

7 Mile Advisors



# Sectorwatch:

Architecture, Engineering & Construction

October 2020



# Architecture, Engineering & Construction

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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

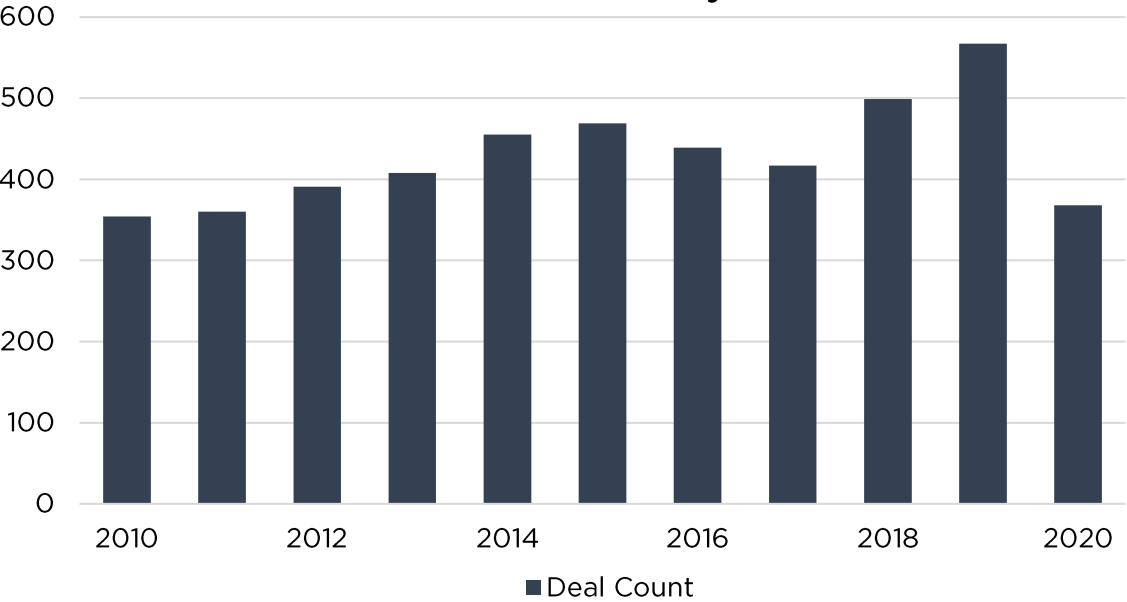
- The most recently announced deals in the sector

# Dashboard

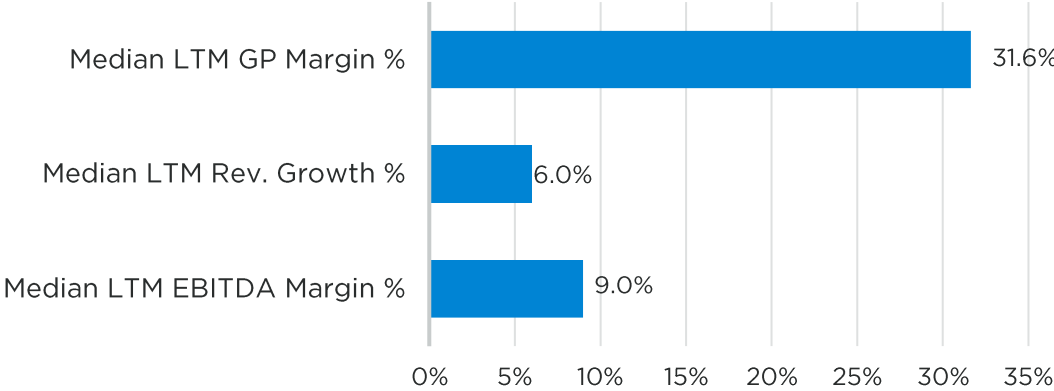
## REVENUE GROWTH MOMENTUM ↑ 2.1%

1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate exceeds the average of the last 3 years by this amount, indicating that market momentum is increasing

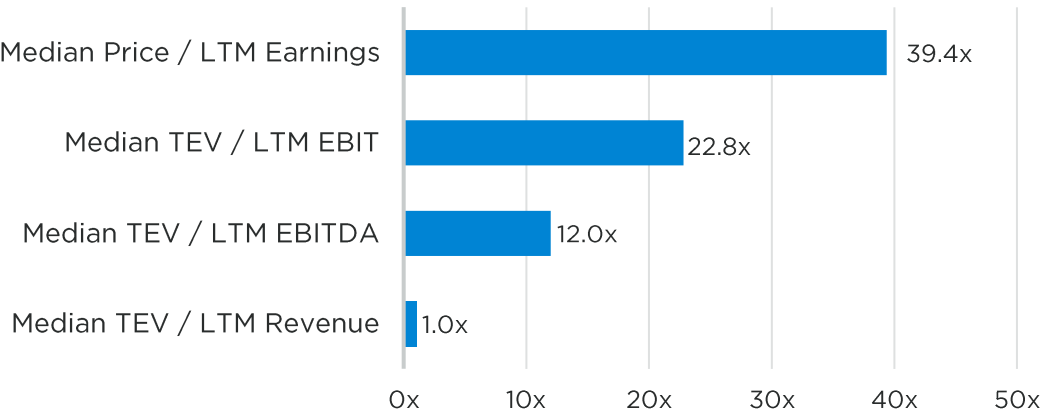
### M&A Activity



## Operating Metrics



## Valuation



# Public Basket Overview



United States



Canada



Netherlands



United Kingdom

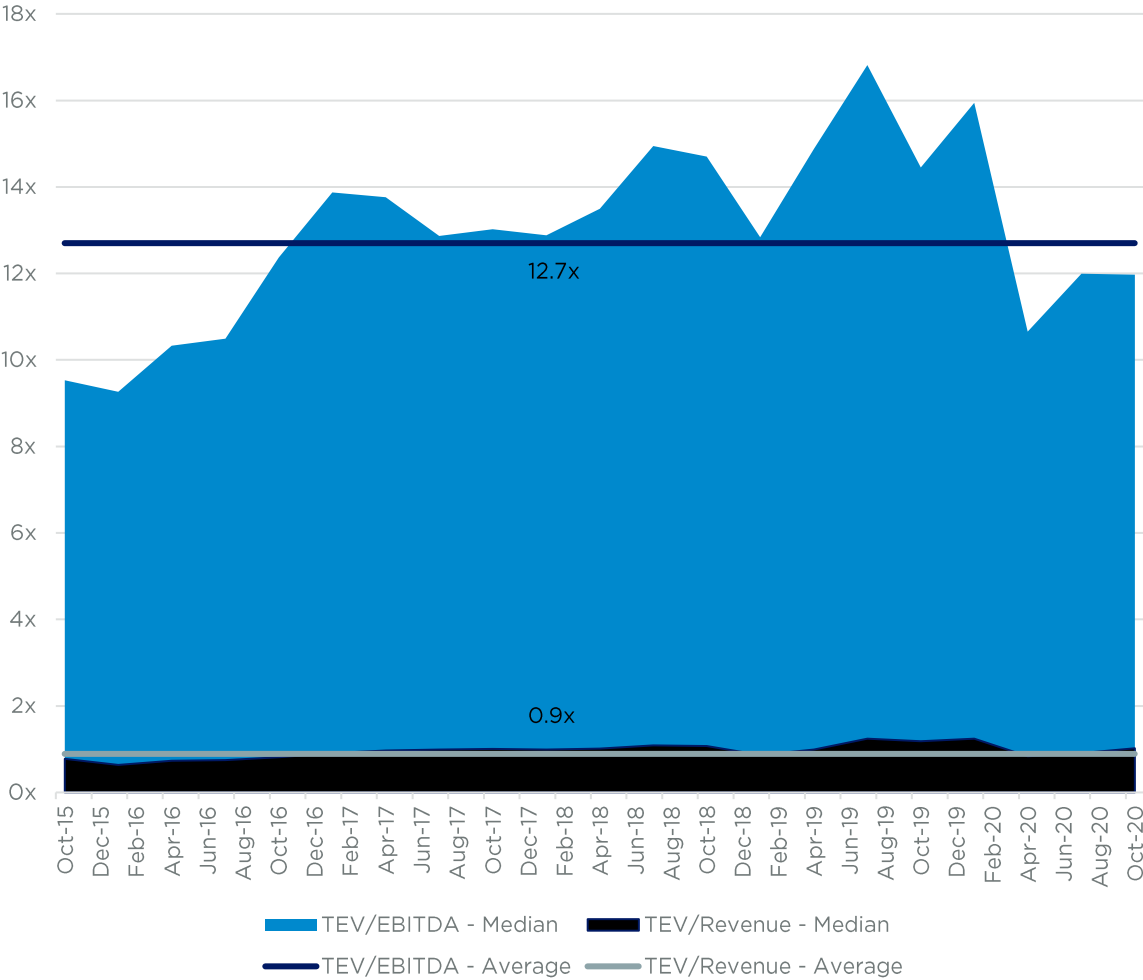


# Public Basket

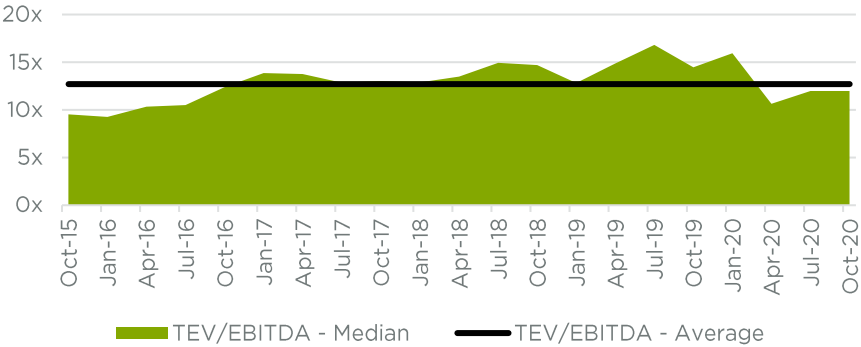
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
AECOM	8,695	341	19,715	27.7%	4.6%	1.7%	0.6x	54.6x	86,000	229
WSP Global	8,449	706	6,592	4.6%	15.2%	10.7%	1.3x	12.0x	50,000	132
Tetra Tech	5,811	222	3,083	2.6%	13.5%	7.2%	1.9x	26.2x	20,000	154
Stantec	4,269	418	3,634	7.3%	41.0%	11.5%	1.2x	10.2x	22,000	165
SNC-Lavalin Group	3,803	2,282	6,742	-7.4%	5.3%	33.9%	0.6x	1.7x	46,490	145
Arcadis	2,805	278	3,836	2.7%	74.6%	7.2%	0.7x	10.1x	27,875	138
NV5 Global	1,079	71	592	27.3%	50.1%	12.0%	1.8x	15.1x	3,362	176
Willdan Group	447	15	436	23.3%	31.6%	3.4%	1.0x	30.5x	1,451	301
RPS Group	309	-	-	-	-	-	0.4x	6.3x	5,000	NA
<b>Average</b>	3,963	542	5,579	11.0%	29.5%	11.0%	1.1x	18.5x	29,131	180
<b>Median</b>	3,803	309	3,735	6.0%	23.4%	9.0%	1.0x	12.0x	22,000	160

