

# Engineering & Construction

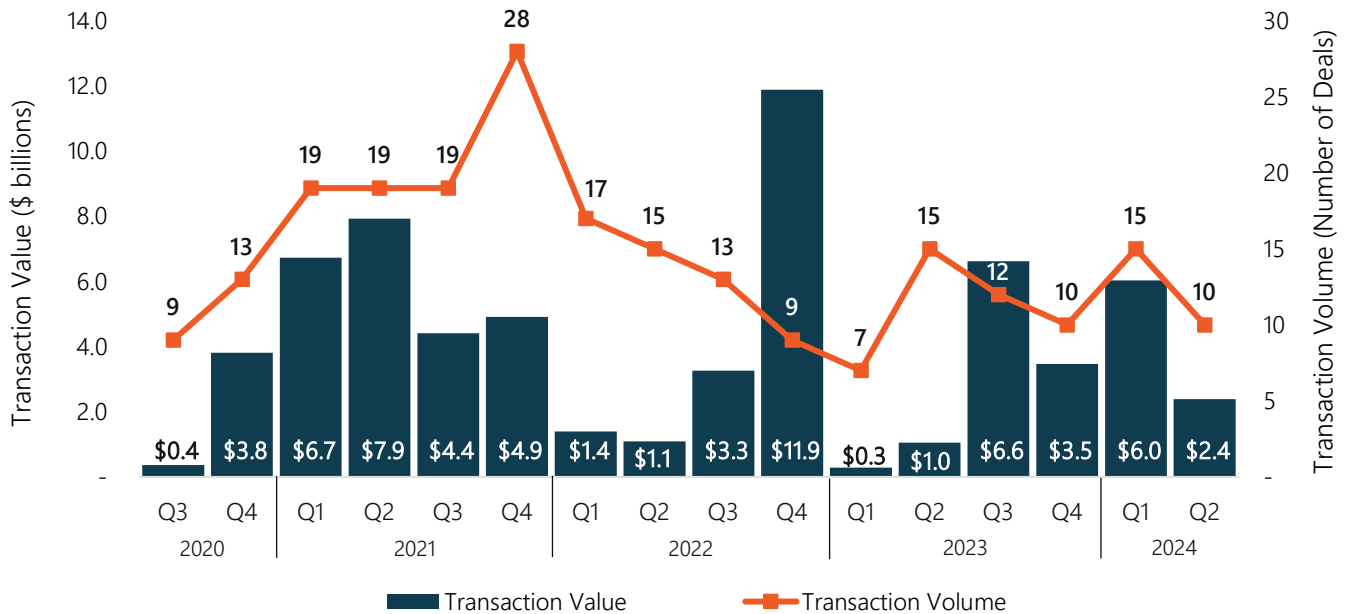
Quarterly Update | Q2 2024



# Industry Overview

## M&A Transactions & Performance

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



Source: S&P Capital IQ. Data as of June 30, 2024. All figures are in CAD.

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

"YTD" = Year-to-Date (Q1 to Q2)

Q2 Transactions

**10**

(-5 vs. Q1 2024)

Q2 Transaction Value

**\$2.4 billion**

(-\$3.7 billion vs. Q1 2024)

YTD 2024 Transactions

**25**

(+3 vs. YTD 2023)

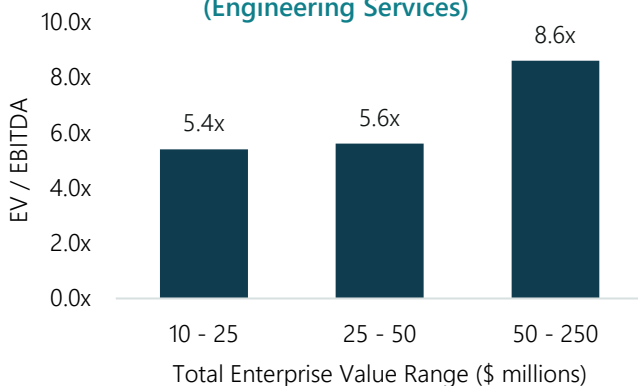
YTD 2024 Transaction Value

**\$8.4 billion**

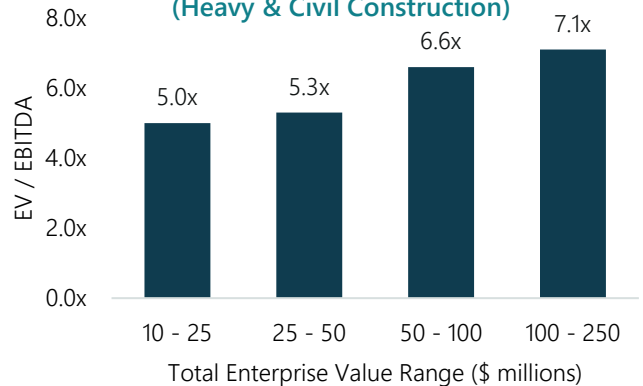
(+\$7.1 billion vs. YTD 2023)

