

Engineering & Construction

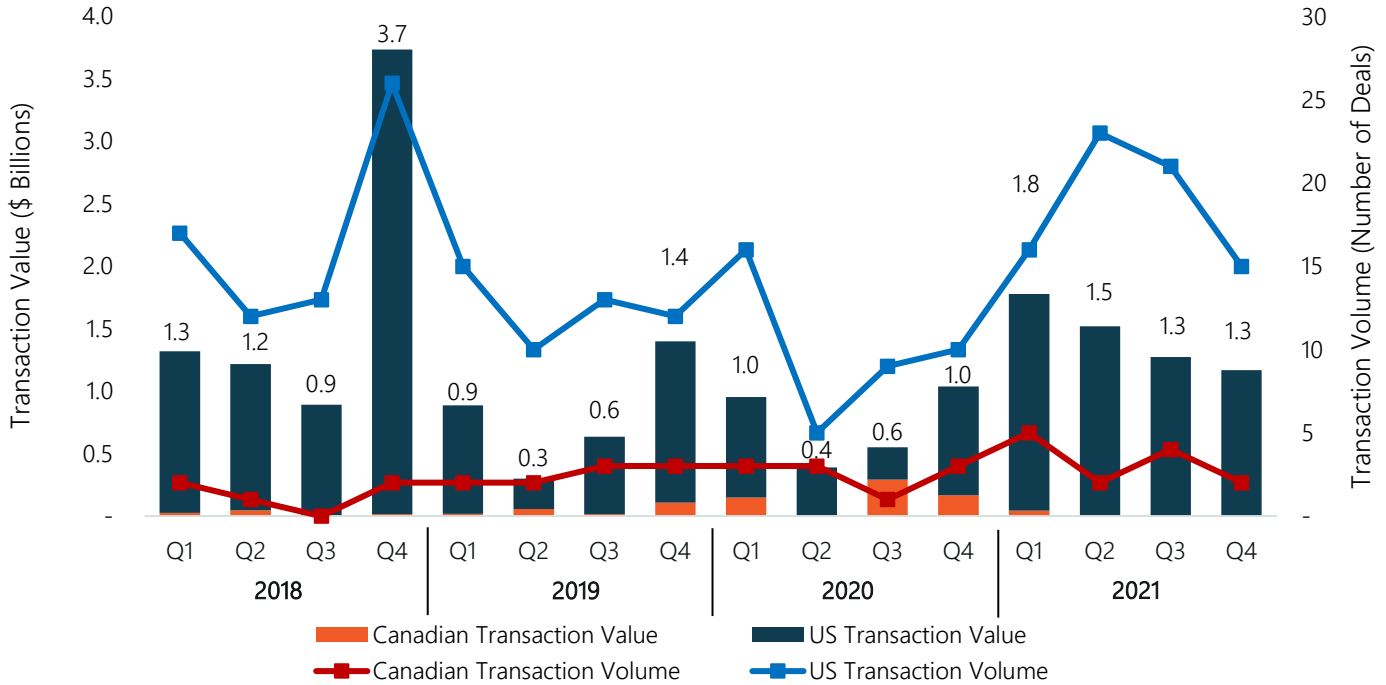
Quarterly Update | Q4 2021



Industry Overview

M&A Transactions & Performance

NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY



Source: Capital IQ. Data as of December 31, 2021.

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.

Q4 Transactions (Canada)

2

(-50% vs. Q3 2021)

Q4 Transaction Value (Canada)

\$107 million

(+62.9% vs. Q3 2021)

Q4 Transaction Value (US)

\$1.2 billion

(-8.3% vs. Q3 2021)

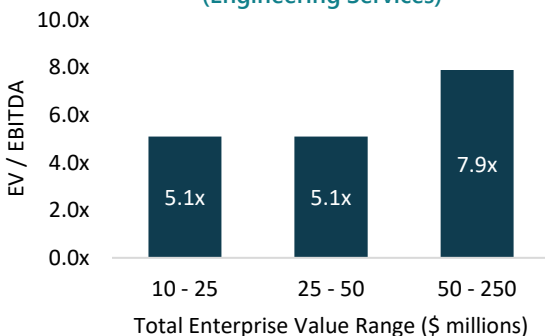
Q4 Transactions (US)

