

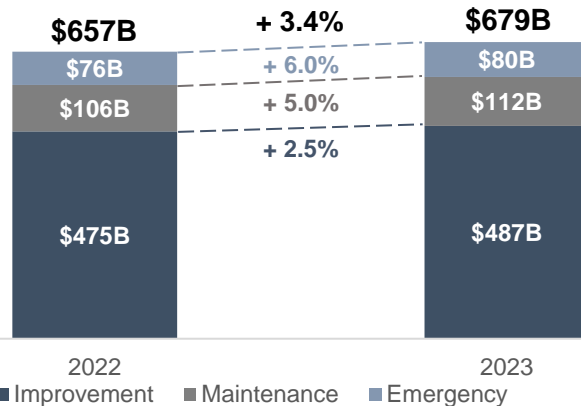


# Founders Advisors Home Services M&A Update Q1 2024

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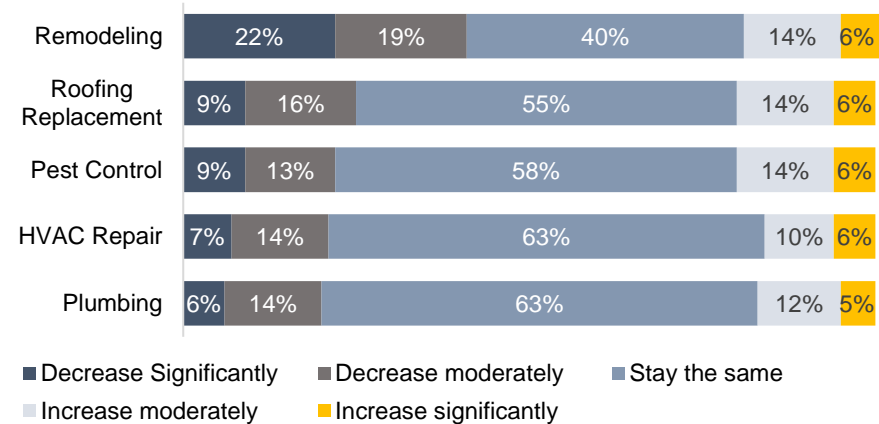
# Home Services M&A Overview

## Home Services Market Size and Growth



Source: Studies at Harvard University, Angi, Founders Market Research

## Planned Home Services Spending



Source: Harris Williams

## Home Services Market Update

- Construction of new homes decreased 14.7% in March to a seasonally adjusted annual rate of 1.32 million units, even though America is facing a housing shortage<sup>1</sup>
- In March 2024, existing home sales fell in the Midwest, South, and West, but rose in the Northeast<sup>2</sup>
- Home improvement spending is expected to drop by over \$30 billion in 2024, but this decrease in spending should plateau by the end of the year<sup>3</sup>
- Private Equity funds continue to aggressively pursue investments in home services businesses with a compelling value proposition, strong sales growth, and recurring revenue streams:
  - Residential Roofing:** Re-roofing is a major focus for many Private Equity firms in 2024
  - HVAC:** HVAC multiples have declined slightly as add-on volume increases
  - Pool Services:** residential pool cleaning and maintenance businesses with over 1,000 customers are attracting substantial interest from Private Equity
- Whether you are currently considering a sale of your business or simply interested in understanding your strategic options, Founders Advisors' Home Services team would be happy to speak with you

(1) Source: US Department of Housing and Urban Development; US Census Bureau

(2) Source: National Association of Realtors: Existing-Home Sales Data

(3) Source: Harvard University Q4 2023 Lead Indicator of Remodeling Activity Report

## What We Are Reading

WSJ

[What Recession? Growth Ended Up Accelerating in 2023](#)

[Revolutionizing the Home Services Industry Using Generative AI](#)



amenify

[Exploring Trends and Opportunities in the US Home Services Industry](#)

