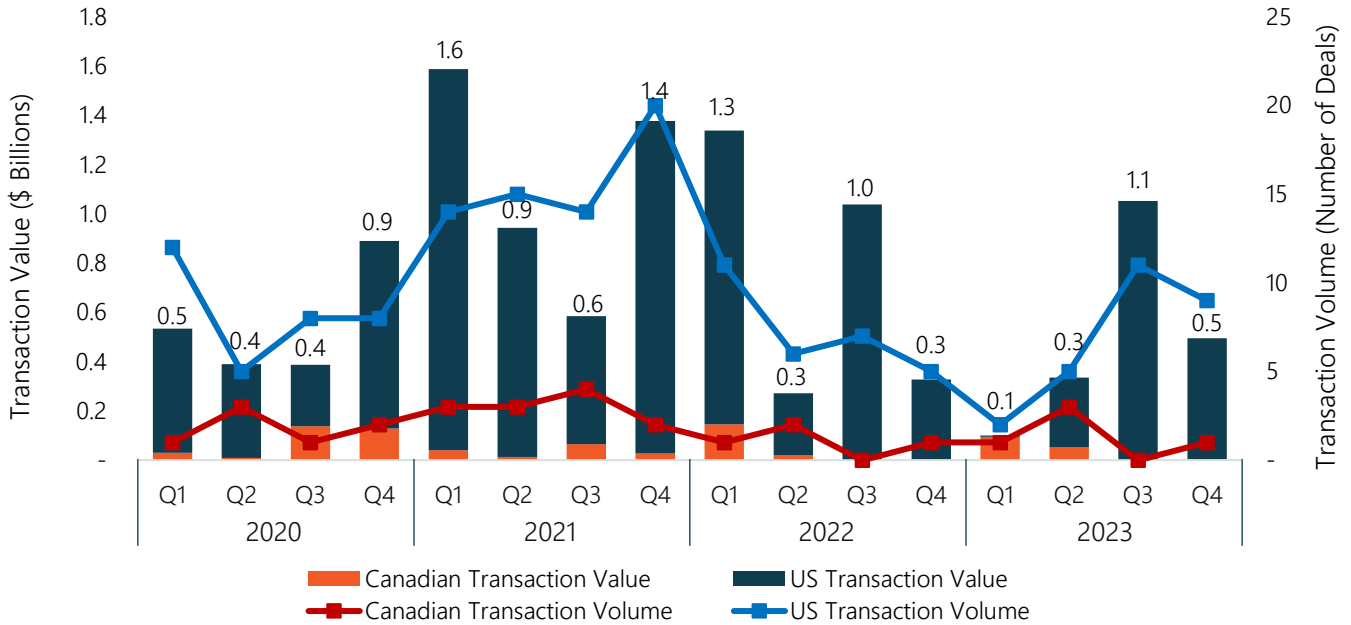


Engineering & Construction

Quarterly Update | Q4 2023



NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY



Source: Capital IQ. Data as of December 31, 2023. All figures are in CAD.

Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million in Canada and USA.

Transaction value is only inclusive of total transaction values which have been disclosed within Capital IQ.

Q4 Transactions (Canada)

1

(+1 vs. Q3 2023)

Q4 Transaction Value (Canada)

\$3.5 million

(+\$3.5 million vs. Q3 2023)

Q4 Transactions (US)

9

(-2 vs. Q3 2023)

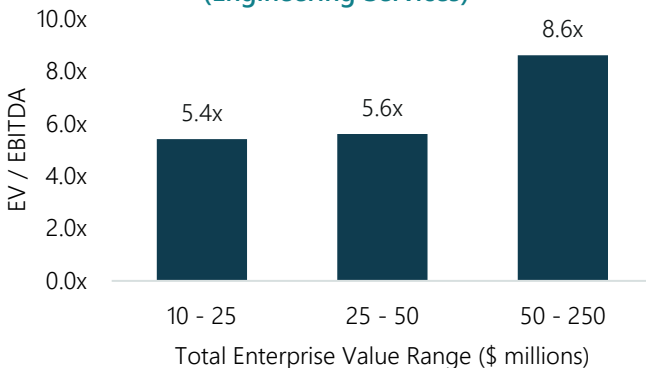
Q4 Transaction Value (US)

