



Engineering & Construction

QUARTERLY SECTOR UPDATE | Q3 2020

HW Harris Williams

Harris Williams “HW” Overview

Global Advisory Platform

- Founded in 1991
- **350+** professionals across eight offices globally
- **165+** closed transactions in the last 24 months
- **10** industry groups
- **98%** of revenue from sell-side M&A advisory



Energy, Power, & Infrastructure (“EPI”) group

- 15+ closed transactions in the last 24 months
- Expertise across 8 distinct Vertical Focus Areas

Vertical Focus Areas

- | | |
|------------------------------------------|-----------------------------|
| • Engineering and Construction | • Oilfield Services |
| • Renewables and Distributed Energy | • Energy Management |
| • Industrial and Infrastructure Services | • Environmental Services |
| • Outsourced Utility Services | • TICC & Integrity Services |

Engineering & Construction

- | | |
|-------------------------------------|-------------------------------------|
| • Construction / Project Management | • Electrical Engineering & Services |
| • Civil Engineering | • General & Specialty Contracting |
| • Infrastructure Support Services | • Building Services |
| • Design & Installation | • Forensic Engineering |

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What We're Reading

The New Age of Engineering and Construction Technology



"The engineering and construction (E&C) industry is at the cusp of a new era, with technology start-ups creating new applications and tools that are changing how companies design, plan, and execute projects. By providing advanced software, construction-focused hardware, and analytics capabilities, these innovative start-ups are eliminating many of the problems that have dogged the E&C sector for decades, including difficulties compiling and sharing project information. Such improvements could not come at a better time, since construction projects are becoming increasingly complex and expensive, putting managers under greater pressure to improve costs, timelines, and efficiency."

[McKinsey](#)

2020 2Q Cost Report: Construction Starts Drop as Global Pandemic Continues



"As the COVID-19 pandemic crisis continues, economic consequences are being felt throughout the world, and the construction industry is no exception. 'For the last five to six years, [annual] construction cost escalation has consistently been in the range between 4% and 5% with occasional spikes higher,' says Julian Anderson, president of Rider Levett Bucknall. COVID-19 'has clearly impacted the bidding strategies of contractors and subcontractors.' In the last quarter, inflation has been cut to 0.4%."

'Looking ahead, the key is just how quickly the economy recovers,' says Anderson, adding that it will hinge on 'the appetite of the private sector to continue investing in developments and the financial ability of state and municipal governments to continue with their capital improvement projects.'

[ENR](#)

COVID-19: What it Means for Engineering and Construction



"The COVID-19 pandemic and its attendant effect on markets and commercial activity is presenting a range of challenges to the engineering and construction (E&C) industry — challenges that could deepen depending on the severity and length of the crisis in the US and globally. Uncertainty surrounding the duration and severity of this crisis make it hard to anticipate how a recovery could unfold for the industry. Some construction projects have been delayed, and some canceled, as a result of the impacts of COVID-19 on the companies and governments that commissioned them. Further, possible supply chain bottlenecks of equipment and materials — including structural steel and glass from Asia — could cause project delays in currently funded projects, or reduced spending on future ones. The most immediate impacts are being felt at the subcontractor middle market of the industry..."

[PWC](#)

Reimagining Infrastructure in the United States: How to Build Better



"Infrastructure agencies need to prepare for two very different scenarios—a sharp rise in funding or a precipitous drop."

US infrastructure agencies have kept the country's trains running, water flowing, and government buildings functioning during the coronavirus crisis. Now that operations are stabilizing, they can reconsider their capital-expenditure plans. What that entails will vary dramatically depending on whether the federal government provides substantial infrastructure funding as part of an economic-stimulus package. If it does, agencies will need to determine how best to spend their share. And if there is no such funding, they will need to prepare to be more efficient with potentially lower budgets."

[McKinsey](#)

Longstanding Track Record in E&C and Infrastructure Services



BY THE NUMBERS

30+

DEALS CLOSED
SINCE 2014

\$14+bn

TOTAL ENTERPRISE VALUE
SINCE 2014

\$300+mm

MEDIAN ENTERPRISE VALUE

Select Recent M&A Transactions

Announced June 2020



J.S. Held acquires Twenty First Century Engineering

- J.S. Held acquired Twenty First Century Engineering, a provider of consulting services specializing in engineering, forensics, environmental services, and construction and disaster support.
- Twenty First Century Engineering will expand J.S. Held's forensic services capabilities for complex litigation needs and strengthen geographic resources.

Announced June 2020



HMT acquires Dunham Engineering

- HMT acquired Dunham Engineering, a structural and corrosion engineering firm specializing in tank and towers. HMT is a portfolio of Tailwind Capital Group.
- The acquisition of Dunham Engineering allows HMT to expand its service offerings to existing customers and capture new customers in markets not previously serviced.

