



HOULIHAN LOKEY

ENGINEERING, INDUSTRIAL, AND INFRASTRUCTURE SERVICES

INDUSTRY UPDATE | Q2 2021



Houlihan Lokey EI&I Services Update

Dear Clients and Friends,

Houlihan Lokey is pleased to present its Engineering, Industrial, and Infrastructure (EI&I) Services Industry Update for Q2 2021.

We have included important news stories, transaction announcements, a public markets overview, and other industry insights to help you stay ahead in our dynamic and constantly evolving industry.

We are available to discuss our perspectives on the state of the market and opportunities for your business. Please feel free to reach out to us at our contact information listed below. We look forward to staying in touch.

Regards,



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Select Additional Team Members



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Director



Casey Schwartz
Director



Shane Murrish
Senior Vice President



Alex Heikali
Vice President



Jordan Mendel
Vice President



Elena Stratigakes
Vice President

Houlihan Lokey EI&I Team Member Spotlight



Sidong Wang
Financial Analyst, Los Angeles



Bachelor of Science, Applied Mathematics and Statistics

Ms. Wang is a member of Houlihan Lokey's Industrial Services Group. Her responsibilities include sellside and buy-side M&A advisory, financings, valuation, and strategic advisory engagements.

Prior to joining Houlihan Lokey, Ms. Wang was a Summer Financial Analyst in the firm's Los Angeles office.

Ms. Wang grew up in Northern China and moved to the San Francisco Bay Area in high school. When not working, she enjoys spending her time reading, doing yoga, meditating, and exploring cuisines around the world.



Houlihan Lokey is the trusted advisor to more top decision-makers than any other independent global investment bank.

2020 M&A Advisory Rankings All U.S. Transactions

Advisor	Deals
1 Houlihan Lokey	210
2 Goldman Sachs & Co	172
3 JP Morgan	132
4 Evercore Partners	126
5 Morgan Stanley	123

Source: Refinitiv (formerly known as Thomson Reuters)

2020 Global Distressed Debt & Bankruptcy Restructuring Rankings

Advisor	Deals
1 Houlihan Lokey	106
2 PJT Partners Inc	63
3 Lazard	50
4 Rothschild & Co	46
5 Moelis & Co	39

Source: Refinitiv (formerly known as Thomson Reuters)

2001 to 2020 Global M&A Fairness Advisory Rankings

Advisor	Deals
1 Houlihan Lokey	956
2 JP Morgan	876
3 Duff & Phelps	802
4 Morgan Stanley	599
5 BofA Securities Inc	542

Refinitiv (formerly known as Thomson Reuters). Announced or completed transactions.

No. 1 U.S. M&A Advisor

Top 5 Global M&A Advisor

Leading Capital Markets Advisor

No. 1 Global Investment Banking Restructuring Advisor

1,400+ Transactions Completed
Valued at More Than
\$3.0 Trillion Collectively

No. 1 Global M&A Fairness Opinion Advisor Over the Past 20 Years

1,000+ Annual Valuation Engagements

Houlihan Lokey Financial Results

Fiscal Year 2021 Results

- Record Fiscal Year 2021 Revenues of \$1.53 Billion
- Fiscal Year 2021 Diluted EPS of \$4.55
- Adjusted Fiscal Year 2021 Diluted EPS of \$4.62

Fourth Quarter 2021 Results

- Fourth Quarter Fiscal 2021 Revenues of \$501 Million
- Fourth Quarter Fiscal 2021 Diluted EPS of \$1.44
- Adjusted Fourth Quarter Fiscal 2021 Diluted EPS of \$1.51
- Announces a 30% Increase in the Quarterly Dividend to \$0.43 per Share

"Fiscal 2021 was a roller coaster year, with the first half led by restructuring and then followed by a very robust market for our M&A and valuation businesses. Houlihan Lokey's employees, once again, rose to the challenge and achieved record revenues for the ninth consecutive fiscal year. Our business performed exceptionally well, and all three product lines did as they were designed to do. We remain committed to building upon a business model that will continue to provide growth and stability to our stakeholders."