\$492 million

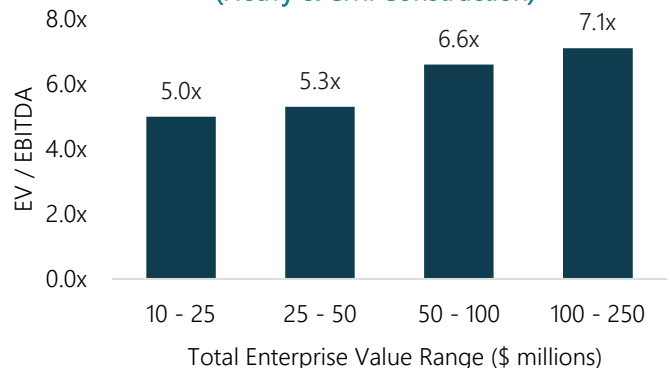
(-\$560 million vs. Q3 2023)

Despite high inflation rates, uncertainty surrounding a potential recession, tight monetary policy, and a slowdown in real estate transaction volume, Canadian engineering and construction transaction volume and value increased from Q3 2023. Notably, the U.S. saw a decline over the same period. Q4 2023 saw 10 mid-market deals in the U.S. and Canada, with \$495 million in disclosed transaction value. The largest mid-market transaction involved Granite Construction Incorporated's (NYSE:GVA) acquisition of Lehman-Roberts Company and Memphis Stone & Gravel Company for \$378 million. However, there were also several transactions with no disclosed valuations, potentially indicating demand recovery in the engineering and construction industry.

Private Equity Deal Multiples (Engineering Services)



Private Equity Deal Multiples (Heavy & Civil Construction)



Select Recent M&A Transactions

A Confidential Buyer

has acquired



Closed	Q4 2023
EV	Not disclosed
EV/EBITDA	Not disclosed

- **Secure Store Thunder Bay** is a privately owned provider of relocatable infrastructure and storage solutions based in Thunder Bay, Ontario, servicing Northwestern Ontario. It rents, sells, and provides logistics support for high-quality, customized trailers, office facilities, kitchen units, wash cars, waste contamination facilities, modular workforce housing, and containers.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Secure Store Thunder Bay.



has acquired



Closed	Dec 5, 2023
EV	\$377.25 million
EV/EBITDA	Not disclosed

- **Granite Construction Incorporated (GVA)** is a full-suite civil construction provider and one of the largest diversified construction and construction materials companies.
- **Lehman-Roberts Company and Memphis Stone & Gravel Company** are providers of asphalt and asphalt paving, serving both the commercial and public asphalt markets.

This acquisition allows Granite to expand its footprint and create a new growth platform in the Memphis metropolitan market.



has acquired



Closed	Nov 17, 2023
EV	\$19.23 million
EV/EBITDA	Not disclosed

- **Creative Composites Group (CCG)** is a manufacturer of fiber-reinforced polymer (FRP) composites.
- **United Fiberglass of America, Inc. (UF)** is a manufacturer of fiberglass pipe, conduit, and bridge drain infrastructure systems.

The acquisition allows CCG to expand its composite manufacturing capabilities and strengthen its leadership position in FRP composites.



has acquired



Closed	Oct 26, 2023
EV	\$31.81 million
EV/EBITDA	Not disclosed

- **United Homes Group, Inc.** is a publicly traded residential builder that builds new home communities located in South Carolina, North Carolina, and Georgia.
- **Rosewood Communities, Inc.** is a home builder in the upstate region of South Carolina that builds homes primarily in Greenville and Clemson markets.

This acquisition allows United Homes Group to expand its footprint in the Upstate area and diversify its product offerings.

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

2023 Revenue

\$45.9B

Annual Growth 2018 – 2023

5.9%

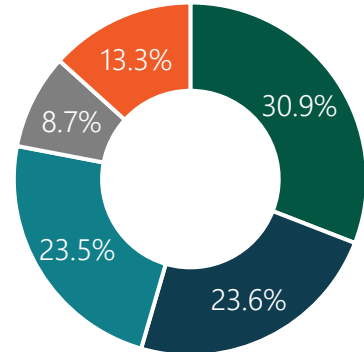
Projected Annual Growth 2023–2028

3.2%

Number of Businesses in 2023

28,696

Products and Services Segmentation (2023)



- 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

2023 Revenue

\$65.8B

Annual Growth 2018 - 2023

1.5%

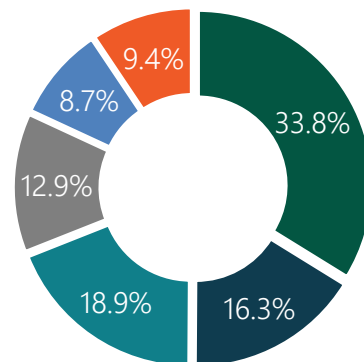
Projected Annual Growth 2023 – 2028

2.0%

Number of Businesses in 2023

2,721

Products and Services Segmentation (2023)



