SECTORWATCH:

**Energy Efficiency Services** 

March 2018

7 MILE ADVISORS

# **SECTORWATCH:**

**Energy Efficiency Services** March 2018

- **Sector Dashboard**
- **Public Basket Performance**
- **Operational Metrics**
- **Valuation Comparison**
- **Recent Deals**
- **Appendix**

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# **OVERVIEW**



#### **Dashboard**

summary metrics on the sector, with commentary on market momentum by comparing the most recent 12month performance against the last 3-year averages



#### **Public Basket Performance**

summary valuation and operating metrics for a basket of comparable public companies



#### **Valuation Comparison**

a more graphical, detailed comparison of valuation multiples for the public basket



#### **Recent Deals**

the most recently announced sector deals

#### **About Us**

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.

#### Sectorwatch

We publish sectorwatch, a review of M&A and operational trends in the industries we focus.

# Let us know if we can help

Contact us if there are ways we can assist your M&A or financing strategy.



# **DASHBOARD**

## **Revenue Growth Momentum**



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

Current gross profit margin is less than the average of the last 3 years gross profit margins, indicating customer pricing power

# **Profitability Momentum**



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

#### **PUBLIC BASKET CONSTITUENTS**

OTCPK:LIME NasdaqGM:WLDN NasdaqGS:ICFI

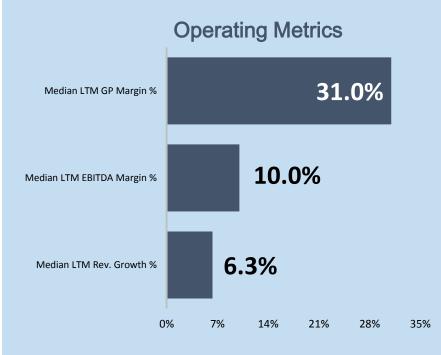
NasdaqGM:WLDN NasdaqCM:NVEE NasdaqGS:ITRI NYSE:LDOS

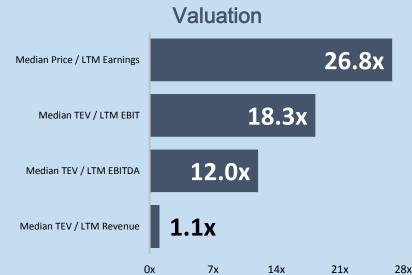
NYSE:AMRC

NYSE:LMT

NYSE:NCI

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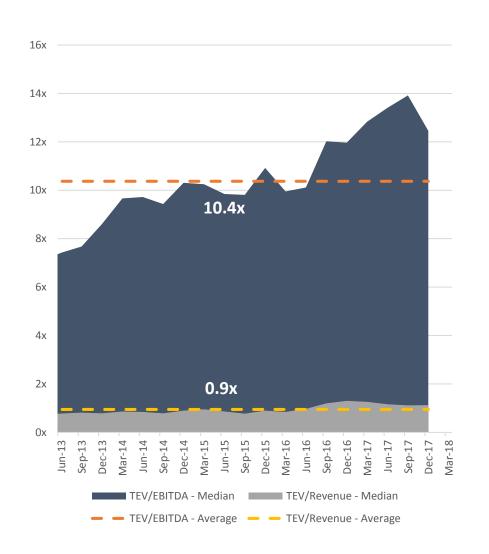
# PUBLIC BASKET PERFORMANCE

Company	TEV\$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Lime Energy Co.	32	100	0%	32%	-6%	0.3	0.0	263	381
Willdan Group, Inc.	185	267	46%	28%	7%	0.7	10.7	615	434
NV5 Global, Inc.	547	302	49%	50%	12%	1.8	14.8	1,352	223
Ameresco, Inc.	743	680	5%	20%	9%	1.1	12.5	1,038	655
Navigant Consulting, Inc.	1,008	940	0%	31%	13%	1.1	8.0	6,008	156
ICF International, Inc.	1,311	1,229	4%	37%	9%	1.1	11.6	-	NA
Itron, Inc.	3,338	2,018	0%	33%	11%	1.7	15.1	-	NA
Leidos Holdings, Inc.	12,391	10,170	44%	12%	10%	1.2	12.0	31,000	328
Lockheed Martin Corporation	107,948	51,048	8%	11%	13%	2.1	15.9	100,000	510
Average	14,167	7,417	17%	28%	9%	1.2	11.2	15,586	384
Median	1,008	940	5%	31%	10%	1.1	12.0	1,038	381

