



Houlihan Lokey

Engineering, Industrial, and Infrastructure

Market Update

Q2 2023

ABOUT OUR FIRM



**Houlihan
Lokey**

Houlihan Lokey is a leading global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory.

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

We invite you to learn more about how our advisors can serve your needs:

Learn More About
Corporate Finance

Learn More About
Financial Restructuring

Learn More About
Financial and Valuation Advisory

Learn More About
Our Industry Coverage

Key Facts and Figures



36

LOCATIONS
WORLDWIDE⁽¹⁾

~2,000

TOTAL FINANCIAL
PROFESSIONALS

326

MANAGING
DIRECTORS^(1,2)

2,000+

CLIENTS SERVED
ANNUALLY

\$6.5B

MARKET
CAPITALIZATION⁽³⁾

\$1.8B

REVENUE⁽⁴⁾

Our Ranking by Service

Corporate Finance

2022 M&A Advisory Rankings Global Transactions Under \$1 Billion

Advisor	Deals
1 Houlihan Lokey	381
2 Rothschild & Co	369
3 JP Morgan	217
4 Lazard	206
5 Goldman Sachs & Co	203

Source: Refinitiv. Excludes accounting firms and brokers.

No. 1 Global M&A Advisor for
Transactions Under \$1 Billion

Leading Capital Markets Advisor

Financial Restructuring

2022 Global Distressed Debt & Bankruptcy Restructuring Rankings

Advisor	Deals
1 Houlihan Lokey	58
2 PJT Partners Inc	30
3 Lazard	29
4 Rothschild & Co	25
5 Moelis & Co	21

Source: Refinitiv.

No. 1 Global Restructuring Advisor

1,500+ Transactions Completed Valued
at More Than \$3.0 Trillion Collectively

Financial and Valuation Advisory

1998 to 2022 Global M&A Fairness Advisory Rankings

Advisor	Deals
1 Houlihan Lokey	1,232
2 JP Morgan	1,030
3 Duff & Phelps, A Kroll Business	938
4 Morgan Stanley	725
5 BofA Securities Inc	710

Source: Refinitiv. Announced or completed transactions.

No. 1 Global M&A Fairness Opinion
Advisor Over the Past 25 Years

1,000+ Annual Valuation Engagements

Fully Integrated Financial Sponsors Coverage

26 Senior officers dedicated to
the sponsor community in the
Americas and Europe

1,000+ Sponsors covered, providing
market insights and
knowledge of buyer behavior

700+ Companies sold to financial
sponsors over the past five years

Houlihan Lokey Is a Global Firm

Americas

Atlanta Houston San Francisco
Baltimore Los Angeles São Paulo
Boston Miami Washington,
Chicago Minneapolis D.C.
Dallas New York

Europe and Middle East

Amsterdam Madrid Stockholm
Antwerp Manchester Tel Aviv
Dubai Milan Zurich
Frankfurt Munich
London Paris

Asia-Pacific

Beijing Mumbai Sydney
Fukuoka Nagoya Tokyo
Gurugram Shanghai
Hong Kong Singapore
SAR

(1) As of June 30, 2023. (2) Excludes corporate MDs. (3) As of July 2023. (4) LTM ended June 30, 2023.

ABOUT OUR BUSINESS SERVICES INDUSTRY GROUP

Houlihan Lokey's Business Services Group combines extensive industry relationships with substantial experience to offer a broad array of M&A, corporate finance, restructuring, and financial and valuation advisory services to the business services industry.

Based on number of transactions and according to data provided by Refinitiv, Houlihan Lokey was ranked the No. 1 investment bank for all global business services M&A transactions in 2022.*

*Excludes accounting firms and brokers.

Key Facts and Figures

130+

Dedicated Business Services bankers

69

Completed business services M&A/private placement transactions in CY22

\$2.9B

In financing deals in CY22

Industry Sector Coverage

We cover a broad array of sectors, with bankers dedicated to each of our primary coverage areas.



