

Engineering Services Market Overview

Strong sector tailwinds expected to drive long-term growth

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Engineering Services Market Overview

The engineering services sector is experiencing a significant uptick in investor activity. Several factors are driving that activity, including powerful megatrends that are reshaping the built environment, government support for infrastructure upgrades, and a highly fragmented market that provides ample consolidation opportunities. Because of these factors, diverse classes of investors are exploring ways to enter the sector or extend their existing presence in key pockets of the market. One recent development has been a marked increase in the number of private equity and institutional investors that have established platforms in recent years – a trend that we expect to continue.

This report is intended to provide an overview of the U.S. market for engineering services, highlight the strong tailwinds underpinning the growth outlook in the sector, and provide insight into the key considerations for investors who are exploring ways to play the space.

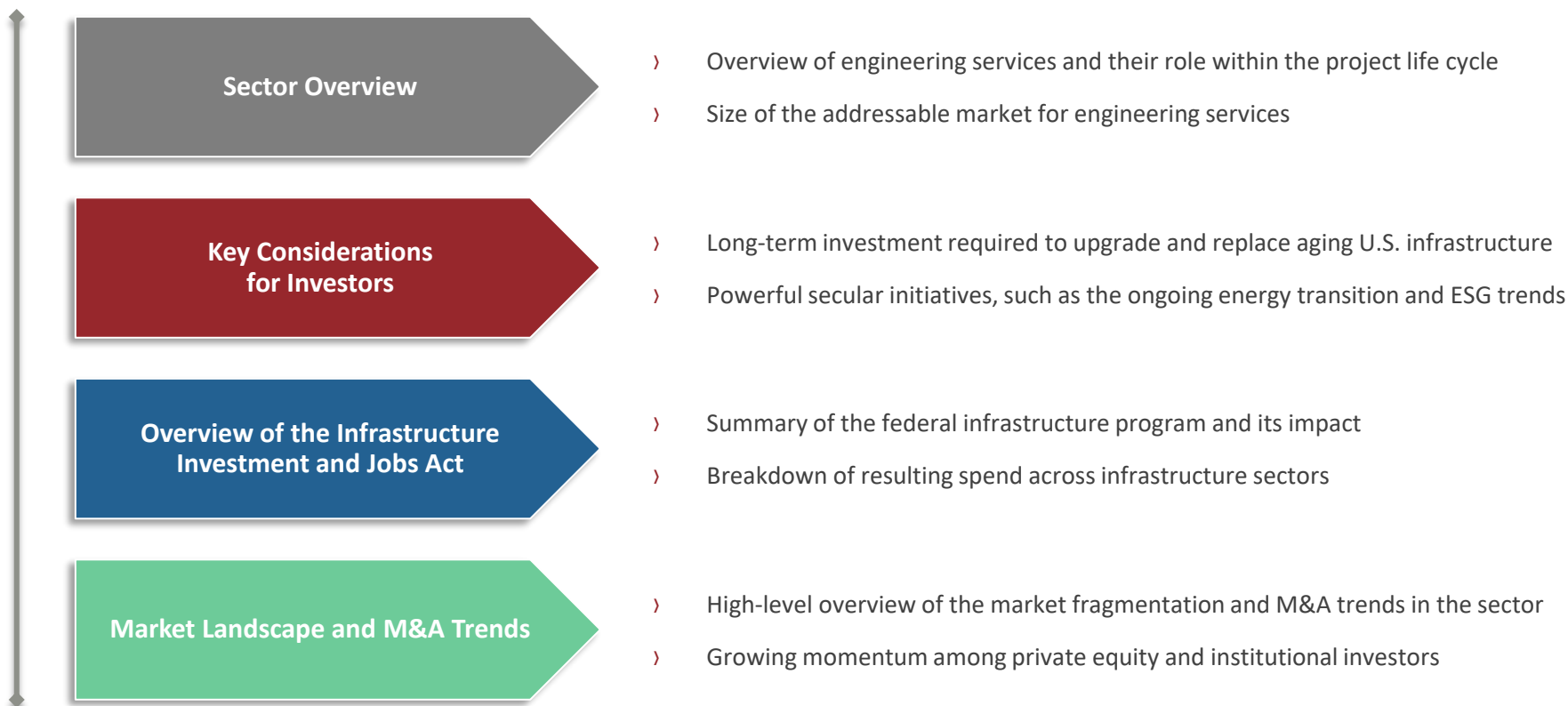


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Engineering Services Extend Across the Entire Project Life Cycle

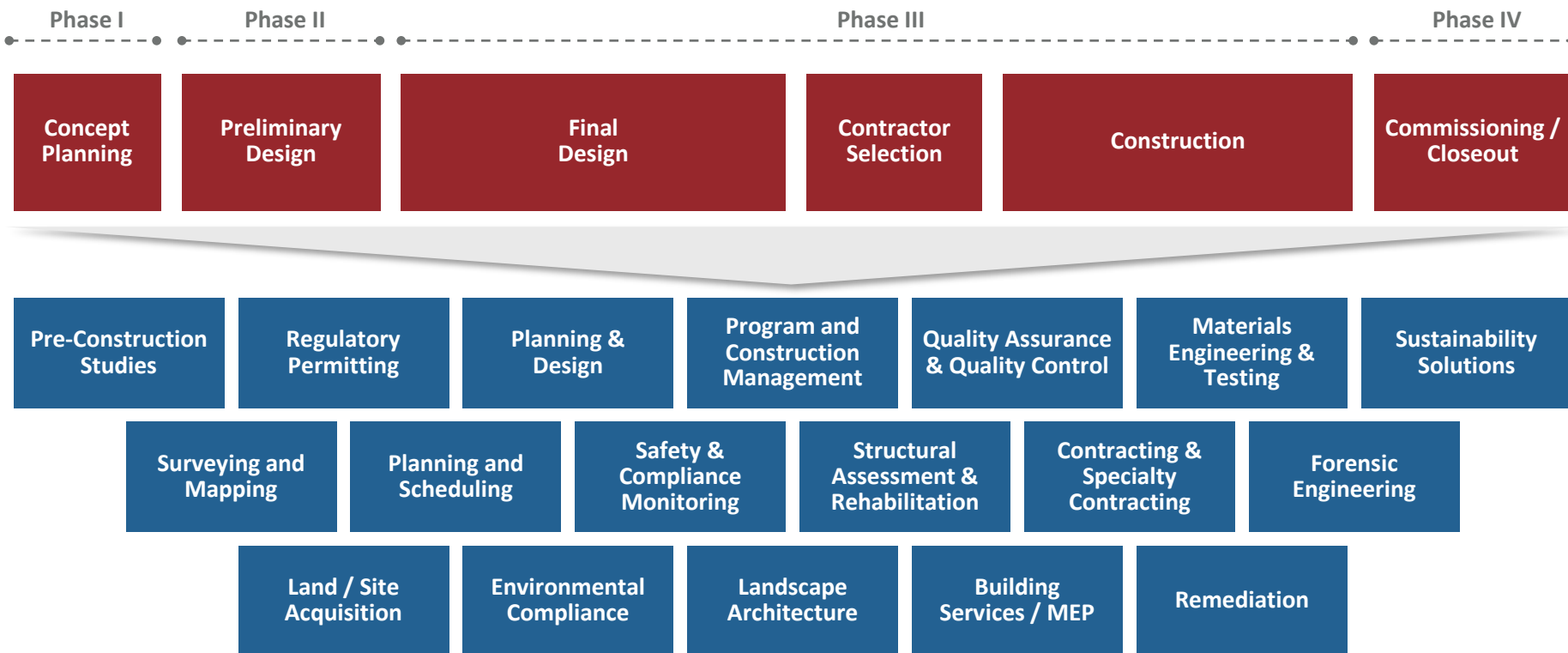
Addressable Opportunities Throughout the Project Life Cycle

