

Q2 2022

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 Defense, Government & Intelligence (DGI); Physical & Cyber Security; Critical Infrastructure; and Maritime Transport & Facilities markets. Our 60+ professionals bring deep industry experience and relentless execution to every client engagement. We provide solutions that blend financial creativity with operational expertise. Whether we are providing transaction advisory, 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 required to be excellent at all times, and they 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

140+

Closed M&A Engagements Since 2010

5

Dedicated Offices

6

Growth Capital Investments

400+

Annual Valuation Clients

Major News Stories

**Discussion between U.S. and U.K. Regarding Defense Companies**

- The Biden administration recently contended with the U.K. over unnecessary obstacles affecting U.S. defense firms' ability to operate in the U.K., slowing the pending acquisition of Ultra, a military communications equipment company. The U.S. and U.K. are both committed to strengthening their cooperation in the defense industry to help combat hostile powers

**Inflation Reaching All-Time High Since 1981**

- The U.S. Consumer Price Index rose to 9.1% in June of 2022, driven by spiking energy costs. The Federal Open Market Committee (FOMC) voted to raise the target Federal Funds Rate by 75 basis points in June of 2022, to 1.50% - 1.75%, to combat persistent inflation. Most analysts expect another 75 basis points hike in the upcoming July FOMC meeting

**Oil Prices Continue to Rise**

- Crude oil prices are nearing 2008 levels with no clear indication of when the increase will cease. Russia has redirected its oil towards Asian markets after western nations cut energy imports to and from Russia. This decrease in supply continues to drive inflation across the globe

**U.S. to Defend Taiwan if China Attacks**

- In late May, President Biden confirmed the U.S.' position on the Taiwan and China conflict, detailing its preparation and decision to defend Taiwan if an altercation between the two competing countries occurs. Taiwan and the U.S. have deep and growing economic ties, most notably, Taiwan produces over 90% of the world's sub-10 nanometer microchips, a critical component in modern digital devices

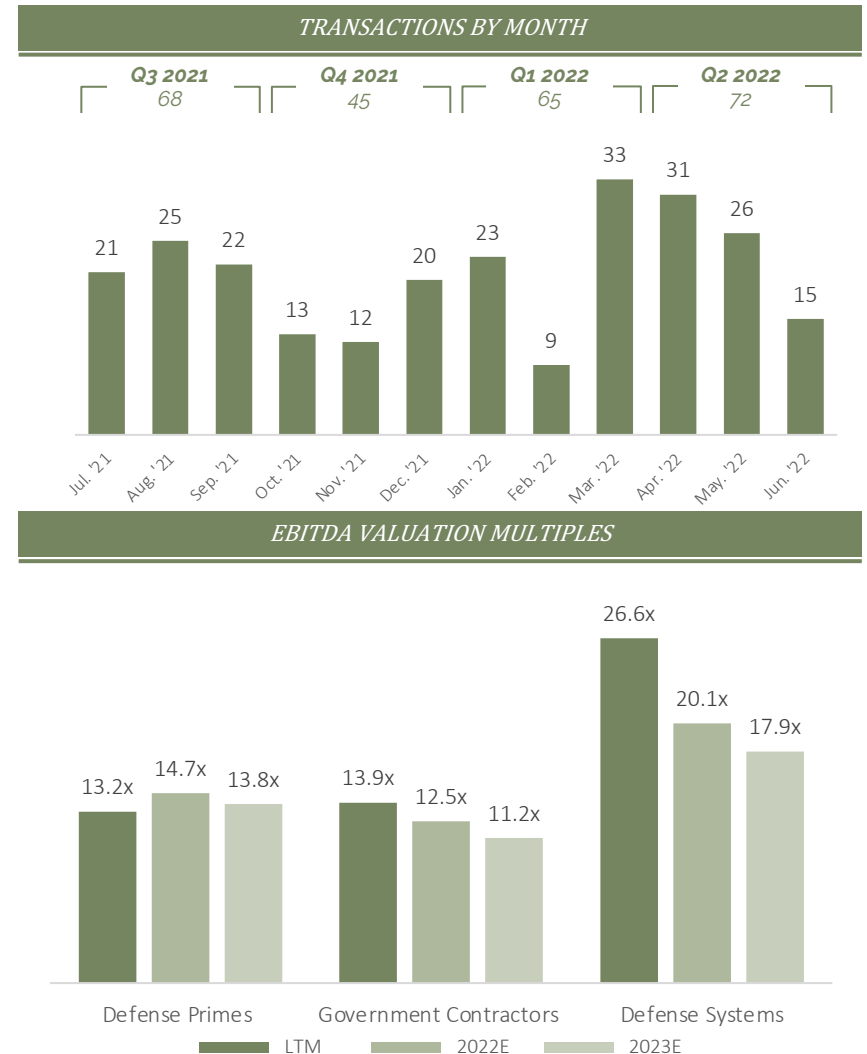
Sources: U.S. Department of Defense, Wall Street Journal, BBC, Federal News Network, Yahoo Finance, Reuters

- Department of Defense contractors and contracting officers have recently expressed interest in using economic price adjustment clauses in their government contracting deals to account for economic instabilities such as this year's high inflation rate
- The U.S. Department of Justice filed an antitrust lawsuit against Booz Allen Hamilton in an effort to block their planned acquisition of EverWatch. The DOJ believes the acquisition would eliminate competition, harm taxpayers, and result in lower quality, less innovative services
- The DoD opened its Chief Digital and AI Office (CDAO) in early June, expanding state of the art technological value into the military and advancing the Joint All-Domain Command and Control (JADC2) project

Select Precedent Transactions



Sources: Federal News Network, Yahoo Finance, S&P Capital IQ





Transaction Details

Data Intelligence Technologies Inc. offers cybersecurity, AI machine learning and data science, and SecDataOps and cloud computing services. The partnership allows Axiologic Solutions to expand its portfolio and enhance their intelligence community solutions platform through the addition of new capabilities and experts.

Date: 5/11/2022

EV: ND

EBITDA Multiple: NA



Transaction Details

ManTech is a defense contracting firm that offers technological services to help government and industry clients. ManTech's strengths lie across the defense, intelligence, federal civilian, and innovation and capabilities sectors. The acquisition will allow Carlyle to leverage their sector expertise and resources to accelerate growth and innovation within the Company.

Date: 5/16/2022*

EV: \$4.2B

EBITDA Multiple: NA



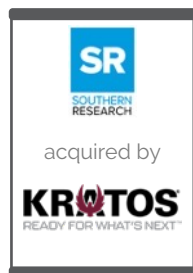
Transaction Details

Oasis Systems offers technology services to the Department of Defense and the Federal agencies supporting them across their mission-critical programs. The acquisition of Oasis Systems by ERC, a portfolio company of Brightstar Capital Partners, allows ERC to grow its technological services field, through both the addition of technological expertise and customers within the federal sphere.

