



D|A|DAVIDSON

# Diversified Industrials Quarterly Review

Current trends in the public and private  
industrials markets

FALL | 2021

NOVEMBER 2021  
PRIVATE & CONFIDENTIAL

THE STRENGTH OF ADVICE  
1935





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Developing Relationships.



Driving Superior Outcomes.







SECTION I



# Aerospace and Defense Sector



# D.A. Davidson Aerospace, Defense & Space Coverage Universe

Aerostructures,  
Components &  
Interiors

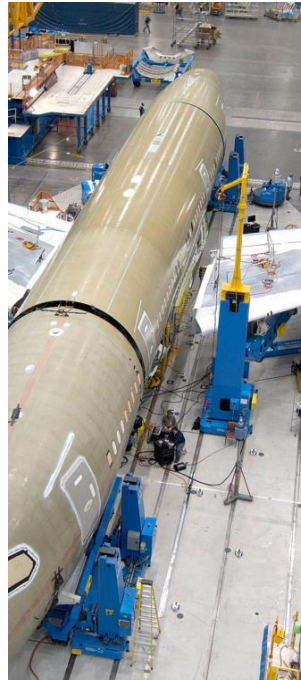
Interconnects,  
Electronics,  
Avionics & Sensors

Automation, Tooling  
& Robotics

Maintenance, Repair  
& Overhaul

Space,  
Satellite Comm.,  
ISR & Antennas

TIC and Test &  
Measurement





# M&A Market Update

The M&A market has been extremely active with strategics looking to leverage balance sheets and tap into low-cost debt. Both strategics and private equity are aggressively looking to partner with market leading, best-in-class assets

## COMMENTARY

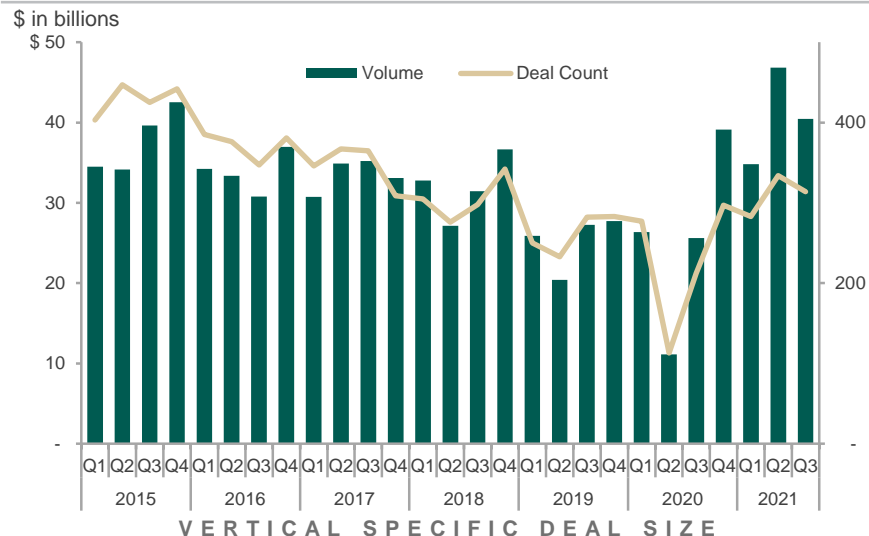
### Word on the Street

- M&A financial services providers (i.e. I-bankers, lenders, attorneys, accountants, QoE, etc.) are running at well past full-capacity. Buyers and sellers are racing to close deals by year-end ahead of the Biden proposed doubling of capital gains tax
- Private equity firms, who typically review ~300 flyer opportunities a year, are on-track to review ~500 opportunities in 2021. Unless the firm has an angle or knows the business segment, private equity firms are unlikely to execute an NDA and dig-in to the opportunity further

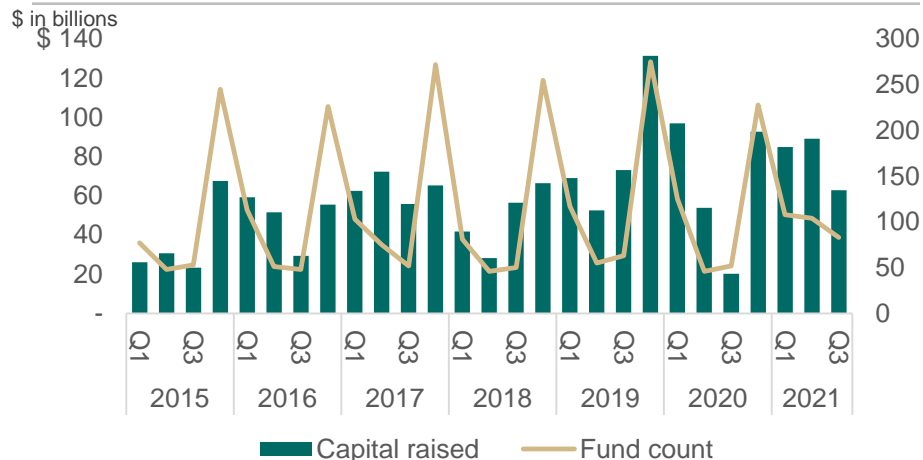
### Quick Facts

- Middle market deal activity for Q3 2021 reported an aggregate deal value of \$400.5 B, up significantly from Q3 2020 of \$256.1 B. Deal volume of 314 deals is up 48% y/y from Q3 2020, in which 212 deals were reported

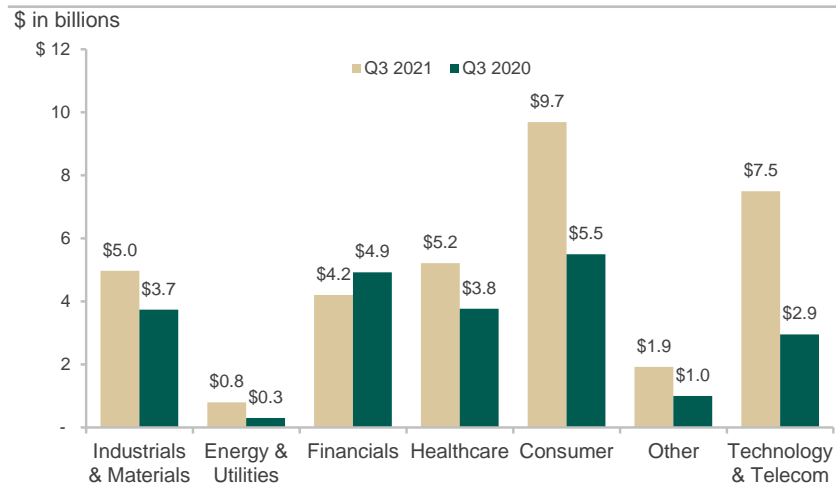
## MIDDLE MARKET M&A ACTIVITY



## U.S. PE FUNDRAISING BY QUARTER



## VERTICAL SPECIFIC DEAL SIZE







# Macro Trends in Aerospace, Defense & Space

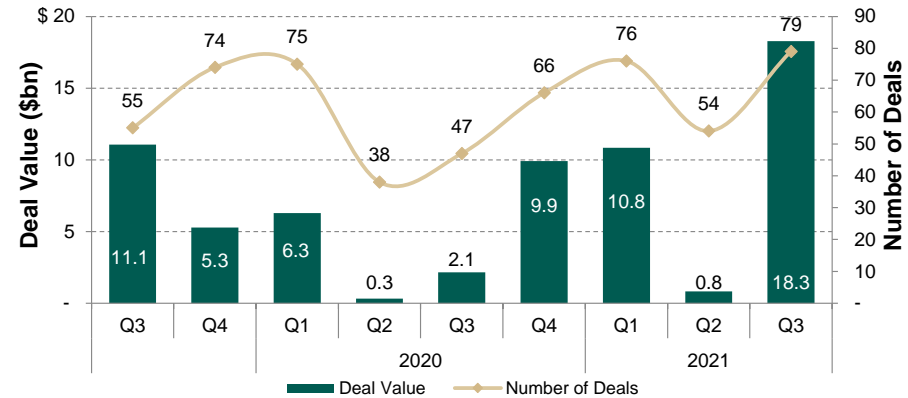
## COMMERCIAL AEROSPACE EXPECTED TO REBOUND

### FAA Revises Unmanned Aircraft Systems (UAS) Remote ID

The FAA revised its Remote ID ruling for drones, requiring flying drones to broadcast their location and serial number (i.e., digital license plate). The rule moves closer to establishing a traffic management ecosystem for UAS flights. Drone makers are required to comply by September 2022, and pilots must comply by September 2023

### eVTOL Market Taking Off

The market for electric vertical take-off and landing (eVTOL) aircraft has grown substantially in the last few years, with over 150 companies developing air taxi projects. Over \$1 billion has been invested into this growing market that is only just beginning to take off. In September of 2021, Airbus entered the market with its very own eVTOL, and more big players are expected to enter the market with their own models in the coming year.



*Acquirers targeting smaller players with niche capabilities to expand product portfolios*

## DEFENSE DEPARTMENT MODERNIZATION

### Department of Defense (DoD) Modernization Strategy

The DoD's latest modernization plans prioritize artificial intelligence technology, directed energy, small satellites, hypersonics, a 5G network, and unmanned aerial systems. Initiatives moving into testing phases include: low Earth orbit satellites to bolster command, control, and communications systems; several hypersonic prototypes; and experimentation with artificial intelligence for multiple applications

On July 1, 2021, Raytheon was awarded a ~\$2 billion contract by the U.S. Air Force to develop and manufacture a nuclear-armed cruise missile, replacing the aging air-launched cruise missile that was fielded in the early 1980s

### Space Force Comes of Age

The US Space Force (USSF), which celebrated its first anniversary on December 20, 2020, was appropriated a budget of \$15.2 billion for FY 2021, up from \$40 million in 2020. The new armed service is expected to grow from 160 military and civilian personnel to over 10,000 in 2021. Meanwhile, Kratos announced that it is investing in a concept for a Space Force Mission trainer for the USSF designed to train space warfighters to fight through satellite threats

## GENERAL AVIATION AND BUSINESS JET MARKET BOOMING









### Private Jet Market Hot After Pandemic

Private jet demand has boomed during the pandemic as the wealthy took control of their travel. General Dynamics Corp's Gulfstream Aerospace, Bombardier, Textron and Dassault Aviation are leaders by value of deliveries, which supplier Honeywell values at \$238 billion over the next decade. Recently, NetJet ordered 100 Embraer Phenom 300 jets, a deal worth \$1.2 billion.








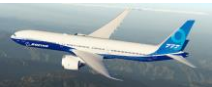




# Interesting Transactions in Aerospace, Defense & Space

Target	Acquirer	Description	Deal Notes
 AVANTUS AEROSPACE  Sale of three subsidiaries	 <b>LATÉCOÈRE</b>  JW HILL CAPITAL	<ul style="list-style-type: none"> <li>Avantus provides shims, detailed parts, specialty fasteners, precision machining and elastomer gaskets to the aerospace and semiconductor industries.</li> </ul>	<ul style="list-style-type: none"> <li>Date Announced: 10/26//2021</li> <li>Latécoère is A leader in the field of Aerostructures and Interconnection systems, Latécoère works closely with the major aircraft manufacturers and airlines, from design through to production of its products</li> <li>EV: Undisclosed</li> </ul>
 <b>Systema</b> Technologies, INC.	 <b>KARMAN</b> <small>MISSILE &amp; SPACE SYSTEMS</small>	<ul style="list-style-type: none"> <li>Systema Technologies is a manufacturer of complex precision components for the aerospace, defense and space sectors</li> </ul>	<ul style="list-style-type: none"> <li>Date Announced: 09/23/2021</li> <li>Karman supplies mission-critical flight hardware and subassemblies to missile, hypersonic and space markets. This is D.A. Davidson's fifth deal with Karman</li> <li>EV: Undisclosed</li> </ul>
<b>MEGGITT</b>	 <b>Parker</b>	<ul style="list-style-type: none"> <li>Meggitt has diverse aerospace and defense exposure with technology and products on almost every major aircraft platform.</li> </ul>	<ul style="list-style-type: none"> <li>Date Announced: 09/21/2021</li> <li>Parker Hannifin is a Fortune 250 global leader in motion and control technologies. For more than a century the company has been enabling engineering breakthroughs that lead to a better tomorrow.</li> <li>EV: 9.6 Billion</li> <li>EV / EBITDA: 20.6x</li> </ul>
<b>ULTRA</b>	 <b>COBHAM</b>	<ul style="list-style-type: none"> <li>Ultra provides application-engineered solutions in the key elements of mission critical and intelligent systems.</li> </ul>	<ul style="list-style-type: none"> <li>Date Announced: 8/16/2021</li> <li>Cobham is a leading global technology and services innovator, respected for providing solutions to the most challenging problems, from deep space to the depths of the ocean.</li> <li>EV: 2.6 Billion</li> <li>EV / EBITDA: 16.5x</li> </ul>
 <b>UNICAL</b> <small>AVIATION INC</small>	 <i>Platinum Equity</i>	<ul style="list-style-type: none"> <li>Unical Aviation Inc. is one of the largest suppliers of new and used serviceable material for the global aerospace industry..</li> </ul>	<ul style="list-style-type: none"> <li>Date Announced: 07/19/2021</li> <li>The buyer, Platinum Equity, is global investment firm with more than \$25 billion of assets under management with experience investing in the aerospace sector</li> <li>EV: Undisclosed</li> </ul>

Q3 Announced A&D Deal Count : 87



# Backlog and Current Build Rates for Major Boeing and Airbus Platforms

	KEY PLATFORMS	YTD SEPTEMBER 2021 DELIVERIES	BUILD RATE (DELIVERIES / MONTH) <sup>(1)</sup>	BACKLOG	ENGINE VARIANTS
Narrow Body	 B737	179	19 → 31 <sup>(2)</sup>	3,334	CFM56-7B, LEAP-1B
	 A320/21	341	45 → 70 <sup>(3)</sup>	2,534	PW1000G, V2500, CFM56-5B, LEAP-1A
	 A220	34	5 → 6	426	PW1000G
Wide Body	 B777	20	5 → 2	310	GE90, GE9x, Trent 800
	 B787	14	2 → 5	413	GE9x, Trent 7000, Trent 1000
	 A350	36	5 → 6	361	Trent XWB
Wide Body (Tails Up)	 B747	4	0.5	9	GE9x, PW4000
	 A380	2	0.5	3	Trent 900, GP7000

Sources: Boeing, Airbus, Aviation Week Network, and Defense & Security Monitor

(1) Represents Q3 2020 outlook vs Q3 2021 outlook

(2) Boeing announced that the 737 MAX production rate will gradually increase to 31 per month by early 2022, with further gradual increases as market demand allows

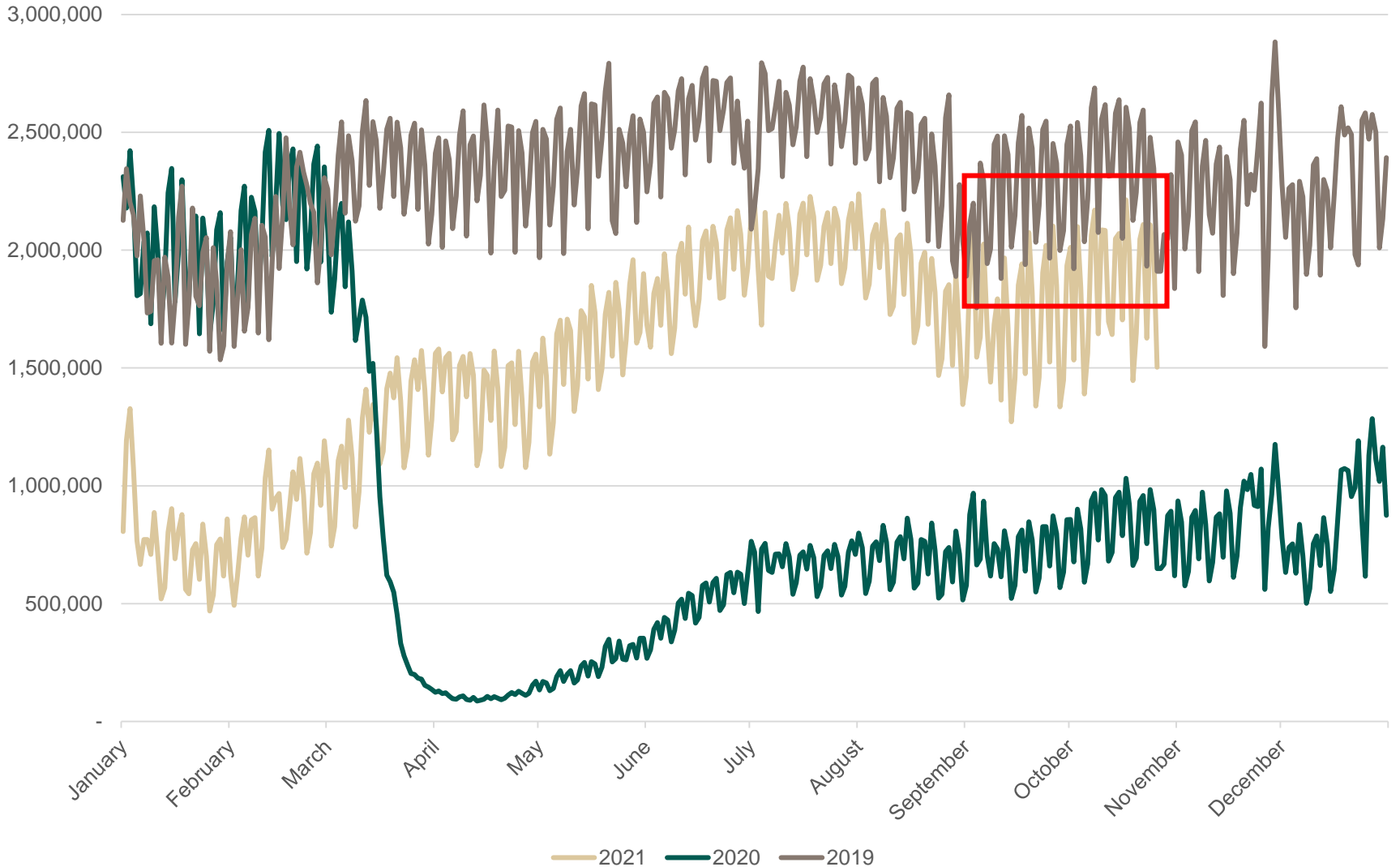
(3) A320 rates expected to increase to 70 aircrafts per month by the first quarter of 2024





# Daily U.S. Airline Passengers

A CLEAR TREND OF CONVERGENCE BODES WELL FOR A HEALTHY 2022





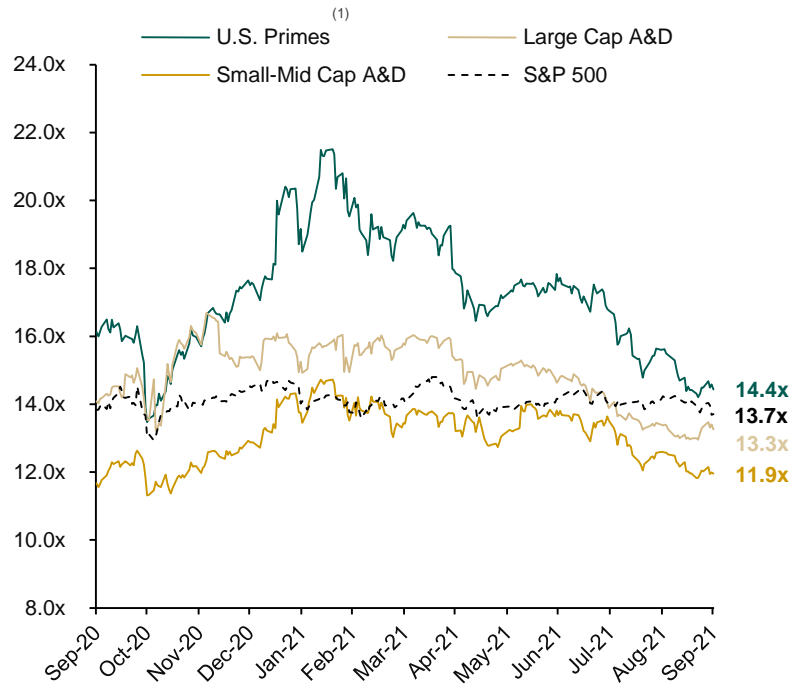
# Recent Updates | Q3 2021

## COMMENTARY

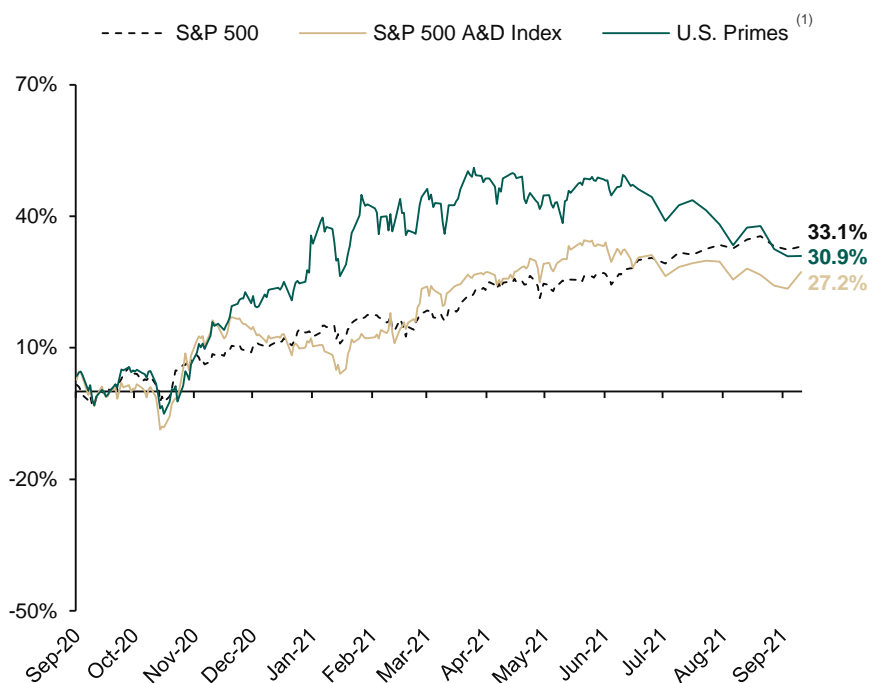
Major A&D equity indexes decreased in Q3 2021, while the S&P 500 rose, reaching new all-time highs: the overall S&P 500 index gained 5% while the S&P 500 A&D Index decreased 2.8% in 3 months. The U.S. Primes, defined as the sector's top 9 public companies, which increased by 48.5% earlier in the year, decreased by 16% during the past quarter

Current market conditions still show a closing gap between the valuations of U.S. Primes (14.4x forward EBITDA) and the Small-Mid Cap AD&S Index (11.9x forward EBITDA), this has been narrowing since end of April, when the difference was greater than 5.0x

## FORWARD EV / EBITDA MULTIPLES



## STOCK PRICE PERFORMANCE



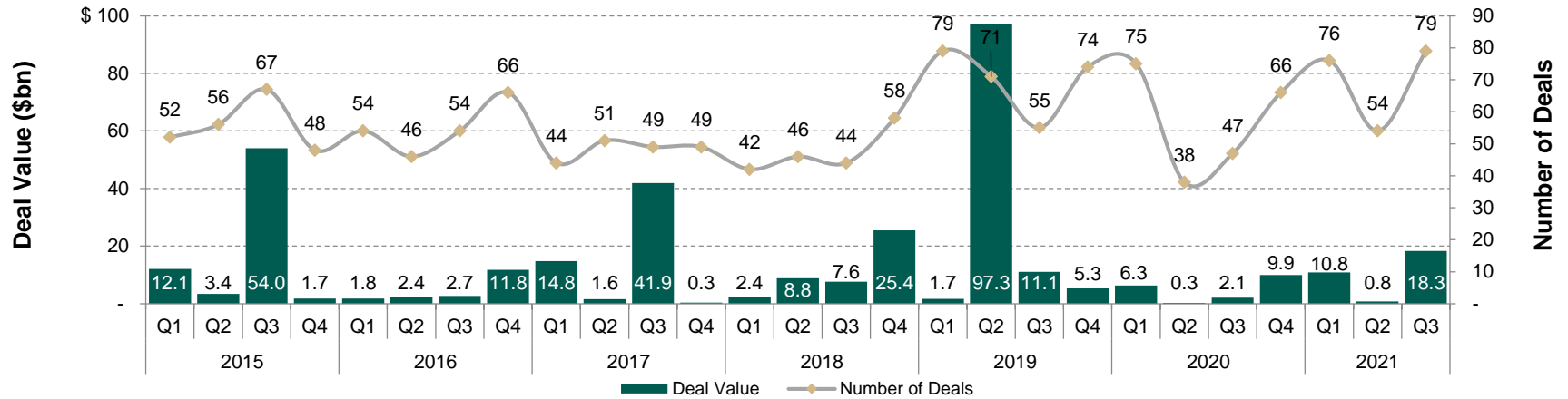
Source: Capital IQ as of 09/30/2021.  
(1) U.S. Primes: Boeing, Northrop Grumman, General Dynamics, Huntington Ingalls, Oshkosh Corporation, Aerojet Rocketdyne Holdings, Kratos Defense & Security Solutions, AeroVironment, and Maxar Technologies.



