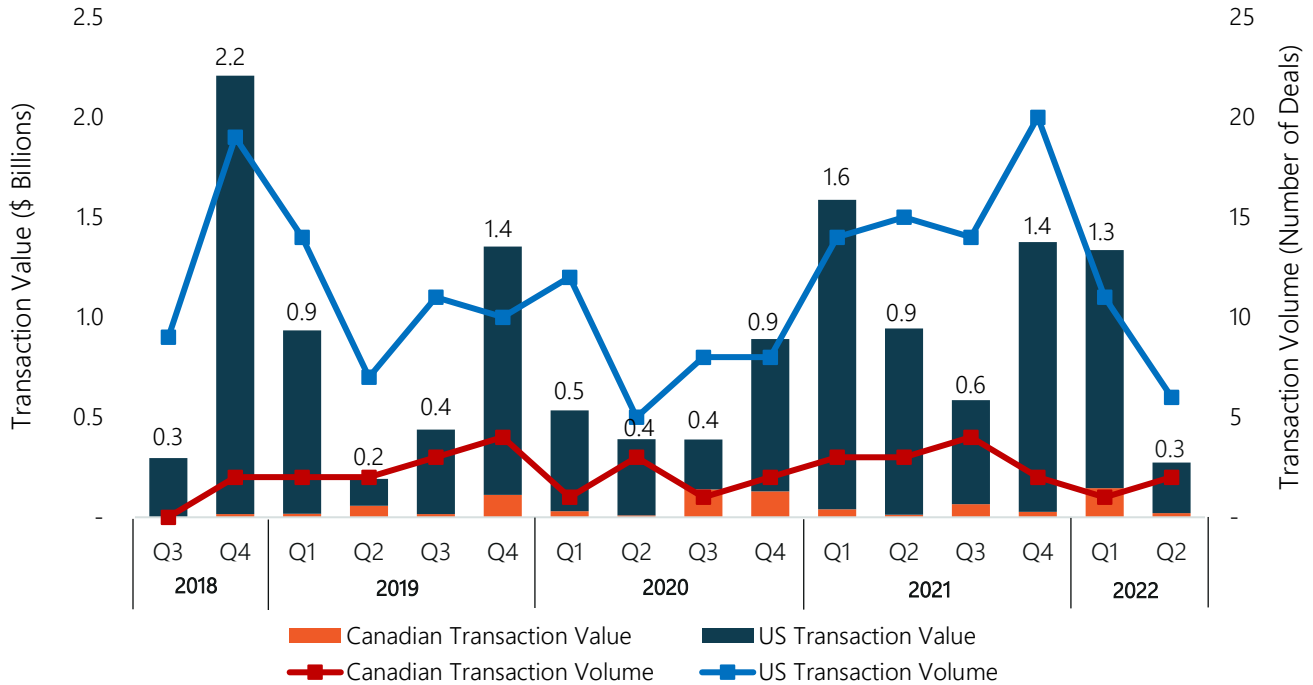


Engineering & Construction

Quarterly Update | Q2 2022



NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY



Source: Capital IQ. Data as of June 30, 2022.

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.

Q2 Transactions (Canada)

2

(+100% vs. Q1 2022)

Q2 Transaction Value (Canada)

\$20 million

(-86.1% vs. Q1 2022)

Q2 Transaction Value (US)

\$253 million

(-79% vs. Q1 2022)

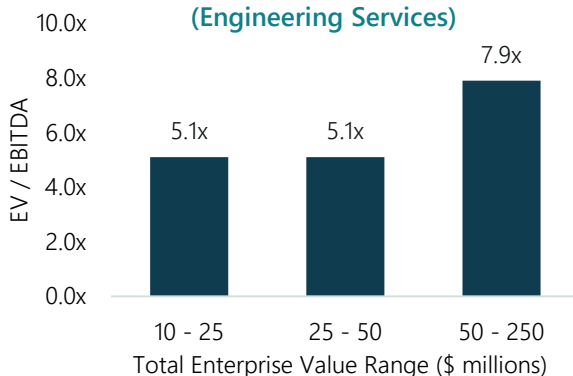
Q2 Transactions (US)