Date: 5/24/2022

EV: ND

EBITDA Multiple: NA



Transaction Details

The engineering division of Southern Research was acquired by Kratos. Southern Research offers engineering services hypersonic structures to electrical, EO/IR, and mechanical systems. The partnership allows Kratos to expand the scope and ability of their engineering capabilities, as well as giving them 102,000 square feet of land for the Kratos SE unit operations.

Date: 5/24/2022

EV: \$80M

EBITDA Multiple: NA



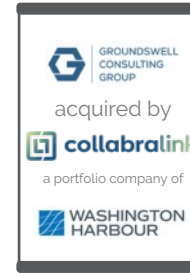
Transaction Details

Xator Corporation offers solutions addressing critical infrastructure protection, enterprise technology and cybersecurity, mission and training, and national security requirements for U.S. Government clients. The acquisition allows Parsons to add on to their critical intellectual property, thus strengthening the Company's portfolio.

Date: 6/1/2022

EV: \$400M

EBITDA Multiple: NA



Transaction Details

Groundswell Consulting Group provides Appian development and integration services to U.S. federal agencies. The combined companies will assume the name Groundswell. The merger with CollabraLink's footprint through federal civilian and defense agencies, and solidifies CollabraLink as the largest, most accomplished Appian integrator in the public sector.

Date: 7/8/2022

EV: ND

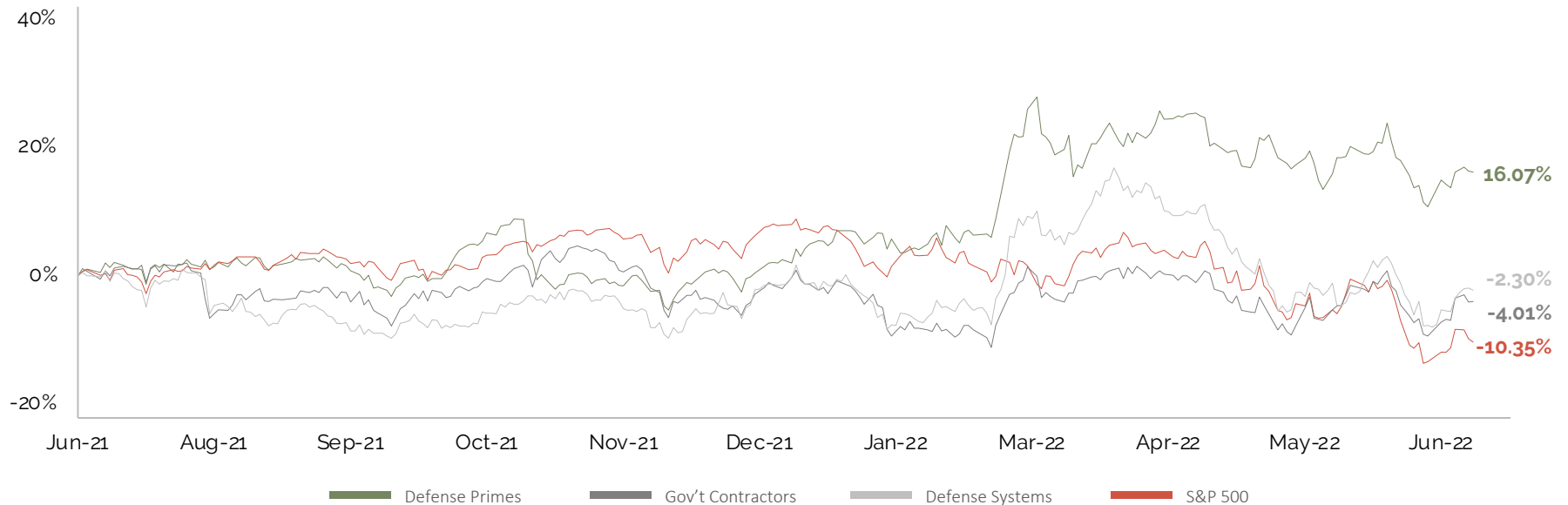
EBITDA Multiple: NA

Sources: S&P Capital IQ, DACIS
* announcement date

TMG served as exclusive financial advisor to
Groundswell Consulting Group

Contract Value (\$M)	Award Date	End Date	Customer	Awardee	Type	Contract Scope
\$12,000	6/24/2022	12/24/2040	U.S. Air Force Nuclear Weapons Center	BAE Systems	Cost-Plus-Award-Fee	Provide for the Minuteman III ICBM Weapon System through the manufacturing of 400 combat capable nuclear missiles
\$4,400	6/26/2022	6/30/2027	U.S. Army ACC-RSA	Sikorsky	Firm Fixed Price	Production of HH/UH-60M Black Hawk “Multi-Year X” aircraft and associated services
\$4,386	6/14/2022	9/30/2024	U.S. Naval Air Systems Command	Pratt & Whitney Military Engines	Firm Fixed Price	Production and delivery of Lot 15 and 16 F-35 propulsion systems for Marine Corps use
\$3,500	5/31/2022	5/30/2024	NASA Johnson Space Center	Axiom Space, Collins Aerospace Mission Systems – ISR and Space Solutions Rockford	Firm Fixed Price, IDIQ, Performance Based	Provide and develop exploration extravehicular activity services for current and future NASA ISS and Artemis missions
\$3,240	5/22/2022	5/22/2032	U.S. National Reconnaissance Office	Maxar Technologies, Inc.	Firm Fixed Price	Provide for the Electro-Optical Commercial Layer (EOCL) program
\$2,000	6/9/2022	TBD	United Launch Alliance	Northrop Grumman Systems Corporation	Firm Fixed Price	Increased production of its 63-inch-diameter Graphite Epoxy Motor solid rocket booster and the extended length variation
\$1,560	6/16/2022	3/31/2031	U.S. Naval Sea Systems Command	Ingalls Shipbuilding	Cost Plus Fixed Fee	Detail, design, and construction of Landing LPD 32
\$1,400	5/21/2022	5/20/2030	Space Raid Capabilities Office	BlueHalo	Other Transaction Agreement	Provide for the Satellite Communications Augmentation Recourse Program (SCAR)