15

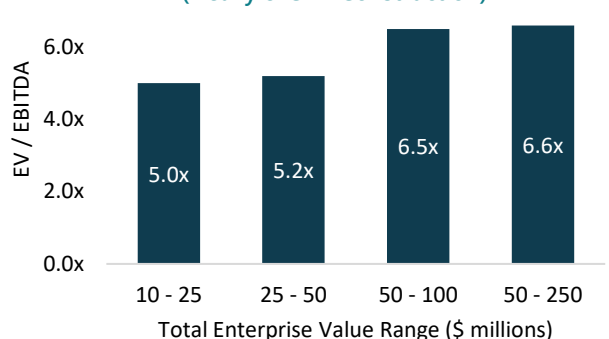
(-28.6% vs. Q3 2021)

Engineering and construction merger and acquisition (M&A) activity in Q4 2021 was approximately \$1.3 billion in disclosed transaction value across 17 deals in Canada and the US. US transactions accounted for 15 of these deals, representing a decrease of 28.6% from the previous quarter. The largest transaction in the quarter was US-based and involved Orbital Energy Group, Inc.'s acquisition of FrontLine Power Construction, LLC for \$272 million. The majority of acquirers have been strategic parties this past year, as participants continue to seek to accelerate geographic expansion and further efforts to diversify revenue streams.

Private Equity Deal Multiples (Engineering Services)



Private Equity Deal Multiples (Heavy & Civil Construction)



Select Recent M&A Transactions



Closed	November 17, 2021
EV	\$271.8 million
EV/Revenue	N/A
Location (Vendor)	Houston, TX

- **Orbital Energy Group, Inc. (OEG)** specializes in the acquisition and development of innovative companies to create a diversified energy infrastructure services platform.
- **FrontLine Power Construction, LLC** is a Houston-based full-service electrical infrastructure service company that provides construction, maintenance, and emergency response services.
- Through the acquisition, **OEG** will transform into a full-service energy infrastructure services platform.



Closed	December 1, 2021
EV	\$14.0 million
EV/EBITDA	N/A
Location (Vendor)	Regina, SK

- **WestTower Communications Ltd.** is a Canadian company that provides telecommunications tower design and construction services, including civil construction and distributed antenna systems.
- **Ryko Telecommunications Inc.** provides installation, maintenance, and construction services for fibre optic and copper cable systems across Western Canada.
- The acquisition allows **WestTower Communications Ltd.** to position its business for continued growth and success.

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



Closed	November 11, 2021
EV	\$10.0 million
EV/EBITDA	N/A
Location (Vendor)	Niagara Falls, ON

- **WestTower Communications Ltd.** is a Canadian company that provides telecommunications tower design and construction services, including civil construction and distributed antenna systems.
- **Telcon Datvox Inc.** operates as a communication installation company that offers wireline installation and maintenance services.
- The acquisition aligns with **WestTower Communications Ltd.**'s strategy to further diversify the integrated service offerings.

MNP Corporate Finance Inc. acted as the exclusive financial advisor to Telcon Datvox Inc. in structuring and negotiating this transaction.



Closed	December 16, 2021
EV	\$88.8 million
EV/EBITDA	N/A
Location (Vendor)	Warren, RI

- **Ducommun LaBarge Technologies, Inc.** provides electronic manufacturing services. It offers electronic, electromechanical, and mechanical products through contract design and manufacturing services.
- **Magnetic Seal LLC** aerospace quality seal solutions, including design, prototype, value engineering, and manufacturing.
- Through this acquisition, **Ducommun LaBarge Technologies, Inc.** will expand its footprint within the United States and drive future growth.

Source: Capital IQ.
All figures are in CAD.

