



May 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

**M&A Trends**

- Founder-owned businesses have filled M&A gaps as sellers strike. These companies accounted for ~65% of M&A deals in Q1 2023, up from ~54% in Q4 2020.
- Their share of total deal value increased from 31% to 44% and as acquirers continue buying but not selling, the approximately 2.6 million non-backed businesses are even more appealing

**Record Levels Of Buybacks**

- Record levels of share buybacks are attracting complaints from a growing number of prominent investors concerned that buybacks are boosting executive bonuses and providing limited benefits to shareholders. The world's largest 1,200 companies bought back a record of \$1.3tn of their own shares last year, which is triple the level of a decade ago. President Biden had previously introduced a 1% tax on stock buybacks and has just proposed to quadruple it

**Steady Markets**

- The S&P remained within its two-month trading range then broke above it at the end of month following the debt ceiling and spending agreement announcements
- The market closed at 4,180 resulting in a 0.25% market gain in May which many see as a win given the recent banking and debt turbulence

**U.S. Economic Activity**

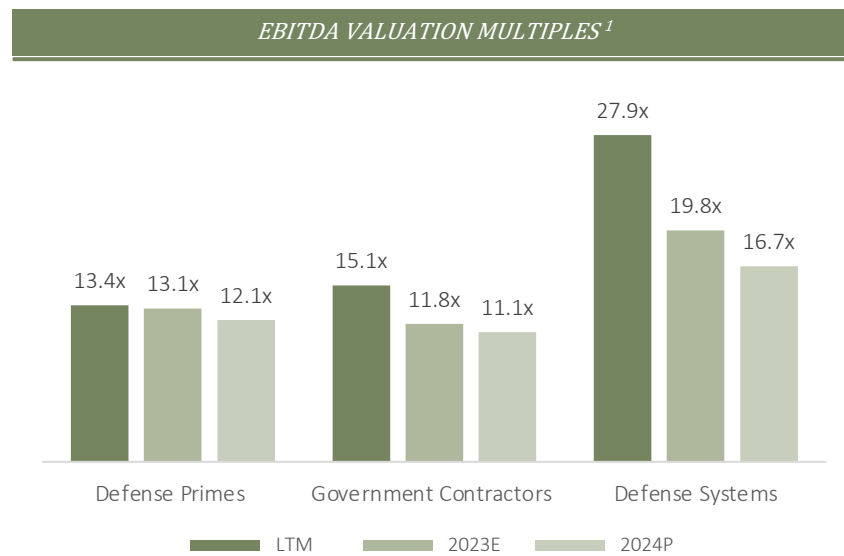
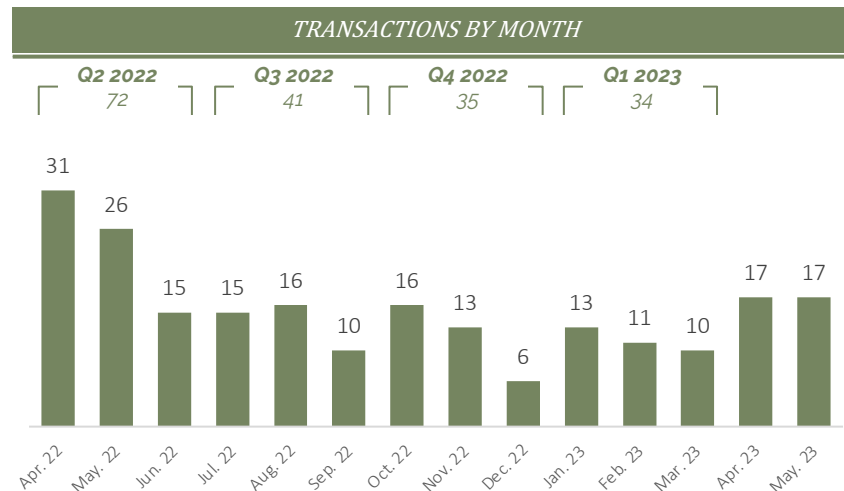
- U.S. economic activity rose in May, showing resilience to rising interest rates and high inflation. According to S&P Global, the U.S. PMI Composite Output Index registered at 54.5 in May, up from 53.4 in April. The rise was led by services businesses, which reported stronger demand for travel, dining out, and leisure activities. Officials are looking for signs of weakening demand as they attempt to bring inflation back to their 2% annual target

**Debt Ceiling Deal**

- The Fiscal Responsibility Act that would raise the debt limit and cap government spending passed in the House, sending it to the Senate for approval just five days prior to the U.S. default deadline. The deal includes a two-year budget deal along with a two-year debt limit increase by \$1.5 trillion
- The deal holds spending flat for 2024 and imposes limits for 2025

Sources: CNBC, PitchBook, Wall Street Journal
S&P Global

- On May 31st, the DoD announced an additional security package for Ukraine totaling nearly \$300 million. In addition to the \$1.2 billion provided in early May, the total for the month reached an excess of \$1.5 billion. This decision was made following Russia’s continued attacks on civilians and infrastructure across Ukraine with most of the money going towards air defense technology and munitions
- Nearly 130 protests were filed after the CIO-SP4 contract vehicle was awarded to a total of 450 companies, ~250 of which are small businesses. A small number of these protests were dismissed for various insignificant reasons, but the remaining will receive a full Government Accountability Office decision. In order to avoid further CIO-SP3 extensions, the NITAAC will need to work through protest decisions swiftly to meet the Oct. 29th deadline
- Secretary of Defense Lloyd J. Austin was asked about the new \$842 billion defense budget request and said the plan ensured that “the U.S military is the strongest in the world now and into the future.” This budget included \$61 billion to support air dominance, \$48 billion for sea power, \$30 billion in industrial production and munitions, \$11 billion in long-range missiles, and much more. The budget request totaled \$26 billion more than Congress appropriated in December through the omnibus spending bill. In addition, the DoD plans to invest heavily in the mental health of service members over the coming years



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



Transaction Details

VSE provides aftermarket distribution and repair services for land, sea and air transportation assets to military and defense, government, and commercial markets. The acquisition establishes a network of services and capabilities to improve the efficiency of physical and technological platforms utilized by U.S. and allied servicemembers and other government personnel

Date: 5/1/2023

EV: \$100M

EBITDA Multiple: NA



Transaction Details

La Jolla Logic provides technology, cybersecurity, engineering, and Development Security and Operations driven solutions to Department of Defense and commercial customers. The acquisition furthers Boecore’s strategy of delivering a comprehensive suite of solutions and products to advance the nation’s space superiority, while protecting systems from cyber attacks

Date: 5/9/2023

EV: ND

EBITDA Multiple: NA



Transaction Details

Precise Systems provides advanced engineering, program and project management, acquisition and lifecycle support, and information technology services. The acquisition brings an opportunity for growth, delivering modernized engineering and program management solutions for their current customers across the Navy and potential new customers throughout the DoD

Date: 5/9/2023

EV: ND

EBITDA Multiple: NA



Transaction Details

Innoplex provides software engineering, IT operations, cyber and signals analysis, and cloud infrastructure solutions for intelligence and defense customers. The acquisition will allow iNovex to utilize the complementary capabilities of both companies, solving a wider variety of national security problems and better servicing their current customer base

