



M&A Trends and Deal Pricing

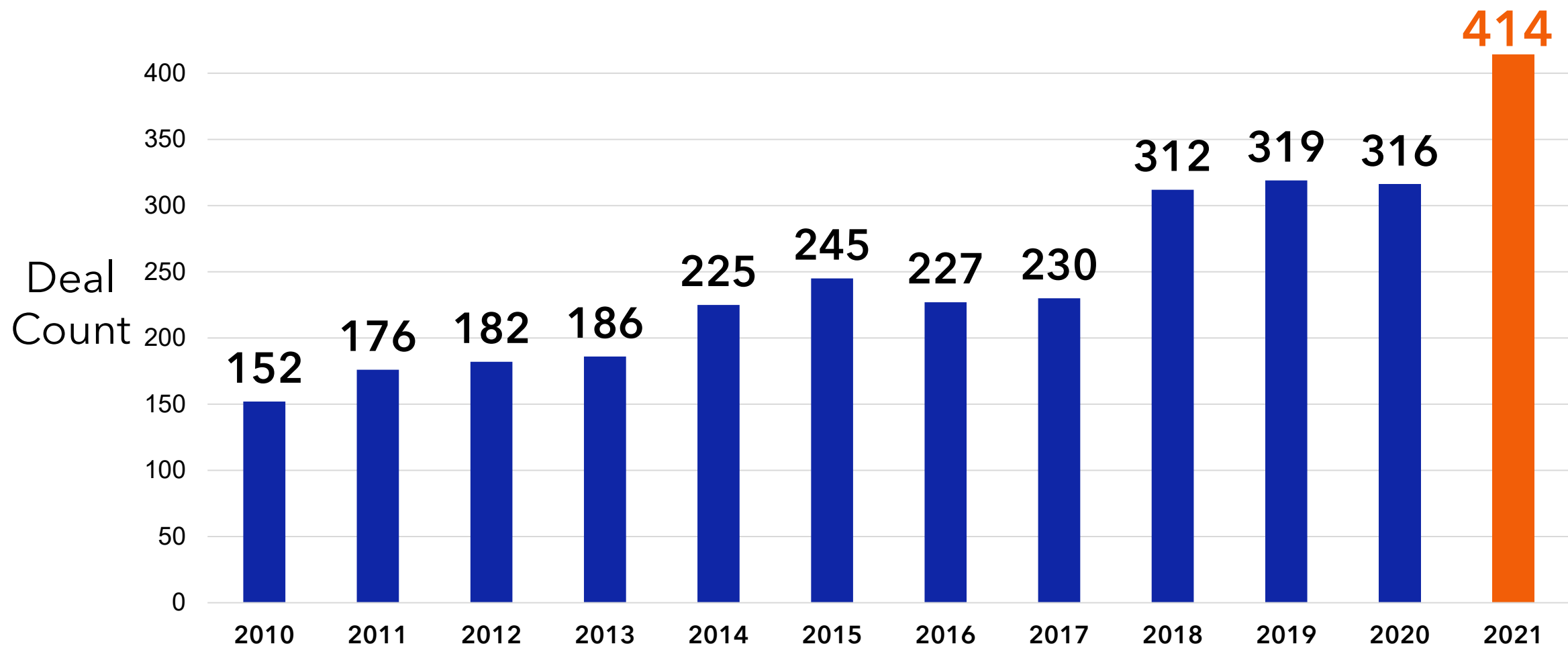
Jon Escobar

Vice President, Morrissey Goodale

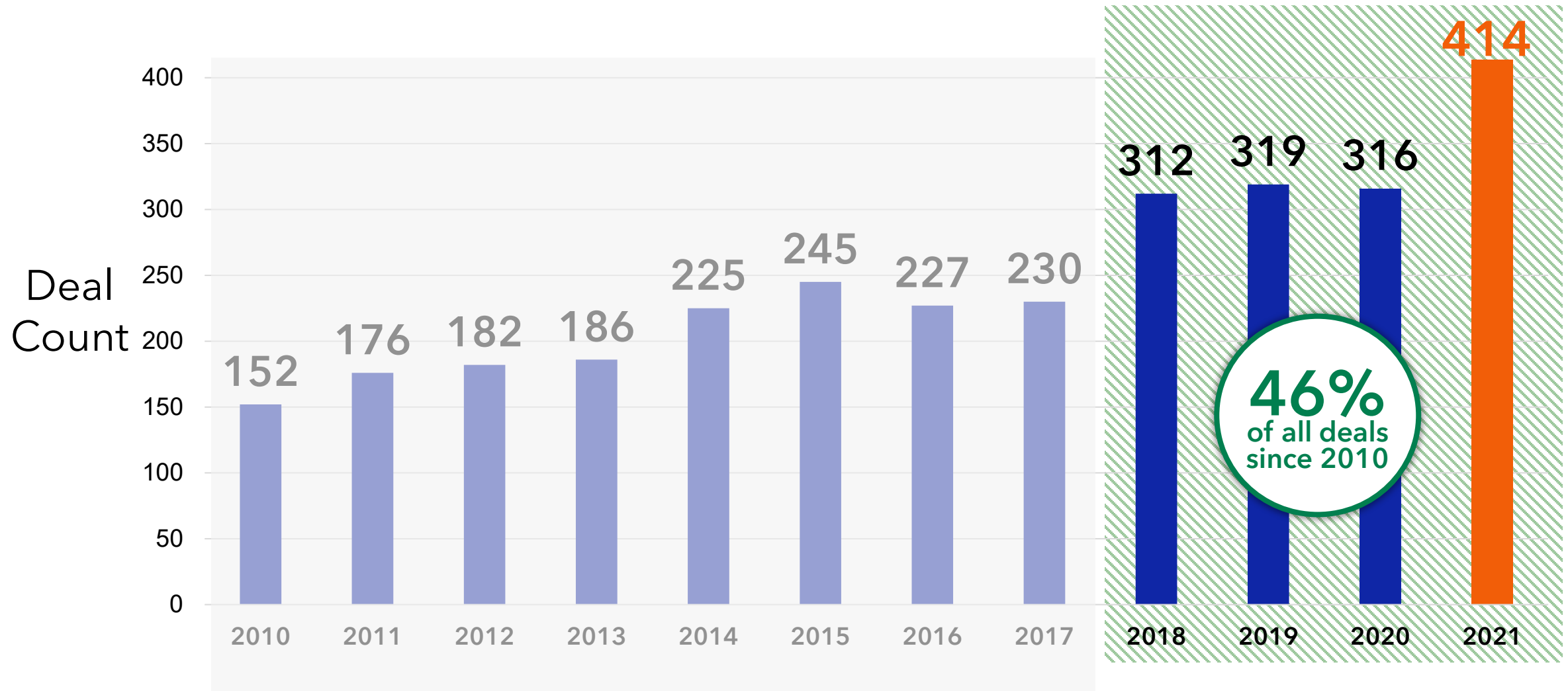
January 11, 2022



Industry M&A at Record Levels



Marked Increase in M&A Since 2018



Demand Drivers of Consolidation

1 / Mature Industry

2 / Strong Economy

3 / Industry Recapitalization

Supply Drivers of Consolidation

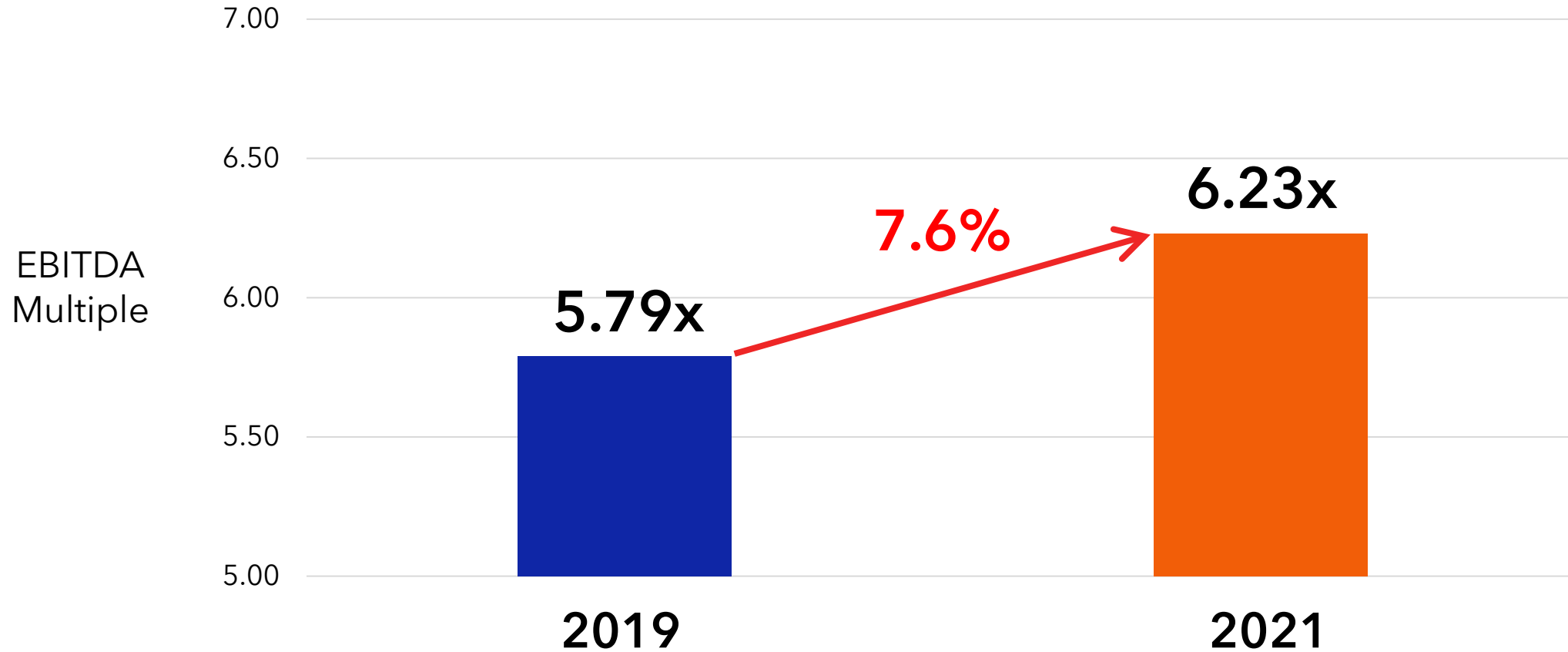
1 / Leadership and ownership transition challenges

