



Engineering & Construction

QUARTERLY SECTOR UPDATE | Q4 2022

HW Harris Williams

What We're Reading

Inflation Reduction Act: U.S. Needs to Double Grid Building Pace for Climate Change Law Benefits



"Failing to accelerate transmission expansion beyond the recent historical pace of about 1% per year increases 2030 U.S. greenhouse emissions by about 800 million tons per year"...researchers say transmission expansion must 'reach an average of about 2.3% per year.'"

"Supply chain challenges such as wait times for upwards of two years for grid transformers have coincided with an increase in climate-fueled disasters, such as hurricanes and wildfires, that threaten grid reliability."

"No one can credibly argue that we can timely make the changes to our energy infrastructure necessary to complete our transition to renewable energy without streamlining the permitting of energy infrastructure projects."

[ENR](#)

Construction Tech and the Future of Workers in the Industry



"Across all the skilled trades, a shortage of tech-focused workers is emerging alongside advancements in digitization. Leading construction companies are quickly introducing new roles that emphasize the need for workers with a mix of computational knowledge, project management skills and real-world understanding of the needs, challenges and realities of the construction site."

"The adoption of building information management and construction management software such as ProCore and AutoDesk has quickly become the standard for leading construction firms as it offers impressive benefits in the form of improved cost estimation, better project coordination and increased communication."

"Construction tech offers opportunities to shift labor-intensive jobs into digitally centered roles. Construction developers and GCs can benefit from adopting ready-made, vendor-supplied technologies as they become more valuable, user-friendly and industry-relevant."

[Forbes](#)

Lack of Construction Workers Threatens Infrastructure Efforts



"Construction firms are struggling to find workers to such a degree that it's threatening the success of federal investment in infrastructure and manufacturing projects."

"Our projects encounter much longer hours worked than we would have in the past because we don't have people to relieve others,' Simpkins said, describing the domino effect of fewer breaks for workers due to fewer people being on each job. 'This year in particular was a real struggle to man all of our projects and do it in a way that keeps everybody safe. We haven't seen any infrastructure projects be canceled, but we certainly have seen extended durations as a result of lack of labor.'"

"The challenge is that as these projects could take longer to build and become more expensive, communities that may have thought they were going to build ten new roads are going to build seven."

[Construction Dive](#)

The Property Industry Has a Huge Carbon Footprint. Here's How to Reduce It



"Only a tiny fraction of properties are carbon neutral, and on the current trajectory it will take nearly a century to decarbonize the rest. As the world urbanizes, a dirty building boom beckons: by one estimate, cities will need to add 13,000 buildings every day until 2050, just to keep up with global population growth."

"What can be done? The problem can be divided into three parts. The first goal is to incentivize owners to make existing properties more energy-efficient. In the long run, as electricity generation shifts towards renewables, the emissions arising from air-conditioning and day-to-day power use will fall."

"The second goal is to facilitate more rational decisions about when to retrofit buildings and when to demolish them and rebuild, which generates waste and pollution but in some cases can reduce emissions overall. Regulations and tax codes are often skewed arbitrarily and can be reformed."

"The final goal should be to ensure that the construction of new buildings that does take place is far cleaner than it has been in the past."

[The Economist](#)

Select Recent M&A Transactions

Announced September 27, 2022



TRC Acquires Enzo Advisors

- Global environmentally focused engineering, consulting, and construction management company TRC has acquired Enzo Advisors, a New York-based environmental, social, and governance (ESG) consulting firm
- The acquisition enables TRC to bolster its Climate Solutions offering and ESG capabilities through the addition of numerous key Enzo Advisors employees

Announced September 24, 2022



TranSystems Acquires SEPI Engineering & Construction

- National transportation engineering and construction firm TranSystems has acquired SEPI Engineering & Construction, Inc., a multidisciplinary engineering firm offering infrastructure solutions and design
- The addition of SEPI's 330-person team strengthens TranSystems' ability to support clients in the Southeastern United States and bolsters the company's ability to deliver on its growth strategy through acquisitions

