



Sectorwatch: Architecture Engineering & Environmental Services

June 2018

Architecture Engineering & Environmental Services

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Overview

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

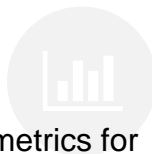
Dashboard

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.



Public Basket Performance

- Summary valuation and operating metrics for a basket of comparable public companies



Valuation Comparison

- Graphical, detailed comparison of valuation multiples for the public basket



Recent Deals

- The most recently announced deals in the sector



Dashboard



Revenue Growth Momentum

↓ -0.002

1 - year revenue growth compared to revenue growth average for last 3 years

Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

Pricing / Gross Margin Momentum

↑ 1.2%

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

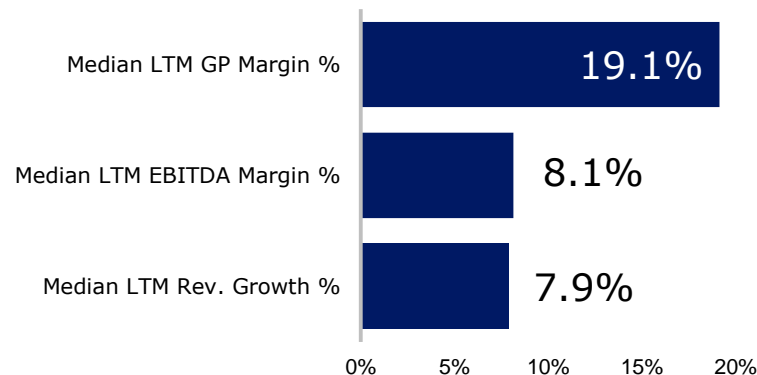
Profitability Momentum

↑ 0.9%

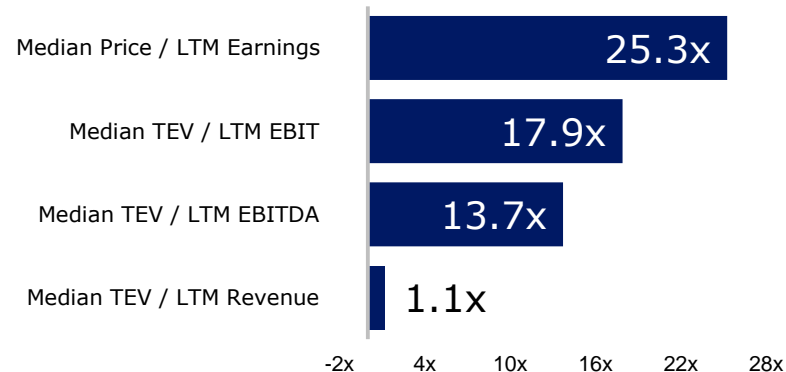
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

Operating Metrics



Valuation



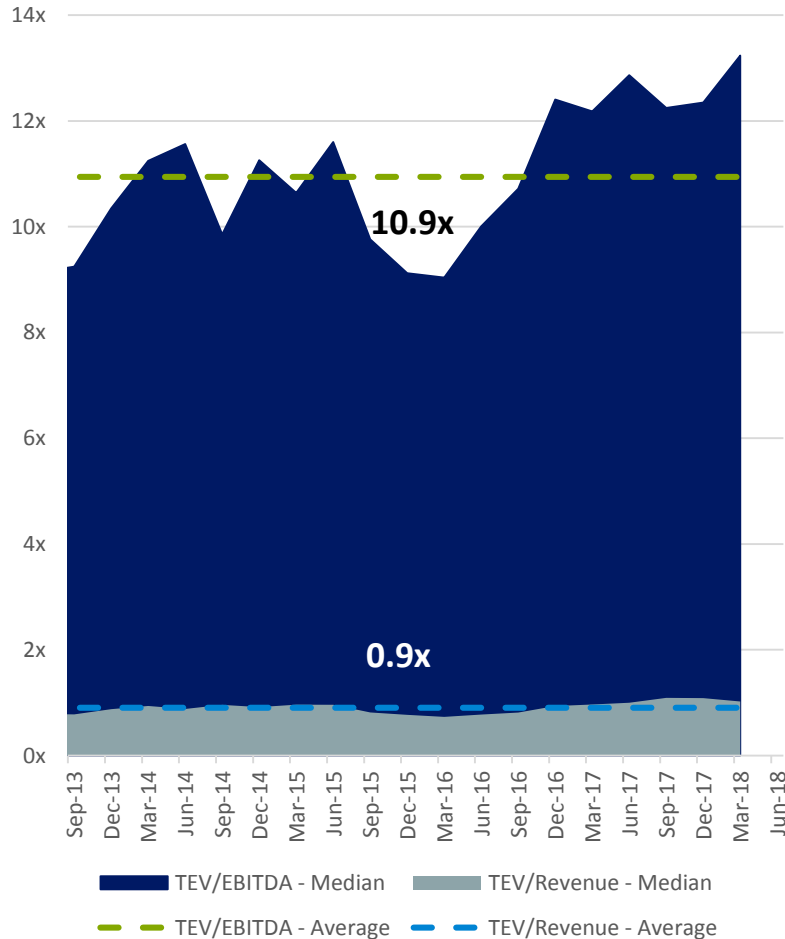
Public Basket



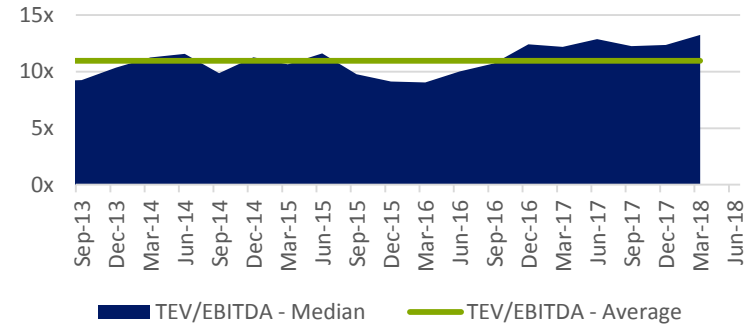
| Company | TEV \$m | LTM Rev \$m | Rev Growth YoY | GP % | EBITDA % | TEV / Rev X | TEV / EBITDA X | # FTEs | Rev / FTE \$k |
|-------------------------------|---------|-------------|----------------|------|----------|-------------|----------------|--------|---------------|
| Willdan Group, Inc. | 249 | 260 | 7% | 30% | 7% | 1.0 | 13.7 | 631 | 411 |
| NV5 Global, Inc. | 768 | 364 | 50% | 50% | 12% | 2.1 | 16.9 | 1,653 | 220 |
| RPS Group plc | 914 | 852 | 6% | 26% | 10% | 1.1 | 10.7 | 5,340 | 160 |
| Arcadis NV | 2,223 | 3,865 | -3% | 18% | 6% | 0.6 | 9.8 | 26,162 | 148 |
| Tetra Tech, Inc. | 3,468 | 2,110 | 4% | 18% | 11% | 1.6 | 14.7 | 16,000 | 132 |
| Stantec Inc. | 3,497 | 2,655 | 2% | 53% | 10% | 1.3 | 12.9 | 22,000 | 121 |
| WSP Global Inc. | 6,712 | 5,598 | 11% | 18% | 7% | 1.2 | 16.4 | 42,000 | 133 |
| AECOM | 8,822 | 19,120 | 9% | 3% | 4% | 0.5 | 10.0 | 87,000 | 220 |
| SNC-Lavalin Group Inc. | 10,051 | 7,690 | 19% | 20% | 9% | 1.3 | 14.7 | 52,448 | 147 |
| Jacobs Engineering Group Inc. | 11,155 | 11,854 | 16% | 19% | 7% | 0.9 | 13.8 | 44,800 | 265 |
| Average | 4,786 | 5,437 | 12% | 25% | 8% | 1.2 | 13.4 | 29,803 | 196 |
| Median | 3,483 | 3,260 | 8% | 19% | 8% | 1.1 | 13.8 | 24,081 | 154 |

