

Engineering & Construction

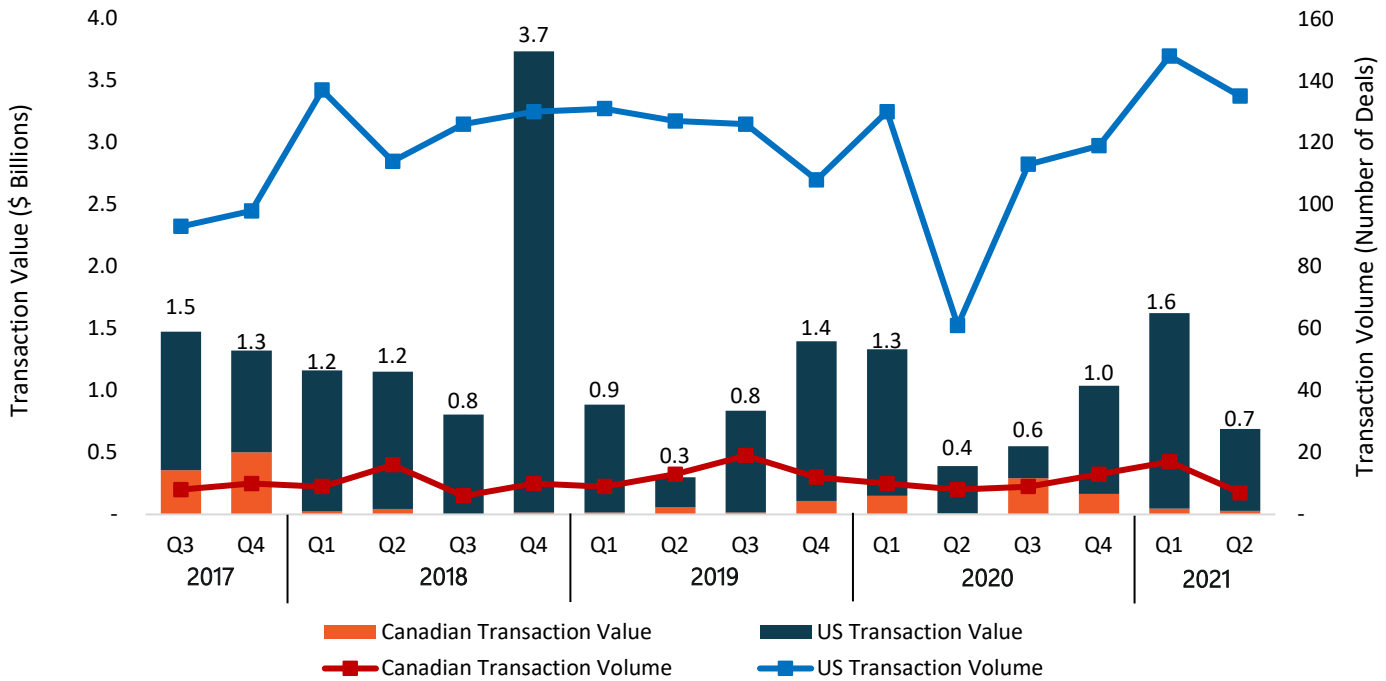
Quarterly Update | Q2 2021



Industry Overview

M&A Transactions & Performance

NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY



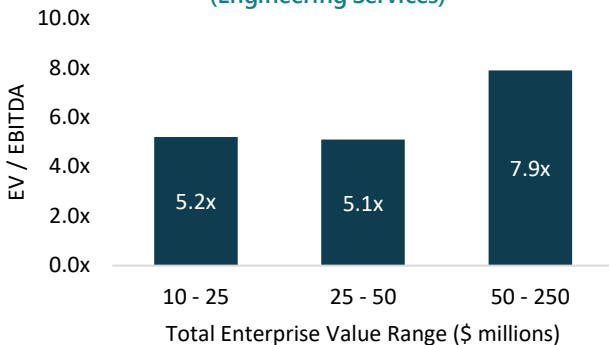
Source: Capital IQ. Data as of June 30, 2021.

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.