Date: 5/16/2023

EV: ND

EBITDA Multiple: NA



Transaction Details

iDoxSolutions, Inc. is a leading information technology and management consulting company that provides services to a variety of civilian and defense clients. The acquisition will allow B&A to provide a wider range of information technology, consulting, and data analytics services to their existing customer base

Date: 5/16/2023

EV: ND

EBITDA Multiple: NA



Transaction Details

Gardetto provides a broad range of system engineering services, including both hardware and software, with expertise in requirements definition, system design, development, test, and support. Through this acquisition, SilverEdge plans to expand their digital design capabilities and engineering services for their defense and intelligence customers

Date: 5/30/2023

EV: ND

EBITDA Multiple: NA

Sources: S&P Capital IQ, DACIS
1. Strategic investment

Contract Value (\$M)	Award Date	End Date	Customer	Awardee	Type	Contract Scope
\$7,200	05/03/2023	05/31/2027	U.S. Army	Raytheon-Lockheed Martin Javelin JV	Firm Fixed Price / Cost Plus Fixed Fee	Produce and deliver the Javelin Weapon System and associated support equipment.
\$4,653	05/24/2023	02/09/2028	U.S. Army	AM General LLC	Firm Fixed Price	Provide the production and delivery of Joint Tactical Vehicle (JLTV), trailers, kits, and services.
\$3,400	05/18/2023	-	NASA	Blue Origin LLC	Firm Fixed Price	Manufacture the Human Landing System (HLS) for the Artemis V mission.
\$3,195	05/18/2023	06/30/2034	U.S. Naval Sea System	Austal USA, LLC	Firm Fixed Price	Design the Auxiliary General Ocean Surveillance Ship.
\$2,499	05/02/2023	03/31/2028	U.S. Naval Air Systems	Lockheed Martin	Cost Plus Fixed Fee	Provide recurring logistics and services for F-35 Lightning II Joint Strike Fighter Air Systems.
\$814	05/02/2023	07/31/2031	NASA	Roth ARES JV, LLC	Cost Plus Award Fee / IDIQ	Manage digital communication and information technology services.
\$750	05/18/2023	08/18/2027	U.S. Air Force	Lockheed Martin	Firm Fixed Price	Produce AGM-158 Joint Air-to-Surface Missiles and Fire Control for use in B-52 aircraft.
\$736	05/19/2023	03/31/2028	U.S. Naval Sea Systems	National Steel and Shipbuilding Company	Firm Fixed Price	Design and produce Fleet Replenishment Oiler.
\$408	05/31/2023	07/31/2028	U.S. Air Force	Aircraft Readiness Alliance II, LLC	Cost Plus Fixed Fee / IDIQ	Manufacture MK-41 Vertical Launch System (VLS) modules and ancillary hardware.

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

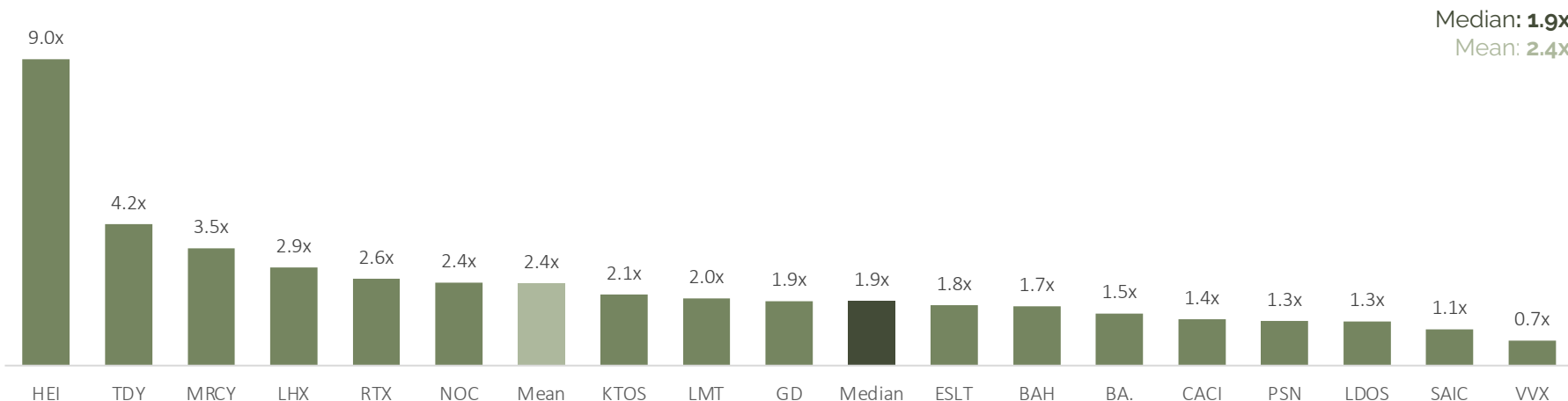
TRAILING TWELVE MONTHS (TTM) PUBLIC EQUITY INDEX CHART¹

Market Commentary

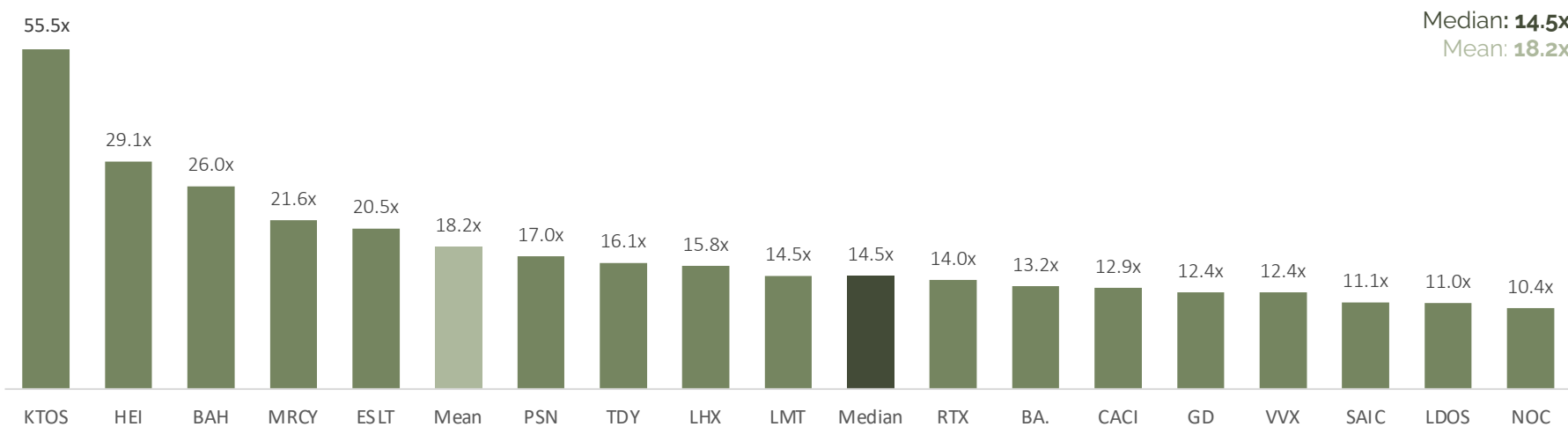
- The Mclean Group's custom indices marginally outperformed the broader equity market over the last twelve months, with the "Government Contractors" index continuing to be an outlier
- The Defense Systems index took a downturn in the month of May, partially driven by a decrease in Heico's stock price. Investors are likely reacting to a sizeable increase in the company's net debt position, due to the acquisition of Exxelia International
- TMG's government contractors index continues benefit from the heightened emphasis on implementing AI/ML, modernizing legacy software, and moving to cloud-based solutions across defense and civilian agencies

