



HOULIHAN LOKEY

ENGINEERING, INDUSTRIAL, AND INFRASTRUCTURE SERVICES

INDUSTRY UPDATE | Q1 2021



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 Q1 2021.

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 have also included in this issue special commentary focused on the impact of COVID-19 and post-COVID-19 growth strategies as well as information about our 2021 Business Services Spring Summit to be held this April.

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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Select Additional Team Members



Disha Mehta
Director



Shane Murrish
Senior Vice President



Casey Schwartz
Senior Vice President



Jordan Mendel
Vice President

Houlihan Lokey EI&I Team Member Spotlight



Alex Heikali
Vice President, Los Angeles



Bachelor of Arts, Economics

Mr. Heikali has been a member of Houlihan Lokey's Business Services Group since 2013, where he performs sellside and buy-side M&A advisory, debt and equity financings, strategic alternatives assessments, and valuations.

Prior to joining Houlihan Lokey, Alex worked for Park Lane investment bank, an investment bank located in Century City, California, and in the Private Wealth Management division of UBS Financial Services, Inc.

Over the years, Alex has gained an affinity for curating rare collectibles—everything from vintage cars to sports memorabilia. When not working, Alex enjoys spending his time cycling, exploring new music, discovering new tequilas/spirits, and reading.

HLI
LISTED
NYSE

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

Corporate Finance

2020 M&A Advisory Rankings All U.S. Transactions

	Advisor	Deals
1	Houlihan Lokey	210
2	Goldman Sachs & Co	172
3	JP Morgan	132
4	Evercore Partners	126
5	Morgan Stanley	123

Source: Refinitiv (formerly known as Thomson Reuters)

Financial Restructuring

2020 Global Distressed Debt & Bankruptcy Restructuring Rankings

	Advisor	Deals
1	Houlihan Lokey	106
2	PJT Partners Inc	63
3	Lazard	50
4	Rothschild & Co	46
5	Moelis & Co	39

Source: Refinitiv (formerly known as Thomson Reuters)

Financial and Valuation Advisory

2001 to 2020 Global M&A Fairness Advisory Rankings

	Advisor	Deals
1	Houlihan Lokey	956
2	JP Morgan	876
3	Duff & Phelps	802
4	Morgan Stanley	599
5	BofA Securities Inc	542

Refinitiv (formerly known as Thomson Reuters). Announced or completed transactions.

No. 1 U.S. M&A Advisor

Top 10 Global M&A Advisor

Leading Capital Markets Advisor

No. 1 Global Investment Banking Restructuring Advisor

1,400+ 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

Recent Houlihan Lokey Developments and Headlines

Fundraising Reimagined: Attracting LPs in a Post-Pandemic World

Tom Carlyle and Katya Leonov, Senior Vice President and Vice President of Houlihan Lokey's Private Funds Group in London, respectively, discuss LPs' re-emerging appetite for private equity and their new requirements.

Real Deals (January 14, 2021)

New Year Brings Investors Fresh Opportunities and Stresses

Surbhi Gupta, Managing Director in Houlihan Lokey's Financial Restructuring Group, spoke to *Bloomberg* about retailers that may need to address their debt loads in the incoming new year, as well as the wave of business reassessments that are to be expected once results from holiday sales are reported.

Bloomberg (December 16, 2020)

Europe Expects an Influx of Restructurings in 2021

Joseph Swanson, Senior Managing Director and Co-Head of Houlihan Lokey's Restructuring Group in Europe, spoke to *GlobalCapital* about the expected influx of large restructurings in Europe, brought on by the wave of emergency financings in 2020.

GlobalCapital (December 22, 2020)

AI Technology Is Easing the LIBOR Transition

David Wagner, Senior Advisor at Houlihan Lokey, spoke to Refinitiv about the recent utilization of AI in the LIBOR transition process. Banks are now using this technology to work through the thousands of documents needed to move away from the key lending benchmark and prepare for a new reference rate.