share price as of 07Oct20

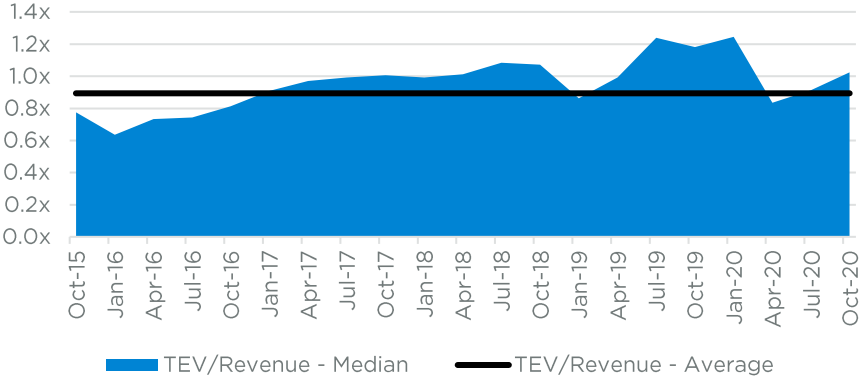
# Public Basket



Public EBITDA Multiples over Time

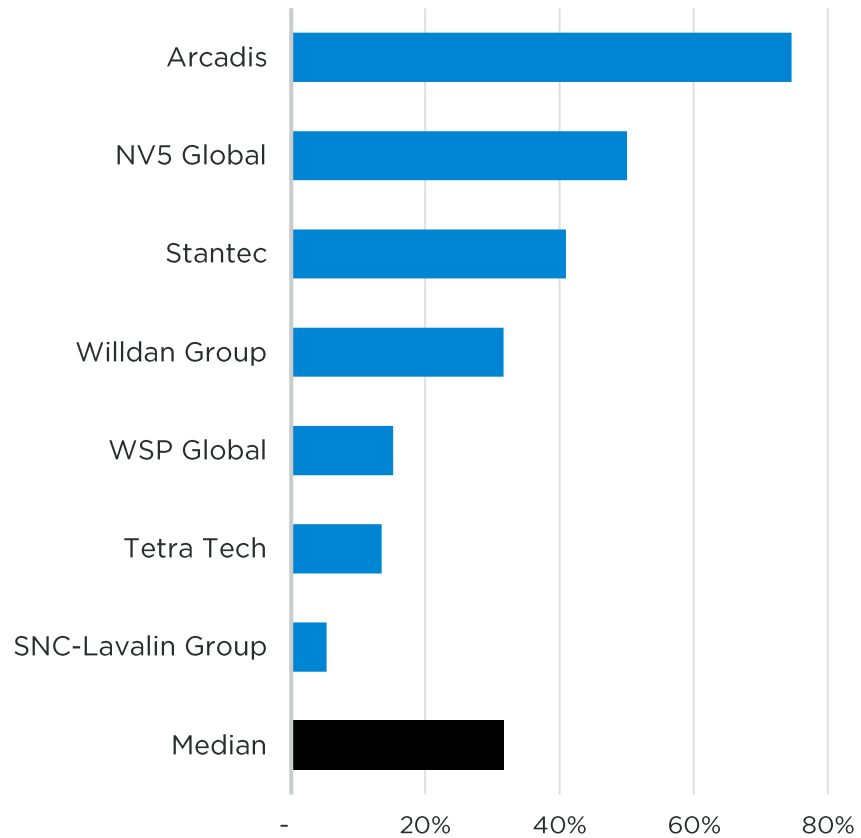


Public Revenue Multiples over Time

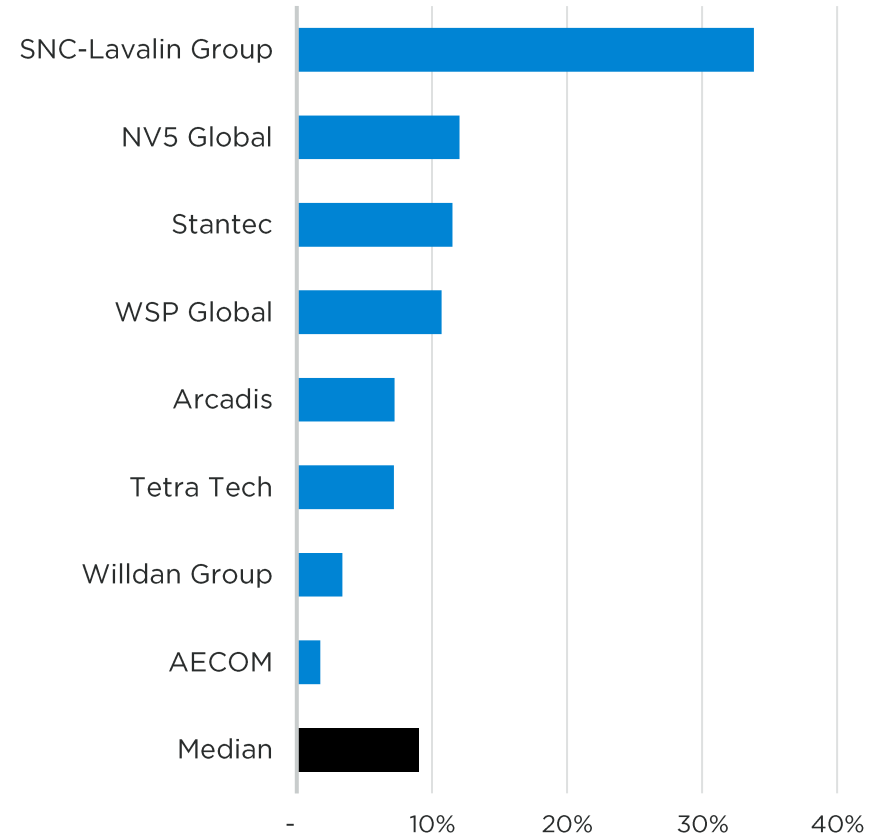


# Operational Metrics

LTM Gross Profit Margin %



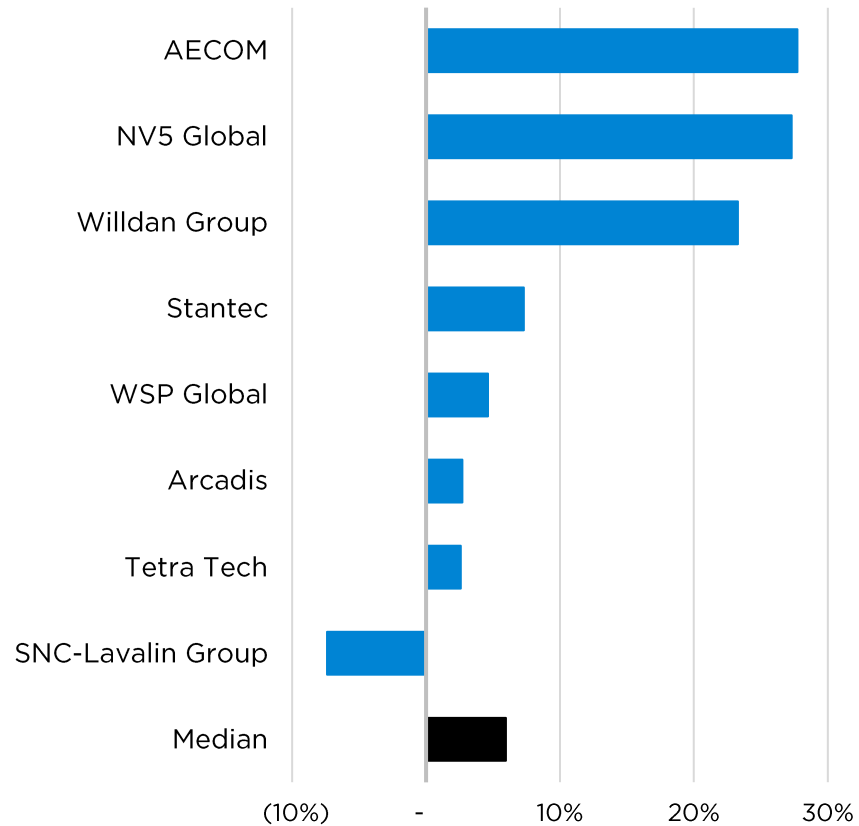
LTM EBITDA %



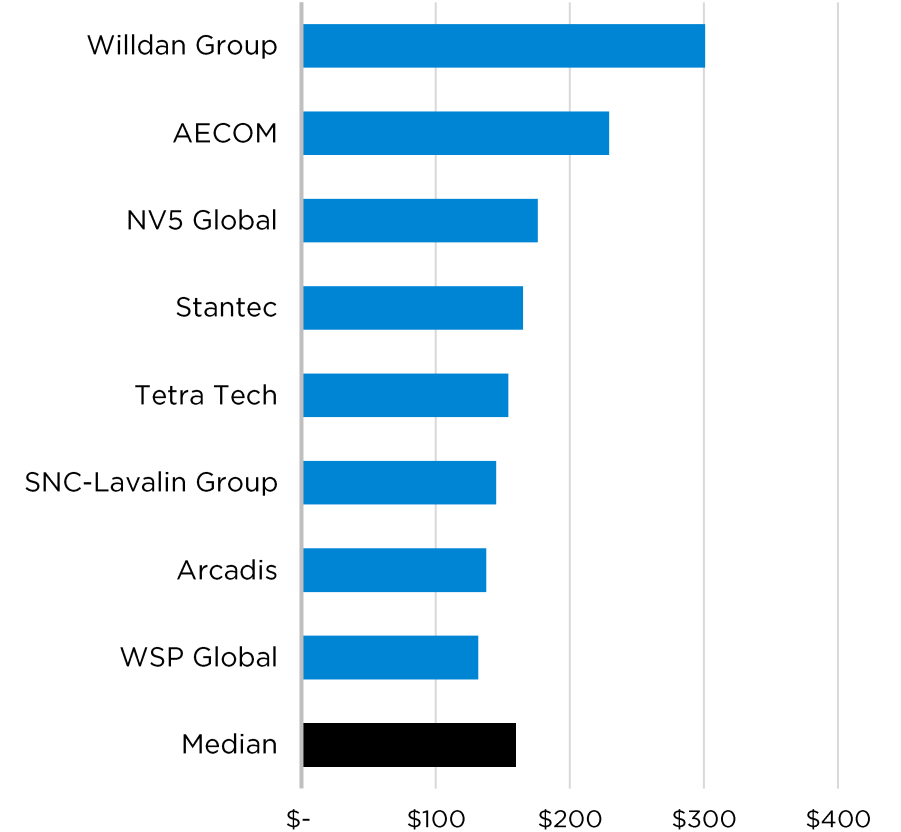


# Operational Metrics

LTM Revenue Growth %

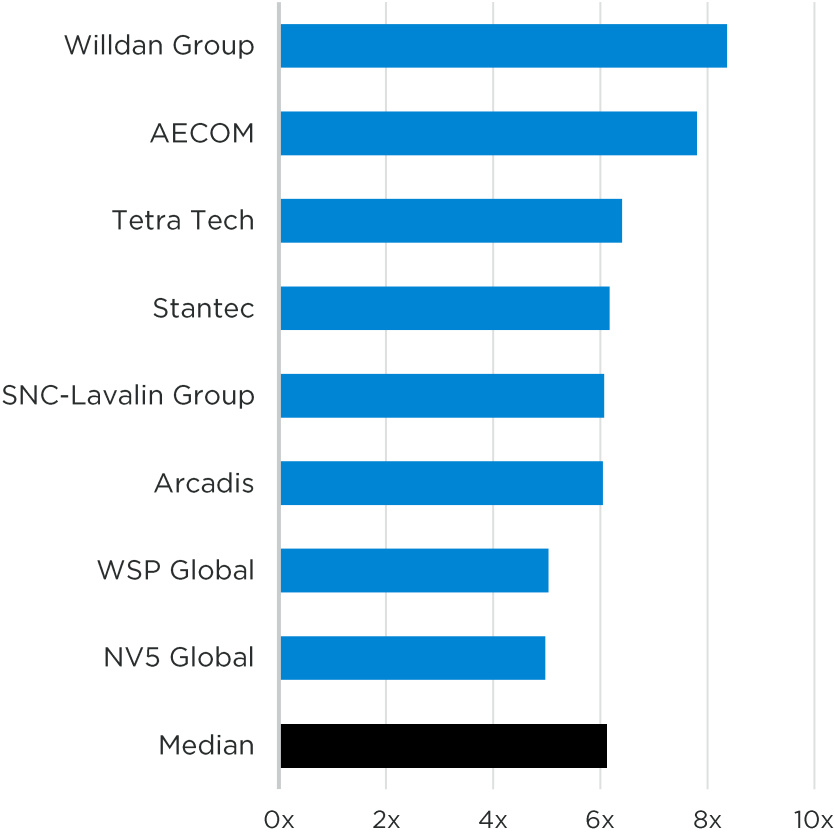


LTM Revenue per Full Time Employee x 000's

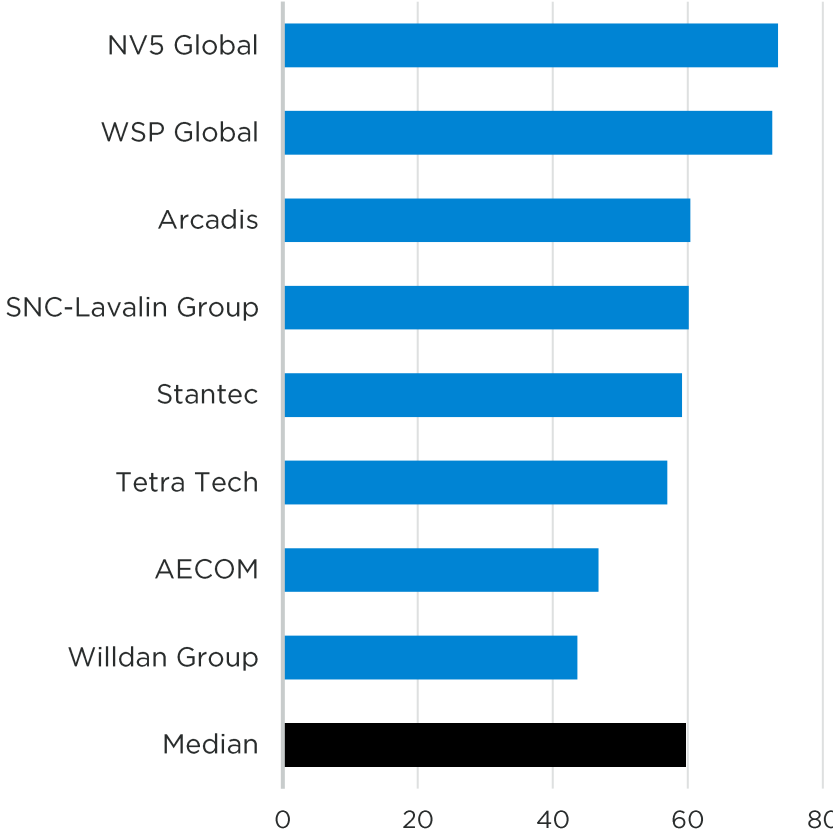


# Operational Metrics

Accounts Receivable Turnover

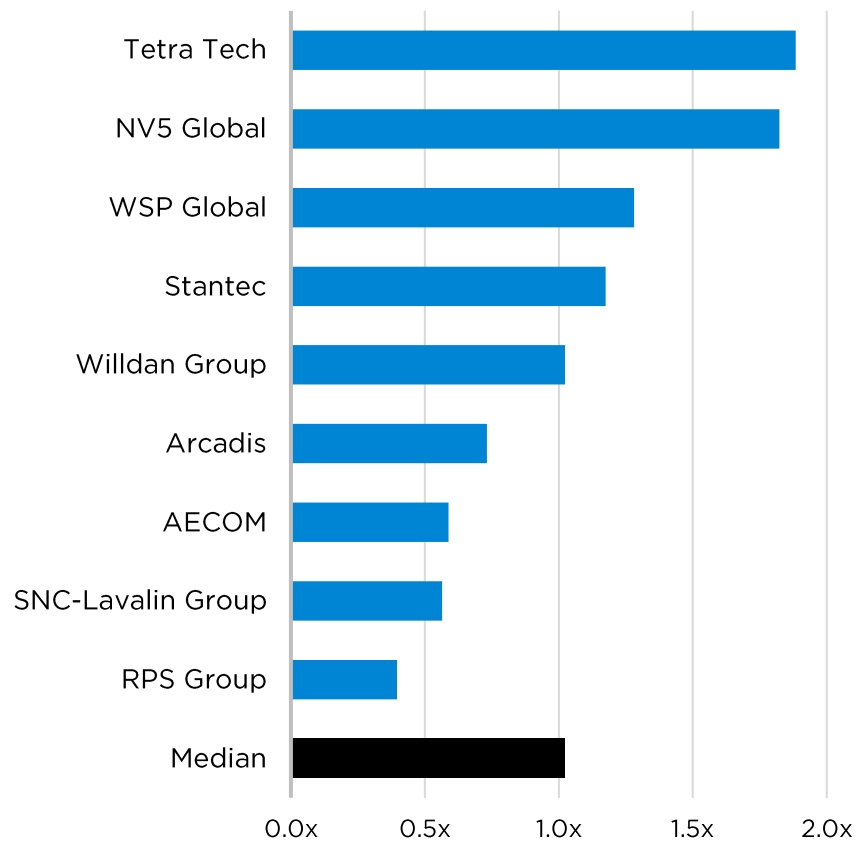


Average Days Sales Outstanding

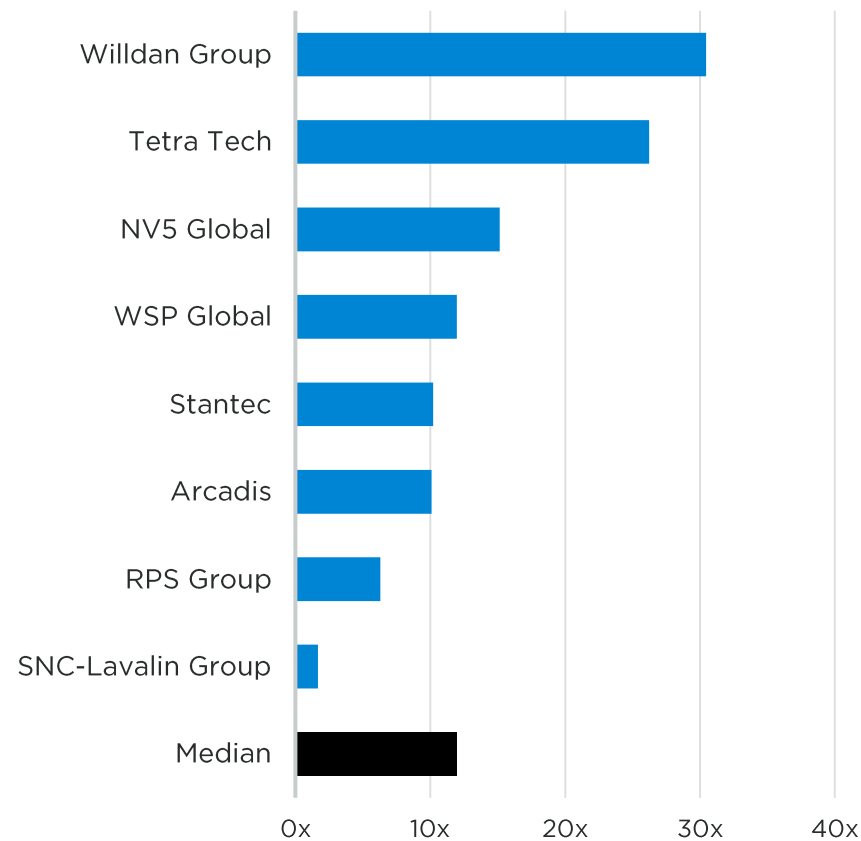


# Valuation

TEV / LTM Revenue

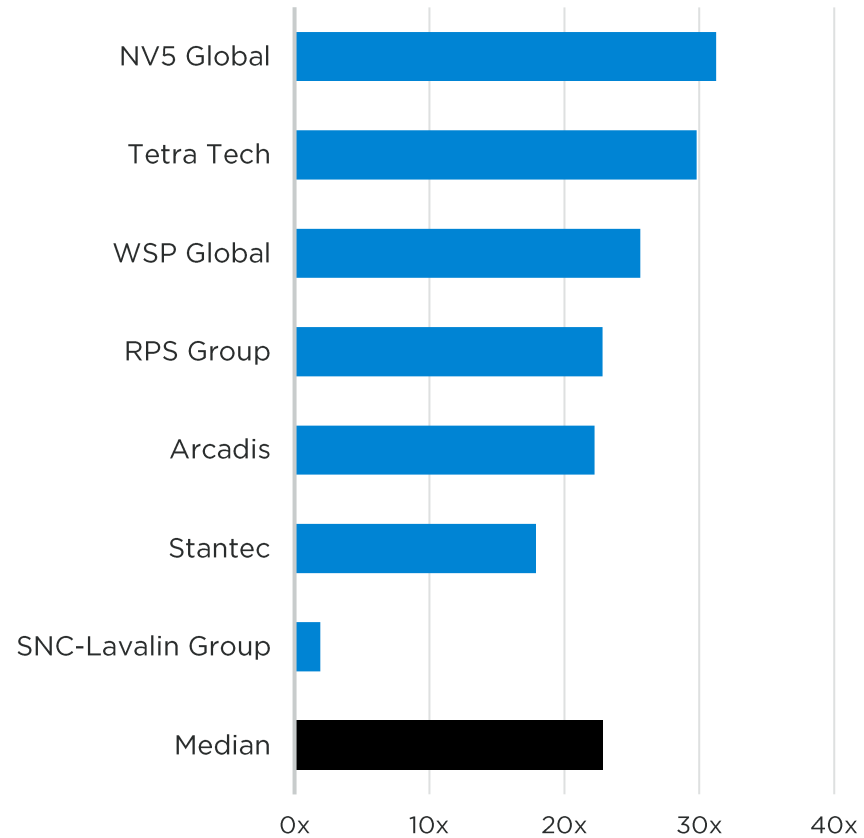


TEV / LTM EBITDA

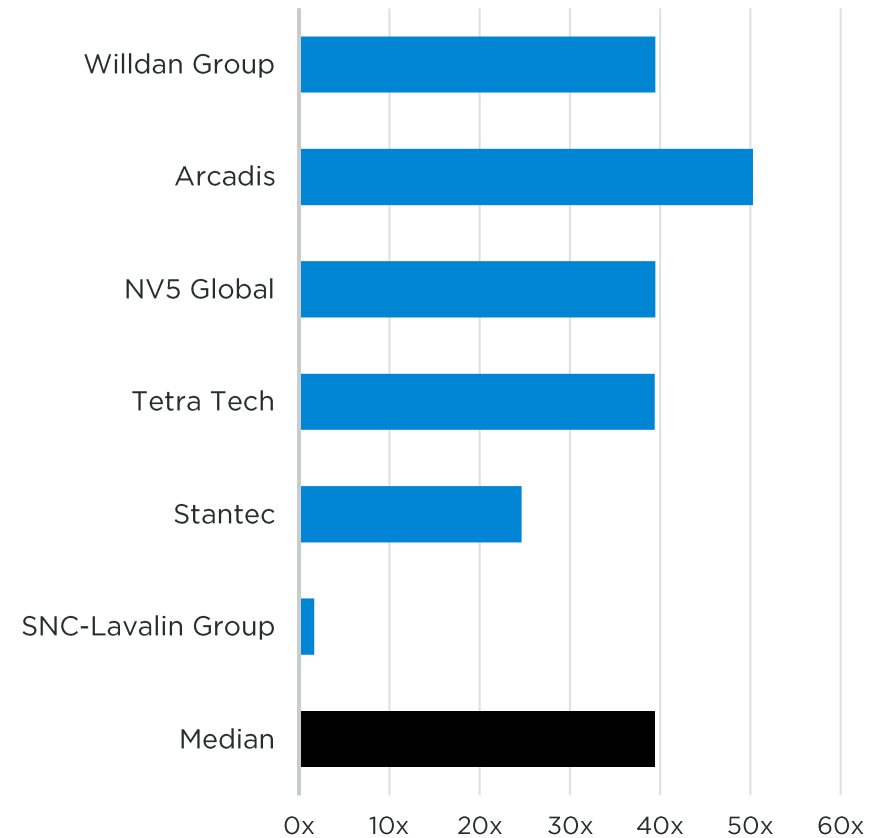


# Valuation

TEV / LTM EBIT

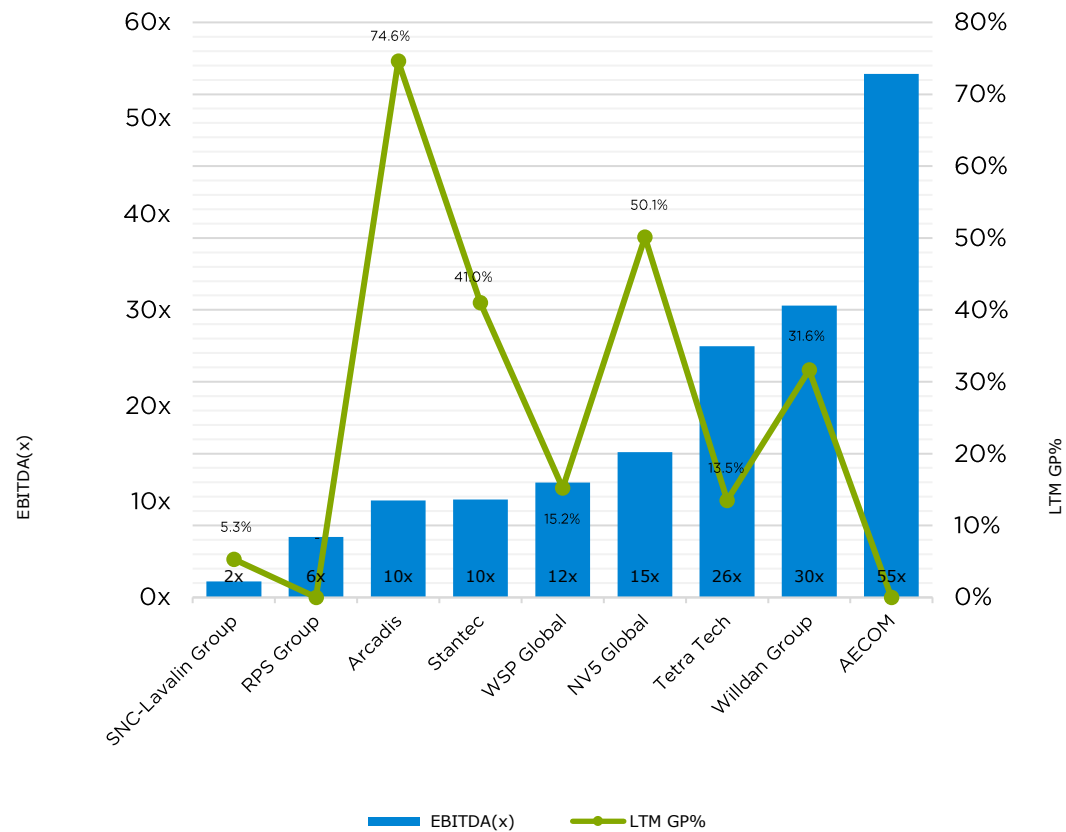


Price / LTM Earnings

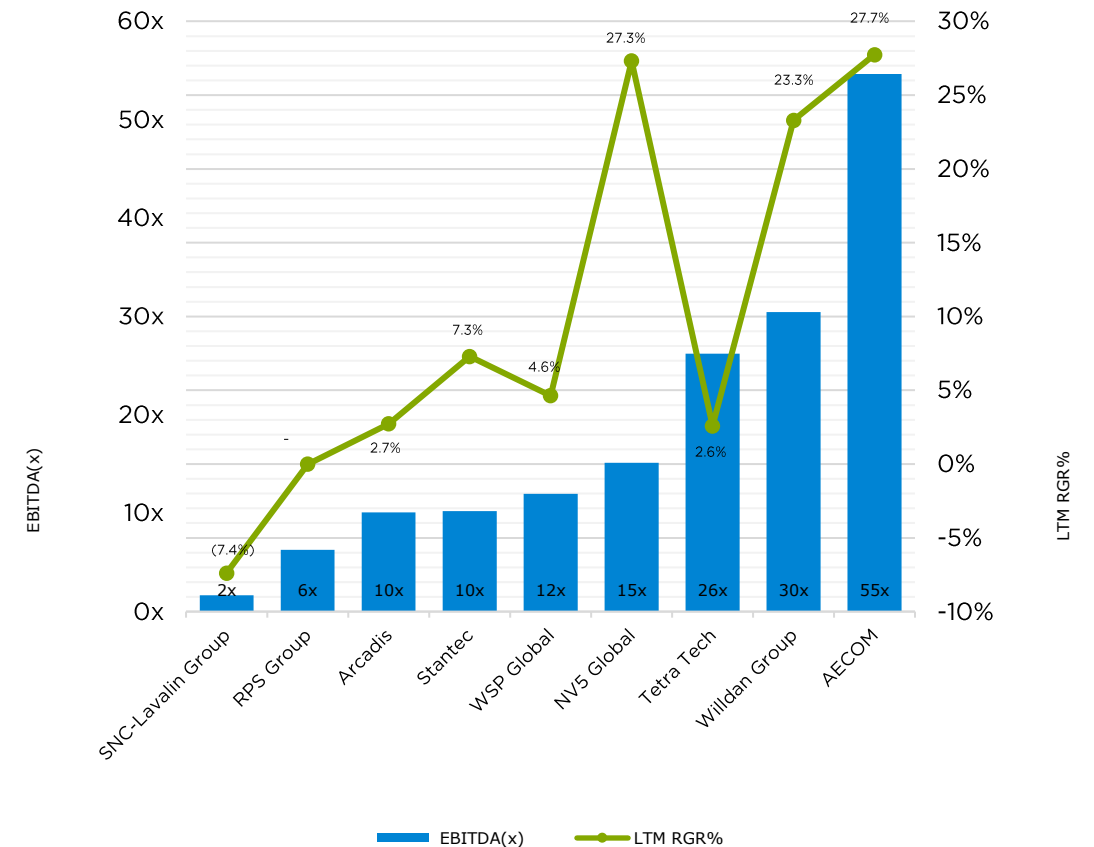


# Valuation

## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



# Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
04-Oct-20	Ament Design	Willett, Hofmann & Associates	-	-	-	-
02-Oct-20	Carolina Environmental Contracting	Kohlberg Kravis Roberts	-	-	-	-
01-Oct-20	LTK	Hatch (Canada)	-	-	-	-
01-Oct-20	Otis Eastern Service	Artera Services	-	-	-	-
