

Engineering & Construction

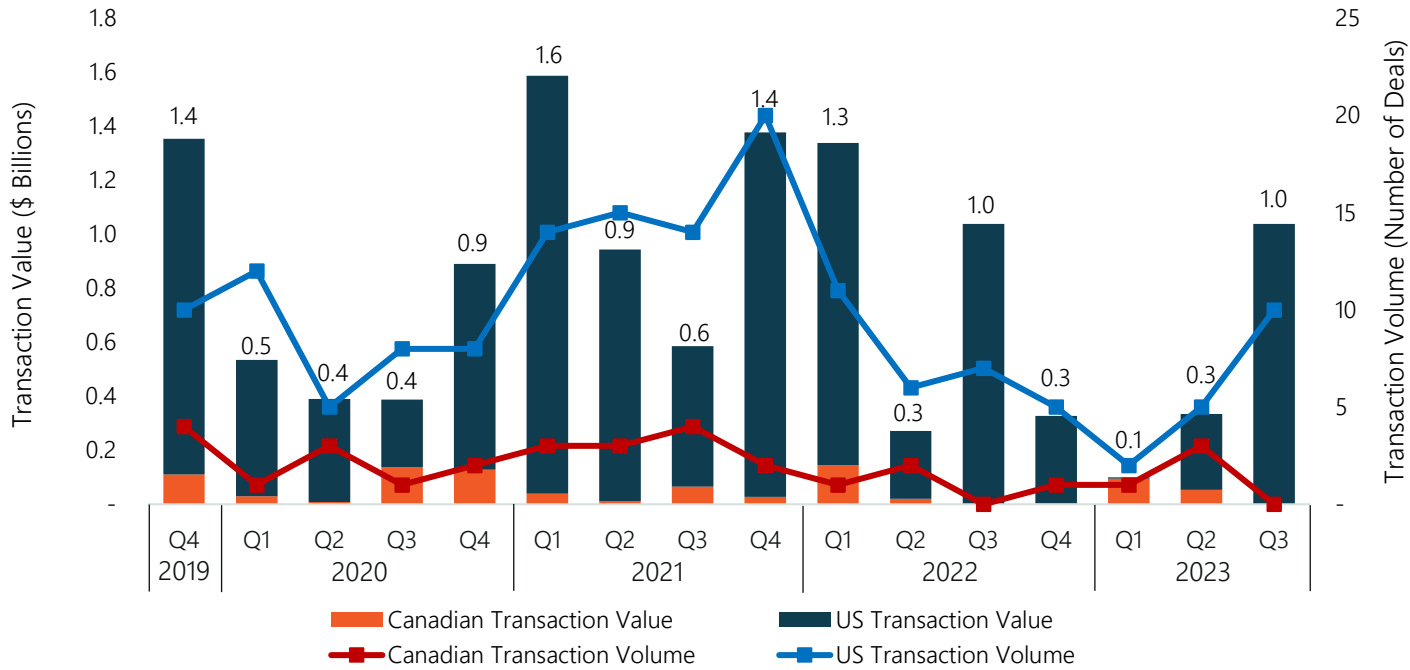
Quarterly Update | Q3 2023



Industry Overview

M&A Transactions & Performance

NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY



Source: Capital IQ. Data as of September 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.

Q3 Transactions (Canada)

0

(-3 vs. Q2 2023)

Q3 Transaction Value (Canada)

\$0 million

(-\$54 million vs. Q2 2023)

Q3 Transactions (US)

11

(+6 vs. Q2 2023)

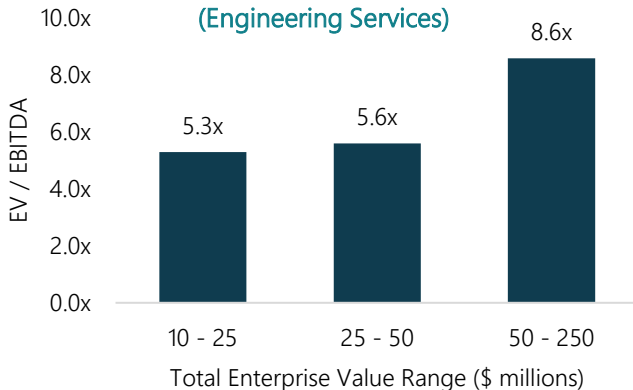
Q3 Transaction Value (US)

