



# The Blueprint: Trends in the Construction Industry



Chartwell Financial Advisory

Q1 2021

# 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.

## In this Issue:

### Sustaining Your Company and Your ESOP: The Emery Sapp & Sons Story

Page 3

### Industry Activity Indicators

Page 4

### Capital Markets Update

Page 5

### Merger & Acquisition Activity

Pages 6-9

### Chartwell M&A Commentary Activity

Pages 10

### Chartwell Public Company Construction Index

Page 11

### Market Performance

Page 12

### Financial Performance

Page 13

### Implied Market Multiples

Page 14

Welcome to the second edition of The Blueprint! Although 2020 was a strange year in every respect, the construction industry proved to be extremely resilient as evidenced by M&A activity rebounding dramatically, with Q4 deals equivalent to the same period in 2019. This high level of deal activity continued in Q1 2021, driven, in part, by speculation surrounding a large infrastructure package coming out of Washington. Meanwhile, many companies saw the global pandemic as an opportunity to take a fresh look at their ownership and capital structures to best position their businesses for success in the years to come. In this edition of The Blueprint we profile Emery Sapp & Sons ("ESS"), a heavy civil contractor that is 100% owned by an ESOP. ESS CFO Keith Bennett takes us behind the scenes with a compelling and entertaining story of how ESS and its ESOP has evolved over the years. You do not want to miss this!

Our intention with this newsletter is to provide you with timely information on the broader construction industry coupled with M&A and public market trends and insights from some of the biggest names in the construction world. Moving forward, we plan to publish The Blueprint bi-annually in Q1 and Q3.

We hope you enjoy this edition of The Blueprint and please let us know if there is any additional information you would like to see included in future issues. For those interested in related market information, we have a separate engineering newsletter, The Keystone, which is published in Q2 and Q4.

– Your Friends at Chartwell

# Sustaining Your Company and Your ESOP: The Emery Sapp & Sons Story

During the recent 2021 Annual Employee Ownership Pre-Conference held by the National Center for Employee Ownership ("NCEO"), Chartwell managing directors Chris Staloch and Matt Keene hosted a session titled "Sustaining Your Company and ESOP." Chris and Matt sat down with Keith Bennett, CFO of ESS, to discuss practical sustainability strategies for his company in everyday business life. Listen to the discussion at <https://vimeo.com/548576722/692efa516a>.



"I am very passionate about our ESOP. My job today is to help get our company to its third generation of ownership as an ESOP and sustain it through that process."

– Keith Bennett, CFO, Emery Sapp & Sons

## About Emery Sapp & Sons

Founded in 1972, Emery Sapp & Sons has grown into a team of more than 1,200 employees that are experts in excavation, grading, underground utilities, bridge construction, asphalt paving, and concrete paving. ESS is a group of 100% employee-owned multi-faceted contractors who thrive on delivering complex heavy civil projects. Primary clients include municipalities, departments of transportation, general contractors, community developers, federal government agencies, and railways. The company is based in Columbia, Missouri. For more information about Emery Sapp & Sons, visit [www.emerysapp.com](http://www.emerysapp.com).

Keith Bennett is the Chief Financial Officer of the holding company of Emery Sapp & Sons and a board member. Keith has been with the company for over 20 years. He is responsible for managing the financial performance of ESS and its subsidiaries. Keith was instrumental in transforming ESS into an 100% employee-owned firm. As an ESOP subject-matter expert, Keith educates ESS employees about the value and benefits of employee ownership. As ESS continues to grow in size, enter into new markets, and add new service lines, Keith provides unparalleled insight and guidance.



**Keith Bennett**  
CFO



# Industry Activity Indicators

## February 2021 Construction Spending

	\$ Billion	3MMA	12MMA
<b>Private Nonresidential</b>	<b>\$447.8</b>	<b>(9.3%)</b>	<b>(5.3%)</b>
Power	\$108.0	(9.5%)	(0.6%)
Commercial	\$74.9	(5.4%)	1.5%
Manufacturing	\$68.7	(12.3%)	(11.4%)
Office	\$68.4	(4.3%)	(5.9%)
Healthcare	\$35.5	(6.8%)	2.0%
Lodging	\$23.1	(23.5%)	(17.4%)
Communication	\$22.0	(2.2%)	1.1%
Education	\$15.7	(16.8%)	(18.9%)
<b>Public Nonresidential</b>	<b>\$341.7</b>	<b>1.3%</b>	<b>3.3%</b>
Highway & Street	\$102.3	2.5%	2.0%
Education	\$86.9	0.8%	2.3%
Transportation	\$40.1	(1.5%)	1.5%
Sewage & Waste	\$26.0	4.5%	2.9%
Water Supply	\$17.5	2.2%	12.0%
Power	\$6.6	(7.7%)	(1.4%)

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

## February 2021 Construction Starts - Last 12 Months

	Y-Y	M-M	% of Total
<b>Apartment</b>	<b>(17.5%)</b>	<b>&lt;3.1%&gt;</b>	<b>17.7%</b>
<b>Commercial</b>	<b>(41.0%)</b>	<b>&lt;10.2%&gt;</b>	<b>21.5%</b>
Commercial	(42.9%)	<7.2%>	8.8%
Office	(42.0%)	<13.8%>	6.9%
Lodging	(61.1%)	<7.1%>	2.9%
Other	(12.5%)	<11.3%>	2.8%
<b>Education/Healthcare</b>	<b>(19.6%)</b>	<b>&lt;5.5%&gt;</b>	<b>15.2%</b>
Education	(17.1%)	<4.5%>	9.8%
Healthcare	(24.1%)	<7.4%>	5.3%
<b>Industrial</b>	<b>(34.9%)</b>	<b>&lt;8.0%&gt;</b>	<b>17.9%</b>
Energy/Chemical	(71.8%)	49.6%	7.7%
Warehouse	8.1%	1.5%	6.6%
Manufacturing	(35.0%)	1.5%	3.5%
<b>Infrastructure</b>	<b>(12.8%)</b>	<b>1.6%</b>	<b>27.7%</b>
Infrastructure	(20.3%)	4.6%	9.5%
Power	(25.2%)	<1.2%>	9.9%
Highway	12.3%	1.2%	5.7%
Bridge	17.4%	1.8%	2.1%
Environmental	(45.3%)	9.1%	0.5%
<b>Total</b>	<b>(24.7%)</b>	<b>&lt;1.8%&gt;</b>	<b>100.0%</b>

