



# The Blueprint: Trends in the Construction Industry



Chartwell Financial Advisory

Q3 2020

# The Blueprint: Trends in the Construction Industry

Chartwell's construction practice serves more than 100 industry participants throughout the United States. Our team of professionals has experience with construction firms of various sizes and specialties. We provide ownership advisory, corporate finance, transaction opinion, and business valuation services to middle-market companies.

The Blueprint focuses on current M&A and public market trends within the construction sector.

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Welcome to the inaugural edition of Chartwell's construction industry newsletter...The Blueprint. Over the past 25 years, Chartwell's broad range of services have afforded us the opportunity to work with some amazing companies across an extensive array of industries. However, we work with more businesses in the engineering and construction sector than any other. We have advised over 250 companies in this sector in recent years. And while many of these firms have had more traditional ownership structures, our comprehensive expertise allows us to provide a variety of services to ESOP companies in particular, one of which is profiled in this edition.

Our intention with this newsletter is to provide you with timely information on the broader construction industry along with M&A and public market trends and insights from some of the biggest names in the construction world. For those interested in related market information, we have a separate publication focused on engineering which is published quarterly... The Keystone.

We hope you enjoy the debut edition of The Blueprint and please let us know if there is additional information you would like to see included in future editions.

– Your Friends at Chartwell

# Client Profile: Consigli Construction

## Company Overview

- **About:** Consigli provides construction management and general contractor services for commercial and government accounts in the New England region of the U.S. as well as New York, Washington, DC, and the U.S. Virgin Islands
- **Locations:** Headquartered in Milford, Massachusetts with nine additional office locations
- **Founded:** 1905 by Peter Consigli and is currently in the fourth generation of family leadership
- **Services:** Lean project delivery, mechanical/electrical/plumbing system services, pre-construction, budgeting, scheduling, general contracting, construction management, and building information modeling
- **Markets:** Academic, corporate, life science, healthcare, institutional, landmark restoration, and federal
- **Awards:** ENR New England Contractor of the Year (2019), #1 Best Place to Work Connecticut (2020), Top Place to Work Connecticut (2012-2020), Top Place to Work Massachusetts (2010-2020), Top Place to Work Maine (2008-2020)



*Anthony and Matthew Consigli started out in the family business as kids*

Chartwell Managing Director Chris Staloch sat down with President of Consigli, Matthew Consigli, to discuss the current environment in the construction industry:

## **Q. Consigli has grown significantly over the past ten years. What are the primary factors you would attribute to your success?**

The growth and success we enjoy is undoubtedly due to our people. Our company cultivates a remarkable culture based on transparency, accountability, and mutual respect, resulting in employee retention that remains well above industry averages. It has always been our mission to bring the right people onboard to invest in, to develop, and to promote. We have a solid foundation of employees that feel a connection to our values as an organization.

It is also noteworthy that our core management team has been together for many years. As a leadership team, we work hard together, made mistakes, argue, challenge each other, laugh, and grow in so many ways. This stability is truly a strength for us and as we bring forward new leaders, we try to surround them to ensure those same characteristics will be carried on.



*Consigli is a 100% ESOP-owned company*



## Client Profile: Consigli Construction (Continued)

### **Q. What are some notable projects that you recently completed or are currently working on?**

We are putting the finishing touches on a new 700,000 square foot Patient Care Pavilion at Vassar Brothers Medical Center in Poughkeepsie, NY, overlooking the Hudson River.

We recently completed a major renovation to the iconic Smith Campus Center at Harvard University, achieving LEED Gold designation for its sustainable features.

One of the most rewarding projects we have ever undertaken as a company was the new Sandy Hook Elementary School in Newtown, CT which is recognized as a national model as a “School of the Future.” It was an honor for us to have helped support the healing of their community.

Despite the pandemic, we are fortunate to have been awarded some amazing projects.

An exciting project for Vertex Pharmaceuticals in Boston will soon be underway to support their important work with cell and genetic therapies that will dramatically improve patients’ lives.

We recently broke ground on a new Inpatient Tower at Dartmouth Hitchcock Medical Center, New Hampshire’s only Level 1 Trauma Center.

And we continue on a multi-year renovation to the landmark National Air & Space Museum in our nation’s capital. The renovation takes place while the most visited museum in the world remains operational.



*Vassar Brothers Medical Center - Poughkeepsie, NY*

### **Q. One of the concerns we are hearing frequently is that backlogs are dwindling. How has your backlog held up? What about the volume of new opportunities?**

We are certainly seeing evidence of this as we continue to face the headwinds associated with COVID and the uncertainty with the upcoming elections. However, our backlog is in decent shape despite some apprehension in the marketplace. We are hopeful that we’re all in a better place in 2021, with a stabilized economy and consumer confidence.

Our diverse portfolio has cushioned the bumps in the higher education and multi-family residential markets. We are well-positioned in the life sciences and healthcare markets, which remain stable in the Northeast. We have adapted quickly to new opportunities in transportation and energy infrastructure.



*Smith Campus Center at Harvard University - Cambridge, MA*

## Client Profile: Consigli Construction (Continued)

### **Q. Considering the pandemic, market volatility, economic swings, etc., what are your thoughts about the construction market today?**

The impact of the construction industry is more important than ever given what is going on in our world today and I am proud our industry's response to the pandemic.

Construction was deemed essential in many regions during the height of the pandemic. Activity was able to continue due to the protocols and procedures we put into place which demonstrated we could work safely. It will be our responsibility—and opportunity—to contribute towards the economic recovery.

As an industry, we can be slow to adapt to change but COVID has provided a chance for organizations to embrace new ways of doing business. Advances in technology and the adoption of remote working is a reminder of the importance of flexibility. The uncertainty during the early days of the pandemic pushed many of us to get leaner and more efficient.

Further, the social unrest that we have experienced as a society over the past few months has served as a wake-up call to all of us. The construction industry can and should do more and I have been encouraged by the positive change we're seeing.

This pandemic has caused so much turmoil for businesses and families, and I don't want to minimize that. But I do hope that we can identify the positive aspects that we've all experienced since our lives changed in March, emerging even stronger as an industry and as a society.