Sources: S&P Capital IQ, Bloomberg, Seeking Alpha
 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 5/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Primes												
Raytheon	92.14	166,157.1	72,704.1	12,841.0	17.7%	78,549.7	14,206.9	18.1%	2.29x	12.94x	2.12x	11.70x
Lockheed Martin	444.01	125,606.7	65,786.4	9,863.6	15.0%	67,779.3	10,155.4	15.0%	1.91x	12.73x	1.85x	12.37x
Northrop Grumman	435.49	79,493.3	38,416.0	5,347.8	13.9%	40,447.2	5,771.7	14.3%	2.07x	14.86x	1.97x	13.77x
General Dynamics	204.18	65,974.0	41,499.0	5,338.7	12.9%	44,314.5	5,995.5	13.5%	1.59x	12.36x	1.49x	11.00x
L3Harris	175.92	43,599.6	17,850.4	3,449.7	19.3%	18,707.5	3,729.5	19.9%	2.44x	12.64x	2.33x	11.69x
BAE Systems	11.50	39,999.4	30,169.8	3,970.8	13.2%	31,490.6	4,233.6	13.4%	1.33x	10.07x	1.27x	9.45x
Average	\$270.35	\$96,166.1	\$47,251.2	\$7,368.2	15.8%	\$49,959.6	\$7,971.8	16.2%	2.06x	13.11x	1.95x	12.11x
Gov't Contractors												
Leidos	78.06	15,959.3	15,023.1	1,532.0	10.2%	15,749.4	1,645.9	10.5%	1.06x	10.42x	1.01x	9.70x
Booz Allen Hamilton	100.58	15,805.1	9,952.3	1,070.2	10.8%	10,523.9	1,109.8	10.5%	1.59x	14.77x	1.50x	14.24x
CACI	299.22	8,797.8	6,862.8	743.0	10.8%	7,198.2	781.4	10.9%	1.28x	11.84x	1.22x	11.26x
SAIC	97.33	7,696.0	7,142.7	669.4	9.4%	7,220.1	691.6	9.6%	1.08x	11.50x	1.07x	11.13x
Parsons	44.69	5,439.2	4,656.3	400.9	8.6%	4,903.7	437.7	8.9%	1.17x	13.57x	1.11x	12.43x
V2X	41.25	2,561.4	3,852.1	301.8	7.8%	4,047.1	331.6	8.2%	0.66x	8.49x	0.63x	7.72x
Average	\$110.19	\$9,376.5	\$7,914.9	\$786.2	9.6%	\$8,273.8	\$833.0	9.8%	1.14x	11.76x	1.09x	11.08x

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

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 5/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBITDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<i>Defense Systems</i>												
Teledyne Technologies	388.65	21,443.2	5,738.0	1,393.2	24.3%	6,001.9	1,484.6	24.7%	3.74x	15.39x	3.57x	14.44x
HEICO Corporation	154.58	19,499.6	2,799.6	727.0	26.0%	3,064.5	819.9	26.8%	6.97x	26.82x	6.36x	23.78x
Elbit Systems	204.13	10,188.9	5,704.0	562.0	9.9%	6,345.9	715.5	11.3%	1.79x	18.13x	1.61x	14.24x
Mercury Systems	40.59	2,880.3	1,031.5	183.2	17.8%	1,113.7	236.0	21.2%	2.79x	15.72x	2.59x	12.21x
Kratos Defense & Security	13.14	1,995.0	993.7	87.6	8.8%	1,092.3	105.8	9.7%	2.01x	22.77x	1.83x	18.86x
Average	\$160.22	\$11,201.4	\$3,253.3	\$590.6	17.3%	\$3,523.7	\$672.3	18.7%	3.46x	19.77x	3.19x	16.71x
Low	\$11.50	\$1,995.01	\$993.65	\$87.61	7.8%	\$1,092.28	\$105.76	8.2%	0.66x	8.49x	0.63x	7.72x
Mean	\$166.20	\$37,240.9	\$19,422.4	\$2,851.9	13.9%	\$20,502.9	\$3,085.4	14.5%	2.10x	14.41x	1.97x	12.94x
Median	\$100.58	\$15,959.28	\$7,142.71	\$1,070.20	12.9%	\$7,220.14	\$1,109.81	13.4%	1.79x	12.94x	1.61x	12.21x
High	\$444.01	\$166,157.08	\$72,704.08	\$12,840.95	26.0%	\$78,549.67	\$14,206.89	26.8%	6.97x	26.82x	6.36x	23.78x

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

Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
05/01/2023	Bernhard Capital Partners	VSE Corporation ¹	Provides maintenance and repair services for air, land, and sea transportation assets	\$100.0	NA	NA
05/01/2023	Bennett Aerospace	Three Saints Bay	Provides human capital to support a wide range of client programs	NA	NA	NA
05/02/2023	AMETEK	Bison Gear & Engineering	Engineers and manufactures motion control and automation solutions	\$99.3	1.24x	NA
05/02/2023	ITT	Micro-Mode Products	Designs and manufactures high-bandwidth Radio Frequency (RF) connectors	\$80.0	3.08x	NA
05/03/2023	Advent International	Maxar Technologies	Provides comprehensive space solutions and secure geospatial intelligence	\$6,542.0	3.74x	14.23x
05/08/2023	Boecore	La Jolla Logic	Develops solutions in cybersecurity, software development, and AI/ML	NA	NA	NA
05/08/2023	Kymera International	Thermal Spray Solutions	Provides high-performance thermal spray coatings for the Navy and other shipbuilders	NA	NA	NA
05/08/2023	TransDigm Group	Calspan	Delivers technology development services and systems to aerospace/defense clients	\$725.0	NA	NA
05/09/2023	Bluestone Investment Partners	Precise Systems ²	Provides a wide range of technological services to the federal government	NA	NA	NA
05/16/2023	iNovex Information Sysytes.	Innoplex	Designs software development platforms for signal intelligence, cybersecurity, and more	NA	NA	NA
05/16/2023	B&A Inc.	iDoxSolutions	Provides ECM and ERM solutions and services to a variety of federal clients	NA	NA	NA
05/18/2023	GracoRoberts	Pacific Coast Composites	Distributes advanced composite materials for a variety of government clients	NA	NA	NA
05/24/2023	Agile Defense	XOR Security	Provides cybersecurity engineering and operations and virtual security services	NA	NA	NA
05/30/2023	SilverEdge	Gardetto Engineering	Provides a wide range of engineering services including DSP, FPGAs, and RF design	NA	NA	NA