share price as of 13Jun18

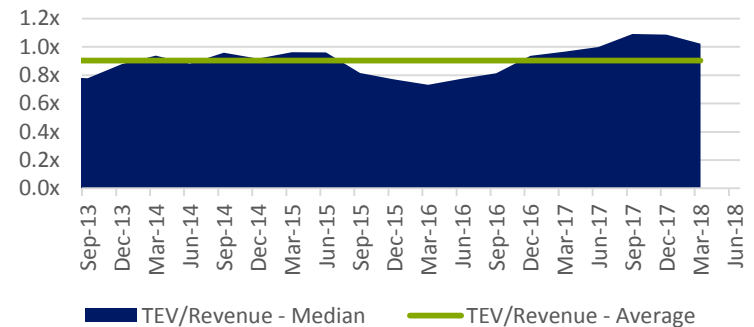
Public Basket Valuation Trends



Public EBITDA Multiples over Time



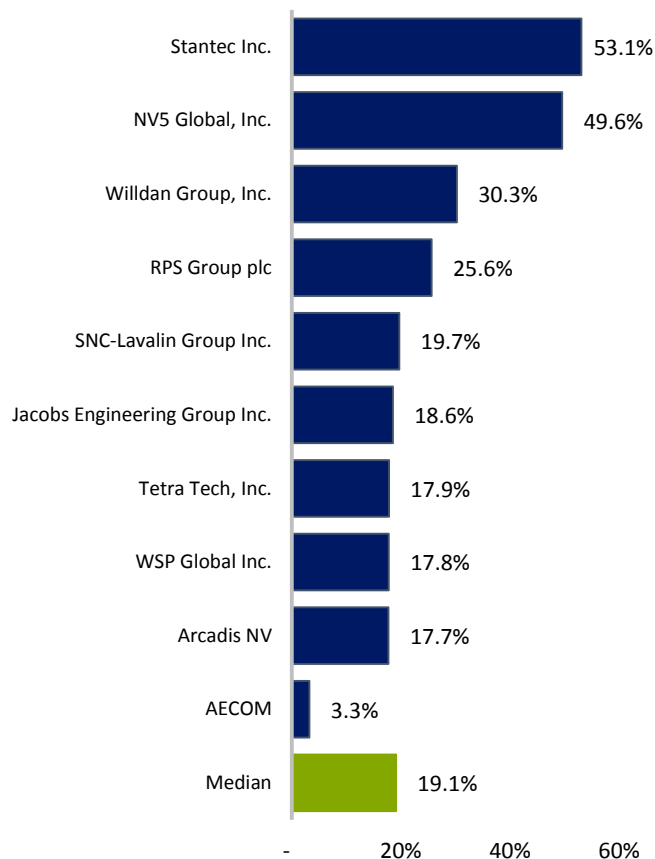
Public Revenue Multiples over Time



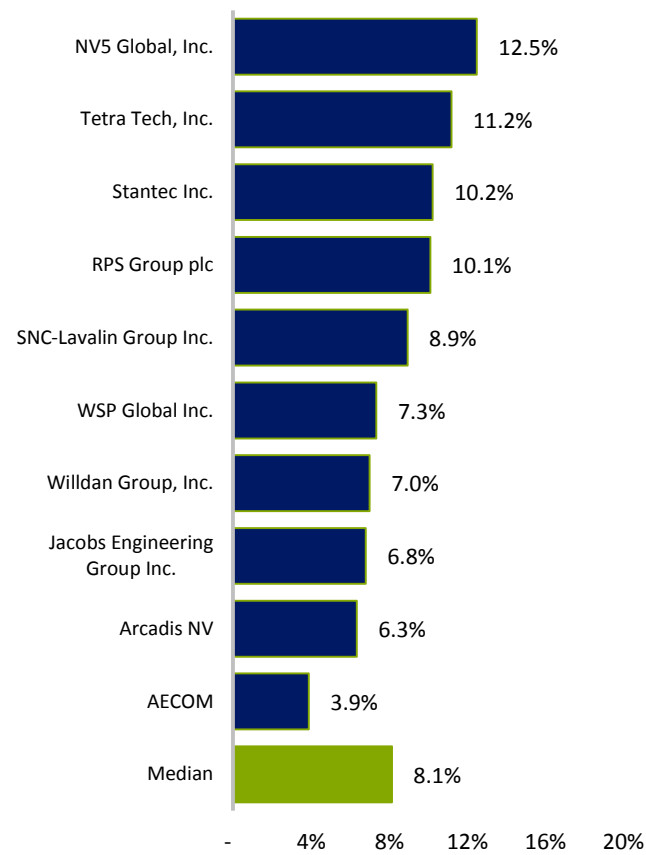
Operational Metrics



LTM Gross Profit Margin %



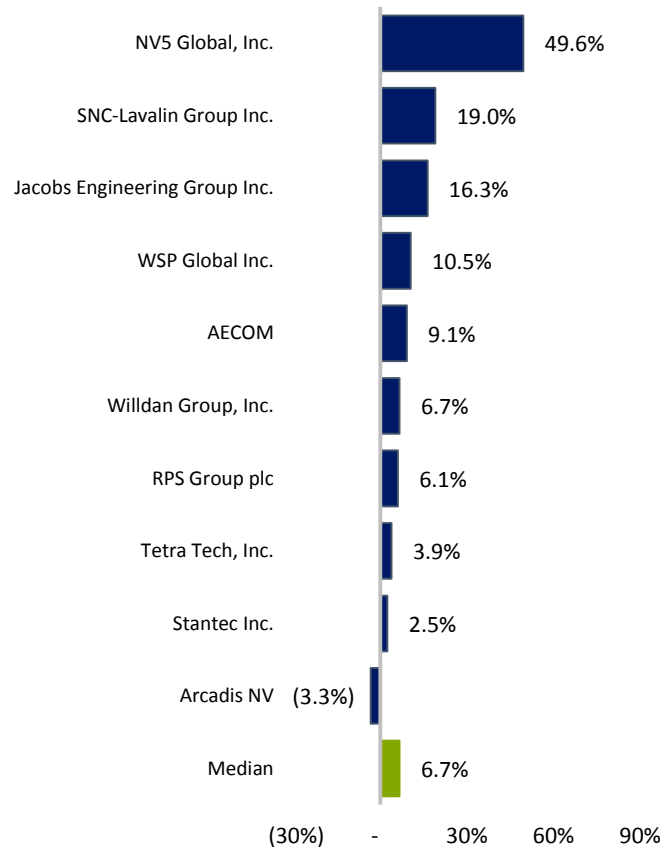
LTM EBITDA %



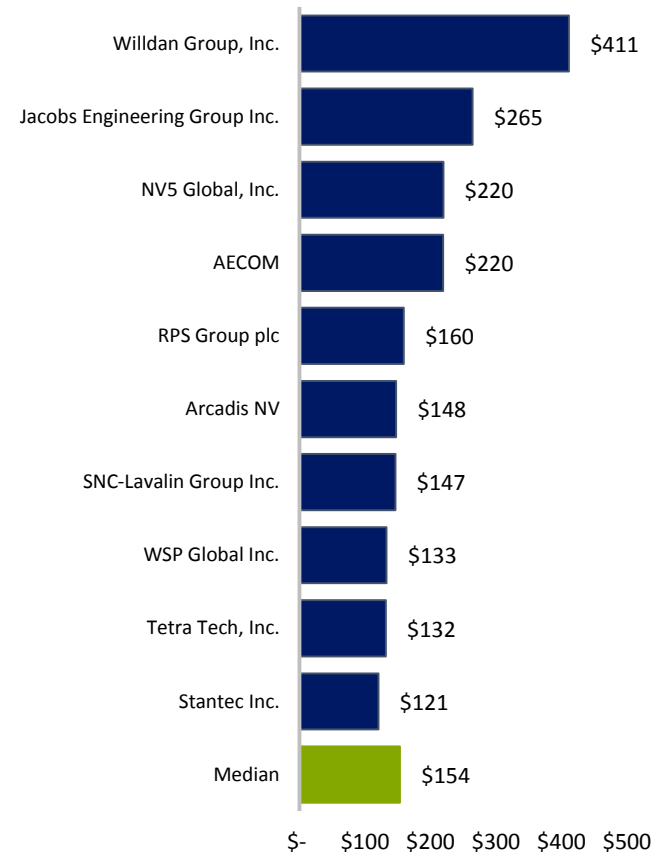
Operational Metrics



LTM Revenue Growth %



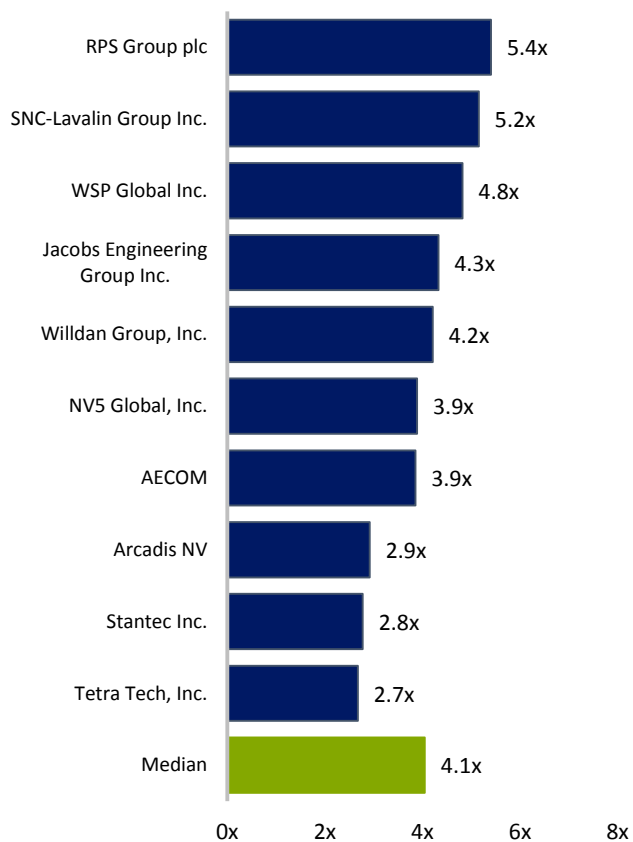
LTM Revenue per Full Time Employee x 000's