01-Oct-20	Transelec Common	VINCI Energies	-	-	-	-
30-Sep-20	Permasteelisa	Atlas Holdings	-	-	-	-
30-Sep-20	Strait Mechanical	Strait Group	-	-	-	-
29-Sep-20	Alta Vista Solutions	Atlas Technical Consultants	-	-	-	-
27-Sep-20	FKM Group (Mechanical Engineering Business)	Designer Group	-	-	-	-
25-Sep-20	Examine	J.S. Held	-	-	-	-
25-Sep-20	Kelly Roofing.	Monument MicroCap Partners	-	-	-	-
25-Sep-20	Morgan Fire Protection	Marlowe (UK)	6.52	-	-	-
25-Sep-20	Stuart Olson	Bird Construction	73.29	680.79	0.10	-
24-Sep-20	Foley Group	Convergence Partners (Missouri)	-	-	-	-
23-Sep-20	Helsa (Functional Coating)	Mann+Hummel	-	-	-	-
23-Sep-20	Wyeth Projects Services	Sevan Multi-Site Solution	-	-	-	-
22-Sep-20	Environmental Planning Group	Terracon Consultants	-	-	-	-
21-Sep-20	Macbryde Homes	Bridgemere	-	-	-	-
18-Sep-20	SBSA	Charles Taylor	-	-	-	-
16-Sep-20	Bird+Bull	V3 Companies	-	-	-	-
15-Sep-20	GBS (New Jersey)	Gil-Bar Industries	-	-	-	-
15-Sep-20	Guy Nielson Company	Industry Services	-	-	-	-
15-Sep-20	Southern Tier Municipal	Jamestown Macadam	-	-	-	-
14-Sep-20	Burns Architecture	Ireland Architects	-	-	-	-
14-Sep-20	Krippco Disposal	West Texas Dumpsters	-	-	-	-
10-Sep-20	Oakland Construction	-	-	-	-	-
10-Sep-20	Phoenix Electric	Ascension Property Services	-	-	-	-
09-Sep-20	Greeneco Builders	Rausch Coleman Homes	-	-	-	-
09-Sep-20	Perry Associates	J.S. Held	-	-	-	-