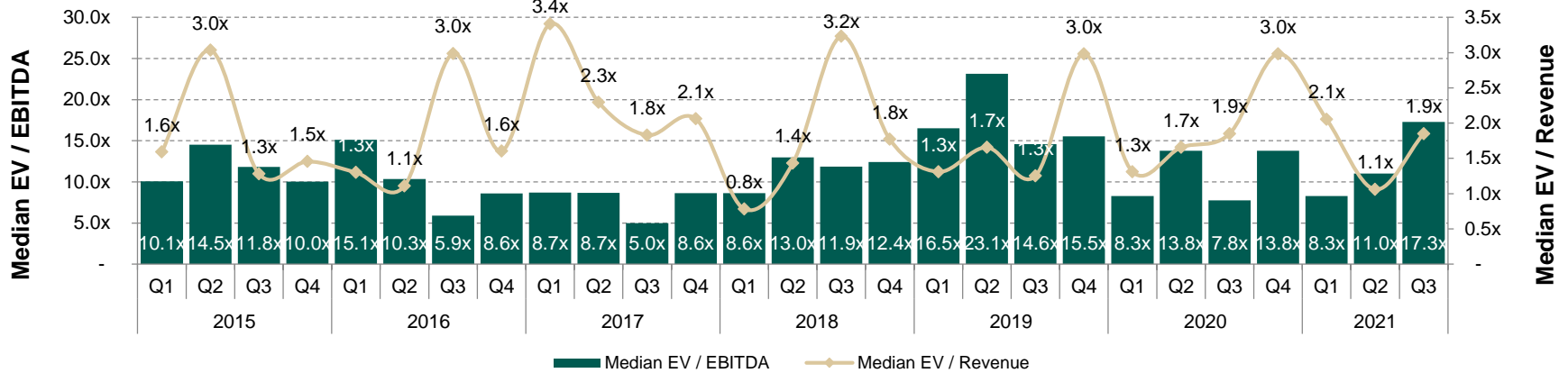


# AD&S M&A Activity

## TOTAL DISCLOSED SECTOR M&A ACTIVITY



## DISCLOSED SECTOR VALUATION TRENDS <sup>(1)</sup>



Source:

Capital IQ as of 09/30/2021.

(1)

No transaction multiples were disclosed for Q4 2017, Q1 2018, Q4 2019, Q2 2020 and Q4 2020; the ones shown for these quarters are the median multiples of their preceding 4 quarters.



# Public Trading Comparables – Large Cap AD&S

(\$mm, except per share data)

Company	Category	Share Price as of 9/30/21	As % of 52 Wk. High	Market Cap as of		Change in Market Cap	Enterprise Value (EV)	Enterprise Value /							
				9/30/21	9/29/20			Revenue		EBITDA		EBIT		P/E	
								2020	2021E	2020	2021E	2020	2021E	2020	2021E
<b>Large Cap Companies</b>															
Boeing	Aircraft	\$219.94	79%	\$128,918	\$92,344	36,574	\$171,332	2.9x	2.6x	NM	39.9x	NM	NM	NM	NM
Raytheon Technologies	Aerostructures	\$85.96	96%	128,870	86,882	41,988	155,500	2.7	2.4	21.8x	14.8x	62.6x	21.5x	NM	21.2x
Lockheed Martin	Defense	\$345.10	87%	95,564	108,669	(13,105)	104,998	1.6	1.6	10.1	10.2	11.6	11.5	14.1x	12.9
Airbus	Aircraft	EUR 115.10	95%	104,826	57,581	47,245	102,705	1.7	1.7	19.8	12.6	51.5	19.7	NM	29.7
Safran	Defense	EUR 109.66	86%	54,177	42,747	11,430	57,928	2.8	3.2	16.3	17.0	32.3	27.5	NM	NM
Northrop Grumman	Defense	\$360.15	95%	57,663	54,229	3,435	67,460	1.8	1.9	11.4	11.2	16.0	12.2	18.9	14.4
General Dynamics	Defense	\$196.03	95%	54,703	39,663	15,039	67,395	1.8	1.7	12.3	13.4	16.0	16.1	17.8	17.0
L3Harris	Defense	\$220.24	94%	44,256	37,996	6,259	50,087	2.8	2.8	13.3	13.3	19.6	14.9	NM	16.9
Parker-Hannifin	Components	\$279.62	86%	36,099	26,040	10,059	42,061	3.1	2.9	15.8	13.7	20.4	17.5	30.2	18.7
TransDigm	Components	\$624.57	91%	34,422	26,511	7,910	50,315	9.9	10.4	23.4	23.3	27.3	30.3	NM	NM
BAE	Defense	GBP 5.65	96%	24,414	20,172	4,242	29,867	1.1	1.0	9.0	8.0	11.8	9.9	13.8	12.0
CGI	Government Services	CAD 107.59	92%	20,771	17,283	3,488	23,097	2.5	2.4	13.6	11.9	16.4	15.1	27.0	20.0
Thales	Electronics	EUR 84.16	91%	20,772	15,785	4,987	23,917	1.2	1.2	9.1	8.1	19.7	11.9	35.1	14.0
HEICO	Components	\$131.87	89%	16,762	12,822	3,940	17,137	9.6	9.2	35.2	35.1	45.4	43.5	NM	NM
Leidos Holdings	Government Services	\$96.13	85%	13,609	12,878	730	19,118	1.6	1.4	11.9	12.8	18.2	16.2	22.0	14.8
MTU Aero Engines	Components / MRO	EUR 195.40	87%	12,075	8,839	3,236	12,956	2.7	2.6	18.9	16.0	28.9	24.4	NM	32.9
Rolls-Royce	Components	GBP 1.40	56%	15,766	3,464	12,303	22,740	1.4	1.4	NM	12.7	NM	27.5	NM	NM
Booz Allen Hamilton	Government Services	\$79.35	79%	10,727	11,608	(882)	13,303	1.8	1.7	15.9	15.9	20.0	17.7	23.3	20.8
Textron	Aircraft	\$69.81	93%	15,647	8,385	7,262	17,874	1.5	1.4	16.5	12.6	28.4	17.7	NM	21.2
Dassault	Aircraft	EUR 97.40	92%	9,390	7,004	2,385	5,496	0.8	0.7	7.9	7.5	10.9	10.5	25.4	14.0
Singapore Technologies	MRO	SGD 3.81	93%	8,750	7,829	921	10,013	1.8	1.8	13.4	13.4	20.8	21.5	22.3	21.0
Woodward	Components	\$113.20	87%	7,137	4,900	2,236	7,602	3.0	3.3	16.4	18.2	23.4	26.5	30.3	34.3
Huntington Ingalls	Ships	\$193.06	86%	7,750	5,718	2,032	9,261	1.0	0.9	7.5	11.1	10.5	16.5	11.3	14.7
CACI International	Government Services	\$262.10	97%	6,183	5,391	792	8,280	1.4	1.4	12.4	12.4	18.1	15.3	20.8	14.2
Oshkosh	Vehicles	\$102.37	74%	7,026	4,957	2,069	6,679	1.0	0.9	9.6	10.3	13.7	12.1	21.7	15.8
Meggitt	Components	GBP 7.38	87%	7,764	2,574	5,190	8,874	3.9	4.0	22.7	20.9	51.7	38.4	NM	NM
Curtiss-Wright	Components	\$126.18	95%	5,159	3,913	1,246	6,146	2.6	2.5	11.4	11.5	16.0	14.9	26.3	17.2
Spirit AeroSystems	Aerostructures	\$44.19	82%	4,659	2,007	2,652	7,077	2.1	1.8	NM	NM	NM	NM	NM	NM
Hexcel	Components	\$59.39	91%	4,980	2,797	2,182	5,773	3.8	4.3	25.4	28.8	NM	NM	NM	NM
<b>Mean</b>			<b>88%</b>	<b>\$ 33,063</b>	<b>\$ 25,207</b>		<b>\$ 38,793</b>	<b>2.6x</b>	<b>2.6x</b>	<b>15.4x</b>	<b>15.6x</b>	<b>24.5x</b>	<b>19.6x</b>	<b>22.5x</b>	<b>18.9x</b>
<b>Median</b>			<b>91%</b>	<b>15,766</b>	<b>12,822</b>		<b>19,118</b>	<b>1.8</b>	<b>1.8</b>	<b>13.5</b>	<b>13.0</b>	<b>19.7</b>	<b>17.0</b>	<b>22.2</b>	<b>17.0</b>





# Public Trading Comparables – Small-Mid Cap AD&S

(\$mm, except per share data)


Company	Category	Share Price as of 9/30/21	As % of 52 Wk. High	Market Cap as of		Change in Market Cap	Enterprise Value (EV)	Enterprise Value /							
				9/30/21	9/29/20			Revenue		EBITDA		EBIT		P/E	
								2020	2021E	2020	2021E	2020	2021E	2020	2021E
<b>Small-Mid Cap Companies</b>															
Iridium Communications	Satellite	\$39.85	73%	\$5,258	\$3,415	1,842	\$6,673	11.4x	10.9x	19.4x	17.8x	NM	NM	NM	NM
Rheinmetall AG	Defense	EUR 84.34	90%	4,245	3,871	\$373	4,675	0.6	0.7	5.7	4.9	9.5x	7.2x	NM	10.4x
Aerjet Rocketdyne	Defense	\$43.55	81%	3,445	3,127	317	3,387	1.6	1.6	11.5	11.2	16.0	13.5	26.2x	22.8
Saab AB (publ)	Defense	SEK 248.80	90%	3,742	3,919	(177)	3,482	0.8	0.8	13.8	6.3	36.1	10.3	29.2	16.1
ManTech International	Government Services	\$75.92	75%	3,089	2,803	286	3,156	1.3	1.2	11.7	12.6	19.9	18.0	25.6	21.1
Kratos Defense & Security	Government Services	\$22.31	65%	2,765	2,388	377	2,795	3.7	3.4	41.1	33.4	NM	NM	32.8	NM
Eutelsat Communications	Satellite	EUR 11.91	97%	3,176	2,232	944	6,383	4.4	4.4	5.8	5.8	12.5	13.3	9.6	10.1
Moog Inc.	Components	\$76.23	83%	2,451	2,076	376	3,369	1.2	1.2	10.1	10.0	15.3	13.7	NM	15.5
QinetiQ Group plc	Government Services	GBP 3.24	89%	2,511	1,951	561	2,291	1.7	1.3	10.4	8.5	14.7	11.3	18.9	14.6
Maxar Technologies	Prime	\$28.32	48%	2,055	1,581	474	4,421	2.6	2.5	9.9	10.5	NM	30.3	NM	NM
Viasat, Inc.	Satellite	\$55.07	90%	4,038	2,311	1,727	6,308	2.7	2.8	15.5	12.0	NM	49.7	NM	NM
AeroVironment	Aircraft	\$86.32	60%	2,126	1,480	646	2,239	6.1	5.5	39.6	34.7	54.9	59.6	NM	NM
EchoStar Corporation	Satellite	\$25.51	90%	2,268	2,473	(205)	2,415	1.3	1.2	6.1	3.5	22.6	11.2	NM	14.2
Ultra Electronics Holdings plc	Electronics	GBP 32.36	95%	3,113	1,894	1,219	3,200	2.7	2.7	16.7	15.2	21.5	18.3	27.2	23.9
Serco Group plc	Government Services	GBP 1.34	90%	2,163	1,969	195	3,035	0.6	0.5	8.0	6.9	13.9	11.7	12.4	12.9
Kaman Corporation	Aerostructures	\$35.67	60%	993	1,081	(88)	1,095	1.4	1.5	8.9	11.3	15.1	18.5	NM	19.1
ICF International	Government Services	\$89.29	87%	1,684	1,172	512	2,145	1.4	1.4	12.1	14.0	20.7	18.0	31.1	19.4
AAR	MRO	\$32.43	71%	1,138	667	471	1,275	0.6	0.8	10.1	10.3	24.5	15.9	NM	24.2
Embraer S.A.	Aircraft	BRL 23.13	94%	3,134	794	2,340	5,043	1.3	1.1	NM	12.1	NM	26.8	NM	NM
Chemring Group	Defense	GBP 3.19	92%	1,217	846	371	1,269	2.4	2.3	13.0	11.9	20.4	16.0	27.7	19.2
OHB	Satellite	EUR 38.25	77%	772	798	(26)	983	0.9	0.8	13.8	12.0	22.0	18.0	30.2	23.8
Triumph	Aerostructures	\$18.63	82%	1,204	345	858	2,577	0.9	1.4	7.5	21.5	10.5	22.7	NM	NM
Ducommun	Components	\$50.35	77%	600	381	219	909	1.4	1.4	11.2	9.8	19.0	17.3	20.6	18.0
Comtech Telecommunications	Satellite	\$25.61	84%	668	351	316	894	1.4	1.5	10.4	12.0	24.9	NM	NM	21.9
VSE	Government Services	\$48.17	90%	612	344	268	913	1.4	1.2	10.9	11.6	16.7	26.8	NM	17.3
Héroux-Devtek	Components	CAD 17.69	90%	506	258	248	621	1.4	1.4	9.5	9.0	16.8	18.2	NM	23.8
Magellan	Components	CAD 10.17	87%	464	304	160	489	0.8	0.9	8.5	8.1	25.6	28.2	NM	NM
Gilat Satellite Networks	Satellite	\$8.99	40%	508	314	194	452	2.7	2.0	NM	53.5	NM	NM	14.3	NM
Cohort plc	Government Services	GBP 5.56	82%	307	325	(19)	321	1.9	1.7	11.9	10.7	22.1	15.2	25.6	16.2
KVH Industries	Satellite	\$9.63	63%	181	172	10	159	1.0	0.9	58.0	38.6	NM	NM	NM	NM
<b>Mean</b>			<b>80%</b>	<b>\$ 2,014</b>	<b>\$ 1,521</b>		<b>\$ 2,566</b>	<b>2.1x</b>	<b>2.0x</b>	<b>14.7x</b>	<b>14.7x</b>	<b>20.7x</b>	<b>20.4x</b>	<b>23.7x</b>	<b>18.2x</b>
<b>Median</b>			<b>84%</b>	<b>2,090</b>	<b>1,326</b>		<b>2,353</b>	<b>1.4</b>	<b>1.4</b>	<b>11.1</b>	<b>11.4</b>	<b>19.9</b>	<b>18.0</b>	<b>25.9</b>	<b>18.5</b>



# Public Trading Comparables – U.S. Primes

(\$mm, except per share data)

Company	Category	Share Price as of 9/30/21	As % of 52 Wk. High	Market Cap as of		Change in Market Cap	Enterprise Value (EV)	Enterprise Value /							
				9/30/21	9/29/20			Revenue		EBITDA		EBIT		P/E	
								2020	2021E	2020	2021E	2020	2021E	2020	2021E
<b>U.S. Primes</b>															
The Boeing Company	Aircraft	\$219.94	79%	\$128,918	\$92,344	36,574	\$171,332	2.9x	2.6x	NM	39.9x	NM	NM	NM	NM
Raytheon Technologies	Aerostructures	\$85.96	96%	128,870	86,882	41,988	155,500	2.7	2.4	21.8x	14.8x	62.6x	21.5x	NM	21.2x
Lockheed Martin	Defense	\$345.10	87%	95,564	108,669	(13,105)	104,998	1.6	1.6	10.1	10.2	11.6	11.5	14.1x	12.9
Northrop Grumman	Defense	\$360.15	95%	57,663	54,229	3,435	67,460	1.8	1.9	11.4	11.2	16.0	12.2	18.9	14.4
General Dynamics	Defense	\$196.03	95%	54,703	39,663	15,039	67,395	1.8	1.7	12.3	13.4	16.0	16.1	17.8	17.0
Huntington Ingalls	Ships	\$193.06	86%	7,750	5,718	2,032	9,261	1.0	0.9	7.5	11.1	10.5	16.5	11.3	14.7
Oshkosh Corporation	Vehicles	\$102.37	74%	7,026	4,957	2,069	6,679	1.0	0.9	9.6	10.3	13.7	12.1	21.7	15.8
<b>Mean</b>			<b>87%</b>	<b>\$ 68,642</b>	<b>\$ 56,066</b>		<b>\$ 83,232</b>	<b>1.8x</b>	<b>1.7x</b>	<b>12.1x</b>	<b>15.8x</b>	<b>21.7x</b>	<b>15.0x</b>	<b>16.8x</b>	<b>16.0x</b>
<b>Median</b>			<b>87%</b>	<b>57,663</b>	<b>54,229</b>		<b>67,460</b>	<b>1.8</b>	<b>1.7</b>	<b>10.7</b>	<b>11.2</b>	<b>14.8</b>	<b>14.1</b>	<b>17.8</b>	<b>15.2</b>



SECTION I I

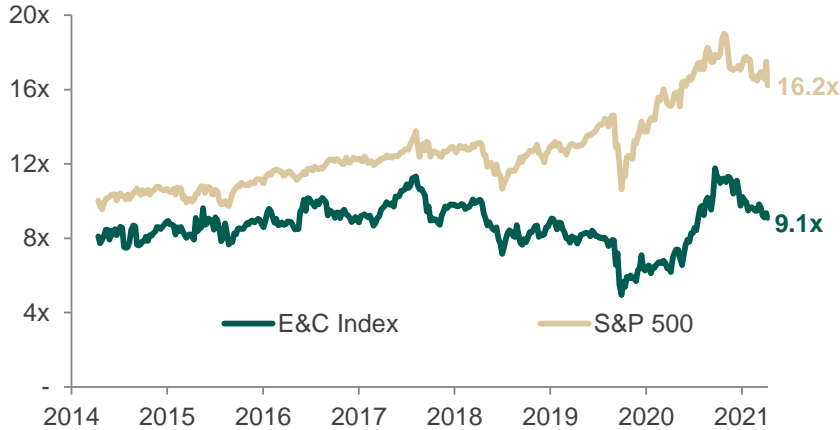


# Engineering and Construction Sector

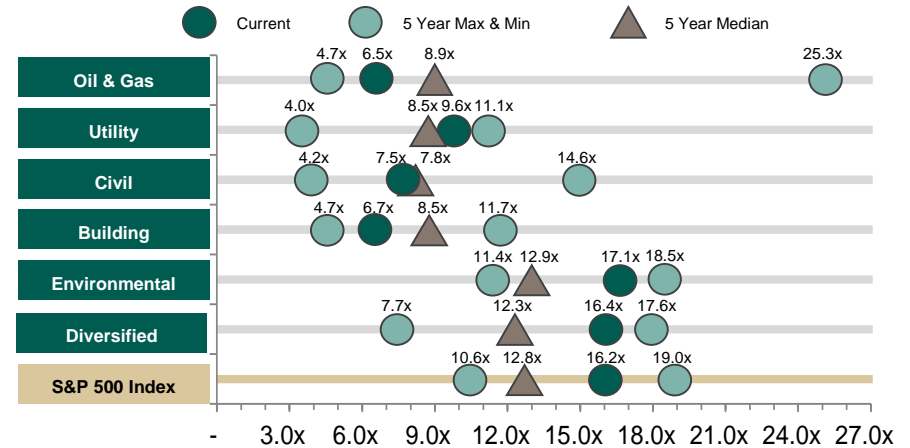


# Engineering and Construction Market Overview

## EV / LTM EBITDA MULTIPLES OVER TIME

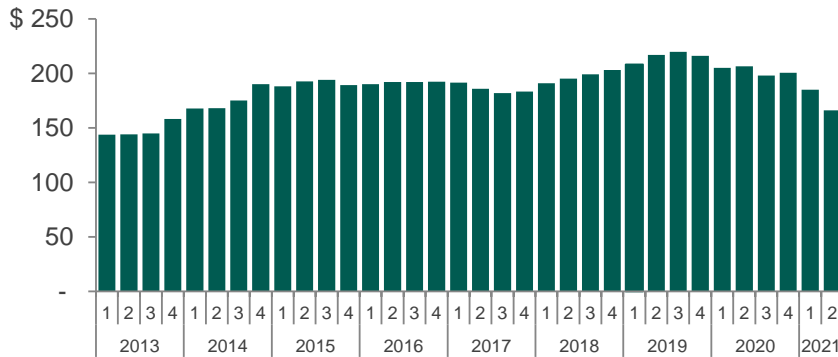


## TRADING STATISTICS (EV / LTM EBITDA)



## E & C BACKLOG

(\$ in billions)



## ANALYST RATINGS

(1=Strong Sell; 3=Hold; 5=Strong Buy)

End Market	Avg. at	
	9/29/20	9/30/21
Building	2.7	2.9
Civil	3.4	3.3
Diversified	3.7	3.7
Environmental	3.1	3.1
Oil & Gas	3.5	3.5
Utility	3.7	3.6
<b>E&amp;C Average</b>	<b>3.3</b>	<b>3.3</b>

Sources: Capital IQ as of 9/30/2021, D.A. Davidson Equity Research, and public filings.

