



ENGINEERING & CONSTRUCTION

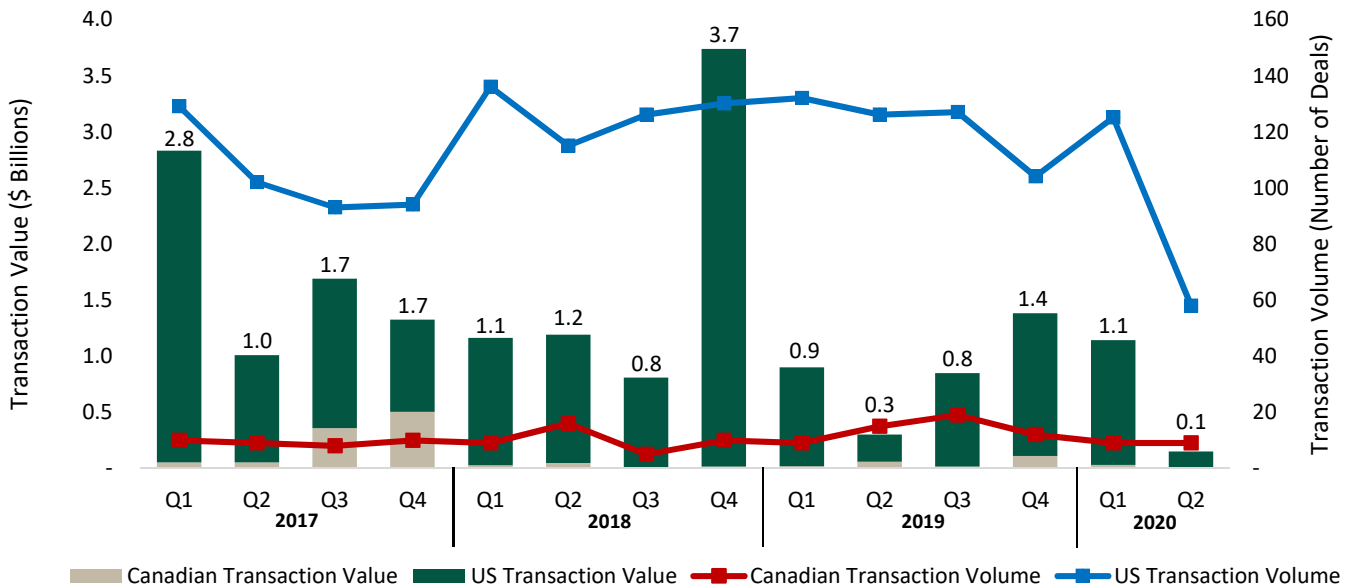
QUARTERLY UPDATE

Q2 2020

M&A OVERVIEW

TRANSACTIONS & PERFORMANCE

NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY



Capital IQ - Data as of June 30, 2020.

Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million. All figures are in CAD.

Canadian Transactions
9

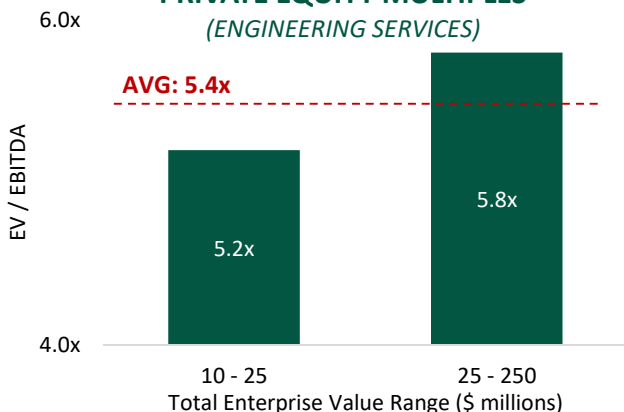
Canadian Transaction Value
\$7 million
(-77.5% vs. Q1 2020)

US Transaction Value
\$141 Million
(-87.3% vs. Q1 2020)