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%

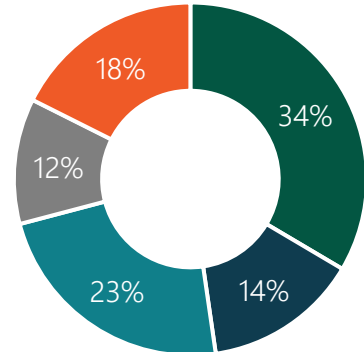
Projected Annual Growth 2020 – 2025

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

2021 Revenue

\$53.9B

Annual Growth 2016 – 2021

1.8%

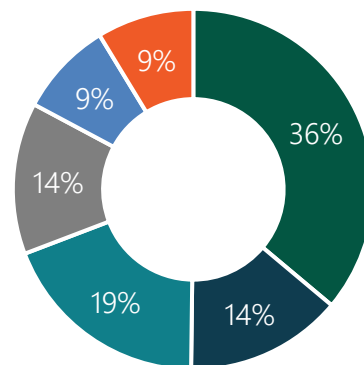
Projected Annual Growth 2021 – 2026

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

Macroeconomic Indicators



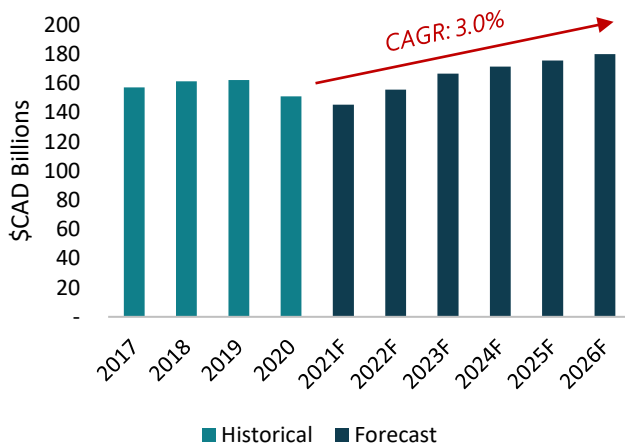
CORPORATE FINANCE INC.

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.

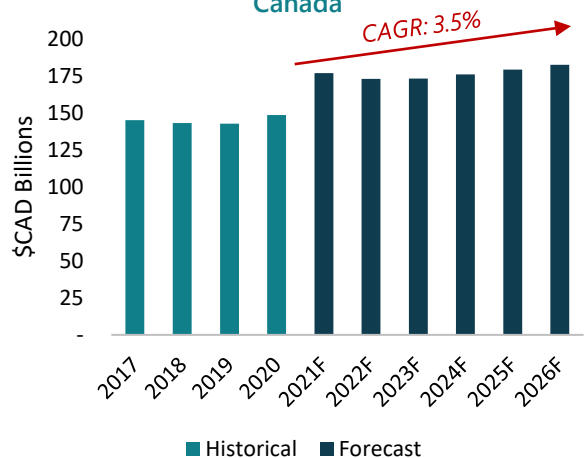
Canada's housing market continues to experience increased vulnerability, as market activity and price acceleration remain high. With housing starts over the past 12 months being the strongest they have been since the mid-1970's, we should see more supply being delivered to the market in the coming year, as the average timeline to move-in has increased to 21 months. This investment in residential building construction has been what has helped Canada's construction industry recover faster than previously anticipated.

However, there may be some easement on housing price acceleration with the expectation that interest rates will rise in the near future to combat inflationary pressures. Beginning March 2022, the Bank of Canada is anticipated to implement gradual interest rate hikes to combat inflation.

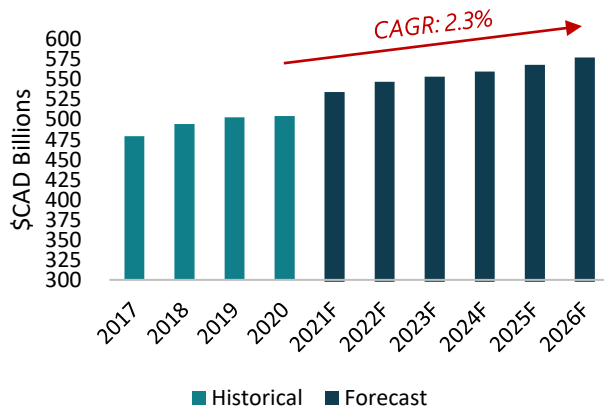
Value of Non-Residential Construction - Canada



