



Houlihan Lokey

# ENGINEERING, INDUSTRIAL, AND INFRASTRUCTURE SERVICES

INDUSTRY UPDATE | SPRING 2023



# 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 2023. 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,



**James Ireland**  
Managing Director,  
Europe  
[James.Ireland@HL.com](mailto:James.Ireland@HL.com)  
+44 (0) 20 7747 2772



**Jon Harrison**  
Managing Director,  
Europe  
[JHarrison@HL.com](mailto:JHarrison@HL.com)  
+44 (0) 20 7747 7564



**Chris Hebble**  
Managing Director,  
Capital Markets  
[CHebble@HL.com](mailto:CHebble@HL.com)  
310.788.5204



**Scott Kolbrenner**  
Managing Director and  
Co-Head, Engineering &  
Infrastructure Services  
[SKolbrenner@HL.com](mailto:SKolbrenner@HL.com)  
310.712.6524



**Ranon Kent**  
Managing Director and  
Co-Head, Industrial Services  
[RKent@HL.com](mailto:RKent@HL.com)  
310.712.6523



**Justin Abelow**  
Managing Director,  
Financial Sponsors  
[JAbelow@HL.com](mailto:JAbelow@HL.com)  
212.497.4206



**Chris Sweet**  
Managing Director,  
Capital Markets  
[CSweet@HL.com](mailto:CSweet@HL.com)  
832.319.5140



**Scott Sergeant**  
Managing Director and  
Co-Head, Industrial Services  
[SSergeant@HL.com](mailto:SSergeant@HL.com)  
212.497.4275



**Jeff Stern**  
Managing Director,  
Financial Sponsors  
[JStern@HL.com](mailto:JStern@HL.com)  
312.456.4724

## 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



**Sommer DeRudder**  
*Financial Analyst, Los Angeles*



Ms. DeRudder is a Los Angeles native and joined Houlihan Lokey in July 2022.

Prior to joining Houlihan Lokey, Ms. DeRudder interned as an Equity Research Summer Analyst at RBC Bank, where she focused on the technology, media, and telecom sector.


Ms. DeRudder graduated from Stanford University with a B.A. in Economics and M.A. in Public Policy.

In her spare time, Ms. DeRudder enjoys running, going to the beach, and traveling. Her favorite city to visit has been Berlin, where she spent a semester in a study abroad program.

**HLI**  
LISTED  
**NYSE**

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

## Recent Houlihan Lokey EI&I Transactions



**APEX**  
a portfolio company of  
**Sentinel**  
has been acquired by  
**Morgan Stanley Capital Partners**

Sellside Advisor




**GANNETT FLEMING**  
has received a strategic investment from  
**OCEAN SOUND PARTNERS**

Sellside Advisor

GI PARTNERS  
has acquired  
**ATLAS**

Buyside 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

**KOHLBERG & COMPANY**  
has acquired a 50% stake of  
**USIC**  
a portfolio company of  
**Partners Group**

Buyside Advisor



**EIGHT PROFESSIONALS**  
a portfolio company of  
**HEALING**  
and  
**COACHING PARTNERS**  
has been acquired by  
**ITC**

Sellside Advisor

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

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

Source: Refinitiv. Excludes accounting firms and brokers.

**2022 Global Distressed Debt & Bankruptcy Restructuring Rankings**

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

Source: Refinitiv

**1998 to 2022 Global M&A Fairness Advisory Rankings**

Advisor	Deals
<b>1 Houlihan Lokey</b>	<b>1,232</b>
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 Advisor Under \$1 Billion**

**Leading Capital Markets Advisor**

**No. 1 Investment Banking Restructuring Advisor**

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

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

**1,000+ Annual Valuation Engagements**



# Houlihan Lokey

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

**No. 1 Global Private Equity M&A Advisor<sup>(1)</sup>**

**No. 1 Investment Bank for All Global Business Services M&A Transactions<sup>(2)</sup>**

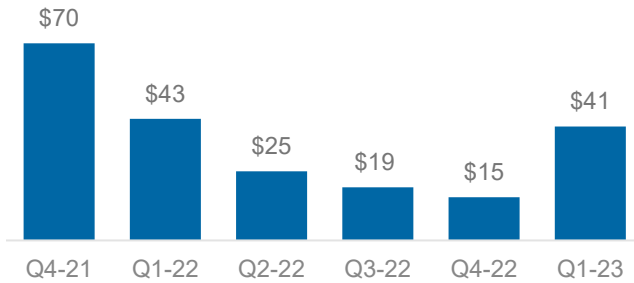
(1) Source: PitchBook.