Sources: DACIS

TRAILING TWELVE MONTHS (TTM) PUBLIC EQUITY INDEX CHART¹

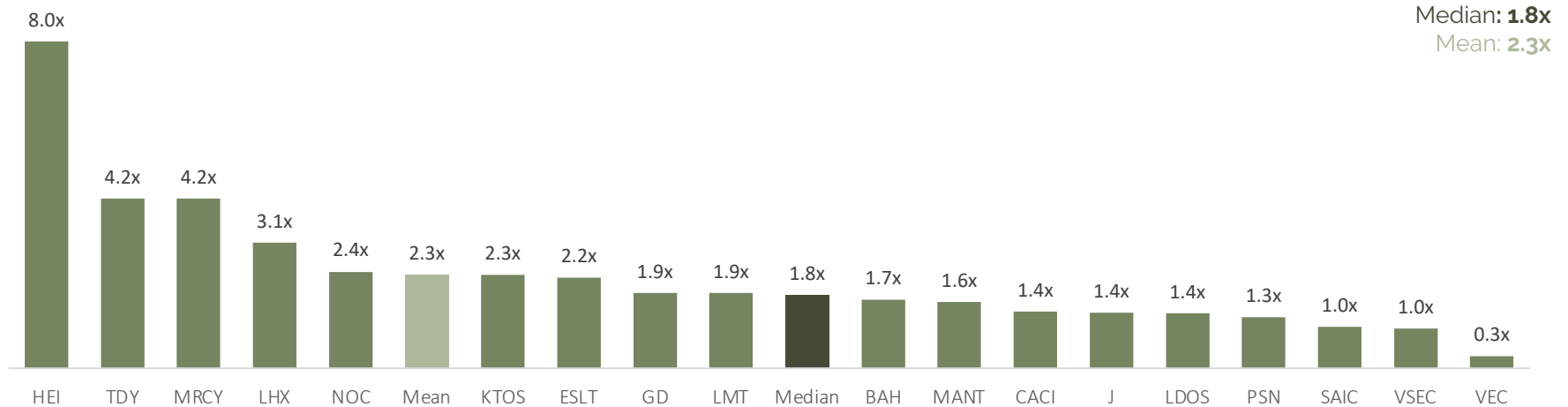
Market Commentary

- All four metrics ended the second quarter outperforming the S&P 500 average over the past twelve months due to the perception of government contracting as a defensive industry, but ended at a quarterly low on account of macroeconomic trends including rising inflation and cost of borrowing
- Defense Primes continue to benefit from increased defense spending due to the U.S.' support of Ukraine, and rising tension between Russia and the West
- Government contractors' limited exposure to defense spending relative to other TMG indices led the index to underperform, ending the year down on a TTM basis largely due to inflationary pressure on critical costs including raw materials and labor

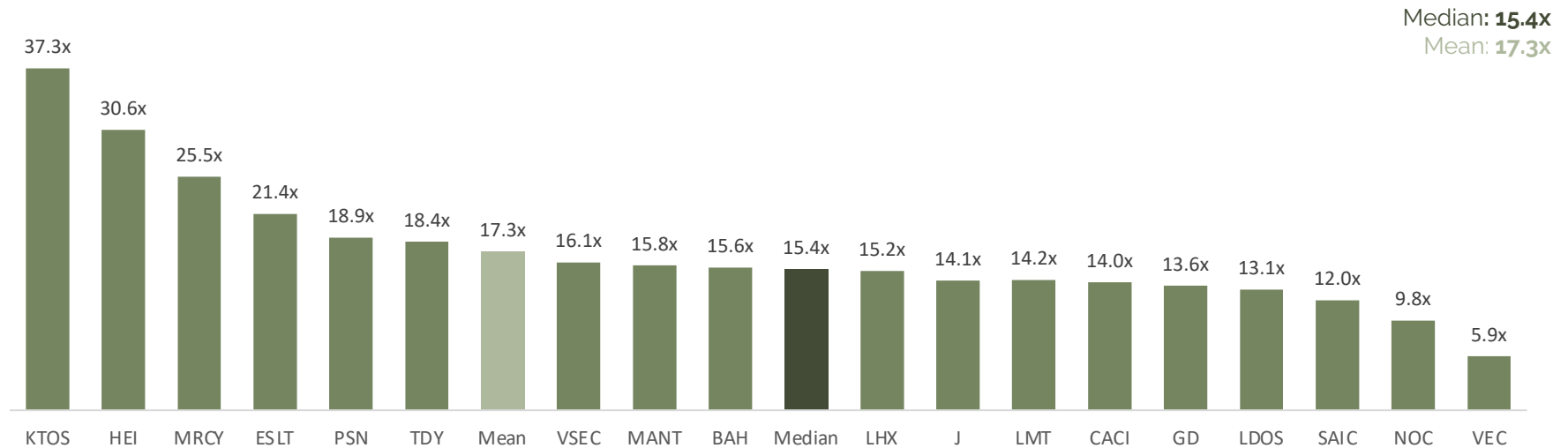
Sources: S&P Capital IQ

1. For composition of indices, see pages 9-10

LTM REVENUE VALUATION MULTIPLES



LTM EBITDA VALUATION MULTIPLES



Sources: S&P Capital IQ

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 6/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Primes												
Lockheed Martin	429.96	124,361.0	66,004.1	9,873.1	15.0%	67,909.5	10,245.9	15.1%	1.88x	12.60x	1.83x	12.14x
Northrop Grumman	478.57	86,306.1	36,551.6	4,834.1	13.2%	38,115.7	5,102.4	13.4%	2.36x	17.85x	2.26x	16.91x
General Dynamics	221.25	71,590.5	39,493.0	5,169.9	13.1%	42,423.6	5,734.9	13.5%	1.81x	13.85x	1.69x	12.48x
L3Harris	241.70	54,158.8	17,543.0	3,750.9	21.4%	18,361.4	3,956.4	21.5%	3.09x	14.44x	2.95x	13.69x
Average	\$342.87	\$84,104.1	\$39,897.9	\$5,907.0	15.7%	\$41,702.6	\$6,259.9	15.9%	2.29x	14.68x	2.18x	13.81x
Gov't Contractors												
Leidos	100.71	19,239.2	14,189.2	1,473.7	10.4%	14,901.0	1,565.1	10.5%	1.36x	13.05x	1.29x	12.29x
Jacobs	127.13	19,933.8	15,489.2	1,478.8	9.5%	16,646.1	1,647.1	9.9%	1.29x	13.48x	1.20x	12.10x
Booz Allen Hamilton	90.36	14,362.9	8,864.5	929.3	10.5%	9,591.6	1,044.9	10.9%	1.62x	15.46x	1.50x	13.75x
SAIC	93.10	7,751.2	7,504.8	670.5	8.9%	7,648.9	692.7	9.1%	1.03x	11.56x	1.01x	11.19x
CACI	281.78	8,659.5	6,484.3	676.8	10.4%	6,811.1	756.1	11.1%	1.34x	12.79x	1.27x	11.45x
Parsons	40.42	4,728.2	3,880.1	333.7	8.6%	4,134.4	362.1	8.8%	1.22x	14.17x	1.14x	13.06x
ManTech International	95.45	4,250.0	2,673.5	257.5	9.6%	2,779.3	269.1	9.7%	1.59x	16.50x	1.53x	15.79x
Vectrus	33.46	394.8	1,850.9	84.5	10.2%	2,127.6	119.0	10.7%	0.21x	4.67x	0.19x	3.32x
VSE Corporation	37.58	809.9	912.3	84.2	9.2%	958.9	104.6	10.9%	0.89x	9.62x	0.84x	7.74x
Average	\$100.00	\$8,903.3	\$6,872.1	\$665.4	9.7%	\$7,288.8	\$729.0	10.2%	1.17x	12.37x	1.11x	11.19x