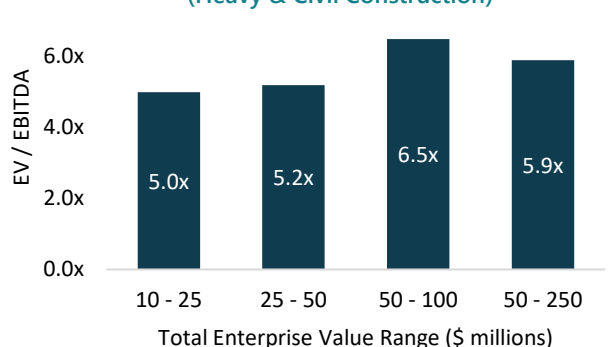
Q2 Transactions (Canada) 7 (-58.8% vs. Q1 2021)	Q2 Transaction Value (Canada) \$30 million (-35.3% vs. Q1 2021)	Q2 Transaction Value (US) \$661 million (-58.1% vs. Q1 2021)	Q2 Transactions (US) 135 (-8.8% vs. Q1 2021)
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Engineering and construction merger and acquisition (M&A) activity in Q2 2021 exceeded \$690 million in disclosed transaction value across 142 deals in Canada and the US. US transactions accounted for 135 of these deals, representing a decline of 8.8% from the previous quarter. The largest transaction in the quarter was US-based, and involved McGrath RentCorp's acquisition of Design Space Modular Buildings Inc. for \$315 million. In the last 12 months, 100% of acquirers have been strategic parties. Strategic acquisitions continue to drive industry M&A activity, as participants seek to accelerate geographic expansion and further efforts to diversify revenue streams.

Private Equity Deal Multiples (Engineering Services)



Private Equity Deal Multiples (Heavy & Civil Construction)



Select Recent M&A Transactions



Acquired



Closed	May 13, 2021
EV	\$315.7 million
EV/EBITDA	8.13x
Location (Vendor)	Mission Viejo, CA

- **McGrath RentCorp** is a rental company that provides relocatable modular buildings, portable storage, electronic test equipment, and containment tanks within North America.
- **Design Space Modular Buildings** provides modular buildings and mobile offices for commercial, health-care, government, education and construction usage.
- The acquisition of DesignSpace is complementary to **McGrath's** already existing modular building rental operations and will accelerate their geographic expansion.



Acquired

Solar division of



Closed	May 17, 2021
EV	\$72.5 million
EV/Revenue	N/A
Location (Vendor)	Fayetteville, NC

- **Blue Ridge Power**, a cooperative formed in 1936, is a solar energy engineering, procurement, and construction (EPC) company.
- **Horne Brothers Construction Inc.** is solar mechanical installers and wireless construction contractor that was incorporated in 1934.
- Through the acquisition of the solar division of **Horne Brothers**, **Blue Ridge** will become one of the largest independent solar energy EPC companies in the US with full-scale capabilities.



Acquired



Closed	April 8, 2021
EV	\$30.2 million
EV/Revenue	2.71x
Location (Vendor)	Saint John's, NL

- **Kraken Robotics Inc.** is a marine technology company that designs, manufactures, and sells software-centric underwater robotic systems for underwater vehicles used in military and commercial applications.
- **PanGeo Subsea Inc.** a geophysical-geotechnical service delivery company, providing 3D imaging solutions to mitigate risk in offshore installations.
- The acquisition will provide a foundation for **Kraken** to build a significant recurring revenue stream, while promoting a more balanced revenue mix.



Acquired



Closed	April 6, 2021
EV	\$15.1 million
EV/EBITDA	N/A
Location (Vendor)	Pocasset, MA

- **Evoqua Water Technologies** provides mission-critical water and wastewater treatment solutions to industrial, municipal and recreational clients.
- **Water Consulting Specialists, Inc.** is a provider of a variety of water treatment solutions with high-purity water expertise, design/build, and turnkey solutions.
- The acquisition will strengthen and extend **Evoqua's** service footprint within the northeast United States and their expansion into key markets such as pharmaceutical and healthcare.

