



The Blueprint: Trends in the Construction Industry



Chartwell Financial Advisory

Q1 2022

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 Q1 2022 edition of The Blueprint! The construction industry has proven especially resilient since the onset of the pandemic and has successfully negotiated lockdowns, supply chain issues, a tight labor market, and delays with permitting. Construction starts for the twelve months ended March 31, 2022, were up 22.1% compared to the prior year, driven by growth in the apartment (up 38.5%), commercial (up 25.6%), and industrial sectors (up 78.6%), as reported by KeyBanc and Dodge Data & Analytics. M&A activity continues to be extremely robust, achieving seven consecutive quarters of growth on a quarter over quarter basis.

Our intention with this newsletter is to provide you with 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. We 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.

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Industry Activity Indicators

March 2022 Construction Spending			
	\$ Billion	3MMA	12MMA
Private Nonresidential	\$497.6	8.8%	3.1%
Power	\$107.7	(1.2%)	0.8%
Commercial	\$94.8	18.9%	12.4%
Manufacturing	\$94.1	33.4%	18.8%
Office	\$72.6	4.3%	(1.3%)
Healthcare	\$39.0	5.6%	3.7%
Lodging	\$16.7	(27.0%)	(31.0%)
Communication	\$21.7	(1.2%)	(2.5%)
Education	\$18.2	16.2%	(4.2%)
Public Nonresidential	\$341.6	0.9%	(2.6%)
Highway & Street	\$103.1	6.6%	2.7%
Education	\$80.3	(7.6%)	(7.8%)
Transportation	\$40.8	0.2%	(4.1%)
Sewage & Waste	\$28.7	9.8%	6.8%
Water Supply	\$18.8	7.8%	3.6%
Power	\$9.8	22.8%	22.8%

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

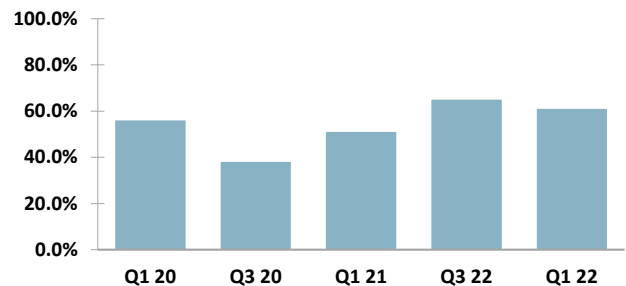
March 2022 Construction Starts - Last 12 Months			
	Y-Y	M-M	% of Total
Apartment	38.5%	(0.3%)	19.5%
Commercial	25.6%	(0.1%)	17.8%
Commercial	59.9%	0.6%	6.2%
Lodging	27.3%	(0.7%)	1.4%
Office	5.1%	(1.1%)	6.9%
Other	(12.5%)	0.2%	3.4%
Education/Healthcare	2.2%	(2.9%)	16.5%
Education	2.5%	(2.7%)	10.7%
Healthcare	1.5%	(3.5%)	5.8%
Industrial	78.6%	0.5%	14.2%
Energy/Chemical	101.9%	(0.1%)	3.0%
Manufacturing	175.8%	(0.4%)	3.2%
Warehouse	30.6%	1.6%	8.0%
Infrastructure	(4.7%)	(2.0%)	32.0%
Bridge	20.1%	(1.2%)	3.2%
Environmental	(10.8%)	(5.8%)	0.5%
Highway	(8.3%)	3.6%	8.6%
Infrastructure	17.7%	0.0%	9.7%
Power	(30.5%)	(10.7%)	10.1%
Total	22.1%	(0.9%)	100.0%

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

AIA Consensus Construction Forecast		
	2022	2023
Nonresidential Total	5.4%	6.1%
Commercial Total	4.7%	5.3%
Office	0.8%	3.6%
Retail & Other Commercial	7.5%	4.9%
Hotel	(0.4%)	13.5%
Industrial Total	9.4%	8.4%
Institutional Total	4.4%	6.0%
Health	6.2%	6.0%
Education	3.5%	6.1%
Religious	(1.1%)	1.2%
Public Safety	(1.3%)	5.6%
Amusement & Recreation	7.7%	6.0%

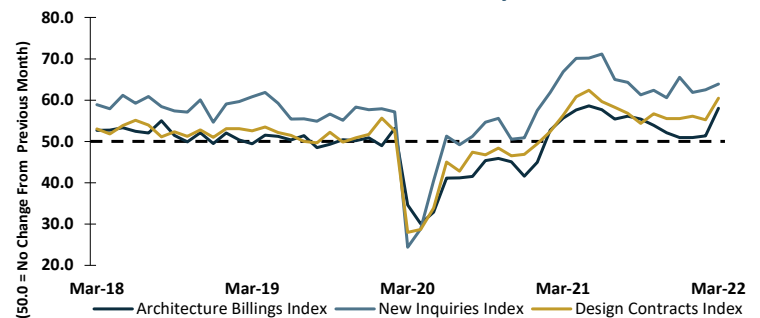
Source: American Institute of Architects (January 2022)