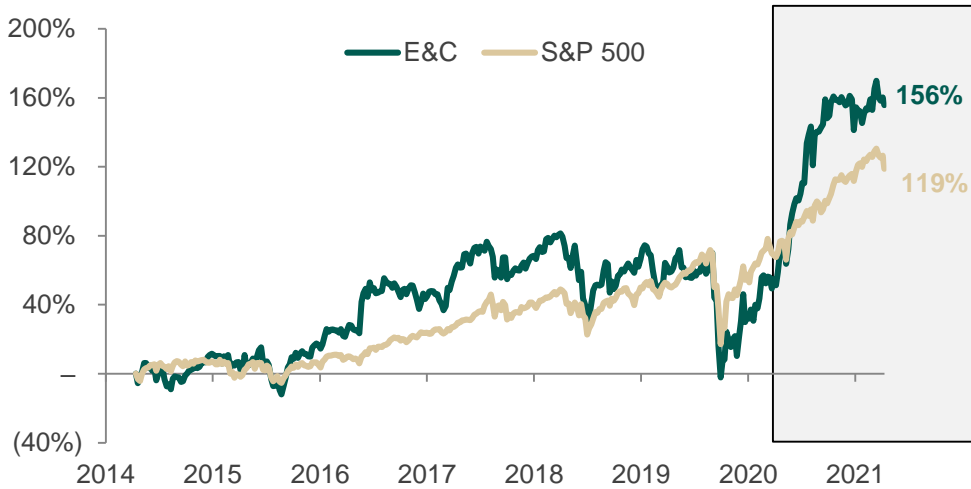
Note: E&C Backlog includes AECOM, Argan, Comfort Systems, Dycom, Construction Partners, EMCOR, Fluor, Granite Construction, Great Lakes Dredge & Dock, Infrastructure and Energy Alternatives, Jacobs, KBR, Limbach, MasTec, Matrix Service Company, MYR Group, NV5, Orion, Primoris, Quanta, Sterling Construction, Stantec, Tetra Tech, and Tutor Perini. Building includes Comfort Systems, Limbach, EMCOR, and Tutor Perini. Civil includes Great Lakes Dredge & Dock, Granite Construction, Construction Partners, Matrix Service Company, Orion, Tutor Perini, Primoris, and Sterling Construction. Diversified includes Fluor, Jacobs, NV5, and KBR. Environmental includes AECOM, Tetra Tech, and Stantec. Oil & Gas includes Argan, Fluor, and KBR. Utility includes Dycom, MasTec, Matrix Service Company, MYR Group, Primoris, Quanta, and Infrastructure Energy Alternatives.



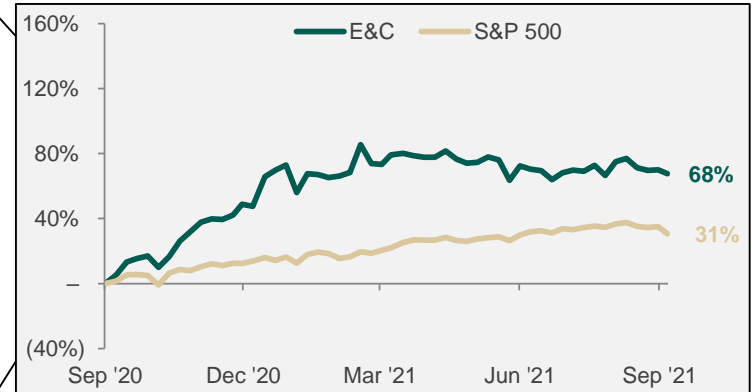


# Engineering & Construction Share Price Performance

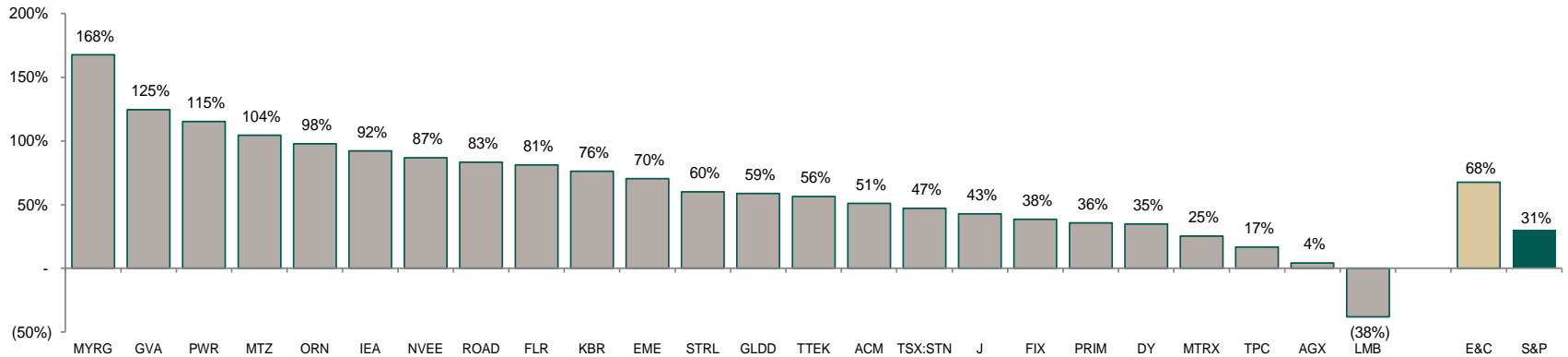
ENGINEERING & CONSTRUCTION VS. S&P 500



COMPARISON SINCE SEPTEMBER 2020



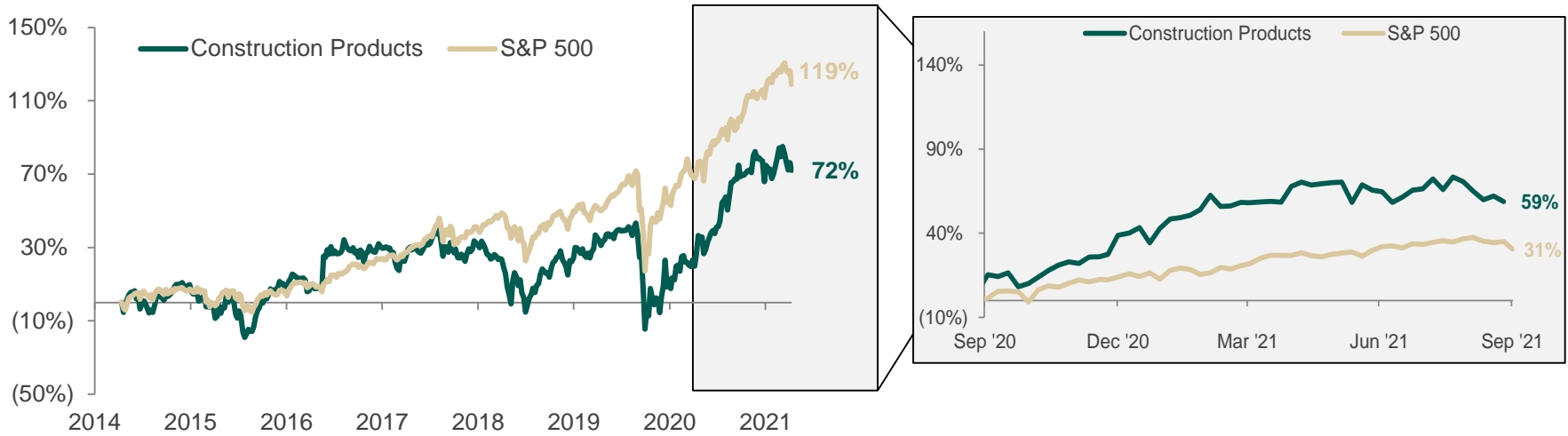
LTM ENGINEERING & CONSTRUCTION SHARE PRICE PERFORMANCE





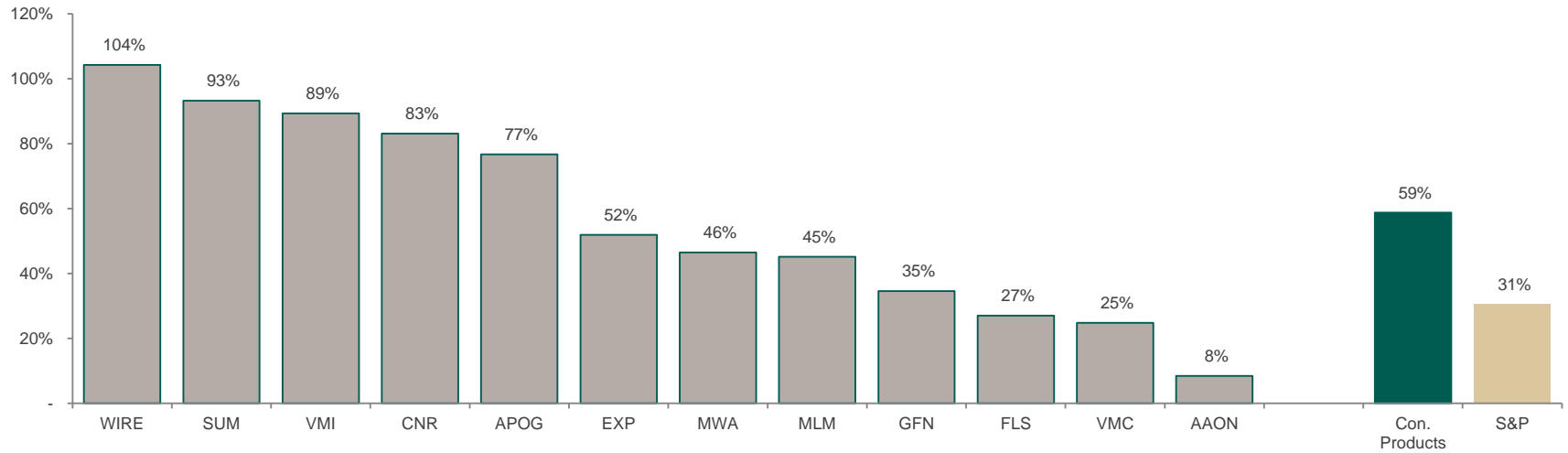
# Construction Products Share Price Performance

CONSTRUCTION PRODUCTS VS. S&P 500



COMPARISON SINCE SEPTEMBER 2020

LTM CONSTRUCTION PRODUCTS SHARE PRICE PERFORMANCE

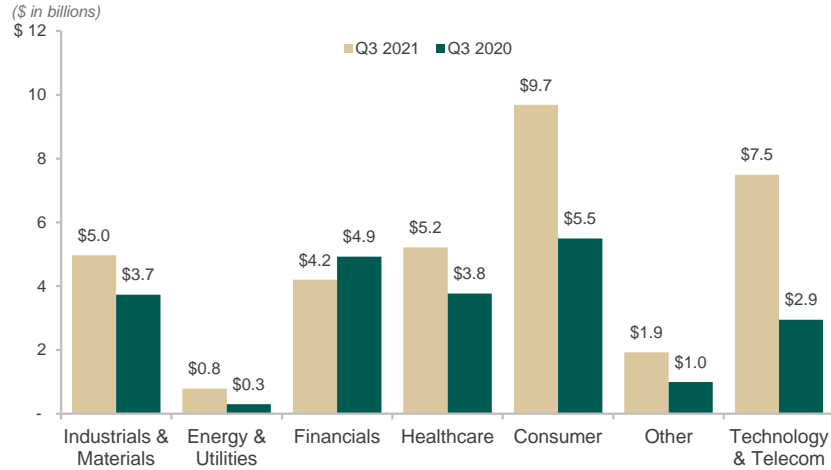


Sources: Pitchbook and Capital IQ as of 9/30/2021.

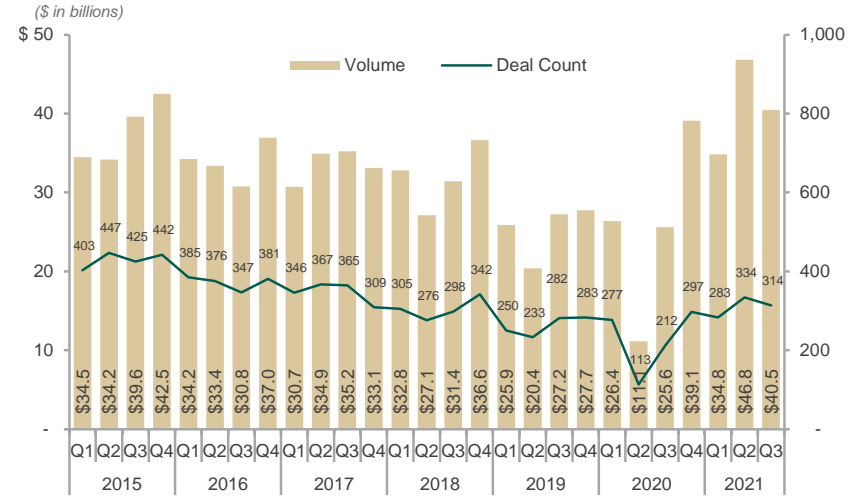


# Middle Market Merger & Acquisition Trends

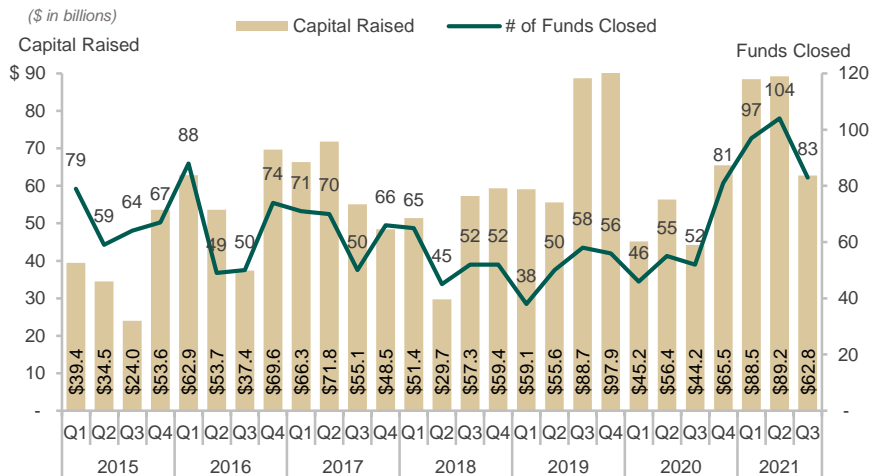
## MIDDLE MARKET M&A BY INDUSTRY



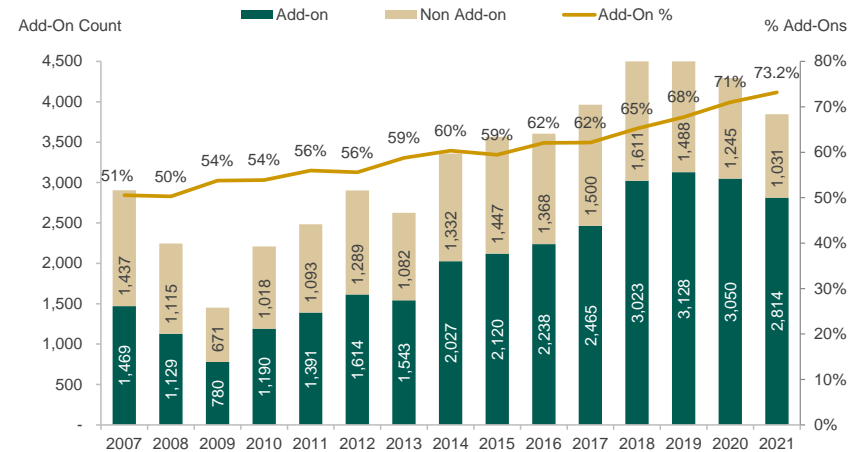
## MIDDLE MARKET M&A TRANSACTIONS



## MIDDLE MARKET PRIVATE EQUITY FUNDRAISING



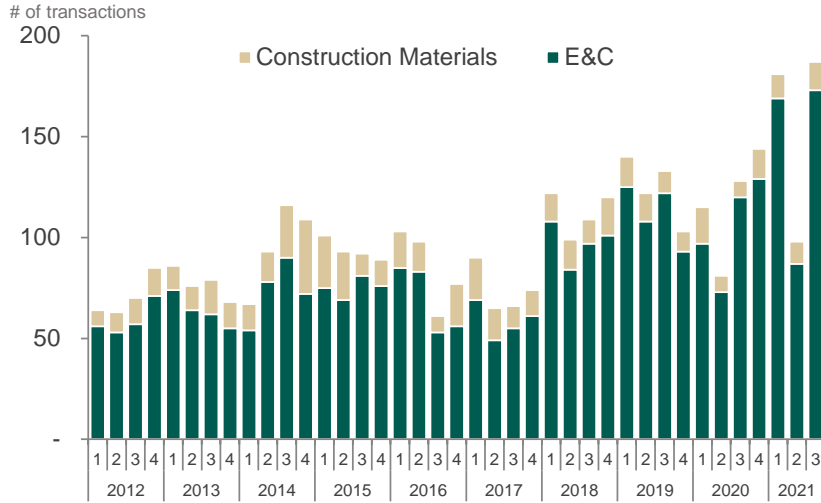
## ADD-ONS AS A % OF BUYOUTS



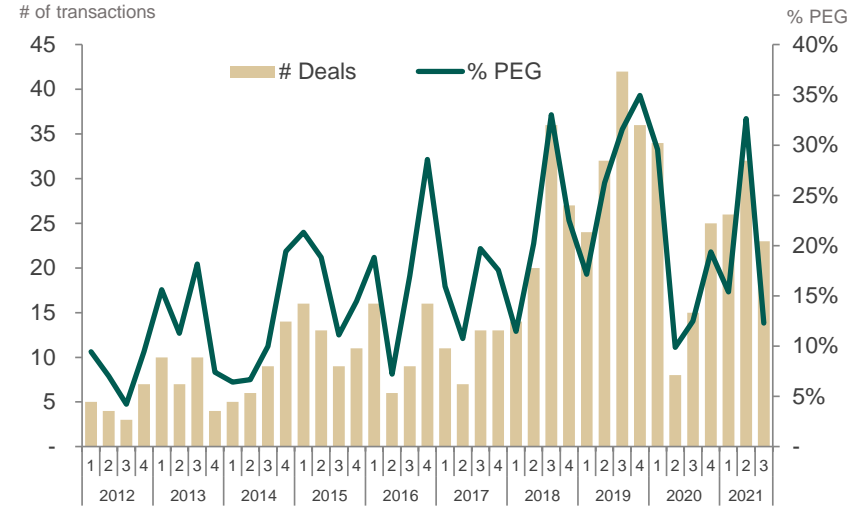


# Middle Market Merger & Acquisition Trends (Cont'd)

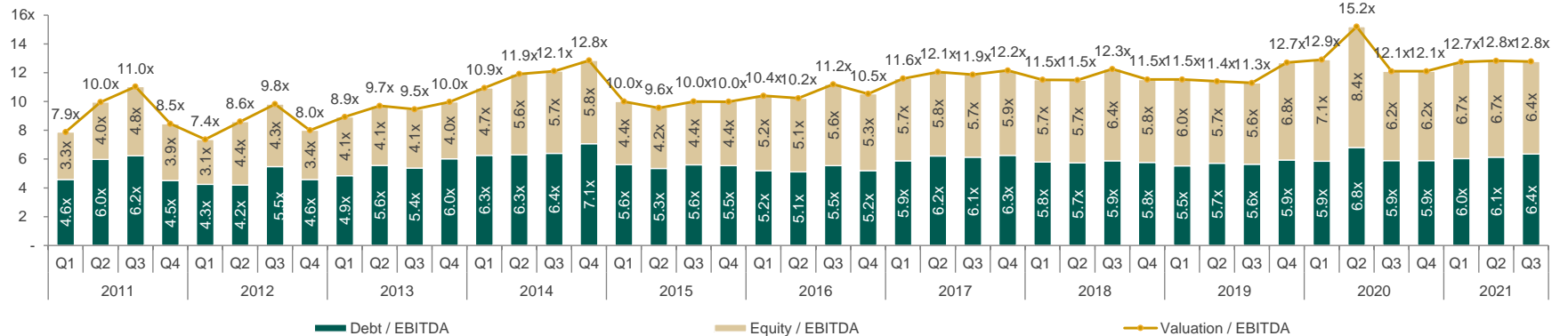
## E & C DEAL ACTIVITY



## E & C PRIVATE EQUITY ACTIVITY



## U.S. MIDDLE MARKET PRIVATE EQUITY ACTIVITY







## Selected Transactions

Target	Acquirer	Target Description	Deal Notes
		<ul style="list-style-type: none"> <li>Blattner Holding Company is a leading utility-scale renewable energy infrastructure solutions provider in North America.</li> <li>The company is headquartered in Avon, Minnesota.</li> </ul>	<ul style="list-style-type: none"> <li>Announced Date: 9/2/2021</li> <li>Implied Enterprise Value: \$2.7 Billion</li> <li>EV / EBITDA: 9.0x</li> <li>Acquisition of Blattner is consistent with Quanta's key strategies for sustainable success, compelling financial contributions, and strong cultural fit.</li> </ul>
		<ul style="list-style-type: none"> <li>CTF is a leading designer and manufacturer of prefabricated structural building components, including roof trusses and wall panels, supplying home builders, framers, and general contractors across single-family and multi-family end markets throughout California.</li> <li>The Company is headquartered in Perris, California.</li> </ul>	<ul style="list-style-type: none"> <li>Announced Date: 9/2/2021</li> <li>Implied Enterprise Value: \$180 Million</li> <li>EV / EBITDA: N/A</li> <li>CTF's uniquely positioned operations will allow Builders FirstSource to expand its offerings and production capacity in the largest housing market in the country.</li> </ul>
		<ul style="list-style-type: none"> <li>SCC manufactures recycled concrete and asphalt for construction projects in the Houston area.</li> <li>The Company is headquartered in Woodlands, Texas.</li> </ul>	<ul style="list-style-type: none"> <li>Closed Date: 7/30/2021</li> <li>Implied Enterprise Value: \$140 Million</li> <li>EV / EBITDA: N/A</li> <li>The acquisition of SCC expands Martin Marietta's network of reach, allowing the Company to supply more of the sustainable resources necessary for building solid foundations for communities.</li> </ul>
 		<ul style="list-style-type: none"> <li>RailWorks Corporation provides track construction, electrical systems construction, and maintenance services and products throughout the United States and Canada.</li> <li>The Company is headquartered in New York, New York.</li> </ul>	<ul style="list-style-type: none"> <li>Closed Date: Q4 2021</li> <li>Announced Date: 9/30/2021</li> <li>Implied Enterprise Value: N/A</li> <li>EV / EBITDA: N/A</li> <li>Bernhard Capital's acquisition of RailWorks enhances their infrastructure services-focused investment-strategy.</li> </ul>