\$1.0 billion

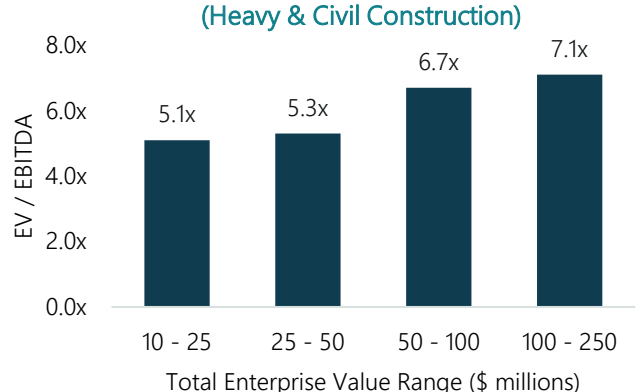
(+\$766 million vs. Q2 2023)

Despite high inflation rates, uncertainty surrounding a potential recession, tight monetary policy, and a slowdown in the volume of transactions in the real estate market, the pace of transaction volume and value has increased since Q2 2023 in the United States. Q3 2023 saw eleven mid-market deals in the U.S., with \$1 billion in disclosed transaction value. The largest mid-market transaction involved UNACEM Corp's acquisition of certain west coast cement operations of Martin Marietta Materials, Inc. for \$430 million. However, there were also several transactions with no disclosed valuations, potentially indicating potential 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



Closed	April 1, 2023
EV	Not disclosed
EV/EBITDA	Not disclosed

- **TRS Components Ltd (TRS)** is a manufacturer and installer of roof trusses, wall panels and floor joists.
- **Terra Nova Truss** is a manufacturer of roof trusses and a distributor of floor trusses and I-Joists.

This acquisition allows TRS to expand its market share and overall capacity in manufacturing trusses.

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



Closed	Aug 18, 2023
EV	Not disclosed
EV/EBITDA	Not disclosed

Cable Construction, Inc.
Complete Utility Construction

- **Dycom Industries, Inc (DY)** is a provider of specialty contracting services to the telecommunications infrastructure and utility industries.
- **Bigham Cable Construction, Inc.** provides telecommunication construction services and specializes in fibre optic, cable TV, broadband networks, and telephone construction.

This acquisition strengthens DY's customer base and allows it to address growth opportunities in rural broadband deployments.



has acquired

Closed	Aug 3, 2023
EV	Not disclosed
EV/EBITDA	Not disclosed

- **ICF International, Inc (ICF)** is a global consulting and technology services provider.
- **CMY Solutions, LLC** is a power and energy engineering firm that provides technology solutions and data analytics to make informed decisions.

The acquisition allows ICF to better support utilities to reduce the frequency and duration of power outages, reduce peak loads, increase the integration of renewables, and lower operation costs.



CHARGE
ENTERPRISES, INC.

has acquired

Closed	Aug 1, 2023
EV	Not disclosed
EV/EBITDA	Not disclosed

- **Charge Enterprises, Inc.,** is an electrical, broadband and electric vehicle (EV) charging infrastructure company.
- **Greenspeed Energy Solutions, LLC** is a provider of sustainable energy solutions, including EV charging infrastructure, solar, and energy storage.

This acquisition allows Charge Enterprises to expand its capabilities to self-perform all essential client services and expand its geographic footprint.