Refinitiv (December 1, 2020)

Recent Houlihan Lokey Transaction

KOHLBERG & COMPANY

has acquired

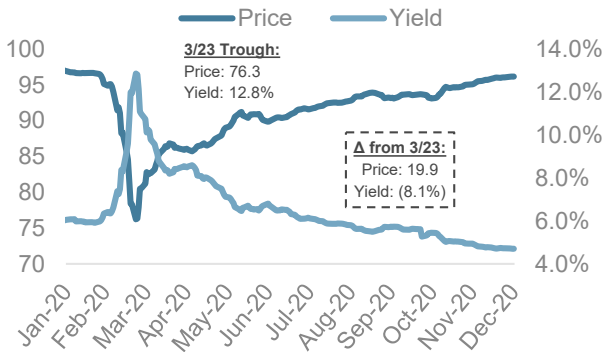
AWP
AREA WIDE PROTECTIVE

Buyside Advisor

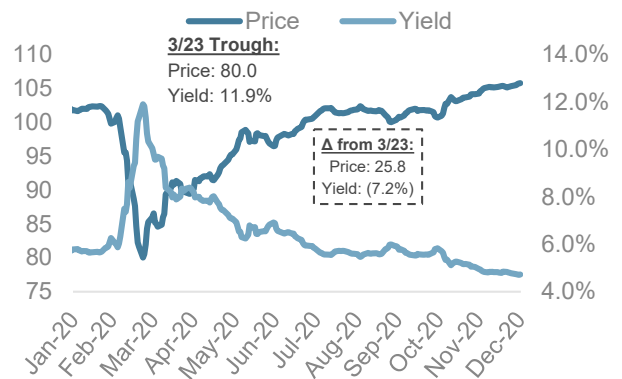
Kohlberg & Company Buyside Advisor: Area Wide Protective (AWP) provides comprehensive traffic control and safety services to electric and gas utilities as well as telecommunications and infrastructure customers. With more than 5,000 employees in more than 110 facilities across 21 states and eastern Canada, the company helps direct or reroute traffic in support of infrastructure maintenance, repair, or construction projects affecting public roads. Houlihan Lokey served as Kohlberg's advisor in the acquisition of AWP.

Debt Capital Markets in 2021

U.S. Leveraged Loans: Average S&P/LSTA Leveraged Loan Index Bid and Yield⁽¹⁾



U.S. High Yield: Average S&P Corporate Bond Index Average Bid and Yield⁽¹⁾



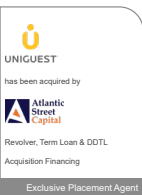
- Loan market conditions continue to strengthen due to the positive vaccine news as issuers push to get transactions closed ahead of year-end.

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

- High yield continues to set issuance records as a number of issuers lined up after the Thanksgiving holiday.

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

Select Recent Capital Markets Transactions



Acquisition Financing: Uniguest Holding, Inc., is a leading provider of highly secure content management software and managed services that enhance digital engagement between companies, customers, and employees. Houlihan Lokey successfully arranged, structured, and negotiated the revolving credit facility, term loan, and delayed draw term loan.



Dividend Recapitalization and Refinancing: International Wire Group, Inc., is a leading manufacturer of mission-critical wire products for wire suppliers, distributors, and original equipment manufacturers. Houlihan Lokey arranged the issuance of a senior credit facility, composed of a revolver and term loan.

Select Team Members



Chris Hebble
Managing Director
Capital Markets

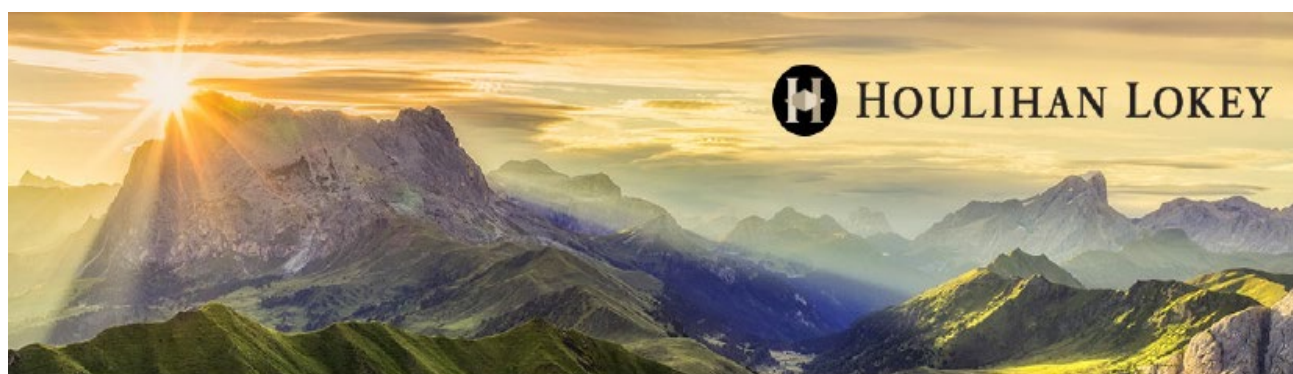


Chris Sweet
Managing Director
Capital Markets

(1) Daily data, as of January 17, 2021.

