

Engineering & Construction

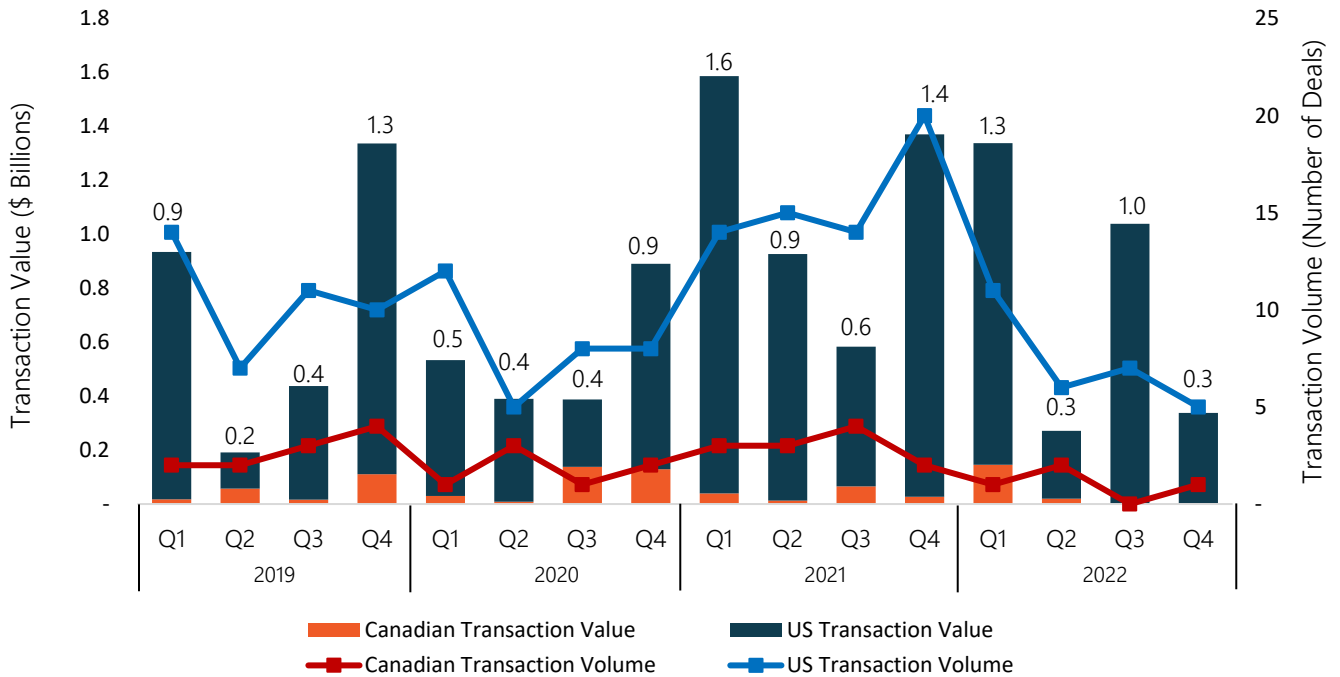
Quarterly Update | Q4 2022



Industry Overview

M&A Transactions & Performance

NORTH AMERICAN ENGINEERING & CONSTRUCTION M&A ACTIVITY

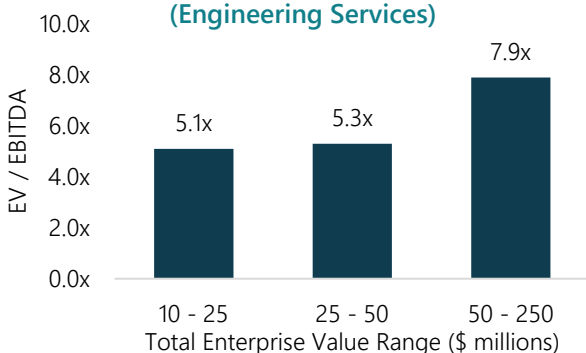


Source: Capital IQ. Data as of December 31, 2022. All figures are in CAD.
 Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million in Canada and the US.
 Transaction value is only inclusive of total transaction values which have been disclosed within Capital IQ.