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%

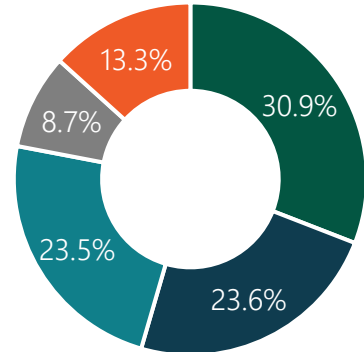
Projected Annual Growth 2023– 2028

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%

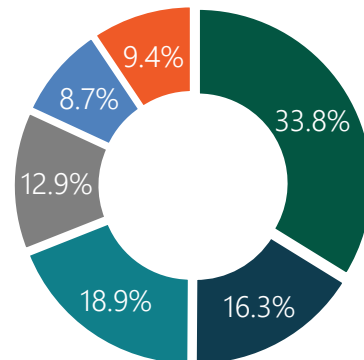
Projected Annual Growth 2023 – 2028

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

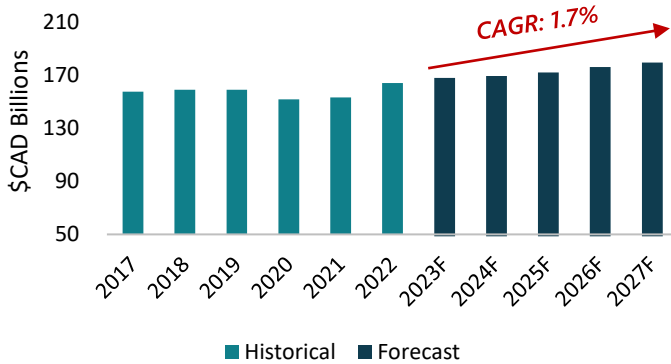
Canadian Macroeconomic Indicators

Canada's housing market and construction activity have experienced a decline due to unprecedented interest rate hikes by the Bank of Canada (BoC). BoC increased its target overnight rate to 5.0% in July 2023, maintaining it through Q3 2023. As a result, inflation has declined to 3.8% in September 2023 compared to 4% in August 2023.

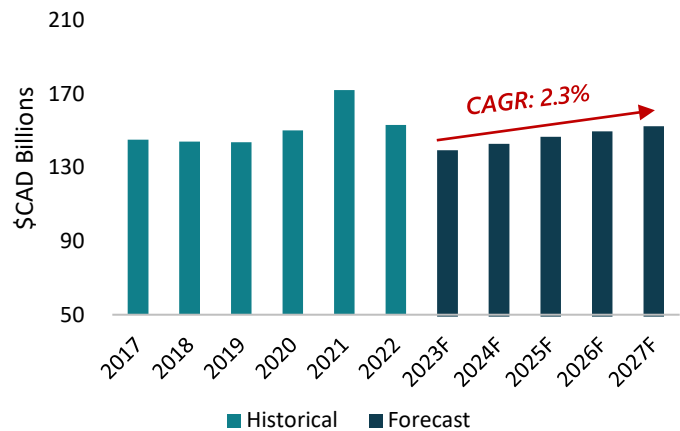
A combination of pessimistic consumer sentiment and slow GDP growth has reduced deal flow in both residential and non-residential markets despite the recovery of Canada and the U.S. from the pandemic's adverse effects. However, Canada's housing starts rose by 4.1% in Q3 2023, with a substantial increase of 8% from August 2023 to September 2023. Construction companies' financial results continue to face the adverse effects of the high interest rate environment, making the cost of borrowing more expensive. M&A activity may remain subdued in the near term but is expected to increase with improving economic conditions.

Still, opportunities remain for Canada's engineering and construction industry in the mid to long term. Inflation should slow further as the BoC maintains its policy discipline, which will act to reign 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.

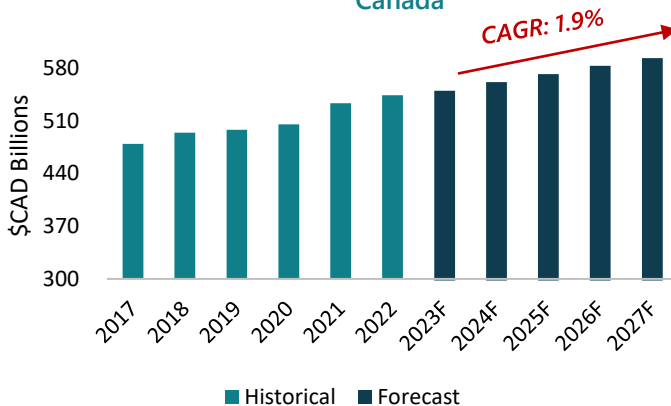
Value of Non-Residential Construction - Canada



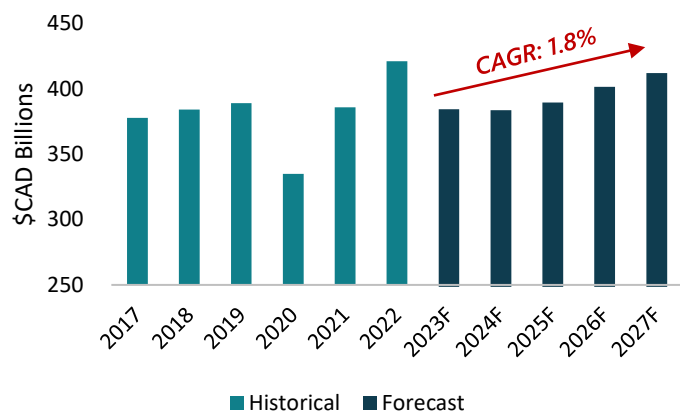
Value of Residential Construction - Canada



