



# CONSTRUCTION, ENGINEERING, BUILDING MATERIALS & PRODUCTS




## Construction, Engineering, Building Materials & Products

SPRING 2019




# Selected Construction, Engineering, Building Materials & Products Transactions

**Hoskin & Muir, Inc.**  
d.b.a HMI Cardinal


acquired by

**The Riverside Company**




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Moss Adams Capital acted as financial advisor to Hoskin & Muir, Inc. d.b.a HMI Cardinal in this transaction.



**Swaggart Brothers Inc.**

acquired by

**Wood Group**




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Moss Adams Capital acted as financial advisor to Swaggart Brothers in this transaction.



**Dade Moeller & Associates**


acquired by

**NV5 Global, Inc.**




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Moss Adams Capital acted as financial advisor to Dade Moeller in this transaction.



**Selland Construction**

provided investment banking services for

**Moss Adams Capital**



**Brundage-Bone Concrete Pumping, Inc.**

acquired by

**Peninsula Pacific Strategic Partners, LLC**

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Moss Adams Capital acted as financial advisor to Brundage-Bone Concrete Pumping, Inc. in this transaction.



**P.W. Gillibrand & Co., Inc.**  
*has acquired*

**Premier Silica, Inc.**

*a subsidiary of Pioneer Natural Resources, Inc.*

**PIONEER NATURAL RESOURCES**

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Moss Adams Capital acted as financial advisor to P.W. Gillibrand & Co., Inc. in this transaction.



**Ferndale Ready Mix & Gravel, Inc.**

acquired by

**Lehigh Cement Company**




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Moss Adams Capital acted as financial advisor to Ferndale Ready Mix & Gravel, Inc. in this transaction.



**Hurlen Construction Company**

acquired by

**American Civil Constructors**




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Moss Adams Capital acted as financial advisor to Hurlen Construction Company in this transaction.




**Eco-Pan, Inc.**

acquired by

**Peninsula Pacific Strategic Partners, LLC**

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Moss Adams Capital acted as financial advisor to Eco-Pan, Inc. in this transaction.




**CWR**

provided investment banking services for

**Moss Adams Capital**


**Central Washington Refrigeration**



**Keizer Sand & Gravel, LLC**


acquired by

**Viesko Quality Concrete**




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Moss Adams Capital acted as financial advisor to Keizer Sand & Gravel, LLC in this transaction.