*Sandy Hook Elementary School - Newtown, CT*

### **Q. What are your expectations for the broader construction market over the next 18 months? How about trends over the next 5-10 years?**

The pandemic holds huge implications for building design and modifications for the overall health and well-being of employees, students, patients, and other building occupants.

We saw pre-COVID increases in prefabrication and component modularization, which will undoubtedly increase in the new environment. This will lead to more investments in technology which the industry has been embracing in recent years.

As organizations make commitments for carbon reduction, we will see the industry work with clients toward shifting to the adoption of healthy, smart, high-performance buildings, low-carbon infrastructure, and deep energy retrofits.

The need for healthcare facilities and life sciences will only grow. The current healthcare trend is toward the building of outpatient facilities to reduce operating costs, improve access to care in suburban areas, and enhance the patient experience.

And the way we all shop is evolving even more quickly than before, so we'll see growth in warehousing and distribution facilities that will support how quickly consumers receive everything from groceries to clothing.

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**"Through all we accomplish and all the ways that we grow—from opportunities to build in new places, to new building types and new team members—our company is a family."**

– Matthew Consigli  
President, Consigli Construction

# Industry Activity Indicators

## September 2020 Construction Spending

	\$ Billion	3MMA	12MMA
<b>Private Nonresidential</b>	<b>\$464.1</b>	<b>(4.4%)</b>	<b>1.7%</b>
Power	\$108.6	(0.1%)	16.0%
Commercial	\$77.5	3.1%	5.0%
Manufacturing	\$71.9	(9.3%)	(3.9%)
Office	\$70.0	(8.2%)	(1.9%)
Healthcare	\$37.7	5.3%	9.0%
Lodging	\$26.8	(14.5%)	(7.8%)
Communication	\$22.4	1.6%	(0.2%)
Education	\$17.4	(17.0%)	(16.4%)
<b>Public Nonresidential</b>	<b>\$339.1</b>	<b>2.2%</b>	<b>6.3%</b>
Highway & Street	\$89.3	(2.1%)	0.7%
Education	\$85.3	0.4%	5.6%
Transportation	\$41.7	0.5%	7.2%
Sewage & Waste	\$26.6	0.0%	5.1%
Water Supply	\$18.3	17.4%	21.2%
Power	\$6.5	(9.2%)	(9.2%)

Seasonally Adjusted Annual Rate  
Source: U.S. Census Bureau

## Dodge Annual Construction Starts Forecast

	2020	2021
<b>Total Construction</b>	<b>(14.0%)</b>	<b>4.0%</b>
Commercial	(23.0%)	5.0%
Institutional	(18.0%)	1.0%
Manufacturing	(49.0%)	0.0%
Single Family	4.0%	7.0%
Multifamily	(14.0%)	(1.0%)
Public Works	(9.0%)	0.0%
Utilities	(43.0%)	35.0%

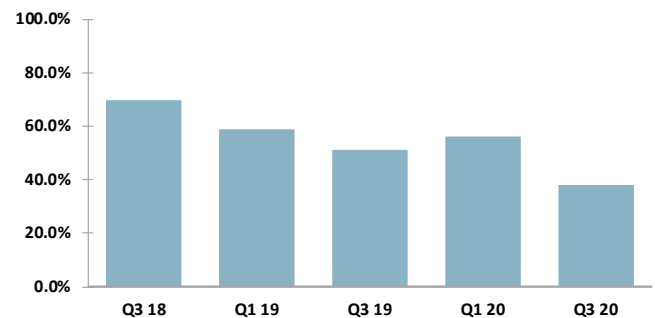
Source: Dodge Data & Analytics, November 2020

## September 2020 Construction Starts - Last 12 Months

	Y-Y	M-M	% of Total
<b>Apartment</b>	<b>(6.5%)</b>	<b>(3.2%)</b>	<b>17.6%</b>
<b>Commercial</b>	<b>(26.1%)</b>	<b>(5.2%)</b>	<b>22.1%</b>
Commercial	(27.9%)	(8.0%)	9.2%
Office	(15.8%)	(1.9%)	6.6%
Lodging	(43.0%)	(5.3%)	3.4%
Other	(23.8%)	4.4%	2.8%
<b>Education/Healthcare</b>	<b>(10.0%)</b>	<b>(2.1%)</b>	<b>14.7%</b>
Education	(11.5%)	(2.8%)	9.7%
Healthcare	(6.9%)	(0.7%)	5.0%
<b>Industrial</b>	<b>(35.9%)</b>	<b>(9.7%)</b>	<b>19.1%</b>
Energy/Chemical	(47.5%)	(16.6%)	7.8%
Warehouse	(19.0%)	(2.8%)	7.3%
Manufacturing	(44.0%)	(13.0%)	4.0%
<b>Infrastructure</b>	<b>(8.3%)</b>	<b>(2.4%)</b>	<b>26.6%</b>
Infrastructure	(18.3%)	(3.4%)	9.6%
Power	(7.3%)	(4.2%)	8.5%
Highway	14.7%	1.3%	5.4%
Bridge	(15.7%)	(2.0%)	2.7%
Environmental	(44.4%)	(8.0%)	0.4%
<b>Total</b>	<b>(17.4%)</b>	<b>(4.2%)</b>	<b>100.0%</b>

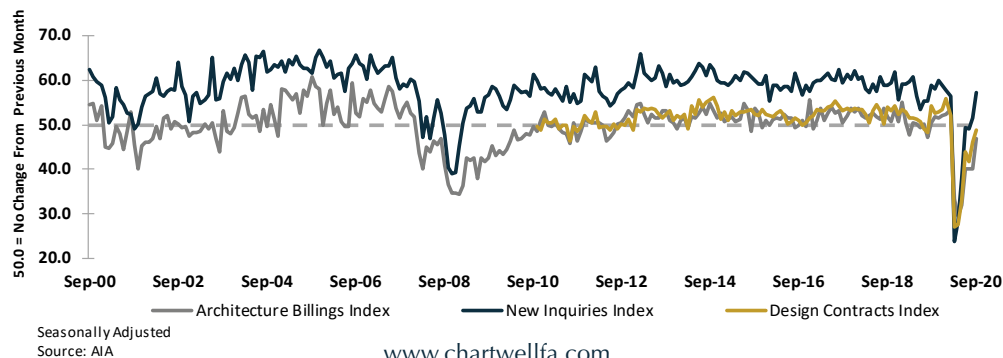
Projects \$20.0 million and above  
Sources: KeyBanc and Dodge Data & Analytics

