



Q2 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

**Cooling Inflation**

- CPI inflation fell to an annual rate of 3% in June, its lowest level since March 2021.
- The drop was mainly driven by slowing increases to food and energy prices – backing these out from CPI, inflation would be significantly higher at 4.8% yearly. Housing prices, on the other hand, which make up one third of the CPI weighting, saw the largest increase and were up 7.8% year-over-year.

**IPO Market Shows Signs of Life with Cava Listing**

- Cava priced its IPO at \$22 per share and sold 14.4 million, raising nearly \$318 million, and is valued at roughly \$2.45 billion based on an outstanding share count of more than 111 million shares.
- More recent IPOs have shown mixed results. Thrift store operator Savers Value Village went up 37% in its debut, but Kodiak Gas Services and Fidelis Insurance fell below their predicted pricing range.

**PE Turns to Add-on Acquisitions with Troubled Economy**

- PE firms are shying away from big-ticket LBOs because of expensive debt and a lack of exit opportunities, turning to add-on acquisitions in order to meet capital deployment mandates and achieve margin expansion.
- Add-on levels reached all time highs in 2022 and remained elevated through Q1 2023 as it has become more difficult to grow organically with an uneasy market.

**Debt Ceiling Deal**

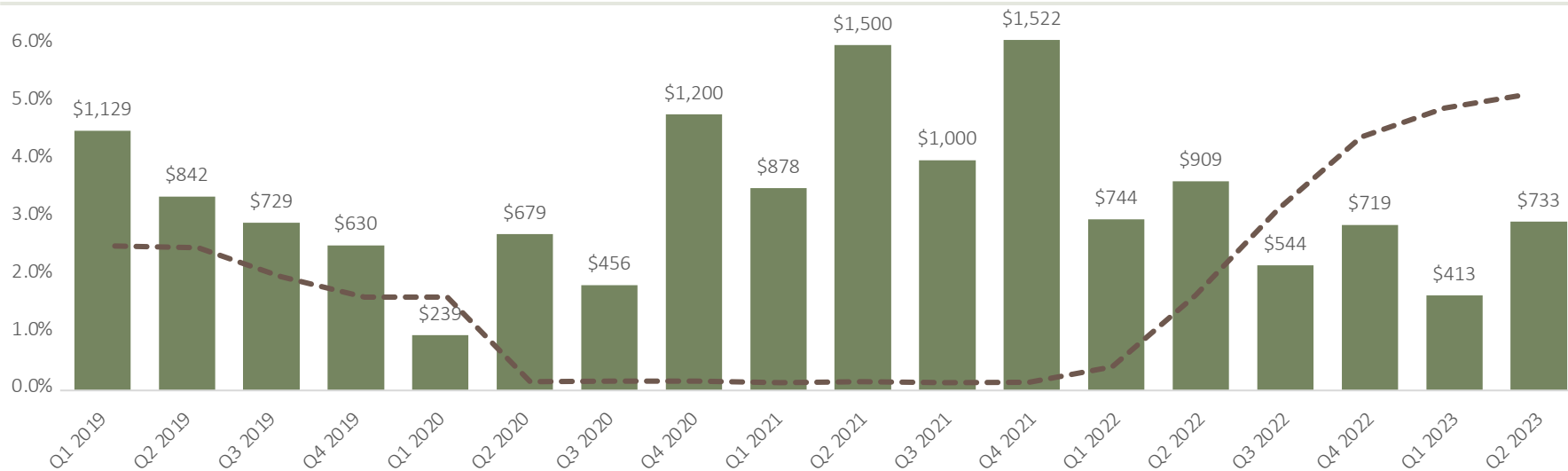
- The agreement suspends the debt limit to January 2025, cuts discretionary non-military spending for the next two years, claws back \$10B of \$80B in additional funding granted to the IRS in the 2022 Inflation Reduction Act, ends the freeze on student loan repayments, introduces bipartisan measures to approve energy projects more quickly, and shuffles around food stamp criteria.

Sources: CNBC, Bloomberg, MarketWatch, NY Times

Federal Reserve Pausing Rate Hikes and the Impact on the M&A Market

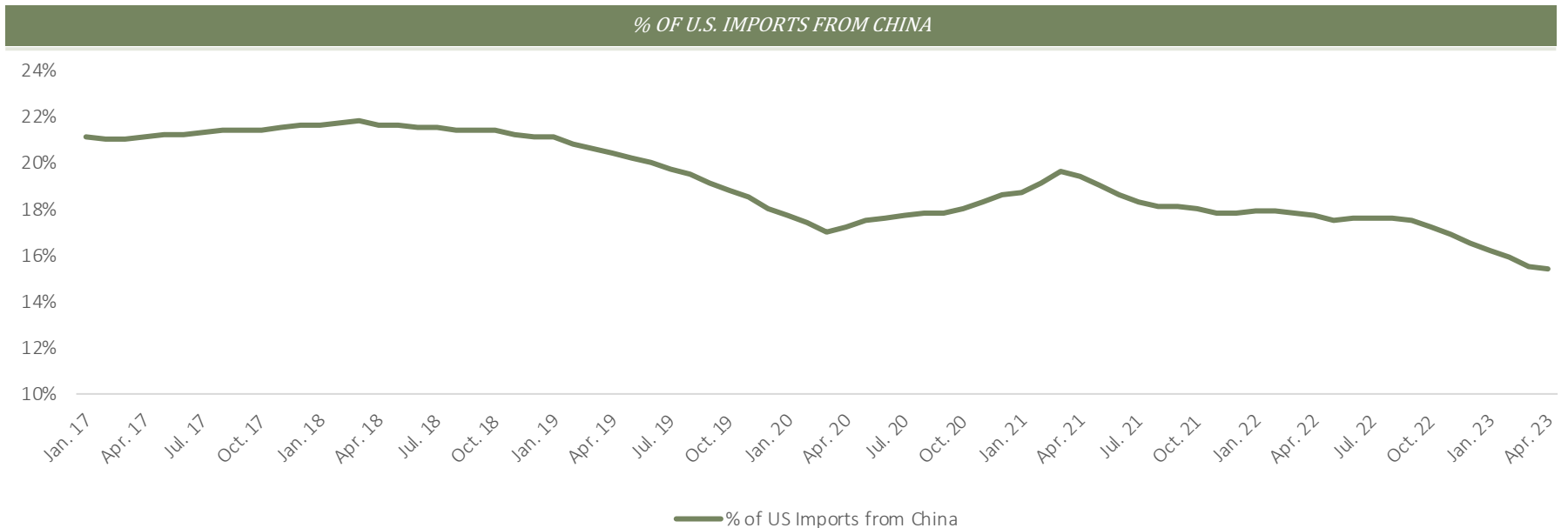
- On June 16th, the Federal Reserve concluded its two-day meeting and decided not to increase interest rates, breaking a trend of eight subsequent rate hikes that began in March 2022.
- The continuous increase in interest rates has various impacts on M&A activity and the industry as a whole. These include higher costs for acquirers in debt financing acquisitions, lower real returns on investments due to inflation, increased difficulty in asset divestment, and a growing challenge in generating returns.
- Before the Federal Reserve's decision to pause rate hikes, most analysts agreed on three possible scenarios:
 - **Scenario 1:** Current inflation levels are temporary, and once inflation returns to pre-pandemic levels, companies and investors will continue to focus on M&A activity.
 - **Scenario 2:** Inflation rates continue to hover around 3-4% for a couple of years, causing companies to prioritize internal performance improvements rather than seeking external acquisitions.
 - **Scenario 3:** Inflation rates remain elevated, reaching 8-9% for an extended period, leading to a severe decrease in the money supply and affecting companies' ability to pursue M&A activities.