Value of Residential Construction - Canada



Government Expenditure and Investment - Canada



Aggregate Private Investment - Canada

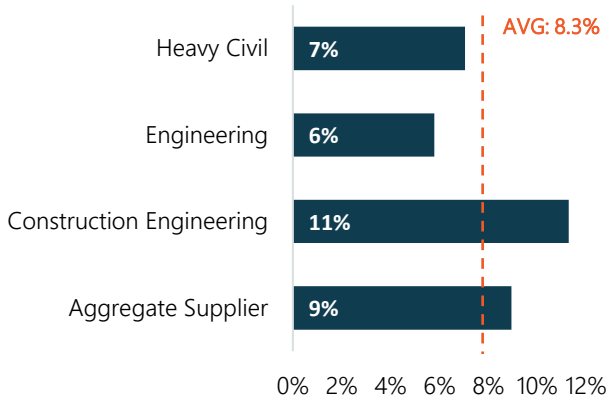


Source: IBISWorld Business Environment Reports.
"F" indicates forecast. "CAGR" indicates compound annual growth rates.

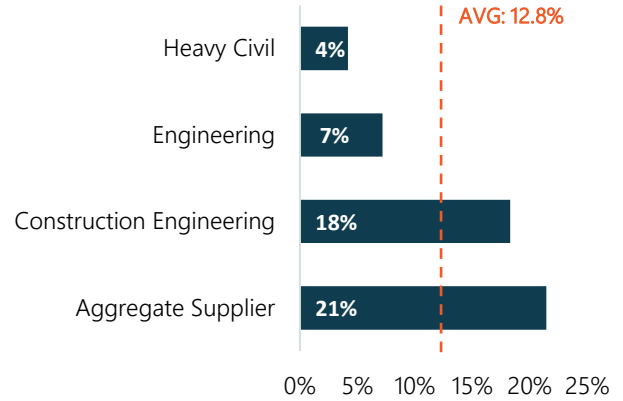
Public Comparable Analysis

Growth, Margins & Multiples

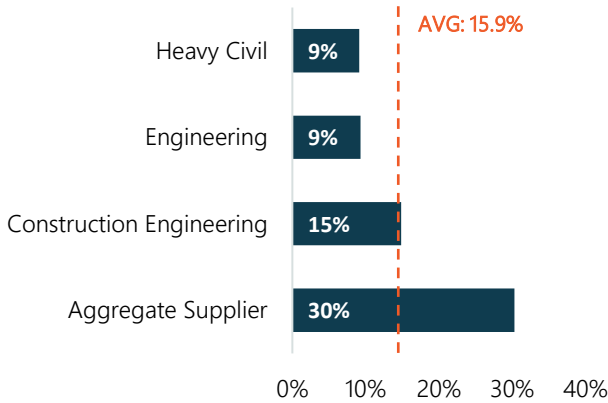
LTM REVENUE GROWTH



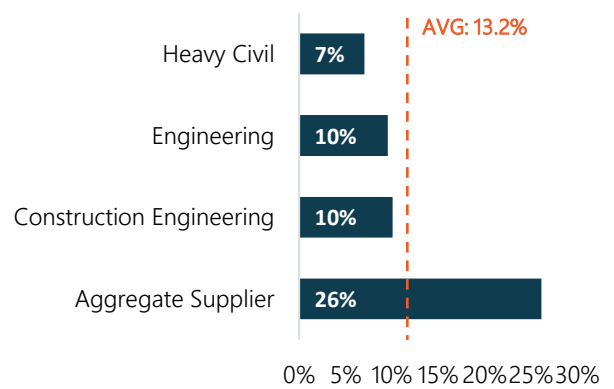
NTM REVENUE GROWTH



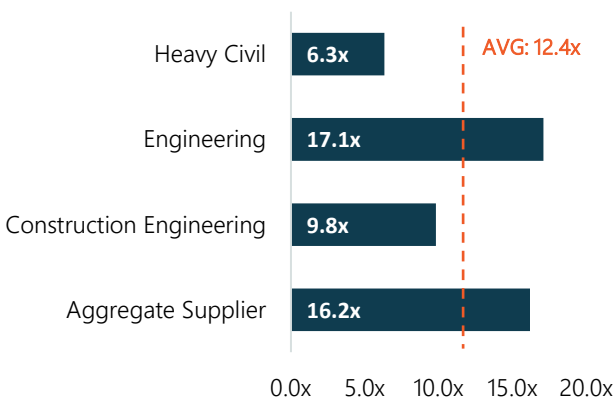
LTM EBITDA MARGIN



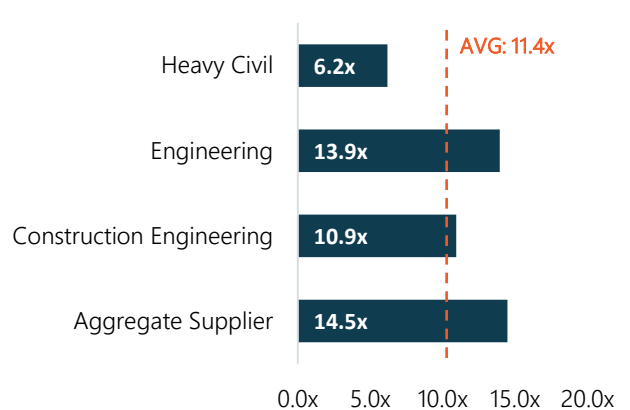
NTM EBITDA MARGIN



LTM EV/EBITDA

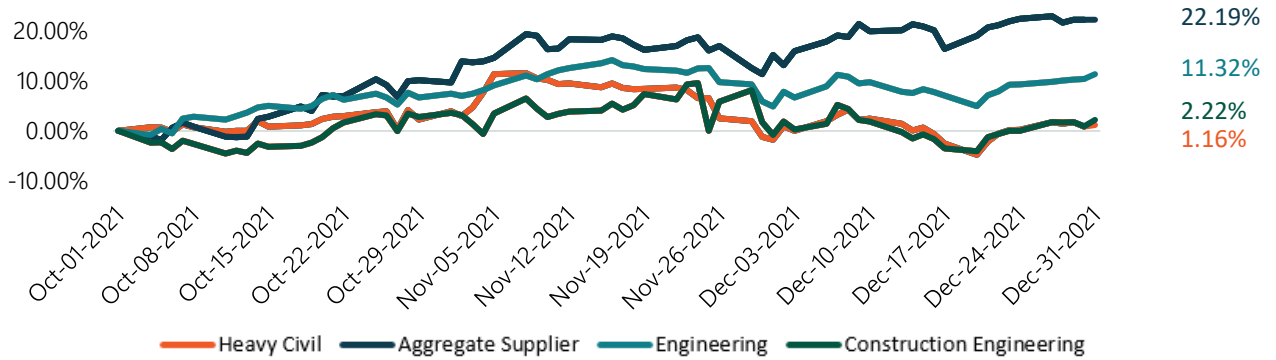


NTM EV/EBITDA

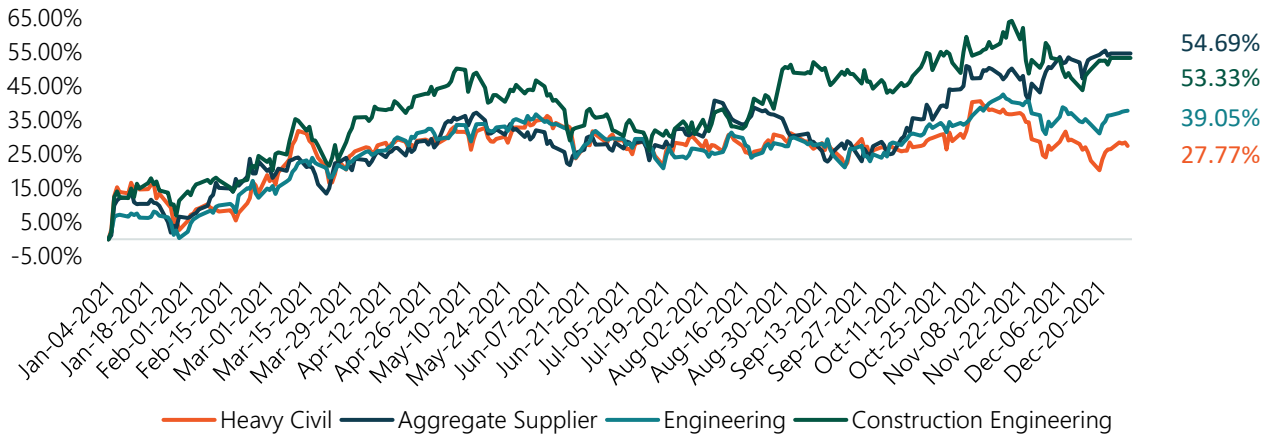


Engineering and Construction Peer Group

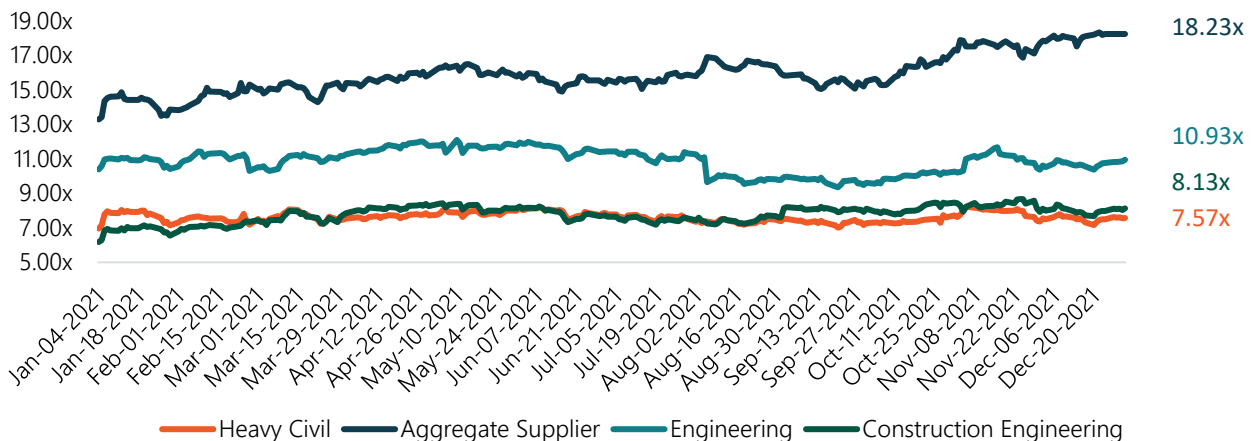
Share Price Performance – Q4



Share Price Performance – LTM



Historical LTM EV/EBITDA – LTM



Source: Capital IQ. Data as of December 31, 2021.
 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	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Heavy Civil											
