



HOULIHAN LOKEY

ENGINEERING, INDUSTRIAL, AND INFRASTRUCTURE SERVICES

INDUSTRY UPDATE | Q3 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 Q3 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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Casey Schwartz
Director



Shane Murrish
Senior Vice President



Jordan Mendel
Senior Vice President



Alex Heikali
Vice President



Elena Stratigakes
Vice President



Michael Tringali
Vice President

Houlihan Lokey EI&I Team Member Spotlight



Erica Sun
Financial Analyst, Los Angeles



B.S. Business Administration

Ms. Sun is a member of Houlihan Lokey's Business Services Group. She performs sellside and buy-side M&A advisory, debt and equity financings, valuations, and strategic alternatives engagements.

Prior to joining Houlihan Lokey, Ms. Sun was an Analyst in the healthcare group at Duff & Phelps where she worked on a range of healthcare sellside transactions. Before Duff & Phelps, Ms. Sun served as an Analyst at Piper Sandler in the medical technology group.

Ms. Sun is an avid exotic foods explorer. Her most memorable experience was trying puffer fish, a poisonous delicacy in Japan. When not working, Erica enjoys spending her time running, exploring new restaurants, and shooting photography.



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 EI&I Transactions

a portfolio company of

has been recapitalized by

Sellside Advisor

a portfolio company of

has been acquired by

Sellside Advisor

has recapitalized

EXPERIENCE | Transportation

Buyside Advisor

a portfolio company of

has been acquired by

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



Presentations:
Wednesday, October 20, 2021

One-On-One Meetings:
Thursday, October 21, 2021

BUSINESS SERVICES
CONFERENCE

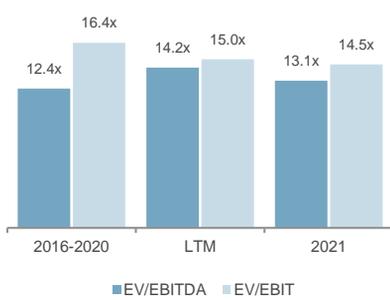
[Click Here To Register](#)

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

Engineering Services



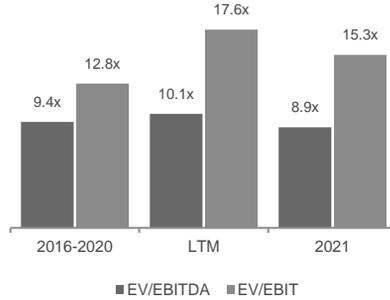
Mean LTM EV/EBITDA: 14.2x
Mean LTM EV/EBIT: 15.0x



Industrial Services



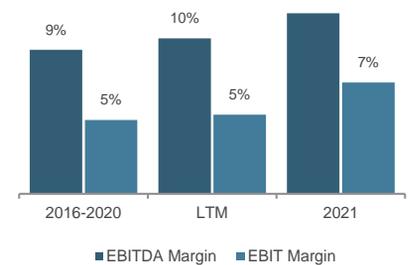
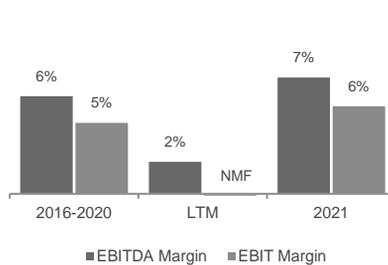
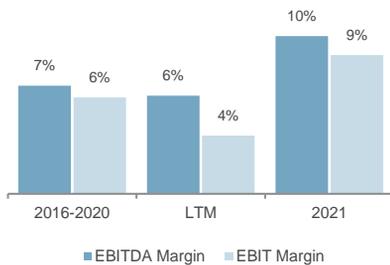
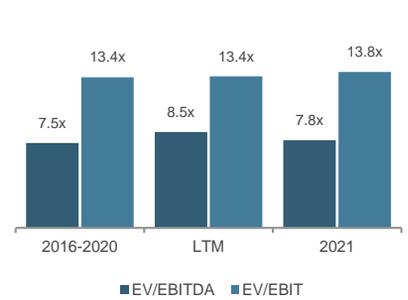
Mean LTM EV/EBITDA: 10.1x
Mean LTM EV/EBIT: 17.6x



