

Engineering & Construction

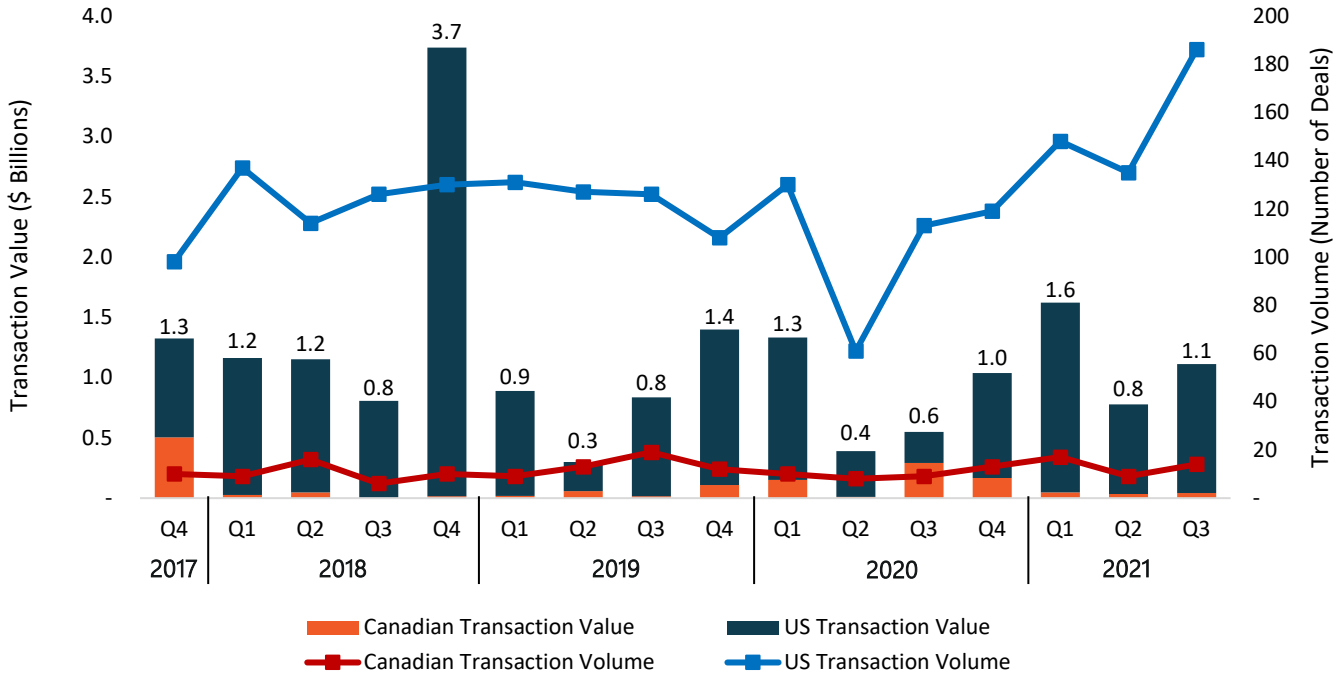
Quarterly Update | Q3 2021



Industry Overview

M&A Transactions & Performance

NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY



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

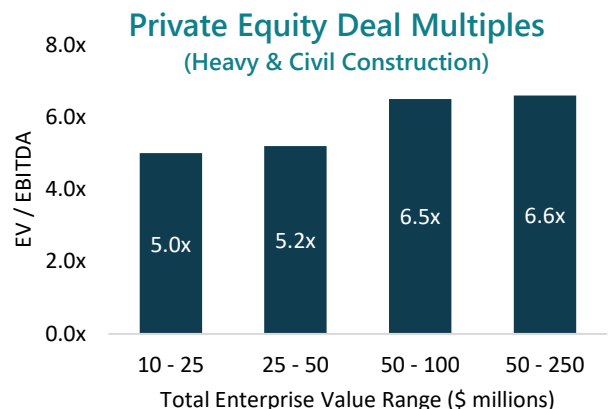
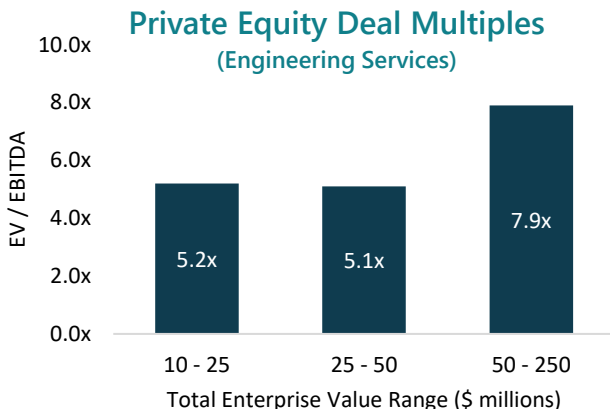
Q3 Transactions (Canada)
14
(+55.6% vs. Q2 2021)