Engineering firms offer a variety of professional, critical-path services across the project life cycle. These include planning, design, specialty contracting, commissioning, decommissioning, maintenance, and remediation from concept planning all the way through closeout and ongoing asset maintenance.

Service Breadth and Focus Varies Among Firms

Depending on the scale and breadth of each organization, service capabilities can vary, with larger, more diversified providers offering an enhanced suite of services, and smaller-scale operators concentrating on a narrower portfolio of niche and specialized services. Service diversification enables more touch points and control over projects.

Project Life Cycle and Representative Services Within the Engineering Ecosystem



The Sector Is Primed for Sustainable Long-Term Growth

Across both the natural and built environments, powerful megatrends are already reshaping the landscape. Representative examples of these trends include upgrades to replace outdated civil infrastructure; the ongoing transition to new energy sources; heightened focus on environmental, social, and governance (ESG) standards; and faster internet speeds brought on by 5G network connectivity. On top of the secular momentum building behind each of these initiatives, federal, state, and local government support will serve as a catalyst and accelerate the timeline for deployment. The most notable of these is the \$1 trillion Infrastructure Investment & Jobs Act (IIJA), a bipartisan spending package that allocates \$550 billion of incremental infrastructure funding over the next five years.

Businesses across the engineering landscape sit at the forefront of these exciting developments. As the essential providers of the services needed to plan, design, refurbish, and maintain new and existing infrastructure and support the evolving built environment, they are poised to benefit from outsized, multi-year demand that will translate to attractive revenue opportunities.

Not surprisingly, these trends are leading to rapid consolidation in the sector as operators seek to round out their service mix, boost their head counts, and expand their geographic footprints to enhance their competitive positioning. At the same time, the favorable long-term growth outlook is leading to a rapid increase in private equity-backed transaction volume across all pockets of the market. The highly fragmented market provides a litany of opportunities to enter or expand within the sector, and expectations are that the volume of transactions will remain strong (or increase) in the coming years.

Key Themes Driving Investor Interest in the Engineering Services Sectors



**Outdated
Infrastructure**



**Market
Consolidation**



**Early Stages of
5G Rollout**



**Increased Regulatory
Complexity**



**Ongoing Energy
Transition**



**Infrastructure
Bill**



**Heightened
Focus on ESG**

Favorable Outlook Underpinned by Strong Fundamentals

Steady Growth in the Years Leading Up to 2020

The broader engineering sector grew consistently between the Great Recession and the COVID-19 pandemic. Over that period, construction put in place increased for all three major asset classes, with infrastructure, in particular, showing remarkable resiliency and growth. The sector was propelled by strong macroeconomic conditions and historically low interest rates that provided ready access to capital for clients.

The sudden onset of the COVID-19 pandemic in early 2020 brought about notable – albeit short-lived – headwinds for engineering firms. Amid pandemic shutdowns, broader demand temporarily softened, pricing power shifted to clients, and project timelines were extended while economic conditions stabilized. Market headwinds began in 2020 and partially extended into 2021, but key fundamentals remained strong. That foundation is expected to sustain momentum into 2022, which should accelerate as the key megatrends take root.

Sustainable Megatrends Will Drive Long-Term Market Expansion^{1,2}

Following disruptions to the market in 2020 and early 2021, most facets of the engineering market experienced a rapid recovery and began shifting to growth mode by mid-2021.

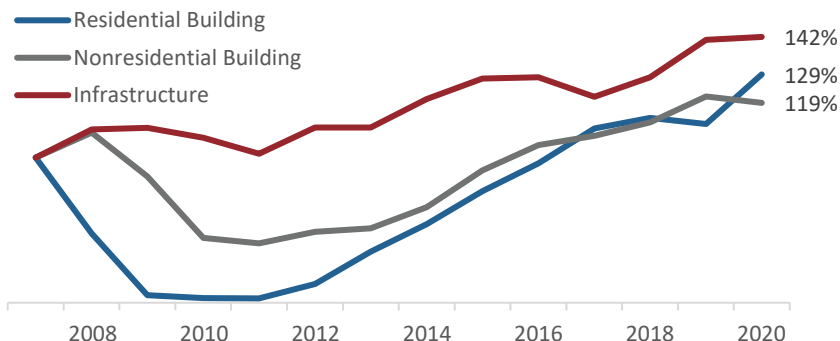
The engineering services market is forecast to grow materially through 2026, and the longer-term outlook beyond that remains positive thanks to strong tailwinds across the economy and relevant infrastructure end markets.

Over the forecast period, certain end markets will benefit disproportionately depending on their connectivity to the trends reshaping the industry. Utility, telecom, transportation, and water/wastewater infrastructure, for example, are expected to see outsized benefits due to strong secular tailwinds, as well as the impacts of the federal infrastructure package.

Construction Put in Place¹

Value of Construction Put in Place (2007 - 2020)

(indexed to 2007)



Engineering Services Outlook²

Engineering Industry Output

(\$ in billions)

