

Engineering & Construction

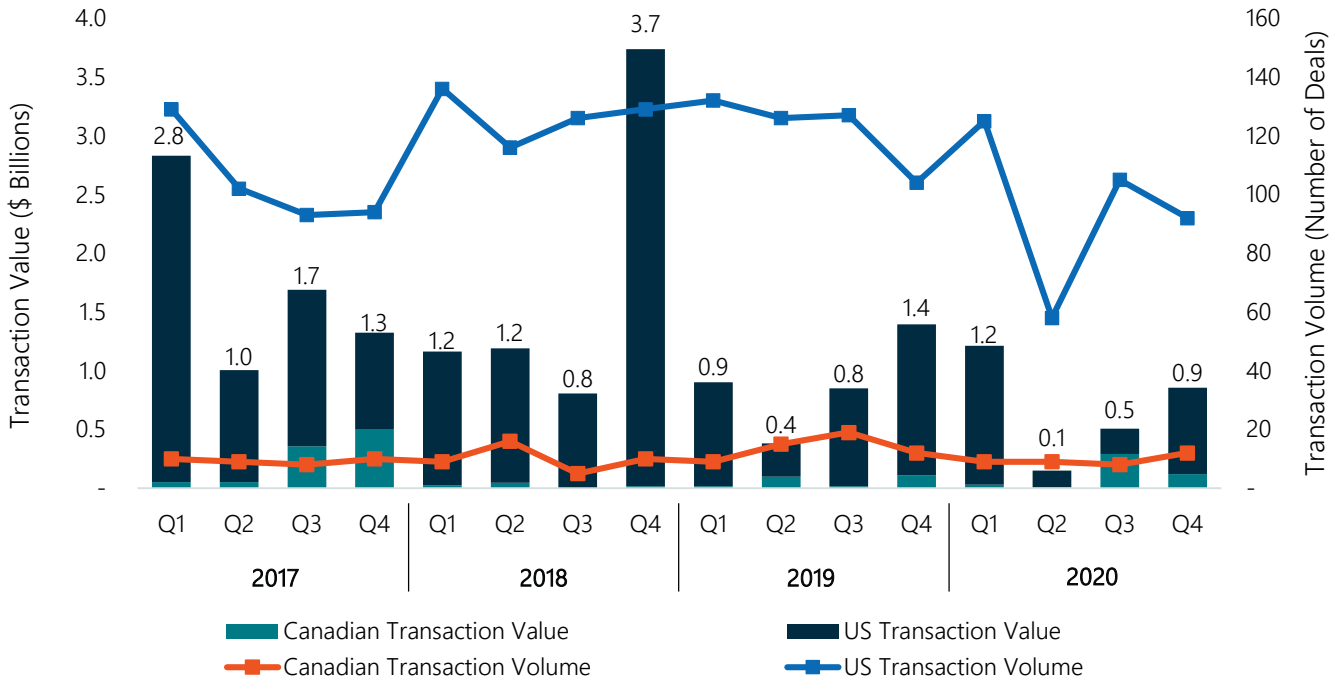
Quarterly Update | Q4 2020



Industry Overview

M&A Transactions & Performance

North American Engineering & Construction M&A Activity



Source: Capital IQ. Data as of December 31, 2020

Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million. All figures are in CAD.

Q4 Transactions (Canada)

12

Q4 Transaction Value (Canada)

\$119 million

(-59.4% vs. Q3 2020)

Q4 Transaction Value (US)

\$737 million

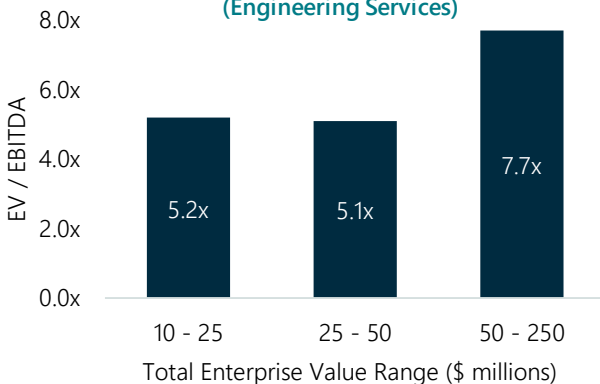
(+242.4% vs. Q3 2020)

Q4 Transactions (US)