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%

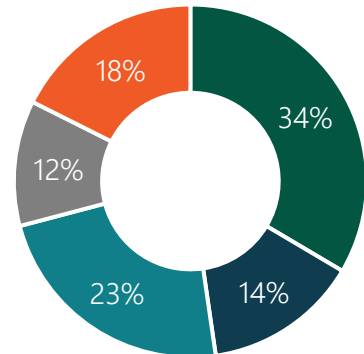
Projected Annual Growth 2020 – 2025

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%

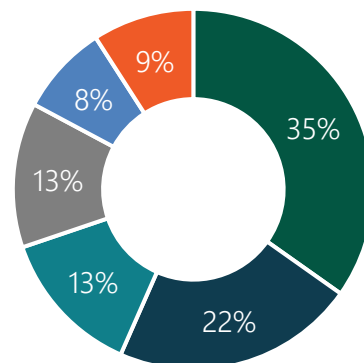
Projected Annual Growth 2020 – 2025

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

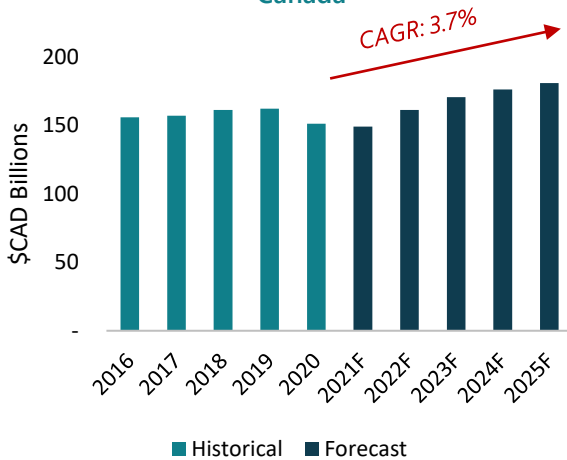
Macroeconomic Indicators

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.

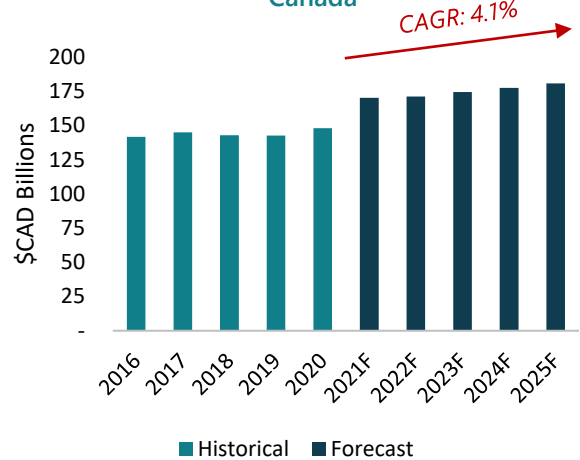
Following a decline of 3.4% in 2020, Canada's construction industry is now forecast to grow by 0.6% in 2021. Over the remainder of the forecast period, the construction industry is set to expand by 2.8%, supported by the government's efforts to accelerate its long-term infrastructure plan (the "Investing in Canada Plan") and revive the economy. Canada's construction industry has been recovering faster than previously anticipated in recent months, bolstered by increasing investment in residential building construction. The country's housing market has been benefiting from record low interest rates, pent-up demand for new homes, and the significant shift in remote work.

With the Canadian government announcing that interest rates will remain unchanged, macroeconomic forces are expected to continue. However, there's some concern given the rise in core inflation measures (CPI, etc.).

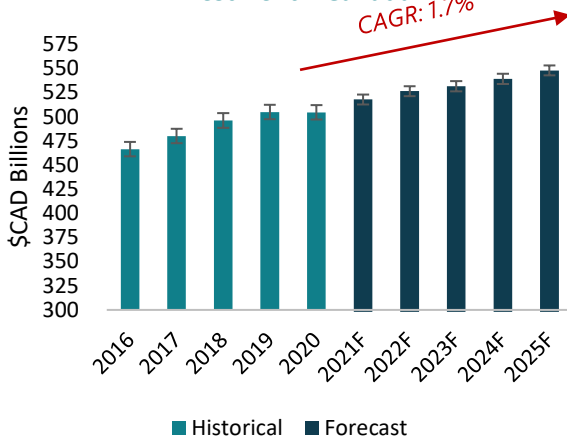
Value of Non-Residential Construction - Canada