# Relevant Recent Home Services Transactions

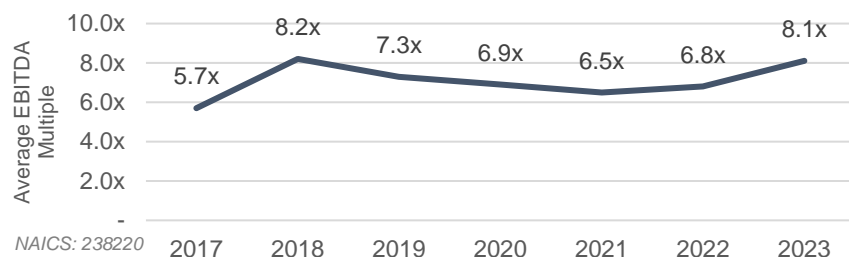
Seller	Acquirer	Date	Sector	Description of Seller
<b>Yummy Pools</b>	Trivest	Mar. 26, 2024	<b>Pool Services</b>	Provider of professional pool cleaning services intended to serve residential pool owners across Atlanta, GA.
<b>Andy's Pool Service</b>	Gold Medal Pools	Feb. 12, 2024	<b>Pool Services</b>	Provider of professional pool cleaning services serving Atlanta, GA and the surrounding areas.
<b>U.S. Lawns</b>	Eversmith Brands, The Riverside Company	Feb. 1, 2024	<b>Landscaping</b>	The company's services include landscape maintenance, improvements, lawn care, irrigation, snow and ice management, and hardscape.
<b>Ridgeline Roofing &amp; Restoration</b>	Bertram Capital	Jan. 19, 2024	<b>Roofing</b>	Provider of roofing services intended to serve residential and commercial properties in the Southeast.
<b>Conditioned Air</b>	Genesis Park	Dec. 18, 2023	<b>HVAC</b>	Provider of heating, ventilation and air conditioning (HVAC) services intended to serve customers of Southwest Florida.
<b>Guardian Pools Services &amp; Repairs</b>	Pool Troopers	Dec. 11, 2023	<b>Pool Services</b>	Provider of pool services and repairs designed to ensure healthy swimming experiences for residential pool owners.
<b>Brothers Gutters</b>	Riverside Company	Dec. 7, 2023	<b>Roofing</b>	Provider of gutter installation and maintenance services based in Houston, Texas.
<b>Triangle Heating, Cooling, Plumbing &amp; Electrical</b>	Sila Heating & Air Conditioning	Nov. 30, 2023	<b>HVAC</b>	Provider of heating, cooling, electrical and air conditioning services intended to serve customers across Pennsylvania.
<b>Prime Pool Service</b>	Pool Troopers	Nov. 14, 2023	<b>Pool Services</b>	Operator of a full-service pool cleaning, repair and maintenance company servicing both residential and commercial customers.
<b>Meliora Landscape Group</b>	Landscape Workshop	Oct. 9, 2023	<b>Landscaping</b>	Provider of landscaping services intended to serve both residential and commercial customers.
<b>American Landscaping Partners</b>	Shoreline Equity Partners	Aug. 7, 2023	<b>Landscaping</b>	Provider of residential and commercial landscaping services across the United States.
<b>Knight Plumbing, Heating &amp; Air Conditioning</b>	Gryphon Investors	Jul. 19, 2023	<b>HVAC</b>	The company offers services such as plumbing repair, sewer cleaning, leak detection, prevention, and other air services.
<b>Cardinal Roofing and Restoration</b>	Northpoint Roofing Systems	Jun. 13, 2023	<b>Roofing</b>	Provider of roofing services intended to serve residential and commercial properties.
<b>Georgia Scapes</b>	OneOutdoor Holdings	Jun. 12, 2023	<b>Landscaping</b>	The company offers general landscape and grounds management services to commercial and residential customers.
<b>Allstar Construction</b>	Morgan Stanley Capital Partners	Apr. 26, 2023	<b>Roofing</b>	The company offers residential roofing, storm damage repair, windows and doors installation, and gutter installation services.

Founders advised Yummy Pools in the transaction with Trivest. Founders also advised Ridgeline Roofing & Restoration in the transaction with Bertram Capital.

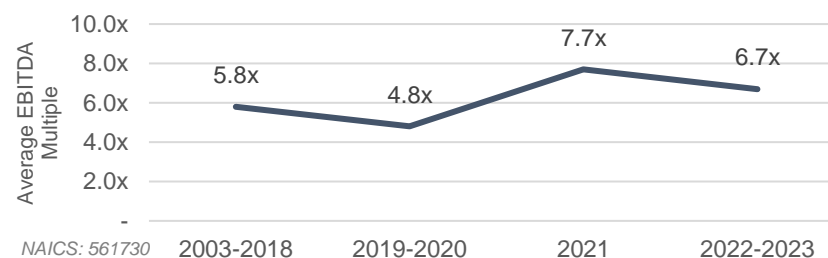
# Home Services Subsector Valuation Trends

Home Services valuations are trending up across the board with deal volumes also increasing in Roofing, Landscaping, and HVAC.