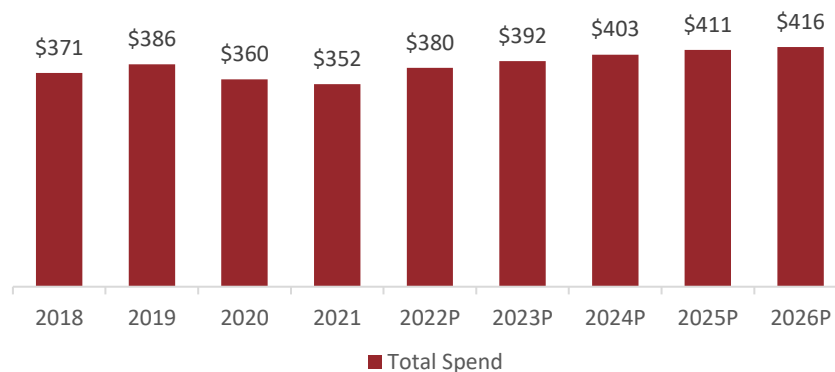


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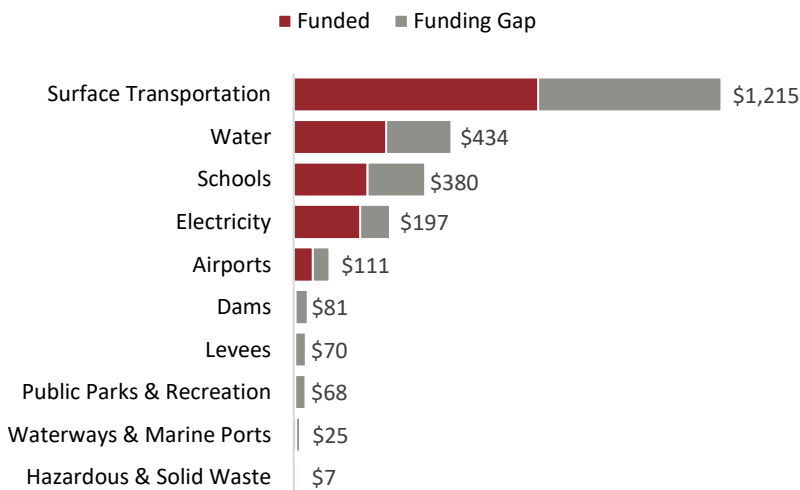
Aging Infrastructure Will Drive Significant Long-term Investment

The American Society of Civil Engineers (ASCE) assesses 17 different categories of civil infrastructure. Of those 17 categories, 11 are currently graded in the D-range. While there have been modest gains in several categories since the previous ASCE report card, the gap in required funding continues to grow. The most recent analysis suggests that the U.S. infrastructure base requires \$5.9 trillion of investment through 2029 to reach a B-grade. Of that total, only \$3.3 trillion is expected to be funded through currently identified capital, resulting in a gap of \$2.6 trillion. If unaddressed, forecasts suggest it could cost the U.S. \$10 trillion in lost GDP by 2039. While the recent passage of the IIJA helps address a portion of this shortfall, there will still need to be significant incremental spending to bring the infrastructure base to an acceptable standard.

Infrastructure funding gap has grown to \$2.6 trillion as of 2021¹

U.S. Infrastructure Funding Gap by Segment

(\$ in billions)



ASCE Report Card for U.S. Infrastructure Categories

	Rail			Public Parks	
	Ports			Schools	
	Solid Waste			Wastewater	
	Bridges			Hazardous Waste	
	Drinking Water			Dams	
	Energy			Levees	
	Aviation			Roads	
	Inland Waterways			Stormwater	
	Transit				

Increasingly Complex Regulatory Environment

Engineering firms are required to navigate complex regulations at the federal, state, and local levels. The Code of Federal Regulations has grown significantly more voluminous over time, with no material differences based on the political party in power at the time. State and local regulations add incremental rules that can impact projects, further complicating the landscape. For engineering firms, this backdrop and continually evolving landscape requires them to leverage teams of subject-matter specialists and technical expertise to ensure that they and their clients remain compliant at all times.

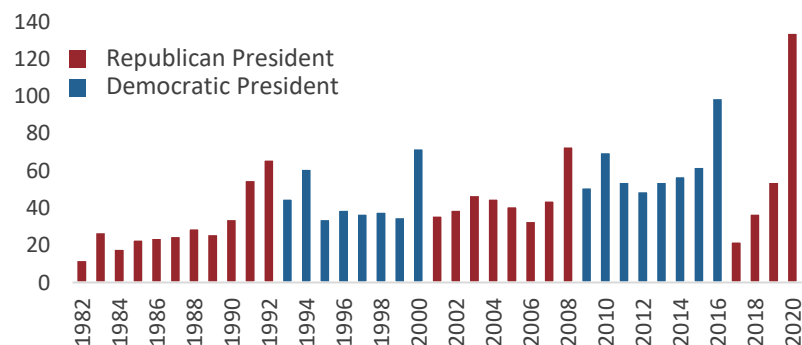
Representative Regulations That Impact Infrastructure Projects

National Environmental Policy Act	Requires upfront assessment of potential impacts to natural and cultural resources
Clean Water Act	Regulates surface water quality standards and pollutant discharge
Clean Air Act	Regulates air emissions from both stationary and mobile sources
Resource Conservation and Recovery Act	Establishes standards and regulates the disposal of solid and hazardous waste
CERCLA ¹	Established programs to investigate and restore contaminated sites
Endangered Species Act	Prevents adverse impact to the critical habitats of threatened or endangered species
National Historic Preservation Act	Directs federal agencies to consider the potential impacts to historic property or archeological sites
Federal Energy Regulatory Commission	Agency that regulates the interstate transmission of electricity, natural gas, and oil
Disparate State and Local Regulations	Incremental regulations at the state and local levels increase the regulatory complexity

Political Trends Do Not Materially Affect Regulatory Publications

Economically Significant Rules Published

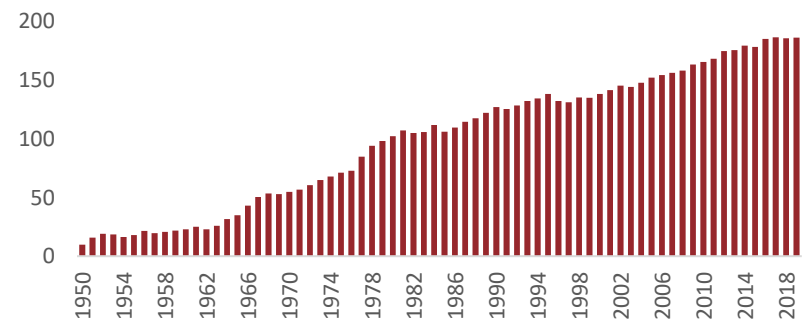
(# of rules)



Cumulative Pages in the Code of Federal Regulations since 1950

Total Pages Published in the Code of Federal Regulations

(# of pages)



Ongoing Energy Transition Will Fuel New Infrastructure Buildout

Momentum around clean energy initiatives and decarbonization has already kick-started a full-scale energy transition, where traditional power generation methods will be gradually deemphasized in favor of more sustainable ones. As part of this transition, clean energy infrastructure – including utility-scale solar and wind generation, battery and storage technology, and distributed energy assets – will displace legacy methods such as coal, oil, and natural gas. Engineering services providers will be on the front lines of this shift, planning and designing the new infrastructure, while also facilitating the retirement and redevelopment of traditional generation assets.

