

April 2023

M&A Insider Report

Defense, Government
& Intelligence

Physical & Cyber
Security

Critical
Infrastructure

Maritime Transport
& Facilities

FIRM OVERVIEW

- Founded in 1997 and headquartered in Northern VA; 25-year history of transaction success
- Comprised of 50+ financial professionals across five offices
- Team includes career investment bankers, CPAs, certified business valuation professionals and former industry executives



INDUSTRY FOCUSED M&A

Government Services



- Government Services and Products
- Federal Civilian Services
- State and Local Government

Physical & Cyber Security



- Physical Security Services
- Integrators
- Cyber Security

Critical Infrastructure



- Water & Wastewater
- Energy Infrastructure
- Critical Communications

Maritime



- Vessels
- Tier Two & Three Services
- Ports & Facilities



CORE BUSINESS

Investment Banking
Strategic Advisory Services

- Sell-Side M&A
- Buy-Side M&A
- Debt / Equity Placements
- Employee Stock Ownership Plans
- Leveraged Transactions
- Other Advisory Services

Business Valuation
Valuations and Opinions

- "Fair Value" Financial Reporting
- Equity Incentive Plans
- Fairness Opinions
- PEG Portfolio Valuations
- ESOP Transactions
- Estate and Gift

360 FINANCIAL COVERAGE

140+

Closed Transactions Since 2010

> 400

Annual Valuation Clients

> 25 yrs.

Track Record of Success

50+

Financial Professionals

>90%

Portion of Deals that are Sell-Side M&A

> \$6B

Total Transaction Value Since 2010

Major News Stories**1.1% YoY GDP Growth in Q1-2023**

- The first quarter of 2023 saw a 1.1% GDP growth YoY which was below the 2% estimate of most economists. Following the Q4-2022 GDP growth of 2.6%, economic output is expected to decelerate further as rising interest rates as well as lower inventories and declining private investment continue to hamper growth.

**Q1-2023 M&A Trends**

- Rising interest rates and the current banking crisis led to a 32% decline YoY in total M&A deal value, signaling a shift to smaller, cheaper deals. The shift is marked by an increased focus by both strategics and financial sponsors on the lower middle market which caused founder-owned companies to comprise 85% of businesses sold in Q1-2023 – their highest share of the market ever.

**Leveraged Loan Default Rate Hit 22-month High in March-23**

- The March leveraged loan default value of \$4.42B exceeded the total value of defaults from the previous five months after three large companies (Diamond Sports, Loyalty Ventures, Catalina Marketing) filed Chapter 11 bankruptcy. Leverage loans are made to companies with either low credit ratings or existing high debt levels and their default rate is considered a leading indicator of financial distress.

**Labor Supply Returns to Pre-Pandemic Levels**

- The portion of prime age laborers (ages 25-54) participating in the U.S. workforce rose to its pre-pandemic level of 83%. Economists are uncertain of the reason for the almost three-year delay, but speculation includes the cost of childcare and time to find employment. The overall labor participation rate of 62.6% remains below pre-pandemic levels (63.3%) largely due to the retirement of baby boomers.

**Shock in the Banking System Continues**

- The KBW regional bank index finished April -21.6% YTD as the federal reserve continues to increase interest rates, reducing the value of existing treasury bills where most banks store their savings. Concerns over the financial stability of regional banks and rescue deals including JPMorgan's assumption of First Republic's \$92B in deposits has created significant inflow to large lenders.

Sources: CNBC, FactSet, PitchBook, Axios, Wall Street Journal



April 2023: Broadleaf acquired by ASRC Federal



- ASRC Federal and Broadleaf expanded their footprint across key Department of Defense agencies providing leading technology and professional services
- Broadleaf will add nearly 600 employees to ASRC Federal providing cybersecurity, network engineering, cloud migration, training and program management across the DoD
- The merger with Broadleaf expands ASRC Federal’s presence at key U.S. Army commands, specifically Aberdeen Proving Ground, as well as the U.S. Navy and the Defense Counterintelligence and Security Agency, while also expanding the Company’s portfolio with new DoD and Federal Civilian customers



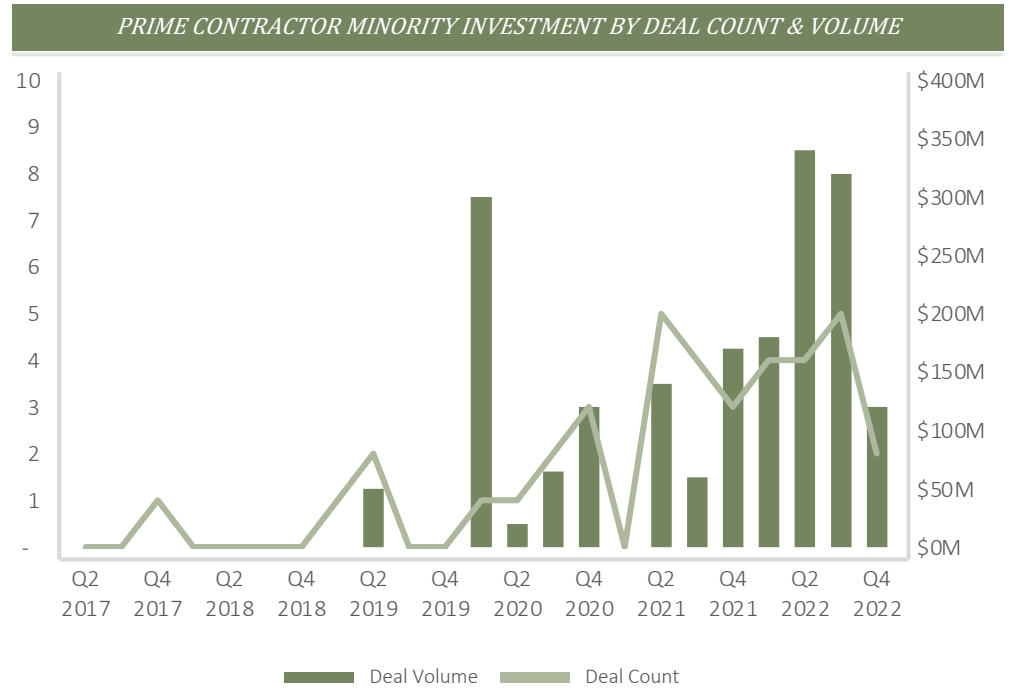
June 2022: Ensco acquires KLD Labs



- ENSCO, a global pioneer in railway inspection technology, has acquired KLD Labs, a world-leading provider of automated wayside inspection technology and laser profiling solutions
- KLD will continue to offer and support its world-class solutions and services to customers as an ENSCO subsidiary
- KLD customers will benefit from ENSCO’s financial strength, technology investments, and global reach including a seasoned field service team operating throughout the world, such as ENSCO Rail Australia Pty Ltd and ENSCO Tecnologias do Brasil LTDA

