



The Blueprint: Trends in the Construction Industry



Chartwell Financial Advisory

Q1 2024

The Blueprint: Trends in the Construction Industry

Chartwell's construction practice serves more than 150 industry clients across the country. Our team has experience with construction firms of various sizes and specialties. We provide compensation and 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 2024 edition of The Blueprint!

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. The Blueprint is published bi-annually for Q1 and Q3.

We hope you enjoy this edition of The Blueprint. Please let us know if there is any additional information you would like to see in future issues.

– Your Friends at Chartwell

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Construction Private Company Compensation Trends

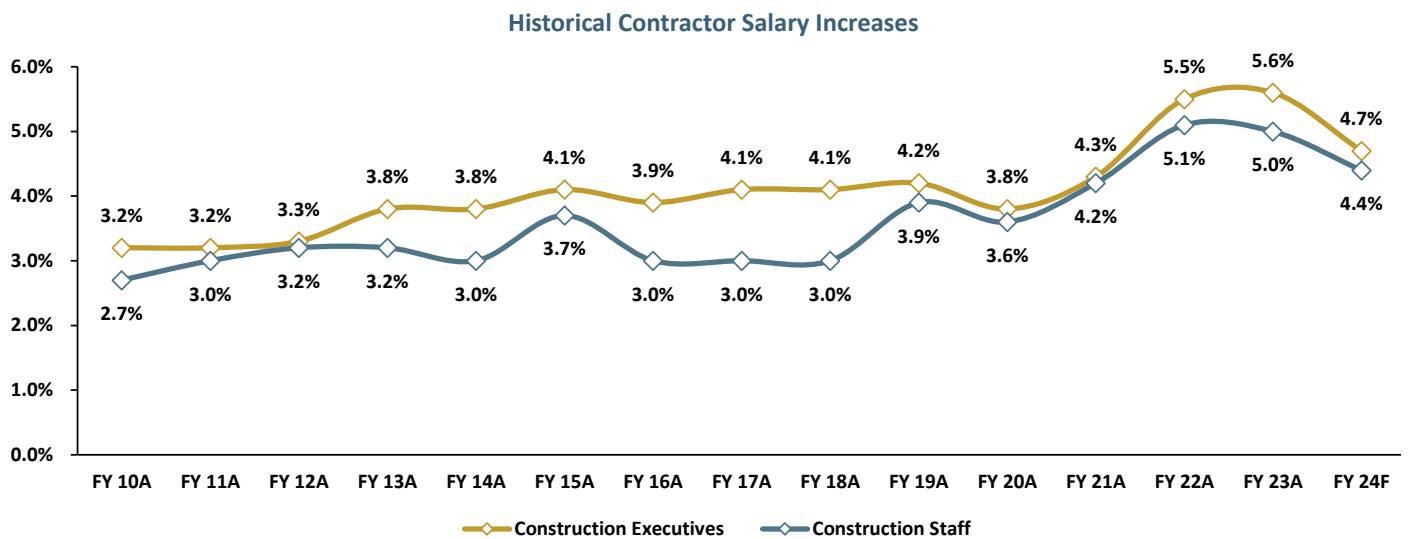
By: Jeff Robinson, President, PAS, Inc.

PAS, Inc. specializes in wage, salary, and benefit information primarily for the construction industry. PAS, Inc. conducts numerous annual industry surveys as well as providing custom surveys and compensation consultation.

2024 Pay Forecasts

Contractors are projecting an executive annual increase of 4.7% and a 4.4% professional and middle management staff increase in 2024. This is coming off a 2023 actual executive increase of 5.6% and 5.0% 2023 staff increase. Historically predictions are about .3% to .5% low, so we expect the 2024 year-end actual increase to be somewhat higher.

The last time pay increases exceeded 5% was in 2006 and 2007. Recall the impact from the three 2005 hurricanes and the exceptional backlog of work at the time. The following chart provides a history of contractor pay increases from 2010 through 2023.



Source: 2024 Executive Compensation Survey for Contractors

Contractors are usually cautious about projecting annual pay increases. They are answering the question of what it will take to reward our best people and still be competitive in the labor market. They are also walking a fine line of not digging too far into their margins should pay escalate faster than predicted.

The pandemic interrupted pay actions in 2020. By April 2020, more than 50% of contractors had made their 2020 adjustments to their pay programs so pay increases were pretty much set for the year, stifling the upward momentum we had been seeing since 2010.

Prior to 2020, actual increases typically ran 0.3% to 0.5% higher than initially projected. What once was a predictable method of forecasting pay actions has been stretched over the past four years. In 2021, actual pay increases were 1% higher than forecasted. The 2022 actual ran 1% higher and 2023 ended up about 0.9% higher for executives and 0.6% higher for staff. The early indication is 2024 will mark a return to the historical trend of actual increases ending up 0.3% to 0.5% higher.

Current Pay

The table on the following page represents base salary national numbers regardless of company size, type of contractor, type of construction performed – all factors in determining a competitive market value. We would expect a specific company’s compensation figures to be either above or below these numbers based on demographic scheme.



Construction Private Company Compensation Trends (continued)

Survey Position	25th Percentile	Median	Average	75th Percentile	Survey Position	25th Percentile	Median	Average	75th Percentile
Board Chairman	\$356,000	\$424,550	\$493,632	\$581,919	Assistant Superintendent	\$73,145	\$84,742	\$84,796	\$93,925
President	\$250,000	\$301,736	\$332,054	\$374,200	Superintendent	\$97,257	\$109,361	\$110,838	\$121,223
Executive Vice President	\$195,000	\$254,394	\$268,357	\$306,278	Project Superintendent	\$122,159	\$135,813	\$138,100	\$150,446
Senior Vice President	\$206,000	\$241,091	\$252,084	\$285,000	Construction Manager	\$145,050	\$163,000	\$166,105	\$184,000
VP of Operations	\$168,535	\$200,000	\$200,096	\$229,676	Project Manager	\$98,609	\$109,690	\$111,675	\$122,080
VP of Estimating	\$157,195	\$183,021	\$184,894	\$211,600	Senior Project Manager	\$128,485	\$142,586	\$145,045	\$158,419
VP of Business Development	\$152,100	\$180,000	\$185,538	\$213,190	Estimator I	\$68,000	\$75,875	\$76,379	\$85,000
VP of Preconstruction	\$165,000	\$191,175	\$193,247	\$221,270	Estimator II	\$84,649	\$95,094	\$97,568	\$108,702
Chief Financial Officer	\$175,000	\$208,789	\$220,521	\$259,375	Senior Estimator	\$107,570	\$124,150	\$126,049	\$138,893
Controller	\$115,000	\$132,250	\$136,653	\$153,615	Chief Estimator	\$145,000	\$160,000	\$166,036	\$182,193

Source: 2024 Construction/Construction Management Staff Salary Survey

Going into 2025

If all you have time for is to monitor one trend, it’s the Employment Cost Index (ECI) from the Bureau of Labor Statistics. The Employment Cost Index (Construction) is defined as the hourly straight-time wage rate or, for workers not paid on an hourly basis, straight-time earnings divided by the corresponding scheduled hours. Straight-time wage and salary rates are total earnings before payroll deductions, including production bonuses, incentive earnings, commission payments, and cost-of-living adjustments. This provides a clean look at just a basic hourly wage. Historically, industry pay increases run higher than the ECI - Construction.

