



HOULIHAN LOKEY

# ENGINEERING, INDUSTRIAL, AND INFRASTRUCTURE SERVICES

INDUSTRY UPDATE | Q2 2022



# Houlihan Lokey EI&I Services Update

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Engineering, Industrial, and Infrastructure (EI&I) Services Industry Update for Q2 2022. We have included important news stories, transaction announcements, a public markets overview, and other industry insights to help you stay ahead in our dynamic and constantly evolving industry. We are available to discuss our perspectives on the state of the market and opportunities for your business. Please feel free to reach out to us at our contact information listed below. We look forward to staying in touch.

Regards,



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## EI&I INDUSTRY

## DEDICATED CORE EXECUTION TEAM



**Shane Murrish**  
Senior Vice  
President



**Alex Heikali**  
Vice President



**Jennifer Klippenstein**  
Vice President



**Ronnie Grenier-Hemphill**  
Vice President



**Mac Cahill**  
Vice President

## Houlihan Lokey's EI&I Team Member Spotlight



**Eric Cheng**  
*Financial Analyst, Los Angeles*



Mr. Cheng is a Los Angeles native and has been a member of Houlihan Lokey's Business Services Group since 2021, where he performs sellside and buy-side M&A advisory, debt and equity financings, valuations, and strategic alternatives engagements.

Prior to joining Houlihan Lokey, Mr. Cheng was a Valuation Analyst in Kroll's (previously Duff & Phelps) Valuation Advisory practice, where he performed business enterprise valuation for a variety of businesses.

Mr. Cheng is an avid basketball enthusiast. In his free time, he enjoys playing video games, visiting new restaurants, and traveling.



Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

Recent Houlihan Lokey EI&I Transactions

a portfolio company of

has been acquired by

Sellside Advisor

has been acquired by

Infrastructure that Delivers

Sellside Advisor

has recapitalized

EXPERIENCE | Transportation

Buyside Advisor

a portfolio company of

has been acquired by

Sellside Advisor

**2021 Investment Banking Rankings All Global Transactions**

Advisor	Deals
1 Houlihan Lokey	549
2 Goldman Sachs & Co	511
3 JP Morgan	508
4 Rothschild & Co	437
5 Morgan Stanley	393

Source: Refinitiv. Excludes accounting firms and brokers.

**2021 Global Distressed Debt & Bankruptcy Restructuring Rankings**

Advisor	Deals
1 Houlihan Lokey	63
2 Rothschild & Co	38
3 Moelis & Co	34
4 PJT Partners Inc	33
5 Lazard	24

Source: Refinitiv.

**2002 to 2021 Global M&A Fairness Advisory Rankings**

Advisor	Deals
1 Houlihan Lokey	952
2 JP Morgan	890
3 Duff & Phelps, A Kroll Business	882
4 Morgan Stanley	602
5 BofA Securities Inc	531

Source: Refinitiv. Announced or completed transactions.

**No. 1 Global M&A Advisor**  
**Leading Capital Markets Advisor**

**No. 1 Global Investment Banking Restructuring Advisor**  
**1,500+ Transactions Completed**  
**Valued at More Than \$3.0 Trillion Collectively**