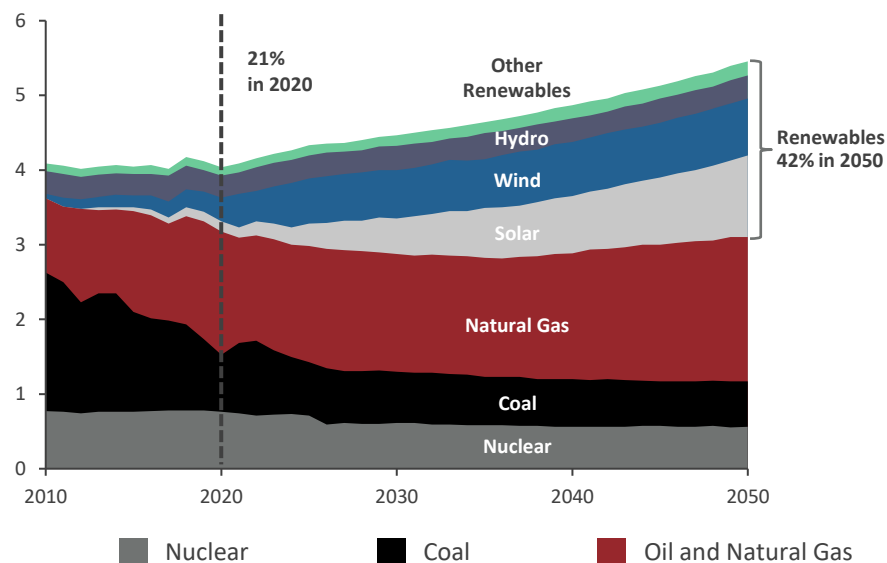
In addition to the buildout of new generating capacity, the dramatic increase in new technologies and renewable resources coming online will require long-term investment to upgrade transmission, distribution, and substation assets and facilitate the flow of renewable power to end users. Much of the current utility infrastructure is already beyond its useful life, and incremental installations will be needed to link new power generation assets to the grid.

Expansion of electrical vehicle charging capacity will be another key component of the energy transition. Continued adoption of electric vehicles has already led to disruptions, as charging capacity continues to lag. In response, many utilities have launched projects to facilitate the buildout, and government funding will further accelerate the trend.

Ongoing Energy Transition to Focus on Renewables...

U.S. Electricity Generation

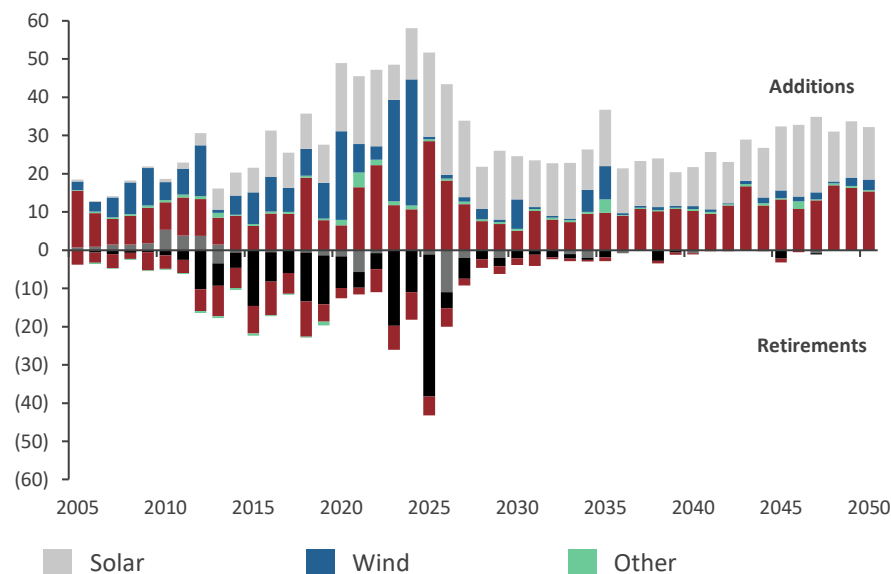
(Trillion kilowatt-hours)



...Driving the Need for a Modern Grid with Capacity for New Sources

U.S. Grid Capacity Additions and Retirements

(Gigawatts)













Evolution in Building Design and Upgrades

Building functionality is a significant driver of market activity within the built environment due to growing heightened focus on energy efficiency standards, carbon reduction, sustainability, and public health measures. State and local regulations are becoming more and more stringent across these areas, with a growing number of incentives and mandates intended to enhance the way buildings are designed, built, and retrofitted to create smarter and greener cities.

Design teams are increasingly incorporating practices and principles that utilize more sustainable materials, reduce energy use, conserve water, accentuate the natural environment, and incorporate technology to optimize building system performance. Green initiatives and healthier building standards have become table stakes in the industry, particularly with the increasing attention to ESG initiatives and the focus on air quality and healthy living standards in the aftermath of the COVID-19 pandemic. Energy service companies (ESCOs); energy-as-a-Service (EaaS) businesses; mechanical, electrical, and plumbing (MEP) engineering and design firms; and specialty contractors are all incorporating new and creative techniques that will reshape the built environment.

Notable Initiatives Reshaping Building Design and Upgrades

	Energy Efficient Design	Constructing or upgrading buildings to optimize energy use and reduce energy loss
	Prefabricated Modular Buildings	Assembly in a controlled setting yields efficiency gains and reduces material waste and energy use
	Net Zero Energy Buildings	Combine energy efficiency and onsite renewable energy to consume only as much energy as can be produced
	Smart Buildings	Optimization and automation of lighting, HVAC, and electronic building systems to enhance efficiency
	Distributed Energy Systems	Installation of onsite generation, such as solar and wind assets, and energy storage systems
	Biomimicry	Incorporating elements from the natural world into innovating engineering and design solutions
	Water Conservation	Reduced water use through low-flow products and on-site reuse systems
	Waste-to-Fuel	Conversion of organic waste into energy for heating or electricity generation
	Sustainable Building Materials	Use of materials with high degrees of renewability, reusability, and durability to reduce environmental impact
	Improved Air Flow	Upgrades to ventilation, filtration, and HVAC systems to ensure optimal air quality