Source(s): S&P CapIQ

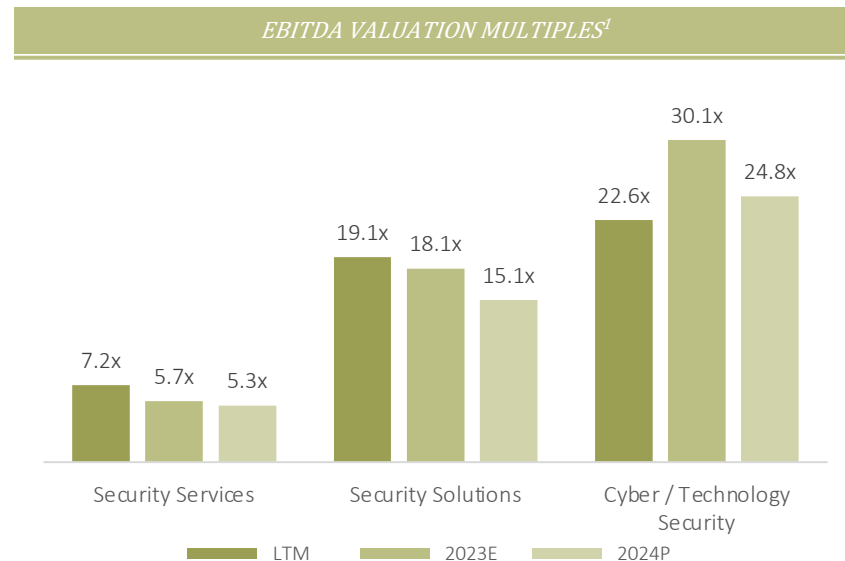
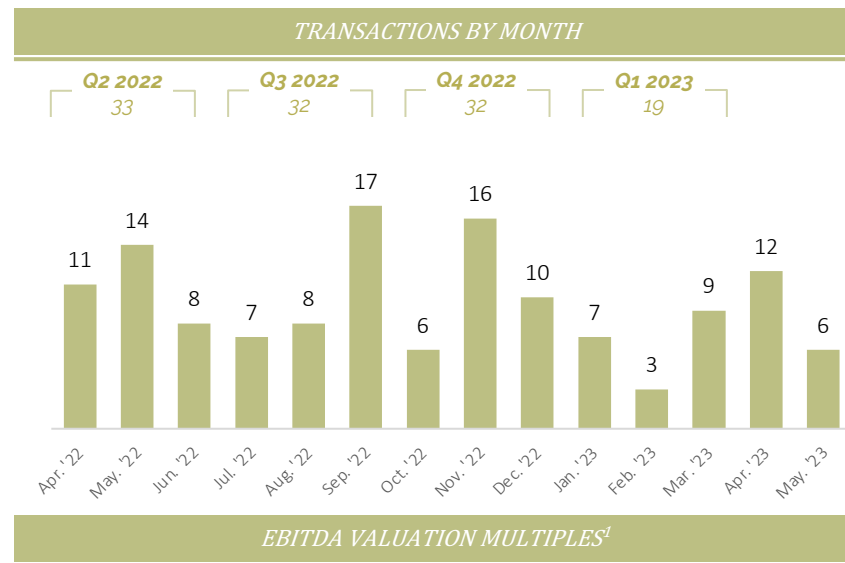
1. The Federal and Defense business of VSE

2. Precise Systems Inc. received a strategic investment from Bluestone

- In May, 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 May Transactions

 acquired by 	 acquired by 	 acquired by 	 acquired by 
---	---	---	---



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

PHYSICAL & CYBER SECURITY

	Stock Price 5/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Security Services												
Securitas	7.33	8,117.1	14,228.6	1,167.8	8.2%	14,636.3	1,263.0	8.6%	0.57x	6.95x	0.55x	6.43x
The Brink's Company	66.53	6,014.7	4,908.1	896.0	18.3%	5,185.7	981.1	18.9%	1.23x	6.71x	1.16x	6.13x
Prosegur	1.78	2,623.2	4,692.3	558.7	11.9%	4,928.4	609.2	12.4%	0.56x	4.70x	0.53x	4.31x
Loomis	27.46	2,261.5	2,583.5	512.1	19.8%	2,712.4	538.1	19.8%	0.88x	4.42x	0.83x	4.20x
Average	\$25.78	\$4,754.1	\$6,603.1	\$783.7	14.5%	\$6,865.7	\$847.8	14.9%	0.81x	5.69x	0.77x	5.27x
Security Solutions												
Honeywell International	191.60	140,970.6	36,999.1	9,429.1	25.5%	38,904.4	10,131.9	26.0%	3.81x	14.95x	3.62x	13.91x
Johnson Controls	59.7	51,993.1	27,664.1	4,144.3	15.0%	28,855.3	4,340.6	15.0%	1.88x	12.55x	1.80x	11.98x
Motorola Solutions	281.92	52,796.8	9,792.7	2,889.1	29.5%	10,320.1	3,144.0	30.5%	5.39x	18.27x	5.12x	16.79x
ADT	5.69	14,903.4	6,661.8	2,552.7	38.3%	7,102.8	2,728.4	38.4%	2.24x	5.84x	2.10x	5.46x
Allegion	104.74	11,181.3	3,695.2	870.7	23.6%	3,810.6	917.9	24.1%	3.03x	12.84x	2.93x	12.18x
Alarm.com Holdings	50.22	2,454.9	867.2	122.2	14.1%	923.0	146.1	15.8%	2.83x	20.10x	2.66x	16.81x
Napco Security Technologies	37.19	1,316.3	184.7	49.5	26.8%	209.9	61.8	29.4%	7.13x	26.60x	6.27x	21.31x
Arlo Technologies	9.67	791.5	485.5	23.8	4.9%	529.5	35.3	6.7%	1.63x	33.33x	1.49x	22.42x
Average	\$92.59	\$34,551.0	\$10,793.8	\$2,510.2	22.2%	\$11,331.9	\$2,688.2	23.2%	3.49x	18.06x	3.25x	15.11x