BPO Services



Engineering and Infrastructure



Environmental Services



Equipment-as-a-Service



Facility and Residential Services



HCM Services



IT Services



Marketing Services



Specialty Consulting and Risk Services



Testing, Inspection, Certification, and Compliance



Training and Education



Transportation and Logistics

Featured Business Services Industry Transactions



OPEN MPA
a portfolio company of
AMULET CAPITAL
has been acquired by
astora
Sellside Advisor

GANNETT FLEMING
has received a strategic investment from
OCEANSOUND PARTNERS
Sellside Advisor

HILL International
has been acquired by
GISI
Sellside Advisor & Fairness Opinion

Odyssey
has acquired
MAGNA
a portfolio company of
CLIVC
Buyside Advisor

HOST HEALTHCARE
has been acquired by
Medical Solutions
a portfolio company of
Centerbridge **CDPQ**
Sellside Advisor

WILLIAMS MARSTON
a portfolio company of
ALIGN CAPITAL PARTNERS
has been acquired by
KELSO
Sellside Advisor

PHENNA GROUP
a portfolio company of
inflexion
has received secondary investment from
Oakley Capital
Sellside Advisor

USecology
has been acquired by
REPUBLIC SERVICES
Sellside Advisor

REVHEALTH
has received an investment from
WIND ROSE
Sellside Advisor

OCEAN TOMO
a portfolio company of
DRYER CAPITAL
has been acquired by
JSHELD
a portfolio company of
KELSO
Sellside Advisor

Universal Pure
a portfolio company of
tilia
has been acquired by
AURORA CAPITAL PARTNERS
Sellside Advisor

2022 M&A Advisory Rankings All Global Business Services Transactions		
Advisor	Deals	
1 Houlihan Lokey	69	
2 Rothschild & Co	50	
3 Lincoln International	37	
4 Goldman Sachs & Co	34	
5 GCG	26	

Source: Refinitiv. Excludes accounting firms and brokers.

Learn More About Our Business Services Industry Coverage

ENGINEERING, INDUSTRIAL, AND INFRASTRUCTURE TEAM



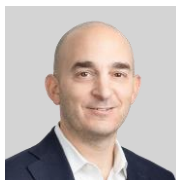
The engineering, industrial, and infrastructure (EI&I) sector operates within Houlihan Lokey's Business Services Group, which has earned a reputation for providing superior service and achieving outstanding results in M&A advisory, capital raising, restructuring, and financial and valuation advisory services.

Our clients run the gamut from early-stage businesses and mid-sized companies to large, publicly traded corporations. We understand that an industry driven by innovation and change requires the sophistication of an advisor who can think ahead of the market and utilize solid industry relationships to help advance your vision. We optimize client outcomes by running executed, competitive processes by focusing on deep domain knowledge to position for synergy and scarcity value and by leveraging our world-class strategic and private equity access to bring the right senior decision-makers to the negotiation table.

Leadership



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Contact Us

Please reach out to us to schedule a call to discuss this quarter's market update or to explore how we can serve your business needs.

[Request a Meeting](#)

[Learn More About Us](#)

Subsector Coverage



- Construction Services
- Construction Software
- E&C Consulting
- Engineering and Design
- Industrial Services
- Infrastructure Services
- Program/Construction Management
- Specialty Construction

Featured Transactions

ANSER
ADVISORY
a portfolio company of
STERLING
INVESTMENT PARTNERS, LP
has been acquired by
accenture
Sellside Advisor

GANNETT FLEMING
has received a strategic investment from
OCEAN SOUND PARTNERS
Sellside Advisor

GI PARTNERS
has acquired
ATLAS
Buiside Advisor

HENKELS & MCCOY
Group
has been acquired by
MasTec
Infrastructure that Delivers
Sellside Advisor

HILL International
has been acquired by
GISI
Sellside Advisor & Fairness Opinion

DEUTSCHE PRIVATE EQUITY
has sold a majority stake in
VTU
to
ALTOR
Sellside Advisor

HOULIHAN LOKEY BUSINESS SERVICES CONFERENCE

BUSINESS SERVICES CONFERENCE

FALL 2023

IN PERSON | NEW YORK

Examples of Previous EI&I Sector Participating Companies

ANSER
ADVISORY

Provides capital program advisory and consulting services.

ARDURRA

Provides engineering and construction management services.

bcc
CONSTRUCTION

Provides engineering services for civil, structural, and transportation-related projects.

CENTERLINE
CONSTRUCTORS

Provides solutions for wireless, wireline, and critical infrastructure projects.

CONGRUEX

Provides building and design services for integrated digital networks.

ENGLOBE

Provides environmental, engineering, and material and asset quality services.

