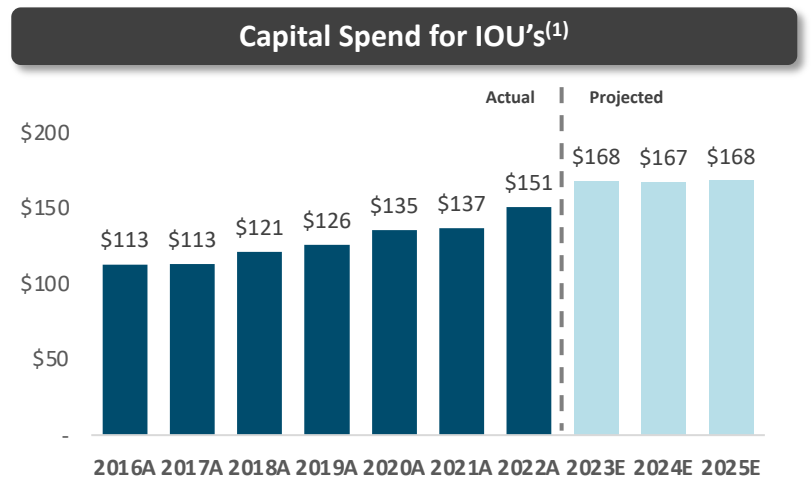
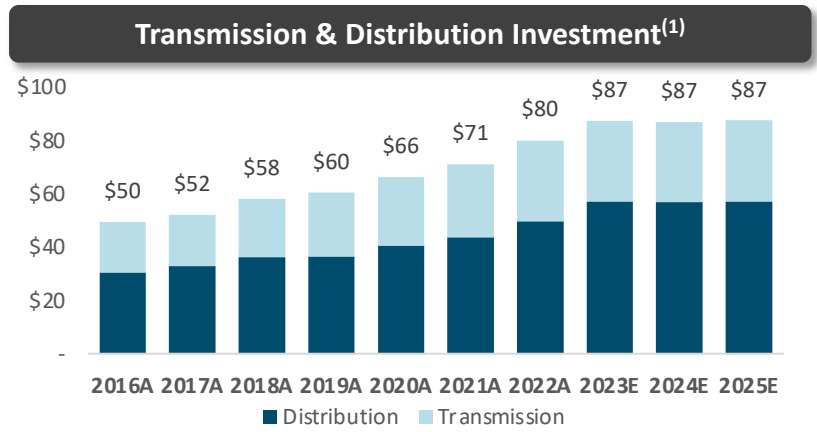


VEGETATION MANAGEMENT SUMMARY REPORT

Q4 2023

INDUSTRY TAILWINDS – UTILITY VEGETATION MANAGEMENT

- The vegetation management and utility service sectors have each become remarkably attractive to investors over the last 5 years, due to strong industry tailwinds caused by robust government funding, regulatory support for service companies in these sectors, and the proliferation of ESG initiatives in both public and private equity markets.
- Huge amounts of capital are chasing companies in these sectors, with operators at the intersection of vegetation management and utility service, Utility Vegetation Management (“UVM”), best positioned to receive the highest valuations in a sale to an acquiring platform or a partnership with private equity investors.
- The \$1.2 trillion Infrastructure Investment and Jobs Act is supporting growth and maintenance in our nation’s infrastructure and will continue to drive growth for operators servicing the power grid, transportation, and other right-of-way maintenance.
- Utility companies are allocating large budgets towards maintaining, upgrading and expanding electrical infrastructure, while outsourcing larger portions of their workforce, providing a convergence of factors for service providers to pursue and attain high-margin, recurring maintenance, emergency, and project-based contracts for utilities.



ENERGY TRANSITION & ESG (2)

- The transition to renewable fuels, occurring alongside a shift in investor preferences to value companies with higher social impact via Environmental Social and Governance (“ESG”) scores, has significantly driven up values for vegetation management companies.
- As more renewable power generation is built, the demand for T&D maintenance work increases. Renewables provided just over 20% of electricity generation in 2022, which is expected to grow to over 42% by 2050. This generation is often located far from demand centers, which requires new lengths of T&D infrastructure across rural areas to be maintained by UVM operators.
- Utilities are increasingly bearing the costs of catastrophic events ranging from hurricanes to wildfires. PG&E, the nation’s largest utility, has recently negotiated settlements that included \$13.5bn earmarked for victims of wildfires attributed to PGE’s powerline infrastructure. These cost burdens provide a significant impetus for utilities to invest substantially in maintaining right-of-way integrity related to vegetative growth.