Q3 Transaction Value (Canada)
\$40 million
(+21.3% vs. Q2 2021)

Q3 Transaction Value (US)
\$1.07 billion
(+44.4% vs. Q2 2021)

Q3 Transactions (US)
186
(+37.8% vs. Q2 2021)

Engineering and construction merger and acquisition (M&A) activity in Q3 2021 was approximately \$1.1 billion in disclosed transaction value across 200 deals in Canada and the US. US transactions accounted for 186 of these deals, representing an increase of 37.8% from the previous quarter. The largest transaction in the quarter was US-based and involved Builders FirstChoice Inc.'s acquisition of California TrusFrame LLC. for \$225 million. In the last 12 months, 100% of acquirers have been strategic parties. Strategic acquisitions continue to drive industry M&A activity, as participants continue to seek to accelerate geographic expansion and further efforts to diversify revenue streams.



Select Recent M&A Transactions



Acquired



Closed	September 2, 2021
EV	\$225.4 million
EV/Revenue	1.26x
Location (Vendor)	Perris, CA

- **Builders FirstSource** is the United States' largest supplier of structural building products, value-added components, and services to the professional market for new residential construction.
- **California TrusFrame** is a manufacturer of roof trusses, floor trusses, wall panels and floor cassettes for commercial, residential, and multi-family construction.
- The acquisition expands offerings and production capacity in the largest housing market in the country.



Acquired

Dagmar Construction Inc.

Closed	August 31, 2021
EV	\$32.0 million
EV/EBITDA	N/A
Location (Vendor)	Ajax, ON

- **Bird Construction Inc.**, is a Canadian construction company that provides a comprehensive range of construction services.
- **Dagmar Construction Inc.** is an Ontario-based construction company with extensive experience across key civil infrastructure sub-sectors.
- Through the acquisition, **Bird Construction Inc.** improves its competitive position nationally, as well as enables access to the attractive Ontario market, contributing to increased diversification.



Acquired



Closed	August 4, 2021
EV	\$188.2 million
EV/EBITDA	10.71x
Location (Vendor)	San Tan Valley, AZ

- **Arcosa, Inc.** provides infrastructure-related products and solutions for the construction, energy, and transportation markets in North America.
- **Southwest Rock Products** is a pure-play natural aggregates company serving the greater Phoenix metropolitan area.
- The acquisition aligns with **Arcosa Inc.'s** strategy to reduce their cyclicity, advance their portfolio into higher margin products, and enter new and attractive geographies.



Acquired



Closed	August 17, 2021
EV	\$176.7 million
EV/EBITDA	N/A
Location (Vendor)	The Woodlands, TX

- **Martin Marietta** is an American-based company and a supplier of building materials - including aggregates, cement, ready mixed concrete, and asphalt.
- **Southern Crushed Concrete** is a producer and distributor of recycled concrete for a variety of construction projects throughout Southeast Texas.
- The acquisition will strengthen and extend **Martin Marietta's** service footprint within the United States and drive future growth.