IN-PLACE
MACHINING
CONTRACT

Provides on-site machining, wire-cutting, and other field services.

JSI

Provides broadband solutions servicing communications providers.

KLEINFELDER
RIGHT PEOPLE. RIGHT SOLUTIONS.

Provides engineering, environmental, and construction management solutions.

RAILWORKS

Provides track and transit system solutions.

Salas O'Brien

Provides engineering consulting services for government and private clients.

SAM

Provides geospatial solutions and inspection services.

SES

Provides industrial cleaning services across a wide range of end markets.

THAYER
INFRASTRUCTURE SERVICES

Provides utility line and related engineering services in telecom and power industries.

TRC

Provides consulting, engineering, and construction management services.

Selected 2022 Attendees



Key Takeaways for Featured Companies

- An opportunity to meet peers from your industry.
- For those considering international growth, an opportunity to raise one's profile and potentially interact with add-on targets.
- Opportunity to engage with a broad set of financial investors in an informal setting.



ENGINEERING, INDUSTRIAL, AND INFRASTRUCTURE MARKET UPDATE

Introduction

The EI&I industry is currently experiencing strong growth, primarily fueled by a combination of retrofitting or replacing aging infrastructure and new construction needs being underpinned by infrastructure initiatives across the U.S. and Europe. These factors have created a favorable environment for companies operating in the sector, leading to increased growth opportunities for companies to capture—particularly with acquisitions. The first half of 2023 has had several notable deals to highlight as strategic companies have been able to find and execute M&A opportunities during a time of economic uncertainty.

Overall deal transaction value has decreased YoY in 2023 YTD, while deal volume has remained relatively strong given the current macroeconomic environment. M&A transactions within the EI&I space have witnessed an influx of investments aimed at capitalizing on the demand for specialized labor and expanding service offerings to meet the current demands of project work across a variety of attractive and growing end markets (e.g., roads, renewables, electricity, airports, telecommunication, rail, water). The latter half of 2023 could see increased M&A activity as private equity firms continue sitting on an estimated \$3.7 trillion of dry powder, while firms are also looking for exit opportunities from previously executed deals.

In the public markets, EI&I companies have been generally outperforming well over the LTM June 2023 period, especially industrial and infrastructure service companies, as these industries face evolving regulatory dynamics, government initiatives, and overall improving market sentiments.

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FEATURED SECTOR NEWS

Government initiatives continue to allocate resources to bolster infrastructure with a focus on several key areas of need, including green energy, power and electrical, transportation-related infrastructure, and telecommunication.

Date	Subsector	Description	Article Link
7/5/2023	Infrastructure	California approved \$4.3 billion in funds for transportation infrastructure, aiming to enhance the state's transportation network.	Read More
6/20/2023	Infrastructure	The U.S. General Services Administration announced plans to spend \$975 million in Climate Act funds on environmental and energy-efficient upgrades at more than 100 facilities in its extensive portfolio of federal buildings.	Read More
6/17/2023	Infrastructure	The U.S. Commerce Dept. has awarded \$930 million in grants to increase high-speed internet coverage in rural and other areas where service is weak.	Read More
6/5/2023	Infrastructure	The U.S. Dept. of Transportation has awarded more than \$570 million in grants to states and localities for projects that aim to improve safety at railroad crossings nationwide. The projects will include adding grade separations and shutting or upgrading existing at-grade crossings.	Read More
5/30/2023	Infrastructure	The U.S. Interior Dept. took steps to move ahead \$2.5 billion of proposed NV Energy transmission line projects in Nevada. The projects are meant to increase renewable energy development in the state.	Read More
5/26/2023	Infrastructure	CAISO approved a new transmission plan that includes \$7.3 billion in projects over the next decade—a critical investment to meet growing demand on the grid due to the state's clean energy initiatives.	Read More
5/24/2023	Infrastructure	U.K. water and wastewater companies plan \$12 billion in work to address sewage discharges.	Read More
4/23/2023	Infrastructure	The U.S. Highway Agency launched an \$848 million IJA Resilience Grant Program focused on protecting roads, bridges, ports, and passenger rail/pedestrian facilities from storms and natural disasters—another in its long series of IJA competitive grant programs.	Read More

FEATURED TRANSACTIONS EXECUTED BY HOULIHAN LOKEY'S TEAM

Houlihan Lokey Advises Gannett Fleming



has received a strategic investment from



Sellside Advisor

- Gannett Fleming received a strategic investment from OceanSound Partners. Gannett Fleming will continue to operate under the leadership of its existing management team, who will retain a significant ownership interest in the company.
- Gannett Fleming is a privately held architecture, engineering, and construction firm partnering closely with our clients on some of the toughest challenges facing our communities today.
- OceanSound Partners is a New York-based private equity firm that pursues control investments in technology and technology-enabled services companies serving government and enterprise end markets.
- Houlihan Lokey served as the exclusive financial advisor to Gannett Fleming in the transaction.

