



ENGINEERING & CONSTRUCTION MARKET OUTLOOK

Q2 2021



April 2021



Welcome.

BaseRock Partners is an investment banking firm built to serve the engineering and construction industry. This quarterly market outlook provides our perspective on engineering and construction M&A and the broader economic trends that affect deal-making activity.

We welcome your comments and feedback at info@baserockpartners.com or (303) 309-4328.

See you in the field.

Dustin Bass
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SECTION I

EXECUTIVE SUMMARY

E&C Sector Outlook

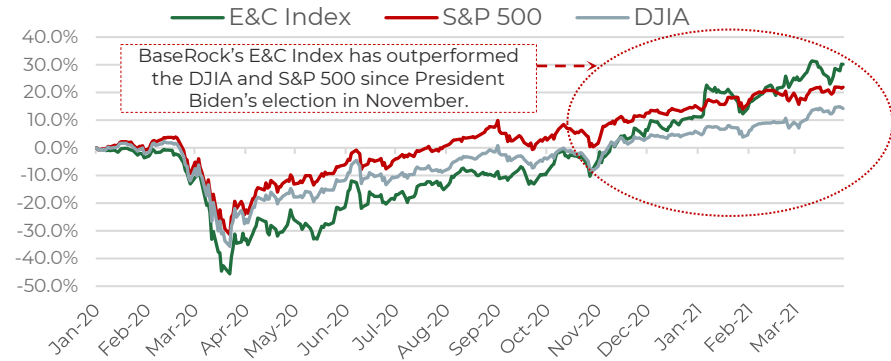
What a difference a year makes. Despite the disruption of COVID-19, the E&C sector has proved remarkably resilient in the face of a black swan event. With the transition to work-from-home, video conferences, mask protocols, and a swath of operational changes required for companies to operate through the pandemic, companies in the E&C sector have largely outperformed expectations over the past 12 months. Market valuations on an Enterprise Value to Last-Twelve-Months (LTM) EBITDA basis are at multi-year highs, balance sheets are fortified with cash, and debt levels are well within historical norms. Despite the gyrations in economic output over the last year and a decline in backlogs, the macro-outlook is favorable, driven by a strong residential market and the potential for a long-overdue infrastructure bill from Congress.

Our outlook for the sector is positive, particularly as the year progresses, COVID inoculations increase, and the economy continues its recovery. The market for M&A and capital raising is improving by the quarter, with the notable downturn in Q2 2020 behind us and increasing optimism among buyers and capital providers alike.

Key Macro Trends:

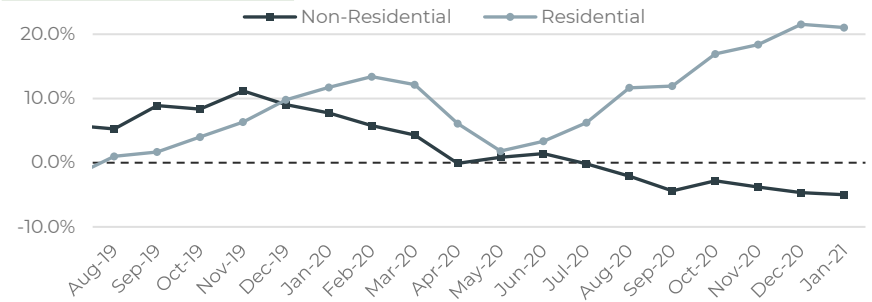
- Federal and state-level infrastructure spending continues to decline on both a real-dollar basis and as a percentage of GDP. The need for infrastructure spending is well documented and it appears that Congress and the Biden administration are poised to begin consideration of legislation this year. Should a meaningful infrastructure package pass into law, it will be a strong catalyst for E&C M&A activity.
- Residential spending continues its remarkable expansion, driven largely by a low-interest-rate environment, demographic shifts toward suburban/rural environments, and general COVID-driven demand for improved housing. The S&P/Case-Shiller Home Price Index was up 11.1% year over year in January and total private residential construction spending was up 21.0%. There can be little doubt that the residential construction market is now fundamentally dependent on historically low interest rates. Should the 10-year treasury begin to climb above 2.0%, the housing market could be in for a dose of reality.

BaseRock E&C Index¹ vs. S&P 500 & Dow Jones Industrial



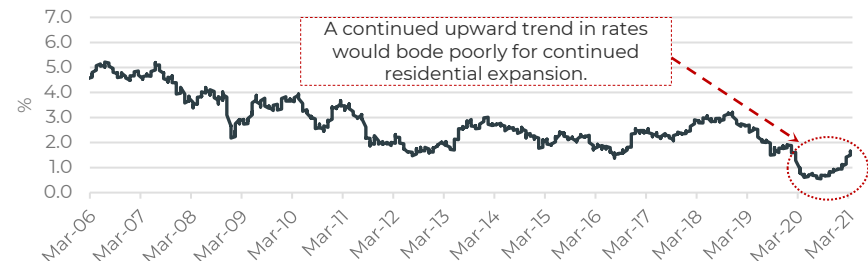
¹ BaseRock's E&C Index constituents consist of public firms tracked by BaseRock and listed on slides 11, 15, and 19.
Source: Capital IQ, BaseRock Partners

YoY % Change in Residential & Non-Residential Construction Spending



Source: Federal Reserve

10-Year Treasury Constant Maturity Rate



Source: Federal Reserve

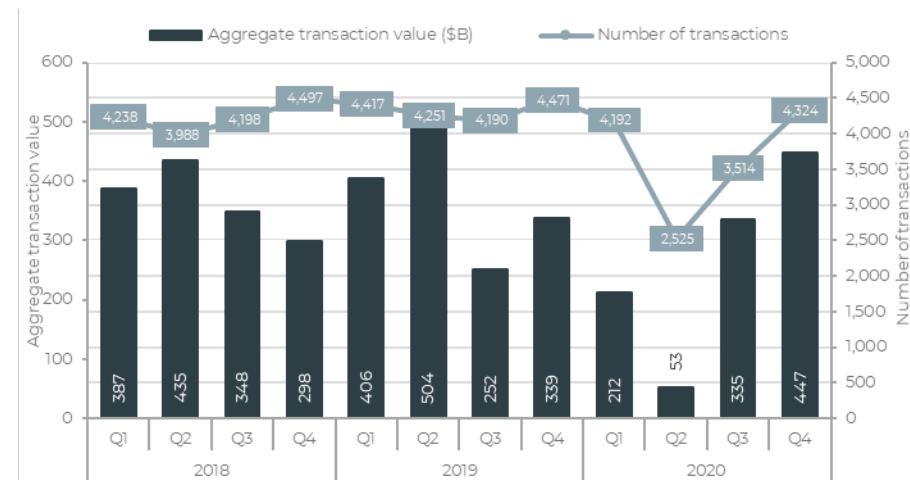
M&A Market Outlook

When the world came to an abrupt standstill in March of 2020 due to the global COVID-19 pandemic, it was hard to predict what the fallout would be for the broader market for mergers & acquisitions. As companies and sponsors focused their attention internally, M&A activity saw significant declines. The number of M&A transactions in Q2 2020 vs. Q2 2019 was down over 40.0%, one of the largest quarterly declines on record. However, to the surprise of many, the M&A market quickly rebounded in Q3 2020 despite the ongoing pandemic. Overall, M&A deal activity for the year was only down ~15.0% compared to 2019.