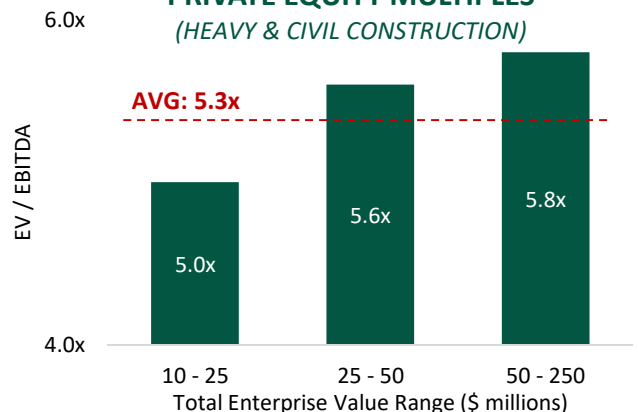
US Transactions
58

Engineering & Construction merger and acquisition (M&A) activity in the second quarter of 2020 exceeded \$140 million in disclosed transaction values across 67 deals in Canada and the US. Deal flow in the industry is expected to slow until COVID-19 restrictions are lifted. There is a further concern with general increased debt loads of governments and businesses that an increasing number of infrastructure projects will be delayed until more favourable economic conditions become present, or are cancelled entirely. Construction related to the energy industry was hit by the decline in oil prices, leading to a decrease in capital project expenditures and increased competition for contracting companies given the subsequent decline in planned projects. Under-leveraged companies with strategic positions may become increasingly sought after by larger industry consolidators and private equity groups.

PRIVATE EQUITY MULTIPLES (ENGINEERING SERVICES)



PRIVATE EQUITY MULTIPLES (HEAVY & CIVIL CONSTRUCTION)



Sources: GF Data - Data as of May 2020. Multiples based off 25 disclosed Engineering and 31 Construction transactions.

SELECT QUARTERLY M&A TRANSACTIONS



acquired



Closed	June 14, 2020
Transaction Value	Undisclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Greenville, SC

- HCI Equity Partners is a private equity firm specializing in leveraged buyouts in the lower middle market, industry consolidation, and recapitalization. The firm has 18 active companies in its portfolio and more than 16 prior investments.
- Tech-24 is a national provider of installation, preventative maintenance and emergency repair services for food service and HVAC equipment. The company has meaningful scale and a national footprint, serving 50 metro markets in 25 states.



Excellence—Every project. Every day.

acquired



Closed	June 2, 2020
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Lafayette, CA

- ENERCON Services, Inc. is an engineering and environmental services firm. The acquisition brings expanded capabilities to ENERCON's existing services.
- Critical Engineering Group Inc. provides a full scope of project management and engineering services for data centers and mission critical communications centres, including architectural, electrical engineering, mechanical engineering, structural and civil engineering, and construction support.



acquired



and



Closed	Apr. 17, 2020
Transaction Value	\$131.3M
TEV/EBITDA	Not disclosed
Location (Vendor)	Marysville, CA

- Teichert, Inc. provides construction and infrastructure services in California and western United States. The company handles public sector projects, residential developments, and commercial developments.
- Western Aggregates LLC/Mathews Readymix LLC were operations previously under the leadership of Eagle Materials, a manufacturer and distributor of cement, concrete, and sand and aggregates. The acquisition will see Western Aggregates and Mathews Readymix become two distinct companies focusing on the extraction of aggregations and manufacturing of concrete products.



acquired



Closed	Apr. 3, 2020
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Brandon, MB

- Westman Premier Homes is a homebuilder in Manitoba. The company also performs renovation and restoration work. The newly merged business will employ over 70 staff in its Brandon, MB offices.
- Keller Developments/Premier Commercial Builders began general contracting and home construction services in 2010. The company now works on residential, multi-residential, and commercial projects.

Source: Capital IQ and Pitchbook.
TEV refers to total enterprise value.
Unless otherwise denoted, 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

2019 Revenue

\$31.0B

Annual Growth 2014 – 2019

-2.5%

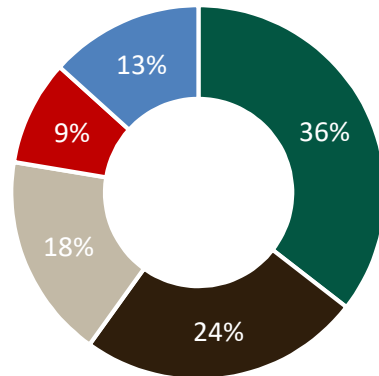
Projected Annual Growth 2019 – 2024

4.3%

Number of Businesses in 2019

29,155

PRODUCTS AND SERVICES SEGMENTATION (2019)



- Advisory Services
- Energy and Mining
- Residential and Commercial
- Power Generation
- Transportation

HEAVY ENGINEERING CONSTRUCTION IN CANADA

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

INDUSTRY GLANCE

2019 Revenue

\$33.1B

Annual Growth 2014 – 2019

-4.0%

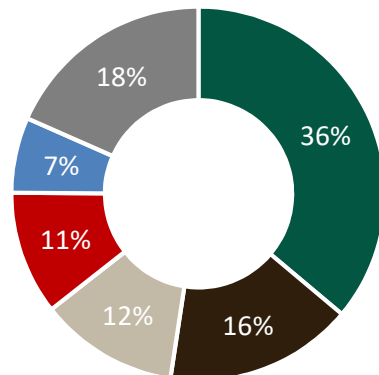
Projected Annual Growth 2019 – 2024

2.6%

Number of Businesses in 2019

2,804

PRODUCTS AND SERVICES SEGMENTATION (2019)