Houlihan Lokey Advises GI Partners

GI PARTNERS

has acquired



Buyside Advisor

- GI Partners has acquired Atlas Technical Consultants, Inc. (NASDAQ:ATCX; Atlas), a leading provider of infrastructure and environmental solutions, in an all-cash transaction valued at approximately \$1.05 billion, including outstanding debt.
- GI Partners, founded in 2001, is a private investment firm with more than 150 employees and offices in San Francisco, New York, Dallas, Chicago, Greenwich, Scottsdale, and London.
- Atlas, headquartered in Austin, Texas, is a leading provider of infrastructure and environmental solutions, partnering with clients to improve performance and extend the lifecycle of built and natural infrastructure assets stressed by climate, health, and economic impacts.
- Houlihan Lokey served as the exclusive financial advisor to GI Partners.

Houlihan Lokey Advises Henkels & McCoy Group



has been acquired by



Sellside Advisor

- MasTec, Inc., announced its acquisition of Henkels & McCoy Group, Inc. (Henkels) on December 30, 2021.
- Henkels is an industry-leading utility services firm providing critical infrastructure design, construction, and maintenance services to the power, communications, gas distribution, and pipeline services end markets.
- MasTec is a leading infrastructure construction company operating mainly throughout North America. MasTec covers the engineering, building, installation, maintenance, and upgrade of communications, energy, utility, and other infrastructure.
- Houlihan Lokey served as the exclusive financial advisor to Henkels and assisted in marketing, structuring, and negotiating the transaction.

Houlihan Lokey Advises Hill International, Inc.



has been acquired by



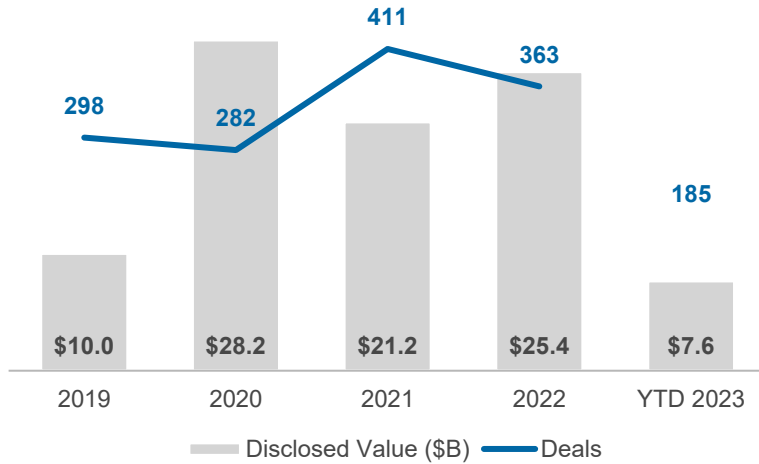
Sellside Advisor & Fairness Opinion

- Global Infrastructure Solutions Inc. (GISI) and Hill International, Inc. (Hill) announced their strategic merger.
- Hill is the largest independent project management and construction management for-fee firm serving global infrastructure markets.
- GISI is among the largest privately owned construction management companies in the commercial building, industrial, and healthcare markets and a leading project/construction manager in the environmental and public infrastructure sectors.
- Houlihan Lokey served as the exclusive financial advisor to Hill and rendered a fairness opinion for the transaction.

Q2 ENGINEERING, INDUSTRIAL, AND INFRASTRUCTURE M&A HIGHLIGHTS

Transaction Value and Deal Volume

(\$ in Billions)



Key Takeaways

- As of Q2 2023, transaction volume is on pace to beat out the volume of 2022 transactions. Reported transaction values are falling behind previous years from less competitive tension in the market.
- Additionally, increased infrastructure spending across diverse end markets has created additional project backlog and opportunities for strategic players to grow by acquisition to fulfill key areas of focus.
- Target acquisitions have offered buyers expanded geographies, advanced specialized services, additional customer bases, and a focus on technology-supported services.

