

MS Capital Market News:

Outlining Trends in the Landscaping Services & Nursery – Garden Store Industries



Fall 2019

Mark Santarsiero
Managing Partner
msantarsiero@marshall-stevens.com
1-213-233-1510

Alex Patras
Vice President
apatras@marshall-stevens.com
1-213-233-1506

Jordan Santarsiero
Vice President
jsantarsiero@marshall-stevens.com
1-213-233-1509

Dhillon Sandhu
Associate
dsandhu@marshall-stevens.com
1-213-233-1552

Landscaping Services in the US

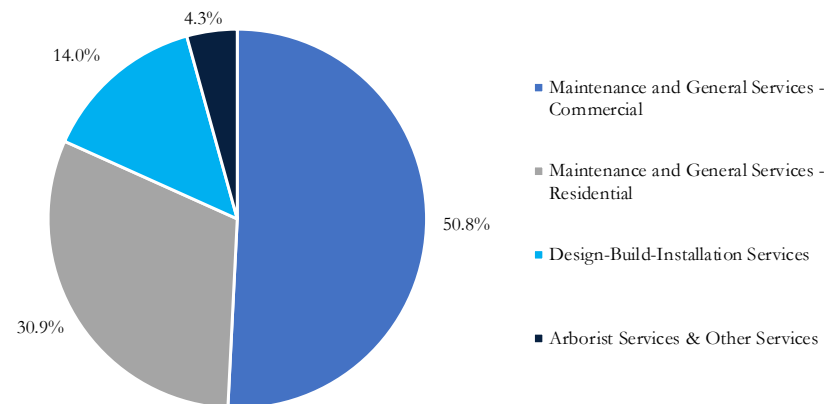
Landscaping Services Sector Highlights

- 2019 revenue: \$99.5 billion
- 2019 profit: \$8.5 billion
- Annual growth 2014 – 2019: 4.6%
- Annual growth projected 2019 – 2024: 3.0%
- Key industry drivers: value of private nonresidential construction, value of residential construction, households earning more than \$100,000, per capita disposable, government consumption and investment.
- Main activities: providing arborist services, fertilizing lawns, landscape care and maintenance, landscape installation, lawn mowing, planting trees, shrubs and other plants, spraying lawns, basic landscape design, pruning, turf installation.

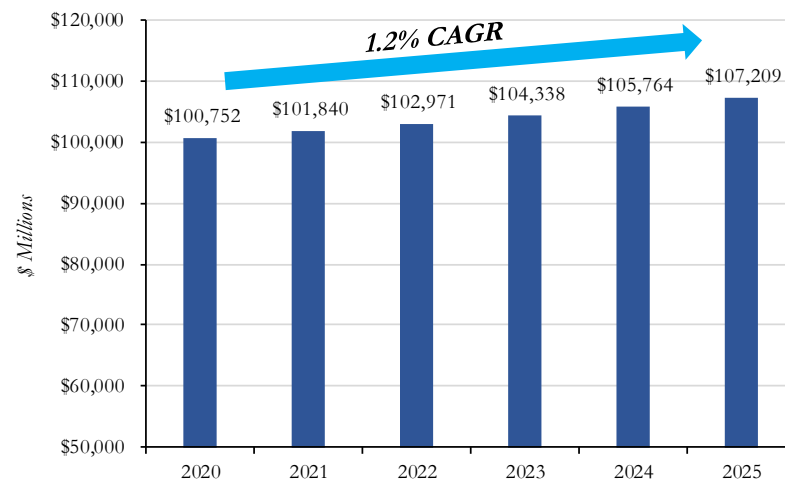
Landscaping Services Sector Observations & Outlook

- The Landscaping Services industry is expected to continue to grow over the five years to 2024.
- Economic activity will continue to progress, boosting consumers' and businesses' abilities to pay for professional landscape maintenance.
- An aging population is expected to benefit the industry, as senior citizens seek landscaping professionals to maintain their yards.
- Greater construction activity will also drive industry growth as new single-family homes, shopping centers, corporate and institutional campuses and hotels are built and require industry services.

Products and Services Segmentation



Landscaping Services Sector Expected Revenue Growth

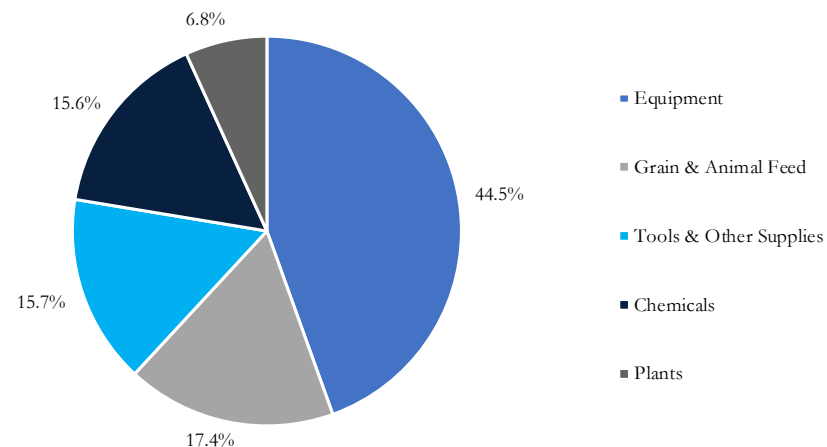


Nursery & Garden Stores in the US

Nursery

- 2019 revenue: \$49.9 billion
- 2019 profit: \$2.1 billion
- Annual growth 2014 – 2019: 3.6%
- Annual growth projected 2019 – 2024: 1.8%
- Key industry drivers: number of adults aged 50 & over, external competition for the nursery & garden stores industry, private spending on home improvements, per capita disposable income
- Main activities: operating farm supply stores, operating feed stores (other than pet feed), operating garden centers, operating lawn supply stores, operating nursery and garden centers without tree production.

