



M&A Update

Construction & Engineering

September 2020

Key Highlights

M&A in the United States

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M&A in the United States

Deal Activity & Valuations

Deal Activity

Mergers and acquisitions activity through the end of the third quarter of 2020 fell 20% on a year-over-year basis as the economic effects of the coronavirus pandemic continue to influence 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.

10,532
M&A Deals

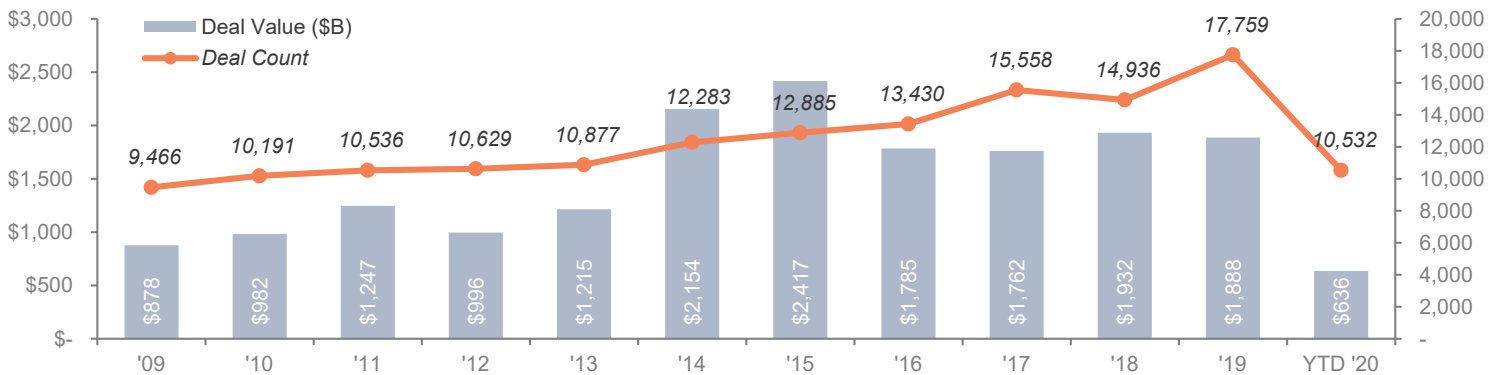
▼ 20% YoY decline

\$0.6 Trillion
Deal Value

▼ 55% YoY decline

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

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



Valuations

Given the complexity of accurately valuing assets in the current coronavirus environment as well as the overall uncertainty surrounding the market, acquirers have creatively modified transaction structures resulting in less cash at close while maintaining relatively high valuation multiples.

10.2x

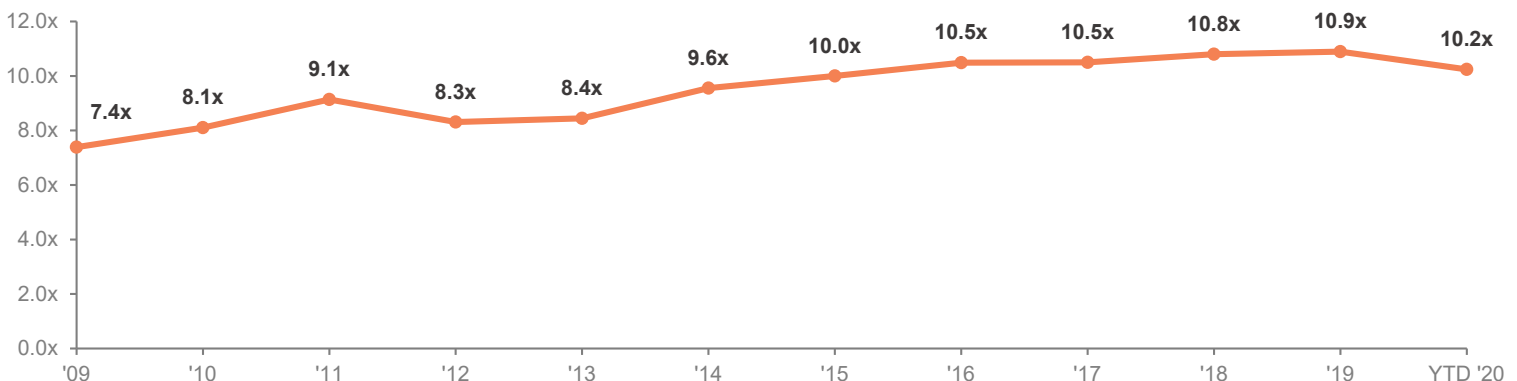
Current Median
EV / EBITDA

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 September 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