Source: S&P Capital IQ.

Note: Data as of June 30, 2023.

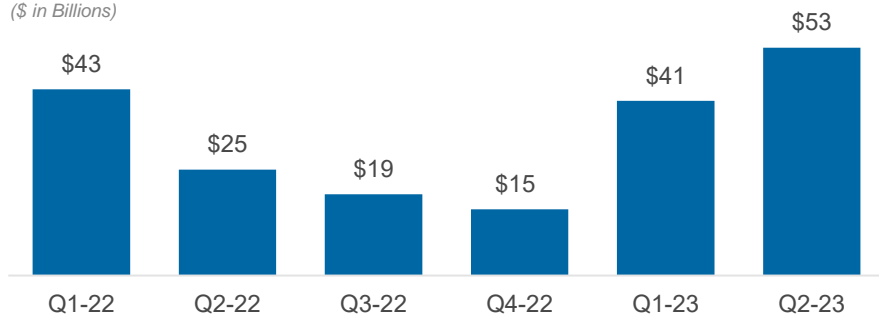
Additional Notable Transactions

Date	Acquirer	Target
6/26/2023	egis	McINTOSH PERRY
6/22/2023	qericonsultants	ELAND
6/21/2023	accenture	ANSER ADVISORY
6/19/2023	TRANSYSTEMS	WBCM
6/13/2023	Bowman	INFRASTRUCTURE ENGINEERS a Bowman company
6/8/2023	Stantec	ESD
6/8/2023	STV	AEI AMERICAN ENGINEERS, INC. DESIGNING YOUR FUTURE SINCE 1951
5/22/2023	SAM	MTPLS SURVEYING & MAPPING
5/21/2023	OAKTREE	ESG
5/17/2023	Bowman	HVI HOLDINGS
5/15/2023	Bowman	FISHER ENGINEERING a Bowman company
5/8/2023	GEI	BluePlan
5/4/2023	CHA CONSTRUCTION SOLUTIONS	Javan ENGINEERING
5/4/2023	LOCHNER	K FRIESE + ASSOCIATES a LOCHNER Company
5/4/2023	SWECO	bb DILLI & BOND
4/13/2023	ITIG INFRASTRUCTURE	INFRASTRUCTURE ENGINEERING PROFESSIONALS
4/6/2023	JSI HELD	AQUILA FORENSICS
4/5/2023	IMEG THE FUTURE. IN. SMARTER.	CAMERON ENGINEERING a Bowman company
4/4/2023	Bowman	R Jackson & Associates a Bowman company
4/4/2023	CIM+	MidSea

DEBT CAPITAL MARKETS IN Q2 2023

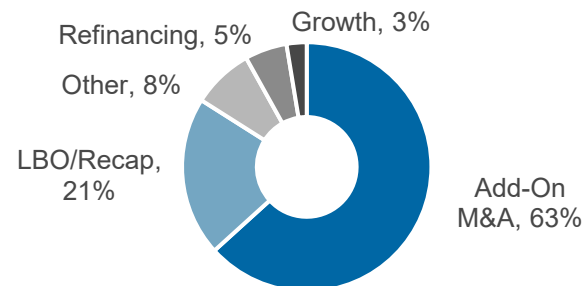
New Issuance Volume

(\$ in Billions)



U.S. high-yield supply remains slow through the first week of July 2023 with estimates indicating a print-free tally through July 7. However, Q2 2023 volume ticked higher from the first three months of the year, finalizing at \$53.0 billion.

Use of Proceeds⁽¹⁾



Amid a slowdown in the syndicated loan and high-yield markets in 2023, the direct lending market has exhibited stability and, although it remains more selective, continues to offer more competitive terms relative to the public markets, with sponsors seeking certainty against choppy market conditions.

Featured Recent Capital Markets Transactions



Placement Agent: Aludyne, Inc., is a global, vertically integrated Tier 1 manufacturer and supplier of aluminum, magnesium, and iron cast and machined automotive components for blue-chip automotive OEMs.



Exclusive Placement Agent: Ascent Aviation Services, LLC, is an independent commercial aircraft maintenance, repair, and overhaul solutions provider.