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

2021 Business Services Spring Summit



JOIN US (VIRTUALLY)!

2021 Business Services Spring Summit

Virtual Presentations: April 28, 2021

Virtual One-on-One Meetings: April 29, 2021

Conference Overview

The Summit on Wednesday, April 28, followed by a day of targeted one-on-one meetings on Thursday, April 29, serves as a mid-year opportunity to virtually interact with CEOs and other C-suite executives of mid-cap business services companies and senior members of leading capital providers, discuss strategies for creating value for stakeholders, and gain insights into market dynamics and strategies within a wide variety of sectors.

What to Expect

Detailed Company Presentations: Executives from high-performing companies will showcase their businesses to an audience of strategic, financial, and institutional investors and other capital providers.

Virtual Interactive Experience: Attendees will have the opportunity to participate in a live Q&A after each presentation.

Targeted One-on-One Meetings: Highly targeted one-on-one breakout meetings will be held following the Summit on Thursday, April 29.

Attendees Include

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

2020 Annual Conference Exceeded Expectations

- 39 presenting companies
- 900+ industry leaders and capital providers attended
- Successful, highly targeted one-on-one meetings

Email BUSConference@HL.com to reserve your place at the conference.

EI&I Public Companies Operations, Markets, and Valuation Overview

Engineering Services



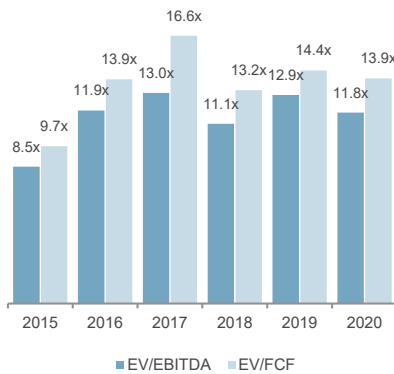
Industrial Services



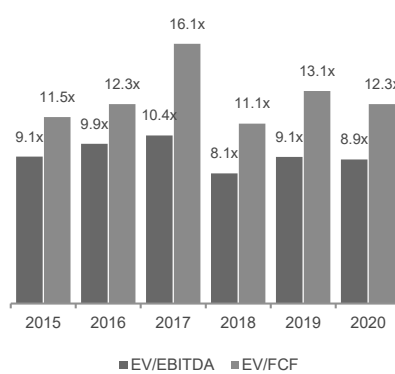
Infrastructure Services



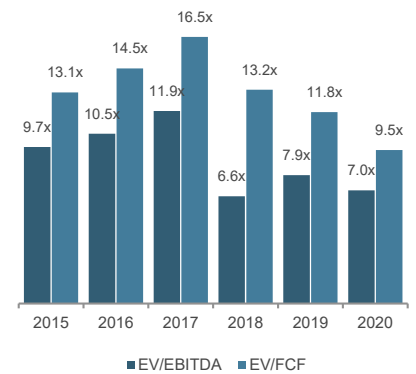
Mean LTM EV/EBITDA: 11.8x
Mean LTM EV/FCF: 13.9x



Mean LTM EV/EBITDA: 8.9x
Mean LTM EV/FCF: 12.3x



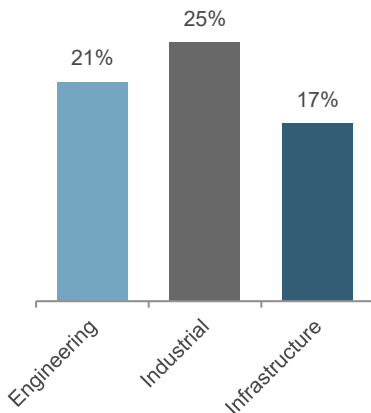
Mean LTM EV/EBITDA: 7.0x
Mean LTM EV/FCF: 9.5x



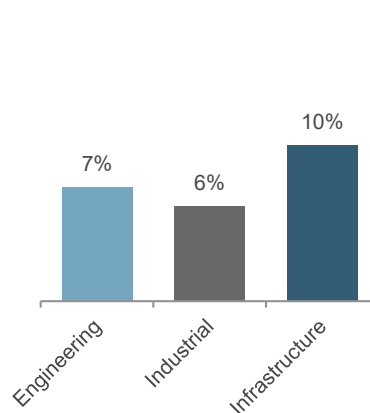
Note: Multiples from 2015 to 2020 calculated as of year-end (December 31) of each respective year.