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%

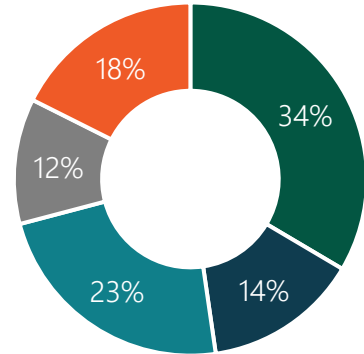
Projected Annual Growth 2020 – 2025

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

2020 Revenue

\$41.1B

Annual Growth 2015 – 2020

3.3%

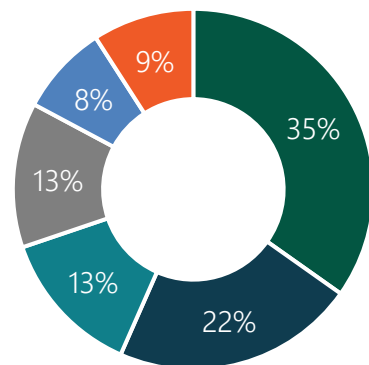
Projected Annual Growth 2020 – 2025

2.3%

Number of Businesses in 2020

2,771

Products and Services Segmentation (2020)



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

Macroeconomic Indicators



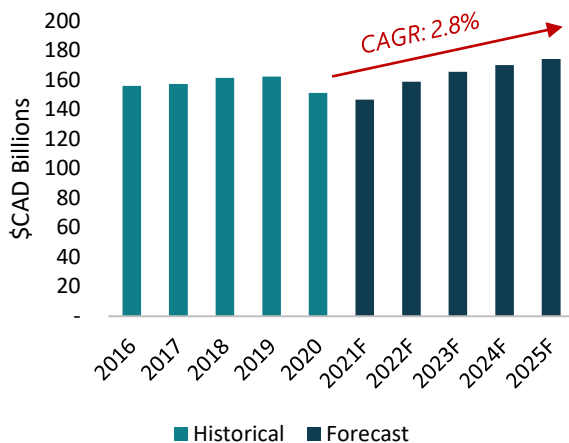
CORPORATE FINANCE INC.

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.

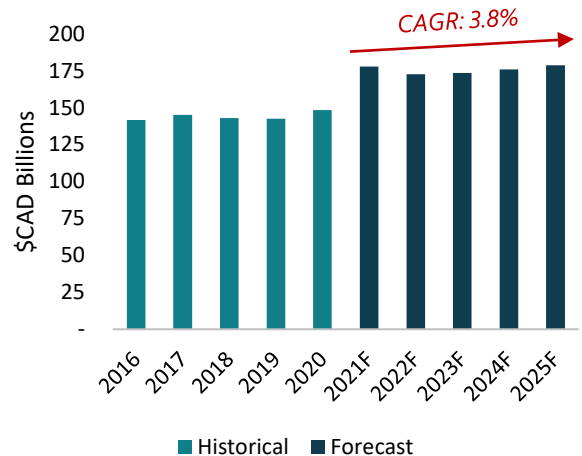
Canada's housing market continues to experience increased vulnerability, as market activity and price acceleration remain high. With housing starts over the past 12 months being the strongest they have been since the mid-1970's, we should see more supply being delivered to the market in the coming year, 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. The Bank of Canada announced in late October that interest rate increases could start as early as the second quarter of 2022, much sooner than previously anticipated.

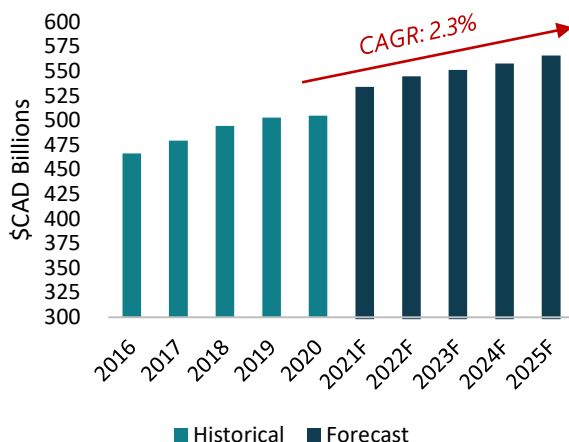
Value of Non-Residential Construction - Canada