Exclusive Placement Agent: Erickson Inc. is a manufacturer, maintainer, and operator of heavy- and medium-lift utility aircraft to support the aerial.



Exclusive Placement Agent: BPS Supply Group is a West Coast-based supplier of industrial pipes, valves, and fittings, offering best-in-class distribution and value-added services.

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

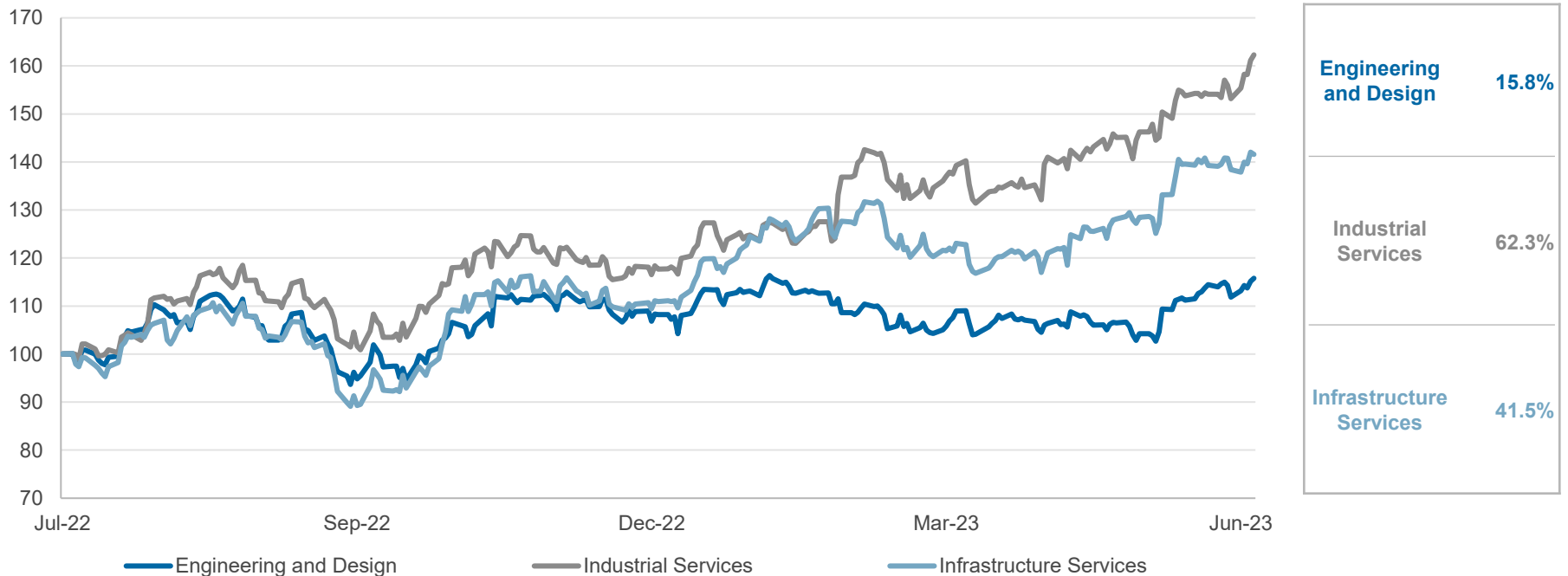
(1) YTD July 7, 2023, volume by proceeds.

EQUITY MARKET INDEX PERFORMANCE

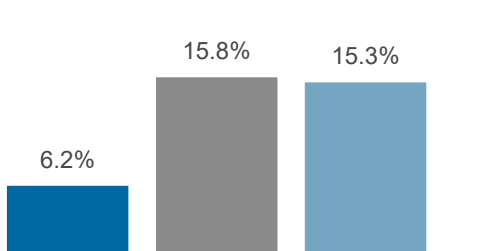
ENGINEERING, INDUSTRIAL, AND INFRASTRUCTURE SUBSECTORS

Despite the continued high-interest-rate environment and bank runs, the EI&I public markets have been performing well over the past 12 months, indicating confidence in the industry's resilient nature and persistent market tailwinds.

