

*M&A Update*

# Construction & Engineering

June 2020

# Key Highlights

*M&A in the United States*

Page 3

*M&A in the Construction & Engineering Sector*

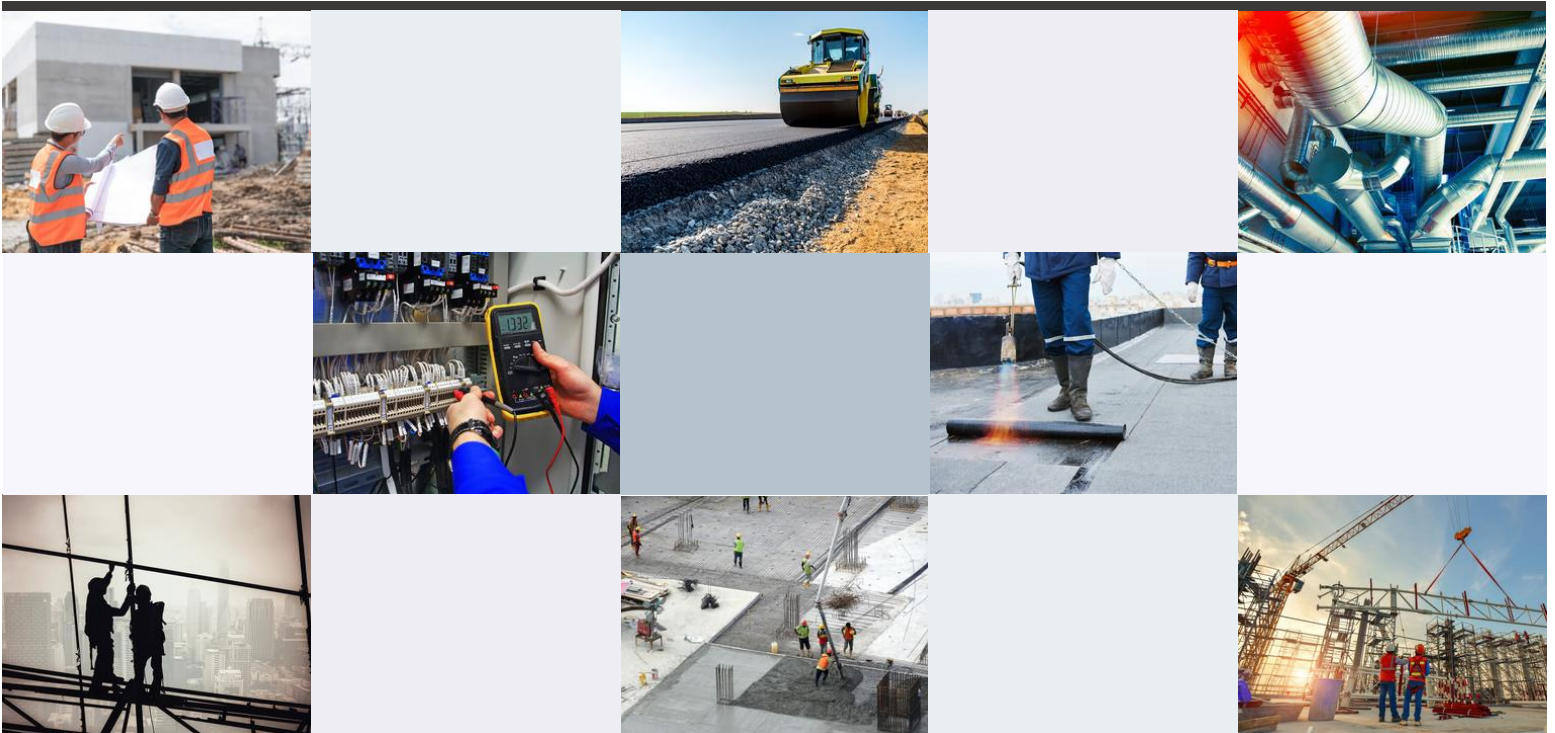
Page 4

*Notable Transactions*

Page 5

*Public Markets*

Page 6



# M&A in the United States

## Deal Activity & Valuations

### Deal Activity

Mergers and acquisitions activity through the end of the second quarter of 2020 fell 17% on a year-over-year basis as the continued economic effects of the coronavirus pandemic drastically impact deal activity in the United States. Additionally, total deal value continues to decline as acquirers have developed a more cautious approach to the deployment of capital, given the vast uncertainties surrounding the pandemic.