Announced September 7, 2022



Bernhard Capital Partners Acquires Grace Herbert Curtis Architecture

- Bernhard Capital announced the launch of its architecture, engineering, and construction (AEC) platform with an investment in Grace Herbert Curtis Architecture (GHC)
- Bernhard Capital will build upon GHC's recent momentum, leveraging its critical infrastructure expertise with this platform to support ongoing growth and the growing demand for more modern, sustainable infrastructure

Announced July 12, 2022



Enercon Acquires Ardent Environmental

- Enercon Services Inc., a multidisciplinary engineering and environmental services firm supporting safe and efficient production, delivery, and use of energy, has acquired Ardent Environmental Group, Inc., an environmental consulting firm
- The acquisition deepens Enercon's existing capabilities, strengthens its reputation within a variety of industries, and expands its footprint in the Western U.S.

Announced July 7, 2022



Universal Engineering Sciences Acquires Speedie and Associates

- Universal Engineering Sciences (UES), a leading geotechnical engineering, testing, compliance, inspection, and environmental services provider, acquired Arizona-based Speedie and Associates
- The acquisition will expand UES's presence in the West, serving as another example of the company's strategic approach to partner with best-in-class engineering firms in key, high-growth markets

Recent M&A Transactions

Announced Date	Target	Target Description	Acquirer
9/29/2022	Dynamix Energy Services	U.S.-based design engineering and systems assessments provider for healthcare, education, government, transportation, recreation, and other markets	IMEG
9/29/2022	Bono Consulting	U.S.-based civil engineering firm focused on stormwater, surveying, and construction oversight services	Sevee & Maher Engineers
9/27/2022	IBI Group	Canada-based engineering firm supporting intelligent systems, sustainable buildings, and efficient infrastructure	Arcadis
9/27/2022	Lenard Engineering	U.S.-based, multidisciplinary engineering and environmental services firm	Haley Ward
9/27/2022	Enzo Advisors	U.S.-based provider of sustainability consulting services	TRC Companies
9/24/2022	Sepi	US-based engineering firm providing infrastructure solutions and design for the built environment	TranSystems
9/23/2022	Panatrol	U.S.-based provider of engineering and technical services and systems for the food and chemical processing, pharmaceutical, paper, railroad, and automation sectors	Preston Refrigeration
9/21/2022	Boundary Points	U.S.-based provider of land surveying services	Main-Land Development Consultants
9/20/2022	Mitigation Solutions	U.S.-based provider of restoration services catering to commercial as well as residential	Western Sierra Resource
9/14/2022	292 Design Group	U.S.-based operator of an architecture and planning company based in Minneapolis, Minnesota	JLG Architects
9/12/2022	T-O Engineers	U.S.-based full-service engineering firm focused on specially aviation, transportation, public works, and water/wastewater	Ardurra Group
9/9/2022	SRT Aluminum	U.S.-based company specializing in aluminum melting, casting, and recycling services	MetalX
9/7/2022	Grace Herbert Curtis Architecture	U.S.-based architecture, engineering, and construction platform	Bernhard Capital Partners
9/6/2022	Lake Superior Consulting	U.S.-based engineering and consulting services company serving the energy infrastructure industry	Shawcor Ltd.
8/29/2022	Anchor Consultants	U.S.-based provider of engineering services for the infrastructure that forms the waterfront of U.S. inland waterways	Bowman Consulting
8/29/2022	Marco Surveying & Mapping	U.S.-based provider of surveying and mapping services, offering surveying services to residential, commercial, land development, and public infrastructure projects	Johnson Engineering Inc.
8/26/2022	L&D Electric	U.S.-based electrical contractor specializing in commercial and residential wiring for new construction and remodeling	Series 1 Acquisitions
8/23/2022	Next Level Environmental	U.S.-based provider of engineering services catering to the utility sector	Insituform Linings
8/22/2022	LaFata Contract Services	U.S.-based utility project and construction management firm	Anser Advisory

Recent M&A Transactions (Cont.)