The Engineering and Construction M&A market saw a decline in transaction volume and value in Q2 2024 compared to Q1 2024. Despite the challenges faced by builders and developers, such as higher financing costs and construction project delays, the market demonstrated resilience with 10 reported mid-market transactions in the U.S. and Canada. The most notable deal was nVent Electric PLC's acquisition of Trachte LLC, Inc. for \$951 million. This activity reflects continued interest in strategic acquisitions. Furthermore, YTD transactions volume and value have both increased from Q1 2023 and Q2 2023. This may suggest a resurgence in M&A activity as the central banks ease their restrictive monetary policy when inflation appears to be under control.

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



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



# Select Recent M&A Transactions

**bird**

is acquiring

**jb**  
JACOB BROS  
CONSTRUCTION

Announced	June 10, 2024
EV	\$135.5 million
EV/EBITDA	3.7x

- **Bird Construction, Inc (Bird)** is a publicly traded construction company that provides new construction services for industrial, infrastructure, and institutional markets.
- **Jacob Bros Construction (JB)** is a civil infrastructure construction business that serves public and private clients across the region.

*The acquisition aligns with Bird's M&A strategy by targeting complementary, high-performing businesses that support the development of a national civil infrastructure vertical.*

**nvent**

is acquiring

**TRACHTE**

Announced	June 6, 2024
EV	\$951.3 million
EV/EBITDA	Not Disclosed

- **nVent Electric PLC (nVent)**, is a publicly traded company that provides electrical connection and protection solutions.
- **Trachte LLC (Trachte)**, is a manufacturer of custom-engineered control building solutions to protect critical electrical infrastructure assets.

*The acquisition enables nVent to offer a broader range of solutions by expanding its enclosures portfolio and strengthening its systems protection capabilities.*

**JANUS**  
INTERNATIONAL GROUP

has acquired

**Terminal Maintenance  
& Construction**

Closed	May 20, 2024
EV	\$81.7 million
EV/EBITDA	Not Disclosed

- **Janus International Group, Inc. (Janus)** is a provider of access control technologies and building product solutions.
- **Terminal Maintenance and Construction (TMC)** is a provider of terminal maintenance services for the trucking industry in the Southeast.

*This acquisition supports the growth of Janus' facilitate division by enhancing its ability to provide comprehensive facility maintenance services.*

**CertainTeed**  
SAINT-GOBAIN

has acquired

**BAILEY**  
METAL PRODUCTS LIMITED

Closed	April 3, 2024
EV	\$880.0 million
EV/EBITDA	9.6x

- **CertainTeed Canada (CertainTeed)**, a subsidiary of Saint-Gobain, is a manufacturer of building materials for both commercial and residential construction.
- **The Bailey Group of Companies (Bailey)** is a manufacturer of commercial metal framing and building systems.

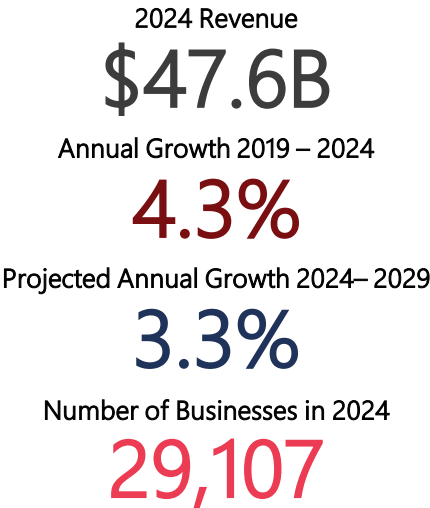
*This acquisition supports CertainTeed's vision to provide a comprehensive portfolio of building materials to its customers.*

# Industry Overview

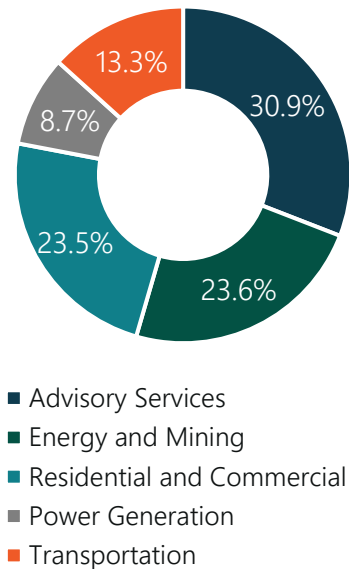
## Engineering Services in Canada

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



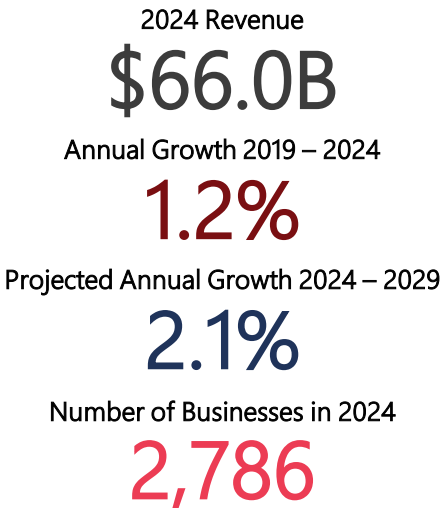
### Products and Services Segmentation (2024)