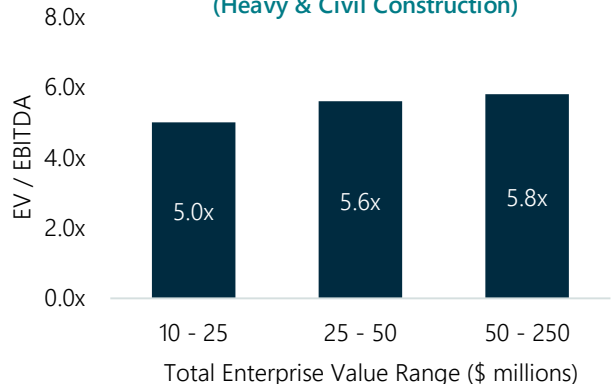
92

Engineering and construction merger and acquisition (M&A) activity in Q4 2020 exceeded \$850 million in disclosed transaction value across 104 deals in Canada and the US. The largest transaction in the quarter was First Reserve Corporation's acquisition of The Goldfield Corporation for \$271 million. In the last 12 months, 90% of acquirers have been strategic parties while 10% have been financial sponsors. Although private equity firms still boast a strong cash position, many firms continue to focus on guiding current portfolio companies through the COVID-19 turmoil.

Private Equity Deal Multiples (Engineering Services)



Private Equity Deal Multiples (Heavy & Civil Construction)



Select Recent M&A Transactions

FIRST RESERVE

Acquired



The Goldfield Corporation

Closed	Dec. 30, 2020
EV	\$270.5 million
EV/EBITDA	8.0x
EV/Revenue	1.2x

- First Reserve Corporation is a private equity firm specializing in buyouts, growth capital, and industry consolidations in middle market companies.
- The Goldfield Corporation provides electrical transmission construction and maintenance services to the energy infrastructure industry in the US.
- The acquisition will allow First Reserve to build platforms for maintaining and enhancing mission-critical infrastructure.

General Shale

Acquired



Closed	Dec. 18, 2020
EV	\$319.5 million
EV/Revenue	0.6x
Location (Vendor)	Atlanta, GA

- General Shale Brick, Inc. manufactures and supplies building materials in North America.
- Meridian Brick LLC manufactures and supplies brick and masonry products to organizations throughout US and Canada.
- The acquisition will double Wienerberger's (parent entity of General Shale) North American revenues to greater than \$800 million.



Acquired
operating assets of



Closed	Dec. 14, 2020
EV	N/A
EV/EBITDA	N/A
Location (Vendor)	Winnipeg, MB

- Tervita Corporation operates as a waste and environmentally focused energy service provider in Canada and the US.
- Main Line Industries Ltd. offers culvert boring and jacking, excavation, earth moving and civil work, trenchless services, heavy haul, and rail services.
- The operating assets of Main Line Industries Ltd include asset used for culvert boring and jacking, excavation, earth moving, and civil work.

Stantec

Acquired

Teshmont

Closed	Oct. 1, 2020
EV	Not disclosed
EV/EBITDA	Not disclosed
Location (Vendor)	Winnipeg, MB

- Stantec Inc. provides professional consulting services in the area of infrastructure and facilities for clients internationally.
- Teshmont LP provides engineering services for HVDC and EHVAC power transmission systems to clients around the world.
- Teshmont's presence across the globe strengthens Stantec's ability to provide clients with enhanced power service, and provide communities with safe, reliable, and renewable energy options.

Industry Overview

Engineering Services in Canada

The Engineering Services industry applies the physical laws and principles of engineering in the design, development and use of machines, materials, instruments, structures, processes, and systems.

Industry Glance

2020 Revenue

\$26.6B

Annual Growth 2015 – 2020

-4.5%

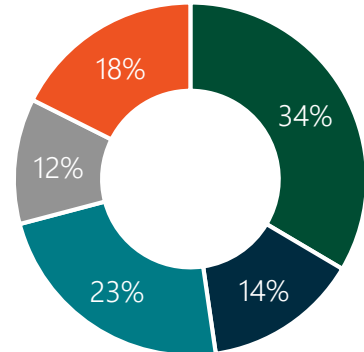
Projected Annual Growth 2020 – 2025

2.2%

Number of Businesses in 2020

27,368

Products and Services Segmentation (2020)



- Advisory Services
- Energy and Mining
- Residential and Commercial
- Power Generation
- Transportation

Heavy Engineering Construction in Canada

Heavy Engineering Construction performs new construction, reconstruction, rehabilitation, and repairs.