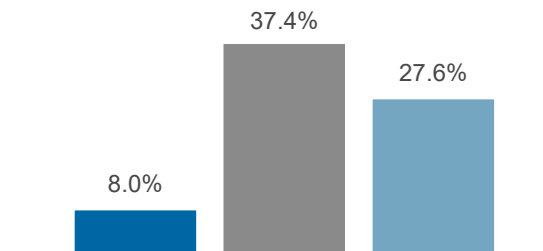
LTM June 2023 Performance by Subsector



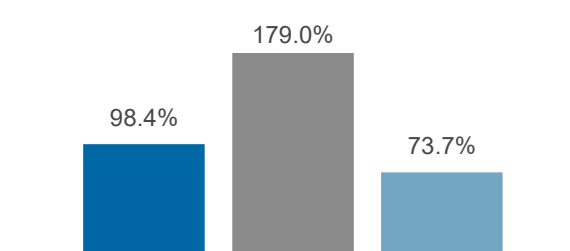
Quarterly Performance



YTD Performance



Three-Year Performance

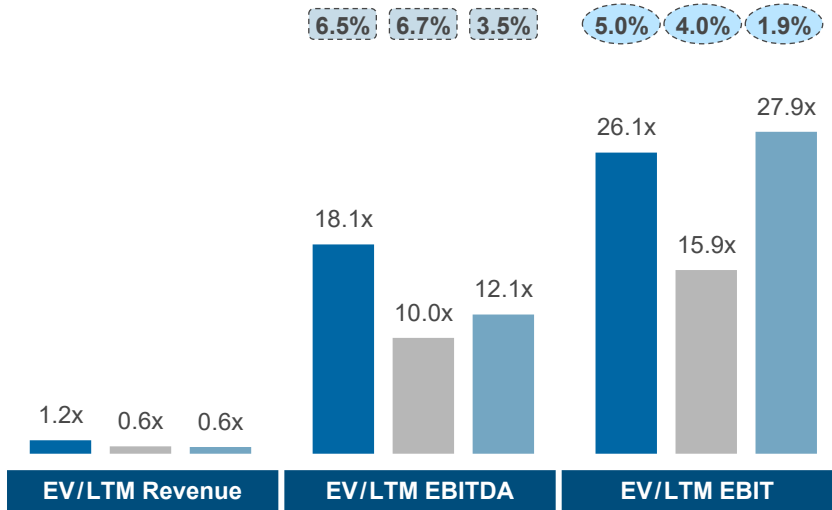


Source: S&P Capital IQ.
Notes: Data as of June 30, 2023. All share prices rebased to 100.

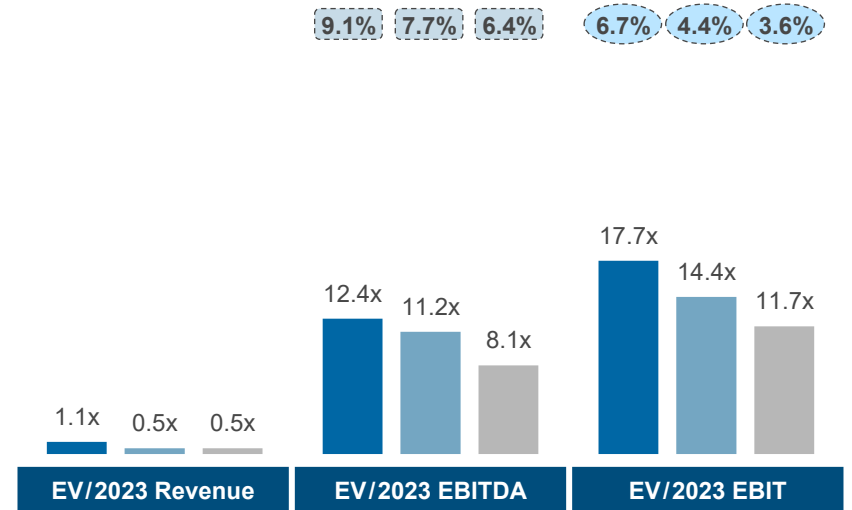
PUBLIC COMPANY VALUATIONS

■ Engineering Services ■ Industrial Services ■ Infrastructure Services ■ Median EBITDA Margin ● Median EBIT Margin

LTM June 2023 Valuations



FY2023E Valuations



Engineering Services

Industrial Services

Infrastructure Services

Infrastructure Services

Infrastructure Services

Source: Median valuation ratios per S&P Capital IQ.
Note: Data as of June 30, 2023.

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Financial Restructuring
Financial and Valuation Advisory

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