2 / Post-pandemic sellers coming to market

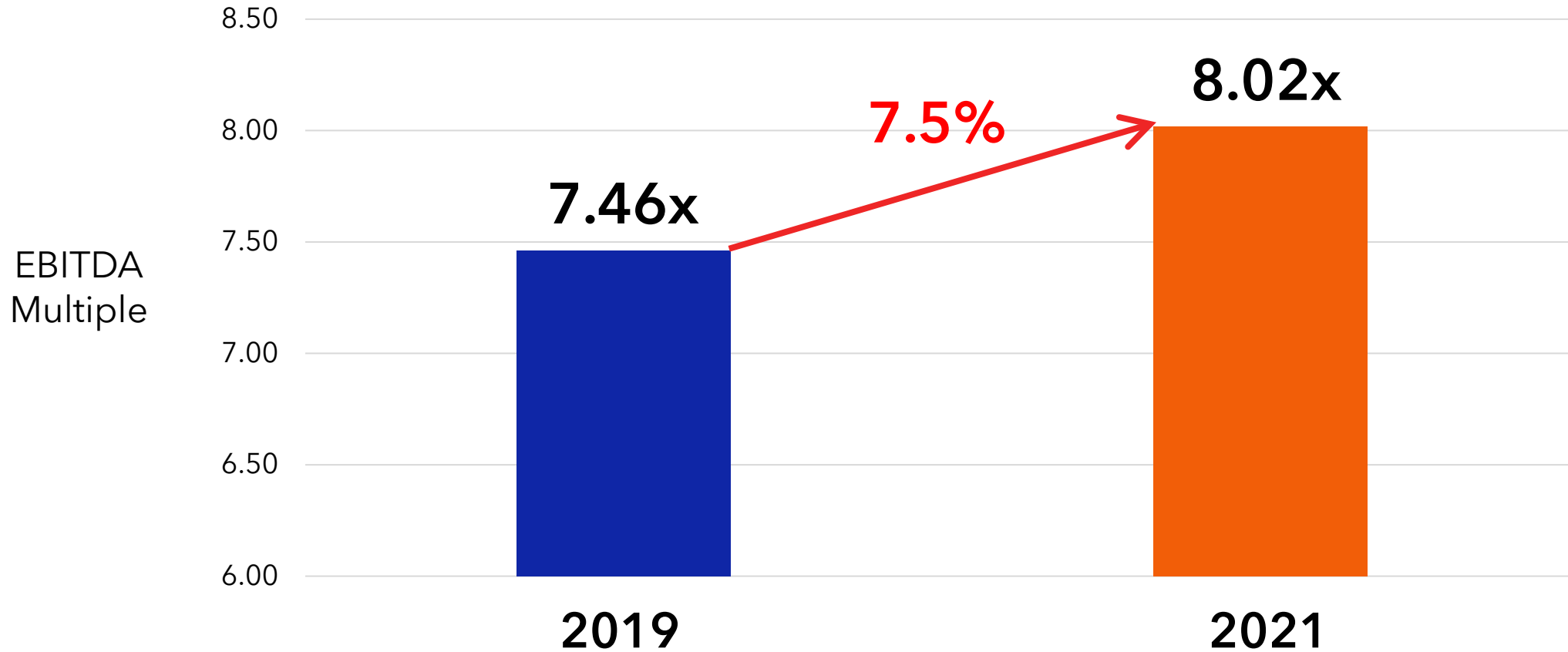
3 / Potential tax increases

4 / Eye-popping deal valuations

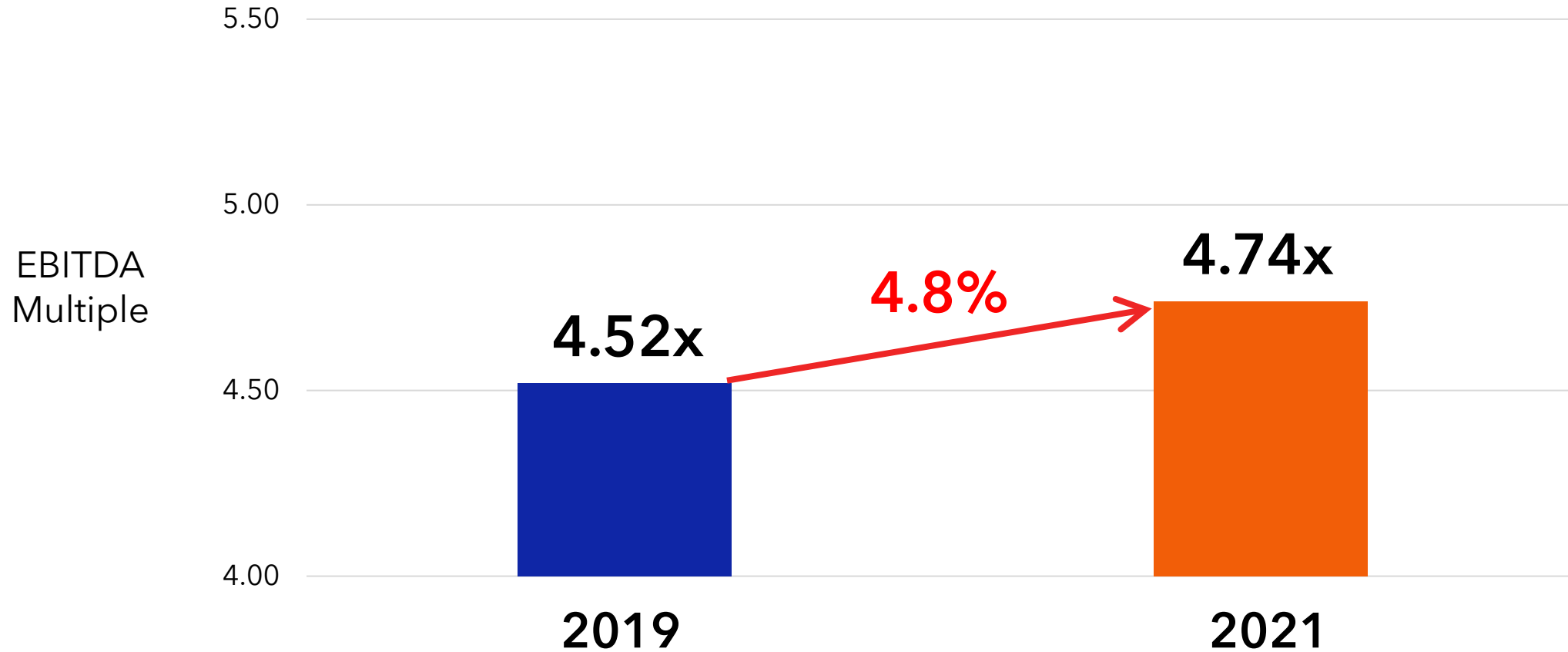
Median Multiples at Record Levels



Upper Quartile Multiples at Record Levels



Lower Quartile Multiples at Record Levels



M&A Trends

1/ Deal size

2/ Services

3/ National

4/ Capital
Models

M&A Trends

1/ Deal size



















































2/ Services

3/ National

4/ Capital
Models

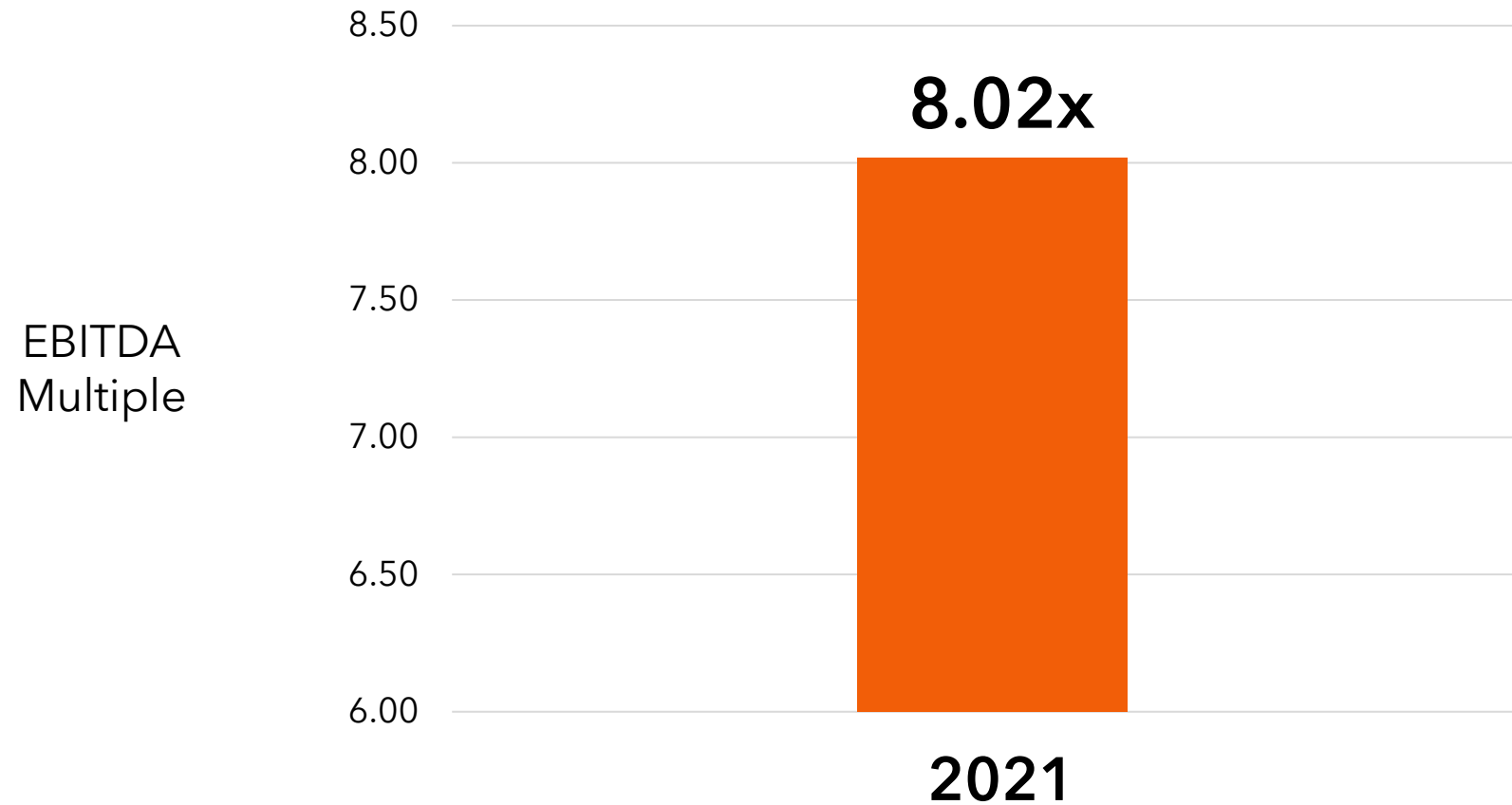
Consolidation of the *ENR* Top 500

2021

<div>Jan 2021</div> <div> CONSOR</div> <div>&</div> <div> murraysmith</div> <div>Portland, OR ENR #258</div>	<div>Feb 2021</div> <div> PMC CAPITAL</div> <div>&</div> <div> UniversalPegasus INTERNATIONAL</div> <div>Houston, TX ENR #59</div>	<div>Feb 2021</div> <div> ae Industrial Partners</div> <div>&</div> <div> ENERCON</div> <div>Kennesaw, GA ENR #87</div>	<div>Feb 2021</div> <div> NMC NEW MOUNTAIN CAPITAL</div> <div>&</div> <div> AEGION</div> <div>St. Louis, MO ENR #70</div>	<div>Feb 2021</div> <div> HENNICK & CO</div> <div>&</div> <div> RATIO</div> <div>Indianapolis, IN ENR #347</div>	<div>Mar 2021</div> <div> WSP</div> <div>&</div> <div> WOOLPERT</div> <div>Dayton, OH ENR #59</div>	<div>Apr 2021</div> <div> GOLDER</div> <div>&</div> <div> advantage engineers</div> <div>Palm Beach Gardens, FL ENR #18</div>	<div>Apr 2021</div> <div> Sentinel CAPITAL PARTNERS</div> <div>&</div> <div> TranSystems</div> <div>Columbia, MD ENR #324</div>	<div>Apr 2021</div> <div> Westwood</div> <div>&</div> <div> PC SKANSKA</div> <div>Kansas City, MO ENR #83</div>	<div>Jun 2021</div> <div> SALAS O'BRIEN <small>expect a difference</small></div> <div>&</div> <div> PC SKANSKA</div> <div>Evansville, IN ENR #474</div>		