**5,329**  
M&A Deals

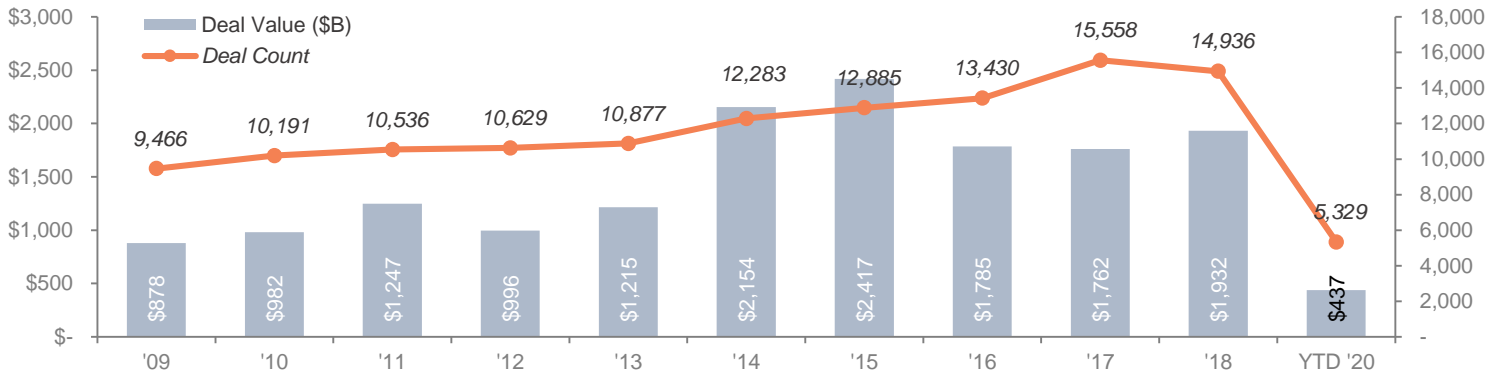
▼ 17% YoY  
decline

**\$0.4 Trillion**  
Deal Value

▼ 60% YoY  
decline

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

\$ in Billions; Year to date through June 30, 2020



### Valuations

Valuation multiples remained flat for Q2 2020 in comparison to Q1 2020. 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 for the remainder of 2020 given frequent fluctuations as presented in the stock market.