# Public Companies: Valuation Details

(\$ in millions, except per share values)

Comparable Companies	Share Price	As % of		Equity Value	Enterprise Value (EV)	P/E			Long Term Growth	EV / EBITDA			EV / EBIT			EV / Revenue	Market Value	
		LTM High				LTM	2021E	2022E		LTM	2021E	2022E	LTM	2021E	2022E		Book	T. Book
<b>Environmental</b>																		
AECOM	\$ 63.15	90%	\$ 9,098	\$ 10,366	48.0x	22.0x	18.4x	20%	12.4x	12.4x	11.5x	15.8x	14.6x	13.2x	0.8x	3.4x	NM	
Stantec	47.06	90%	5,225	6,113	27.7	19.9	17.6	NA	17.1	13.3	11.0	NM	NM	17.2	2.1	3.4	NM	
Tetra Tech	149.34	97%	8,075	8,102	41.9	41.1	35.7	16%	27.8	26.7	23.8	NM	NM	NM	3.3	NM	NM	
<b>Mean</b>		<b>92%</b>	<b>\$ 7,466</b>	<b>\$ 8,194</b>	<b>39.2x</b>	<b>27.7x</b>	<b>23.9x</b>	<b>18%</b>	<b>19.1x</b>	<b>17.4x</b>	<b>15.4x</b>	<b>15.8x</b>	<b>14.6x</b>	<b>15.2x</b>	<b>2.1x</b>	<b>3.4x</b>	<b>NM</b>	
<b>Median</b>		<b>90%</b>	<b>8,075</b>	<b>8,102</b>	<b>41.9</b>	<b>22.0</b>	<b>18.4</b>	<b>18%</b>	<b>17.1</b>	<b>13.3</b>	<b>11.5</b>	<b>15.8</b>	<b>14.6</b>	<b>15.2</b>	<b>2.1</b>	<b>3.4</b>	<b>NM</b>	
<b>Civil</b>																		
Construction Partners	33.37	91%	1,745	1,810	57.7	33.0	32.1	13%	19.4	16.8	13.2	NM	NM	NM	2.1	4.4	NM	
Granite	39.55	89%	1,812	1,535	59.2	21.1	21.6	NA	7.3	6.7	5.9	15.2	18.2	11.8	0.4	1.8	2.1	
Great Lakes Dredge & Dock	15.09	93%	991	1,131	29.6	20.5	13.4	8%	10.3	8.8	7.1	16.1	13.5	9.6	1.6	2.8	3.5	
Infrastructure and Energy Alternatives	11.43	47%	507	807	NM	20.1	9.4	NA	7.6	5.8	4.9	13.4	11.0	7.3	0.5	(2.6)	NM	
Matrix	10.46	64%	279	195	NM	NM	NM	NA	NM	NM	8.5	NM	NM	NM	0.3	1.0	1.3	
Orion	5.44	82%	168	215	NM	NM	16.0	25%	11.4	10.2	5.4	NM	NM	17.5	0.4	1.1	1.1	
Primoris	24.49	59%	1,316	1,800	10.4	10.4	9.2	13%	6.2	6.0	5.5	9.2	9.2	7.9	0.5	1.4	NM	
Sterling	22.67	88%	652	857	11.4	11.3	10.4	NA	6.0	6.2	5.9	7.8	8.1	7.5	0.6	2.0	NM	
Tutor Perini	12.98	64%	663	1,408	5.6	6.3	5.8	NA	3.5	4.0	3.9	5.1	5.5	5.1	0.3	0.4	0.5	
<b>Mean</b>		<b>75%</b>	<b>\$ 904</b>	<b>\$ 1,084</b>	<b>29.0x</b>	<b>17.5x</b>	<b>14.7x</b>	<b>15%</b>	<b>9.0x</b>	<b>8.1x</b>	<b>6.7x</b>	<b>11.1x</b>	<b>10.9x</b>	<b>9.5x</b>	<b>0.7x</b>	<b>1.4x</b>	<b>1.7x</b>	
<b>Median</b>		<b>82%</b>	<b>663</b>	<b>1,131</b>	<b>20.5</b>	<b>20.1</b>	<b>11.9</b>	<b>13%</b>	<b>7.5</b>	<b>6.4</b>	<b>5.9</b>	<b>11.3</b>	<b>10.1</b>	<b>7.9</b>	<b>0.5</b>	<b>1.4</b>	<b>1.3</b>	
<b>Utility</b>																		
Dycom	\$ 71.24	70%	\$ 2,149	\$ 2,770	46.2x	57.9x	21.2x	13%	11.4x	11.1x	8.1x	NM	NM	16.6x	0.9x	2.8x	NM	
Infrastructure and Energy Alternatives	11.43	47%	507	807	NM	20.1	9.4	NA	7.6	5.8	4.9	13.4	11.0	7.3	0.5	(2.6)	NM	
MasTec	86.28	71%	6,251	7,600	17.1	15.8	14.4	20%	8.4	8.2	7.9	14.2	15.4	13.7	1.1	2.9	NM	
Matrix	10.46	64%	279	195	NM	NM	NM	NA	NM	NM	8.5	NM	NM	NM	0.3	1.0	1.3	
MYR	99.50	90%	1,678	1,610	20.7	21.2	20.3	15%	10.3	9.9	9.3	14.6	13.9	13.2	0.7	3.4	4.4	
Primoris	24.49	59%	1,316	1,800	10.4	10.4	9.2	13%	6.2	6.0	5.5	9.2	9.2	7.9	0.5	1.4	NM	
Quanta	113.82	95%	15,838	16,994	30.6	24.9	22.1	8%	16.5	14.3	10.7	NM	NM	15.2	1.5	3.5	NM	
<b>Mean</b>		<b>71%</b>	<b>\$ 4,003</b>	<b>\$ 4,539</b>	<b>25.0x</b>	<b>25.0x</b>	<b>16.1x</b>	<b>14%</b>	<b>10.1x</b>	<b>9.2x</b>	<b>7.8x</b>	<b>12.8x</b>	<b>12.4x</b>	<b>12.3x</b>	<b>0.8x</b>	<b>1.8x</b>	<b>2.8x</b>	
<b>Median</b>		<b>70%</b>	<b>1,678</b>	<b>1,800</b>	<b>20.7</b>	<b>20.6</b>	<b>17.4</b>	<b>13%</b>	<b>9.3</b>	<b>9.0</b>	<b>8.1</b>	<b>13.8</b>	<b>12.5</b>	<b>13.5</b>	<b>0.7</b>	<b>2.8</b>	<b>2.8</b>	



# Public Companies: Valuation Details (Cont'd)

(\$ in millions, except per share values)

Comparable Companies	Share Price	As % of		Equity Value	Enterprise Value (EV)	P/E			Long Term Growth	EV / EBITDA			EV / EBIT			EV / Revenue	Market Value	
		LTM	High			LTM	2021E	2022E		LTM	2021E	2022E	LTM	2021E	2022E		Book	T. Book
<b>Building</b>																		
Comfort Systems	\$ 71.32	81%	\$ 2,581	\$ 2,786	17.5x	19.6x	17.6x	15%	11.1x	10.5x	9.0x	15.0x	14.3x	11.9x	1.0x	3.3x	NM	
EMCOR	115.38	89%	6,202	5,815	17.4	16.6	15.8	10%	9.1	9.0	8.5	11.0	11.0	10.1	0.6	2.9	NM	
Limbach	6.62	41%	68	73	44.6	9.7	6.0	12%	4.3	3.4	3.0	6.7	5.2	4.1	0.1	0.9	1.1	
Tutor Perini	12.98	64%	663	1,408	5.6	6.3	5.8	NA	3.5	4.0	3.9	5.1	5.5	5.1	0.3	0.4	0.5	
<b>Mean</b>		<b>69%</b>	<b>\$ 2,378</b>	<b>\$ 2,520</b>	<b>21.3x</b>	<b>13.1x</b>	<b>11.3x</b>	<b>12%</b>	<b>7.0x</b>	<b>6.7x</b>	<b>6.1x</b>	<b>9.4x</b>	<b>9.0x</b>	<b>7.8x</b>	<b>0.5x</b>	<b>1.9x</b>	<b>0.8x</b>	
<b>Median</b>		<b>72%</b>	<b>1,622</b>	<b>2,097</b>	<b>17.5</b>	<b>13.2</b>	<b>10.9</b>	<b>12%</b>	<b>6.7</b>	<b>6.5</b>	<b>6.2</b>	<b>8.8</b>	<b>8.2</b>	<b>7.6</b>	<b>0.4</b>	<b>1.9</b>	<b>0.8</b>	
<b>Diversified</b>																		
Fluor	\$ 15.97	64%	\$ 2,258	\$ 1,455	NM	23.7x	16.8x	NA	6.5x	4.7x	3.4x	10.9x	7.3x	4.7x	0.1x	1.5x	1.7x	
Jacobs	132.53	91%	17,271	19,625	52.1	21.8	17.8	15%	16.6	14.9	12.9	NM	16.0	13.6	1.4	2.8	NM	
KBR	39.40	92%	5,547	6,626	NM	17.9	16.1	27%	20.8	10.7	10.2	NM	NM	13.8	1.1	3.7	NM	
NV5	98.57	90%	1,516	1,570	42.3	22.4	21.0	16%	16.2	13.0	11.9	NM	NM	NM	2.4	2.6	NM	
<b>Mean</b>		<b>84%</b>	<b>\$ 6,648</b>	<b>\$ 7,319</b>	<b>47.2x</b>	<b>21.4x</b>	<b>17.9x</b>	<b>19%</b>	<b>15.0x</b>	<b>10.8x</b>	<b>9.6x</b>	<b>10.9x</b>	<b>11.6x</b>	<b>10.7x</b>	<b>1.2x</b>	<b>2.7x</b>	<b>1.7x</b>	
<b>Median</b>		<b>90%</b>	<b>3,903</b>	<b>4,098</b>	<b>47.2</b>	<b>22.1</b>	<b>17.3</b>	<b>16%</b>	<b>16.4</b>	<b>11.8</b>	<b>11.0</b>	<b>10.9</b>	<b>11.6</b>	<b>13.6</b>	<b>1.2</b>	<b>2.7</b>	<b>1.7</b>	
<b>Oil &amp; Gas</b>																		
Argan	\$ 43.67	78%	\$ 689	\$ 199	16.3x	17.4x	10.8x	NA	3.4x	3.5x	2.0x	3.7x	3.6x	2.4x	0.4x	2.0x	2.2x	
Fluor	15.97	64%	2,258	1,455	NM	23.7	16.8	NA	6.5	4.7	3.4	10.9	7.3	4.7	0.1	1.5	1.7	
KBR	39.40	92%	5,547	6,626	NM	17.9	16.1	27%	20.8	10.7	10.2	NM	NM	13.8	1.1	3.7	NM	
<b>Mean</b>		<b>78%</b>	<b>\$ 2,831</b>	<b>\$ 2,760</b>	<b>16.3x</b>	<b>19.7x</b>	<b>14.6x</b>	<b>27%</b>	<b>10.2x</b>	<b>6.3x</b>	<b>5.2x</b>	<b>7.3x</b>	<b>5.5x</b>	<b>6.9x</b>	<b>0.5x</b>	<b>2.4x</b>	<b>2.0x</b>	
<b>Median</b>		<b>78%</b>	<b>2,258</b>	<b>1,455</b>	<b>16.3</b>	<b>17.9</b>	<b>16.1</b>	<b>27%</b>	<b>6.5</b>	<b>4.7</b>	<b>3.4</b>	<b>7.3</b>	<b>5.5</b>	<b>4.7</b>	<b>0.4</b>	<b>2.0</b>	<b>2.0</b>	



# Public Companies: Valuation Details (Cont'd)

(\$ in millions, except per share values)

Comparable Companies	Share Price	As % of LTM High	Equity Value	Enterprise Value (EV)	P/E			Long Term Growth	EV / EBITDA			EV / EBIT			EV / Revenue	Market Value	
					LTM	2021E	2022E		LTM	2021E	2022E	LTM	2021E	2022E		Book	T. Book
<b>Construction Products</b>																	
AAON	\$ 65.34	80%	\$ 3,424	\$ 3,313	45.7x	46.3x	40.8x	14%	28.1x	26.0x	23.1x	NM	NM	NM	NM	NM	NM
Apogee	37.76	86%	957	1,058	NM	19.1	13.1	11%	8.4	8.3	7.0	14.2	14.4	10.6	0.8	2.0	4.4
Eagle Materials	131.16	82%	5,493	6,261	16.0	15.4	13.2	15%	10.6	9.7	8.7	13.6	12.2	11.1	3.6	4.1	NM
Encore	94.83	93%	1,958	1,663	4.6	6.1	12.1	12%	2.9	2.7	5.8	3.0	2.8	6.3	0.7	1.6	1.6
Flowserve	34.67	78%	4,516	5,204	30.1	21.2	17.2	11%	11.9	12.5	10.6	15.6	16.6	13.5	1.4	2.6	NM
Martin Marietta	341.68	87%	21,313	24,130	27.8	28.7	24.8	21%	17.3	16.0	13.1	NM	NM	17.7	NM	3.5	NM
Mueller	15.22	90%	2,413	2,633	31.1	25.6	21.0	NA	12.1	12.0	11.2	16.4	17.7	15.9	2.4	3.5	NM
CNR	14.61	74%	1,842	5,046	46.3	7.1	6.0	22%	7.8	7.6	7.1	14.2	14.3	12.7	1.0	3.8	NM
Northwest Pipe	23.70	62%	234	213	14.0	19.5	9.6	NA	6.4	6.5	4.3	10.8	12.6	6.9	0.7	0.9	1.0
Summit	31.97	86%	3,773	5,252	23.4	29.7	23.3	33%	11.2	10.2	9.4	NM	NM	17.0	2.2	2.2	NM
Valmont	235.12	89%	4,988	5,762	24.6	21.7	19.1	11%	14.2	13.7	11.9	18.2	17.5	14.9	1.7	3.8	NM
Vulcan Materials	169.16	87%	22,444	24,380	33.4	33.5	26.2	20%	18.4	16.8	13.9	NM	NM	19.3	5.0	3.6	NM
<b>Mean</b>		<b>83%</b>	<b>\$ 6,113</b>	<b>\$ 7,076</b>	<b>27.0x</b>	<b>22.8x</b>	<b>18.9x</b>	<b>17%</b>	<b>12.4x</b>	<b>11.8x</b>	<b>10.5x</b>	<b>13.3x</b>	<b>13.5x</b>	<b>13.2x</b>	<b>2.0x</b>	<b>2.9x</b>	<b>2.3x</b>
<b>Median</b>		<b>86%</b>	<b>3,599</b>	<b>5,125</b>	<b>27.8</b>	<b>21.4</b>	<b>18.2</b>	<b>15%</b>	<b>11.5</b>	<b>11.1</b>	<b>10.0</b>	<b>14.2</b>	<b>14.3</b>	<b>13.5</b>	<b>1.6</b>	<b>3.5</b>	<b>1.6</b>





# Industry Insight and Trends: Overview

## MACROECONOMIC TRENDS

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**Gross Domestic Product** – The U.S. Bureau of Economic Analysis published a third estimate that real Gross Domestic (GDP) increased at an annual rate of 6.7 percent in Q2 of 2021, according to the "third" estimate released by the Bureau of Economic Analysis, compared to 6.3 percent in Q1 2021.

**Inflation** – In September, the Consumer Price Index for All Urban Consumers rose 0.4% on a seasonally adjusted basis; rising 5.4% over the last 12 months, not seasonally adjusted. The annual inflation rate for the United States is 5.4% for the 12 months ended September 2021 after increasing 5.3% previously.

**Unemployment** – The unemployment rate fell by 0.4% to 4.8% in September. The number of unemployed persons fell by 710,000 to 7.7 million. Both measures are down considerably from their highs at the end of the February-April 2020 recession. However, they remain above their levels prior to the coronavirus (COVID-19) pandemic (3.5 percent and 5.7 million, respectively, in February 2020).

## MICROECONOMIC TRENDS

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**Value of Construction Put in Place** – The seasonally adjusted annual rate of total construction put in place in August 2021 was \$1.58 trillion, up 8.9% from the same period in 2020.

**ABI Index** – Billings at architecture firms continued their turnaround in September, with the Architecture Billings Index recording a score of 55.6. This score indicates billings growth, as an even larger share of firms reported an increase in their billings in August.



SECTION III

## Oilfield Services and Equipment Sector



# The Transition is On

Investors and businesses who serve the last two areas of energy sources will see the highest potential returns

## TRADITIONAL ENERGY SERVICES

### Coal & Oil

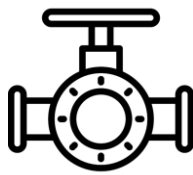
- Easiest resources are already extracted
- CO2 / Carbon is now a real “cost” for investors and governments
- Not investable if environmental, social, and governance (“ESG”) is part of capital mandate
- Supply / demand is still not aligned
- Owners of traditional assets or businesses servicing these assets should exit upon any uptick opportunity or be prepared to own until end of useful life



## TRANSITIONAL SOURCES

### Natural Gas, Wind, and Bio Fuels

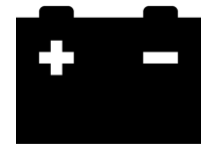
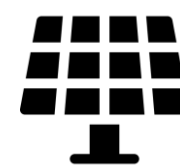
- CO2 / Carbon footprint is better than traditional energy sources but still not “clean”
- Natural Gas supply outweighs demand
- Utility infrastructure has moved to transitional and long-term sources only
- Transitional fuels are the easiest area for service businesses to continue to provide services / generate revenue



## LONG-TERM ENERGY SOURCES

### Solar, Battery, and Other

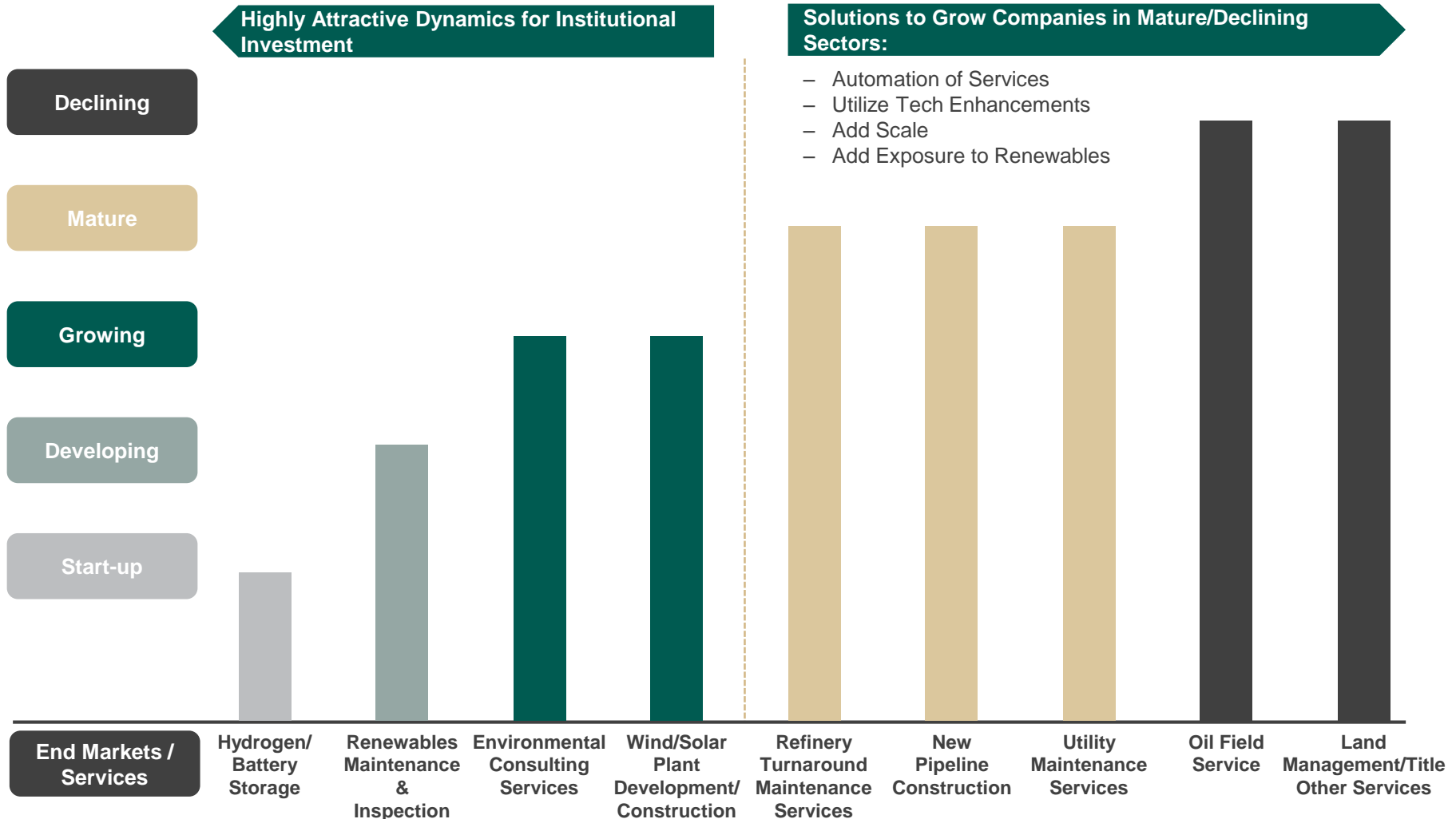
- Solar energy production technology now at positive IRRs without government subsidies
- Battery technology still lagging behind; therefore, a need remains for transitional energy sources
- Projects being put in place now will need services / maintenance for many coming years – lots of opportunity
- Long term political and environmental risk will rotate to forefront with rare earth mineral extraction and disposal needs for equipment