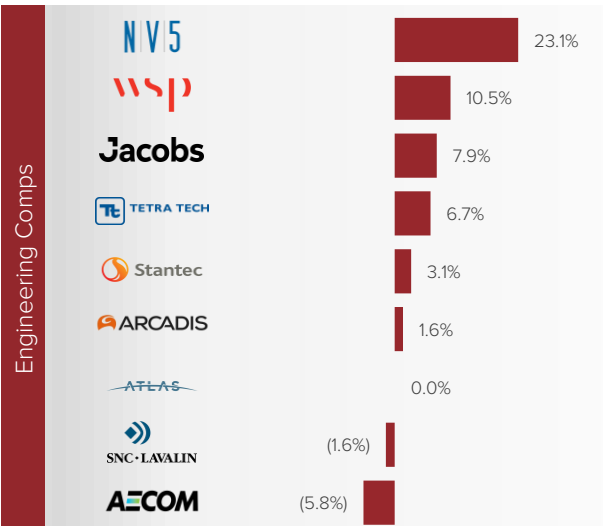
Announced Date	Target	Target Description	Acquirer
8/19/2022	123 Exteriors	U.S.-based provider of storm restoration, residential restoration, commercial restoration, and commercial roofing services to replace exterior materials damaged by weather events	Elite Construction Solutions
8/16/2022	Hill International	[NYSE:HIL], a U.S.-based provider of project management and site supervision services	Global Infrastructure Solutions
8/16/2022	Image Engineering Group	U.S.-based provider of innovative MEP design and engineering solutions	Huckabee Architects
8/11/2022	Ryan Energy Services	U.S.-based provider of construction and environmental services catering to midstream producers, gas utilities, and industrial clients	Energy Services of America
8/11/2022	BGM Electronic Services	U.S.-based provider of engineering design services intended to execute complex designs and projects work for the automotive, industrial, IoT, and medical industries	Exponential Technology Group
8/9/2022	Gaston Electrical	U.S.-based provider of electrical contracting and low-voltage services catering to commercial, institutional, life-sciences, hospitality, and retail markets	Emcor Group
8/2/2022	Cypress Civil Development	U.S.-based civil engineering firm supporting review and permitting processes, site design, project management, budget/cost control, and construction surveillance	Glenn A Rick Engineering & Development
8/2/2022	ACI Asphalt & Concrete	U.S.-based provider of asphalt and concrete services	Soundcore Capital
8/1/2022	Fulcrum	U.S.-based construction management consulting services firm	The Vertex Companies
8/1/2022	TSK Architects	U.S.-based architecture, planning, and interior design firm	Huckabee Architects
7/26/2022	LJB Inc.	U.S.-based provider of civil and structural engineering and consulting for fall protection, transportation and traffic safety, and geospatial and water resources	Copley Equity Partners
7/25/2022	Christopher Consultants	U.S.-based civil engineering firm, providing services such as surveying, planning, landscape architecture, environmental, and sustainable design	IMEG
7/22/2022	Kuhlmann Design Group	U.S.-based provider of architectural design services intended to serve the governmental, commercial, industrial, retail, and hospitality industries	Shive-Hattery
7/20/2022	Contour Environmental	U.S.-based environmental services firm providing a diverse range of scientific and engineering expertise for clients in the Southeastern U.S.	Rimkus Consulting Group
7/18/2022	Project Design Consultants	U.S.-based provider of consulting services for private land developers and homebuilders, as well as public agencies	Bowman Consulting
7/18/2022	Shield Engineering	U.S.-based engineering firm providing design, environmental, geotechnical, and construction-related services	CDG Inc.
7/18/2022	Drilling Engineers	U.S.-based subsurface drilling services firm serving public and private-sector clients	Terracon Consultants Inc.
7/14/2022	Realsearch Of Texas	U.S.-based company providing surveying services for residential, retail, or other commercial site developments and planning assistance for utility, paving, and drainage	Manhard Consulting
7/12/2022	Ardent Environmental Group	U.S.-based environmental consulting firm providing high-quality technical expertise to clients in support of real estate acquisitions, sales, and management	Enercon Services

Recent M&A Transactions (Cont.)