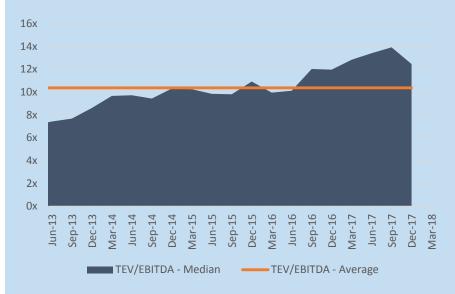
share price as of 02Mar18



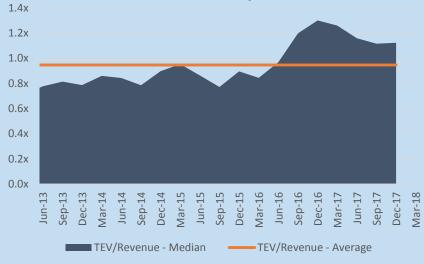
# **PUBLIC BASKET VALUATION TRENDS**



# **Public EBITDA Multiples Over Time**

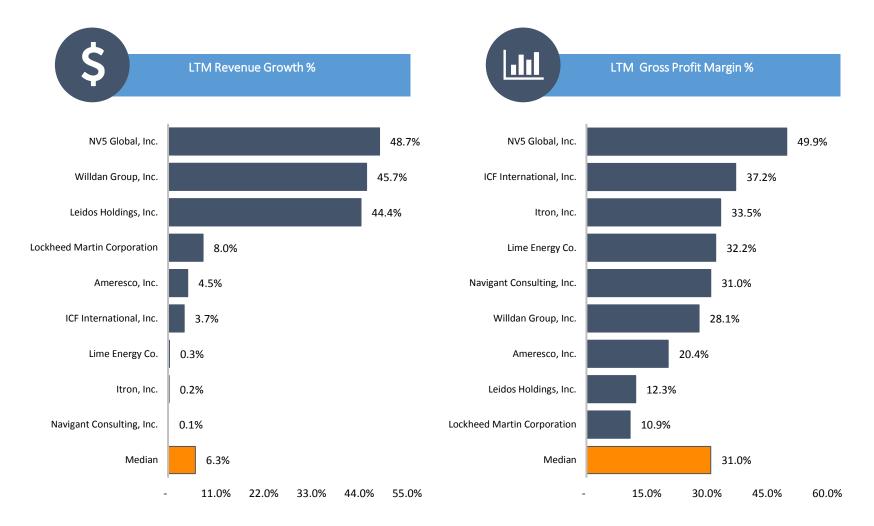


# **Public Revenue Multiples Over Time**



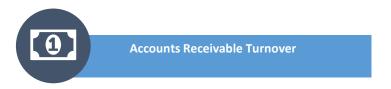


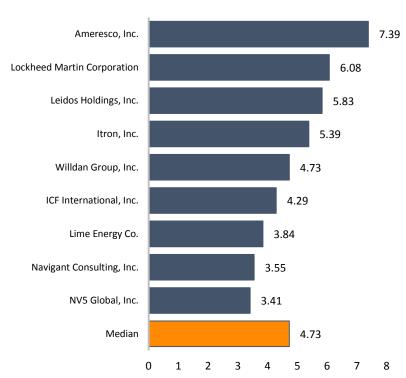
# **OPERATIONAL METRICS**



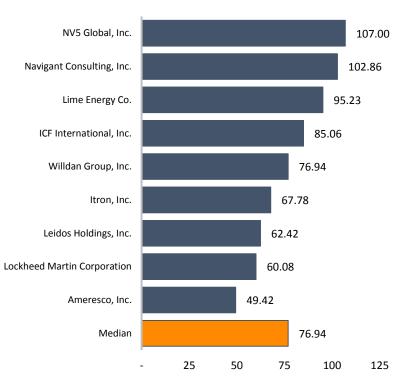


# **OPERATIONAL METRICS**



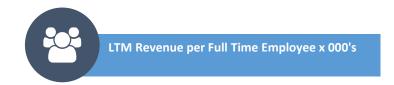




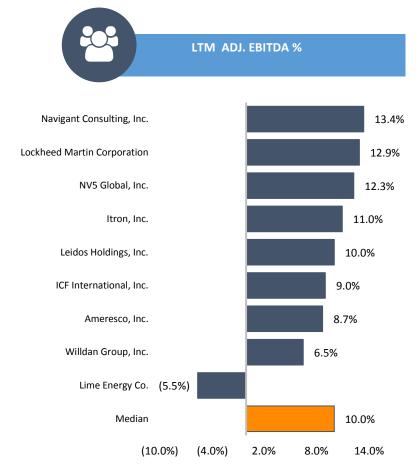




# **OPERATIONAL METRICS**



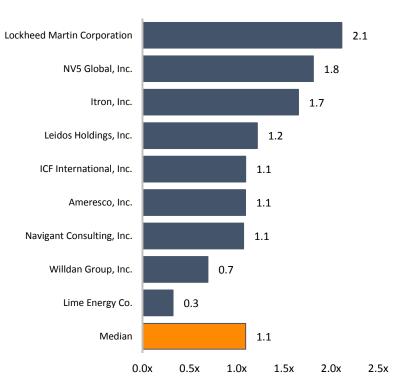




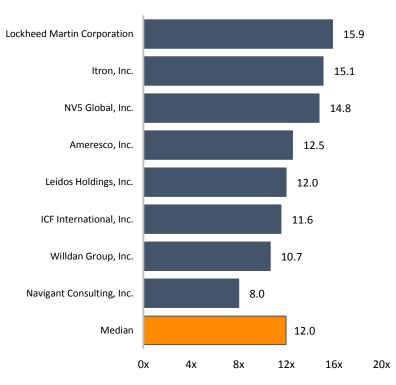


# **VALUATION**











# **VALUATION**





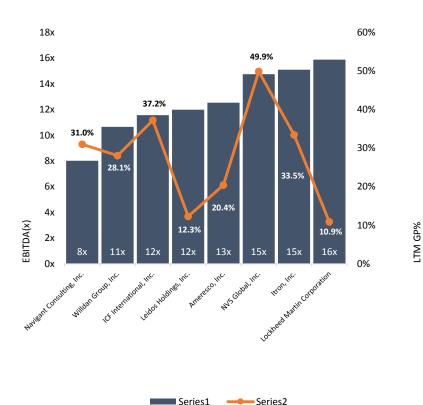
# **VALUATION**

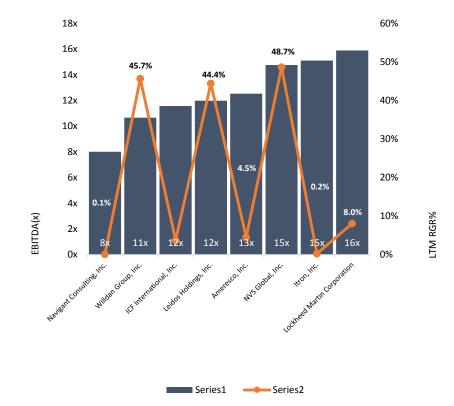


Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate







# **RECENT TRANSACTIONS**

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
23Feb18	TEP ENERGY SOLUTION S.r.I.	Snam S.p.A.	-	-	-	3.5x
5Feb18	Clean Markets, LLC	CMC Energy Services, Inc.	-	-	-	-
29Jan18	Pearl Home Certification, Inc.	-	1.75	-	-	-
29Jan18	ADI Energy, LLC	Oaktree Capital Management, L.P.	-	-	-	-
29Jan18	Utility Solutions Division of ENGIE Insight	CLEAResult Consulting, Inc.	-	-	-	-
16Jan18	BIDGELY, INC.	E.ON SE; Khosla Ventures; Georgian Partners; Constellation Technology Ventures; innogy SE	27.00	-	-	-
16Jan18	Butsko Utility Design, Inc.	NV5 Global, Inc.	-	5.00	-	-