ENR Quarterly Confidence Index



Source: Engineering News Record

Work-on-the-Boards Survey Data



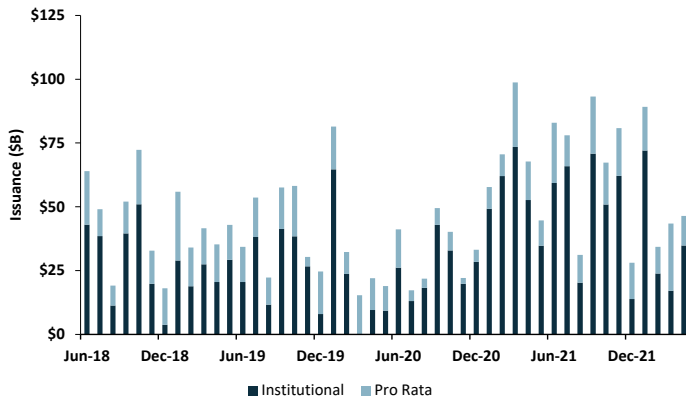
Seasonally Adjusted
Source: AIA

Capital Markets Update

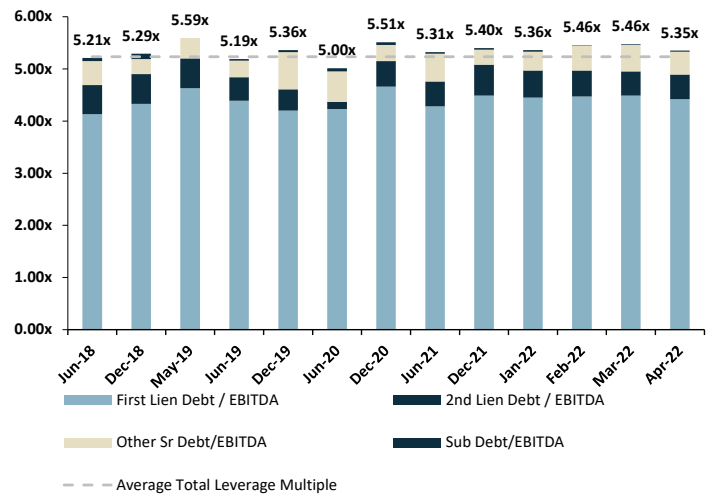
Various factors such as inflation, rising interest rates, and recessionary concerns weigh on equity and debt capital markets.

- Recession concerns, supply chain disruptions, labor shortages, rising interest rates, inflation, and unknowns associated with COVID-19 variants have produced considerable volatility in the capital markets
- Despite the numerous factors yielding uncertainty in the equity and debt capital markets, lenders continue to pursue opportunities at leverage multiples consistent with 2021 levels, albeit a slight pullback from Q4 2021 levels
- Geopolitical uncertainty has further weighed on the capital markets, particularly the high-yield bond market as investors have fled toward leveraged loans and investment grade instruments

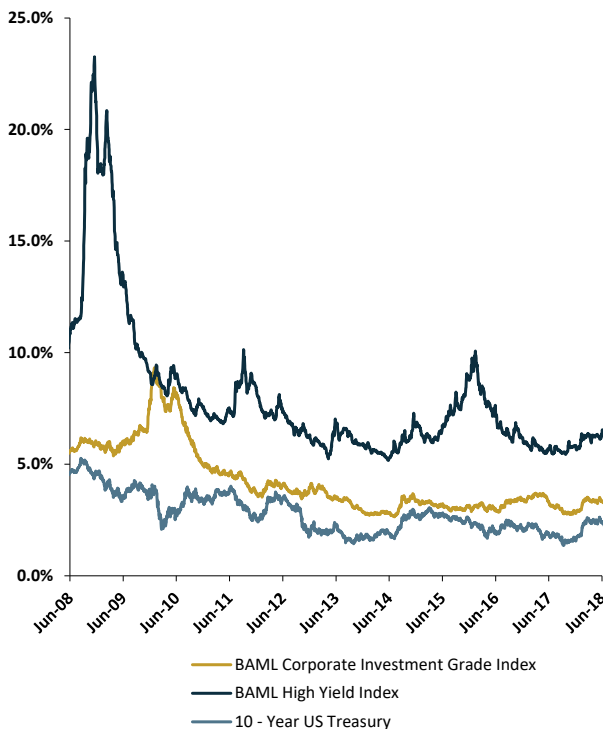
U.S. Leveraged Loan Issuance



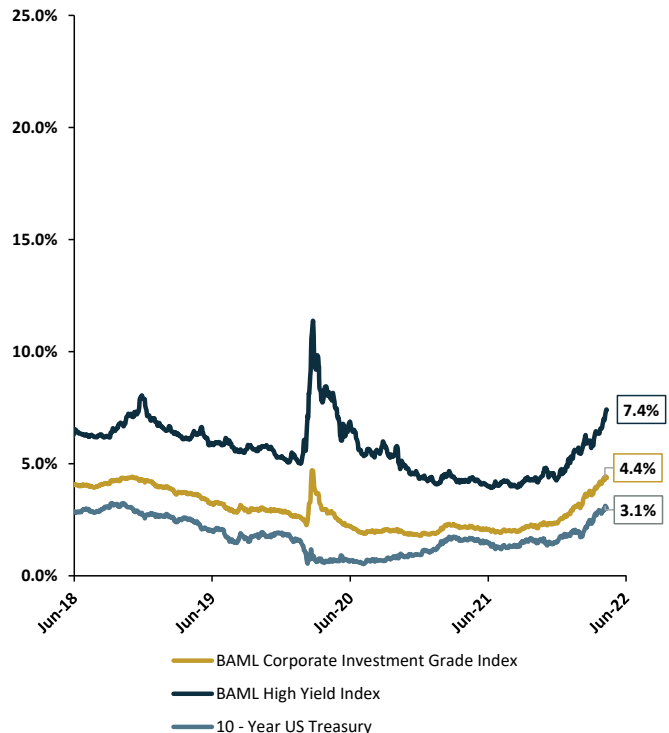
Historical Debt Multiples of Highly Leveraged Loans



Historical Interest Rates



Current Interest Rates



Chartwell Advises D.P. Nicoli on Recapitalization Transaction to Enable Transition to 100% ESOP Ownership

 <p>Senior Credit Facility provided by</p>  <p>The undersigned acted as exclusive financial advisor to D.P. Nicoli, Inc.</p>  <p>January 2022</p>	 <p>Completed a Recapitalization Transaction</p> <p>to transition its equity ownership to a newly formed Employee Stock Ownership Plan</p> <p>The undersigned acted as exclusive financial advisor to D.P. Nicoli, Inc.</p>  <p>March 2022</p>	 <p>Mezzanine Credit Facility provided by</p>  <p>The undersigned acted as exclusive financial advisor to D.P. Nicoli, Inc.</p>  <p>January 2022</p>
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"I couldn't be happier with the outstanding outcome realized for our employees and shareholders, which was only possible with the dedicated expertise and guidance Chartwell provided. Chartwell kept the vision and mission of D.P. Nicoli at the forefront in each step of the process, ensuring D.P. Nicoli and its employees were set up for success and continued growth. We can't thank the team enough for its role in achieving a life changing outcome for all of D.P. Nicoli and ensuring that our culture and legacy perseveres for generations."

