



August 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

**Job Gains Eased in Summer Months; Unemployment Increased in August**

- Hiring slowed, unemployment rose in August, and the labor market is cooling due to higher interest rates. The Federal Reserve held rates steady this month, but there's still a debate over raising them again in November or December
- Consumer spending surged, while inflation eased. Employers are holding on to their workforce and paying them more. Workers' average hourly earnings rose by 4.3% in August from a year earlier, down from July's 4.4%, but still above the pre-pandemic pace. Weekly earnings rose the most since February due to an increase in hours worked

**Fed Remains Committed to 2% Inflation Target**

- The Federal Reserve Chair, Jerome Powell, stated at the Jackson Hole Economic Policy Symposium that the Fed may need to increase interest rates further to reduce inflation: "We will proceed carefully as we decide whether to tighten further or, instead, to hold the policy rate constant and await further data," Powell said in a keynote address. "It is the Fed's job to bring inflation down to our 2% goal, and we will do so"
- The Fed has raised rates by 525 basis points since March 2022 to combat inflation

**Recession Fears Continue to Ease for Many**

- Former St. Louis Fed chief James Bullard, who recently stepped down after 12 years in his role, expressed satisfaction with the performance of the economy so far this year, stating that central bankers should be pleased with it
- Speaking to the WSJ, Bullard stated: "The [Fed's rate-setting] committee will have to re-evaluate its forecast in September for the summary of economic projections. And those projections in June still had a big element of a recessionary scenario—which at least, as of today, looks like it's blown out of the water"

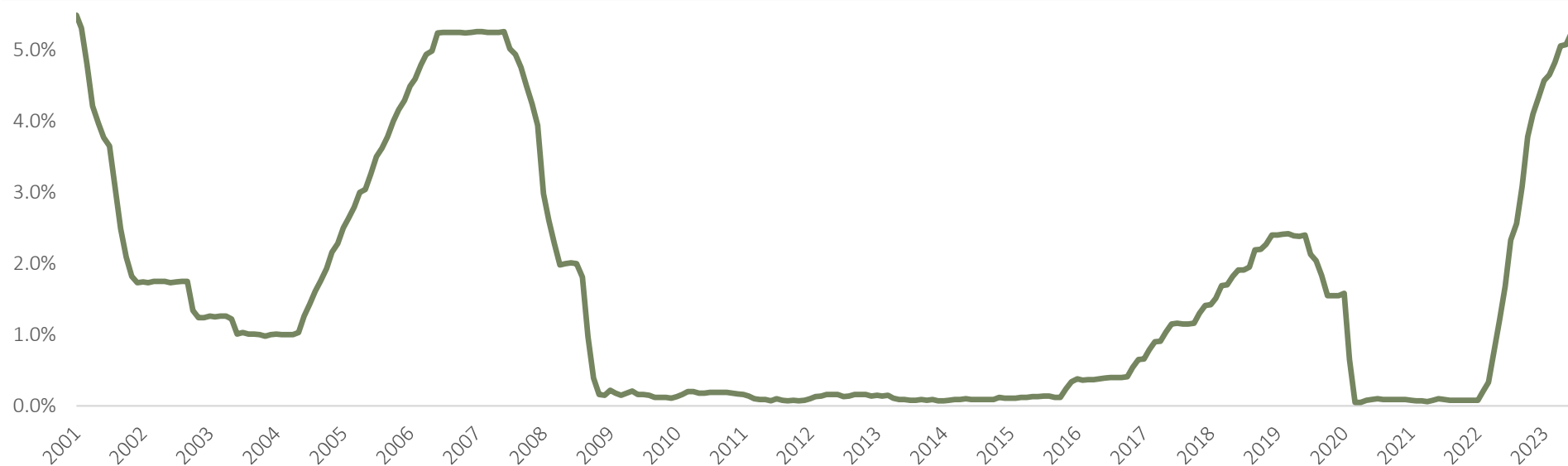
**China Exports Fall for a Fourth Month, International Economic Ties Face Uncertainty**

- China's exports to the rest of the world dropped for the fourth straight month in August, while Chinese imports continued to shrink, reflecting lackluster consumer demand. The sluggish trade data released by Beijing provides new evidence that the world's second-largest economy is struggling to revive domestic demand
- BRICS, a group of emerging economies that includes China, India, Brazil, Russia, and South Africa, plans to expand. Proposed new members include Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the UAE

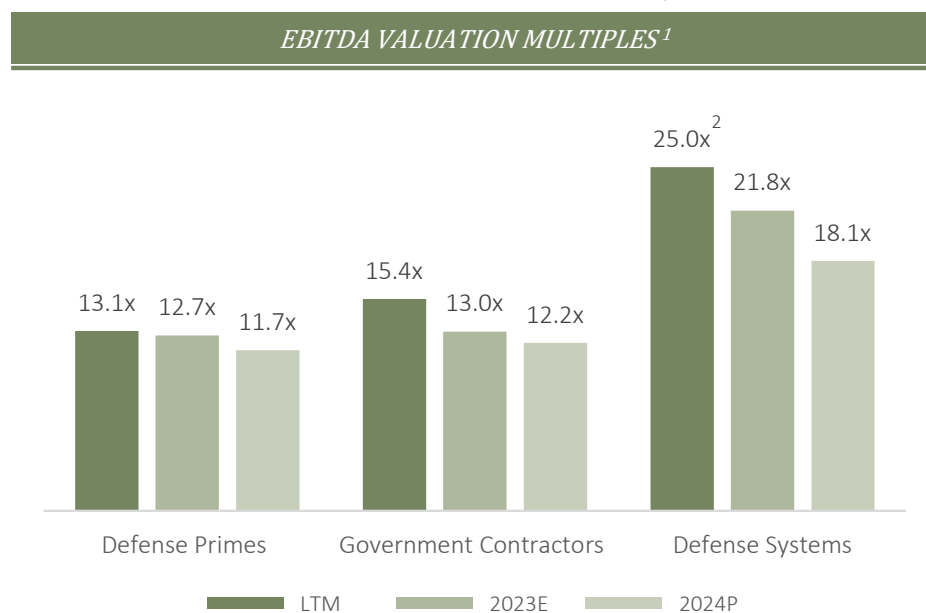
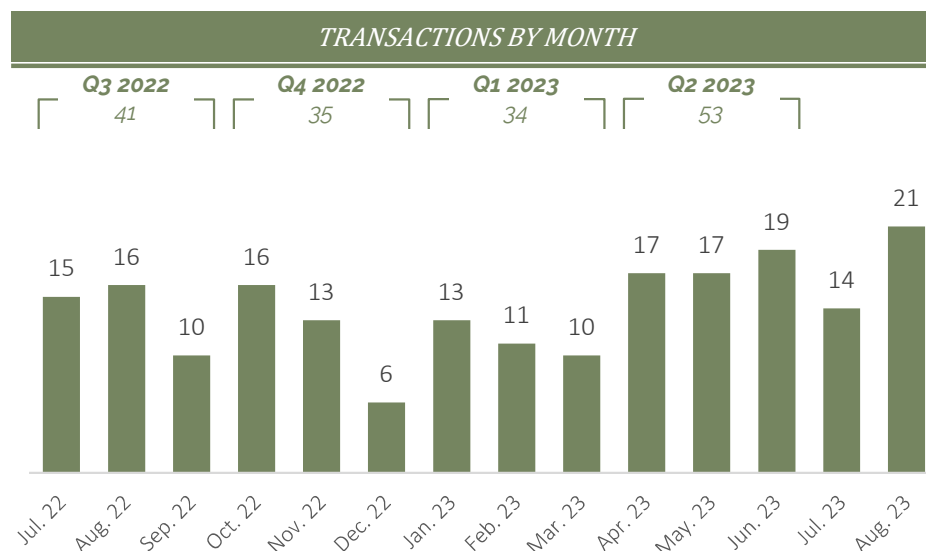
Interest Rates Remain at 22-Year High