Operational Metrics



Accounts Receivable Turnover



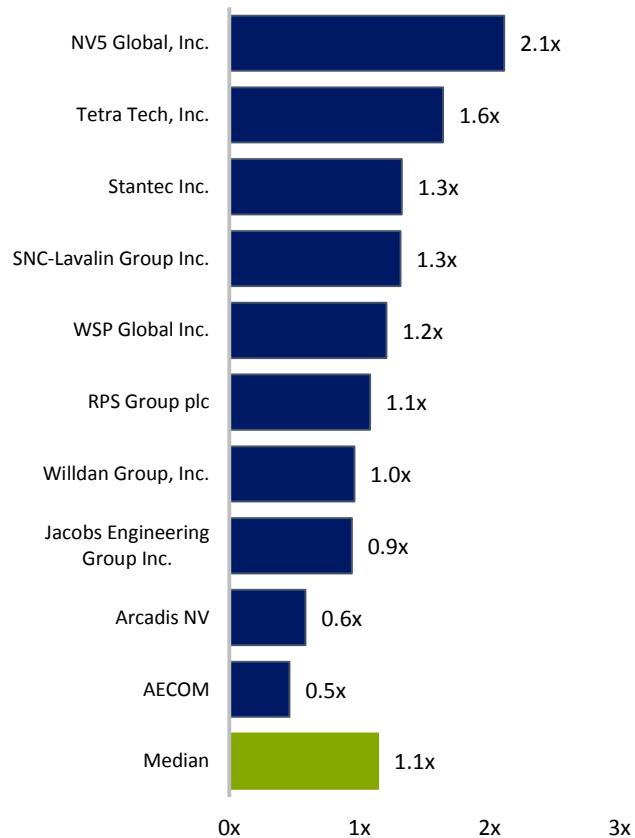
Average Days Sales Outstanding



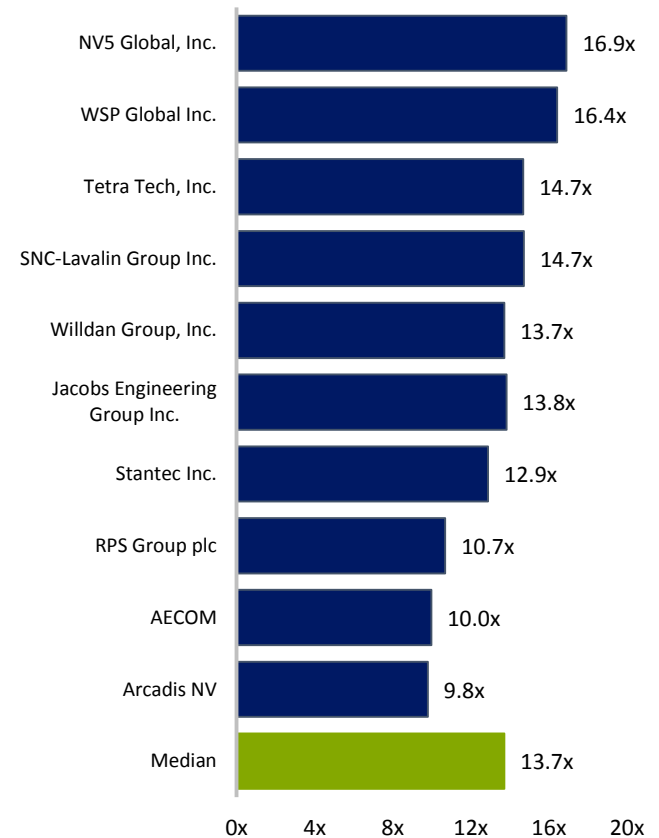
Valuation



TEV / LTM Revenue



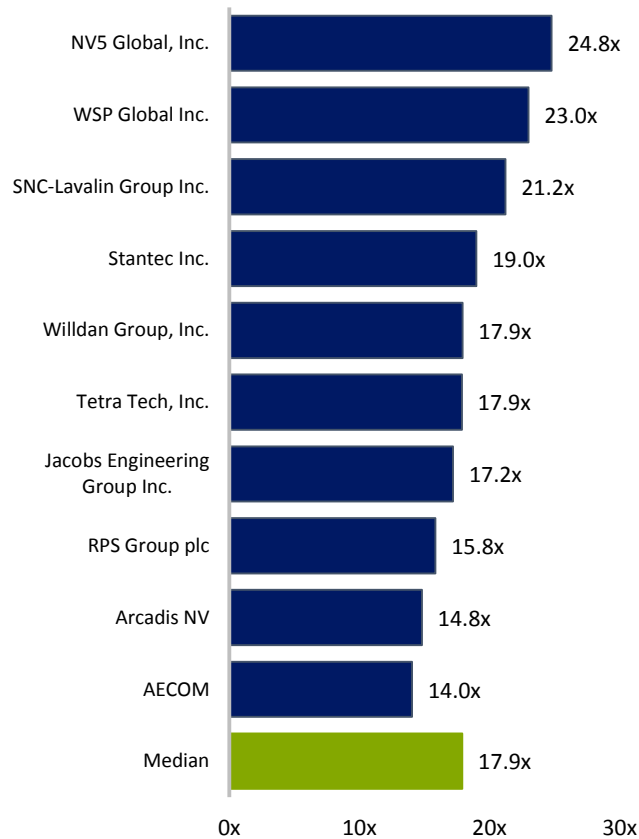
TEV / LTM EBITDA



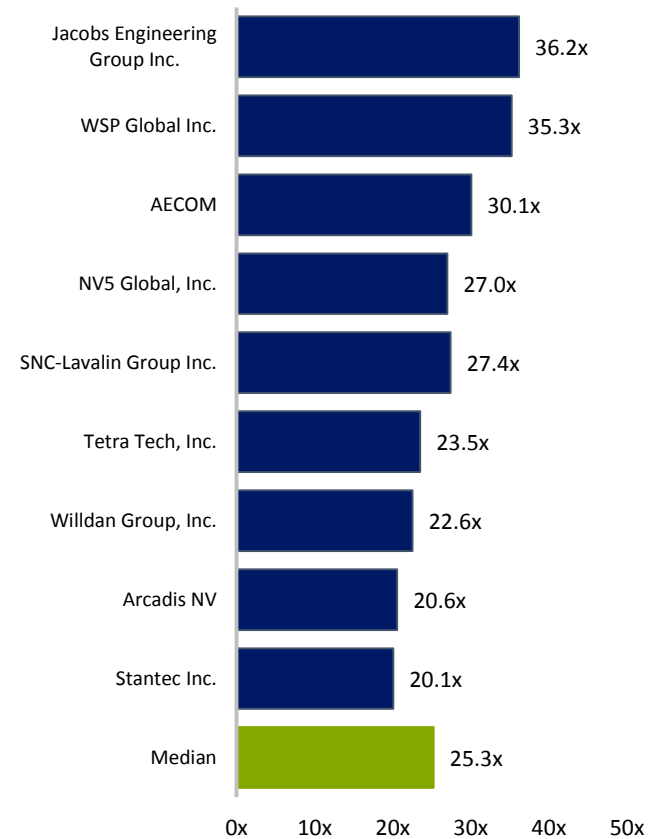
Valuation



TEV / LTM EBIT



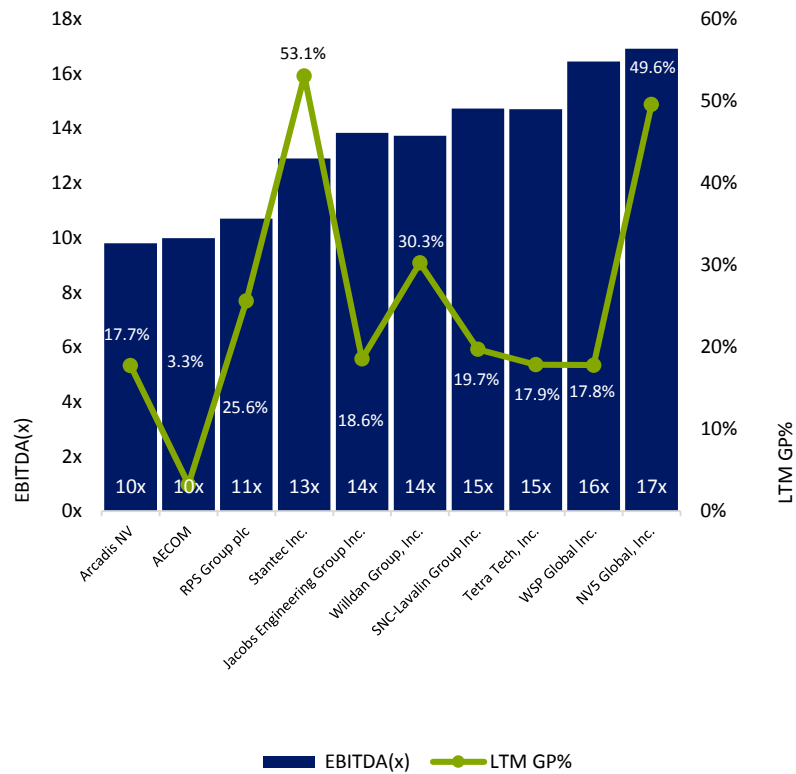
Price / LTM Earnings



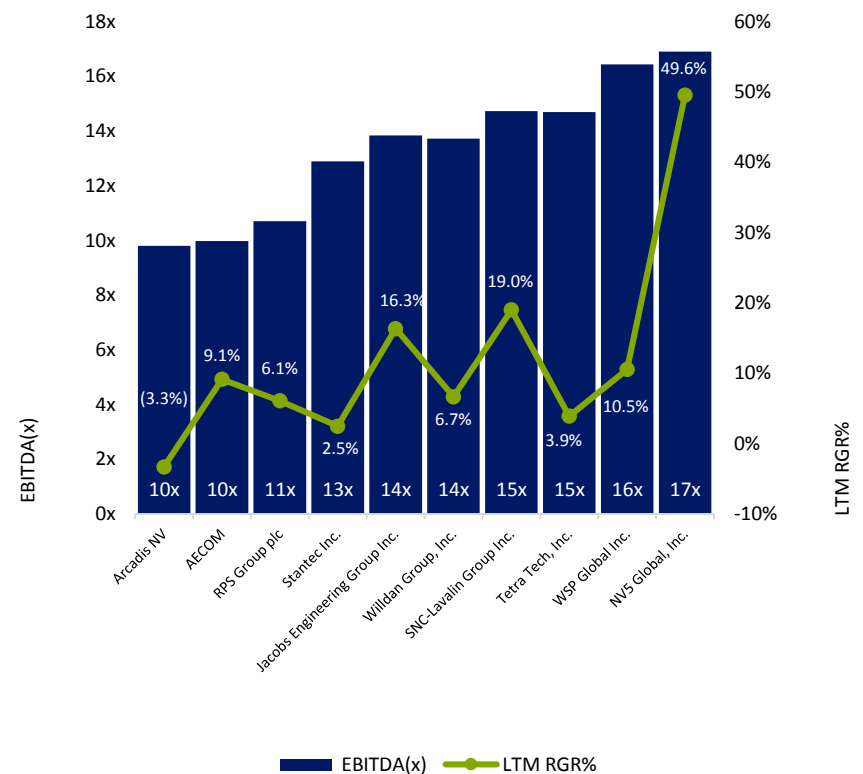
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



| Date | Target | Buyer / Investor | Total Transaction Value | Target Revenue | TEV / Revenue | TEV / EBITDA |
|---------|--|---|-------------------------|----------------|---------------|--------------|
| 11Jun18 | Canadian Industrial Services Division of AECOM | Mullen Group Ltd. | - | - | - | - |
| 5Jun18 | Industrial Environmental Technology Business of Babcock & Wilcox Enterprises, Inc. | Dürr Inc. | 130.00 | - | - | - |
| 5Jun18 | F.X. Browne, Inc. | Bogia Engineering Inc. | - | - | - | - |
| 1Jun18 | Community Planning Partners, Inc. | Summit Design And Engineering Services, Pllc | - | - | - | - |
| 29May18 | Tsiouvaras Simmons Holderness, Inc. | Reynolds Smith & Hills Inc. | - | - | - | - |
| 23May18 | Babcock & Wilcox Enterprises, Inc. | Steel Partners Holdings L.P. | 837.91 | 1,477.99 | 0.6x | NM |
| 22May18 | GVA How Planning | GVA Grimley Ltd. | - | - | - | - |
| 21May18 | Polaris Alpha | Parsons Corporation | - | - | - | - |
| 21May18 | BHNT Architects, P.C. | LaBella Associates, D.P.C. | - | - | - | - |
| 18May18 | Assets of GreenOwl Mobile Inc | IBI Group Inc. | - | - | - | - |
| 17May18 | Substantially All Assets of Blue Mountain Inc. | The Thrasher Group | - | - | - | - |
| 15May18 | Nevada Construction Services Inc. | Partner Assessment Corporation, Inc. | - | - | - | - |
| 14May18 | JVP Engineers, PC | Ameresco Federal Solutions, Inc. | - | - | - | - |
| 8May18 | Cirrus Associates, LLC | EnSafe, Inc. | - | - | - | - |
| 7May18 | Ricor Engineering Ltd. | Dillon Consulting Limited | - | - | - | - |