Government Consumption and Investment - Canada



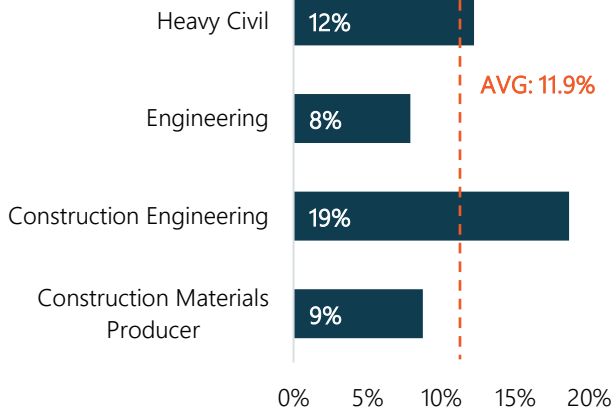
Aggregate Private Investment - Canada



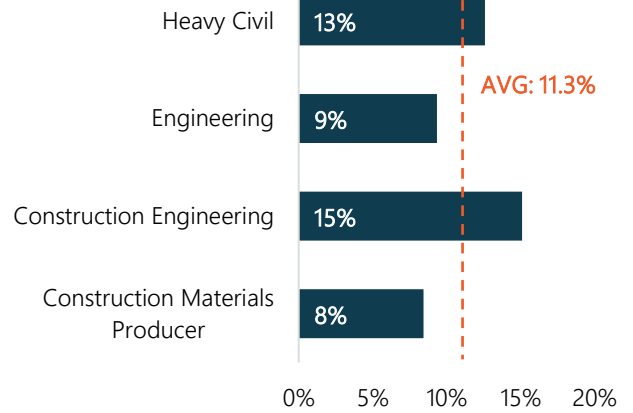
Public Comparable Analysis

Growth, Margins & Multiples

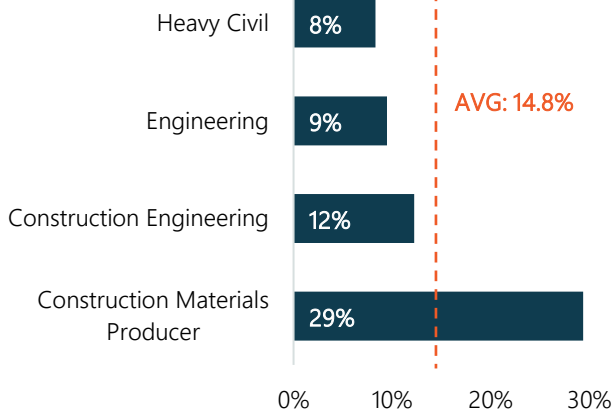
LTM REVENUE GROWTH



