

Business Services: Industrial & Infrastructure Services



Quarterly Update

- The industrial & infrastructure services sector is experiencing strong growth and M&A interest, fueled by a combination of retrofitting or replacing aging infrastructure and new construction needs being underpinned by infrastructure initiatives.
- These factors have created a favorable environment for companies operating in the sector, leading to increased growth opportunities, particularly via acquisition.
- Recent M&A transactions in the industrial & infrastructure services sector have aimed at capitalizing on the demand for specialized labor and expanding service offerings to meet the current demands of project work across a variety of attractive end markets: roads, renewables, electricity, airports, telecommunication, rail, and water.
- Government initiatives, like California's recent approval of \$4.3B for transportation infrastructure, continue to allocate resources to bolster infrastructure with a focus on several key areas of need, including green energy, power, and electrical, transportation-related infrastructure, and telecommunication.

Recent Business Services Transactions



For more information and insights, please contact the EdgePoint Business Services Group:



Tom Stafford
Managing Director
Business Services Group

Phone: (216) 342-5775
Email: tstafford@edgepoint.com

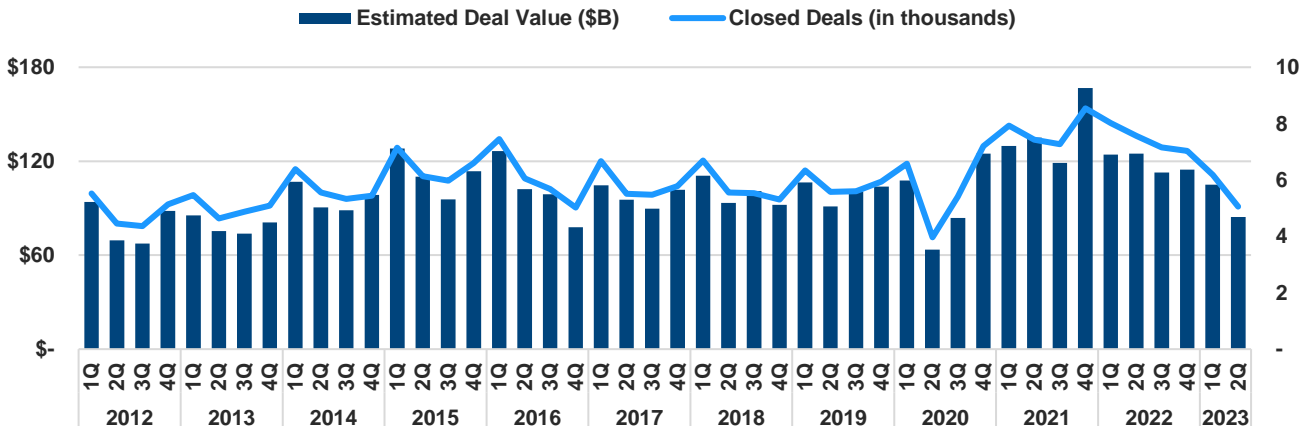
Industrial & Infrastructure Services | September 2023

Recent Industrial & Infrastructure Services Transactions (Selected)

