



# ENGINEERING & CONSTRUCTION

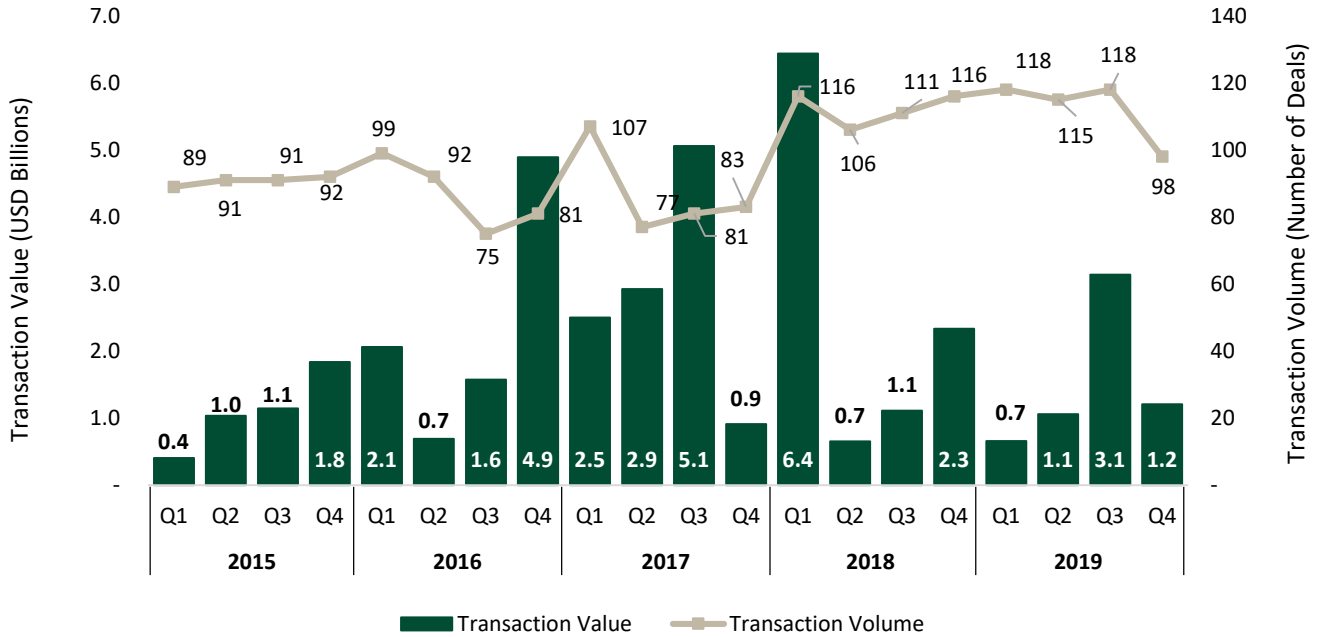
QUARTERLY UPDATE

Q4 2019

# INDUSTRY OVERVIEW

## M&A TRANSACTIONS & PERFORMANCE

### NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY



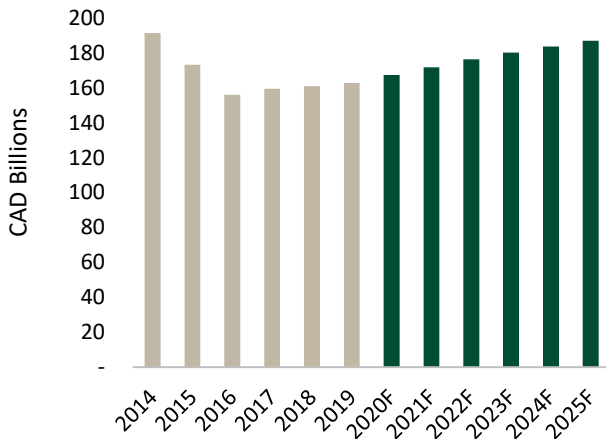
### M&A MARKET UPDATE – Q4 2019

- Engineering and construction M&A activity in North America declined in Q4 2019, with 98 disclosed transactions (United States: 87; Canada: 11) during the quarter, compared to 118 (United States: 100; Canada: 18) in Q3 2019.
- Total disclosed transaction value decreased from \$3.1 billion US in Q3 2019 to \$1.2 billion in Q4 2019. The decrease in total transaction value in Q4 2019 is primarily due to a lack of sizeable deals such as J2 Acquisition Limited’s acquisition of APi Group Inc. for \$2.3 billion, which occurred in Q3 2019. Comparatively, the largest deal during Q4 2019 was Eagle Materials Inc.’s acquisition of the Kosmos Cement Plant of Cemex S.A.B. de C.V for \$665.0 million.
- Overall, the global economic environment improved during Q4 2019 compared to Q3 2019. In October, the United States and China announced Phase One of their trade agreement. Phase One is the first step in a larger trade deal which will result in the United States cutting some of their existing tariffs on Chinese goods in exchange for Chinese commitments to purchase more American goods. Additionally, the agreement will