- In late July, the Federal Reserve raised interest rates to a 22-year high with a quarter-percentage-point increase
- The unanimous decision to raise the benchmark federal-funds rate to a range between 5.25% and 5.5% ended a brief pause in rate increases in June as officials debate whether they have done enough to combat inflation. It marks the 11th increase since March 2022, when rates were lifted from near zero
- Chairman Jerome Powell reiterated the Federal Reserve's 2% inflation target during his news conference, noting that there's still "a long way to go" on inflation
- At a news conference after the meeting, Fed Chair Jerome Powell didn't rule out another rate rise at the central bank's next meeting, but he emphasized how much the central bank had already done and the amount of time it can take for monetary policy to cool inflation
- Looking forward, Powell mentioned that it is possible the Federal Reserve may raise rates again in September or remain at the same rate

INTEREST RATES FOR THE LAST 22 YEARS



- The White House issued a memorandum outlining the Biden administration’s research and development priorities, with the goal of guiding federal agencies as they develop budget submissions for FY2025. A few highlights of the budget guidance include an emphasis on advancing trustworthy artificial intelligence technology to accelerate the Nation’s progress, maintaining global security and stability in the face of immense geopolitical changes and continued environmental goals related to the climate crisis by reimagining infrastructure
- The CIO-SP4 delays continue as an additional lawsuit was launched by Inerso around the treatment of small business bidders during NITAAC’s procurement process. The latest claim debates whether CIO-SP4 is classified as a “requirements contract” or IDIQ. Oral arguments related to ongoing lawsuits are expected to take place between October 16th and 20th, with new CIO-SP4 awards likely coming in 2024 once the protests are resolved
- In early August, the Small Business Administration (SBA) “temporarily suspended” new applicants to the 8(a) program. The pause relates to last month’s ruling by a Tennessee federal judge that halted the Department of Agriculture and the SBA from the use of presumed racial and ethnic disadvantages as a qualifications, which are cornerstones of the 8(a) program. Going forward, contracting experts believe this could have a material impact on the program, but the full scope isn’t clear and will likely be appealed



Sources: Bloomberg, S&P Capital IQ, U.S. Department of Defense, CFR, Federal News Network, FedScoop
 1. For composition of indices, see page 22
 2. Kratos was excluded from this calculation



Date: 8/1/2023
EV: ND
EBITDA Multiple: NA

Transaction Details

Cyber Cloud Technologies provides a suite of enterprise IT, including cybersecurity and cloud offerings, to the U.S. federal government. The acquisition expands T-Rex’s offerings within the growing national security market and enhances the Company’s current footprint within the Intelligence Community



Date: 8/2/2023
EV: ND
EBITDA Multiple: NA

Transaction Details

Integrated Data Services provides software and tech-enabled support for U.S. federal government customers. The Company’s Comprehensive Cost and Requirement offering is utilized to automate manual-intensive processes around program portfolio management. The acquisition is expected to serve as a new platform for Arlington Capital



Date: 8/21/2023
EV: ND
EBITDA Multiple: NA

Transaction Details

Artemis Consulting offers IT and Management Services and Solutions to federal and state governments. Artemis has designed and developed software and systems to help drive digital transformation for its clients. The acquisition expands Aretum’s ability to support cloud enablement and enterprise-level modernization efforts, in a cost-effective manner



Date: 8/22/2023
EV: ND
EBITDA Multiple: NA

Transaction Details¹

Tidal Basin provides comprehensive emergency and disaster management consulting services including preparedness, mitigation, response, recovery and program management, largely in support of FEMA. With the acquisition, Tidal Basin will continue to operate as a stand-alone entity and will compliment Michael Baker’s efforts to support the nation’s recovery efforts and rebuild infrastructure



Date: 8/23/2023
EV: \$200M
EBITDA Multiple: NA

Transaction Details

Sealing Technologies provides cybersecurity platforms for critical infrastructure network protection, defense cyber operations, and secure data management for the DOD and IC. The acquisition is expected to increase Parson’s share of the full-spectrum cyber operations market, broaden its client base across the DOD and IC, and further establish Parsons as a cybersecurity player in the national security market