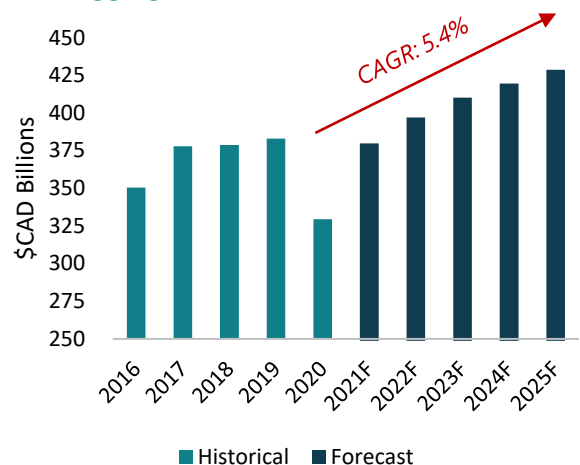
Value of Residential Construction - Canada



Government Expenditure and Investment - Canada



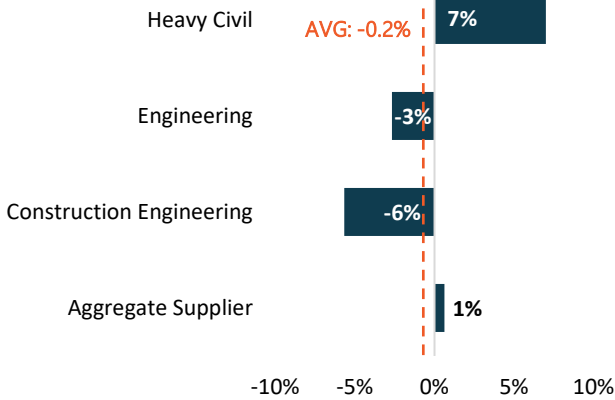
Aggregate Private Investment - Canada



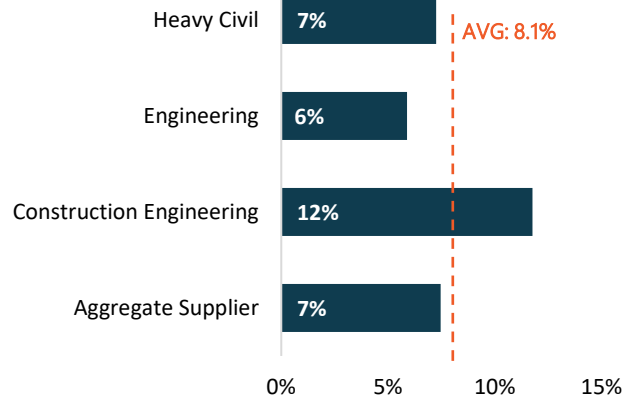
