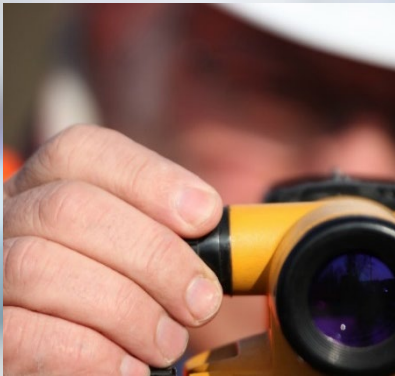
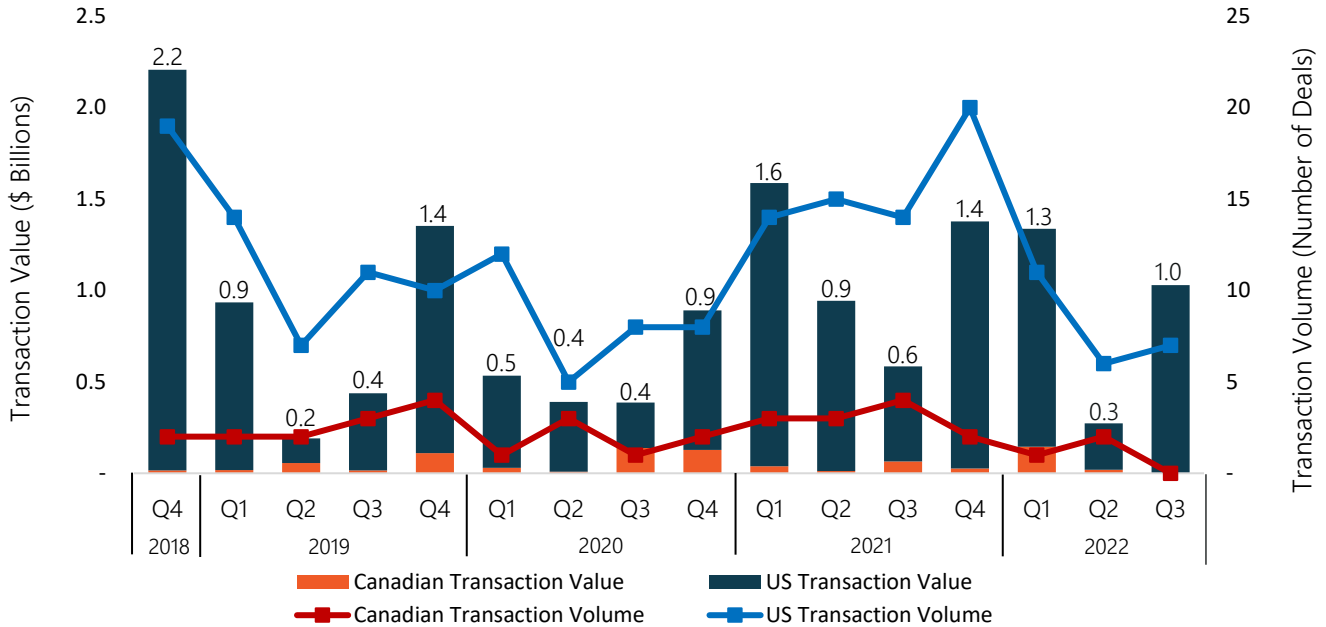


# Engineering & Construction

Quarterly Update | Q3 2022



### NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY



Source: Capital IQ. Data as of September 30, 2022.

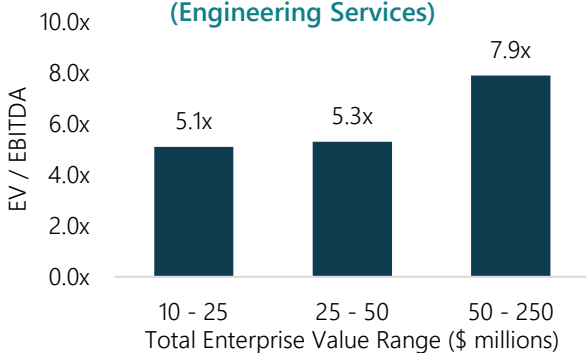
Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million. All figures are in CAD. Transaction value is only inclusive of total transaction values which have been disclosed within Capital IQ.

