

*M&A Update*

# Construction & Engineering

December 2019

# Key Highlights

## *M&A in the United States*

The broad M&A market in the U.S. remains healthy even in light of economic and political uncertainties, while valuations continue to climb to record highs.

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## *M&A in the Construction & Engineering Sector*

187 deals have been announced or completed in the sector so far in 2019, representing a 16% increase compared to the same time period last year.

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## *Notable Transactions*

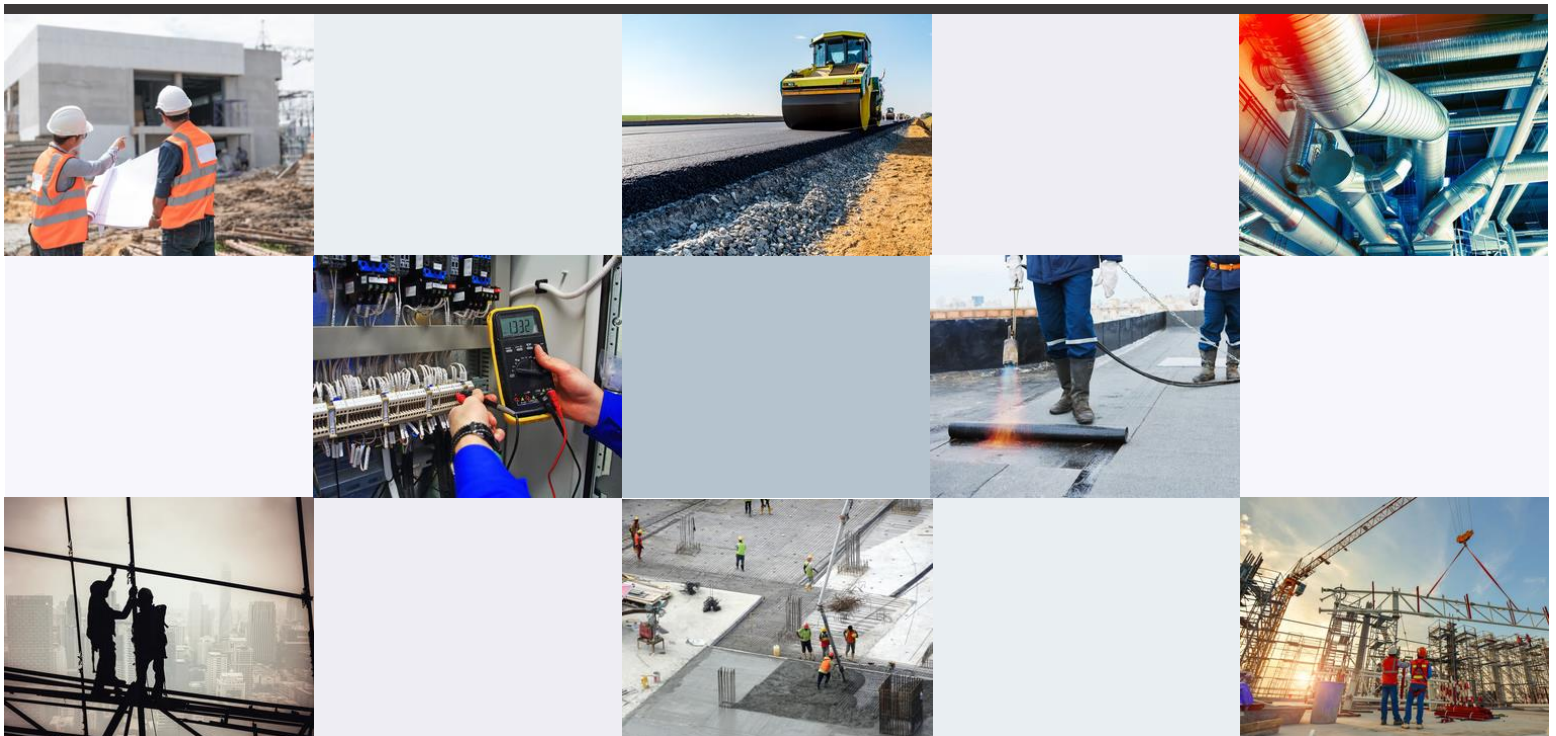
Notable M&A deals include APi Group's acquisition for \$2.3 billion by JC Acquisition, and Global Restoration's acquisition by FirstService Corporation for \$530 million.