Source: 1) EEI; 2) U.S. Energy Information Administration, Annual Energy Outlook 2023; and RCO research



PROFILE OF A VEGETATION MANAGEMENT TRANSACTION

The ongoing flurry of investment activity, coupled with strong industry tailwinds has provided optimal conditions for sellers to maximize the value of their business through a sale to an industry-consolidating platform or a partnership with private equity to receive liquidity and grow the business while seeking a larger exit within ~5 years.

STRATEGIC ACQUIRER	PRIVATE EQUITY INVESTMENT
<ul style="list-style-type: none">• Strategic acquirers of vegetation management businesses typically have a higher ability to pay given cost synergies associated with integrating the business post-close.• This type of acquirer usually seeks to acquire substantially all of an operator's equity, and transition leadership out of the business over a shorter period of time post-close, maximizing the liquidity sellers receive today.• Strategic acquirers value additive customer bases, seek to expand their geographical footprint, and can help to improve the margins of a business post-close.• EBITDA multiples can vary significantly depending on the operating sector (profiled below) the market is seeing offers from strategics range from 5.0x-7.0x in recent processes.	<ul style="list-style-type: none">• Private equity acquirers typically seek to partner with operators, professionalize the back-office functions, and support top-line growth of the business.• These partnerships leverage current executive leadership alongside new PE relationships to focus on expanding services and deepen customer relationships, which enhances the company's value for a future sale, maximizing total value realized by the seller.• Private equity acquirers value larger margin profiles, which supports the debt capacity of a business, additive customer contracts, and typically prefer higher customer diversification. However, the RCO team has executed transactions wherein customer-concentrated businesses were able to meet client value expectations. For UVM businesses, transactions can reach double-digit multiples.

RESIDENTIAL VEGETATION MANAGEMENT ("RVM")

- Residential VM service providers, such as landscapers and local tree-trimmers, represent the most-fragmented segment of the vegetation management market and can serve as key strategic add-ons to acquirors in several different scenarios.
- Operators in this subsector can best position themselves for maximum value at sale by growing the scale and scope of their business, upgrading their fleet, and differentiating themselves as ESG assets.

COMMERCIAL/FACILITY VEGETATION MANAGEMENT ("CFVM")

- Commercial/Facility VM providers bear a similar suite of services as Residential VM, to a differentiated customer base of commercial properties. The financial profile of these businesses is attractive to acquirers because of the highly recurring revenue stream, and customers tend to be large corporate entities entering into long-term contracts.
- There is a high degree of interest in these companies from a broad host of strategic and private equity acquirers, albeit moderately less demand for these assets relative to UVM given the difference in fundamental demand and regulatory support.

UTILITY VEGETATION MANAGEMENT ("UVM")

- Utility Vegetation Management companies are specialized providers of vegetation management services, catering exclusively to utility and right-of-way customers. They offer a comprehensive suite of services similar to those offered by residential and commercial/facility service providers, which includes tree trimming/pruning, chemical plant and soil treatment, and landscaping in the vicinity of substations and other electrical infrastructure.
- Companies in the UVM segment typically receive the highest valuation from acquirers, particularly by those private equity investors competing amidst the flurry of investment to establish a leading platform in the highly fragmented market, which comprises hundreds of service providers currently providing vegetation management services to the largest utilities. Private equity acquirers value the recurring nature of these customer relationships and can extract huge synergies from their acquisitions through whitespace in acquiror and target service agreements.

Vegetation Management Acquirer Overview



ROBUST ENVIRONMENT OF PURE-PLAY VM ACQUIRERS

- There is a diverse landscape of specialized companies looking to acquire businesses in the field of vegetation management. These acquirers vary from private to publicly traded entities and are specifically interested in residential, commercial/facility, and utility vegetation management. Some acquirers are willing to pay a premium for companies that align with their specialized focus, while others are interested in a broader range of services, spanning from residential to utility vegetation management.
- The M&A market for businesses providing services within these sectors has never been more competitive, and that competition drives valuation, ensuring maximized value for business owners looking to sell or grow their business.