5G's Buildout and Technological Impacts

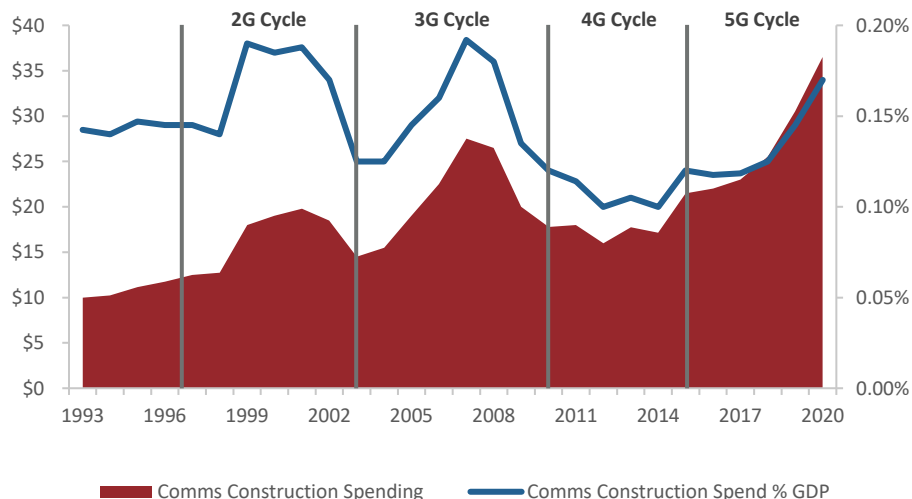
5G mobile networks represent the next major phase of mobile telecom standards. 3G enabled a mobile internet connection, 4G enabled video streaming, and now 5G introduces a new kind of network connecting everyone and everything (machines, devices, etc.) through bigger channels (higher speed) and lower latency. 5G's distinction is its use of higher-frequency millimeter waves that transport more data across shorter distances, which relies on scaled deployment of low-cost, low-powered, but low-transmission-distance small cells. 5G also requires an accelerated fiber buildout to accommodate the higher amount of data. Carriers are in the early innings of a buildout "arms race" to install and upgrade macro sites, deploy small cells at scale, enhance fiber networks, and connect the significant number of new and existing nodes.

Beyond the direct economic impact of the buildout, 5G's connectivity applications are transforming operations within the engineering services sector. The proliferation of low-cost, advanced mobile technologies are introducing a new generation of mobile-first, cloud-based engineering and construction technologies. These advancements are driving improvements in safety, efficiency, quality, and accuracy, as well as competitive differentiation as participants use mobile monitoring, reporting, and data sharing throughout project life cycles. This transition is particularly impactful in an industry with the second-lowest level of digitalization and low levels of historic productivity growth. Over time, 5G's impact will advance from massive densification and fiber buildouts to a technological transformation, where building information management, autonomous supply vehicles and construction equipment, remote machine operations and monitoring, digital twins, virtual reality, and more will become common components across project sites and elsewhere.

Unprecedented Infrastructure Density Driving Long-Term Investment

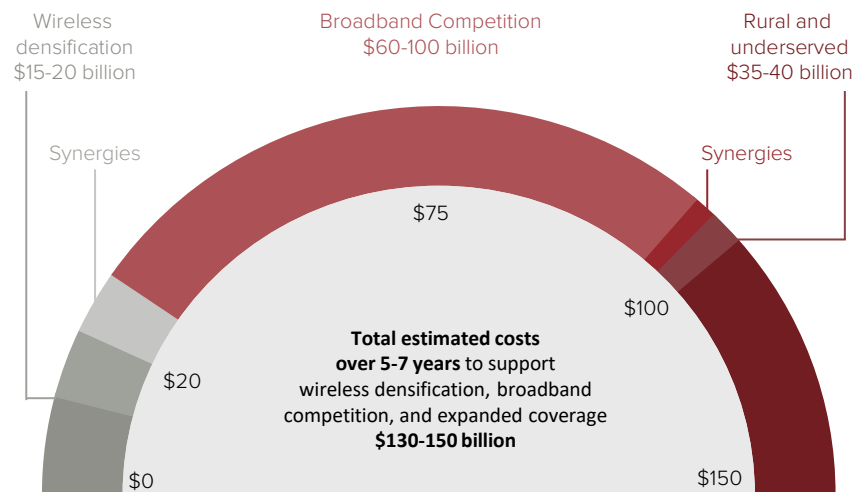
Wireless Spending Across Each Mobile Generation¹

(\$ in billions)



Fiber Is the Foundation for Wireline and Wireless Network Upgrades

Required Fiber Infrastructure Investment²



ESG Tailwinds Create Internal and External Opportunities

Companies' stakeholders are increasingly looking beyond traditional financial and operational metrics, with a heightened focus on environmental, social, and governance considerations. In general, ESG initiatives seek to assess, quantify, and monitor a range of criteria, including:

- A business's environmental impact and focus on climate change, reduced energy consumption, pollution control, and decarbonization
- The company's interrelationship with people and society and attention to community impact, civil rights, health and safety, and diversity and inclusion
- Assessments of how the business is managed through risk management, reporting standards, management and board composition, focus on civil rights and social justice, and internal ethics and compliance practices

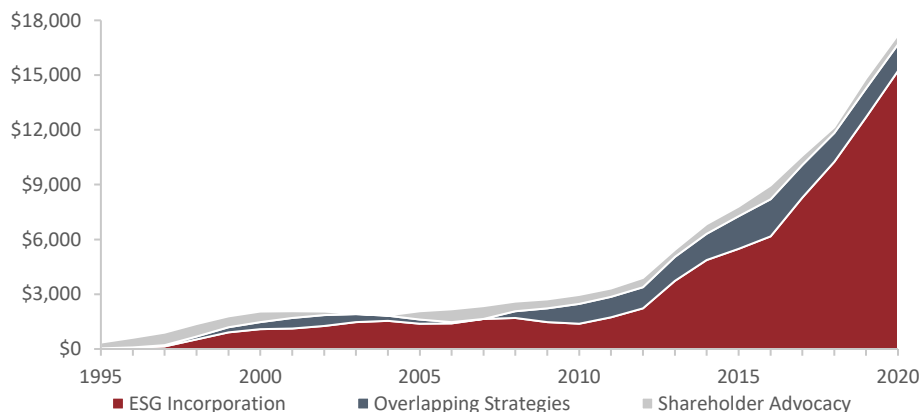
Many engineering firms are in the unique position of being able to address ESG considerations through both internal and external channels. Internally, business in the sector will have opportunities to advance their own ESG objectives through (i) more environmentally conscious resource management and attention to greenhouse gas emissions across the project life cycle; (ii) assessments of diversity and inclusion practices, projects' impact on community development, employee retention in a challenging labor market, and health and safety practices in the field; and (iii) an assessment of optimized procurement strategies, contracts and competitive bidding practices, and diversification and inclusion at the management and board levels.

From an external perspective, the engineering sector will benefit from new revenue opportunities driven by ESG tailwinds. Many of these will fall within the environmental pillar, where firms are already helping to curb emissions, retrofit buildings to increase efficiency, optimize water and other natural resources, and outfit renewable energy assets, among countless other initiatives. Other opportunities will emerge in the social and governance categories, such as risk management consulting, supply chain optimization, emergency response planning, community impact assessments, and other efforts.

ESG Investing Has Become a Principal Investment Criterion

Sustainable Investing in the United States

(\$ in billions)



ESG Considerations in Engineering

 Environmental	GHG Emissions	Water Consumption	Waste Management	Resource Management
	Mineral Extraction	Materials	Resource Efficiency	Recycling
 Social	Diversity and Social Inclusion	Health and Well-Being	Legacy Planning	
	Community Impact and Integration	Education and Skills	Emergency Response Planning	
 Governance	Strategies	Ethics	Constitution of Governing Body	Procurement
	Sales	Supply Chain Management	Stakeholder Engagement	Diversity and Equality

ESOP Dynamics as a Potential Catalyst for Deal Activity

Employee stock ownership plans (ESOPs) are a form of business ownership where employees obtain equity in the company over time. For many engineering firms, these can be useful tools for incentivizing and retaining key employees, while maintaining the business's independence as a stand-alone entity. The structure also offers meaningful tax benefits, as the company's ESOP contributions are generally tax deductible.