## ENR Quarterly Confidence Index



Any score above 50 implies market growth  
Source: Engineering News Record

## Work-on-the-Boards Survey Data

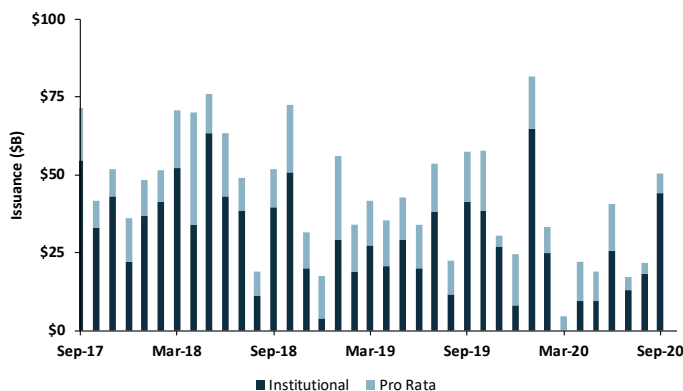


# Capital Markets Update

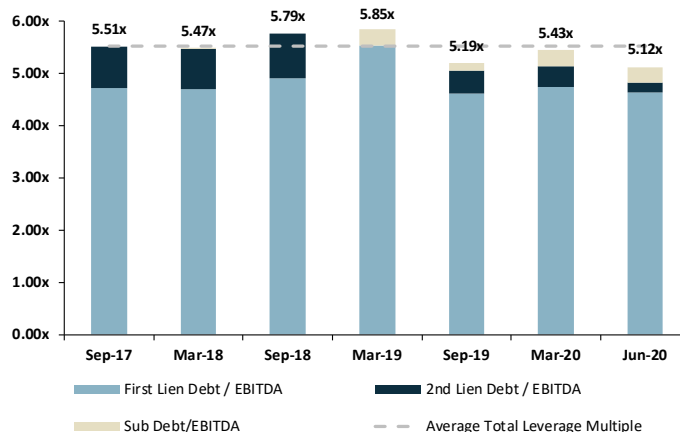
## Leverage in 2020 has steadily improved since its trough in March, thanks in large part to Fed backstops...

- After a flurry of deal activity post-Great Recession, volume steadied over the last several years until the COVID-19 pandemic. Like most of the economy, lending was halted during late Q1 into Q2, with new issuances almost non-existent
- Heading into Q4 2020, however, lenders have resumed activity and pricing of new issues continues to trend back toward pre-pandemic levels albeit at lower leverage levels (generally)
- Lenders are actively seeking and executing new financings, and most lenders (bank and non-bank) are oversupplied with capital ready to be deployed
- Underwriting standards for issuers are heightened, particularly for “storied” credit and non-sponsor backed businesses
  - Such credits should expect lower leverage (2.5x – 4.0x senior and 3.5x – 5.0x total leverage)
- Defaults, workouts, and bankruptcies have been siloed in particularly hard-hit industries (retail, hospitality/leisure) or for companies that were already struggling

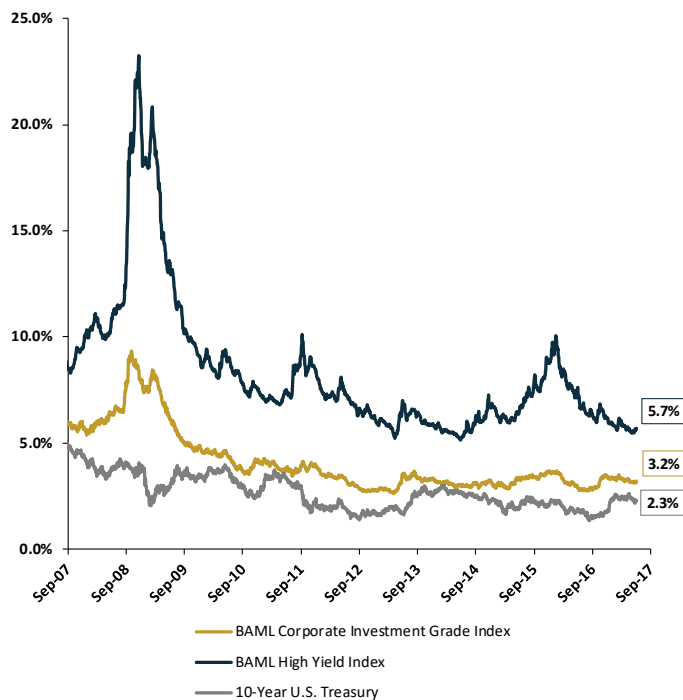
### U.S. Leveraged Loan Issuance



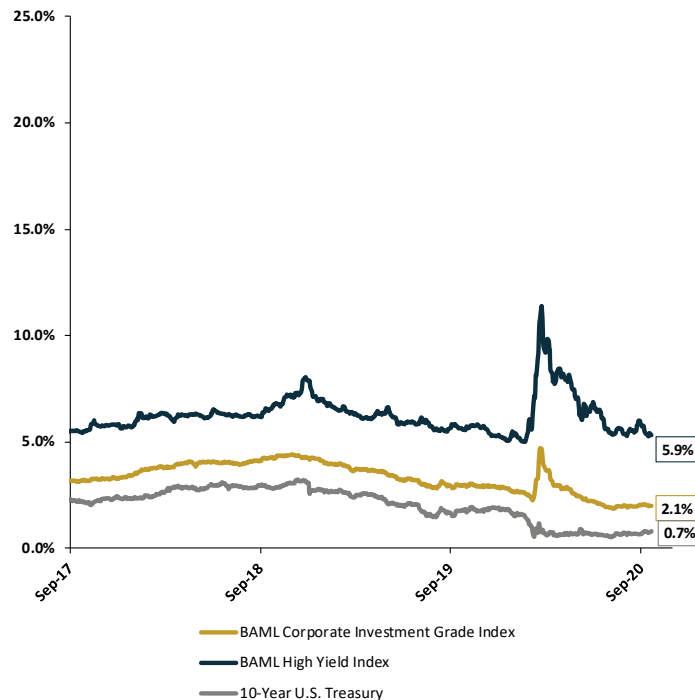
### Historical Debt Multiples of Middle Market Loans