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

PHYSICAL & CYBER SECURITY

	Stock Price 5/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Cyber Security												
Fortinet	68.33	51,764.3	5,469.2	1,533.1	28.0%	6,514.5	1,872.8	28.7%	9.46x	33.76x	7.95x	27.64x
SolarWinds	9.30	2,657.4	734.3	299.3	40.8%	763.0	317.9	41.7%	3.62x	8.88x	3.48x	8.36x
Varonis Systems	26.28	2,442.2	516.1	42.7	8.3%	573.0	52.3	9.1%	4.73x	57.21x	4.26x	46.67x
Tenable	40.99	4,511.4	780.9	107.1	13.7%	897.5	136.1	15.2%	5.78x	42.11x	5.03x	33.15x
NetScout Systems	30.52	1,907.1	898.2	227.4	25.3%	923.2	227.2	24.6%	2.12x	8.39x	2.07x	8.39x
SecureWorks	8.07	562.9	390.9	(35.1)	-9.0%	404.3	2.1	0.5%	1.44x	NA	1.39x	NA
Average	\$30.58	\$10,640.9	\$1,464.9	\$362.4	17.9%	\$1,679.2	\$434.7	20.0%	4.53x	30.07x	4.03x	24.84x
Low	\$1.78	\$562.9	\$184.7	-\$35.1	-9.0%	\$209.9	\$2.1	0.5%	0.56x	4.42x	0.53x	4.20x
Mean	\$57.07	\$19,959.4	\$6,752.9	\$1,410.6	19.1%	\$7,121.9	\$1,528.1	20.3%	3.24x	18.68x	2.96x	15.66x
Median	\$33.86	\$3,584.4	\$3,139.3	\$535.4	19.0%	\$3,261.5	\$573.7	19.4%	2.53x	12.84x	2.38x	12.18x
High	\$281.92	\$140,970.6	\$36,999.1	\$9,429.1	40.8%	\$38,904.4	\$10,131.9	41.7%	9.46x	57.21x	7.95x	46.67x

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

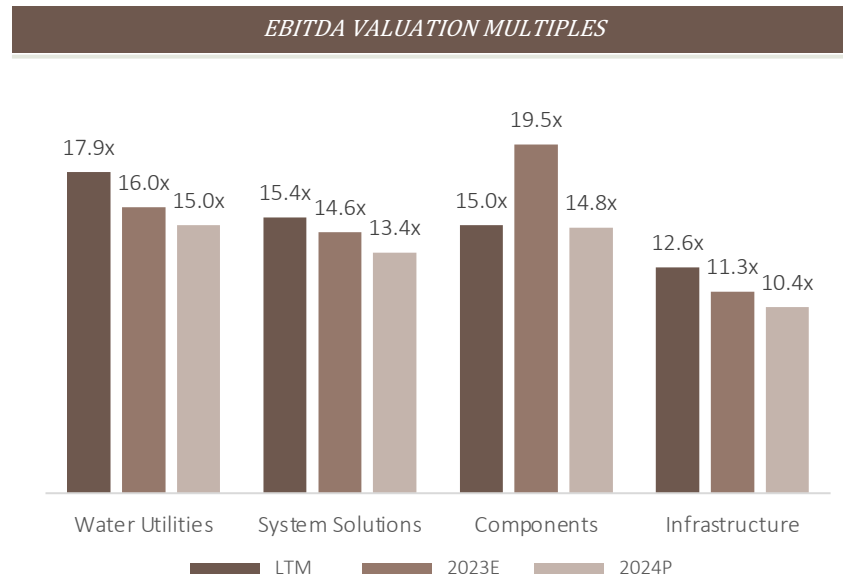
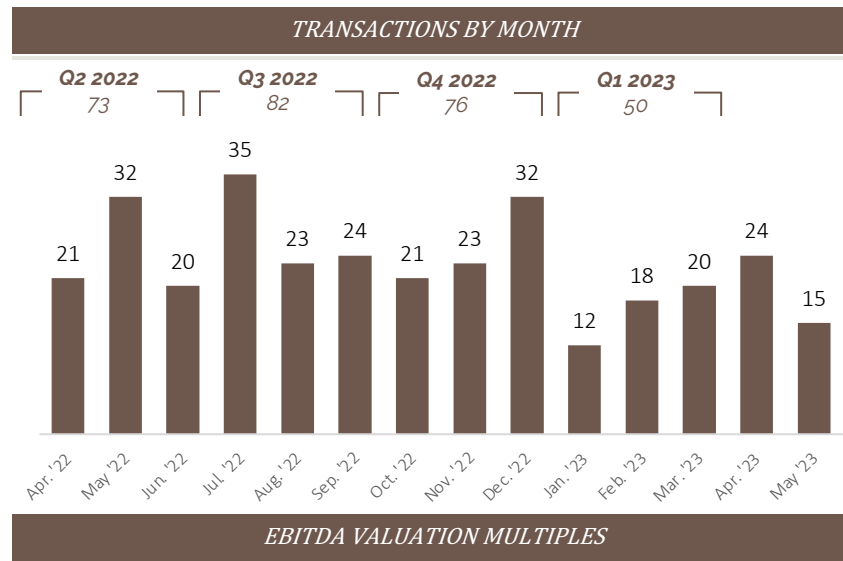
Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
5/2/2023	ICR	Lumina Communications	B2B technology-focused PR firm specializing in Cybersecurity, Enterprise Software	NA	NA	NA
5/2/2023	Mozilla Corporation	Fakespot	Develops and operates a data analytics platform that spots fake online product reviews	NA	NA	NA
5/2/2023	DartPoints	Venyu Solutions	Provides cloud hosting, data center, and data protection services	NA	NA	NA
5/3/2023*	Databricks	Okera	Develops and operates a data authorization platform	NA	NA	NA
5/3/2023	Permira Advisers	BioCatch	Develops and delivers technology solutions for cyber threats	NA	NA	NA
5/5/2023*	Nostra Technologies	Definitive Solutions	Provides IT managed services, IT consulting, cloud and security services	NA	NA	NA
5/8/2023	Boecore	La Jolla Logic	Offers cyber security, network security, cyber engineering, artificial intelligence	NA	NA	NA
5/8/2023	GeoComply Solutions	OneComply	Offers license application and management solution, and license control solutions	NA	NA	NA
5/9/2023	IT Solutions Consulting	Acropolis Computers	Offers managed IT services, sentinel monitoring, auditing, patching	NA	NA	NA
5/10/2023	Integrity Communications	Netsecure Sweden AB	Offers cyber security services	NA	NA	NA
5/11/2023*	Crosspoint Capital Partners	Absolute Software Corporation	Develops, markets, and provides software services for computing devices, applications	\$867.6	3.91x	41.38x
5/16/2023	IBM	Polar Security	Provides cloud-native data security services	NA	NA	NA
5/16/2023	Performance Systems Integration	Integrated Fire Systems	Provides fire system repair and maintenance services to building owners and managers	NA	NA	NA
5/30/2023	Sourcepass	MachineLOGIC	Provides IT consulting and support services, managed IT services, cloud services	NA	NA	NA

Source(s): S&P CapIQ
 * Announced, not closed

- Oil prices continued a weeklong decline at the end of May, settling at \$68 per barrel. The decline was driven by new data that showed a slowdown of manufacturing activity in China, which outweighed unexpectedly high job openings in the United States. Later, Saudi Arabia announced after an OPEC meeting on June 4 that they would unilaterally cut oil production by one million barrels per day.
- Texas lawmakers approved a bill that allocates \$2B of their historic \$32.7B surplus to create two funds to allocate money towards repairing and improving the state’s ailing water infrastructure, pending voter approval. Texas’ fragile water infrastructure led to water supply disruptions to 15 million during the 2021 Winter storm and is generally strained by supply shortages and high demand. The \$2B allocation is a first step to rejuvenating Texas’ water infrastructure, with flood prevention measures alone requiring an estimated \$38B.