M&A VALUE (IN BILLIONS) AND INTEREST RATES OVER THE LAST 4 YEARS



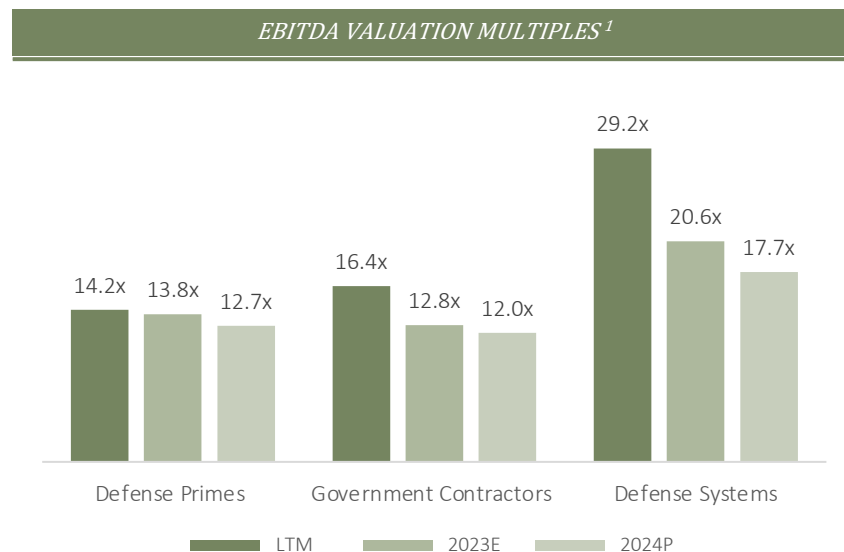
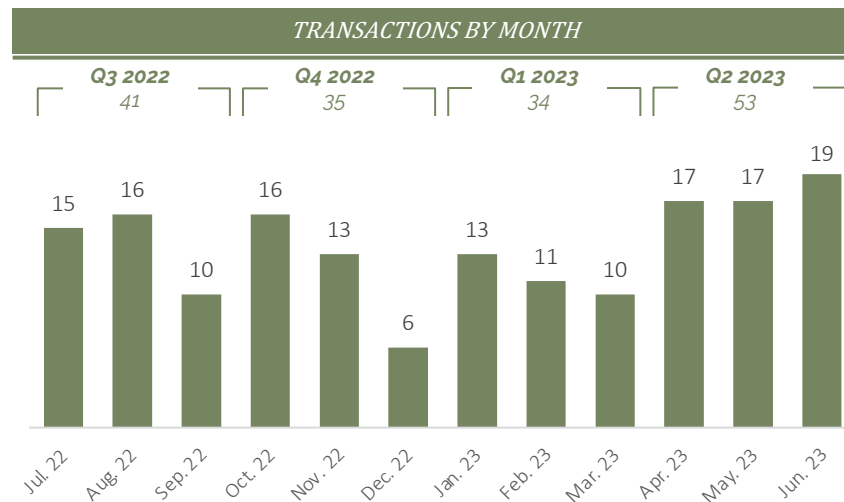
U.S-China Trade Falters Amid Geopolitical Tension

- The share of US imports from China dropped to 15.4% in the last twelve months as of April 2023, reaching its lowest level since 2006.
- This decline in trade can be attributed to persistent and escalating geopolitical tensions between the United States and China, stemming from China's aggression towards Taiwan, military buildup, and expansion into the South China Sea.
- In recent years, the US has actively sought to diversify its trade away from China. This initiative was initially undertaken by the Trump Administration through the imposition of tariffs on Chinese goods, a policy that has been continued by the Biden administration.
- Access to semiconductor technology plays a significant role in US-China relations. The United States is determined to prevent China from obtaining the latest and most advanced chips, as they are essential for modern economies and the development of high-tech weapons systems, such as hypersonic missiles.
- Additionally, the Biden administration is currently considering implementing new restrictions on the export of AI chips. If approved, these restrictions could take effect as soon as July and would require manufacturers like Nvidia to obtain a license before selling chips to companies in China.



Sources: WSJ

- On June 14th, the Federal Reserve voted to hold the federal funds rate steady at a range of 5.00% - 5.25% to reassess the economy after 8 consecutive hikes. As interest rates begin to settle down to pre-pandemic levels, many believe the M&A landscape will be in a position to increase over the course of the coming quarters. With more cash readily available to companies, both strategic and financial, many believe both deal volume and value are set for an increase.
- After the long-anticipated CIO-SP4 contract vehicle was awarded In March, nearly ~130 protests were filed citing various issues with the award process. The Government Accountability Office recently upheld 98 of the outstanding protests and plans to address the balance at a later date. The GAO’s decision will likely be for NITAAC to back track from its initial awards and reopen evaluations for those companies. The NITAAC will need to continue issuing their protest decisions if they intend to meet the quickly approaching October 29th deadline.
- On June 27th, the Pentagon announced an additional security package totaling \$500M to be sent to Ukraine. The package contains armored vehicles, antiarmor systems, and critical munitions to support Ukraine’s counteroffensive operations. Since the war began in February of 2022, the Biden Administration has committed more than \$40.5 billion in security assistance to Ukraine, bringing the total for the quarter to north of \$4 billion.



Sources: Bloomberg, S&P Capital IQ, U.S. Department of Defense, CFR, Federal News Network
 1. For composition of indices, see page 26



Transaction Details

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

Date: 4/3/2023

EV: ND

EBITDA Multiple: NA



Transaction Details¹

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

Date: 4/23/2023

EV: ND

EBITDA Multiple: NA



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 capabilities to improve the efficiency of physical and technological platforms utilized by U.S. and allied service members and other government personnel

Date: 5/1/2023

EV: \$100M

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

Gardetto provides complete engineering services, specializing in digital design, hardware design, systems engineering, and a broad range of support services. The acquisition strengthens Silveredge's engineering capabilities and expands their competencies in digital and hardware design.

Date: 6/22/2023

EV: ND

EBITDA Multiple: NA



Transaction Details

Adranos develops high-performance solid propellant and rocket motors for long-range missile and space launch systems. Through the acquisition, Anduril will become a merchant supplier of solid rocket motors to prime contractors delivering missiles, hypersonics and other propulsion systems to some of the DoD's most important programs

Date: 6/25/2023

EV: ND

EBITDA Multiple: NA

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

Contract Value (\$M)	Award Date	End Date	Customer	Awardee	Type	Contract Scope
\$7,796	04/28/2023	08/31/2026	U.S. Navy	Lockheed Martin	Firm Fixed Price	Provide the production and delivery of 126 F-35s for the U.S. and international military partners
\$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
\$2,091	04/28/2023	04/27/2031	U.S. Army	DCS Corporation	Cost Plus Fixed Fee	Support R&D laboratory that works on advanced technology for military ground systems
\$2,023	06/05/2023	12/31/2025	U.S. Naval Air Systems	Pratt & Whitney	Fixed Price Incentive/Cost Plus Incentive Fee	Supply spare parts for F-35 engines to the U.S. and international partners
\$1,461	06/01/2023	02/27/2031	NASA	Analytical Mechanics Associates	Cost Plus Award Fee	Provide specialized research, scientific, and engineering professional services to LaRC