Infrastructure Services

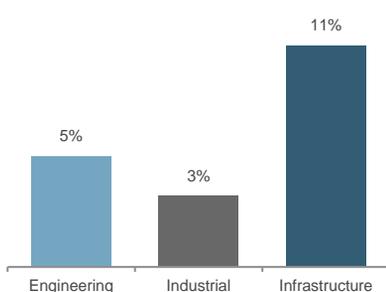


Mean LTM EV/EBITDA: 8.5x
Mean LTM EV/EBIT: 13.4x

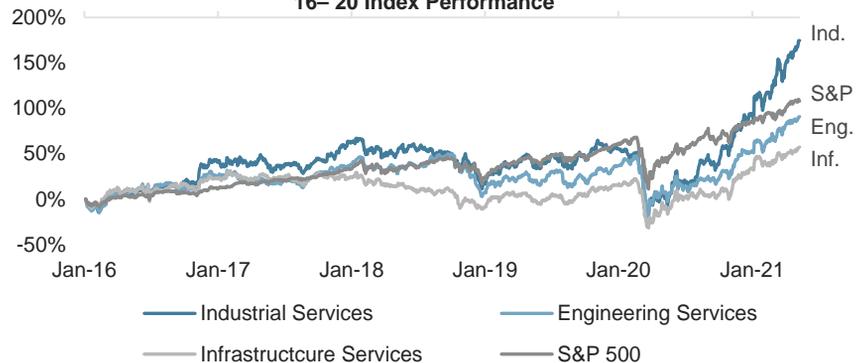


Financial Performance

'16-'20 Revenue CAGR



'16-'20 Index Performance



Note: All LTM data is calculated as of August 2, 2021.
Source: S&P Capital IQ.

Significant Infrastructure-Related News Stories

Progress on the potential >\$1 trillion infrastructure bill generates excitement across the industry.

House Passes \$3.5 Trillion Budget Plan, Aims to Vote on Infrastructure Package by Late September

(Washington Post, August 24, 2021)

“The country has waited far too long for legislation that will actually fix our crumbling roads, bridges, tunnels, rail, and water and invest in broadband and fighting climate change,” the nine centrist lawmakers said in a joint statement Tuesday. “This deal ensures the House will pass the bipartisan package by September 27.”

Senate Passes \$1 Trillion Infrastructure Bill, Handing Biden a Bipartisan Win

(The New York Times, August 10, 2021)

“The approval came after months of negotiations and despite deficit concerns, reflecting an appetite in both parties for the long-awaited spending package.”

Cable, Internet Companies Stand to Gain From Broadband Funding in Infrastructure Bill

(The Wall Street Journal, August 3, 2021)

“The \$1 trillion infrastructure bill moving through the Senate this week stands to be a windfall for cable and fiber-optic internet companies, with \$65 billion allocated to improve internet access for poor and isolated communities.”

In the Infrastructure Bill, a Recognition: Climate Change Is a Crisis

(The New York Times, August 3, 2021)

“The bipartisan infrastructure deal struck this week provides new money for climate resilience unmatched in United States history: tens of billions of dollars to protect against floods, reduce damage from wildfires, develop new sources of drinking water in areas plagued by drought, and even relocate entire communities away from vulnerable places.”

The Infrastructure Plan: What’s In and What’s Out

(The New York Times, July 28, 2021)

“The infrastructure bill that started moving forward again Wednesday is undeniably large: It calls for new federal spending of about \$550 billion, an amount roughly equivalent to the cost of the Interstate Highway System, after adjusting for inflation.”

U.S. Infrastructure Crumbling as Congress Debates Funding

(CBS News, July 27, 2021)

“At least 42% of the nation’s bridges are 50 years or older, according to the American Society of Civil Engineers. At least 220,000 need repair work—including the Brooklyn Bridge and Washington, D.C.’s, Roosevelt Bridge—and nearly 80,000 need to be replaced, the American Road & Transportation Builders Association said.”

How Biden’s Executive Order Could Reshape Rail and Ocean Shipping

(The Wall Street Journal, July 14, 2021)

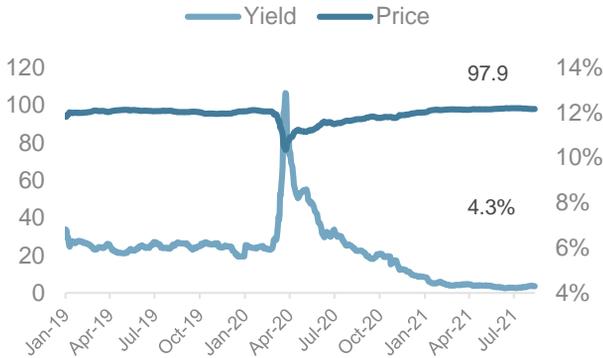
“President Biden’s sweeping executive order signed last week laid out the administration’s priorities for promoting competitive markets and limiting corporate dominance. Among the dozens of provisions included in the order are directives aimed at railroads and ocean shipping.”

