



DIAMOND
CAPITAL ADVISORS

M&A REPORT 2023
Engineering Services



M&A REPORT 2023: ENGINEERING SERVICES
INTRODUCTION

M&A REPORT 2023: INTRODUCTION

As trusted advisors in various services sectors, Diamond Capital Advisors (“Diamond” or “DCA”), successfully advised and negotiated the acquisition of Momentum Engineering Corp. (Momentum) by YOUNG & Associates (YA). DCA’s decades of experience and deep expertise in the Engineering Services Industry proved invaluable throughout the deal.

Diamond has conducted extensive research of the Engineering Services industry including analysis over 1000 historical transactions, buyers and their tendencies, and publicly traded companies.

The resulting research provides an outlook on the future and capture the current value of the industry and the companies that operate therein.

“Diamond Capital worked hard to match us with the right partner who would open our staff and company to opportunities for expedited growth...”

Jon and Sally Landerville – Momentum Engineering

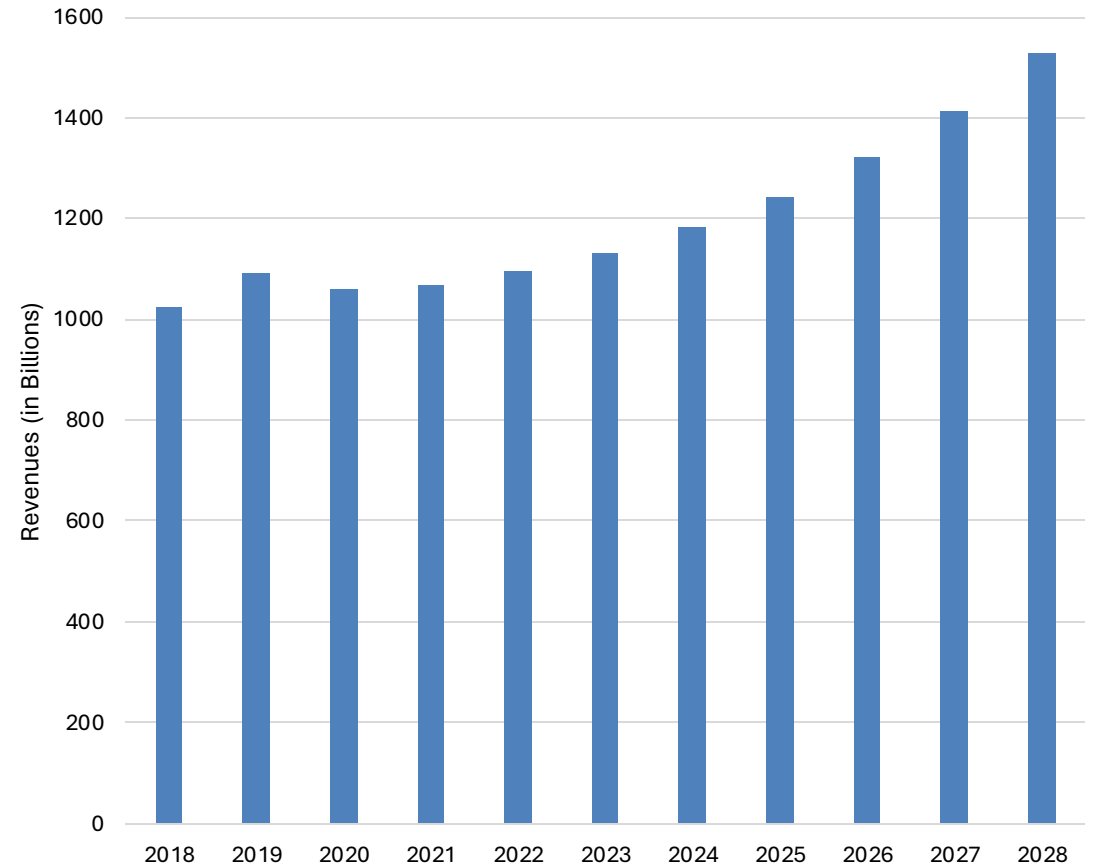


M&A REPORT 2023: ENGINEERING SERVICES INDUSTRY OVERVIEW

M&A REPORT 2023: INDUSTRY OVERVIEW

- Based on a review by Mordor Intelligence, the engineering services industry is set to grow at a Compound Annual Growth Rate of 6.2% through 2028.
- Analyst estimates the total value of the industry will reach \$1.5 trillion by 2028.
- Relative to other markets, the industry remains highly competitive due to the fragmentation and number of players. This is expected to remain the same as new entrants can enter the market without much difficulty. Geographic location and specialization allow for numerous players and underpin an atmosphere of future consolidation.
- Artificial Intelligence and Internet of Things are revolutionizing the industry. More data is available to be analyzed and innovation allows for safe, cost-effective infrastructure.
- Rapid global urbanization is expanding and creating new markets for engineering services feeding into the robust growth estimates.