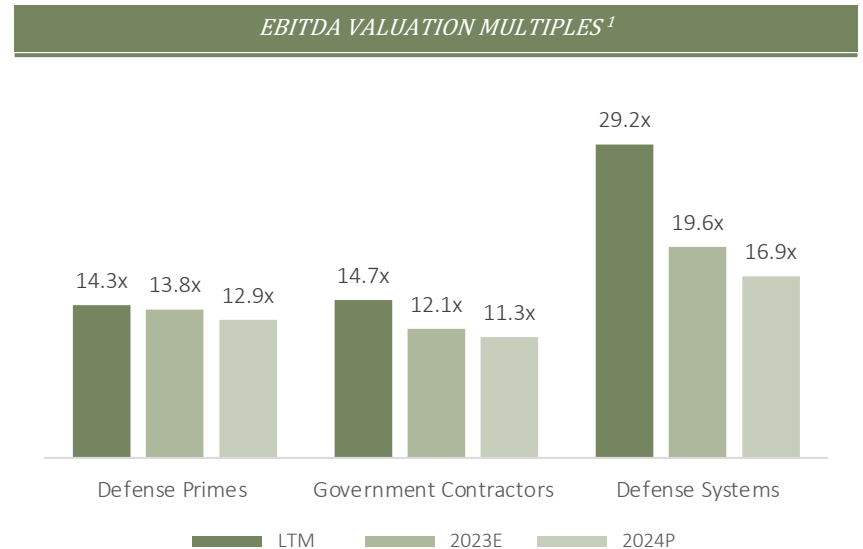
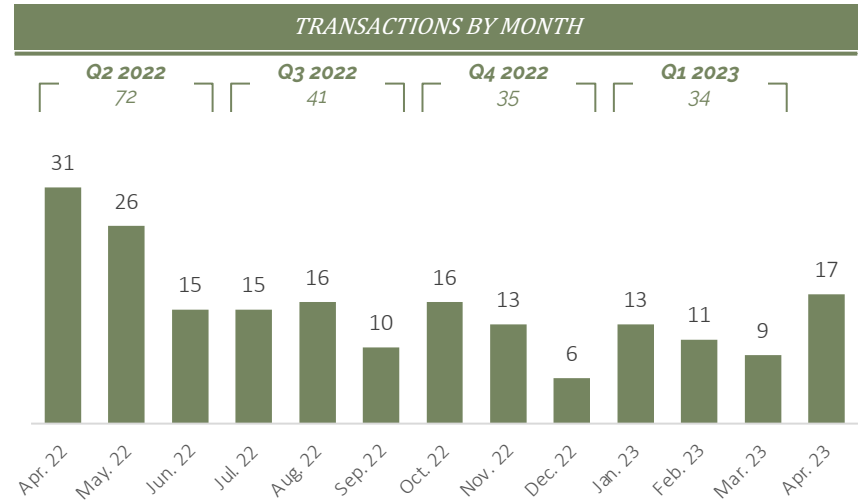
Public Defense Contractors Increasing Minority Investments

- Over the past few years, many public defense contractors have become increasingly willing to take on the minority investor role via their venture investing arms.
- According to data from Bloomberg, venture investment deal count and volume have significantly increased for the largest publicly traded defense contractors over the last few years, and further accelerated in 2022.
- With the increased emphasis on innovative solutions and technology modernization within the government customer base, large prime contractors need access to the technologies developed by startups to deliver robust, complete solutions.
- While the defense contractors gain access to cutting-end technology, the growing startups benefit from increased customer access and assistance selling to the federal government.
- This trend is expected to continue as conflict evolves and progresses into the realm of space. Partnerships will help accelerate innovation with an emphasis protecting data, geospatial analysis, and secure communications.



Sources: PitchBook, Bloomberg, RSM

- As a result of the ongoing CIO-SP4 protests, the National Institutes of Health (NIH) extended the runway of CIO-SP3 by an additional six months. With the ~120 active bid protests unresolved, the NIH is unable to make official awards of the \$50B CIO-SP4 vehicle until resolved. The extension allows for orders through October 29th on the legacy vehicle, meaning awards task orders can deliver services through FY2029.
- On April 13th, the White House provided a memo to federal agencies aiming to “substantially” increase in-person work by government employees at headquarters offices. “The guidance we are releasing today directs agencies to refresh their work environment plans and policies” said OMB Deputy Director Jason Miller. The directives and efforts are aimed at ensuring the American people can easily and efficiently access critical government services.
- The White House has again requested for Congress to lift the debt ceiling as the U.S. could soon default on its debt. Since early 2023, the government has deployed “extraordinary measures” to pay its bills, but the funds could run out as early as June 1, according to Janet Yellen. Potential consequences of reaching the debt ceiling include a downgrade by credit agencies, increased borrowing costs for homeowners and businesses, and drop off in consumer confidence that could shock the U.S. financial market, according to economists. If breached, Goldman Sachs economists estimate ~10% of all U.S. economic activity could immediately halt.



Sources: Bloomberg, S&P Capital IQ, U.S. Department of Defense, CFR
 1. For composition of indices, see page 24



Transaction Details

Patchadvisor, an IT security firm, provides application, host, network, and vulnerability assessments, network design and security training, and incident response services to private and public sector customers. The acquisition, coupled with Core4ce's defense cyber expertise, will allow the company to provide a full spectrum of cyber services to its customers

Date: 4/3/2023

EV: ND

EBITDA Multiple: NA



Transaction Details

Verus develops and manufactures Counter Unmanned Aircraft Systems (CUAS) products and services for the private and public sector. The acquisition will allow Blue Halo to deliver a superior suite of products to support the warfighter in the ever-evolving next generation battlefield and protect critical infrastructure

Date: 4/3/2023

EV: ND

EBITDA Multiple: NA



Transaction Details

IPKeys Power Partners provides enterprise software platforms designed to deliver operational security and cybersecurity to utilities across the U.S. The acquisition reinforces Parsons' position in the critical infrastructure protection market and expands capabilities into adjacent markets

Date: 4/14/2023

EV: \$43M

EBITDA Multiple: NA



Transaction Details

Miracle Systems provides PMO support, engineering services, financial consulting, IT modernization, cyber support, and training services to its public sector customer base. Miracle joins existing Renovus portfolio company Panum Telecom under the newly formed Aretum platform. The acquisition is expected to support the mission of government agencies with technology and consulting services

Date: 4/19/2023

EV: ND

EBITDA Multiple: NA



Transaction Details

Rapid Imaging brings 25+ years of experience developing software and imaging solutions for intelligence and defense customers. The acquisition will enhance CTI's ability to deliver cutting-edge situational awareness solutions to its customers, grow the business, and expend offerings to its customer base

Date: 4/20/2023

EV: ND

EBITDA Multiple: NA



Transaction Details

Broadleaf provides leading information technology services including cybersecurity, network engineering and cloud migration, as well as professional services including training and program management. The acquisition adds approximately 600 employees, strengthening ASRC Federal's presence within key DoD agencies and providing growth opportunities