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

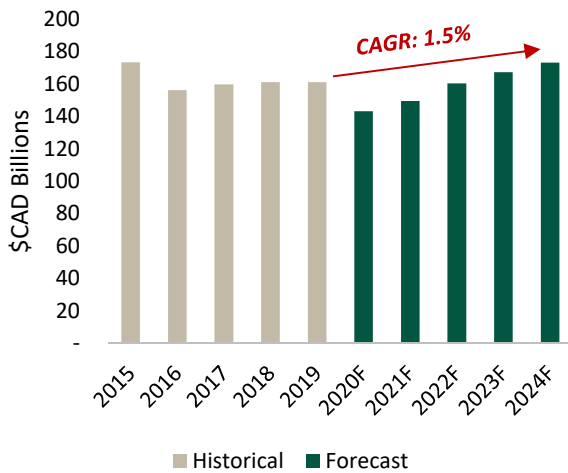
Source: IBISWorld Industry Report 54133CA Engineering Services in Canada. August 2019.

Source: IBISWorld Industry Report 23799CA Heavy Engineering Construction in Canada. October 2019.

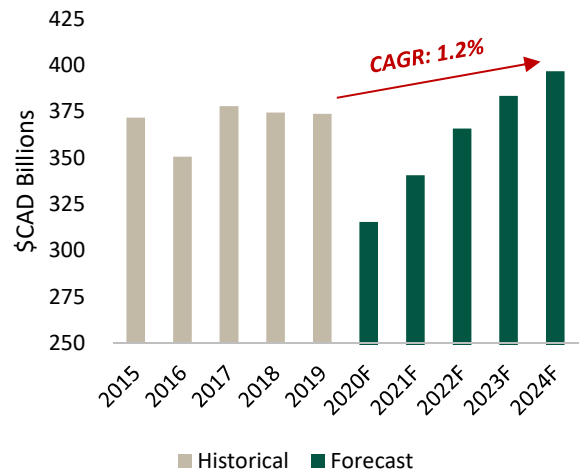
MACROECONOMIC INDICATORS

Key external drivers that affect the Engineering & Construction industry in Canada include the value of non-residential construction (expenditure 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.

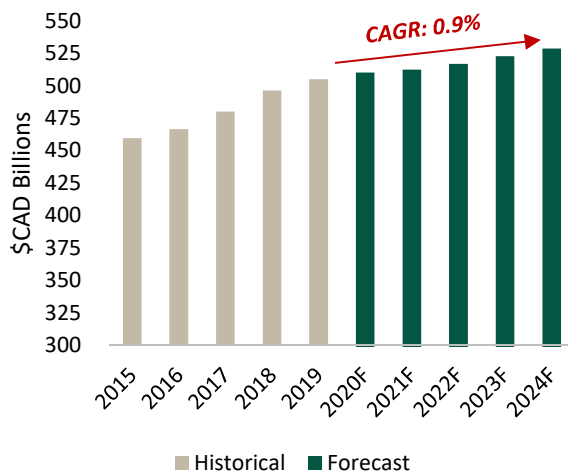
VALUE OF NON-RESIDENTIAL CONSTRUCTION - CANADA