Engineering Services Global Revenues and Forecast

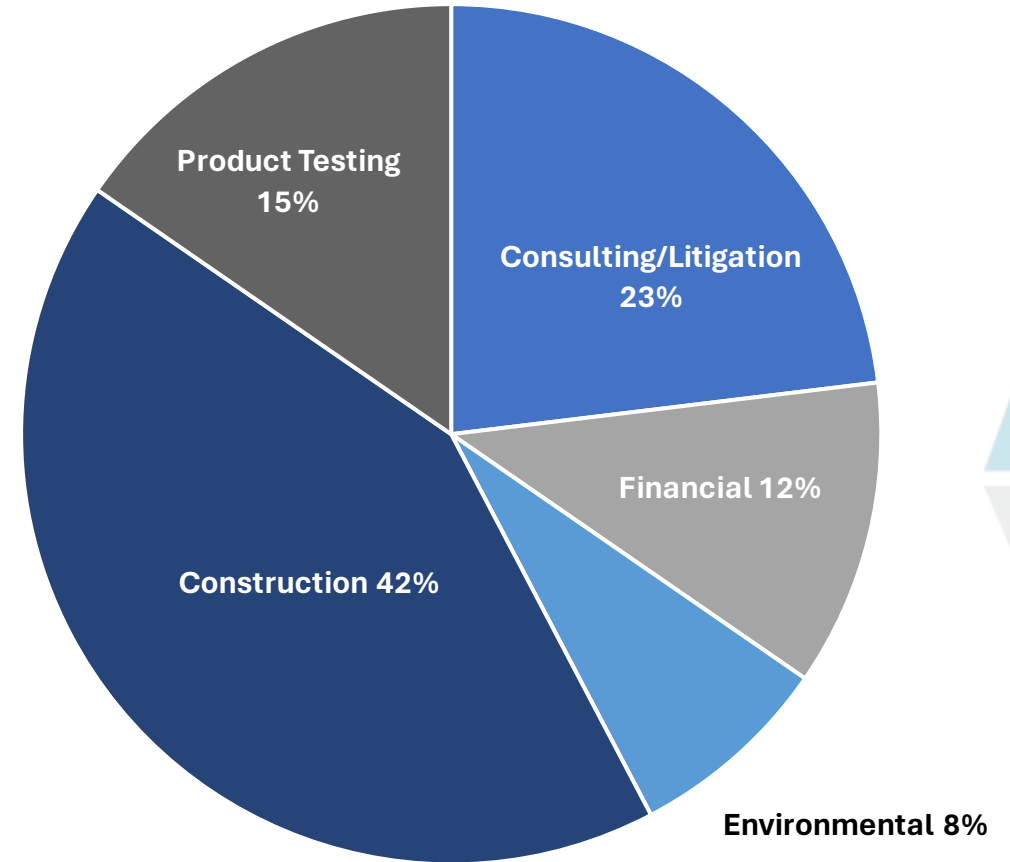


M&A REPORT 2023: UTILIZATION BY INDUSTRY

Using Pitchbook.com, we researched nearly one-thousand engineering services transactions for several different factors. On this page are displayed the results for which industries are most commonly utilizing engineering services.

- Construction industry includes civil engineering, structural engineering, and infrastructure end markets.
- Consulting/Litigation industry includes planning, design, expert testimony and forensic engineering end markets/services.

Construction and Consulting/Litigation industries make up 65% of all service utilization placing an emphasis on growth and development in this space.