– Dave Nicoli, Founder & Chief Executive Officer, D.P. Nicoli

Company Background

- Based in Lake Oswego, Oregon, D.P. Nicoli (the "Company") is one of the largest independent rental providers of steel plate and shoring equipment to public utilities, regional and municipal governments, and underground contractors
- Founded in 1982 by Dave Nicoli with a steadfast commitment to ensuring safe jobsites for customers, the Company has grown to ten locations across California, Oregon, Washington, and Idaho
- D.P. Nicoli provides a homogenous, one-stop resource for the shoring and safety needs of the heavy construction industry renting steel plates, shoring, slide rail, pipe plugs, and other products

Transaction Overview

- D.P. Nicoli engaged Chartwell as its exclusive financial advisor to assist the Company with its next phase of ownership
- Following a comprehensive review of strategic alternatives, including the solicitation of indications of interest from potential acquirers, the Company elected to proceed with a recapitalization transaction whereby subsequently 100% of the Company's share ownership was transitioned to a newly formed Employee Stock Ownership Plan ("ESOP")
- In support of the Transaction, Chartwell raised a senior credit facility provided by CIT, a division of First Citizens Bank, and a mezzanine credit facility provided by Cyprium Partners
- The credit facilities offer D.P. Nicoli strategic partnerships to facilitate long-term growth and the generation of meaningful retirement assets for ESOP participants via significant capacity, flexibility, vision, and cultural alignment with the founder and the Company's employees

Merger & Acquisition Activity - Q4 2021 & Q1 2022

Western Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
10/6/2021	Crestone Services Group, LLC	Americom Technology, Inc.	Murray, UT	Telecommunication contracting services
10/12/2021	Argonaut Private Equity	Mark Young Construction, Inc.	Frederick, CO	Concrete and carpentry construction services
10/29/2021	Radiant Plumbing and Air Conditioning, Inc.	Done Service Group, Inc.	Aurora, CO	HVAC and plumbing services
11/3/2021	Strikepoint Group Holdings, Inc.	Paradise Air, Inc.	Las Vegas, NV	HVAC installation, repair, maintenance, and replacement services
11/24/2021	NearU Services	Accurate Comfort Systems, Inc.	San Marcos, CA	HVAC contracting services
12/1/2021	DGI-Menard, Inc.	Farrell Design-Build Companies, Inc.	Placerville, CA	Geo-contracting services
12/6/2021	Brightwood Capital Advisors; Revive Holdings; Sileo Capital	Crown Utilities, LLC	Nampa, ID	Utility contracting services
12/8/2021	The ADT Security Corporation	Sunpro Solar, Inc	Wildomar, CA	Solar panel installation services
12/9/2021	Pye-Barker Fire & Safety, LLC	Fire Protection Service Corporation	Ogden, UT	Fire and security systems design and installation
12/31/2021	Kustom US, Inc.	Five Star Restoration & Construction, Inc.	Gold River, CA	Fire, water, smoke, mold, and storm disaster recovery services
12/31/2021	CC VT HOLDINGS, LLC	J5 Infrastructure Partners	Irvine, CA	Engineering, installation, and construction services
12/31/2021	Radiant Plumbing and Air Conditioning, Inc.	Mainstream Electric, Inc.	Spokane Valley, WA	HVAC, electric, and plumbing services
1/1/2022	Johns Lyng Group Limited	Reconstruction Experts, Inc.	Arvada, CO	General contracting services
1/4/2022	Gryphon Investors Inc; Gryphon Heritage Partners, L.P.	Repipe Specialists, Inc.	Burbank, CA	Polyethylene and copper repiping services
1/6/2022	Pueblo Mechanical & Controls, LLC	Rocky Mountain Mechanical, Inc.	South Salt Lake, UT	Mechanical contracting services
1/7/2022	Tiger Construction Ltd.	Pearson Construction Corporation	Bellingham, WA	Residential construction services
1/11/2022	Twintec USA Inc	Kalman Floor Company, Inc.	Denver, CO	Industrial flooring services
1/17/2022	Heartland Acoustics And Interiors, Inc.	Forrest Sound Products, LLC	Redmond, WA	Acoustical contracting services
1/18/2022	Stellex Capital Management LLC	Peltram Plumbing, LLC	Auburn, WA	Plumbing design and installation services
1/24/2022	A&M Capital Advisors, LP	The Arcticom Group, LLC	Walnut Creek, CA	HVAC and refrigeration installation and maintenance services
2/17/2022	Pye-Barker Fire & Safety, LLC	Matson Alarm Co.Inc.	Fresno, CA	Security systems services
3/10/2022	CC VT HOLDINGS, LLC	STC Netcom, Inc.	Fontana, CA	Wireless communications site development services

Merger & Acquisition Activity - Q4 2021 & Q1 2022

Western Region (continued)				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
3/28/2022	Southwire Company, LLC	Novinium, Inc.	Kent, WA	Underground cable rejuvenation services
3/31/2022	Paul Johnson Drywall, Inc.	C&S Drywall, Inc.	Aurora, CO	Drywall contracting services
4/29/2022	urban-gro, Inc.	Emerald Construction Management, Inc.	Centennial, CO	Construction services

Southwestern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
10/5/2021	Granite Comfort Holdings LP	Strittmatter Air Conditioning & Heating, Inc.	Denton, TX	HVAC, roofing, and plumbing services
10/5/2021	Tulcan, L.P.	A Greater Austin Development Co., Ltd.	Austin, TX	Concrete construction services
10/12/2021	Midway Mechanical Services LLC	Wood Air Conditioning, Inc.	Mount Pleasant, TX	HAVC installation, maintenance, and repair services
11/1/2021	Ascension Property Services, LLC	George-McKenna Electrical Contractors, Inc.	Irving, TX	Electrical, security, audio visual, and cabling systems design and installation services
11/1/2021	AI Fire, LLC	BCI Technologies, Inc.	Grand Prairie, TX	Scurity systems installation, repair, and maintenance services
11/11/2021	Therma Holdings LLC	Bel-Aire Mechanical, Inc.	Phoenix, AZ	Mechanical contracting services
11/17/2021	Orbital Energy Group, Inc.	Front Line Power Construction, LLC	Rosharon, TX	Electrical contracting services
11/29/2021	Texas Custom Pools, Inc.	Pulliam Pools Inc.	Fort Worth, TX	Swimming pool construction, renovation, and repair services
11/30/2021	Koch Engineered Solutions, LLC	DEPCOM Power, Inc.	Scottsdale, AZ	Solar power engineering, procurement, and construction services
12/6/2021	Satterfield & Pontikes Construction, Inc.	Eagle Contracting L.P.	Fort Worth, TX	Water and wastewater contracting services
12/14/2021	Kane Communications, LLC	Cable Solutions, LLC	Chandler, AZ	Communications infrastructure system design and installation services
12/22/2021	Atlantic Street Capital Mgmt; Atlantic Street Capital IV, LP	Air Conditioning Innovative Solutions, Inc.	McKinney, TX	Mechanical contracting and building automation services
1/13/2022	Friendly Group	Day & Night Air Conditioning, Heating & Plumbing, LLC	Phoenix, AZ	HVAC, plumbing, and drain clearing services
1/20/2022	Kidd & Company, LLC	BRH-Garver Construction L.P.	Houston, TX	Civil construction services
2/2/2022	SEI Group, LLC	Cool Insulation Company	Austin, TX	Insulation installation services
3/31/2022	American Pavement Preservation LLC; Capital Alignment Partners	Southwest Slurry Seal, LLC	Phoenix, AZ	Pavement preservation services