CHARTWELL ATTENDS CFMA NATIONAL CONFERENCE

In May, Chartwell attended the 2024 CFMA National Conference held in Grapevine, Texas. This five-day event brought together finance leaders from across the construction industry for education and networking opportunities.

Tim Lang Leads ESOP Topical Roundtable Session

One of the highlights from the conference was Managing Director Tim Lang leading an Employee Stock Ownership Plan (“ESOP”) Topical Roundtable Session alongside VP of Finance Zach Lang at McCownGordon Construction. Tim and Zach’s discussion on ESOPs provided participants with insights into:

- The role of ESOPs in enhancing employee engagement and retention
- Effective communication strategies for introducing and managing ESOPs
- Real-world examples of successful ESOP transitions in construction companies



The session received positive feedback for its practical insights and relevance, underscoring Chartwell’s commitment to—and thought leadership across—the ESOP and construction industries.

Looking Forward

The 2024 CFMA National Conference reinforced Chartwell’s dedication to staying at the forefront of construction industry advancements and delivering exceptional value to our stakeholders. We are excited to apply the knowledge gained from this event to further elevate our service offerings and continue our mission of offering objective, unbiased advice to our clients.

Thank you for your continued support and partnership!

Industry Activity Indicators

March 2024 Construction Starts - Last 12 Months

	Y-Y	M-M	% of Total
Apartment	(7.0%)	(1.9%)	19.7%
Commercial	14.1%	(1.1%)	12.1%
Commercial	6.6%	(3.0%)	5.4%
Lodging	3.0%	2.1%	1.4%
Office	(1.4%)	(4.6%)	3.1%
Other	60.4%	4.2%	2.2%
Education/Healthcare	9.9%	0.7%	4.3%
Education	26.5%	0.5%	7.5%
Healthcare	(8.1%)	1.1%	6.9%
Industrial	(23.5%)	(7.1%)	30.0%
Energy/Chemical	(26.4%)	(2.8%)	7.5%
Manufacturing	(18.1%)	(11.6%)	12.8%
Warehouse	(30.1%)	(4.1%)	6.8%
Data Center	(24.2%)	(1.4%)	3.0%
Infrastructure	19.5%	0.2%	23.9%
Bridge	32.7%	1.8%	2.0%
Environmental	(6.3%)	8.5%	0.3%
Highway	20.1%	0.8%	5.6%
Infrastructure	4.3%	(2.7%)	10.5%
Power	44.7%	3.2%	5.5%
Total	(0.6%)	(2.1%)	100.0%

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

AIA Consensus Construction Forecast

	2024	2025
Nonresidential	4.0%	1.2%
Commercial	(0.7%)	0.2%
Office	(1.7%)	(0.7%)
Retail & Other	(1.2%)	(0.4%)
Hotel	7.4%	5.9%
Industrial	8.9%	(0.8%)
Institutional	5.1%	3.1%
Health	3.6%	3.5%
Education	5.8%	3.9%
Religious	1.1%	1.0%
Public Safety	9.8%	3.6%
Amusement & Recreation	3.7%	3.1%

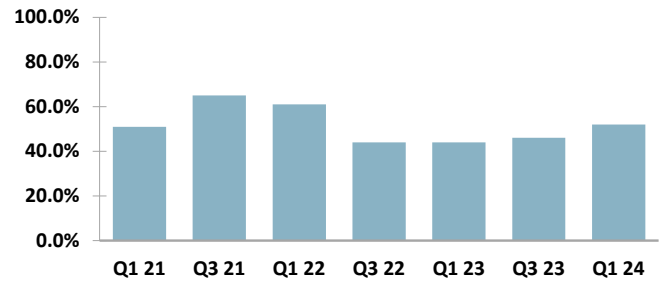
Source: American Institute of Architects (January 2024)

March 2024 Construction Spending

	\$ Billion	3MMA	12MMA
Private Nonresidential	\$716.5	12.9%	20.0%
Manufacturing	\$222.6	31.0%	58.6%
Commercial	\$124.3	2.1%	6.1%
Power	\$111.8	7.0%	8.8%
Office	\$85.7	4.3%	6.1%
Healthcare	\$54.0	12.6%	15.5%
Education	\$25.8	22.5%	22.7%
Communication	\$25.0	2.7%	1.2%
Lodging	\$22.0	0.1%	12.4%
Public Nonresidential	\$471.5	18.9%	18.1%
Highway & Street	\$149.0	19.9%	18.9%
Education	\$102.7	17.9%	15.3%
Transportation	\$46.0	6.7%	7.7%
Sewage & Waste	\$40.6	12.6%	21.6%
Water Supply	\$28.3	18.5%	16.4%
Power	\$21.0	71.2%	71.2%
Conservation & Development	\$11.7	1.7%	16.3%

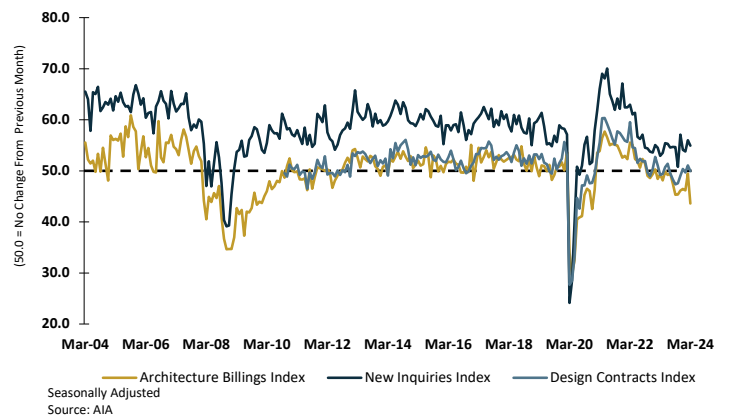
Seasonally Adjusted Annual Rate
Source: U.S. Census Bureau