Date: 4/25/2023

EV: ND

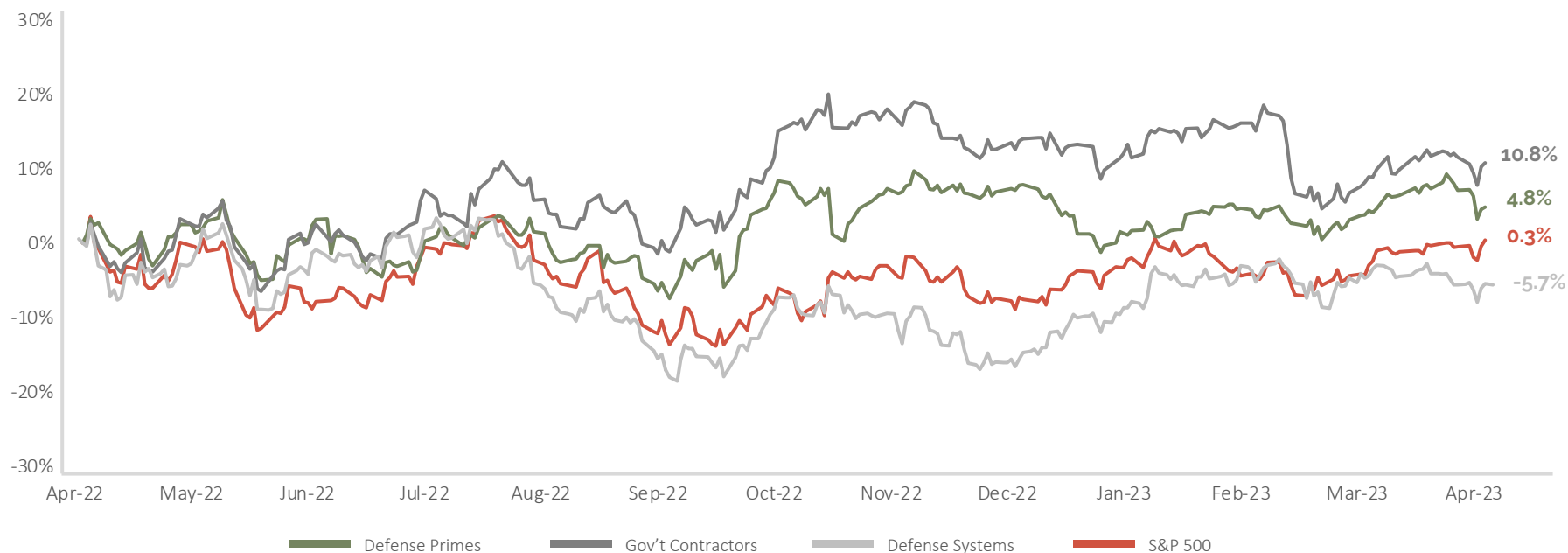
EBITDA Multiple: ND

Sources: S&P Capital IQ, DACIS
*Announcement Date

Contract Value (\$M)	Award Date	End Date	Customer	Awardee	Type	Contract Scope
\$7,796	04/28/2023	08/31/2026	U.S. Navy	Lockheed Martin	Firm Fixed Price	Provide the production and delivery of 126 F-35s for the U.S. and international military partners
\$2,091	04/28/2023	04/27/2031	U.S. Army	DCS Corporation	Cost Plus Fixed Fee	Support R&D laboratory that works on advanced technology for military ground systems
\$1,007	04/08/2023	04/07/2028	U.S. DoE	Centerra Group	Cost Plus Award Fee	Provide paramilitary security services at the Savannah River Site
\$1,000	04/08/2023	-	U.S. Navy	Leonardo DRS	Various	Provide the integrated electric propulsion components for Columbia-class submarines
\$847	04/21/2023	04/20/2030	U.S. Naval Sea Systems	Metro Machine	Cost Plus Fixed Fee	Support aircraft carrier nuclear, private sector maintenance, and repair and modernization
\$733	04/26/2023	06/30/2027	U.S. Naval Air Systems	General Electric	Firm Fixed Price / Cost Plus Fixed Fee	Production and delivery of 169 T408 turboshaft engines
\$719	04/18/2023	06/30/2028	NASA	Space Network Solutions	Cost Plus Fixed Fee	Support the Applied Engineering and Technology Directorate (AETD)
\$584	04/03/2023	04/02/2028	U.S. Air Force	L3Harris	Various	Production, engineering services, and repair support for the AN/ALQ-211 (V)4 AIDEWS
\$350	04/01/2023	09/30/2032	U.S. Department of Veteran Affairs	Change Healthcare Ops.	Firm Fixed Price / IDIQ	Support electronic data interchange and paper to electronic services

Sources: DACIS, Clearance Jobs, GOVConWire, U.S. Department of Defense

TRAILING TWELVE MONTHS (TTM) PUBLIC EQUITY INDEX CHART¹

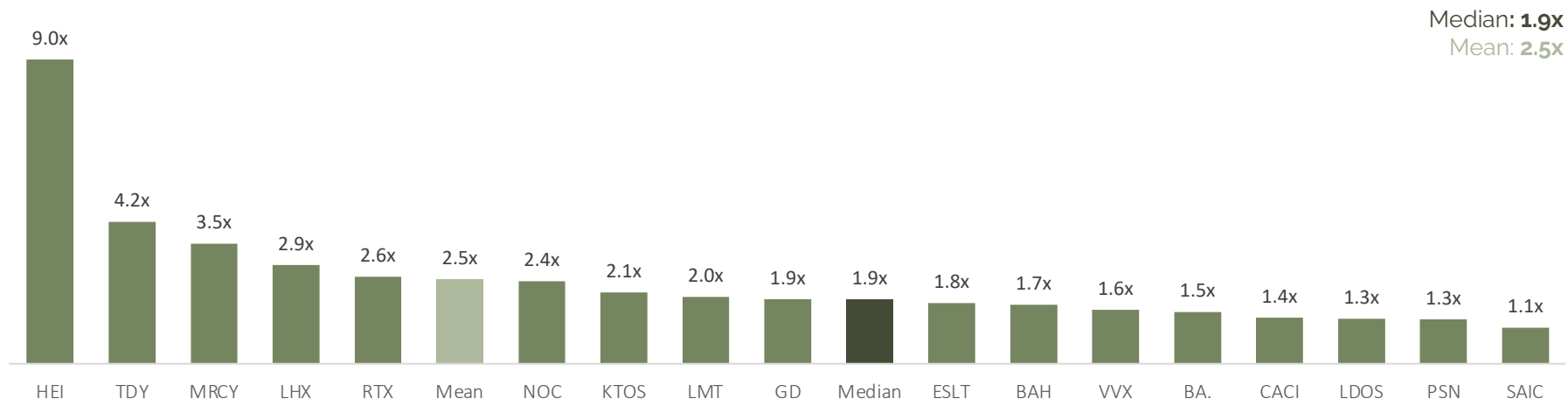


Market Commentary

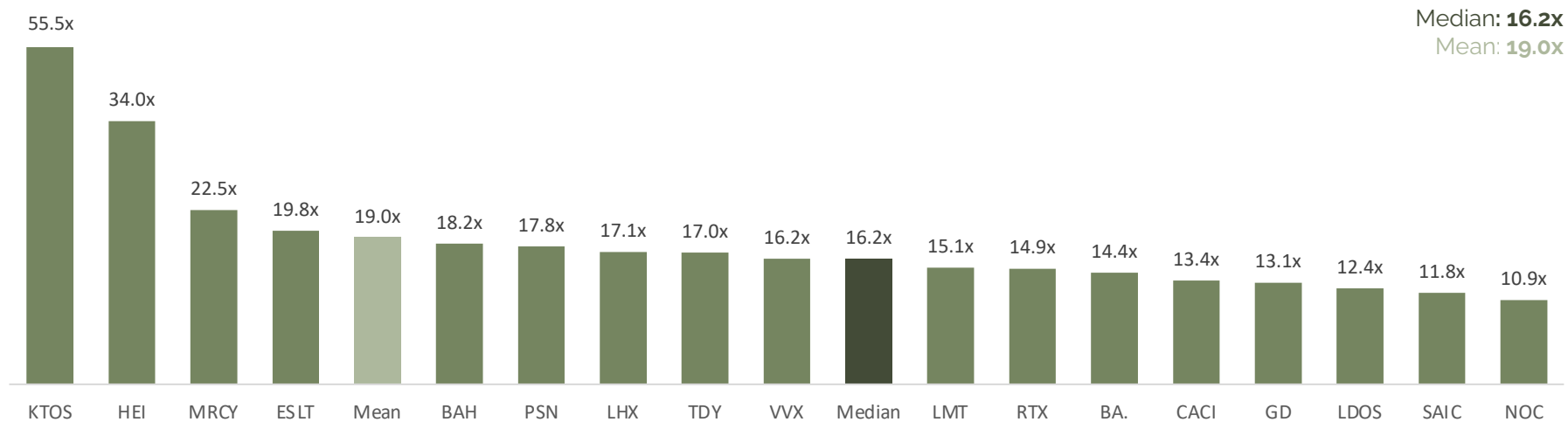
- The Mclean Group’s custom indices have continued to outperform the broader equity market over the last twelve months, with the "Government Contractors" index leading the way.
- Defense primes continue to feel the positive impact of increase spend as the Russia-Ukraine war drags on. Most recently, Lockheed Martin was awarded a \$7.8B contract for 126 additional F-35s and a \$2.4B contract modification to product additional PAC-3 missiles.
- Government contractors continue to outperform as the government emphasizes cyber compliance, developing and protecting intellectual property, and continued technology modernization efforts including the use of AI/ML for defense and civilian agencies.