**No. 1 Global M&A Fairness Opinion Advisor Over the Past 20 Years**  
**1,000+ Annual Valuation Engagements**

Houlihan Lokey Recent Developments

Houlihan Lokey has acquired GCA Corporation and MVP Capital

Leading Investment Bank in Asia-Pacific and European Regions

September 2021

HOULIHAN LOKEY

Leading Technology, Media, and Telecom Investment Bank in North America

June 2020

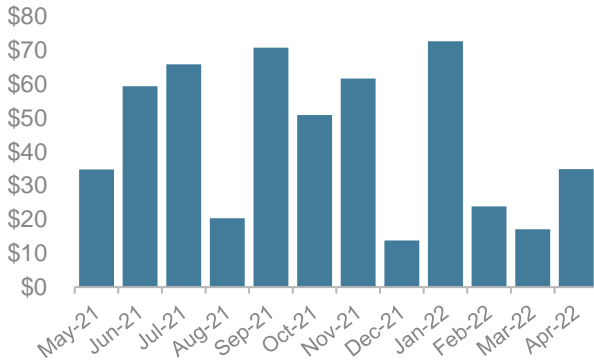
**No. 1 Global M&A Advisor<sup>(2)</sup>**      **No. 1 Most Active Advisor to Private Equity Globally<sup>(1)</sup>**      **No. 1 Most Active Technology M&A Advisor in the World<sup>(2)</sup>**

(1) Source: PitchBook.  
 (2) Source: Refinitiv. Excludes accounting firms and brokers.

# Debt Capital Markets in 2022

## New Issuance Volume

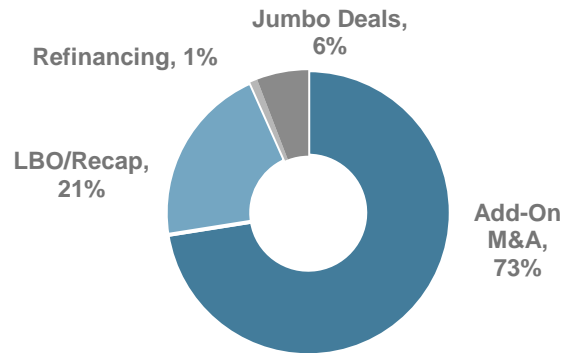
(\$ in billions)



The new-issue market showed some life in April after two sluggish months of low volume due to economic uncertainty and the war in Ukraine

Sources: S&P LCD, LFI Weekly, Lipper Weekly.

## Use of Proceeds<sup>(1)</sup>



In the direct market, add-on M&A transactions outpaced LBO activity in April; investor appetite for event-driven and LBO transactions is expected to continue in the near term

Source: DLD Weekly.

## Select Recent Capital Markets Transactions



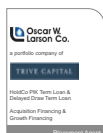
**Exclusive Placement Agent:** Charah Solutions, Inc. (NYSE:CHRA), a leading provider of environmental services and byproduct sales to the power generation industry, offers a suite of remediation and compliance services, byproduct sales and marketing, fossil services, and environmental risk transfer services



**Exclusive Placement Agent:** Crete Mechanical Group, a commercial mechanical services (HVAC) acquisition platform with more than 170 employees located in four states, is a multisite owner, operator, and business partner to mechanical service businesses in the United States

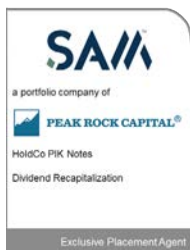


**Exclusive Placement Agent:** Lumio Inc. is one of the top U.S. residential solar providers with a full suite of photovoltaic solar system sales and operations



**Exclusive Placement Agent:** Oscar W. Larson is an end-to-end equipment distributor and provider of installation, testing, inspection, and repair services to fuel distribution and e-mobility customers

## Recent Transaction Spotlight



### Exclusive Placement Agent

- Surveying and Mapping, LLC (SAM), a portfolio company of Peak Rock Capital, offers the industry's most comprehensive suite of geospatial services, working across the entire infrastructure asset lifecycle
- Houlihan Lokey served as exclusive placement agent to SAM, proposing the idea of a fixed-rate dividend recap as well as assisting the company in arranging, structuring, and negotiating the financing

### Process Highlights

- Despite rising interest rates, Houlihan Lokey's Capital Markets Group was able to leverage its relationships with constructive capital partners to drive competitive tension and secure a highly attractive financing package
- The company's primary objectives were met, including:
  - Raising junior capital at an attractive all-PIK fixed rate
  - Executing on a highly accelerated timeline

Source: DLD Weekly.

(1) For the month ended April.