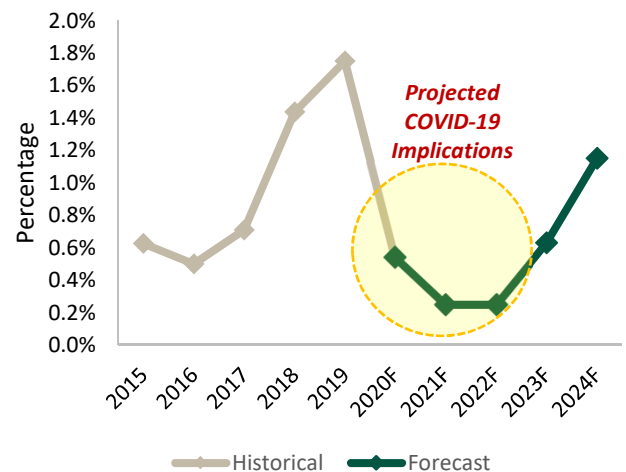
AGGREGATE PRIVATE INVESTMENT - CANADA



GOVERNMENT EXPENDITURE AND INVESTMENT - CANADA



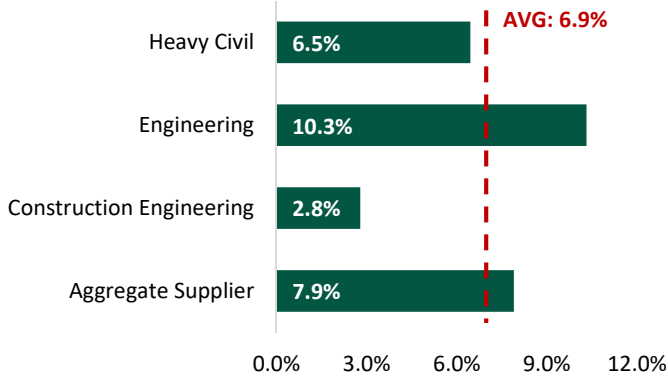
INTERBANK OVERNIGHT LENDING RATE



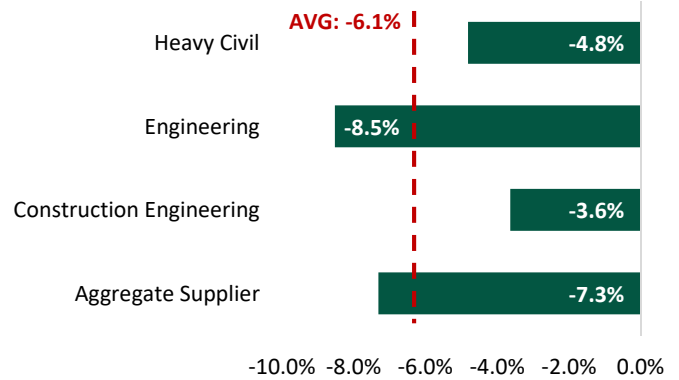
PUBLIC COMPARABLE ANALYSIS

GROWTH, MARGINS & MULTIPLES

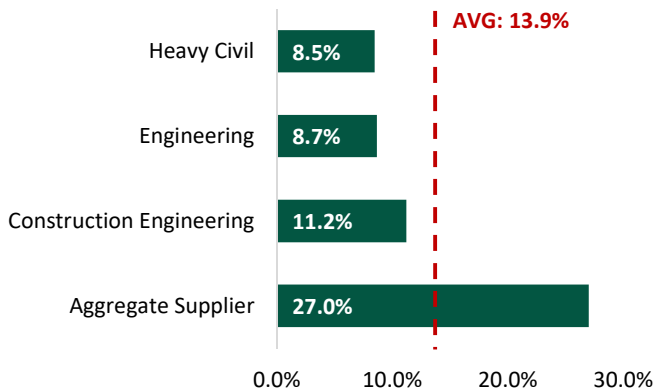
LTM REVENUE GROWTH



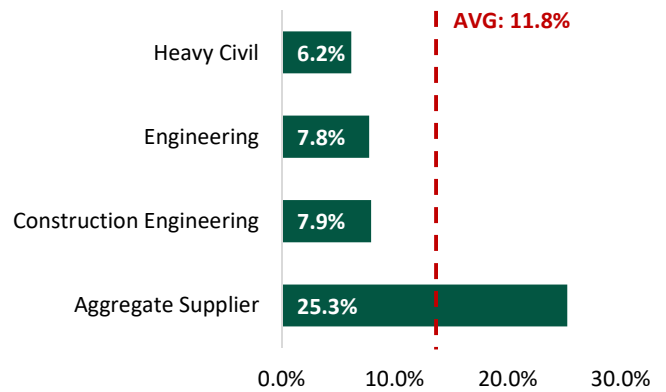
NTM REVENUE GROWTH



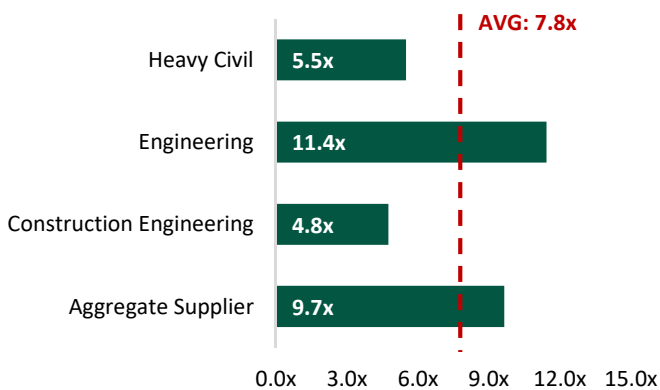