8Dec17	DNV GL Group AS	Det Norske Veritas Holding AS	-	-		
6Dec17	Woolpert, Inc.	Long Point Capital	-	-	-	-
28Nov17	Esperanto Technologies Inc.	Western Digital Corporation	-	-	-	-
19Oct17	Calico Energy, Inc.	-	-	-	-	-
17Oct17	Renew Energy Partners, LLC	Rollins Capital Management LLC; Proficio Capital Partners LLC	40.00	-	-	-
10Oct17	Energy Equity Funding, LLC	Ygrene Energy Fund, Inc.	-	-	-	-
3Oct17	Glumac Inc.	Tetra Tech, Inc.	-	_	_	-
26Sep17	Waypoint Building Group Inc.	Altus Group Limited	-	-	-	-
17Sep17	Silver Spring Networks, Inc.	Itron, Inc.	956.61	452.27	1.9x	NM
5Sep17	LeaseGreen Group Oy	LähiTapiola Keskinäinen Vakuutusyhtiö; Tapiola Mutual Life Assurance Company	-	17.76	-	-
29Aug17 29Aug17	BlocPower FEC Energy Ltd	MetaProp NYC National Farmers' Union, Endowment Arm	0.05	-	-	-
24Aug17	A.E. Srl - Appliances Engineering, AE Performance Testing Lab	UL LLC	-	-	-	-
10Aug17	PosiGen, Inc.	Stonehenge Growth Capital, LLC	5.00	-	-	-
8Aug17	Efficiency Engineering Inc.	Kontrol Energy Corp.	2.04	-	_	_
28Jul17	Integral Analytics, Inc.	Willdan Energy Solutions, Inc.	30.02	-	-	-
5Jul17	Apleona Efficiency GmbH	GETEC heat & power AG	-	-	-	-
30Jun17	LRI, LLC	Triangle Capital Corporation	18.48	-	-	-
22Jun17	Net Zero Analysis & Design Corp.	ElmSpring Accelerator	0.02	-	-	-
21Jun17	EnerNOC, Inc.	Enel Green Power North America, Inc.	367.56	398.69	0.7x	NM
6Jun17	Richard D. Kimball Company, Inc.	NV5 Global, Inc.	-	33.00	-	-
19May17	NorthWrite Incorporated (nka:JouleSmart Solutions)	Joule Assets, Inc.	-	-	-	-