Public Comparable Analysis

Growth, Margins & Multiples

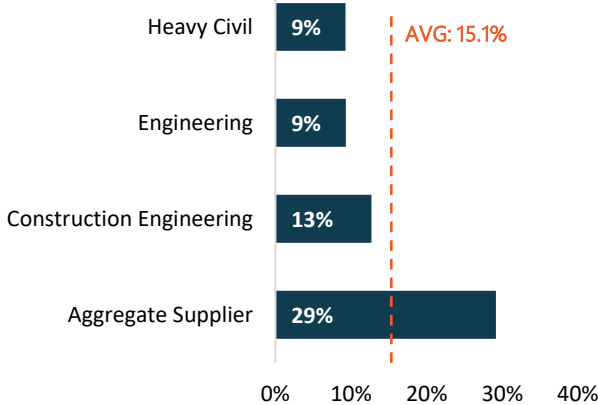
LTM REVENUE GROWTH



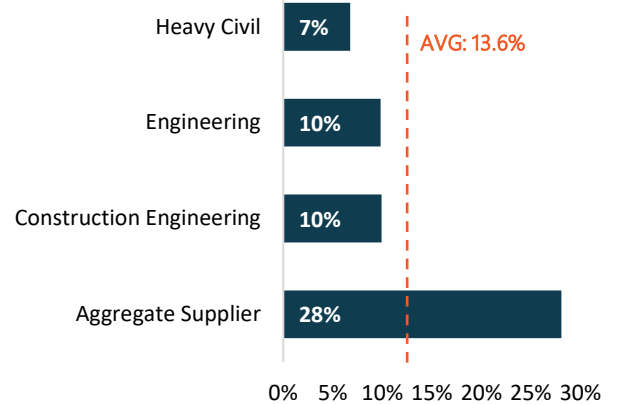
NTM REVENUE GROWTH



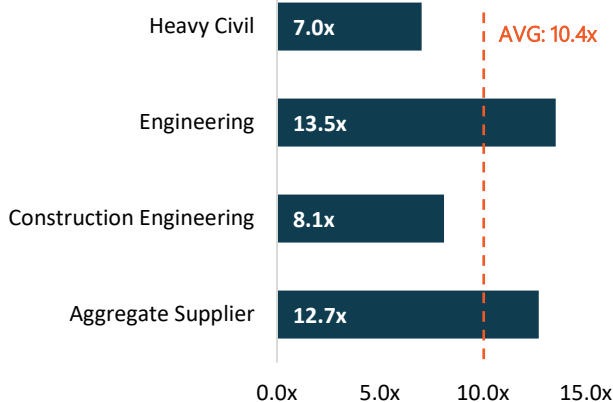
LTM EBITDA MARGIN



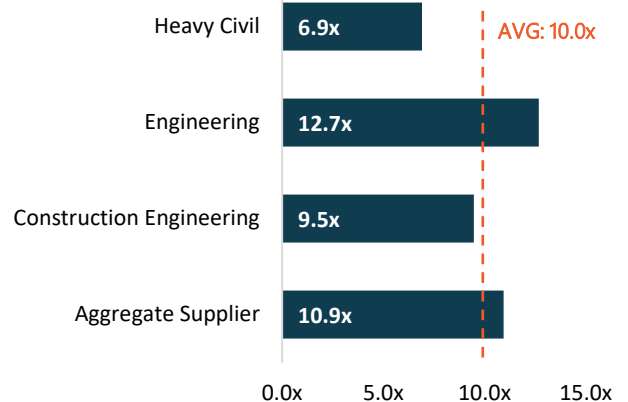