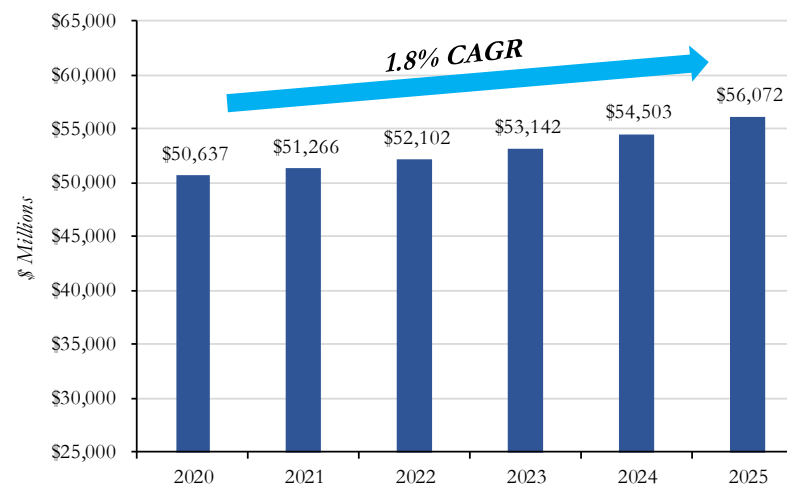
Products and Services Segmentation



Nursery & Garden Store Sector Observations & Outlook

- Over the five years to 2024, the Nursery and Garden Stores industry is forecast to continue its upward climb.
- Increased consumer spending and strong housing and construction markets are projected to bolster demand for industry goods.
- However, heightened external competition from big-box stores is anticipated to continue to threaten industry operators.
- As big-box stores continue to offer lower prices, industry operators will likely need to strengthen their position within their local communities to compete.
- Due to the competitive environment, industry revenue is expected to rise less rapidly than during the five-year period to 2019.

Nursery & Garden Store Sector Expected Revenue Growth

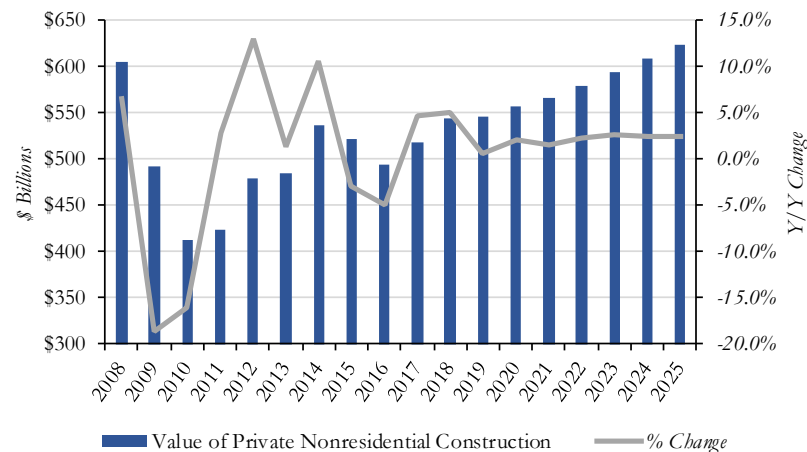


Key Industry Drivers

Value of Private Nonresidential Construction

- Estimated value in 2019: \$546.19 billion
- 2014-2019 Compound Growth: 0.3%
- Forecast value in 2024: \$608.31 billion
- 2019-2024 Compound Growth: 2.2%
- The value of private nonresidential construction refers to investment in office buildings, hospitals, factories, power plants, mining shafts, communication lines, farms, railroads, schools, brokers' commissions and net purchases of used structures. The data for this report is sourced from the Bureau of Economic Analysis.

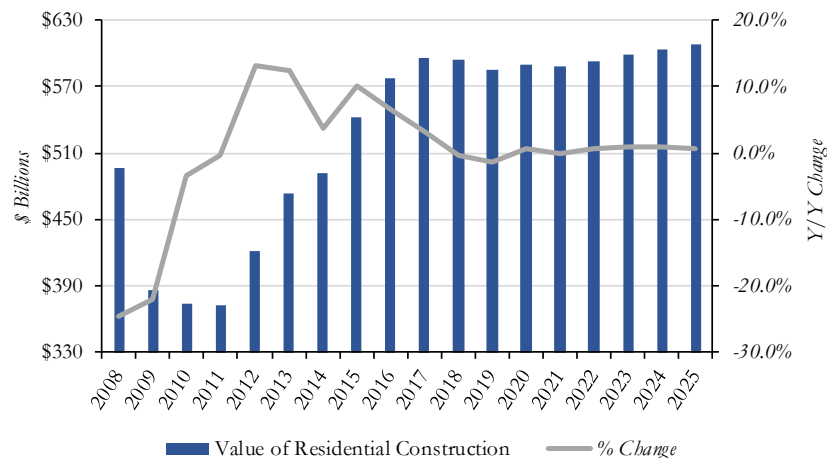
Value of Private Nonresidential Construction



Value of Residential Construction

- Estimated value in 2019: \$585.45 billion
- 2014-2019 Compound Growth: 3.5%
- Forecast value in 2024: \$603.73 billion
- 2019-2024 Compound Growth: 0.6%
- This driver, formally known as real private residential investment in structures, measures spending by individuals and businesses on residential construction. This includes expenditure on single-family and multi-family structures, manufactured homes, dormitories, improvements on existing locations, brokers' commissions and net purchases of used structures. The data for this report is sourced from the Bureau of Economic Analysis.

Value of Residential Construction

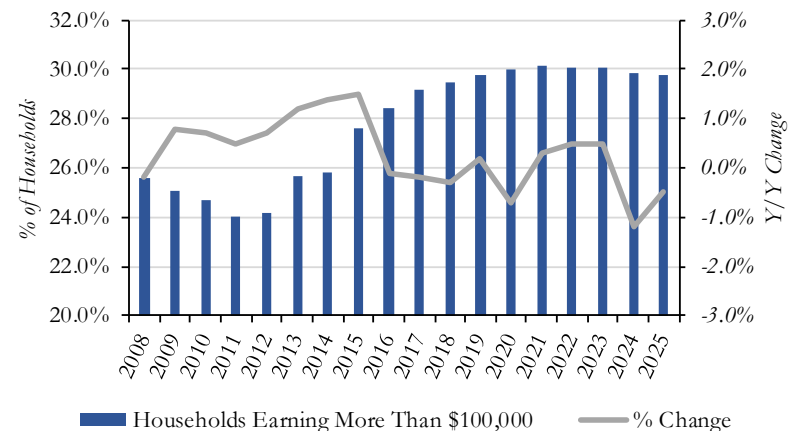


Key Industry Drivers

Households Earning More Than \$100,000

- Estimated value in 2019: 29.8%
- 2014-2019 Growth: 4.0% points
- Forecast value in 2024: 29.9%
- 2019-2024 Growth: 0.1% points
- This driver represents the percentage of US households with an annual income of more than \$100,000. Data is inflation-adjusted and sourced from the US Census Bureau.