**Moss Adams Capital**

provided investment banking services for

**Mary's River Lumber Co.**





# Revenue Growth Expected to Outpace Rising Costs

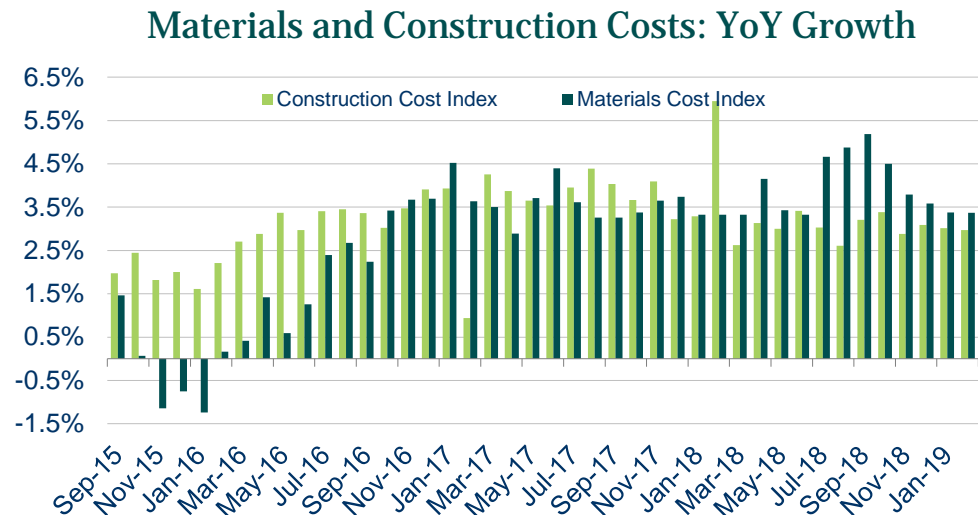
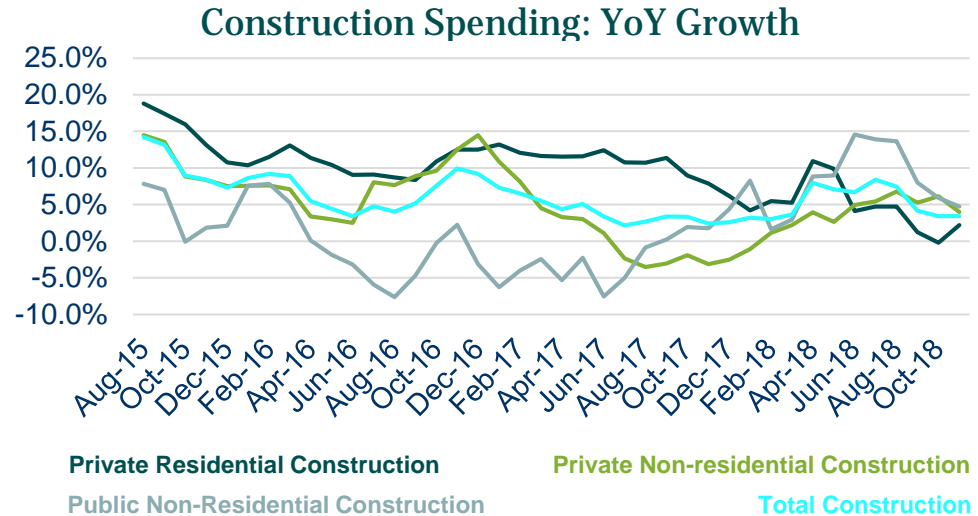
- Forecasts for 2019 global revenue growth across the **Construction Industry** are expected to reach 5%, with the highest levels of growth in Asia Pacific at 10% followed by North America at 6%. This growth will be supported by low interest rates and robust economic prospects.<sup>1</sup>
- UBS forecasts a more moderate 4% 2019 revenue growth figure for the **Construction Industry**, adding the caveat that this year will likely serve as an inflection point for the industry with the 2020 forecast indicating a decline in year-over-year revenues of approximately 8%.<sup>2</sup>
- Private Residential Construction** spending increased by 2.2% during the LTM period ending November 30<sup>th</sup>, 2018, outpaced by growth in **Private Non-Residential Construction** spending which saw an increase of 4.0% over the same period.
- Materials Costs** increased at a rate of 3.4% year-over-year as of February 2019, more than doubling the U.S. inflation rate of 1.6% in the same period. **Construction Costs** increases also exceeded inflation having grown at a rate of 3.0% over the period. Tariffs, inflation and strong demand in 2019 are expected to cause YoY construction and materials cost increases to maintain historically elevated levels through 2019.

Source: US Census, Engineering News Record (ENR), Joint Center for Housing Studies at Harvard University, Moss Adams Capital research

(1) Source: Moody's Investor Service

(2) Source: Barron's - UBS Analyst Steven Fisher

(3) Source: Joint Center for Housing Studies of Harvard University



# Construction Firms: Small & Mid-Cap<sup>(a)</sup> Company Valuations



(\$U.S. in millions, except per share data)