ENR Quarterly Confidence Index



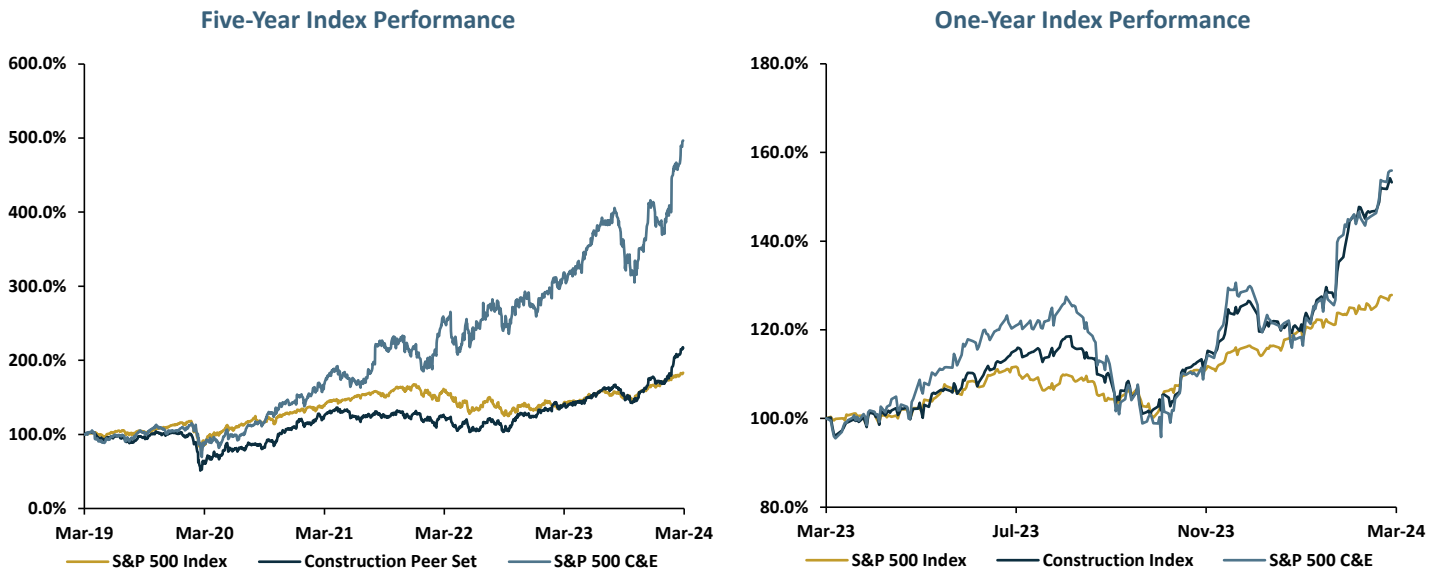
Source: Engineering News Record

Work-on-the-Boards Survey Data



Seasonally Adjusted
Source: AIA

Chartwell Public Company Construction Index



Chartwell’s Chartwell’s Construction Index (“Construction Index”) is comprised of 29 companies representing a broad cross-section of firms in the commercial construction industry (excludes homebuilders). While many of these companies have multiple service lines, our focus is on firms that generate the majority of their revenue from contracting services.

The S&P Construction & Engineering (“C&E”) Index outperformed the S&P 500 Index and the Construction Index during the past year, albeit narrowly outperforming the latter. Both the Construction and C&E indices were bolstered by sustained profitability and expectations of future growth stemming from continued civil funding through the IIJA and energy infrastructure modernization. However, headwinds in office, multi-family, and retail markets persist.

In general, companies in the Construction Index continue to perform well as median EBITDA growth totaled 9.2% during the twelve months ended March 31, 2024. Individual company performance continues to be affected by industry and end market concentration; however, market expectations for member companies remains strong as all companies with estimates are expecting EBITDA growth during the next twelve months, resulting in median growth of 11.3% for the index.

The median EBITDA margin of the Construction Index totaled 7.0% for the twelve months ended March 31, 2024 and all but two members generated positive margins during the past year. Expectations for profitability remain strong as the median EBITDA margin for the next twelve months is expected to total 7.7%, above the median five-year historical average EBITDA margin of 5.6%.

Analyzing multiples continues to be a challenge, especially given increases in the broader market during the latest twelve months and volatile EBITDA for many companies over the past few years which limits applicable reference points. The latest median EBITDA multiple for the Construction Index of 14.2x is up from 12.7x a year earlier and compares to 10.8x averaged over the past five years, indicating continued upward movement in valuation. However, when reviewing the companies individually, there has been volatility during the past year, particularly as it relates to individual exposure to civil funding dollars and grid infrastructure modernization tailwinds versus commercial real estate headwinds.