Date: 8/29/2023
EV: ND
EBITDA Multiple: NA

Transaction Details

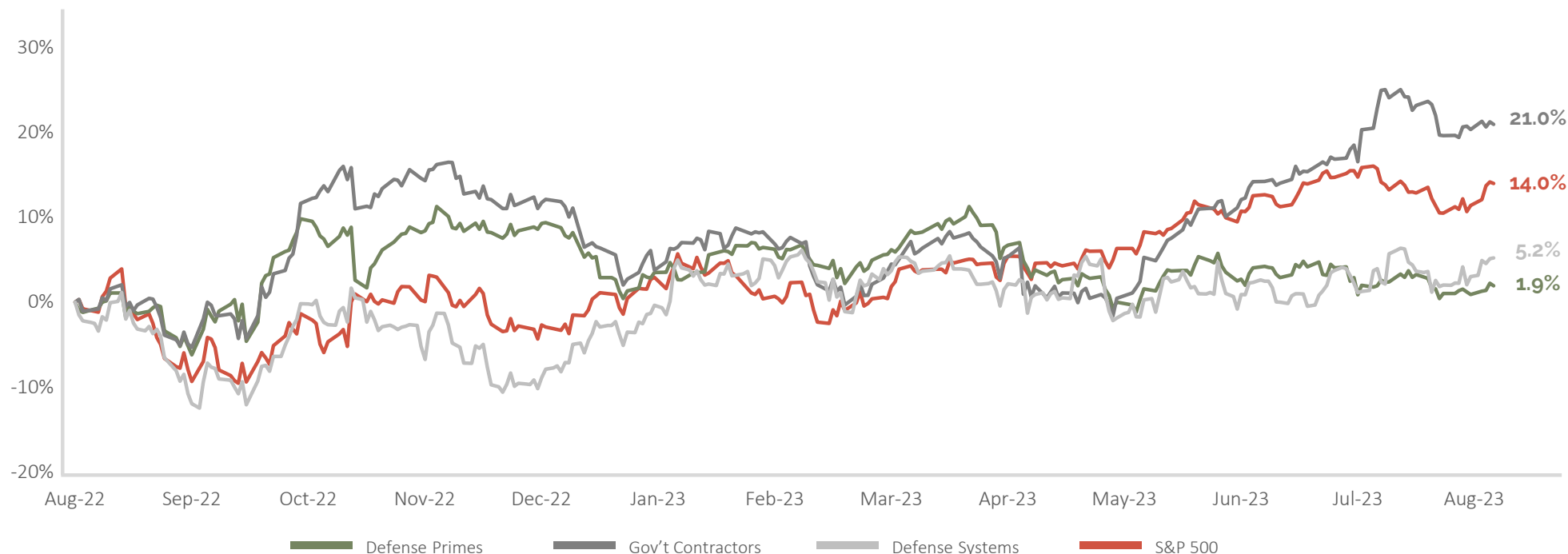
OnCore Consulting provides cloud, enterprise architecture, project management, custom development and other services to the public sector in CA. GCOM delivers SaaS platforms, data analytics, and IT services to gov’t customers in support of public safety and economic development efforts. The merged entity shares a common goal of bringing digital software platforms and related services to the public sector market

Sources: S&P Capital IQ, DACIS, GovConWire
 1. TMG served as exclusive financial advisor

Contract Value (\$M)	Award Date	End Date	Customer	Awardee	Type	Contract Scope
\$14,600	08/01/2023	06/30/2034	U.S. Navy	Bath Iron Works / Huntington Ingalls	Fixed Price Incentive Firm	Design and construction of nine total DDG 51 Arleigh Burke class destroyers
\$7,900	08/31/2023	08/30/2033	U.S. Army	Leidos	Firm Fixed Price / Cost Plus Fixed Fee	Provide rapid procurement of hardware systems, components and technology upgrades
\$2,700	08/03/2023	07/31/2028	NSA	CACI	Cost Plus Fixed Fee	Deliver network and exploitation analysis to secure and defend vital networks
\$918	08/15/2023	09/10/2030	DHS	Leidos	Cost Plus	Support DHS IT O&M, security, design optimization, enhancement and testing services
\$711	08/23/2023	09/26/2030	DHS	GDIT	Cost Plus	Provide IT services and development support for the St. Elizabeths campus
\$592	08/18/2023	08/17/2028	U.S. Navy, USCG	Amentum	Cost Reimbursement	Provide eligible foreign customers access to a broad range of U.S. solutions and FOTS
\$400	08/07/2023	08/06/2026	Veteran Benefits Administration	GDIT	Firm Fixed Price	Support file conversion services as a part of VBA's efforts to improve veteran's benefits
\$323	08/15/2023	09/30/2026	U.S. Army	RTX	Fixed Price Incentive Firm	Produce tube-launched, optically-tracked, wireless (TOW) 2B top-attached missiles
\$224	08/30/2023	09/29/2028	U.S. Space Development Agency	Avantus Federal	Firm Fixed Price	Provide management and professional services, acquisition support and engineering analysis