8May17	Comverge, Inc.	Itron, Inc.	100.00	60.00	1.7x	-



# **RECENT TRANSACTIONS**

Date	Target	Buyer	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
4May17	Energenz, LLC	NV5 Global, Inc.	-	2.00	-	-
26Apr17	Wattwatchers Pty Ltd	Southern Cross Venture Partners; Southern Cross Renewable Energy Venture Capital Fund; Clean Energy Finance Corporation; Clean Energy Innovation Fund	3.17	-	-	-
20Apr17	Flexible Energy Management Ltd	Inspired Energy plc	3.47	-	-	-
31Mar17	TRC Companies, Inc.	New Mountain Capital, LLC; New Mountain Partners IV, L.P.	687.55	529.44	1.3x	13.9x
30Mar17	Inenco Pty Ltd.	Genuine Parts Company	70.00	-	-	-
1Mar17	Urjanet Inc.	Oak HC/FT Partners LLC	20.00	-	-	-
28Feb17	Enersize Oyj	Scania Growth Capital	_	0.37	-	_
28Feb17	CHORUS Clean Energy AG	Capital Stage AG	0.62	66.61	10.4x	15.1x
10Feb17	ORTECH Consulting Inc.	Kontrol Energy Corp.	3.52	4.05	0.9x	4.9x
10Feb17	GoodCents Concepts, Inc.	Franklin Energy Services, LLC	_	-	-	-
9Feb17	Green Team Energy Services, LLC	CLEAResult Consulting, Inc.	-	-	-	-
8Feb17	NuGreen Pty Ltd	Plenary Group Pty Ltd		-	-	-
3Feb17	Tendril Networks, Inc.	-	5.04	-	-	-
27Jan17	Frontier Associates LLC	GTI International Inc.	-	-	_	-
18Jan17	Renewable Choice Energy, Inc.	Schneider Electric S.E.	-	-	-	-
17Jan17	QOS ENERGY	Go Capital SAS; Environmental Technologies Fund LP	3.21	-	-	-
11Jan17	Enovity, Inc.	Veolia North America, LLC	_	-	-	-
2Jan17	simuwatt, Inc.	-	0.53	-	-	-