Construction Index Market Performance

Company Name	Ticker	Enterprise Value					Equity Value				
		3/31/2023	9/30/2023	3/31/2024	6-Mo. Δ	LTM Δ	3/31/2023	9/30/2023	3/31/2024	6-Mo. Δ	LTM Δ
Quanta Services, Inc.	NYSE:PWR	27,721	31,388	41,555	32.4%	49.9%	23,996	27,162	37,866	39.4%	57.8%
ACS, Actividades de Construcción y Servicios	BME:ACS	17,472	20,502	19,964	(2.6%)	14.3%	8,235	9,302	10,903	17.2%	32.4%
EMCOR Group, Inc.	NYSE:EME	7,989	10,149	16,488	62.5%	106.4%	7,754	9,917	16,482	66.2%	112.6%
HOCHTIEF Aktiengesellschaft	XTRA:HOT	11,905	13,107	14,265	8.8%	19.8%	6,279	7,622	8,739	14.7%	39.2%
APi Group Corporation	NYSE:APG	8,652	9,501	13,396	41.0%	54.8%	5,272	6,114	10,263	67.9%	94.6%
Comfort Systems USA, Inc.	NYSE:FIX	5,448	6,212	11,341	82.6%	108.1%	5,201	6,078	11,301	85.9%	117.3%
MasTec, Inc.	NYSE:MTZ	10,304	8,886	10,300	15.9%	(0.0%)	7,248	5,577	7,253	30.0%	0.1%
Skanska AB (publ)	OM:SKA B	7,270	7,748	8,749	12.9%	20.3%	6,295	6,785	7,308	7.7%	16.1%
MDU Resources Group, Inc.	NYSE:MDU	9,208	6,233	7,370	18.2%	(20.0%)	6,206	3,987	5,133	28.7%	(17.3%)
Knife River Corporation	NYSE:KNF	NA	3,594	5,264	46.5%	NA	NA	2,762	4,590	66.2%	NA
Dycom Industries, Inc.	NYSE:DY	3,556	3,410	4,967	45.7%	39.7%	2,749	2,611	4,176	59.9%	51.9%
Sterling Infrastructure, Inc.	NasdaqGS:STRL	1,568	2,598	3,757	44.6%	139.6%	1,166	2,265	3,436	51.8%	194.7%
Construction Partners, Inc.	NasdaqGS:ROAD	1,833	2,333	3,393	45.4%	85.1%	1,420	1,928	2,966	53.9%	108.8%
Granite Construction, Inc.	NYSE:GVA	2,071	2,157	3,177	47.3%	53.4%	1,797	1,670	2,512	50.4%	39.8%
Balfour Beatty plc	LSE:BBY	3,237	2,948	3,176	7.7%	(1.9%)	2,599	2,158	2,542	17.8%	(2.2%)
Primoris Services Corporation	NYSE:PRIM	2,379	2,782	3,168	13.9%	33.2%	1,314	1,745	2,283	30.8%	73.7%
MYR Group, Inc.	NasdaqGS:MYRG	2,139	2,295	2,990	30.3%	39.8%	2,100	2,252	2,959	31.4%	40.9%
IES Holdings, Inc.	NasdaqGM:IESC	947	1,388	2,527	82.1%	166.7%	869	1,330	2,460	84.9%	183.2%
Tutor Perini Corporation	NYSE:TPC	1,198	1,313	1,527	16.3%	27.4%	318	407	752	84.9%	136.7%
North American Construction Group Ltd.	TSX:NOA	720	855	1,046	22.4%	45.3%	440	582	595	2.2%	35.1%
Aecon Group, Inc.	TSX:ARE	1,030	624	1,015	62.7%	(1.4%)	624	518	782	50.9%	25.3%
Great Lakes Dredge & Dock Corporation	NasdaqGS:GLDD	682	907	1,000	10.3%	46.6%	360	530	584	10.2%	62.1%
Bird Construction, Inc.	TSX:BDT	466	514	851	65.4%	82.7%	361	409	742	81.4%	105.3%
INNOVATE Corporation	NYSE:VATE	1,009	681	766	12.5%	(24.1%)	234	128	56	(56.7%)	(76.3%)
Argan, Inc.	NYSE:AGX	549	606	674	11.1%	22.8%	549	606	674	11.1%	22.6%
Limbach Holdings, Inc.	NasdaqCM:LMB	204	371	483	30.3%	136.4%	181	349	461	32.1%	155.0%
Matrix Service Company	NasdaqGS:MTRX	161	331	356	7.5%	121.0%	146	321	356	10.8%	143.7%
Orion Group Holdings, Inc.	NYSE:ORN	114	236	337	42.4%	194.6%	83	174	267	53.6%	220.4%
Energy Services of America Corporation	NasdaqCM:ESOA	43	80	154	93.2%	262.5%	38	67	137	104.5%	259.0%
Average		4,638	4,957	6,347	34.8%	65.1%	3,351	3,633	5,123	41.0%	79.7%
Median		1,952	2,333	3,176	30.3%	46.0%	1,367	1,928	2,542	39.4%	60.0%

\$ in millions
Source: Capital IQ, Data as of 3/31/2024

Construction Index Financial Performance

Company Name	Revenue			EBITDA			EBITDA Margin		
	LTM \$	LTM % Δ	NTM % Δ	LTM \$	LTM % Δ	NTM % Δ	5-Year Avg.	LTM % Δ	NTM % Δ
Quanta Services, Inc.	20,882	22.3%	8.3%	1,707	15.1%	28.8%	8.0%	8.2%	9.7%
ACS, Actividades de Construcción y Servicios	37,558	19.7%	6.4%	1,157	(2.9%)	86.0%	4.5%	3.1%	5.4%
EMCOR Group, Inc.	12,583	13.6%	9.1%	996	45.9%	6.2%	6.7%	7.9%	7.7%
HOCHTIEF Aktiengesellschaft	30,680	9.5%	4.2%	1,360	50.3%	5.3%	4.5%	4.4%	4.5%
API Group Corporation	6,928	5.6%	3.3%	674	26.7%	31.5%	7.4%	9.7%	12.4%
Comfort Systems USA, Inc.	5,207	25.8%	25.7%	498	49.2%	23.9%	8.5%	9.6%	9.4%
MasTec, Inc.	11,996	22.7%	4.5%	789	6.4%	20.8%	9.8%	6.6%	7.6%
Skanska AB (publ)	16,623	6.2%	(8.1%)	588	(34.5%)	45.5%	5.5%	3.5%	5.6%
MDU Resources Group, Inc.	4,657	4.9%	(1.6%)	645	9.7%	12.4%	14.3%	13.9%	15.8%
Knife River Corporation	2,830	11.7%	1.3%	434	39.8%	4.8%	NA	15.3%	15.9%
Dycom Industries, Inc.	4,176	9.6%	8.1%	512	37.3%	8.6%	9.8%	12.3%	12.3%
Sterling Infrastructure, Inc.	1,972	11.5%	10.7%	264	24.1%	10.1%	10.3%	13.4%	13.3%
Construction Partners, Inc.	1,618	19.1%	14.8%	176	86.0%	25.0%	10.0%	10.8%	11.8%
Granite Construction, Inc.	3,509	6.3%	11.3%	148	(3.3%)	172.3%	2.9%	4.2%	10.3%
Balfour Beatty plc	9,960	8.4%	14.0%	269	7.5%	59.5%	1.6%	2.7%	3.8%
Primoris Services Corporation	5,715	29.3%	6.4%	366	33.3%	7.5%	7.1%	6.4%	6.5%
MYR Group, Inc.	3,644	21.1%	7.5%	184	7.8%	17.8%	5.5%	5.0%	5.5%
IES Holdings, Inc.	2,437	7.8%	NA	210	135.9%	NA	6.0%	8.6%	NA
Tutor Perini Corporation	3,880	2.4%	14.3%	(68)	NA	NA	2.2%	(1.7%)	5.5%
North American Construction Group Ltd.	725	27.5%	38.2%	173	22.7%	90.4%	24.0%	23.9%	32.9%
Aecon Group, Inc.	3,516	1.3%	(3.9%)	37	1.1%	5.3%	2.9%	1.1%	5.3%
Great Lakes Dredge & Dock Corporation	590	(9.1%)	24.4%	61	131.4%	83.2%	14.1%	10.3%	15.2%
Bird Construction, Inc.	2,119	21.1%	8.0%	79	3.7%	5.6%	3.7%	3.7%	5.6%
INNOVATE Corporation	1,423	(13.1%)	NA	65	3.8%	NA	4.1%	4.6%	NA
Argan, Inc.	528	14.2%	18.1%	37	7.0%	9.2%	3.0%	7.0%	9.2%
Limbach Holdings, Inc.	516	3.9%	(0.2%)	45	8.7%	9.6%	5.1%	8.7%	9.6%
Matrix Service Company	765	(1.9%)	14.3%	(13)	(1.7%)	2.2%	(1.7%)	(1.7%)	2.2%
Orion Group Holdings, Inc.	712	(4.9%)	18.1%	16	2.2%	5.7%	3.0%	2.2%	5.7%
Energy Services of America Corporation	334	55.5%	8.2%	24	7.2%	5.7%	5.6%	7.2%	5.7%
Average	6,830	12.1%	9.8%	394	25.7%	30.1%	6.7%	7.3%	9.4%
Median	3,516	9.6%	8.2%	210	9.2%	11.3%	5.6%	7.0%	7.7%