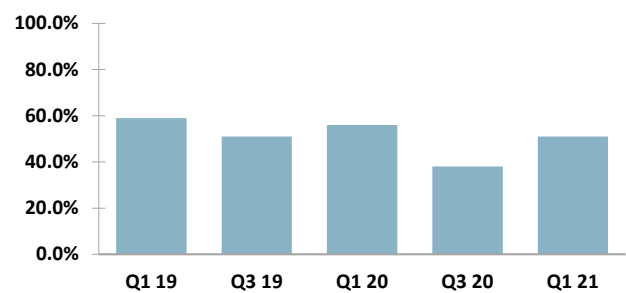
Projects \$20.0 million and above  
Sources: KeyBanc and Dodge Data & Analytics

## AIA Consensus Construction Forecast

	2021	2022
<b>Nonresidential Total</b>	<b>(5.7%)</b>	<b>3.1%</b>
Commercial Total	(7.1%)	3.1%
Office	(9.3%)	0.1%
Retail & Other Commercial	(3.5%)	5.2%
Hotel	(20.2%)	8.8%
<b>Industrial Total</b>	<b>(4.5%)</b>	<b>1.5%</b>
Institutional Total	(4.0%)	3.2%
Health	1.2%	3.2%
Education	(3.9%)	2.7%
Religious	(6.7%)	(2.9%)
Public Safety	1.0%	(0.4%)
Amusement & Recreation	(12.6%)	11.1%

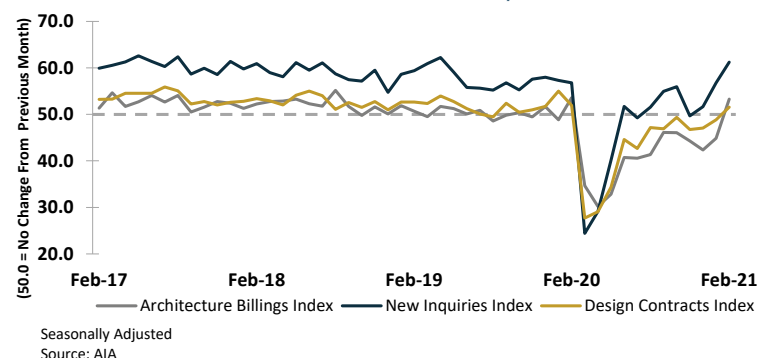
Source: American Institute of Architects (January 2021)

## ENR Quarterly Confidence Index



Source: Engineering News Record

## Work-on-the-Boards Survey Data

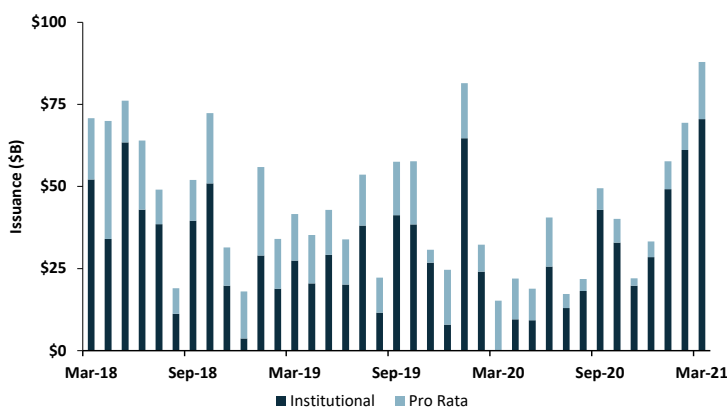


# Capital Markets Update

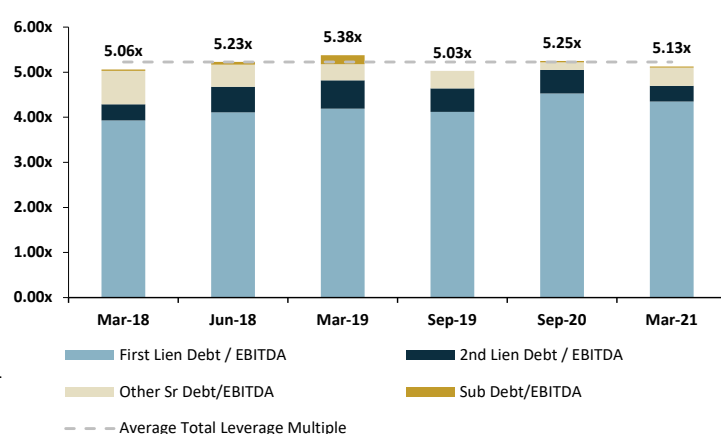
**Backed by federal initiatives, capital markets activity and conditions have now recovered to pre-COVID-19 pandemic levels.**

- Lending activity continued to increase in Q1 2021 after a strong finish to 2020
- Leverage levels, interest rates, and other key metrics are now at (and sometimes above) pre-pandemic levels for stable issuers
- “Storied” credits, companies impacted by COVID-19, and non-sponsor backed companies will continue to receive increased due diligence from capital providers in transactions
- The outlook remains strong for the capital markets in 2021 due to:
  - No end in sight for the federal stimulus backstopping the general economy
  - A significant amount of capital awaiting deployment