require the Chinese to do more to protect against the theft of intellectual property and both the United States and China have agreed not to manipulate their currencies. Although the trade conflict has not been fully resolved, the Phase One announcement reduces some trade uncertainty and has the potential to improve investor and corporate sentiment as well as global growth forecasts.
- The Federal Reserve continued its dovish stance by cutting interest rates from 1.75% to 1.5% in October. Going forward, the Federal Reserve is expected to hold interest rates steady with plans to move into an extended pause. The lower interest rate environment may encourage greater M&A activity within the sector going forward.

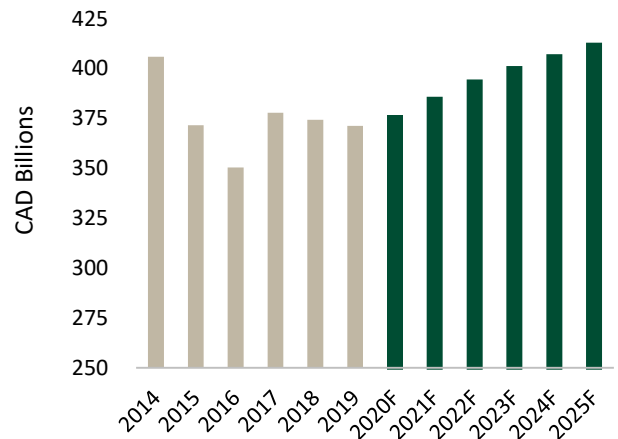
# INDUSTRY DRIVERS

Key external drivers that affect the engineering and 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. An increase in non-residential construction, private investment and government expenditure and investment will fuel industry growth, while low lending rates will stimulate investment.

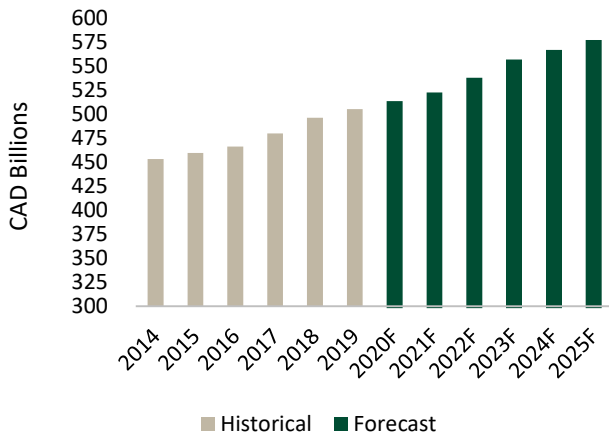
### VALUE OF NON-RESIDENTIAL CONSTRUCTION - CANADA



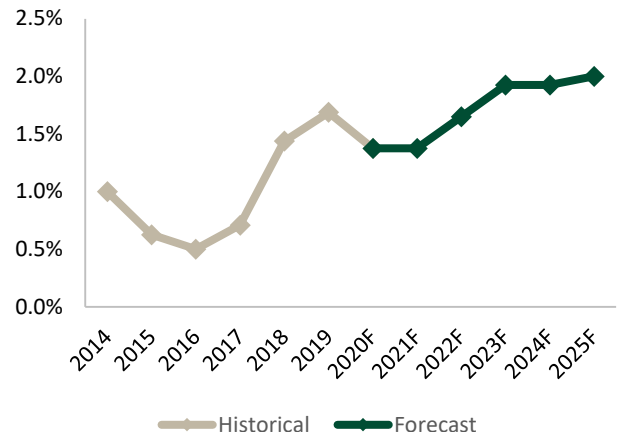
### AGGREGATE PRIVATE INVESTMENT - CANADA



### GOVERNMENT EXPENDITURE AND INVESTMENT - CANADA



### INTERBANK OVERNIGHT LENDING RATE



Source: IBISWorld Industry Reports.  
"F" indicates forecast.