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

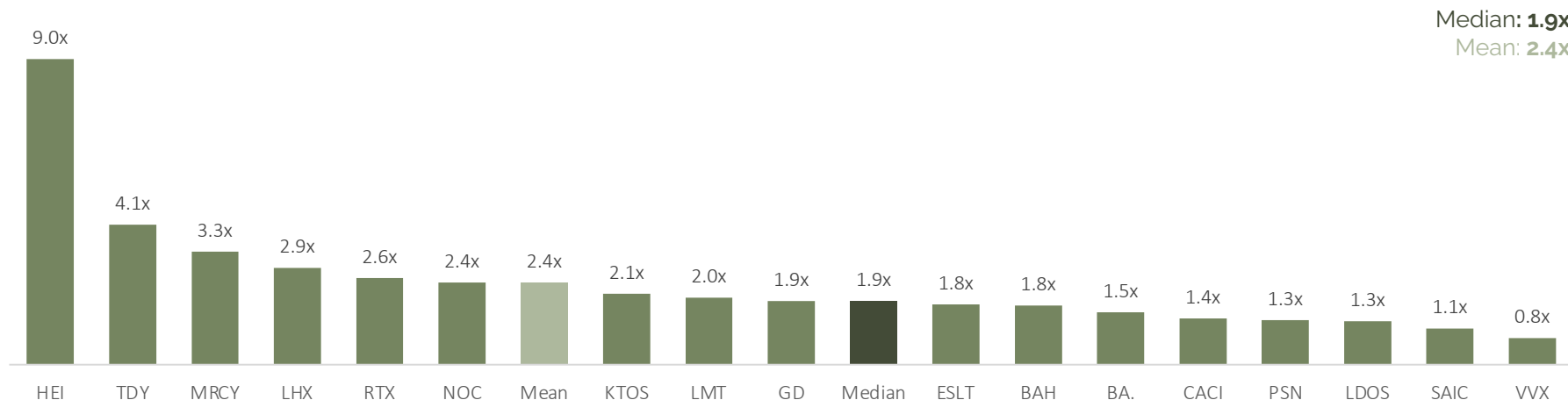
TRAILING TWELVE MONTHS (TTM) PUBLIC EQUITY INDEX CHART¹



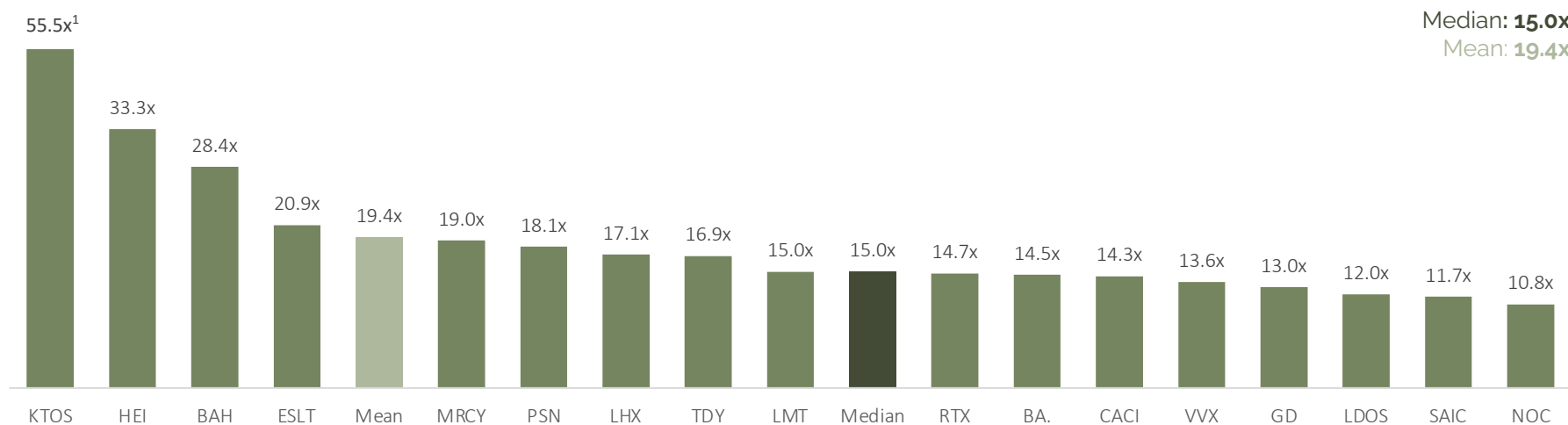
Market Commentary

- As of the end of Q2 2023, the S&P 500 has outperformed all of The McLean Group's custom indices on an LTM (Last Twelve Months) basis for the first time in well over a year.
- It's worth noting that the S&P's 2023 gains are extremely top-heavy, with Nvidia Corp leading the way, up almost 200% on a YTD (Year-to-Date) basis.
- The TMG Gov't Contractors index continues to perform well in 2023, specifically towards the end of Q2. The late surge is partially driven by a ~25% increase in V2X shares after reported strong Q1 2023 results.
- In recent months, Defense Primes continue to feel the impact of acute supply chain disruptions and labor shortages, as well as an uncertain macroeconomic environment, despite rising geopolitical tension and expected long-term increases in defense spending.

LTM REVENUE VALUATION MULTIPLES



LTM EBITDA VALUATION MULTIPLES



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

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 6/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Primes												
Raytheon	97.96	174,643	72,704	12,839	18%	78,549	14,206	18%	2.40x	13.60x	2.22x	12.29x
Lockheed Martin	460.38	129,752	65,786	9,863	15%	67,779	10,155	15%	1.97x	13.15x	1.91x	12.78x
Northrop Grumman	455.80	82,577	38,416	5,347	14%	40,447	5,771	14%	2.15x	15.44x	2.04x	14.31x
General Dynamics	215.15	68,978	41,488	5,344	13%	44,306	5,995	14%	1.66x	12.91x	1.56x	11.50x
L3Harris	195.77	47,360	17,851	3,432	19%	18,723	3,753	20%	2.65x	13.80x	2.53x	12.62x
BAE Systems	11.78	44,160	30,780	4,105	13%	32,350	4,379	13%	1.43x	10.76x	1.37x	10.08x
Average	\$285.01	\$100,662	\$47,249	\$7,365	16%	\$49,961	\$7,976	16%	2.17x	13.78x	2.05x	12.70x
Gov't Contractors												
Leidos	88.48	17,388	15,023	1,532	10%	15,749.4	1,645.9	11%	1.16x	11.35x	1.10x	10.56x
Booz Allen Hamilton	111.60	17,265	9,986	1,068	11%	10,532.9	1,112.7	11%	1.73x	16.16x	1.64x	15.52x
CACI	340.84	9,746	6,871	743	11%	7,206.1	785.5	11%	1.42x	13.11x	1.35x	12.41x
SAIC	112.48	8,112	7,198	672	9%	7,237.1	684.4	10%	1.13x	12.07x	1.12x	11.85x
Parsons	48.14	5,801	4,656	400	9%	4,903.7	437.7	9%	1.25x	14.47x	1.18x	13.25x
V2X	49.56	2,819	3,852	301	8%	4,047.1	331.6	8%	0.73x	9.34x	0.70x	8.50x
Average	\$125.18	\$10,188	\$7,931	\$786	9%	\$8,279.4	\$833.0	10%	1.23x	12.75x	1.18x	12.02x