LTM EBITDA MARGIN



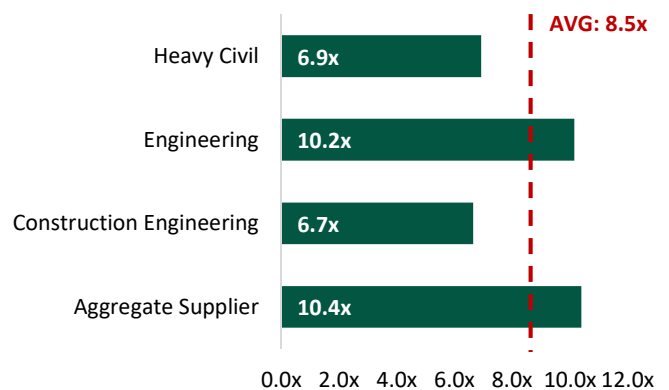
NTM EBITDA MARGIN



LTM EV/EBITDA



NTM EV/EBITDA



Source: Capital IQ. Data as of June 30, 2020.

Above noted healthcare peer groups are market capitalization weighted indexes, including the constituents listed on page 8.

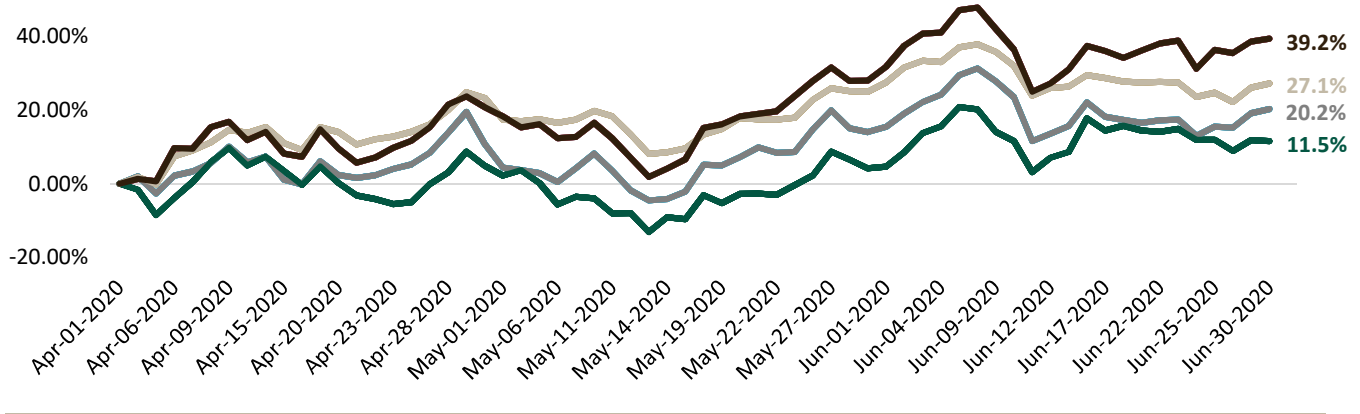
LTM refers to last twelve months. NTM refers to next twelve months. Figures above are based on median peer group metrics.