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

Canadian Macroeconomic Indicators

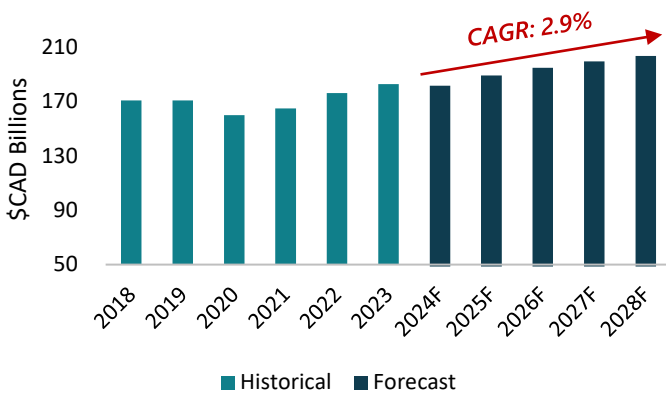
Canada's housing and construction markets have experienced a decline due to unprecedented Bank of Canada (BoC) interest rate hikes. The BoC has maintained its target overnight rate at 5% throughout Q4 2023. In addition, inflation increased to 3.4% in December 2023 from 3.1% in November 2023.

A combination of pessimistic consumer sentiment and slow GDP growth has reduced deal flow in both residential and non-residential markets despite the recovery of Canada and the U.S. from the pandemic's adverse effects.

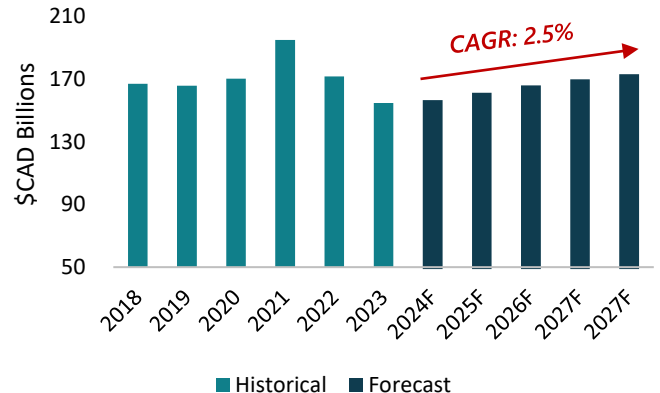
Canada's housing starts declined by 23% in November 2023 from October 2023. However, it increased substantially by 18% in December 2023. Construction companies' financial results continue to face the adverse effects of high interest rates, increasing the cost of borrowing. M&A activity may remain subdued in the near term but is expected to increase with improving economic conditions.

However, opportunities remain for Canada's engineering and construction industry in the mid to long term. Economists predict a reduction in interest rates in 2024, thus reducing financing costs for construction companies. In the long run, key external factors, such as the value of residential and non-residential construction, government consumption and investment, and aggregate private investments, are all forecast to increase in the next five years, creating a more favourable environment for deal flow.

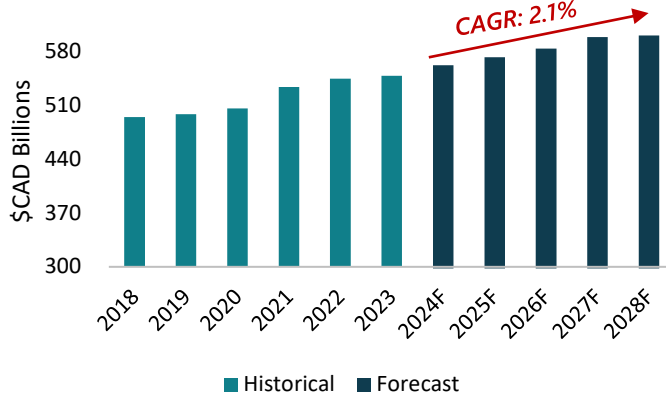
Value of Non-Residential Construction - Canada



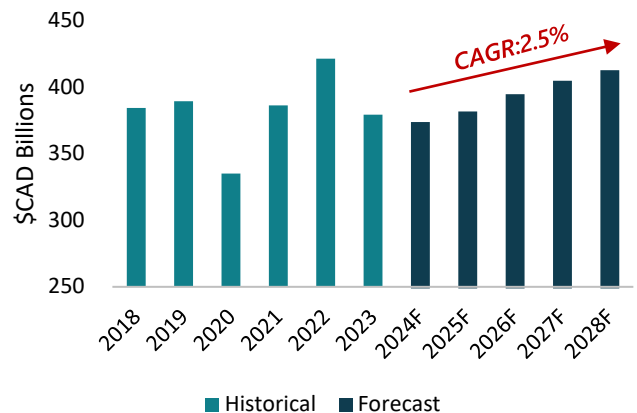
Value of Residential Construction - Canada



