

Green Industry Merger & Acquisition News

News and Commentary for Green Industry Business Owners

The Principium Group, Inc.

January 2009

The Year in Review

Commentary from Principium

A year ago, we commented that the green industry had been amazingly resilient in the face of the housing slow-down. That resilience has been severely tested as the housing slow-down turned to the sub-prime melt-down and then the credit crunch which toppled Wall Street titans. The industry has remained resilient, but not immune from the impact of the severe drop-off in construction, enormous swings in fuel and commodity prices, and the belt-tightening that consumers and businesses alike have done in the face of economic uncertainty and gloom.

Despite the gloom and uncertainty, there have still been many merger and acquisition transactions within the green industry. These transactions have been driven by buyers exploiting the situation to gain market share, protect revenues, and gain entry into new markets. Many sellers sought to lock in gains while looking at a prolonged economic downturn. Other sellers were unprepared for the pressures of the economy and sought an exit, voluntarily or involuntarily.

We are pleased to present this look back on the merger and acquisition transactions announced in 2008 in the green industry.

2008 Transactions

The following list includes many of the green industry merger and acquisition transactions completed during 2008. It does not include transactions that were not publicly announced. More information on these and other transactions can be found on our affiliated website, SellMyGreenBusiness.com.

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Despite the gloom and uncertainty, there have still been many merger and acquisitions transactions within the green industry.

The key drivers of mergers and acquisitions of small and mid-size businesses continue to exist. We expect the market to continue at roughly a similar pace through 2009 with a rebound in 2010 and beyond.



The Principium Group, Inc.

P.O. Box 414
Cordova, TN 38088
901-881-7741
888-229-5740 (voice/fax)

www.PrincipiumGroup.com
www.SellMyGreenBusiness.com

Editor: Ron Edmonds,
redmonds@principiumgroup.com

January

Floriculture giant Ball Horticultural Company acquired Dutch perennial company Darwin Plants.

In one of the year's more interesting moves, mall and catalog retailer Urban Outfitters, Inc. announced that it would acquire J. Franklin Styer Nurseries, one of the oldest and most respected garden centers in the Philadelphia metropolitan area, launching its previously announced new brand Terrain. The goal of Terrain is to transform the local garden center into an experience that celebrates the beauty and abundance of nature while offering an eclectic mix of garden-inspired products tailored for the contemporary customer.

Atlanta-based Arrow Exterminating acquired McKendree of Jacksonville, Arrow's 91st acquisition since 1988.

Swingle Lawn, Tree & Landscape Care of Denver, Colorado, acquired Lawn-A-Mat of Denver.

February

Rentokil North America acquired Watch All Pest Control, marking its expansion in New England. Watch All will be retained as a brand by Rentokil, along with JC Ehrlich and Presto-X.

Swingle acquired Shra Enterprises, a 12-year old tree service in Loveland, Colorado

March

In the year's largest related transaction, Rollins, Inc., parent company of Orkin, agreed to acquire Home Team Pest Defense from troubled builder Centex for approximately \$137 million. Home Team has 50 offices in 13 states and approximately 400,000 customers.

The Brickman Group acquired Stiles Landscaping of Florida. Stiles Landscaping was a division of real estate developer Stiles Corporation with locations in Ft. Lauderdale, Miami, Tampa, Ft. Myers and Orlando.

The Spring Garden Group acquired Briggs Nursery. Briggs is a leader in providing both U.S. and international growers products based upon the production of tissue culture plantlets, as well as being a prominent supplier of finished woody ornamental plants.

April

In another major development, Yellowstone Landscape Group was formed by Gridiron Capital as a platform for acquiring large landscape companies. Its initial acquisitions were Houston, Texas-based BIO Landscape &

Key Trends for 2009

Continuing Economic Woes

Many leading economists predict that the economy will not revive in a significant way until 2010.

Residential construction will continue to be slow during 2009, and commercial construction, which has not fallen as much as residential construction yet, will weaken considerably.

Green Business Practices

There will be a growing interest in environmentally-friendly products and services within the industry.

Organic and other alternative products will continue to grow in popularity. Municipalities will continue to explore restricting the use of pesticides and certain fertilizers.

Water Conservation

The serious water shortages experienced by various parts of the country in recent years will result in a focus on water-conserving landscape techniques, including rain-water retention and reuse and xeriscaping.

Access to Employees

The national debate on immigration policy will continue, although it will take a back seat to economic recovery efforts.

Addressing employer's concerns about access to guest worker programs will not be a high priority for the new administration.

Despite high levels of unemployment, many green industry businesses will struggle to maintain an adequate workforce.

