

# Engineering & Construction

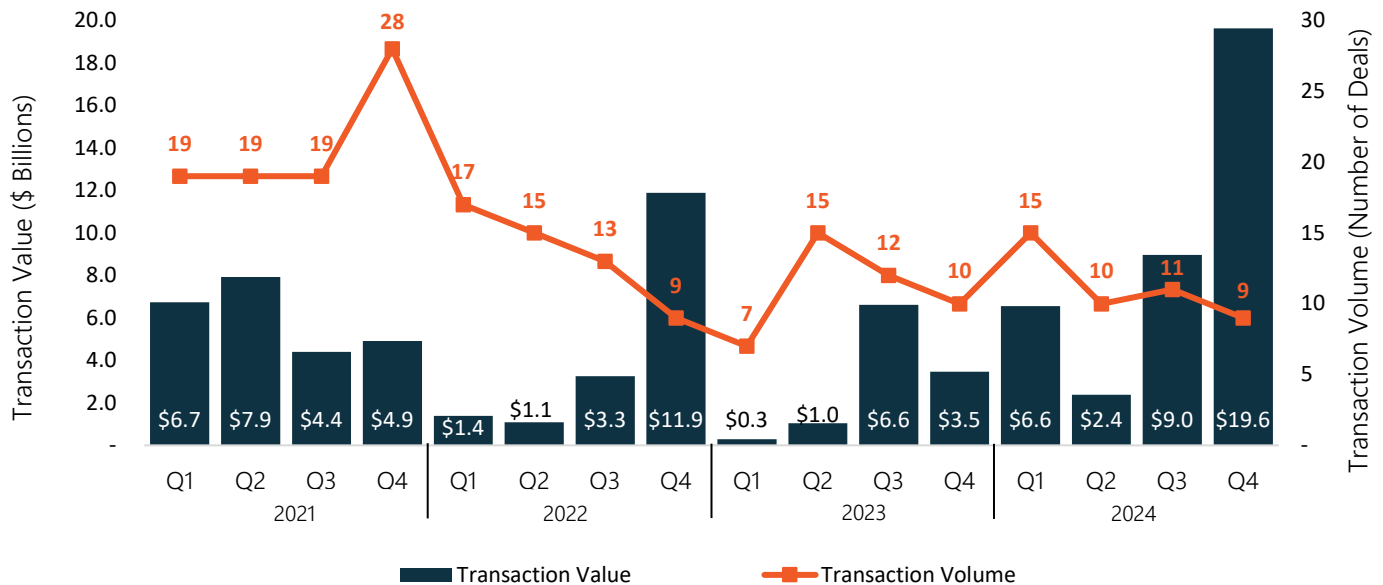
Quarterly Update | Q4 2024



# Industry Overview

## M&A Transactions & Performance

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



Source: S&P Capital IQ. Data as of December 31, 2024. All figures are in CAD.  
Transaction value is only inclusive of total transaction values which have been disclosed within S&P Capital IQ.

#### Q4 Transactions

**9**

(-2 vs. Q3 2024)

#### Q4 Transaction Value

**\$19.6 billion**

(+\$10.6 billion vs. Q3 2024)

#### Total 2024 Transactions

**45**

(+1 vs. Total 2023)

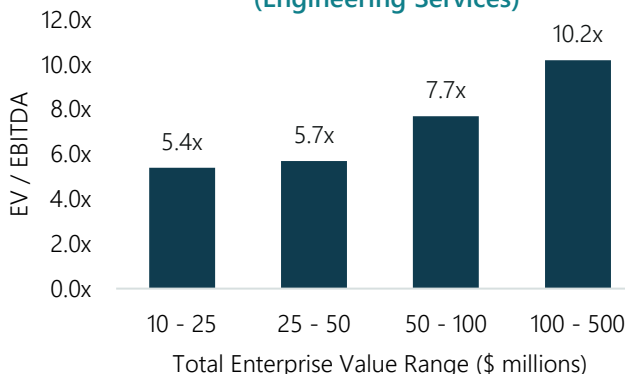
#### Total 2024 Transaction Value

**\$37.6 billion**

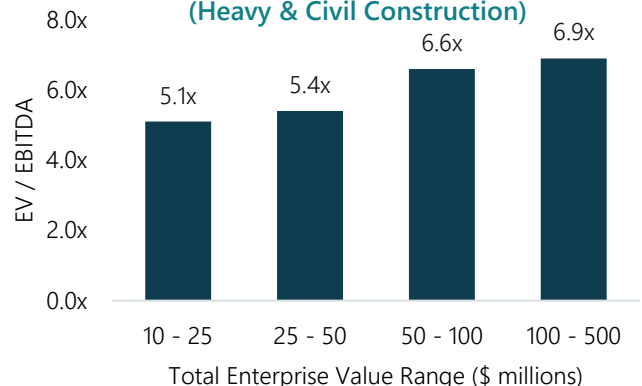
(+\$26.2 billion vs. Total 2023)