6

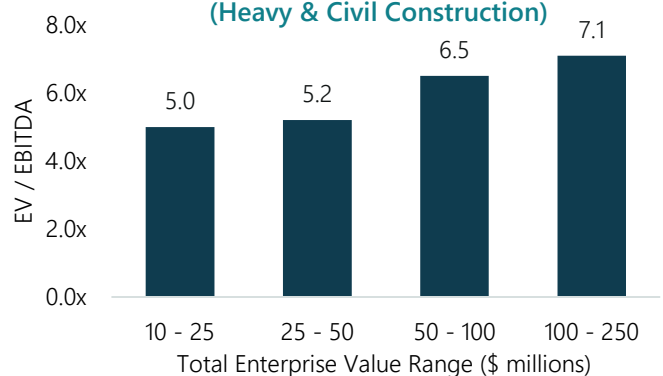
(-46% vs. Q1 2022)

Engineering and construction merger and acquisition (M&A) activity in Q2 2022 exceeded \$270 million in disclosed transaction value across eight deals in Canada and the US. US transactions accounted for six of these deals, representing a decrease of 46% from the previous quarter. The largest transaction in the quarter was US based, and involved Eagle Materials Inc.'s acquisition of Concrete and Aggregates Assets in northern Colorado for approximately \$156 million. However, details on the transaction were not publicly disclosed. Concerns related to increasing interest rates and construction financing costs weakened overall market sentiment, which resulted in a significant decline in industry activity this quarter.

Private Equity Deal Multiples (Engineering Services)



PE Sponsored Multiples (Heavy & Civil Construction)



Select Recent M&A Transactions



is acquiring



Announced	June 27, 2022
EV	\$605.12 million
EV/EBITDA	8.7x
Location (Vendor)	Irving, TX

- **Primoris Services Corporation** ("Primoris") provides construction, fabrication, maintenance, replacement, and engineering services to the energy, pipeline services, and utilities markets in North America.
- **PLH Group, Inc.** provides construction services to the electric power line, pipeline, utilities, oil field electrical, and industrial markets in North America.
- The acquisition will allow Primoris to solidify its geographical footprint in the fastest-growing regions while scaling its construction services capacity.



has acquired



Closed	May 12, 2022
EV	Not disclosed
EV/Revenue	Not disclosed
Location (Vendor)	Victoria, BC

- **Cassiar Partners (GP) Ltd.** ("Cassiar Partners") is an entrepreneurial investment firm that acquires and takes a hands-on approach to driving growth of small and medium sized Canadian businesses.
- **HHS Drilling & Blasting Ltd.** ("HHS") provides drilling and blasting services to the construction and forestry industries in Vancouver Island.
- The acquisition will allow Cassiar Partners to strengthen its investments in the industry while increasing potential growth avenues.

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



has acquired



Announced	May 4, 2022
EV	\$13.9 million
EV/EBITDA	N/A
Location (Vendor)	Fort Washington, PA

- **Bowman Consulting Group Ltd.** ("Bowman") provides civil and site engineering services and environmental management solutions for the utilities, retail, and public sectors in the US.
- **McMahon Associates, Inc.** designs and supports traffic engineering and transportation projects for private and public sectors in the US.
- The acquisition will allow Bowman to expand its transportation infrastructure services while strengthening its geographical footprint across the US.