# SELECT RECENT M&A TRANSACTIONS

**ARCOSA**

acquired

**CHERRY'S** Industrial Equipment

|                    |              |
|--------------------|--------------|
| <b>Announced</b>   | Dec 12, 2019 |
| <b>TEV</b>         | \$298.0M     |
| <b>TEV/EBITDA</b>  | 8.1x         |
| <b>TEV/Revenue</b> | 1.7x         |

- Arcosa Inc. manufactures and sells infrastructure-related products and services for the construction, energy and transportation markets. It operates through three segments: construction products, energy equipment and transportation. The company is headquartered in Dallas, Texas.
- Cherry Industries Inc. produces natural and recycled sand and concrete. It also provides concrete demolition services. The company was founded in 1952 and is headquartered in Houston, Texas.

**TYLIN** INTERNATIONAL

acquired

**TMIG**  
The Municipal Infrastructure Group Ltd.

|                    |               |
|--------------------|---------------|
| <b>Announced</b>   | Dec 4, 2019   |
| <b>TEV</b>         | Not disclosed |
| <b>TEV/EBITDA</b>  | Not disclosed |
| <b>TEV/Revenue</b> | Not disclosed |

- T.Y. Lin International Group Ltd. operates as an engineering services company that focuses on various infrastructure challenges in the United States and internationally. The company was founded in 1954 and is headquartered in San Francisco, California.
- The Municipal Infrastructure Group Ltd. offers engineering services such as municipal engineering, land development engineering and project management. The Municipal Infrastructure Group Ltd. was founded in 2003 and is based in Vaughan, Ontario.

**AINSWORTH**  
Technical Experts Coast to Coast

acquired

**ESC**  
AUTOMATION

|                    |               |
|--------------------|---------------|
| <b>Announced</b>   | Nov 28, 2019  |
| <b>TEV</b>         | \$55.3M       |
| <b>TEV/EBITDA</b>  | Not disclosed |
| <b>TEV/Revenue</b> | 0.5x          |

- Ainsworth Inc. provides technical trades services for institutional, commercial, and industrial clients. The company offers building automation, power system, electrical, and heating services. The company was founded in 1933 and is headquartered in Toronto, Ontario.
- Esc Automation Inc. installs HVAC controls, lighting controls, secured access systems and CCTV systems. The company was founded in 1980 and is headquartered in Vancouver, British Columbia.

**EM** Eagle Materials

acquired

**KOSMOS CEMENT PLANT OF CEMEX S.A.B. DE C.V.**

|                    |               |
|--------------------|---------------|
| <b>Announced</b>   | Nov 26, 2019  |
| <b>TEV</b>         | \$665.0M      |
| <b>TEV/EBITDA</b>  | 12.1x         |
| <b>TEV/Revenue</b> | Not disclosed |

- Eagle Materials Inc. produces and supplies heavy construction materials, light building materials and materials used for oil and natural gas extraction in the United States. The company was founded in 1963 and is headquartered in Dallas, Texas.
- Cemex S.A.B. de C.V. is a Mexican multinational building materials company that manufactures and distributes cement, ready-mix concrete, aggregates and other construction materials. Eagle Materials Inc. acquired a 75% stake in the Kosmos Cement Plant of Cemex S.A.B. de C.V. The company was founded in 1906 and is based in San Pedro Garza García, Mexico.



# SELECT RECENT M&A TRANSACTIONS

## APOLLO

acquired

**POWER & ENERGY  
BUSINESS OF  
SPX FLOW INC.**

|                    |               |
|--------------------|---------------|
| <b>Announced</b>   | Nov 25, 2019  |
| <b>TEV</b>         | \$475.0M      |
| <b>TEV/EBITDA</b>  | Not disclosed |
| <b>TEV/Revenue</b> | Not disclosed |

- Apollo Global Management Inc. is a publicly owned investment manager. The firm primarily provides its services to endowments, sovereign wealth funds, and institutional investors. The firm was founded in 1990 and is based in New York, New York.
- SPX Flow Inc. is a global supplier of highly specialized, engineered solutions. Apollo Global Management Inc. acquired the Power and Energy Business of SPX Flow Inc. SPX Flow Inc. was spun-off from SPX Corporation in 2015 and is based in Charlotte, North Carolina.