| 7May18 | Pastor, Behling & Wheeler, LLC | Golder Associates Inc. | - | - | - | - |
| 3May18 | Centerpoint Engineering Inc. | Barry Isett & Associates, Inc | - | - | - | - |
| 1May18 | James W. Sewall Company | Treadwell Franklin Infrastructure Capital llc | - | - | - | - |
| 2May18 | E Co Consultants, Inc. | Ardurra Group LLC | - | - | - | - |
| 30Apr18 | Newcomb Anderson McCormick, Inc. | Willdan Group, Inc. | - | - | - | - |
| 30Apr18 | CONCEPT DESIGN PC | Ghafari Associates, LLC | - | - | - | - |
| 26Apr18 | Cegertec Inc. | Stantec Inc. | - | - | - | - |
| 25Apr18 | Luiz Leon & Associates Ltd. | McIntosh Perry Consulting Engineers Ltd. | - | - | - | - |
| 17Apr18 | Malone Finkle Eckhardt & Collins, Inc. | RTM Engineering Consultants, LLC | - | - | - | - |
| 17Apr18 | Eberlin & Eberlin, P.C. | Barton & Loguidice, P.C. | - | - | - | - |
| 16Apr18 | gkkworks Construction Services, Inc. | Cannon Design, Inc. | - | - | - | - |
| 11Apr18 | Bold Rock Engineering Group | AKF Group LLC | - | - | - | - |
| 11Apr18 | Twining sys-tek, LLC | Twining, Inc. | - | - | - | - |
| 10Apr18 | ESP Associates, Inc. | Strength Capital | 46.00 | 53.00 | - | - |
| 10Apr18 | CHA Consulting, Inc. | First Reserve Corporation | - | - | - | - |
| 2Apr18 | Remenschneider Associates, Inc. | Kimley-Horn and Associates, Inc. | - | - | - | - |
| 9Apr18 | MITKOR Consulting, Ltd. | POWER Engineers, Incorporated | - | - | - | - |
| 6Apr18 | Shafer, Kline & Warren, Inc. | McClure Engineering Co. Inc. | - | - | - | - |
| 6Apr18 | EWB Architects, Inc. | Farnsworth Group, Inc. | - | - | - | - |
| 6Apr18 | SureSearch Pty Ltd | Cardno Limited | - | - | - | - |
| 3Apr18 | Pb-Teknik Ab | COWI A/S | - | - | - | - |
| 3Apr18 | HMS Architects | Grace & Hebert Architects, Inc. | - | - | - | - |

Architecture Engineering & Environmental Services

June 2018

APPENDIX: Public Basket Constituents

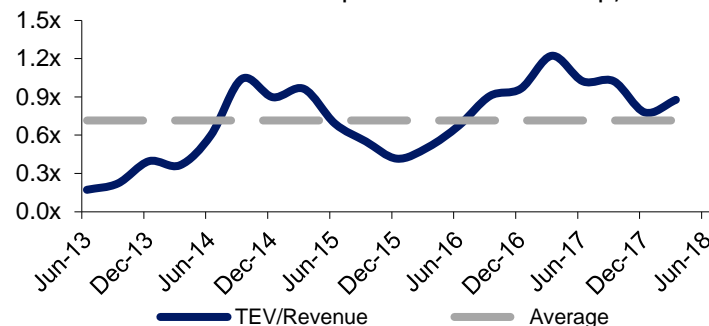
Public Basket



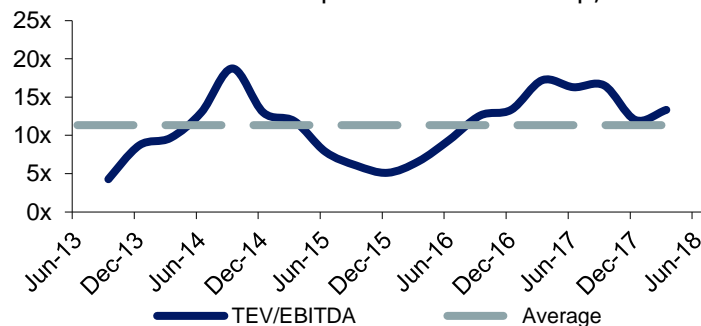
Willdan Group, Inc.