**9.9x**

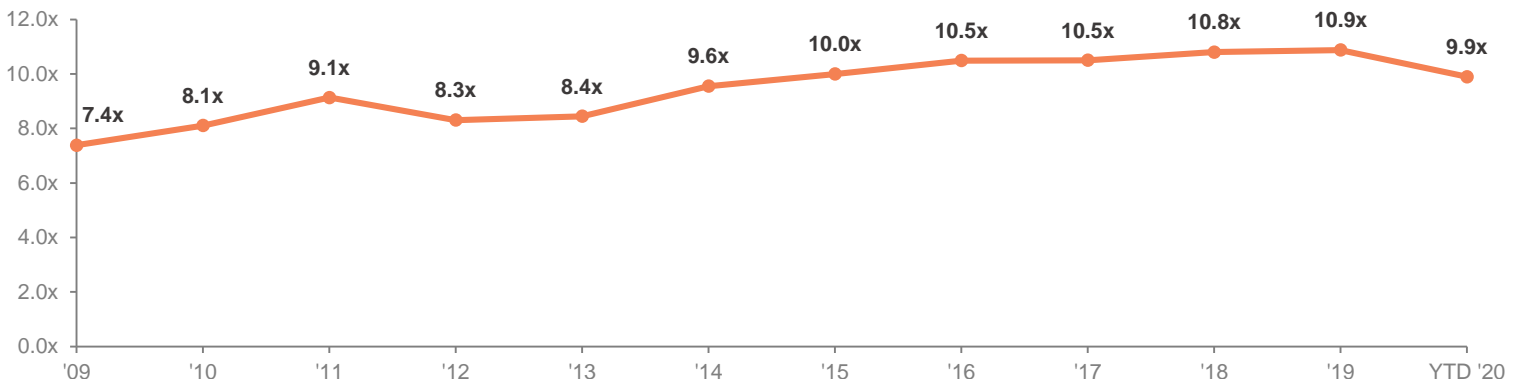
Current Median  
EV / EBITDA

**10.5x**

5-Year Median  
EV / EBITDA

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

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

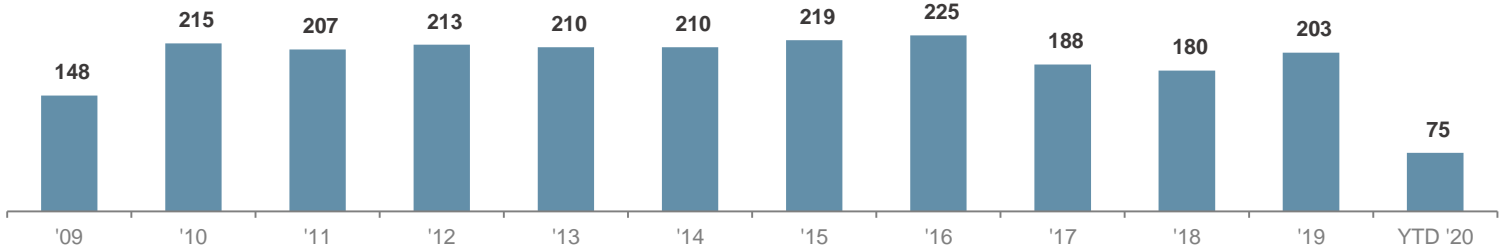
- HVACR
- Mechanical & Electrical
- Roofing, Siding, and Sheet Metal Work
- Plumbing
- Other <sup>(1)</sup>