### Historical & Current Interest Rates (2006–2016)



### Historical & Current Interest Rates (2017–2020)



## Chartwell Advises Heneghan Wrecking on Sale to NorthStar Group

Effective June 16, 2020, Heneghan Wrecking & Excavating Co. and Patrick's Equipment Leasing (collectively "Heneghan" or the "Company") was sold to NorthStar Group Services ("NorthStar"), a portfolio company of J.F. Lehman & Company. Chartwell acted as Heneghan's exclusive M&A advisor throughout the transaction, providing comprehensive, unbiased counsel to the shareholders on the sale of the Company.



"We chose Chartwell as our financial advisor due to their industry experience, reputation, and transaction expertise. Chartwell was instrumental throughout each step of the M&A process, providing in-depth analysis and unbiased guidance. They took the lead in soliciting and evaluating offers while educating us on our options with numerous strategic and private equity investors. We trusted Chartwell to guide us through a very meaningful transaction with our family-owned business and truly believe we achieved an optimal outcome for our family and our employees. We are extremely excited for our partnership with NorthStar and see many new opportunities to come."

– Patrick Heneghan, President  
Heneghan Wrecking & Excavating Co., Inc.

### About Heneghan Wrecking & Excavating Co.

Headquartered in Chicago, Illinois, Heneghan is a leading provider of complete structural and interior demolition, excavation, and emergency response services for commercial and industrial clients across the Midwest. Since 1973, Heneghan has established an extensive track record and unparalleled reputation as the preeminent demolition provider in the Midwest. Heneghan employs a highly experienced staff of estimators, project managers, operators, and laborers with numerous high-profile, highly technical projects successfully completed with an exemplary safety record. For more information about Heneghan, visit [www.heneghanwrecking.com](http://www.heneghanwrecking.com).

### About NorthStar Group Services

NorthStar is the leading provider of highly technical infrastructure and environmental services with unrivalled credentials executing highly complex projects across its core endmarkets. NorthStar's complementary service lines include commercial and industrial deconstruction, nuclear deconstruction and decommissioning, environmental services, and response and restoration. NorthStar is headquartered in New York, New York with a broad branch network across the United States. For more information about NorthStar, visit [www.northstar.com](http://www.northstar.com).



## Merger & Acquisition Activity - Q2 & Q3 2020

Western Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
4/30/2020	Olgoonik Development, LLC	American Electric Company, LLC	Mililani, HI	Electrical construction services
5/4/2020	BluSky Restoration Contractors, LLC	Har-Bro Inc.	Signal Hill, CA	Emergency and reconstruction services
5/7/2020	The Arcticom Group, LLC	Race Engineering LLC	Garden Grove, CA	Installation, maintenance, emergency, and design/build HVAC services
7/1/2020	MOTIVE Energy Telecommunications Group, Inc.	DS Energy Solutions LLC	Victorville, CA	Design, construction, development, installation, and engineering of photovoltaic projects
7/1/2020	Wrench Group, LLC	On-Time Air Conditioning & Heating, LLC	Pleasanton, CA	Residential heating, ventilation, and air conditioning repair and installation services
8/2/2020	Service Champions, Inc.	ASI Hastings Inc	San Diego, CA	HVAC plumbing services
9/15/2020	DG Skouse Company	Guy Nielson Co., Industrial Division, Inc.	Pocatello, ID	Refractory contracting

Southwestern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
7/3/2020	Management Buyout	Sharp Glass, LLC	San Antonio, TX	Glass installation contracting services

Midwestern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
2/1/2020	Diverzify	Mr. David's Flooring International, LLC	Itasca, IL	Commercial contract flooring and installation services
6/1/2020	BlockPoint LLC	Pacific Construction Services	Chicago, IL	General contracting, construction management, and development services
6/8/2020	Therma Corporation	Gilbert Mechanical Contractors, LLC	Edina, MN	Mechanical engineering, construction, and services
6/29/2020	Tecta America Corp.	B&L Sheet Metal and Roofing, Inc.	Bloomington, IN	Commercial roofing and metal fabrication contractor services
7/7/2020	BMS CAT, Inc.	Jarvis Property Restoration	Harrison Township, MI	Commercial and residential restoration and disaster recovery services
7/10/2020	Reedy Industries, Inc.	Arctic Engineering Co. Inc.	Merrillville, IN	Installs, designs, and services HVAC and other mechanical systems
8/11/2020	Indy Connection Electrical Contractors, Inc.	Copper Ridge Home Services LLC	Avon, IN	Electrical and plumbing services to residential and commercial customers
9/24/2020	Les Hagan	Illinois Glassworks, LLC	Glenview, IL	Glass fabrication, repair, and installation services

## Merger & Acquisition Activity - Q2 & Q3 2020

Northeastern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
4/1/2020	Maxum Irrigation & Plumbing	Nadile Enterprises LLC	Meriden, CT	Plumbing services
6/23/2020	Leone Electric Co., Inc. (nka:TriStruX, LLC)	Telcom Engineering Group, Inc.	Carlstadt, NJ	Telecommunication, fiber, 5G, and civil construction services
7/13/2020	BELFOR Franchise Group LLC	The Patch Boys, Inc.	NA, NJ	Drywall repair and installation, ceiling and plaster repair, and popcorn ceiling removal services
8/10/2020	Delta-Electro Power Inc.	J.J. McNamara & Son Inc.	Cranston, RI	Electrical contractor
8/11/2020	BMS CAT, Inc.	H.J.M. Enterprises, Inc.	Gibsonia, PA	Emergency and mitigation, restoration, and repair services
8/11/2020	Arcline Investment Management LP	Jersey Elevator, Inc.	Aberdeen, NJ	Elevator maintenance, modernization, and installation services
9/22/2020	Peter Coppez and Jean Pierre Crevier	M.L. Schmitt, Inc.	Springfield, MA	Electrical work and industrial and commercial construction
10/1/2020	Artera Services, LLC	Otis Eastern Service, LLC	Wellsville, NY	Oil, gas, and pipeline construction services