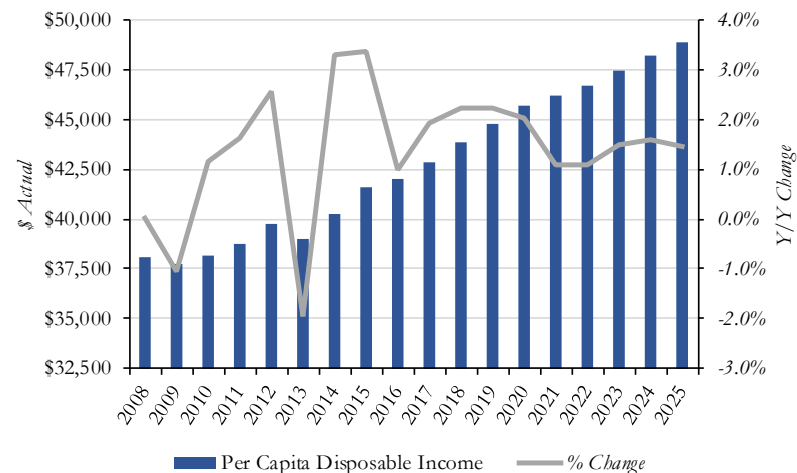
Households Earning More Than \$100,000



Per Capita Disposable Income

- Estimated value in 2019: \$44,804.66
- 2014-2019 Compound Growth: 2.2%
- Forecast value in 2024: \$48,182.83
- 2019-2024 Compound Growth: 1.5%
- Per capita disposable income determines an individual's ability to purchase goods or services. It is calculated by taking income earned from all sources (wages, government transfers, rental income etc.) minus taxes, savings and some non-tax payments (e.g. fines, forfeitures and donations) and dividing by the total US population. The data for this report is sourced from the Bureau of Economic Analysis.

Per Capita Disposable Income



Key Industry Drivers

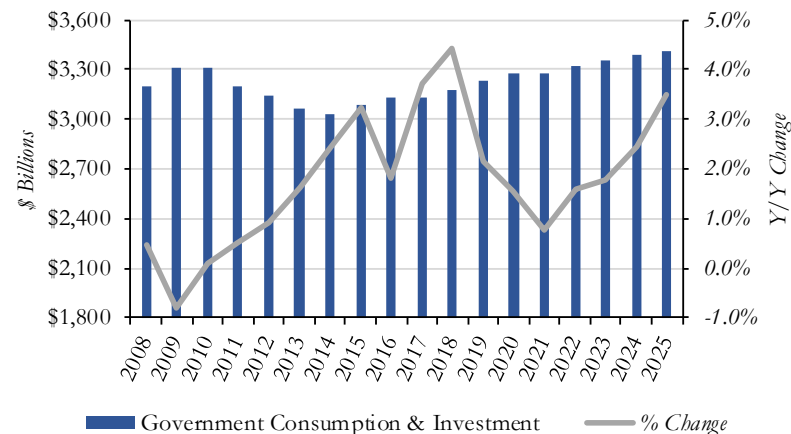
Government Consumption & Investment

- Estimated value in 2019: \$3,228.92 billion
- 2014-2019 Compound Growth: 1.3%
- Forecast value in 2024: \$3,385.80 billion
- 2019-2024 Compound Growth: 1.0%
- This indicator measures the total value of services produced by federal, state and local governments (e.g. education and national defense) as well as investment in fixed assets (e.g. construction, software, etc.). Each component is valued at the cost of production, making this measure analogous with total government spending minus subsidies, interest payments and transfer payments. The data for this report is sourced from the Bureau of Economic Analysis.

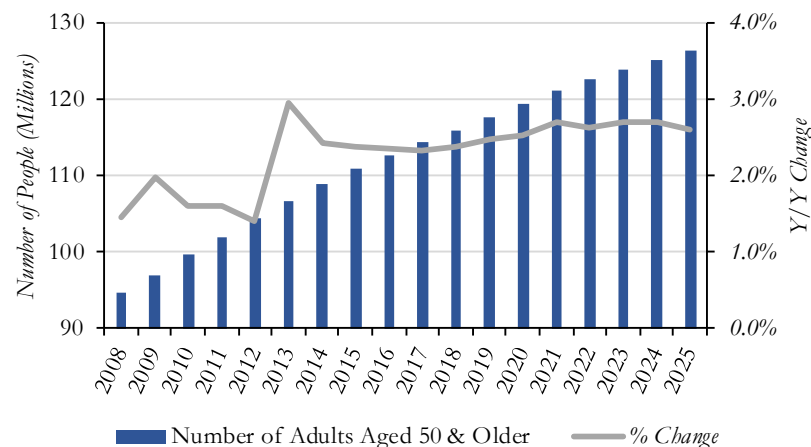
Number of Adults Aged 50 & Over

- Estimated value in 2019: 117.5 Million people
- 2014-2019 Compound Growth: 1.6%
- Forecast value in 2024: 125.0 Million people
- 2019-2024 Compound Growth: 1.3%
- The data for this report, including forecasts, are sourced from the US Census Bureau and IBISWorld. The estimates provided refer to the population as of July 1 for that year. The forecasts in this report assume that fertility rates will continue to decline and that there will be a modest decline in the overall rate of net international migration.