YTD Transactions (Canada)	YTD Transaction Value (Canada)	YTD Transaction Value (US)	YTD Transactions (US)
<b>3</b>	<b>\$165 million</b>	<b>\$2.5 billion</b>	<b>24</b>
(-70.0% vs. YTD 2021)	(+40.6% vs. YTD 2021)	(-17.5% vs. YTD 2021)	(-44.2% vs. YTD 2021)

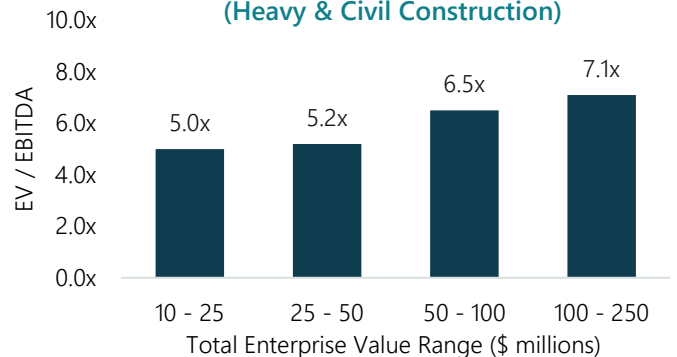
The figures above are based on publicly disclosed deal metrics. In Q3 2022, Capital IQ did not report any new transactions, however there were eight transactions closed and one transaction reported without deal metrics.

Engineering and construction merger and acquisition (M&A) activity in Q3 2022 was approximately \$1.0 billion in disclosed transaction value across seven deals in North America. These transactions were US-based, representing an increase of 16.7% from the previous quarter. The largest transaction in the quarter involved CalPortland Company's acquisition of a west coast cement plant and related distribution centres of Martin Marietta Materials, Inc. for \$450 million. Strategic acquisitions continue to drive activity, as participants target expansion into new markets and mitigating skilled labour shortages. However, buyers seeking greater leverage on financing acquisitions have found it more challenging in close deals given the higher debt servicing costs as a result of increased interest rates. With that being said, high-quality businesses in the industry with strong fundamentals will continue to attract acquirers despite the current macroeconomic conditions.

#### Private Equity Deal Multiples (Engineering Services)



#### Private Equity Deal Multiples (Heavy & Civil Construction)



Source: GF Data. Data as of September 2022.

# Select Recent M&A Transactions



has acquired



Closed	Aug 22, 2022
EV	\$40.1 million
EV/EBITDA	Not disclosed
Location (Vendor)	Charlotte, NC

- **Concrete Pumping Holdings, Inc. ("CPH")** provides concrete pumping and waste management services for the commercial, infrastructure, and residential sectors.
- **Coastal Carolina Pumping, Inc. ("CCP")** provides concrete pumping services and equipment for general contractors, home builders, and homeowners in the Southeastern US.
- The acquisition will allow CPH to solidify its geographical footprint in the North Carolina, South Carolina, and Florida regions while scaling its capacity and fleet availability.



Is acquiring



Announced	Aug 2, 2022
EV	\$417.8 million
EV/EBITDA	Not disclosed
Location (Vendor)	Greenville, AL

- **Ingevity Corporation ("Ingevity")** provides specialty chemicals, carbon materials, and engineered polymers used in a variety of applications, including asphalt paving and pavement markings.
- **Ozark Materials, LLC ("Ozark Materials")** provides pavement marking materials for roadway applications in North America.
- **Ozark Logistics, LLC ("Ozark Logistics")** provides fleet services for Ozark Materials.
- The acquisition will allow Ingevity to strengthen its investments in the paving construction industry while moving downstream to focus on creating value for end customers.



has acquired



Closed	Jul 24, 2022
EV	\$1,551.9 million
EV/EBITDA	4.0x
Location (Vendor)	Indianapolis, IN

- **MasTec, Inc. ("MasTec")** provides infrastructure design and construction services for the communications, energy, utility and other infrastructure sectors in North America.
- **Infrastructure and Energy Alternatives, Inc. ("IEA")** provides civil engineering, procurement, and construction services for the renewable energy, traditional power, and civil infrastructure industries.
- The acquisition will allow MasTec to strengthen its clean energy and infrastructure segment while expanding its service offerings.