# **SECTORWATCH:**

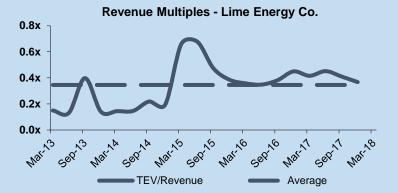
# Energy Efficiency Services March 2018

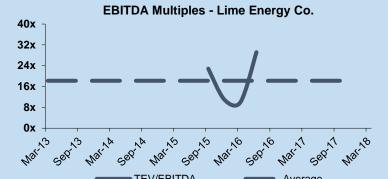
Appendix: Public Basket Constituents



# Lime Energy Co.

Lime Energy Co. engages in the designing and implementing energy efficiency programs for utilities in the United States. It offers direct install energy efficiency solutions for small and mid-size commercial and industrial business programs to enhance energy efficiency, and reduce energy-related expenditures and the impact of energy use on the environment. The company's solutions comprise energy efficient lighting upgrades and energy efficient mechanical upgrades. It also provides utility program management and implementation services, which comprise program design, program administration, customer recruitment-marketing and sales, and auditing and implementation of energy efficiency projects. The company was formerly known as Electric City Corp. and changed its name to Lime Energy Co. in September 2006. Lime Energy Co. was founded in 1997 and is headquartered in Newark, New Jersey.







# Willdan Group, Inc.

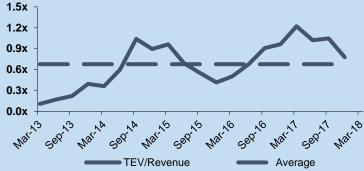
Willdan Group, Inc., together with its subsidiaries, provides professional technical and consulting services to utilities, private industry, and public agencies at various levels of government primarily in the Unites States. It operates through four segments: Energy Efficiency Services, Engineering Services, Public Finance Services, and Homeland Security Energy Efficiency Services Services. The 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, environmental consulting and remediation, 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. The Public Finance Services segment offers district administration, financial consulting, and federal compliance services. The Homeland Security Services segment provides emergency preparedness planning, training, and exercises; communications and technology; and water security services. The company serves public and governmental agencies, including cities, counties, redevelopment agencies, water districts, school districts, and universities; and state agencies and federal agencies, as well as various other special districts and agencies, private utilities and industry, and tribal governments. Willdan Group, Inc. was founded in 1964 and is headquartered in Anaheim, California.

Date Key Development Headline

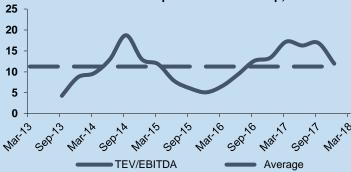
3/9/17 Willdan Group Mulls Acquisitions



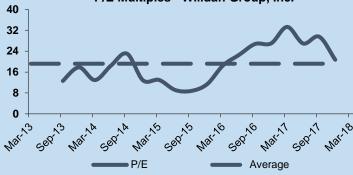




#### **EBITDA Multiples - Willdan Group, Inc.**



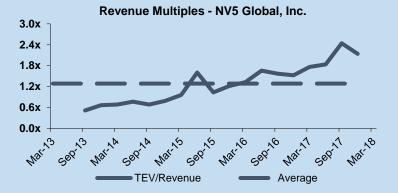
P/E Multiples - Willdan Group, Inc.

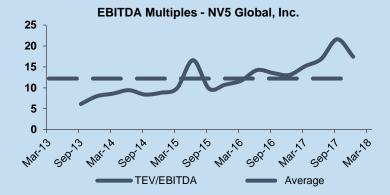


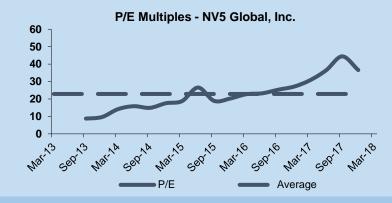
## NV5 Global, Inc.

NV5 Global, Inc. provides professional and technical engineering, and consulting solutions 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 Buildings, Energy & Science. The company offers infrastructure, engineering, and support services, including site selection, design, water resources, transportation, structural engineering, land development, surveying, power delivery, building code compliance, and other service areas; and construction quality assurance services, such as construction materials testing and engineering, geotechnical engineering and consulting, and forensic consulting. It also provides civil program management services comprising governmental outsourcing and consulting services; and technical outsourcing services, as well as building program management services. In addition, the company offers energy services, including inspection, and assistance in permitting; and traditional engineering services, such as energy and underground transmission and distribution, substation engineering, and power generation facility design services and surveying. NV5 Global, Inc. was founded in 1949 and is headquartered in Hollywood, Florida.