Government Consumption and Investment - Canada



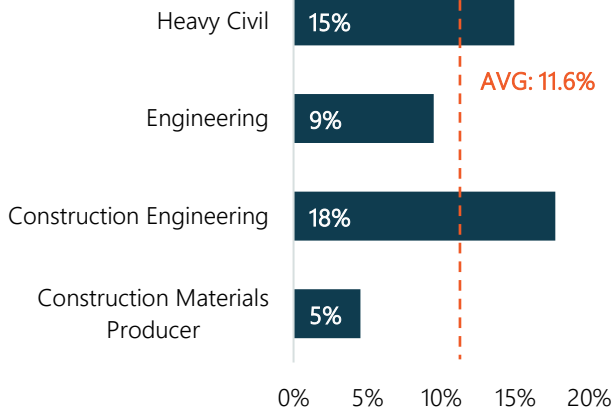
Aggregate Private Investment - Canada



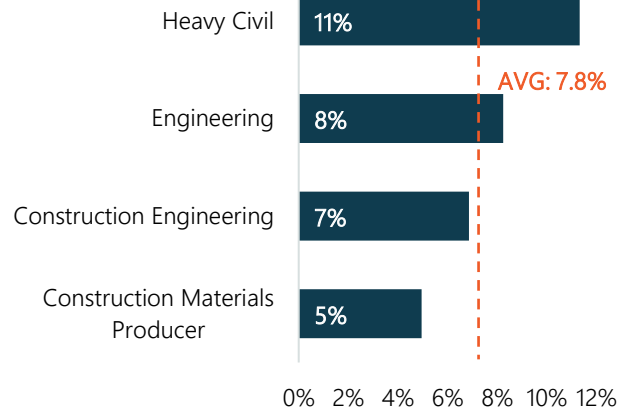
Public Comparable Analysis

Growth, Margins & Multiples

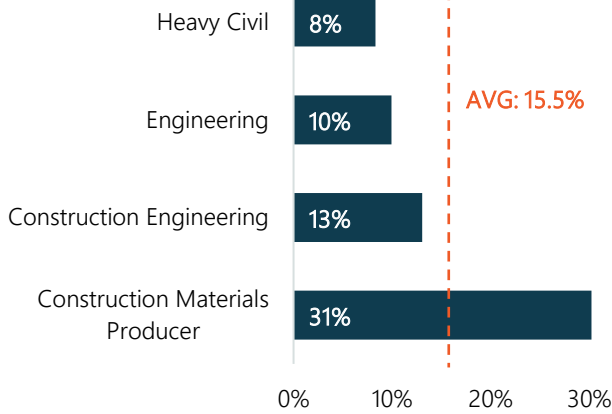
LTM REVENUE GROWTH