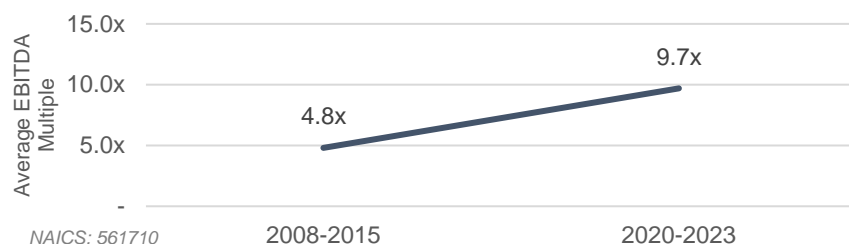
## HVAC / Plumbing / Electrical



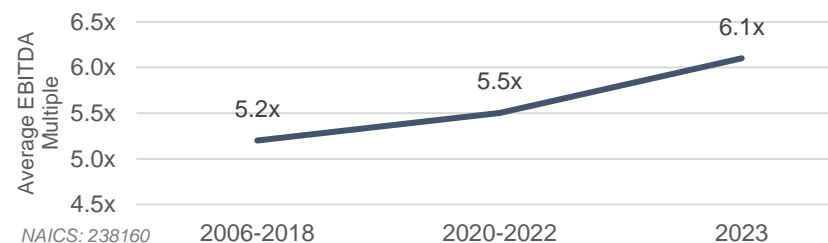
## Landscaping



## Pest Control



## Roofing



Source: Private Middle Market M&A Transactions – GF Data

## Home Services Buyer Feedback

Maintenance and repair businesses bring higher multiples than product or construction companies.

If you can prove out greenfield growth and validate 4-12 markets, valuations can increase into the double-digits.

Management teams that are eager to grow organically and through M&A are very attractive.

In seasonally cyclical home service businesses, having multiple locations across geographies diversifies revenue streams and risk.

# Founders' Q1 Home Services Transactions

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Founders has strong, relevant experience and deep relationships with buyers focused on Home Services companies.

## Pool Services



### Yummy Pools

*Closed March 2024*

Founded in 2022, Yummy Pools is a provider of professional pool cleaning services intended to serve residential pool owners across Atlanta, GA.

**Buyer:** Trivest

## Roofing



### Ridgeline Roofing & Restoration

*Closed January 2024*

Founded in 2020, Ridgeline Roofing & Restoration is a premier provider of residential and commercial roofing services with service in 6 markets across the Southeastern U.S.

**Buyer:** Bertram Capital



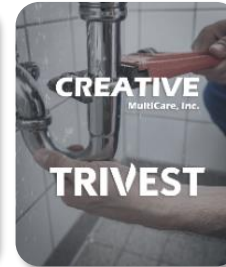
# Founders Home Services Sector Coverage