Industry Glance

2020 Revenue

\$41.1B

Annual Growth 2015 – 2020

3.3%

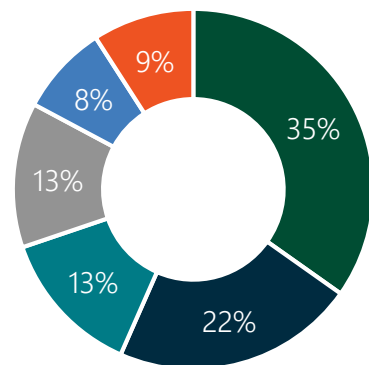
Projected Annual Growth 2020 – 2025

2.3%

Number of Businesses in 2020

2,771

Products and Services Segmentation (2020)

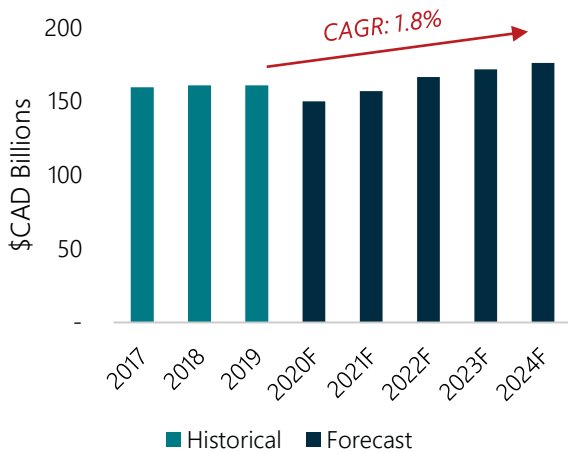


- Electric Power
- Land Transportation
- Repair and Maintenance
- Mining Engineering
- Marine and Waterworks
- Other

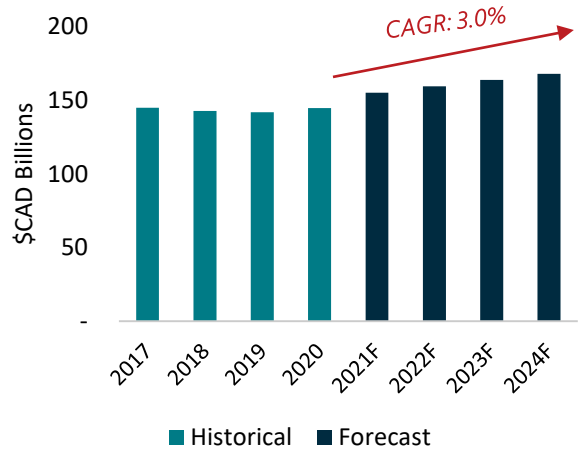
Macroeconomic Indicators

Key external drivers that affect the Engineering & Construction industry in Canada include the value of non-residential construction (expenditures on office buildings, hospitals, factories, power plants, mining shafts, communication lines, farms, railroads, and schools), aggregate private investment (investment in gross fixed capital formation and inventories), government expenditure and investment (the total value of services produced by federal, provincial, and local governments as well as investment in fixed assets), and the interbank overnight lending rate in Canada. Lower interest rates in the recent periods have driven up the government expenditure and investment, value of residential and non-residential construction, and private investment.

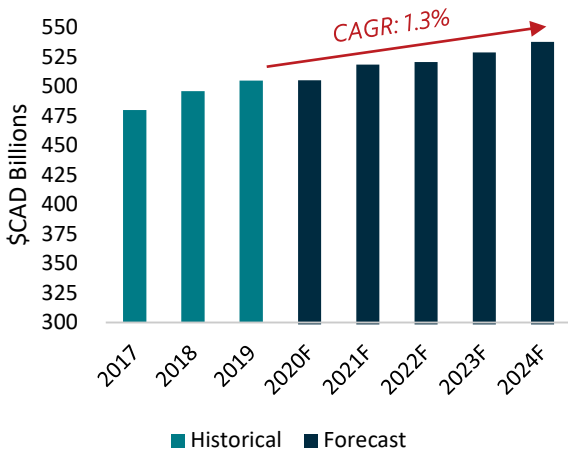
Value of Non-Residential Construction - Canada



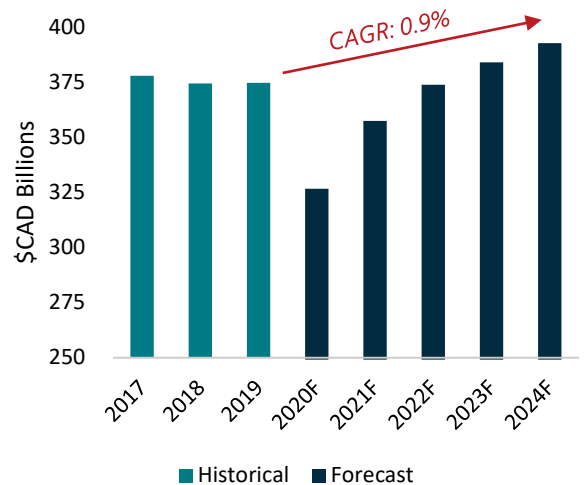
Value of Residential Construction - Canada