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

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 6/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<i>Defense Systems</i>												
Teledyne Technologies	411.11	22,500	5,734	1,397	24%	6,002	1,489	25%	3.92x	16.11x	3.75x	15.11x
HEICO Corporation	176.94	22,266	2,797	741	27%	3,107	829	27%	7.96x	30.07x	7.17x	26.86x
Elbit Systems	207.87	10,361	5,704	571	10%	6,346	723	11%	1.82x	18.15x	1.63x	14.34x
Mercury Systems	34.59	2,531	1,023	180	18%	1,079	212	20%	2.48x	14.04x	2.35x	11.93x
Kratos Defense & Security	14.34	2,148	994	88	9%	1,092	106	10%	2.16x	24.52x	1.97x	20.27x
Average	\$168.97	\$11,961	\$3,250.3	\$595.3	18%	\$3,525.3	\$671.8	18.4%	3.67x	20.58x	3.37x	17.70x
Low	\$11.78	\$2,148	\$993.65	\$87.61	7.8%	\$1,079	\$106	8%	0.73x	9.34x	0.70x	8.50x
Mean	\$178.40	\$39,318	\$19,463	\$2,861	14%	\$20,556	\$3,095	14%	2.24x	15.24x	2.09x	13.78x
Median	\$112.48	\$17,389	\$7,198	\$1,068	13%	\$7,237	\$1,113	14%	1.82x	13.80x	1.64x	12.62x
High	\$460.38	\$174,643	\$72,704	\$12,840	27%	\$78,550	\$14,207	27%	7.96x	30.07x	7.17x	26.86x

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

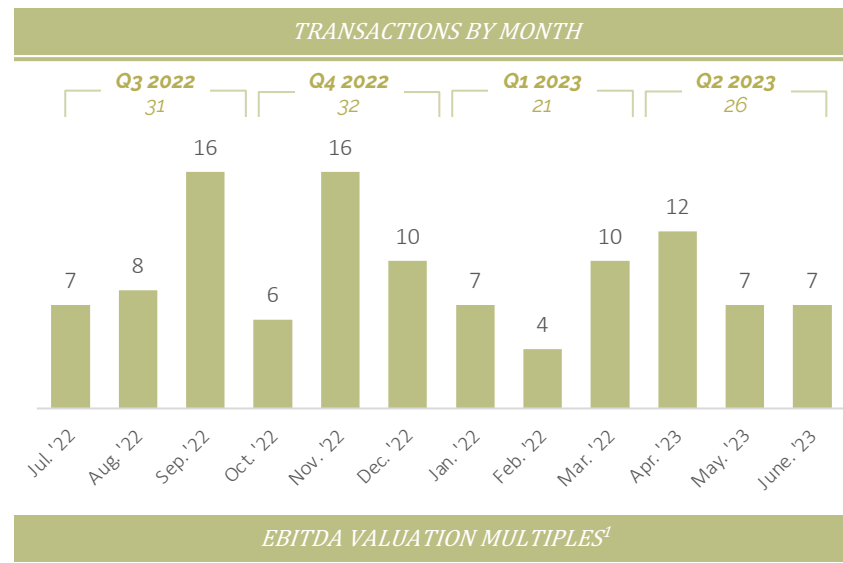
Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
04/06/2023	Chugach Gov't Solutions	Vector Planning & Services	Delivers tech solutions in cybersecurity, systems engineering, and IT integration	NA	NA	NA
04/14/2023	Parsons	IPKeys Power Partners	Provides secure technology solutions to complex challenges faced by utilities	\$43	NA	NA
04/19/2023	GI Manager	Atlas Technical Consultants	Provides professional testing, inspection, engineering, and consulting	\$979	1.62x	13.85x
04/23/2023	ASRC Federal	Broadleaf	Provides IT services including cybersecurity, network engineering, and cloud migration	NA	NA	NA
05/01/2023	Bernhard Capital Partners	VSE Corporation ¹	Delivers maintenance and repair services for air, land, and sea transportation assets	\$100	NA	NA
05/03/2023	Advent International	Maxar Technologies	Provides comprehensive space solutions and secure geospatial intelligence	\$6,542	3.74x	14.23x
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 Systems	Innoplex	Designs software development platforms for signal intelligence, cybersecurity, and more	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
06/06/2023	CDW Corporation	Enquizit	Delivers a wide variety of IT solutions including cloud, cyber security, and HCD	NA	NA	NA
06/08/2023	Firefly Aerospace	Spaceflight	Provides end-to-end orbital launch services and mission management	NA	NA	NA
06/15/2023	New State Capital Partners	Finnoff Aviation Products	Designs, manufactures, and distributes products for various small aircraft	NA	NA	NA
06/22/2023	Broadtree Partners	Joint Research & Development	Provides scientific, engineering, and professional services to federal clients	NA	NA	NA
06/25/2023	Anduril	Adranos	Develops high-performance solid propellant and rocket motors for missile and space use	NA	NA	NA

Source(s): S&P CapIQ

1. The Federal and Defense business of VSE Corp.

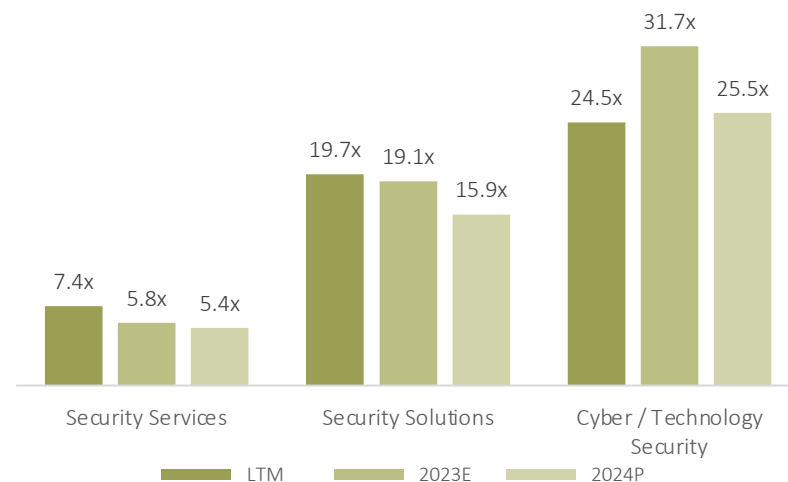
2. Precise Systems Inc. received a strategic investment from Bluestone

- Throughout Q2, the United States government decided to deploy 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.
- On June 15th, several U.S. agencies were hacked as part of a broader cyberattack that hit dozens of companies and organizations through a previously unknown vulnerability in popular file sharing software. The hackers exploited a vulnerability in a program called MOVE It, a popular tool for transferring files quickly. This was the third known time that foreign hackers have broken into multiple federal agencies and stolen information.