—Scott Beiser, Chief Executive Officer of Houlihan Lokey

Recent Houlihan Lokey Transactions

ANSER
ADVISORY

a portfolio company of

RTC
REIT

has been recapitalized by

STERLING
CORPORATION

Sellside Advisor

FNF
CONSTRUCTION, INC.

a portfolio company of

J.H. WHITNEY & CO.
CORPORATION

has been acquired by

MasTec

Sellside Advisor

Sentinel
CAPITAL PARTNERS

has recapitalized

TranSystems

EXPERIENCE | Transportation

Buyside Advisor

W
WOOLPERT

a portfolio company of

LONG POINT CAPITAL

has been acquired by

MSD

Sellside Advisor

Recently Concluded and Upcoming Conferences

Over the past 12 months, Houlihan Lokey has continued to host conferences that have brought together (virtually) thousands of attendees to hear from our CEO presenters. Highlights include:

Conference Attendees

- Senior executives from leading companies
- Private equity and hedge fund investors with relevant industry experience and knowledge
- Mezzanine and senior debt providers

2020 Virtual Business Services Conference Overview

1,000+
Industry Leaders/
Capital Providers

39
Presenting
Companies

Targeted
One-on-One Meetings
Conducted

Featured Speaker
Frank Luntz
New York Times
Best-Selling Author

El&I Presenters:



2021 Virtual Technology, Media, and Telecom Conference Overview

1,000+
Industry Leaders/
Capital Providers

50
Presenting
Companies

Targeted
One-on-One Meetings
Conducted

Keynote Speaker
Erika Nardini
CEO, Barstool Sports

El&I Presenters:



2021 Virtual Business Services Spring Summit Overview

1,000+
Industry Leaders/
Capital Providers

30
Presenting
Companies

Targeted
One-on-One Meetings
Conducted

El&I Presenters:



Upcoming Conferences/Webinars

**Global Industrials
Conference**
June 23, 2021

**Secrets to M&A Success in 2021
Webinar**
Summer 2021

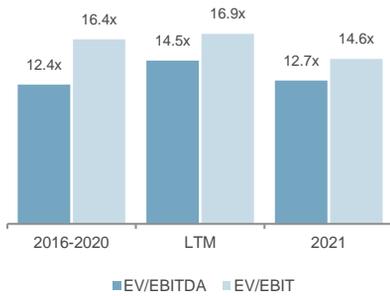
**Business Services
Conference**
Fall 2021