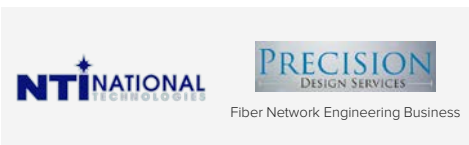
Announced June 2020



Enercon acquires Critical Engineering Group

- Enercon Services acquired Critical Engineering Group, a provider of project management and engineering services for data centers and mission critical communications centers.
- Critical Engineering Group will expand Enercon's existing engineering services and increase the company's reach within the data center and mission critical communications sector.

Announced June 2020



National Technologies acquires the Fiber Network Engineering business of Precision Design Services

- National Technologies acquired the Fiber Network Engineering business of Precision Design Services, a provider of design, engineering and project management services. National Technologies is a subsidiary of NTI Connect (ORIX Capital Partners).
- This acquisition will enhance National Technologies' ability to provide fiber network engineering and fiber optic deployment services to national customers, most importantly the New York City market.

Announced May 2020



Anser Advisory acquires H.R. Gray

- Anser Advisory (RTC Partners) acquired H.R. Gray, a provider of program and construction management, owner's representation and dispute resolution. H.R. Gray was previously a subsidiary of The Haskell Company.
- The strategic acquisition will provide Anser with expertise in water and wastewater projects and a strong foothold in the Ohio and Pennsylvania markets.

Announced April 2020



Salas O'Brien acquires Global Engineering Solutions

- Salas O'Brien acquired Global Engineering Solutions, an industry-leading facilities planning and design firm.
- The acquisition of GES will mark Salas O'Brien's entrance into the Mid-Atlantic and add a team focused on engineering, program management and construction management.

Recent M&A Transactions

Announced Date	Target	Target Description	Acquirer
6/30/2020	PenBay Solutions	U.S. based provider of geographic information systems (GIS) technology for facility management.	Cartegraph
6/29/2020	Electrical Maintenance & Testing	U.S. based third-party electrical testing firm, specializing in power distribution equipment testing, maintenance and life extension services.	Potomac Testing
6/25/2020	Harmony Architectural Associates	U.S. based provider of architectural services to both residential and commercial end markets.	LaBella Associates
6/24/2020	Precision Design Services – Fiber Network Engineering Business	U.S. based Fiber Network Engineering business segment of Precision Design Services.	National Technologies
6/22/2020	Keller & Kirkpatrick	U.S. based civil engineering firm providing services to municipal, county, state and private sectors.	Greenman-Pedersen
6/17/2020	Twenty First Century Engineering	U.S. based provider of consulting services specializing in engineering, forensics, environmental services, and construction and disaster support.	J.S. Held
6/17/2020	Team Better Block	U.S. based urban planning experts specializing in pedestrian-scale projects in local communities.	WGI
6/17/2020	Vision Environment	Australian provider of water quality monitoring services to clients involved in commercial dredging and other industrial activities.	Trinity Consultants
6/15/2020	VWM Analytics	U.S. based economic consulting and forensic accounting firm.	J.S. Held
6/15/2020	Studio A Architecture	U.S. based full-service architectural firm specializing in multi-family, single-family, mixed-use and commercial architecture.	New Republic Architecture
6/8/2020	Gilbert Mechanical Contractors	U.S. based mechanical, electrical, plumbing and controls services company focused on designing, building and servicing complex systems in mission critical facilities.	Therma Holdings
6/4/2020	Cardno Structural Engineering	U.S. based structural engineering firm serving commercial, residential, industrial, public and institutional sectors.	IMEG Corp.
6/3/2020	IPP Connect	U.S. based provider of software tools and oversight services to C&I and utility end markets.	Wunderlich-Malec
6/2/2020	Resource Engineering	U.S. based provider of water resources engineering and hydrologic consulting services to municipalities, water districts and private clients.	LRE Water
6/2/2020	Dunham Engineering	U.S. based structural and corrosion engineering firm specializing in tanks and towers.	HMT
6/2/2020	Critical Engineering Group	U.S. based provider of project management and engineering services for data centers and mission critical communications centers.	Enercon Services
5/28/2020	Eview	U.S. based experiential design agency.	Ghafari
5/18/2020	Stanford White	U.S. based multidiscipline consulting engineering firm serving clients in education, government, healthcare and science, and technology.	Salas O'Brien
5/15/2020	Cunha Engineering	U.S. based provider of land surveying and civil engineering services.	Towill