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## Industry Size

**\$679B+**  
Total Addressable  
Market

## Selected Home Services Experience



## Home Services Sub-Verticals

HVAC/  
Plumbing/  
Electrical

Landscaping

Roofing

Pest Control

Pool Services

Appliance  
Repair

## Selected Buyer Relationships

BAUM | CAPITAL PARTNERS



IB | BESSEMER INVESTORS

BlueThread SERVICES

Charlesbank

CID CAPITAL

ColmontGroup

DOMINUS CAPITAL

EAGLE MERCHANT PARTNERS

ERIE HOME

GI PARTNERS



KIAN CAPITAL

LIGHTBAY CAPITAL

MAIN POST PARTNERS

NorthCurrent PARTNERS



RCG Riata Capital Group

Riverside

SHORE Capital Partners

SHORELINE EQUITY PARTNERS

SKYKNIGHT

TECTA AMERICA Roofing Redefined

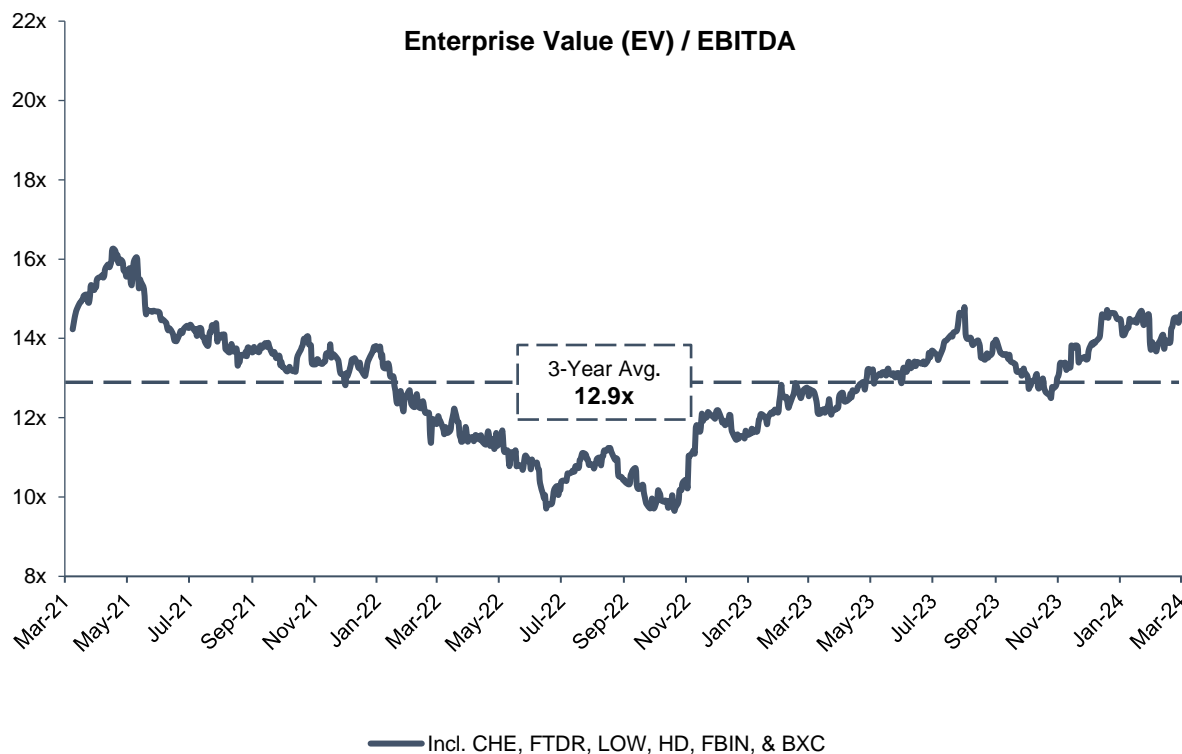
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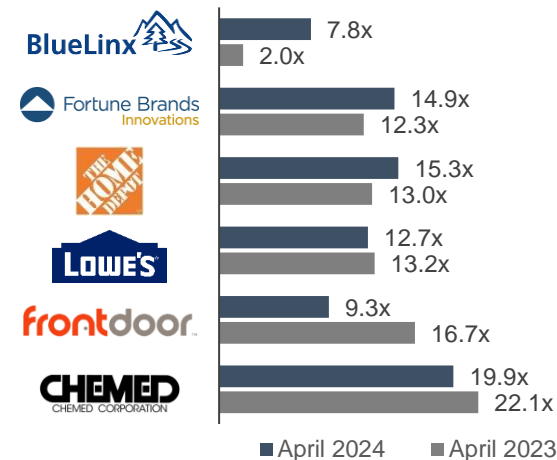
# Home Services Industry | Key Valuation Metrics

## Enterprise Value (EV) / EBITDA

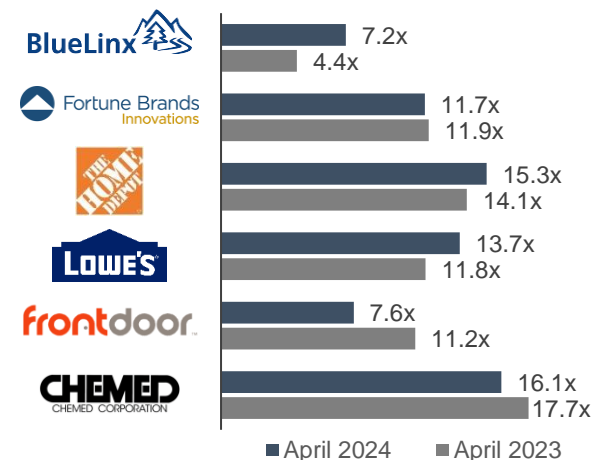
EV / EBITDA multiples for Home Services and related public companies experienced a decline from their April 2021 peak of ~16x, primarily attributed to inflation and increasing interest rates. Nevertheless, these multiples have rebounded from their three-year lows in October 2022, now sitting at ~14.5x.