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

TRAILING TWELVE MONTHS (TTM) PUBLIC EQUITY INDEX CHART¹

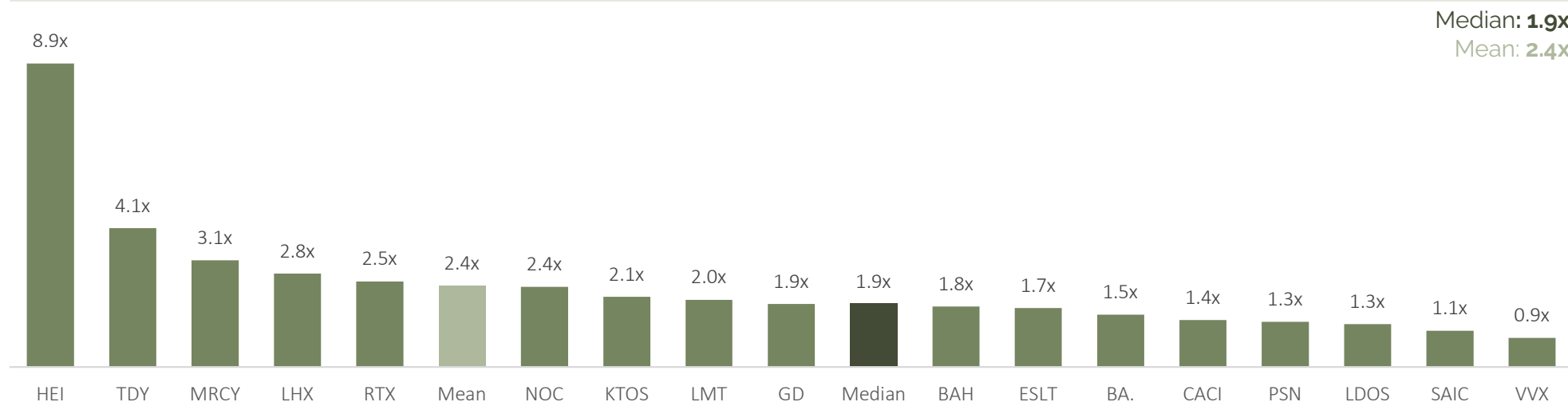


Market Commentary

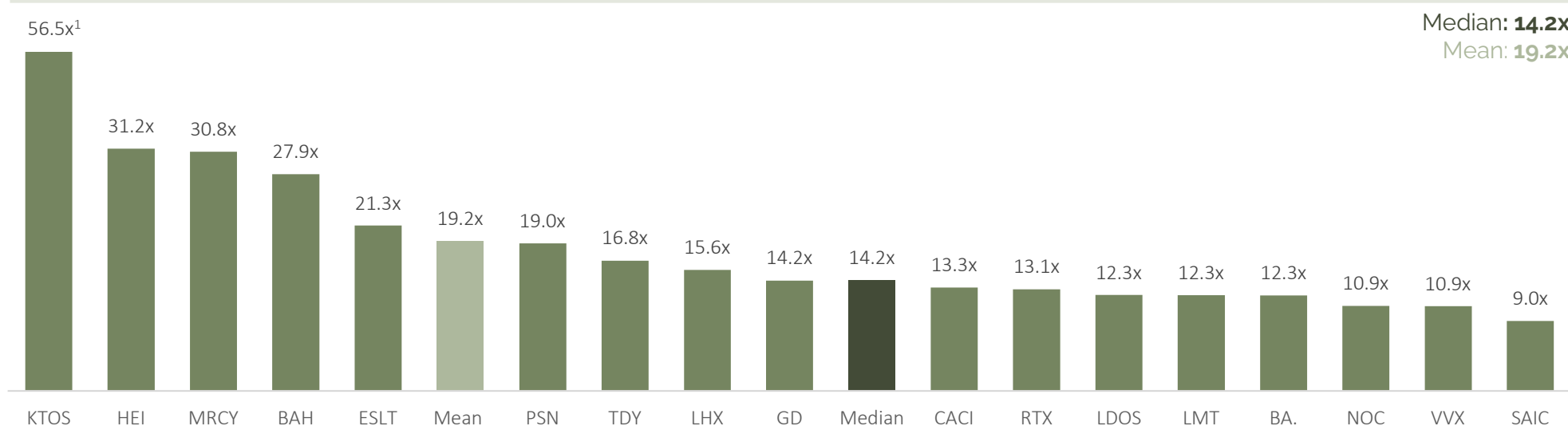
- Over the last few months, The McLean Group’s custom Gov’t Contractor index continues to perform well and track closely to the S&P 500, while the Defense Primes and Defense Systems indices have been lagging the S&P 500
- Gov’t Contractors continue to reap the benefits of the heightened emphasis and government spend on national security, overseas global infrastructure, and information technology modernization
- The S&P 500’s strong performance in 2023, largely driven by investor interest in artificial intelligence and the resulting performance of tech stocks, slowed in August. Returns were slightly negative due to persisting fears of an additional rate hike in late 2023 and concerns about China’s slowing economy. This behavior at this time of the year isn’t out of character – over the past 20 years, the S&P 500 has averaged a monthly 0.1% loss in August

Sources: S&P Capital IQ, Bloomberg, Seeking Alpha
 1. For composition of indices, see page 22

LTM REVENUE VALUATION MULTIPLES



LTM EBITDA VALUATION MULTIPLES



Sources: S&P Capital IQ, Bloomberg, Seeking Alpha
 1. Not to Scale

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 8/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Primes												
RTX	86.04	158,075	73,567	12,933	18%	78,951	14,173	18%	2.15x	12.22x	2.00x	11.15x
Lockheed Martin	448.35	126,781	66,593	9,902	15%	68,506	10,244	15%	1.90x	12.80x	1.85x	12.38x
Northrop Grumman	433.09	79,252	38,760	5,337	14%	40,862	5,752	14%	2.04x	14.85x	1.94x	13.78x
General Dynamics	226.64	72,103	42,499	5,326	13%	45,209	6,025	13%	1.70x	13.54x	1.59x	11.97x
BAE Systems	12.77	43,357	31,248	4,138	13%	33,046	4,436	13%	1.39x	10.48x	1.31x	9.77x
L3 Harris	178.09	42,944	19,300	3,422	18%	21,124	3,934	19%	2.23x	12.55x	2.03x	10.91x
Average	\$230.83	\$87,085	\$45,328	\$6,843	15%	\$47,950	\$7,427	15%	1.90x	12.74x	1.79x	11.66x
Gov't Contractors												
Leidos	97.51	18,562	15,116	1,556	10%	15,789	1,650	10%	1.23x	11.93x	1.18x	11.25x
Booz Allen Hamilton	113.31	17,744	10,196	1,095	11%	10,809	1,176	11%	1.74x	16.20x	1.64x	15.09x
CACI	328.01	9,435	6,872	743	11%	7,390	807	11%	1.37x	12.70x	1.28x	11.69x
SAIC	117.66	8,390	7,207	672	9%	7,232	684	9%	1.16x	12.48x	1.16x	12.26x
Parsons	57.02	6,810	5,015	433	9%	5,256	465	9%	1.36x	15.72x	1.30x	14.64x
V2X	50.31	2,735	3,892	303	8%	4,059	331	8%	0.70x	9.02x	0.67x	8.26x
Average	\$127.30	\$10,613	\$8,050	\$801	10%	\$8,423	\$852	10%	1.26x	13.01x	1.20x	12.20x

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

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 8/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Systems												
Teledyne Technologies	418.30	22,684	5,729	1,382	24%	6,012	1,485	25%	3.96x	16.42x	3.77x	15.28x
HEICO	168.71	21,445	3,184	793	25%	3,855	963	25%	6.73x	27.03x	5.56x	22.27x
Elbit Systems	196.79	10,122	5,793	583	10%	6,078	624	10%	1.75x	17.36x	1.67x	16.22x
Mercury Systems	39.25	2,801	966	131	14%	1,002	190	19%	2.90x	21.46x	2.79x	14.75x
Kratos Defense & Security	16.09	2,366	1,002	88	9%	1,099	107	10%	2.36x	26.88x	2.15x	22.18x
Average	\$167.83	\$11,884	\$3,335	\$595	16%	\$3,609	\$674	18%	3.54x	21.83x	3.19x	18.14x
Low	\$12.77	\$2,366	\$966	\$88	8%	\$1,002	\$107	8%	0.70x	9.02x	0.67x	8.26x
Mean	\$175.76	\$37,977	\$19,820	\$2,873	13%	\$20,958	\$3,120	14%	2.16x	15.51x	1.99x	13.76x
Median	\$117.66	\$18,562	\$7,207	\$1,095	13%	\$7,390	\$1,176	13%	1.75x	13.54x	1.67x	12.38x
High	\$448.35	\$158,075	\$73,567	\$12,933	25%	\$78,951	\$14,173	25%	6.73x	27.03x	5.56x	22.27x