The Engineering and Construction M&A market experienced growth in transaction value in Q4 2024 compared to Q3 2024, with nine mid-market M&A transactions across the U.S. and Canada. The most notable transaction was Quikrete Holding, Inc.'s acquisition of Summit Materials, Inc. for \$17.1 billion. This activity highlights continued interest in large strategic acquisitions. Throughout 2024, the central banks in Canada and the U.S. made several interest rate cuts as inflation stabilized, making it easier to obtain debt financing for potential acquisitions. The full year 2024 transaction value and volume rose compared to the previous year, suggesting a potential rebound in M&A activity.

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



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



# Select Recent M&A Transactions



is acquiring



Announced	Nov 28, 2024
EV	\$840.6 million
EV/EBITDA	Not Disclosed

- **Heidelberg Materials (Heidelberg)** is a manufacturer of building materials such as cement, aggregates, ready-mix concrete, and asphalt.
- **Giant Cement Holding Inc. (GCHI)** is a cement producer with a strong focus on using waste-derived fuels.

*The acquisition allows Heidelberg to further strengthen its footprint in the growing Southeastern U.S. and New England markets.*



is acquiring



Announced	Nov 25, 2024
EV	\$17.1 billion
EV/EBITDA	12.5x

- **Quikrete Holdings, Inc. (Quikrete)** is a family-owned building materials manufacturing company.
- **Summit Materials, Inc. (Summit)** is a producer of aggregates and cement.

*The acquisition allows Quikrete to expand its geographic presence and its current portfolio of building products supplied.*



has acquired



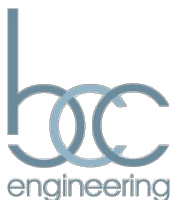
Closed	Oct 21, 2024
EV	\$1.2 billion
EV/EBITDA	Not Disclosed

- **Construction Partners, Inc. (CPI)** is a civil infrastructure company that specializes in the construction and maintenance of roadways.
- **Asphalt Inc., LLC d.b.a Lone Star Paving (Lone Star)** is an asphalt manufacturing and paving company with 10 hot mix asphalt plants.

*The acquisition aligns with CPI's growth strategy of entering new states in the U.S.*



has acquired



Closed	Oct 21, 2024
EV	\$318.5 million
EV/EBITDA	Not Disclosed

- **Parsons Corporation (Parsons)** is a publicly-traded technology company with capabilities across cyber and intelligence, defense, and infrastructure.
- **BCC Engineering LLC (BCC)**, a portfolio company of Trivest Partners, is a full-service engineering firm that provides planning, design, and management services.

*The acquisition aligns with Parsons' strategy of acquiring high-growth companies with greater than 10% revenue growth.*

# Industry Overview

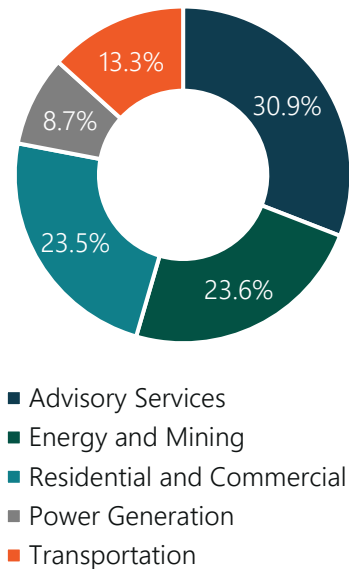
## Engineering Services in Canada

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



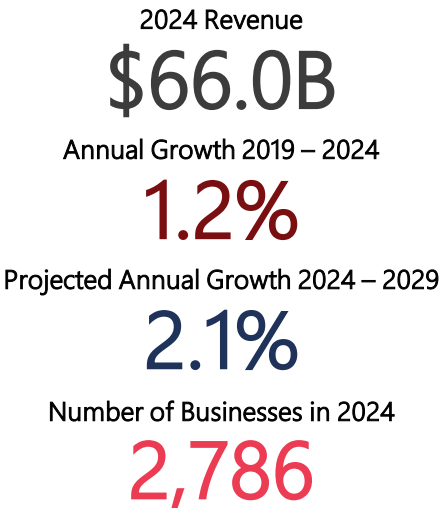
### Products and Services Segmentation (2024)