*This transaction was not included on page 2 as it is over \$500 million.*



has acquired



Closed	Jul 15, 2022
EV	\$14.2 million
EV/EBITDA	Not disclosed
Location (Vendor)	San Diego, CA

- **Bowman Consulting Group Ltd. ("Bowman")** provides civil and site engineering services and environmental management solutions for utilities, retail, and public sectors in the US.
- **Project Design Consultants, LLC ("PDC")** provides civil engineering, land surveying, and landscape architecture services to public and private customers in the Western US.
- The acquisition will allow Bowman to expand its geographic footprint, and support its service diversification initiatives.

# 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

2022 Revenue

**\$35.7B**

Annual Growth 2017 – 2022

**2.1%**

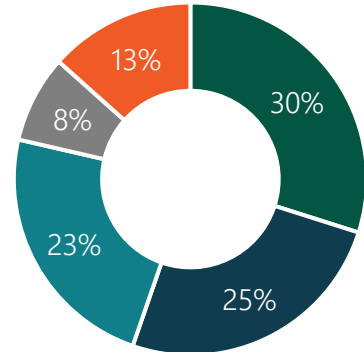
Projected Annual Growth 2022 – 2027

**2.1%**

Number of Businesses in 2022

**28,020**

### Products and Services Segmentation (2022)



- 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

2021 Revenue

**\$53.9B**

Annual Growth 2016 – 2021

**1.8%**

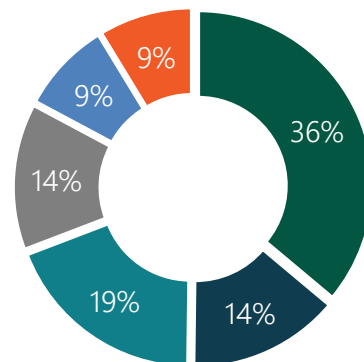
Projected Annual Growth 2021 – 2026

**2.5%**

Number of Businesses in 2021

**2,742**

### Products and Services Segmentation (2021)



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

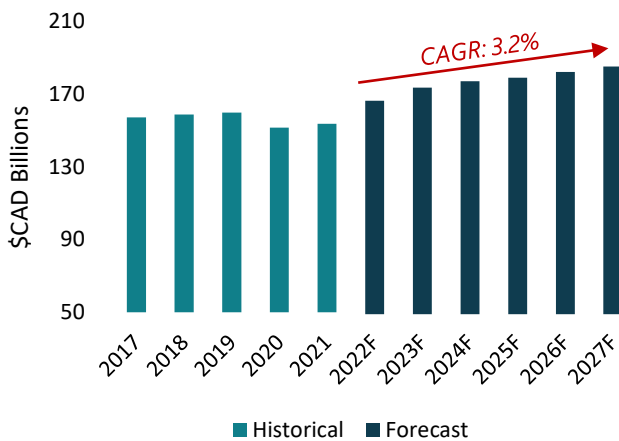
# Canadian Macroeconomic Indicators

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 investments (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.

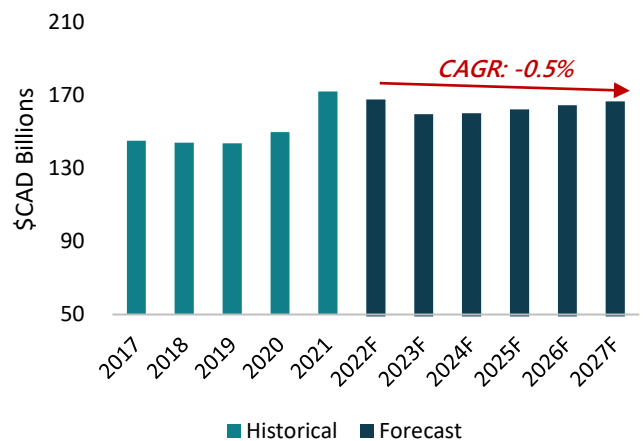
Canada's housing market activity declined in the third quarter amid a series of interest rate hikes and deterioration in consumer confidence. This resulted a significant decline in both resale activity and home prices across Canada. However, more affordable regions in Canada such as Calgary experienced an increase in house prices due to interprovincial immigration and prosperous economic activity fueled by oil prices. In addition, the price of commodities such as oil, metal, and lumber have been volatile causing uncertainty for construction projects.

There may be further easement on housing activity as the Bank of Canada may continue to raise interest rates. In Q3 2022, the Bank of Canada increased interest rates by 1.0% in July and 0.75% in September. In October 2022, Canada's inflation declined to 6.9%; however, this is well above the Bank of Canada's 2% target inflation, indicating the potential for further interest rate increases.