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

# Debt Capital Markets in Q1 2023

## New Issuance Volume

(\$ in billions)

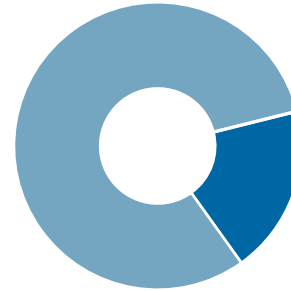


The high-yield market went quiet in mid-February through the last week of March given market headwinds about the state of the economy, inflation, jobs data, anticipated actions by the Federal Reserve, and ongoing banking industry turmoil. 2023 YTD high-yield issuance is \$40.0 billion, which is in line with \$40.0 billion of issuance last year.

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

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

LBO,  
81%

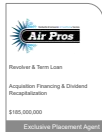


Add-On M&A,  
19%

In the direct market, LBO and add-on M&A made up most of the deal flow in Q4 2022, with similar deal flow continuing in early 2023. LBOs financed by direct lenders in YTD March 2023 outnumbered those financed in the broadly syndicated loan market by 61 to 4.

Source: DLD Weekly.

## Select Recent Capital Markets Transactions



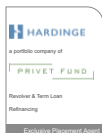
**Exclusive Placement Agent:** Air Pros is a premier residential HVAC services provider and integration platform. With a diverse customer base of more than 350,000 homeowners across seven states, the company offers air condition installation, repair, and maintenance services for residential customers.



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

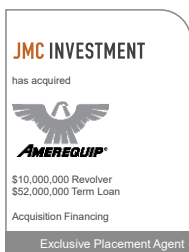


**Exclusive Placement Agent:** Cascade Environmental, a portfolio company of Snow Phipps Group, is the leading provider of environmental and infrastructure drilling, site characterization, and environmental remediation applications.



**Exclusive Placement Agent:** Hardinge, a portfolio company of Privet, is a leading international provider of branded, advanced machine tools and related tooling and accessories, specializing in high-precision metal-cutting machines and workholding technology solutions.

## Transaction Spotlight



### Exclusive Placement Agent

- JMC Investment, an engineering-focused investment firm, has acquired Amerequip Corporation.
- Amerequip is a sole source, preferred premium engineering/manufacturing extension to leading blue-chip OEMs, including John Deere, CAT, and Ariens.
- Houlihan Lokey served as the exclusive placement agent and assisted JMC Investment in arranging, structuring, and negotiating the acquisition financing.

### Process Highlights

- Notwithstanding Amerequip's customer concentration and cyclicality, Houlihan Lokey's Capital Markets Group was able to leverage its senior relationships and drive competitive tension to secure a highly attractive financing package.
- JMC's primary objectives were met, including:
  - Maximize debt proceeds at close
  - Close on an expedited timeline
  - Maximize operational flexibility

(1) February 2023 volume by proceeds.



# Upcoming Business Services Conference



Houlihan Lokey's virtual Spring Summit will be held on Wednesday, April 26. The event will consist of detailed company presentations and perspectives from leaders across various business services sectors, followed by a day of targeted one-on-one meetings. Executives from high-performing companies will showcase their businesses, participate in live Q&A sessions, and share valuable insights into market dynamics and strategies within their respective industries.

## Conference Attendees

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

## 2022 Fall Business Services Conference Presenting Companies



 = Indicates EI&I Company

## Interested in Attending Future Business Services Conferences?

Please visit [HL.com/about-us/events](https://hl.com/about-us/events) or email our Business Services Conference team at [BUSConference@HL.com](mailto:BUSConference@HL.com) for more information.

