



Q3 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 A) Defense, Government & Intelligence (DGI); B) Physical & Cyber Security; C) Critical Infrastructure; and D) 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 services, valuation opinions, or growth capital, our services are unmatched in these core markets.

Our clients are special, and their missions are often vital to national security. They are 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

KEY STATISTICS

**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*

**> \$6B**

*Total Transaction Value Since 2010*

**25+**

*Years Supporting Our Clients*

**145+**

*Closed M&A Engagements Since 2010*

**50+**

*Professionals*

**6**

*Growth Capital Investments*

**400+**

*Annual Valuation Clients*

*Major News Stories*



**Inflation Reduction Act Signed into Law**

- On August 16<sup>th</sup>, President Biden signed the landmark climate change and health care bill (Inflation Reduction Act) into law. The heavily contested bill commits approximately \$370 billion in new spending over the next decade to combat climate change and provide health care insurance subsidies to an estimated 13 million Americans.



**Inflation and Interest Rates Continues to Rise**

- With the latest CPI report indicating inflation of 8.3%, the U.S. Federal Reserve (“Fed”) raised interest rates by 75 basis points for the third consecutive time, effective September 22<sup>nd</sup>. The increase brought the federal funds rate to a range of 3.0% - 3.25%, its highest level since 2008.
- Chairman Powell reiterated that the Fed is committed to bringing inflation back to its 2% target.



**North Korea Missile Test**

- In early July, North Korean leader Kim Jung Un warned the country is ready to use nuclear weapons in potential military conflicts with the U.S and South Korea.
- On October 3<sup>rd</sup>, North Korea launched an intermediate range ballistic missile ~2,800 miles over Japan’s Tohoku region, the longest distance ever traveled by a North Korea weapon.



**Europe Faces an Energy Crisis**

- As the winter looms, Europe is struggling to contain an energy crisis that many believe could lead to blackouts, shuttered factories, and potentially a deep recession. Russia’s halt of the Nord Stream 1 pipeline, which supplies cheap natural gas to Europe, is a driving force in the current predicament.
- Prior to the Ukrainian invasion, EU reliance on Russian gas was estimated at ~40% of all gas consumed.

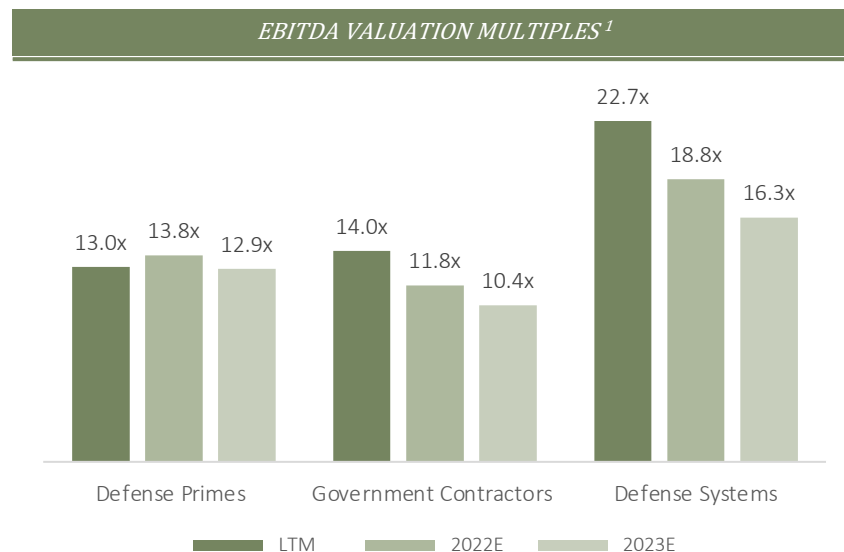
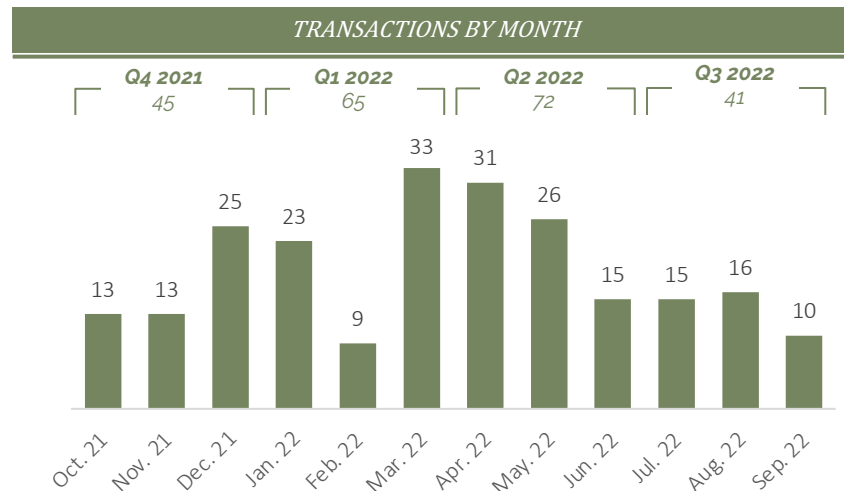


**U.S. and China Tension**

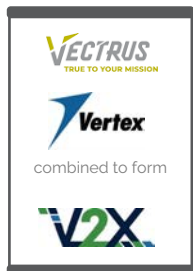
- The Biden administration announced a \$1.1 billion arms sale to Taiwan after China’s enhanced military drills around the island continued. In response to this announcement, China warned the U.S. saying it would take “countermeasures” and continues to condemn U.S.’ aid to Taiwan.

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

- The Department of Defense (“DoD”) recently announced an additional \$1.1B in aid to Ukraine that will provide an array of warfighting equipment and support for Ukraine’s long term defense needs. Since Russia’s invasion on February 24, 2022, the U.S. has provided approximately \$16.2B in aid.
- The Senate Appropriations Committee released all 12 of their FY2023 spending bills. This appropriations package includes \$850B in defense discretionary spending, an 8.7% increase over FY2022.
- In mid September, the U.S. Senate committee advanced the Taiwan policy act of 2022 that would give Taiwan the same benefits as major non-NATO allies. The bill would provide \$6.5bn in military aid, expedite arms sales, and prioritize the transfer of U.S defense articles to Taiwan. Taiwan currently faces a \$14bn backlog in foreign military sales from the United States.
- According to the U.S. Army’s latest climate implementation plan, the service believes its climate strategy will cost more than \$6.8bn over the next five years. The plan follows the Army’s climate strategy three lines of effort: installations, acquisition and logistics, and training. The plan is set to reduce greenhouse gas emissions from Army property by 10% by the end of FY2023, and by 40% by the end of FY2027.



Sources: Federal News Network, S&P Capital IQ, U.S. Department of Defense  
 1. For composition of indices, see pages 9-10



*Transaction Details*

V2X, Inc. (NYSE: VVX) has announced the completion of the combination between Vectrus Inc. and The Vertex Company. The combined entity, rebranded as V2X, Inc., is expected to offer a larger, more comprehensive set of integrated solutions, and critical service offerings spanning aerospace, training and technology, and operations and logistics markets to a diverse set of clients.