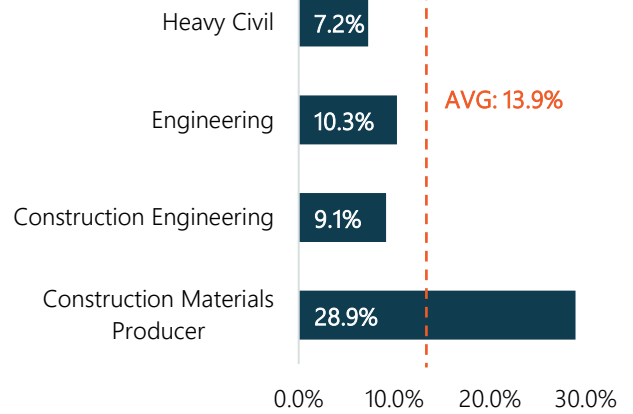
NTM REVENUE GROWTH



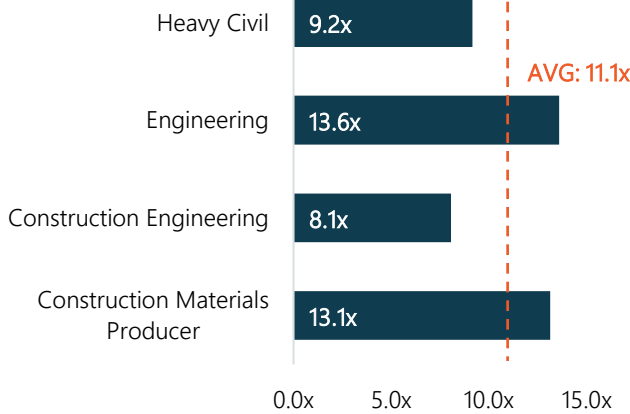
LTM EBITDA MARGIN



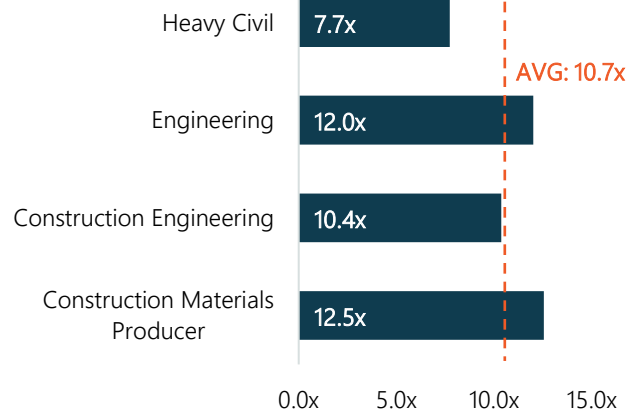
NTM EBITDA MARGIN



LTM EV/EBITDA

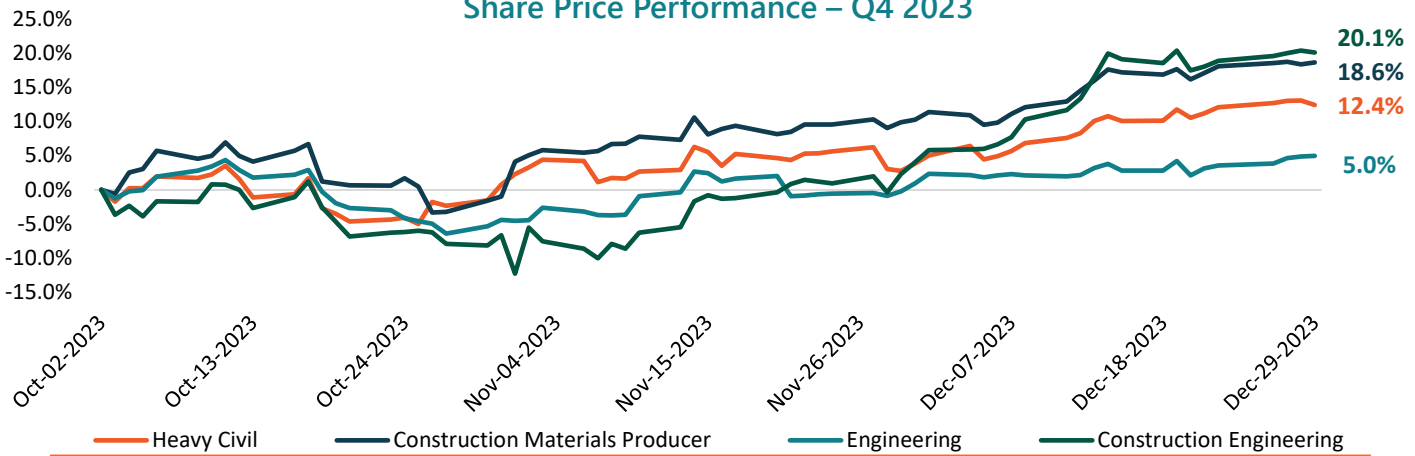


NTM EV/EBITDA

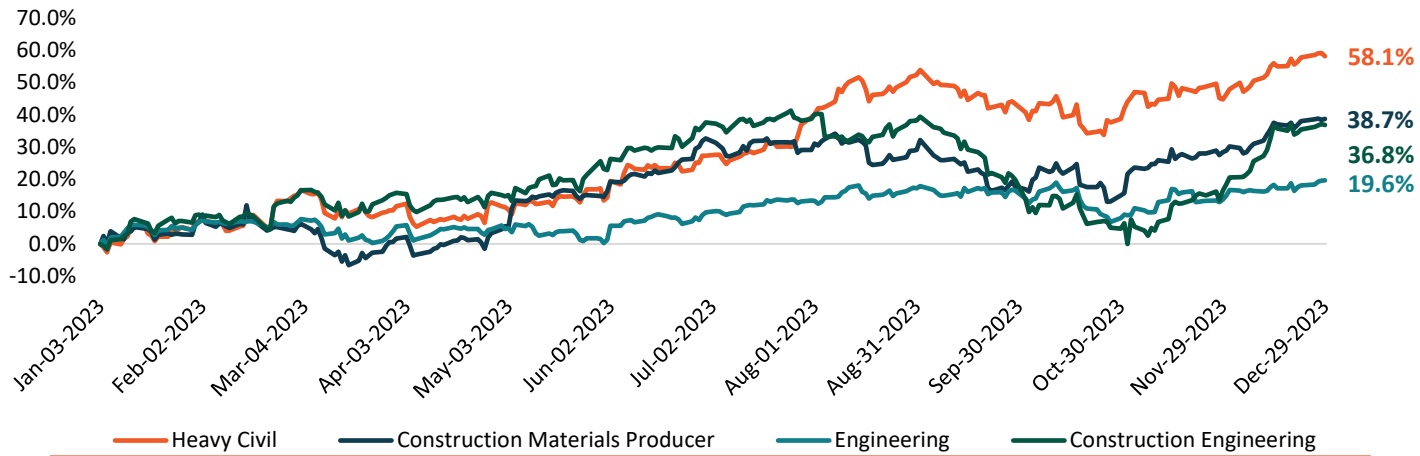