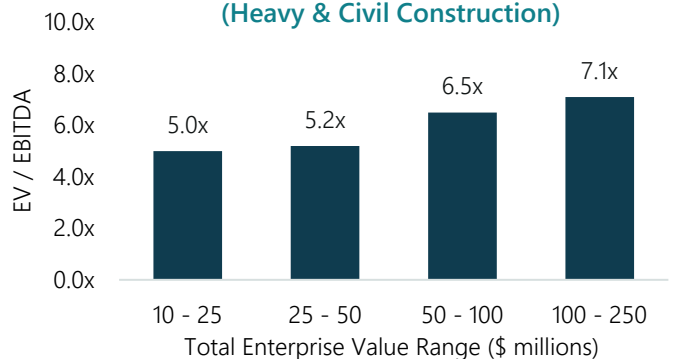
2022 Transactions (Canada) 4 (-66.7% vs. 2021)	2022 Transaction Value (Canada) \$168 million (+15.8% vs. 2021)	2022 Transactions (US) 29 (-54.0% vs. 2021)	2022 Transaction Value (US) \$2.8 billion (-34.8% vs. 2021)
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The pace of both transaction volume and value has slowed throughout the industry. High inflation rates, geopolitical uncertainty, tight monetary policy and a slow-down in the real estate market has resulted in higher input costs and reduced incentives for transactions. Q4 2022 saw six mid-market deals in Canada and the United States, with \$338 million in disclosed transaction value. Transactions in the United States decreased from 63 in 2021 to 29 in 2022, with a ~35% decline in transaction value. The largest mid-market transaction involved ProFrac Holding Corp's acquisition of Eagle Ford Sand Mine for \$237 million. This transaction is highly correlated to construction materials and therefore is a strong indicator of the demand and health of the engineering and construction industry. Similarly, the number of transactions in Canada decreased from 12 in 2021 to 4 in 2022. However, there was a slight increase in transaction value, mostly driven by a large transaction in Q1 2022.

Private Equity Deal Multiples (Engineering Services)



Private Equity Deal Multiples (Heavy & Civil Construction)



Select Recent M&A Transactions



Has acquired the sand mining operations of



Closed	Dec 23, 2022
EV	\$237.1 million
EV/EBITDA	Not disclosed

- **ProFrac Holding Corp., (ProFrac)** provides hydraulic fracturing, completion, and other products and services to upstream oil and gas companies engaged in the exploration and production of North American unconventional oil and natural gas resources.
- **Monarch Silica (Monarch)** produces sand for the oil and gas industry.

This acquisition allows ProFrac to expand its production capacity.



has acquired

Closed	Nov 1, 2022
EV	Not disclosed
EV/EBITDA	Not disclosed

- **Foam Holdings** manufactures and distributes custom EPS, expanded polypropylene, and ARCEL foam products for the packaging, appliance, building products, cold chain, automotive, and consumer markets.
- **Amvic Building Systems (Amvic)** designs, manufactures, and distributes insulated concrete forms, radiant heat flooring insulation, and other insulation solutions for construction and infrastructure markets in North America, and internationally.

This acquisition allows the shareholders of Amvic to implement their succession strategy while ensuring the continued growth and success of their business.



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



has acquired



Closed	Oct 5, 2022
EV	\$26.7 million
EV/EBITDA	Not disclosed
EV/Revenue	4.1x

- **Orion Energy Systems, Inc. (Orion)** researches, designs, develops, manufactures, markets, sells, installs, and implements energy management systems for commercial office and retail, exterior area lighting, and industrial applications in North America.
- **Voltrek, LLC (Voltrek)** installs and maintains commercial EV charging stations.

The acquisition allows Orion to expand into the electric vehicle charging service market.

Source: Capital IQ, MNPCF (<https://www.mnp.ca/en/services/corporate-finance/transactions/amvic-inc-foam-holdings>). 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