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

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 6/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Systems												
HEICO Corporation	131.12	16,221.0	2,225.8	601.5	27.0%	2,470.5	677.3	27.4%	7.29x	26.97x	6.57x	23.95x
Teledyne Technologies	375.11	21,557.7	5,519.4	1,343.6	24.3%	5,805.8	1,447.8	24.9%	3.91x	16.04x	3.71x	14.89x
Elbit Systems	227.93	11,202.0	5,657.0	613.0	10.8%	5,990.2	674.1	11.3%	1.98x	18.27x	1.87x	16.62x
Mercury Systems	64.33	4,142.4	1,064.1	239.0	22.5%	1,133.3	254.4	22.5%	3.89x	17.33x	3.66x	16.28x
Kratos Defense & Security	13.88	1,878.7	895.8	86.7	9.7%	993.1	105.9	10.7%	2.10x	21.67x	1.89x	17.74x
Average	\$162.47	\$11,000.4	\$3,072.4	\$576.8	18.9%	\$3,278.6	\$631.9	19.3%	3.83x	20.06x	3.54x	17.90x
Low	\$13.88	\$394.8	\$895.8	\$84.2	8.6%	\$958.9	\$104.6	8.8%	0.21x	4.67x	0.19x	3.32x
Mean	\$171.32	\$26,197.1	\$13,155.7	\$1,805.6	13.6%	\$13,822.3	\$1,931.1	14.0%	2.16x	15.02x	2.02x	13.63x
Median	\$113.92	\$12,782.4	\$6,070.7	\$673.6	10.5%	\$6,400.6	\$724.4	11.0%	1.72x	14.30x	1.61x	13.37x
High	\$478.57	\$124,361.0	\$66,004.1	\$9,873.1	27.0%	\$67,909.5	\$10,245.9	27.4%	7.29x	26.97x	6.57x	23.95x

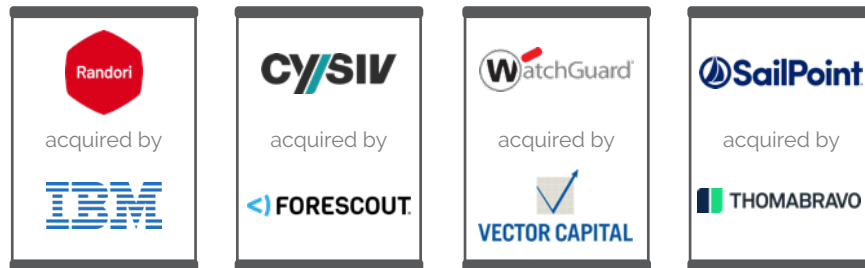
Sources: S&P CapIQ
\$USD, Millions besides Stock Price

Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
Pending	The Carlyle Group	ManTech	Offers technological services across the defense, intelligence, federal civilian, and innovations fields	\$4,200.0	1.64x	15.92x
Pending	ICF International	SemanticBits	Offers a variety of digital services, such as software development, cloud services, and big data	\$220.0	1.63x	NA
Pending	ClearShark	FedBiz IT Solutions	Offers information technology and emerging technology to Federal Government Customers	NA	NA	NA
06/14/2022	Ad Hoc	Cascade Technologies	Offers high-fidelity simulation tools applicable across a wide range of needs	NA	NA	NA
06/13/2022	Presidio	Rove	Provides systems integration and cloud solutions to clients across the Southeast region	NA	NA	NA
06/09/2022	DigiCert	DNS Made Easy	Provides traffic management solutions to various organizations to strengthen IT departments	NA	NA	NA
06/01/2022	Parsons	Xator Corporation	Provides mission-focused solutions across a variety of defense fields for U.S. Government clients	\$400.0	1.33x	NA
06/01/2022	Rafael Advanced Defense Systems	PVP Advanced EO Systems	Provides imaging systems and components for use in military and commercial applications	NA	NA	NA
05/31/2022	Allied Motion Technologies	FPH Group	Offers electrification technologies for the defense and industrials markets	NA	NA	NA
05/24/2022	ERC	Oasis Systems	Provides mission critical technology services and support to the DoD and other federal agencies	NA	NA	NA
05/24/2022	Kratos Defense & Security Solutions	Engineering Division of Southern Research Institute	Offers engineering services for hypersonic structures, EO/IR, and mechanical systems	\$80.0	1.60x	NA
05/11/2022	Axiologic Solutions	Data Intelligence Technologies	Offers cybersecurity, AI/ML, and SecDataOps and cloud computing services	NA	NA	NA
05/02/2022	Hive Group	FEDSIM Business of Avantis	Offers mission-focused data, cyber, and space services	NA	NA	NA
04/19/2022	Arcline Investment Management	Meritec	Offers manufacturing of electrical and electronic interconnect embedded systems and connectors	NA	NA	NA

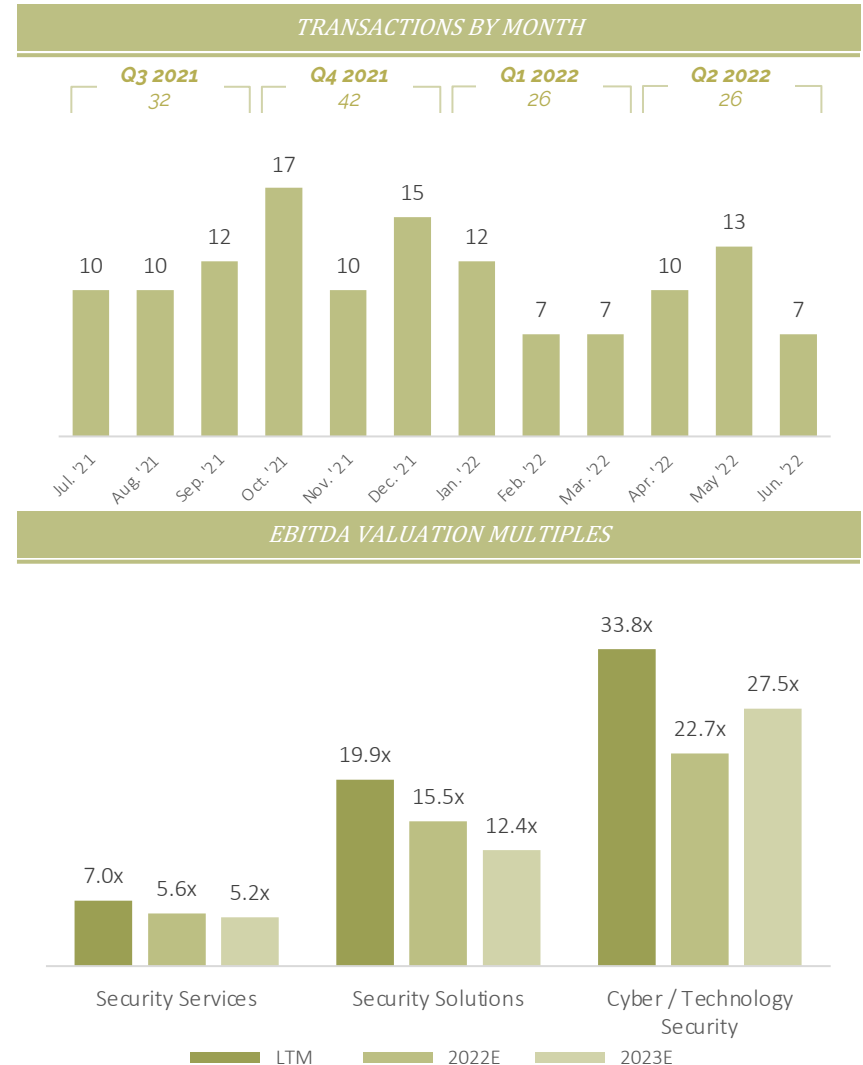
Sources: S&P Capital IQ, DACIS, press releases