Government Consumption & Investment



Number of Adults Aged 50 & Over



Key Industry Drivers

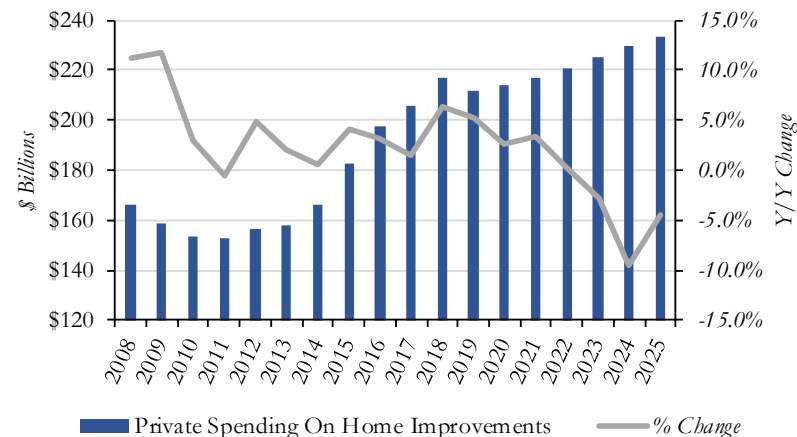
Private Spending on Home Improvements

- Estimated value in 2019: \$211.49 billion
- 2014-2019 Compound Growth: 5.0%
- Forecast value in 2024: \$229.38 billion
- 2019-2024 Compound Growth: 1.6%
- This driver measures private spending on home improvements, upgrades and repairs. This type of spending is a component of the value of residential construction, more formally known as private investment in residential structures. The data for this driver is sourced from the Bureau of Economic Analysis.

External Competition for the Nursery & Garden Stores Sector

- **Competition from other retailers, such as home improvement stores, is likely to attract consumers' dollars away from dedicated nursery and garden stores.** For instance, aggressive price competition from home centers that sell garden products has siphoned revenue from industry establishments. **External competition is expected to increase in 2019.**
- Home improvement stores, such as The Home Depot Inc. and Lowe's Companies Inc., and mass merchandisers, such as Walmart Inc. and Target Corporation, sell garden and farm equipment, usually in a dedicated store area. These retailers are able to set the prevailing market price for nursery and garden store goods by sourcing products at lower costs and passing on savings to consumers. The average consumer's declining leisure time has also made the one-stop shop format of external retailers more attractive.

Private Spending on Home Improvements



External Competition for the Nursery & Garden Stores Sector

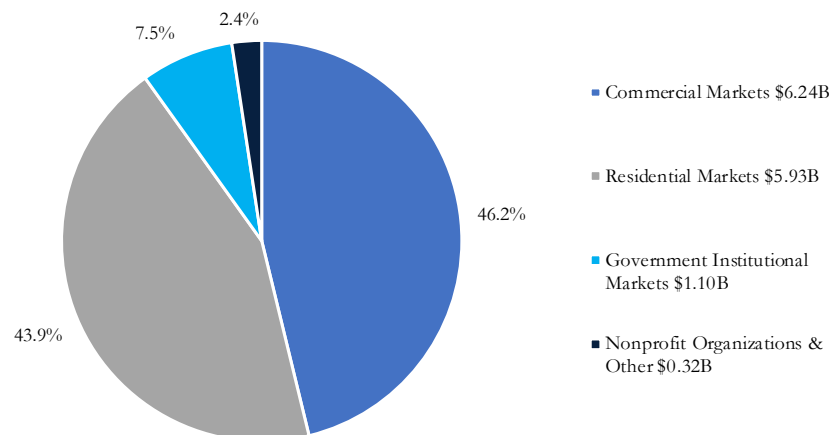
- Price competition is a defining trait of the industry, leaving little room for retailers to expand profit. When input prices increase, nurseries and garden centers have to absorb costs, as price increases will often send consumers to non-industry retailers. These big-box stores are particularly threatening during times of low demand.
- Such competition discouraged industry operators from expanding during the current period; however, few were forced to scale down their operations or exit the industry entirely. Over the five years to 2019, the number of industry establishments has increased an annualized 1.0% to 24,642 locations.

Major Market Segmentations

Landscaping Services Sector Major Market Segmentation

- Operators in the Landscaping Services industry provide services to residential, commercial, government and institutional (e.g. hospital and university) clients. Smaller companies tend to focus their landscaping on single-family residences, while large commercial projects that require design and construction services tend to be the domain of the larger industry operators. Most large jobs are obtained through competitive bidding, which works to the advantage of larger operators.

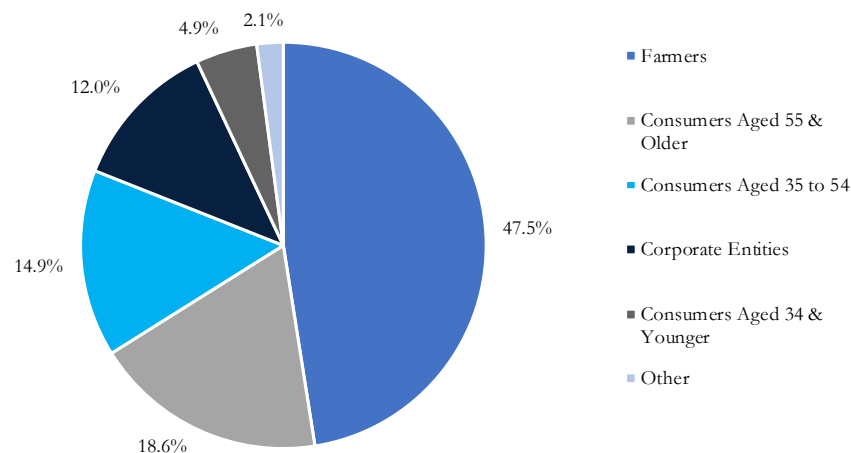
Landscaping Services Sector Major Market Segmentation



Nursery & Garden Stores Sector Major Market Segmentation

- Changes in purchasing power (namely disposable income), price, home construction, remodeling activities and seasonality all influence demand for nursery and garden centers. The level of household disposable income is crucial for all retailers and affects the quantity, quality and timing of nursery and garden store purchases. External competition from traditional home improvement stores and big-box retailers unfavorably affects demand. Such retailers stock some nursery and garden merchandise, leading more consumers to purchase industry products from these outlets instead of nursery and garden stores.