# Energy Infrastructure Services Dynamics

Traditional energy, renewable energy, refining, midstream, and infrastructure have many overlapping service requirements. In the next several years, service providers who work with customers across the energy infrastructure spectrum will yield the best valuations / transaction outcomes



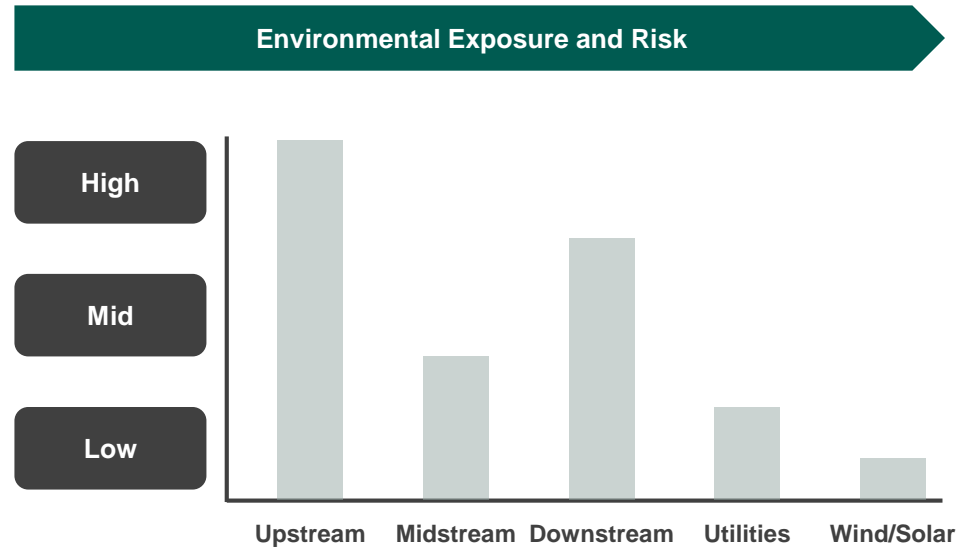


# ESG Effects on Energy Sector

Environment, Social, and Governance (“ESG”) goals and programs have landed squarely on the energy sector in the last several years. All companies need to understand their strengths and weakness in the ESG context as it will effect business operations and ability to finance or transact

## ESG OBSERVATIONS

- Energy companies currently have the largest exposure to the Environmental component of ESG goals. Unless an efficient battery storage system is utilized, a company that solely generates energy via wind and solar will have a negative net impact on environment
- Investment dollars historically focused on traditional oil and gas markets are now flowing into projects and companies with robust and materially relevant ESG practices
  - Banks are not renewing credit facilities for traditional energy companies based on internal ESG goals and pressure from institutional investors / activist groups
  - Energy specific private equity funds are aggressively searching for opportunities with positive ESG considerations
- ESG reporting is no longer just a public or big company issue. Company practices around ESG communications, reporting, and data analytics will have to evolve and mature rapidly. Larger customers will continue to push their ESG requirements down on suppliers / service providers
- The recent and continuing changes both on federal and state government leadership will accelerate the ESG movement
- For most energy service businesses, innovation / technology will be the most-critical lever to achieve material improvements in ESG performance



- ### Risks to Energy Sector Driven by ESG
- Steady decline in demand for product as global markets move to more environmentally friendly energy sources
  - Financing / Credit availability
  - Long-term environmental legal exposure
  - Lawsuits from outside groups targeting customers in effort to change corporate behavior
  - Additional risk from industry’s slow adoption of “Social” and “Governance” aspects of ESG





# Renewables Services Selected Activity

Renewable service providers are growing quickly but many remain who are not to scale and therefore equate to smaller enterprise value transactions. Below are highlighted key recent larger transactions

## RECENT HIGHLIGHTS

### Deal Details



- Announced and Closed: October 19, 2021
- Searchlight Capital acquired a majority stake in IPS from Odyssey Investment Partners
- Financial terms of agreement were not disclosed



- Announced: September 2, 2021
- Closed: October 14, 2021
- Blattner is the largest U.S based renewables EPC
- The transaction was valued at \$2.7 billion including \$2.4 billion in cash and remainder in stock plus potential for \$300 million in earnout- 9x 2021 EBITDA



- Announced and Closed: September 16, 2021
- Mountain Renewables is provider of comprehensive solutions for entire life cycle of renewable infrastructure
- Financial terms of the transaction were not disclosed



### Deal Details



- Announced and Closed: July 29, 2021
- Rotek is a full service electrical apparatus company based in Kansas
- Financial terms of the transaction were not disclosed



- Announced and Closed: June 3, 2021
- Mortenson provides renewable energy repair and maintenance services and is well known in the wind industry.
- Financial terms of the transaction were not disclosed



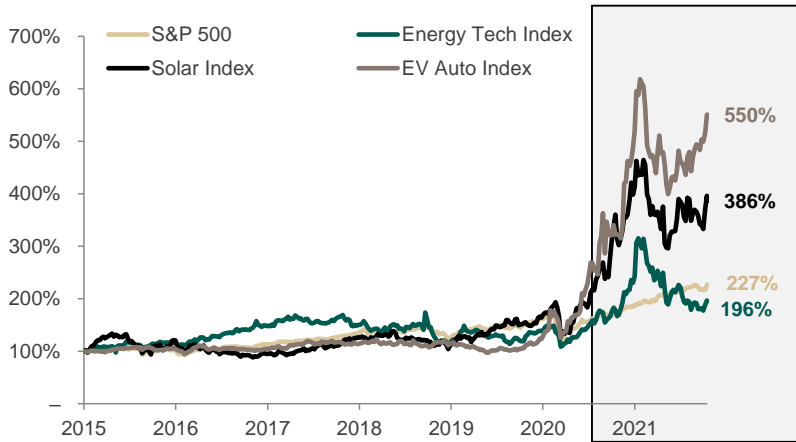
- Announced and Closed: March 18, 2021
- Financial terms of the transaction were not disclosed
- Peak Utility Services Group's acquisition of Superior Pipeline Services affirms Peak's position in Texas' growing utility service space



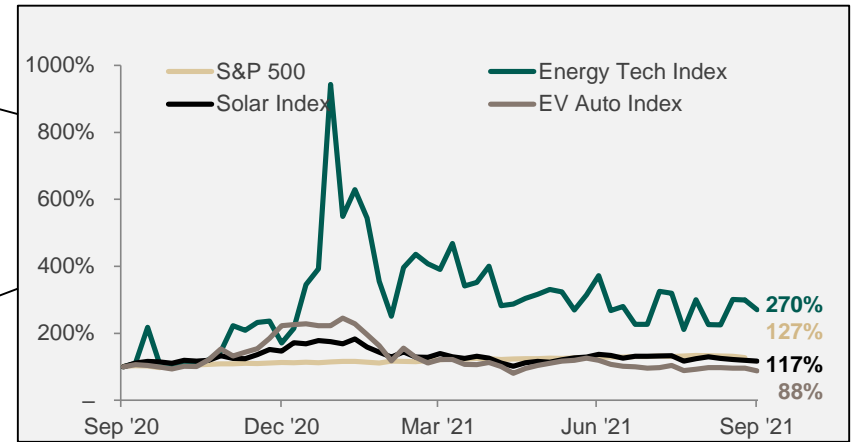


# Renewable and Energy Tech Services – Public Market Performance

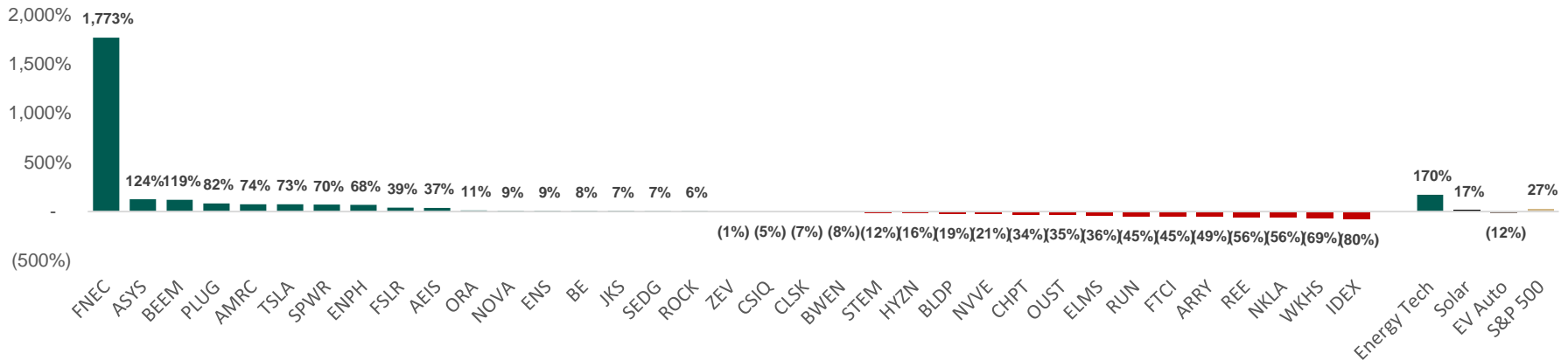
**RENEWABLE ENERGY INDEX VS. S&P 500**  
(2015 = 100%)



**LTM COMPARISON**



**LTM PERFORMANCE: RENEWABLE ENERGY INDEX SHARE PRICE VS. S&P 500**

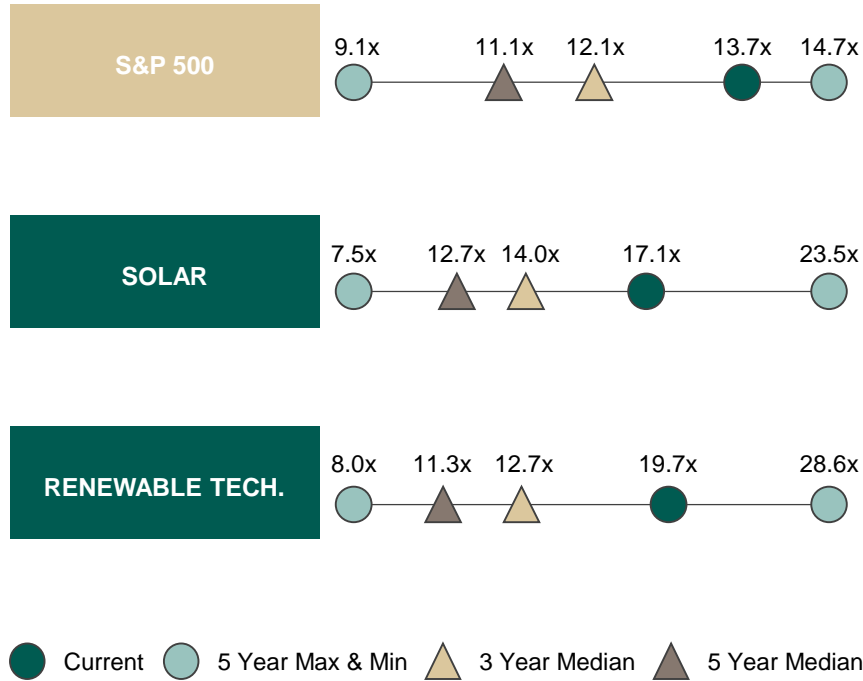


Sources: Capital IQ and LTM as of 09/30/2021.  
 Note: Energy Tech Index includes: CLSK, PLUG, FNEC, AEIS, ROCK, BE, IDEX, BLDP, BWEN, ARRY, ASYS and STEM. Solar Index includes: ENPH, JKS, SPWR, AMRC, NOVA, CSIQ, SEDG, ENS, FSLR, RUN, ORA and FTCI. EV Auto Index includes: BEEM, NUVE, OUST, ZEV, CHPT, REE, ELMS, HYZN, NKLA, WKHS and TSLA.

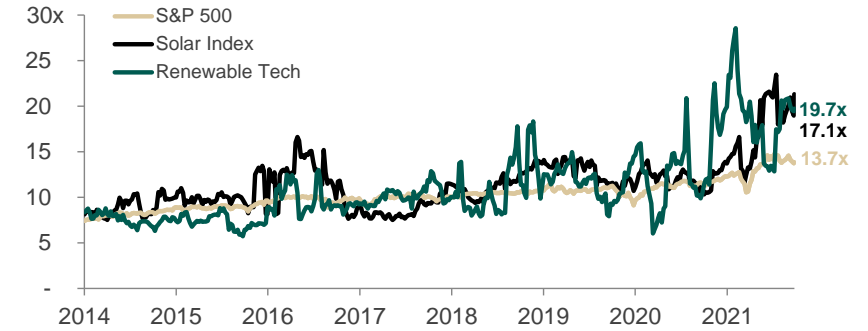


# Renewable and Energy Tech Services – Valuation

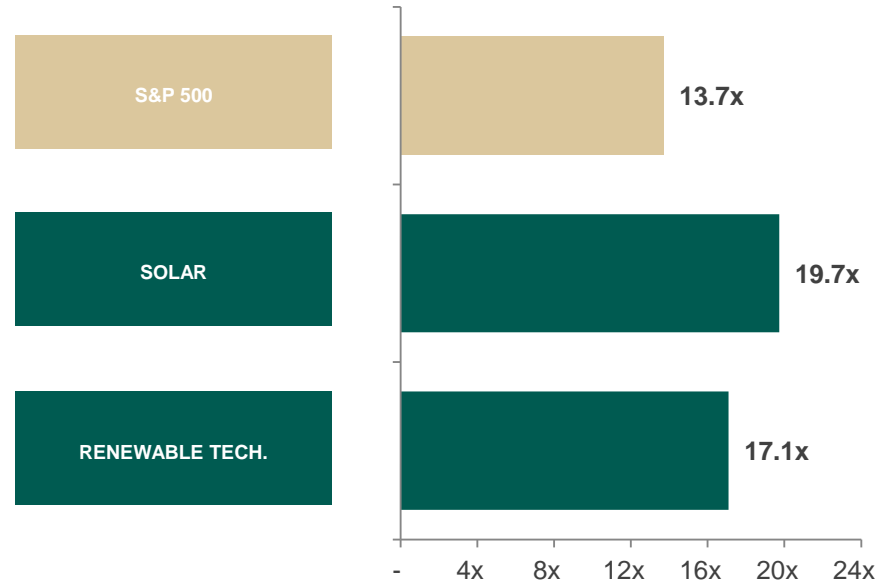
## TRADING STATISTICS (EV / NTM EBITDA)



## EV / NTM EBITDA MULTIPLES OVER TIME



## CURRENT EV / NTM EBITDA

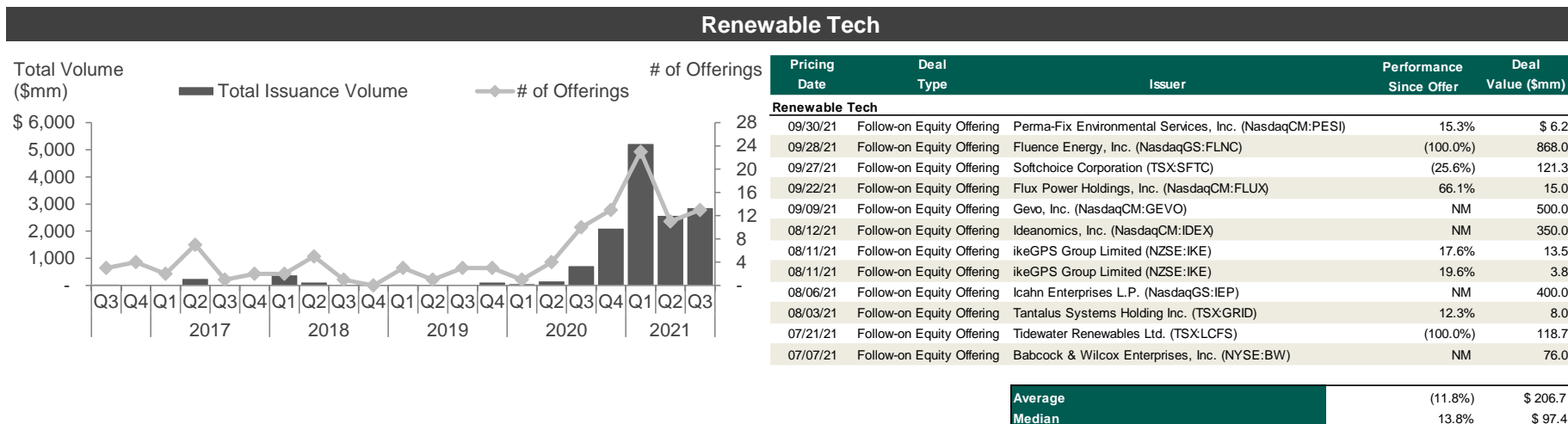
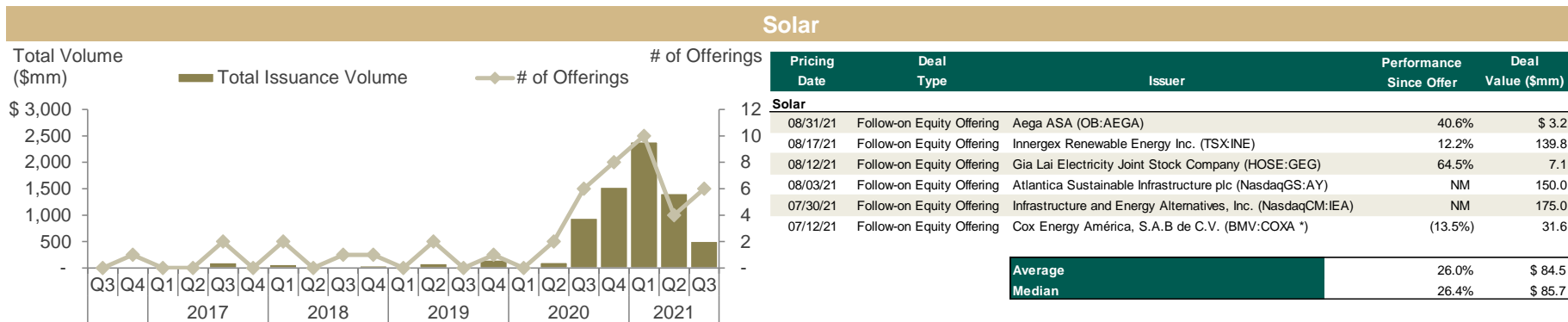


Sources: Capital IQ and LTM as of 09/30/2021.  
 Note: Solar Index includes NOVA, RUN, FSLR, CSIQ, JKS, and SPWR. Renewable Tech. Index includes ENPH, PLUG, NYSE:ORA, ENS, BE, BLDP, AMRC, SEDG, ARRY, BWEN, AEIS, ROCK, FNEC, STWO, BEEM, NVVE and CLSK.