08-Sep-20	Tweed Nuttall Warburton	Sadler Brown Group	-	-	-	-

# Appendix

*Public Basket  
Contact Information*



## AECOM

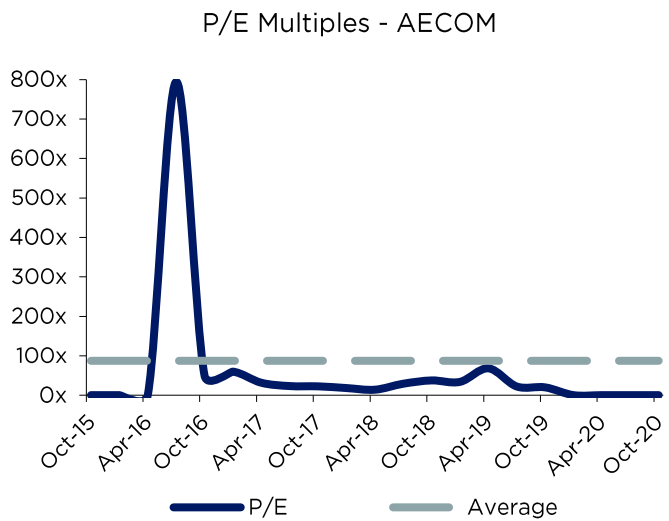
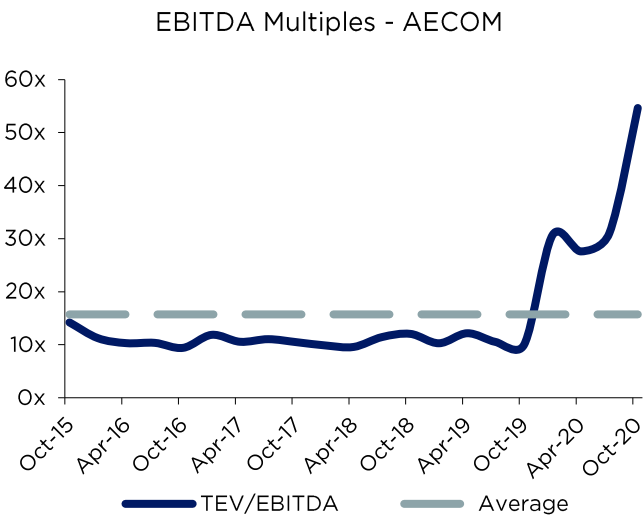
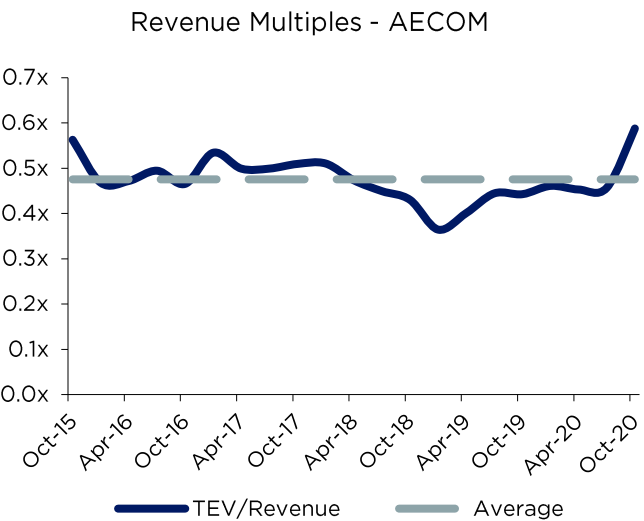
**AECOM is one of the largest global providers of design, engineering, construction, and management services.**

The firm serves a broad spectrum of end markets including infrastructure, water, transportation, and energy. Based in Los Angeles, Aecom has a presence in over 150 countries and employs 87,000. The company generated \$20.2 billion in sales and \$868 million in operating income in fiscal 2019.



# Public Basket

AECOM



Company Name	Date	Deal Synopsis
Joint Venture (AECOM, SPEA Engineering, Satta & Partners Archigroup & Engineer Boneddu)	12-Jun-19	The company was formed as a joint venture between AECOM, and SPEA Engineering, Satta & Partners Archigroup and Engineer Boneddu on June 12, 2019.
Washington River Protection Solutions	30-Oct-18	The company was formed as a result of a joint venture between AECOM (NYS: ACM) and Atkins (UK), a subsidiary of SNC-Lavalin Group (TSE: SNC), for an undisclosed amount on October 30, 2018.

## WSP Global

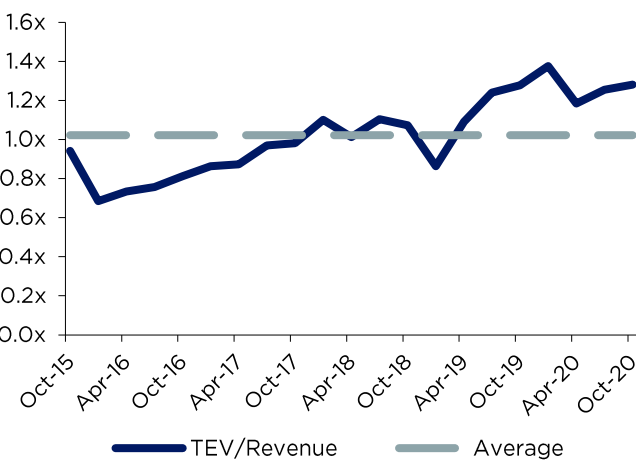