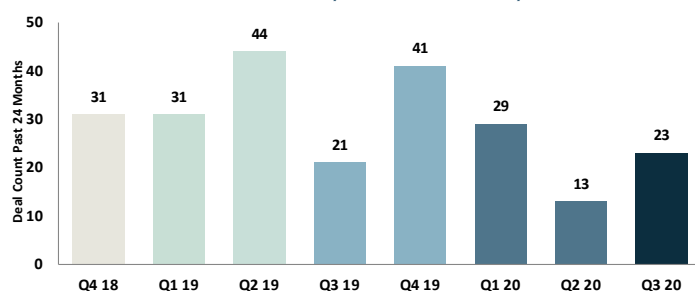
Southeastern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
4/14/2020	Mill Point Capital LLC	Knight Enterprises, Inc.	Clearwater, FL	Integrated communications infrastructure solutions
6/9/2020	HCI Equity Partners	Tech-24	Greenville, SC	Installation, maintenance, and emergency repair of HVAC and foodservice equipment
6/11/2020	NearU HVAC Services	Carolina Heating Service Inc.	Piedmont, SC	Maintenance, repair, and installation services for HVAC equipment
6/29/2020	CoolSys, Inc.	Richmond Refrigeration Service, Inc.	Ashland, VA	Commercial refrigeration and air conditioning installation and emergency repair services
7/1/2020	CONGRUEX LLC	Southeast Utilities of Georgia, Inc.	Augusta, GA	Aerial and underground telecommunication fiber construction services
7/2/2020	Sparks Energy, Inc.	Echo Powerline, LLC	Bunkie, LA	Construction, maintenance, and emergency restoration services for the electrical industry
7/8/2020	Flint Group UK Ltd.	Southwest Plumbing Services, Inc.	Miami, FL	Plumbing contractor including construction and repair water heating and gas services
7/21/2020	NearU HVAC Services	Bass Air Conditioning Co, Inc.	Fayetteville, NC	HVAC equipment contractor, installation, and maintenance services
8/7/2020	Southern Residential Installations, LLC	Right Choice Installation LLC	Kennesaw, GA	Installs insulation, garage doors, gutters, spray foam, and fireplaces
8/11/2020	BHI Energy, Inc.	Coastal Electrical Construction LLC	Flomaton, AL	Substation, transmission, and distribution construction and maintenance services
9/15/2020	Osceola Capital Management, LLC	Industry Services Company, Inc.	Theodore, AL	Refractory, construction, and mechanical services

## Merger & Acquisition Activity - Q2 & Q3 2020

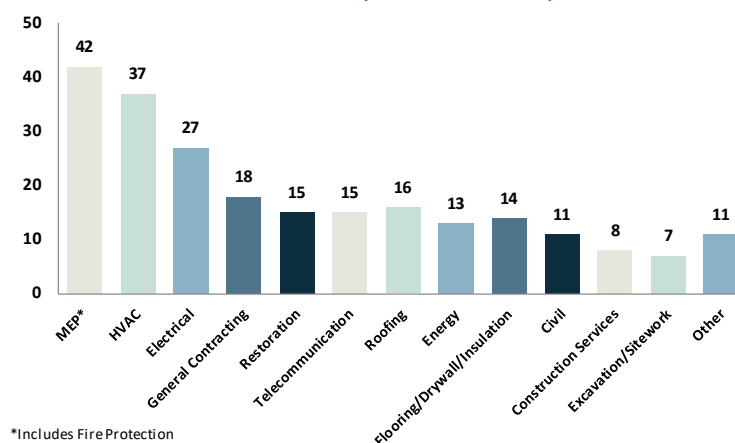
International				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
8/4/2020	Kontrol Energy Corp.	New Found Air HVAC Services Inc.	Toronto, ON	Heating, cooling, ventilation, and utility systems services
9/17/2020	ALI Excavation Inc.	Les Entreprises Pearson Pelletier	Sainte-Catherine, QC	Landscaping, concrete works, interlocking paving stones installation, and support walls services
9/25/2020	Bird Construction Inc.	Stuart Olson Inc.	Calgary, AB	General contracting and electrical building systems contracting

Source: Capital IQ, Data as of 9/30/2020

Construction Industry Transactions by Quarter



Construction Industry Transactions by Sector



As indicated in the above graphs, deal activity declined precipitously in Q2 with the onset of the COVID-19 global pandemic. However, the market rebounded quickly, with a significant uptick in Q3. MEP and HVAC have been the most active sub-sectors over the past couple of years, followed by electrical and general contracting. Over the past six months, overall deal activity has been strong throughout the U.S. with the exception of the Southwestern region. The Southeastern region led the way with eleven closed deals, but it was an international deal that garnered the biggest headlines.

On September 25, 2020, Stuart Olson Inc., a publicly traded Alberta, Canada-based construction company, was acquired by Bird Construction Inc., a publicly traded Ontario, Canada-based commercial and institutional building construction company. Bird is a member of the construction market index. According to Stuart Olson's announcement, the combination offers a greater diversification of construction services, end-markets, and geographies.

The net transaction value was \$215.4 million USD although consideration to shareholders was only \$3.5 million payable as shares of Bird with the remainder of the transaction value comprised of cash paid to creditors (\$69.2 million) and assumed liabilities (\$142.9 million). Transaction enterprise value (\$215.4 million) was 0.3x latest twelve months ("LTM") revenue and 22.2x LTM EBITDA, resulting in forward looking multiples of 0.3x next twelve months ("NTM") revenue and 10.5x NTM EBITDA.

While this is certainly a significant deal in the industry, it likely does not represent a good indication of market multiples given the recent depressed level of EBITDA and liquidity concerns for Stuart Olson.