**Date** 7/5/2022

**EV:** \$860

**EBITDA Multiple:** NA



*Transaction Details*

CIS Secure Computing, Inc. has acquired Intrepid Solutions and Services, LLC, a provider of enterprise IT, data analysis, and operational training services. The combined companies are expected to develop, integrate, and deliver critical solutions for the national security infrastructure.

**Date:** 8/3/2022

**EV:** ND

**EBITDA Multiple:** NA



*Transaction Details*

Mirion has acquired ARINC, a subsidiary of Collins Aerospace Systems. ARINC is a critical infrastructure (“CI”) business that specializes in command-and-control software solutions for nuclear power plants and government facilities. Mirion stated the CI business will be pivotal in accelerating the software platform consolidation and digital roadmap execution for the Mirion Industrial Group.

**Date:** 8/9/2022

**EV:** ND

**EBITDA Multiple:** NA



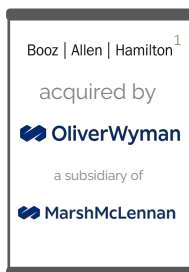
*Transaction Details*

System High, a portfolio company of Enlightenment Capital, has acquired ManageYOURiD, a leading software provider of identity management, risk mitigation, and personal privacy services. The acquisition is expected to add to the current offerings within System High’s Proactive Protection domain.

**Date:** 8/15/2022

**EV:** ND

**EBITDA Multiple:** NA



*Transaction Details*

Oliver Wyman completed the acquisition of the management consulting business arm of Booz Allen Hamilton (“BAH”) serving the Middle East and North Africa (“MENA”) region. The acquisition is expected to bolster Oliver Wyman’s industry expertise and deepen its capabilities across financial services, energy, and the public sector. Booz Allen’s MENA-based practice will join Oliver Wyman’s staff in UAE and KSA offices.

**Date:** 9/1/2022

**EV:** ND

**EBITDA Multiple:** NA



*Transaction Details*

Deltek Inc. has acquired Tip Technologies, Inc., a Wisconsin based developer of integrated quality assurance software and manufacturing execution system solutions for U.S. government and private sector markets. The acquisition is expected to add quality management system and manufacturing execution system capabilities to its current portfolio of ERP and manufacturing solutions.

**Date:** 9/26/2022

**EV:** ND

**EBITDA Multiple:** NA

Sources: S&P Capital IQ, DACIS  
 1. This transaction includes only the MENA-based management consulting arm of Booz Allen Hamilton

Contract Value (\$M)	Award Date	End Date	Customer	Awardee	Type	Contract Scope
\$7,631	08/12/2022	10/31/2024	Naval Air Systems Command	Lockheed Martin Corp.	Firm Fixed Price	Increase the ceiling to procure and deliver 129 Lot 15 aircraft
\$6,065	07/14/2022	12/16/2024	Defense Logistics Agency	AmerisourceBergen Drug Corp.	Firm Fixed Price	Support TRICARE Pharmacy Program by providing replenishment pharmaceutical and products to the TPharm ordering facilities
\$5,713	08/30/2022	08/29/2032	Air Force Life Cycle Management Center	CACI NSS LLC	Blanket Purchase Agreement	Provide Enterprise Information Technology as a Service Wave 1
\$5,021	08/30/2022	08/31/2027	U.S. Missile Defense Agency	The Boeing Co.	Firm Fixed Price, IDIQ	Provide engineering, integration, planning, and routine maintenance of the overall Ground-Based Midcourse Defense (GMD) system
\$4,396	08/22/2022	08/31/2027	Naval Sea Systems Command	Johns Hopkins University Physics Laboratory	Cost Plus Fixed Fee, IDIQ	Provide research, development, engineering and testing for programs throughout the DoD
\$1,736	07/29/2022	03/27/2024	U.S. Army Contracting Command	Moderna US Inc.	Firm Fixed Price	Purchase, storage and distribution additional COVID-19 vaccines
\$1,500	08/02/2022	08/30/2032	Defense Information Technology Contracting Organization	Lumen Technologies Government Solutions Inc.	Firm Fixed Price, IDIQ	Provide end-to-end transmission services and capabilities essential to the Defense Information System Network and the DoD
\$1,068	07/01/2022	07/26/2029	U.S. Army Corps of Engineers	Kokosing Alberici Traylor LLC	Firm Fixed Price with EPA	Construct the lock chamber of the New Soo Lock at Sault Sainte Marie, Michigan

\* As of this publishing, the NITAAC has yet to release the awardees highly coveted CIO-SP4 GWAC contract. NITAAC plans to announced the CIO-SP4 awards on or before November 1<sup>st</sup>, 2022.