EMCOR Group, Inc.	\$8,605	\$8,477	\$12,068	7.0%	\$1,075	8.9%	6.3%	6.6%	10.0x	7.9x	0.7x
Primoris Services Corporation	\$1,633	\$2,470	\$4,439	3.7%	\$479	10.8%	3.5%	8.3%	6.5x	5.1x	0.6x
Construction Partners, Inc.	\$1,949	\$2,160	\$1,152	15.9%	\$123	10.7%	22.3%	11.3%	13.2x	17.5x	1.9x
Granite Construction Incorporated	\$2,244	\$1,930	\$4,605	4.0%	\$293	6.4%	3.1%	6.9%	5.9x	6.6x	0.4x
Tutor Perini Corporation	\$799	\$1,875	\$6,264	(3.7%)	\$583	9.3%	(1.6%)	7.2%	4.2x	3.2x	0.3x
Sterling Construction Company, Inc.	\$958	\$1,245	\$1,932	7.1%	\$205	10.6%	0.9%	9.2%	7.0x	6.1x	0.6x
Aecon Group Inc.	\$1,018	\$1,274	\$3,966	13.8%	\$122	3.1%	4.9%	6.7%	4.5x	10.4x	0.3x
Bird Construction Inc.	\$527	\$534	\$2,177	58.9%	\$90	4.1%	15.2%	4.4%	4.9x	5.9x	0.2x
Median	\$1,326	\$1,903	\$4,202	7.0%	\$249	9.1%	4.2%	7.0%	6.2x	6.3x	0.5x
Mean	\$2,217	\$2,495	\$4,575	13.3%	\$371	8.0%	6.8%	7.6%	7.0x	7.9x	0.6x
Engineering											
Jacobs Engineering Group Inc.	\$22,809	\$27,255	\$17,862	3.9%	\$1,932	10.8%	8.5%	9.2%	15.2x	14.1x	1.5x