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%

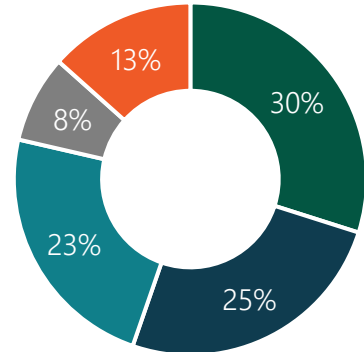
Projected Annual Growth 2022 – 2027

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

2021 Revenue

\$53.9B

Annual Growth 2016 – 2021

1.8%

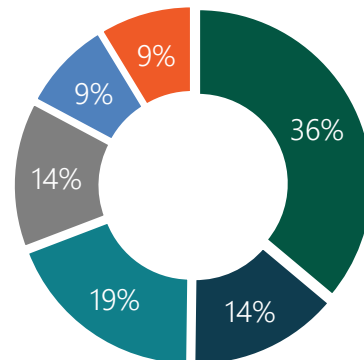
Projected Annual Growth 2021 – 2026

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



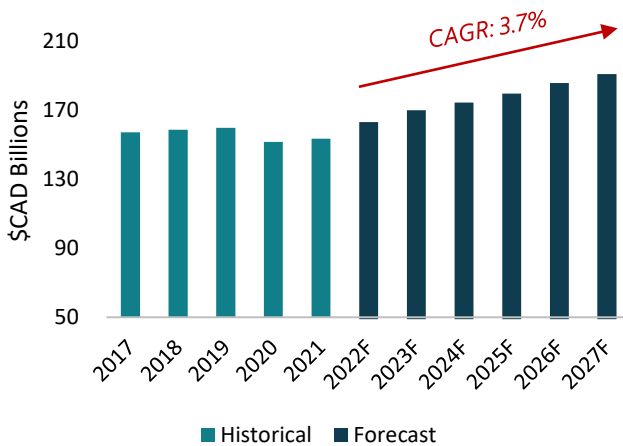
CORPORATE FINANCE INC.

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 investments (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.

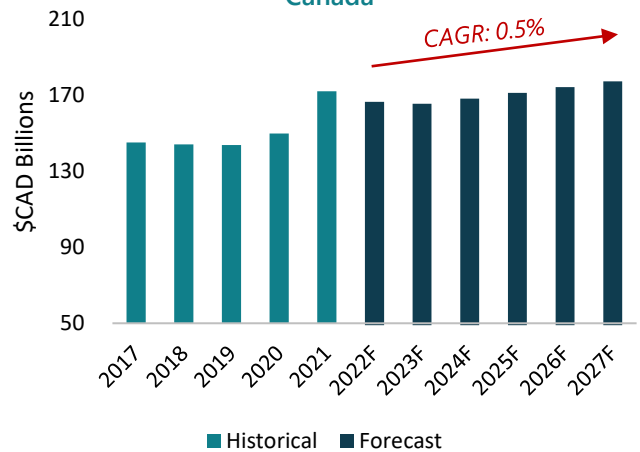
Canada's housing market activity declined in the second quarter amid a series of interest rate hikes. Rising borrowing costs decreased home buyers' purchasing power, which coupled with a large number of new listings, resulted in home prices softening in major cities such as Toronto and Vancouver. However, the market remained resilient in more affordable regions, led by Alberta, which saw strong home sales as the price of oil reached multi-year highs throughout the second half of 2022.

There may be further easement on housing activity as the Bank of Canada continues to raise interest rates. In Q2 2022, the Bank of Canada increased interest rates by 0.5% in both April and June. In an attempt to continue battling inflation, the Bank of Canada implemented an additional 1.0% increase in July 2022. Moreover, inflation reached a new high of 8.1% in June 2022, putting downward pressure on Canadians' budgets and ability to purchase a home.

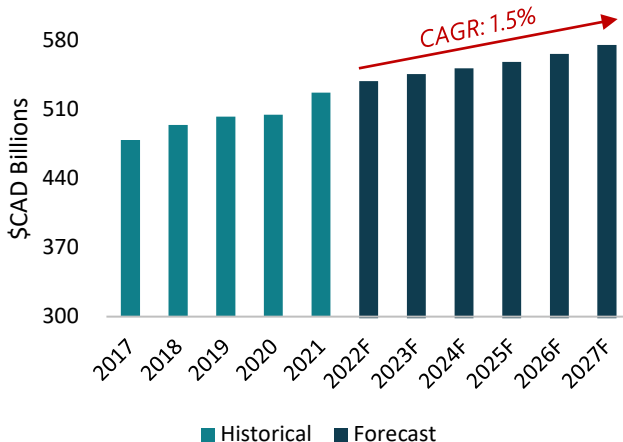
Value of Non-Residential Construction - Canada



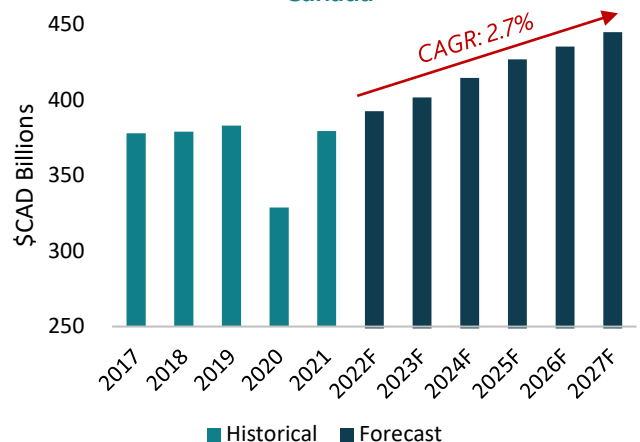
Value of Residential Construction - Canada