Select May Transactions

 acquired by 	 acquired by* 	 acquired by 	 acquired by* 
--	--	--	---



Source(s): Wall Street Journal
 1. For composition of indices, see page 24
 * Announced, not closed

CRITICAL INFRASTRUCTURE

	Stock Price 5/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Water Utilities												
American Water Works	144.45	39,131.3	4,188.1	2,163.6	51.7%	4,420.8	2,403.2	54.4%	9.34x	18.09x	8.85x	16.28x
Essential Utilities	40.74	17,515.1	2,335.5	1,108.3	47.5%	2,437.8	1,264.4	51.9%	7.50x	15.80x	7.18x	13.85x
California Water Service	56.91	4,324.6	877.6	284.4	32.4%	938.1	314.8	33.6%	4.93x	15.21x	4.61x	13.74x
American States Water	88.82	4,068.9	550.4	218.5	39.7%	555.8	231.6	41.7%	7.39x	18.62x	7.32x	17.57x
SIW	76.53	4,018.9	652.0	255.2	39.1%	665.8	271.8	40.8%	6.16x	15.75x	6.04x	14.78x
Consolidated Water	19.52	263.0	129.8	23.8	18.3%	121.2	21.8	18.0%	2.03x	11.05x	2.17x	12.06x
Global Water Resources	11.68	391.2	51.3	22.8	44.4%	52.7	23.8	45.2%	7.63x	17.16x	7.42x	16.44x
Average	\$62.66	\$9,959.0	\$1,255.0	\$582.4	39.0%	\$1,313.2	\$647.3	40.8%	6.43x	15.95x	6.23x	14.96x
System Solutions												
Danaher	229.62	184,665.3	29,468.3	9,495.8	32.2%	31,551.8	10,508.8	33.3%	6.27x	19.45x	5.85x	17.57x
Dover	133.33	21,849.9	8,807.6	1,870.9	21.2%	9,175.4	1,997.9	21.8%	2.48x	11.68x	2.38x	10.94x
Xylem	100.20	19,219.8	6,949.4	1,312.4	18.9%	8,091.9	1,619.8	20.0%	2.77x	14.64x	2.38x	11.87x
IDEX	199.16	16,130.1	3,384.8	933.6	27.6%	3,510.0	984.4	28.0%	4.77x	17.28x	4.60x	16.39x
Pentair	55.47	11,601.6	4,091.1	899.7	22.0%	4,247.7	963.5	22.7%	2.84x	12.89x	2.73x	12.04x
A. O. Smith	63.94	9,498.5	3,788.5	776.1	20.5%	3,934.3	816.0	20.7%	2.51x	12.24x	2.41x	11.64x
Watts Water Technologies	158.45	5,119.8	1,988.6	372.0	18.7%	2,055.1	379.9	18.5%	2.57x	13.76x	2.49x	13.48x
Average	\$134.31	\$38,297.8	\$8,354.0	\$2,237.2	23.0%	\$8,938.0	\$2,467.2	23.6%	3.46x	14.56x	3.26x	13.42x

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

CRITICAL INFRASTRUCTURE

Components	Stock Price 5/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Graco	76.49	12,628.8	2,241.5	729.8	32.6%	2,318.1	764.5	33.0%	5.63x	17.31x	5.45x	16.52x
Flowserve	32.55	5,343.3	4,051.4	458.3	11.3%	4,297.8	529.3	12.3%	1.32x	11.66x	1.24x	10.10x
Franklin Electric	90.96	4,472.6	2,183.4	327.7	15.0%	2,259.3	338.5	15.0%	2.05x	13.65x	1.98x	13.21x
Mueller Water Products	13.70	2,526.7	1,352.3	221.3	16.4%	1,410.6	247.3	17.5%	1.87x	11.42x	1.79x	10.22x
The Gorman-Rupp	23.93	1,050.3	631.9	102.2	16.2%	669.1	112.3	16.8%	1.66x	10.27x	1.57x	9.35x
Energy Recovery	23.81	1,257.6	137.6	24.0	17.4%	177.2	42.7	24.1%	9.14x	52.47x	7.10x	29.45x
Average	\$43.57	\$4,546.5	\$1,766.3	\$310.5	18.1%	\$1,855.4	\$339.1	19.8%	3.61x	19.46x	3.19x	14.81x
Infrastructure												
AECOM	78.05	12,877.9	14,192.5	996.9	7.0%	15,077.6	1,064.3	7.1%	0.91x	12.92x	0.85x	12.10x
Tetra Tech	137.47	8,390.7	3,863.9	486.4	12.6%	4,025.3	534.9	13.3%	2.17x	17.25x	2.08x	15.69x
Clean Harbors	140.40	9,901.0	5,497.3	1,038.9	18.9%	5,722.8	1,104.7	19.3%	1.80x	9.53x	1.73x	8.96x
EMCOR Group	164.84	8,060.0	12,237.7	777.5	6.4%	13,080.4	839.1	6.4%	0.66x	10.37x	0.62x	9.61x
Arcosa	65.66	3,617.7	2,255.7	360.5	16.0%	2,430.5	387.2	15.9%	1.60x	10.03x	1.49x	9.34x
Primoris Services	26.80	2,663.4	5,545.9	359.6	6.5%	5,890.0	395.5	6.7%	0.48x	7.41x	0.45x	6.73x
Average	\$102.20	\$7,585.1	\$7,265.5	\$670.0	11.2%	\$7,704.4	\$720.9	11.5%	1.27x	11.25x	1.20x	10.41x
Low	\$11.68	\$263.0	\$51.3	\$22.8	6.4%	\$52.7	\$21.8	6.4%	0.48x	7.41x	0.45x	6.73x
Mean	\$86.67	\$15,791.8	\$4,671.3	\$985.4	23.5%	\$4,966.0	\$1,083.2	24.5%	3.79x	15.30x	3.57x	13.46x
Median	\$76.51	\$6,701.6	\$2,860.2	\$472.3	18.9%	\$2,973.9	\$532.1	20.4%	2.54x	13.71x	2.40x	12.66x
High	\$229.62	\$184,665.3	\$29,468.3	\$9,495.8	51.7%	\$31,551.8	\$10,508.8	54.4%	9.34x	52.47x	8.85x	29.45x