<div>Jul 2021</div> <div> UNIVERSAL ENGINEERING SCIENCES</div> <div>&</div> <div> GEOTECHNOLOGY <small>WORK THE WAY YOU THINK</small></div> <div>St. Louis, MO ENR #407</div>	<div>Jul 2021</div> <div> THERMA HOLDINGS</div> <div>&</div> <div> CMTA</div> <div>Louisville, KY ENR #240</div>	<div>Jul 2021</div> <div> BDT CAPITAL PARTNERS</div> <div>&</div> <div> UNIVERSAL ENGINEERING SCIENCES</div> <div>Orlando, FL ENR #85</div>	<div>Jul 2021</div> <div> Elysium <small>ENVIRONMENTAL</small></div> <div>&</div> <div> LOCHNER</div> <div>Chicago, IL ENR #128</div>	<div>Aug 2021</div> <div> DCCM</div> <div>&</div> <div> Binkley & Barfield <small>consulting engineers</small></div> <div>Houston, TX ENR #323</div>	<div>Aug 2021</div> <div> McINTOSH PERRY</div> <div>&</div> <div> BLN <small>BEAM LONGEST NEFF</small></div> <div>Houston, TX ENR #323</div>	<div>Sep 2021</div> <div> WIND POINT PARTNERS</div> <div>&</div> <div> VERTEX</div> <div>Weymouth, MA ENR #442</div>	<div>Sep 2021</div> <div> STV</div> <div>&</div> <div> CPY</div> <div>Dallas, TX ENR #211</div>	<div>Sep 2021</div> <div> PEAK ROCK CAPITAL</div> <div>&</div> <div> SAM</div> <div>Austin, TX ENR #98</div>	<div>Sep 2021</div> <div> OCEANSOUND PARTNERS</div> <div>&</div> <div> RMA Companies</div> <div>Rancho Cucamonga, CA ENR #308</div>	<div>Sep 2021</div> <div> Colliers Engineering & Design</div> <div>&</div> <div> BERGMANN <small>ARCHITECTS ENGINEERS PLANNERS</small></div> <div>Rochester, NY ENR #213</div>	
<div>Oct 2021</div> <div> WARBURG PINCUS</div> <div>&</div> <div> TRC</div> <div>Windsor, CT ENR #19</div>	<div>Oct 2021</div> <div> Stantec</div> <div>&</div> <div> Cardno</div> <div>Australia ENR #58</div>	<div>Nov 2021</div> <div> UNIVERSAL ENGINEERING SCIENCES</div> <div>&</div> <div> ALPHA TESTING</div> <div>Dallas, TX ENR #288</div>	<div>Nov 2021</div> <div> KLEINFELDER</div> <div>&</div> <div> CENTURY ENGINEERING</div> <div>Hunt Valley, MD ENR #186</div>	<div>26 TRANSACTIONS</div>							