PUBLIC COMPARABLE ANALYSIS

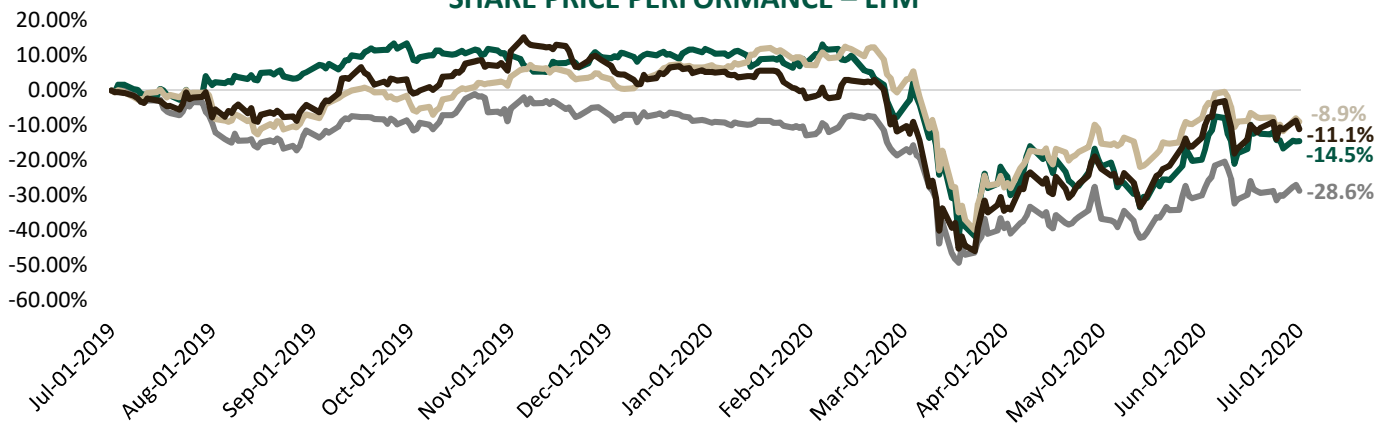
PERFORMANCE ANALYSIS

ENGINEERING & CONSTRUCTION PEER GROUP

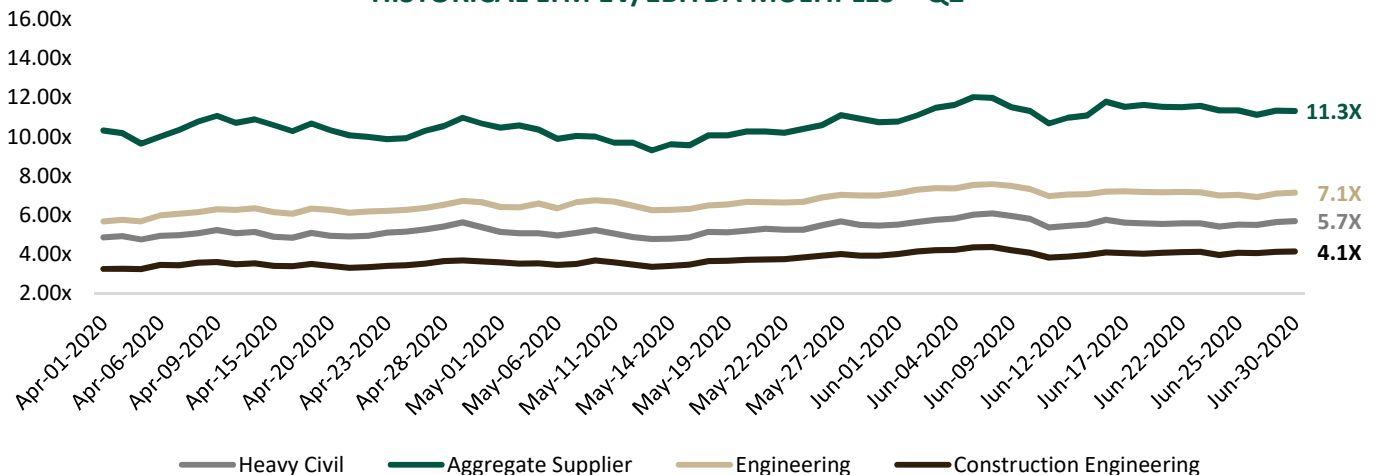
SHARE PRICE PERFORMANCE – Q2



SHARE PRICE PERFORMANCE – LTM*



HISTORICAL LTM EV/EBITDA MULTIPLES – Q2



Source: Capital IQ. Data as of June 30, 2020.