EI&I Public Companies Operations, Markets, and Valuation Overview

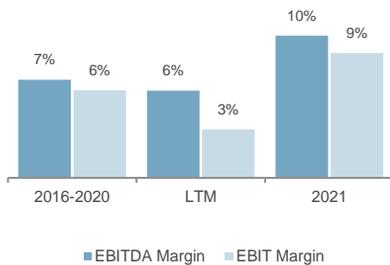
Engineering Services



Mean LTM EV/EBITDA: 14.5x
Mean LTM EV/EBIT: 16.9x



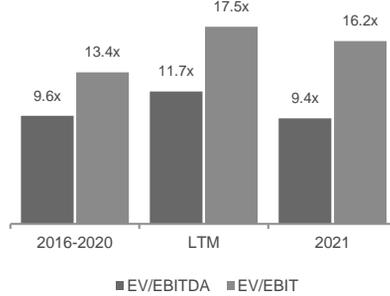
Margins



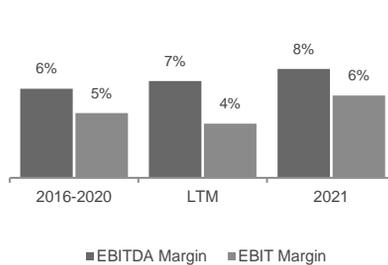
Industrial Services



Mean LTM EV/EBITDA: 11.7x
Mean LTM EV/EBIT: 17.5x



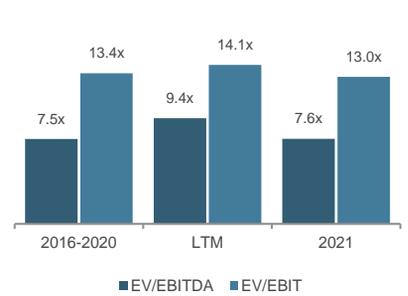
Margins



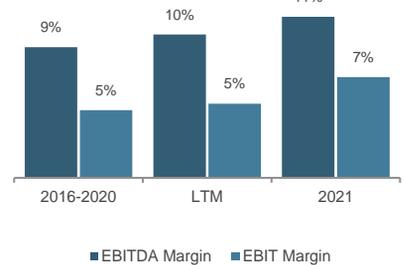
Infrastructure Services



Mean LTM EV/EBITDA: 9.4x
Mean LTM EV/EBIT: 14.1x

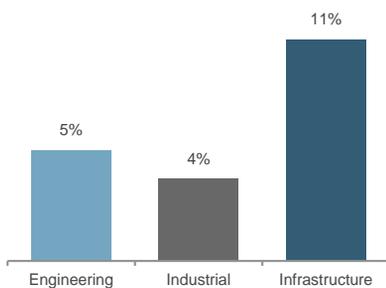


Margins

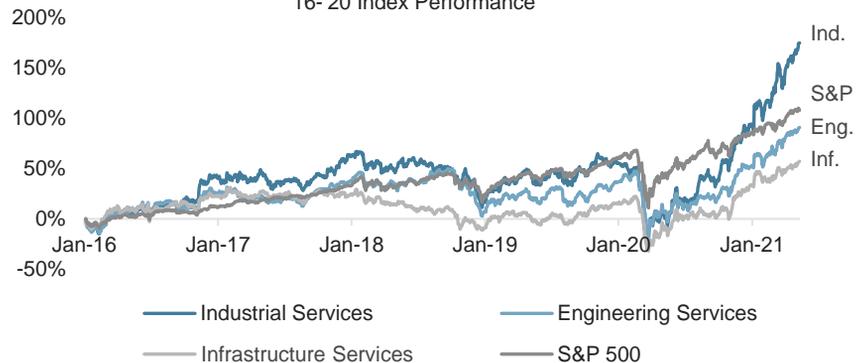


Financial Performance

'16-'20 Revenue CAGR



'16-'20 Index Performance



Note: Multiples from 2016 to 2020 calculated as of year-end (December 31) of each respective year.
Source: S&P Capital IQ.

Significant Infrastructure-Related News Stories

All eyes are on Washington, D.C., as President Biden proposes a \$2 trillion infrastructure plan.

McConnell Ups Acceptable Price Tag for Infrastructure Package

(CBS News, May 10, 2021)

“Senate Minority Leader Mitch McConnell on Sunday suggested the cost of an infrastructure package he is willing to accept is between \$600 and \$800 billion, a price range that is higher than a counterproposal to President Biden's sweeping plan put forth by fellow Senate Republicans.”

Biden Wants Trillions for Infrastructure, But a Big Hurdle Will Remain: Spending the Cash

(NBC News, May 8, 2021)

“The federal government has struggled in recent history to quickly translate cash from Congress into actual shovels in the ground. And for Democrats, deriving a political benefit would require that voters see and feel the impact before the 2022 midterm elections. President Joe Biden will have to figure out how to spend the money on time, on budget, and with the intended impact.”

Biden, Republicans Set Talks Over Competing Infrastructure Plans

(The Wall Street Journal, May 2, 2021)

“Democrats have an expansive view of infrastructure, including such things as home-care services, that Republicans deride as not ‘real’ infrastructure, such as roads and bridges. Meanwhile, Democrats want to add spending on top of existing appropriations, while Republicans include existing spending in their numbers, which make their budget proposals look bigger.”

Bipartisan Talks on Infrastructure Heat Up as Biden Prepares for Big Push

(CNN, April 27, 2021)

“Two senators—a Republican and a Democrat—warned the talks are in their infancy but could provide a framework if they were actually successful to charting a path forward that could win bipartisan support on areas like transportation infrastructure, broadband, and water infrastructure.”

Strong U.S. Infrastructure Bill Needed to Move Climate Goals Forward: Experts

(S&P Global, April 26, 2021)

“The most significant thing to come out of the climate summit held by the White House on April 22 and 23 was the optimistic framing about how climate change mitigation solutions can lead to job creation, domestic economic growth, and better environmental quality, Jonathan Pershing, senior advisor to the special presidential envoy for climate at the U.S. Department of State, said during a webinar hosted by the Society of Environmental Journalists.”