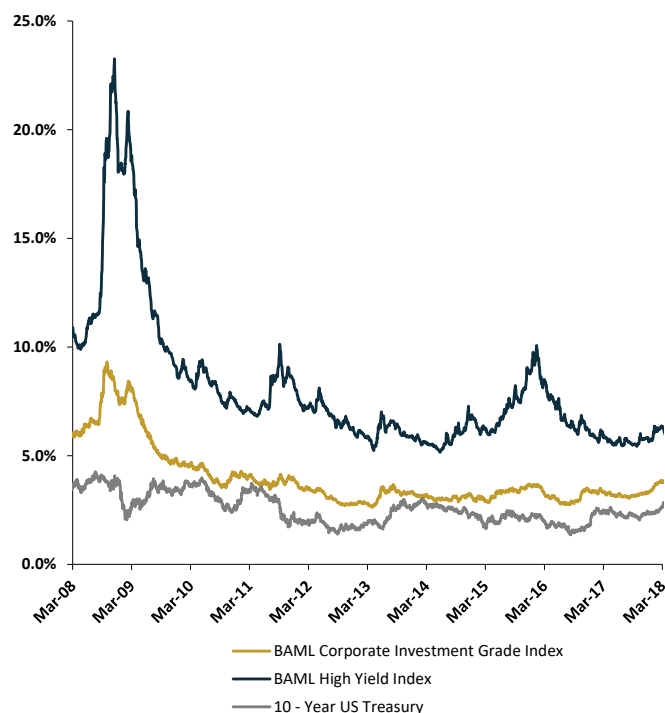
## U.S. Leveraged Loan Issuance



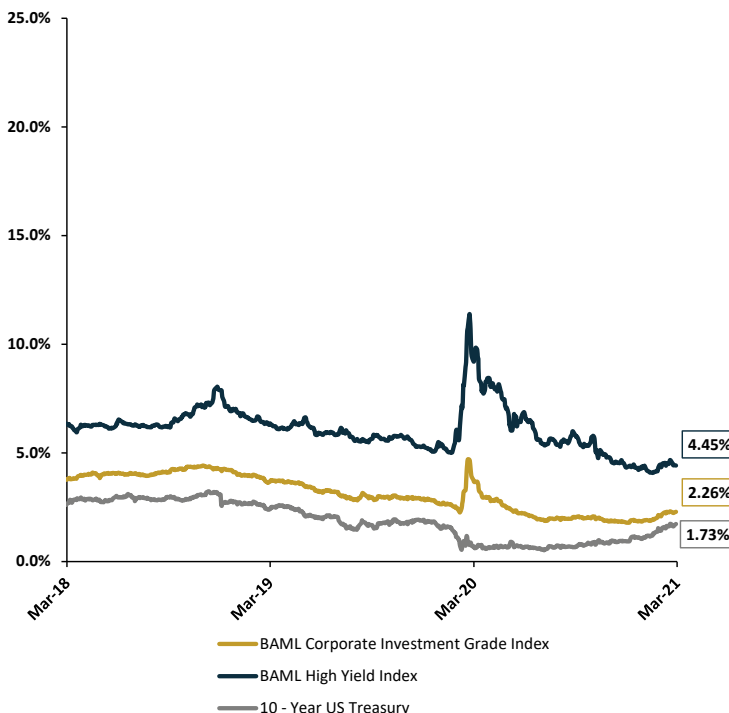
## Historical Debt Multiples of Middle Market Loans



## Historical Interest Rates (2008–2018)



## Historical & Current Interest Rates (2018–2021)



## Merger & Acquisition Activity - Q4 2020 & Q1 2021

Western Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
10/13/2020	Koniag, Inc.	Big G Electric & Engineering, LLC	Soldotna, AK	Electrical contracting services
10/13/2020	Installed Building Products, Inc.	Magellan Insulation, Inc.	Kent, WA	Home and commercial insulation services
11/1/2020	The Hiller Companies, Inc.	A&D Fire Sprinklers, Inc.	San Diego, CA	Fire protection services
12/14/2020	Engineered Structures, Inc.	Morgan Construction, Inc.	Idaho Falls, ID	Design/build construction services
12/19/2020	Everest Infrastructure Partners, Inc.	Top Sites, Inc.	Etna, CA	Telecommunication tower services
12/31/2020	IHC Scott, Inc.	Interstate Highway Construction, Inc.	Englewood, CO	Heavy-civil contracting services
1/4/2021	Artisan Design Group, Inc.	Pacific Carpets, Inc.	Huntington Beach, CA	Flooring contracting services
1/25/2021	Atlantic Southern Paving and Sealcoating, LLC	Emerald Acquisition, Inc.	Westminster, CA	Pavement maintenance services
2/25/2021	Sanei Architecture Planning Co., Ltd.	Alpha Construction Co., Inc.	Van Nuys, CA	General contracting services
3/1/2021	Installed Building Products, Inc.	I.W. International Insulation Incorporated	Kennewick, WA	Insulation installation services
3/1/2021	Bristol Bay Native Corporation	Herman Construction Group, Inc.	Escondido, CA	Design-build construction services
3/2/2021	ConvergeOne Holdings, Inc.	AAA Network Solutions, Inc.	Buena Park, CA	Telecommunication system installation services
3/10/2021	ADT, Inc.	SAFE Electronics, Inc.	Las Vegas, NV	Fire alarm and suppression systems, security alarm, video surveillance, and access control design and installation services
3/11/2021	Lee's Accu-Tech Service, Inc.	Vern Ingram Jr., Inc.	Fresno, CA	Plumbing and HVAC services
3/15/2021	CUSITech, LLC	Peak Professional Contractors, Inc.	Colorado Springs, CO	Commercial construction services
3/31/2021	Service Champions, Inc.	Sierra Air Inc	Reno, NV	HVAC services