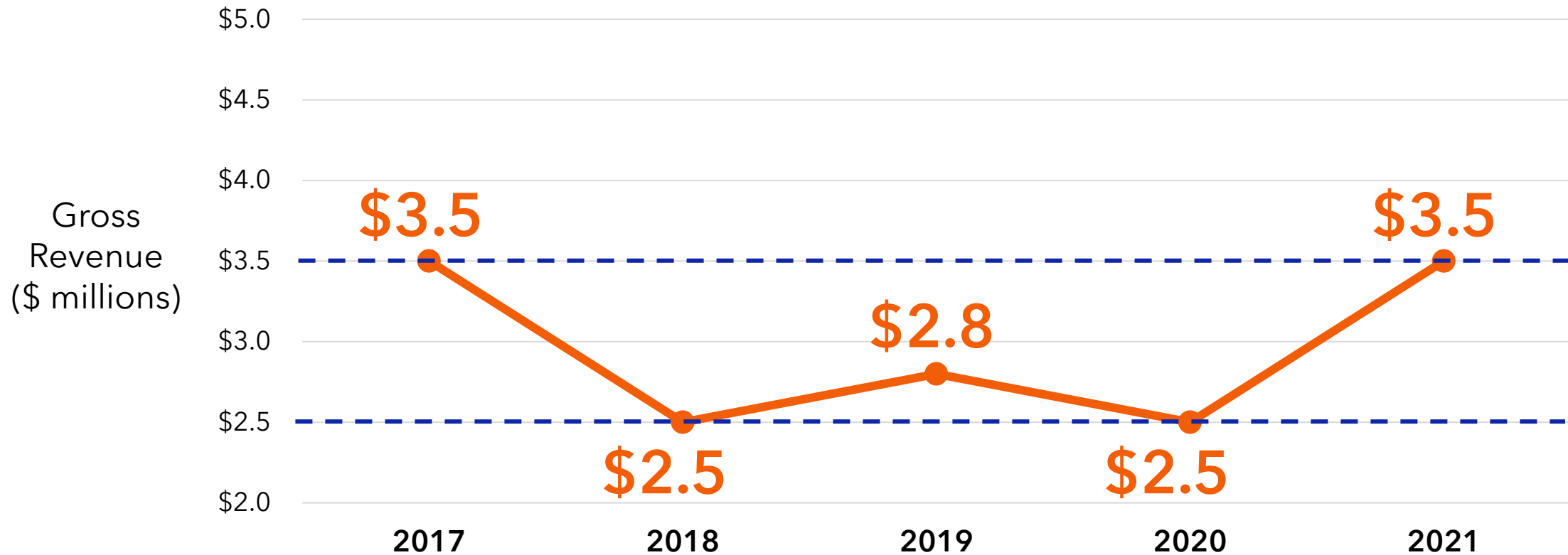
26
TRANSACTIONS

Larger Firms *Tend* to See Higher Multiples

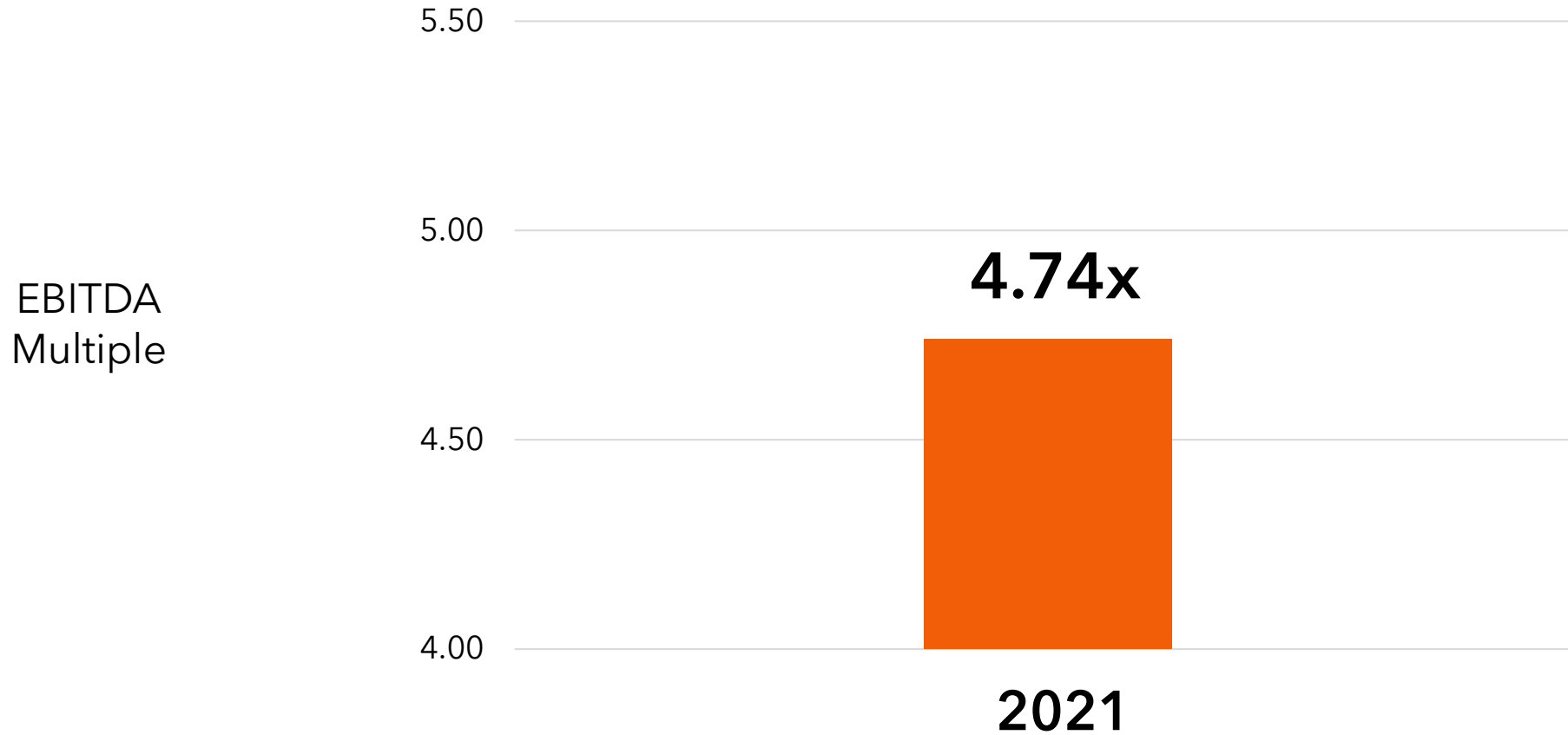


Typical AE Transaction is Smaller

Median Seller Size by Year



Smaller Firms *Tend* to See Lower Multiples



M&A Trends

1/ Deal size

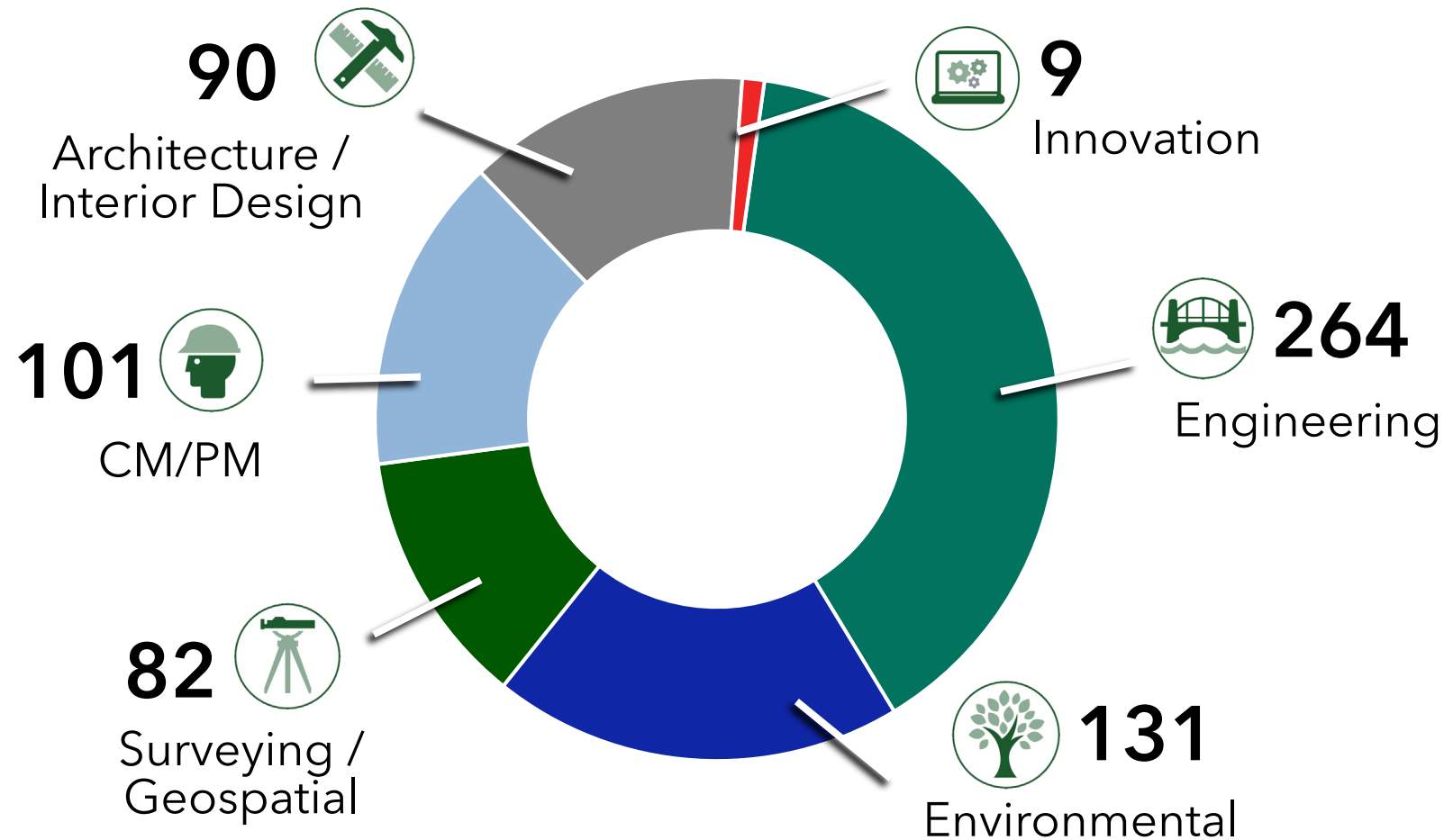
2/ Services

3/ National

4/ Capital
Models

Target Services in 2021