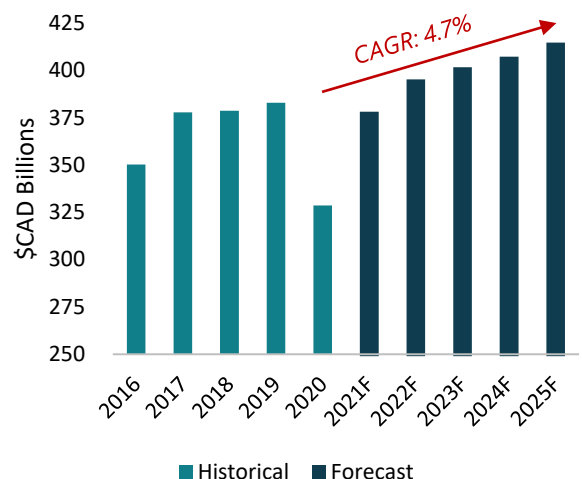
Value of Residential Construction - Canada



Government Expenditure and Investment - Canada



Aggregate Private Investment - Canada

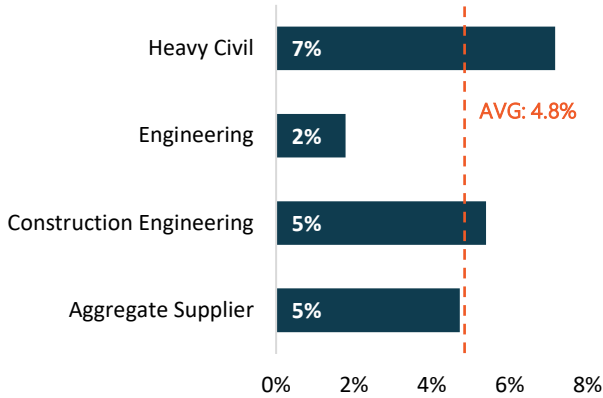


Source: IBISWorld Business Environment Reports.
 "F" indicates forecast. "CAGR" indicates compound annual growth rates.