Financial Metrics

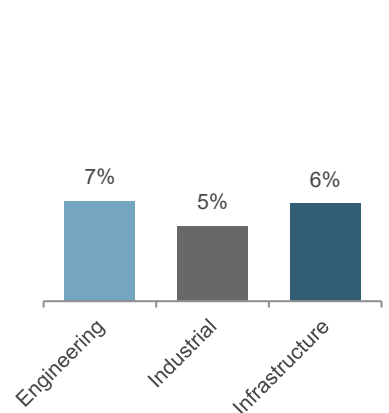
Average '17-'19 EBITDA CAGR



Average LTM EBITDA Margin



Average LTM FCF Margin⁽¹⁾



Note: All LTM data is calculated as of December 31, 2020.

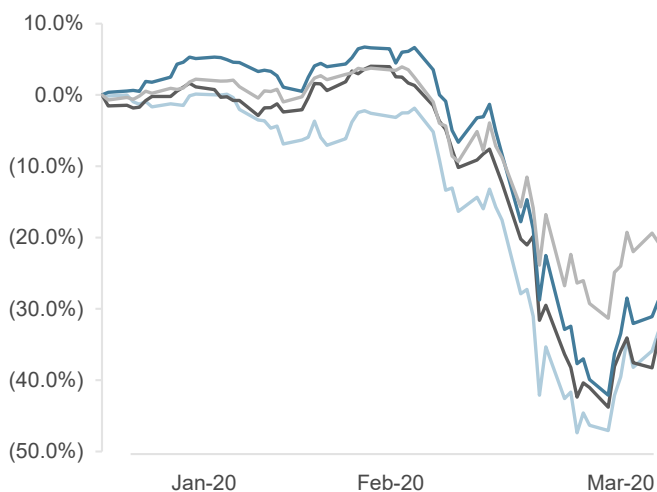
(1) FCF defined as EBITDA less capital expenditures.

Source: S&P Capital IQ.

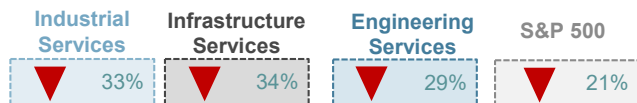
EI&I Public Companies Operations, Markets, and Valuation Overview (cont.)