Select Q2 Transactions

 acquired by 	 acquired by 	 acquired by 	 acquired by
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Sources: Strategic Market Research, S&P Capital IQ, CyberSecurity Dive, Gartner, NBC News
 1. For composition of indices, see page 26

PHYSICAL & CYBER SECURITY

	Stock Price 6/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Security Services												
Securitas	8.20	8,657	14,387	1,185	8%	14,865	1,283	8%	0.60x	7.30	0.58x	6.75x
The Brink's Company	67.83	6,075	4,908	896	18%	5,186	981	19%	1.24x	6.78x	1.17x	6.19x
Prosegur	1.78	2,663	4,812	567	12%	5,065	621	12%	0.55x	4.70x	0.53x	4.29x
Loomis	29.16	2,386	2,611	518	20%	2,741	544	20%	0.91x	4.61x	0.87x	4.39x
Average	\$26.74	\$4,945	\$6,679	\$791	15%	\$6,964	\$857	15%	0.83x	5.85x	0.79x	5.40x
Security Solutions												
Honeywell International	207.50	151,551	36,999	9,438	26%	38,924	10,141	26%	4.10x	16.06x	3.89x	14.94x
Johnson Controls	68.14	57,784	27,656	4,160	15%	28,832	4,328	15%	2.09x	13.89x	2.00x	13.35x
Motorola Solutions	293.28	54,702	9,793	2,898	30%	10,326	3,147	31%	5.59x	18.87x	5.30x	17.38x
ADT	6.03	15,214	6,662	2,553	38%	7,103	2,728	38%	2.28x	5.96x	2.14x	5.58x
Allegion	120.02	12,525	3,697	869	24%	3,820	917	24%	3.39x	14.42x	3.28x	13.66x
Alarm.com Holdings	51.68	2,528	867	122	14%	923	146	16%	2.91x	20.69x	2.74x	17.30x
Napco Security Technologies	34.65	1,223	185	50	27%	210	62	29%	6.62x	24.71x	5.83x	19.80x
Arlo Technologies	10.91	905	486	24	5%	528	36	7%	1.86x	38.04x	1.72x	25.54x
Average	\$99.03	\$37,054	\$10,793	\$2,514	22%	\$11,333	\$2,688	23%	3.61x	19.08x	3.36x	15.95x

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

PHYSICAL & CYBER SECURITY

	Stock Price 6/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Cyber Security												
Fortinet	75.59	57,545	5,469	1,533	28%	6,513	1,872	29%	10.52x	37.53x	8.84x	30.74x
SolarWinds	10.26	2,815	735	299	41%	765	319	42%	3.83x	9.40x	3.68x	8.84x
Varonis Systems	26.65	2,483	517	43	8%	573	52	9%	4.80x	58.17x	4.33x	47.45x
Tenable	43.55	4,805	781	107	14%	898	136	15%	6.15x	44.86x	5.35x	35.31x
NetScout Systems	30.95	1,938	898	227	25%	923	227	25%	2.16x	8.52x	2.10x	8.53x
SecureWorks	7.23	539	383	(43)	(11%)	413	25	6%	1.41x	NA	1.30x	21.88x
Average	\$32.37	\$11,687	\$1,464	\$361	18%	\$1,681	\$439	21%	4.81x	31.70x	4.27x	25.46x
Low	\$1.78	\$539	\$185	(\$43)	(11%)	\$210	\$25	6%	0.55x	4.61x	0.53x	4.29x
Mean	\$60.74	\$21,463	\$6,769	\$1,414	19%	\$7,145	\$1,531	21%	3.39x	19.68x	3.09x	16.77x
Median	\$32.80	\$3,810	\$3,154	\$542	19%	\$3,280	\$583	19%	2.60x	14.42x	2.44x	14.30x
High	\$293.28	\$151,551	\$36,999	\$9,438	41%	\$38,924	\$10,141	42%	10.52x	58.17x	8.84x	47.45x

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

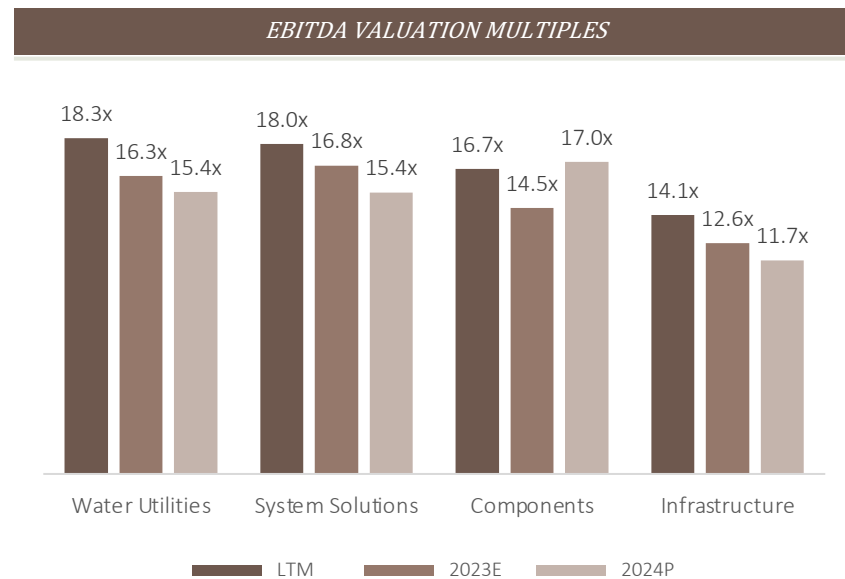
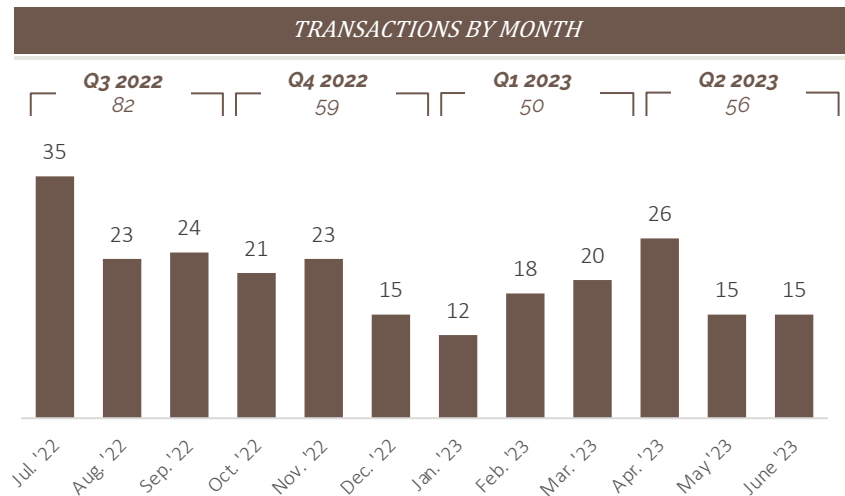
Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
4/11/2023	Allied Universal Security Services	Elite Tactical Security Solutions	Provides specialized security solutions to hospitality and entertainment clients	NA	NA	NA
4/14/2023	Parsons Corporation	IPKeys Power Partners	Develops automated demand response resources and automated solutions for electricity consumers	\$43	NA	NA
4/14/2023	Miovision Technologies	Global Traffic Technologies	Designs, manufactures, and delivers traffic signal priority control solutions worldwide	\$107	2.68x	10.00x
4/18/2023	Charlesbank Capital Partners	Maltego Technologies GmbH	Develops an open-source intelligence and graphical link analysis tool that gathers information	NA	NA	NA
4/24/2023	ZeroFox Holdings	LookingGlass Cyber Solutions	Designs and develops threat protection solutions against cyberattacks	\$26	NA	NA
5/2/2023	ICR	Lumina Communications	B2B technology-focused PR firm specializing in cybersecurity enterprise software	NA	NA	NA
5/3/2023	Permira Advisers	BioCatch	Develops and delivers technology solutions for cyber threats	NA	NA	NA
5/8/2023	Boecore	La Jolla Logic	Offers cyber security, network security, cyber engineering, and artificial intelligence	NA	NA	NA
5/10/2023	Integrity Communications	Netsecure Sweden	Offers cyber security services	NA	NA	NA
5/11/2023*	Crosspoint Capital Partners	Absolute Software Corporation	Develops, markets, and provides software services for computing device applications	\$868	3.91x	41.38x
6/1/2023	Altus Fire and Life Safety	Priority Fire and Security	Provides design, installation, monitoring, and repair services for fire and security systems	NA	NA	NA
6/13/2023	Engineered Protection Systems	Maximum Security and Sound	Installs and provides commercial and residential security systems	NA	NA	NA
6/18/2023	Exacom	SecuLore Solutions	Specializes in cybersecurity solutions for public safety, critical infrastructure, and local governments	NA	NA	NA
6/27/2023	HashiCorp	BluBracket	Develops enterprise code security solutions	NA	NA	NA