Willdan Group, Inc., together with its subsidiaries, provides professional technical and consulting services to utilities, private industry, and public agencies at various levels of government primarily in the United States. It operates through four segments: Energy Efficiency Services, Engineering Services, Public Finance Services, and Homeland Security Services. The Energy Efficiency Services segment offers comprehensive surveys, program design, master planning, benchmarking analysis, design engineering, construction management, performance contracting, installation, alternative financing, and measurement and verification services. The Engineering Services segment provides a range of engineering related services, such as building and safety, city engineering, code enforcement, development plan review and inspection, disaster recovery, geotechnical and earthquake engineering, landscape architecture, planning, program and construction management, contract staff support, structural engineering, surveying and mapping, traffic engineering and planning, transportation, and water resources services. Willdan Group, Inc. was founded in 1964 and is headquartered in Anaheim, California.

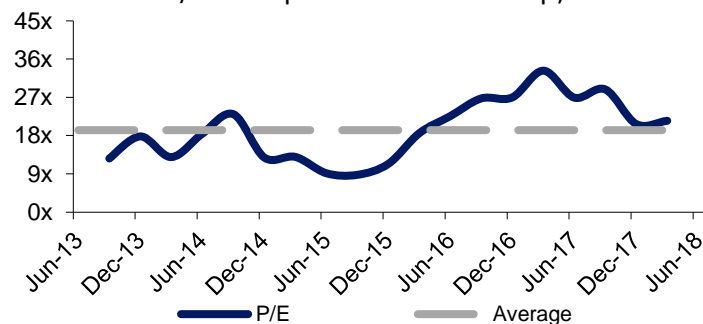
Revenue Multiples - Willdan Group, Inc.



EBITDA Multiples - Willdan Group, Inc.



P/E Multiples - Willdan Group, Inc.



Date Key Development Headline

4/30/18 Willdan Group, Inc. (NasdaqGM:WLDN) acquired Newcomb Anderson McCormick, Inc.

Public Basket

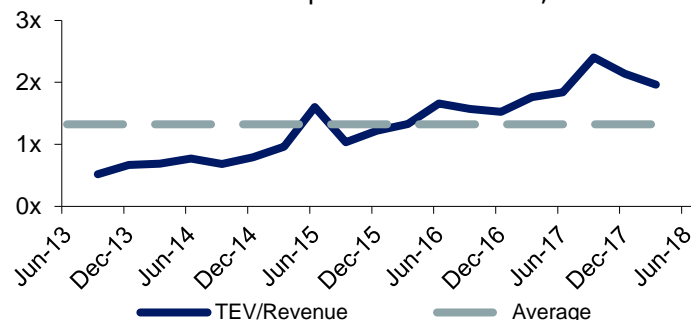


NV5 Global, Inc.

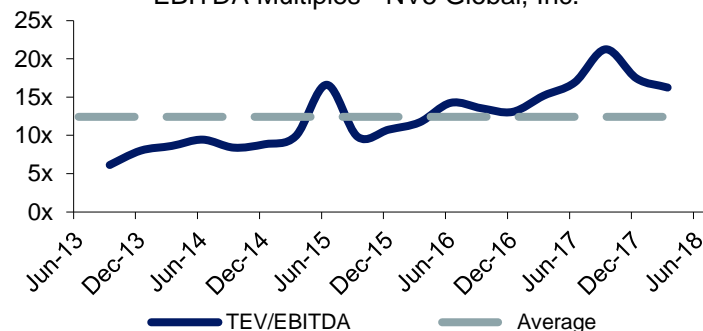
NV5 Global, Inc. provides professional and technical engineering and consulting services to public and private sector clients in the infrastructure, energy, construction, real estate, and environmental markets in the United States and internationally. It operates through two segments, Infrastructure; and Building, Technology & Sciences. The company offers site selection and planning, design, water resources, transportation, structural engineering, land development, surveying, power delivery, building code compliance, and other services; and construction materials testing and engineering, geotechnical engineering and consulting, and forensic consulting services. It also provides governmental outsourcing and consulting, and technical outsourcing services, as well as building program management services. In addition, the company offers mechanical, electrical, and plumbing design services; commissioning services; energy performance, management, and optimization services. NV5 Global, Inc. was founded in 1949 and is headquartered in Hollywood, Florida.

| Date | Key Development Headline |
|--------|--|
| 6/7/18 | NV5 Global Seeks Acquisitions |
| 3/8/18 | NV5 Global Mulls acquisitions |
| 2/6/18 | NV5 Global, Inc. (NasdaqCM:NVEE) acquired CSA (M&E) Limited. |

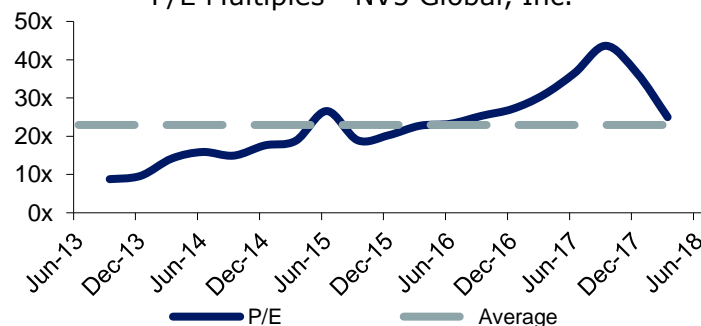
Revenue Multiples - NV5 Global, Inc.



EBITDA Multiples - NV5 Global, Inc.



P/E Multiples - NV5 Global, Inc.



Public Basket

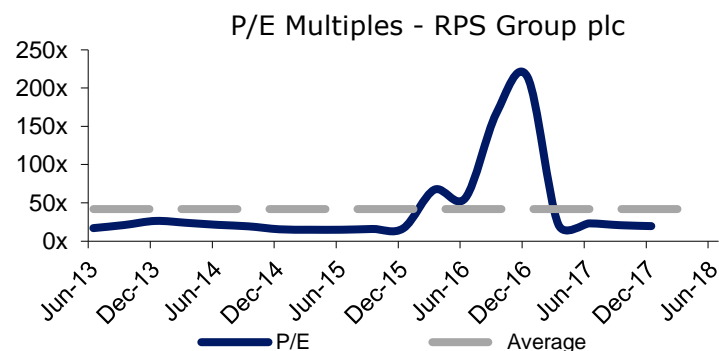
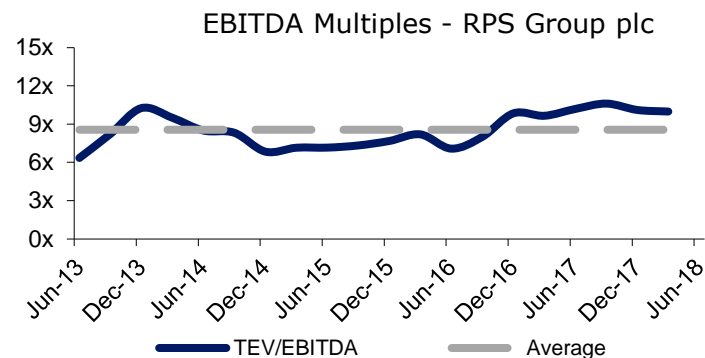
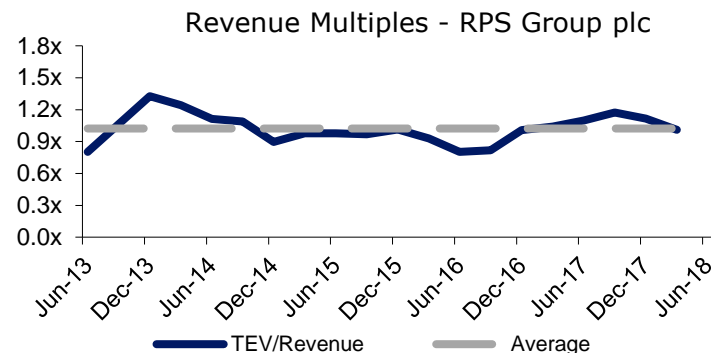


RPS Group plc

RPS Group plc, a consultancy company, provides advice on the development and management of the built and natural environment; planning and development of strategic infrastructure; and evaluation and development of energy, water, and other resources. The company operates through Built and Natural Environment, Energy, and Australia Asia Pacific segments. It offers consultancy services, including environmental assessment, project management, water resources management, oceanography, health and safety, risk management, town and country planning, building, landscape and urban design, surveying, and transport planning to various aspects of the property and infrastructure development and management sectors. The company also provides integrated technical, commercial, and project management support and training services in the fields of geoscience, engineering and health, safety, and environment to the oil and gas sector. The company operates primarily in Europe, North America, and Australia. RPS Group plc was incorporated in 1987 and is headquartered in Abingdon, the United Kingdom.

| Date | Key Development Headline |
|------|--------------------------|
|------|--------------------------|

| | |
|--------|----------------------------------|
| 3/1/18 | RPS Group plc Seeks Acquisitions |
|--------|----------------------------------|