Engineering and Construction Peer Group

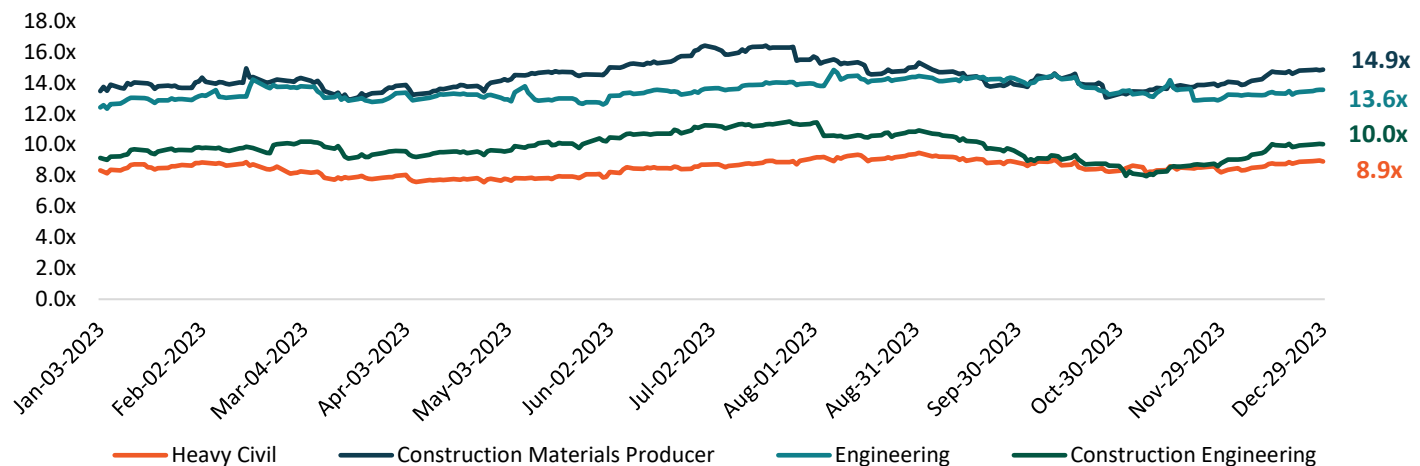
Share Price Performance – Q4 2023



Share Price Performance – LTM



Historical LTM EV/EBITDA



Source: Capital IQ. Data as of December 31, 2023.
 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.