Quarterly Index Performance⁽¹⁾

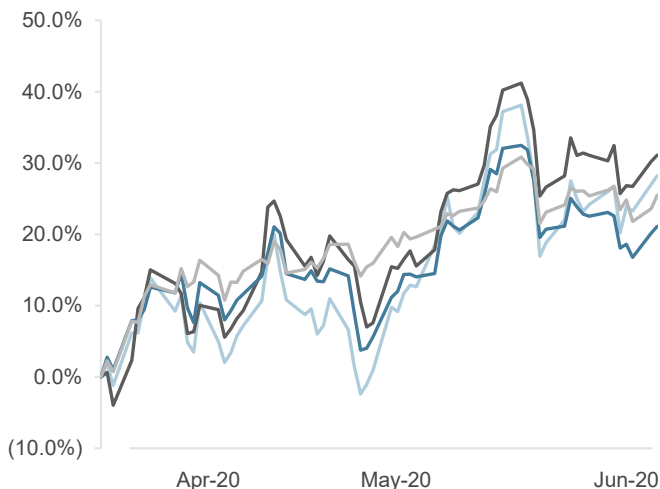
01/02/20–03/31/20



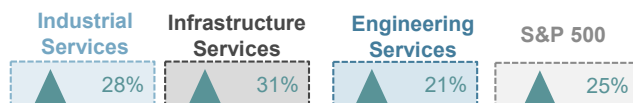
Q1 Performance Comparison



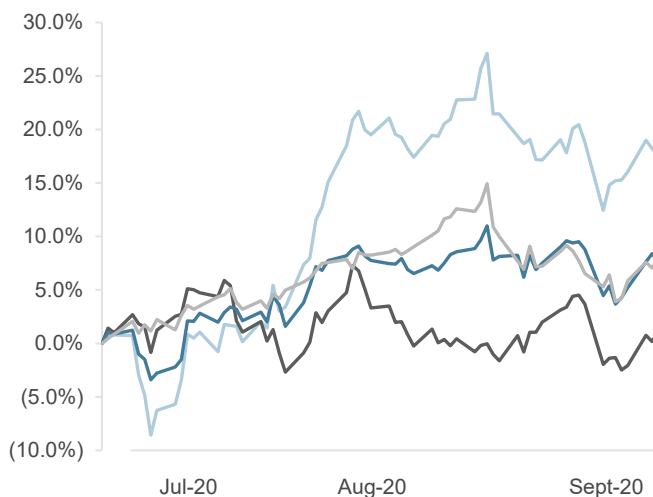
04/01/20–06/30/20



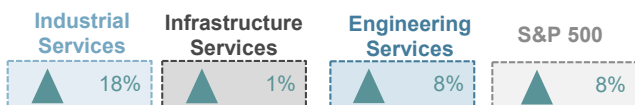
Q2 Performance Comparison



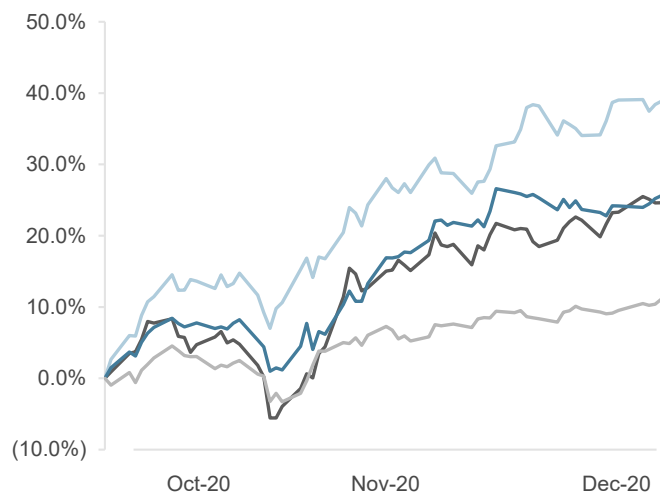
07/01/20–09/30/20



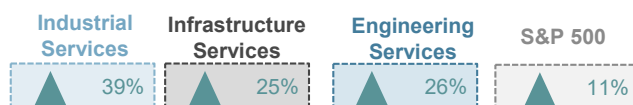
Q3 Performance Comparison



10/01/20–12/31/20



Q4 Performance Comparison



(1) Performance for the EI&I indices is based on equally weighted stock price (Source: S&P Capital IQ).

Significant Infrastructure-Related News Stories

Buttigieg Confirmation Signals Increased Investment in Renewable Energy Infrastructure and Electric Vehicles

(The National Law Review, February 4, 2021)

“Pete Buttigieg was sworn in as Secretary of Transportation after his nomination passed the US Senate 86-13. His confirmation means a likely boon for investment in U.S. infrastructure, particularly for those investing in renewable energy infrastructure, electric vehicle infrastructure, and electric vehicles.”

U.S. Has ‘Very Large’ Stimulus Capacity, IMF Fiscal Chief Says

(Bloomberg, January 28, 2021)

“The U.S. has ample room for additional federal stimulus and ‘a very large capacity to act,’ according to Vitor Gaspar, the International Monetary Fund’s fiscal affairs department director.”

Biden Can Forge Bipartisan Cooperation With a Bold Infrastructure Program

(MarketWatch, January 25, 2021)

“The American Society of Civil Engineers estimates congestion on roads, rails, and elsewhere imposes \$400 billion a year in lost productivity, and a 10-year \$2 trillion program is needed to bring transportation systems and other infrastructure up to snuff.”

Joe Biden’s Business Allies Discuss Ways to Pay for Infrastructure Plan, Including a Carbon Tax

(CNBC, January 21, 2021)

“President Joe Biden’s allies in the business community have been meeting to craft a set of proposals, including a potential carbon tax, to help pay for an expected \$2 trillion infrastructure plan.”

A Big Infrastructure Spending Bill Might Finally Be in the Cards

(CNN, January 20, 2021)

“‘With the slim majority the Democrats have in the Senate, infrastructure spending is probably going to be one of the less controversial measures and could be implemented,’ said Gautam Khanna, senior portfolio manager with Insight Investment. ‘A \$1.5 trillion to \$2 trillion package—somewhere in that zone—could get through.’”