Sources: S&P Capital IQ, Bloomberg
 1. For composition of indices, see page 24

LTM REVENUE VALUATION MULTIPLES



LTM EBITDA VALUATION MULTIPLES



Sources: S&P Capital IQ

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 4/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Primes												
Raytheon	99.90	177,472.0	72,678.4	12,933.9	17.8%	78,476.0	14,213.2	18.1%	2.44x	13.72x	2.26x	12.49x
Lockheed Martin	464.45	130,783.1	65,798.0	9,858.2	15.0%	67,829.4	10,120.7	14.9%	1.99x	13.27x	1.93x	12.92x
Northrop Grumman	461.27	83,408.2	38,413.9	5,362.1	14.0%	40,471.9	5,780.8	14.3%	2.17x	15.56x	2.06x	14.43x
General Dynamics	218.34	69,851.7	41,514.9	5,343.2	12.9%	44,274.6	5,981.3	13.5%	1.68x	13.07x	1.58x	11.68x
L3Harris	195.15	47,242.8	17,856.9	3,512.4	19.7%	18,637.0	3,706.4	19.9%	2.65x	13.45x	2.53x	12.75x
BAE Systems	12.75	43,860.5	30,382.9	4,020.5	13.2%	31,989.9	4,299.0	13.4%	1.44x	10.91x	1.37x	10.20x
Average	\$287.82	\$101,751.6	\$47,252.4	\$7,402.0	15.9%	\$49,937.8	\$7,960.5	16.1%	2.19x	13.81x	2.07x	12.85x
Gov't Contractors												
Leidos	93.26	17,952.6	14,998.5	1,559.4	10.4%	15,751.2	1,658.2	10.5%	1.20x	11.51x	1.14x	10.83x
Booz Allen Hamilton	95.72	15,367.0	9,757.1	1,051.3	10.8%	10,392.2	1,146.9	11.0%	1.57x	14.62x	1.48x	13.40x
CACI	313.32	9,119.2	6,859.8	740.4	10.8%	7,173.0	776.9	10.8%	1.33x	12.32x	1.27x	11.74x
SAIC	102.03	7,949.8	7,149.4	666.3	9.3%	7,241.6	688.9	9.5%	1.11x	11.93x	1.10x	11.54x
Parsons	43.50	5,262.8	4,530.6	390.2	8.6%	4,760.2	422.9	8.9%	1.16x	13.49x	1.11x	12.44x
V2X	43.20	2,553.3	3,850.8	301.6	7.8%	4,049.9	332.2	8.2%	0.66x	8.47x	0.63x	7.69x
Average	\$115.17	\$9,700.8	\$7,857.7	\$784.9	9.6%	\$8,228.0	\$837.6	9.8%	1.17x	12.05x	1.12x	11.27x

Sources: S&P Capital IQ
\$USD, Millions besides Stock Price

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 4/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Systems												
Teledyne Technologies	414.40	22,654.6	5,736.8	1,393.8	24.3%	6,000.6	1,484.9	24.7%	3.95x	16.25x	3.78x	15.26x
HEICO Corporation	168.64	21,281.3	2,778.2	735.8	26.5%	2,975.8	807.7	27.1%	7.66x	28.92x	7.15x	26.35x
Elbit Systems	182.18	9,119.2	5,715.0	557.0	9.7%	6,335.9	716.0	11.3%	1.60x	16.37x	1.44x	12.74x
Mercury Systems	47.67	3,293.8	1,060.1	223.0	21.0%	1,150.0	256.5	22.3%	3.11x	14.77x	2.86x	12.84x
Kratos Defense & Security	12.90	1,923.7	989.0	87.9	8.9%	1,087.6	110.7	10.2%	1.95x	21.89x	1.77x	17.38x
Average	\$165.16	\$11,654.5	\$3,255.8	\$599.5	18.1%	\$3,510.0	\$675.2	19.1%	3.65x	19.64x	3.40x	16.91x
Low	\$12.75	\$1,923.75	\$988.98	\$87.90	7.8%	\$1,087.61	\$110.66	8.2%	0.66x	8.47x	0.63x	7.69x
Mean	\$174.63	\$39,358.6	\$19,415.9	\$2,866.9	14.2%	\$20,505.7	\$3,088.4	14.6%	2.22x	14.74x	2.09x	13.33x
Median	\$102.03	\$17,952.65	\$7,149.42	\$1,051.28	12.9%	\$7,241.61	\$1,146.87	13.4%	1.68x	13.49x	1.58x	12.74x
High	\$464.45	\$177,472.00	\$72,678.39	\$12,933.90	26.5%	\$78,476.02	\$14,213.22	27.1%	7.66x	28.92x	7.15x	26.35x

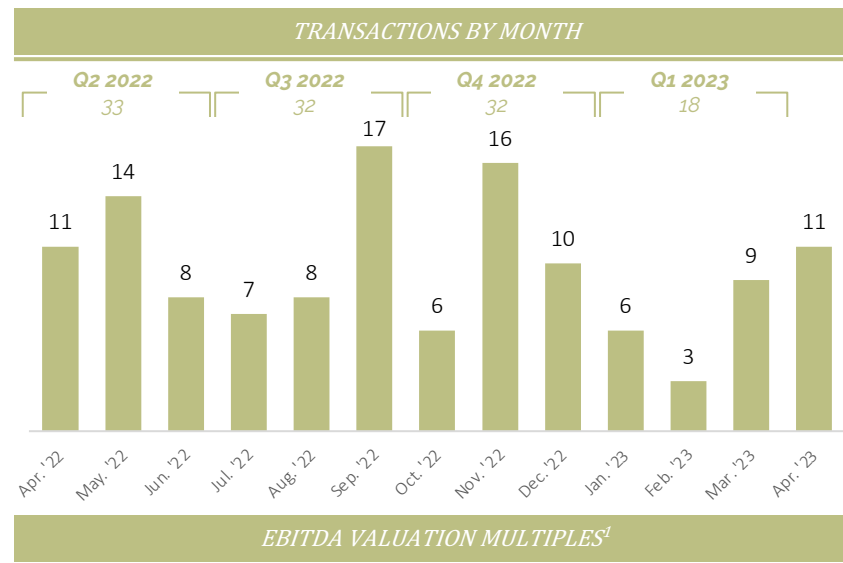
Sources: S&P Capital IQ
\$USD, Millions besides Stock Price

Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
04/03/2023	Core4 Technologies	PatchAdvisors	Provides world class IT security services to its customer base	NA	NA	NA
04/03/2023	BlueHalo	Verus Technology Group	Develops and manufacturers security technology products and services	NA	NA	NA
04/05/2023	ForeFlight	CloudAhoy	Provides post-flight debriefing, analytics, and flight operations quality assurance products	NA	NA	NA
04/06/2023	Chugach Gov't Solutions	Vector Planning & Services	Delivers tech solutions in cybersecurity, systems engineering, and IT integration	NA	NA	NA
04/06/2023	NV5 Global	Visual Info Solutions (L3Harris) ¹	Provides subscription-bases geospatial products and services	\$70.0	NA	NA
04/07/2023	Compass Precision	JKS Machine	Manufactures extremely tight tolerance parts from exotic materials	NA	NA	NA
04/14/2023	Parsons	IPKeys Power Partners	Provides secure technology solutions to complex challenges faced by utilities	\$43.2	NA	NA
04/18/2023	Artem	Miracle Systems	Creates solutions including PMO support, financial consulting, and other IT services	NA	NA	NA
04/19/2023	GI Manager	Atlas Technical Consultants	Provides professional testing, inspection, engineering, and consulting	\$979.2	1.62x	13.85x
04/20/2023	Chesapeake Technology Intl.	Rapid Imaging Technologies	Delivers products leveraging geospatial augmented reality and AI	NA	NA	NA
04/20/2023	Meadowgate Technologies	Engineering Solutions	Provides software and systems engineering, signal intelligence, and enterprise resiliency	NA	NA	NA
04/23/2023	ASRC Federal	Broadleaf	Provides IT services including cybersecurity, network engineering, and cloud migration	NA	NA	NA
04/24/2023	ZeroFox Holdings	LookingGlass Cyber Solutions	Addresses cybersecurity challenges for federal and state government agencies	\$25.5	NA	NA
04/27/2023	Fastener Distribution	BJG Electronics	Supplies electronic interconnect products to major military and aerospace manufacturers	NA	NA	NA

