



M&A Update

Construction & Engineering

March 2020

Key Highlights

Special Note on the Impact of the Coronavirus on M&A in the United States

Our world today looks very different than when we published our last M&A update report in December 2019. The evolving impact of the coronavirus (COVID-19) is felt across society, healthcare, education, employment, politics, and the economy. Consequently, the M&A market in the United States has not been immune to the pandemic. The data so far speaks for itself: overall transaction value was down 52% compared to the same time last year, despite only a small change (-2%) in overall transaction volume.

Uncertainty surrounding the longevity of the pandemic and its actual impact on the global economy, as well as a deep selloff in the stock market, will further contribute to a subdued deal environment in the short-term. We expect a continued weak M&A market as the world will likely experience the impact of COVID-19 more directly in the second quarter than before.

The character of M&A in the U.S. has completely changed within the past weeks, turning quickly from a booming sellers' market with high valuations to one that will likely see many buyers and sellers favor a "wait and see" approach. We believe deal activity will ultimately recover on the strength and attractiveness of the U.S. economy; however, it is difficult to estimate when that will take shape.

Should you have any questions regarding this report, or you or someone in your network needs assistance in M&A or capital matters, please do not hesitate to contact our team. We stand ready to provide our advisory services where needed.

Stay well and safe,

Your CC Capital Advisors Team



M&A in the United States

Deal Activity & Valuations

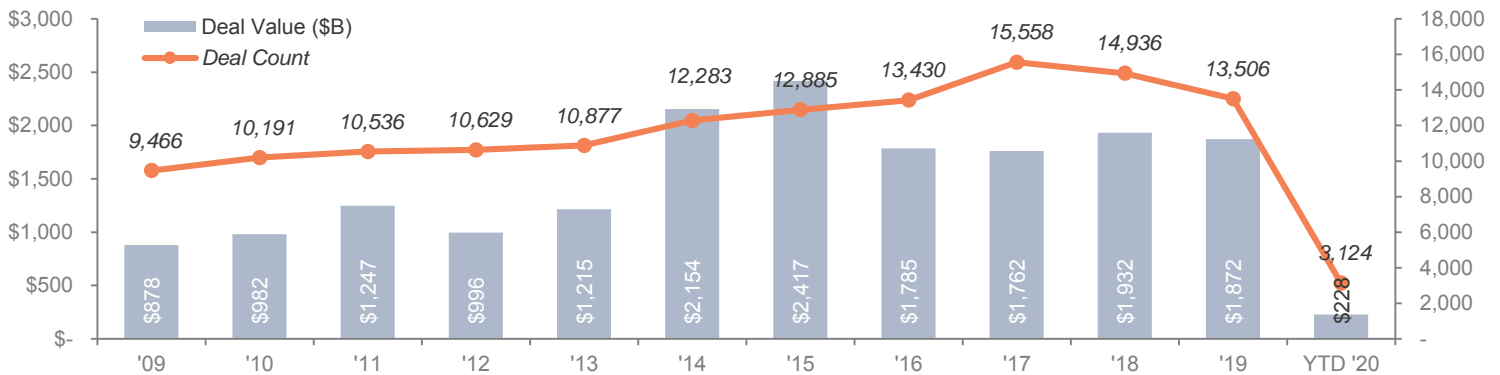
Deal Activity

Mergers and acquisitions activity in the first quarter of 2020 fell 2% on a year-over-year basis as the devastating economic effects of the coronavirus pandemic took hold of the United States. Likewise, total deal value dropped by more than half to \$228 billion compared to the first three months in 2019. The short-term M&A landscape will likely remain subdued as corporations shift focus away from M&A to the safety of employees and maintaining core operations.