2022 Revenue

\$35.7B

Annual Growth 2017 – 2022

2.1%

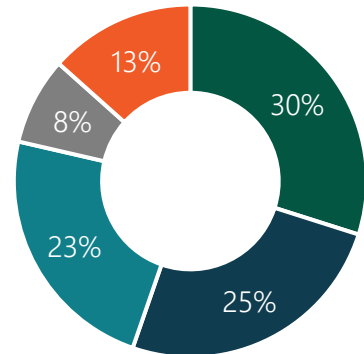
Projected Annual Growth 2022 – 2027

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%

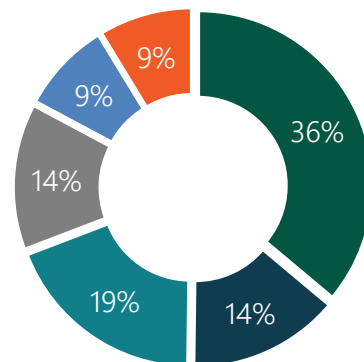
Projected Annual Growth 2021 – 2026

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

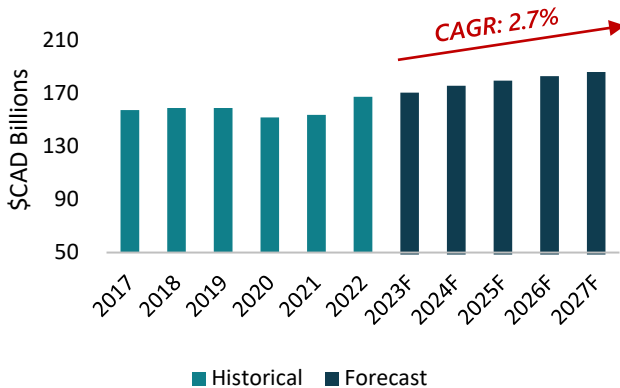
Canadian Macroeconomic Indicators

Canada's housing market and construction activity declined throughout 2022 amid unprecedented interest rate hikes by the Bank of Canada (BoC). In December, the BoC increased its target overnight rate to 4.25%, the seventh consecutive increase of the year. It may appear that restrictive monetary policy is working as intended, since inflation decreased from 6.8% in November to 6.3% in December 2022. However, this remains well above the Bank of Canada's 2% inflation target, indicating the potential for continued hawkish monetary policy.

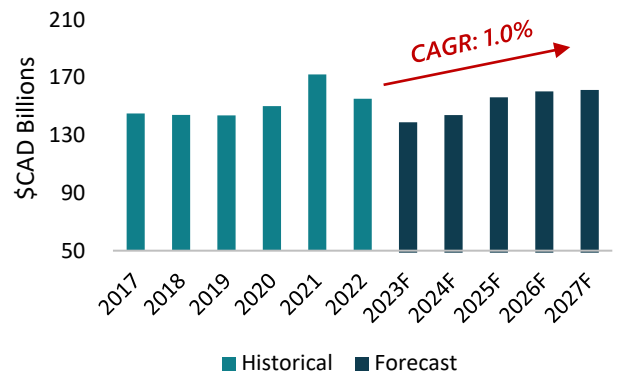
Despite Canada and the US recovering from the pandemic's impacts, supply chain disruptions and labour shortages may still hinder construction activity. A slow-down in GDP growth and pessimism in consumer sentiment may further suppress deal flow for both residential and non-residential markets. In addition, increasing costs of financing have made it more expensive for construction companies and developers to finance projects, resulting in a slowdown in construction. This may put downward pressure on these companies' profitability. In the near term, M&A activity may remain subdued as there are no indicators that disrupting factors will abate.

However, opportunities remain for Canada's engineering and construction industry in the mid to long term. Inflation should slow down further as the BoC maintains its policy discipline, which will act to reign in rising construction costs. In the long run, key external factors, such as value of residential and non-residential construction, government consumption and investment, and aggregate private investments are all forecast to increase in the next five years, creating a more favourable environment for deal flow.

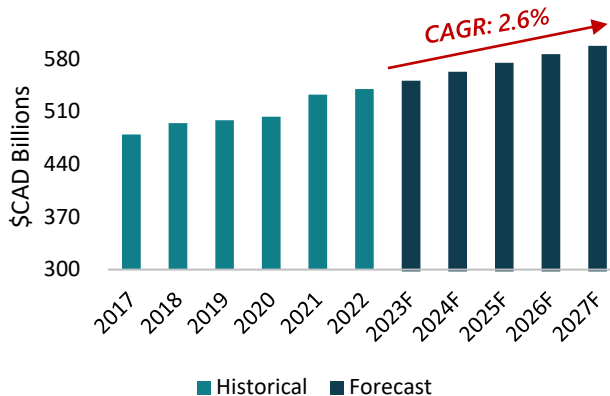
Value of Non-Residential Construction - Canada