WSP Global Inc.	\$21,611	\$23,864	\$9,636	9.9%	\$1,164	12.1%	(12.1%)	16.9%	16.5x	20.5x	2.5x
AECOM	\$13,920	\$16,369	\$16,868	0.8%	\$1,354	8.0%	5.9%	6.4%	14.3x	12.1x	1.0x
KBR, Inc.	\$8,454	\$10,109	\$7,973	9.6%	\$550	6.9%	25.1%	8.3%	12.2x	18.4x	1.3x
Stantec Inc.	\$7,902	\$8,951	\$3,582	(3.8%)	\$559	15.6%	16.2%	15.9%	13.5x	16.0x	2.5x
SNC-Lavalin Group Inc.	\$5,426	\$7,288	\$7,124	21.6%	\$174	2.4%	1.7%	9.9%	10.0x	41.8x	1.0x
Fluor Corporation	\$4,433	\$3,457	\$17,773	(8.1%)	\$467	2.6%	(4.5%)	3.3%	6.2x	7.4x	0.2x
NV5 Global, Inc.	\$2,692	\$2,809	\$861	7.7%	\$155	18.0%	8.9%	17.2%	17.4x	18.2x	3.3x
Willdan Group, Inc.	\$570	\$716	\$454	(15.4%)	\$14	3.2%	30.6%	7.4%	16.3x	49.6x	1.6x
Mistras Group, Inc.	\$277	\$595	\$843	9.2%	\$89	10.5%	4.8%	10.0%	6.7x	6.7x	0.7x
Median	\$6,664	\$8,120	\$7,549	5.8%	\$508	9.3%	7.2%	9.5%	13.9x	17.1x	1.4x
Mean	\$8,809	\$10,141	\$8,298	3.5%	\$646	9.0%	8.5%	10.4%	12.8x	20.5x	1.6x
Construction Engineering											
Quanta Services, Inc.	\$20,677	\$22,577	\$15,133	5.0%	\$2,296	15.2%	28.5%	10.1%	11.4x	9.8x	1.5x
MasTec, Inc.	\$8,460	\$10,336	\$9,836	21.7%	\$1,909	19.4%	18.3%	10.1%	8.8x	5.4x	1.0x