3,124 M&A Deals	\$0.2 Trillion Deal Value
▼ 2% YoY decline	▼ 52% YoY decline

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

\$ in Billions; Year to date through March 31, 2020



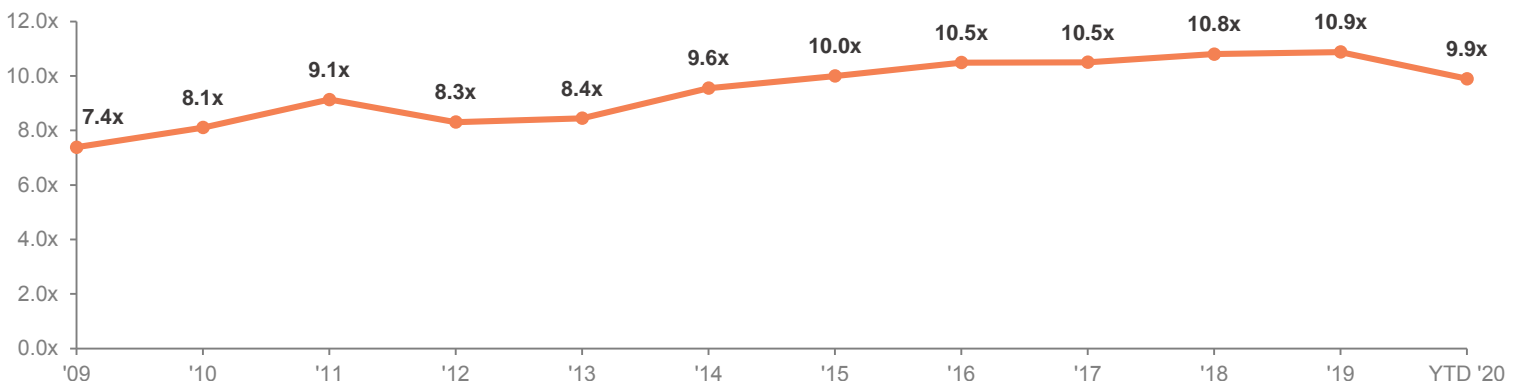
Valuations

For the first time since 2012, valuation multiples have contracted. After reaching a high of 10.9x in 2019, the median Enterprise Value (EV) to EBITDA multiple declined by one full turn to 9.9x in 2020. While this still represents a high level by historical standards – a 34% increase compared to 2009 – valuation multiples may contract further in Q2 in large part to the stock market decline and low global economic activity caused by the coronavirus pandemic.

9.9x	10.5x
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 March 31, 2020



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

- Commercial Construction
- Residential Construction
- Construction Support Services
- Heavy Construction

Specialty Contract Work

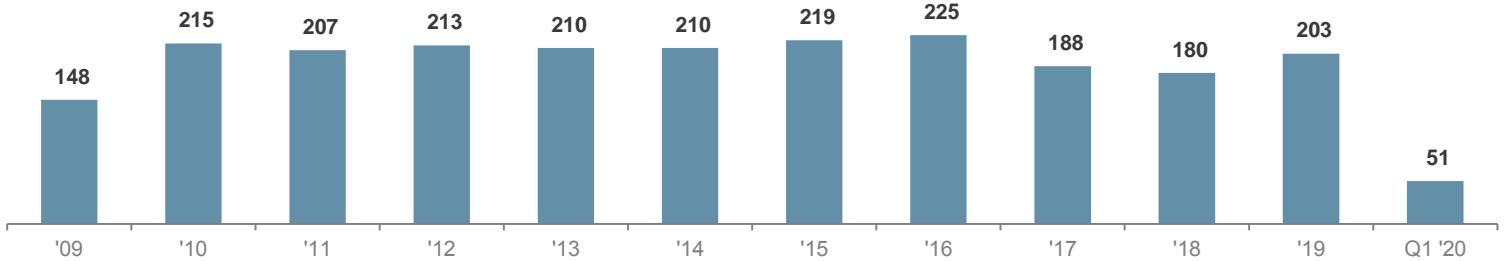
- HVACR
- Mechanical & Electrical
- Roofing, Siding, and Sheet Metal Work
- Plumbing
- Other ⁽¹⁾