Southwestern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
10/1/2020	TruTeam, LLC	Garland Insulating Ltd.	Dallas, TX	Home insulation services
11/19/2020	Crossplane Capital	Griffin Dewatering Corporation	Houston, TX	Construction dewatering services
12/8/2020	Service Champions, Inc.	Proskill Plumbing, Inc	Anthem, AZ	Residential and commercial plumbing, air conditioning, and water treatment services
12/15/2020	Air Conditioning Innovative Solutions, Inc.	H.V.A.C. Team Mechanical Services, Inc.	Austin, TX	HVAC system repair, replacement, construction, and installation services

## Merger & Acquisition Activity - Q4 2020 & Q1 2021

Southwestern Region (continued)				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
12/16/2020	HomeServe USA Corporation	Sterling Air Service, LLC	Mesa, AZ	Plumbing and HVAC services
12/21/2020	PowerGrid Services, LLC	James Power Line Construction LLC	Boerne, TX	Overhead and underground distribution line construction services
12/28/2020	W.W. Clyde & Co.	Blount Contracting, Inc.	Apache Junction, AZ	Heavy civil construction and foundation drilling services
12/31/2020	Tecta America Corporation	J. Reynolds & Co., Inc.	Saginaw, TX	Roofing services
1/3/2021	Orion Group Partners	Texas Chiller Systems, LLC	San Antonio, TX	HVAC, plumbing, electrical and lighting, indoor air quality, and building automation services
1/12/2021	Cotton Holdings, Inc.	Stellar Restoration Services, LLC	Houston, TX	Commercial and multi-family roofing restoration services
1/14/2021	Huron Capital Partners, LLC	Sunland Asphalt & Construction, Inc.	Phoenix, AZ	Commercial asphalt paving, maintenance, and specialty contract services
1/15/2021	Primoris Services Corporation	Future Infrastructure, LLC	Mesquite, TX	Communications, utility, energy, and transportation infrastructure development, repair, and maintenance services
1/20/2021	TopBuild Corporation	LCR Contractors, Inc.	Dallas, TX	Spray fireproofing and spray thermal insulation services
1/25/2021	Summit Fire & Security, LLC	Sound & Signal Systems of New Mexico, Inc.	Albuquerque, NM	Electrical contracting services
1/27/2021	Tucker Hill Air, Plumbing, & Electrical	Minuteman Home Services LLC	Mesa, AZ	HVAC, electrical, and plumbing services
2/3/2021	AXIS Industrial Services, LLC	Travis Industries LLC	San Antonio, TX	Painting contracting and protective coating services
3/3/2021	Sunland Asphalt & Construction, Inc.	Ace Asphalt of Arizona, Inc.	Phoenix, AZ	Paving, concrete, parking lot maintenance solutions, and construction services

Midwestern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
11/3/2020	Congruex, LLC	True North Management Services, LLC	Fenton, MO	Cellular network construction and engineering services
11/5/2020	IES Holdings, Inc.	KEP Electric, Inc.	Batavia, OH	Electrical systems design and installation
11/30/2020	Icon Structures, Inc.	Trinium Contractors Inc.	Manhattan, KS	General contracting services
12/17/2020	NA	Decker Electric, Inc.	Wichita, KS	Electrical contracting services
1/1/2021	Midstates Energy Co., LLC	Rehagen Electrical Contracting, Inc.	Jefferson City, MO	Electrical contracting services
1/1/2021	Edge Electric of Wisconsin, Inc.	A&J Electrical Contractors, LLC	Waukesha, WI	Electrical installation and maintenance services
2/2/2021	Hastings Equity Partners, LLC; Hastings Equity Fund IV	MKD Electric, Inc.	Elgin, IL	Industrial electrical contracting services

## Merger & Acquisition Activity - Q4 2020 & Q1 2021

Midwestern Region (continued)				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
2/16/2021	New Mountain Capital, L.L.C; New Mountain Partners VI, L.P.	Aegion Corporation	Saint Louis, MO	Infrastructure technology services
3/4/2021	Reedy Industries, Inc.	Control Works Inc.	Lodi, WI	Building automation control systems design and installation services

Northeastern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
10/8/2020	Champion Elevator Corporation	Westech Elevator Services Inc.	White Plains, NY	Elevator installation, maintenance, modernization, and inspection services
11/3/2020	Southland Industries, Inc.	Burns Mechanical, Inc.	Horsham, PA	Mechanical contracting services
11/24/2020	ATI Restoration, LLC	Mark 1 Restoration Service, Inc.	Chalfont, PA	Fire, water, mold, and storm restoration services
12/7/2020	Squan Construction Services, LLC	ElecComm Corporation	Wilmington, MA	Underground and overhead high/low voltage electric and communications line construction services
12/14/2020	APi Group Corporation	All State Fire and Security	Buffalo, NY	Fire protection equipment distribution, installation, and maintenance services
1/6/2021	The Flint Group, LLC	Cranney Companies, Inc.	Danvers, MA	Plumbing, HVAC, electrical, and drain cleaning services
1/12/2021	EIS Holdings, LLC	Potomac Abatement, Inc.	Jessup, MD	Environmental remediation and abatement services
2/8/2021	American Refrigeration Company, Inc.	Capitol Engineering Company	Newton, MA	HVAC services

Southeastern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
10/1/2020	Inland Pipe Rehabilitation, LLC	Murphy Pipeline Contractors, Inc.	Jacksonville, FL	Rehabilitation contracting services
10/8/2020	Construction Partners, Inc.	Riley Paving, Inc.	Carthage, NC	Asphalt and paving contracting services
10/12/2020	HB Global, LLC	William R. Nash, Inc.	Tamarac, FL	Commercial plumbing, HVAC, medical gas, and fire protection systems design, installation, and servicing
10/22/2020	Accurate Investments, Inc.	Terra Construction Group, Inc.	St. Petersburg, FL	Site preparation services
10/26/2020	Mid-State Machine & Fabricating Corporation	AZZ SMS LLC	St. Petersburg, FL	Specialty construction and overhaul services, including boiler component and pressure vessel fabrication
10/30/2020	Leonard Green & Partners, L.P.	Service Logic, LLC	Charlotte, NC	HVAC and mechanical services
11/2/2020	Construction Partners, Inc.	RBP Holdings, Inc.	Aulander, NC	Construction, grading, and asphalt surface treatment contracting services



