2022 Market Impact Study

SIMA® Foundation

ABOUT THE STUDY

On behalf of the SIMA Foundation, thank you for your interest in the 2022 Snow & Ice Market Impact Study. Part of the Foundation's mission is to conduct research and increase awareness of the value snow and ice management providers play in the economy. This report provides an overview of the private snow and ice management industry and includes notable changes that have occurred since the first impact study was commissioned in 2016.

This study would not be possible without the generosity of SIMA Foundation donors. Our hope is to build on these research efforts. If you're interested in learning more or to donate, please visit ***sima.org/foundation***.

Debora Babin Katz, Chair
SIMA Foundation

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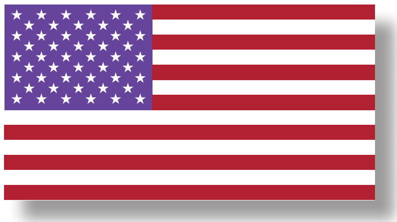
METHODOLOGY

The SIMA Foundation partnered with Steve Wolf of WolfWorks Consulting in Bethesda, MD for this study. Wolf also completed the 2016 Industry Impact Report for the Snow & Ice Management Association (SIMA). Data for the Snow & Ice Market Study was compiled through secondary research and an analysis of publicly available sources, such as industry analyses, trade press, government data and provider white papers published from 2018-2021.

PROVIDER PROFILE



$20.8
BILLION

Estimated revenue of the U.S. private snow & ice management industry

~88,200
BUSINESSES

~180,000
WORKERS

$4.4
BILLION

Estimated revenue of the Canadian snow & ice management industry

~18,500
BUSINESSES

~38,000
WORKERS

~18% Percentage of business growth from 2016-2021

~110,000 North American businesses (80% of those are in the US) participate in a very fragmented snow & ice industry. The vast majority are sole proprietors.

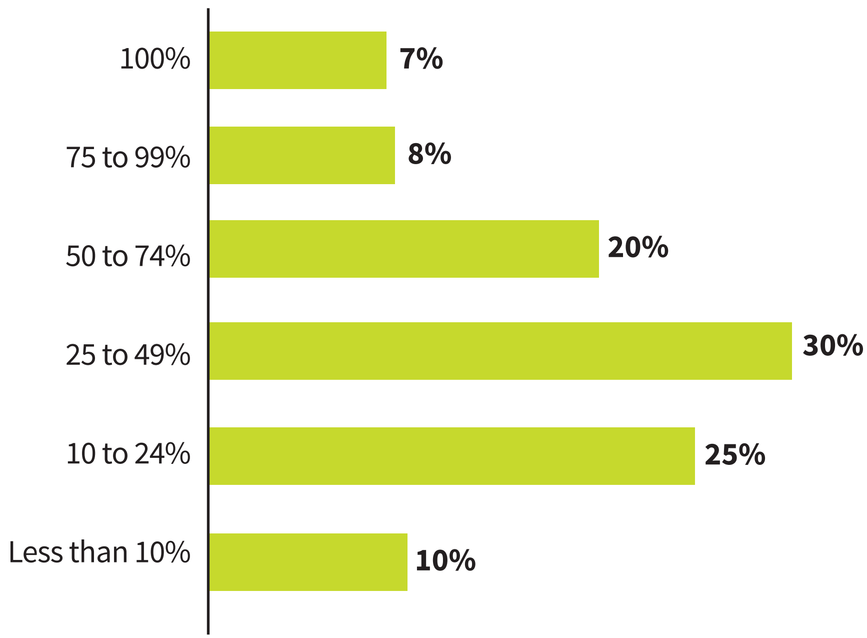
In the United States, the number of providers grew from **74,800** service providers in 2016 to **88,200** in 2022. Forecasted growth is expected to be strong.

The total number of service providers in Canada grew from **15,700** in 2016 to **18,500** in 2022.

The average provider has operated for at least 10 years.