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

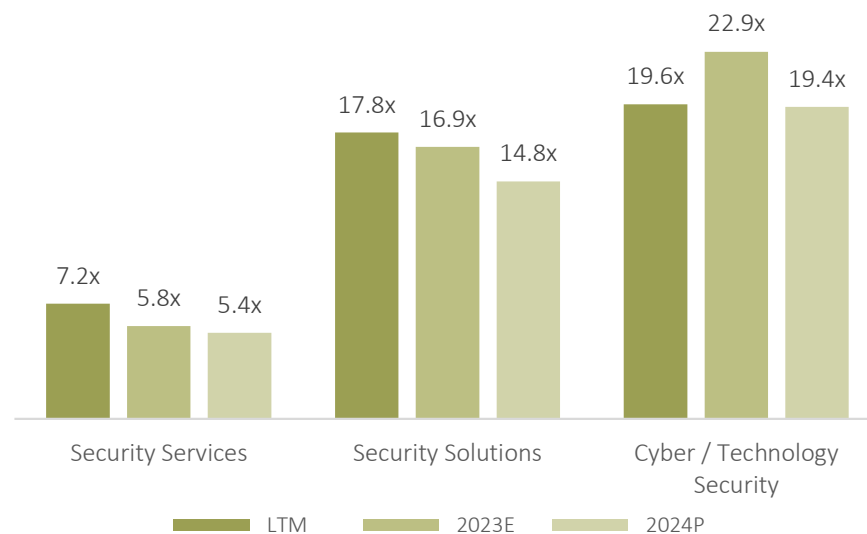
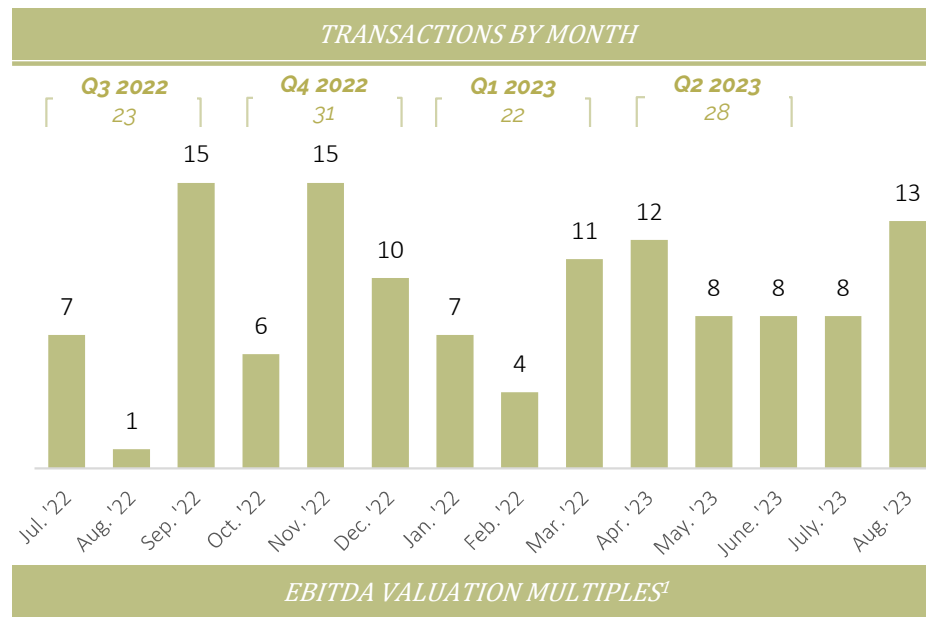
Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
08/01/2023	T-Rex Solutions	Cyber Cloud Technologies	Provides a suite of enterprise IT services including cybersecurity and cloud	NA	NA	NA
08/02/2023	Arlington Capital Partners	Integrated Data Services	Provides software and technology-enabled support and development	NA	NA	NA
08/02/2023	Day and Zimmermann	Empire Products	Manufacturers propellant and charge bags for the defense sector	NA	NA	NA
08/04/2023	HEICO	Wencor Group	Provides a range of products and services, including aircraft replacement parts	\$2,050	NA	NA
08/16/2023	Converged Security Solutions	Solutions by Design II	Specializes in cybersecurity, app development and cloud solutions	NA	NA	NA
08/21/2023	Aretum	Artemis	Provides digital transformation, system modernization and agile capabilities	NA	NA	NA
08/21/2023	Trive Capital Management	Hypergiant Industries	Provides AI-enabled, cloud-based command and deployed solutions	NA	NA	NA
08/22/2023	Michael Baker International	Tidal Basin	Provides comprehensive emergency and disaster management consulting services	NA	NA	NA
08/23/2023	Thoma Bravo	ForgeRock	Delivers solutions for customers, employees and connected devices	\$1,999	9.90x	NA
08/23/2023	Parsons	Sealing Technologies	Focuses on protecting and defending customer's networks and systems	\$200	NA	NA
08/24/2023	Forward Slope	Soar Technology	Provides advanced AI solutions to address complex DOD mission requirements	NA	NA	NA
08/29/2023	GCOM Software	OnCore Consulting	Provides cloud, enterprise architecture, project management and other IT services	NA	NA	NA

Source(s): S&P CapIQ

- The DoD Chief Information Officer John Sherman released the 2023-2027 Cyber Workforce (CWF) Strategy Implementation Plan in August. The CWF Workforce Strategy Implementation Plan will assist the department in advancing talent management initiatives to foster an agile, flexible and responsive cyber workforce. This strategy utilizes four human capital pillars—identification, recruitment, development and retention—to identify and group cyber workforce challenges. Critically, one of the main goals is to nurture collaboration and partnerships to enhance capability development, operational effectiveness and career-broadening experiences
- President Biden hosted private sector representatives at the White House for discussions on improving the nation's cybersecurity capabilities, with a focus on critical infrastructure resilience, enduring cybersecurity, and the cybersecurity workforce

Select August Transactions

 acquired by 	 acquired by 	 acquired by 	 acquired by* 
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Sources: Strategic Market Research, S&P Capital IQ, CyberSecurity Dive, Gartner, NBC News
 1. For composition of indices, see page 22
 * Announced not closed

PHYSICAL & CYBER SECURITY

	Stock Price 8/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Security Services												
Securitas	8.16	8,826	14,405	1,225	9%	14,887	1,305	9%	0.61x	7.21x	0.59x	6.76x
The Brink's Company	75.81	6,470	4,886	893	18%	5,115	971	19%	1.32x	7.24x	1.26x	6.66x
Prosegur	1.75	2,603	4,822	564	12%	5,042	621	12%	0.54x	4.62x	0.52x	4.20x
Loomis	26.58	2,068	2,594	518	20%	2,716	543	20%	0.80x	4.00x	0.76x	3.81x
Average	\$28.97	\$4,992	\$6,677	\$800	15%	\$6,940	\$860	15%	0.82x	5.77x	0.78x	5.36x
Security Solutions												
Honeywell International	187.94	138,981.9	36,977	9,491	26%	38,976	10,200	26%	3.76x	14.64x	3.57x	13.63x
Johnson Controls	59.06	51,457.7	27,343	4,210	15%	28,674	4,466	16%	1.88x	12.22x	1.79x	11.52x
Motorola Solutions	283.57	53,185.8	9,901	2,984	30%	10,403	3,193	31%	5.37x	17.83x	5.11x	16.66x
ADT	6.42	15,430.1	6,468	2,525	39%	6,833	2,676	39%	2.39x	6.11x	2.26x	5.77x
Allegion	113.81	11,876.7	3,650	859	24%	3,795	911	24%	3.25x	13.82x	3.13x	13.04x
Alarm.com Holdings	58.57	2,853.5	879	130	15%	927	145	16%	3.25x	21.95x	3.08x	19.71x
Napco Security Technologies	24.78	850.1	173	47	27%	193	53	28%	4.91x	18.00x	4.40x	15.97x
Arlo Technologies	9.77	816.2	486	26	5%	530	37	7%	1.68x	30.91x	1.54x	22.01x
Average	\$92.99	\$34,431	\$10,735	\$2,534	23%	\$11,291	\$2,710	23%	3.31x	16.94x	3.11x	14.79x