Company Name	Share Price	52 Week High - Low	Market Cap	Enterprise Value	TTM Data				NTM Est. Growth		Estimates		EV Multiple			
					Sales	EBIT	Gross Margin	EBIT Margin	Sales	EBIT	NTM Sales	NTM EBIT	TTM Sales	TTM EBIT	NTM Sales	NTM EBIT
Quanta Services, Inc.	\$36.60	\$37.44 - \$27.90	\$5,345	\$6,374	\$11,171	\$578	13.2%	5.2%	(1.4%)	3.9%	\$ 11,014	\$ 601	0.6x	11.0x	0.6x	10.6x
EMCOR Group, Inc.	72.20	82.04 - 57.29	4,031	3,964	8,131	409	14.8%	5.0%	2.8%	4.1%	8,358	426	0.5x	9.7x	0.5x	9.3x
MasTec, Inc.	45.23	54.70 - 37.24	3,443	5,149	6,595	398	13.5%	6.0%	11.5%	21.0%	7,356	481	0.8x	13.0x	0.7x	10.7x
Dycom Industries, Inc.	63.56	118.24 - 47.77	1,967	2,798	2,879	53	17.2%	1.8%	16.0%	NM	3,340	188	1.0x	NM	0.8x	14.9x
Granite Construction Incorporated	47.34	63.39 - 38.55	2,180	2,023	3,318	116	11.7%	3.5%	13.6%	94.0%	3,769	226	0.6x	17.4x	0.5x	9.0x
Comfort Systems USA, Inc.	54.78	59.83 - 39.85	2,007	2,038	2,183	149	20.4%	6.8%	19.7%	18.2%	2,613	176	0.9x	13.7x	0.8x	11.6x
Primoris Services Corporation	21.87	28.90 - 17.82	1,115	1,430	2,641	113	11.0%	4.3%	21.4%	30.0%	3,205	147	0.5x	12.6x	0.4x	9.7x
MYR Group Inc.	35.04	40.81 - 26.24	573	666	1,458	48	11.1%	3.3%	11.9%	13.4%	1,632	55	0.5x	13.8x	0.4x	12.2x
Matrix Service Company	20.27	25.75 - 13.00	547	476	1,198	3	7.3%	0.2%	21.6%	NM	1,456	54	0.4x	NM	0.3x	8.7x
Sterling Construction Company, Inc.	14.55	16.07 - 9.71	398	397	1,036	30	10.4%	2.9%	5.3%	54.4%	1,091	46	0.4x	13.4x	0.4x	8.7x
Great Lakes Dredge & Dock Corporation	8.45	8.65 - 4.25	512	811	621	56	18.0%	9.1%	17.4%	23.2%	729	69	1.3x	NM	1.1x	11.7x
Orion Group Holdings, Inc.	4.72	9.83 - 3.75	136	231	584	7	12.0%	1.2%	3.8%	(11.9%)	606	6	0.4x	32.8x	0.4x	37.2x

Median	\$1,727	\$2,412	\$85	12.6%	3.9%	12.7%	19.6%	\$ 2,909	\$ 162	0.6x	13.4x	0.5x	10.7x
Mean	\$2,197	\$3,485	\$163	13.4%	4.1%	12.0%	25.0%	\$ 3,764	\$ 206	0.7x	15.3x	0.6x	12.9x

(a) Mid-cap defined as market capitalization between \$2 billion and \$10 billion.

Source: S&P Capital IQ as of October 8, 2018.

Note: Not meaningful (NM) if EV/Sales is greater than 10x or if EV/EBIT is greater than 50x. NA if denominator is 0 or not available. NTM figures are based on the median estimate of Wall Street analysts.

# Building Materials: Small & Mid-Cap<sup>(a)</sup> Company Valuations

(\$U.S. in millions, except per share data)

Company Name	Share Price	52 Week High - Low	Market Cap	Enterprise Value	TTM Data			NTM Est. Growth		Estimates		EV Multiple					
					Sales	EBIT	Margin	Sales	EBIT	NTM Sales	NTM EBIT	TTM Sales	TTM EBIT	NTM Sales	NTM EBIT		
Vulcan Materials Company	\$111.92	\$133.59 - \$82.52	\$14,879	\$17,751	\$4,383	\$733	25.1%	16.7%	9.0%	27.6%	\$ 4,776	\$ 935	4.1x	24.2x	3.7x	19.0x	
Martin Marietta Materials, Inc.	189.78	232.89 - 150.75	11,875	14,951	3,980	723	24.9%	18.2%	14.9%	16.7%	4,573	844	3.8x	20.7x	3.3x	17.7x	
Boral Limited	3.51	5.69 - 3.22	4,119	5,759	4,131	397	32.8%	9.6%	4.2%	25.7%	4,303	499	1.4x	14.5x	1.3x	11.6x	
Eagle Materials Inc.	79.24	115.75 - 57.00	3,643	4,252	1,393	292	23.8%	21.0%	1.0%	14.0%	1,407	333	3.1x	14.6x	3.0x	12.8x	
United States Lime & Minerals, Inc.	73.10	85.95 - 68.20	410	327	144	20	21.1%	13.8%	NA	NA	-	-	2.3x	16.3x	NA	NA	
<b>Median</b>					\$5,759	\$3,980	\$397	24.9%	16.7%	6.6%	21.2%	\$ 4,303	\$ 499	3.1x	16.3x	3.1x	15.2x
<b>Mean</b>					\$8,608	\$2,806	\$433	25.5%	15.9%	7.3%	21.0%	\$ 3,012	\$ 522	2.9x	18.1x	2.8x	15.3x



(a) Mid-cap defined as market capitalization between \$2 billion and \$10 billion.