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5/12/2020	Signature Management Group	U.S. based firm specializing in the development, testing and implementation of signature management solutions and technologies for federal agencies.	Applied Research Associates
5/11/2020	Notkin Mechanical Engineers	U.S. based mechanical engineering and design services firm serving federal, healthcare and higher education clients.	PS2
5/8/2020	PDC Engineers	U.S. based multidiscipline consulting and design firm specializing in facilities, transportation, land development and utilities markets.	RESPEC
5/6/2020	Nova Geotechnical & Inspection Services	U.S. based provider of geotechnical engineering, environmental consulting, soil inspection and testing, construction materials testing and special inspections.	Universal Engineering Sciences
5/5/2020	American Realty Project Management	U.S. based full-service construction project management firm.	Project Management Advisors
5/4/2020	Azimi & Associates	U.S. based civil engineering and land surveying firm.	EPS Group
5/1/2020	Four Star Mechanical	U.S. based provider of commercial installation and industrial services including plumbing, HVAC and mechanical engineering.	Veregy
5/1/2020	Four Star Fabricators and Service Company	U.S. based provider of heating, cooling and ventilation equipment to residential and commercial sectors.	Veregy
5/1/2020	Bolt Underwater Services	U.S. based civil engineering company focused on underwater structural inspections.	Volkert
5/1/2020	H.R. Gray	U.S. based program management and construction management services provider.	Anser Advisory
4/30/2020	Green Street Environmental	U.S. based provider of IAQ services, environmental due diligence and remediation series.	Comstock Environmental
4/28/2020	Henderson Rogers Structural Engineers	U.S. based structural engineering firm specializing in aviation, education and healthcare facilities.	DeSimone Consulting Engineers
4/28/2020	Faulkner edc	U.S. based provider of engineering, design and consulting services for residential, commercial and industrial projects.	JDS Consulting & Design
4/27/2020	White River Engineering	U.S. based civil engineering firm serving government entities, architects, engineers and private developers.	Allgeier, Martin and Associates
4/24/2020	Stevens Surveying Company	U.S. based provider of surveying services in commercial, residential, boundary, land, topographic and farm sectors.	AMD Engineering
4/22/2020	Dye Aviation Facilities Architecture	U.S. based design firm known for its specialized expertise in aviation design.	Niles Bolton Associates
4/15/2020	Antenora Architects	U.S. based architecture, interiors and planning firm serving residential, hospitality, urban planning and civil sectors.	VLK Architects
4/14/2020	CTEH	U.S. based scientific consulting firm that specializes in emergency preparedness, response and recovery.	Montrose Environmental Group
4/14/2020	Knight Enterprises	U.S. based provider of communications infrastructure services for the cable and telecommunications industries.	Mill Point Capital

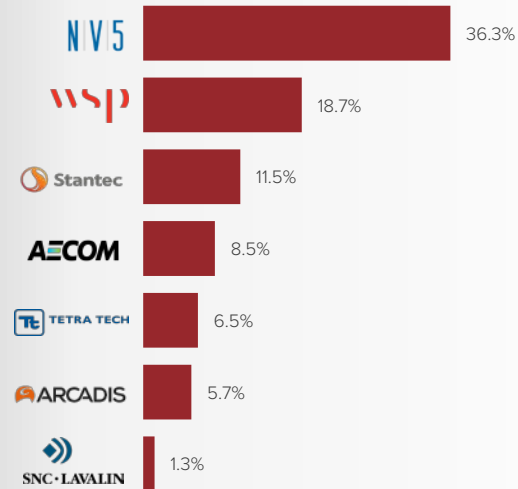
Recent M&A Transactions

Announced Date	Target	Target Description	Acquirer
4/8/2020	Bluestone Environmental Services	U.S. based environmental consulting and remediation firm operating in the Mid-Atlantic region.	Groundwater & Environmental Services
4/7/2020	Global Engineering Solutions	U.S. based industry-leading facilities planning and design firm.	Salas O'Brien
4/7/2020	Gateway Land Services	U.S. based land services company specializing in the oil and gas sector.	SWT Design
4/6/2020	Reach Construction Group	U.S. based construction and engineering firm with expertise in renewable energy project delivery, site preparation and public utility construction.	CUI Global
4/2/2020	ZMM Architects & Engineers	U.S. based architectural firm specializing in architecture, engineering, LEED and lighting design.	OWPR Architects & Engineers