Within the engineering sector, ESOPs also provide a convenient way to facilitate ownership transitions. Many of these businesses were originally founded by individuals or small groups of founders. As the businesses scale, an ESOP provides a convenient way to bring management-level employees into the ownership group without an upfront cash contribution and keep them linked to the organization for the longterm.

Key to the ESOP structure is the liquidation of retiring shareholders at the appropriate time. When an employee retires, his or her shares must be repurchased by the ESOP at fair market value. Historically, these retirements have generally progressed without significant obstacles, although two real-time market trends have converged to create some longer-term uncertainty across the sector.

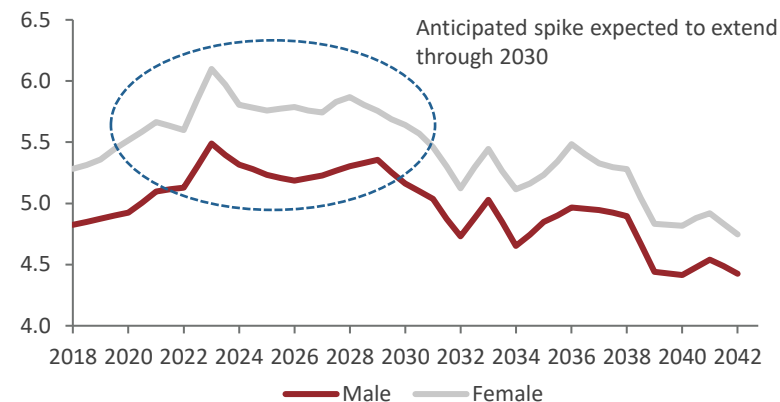
First, valuations for engineering businesses have risen materially in recent years. Public company performance and favorable tailwinds are providing strong support for loftier valuations, and purchase prices have increased as a result. Second, more employees are approaching retirement age across industries, and certainly within the engineering sector. Many businesses are therefore facing the combined challenge of (i) more retirees seeking liquidity and (ii) higher fair market valuations and bigger cash requirements to facilitate payouts. Many of these transactions are funded by third-party debt, which may create financial and operational barriers for the operating company.

One trend to monitor in the market will be the long-term strategic planning of ESOP businesses. Based on the outsized valuation trends and the increased attention from private equity investors in the sector, an outright sale of the business may present a compelling opportunity to achieve liquidity and avoid elevated cash requirements as retirees cycle out.

Rising Number of Americans Approaching Retirement Age¹

Number of Americans Reaching Age 65 Each Day

(Thousands)



Engineering Firms Account for a Large Percentage of Total ESOPs²

Allocation of ESOP Companies, by Industry

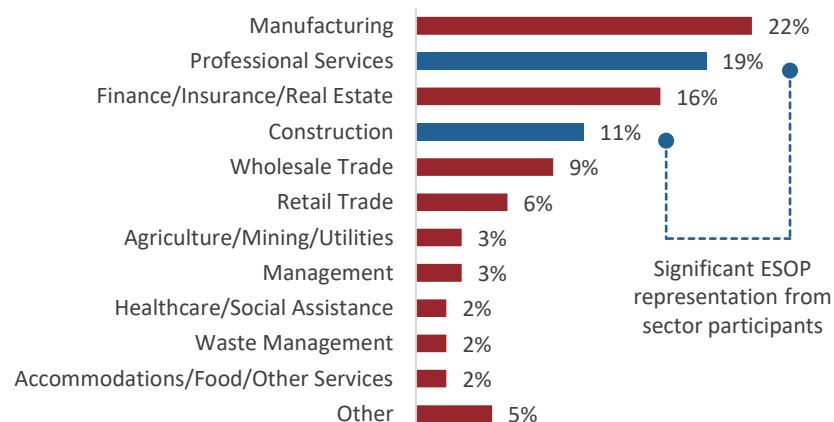


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The Infrastructure Investment and Jobs Act

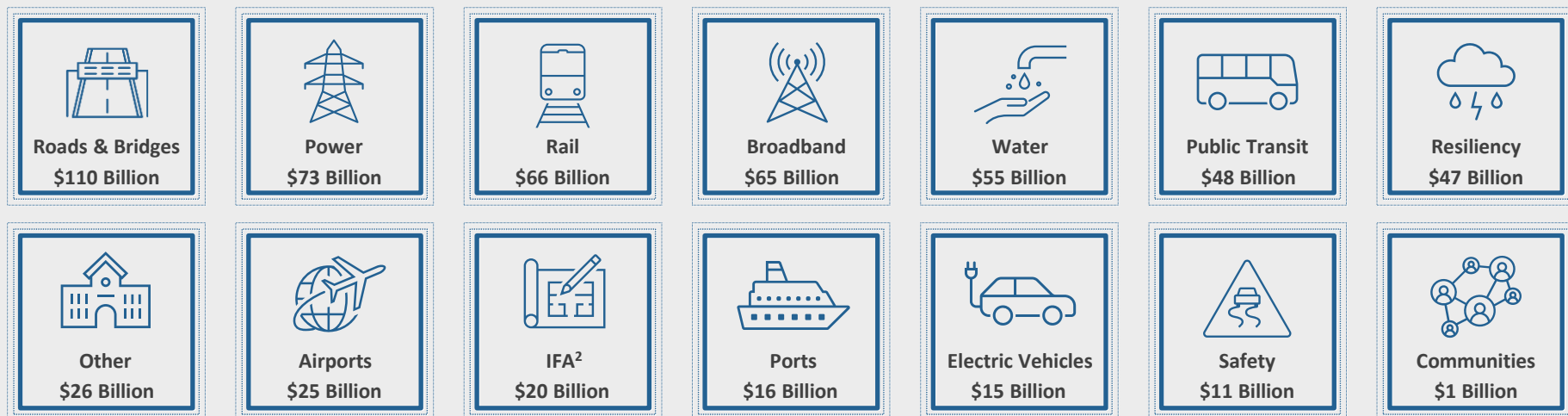
A Potential Step Change for Many Participants

The federal infrastructure package – the IJA – presents significant upside to infrastructure development in the U.S. The infrastructure package will be the largest federal investment into infrastructure projects in more than a decade, reaching nearly every aspect of the American economy. As a percentage of GDP, annual U.S. infrastructure funding is expected to increase from a baseline projection of 0.8% to roughly 1.3% per year through 2026. For comparison, New Deal infrastructure output averaged 1.36% of GDP between 1933 and 1939.