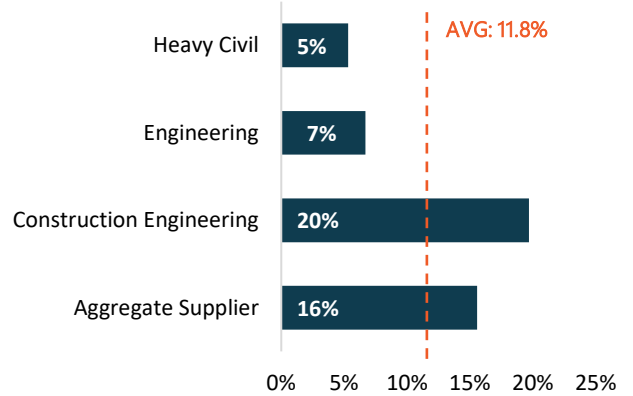
Public Comparable Analysis

Growth, Margins & Multiples

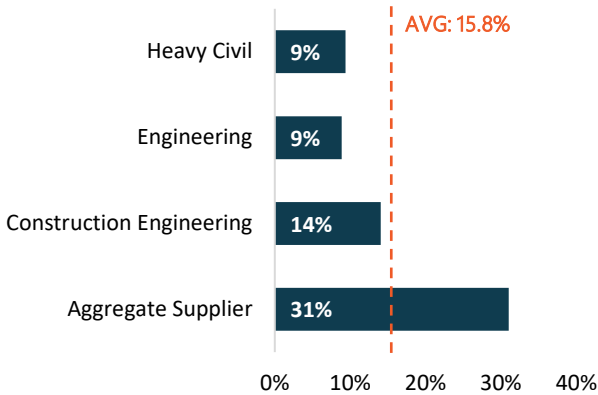
LTM REVENUE GROWTH



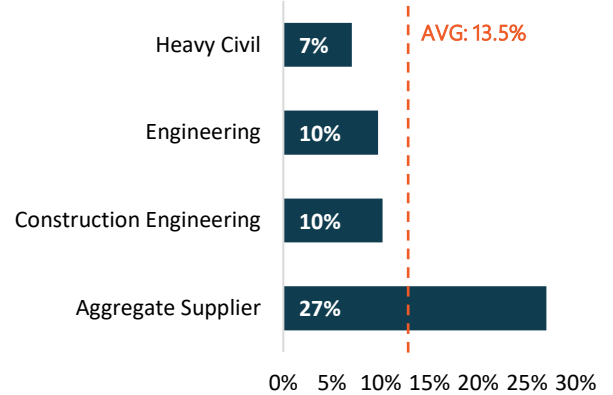
NTM REVENUE GROWTH



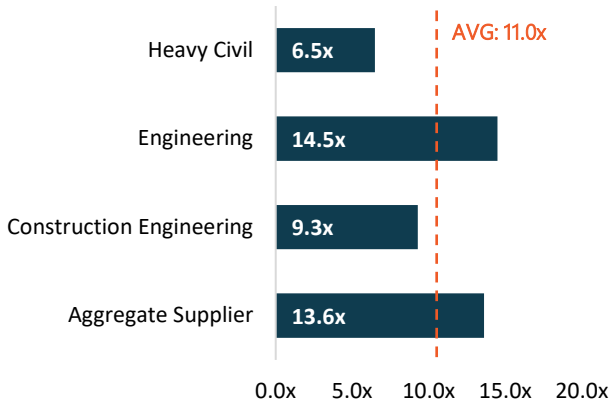
LTM EBITDA MARGIN