The momentum has continued into 2021 and we expect the upward trend to continue for the remainder of the year. Many of the same dynamics that were drivers of pre-pandemic M&A activity persist, including a supply and demand imbalance for good quality companies, high levels of cash on the balance sheets of strategic buyers, and dry powder at PE firms at record levels (currently \$1.3 trillion). Combined with low interest rates, we expect both M&A activity and valuations to remain high for the foreseeable future.

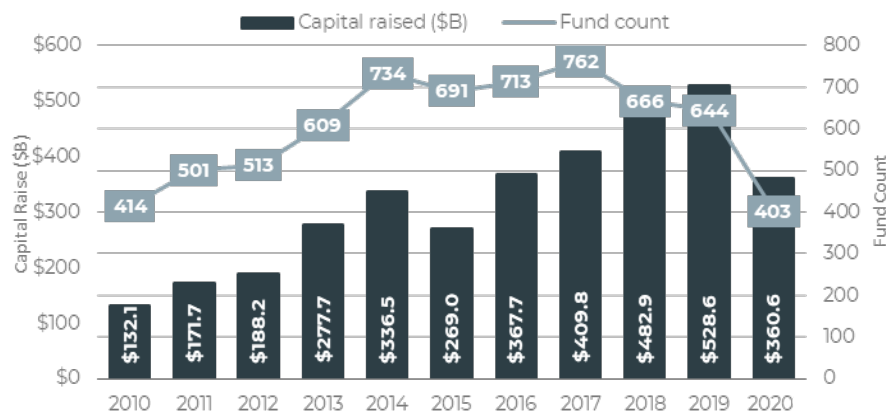
Overall, our outlook for M&A activity is bullish. With record levels of capital ready to be deployed and the likelihood of higher taxes in the near future, we expect sellers to capitalize on the current market dynamics.

Total U.S. M&A Deal Volume and Transaction Value



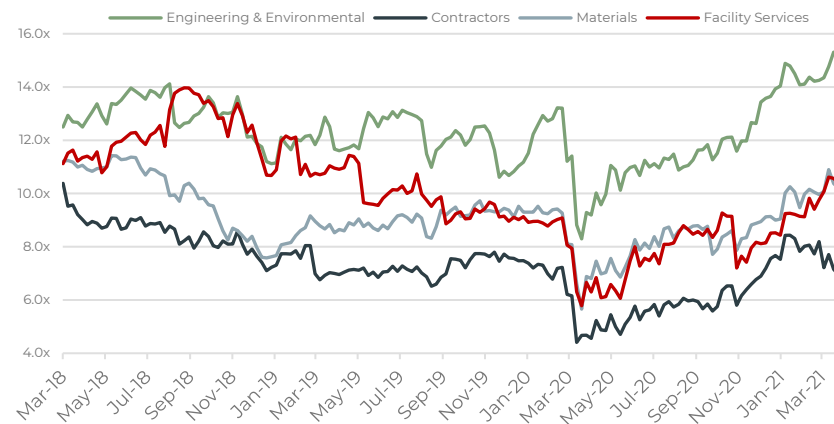
Source: Capital IQ

Private Equity Fundraising



Source: Pitchbook

EV/Adj. LTM EBITDA by Sector



Figures represent median EV/Adj. LTM EBITDA values. EV adjusted for operating lease liabilities (ASC 842 & IFRS 16).

Source: Capital IQ

E&C Market Indicators

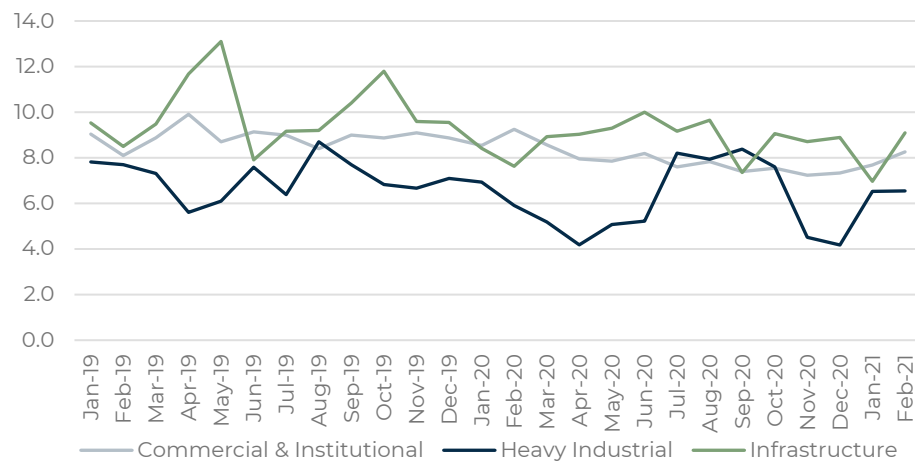
Despite an overall decline in backlogs during the majority of 2020, the E&C market shows strong signs of improvement in Q1. In February, the AIA's Architecture Billing Index saw its first rise in billings since February 2020. The AIA's inquiries index, which measures interest in new projects, improved for the third consecutive month. AIA's data also suggest that an expansion in the beleaguered commercial/industrial market may be underway.

Consistent with the AIA's findings, ABC's backlog builder (a measure of average monthly backlog by end market) showed improvements in Q1, with Heavy Industrial, Infrastructure, and Commercial and Industrial sectors all showing increasing backlog levels.

Overall, the market appears poised to rebound strongly in 2021, with most companies having adapted better than anticipated to the pandemic environment last spring and market conditions improving meaningfully. For the second half of 2021, the wild cards for the market will likely include the health of the residential market and the outcome of infrastructure legislation in Washington. Good news on both fronts would likely result in a booming construction market by year-end.

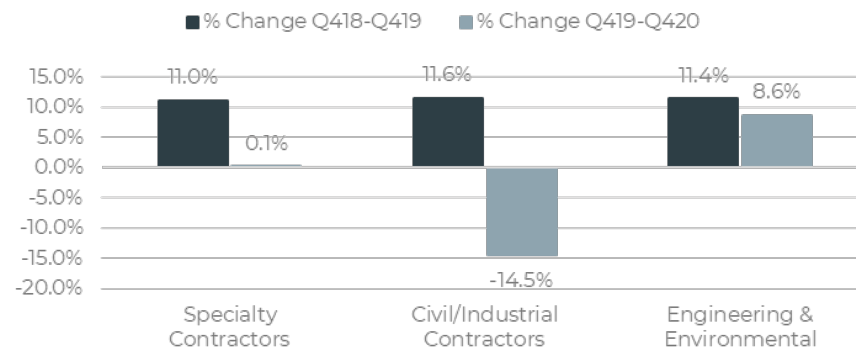
ABC's Construction Backlog Builder

(Months of Backlog by End Market)