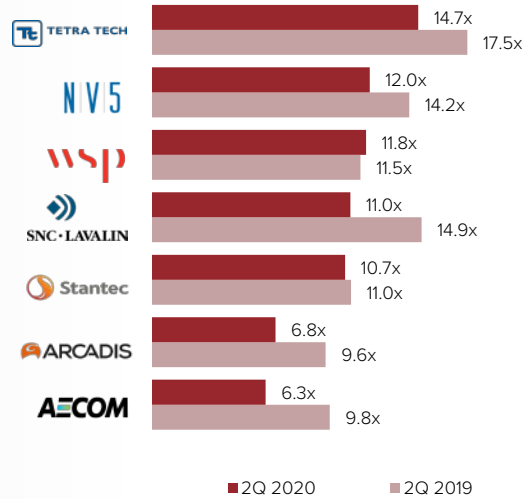
Public Valuations⁴

5-Year Revenue CAGR

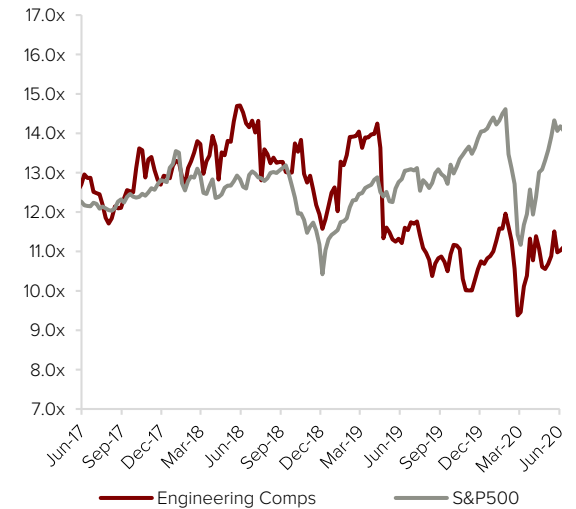
Engineering Comps



Quarterly EV / EBITDA Multiples

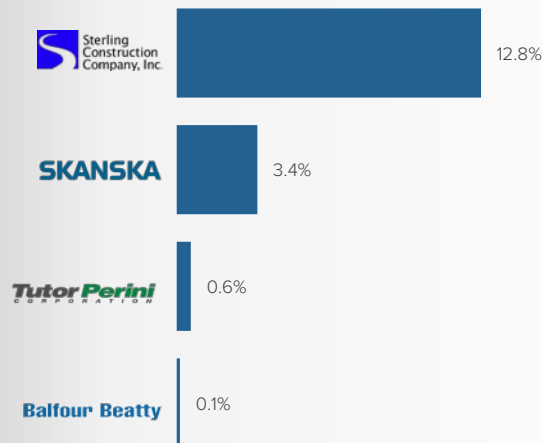


Trended EV / EBITDA Multiples

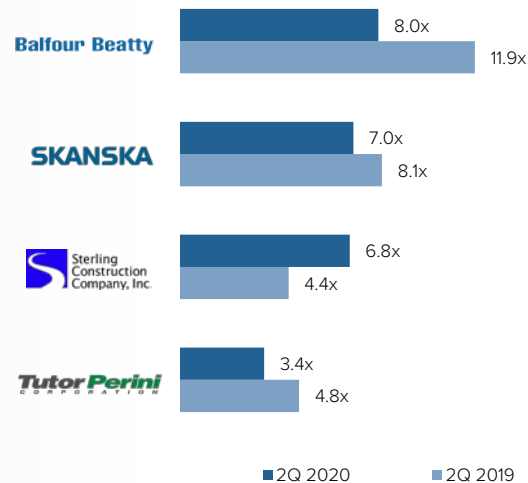


5-Year Revenue CAGR

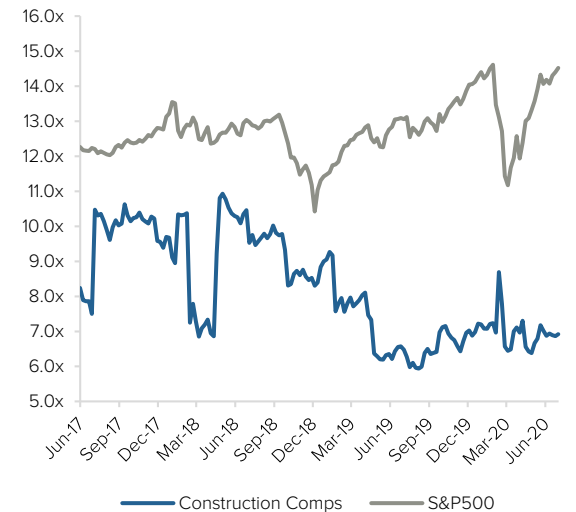
Construction Comps



Quarterly EV / EBITDA Multiples



Trended EV / EBITDA Multiples



Our Firm

Harris Williams has a broad range of industry expertise, which create powerful opportunities. Our clients benefit from our deep-sector experience, integrated industry intelligence and collaboration across the firm, and our commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com/industries.

Industry Group Expertise

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BUSINESS SERVICES

ENERGY, POWER & INFRASTRUCTURE

SPECIALTY DISTRIBUTION

TRANSPORTATION & LOGISTICS

BUILDING PRODUCTS & MATERIALS

CONSUMER

HEALTHCARE & LIFE SCIENCES

INDUSTRIALS

TECHNOLOGY, MEDIA & TELECOM

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Sources

1. McKinsey
2. ENR
3. PWC
4. Capital IQ

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