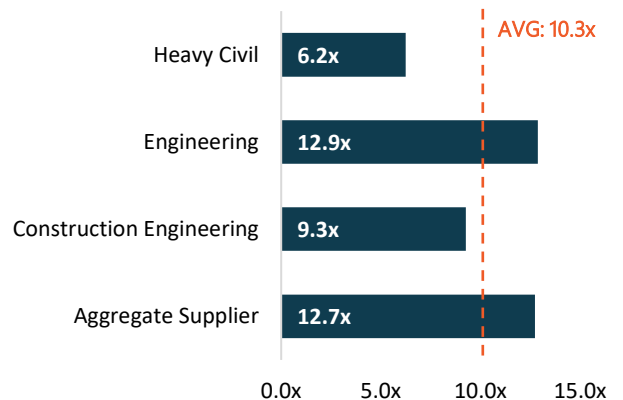
NTM EBITDA MARGIN



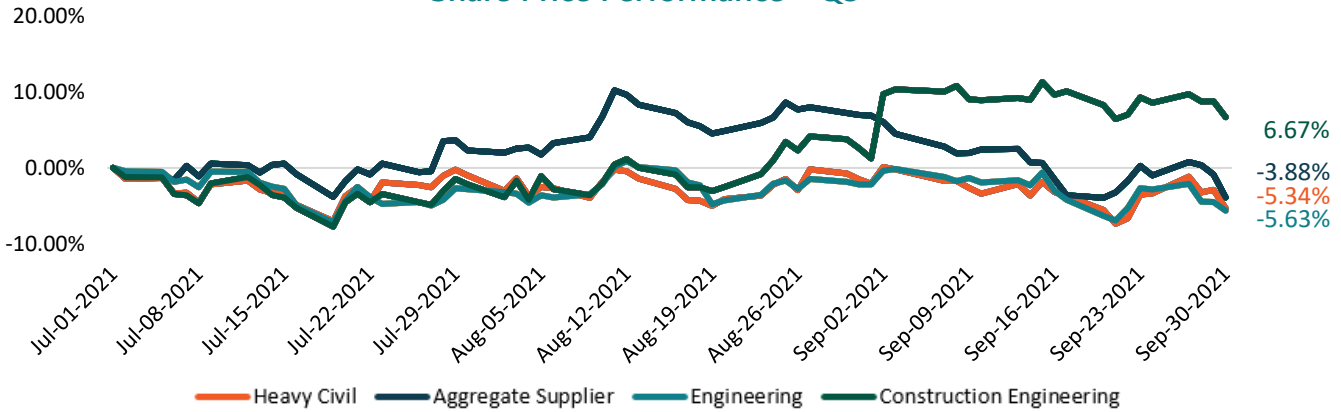
LTM EV/EBITDA



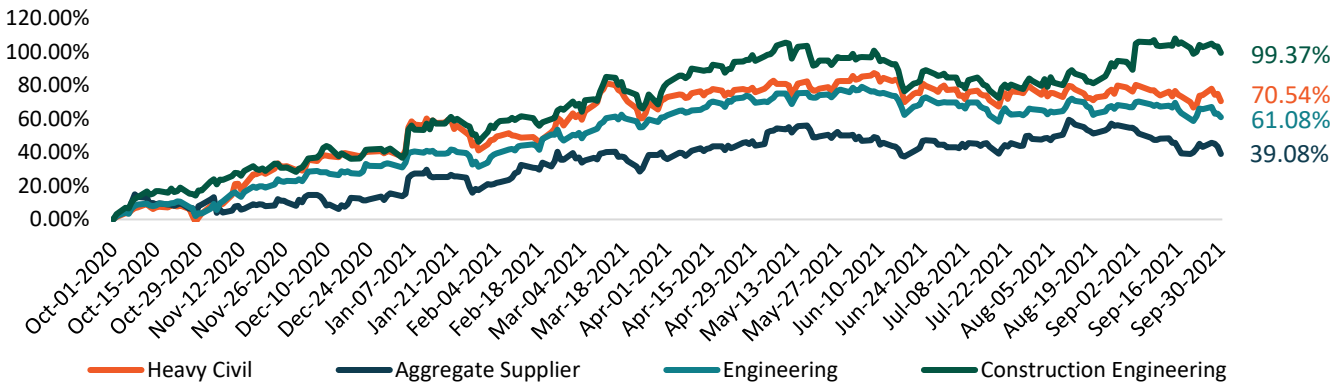
NTM EV/EBITDA



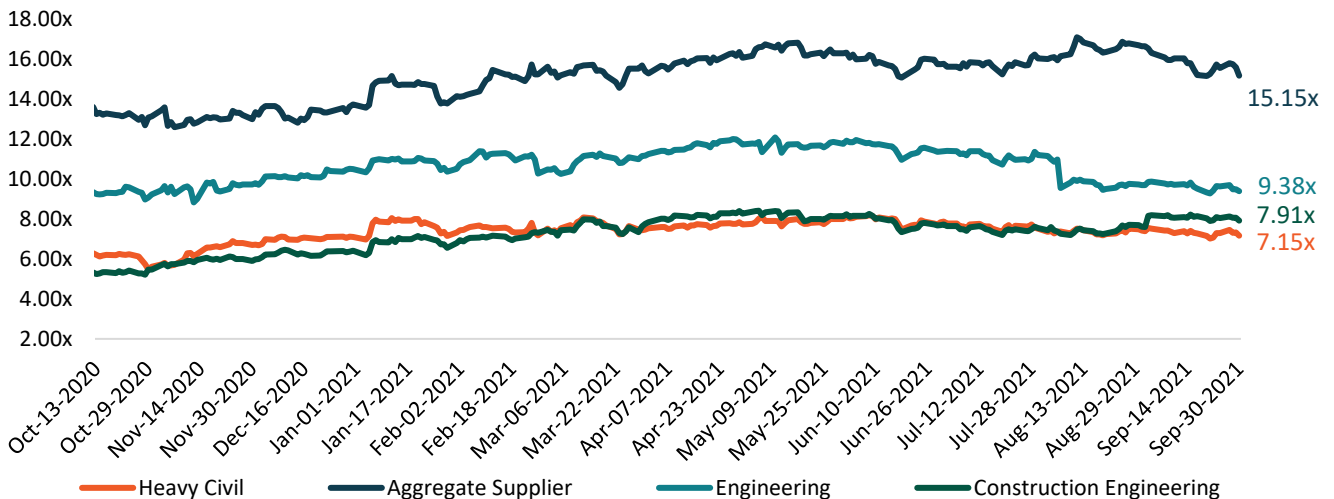
Engineering and Construction Peer Group Share Price Performance – Q3



