



February 2023

M&A Insider Report

Defense, Government
& Intelligence

Physical & Cyber
Security

Critical
Infrastructure

Maritime Transport
& Facilities

The McLean Group is a 25-year-old boutique investment bank and financial services firm focused on the following markets: A) Defense, Government & Intelligence (DGI); B) Physical & Cyber Security; C) Critical Infrastructure; and D) Maritime Transport & Facilities. Our team of over 50 professionals brings deep industry experience and a relentless commitment to every client engagement. We provide solutions that blend financial creativity with operational expertise. Whether we are providing transaction advisory services, valuation opinions, or growth capital, our services are unmatched in these core markets.

Our clients are special, and their missions are often vital to national security. They are expected to be excellent at all times, and they rightly should expect the same from their transaction advisor.

HIGHLY SPECIALIZED BOUTIQUE INVESTMENT BANK

Our trusted team of financial professionals provides middle-market clients with transaction advisory services, business valuation services, and growth capital to help them reach their short and long-term goals.

CORE BUSINESS

Mergers & Acquisitions

*Sell-Side Advisory
Buy-Side Support
Corporate Divestitures
Leveraged Transactions
ESOPs
Exit Strategy Plans*

Valuation Advisory

*Business Valuations
Complex Securities Valuations
ESOP Valuations
Estate & Gift Valuations
Impairment Testing
Portfolio Valuations
Purchase Price Allocations
Tangible Asset Valuations
Fairness Opinions*

Growth Capital

*Capital Infusion
Debt Capital
Equity Capital
Hybrid Capital Needs*

KEY STATISTICS

> \$6B

Total Transaction Value Since 2010

25+

Years Supporting Our Clients

145+

Closed M&A Engagements Since 2010

50+

Professionals

6

Growth Capital Investments

400+

Annual Valuation Clients

Major News Stories

**Equity Markets Decline**

- After an optimistic start to the year, the three major stock averages ended the month with a decline as U.S. economic data, including employment and inflation, reinforced the possibility of additional monetary tightening.
- The S&P 500 is down 2.3% for the month, while the Dow and Nasdaq lost 3.5% and 1.0%, respectively.

**Mortgage Demand drops to 28-year Low**

- In the last week of February, mortgage demand fell for the third straight week due to interest rate hikes, which subsequently resulted in increased mortgage rates.
- Applications for mortgages to purchase homes decreased by 6% in the last week of February, and the volume was 44% lower than the same week one year ago. As a result, mortgage demand has now hit a 28-year low.

**Household Debt Continues to be an Issue**

- According to the Fed's latest quarterly report, total U.S. household debt reached a record high of \$16.9 trillion during Q4 2022, representing an increase of \$394 billion from the prior three-month period.
- Similarly, credit card balances rose 6.6% to \$986 billion in Q4, marking the highest quarterly growth on record, as reported by the New York Fed. This is a concern for consumers as interest rates continue to increase.

**Treasury Yields Reach 10-year High**

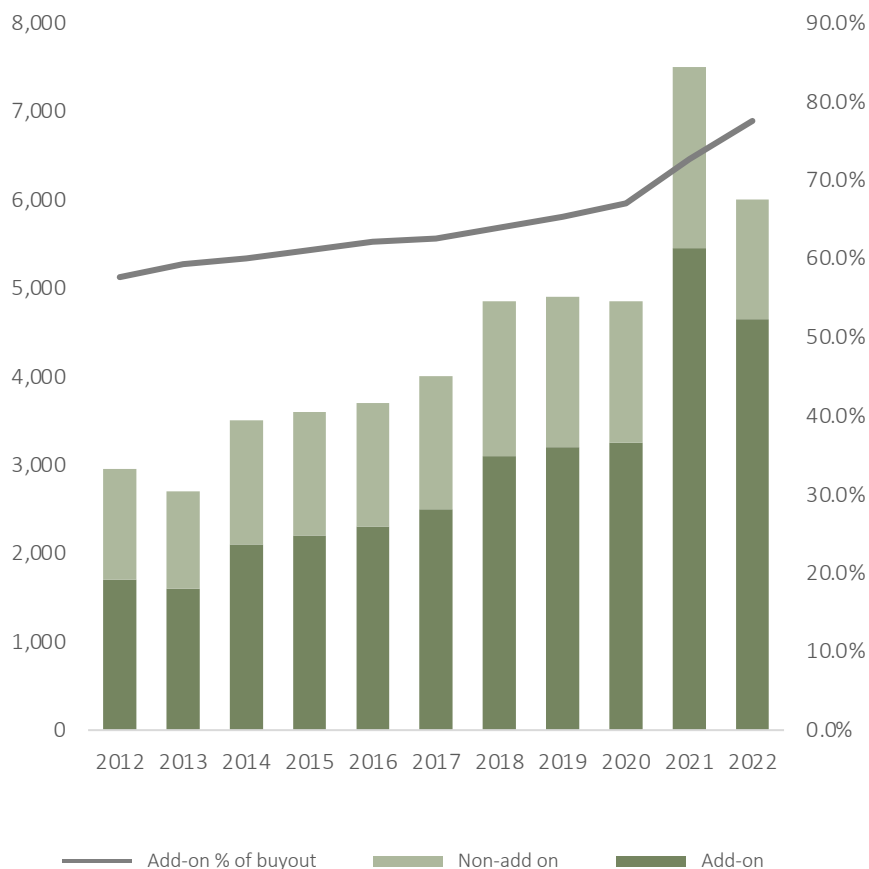
- The 2-year Treasury yield continues to rise, with an increase of approximately 8 basis points from the beginning of February, reaching its highest level since July 2007.
- Investors are likely factoring in further interest rate hikes and expecting rates to remain higher for a longer period than originally anticipated at the start of 2023.