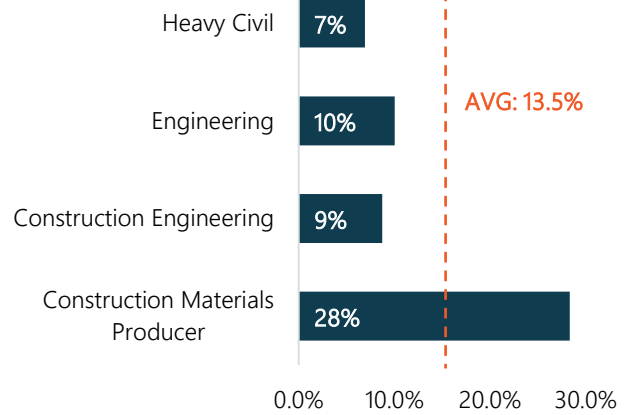
NTM REVENUE GROWTH



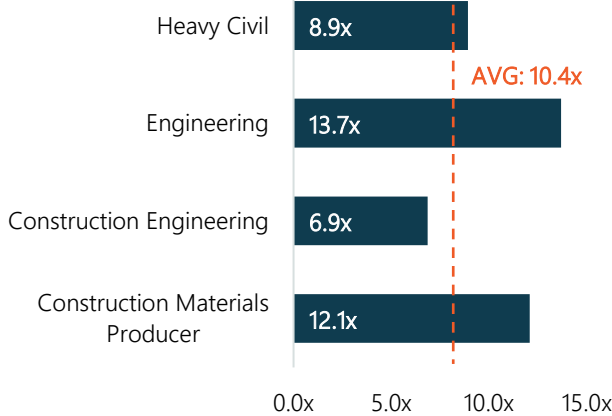
LTM EBITDA MARGIN



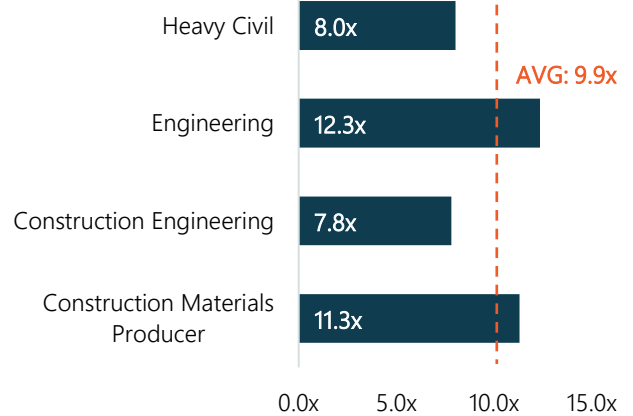
NTM EBITDA MARGIN



LTM EV/EBITDA



NTM EV/EBITDA

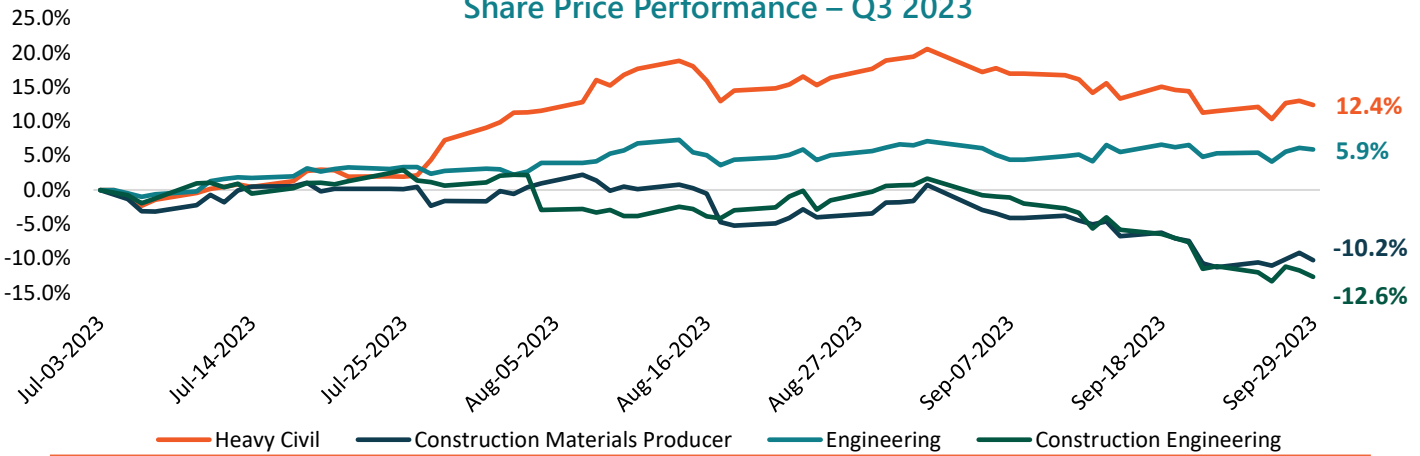


Public Comparable Analysis

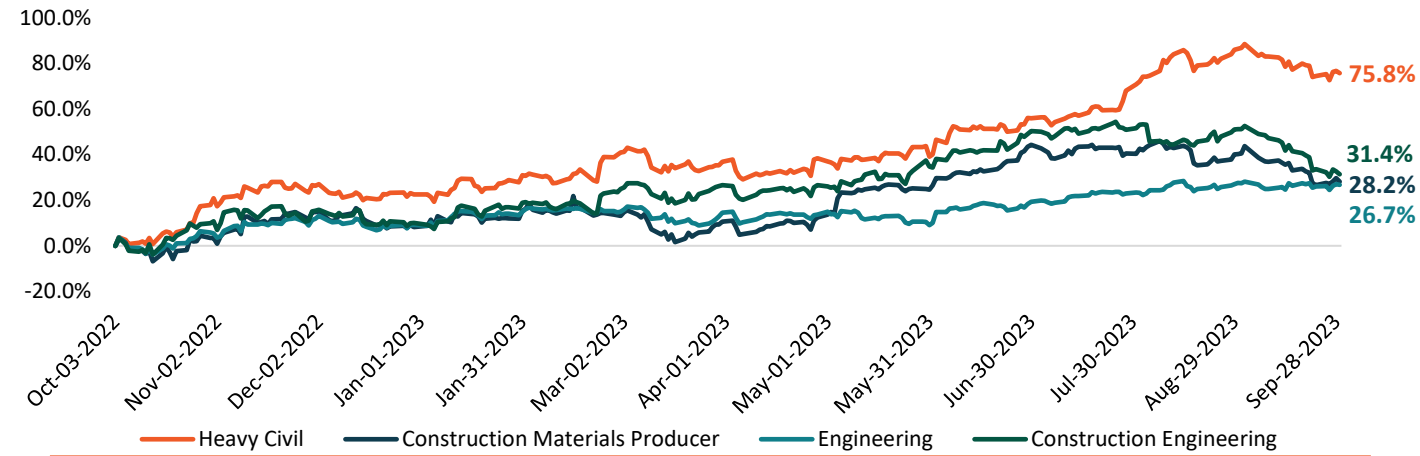