Services Offered by Sellers



Transactions may include more than one service


Emerging Trend: Innovation Transactions

Dec 2021



Aberdeen, Scotland

Aug 2021




Paso Robles, CA

Jun 2021



Montreal, Canada

Jun 2021



Herndon, VA

May 2021



Kansas City, MO

Dec 2020



Springfield, OH

Nov 2020



Wilmington, NC

Sep 2020



Chantilly, VA

Aug 2020



Las Vegas, NV

May 2020



Farmington Hills, MI

M&A Trends

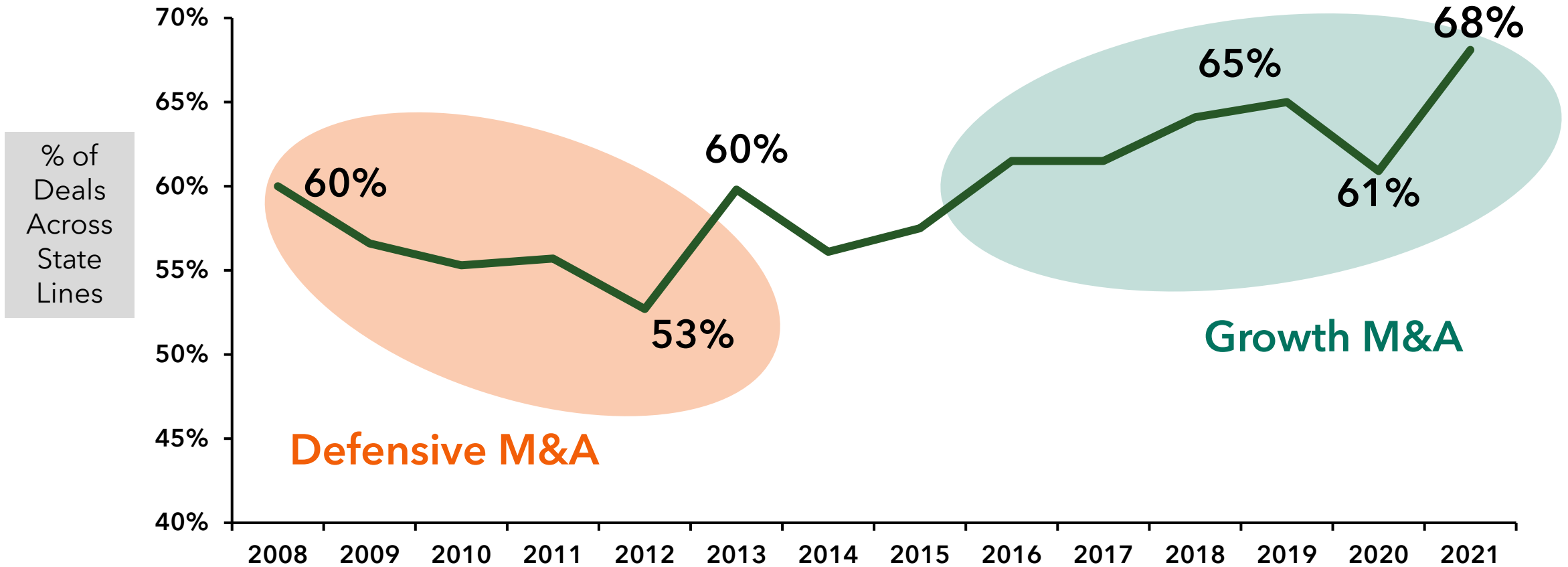
1/ Deal size

2/ Services

3/ National

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Models

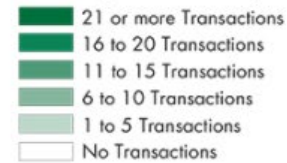
Interstate Deal Activity



M&A Heat Map 2021

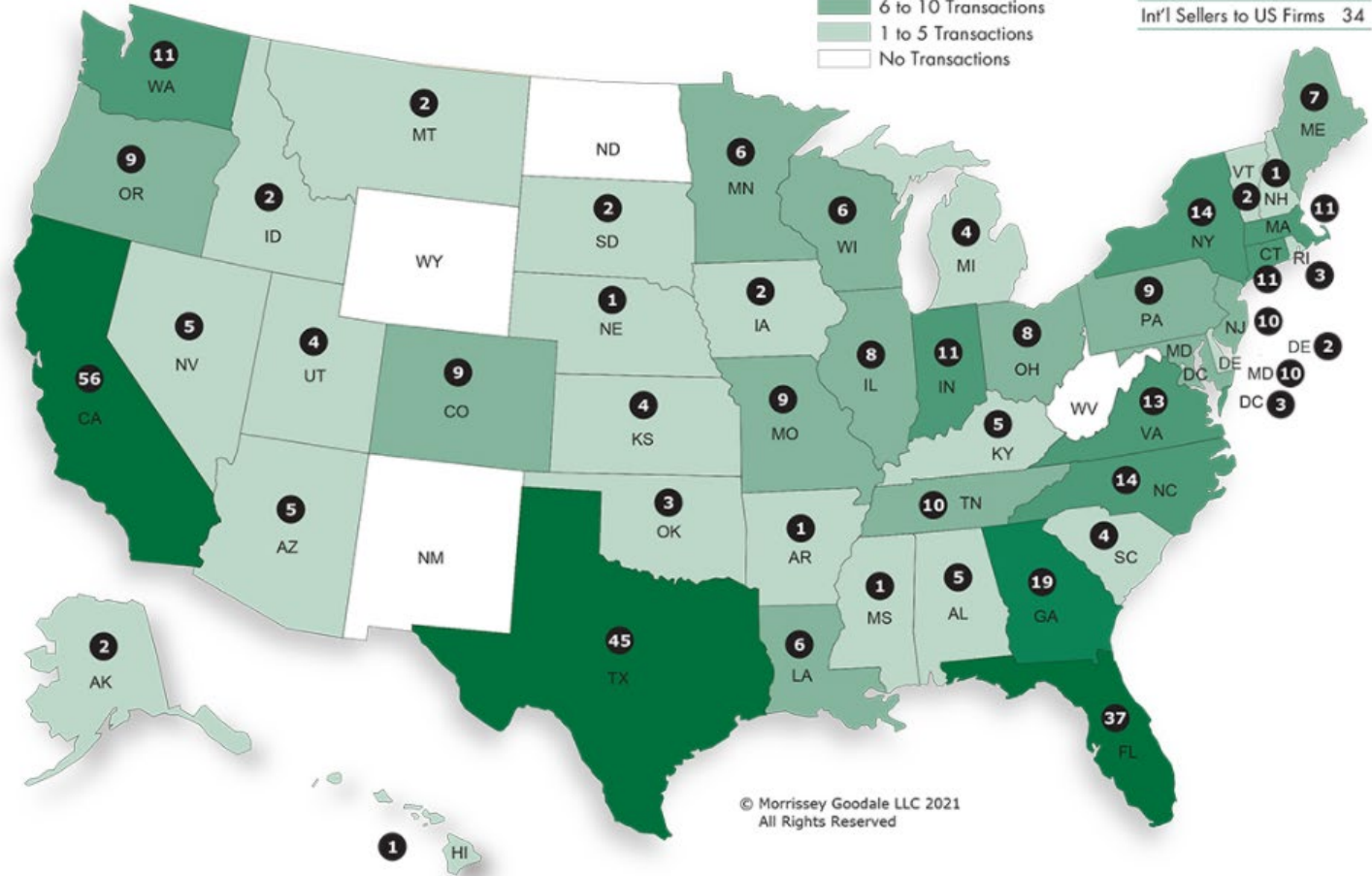
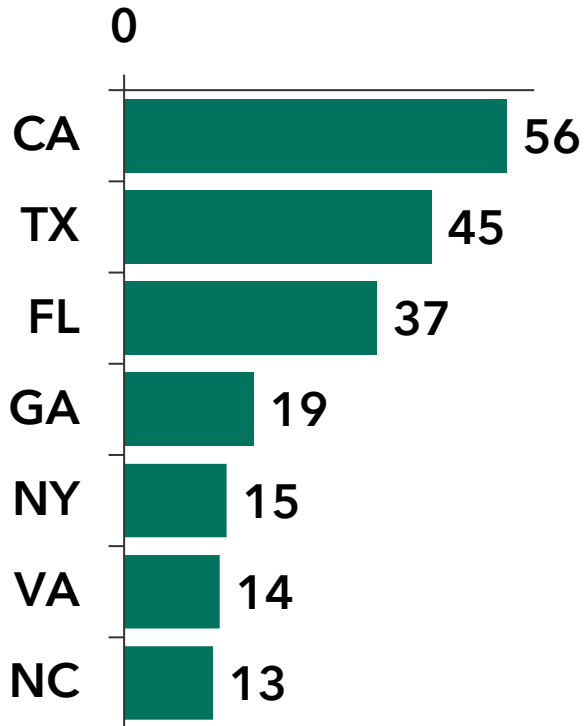
2021 REPORTED M&A ACTIVITY Firm Sales by State through December 31, 2021