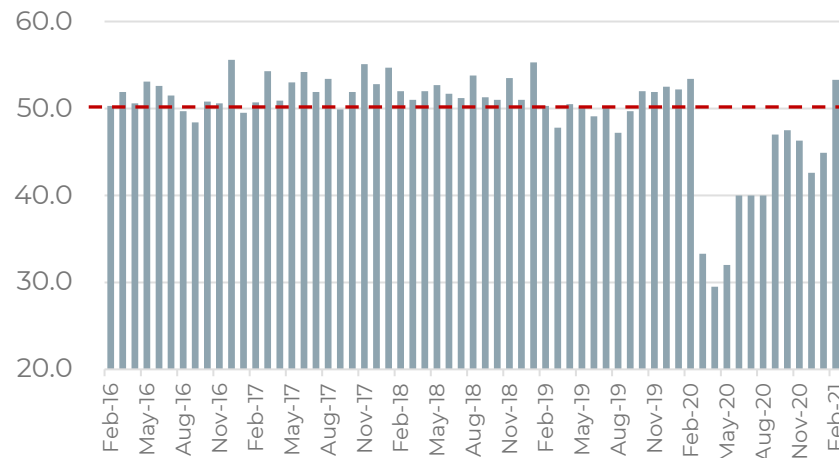
Source: Associated Builders and Contractors

Public Company Backlog Comparison



Source: Capital IQ, BaseRock Analysis
Specialty: FIX, DY, EME, LMB, MTZ, MYRG, PWR; Civil/Industrial: GVA, ARE, STRL, TPC, ORN, GLDD, IEA, PRIM; Eng/Env.: TTEK, J, STN, WSP

Architecture Billings Index (ABI)



Source: The American Institute of Architects

--- Any score above 50 indicates an increase in billings



SECTION II

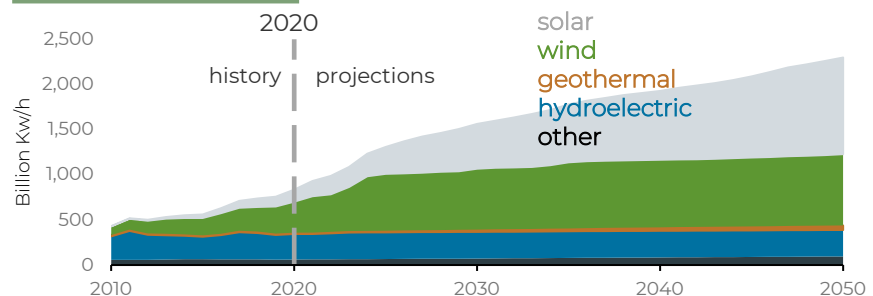
CONSTRUCTION SERVICES OUTLOOK

Market Commentary – What We’re Watching

M&A activity in contractor markets is highly cyclical, with increased deal activity often a function of structural changes in the marketplace. In the depths of the Great Recession, contractors retooled their capabilities and geographic presence to attack markets with better long-term opportunities. Recently, the labor shortage has led to an increased appetite for self-performance and for subcontractors to increase their GC capabilities. COVID-19 and resulting policy changes present a host of structural changes to the market, which are likely to drive increased activity as 2021 progresses. Some of the key questions we will be asking include the following:

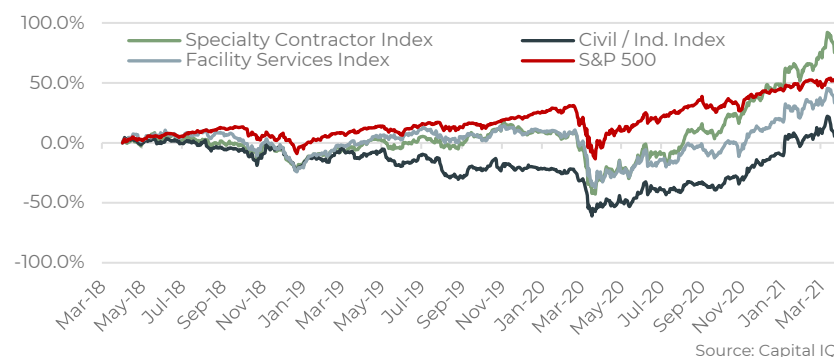
- **How will contractors handle rising input costs?** While the pandemic has affected overall construction pricing negatively, pockets of cost inflation raise concerns. The Federal Reserve's Producer Price Index for Construction Materials spiked 12.1% in February year over year, with increases in lumber and rebar pricing being key contributors to the rise. While inflationary forces are a concern across the broader economic landscape, the effect on contractors is often exacerbated by the hard-bid nature of construction work.
- **Does a broader shift to residential markets pose risks to civil and commercial firms?** Commercial and civil contractors are increasingly turning their focus to the red-hot residential market. While the residential outlook remains strong, the shift presents different project risk profiles and unique execution challenges. The shift is also similar to what we saw in the mid-2000's, which ultimately drove instability in many firms when the residential market crashed in late 2008.
- **Will more firms turn their focus toward recurring revenue models?** Larger contractors are increasingly turning their focus to recurring revenue business models to improve negotiated bid opportunities and to insulate themselves from project cyclical. APi Group, Quanta, and Primoris, among others, have made the expansion of service offerings a strategic priority.
- **Will HVAC firms continue to see COVID-related volume improvement?** The pandemic has driven a surge in HVAC air filter retrofits and improvements as owners seek to improve air quality and protect tenants from COVID-19 exposure. As part of the \$1.9 trillion American Rescue Plan signed by President Biden in March, an approved use of funds is for improvement of air quality in schools.
- **Will more firms enter the renewables market?** Investment in utility-scale wind and solar investments is rapidly outpacing traditional utility investments. While some companies (e.g., IEA) have focused their business model on the renewables sector, others have seen strong growth in renewables portfolios (e.g., Mastec / MYR Group). With the current makeup of Congress and the likelihood of continued growth in renewables, we expect this sector to continue to gain momentum among buyers.
- **Will pension relief breathe life into union deals?** President Biden's \$1.9 trillion COVID-19 relief bill, the American Rescue Plan Act, not only provided \$1,400 stimulus checks to many in the U.S., it also included a government backstop to underfunded multi-employer pension plans. While the PBGC has yet to rule on how the bailout will affect employers' pension withdrawal liabilities, the support may have the effect of making acquirers more confident in deals that involve multi-employer plans.

U.S. Renewable Electricity Generation by End Use



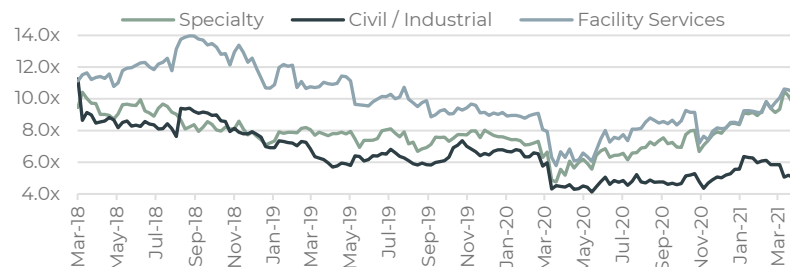
Source: EIA Annual Energy Outlook 2021

Sector Stock Price Performance vs. S&P 500














Source: Capital IQ

Sector EV/LTM Adj. EBITDA



Figures represent median EV/Adj. LTM EBITDA values. EV adjusted for operating lease liabilities (ASC 842 & IFRS 16).