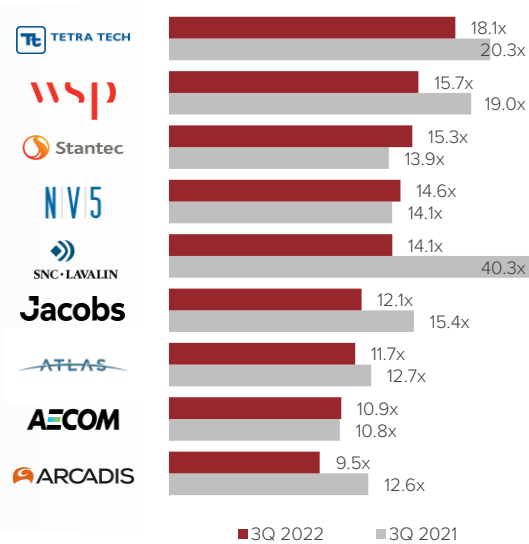
Announced Date	Target	Target Description	Acquirer
7/12/2022	Blue Oak Energy	U.S.-based firm that specializes in engineering for commercial and utility-scale photovoltaic, commonly known as solar, and solar energy storage projects	TRC Companies
7/7/2022	Speedie and Associates	U.S.-based company offering geotechnical, environmental, and construction materials testing, and inspection services	Universal Engineering Sciences
7/6/2022	EYP Architecture & Engineering	U.S.-based engineering and architectural services provider for higher education, healthcare, government, and science and technology markets	Page Southerland Page
7/6/2022	Information Security and Training	U.S.-based provider of general construction services	TPT Global Tech
7/5/2022	Farr West Engineering	U.S.-based engineering consulting and design firm for aesthetically pleasing and functional construction projects	Dowl
7/5/2022	RQAW	U.S.-based full-service engineering and architecture firm	DCCM
7/1/2022	Austin Master Services	U.S.-based provider of engineering and environmental services serving commercial clients and government agencies nationwide	American Energy Partners