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Heavy Civil											
EMCOR Group, Inc.	\$13,384	\$13,269	\$16,359	12.3%	\$1,591	9.7%	10.5%	7.2%	10.4x	8.5x	0.8x
Sterling Infrastructure, Inc.	\$3,581	\$3,596	\$2,617	24.4%	\$380	14.5%	12.2%	12.9%	9.7x	9.7x	1.4x
Construction Partners, Inc.	\$3,029	\$3,482	\$2,115	20.1%	\$247	11.7%	14.0%	11.7%	12.6x	14.4x	1.7x
Granite Construction Incorporated	\$2,951	\$2,924	\$4,552	1.4%	\$280	6.1%	12.3%	10.0%	5.9x	10.7x	0.7x
Primoris Services Corporation	\$2,340	\$3,991	\$7,479	39.1%	\$621	8.3%	11.3%	6.4%	7.7x	6.6x	0.5x
Aecon Group Inc.	\$808	\$729	\$4,780	5.8%	\$80	1.7%	(0.7%)	4.8%	3.2x	9.2x	0.2x
Bird Construction Inc.	\$774	\$829	\$2,664	14.9%	\$111	4.2%	10.6%	5.3%	5.3x	7.4x	0.3x
Median	\$2,951	\$3,482	\$4,552	14.9%	\$280	8.3%	11.3%	7.2%	7.7x	9.2x	0.7x
Mean	\$3,838	\$4,117	\$5,795	16.9%	\$473	8.0%	10.0%	8.3%	7.8x	9.5x	0.8x
Engineering											
WSP Global Inc.	\$23,155	\$27,628	\$14,274	26.7%	\$1,760	12.3%	(19.1%)	17.9%	13.4x	15.7x	1.9x
Jacobs Solutions Inc.	\$21,653	\$26,051	\$22,121	9.6%	\$2,210	10.0%	5.7%	9.0%	12.6x	12.1x	1.2x
AECOM	\$16,599	\$18,957	\$19,450	9.4%	\$1,201	6.2%	8.3%	7.0%	13.1x	16.2x	1.0x
Stantec Inc.	\$12,134	\$13,984	\$4,954	16.8%	\$770	15.5%	10.4%	17.1%	15.2x	18.2x	2.8x
KBR, Inc.	\$9,879	\$12,052	\$9,245	(8.3%)	\$1,336	14.4%	10.1%	10.6%	11.3x	9.2x	1.3x
Fluor Corporation	\$8,813	\$7,470	\$20,784	12.5%	\$839	4.0%	8.2%	3.8%	8.9x	9.1x	0.4x
SNC-Lavalin Group Inc.	\$7,489	\$9,627	\$8,255	8.7%	\$585	7.1%	3.4%	10.0%	11.4x	16.5x	1.2x
NV5 Global, Inc.	\$2,333	\$2,631	\$1,131	6.4%	\$178	15.8%	9.6%	17.1%	12.7x	15.1x	2.4x
Willdan Group, Inc.	\$387	\$524	\$633	14.6%	\$56	8.8%	23.7%	8.2%	8.4x	9.6x	0.8x
Mistras Group, Inc.	\$293	\$615	\$936	0.2%	\$92	9.9%	4.1%	11.3%	5.7x	6.8x	0.7x
Median	\$9,346	\$10,839	\$8,750	9.5%	\$805	9.9%	8.2%	10.3%	12.0x	13.6x	1.2x
Mean	\$10,274	\$11,954	\$10,178	9.7%	\$903	10.4%	6.4%	11.2%	11.3x	12.8x	1.4x
Construction Engineering											
Quanta Services, Inc.	\$41,405	\$46,623	\$26,399	17.7%	\$3,824	14.5%	11.2%	9.8%	16.7x	12.5x	1.8x
MasTec, Inc.	\$7,749	\$12,256	\$15,860	36.7%	\$2,068	13.0%	6.5%	7.1%	10.4x	6.1x	0.8x
Dycom Industries, Inc.	\$4,459	\$5,787	\$5,739	13.4%	\$754	13.1%	4.2%	11.9%	8.3x	8.1x	1.1x
MYR Group Inc.	\$3,192	\$3,275	\$4,740	25.6%	\$268	5.6%	6.9%	5.7%	11.5x	12.5x	0.7x
Argan, Inc.	\$824	\$304	\$733	14.2%	\$68	9.2%	16.7%	9.1%	4.0x	4.7x	0.4x
Median	\$4,459	\$5,787	\$5,739	17.7%	\$754	13.0%	6.9%	9.1%	10.4x	8.1x	0.8x
Mean	\$11,526	\$13,649	\$10,694	21.5%	\$1,396	11.1%	9.1%	8.7%	10.2x	8.8x	1.0x
Construction Materials Producer											
Martin Marietta Materials, Inc.	\$40,723	\$46,112	\$8,408	2.1%	\$2,931	34.9%	16.3%	31.6%	15.3x	16.1x	5.6x
Vulcan Materials Company	\$39,835	\$45,335	\$10,388	6.8%	\$2,765	26.6%	5.1%	26.3%	16.2x	16.8x	4.5x
Eagle Materials Inc.	\$9,345	\$10,763	\$2,983	8.0%	\$1,098	36.8%	4.8%	37.0%	9.5x	10.0x	3.7x
Summit Materials, Inc.	\$6,068	\$7,865	\$3,398	2.2%	\$795	23.4%	0.5%	25.6%	9.8x	10.1x	2.4x
Median	\$24,590	\$28,049	\$5,903	4.5%	\$1,932	30.7%	5.0%	28.9%	12.5x	13.1x	4.1x
Mean	\$23,993	\$27,519	\$6,294	4.8%	\$1,897	30.4%	6.7%	30.1%	12.7x	13.3x	4.0x