Merger & Acquisition Activity - Q4 2021 & Q1 2022

Midwestern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
10/7/2021	MechanAir Holdings, LLC	State Mechanical Services, L.L.C.	Aurora, IL	HVAC design, installation, and maintenance services
10/13/2021	Quanta Services, Inc.	Blattner Holding Company, Inc.	Avon, MN	Electrical generation contracting services
10/20/2021	ADB Companies, LLC	Primetech Communications, Inc.	Hamilton, OH	Construction and engineering services
10/26/2021	BluSky Restoration Contractors, LLC	Menold Construction, Inc.	Morton, IL	General contracting services
11/27/2021	Burton Plumbing Services, Inc.	Blue Dot Services Company Of Kansas	Topeka, KS	HVAC, plumbing, and electrical services
12/7/2021	Ameresco, Inc.	Plug Smart	Columbus, OH	Energy design and electrical engineering services
12/7/2021	BluSky Restoration Contractors, LLC	J.C. Restoration, Inc.	Rolling Meadows, IL	Disaster restoration services
12/15/2021	Rieth-Riley Construction Co., Inc.	Phend & Brown, Inc.	Milford, IN	Heavy and highway construction services
12/22/2021	3 Phase Elevator Corporation	Gable Elevator, Inc.	Cuyahoga Falls, OH	Elevator maintenance, repair, and modernization services
12/22/2021	Grove Mountain Partners, LLC	PLM Paving and Concrete, LLC	Pewaukee, WI	Asphalt paving and concrete services
12/31/2021	Peninsula Capital Partners; Pillsman Partners; Power Vac LLC	Strain Electric, Inc.	Wyoming, MI	Electrical utility contracting services
1/1/2022	Orion Energy Systems, Inc.	Stay-Lite Lighting Inc	Pewaukee, WI	Lighting maintenance and electrical services
1/5/2022	Comfort Systems USA, Inc.	Edwards Electrical and Mechanical, Inc.	Indianapolis, IN	Electrical and mechanical contracting services
1/12/2022	Authority Brands, LLC	Color World Housepainting, Inc.	Powell, OH	Residential and commercial painting services
1/14/2022	Temp-Con, LLC	TP Mechanical Contractors, Inc.	Columbus, OH	Mechanical contracting services
1/19/2022	NA	Vander Kodde Construction Co.	Grand Rapids, MI	General contracting services
1/25/2022	Russell Construction Co., Inc.	Merit General Contractors, Inc	Olathe, KS	General contracting and design services
2/10/2022	Argonaut Private Equity Fund V, LP	Miller Contracting Services, Inc.	Carrier Mills, IL	Mining, industrial, and civil contracting services
2/15/2022	Apex Commercial Construction, Inc.	The Kuehne Company Inc	Oak Creek, WI	Highway and road construction services
2/22/2022	Thayer Power & Communication Line Construction Co., LLC	Communications Infrastructure, Inc.	Camby, IN	Communication construction and contracting services
3/3/2022	New Energy Equity, LLC	Impact Power Solutions, LLC	Roseville, MN	Solar power systems installation services

Merger & Acquisition Activity - Q4 2021 & Q1 2022

Midwestern Region (continued)				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
3/11/2022	Frontier Service Partners	A.B. May Company	Kansas City, MO	HVAC, plumbing, and electrical services
3/25/2022	Gauge Capital LLC	Apple Roofing, LLC	Lincoln, NE	Roofing restoration services
3/29/2022	Bard Materials LLC	Horsfield Construction, Inc.	Epworth, IA	Civil construction services

Northeastern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
10/6/2021	Total Production Solutions	Optimization Technology, Inc.	Rush, NY	Manufacturing process automation, construction, and maintenance services
10/15/2021	QualTek USA, LLC	Urban Cable Technology, Inc.	West Chester, PA	Construction and engineering services
10/21/2021	Clough North America Holding, Inc.	J.J. White, Inc.	Philadelphia, PA	Industrial maintenance and related construction services
10/26/2021	Corbett Technology Solutions, Inc.	AFA Protective Systems, Inc.	Syosset, NY	Fire alarm and security notification systems design and installation services
11/2/2021	Len The Plumber, Inc.	Service Today, Inc.	Federalsburg, MD	HVAC, mechanical, plumbing, electrical, and indoor air quality services
11/2/2021	Sila Services, LLC	Astacio Plumbing & Heating LLC	Norwalk, CT	HVAC installation, repair, and plumbing services
11/9/2021	Onex Corporation; Onex Partners V LP	Fidelity Engineering, LLC	Sparks, MD	HVAC and mechanical services
11/10/2021	Bernhard Capital Partners Management LP	RailWorks Corporation	New York, NY	Rail transportation infrastructure building and maintenance services
11/10/2021	CoolSys, Inc.	C L Weaver, Inc.	Leola, PA	HVAC repair and installation services
12/1/2021	HB Global, LLC	The Bell Company, LLC	Rochester, NY	Mechanical and plumbing construction services
12/9/2021	Eaglestone, LLC	Commonwealth Electrical Technologies, Inc.	Worcester, MA	Electrical construction services
12/9/2021	Eaglestone, LLC	New York Engineers P.C.	New York, NY	Mechanical, electrical, plumbing, sprinkler, and fire protection engineering services
12/17/2021	ADB Companies, LLC	Deerfield Construction Group, Inc.	Gaithersburg, MD	Construction management services
12/20/2021	Len The Plumber, Inc.	Russo Bros & Co Inc	East Hanover, NJ	HVAC, plumbing, electrical, and indoor air quality services
12/23/2021	Huron Capital Partners, LLC	TriStruX, LLC	Clifton, NJ	Telecommunications and electrical contracting services
12/27/2021	Charge Infrastructure, Inc.	BW Electrical Services LLC	Hillsborough, NJ	Telecommunications and electrical contracting services