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## *Public Markets*

Public companies in the sector continue to experience pressure on valuations, although the overall sector is still performing in line with the S&P 500.

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# M&A in the United States

## Deal Activity & Valuations

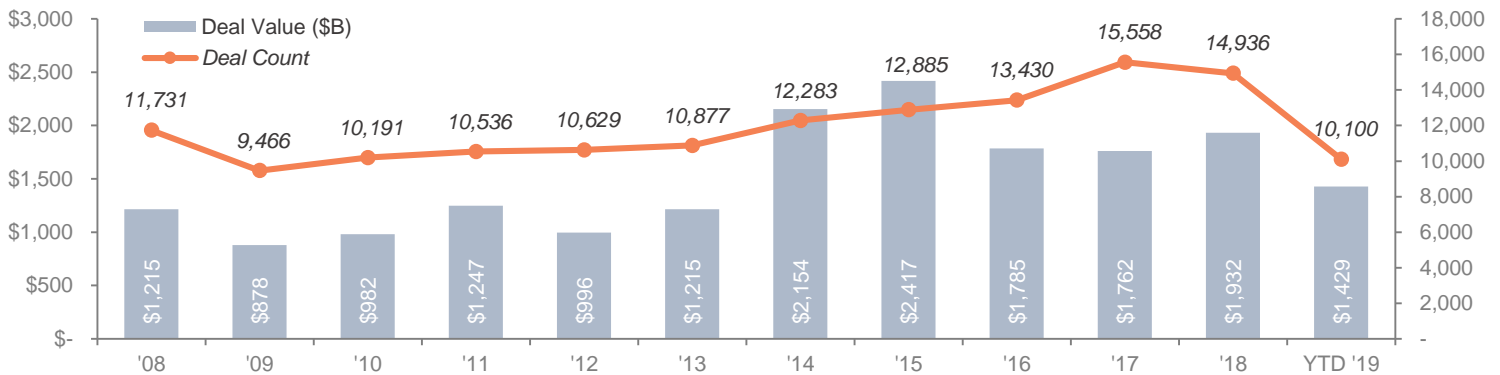
### Deal Activity

The broad U.S. M&A market in 2019 remains healthy despite economic uncertainty from trade tensions and recession risk. Though year-to-date activity has been lower than in the same time period in 2018 – total deal volume and value declined 28% and 23%, respectively – the current M&A environment is fundamentally strong due low interest rates, the bull market in stocks, high valuations and large capital reserves waiting to be deployed by strategic and financial acquirers.

<b>10,100</b> <b>M&amp;A Deals</b>	<b>\$1.4 Trillion</b> <b>Deal Value</b>
▼ 28% YoY decline	▼ 23% YoY decline