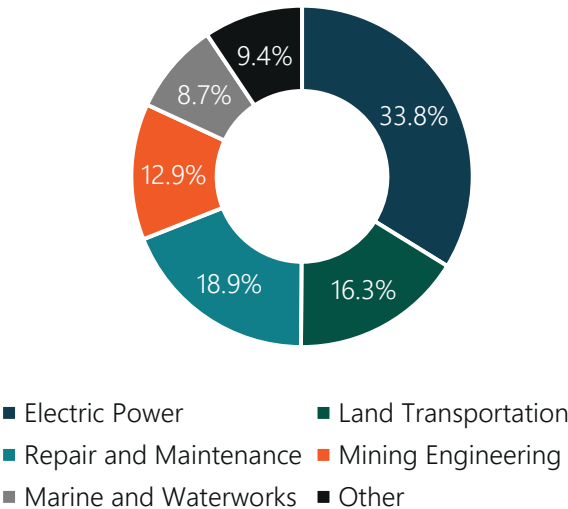
## Heavy Engineering Construction in Canada

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

### Industry Glance



### Products and Services Segmentation (2024)



# Canadian Macroeconomic Indicators

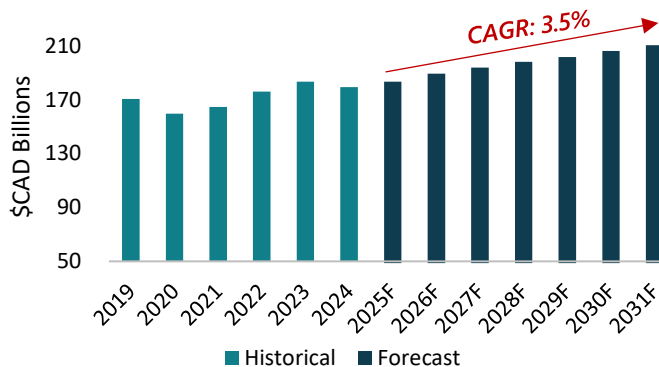
Interest rate cuts by the Bank of Canada (BoC) throughout 2024 contributed to a more favourable environment for the engineering and construction industry. In Q4 2024, the BoC reduced the policy interest rate by 1% from 4.25% to 3.25% over two BoC meetings. This marks a policy shift from the BoC's previous rate hikes aimed at controlling inflation between 2022 and 2023. Additional interest rate reductions may occur in 2025 due to inflation consistently sitting at around the BoC's long-term target of 2% since the summer of 2024 and for the foreseeable future.<sup>1</sup>

Canada's housing starts were 231,468 units in December 2024 or 743,274 units for Q4 2024. This represents a slight growth of 1.87% over Q4 2023.<sup>2</sup> Borrowing costs have decreased due to lower interest rates, encouraging home purchases and construction projects. Similarly, corporations can take on more debt financing for M&A opportunities and capital investments.

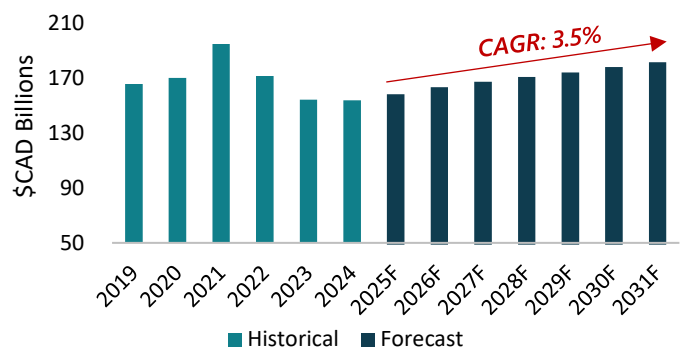
Looking ahead, strong demand for affordable housing and large infrastructure projects could benefit the engineering and construction industry. Various indicators, such as the value of residential and non-residential construction, are both forecasted to increase (see below).<sup>3</sup>