Merger & Acquisition Activity - Q4 2021 & Q1 2022

Northeastern Region (continued)				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
12/30/2021	MasTec, Inc.	Henkels & McCoy Group, Inc.	Blue Bell, PA	Infrastructure engineering and construction services
12/30/2021	Sterling Construction Company, Inc.	Petillo Incorporated	Flanders, NJ	Site work and heavy highway construction services
12/31/2021	Exponential Power, Inc.	MaeTec Power, Inc.	Fairport, NY	Battery installation and maintenance services
1/7/2022	Rapid Fire Protection, Inc.	Strickland Fire Protection, Inc.	College Park, MD	Fire protection contracting services
1/11/2022	Century Fire Protection, LLC	Chesapeake Sprinkler Company, Inc.	Odenton, MD	Fire protection solutions and services
1/13/2022	BrandPoint Services, Inc.	ProGroup Network, Inc.	New Bedford, MA	Renovation, painting, and material application services
1/18/2022	Pavement Partners Holding, LLC	Chamberlain Contractors Inc.	Laurel, MD	Paving and concrete contracting services
1/31/2022	Tecta America Corporation	Douglas S. Plotke, Jr., Inc.	Deer Park, NY	Roofing services
3/15/2022	Cross-Fire & Security Co., Inc.	Adcock's Systems, LLC	Waldorf, MD	Fire alarm, electrical, emergency system, and sprinkler contracting services
3/17/2022	Greenwood Industries, Inc.	Hudson Valley Roofing & Sheetmetal, Inc.	New Windsor, NY	Roofing services
4/21/2022	SinglePoint Inc.	The Boston Solar Company, LLC	Woburn, MA	Solar installation services

Southeastern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
10/11/2021	Ardurra Group, Inc.	Fulghum Macindoe & Associates, Inc.	Knoxville, TN	Construction and engineering services
10/11/2021	Impact Fire Services, LLC	FESS Fire Protection, Inc.	North Charleston, SC	Fire protection contracting services
11/4/2021	Convergint Technologies LLC	Simpson Security Systems, Inc.	Alexandria, LA	Security systems integration services
11/17/2021	Pacific Power & Systems, Inc.	Adkins Electric, Inc.	Jacksonville, FL	Electrical contracting services
11/22/2021	Installed Building Products, Inc.	CFI Insulation, Inc.	Knoxville, TN	Insulation installation services
12/1/2021	Comfort Systems USA, Inc.	Ivey Mechanical Company, LLC	Kosciusko, MS	Mechanical contracting services
12/2/2021	Limbach Facility Services LLC	Jake Marshall, LLC	Chattanooga, TN	Mechanical contracting services
12/9/2021	Garden City Companies	Essig Pools, Inc.	North Miami, FL	Swimming pool construction, renovation, and repair services

Merger & Acquisition Activity - Q4 2021 & Q1 2022

Southeastern Region (continued)				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
12/10/2021	NA	Highland Roofing Company	Wilmington, NC	Residential and commercial roofing services
12/21/2021	NearU Services	Robertson Electric Company, Inc.	Charlottesville, VA	HVAC, electrical, and plumbing contracting services
12/21/2021	Controlled Products, LLC	The Recreational Group LLC	Dalton, GA	Recreational surfacing design and installation services
12/28/2021	Sterling Construction Company, Inc.	Kimes & Stone Construction Co., Inc.	Booneville, MS	Highways, road, street, and bridge construction services
12/31/2021	Leadec Holding BV & Co. KG	Meiners Electrical Services, LLC	Louisville, KY	Electrical contracting services
1/5/2022	Rapid Fire Protection, Inc.	Odyssey Fire Protection LLC	Wilmington, NC	Fire sprinkler installation and inspection services
1/5/2022	Controlled Environment Systems, Inc.	Coldroom Systems, Inc.	Norcross, GA	Coldroom insulation systems and services
1/18/2022	Pavement Partners Holding, LLC	Turner Asphalt, LLC	Raleigh, NC	Pavement maintenance services
1/18/2022	Service Experts LLC	Go Solar Power LLC	Boca Raton, FL	Solar and battery installation services
1/18/2022	Superhero Fire Protection, LLC	Twin City Sprinkler, Inc.	Winston Salem, NC	Fire protection and safety equipment installation services
1/27/2022	Horse Power Brands	iFoam LLC	Prattville, AL	Spray foam insulation installation services
1/31/2022	Valet Living, LLC	Atlanta General Contracting Inc.	Alpharetta, GA	Painting, cleaning, tile, resurface, and drywall repair services
2/7/2022	JF Acquisition, LLC	Dykstra Construction, LLC	Plant City, FL	Commercial construction services
2/7/2022	Landscape Workshop LLC	Greenscape, Inc.	Memphis, TN	Landscape design, construction, and management services
2/9/2022	Turnpoint Services, LLC	Sun Electric, Inc.	Deerfield Beach, FL	Electrical contracting services
3/1/2022	Brookfield Global Integrated Solutions Canada LP	Millian Aire Enterprises, LLC	Hudson, FL	Air conditioning and heating services
3/7/2022	Construction Partners, Inc.	Southern Asphalt, Inc.	Burgaw, NC	Asphalt paving, resurfacing, pavement markings, sealcoating, and light grading services
4/5/2022	Tiderock Companies Inc.	Charles Burgan LLC	Bunnell, FL	General contracting services

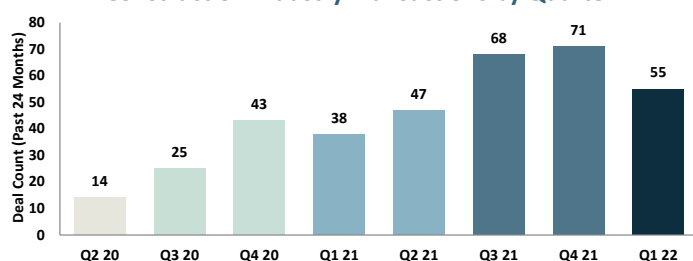
International				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
11/2/2021	Classic Fire Protection, Inc.	FCFP	London, ON	Fire sprinkler systems design and installation services
11/2/2021	CDN Controls Ltd	Inphase Electric and Controls (Brooks) Ltd.	Brooks, AB	Electrical contracting services