**SPACs Face Liquidation in 2023**

- SPACs were one of the hottest trends in the market in 2021, with an estimated 791 blank-check companies listed that year alone. Under SEC rules, SPACs have two years to merge with a target company after their IPO, making this a crucial year for many of these companies.
- PitchBook's DeSPAC index, which tracks post-SPAC merger performance, is down 51.6% over the LTM

Sources: U.S. Department of Defense, Wall Street Journal, BBC, Federal News Network, AP News, PBS News, PitchBook

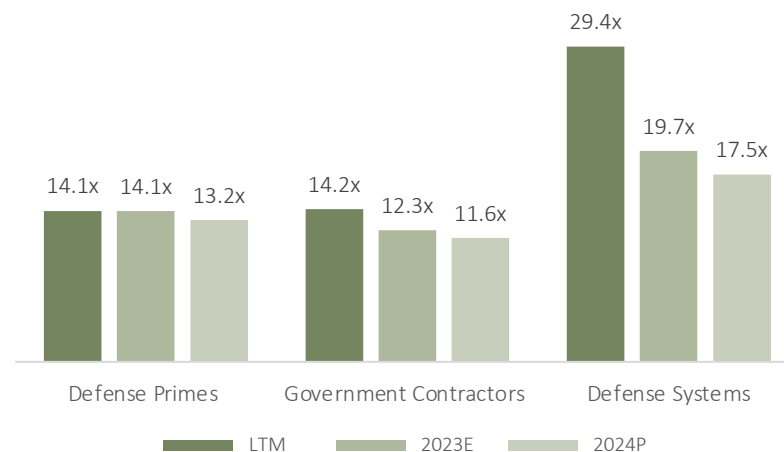
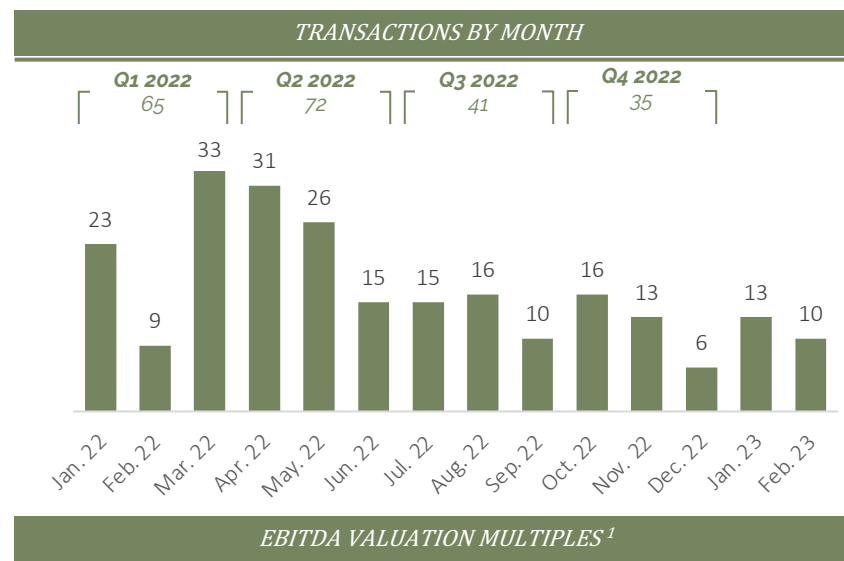
Add-ons as a share of all U.S. Private Equity Activity



- Historically, add-on acquisitions have played a vital role in the core Private Equity ("PE") buy-and-build model and have steadily increased over time.
- With borrowing costs on the rise and exits becoming more challenging, PE firms are increasingly turning to purchasing smaller, specialized companies and integrating them into their existing platforms.
- As of late, add-ons as a percentage of total buyouts have increased significantly, rising by nearly five percentage points from approximately 73% in 2021 to approximately 78% in 2022.
- This approach has been popular in the lower-middle market for some time, but larger PE firms are now taking an interest in it as they navigate the current risk-off environment and look for ways to create value.

Sources: PitchBook, Institutional Investor

- On February 21, 2023, the National Labor Relations Board (“NLRB”) issued a ground-breaking decision stating that confidentiality and disparagement agreements included in employment severance agreements may be deemed unlawful. The board found that offering severance agreements to employees containing confidentiality or non-disclosure provisions, regardless of whether they are signed or not, is a violation of the National Labor Relations Act. This decision will affect most private sector employees and employers nationwide. The NLRB decision is still subject to appeal and may be vacated by an appeals court.
- The Veterans Affairs Department (“VA”) delayed the final solicitation release for the potential \$60 billion T4NG2 technology contract amidst additional Q&A from industry. The VA postponed the release to March 14th from the initial deadline of February 28th. Final proposals are now due on April 17th, and awards are still expected to be announced by the end of 2023.
- On February 17th, the FBI provided an update on the next iteration of its approximately \$7 billion IT solutions and services contract vehicle. The FBI decided to retain all phases of this procurement, and GSA will no longer be responsible for the contract vehicle awards. The current vehicle includes 46 companies with a BPA, including Booz, CACI, and IBM. The final RFQ release is expected mid-summer, with awards likely to be announced before the end of 2023.



Sources: Federal News Network, S&P Capital IQ, U.S. Department of Defense, Sam.Gov
 1. For composition of indices, see page 21

**Date:** 2/3/2023**EV:** ND**EBITDA Multiple:** NA*Transaction Details*

n2grate provides information technology platforms and services to both government and commercial clients. The company's team of IT professionals has experience in security, networking, and infrastructure. The acquisition is expected to strengthen BlueAlly's vendor alliances and expand its presence in the federal government market.

**Date:** 2/13/2023**EV:** 55.0M**EBITDA Multiple:** NA*Transaction Details*

Intuitive Machines is a leading company in space exploration, infrastructure, and services. The shareholders of Inflection Point, a SPAC traded on NASDAQ, approved the transaction at an extraordinary general meeting earlier this month. As of February 14th, Intuitive Machine's common stock and warrants now trade under the tickers LUNR and LUNRW, respectively.

**Date:** 2/14/2023**EV:** ND**EBITDA Multiple:** NA*Transaction Details*

The acquisition of Black Sage Technologies is expected to enable Highlander Partners to capture a larger share of the market for counter-unmanned aerial vehicles. Black Sage Technologies is an industry-leading multi-mission platform that provides counter unmanned aircraft systems and security solutions for the military, internal security, and critical infrastructure industries.

**Date:** 2/16/2023**EV:** ND**EBITDA Multiple:** NA*Transaction Details*

The Capability Analysis and Measurement Organization (CAMO) provides research, development, testing, and evaluation support to USSOCOM and other defense agencies. The acquisition by LinQuest will enable its customers to stay ahead of adversaries' strategies and support efforts to bolster national security.

**Date:** 2/16/2023**EV:** ND**EBITDA Multiple:** NA*Transaction Details*

Nathan is an international development agency that offers technical advice, analysis, strategies, and integrated platforms to government and industry clients worldwide. The acquisition of Nathan is expected to help establish a new international development division for Cadmus and enhance its ability to compete for prime contracts in support of USAID.

**Date:** 2/23/2023**EV:** ND**EBITDA Multiple:** NA*Transaction Details*

Axis uses over 200 in-house geospatial survey mapping tools to deliver scalable, efficient, and repeatable geospatial data production services. They offer four delivery models: Survey and Mapping, Enterprise GIS and Cloud Services, Critical Infrastructure and Security, and Business Analytics. The acquisition will complement NV5's recent purchase of L3Harris's geospatial business unit in December 2022.