# Chartwell Public Company Construction Index

Chartwell's index is comprised of 25 companies representing a broad cross-section of firms in the commercial construction industry (we do not include homebuilders). While many of these companies have multiple service lines, we attempted to capture those companies that generate the majority of their revenue from contracting services.

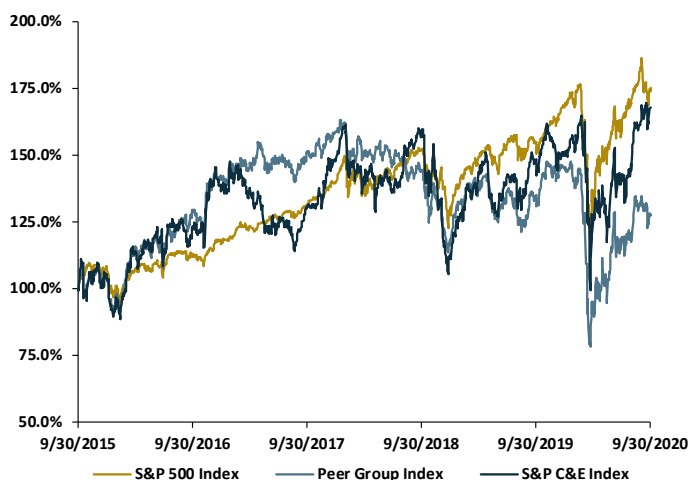
As we are now all painfully aware, it's been a bit of a roller coaster ride over the past 12 months. The index followed the broader market through the downturn in March but has rebounded a bit more slowly. In fact, the median increase in equity value over the last six months is less than 45%, while over the past twelve months, the median is up 4.6%. However, the index has not yet recovered to the pre-pandemic levels due to the poor performance of some of the larger firms. HOCHTIEF, MasTec, and EMCOR are down 33.5%, 37.7%, and 23.1% over the LTM, respectively, which is providing a significant drag.

Median revenue is actually up 3.3% over the LTM, with all but seven companies showing gains. Revenue over the NTM is projected to be relatively flat in aggregate, with median growth of 0.2%. Again, there are a handful of companies projecting declining revenue, with Matrix being the most significant at 13.4% on the heels of a 22.3% decline over the LTM. EMCOR (-6.3%) is the only other company projecting a decline greater than 5% over the NTM.

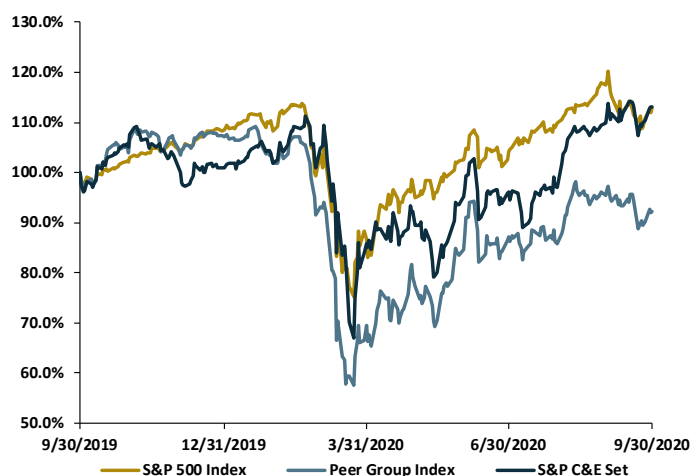
EBITDA grew at a slightly higher pace (median of 5.3%), with median margins exceeding the five-year average by 1.0% during the LTM. That said, volatility is extremely prevalent. In fact, nearly half of the companies had EBITDA fluctuations greater than 20% during the LTM, both up and down! At the extremes, Granite saw a 95.6% decline while Bird increased 91.3% (due to the Stuart acquisition discussed previously). Looking ahead, margins are expected to tick up slightly over the NTM in aggregate. Combined with the relatively flat revenue growth projection, median EBITDA is projected to increase 4.2%. On the flip side, there are a few companies projecting extraordinary EBITDA growth with most coming off major declines during the LTM. Balfour Beatty is expecting to rebound 181.5% after a 52.2% fall and AECON is looking at 102.6% growth following a 46.7% decline. Bird is also looking at significant EBITDA growth, again due to the acquisition.

As one might expect, multiples did fluctuate rather significantly for most companies with all the volatility over the LTM. There were pretty big dips between Q3 2019 and Q1 2020 and some significant increases by Q3 2020. However, when taken as a whole, the median dropped from 7.1x to 5.2x and then rebounded to 6.0x. There were a few companies that actually moved counter to the rest of the set over this time period. Sterling's EBITDA multiple actually increased from 6.1x to 9.9x and then dropped back to 7.5x. Great Lakes, Aegion, and Orion all experienced multiple declines during the last six months as well.

