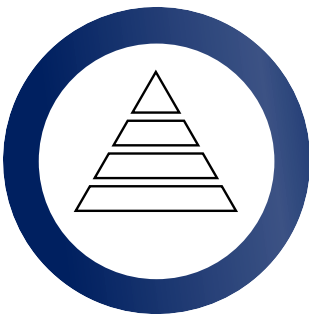
Sell-Side Advisory: Sell your business

Sell your business for the highest price and for the best terms. At R.L Hulett, communicating the value of your business to targeted buyers and finding the best fit for your team is our forte. We strive to maintain your company's culture and heritage even as you transition out of your business.



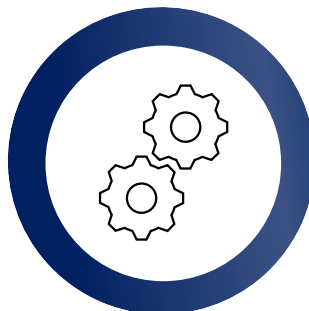
Buy-Side Advisory: Buy a business

Searching for acquisition targets can be a challenging and time-consuming task when trying to run your own business at the same time. Navigating the risks and pitfalls in negotiating valuation and deal structure can also be a daunting task for many business owners. Let our team help you minimize your risk and reduce time wasting efforts with our decades of experience in advising in both buy and sell-side M&A transactions. We utilize industry-leading M&A databases to scout for opportunities and pre-screen for "real" actionable targets so you can stay focused on what matters.



Capital Raise: Gain financial support

With nearly 40 years of experience in middle-market M&A advisory, we know how to package up your deal and put you in front of the right kind of investors who have the capital and the industry expertise you need to grow your business. Our team will develop a go-to-market strategy and advise on deal structure, valuation, due diligence and transition issues. Whether you are seeking capital for growth or trying to buy out other shareholders, we have the tools, expertise, and experience to execute a strategic process and find the optimal outcome to meet your objectives.



Restructuring: reorganization of your business

In today's uncertain economic times, more and more companies are finding themselves in unfamiliar, and unwanted, positions. Many business owners are hoping recovery is just around the corner; however, proactive measures are often required to maximize the remaining value of the business. Our team can aid banking institutions with workout situations by implementing internal controls over cash management and performing on-going cash flow modeling for their clients. We can also help business owners avoid having trouble making payments on their debts and avoid the cumbersome and low-value asset liquidation process.

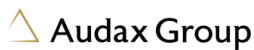
Below are two recent transactions facilitated by R.L. Hulett, showcasing our expertise in the Business Services Industry. Each transaction exemplifies our commitment to delivering exceptional value and strategic growth for our clients.



has sold substantially all of its assets to



a portfolio company of



The Seller: Griffin Personnel Group, Inc., located in O’Fallon, Missouri, is a leading provider of employment verification, background check, credentialing, fingerprinting and contract security services. The Company was founded in 1989 by Thomas Griffin. For over 30 years, GPG has been serving large corporate customers primarily in the healthcare sector but has also a variety of others including food & beverage, IT services, utilities and financial services. On closing the transaction, CEO and Founder, Tom Griffin, said “We are excited for the opportunity to partner with the DISA team and are looking forward to the next chapter of growth for Griffin Personnel.”

The Buyer: DISA has been an industry leading provider of drug & alcohol testing, background screening, compliance for DOT/Transportation, and occupational health services. More than 40,000 companies, including 1 Fortune 500 company, use DISA for their employee screening and compliance needs.



has sold substantially all of its assets to



The Seller: ISI, located in St. Louis, Missouri, is a leading provider of audio/visual (“A/V”) production services for live and virtual events as well as integration services for corporate A/V system installations. The company was founded by Bob and Stacy Horner in 1997 and has built a reputation over the past 25 years as the creator of some of the highest quality and most memorable events in the St. Louis region and beyond. The Company has steadily grown to become one of the Midwest’s leading event production companies. On closing the transaction, CEO and Founder, Bob Horner said “We are excited for the opportunity to partner with the Markey’s team and are looking forward to the next chapter of growth for Ironman Sound.”

The Buyer: Established in 1959, Markey’s is a leading provider of event technology services including rental & staging for live events, in-house support services for convention centers and hotels, on-site corporate services, production services, computer rental and creative services. As an employee-owned business, Markey’s prides itself on exceeding customer expectations and proactively responding to the needs of its customers.

Over the years, R.L. Hulett has completed hundreds of transactions in a wide variety of industries. Below are several representative transactions. Please note that this list is not comprehensive.