Above noted healthcare peer groups are market capitalization weighted indexes, including the constituents listed 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	Growth	EBITDA	Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Heavy Civil											
EMCOR Group, Inc.	\$4,934	\$5,491	\$13,204	11.0%	\$1,121	8.5%	(13.2%)	4.7%	9.9x	5.1x	0.4x
Construction Partners, Inc.	\$1,251	\$1,281	\$1,146	10.9%	\$134	11.7%	(1.1%)	10.9%	10.2x	9.9x	1.2x
Primoris Services Corporation	\$1,166	\$1,871	\$4,519	2.9%	\$428	9.5%	(5.0%)	6.2%	6.9x	4.6x	0.4x
Granite Construction Incorporated	\$1,184	\$1,309	\$4,488	5.0%	\$53	1.2%	4.3%	6.1%	4.5x	24.0x	0.3x
Aegion Corporation	\$662	\$1,092	\$1,736	(4.8%)	\$207	11.9%	(14.3%)	8.5%	8.5x	5.5x	0.7x
Aecon Group Inc.	\$884	\$1,084	\$3,558	5.5%	\$197	5.5%	(4.8%)	5.3%	6.0x	5.5x	0.3x
Tutor Perini Corporation	\$838	\$1,829	\$6,723	8.2%	\$468	7.0%	3.4%	6.6%	3.9x	4.1x	0.3x
Sterling Construction Company, Inc.	\$398	\$957	\$1,700	15.4%	\$144	8.5%	5.4%	8.9%	5.9x	6.9x	0.6x
Bird Construction Inc.	\$253	\$299	\$1,436	6.5%	\$41	2.9%	(9.4%)	2.9%	8.1x	7.3x	0.2x
Median	\$884	\$1,281	\$3,558	6.5%	\$197	8.5%	(4.8%)	6.2%	6.9x	5.5x	0.4x
Mean	\$1,286	\$1,690	\$4,279	6.7%	\$310	7.4%	(3.9%)	6.7%	7.1x	8.1x	0.5x
Engineering											
Jacobs Engineering Group Inc.	\$15,007	\$18,084	\$18,788	10.3%	\$1,634	8.7%	(4.2%)	7.8%	12.8x	11.4x	1.0x
WSP Global Inc.	\$9,406	\$11,765	\$8,953	9.6%	\$988	11.0%	(18.6%)	14.4%	11.2x	11.9x	1.3x
AECOM	\$8,183	\$10,954	\$28,187	15.5%	\$1,817	6.4%	(38.6%)	5.6%	11.1x	6.3x	0.4x
KBR, Inc.	\$4,365	\$5,415	\$8,272	11.9%	\$795	9.6%	(3.9%)	8.1%	8.3x	7.1x	0.7x
Stantec Inc.	\$4,659	\$6,101	\$3,762	9.0%	\$566	15.0%	2.5%	15.3%	10.2x	10.8x	1.6x
SNC-Lavalin Group Inc.	\$4,022	\$5,300	\$9,382	(6.3%)	\$477	5.1%	(9.5%)	7.7%	7.7x	11.1x	0.6x
Fluor Corporation	\$2,303	\$2,620	\$24,518	13.7%	\$119	0.5%	(8.5%)	2.7%	4.3x	21.4x	0.1x
NV5 Global, Inc.	\$901	\$1,395	\$784	26.4%	\$118	15.0%	12.7%	14.0%	11.2x	12.2x	1.8x
Mistras Group, Inc.	\$156	\$569	\$1,037	(0.0%)	\$97	9.4%	(16.3%)	7.6%	8.5x	6.1x	0.6x
Willdan Group, Inc.	\$396	\$586	\$646	47.8%	\$41	6.4%	(10.5%)	8.0%	12.6x	14.7x	0.9x
Stuart Olson Inc.	\$26	\$197	\$933	1.3%	\$14	1.5%	(3.1%)	3.0%	7.4x	14.6x	0.2x
Median	\$4,022	\$5,300	\$8,272	10.3%	\$477	8.7%	(8.5%)	7.8%	10.2x	11.4x	0.7x
Mean	\$4,493	\$5,726	\$9,569	12.6%	\$606	8.1%	(8.9%)	8.6%	9.6x	11.6x	0.8x
Construction Engineering											
Quanta Services, Inc.	\$7,345	\$9,498	\$17,107	4.4%	\$2,523	14.7%	(9.6%)	7.9%	7.7x	3.9x	0.6x
MasTec, Inc.	\$4,394	\$6,537	\$10,038	0.7%	\$1,939	19.3%	0.3%	10.6%	6.0x	3.5x	0.7x
Dycom Industries, Inc.	\$1,760	\$2,845	\$4,680	2.8%	\$526	11.2%	(3.6%)	9.3%	6.7x	5.6x	0.6x
Argan, Inc.	\$1,009	\$519	\$347	(36.1%)	(\$25)	(7.1%)	74.9%	7.8%	10.8x	NM	1.5x
MYR Group Inc.	\$724	\$932	\$3,007	28.3%	\$162	5.4%	(4.6%)	4.9%	6.5x	6.0x	0.3x
Median	\$1,760	\$2,845	\$4,680	2.8%	\$526	11.2%	(3.6%)	7.9%	6.7x	4.8x	0.6x
Mean	\$3,046	\$4,066	\$7,036	0.0%	\$1,025	8.7%	11.5%	8.1%	7.5x	4.8x	0.7x
Aggregate Supplier											
Vulcan Materials Company	\$20,870	\$25,082	\$7,061	10.1%	\$1,907	27.0%	(7.3%)	25.3%	15.3x	13.7x	3.7x
Martin Marietta Materials, Inc.	\$17,489	\$22,011	\$6,286	8.0%	\$1,970	31.3%	(0.8%)	25.9%	13.6x	11.6x	3.6x
Eagle Materials Inc.	\$3,988	\$6,041	\$2,056	4.1%	\$652	31.7%	(6.1%)	30.3%	10.4x	9.7x	3.1x
Summit Materials, Inc.	\$2,496	\$4,894	\$3,134	7.9%	\$720	23.0%	(9.7%)	20.5%	8.9x	7.1x	1.6x
U.S. Concrete, Inc.	\$555	\$1,727	\$2,098	(2.1%)	\$256	12.2%	(10.2%)	11.6%	8.5x	7.0x	0.9x
Median	\$3,988	\$6,041	\$3,134	7.9%	\$720	27.0%	(7.3%)	25.3%	10.4x	9.7x	3.1x
Mean	\$9,080	\$11,951	\$4,127	5.6%	\$1,101	25.0%	(6.8%)	22.7%	11.3x	9.8x	2.6x