Notable Q1 2021 Contractor Transactions

Announced Date	Target	Buyer	Deal Commentary
Jan-21			James Power Line Construction, a Texas-based overhead and underground electrical utility contractor, was acquired by Alabama-based PowerGrid Services in January. The electrical transmission and distribution market remains an attractive one for many acquirers given the investment needed in the sector, the often-recurring nature of the work, and the specialized labor required to execute contracts.
Feb-21			MKD is an industrial automation and electrical service company primarily serving e-commerce, solar, manufacturing, and chemical processing markets. Hastings Equity is an industrial and manufacturing-focused investment fund.
Mar-21			Craft-Work Capital-backed Rogers Mechanical, a Villa Rica, Georgia-based mechanical contractor, acquired R&D Mechanical in early March. The acquisition boosts Rogers' service and preventative maintenance customers and expands the company's customer base. Mechanical and electrical transactions continue to see well-attended auctions and interest from both strategic buyers and private equity.
Mar-21		 	A bidding war to acquire Aegion heated up in March. Bloomberg reports private equity heavyweights New Mountain Capital and Apollo Global Management submitted dueling offers for Aegion, in a transaction that could top \$1.0 billion when finalized. Both Apollo and New Mountain have been active in infrastructure markets, with New Mountain owning TRC Companies and Pearce Services, and Apollo's former ownership of CH2M Hill and their recent publicized pursuit of Tutor Perini.
Mar-21			The salability of recurring revenue business is a key trend for 2021 (and beyond). Peak Utility Services Group's acquisition of Ft. Worth, TX-based Superior Pipeline Services (SPS) is another example of this trend. SPS is a natural gas utility services contractor that provides maintenance, repair, and installation services.

Notable Q1 2021 Facility Services Transactions

Announced Date	Target	Buyer	Deal Commentary
Jan-21			Coolsys's acquisition of C.E. Holt Refrigeration expands its Southeast presence. C.E. Holt is a leading refrigeration and HVAC services firm headquartered in Charlotte, North Carolina. This acquisition increases market presence for CoolSys in North and South Carolina, Virginia, and Georgia, which are strategic growth states for the company.
Feb-21			BrightView Holdings, Inc., a commercial landscaping services company in the United States, acquired Green Image, LLC (GTI) based in Las Vegas, NV. The terms of the transaction were not disclosed. This is BrightView's second acquisition of 2021, following the 7 transactions completed in 2020.
Feb/Mar 21	  A FULL SERVICE COMPANY  Mechanical Services		Reedy has already acquired 3 mechanical services companies in 2021. Over the last two years, Reedy Industries has acquired 11 mechanical services companies. Reedy expanded their Chicago metro presence with the acquisitions of Pro-Tek and Tessendorf. Through their subsidiary Colorado Mechanical Systems, Reedy also acquired AMI Mechanical Systems, further expanding their services in the Mountain West region. Reedy is backed by Audax Private Equity.
Feb-21			HGGC, a middle-market private equity firm, acquired Marmic Fire & Safety, a leading full-service fire protection company, from Thompson Street Capital Partners. Marmic is one of the largest self-perform fire protection service companies in the country. Marmic provides recurring inspection, test and maintenance services conforming to OSHA mandates, government codes, and NFPA standards across retail, medical, commercial, and industrial end markets.
Mar-21			Pye-Barker Fire expanded its Colorado footprint with the acquisition of Fire Alarm Services, Inc. FAS is a full-service fire protection company with 140 employees at the time of the acquisition. FAS covers the state's major regions, including the Denver metropolitan, Northern Colorado, the Central and Plains areas, and the Rocky Mountains. Through the integration of FAS into the team, Pye-Barker Fire plans to expand its fire alarm and fire sprinkler services across the state.
Mar-21			Snow Phipps Group, a private equity firm, acquired AI Fire from Audax Private Equity. AI Fire is a national provider of fire and life safety services to diversified end markets. AI Fire has completed 11 acquisitions since 2017 in the attractive fire protection market.
Mar-21	 Atlantic Engineering Laboratories, Inc.		Atlas Technical Consultants, a publicly-traded company focused on providing testing, inspection, engineering, environmental, and consulting services, has announced an agreement to acquire Atlantic Engineering Laboratories, Inc., a materials testing and inspection firm for developers and commercial clients. This acquisition broadens Atlas's environmental services and NY/NJ presence.