# Renewable and Energy Tech Services – Public Equity Offerings

## Recent Activity





# Renewable and Energy Tech Services – Public Trading Valuations

(\$ in millions, except per share values)

Comparable Companies	Share Price	As % of			P/E			EV/EBITDA			EV/EBIT			EV /		Market Value			Operating Leases	Preferred Stock	Minority Interest	
		LTM	High	Equity Value	Enterprise Value (EV)	LTM	2021E	2022E	LTM	2021E	2022E	LTM	2021E	2022E	Revenue	Book	T. Book	Cash				Debt
<b>Solar</b>																						
Sunnova Energy International Inc.	\$ 32.94	57%	\$ 3,690	\$ 6,397	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	3.5x	4.3x	\$ 369	\$ 2,742	\$ 12	-	\$ 346
Sunrun Inc.	44.00	44%	9,061	15,817	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	1.5	4.9	680	6,215	115	-	1,336
First Solar, Inc.	95.46	86%	10,149	8,664	18.2	24.6	35.2	11.5	12.0	14.1	17.0	17.6	NM	2.9	1.8	1.8	1,765	469	189	-	-	
Canadian Solar Inc.	34.59	51%	2,075	3,687	42.6	27.0	12.3	9.5	9.1	6.4	NM	19.9	11.1	0.8	1.3	1.3	814	2,144	31	-	313	
JinkoSolar Holding Co., Ltd.	45.81	51%	2,185	6,149	NM	21.0	11.5	13.8	15.3	10.8	NM	NM	18.2	1.2	1.3	1.4	1,019	4,568	73	-	488	
SunPower Corporation	22.68	39%	3,920	3,963	7.9	64.8	34.9	NM	NM	26.7	NM	NM	NM	3.2	NM	NM	513	604	48	-	1	
<b>Mean</b>		<b>55%</b>	<b>\$ 5,180</b>	<b>\$ 7,446</b>	<b>22.9x</b>	<b>34.4x</b>	<b>23.5x</b>	<b>11.6x</b>	<b>12.2x</b>	<b>14.5x</b>	<b>17.0x</b>	<b>18.8x</b>	<b>14.7x</b>	<b>2.0x</b>	<b>1.9x</b>	<b>2.7x</b>	<b>\$ 860</b>	<b>\$ 2,790</b>	<b>\$ 78</b>	<b>-</b>	<b>\$ 414</b>	
<b>Median</b>		<b>51%</b>	<b>3,805</b>	<b>6,273</b>	<b>18.2</b>	<b>25.8</b>	<b>23.6</b>	<b>11.5</b>	<b>12.0</b>	<b>12.5</b>	<b>17.0</b>	<b>18.8</b>	<b>14.7</b>	<b>2.0</b>	<b>1.5</b>	<b>1.8</b>	<b>747</b>	<b>2,443</b>	<b>61</b>	<b>-</b>	<b>330</b>	
<b>Renewable Technology</b>																						
Enphase Energy, Inc.	\$ 149.97	65%	\$ 20,189	\$ 19,821	NM	NM	53.3x	NM	NM	NM	NM	NM	NM	NM	NM	NM	\$ 1,394	\$ 1,026	-	-	-	
Plug Power Inc.	25.54	34%	14,669	10,709	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	3.0	3.1	4,523	706	142	-	-
Ormat Technologies, Inc.	66.61	52%	3,730	5,004	55.8	49.0	33.1	14.6	12.4	10.5	NM	NM	19.9	NM	2.0	2.3	296	1,445	20	-	145	
EnerSys	74.44	71%	3,165	3,824	21.2	15.2	12.2	11.0	9.6	8.4	15.0	12.7	10.7	1.2	2.0	NM	406	1,124	63	-	4	
Bloom Energy Corporation	18.72	42%	3,250	4,093	NM	NM	NM	NM	NM	NM	NM	NM	NM	4.7	(150.5)	NM	204	1,079	84	-	52	
Ballard Power Systems Inc.	14.06	33%	4,185	2,956	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	3.0	3.1	1,247	18	-	-	-	
Ameresco, Inc.	58.43	77%	3,003	3,891	43.4	48.7	37.7	29.3	26.5	22.6	NM	NM	NM	3.5	4.7	NM	59	944	43	-	46	
Array Technologies, Inc.	18.52	34%	2,352	2,833	NM	NM	27.6	NM	NM	18.6	NM	NM	NM	3.7	(34.3)	NM	18	509	11	-	-	
Broadwind, Inc.	2.59	20%	50	57	7.6	NM	NM	NM	5.6	10.3	NM	NM	NM	0.3	0.9	0.9	5	32	21	-	-	
Advanced Energy Industries, Inc.	87.75	70%	3,367	3,172	21.0	19.2	15.3	12.0	12.9	10.4	14.8	15.3	11.8	2.2	3.8	NM	510	424	111	-	1	
Gibraltar Industries, Inc.	69.65	68%	2,273	2,288	26.9	20.9	17.2	15.7	13.0	10.5	19.3	15.2	12.5	1.9	2.9	NM	17	47	14	-	-	
First National Energy Corporation	1.03	19%	103	104	NM	NA	NA	NA	NA	NA	NM	NA	NA	NA	(139.9)	NM	0	1	-	-	0	
S2 Minerals Inc.	0.11	48%	3	2	NM	NA	NA	NA	NA	NA	NM	NA	NA	NA	3.7	3.7	1	0	-	-	-	
Beam Global	27.37	36%	244	219	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	25	2	2	-	-	
Nuvve Holding Corp.	10.80	65%	201	153	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	2.1	2.2	48	0	0	-	-	
CleanSpark, Inc.	11.59	27%	423	401	NM	17.6	5.4	NM	22.7	NA	NM	NM	5.3	NM	1.4	1.7	23	1	1	0.0	-	
SolarEdge Technologies, Inc.	265.22	70%	13,863	13,826	NM	51.7	38.6	NM	NM	27.2	NM	NM	NM	NM	NM	NM	683	677	31	-	-	
<b>Mean</b>		<b>49%</b>	<b>\$ 4,416</b>	<b>\$ 4,315</b>	<b>29.3x</b>	<b>31.7x</b>	<b>26.7x</b>	<b>16.5x</b>	<b>14.7x</b>	<b>14.8x</b>	<b>16.4x</b>	<b>14.4x</b>	<b>12.0x</b>	<b>2.5x</b>	<b>(21.1x)</b>	<b>2.4x</b>	<b>\$ 556</b>	<b>\$ 473</b>	<b>\$ 32</b>	<b>\$ 0.0</b>	<b>\$ 15</b>	
<b>Median</b>		<b>48%</b>	<b>3,003</b>	<b>2,956</b>	<b>24.1</b>	<b>20.9</b>	<b>27.6</b>	<b>14.6</b>	<b>12.9</b>	<b>10.5</b>	<b>15.0</b>	<b>15.2</b>	<b>11.8</b>	<b>2.2</b>	<b>2.1</b>	<b>2.3</b>	<b>59</b>	<b>424</b>	<b>14</b>	<b>-</b>	<b>-</b>	

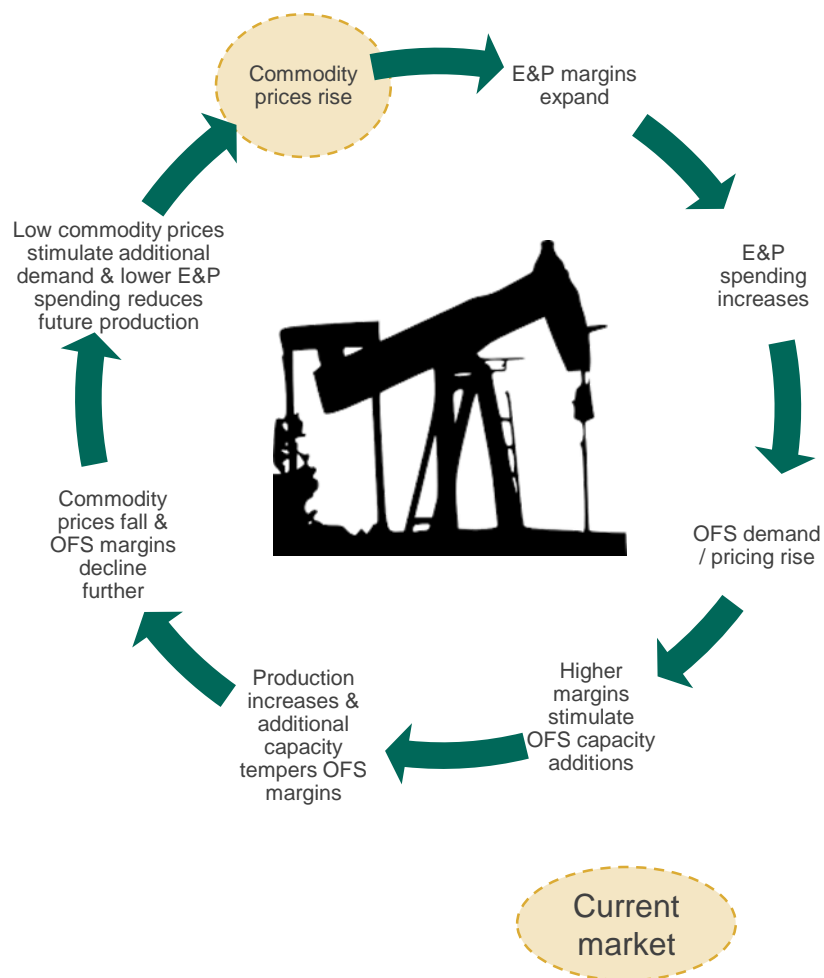
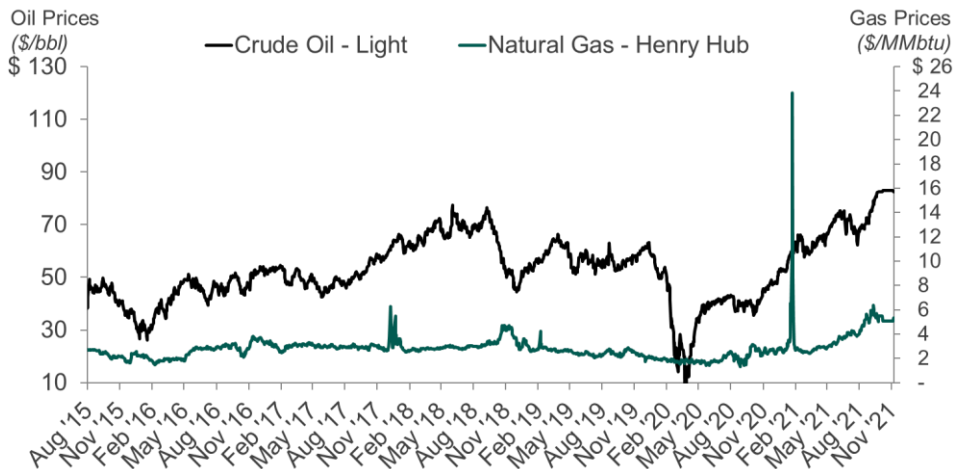




# Oilfield Services Cycle

As with any cyclical industry, the ability to properly assess the current state of the cycle can lead to superior returns versus the overall market. In 2020 the world experienced a “**Black Swan**” event with the COVID virus. In 2021 the energy cycle skipped some normal steps due to COVID interruptions but is back into standard form

- 2020 is behind us and 2<sup>nd</sup> half 2021 has the world short storage. For the last 3 months the price of oil has held in \$75 to \$83 range. World demand has returned from lows of the last 12 months. Both US shale and OPEC is suffering from massive under investment in new well development.
  - OPEC+ has continued to support lower production levels despite multiple requests for relief from western nations. OPEC+ is a fragile arrangement among members but concerns are starting to mount around if they can actually turn the spigot back on quickly.
  - In 2021 E&P companies stood firm and operated within cash flow. New drilling activity is picking up in US Shale plays but equipment supply and service shortages could put a cap on new drilling activity in 2022. If current dynamics hold \$80 to \$100 oil is reasonable range.
- Buyers and sellers current perspectives:
  - Very few buyers of businesses in the current market
  - Almost all transactions completed in last 12months have bankruptcy or distressed element
  - Other than 363 sales, cash buyers do not exist in market today





# Next Steps For The Hydrocarbon Energy Market

The traditional energy market has gone from worrying about “peak oil” to “peak demand” to the current problem of “peak capital”. Debt capital is only available to the highest quality borrowers and equity capital is even more scarce.

## 2021 MARKET PRESSURES

- Traditional energy production faces two constraints to growth in the short term:
  - Working Capital
    - Companies must be willing to operate within their cash flows going forward. As activities pick back up working capital needs will expand. Lenders need to be informed of what is coming to ensure lines of credit will be flexible enough to meet increased draws
  - Workforce Constraints
    - Payroll cuts in 2019 / 2020 have encouraged workers to rotate out of the industry
    - Lack of long term growth will make return to industry very difficult
    - All sectors of the U.S. economy are struggling to hire workers, which is only heightened in a low growth environment such as traditional energy services

## M & A BASICS

<u>Key Elements for Standard M&amp;A</u>	<u>Pre- 2014 Downturn</u>	<u>Post- 2014 Downturn</u>	<u>Today</u>
Expanding markets	YES	NO	MAYBE
Predictable / Recurring cash flows	YES	NO	MAYBE
Liquid capital markets	YES	MAYBE	NO
Willing buyers and sellers	YES	MAYBE	MAYBE

## CONSIDERATIONS



### Minimum Cash Requirements & Liquidity Forecasting

- Companies must evaluate near-term liquidity, cash, and working capital levels
- Identify how much cash is available globally in the Company, including cash reserves, shortages, and cash flow
- Develop and create a robust short-term liquidity forecast with multiple scenarios



### Extend Credit Terms and Limit Investment

- Reduce discretionary capital expenditures and liabilities
- Understand the impact of non-discretionary capital expenditures
- Adjust inventory to sales
- Evaluate financing alternatives or stretch credit limits



### Reduce Operating Costs

- Evaluate company-wide costs saving opportunities
- Develop contingency plans for operations and other workforce
- Actively monitor and manage operational efficiencies



### Strategic Alternatives

- Upside scenario analysis based on liquidity and staffing
- Evaluate merger opportunities if cash flows allow
- Additional debt and capital raising opportunities

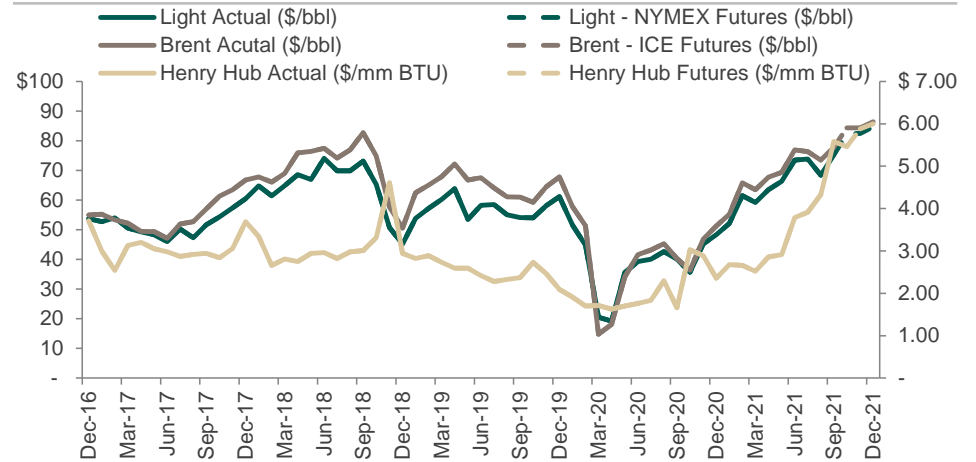


# U.S. Rig Counts and Pricing

## COMMENTS

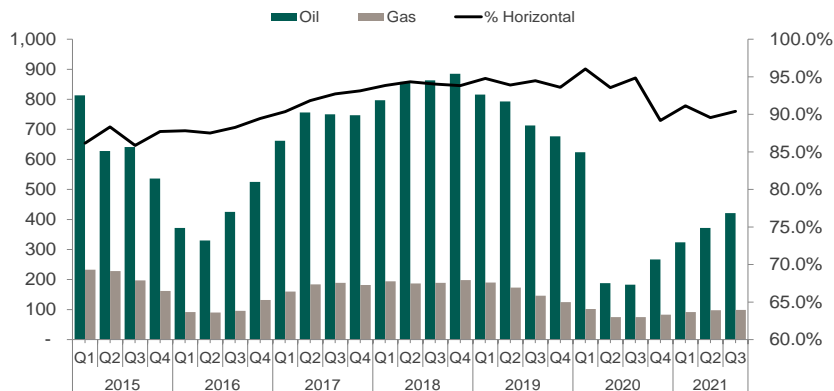
- Futures contracts imply that oil prices will remain in \$70-\$80 range through end of 2021
- Current 2021 strip prices are at \$83 for WTI Crude and \$85 for Brent
- Drilling rig counts are increasing with private E&P's leading the charge. E&P companies still need to operate within cash flow generated, but sentiment is now positive
- A new problem is here – energy service businesses are unable to find workers willing to come back to the sector. The lack of crews could hold back ability of US shale to flood market with new supply in 2022
- OPEC+ and Iran potentially adding supply should hold pricing under \$90's in short term

## COMMODITY PRICING

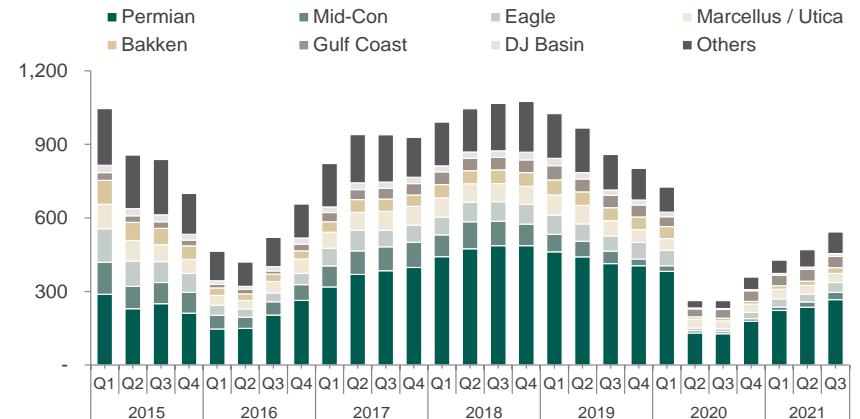


## U.S. ONSHORE RIG COUNTS

### BY HYDROCARBON TARGET



### BY PLAY

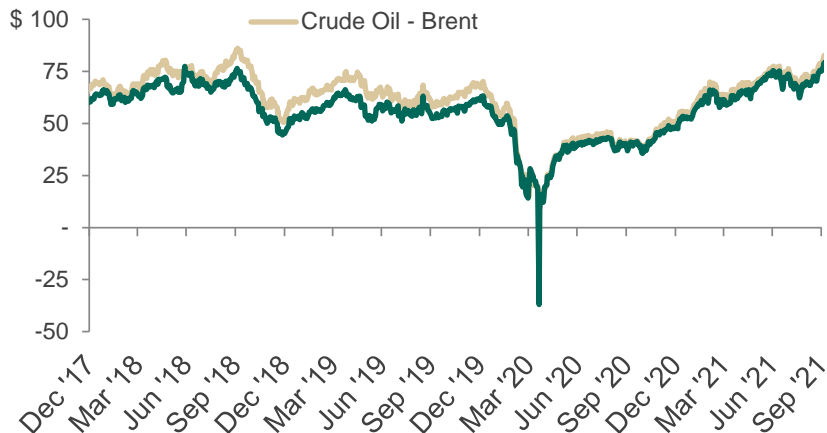


Sources: Capital IQ, EIA, BHI, and private company research as of 09/30/2021.

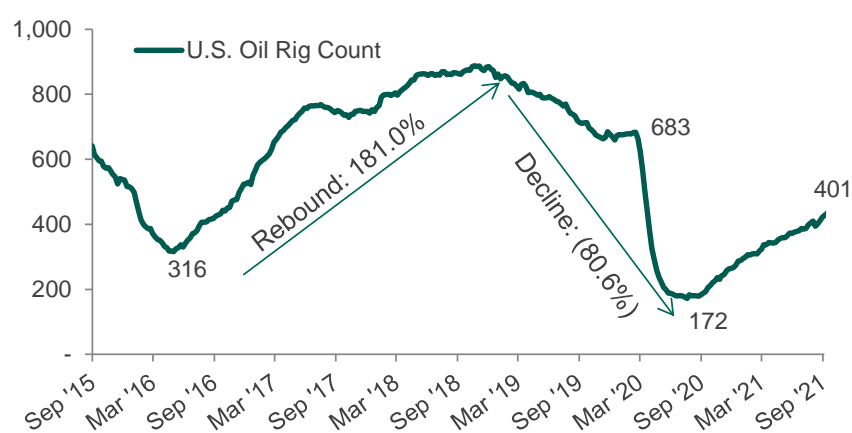


# Controlled Oil Supply

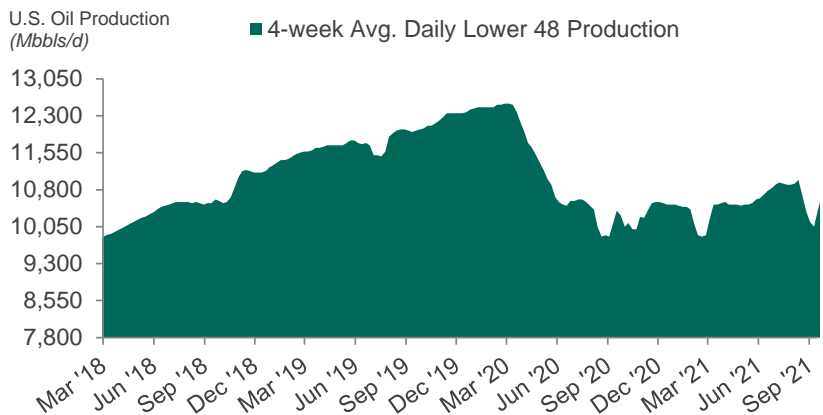
## IMPROVING LIGHT CRUDE PROSPECTS ...



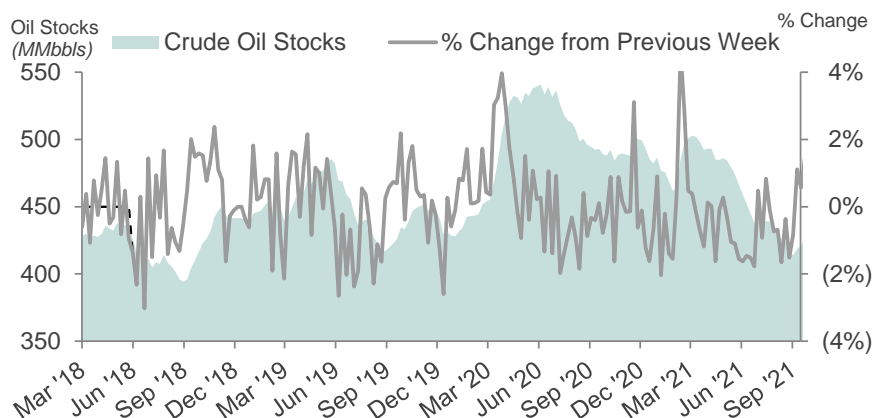
## ... LEADS TO RIG COUNT REBOUND ...



## ... AND PRODUCTION FOLLOWS SUIT ...



## ... BUT STOCKS FALL AS RIG COUNTS STAGNATE

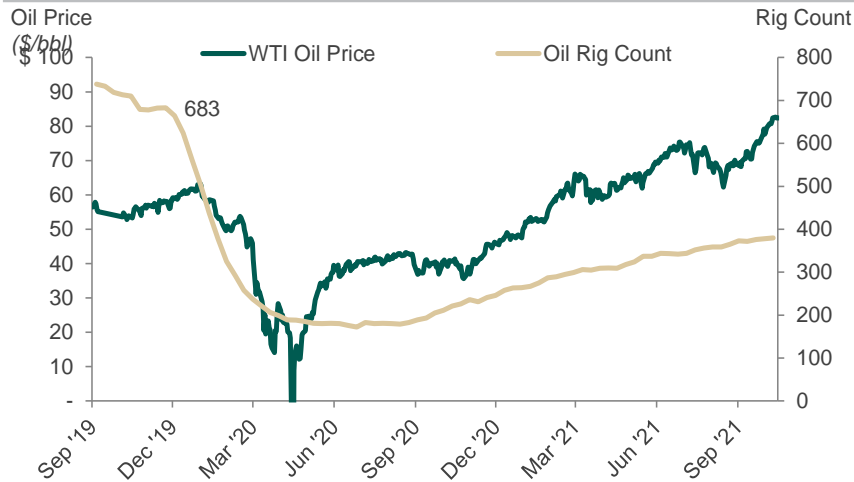


Sources: EIA and Capital IQ as of 09/30/2021.