# EI&I Public Companies

## Operations, Markets, and Valuation Overview

### Engineering Services



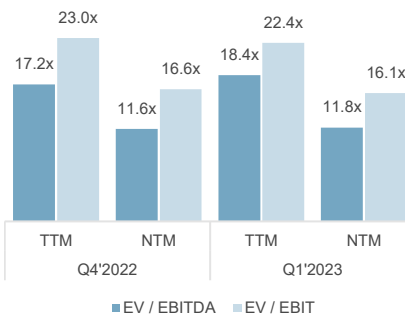
### Industrial Services



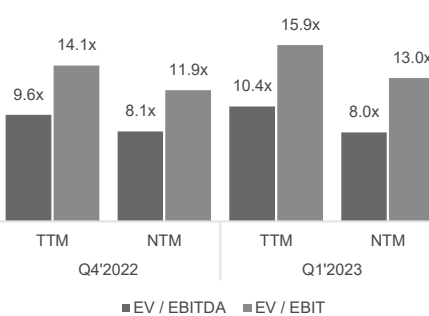
### Infrastructure Services



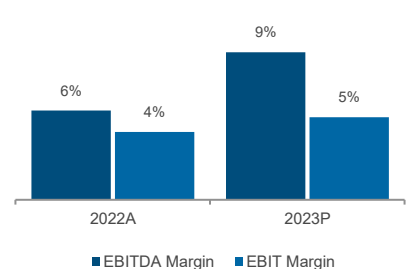
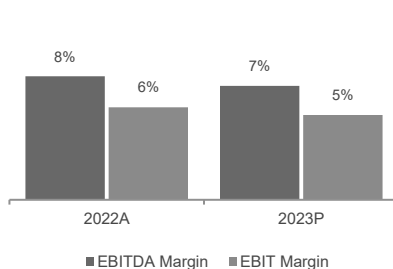
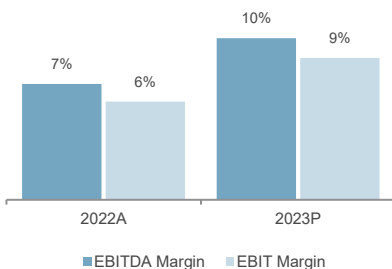
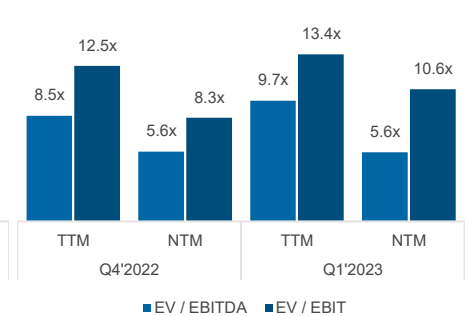
Mean EV/EBITDA (Past 5 Yrs): 14.0x  
Mean EV/EBIT (Past 5 Yrs): 17.6x



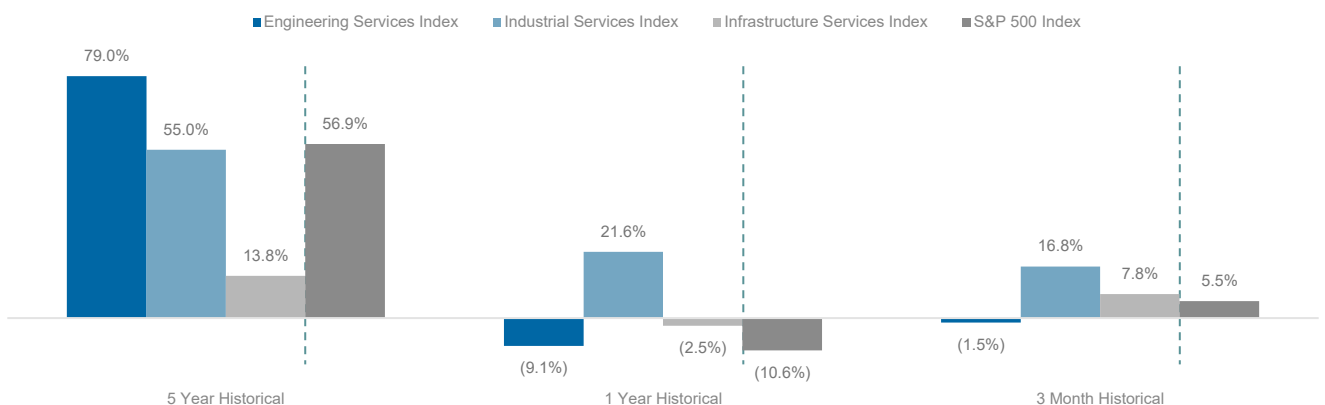
Mean EV/EBITDA (Past 5 Yrs): 9.4x  
Mean EV/EBIT (Past 5 Yrs): 14.0x



Mean EV/EBITDA (Past 5 Yrs): 9.2x  
Mean EV/EBIT (Past 5 Yrs): 15.2x



## Stock Price Performance



Note: All LTM data is calculated as of March 31, 2023.  
Source: S&P Capital IQ.