## NV5

acquired



|                    |               |
|--------------------|---------------|
| <b>Announced</b>   | Nov 10, 2019  |
| <b>TEV</b>         | Not disclosed |
| <b>TEV/EBITDA</b>  | Not disclosed |
| <b>TEV/Revenue</b> | Not disclosed |

- NV5 Global Inc. provides professional and technical engineering and consulting services to various public and private sector clients in both the United States and internationally. The company was founded in 1949 and is headquartered in Hollywood, Florida.
- GHD Group Pty Ltd is one of the world's leading professional services companies. NV5 Global Inc. acquired GHD Group Pty Ltd's United States based Forensics Engineering Business. GHD Group Pty Ltd was founded in 1928 and is based in Melbourne, Australia.

## Vulcan Materials Company

acquired



|                    |               |
|--------------------|---------------|
| <b>Announced</b>   | Oct 30, 2019  |
| <b>TEV</b>         | Not disclosed |
| <b>TEV/EBITDA</b>  | Not disclosed |
| <b>TEV/Revenue</b> | Not disclosed |

- Vulcan Materials Company produces and supplies various construction materials primarily in the United States. The company operates through its aggregates, asphalt, concrete and calcium segments. The company was founded in 1909 and is based in Birmingham, Alabama.
- Rappahannock Concrete Corporation manufactures and supplies hardscape, masonry and building materials such as concrete products, brick and block products and masonry products. The company was founded in 1961 and is based in Gloucester, Virginia.

## MAJOR Drilling

acquired



|                    |             |
|--------------------|-------------|
| <b>Announced</b>   | Oct 7, 2019 |
| <b>TEV</b>         | \$14.9M     |
| <b>TEV/EBITDA</b>  | 4.0x        |
| <b>TEV/Revenue</b> | 0.9x        |

- Major Drilling Group International Inc. provides contract drilling services for mining and mineral exploration companies in Canada, the United States, Mexico, South America, Asia, Africa, and Europe. The company was founded in 1980 and is based in Moncton, New Brunswick.
- Norex Drilling Limited provides drilling services to the mineral exploration industry and underground mining sectors in Canada and internationally. The company was founded in 1980 and is based in Timmins, Ontario.