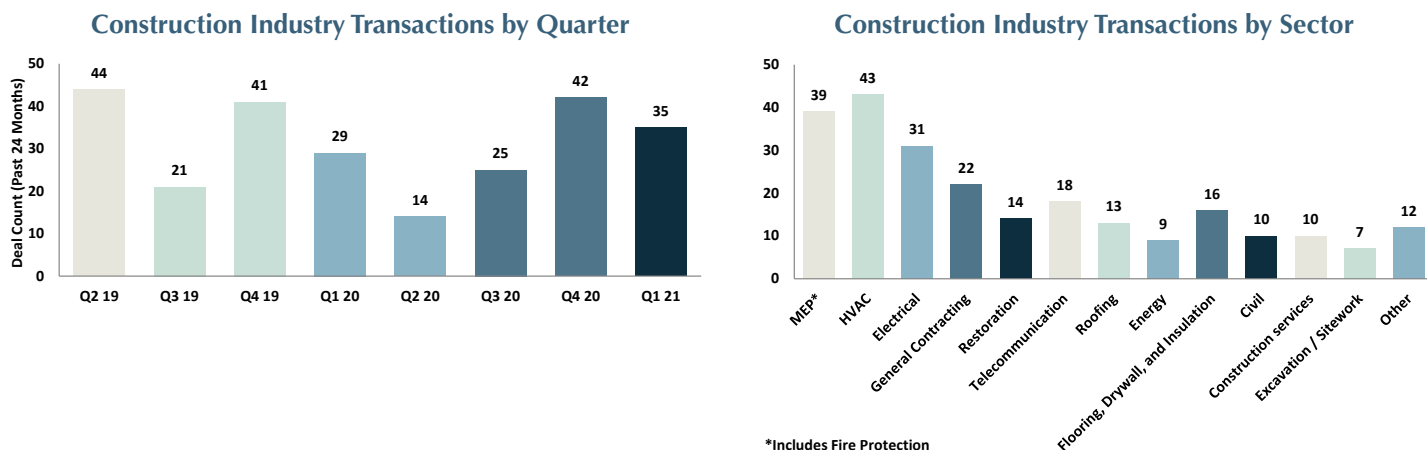
## Merger & Acquisition Activity - Q4 2020 & Q1 2021

Southeastern Region (continued)				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
11/11/2020	ICS Holding, LLC	Funderburk Electrical Services, LLC	Knoxville, TN	Electrical contracting services
11/16/2020	Installed Building Products, Inc.	WeatherSeal Insulation Company, LLC	Charlottesville, VA	Fiberglass and spray foam insulation services
12/4/2020	Construction Partners, Inc.	Gelder & Associates, Inc.	Raleigh, NC	Asphalt and paving contracting, manufacturing, and pouring services
12/7/2020	Installed Building Products, Inc.	Custom Glass & Doors, Inc.	Norcross, GA	Glass, shower, shelving, and mirror installation services
12/18/2020	Construction Partners, Inc.	R.P.C. Contracting, Inc.	Kitty Hawk, NC	Excavation, grading, and paving contracting services
12/21/2020	IES Residential, Inc.	Bayonet Plumbing, Heating & Air Conditioning, LLC	Hudson, FL	Plumbing and HVAC services
12/30/2020	First Reserve Corporation; First Reserve Fund XIV, L.P.	The Goldfield Corporation	Melbourne, FL	Electrical transmission construction and maintenance services
12/31/2020	CRH Americas Materials, Inc.	Barriere Construction Co., L.L.C.	Metairie, LA	Roads and infrastructure construction services
1/4/2021	Bright Hope Capital, LLC	R.J. Leeper Construction, LLC	Charlotte, NC	Construction management and general contracting services
1/5/2021	AV Capital Holdings, LLC; Encore Dredging Partners, LLC	Inland Dredging Company, LLC	Dyersburg, TN	Dredging services
1/6/2021	United Utility Services, LLC	B & B Electrical and Utility Contractors, Inc.	Brandon, MS	Electrical contracting services
1/19/2021	Hardesty & Hanover, LLC	Corven Engineering, Inc.	Tallahassee, FL	Prestressed concrete bridge design, construction, engineering, inspection, and rehabilitation services
2/3/2021	Future Infrastructure, LLC	Pride Utility Construction Co., LLC	Gainesville, GA	Underground utility infrastructure installation services
3/5/2021	Rogers Mechanical Contractors, Inc.	R&D Mechanical Services Inc.	Ball Ground, GA	Commercial HVAC services
3/16/2021	BMS CAT, Inc.	CATCON Group, LLC	Mount Pleasant, SC	Disaster recovery services

International				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
10/1/2020	VINCI Energies S.A.	Transelec Common Inc.	Laval, QC, Canada	Electrical, telephone, signage cable, wind turbine, and street lighting network construction, management, and maintenance services
10/27/2020	The Day & Zimmermann Group, Inc.	EMC Power Canada Limited	Tiverton, ON, Canada	Construction management and multi-discipline trade services
11/17/2020	Osmose Utilities Services, Inc.	Provincial Pole Specialists Inc.	Fall River, NS, Canada	Utilities pole maintenance services
12/15/2020	Mainroad Group	Cobra Electric Regional Services Ltd./Cobra Electric Services Ltd.	Surrey, BC, Canada	Electrical contracting services
3/10/2021	LTE Canada	AMEC Cutting & Coring Limited	Langley, BC, Canada	Concrete cutting and coring services

Source: Capital IQ, Data as of 3/31/2021

# Chartwell Merger & Acquisition Commentary



After rebounding in Q3 20, the M&A market continued its strong resurgence in Q4 20 and Q1 21 with deal activity consistent with the same periods twelve months earlier. MEP and HVAC continue to be the most active sub-sectors followed by electrical and general contracting. Over the past six months, overall deal activity has been strong throughout the U.S. The Southeastern region led the way with 22 closed deals but was closely followed by the Southwest and West regions with 17 and 16 deals, respectively.