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

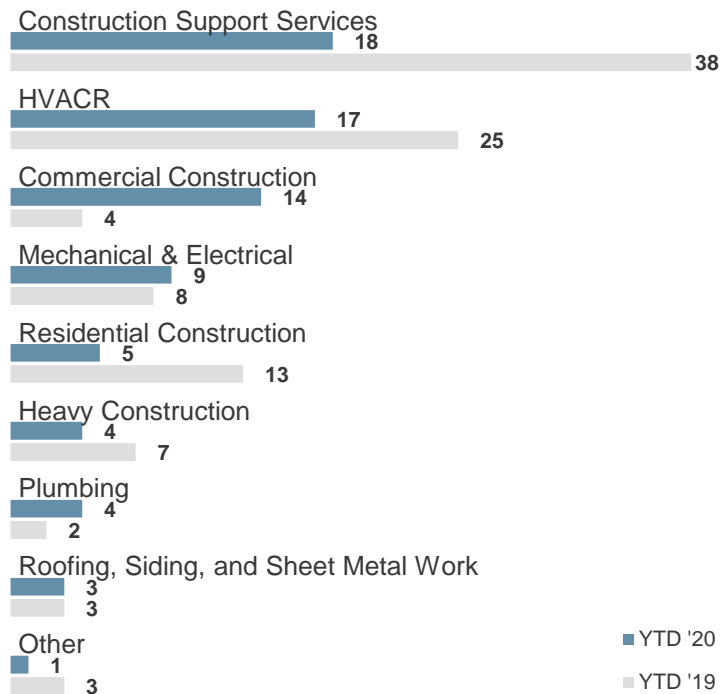
### Sector M&A Deal Volume

#### Sector Deal Volume

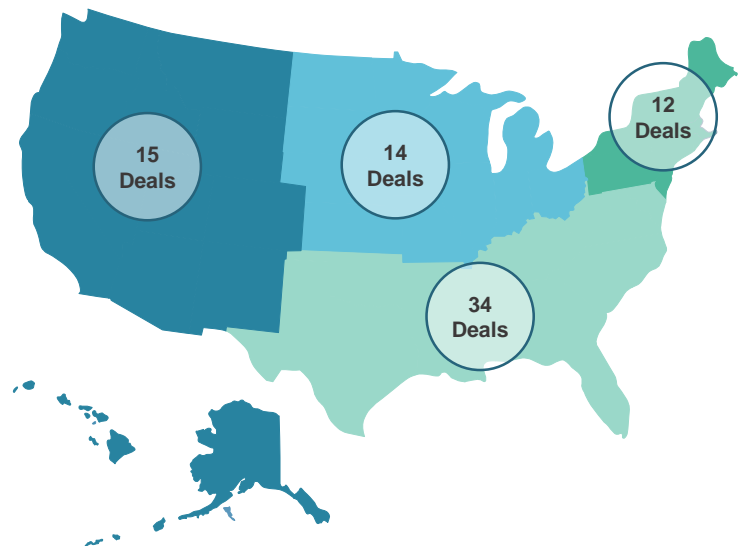
Year to date through June 30, 2020



### 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

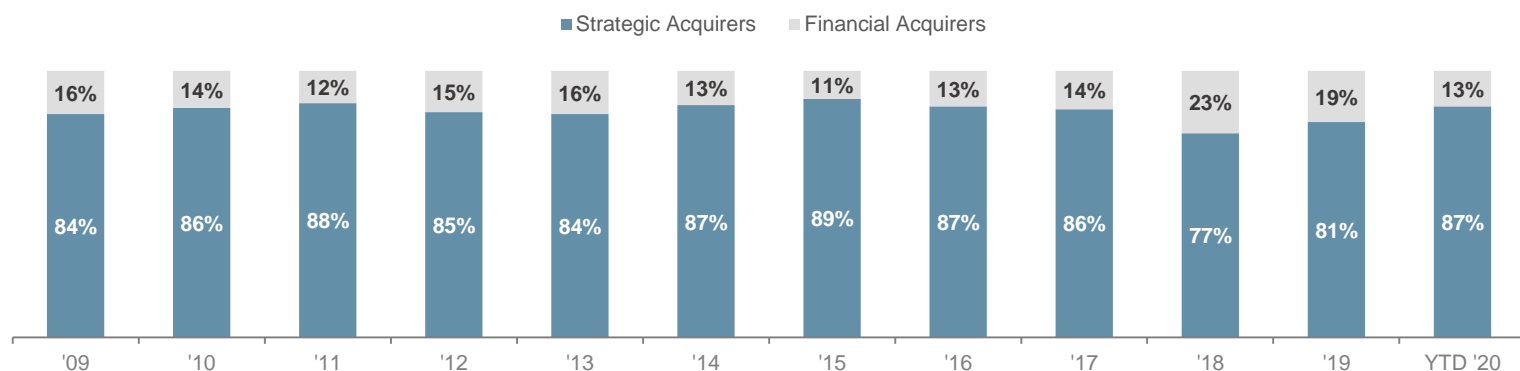
Date	Company	Acquirer	Enterprise Value (EV) (\$ in MM)	Implied EV / Revenue	Implied EV / EBITDA
Jun 2020	B&L Sheet Metal and Roofing, Inc.	Tecta America Corp.	-	-	-
Jun 2020	Richmond Refrigeration Service, Inc.	CoolSys, Inc.	-	-	-
Jun 2020	Tech-24	HCI Equity Partners	-	-	-
Jun 2020	Gilbert Mechanical Contractors, LLC	Therma Corporation	-	-	-
Jun 2020	A & L Industrial Services, Inc.	AXIOS Industrial Group, LLC	-	-	-
May 2020	Blu Homes, Inc.	Dvele, Inc.	-	-	-
May 2020	PDC Inc. Engineers	Re/Spec Inc.	-	-	-
May 2020	NOVA Geotechnical & Inspection Services LLC	Universal Engineering Sciences, LLC	-	-	-
Apr 2020	Knight Enterprises, Inc.	Mill Point Capital LLC	-	-	-
Apr 2020	SitelogIQ, Inc.	AEA Investors LP	\$433	-	-