Pivotal U.S. Senate Democrat Wants ‘More Targeted’ Infrastructure Bill

(Reuters, April 25, 2021)

“Biden's sweeping proposals in his infrastructure proposal also include \$400 billion for in-home and community-based care for the elderly and disabled as well as \$100 billion for school and child care facilities—two areas left out of a \$568 billion Republican counteroffer introduced last week.”

Republicans Unveil \$568 Bln Infrastructure Package to Counter Biden

(Reuters, April 22, 2021)

“The proposal, which falls below even the range of \$600 billion to \$800 billion that Republicans floated earlier in the week, focuses narrowly on traditional infrastructure projects and broadband access.”

Recent M&A Transactions

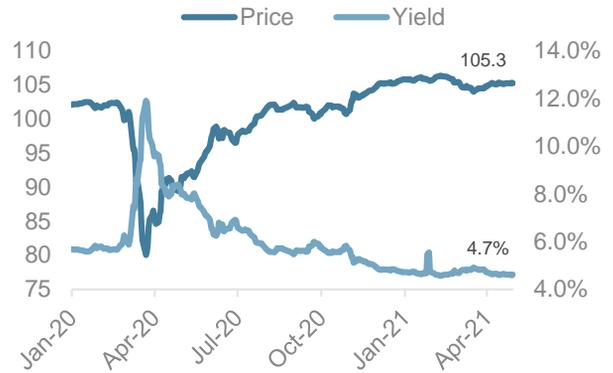
Announced Date	Acquirer	Target	Target Description	Transaction Value (\$M)
May '21	Ardurra Group	Infrastructure Engineering Corporation	Multidisciplinary engineering and construction management firm specializing in the water, wastewater, and public works markets	NA
May '21	MasTec	INTREN	Utility specialty contractor primarily providing electrical distribution network services under various multi-year master service agreements to the nation's largest utilities, municipalities, and cooperatives	\$420
Apr. '21	Sentinel Capital	TranSystems	Plans, inspects, designs, and provides related services to some of the most complex transportation infrastructure projects in the U.S.	NA
Mar. '21	MSD Partners	Woolpert	Provider of geospatial, architectural, engineering, and strategic consulting services to a wide variety of public, private, and government clients	NA
Mar. '21	Sterling Investment Partners	Anser Advisory	Firm specializing in capital program advisory and consulting services, which include strategy, funding, process development, and organization preparedness as well as project, program and agency construction management, and controls	NA
Feb. '21	MasTec	FNF Construction	Vertically integrated provider of heavy civil construction services in the Southwestern region of the United States	NA
Feb. '21	New Mountain Capital	Aegion Corporation	Provides pipeline services, including the protection, rehabilitation, engineering, and design of infrastructure projects for a wide range of industries	\$1,100
Jan. '21	WSP	kW Mission Critical Engineering	Engineering and consulting services for data centers and buildings with a continuous uptime requirement	NA
Jan. '21	WSP	TK1SC	Provides mechanical, electrical, plumbing, structural, technology, low voltage, and security systems for office campuses, hospitals, schools, and civic buildings	NA
Dec. '20	WSP	Golder Associates	Engineering and consulting firm in the geosciences sector with a niche focus on earth and environmental conditions	\$1,500
Dec. '20	Stantec	AGEL	Multidiscipline engineering firm specializing in environmental services, spatial development, infrastructure, and GIS services	NA
Nov. '20	Ardurra Group	Pigeon-Roberts & Associates	Engineering consulting firm that serves local and regional agencies with services focused on the water and wastewater markets	NA
Nov. '20	TRC	1Source Safety and Health	Provides management consulting services in areas such as indoor air quality, asbestos management, industrial hygiene, and safety management systems	NA
Oct. '20	Woolpert	Jviation	A planning, engineering, architecture, survey, and construction administration firm that focuses on aviation-related projects	NA
Oct. '20	Kleinfelder	Gas Transmission Systems	Provides pipeline engineering, consulting, and program management services to gas utilities and pipeline operators with a focus on infrastructure integrity management and rehabilitation	NA
Sept. '20	Anser Advisory	Ascent	Provides service delivery, including capital program advisory and consulting services, program/project controls, and project management across the U.S.	NA
Sept. '20	Ardurra Group	Constantine Engineering	Multidiscipline engineering firm specializing in the water, wastewater, and public works markets	NA
Aug. '20	Kleinfelder	Garcia and Associates	Provides environmental planning and permitting services related to the operation and maintenance of critical infrastructure throughout the Western United States	NA
Aug. '20	Court Square Capital	RailPros	Provides outsourced services for rail operators, state DOTs, and contractors working adjacent to rail infrastructure	NA
May '20	Anser Advisory	H.R. Gray	Provides responsive, cost-effective construction management and construction dispute resolution services for public agencies	NA
July '20	NV5 Global	Mediatech Design Group	Provides award-winning independent consulting services and specializes in technology design for the built environment	NA
June '20	Kohlberg & Company	GPRS	Provides subsurface detection services to the construction industry, including detection of underground utilities and the scanning of concrete structures	NA
Jan. '20	CHA Consulting	CME Associates	Transportation engineering firm with a focus on complex highway and bridge projects; national expertise in accelerated bridge construction	NA
Oct. '19	Tower Engineering Professionals	P-Sec	Provides engineering and inspection services for telecommunications and broadcast clients across Canada and the U.S.	NA