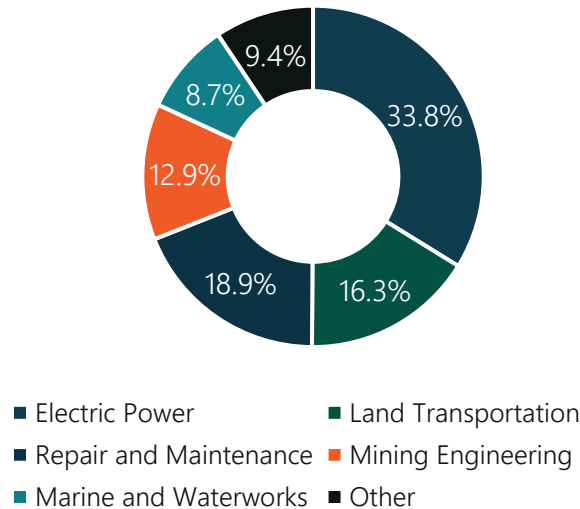
## Heavy Engineering Construction in Canada

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

### Industry Glance



### Products and Services Segmentation (2024)



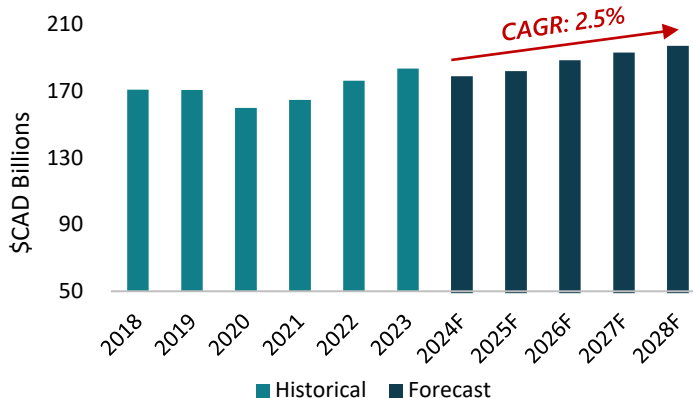
# Canadian Macroeconomic Indicators

Canada's housing market and construction activity have declined due to aggressive interest rate hikes by the Bank of Canada (BoC) aimed at controlling high inflation over the past two years. However, the BoC began cutting rates starting in June 2024, reducing the target overnight rate by 0.25% to 4.75%. Inflation also decreased slightly, dropping from 2.9% in May 2024 to 2.7% in June 2024. This signifies the BoC is easing its restrictive monetary policy and believes the economy is heading towards the long-term 2% target, which may warrant further rate cuts in the future.<sup>1</sup>

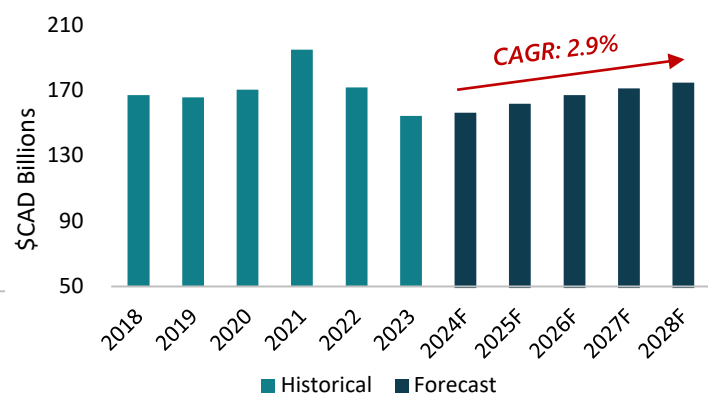
Canada's housing starts decreased by 8.8% in June 2024 compared to May 2024.<sup>2</sup> The high interest rate environment is expected to keep housing starts subdued throughout 2024, with recovery anticipated over the next two years.<sup>3</sup> Construction companies continue to face challenges in the industry due to a shortage in skilled labour.<sup>4</sup> High material costs and supply chain disruptions remain problematic for many firms in the industry, forcing them to focus on operational issues as opposed to strategic acquisitions.