Dycom Industries, Inc.	\$3,581	\$4,372	\$3,868	(2.1%)	\$368	9.5%	6.0%	9.6%	11.1x	11.6x	1.1x
MYR Group Inc.	\$2,360	\$2,301	\$3,111	11.3%	\$211	6.8%	7.0%	6.3%	10.9x	10.9x	0.7x
Argan, Inc.	\$769	\$166	\$621	46.1%	\$92	14.8%	19.7%	11.4%	1.9x	1.8x	0.3x
Median	\$3,581	\$4,372	\$3,868	11.3%	\$368	14.8%	18.3%	10.1%	10.9x	9.8x	1.0x
Mean	\$7,169	\$7,950	\$6,514	16.4%	\$975	13.1%	15.9%	9.5%	8.8x	7.9x	0.9x
Aggregate Supplier											
Vulcan Materials Company	\$34,860	\$40,614	\$6,475	5.2%	\$1,818	28.1%	33.4%	24.6%	19.3x	22.3x	6.3x
Martin Marietta Materials, Inc.	\$34,776	\$38,780	\$6,057	10.2%	\$1,970	32.5%	31.1%	27.7%	17.5x	19.7x	6.4x
Eagle Materials Inc.	\$8,568	\$9,588	\$2,192	13.8%	\$755	34.4%	11.8%	36.0%	10.8x	12.7x	4.4x
Summit Materials, Inc.	\$6,023	\$7,813	\$3,090	7.7%	\$697	22.6%	(4.8%)	23.2%	11.5x	11.2x	2.5x
Median	\$21,672	\$24,184	\$4,574	8.9%	\$1,286	30.3%	21.4%	26.1%	14.5x	16.2x	5.3x
Mean	\$21,057	\$24,199	\$4,453	9.2%	\$1,310	29.4%	17.9%	27.9%	14.8x	16.5x	4.9x

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.