# Significant Infrastructure-Related News Stories

---

## **Biden Administration Unveils Nearly \$300 Million for Bridge Projects Around U.S.**

(USNews.com, April 13, 2023)

The Biden administration is unveiling on Thursday nearly \$300 million in funding from its signature infrastructure law for nine bridge projects across the country. The funding will go to projects in eight U.S. states and Washington, D.C.

[Read More](#)

## **President Biden Announces First of Its Kind Infrastructure Investment for Nine Nationally Significant Mega Projects**

(U.S. Department of Transportation, January 31, 2023)

President Biden and Transportation Secretary Pete Buttigieg announced that the Biden-Harris Administration has awarded nearly \$1.2 billion from the new National Infrastructure Project Assistance (Mega) discretionary grant program for nine projects across the country. The Mega grant program, created by President Biden's historic infrastructure law, funds projects that are too large or complex for traditional funding programs. Eligible projects include highway, bridge, freight, port, passenger rail, and public transportation projects that are a part of one of the other project types.

[Read More](#)

## **White House Aims to Speed Up Pace of Building Infrastructure**

(AP News, October 13, 2022)

The White House hosted a summit Thursday to help speed up construction projects tied to the roughly \$1 trillion infrastructure law as the Biden administration tries to improve coordination with the mayors and governors who directly account for 90% of the spending.

[Read More](#)

## **U.S. Treasury Awards \$408 Million in COVID Broadband Funds to Five States**

(USNews.com, August 30, 2022)

The U.S. Treasury on Tuesday announced \$408 million in project awards for five states under a COVID-19 capital projects fund for broadband internet access and other public improvements to enable remote work, education, and health monitoring.

[Read More](#)

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

(USNews.com, May 16, 2022)

The White House 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.

[Read More](#)

## **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.

[Read More](#)

# Recent M&A Transactions

Announced Date	Acquirer	Target	Target Description	Transaction Value (\$M)
Apr. '23	Apollo Management	John Wood Group	Offers project and modification services, including onshore, engineering, project management, repair orders, construction, commissioning, fabrication, and maintenance services	2,060
Apr. '23	H.I.G. Infrastructure	Tower Engineering Professionals, Inc.	Provides multidisciplinary engineering services focused on the telecommunications industry, completing more than 100,000 projects annually	NA
Mar. '23	NV5 Global	Gaudet Associates	Manages more than \$2 billion in design, construction, and environmental projects	NA
Jan. '23	GI Partners	Atlas Technical Consultants	Offers engineering, testing, inspection, and environmental consulting services to clients in various industries	1,018
Nov. '22	Brock Group/American Industrial Partners	Aegion Corporation (Energy Services Business)	Provides cost-effective maintenance, turnaround, and construction services at refineries, petrochemical, and other industrial facilities on the West Coast	NA
Sept. '22	Tetra Tech	RPS Group	Serves a wide range of sectors, offering solutions in project and program management; design and development; water services; environment; management consulting; exploration and development; planning and approvals; health, safety, and risk; oceans and coastal; laboratories; training; and communication and creative	735
Aug. '22	Global Infrastructure Solutions Inc.	Hill International	Provides program management, project management, construction management, project management oversight, construction claims, dispute resolution, advisory, facilities management, and other consulting services to clients in a variety of market sectors	173
July '22	MasTec	Infrastructure and Energy Alternatives, Inc.	Offers solutions in the renewable energy and infrastructure sectors, with extensive expertise and capabilities spanning engineering, procurement, construction, and other related services	1,100
July '22	Arcadis	IBI Group	Provides global architecture, engineering, planning, and technology expertise spanning more than 60 offices and 3,500+ professionals around the world	659
June '22	Primoris Services	PLH Group, Inc.	Operates as a full-service construction and specialty contractor that serves the electric power and pipeline markets	470
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