Source: S&P Capital IQ as of October 8, 2018.

Note: Not meaningful (NM) if EV/Sales is greater than 10x or if EV/EBIT is greater than 50x. NA if denominator is 0 or not available. NTM figures are based on the median estimate of Wall Street analysts.

# Building Products: Small & Mid-Cap<sup>(a)</sup> Company Valuations



(\$U.S. in millions, except per share data)

Company Name	Share Price	52 Week High - Low	Market Cap	Enterprise Value	TTM Data				NTM Est. Growth		EV Multiple			
					Sales	EBITDA	Gross Margin	EBITDA Margin	Sales	EBITDA	TTM Sales	TTM EBITDA	NTM Sales	NTM EBITDA
Masco Corporation	\$38.09	\$43.23 - \$27.03	\$11,135	\$13,735	\$8,359	\$1,393	32.6%	16.7%	3.2%	4.7%	1.6x	9.9x	1.6x	9.4x
Owens Corning	49.87	86.22 - 40.64	5,602	8,952	7,057	1,277	23.4%	18.1%	2.2%	5.1%	1.3x	7.0x	1.2x	6.7x
USG Corporation	43.23	43.50 - 32.37	6,064	6,760	3,336	430	18.2%	12.9%	4.7%	33.3%	2.0x	15.7x	1.9x	11.8x
Trex Company, Inc.	76.73	90.74 - 50.72	4,431	4,325	684	193	43.1%	28.2%	8.6%	12.4%	6.3x	22.4x	5.8x	19.9x
Armstrong World Industries, Inc.	74.54	73.45 - 54.34	3,623	4,124	975	256	34.2%	26.3%	7.1%	52.7%	4.2x	16.1x	3.9x	10.5x
Simpson Manufacturing Co., Inc.	61.11	78.36 - 49.54	2,802	2,644	1,079	211	44.5%	19.6%	6.2%	13.3%	2.5x	12.5x	2.3x	11.1x
Universal Forest Products, Inc.	32.44	39.41 - 24.14	2,003	2,190	4,489	262	13.2%	5.8%	4.3%	11.1%	0.5x	8.4x	0.5x	7.5x
Builders FirstSource, Inc.	14.22	22.08 - 10.15	1,628	3,435	7,688	438	24.2%	5.7%	(2.1%)	7.0%	0.4x	7.8x	0.5x	7.3x
Gibraltar Industries, Inc.	42.61	49.10 - 31.96	1,355	1,269	1,002	116	24.2%	11.6%	4.2%	17.9%	1.3x	10.9x	1.2x	9.3x
NCI Building Systems, Inc.	7.24	23.35 - 6.66	897	3,861	3,359	132	18.9%	3.9%	NA	NA	1.1x	29.2x	NA	NA
Quanex Building Products Corporation	17.69	20.30 - 10.70	589	771	890	90	21.7%	10.1%	3.6%	9.6%	0.9x	8.6x	0.8x	7.8x

Median	\$3,861	\$3,336	\$256	24.2%	12.9%	4.3%	11.7%	1.3x	10.9x	1.4x	9.4x
Mean	\$4,733	\$3,538	\$436	27.1%	14.4%	4.2%	16.7%	2.0x	13.5x	2.0x	10.1x

(a) Mid-cap defined as market capitalization between \$2 billion and \$10 billion.

Source: S&P Capital IQ as of October 8, 2018.

Note: Not meaningful (NM) if EV/Sales is greater than 10x or if EV/EBIT is greater than 50x. NA if denominator is 0 or not available. NTM figures are based on the median estimate of Wall Street analysts.