Nursery & Garden Stores Sector Major Market Segmentation

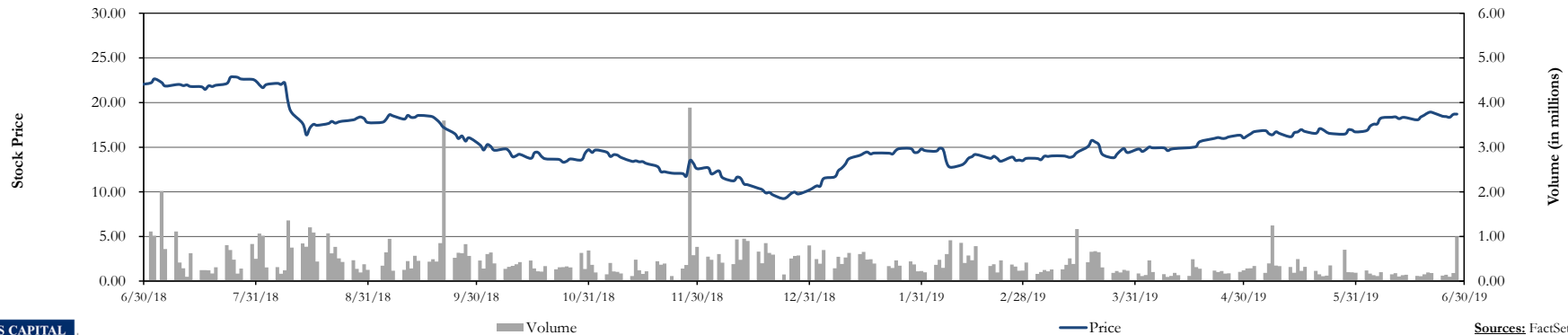


Landscaping Services Public Comparable Company Snapshot

(in \$ Millions, except per share data) Data as of 9/30/2019

BRIGHTVIEW HLDGS INC COM		Overview		Financial Statements				
BrightView Holdings, Inc. is an investment company, which engages in the provision of commercial landscaping services. It operates through the Maintenance Services and Development Services business segments. The Maintenance Services segment provides mowing, gardening, mulching, and snow removal, water management, irrigation maintenance, tree care, golf course maintenance and specialty turf maintenance services. The Development Services segment comprises of landscape architecture and development services. The company was founded on November 7, 2013 and is headquartered in Plymouth Meeting, PA.		Stock Exchange: NYSE		INCOME STATEMENT		LTM ended,		
		Website: http://www.brightview.com		12/31/2016	9/30/2017	9/30/2018	6/30/2019	
Employees: 20,000		Primary Industry: NA		Total Revenues	2,185.3	2,279.1	2,353.6	2,361.7
Primary SIC Code: 0782		S&P LT Rating: NA		Cost of Good Sold	1,706.2	1,798.6	1,832.5	1,787.6
S&P LT Rating Date: NA		Market Data		Gross Profit	479.1	480.5	521.1	574.1
IPO Date (Years): 1.0		Dividend Yield: 0.0%		Gross Profit Margin (%)	21.9%	21.1%	22.1%	24.3%
Dividend Yield: 0.0%		5 Year Beta: 1.77		Total Operating Expenses	468.0	414.7	443.0	429.7
5 Year Beta: 1.77		Float: 43.4		EBIT	11.0	65.8	78.1	144.4
Float: 43.4		Float %: 42.6		EBIT Margin (%)	0.5%	2.9%	3.3%	6.1%
Float %: 42.6		Current Price (actual): 18.71		Add: Depreciation and Amortization	210.8	198.6	180.2	138.7
Current Price (actual): 18.71		52 Week High (): 23.42		EBITDA	221.8	264.4	258.4	283.1
52 Week High (): 23.42		52 Week Low (): 9.05		EBITDA Margin (%)	10.2%	11.6%	11.0%	12.0%
52 Week Low (): 9.05		Shares Outstanding (mln): 105.0		Net Income	(52.4)	(18.6)	(15.1)	8.3
Shares Outstanding (mln): 105.0		Equity Marketcap: 1,963.8		Net Income Margin (%)	-2.4%	-0.8%	-0.6%	0.4%
Equity Marketcap: 1,963.8		Average Daily Trading Volume (in millions)		BALANCE SHEET	12/31/2016	9/30/2017	9/30/2018	6/30/2019
Average Daily Trading Volume (in millions)		Last Week: 0.29		Total Cash & ST Investments	68.2	13.0	35.2	10.9
Last Week: 0.29		Last Month: 0.19		Total Receivables	338.8	419.1	416.9	456.1
Last Month: 0.19		Last 3 Months: 0.25		Total Other Current Assets	82.3	70.4	79.0	56.5
Last 3 Months: 0.25		Last 6 Months: 0.34		Total Current Assets	489.3	502.5	531.2	523.5
Last 6 Months: 0.34		Last Year: 0.45		Property, Plant & Equipment, Net	247.5	245.5	256.8	278.3
Last Year: 0.45		Per Share Items (actual)		Goodwill and Intangible Assets, Net	2,118.6	2,075.0	2,057.2	2,070.0
Per Share Items (actual)		Basic EPS: 0.06		Total Other Noncurrent Assets	112.7	108.8	95.3	44.1
Basic EPS: 0.06		Diluted EPS: 0.06		Total Assets	2,968.2	2,931.9	2,940.5	2,915.9
Diluted EPS: 0.06		Dividends per share: 0.00		Debt in Current Liabilities	17.5	14.6	13.0	10.4
Dividends per share: 0.00				Other Current Liabilities	291.2	327.5	318.5	334.5
				Total Current Liabilities	308.7	342.1	331.5	344.9
				Long-Term Debt	1,595.9	1,574.9	1,141.3	1,145.8
				Other Noncurrent Liabilities	358.4	318.7	240.4	170.4
				Total Liabilities	2,263.0	2,235.7	1,713.1	1,661.1
				Total Equity	705.2	696.3	1,227.3	1,254.8
				Total Liabilities and Equity	2,968.2	2,931.9	2,940.5	2,915.9