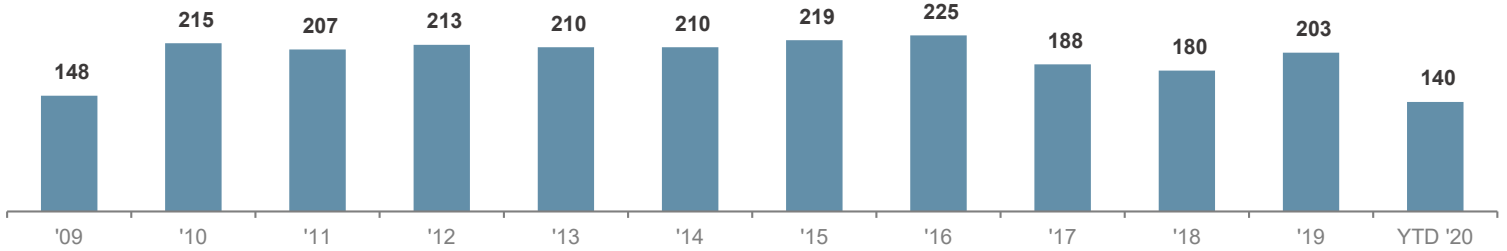
- HVACR
- Mechanical & Electrical
- Roofing, Siding, and Sheet Metal Work
- Plumbing
- Other ⁽¹⁾