NTM EBITDA MARGIN



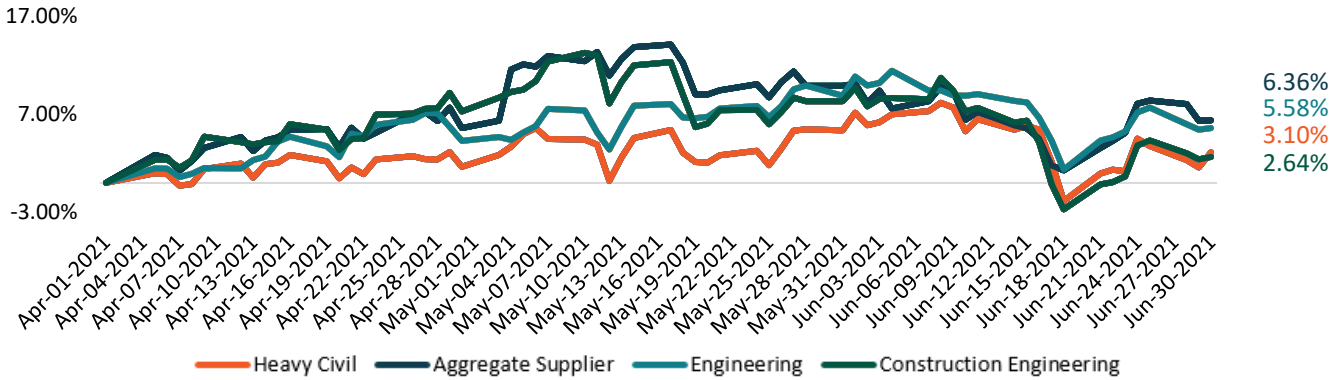
LTM EV/EBITDA



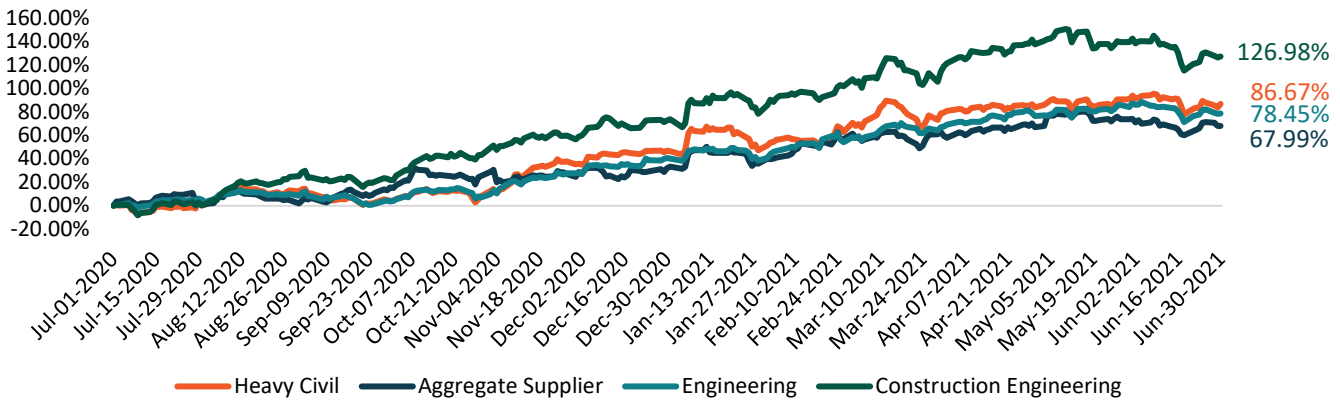
NTM EV/EBITDA



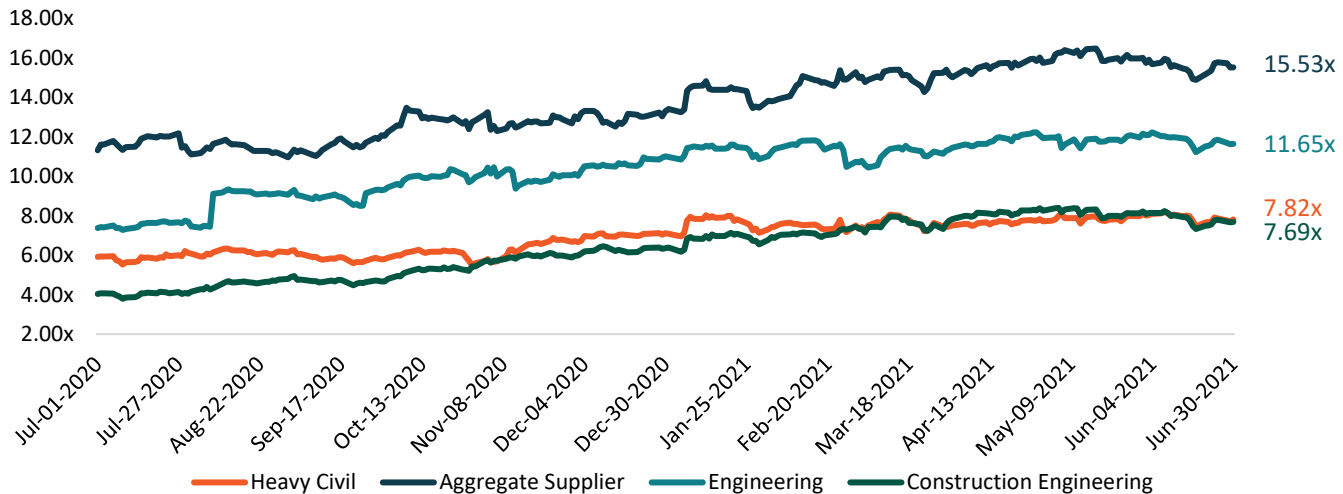
Engineering and Construction Peer Group Share Price Performance – Q2