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

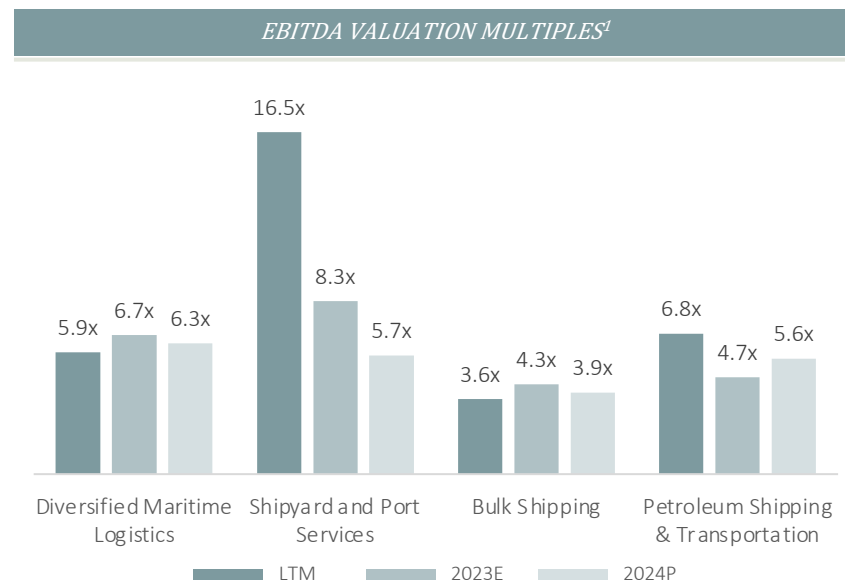
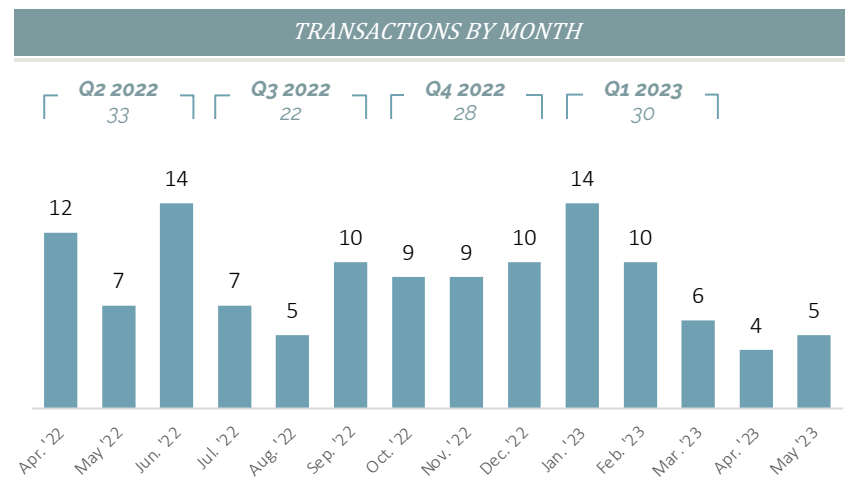
Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
5/1/2023	Morgan Stanley Investments Management	Allstar Construction Holdings	Provides general contracting, construction, maintenance, and restoration services	NA	NA	NA
5/1/2023	Covanta Holding Corporation	CIRCON Environmental	Provides wastewater treatment and management solutions	NA	NA	NA
5/2/2023	Zinkan Enterprises	Waterra Corporation	Offers industrial and commercial boiler, cooling, and wastewater treatment	NA	NA	NA
5/2/2023	NW Natural Water Company	Bodamer Corporation	Provides water management services	NA	NA	NA
5/7/2023	Mercuria Energy America	AP Solar 8	Develops and constructs utility-scale solar power projects	NA	NA	NA
5/10/2023	Quench USA	Pure Health Solutions	Manufactures surface sanitizers, air sanitizers, and water purifiers	NA	NA	NA
5/12/2023*	Oneok	Magellan Midstream Partners	Engages in the transportation, storage, and distribution of refined petroleum products	NA	NA	NA
5/14/2023	Gradiant Corporation	Synauta	Functions as a water treatment and technology solution provider	NA	NA	NA
5/19/2023	Suntria	Compari-Sun Solar	Designs, manufactures, and installs solar cells and modules in residential sectors	NA	NA	NA
5/20/2023	Water Engineering	Delta Chemical	Manufactures and distributes chemicals for potable and non-potable water treatment	NA	NA	NA
5/25/2023	Hatch Renewables	Equilibrium Energy	Engages in generating energy using machines and learning AI	NA	NA	NA
5/26/2023	Xylem	Evoqua Water Technologies	Provides water and wastewater treatment systems and technologies	\$7,530M	4.17x	27.32x
5/26/2023	Orsted North America	Ocean Wind project in New Jersey of Orsted North America	Offshore wind power generator	NA	NA	NA

Sources: S&P Capital IQ, DACIS, Bloomberg, Reuters

- West Coast longshoremen shut down some terminals at the ports of Long Beach, Los Angeles, and Oakland amid heated negotiations over wage terms in labor contracts. Groups in the retail sector dependent on the flow of goods through these ports implored the White House to mediate negotiations to avoid supply chain disruptions.
- The Spanish Energy Minister said on May 16 that an EU ban on Russian liquified natural gas (LNG) “will be coming sooner than later.” The EU’s energy policy chief had told European companies in April to stop signing new contracts with Russian suppliers of LNG. EU LNG imports from Russia have filled the gap left by sanctions on other forms of Kremlin energy exports, which caused EU imports of Russian LNG to rise 38% in 2022. Europe’s lack of energy alternatives to LNG could lead to a spike in energy prices after a ban is instituted.

Select May Transactions

 <p>acquired by*</p> 	 <p>acquired by</p> 	 <p>acquired by*</p> 	 <p>acquired by*</p> 
--	---	--	--



Sources: Wall Street Journal
 1. For composition of indices, see page 24
 * Announced, not closed

MARITIME TRANSPORT & FACILITIES

	Stock Price 5/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Diversified Maritime Logistics												
Algoma Central Corporation	10.93	670.3	553.4	164.4	29.7%	589.7	177.6	30.1%	1.21x	4.08x	1.14x	3.77x
Matson, Inc.	68.33	3,201.6	2,961.9	357.5	12.1%	2,958.4	358.8	12.1%	1.08x	8.96x	1.08x	8.92x
Kirby Corporation	71.56	5,525.8	3,114.2	548.3	17.6%	3,281.8	644.0	19.6%	1.77x	10.08x	1.68x	8.58x
ArcBest Corporation	83.78	2,090.2	4,491.0	412.1	9.2%	4,755.0	510.9	10.7%	0.47x	5.07x	0.44x	4.09x
Diana Shipping Inc.	3.68	867.8	276.5	161.1	58.3%	283.8	142.6	50.2%	3.14x	5.39x	3.06x	6.09x
Average	\$47.66	\$2,471.1	\$2,279.4	\$328.7	25.4%	\$2,373.8	\$366.8	24.6%	1.53x	6.71x	1.48x	6.29x
Shipyard & Port Services												
International Container Serv.	3.46	10,380.3	2,279.9	1,436.7	63.0%	2,395.9	1,515.1	63.2%	4.55x	7.22x	4.33x	6.85x
Great Lakes Dredge & Dock	6.34	847.1	671.5	60.6	9.0%	790.0	145.0	18.4%	1.26x	13.98x	1.07x	5.84x
Tidewater	44.81	2,283.6	1,003.0	389.0	38.8%	1,079.8	452.2	41.9%	2.28x	5.87x	2.11x	5.05x
Orion Group	2.42	160.7	727.9	20.9	2.9%	784.8	45.8	5.8%	0.22x	7.70x	0.20x	3.51x
DEME Group	0.24	3,724.9	3,135.1	561.8	17.9%	3,345.7	624.8	18.7%	1.19x	6.63x	1.11x	5.96x
Average	\$11.45	\$3,479.3	\$1,563.5	\$493.8	26.3%	\$1,679.3	\$556.6	29.6%	1.90x	8.28x	1.77x	5.44x
Dry Bulk Shipping												
Costamare Inc.	7.72	2,642.5	1,067.5	643.3	60.3%	1,097.3	687.5	62.7%	2.48x	4.11x	2.41x	3.84x
Star Bulk Carriers Corp.	17.13	2,791.5	871.8	525.7	60.3%	964.9	604.4	62.6%	3.20x	5.31x	2.89x	4.62x
Golden Ocean Group Limited	7.06	2,615.8	732.0	421.2	57.5%	753.3	420.3	55.8%	3.57x	6.21x	3.47x	6.22x
Danaos Corporation	58.33	1,314.2	970.7	738.4	76.1%	918.6	685.5	74.6%	1.35x	1.78x	1.43x	1.92x
Global Ship Lease, Inc.	17.22	1,332.0	654.2	444.7	68.0%	681.5	464.2	68.1%	2.04x	3.00x	1.95x	2.87x