Public Company Valuation and Trading Metrics

(\$ in millions, except per share data)	Trading Performance			Enterprise Value / Adj. EBITDA ^{1,2}			Margin Analysis (LTM)		Revenue Growth			Net Debt / Adj. EBITDA (LTM)
	Share Price	% of 52 Wk High	Enterprise Value (EV) ¹	2019A	2020A	2021P	Gross Margin %	Adj. EBITDA Margin % ²	3-Year CAGR	5-Year CAGR	2021CY Estimate	
As of March 31, 2021												
Specialty Trade Contractors												
APi Group Corporation	20.70	98.6%	5,341.5	14.6x	14.0x	13.0x	21.1%	10.6%	NM	NM	3.3%	2.7x
Comfort Systems USA, Inc.	74.80	97.9%	2,923.6	13.7x	11.7x	11.9x	19.1%	8.7%	9.7%	12.0%	0.9%	1.1x
Dycom Industries, Inc.	92.90	91.8%	3,398.2	11.0x	10.9x	10.8x	17.4%	9.7%	1.4%	2.0%	2.1%	2.0x
EMCOR Group, Inc.	112.20	97.1%	5,602.4	10.1x	9.4x	9.3x	15.9%	6.8%	4.3%	4.1%	4.9%	NM
Limbach Holdings, Inc.	10.60	65.8%	107.1	6.4x	4.3x	4.8x	14.3%	4.4%	-0.3%	3.9%	-4.6%	0.8x
MasTec, Inc.	93.70	94.3%	7,742.7	9.2x	9.6x	8.8x	16.6%	12.8%	4.1%	8.7%	23.4%	1.3x
MYR Group Inc.	71.70	95.2%	1,243.9	12.3x	9.4x	9.2x	12.3%	5.9%	14.8%	15.2%	3.0%	0.2x
Quanta Services, Inc.	88.00	98.9%	13,347.3	14.2x	12.7x	11.8x	14.8%	9.4%	2.8%	9.6%	8.2%	1.2x
Mean			4,963.3	11.4x	10.2x	10.0x	16.4%	8.5%	5.3%	7.9%	5.2%	1.3x
Median			4,369.9	11.6x	10.2x	10.0x	16.3%	9.1%	4.1%	8.7%	3.2%	1.2x
Civil/Industrial Contractors												
Aecon Group Inc.	15.40	95.1%	1,001.2	5.7x	4.8x	5.1x	8.6%	7.3%	9.4%	5.5%	9.5%	0.3x
Bird Construction Inc.	7.10	89.9%	330.0	13.3x	5.1x	4.5x	8.4%	5.4%	21.0%	8.7%	52.0%	NM
Granite Construction Incorporated	40.30	98.1%	1,567.1	21.9x	8.3x	7.1x	9.7%	5.3%	4.0%	8.0%	3.9%	NM
Great Lakes Dredge & Dock Corporation	14.60	90.7%	1,089.0	8.0x	7.2x	7.3x	23.3%	20.6%	7.0%	3.6%	3.6%	1.1x
Infrastructure and Energy Alternatives, Inc.	16.30	67.6%	599.2	6.0x	4.7x	4.4x	10.8%	7.3%	31.9%	24.3%	2.1%	2.1x
Primoris Services Corporation	33.10	79.2%	1,796.1	7.9x	7.2x	6.2x	10.6%	7.2%	8.6%	13.5%	7.9%	0.8x
Sterling Construction Company, Inc.	23.20	94.7%	972.8	15.7x	7.6x	7.0x	13.4%	9.0%	12.5%	16.4%	3.5%	2.5x
Tutor Perini Corporation	19.00	94.1%	1,606.6	7.7x	4.3x	4.8x	9.1%	6.9%	4.9%	0.7%	-3.3%	1.9x
Orion Group Holdings, Inc.	6.10	91.0%	250.6	6.8x	4.6x	5.3x	11.9%	7.7%	9.9%	3.6%	-2.6%	1.5x
Mean			1,023.6	10.3x	6.0x	5.7x	11.8%	8.5%	12.1%	9.4%	8.5%	1.5x
Median			1,001.2	7.9x	5.1x	5.3x	10.6%	7.3%	9.4%	8.0%	3.6%	1.5x
Facility Services												
Atlas Technical Consultants, Inc.	10.20	90.3%	478.9	NM	7.6x	6.5x	47.5%	13.4%	6.2%	17.5%	9.0%	4.2x
Ameresco, Inc.	48.60	69.1%	3,351.0	NM	NM	24.0x	18.2%	11.4%	12.5%	11.5%	8.6%	6.8x
BrightView Holdings, Inc.	16.90	93.9%	2,900.4	9.5x	10.7x	10.0x	25.1%	11.6%	1.9%	2.4%	5.7%	4.2x
Comfort Systems USA, Inc.	74.80	97.9%	2,923.6	13.7x	11.7x	11.9x	19.1%	8.7%	9.7%	12.0%	0.9%	1.1x
EMCOR Group, Inc.	112.20	97.1%	5,602.4	10.1x	9.4x	9.3x	15.9%	6.8%	4.3%	4.1%	4.9%	NM
Matrix Service Company	13.10	80.4%	269.7	4.0x	19.1x	8.3x	8.7%	1.8%	-12.6%	-9.6%	0.6%	NM
Mitie Group plc	0.90	64.3%	1,139.8	8.4x	NM	5.4x	12.5%	5.0%	18.5%	NM	33.0%	NM
Mean			2,380.8	9.1x	11.7x	10.8x	21.0%	8.4%	5.8%	6.3%	9.0%	4.1x
Median			2,900.4	9.5x	10.7x	9.3x	18.2%	8.7%	6.2%	7.8%	5.7%	4.2x

Notes:
¹ Enterprise value figures adjusted for operating lease liabilities (ASC 842 & IFRS 16).

² Adjusted EBITDA based on company reports and BaseRock Partners analysis.

Source: CapiQ, company reports, BaseRock Partners



SECTION III

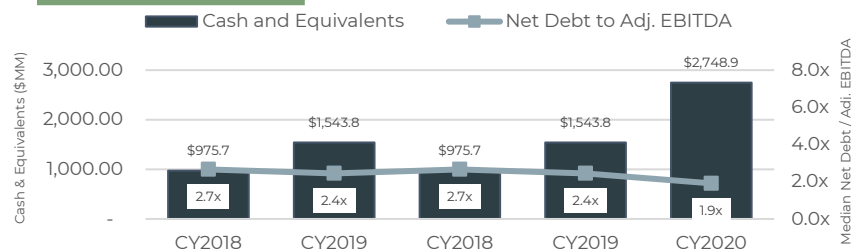
CONSTRUCTION MATERIALS OUTLOOK

Market Commentary – What We’re Watching

Construction materials deal activity rebounded in late 2020 as buyers began to come back to the market as COVID-19 showed signs of ebbing. However, the pent-up demand for M&A in the materials market is likely to drive increasing deal activity in late 2021 as the pandemic subsides and the potential for an infrastructure bill sparks additional interest in the sector. Public companies are well positioned to lead the charge on deal-making activity, as most performed better than expected in 2020, and are maintaining large cash balances with reasonable debt balances, and stock valuation multiples are reaching all-time highs. Some of the M&A catalysts we'll be watching over the next few months include the following:

- Will infrastructure legislation finally get traction?** On March 31, the Biden administration unveiled a \$2.3 trillion infrastructure proposal with \$621 billion aimed at improving transportation infrastructure. The proposal received mixed reviews from the industry and members of Congress, primarily due to tax increases that would fund the plan. With razor-thin margins in the Senate, a passage will require deft political maneuvering from Senate Majority Leader Schumer. Senate Republicans will likely work to extract concessions from Democrats on taxation and other matters, but Democrats can use the budget reconciliation process to override Republican objections. Despite the long history of infrastructure failing in Washington, this year portends one of the better chances we've seen for passage in years.
- Who will acquire Heidelberg's CA assets?** Lehigh Hanson (Heidelberg's U.S. subsidiary) is auctioning its California assets in a transaction expected to fetch upwards of \$1.5 billion. We expect strategics without a meaningful presence in California to lead the charge in the auction, including CRH Americas Materials, LafargeHolcim, and Martin Marietta, as the number of independents remaining in California is limited and Heidelberg's California assets represent a rare opportunity to enter the state with a platform deal.
- Where will Summit focus divestiture efforts?** In March, Summit Materials announced its intention to divest assets that do not meet financial targets. While many expect downstream concrete or hot mix asphalt assets are likely to meet this criterion, Summit's cement business may also be considered for sale.
- Will LafargeHolcim maintain its appetite for U.S. M&A post-Firestone?** LafargeHolcim's acquisition of Firestone Building Products for \$3.8 billion represents a major investment in the U.S. roofing products market. While LafargeHolcim has been actively reviewing smaller transactions in the U.S. over the past few years, this is their largest deal since the 2014 merger of Lafarge and Holcim. Will LafargeHolcim continue to expand via M&A in the U.S. or has this exhausted their near-term plans?