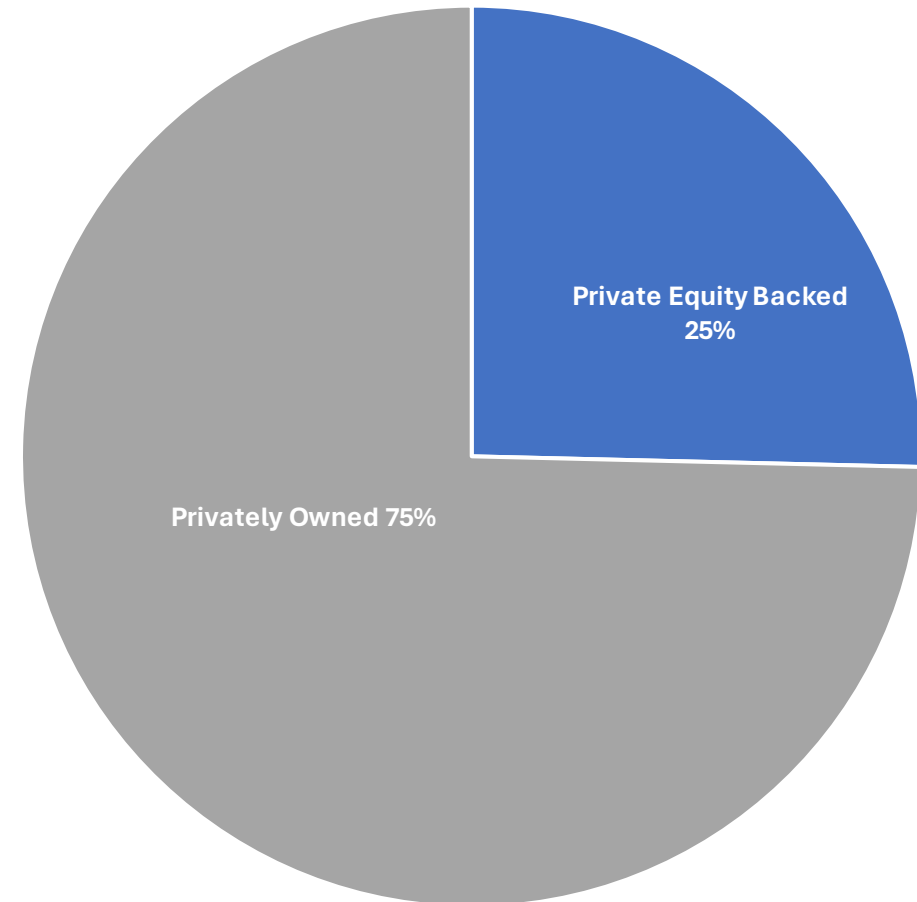


M&A REPORT 2023: OWNERSHIP STATUS

Financial Backing

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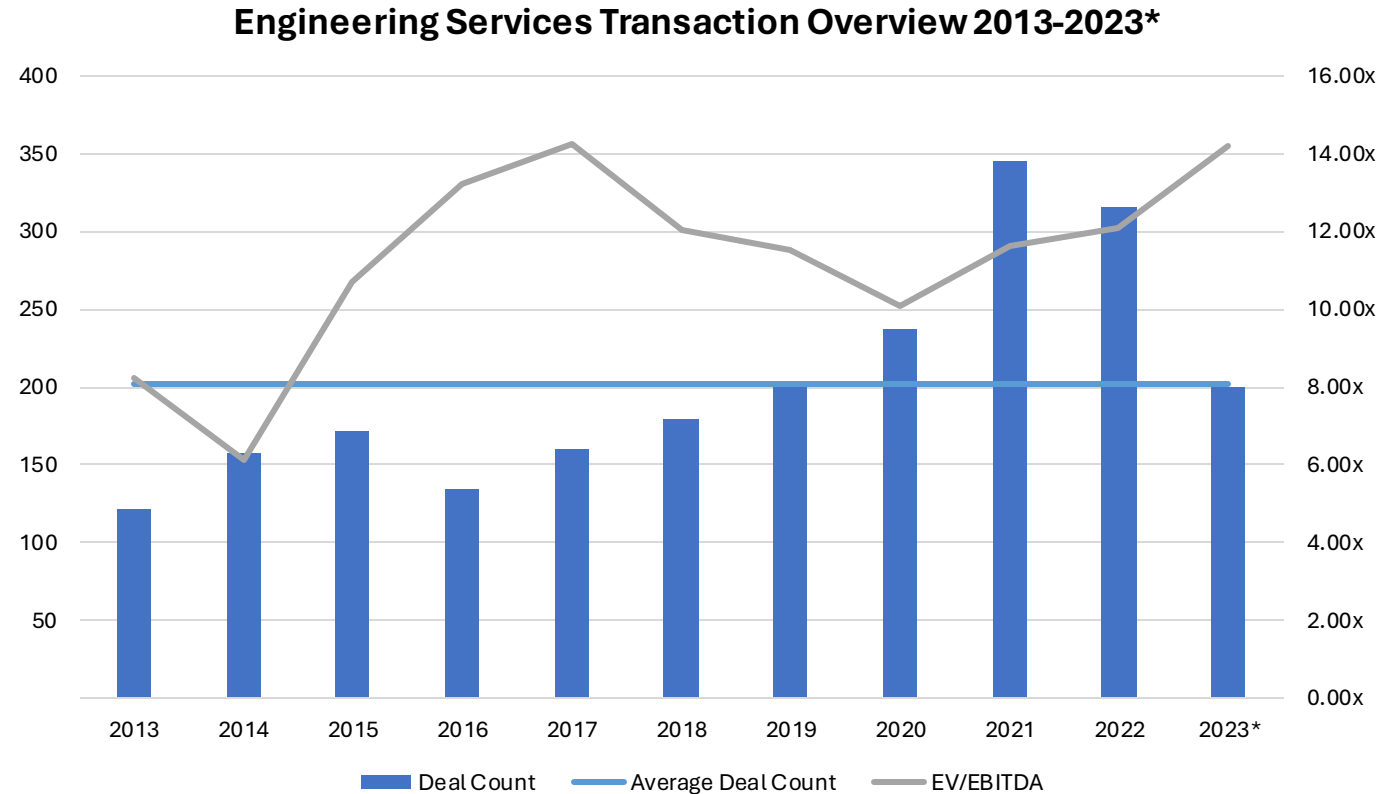
- Based on the research of the industry, the vast majority of companies acquired were privately held with no financial sponsors.
- Private Equity sponsored companies accounted for only 25% of the companies acquired since 2013.
- As we will see in the following slides, many acquirers are seeking to expand their geographical markets or expand their products/services.
- Additionally, we will see the bulk of these transactions are done at the lower middle market level (< \$500M).
- All of this data supports the notion that the engineering services is not only a growing industry but acquirers are seeking privately held business to expand their operations.



M&A REPORT 2023: ENGINEERING SERVICES TRENDS & ANALYSIS

M&A REPORT 2023: ENGINEERING SERVICES ACTIVITY

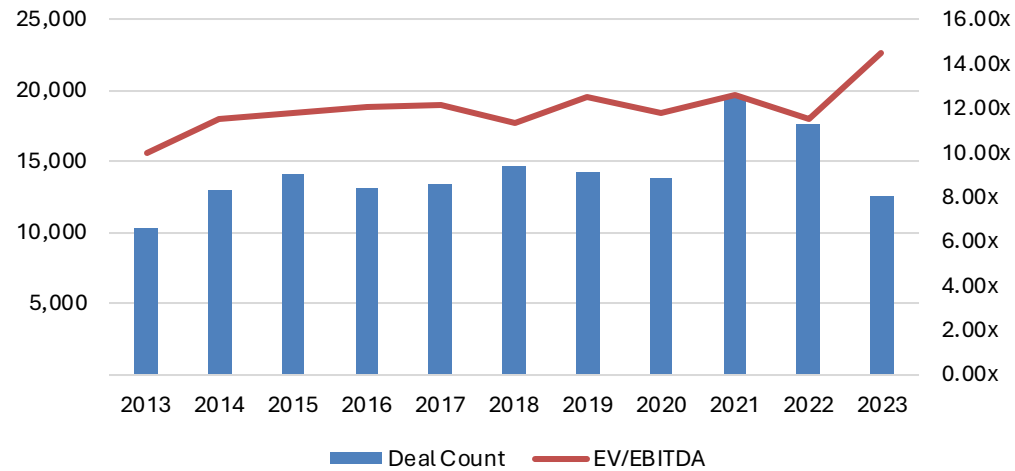
- Over two-thousand transactions were analyzed indicating a strong market for control transactions.
- Multiples display sharp uptick since 2020, returning to prior high valuations.
- Declining transaction volume consistent with global M&A trends.
- Despite declining volume in 2022 and 2023, control transactions expect to exceed the 10-year average.



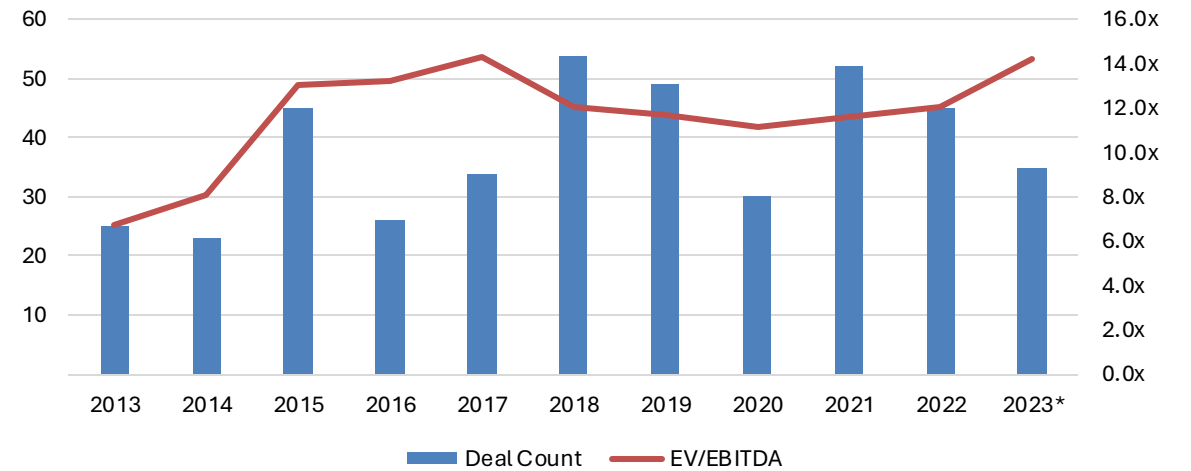
M&A REPORT 2023: ENGINEERING SERVICES ACTIVITY (CONTINUED)

Declining transaction volume consistent with global M&A trends while increasing multiples indicate promising outlook.

All U.S. M&A Activity

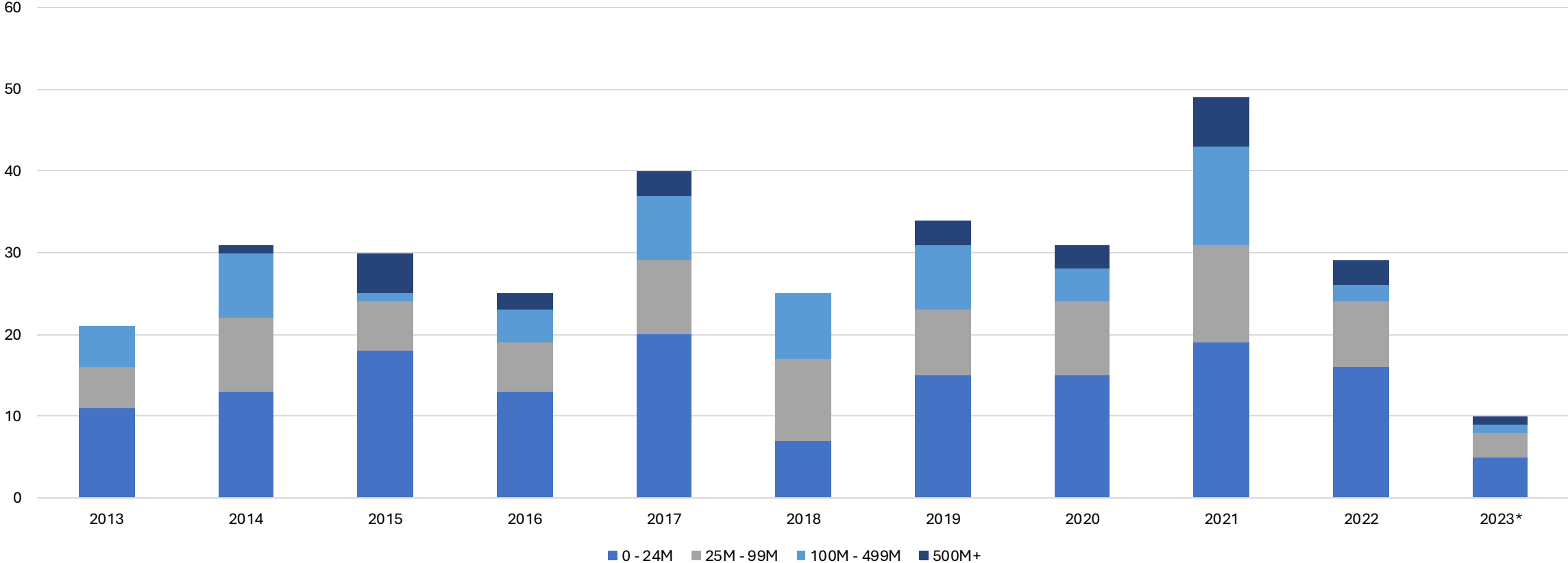


Engineering Services Transaction Overview 2013-2023



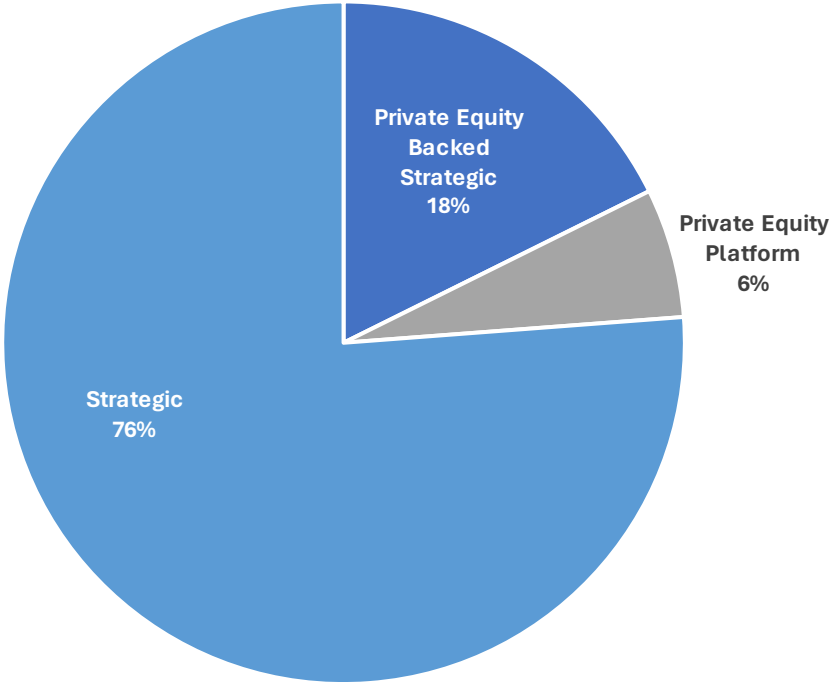
Deals under \$100M are responsible for the majority of transaction over the last 10 years.

Deal Volume by Size

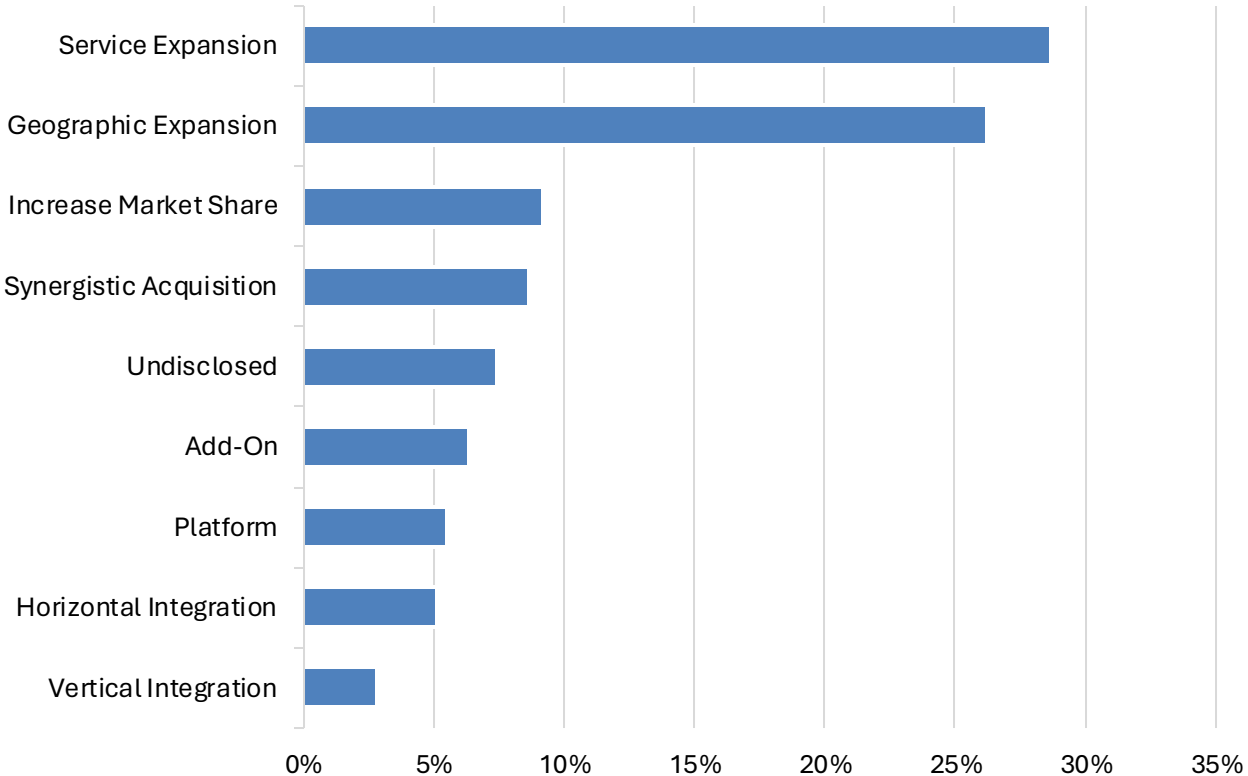


Strategic acquisitions account for the vast majority of the transactions with Service and Geographic Expansion as the top reasons for acquiring.

U.S. Engineering Services Transactions by Buyer



Reason for Acquisition



M&A REPORT 2023: RECENT NOTABLE TRANSACTIONS



10/16/2023

Acquired by



- GIS Engineering acquires Discovery Industries, a provider of engineering procurement, and construction services catering to the energy sector.
- The acquisition helps GIS Engineering expand services to new areas of the United States.



10/10/2023

Acquired by



- Ardurra Group acquires Inwood Consulting Engineers, a provider of engineering consultancy and planning services for both the public and private sectors.
- Inwood helps Ardurra expand their geographic footprint to Florida and surrounding states.



10/04/2023

Acquired by



- The Carlyle Group acquires Quest Global Services, one of the world's leading engineering services firms.
- The Carlyle Group will leverage their global network to expand service offerings all over the world.

M&A REPORT 2023: RECENT NOTABLE TRANSACTIONS

Costello
a Pape-Dawson Engineers company

09/05/2023

Acquired by



- Pape-Dawson acquires Costello, a provider of transportation and traffic engineering services.
- Costello allows for Pape-Dawson to expand service offerings as well as geographic reach.



04/13/2023

Acquired by

GI PARTNERS

- GI Partners acquires Atlas Technical Consultants, a leading infrastructure and engineering solutions company.
- The acquisition takes Atlas from Public to Private delivering value to Atlas shareholders at a 124% premium.



01/31/2023

Acquired by



- NV5 (NAS: NVEE) acquires Bromley Cook Engineering, provider of structural engineering consultancy and construction litigation services.
- Through the acquisition, NV5 is able to expand their services to new markets within the United States.

M&A REPORT 2023: Q3 M&A TRANSACTIONS

Closed Date	Buyer	Buyer Industry Category	City	State	Target	Target Industry Category	City	State	Description
30-Sep-23	Schnabel Engineering	Construction & Engineering	Glen Allen	VA	JCK Underground	Construction & Engineering	Boston	MA	Provider of civil engineering services intended to specialize in tunnel engineering services.
27-Sep-23	American Combustion Industries	Commercial Services	Glenn Dale	MD	Global Facility Solutions	Consulting Services	Columbia	MD	Provider of energy and engineering services intended for commercial, industrial, educational, and government buildings.
26-Sep-23	OceanSound Partners	PE/Buyout	New York	NY	Rone Engineering	Consulting Services	Dallas	TX	Operator of an environment consulting firm intended to provide professional engineering services.
25-Sep-23	Barings	PE/Buyout	Charlotte	NC	Ditesco	Construction & Engineering	Fort Collins	CO	Provider of full-service engineering and management services intended to serve local, state and federal government sectors.
25-Sep-23	Allied Motion	Motion Control	Amherst	NY	Sierramotion	Construction & Engineering	Loomis	CA	Provider of designing and engineering turnkey solutions catering to medical, industrial and defense sectors.
20-Sep-23	M2O	Family Office	Los Angeles	CA	Jacobi, Toombs & Lanz	Construction & Engineering	New Albany	IN	Provider of civil, survey and environmental engineering services intended for municipal, state and commercial clients.
20-Sep-23	GEI Consultants	Consulting Services	Woburn	MA	Lithos Engineering	Construction & Engineering	Fort Collins	CO	Provider of geotechnical engineering and trenchless design services intended to serve public and private sectors.
18-Sep-23	Alpine Investors	PE/Buyout	San Francisco	CA	Horrocks Engineers	Construction & Engineering	Pleasant Grove	UT	Provider of civil engineering services intended to serve communities in the western United States.
05-Sep-23	Pape-Dawson Engineers	Construction & Engineering	San Antonio	TX	Costello	Construction & Engineering	Houston	TX	Provider of civil engineering and surveying services based in Houston, Texas.
31-Aug-23	GHK Capital Partners	PE/Buyout	Greenwich	CT	EST	Consulting Services	Oklahoma City	OK	Provider of civil engineering services intended to promote safe infrastructure for the communities.
31-Aug-23	Waggoner Engineering	Civil Engineering	Jackson	MS	Manchac Consulting Group	Construction & Engineering	Baton Rouge	LA	Operator of a civil and environmental engineering firm intended to provide comprehensive construction consultancy services.
25-Aug-23	Weston & Sampson	Consulting Services	Reading	MA	Brooker Engineering	Construction & Engineering	Suffern	NY	Provider of engineering services to residential, commercial and municipal sectors.
25-Aug-23	LJA Engineering	Consulting Services	Houston	TX	McIntosh Associates	Construction & Engineering	Winter Park	FL	Provider of engineering services based in Winter Park, Florida.
24-Aug-23	The Fibersmith	Engineering Services	Columbia	MO	Joseph D. Fail Engineering	Engineering Services	Bay Springs	MS	Provider of engineering services catering to the telecommunications industry.
24-Aug-23	Grovecourt Capital Partners	PE/Buyout	West Palm Beach	FL	Traffic & Mobility Consultants	Consulting Services	Orlando	FL	Provider of engineering and consulting services intended to serve the traffic and transportation engineering sector.
14-Aug-23	New Mountain Capital	PE/Buyout	New York	NY	Ferreira Power Group	Construction & Engineering	Juno Beach	FL	Operator of a power transmission engineering firm designed to meet the needs of the utility industry.
14-Aug-23	New Mountain Capital	PE/Buyout	New York	NY	Natron Resources	Energy Engineering Services	Moraga	CA	Provider of electrical and structural engineering for solar projects in California and across the globe.
04-Aug-23	Kingswood Capital Management	PE/Buyout	Los Angeles	CA	Louis Berger Service	Construction & Engineering	Washington	DC	Provider of operation and maintenance services intended for defense installations and civilian facilities.
03-Aug-23	ICF International	Consulting Services	Reston	VA	CMY SOLUTIONS	Energy Engineering Services	Gainesville	FL	Provider of power and energy engineering service intended to provide next-generation technology solutions.

M&A REPORT 2023: Q3 M&A TRANSACTIONS

Closed Date	Buyer	Buyer Industry Category	City	State	Target	Target Industry Category	City	State	Description
02-Aug-23	Arm Group	Construction & Engineering	Columbia	MD	ARM Resource	Environmental Services	Ashland	VA	Provider of engineering services intended to identify and deliver creative engineering and environmental solutions for its clients.
02-Aug-23	RTM Engineering Consultants	Consulting Services	Schaumburg	IL	Tanner Engineering	Construction & Engineering	La Mesa	CA	Provider of electrical engineering services catering to hospitals, nursing facilities, data centers, education institutions.
01-Aug-23	Nortee Group	Commercial Services	Jacksonville	FL	Colwill Engineering Technologies	Engineering Services	Tampa	FL	Provider of engineering services focused on electrical, mechanical and technology sectors.
01-Aug-23	Gannett Fleming	Consulting Services	Harrisburg	PA	Digioia Gray	Construction & Engineering	Monroeville	PA	Provider of engineering and infrastructure services intended for power delivery, oil, gas and chemicals industrial and transportation end markets.
31-Jul-23	Barings	PE/Buyout	Charlotte	NC	CivilCorp	Construction & Engineering	Fulshear	TX	Provider of engineering, surveying, and construction engineering inspection services designed to help city and government agencies throughout the State build and maintain essential infrastructure.
24-Jul-23	RSC2	Consulting Services	Baltimore	MD	Navigant System	Aerospace & Defense	Island Heights	NJ	Provider of professional engineering services for global warfighters and system engineers intended to serve the defence and space industry.
17-Jul-23	Cortec Group	PE/Buyout	New York	NY	Bay Area Underpinning	Construction & Engineering	Fairfield	CA	Provider of engineering services to foundation settlement problems with an emphasis on educating customers to make them feel comfortable with the various methods of foundation repair.
13-Jul-23	Oaktree Capital Management	PE/Buyout	Los Angeles	CA	Bath Group	Engineering Services	Corpus	TX	Provider of professional M&I engineering services intended for government entities and multinational corporations to design, construct, and operate complex industrial and commercial facilities.
12-Jul-23	Control Point Associates	Construction & Engineering	Warren	NJ	McLaughlin Engineering	Construction & Engineering	Fort Lauderdale	FL	Provider of engineering services operating across Florida.
11-Jul-23	Black Powder Partners	PE/Buyout	Fayetteville	NC	CCDI (Construction and Engineering)	Consulting Services	Cocoa Beach	FL	Provider of construction consulting services to clients nationwide.
11-Jul-23	BDT & Company	PE/Buyout	Chicago	IL	GEO Solutions	Construction & Engineering	New Kensington	PA	Provider of testing and inspection services intended for private, commercial, industrial and government sectors.
10-Jul-23	MSA Professional Services	Construction & Engineering	Baraboo	WI	Fredericksen Engineering	Construction & Engineering	Mequon	WI	Provider of engineering services catering to architects, municipalities, county governments, school districts and consulting engineers.
09-Jul-23	Trihydro	Consulting Services	Laramie	WY	Ridgepoint COUNSULTING	Consulting Services	Sheridan	WY	Provider of civil engineering services catering to public and private clients.
07-Jul-23	Dunaway (Texas)	Construction & Engineering	Canfield	OH	BEC Engineers and Consultants	Construction & Engineering	Houston	TX	Provider of civil engineering services operating across Houston, Texas.
01-Jul-23	Caltius Structured Capital	PE/Buyout	Los Angeles	CA	EME Group	Engineering Services	New York	NY	Provider of engineering and sustainability services intended to serve local, state, and federal governments, healthcare, education, multifamily, industrial, and commercial sector clients.
01-Jul-23	Pape-Dawson Engineers	Construction & Engineering	San Antonio	TX	Poulos & Bennett	Construction & Engineering	Orlando	FL	Provider of civil engineering and land development services catering to commercial and residential markets.

M&A REPORT 2023: ENGINEERING SERVICES PUBLIC INDEX ANALYSIS

M&A REPORT 2023: PUBLIC TRADED INDEX

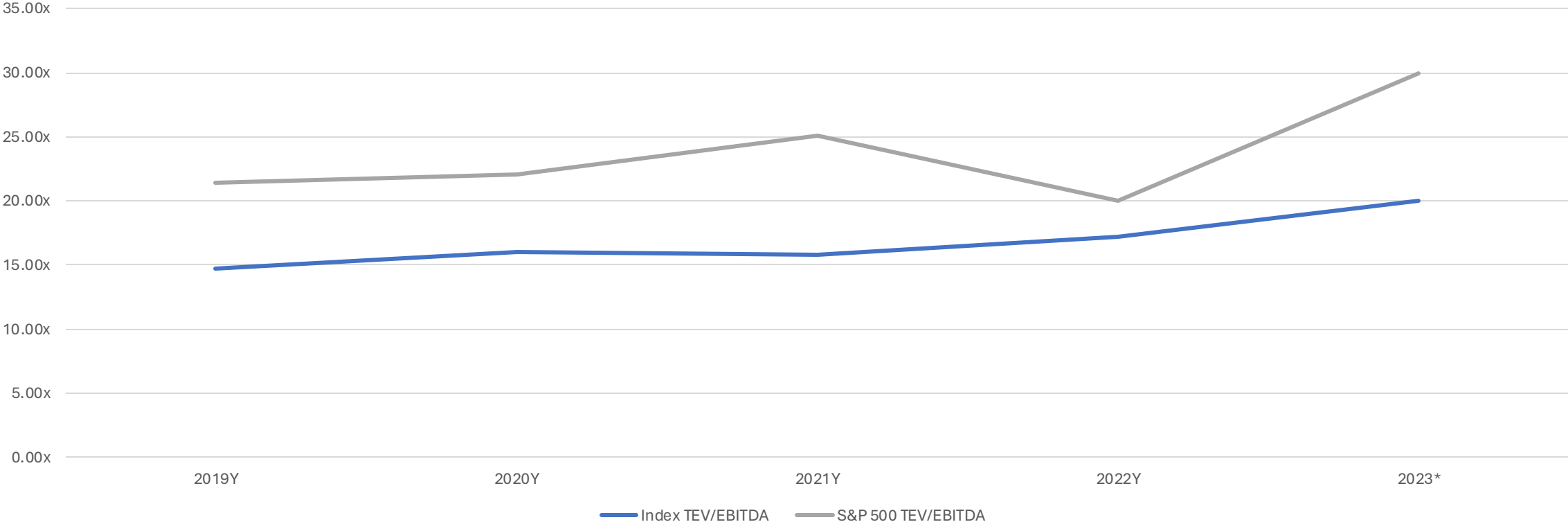
Data current as of 1/15/2024

Company Name	Market Cap (\$MMs)	Enterprise Value (\$MMs)	Revenue (\$MMs)	EBITDA (\$MMs)	Net Income (\$MMs)	PE	Revenue Growth	EBITDA Growth	Primary Industry	Country	City	State	End-User Industries Served
Booz Allen Hamilton	\$10,119.29	\$11,838.47	\$6,704.04	\$669.47	\$416.66	23.50	8.7%	17.1%	Consulting Services	United States	McLean	Virginia	Defense, Intelligence, and Civil Markets
Jacobs Solutions	\$13,564.46	\$14,617.84	\$12,737.87	\$594.61	\$847.98	33.73	20.4%	-0.5%	Engineering & Construction	United States	Dallas	Texas	Industrial, Commercial, and Government
Tetra Tech	\$5,198.24	\$5,665.71	\$3,107.35	\$217.61	\$158.67	32.33	4.8%	-4.9%	Engineering & Construction	United States	Pasadena	California	Government and Commercial
FTI Consulting	\$4,440.44	\$4,626.43	\$2,027.88	\$269.19	\$150.61	20.28	16.0%	26.8%	Consulting Services	United States	Washington	District of Columbia	Construction, Energy and Power, Environmental
Parsons	\$4,192.84	\$4,574.02	\$3,560.51	\$347.80	\$222.34	65.36	18.0%	91.6%	Consulting Services	United States	Centreville	Virginia	Government and Civil Infrastructure
Fluor	\$1,931.60	\$1,885.21	\$18,851.01	\$642.97	\$173.47	NA	27.3%	101.5%	Engineering & Construction	United States	Irving	Texas	Civil Infrastructure and Power & Energy
Exponent (Consulting Services)	\$4,090.86	\$3,883.36	\$354.64	\$96.86	\$72.25	51.26	7.6%	10.7%	Consulting Services	United States	Menlo Park	California	Construction, Environmental, Structural Engineering
NV5	\$880.14	\$950.48	\$418.08	\$53.07	\$26.86	33.76	25.5%	33.7%	Engineering & Construction	United States	Hollywood	Florida	Infrastructure, Utilities, Construction, Geospatial
CRA International	\$396.03	\$549.66	\$417.65	\$39.58	\$22.38	17.38	12.9%	61.5%	Professional, Scientific, & Technical	United States	Boston	Massachusetts	Utilities, Government Business Consulting
Team Industrial Services	\$417.81	\$822.57	\$1,246.93	\$1.57	-\$63.15	NA	3.9%	NA	Consulting Services	United States	Sugar Land	Texas	Mechanical Engineering, Inspection Services, Utilities
Driver Group	\$44.94	\$38.31	\$74.63	\$4.79	\$3.51	13.06	-6.6%	9.6%	Consulting Services	United Kingdom	Bristol	NA	Litigation Support, Construction, Planning & Development
ENGlobal	\$28.78	\$25.34	\$54.00	-\$5.08	-\$5.67	NA	-3.2%	NA	Engineering & Construction	United States	Houston	Texas	Government, Commercial, Consulting
AECOM	\$8,008.86	\$11,684.68	\$13,642.46	\$666.84	-\$261.05	NA	-1.7%	-2.1%	Engineering & Construction	United States	Dallas	Texas	Infrastructure, Transportation, Energy & Power