- President Biden signed two bills into law in June to improve American cybersecurity measures. The first bill, the Federal Rotational Cyber Workforce Program Act, allows cybersecurity professionals to rotate throughout federal agencies, in order to enhance their expertise. The second bill, the State and Local Government Cybersecurity Act, improves coordination between the Department of Homeland Security and state and local governments on cybersecurity matters
- The global cybersecurity market size is expected to grow at a CAGR of 9.7% for the forecasted 2022 to 2028 period with the U.S. cybersecurity market expecting to reach \$137B by 2028

Select Precedent Transactions



Sources: Security Week, S&P Capital IQ, Yahoo Finance



PHYSICAL & CYBER SECURITY

	Stock Price 6/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Security Services												
Securitas	8.60	4,785.2	11,794.9	897.6	7.6%	12,390.4	929.4	7.5%	0.41x	5.33x	0.39x	5.15x
The Brink's Company	60.71	5,612.4	4,540.9	767.1	16.9%	4,812.0	830.5	17.3%	1.24x	7.32x	1.17x	6.76x
Prosegur	1.76	2,347.4	4,018.7	463.7	11.5%	4,194.9	520.9	12.4%	0.58x	5.06x	0.56x	4.51x
Loomis	24.28	2,167.2	2,264.4	444.1	19.6%	2,368.1	481.0	20.3%	0.96x	4.88x	0.92x	4.51x
Average	\$23.84	4,785.2	11,794.9	897.6	7.6%	12,390.4	929.4	7.5%	0.41x	5.33x	0.39x	5.15x
Security Solutions												
Honeywell International	173.81	129,655.2	36,079.5	9,138.2	25.3%	38,113.9	9,975.8	26.2%	3.59x	14.19x	3.40x	13.00x
Johnson Controls	47.88	43,389.6	26,011.0	3,888.7	15.0%	27,770.6	4,417.4	15.9%	1.67x	11.16x	1.56x	9.82x
Motorola Solutions	209.60	40,320.4	8,750.0	2,564.3	29.3%	9,350.6	2,810.5	30.1%	4.61x	15.72x	4.31x	14.35x
ADT	6.15	15,567.2	6,313.1	NA	NA	6,833.7	NA	NA	2.47x	NA	2.28x	NA
Allegion	97.90	9,837.2	3,086.5	702.1	22.7%	3,287.0	781.5	23.8%	3.19x	14.01x	2.99x	12.59x
Vivint Smart Home	3.48	3,352.1	1,607.2	734.3	45.7%	1,751.1	801.7	45.8%	2.09x	4.56x	1.91x	4.18x
Alarm.com Holdings	61.86	2,972.2	838.5	149.1	17.8%	896.1	171.1	19.1%	3.54x	19.93x	3.32x	17.37x
Napco Security Technologies	20.59	716.3	152.7	25.0	16.4%	177.6	46.8	26.3%	4.69x	28.62x	4.03x	15.31x
Arlo Technologies	6.27	423.9	507.0	(19.4)	-3.8%	631.9	3.8	0.6%	0.84x	NA	0.67x	NA
Average	\$69.73	\$27,359.3	\$9,260.6	\$2,147.8	21.0%	\$9,868.0	\$2,376.1	23.5%	2.96x	15.46x	2.72x	12.37x

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

PHYSICAL & CYBER SECURITY

	Stock Price 6/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Cyber Security												
Fortinet	56.58	44,275.9	4,382.2	1,235.6	28.2%	5,304.6	1,524.9	28.7%	10.10x	35.83x	8.35x	29.04x
SolarWinds	10.25	2,867.6	738.9	302.8	41.0%	791.5	327.9	41.4%	3.88x	9.47x	3.62x	8.74x
Varonis Systems	29.32	2,731.4	488.0	41.6	8.5%	596.3	71.0	NA	5.60x	NA	4.58x	38.48x
Mandiant	-	4,506.2	562.5	(47.4)	-8.4%	690.9	38.5	5.6%	8.01x	NA	6.52x	NA
Tenable	45.41	4,919.4	676.0	60.5	8.9%	815.0	96.8	11.9%	7.28x	NA	6.04x	50.82x
NetScout Systems	33.85	2,221.0	869.3	NA	NA	922.6	217.5	NA	2.55x	NA	2.41x	10.21x
SecureWorks	10.86	756.6	481.5	(59.6)	-12.4%	503.4	(71.1)	-14.1%	1.57x	NA	1.50x	NA
Average	\$92.08	\$8,896.9	\$1,171.2	\$255.6	11.0%	\$1,374.9	\$315.1	14.7%	5.57x	22.65x	4.72x	27.46x
Low	\$2.19	\$423.9	\$152.7	-\$59.6	-12.4%	\$177.6	-\$71.1	-14.1%	0.41x	4.56x	0.39x	4.18x
Mean	\$45.46	\$16,171.2	\$5,708.1	\$1,182.7	16.1%	\$6,110.1	\$1,261.9	18.7%	3.44x	13.55x	3.03x	15.30x
Median	\$26.80	\$3,929.1	\$1,935.8	\$453.9	16.6%	\$2,059.6	\$481.0	19.1%	2.87x	11.16x	2.70x	11.40x
High	\$209.60	\$129,655.2	\$36,079.5	\$9,138.2	45.7%	\$38,113.9	\$9,975.8	45.8%	10.10x	35.83x	8.35x	50.82x