Government Consumption and Investment - Canada



Aggregate Private Investment - Canada

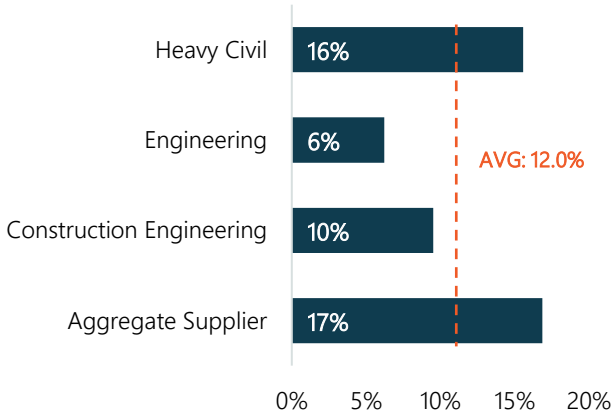


Source: IBISWorld Business Environment Reports.
 "F" indicates forecast. "CAGR" indicates compound annual growth rates.

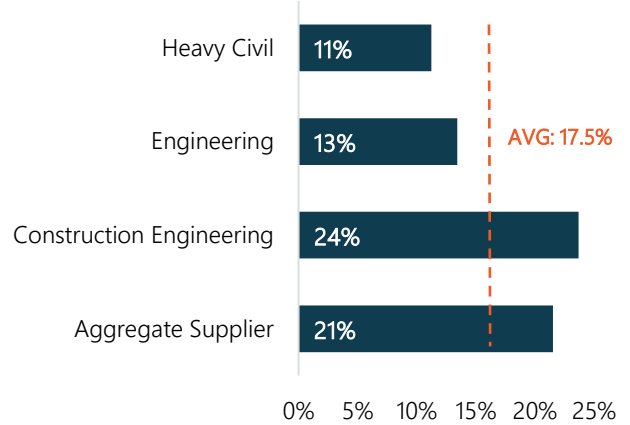
Public Comparable Analysis

Growth, Margins & Multiples

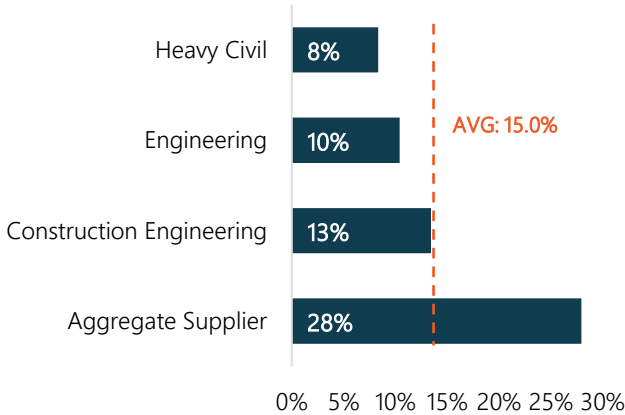
LTM REVENUE GROWTH



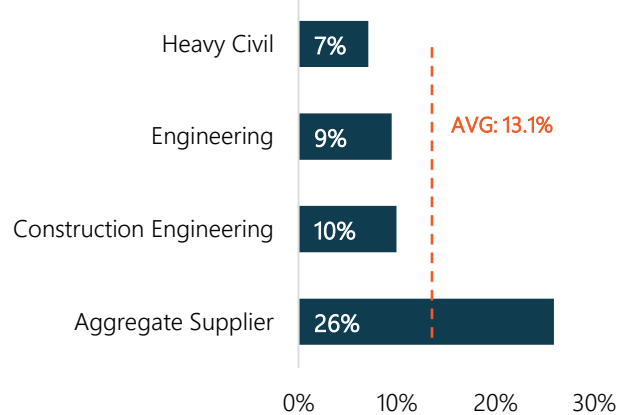
NTM REVENUE GROWTH



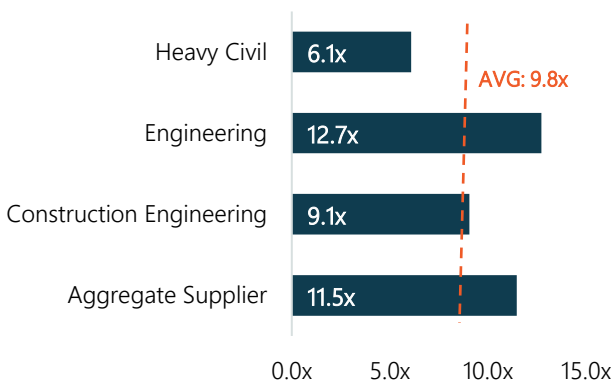
LTM EBITDA MARGIN



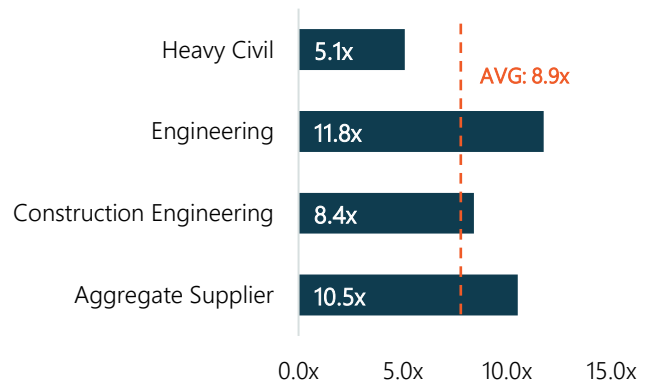
NTM EBITDA MARGIN



LTM EV/EBITDA

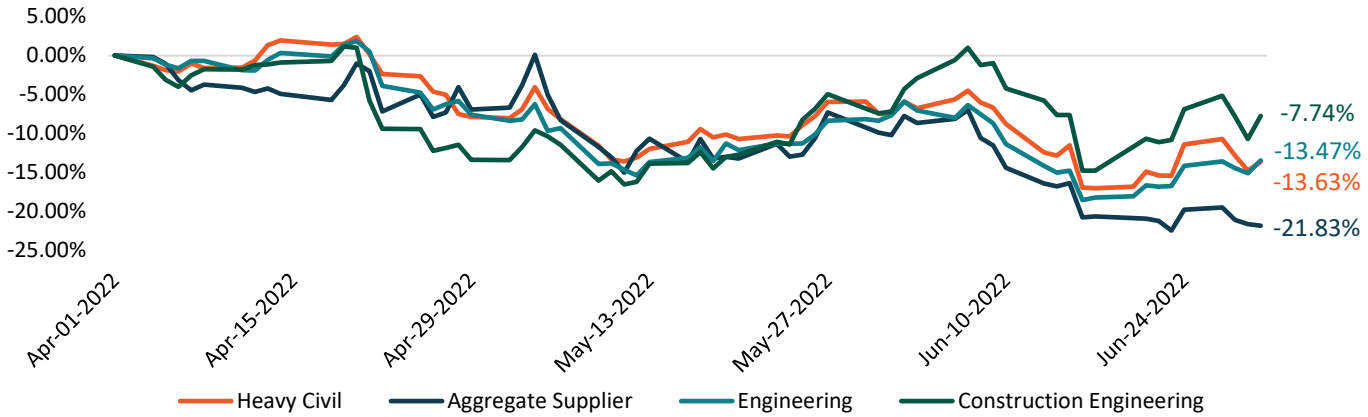


NTM EV/EBITDA

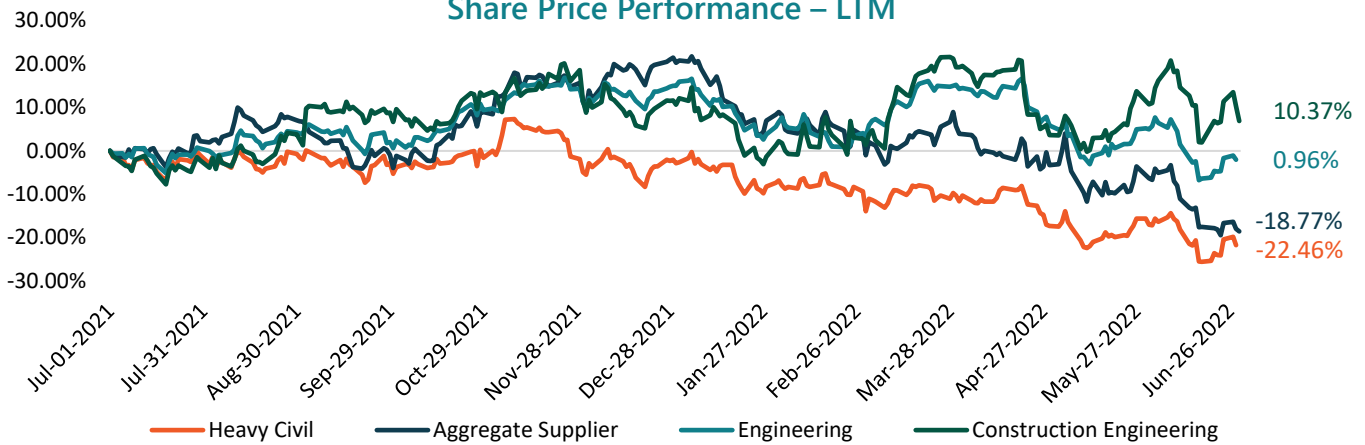


Engineering and Construction Peer Group

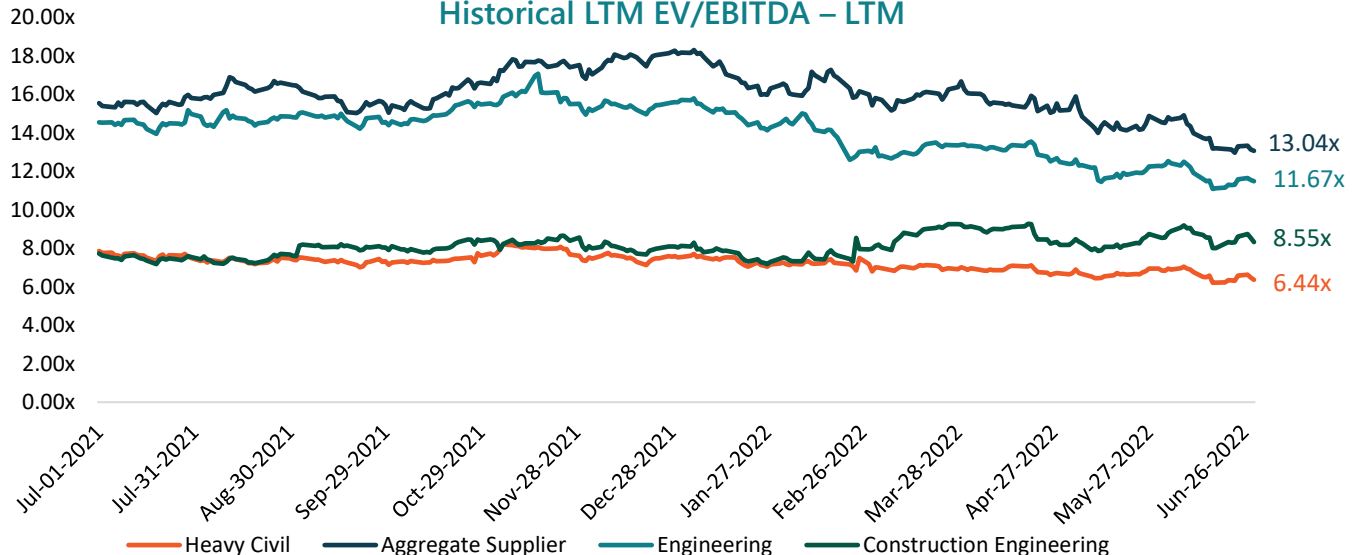
Share Price Performance – Q2 2022



Share Price Performance – LTM



Historical LTM EV/EBITDA – LTM



Source: Capital IQ. Data as of June 30, 2022.
 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	Growth	EBITDA	Margin	Revenue Growth	EBITDA Margin	EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Heavy Civil											