Merger & Acquisition Activity - Chartwell Commentary

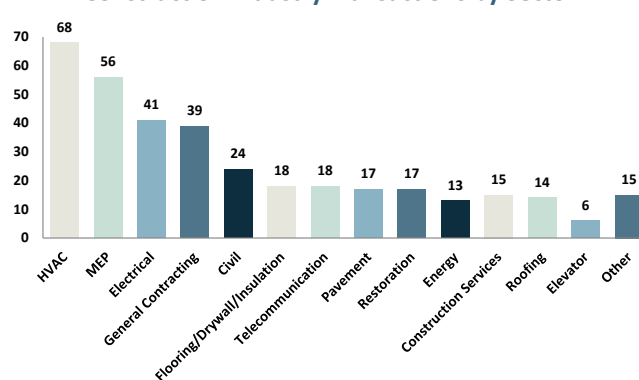
International (continued)				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Description
11/17/2021	Aecon Group Inc.	Henkels & McCoy PEI Inc.	Abbotsford, BC	Infrastructure engineering and construction services
12/14/2021	Environmental 360 Solutions Inc.	Cyclone Hydrovac Ltd.	Kamloops, BC	Excavation services
3/9/2022	GNI Management Group Inc.	Moore Insulation Ltd.	Saint Catharines, ON	Insulation services
4/20/2022	NA	Macro Enterprises Inc.	Fort Saint John, BC	Pipeline and facilities construction and maintenance services
4/25/2022	Green Infrastructure Partners Inc.	Coco Paving Inc.	Toronto, ON	Heavy civil construction services
4/25/2022	Vertex Resource Group Ltd.	Cordy Oilfield Services Inc.	Calgary, AB	Energy, municipal, and construction services

Source: Capital IQ, Data as of 3/31/2022

Construction Industry Transactions by Quarter



Construction Industry Transactions by Sector



Deal activity plummeted in Q2 20 in the early days of the pandemic but snapped back and regained prior levels the following quarter. Deal activity reached 71 in Q4 21, culminating four consecutive quarters of growth. While Q1 22 represented a decline from the prior quarter, deal activity was up nearly 50% relative to Q1 21. The Northeast region led the way with 27 closed deals, closely followed by the Southeast (26 closed), West (26 closed), and Midwest (24 closed) regions.

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.

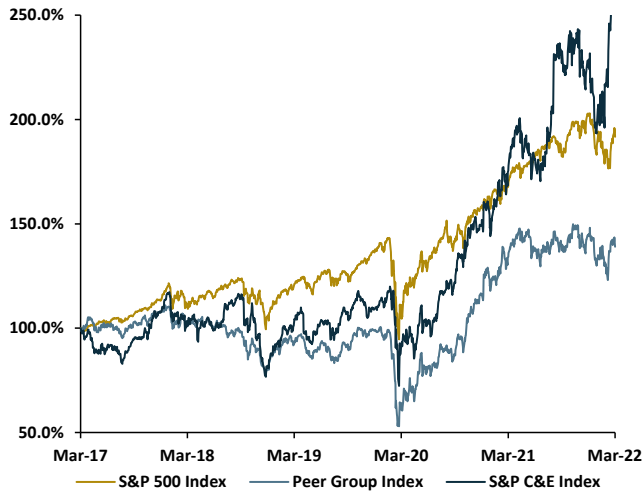
On September 2, 2021, Quanta Services Inc. ("Quanta") entered into a definitive agreement to acquire Blattner Company ("Blattner") for \$3.0 billion, including a \$300 million earnout and the assumption of about \$600 million in liabilities. The implied enterprise value equaled \$2.4 billion and represented between 7.3x and 7.9x estimated 2021 EBITDA. During the prior year, Quanta traded between 4.8x and 8.6x trailing EBITDA and between 7.7x and 13.1x forward EBITDA.

According to Quanta leadership, Blattner stood as the largest utility scale renewable energy solutions provider in North America and provided Quanta significant experience in the renewable energy industry, which is expected to grow for decades due to decarbonization, electrification, and leveled cost of energy.

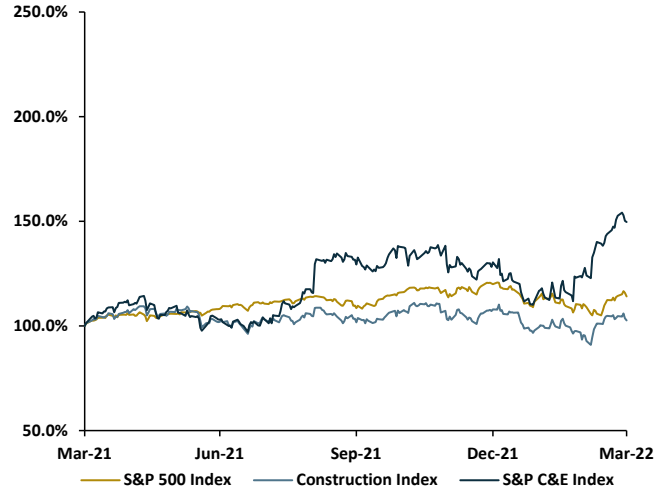
The acquisition of Blattner represents one the largest subcontractor deals in the past several years.

Chartwell Public Company Construction Index

Five-Year Index Performance



One-Year Index Performance



Chartwell’s Construction Index (“Construction Index”) is comprised of 25 companies representing a broad cross-section of firms in the commercial construction industry (homebuilders not included). 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 S&P Construction & Engineering (“C&E”) index outperformed both the S&P 500 index and the Chartwell Construction index during the past year. The C&E index performance was buoyed by continued investor appetite for engineering firms, given their financial resiliency throughout the pandemic and continued optimism for the AE sector.

In general, the 25 companies in the Construction Index continue to perform well as median revenue growth totaled 9.8% during the latest twelve months ended March 31, 2022 (“LTM”). However, six of the member companies experienced a double-digit revenue decline during the past year. Individual company performance continues to be affected by industry and end market concentration. Market expectations for the member companies remain strong as 19 of the 21 companies with estimates are expecting growth during the next twelve months (median growth totals 8.4%).

The median EBITDA margin of the Construction Index totaled 6.6% and all but one generated positive margins during the past year. Expectations for profitability remain strong as 16 of the 20 companies with estimates expect higher margins over the next twelve months.