The mid- to long-term outlook for Canada's engineering and construction industry could be promising. Economists anticipate two additional rate cuts in the third and fourth quarters of 2024,<sup>5</sup> which are expected to reduce financing costs for M&A transactions. Construction activity seems to have stabilized and is forecasted to increase for both residential and non-residential sectors, fueled by more government and private investments (see below).<sup>6</sup>

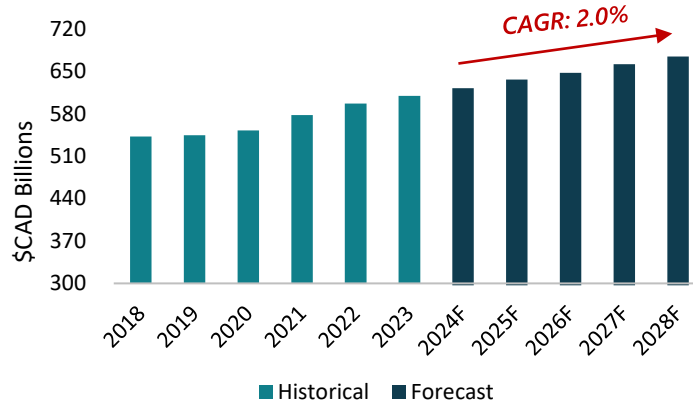
Value of Non-Residential Construction – Canada



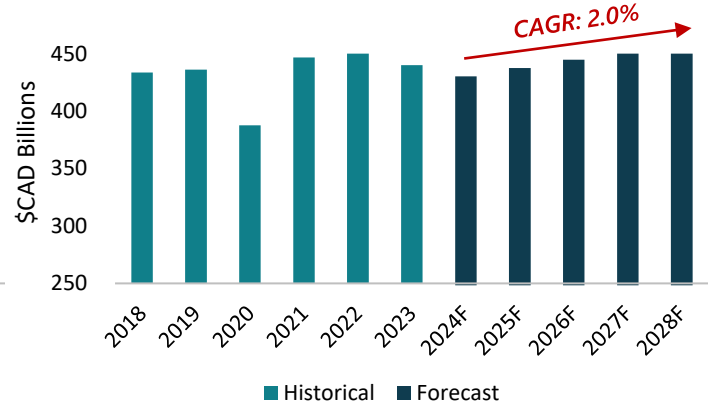
Value of Residential Construction - Canada



Government Consumption and Investment - Canada



Aggregate Private Investment - Canada





# 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.

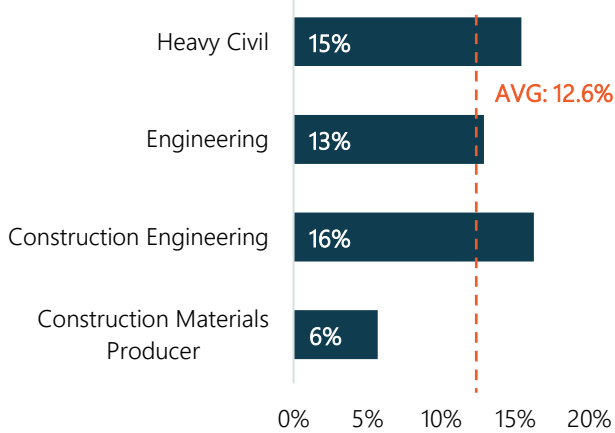
(Figures in CAD millions, except percentages and ratios)