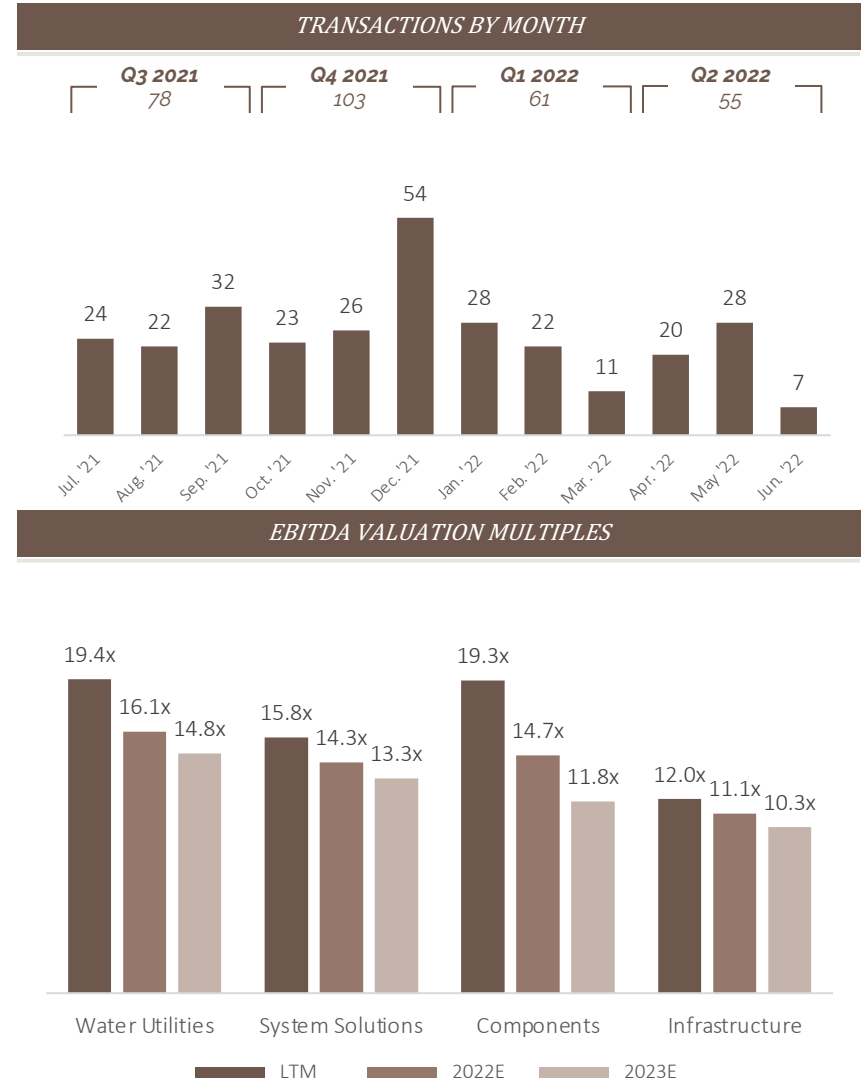
Sources: S&P CapIQ
\$USD, Millions besides Stock Price

- In late June, President Biden called on Congress to suspend the federal gas tax for a ninety-day period in order to alleviate the oil price burden. Due to the role the proceeds from such taxes play, the short-term future of infrastructure funding may be affected
- NextEra, owner of the Country's largest regulated electric utilities, announced that it plans to also build a national water utility business, after their recent purchase of a suburban Philadelphia town water system
- Price hikes caused by inflation are taking a toll on infrastructure projects in America due to the decrease in real value of the \$1 trillion dollar infrastructure plan President Biden signed in 2021

Select Precedent Transactions



Sources: CNBC, Yahoo Finance, MSN



CRITICAL INFRASTRUCTURE

	Stock Price 6/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Water Utilities												
American Water Works	148.77	37,751.4	3,828.4	2,071.7	54.1%	4,077.6	2,254.8	55.3%	9.86x	18.22x	9.26x	16.74x
Essential Utilities	45.85	17,935.9	2,050.9	1,010.5	49.3%	2,152.0	1,102.0	51.2%	8.75x	17.75x	8.33x	16.28x
California Water Service	55.55	4,034.8	821.5	246.5	30.0%	855.0	283.0	33.1%	4.91x	16.37x	4.72x	14.26x
American States Water	81.51	3,646.6	515.3	188.0	36.5%	531.3	202.0	38.0%	7.08x	19.40x	6.86x	18.05x
SJW Group	62.41	3,476.1	646.7	242.8	37.6%	662.4	259.9	39.2%	5.38x	14.31x	5.25x	13.37x
Middlesex Water	87.68	1,871.5	159.0	NA	NA	170.7	NA	NA	11.77x	NA	10.97x	NA
Consolidated Water	14.50	187.1	80.5	17.5	21.7%	89.3	18.6	NA	2.32x	10.69x	2.09x	10.06x
Average	\$70.90	\$9,843.3	\$1,157.5	\$629.5	38.2%	\$1,219.8	\$686.7	43.4%	7.15x	16.12x	6.78x	14.79x
System Solutions												
Danaher	253.52	203,928.7	30,722.2	10,564.7	34.4%	32,193.1	11,142.1	34.6%	6.64x	19.30x	6.33x	18.30x
Dover	121.32	20,295.3	8,620.1	1,804.2	20.9%	9,008.2	1,944.1	21.6%	2.35x	11.25x	2.25x	10.44x
Xylem	78.18	15,476.6	5,337.0	868.2	16.3%	5,684.3	1,003.1	17.6%	2.90x	17.83x	2.72x	15.43x
IDEX	181.63	14,377.6	3,046.8	859.2	28.2%	3,217.3	903.1	28.1%	4.72x	16.73x	4.47x	15.92x
Pentair	45.77	8,644.0	4,120.9	815.6	19.8%	4,229.8	857.3	20.3%	2.10x	10.60x	2.04x	10.08x
A. O. Smith	54.68	8,281.9	4,067.7	819.8	20.2%	4,172.9	869.2	20.8%	2.04x	10.10x	1.98x	9.53x
Watts Water	122.84	4,083.8	1,893.1	325.9	17.2%	1,945.0	345.0	17.7%	2.16x	12.53x	2.10x	11.84x
Evoqua Water	32.51	4,810.5	1,750.3	305.4	17.4%	1,836.3	329.1	17.9%	2.75x	15.75x	2.62x	14.62x
Average	\$111.31	\$34,987.3	\$7,444.8	\$2,045.4	21.8%	\$7,785.9	\$2,174.1	22.3%	3.21x	14.26x	3.07x	13.27x