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

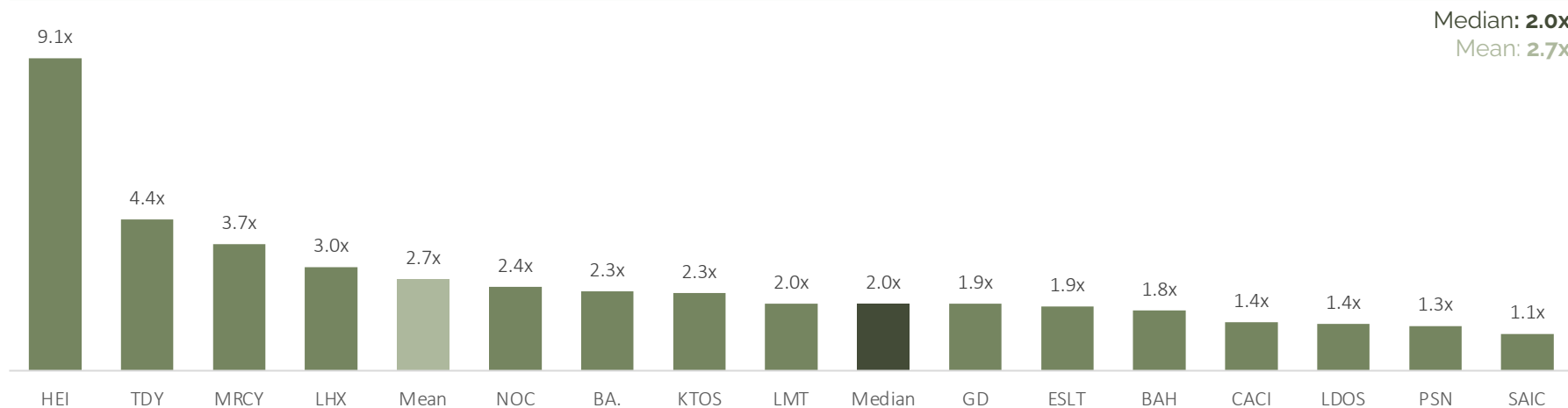
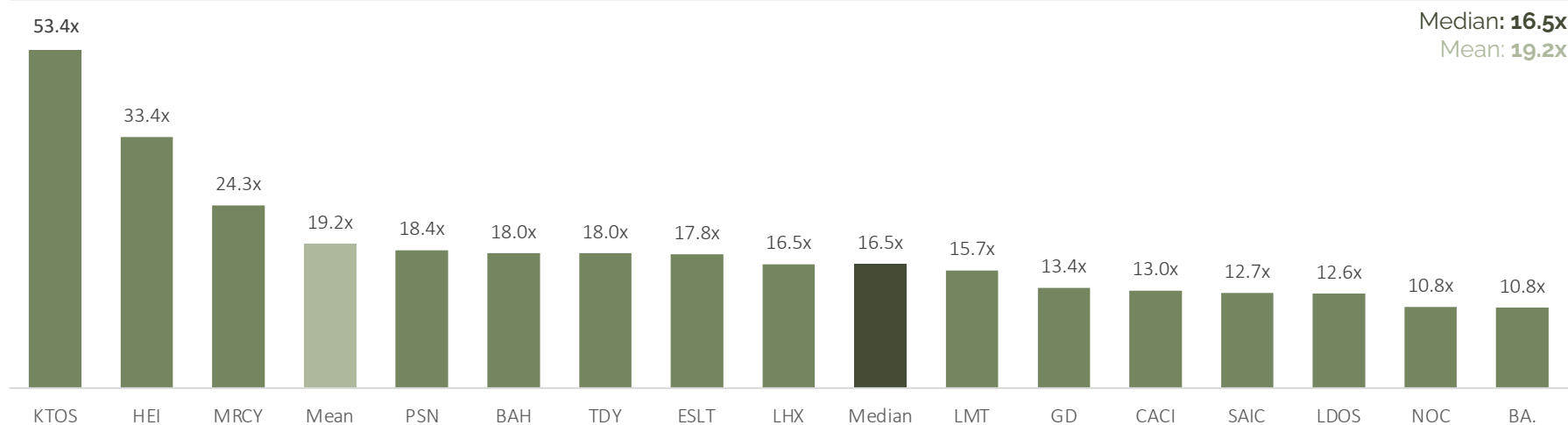
Contract Value (\$M)	Award Date	End Date	Customer	Awardee	Type	Contract Scope
\$4,600	02/03/2023	02/03/2038	Amentum	U.S. Air Force	IDIQ	Manage IT and procurement processes for defense service support provided to foreign military customers.
\$3,200	02/24/2023	05/01/2033	Jacobs	NASA	Cost Plus Incentive Fee / Award Fee	Support ground systems and launch infrastructure at NASA's Kennedy Space Center to ensure smooth operations.
\$1,600	02/01/2023	02/01/2039	Boeing	U.S. Air Force	IDIQ	Maintain the readiness of ICBM guidance systems to ensure strategic deterrence at all times.
\$1,100	02/17/2023	09/30/2027	Lockheed Martin	U.S. Navy	Cost Plus Incentive / Fixed Fee	Integrate the Conventional Prompt Strike system onto Zumwalt-class guided missile destroyers to enhance their capabilities.
\$717	02/03/2023	02/03/2023	Sierra Nevada Corp.	U.S. Navy	Firm Fixed Price / IDIQ / Cost Plus	Procure sensor development hardware and deploy system engineering services to improve sensor technology.
\$708	02/10/2023	01/19/2028	Collins Aerospace	U.S. Air Force	IDIQ	Manufacture and engineer eight-blade propeller systems for the United States Air Force.
\$652	02/01/2023	01/31/2025	BAE Systems	U.S. Air Force	Firm Fixed Price	Provide sustainment engineering support to Minuteman III and Sentinel Systems Directorates to ensure smooth operation.
\$637	02/10/2023	08/01/2030	nTSI LLC	Missile Defense Agency	Cost Plus Fixed Fee	Assist the Missile Defense Agency in developing a layered system for defending missile attacks.
\$399	02/17/2023	03/01/2028	Peraton	National Oceanic & Atmospheric Admin.	-	Provide ground sustainment services for polar-orbiting environmental satellites to ensure their continued operation.