Performance Analysis

Engineering and Construction Peer Group

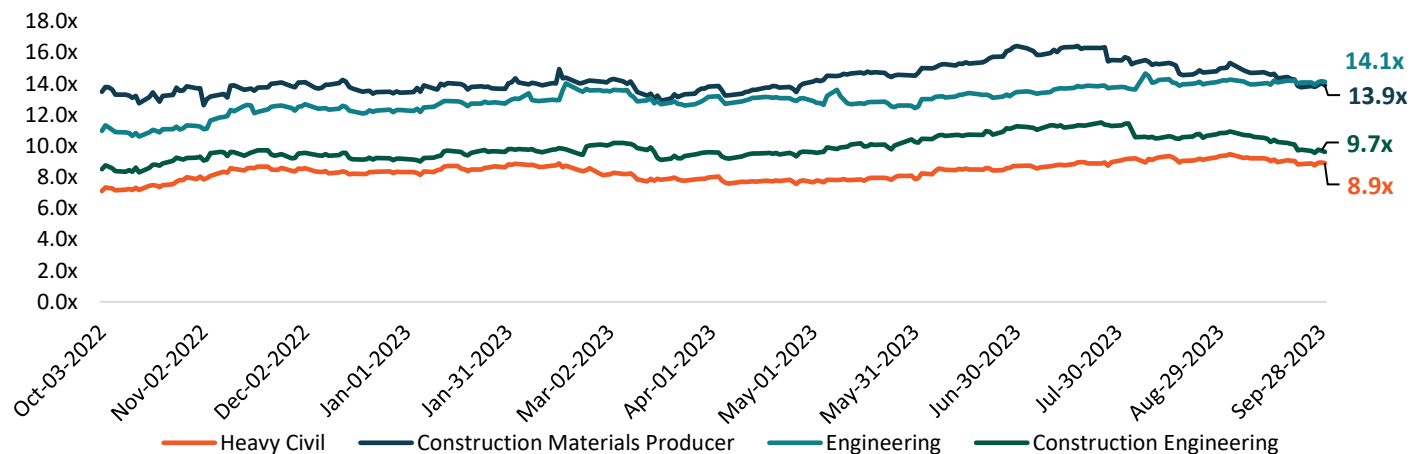
Share Price Performance – Q3 2023



Share Price Performance – LTM



Historical LTM EV/EBITDA



Source: Capital IQ. Data as of September 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.