# Engineering Firms: Small & Mid-Cap<sup>(a)</sup> Company Valuations



(\$U.S. in millions, except per share data)

Company Name	Share Price	52 Week High - Low	Market Cap	Enterprise Value	TTM Data				NTM Est. Growth		EV Multiple			
					Sales	EBITDA	Gross Margin	EBITDA Margin	Sales	EBITDA	TTM Sales	TTM EBITDA	NTM Sales	NTM EBITDA
Jacobs Engineering Group Inc.	\$75.06	\$82.24 - \$55.17	\$10,387	\$12,260	\$16,284	\$960	18.8%	5.9%	(22.2%)	4.7%	0.8x	12.8x	1.0x	12.2x
Teledyne Technologies Incorporated	234.98	250.87 - 177.68	8,498	9,107	2,902	542	38.3%	18.7%	3.8%	10.8%	3.1x	16.8x	3.0x	15.2x
Fluor Corporation	38.26	62.08 - 29.78	5,358	5,222	19,167	749	3.5%	3.9%	10.0%	17.7%	0.3x	7.0x	0.2x	5.9x
AECOM	31.35	37.53 - 24.83	4,862	8,117	20,282	774	3.3%	3.8%	0.6%	NM	0.4x	10.5x	0.4x	8.4x
CACI International Inc	182.82	200.85 - 138.39	4,572	5,556	4,642	457	33.5%	9.8%	12.2%	5.8%	1.2x	12.2x	1.1x	11.5x
McDermott International, Inc.	7.89	23.58 - 6.10	1,398	4,374	6,705	430	9.0%	6.4%	43.3%	131.0%	0.7x	10.2x	0.5x	4.4x
Tetra Tech, Inc.	59.76	72.56 - 46.30	3,270	3,466	2,209	242	17.6%	10.9%	16.6%	14.2%	1.6x	14.3x	1.3x	12.6x
Stantec Inc.	24.46	26.59 - 22.03	2,769	3,348	2,701	252	51.8%	9.3%	1.3%	31.5%	1.2x	13.3x	1.2x	10.1x
KBR, Inc.	18.44	22.22 - 13.90	2,589	3,201	4,520	302	8.8%	6.7%	14.0%	NM	0.7x	10.6x	0.6x	7.4x
Tutor Perini Corporation	18.15	24.98 - 14.66	904	1,560	4,464	206	9.6%	4.6%	13.7%	43.3%	0.3x	7.6x	0.3x	5.3x
VSE Corporation	37.59	56.03 - 26.96	407	600	711	78	10.1%	10.9%	NA	NA	0.8x	7.7x	NA	NA
Perma-Fix Environmental Services, Inc.	3.59	5.15 - 1.90	39	42	50	2	24.1%	3.8%	NA	NA	0.8x	21.9x	NA	NA

Median	\$3,920	\$4,492	\$277	13.9%	6.5%	11.1%	24.6%	0.8x	10.5x	0.8x	7.9x
Mean	\$4,738	\$7,053	\$349	19.0%	7.0%	9.3%	40.6%	1.0x	11.5x	1.0x	8.2x

(a) Mid-cap defined as market capitalization between \$2 billion and \$10 billion.

Source: S&P Capital IQ as of October 8, 2018.

Note: Not meaningful (NM) if EV/Sales is greater than 10x or if EV/EBIT is greater than 50x. NA if denominator is 0 or not available. NTM figures are based on the median estimate of Wall Street analysts.



# Valuation Multiples Falling Despite Forecasted Sales Growth

Enterprise Value (EV) multiples for publicly-traded **Construction, Engineering, and Building Products** experienced an average decline of approximately 10% over the 12 months from Feb. 2018 to Feb. 2019.

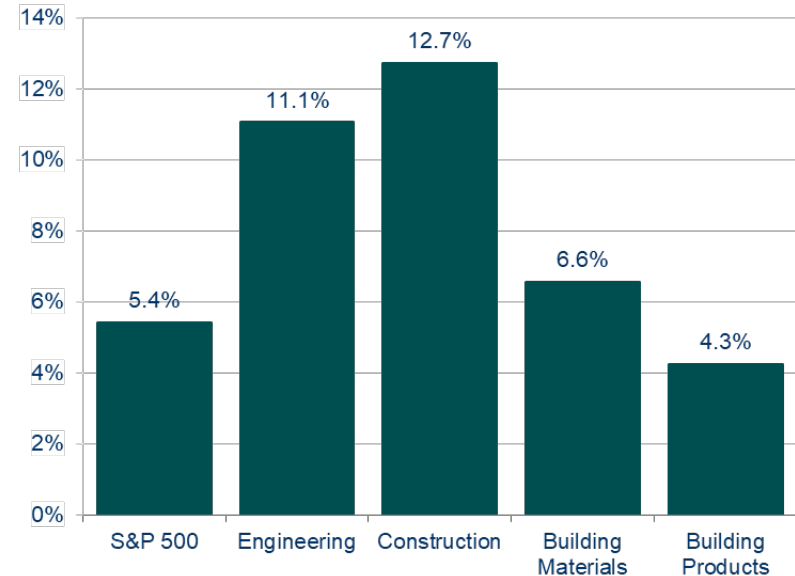
This decline in valuation is in line with a wider macroeconomic trend of declining Public Company EV Multiples, reflected in the **S&P 500** average decline of approximately 8% over the same period.