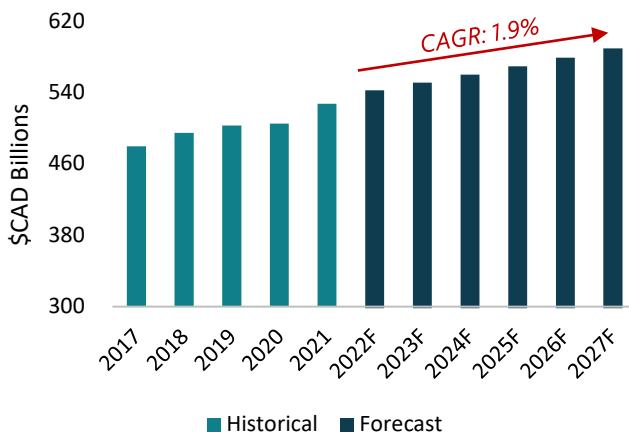
Value of Non-Residential Construction



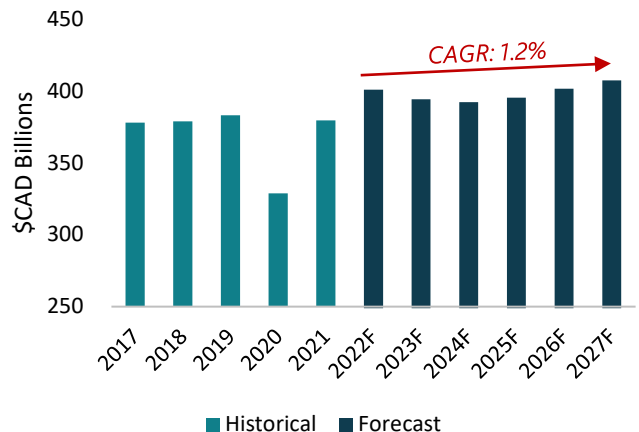
Value of Residential Construction



Government Consumption and Investment



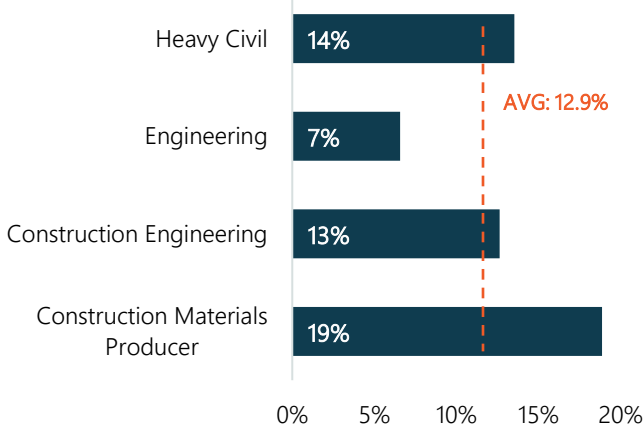
Aggregate Private Investment



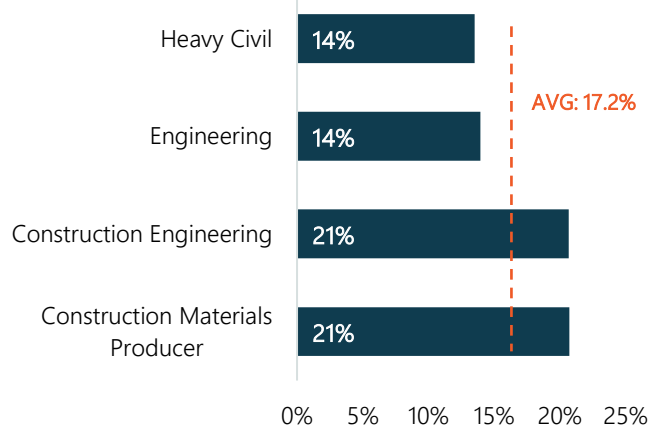
# Public Comparable Analysis

## Growth, Margins & Multiples

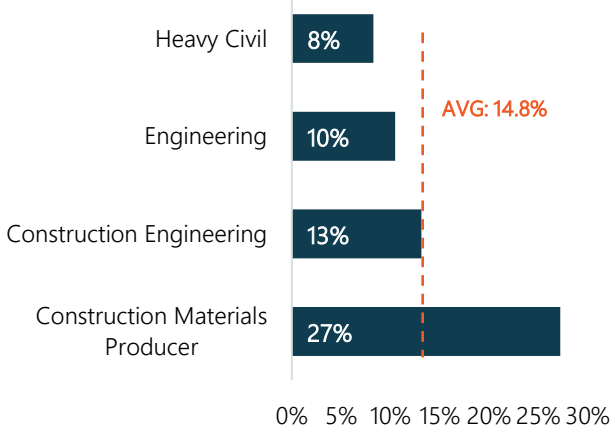
LTM REVENUE GROWTH



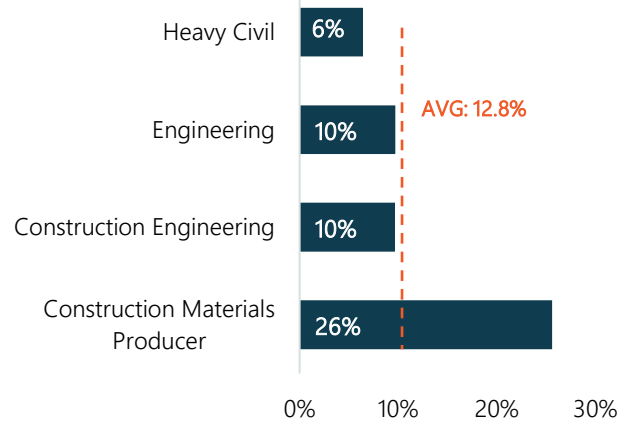
NTM REVENUE GROWTH



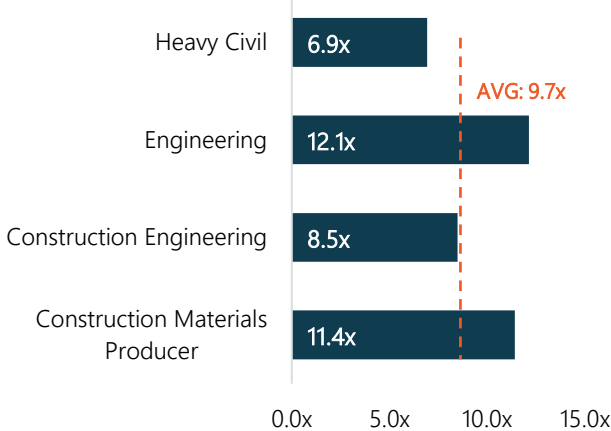
LTM EBITDA MARGIN



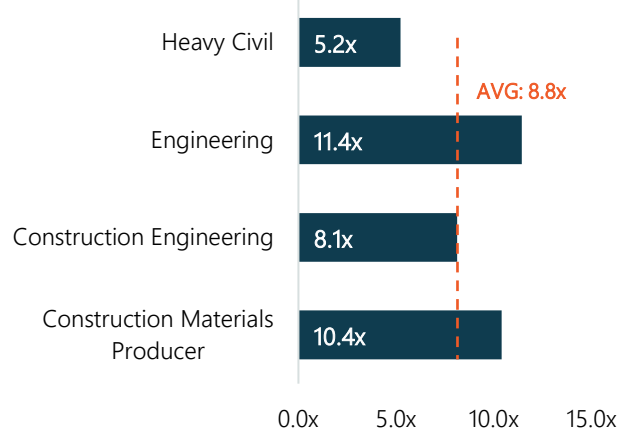
NTM EBITDA MARGIN



LTM EV/EBITDA



NTM EV/EBITDA



Source: Capital IQ. Data as of September 30, 2022.  
Valuation details provided on page 8.  
"LTM" refers to last twelve months. "NTM" refers to next 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
<b>Heavy Civil</b>											
EMCOR Group, Inc.	\$6,782	\$6,824	\$13,475	13.4%	\$1,115	8.3%	11.4%	6.4%	7.5x	6.2x	0.5x
Primoris Services Corporation	\$1,495	\$2,318	\$4,643	1.8%	\$394	8.5%	41.2%	6.4%	6.4x	5.3x	0.5x
Construction Partners, Inc.	\$1,417	\$1,816	\$1,530	38.7%	\$144	9.4%	24.6%	10.2%	11.1x	13.9x	1.3x
Granite Construction Inc.	\$1,703	\$1,421	\$3,767	(1.8%)	\$169	4.5%	11.5%	7.9%	4.8x	7.6x	0.4x
Sterling Infrastructure, Inc.	\$854	\$1,378	\$2,300	23.3%	\$254	11.0%	12.9%	10.8%	5.3x	6.0x	0.6x
Aecon Group Inc.	\$800	\$1,223	\$4,361	13.5%	\$127	2.9%	4.9%	5.5%	4.5x	7.6x	0.3x
Bird Construction Inc.	\$401	\$401	\$2,271	19.5%	\$123	5.4%	7.7%	4.1%	3.4x	3.1x	0.2x