Source(s): S&P CapIQ

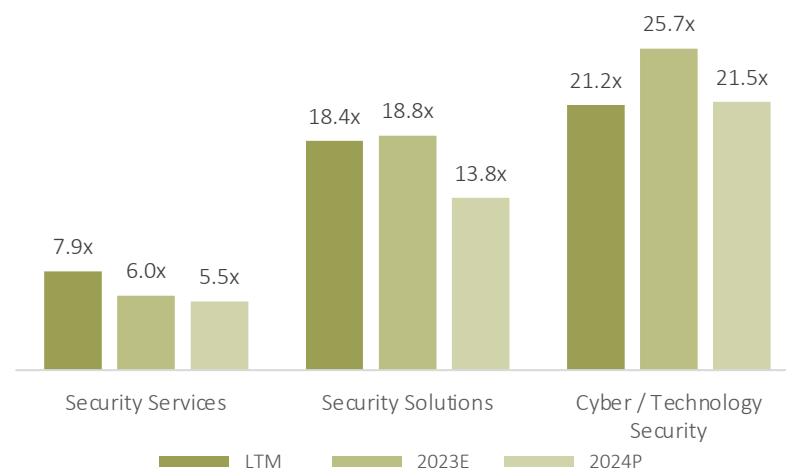
1. The subscription-based geospatial software business of L3Harris

- In April, the United States government decided it is sending more of its cyber forces abroad to help foreign governments fight hackers. This initiative reflects a broader push by the U.S. to improve its collaboration with foreign allies to fight against cyber crimes which are often cross-border.
- A government-imposed ban in Australia on companies paying cyber ransoms to hackers could cause "catastrophic damage" and even lead to the loss of life. AGL Energy, an energy giant in Australia is warning that such a ban could cause damage that is insurmountable, and that the Australian government should consider allowing companies to pay ransom for cyber related attacks.



Select April Transactions

 acquired by 	 acquired by 	 acquired by 	 acquired by 
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Sources: Strategic Market Research, S&P Capital IQ, CyberSecurity Dive, Gartner
 1. For composition of indices, see page 24

PHYSICAL & CYBER SECURITY

	Stock Price 4/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Security Services												
Securitas	8.95	9,219.4	14,971.6	1,252.4	8.4%	15,485.5	1,353.6	8.7%	0.62x	7.36x	0.60x	6.81x
The Brink's Company	62.85	5,789.4	4,860.6	876.3	18.0%	5,166.5	968.1	18.7%	1.19x	6.61x	1.12x	5.98x
Prosegur	1.92	2,671.5	4,850.1	571.8	11.8%	4,992.5	620.1	12.4%	0.55x	4.67x	0.54x	4.31x
Loomis	31.98	2,861.1	2,677.6	545.1	20.4%	2,812.6	575.6	20.5%	1.07x	5.25x	1.02x	4.97x
Average	\$26.43	\$5,135.4	\$6,840.0	\$811.4	14.6%	\$7,114.3	\$879.3	15.1%	0.86x	5.97x	0.82x	5.52x
Security Solutions												
Honeywell International	199.84	146,453.7	36,950.7	9,419.7	25.5%	38,928.3	10,152.7	26.1%	3.96x	15.55x	3.76x	14.43x
Johnson Controls	59.84	51,863.5	27,199.2	4,248.8	15.6%	28,531.6	4,592.2	16.1%	1.91x	12.21x	1.82x	11.29x
Motorola Solutions	291.40	54,040.9	9,712.5	2,849.6	29.3%	10,267.5	3,163.5	30.8%	5.56x	18.96x	5.26x	17.08x
ADT	6.7	15,751.4	6,761.3	2,576.3	38.1%	7,230.2	2,755.5	38.1%	2.33x	6.11x	2.18x	5.72x
Allegion	110.48	11,686.1	3,687.1	866.8	23.5%	3,804.1	917.6	24.1%	3.17x	13.48x	3.07x	12.74x
Alarm.com Holdings	47.69	2,308.5	863.4	119.9	13.9%	917.0	147.2	16.1%	2.67x	19.25x	2.52x	15.68x
Napco Security Technologies	31.00	1,098.0	184.8	44.7	24.2%	211.8	61.3	29.0%	5.94x	24.55x	5.18x	17.90x
Arlo Technologies	6.44	494.4	474.4	12.4	2.6%	526.1	31.5	6.0%	1.04x	40.03x	0.94x	15.70x
Average	\$94.17	\$35,462.1	\$10,729.2	\$2,517.3	21.6%	\$11,302.1	\$2,727.7	23.3%	3.32x	18.77x	3.09x	13.82x

Sources: S&P Capital IQ
\$USD, Millions besides Stock Price

PHYSICAL & CYBER SECURITY

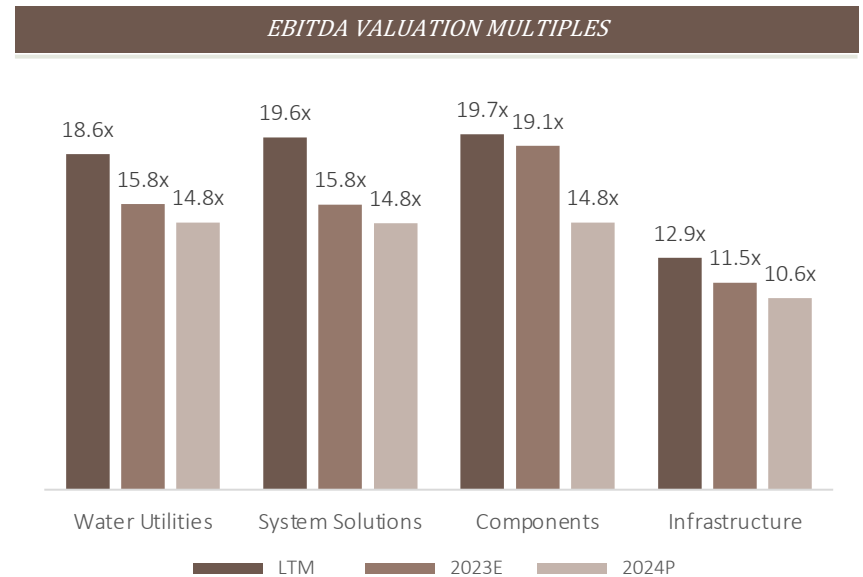
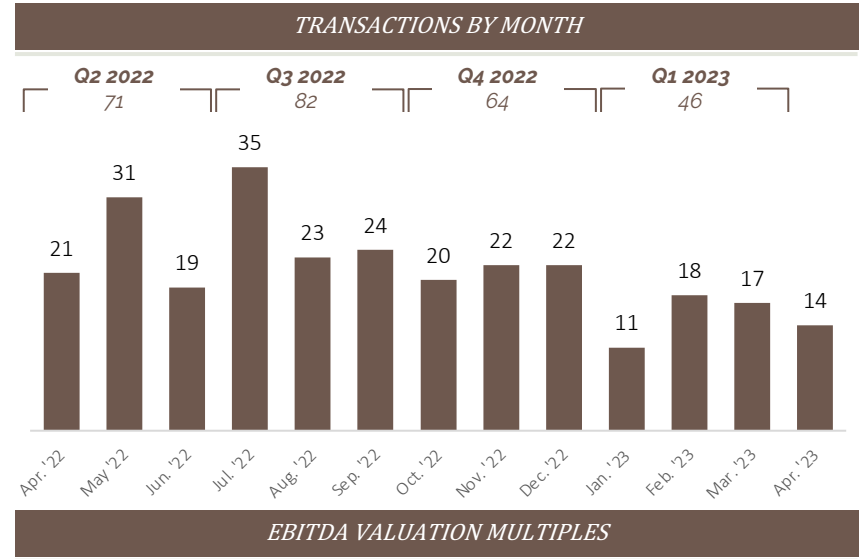
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			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Cyber Security												
Fortinet	63.05	48,327.8	5,410.9	1,518.6	28.1%	6,464.7	1,814.9	28.1%	8.93x	31.82x	7.48x	26.63x
SolarWinds	8.62	2,545.8	734.3	299.3	40.8%	763.0	317.9	41.7%	3.47x	8.50x	3.34x	8.01x
Varonis Systems	23.16	2,136.0	524.7	50.7	9.7%	583.3	61.4	10.5%	4.07x	42.12x	3.66x	34.78x
Tenable	36.99	4,046.0	780.9	107.1	13.7%	897.5	136.1	15.2%	5.18x	37.77x	4.51x	29.73x
NetScout Systems	27.21	1,775.0	915.7	212.9	23.2%	906.6	215.6	23.8%	1.94x	8.34x	1.96x	8.23x
SecureWorks	9.07	646.2	390.9	(35.1)	-9.0%	404.3	2.1	0.5%	1.65x	NA	1.60x	NA
Average	\$28.02	\$9,912.8	\$1,459.6	\$358.9	17.7%	\$1,669.9	\$424.7	20.0%	4.21x	25.71x	3.76x	21.47x
Low	\$1.92	\$494.4	\$184.8	-\$35.1	-9.0%	\$211.8	\$2.1	0.5%	0.55x	4.67x	0.54x	4.31x
Mean	\$57.07	\$20,206.4	\$6,775.1	\$1,418.7	18.8%	\$7,160.7	\$1,549.3	20.4%	3.07x	17.80x	2.81x	14.12x
Median	\$31.49	\$3,453.5	\$3,182.4	\$558.4	19.2%	\$3,308.3	\$597.9	19.6%	2.50x	13.48x	2.35x	12.74x
High	\$291.40	\$146,453.7	\$36,950.7	\$9,419.7	40.8%	\$38,928.3	\$10,152.7	41.7%	8.93x	42.12x	7.48x	34.78x