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

TRAILING TWELVE MONTHS (TTM) PUBLIC EQUITY INDEX CHART¹

Market Commentary

- The TMG custom DGI indices have largely continued to outperform the S&P 500 over the last twelve months, with the "Government Contractors" index leading the way.
- Although much ambiguity remains in the broader market, many "Defense Primes" equities are feeling the positive impact of the recent \$1.7 trillion omnibus spending bill signed into law. Of that funding, \$858 billion was allotted to the DoD, representing an 11% increase above the requested amount.
- Additionally, civilian agencies received significant budget increases for 2023, with the Department of Veterans Affairs (20% increase), Health and Human Services (9% increase), and Department of Homeland Security (6% increase) leading the way.
- Notable GovCon players such as BAH and SAIC have performed extremely well over the past twelve months.

LTM REVENUE VALUATION MULTIPLES*LTM EBITDA VALUATION MULTIPLES*

Sources: S&P Capital IQ

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 2/28/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBITDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Primes												
Lockheed Martin	474.26	135,176.3	65,655.9	9,814.3	14.9%	67,708.2	10,045.1	14.8%	2.06x	13.77x	2.00x	13.46x
Northrop Grumman	464.11	83,124.6	38,326.6	5,330.7	13.9%	40,465.4	5,705.4	14.1%	2.17x	15.59x	2.05x	14.57x
General Dynamics	227.91	73,305.9	41,159.5	5,378.9	13.1%	43,993.7	5,983.0	13.6%	1.78x	13.63x	1.67x	12.25x
L3Harris	211.19	47,258.0	17,701.7	3,561.9	20.1%	18,582.7	3,757.7	20.2%	2.67x	13.27x	2.54x	12.58x
Average	\$344.37	\$84,716.2	\$40,710.9	\$6,021.5	15.5%	\$42,687.5	\$6,372.8	15.7%	2.17x	14.07x	2.07x	13.21x
Gov't Contractors												
BAE Systems	10.88	38,026.9	29,300.2	4,014.7	13.7%	30,758.1	4,131.2	13.4%	1.30x	9.47x	1.24x	9.20x
Leidos	97.07	18,450.5	15,008.9	1,559.8	10.4%	15,773.3	1,662.7	10.5%	1.23x	11.83x	1.17x	11.10x
Booz Allen Hamilton	94.73	15,236.0	9,766.8	1,051.4	10.8%	10,410.4	1,146.5	11.0%	1.56x	14.49x	1.46x	13.29x
CACI	293.00	8,436.4	6,756.4	725.6	10.7%	7,104.1	770.9	10.9%	1.25x	11.63x	1.19x	10.94x
SAIC	106.64	8,284.7	7,593.7	674.1	8.9%	7,722.9	695.1	9.0%	1.09x	12.29x	1.07x	11.92x
Parsons	45.03	5,423.1	4,491.6	387.9	8.6%	4,850.5	421.2	8.7%	1.21x	13.98x	1.12x	12.88x
Average	\$107.89	\$15,642.9	\$12,152.9	\$1,402.2	10.5%	\$12,769.9	\$1,471.3	10.6%	1.27x	12.28x	1.21x	11.55x

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

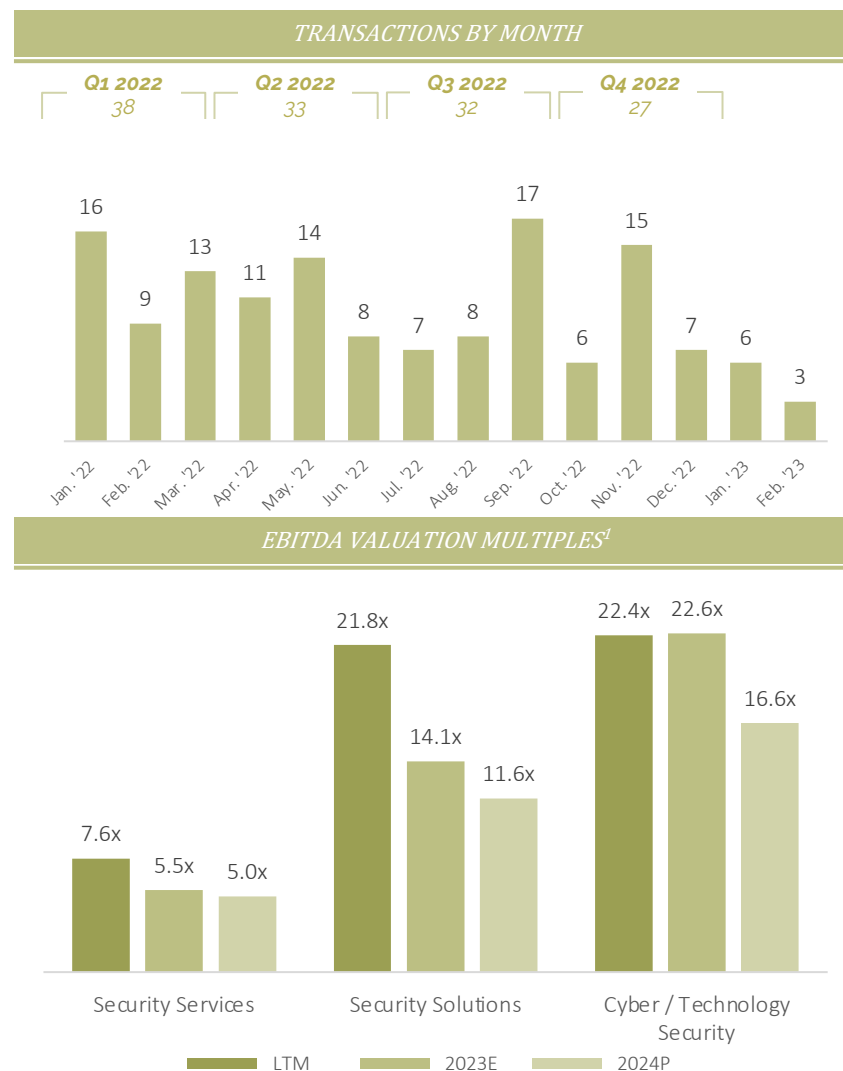
DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 2/28/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Systems												
Teledyne Technologies	430.07	23,652.0	5,743.8	1,403.2	24.4%	6,010.0	1,484.6	24.7%	4.12x	16.86x	3.94x	15.93x
HEICO Corporation	165.57	20,729.9	2,764.0	729.2	26.4%	2,919.5	795.4	27.2%	7.50x	28.43x	7.10x	26.06x
Elbit Systems	169.74	8,667.4	5,554.8	551.6	9.9%	5,890.1	642.1	10.9%	1.56x	15.71x	1.47x	13.50x
Mercury Systems	52.34	3,565.2	1,059.9	223.1	21.1%	1,149.8	256.6	22.3%	3.36x	15.98x	3.10x	13.89x
Kratos Defense & Security	12.65	1,891.8	986.3	88.0	8.9%	1,087.6	105.5	9.7%	1.92x	21.50x	1.74x	17.92x
Average	\$166.07	\$11,701.3	\$3,221.7	\$599.0	18.1%	\$3,411.4	\$656.8	19.0%	3.69x	19.69x	3.47x	17.46x
Low	\$10.88	\$1,891.85	\$986.30	\$88.01	8.6%	\$1,087.63	\$105.55	8.7%	1.09x	9.47x	1.07x	9.20x
Mean	\$190.35	\$32,748.6	\$16,791.3	\$2,366.3	14.4%	\$17,628.4	\$2,506.9	14.7%	2.32x	15.23x	2.19x	13.97x
Median	\$165.57	\$18,450.5	\$7,593.7	\$1,051.4	13.1%	\$7,722.9	\$1,146.5	13.4%	1.78x	13.98x	1.67x	13.29x
High	\$474.26	\$135,176.3	\$65,655.9	\$9,814.3	26.4%	\$67,708.2	\$10,045.1	27.2%	7.50x	28.43x	7.10x	26.06x