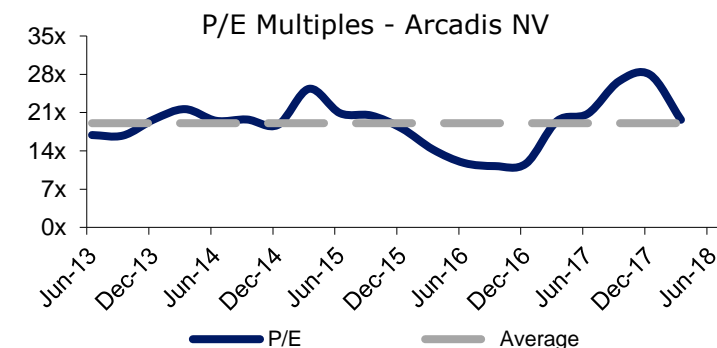
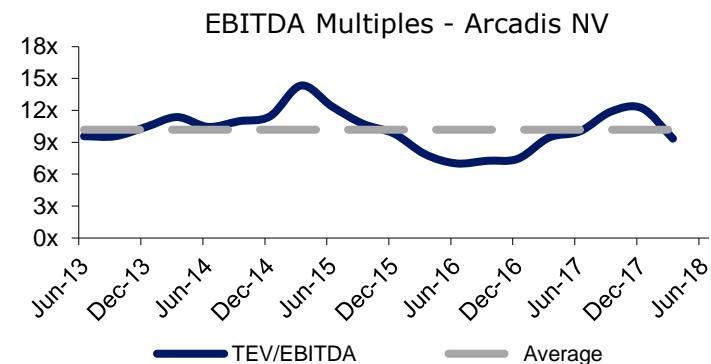
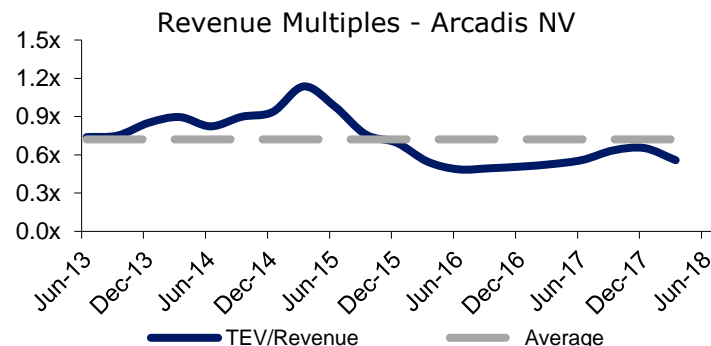
Public Basket



Arcadis NV

Arcadis NV operates as a design and consultancy firm for natural and built assets worldwide. The company operates through Europe & Middle East, the Americas, Asia Pacific, and CallisonRTKL segments. It offers design, consultancy, engineering, project, and management services for various sectors. The company provides architectural design, landscape architecture, and performance driven architecture services; business advisory services for asset strategy and performance, business transformation and resiliency, investment and finance, and technology and information; and construction management and site supervision, cost management, program management, and project management services. Arcadis NV was founded in 1888 and is headquartered in Amsterdam, the Netherlands.

| Date | Key Development Headline |
|----------|---|
| 6/4/18 | Arcadis and Techstars Partner to Bring Innovative Solutions to the Natural and Built Environment |
| 1/9/18 | ARCADIS NV (ENXTAM:ARCAD) acquired Skipworth Engelhardt Asset Management Strategists Limited. |
| 10/24/17 | An unknown buyer acquired infrastructure business in the Czech Republic from Arcadis NV (ENXTAM:ARCAD). |
| 7/26/17 | ARCADIS NV (ENXTAM:ARCAD) acquired E2 ManageTech, Inc. |



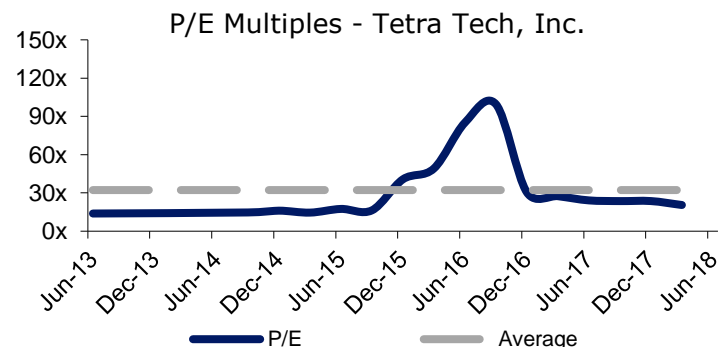
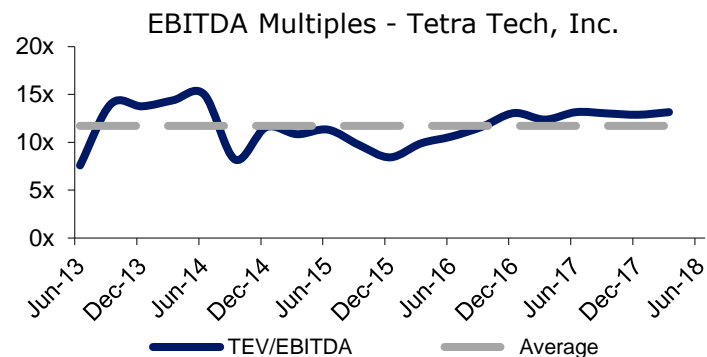
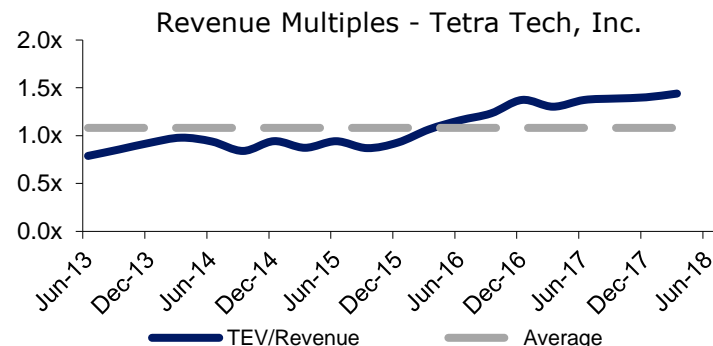
Public Basket



Tetra Tech, Inc.

Tetra Tech, Inc. provides consulting and engineering services worldwide. It operates through two segments, Water, Environment and Infrastructure (WEI); and Resource Management and Energy (RME). The WEI segment offers early data collection and monitoring, data analysis and information technology, science and engineering applied research, engineering design, construction management, and operations and maintenance services; and climate change and energy management consulting, as well as greenhouse gas inventory assessment, certification, reduction, and management services. It serves governments, and commercial and industrial clients in water resources analysis and water management, environmental restoration, government consulting, and civil infrastructure master planning and engineering design markets. Tetra Tech, Inc. was founded in 1966 and is headquartered in Pasadena, California.

| Date | Key Development Headline |
|---------|---|
| 5/16/18 | Stantec, Tetra Tech and Hatch Forms Joint Venture |
| 5/3/18 | Tetra Tech Seeks Acquisitions |
| 2/1/18 | Tetra Tech Mulls Acquisitions |
| 1/24/18 | Tetra Tech, Inc. (NasdaqGS:TTEK) acquired Bridgenet International Inc. |
| 1/16/18 | Tetra Tech, Inc. (NasdaqGS:TTEK) signed a definitive agreement to acquire NDY Management Pty Limited. |



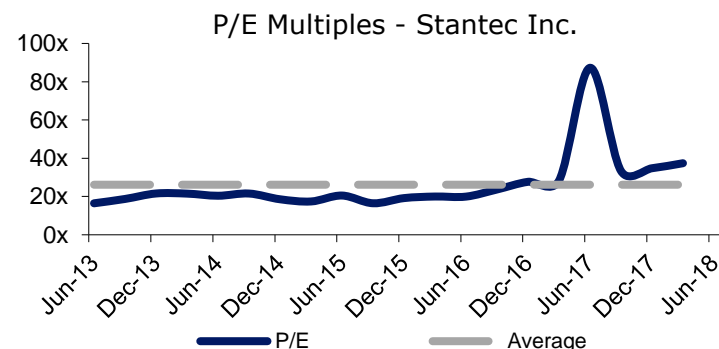
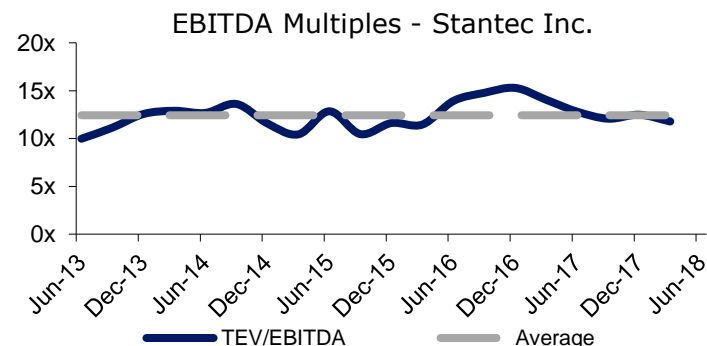
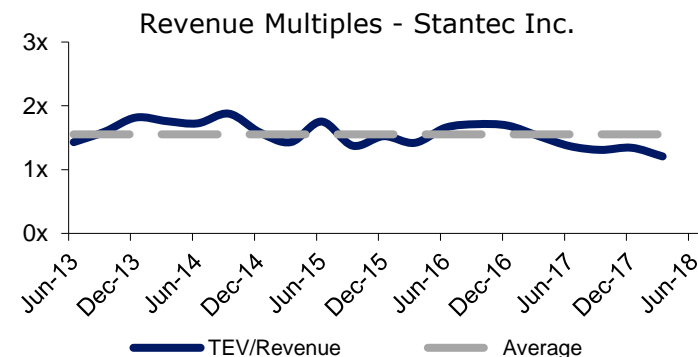
Public Basket



Stantec Inc.