Sources: S&P Capital IQ
\$USD, Millions besides Stock Price

- Recent census data showed that construction spending related to manufacturing reached an all time high in 2022 of \$108B – higher than annual spending on hospitals, schools, or office buildings. The increase in spending is due in part to government incentives for technology manufacturing including EV batteries and semiconductors, but many Company are investing in domestic manufacturing in an effort to reduce the length of supply chains and inventory levels. The dramatic increase in production capacity has drawn attention to a lack of skilled labor, with the National Association of Manufacturers projecting an 800k worker deficit.
- A race is underway in California to install infrastructure to capture record precipitation this past winter. With snowpack near double its normal level and existing reservoirs mostly full, the state is getting creative to capture water for the drought ridden area.

Select April Transactions

 <p>acquired by</p> 	 <p>acquired by*</p> 	 <p>acquired by</p> 	 <p>+8k MW of Gas & Wind Assets In Mexico</p> <p>acquired by*</p> 
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Source(s): Wall Street Journal
 1. For composition of indices, see page 24
 2. **Announced not closed

CRITICAL INFRASTRUCTURE

	Stock Price 4/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Water Utilities												
American Water Works	148.25	39,870.9	4,168.6	2,175.3	52.2%	4,420.8	2,429.3	55.0%	9.56x	18.33x	9.02x	16.41x
Essential Utilities	42.70	18,151.8	2,235.9	1,129.6	50.5%	2,403.1	1,281.5	53.3%	8.12x	16.07x	7.55x	14.16x
California Water Service	56.08	4,278.1	877.6	285.7	32.6%	938.1	315.8	33.7%	4.87x	14.97x	4.56x	13.55x
American States Water	88.75	4,009.5	537.0	208.5	38.8%	555.3	224.5	40.4%	7.47x	19.23x	7.22x	17.86x
SIW	75.92	3,985.4	638.7	250.3	39.2%	660.0	270.4	41.0%	6.24x	15.92x	6.04x	14.74x
Consolidated Water	16.90	225.6	126.4	23.5	18.6%	116.8	19.7	16.9%	1.79x	9.60x	1.93x	11.45x
Global Water Resources	10.97	366.2	49.7	21.8	43.9%	52.7	23.3	44.2%	7.37x	16.80x	6.95x	15.72x
Average	\$62.80	\$10,126.8	\$1,233.4	\$585.0	39.4%	\$1,306.7	\$652.1	40.6%	6.49x	15.85x	6.18x	14.84x
System Solutions												
Danaher	236.91	190,044.6	29,576.1	9,626.2	32.5%	31,785.5	10,645.5	33.5%	6.43x	19.74x	5.98x	17.85x
Dover	146.16	23,943.4	8,812.2	1,872.3	21.2%	9,177.1	1,998.1	21.8%	2.72x	12.79x	2.61x	11.98x
Xylem	103.84	20,018.4	5,785.7	1,030.9	17.8%	6,098.1	1,135.1	18.6%	3.46x	19.42x	3.28x	17.64x
IDEX	206.32	16,671.2	3,379.4	933.0	27.6%	3,499.6	984.1	28.1%	4.93x	17.87x	4.76x	16.94x
Pentair	58.08	12,032.1	4,088.8	899.7	22.0%	4,245.5	960.4	22.6%	2.94x	13.37x	2.83x	12.53x
A. O. Smith	68.29	10,153.0	3,782.4	779.9	20.6%	3,919.6	805.9	20.6%	2.68x	13.02x	2.59x	12.60x
Watts Water Technologies	161.73	5,280.3	1,972.3	361.2	18.3%	2,040.1	373.6	18.3%	2.68x	14.62x	2.59x	14.13x
Average	\$140.19	\$39,734.7	\$8,199.5	\$2,214.7	22.9%	\$8,680.8	\$2,414.7	23.4%	3.69x	15.83x	3.52x	14.81x

Sources: S&P Capital IQ
\$USD, Millions besides Stock Price

CRITICAL INFRASTRUCTURE

Components	Stock Price 4/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Graco	79.29	13,100.1	2,241.5	729.8	32.6%	2,318.1	764.5	33.0%	5.84x	17.95x	5.65x	17.14x
Flowserve	33.39	5,438.9	3,997.5	438.5	11.0%	4,252.8	508.8	12.0%	1.36x	12.40x	1.28x	10.69x
Franklin Electric	89.47	4,353.7	2,141.5	316.7	14.8%	2,229.1	330.1	14.8%	2.03x	13.75x	1.95x	13.19x
Mueller Water Products	13.40	2,441.6	1,353.4	222.1	16.4%	1,425.1	247.4	17.4%	1.80x	10.99x	1.71x	9.87x
The Gorman-Rupp	24.55	1,066.5	631.9	102.2	16.2%	669.1	112.3	16.8%	1.69x	10.43x	1.59x	9.50x
Energy Recovery	22.53	1,193.0	137.6	24.3	17.7%	177.8	41.8	23.5%	8.67x	49.04x	6.71x	28.55x
Average	\$43.77	\$4,599.0	\$1,750.6	\$305.6	18.1%	\$1,845.3	\$334.2	19.6%	3.57x	19.09x	3.15x	14.82x
Infrastructure												
AECOM	83.05	13,476.2	14,241.6	990.2	7.0%	14,970.5	1,066.2	7.1%	0.95x	13.61x	0.90x	12.64x
Tetra Tech	138.37	7,661.0	3,574.3	445.1	12.5%	3,736.8	491.7	13.2%	2.14x	17.21x	2.05x	15.58x
Clean Harbors	145.16	9,987.2	5,350.7	1,028.9	19.2%	5,558.5	1,082.5	19.5%	1.87x	9.71x	1.80x	9.23x
EMCOR Group	171.00	8,352.9	12,237.7	777.5	6.4%	13,080.4	839.1	6.4%	0.68x	10.74x	0.64x	9.96x
Arcosa	67.54	3,708.7	2,224.5	341.3	15.3%	2,348.1	363.6	15.5%	1.67x	10.87x	1.58x	10.20x
Primoris Services	25.30	2,444.7	5,310.8	356.0	6.7%	5,717.0	391.3	6.8%	0.46x	6.87x	0.43x	6.25x
Average	\$105.07	\$7,605.1	\$7,156.6	\$656.5	11.2%	\$7,568.6	\$705.7	11.4%	1.29x	11.50x	1.23x	10.64x
Low	\$10.97	\$225.6	\$49.7	\$21.8	6.4%	\$52.7	\$19.7	6.4%	0.46x	6.87x	0.43x	6.25x
Mean	\$89.00	\$16,240.6	\$4,595.1	\$975.8	23.5%	\$4,861.4	\$1,065.6	24.4%	3.86x	15.59x	3.62x	13.86x
Median	\$77.61	\$6,549.9	\$2,810.4	\$441.8	18.9%	\$2,951.3	\$500.3	20.0%	2.70x	14.18x	2.60x	13.37x
High	\$236.91	\$190,044.6	\$29,576.1	\$9,626.2	52.2%	\$31,785.5	\$10,645.5	55.0%	9.56x	49.04x	9.02x	28.55x