<b>Median</b>	<b>\$1,417</b>	<b>\$1,421</b>	<b>\$3,767</b>	<b>13.5%</b>	<b>\$169</b>	<b>8.3%</b>	<b>11.5%</b>	<b>6.4%</b>	<b>5.3x</b>	<b>6.2x</b>	<b>0.5x</b>
<b>Mean</b>	<b>\$1,922</b>	<b>\$2,197</b>	<b>\$4,621</b>	<b>15.5%</b>	<b>\$332</b>	<b>7.1%</b>	<b>16.3%</b>	<b>7.3%</b>	<b>6.2x</b>	<b>7.1x</b>	<b>0.5x</b>
<b>Engineering</b>											
Jacobs Solutions Inc.	\$21,063	\$25,676	\$18,892	4.3%	\$2,193	11.6%	12.3%	9.3%	13.2x	12.6x	1.4x
WSP Global Inc.	\$17,183	\$19,305	\$11,017	20.7%	\$1,342	12.2%	(11.4%)	17.1%	12.2x	14.5x	1.8x
AECOM	\$11,848	\$14,621	\$16,842	(3.5%)	\$1,431	8.5%	11.2%	6.8%	12.2x	10.3x	0.9x
KBR, Inc.	\$8,699	\$10,909	\$10,235	18.2%	\$1,813	17.7%	(7.3%)	10.1%	12.4x	9.3x	1.1x
Stantec Inc.	\$6,252	\$7,983	\$4,016	12.6%	\$576	14.4%	13.0%	16.1%	11.3x	14.7x	2.1x
SNC-Lavalin Group Inc.	\$3,887	\$5,614	\$7,513	5.9%	\$430	5.7%	(1.0%)	8.8%	8.1x	12.9x	0.8x
Fluor Corporation	\$4,452	\$3,494	\$15,232	(14.0%)	\$599	3.9%	21.2%	3.6%	5.5x	6.2x	0.2x
NV5 Global, Inc.	\$2,330	\$2,443	\$991	15.6%	\$189	19.1%	12.1%	18.1%	13.0x	13.3x	2.6x
Willdan Group, Inc.	\$469	\$632	\$497	5.6%	\$24	4.9%	31.8%	7.4%	11.2x	29.0x	1.3x
Mistras Group, Inc.	\$228	\$545	\$884	7.2%	\$82	9.3%	12.4%	10.3%	6.3x	6.3x	0.6x
<b>Median</b>	<b>\$5,352</b>	<b>\$6,799</b>	<b>\$8,874</b>	<b>6.6%</b>	<b>\$588</b>	<b>10.5%</b>	<b>12.2%</b>	<b>9.7%</b>	<b>11.8x</b>	<b>12.7x</b>	<b>1.2x</b>
<b>Mean</b>	<b>\$7,641</b>	<b>\$9,122</b>	<b>\$8,612</b>	<b>7.3%</b>	<b>\$868</b>	<b>10.7%</b>	<b>9.4%</b>	<b>10.8%</b>	<b>10.5x</b>	<b>12.9x</b>	<b>1.3x</b>