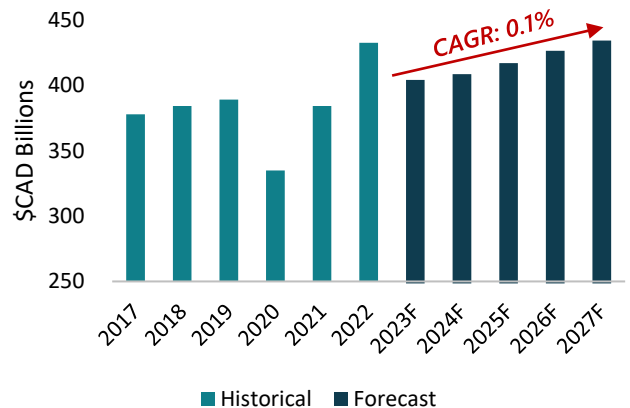
Value of Residential Construction - Canada



Government Consumption and Investment - Canada



Aggregate Private Investment - Canada

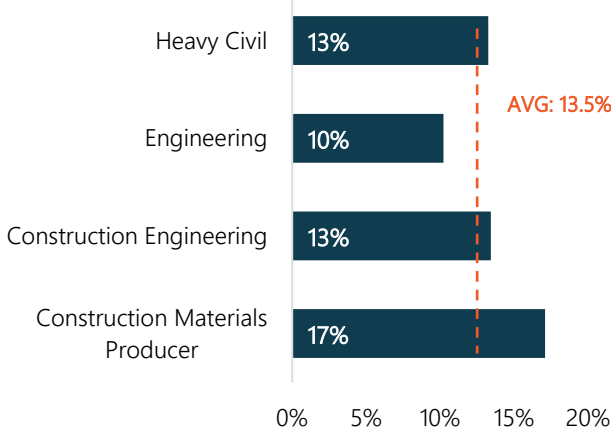


Source: IBISWorld Business Environment Reports, Bank of Canada (<https://www.bankofcanada.ca/2022/12/fad-press-release-2022-12-07/>), Statistics Canada (Consumer Price Index: Annual review, 2022), Hub 2023 Construction Outlook. "F" indicates forecast. "CAGR" indicates compound annual growth rates.