\$ in millions

Source: Capital IQ, Data as of 3/31/2024

Construction Index Implied Market Multiples

Company Name	Enterprise Value / EBITDA					6-Mo. Δ	LTM Δ
	5-Year Avg.	Q1 2023	Q3 2023	Q1 2024	Q3 2024E		
Quanta Services, Inc.	17.2x	18.7x	19.3x	24.3x	18.9x	26.3%	30.3%
ACS, Actividades de Construcción y Servicios	11.4x	14.7x	17.7x	17.3x	9.3x	(2.6%)	17.6%
EMCOR Group, Inc.	11.0x	11.7x	11.5x	16.6x	15.6x	43.9%	41.4%
HOCHTIEF Aktiengesellschaft	9.4x	13.2x	28.0x	10.5x	10.0x	(62.5%)	(20.3%)
API Group Corporation	15.1x	16.3x	12.9x	19.9x	15.1x	54.4%	22.2%
Comfort Systems USA, Inc.	14.4x	16.3x	13.8x	22.8x	18.4x	64.7%	39.5%
MasTec, Inc.	10.3x	13.9x	10.9x	13.1x	10.8x	19.4%	(6.1%)
Skanska AB (publ)	10.0x	8.1x	11.9x	14.9x	10.2x	25.4%	83.6%
MDU Resources Group, Inc.	12.2x	15.7x	10.2x	11.4x	10.2x	12.0%	(27.1%)
Knife River Corporation	NA	NA	8.6x	12.1x	11.6x	41.6%	NA
Dycom Industries, Inc.	10.0x	9.5x	8.0x	9.7x	8.9x	22.0%	1.7%
Sterling Infrastructure, Inc.	9.6x	7.4x	10.6x	14.2x	12.9x	33.7%	93.0%
Construction Partners, Inc.	16.9x	19.4x	14.8x	19.3x	15.5x	30.2%	(0.5%)
Granite Construction, Inc.	30.0x	13.5x	13.3x	21.4x	7.9x	61.2%	58.6%
Balfour Beatty plc	25.5x	41.9x	12.1x	11.8x	7.4x	(2.9%)	(71.9%)
Primoris Services Corporation	7.3x	8.7x	7.8x	8.7x	8.1x	11.1%	(0.1%)
MYR Group, Inc.	10.8x	12.5x	12.5x	16.2x	13.8x	29.8%	29.7%
IES Holdings, Inc.	10.4x	10.6x	7.8x	12.0x	NA	54.8%	13.1%
Tutor Perini Corporation	7.2x	NA	NA	NA	6.2x	NA	NA
North American Construction Group Ltd.	5.3x	5.1x	5.6x	6.0x	3.2x	7.9%	18.4%
Aecon Group, Inc.	0.0x	10.8x	28.8x	27.2x	5.7x	(5.8%)	151.6%
Great Lakes Dredge & Dock Corporation	13.5x	25.9x	82.0x	16.4x	9.0x	(80.0%)	(36.6%)
Bird Construction, Inc.	8.7x	6.8x	6.3x	10.8x	6.6x	71.6%	57.8%
INNOVATE Corporation	18.9x	16.1x	10.8x	11.7x	NA	9.0%	(26.9%)
Argan, Inc.	NA	12.8x	15.6x	18.2x	11.7x	17.3%	42.1%
Limbach Holdings, Inc.	6.5x	8.1x	9.9x	10.7x	9.7x	8.5%	31.9%
Matrix Service Company	14.7x	NA	NA	NA	18.1x	NA	NA
Orion Group Holdings, Inc.	13.2x	10.3x	50.4x	21.5x	7.0x	(57.4%)	107.7%
Energy Services of America Corporation	5.2x	3.6x	3.8x	6.4x	7.4x	67.1%	80.1%
Average	12.0x	13.5x	16.5x	15.0x	10.7x	18.5%	28.1%
Median	10.8x	12.7x	11.9x	14.2x	10.0x	22.0%	25.9%

Source: Capital IQ as of 3/31/2024

Centuri Holdings, Inc. Goes Public Through IPO

Company Background



- Headquartered in Phoenix, Arizona, Centuri Holdings, Inc. (“Centuri”) is a utility infrastructure services contractor providing design, maintenance and repair, upgrade, and expansion services for electric and gas utilities clients
- According to ENR’s 2023 Top 600 report (based on 2022 revenues), Centuri is the third largest pure-play utility infrastructure contractor in North America
- Prior to Centuri’s initial public offering on April 18, 2024 (the “IPO”), Centuri operated as a wholly owned subsidiary of Southwest Gas Holdings, Inc. (“Southwest Gas”), a natural gas utility and distributor serving Arizona, Nevada, and California

Transaction Overview

- On April 18, 2024, Centuri completed an IPO of 12.4 million shares of common stock at \$21.00 per share (total consideration of \$260.4 million)
- Additionally, Icahn Partners LP and Icahn Partners Master Fund LP agreed to purchase 2,591,929 shares of common stock at \$21.00 per share in a concurrent private placement; Southwest Gas continues to own approximately 82.7% of Centuri’s common stock outstanding post-IPO
- As of market close on April 18, 2024, Centuri’s enterprise value totaled \$3.3 billion and LTM revenue and EBITDA totaled \$2.9 billion and \$289.0 million, respectively, resulting in implied revenue and EBITDA multiples of 1.13x and 11.3x, respectively



Powering Estes Park, Transmission Line Rebuild
Completed October 2023 | Estes-Flatiron, Colorado