Date	Key Development Headline
2/6/18	NV5 Global, Inc. (NasdaqCM:NVEE) acquired CSA (M&E)
	Limited.
1/15/18	NV5 Global, Inc. (NasdagCM:NVEE) acquired Butsko







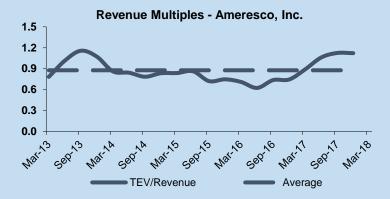


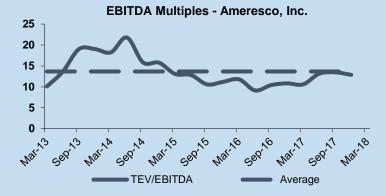
Utility Design, Inc.

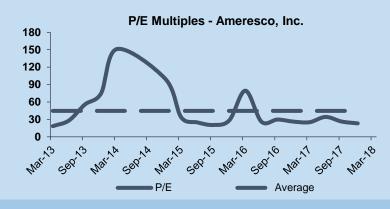
## Ameresco, Inc.

Ameresco, Inc. provides comprehensive energy services for businesses and organizations in North America and Europe. It offers energy efficiency, infrastructure upgrades, energy security and resilience, asset sustainability, and renewable energy solutions. The company operates through U.S. Regions, U.S. Federal, Canada, and Small-Scale Infrastructure segments. It designs, develops, engineers, and installs projects that reduce the energy, as well as operations and maintenance costs of customers' facilities. The company's projects primarily include various measures customized for the facility and designed to enhance the efficiency of building systems, such as heating, ventilation, cooling, and lighting systems. It also offers renewable energy products and services, such as the construction of small-scale plants for customers that produce electricity, gas, heat, or cooling from renewable sources of energy; and sells electricity and processed renewable gas fuel, heat, or cooling. In addition, the company provides enterprise energy management and consulting services; and sells solar photovoltaic (PV) energy products and systems. Ameresco, Inc. was founded in 2000 and is headquartered in Framingham, Massachusetts.

Date	Key Development Headline
11/28/17	BidEnergy Limited (ASX:BID) cancelled the acquisition of Axis utility bill management business from Ameresco, Inc. (NYSE:AMRC).
10/31/17	Ameresco Seeks Acquisitions
7/2/17	BidEnergy Limited (ASX:BID) executed an agreement to acquire Axis utility bill management business from Ameresco, Inc. (NYSE:AMRC) for \$0.02 million.





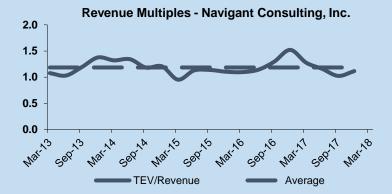


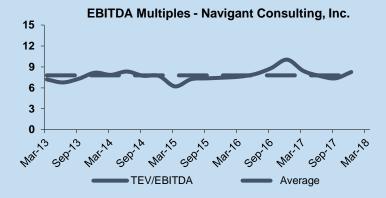


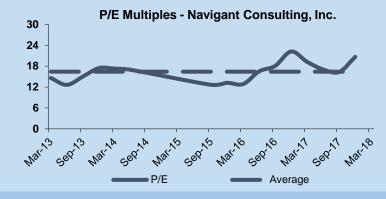
## Navigant Consulting, Inc.

Navigant Consulting, Inc. provides professional services to corporate executives and senior management, corporate counsel, law firms, corporate boards, special committees, and governmental agencies worldwide. The company operates through four segments: Healthcare: Energy: Financial Services Advisory and Compliance: and Disputes. Forensics & Legal Technology. The Healthcare segment provides consulting and business process management services to healthcare providers, payers, and life sciences companies. This segment helps clients respond to market legislative changes, such as the shift to an outcome and value-based reimbursements model, ongoing industry consolidation and reorganization, Medicaid expansion, and the implementation of a new electronic health records system. The Energy segment offers advisory services to utilities, governmental agencies, manufacturers, and investors. This segment provides its clients with advisory solutions in business strategy and planning, distributed energy resources and renewables, energy efficiency and demand response, and grid modernization, as well as various benchmarking and research services. The Financial Services Advisory and Compliance segment operational, valuation, risk management, provides strategic. investigative, and compliance advisory services to clients primarily in the financial services industry, including major financial and insurance institutions. This segment also offers anti-corruption solutions and antimoney laundering, litigation support, and tax compliance and valuation services. Navigant Consulting, Inc. was founded in 1983 and is headquartered in Chicago, Illinois.