### Total M&A Deal Volume & Value in the United States

\$ in Billions; Year to date through November 30, 2019



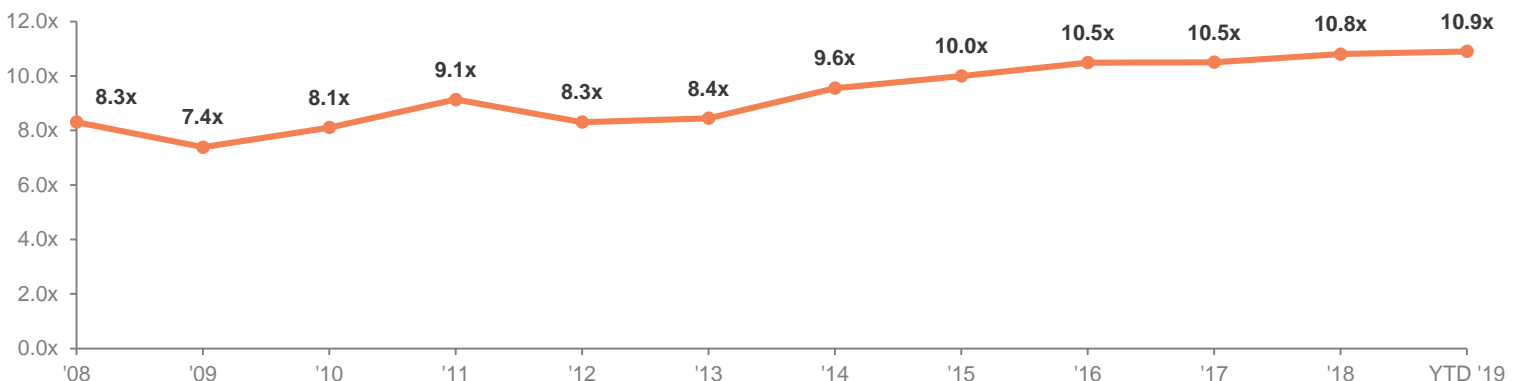
### Valuations

Valuation levels continue to climb amid strong deal competition, cheap capital and high sellers' expectations. After reaching a lofty 10.8x in 2018, the median Enterprise Value (EV) to EBITDA multiple rose to double digits once again in 2019. The current benchmark of 10.9x EBITDA represents a 47% increase (equivalent to 3.5x EBITDA) vs. 2009 and marks the fifth consecutive year with valuation multiples north of 10.0x.

<b>10.9x</b>	<b>10.5x</b>
Current Median EV / EBITDA	5-Year Median EV / EBITDA

### Median Enterprise Value (EV) / EBITDA Valuation Multiple

Only includes transactions with disclosed financial terms; Year to date through November 30, 2019



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: YoY = Year-over-year; Enterprise Value = Market Cap + Debt – Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization

# M&A in the Construction & Engineering Sector

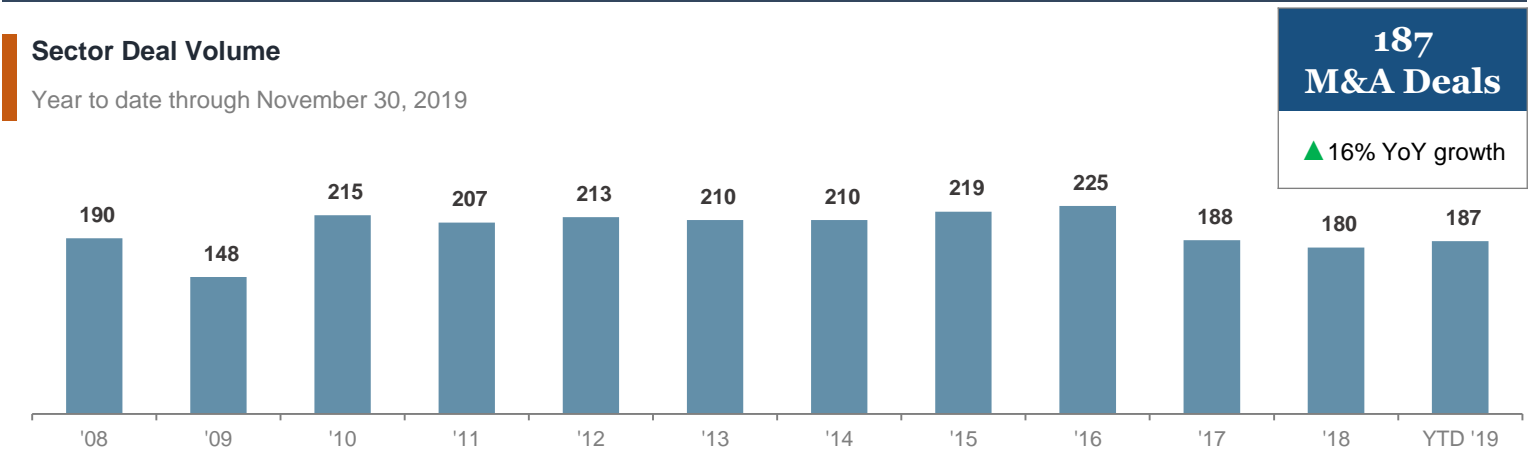
## Sector Snapshot

### Industries in the U.S. Construction & Engineering Sector

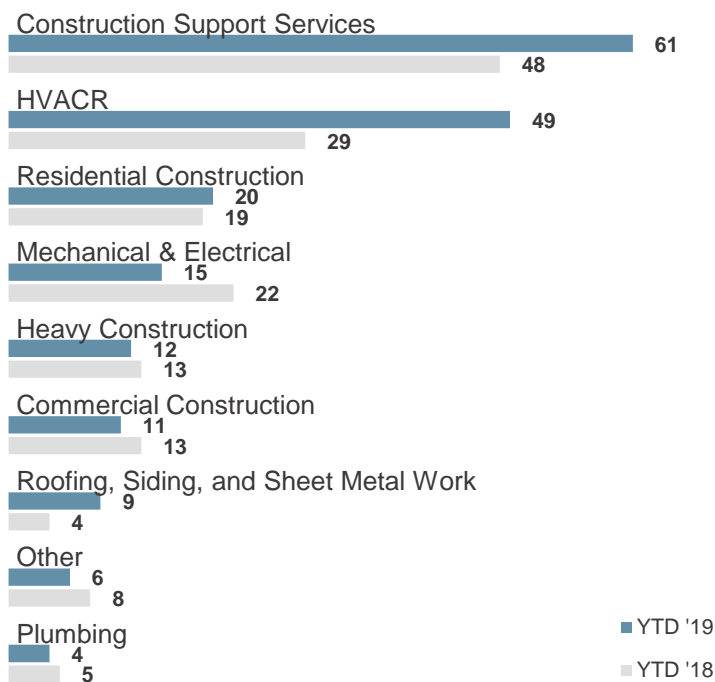
Construction & Engineering		Specialty Contract Work	
▪ Commercial Construction	▪ Heavy Construction	▪ HVACR	▪ Plumbing
▪ Residential Construction		▪ Mechanical & Electrical	▪ Other <sup>(1)</sup>
▪ Construction Support Services		▪ Roofing, Siding, and Sheet Metal Work	

(1) Includes Carpentry, Glazing, Masonry & Concrete, and Plumbing

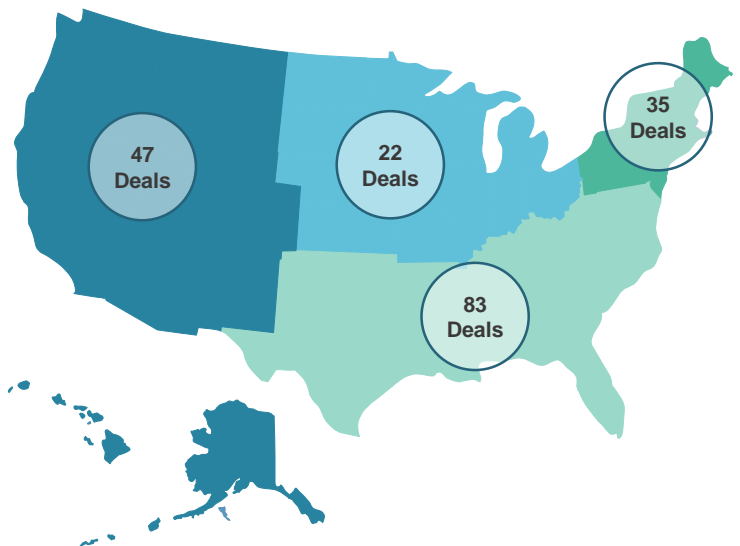
### Sector M&A Deal Volume



### M&A Deal Volume by Industry



### M&A Deal Volume by U.S. Region



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research  
Definitions: YoY = Year-over-year