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

- On February 17th, the U.S. Marshals Service discovered a major ransomware attack that compromised some of its most sensitive information, including law enforcement materials, personal information of employees, and information about wanted fugitives.
- Following a significant increase of over 110% in Q1 2022, cyber insurance pricing has declined by 10% in Q1 2023, potentially signaling relief in the cyber insurance market for 2023.
- Food giant Dole was forced to temporarily halt its North American production plants and shipments to grocery stores after being targeted in a cyberattack.

Select February Transactions



Sources: Strategic Market Research, S&P Capital IQ, CyberSecurity Dive, Gartner

1. For composition of indices, see page 21

PHYSICAL & CYBER SECURITY

	Stock Price 2/28/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Security Services												
Securitas	8.67	8,997.5	15,168.3	1,332.9	8.8%	15,768.9	1,412.4	9.0%	0.59x	6.75x	0.57x	6.37x
The Brink's Company	65.25	5,711.5	5,166.5	964.2	18.7%	5,656.3	1,095.3	19.4%	1.11x	5.92x	1.01x	5.21x
Prosegur	2.08	2,690.4	4,800.7	602.0	12.5%	4,968.2	660.3	13.3%	0.56x	4.47x	0.54x	4.07x
Loomis	32.46	2,684.4	2,761.1	563.5	20.4%	2,837.0	592.0	20.9%	0.97x	4.76x	0.95x	4.53x
Average	\$27.12	\$5,020.9	\$6,974.1	\$865.6	15.1%	\$7,307.6	\$940.0	15.6%	0.81x	5.48x	0.77x	5.05x
Security Solutions												
Honeywell International	191.48	138,991.5	38,701.7	10,099.7	26.1%	40,404.2	10,656.5	26.4%	3.59x	13.76x	3.44x	13.04x
Johnson Controls	62.72	53,842.5	27,997.6	4,596.6	16.4%	30,025.3	5,037.5	16.8%	1.92x	11.71x	1.79x	10.69x
Motorola Solutions	262.81	49,196.0	10,282.1	3,125.1	30.4%	10,851.2	3,380.7	31.2%	4.78x	15.74x	4.53x	14.55x
ADT	7.54	16,482.4	7,454.1	2,795.3	37.5%	7,230.2	2,730.9	37.8%	2.21x	5.90x	2.28x	6.04x
Allegion	112.71	11,814.0	3,728.0	900.4	24.2%	3,898.0	986.1	25.3%	3.17x	13.12x	3.03x	11.98x
Vivint Smart Home	11.24	4,883.5	1,931.0	864.3	44.8%	1,931.0	864.3	44.8%	2.53x	5.65x	2.53x	5.65x
Alarm.com Holdings	50.83	2,454.5	917.0	147.2	16.1%	917.0	147.2	16.1%	2.68x	16.68x	2.68x	16.68x
Napco Security Technologies	31.60	1,120.0	185.2	44.9	24.3%	211.8	61.3	29.0%	6.05x	24.93x	5.29x	18.26x
Arlo Technologies	3.80	235.7	474.5	12.4	2.6%	526.1	31.5	6.0%	0.50x	19.08x	0.45x	7.48x
Average	\$81.64	\$31,002.2	\$10,185.7	\$2,509.5	24.7%	\$10,666.1	\$2,655.1	25.9%	3.05x	14.06x	2.89x	11.60x

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

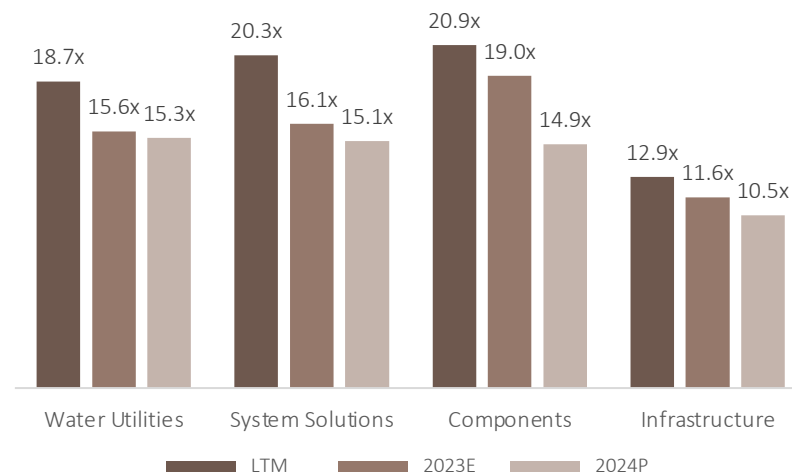
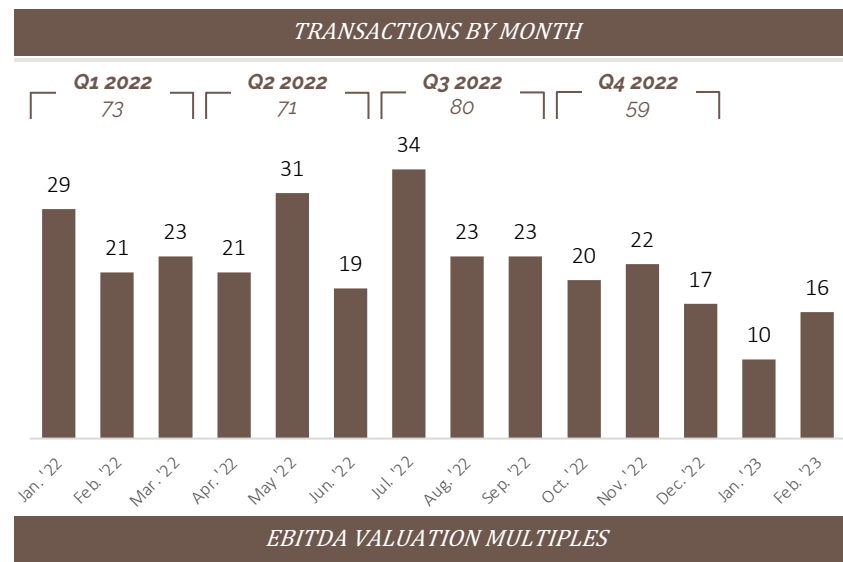
PHYSICAL & CYBER SECURITY