Helping Provide Natural Gas to the Citizens of Toronto
Completed August 2023 | Toronto, Canada

ANALYST COVERAGE



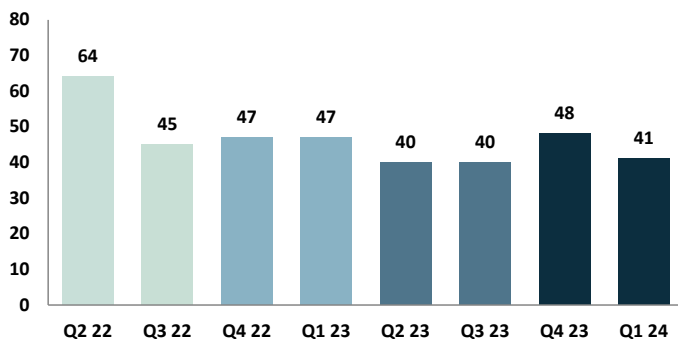
Wells Fargo Securities, LLC initiated coverage with an overweight rating on May 13, 2024, citing Centuri “brings together a solid foundation of loyal customers engaging under multi-year MSAs, with secular exposure to higher electric grid investment demands and an attractive inorganic opportunity set over time.”



J.P. Morgan Securities LLC initiated coverage with a neutral rating on May 13, 2024, noting Centuri “is well positioned to benefit from upgrades of the grid required to replace aging gas and electric assets and incorporate an increasing mix of electricity generation from intermittent renewables, as well as increased investment in expanding the electric grid, driven by rising electricity demand.”

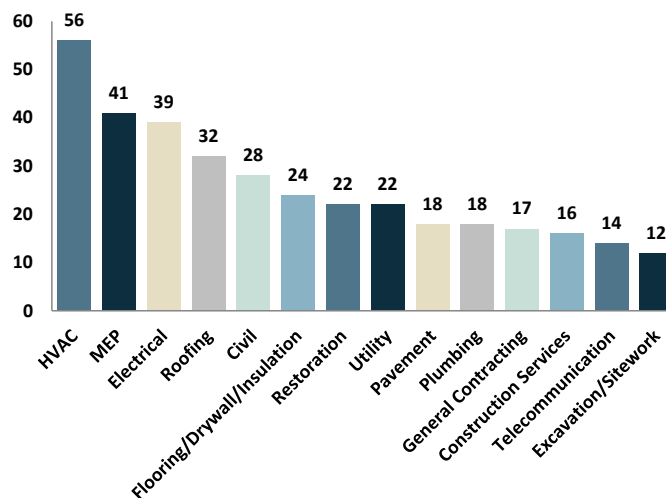
Merger & Acquisition Activity

Construction Industry Transactions by Quarter (Past 24 months)



Source: Capital IQ

Construction Industry Transactions by Sector (Past 24 months)



Northwestern Region

Announce/Close Date	Acquirer	Target	Target HQ Location	Target Primary Sector
1/5/2024	R & H Mechanical, Inc.	EMC Enterprises, LLC	Belgrade, MT	MEP
1/18/2024	Bird Construction, Inc.	Assets of NorCan Electric, Inc.	Wood Buffalo, AB	Electrical
1/24/2024	EGT Solar	Left Coast Ventures, Inc.	Bend, OR	Electrical
3/4/2024	American Track Services, LLC	West Rail Investment, LLC	Vancouver, WA	Civil

Western Region

Announce/Close Date	Acquirer	Target	Target HQ Location	Target Primary Sector
10/10/2023	Huron Capital Partners, LLC	R.K. Electric, Inc.	Fremont, CA	Electrical
10/13/2023	Rooter Hero Plumbing, Inc.	Candu Plumbing & Rooter	Canoga Park, CA	Plumbing
11/1/2023	Alberici Constructors, Inc.	J.R. Filanc Construction Co., Inc.	Escondido, CA	General Contracting
11/1/2023	JF Acquisition, LLC	Jones Covey Group, Inc.	Rancho Cucamonga, CA	General Contracting
11/6/2023	Obayashi USA, LLC	MWH US Acquisitions, Inc.	Broomfield, CO	Civil
11/7/2023	HighGround Restoration Group, Inc.	Superior Restoration Management, Inc.	Lake Elsinore, CA	Restoration
11/15/2023	Nan, Inc.	Grace Pacific, LLC	Kapolei, HI	Civil
11/28/2023	AMPAM Parks Mechanical, Inc.	Multi Mechanical, Inc.	Corona, CA	HVAC
12/11/2023	PremiStar, LLC	Bear Mountain Mechanical	Englewood, CO	MEP
12/20/2023	Jumana Capital	Outsource Utility Contractor, LLC	Anaheim, CA	Utility
1/23/2024	Tecta America Corp.	Eberhard	Van Nuys, CA	Roofing
2/1/2024	Comfort Systems USA, Inc.	J & S Mechanical Contractors, Inc.	West Jordan, UT	MEP
2/1/2024	CuraScientific Corp.	Sustainable Energy Group, Inc.	Grass Valley, CA	Electrical
2/6/2024	Braemont Capital Management, LLC	Loenbro, LLC	Westminster, CO	Utility
2/12/2024	BMS CAT, Inc.	DryMaster, LLC	Mission Viejo, CA	Restoration
3/11/2024	Western States Reclamation, Inc.	Naranjo Civil Constructors, Inc.	Garden City, CO	Civil

Merger & Acquisition Activity

Midwestern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Primary Sector
10/16/2023	Installed Building Products, Inc.	JSP Enterprises, LLC	Fargo, ND	Flooring/Drywall/Insulation
10/23/2023	Wolf Track Energy	Real Solar Energy, LLC	Backus, MN	Electrical
10/31/2023	Percheron Investment Management, LP	SafeBasements of Minnesota, Inc.	Litchfield, MN	Restoration
11/8/2023	BluSky Restoration Contractors, LLC	First Response DRS	South Bend, IN	Restoration
11/14/2023	FirstRidge Service Partners	Ashton McGee Restoration Group, LLC	Minnetonka, MN	Roofing
11/29/2023	SCI Floor Covering, Inc.	United Carpet Co., Inc.	Hazelwood, MO	Flooring/Drywall/Insulation
12/12/2023	FirstOnSite Property Restoration	DryPatrol, LLC	Carlisle, OH	Restoration
12/13/2023	Azuria Water Solutions, Inc.	Culy Contracting, Inc.	Winchester, IN	Utility
12/19/2023	JF Acquisition, LLC	Reliable Construction Services, Inc.	Dayton, OH	Electrical
2/13/2024	PremiStar, LLC	Johansen & Anderson, Inc.	Joliet, IL	HVAC
2/15/2024	PremiStar, LLC	P&M/Mercury Mechanical Corp.	Northlake, IL	HVAC
3/27/2024	Cassady Electrical Contractors, Inc.	Huston Electric, Inc.	Kokomo, IN	Electrical