In total, the IJA adds around 30% to annual infrastructure spending over the next five years, totaling ~\$579 billion. The package provides \$110 billion for roads, bridges, and other projects; \$65 billion to expand high-speed internet access; \$25 billion for airports; and the most funding for Amtrak since the passenger rail service was founded in 1971¹. The plan also promises to deliver clean water to millions of families by making the largest investment in clean drinking water and wastewater infrastructure in American history. Finally, with attention to climate change, the bill makes the largest investment in the clean energy transmission and EV infrastructure in history. Significant funding will go toward electrifying thousands of school and transit buses across the country as well as creating a new infrastructure financing authority to help build a clean, reliable, and efficient 21st-century infrastructure system.










Engineering services providers will design, retrofit, and help maintain many different projects that will be created with this new investment. For operators in the sector, the impact will be widespread, as the infrastructure package invests in nearly every end market affecting the industry. While larger firms will certainly be well positioned to benefit, smaller, more specialized providers should also see considerable growth momentum given the depth and breadth of the spending plan.

IJA Spending Allocation by Market



The Infrastructure Investment and Jobs Act

Net Infrastructure Bill New Spending – Transportation

Infrastructure Segment		Funding Amount	Funding Goals ¹
	Roads and Bridges	\$110 Billion	<ul style="list-style-type: none"> › Modernize 20,000 miles of highways, roads, and streets › Bridge repair, replacement, and rehabilitation
	Passenger & Freight Rail	\$66 Billion	<ul style="list-style-type: none"> › Eliminate Amtrak maintenance backlog › Modernize Northeast Corridor and extend to new regions
	Public Transit	\$48 Billion	<ul style="list-style-type: none"> › Replace transit vehicles with clean, zero-emission vehicles › Improve accessibility
	Airports	\$25 Billion	<ul style="list-style-type: none"> › Address maintenance backlogs and reduce emissions › Upgrade FAA for safe and efficient air travel
	Infrastructure Financing Authority	\$20 Billion	<ul style="list-style-type: none"> › Creation of an Infrastructure Financing Authority › Facilitates efficient investments and financing of infrastructure projects
	Ports & Waterways	\$16 Billion	<ul style="list-style-type: none"> › Reimagine inland waterways, coastal ports, and land ports › Address maintenance backlogs and reduce emissions
	Electric Vehicles	\$15 Billion	<ul style="list-style-type: none"> › Buildout of electric vehicle infrastructure › Charging stations throughout America's road network
	Safety	\$11 Billion	<ul style="list-style-type: none"> › Highway, truck, cyclist, and pedestrian safety › Pipeline and hazardous materials safety
	Reconnecting Communities	\$1 Billion	<ul style="list-style-type: none"> › Expand transit and rail into new communities › Target critical resources that aid underserved communities

The Infrastructure Investment and Jobs Act

Net Infrastructure Bill New Spending – Other






Infrastructure Segment	Funding Amount	Funding Goals ¹
 Power	\$73 Billion	<ul style="list-style-type: none"> › Modernized power grid to meet capacity requirements for renewable energy › Installation of thousands of miles of new, resilient transmission lines
 Broadband	\$65 Billion	<ul style="list-style-type: none"> › Provide access to affordable, reliable, and high-speed broadband › Pass the Digital Equity Act, providing more households access to internet
 Water	\$55 Billion	<ul style="list-style-type: none"> › Removal of lead-contaminated pipes and the dangerous chemical PFAS › Improve access to clean drinking water
 Resiliency	\$47 Billion	<ul style="list-style-type: none"> › Upgrade maintenance tracking systems and increase resilience to extreme weather events › Protect against floods and droughts and invest in further weatherization
 Other	\$26 Billion	<ul style="list-style-type: none"> › Modernize schools and childcare facilities › Upgrade hospitals and federal buildings › Deliver thousands of electric school buses

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Fragmented Market Primed for Consolidation

The engineering services market remains highly fragmented, with market participants ranging from highly specialized, niche technical players on one end to diversified multinational providers offering a full suite of complementary services on the other.

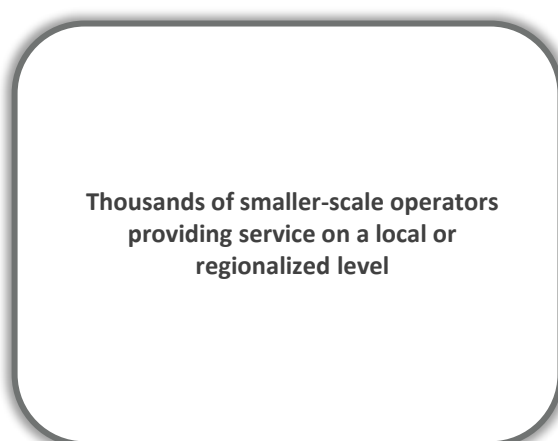
Diversified, Multinational Providers



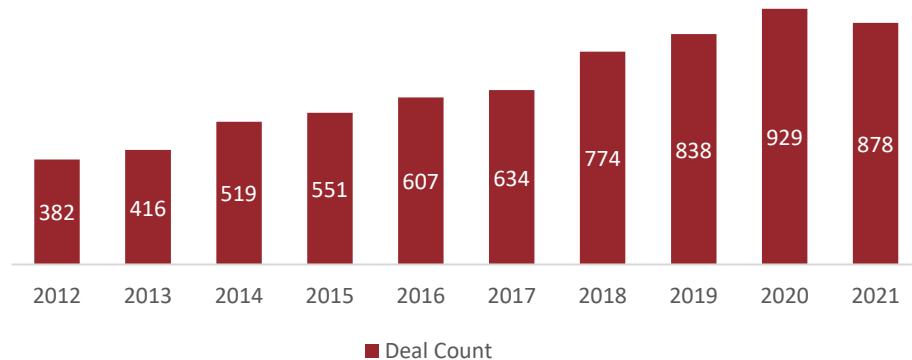
Large and Midsize Private Companies



Regional and Local Operators



Total Deal Count Continues to Rise as Consolidation Accelerates¹


















- Consolidation among scaled players has been a strategic cornerstone of growth plans, but private equity activity is also rising considerably in recent years
- Deal volume increased by ~10% year-over-year since 2012
- 2020 and 2021 were high-water mark years for engineering deal count, with momentum carrying over into 2022
- Market conditions and the rise of midsize independent and private-equity platforms will continue to fuel M&A activity

Overview of Selected Private Engineering Businesses

The engineering market includes a wide range of private-equity backed platforms and independent players that may provide services at local, regional, and nationwide levels.