Five-Year Index Performance



One-Year Index Performance





# Construction Index Market Performance - Q3 2020

		Enterprise Value					Equity Value				
Company Name	Ticker	9/30/ 2019	3/31/ 2020	9/30/ 2020	6-Mo. Δ	LTM Δ	9/30/ 2019	3/31/ 2020	9/30/ 2020	6-Mo. Δ	LTM Δ
Skanska AB (publ)	OM:SKA B	9,061	6,772	<b>8,495</b>	25.4%	(6.2%)	8,335	6,033	<b>8,730</b>	44.7%	4.7%
Quanta Services, Inc.	NYSE:PWR	6,868	5,555	<b>8,200</b>	47.6%	19.4%	5,376	4,349	<b>7,339</b>	68.8%	36.5%
HOCHTIEF Aktiengesellschaft	XTRA:HOT	8,329	4,318	<b>7,220</b>	67.2%	(13.3%)	8,055	4,475	<b>5,359</b>	19.8%	(33.5%)
MasTec, Inc.	NYSE:MTZ	6,190	3,698	<b>4,240</b>	14.7%	(31.5%)	4,880	2,332	<b>3,042</b>	30.4%	(37.7%)
EMCOR Group, Inc.	NYSE:EME	4,916	3,281	<b>3,541</b>	7.9%	(28.0%)	4,834	3,327	<b>3,718</b>	11.7%	(23.1%)
Dycom Industries, Inc.	NYSE:DY	2,531	1,627	<b>2,324</b>	42.9%	(8.2%)	1,608	832	<b>1,682</b>	102.1%	4.6%
Comfort Systems USA, Inc.	NYSE:FIX	1,881	1,468	<b>2,053</b>	39.8%	9.1%	1,627	1,293	<b>1,875</b>	45.0%	15.3%
Balfour Beatty plc	LSE:BBY	2,104	1,843	<b>2,047</b>	11.1%	(2.7%)	1,868	1,767	<b>1,986</b>	12.4%	6.3%
Tutor Perini Corp.	NYSE:TPC	1,519	882	<b>1,198</b>	35.8%	(21.1%)	720	294	<b>565</b>	92.0%	(21.6%)
Primoris Services Corp.	NasdaqGS:PRIM	1,317	959	<b>1,079</b>	12.5%	(18.0%)	1,000	721	<b>871</b>	20.8%	(12.9%)
Construction Partners, Inc.	NasdaqGS:ROAD	799	803	<b>932</b>	16.0%	16.6%	807	795	<b>942</b>	18.6%	16.8%
Aecon Group Inc.	TSX:ARE	981	568	<b>815</b>	43.6%	(16.9%)	837	530	<b>615</b>	16.0%	(26.6%)
Granite Construction Inc.	NYSE:GVA	1,531	626	<b>810</b>	29.4%	(47.1%)	1,505	617	<b>801</b>	29.9%	(46.8%)
Sterling Construction Company, Inc.	NasdaqGS:STRL	358	641	<b>760</b>	18.6%	112.2%	348	251	<b>397</b>	58.1%	14.2%
Great Lakes Dredge & Dock Corp.	NasdaqGS:GLDD	867	654	<b>707</b>	8.2%	(18.4%)	667	518	<b>618</b>	19.3%	(7.4%)
MYR Group Inc.	NasdaqGS:MYRG	616	585	<b>694</b>	18.7%	12.7%	521	430	<b>621</b>	44.5%	19.3%
IES Holdings, Inc.	NasdaqGM:IESC	437	346	<b>622</b>	80.0%	42.4%	437	370	<b>654</b>	76.9%	49.7%
Aegion Corp.	NasdaqGS:AEGN	927	725	<b>618</b>	(14.8%)	(33.4%)	661	501	<b>435</b>	(13.2%)	(34.2%)
Infrastructure and Energy Alternatives, Inc.	NasdaqCM:IEA	506	311	<b>489</b>	57.3%	(3.3%)	104	45	<b>137</b>	200.6%	31.7%
North American Construction Group Ltd.	TSX:NOA	589	413	<b>487</b>	17.7%	(17.4%)	295	130	<b>190</b>	45.9%	(35.8%)
Bird Construction, Inc.	TSX:BDT	173	117	<b>271</b>	131.2%	56.6%	182	134	<b>256</b>	91.7%	40.3%
Orion Group Holdings, Inc.	NYSE:ORN	222	165	<b>158</b>	(4.5%)	(28.7%)	133	68	<b>83</b>	22.0%	(37.2%)
Matrix Service Company	NasdaqGS:MTRX	356	153	<b>130</b>	(14.8%)	(63.5%)	465	248	<b>221</b>	(11.0%)	(52.5%)
The Goldfield Corp.	AMEX:GV	73	77	<b>119</b>	53.3%	61.6%	53	68	<b>104</b>	51.6%	96.7%
Limbach Holdings, Inc.	NasdaqCM:LMB	79	41	<b>99</b>	142.3%	26.2%	38	21	<b>84</b>	307.9%	123.9%
<b>Average</b>		<b>2,129</b>	<b>1,465</b>	<b>1,924</b>	<b>35.5%</b>	<b>0.0%</b>	<b>1,814</b>	<b>1,206</b>	<b>1,653</b>	<b>56.3%</b>	<b>3.6%</b>
<b>Median</b>		<b>927</b>	<b>654</b>	<b>810</b>	<b>25.4%</b>	<b>(8.2%)</b>	<b>720</b>	<b>518</b>	<b>621</b>	<b>44.5%</b>	<b>4.6%</b>