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

PHYSICAL & CYBER SECURITY

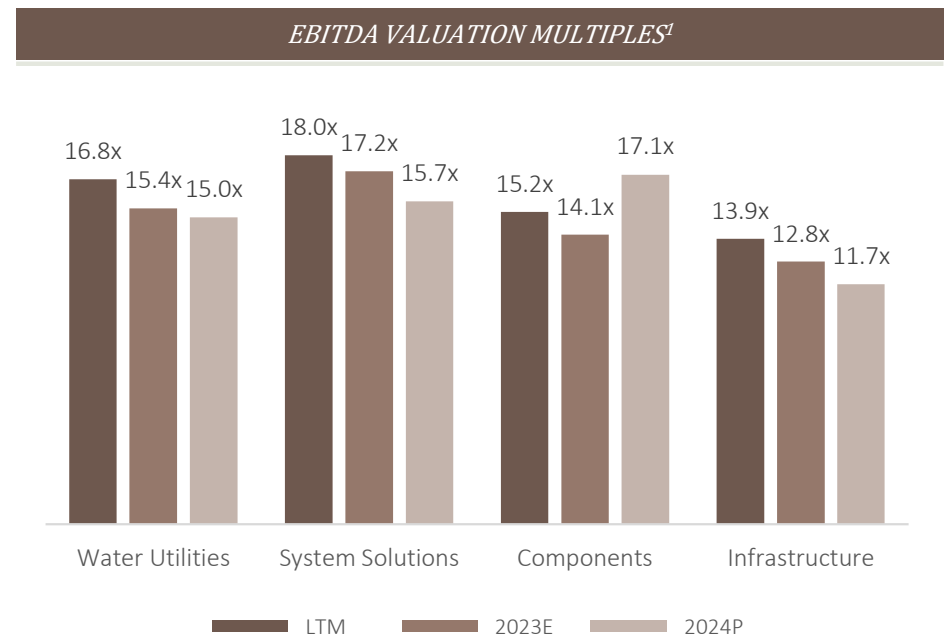
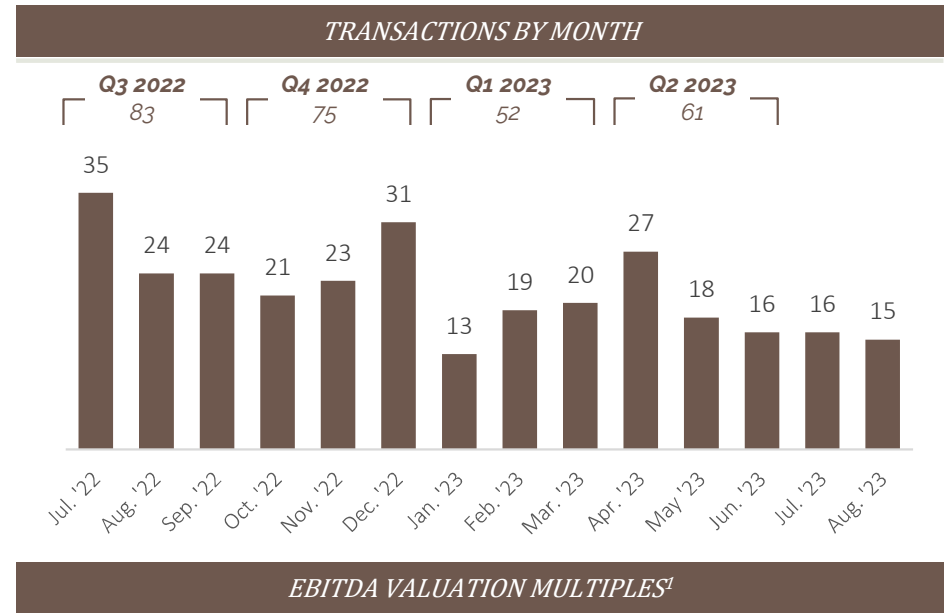
	Stock Price 8/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Cyber Security												
Fortinet	60.21	45,036	5,403	1,534	28%	6,383	1,856	29%	8.34x	29.36x	7.06x	24.26x
SolarWinds	10.65	2,848	744	310	42%	781	331	42%	3.83x	9.18x	3.65x	8.59x
Varonis Systems	31.93	3,060	501	32	6%	549	45	8%	6.11x	NA	5.57x	NA
Tenable	45.37	5,021	789	113	14%	908	140	15%	6.36x	44.61x	5.53x	35.91x
NetScout Systems	28.63	1,833	904	221	24%	924	240	26%	2.03x	8.30x	1.98x	7.64x
SecureWorks	6.90	510	380	(42)	(11%)	413	25	6%	1.34x	NA	1.24x	20.72x
Average	\$30.62	\$9,718	\$1,453	\$361	17%	\$1,660	\$440	21%	4.67x	22.86x	4.17x	19.43x
Low	\$1.85	\$577	\$185	(\$42)	(11%)	\$212	\$25	6%	0.53x	4.20x	0.52x	4.00x
Mean	\$60.64	\$21,173	\$6,820	\$1,422	19%	\$7,191	\$1,540	21%	3.49x	17.70x	3.18x	17.15x
Median	\$33.37	\$4,130	\$3,182	\$550	19%	\$3,319	\$599	19%	2.71x	14.15x	2.55x	13.80x
High	\$286.63	\$143,092	\$36,970	\$9,487	41%	\$38,966	\$10,197	42%	10.83x	47.20x	9.08x	47.98x

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

- Since the signing of the Bipartisan Infrastructure Law, over \$280 billion in funding has been allocated across thousands of projects. The funding, which includes \$50 billion for improving water and wastewater transportation and treatment facilities, recently announced a fresh \$180M in funding for projects that make communities less vulnerable to water shortages and climate change. The funding is a small portion of the Bureau of Reclamations \$8.3B, which is expected to be invested over the next five years.
- Additional funding has come just in time for water treatment facilities whose byproducts are being increasingly turned away by landfills, due to capacity restraints and environmental concerns. Facilities forced to further treat their byproducts (volume reduction, PFAS removal, etc.) are receiving funding from the Infrastructure Law with multiple projects already breaking ground.