States by Total Activity:



US vs Int'l Sellers:

Total US Sellers	412
Total Int'l Sellers	210
US Sellers to Int'l Firms	24
Int'l Sellers to US Firms	34



M&A Trends

1/ Deal size

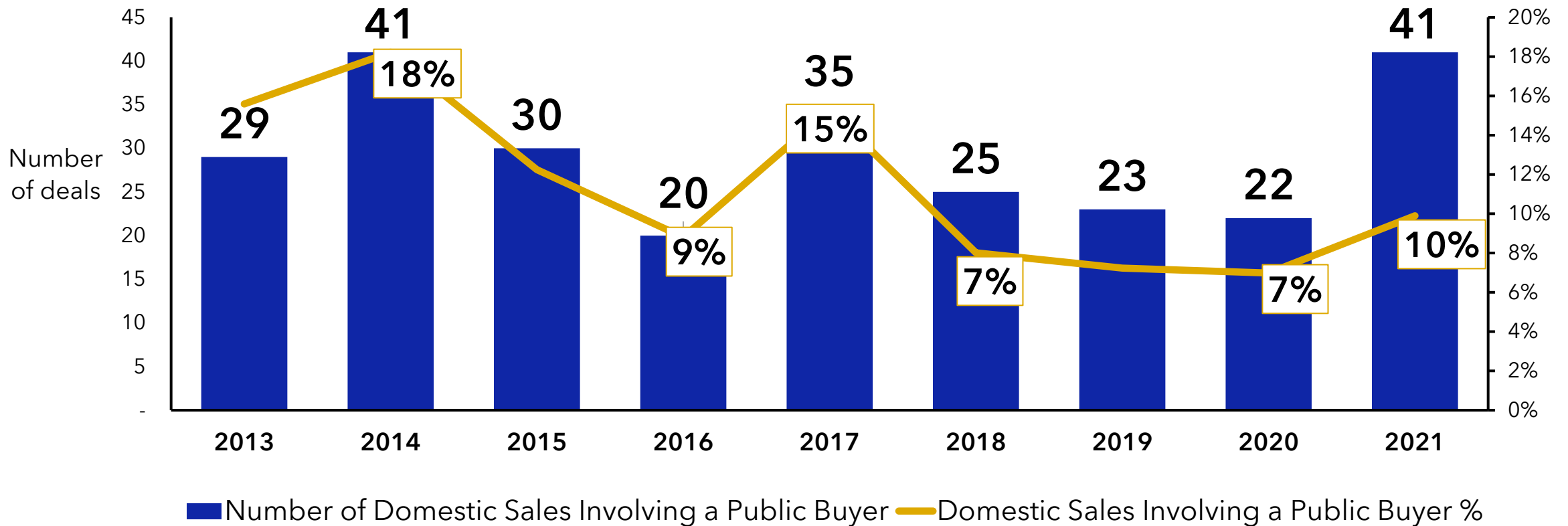
2/ Services

3/ National

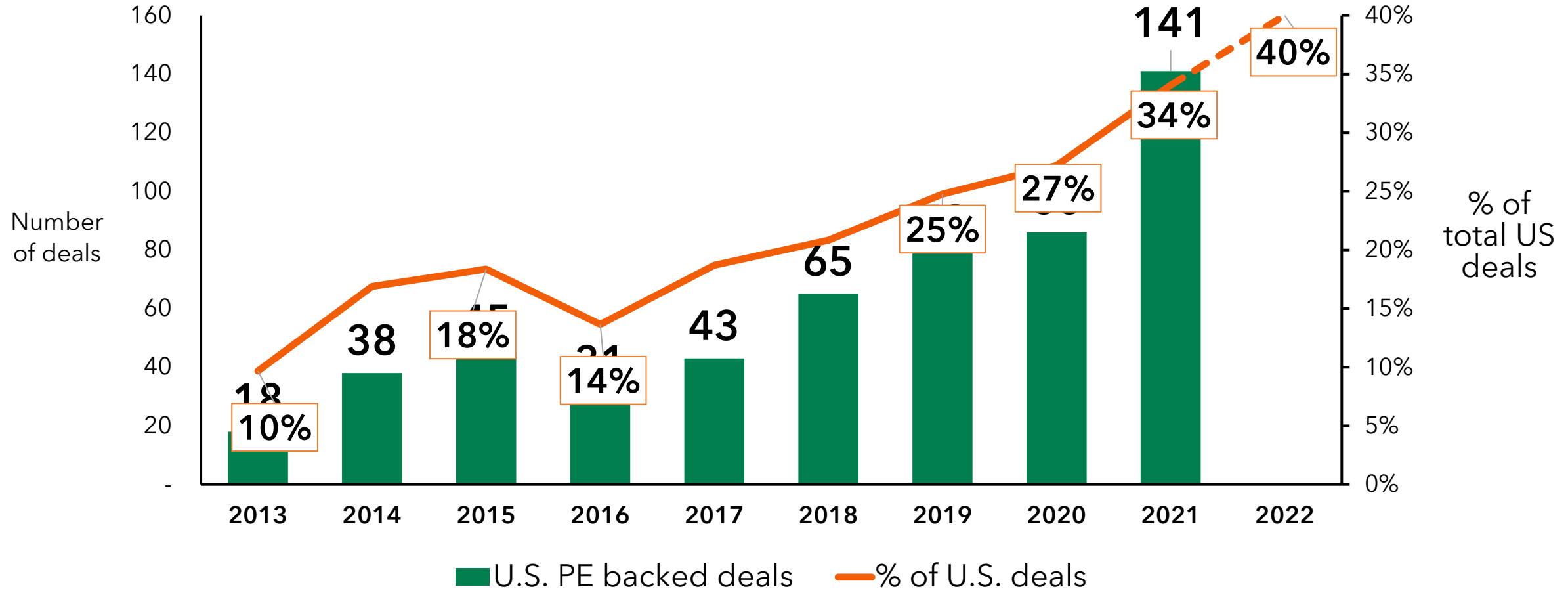
4/ Capital
Models

Declining Activity by Publics

PUBLICLY TRADED BUYER
(Domestic or International) & U.S. Seller - as % of all U.S. Transactions

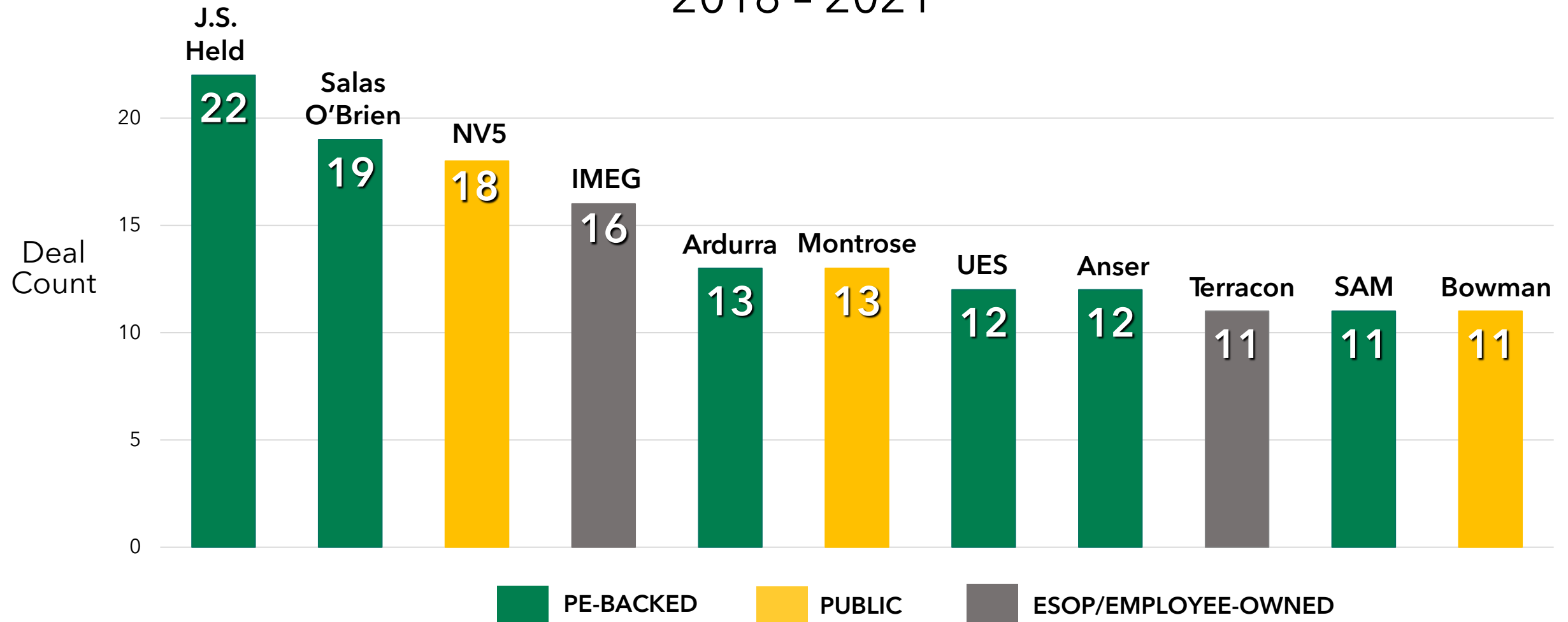


Increasing Activity by Private Equity



Most Prolific Buyers of U.S. Firms

2018 - 2021



Consolidation of the *ENR* Top 500

INVOLVING PRIVATE EQUITY

2021

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<p>Jul 2021</p> <p>UNIVERSAL ENGINEERING SCIENCES</p> <p>&</p> <p>GEOTECHNOLOGY</p> <p>St. Louis, MO ENR #407</p>	<p>Jul 2021</p> <p>THERMA HOLDINGS</p> <p>&</p> <p>CMTA</p> <p>Louisville, KY ENR #240</p>	<p>Jul 2021</p> <p>BDT CAPITAL PARTNERS</p> <p>&</p> <p>UNIVERSAL ENGINEERING SCIENCES</p> <p>Orlando, FL ENR #85</p>	<p>Jul 2021</p> <p>Elysium</p> <p>&</p> <p>LOCHNER</p> <p>Chicago, IL ENR #128</p>	<p>Aug 