As evidenced by the deal roll detailed on the previous pages, private equity continues to add to its holdings in the construction industry. Although strategic acquirers still dominate the landscape, private equity's aggressiveness in the market continues a major trend apparent over the past few years, driving multiples higher across the engineering and construction landscape.

On February 16, 2021, private equity again flexed its muscles in the space with Aegion Corporation announcing it had entered into a definitive agreement to be acquired and taken private by New Mountain Capital. Aegion Corporation is a publicly-traded St. Louis-based provider of rehabilitation services for aging infrastructure, primarily pipelines in the wastewater, water, energy, mining, and refining industries. New Mountain Capital is a New York-based private investment firm. Aegion is currently a member of our Construction Index. According to Aegion's announcement, management is excited to have the resources and long-term approach to build on existing progress and further enhance its differentiated portfolio of technologies.

The net transaction value as announced was \$1.2 billion with consideration to shareholders expected to total \$914 million in cash. Transaction enterprise value (\$1.1 billion) was 1.4x latest twelve months ("LTM") revenue and 8.5x LTM EBITDA, resulting in forward looking multiples of 1.1x next twelve months ("NTM") revenue and 11.5x NTM EBITDA.

# Chartwell Public Company Construction Index

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

The onset of COVID-19 resulted in considerable declines in equity values across virtually all industries. However, as investors began to better understand the potential implications of the pandemic and governments and central banks announced significant stimulus programs, markets responded favorably. Over the past 12 months, all 25 members of our Construction Index recorded increases in equity value, with a median increase of 65.3%! The market capitalization weighted Chartwell Construction Index was up 107.6% during the past twelve months, outpacing growth in the S&P 500 (+53.7%) and the S&P 500 Construction and Engineering Index (+89.5%).

Revenue performance for the Construction Index was quite mixed, with median revenue up 3.1% over the LTM and all but nine companies showing gains. The most significant outlier was Matrix Service Company which experienced a 43.8% decline over the past twelve months due to reduced demand from the oil, gas, and chemical industries. More broadly, revenue over the NTM is projected to be up in aggregate, with median growth of 4.0% expected. Bird has the highest revenue growth projection (+60.7%) reflecting its acquisition of Stuart Olson back in September. North American Construction Group is projecting significantly higher revenue (+40.2%) after recording a 29.2% decline over the LTM. There are a handful of companies projecting declining revenue, with Skanska being the most significant at 13.2%. HOCHTIEF (-6.9%) is the only other company projecting a decline greater than 5.0% over the NTM.

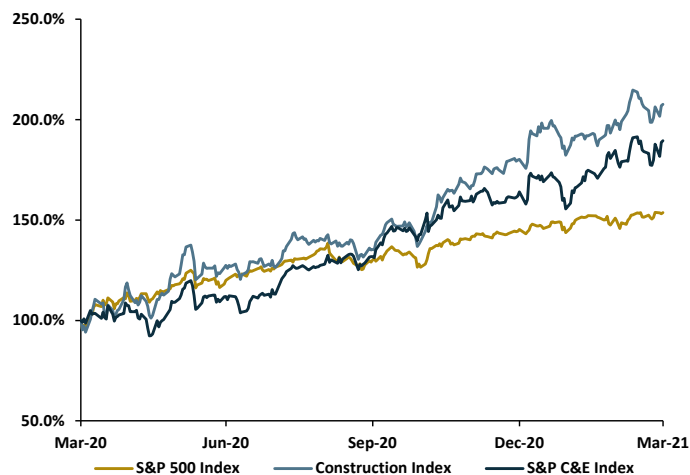
Once again, EBITDA growth for the Construction Index significantly outpaced revenue with median growth of 11.3% during the LTM and median margins exceeding the five-year average by 1.6%. However, there also continues to be a broad range of outcomes. Granite saw a 292.3% increase while Matrix declined 76.9%. Bird also generated EBITDA growth in excess of 200% and Sterling was up over 100%. Margins are expected to increase for over half of the companies in the index during the NTM and rise slightly in aggregate, resulting in median EBITDA increasing 10.4%. Again, some major outliers...Balfour Beatty is expecting to rebound 273.3% after a 47.9% fall. AECON is looking at 128.3% growth following a 29.4% decline and Matrix Service Company is expecting 117.4% growth following a 79.6% decline.

Analyzing multiples during this period is indeed challenging. In reviewing changes in multiples during the past year, it is imperative to remember March of 2020 represented a relative low for equity and enterprise values. Rising equity values (for all companies!) during the LTM resulted in multiples increasing on a median basis from 6.6x to 10.7x. In fact, all of the companies experienced an increase in EBITDA multiples during the past year except Bird Construction, which was impacted by the recent acquisition of Stuart Olson