EMCOR Group, Inc.	\$6,782	\$6,824	\$12,724	15.8%	\$1,069	8.4%	11.5%	6.5%	7.5x	6.2x	0.5x
Primoris Services Corporation	\$1,495	\$2,318	\$4,324	(2.9%)	\$423	9.8%	16.1%	7.4%	6.4x	5.3x	0.5x
Construction Partners, Inc.	\$1,417	\$1,816	\$1,335	31.7%	\$127	9.5%	22.4%	10.3%	11.1x	13.9x	1.3x
Tutor Perini Corporation	\$579	\$1,562	\$5,476	(16.9%)	\$451	8.2%	6.9%	6.8%	4.0x	3.4x	0.3x
Granite Construction Incorporated	\$1,703	\$1,421	\$3,735	(2.2%)	\$181	4.8%	7.8%	7.4%	4.8x	7.6x	0.4x
Sterling Infrastructure, Inc.	\$854	\$1,378	\$2,093	16.0%	\$224	10.7%	18.7%	10.6%	5.3x	6.0x	0.6x
Aecon Group Inc.	\$800	\$1,223	\$4,209	15.3%	\$161	3.8%	4.0%	6.1%	4.5x	7.6x	0.3x
Bird Construction Inc.	\$401	\$401	\$2,251	38.3%	\$128	5.7%	11.0%	4.6%	3.4x	3.1x	0.2x
Median	\$1,136	\$1,491	\$3,972	15.6%	\$202	8.3%	11.2%	7.1%	5.1x	6.1x	0.4x
Mean	\$1,754	\$2,118	\$4,518	11.9%	\$345	7.6%	12.3%	7.5%	5.9x	6.6x	0.5x
Engineering											
Jacobs Engineering Group Inc.	\$21,063	\$25,676	\$17,980	4.9%	\$1,983	11.0%	14.4%	9.6%	13.2x	12.6x	1.4x