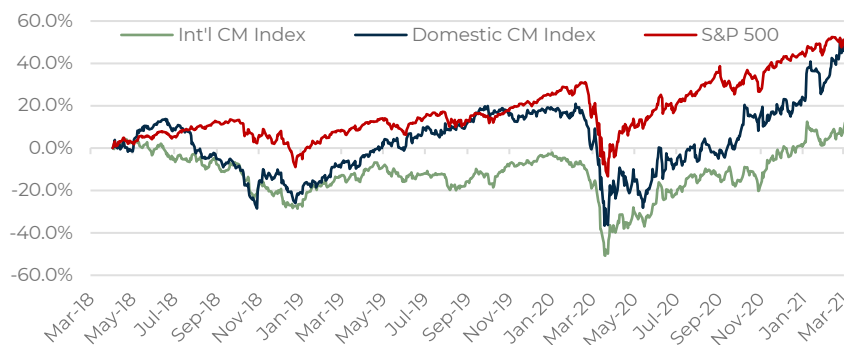
Domestic CM¹ Year-End Cash Positions vs. Net Debt / Adj. EBITDA



¹Domestic CM includes ACA, ROAD, EXP, GVA, MLM, SUM, USCR, VMC

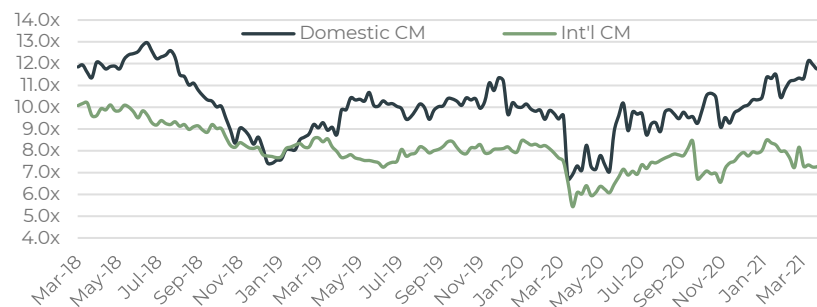
Source: Capital IQ

Sector Stock Price Performance vs. S&P 500



Source: Capital IQ


















Sector EV/LTM Adj. EBITDA



Figures represent median EV/Adj. LTM EBITDA values. EV adjusted for operating lease liabilities (ASC 842 & IFRS 16).

Source: Capital IQ, company reports, BaseRock Partners.

Notable Q1 2021 Construction Materials Transactions

Announced Date	Target	Acquirer	Deal Commentary
Jan-21			Huron Capital, a Detroit-based private equity fund, established an integrated hot-mix asphalt paving platform with the acquisition of Sunland Asphalt in January. Sunland operates in four states - Arizona, Colorado, Nevada, and New Mexico
Jan-21	Walsh & Kelly, Inc & Wabash Valley Asphalt		Milestone Contractors, a division of the Heritage Group, merged with Walsh and Kelly, Inc. and Wabash Valley Asphalt in January. The Heritage Group remains one of the largest privately held construction materials, energy, and chemical firms in the United States and has been increasingly active in acquisition markets over the past two years.
Jan-21			LafargeHolcim's acquisition of Firestone Building Products for \$3.8 billion represents the largest transaction in the U.S. by LafargeHolcim since the merger of Lafarge and Holcim in 2014. The deal provides LafargeHolcim with a market-leading presence in flat roofing products and systems in the U.S. The deal is expected to close in Q2 2021.
Feb-21			Cemex acquired Beck Readymix Concrete in San Antonio in February. Cemex has been quiet on the U.S. acquisition front in recent years as it addressed leverage issues that emerged during the 2009 recession. Cemex's re-entry into the U.S. M&A market would represent a highly positive development for sellers in the marketplace.
Feb-21			Quikrete Holdings, a privately held materials business based in Atlanta, announced it will acquire Forterra, Inc. for \$24.00/share in a deal valued at over \$2.7 billion. The transaction augments Quikrete's capabilities in the water and pipe markets in both the U.S. and Canada.
Mar-21			Huron moved quickly following its initial investment in Sunland to acquire Ace Asphalt, a portfolio company of Prophet Equity. The acquisition expands Sunland into Texas and Oklahoma while also providing additional capacity and slurry-sealing and chip-sealing capabilities.
Mar-21			Oldcastle Infrastructure, a CRH company, announced the acquisition of Hancock Concrete Products in March. Hancock is a manufacturer of concrete pipe and precast products in the Midwest and a key player in the water infrastructure market.
Mar-21			Huntsville, AL-based Reed Contracting Services was acquired by Nashville, TN-based Rogers Group, Inc. in March. The transaction included one quarry, a sand plant, five asphalt plants, and construction assets.
Mar-21			Arcosa announced the acquisition of Sun Capital-backed StonePoint Materials in March for \$375 million. StonePoint owns 4 limestone quarries, 10 sand and gravel mines, 4 asphalt plants and related paving assets, and 2 marine terminals. The transaction expands Arcosa's footprint in Pennsylvania, West Virginia, Tennessee, and Kentucky, while providing complementary assets in Louisiana, Texas, and Mississippi.

Public Company Valuation and Trading Metrics

(\$ in millions, except per share data)	Trading Performance			Enterprise Value / Adj. EBITDA ^{1,2}			Margin Analysis (LTM)		Revenue Growth			Net Debt / Adj. EBITDA (LTM)
	Share Price	% of 52 Wk High	Enterprise Value (EV) ¹	2019A	2020A	2021P	Gross Margin %	Adj. EBITDA Margin % ²	3-Year CAGR	5-Year CAGR	2021CY Estimate	
As of March 31, 2021												
Construction Materials - Domestic												
Arcosa, Inc.	65.10	95.0%	3,336.4	13.9x	11.8x	11.9x	19.7%	14.7%	9.8%	2.6%	-0.1%	0.7x
Construction Partners, Inc.	29.90	81.7%	1,584.7	16.7x	15.2x	13.6x	16.1%	13.0%	13.2%	NM	23.8%	0.4x
Eagle Materials Inc.	134.40	96.3%	6,547.5	15.2x	12.3x	11.2x	23.9%	32.7%	6.9%	7.5%	4.2%	1.7x
Granite Construction Incorporated	40.30	98.1%	1,567.1	21.9x	8.3x	7.1x	9.7%	5.3%	4.0%	8.0%	3.9%	NM
Martin Marietta Materials, Inc.	335.80	95.0%	23,241.9	18.5x	16.7x	16.5x	28.3%	31.4%	7.6%	6.7%	11.8%	2.1x
Summit Materials, Inc.	28.00	90.3%	4,771.8	10.3x	9.8x	9.4x	32.1%	20.8%	1.8%	6.4%	-5.0%	3.2x
U.S. Concrete, Inc.	73.30	92.8%	1,838.8	10.0x	9.5x	9.2x	23.1%	14.1%	-2.3%	3.8%	3.0%	4.0x
Vulcan Materials Company	168.80	95.7%	24,151.2	19.0x	18.2x	17.5x	26.4%	27.3%	4.6%	6.9%	3.2%	1.9x
Mean			8,379.9	15.7x	12.7x	12.0x	22.4%	19.9%	5.7%	6.0%	5.6%	2.0x
Median			4,054.1	16.0x	12.0x	11.6x	23.5%	17.7%	5.7%	6.7%	3.5%	1.9x
Construction Materials - International												
Buzzi Unicem S.p.A.	26.00	96.7%	5,155.0	6.7x	5.4x	5.9x	40.7%	24.2%	5.0%	6.2%	-3.2%	0.1x
CEMEX, S.A.B. de C.V.	0.70	87.5%	21,532.9	9.1x	8.8x	8.0x	32.2%	19.0%	0.3%	2.5%	5.4%	4.2x
CRH plc	46.90	97.5%	43,192.4	10.4x	11.0x	9.0x	34.1%	14.2%	1.2%	1.7%	3.0%	1.6x
HeidelbergCement AG	90.90	98.1%	28,116.8	7.0x	6.2x	6.3x	63.0%	21.0%	1.3%	6.1%	-0.2%	1.9x
LafargeHolcim Ltd	58.90	98.7%	48,670.6	7.2x	7.2x	7.4x	41.9%	25.8%	-2.3%	-0.4%	-0.6%	1.4x
Mean			29,333.5	8.1x	7.7x	7.3x	42.4%	20.9%	1.1%	3.2%	0.9%	1.8x
Median			28,116.8	7.2x	7.2x	7.4x	40.7%	21.0%	1.2%	2.5%	-0.2%	1.6x

Notes:

¹ Enterprise value figures adjusted for operating lease liabilities (ASC 842 & IFRS 16).