**Five-Year Index Performance**



**One-Year Index Performance**



# Construction Index Market Performance – Q1 2021

Company Name	Ticker	Enterprise Value					Equity Value				
		3/31/ 2020	9/30/ 2020	3/31/ 2021	6-Mo. Δ	LTM Δ	3/31/ 2020	9/30/ 2020	3/31/ 2021	6-Mo. Δ	LTM Δ
Quanta Services, Inc.	NYSE:PWR	8,756	5,819	13,353	129.5%	52.5%	4,523	7,339	12,173	65.9%	169.1%
Skanska AB (publ)	OM:SKA B	9,973	7,470	11,671	56.2%	17.0%	6,278	8,730	10,352	18.6%	64.9%
HOCHTIEF Aktiengesellschaft	XTRA:HOT	12,389	8,972	10,303	14.8%	(16.8%)	4,682	5,359	6,106	14.0%	30.4%
MasTec, Inc.	NYSE:MTZ	4,231	3,785	8,074	113.3%	90.9%	2,467	3,042	6,781	122.9%	174.9%
EMCOR Group, Inc.	NYSE:EME	4,038	3,749	6,410	71.0%	58.7%	3,450	3,718	6,146	65.3%	78.2%
APi Group Corporation	NYSE:APG	3,686	NA	5,650	NMF	53.3%	1,241	2,466	4,232	71.6%	241.1%
Balfour Beatty plc	LSE:BBY	2,887	2,718	3,443	26.7%	19.2%	1,845	1,986	2,739	37.9%	48.4%
Dycom Industries, Inc.	NYSE:DY	2,323	1,655	3,344	102.1%	44.0%	810	1,682	2,843	69.0%	250.9%
Comfort Systems USA, Inc.	NYSE:FIX	2,124	1,541	2,932	90.3%	38.0%	1,335	1,875	2,697	43.8%	101.9%
Granite Construction Incorporated	NYSE:GVA	1,268	1,184	2,184	84.5%	72.3%	690	801	1,843	130.1%	166.9%
Primoris Services Corporation	NasdaqGS:PRIM	1,165	1,070	2,058	92.3%	76.7%	767	871	1,780	104.4%	132.0%
Tutor Perini Corporation	NYSE:TPC	1,068	997	1,879	88.5%	76.0%	339	565	965	70.7%	184.5%
Construction Partners, Inc.	NasdaqGS:ROAD	1,010	924	1,625	75.9%	60.8%	875	942	1,548	64.2%	76.9%
Aecon Group Inc.	TSX:ARE	1,181	1,072	1,500	39.9%	27.0%	535	615	931	51.5%	74.1%
Great Lakes Dredge & Dock Corporation	NasdaqGS:GLDD	931	859	1,278	48.7%	37.3%	537	618	954	54.5%	77.9%
MYR Group Inc.	NasdaqGS:MYRG	696	595	1,229	106.5%	76.4%	436	621	1,203	93.7%	175.8%
Aegion Corporation	NasdaqGS:AEGN	690	820	1,096	33.6%	58.9%	552	435	884	103.3%	60.0%
IES Holdings, Inc.	NasdaqGM:IESC	682	398	1,093	174.3%	60.3%	369	654	1,047	60.2%	183.9%
Sterling Construction Company, Inc.	NasdaqGS:STRL	766	657	959	46.0%	25.2%	265	397	664	66.9%	150.8%
Infrastructure and Energy Alternatives, Inc.	NasdaqCM:IEA	551	473	791	67.1%	43.5%	45	137	373	173.4%	734.2%
North American Construction Group Ltd.	TSX:NOA	402	497	629	26.5%	56.4%	129	190	302	59.5%	133.6%
Bird Construction Inc.	TSX:BDT	189	302	489	62.1%	158.6%	137	256	377	47.4%	175.9%
Matrix Service Company	NasdaqGS:MTRX	267	236	348	47.1%	29.9%	253	221	348	57.3%	37.6%
Orion Group Holdings, Inc.	NYSE:ORN	171	164	246	49.8%	44.1%	77	83	185	121.5%	140.2%
Limbach Holdings, Inc.	NasdaqCM:LMB	49	124	147	18.3%	202.8%	22	84	108	28.3%	393.9%
Average		2,460	1,920	3,309	69.4%	58.5%	1,306	1,747	2,703	71.8%	162.3%
Median		1,224	1,072	2,121	64.6%	53.3%	552	654	1,203	65.3%	140.2%

\$ in millions  
Source: Capital IQ, Data as of 3/31/2021

# Construction Index Financial Performance – Q1 2021

	Revenue			EBITDA			EBITDA Margin		
Company Name	LTM \$	LTM % Δ	NTM % Δ	LTM \$	LTM % Δ	NTM % Δ	5-Year Avg.	LTM	NTM
HOCHTIEF Aktiengesellschaft	29,366	1.2%	(6.9%)	1,504	(1.9%)	(16.3%)	4.9%	5.1%	4.6%
Skanska AB (publ)	19,524	5.5%	(13.2%)	1,259	28.2%	(16.4%)	4.6%	6.4%	6.2%
Quanta Services, Inc.	11,203	(7.5%)	8.4%	911	5.6%	24.8%	7.3%	8.1%	9.4%
Balfour Beatty plc	9,160	5.8%	21.6%	90	(47.9%)	273.3%	0.8%	1.0%	3.0%
EMCOR Group, Inc.	8,797	(4.1%)	5.4%	601	8.2%	0.8%	6.1%	6.8%	6.5%
MasTec, Inc.	6,321	(12.0%)	21.6%	753	(9.3%)	11.5%	10.3%	11.9%	10.9%
Tutor Perini Corporation	5,319	19.5%	(2.5%)	372	76.3%	(8.6%)	5.5%	7.0%	6.6%
APi Group Corporation	3,587	(12.3%)	3.4%	298	17.3%	37.9%	NA	8.3%	11.1%
Granite Construction Incorporated	3,562	3.4%	3.3%	140	292.3%	58.3%	4.1%	3.9%	6.0%
Primoris Services Corporation	3,491	12.4%	7.6%	250	10.4%	16.6%	7.2%	7.2%	7.8%
Dycom Industries, Inc.	3,199	(4.2%)	2.0%	310	(1.0%)	5.3%	11.4%	9.7%	10.0%
Aecon Group Inc.	2,860	7.2%	8.5%	84	(29.4%)	128.3%	4.4%	2.9%	6.2%
Comfort Systems USA, Inc.	2,857	9.2%	0.9%	250	19.7%	(1.6%)	8.2%	8.7%	8.5%
MYR Group Inc.	2,247	8.5%	4.3%	130	32.6%	5.0%	5.5%	5.8%	5.8%
Infrastructure and Energy Alternatives, Inc.	1,753	20.1%	2.1%	123	31.4%	9.4%	3.5%	7.0%	7.5%
Sterling Construction Company, Inc.	1,427	26.7%	4.0%	130	100.9%	5.2%	5.4%	9.1%	9.2%
IES Holdings, Inc.	1,191	10.6%	NA	70	36.2%	NA	4.6%	5.8%	NA
Bird Construction Inc.	1,181	11.3%	60.7%	50	201.3%	44.2%	2.2%	4.3%	3.8%
Aegion Corporation	808	(8.8%)	18.8%	86	11.0%	12.6%	9.1%	10.6%	10.0%
Construction Partners, Inc.	801	(0.4%)	23.7%	100	10.9%	17.5%	NA	12.5%	11.9%
Matrix Service Company	794	(43.8%)	0.6%	15	(76.9%)	117.4%	3.0%	1.9%	4.1%
Great Lakes Dredge & Dock Corporation	734	3.1%	4.1%	147	11.3%	2.3%	15.9%	20.0%	19.6%
Orion Group Holdings, Inc.	710	0.2%	(1.8%)	45	34.4%	4.7%	4.2%	6.4%	6.8%
Limbach Holdings, Inc.	568	2.7%	(4.6%)	23	62.5%	(3.5%)	2.8%	4.1%	4.1%
North American Construction Group Ltd.	393	(29.2%)	40.2%	125	0.6%	15.8%	23.4%	31.8%	26.3%
<b>Average</b>	<b>4,874</b>	<b>1.0%</b>	<b>8.8%</b>	<b>315</b>	<b>33.0%</b>	<b>31.0%</b>	<b>6.7%</b>	<b>8.3%</b>	<b>8.6%</b>
<b>Median</b>	<b>2,857</b>	<b>3.1%</b>	<b>4.0%</b>	<b>130</b>	<b>11.3%</b>	<b>10.4%</b>	<b>5.4%</b>	<b>7.0%</b>	<b>7.2%</b>