Select August Transactions

 <p>acquired by</p> 	 <p>acquired by</p> 	 <p>acquired by*</p> 	 <p>acquired by*</p> 
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Source(s): WhiteHouse.gov, Kiewit
 1. For composition of indices, see page 22
 * Announced not closed

CRITICAL INFRASTRUCTURE

	Stock Price 8/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Water Utilities												
American Water Works	138.74	38,408	4,185	2,199	53%	4,453	2,439	55%	9.18x	17.47x	8.63x	15.75x
Essential Utilities	36.90	16,680	2,355	1,117	47%	2,463	1,269	52%	7.08x	14.94x	6.77x	13.15x
California Water Service	50.25	4,032	858	285	33%	921	315	34%	4.70x	14.15x	4.38x	12.79x
American States Water	84.21	3,942	562	208	37%	558	220	39%	7.01x	18.95x	7.07x	17.94x
SJW	65.76	3,711	651	254	39%	668	272	41%	5.70x	14.63x	5.56x	13.66x
Consolidated Water	26.64	379	142	33	23%	128	25	19%	2.67x	11.41x	2.96x	15.46x
Global Water Resources	11.15	383	51	24	46%	53	24	45%	7.46x	16.31x	7.28x	16.04x
Average	\$59.09	9,648	1,258	588	40%	1,320	652	41%	6.26x	15.41x	6.09x	14.97x
System Solutions												
Danaher	265.00	208,071	28,664	8,957	31%	30,429	9,925	33%	7.26x	23.23x	6.84x	20.96x
Dover	148.30	23,880	8,727	1,860	21%	9,106	1,990	22%	2.74x	12.84x	2.62x	12.00x
Xylem	103.54	26,842	7,211	1,326	18%	8,326	1,613	19%	3.72x	20.25x	3.22x	16.64x
IDEX	226.40	18,236	3,289	891	27%	3,429	962	28%	5.55x	20.47x	5.32x	18.96x
Pentair	70.26	13,674	4,104	914	22%	4,303	998	23%	3.33x	14.95x	3.18x	13.71x
A. O. Smith	72.50	10,742	3,787	800	21%	3,932	837	21%	2.84x	13.43x	2.73x	12.83x
Watts Water Technologies	188.77	6,096	2,014	394	20%	2,082	403	19%	3.03x	15.46x	2.93x	15.14x
Average	\$153.54	43,934	8,257	2,163	23%	8,801	2,390	24%	4.07x	17.23x	3.83x	15.75x

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









CRITICAL INFRASTRUCTURE

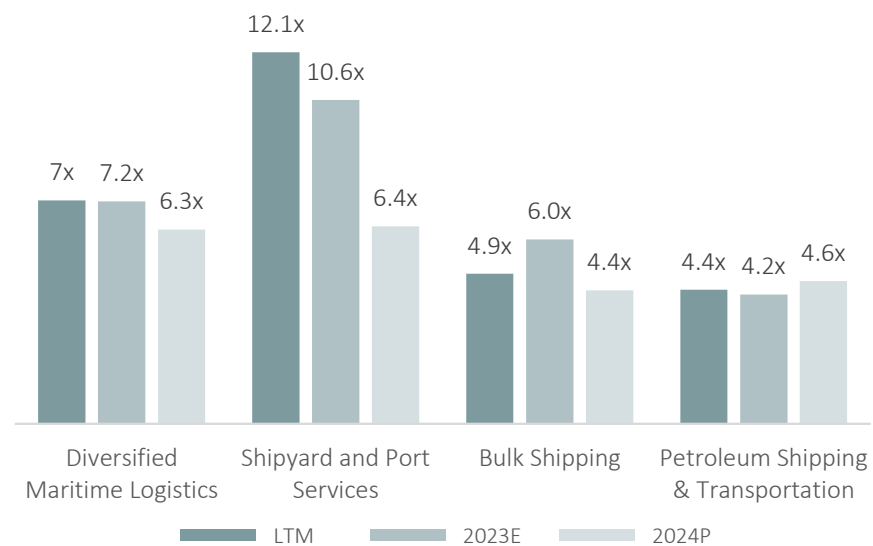
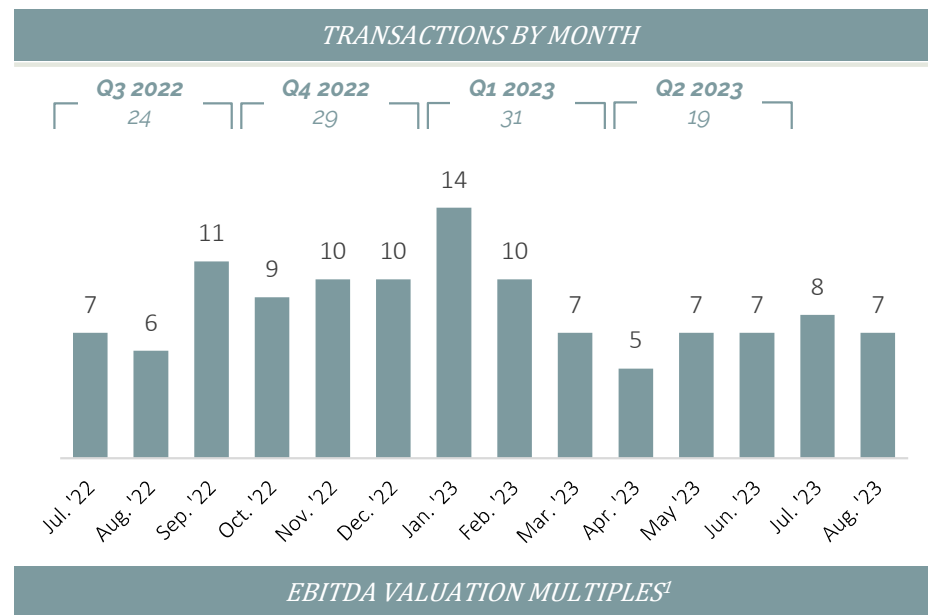
Components	Stock Price 8/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Graco	78.94	12,973	2,220	714	32%	2,309	758	33%	5.84x	18.18x	5.62x	17.10x
Flowserve	39.57	6,286	4,246	495	12%	4,473	559	12%	1.48x	12.71x	1.41x	11.25x
Franklin Electric	96.71	4,716	2,163	331	15%	2,244	344	15%	2.18x	14.26x	2.10x	13.69x
Mueller Water Products	14.12	2,542	1,207	177	15%	1,222	216	18%	2.11x	14.33x	2.08x	11.79x
The Gorman-Rupp	32.14	1,259	653	113	17%	691	118	17%	1.93x	11.09x	1.82x	10.65x
Energy Recovery	27.18	1,450	133	24	18%	171	38	22%	10.93x	NA	8.46x	37.86x
Average	\$48.11	4,871	1,770	309	18%	1,852	339	20%	4.08x	14.11x	3.58x	17.06x
Infrastructure												
AECOM	87.75	14,002	14,462	988	7%	15,266	1,073	7%	0.97x	14.18x	0.92x	13.05x
Tetra Tech	157.35	9,354	3,915	490	13%	4,207	552	13%	2.39x	19.09x	2.22x	16.96x
Clean Harbors	169.34	11,427	5,467	1,041	19%	5,708	1,115	20%	2.09x	10.98x	2.00x	10.25x
EMCOR Group	224.25	10,637	12,393	854	7%	13,268	917	7%	0.86x	12.46x	0.80x	11.60x
Arcosa	78.22	4,201	2,273	364	16%	2,466	396	16%	1.85x	11.54x	1.70x	10.61x
Primoris Services	35.37	3,125	5,553	364	7%	6,032	405	7%	0.56x	8.58x	0.52x	7.72x
Average	\$125.38	8,791	7,344	683	11%	7,824	743	12%	1.45x	12.80x	1.36x	11.70x
Low	\$11.15	\$379	\$51	\$24	7%	\$53	\$24	7%	0.56x	8.58x	0.52x	7.72x
Mean	\$97.28	\$17,579	\$4,665	\$970	24%	\$4,958	\$1,069	25%	4.06x	15.04x	3.81x	14.91x
Median	\$78.58	\$7,820	\$2,822	\$492	20%	\$2,948	\$555	20%	2.93x	14.33x	2.94x	13.68x
High	\$265.00	\$208,071	\$28,664	\$8,957	53%	\$30,429	\$9,925	55%	10.93x	23.23x	8.63x	37.86x