² Adjusted EBITDA based on company reports and BaseRock Partners analysis.

Source: CapIQ, company reports, BaseRock Partners



SECTION IV

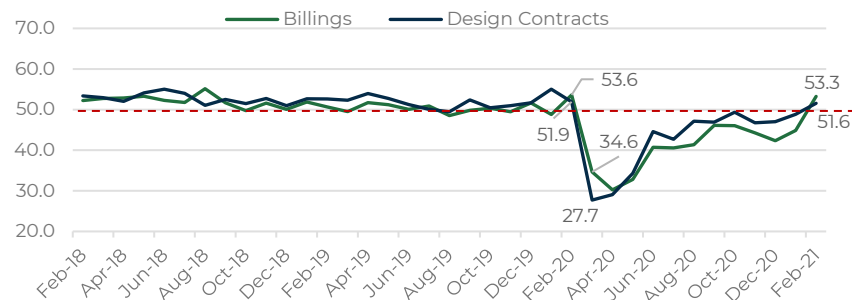
ENGINEERING & ENVIRONMENTAL OUTLOOK

Market Commentary – What We’re Watching

Following the momentum from the second half of 2020, M&A activity in the engineering & environmental sector continues to capitalize on improving economic conditions. Some of the M&A catalysts we’ll be watching over the next few months include the following:

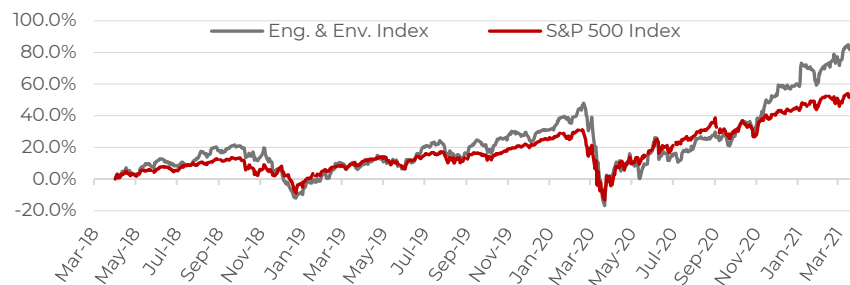
- Is Q1 M&A activity a sign of things to come in 2021?** Engineering and environmental services transactions have surged so far in 2021, with Q1 2021 M&A activity up ~10.0% compared to the same time period last year. Despite M&A activity declining over 40.0% in Q2 2020, the activity for the full year 2020 was nearly flat. This increase has been driven by continued private equity interest in the sector as well as healthy balance sheets and backlogs by larger strategic acquirers. We expect this trend to continue for the remainder of the year due to the continued pent-up demand as well as optimism fueled by the potential for an infrastructure bill that would substantially boost spending in several core markets.
- Will the post-COVID recovery begin in Q2?** Both the Dodge Momentum Index and the American Institute of Architects (AIA) Architecture Billings Index (ABI) recent results indicate signs of optimism. The Dodge Momentum Index rose 7.1% in February 2021 compared to the January reading. The Momentum Index, issued by Dodge Data & Analytics, is a monthly measure of the first (or initial) report for nonresidential building projects in planning, which has been shown to lead construction spending for nonresidential buildings by a full year. February’s reading is at the highest level in nearly three years. The AIA’s ABI for February 2021 reached its first positive reading since February 2020, with a score of 53.3 compared to 44.9 in January (any score above 50 indicates an increase in billings). Also, according to the AIA, February marked the first time the design contract score has been in positive territory since the pandemic began.
- Continued interest in ESG?** The shift toward a net-zero carbon future is accelerating. President Biden’s Build Back Better infrastructure plan is expected to support his goal of net-zero emissions by 2050. It’s not just government that is leading this transition. According to Data-Driven Envirolab, there are currently over 1,500 companies in 800 cities across the globe that have made net-zero pledges. Also, according to Morningstar, ESG funds captured \$51.1 billion of net new money from investors in 2020, a record and more than double the prior year. Many of the largest engineering and environmental firms have been moving in this direction but have accelerated recently. From Stantec forming a new carbon impact team to drive client sustainability efforts to WSP’s acquisition of Golder, some of the largest engineering and environmental firms in the world are positioning themselves to capitalize on this global opportunity.

AIA National Billings and Inquiries Index



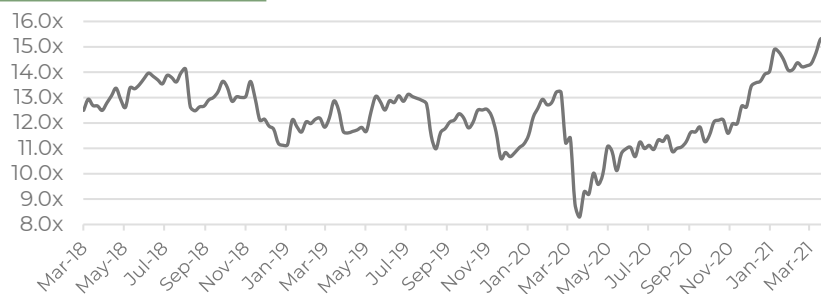
Source: American Institute of Architects

Sector Stock Price Performance vs. S&P 500



Source: Capital IQ

Sector EV/LTM Adj. EBITDA



Figures represent median EV/Adj. LTM EBITDA values. EV adjusted for operating lease liabilities (ASC 842 & IFRS 16).

Source: Capital IQ, company reports, BaseRock Partners.