**WSP Global Inc provides engineering and consulting services for transportation, buildings, energy, and other end markets.**

It operates in four business areas: transportation and infrastructure (approximately half of total sales), property and buildings; environment; and industrial and energy. The company designs and manages networks for rail, aviation, roads, ports, and other systems related to transportation. It utilizes technical expertise and specialists to design buildings and plants to meet customers' needs. An understanding of industrial and energy solutions helps to design automated equipment, and to offer advice for energy supply and renewables. WSP Global has offices across the world.

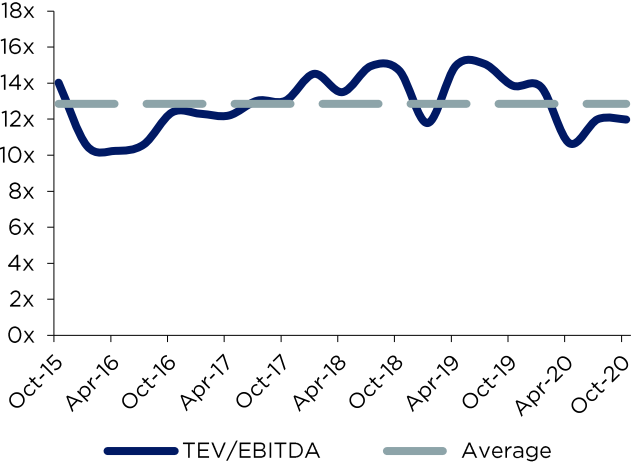
# Public Basket

WSP Global

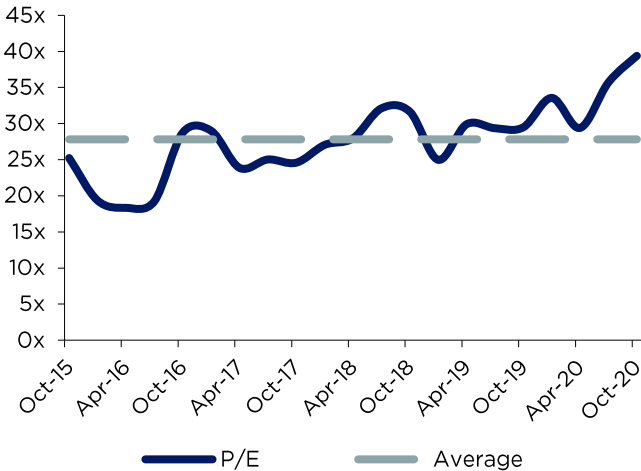
Revenue Multiples - WSP Global



EBITDA Multiples - WSP Global



P/E Multiples - WSP Global



Company Name	Date	Deal Synopsis
GeoVerra	29-Jun-20	The company was formed as a joint venture between WSP Global (TSX: WSP) and Altus Group (TSX: AIF) on June 29, 2020. The joint venture is specialized in offering a broad variety of geomatics services with offices in Western Canada and Ontario.
LT Environmental	06-Jan-20	The company was acquired by WSP Global (TSE: WSP) for an undisclosed amount on January 6, 2020. The acquisition will help WSP Global to expand its geographic presence in the United States and strengthen the firm's expertise in the environmental sector.