Date	Key Development Headline
11/1/17	Navigant Consulting, Inc. (NYSE:NCI) acquired substantially all of the assets of Quorum Consulting Group SC







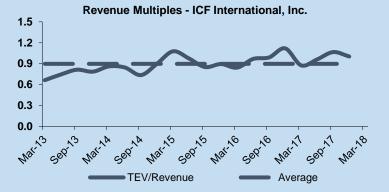
#### ICF International, Inc.

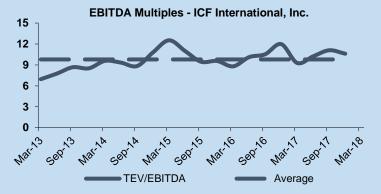
ICF International, Inc. provides management, technology, and policy consulting and implementation services to government and commercial clients in the United States and internationally. The company researches, collects, and analyses critical policy, industry, and stakeholder issues, trends, and behaviors; provides assessment and advisory services on how to navigate societal, market, business, communication, and technology challenges; and designs, develops, and manages plans, frameworks, programs, and tools that are principal to its clients' business performance. It also identifies, defines, and implements technology-based systems and business tools through a range of standard and customized methodologies designed to match its clients' business context; and informs and engages its clients' constituents, customers, and employees through public relations, branding and marketing, multichannel and strategic communications, and enterprise training and communications programs. ICF International, Inc. serves energy, environment, and infrastructure; health, education, and social programs; safety and security; and consumer and financial markets. The company was formerly known as ICF Consulting Group Holdings, LLC and changed its name to ICF International, Inc. in 2006. ICF International, Inc. was founded in 1969 and is headquartered in Fairfax, Virginia.

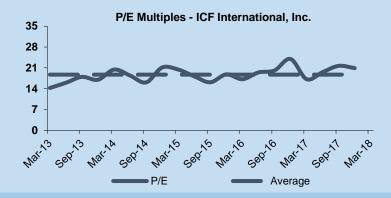
Date Key Development Headline

5/26/17 ICF International Mulls Acquisitions





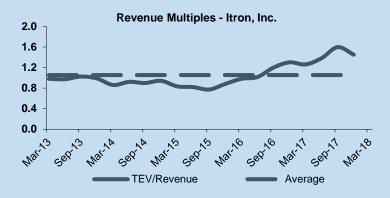


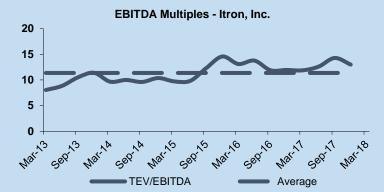


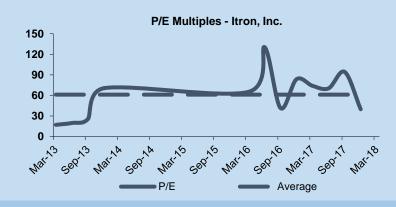
#### Itron, Inc.

Itron, Inc. provides metering solutions to electricity, gas, and water utility markets worldwide. The company operates through three segments: Electricity, Gas, and Water. It offers standard electromechanical and electronic, gas, and water and heat meters; and advanced and smart electricity, gas, and water meters and communication modules. The company also provides prepayment systems, including smart key, keypad, and smart card communication technologies; advanced systems, such as handheld, mobile, and fixed network collection technologies; smart network technologies; meter data management software; and knowledge application solutions. The company was founded in 1977 and is headquartered in Liberty Lake, Washington.

Date	Key Development Headline
1/4/18	Itron, Inc. (NasdaqGS:ITRI) completed the acquisition of Silver Spring Networks, Inc. (NYSE:SSNI) from Foundation Capital IV, L.P., FC IV Active Advisors Fund LLC and some other fund(s) managed by Foundation Capital and affiliates, Warren M. Weiss and others.
9/18/17	Itron, Inc., Silver Spring Networks, Inc M&A Call
9/17/17	Itron, Inc. (NasdaqGS:ITRI) signed a definitive agreement to acquire Silver Spring Networks, Inc. (NYSE:SSNI) from Foundation Capital IV, L.P., FC IV Active Advisors Fund LLC and some other fund(s) managed by Foundation Capital and affiliates, Warren M. Weiss and others for approximately \$940 million.
	Itron, Inc. (NasdaqGS:ITRI) completed the acquisition of Comverge, Inc. from H.I.G. Capital, LLC and Hercules Capital, Inc. (NYSE:HTGC). Itron, Inc., Peak Holding Corp - M&A Call









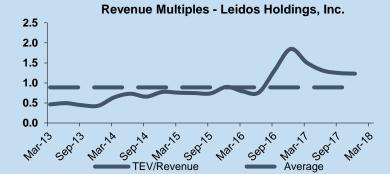
# Leidos Holdings, Inc.