# Recently Concluded and Upcoming Conferences

Over the past 12 months, Houlihan Lokey has continued to host conferences that have brought together (virtually) thousands of attendees to hear from our CEO presenters. Highlights include:

## Conference Attendees

- Senior executives from leading companies
- Private equity and hedge fund investors with relevant industry experience and knowledge
- Mezzanine and senior debt providers

## Presenters at Houlihan Lokey Conferences Over the Past Two Years



## Upcoming Business Services Fall Conference



### Save the Date for Our Business Services Conference

Houlihan Lokey is pleased to be back in person for its fourth annual Business Services Conference on Thursday, September 29, 2022 at the Lotte New York Palace



# EI&I Public Companies

## Operations, Markets, and Valuation Overview

### Engineering Services



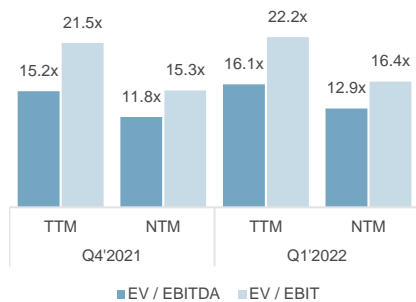
### Industrial Services



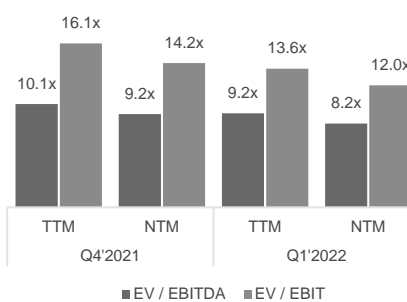
### Infrastructure Services



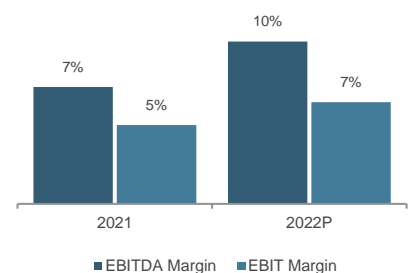
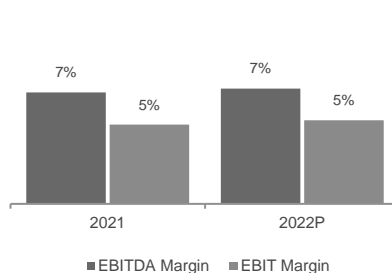
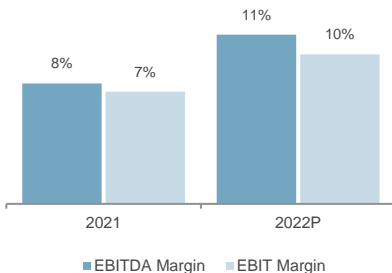
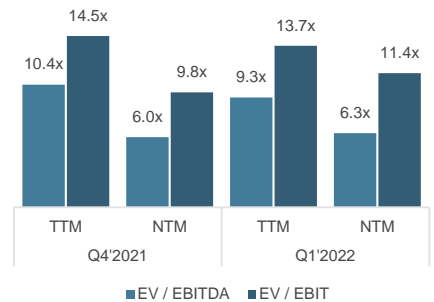
Mean EV/EBITDA (Last 5 Yrs): 13.1x  
Mean EV/EBIT (Last 5 Yrs): 16.3x