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

- Q2 saw \$11.3 billion to be paid out from 4 major chemical manufactures 3m, DuPont, Chemours, and Corteva. The payments are to settle lawsuits for their role in contaminating the U.S. Public Water System with PFAs, and the money will go toward the removal of contaminants.
- The softening economic outlook has caused Saudi Arabia to further cut its crude oil production by an additional 1 million barrels a day, on top of extending the 500k barrel cut to the end of 2024. This will bring Saudi oil production to about 9 million barrels a day in July, the lowest since June 2021.
- Q2 2023 saw a significant amount of funding being deployed to states from the Bipartisan Infrastructure Law. Q2 saw \$180 million deployed to support water infrastructure, \$65 billion to support broadband infrastructure, and \$2.2 billion dollars for transportation infrastructure.

Select Q2 Transactions

 <p>SUSTAINABLE WATER SOLUTIONS LLC FOR EVERY CLIENT. EVERY DAY.</p> <p>acquired by</p> 	 <p>TotalEnergies</p> <p>acquired by</p> 	 <p>evoqua</p> <p>acquired by</p> 	 <p>FLUTERA POWER</p> <p>acquired by</p> 
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Source(s): Wall Street Journal, Time, Bloomberg, tnews, MSN, uschamber
1. For composition of indices, see page 26

CRITICAL INFRASTRUCTURE

	Stock Price 6/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Water Utilities												
American Water Works	142.75	38,800	4,157	2,231	54%	4,424	2,429	55%	9.33x	17.39x	8.77x	15.97x
Essential Utilities	39.91	17,296	2,338	1,108	47%	2,438	1,264	52%	7.40x	15.61x	7.09x	13.68x
California Water Service	51.63	4,029	877	284	32%	926	313	34%	4.59x	14.21x	4.35x	12.87x
American States Water	87.00	4,002	551	211	38%	553	220	40%	7.26x	19.01x	7.24x	18.22x
SIW	70.11	3,817	645	251	39%	668	273	41%	5.92x	15.19x	5.72x	14.01x
Consolidated Water	24.23	337	132	24	18%	126	22	17%	2.55x	14.16x	2.68x	15.46x
Global Water Resources	12.68	415	51	23	44%	53	24	45%	8.09x	18.21x	7.88x	17.44x
Average	\$61.19	\$9,814	\$1,250	\$590	39%	\$1,312	\$649	41%	6.45x	16.25x	6.25x	15.38x
System Solutions												
Danaher	240.00	192,325	29,512	9,526	32%	31,538	10,474	33%	6.52x	20.19x	6.10x	18.36x
Dover	147.65	23,853	8,806	1,872	21%	9,173	2,000	22%	2.71x	12.74x	2.60x	11.93x
Xylem	112.62	28,083	7,071	1,295	18%	8,236	1,622	20%	3.97x	21.68x	3.41x	17.32x
IDEX	215.26	17,347	3,385	935	28%	3,512	986	28%	5.13x	18.56x	4.94x	17.60x
Pentair	64.60	13,108	4,090	901	22%	4,253	970	23%	3.20x	14.55x	3.08x	13.51x
A. O. Smith	72.78	10,828	3,789	776	21%	3,934	816	21%	2.86x	13.95x	2.75x	13.27x
Watts Water Technologies	183.73	5,963	1,992	371	19%	2,059	382	19%	2.99x	16.06x	2.90x	15.61x
Average	\$148.09	\$41,644	\$8,378	\$2,239	23%	\$8,958	\$2,464	24%	3.91x	16.82x	3.68x	15.37x