# About Houlihan Lokey

Houlihan Lokey (NYSE:HLI) is a global investment bank with expertise in [mergers and acquisitions](#), [capital markets](#), [financial restructuring](#), and [financial and valuation advisory](#). The firm serves corporations, institutions, and governments worldwide with offices in the Americas, 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 global M&A transactions under \$1 billion, the No. 1 M&A advisor for the past eight consecutive years in the U.S., the No. 1 global restructuring advisor for the past nine consecutive years, and the No. 1 global M&A fairness opinion advisor over the past 25 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
- FinTech
- 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

# Disclaimer

---

© 2023 Houlihan Lokey. All rights reserved. This material may not be reproduced in any format by any means or redistributed without the prior written consent of Houlihan Lokey.

Houlihan Lokey is a trade name for Houlihan Lokey, Inc., and its subsidiaries and affiliates, which include the following licensed (or, in the case of Singapore, exempt) entities: in (i) the United States: Houlihan Lokey Capital, Inc., and Houlihan Lokey Advisors, LLC, each an SEC-registered broker-dealer and member of FINRA ([www.finra.org](http://www.finra.org)) and SIPC ([www.sipc.org](http://www.sipc.org)) (investment banking services); (ii) Europe: Houlihan Lokey Advisory Limited, Houlihan Lokey EMEA, LLP, Houlihan Lokey (Corporate Finance) Limited, and Houlihan Lokey UK Limited, authorized and regulated by the U.K. Financial Conduct Authority; Houlihan Lokey (Europe) GmbH, authorized and regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht); (iii) the United Arab Emirates, Dubai International Financial Centre (Dubai): Houlihan Lokey (MEA Financial Advisory) Limited, regulated by the Dubai Financial Services Authority for the provision of advising on financial products, arranging deals in investments, and arranging credit and advising on credit to professional clients only; (iv) Singapore: Houlihan Lokey (Singapore) Private Limited and Houlihan Lokey Advisers Singapore Private Limited, each an “exempt corporate finance adviser” able to provide exempt corporate finance advisory services to accredited investors only; (v) Hong Kong SAR: Houlihan Lokey (China) Limited, licensed in Hong Kong by the Securities and Futures Commission to conduct Type 1, 4, and 6 regulated activities to professional investors only; (vi) India: Houlihan Lokey Advisory (India) Private Limited, registered as an investment adviser with the Securities and Exchange Board of India (registration number INA000001217); and (vii) Australia: Houlihan Lokey (Australia) Pty Limited (ABN 74 601 825 227), a company incorporated in Australia and licensed by the [Australian Securities and Investments Commission](#) (AFSL number 474953) in respect of financial services provided to wholesale clients only. In the United Kingdom, European Economic Area (EEA), Dubai, Singapore, Hong Kong, India, and Australia, this communication is directed to intended recipients, including actual or potential professional clients (UK, EEA, and Dubai), accredited investors (Singapore), professional investors (Hong Kong), and wholesale clients (Australia), respectively. Other persons, such as retail clients, are NOT the intended recipients of our communications or services and should not act upon this communication.

Houlihan Lokey gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this presentation. The material presented reflects information known to the authors at the time this presentation was written, and this information is subject to change. Any forward-looking information and statements contained herein are subject to various risks and uncertainties, many of which are difficult to predict, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. In addition, past performance should not be taken as an indication or guarantee of future performance, and information contained herein may be subject to variation as a result of currency fluctuations. Houlihan Lokey makes no representations or warranties, expressed or implied, regarding the accuracy of this material. The views expressed in this material accurately reflect the personal views of the authors regarding the subject securities and issuers and do not necessarily coincide with those of Houlihan Lokey. Officers, directors, and partners in the Houlihan Lokey group of companies may have positions in the securities of the companies discussed. This presentation does not constitute advice or a recommendation, offer, or solicitation with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Houlihan Lokey or its affiliates may from time to time provide investment banking or related services to these companies. Like all Houlihan Lokey employees, the authors of this presentation receive compensation that is affected by overall firm profitability.



**Houlihan Lokey**

Corporate Finance  
Financial Restructuring  
Financial and Valuation Advisory

[HL.com](http://HL.com)