Source: Capital IQ. Data as of June 30, 2020.

"LTM" refers to last twelve months. "NTM" refers to next twelve months.

ABOUT US



MNP Corporate Finance (MNPCF) has a dedicated team of over 60 merger, acquisition, and transaction 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 & 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 150+ M&A professionals in more than 25 countries.



CFxB - Global Reach with Local Relationships
Our affiliation with CFxB consists of 150+ M&A professionals in more than 25 countries

SERVICES

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

RECENTLY CLOSED DEALS (NATIONAL)

EDMONTON PHARMACY GROUP has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Kind Investments Ltd. (aka Castle Downs ARP Pharmacy) in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

Jan Nelson and Andrew Windsor has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Maverick Loose Winery Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

Greyrock Capital Inc. has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

MEDSPA PARTNERS has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

A Confidential Buyer has acquired

Hayes Management Ltd.

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

DIVESTITURES > FINANCING > DUE DILIGENCE

ROBERTSON IMPLEMENTS has acquired

Moody's Equipment LP

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

DIVESTITURES > FINANCING > DUE DILIGENCE

DE LA FONTAINE has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to De La Fontaine Industries Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

GLBH has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to GLBH Holdings Ltd.

DIVESTITURES > FINANCING > DUE DILIGENCE

EMERGE has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

Crédit Mutuel Equity has provided equity capital to

MNP Corporate Finance Inc. provided financial and tax due diligence services to Crédit Mutuel Equity.

DIVESTITURES > FINANCING > DUE DILIGENCE

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 five years alone we have completed over 120 transactions worth over \$2 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)

E360S ENVIRONMENTAL SERVICES INC.
has merged with
WASTE-CO COMMERCIAL SYSTEMS
MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Inc.

trialcard
has acquired
Policy Reporter
MNP Corporate Finance Inc. was the exclusive financial advisor to Brocity Innovations Inc. (a Policy Reporter) in structuring and negotiating this transaction.

E360S ENVIRONMENTAL SERVICES INC.
has acquired
SCALETTA GROUP
MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Inc.

E360S ENVIRONMENTAL SERVICES INC.
has acquired the Calgary Alberta division assets of
URBAN IMPACT recycling of work
MNP Corporate Finance Inc. was the exclusive financial advisor to Urban Impact Recycling Ltd. in structuring and negotiating this transaction.

EQUICAPITA
has acquired
Conal Baker VISAGE The Face Experts
MNP Corporate Finance Inc. provided financial and tax due diligence services to Equicapita Investment Corp.

A Confidential Buyer
has acquired
HORNFIELD STRESS (1994) LTD.
MNP Corporate Finance Inc. was the exclusive financial advisor to Hornfeld Stress (1994) Ltd. in structuring and negotiating this transaction.

Rubicon PHARMACIES
has acquired
Grand Medicine Pharmacy
MNP Corporate Finance Inc. acted as exclusive financial advisor to Grand Medicine Pharmacy in structuring and negotiating this transaction.

VALENS
has acquired
Pommies Cider Co.
MNP Corporate Finance Inc. acted as exclusive financial advisor to Pommies Cider Co. in structuring and negotiating this transaction.

CO-OP
has acquired the retail business of
COMMUNITY natural foods
MNP Corporate Finance Inc. provided transaction advisory and financial due diligence services to Calgary Co-op.

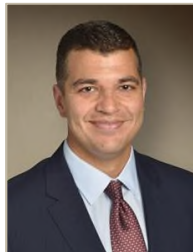
A Private Purchaser
has acquired
OVP ORIBONE VILLAGE PHARMACY
MNP Corporate Finance Inc. acted as exclusive financial advisor to Oribone Village Pharmacy in structuring and negotiating this transaction.

LEADERSHIP TEAM

TRANSACTION LEADERSHIP



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Craig Maloney
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DUE DILIGENCE LEADERSHIP



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John Caggianiello
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