	Stock Price 2/28/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Cyber Security												
Fortinet	59.44	45,480.0	6,462.4	1,807.5	28.0%	7,726.0	2,202.4	28.5%	7.04x	25.16x	5.89x	20.65x
SolarWinds	8.52	2,507.5	765.5	314.6	41.1%	814.5	333.2	40.9%	3.28x	7.97x	3.08x	7.52x
Varonis Systems	27.08	2,507.7	584.5	65.7	11.2%	667.3	102.4	15.4%	4.29x	38.18x	3.76x	24.48x
Tenable	44.23	4,876.9	955.6	148.3	15.5%	1,117.3	224.3	20.1%	5.10x	32.90x	4.36x	21.74x
NetScout Systems	28.44	1,862.3	900.2	215.6	24.0%	902.5	217.3	24.1%	2.07x	8.64x	2.06x	8.57x
SecureWorks	7.57	514.9	436.0	(76.5)	-17.5%	468.2	(57.7)	-12.3%	1.18x	NA	1.10x	NA
Average	\$29.21	\$9,624.9	\$1,684.0	\$412.5	17.0%	\$1,949.3	\$503.7	20.3%	3.83x	22.57x	3.38x	16.59x
Low	\$2.19	\$235.7	\$185.2	-\$76.5	-17.5%	\$211.8	-\$57.7	-12.3%	0.50x	4.47x	0.45x	4.07x
Mean	\$53.60	\$18,781.8	\$6,824.8	\$1,501.2	20.3%	\$7,206.4	\$1,614.6	22.0%	2.82x	14.52x	2.60x	11.53x
Median	\$31.60	\$4,876.9	\$2,761.1	\$602.0	20.4%	\$2,837.0	\$660.3	22.5%	2.53x	12.42x	2.53x	9.63x
High	\$262.81	\$138,991.5	\$38,701.7	\$10,099.7	44.8%	\$40,404.2	\$10,656.5	44.8%	7.04x	38.18x	5.89x	24.48x

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

- Since the passing of the Inflation Reduction Act, which directed approximately \$390 billion in federal tax breaks and grants to projects dedicated to reducing carbon emissions, clean energy companies have revealed plans for over 100,000 new jobs, with the largest recipients being Kansas (20.5k), Georgia (16.6k), and Tennessee (11.8k).
- Oil traders have increasingly focused their attention on U.S. oil exports, with daily trading of West Texas Intermediate crude (WTI) contracts doubling YoY in February 2023. U.S. oil exports have steadily climbed since 2015, hitting a record of 5.1 million barrels/day in October 2021, which represents a tenfold increase from six years earlier. They have become increasingly important in international markets following Western sanctions on Russian oil.

Select February Transactions



Source(s): Wall Street Journal, Route Fifty
1. For composition of indices, see page 21

CRITICAL INFRASTRUCTURE

	Stock Price 2/28/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Water Utilities												
American Water Works	140.38	37,923.5	4,169.5	2,247.0	53.9%	4,396.2	2,420.5	55.1%	9.10x	16.88x	8.63x	15.67x
Essential Utilities	42.78	18,019.7	2,221.5	1,136.7	51.2%	2,379.8	1,224.5	51.5%	8.11x	15.85x	7.57x	14.72x
California Water Service	57.24	4,182.3	920.4	312.2	33.9%	924.1	321.1	34.7%	4.54x	13.40x	4.53x	13.03x
American States Water	89.30	3,996.7	526.8	202.5	38.4%	549.9	220.0	40.0%	7.59x	19.74x	7.27x	18.17x
SIW	76.44	4,001.5	633.6	244.2	38.5%	655.6	271.6	41.4%	6.32x	16.39x	6.10x	14.73x
Consolidated Water	15.33	193.5	118.1	21.0	17.8%	112.0	NA	NA	1.64x	9.22x	1.73x	NA
Global Water Resources	13.20	412.4	49.5	23.0	46.5%	54.0	NA	NA	8.33x	17.93x	7.64x	NA
Average	\$62.10	\$9,818.5	\$1,234.2	\$598.1	40.0%	\$1,296.0	\$891.5	44.5%	6.52x	15.63x	6.21x	15.26x
System Solutions												
Danaher	247.53	196,764.6	30,221.8	10,204.2	33.8%	32,414.4	11,144.0	34.4%	6.51x	19.28x	6.07x	17.66x
Dover	149.90	24,457.6	8,780.7	1,855.4	21.1%	9,107.1	1,958.2	21.5%	2.79x	13.18x	2.69x	12.49x
Xylem	102.65	19,768.6	5,780.7	1,029.8	17.8%	6,091.8	1,132.4	18.6%	3.42x	19.20x	3.25x	17.46x
IDEX	224.98	18,125.2	3,408.9	952.5	27.9%	3,536.1	997.2	28.2%	5.32x	19.03x	5.13x	18.18x
Pentair	55.94	11,494.6	4,096.6	871.0	21.3%	4,283.7	937.0	21.9%	2.81x	13.20x	2.68x	12.27x
A. O. Smith	65.63	9,797.2	3,730.5	748.2	20.1%	3,888.9	798.0	20.5%	2.63x	13.09x	2.52x	12.28x
Watts Water Technologies	175.23	5,714.5	1,976.6	363.7	18.4%	2,051.1	376.6	18.4%	2.89x	15.71x	2.79x	15.17x
Average	\$145.98	\$40,874.6	\$8,285.1	\$2,289.3	22.9%	\$8,767.6	\$2,477.6	23.3%	3.77x	16.10x	3.59x	15.07x

