

# Essential Services Continue to Attract Investors



## What are essential services?

Essential services are critical to maintaining equipment, facilities and health, and to facilitating common, everyday activities of both businesses and consumers.

## What makes essential service companies attractive to investors?

- **Investors like the financial profile of these businesses:** revenue stability, some recurring revenue, and low asset intensity.
- **Investors like the opportunity to build a larger company (“platform”)** by acquiring local and regional service companies, undertaking some degree of rationalization to improve margins and cash flow, and selling the platform at a higher valuation multiple.

## Some examples of essential services:

- Protection of critical infrastructure and assets, including physical security, fire detection and protection, as well as data center security
- Maintenance of equipment and facilities
- Testing, inspection, measurement, and compliance
- Physical asset tracking (pallets, containers and others)
- Compliance reporting, licensing, real estate title searches, property management

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***Demand for these investment opportunities is resulting in an expansive definition of what is “essential”, which is good news for owners and operators of these businesses who once had a limited path to liquidity.***



**Some examples of essential services (cont.):**

- Data backup, security and hosting services
- Non-discretionary automotive repair and replacement parts
- Residential pest control, fire protection, garage door installation and maintenance, roofing, landscaping, pool maintenance, HVAC, plumbing and other home services
- Real estate appraisals and inspections
- In-home health services

**Valuations**

As a result of this demand, valuations range from 5–10+ times EBITDA, and more for platforms with +\$10 million EBITDA, depending on the type and location of the service and the size of the company.

**Franklin Partners has experience orchestrating the sale of a variety of essential service businesses:**

- Wind turbine warranty maintenance and repair services for power companies
- Fuel tax reporting and compliance services for trucking companies
- Coating of critical, consumable parts for the semiconductor industry
- Cleaning of semiconductor manufacturing equipment and facilities
- Mobile diagnostic imaging services for nursing home facilities and rural hospitals

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**Franklin Partners is a preeminent sell-side investment bank based in Minneapolis, Minnesota.** Active in many industries and sectors, our focus is on closely-held companies.

We present businesses in thoughtful, strategic ways to qualified investors because we understand what investors are seeking and how they want to see it. And we do this in a competitive process to obtain the best price and deal terms.

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