Latest 12-Month Stock Performance



Select Acquisitions by BrightView Holdings & Subsidiaries



DWORSKY DESIGN



Select Comparable Transactions within the Landscape Services Sector

Date	Target	Buyer(s)	Target Business Description
7/1/19	MHF Design Consultants, Inc.	Greenman-Pedersen, Inc.	MHF Design Consultants, Inc. provides civil engineering, surveying, and landscape architectural services. It also offers land planning, municipal services, and UST design and inspection services. The company was founded in 1991 and is headquartered in Salem, NH.
6/27/19	Sticks & Stones Landscaping LLC	Colorado's Best Landscape Management	Sticks & Stones Landscaping LLC engages in the provision of landscaping and maintenance services. It specializes in lawn maintenance, sprinkler maintenance, and snow removal. The company was founded in 2007 and is headquartered in CO.
6/5/19	Russell Planning & Engineering, Inc.	Short Elliott Hendrickson, Inc.	Russell Planning & Engineering, Inc. engages in providing services in Land Planning, Entitlement, Civil Engineering, Landscape Design, and Construction Management. The company was founded in 2001 and is headquartered in Durango, CO.
4/30/19	Firma Design Group	BC Engineering Group, Inc.	Firma Design Group engages in the provision of civil engineering and landscape architectural services. Its portfolio include hospitality, commercial, residential, municipal, and non-profit. The company was founded by Martin Goldsbrough in 2000 and is headquartered in Santa Rosa, CA.
4/29/19	Kujawa Enterprises, Inc.	Sperber Landscape Cos. LLC	Kujawa Enterprises, Inc. provides landscape management services. It offers landscape design, installation and management, interior plant scaping, snow and ice management, and holiday services. The company was founded by F. Scott Fitzgerald and Ronald Kujawa in 1926 and is headquartered in Oak Creek, WI.
3/14/19	Long Brothers Landscaping, Inc.	Aspen Grove Landscape Cos. LLC	Long Brothers Landscaping, Inc. provides landscaping services. It offers landscape construction and landscape management. The company was founded in 1984 and is headquartered in
3/6/19	Pacific Crest Landscape, Inc.	Stay Green, Inc.	Pacific Crest Landscape, Inc. provides landscape maintenance services. The company is headquartered in Chino Hills, CA.
2/8/19	L.M.S., Inc.	The Davey Tree Expert Co.	L.M.S., Inc. provides commercial landscape and maintenance services. It offers lawn mowing, tree trimming, clean-up, fertilization, pest and weed control, mulching, patios, wood decks, berms, hardscape, retaining walls, lawn installation, drip systems, and rainwater collection. The company was founded by Jeff Corcoran in 1986 and is headquartered in Houston, TX.
2/1/19	Benchmark Landscapes LLC	BrightView Holdings, Inc.	Benchmark Landscapes LLC provides tree care, water management, landscape design and maintenance services. It offers irrigation, arbor, maintenance and design/installation services. The company was founded by Casey Vickrey in 2002 and is headquartered in Austin, TX.
2/1/19	Automatic Irrigation Supply Company, ND, Inc.	Heritage Landscape Supply Group, Inc.	Automatic Irrigation Supply Company, ND, Inc. engages in the distribution of landscaping and irrigation solutions. It offers residential, commercial, and golf irrigation, landscape and holiday lighting, water features and ponds drainage, outdoor kitchens, snow and ice removal, and outdoor decorative screens. The company was founded in 1982 and is headquartered in Fishers, IN.
1/25/19	Somerset Landscape Maintenance, Inc.	CIVC Partners LP; Yellowstone Landscape, Inc.	SLM AZ Investments, Inc. provides landscape services. Its services include tree maintenance, chemical application, irrigation, and construction. The company was founded in 1999 and is headquartered in Chandler, AZ.
1/11/19	Terra Dynamics, Inc.	JEB, Inc.	Terra Dynamics, Inc. engages in providing landscape construction services. The company was founded in 1986 and is headquartered in Algona, WA.
1/10/19	Emerald Landscape Co., Inc.	BrightView Holdings, Inc.	Emerald Landscape Co., Inc. engages in providing tree care, water management and landscape design and maintenance services. The company was founded in 2003 and is headquartered in Livermore, CA.
12/31/18	Bay Landscape & Palm Service LLC	Plexus Capital LLC; Rotolo Consultants, Inc.; Barings BDC, Inc. /Private Equity/	Bay Landscape & Palm Service LLC provides landscaping design and installation services. It offers commercial and residential installation grounds management, consultation and design services. The company was founded by Luke A. Preslask in 1994 and is headquartered in Panama City Beach, FL.
12/28/18	Nature West, Inc.	Prescott Landscape Professionals LLC	Nature West, Inc. provides landscaping services. The company was founded by Robert Vastine and is headquartered in Skull Valley, AZ.
12/6/18	All Around Landscape Supply	SiteOne Landscape Supply, Inc.	All Around Landscape Supply provides landscape project planning and management. Its products include irrigation, gas & electric, pumps & tanks, drainage & erosion, and lighting & wire. The company is headquartered in Carpinteria, CA.
11/1/18	Boon & Sons, Inc.	Casella Waste Systems, Inc.	Boon & Sons, Inc. provides landscaping and snow removal services. It offers residential, curb side, garage, garbage pick up, mulch, low volume, roll-off dumpster rentals, toter and commercial services. The company was founded in 1991 and is headquartered in North Chili, NY.
11/1/18	Newtex Landscape, Inc.	Enhanced Landscape Management, Inc.	Newtex Landscape, Inc. provides commercial and residential landscaping services. It offers residential design & installation, commercial landscape construction and irrigation management & repairs. The company was founded by Michael A. Martinez in 1979 and is headquartered in Henderson, NV.
10/26/18	Mike's Tree Surgeons, Inc.	CI Capital Partners LLC; Nature's Trees, Inc.	Mike's Tree Surgeons, Inc. provides tree, lawn, shrub and landscape care services. It offers plant health care, mosquito, deer & animal repellent, perimeter pest control and wood products. The company was founded by Michael J. Barger in 1984 and is headquartered in Troy, MI.
10/12/18	Strabala+Architects LLC	China Design Group Co., Ltd.	Strabala+Architects LLC operates as a architectural design and consultancy firm. It offers master planning, structural and MEP engineering, landscape design, and interior design services. The company was founded by Marshall Strabala in April 2010 and is headquartered in Chicago, IL.
10/9/18	Turfenders Landscape Services, Inc	Greenscape, Inc.	Turfenders Landscape Services, Inc engages in providing landscaping services. It offers commercial and residential services. The company is headquartered in Raleigh, NC.
9/30/18	Green Gardens, Inc.	McHale Landscape Design, Inc.	Green Gardens, Inc. provides landscape and lawn maintenance services. It offers plant health care and landscape lighting. The company was founded by Robert Frost in 1964 and is headquartered in Clarksburg, MD.