## Public Market Valuations: EV / EBIT



**Construction and Engineering** companies are forecast to grow sales by double-digit percentages over the next twelve months, significantly outpacing anticipated growth in the S&P 500. **Building Materials and Building Products** are expected to grow at a moderate pace similar to growth rates forecast in the **S&P 500**, at rates of 6.6%, 4.3% and 5.4% respectively.

## Next Twelve Months: Estimated Sales Growth



Source: S&P Capital IQ as of Feb. 25<sup>th</sup> 2019.

Note: NTM figures are based on the median estimate of Wall Street analysts.



# Selected Small & Mid-Cap M&A Transactions



<b>Announced Date</b>	<b>Acquirer/Investor</b>	<b>Target</b>	<b>Industry Segment</b>	<b>Target Description</b>	<b>Enterprise Value (MM)</b>	<b>Revenue Multiple</b>	<b>EBITDA Multiple</b>
02/15/19	GSE Power Systems	DP Engineering	Engineering	Provides engineering and consulting services to the energy industry.	\$18.5	0.8x	-
12/31/18	L.A.R.K. Industries, Inc.	T.A.C. Ceramic Tile Co.	Construction	Provides flooring installation services Washington D.C.	42.5	0.6x	-
12/03/18	Patrick Industries, Inc.	Arran Isle	Building Products	Sources, manufactures, and distributes building products	54.0	0.2x	-
11/23/18	Brickworks Limited	Glen-Gery Corporation	Building Materials	Manufactures bricks, and masonry supplies and tools for building industry.	110.0	0.9	8.5
11/05/18	NV5 Global, Inc.	CHI Engineering Services	Engineering	Provides engineering, procurement, and construction management services.	55.0	1.0x	-
08/28/18	Ply Gem Midco, Inc.	Silver Line - Andersen	Building Products	Manufactures and markets windows and patio doors.	190.0	0.4x	10.0x
08/20/18	Eurovia (SA)	Paving - Lane Construction	Building Materials	Produces hot-mix asphalt.	555.0	0.9x	-
07/28/18	WSP Global Inc.	Berger Group Holdings	Engineering	Infrastructure engineering, enviromental science, economic development consulting.	400.0	1.0x	8.9x
07/24/18	PGT Innovations, Inc.	WWS Acquisition	Building Products	Designs and manufactures aluminum windows and door products.	360.0	-	19.2x
07/02/18	Mueller Industries, Inc.	ATCO Rubber Products	Building Products	Manufactures flexible duct systems for residential and commercial HVAC.	162.8	0.1x	-
06/14/18	Cementos de Chihuahua	Trident Cement Plant	Building Materials	Cement plant producing cement for large scale industrial customers.	107.4	2.3x	10.2x
05/10/18	Brannan Sand and Gravel	Concrete - Boral Limited	Building Materials	Manufactures cement products for the construction industry.	127.0	-	9.0x
04/06/18	Ashford Holding Corp.	Project Management	Construction	Provides design, development, and project management services.	203.0	-	12.4x
03/27/18	Primoris Services	Willbros Group	Construction	Operates as a specialty contractor serving the oil, gas, and power industries.	157.0	0.2x	6.1x
03/07/18	Amesbury Group Inc.	Ashland Products	Building Products	Manufactures window and door hardware.	101.0	1.5x	9.0x
03/01/18	AI Fire	Tri State Fire Protection	Construction	Services fire alarms, sprinkler systems, extinguishers and special systems.	-	-	-

<b>YTD</b>	<b>Enterprise Value</b>	<b>Revenue Multiple</b>	<b>EBITDA Multiple</b>
Transactions Represented	15	13	8
High	\$555.0	6.87x	19.17x
Median	\$127.0	0.93x	9.51x
Mean*	\$159.2	1.58x	9.87x
Low	\$18.5	0.18x	8.46x

\*Mean excludes High and Low Values

Highlighted deals in Overview of Selected Transactions on following slides.