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.	\$13,415	\$13,505	\$15,509	12.0%	\$1,427	9.2%	13.4%	6.9%	11.2x	9.3x	0.9x
Sterling Infrastructure, Inc.	\$3,063	\$3,269	\$2,473	22.4%	\$359	14.5%	15.7%	12.9%	8.9x	8.9x	1.3x
Construction Partners, Inc.	\$2,608	\$3,125	\$1,962	24.7%	\$197	10.1%	19.3%	11.5%	12.4x	15.5x	1.6x
Primoris Services Corporation	\$2,361	\$4,037	\$6,996	46.6%	\$580	8.3%	13.5%	6.4%	8.0x	6.8x	0.6x
Granite Construction Incorporated	\$2,259	\$2,417	\$4,313	(3.4%)	\$246	5.7%	11.0%	10.0%	5.1x	9.6x	0.5x
Aecon Group Inc.	\$701	\$857	\$4,861	11.5%	\$147	3.0%	(1.7%)	4.9%	3.6x	5.8x	0.2x
Bird Construction Inc.	\$553	\$589	\$2,548	12.2%	\$100	3.9%	8.4%	4.9%	4.4x	5.9x	0.2x
Median	\$2,361	\$3,125	\$4,313	12.2%	\$246	8.3%	13.4%	6.9%	8.0x	8.9x	0.6x
Mean	\$3,566	\$3,971	\$5,523	18.0%	\$437	7.8%	11.4%	8.2%	7.7x	8.8x	0.7x
Engineering											
WSP Global Inc.	\$23,892	\$28,326	\$13,572	23.2%	\$1,641	12.1%	(17.1%)	17.8%	14.2x	17.3x	2.1x
Jacobs Solutions Inc.	\$23,251	\$28,022	\$21,114	9.0%	\$1,984	9.4%	10.9%	9.2%	13.1x	13.8x	1.3x
AECOM	\$15,584	\$18,058	\$18,489	6.8%	\$1,156	6.3%	11.0%	6.9%	12.8x	15.3x	1.0x
KBR, Inc.	\$10,757	\$12,712	\$8,859	(12.8%)	\$1,326	15.0%	18.3%	10.2%	12.0x	9.4x	1.4x
Stantec Inc.	\$9,779	\$11,733	\$4,798	19.5%	\$720	15.0%	7.2%	16.7%	13.7x	16.3x	2.4x
SNC-Lavalin Group Inc.	\$7,954	\$10,223	\$7,944	5.7%	\$545	6.9%	2.9%	9.8%	12.8x	18.7x	1.3x
Fluor Corporation	\$7,118	\$5,558	\$19,882	10.8%	\$501	2.5%	6.8%	3.9%	7.1x	10.9x	0.3x
NV5 Global, Inc.	\$2,069	\$2,390	\$1,060	4.4%	\$173	16.3%	20.4%	17.7%	10.7x	13.6x	2.2x
Willdan Group, Inc.	\$376	\$520	\$604	18.5%	\$49	8.0%	18.7%	8.0%	9.2x	10.5x	0.8x
Mistras Group, Inc.	\$223	\$530	\$915	0.6%	\$87	9.5%	9.3%	10.7%	5.0x	6.0x	0.6x
Median	\$8,867	\$10,978	\$8,401	7.9%	\$633	9.5%	10.1%	10.0%	12.4x	13.7x	1.3x
Mean	\$10,100	\$11,807	\$9,724	8.6%	\$818	10.1%	8.8%	11.1%	11.1x	13.2x	1.3x
Construction Engineering											
Quanta Services, Inc.	\$36,744	\$42,374	\$24,304	18.6%	\$3,508	14.4%	16.0%	9.8%	15.5x	11.8x	1.7x
MasTec, Inc.	\$7,545	\$12,370	\$14,541	29.6%	\$1,899	13.1%	27.8%	8.4%	7.8x	6.4x	0.8x
Dycom Industries, Inc.	\$3,532	\$4,592	\$5,353	16.8%	\$654	12.2%	10.5%	11.3%	7.0x	6.9x	0.8x
MYR Group Inc.	\$3,046	\$3,119	\$4,455	29.3%	\$253	5.7%	11.0%	5.7%	11.1x	12.1x	0.7x
Argan, Inc.	\$820	\$358	\$634	2.8%	\$67	10.7%	43.9%	8.7%	4.6x	5.2x	0.5x
Median	\$3,532	\$4,592	\$5,353	18.6%	\$654	12.2%	16.0%	8.7%	7.8x	6.9x	0.8x
Mean	\$10,337	\$12,562	\$9,857	19.4%	\$1,277	11.2%	21.8%	8.8%	9.2x	8.5x	0.9x
Construction Materials Producer											
Vulcan Materials Company	\$36,310	\$42,212	\$10,040	14.6%	\$2,580	25.7%	10.0%	25.8%	15.0x	16.0x	4.1x
Martin Marietta Materials, Inc.	\$34,318	\$41,101	\$7,989	5.1%	\$2,638	33.0%	22.3%	30.8%	13.9x	15.3x	5.0x
Eagle Materials Inc.	\$7,981	\$9,515	\$2,898	12.4%	\$1,051	36.3%	8.4%	36.0%	8.5x	8.9x	3.2x
Summit Materials, Inc.	\$5,010	\$6,804	\$3,270	2.0%	\$746	22.8%	2.3%	23.7%	8.7x	8.9x	2.0x
Median	\$21,150	\$25,308	\$5,629	8.7%	\$1,816	29.4%	9.2%	28.3%	11.3x	12.1x	3.7x
Mean	\$20,905	\$24,908	\$6,049	8.5%	\$1,754	29.5%	10.8%	29.1%	11.5x	12.3x	3.6x

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.