Sources: DACIS, Clearance Jobs, NITAAC



TRAILING TWELVE MONTHS (TTM) PUBLIC EQUITY INDEX CHART<sup>1</sup>

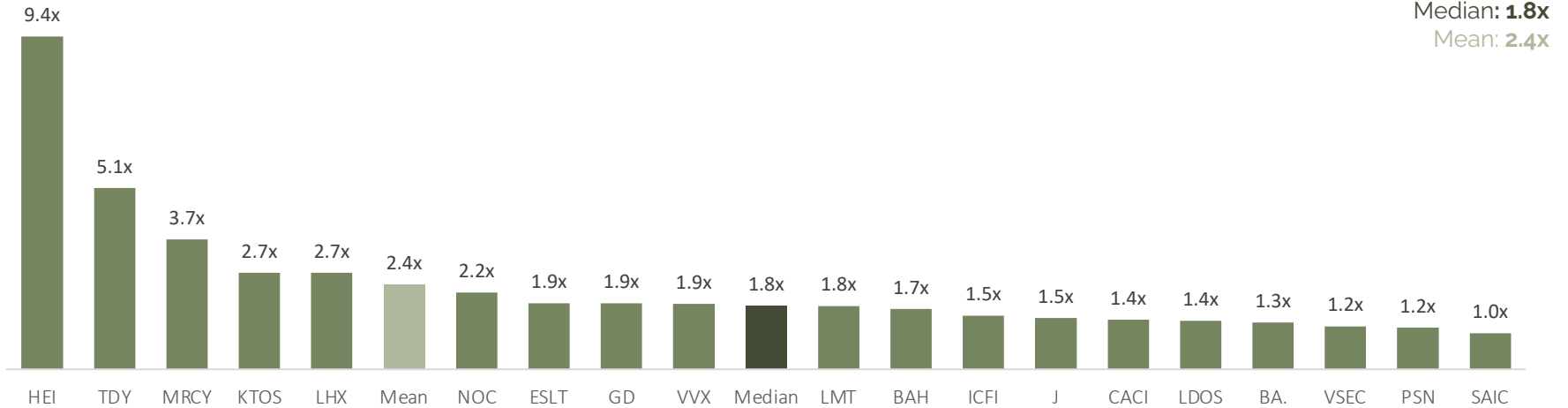


Market Commentary

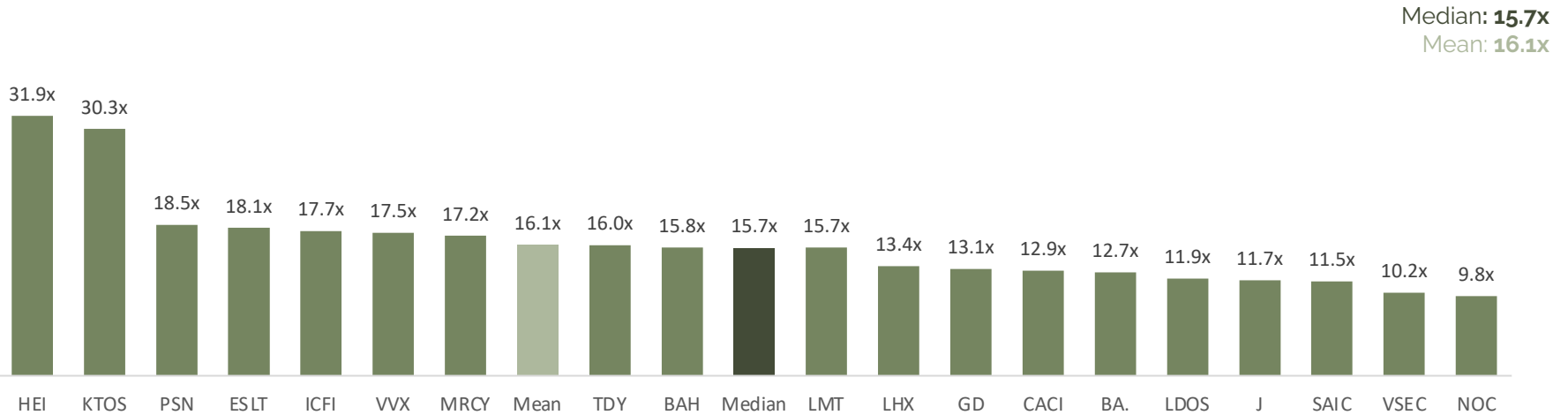
- As of Q3 end, Defense, Government and Intelligence related equities continue to outperform the S&P 500 average on a TTM basis.
- On September 29<sup>th</sup>, the S&P 500 notched a new closing low for 2022 as fears that a recession won't stop the Federal Reserve from continuing to hike interest rates for the foreseeable future.
- Defense Primes have outperformed the S&P 500 largely due to the U.S.' continued military aid of Ukraine and the Senate approved \$6.5B funding to Taiwan that would expedite arms sales and prioritize the transfer of U.S. defense articles.
- Government Contractors continue to see increased costs due to ongoing inflationary pressure, which has prompted the General Services Administration to extend its relief on contract price adjustments until March 2023. The DoD took similar action to apply "schedule relief" in early September.

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 &amp; INTELLIGENCE

	Stock Price 9/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBITDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Defense Primes</b>												
Lockheed Martin	386.29	112,294.6	65,367.1	9,784.5	15.0%	67,090.4	10,266.7	15.3%	1.72x	11.48x	1.67x	10.94x
Northrop Grumman	470.32	85,746.8	36,338.4	4,919.1	13.5%	38,136.7	5,185.1	13.6%	2.36x	17.43x	2.25x	16.54x
General Dynamics	212.17	69,022.9	39,431.2	5,146.6	13.1%	42,356.5	5,712.3	13.5%	1.75x	13.41x	1.63x	12.08x
L3Harris	207.83	47,254.9	17,341.7	3,721.9	21.5%	18,223.3	3,961.1	21.7%	2.72x	12.70x	2.59x	11.93x
<b>Average</b>	<b>\$319.15</b>	<b>\$78,579.8</b>	<b>\$39,619.6</b>	<b>\$5,893.0</b>	<b>15.8%</b>	<b>\$41,451.7</b>	<b>\$6,281.3</b>	<b>16.0%</b>	<b>2.14x</b>	<b>13.75x</b>	<b>2.04x</b>	<b>12.87x</b>
<b>Gov't Contractors</b>												
BAE Systems	8.80	32,932.3	25,249.8	3,407.4	13.5%	26,606.1	3,649.3	13.7%	1.30x	9.67x	1.24x	9.02x
Jacobs	108.49	17,832.4	15,290.4	1,414.8	9.3%	16,514.3	1,613.5	9.8%	1.17x	12.60x	1.08x	11.05x
Leidos	87.47	17,450.2	14,240.8	1,460.9	10.3%	14,945.1	1,549.1	10.4%	1.23x	11.94x	1.17x	11.26x
Booz Allen Hamilton	92.35	14,793.2	8,937.6	942.8	10.5%	9,531.7	1,031.5	10.8%	1.66x	15.69x	1.55x	14.34x
CACI	261.06	8,114.8	6,416.3	650.7	10.1%	6,792.8	736.5	10.8%	1.26x	12.47x	1.19x	11.02x
SAIC	88.43	7,391.0	7,527.6	669.5	8.9%	7,665.7	692.5	9.0%	0.98x	11.04x	0.96x	10.67x
Parsons	39.20	4,954.2	4,052.5	344.8	8.5%	4,345.6	383.9	8.8%	1.22x	14.37x	1.14x	12.90x
ICF International	109.02	2,702.9	1,786.2	191.5	10.7%	1,990.2	212.8	10.7%	1.51x	14.12x	1.36x	12.70x
V2X	35.40	1,178.2	3,062.1	186.9	6.1%	3,911.5	314.5	8.0%	0.38x	6.30x	0.30x	3.75x
VSE Corporation	35.40	785.7	944.0	89.7	9.5%	985.9	102.1	10.4%	0.83x	8.76x	0.80x	7.69x
<b>Average</b>	<b>\$86.56</b>	<b>\$10,813.5</b>	<b>\$8,750.7</b>	<b>\$935.9</b>	<b>9.7%</b>	<b>\$9,328.9</b>	<b>\$1,028.6</b>	<b>10.2%</b>	<b>1.16x</b>	<b>11.70x</b>	<b>1.08x</b>	<b>10.44x</b>