Source: S&P Capital IQ

# Overview of Selected Recent Transactions



## Brickworks Limited Acquires Glen-Gery Corporation

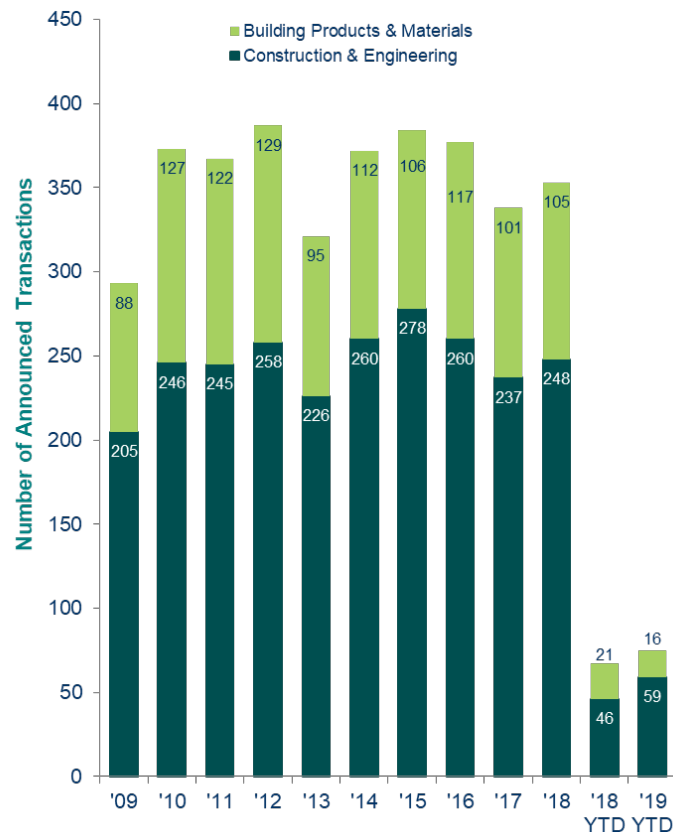
November 23, 2018

- Istock plc, the U.K. based parent company to Brickworks Limited, agreed to acquire Glen-Gery Corporation; a North American brick and stone manufacturer headquartered in Wyomissing, Penn.
- The company operates 10 manufacturing plants and 10 Masonry Supply Centers throughout the U.S. In Iowa, Glen-Gery operates a manufacturing plant in Redfield and a Masonry Supply Center in West Des Moines.
- Istock agreed to pay \$110M for Glen Gary; this purchase price represented valuation multiples of 0.9x Revenue and 8.5x EBITDA, respectively.

## Audax-backed AI Fire Acquires Tri State Fire

March 1, 2018

- Tri State Fire is a leading full-service, self-perform fire and life safety service provider. Headquartered in Hudson, NH, Tri State Fire services fire alarms, sprinkler systems, extinguishers, special hazard systems, and kitchen hood systems for customers across various end markets.
- In April 2017, Audax partnered with AI Fire, a leading provider of fire and life safety services to national, regional and local customers. Audax intends to work with AI Fire management to build a leading platform through organic growth initiatives and add-on acquisitions within the fragmented U.S. fire and life safety services market.
- AI Fire has made 4 acquisitions in the space since partnering with Audax less than two years ago.
- The terms of this deal were not disclosed.



Note: Middle market M&A includes transactions with EV < \$1000mm, and transactions with undisclosed EV. YTD as of February, 25 2019.

Source: S&P Capital IQ, AI Fire Press Release, LBM Journal Industry News



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Credits & Incentives
International
State & Local
Controversy & Dispute Resolution
Tax Structuring
Transfer Pricing

Consulting
TRANSACTIONS
Investment Banking
Due Diligence
M&A Tax
Restructuring
Valuations
IT
Compliance
Cybersecurity
Assessment & Planning
Development & Integration
STRATEGY & OPERATIONS
Business Planning
Performance Audits
Succession Planning

Wealth Management
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YOU