WSP Global Inc.	\$17,183	\$19,305	\$10,886	25.1%	\$1,329	12.2%	(15.8%)	17.2%	12.2x	14.5x	1.8x
AECOM	\$11,848	\$14,621	\$16,533	(0.7%)	\$1,374	8.3%	12.6%	6.6%	12.2x	10.3x	0.9x
KBR, Inc.	\$8,699	\$10,909	\$9,478	33.4%	\$1,087	11.5%	(6.5%)	10.1%	12.4x	9.7x	1.1x
Stantec Inc.	\$6,252	\$7,983	\$3,808	5.5%	\$543	14.3%	16.1%	16.0%	11.3x	14.7x	2.1x
SNC-Lavalin Group Inc.	\$3,887	\$5,614	\$7,440	6.9%	\$437	5.9%	(0.5%)	9.0%	8.1x	12.9x	0.8x
Fluor Corporation	\$4,452	\$3,494	\$15,244	(11.6%)	\$545	3.6%	22.1%	3.5%	5.5x	6.2x	0.2x
NV5 Global, Inc.	\$2,330	\$2,443	\$930	15.0%	\$179	19.2%	14.3%	18.0%	13.0x	13.3x	2.6x
Willdan Group, Inc.	\$469	\$632	\$458	0.7%	\$21	4.6%	36.3%	9.2%	11.2x	29.0x	1.3x
Mistras Group, Inc.	\$228	\$545	\$855	16.7%	\$83	9.8%	11.3%	9.3%	6.3x	6.3x	0.6x
Median	\$5,352	\$6,799	\$8,459	6.2%	\$544	10.4%	13.4%	9.4%	11.8x	12.7x	1.2x
Mean	\$7,641	\$9,122	\$8,361	9.6%	\$758	10.0%	10.4%	10.8%	10.5x	13.0x	1.3x
Construction Engineering											
Quanta Services, Inc.	\$23,201	\$28,157	\$17,781	27.8%	\$2,633	14.8%	23.8%	10.1%	12.9x	10.4x	1.5x