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

## DEFENSE GOVERNMENT &amp; INTELLIGENCE

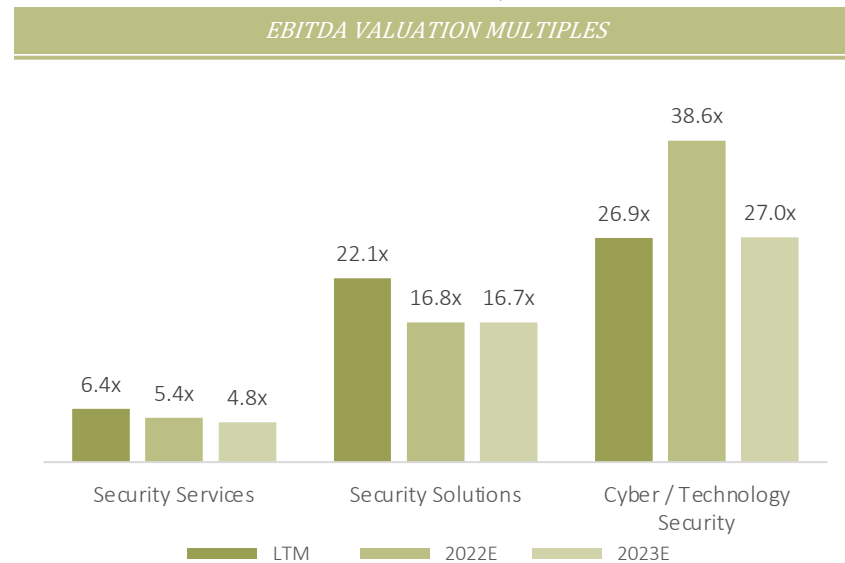
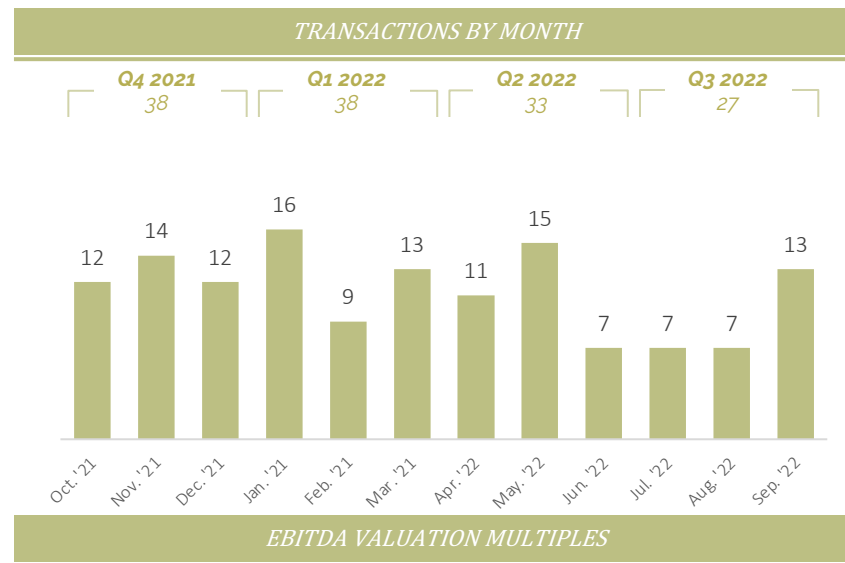
	Stock Price 9/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Defense Systems												
Teledyne Technologies	337.47	19,620.4	5,468.9	1,289.9	23.6%	5,743.6	1,400.8	24.4%	3.59x	15.21x	3.42x	14.01x
HEICO Corporation	143.98	17,705.6	2,291.2	605.5	26.4%	2,569.6	693.3	27.0%	7.73x	29.24x	6.89x	25.54x
Elbit Systems	190.08	9,658.2	5,497.0	579.0	10.5%	5,881.2	654.6	11.1%	1.76x	16.68x	1.64x	14.75x
Mercury Systems	40.60	2,812.8	996.7	193.8	19.4%	1,052.0	225.4	21.4%	2.82x	14.51x	2.67x	12.48x
Kratos Defense & Security	10.16	1,538.9	907.0	82.9	9.1%	1,002.6	105.5	10.5%	1.70x	18.55x	1.53x	14.59x
<b>Average</b>	<b>\$144.46</b>	<b>\$10,267.2</b>	<b>\$3,032.1</b>	<b>\$550.2</b>	<b>17.8%</b>	<b>\$3,249.8</b>	<b>\$615.9</b>	<b>18.9%</b>	<b>3.52x</b>	<b>18.84x</b>	<b>3.23x</b>	<b>16.27x</b>
<b>Low</b>	\$8.80	\$785.70	\$907.00	\$82.94	6.1%	\$985.90	\$102.14	8.0%	0.38x	6.30x	0.30x	3.75x
<b>Mean</b>	\$150.76	\$24,936.3	\$13,744.6	\$1,878.0	13.1%	\$14,491.8	\$2,025.8	13.7%	1.98x	14.01x	1.85x	12.49x
<b>Median</b>	\$108.49	\$14,793.2	\$6,416.3	\$669.5	10.5%	\$6,792.8	\$736.5	10.8%	1.66x	13.41x	1.53x	12.08x
<b>High</b>	\$470.32	\$112,294.6	\$65,367.1	\$9,784.5	26.4%	\$67,090.4	\$10,266.7	27.0%	7.73x	29.24x	6.89x	25.54x

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

Closed Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
09/26/2022	Deltek, Inc.	Tip Technologies Inc.	Develops and provides an integrated quality assurance software using a COTS strategy	NA	NA	NA
09/16/2022	Kaman Corporation	Aircraft Wheel and Brake Division of Parker-Hannifin Corporation	Offers aircraft wheel and brake systems, and related hydraulic products manufacturing	\$441.3	6.3x	15.8x
09/14/2022	The Carlyle Group Inc.	ManTech International Corporation	Offers systems engineering and testing services for aerospace, defense, and medical industries	\$4,337.5	1.7x	13.7x
09/01/2022	Oliver Wyman, Inc.	MENA-based Management Consulting Business of Booz Allen Hamilton	Provides strategy consulting services to the Middle East and North Africa	NA	NA	NA
08/29/2022	Smart Global Holdings, Inc.	Stratus Technologies, Inc.	Designs and develops software and platform solutions for customers worldwide	\$275	NA	NA
08/15/2022	System High Corporation	ManageYOURID Inc.	Develops cyber security platforms to provide data, security, and online privacy protection services	NA	NA	NA
08/09/2022	Mirion Technologies, Inc.	ARINC Incorporated	Provides communications, engineering, and securing solutions to the aviation industry	NA	NA	NA
08/04/2022	Siemens Smart Infrastructure	Brightly Software, Inc.	Develops a cloud-based management software for government, education, and healthcare clients	\$1,875	NA	NA
08/01/2022	SES Government Solutions, Inc.	DRS Global Enterprises Solutions, Inc.	Provides custom end-to-end SATCOM solutions for the U.S. government	\$450	NA	NA
07/26/2022	Veritas Capital Fund Management	Epiq Design Solutions, Inc.	Develops SDR-based RF tools to provide situational awareness in RF environments	NA	NA	NA
07/25/2022	Unison Software, Inc.	KM-Logix, LLC	Develops a federal acquisition regulation compliance check automated tool	NA	NA	NA
07/13/2022	ICF Incorporated, LLC	SemanticBits, LLC	Develops cutting-edge solutions for the health care industry	\$220	NA	NA
07/12/2022	Bascom-Hunter, LLC	Telgaas Inc.	Manufactures radar, satellite communication, electronic intelligence, and aerospace parts	NA	NA	NA
07/05/2022	V2X, Inc.	Vectrus, Inc.	Provides operations, supply chain and logistics, IT mission support, and digital integration services	\$860	NA	NA

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

- The global cybersecurity market size is expected to grow at a CAGR of 9.5% for the forecasted 2021 to 2030 period with the U.S. cybersecurity market expecting to reach \$479B by 2030.
- In September, the NSA and CISA issued a warning stating that there are active known threats to industrial control systems and operational technology that critical infrastructure sectors should take into consideration. These attacks are mainly coming from advanced persistent threat (“APT”) groups which have recently begun developing tools specifically for scanning, compromising, and controlling targeted OT devices.