Recent M&A Transactions

Announced Date	Acquirer	Target	Target Description	Transaction Value (\$M)
Sept. '21	Quanta Services	Blattner	Provides complete engineering, procurement, project management, and construction services for wind, solar, and energy storage solutions	\$2,700
Aug. '21	SAM	Johnson Surveying and Mapping	Full-service professional land surveying firm serving the Southeastern U.S.	NA
Aug. '21	KBR	Frazer-Nash Consultancy	Delivers high-end systems engineering, systems assurance, and technology and provides expertise in areas such as systems engineering, data science, cyber, and clean energy	\$404
Aug. '21	Congruex	A&M Communications	Provides carrier adds, tower modifications, civil construction, DAS in-building solutions, and site acquisition services to telecommunications industries	NA
Aug. '21	EMCOR	Quebe Holdings	Leading electrical services company providing preconstruction, construction, systems integration, and energy solutions	NA
Aug. '21	Stantec	Paleo Solutions	Provides paleontological resource impact evaluations, impact mitigation and monitoring plans, field surveys, construction monitoring, fossil salvage, fossil preparation, identification, and analysis	NA
Aug. '21	EN Engineering	Spectrum Engineering	Provides construction management services to electric power and telecommunications sectors	NA
July '21	Tetra Tech	Hoare Lea	Leading provider of engineering and consulting services, focused on water, the environment, sustainable infrastructure, renewable energy, and international development	NA
July '21	API Group	Chubb Fire & Security	Provides fire safety, security, and monitoring solutions	\$3,100
July '21	GPRS	New York Leak Detection	Provides subsurface assessment, mapping, and leakage testing services to municipalities, utility companies, and construction companies	NA
July '21	Cavco Industries	Commodore Corp.	Constructs modular and manufactured homes across North America	\$153
June '21	Congruex	Mabeck and Viking	End-to-end providers of wireless telecommunications solutions with key service offerings, including the installation and maintenance of cell tower equipment	NA
June '21	Comfort Systems USA	Amteck	Provides electrical contracting and maintenance solutions and services, including design and build, pre-fabrication, and installation for core electric and low-voltage systems	NA
June '21	Construction Partners	PLT Construction Company	Operates as a site construction company and offers designing, building, and engineering services	NA
June '21	QualTek USA	ROCR	Provides engineering, construction, and project management services to the telecommunication industry	\$858
May '21	Ardurra Group	Infrastructure Engineering Corp.	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	Egis S.A.	Galson Sciences Ltd.	Provides nuclear decommissioning and radioactive waste management services, geoscientific investigations and research, monitoring programs, critical safety studies, and disposability assessments	NA
Apr. '21	Sentinel Capital Partners	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	Peak Utility Services Group	Superior Pipeline Services	Provides post drilling pipeline services for oil and gas exploration companies and energy producers in Texas	NA
Mar. '21	Sterling Investment Partners	Anser Advisory	Firm specializing in capital program advisory and consulting services, which support 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 U.S.	NA
Feb. '21	New Mountain Capital	Aegion Corp.	Provides pipeline services, including the protection, rehabilitation, engineering, and design of infrastructure projects for a wide range of industries	\$1,100
Feb. '21	CHA Consulting	Reiss Engineering	Provides planning, design, construction management, and operational consulting services in water/wastewater to municipal infrastructure clients in Florida	NA
Jan. '21	WSP	KW Mission Critical Engineering	Engineering and consulting services for data centers and buildings with a continuous uptime requirement	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 a 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

RAYONIER
Advanced Materials

\$200,000,000 ABL Revolver
\$500,000,000 Senior Secured Notes

Refinancing

Exclusive Placement Agent & Joint Book-Running Manager

Exclusive Placement Agent: Rayonier Advanced Materials Inc. (NYSE:RYAM; RYAM) is a global leader of cellulose-based technologies, including high-quality purity cellulose specialties, a natural polymer commonly found in filters, food, pharmaceuticals, and other industrial applications. RYAM also manufactures products for lumber, paper, and packaging markets.

THE ENGINEERED STONE GROUP
an operating company of

CRANEMERE

successfully completed a €265m refinancing of its existing debt facilities and added significant acquisition financing capacity

Financing Advisor

Financing Advisor: The Engineered Stone Group Ltd. (ES Group) is a global leader in the production of engineered stone bathroom products. It provides the broadest offering of brands and high-quality products, combined with a commitment to outstanding customer service and the scale to meet customer needs and invest in continued product innovation. ES Group is composed of Marmite, Acquabella, F&D Group, and mcbath. The group serves customers in 40 countries, offering branded and private label shower trays, bathtubs, basins, and panels made from engineered stone.

Select Team Members



Chris Hebble
Managing Director
Capital Markets



Chris Sweet
Managing Director
Capital Markets

(1) Daily data, as of August 12, 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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