Sources: S&P Capital IQ
\$USD, Millions besides Stock Price

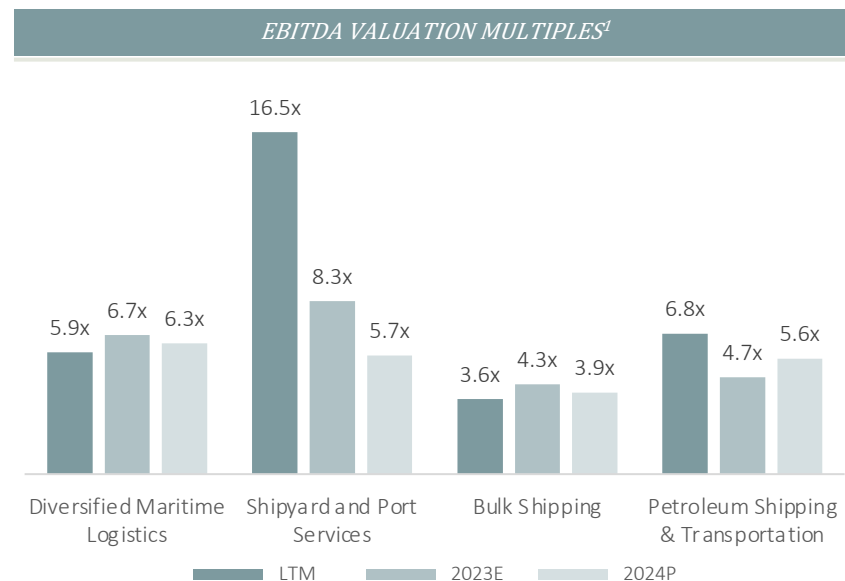
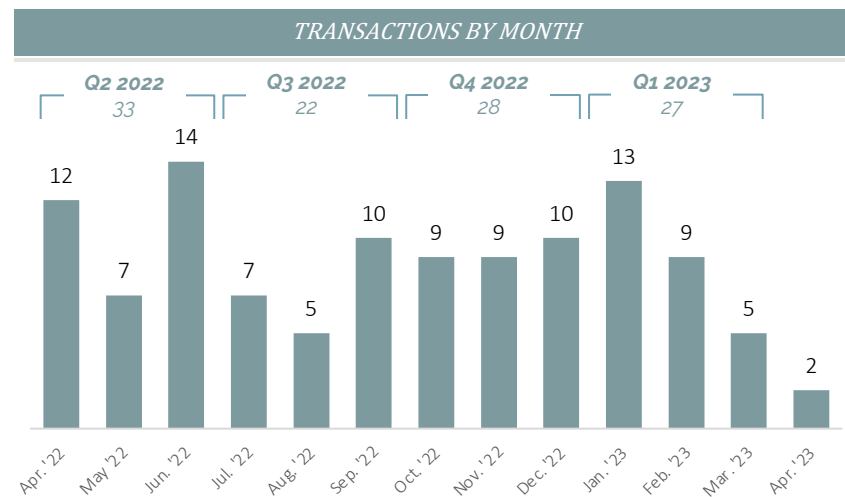
Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
4/3/2023*	Ovintiv USA	Substantially all assets of Black Swan Oil, Petrolegacy Energy	Comprised of 65k net acres in the core of the Midland Basin	\$4,307.6	NA	NA
4/4/2023	NRG Retail	Certain Assets of Volunteer Energy Services	Certain non-muni energy distribution contracts	NA	NA	NA
4/4/2023*	Mexico Infrastructure Partners	Certain gas and wind assets of Iberdrola Mexico	8,539 megawatts of gas and wind assets in Mexico	\$6,000.0	NA	NA
4/5/2023	SPL	Ana-Lab Corporation	Operates an environmental testing laboratory	NA	NA	NA
4/7/2023	Matrix Renewables Spain	Solar Project in California	105-MW solar project in California with 80 MWh of energy storage capacity	NA	NA	NA
4/10/2023	Liberty Power Innovations	Siren Energy	Operates an integrated natural gas compression and CNG delivery business	\$78.0	NA	NA
4/12/2023	Abu Dhabi Future Energy	Big Beau Facility	128-MW solar photovoltaic (PV) plant in California	NA	NA	NA
4/13/2023	H.I.G. Capital	Tower Engineering Professionals	Engages in the engineering and construction of cell towers	NA	NA	NA
4/19/2023	GI Manager	Atlas Technical Consultants	Provides professional testing, inspection, engineering, and consulting	\$979.2	1.62x	13.85x
4/20/2023	Mitsui E&P	Unconventional gas assets of Silver Hill Eagle Ford	Includes liquefied natural gas (LNG) export terminals and ammonia plants	NA	NA	NA
4/25/2023	HICL Infrastructure, InfraRed Capital	Texas Nevada Transmission	Electricity transmission asset	NA	NA	NA
4/26/2023	TransAlta	Tent Mountain Renewable Energy	An early stage 320 MW pumped hydro energy storage facility	\$24.1	NA	NA
4/26/2023*	Suncor Energy	Total E&P Canada	Engages in the exploration and production of oil and gas in Alberta	\$4,479.1	NA	NA

Sources: S&P Capital IQ, DACIS, press releases
* Announcement date

- In April, the EU’s energy policy chief told European companies to stop signing new contracts with Russian suppliers of liquified natural gas (LNG). The announcement marks a pivot from the EU’s current sanctions on Russian oil and natural gas that allows for the importation of LNG which rose 38% in 2022. Energy consulting firm Energy Aspects anticipates that losing all Russian LNG imports will more than double European natural gas prices if not alternatives are found.
- The shipping and logistics industry’s increasing reliance on digital tools for processing freight transactions has left businesses vulnerable to online fraud. Called “double-brokering”, illegitimate freight brokers use false identities to bid on loads, a practice which costs the industry \$500-700M annually. One online freight marketplace, Truckstop.com, noted fraud claims jumped to over 400% YoY in Q4 2022.