Government Expenditure and Investment - Canada



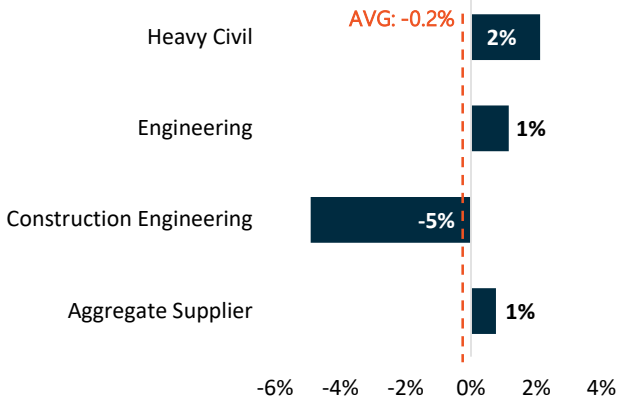
Aggregate Private Investment - Canada



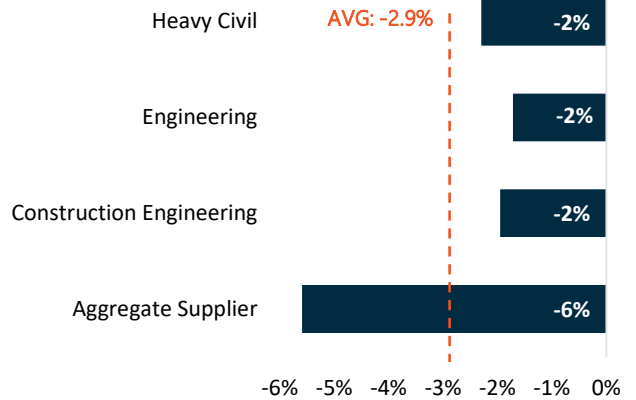
Public Comparable Analysis

Growth, Margins & Multiples

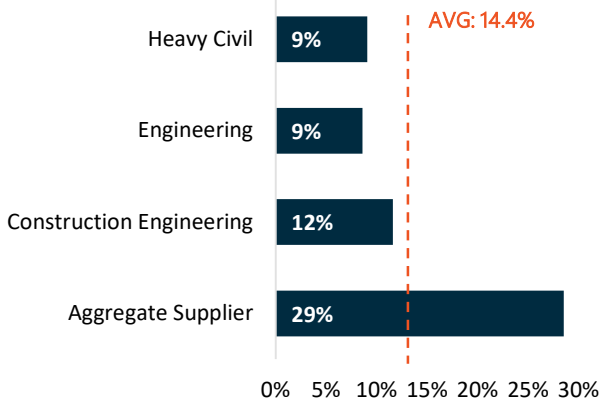
LTM Revenue Growth



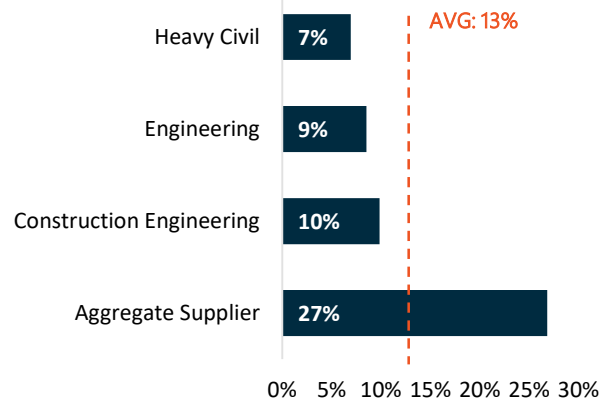
NTM Revenue Growth



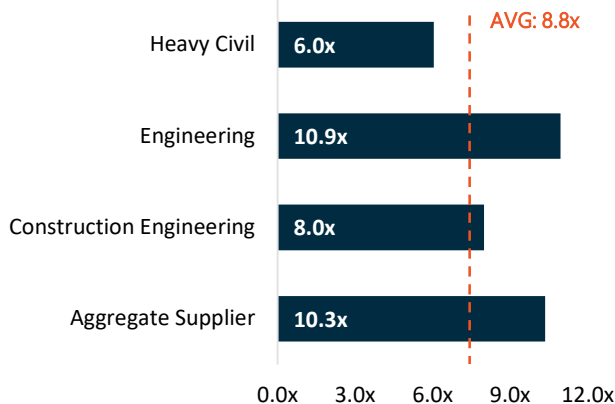
LTM EBITDA MARGIN