However, ongoing labour shortages and lower productivity could curb industry growth,<sup>4</sup> with the BoC also forecasting softer growth than projected in 2025. The possibility of new tariffs on Canadian exports to the U.S. as proposed by the new U.S. administration should be monitored.<sup>1</sup>

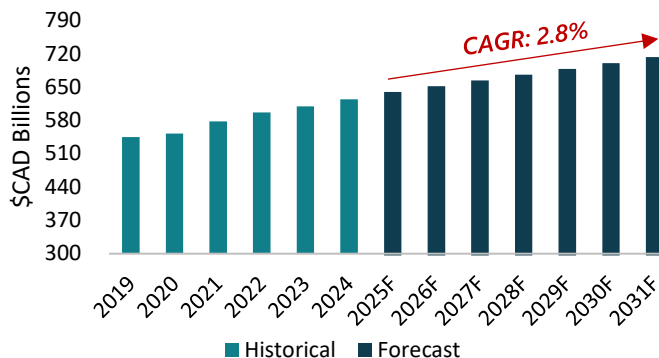
Value of Non-Residential Construction - Canada



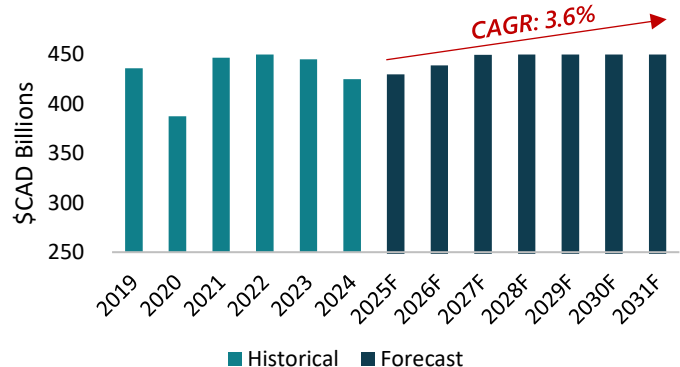
Value of Residential Construction - Canada



Government Consumption and Investment - Canada



Aggregate Private Investment - Canada



Source: 1. Bank of Canada 2. CMHC 3. IBISWorld Business Environment Reports 4. On-Site  
"F" indicates forecast. "CAGR" indicates compound annual growth rate.

# 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 a snapshot of industry performance and valuation.

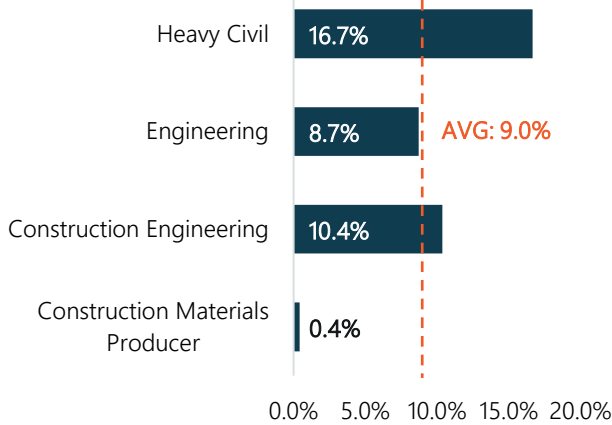
(Figures in CAD millions, except percentages and ratios)