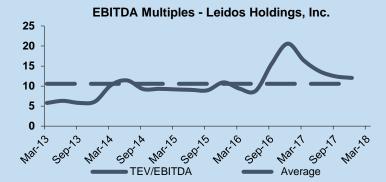
Leidos Holdings, Inc., a science and technology company, provides technology and engineering solutions in the defense, intelligence, homeland security, civil, and health markets in the United States and internationally. The company operates through National Security Solutions (NSS), Information Systems & Global Solutions (IS&GS), and Health and Infrastructure (HIS) segments. The NSS segment offers national security solutions and systems for air, land, sea, space, and cyberspace for the U.S. intelligence community, the U.S. Department of Defense (DoD), military services, the U.S. Department of Homeland Security, and government agencies of U.S. allies abroad, as well as other federal, civilian, and commercial customers in the national security industry. Its solutions offer technology, intelligence systems, command and control, data analytics, logistics, cybersecurity, and intelligence analysis and operations support services to critical missions. The IS&GS segment provides information technology (IT), management and engineering services to civil, defense, and intelligence agencies of the U.S. Government; and data analytics. systems engineering, agile software development, network-enabled situational awareness, communications, command and control, and systems integration solutions. Leidos Holdings, Inc. was founded in 1969 and is headquartered in Reston, Virginia.

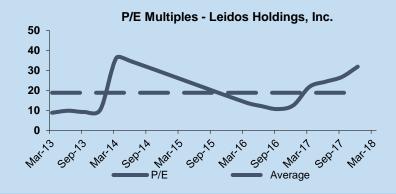
Date	Key Development Headline
	-

11/2/17 Leidos Holdings Seeks Acquisitions

6/7/17 Leidos and Cray Inc. Announce Strategic Alliance to Offer Multi-Level Security Solutions





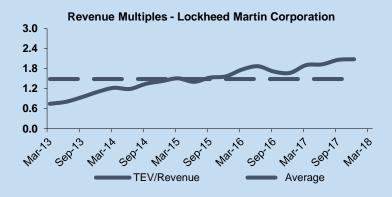


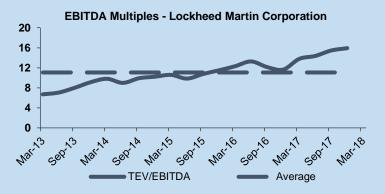


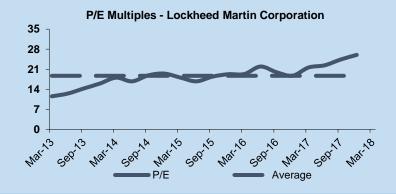
# **Lockheed Martin Corporation**

Lockheed Martin Corporation, a security and aerospace company, engages in the research, design, development, manufacture, integration, and sustainment of technology systems, products, and services worldwide. It operates through four segments: Aeronautics, Missiles and Fire Control, Rotary and Mission Systems, and Space Systems. The Aeronautics segment offers combat and air mobility aircraft, unmanned air vehicles, and related technologies. The Missiles and Fire Control segment provides air and missile defense systems: tactical missiles and air-to-ground precision strike weapon systems; logistics; fire control systems; mission operations support, readiness. engineering support, and integration services; manned and unmanned ground vehicles; and energy management solutions. The Rotary and Mission Systems segment offers military and commercial helicopters; ship and submarine mission and combat systems; mission systems and sensors for rotary and fixed-wing aircraft; sea and land-based missile defense systems; radar systems; the Littoral combat ship; simulation and training services; and unmanned systems and technologies. Lockheed Martin Corporation was founded in 1909 and is headquartered in Bethesda, Maryland.

Date	Key Development Headline
12/15/17	Aerion Corporation and Lockheed Martin Join Forces to Develop Supersonic Business Jet
6/4/17	StandardAero, Inc. agreed to acquire Some of the Facilities of Lockheed Martin Corporation (NYSE:LMT).
3/8/17	Lockheed Martin to Form Joint Venture with MBDA Holdings









# **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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