Stantec Inc. provides professional consulting services in the area of infrastructure and facilities for clients in the public and private sectors in Canada, the United States, and internationally. It operates through four segments: Consulting Services – Canada, Consulting Services – United States, Consulting Services – Global, and Construction Services. The company offers consulting services in engineering, architecture, interior design, landscape architecture, surveying, environmental services, project management, and project economics. It also provides construction, construction management, and project delivery at-risk services primarily on water-related projects, as well as professional supervision services to various clients in the United States and the United Kingdom. The company was formerly known as Stanley Technology Group Inc. and changed its name to Stantec Inc. in October 1998. Stantec Inc. was founded in 1954 and is headquartered in Edmonton, Canada.

| Date | Key Development Headline |
|---------|---|
| 5/16/18 | Stantec, Tetra Tech and Hatch Forms Joint Venture |
| 5/10/18 | Stantec Seeks Acquisitions |
| 4/25/18 | Stantec Inc. (TSX:STN) entered into a letter of intent to acquire Cegertec Inc. |
| 3/31/18 | Stantec Inc. (TSX:STN) completed the acquisition of Traffic Design Group. |
| 3/29/18 | Stantec Inc. (TSX:STN) completed the acquisition of Occam Engineers Inc. |

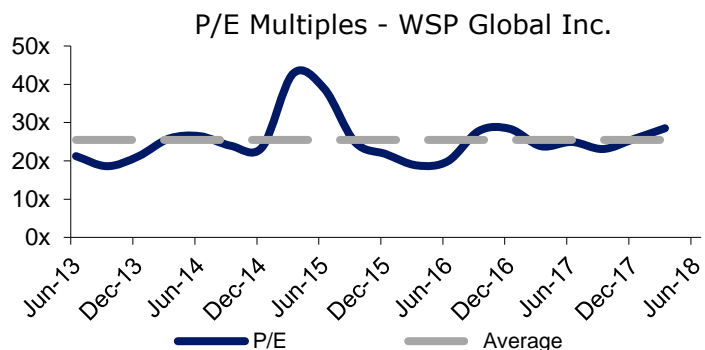
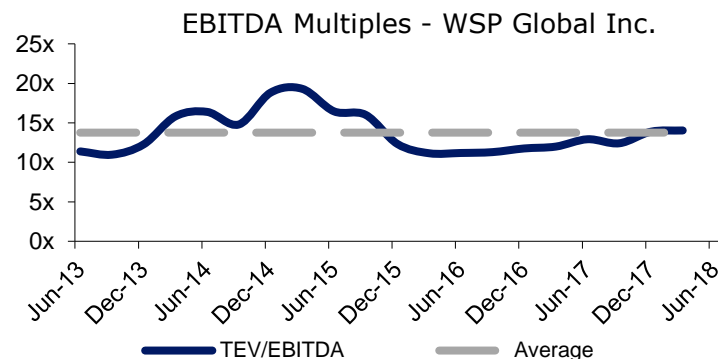
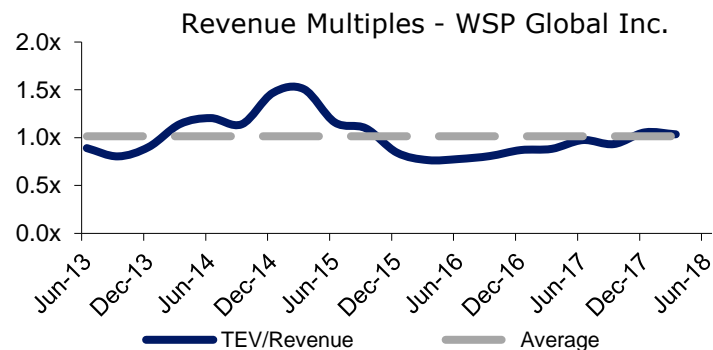


Public Basket



WSP Global Inc.

WSP Global Inc. operates as a professional services company in the United States, Canada, the United Kingdom, Sweden, and internationally. The company's Property & Buildings segment provides technical and management consultancy services, such as structural and mechanical, electrical, and plumbing engineering; and a range of specialist services, including fire engineering, lighting design, vertical transportation, acoustics, intelligent building systems, audiovisual systems, information technology, facade engineering, and green building design. WSP Global Inc. was founded in 1959 and is headquartered in Montreal, Canada.



| Date | Key Development Headline |
|----------|--|
| 3/21/18 | WSP Global Inc. (TSX:WSP) acquired UnionConsult Gruppen AS. |
| 3/15/18 | WSP Global Mulls Acquisitions |
| 1/3/18 | WSP Global Inc. (TSX:WSP) acquired ISS Proko Oy from ISS Palvelut Oy. |
| 11/26/17 | WSP Global Inc. (TSX:WSP) completed the acquisition of Opus International Consultants Limited (NZSE:OIC) from Opus International (NZ) Limited, Accident Compensation Corporation, Paul Robertshawe, Blair Cooper, Blair Tallot, Aspiring Asset Management Limited, Salt Funds Management Limited and other shareholders. |
| 11/1/17 | WSP Global Inc. (TSX:WSP) acquired Consultoría Colombiana S.A. |

Public Basket

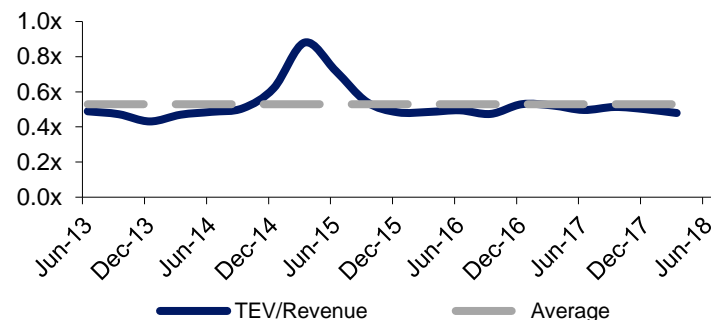


AECOM

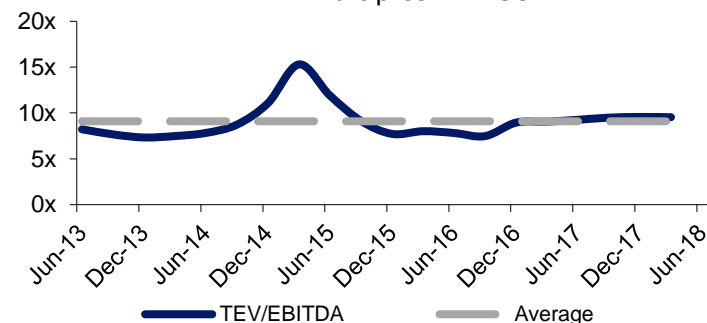
AECOM, together with its subsidiaries, engages in designing, building, financing, and operating infrastructure assets worldwide. The company operates through four segments: Design and Consulting Services (DCS), Construction Services (CS), Management Services (MS), and AECOM Capital (ACAP). The DCS segment provides planning, consulting, architectural and engineering design, program management, and construction management services for industrial, commercial, institutional, and government clients, such as transportation, facilities, environmental, and energy/power markets. The CS segment offers building construction and energy, as well as infrastructure and industrial construction services. AECOM was founded in 1980 and is headquartered in Los Angeles, California.

| Date | Key Development Headline |
|---------|--|
| 6/10/18 | Mullen Group Ltd. (TSX:MTL) entered into an agreement to acquire Canadian industrial services division of AECOM. |
| 6/7/18 | AECOM and Shanghai Greenland Construction Group Co. Ltd. Announce Strategic Cooperation to Develop Integrated Delivery Projects in People's Republic of China and Globally |
| 6/6/18 | AECOM and Mushroom VR to Develop Virtual Reality Technologies |
| 5/8/18 | AECOM Seeks Sale Of Non-core Oil And Gas Operation |
| 4/10/18 | SitsScape and AECOM Announce Five-Year Strategic Partnership |