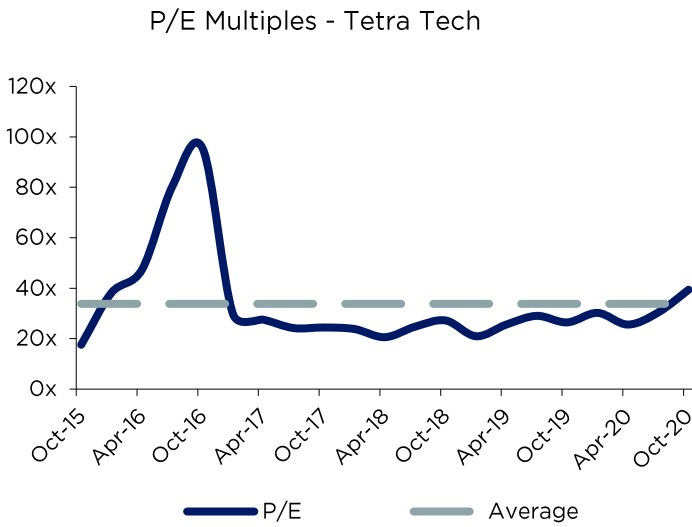
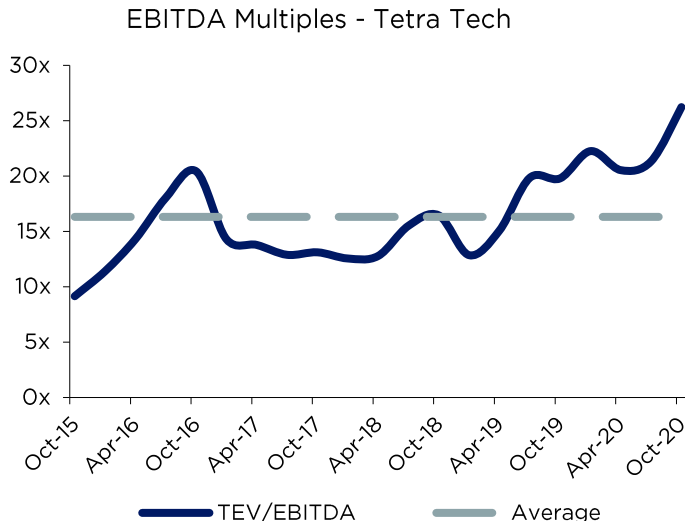
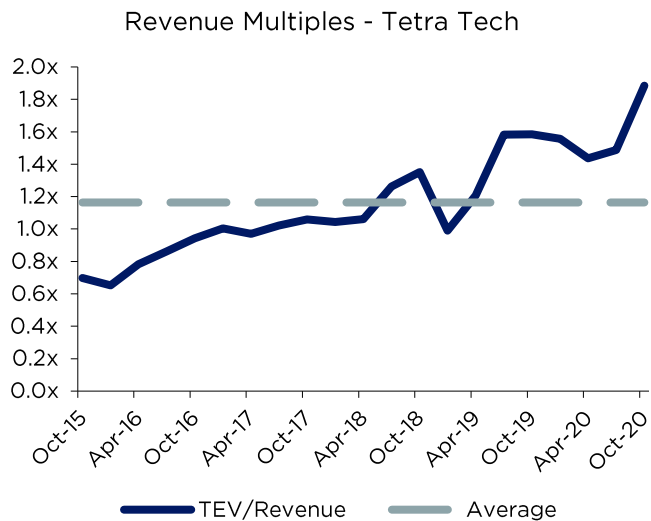
## Tetra Tech

**Tetra Tech Inc provides consulting and engineering services for environmental, infrastructure, resource management, energy, and international development markets.**

It specializes in providing water-related services for public and private clients. It designs infrastructure, facilities, and other structures with complex plans and resource management. Tetra Tech has two reportable segments. Its Government Services Group (GSG) reportable segment primarily includes activities with U.S. government clients (federal, state and local) and activities with development agencies worldwide. Commercial/International Services Group (CIG) reportable segment primarily includes activities with U.S. commercial clients and international clients other than development agencies.

# Public Basket

## Tetra Tech



Company Name	Date	Deal Synopsis
Bluewater Federal Solutions	3/23/20	The company was acquired by Tetra Tech (NAS: TTEK) for an undisclosed amount on September 29, 2020. This acquisition expands the company's reach in the federal market through access to key contract vehicles and increases the company's technical capacity and access to resources needed to deliver customer's requirements.
Segue Technologies	1/6/20	The company was acquired by Tetra Tech (NAS: TTEK) for \$41.1 million on February 25, 2020. The company will receive a contingent payout of \$11.3 million with a maximum of \$20.0 million upon the achievement of specified operating income targets in each of the three years following the acquisition. This acquisition enables Tetra Tech to apply exciting cutting-edge techniques that incorporate advanced data analytics, cloud services and enterprise-wide software applications for its government and commercial customers.

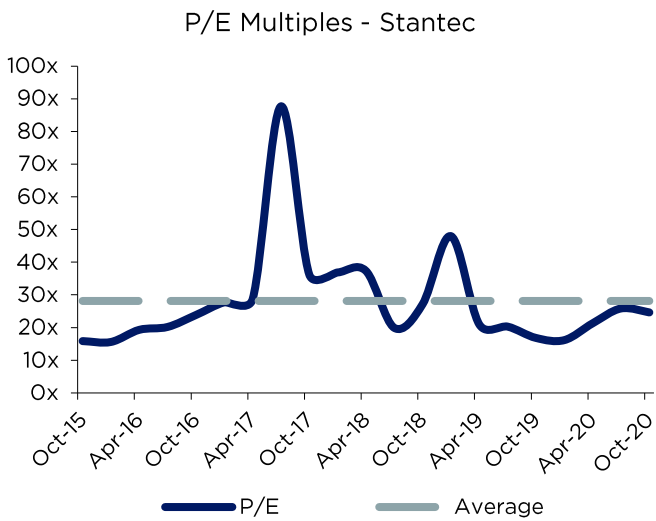
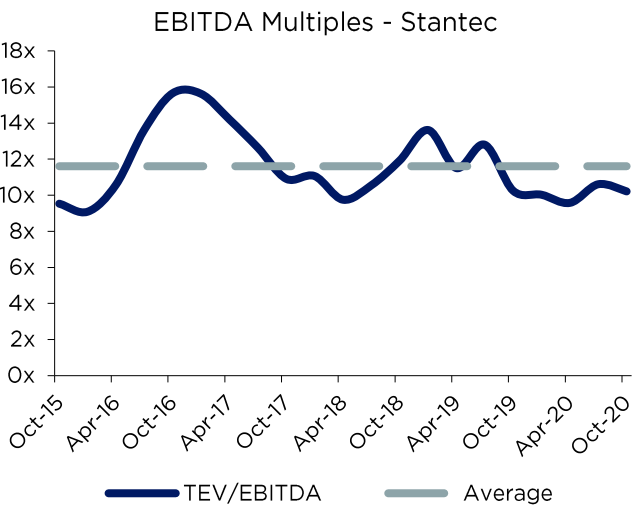
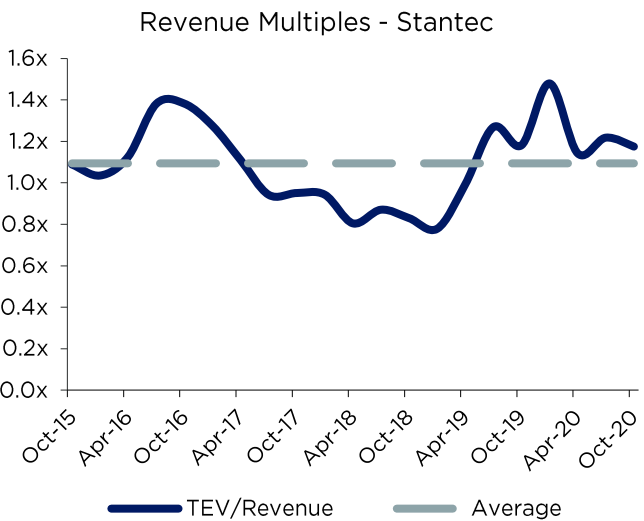
## Stantec

**Stantec Inc is a global engineering and construction firm.**

These services run the gamut from aiding enterprises with digital transformation, to procurement services, to software system integration. The company provides its IT offerings to a variety of sectors, including communications, media and technology, financial services, health and public services, consumer products, and resources. Accenture employs just under 500,000 people throughout 200 cities in 51 countries.

# Public Basket

Stantec



Company Name	Date	Deal Synopsis
Teshmont Consultants	01-Oct-20	The company was acquired by Stantec (TSE: STN) for an undisclosed amount on October 1, 2020.
Ryan Hanley Stantec	14-Jul-20	The company was formed as a joint venture between Stantec (TSE: STN) and Ryan Hanley on July 14, 2020.