PROVIDER PROFILE

% REVENUE FROM SNOW & ICE SERVICES



60% Commercial clients comprise the majority of the typical snow & ice services provider

93% Customer retention year over year

1 in 12 are snow-only companies

1 in 6 are primarily snow companies who also offer landscaping and lawn services

~50% are landscaping and lawn care providers who also offer snow services

2% forecasted employment growth by 2026

~220,000 people in the US and Canada work in snow & ice management (this figure likely grossly underestimates the volume of seasonal workers).

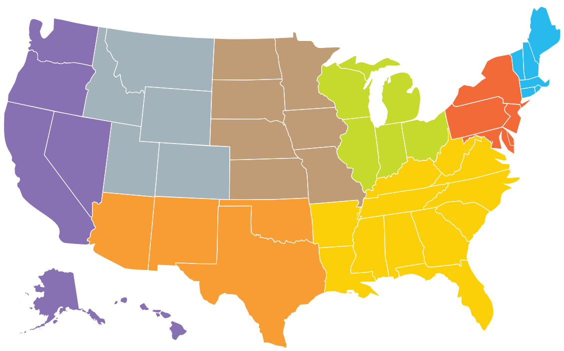
$152,000 Snow & ice revenue generation

Runs a multi-line business, including landscaping, earning $435,000

Snow & ice accounts for about 1/3 of its earnings

REVENUE

The snow & ice management market is very stable, characterized by modest yet consistent growth.



REGION	US POPULATION	% OF US	% OF SNOW & ICE MARKET	ESTIMATED SNOW & ICE REVENUE
Mid-Atlantic	49 million	49%	28%	$5.8 billion
Great Lakes	47 million	47%	25%	$5.1 billion
New England	15 million	15%	14%	$2.8 billion
Rockies	13 million	13%	12%	$2.5 billion
Plains	22 million	7%	8%	$1.6 billion
West	57 million	17%	7%	$1.4 billion
Southeast	87 million	26%	5%	$1 billion
Southwest	44 million	13%	2%	$0.5 billion

Across the United States, the Mid-Atlantic and Great Lakes regions comprise the lion's share of the revenue.

REGION	CANADA POPULATION	% OF CANADA	% OF SNOW & ICE MARKET	ESTIMATED SNOW & ICE REVENUE
Ontario	49 million	38%	50%	$2.2 billion
British Columbia	47 million	14%	24%	$1.1 billion
Quebec	15 million	23%	14%	$0.6 billion
Prairie Provinces	13 million	20%	9%	$0.4 billion
Atlantic Provinces	22 million	5%	3%	$1.6 billion

Across Canada, Ontario and British Columbia account for ¾ of the total revenue.

2.5%
MILLION

Revenue growth from 2016-22, from $18 billion to $20.8 billion. Growth is expected to slow to approximately 1.5% through 2026

GROWTH FACTORS

MACRO FACTORS DRIVE THE INDUSTRY'S GROWTH

1 WEATHER

Year-over-year changes increase the volatility of the industry, whether in the frequency or severity of events but also the total accumulation of snow.

2 ECONOMY

The growth or contraction of the economy affects businesses in operations, building occupancy rates, sidewalk and street traffic. Employment affects companies' wages and the ability to hire and retain personnel.

3 CONSTRUCTION

New residences and commercial structures expand the footprint of entities needing snow & ice management services.

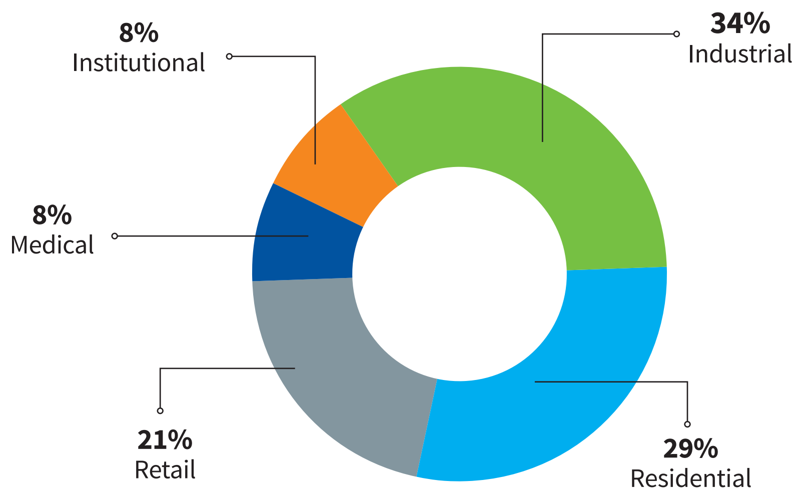
4 LIABILITY

Rising or falling liability concerns among business or property owners can affect their desire for snow & ice services.