# PUBLIC COMPARABLE ANALYSIS

## TRADING MULTIPLES & OPERATING STATISTICS

(Figures In USD 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  |
| <b>Heavy Civil</b>                |                       |                  |                       |                |              |               |                         |               |               |               |             |
| Granite Construction Incorporated | \$1,258               | \$1,350          | \$3,390               | 5.0%           | \$10         | 0.3%          | 3.8%                    | 6.8%          | 5.6x          | 135.5x        | 0.4x        |
| Primoris Services Corporation     | \$1,082               | \$1,647          | \$3,194               | 21.0%          | \$241        | 7.5%          | 3.7%                    | 7.3%          | 6.8x          | 6.8x          | 0.5x        |
| Aecon Group Inc.                  | \$647                 | \$1,301          | \$4,456               | (0.2%)         | \$258        | 5.8%          | 14.8%                   | 6.3%          | 4.1x          | 5.0x          | 0.3x        |
| Tutor Perini Corporation          | \$818                 | \$1,030          | \$3,492               | 16.3%          | \$131        | 3.7%          | (20.9%)                 | 6.6%          | 5.6x          | 7.9x          | 0.3x        |
| <b>Median</b>                     | <b>\$950</b>          | <b>\$1,326</b>   | <b>\$3,441</b>        | <b>10.7%</b>   | <b>\$186</b> | <b>4.8%</b>   | <b>3.7%</b>             | <b>6.7%</b>   | <b>5.6x</b>   | <b>7.3x</b>   | <b>0.3x</b> |
| <b>Mean</b>                       | <b>\$951</b>          | <b>\$1,332</b>   | <b>\$3,633</b>        | <b>10.5%</b>   | <b>\$160</b> | <b>4.3%</b>   | <b>0.3%</b>             | <b>6.7%</b>   | <b>5.5x</b>   | <b>38.8x</b>  | <b>0.4x</b> |
| <b>Engineering</b>                |                       |                  |                       |                |              |               |                         |               |               |               |             |
| Jacobs Engineering Group Inc.     | \$11,970              | \$12,794         | \$12,738              | 20.4%          | \$930        | 7.3%          | 7.4%                    | 8.1%          | 11.5x         | 13.8x         | 1.0x        |
| AECOM                             | \$6,775               | \$9,306          | \$20,173              | 0.1%           | \$919        | 4.6%          | 2.3%                    | 5.1%          | 8.8x          | 10.1x         | 0.5x        |
| SNC-Lavalin Group Inc.            | \$4,054               | \$5,143          | \$9,642               | (7.6%)         | \$47         | 0.5%          | (27.1%)                 | 9.4%          | 7.8x          | 109.3x        | 0.5x        |
| Stantec Inc.                      | \$3,141               | \$4,302          | \$3,646               | 18.3%          | \$300        | 8.2%          | (18.6%)                 | 16.1%         | 9.0x          | 14.4x         | 1.2x        |
| <b>Median</b>                     | <b>\$5,414</b>        | <b>\$7,225</b>   | <b>\$11,190</b>       | <b>9.2%</b>    | <b>\$609</b> | <b>5.9%</b>   | <b>(8.1%)</b>           | <b>8.8%</b>   | <b>8.9x</b>   | <b>14.1x</b>  | <b>0.8x</b> |
| <b>Mean</b>                       | <b>\$6,485</b>        | <b>\$7,886</b>   | <b>\$11,550</b>       | <b>7.8%</b>    | <b>\$549</b> | <b>5.1%</b>   | <b>(9.0%)</b>           | <b>9.7%</b>   | <b>9.3x</b>   | <b>36.9x</b>  | <b>0.8x</b> |
| <b>Aggregate Supplier</b>         |                       |                  |                       |                |              |               |                         |               |               |               |             |
| Vulcan Materials Company          | \$19,058              | \$22,172         | \$4,831               | 13.1%          | \$1,232      | 25.5%         | 8.2%                    | 27.4%         | 15.5x         | 18.0x         | 4.6x        |
| Martin Marietta Materials, Inc.   | \$17,478              | \$20,852         | \$4,354               | 10.6%          | \$1,214      | 27.9%         | 14.4%                   | 28.1%         | 14.9x         | 17.2x         | 4.8x        |
| Eagle Materials Inc.              | \$3,774               | \$4,755          | \$1,403               | (1.1%)         | \$379        | 27.0%         | 5.3%                    | 31.0%         | 10.4x         | 12.5x         | 3.4x        |
| Summit Materials, Inc.            | \$2,683               | \$4,466          | \$2,157               | 2.7%           | \$407        | 18.9%         | (1.9%)                  | 23.0%         | 9.2x          | 11.0x         | 2.1x        |
| U.S. Concrete, Inc.               | \$682                 | \$1,459          | \$1,480               | 0.1%           | \$163        | 11.0%         | 4.5%                    | 13.4%         | 7.1x          | 9.0x          | 1.0x        |
| <b>Median</b>                     | <b>\$3,774</b>        | <b>\$4,755</b>   | <b>\$2,157</b>        | <b>2.7%</b>    | <b>\$407</b> | <b>25.5%</b>  | <b>5.3%</b>             | <b>27.4%</b>  | <b>10.4x</b>  | <b>12.5x</b>  | <b>3.4x</b> |
| <b>Mean</b>                       | <b>\$8,735</b>        | <b>\$10,741</b>  | <b>\$2,845</b>        | <b>5.1%</b>    | <b>\$679</b> | <b>22.1%</b>  | <b>6.1%</b>             | <b>24.6%</b>  | <b>11.4x</b>  | <b>13.5x</b>  | <b>3.2x</b> |

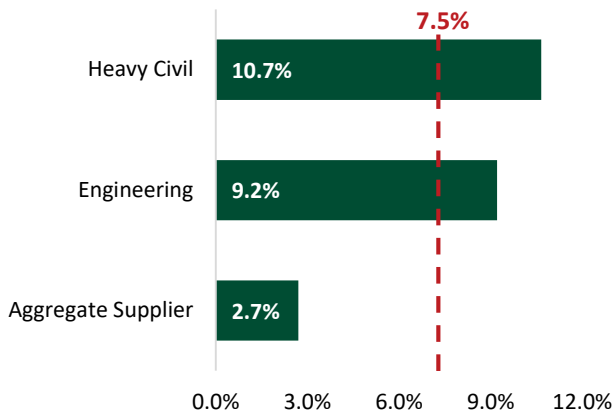
Source: Capital IQ. Data as of December 31, 2019.