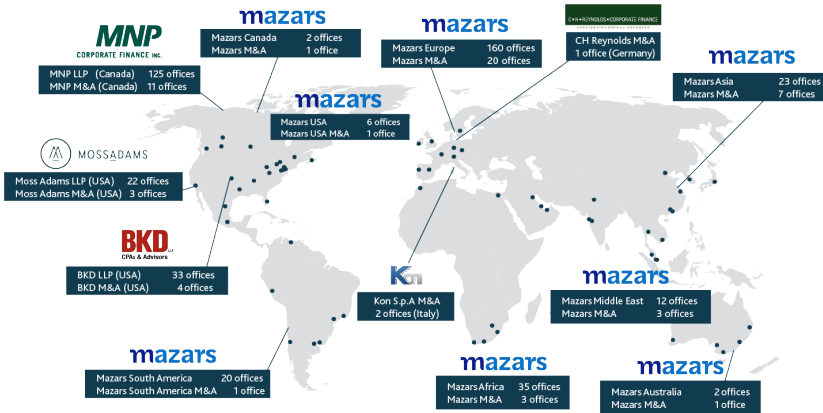
Our typical transactions range in value between \$3 million and \$300 million.

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.



CFxBorder - Global reach with local relationships
 Our corporate finance team through CFxBorder 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)

has acquired

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

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Global Physical Asset Management in structuring and negotiating this transaction.

has acquired

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

has acquired

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

has acquired

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

has acquired

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

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

MNP Corporate Finance Inc. acted as exclusive financial advisor and debt placement monitor to Northern Energy Services in this transaction.

has acquired

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

has acquired

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

has acquired a majority interest in

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

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 250 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)



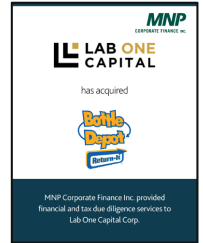
MNP Corporate Finance Inc. provided financial due diligence services to LIFT Auto Group Ltd.



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



MNP Corporate Finance Inc. provided financial due diligence services to Environmental 360 Solutions Ltd.



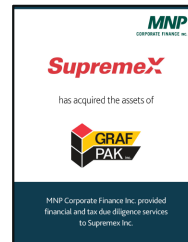
MNP Corporate Finance Inc. provided financial and tax due diligence services to Lab One Capital Corp.



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



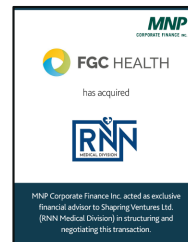
MNP Corporate Finance Inc. acted as exclusive financial advisor to Case Furniture Ltd. in structuring and negotiating this transaction.



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



MNP Corporate Finance Inc. acted as exclusive financial advisor to Rose Integration 2015 Limited, a subsidiary of Tomlinson Group in structuring and negotiating this transaction.



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



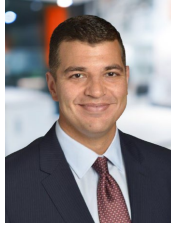
MNP Corporate Finance Inc. provided financial and tax due diligence services to TerraNova Partners LLP.

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



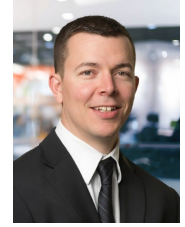
Bryce Davis
Managing Director
Vancouver
Bryce.Davis@mnp.ca
604.637.1514



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



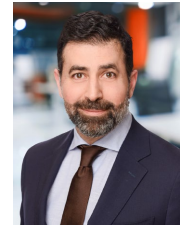
Kevin Tremblay
Managing Director
Toronto
Kevin.Tremblay@mnp.ca
647.943.4051



Chris Chapman
Managing Director
Toronto
Chris.Chapman@mnp.ca
416.596.1711



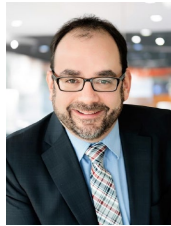
Jon Edgett
Managing Director
Waterloo
Jon.Edgett@mnp.ca
519.772.7460



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



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



Éric Grondin
Managing Director
Sherbrooke
Éric.Grondin@mnp.ca
819.823.3290



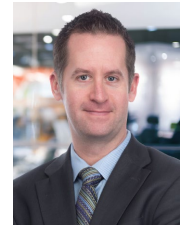
Jasmin Allard
Managing Director
Sherbrooke
Jasmin.Allard@mnp.ca
819.560.7856



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

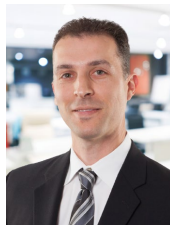
Due Diligence Leadership



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