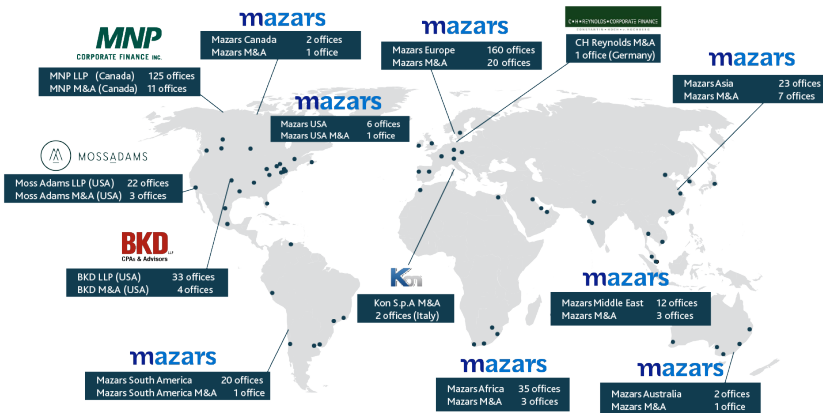
Our typical transactions range in value between \$3 million and \$300 million.

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)

creo-tech INDUSTRIAL GROUP INC. has acquired AXIAL GROUP OF COMPANIES™

MNP Corporate Finance Inc. provided financial and tax due diligence services to Creo-Tech Industrial Group.

WESTTOWER a subsidiary of Exchange Income Corporation has acquired RYKO

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

fliform has acquired Valley Group of Companies

MNP Corporate Finance Inc. was the exclusive financial advisor to Valley Group of Companies in structuring and negotiating this transaction.

ptm has invested in Bône & Biscuit

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

FULCRUM CAPITAL PARTNERS and BELVIKA has acquired Linsey

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

CAI CAPITAL PARTNERS has invested in ATS CANADA

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

GreyWolf has acquired TRUTINA

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

P3 VETERINARY PARTNERS has acquired TAHITI

MNP Corporate Finance Inc. acted as exclusive financial advisor to Timmins Animal Hospital in structuring and negotiating this transaction.

WESTTOWER a subsidiary of Exchange Income Corporation has acquired telton datvox network cabling

MNP Corporate Finance Inc. acted as the exclusive financial advisor to Telcon Datavox Inc. in structuring and negotiating this transaction.

MEDSPA PARTNERS has acquired MD/cosmetic AND LASER CLINIC

MNP Corporate Finance Inc. was the exclusive financial advisor to MD Cosmetic & Laser Clinic 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 eight years alone we have completed over 200 transactions worth over \$3.5 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

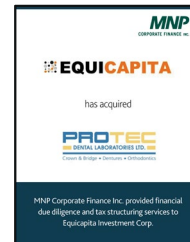
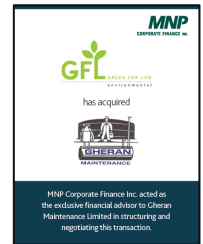
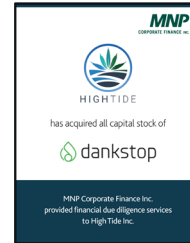
Hands-on Approach

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.

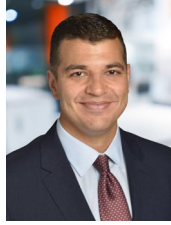
Recently Closed Deals (National)



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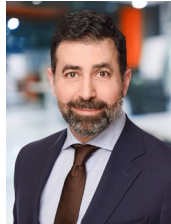
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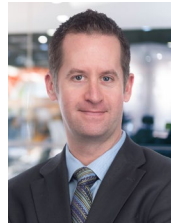


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Due Diligence Leadership



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