Share Price Performance – LTM



Historical LTM EV/EBITDA – LTM



Source: Capital IQ. Data as of September 30, 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	EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Heavy Civil											
EMCOR Group, Inc.	\$7,842	\$7,684	\$11,429	2.4%	\$1,052	9.2%	6.0%	6.5%	9.4x	7.2x	0.7x
Primoris Services Corporation	\$1,664	\$2,517	\$4,386	7.1%	\$466	10.6%	4.6%	8.5%	6.3x	5.3x	0.6x
Construction Partners, Inc.	\$2,206	\$2,297	\$1,061	7.3%	\$134	12.6%	25.0%	11.4%	15.0x	16.8x	2.1x
Granite Construction Incorporated	\$2,291	\$2,065	\$4,516	2.7%	\$300	6.6%	3.3%	7.0%	6.2x	6.8x	0.4x
Tutor Perini Corporation	\$838	\$1,857	\$6,465	6.6%	\$619	9.6%	(2.6%)	7.1%	4.1x	2.9x	0.3x
Sterling Construction Company, Inc.	\$824	\$1,148	\$1,794	8.4%	\$196	11.0%	3.8%	9.3%	6.5x	5.7x	0.6x
Aecon Group Inc.	\$1,156	\$1,345	\$3,842	10.7%	\$175	4.6%	7.8%	6.7%	4.8x	7.7x	0.4x
Bird Construction Inc.	\$528	\$567	\$1,901	35.4%	\$91	4.8%	30.2%	4.0%	5.7x	6.2x	0.3x
Median	\$1,410	\$1,961	\$4,114	7.2%	\$248	9.4%	5.3%	7.0%	6.2x	6.5x	0.5x
Mean	\$2,169	\$2,435	\$4,424	10.1%	\$379	8.6%	9.8%	7.5%	7.2x	7.3x	0.7x
Engineering											
Jacobs Engineering Group Inc.	\$21,837	\$26,037	\$17,322	4.4%	\$1,689	9.8%	8.0%	9.0%	15.0x	15.1x	1.5x
WSP Global Inc.	\$17,816	\$20,061	\$9,124	3.1%	\$1,088	11.9%	(8.4%)	16.9%	14.2x	18.4x	2.2x
AECOM	\$11,503	\$14,213	\$16,795	2.8%	\$1,340	8.0%	1.0%	6.3%	12.9x	10.4x	0.8x
KBR, Inc.	\$7,013	\$8,789	\$7,238	0.7%	\$506	7.0%	6.1%	9.3%	12.0x	17.0x	1.2x
Stantec Inc.	\$6,607	\$7,707	\$3,565	(5.2%)	\$555	15.6%	7.3%	15.6%	12.9x	13.9x	2.2x
SNC-Lavalin Group Inc.	\$6,176	\$7,619	\$7,097	9.0%	\$278	3.9%	2.2%	10.1%	10.3x	27.4x	1.1x
Fluor Corporation	\$2,855	\$1,840	\$17,854	(12.5%)	\$498	2.8%	(13.3%)	2.8%	4.1x	3.6x	0.1x
NV5 Global, Inc.	\$1,917	\$2,046	\$820	12.2%	\$145	17.7%	10.3%	16.8%	13.2x	13.8x	2.4x
Willdan Group, Inc.	\$574	\$720	\$450	(16.5%)	\$15	3.3%	24.2%	6.9%	15.6x	47.6x	1.6x
Mistras Group, Inc.	\$378	\$696	\$793	(2.3%)	\$83	10.4%	12.2%	11.0%	6.9x	8.2x	0.9x
Median	\$6,391	\$7,663	\$7,167	1.8%	\$502	8.9%	6.7%	9.7%	12.9x	14.5x	1.3x
Mean	\$7,668	\$8,973	\$8,106	(0.4%)	\$620	9.0%	5.0%	10.5%	11.7x	17.5x	1.4x
Construction Engineering											
Quanta Services, Inc.	\$20,026	\$21,800	\$14,416	(0.9%)	\$2,243	15.6%	19.7%	10.2%	12.2x	9.5x	1.5x
MasTec, Inc.	\$7,903	\$9,898	\$8,763	5.4%	\$1,751	20.0%	20.2%	10.8%	8.4x	5.5x	1.1x
Dycom Industries, Inc.	\$2,718	\$3,587	\$3,836	(5.6%)	\$381	9.9%	4.5%	9.4%	9.3x	9.3x	0.9x
MYR Group Inc.	\$2,122	\$2,075	\$3,045	12.4%	\$199	6.5%	5.0%	6.3%	10.0x	10.2x	0.7x
Argan, Inc.	\$871	\$255	\$628	83.9%	\$88	14.1%	25.3%	12.1%	2.6x	2.8x	0.4x
Median	\$2,718	\$3,587	\$3,836	5.4%	\$381	14.1%	19.7%	10.2%	9.3x	9.3x	0.9x
Mean	\$6,728	\$7,523	\$6,138	19.0%	\$933	13.2%	14.9%	9.8%	8.5x	7.5x	0.9x
Aggregate Supplier											
Vulcan Materials Company	\$28,378	\$31,432	\$6,089	(1.3%)	\$1,756	28.8%	20.7%	25.8%	15.4x	17.5x	5.1x
Martin Marietta Materials, Inc.	\$26,948	\$31,064	\$5,660	3.2%	\$1,879	33.2%	22.5%	28.1%	15.7x	16.2x	5.4x
Eagle Materials Inc.	\$6,946	\$7,883	\$2,071	13.3%	\$702	33.9%	10.4%	35.8%	9.4x	11.0x	3.7x
Summit Materials, Inc.	\$4,771	\$6,678	\$3,001	6.3%	\$644	21.5%	(2.5%)	21.9%	10.0x	10.1x	2.2x
Median	\$16,947	\$19,473	\$4,331	4.7%	\$1,229	31.0%	15.6%	27.0%	12.7x	13.6x	4.4x
Mean	\$16,760	\$19,264	\$4,205	5.4%	\$1,245	29.4%	12.8%	27.9%	12.7x	13.7x	4.1x