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.	\$23,482	\$22,813	\$17,772	15.4%	\$1,945	10.9%	12.7%	8.0%	14.2x	11.6x	1.3x
Sterling Infrastructure, Inc.	\$4,999	\$4,886	\$2,720	11.2%	\$427	15.7%	14.0%	13.6%	11.6x	11.3x	1.8x
Construction Partners, Inc.	\$3,992	\$4,564	\$2,254	15.6%	\$292	13.0%	16.2%	12.1%	14.3x	15.4x	2.0x
Granite Construction Incorporated	\$3,745	\$4,000	\$4,904	12.9%	\$277	5.6%	10.2%	10.2%	7.3x	14.3x	0.8x
Primoris Services Corporation	\$3,663	\$5,250	\$7,950	20.0%	\$690	8.7%	3.8%	6.3%	10.0x	7.5x	0.7x
Bird Construction Inc.	\$1,445	\$1,483	\$2,951	21.4%	\$119	4.0%	17.0%	6.2%	7.0x	12.5x	0.5x
Aecon Group Inc.	\$1,057	\$926	\$4,383	(9.0%)	\$87	2.0%	(2.9%)	1.6%	3.7x	10.6x	0.2x
Median	\$3,745	\$4,564	\$4,383	15.4%	\$292	8.7%	12.7%	8.0%	10.0x	11.6x	0.8x
Mean	\$6,055	\$6,275	\$6,134	12.5%	\$548	8.6%	10.1%	8.3%	9.7x	11.9x	1.0x
Engineering											
WSP Global Inc.	\$26,562	\$30,781	\$14,533	14.3%	\$1,884	13.0%	(17.8%)	18.3%	14.1x	16.3x	2.1x
Jacobs Solutions Inc.	\$23,942	\$28,596	\$22,890	8.5%	\$2,115	9.2%	1.6%	9.3%	13.2x	13.4x	1.2x
AECOM	\$16,421	\$18,937	\$20,785	13.4%	\$1,227	5.9%	7.4%	6.9%	12.2x	15.3x	0.9x
Stantec Inc.	\$13,064	\$15,023	\$5,208	12.3%	\$832	16.0%	15.2%	16.7%	15.0x	18.1x	2.9x
KBR, Inc.	\$11,787	\$14,129	\$9,575	7.9%	\$1,285	13.4%	10.9%	10.9%	12.2x	10.9x	1.5x
AtkinsRéalis Group Inc.	\$10,389	\$12,340	\$8,876	15.5%	\$770	8.7%	6.4%	10.1%	12.9x	16.0x	1.4x
Fluor Corporation	\$10,204	\$8,607	\$20,929	7.5%	\$913	4.4%	16.0%	3.9%	9.1x	9.3x	0.4x
NV5 Global, Inc.	\$2,054	\$2,388	\$1,206	14.1%	\$187	15.5%	8.2%	17.7%	10.3x	12.6x	2.0x
Willdan Group, Inc.	\$546	\$636	\$718	20.5%	\$66	9.2%	(0.2%)	9.8%	9.1x	9.5x	0.9x
Mistras Group, Inc.	\$351	\$688	\$978	4.1%	\$107	10.9%	4.7%	-	0.0x	6.4x	0.7x
Median	\$11,088	\$13,234	\$9,225	12.9%	\$872	10.1%	6.9%	9.9%	12.2x	13.0x	1.3x
Mean	\$11,532	\$13,212	\$10,570	11.8%	\$939	10.6%	5.2%	10.4%	10.8x	12.8x	1.4x
Construction Engineering											
Quanta Services, Inc.	\$50,908	\$55,679	\$29,094	22.5%	\$4,151	14.3%	9.7%	9.9%	17.7x	13.3x	1.9x
MasTec, Inc.	\$11,407	\$15,404	\$16,382	16.2%	\$2,244	13.7%	6.8%	7.8%	11.2x	6.8x	0.9x
Dycom Industries, Inc.	\$6,720	\$7,942	\$5,849	7.4%	\$776	13.3%	11.6%	12.4%	9.8x	10.2x	1.4x
MYR Group Inc.	\$3,114	\$3,216	\$4,940	14.6%	\$267	5.4%	4.4%	5.5%	11.3x	11.9x	0.6x
Argan, Inc.	\$1,337	\$772	\$862	36.8%	\$68	7.9%	32.5%	9.0%	7.5x	11.4x	0.9x
Median	\$6,720	\$7,942	\$5,849	16.2%	\$776	13.3%	9.7%	9.0%	11.2x	11.4x	0.9x
Mean	\$14,697	\$16,602	\$11,425	19.5%	\$1,501	10.9%	13.0%	8.9%	11.5x	10.7x	1.1x
Construction Materials Producer											
Martin Marietta Materials, Inc.	\$45,708	\$48,578	\$9,038	6.2%	\$2,947	32.6%	9.9%	32.9%	14.6x	16.3x	5.3x
Vulcan Materials Company	\$45,013	\$50,002	\$10,398	3.4%	\$2,891	27.8%	3.7%	28.9%	15.8x	17.1x	4.8x
Eagle Materials Inc.	\$10,077	\$11,562	\$3,059	5.2%	\$1,105	36.1%	7.3%	36.3%	9.5x	10.4x	3.7x
Summit Materials, Inc.	\$8,792	\$12,096	\$4,048	23.2%	\$950	23.5%	44.8%	23.3%	8.7x	12.6x	3.0x
Median	\$27,545	\$30,337	\$6,543	5.7%	\$1,998	30.2%	8.6%	30.9%	12.1x	14.5x	4.2x
Mean	\$27,397	\$30,560	\$6,636	9.5%	\$1,973	30.0%	16.4%	30.3%	12.2x	14.1x	4.2x