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

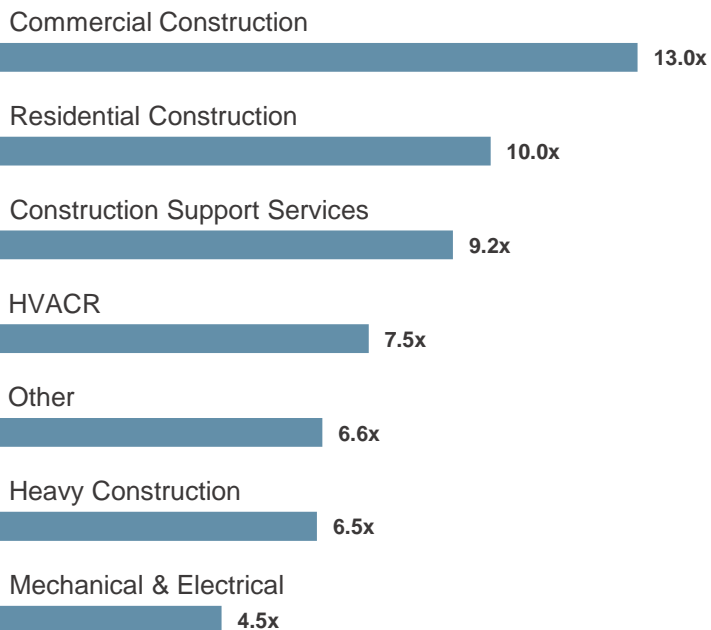
Last 5 Years



### Valuations

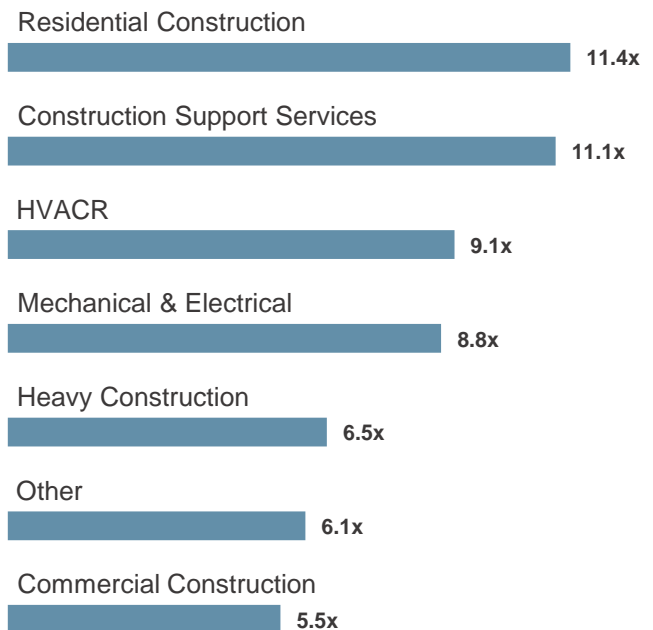
#### Enterprise Value / LTM EBITDA

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>20+ Deals</b>	Number of transactions closed since 2017

### Contact Our Team

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