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

CRITICAL INFRASTRUCTURE

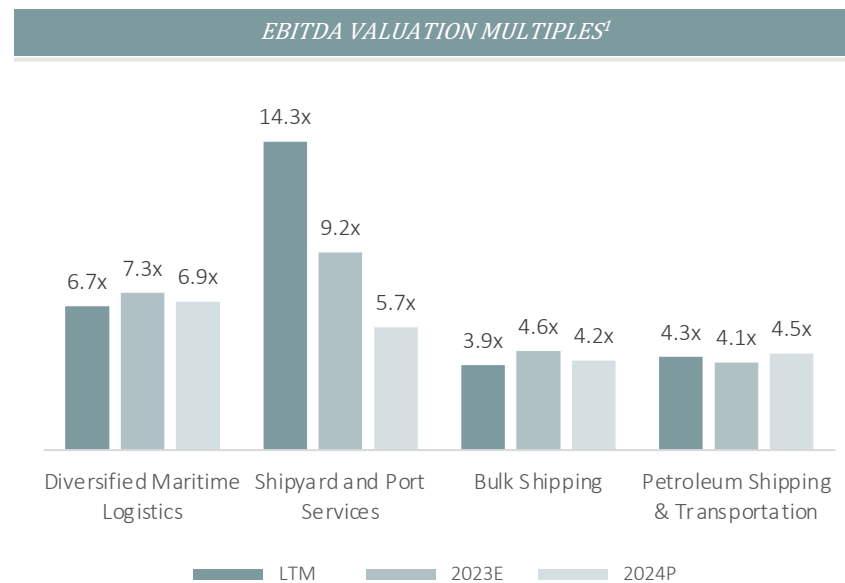
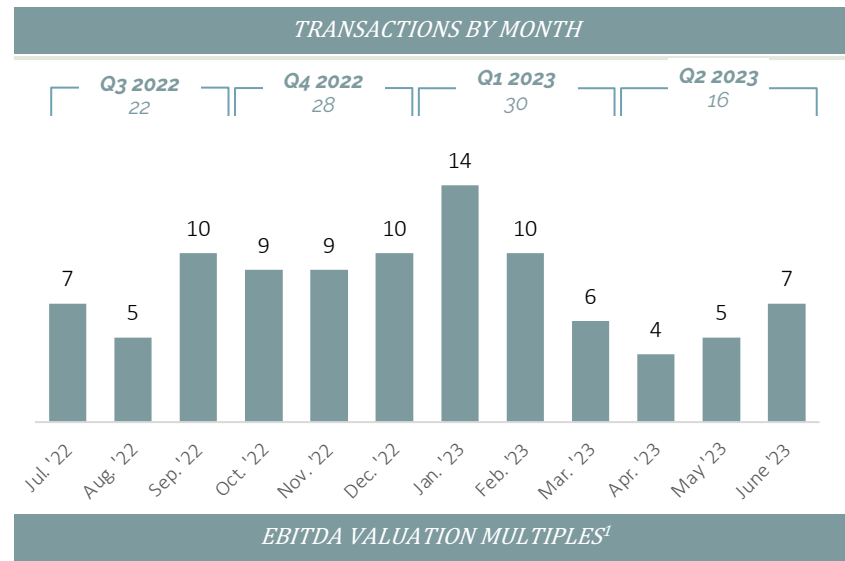
Components	Stock Price 6/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Graco	86.35	14,289	2,245	730	33%	2,321	764	33%	6.37x	19.57x	6.16x	18.69x
Flowserve	37.15	5,947	4,051	458	11%	4,298	529	12%	1.47x	12.98x	1.38x	11.23x
Franklin Electric	102.90	5,024	2,183	328	15%	2,259	339	15%	2.30x	15.33x	2.22x	14.84x
Mueller Water Products	16.23	2,922	1,353	222	16%	1,411	245	17%	2.16x	13.15x	2.07x	11.93x
The Gorman-Rupp	28.83	1,179	632	102	16%	669	112	17%	1.87x	11.53x	1.76x	10.49x
Energy Recovery	27.95	1,491	138	24	17%	177	43	24%	10.83x	NA	8.41x	34.91x
Average	\$49.90	\$5,142	\$1,767	\$311	18%	\$1,856	\$339	20%	4.17x	14.51x	3.67x	17.02x
Infrastructure												
AECOM	84.69	13,801	14,193	998	7%	15,078	1,064	7%	0.97x	13.84x	0.92x	12.97x
Tetra Tech	163.74	9,789	3,864	486	13%	4,014	535	13%	2.53x	20.13x	2.44x	18.30x
Clean Harbors	164.43	11,201	5,497	1,039	19%	5,723	1,105	19%	2.04x	10.78x	1.96x	10.14x
EMCOR Group	184.78	9,008	12,238	778	6%	13,080	839	6%	0.74x	11.59x	0.69x	10.74x
Arcosa	75.77	4,107	2,256	361	16%	2,431	387	16%	1.82x	11.39x	1.69x	10.61x
Primoris Services	30.47	2,859	5,546	360	7%	5,890	396	7%	0.52x	7.95x	0.49x	7.23x
Average	\$117.31	\$8,461	\$7,266	\$670	11%	\$7,703	\$721	12%	1.44x	12.61x	1.36x	11.66x
Low	\$12.68	\$337	\$51	\$23	6%	\$53	\$22	6%	0.52x	7.95x	0.49x	7.23x
Mean	\$94.93	\$16,993	\$4,677	\$988	24%	\$4,971	\$1,083	25%	4.08x	15.19x	3.83x	14.90x
Median	\$80.23	\$7,486	\$2,862	\$472	19%	\$2,975	\$532	20%	2.93x	14.55x	2.82x	13.84x
High	\$240.00	\$192,325	\$29,512	\$9,526	54%	\$31,538	\$10,474	55%	10.83x	21.68x	8.77x	34.91x

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

Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
4/3/2023*	Ovintiv USA	Substantially all assets of Black Swan Oil, Petrolegacy Energy	Comprised of 65k net acres in the core of the Midland Basin	\$4,308	NA	NA
4/4/2023*	Mexico Infrastructure Partners	Certain gas and wind assets of Iberdrola Mexico	8,539 megawatts of gas and wind assets in Mexico	\$6,000	NA	NA
4/19/2023	GI Manager	Atlas Technical Consultants	Provides professional testing, inspection, engineering, and consulting	\$979	1.62x	13.85x
4/26/2023*	Suncor Energy	Total E&P Canada	Engages in the exploration and production of oil and gas in Alberta	\$4,479	NA	NA
5/2/2023	Zinkan Enterprises	Waterra Corporation	Offers industrial and commercial boiler, cooling, and wastewater treatment	NA	NA	NA
5/14/2023	Gradiant Corporation	Synauta	Functions as a water treatment and technology solution provider	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	\$7,530	4.17x	27.32x
6/19/2023	Alberta Investment	FutEra Power Corporation	Provides power and sustainable infrastructure solutions	\$90	NA	NA
6/19/2023*	Civitas Resources	Oil producing assets of Hibernia, Tap Rock	Produces oil and gas in the Midland and Delaware basins	\$4,686	NA	NA
6/21/2023*	Abu Dhabi TAQA	Sustainable Water Solutions	Provides sustainable water solutions in industrial and residential markets	\$463	NA	NA
6/23/2023*	Eni S.p.A	Neptune Energy Group	Engages in exploration and production of oil and gas globally	\$1,969	NA	NA
6/27/2023*	KKR	Circor International	Manufactures flow and motion control products	\$1,700	NA	NA

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

- The International Maritime Organization (IMO) implemented the Energy Efficiency Existing Ship Index (EEXI) as well as the carbon intensity indicator (CII) to reduce greenhouse gas emissions from commercial ships. The EEXI is a measure that every ship 400 gross tonnage (GT) and above must pass to ensure that the ship will minimize fuel consumption and is energy efficient. The CII is a measure for ships 5,000 GT and above which calculates grams of CO2 emitted per cargo-carrying capacity and nautical mile. The EEXI is performed on ships once in a lifetime, while the CII will be performed on ships annually. Both measures will be strictly enforced to ensure the proper carbon emissions from vessels.
- Container fleet growth rose to 7.3%, up 4.3% from 2022. Although container fleet growth rose significantly, it has not reached expectations of robust growth in 2023. The global freight rate index, which reached record level highs of \$11,109 in September 2021, is now down to \$1,441.



Select Q2 Transactions



acquired by*





acquired by





acquired by*





acquired by*



Sources: Wall Street Journal, Reuters, CNBC, WTO

1. For composition of indices, see page 26

* Announced, not closed

MARITIME TRANSPORT & FACILITIES

	Stock Price 6/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Diversified Maritime Logistics												
Algoma Central Corporation	11.44	695	568	169	30%	605	182	30%	1.22x	4.12x	1.15x	3.81x
Matson	77.73	3,539	2,976	358	12%	3,004	368	12%	1.19x	9.88x	1.18x	9.62x
Kirby Corporation	76.95	5,849	3,114	548	18%	3,282	644	20%	1.88x	10.67x	1.78x	9.08x
ArcBest Corporation	98.80	2,450	4,488	389	9%	4,754	478	10%	0.55x	6.30x	0.52x	5.13x
Diana Shipping	3.69	869	269	154	57%	254	128	50%	3.22x	5.65x	3.42x	6.80x
Average	\$53.72	\$2,680	\$2,283	\$324	25%	\$2,380	\$360	25%	1.61x	7.32x	1.61x	6.89x
Shipyards & Port Services												
International Container	3.69	10,903	2,283	1,439	63%	2,399	1,517	63%	4.78x	7.58x	4.54x	7.19x
Great Lakes Dredge & Dock	8.16	968	672	61	9%	790	145	18%	1.44x	15.97x	1.23x	6.68x
Tidewater	55.44	2,824	997	378	38%	1,262	579	46%	2.83x	7.48x	2.24x	4.88x
Orion Group	2.81	173	728	21	3%	785	46	6%	0.24x	8.30x	0.22x	3.79x
DEME Group	0.16	3,725	3,135	562	18%	3,346	625	19%	1.19x	6.63x	1.11x	5.96x
Average	\$14.05	\$3,719	\$1,563	\$492	26%	\$1,716	\$582	30%	2.10x	9.19x	1.87x	5.70x
Dry Bulk Shipping												
Costamare	9.67	2,872	1,068	643	60%	1,097	688	63%	2.69x	4.46x	2.62x	4.18x
Star Bulk Carriers	17.70	2,850	816	504	62%	932	580	62%	3.49x	5.65x	3.06x	4.92x
Golden Ocean Group Limited	7.55	2,708	684	368	54%	749	415	56%	3.96x	7.36x	3.62x	6.52x
Danaos Corporation	66.79	1,486	961	741	77%	926	715	77%	1.55x	2.01x	1.61x	2.08x
Global Ship Lease	19.40	1,409	654	445	68%	682	464	68%	2.15x	3.17x	2.07x	3.04x