Select Precedent Transactions

 acquired by 	 acquired by 	 acquired by 	 acquired by <sup>1</sup> 
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Sources: Strategic Market Research, S&P Capital IQ,  
 1. Google's acquisition of Mandiant closed on 9/12/22

## PHYSICAL &amp; CYBER SECURITY

	Stock Price 9/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Security Services</b>												
Securitas	6.99	4,309.9	11,459.8	905.8	7.9%	12,659.1	1,050.9	8.3%	0.38x	4.76x	0.34x	4.10x
The Brink's Company	48.44	5,076.9	4,576.2	776.2	17.0%	4,829.0	854.9	17.7%	1.11x	6.54x	1.05x	5.94x
Prosegur	1.52	2,195.0	3,812.5	444.0	11.6%	4,026.8	494.4	12.3%	0.58x	4.94x	0.55x	4.44x
Loomis	24.69	2,211.9	2,196.6	428.6	19.5%	2,304.4	467.0	20.3%	1.01x	5.16x	0.96x	4.74x
<b>Average</b>	<b>\$20.41</b>	<b>\$3,448.4</b>	<b>\$5,511.3</b>	<b>\$638.6</b>	<b>14.0%</b>	<b>\$5,954.8</b>	<b>\$716.8</b>	<b>14.6%</b>	<b>0.77x</b>	<b>5.35x</b>	<b>0.72x</b>	<b>4.80x</b>
<b>Security Solutions</b>												
Honeywell International	166.97	124,558.4	35,687.2	8,906.7	25.0%	37,789.2	9,679.6	25.6%	3.49x	13.98x	3.30x	12.87x
Johnson Controls	49.22	44,329.2	25,588.5	3,824.1	14.9%	26,929.4	4,357.3	16.2%	1.73x	11.59x	1.65x	10.17x
Motorola Solutions	223.97	43,088.3	8,867.5	2,577.7	29.1%	9,422.6	2,824.3	30.0%	4.86x	16.72x	4.57x	15.26x
ADT	7.49	16,691.1	6,346.3	NA	NA	6,881.8	NA	NA	2.63x	NA	2.43x	NA
Allegion	89.68	9,091.1	3,239.1	710.2	21.9%	3,556.4	804.0	22.6%	2.81x	12.80x	2.56x	11.31x
Vivint Smart Home	6.58	3,862.2	1,615.3	737.3	45.6%	1,713.8	788.7	46.0%	2.39x	5.24x	2.25x	4.90x
Alarm.com Holdings	64.86	3,131.1	839.9	149.1	17.8%	902.8	166.1	18.4%	3.73x	21.00x	3.47x	18.85x
Napco Security Technologies	29.08	1,028.8	154.4	28.6	18.5%	179.4	44.8	25.0%	6.66x	35.94x	5.73x	22.98x
Arlo Technologies	4.64	297.4	513.9	(12.2)	-2.4%	620.8	7.9	1.3%	0.58x	NA	0.48x	37.65x
<b>Average</b>	<b>\$71.39</b>	<b>\$27,342.0</b>	<b>\$9,205.8</b>	<b>\$2,115.2</b>	<b>21.3%</b>	<b>\$9,777.4</b>	<b>\$2,334.1</b>	<b>23.1%</b>	<b>3.21x</b>	<b>16.75x</b>	<b>2.94x</b>	<b>16.75x</b>

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








## PHYSICAL &amp; CYBER SECURITY

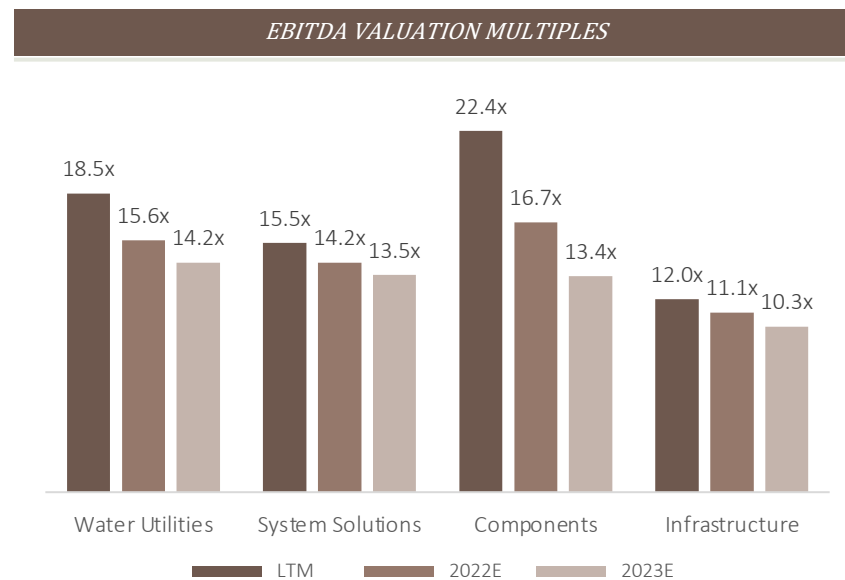
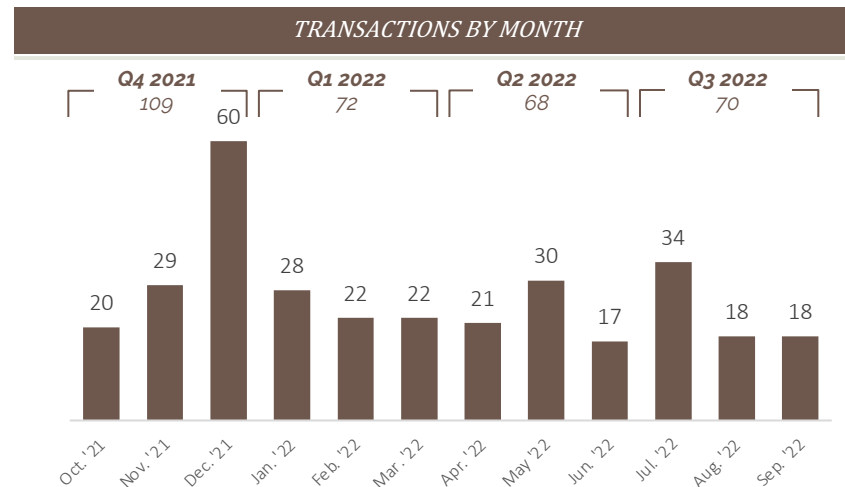
	Stock Price 9/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Cyber Security</b>												
Fortinet	49.13	37,987.8	4,382.0	1,244.9	28.4%	5,328.9	1,539.7	28.9%	8.67x	30.52x	7.13x	24.67x
SolarWinds	7.75	2,435.1	720.5	280.5	38.9%	752.5	309.1	41.1%	3.38x	8.68x	3.24x	7.88x
Varonis Systems	26.52	2,445.3	487.8	44.0	9.0%	591.2	68.2	NA	5.01x	55.59x	4.14x	35.87x
Tenable	34.80	3,797.5	676.5	63.7	9.4%	814.9	96.2	11.8%	5.61x	59.60x	4.66x	39.49x
NetScout Systems	31.32	2,126.6	868.8	NA	NA	923.0	NA	NA	2.45x	NA	2.30x	NA
SecureWorks	8.05	536.4	461.3	(63.6)	-13.8%	475.9	(78.1)	-16.4%	1.16x	NA	1.13x	NA
<b>Average</b>	<b>\$26.26</b>	<b>\$8,221.5</b>	<b>\$1,266.1</b>	<b>\$313.9</b>	<b>14.4%</b>	<b>\$1,481.1</b>	<b>\$387.0</b>	<b>16.3%</b>	<b>4.38x</b>	<b>38.60x</b>	<b>3.77x</b>	<b>26.98x</b>
<b>Low</b>	\$2.19	\$297.4	\$154.4	-\$63.6	-13.8%	\$179.4	-\$78.1	-16.4%	0.38x	4.76x	0.34x	4.10x
<b>Mean</b>	\$46.41	\$16,273.7	\$5,920.7	\$1,238.0	17.6%	\$6,352.7	\$1,380.9	19.3%	3.06x	19.54x	2.73x	16.32x
<b>Median</b>	\$29.08	\$3,797.5	\$2,196.6	\$444.0	17.8%	\$2,304.4	\$494.4	19.3%	2.63x	12.80x	2.43x	12.09x
<b>High</b>	\$223.97	\$124,558.4	\$35,687.2	\$8,906.7	45.6%	\$37,789.2	\$9,679.6	46.0%	8.67x	59.60x	7.13x	39.49x