# M&A in the Construction & Engineering Sector

## Notable Deals & Buyer Mix

### Notable Deals

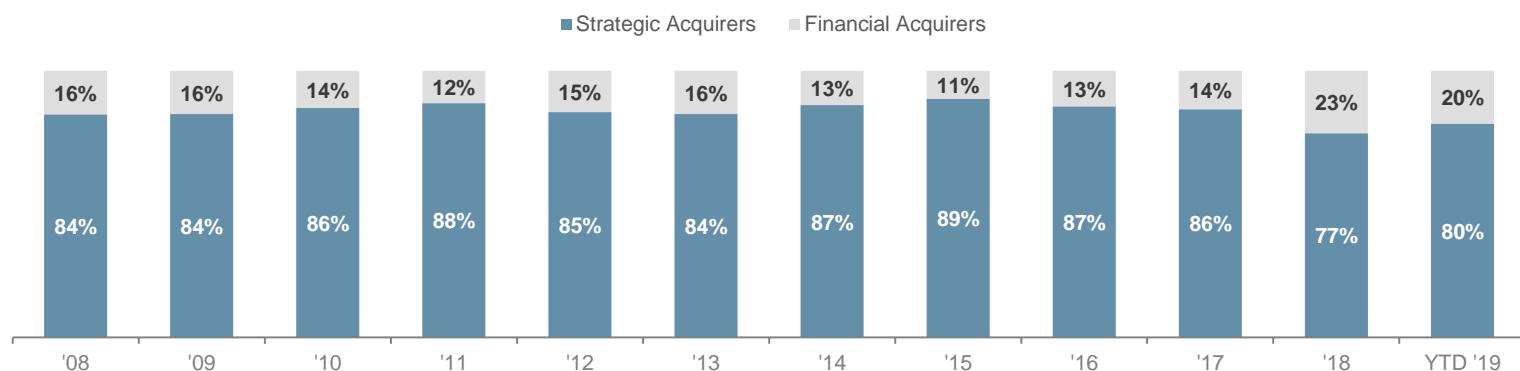
Date	Company	Acquirer	Enterprise Value (EV) (\$ in MM)	Implied EV / Revenue	Implied EV / EBITDA
Sep 2019	APi Group	J2 Acquisition Ltd.	\$2,317	-	-
Aug 2019	Plateau Excavation	Sterling Construction Company (NasdaqGS:STRL)	\$401	1.4x	5.6x
Jul 2019	CSI Electrical Contractors	MYR Group (NasdaqGS:MYRG)	\$80	-	-
Jul 2019	WHPacific	NV5 Global (NasdaqCM:NVEE)	\$9.0	-	-
May 2019	Global Restoration Holdings	FirstService Corporation (TSX:FSV)	\$530	1.2x	-
May 2019	Sharp Residential	Toll Brothers (NYSE:TOL)	\$93	-	-
Mar 2019	Empire Electric M&S	Sciens Building Solutions	\$20	-	-
Feb 2019	Walker TX Holding Company	Comfort Systems USA	\$203	0.6x	9.0x
Feb 2019	Clockwork & Affiliated Entities	Authority Brands	\$300	-	-
Feb 2019	CMT Developers	Alpha Investment	\$61	-	-

Note: This table includes only a sample of relevant transactions in the context of M&A activity in the sector. It is not meant to be all-inclusive.