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

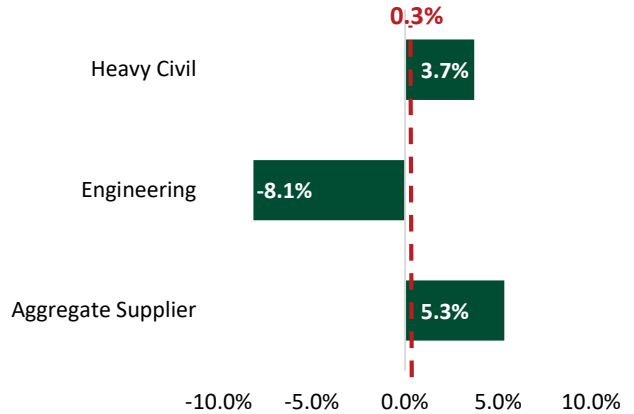
# PUBLIC COMPARABLE ANALYSIS

## GROWTH, MARGINS & MULTIPLES

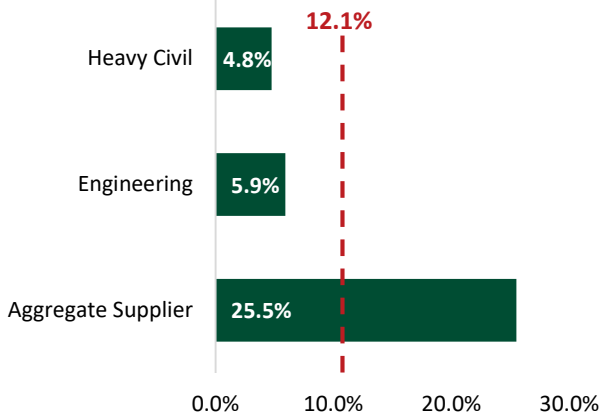
### LTM REVENUE GROWTH



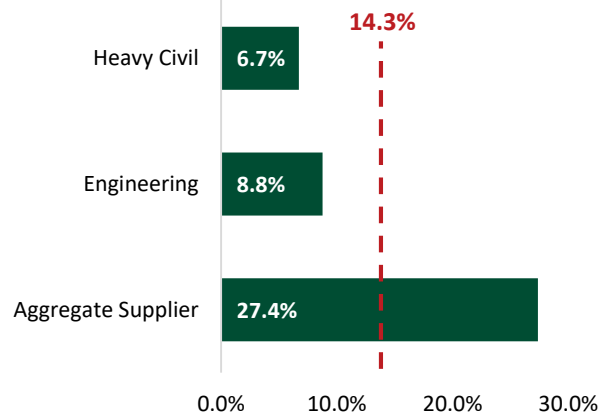