About Us



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

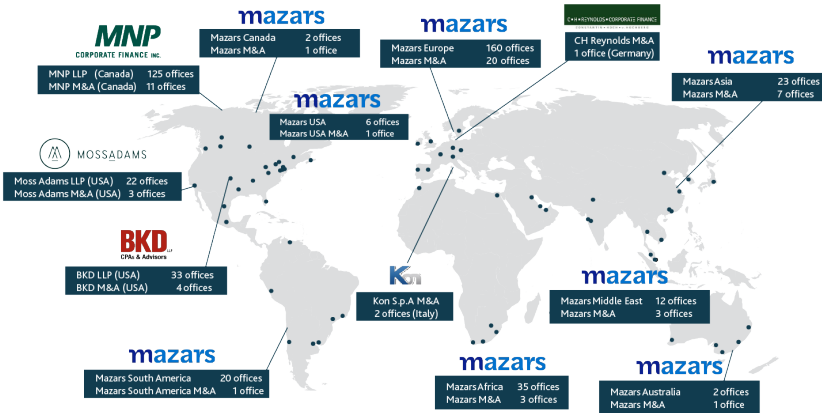
Our typical transactions range in value between \$3 million and \$300 million.

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 10 years alone, we have completed over 265 transactions worth over \$4.5 billion (not including due diligence engagements).

Industry Experience

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

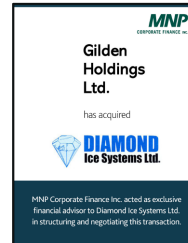
Hands-on Approach

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)



MNP
CORPORATE FINANCE INC.

Gilden Holdings Ltd.

has acquired

DIAMOND
Ice Systems Ltd.

MNP Corporate Finance Inc. acted as exclusive financial advisor to Diamond Ice Systems Ltd. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

KCP KIRTLAND CAPITAL PARTNERS

has acquired

GALATI
CHEESE COMPANY LTD.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Kirtland Capital Partners.



MNP
CORPORATE FINANCE INC.

TRS
COMPONENTS LTD.

has acquired

INI
INDUSTRIAL NETWORKS

MNP Corporate Finance Inc. provided financial due diligence services to TRS Ltd.



MNP
CORPORATE FINANCE INC.

LANDMARK
TRANSPORT SERVICES

has acquired

MARTIN'S
BUS SERVICE LTD.

MNP Corporate Finance Inc. acted as exclusive financial advisor to C. Martin's Bus Service Ltd. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

NGL
NORTHERN NATURAL GAS ALLIANCE

has acquired a \$100,000,000 equity interest in the

Access NGL
Pipeline System

MNP Corporate Finance Inc. acted as exclusive financial advisor and debt placement monitor to Northern Natural Gas Alliance in this transaction.



MNP
CORPORATE FINANCE INC.

AMMOLITE
INVESTMENT PARTNERS

has acquired

SILVERLINE
OILFIELD SERVICES

MNP Corporate Finance Inc. acted as exclusive financial advisor to Silverline Oilfield Services in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

Regimen Equity Partners

has acquired

THOMAS
INDUSTRIES

MNP Corporate Finance Inc. provided financial and tax due diligence services to Regimen Equity Partners.



MNP
CORPORATE FINANCE INC.

NIBE

has acquired a majority interest in

MILES
INDUSTRIES

MNP Corporate Finance Inc. provided financial and tax due diligence services to NIBE Industrier AB.



MNP
CORPORATE FINANCE INC.

LIFT AUTO
GROUP

has acquired

Herbers
Autobody Repair

MNP Corporate Finance Inc. provided financial due diligence services to Lift Auto Group Ltd.



MNP
CORPORATE FINANCE INC.

efl

has acquired

LEI

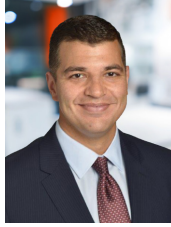
MNP Corporate Finance Inc. provided financial and tax due diligence services to EFL Global LLC.

Leadership Team

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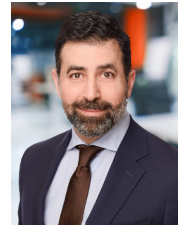
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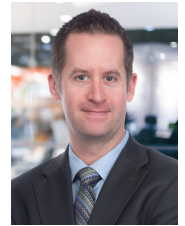
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