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

- On August 17<sup>th</sup>, 2022, the U.S. Senate passed the Inflation Reduction Act which, among other initiatives, creates large incentives and tax credits to encourage infrastructure investments in housing, transportation, and manufacturing to combat climate change.
- The EU has increased security measures on its energy infrastructure following the suspected sabotage of two Russia to EU pipelines. Europe’s natural gas prices have risen 14% since the Nordic pipeline ruptures.
- On October 5<sup>th</sup> OPEC agreed to reduce oil production by two million barrels/day to raise prices which have recently fallen to ~\$80/barrel. In response, and with strategic oil reserves at their lowest level since 1980, the U.S. has reached out to Venezuela for additional oil supply.

Select Precedent Transactions

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Sources: WhiteHouse.gov, AP News, CNBC



## CRITICAL INFRASTRUCTURE

	Stock Price 9/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Water Utilities</b>												
American Water Works	130.16	35,273.3	3,795.1	2,045.0	53.9%	4,044.7	2,232.4	55.2%	9.29x	17.25x	8.72x	15.80x
Essential Utilities, Inc.	41.38	17,111.4	2,061.9	1,017.0	49.3%	2,155.2	1,098.0	50.9%	8.30x	16.82x	7.94x	15.58x
California Water Service Group	52.69	3,937.0	813.0	246.5	30.3%	851.5	283.0	33.2%	4.84x	15.97x	4.62x	13.91x
American States Water	77.95	3,550.9	514.0	188.0	36.6%	526.7	202.0	38.4%	6.91x	18.89x	6.74x	17.58x
SIW Group	57.60	3,366.2	608.6	242.9	39.9%	662.6	259.8	39.2%	5.53x	13.86x	5.08x	12.96x
Middlesex Water Company	77.20	1,702.7	161.0	NA	NA	169.0	NA	NA	10.58x	NA	10.08x	NA
Consolidated Water Co. Ltd.	15.38	194.4	91.0	17.7	19.5%	115.1	20.6	NA	2.14x	10.98x	1.69x	9.43x
<b>Average</b>	<b>\$64.62</b>	<b>\$9,305.1</b>	<b>\$1,149.2</b>	<b>\$626.2</b>	<b>38.2%</b>	<b>\$1,217.8</b>	<b>\$682.6</b>	<b>43.4%</b>	<b>6.80x</b>	<b>15.63x</b>	<b>6.41x</b>	<b>14.21x</b>
<b>System Solutions</b>												
Danaher Corporation	258.29	206,744.9	30,578.7	10,583.2	34.6%	31,013.1	10,808.5	34.9%	6.76x	19.54x	6.67x	19.13x
Dover Corporation	116.58	19,176.2	8,569.0	1,792.7	20.9%	8,870.0	1,872.2	21.1%	2.24x	10.70x	2.16x	10.24x
Xylem Inc.	87.36	17,106.7	5,400.0	880.2	16.3%	5,709.2	1,001.5	17.5%	3.17x	19.43x	3.00x	17.08x
IDEX Corporation	199.85	15,787.7	3,097.2	870.2	28.1%	3,236.3	916.4	28.3%	5.10x	18.14x	4.88x	17.23x
Pentair plc	40.63	7,539.3	4,181.5	827.6	19.8%	4,380.9	892.8	20.4%	1.80x	9.11x	1.72x	8.44x
A. O. Smith Corporation	48.58	7,374.8	3,993.0	803.6	20.1%	4,049.3	835.5	20.6%	1.85x	9.18x	1.82x	8.83x
Watts Water Technologies, Inc.	125.73	4,158.7	1,951.2	352.9	18.1%	1,967.5	351.1	17.8%	2.13x	11.78x	2.11x	11.84x
Evoqua Water Technologies	33.07	4,862.6	1,749.0	305.6	17.5%	1,828.7	325.2	17.8%	2.78x	15.91x	2.66x	14.95x
<b>Average</b>	<b>\$113.76</b>	<b>\$35,343.9</b>	<b>\$7,439.9</b>	<b>\$2,052.0</b>	<b>21.9%</b>	<b>\$7,631.9</b>	<b>\$2,125.4</b>	<b>22.3%</b>	<b>3.23x</b>	<b>14.22x</b>	<b>3.13x</b>	<b>13.47x</b>