INTELICA CRE
COMMERCIAL REAL ESTATE

has sold substantially
all of its assets to



JRES JAMES
REAL ESTATE
SERVICES



R. L. Hulett



TRILOGY WAREHOUSE PARTNERS

has partnered with



REFRIG WAREHOUSE

a portfolio company



T tilia



R. L. Hulett



GADELLNET
accessible IT solutions

has acquired



BLUEKEY
TECHNOLOGY



R. L. Hulett



**Federated
Software
Group, Inc.**

has been acquired by



BOEING



R. L. Hulett



PohlmanUSA

has been acquired by

Cottonwood Acquisitions



R. L. Hulett



**MEDIA
PULSE**
INCORPORATED

has been acquired by



CISION



R. L. Hulett



R. Trevor Hulett, CPA
Managing Director
(314) 721-0607 x112
thulett@rlhulett.com

Mr. Hulett has led M&A transactions in a variety of industries including manufacturing/industrial, software development/IT, business services and value-added distribution for over 15 years. Prior to joining the firm, he held senior level accounting and financial management positions in both public accounting and large corporations. Mr. Hulett began his career as a Certified Public Accountant with MPP&W, a St. Louis-based public accounting firm specializing in middle market companies. He then held various management positions in internal audit and corporate accounting with a Fortune 1000 industrial manufacturing company and also spent nine years with Enterprise Rent-A-Car Company as a department manager in the Corporate Accounting group. Mr. Hulett holds his Series 62, 63 and 79 securities registration. Mr. Hulett earned a Bachelor's Degree in Accounting from the University of Missouri, Columbia.



Robert L. Hulett
Chairman Emeritus
(314) 721-0607 x134
rlhulett@rlhulett.com

Mr. Hulett founded the firm in 1981 and has negotiated and completed more than 200 transactions throughout his career. He began his career as a Certified Public Accountant and practiced with Peat, Marwick, Mitchell & Co. in St. Louis as an Audit Manager and in New York as the Director of Training for Private Business. Mr. Hulett has also served as Chief Executive & Board Member for various middle market companies. As an educator, he was an adjunct professor at New York University and a tenured faculty member at Lindenwood University in St. Louis. He conducted training sessions for middle market CPA firms throughout the country for more than ten years. Mr. Hulett earned his BS/BA Cum Laude in Accounting from the University of Missouri-Columbia, and an MBA from Lindenwood University.



Ron Litton
Director
(816) 810-0799
rlitton@rlhulett.com

Mr. Litton has been advising business owners in mergers and acquisitions since 2013. His primary industry focus areas have included industrials, paper and packaging, distribution, energy, promotional products and direct to consumer e-commerce. Prior to 2013, Mr. Litton held a variety of C-level roles with several companies in the paper and packaging industry including Unisource, Maverick Paper, Universal Graphics and Sabin Robbins. He has bought and sold a number of businesses, advised in the sale of family/founder owned businesses, and advised in start-ups and turnaround situations for banks, owners, and private equity firms. He enjoys working with owners that want to sell or transition out of their businesses. Ron covers the Kansas City and surrounding markets for the firm. He graduated from Central Missouri State University with a BS in Graphic Arts Technology and Management.



David T. Vass
Director
(314) 721-0607 x115
dvass@rlhulett.com

Mr. Vass has over 30 years of business management experience including more than 10 years as President of a highly successful consumer products manufacturing company with revenues exceeding \$25 million. During this time, he not only reversed a declining sales and earnings trend, but increased both sales and operating income over 100%. In addition, he has spent over 20 years at the executive level of Vice President of Sales and Business Development. Mr. Vass also has experience in a number of other industry niches including consumer products, commercial furniture and fixtures and metal recycling. He holds a Bachelor's Degree in Economics from DePauw University and an MBA from the University of Michigan.



Ryan Hartman
Senior Analyst
(314) 721-8027
rhartman@rlhulett.com

Ryan provides analytical support for senior-level deal managers and, as a senior analyst, supervises the preparation of confidential memorandums, financial models and industry research reports. Ryan graduated with a Bachelor of Science degree in Finance from The Freeman School of Business, Tulane University. Prior to joining the firm, Ryan worked as an equity analyst for Burkenroad reports, an equity research program that produces widely circulated financial reports on small- to medium-sized companies. During his time at Tulane University, Ryan was elected as Vice President of Administration for Tulane's community government, took extensive courses in Investment Banking M&A transactions, and volunteered as a data analyst for American Red Cross.



Charlie Meier
Analyst
(314) 721-8027
cmeier@rlhulett.com

Charlie provides transaction support for senior-level deal managers including financial modeling, valuations, industry research, offering memorandums and a variety of presentations. He graduated with a Bachelor of Science in Business Administration Degree with a major in finance and banking from the Trulaske College of Business, University of Missouri. Prior to joining the firm, Charlie worked as an investment analyst for the University of Missouri's Investment Fund Management Program. During his time at University of Missouri, Charlie was elected as Recruitment Chairman for the Phi Delta Theta Fraternity and took extensive courses in Banking.



Lynda Hulett
Marketing
(314) 721-0607 x 104
lhulett@rlhulett.com

Lynda Hulett leads the firm's marketing, administrative and communication efforts. She maintains the firm's proprietary CRM database, manages outbound firm communications and provides administrative support to senior deal managers. Prior to joining R.L. Hulett, Lynda spent the previous ten years in various marketing and administrative functions. Most recently, she worked as a client liaison providing administrative support for a CPA firm. Prior to that, she was employed by Moneta Group, a financial services advisory firm, where she provided marketing and administrative support to the client managers. Lynda graduated from the University of Missouri – Columbia, receiving her business degree with an emphasis in Marketing.



Trusted Advisors. Tenacious Advocates.

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