SELECT RELEVANT UTILITY VEGETATION MANAGEMENT TRANSACTIONS

Date	Target	Acquirer	Transaction Overview
Aug-23			Xylem Kendall strategically acquired Tom's Tree Service, a seasoned vegetation management provider with over 20 years of experience. This integration aims to bolster Xylem Kendall's market presence in Iowa and Missouri as part of its national expansion efforts. The decision to proceed with the acquisition was influenced by Tom's Tree Service's strong reputation for safety, quality, and customer service.
May-23			Riggs Tree Service, Inc. received a growth capital investment from Plexus Capital and Eagle Private Capital in partnership with the Company's CEO, Jeremy Riggs, and other members of the management team. Founded in 2001 and headquartered in Grove, OK, Riggs Tree provides utility right-of-way tree trimming and tree removal services primarily to electric cooperatives located across the Midwestern U.S. The Partnership is designed to support Management's growth from a regional to super-regional provider of UVM services.
Mar-23			Signature turnkey multi-disciplined operator serving the utility, railroad and pipeline sectors by providing vegetation management and other construction support services across the United States via both conventional and airborne methods. Signature is based in Birmingham, Alabama. Evolute Capital's equity investment in the business will support the Company's planned expansion to the West Coast.
May-22			Gunnison, Warren Equity's vegetation management acquisition platform, is a super-regional leader in tree care and vegetation management services for residential, commercial, utility, and government customers. With the Everett acquisition, Gunnison now operates in over 20 states, has 1,500 employees, and is expanding nationwide.
Dec-21			Ferrovia Services, an Alabama-based provider of vegetation management to railroads and Department of Transportation (DOT), with locations across the U.S. Auxo will integrate Genesis Rail Services and Ferrovia Services into one platform, facilitating the cross-selling of services to improve offerings to existing customers.
Nov-21			ArborWorks is a professional tree care firm that specializes in vegetation management in the western US. New State Capital partnered with Five Crowns Capital, an independent sponsor, along with several mezzanine partners to fund a growth-oriented action plan including hiring key business development professionals from utilities to pursue UVM, pursuing add-on acquisitions to increase labor capacity, expanding back-office and on-boarding processes, and implement ERP system to leverage technology and data to improve efficiencies. Existing management rolled a significant amount of equity in the new transaction and is continuing to be active in the growth and future success of the business.
Jun-21			Incline Equity Partners has acquired Edko (the "Company"), a leading provider of herbicide-based vegetation management services to utilities, municipalities and other operators of infrastructure rights-of-way. The Company assists its customers in planning and implementing comprehensive and effective herbicide-based treatment programs that are both environmentally friendly and cost efficient. The Company currently operates 14 branch locations serving 25 states.

Source: Public company filings and RCO research

Vegetation Management Acquirer Overview



SELECT RELEVANT RESIDENTIAL & COMMERCIAL VM TRANSACTIONS

Date	Target	Acquirer	Transaction Overview
Nov-23		 	Silversand Services and SLI Landscape provide full landscaping, irrigation management, tree care, interior plant care and custom holiday decoration services and will serve as add-ons to Zodega Landscaping, Lincoln Road Global Management's RSVM/CFVM platform. The combination of these three entities will allow the Company to serve a broad array of attractive end-markets including HOAs, office, retail, residential, government and industrial clients with over 1,500 customers throughout Greater Houston Metro, Dallas-Fort Worth and Bryan-College Station.
Aug-23		 	Flawless Lawn Care & Landscaping specializes in providing landscape maintenance services to HOA's and commercial properties. Juniper, an RVM provider has acquired Flawless, expanding its geographical footprint in the East Coast of Florida. The addition of Flawless brings Juniper to 25 branch locations throughout Florida, the release adds.
Aug-23			American Landscaping Partners (ALP) is a premier lawn care and landscaping platform with six branches in Nashville, Cleveland, Pittsburgh, and Florida. ALP has used a disciplined M&A strategy to unite leading local operators with a strong focus on customer service and quality and now serve over 5,000 recurring residential and commercial customers. In partnership with Shoreline, ALP will pursue aggressive growth through organic initiatives and acquisitions. The management team retains ownership and will continue to lead ALP going forward.
Aug-23			SavATree has acquired Atlas Tree Service, based in Utah, adding SavATree's third branch in the state and its 82nd nationwide. Atlas specializes in arboriculture and plant health care for homeowners in the Salt Lake City area. Owner Johnny Atkin and his team will stay with SavATree.
Jul-23		 	Senske Services, a leading provider of recurring residential lawn care, pest control, and home services, has acquired National Turf, based in Springfield, Virginia. After more than 50 years of family ownership under Clinton Quinn's leadership, National Turf sought a trusted partner to continue its legacy of customer care and employee satisfaction. Senske Services, sharing the same core values, emerged as the ideal choice. National Turf Service will be rebranded as Blades of Green, a division of Senske Services. This marks Senske's fifth acquisition in 2023 and seventh overall since receiving investment from GTCR.
May-23			Mariani Landscape has acquired Siciliano Landscape Company, based in Red Bank, New Jersey. This marks Mariani's latest acquisition in its ongoing national expansion. Siciliano Landscape is known for its award-winning design, installation, and maintenance services and is the 12th company to join Mariani's group of industry-leading residential landscape companies.
Apr-23			Established in 1975 by Chris and John Mickman, Mickman Brothers offers landscaping, irrigation, maintenance, and snow removal services in Greater Minneapolis-St. Paul. They operate a local garden center where they grow most of their annuals and perennials. With around 80 year-round employees and about 200 seasonal workers, all services will remain under the Mickman Brothers team within Davey's Commercial Landscape Services.
Mar-23			The Haupt Tree Company, specializing in tree preservation and plant health care for residential, commercial, and municipal clients across Western Massachusetts, Eastern New York, and Northwestern Connecticut, has joined Bartlett Tree Experts. This addition brings 20 Haupt employees into Bartlett. The Target's reputation for client satisfaction and tree care expertise made a natural fit with Bartlett, a family business with a similar heritage. The acquisition provides customers access to Bartlett's global resources and research facility, enhancing services. The Haupt Tree Company, led by the second-generation Haupt family members, includes Erik G. Haupt II as President and General Manager and Peter G. Haupt as Vice President and Fleet Manager.
Apr-22			Audax Private Equity has purchased Monarch Landscape Companies, a Los Angeles-based commercial landscape management firm, from One Rock Capital Partners. Founded in 2015 by Brian Helgoe and One Rock to acquire Signature Landscaping in Seattle, Monarch has rapidly grown into a prominent regional player in the western U.S. Operating in five states (California, Oregon, Washington, Colorado, and Texas), Monarch serves a diverse clientele, including commercial and corporate campuses, municipalities, and HOAs.