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

Sector M&A Deal Volume

Sector Deal Volume

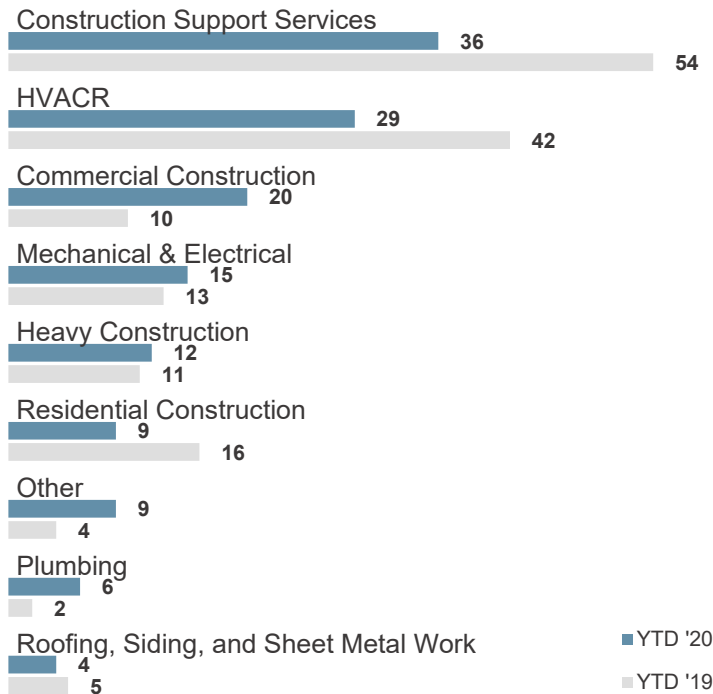
Year to date through September 30, 2020



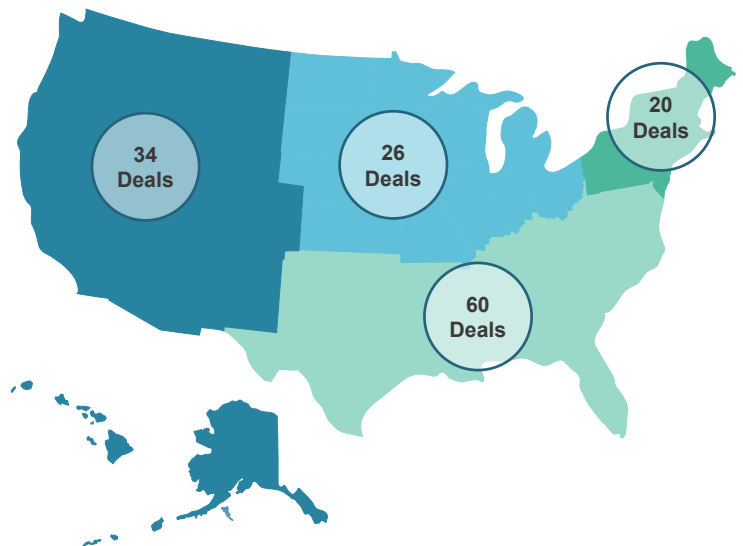
140
M&A Deals

▼ 11% 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

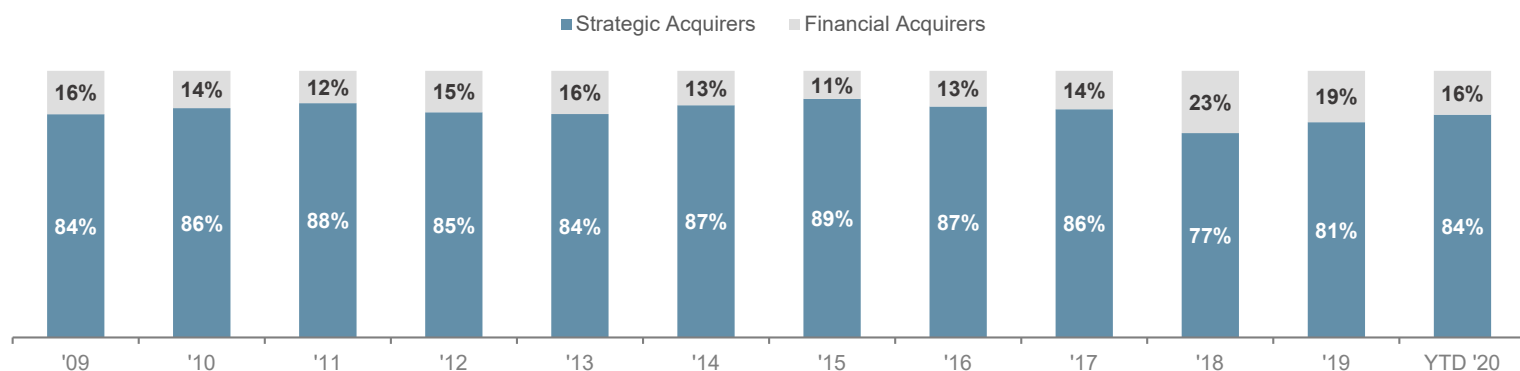
Date	Company	Acquirer	Enterprise Value (EV) (\$ in MM)	Implied EV / Revenue	Implied EV / EBITDA
Sep 2020	Carolina Refrigeration Services, Inc.	CoolSys, Inc.	-	-	-
Sep 2020	Front Range Stone, Inc.	Patrick Industries, Inc. (NasdaqGS:PATK)	-	-	-
Sep 2020	Trachte, LLC	Palladium Equity Partners, LLC	-	-	-
Sep 2020	Keller Homes, Inc.	Toll Brothers, Inc. (NYSE:TOL)	-	-	-
Sep 2020	Delta Railroad Construction, Inc.	Salcef USA Inc.	\$39	-	-
Sep 2020	Colorado Mechanical Systems, LLC	Reedy Industries, Inc.	-	-	-
Aug 2020	PERC Water Corporation	Consolidated Water Co. Ltd. (NasdaqGS:CWCO)	\$9	-	-
Aug 2020	Noble Broadband LLC	Full Circle Fiber Partners LLC	-	-	-
Aug 2020	RailPros, Inc.	Court Square Capital Management, L.P.	-	-	-
Jul 2020	Arctic Engineering Co. Inc.	Reedy Industries, Inc.	-	-	-

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

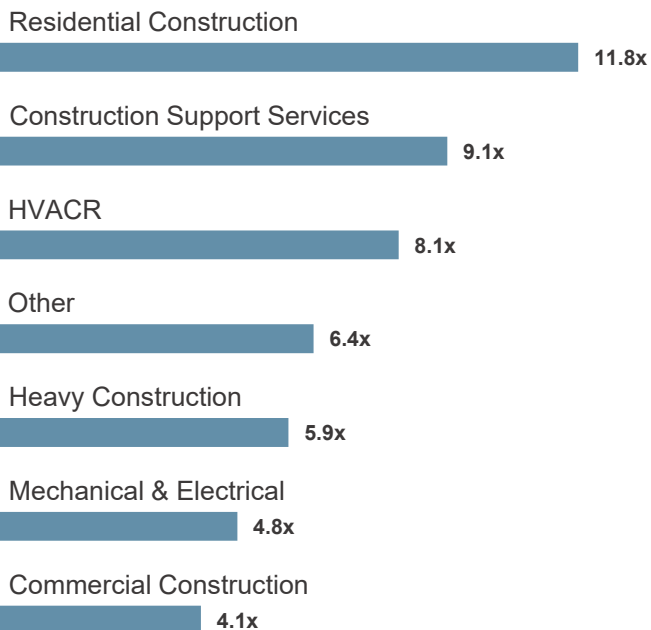
Last 5 Years



Valuations

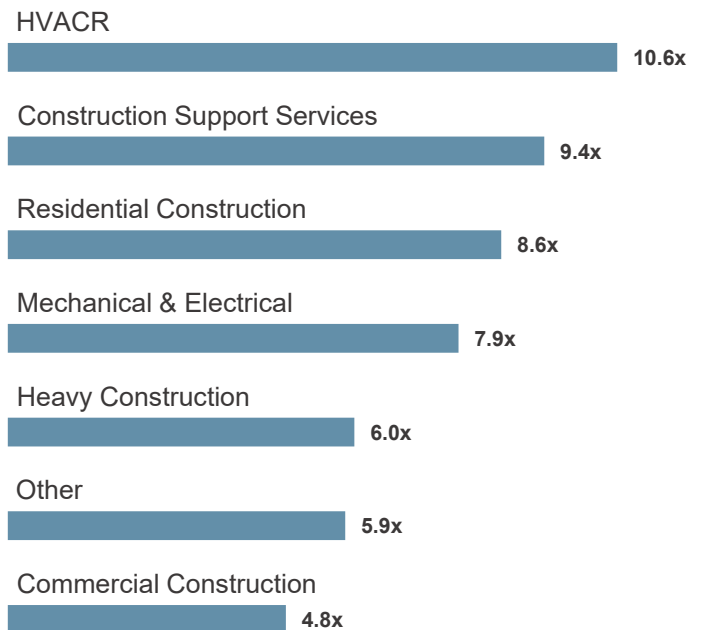
Enterprise Value / LTM EBITDA

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

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