Maintenance, Inc. and Atlanta, Georgia-based Piedmont Landscape Contractors, LLC.

SavATree, the tree and lawn care company with operations in eight states from the Mid-Atlantic to New England, acquired Shearer/Penn in New Jersey.

Landscape industry leader The ValleyCrest Companies acquired Concepts in Greenery, a landscape services company based in Stuart, Florida.

Colorado-based Swingle acquired Weed Wranglers of Denver and Timberjax Tree Experts, Inc. of Longmont.

May

The Brickman Group made a major move in the northwest, acquiring Seattle, Washington-based Northwestern Landscape Company and Portland, Oregon-based Northwest Landscape Service.

June

The Davey Tree Expert Company completed two major acquisitions, \$40 million Wolf Tree of Knoxville, Tennessee, and \$51 million The Care of Trees, a tree care business based in Wheeling, Illinois.

August

Aequitas Capital Management's Catalyst Fund acquired the large wholesale greenhouse company Skagit Gardens, Inc.

Hines Horticulture, Inc. filed bankruptcy to facilitate the sale of its large horticulture business as a going concern.

Urban Outfitters confirmed plans to open 50 more Terrain-branded stores. It is not clear if they will be start-ups or acquisitions.

Bartlett Tree Experts expanded by acquiring Tops Tree Service on southern Vancouver Island in Canada, Four Seasons Tree Care in Washington and Synnestvedt and Associates in the Chicago area.

Arborwell completed its acquisition of the tree care division of Stay Green Landscapes of San Diego.

Arizona-based The Groundskeeper acquired Greater Texas Landscapes of Austin.

September

The Scott's Miracle Gro Company confirmed that it is seeking to sell its Smith & Hawken chain of up-scale outdoor living stores.

GIE Media, Inc., the green industry publisher, acquired four titles from Branch-Smith Publishing of Fort Worth: *Greenhouse Management &*

SellMyGreenBusiness.com

The Principium Group sponsors an informational website, SellMyGreenBusiness.com with concrete information for owners of green industry businesses contemplating selling their business or growing their business through acquisitions, along with relevant industry news and commentary from Principium and industry leaders. We invite you to visit SellMyGreenBusiness.com today.

About Principium

The Principium Group provides mergers & acquisitions and business brokerage services to a variety of middle market and small businesses, with a focus on the green industry. Our professionals have assisted buyers and sellers in hundreds of transactions

For buyers, Principium provides assistance and counsel in strategic planning, identifying potential acquisition targets, due diligence and planning for successful integration of acquisitions.

For sellers, Principium provides assistance and counsel in evaluating strategic alternatives, identifying and negotiating with potential acquirers and assisting with transactions from due diligence through the closing process.

We understand that the decision to buy or sell your business is a profound decision, and we pledge to work with you in a professional and confidential manner while we help you navigate this often confusing process.

Whether you have immediate plans to buy or sell a business or may sometime in the future, we would welcome the opportunity to talk with you about your business.

Production, Nursery Management & Production, Garden Center and Garden Center Product Source.

Real Green Systems, the industry-leading software company with its Lawn & Pest Assistant software, acquired industry veteran Practical Solutions, Inc., vendor of The Service Solution.

October

Terminix acquired the southern California operations of Moxie Pest Control .

Nanak's Landscaping acquired All About Green in Sarasota.

November

Sunair Services, parent company of Florida-based Middleton Pest Control rejected an offer from Massey services of Orlando.

December

The national landscape architecture firm, JJR, expanded to Phoenix by merging with Floor Associates.

January 2009

Yellowstone Landscape Group made another move by acquiring Bunnell, Florida-based Austin Outdoor. There is no public information available on the size of Austin Outdoor, but it is believed to be Yellowstone's largest acquisition yet and the platform for development in Florida.

Sunair Services rebuffed another bid from Massey Services and hired a firm to assist it in "exploring strategic alternatives."

Highlights from SEC Filings

ServiceMaster Company, parent company of both TruGreen Lawncare and Terminix, reported acquisitions totaling \$27.5 million dollars for the nine months ended September 30, 2008, primarily tuck-in acquisitions for TruGreen and Terminix. ServiceMaster also stated that it "expects to continue its tuck-in acquisition program at both Terminix and LawnCare." Terminix released a list of nineteen tuck-in acquisitions it completed in the first six months of 2008 and another nine in the third quarter.

The Scott's Miracle-Gro Company reported that its Scott's Lawn Service completed no acquisitions in its 2008 fiscal year, although it "anticipates continuing to make selective acquisitions in fiscal 2009 and beyond." Scott's has made \$125 million in acquisitions of local and regional lawn care businesses since 2001.