### SNC-Lavalin Group

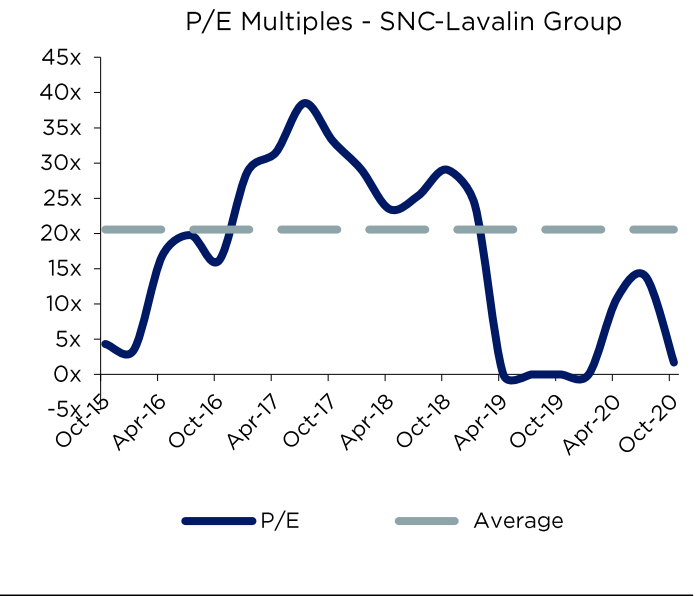
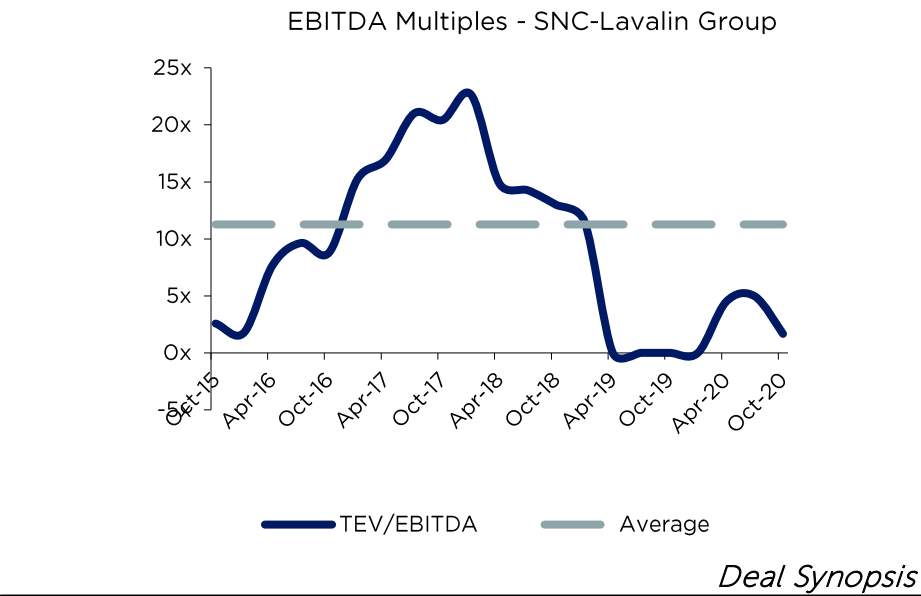
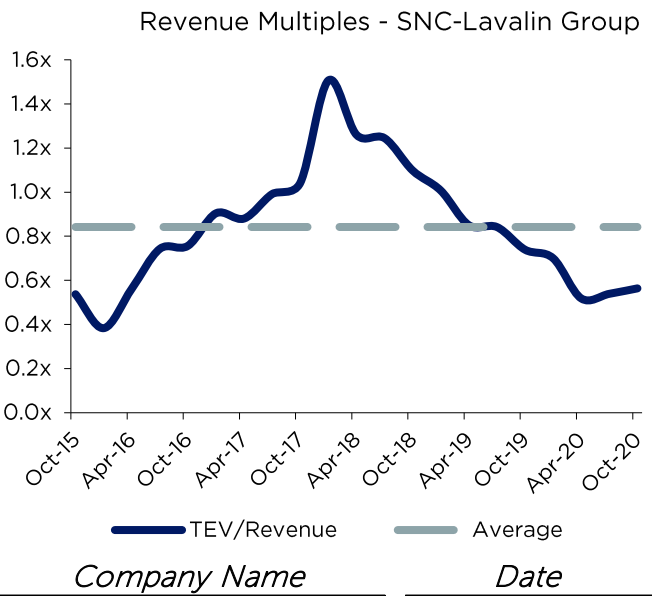
**SNC-Lavalin is a fully integrated professional services and project management firm that offers a wide range of services, including financing, consulting, engineering and construction, procurement, and operations and maintenance.**

The firm serves clients in the resources, infrastructure, nuclear, and engineering design and project management industries. Additionally, the company owns infrastructure projects through its capital segment. Based in Montreal, SNC-Lavalin has offices in more than 50 countries and employs over 50,000 people. The company generated CAD 9.5 billion in sales and CAD 111 million in engineering & construction-related EBIT in 2019.



# Public Basket

## SNC-Lavalin Group



Linxon	31-Aug-18	The company formed as an joint venture between SNC-Lavalin Group (TSE: SNC)9 and ABB (SWX: ABBN) for an undisclosed amount on August 31, 2018.
Comprehensive Decommissioning International	18-Jul-18	The company was formed as a joint venture between Holtec International and SNC-Lavalin Group (TSE: SNC) on July 18, 2019. The joint venture was formed to work on the accelerated decommissioning of retired nuclear power plants.

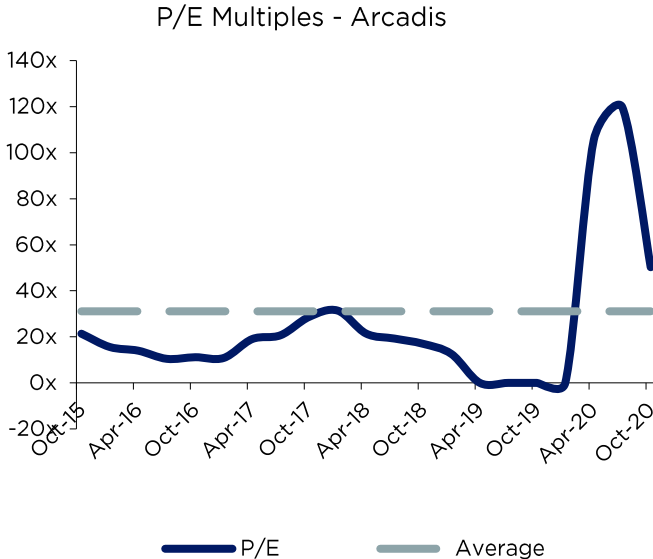
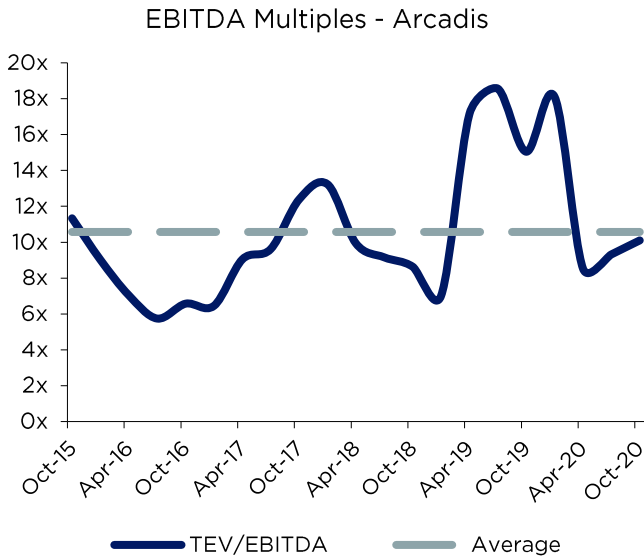
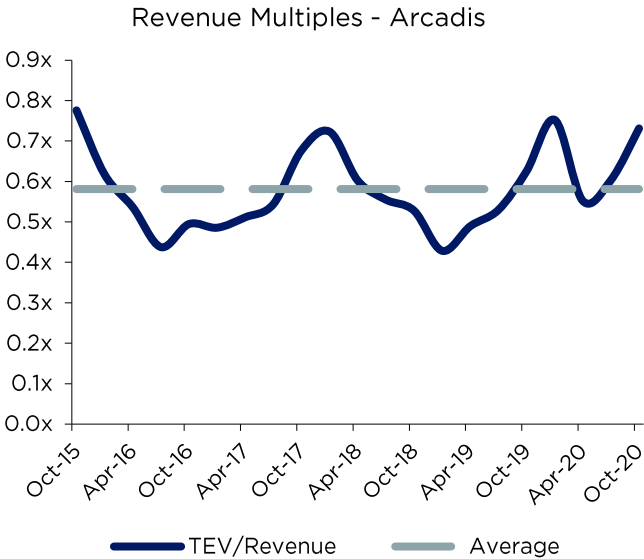
## Arcadis

**Arcadis NV designs, engineers, and provides solutions for various construction and environmental projects.**

It constructs advanced buildings, plants, and transportation networks, and delivers management services for each project. Planning and cost management solutions help customers meet economic objectives and address potential operational or regulatory liabilities. Arcadis operates four business lines: infrastructure, water, environment, and buildings. It designs drinking water supply systems and treatment technologies for waste water. In addition, it develops commercial buildings, including hospitals, schools, and industrial facilities. The company delivers services all over the world, with no single customer or country constituting a majority of total sales.

# Public Basket

Arcadis



Company Name	Date	Deal Synopsis
Irys	22-Jul-20	The company raised \$1.2 million of seed funding in a deal led by Good Growth Capital on July 22, 2020. Arcadis, City Rise Ventures, Techstars, and Henry Cisneros also participated in the round.
AgiliCity	02-Mar-20	The company joined Techstars as a part of Second Wave Cohort on March 2, 2020 and received \$20,000 in funding. Concurrently, Arcadis invested in the company.

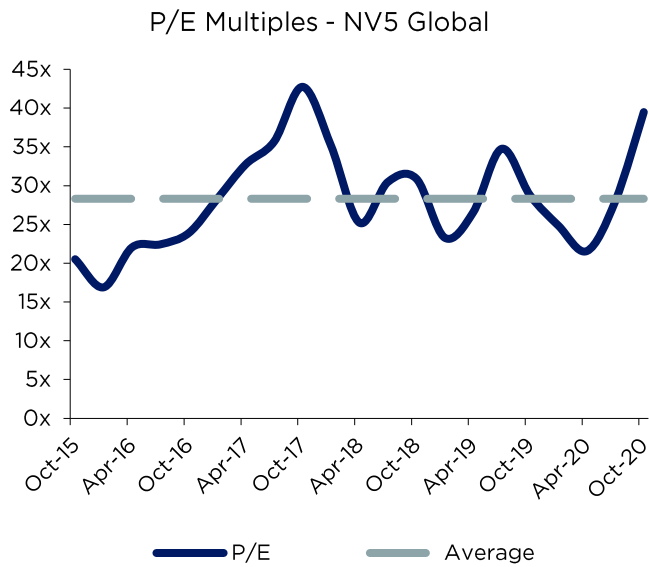
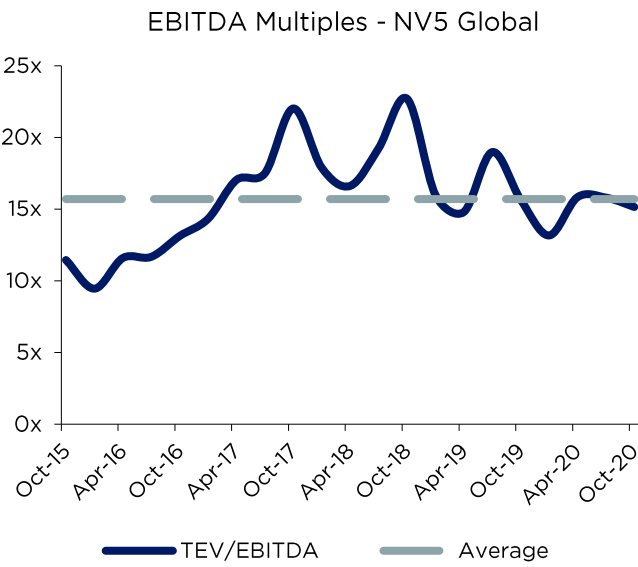
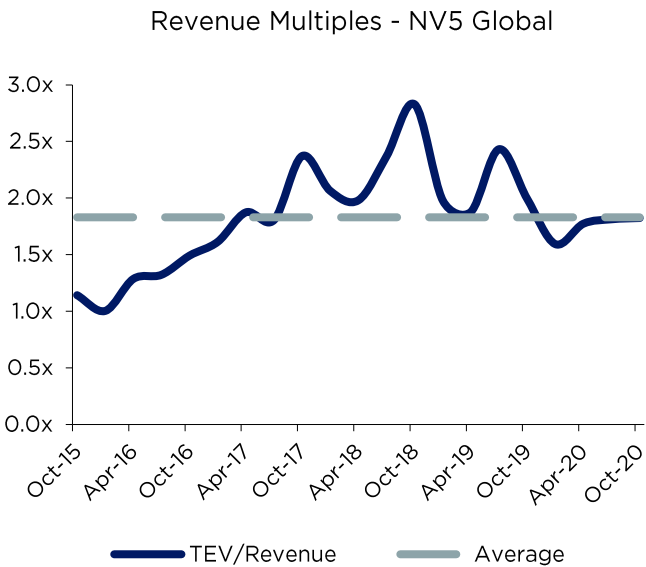
## NV5 Global

NV5 Global Inc is a provider of professional and technical engineering and consulting services, offering solutions to public and private sector clients in the energy, transportation, water, government, hospitality, education, healthcare, commercial and residential markets.