Select April Transactions

 acquired by 	 acquired by* 	Blackstone Portfolio of 6 logistics facilities acquired by 	 acquired by* 
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Sources: Wall Street Journal
 1. For composition of indices, see page 24
 * Announced, not close

MARITIME TRANSPORT & FACILITIES

	Stock Price 4/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Diversified Maritime Logistics												
Algoma Central	11.50	636.0	518.3	160.4	30.9%	570.8	178.2	31.2%	1.23x	3.96x	1.11x	3.57x
Matson	68.03	3,114.7	3,042.3	344.2	11.3%	2,992.5	340.4	11.4%	1.02x	9.05x	1.04x	9.15x
Kirby	71.84	5,491.4	3,114.2	548.3	17.6%	3,281.8	644.0	19.6%	1.76x	10.01x	1.67x	8.53x
ArcBest	94.40	2,373.4	4,636.9	436.3	9.4%	4,877.0	521.6	10.7%	0.51x	5.44x	0.49x	4.55x
Diana Shipping	3.96	798.8	283.6	158.0	55.7%	290.4	141.9	48.8%	2.82x	5.06x	2.75x	5.63x
Average	\$49.95	\$2,482.8	\$2,319.1	\$329.4	25.0%	\$2,402.5	\$365.2	24.4%	1.47x	6.70x	1.41x	6.29x
Shipyard & Port Services												
International Container Serv.	3.92	11,182.1	2,252.6	1,402.6	62.3%	2,349.0	1,461.3	62.2%	4.96x	7.97x	4.76x	7.65x
Great Lakes Dredge & Dock	5.73	786.9	681.5	54.5	8.0%	790.0	122.9	15.6%	1.15x	14.44x	1.00x	6.41x
Tidewater	45.03	2,289.5	980.0	298.9	30.5%	1,066.8	440.7	41.3%	2.34x	7.66x	2.15x	5.20x
Orion Group	2.38	152.6	753.9	33.3	4.4%	789.4	46.2	0.1	0.20x	4.59x	0.19x	3.30x
DEME Group	132.21	3,926.6	3,128.5	556.1	17.8%	3,494.8	649.9	18.6%	1.26x	7.06x	1.12x	6.04x
Average	\$37.85	\$3,667.5	\$1,559.3	\$469.1	24.6%	\$1,698.0	\$544.2	28.7%	1.98x	8.34x	1.84x	5.72x
Dry Bulk Shipping												
Costamare	9.03	2,854.4	1,066.7	680.2	63.8%	1,095.4	699.6	63.9%	2.68x	4.20x	2.61x	4.08x
Star Bulk Carriers	21.11	3,202.7	922.8	552.1	59.8%	966.4	661.4	68.4%	3.47x	5.80x	3.31x	4.84x
Golden Ocean	9.15	2,943.6	723.6	430.1	59.4%	761.6	437.5	57.4%	4.07x	6.84x	3.87x	6.73x
Danaos	57.93	1,413.1	943.4	702.9	74.5%	919.1	717.1	78.0%	1.50x	2.01x	1.54x	1.97x
Global Ship Lease	19.14	1,464.9	626.2	452.3	72.2%	628.7	496.0	78.9%	2.34x	3.24x	2.33x	2.95x

Sources: S&P Capital IQ
\$USD, Millions besides Stock Price

MARITIME TRANSPORT & FACILITIES

	Stock Price 4/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Dry Bulk Shipping												
Safe Bulkers	3.66	736.1	322.8	201.1	62.3%	354.5	224.2	63.2%	2.28x	3.66x	2.08x	3.28x
Eagle Bulk Shipping	44.72	777.3	368.3	168.6	45.8%	365.2	190.5	52.2%	2.11x	4.61x	2.13x	4.08x
Genco Shipping & Trading	15.41	762.1	307.4	180.6	58.7%	353.8	215.1	60.8%	2.48x	4.22x	2.15x	3.54x
Average	\$22.52	\$1,769.3	\$660.1	\$421.0	62.1%	\$680.6	\$455.2	65.4%	2.62x	4.32x	2.50x	3.94x
Petroleum Products Transportation												
Scorpio Tankers	52.25	4,543.7	1,405.3	991.0	70.5%	1,246.1	811.0	65.1%	3.23x	4.59x	3.65x	5.60x
International Seaways	39.82	2,704.2	940.4	612.7	65.1%	883.8	540.6	61.2%	2.88x	4.41x	3.06x	5.00x
Teekay Tankers	40.49	1,768.6	799.0	481.1	60.2%	673.3	354.8	52.7%	2.21x	3.68x	2.63x	4.98x
DHT Holdings	9.49	1,818.7	403.3	316.5	78.5%	423.2	337.2	79.7%	4.51x	5.75x	4.30x	5.39x
Nordic American Tankers	3.53	984.8	271.5	191.2	70.4%	243.6	162.6	66.7%	3.63x	5.15x	4.04x	6.06x
Ardmore Shipping	14.69	768.4	267.0	172.4	64.6%	220.1	121.2	55.1%	2.88x	4.46x	3.49x	6.34x
Average	\$26.71	\$2,098.1	\$681.1	\$460.8	68.2%	\$615.0	\$387.9	63.4%	3.22x	4.67x	3.53x	5.56x
Low	\$2.38	\$152.56	\$267.02	\$33.27	\$0.04	\$220.11	\$46.22	\$0.06	\$0.20	\$2.01	\$0.19	\$1.97
Mean	\$32.48	\$2,395.6	\$1,198.3	\$421.9	48.1%	\$1,234.9	\$438.2	48.7%	2.40x	5.74x	2.39x	5.20x
Median	\$17.28	\$1,793.7	\$776.5	\$387.2	59.6%	\$789.7	\$396.2	56.3%	2.34x	4.83x	2.24x	5.10x
High	\$132.21	\$11,182.1	\$4,636.9	\$1,402.6	78.5%	\$4,877.0	\$1,461.3	79.7%	4.96x	14.44x	4.76x	9.15x

Sources: S&P Capital IQ
\$USD, Millions besides Stock Price

Defense, Government & Intelligence

Defense Primes	
Raytheon	RTX
Lockheed Martin	LMT
Northrop Grumman	NOC
General Dynamics	GD
L3Harris Technologies	LHX
BAE	BA.
Government Contractors	
Leidos	LDOS
Booz Allen Hamilton	BAH
CACI International	CACI
SAIC	SAIC
Parsons	PSN
V2X	VVX
Defense Systems	
HEICO	HEI
Teledyne Technologies	TDY
Elbit Systems	ESLT
Mercury Systems	MRCY
Kratos Defense & Security	KTOS

Physical & Cyber Security

Security Services	
Securitas AB	SECU B
The Brink's Company	BCO
Prosegur	PSG
Loomis AB	LOOMIS
Security Solutions	
Honeywell International	HON
Johnson Controls International	JCI
Motorola Solutions	MSI
ADT	ADT
Allegion	ALLE
Vivint Smart Home	VVNT
Alarm.com Holdings	ALRM
Napco Security Technologies	NSSC
Arlo Technologies	ARLO
Cyber Security	
Fortinet	FTNT
Check Point Software Tech.	SHKP
SolarWinds	SWI
Varonis Systems	VRNS
Tenable Holdings	TENB
NetScout System	NTCT
SecureWorks	SCWX

Critical Infrastructure

Water Utilities	
American Water Works	AWK
Essential Utilities	WTRG
California Water Service	CWT
American States Water	AWR
SJW Group	SJW
Consolidated Water	CWCO
Global Water Resources	GWRS
System Solutions	
Danaher	DHR
Dover	DOV
Xylem	XYL
IDEX	IEX
Pentair	PNR
A. O. Smith	AOS
Watts Water Technologies	WTS
Components	
Graco	GGG
Flowserve	FLS
Franklin Electric	FELE
Badger Meter	BMI
SPX FLOW	FLOW
Mueller Water Products	MWA
The Gorman-Rupp	GRC
Energy Recovery	ERII
Infrastructure	
AECOM	ACM
Tetra Tech	TTEK
Clean Harbors	CLH
EMCOR Group	EME
Arcosa	ACA
Primoris Services	PRIM

Maritime Transport & Facilities

Diversified Maritime Logistics	
Algoma Central	ALC
Matson	MATX
Kirby	KEX
ArcBest	ARCB
Diana Shipping	DSX
Shipyard & Port Services	
International Container Serv.	ICT
Great Lakes Dredge & Dock	GLDD
Tidewater	TDW
Orion Group	ORN
DEME Group NV	DEME
Dry Bulk Shipping	
Costamare	CMRE
Star Bulk Carriers	SBLK
Golden Ocean Group	GOGL
Danaos	DAC
Global Ship Lease	GSL
Safe Bulkers	SB
Eagle Bulk Shipping	EGLE
Genco Shipping & Trading	GNK
Petroleum Products Transportation	
Scorpio Tankers	STNG
International Seaways	INSW
Teekay Tankers	TNK
DHT Holdings	DHT
Nordic American Tankers	NAT
Ardmore Shipping	ASC



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