MasTec, Inc.	\$6,850	\$9,380	\$10,151	21.7%	\$1,686	16.6%	23.7%	9.9%	7.7x	5.4x	0.9x
Dycom Industries, Inc.	\$3,542	\$4,440	\$4,203	5.4%	\$407	9.7%	16.8%	10.1%	9.1x	10.8x	1.1x
MYR Group Inc.	\$1,930	\$2,018	\$3,174	9.5%	\$216	6.8%	15.7%	6.5%	8.4x	9.1x	0.6x
Argan, Inc.	\$683	\$212	\$619	5.4%	\$83	13.4%	25.2%	9.8%	2.9x	2.5x	0.3x
Median	\$3,542	\$4,440	\$4,203	9.5%	\$407	13.4%	23.7%	9.9%	8.4x	9.1x	0.9x
Mean	\$7,241	\$8,842	\$7,186	14.0%	\$1,005	12.3%	21.0%	9.3%	8.2x	7.6x	0.9x
Aggregate Supplier											
Martin Marietta Materials, Inc.	\$24,038	\$30,904	\$6,630	19.0%	\$1,965	29.6%	25.0%	27.9%	13.3x	15.2x	4.5x
Vulcan Materials Company	\$24,324	\$30,312	\$7,521	23.6%	\$1,972	26.2%	28.5%	23.9%	13.0x	14.9x	3.9x
Eagle Materials Inc.	\$5,395	\$6,625	\$2,324	14.7%	\$801	34.5%	17.9%	35.1%	7.0x	8.0x	2.8x
Summit Materials, Inc.	\$3,543	\$5,316	\$3,005	0.4%	\$661	22.0%	0.0%	22.4%	8.0x	7.8x	1.7x
Median	\$14,717	\$18,469	\$4,817	16.9%	\$1,383	27.9%	21.5%	25.9%	10.5x	11.5x	3.3x
Mean	\$14,325	\$18,290	\$4,870	14.4%	\$1,350	28.1%	17.9%	27.3%	10.3x	11.5x	3.2x