Source: Public company filings; Company press releases; and RCO research

ROMANCHUK & CO. FIRM CAPABILITIES



Romanchuk & Co. is a boutique investment banking firm providing strategic advisory services to our clients across the middle-market, including sourcing, initiating, structuring and negotiating mergers and acquisitions, raising capital, as well as providing valuation and restructuring services. Our team of licensed investment banking professionals specializes in advising owners and

investors of privately-held businesses, private equity firms and corporations on the preparation and sale of their company, facilitating mergers and acquisitions, guiding companies through capital raises, and assisting in identifying and executing upon strategic opportunities. For more information, please visit our website at www.romanchukco.com.

INDUSTRY EXPERTISE

Our most recently closed deals showcase our firm's unique ability to execute transactions across the utility services sector while maximizing value for our clients in the middle-market. Drawing on our collective industry experience, Romanchuk & Co. is focused on providing creative, impactful M&A strategies to our clients across the diversified industrials sector.

 has been acquired by <small>Romanchuk & Co. advised Yates Line Construction on this transaction.</small>	 has been recapitalized by <small>Romanchuk & Co. advised Bright Star Solutions on this transaction.</small>	 has been acquired by <small>Romanchuk & Co. advised Warren Equity Partners on this transaction.</small>	 has recapitalized <small>Romanchuk & Co. advised Warren Equity Partners on this transaction.</small>	 has been acquired by <small>Romanchuk & Co. advised Front Line Power Construction, LLC on this transaction.</small>
 has been recapitalized by <small>Romanchuk & Co. advised KV Power on this transaction.</small>	 has been recapitalized with financing provided by <small>Romanchuk & Co. advised West Trust Bank on this transaction.</small>	 has been acquired by <small>Romanchuk & Co. advised Power Line Services on this transaction.</small>	 has been acquired by <small>Romanchuk & Co. advised Power Line Services on this transaction.</small>	 has been acquired by <small>Romanchuk & Co. advised Sun Electric on this transaction.</small>

INDUSTRY RECOGNITION

 DEAL OF THE YEAR DEAL OF THE YEAR WINNER APRIL 19, 2022 UTILITY, POWER & INFRASTRUCTURE	 DEAL OF THE YEAR DEAL OF THE YEAR WINNER APRIL 19, 2022 HOUSTON IMPACT AWARD
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Romanchuk & Co.'s recent transaction "Front Line Power Construction Acquired by Orbital Infrastructure Group" was selected as the 2022 Utility, Power & Infrastructure Deal of the Year by the Houston Chapter of the Association for Corporate Growth. The transaction was also selected as the winner of the Houston Impact Award, which recognizes the transaction that drives the most middle-market growth in the Houston region.

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