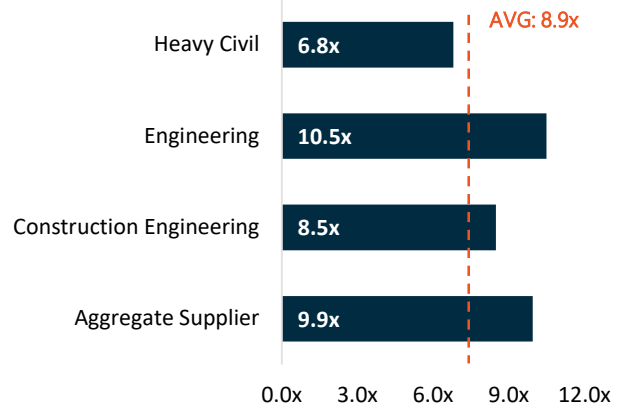
NTM EBITDA Margin



LTM EV/EBITDA

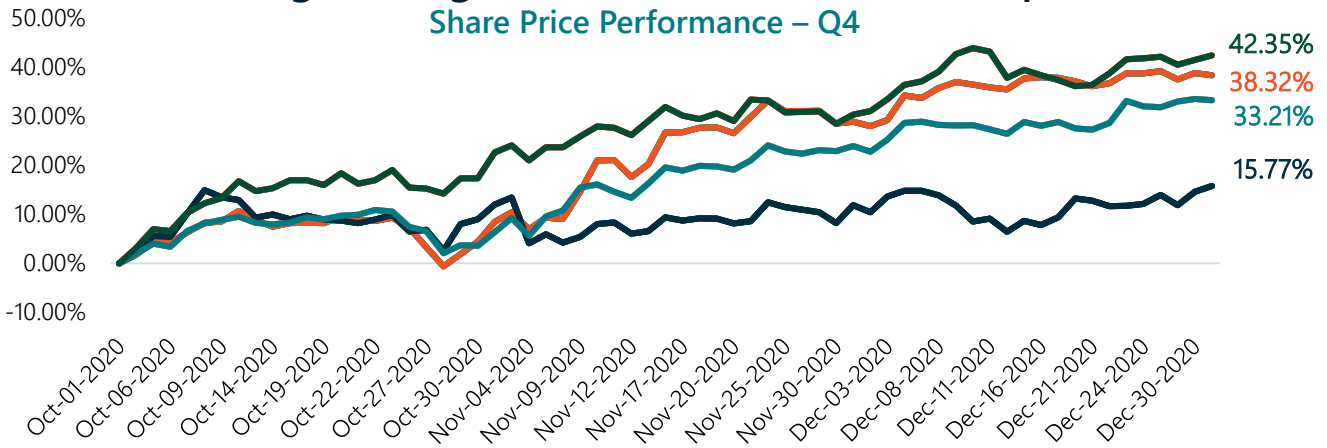


NTM EV/EBITDA

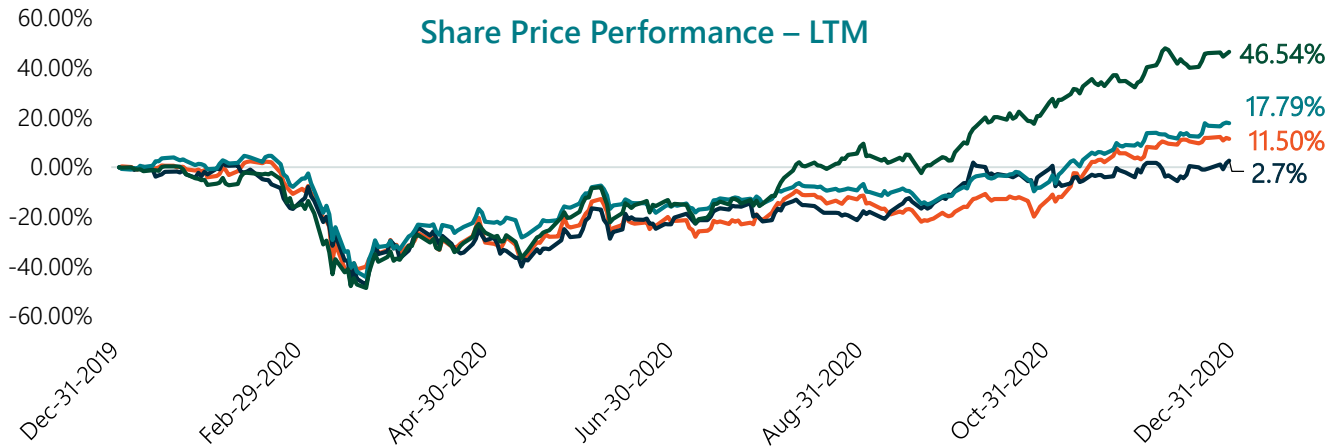


Engineering and Construction Peer Group

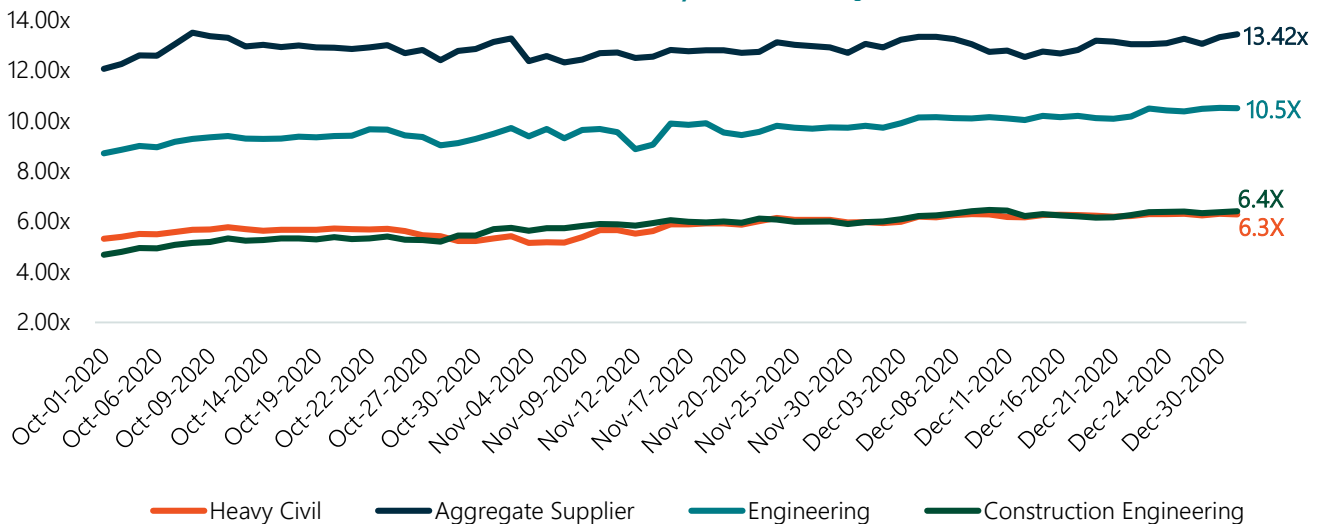
Share Price Performance – Q4



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q4



Source: Capital IQ. Data as of December 31, 2020.
 Further details provided on page 8.
 "LTM" refers to last twelve months.

Public Comparable Analysis

Trading Multiples & Operating Statistics

We have selected a group of publicly traded engineering and construction entities for this high-level analysis. These public companies help act as a proxy for the industry and provide strong industry context.

(Figures in CAD millions, except percentages and ratios)