### NTM REVENUE GROWTH



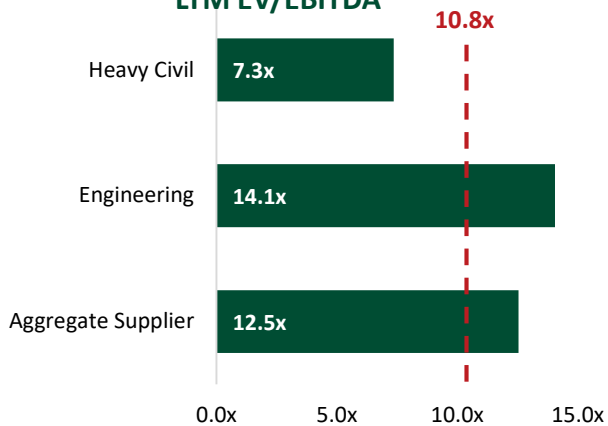
### LTM EBITDA MARGIN



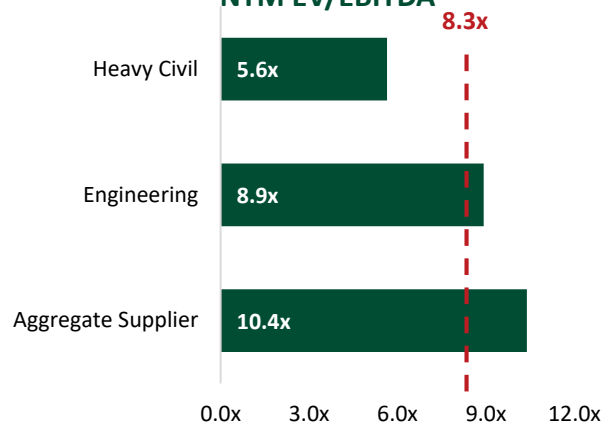
### NTM EBITDA MARGIN



### LTM EV/EBITDA



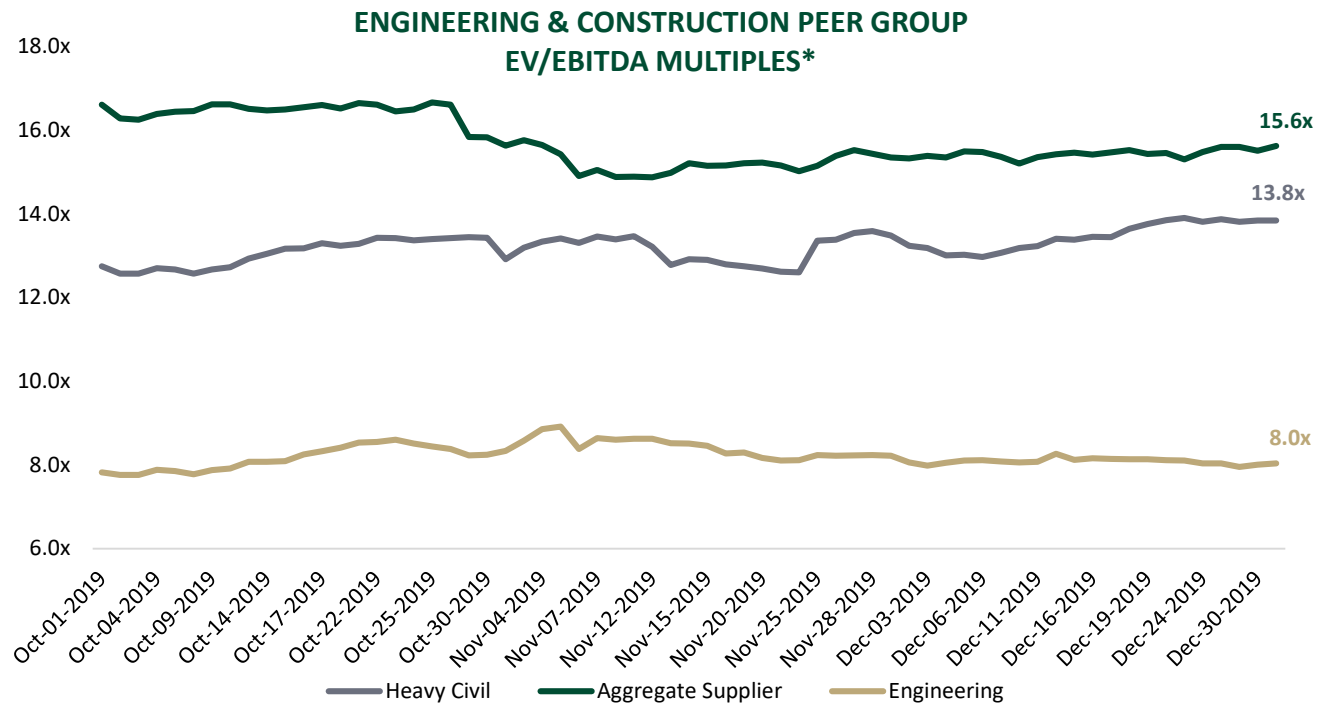
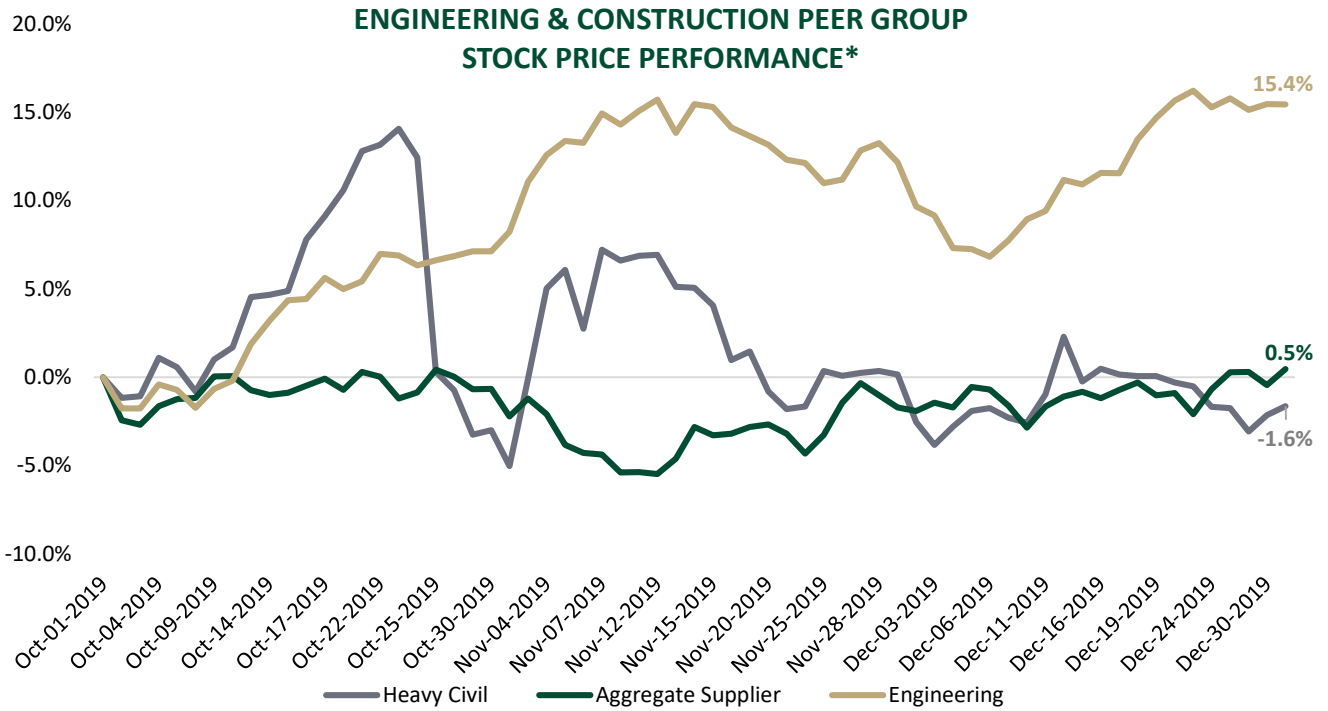
### NTM EV/EBITDA