Nursery - Garden Supply & Distribution Public Comparable Companies

(in \$ Millions, except per share data) Data as of 9/30/2019

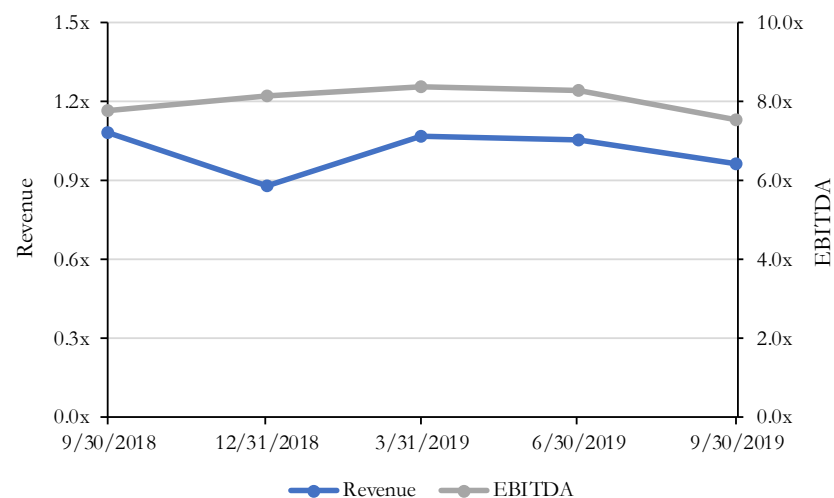
Company Name	Stock Price	Market Capitalization	Enterprise Value	LTM Revenue	LTM EBITDA	LTM Revenue Multiple	LTM EBITDA Multiple	LTM Revenue Multiple - Adjusted	LTM EBITDA Multiple - Adjusted
SITEONE LANDSCAPE SUPPLY INC	\$ 74.02	\$ 3,160	\$ 3,998	\$ 2,223	\$ 162	1.8x	24.6x	1.3x	NM
TRACTOR SUPPLY CO	\$ 90.44	\$ 10,858	\$ 13,689	\$ 8,293	\$ 924	1.7x	14.8x	1.0x	9.1x
LOWES COS INC	\$109.96	\$ 85,879	\$ 106,177	\$ 71,795	\$ 7,585	1.5x	14.0x	0.6x	5.8x
HOME DEPOT INC	\$232.02	\$ 254,990	\$ 286,916	\$110,013	\$ 18,185	2.6x	15.8x	0.8x	4.8x
TILE SHOP HLDGS INC	\$ 3.19	\$ 159	\$ 378	\$ 346	\$ 36	1.1x	10.4x	1.1x	10.4x
75th Percentile								1.1x	9.4x
Average								1.0x	7.5x
25th Percentile								0.8x	5.6x

Select GPC Income Statement Comparison

LTM Ended 9/30/2019

	Average	Median
Total Revenue	100.0%	100.0%
Total Cost of Goods Sold	61.8%	68.0%
Gross Profit	38.2%	32.0%
Total Operating Expenses	30.7%	23.2%
EBIT	7.5%	8.4%
Net Interest Expense	-1.0%	-1.0%
Other Income (Expense)	-0.5%	-0.2%
Income Tax Expense	-1.4%	-1.4%
Extra. Items / Disc. Ops. / Minority Interest	0.0%	0.0%
Net Income	4.6%	3.5%
EBITDA	11.2%	10.6%
Capital Expenditures	3.6%	2.4%