Select Private Engineering Market Participants

Company	Ownership	Headquarters	Description
 ARDURRA <small>DESIGN • BUILD • OPERATE</small>	RTC Partners	Tampa, FL	Multidisciplinary civil infrastructure design engineering firm focused on water/wastewater and public works
 CHA	First Reserve	Albany, NY	Engineering consulting and construction management firm providing technology-enhanced planning and design services
 CONSOR	Keystone Capital	Houston, TX	Provides planning and design, structural assessment, and construction services for the transportation and water sectors
 Dewberry	Privately Held	Fairfax, VA	Nationwide professional services firm providing planning, design, and construction services
 ENEngineering	Kohlberg & Company	Warrenville, IL	Provides comprehensive design, engineering, and consulting services to utilities in the U.S.
 ENERCON <small>Engineering • Every project. Every day.</small>	AE Industrial Partners	Kennesaw, GA	Engineering and environmental services firm that supports the safe and efficient production, delivery, and use of energy
 JENSEN HUGHES	Gryphon Investors	Baltimore, MD	Provider of safety, security, and risk-based engineering and consulting services
 KLEINFELDER <small>High-Performance Project Solutions</small>	Wind Point Partners	San Diego, CA	Multidisciplinary engineering firm that provides mission-critical design, testing, and program management services
LANGAN	Privately Held	Parsippany, NJ	Engineering and environmental consulting for land development, corporate real estate, and the energy industry
 Michael Baker INTERNATIONAL	DC Capital	Pittsburgh, PA	Provider of engineering and consulting services for complex infrastructure
 POWER ENGINEERS	Privately Held	Hailey, ID	Delivers integrated solutions for energy, food and beverage, facilities, communications, environmental, and federal markets
 STV	The Pritzker Organization	Douglassville, PA	Complete range of planning, engineering, architectural, environmental, and construction management services
 TranSystems	Sentinel Capital Partners	Kansas City, MO	Engineering, architectural, and design consulting solutions for U.S. transportation end markets
 TOWER ENGINEERING PROFESSIONALS	Prairie Capital	Raleigh, NC	Multidiscipline engineering firm focused on servicing existing telecommunication towers and infrastructure
 TRC	Warburg Pincus	Lowell, MA	Engineering and consulting firm providing services across the environmental, power, infrastructure, and energy end markets
 UNIVERSAL ENGINEERING SCIENCES	BDT Capital Partners	Orlando, FL	Specializes in geotechnical engineering, materials testing, building code compliance, threshold inspections, and environmental consulting

Private Equity Activity Growing Rapidly – Along with Valuations

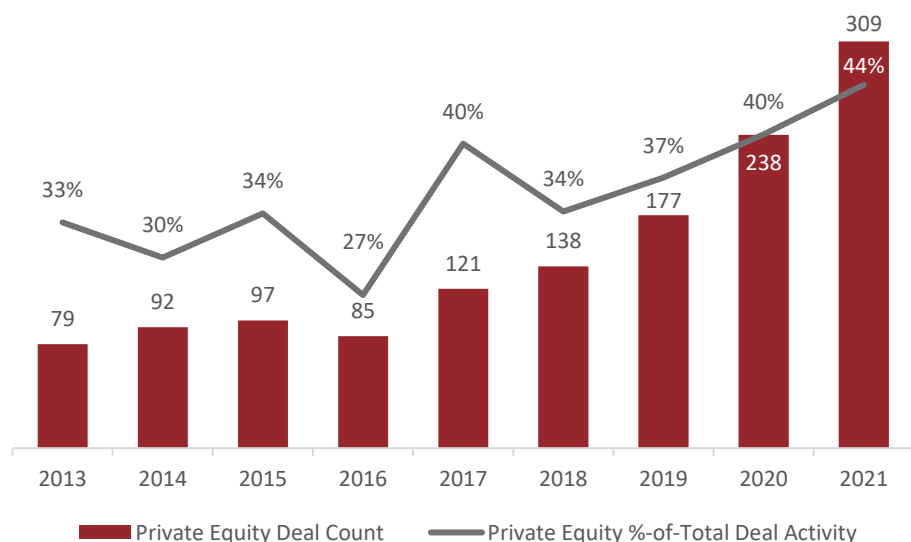
Since 2016, private equity activity in the engineering sector has grown considerably. The reasons for this are multifaceted:

- Powerful tailwinds and megatrends reshaping the industry provide a strong foundation for investor theses and a long-term trajectory for growth
- The fragmented state of the market allows investors to execute “buy-and-build” strategies and grow their businesses' geographic and service capabilities through carefully executed M&A efforts
- Successful investments have provided investors with a template for how to successfully manage investments in the sector

With significant investment capital available, deal count by private equity has grown considerably, with a record number of transactions in each of the past five years. This trend is expected to continue, if not accelerate, given current market dynamics. Not surprisingly, valuation trends have risen in parallel to private equity activity, particularly within the engineering sector. With more competition for deals, sellers are in the enviable position of having a broader range of exit options, and the ability to continue to grow their businesses as part of a broader platform can be an attractive proposition.

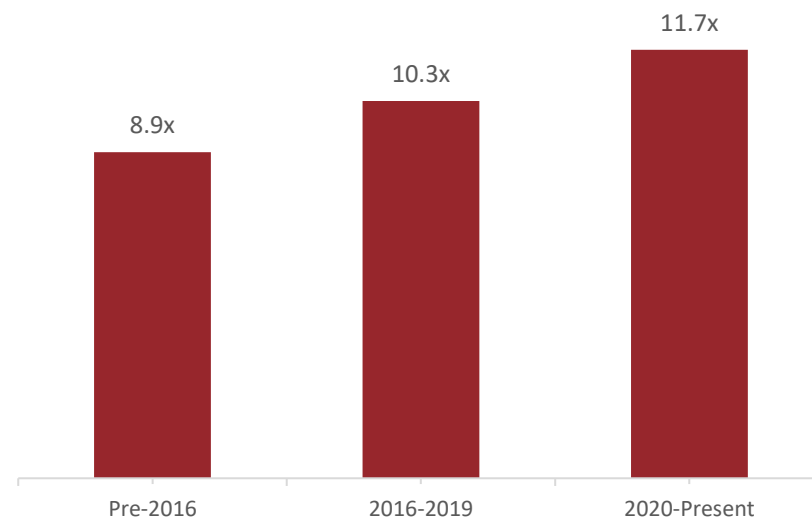
Steady Uptick in Private Equity Deal Activity Since 2016¹

Total Private Equity Deal Count and Percentage of Total Deals



Valuations Continue to Rise Materially

Median EV / EBITDA Multiple



Harris Williams Overview | Sector Expertise through Industry Focus

Engineering Services Sector Focus Areas

- Engineering and Design
- Construction/Program Management
- Infrastructure Services
- General/Specialty Contracting
- Specialty Consulting
- Building Services
- Forensic Engineering
- Electrical Engineering and Services

Long-Standing Track Record Across the Engineering Services Sector



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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 commitment to learning what makes them unique. For more information, visit our website at www.harriswilliams.com/industries.

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& Infrastructure**

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**Transportation
& Logistics**

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& Materials**

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Consistent Recognition for Quality



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