## EV / LTM EBITDA Multiple

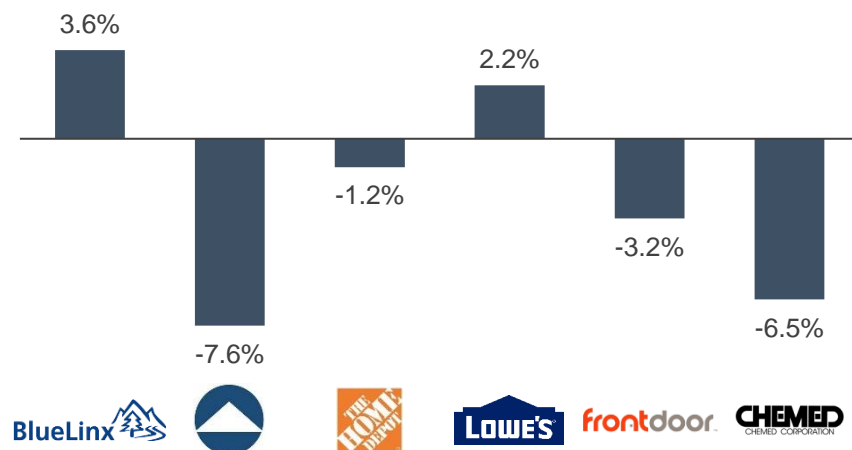


## EV / NTM EBITDA Multiple

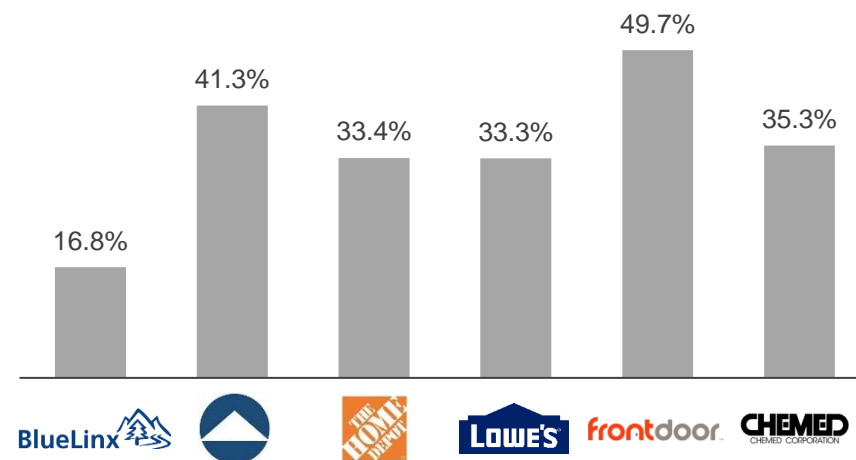


# Home Services Industry | Key Financial Metrics

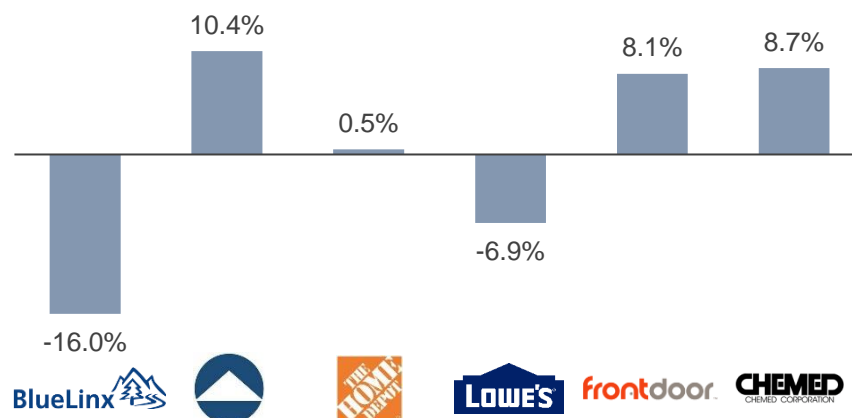
LTM Revenue Growth



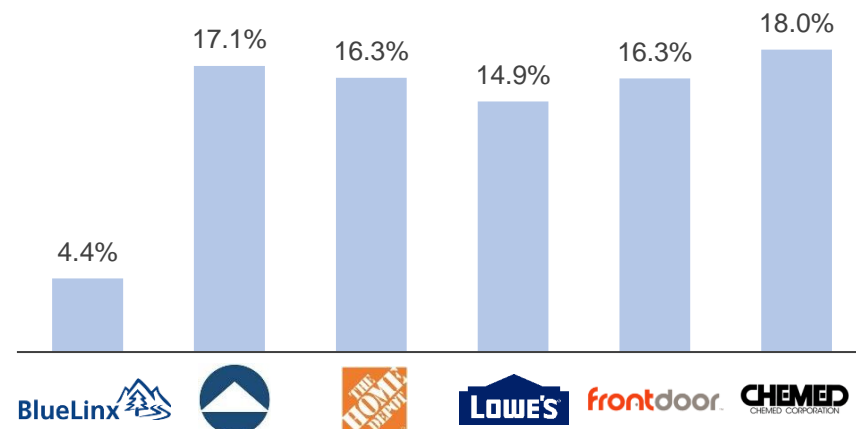