Public Valuations¹

5-Year Revenue CAGR



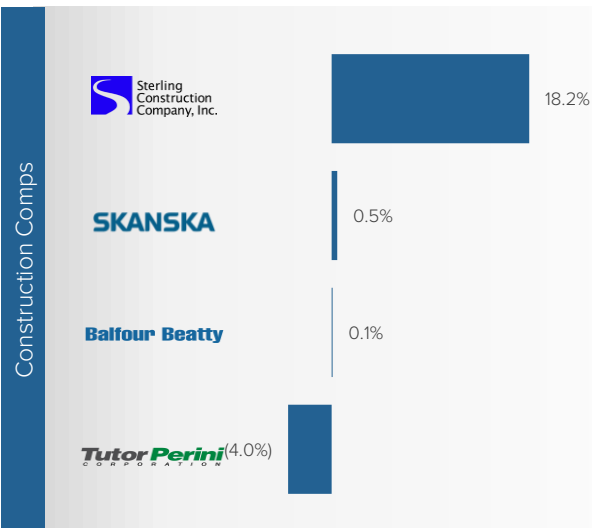
Quarterly EV / EBITDA Multiples



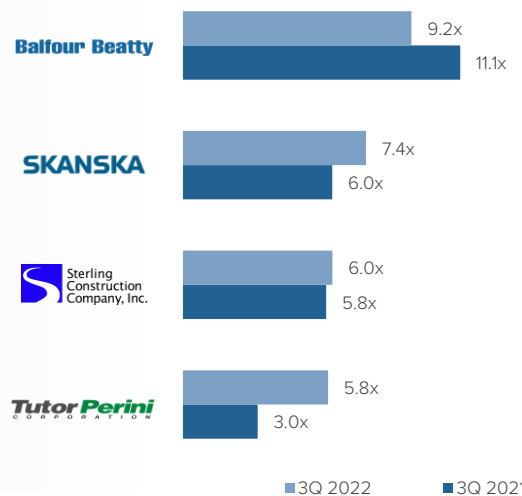
Trended EV / EBITDA Multiples



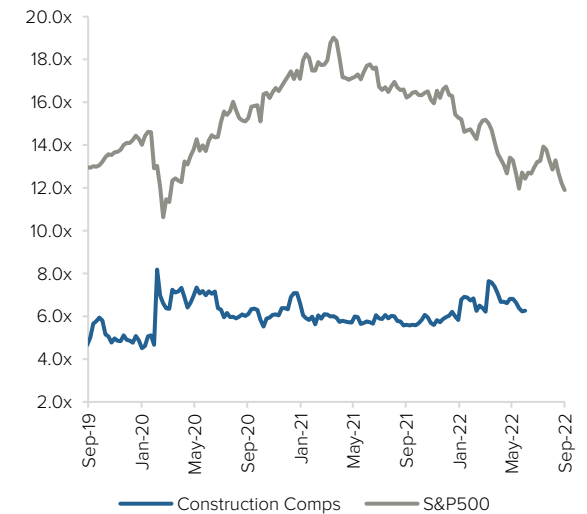
5-Year Revenue CAGR



Quarterly EV / EBITDA Multiples



Trended EV / EBITDA Multiples



Harris Williams Engineering & Construction Overview

Harris Williams Engineering & Construction Sector Focus Areas

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

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Select Recent Harris Williams Engineering & Construction Transactions

<p>Company A</p> <p>Specialty Engineering</p> <p>In Process</p>	<p>Company B</p> <p>Infrastructure Contracting</p> <p>In Process</p>	<p>FIDELITY BUILDING SERVICES GROUP</p> <p>has been acquired by</p> <p>ONEX</p>	<p>TRC</p> <p>has been acquired by</p> <p>WARBURG PINCUS</p>	<p>ArchKEY SOLUTIONS</p> <p>has been acquired by</p> <p>ONE ROCK CAPITAL PARTNERS</p>	<p>ae Industrial Partners</p> <p>has acquired</p> <p>ENERCON Excellence—Every project. Every day.</p>	<p>ADB COMPANIES</p> <p>has been acquired by</p> <p>WARREN EQUITY PARTNERS</p>	<p>VEREGY</p> <p>has been acquired by</p> <p>COURT SQUARE</p>
<p>ServiceLogic</p> <p>has been acquired by</p> <p>LGP</p>	<p>ATLAS</p> <p>has been acquired by</p> <p>BOXWOOD MERGER CORP.</p>	<p>BUREAU VERITAS</p> <p>has acquired</p> <p>cmg</p>	<p>MMM GROUP</p> <p>has acquired</p> <p>wsp</p>	<p>Trinity Consultants</p> <p>has been acquired by</p> <p>LL LESTER LEITCHMAN CAPITAL PARTNERS</p>	<p>CALLISON</p> <p>has been acquired by</p> <p>ARCADIS</p>	<p>FOCUS</p> <p>has been acquired by</p> <p>wsp</p>	<p>ENTRIX Down to Earth. Down to Business.™</p> <p>has been acquired by</p> <p>Cardno</p>

Our Firm

Harris Williams has a broad range of industry expertise, which creates 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.

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

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Sources

1. Capital IQ

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