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

CRITICAL INFRASTRUCTURE

	Stock Price	Enterprise	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
	6/30/22	Value	Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Components												
Graco	59.41	9,822.1	2,115.6	636.9	30.1%	2,229.0	684.9	30.7%	4.64x	15.42x	4.41x	14.34x
Flowserve	28.63	4,689.8	3,734.8	407.4	10.9%	4,023.9	501.3	12.5%	1.26x	11.51x	1.17x	9.36x
Franklin Electric	73.26	3,687.9	2,020.0	274.4	13.6%	2,079.2	288.9	13.9%	1.83x	13.44x	1.77x	12.77x
Mueller Water Products	11.73	2,151.7	1,241.5	222.4	17.9%	1,309.8	244.5	18.7%	1.73x	9.68x	1.64x	8.80x
The Gorman-Rupp Company	28.30	616.0	471.7	82.4	17.5%	578.5	106.0	18.3%	1.31x	7.48x	1.06x	5.81x
Energy Recovery	19.42	1,018.0	130.8	33.3	25.5%	162.7	51.2	31.5%	7.79x	30.57x	6.26x	19.90x
Average	\$36.79	\$3,664.3	\$1,619.1	\$276.1	19.2%	\$1,730.5	\$312.8	20.9%	3.09x	14.68x	2.72x	11.83x
Infrastructure												
AECOM	65.22	11,351.0	13,956.8	918.9	6.6%	14,737.1	976.7	6.6%	0.81x	12.35x	0.77x	11.62x
Tetra Tech	136.55	7,618.3	2,825.0	354.4	12.5%	2,943.3	385.2	13.1%	2.70x	21.49x	2.59x	19.78x
Clean Harbors	87.67	7,130.3	4,746.9	820.2	17.3%	4,871.0	847.0	17.4%	1.50x	8.69x	1.46x	8.42x
EMCOR Group	102.96	5,297.7	10,676.1	660.5	6.2%	11,110.0	724.0	6.5%	0.50x	8.02x	0.48x	7.32x
Arcosa	46.43	2,860.8	2,188.3	301.1	13.8%	2,317.3	334.7	14.4%	1.31x	9.50x	1.23x	8.55x
Primoris Services	21.76	1,799.5	3,776.9	274.2	7.3%	4,025.7	308.1	7.7%	0.48x	6.56x	0.45x	5.84x
Average	\$76.77	\$6,009.6	\$6,361.7	\$554.9	10.6%	\$6,667.4	\$596.0	11.0%	1.22x	11.10x	1.16x	10.25x
Low	\$11.73	\$187.1	\$80.5	\$17.5	6.2%	\$89.3	\$18.6	6.5%	0.48x	6.56x	0.45x	5.81x
Mean	\$76.59	\$15,068.3	\$4,279.4	\$966.4	22.4%	\$4,489.4	\$1,037.2	23.5%	3.76x	14.06x	3.53x	12.59x
Median	\$62.41	\$4,810.5	\$2,188.3	\$380.9	18.9%	\$2,317.3	\$443.3	18.7%	2.35x	12.98x	2.25x	12.30x
High	\$253.52	\$203,928.7	\$30,722.2	\$10,564.7	54.1%	\$32,193.1	\$11,142.1	55.3%	11.77x	30.57x	10.97x	19.90x

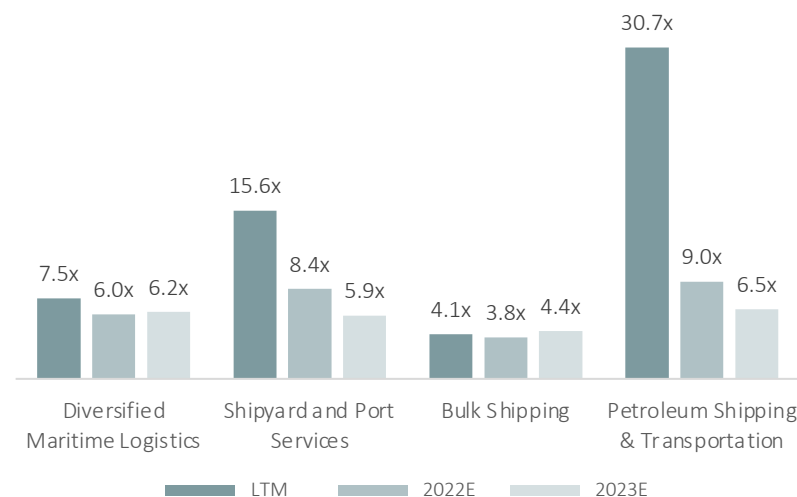
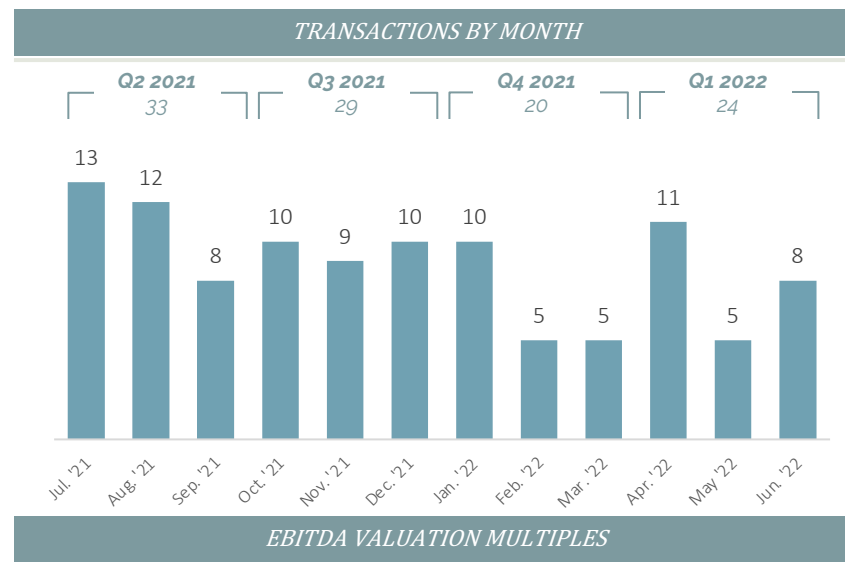
Sources: S&P CapIQ
\$USD, Millions besides Stock Price

- The Chinese government shutting down the city of Shanghai, the largest shipping container port in the world, in late March has caused shipping delays to quadruple between U.S. and European ports. These delays will likely stick around for the foreseeable future
- The ongoing Russia and Ukraine conflict continues to exacerbate rising energy prices and cause supply chain issues; despite this, demand in the maritime transport & facilities industry continues to grow, but at a slower rate than usual
- The U.S. government continued forward with the Ocean Shipping Reform Act of 2022, with President Biden signing the act into law on June 16th. The act is designed to improve supply chain issues in the maritime industry, and lower costs for Americans overall