### Buyer Mix

#### Share of Acquisitions

% of Acquisitions by Strategic and Financial Acquirers



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: Enterprise Value = Market Cap + Debt – Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization

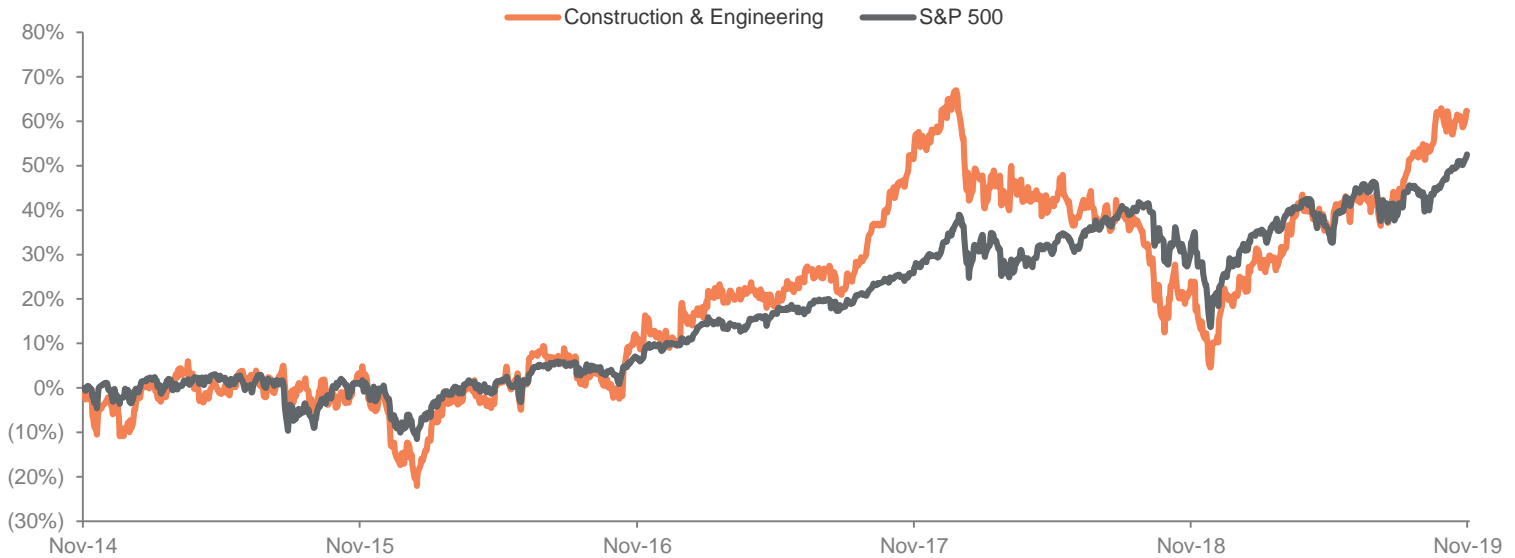
# Public Companies in the Construction & Engineering Sector