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

Sector M&A Deal Volume

Sector Deal Volume

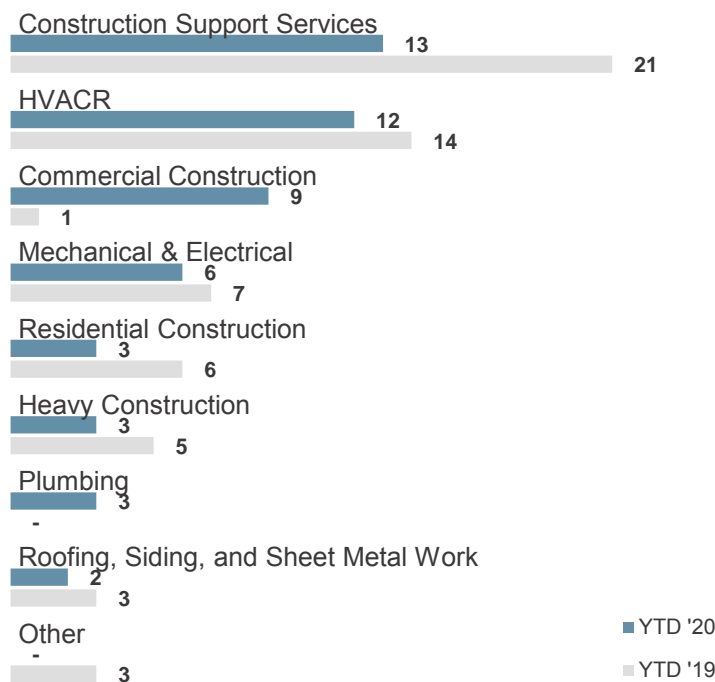
Year to date through March 31, 2020



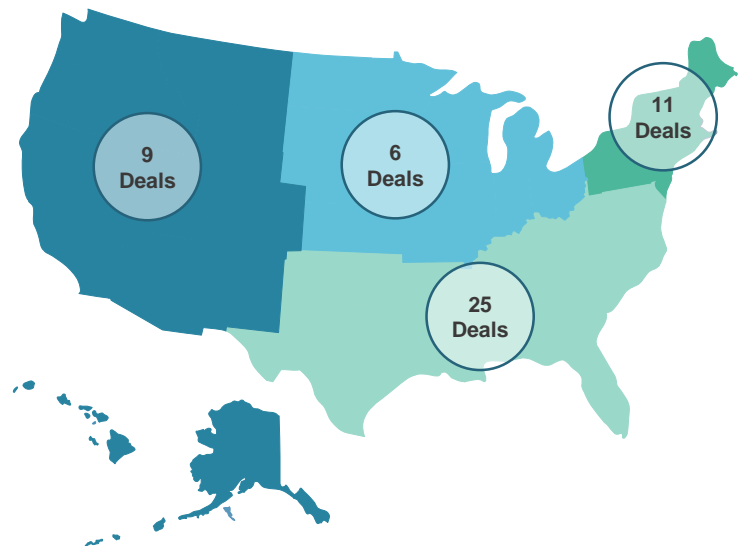
51
M&A Deals

▼ 15% YoY decline

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

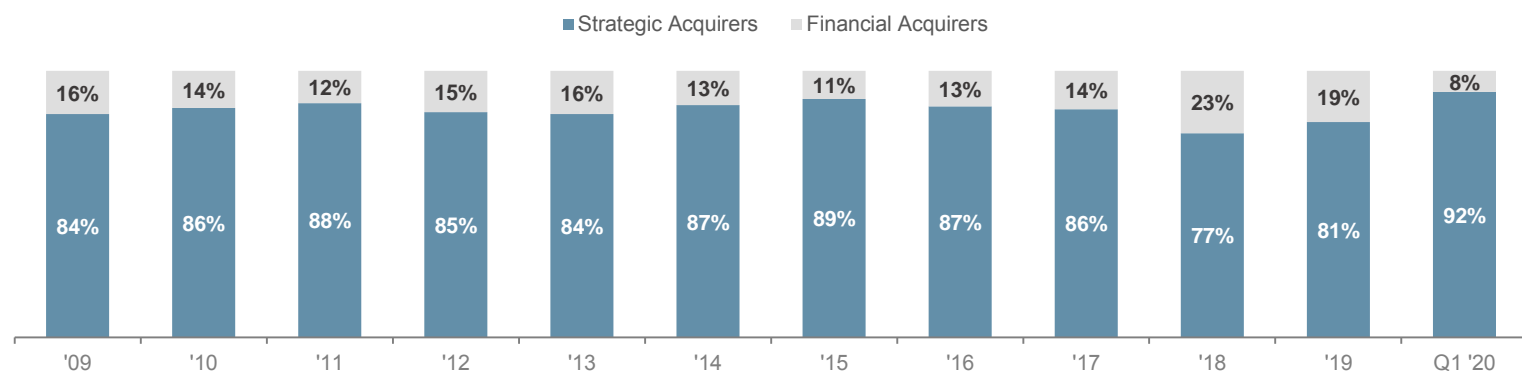
Date	Company	Acquirer	Enterprise Value (EV) (\$ in MM)	Implied EV / Revenue	Implied EV / EBITDA
Feb 2020	Coffman & Company	The SEER Group, LLC	-	-	-
Feb 2020	F.W. Sims, Inc.	Electra USA, Inc.	\$35	-	-
Feb 2020	Alden Roofing, Inc.	Restoration Builders Inc.	-	-	-
Feb 2020	Starr Electric Company Incorporated	Comfort Systems USA, Inc. (NYSE:FIX)	-	-	-
Feb 2020	Skelly and Loy, Inc.	Terracon Consultants, Inc.	-	-	-
Jan 2020	Huckestein Mechanical Services, Inc.	Service Logic, LLC	-	-	-
Jan 2020	Sharp, Robbins & Popwell, LLC.	BluSky Restoration Contractors, LLC	-	-	-
Dec 2019	Corley Plumbing Air Electric, Inc.	Turnpoint Services, LLC	-	-	-
Nov 2019	Torrent Resources, Inc.	Oldcastle Infrastructure, Inc.	\$110	-	-
Nov 2019	William Lyon Homes	Taylor Morrison Home Corporation (NYSE:TMHC)	\$2,471	1.2x	19.6x