Share Price Performance – LTM



Historical LTM EV/EBITDA – LTM



Source: Capital IQ. Data as of June 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.	\$8,327	\$8,047	\$11,071	(5.5%)	\$1,038	9.4%	8.4%	6.5%	10.5x	7.9x	0.7x
Primoris Services Corporation	\$1,959	\$2,773	\$4,486	11.9%	\$461	10.3%	7.5%	8.0%	7.3x	6.1x	0.6x
Construction Partners, Inc.	\$2,034	\$2,109	\$1,021	0.4%	\$142	13.9%	27.0%	11.5%	14.3x	15.1x	2.1x
Granite Construction Incorporated	\$2,356	\$2,066	\$4,524	2.8%	\$256	5.7%	3.1%	6.6%	6.8x	8.2x	0.5x
Tutor Perini Corporation	\$876	\$1,829	\$6,636	11.2%	\$609	9.2%	(2.8%)	6.9%	4.2x	3.1x	0.3x
Sterling Construction Company, Inc.	\$855	\$1,227	\$1,819	20.6%	\$202	11.1%	4.0%	9.3%	7.0x	6.2x	0.7x
Aecon Group Inc.	\$1,086	\$1,217	\$3,650	2.6%	\$148	4.0%	9.4%	6.5%	4.7x	8.2x	0.3x
Bird Construction Inc.	\$468	\$485	\$1,627	13.3%	\$81	5.0%	46.7%	4.2%	4.9x	6.0x	0.3x
Median	\$1,522	\$1,947	\$4,068	7.0%	\$229	9.3%	7.9%	6.8%	6.9x	7.0x	0.5x
Mean	\$2,245	\$2,469	\$4,354	7.2%	\$367	8.6%	12.9%	7.4%	7.5x	7.6x	0.7x
Engineering											
Jacobs Engineering Group Inc.	\$21,524	\$26,146	\$17,225	2.7%	\$1,623	9.4%	10.6%	8.7%	16.0x	16.3x	1.5x
WSP Global Inc.	\$16,974	\$17,994	\$8,699	(2.8%)	\$1,033	11.9%	(7.3%)	16.5%	13.5x	17.4x	2.1x
AECOM	\$11,484	\$14,177	\$16,777	(0.1%)	\$1,326	7.9%	1.7%	6.2%	13.5x	10.9x	0.9x
KBR, Inc.	\$6,681	\$8,457	\$7,159	(2.5%)	\$717	10.0%	7.0%	9.4%	11.9x	12.0x	1.2x
Stantec Inc.	\$6,177	\$7,218	\$3,608	(4.1%)	\$552	15.3%	5.1%	15.5%	12.2x	13.1x	2.0x
SNC-Lavalin Group Inc.	\$5,662	\$7,069	\$6,959	(2.5%)	\$130	1.9%	4.2%	10.3%	9.4x	54.5x	1.0x
Fluor Corporation	\$3,099	\$3,084	\$18,754	(11.7%)	\$528	2.8%	(8.5%)	2.3%	7.9x	5.9x	0.2x
NV5 Global, Inc.	\$1,777	\$1,930	\$813	16.1%	\$140	17.2%	10.4%	16.6%	13.2x	14.0x	2.4x
Willdan Group, Inc.	\$584	\$714	\$457	(20.4%)	\$21	4.6%	30.3%	8.8%	13.8x	34.5x	1.6x
Mistras Group, Inc.	\$358	\$679	\$738	(19.7%)	\$68	9.2%	19.4%	10.3%	7.6x	10.2x	0.9x
Median	\$5,919	\$7,143	\$7,059	(2.7%)	\$540	9.3%	6.1%	9.8%	12.7x	13.5x	1.4x
Mean	\$7,432	\$8,747	\$8,119	(4.5%)	\$614	9.0%	7.3%	10.5%	11.9x	18.9x	1.4x
Construction Engineering											
Quanta Services, Inc.	\$15,636	\$17,399	\$14,015	(7.7%)	\$2,177	15.5%	12.4%	9.9%	11.3x	8.1x	1.3x
MasTec, Inc.	\$9,522	\$10,756	\$8,402	(5.7%)	\$1,627	19.4%	27.2%	10.9%	9.4x	6.7x	1.3x
Dycom Industries, Inc.	\$2,842	\$3,607	\$3,834	(6.3%)	\$411	10.7%	6.3%	9.5%	9.5x	8.7x	0.9x
MYR Group Inc.	\$1,896	\$1,868	\$2,920	9.4%	\$191	6.5%	4.1%	6.3%	9.9x	10.0x	0.6x
Argan, Inc.	\$934	\$362	\$565	83.7%	\$72	12.7%	35.1%	11.1%	4.3x	5.0x	0.6x
Median	\$2,842	\$3,607	\$3,834	(5.7%)	\$411	12.7%	12.4%	9.9%	9.5x	8.1x	0.9x
Mean	\$6,166	\$6,798	\$5,947	14.7%	\$895	13.0%	17.0%	9.5%	8.9x	7.7x	1.0x
Aggregate Supplier											
Vulcan Materials Company	\$28,611	\$31,720	\$6,133	(2.1%)	\$1,788	29.2%	6.4%	28.0%	17.6x	18.0x	5.3x
Martin Marietta Materials, Inc.	\$27,185	\$30,606	\$5,614	0.6%	\$1,905	33.9%	15.7%	29.0%	16.5x	16.3x	5.5x
Eagle Materials Inc.	\$7,448	\$8,421	\$2,041	15.6%	\$672	32.9%	9.0%	35.1%	10.9x	12.7x	4.2x
Summit Materials, Inc.	\$5,067	\$7,084	\$3,007	6.0%	\$656	21.8%	(4.0%)	22.7%	10.9x	11.0x	2.4x
U.S. Concrete, Inc.	\$1,557	\$2,575	\$1,657	(11.0%)	\$236	14.3%	8.1%	14.4%	10.1x	11.1x	1.6x
Median	\$7,448	\$8,421	\$3,007	0.6%	\$672	29.2%	8.1%	28.0%	10.9x	12.7x	4.2x
Mean	\$13,973	\$16,081	\$3,690	1.8%	\$1,051	26.4%	7.0%	25.9%	13.2x	13.8x	3.8x