\$ in millions

Source: Capital IQ, Data as of 3/31/2020



## Construction Index Implied Market Multiples – Q1 2021

Company Name	Enterprise Value / EBITDA					6-Mo. Δ	LTM Δ
	5-Year Avg.	Q1 2020	Q3 2020	Q1 2021	Q1 2022E		
APi Group Corporation	NA	NA	NA	19.0x	13.7x	NA	NA
Balfour Beatty plc	NA	15.7x	30.2x	38.3x	10.2x	+8.1x	+22.5x
Construction Partners, Inc.	NA	10.2x	9.7x	16.2x	13.8x	+6.4x	+6.0x
Infrastructure and Energy Alternatives, Inc.	NA	5.0x	3.4x	6.4x	5.9x	+3.0x	+1.4x
Granite Construction Incorporated	19.2x	33.2x	12.2x	15.6x	9.9x	+3.4x	-17.6x
Bird Construction Inc.	17.0x	11.3x	10.4x	9.7x	6.7x	-0.7x	-1.6x
Matrix Service Company	16.5x	4.1x	10.1x	23.3x	10.7x	+13.2x	+19.2x
IES Holdings, Inc.	12.1x	7.8x	5.7x	15.7x	NA	+10.0x	+7.9x
Aecon Group Inc.	11.3x	9.0x	9.9x	17.8x	7.8x	+7.9x	+8.8x
Skanska AB (publ)	11.2x	7.6x	6.0x	9.3x	11.1x	+3.2x	+1.7x
Aegion Corporation	10.6x	10.6x	8.7x	12.8x	11.4x	+4.1x	+2.2x
Sterling Construction Company, Inc.	10.5x	10.1x	5.4x	7.4x	7.0x	+2.0x	-2.8x
Comfort Systems USA, Inc.	10.4x	7.4x	6.3x	11.7x	11.9x	+5.4x	+4.4x
Quanta Services, Inc.	9.9x	6.7x	6.5x	14.7x	11.7x	+8.2x	+7.9x
HOCHTIEF Aktiengesellschaft	9.8x	5.9x	6.0x	6.9x	8.2x	+0.9x	+1.0x
EMCOR Group, Inc.	9.4x	6.7x	6.4x	10.7x	10.6x	+4.2x	+3.9x
Limbach Holdings, Inc.	8.8x	3.4x	5.2x	6.3x	6.5x	+1.1x	+2.9x
Great Lakes Dredge & Dock Corporation	8.6x	6.5x	5.8x	8.7x	8.5x	+2.9x	+2.2x
Dycom Industries, Inc.	8.5x	5.3x	5.5x	10.8x	10.2x	+5.3x	+5.5x
MYR Group Inc.	8.4x	6.1x	4.7x	9.4x	9.0x	+4.7x	+3.4x
MasTec, Inc.	8.0x	4.6x	5.5x	10.7x	9.6x	+5.2x	+6.2x
Primoris Services Corporation	7.7x	4.7x	4.5x	8.2x	7.1x	+3.8x	+3.5x
Orion Group Holdings, Inc.	6.7x	5.1x	3.4x	5.4x	5.2x	+2.1x	+0.4x
Tutor Perini Corporation	6.5x	4.7x	3.1x	5.1x	5.5x	+2.0x	+0.3x
North American Construction Group Ltd.	5.6x	3.2x	4.0x	5.0x	4.3x	+1.0x	+1.8x
<b>Average</b>	<b>10.3x</b>	<b>8.1x</b>	<b>7.4x</b>	<b>12.2x</b>	<b>9.0x</b>	<b>+4.5x</b>	<b>+3.8x</b>
<b>Median</b>	<b>9.8x</b>	<b>6.6x</b>	<b>5.9x</b>	<b>10.7x</b>	<b>9.3x</b>	<b>+3.9x</b>	<b>+3.2x</b>

Source: Capital IQ as of 3/31/2020

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