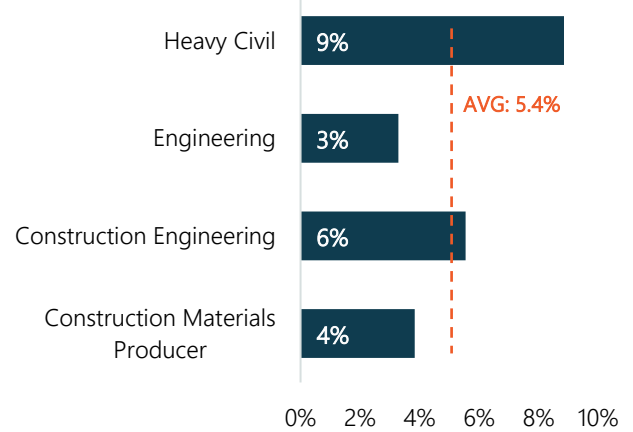
Public Comparable Analysis

Growth, Margins & Multiples

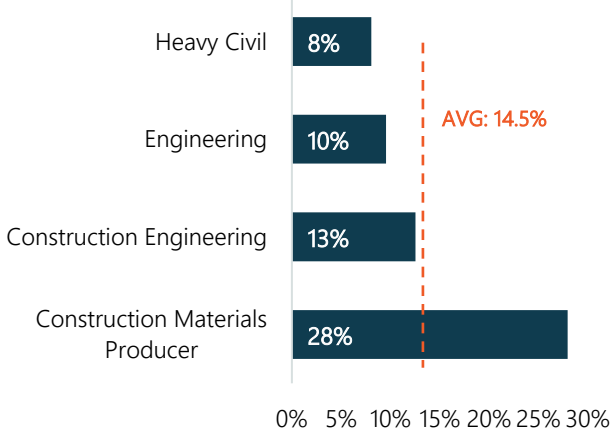
LTM REVENUE GROWTH



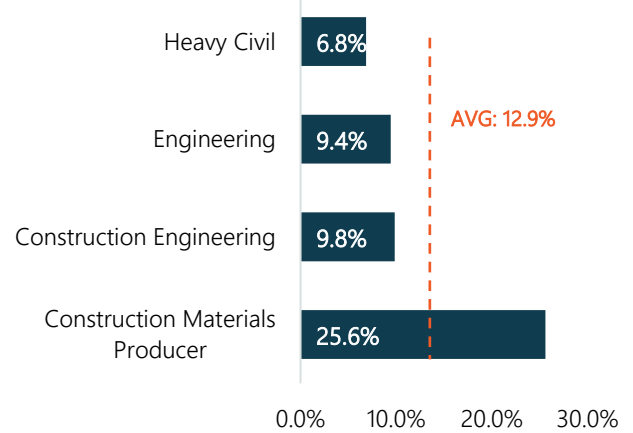
NTM REVENUE GROWTH



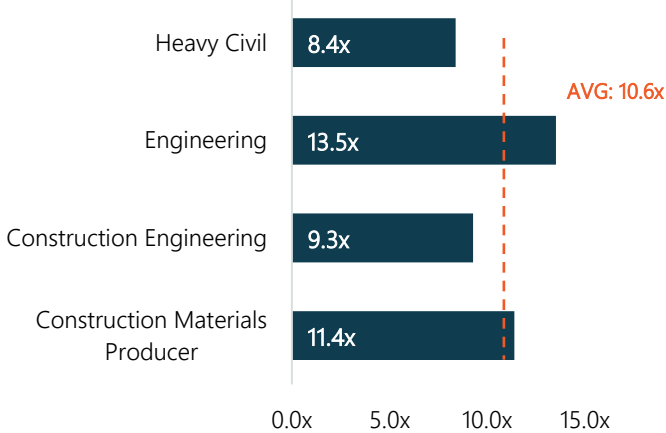
LTM EBITDA MARGIN



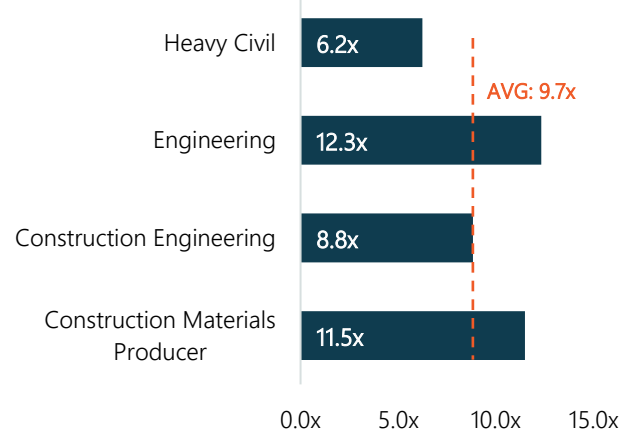
NTM EBITDA MARGIN



LTM EV/EBITDA

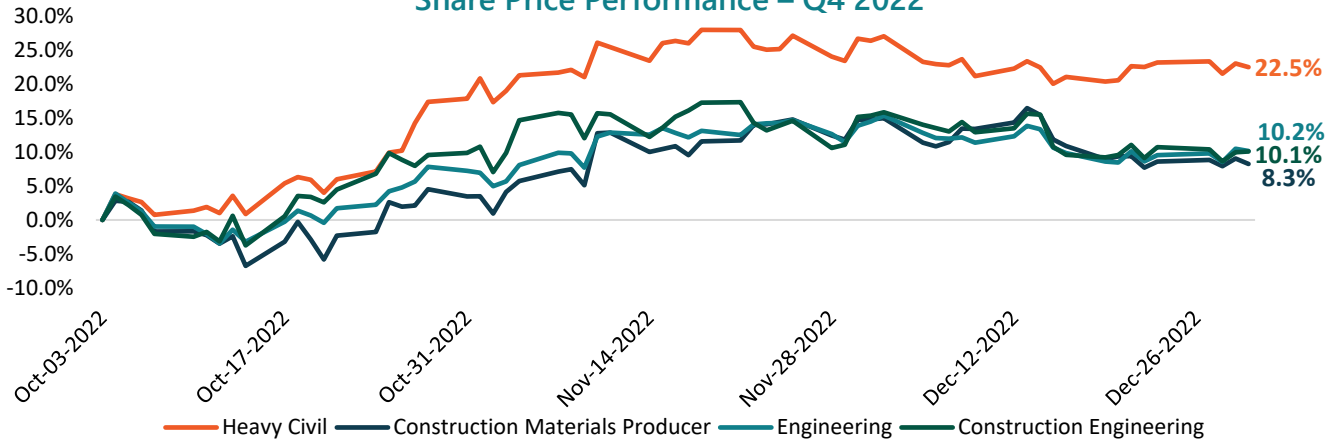


NTM EV/EBITDA

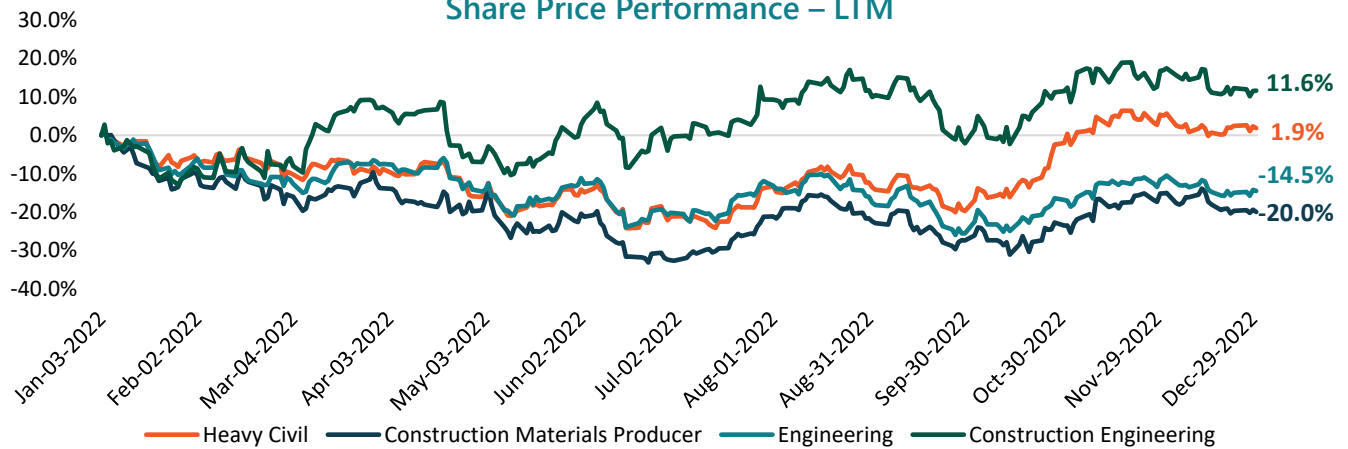


Engineering and Construction Peer Group

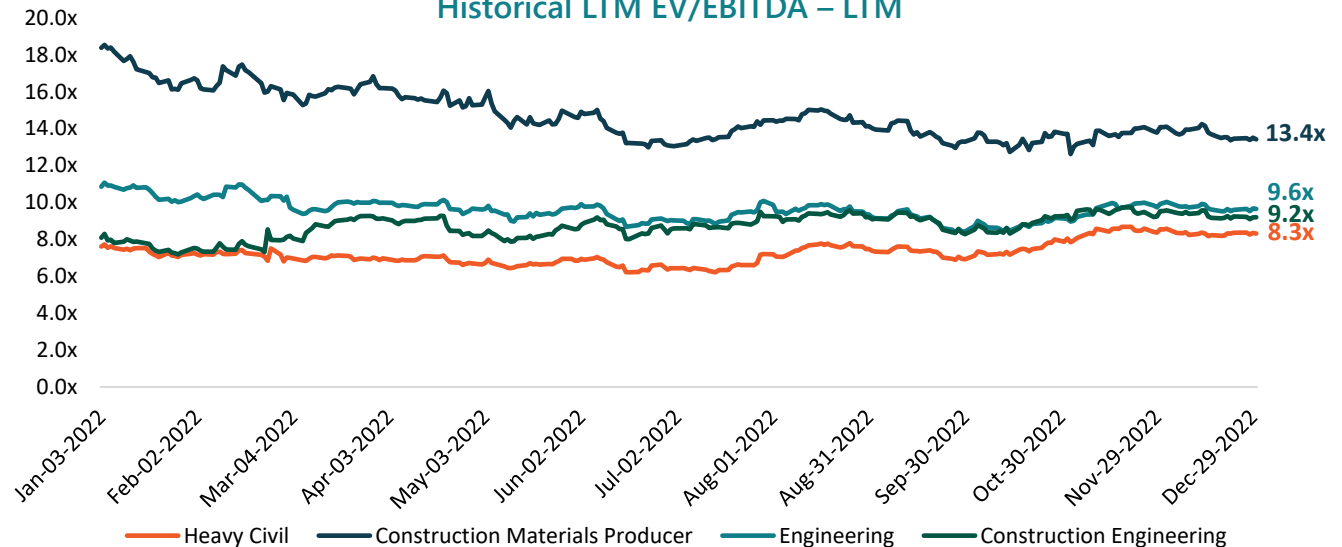
Share Price Performance – Q4 2022



Share Price Performance – LTM



Historical LTM EV/EBITDA – LTM



Source: Capital IQ. Data as of December 31, 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	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Heavy Civil											
EMCOR Group, Inc.	\$9,553	\$9,972	\$14,782	12.8%	\$1,208	8.2%	4.3%	6.2%	10.4x	8.4x	0.7x
Granite Construction Incorporated	\$2,076	\$1,877	\$3,883	(11.9%)	\$187	4.8%	15.2%	8.1%	5.2x	10.2x	0.5x
Construction Partners, Inc.	\$1,903	\$2,383	\$1,787	42.9%	\$171	9.6%	12.4%	9.9%	11.7x	14.1x	1.4x
Primoris Services Corporation	\$1,577	\$3,271	\$5,459	13.3%	\$439	8.0%	26.1%	6.9%	6.8x	7.6x	0.6x
Sterling Infrastructure, Inc.	\$1,346	\$1,825	\$2,580	23.0%	\$306	11.8%	2.0%	11.0%	6.2x	6.1x	0.7x
Aecon Group Inc.	\$556	\$1,074	\$4,518	13.9%	\$115	2.5%	4.7%	5.2%	4.3x	9.3x	0.2x
Bird Construction Inc.	\$436	\$503	\$2,318	6.5%	\$124	5.4%	8.5%	4.5%	4.5x	4.0x	0.2x
Median	\$1,577	\$1,877	\$3,883	13.3%	\$187	8.0%	8.5%	6.9%	6.2x	8.4x	0.6x
Mean	\$2,492	\$2,987	\$5,047	14.4%	\$364	7.2%	10.5%	7.4%	7.0x	8.5x	0.6x
Engineering											
Jacobs Solutions Inc.	\$20,575	\$25,585	\$20,488	5.9%	\$2,036	9.9%	3.2%	9.2%	13.0x	12.7x	1.3x
WSP Global Inc.	\$19,550	\$23,536	\$11,263	16.9%	\$1,371	12.2%	(10.2%)	17.5%	13.2x	17.2x	2.1x
AECOM	\$15,937	\$18,512	\$18,052	(1.4%)	\$1,554	8.6%	2.8%	7.0%	14.2x	12.1x	1.0x
KBR, Inc.	\$9,804	\$11,844	\$10,235	18.2%	\$1,813	17.7%	(11.4%)	10.2%	12.7x	6.6x	1.2x
Stantec Inc.	\$7,187	\$9,086	\$4,243	18.5%	\$611	14.4%	10.9%	16.1%	12.0x	14.9x	2.1x
Fluor Corporation	\$6,665	\$5,080	\$16,386	(13.5%)	\$474	2.9%	24.5%	3.2%	7.6x	10.9x	0.3x
SNC-Lavalin Group Inc.	\$4,189	\$6,326	\$7,594	6.6%	\$443	5.8%	(1.7%)	8.7%	9.7x	14.3x	0.8x
NV5 Global, Inc.	\$2,787	\$2,878	\$1,078	15.6%	\$200	18.6%	4.1%	18.0%	14.1x	14.6x	2.7x
Willdan Group, Inc.	\$321	\$479	\$560	13.9%	\$23	4.1%	24.5%	6.9%	9.9x	21.2x	0.9x
Mistras Group, Inc.	\$199	\$519	\$948	3.5%	\$87	9.1%	1.2%	9.6%	5.6x	6.1x	0.6x
Median	\$6,926	\$7,706	\$8,915	10.2%	\$543	9.5%	3.0%	9.4%	12.3x	13.5x	1.1x
Mean	\$8,721	\$10,385	\$9,085	8.4%	\$861	10.3%	4.8%	10.6%	11.2x	13.1x	1.3x
Construction Engineering											
Quanta Services, Inc.	\$27,560	\$32,909	\$22,765	38.5%	\$3,379	14.8%	4.8%	9.8%	13.8x	9.9x	1.5x
MasTec, Inc.	\$8,887	\$12,115	\$11,779	10.3%	\$1,557	13.2%	40.7%	8.5%	8.4x	7.9x	1.0x
Dycom Industries, Inc.	\$3,744	\$4,843	\$4,976	17.1%	\$518	10.4%	5.3%	10.3%	8.8x	9.4x	1.0x
MYR Group Inc.	\$2,069	\$2,184	\$3,831	13.4%	\$239	6.2%	3.9%	5.9%	9.2x	9.3x	0.6x
Argan, Inc.	\$678	\$292	\$630	(7.8%)	\$79	12.5%	11.3%	10.3%	4.0x	3.7x	0.5x
Median	\$3,744	\$4,843	\$4,976	13.4%	\$518	12.5%	5.3%	9.8%	8.8x	9.3x	1.0x
Mean	\$8,587	\$10,469	\$8,796	14.3%	\$1,154	11.4%	13.2%	9.0%	8.9x	8.0x	0.9x
Construction Materials Producer											
Vulcan Materials Company	\$31,499	\$37,945	\$9,871	40.4%	\$2,397	24.3%	4.7%	23.2%	15.5x	16.1x	3.9x
Martin Marietta Materials, Inc.	\$28,401	\$35,586	\$8,034	16.4%	\$2,539	31.6%	8.0%	27.2%	14.5x	14.2x	4.5x
Eagle Materials Inc.	\$6,625	\$8,094	\$2,830	16.7%	\$983	34.7%	2.1%	35.2%	7.9x	8.5x	2.9x
Summit Materials, Inc.	\$4,550	\$6,030	\$3,373	0.8%	\$729	21.6%	(7.2%)	22.1%	8.4x	8.4x	1.8x
Median	\$17,513	\$21,840	\$5,703	16.5%	\$1,690	27.9%	3.4%	25.2%	11.5x	11.4x	3.4x
Mean	\$17,769	\$21,914	\$6,027	18.6%	\$1,662	28.1%	1.9%	26.9%	11.6x	11.8x	3.3x

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.

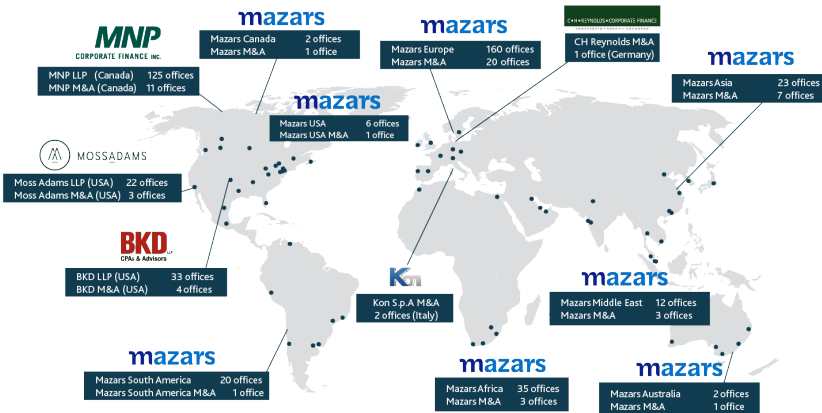
Our typical transactions range in value between \$3 million and \$300 million.

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)

MNP Corporate Finance Inc. acted as exclusive financial advisor to Estem Medical Esthetics in structuring and negotiating the transaction.

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

MNP Corporate Finance Inc. acted as exclusive financial advisor to Convertus Group in structuring and negotiating the transaction.

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

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

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

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

MNP Corporate Finance Inc. provided financial due diligence services to Krystal Growth Partners Ltd.

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

MNP Corporate Finance Inc. acted as exclusive financial advisor to Scalis Security & Risk Group (SSRG) in facilitating this transaction.

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 ten years alone we have completed over 250 transactions worth over \$4.5 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.

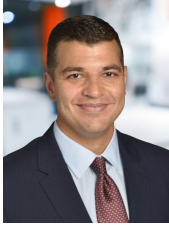
Recently Closed Deals (National)



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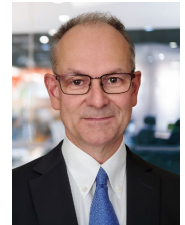
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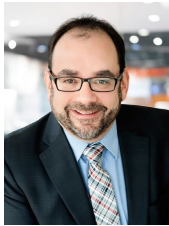
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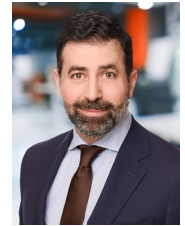
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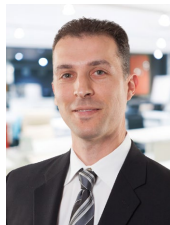
Due Diligence Leadership



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