Target	Date	Buyers / Investors	Region	Strategic / Financial
Mead Gilman & Associates	Sep 6	Atwell, LLC	United States	Strategic
Structural Maintenance Systems, Inc.	Aug 30	Pullman SST, Inc.	United States	Strategic
Brooker Engineering	Aug 25	Weston & Sampson	United States	Strategic
Asphalt Solutions	Aug 24	ACI Asphalt & Concrete	United States	Financial-Backed Strategic
Fail Engineering	Aug 24	The Fibersmith Company	United States	Strategic
Bigham Cable Construction, Inc.	Aug 18	Dycom Industries, Inc.	United States	Strategic
Ferreira Power Group, LLC	Aug 14	Qualus Power Services Corporation	United States	Financial-Backed Strategic
Natron Resources Inc.	Aug 14	Pearce Renewables	United States	Financial-Backed Strategic
Precision Asphalt Maintenance Inc.	Aug 7	Tendit Group	United States	Financial
Sáez Consulting Engineers	Aug 7	TKDA	United States	Strategic
CMY Solutions, LLC	Aug 3	ICF International, Inc.	United States	Strategic
DiGioia, Gray & Associates, LLC	Aug 1	Gannett Fleming, Inc.	United States	Financial-Backed Strategic
Iepson Consulting Enterprises, Inc.	Aug 1	EXCEL Services Corporation	United States	Strategic
Williams Industrial Services Group	Jul 24	EnergySolutions, Inc.	United States	Financial-Backed Strategic
Summit Engineering Corporation	Jul 20	Sanderson Bellecci Company	United States	Strategic
McIntosh Perry Consulting Engineers Ltd.	Jul 10	Egis SA	Canada	Financial-Backed Strategic
Eland Engineering, LLC	Jun 22	GAI Consultants, Inc.	United States	Financial-Backed Strategic
Anser Advisory, LLC	Jun 21	Accenture plc	United States	Strategic
Whitney Bailey Cox & Magnani, LLC	Jun 19	TranSystems Corporation	United States	Financial-Backed Strategic
Advanced Applied Engineering, Inc.	Jun 12	Bowman Consulting Group Ltd.	United States	Strategic
Environmental Systems Design, Inc.	Jun 8	Stantec Inc.	United States	Strategic
American Engineers, Inc.	Jun 1	STV Group, Inc.	United States	Financial-Backed Strategic

Source: S&P Capital IQ (September 7, 2023)

Global Lower-Middle Market Quarterly Deal Flow



- Though global lower-middle market deal activity is down from historical levels due to increased cost of debt and macroeconomic uncertainty caused by inflation, industrial infrastructure activity is robust.
- Increased infrastructure spending across diverse end markets has created additional project backlog and opportunities for strategic players to grow by acquisition to fulfill key areas of focus.
- 2024 is expected to see increased M&A activity as firms continue to capitalize on infrastructure improvement projects and PEGs look to deploy an estimated \$3.7T of dry powder.

Source: Pitchbook (September 7, 2023); Lower-middle market refers to deals valued at \$100 million or less

Industrial & Infrastructure Services | September 2023

EdgePoint Public Comparable Index Constituents

Infrastructure Services

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
Construction Partners, Inc.	\$ 2,198	11.5%	8.3%	\$ 122	\$ 175	14.8x	12.5x	\$ 1,482	24.7%	22.9%		\$ 34.43	96.8%
Granite Construction Incorporated	1,885	10.7%	4.4%	145	259	10.1x	7.2x	3,257	-3.4%	-2.8%		40.00	90.6%
Great Lakes Dredge & Dock Corporation	953	3.0%	1.6%	10	59	7.4x	16.1x	596	-17.5%	-6.1%		8.09	81.7%
Orion Group Holdings, Inc.	246	6.0%	0.1%	1	20	29.4x	12.5x	721	7.3%	-1.3%		4.70	93.4%
Sterling Infrastructure, Inc.	2,589	16.2%	12.6%	235	255	9.6x	10.1x	1,868	22.4%	11.8%		79.10	94.2%
Tutor Perini Corporation	1,139	1.4%	-3.6%	(135)	115	NM	9.9x	3,776	-6.3%	-8.3%		8.13	84.7%
Median		10.7%	4.4%	122	175	10.1x	12.5x	1,482	7.3%	-1.3%		34.43	93.4%
Mean		9.5%	5.4%	102	154	14.3x	11.7x	1,584	6.7%	4.9%		33.26	91.3%