Governor Wolf Announces \$178 Million Investment in Water Infrastructure Projects in 11 Counties

(PA Gov, January 20, 2021)

“Governor Tom Wolf today announced the investment of \$178 million for 14 drinking water, wastewater, and stormwater projects across 11 counties through the Pennsylvania Infrastructure Investment Authority”

Biden: Major Infrastructure Plan Is on the Way

(Engineering News-Record, January 19, 2021)

“The Biden administration’s legislative ideas are coming into sharper focus, starting with a \$1.9 trillion coronavirus ‘rescue’ plan that includes only a small list of construction-related provisions. But what has captured construction executives’ interest is the second item on incoming President Joe Biden’s Capitol Hill agenda: an economic recovery proposal due in February that Biden says will ‘make historic investments in infrastructure, along with manufacturing, research and development, and clean energy.’”

Senate Democrats Weigh Merging Coronavirus Relief and Infrastructure Into a Massive Multitrillion-Dollar Package That Could Pass Without GOP Votes

(Business Insider, January 13, 2021)

“Senate Democrats are weighing whether to combine an infrastructure bill and coronavirus relief legislation into a single, massive multitrillion-dollar package that could pass without Republican votes.”

Recent M&A Transactions

Announced Date	Acquirer	Target	Target Description	Transaction Value (\$M)
Jan. 2021	WSP	kW Mission Critical Engineering	Engineering and consulting services for data centers and buildings with a continuous uptime requirement	NA
Jan. 2021	WSP	TK1SC	Provides mechanical, electrical, plumbing, structural, technology, low voltage, and security systems for office campuses, hospitals, schools, and civic buildings	NA
Dec. 2020	WSP	Golder Associates	Engineering and consulting firm in the geosciences sector with a niche focus on earth and environmental conditions	\$1,500
Dec. 2020	Stantec	AGEL	Multidiscipline engineering firm specializing in environmental services, spatial development, infrastructure, and GIS services	NA
Nov. 2020	Ardurra Group	Pigeon-Roberts & Associates	Engineering consulting firm that serves local and regional agencies with services focused on the water and wastewater markets	NA
Nov. 2020	TRC	1Source Safety and Health	Provides management consulting services in areas such as indoor air quality, asbestos management, industrial hygiene, and safety management systems	NA
Oct. 2020	Woolpert	Jviation	A planning, engineering, architecture, survey, and construction administration firm that focuses on aviation-related projects	NA
Oct. 2020	Kleinfelder	Gas Transmission Systems	Provides pipeline engineering, consulting, and program management services to gas utilities and pipeline operators with a focus on infrastructure integrity management and rehabilitation	NA
Sept. 2020	Anser Advisory	Ascent	Provides service delivery, including capital program advisory and consulting services, program/project controls, and project management across the U.S.	NA
Sept. 2020	Ardurra Group	Constantine Engineering	Multidiscipline engineering firm specializing in the water, wastewater, and public works markets	NA
Aug. 2020	Kleinfelder	Garcia and Associates	Provides environmental planning and permitting services related to the operation and maintenance of critical infrastructure throughout the Western United States	NA
Aug. 2020	Court Square Capital	RailPros	Provides outsourced services for rail operators, state DOTs, and contractors working adjacent to rail infrastructure	NA
May 2020	Anser Advisory	H.R. Gray	Provides responsive, cost-effective construction management and construction dispute resolution services for public agencies	NA
July 2020	Worley Ltd.	TW Power Services (remaining 50% stake)	Offers operations and maintenance services to the power generation sector in Australia and New Zealand	\$14
July 2020	NV5 Global	Mediatech Design Group	Provides award-winning independent consulting services and specializes in technology design for the built environment	NA
June 2020	Kohlberg & Company	GPRS	Provides subsurface detection services to the construction industry, including detection of underground utilities and the scanning of concrete structures	NA
Jan. 2020	CHA Consulting	CME Associates	Transportation engineering firm with a focus on complex highway and bridge projects and national expertise in accelerated bridge construction	NA
Oct. 2019	Tower Engineering Professionals	P-Sec	Provides engineering and inspection services for telecommunications and broadcast clients across Canada and the U.S.	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 M&A advisor for the past six consecutive years in the U.S., the No. 1 global restructuring advisor for the past seven 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 (formerly Thomson Reuters).

Locations



North America	Europe and Middle East	Asia-Pacific
Atlanta	Amsterdam	Beijing
Boston	Dubai	Hong Kong
Chicago	Frankfurt	Singapore
Dallas	London	
Houston		
Los Angeles		
Miami	Madrid	Sydney
Minneapolis	Milan	Tokyo
New York	Paris	
San Francisco		
Washington, D.C.		



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Product Expertise

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Energy
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