Source: Capital IQ. Data as of December 31, 2019.  
 "LTM" refers to last twelve months. "NTM" refers to next twelve months.  
 Valuation details provided on page 6.

# PUBLIC COMPARABLE ANALYSIS

## PERFORMANCE ANALYSIS



Source: Capital IQ. Data as of December 31, 2019.  
\*Peer Group metrics are weighted by market capitalization.



# LEADERSHIP TEAM

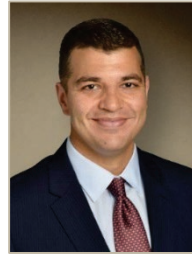
## TRANSACTION LEADERSHIP



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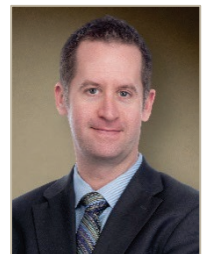
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## DUE DILIGENCE LEADERSHIP



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# RECENTLY CLOSED DEALS

## NATIONAL

has acquired an 85% interest in

MNP Corporate Finance Inc. provided financial and tax due diligence services to E360S in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

MNP Corporate Finance Inc. provided financial and tax due diligence services to Policy Reporter in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Equicapita Investment Corp.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Confidential Buyer

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Norwel Stress (1994) Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired the retail business of

MNP Corporate Finance Inc. provided transaction advisory and financial due diligence services to Co-op.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Private Purchaser

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Rigney Building Supplies Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

A Confidential Buyer

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

A Private Purchaser

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial due diligence services to Crescent Park Capital Ltd.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired an interest in

MNP Corporate Finance Inc. was the exclusive financial advisor to North Delta Subsidiary Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

Undisclosed Private Investors

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to undisclosed private investors.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has provided growth capital to

MNP Corporate Finance Inc. provided financial and tax due diligence services to the Canadian Business Growth Fund.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired a majority interest in

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Noble Concrete (1987) Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE