



Sectorwatch: Architecture Engineering & Environmental Services

December 2019

Architecture Engineering & Environmental Services

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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.



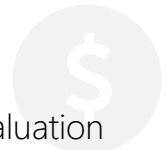
Public Basket Performance

- 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

↑ **1.2%**

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

Pricing / Gross Margin Momentum

↑ **0.6%**

1 - year gross profit % compared to gross profit % average for last 3 years

Current gross profit margin exceeds the average of the last 3 years gross profit margin by this amount, indicating supplier pricing power

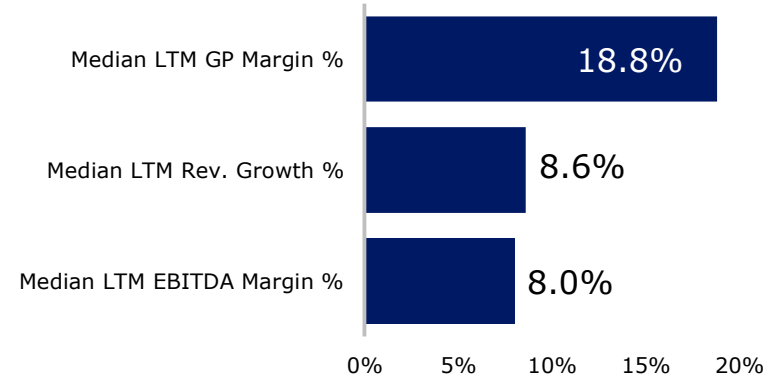
Profitability Momentum

↑ **0.5%**

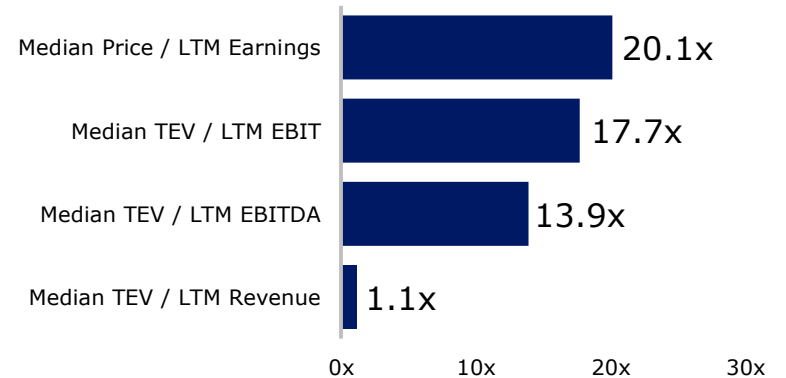
1 - year EBITDA % compared to EBITDA % average for last 3 years

Current EBITDA margin exceeds the average of the last 3 years EBITDA margin by this amount, a condition that may attract new entrants

Operating Metrics



Valuation



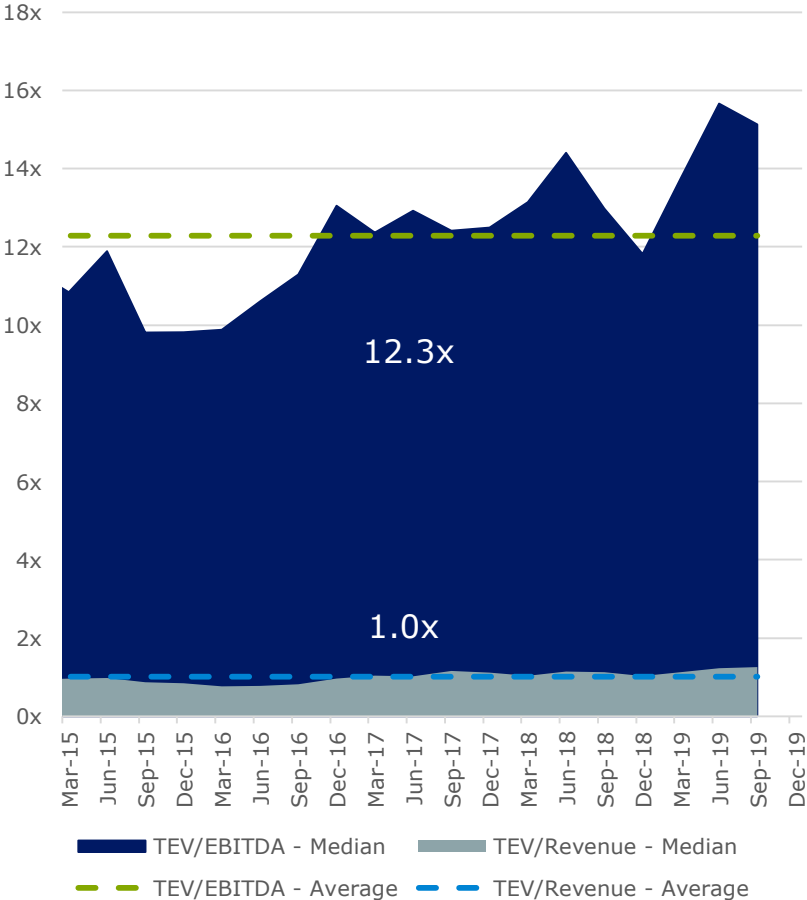
Public Basket



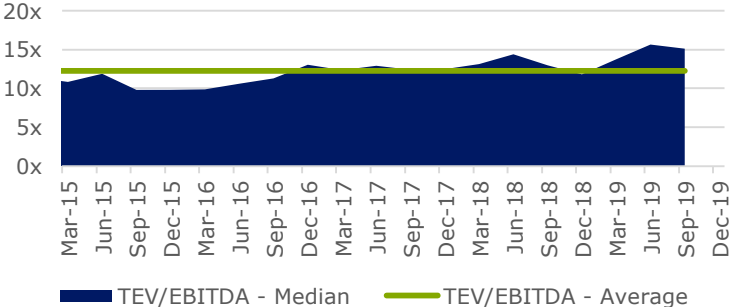
Company	TEV \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Willdan Group, Inc.	447	400	60%	30%	6%	1.1	20.2	927	432
NV5 Global, Inc.	647	492	24%	48%	12%	1.3	10.6	2,153	228
RPS Group plc	662	799	-2%	23%	9%	0.8	8.6	5,556	144
Arcadis NV	2,663	3,843	7%	17%	7%	0.7	10.1	26,328	146
SNC-Lavalin Group Inc.	4,181	7,283	-8%	1%	1%	0.6	88.8	52,435	139
Stantec Inc.	4,183	2,754	18%	54%	11%	1.5	13.9	22,000	125
Tetra Tech, Inc.	4,853	2,390	9%	17%	10%	2.0	20.5	20,000	119
WSP Global Inc.	8,711	6,617	12%	19%	8%	1.3	16.2	47,700	139
AECOM	9,237	20,173	0%	4%	5%	0.5	9.2	86,000	235
Average	3,954	4,972	13%	23%	8%	1.1	22.0	29,233	190
Median	4,181	2,754	9%	19%	8%	1.1	13.9	22,000	144

share price as of 11Dec19

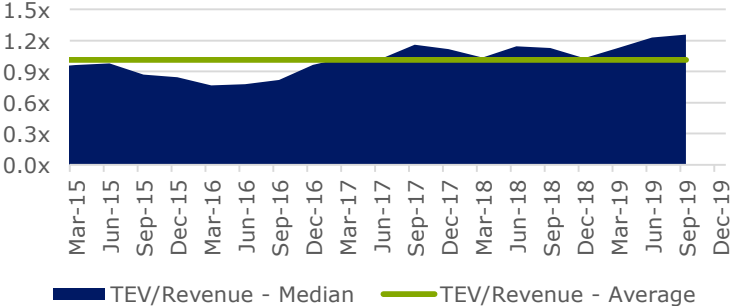
Public Basket Valuation Trends



Public EBITDA Multiples over Time



Public Revenue Multiples over Time



Operational Metrics



LTM Gross Profit Margin %



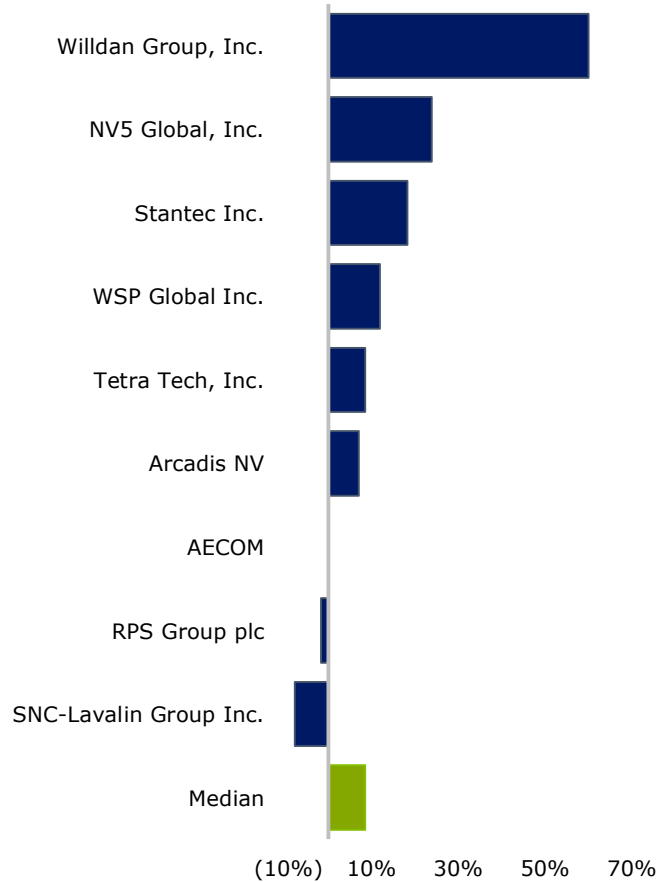
LTM EBITDA %



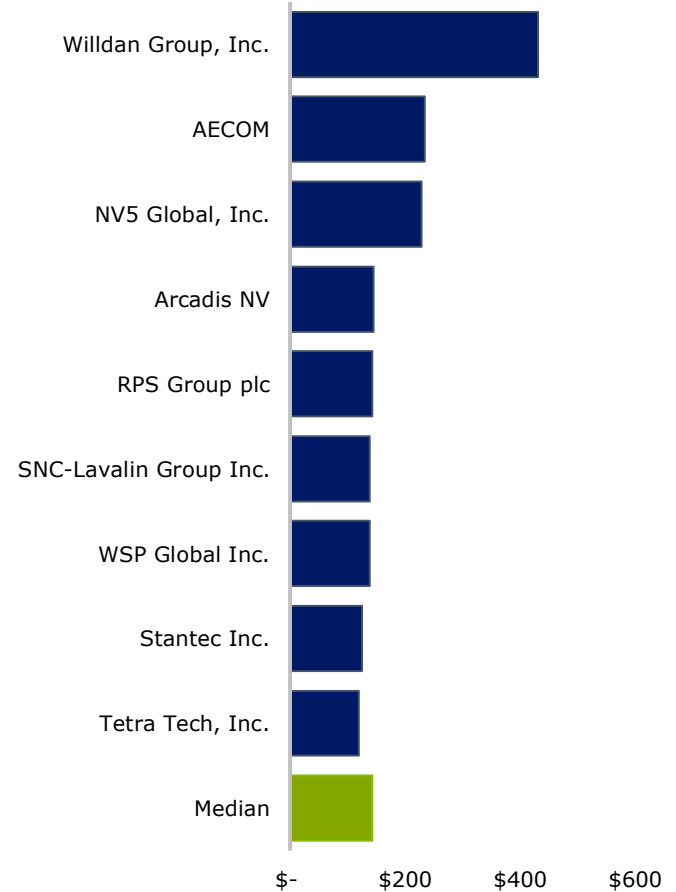
Operational Metrics



LTM Revenue Growth %



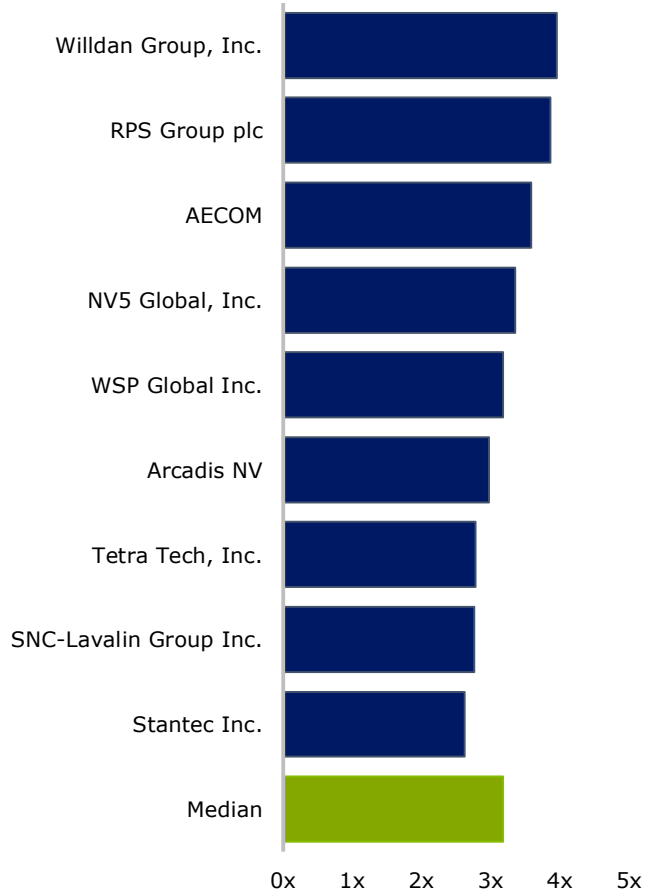
LTM Revenue per Full Time Employee x 000's



Operational Metrics



Accounts Receivable Turnover



Average Days Sales Outstanding



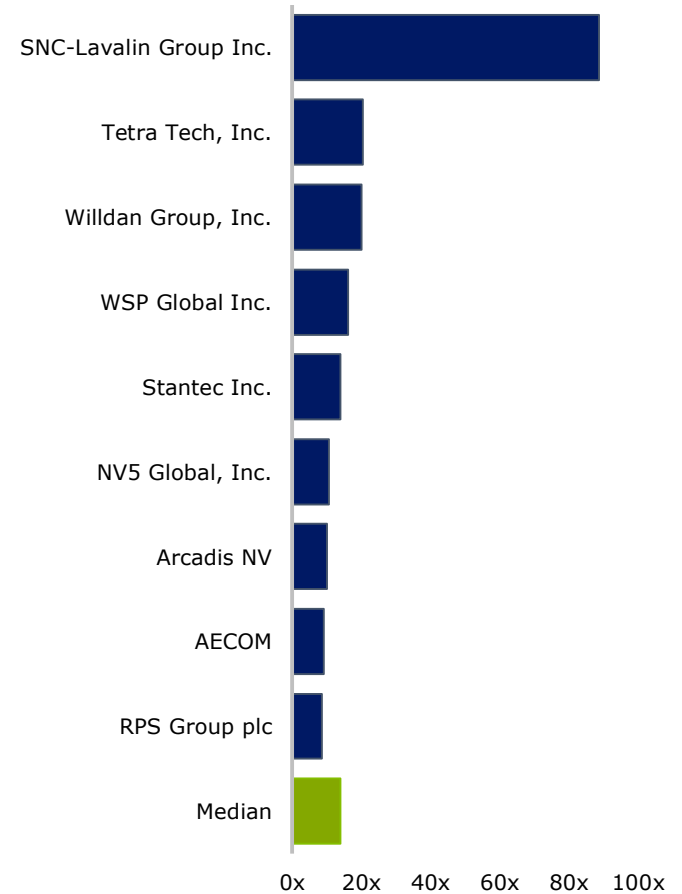
Valuation



TEV / LTM Revenue



TEV / LTM EBITDA



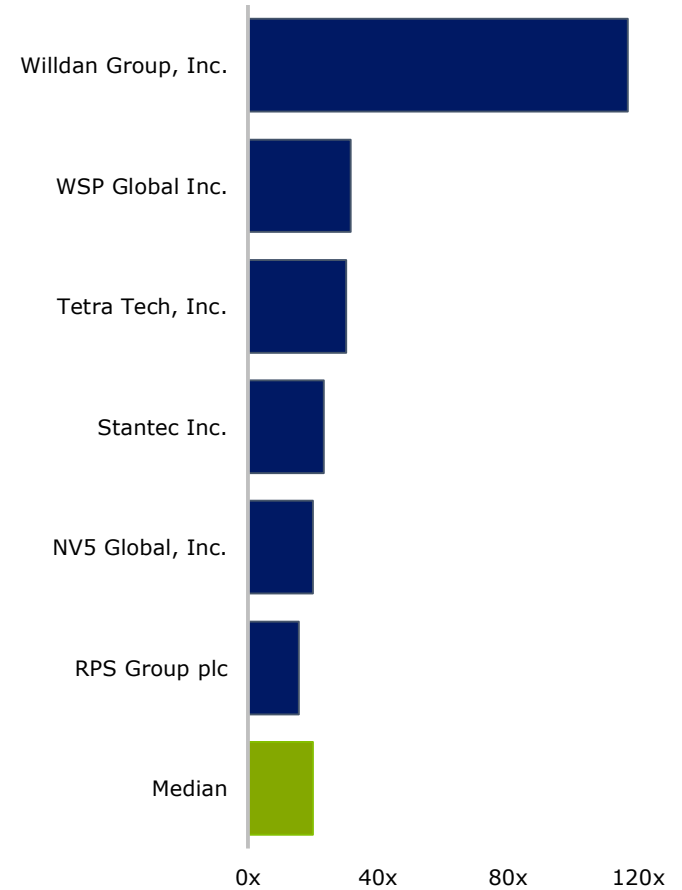
Valuation



TEV / LTM EBIT



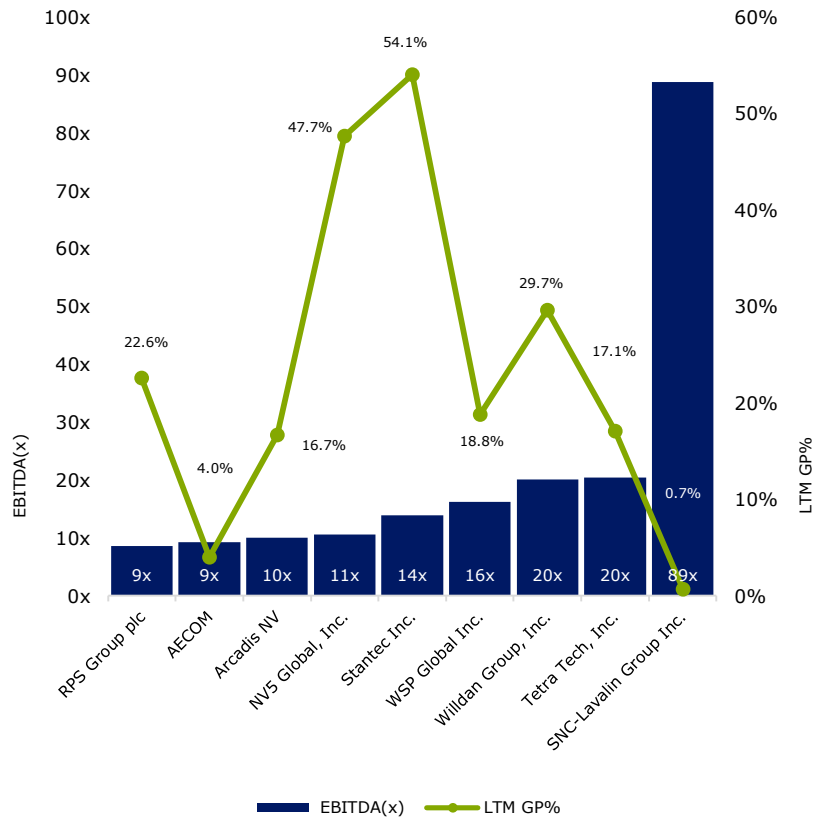
Price / LTM Earnings



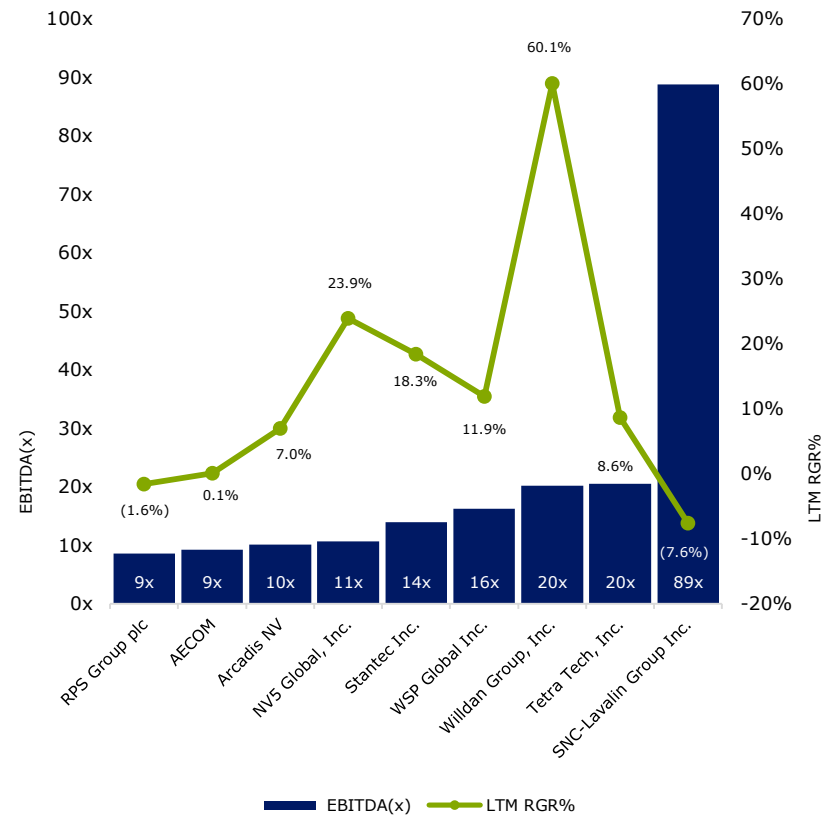
Valuation



Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions



Date	Target	Buyer / Investor	Total Transaction Value	Target Revenue	TEV / Revenue	TEV / EBITDA
4Dec19	The Municipal Infrastructure Group Ltd.	T.Y. Lin International Group Ltd.	-	-	-	-
4Dec19	Schacht / Aslani Architects, P.C.	Mithun, Inc.	-	-	-	-
3Dec19	Pie Consulting & Engineering, Inc.	Lerch Bates Inc.	-	-	-	-
30Nov19	JMC Professional Surveying and Mapping, LLC	Surveying And Mapping, LLC	-	-	-	-
25Nov19	Environmental Partners, Inc.	TRC Companies, Inc.	-	-	-	-
25Nov19	Qc Data Inc.	EN Engineering, LLC	-	-	-	-
20Nov19	Long Engineering, Inc.	Atlas Technical Consultants, LLC	-	-	-	-
20Nov19	DW Smith Associates, LLC	Paulus, Sokolowski & Sartor, LLC	-	-	-	-
18Nov19	RMS Design Group LLC	Salas O'Brien Engineers, Inc.	-	-	-	-
18Nov19	DBS & Associates Engineering, Inc.	TTL, Inc.	-	-	-	-
18Nov19	City Invincible Architecture, Interiors and Urban Design of Camden	Spiegle Architectural Group, Inc.	-	-	-	-
11Nov19	ATP Architects + Surveyors Limited	Rsk Environment Ltd	-	-	-	-
11Nov19	ATP Group	RSK Group Limited	-	-	-	-
8Nov19	Forensics Engineering Business of GHD Group Pty Ltd	NV5 Global, Inc.	-	-	-	-
6Nov19	Quantum Spatial, Inc.	NV5 Global, Inc.	302.50	-	-	-
7Nov19	Gould Turner Group, P.C.	Barge Design Solutions, Inc.	-	-	-	-
31Oct19	Gaudreau Inc.	EwingCole, Inc.	-	-	-	-
30Oct19	LEM Laboratories	Applus Services, S.A.	-	8.90	-	-
29Oct19	STV Group, Inc.	The Pritzker Organization, LLC	-	-	-	-
28Oct19	Energy and Environmental Economics, Inc.	Willdan Group, Inc.	44.00	16.00	2.8x	-
24Oct19	Construction Technology Laboratories, Inc.	Barco Investment Group	-	-	-	-
23Oct19	Distributed Energy Solutions Business of Lockheed Martin Corporation	TRC Companies, Inc.	-	-	-	-
22Oct19	WorkingBuildings	Trinity Consultants, Inc.	-	-	-	-
15Oct19	Ecosystem Research Group, LLC	DJ&A, P.C.	-	-	-	-
16Oct19	Image Associates, Inc.	Clark Patterson Engineers, Surveyor and Architects P.C.	-	-	-	-
15Oct19	Natural Resources Engineering Company, P.A.	LHB, Inc.	-	-	-	-
12Oct19	AECOM Management Services Inc.	American Securities LLC; Lindsay Goldberg LLC	2,405.00	3,690.00	0.7x	-
11Oct19	Lievens Holding B.V.	WSP Global Inc.	-	-	-	-

Recent Transactions



<u>Date</u>	<u>Target</u>	<u>Buyer / Investor</u>	<u>Total Transaction Value</u>	<u>Target Revenue</u>	<u>TEV / Revenue</u>	<u>TEV / EBITDA</u>
10Oct19	Genesis Planning, LLC	Ross & Baruzzini, Inc.	-	-	-	-
20Oct19	Reservoir Imaging Limited	RPS Group plc	4.92	-	-	-
20Oct19	Traffic Technologies, Inc.	Gannett Fleming, Inc.	-	-	-	-
26Sep19	Cermak Rhoades Architects, P.A.	LHB, Inc.	-	-	-	-
18Sep19	ECT AS	Norconsult AS	-	-	-	-
18Sep19	Assets Of Provenance Consulting, LLC	Trinity Consultants, Inc.	-	-	-	-
16Sep19	META Engineers, P.C.	Bala Consulting Engineers, Inc.	-	-	-	-
12Sep19	Crosspoint Engineering, LLC	Ksa Engineers, Inc.	-	-	-	-
11Sep19	Upside Engineering Ltd	Hatch Ltd.	-	-	-	-
6Sep19	DPIS Engineering, LLC	Saw Mill Capital LLC; Saw Mill Capital Partners II, LP	-	-	-	-
5Sep19	Emerging Compounds Treatment Technologies, Inc.	Montrose Environmental Group, Inc.	-	-	-	-
22Jul19	ArchEng Holding Company	HOLDING SOCOTEC - S.A.S.	-	-	-	-
3Sep19	Orbicon A/S	WSP Global Inc.	-	-	-	-
3Sep19	EE Partners, Ltd.	Priority Power Management, LLC	-	-	-	-
3Sep19	Contek Solutions LLC	The ERM Group, Inc.	-	-	-	-
1Sep19	Assets of Aspyr Engineering Ltd.	IBI Group Inc.	1.72	-	-	-
28Aug19	Ecology & Environment, Inc.	WSP Global Inc.	66.19	88.51	0.6x	41.0x
20Aug19	John Wood Group's Nuclear business	Jacobs Engineering Group Inc.	303.81	-	-	-
12Aug19	Atlas Technical Consultants, LLC	Boxwood Merger Corp.	-	229.28	2.7x	20.1x
12Aug19	NRC Holding Design Oy	Sweco AB (publ)	47.70	-	-	-
12Aug19	NOVA Engineering and Environmental, LLC	Watkins Associated Industries, Inc.	-	-	-	-
12Aug19	Bay Design Associates Architects, P.L.	Goodwyn, Mills and Cawood, Inc.	-	-	-	-
7Aug19	LEHDER Environmental Services Limited	Montrose Environmental Group, Inc.	-	-	-	-
7Aug19	LaSalle Engineering, LLC	TLC Engineering Solutions, Inc.	-	-	-	-
31Jul19	Adaptive Engineering Professionals, LLC	Ryan Soames Engineering DPC	-	-	-	-
27Jul19	Northwest Consultants, Inc.	Fishbeck, Thompson, Carr & Huber, Inc.	-	-	-	-
30Jul19	Humphries Poli Architects, P.C.	RATIO Architects, Inc.	-	-	-	-
15Jul19	Price Architects Inc.	HKS, Inc.	-	-	-	-

Architecture Engineering & Environmental Services

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APPENDIX:
Public Basket
Constituents

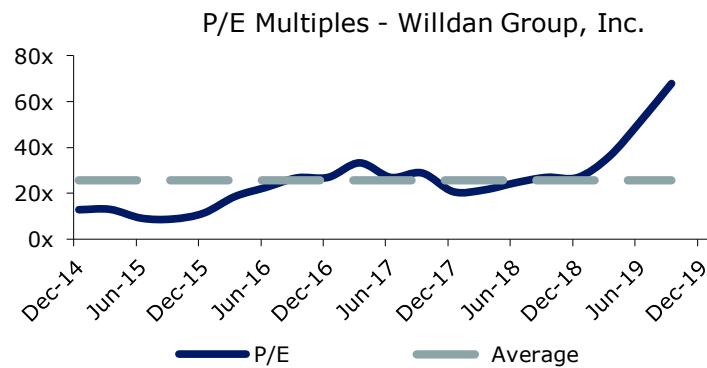
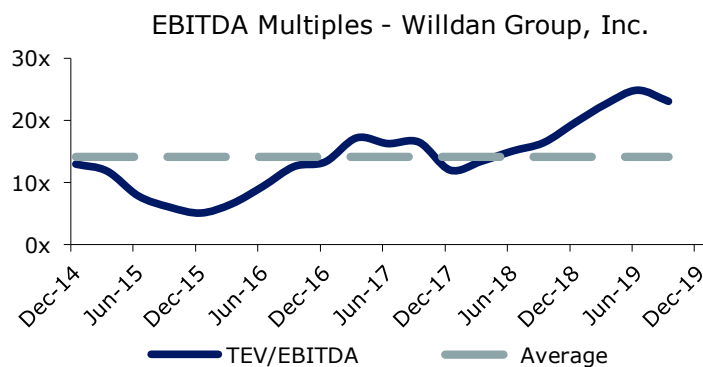
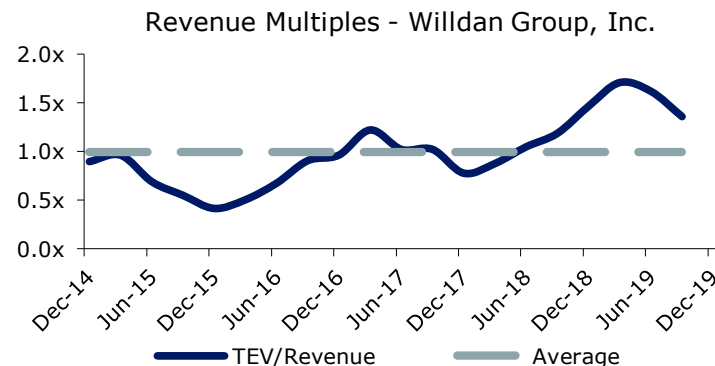
Public Basket



Willdan Group, Inc.

Willdan Group, Inc., together with its subsidiaries, provides professional technical and consulting services to utilities, private industry, and public agencies at various levels of government primarily in the United States. It operates through four segments: Energy Efficiency Services, Engineering Services, Public Finance Services, and Homeland Security Services. The Energy Efficiency Services segment offers comprehensive surveys, program design, master planning, benchmarking analysis, design engineering, construction management, performance contracting, installation, alternative financing, and measurement and verification services. Willdan Group, Inc. was founded in 1964 and is headquartered in Anaheim, California.

Date	Key Development Headline
10/29/19	Willdan Group, Inc. (NasdaqGM:WLDN) acquired Energy and Environmental Economics, Inc.
7/2/19	Willdan To Seek Acquisitions
7/1/19	Willdan Group, Inc. (NasdaqGM:WLDN) completed the acquisition of Substantially all of the Assets of Onsite Energy Corp. (OTCPK:ONSE).
6/18/19	Willdan Group, Inc. (NasdaqGM:WLDN) signed a letter of intent to acquire Substantially all of the Assets of Onsite Energy Corp. (OTCPK:ONSE).
3/7/19	Willdan Group, Inc. (NasdaqGM:WLDN) completed the acquisition of substantially all of the assets of The Weidt Group for \$22.4 million.



Public Basket

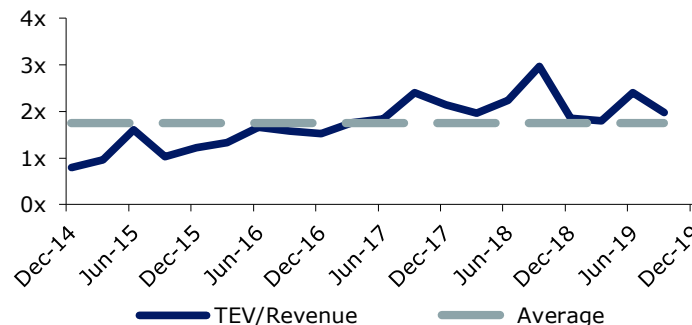


NV5 Global, Inc.

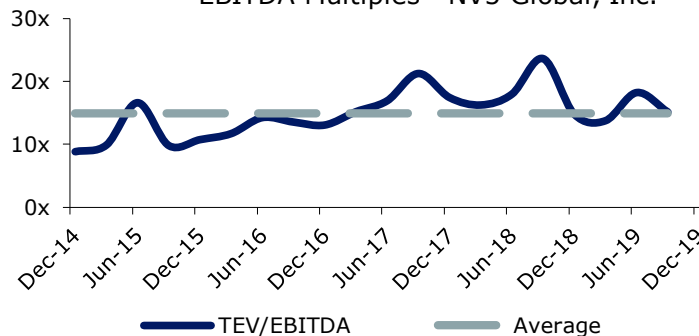
NV5 Global, Inc. provides professional and technical engineering and consulting services to public and private sector clients in the infrastructure, energy, construction, real estate, and environmental markets in the United States and internationally. It operates through two segments, Infrastructure; and Building, Technology & Sciences. The company offers site selection and planning, design, water resources, transportation, structural engineering, land development, surveying, power delivery, building code compliance, and other services; and construction materials testing and engineering, geotechnical engineering and consulting, and forensic consulting services. It also provides governmental outsourcing and consulting, and technical outsourcing services, as well as building program management services. NV5 Global, Inc. was founded in 1949 and is headquartered in Hollywood, Florida.

Date	Key Development Headline
11/9/19	NV5 Global, Inc. (NasdaqCM:NVEE) acquired Forensics Engineering Business from GHD Group Pty Ltd.
11/6/19	NV5 Global, Inc. (NasdaqCM:NVEE) entered into an agreement to acquire Quantum Spatial, Inc. from Arlington Capital Partners III, L.P., a fund managed by Arlington Management Employees, LLC and others for approximately \$300 million.
7/2/19	NV5 Global, Inc. (NasdaqCM:NVEE) acquired WHPacific, Inc. for \$9 million.

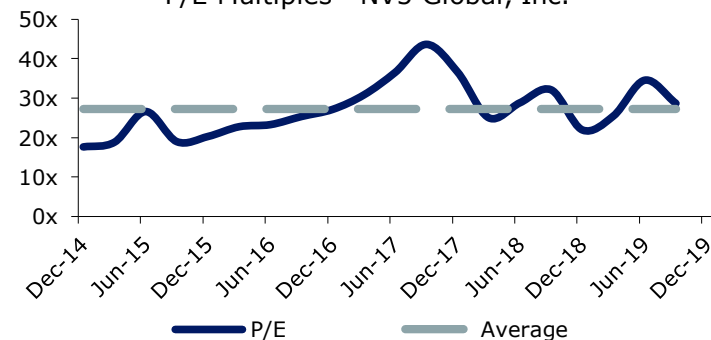
Revenue Multiples - NV5 Global, Inc.



EBITDA Multiples - NV5 Global, Inc.



P/E Multiples - NV5 Global, Inc.



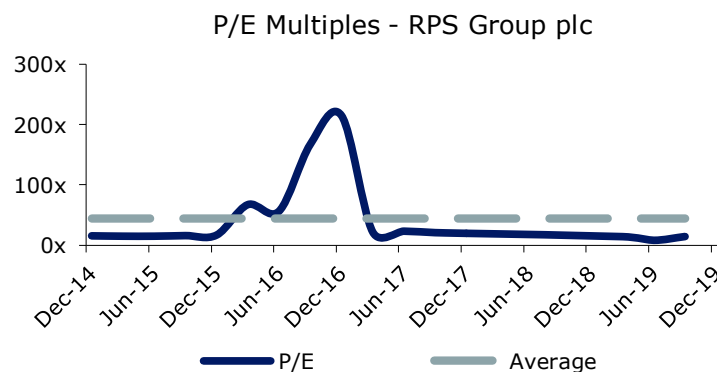
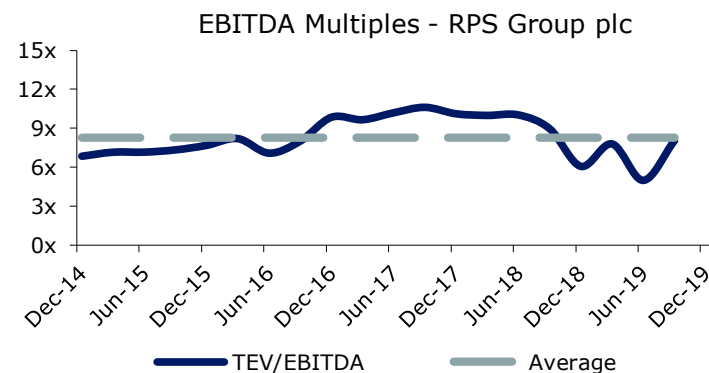
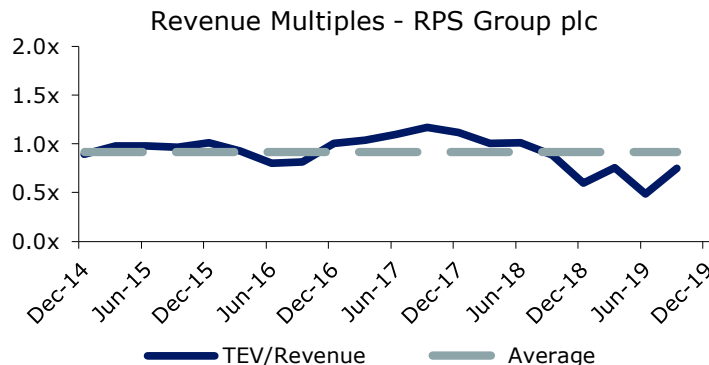
Public Basket



RPS Group plc

RPS Group plc, a consultancy company, provides advice on the development and management of the built and natural environment; planning and development of strategic infrastructure; and evaluation and development of energy, water, and other resources. The company operates through Built and Natural Environment, Energy, and Australia Asia Pacific segments. It offers consultancy services, including environmental assessment, project management, water resources management, oceanography, health and safety, risk management, town and country planning, building, landscape and urban design, surveying, and transport planning to various aspects of the property and infrastructure development and management sectors. The company also provides integrated technical, commercial, and project management support and training services in the fields of geoscience, engineering and health, safety, and environment to the oil and gas sector. The company operates primarily in Europe, North America, and Australia. RPS Group plc was incorporated in 1987 and is headquartered in Abingdon, the United Kingdom.

Date	Key Development Headline
10/1/19	RPS Group plc (LSE:RPS) acquired Reservoir Imaging Limited from two directors alongside an external investor for £4 million.
2/3/19	RPS Group plc (LSE:RPS) acquired Corview Group Pty Ltd. from staff and four partners of Corview for AUD 34.1 million.



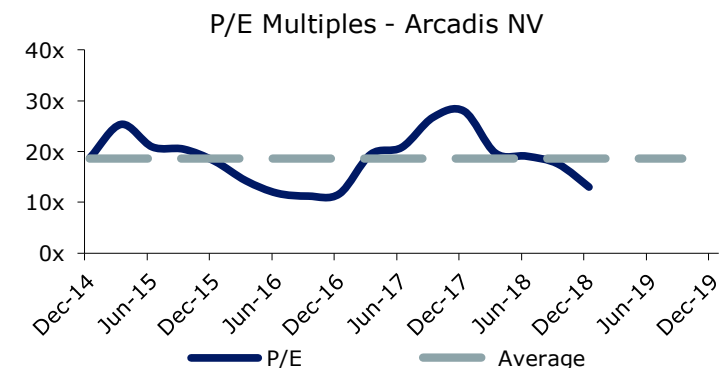
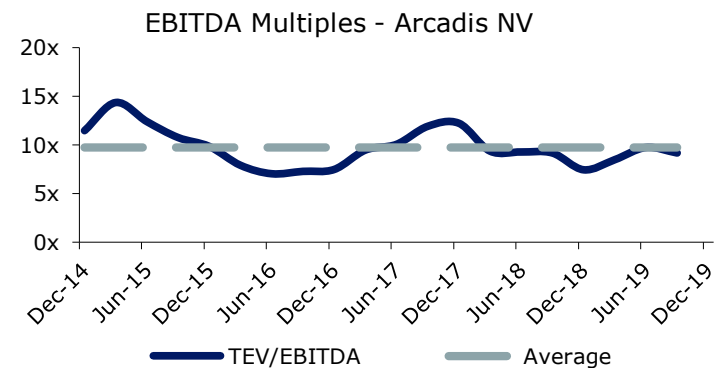
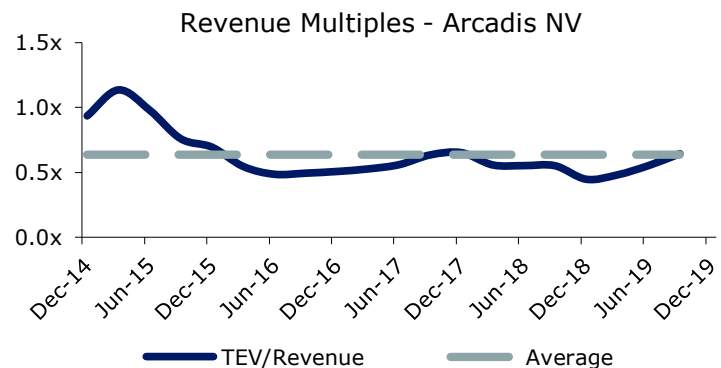
Public Basket



Arcadis NV

Arcadis NV operates as a design and consultancy firm for natural and built assets worldwide. The company operates through Europe & Middle East, the Americas, Asia Pacific, and CallisonRTKL segments. It offers design, consultancy, engineering, project, and management services for various sectors. The company provides architectural design, landscape architecture, and performance driven architecture services; business advisory services for asset strategy and performance, business transformation and resiliency, investment and finance, and technology and information; and construction management and site supervision, cost management, program management, and project management services. Arcadis NV was founded in 1888 and is headquartered in Amsterdam, the Netherlands.

Date	Key Development Headline
3/27/19	Arcadis NV (ENXTAM:ARCAD) acquired a majority stake in EAMS Group Ltd.
7/31/18	Arcadis NV (ENXTAM:ARCAD) acquired IBUe GmbH.
6/4/18	Arcadis and Techstars Partner to Bring Innovative Solutions to the Natural and Built Environment



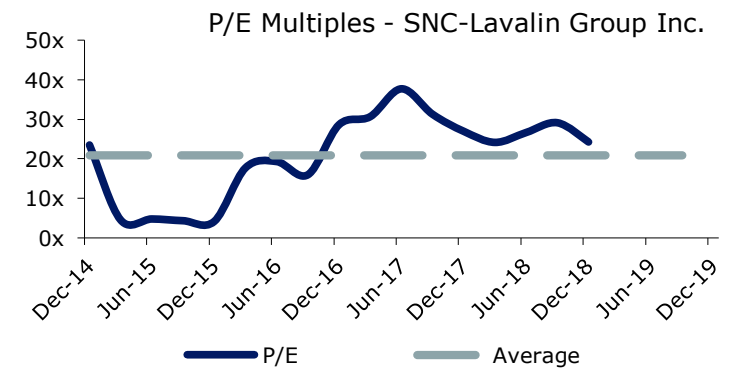
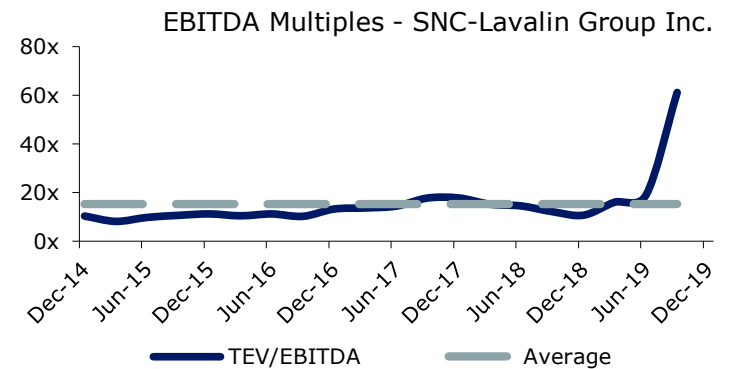
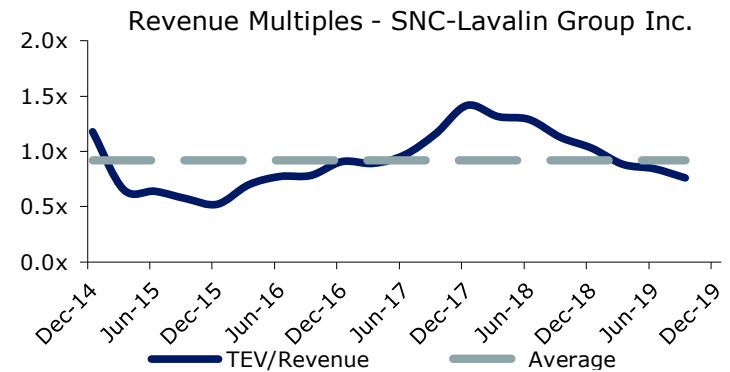
Public Basket



SNC-Lavalin Group Inc.

SNC-Lavalin Group Inc. provides consulting, design, engineering, construction, and operation and maintenance services worldwide. It operates through Mining & Metallurgy, Oil & Gas, Power, Infrastructure, Atkins, and Capital segments. The company offers various solutions for projects in the aluminum, gold, copper, iron ore, nickel, fertilizer, sulphur, and other projects. It also undertakes oil and gas projects in the upstream, midstream, downstream, and supporting infrastructure sectors, as well as supports clients in the asset lifecycle from front-end evaluation through decommissioning. SNC-Lavalin Group Inc. was founded in 1911 and is headquartered in Montreal, Canada.

Date	Key Development Headline
7/29/19	SNC-Lavalin To Divest Its Businesses And Assets
4/4/19	OMERS Administration Corp. reached an agreement to acquire 10.01% of the shares of 407 International Inc. from SNC-Lavalin Group Inc. (TSX:SNC) for CAD 3.3 billion.
10/31/18	SNC-Lavalin Group Inc. (TSX:SNC) acquired 51% stake in Linxon Pvt Ltd for CAD 10.2 million from ABB Ltd (SWX:ABBN).
10/23/18	The Northwestern Mutual Life Insurance Company and Harbert Management Corporation completed the acquisition of 6.3% stake in Astoria Project Partners II LLC from SNC-Lavalin Group Inc. (TSX:SNC) for \$41.4 million.
8/31/18	SNC Lavalin and ABB Announce Formation of Linxon, a New JV Company



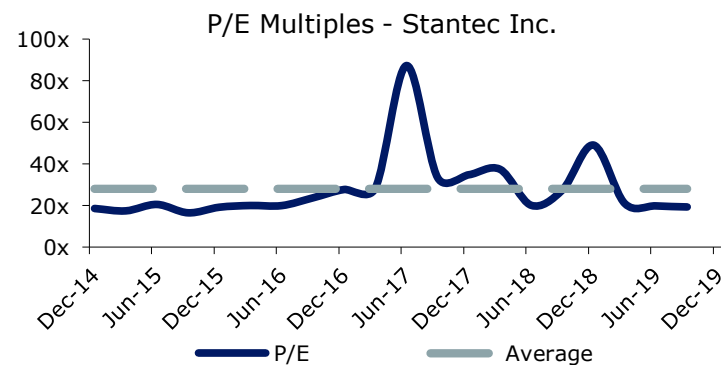
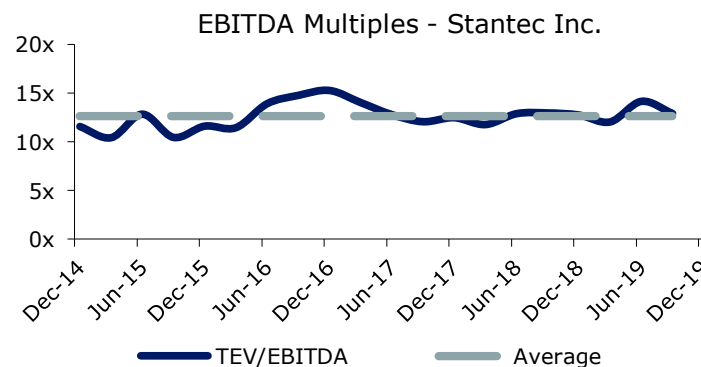
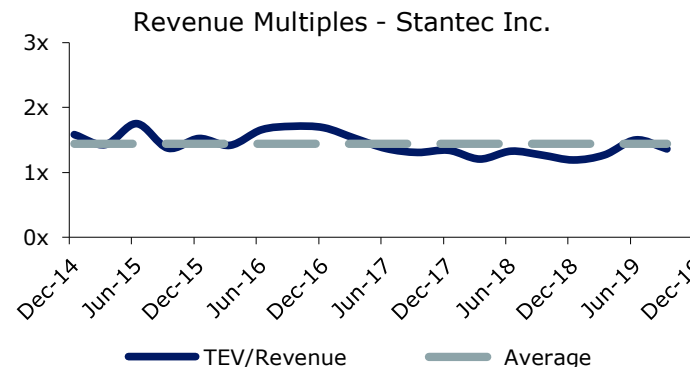
Public Basket



Stantec Inc.

Stantec Inc. provides professional consulting services in the area of infrastructure and facilities for clients in the public and private sectors in Canada, the United States, and internationally. It operates through four segments: Consulting Services – Canada, Consulting Services – United States, Consulting Services – Global, and Construction Services. The company offers consulting services in engineering, architecture, interior design, landscape architecture, surveying, environmental services, project management, and project economics. It also provides construction, construction management, and project delivery at-risk services primarily on water-related projects, as well as professional supervision services to various clients in the United States and the United Kingdom. Stantec Inc. was founded in 1954 and is headquartered in Edmonton, Canada.

Date	Key Development Headline
6/12/19	Stantec Intends To Seek Acquisitions
11/1/18	Funds managed by Oaktree Capital Management, L.P. completed the acquisition of MWH Global, Inc. from Stantec Inc. (TSX:STN) for approximately \$100 million.
10/18/18	Funds managed by Oaktree Capital Management, L.P. agreed to acquire MWH Global, Inc. from Stantec Inc. (TSX:STN).
10/8/18	Stantec Inc. (TSX:STN) signs letter of intent to acquire Wood & Grieve Engineers Limited.
10/4/18	Stantec Inc. (TSX:STN) completed the acquisition of True Grit Engineering.



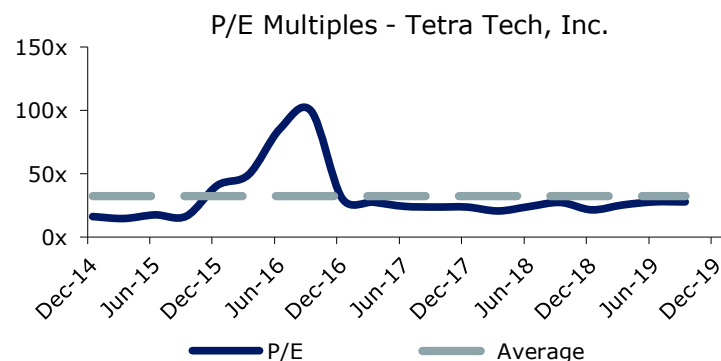
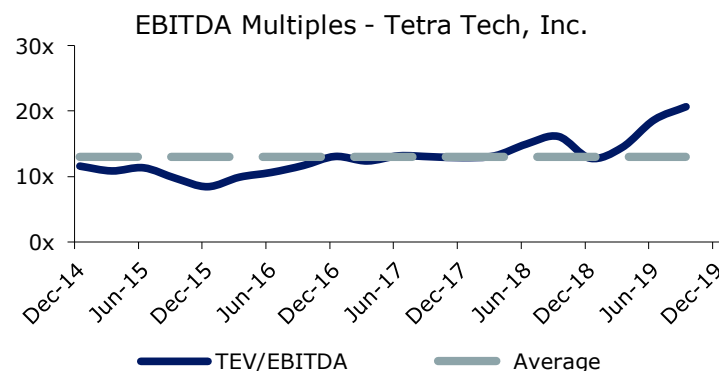
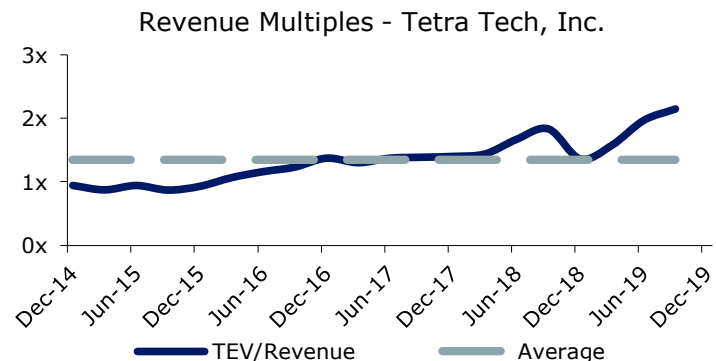
Public Basket



Tetra Tech, Inc.

Tetra Tech, Inc. provides consulting and engineering services worldwide. It operates through two segments, Water, Environment and Infrastructure (WEI); and Resource Management and Energy (RME). The WEI segment offers early data collection and monitoring, data analysis and information technology, science and engineering applied research, engineering design, construction management, and operations and maintenance services; and climate change and energy management consulting, as well as greenhouse gas inventory assessment, certification, reduction, and management services. It serves governments, and commercial and industrial clients in water resources analysis and water management, environmental restoration, government consulting, and civil infrastructure master planning and engineering design markets. Tetra Tech, Inc. was founded in 1966 and is headquartered in Pasadena, California.