<b>Construction Engineering</b>											
Quanta Services, Inc.	\$23,201	\$28,157	\$19,932	33.0%	\$2,996	15.0%	18.5%	9.9%	12.9x	10.4x	1.5x
MasTec, Inc.	\$6,850	\$9,380	\$10,910	19.7%	\$1,618	14.8%	36.0%	8.9%	7.7x	5.4x	0.9x
Dycom Industries, Inc.	\$3,542	\$4,440	\$4,440	12.6%	\$445	10.0%	18.0%	11.1%	9.1x	10.8x	1.1x
MYR Group Inc.	\$1,930	\$2,018	\$3,350	5.8%	\$225	6.7%	17.0%	6.3%	8.4x	9.1x	0.6x
Argan, Inc.	\$683	\$212	\$600	(7.0%)	\$79	13.1%	36.5%	9.7%	2.9x	2.5x	0.3x
<b>Median</b>	<b>\$3,542</b>	<b>\$4,440</b>	<b>\$4,440</b>	<b>12.6%</b>	<b>\$445</b>	<b>13.1%</b>	<b>18.5%</b>	<b>9.7%</b>	<b>8.4x</b>	<b>9.1x</b>	<b>0.9x</b>
<b>Mean</b>	<b>\$7,241</b>	<b>\$8,842</b>	<b>\$7,846</b>	<b>12.8%</b>	<b>\$1,073</b>	<b>12.0%</b>	<b>25.2%</b>	<b>9.2%</b>	<b>8.2x</b>	<b>7.6x</b>	<b>0.9x</b>
<b>Aggregate Supplier</b>											
Martin Marietta Materials, Inc.	\$24,038	\$30,904	\$7,135	21.2%	\$2,117	29.7%	22.4%	27.7%	13.3x	15.0x	4.5x
Vulcan Materials Company	\$24,324	\$30,312	\$8,524	34.7%	\$2,110	24.8%	21.1%	23.4%	14.2x	14.9x	3.9x
Eagle Materials Inc.	\$5,395	\$6,625	\$2,804	17.8%	\$961	34.3%	4.1%	34.7%	7.0x	8.0x	2.8x
Summit Materials, Inc.	\$3,543	\$5,316	\$3,127	(0.4%)	\$691	22.1%	(0.3%)	22.7%	8.0x	7.8x	1.7x
<b>Median</b>	<b>\$14,717</b>	<b>\$18,469</b>	<b>\$5,131</b>	<b>19.5%</b>	<b>\$1,536</b>	<b>27.2%</b>	<b>12.6%</b>	<b>25.6%</b>	<b>10.7x</b>	<b>11.5x</b>	<b>3.3x</b>
<b>Mean</b>	<b>\$14,325</b>	<b>\$18,290</b>	<b>\$5,398</b>	<b>18.3%</b>	<b>\$1,470</b>	<b>27.7%</b>	<b>11.8%</b>	<b>27.1%</b>	<b>10.6x</b>	<b>11.4x</b>	<b>3.2x</b>