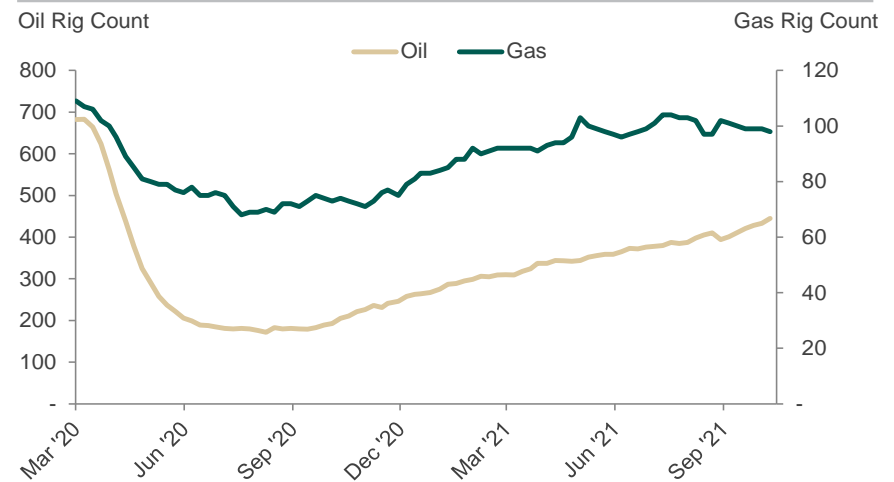


# Recent U.S. Oil Market Close-Up

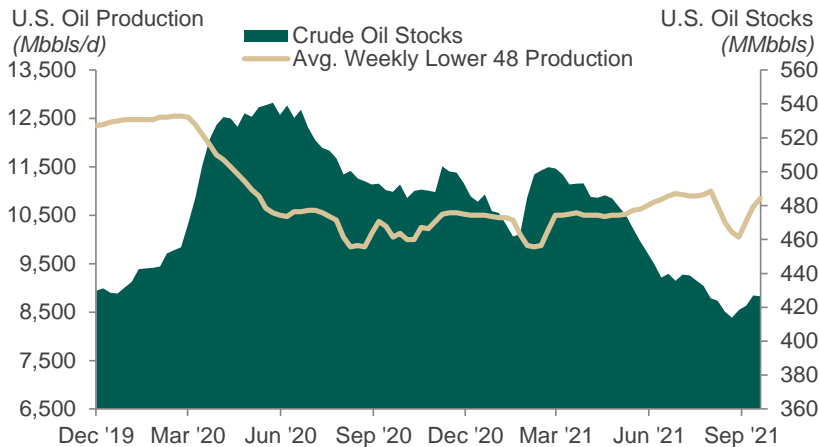
RIG COUNT RESPONSE TO PRICES



WEEKLY PRODUCTION VS. RIG COUNT



WEEKLY PRODUCTION VS. STOCKS



CRUDE OIL COMMENTARY

- Commodity prices have recovered to more than pre COVID levels but new drilling and therefor production levels are still down significantly
- New drills / production being constrained by capital availability and service crew availability
- The mismatch of production, pricing, and people has led to a domestic “energy cost emergency” coming this winter. The production spigot will take time to turn on and US energy users will bear the brunt of higher prices





# Selected Traditional Energy Service Activity

The traditional energy services market is characterized by merger opportunities fueled by market share consolidation, distress and adding scale. Private Equity firms are also selectively utilizing M&A to modify/consolidate existing business portfolios. Cash is scarce/precious and most completed transactions involve more equity than cash at close

## RECENT HIGHLIGHTS

### Deal Details



- Announced and Closed: Oct 1, 2021
- In 363 asset sale Basic Energy Services sold asset to three different buyers
- Total transaction value was approximately \$120 million
- In 2018, Basic had an EV of over \$1b



### Deal Details



- Announced and Closed: June 21, 2021
- Both are PE portfolio companies, example of a “Smash-Co”
- The vertical integration will allow RTS to expand its offering of tubular management services across the life of drills



- Announced and Closed: July 21, 2021
- PerfX will expand Ranger’s market coverage into Colorado, North Dakota, and Wyoming
- PerfX receive Ranger stock for 100% of share



- Announced: May 17, 2021
- All-stock acquisition transaction
- Ranger’s acquisition of Patriot will expand its high quality wireline business while preserving cash flows assisted by Patriots debt free balance sheet
- Patriot was in Chapter 11



- Announced July 6, 2021
- Closed October 5, 2021
- Patterson acquired the assets of Pioneer Energy Services for approximately \$295 million
- Consideration is \$30 million in cash and remainder in Patterson stock
- Pioneer was in Chapter 11



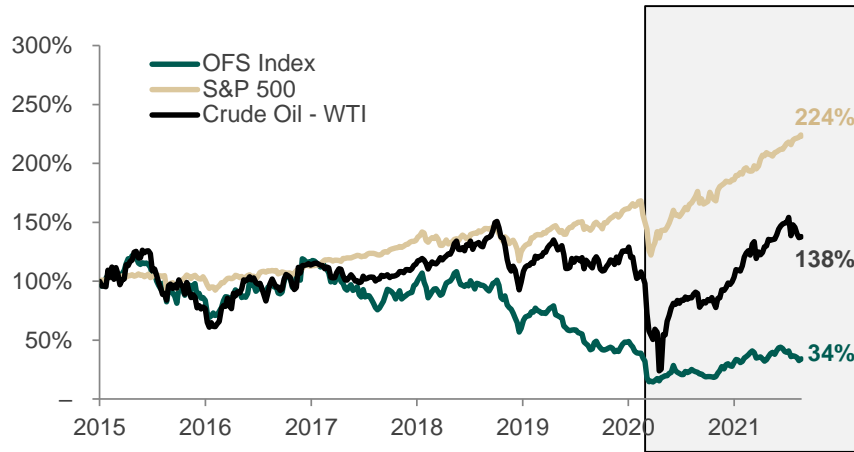
- Announced and Closed: May 5, 2021
- Axis to acquire the well servicing and coiled tubing assets of Forbes Energy Services, including crews
- The combination will result in Axis being a top four well servicing company in the US by rig count
- Forbes was in distress at time of sale



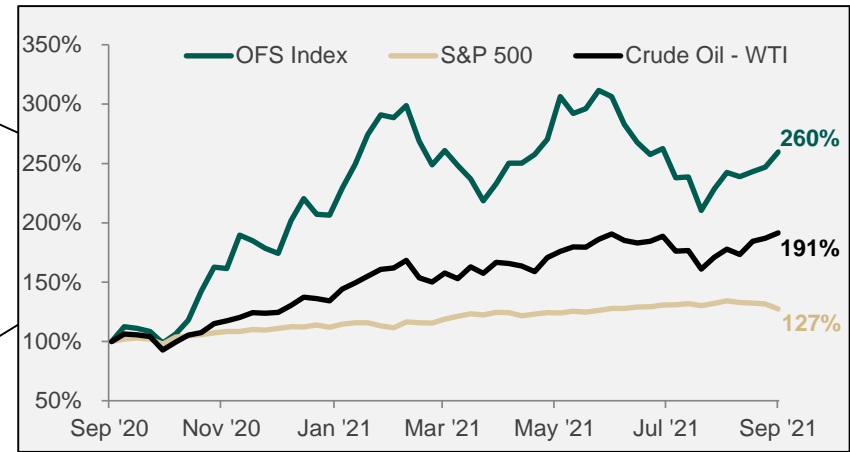


# Traditional Energy Services – Public Market Performance

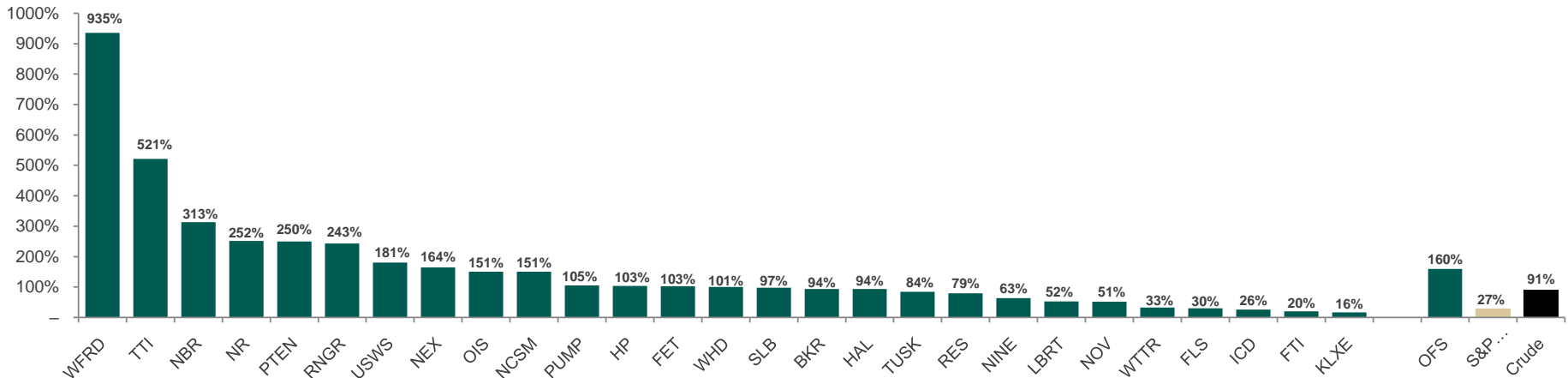
OFS INDEX VS. S&P 500 AND CRUDE OIL  
(2015 = 100%)



LTM COMPARISON



LTM PERFORMANCE: OFS INDEX SHARE PRICE VS. S&P 500 AND CRUDE OIL

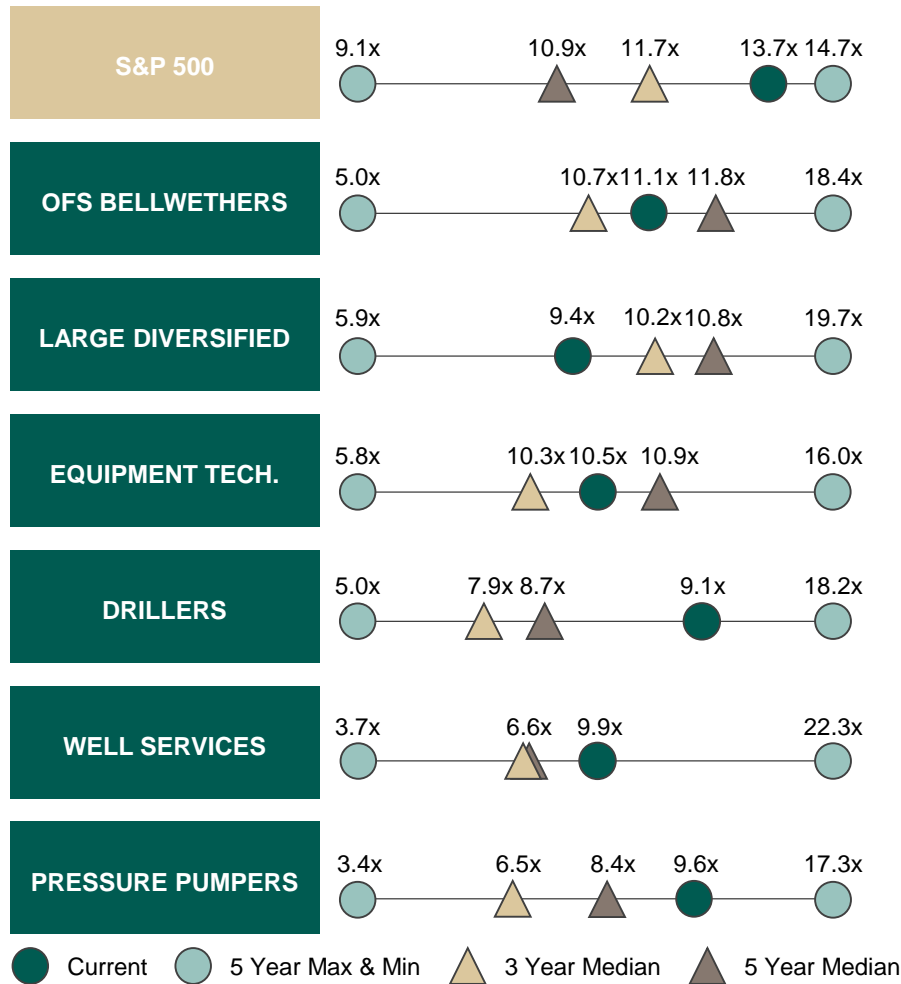


Sources: Capital IQ and LTM as of 09/30/2021.  
Note: OFS Index includes SLB, KLXE, HAL, NOV, NBR, HP, BKR, PTEN, NR, RNGR, ICD, FI, RES, WTTR, FET, FLS, FTI, NCSM, OIS, RNET, TTI, NEX, PUMP, TUSK, LBRT, NINE, USWS, NYSE: WHD.

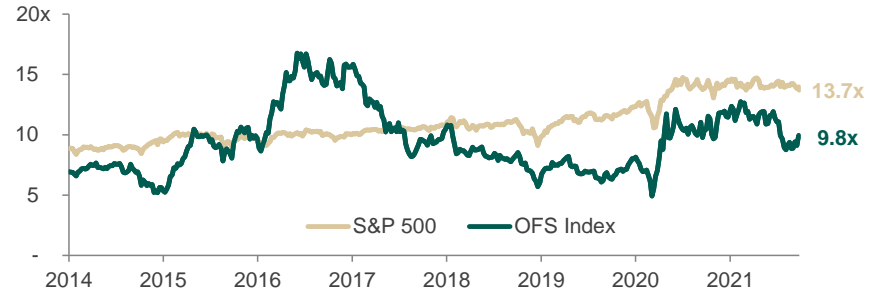


# Traditional Energy Services – Valuation

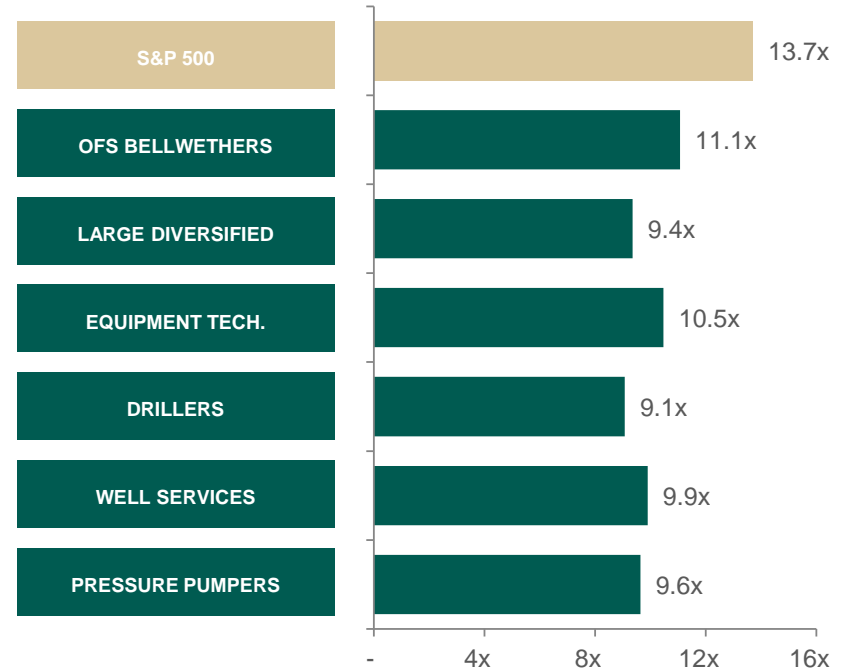
## TRADING STATISTICS (EV / NTM EBITDA)



## EV / NTM EBITDA MULTIPLES OVER TIME



## CURRENT EV / NTM EBITDA



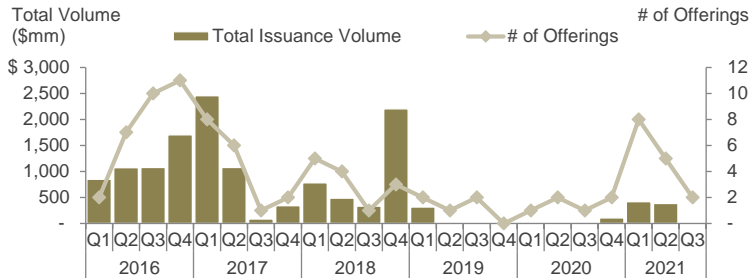
Sources: Capital IQ as of 09/30/2021.  
 Note: Equipment Tech includes: BKR, CRR, FET, FLS, FTI, NCSM, NOV, OIS, TTI, and WHD; Large Diversified includes: BKR, HAL, and SLB; Ofs Bellwethers includes: HAL, HP, NBR, NOV, and SLB; Well Services includes: KLXE, FI, NINE, RES, and WTTR; Drillers includes: HP, ICD, NBR, PTEN, TSX:ESI, TSX:PD, and TSX:WRG; Pressure Pumps includes: CJ, USWS, LBRT, PUMP, HAL, NEX, SLB, and TUSK.



# Traditional Energy Services – Public Equity Offerings

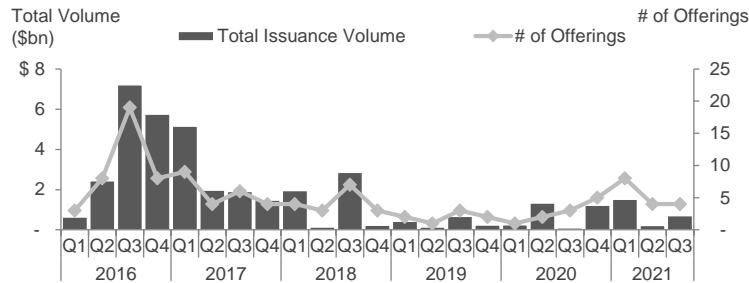
Recent Activity

## Oilfield Services



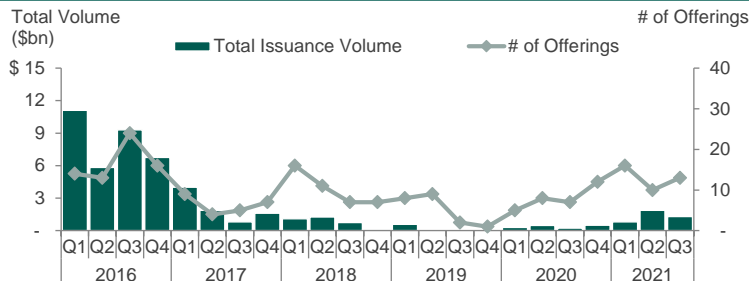
Pricing Date	Deal Type	Issuer	Performance Since Offer	Deal Value (\$mm)
<b>OFS</b>				
08/05/21	Follow-on Equity Offering	NexGen Energy Ltd. (TSX:NXE)	NM	\$ 7.5
07/07/21	Follow-on Equity Offering	Uranium Royalty Corp. (TSXV:URC)	NM	-
<b>Average</b>			NM	\$ 7.5
<b>Median</b>			NM	\$ 7.5

## Midstream / Downstream



Pricing Date	Deal Type	Issuer	Performance Since Offer	Deal Value (\$mm)
<b>Midstream / Downstream</b>				
09/09/21	Follow-on Equity Offering	Pioneer Natural Resources Company (NYSE:PXD)	(35.9%)	\$ 500.0
08/27/21	Follow-on Equity Offering	Evolve Transition Infrastructure LP (NYSEAM:SNMP)	NM	\$ 50.0
08/04/21	Follow-on Equity Offering	American Resources Corporation (NasdaqCM:AREC)	NM	\$ 152.0
07/15/21	Follow-on Equity Offering	Uranium Energy Corp. (NYSEAM:UEC)	(23.1%)	\$ 3.0
<b>Average</b>			(29.5%)	\$ 101.0
<b>Median</b>			(29.5%)	\$ 101.0

## Exploration & Production



Pricing Date	Deal Type	Issuer	Performance Since Offer	Deal Value (\$mm)
<b>E&amp;P</b>				
09/28/21	Follow-on Equity Offering	Northern Oil and Gas, Inc. (NYSEAM:NOG)	9.7%	\$518.6
09/27/21	Follow-on Equity Offering	Torchlight Energy Resources, Inc. (NasdaqCM:TRCH)	(2.2%)	\$165.5
09/24/21	Follow-on Equity Offering	Persta Resources Inc. (SEHK:3395)	7.4%	\$59.5
09/23/21	Follow-on Equity Offering	Diversified Energy Company PLC (LSE:DEC)	8.6%	\$122.9
09/08/21	Follow-on Equity Offering	Antero Resources Corporation (NYSE:AR)	15.7%	\$117.9
09/03/21	Follow-on Equity Offering	Tellurian Inc. (NasdaqCM:TELL)	(40.7%)	\$1.7
08/30/21	Follow-on Equity Offering	Surge Energy Inc. (TSX:SGY)	66.1%	-
08/25/21	Follow-on Equity Offering	Clean Energy Fuels Corp. (NasdaqGS:CLNE)	NM	-
08/13/21	Follow-on Equity Offering	Clean Energy Fuels Corp. (NasdaqGS:CLNE)	NM	\$40.0
08/13/21	Follow-on Equity Offering	Topaz Energy Corp. (TSX:TPZ)	(10.0%)	\$22.0
08/04/21	Follow-on Equity Offering	Energy Fuels Inc. (TSX:EFR)	(8.7%)	\$20.0
08/03/21	Follow-on Equity Offering	Peabody Energy Corporation (NYSE:BTU)	30.3%	\$105.0
07/28/21	Follow-on Equity Offering	Enviva Partners, LP (NYSE:EVA)	6.6%	\$118.7
<b>Average</b>			7.5%	\$ 117.4
<b>Median</b>			7.4%	\$ 105.0

Sources: Capital IQ, Pitchbook, and fund websites.