Analyzing multiples continues to be a challenge, especially given the broader market declines during the first quarter of 2022 and limited reference points given volatile EBITDA for many companies over the past few years. The median EBITDA multiple for the Construction Index was unchanged when compared to a year earlier at 9.9x and compares to 10.0x averaged over the past five years indicating minimal movement in valuation. However, when reviewing the companies individually, there was quite a bit of volatility during the past year as multiples for half of the companies were 10.0% lower compared to the prior year.

Industry Involvement:

Chartwell is a proud member of the country's leading construction organizations



Construction Index Market Performance – Q1 2022

		Enterprise Value					Equity Value				
Company Name	Ticker	3/31/ 20201	9/30/ 2021	3/31/ 2022	6-Mo. Δ	LTM Δ	3/31/ 2021	9/30/ 2021	3/31/ 2022	6-Mo. Δ	LTM Δ
Quanta Services, Inc.	NYSE:PWR	17,592	13,352	22,510	68.6%	28.0%	12,173	15,838	18,779	18.6%	54.3%
Skanska AB (publ)	OM:SKA B	11,697	11,671	10,474	(10.2%)	(10.4%)	10,352	10,404	9,332	(10.3%)	(9.9%)
HOCHTIEF Aktiengesellschaft	XTRA:HOT	11,889	11,732	9,837	(16.1%)	(17.3%)	6,106	5,480	4,631	(15.5%)	(24.2%)
MasTec, Inc.	NYSE:MTZ	8,038	7,959	8,521	NMF	6.0%	6,781	6,251	6,505	4.1%	(4.1%)
API Group Corporation	NYSE:APG	6,298	5,629	6,746	19.8%	7.1%	4,232	4,649	4,975	7.0%	17.6%
EMCOR Group, Inc.	NYSE:EME	6,610	6,410	6,181	(3.6%)	(6.5%)	6,146	6,202	5,932	(4.4%)	(3.5%)
Dycom Industries, Inc.	NYSE:DY	3,039	3,344	3,644	9.0%	19.9%	2,843	2,149	2,821	31.2%	(0.8%)
Comfort Systems USA, Inc.	NYSE:FIX	2,836	2,932	3,576	21.9%	26.1%	2,697	2,581	3,190	23.6%	18.3%
Balfour Beatty plc	LSE:BBY	3,290	3,443	2,735	(20.6%)	(16.9%)	2,739	2,331	2,137	(8.3%)	(22.0%)
Primoris Services Corporation	NasdaqGS:PRIM	1,931	2,058	1,868	(9.2%)	(3.3%)	1,780	1,316	1,270	(3.5%)	(28.7%)
Granite Construction Incorporated	NYSE:GVA	2,207	2,199	1,848	(16.0%)	(16.2%)	1,843	1,812	1,505	(17.0%)	(18.4%)
Construction Partners, Inc.	NasdaqGS:ROAD	1,940	1,625	1,650	1.5%	(15.0%)	1,548	1,745	1,376	(21.2%)	(11.1%)
MYR Group Inc.	NasdaqGS:MYRG	1,729	1,229	1,598	30.1%	(7.6%)	1,203	1,678	1,594	(5.0%)	32.5%
Tutor Perini Corporation	NYSE:TPC	1,630	1,879	1,540	(18.1%)	(5.5%)	965	663	552	(16.8%)	(42.8%)
Aecon Group Inc.	TSX:ARE	1,501	1,476	1,418	(3.9%)	(5.6%)	931	915	827	(9.6%)	(11.2%)
Great Lakes Dredge & Dock Corporation	NasdaqGS:GLDD	1,312	1,278	1,245	(2.6%)	(5.1%)	954	991	924	(6.7%)	(3.2%)
Sterling Infrastructure, Inc.	NasdaqGS:STRL	963	959	1,240	29.3%	28.8%	664	652	810	24.2%	22.1%
IES Holdings, Inc.	NasdaqGM:IESC	1,026	1,074	932	(13.3%)	(9.2%)	1,045	951	835	(12.2%)	(20.1%)
Infrastructure and Energy Alternatives, Inc.	NasdaqCM:IEA	907	781	914	17.0%	0.8%	373	507	569	12.3%	52.4%
North American Construction Group Ltd.	TSX:NOA	629	721	702	(2.6%)	11.6%	302	411	413	0.4%	36.4%
Bird Construction Inc.	TSX:BDT	489	525	511	(2.5%)	4.6%	377	418	393	(6.0%)	4.1%
Matrix Service Company	NasdaqGS:MTRX	348	289	220	(23.8%)	(36.7%)	348	279	220	(21.2%)	(36.7%)
Orion Group Holdings, Inc.	NYSE:ORN	246	195	108	(44.5%)	(56.0%)	185	168	77	(54.3%)	(58.5%)
Limbach Holdings, Inc.	NasdaqCM:LMB	147	95	105	9.8%	(28.9%)	108	68	72	6.6%	(33.1%)
Energy Services of America Corporation	NasdaqCM:ESOA	30	42	55	30.4%	85.8%	29	23	47	106.2%	63.0%
Average		3,533	3,316	3,607	2.1%	(0.9%)	2,669	2,739	2,703	0.9%	(1.1%)
Median		2,073	2,129	1,858	(2.6%)	(5.5%)	1,203	1,316	1,203	(5.0%)	(4.1%)