LTM Gross Profit Margin



LTM EBITDA Growth



LTM EBITDA Margin

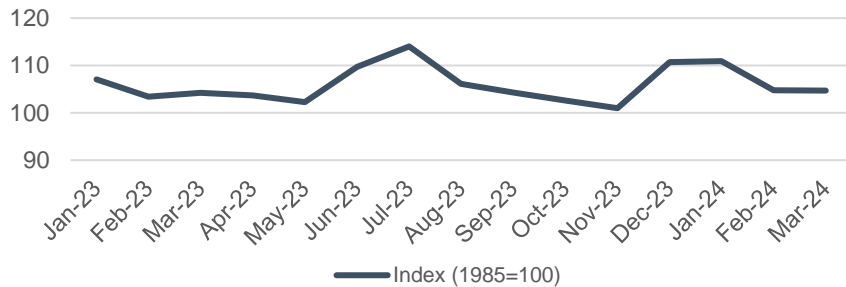




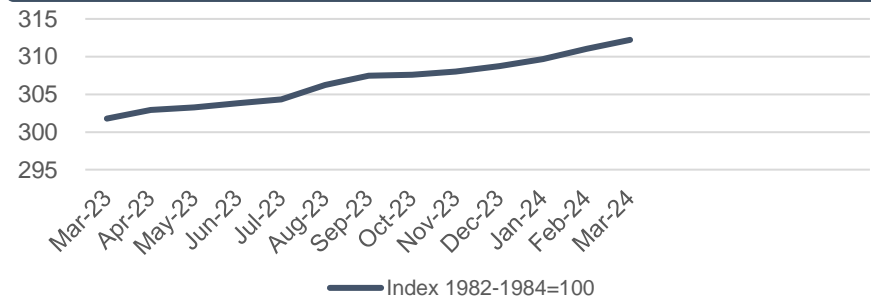
# Consumer Macroeconomics

Consumers End 2023 with a Surge in Confidence and Restored Optimism For 2024, which Corrected Slightly in Q1.