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Growth	EBITDA	Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Heavy Civil											
EMCOR Group, Inc.	\$6,402	\$6,218	\$11,884	(0.9%)	\$1,077	9.1%	(5.7%)	6.3%	8.8x	6.0x	0.5x
Construction Partners, Inc.	\$1,921	\$1,861	\$1,047	0.3%	\$150	14.3%	17.0%	12.1%	13.2x	13.0x	1.9x
Primoris Services Corporation	\$1,692	\$2,123	\$4,509	5.9%	\$440	9.8%	(0.5%)	7.0%	6.8x	5.0x	0.5x
Granite Construction Incorporated	\$1,548	\$1,652	\$4,488	5.0%	\$53	1.2%	(0.7%)	6.7%	5.6x	32.4x	0.4x
Aecon Group Inc.	\$980	\$1,153	\$3,484	(0.2%)	\$192	5.5%	9.1%	6.1%	4.9x	6.0x	0.3x
Tutor Perini Corporation	\$839	\$1,729	\$6,858	15.5%	\$564	8.2%	(0.2%)	6.9%	3.7x	3.2x	0.3x
Aegion Corporation	\$745	\$1,046	\$1,489	(9.7%)	\$180	12.1%	(6.4%)	9.3%	8.2x	6.1x	0.7x
Sterling Construction Company, Inc.	\$666	\$1,109	\$1,901	37.9%	\$193	10.2%	(3.3%)	8.9%	6.8x	6.0x	0.6x
Bird Construction Inc.	\$424	\$544	\$1,370	2.1%	\$54	3.9%	69.8%	3.9%	5.8x	10.1x	0.4x
Median	\$980	\$1,652	\$3,484	2.1%	\$192	9.1%	(0.5%)	6.9%	6.8x	6.0x	0.5x
Mean	\$1,691	\$1,937	\$4,114	6.2%	\$323	8.3%	8.8%	7.5%	7.1x	9.8x	0.6x
Engineering											
Jacobs Engineering Group Inc.	\$18,046	\$19,878	\$18,052	6.5%	\$1,647	9.1%	(0.2%)	8.1%	13.7x	12.6x	1.1x
WSP Global Inc.	\$13,690	\$14,963	\$8,765	0.2%	\$1,017	11.6%	(13.6%)	15.5%	12.6x	14.7x	1.7x
AECOM	\$9,563	\$11,332	\$17,640	(3.0%)	\$1,398	7.9%	(3.8%)	6.1%	11.1x	8.5x	0.7x
KBR, Inc.	\$5,617	\$6,440	\$7,665	4.3%	\$743	9.7%	(1.0%)	8.9%	9.8x	9.1x	0.9x
Stantec Inc.	\$4,628	\$5,688	\$3,724	2.1%	\$564	15.2%	2.2%	15.1%	9.9x	10.1x	1.5x
SNC-Lavalin Group Inc.	\$3,815	\$5,075	\$8,624	(10.6%)	\$464	5.4%	(5.1%)	8.6%	7.2x	10.9x	0.6x
Fluor Corporation	\$2,863	\$2,591	\$17,923	(20.0%)	(\$68)	(0.4%)	1.0%	2.9%	5.0x	NM	0.2x
NV5 Global, Inc.	\$1,330	\$1,728	\$839	28.3%	\$138	16.5%	2.4%	14.7%	12.7x	13.1x	2.1x
Willdan Group, Inc.	\$642	\$805	\$564	5.8%	\$33	5.8%	4.2%	8.2%	16.8x	25.6x	1.5x
Mistras Group, Inc.	\$289	\$641	\$814	(18.6%)	\$66	8.1%	(0.0%)	8.4%	9.4x	10.2x	0.8x
Median	\$4,221	\$5,381	\$8,145	1.1%	\$514	8.6%	(0.1%)	8.5%	10.5x	10.9x	1.0x
Mean	\$6,048	\$6,914	\$8,461	(0.5%)	\$600	8.9%	(1.4%)	9.6%	10.8x	12.7x	1.1x
Construction Engineering											
Quanta Services, Inc.	\$12,743	\$14,363	\$15,193	(5.8%)	\$2,311	15.2%	(0.8%)	9.2%	10.5x	6.5x	1.0x
MasTec, Inc.	\$6,267	\$7,884	\$8,518	(13.5%)	\$1,540	18.1%	10.8%	11.7%	7.2x	5.4x	1.0x
Dycom Industries, Inc.	\$3,071	\$3,846	\$4,188	(4.9%)	\$486	11.6%	(1.4%)	10.3%	9.1x	8.2x	0.9x
MYR Group Inc.	\$1,281	\$1,376	\$2,945	13.6%	\$180	6.1%	(0.3%)	5.6%	8.5x	8.0x	0.5x
Argan, Inc.	\$889	\$331	\$456	32.6%	\$19	4.3%	56.5%	9.9%	4.7x	17.8x	0.8x
Median	\$3,071	\$3,846	\$4,188	(4.9%)	\$486	11.6%	(0.3%)	9.9%	8.5x	8.0x	0.9x
Mean	\$4,850	\$5,560	\$6,260	4.4%	\$907	11.1%	13.0%	9.3%	8.0x	9.2x	0.8x
Aggregate Supplier											
Vulcan Materials Company	\$25,042	\$28,413	\$6,486	0.8%	\$1,850	28.5%	(4.4%)	26.8%	17.2x	16.1x	4.6x
Martin Marietta Materials, Inc.	\$22,533	\$26,337	\$5,790	(0.2%)	\$1,882	32.5%	3.2%	27.6%	16.1x	14.6x	4.8x
Eagle Materials Inc.	\$5,400	\$6,797	\$2,079	17.9%	\$693	33.4%	3.8%	34.5%	9.9x	10.3x	3.4x
Summit Materials, Inc.	\$2,920	\$5,112	\$3,037	5.0%	\$665	21.9%	(10.7%)	21.8%	8.7x	8.1x	1.8x
U.S. Concrete, Inc.	\$839	\$1,851	\$1,866	(5.3%)	\$260	13.9%	(4.1%)	13.7%	7.6x	7.4x	1.0x
Median	\$5,400	\$6,797	\$3,037	0.8%	\$693	28.5%	(4.1%)	26.8%	9.9x	10.3x	3.4x
Mean	\$11,347	\$13,702	\$3,851	3.6%	\$1,070	26.0%	(2.4%)	24.9%	11.9x	11.3x	3.1x