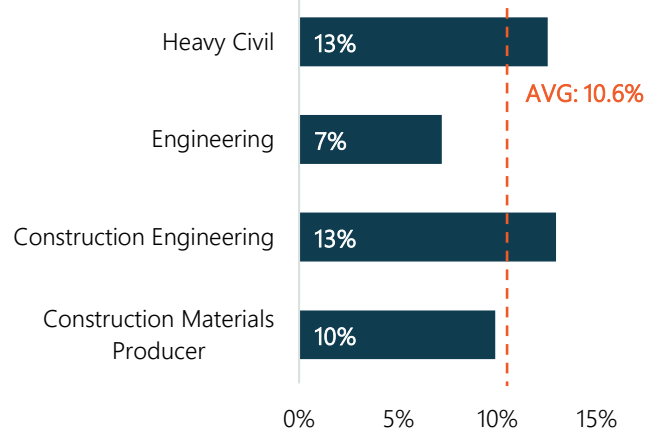
# Public Comparable Analysis

## Growth, Margins & Multiples

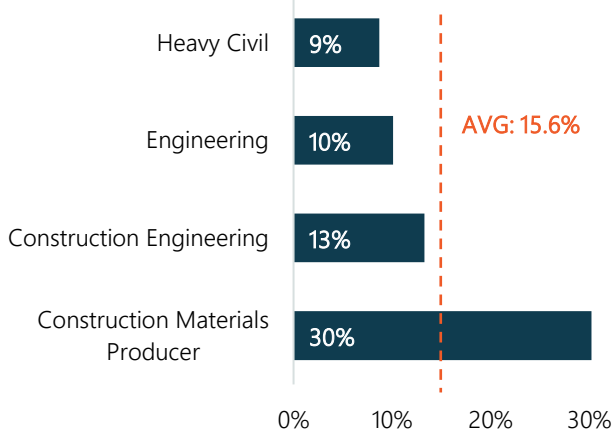
### LTM REVENUE GROWTH



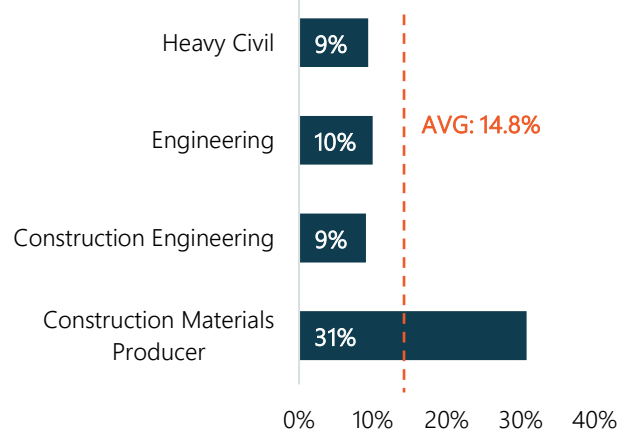
### NTM REVENUE GROWTH



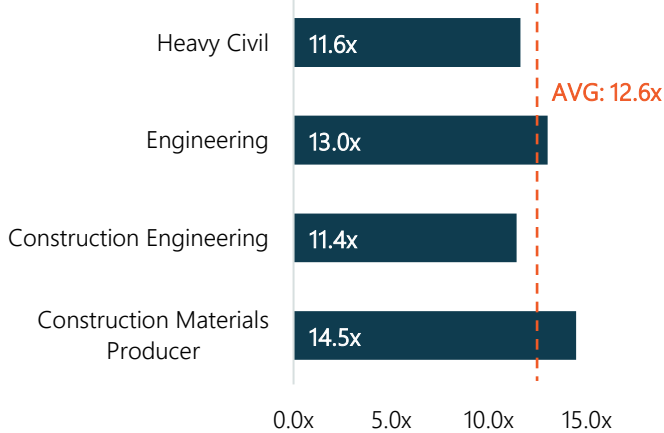
### LTM EBITDA MARGIN



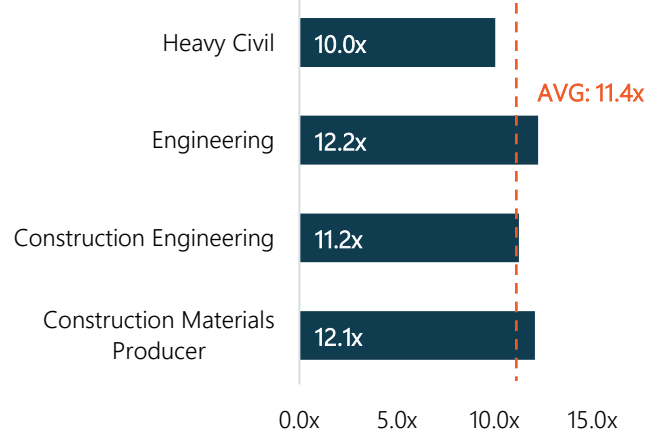
### NTM EBITDA MARGIN



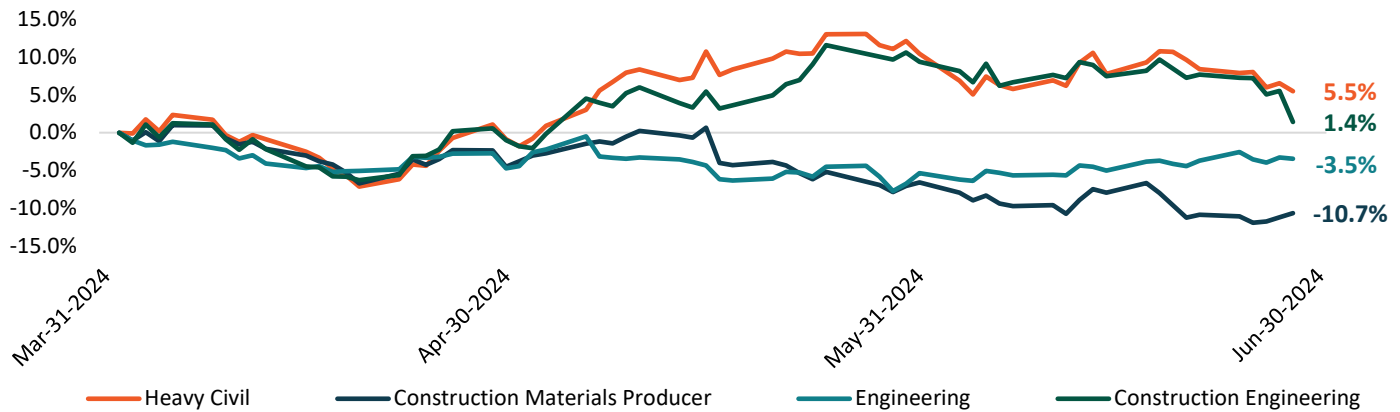
### LTM EV/EBITDA



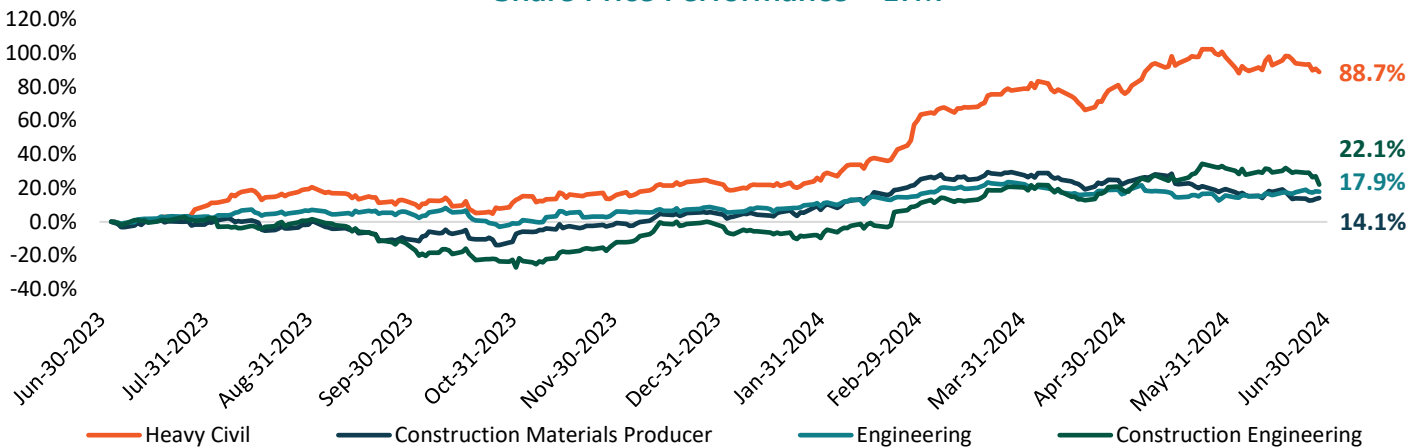
### NTM EV/EBITDA



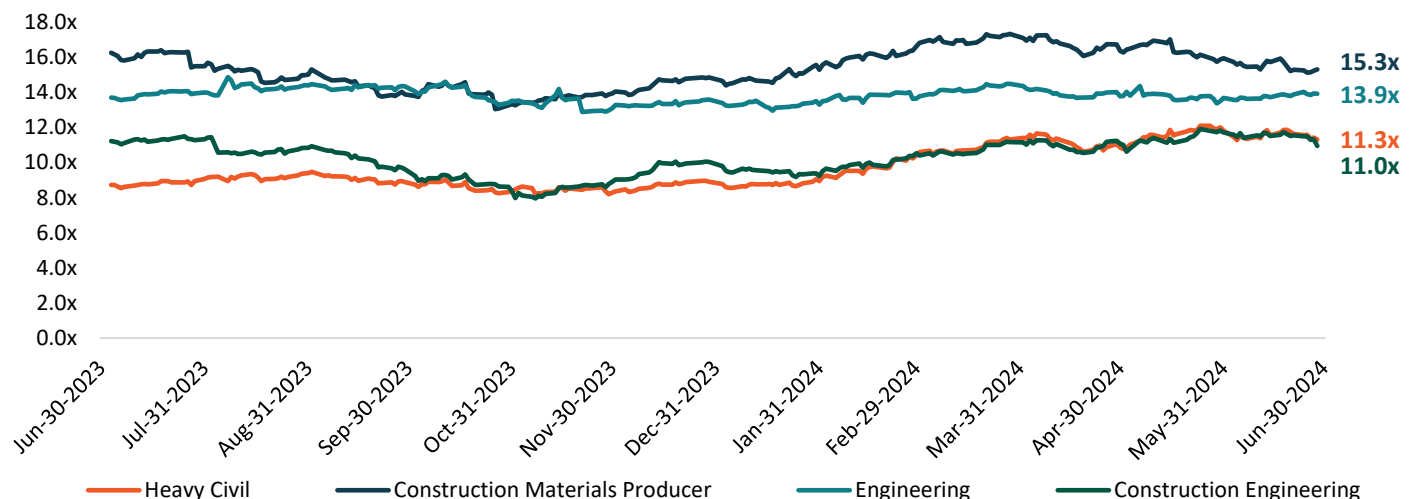
### Engineering and Construction Peer Group Share Price Performance – Q2 2024



### 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 285 transactions worth almost \$5 billion (not including due diligence engagements).

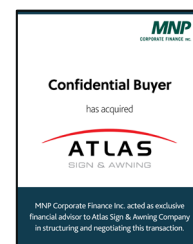
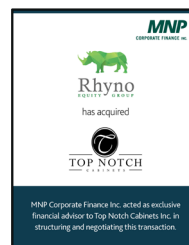
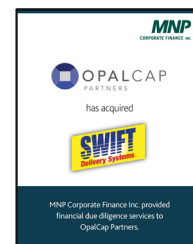
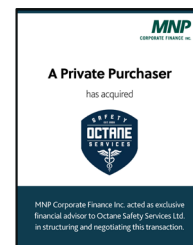
## Industry Experience

- 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

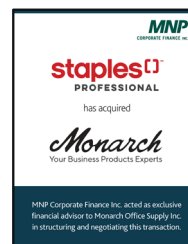