Latest Twelve Months Multiples Trends



Select Comparable Transactions within the Nursery – Garden Stores Sector

Date	Target	Buyer(s)	Target Business Description
5/1/19	Coots Materials Co.	Wendling Quarries, Inc.	D&M Ltd. (Iowa) engages in the provision of sand and quarry products for wholesale purchase. Its products can be used for sewer jobs, erosion control, farm ponds, landscaping, and river and creek beds. The company was founded by Floyd Coots on May 1, 1958 and is headquartered in Vinton, IA.
4/8/19	Landscape Depot Supply, Inc.	SiteOne Landscape Supply, Inc.	Landscape Depot Supply, Inc. distributes commercial and residential landscape supplies. Its products include mulch, walls, landscape lighting, outdoor living, soils and base materials, brochures and bagged items. The company was founded by John Mullen in March 2001 and is headquartered in Framingham, MA.
3/26/19	Midas Nursery Solutions, Inc.	TreeSap Farms LLC	Midas Nursery Solutions, Inc. provides nursery automation solutions. The firm's products include small tools, applicators, soil handling & potting machines, soil mixers, field planting equipment, field digging, field plant production, material handling, propagation trays, tray automation, trimming machines and irrigation. The company was founded by Matthew Gold, Clarka, Joe and Steve in January 2009 and is headquartered in Hillsboro, OR.
3/22/19	Horticultural Alliance, Inc.	Itapollina USA, Inc.	Horticultural Alliance, Inc. engages in the distribution of soil amendment solutions. It offers its products to the landscape, arbor, nursery and agricultural markets. The company was founded by James J. Quinn in 1997 and is headquartered in Sarasota, FL.
2/14/19	Baron Distributors, Inc.	Winsupply, Inc.; Baron Distributors, Inc. /Private Group/	Baron Distributors, Inc. operates wholesaler-distributor of irrigation products. It provides turf, landscape, golf and agriculture irrigation products. The company is headquartered in Anthony, TX.
1/8/19	Cutting Edge Curbing Sand & Rock	SiteOne Landscape Supply, Inc.	Cutting Edge Curbing Sand & Rock offers custom landscape and parking lot curbing, borders and landscape materials. The company provides homeowners and landscape professional's quality materials and products. Its products include decorative rock, curbing, landscape materials, river products, hardscapes and tools. The company was founded in 2001 and is headquartered in Glendale, AZ.
12/6/18	Santa Ynez Stone & Topsoil	SiteOne Landscape Supply, Inc.	Santa Ynez Stone & Topsoil distributes and supplies landscape and masonry products. It products and services include natural stone in bulk, bugged natural stone, ground covers, soil amendment's and masonry products. The company is headquartered in Solvang, CA.
11/20/18	Turf & Garden, Inc.	Horizon Distributors, Inc.	Turf & Garden, Inc. wholesales landscape and irrigation products. Its products include irrigation pipes, valves, fittings, lebanon fertilizer, aquatrols, and fertilizers. The company was founded in 1890 and is headquartered in Chesapeake, VA.
11/14/18	San Felasco Nurseries, Inc.	Harvest Health & Recreation, Inc.	San Felasco Nurseries, Inc. owns and operates nurseries. Its products include fruits, ginger, xeric, herbs, palms and cycads, shrubs and flowering wines. The company was founded by Tommy Feiber and Riley Blitch in 1974 and is headquartered in Gainesville, FL.
10/22/18	Belvedere Holdings, Inc.	SiteOne Landscape Supply, Inc.	Belvedere Holdings, Inc. engages in distribution of hardscapes and landscape supplies products.
10/4/18	Sweetman Construction Co.	MDU Resources Group, Inc.	Sweetman Construction Co. provides construction materials. It manufactures items such as concrete block, ready-mix concrete, aggregates, asphalt, and landscape materials. The company was founded in 1930 and is headquartered in Sioux Falls, SD.
7/30/18	CentralPro	SiteOne Landscape Supply, Inc.	CentralPro engages in the distribution of irrigation, drainage, and lighting products to landscape professionals. The company was founded in 1972 and is headquartered in Florida, the United States of America.
7/27/18	Stone Center LC	SiteOne Landscape Supply, Inc.	Stone Center LC supplies and distributes hardscapes and landscapes outdoor lighting. The company was founded on January 29, 2004 and is headquartered in Manassas, VA.
7/25/18	Kirkwood Material Supply, Inc.	SiteOne Landscape Supply, Inc.	Kirkwood Material Supply, Inc. owns and operates landscape supply stores. It offers retaining walls, pavers, natural stone, bulk materials, plants and gardening, concrete and masonry, salt, and other products. The company was founded on October 2, 1984 and is headquartered in Kirkwood, MO.
7/25/18	Color Spot Nurseries, Inc.	Wells Fargo Bank NA; WFC Holdings LLC	Color Spot Nurseries, Inc. distributes plants, vegetables and herbs. The firm's products include annuals, perennials, bulbs, ready to use, ornamentals & tropical, floral, ground cover, vegetables, and herbs. The company was founded by Michael F. Vukelich and Jerry L. Halamuda in 1983 and is headquartered in Temecula, CA.
7/4/18	LandscapeXpress, Inc.	Landscape Supply, Inc.	LandscapeXpress, Inc. engages in the provision of landscape supply and services. It offers pavers and patios, wall and stone veneer, outdoor living, mulch, organic recycling, organic loam, and compost products. The company was founded in 1977 and is headquartered in Woburn, MA.
6/28/18	Granite Express LLC	Pioneer Sand Co., Inc.	Granite Express LLC supplies decorative landscape rocks, aggregate, and boulders. The firm offers sand and oil, construction rocks, express gold, express armor, express rose, and geo boulder. The company was founded in 1998 and is headquartered in Mesa, AZ.
6/26/18	All American Stone & Turf No. 4 LLC	SiteOne Landscape Supply, Inc.	Distributes hardscapes and landscape supplies
6/4/18	Auto-Rain Supply, Inc.	SiteOne Landscape Supply, Inc.	Auto-Rain Supply, Inc. wholesales farm and garden machinery and equipment. Its products include barbecues, drainage, electrical, hearth & heating, home automation, landscape products, outdoor lighting, outdoor lighting 120v, outdoor lighting LED, pipe & fittings, pond, pumps-domestic, sprinklers/irrigation, tools and waterworks. The company was founded in 1952 and is headquartered in Spokane, WA.
6/1/18	Midwest Materials, Inc.	JLL Partners, Inc.; Pioneer Sand Co., Inc.	Midwest Materials, Inc., part of Pioneer Sand Co., Inc., is an American company that operates as a fertilizer & landscape materials company. Pioneer Sand Co., Inc. acquired Midwest Materials, Inc. on 01 Jun 18.
5/21/18	Landscape's Choice	SiteOne Landscape Supply, Inc.	Landscape's Choice, part of SiteOne Landscape Supply, Inc., is an American company. The firm distributes nursery and landscape supplies. On 21 May 18 SiteOne Landscape Supply, Inc. acquired Landscape's Choice.

Median EBITDA Multiples Trend

Average Number of Months to Close Deals

2017	2018
8.7	9.3

Breakdown of Cash at Close

	2017		2018	
	<i>Low</i>	<i>High</i>	<i>Low</i>	<i>High</i>
Cash*	82%	86%	78%	85%
Seller Financing	10%	17%	10%	11%
Earn Out	0%	4%	1%	3%
Retained Equity	0%	4%	0%	4%

* Combination of buyers equity and senior debt

Advisor, Investor, and Executive Surveys

- 79% expect increased average number of deals in 2019 (up from 70% a year ago)
- 83% expect strong market to expire within the next 24 months (33% say its within 12)
- 19% of transactions valued below \$2M were business services – highest proportion
- 27% of transactions valued above \$2M were in manufacturing – highest proportion
- 66% of investors/buyers use adjusted EBITDA multiple when valuing privately-held businesses
- Top 3 reasons deals didn't close were valuation gap (36%), unreasonable seller/buyer demand (20%) and no market for business (11%)

EBITDA	Manufacturing	Construction & Engineering	Consumer Goods & Services	Wholesale & Distribution	Business Services	Basic Materials & Energy	Healthcare & Biotech	Information Technology	Financial Services	Media & Entertainment	Average
< \$1M	5.0x	3.5x	4.3x	5.5x	3.0x	5.0x	4.3x	7.0x	5.5x	4.0x	4.7x
\$1M - \$5M	5.5x	4.5x	5.5x	5.5x	4.8x	5.5x	5.5x	7.5x	6.0x	5.5x	5.6x
\$5M - \$10M	6.5x	5.0x	5.8x	5.8x	5.3x	6.0x	7.3x	8.0x	7.5x	6.0x	6.3x
\$10M - \$25M	7.5x	6.5x	6.5x	7.5x	6.0x	6.0x	7.5x	8.5x	7.8x	6.5x	7.0x

Sources: Pepperdine Private Capital Markets Report, PitchBook Data, GF Data M&A Report November 2018, Market Pulse