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

CRITICAL INFRASTRUCTURE

Components	Stock Price 2/28/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Graco	69.54	11,454.6	2,199.5	674.2	30.7%	2,291.7	717.3	31.3%	5.21x	16.99x	5.00x	15.97x
Flowserve	34.69	5,584.6	3,975.7	435.5	11.0%	4,168.6	501.2	12.0%	1.40x	12.82x	1.34x	11.14x
Franklin Electric	95.57	4,635.4	2,139.6	317.5	14.8%	2,225.2	330.7	14.9%	2.17x	14.60x	2.08x	14.02x
Mueller Water Products	13.87	2,515.1	1,352.3	221.8	16.4%	1,400.0	242.9	17.4%	1.86x	11.34x	1.80x	10.35x
The Gorman-Rupp	27.86	1,157.0	631.1	100.6	15.9%	668.4	110.5	16.5%	1.83x	11.50x	1.73x	10.47x
Energy Recovery	22.07	1,160.9	137.4	24.7	18.0%	176.7	42.6	24.1%	8.45x	47.03x	6.57x	27.27x
Average	\$43.93	\$4,417.9	\$1,739.3	\$295.7	17.8%	\$1,821.8	\$324.2	19.4%	3.49x	19.05x	3.09x	14.87x
Infrastructure												
AECOM	86.36	13,936.1	13,958.7	961.8	6.9%	14,887.8	1,068.4	7.2%	1.00x	14.49x	0.94x	13.04x
Tetra Tech	136.89	7,582.2	3,427.9	428.6	12.5%	3,736.8	495.6	13.3%	2.21x	17.69x	2.03x	15.30x
Clean Harbors	132.07	9,396.1	5,237.5	1,018.3	19.4%	5,397.8	1,049.3	19.4%	1.79x	9.23x	1.74x	8.95x
EMCOR Group	167.22	8,053.8	11,982.4	732.5	6.1%	12,649.4	818.2	6.5%	0.67x	10.99x	0.64x	9.84x
Arcosa	60.60	3,362.4	2,193.3	322.9	14.7%	2,324.0	347.0	14.9%	1.53x	10.41x	1.45x	9.69x
Primoris Services	27.50	2,557.4	5,278.9	365.2	6.9%	5,592.0	395.8	7.1%	0.48x	7.00x	0.46x	6.46x
Average	\$101.77	\$7,481.3	\$7,013.1	\$638.2	11.1%	\$7,431.3	\$695.7	11.4%	1.28x	11.64x	1.21x	10.55x
Low	\$13.20	\$193.5	\$49.5	\$21.0	6.1%	\$54.0	\$42.6	6.5%	0.48x	7.00x	0.46x	6.46x
Mean	\$89.65	\$16,394.1	\$4,582.7	\$992.9	23.6%	\$4,844.7	\$1,163.4	23.8%	3.87x	15.62x	3.63x	13.93x
Median	\$72.99	\$6,648.3	\$2,815.2	\$432.0	18.9%	\$2,957.9	\$609.2	20.0%	2.80x	14.54x	2.68x	13.53x
High	\$247.53	\$196,764.6	\$30,221.8	\$10,204.2	53.9%	\$32,414.4	\$11,144.0	55.1%	9.10x	47.03x	8.63x	27.27x

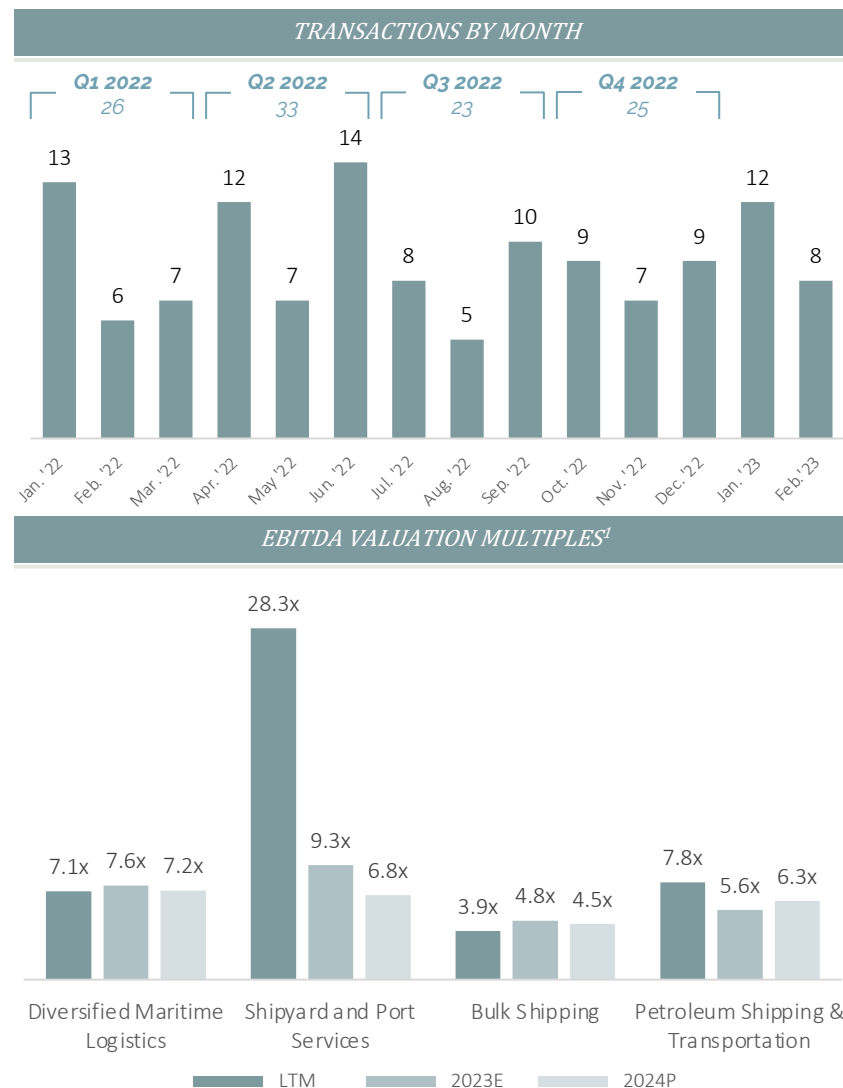
Sources: S&P Capital IQ
\$USD, Millions besides Stock Price

- Experts in the shipping industry anticipate a pricing war and declining profitability among shipping companies in 2023. This represents a dramatic shift from the last two years, which saw supply chain disruptions from COVID and the Russia/Ukraine War, leading to limited capacity and increased prices and profitability.
- In contrast, 2023 is expected to see the largest yearly addition of new shipping capacity ever, with approximately 2.5 million twenty-foot equivalent units. Coupled with declining demand due to inflation and higher interest rates, container shipping rates are expected to continue their 77% decline since the beginning of 2023.