Debt Capital Markets in 2021

U.S. Leveraged Loans: Average S&P/LSTA Leveraged Loan Index Bid and Yield⁽¹⁾



U.S. High Yield: Average S&P Corporate Bond Index Average Bid and Yield⁽¹⁾



- The leveraged loan market exhibited record performance in the first quarter of 2021, driven by positive COVID-19 vaccination rollout, economic stimulus, and strong market technical.

Sources: S&P LCD, LFI Weekly, Lipper Weekly.

- Strong market technicals drove the highest monthly issuance on record with \$60 billion of volume in March.

Sources: S&P LCD, LFI Weekly, Lipper Weekly.

Select Recent Capital Markets Transactions

Acquisition Financing and Dividend Recap: LINC Systems, Inc. (LINC) is a leading value-added distributor of fasteners, packaging equipment, and related tools as well as maintenance, repair, and operations (MRO) supplies. Houlihan Lokey was retained by LINC to serve as exclusive placement agent in connection with raising a new, more flexible credit facility to support an acquisition and a meaningful shareholder distribution.

Acquisition Financing: Komline develops, designs, and manufactures equipment to treat industrial and municipal wastewater. Barnes is a leading manufacturer and supplier of branded, highly engineered fluid filtration systems for industrial applications. Sunny River Management and Satori Capital acquired Komline and Barnes to create a platform in the manufacturing of equipment for wastewater and industrial applications. Houlihan Lokey served as exclusive placement agent to Sunny River and Satori, assisting in arranging, structuring, and negotiating the financing.

Select Team Members



Chris Hebble
Managing Director
Capital Markets



Chris Sweet
Managing Director
Capital Markets

(1) Daily data, as of May 9, 2021.
Sources: S&P LCD, LFI Weekly, Lipper Weekly.

About Houlihan Lokey

Houlihan Lokey (NYSE:HLI) is a global investment bank with expertise in [mergers and acquisitions](#), [capital markets](#), [financial restructuring](#), and [valuation](#). The firm serves corporations, institutions, and governments worldwide with offices in the United States, Europe, the Middle East, and the Asia-Pacific region. Independent advice and intellectual rigor are hallmarks of the firm's commitment to client success across its advisory services. Houlihan Lokey is the No. 1 M&A advisor for the past six consecutive years in the U.S., the No. 1 global restructuring advisor for the past seven consecutive years, and the No. 1 global M&A fairness opinion advisor over the past 20 years, all based on number of transactions and according to data provided by Refinitiv.

Locations



Industry Expertise

Product Expertise

- Mergers and Acquisitions
- Capital Markets
- Financial Restructuring
- Financial and Valuation Advisory

Dedicated Industry Groups

- Business Services
- Consumer, Food, and Retail
- Data and Analytics
- Energy
- Financial Institutions
- Healthcare
- Industrials
- Real Estate, Lodging, and Leisure
- Technology, Media, and Telecom

Financial Sponsors

- Active Dialogue
With a Diverse Group of
1,000+ Sponsors
- Private Equity Firms
- Hedge Funds
- Capital Alliances

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