Southwestern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Primary Sector
10/10/2023	Chill Brothers, LLC	Lee Heating and Air Conditioning, LLC	Southlake, TX	HVAC
10/24/2023	R1 Dallas Operating, LLC; Northwest Restoration Operating, Inc.	11th Hour Laborer, LLC	Grapevine, TX	Restoration
10/31/2023	Schrodgers Capital; Wafra, Inc.; StepStone Group, LP; Greenbelt Capital Management LP	Saber Power Services, LLC	Rosharon, TX	Electrical
11/7/2023	Paul Johnson Drywall, Inc.	Stratis Construction, Inc.	Phoenix, AZ	Flooring/Drywall/Insulation
11/16/2023	Sterling Infrastructure, Inc.	Professional Plumbers Group, Inc.	Wylie, TX	Plumbing
12/21/2023	H.I.G. Capital, LLC	Penhall Co., Inc.	Irving, TX	Pavement
12/31/2023	Ballard & Brown	Sunrise Mechanical Inc./Sunrise Service Inc.	Henderson, NV	HVAC
1/8/2024	Centre Partners Management, LLC	Quick Roofing, LLC	Kennedale, TX	Roofing
1/24/2024	SubSplit Services Group, LP	Miinc, LP	Dallas, TX	MEP
2/1/2024	PAX Services Group	Cram Roofing Co., Inc.	San Antonio, TX	Roofing
2/1/2024	Comfort Systems USA, Inc.	Summit Industrial Construction, LLC	Houston, TX	Civil
2/6/2024	SageWater RENEW, LLC	Ama Repiping, LLC	Queen Creek, AZ	MEP
2/7/2024	Southfield Capital LP; The Kelvin Group	RC&E, Inc.	Fort Worth, TX	HVAC
2/27/2024	The SEER Group, LLC	Donley Service Center, Inc.	Phoenix, AZ	MEP
3/11/2024	Brighter Electrical, LLC	Starbrite Electric, Inc.	Sealy, TX	Electrical

Northeastern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Primary Sector
10/2/2023	Comfort Systems USA, Inc.	DECCO, Inc.	Brookline, NH	Plumbing
10/2/2023	Beacon Roofing Supply, Inc.	Garvin Construction Products, Inc.	Medford, MA	Glass
10/23/2023	Sila Heating & Air Conditioning, Inc.	Burns & McBride, Inc.	New Castle, DE	HVAC
10/31/2023	The Exigent Group	Maplewood Investments, Inc.	Newburyport, MA	MEP
11/6/2023	Roofed Right America, LLC	Upstate Roofing & Painting, Inc.	Rochester, NY	Roofing

Merger & Acquisition Activity

Northeastern Region (continued)				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Primary Sector
11/7/2023	Brookfield Corp.; Cameco Corp.	Westinghouse Electric Co., LLC	Cranberry Township, PA	Utility
11/9/2023	Revision Energy, LLC	SunBug Solar, LLC	Woburn, MA	Electrical
11/27/2023	E-J Electric Installation Co, Inc.	Lowy & Donnath, Inc.	Long Island City, NY	Electrical
11/30/2023	Ally Services	Honest Abe Plumbing Inc.	Baltimore, MD	MEP
12/12/2023	Relay Fire and Safety	Metro Fire Protection, Inc.	Massapequa, NY	Plumbing
12/12/2023	ArchKey Solutions, LLC	Total Electric, Inc.	Upper Marlboro, MD	Electrical
12/18/2023	Escajeda Masonry, LLC	Alex Restoration and Masonry Repairs	New Castle, PA	Restoration
1/9/2024	Cotton Holdings, Inc.	24 Restore NE, LLC	Easton, MA	Restoration
1/18/2024	Knox Lane, LP	Guardian Fire Protection Services, LLC	Rockville, MD	Construction Services
2/13/2024	Fidelity Engineering, LLC	ServiceX M.E.P.	Sparks, MD	MEP
2/15/2024	Gmac Holdings, LLC	SmithHahn Co., Inc.	Bethlehem, PA	MEP
3/5/2024	HomeSquare, LLC	Lucci Electric, Inc.	Wilton, CT	Electrical
3/27/2024	Sweeney Excavation, Inc.	Gargiulo Construction Co., Inc.	Durham, CT	Pavement

Southeastern Region				
Announce/ Close Date	Acquirer	Target	Target HQ Location	Target Primary Sector
10/25/2023	TWO Oaks Construction, LLC	Kelly Road Builders, Inc.	Birmingham, AL	Civil
11/13/2023	Crete United	S&W Contracting Co., Inc.	Murfreesboro, TN	Electrical
11/28/2023	Air Conditioning Specialist, Inc.	Tri-City Air Conditioning Co., Inc.	Johnson City, TN	HVAC
11/29/2023	SPATCO Energy Solutions, LLC	K&K Electric, Inc.	Sanford, FL	Electrical
11/30/2023	Roofing Corp. of America, Inc.	Roof Technologies, LLC	Harvey, LA	Roofing
12/5/2023	Camp Construction Services, Inc.	Drrs, LLC	Duluth, GA	General Contracting
12/6/2023	Chaney Enterprises, LP	Concrete Solutions, LLC	Raeford, NC	Pavement
12/14/2023	Modigent	Tebarco Mechanical, LLC	Alpharetta, GA	MEP
12/26/2023	Dunes Point Capital, LP	Noland's Roofing, Inc.	Clermont, FL	Roofing
12/31/2023	Surerus Murphy Joint Venture	WHC Energy Service, LLC	Broussard, LA	Utility
1/2/2024	Rev1 Energy, Inc.	Engineered Electric Services, LLC	Mulberry, FL	Electrical
1/3/2024	Wiregrass Construction Co., Inc.	SJ&L General Contractor, LLC	Huntsville, AL	Civil
1/9/2024	U. S. Waterproofing & Construction Co.	Carolina Foundation Solutions, LLC	Burlington, NC	Restoration
1/9/2024	Cascade Services	Comfort Experts USA, Inc.	Melbourne, FL	HVAC
1/15/2024	State Systems, Inc.	Dunk Fire & Security, Inc.	Springdale, AR	MEP
1/16/2024	Southern Home Services, Inc	CRD Electrical Service, LLC	Kissimmee, FL	MEP
1/17/2024	PremiStar, LLC	Entek Solutions, Inc.	Buford, GA	HVAC
1/23/2024	Apex Service Partners, LLC	Frontier Service Partners	Franklin, TN	MEP
2/5/2024	Infinity Home Healthcare Services, LLC	2JCP Companies, LLC	West Palm Beach, FL	Roofing
2/6/2024	NA	Advanced Concrete Cutting & Coring, Inc.	Ladson, SC	Pavement
2/7/2024	Swell Energy, Inc.	Renu Energy Solutions, LLC	Charlotte, NC	Electrical
2/15/2024	TopBuild Corp.	Brabble Insulation, Inc.	Ahoskie, NC	Flooring/Drywall/Insulation
2/15/2024	Quality Heating & Cooling, LLC	Weatherford Electric, Inc.	Grovetown, GA	Electrical
3/28/2024	SPP Management Services, LLC	Coastal Cooling, Inc.	Fort Myers, FL	HVAC