Industrial Services

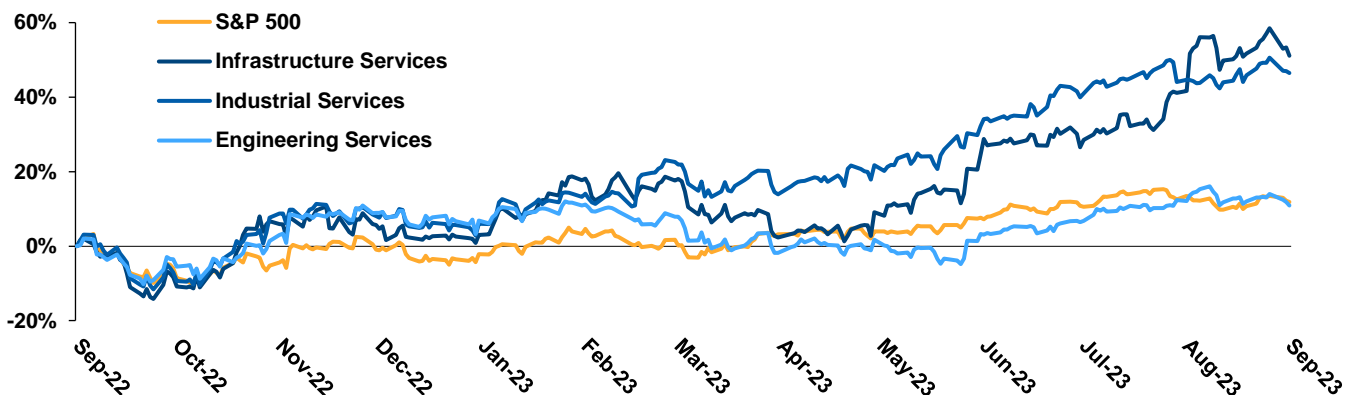
Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
API Group Corporation	\$ 9,701	26.8%	9.0%	\$ 613	\$ 778	12.3x	12.5x	\$ 6,823	29.2%	21.0%		\$ 27.29	92.3%
Dycom Industries, Inc.	3,670	18.4%	10.6%	429	464	7.4x	7.9x	4,047	16.8%	7.5%		98.39	80.6%
EMCOR Group, Inc.	10,558	15.3%	6.8%	793	854	9.8x	12.4x	11,712	12.0%	9.2%		222.59	97.8%
Mistras Group, Inc.	384	32.3%	7.3%	51	66	5.9x	5.8x	691	0.6%	1.8%		5.22	62.8%
MasTec, Inc.	10,733	12.3%	7.3%	803	1,067	7.5x	10.1x	10,981	29.6%	17.8%		92.48	75.0%
Primoris Services Corporation	3,011	10.7%	6.6%	348	364	6.9x	8.3x	5,284	46.6%	16.9%		33.22	91.8%
Quanta Services, Inc.	34,465	14.5%	8.2%	1,500	1,905	13.0x	18.1x	18,354	18.6%	16.1%		208.70	98.1%
Median		15.3%	7.3%	613	778	7.5x	10.1x	6,823	18.6%	16.1%		92.48	91.8%
Mean		18.6%	8.0%	648	786	9.0x	10.7x	8,270	21.9%	12.9%		98.27	85.5%

Engineering Services

Company Name	Enterprise Value (EV)	LTM Margins		EBITDA		EV/EBITDA		Revenue		Revenue Growth		Stock Price	% of 52 Wk High
		Gross	EBITDA	LTM	2023E	LTM	2023E	LTM	LTM	3-Yr. CAGR			
AECOM	\$ 13,611	6.5%	6.7%	\$ 932	\$ 988	15.6x	13.8x	\$ 13,962	6.8%	1.9%		\$ 84.93	92.2%
Fluor Corporation	3,919	1.9%	1.0%	150	280	10.4x	14.0x	15,014	10.8%	-3.0%		35.38	92.6%
Jacobs Solutions Inc.	20,110	21.3%	8.4%	1,332	1,529	13.4x	13.2x	15,945	9.0%	5.9%		131.69	95.7%
NV5 Global, Inc.	1,766	49.8%	13.5%	108	147	13.5x	12.0x	801	4.4%	10.6%		96.13	62.0%
Tetra Tech, Inc.	9,325	19.5%	12.6%	431	490	17.8x	19.0x	3,430	22.1%	12.9%		156.80	90.5%
Median		19.5%	8.4%	431	490	13.5x	13.8x	13,962	9.0%	5.9%		96.13	92.2%
Mean		19.8%	8.4%	591	687	14.1x	14.4x	9,830	10.6%	5.6%		100.99	86.6%

Source: S&P Capital IQ (September 7, 2023)

EdgePoint Comparable Index Trailing Twelve Months Stock Performance



- Industrial and infrastructure services public companies have outperformed the market over the last year, indicating confidence in the industry's resilience despite macroeconomic headwinds and future growth prospects driven by increasing investment in aging infrastructure. Engineering services firms have traded in line with the market.

Source: S&P Capital IQ (September 7, 2023)