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.

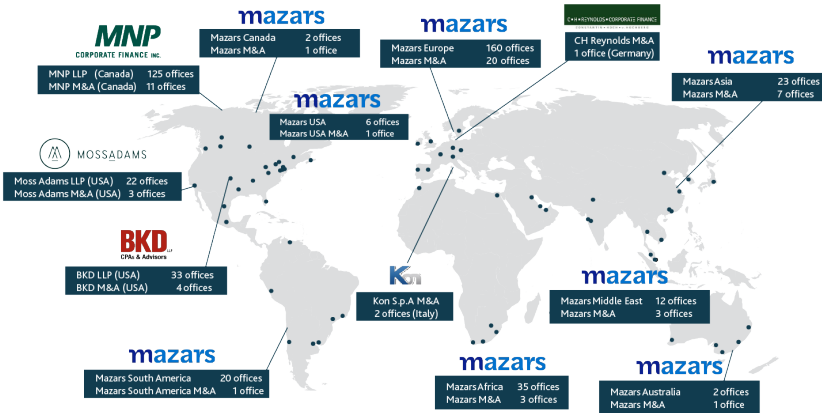
Our typical transactions range in value between \$3 million and \$300 million.

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)

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 220 transactions worth almost \$4 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)

SUMMIT FLEET an Equal Opportunity Employer **Keizan**

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Young Motors (1971) Ltd. in structuring and negotiating this transaction.

E360S Specialized Environmental Management

has acquired

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

pfm PROFESSIONAL FINANCIAL MANAGEMENT and **Reynat Capital** Scotiabank

have invested in

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

E360S Specialized Environmental Management

has acquired

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

converjnt

has acquired

MNP Corporate Finance Inc. acted as financial advisor to Dramis Communications Solutions Ltd. in structuring and negotiating this transaction.

Local Environmental Services

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Culshaw Waste Disposal and Meridian Waste Disposal in structuring and negotiating this transaction.

WJAX

has acquired the net operating assets of

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

CROSS COUNTRY GRAIN SUPPLY & SERVICE

has acquired the Canadian assets of

MNP Corporate Finance Inc. acted as exclusive financial advisor to Cross Country Canada Supplies & Rentals Inc. in structuring and negotiating this transaction.

SAGE CAPITAL PARTNERS

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Brain Power Enrichment Programs Ltd. in structuring and negotiating this transaction.

E360S Specialized Environmental Management

has acquired

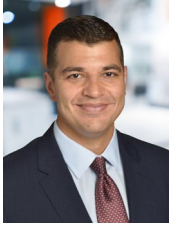
MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Ltd.

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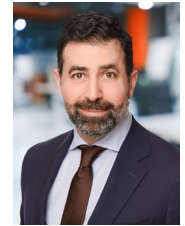
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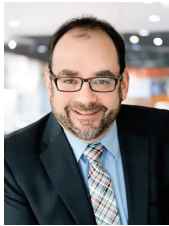
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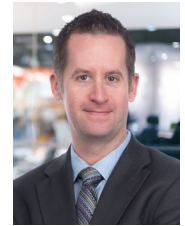
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