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

MARITIME TRANSPORT & FACILITIES

	Stock Price 6/30/23	Enterprise Value	CY2023E			2024P			TEV/2023E		TEV/2024P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Dry Bulk Shipping												
Safe Bulkers	3.26	696	262	175	67%	340	214	63%	2.66x	3.98x	2.04x	3.24x
Eagle Bulk Shipping	48.04	846	332	149	45%	342	161	47%	2.55x	5.66x	2.47x	5.24x
Genco Shipping & Trading	14.03	710	281	153	54%	296	178	60%	2.52x	4.65x	2.40x	3.99x
Average	\$23.31	\$1,697	\$632	\$397	61%	\$671	\$427	62%	2.70x	4.62x	2.48x	4.15x
Petroleum Products Transportation												
Scorpio Tankers	47.23	3,926	1,399	997	71%	1,263	850	67%	2.81x	3.94x	3.11x	4.62x
International Seaways	38.24	2,574	988	674	68%	902	612	68%	2.61x	3.82x	2.85x	4.20x
Teekay Tankers	38.23	1,578	871	595	68%	734	415	57%	1.81x	2.65x	2.15x	3.80x
DHT Holdings	8.53	1,673	387	299	77%	439	353	80%	4.32x	5.59x	3.81x	4.74x
Nordic American Tankers	3.67	995	293	216	74%	288	210	73%	3.40x	4.61x	3.45x	4.74x
Ardmore Shipping	12.35	672	276	178	64%	231	142	61%	2.44x	3.78x	2.90x	4.73x
Average	\$24.71	\$1,903	\$702	\$493	71%	\$643	\$430	68%	2.90x	4.07x	3.05x	4.47x
Low	\$0.16	\$173	\$262	\$21	3%	\$231	\$46	6%	\$0.24	\$2.01	\$0.22	\$2.08
Mean	\$28.06	\$2,375	\$1,188	\$426	49%	\$1,238	\$446	49%	2.40x	6.00x	2.31x	5.12x
Median	\$13.19	\$1,626	\$772	\$373	59%	\$787	\$415	58%	2.53x	5.62x	2.32x	4.74x
High	\$98.80	\$10,903	\$4,488	\$1,439	77%	\$4,754	\$1,517	80%	4.78x	15.97x	4.54x	9.62x

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

Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
3/14/2023	Subsea 7 S.A.	Seaway 7 ASA	Offers cable laying services, including submarine cable and subsea umbilical	\$643	0.57x	16.13x
3/20/2023	Enstructure	Richardson Group of Companies	Provides marine terminal and logistics services	NA	NA	NA
5/23/2023	CVC Capital Partners	SGL International A/S	Provides freight forwarding services	NA	NA	NA
6/1/2023	Pangaea Logistics Solutions	Marine port terminal operations in Ft. Lauderdale and Port of Palm	Provides port operation services	\$7	NA	NA
6/2/2023	Geodis SA	ITS International Transport & Shipping	Offers freight-forwarding services	NA	NA	NA
6/19/2023	COSCO SHIPPING Ports	HHLA Container Terminal Tollerort	Operates container terminals	NA	NA	NA
6/20/2023	CIT Group	Maritime Portfolio for Greece Vessels	Freight Shipping fleet of Greek Vessels	NA	NA	NA
6/22/2023	Trident Maritime Systems	Custom Alloy Corporation	Manufacturer of specialty metals for seamless and welded pipe fittings	NA	NA	NA

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

Defense, Government & Intelligence

Defense Primes

Raytheon	RTX
Lockheed Martin	LMT
Northrop Grumman	NOC
General Dynamics	GD
L3Harris Technologies	LHX
BAE	BA.

Government Contractors

Leidos	LDOS
Booz Allen Hamilton	BAH
CACI International	CACI
SAIC	SAIC
Parsons	PSN
V2X	VVX

Defense Systems

HEICO	HEI
Teledyne Technologies	TDY
Elbit Systems	ESLT
Mercury Systems	MRCY
Kratos Defense & Security	KTOS

Physical & Cyber Security

Security Services

Securitas AB	SECU B
The Brink's Company	BCO
Prosegur	PSG
Loomis AB	LOOMIS

Security Solutions

Honeywell International	HON
Johnson Controls International	JCI
Motorola Solutions	MSI
ADT	ADT
Allegion	ALLE
Vivint Smart Home	VVNT
Alarm.com Holdings	ALRM
Napco Security Technologies	NSSC
Arlo Technologies	ARLO

Cyber Security

Fortinet	FTNT
Check Point Software Tech.	SHKP
SolarWinds	SWI
Varonis Systems	VRNS
Tenable Holdings	TENB
NetScout System	NTCT
SecureWorks	SCWX

Critical Infrastructure

Water Utilities

American Water Works	AWK
Essential Utilities	WTRG
California Water Service	CWT
American States Water	AWR
SJW Group	SJW
Consolidated Water	CWCO
Global Water Resources	GWRS

System Solutions

Danaher	DHR
Dover	DOV
Xylem	XYL
IDEX	IEX
Pentair	PNR
A. O. Smith	AOS
Watts Water Technologies	WTS

Components

Graco	GGG
Flowserve	FLS
Franklin Electric	FELE
Badger Meter	BMI
SPX FLOW	FLOW
Mueller Water Products	MWA
The Gorman-Rupp	GRC
Energy Recovery	ERII

Infrastructure

AECOM	ACM
Tetra Tech	TTEK
Clean Harbors	CLH
EMCOR Group	EME
Arcosa	ACA
Primoris Services	PRIM

Maritime Transport & Facilities

Diversified Maritime Logistics

Algoma Central	ALC
Matson	MATX
Kirby	KEX
ArcBest	ARCB
Diana Shipping	DSX

Shipyard & Port Services

International Container Serv.	ICT
Great Lakes Dredge & Dock	GLDD
Tidewater	TDW
Orion Group	ORN
DEME Group NV	DEME

Dry Bulk Shipping

Costamare	CMRE
Star Bulk Carriers	SBLK
Golden Ocean Group	GOGL
Danaos	DAC
Global Ship Lease	GSL
Safe Bulkers	SB
Eagle Bulk Shipping	EGLE
Genco Shipping & Trading	GNK

Petroleum Products Transportation

Scorpio Tankers	STNG
International Seaways	INSW
Teekay Tankers	TNK
DHT Holdings	DHT
Nordic American Tankers	NAT
Ardmore Shipping	ASC



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