Select Precedent Transactions



Sources: Freightos, C-Span, Washington Post, CapIQ



MARITIME TRANSPORT & FACILITIES

	Stock Price 6/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Diversified Maritime Logistics												
Atlas	10.71	9,303.2	1,692.5	1,144.9	67.6%	1,876.0	1,273.9	67.9%	5.50x	8.13x	4.96x	7.30x
Matson	72.88	3,680.6	4,465.4	1,657.3	37.1%	3,408.1	727.3	21.3%	0.82x	2.22x	1.08x	5.06x
Kirby	60.84	4,984.1	2,752.4	411.5	14.9%	3,055.9	528.2	17.3%	1.81x	12.11x	1.63x	9.44x
ArcBest	70.37	2,011.2	5,451.0	600.7	11.0%	5,438.2	554.1	10.2%	0.37x	3.35x	0.37x	3.63x
Diana Shipping	4.79	714.8	288.7	179.2	62.1%	236.3	125.4	53.1%	2.48x	3.99x	3.02x	5.70x
Average	\$43.92	\$4,138.8	\$2,930.0	\$798.7	38.6%	\$2,802.9	\$641.8	34.0%	2.20x	5.96x	2.21x	6.23x
Shipyard & Port Services												
Fortress Investors	19.34	5,238.6	721.7	533.9	74.0%	918.7	725.7	79.0%	7.26x	9.81x	5.70x	7.22x
Great Lakes Dredge & Dock	13.11	1,108.5	748.2	138.4	18.5%	840.0	165.0	19.6%	1.48x	8.01x	1.32x	6.72x
Tidewater	21.09	914.0	426.9	81.3	19.0%	437.5	98.3	22.5%	2.14x	11.24x	2.09x	9.30x
Orion Group Holdings	2.28	140.8	680.6	32.3	4.7%	709.1	41.5	5.8%	0.21x	4.36x	0.20x	3.40x
Gulf Island Fabrication	3.35	13.0	87.6	(3.3)	-3.8%	NA	4.7	NA	0.15x	NA	NA	2.77x
Average	\$11.83	\$1,483.0	\$533.0	\$156.5	22.5%	\$726.3	\$207.0	31.7%	2.25x	8.36x	2.33x	5.88x
Dry Bulk Shipping												
Costamare	12.10	3,680.2	1,126.6	783.5	69.5%	1,139.4	810.6	71.1%	3.27x	4.70x	3.23x	4.54x
Star Bulk Carriers	24.99	3,669.3	1,218.5	906.6	74.4%	1,016.3	696.3	68.5%	3.01x	4.05x	3.61x	5.27x
Golden Ocean Group	11.64	3,610.7	957.5	707.6	73.9%	786.0	448.7	57.1%	3.77x	5.10x	4.59x	8.05x
Danaos Corporation	63.10	1,906.8	860.3	674.9	78.4%	914.5	720.1	78.7%	2.22x	2.83x	2.09x	2.65x
Global Ship Lease	16.52	1,575.9	590.9	404.3	68.4%	606.8	424.8	70.0%	2.67x	3.90x	2.60x	3.71x

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

MARITIME TRANSPORT & FACILITIES

	Stock Price 6/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Dry Bulk Shipping												
Safe Bulkers	3.82	731.0	340.5	226.0	66.4%	353.1	224.3	63.5%	2.15x	3.23x	2.07x	3.26x
Eagle Bulk Shipping	51.88	1,023.3	557.9	342.0	61.3%	440.3	241.7	54.9%	1.83x	2.99x	2.32x	4.23x
Genco Shipping & Trading	19.32	966.2	409.2	258.7	63.2%	392.5	251.3	64.0%	2.36x	3.73x	2.46x	3.84x
Average	\$25.42	\$2,145.4	\$757.7	\$538.0	69.5%	\$706.1	\$477.2	66.0%	2.66x	3.82x	2.87x	4.44x
Petroleum Products Transportation												
Scorpio Tankers	34.51	4,628.0	916.1	643.4	70.2%	884.4	503.6	56.9%	5.05x	7.19x	5.23x	9.19x
International Seaways	21.20	2,119.8	594.6	294.7	49.6%	670.3	376.6	56.2%	3.57x	7.19x	3.16x	5.63x
Teekay Tankers	17.63	1,201.5	344.1	190.9	55.5%	445.0	228.5	51.3%	3.49x	6.29x	2.70x	5.26x
DHT Holdings	6.13	1,488.3	244.7	167.4	68.4%	343.7	261.1	75.9%	6.08x	8.89x	4.33x	5.70x
Nordic American Tankers	2.13	694.7	143.6	40.1	27.9%	218.3	136.8	62.6%	4.84x	17.34x	3.18x	5.08x
Ardmore Shipping	6.97	602.3	174.9	84.5	48.3%	161.0	76.3	47.4%	3.44x	7.13x	3.74x	7.89x
Average	\$14.76	\$1,789.1	\$403.0	\$236.8	53.3%	\$453.8	\$263.8	58.4%	4.41x	9.01x	3.72x	6.46x
Low	\$2.13	\$13.04	\$87.65	-\$3.33	-\$0.04	\$161.02	\$4.70	\$0.06	\$0.15	\$2.22	\$0.20	\$2.65
Mean	\$23.78	\$2,333.6	\$1,074.8	\$437.5	49.2%	\$1,099.6	\$401.9	51.1%	2.91x	6.43x	2.86x	5.62x
Median	\$17.08	\$1,532.1	\$637.6	\$318.4	61.7%	\$709.1	\$318.8	56.9%	2.57x	5.10x	2.70x	5.26x
High	\$72.88	\$9,303.2	\$5,451.0	\$1,657.3	78.4%	\$5,438.2	\$1,273.9	79.0%	7.26x	17.34x	5.70x	9.44x

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



acquired by



A Portfolio Company of: WASHINGTON HARBOUR



June 2022: Groundswell Consulting Group acquired by Washington Harbour Partners

- Washington Harbour Partners (“WHP”) and CollabraLink Technologies (“CollabraLink”) expanded their footprint in the federal low-code market through the acquisition of Groundswell Consulting Group (“Groundswell”)
- Groundswell is a recognized leader as Appian’s fastest growing trusted partner, delivering innovative solutions as the go-to partner for mission critical Appian implementations
- The merger with Groundswell expands CollabraLink’s footprint through federal civilian and defense agencies, and solidifies the combined company as the largest, most accomplished Appian integrator in the public sector



acquired by



June 2022: WasTech acquired by Ovivo

- Ovivo expanded its global water treatment capabilities further into the U.S. market with the acquisition of WasTech, Inc.
- WasTech is a nationally recognized process system integrator that offers complete facility equipment design and manufacturing, after sale support and automation solutions across the fields of chemical handling, water, and wastewater treatment
- With over 1,500 installed systems, WasTech has specialized in turn-key packaged systems for industrial wastewater treatment applications for numerous industrial markets, including biotech, pharmaceutical, food and beverage, microelectronics and metal finishing
- The integration of WasTech will enhance Ovivo’s systems offering in the U.S. electronics market, as well as create cross-selling opportunities in other markets through WasTech’s well established client base



2022 Summer Speakers Series: Government, Intel, Security, and Infrastructure Mergers & Acquisitions



CONTACT INFORMATION



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

Paul S. Klick IV
McLean, VA
Tech. & Critical Infrastructure
(202) 258-0397
pklick@mcleanllc.com

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

Jeremy Migden
McLean, VA
Defense & Gov't Services
(703) 752-5494
jmigden@mcleanllc.com

Paul P. Peou
McLean, VA
Defense & Gov't Services
(803) 979-3688
ppeou@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

Morgan Malgieri
McLean, VA
Valuation Advisory
(202) 935-1015
mmalgieri@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



1660 International Dr.
Suite 810
McLean, VA 22102



(703) 827-0200



www.mcleanllc.com