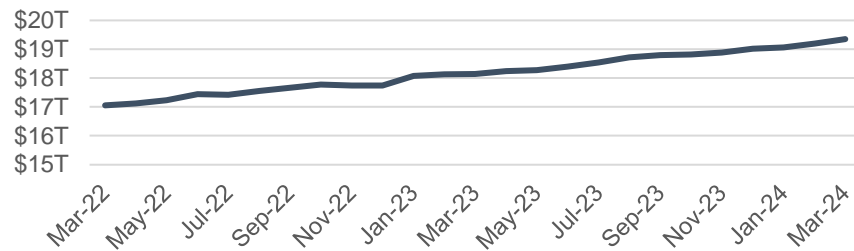
## Consumer Confidence



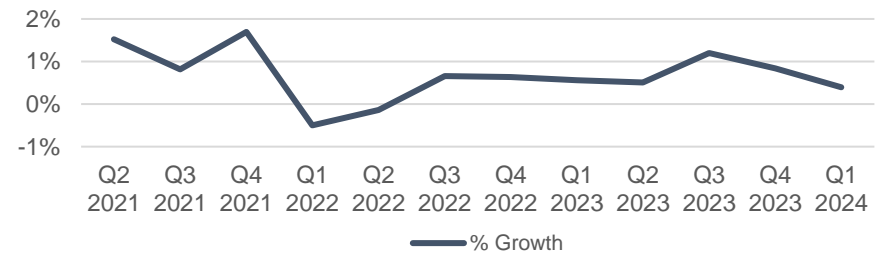
## Consumer Price Index



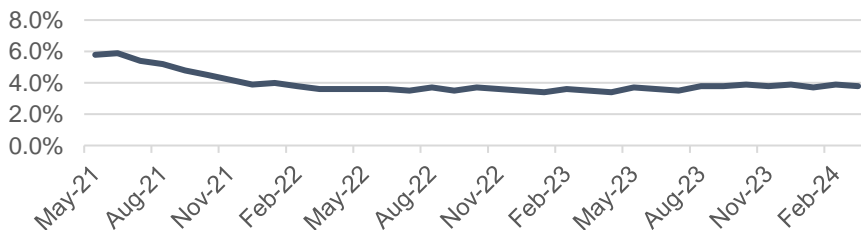
## Consumer Spending



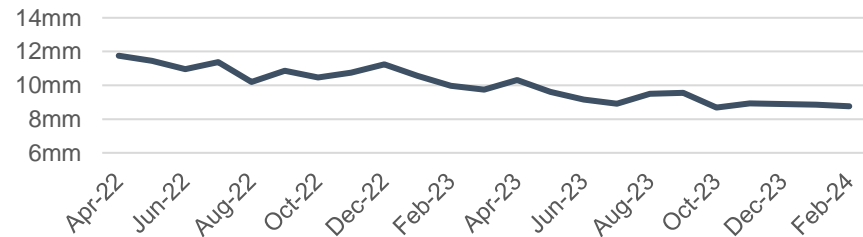
## Gross Domestic Product Growth



## Unemployment Rate



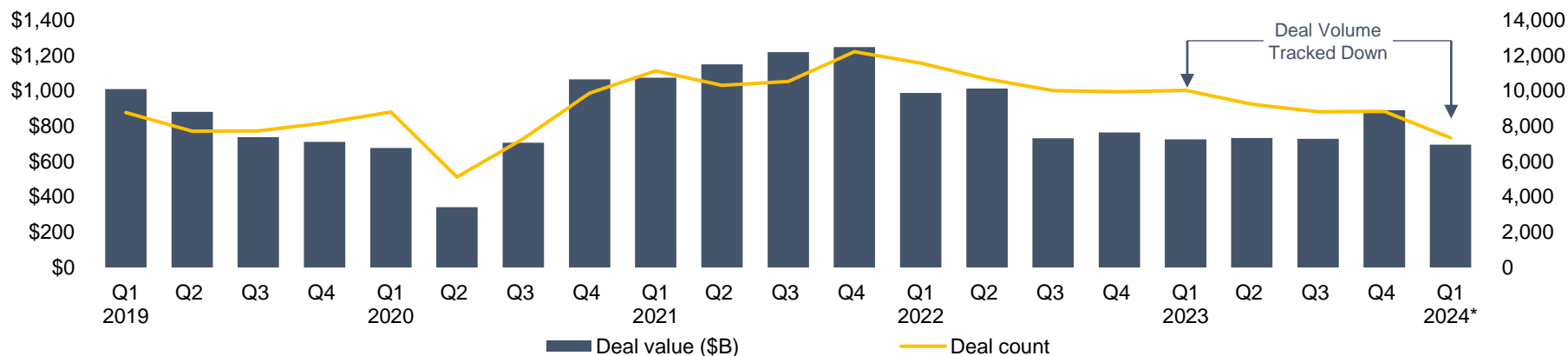
## Job Openings



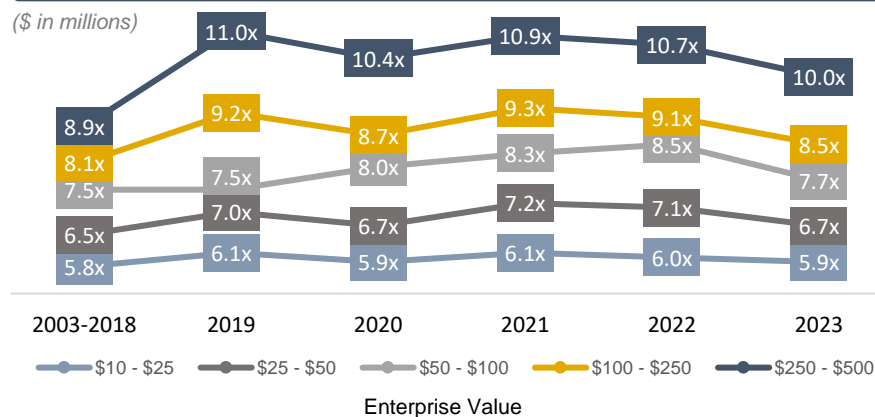
# Global M&A Overview

Multiples for transactions with an Enterprise Value above \$25 million generally continue to move upwards. We expect multiples to remain healthy as interest rates are projected to decline this year.