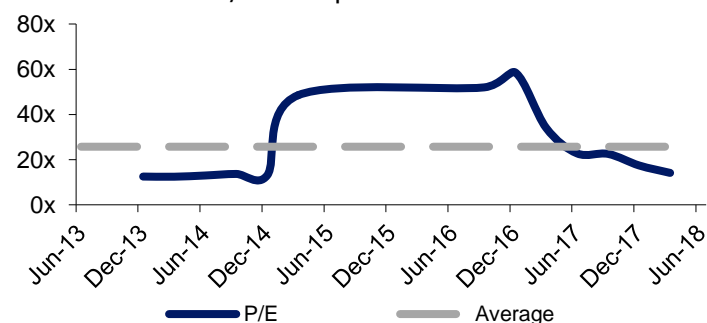
Revenue Multiples - AECOM



EBITDA Multiples - AECOM



P/E Multiples - AECOM



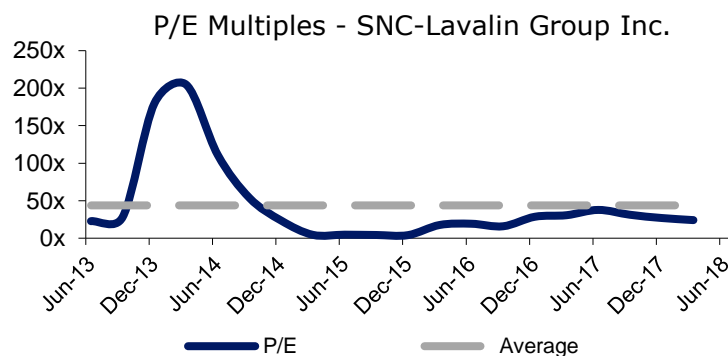
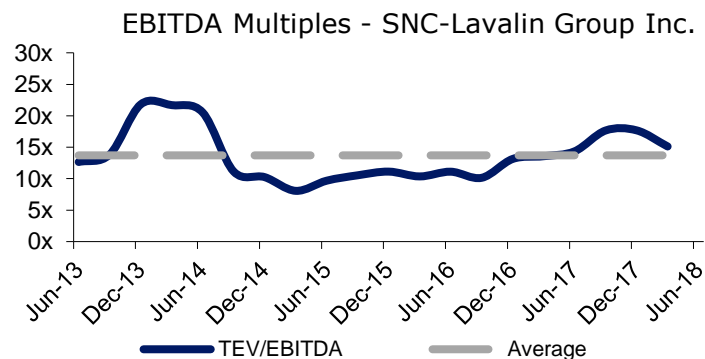
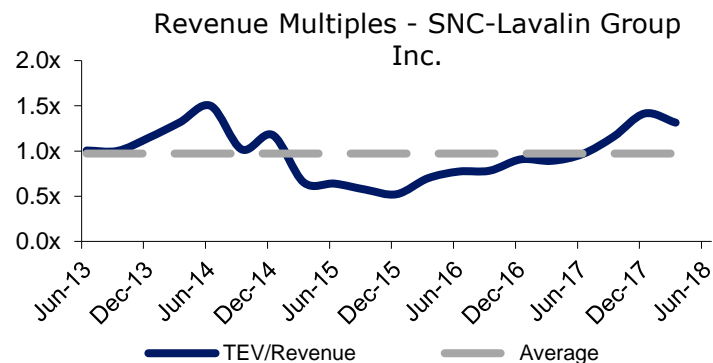
Public Basket



SNC-Lavalin Group Inc.

SNC-Lavalin Group Inc. provides consulting, design, engineering, construction, and operation and maintenance services worldwide. It operates through Mining & Metallurgy, Oil & Gas, Power, Infrastructure, Atkins, and Capital segments. The company offers various solutions for projects in the aluminum, gold, copper, iron ore, nickel, fertilizer, sulphur, and other projects. It also undertakes oil and gas projects in the upstream, midstream, downstream, and supporting infrastructure sectors, as well as supports clients in the asset lifecycle from front-end evaluation through decommissioning. SNC-Lavalin Group Inc. was founded in 1911 and is headquartered in Montreal, Canada.

| Date | Key Development Headline |
|----------|--|
| 12/20/17 | SNC-Lavalin to Form a Joint Venture with ABB |
| 10/30/17 | SNC-Lavalin Group Inc. (TSX:SNC) acquired Data Transfer Solutions, Inc. for \$45 million. |
| 9/29/17 | SNC-Lavalin Group Inc. (TSX:SNC) completed the acquisition of additional 26% stake in Saudi Arabia Kentz Co. LLC. |
| 8/2/17 | SNC-Lavalin Group Inc. (TSX:SNC) signed an agreement to acquire additional 26% stake in Saudi Arabia Kentz Co. LLC for \$45.8 million. |
| 7/26/17 | SNC-Lavalin Seeks Acquisitions |

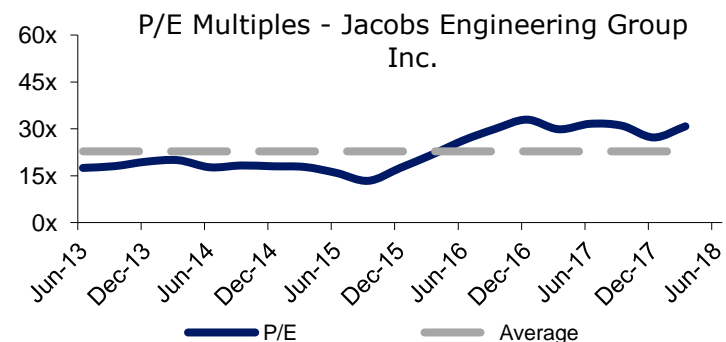
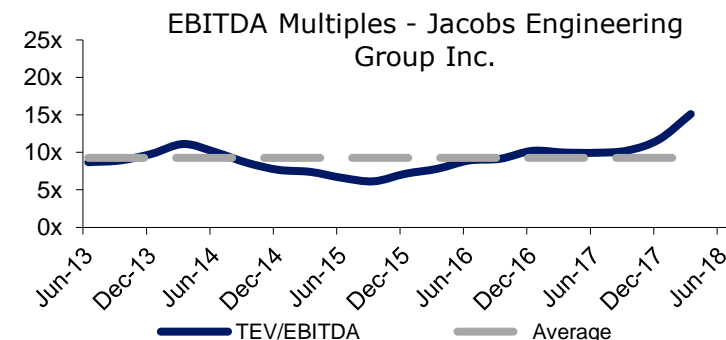
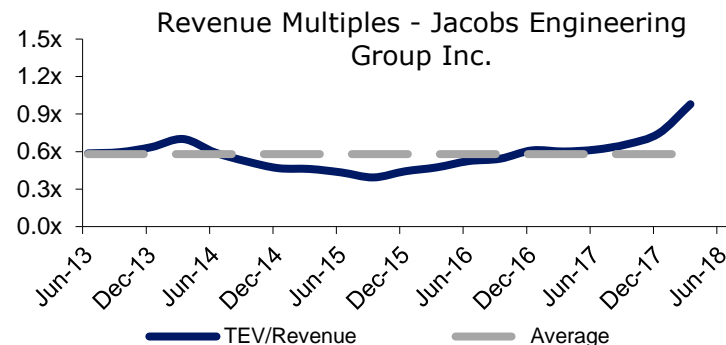


Public Basket



Jacobs Engineering Group Inc.

Jacobs Engineering Group Inc. provides technical, professional, and construction services. It offers project services that include engineering, architectural, interiors, design, planning, and related services, as well as planning, scheduling, procurement, estimating, cost engineering, project accounting and delivery, safety, and other support services. The company also provides process, scientific, and systems consulting services, including performing pricing studies, market analyses, and financial projections in determining the feasibility of a project; performing gasoline reformulation modeling; analyzing and evaluating layout and mechanical designs for complex processing plants; analyzing automation and control systems; The company was founded in 1947 and is headquartered in Dallas, Texas.



| Date | Key Development Headline |
|----------|--|
| 12/14/17 | Jacobs Engineering Group Inc. (NYSE:JEC) completed the acquisition of CH2M HILL Companies, Ltd. from Apollo Management VIII, L.P., managed by Apollo Global Management, LLC (NYSE:APO) and others. |
| 9/28/17 | Neste Oyj (HLSE:NESTE) acquired the remaining 40% stake in Neste Jacobs Oy from Jacobs Engineering Group Inc. (NYSE:JEC). |
| 8/30/17 | Jacobs Engineering Group Inc. (NYSE:JEC) acquired Blue Canopy Group, LLC. |
| 8/2/17 | CH2M HILL Companies, Ltd., Jacobs Engineering Group Inc. - M&A Call |
| 8/2/17 | CH2M HILL Companies, Ltd., Jacobs Engineering Group Inc. - M&A Call |

Contact Information

7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally. We advise on M&A and private capital transactions, and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets. Securities offered through 7M Securities LLC.

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