Select February Transactions



Source(s):



Sources: Wall Street Journal
1. For composition of indices, see page 21

MARITIME TRANSPORT & FACILITIES

	Stock Price 2/28/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Diversified Maritime Logistics												
Atlas	15.36	10,778.9	1,897.6	1,284.6	67.7%	2,189.4	1,521.5	69.5%	5.68x	8.39x	4.92x	7.08x
Matson	66.51	3,062.4	3,056.3	372.9	12.2%	3,000.7	358.8	12.0%	1.00x	8.21x	1.02x	8.54x
Kirby	72.53	5,532.8	3,074.6	539.2	17.5%	3,230.2	625.3	19.4%	1.80x	10.26x	1.71x	8.85x
ArcBest	96.20	2,446.3	5,066.9	475.9	9.4%	5,275.9	543.2	10.3%	0.48x	5.14x	0.46x	4.50x
Diana Shipping	4.62	966.8	278.5	166.0	59.6%	276.8	137.6	49.7%	3.47x	5.82x	3.49x	7.03x
Average	\$51.04	\$4,557.4	\$2,674.8	\$567.7	33.3%	\$2,794.6	\$637.3	32.2%	2.49x	7.57x	2.32x	7.20x
Shipyard & Port Services												
FTAI Infrastructure	3.13	1,708.8	422.0	192.7	45.7%	451.0	NA	NA	4.05x	8.87x	3.79x	NA
Great Lakes Dredge & Dock	5.74	786.4	681.5	54.5	8.0%	782.5	123.2	15.7%	1.15x	14.43x	1.01x	6.38x
Tidewater	48.84	2,478.6	825.4	224.8	27.2%	886.2	322.1	36.3%	3.00x	11.03x	2.80x	7.69x
Orion Group	2.77	164.6	728.9	37.2	5.1%	740.8	NA	NA	0.23x	4.43x	0.22x	NA
DEME Group	126.37	3,830.7	2,815.7	506.6	18.0%	3,131.4	595.2	19.0%	1.36x	7.56x	1.22x	6.44x
Average	\$37.37	\$1,793.8	\$1,094.7	\$203.2	20.8%	\$1,198.4	\$346.9	23.7%	1.96x	9.26x	1.81x	6.84x
Dry Bulk Shipping												
Costamare	10.50	3,024.7	1,085.9	710.5	65.4%	1,095.4	708.4	64.7%	2.79x	4.26x	2.76x	4.27x
Star Bulk Carriers	24.51	3,546.2	890.0	544.2	61.1%	928.2	612.3	66.0%	3.98x	6.52x	3.82x	5.79x
Golden Ocean	10.38	3,191.0	725.8	432.8	59.6%	750.9	429.5	57.2%	4.40x	7.37x	4.25x	7.43x
Danaos	58.17	1,412.2	865.4	646.0	74.6%	909.4	688.7	75.7%	1.63x	2.19x	1.55x	2.05x
Global Ship Lease	19.38	1,566.2	638.6	453.3	71.0%	617.7	523.2	84.7%	2.45x	3.46x	2.54x	2.99x

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

MARITIME TRANSPORT & FACILITIES

	Stock Price 2/28/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Dry Bulk Shipping												
Safe Bulkers	3.75	745.8	304.1	206.9	68.0%	345.3	239.4	69.3%	2.45x	3.60x	2.16x	3.12x
Eagle Bulk Shipping	65.27	1,078.7	382.9	192.1	50.2%	377.2	187.3	49.6%	2.82x	5.62x	2.86x	5.76x
Genco Shipping & Trading	19.05	913.9	311.0	178.0	57.2%	330.8	209.9	63.4%	2.94x	5.13x	2.76x	4.35x
Average	\$26.38	\$1,934.8	\$650.5	\$420.5	63.4%	\$669.4	\$449.8	66.3%	2.93x	4.77x	2.84x	4.47x
Petroleum Products Transportation												
Scorpio Tankers	60.36	4,924.1	1,317.6	887.7	67.4%	1,174.3	712.5	60.7%	3.74x	5.55x	4.19x	6.91x
International Seaways	51.44	3,270.7	913.9	588.3	64.4%	851.2	521.3	61.2%	3.58x	5.56x	3.84x	6.27x
Teekay Tankers	45.15	1,928.0	776.9	513.8	66.1%	723.3	406.8	56.2%	2.48x	3.75x	2.67x	4.74x
DHT Holdings	11.57	2,153.9	376.0	290.0	77.1%	434.8	349.3	80.3%	5.73x	7.43x	4.95x	6.17x
Nordic American Tankers	4.43	1,171.4	275.7	196.5	71.3%	251.9	171.5	68.1%	4.25x	5.96x	4.65x	6.83x
Ardmore Shipping	18.15	908.5	266.2	166.9	62.7%	216.2	127.1	58.8%	3.41x	5.44x	4.20x	7.15x
Average	\$31.85	\$2,392.8	\$654.4	\$440.5	68.2%	\$608.6	\$381.4	64.2%	3.86x	5.61x	4.08x	6.34x
Low	\$2.77	\$164.61	\$266.20	\$37.17	\$0.05	\$216.16	\$123.22	\$0.10	\$0.23	\$2.19	\$0.22	\$2.05
Mean	\$35.17	\$2,566.3	\$1,165.7	\$410.9	49.4%	\$1,207.1	\$459.7	52.2%	2.87x	6.50x	2.83x	5.92x
Median	\$19.22	\$2,041.0	\$752.9	\$402.8	60.4%	\$766.7	\$418.2	59.7%	2.88x	5.72x	2.78x	6.33x
High	\$126.37	\$10,778.9	\$5,066.9	\$1,284.6	77.1%	\$5,275.9	\$1,521.5	84.7%	5.73x	14.43x	4.95x	8.85x

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

Defense, Government & Intelligence

Defense Primes

Lockheed Martin	LMT
Northrop Grumman	NOC
General Dynamics	GD
L3Harris Technologies	LHX

Government Contractors

Leidos	LDOS
Booz Allen Hamilton	BAH
SAIC	SAIC
CACI International	CACI
Parsons	PSN
BAE Systems	BA

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

Atlas	ATCO
Matson	MATX
Kirby	KEX
ArcBest	ARCB
Diana Shipping	DSX

Shipyard & Port Services

FTAI Infrastructure	FIP
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
DHT Holdings	DHT
Overseas Shipholding Group	OSG
Nordic American Tankers	NAT
Ardmore Shipping	ASC



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