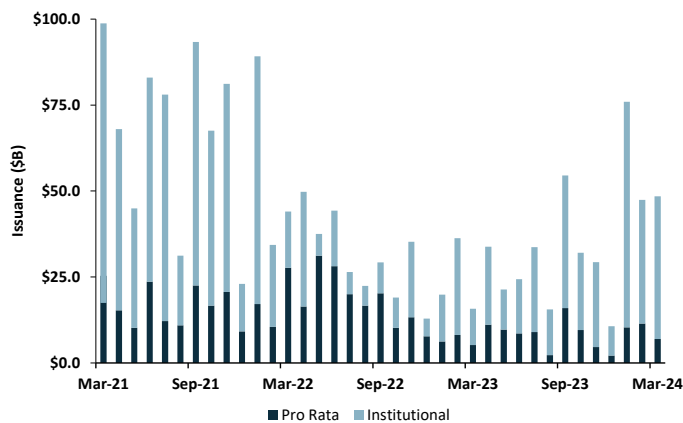
Source: Capital IQ, Data as of 9/30/2023

Capital Markets Update

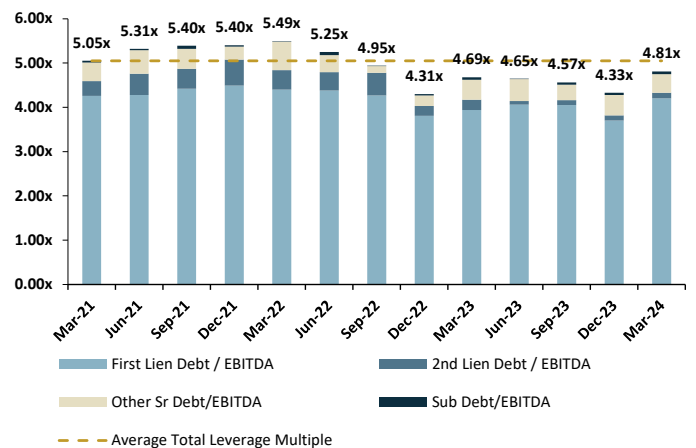
Resurgence in the broadly syndicated loan market and increased lender risk appetite has put downward pressure on new issuance pricing.

- Expectations for continued economic growth and looser credit standards have brought regulated institutions back into the capital markets, unlocking lower cost of capital financing relative to private credit financiers
- Speculative-grade borrowers have taken advantage of the newfound demand for attractive credits, refinancing a record-setting \$315B of outstandings through May 2024
- Participants forecast incremental deal activity in the latter half of the year, as significant dry powder remains undeployed alongside a wall of maturities coming due in the next 24 months

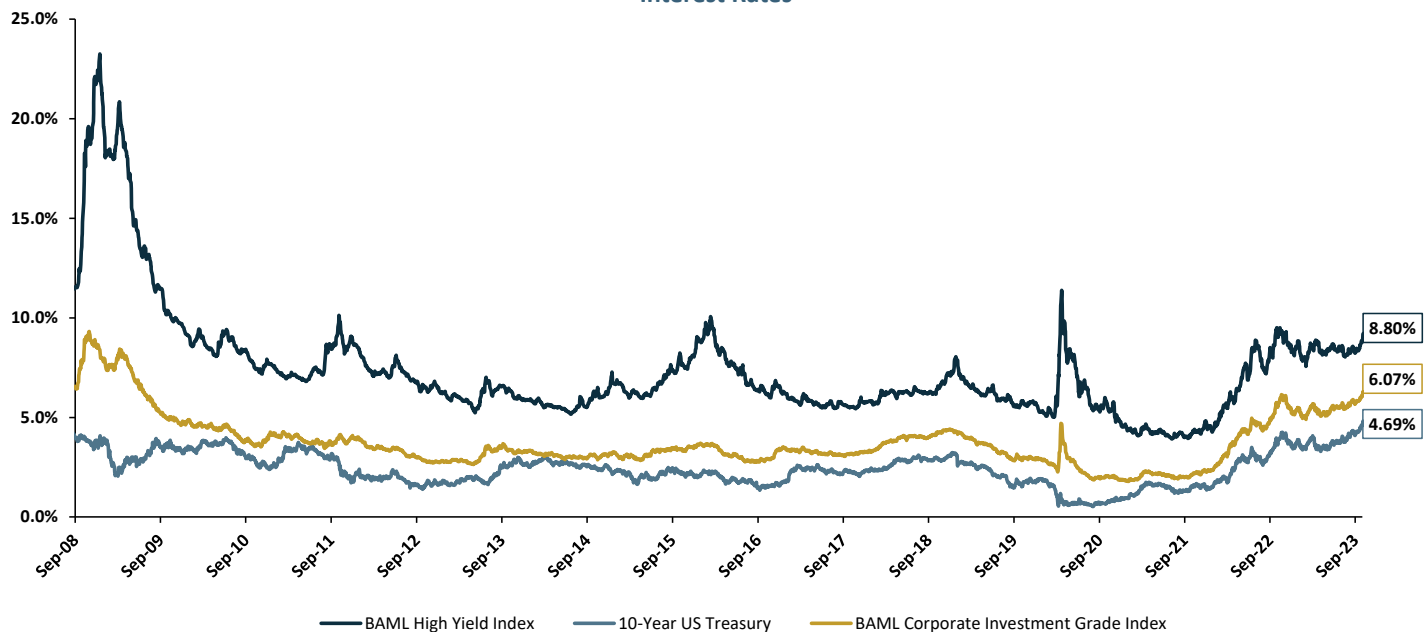
U.S. Leveraged Loan Issuance



Historical Debt Multiples of Highly Leveraged Loans



Interest Rates



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