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 85 merger, acquisition, and transaction professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

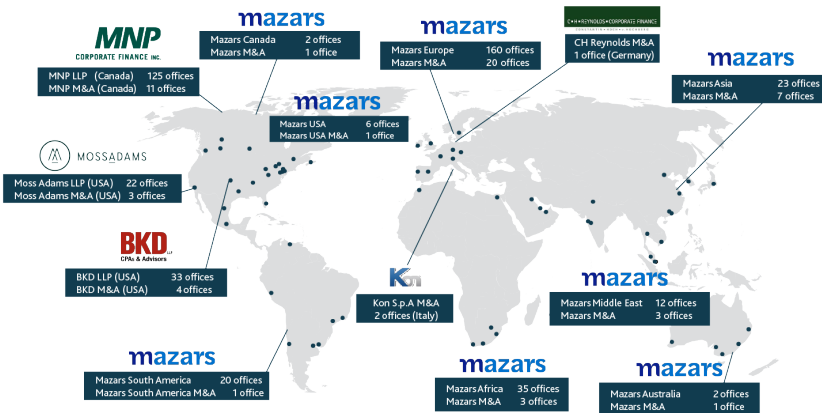
Our typical transactions range in value between \$3 million and \$300 million.

Local 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.



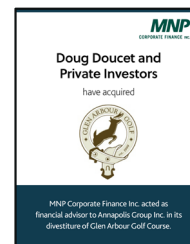
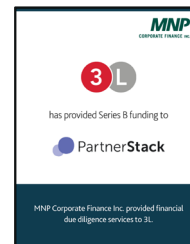
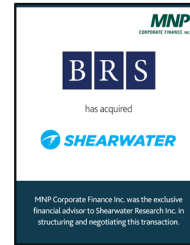
CFxB CFxBorder - Global reach with local relationships
Our corporate finance team through CFxB consists of 250 plus M&A professionals in more than 30 countries



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 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

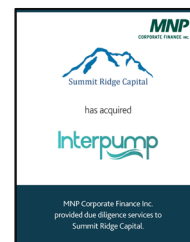
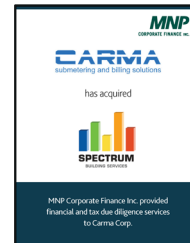
Hands-on Approach

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.

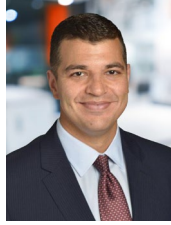
Recently Closed Deals (National)



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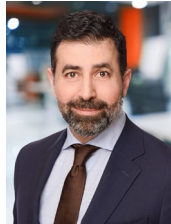
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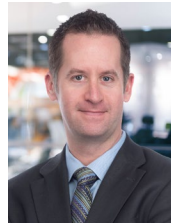


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Due Diligence Leadership



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