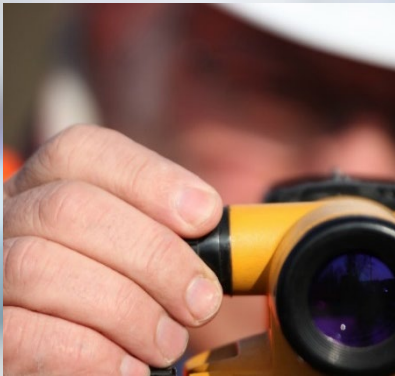


Engineering & Construction

Quarterly Update | Q2 2023



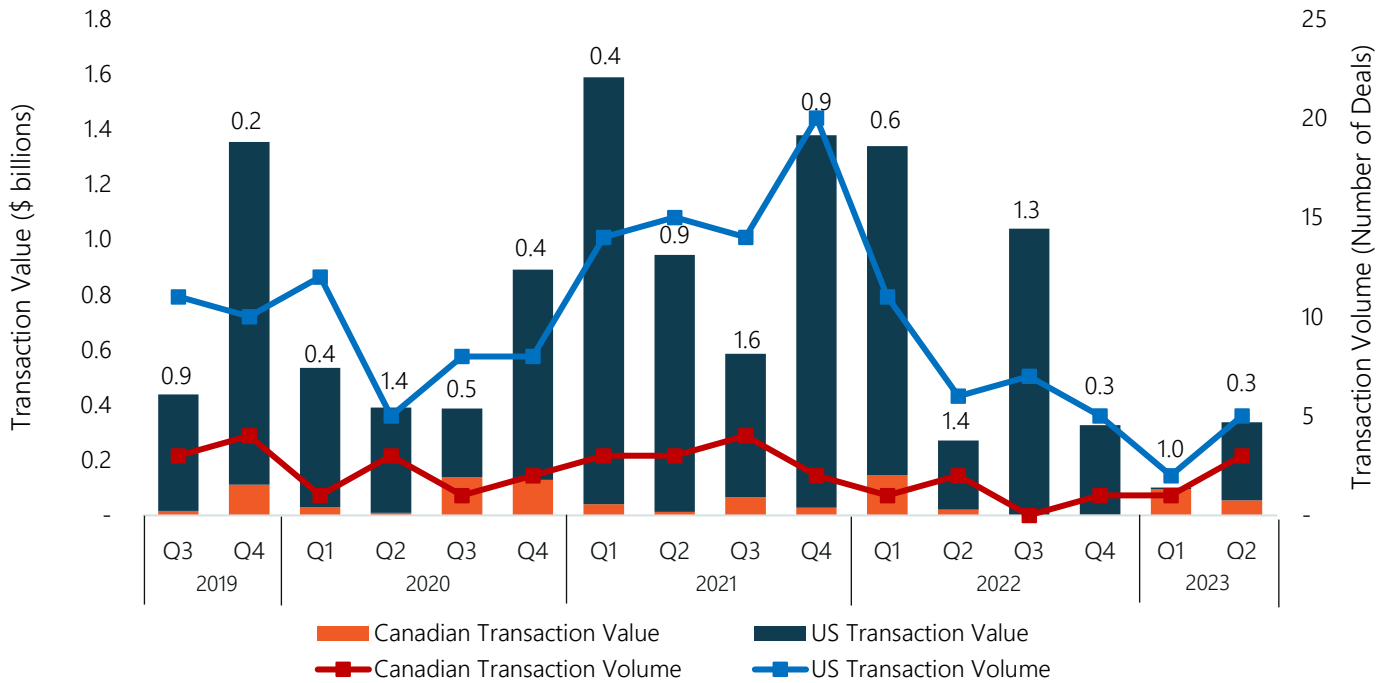
Industry Overview

M&A Transactions & Performance



CORPORATE FINANCE INC.

NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY



Source: Capital IQ. Data as of June 30, 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.

Q2 Transactions (Canada)

3

(+2 vs. Q1 2023)

Q2 Transaction Value (Canada)

\$54 million

(-\$41 million vs. Q1 2023)

Q2 Transactions (US)

5

(+3 vs. Q1 2023)

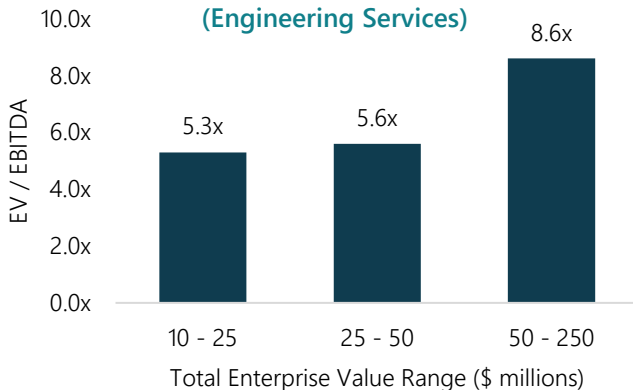
Q2 Transaction Value (US)

\$284 million

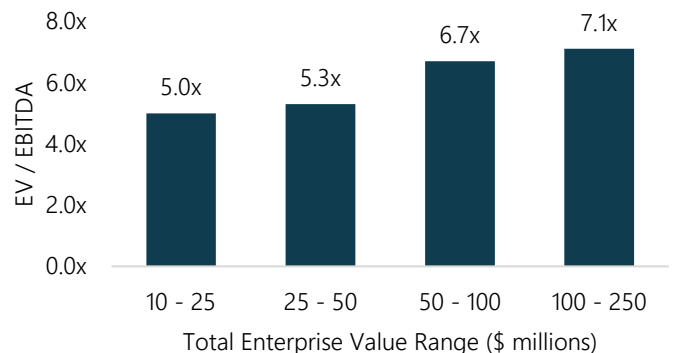
(+\$279 million vs. Q1 2023)

The pace of both transaction volume and value has picked up since Q1 2023. High inflation rates, uncertainty around a potential recession, tight monetary policy and a slowdown in the volume of transactions in the real estate market have resulted in downward pressure on M&A transactions. The largest mid-market transaction involved ESG Holdings Group LLC's acquisition of Energy Systems Group LLC for \$212 million. However, there were also several transactions with no disclosed valuations which indicates a potential recovery of demand in the engineering and construction industry.

Private Equity Deal Multiples (Engineering Services)



Private Equity Deal Multiples (Heavy & Civil Construction)



Select Recent M&A Transactions

ESG Holdings
Group LLC

has acquired



Closed	May 21, 2023
EV	\$212.1 million
EV/EBITDA	Not disclosed

- **ESG Holdings Group LLC (ESG)** is a holding company based in the United States (U.S.).
- **Energy Systems Group LLC (Energy)** is a subsidiary of CentrePoint Energy and provides energy services to ultimately reduce carbon footprint.

This acquisition allows ESG to expand its market share and overall capacity.



announced its
acquisition of



Announced	May 5, 2023
EV	\$14.1 million
EV/EBITDA	Not disclosed

- **Lite Access Technologies (Lite)** is a manufacturer, distributor, and installer of microduct and air blown fibre technologies.
- **Ironman Directional Drilling Ltd. (Ironman)** provides directional drilling, hydrovac, and underground construction services to industrial and residential clients.

This acquisition allows the shareholders of Lite to implement its expansion strategy and ensure the continued growth of the business.



has acquired



Closed	May 4, 2023
EV	\$61.49 million
EV/EBITDA	Not disclosed

- **Helios Technologies Inc. (Helios)** is a manufacturer of highly-engineered motion control and electronic controls technology for a variety of industries.
- **I3 Product Development Inc. (I3)** is a design and engineering firm providing electrical engineering, industrial design, prototyping, software development, and mechanical engineering services.

The acquisition allows Helios to expand its engineering business and capacity.



has acquired



Closed	April 25, 2023
EV	\$37.8 million
EV/EBITDA	Not disclosed

- **Granite Construction Inc. (Granite)** is a full-service general contractor, construction management firm and construction materials producer in the U.S.
- **Cost Mountain Resources (2020) Ltd (Cost)**, is a subsidiary of Hall & Tenney Holdings Ltd. and is a construction-aggregate producer based in British Columbia, Canada.

This acquisition allows Granite to expand its construction business and product offering.

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%

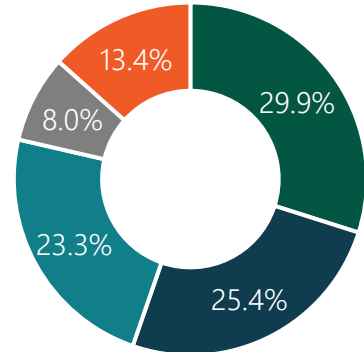
Projected Annual Growth 2022– 2027

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

2023 Revenue

\$65.8B

Annual Growth 2018 - 2023

1.5%

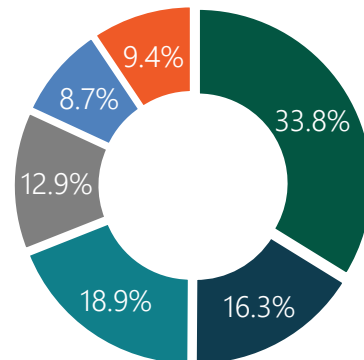
Projected Annual Growth 2023 – 2028

2.0%

Number of Businesses in 2023

2,721

Products and Services Segmentation (2023)



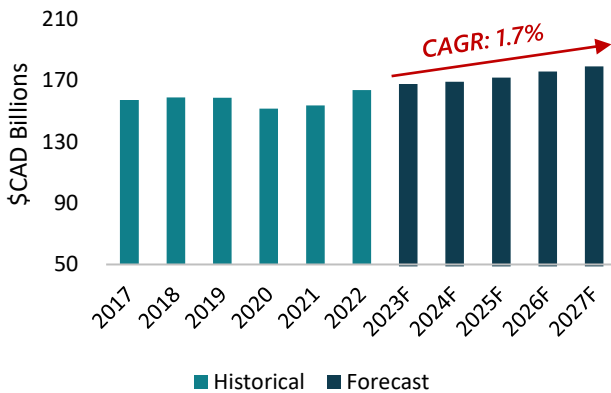
- Electric Power
- Land Transportation
- Repair and Maintenance
- Mining Engineering
- Marine and Waterworks
- Other

Canada's housing market and construction activity has experienced a decline due to unprecedented interest rate hikes by the Bank of Canada (BoC). The BoC increased its target overnight rate to 5% in July, with increases of 25bps in both June and July 2023. As a result, inflation has declined to 2.8% in June 2023 compared to 3.4% in May 2023 (4.4% in April 2023). This is still above the BoC's target of 2.0%. The bank anticipates that the inflation rate will be approximately 3% for the next year before declining to 2% in 2025.

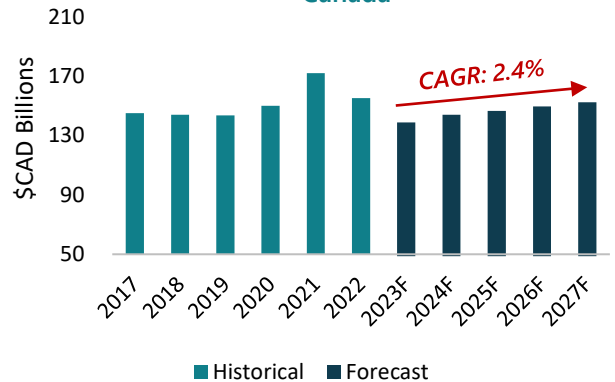
A combination of pessimistic consumer sentiment and slow GDP growth has reduced deal flow in both residential and non-residential markets despite the recovery of Canada and the U.S. from the pandemic's adverse effects. However, Canada's housing starts showed a substantial increase of 41% from May 2023 to June 2023. Construction companies' financial results continue to face the adverse affects of the high interest rate environment, making the cost of borrowing more expensive and resulting in a slowdown of construction activity. 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. Inflation should slow down further as the BoC maintains its policy discipline, which will act to rein in rising construction costs. 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.

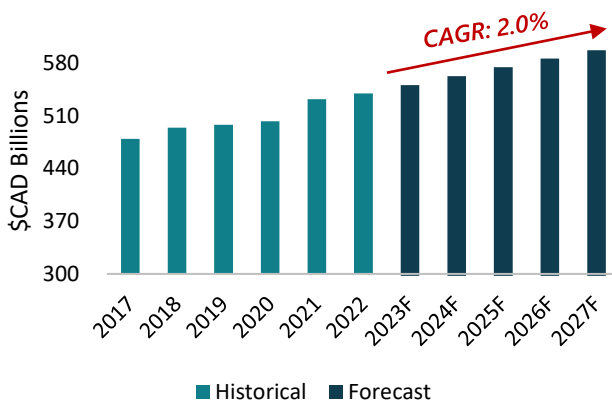
Value of Non-Residential Construction - Canada



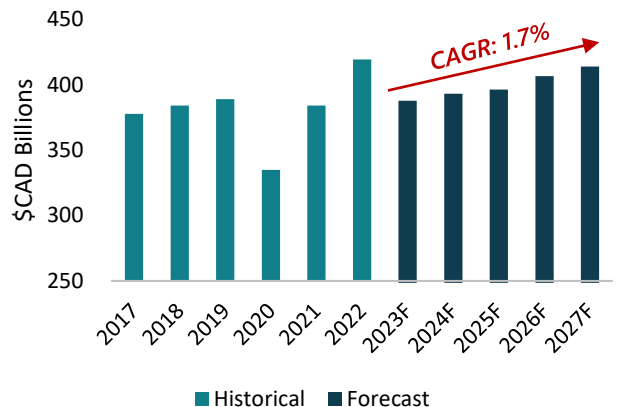
Value of Residential Construction - Canada



Government Consumption and Investment - Canada



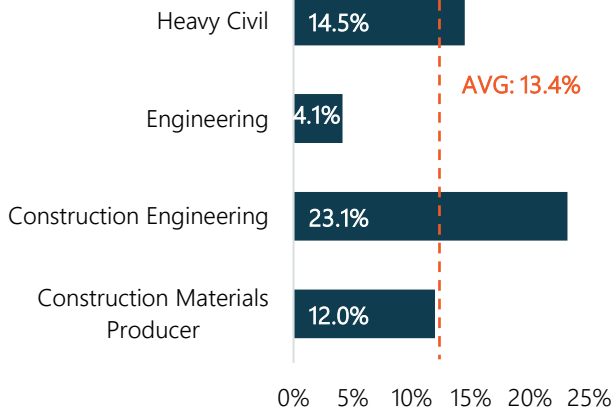
Aggregate Private Investment - Canada



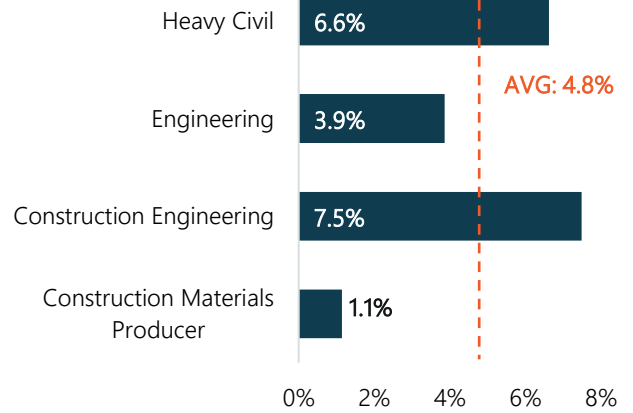
Public Comparable Analysis

Growth, Margins & Multiples

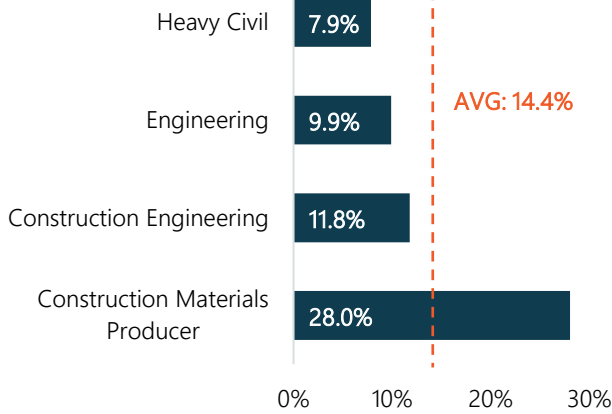
LTM REVENUE GROWTH



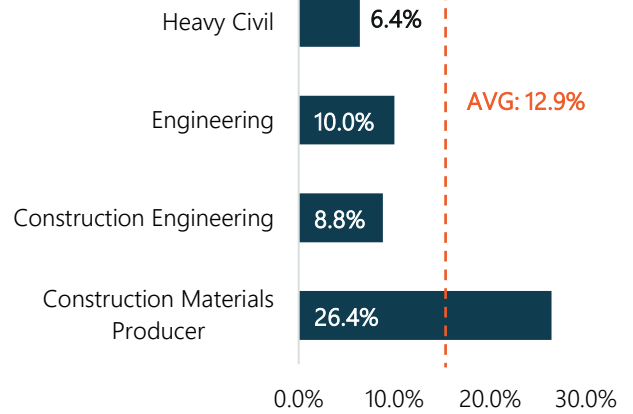
NTM REVENUE GROWTH



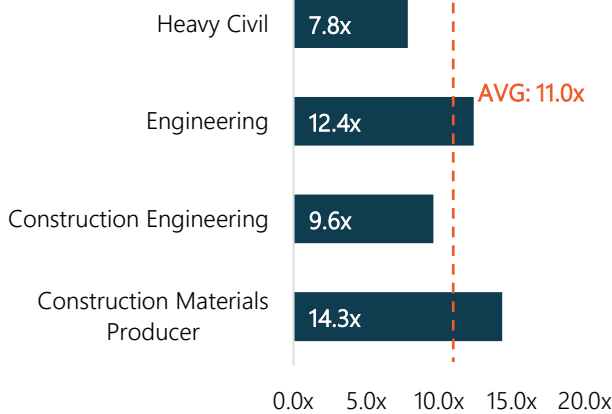
LTM EBITDA MARGIN



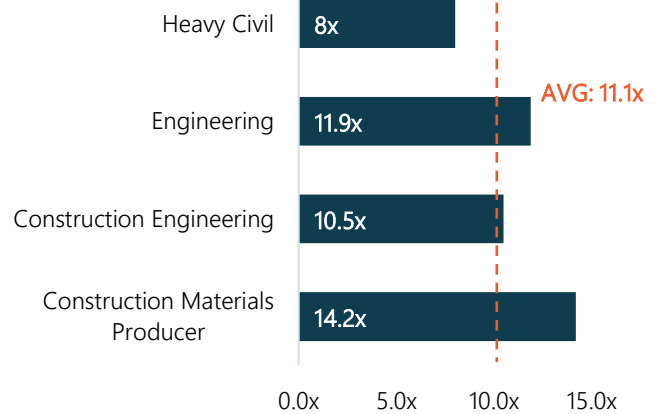
NTM EBITDA MARGIN



LTM EV/EBITDA



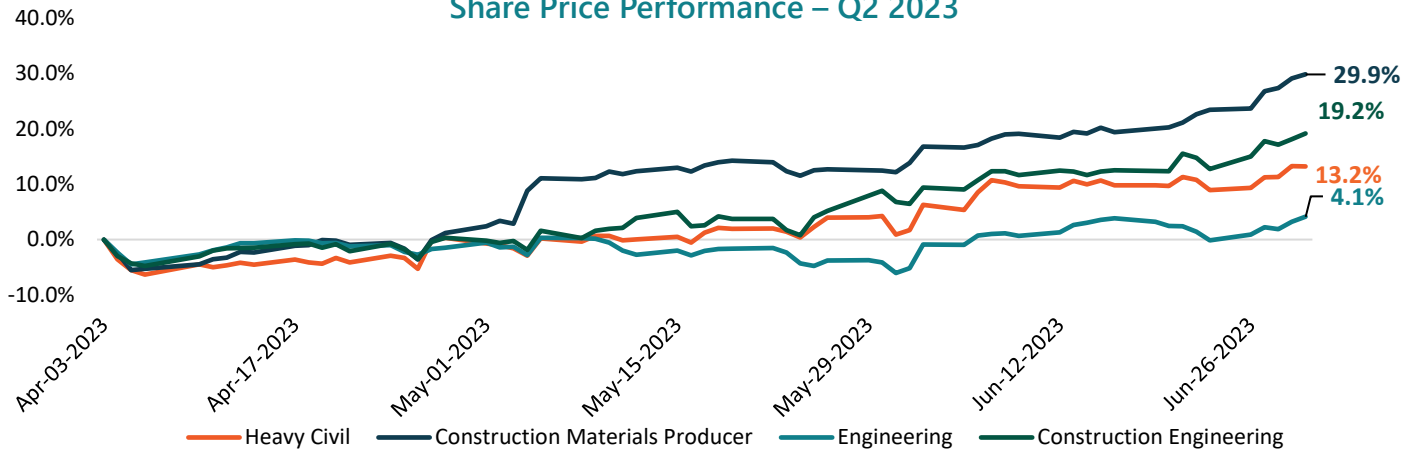
NTM EV/EBITDA



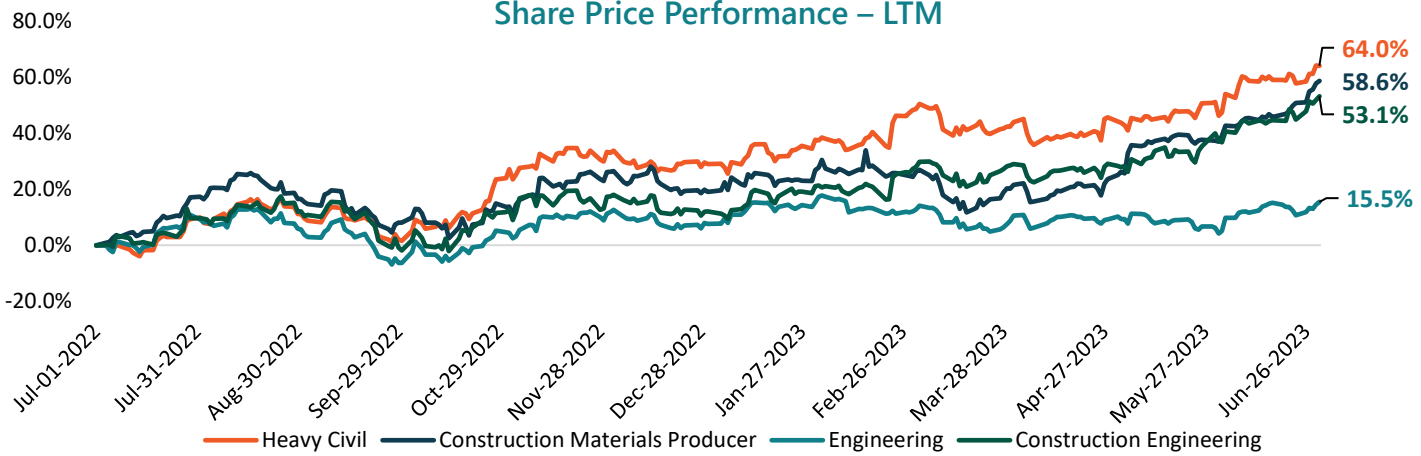
Source: Capital IQ. Data as of June 30, 2023
Valuation details provided on page 8.
"LTM" refers to last twelve months. "NTM" refers to next twelve months.

Engineering and Construction Peer Group

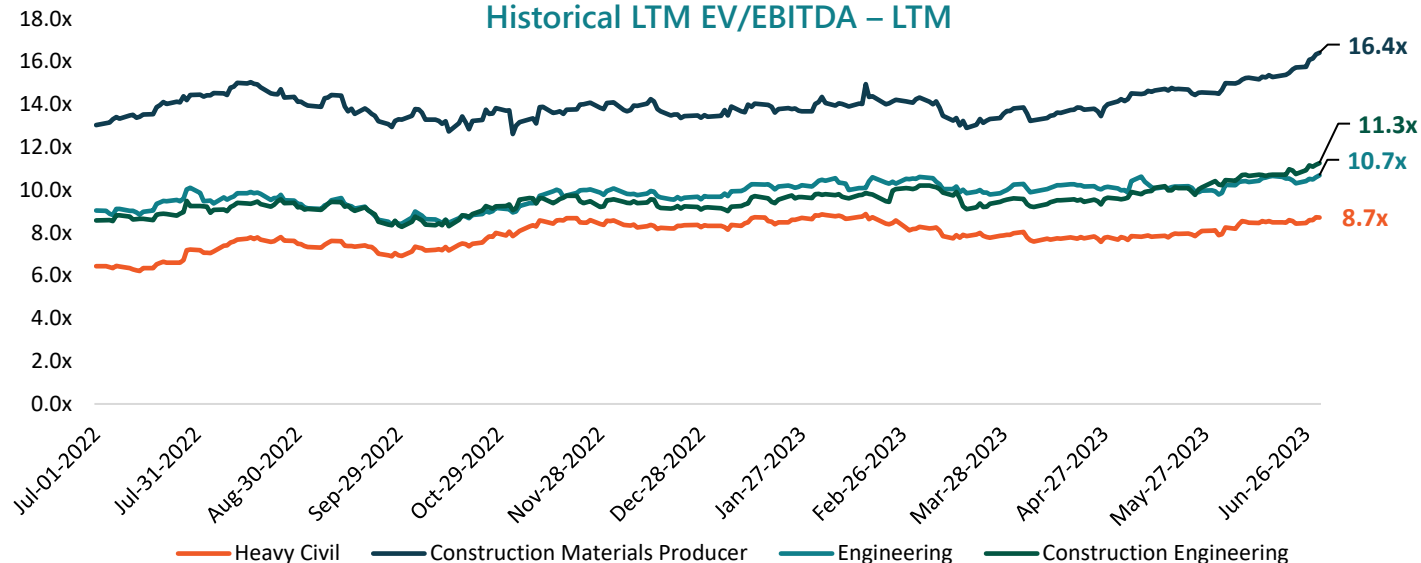
Share Price Performance – Q2 2023



Share Price Performance – LTM



Historical LTM EV/EBITDA – LTM



Source: Capital IQ. Data as of June 30, 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.

(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.	\$11,634	\$11,928	\$15,509	12.0%	\$1,427	9.2%	7.7%	6.4%	11.4x	8.9x	0.8x
Granite Construction Incorporated	\$2,311	\$2,236	\$4,313	(6.4%)	\$246	5.7%	7.9%	9.9%	5.2x	9.7x	0.5x
Sterling Infrastructure, Inc.	\$2,275	\$2,625	\$2,445	23.3%	\$342	14.0%	6.8%	12.3%	8.2x	7.8x	1.1x
Construction Partners, Inc.	\$2,193	\$2,734	\$1,948	34.7%	\$179	9.2%	10.5%	10.5%	12.1x	15.6x	1.4x
Primoris Services Corporation	\$2,150	\$3,786	\$6,620	41.3%	\$521	7.9%	11.7%	6.4%	8.0x	7.4x	0.6x
Aecon Group Inc.	\$763	\$1,047	\$4,861	11.5%	\$203	4.2%	(3.4%)	5.0%	4.4x	5.9x	0.2x
Bird Construction Inc.	\$454	\$484	\$2,438	8.3%	\$93	3.8%	7.7%	4.8%	3.8x	5.2x	0.2x
Median	\$2,193	\$2,625	\$4,313	12.0%	\$246	7.9%	7.7%	6.4%	8.0x	7.8x	0.6x
Mean	\$3,111	\$3,549	\$5,448	17.8%	\$430	7.7%	7.0%	7.9%	7.6x	8.7x	0.7x
Engineering											
WSP Global Inc.	\$21,812	\$25,852	\$12,711	16.8%	\$1,534	12.1%	(14.6%)	17.4%	13.6x	16.9x	2.0x
Jacobs Solutions Inc.	\$19,971	\$24,849	\$21,087	8.4%	\$2,057	9.8%	4.0%	9.2%	12.2x	12.3x	1.2x
AECOM	\$15,588	\$18,275	\$18,320	2.2%	\$1,509	8.2%	4.3%	7.0%	13.6x	12.4x	1.0x
KBR, Inc.	\$11,693	\$13,755	\$8,859	(12.8%)	\$1,326	15.0%	16.1%	10.3%	13.7x	10.5x	1.6x
Stantec Inc.	\$9,605	\$11,378	\$4,636	21.7%	\$684	14.8%	7.9%	16.6%	13.7x	16.6x	2.5x
SNC-Lavalin Group Inc.	\$6,101	\$8,155	\$7,684	3.3%	\$493	6.4%	0.5%	9.6%	11.0x	16.5x	1.1x
Fluor Corporation	\$5,614	\$4,119	\$19,448	3.2%	\$421	2.2%	3.6%	3.7%	5.6x	10.0x	0.2x
NV5 Global, Inc.	\$2,304	\$2,503	\$1,057	5.0%	\$182	17.3%	14.3%	17.9%	11.6x	14.0x	2.4x
Willdan Group, Inc.	\$342	\$476	\$595	20.0%	\$39	6.6%	12.4%	7.7%	10.0x	12.4x	0.8x
Mistras Group, Inc.	\$310	\$614	\$939	1.3%	\$94	10.0%	2.9%	10.3%	6.1x	6.7x	0.7x
Median	\$7,853	\$9,767	\$8,271	4.1%	\$589	9.9%	4.2%	9.9%	11.9x	12.4x	1.1x
Mean	\$9,334	\$10,998	\$9,533	6.9%	\$834	10.2%	5.1%	11.0%	11.1x	12.8x	1.3x
Construction Engineering											
Quanta Services, Inc.	\$37,766	\$43,292	\$23,728	23.1%	\$3,516	14.8%	7.7%	9.9%	17.0x	12.6x	1.9x
MasTec, Inc.	\$12,104	\$16,552	\$14,083	28.0%	\$1,760	12.5%	27.6%	8.8%	10.5x	9.6x	1.2x
Dycom Industries, Inc.	\$4,413	\$5,474	\$5,394	21.3%	\$636	11.8%	2.7%	11.1%	8.9x	8.8x	1.0x
MYR Group Inc.	\$3,061	\$3,076	\$4,455	29.3%	\$253	5.7%	6.3%	5.8%	11.8x	12.5x	0.7x
Argan, Inc.	\$700	\$286	\$622	(5.1%)	\$71	11.4%	38.4%	7.8%	4.2x	4.1x	0.5x
Median	\$4,413	\$5,474	\$5,394	23.1%	\$636	11.8%	7.7%	8.8%	10.5x	9.6x	1.0x
Mean	\$11,609	\$13,736	\$9,656	19.3%	\$1,247	11.2%	16.6%	8.7%	10.5x	9.5x	1.1x
Construction Materials Producer											
Vulcan Materials Company	\$39,722	\$45,559	\$10,044	23.2%	\$2,436	24.3%	2.7%	25.0%	17.7x	19.1x	4.6x
Martin Marietta Materials, Inc.	\$37,886	\$44,779	\$7,989	7.3%	\$2,555	32.0%	17.8%	29.3%	17.6x	18.2x	5.8x
Eagle Materials Inc.	\$8,767	\$10,230	\$2,898	12.4%	\$1,048	36.2%	0.6%	36.0%	9.7x	10.1x	3.6x
Summit Materials, Inc.	\$5,956	\$7,516	\$3,284	1.0%	\$732	22.3%	(5.7%)	22.5%	10.8x	10.5x	2.3x
Median	\$23,327	\$27,505	\$5,636	9.8%	\$1,742	28.1%	1.6%	27.1%	14.2x	14.3x	4.1x
Mean	\$23,083	\$27,021	\$6,054	11.0%	\$1,693	28.7%	3.8%	28.2%	13.9x	14.5x	4.1x

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.

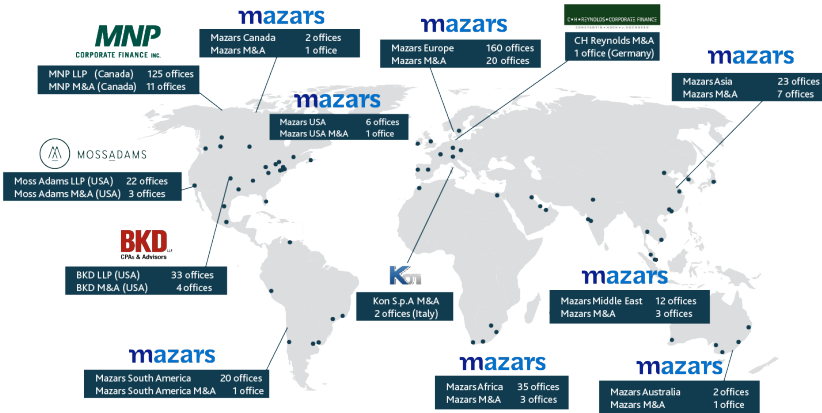
Our typical transactions range in value between \$3 million and \$300 million.

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)

LAB ONE CAPITAL has acquired **Both Depot**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Lab One Capital Corp.

PORTWEST has acquired **IFRWORKWEAR INC.**

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

tds has acquired **Case Furniture Ltd.**

MNP Corporate Finance Inc. acted as exclusive financial and tax due diligence services to Case Furniture Ltd. in structuring and negotiating this transaction.

FGC HEALTH has acquired **RNN**

MNP Corporate Finance Inc. acted as exclusive financial advisor to RNN Medical Division Inc. in structuring and negotiating this transaction.

TerraNova Partners has acquired **LUMINOR**

MNP Corporate Finance Inc. provided financial and tax due diligence services to TerraNova Partners LP.

REESINK has acquired **LAWSON SALES**

MNP Corporate Finance Inc. acted as exclusive financial advisor to Lawson Sales Ltd. in structuring and negotiating this transaction.

JEB TRANSPORT has acquired **PRairie Gold**

MNP Corporate Finance Inc. acted as exclusive financial advisor to Prairie Gold Produce Ltd. in structuring and negotiating this transaction.

YORK has acquired **POST**

MNP Corporate Finance Inc. provided due diligence services to York Analytical Laboratories Inc.

eurofins has acquired **ENVIRO-WORKS INC.**

MNP Corporate Finance Inc. acted as exclusive financial advisor to Enviro-Works Inc. in structuring and negotiating this transaction.

DANILEE CAPITAL invested in **addmore GROUP**

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

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 ten years alone, we have completed over 250 transactions worth over \$4.5 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

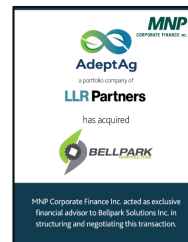
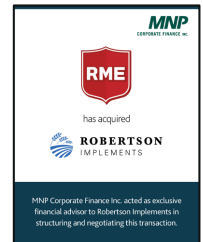
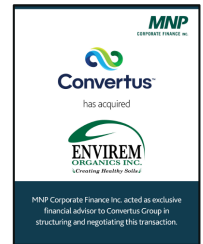
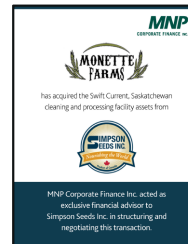
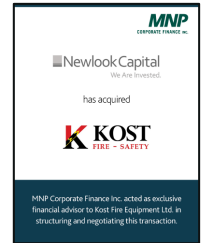
Hands-on Approach

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.

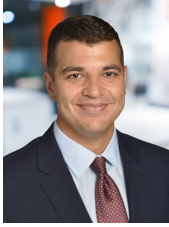
Recently Closed Deals (National)



Transaction Leadership



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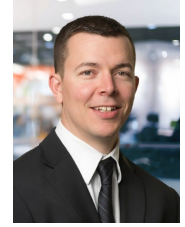
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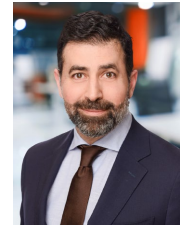
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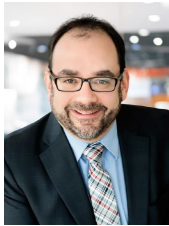
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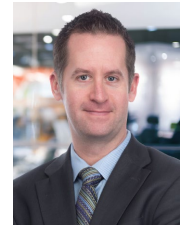
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