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.

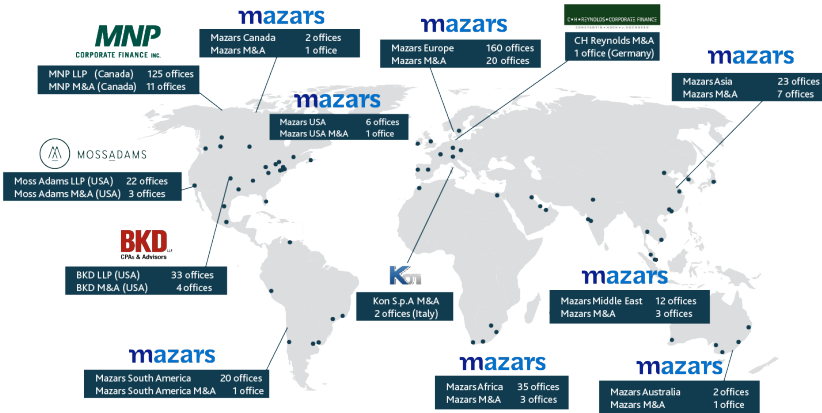
Our typical transactions range in value between \$3 million and \$300 million.

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)

E360S has acquired **CHEM-ECOL**

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

ACR ALL CHOICE RENTALS has acquired **DV RENTALS**

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

Ayrfit West Inc. has acquired **International Fitness Holdings Inc.**

MNP Corporate Finance Inc. was the exclusive financial advisor to International Fitness Holdings Inc. in structuring and negotiating this transaction.

E360S has acquired **RETIRE**

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

Crestview has acquired a majority interest in **JMP Solutions**

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

LYNX equity limited has acquired **YELLOWHEAD**

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

FIREPOWER has invested in **wesbell**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Repower Equity with Credit Related Equity and Trilogy Capital.

Confidential Buyer has acquired **SCG PROCESS**

MNP Corporate Finance Inc. provided vendor due diligence services to Smith Cameron Group.

Rhyno Equity Group has acquired **PermaCorp**

MNP Corporate Finance Inc. provided financial and tax due diligence services to Rhyno Equity Group.

UNIVERSAL GROUP has acquired **Beacon Lite**

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

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 125 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

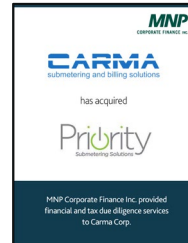
Hands-on Approach

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.

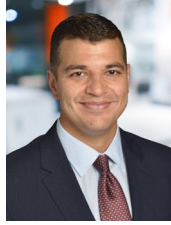
Recently Closed Deals (National)



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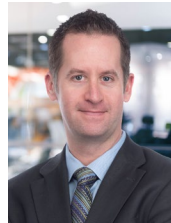


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