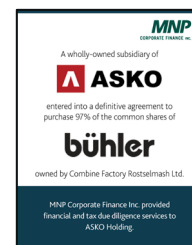
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

## 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)

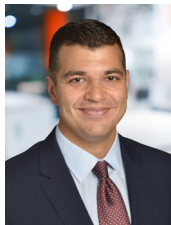


# Leadership Team

## Transaction Leadership



**Brett Franklin**  
President  
Winnipeg  
Brett.Franklin@mnp.ca  
204.336.6190



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



**Bryce Davis**  
Managing Director  
Vancouver  
Bryce.Davis@mnp.ca  
604.637.1514



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



**Mark Reynolds**  
Managing Director  
Calgary  
Mark.Reynolds@mnp.ca  
403.536.5548



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



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



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



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



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



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



**David Bouchard**  
Managing Director  
Québec  
David.Bouchard@mnp.ca  
418.425.1857



**Jean-Raymond Lafond**  
Managing Director  
Drummondville  
Jean-Raymond.Lafond@mnp.ca  
819.473.7251



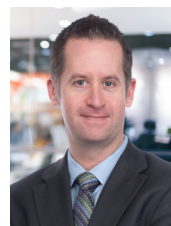
**Jasmin Allard**  
Managing Director  
Sherbrooke  
Jasmin.Allard@mnp.ca  
819.560.7856



**Jonathan Banford**  
Managing Director  
Chicoutimi  
Jonathan.Banford@mnp.ca  
418.696.3924



**Frédéric Fortin**  
Managing Director  
Chicoutimi  
Frederic.Fortin@mnp.ca  
418.696.4561



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

## Due Diligence Leadership



**Johnny Earl**  
Managing Director  
Vancouver  
Johnny.Earl@mnp.ca  
604.637.1504



**Jonathan Conly**  
Managing Director  
Vancouver  
Jonathan.Conly@mnp.ca  
604.637.1516



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



**Wilson Lai**  
Managing Director  
Toronto  
Wilson.Lai@mnp.ca  
289.695.4386



**Saad Arif**  
Managing Director  
Toronto  
Saad.Arif@mnp.ca  
647.943.4104



**David Cyr**  
Managing Director  
Montreal  
David.Cyr@mnp.ca  
514.884.1764