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

- Covid-related supply chain disruptions exposed the inefficiencies of American ports. Compared to many of their Asian and European peers, U.S. cargo backed up at key port bottlenecks, including Los Angeles, Long Beach, and New York. The Long Beach terminal has experienced few delays, due to previous investments it had made in robotic processes, yet since, little to no investments have been made in automation at U.S. ports, lagging other key terminals including Shanghai and the Port of Rotterdam
- The lack of investment in port infrastructure largely stems from opposition by organized labor unions and was one reason that recent negotiations between West Coast dockworkers and their employers dragged on for more than a year, before an agreement was reached in June
- U.S. gas prices hit a nine-month high as Saudi Arabia and Russia extend their 1.3 million barrel a day oil cut through December. Tanker and shipping stocks fell on the news of rising input costs

Select August Transactions

 <p>FRØY acquired by</p> 	 <p>Ship building JV MITSUBI & CO. acquired by</p> 	 <p>Port of Rotterdam Majority stake acquired by</p> 	 <p>acquired by</p> 
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Sources: Wall Street Journal, CNN
1. For composition of indices, see page 22

MARITIME TRANSPORT & FACILITIES

	Stock Price 8/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Diversified Maritime Logistics												
Algoma Central Corporation	11.12	682	722	199	28%	848	248	29%	0.94x	3.43x	0.80x	2.75x
Matson	87.88	3,769	2,998	449	15%	3,055	459	15%	1.26x	8.39x	1.23x	8.21x
Kirby Corporation	82.83	6,068	3,112	556	18%	3,289	652	20%	1.95x	10.92x	1.85x	9.31x
ArcBest Corporation	105.59	2,635	4,469	346	8%	4,839	465	10%	0.59x	7.62x	0.54x	5.66x
Diana Shipping	3.61	830	261	141	54%	253	144	57%	3.19x	5.87x	3.29x	5.75x
Average	\$58.21	2,797	2,312	338	24%	2,457	394	26%	1.59x	7.25x	1.54x	6.34x
Shipyard & Port Services												
International Container	3.66	10,864	2,306	1,416	61%	2,395	1,515	63%	4.71x	7.67x	4.54x	7.17x
Great Lakes Dredge & Dock	8.83	1,003	619	59	10%	791	122	15%	1.62x	16.94x	1.27x	8.22x
Tidewater	65.03	3,435	1,013	393	39%	1,353	647	48%	3.39x	8.74x	2.54x	5.31x
Orion Group	4.80	249	731	20	3%	780	46	6%	0.34x	12.71x	0.32x	5.42x
DEME Group	117.14	3,775	3,136	561	18%	3,381	623	18%	1.20x	6.73x	1.12x	6.06x
Average	\$39.89	3,865	1,561	490	26%	1,740	591	30%	2.25x	10.56x	1.96x	6.44x
Dry Bulk Shipping												
Costamare	10.31	3,133	1,139	593	52%	1,136	663	58%	2.75x	5.29x	2.76x	4.73x
Star Bulk Carriers	17.59	2,705	699	389	56%	872	517	59%	3.87x	6.96x	3.10x	5.23x
Golden Ocean Group Limited	7.31	2,825	616	296	48%	760	417	55%	4.59x	9.54x	3.72x	6.77x
Danaos Corporation	67.12	1,375	967	741	77%	961	737	77%	1.42x	1.86x	1.43x	1.86x
Global Ship Lease	19.30	1,465	653	444	68%	665	457	69%	2.24x	3.30x	2.20x	3.20x

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

MARITIME TRANSPORT & FACILITIES

	Stock Price 8/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Dry Bulk Shipping												
Safe Bulkers	3.21	725	277	150	54%	340	208	61%	2.61x	4.84x	2.13x	3.48x
Eagle Bulk Shipping	43.76	835	299	86	29%	343	159	46%	2.79x	9.71x	2.44x	5.25x
Genco Shipping & Trading	13.67	684	236	104	44%	282	160	57%	2.90x	6.60x	2.43x	4.28x
Average	\$22.78	1,718	611	350	53%	670	415	60%	2.90x	6.01x	2.53x	4.35x
Petroleum Products Transportation												
Scorpio Tankers	50.51	4,064	1,304	895	69%	1,189	767	65%	3.12x	4.54x	3.42x	5.30x
International Seaways	42.97	2,843	1,053	719	68%	921	590	64%	2.70x	3.95x	3.09x	4.82x
Teekay Tankers	40.68	1,505	909	627	69%	746	447	60%	1.66x	2.40x	2.02x	3.37x
DHT Holdings	9.25	1,764	405	319	79%	465	369	79%	4.35x	5.54x	3.80x	4.78x
Nordic American Tankers	3.91	999	285	205	72%	284	203	71%	3.51x	4.88x	3.51x	4.93x
Ardmore Shipping	12.44	631	259	158	61%	226	135	60%	2.44x	3.99x	2.79x	4.69x
Average	\$26.63	1,968	702	487	70%	638	418	66%	2.96x	4.22x	3.10x	4.65x
Low	\$3.21	\$249	\$236	\$20	3%	\$226	\$46	6%	0.34x	1.86x	0.32x	1.86x
Mean	\$34.69	\$2,453	\$1,186	\$411	46%	\$1,257	\$448	48%	2.51x	6.77x	2.35x	5.27x
Median	\$15.63	\$1,635	\$727	\$367	53%	\$819	\$452	58%	2.66x	6.24x	2.43x	5.24x
High	\$117.14	\$10,864	\$4,469	\$1,416	79%	\$4,839	\$1,515	79%	4.71x	16.94x	4.54x	9.31x

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
Alarm.com Holdings	ALRM
Napco Security Technologies	NSSC
Arlo Technologies	ARLO

Cyber Security

Fortinet	FTNT
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

Shipyards & 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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