Notable Q1 2021 Engineering & Environmental Transactions

Announced Date	Target	Buyer	Deal Commentary
Jan-21	 LKB ENGINEERING CONSULTING EXCELLENCE SINCE 1889	 VERTEX	Vertex companies acquired Lockwood, Kessler & Bartlett (LKB) to expand design and other AEC work in New York. This acquisition augments VERTEX's east coast presence. LKB, based in Long Island, offers a full suite of engineering services including civil, structural, electrical, mechanical, and environmental.
Jan-21	 MSE GROUP	 MONTROSE ENVIRONMENTAL	Montrose Environmental Group acquired MSE Group. This transaction expands Montrose's environmental services footprint with the U.S. Federal Government and a geographic presence in the Southeast. MSE is a leading provider of environmental assessment, compliance, engineering, and design services primarily to the U.S. federal government. The business will be integrated with the company's Remediation and Reuse Segment.
Feb-21	 TERRATECH ENGINEERS • INC	 N V 5	NV5 Global, Inc. has acquired TerraTech Engineers, Inc. ("TerraTech"), a geotechnical engineering, environmental consulting, and materials testing company headquartered in North Carolina. This acquisition further strengthens NV5's environmental, geotechnical, and testing capabilities in the growing southeast market.
Feb-21	 GIBBS & COX	 leidos	Defense contractor Leidos is making a bid to buy the almost hundred-year-old ship design firm Gibbs & Cox in a \$380 million deal. The acquisition of Gibbs & Cox will extend Leidos's existing maritime business and add specific capabilities and services, such as naval architecture and marine engineering, 3D modeling, and design and engineering. The cash deal is expected to close in the second quarter of 2021.
Feb-21	 ENERCON	 ae Industrial Partners	AE Industrial Partners acquired ENERCON, a leading engineering services firm focused on the power generation and environmental services market. This acquisition represents AEI's 11th platform investment in AE Industrial Partners Fund II, LP. Founded in 1983, ENERCON is a multidisciplinary engineering and environmental services firm supporting the safe and efficient production, delivery, and use of energy.
Feb-21	 EARTHCON Environmental Challenges BUSINESS SOLUTIONS®	 wsp	WSP acquired Earth Consulting Group and broadens its environmental consulting expertise in the United States. Earth Consulting Group Inc. is a US-based environmental and engineering consulting firm with approximately 90 employees. The acquisition of EarthCon adds highly specialized technical expertise in remediation to WSP's existing suite of services. It also further strengthens WSP's capabilities in strategic environmental engineering and consulting services, compliance, due diligence, and data management, while expanding its geographic presence in the southeastern United States.
Mar-21	 UniversalPegasus INTERNATIONAL	 PMC CAPITAL	PMC Capital acquired specialty engineering firm UniversalPegasus International from Huntington Ingalls Industries, Inc. UPI is a privately held company headquartered in Houston, with a strategically located office in Calgary, Canada, and currently employs close to 600 personnel. UPI provides a broad range of engineering and project management services to the energy industry.
Mar-21	 GET Solutions, Inc.	 Terracon	Terracon has acquired GET Solutions, Inc. (GET). Headquartered in Williamsburg, Virginia, GET is a full-service geotechnical, environmental, and materials testing firm serving public- and private-sector clients throughout the mid-Atlantic region. This acquisition further enhances Terracon's presence in the mid-Atlantic.
Mar-21	 bpa	 Colliers	Miami, Florida based Bolton Perez & Associates, Inc. was acquired by Colliers Engineering & Design, Inc., an engineering services firm that specializes in traffic transportation and construction inspection services. This is the first follow-on investment in the Colliers E&D platform as they continue to build out a national engineering and design practice.

Public Company Valuation and Trading Metrics

(\$ in millions, except per share data)	Trading Performance			Enterprise Value / Adj. EBITDA ^{1,2}			Margin Analysis (LTM)		Revenue Growth			Net Debt / Adj. EBITDA (LTM)
	Share Price	% of 52 Wk High	Enterprise Value (EV) ¹	2019A	2020A	2021P	Gross Margin %	Adj. EBITDA Margin % ²	3-Year CAGR	5-Year CAGR	2021CY Estimate	
As of March 31, 2021												
Engineering & Environmental												
AECOM	64.10	96.5%	10,645.6	11.6x	14.0x	13.1x	5.5%	5.7%	-10.5%	-5.3%	0.0%	2.6x
Arcadis NV	40.80	99.0%	4,062.3	16.1x	13.0x	10.8x	17.2%	7.7%	2.1%	2.5%	-1.7%	1.3x
Jacobs Engineering Group Inc.	129.30	99.7%	17,403.1	16.8x	16.0x	15.1x	19.0%	8.0%	6.5%	6.1%	5.5%	1.2x
John Wood Group PLC	3.70	72.5%	4,072.4	7.4x	10.2x	6.4x	9.6%	5.3%	-10.2%	12.0%	-4.2%	4.0x
Montrose Environmental Group, Inc.	50.20	97.3%	1,663.3	NM	NM	NM	34.3%	16.6%	27.4%	NM	18.9%	2.6x
NV5 Global, Inc.	96.60	88.3%	1,675.9	NM	18.5x	14.6x	50.7%	13.7%	18.3%	25.3%	5.0%	3.2x
Stantec Inc.	42.80	99.3%	5,606.1	12.7x	12.3x	12.0x	52.4%	15.7%	7.1%	5.5%	4.4%	1.7x
Tetra Tech, Inc.	135.70	93.8%	7,578.9	NM	NM	NM	19.4%	11.7%	4.2%	4.6%	6.9%	1.5x
Willdan Group, Inc.	41.10	74.7%	606.7	16.1x	21.6x	16.1x	33.1%	7.2%	18.5%	16.8%	16.0%	3.8x
WSP Global Inc.	95.00	93.7%	11,879.2	14.9x	14.4x	11.9x	18.6%	12.0%	2.4%	5.6%	-9.9%	1.1x
Mean			6,519.4	13.6x	15.0x	12.5x	26.0%	10.4%	6.6%	8.1%	4.1%	2.3x
Median			4,839.3	14.9x	14.2x	12.6x	19.2%	9.9%	5.3%	5.6%	4.7%	2.1x

Notes:

¹ Enterprise value figures adjusted for operating lease liabilities (ASC 842 & IFRS 16).

² Adjusted EBITDA based on company reports and BaseRock Partners analysis.

Source: CapIQ, company reports, BaseRock Partners



SECTION V

ABOUT BASEROCK PARTNERS

BaseRock Differentiation

Client First

We provide unbiased, independent advice regardless of fees or outcomes.

Industry-Focused Solutions

BaseRock's transaction capabilities extend from sell-side M&A to internal transactions to Employee Stock Ownership Plans (ESOPs), providing owners with a full suite of options to drive success – as they define it.

Industry Experts

We bring decades of industry-specific experience. We understand the unique dynamics of the industry and structure our engagements to maximize valuation, confidentiality, and our clients' long-term success.

Team-Oriented, Education-Based Approach

We strive to ensure our clients fully understand the tradeoffs and implications of any ownership transition. BaseRock's team works closely with your internal and external advisors to ensure a transaction serves the needs of your organization.

What We Do



Mergers & Acquisitions

- Sell-side Advisory
- Buy-side Advisory
- Dual Track Process



ESOP Advisory

- Sell-side Advisory
- Dual Track Process
- Capital Raising
- ESOP M&A



Strategic Advisory

- Board Advisory
- Internal Ownership Transfer

Who We Serve

Contractors

- General Building
- Heavy Civil
- Specialty Trade

Facility Services

- HVAC & Refrigeration
- Electrical & Plumbing
- Landscaping
- Fire & Life Safety
- Energy Efficiency

Construction Materials

- Aggregates
- Asphalt
- Concrete

Engineering & Environmental

- Engineering & Design Firms
- Environmental Services
- Remediation
- Waste & Recycling

BaseRock Guiding Principles

We are a client first firm.

We provide clear, unbiased advice to our clients regardless of fees or outcomes.

We are team oriented.

We work as a team to provide our clients with superior transaction outcomes. Our team includes the entirety of our firm, as well as your management team and outside advisors.

We are committed to the industry.

Our professionals work with industry influencers, non-profits, associations, and other industry groups to help ensure the long-term health of the E&C industry.

We stand behind our work.

We provide market-leading financial advisory services and stand behind that commitment to our clients.





THANK YOU

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