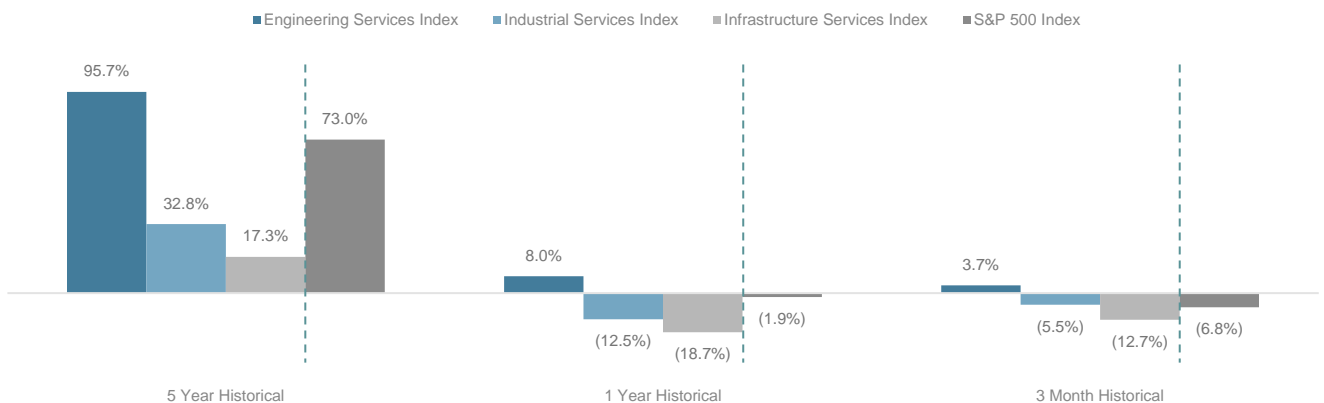
Mean EV/EBITDA (Last 5 Yrs): 9.9x  
Mean EV/EBIT (Last 5 Yrs): 14.4x



Mean EV/EBITDA (Last 5 Yrs): 10.1x  
Mean EV/EBIT (Last 5 Yrs): 17.4x



## Stock Price Performance



Note: All LTM data is calculated as of April 29, 2022.  
Source: S&P Capital IQ.

# Significant Infrastructure-Related News Stories

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## **White House Says \$110 Billion in Infrastructure Funds Released in First 6 Months**

(USNews.com, May 16, 2022)

"The White House on Monday said it has released \$110 billion in funding from the \$1 trillion infrastructure package that seeks to fix crumbling roads, expand broadband internet, and improve the electrical grid...The infrastructure bill includes \$110 billion for roads, bridges, and major projects; \$65 billion to expand broadband access and affordability; \$66 billion for rail; \$55 billion for water infrastructure; \$25 billion for airports; \$39.2 billion in new transit spending; and \$5 billion for electric vehicle charging stations."

## **Biden Admin Offers \$500M to Improve K-12 Infrastructure**

(Washington Informer, April 4, 2022)

"The Biden-Harris Action Plan for Building Better School Infrastructure and the U.S. Department of Energy announced Monday a \$500 million grant program for K-12 public school energy upgrades."

## **U.S. Government Opens \$1.5 Billion Infrastructure Grant Program**

(Reuters, January 28, 2022)

"In November, the department awarded 90 projects in 47 states a total of \$1 billion...Under the \$1 trillion infrastructure bill signed into law by President Joe Biden, the Transportation Department will receive \$660 billion over five years, including \$210.5 billion to be awarded in competitive grants. Of that, \$71 billion is for new grant programs."

## **U.S. to Award \$2.89 Billion to Airports Under Infrastructure Law**

(Reuters, December 16, 2021)

"The U.S. Federal Aviation Administration said Thursday it will award \$2.89 billion to 3,075 airports under a new \$1 trillion infrastructure bill signed into law last month. Airports can use funds for runways, taxiways, safety, terminal, airport-transit connections, and roadway projects. The infrastructure law provides \$15 billion over five years, and the FAA estimates there is a \$43.6 billion backlog in airport modernization and safety projects."

## **U.S. Secretary of Transportation Buttigieg Announces Nearly \$1 Billion in Grant Awards for America's Infrastructure**

(U.S. DOT, November 19, 2021)

"U.S. Secretary of Transportation Pete Buttigieg today announced that the Biden administration will invest nearly \$1 billion in American infrastructure through the Rebuilding American Infrastructure with Sustainability and Equity (RAISE) discretionary grants program. The funding has been awarded to 90 projects in 47 states and the District of Columbia and Guam."