## Performance & Valuations

### Sector Performance

#### Return vs. S&P 500

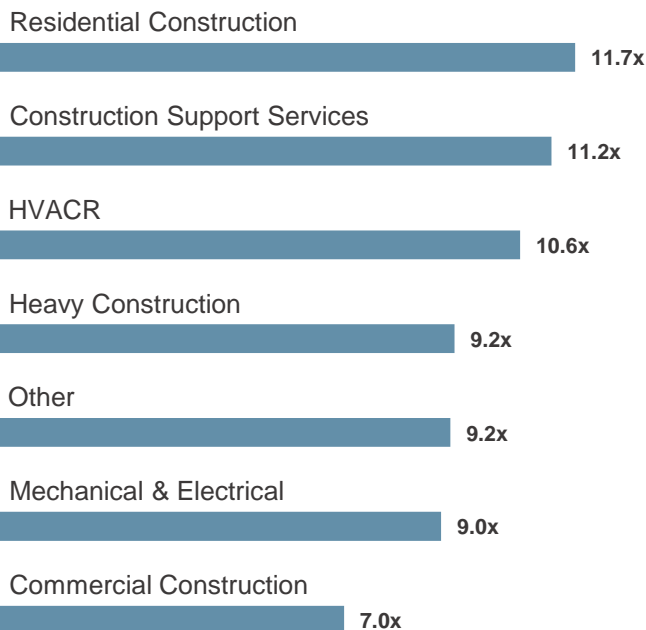
Last 5 Years



### Valuations

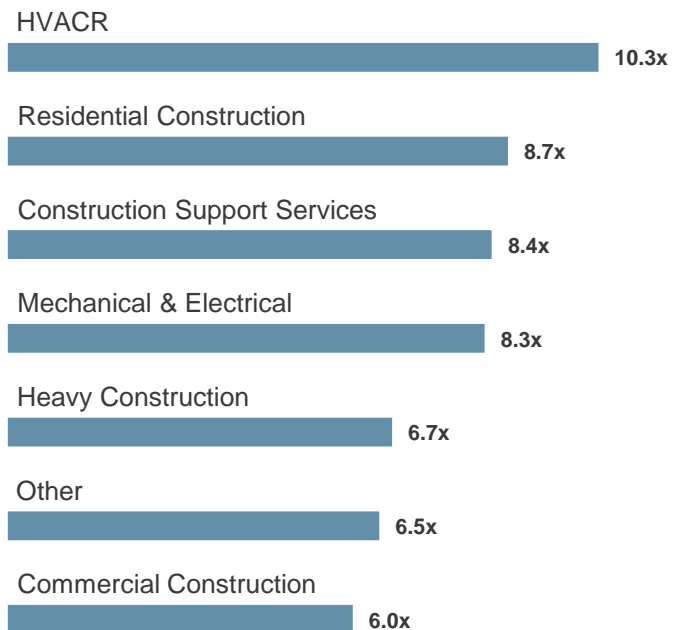
#### Enterprise Value / LTM EBITDA

Median of Publicly Traded Companies



#### Enterprise Value / NTM EBITDA

Median of Publicly Traded Companies



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: Enterprise Value = Market Cap + Debt - Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization; LTM = Last Twelve Months; NTM = Next Twelve Months

# CC Capital Advisors

## Firm Overview

### Who We Are

CC Capital Advisors is a boutique investment banking firm providing mergers and acquisitions, capital raising and strategic advisory services to middle market clients. Our experienced team of committed advisors combines long-standing transaction experience to provide independent and uncompromised services to achieve our clients' objectives.

### Who We Serve

We tailor our services to a broad base of clients, including entrepreneurs, family-owned businesses, private and public corporations, family offices, private equity and venture capital investors. Clients have repeatedly chosen us as trusted advisors and partners because of our quality advice, ability to execute transactions and client-first philosophy.

### What We Do

Mergers & Acquisitions	Capital Raising Advisory	Strategic Advisory
<ul style="list-style-type: none"><li>Sales of privately-held companies</li><li>Buy-side acquisitions</li><li>Minority buyouts</li><li>Corporate subsidiary divestitures</li><li>Private equity and venture capital portfolio divestitures</li></ul>	<ul style="list-style-type: none"><li>Senior secured and unsecured debt</li><li>Mezzanine capital</li><li>Growth equity capital</li><li>Recapitalizations</li><li>Private placements of institutional capital</li></ul>	<ul style="list-style-type: none"><li>Business valuations</li><li>Fairness opinions</li><li>Strategic options assessment</li><li>Ownership transition planning</li><li>Corporate reorganizations</li></ul>

### Why Clients Choose Us

<b>100+ Years</b>	Collective investment banking experience of our team	<b>\$7 Billion</b>	Completed transaction experience of our team
<b>Midwest Values</b>	Integrity, experience and commitment are our core values	<b>\$1 Billion</b>	Completed transaction value in the last five years
<b>Global Reach</b>	We represent clients across the world	<b>15 Deals</b>	Number of transactions closed since 2017

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