2021</p> <p>DCCM</p> <p>&</p> <p>Binkley & Barfield consulting engineers</p> <p>Houston, TX ENR #323</p>	<p>Aug 2021</p> <p>McINTOSH PERRY</p> <p>&</p> <p>BLN BEAM LONGEST NEFF</p> <p>Houston, TX ENR #323</p>	<p>Sep 2021</p> <p>WIND POINT PARTNERS</p> <p>&</p> <p>VERTEX</p> <p>Weymouth, MA ENR #442</p>	<p>Sep 2021</p> <p>STV</p> <p>&</p> <p>CPY</p> <p>Dallas, TX ENR #211</p>	<p>Sep 2021</p> <p>PEAK ROCK CAPITAL</p> <p>&</p> <p>SAM</p> <p>Austin, TX ENR #98</p>	<p>Sep 2021</p> <p>OCEANSOUND PARTNERS</p> <p>&</p> <p>RMA Companies</p> <p>Rancho Cucamonga, CA ENR #308</p>	<p>Sep 2021</p> <p>Colliers Engineering & Design</p> <p>&</p> <p>BERGMANN ARCHITECTS ENGINEERS PLANNERS</p> <p>Rochester, NY ENR #213</p>
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Key Takeaways

- 1 / Industry M&A at unprecedented levels
- 2 / Deal valuations at record highs
- 3 / Interstate deal-making leading the way
- 4 / Private equity recapitalizing the industry - fast



Jon Escobar, CM&AA

Vice President

Morrissey Goodale, LLC

E-mail: jescobar@morrisseygoodale.com

Phone: (224) 577-8595



morrissey goodale LLC
AEC MANAGEMENT SOLUTIONS

2022