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.	\$30,043	\$29,067	\$19,231	17.7%	\$2,346	12.2%	15.1%	9.9%	13.2x	11.6x	1.4x
Sterling Infrastructure, Inc.	\$7,444	\$7,075	\$2,841	8.7%	\$501	17.6%	14.7%	14.6%	14.9x	13.3x	2.3x
Construction Partners, Inc.	\$7,112	\$7,801	\$2,464	16.7%	\$329	13.3%	47.8%	14.2%	15.0x	22.3x	3.0x
Primoris Services Corporation	\$5,905	\$7,334	\$8,296	11.1%	\$742	8.9%	12.9%	6.6%	11.9x	9.3x	0.8x
Granite Construction Incorporated	\$5,517	\$5,911	\$5,355	17.8%	\$380	7.1%	13.0%	11.4%	8.6x	14.6x	1.0x
Aecon Group Inc.	\$1,698	\$1,667	\$4,106	(14.1%)	\$101	2.5%	9.7%	6.7%	5.5x	16.5x	0.4x
Bird Construction Inc.	\$1,443	\$1,627	\$3,253	22.5%	\$153	4.7%	17.8%	6.8%	6.2x	10.6x	0.5x
Median	\$5,905	\$7,075	\$4,106	16.7%	\$380	8.9%	14.7%	9.9%	11.9x	13.3x	1.0x
Mean	\$8,452	\$8,640	\$6,507	11.5%	\$650	9.5%	18.7%	10.0%	10.8x	14.0x	1.4x
Engineering											
WSP Global Inc.	\$32,972	\$37,196	\$15,226	6.7%	\$2,004	13.2%	(10.6%)	18.2%	15.0x	18.6x	2.4x
Jacobs Solutions Inc.	\$23,843	\$26,283	\$15,519	6.0%	\$1,814	11.7%	13.1%	10.1%	15.0x	13.6x	1.6x
AECOM	\$20,359	\$22,895	\$21,758	12.0%	\$1,742	8.0%	12.8%	7.0%	13.3x	12.3x	1.0x
AtkinsRéalis Group Inc.	\$13,333	\$15,238	\$9,360	13.4%	\$856	9.1%	6.6%	10.4%	14.6x	17.8x	1.6x
Stantec Inc.	\$12,864	\$14,933	\$5,630	13.6%	\$892	15.8%	10.6%	16.9%	14.2x	16.7x	2.7x
Fluor Corporation	\$12,171	\$9,581	\$21,446	3.3%	\$682	3.2%	18.3%	3.7%	10.3x	13.2x	0.4x
KBR, Inc.	\$11,106	\$14,530	\$9,918	7.6%	\$1,271	12.8%	23.4%	11.0%	10.7x	10.7x	1.4x
NV5 Global, Inc.	\$1,764	\$2,083	\$1,234	9.9%	\$197	16.0%	14.6%	15.8%	9.3x	9.9x	1.6x
Willdan Group, Inc.	\$774	\$858	\$779	23.5%	\$76	9.8%	6.4%	9.7%	10.6x	10.5x	1.0x
Mistras Group, Inc.	\$404	\$741	\$998	6.8%	\$117	11.8%	6.6%	11.6%	6.0x	5.9x	0.7x
Median	\$12,518	\$14,732	\$9,639	8.7%	\$874	11.7%	11.7%	10.7%	12.0x	12.8x	1.5x
Mean	\$12,959	\$14,434	\$10,187	10.3%	\$965	11.1%	10.2%	11.4%	11.9x	12.9x	1.4x
Construction Engineering											
Quanta Services, Inc.	\$67,126	\$73,257	\$30,941	17.4%	\$4,387	14.2%	22.9%	9.8%	19.8x	15.7x	2.2x
MasTec, Inc.	\$15,265	\$18,965	\$16,455	3.9%	\$2,307	14.0%	13.6%	8.0%	12.4x	7.7x	1.1x
Dycom Industries, Inc.	\$7,307	\$8,998	\$6,340	10.4%	\$816	12.9%	16.7%	12.5%	9.7x	10.6x	1.4x
MYR Group Inc.	\$3,451	\$3,638	\$4,778	0.9%	\$183	3.8%	4.5%	5.2%	14.0x	18.7x	0.7x
Argan, Inc.	\$2,677	\$1,952	\$1,124	52.8%	\$104	9.3%	4.9%	11.8%	14.1x	18.2x	1.7x
Median	\$7,307	\$8,998	\$6,340	10.4%	\$816	12.9%	13.6%	9.8%	14.0x	15.7x	1.4x
Mean	\$19,165	\$21,362	\$11,928	17.1%	\$1,559	10.8%	12.5%	9.5%	14.0x	14.2x	1.4x
Construction Materials Producer											
Vulcan Materials Company	\$48,878	\$53,908	\$9,995	(3.7%)	\$2,876	28.8%	13.5%	28.6%	16.6x	17.6x	5.1x
Martin Marietta Materials, Inc.	\$45,421	\$51,538	\$8,799	(2.0%)	\$2,826	32.1%	15.0%	32.4%	15.6x	17.1x	5.5x
Summit Materials, Inc.	\$12,800	\$15,935	\$5,066	49.5%	\$1,238	24.4%	19.1%	25.7%	10.3x	12.1x	2.9x
Eagle Materials Inc.	\$11,910	\$13,354	\$3,064	2.8%	\$1,112	36.3%	11.8%	36.9%	10.4x	11.3x	4.1x
Median	\$29,110	\$33,737	\$6,933	0.4%	\$2,032	30.4%	14.2%	30.5%	13.0x	14.6x	4.6x
Mean	\$29,752	\$33,684	\$6,731	11.7%	\$2,013	30.4%	14.8%	30.9%	13.2x	14.5x	4.4x

