

ENGINEERING · CONSTRUCTION

SECOND QUARTER

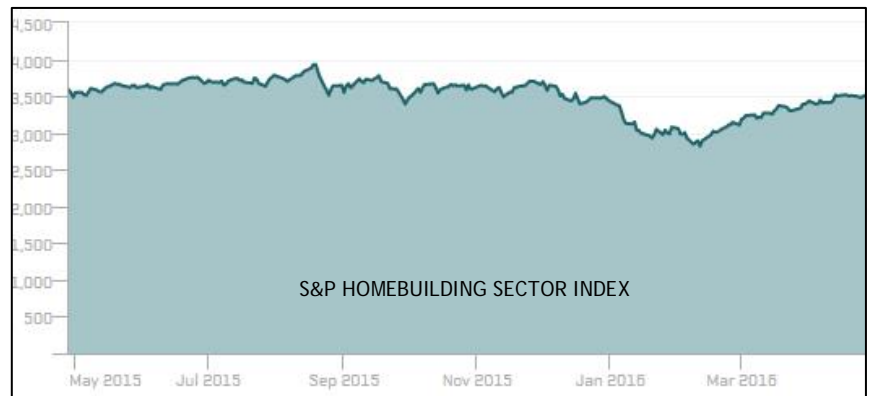
2016

This Industry Practice Group was established to draw on the experience of CFA dealmakers, many of whom as former business owners and CEOs, have first-hand knowledge and have completed many transactions in this industry. Working with your local CFA representative, you can be sure that the collective wealth of knowledge is available to every CFA client.

Engineering & Construction M&A

M&A activity for North American based target companies in the Engineering and Construction sector for Q1 2016 included 63 closed deals, according to data published by industry data tracker FactSet. The average transaction value was \$60 million.

One of the largest transaction announcements in the sector during Q1 was in the engineering space on March 29 when design firm Stantec (Edmonton, Alberta, Canada) entered into a definitive merger agreement to acquire MWH Global (Broomfield, CO), a 6,800-person engineering, consulting and construction management firm focused on water and natural resources for built infrastructure and the environment. The transaction is valued at approximately US\$795 million or a multiple of approximately 7.3x adjusted 2015 EBITDA.



On the public markets, the S&P Homebuilding Index, which includes large developers like Lennar Corporation and Pulte Homes, steadily gained steam along with the rest of the market as the quarter came to an end. M&A activity for North American based target companies in the Engineering and Construction sector for Q4 2015 included 54 closed deals, according to data published by industry data tracker FactSet. The average transaction value was \$94 million.

Transactional Overview

Notable closed transactions for the period in the Engineering and Construction sector include:

March 2016 - EMCOR Group Inc. acquired Ardent Services LLC and Rabalais Constructors LLC, doing business as Rabalais I&E Constructors LLC, both subsidiaries of Energy Services Holdings LLC, a portfolio company of Cadent Energy Partners LLC for US\$205 million in cash. The acquisition strengthens EMCOR Group Inc.'s market position in electrical construction and services. EMCOR Group, Inc. provides electrical and mechanical construction and facilities services. Energy Services Holdings LLC /Subsidiaries (2)/, part of Energy Services Holdings LLC, is an American company that engages in construction and building services.



MERGERS, ACQUISITIONS, AND CAPITAL RESOURCES SINCE 1956

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January 2016 - Taylor Morrison Home Corp acquired Acadia Homes & Neighborhoods LLC for US\$85 million. The acquisition would enhance Taylor Morrison Home Corp's products and service offerings and also expand its customer base and market presence in Atlanta. Taylor Morrison Home Corp. builds single-family detached and attached homes and develops land, which includes lifestyle and master-planned communities. Acadia Homes & Neighborhoods LLC provides home design and building services.

January 2016 - A private group led by Westcap Mgt Ltd, through the funds Golden Opportunities Funds Inc. and Westcap MBO Investment LP, and management of HJR Asphalt Ltd acquired an undisclosed majority stake in HJR Asphalt Ltd for CAD26.3 million (US\$18.7 million). Founded in 1991, Westcap Mgt Ltd. is a venture capital and private equity fund manager located in Saskatoon, Saskatchewan, Canada. HJR Asphalt LP engages in road construction services. The firm operates a number of asphalt plants within Saskatchewan area.

Selected Q2 Closed Transactions	
Target/Issuer	Buyers/Investors
Energy Services Holdings LLC	EMCOR Group, Inc.
Colorado Precast Concrete, Inc.	Oldcastle, Inc.; Oldcastle Precast, Inc.
Bluefin Robotics Corp.	General Dynamics Mission Systems
Shoffner Kalthoff Mechanical Elect.	Comfort Systems USA, Inc.
Fox Valley Fluid Power, Inc.	Price Engineering Co., Inc.
Atlas Trillo Heating & Air Cond. Inc.	Charlesbank Capital Partners LLC
HJR Asphalt LP	Westcap Mgt. Ltd.; Hjr Asphalt Ltd.
Edwards Contracting, Inc.	Reding Gravel & Excavating Co., Inc.

Industry Update

As more project owners require contractors to use certain technologies, construction companies of all sizes are now incorporating the Building Information Modeling (BIM) process into their implementations and more widely adopting emerging technologies such as 3D laser scanning. No longer limited to major companies, use of BIM is becoming a necessity for smaller firms in enhancing a project's consistency and accuracy and speeding up the process of document generation. Additionally, owners primarily benefit from and capitalize on data that's captured through BIM. Construction companies that use the modeling process can expect improved collaboration and coordination, as well, among a project's stakeholders. Adoption of 3D laser scanning is also expanding. The emerging technology makes measurements more precise than conventional methods and isolates potential problems more clearly for client discussions. Laser scans produce a digital reproduction of objects and consist of millions of data points that are put into a BIM. Use of laser technology in construction projects is expected to grow for several years. Indeed, the global 3D laser scanning market is forecast to expand from an estimated \$2.06 billion back in 2013 to \$4.08 billion by 2018, according to industry research group MarketsandMarkets.

Industry Indicators

- The value of US nonresidential construction spending, an indicator of the health of the construction market, rose 11.1% year-to-date in February 2016 compared to the same period in 2015.
- The value of US residential construction spending, an indicator of the health of the construction market, rose 11.4% year-to-date in February 2016 compared to the same period in 2015.

Collectively, the Engineering and Construction Practice Group provides M&A advice to public and private companies in all sectors of the engineering and construction industries, including general contractors, electrical contractors, landscape contractors, concrete, drywall and installation contractors, engineering and architecture, HVAC and plumbing contractors and excavation contractors. For information on mergers, acquisitions, divestitures, recapitalizations, joint ventures or financial resources, contact your local Corporate Finance Associates office.