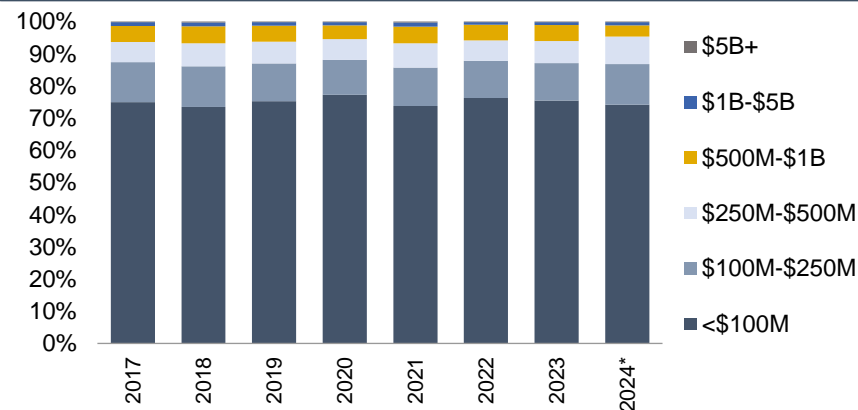
## Global Deal Activity has Slowed Amid Macroeconomic Conditions



## Lower Middle Market EV / EBITDA Multiples (by Deal Size)



## Deals Under \$500MM Dominate Deal Volumes



# Brands Y'all Consumer Summit

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*Brands Y'all 2024 took place April 22-24.*

***Stay Tuned for our Brands Y'all 2025 Save the Date Announcement***

*Experience a memorable retreat at Brands Y'all Consumer Summit, an invitation-only retreat for founders and top executives of Home Services and other Consumer companies*

*Held at the luxurious Ross Bridge Resort & Spa in Birmingham, AL, this unique gathering offers a rare opportunity for business owners (and their spouses) to connect with your fellow industry leaders in a relaxed setting. Our speakers and break-out sessions will cover multiple topics including the latest consumer trends, building winning cultures, marketing best practices, strategies to fund expansion, evaluating the best time to consider M&A, and many others.*

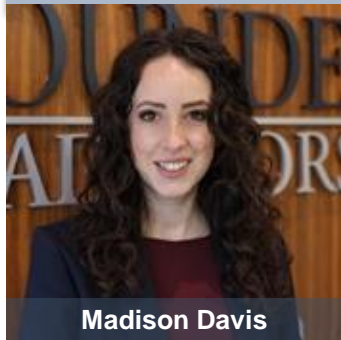
*For more details, or to request an invitation, visit [www.brandsyall.com](http://www.brandsyall.com).*

# Founders Advisors Consumer Team

## Founders Home Services Sector Coverage Leader

## Select Transactions

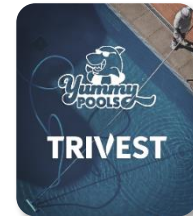
### DIRECTOR



Madison Davis

A Director of the Founders Advisors Consumer Group, Madison Davis brings comprehensive middle-market M&A expertise gained across roles in investment banking, private equity and corporate development. Prior to returning to Founders, she led the acquisition of more than 60 companies as a Vice President at Greater Sum Ventures and as Head of M&A of a private equity backed company.

Madison began her career in investment banking – first at Founders and later at Lazard Middle Market – where she contributed to more than 20 sell-side M&A processes.



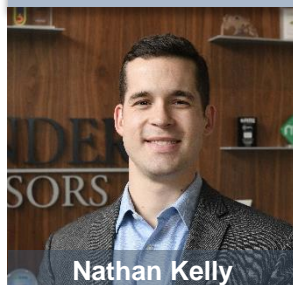
## Consumer Team

### MANAGING DIRECTOR



Wayne Vacek

### DIRECTOR



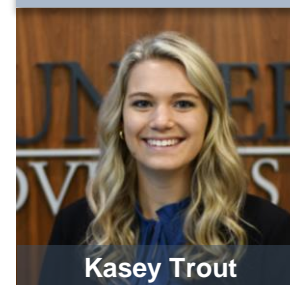
Nathan Kelly

### SENIOR ASSOCIATE



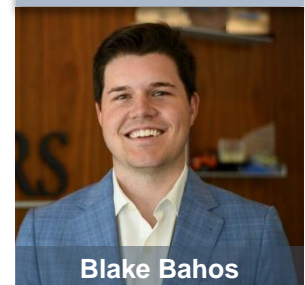
Richie Frymire

### SENIOR ANALYST



Kasey Trout

### ANALYST



Blake Bahos

# FOUNDERS

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## ADVISORS

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