# Traditional Energy Services – Public Trading Valuations

(\$ in millions, except per share values)

Comparable Companies	Share Price	As % of LTM High	Equity Value	Enterprise Value (EV)	P/E			EV / EBITDA			EV / EBIT			EV / Revenue	Market Value	
					LTM	2021E	2022E	LTM	2021E	2022E	LTM	2021E	2022E		Book	T. Book
<b>OFS Bellwethers</b>																
Halliburton Company	\$ 21.62	86%	\$ 19,253	\$ 25,769	48.4x	20.6x	13.8x	10.9x	9.6x	7.6x	17.7x	14.5x	10.5x	1.8x	3.4x	NM
Helmerich & Payne, Inc.	27.41	76%	2,958	2,881	NM	NM	NM	NM	20.1	9.0	NM	NM	NM	2.7	1.0	1.0
Nabors Industries Ltd.	96.48	72%	795	3,624	NM	NM	NM	7.9	7.7	6.1	NM	NM	NM	1.9	1.1	1.1
NOV Inc.	13.11	73%	5,122	5,158	NM	NM	58.4	NM	22.2	9.3	NM	NM	23.6	1.0	1.0	1.6
Schlumberger Limited	29.64	80%	41,450	53,903	25.5	23.5	16.6	13.2	11.0	9.1	21.4	19.5	14.2	2.4	3.0	NM
<b>Mean</b>		<b>77%</b>	<b>\$ 13,915</b>	<b>\$ 18,267</b>	<b>36.9x</b>	<b>22.1x</b>	<b>29.6x</b>	<b>10.7x</b>	<b>14.1x</b>	<b>8.2x</b>	<b>19.5x</b>	<b>17.0x</b>	<b>16.1x</b>	<b>1.9x</b>	<b>1.9x</b>	<b>1.2x</b>
<b>Median</b>		<b>76%</b>	<b>5,122</b>	<b>5,158</b>	<b>36.9</b>	<b>22.1</b>	<b>16.6</b>	<b>10.9</b>	<b>11.0</b>	<b>9.0</b>	<b>19.5</b>	<b>17.0</b>	<b>14.2</b>	<b>1.9</b>	<b>1.1</b>	<b>1.1</b>
<b>Large Diversified</b>																
Baker Hughes Company	\$ 24.73	93%	\$ 20,488	\$ 25,817	NM	32.5x	19.9x	9.1x	9.8x	8.1x	15.2x	16.9x	12.7x	1.3x	1.5x	NM
Halliburton Company	21.62	86%	19,253	25,769	48.4	20.6	13.8	10.9	9.6	7.6	17.7	14.5	10.5	1.8	3.4	NM
Schlumberger Limited	29.64	80%	41,450	53,903	25.5	23.5	16.6	13.2	11.0	9.1	21.4	19.5	14.2	2.4	3.0	NM
<b>Mean</b>		<b>87%</b>	<b>\$ 27,064</b>	<b>\$ 35,163</b>	<b>36.9x</b>	<b>25.6x</b>	<b>16.8x</b>	<b>11.1x</b>	<b>10.2x</b>	<b>8.3x</b>	<b>18.1x</b>	<b>17.0x</b>	<b>12.4x</b>	<b>1.8x</b>	<b>2.6x</b>	<b>NM</b>
<b>Median</b>		<b>86%</b>	<b>20,488</b>	<b>25,817</b>	<b>36.9</b>	<b>23.5</b>	<b>16.6</b>	<b>10.9</b>	<b>9.8</b>	<b>8.1</b>	<b>17.7</b>	<b>16.9</b>	<b>12.7</b>	<b>1.8</b>	<b>3.0</b>	<b>NM</b>
<b>Drillers</b>																
Ensign Energy Services Inc.	\$ 1.49	75%	\$ 241	\$ 1,315	NM	NM	NM	10.1x	7.6x	5.5x	NM	NM	NM	2.1x	0.2x	0.2x
Helmerich & Payne, Inc.	27.41	76%	2,958	2,881	NM	NM	NM	NM	20.1	9.0	NM	NM	NM	2.7	1.0	1.0
Independence Contract Drilling, Inc.	3.00	38%	22	163	NM	NA	NA	NM	NM	3.8	NM	NA	NA	2.8	0.1	0.1
Nabors Industries Ltd.	96.48	72%	795	3,624	NM	NM	NM	7.9	7.7	6.1	NM	NM	NM	1.9	1.1	1.1
Precision Drilling Corporation	40.49	94%	539	1,461	NM	NM	NM	13.3	8.4	5.8	NM	NM	NM	2.1	0.5	0.6
Patterson-UTI Energy, Inc.	9.00	80%	1,701	2,387	NM	NM	NM	17.0	13.6	6.8	NM	NM	NM	2.5	0.9	1.0
Western Energy Services Corp.	0.24	57%	22	212	NM	NA	NA	13.8	13.3	9.3	NM	NA	NA	2.3	0.1	0.1
<b>Mean</b>		<b>70%</b>	<b>\$ 897</b>	<b>\$ 1,720</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>12.4x</b>	<b>11.8x</b>	<b>6.6x</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>2.3x</b>	<b>0.6x</b>	<b>0.6x</b>
<b>Median</b>		<b>75%</b>	<b>539</b>	<b>1,461</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>13.3</b>	<b>10.9</b>	<b>6.1</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>2.3</b>	<b>0.5</b>	<b>0.6</b>





# Traditional Energy Services – Public Trading Valuations (Cont'd)

(\$ in millions, except per share values)

Comparable Companies	Share Price	As % of		Equity Value	Enterprise Value (EV)	P/E			EV / EBITDA			EV / EBIT			EV / Revenue	Market Value	
		LTM	High			LTM	2021E	2022E	LTM	2021E	2022E	LTM	2021E	2022E		Book	T. Book
<b>Well Services</b>																	
Weatherford International plc	\$ 19.67	95%	\$ 1,379	\$ 2,810	NM	NM	NM	6.7x	5.7x	4.6x	NM	NM	17.5x	0.8x	1.9x	NM	
KLX Energy Services Holdings, Inc.	4.76	25%	42	283	NM	NM	NM	NM	16.6	5.7	NM	NM	NM	0.8	(1.5)	NM	
Nine Energy Service, Inc.	1.83	45%	57	344	NM	NM	NM	NM	NM	6.7	NM	NM	NM	1.3	(5.9)	NM	
RPC, Inc.	4.86	65%	1,035	976	NM	NM	36.0	20.7	13.0	7.2	NM	NM	NM	1.3	1.7	1.8	
Select Energy Services, Inc.	5.19	68%	476	432	NM	NM	NM	NM	10.9	4.6	NM	NM	NM	0.8	0.8	1.0	
<b>Mean</b>		<b>60%</b>	<b>\$ 598</b>	<b>\$ 969</b>	<b>NM</b>	<b>NM</b>	<b>36.0x</b>	<b>13.7x</b>	<b>11.5x</b>	<b>5.7x</b>	<b>NM</b>	<b>NM</b>	<b>17.5x</b>	<b>1.0x</b>	<b>(0.6x)</b>	<b>1.4x</b>	
<b>Median</b>		<b>65%</b>	<b>476</b>	<b>432</b>	<b>NM</b>	<b>NM</b>	<b>36.0</b>	<b>13.7</b>	<b>11.9</b>	<b>5.7</b>	<b>NM</b>	<b>NM</b>	<b>17.5</b>	<b>0.8</b>	<b>0.8</b>	<b>1.4</b>	
<b>Equipment Tech</b>																	
Baker Hughes Company	\$ 24.73	93%	\$ 20,488	\$ 25,817	NM	32.5x	19.9x	9.1x	9.8x	8.1x	15.2x	16.9x	12.7x	1.3x	1.5x	NM	
Cactus, Inc.	37.72	85%	2,189	2,019	NM	53.9	28.0	23.1	17.7	11.4	NM	NM	15.5	NM	5.0	NM	
Forum Energy Technologies, Inc.	22.54	79%	127	299	NM	NM	NM	NM	10.6	5.2	NM	NM	18.7	0.6	0.4	0.9	
Flowsolve Corporation	34.67	78%	4,516	5,238	28.9	21.2	17.2	11.2	11.8	10.2	14.4	15.4	12.8	1.4	2.6	NM	
NCS Multistage Holdings, Inc.	28.56	60%	68	78	NM	NA	NA	NM	NA	NA	NM	NA	NA	0.8	0.8	1.0	
NOV Inc.	13.11	73%	5,122	5,158	NM	NM	58.4	NM	22.2	9.3	NM	NM	23.6	1.0	1.0	1.6	
Oil States International, Inc.	6.39	67%	392	508	NM	NM	NM	NM	12.6	7.3	NM	NM	NM	0.9	0.5	0.9	
TechnipFMC plc	7.53	58%	3,394	4,153	8.5	NM	44.7	0.9	7.0	6.3	1.0	21.0	15.6	0.3	1.0	1.3	
TETRA Technologies, Inc.	3.12	69%	395	515	NM	NM	20.8	NM	10.4	6.6	NM	NA	NA	1.6	3.9	NM	
<b>Mean</b>		<b>74%</b>	<b>\$ 4,077</b>	<b>\$ 4,865</b>	<b>18.7x</b>	<b>35.9x</b>	<b>31.5x</b>	<b>11.1x</b>	<b>12.8x</b>	<b>8.1x</b>	<b>10.2x</b>	<b>17.8x</b>	<b>16.5x</b>	<b>1.0x</b>	<b>1.8x</b>	<b>1.1x</b>	
<b>Median</b>		<b>73%</b>	<b>2,189</b>	<b>2,019</b>	<b>18.7</b>	<b>32.5</b>	<b>24.4</b>	<b>10.1</b>	<b>11.2</b>	<b>7.7</b>	<b>14.4</b>	<b>16.9</b>	<b>15.6</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	
<b>Pressure Pumpers</b>																	
Cardinal Energy Ltd.	\$ 3.31	96%	\$ 497	\$ 656	4.2x	41.3x	5.7x	10.5x	5.4x	3.7x	NM	NA	NA	3.0x	1.5x	1.5x	
Halliburton Company	21.62	86%	19,253	25,769	48.4	20.6	13.8	10.9	9.6	7.6	17.7	14.5	10.5	1.8	3.4	NM	
Liberty Oilfield Services Inc.	12.13	68%	2,163	2,262	NM	NM	30.3	26.9	16.9	6.5	NM	NM	18.3	NM	1.8	1.8	
Mammoth Energy Services, Inc.	2.91	40%	136	209	NM	NA	NA	NM	20.9	4.1	NM	NA	NA	0.8	0.3	0.3	
NexTier Oilfield Solutions Inc.	4.60	79%	1,112	1,197	NM	NM	32.9	NM	14.3	4.1	NM	NM	13.1	1.3	2.1	3.0	
ProPetro Holding Corp.	8.65	62%	893	820	NM	NM	21.6	9.6	6.1	3.6	NM	NM	8.9	1.2	1.1	1.1	
U.S. Well Services, Inc.	2.54	22%	133	523	NM	NM	NM	26.1	14.3	8.4	NM	NM	NM	2.1	(0.5)	NM	
Schlumberger Limited	29.64	80%	41,450	53,903	25.5	23.5	16.6	13.2	11.0	9.1	21.4	19.5	14.2	2.4	3.0	NM	
<b>Mean</b>		<b>67%</b>	<b>\$ 8,205</b>	<b>\$ 10,667</b>	<b>26.0x</b>	<b>28.5x</b>	<b>20.1x</b>	<b>16.2x</b>	<b>12.3x</b>	<b>5.9x</b>	<b>19.5x</b>	<b>17.0x</b>	<b>13.0x</b>	<b>1.8x</b>	<b>1.6x</b>	<b>1.5x</b>	
<b>Median</b>		<b>73%</b>	<b>1,003</b>	<b>1,009</b>	<b>25.5</b>	<b>23.5</b>	<b>19.1</b>	<b>12.1</b>	<b>12.7</b>	<b>5.3</b>	<b>19.5</b>	<b>17.0</b>	<b>13.1</b>	<b>1.8</b>	<b>1.7</b>	<b>1.5</b>	

SECTION I V



## D.A. Davidson's Full Service Platform

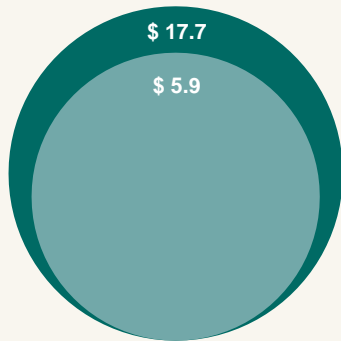




# 100% Employee Owned. Consistent Growth.

## \$17.7B

2020 TRANSACTION VOLUME<sup>(1)</sup>

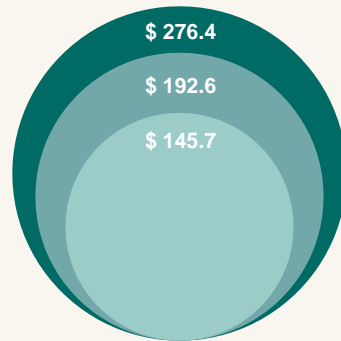


INVESTMENT BANKING VOLUME OF TRANSACTIONS CLOSED

(BILLION)

## \$276.4M

2020 SHAREHOLDERS' EQUITY<sup>(2)</sup>

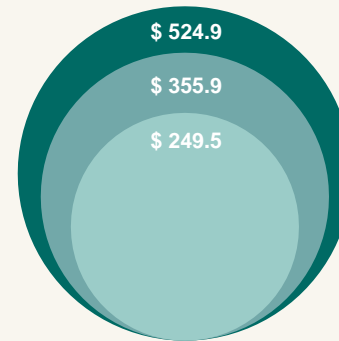


SHAREHOLDERS' EQUITY

(MILLIONS)

## \$524.9M

2020 NET REVENUE<sup>(2)</sup>

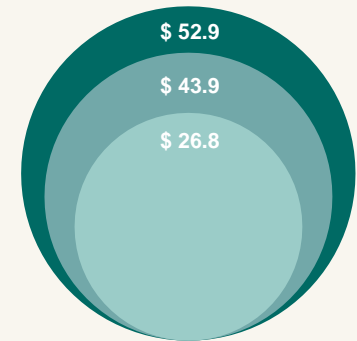


NET REVENUE

(MILLIONS)

## \$52.9B

2020 AUA<sup>(2)</sup>



ASSETS UNDER ADMINISTRATION

(BILLION)

■ 2010

■ 2015

■ 2020

(1) Financials based on calendar year end.  
(2) Financials based on D.A. Davidson fiscal year-end September 30<sup>th</sup>.



# Full-service Platform Offering Depth and Expertise



**D|A|DAVIDSON**  
EQUITY CAPITAL MARKETS

## Equity Capital Markets

### INVESTMENT BANKING

Mergers & Acquisitions

Equity & Debt Financing

Public Offerings

Private Placements

### EQUITY RESEARCH

Award-Winning Research

18+ Senior Analysts

360+ Covered Companies

Bison Select Coverage

### SALES & TRADING

Market Maker for 1,000+ Stocks

Coverage of 500+ Institutions

350+ Non-Deal Roadshows / Year

Coast-to-Coast Coverage

### WEALTH MANAGEMENT

Personal Wealth Management

Financial Planning

~400 Financial Advisors

Investment Advisory

Significant Distribution Capabilities

~\$52 billion in client AUA

### FIXED INCOME CAPITAL MARKETS

Public Finance

Institutional Sales & Trading

Fixed Income Strategy Group

Structured Investments



# Powerful Equity Sales And Trading Platform

## DAVIDSON INSTITUTIONAL SALES OVERVIEW

### A Tradition of Quality Research, Sales, Execution, and Service

Committed to providing liquidity and best execution services to a wide range of institutional investors, including many of the largest mutual fund and money managers in the world

**20+** INSTITUTIONAL SALES & TRADING EXPERTS

**7** TEAMS IN 6 LOCATIONS ACROSS THE U.S

**15+** YEARS AVERAGE EXPERIENCE

**700+** INSTITUTIONAL TRADING DESKS (COVERAGE)

### COMPETITIVE ADVANTAGE

### TRADING & MARKET MAKING



#### Distribution

Strong relationships with niche, small and mid-cap investor

#### Stability

Sector specialist in sales and trading

#### Liquidity

Leading market maker in trading volume for 1,100+ stocks

**1,100+**

STOCKS IN MARKET MAKING

**500+**

SMALL / MID-CAP STOCKS

## INSTITUTIONAL SALES & TRADING OFFICES

Coast-To-Coast Coverage



NEW YORK CITY  
NEW YORK



BOSTON  
MASSACHUSETTS



DENVER  
COLORADO



PORTLAND  
OREGON



MINNEAPOLIS  
MINNESOTA



RED BANK  
NEW JERSEY



# Bulge Bracket Capabilities.

We offer expansive capabilities, delivered by experienced advisors, supported by advanced analysis



# Boutique Focus on Clients.

Each client transaction meaningfully impacts our firm results and receives the attention it deserves

## FULL SERVICE CAPABILITIES

M&A advisory, public and private capital raising, and corporate services

## LEADING EQUITY RESEARCH

Award winning institutional equity research

## COMPREHENSIVE ACCESS

Broad access to strategic and financial buyers

## INTERNATIONAL REACH

Wide scale and strategic partnership with MCF Corporate Finance

## INDUSTRY EXPERTISE

Significant experience within core verticals

## PUBLIC MARKET INSIGHTS

Provided through institutional sales, trading and syndicate

## SENIOR LEVEL ATTENTION

Senior bankers will maintain presence throughout the process

## MIDDLE MARKET EXPERTISE

M&A and capital markets knowledge for mid-sized companies

## UNIQUE PERSPECTIVES

Knowing challenges and opportunities for mid-sized companies

## INDEPENDENT

Employee-owned firm focused exclusively on client objectives

## RELATIONSHIP DRIVEN

Highly customized solutions supporting long-term client success



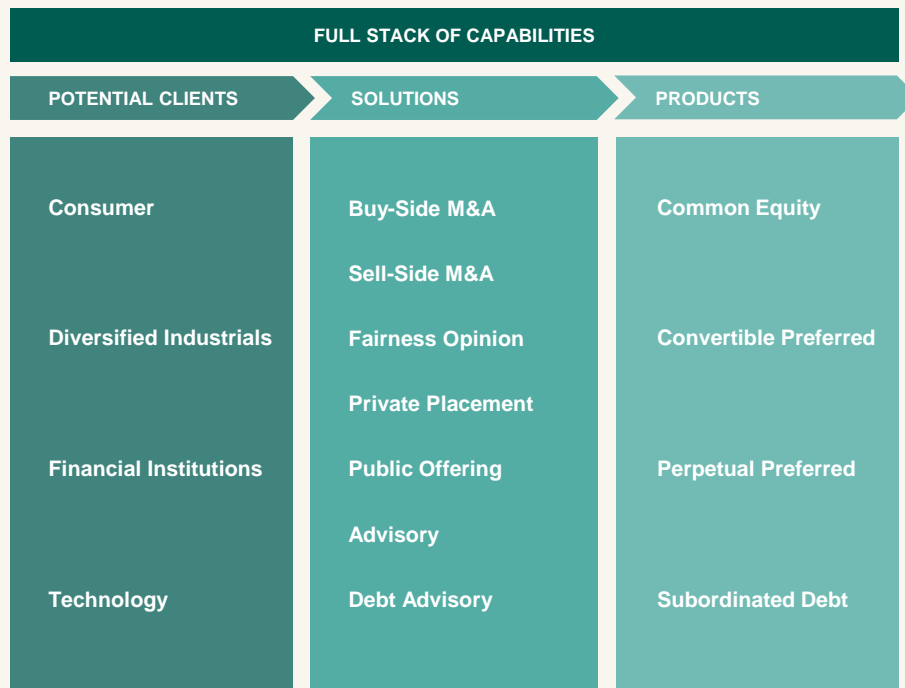


# D.A. Davidson's M&A Advisory Summary











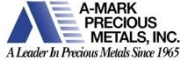







Davidson's leading M&A Advisory platform and experienced, knowledgeable team drive superior outcomes for clients on a nationwide basis

## Significant Deal Activity And Industry Experience

**430+** TRANSACTIONS SINCE 2016<sup>(1)</sup>      **\$44B** AGGREGATE TRANSACTION VOLUME SINCE 2016<sup>(1)</sup>



### SELECT RECENT M&A TRANSACTIONS

 <p>has completed an initial public offering of common stock</p> <p><b>\$1,538,566,008</b></p> <p>CO-MANAGER</p>	 <p>has received an investment from</p>  <p>FINANCIAL ADVISOR</p>	 <p>has completed an initial public offering of common stock</p> <p><b>\$519,090,000</b></p> <p>CO-MANAGER</p>
 <p>has acquired</p>  <p>BUY-SIDE ADVISOR</p>	 <p>has agreed to acquire</p>  <p>BUY-SIDE ADVISOR</p>	 <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>
 <p>has acquired</p>  <p>BUY-SIDE ADVISOR</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>SELL-SIDE ADVISOR</p>	 <p>has been acquired by</p>  <p>to form</p>  <p>SELL-SIDE ADVISOR</p>

(1) Financials based on calendar year end.



# Transatlantic Reach

**D | A | DAVIDSON** | *mcf*  
INTERNATIONAL

1,400+

D.A. DAVIDSON ASSOCIATES

150+

INVESTMENT BANKING PROFESSIONALS

99

OFFICE LOCATIONS

SECTION V



# Institutional Equity Research Coverage





# Diversified Industrials Equity Research Coverage

We offer differentiated research based on industry and company analysis in context with valuation



## Brent Thielman

Managing Director,  
Senior Research Analyst

- Focuses on engineering & construction
- Over 15 years of experience in equity research
- Joined D.A. Davidson in 2004

### COVERAGE



## Matt Summerville

Managing Director,  
Senior Research Analyst

- Focuses on industrial and financial technology
- Over 20 years of experience in equity capital markets
- Joined D.A. Davidson in 2018

### COVERAGE



## Kurt Yinger

Associate Vice President,  
Research Analyst

- Focuses on building and paper product manufacturers
- Joined D.A. Davidson in 2015

### COVERAGE





# Diversified Industrials Equity Research Coverage (cont'd)

We offer differentiated research based on industry and company analysis in context with valuation



**Michael Shlisky**

Managing Director,  
Senior Research Analyst

- Focuses on specialty vehicles, machinery, and equipment
- Over 15 years of experience in equity research
- Joined D.A. Davidson in 2021

## COVERAGE





# D.A. Davidson | MCF International Office Locations

## ATLANTA

1201 Peachtree St NE  
Office #222, #223  
Atlanta, GA 30361  
(470) 645-6385

## HAMBURG\*

Emporio Tower  
Valentinskamp 70  
D-20355 Hamburg  
+49 40 39803 0

## PORTLAND

222 SW Columbia St.  
Ste. 1400  
Portland, OR 97201  
(800) 249-2610

## BOSTON

One International Place  
Ste. 320  
Boston, MA 02110  
(857) 318-0200

## HELSINKI\*

1<sup>st</sup> Floor  
Etelaesplanadi 70  
00130 Helsinki  
+358 9 6227 1890

## SALT LAKE CITY

110 S. Regent St.  
Ste. 410  
Salt Lake City, UT 84111  
(801) 333-3123

## CHICAGO

227 W. Monroe St.  
Ste. 5250  
Chicago, IL 60606  
(312) 525-2777

## LONDON\*

14 Waterloo Place  
London SW1Y 4AR  
+44 20 7968 2760

## SEATTLE

701 5th Ave.  
Ste. 4050  
Seattle, WA 98104  
(888) 389-8001

## DENVER

1550 Market St.  
Ste. 300  
Denver, CO 80202  
(303) 571-6100

## NEW YORK CITY

757 Third Ave.  
Ste. 1902  
New York, NY 10017  
(800) 450-3942

## STOCKHOLM\*

Vastra Tradgardsgatan 15  
111 53 Stockholm  
+46 8 545 680 80

## GREAT FALLS

8 Third St. N.  
Great Falls, MT 59401  
(800) 332-5915

## ORANGE COUNTY

611 Anton Blvd.  
Ste. 600  
Costa Mesa, CA 92626  
(714) 327-8800