\$ in millions
Source: Capital IQ, Data as of 3/31/2022

Construction Index Financial Performance – Q1 2022

Company Name	Revenue			EBITDA			EBITDA Margin		
	LTM \$	LTM % Δ	NTM % Δ	LTM \$	LTM % Δ	NTM % Δ	5-Year Avg.	LTM	NTM
HOCHTIEF Aktiengesellschaft	24,312	(13.4%)	3.4%	654	NA	100.7%	3.6%	2.7%	5.2%
Skanska AB (publ)	15,911	(18.5%)	3.7%	1,050	(16.6%)	20.3%	5.1%	6.6%	7.6%
Quanta Services, Inc.	12,980	15.9%	25.3%	1,053	15.6%	56.0%	7.5%	8.1%	10.1%
Balfour Beatty plc	10,230	11.7%	(5.4%)	139	54.8%	165.6%	1.3%	1.4%	3.8%
EMCOR Group, Inc.	9,904	12.6%	6.2%	647	7.6%	4.7%	6.3%	6.5%	6.4%
MasTec, Inc.	7,952	25.8%	24.2%	871	13.0%	9.3%	10.8%	11.0%	9.6%
Tutor Perini Corporation	4,642	(12.7%)	(1.0%)	348	(6.4%)	(20.0%)	5.3%	7.5%	6.1%
APi Group Corporation	3,940	9.8%	62.8%	338	13.4%	102.9%	NA	8.6%	10.7%
Primoris Services Corporation	3,498	0.2%	5.6%	292	16.9%	2.7%	7.6%	8.4%	8.1%
Aecon Group Inc.	3,143	9.9%	6.0%	96	14.6%	118.7%	4.1%	3.1%	6.3%
Dycom Industries, Inc.	3,131	(2.1%)	8.5%	244	(21.3%)	36.7%	10.0%	7.8%	9.8%
Comfort Systems USA, Inc.	3,074	7.6%	20.1%	256	2.4%	21.1%	8.3%	8.3%	8.4%
Granite Construction Incorporated	3,010	(3.8%)	1.1%	132	13.1%	66.6%	3.6%	4.4%	7.2%
MYR Group Inc.	2,498	11.2%	9.7%	162	24.2%	10.5%	5.4%	6.5%	6.5%
Infrastructure and Energy Alternatives, Inc.	2,078	18.6%	2.5%	129	5.0%	14.5%	5.2%	6.2%	6.9%
Bird Construction Inc.	1,754	48.6%	16.1%	82	24.4%	11.2%	2.8%	4.7%	4.5%
IES Holdings, Inc.	1,702	38.4%	NA	114	52.9%	NA	5.1%	6.7%	NA
Sterling Infrastructure, Inc.	1,582	10.8%	17.2%	146	12.0%	32.1%	6.9%	9.2%	10.4%
Construction Partners, Inc.	1,005	25.4%	15.3%	88	(12.2%)	48.5%	10.7%	8.8%	11.3%
Great Lakes Dredge & Dock Corporation	726	(1.0%)	3.3%	126	(14.0%)	12.2%	16.7%	17.4%	18.9%
Matrix Service Company	653	(17.8%)	21.9%	(48)	NA	NA	0.5%	(7.4%)	3.2%
Orion Group Holdings, Inc.	601	(15.3%)	8.4%	5	(89.5%)	576.5%	3.0%	0.8%	4.9%
North American Construction Group Ltd.	517	32.1%	NA	119	17.5%	NA	22.5%	22.9%	NA
Limbach Holdings, Inc.	490	(13.7%)	NA	20	(14.5%)	NA	3.0%	4.1%	NA
Energy Services of America Corporation	133	6.2%	NA	8	0.4%	NA	4.7%	5.7%	NA
Average	4,779	7.5%	12.1%	283	4.9%	69.5%	6.7%	6.8%	7.9%
Median	3,010	9.8%	8.4%	139	12.0%	26.6%	5.3%	6.6%	7.2%

\$ in millions
Source: Capital IQ, Data as of 3/31/2022

Construction Index Implied Market Multiples – Q1 2021

Company Name	Enterprise Value / EBITDA					6-Mo. Δ	LTM Δ
	5-Year Avg.	Q1 2021	Q3 2021	Q1 2022	Q1 2023E		
Skanska AB (publ)	30.4x	38.3x	10.9x	19.6x	7.4x	8.7x	-18.6x
HOCHTIEF Aktiengesellschaft	26.4x	18.8x	-15.6x	14.0x	8.4x	29.6x	-4.8x
MasTec, Inc.	19.1x	25.2x	NA	NA	8.7x	NA	NA
APi Group Corporation	16.0x	7.5x	19.4x	6.3x	5.6x	-13.1x	-1.2x
EMCOR Group, Inc.	12.4x	17.5x	10.0x	14.7x	6.7x	4.7x	-2.8x
Dycom Industries, Inc.	11.9x	14.7x	13.8x	21.4x	13.7x	7.6x	6.7x
Comfort Systems USA, Inc.	11.6x	11.7x	11.7x	14.0x	11.5x	2.3x	2.2x
Balfour Beatty plc	11.2x	16.2x	35.7x	18.7x	12.6x	-17.0x	2.5x
Primoris Services Corporation	10.7x	5.5x	7.0x	23.0x	3.4x	16.0x	17.5x
Granite Construction Incorporated	10.6x	14.4x	13.0x	8.2x	NA	-4.9x	-6.2x
Construction Partners, Inc.	10.3x	9.3x	18.9x	10.0x	8.3x	-9.0x	0.7x
MYR Group Inc.	10.2x	NA	7.8x	15.0x	7.5x	7.2x	NA
Tutor Perini Corporation	9.8x	10.8x	5.1x	14.9x	10.9x	9.8x	4.1x
Aecon Group Inc.	9.2x	10.7x	25.4x	9.6x	9.1x	-15.9x	-1.1x
Great Lakes Dredge & Dock Corporation	9.1x	8.7x	11.9x	9.9x	8.8x	-2.0x	1.2x
Sterling Infrastructure, Inc.	8.4x	9.4x	6.7x	9.9x	8.9x	3.2x	0.4x
IES Holdings, Inc.	8.4x	7.4x	10.0x	8.5x	6.4x	-1.5x	1.1x
Infrastructure and Energy Alternatives, Inc.	8.0x	10.3x	NA	9.8x	9.0x	NA	-0.5x
North American Construction Group Ltd.	7.4x	6.3x	6.8x	5.3x	NA	-1.6x	-1.1x
Bird Construction Inc.	7.2x	5.1x	7.1x	4.4x	5.5x	-2.6x	-0.6x
Matrix Service Company	6.8x	8.2x	-8.0x	6.4x	6.2x	14.4x	-1.8x
Orion Group Holdings, Inc.	6.0x	6.3x	10.3x	7.1x	6.2x	-3.2x	0.7x
Limbach Holdings, Inc.	5.9x	5.6x	6.0x	7.3x	NA	1.2x	1.7x
Energy Services of America Corporation	5.8x	6.2x	8.8x	5.9x	NA	-2.9x	-0.3x
Quanta Services, Inc.	NA	18.9x	13.2x	20.0x	9.8x	6.8x	1.1x
Average	11.4x	12.2x	10.3x	11.8x	8.3x	1.7x	0.0x
Median	10.0x	9.9x	10.0x	9.9x	8.4x	1.2x	0.4x

Source: Capital IQ as of 3/31/2022

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