\$ in millions  
Source: Capital IQ, Data as of 9/30/2020

## Construction Index Financial Performance – Q3 2020

	Revenue			EBITDA			EBITDA Margin		
Company Name	LTM \$	LTM % Δ	NTM % Δ	LTM \$	LTM % Δ	NTM % Δ	5-Year Avg.	LTM	NTM
HOCHTIEF Aktiengesellschaft	29,022	3.3%	1.4%	1,449	(8.6%)	42.2%	5.0%	5.0%	7.0%
Skanska AB (publ)	18,730	0.4%	(5.1%)	1,174	21.0%	(7.0%)	4.5%	6.3%	6.1%
Quanta Services, Inc.	11,736	(0.1%)	(0.8%)	866	2.1%	10.8%	7.0%	7.4%	8.3%
Balfour Beatty plc	9,160	5.8%	13.8%	89	(52.2%)	181.5%	0.8%	1.0%	2.4%
EMCOR Group, Inc.	9,006	2.8%	(6.3%)	562	5.3%	(14.7%)	5.9%	6.2%	5.7%
MasTec, Inc.	6,712	(8.7%)	8.8%	711	(9.7%)	13.0%	9.4%	10.6%	11.0%
Tutor Perini Corp.	4,894	11.5%	7.6%	273	7.8%	30.1%	5.0%	5.6%	6.7%
Granite Construction, Inc.	3,390	5.0%	2.5%	10	(95.6%)	NMF	5.0%	0.3%	6.7%
Primoris Services Corp.	3,306	2.1%	8.6%	234	(1.4%)	(4.0%)	7.1%	7.1%	6.2%
Dycom Industries, Inc.	3,260	(1.7%)	0.2%	319	(2.7%)	8.0%	12.4%	9.8%	10.6%
Comfort Systems USA, Inc.	2,870	21.0%	0.2%	239	18.7%	1.8%	7.9%	8.3%	8.5%
Aecon Group Inc.	2,551	(4.3%)	7.3%	80	(46.7%)	102.6%	4.6%	3.1%	5.9%
MYR Group Inc.	2,186	24.0%	(0.9%)	118	31.5%	0.9%	5.7%	5.4%	5.5%
Infrastructure and Energy Alternatives, Inc.	1,781	66.0%	(1.5%)	131	NMF	(1.6%)	NA	7.4%	7.4%
Sterling Construction Company, Inc.	1,335	29.0%	8.8%	102	72.6%	27.4%	4.9%	7.6%	8.9%
IES Holdings, Inc.	1,154	12.7%	NA	61	32.2%	NA	4.4%	5.2%	NA
Aegion Corp.	1,151	(9.3%)	(0.1%)	95	2.9%	0.7%	8.3%	8.3%	8.3%
Matrix Service Company	1,101	(22.3%)	(13.4%)	36	(35.7%)	(4.1%)	3.5%	3.3%	3.6%
Bird Construction Inc.	1,032	0.4%	51.1%	27	91.3%	121.5%	2.1%	2.6%	3.8%
Construction Partners, Inc.	798	4.8%	5.0%	90	6.9%	6.5%	NA	11.2%	11.4%
Orion Group Holdings, Inc.	750	40.5%	(4.9%)	48	NA	(3.9%)	3.9%	6.4%	6.4%
Great Lakes Dredge & Dock Corp.	720	(1.3%)	1.0%	146	(0.5%)	(10.2%)	14.7%	20.2%	18.0%
Limbach Holdings, Inc.	561	1.5%	(0.8%)	18	58.2%	27.2%	NA	3.3%	4.2%
North American Construction Group Ltd.	460	3.8%	(4.9%)	124	30.0%	(0.2%)	22.2%	27.0%	28.3%
The Goldfield Corp.	181	14.8%	NA	23	56.2%	NA	15.2%	12.9%	NA
<b>Average</b>	<b>4,714</b>	<b>8.1%</b>	<b>3.4%</b>	<b>281</b>	<b>8.0%</b>	<b>24.0%</b>	<b>7.3%</b>	<b>7.7%</b>	<b>8.3%</b>
<b>Median</b>	<b>2,186</b>	<b>3.3%</b>	<b>0.2%</b>	<b>118</b>	<b>5.3%</b>	<b>4.2%</b>	<b>5.4%</b>	<b>6.4%</b>	<b>6.7%</b>

\$ in millions

Source: Capital IQ, Data as of 9/30/2020

## Construction Index Implied Market Multiples – Q3 2020

Company Name	Enterprise Value / EBITDA					6-Mo. Δ	LTM Δ
	5-Year Avg.	Q3 2019	Q1 2020	Q3 2020	Q3 2021E		
Skanska AB (publ)	11.9x	9.3x	6.9x	7.2x	7.8x	+0.3x	-2.1x
Quanta Services, Inc.	9.2x	8.1x	6.4x	9.5x	8.5x	+3.0x	+1.4x
HOCHTIEF Aktiengesellschaft	8.0x	5.3x	2.8x	5.0x	3.5x	+2.2x	-0.3x
MasTec, Inc.	8.5x	7.9x	4.5x	6.0x	5.3x	+1.4x	-1.9x
EMCOR Group, Inc.	8.8x	9.2x	5.9x	6.3x	7.4x	+0.4x	-2.9x
Dycom Industries, Inc.	8.4x	7.7x	5.4x	7.3x	6.7x	+1.9x	-0.4x
Comfort Systems USA, Inc.	10.8x	9.4x	6.9x	8.6x	8.4x	+1.7x	-0.8x
Balfour Beatty plc	NA	11.3x	14.0x	NMF	8.2x	NMF	NMF
Tutor Perini Corp.	7.1x	6.0x	4.2x	4.4x	3.4x	+0.2x	-1.6x
Primoris Services Corp.	7.8x	5.8x	4.2x	4.6x	4.8x	+0.4x	-1.1x
Construction Partners, Inc.	NA	9.5x	9.0x	10.4x	9.7x	+1.3x	+0.9x
Aecon Group Inc.	8.4x	6.5x	4.8x	10.2x	5.0x	+5.4x	+3.7x
Granite Construction, Inc.	NFM	7.1x	NMF	NMF	3.5x	NMF	NMF
Sterling Construction Company, Inc.	10.1x	6.1x	9.9x	7.5x	5.9x	-2.4x	+1.4x
Great Lakes Dredge & Dock Corp.	7.8x	5.9x	5.0x	4.9x	5.4x	-0.1x	-1.0x
MYR Group, Inc.	6.9x	7.0x	5.9x	5.9x	5.8x	-0.0x	-1.1x
IES Holdings, Inc.	11.6x	9.5x	6.4x	10.3x	NA	+3.9x	+0.7x
Aegion Corp.	8.8x	10.0x	7.5x	6.5x	6.4x	-1.1x	-3.5x
Infrastructure and Energy Alternatives, Inc.	NA	NMF	3.7x	3.7x	3.8x	+0.1x	NMF
North American Construction Group Ltd.	4.8x	6.2x	3.3x	3.9x	3.9x	+0.6x	-2.2x
Bird Construction Inc.	17.7x	12.3x	7.0x	10.1x	4.5x	+3.1x	-2.2x
Orion Group Holdings, Inc.	7.5x	NA	4.9x	3.3x	3.4x	-1.6x	NA
Matrix Service Company	10.6x	6.8x	2.4x	3.6x	3.8x	+1.2x	-3.2x
The Goldfield Corp.	5.5x	4.9x	3.5x	5.0x	NA	+1.5x	+0.2x
Limbach Holdings, Inc.	NA	6.8x	2.9x	5.4x	4.3x	+2.6x	-1.4x
<b>Average</b>	<b>9.0x</b>	<b>7.8x</b>	<b>5.7x</b>	<b>6.5x</b>	<b>5.6x</b>	<b>+1.1x</b>	<b>-0.8x</b>
<b>Median</b>	<b>8.5x</b>	<b>7.1x</b>	<b>5.2x</b>	<b>6.0x</b>	<b>5.3x</b>	<b>+1.2x</b>	<b>-1.1x</b>

Source: Capital IQ as of 9/30/2020

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