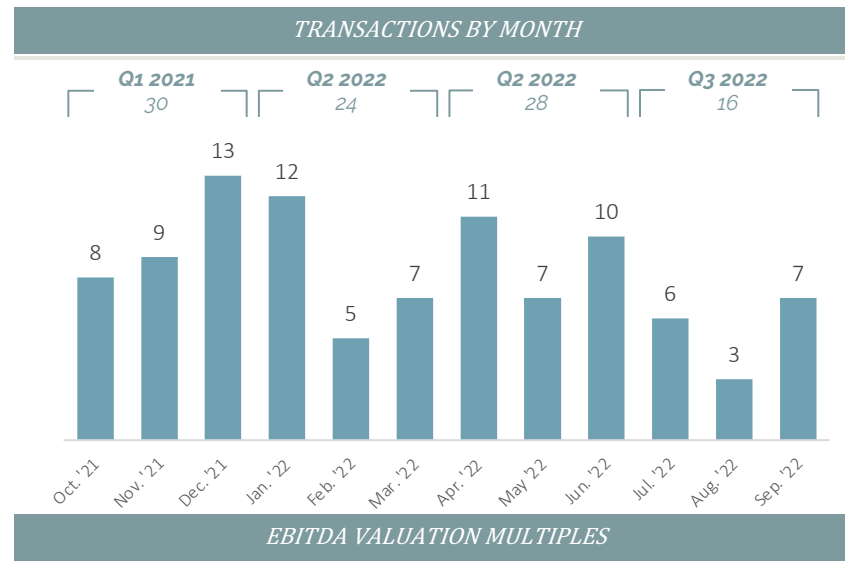
 Sources: S&P Capital IQ  
 \$USD, Millions besides Stock Price

## CRITICAL INFRASTRUCTURE

Components	Stock Price 9/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
Graco Inc.	59.95	9,888.1	2,119.4	632.5	29.8%	2,207.7	671.0	30.4%	4.67x	15.63x	4.48x	14.74x
Flowserve Corporation	24.30	4,223.7	3,657.4	379.6	10.4%	3,956.7	490.1	12.4%	1.15x	11.13x	1.07x	8.62x
Franklin Electric Co., Inc.	81.71	4,112.5	2,055.2	307.8	15.0%	2,107.0	311.7	14.8%	2.00x	13.36x	1.95x	13.19x
Mueller Water Products, Inc.	10.27	1,928.4	1,246.5	203.0	16.3%	1,313.8	236.3	18.0%	1.55x	9.50x	1.47x	8.16x
The Gorman-Rupp Company	23.79	1,036.6	512.0	81.6	15.9%	631.5	108.0	17.1%	2.02x	12.70x	1.64x	9.59x
Energy Recovery, Inc.	21.74	1,142.0	130.9	30.0	22.9%	160.7	44.0	27.4%	8.72x	38.05x	7.11x	25.95x
<b>Average</b>	<b>\$36.96</b>	<b>\$3,721.9</b>	<b>\$1,620.2</b>	<b>\$272.4</b>	<b>18.4%</b>	<b>\$1,729.6</b>	<b>\$310.2</b>	<b>20.0%</b>	<b>3.35x</b>	<b>16.73x</b>	<b>2.95x</b>	<b>13.37x</b>
<b>Infrastructure</b>												
AECOM	68.37	11,632.5	13,501.5	911.3	6.7%	14,285.9	964.9	6.8%	0.86x	12.76x	0.81x	12.06x
Tetra Tech, Inc.	128.53	7,121.2	2,833.0	352.1	12.4%	3,014.1	384.1	12.7%	2.51x	20.23x	2.36x	18.54x
Clean Harbors, Inc.	109.98	8,303.0	5,075.6	992.1	19.5%	5,210.2	996.3	19.1%	1.64x	8.37x	1.59x	8.33x
EMCOR Group, Inc.	115.48	5,987.8	10,806.9	648.1	6.0%	11,234.1	722.7	6.4%	0.55x	9.24x	0.53x	8.28x
Arcosa, Inc.	57.18	3,434.2	2,260.7	334.8	14.8%	2,393.9	358.7	15.0%	1.52x	10.26x	1.43x	9.57x
Primoris Services Corporation	16.25	1,613.7	4,251.7	270.5	6.4%	4,978.8	340.9	6.8%	0.38x	5.97x	0.32x	4.73x
<b>Average</b>	<b>\$82.63</b>	<b>\$6,348.7</b>	<b>\$6,454.9</b>	<b>\$584.8</b>	<b>11.0%</b>	<b>\$6,852.8</b>	<b>\$627.9</b>	<b>11.1%</b>	<b>1.24x</b>	<b>11.14x</b>	<b>1.18x</b>	<b>10.25x</b>
<b>Low</b>	\$10.27	\$194.4	\$91.0	\$17.7	6.0%	\$115.1	\$20.6	6.4%	0.38x	5.97x	0.32x	4.73x
<b>Mean</b>	\$77.04	\$15,122.6	\$4,296.9	\$973.7	22.4%	\$4,484.2	\$1,028.0	23.3%	3.74x	14.41x	3.51x	12.88x
<b>Median</b>	\$59.95	\$4,862.6	\$2,260.7	\$366.3	19.5%	\$2,393.9	\$437.1	19.1%	2.24x	13.06x	2.16x	12.51x
<b>High</b>	\$258.29	\$206,744.9	\$30,578.7	\$10,583.2	53.9%	\$31,013.1	\$10,808.5	55.2%	10.58x	38.05x	10.08x	25.95x

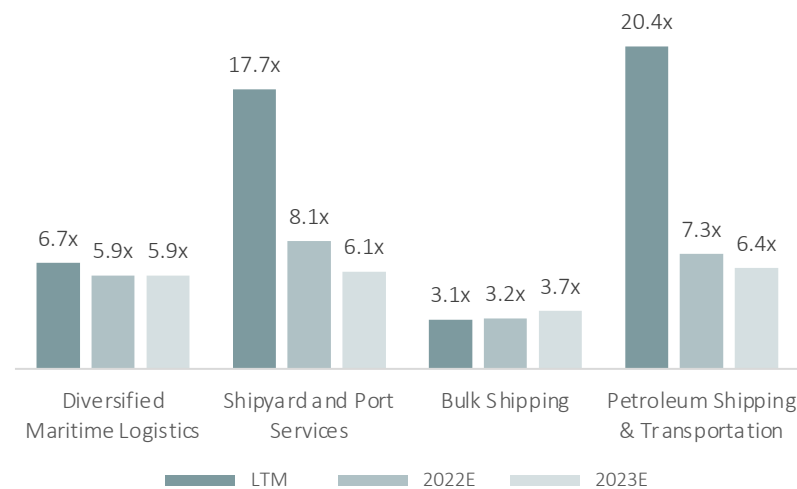
 Sources: S&P Capital IQ  
 \$USD, Millions besides Stock Price

- The container shipping industry faces a number of headwinds from different directions including rising energy costs, inflationary pressure, irregular weather, and port capacity. While port congestion in the U.S. and Europe has eased since COVID related disruptions, dock strikes in Europe threaten further supply chain issues. Furthermore, historically low water levels in key Rivers in Europe and the Asian Pacific have limited ships capacity and depressed freight rates.
- In September, MSC, the worlds largest container line by capacity followed suite of its rivals CMA, CGM, and Maersk by launching its own air-cargo business. The launch marks a significant milestone in the shipping industry’s increased vertical integration and places it in closer competition to tech companies including Amazon and Alibaba which have both begun to invest in air freight and shipping companies.