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

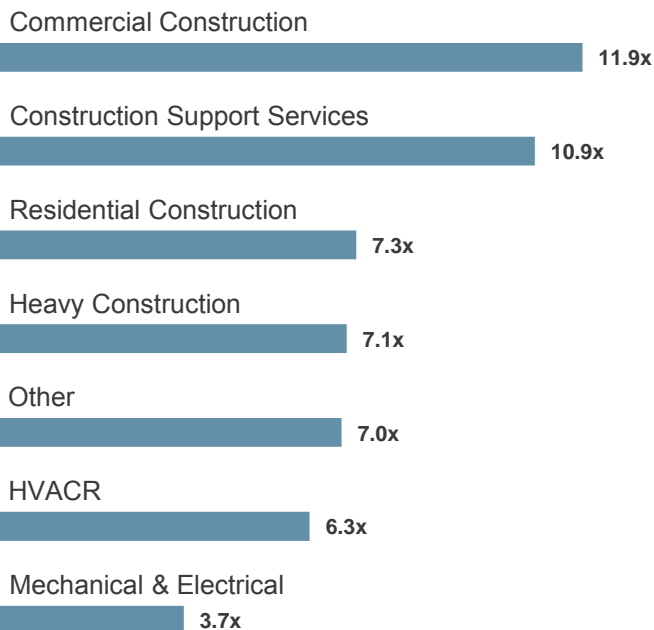
Last 5 Years



Valuations

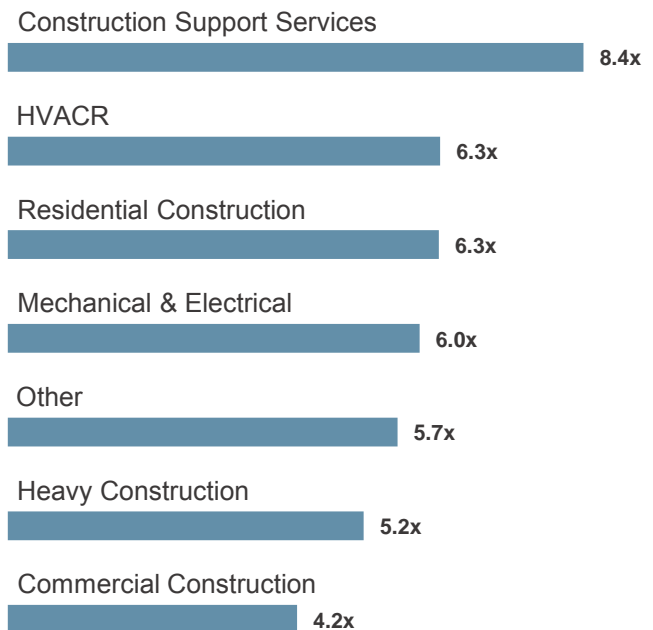
Enterprise Value / LTM EBITDA

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">Sales of privately-held companiesBuy-side acquisitionsMinority buyoutsCorporate subsidiary divestituresPrivate equity and venture capital portfolio divestitures	<ul style="list-style-type: none">Senior secured and unsecured debtMezzanine capitalGrowth equity capitalRecapitalizationsPrivate placements of institutional capital	<ul style="list-style-type: none">Business valuationsFairness opinionsStrategic options assessmentOwnership transition planningCorporate reorganizations

Why Clients Choose Us

100+ Years	Collective investment banking experience of our team	\$7 Billion	Completed transaction experience of our team
Midwest Values	Integrity, experience and commitment are our core values	\$1 Billion	Completed transaction value in the last five years
Global Reach	We represent clients across the world	20+ Deals	Number of transactions closed since 2017

Contact Our Team

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The information contained in this report was compiled by CC Capital Advisors from a variety of sources including news reports, S&P Capital IQ, Pitchbook, IMAA Institute, SEC filings, company statements, and information provided by M&A professionals. Many deals did not disclose pricing, and other private transactions may not have been publicly announced. Transactions are subject to change or termination prior to closing. While CC Capital Advisors makes a good faith effort to ensure the accuracy of this report, it is intended for general information purposes only. CC Capital Advisors is not responsible for any errors or omissions in this report.

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