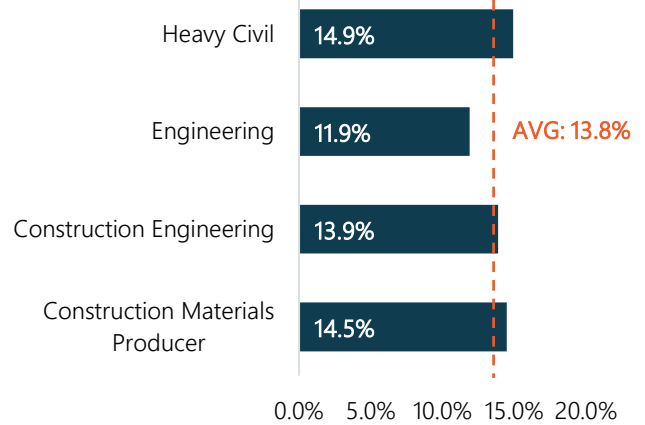
# Public Comparable Analysis

## Growth, Margins & Multiples

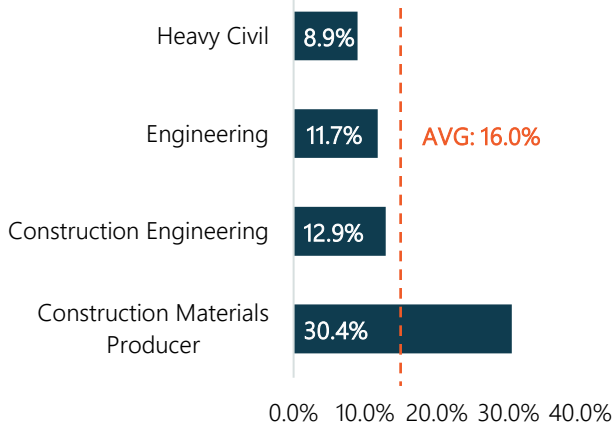
### LTM REVENUE GROWTH



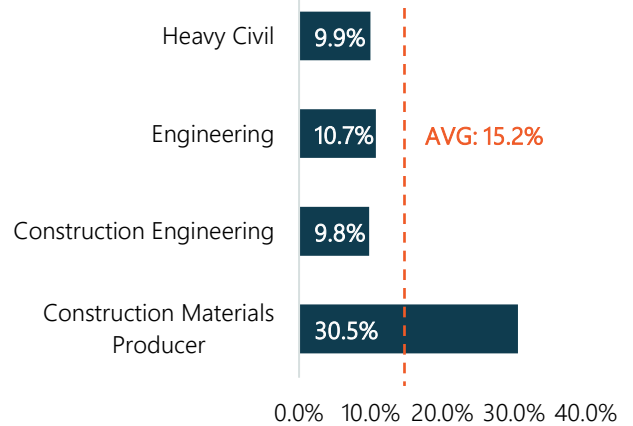
### NTM REVENUE GROWTH



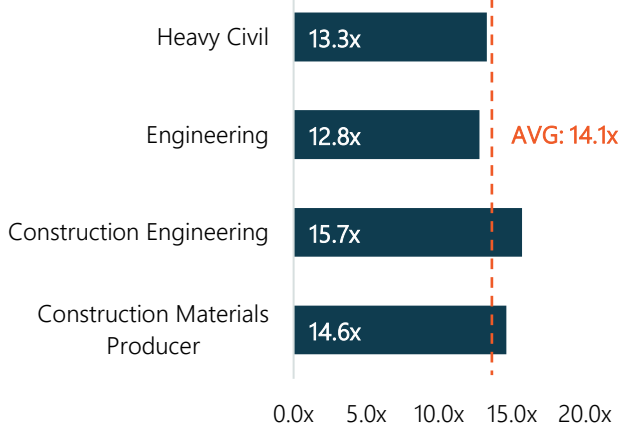
### LTM EBITDA MARGIN



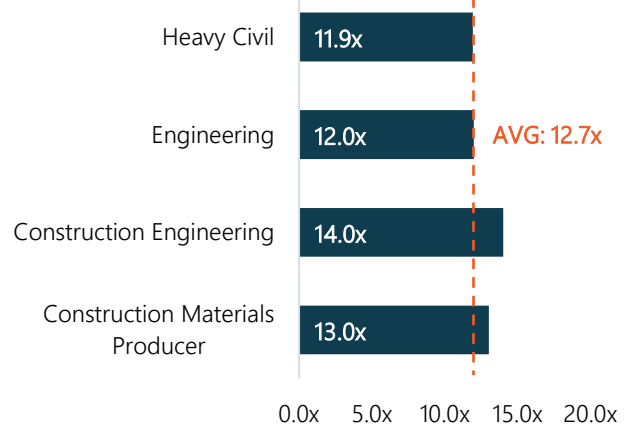
### NTM EBITDA MARGIN



### LTM EV/EBITDA

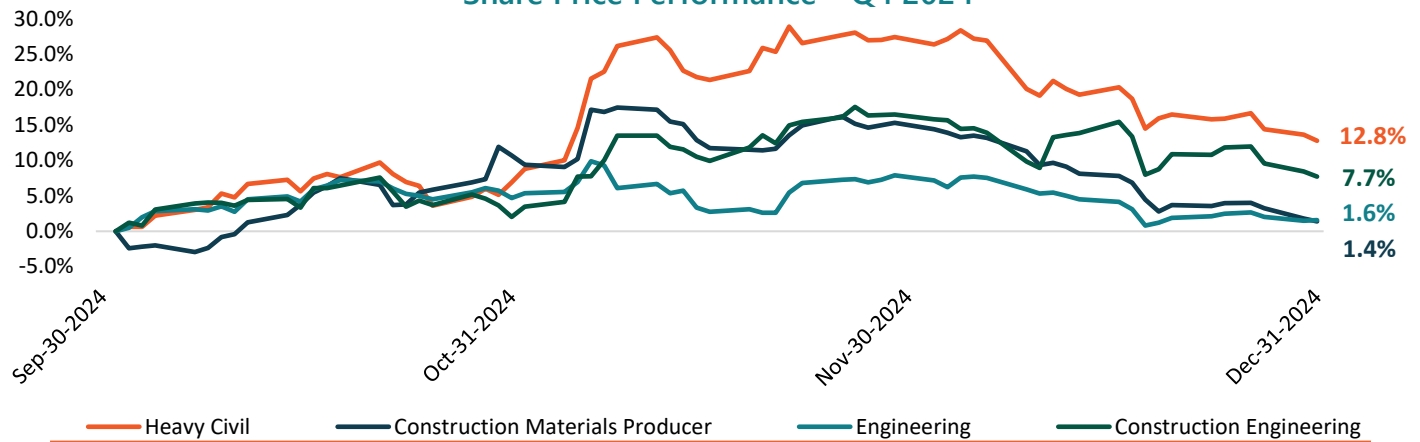


### NTM EV/EBITDA

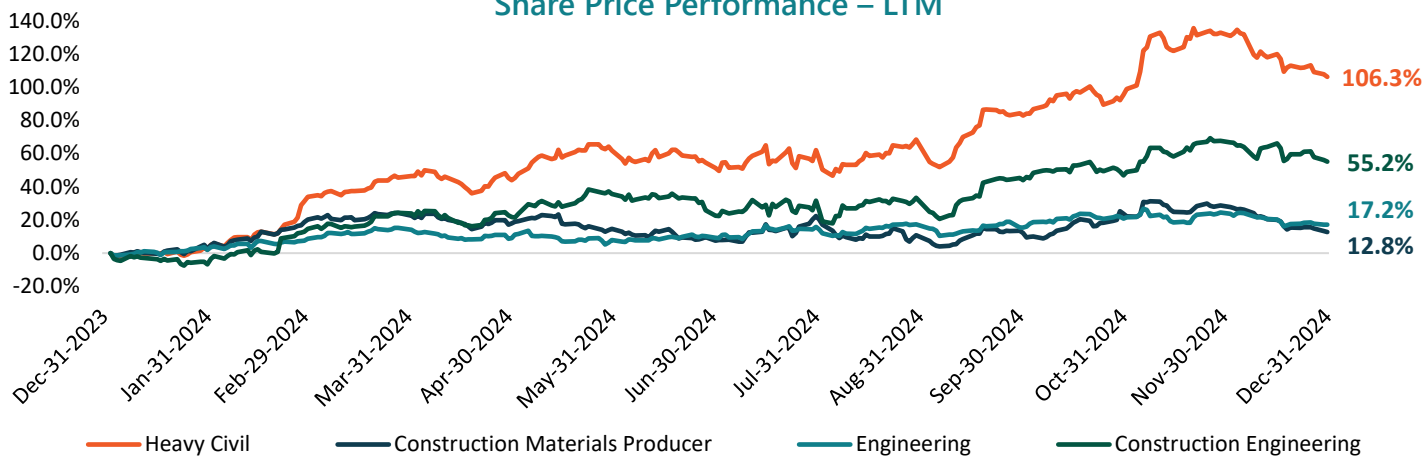


### Engineering and Construction Peer Group

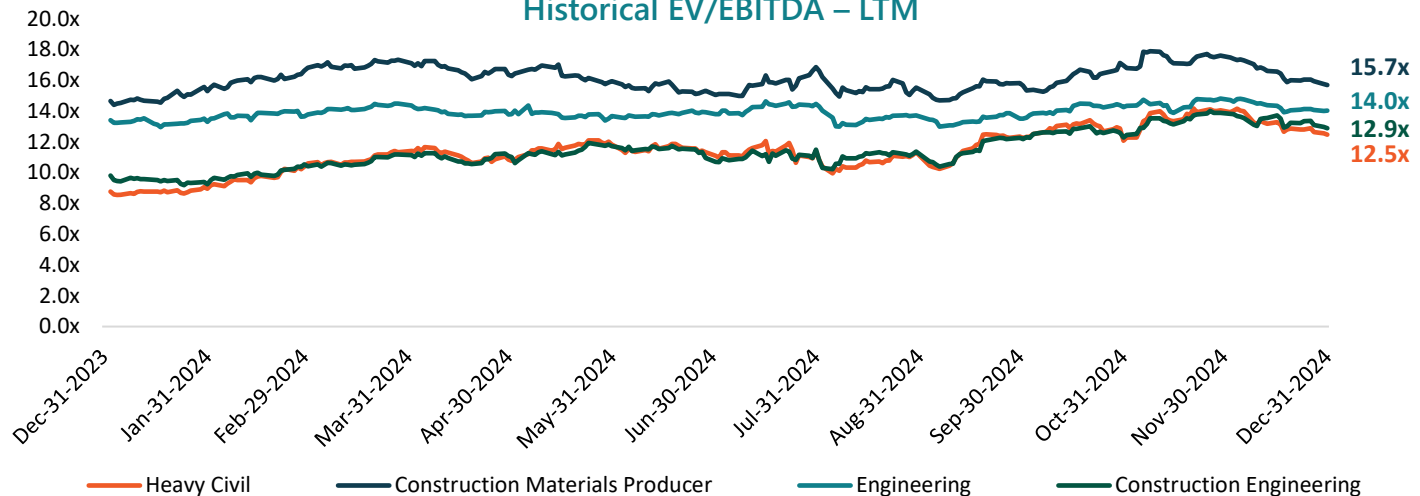
#### Share Price Performance – Q4 2024



#### Share Price Performance – LTM



#### Historical EV/EBITDA – LTM



# 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.

## 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 300 transactions worth more than \$5 billion (not including due diligence engagements).

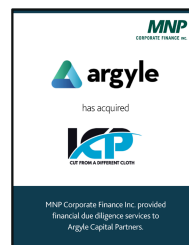
## Industry Experience

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

## Services

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

## Recently Closed Deals (National)



# About Us

## 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

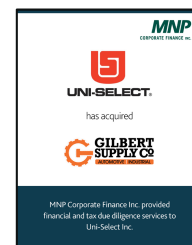
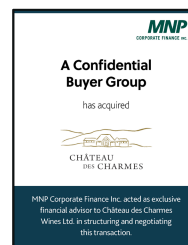
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

## 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.



## Recently Closed Deals (National)

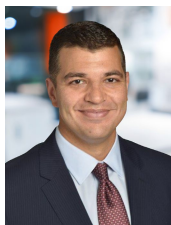


# Leadership Team

## Transaction Leadership



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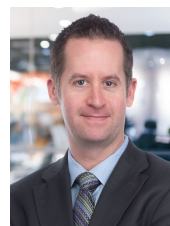
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