Select Precedent Transactions

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Sources: Reuters, Bloomberg, CNBC

## MARITIME TRANSPORT &amp; FACILITIES

	Stock Price 9/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Diversified Maritime Logistics</b>												
Atlas	13.90	9,975.4	1,677.8	1,124.8	67.0%	1,873.6	1,283.0	68.5%	5.95x	8.87x	5.32x	7.78x
Matson	61.52	2,838.6	4,587.2	1,742.5	38.0%	3,344.5	635.8	19.0%	0.62x	1.63x	0.85x	4.46x
Kirby	60.77	4,938.5	2,772.9	406.2	14.6%	3,071.6	525.5	17.1%	1.78x	12.16x	1.61x	9.40x
ArcBest	72.73	1,934.3	5,409.4	622.7	11.5%	5,309.2	555.8	10.5%	0.36x	3.11x	0.36x	3.48x
Diana Shipping	3.61	621.7	278.8	170.4	61.1%	275.4	144.9	52.6%	2.23x	3.65x	2.26x	4.29x
<b>Average</b>	<b>\$42.51</b>	<b>\$4,061.7</b>	<b>\$2,945.2</b>	<b>\$813.3</b>	<b>38.5%</b>	<b>\$2,774.9</b>	<b>\$629.0</b>	<b>33.5%</b>	<b>2.19x</b>	<b>5.88x</b>	<b>2.08x</b>	<b>5.88x</b>
<b>Shipyard &amp; Port Services</b>												
Fortress Investors	15.00	4,931.6	562.3	511.4	90.9%	561.4	545.5	97.2%	8.77x	9.64x	8.79x	9.04x
Great Lakes Dredge & Dock	7.58	824.8	692.8	88.4	12.8%	831.4	136.5	16.4%	1.19x	9.34x	0.99x	6.04x
Tidewater	21.70	1,084.6	621.1	138.8	22.4%	729.7	229.7	31.5%	1.75x	7.81x	1.49x	4.72x
Orion Group Holdings	2.64	157.1	711.0	28.8	4.1%	720.5	37.0	5.1%	0.22x	5.45x	0.22x	4.25x
Gulf Island Fabrication	4.17	30.8	87.6	(3.3)	-3.8%	NA	4.7	NA	0.35x	NA	NA	6.55x
<b>Average</b>	<b>\$10.22</b>	<b>\$1,405.8</b>	<b>\$535.0</b>	<b>\$152.8</b>	<b>25.3%</b>	<b>\$710.7</b>	<b>\$190.7</b>	<b>37.6%</b>	<b>2.46x</b>	<b>8.06x</b>	<b>2.87x</b>	<b>6.12x</b>
<b>Dry Bulk Shipping</b>												
Costamare	8.95	3,214.1	1,110.4	764.3	68.8%	1,113.5	770.4	69.2%	2.89x	4.21x	2.89x	4.17x
Star Bulk Carriers	17.48	2,826.8	1,230.9	878.9	71.4%	960.8	658.8	68.6%	2.30x	3.22x	2.94x	4.29x
Golden Ocean Group	7.47	2,682.3	845.4	579.7	68.6%	755.2	443.1	58.7%	3.17x	4.63x	3.55x	6.05x
Danaos Corporation	55.68	1,535.2	906.2	734.9	81.1%	924.6	726.1	78.5%	1.69x	2.09x	1.66x	2.11x
Global Ship Lease	15.78	1,499.5	599.8	417.4	69.6%	611.5	439.2	71.8%	2.50x	3.59x	2.45x	3.41x

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

## MARITIME TRANSPORT &amp; FACILITIES

	Stock Price 9/30/22	Enterprise Value	CY2022E			CY2023P			TEV/2022E		TEV/2023P	
			Revenue	EBTIDA	Margin	Revenue	EBITDA	Margin	Revenue	EBITDA	Revenue	EBITDA
<b>Dry Bulk Shipping</b>												
Safe Bulkers	2.47	613.3	343.1	238.8	69.6%	357.0	238.7	66.9%	1.79x	2.57x	1.72x	2.57x
Eagle Bulk Shipping	43.18	855.9	619.8	348.8	56.3%	471.5	226.4	48.0%	1.38x	2.45x	1.82x	3.78x
Genco Shipping & Trading	12.53	670.4	388.1	251.7	64.9%	359.1	233.3	65.0%	1.73x	2.66x	1.87x	2.87x
<b>Average</b>	<b>\$20.44</b>	<b>\$1,737.2</b>	<b>\$755.5</b>	<b>\$526.8</b>	<b>68.8%</b>	<b>\$694.1</b>	<b>\$467.0</b>	<b>65.8%</b>	<b>2.18x</b>	<b>3.18x</b>	<b>2.36x</b>	<b>3.66x</b>
<b>Petroleum Products Transportation</b>												
Scorpio Tankers	42.04	4,575.5	1,326.1	922.8	69.6%	1,046.6	607.1	58.0%	3.45x	4.96x	4.37x	7.54x
International Seaways	35.13	2,608.2	720.6	417.8	58.0%	732.1	427.3	58.4%	3.62x	6.24x	3.56x	6.10x
Teekay Tankers	27.54	1,499.2	476.4	235.3	49.4%	562.7	241.7	43.0%	3.15x	6.37x	2.66x	6.20x
DHT Holdings	7.56	1,621.3	239.6	156.8	65.4%	374.4	286.2	76.5%	6.77x	10.34x	4.33x	5.66x
Nordic American Tankers	2.67	861.8	154.5	76.8	49.7%	224.9	144.6	64.3%	5.58x	11.22x	3.83x	5.96x
Ardmore Shipping	9.13	693.1	249.2	153.8	61.7%	195.1	100.9	51.7%	2.78x	4.51x	3.55x	6.87x
<b>Average</b>	<b>\$20.68</b>	<b>\$1,976.5</b>	<b>\$527.7</b>	<b>\$327.2</b>	<b>59.0%</b>	<b>\$522.6</b>	<b>\$301.3</b>	<b>58.6%</b>	<b>4.22x</b>	<b>7.27x</b>	<b>3.72x</b>	<b>6.39x</b>
<b>Low</b>	\$2.47	\$30.78	\$87.65	-\$3.33	-\$0.04	\$195.09	\$4.70	\$0.05	\$0.22	\$1.63	\$0.22	\$2.11
<b>Mean</b>	\$22.97	\$2,212.3	\$1,108.8	\$458.7	50.9%	\$1,104.6	\$401.7	52.0%	2.75x	5.68x	2.74x	5.32x
<b>Median</b>	\$14.45	\$1,517.3	\$657.0	\$377.5	61.4%	\$729.7	\$356.8	58.4%	2.26x	4.63x	2.45x	5.19x
<b>High</b>	\$72.73	\$9,975.4	\$5,409.4	\$1,742.5	90.9%	\$5,309.2	\$1,283.0	97.2%	8.77x	12.16x	8.79x	9.40x

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

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