# About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

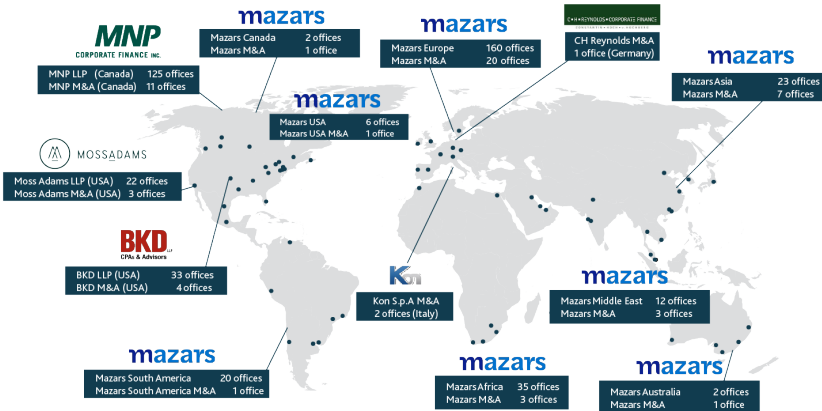
Our typical transactions range in value between \$3 million and \$300 million.

## 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 250+ M&A professionals in more than 30 countries.



**CFxB** CFxBorder - Global reach with local relationships  
Our corporate finance team through CFxB consists of 250 plus M&A professionals in more than 30 countries



## Services

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

## Recently Closed Deals (National)



# 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 eight years alone we have completed over 235 transactions worth over \$4 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

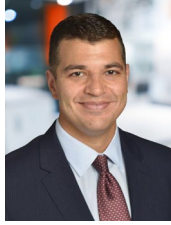
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

## Recently Closed Deals (National)

## Transaction Leadership



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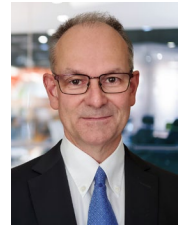
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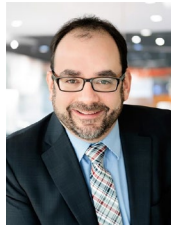
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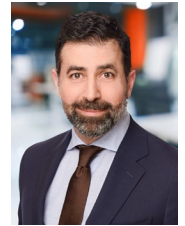
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