Date	Key Development Headline
4/2/19	Tetra Tech, Inc. (NasdaqGS:TTEK) acquired Global Tech Inc.
7/1/18	Hylan acquired Western Utility and Tetra Tech Utility Construction of Tetra Tech, Inc. (NasdaqGS:TTEK).
6/29/18	Tetra Tech, Inc. (NasdaqGS:TTEK) completed the acquisition of NDY Management Pty Limited for AUD 69.1 million.
5/16/18	Stantec, Tetra Tech and Hatch Forms Joint Venture
5/3/18	Tetra Tech Seeks Acquisitions



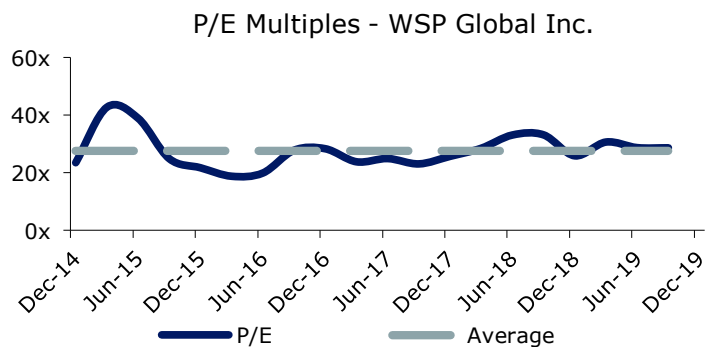
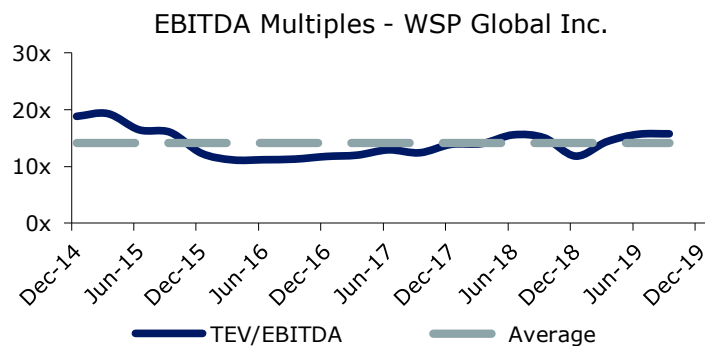
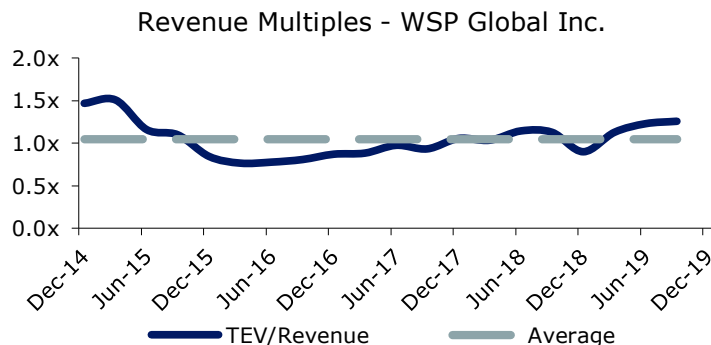
Public Basket



WSP Global Inc.

WSP Global Inc. operates as a professional services company in the United States, Canada, the United Kingdom, Sweden, and internationally. The company's Property & Buildings segment provides technical and management consultancy services, such as structural and mechanical, electrical, and plumbing engineering; and a range of specialist services, including fire engineering, lighting design, vertical transportation, acoustics, intelligent building systems, audiovisual systems, information technology, facade engineering, and green building design. WSP Global Inc. was founded in 1959 and is headquartered in Montreal, Canada.

Date	Key Development Headline
10/10/19	WSP Global Inc. (TSX:WSP) acquired Lievens Holding B.V.
9/2/19	WSP Global Inc. (TSX:WSP) acquired Orbicon A/S.
8/27/19	WSP Global Inc. (TSX:WSP) entered into a definitive agreement to acquire Ecology & Environment Inc. (NasdaqGM:EEI) from the Gerhard J. Neumaier Testamentary Trust, Mill Road Capital II LP (a fund sponsored by Mill Road Capital LP) and other shareholders for \$64.9 million.
8/8/19	WSP Global To Seek Acquisitions
4/30/19	WSP Global Inc. (TSX:WSP) acquired Leach Wallace Associates, Inc.



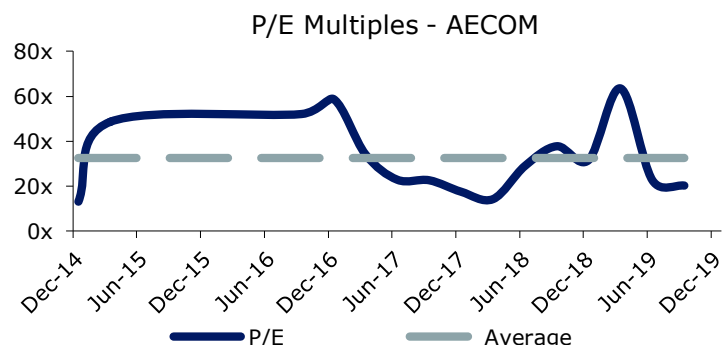
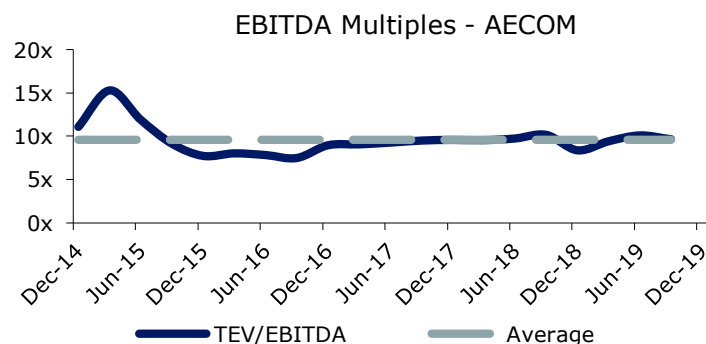
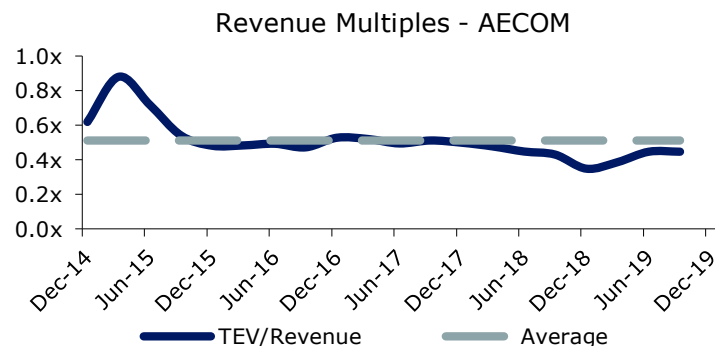
Public Basket



AECOM

AECOM, together with its subsidiaries, engages in designing, building, financing, and operating infrastructure assets worldwide. The company operates through four segments: Design and Consulting Services (DCS), Construction Services (CS), Management Services (MS), and AECOM Capital (ACAP). The DCS segment provides planning, consulting, architectural and engineering design, program management, and construction management services for industrial, commercial, institutional, and government clients, such as transportation, facilities, environmental, and energy/power markets. The CS segment offers building construction and energy, as well as infrastructure and industrial construction services. AECOM was founded in 1980 and is headquartered in Los Angeles, California.

Date	Key Development Headline
10/14/19	AECOM, American Securities LLC, Lindsay Goldberg LLC - M&A Call
10/13/19	Affiliates of American Securities LLC and Lindsay Goldberg LLC entered into a definitive agreement to acquire Management Services business of AECOM (NYSE:ACM) for \$2.4 billion.
8/19/19	U.S. Department of Energy Extends AECOM-Led Joint Venture Contract to Manage Tank Operations at the Hanford Site for Up to 12 Months
6/17/19	AECOM Signs Agreement with Toshiba to Perform Nuclear Decommissioning Services in Japan



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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