# Recent M&A Transactions

Announced Date	Acquirer	Target	Target Description	Transaction Value (\$M)
Apr. '22	Comfort Systems USA	Atlantic Electric	Operates as a full-service electrical contractor with specialization in commercial, industrial, and institutional electrical installations, data cable, and fiber optic cable installation	NA
Mar. '22	Atlas Technical Consultants	1 Alliance Geomatics	Operates as a land-surveying and mapping firm providing construction surveying, engineering design mapping, and settlement monitoring services to the public and private sectors	NA
Mar. '22	KBR	Harmonic Ltd.	Provides transformation and delivery consultancy project services to defense and security, transport, outsourcing, infrastructure, and technology sectors in the United Kingdom	NA
Mar. '22	NV5 Global	Fulton Consulting Engineers	Provides mechanical, electrical, and plumbing engineering; lighting and fire protection design; and energy efficiency consulting services to building owners, architects, and contractors	NA
Mar. '22	Tetra Tech	Piteau Associates Engineering	Provides resource development and management, transportation, construction, waste management, and remediation services	NA
Feb. '22	AECOM	SLC Rail Ltd.	Provides rail strategies and project management services for rail and government industries	NA
Dec. '21	MasTec	Henkels & McCoy	Operates as an infrastructure engineering and construction company offering design and construction services for power, oil and gas pipeline, gas distribution, and communication infrastructure projects	600
Dec. '21	NV5 Global	Optimal Energy	Offers energy consulting services to government agencies, utilities, regulatory bodies, and state energy advisory councils	NA
Dec. '21	NV5 Global	AT Advanced Technologies Asia Pacific	Provides commercial real estate transaction and title services for commercial and industrial real estate transactions	NA
Dec. '21	Sterling Construction Company	Kimes & Stone Construction	Engages in the construction of highways, roads, streets, and bridges	8
Dec. '21	NV5 Global	Global Realty Services Group	Provides commercial real estate transaction and title services	NA
Dec. '21	Stantec	Cox McLain Environmental Consulting	Offers environmental compliance services, including NEPA, environmental impacts statements, environmental assessment, and categorical exclusions	NA
Dec. '21	Comfort Systems USA	Ivey Mechanical Company	Provides mechanical contracting services, including plumbing, emergency and disaster, BIM, and drafting	NA
Nov. '21	Stantec	Driven by Values	Develops and supervises projects in the field of sustainability, energy transition, and corporate social responsibility	NA
Nov. '21	Jacobs Engineering Group	BlackLynx	Provides virtual and heterogeneous compute solutions that accelerate and streamline terabyte- to petabyte-scale data analytics ecosystems	258
Oct. '21	Tetra Tech	Enterprise Automation	Provides control systems integration services in the areas of SCADA configuration, O&M documentation, MES systems, design consultation, specification, and PLC programming	NA



# About Houlihan Lokey

Houlihan Lokey (NYSE:HLI) is a global investment bank with expertise in [mergers and acquisitions](#), [capital markets](#), [financial restructuring](#), and [valuation](#). The firm serves corporations, institutions, and governments worldwide with offices in the United States, Europe, the Middle East, and the Asia-Pacific region. Independent advice and intellectual rigor are hallmarks of the firm's commitment to client success across its advisory services. Houlihan Lokey is the No. 1 investment bank for all global M&A transactions, the No. 1 M&A advisor for the past seven consecutive years in the U.S., the No. 1 global restructuring advisor for the past eight consecutive years, and the No. 1 global M&A fairness opinion advisor over the past 20 years, all based on number of transactions and according to data provided by Refinitiv.

## Locations



## Industry Expertise

### Product Expertise

- Mergers and Acquisitions
- Capital Markets
- Financial Restructuring
- Financial and Valuation Advisory

### Dedicated Industry Groups

- Business Services
- Consumer, Food, and Retail
- Energy
- Financial Services
- Healthcare
- Industrials
- Real Estate, Lodging, and Leisure
- Technology

### Financial Sponsors

- Active Dialogue With a Diverse Group of 1,000+ Sponsors
- Private Equity Firms
- Hedge Funds
- Capital Alliances

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