It helps clients with plan, design, build, test, certify, and manages a wide variety of projects. The company provides a wide range of services, including, construction quality assurance, surveying, and mapping, design, consulting, program and construction management, permitting, planning, and compliance certification. The operating business segments are Infrastructure and Building, Technology & Sciences. The maximum revenue derives from the Infrastructure segment.

# Public Basket

## NV5 Global



Company Name	Date	Deal Synopsis
Mediatech Design Group	07-Jul-20	The company reached a definitive agreement to be acquired by NV5 Global (NAS: NVEE) for an undisclosed amount on July 7, 2020. The acquisition will strengthen NV5 Global's multidisciplinary engineering solutions for large scale projects and opens new geographies for NV5 in the MENA region and South East Asia.
Geospatial Corporation	23-Dec-19	The company was acquired by NV5 Global (Nasdaq: NVEE) for an amount of \$318 million on December 23, 2019. The acquisition will expand and diversify customer base to include new federal, state, and commercial clients in the high-growth geospatial data analytics market.

## Willdan Group

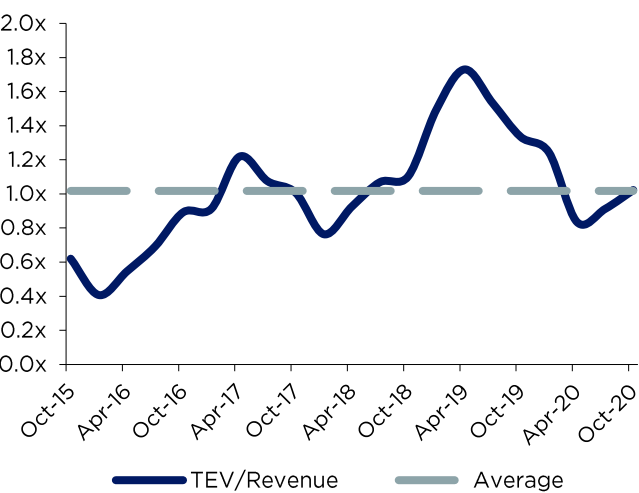
**Willdan Group Inc is a provider of professional technical and consulting services to utilities, private industry and public agencies at all levels of government.**

The company's core client base is composed of public and private utilities, commercial and industrial firms, cities, counties, special districts, other local and state agencies and tribal governments. It operates in the business segments of Energy and Engineering and Consulting. It generates a majority of the revenue from the Energy segment which includes the provision of specialized, innovative, comprehensive energy solutions to businesses, utilities, state agencies, municipalities, and non-profit organizations in the U.S.

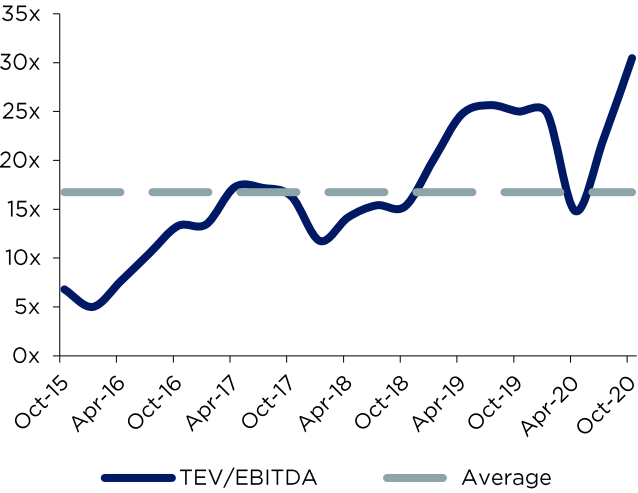
# Public Basket

## Willdan Group

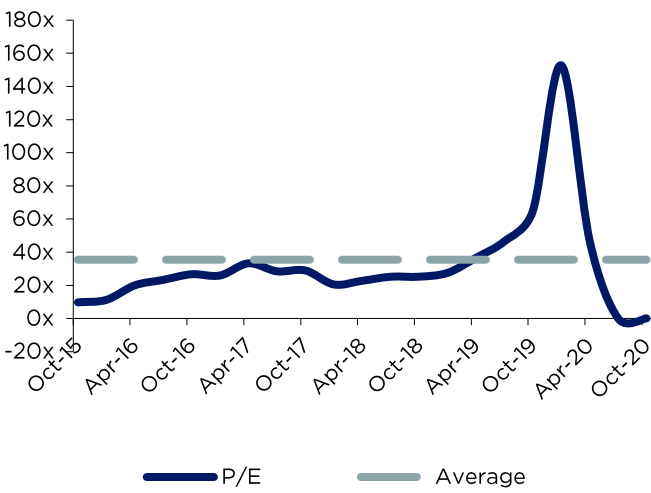
Revenue Multiples - Willdan Group



EBITDA Multiples - Willdan Group



P/E Multiples - Willdan Group



Company Name	Date	Deal Synopsis
Energy and Environmental Economics	28-Oct-19	The company was acquired by Willdan Group (NAS: WLDN) for \$44 million on October 28, 2019. The acquisition will provide Willdan Group and its clients visibility into future market trends and position it to advise clients on upcoming policy, electrification, and decarbonization.
Onsite Energy	02-Jul-19	The company was acquired by Willdan Group (NAS: WLDN) for \$24.27 million on July 2, 2019. This acquisition provides Willdan industrial customers and utilities with deeper engineering, broader technical skills, and national reach.

## RPS Group

**RPS Group PLC advises on built and natural environment, transport, water and power resources and oil and gas and other natural resources and energy infrastructure.**

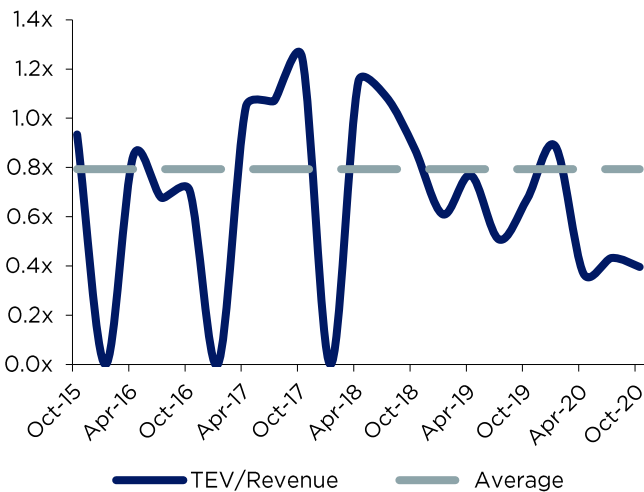
It operates in Europe, North America, Australia and other parts of the world. The company has six segments namely Energy, Consulting - UK and Ireland, Services - UK and Netherlands, Norway, North America, and AAP. The company derives maximum revenue from Consulting - UK & Ireland segment.



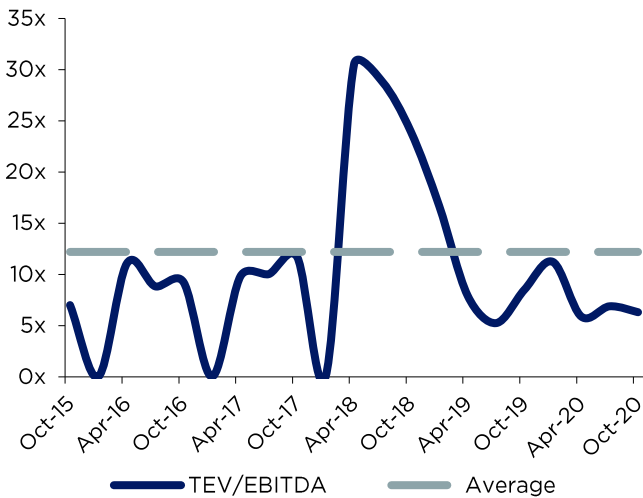
# Public Basket

RPS Group

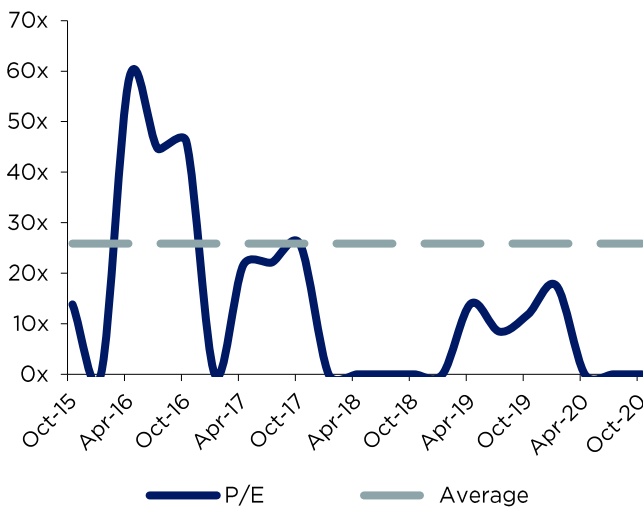
Revenue Multiples - RPS Group



EBITDA Multiples - RPS Group



P/E Multiples - RPS Group



Company Name	Date	Deal Synopsis
Reservoir Imaging.	30-Sep-19	The company was acquired by RPS Group (LON: RPS) for GBP 3.966 million on September 30, 2019. The acquisition enables RPS to use RIL's technology and data to enable clients to make sound investment decisions on reserves, further exploration and other factors affecting the commerciality of oil and gas fields.
Corview	04-Feb-19	The company was acquired by RPS Group (LON: RPS) for AUD 32 million on February 4, 2019. This acquisition will allow the company to offer a broader range of consultancy services to its clients, drawing on RPS's global presence and expertise.

# Contact Info

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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