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 60 merger, acquisition, and transaction professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

Our typical transactions range in value between \$3 million and \$300 million.

Local and International Reach

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide. We are also affiliated with Corporate Finance Cross Border, which consists of 170+ M&A professionals in more than 30 countries.



CFxBorder - Global Reach with Local Relationships
Our corporate finance team through CFxB consists of 170 plus M&A professionals in more than 30 countries

Services

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

Recently Closed Deals (National)

has acquired all capital stock of

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Main Line Industries Ltd. in structuring and registering this transaction.

has acquired all of the capital stock of

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to True Sports Inc.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Mixcor Aggregates Inc. in structuring and negotiating this transaction.

has acquired

MNP Corporate Finance Inc. provided financial due diligence services to Environmental 360 Solutions Ltd.

has acquired

Packaging Systems Inc.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Gertex Solutions Inc.

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Oxy-ARC International Inc. in structuring and negotiating this transaction.

About Us



Deal Experience

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past six years alone we have completed over 125 transactions worth over \$2 billion (not including due diligence engagements).

Industry Experience

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

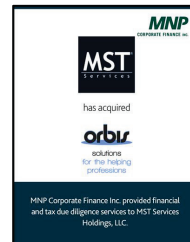
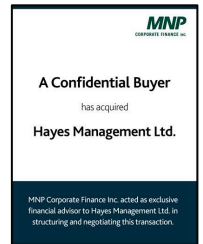
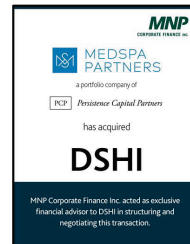
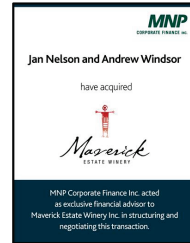
Hands-on Approach

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes, and overall progress.

Integrated Service Offering

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement, and risk management.

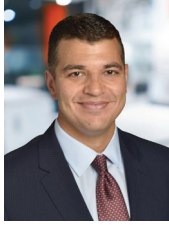
Recently Closed Deals (National)



Transaction Leadership



Brett Franklin
President
Brett.Franklin@mnp.ca
204.336.6190



Aleem Bandali
Managing Director
Aleem.Bandali@mnp.ca
778.374.2140



Dale Antonsen
Managing Director
Dale.Antonsen@mnp.ca
250.979.2578



Mike Reynolds
Managing Director
Mike.Reynolds@mnp.ca
587.702.5909



Mark Regehr
Managing Director
Mark.Regehr@mnp.ca
780.969.1404



Erik St-Hilaire
Managing Director
Erik.St-Hilaire@mnp.ca
204.336.6200



Stephen Shaw
Managing Director
Stephen.Shaw@mnp.ca
416.515.3883



Dan Porter
Managing Director
Dan.Porter@mnp.ca
416.515.3877



Kevin Tremblay
Managing Director
Kevin.Tremblay@mnp.ca
647.943.4051



Jon Edgett
Managing Director
Jon.Edgett@mnp.ca
519.772.7460



Patrick Khouzam
Managing Director
Patrick.Khouzam@mnp.ca
514.228.7874



Craig Maloney
Managing Director
Craig.Maloney@mnp.ca
902.493.5430

Due Diligence Leadership



Johnny Earl
Managing Director
Johnny.Earl@mnp.ca
604.637.1514



John Caggianiello
Managing Director
John.Caggianiello@mnp.ca
416.513.4177