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

MARITIME TRANSPORT & FACILITIES

	Stock Price 5/31/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Dry Bulk Shipping												
Safe Bulkers, Inc.	3.17	685.7	288.3	188.0	65.2%	354.7	224.0	63.2%	2.38x	3.65x	1.93x	3.06x
Eagle Bulk Shipping Inc.	39.28	725.5	355.2	153.6	43.2%	356.9	176.8	49.5%	2.04x	4.72x	2.03x	4.10x
Genco Shipping & Trading Limited	12.41	641.4	296.2	165.0	55.7%	333.8	209.3	62.7%	2.17x	3.89x	1.92x	3.06x
Average	\$20.29	\$1,593.6	\$654.5	\$410.0	60.8%	\$682.6	\$434.0	62.4%	2.40x	4.08x	2.26x	3.71x
Petroleum Products Transportation												
Scorpio Tankers	45.77	3,887.6	1,404.9	1,004.8	71.5%	1,259.7	846.3	67.2%	2.77x	3.87x	3.09x	4.59x
International Seaways	36.05	2,466.4	995.2	682.9	68.6%	903.4	614.1	68.0%	2.48x	3.61x	2.73x	4.02x
Teekay Tankers	36.13	1,506.7	857.2	593.2	69.2%	706.4	413.2	58.5%	1.76x	2.54x	2.13x	3.65x
DHT Holdings	7.69	1,536.4	387.4	299.3	77.3%	437.3	350.3	80.1%	3.97x	5.13x	3.51x	4.39x
Nordic American Tankers	3.51	961.2	292.8	215.7	73.7%	288.3	209.7	72.7%	3.28x	4.46x	3.33x	4.58x
Ardmore Shipping	11.71	644.2	275.6	177.6	64.4%	231.3	141.9	61.4%	2.34x	3.63x	2.79x	4.54x
Average	\$23.48	\$1,833.7	\$702.2	\$495.6	70.8%	\$637.7	\$429.2	68.0%	2.76x	3.87x	2.93x	4.29x
Low	\$0.24	\$160.73	\$275.63	\$20.88	\$0.03	\$231.29	\$45.75	\$0.06	\$0.22	\$1.78	\$0.20	\$1.92
Mean	\$24.95	\$2,229.3	\$1,194.3	\$431.9	48.7%	\$1,231.4	\$444.3	49.1%	2.21x	5.45x	2.16x	4.76x
Median	\$12.06	\$1,521.5	\$794.6	\$400.5	59.3%	\$787.4	\$416.7	59.9%	2.22x	4.90x	2.07x	4.46x
High	\$83.78	\$10,380.3	\$4,491.0	\$1,436.7	77.3%	\$4,755.0	\$1,515.1	80.1%	4.55x	13.98x	4.33x	8.92x

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

Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
5/2/2023	Sea/	MarDocs	Manages charter party service providers operations	NA	NA	NA
5/3/2023	Grimaldi Terminal Barcelona	Terminal Ferry de Barcelona	Provides port services in Barcelona Spain	NA	NA	NA
5/8/2023*	CMA CGM	Bollore Logistics	Provides transport organization and logistics	\$5,500	NA	NA
5/9/2023	Stena Line	RoRo	Operates the Port of Ventspils	NA	NA	NA
5/23/2023	Aroundtown	Kition Ocean Holdings	Operates and develops the Larnaca port	NA	NA	NA
5/25/2023	PSA international	SOTRANS	Provides logistics solutions in Vietnam	NA	NA	NA
5/26/2023*	NORDEN	Thorco Projects	Provides transport solutions and operates global shipping fleet	NA	NA	NA
5/26/2023	West Coast Invest	Fjord Line	Transports passengers and freight between Norway, Sweden, and Denmark	NA	NA	NA
5/26/2023	Groupe Desgagnés	Valport Maritime Services	Specializes in cargo handling and storage services	NA	NA	NA

Sources: S&P Capital IQ, DACIS, press releases
 * Announced, not closed

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



Mergers & Acquisitions

Mark Bertler
Chicago, IL
Water & Wastewater
(847) 226-0793
mbertler@mcleanllc.com

Marc Gruzenski
Los Angeles, CA
Security & Technology
(703) 827-0246
mgruzenski@mcleanllc.com

Mitch Martin
McLean, VA
Defense & Gov't Services
(703) 752-9009
mmartin@mcleanllc.com

Andy Smith
McLean, VA
Defense & Gov't Services
(703) 827-0233
asmith@mcleanllc.com

Business Valuation

Ryan Berry
McLean, VA
Valuation Advisory
(703) 827-0091
rberry@mcleanllc.com

Michael Loftus
McLean, VA
Valuation Advisory
(703) 827-0200
mloftus@mcleanllc.com

Scott Sievers
McLean, VA
Valuation Advisory
(703) 827-8685
ssievers@mcleanllc.com

Tyler Halstead
McLean, VA
Valuation Advisory
(703) 752-9013
thalstead@mcleanllc.com

Shari Overstreet
Austin, TX
Valuation Advisory
(512) 687-3485
soverstreet@mcleanllc.com

DLS Marine

Harry Ward
New Orleans, LA
DLS Marine
(504) 835-8505
hward@dlsmarine.com

Norman Dufour
New Orleans, LA
DLS Marine
(504) 835-8505
ndufour@dlsmarine.com

Securities Disclaimer

The information provided in this newsletter is for informational purposes only and does not constitute an offer to sell or the solicitation of an offer to buy any of the securities mentioned herein. Past performance does not guarantee future results. None of the information or analyses presented are intended to form the basis for any investment decision, and no specific recommendations are intended. Any performance mentioned does not include transaction fees and costs, which would reduce an investor's return. An investment cannot be made directly in these custom market indices.

The logos and company names used in this report are for illustration purposes only, and the report is not associated with or supported by the owners of the trademarks.

© 2023 The McLean Group. All rights reserved. Securities transactions are conducted through McLean Securities, LLC, a member of FINRA/SIPC.