M&A REPORT 2023: PUBLIC INDEX vs. S&P 500

Data current as of 1/15/2024

EV/EBITDA Index vs. S&P 500



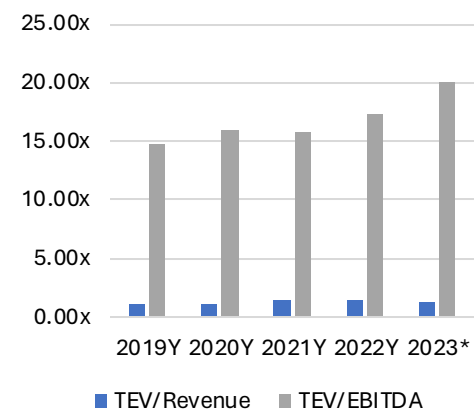
M&A REPORT 2023: PUBLIC INDEX STATISTICS

Data current as of 1/15/2024

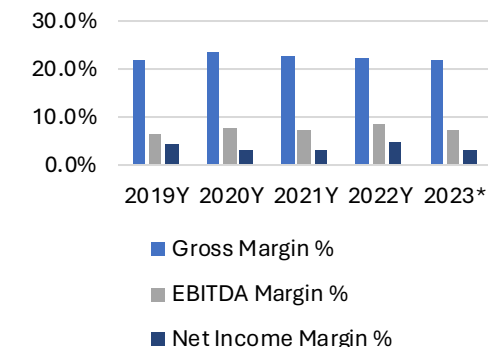
Medians

Key Statistics	2019Y	2020Y	2021Y	2022Y	2023*
TEV/Revenue	1.16x	1.15x	1.45x	1.38x	1.31x
TEV/EBITDA	14.77x	16.01x	15.85x	17.25x	20.02x
TEV/EBIT	19.83x	25.73x	31.29x	20.96x	28.29x
<hr/>					
Gross Margin %	22.1%	23.6%	22.8%	22.4%	21.9%
EBITDA Margin %	6.4%	7.9%	7.5%	8.5%	7.4%
EBIT Margin %	5.7%	4.6%	5.4%	6.5%	5.2%
Net Income Margin %	4.6%	3.0%	3.0%	4.8%	3.0%
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Total Revenue, 1 Yr Growth %	8.1%	-0.9%	3.9%	6.4%	9.6%
Total Revenue, 3 Yr CAGR %	6.3%	4.9%	2.7%	4.1%	6.4%
Total Revenue, 5 Yr CAGR %	6.3%	3.7%	4.5%	6.8%	8.1%
EBITDA, 1 Yr Growth %	9.6%	13.3%	20.1%	3.7%	3.7%
EBITDA, 3 Yr CAGR %	12.4%	11.5%	10.5%	12.8%	12.8%
EBITDA, 5 Yr CAGR %	6.3%	6.8%	12.8%	11.1%	14.3%

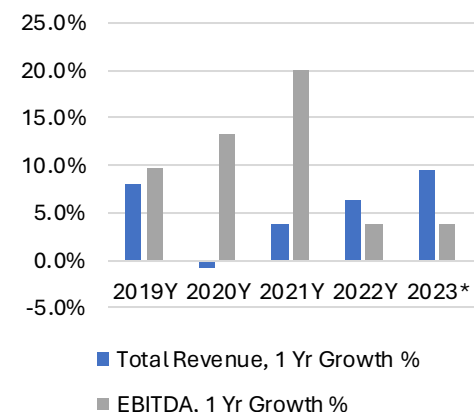
Median Multiples



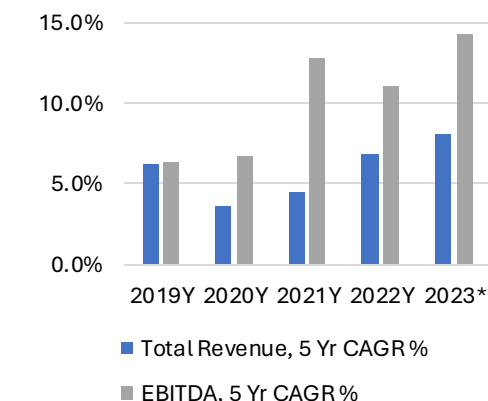
Historical Margin Trends



1 Year Growth Rates



5 Year Growth Rates





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M&A REPORT 2023: ENGINEERING SERVICES RECENT IPOs



Founded: **2019**
 IPO Date: **November 14, 2023**
 Headquarters: **Irvine, CA**

Shimmick Corp. is a leading provider of water and other critical infrastructure solutions nationwide. It selectively focuses on the following types of infrastructure projects: Water Treatment, Water Resources, and Other Critical Infrastructure.

Shimmick Ratios & Multiples

TEV / Revenue	0.2x
TEV / EBITDA	11.1x
Gross Margin	3.54%
EBITDA Margin	3.04%
EBIT Margin	0.63%
Net Income Margin	0.44%

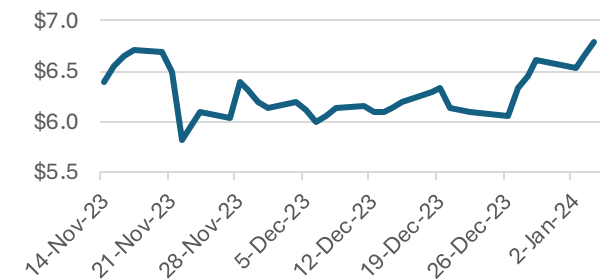
Shimmick Capital Structure

Stock Price	\$6.79
Basic Shares Outstanding	25,490,000
Basic Market Cap	\$172,850,000
Basic EV	\$160,470,000
Diluted Market Cap	\$168,900,000
Diluted EV	\$156,520,000

Shimmick IPO Data

Total Capital Raised	\$25,030,000
No. Shares Sold	3,575,000
Price Per Share	\$7
Outstanding Shares	25,493,877
IPO Valuation	\$178,460,000

Stock Trend





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