BUYER SEGMENTS

SNOW PLOWING SERVICES SHARE PER SEGMENT

Among account types, industrial slightly outpaces residential, followed by retail.

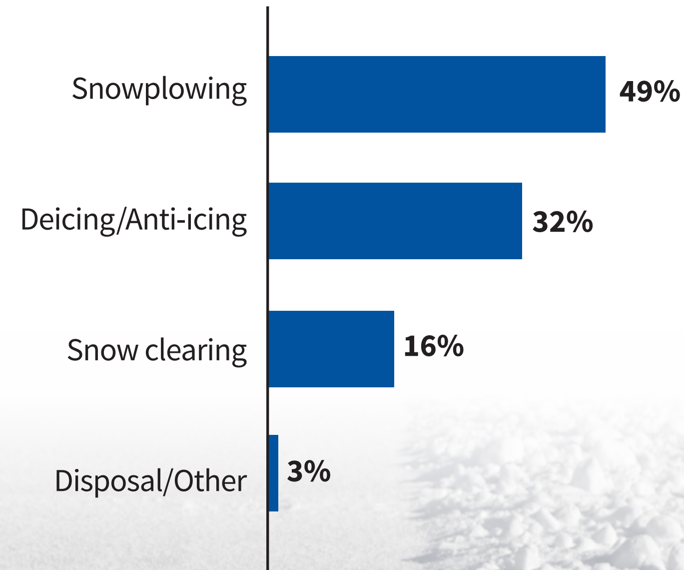


Industrial: As more properties elect to outsource facilities management, and the growth of direct shipping from warehouses, this sector has seen an increase (up from 26% in 2016). Demand is consistent and is often served by regional or national providers.

Residential: This segment is typically served by smaller operators. Multi-family accounts for 14% of the segment and offers consistent demand vs. single-family, which is 15% of the segment but has more volatile demand.

Retail: This segment presents consistent demand, usually through annual contracts; however, the segment fell due in part to COVID-related declines in retail operations.

% OF SNOW & ICE ACTIVITY REVENUES



Average provider works
13-16 plowing events and
20-25 deicing events per season.

TRENDS

MERGERS & ACQUISITIONS

Private equity has taken a serious interest in the snow removal industry. And all signs indicate this trend will continue, especially as the industry matures and professionalizes its risk management. The snow and ice management industry has attracted investment interest for several reasons:

- The amount of capital available for investment in middle-market companies in general has increased in recent years, fueled by the growth of private equity as an investment class.
- The "essential services" recurring nature of snow and ice management has become more evident to some investors.
- The snow and ice management services revenue line has been explained and emphasized by many companies as the number of landscape businesses held by private equity firms has increased significantly.

TECHNOLOGY IMPACTS

Telamatics and Tracking: Real-time tracking helps providers understand equipment deployed, where to steer resources, and can lead to analysis for improved allocations for future events. Using AVL (autonomous vehicle location) tracking, apps can indicate snow removal progress.

Robotics: Several providers have developed droids and self-driving vehicles capable of clear small to large jobs – from driveways and sidewalks to even airport runways

Electric Vehicles: 9% – a fraction, but still a significant number – of operators are investing in energy-efficient electric or alternative-fuel equipment.

TRENDS

SLIP & FALLS

The industry has seen the number of slip-and-fall injuries to workers decline from 3 to 1.8 per 10,000 workers as more focus is given to safety and training.

Average provider has a 1-in-6 likelihood of facing a slip-and-fall claim each season.

3.1 → **1.8**

25%

The percentage of all slip-and-fall accidents attributed to snow and ice (includes workplace injuries)

$33,000

Average medical claim for a snow & ice-related incident

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