



Mergers & Acquisitions

2021 Year in Review

Defense, Government &
Intelligence

Physical & Cyber
Security

Critical
Infrastructure

Maritime Transport &
Facilities



Key Takeaways

- The overall M&A market in 2021 saw record high volumes and strong valuations, with private and public valuations near all-time highs. Specifically, the defense and government services market has proven to be extremely resilient during the pandemic
- COVID-related delays in contract awards have largely subsided therefore reducing the need for shorter-term bridge funding, which historically was leading to reduced backlogs and increased re-compete risk for many in the sector
- Significant exits to large strategic buyers evidenced the robust valuation environment and opportunity to realize significant investment returns on platform investments
- The pandemic further validated initiatives around IT modernization, cloud services and migration, cybersecurity, and supply-chain security, among others
- Pressures remained on private equity to continue to deploy capital; government market seen as a “safe haven” as evidenced by insulation from economic downturn as a result of initiatives like the CARES Act – little to no loss in billable hours
- Active financing markets and inexpensive debt further drove deal activity
- Impact of long-term federal and state & local budget realities significantly impacted the market
- Continued SPAC activity through valuation and regulatory headwinds
- Dynamic ESOP environment with increased DOL pressure on trustees, potential tax increases, and federal contracting support for ESOPs
- Potential increases in capital gains tax rates and uncertainty around tax implications in general partially drove short-term deal activity
- Projected decrease in estate tax exemption drove some restructuring activity at the personal level



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
Exit Strategy Plans
ESOPs*

Valuation Advisory

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

Growth Capital

Capital Infusion

KEY STATISTICS

\$6B+

Total Transaction Value Since 2010

25+

Years Supporting Our Clients

130+

Closed M&A Engagements Since 2010

3

Dedicated Offices

300+

Annual Valuation Clients

6

Growth Capital Investments

Defense, Government & Intelligence

Physical & Cyber Security

Critical Infrastructure

Maritime Transport & Facilities

INDUSTRY COVERAGE OVERVIEW



Defense, Government & Intelligence

Includes defense, intelligence, and federal civilian contractors as well as providers of diversified government services related to IT and consulting services that help support mission critical, core operational, and administrative functions of government agencies.

Physical & Cyber Security

Encompasses firms that ensure physical security, digital security, and technology risk management. Areas such as security operations, threat intelligence, vulnerability analysis, and security data integration/visualization are of particular interest.

Critical Infrastructure

Comprised of firms that provide solutions, components, and services to the commercial, industrial, municipal, and agriculture markets. This sector is less volatile and will see fewer ebbs and flows as the market fluctuates.

Maritime Transport & Facilities

Includes maritime shipping and transportation firms as well as related facilities and vessels. This includes firms that are involved in both "blue water," which includes ocean trade, and "brown water," which includes rivers and coastal trade.

Historical Indexed Equity Performance ¹

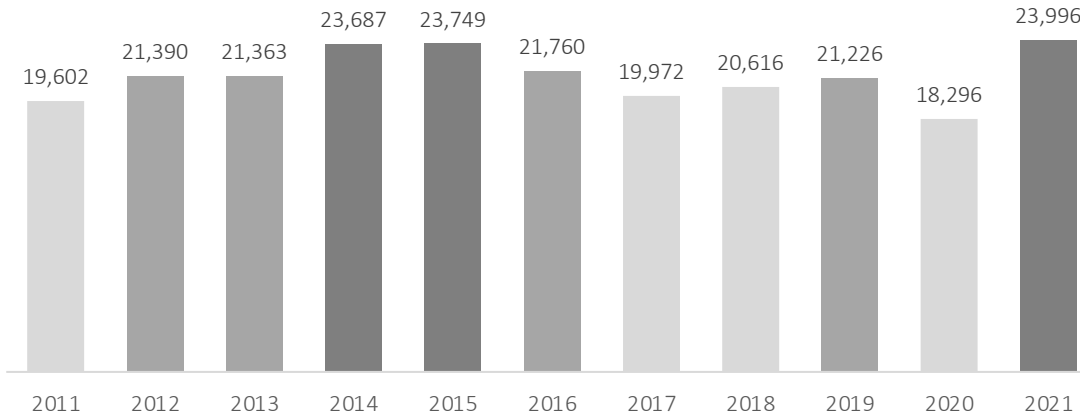


Source(s): S&P CapIQ

1. For index composition, please see page 42

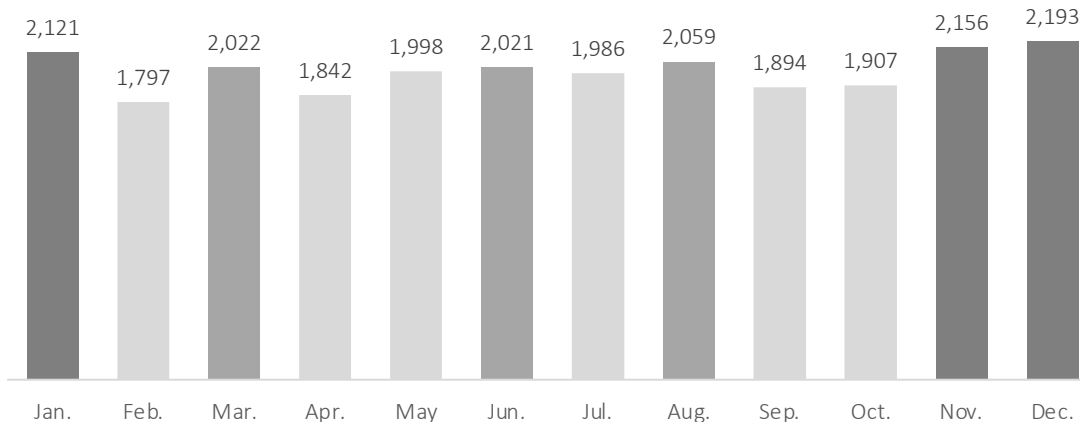


Historic M&A Activity by Year



U.S. M&A activity in 2021 was the **most active year** from a deal count perspective in the last decade. This was largely driven by a combination of 2020 deals that were pushed to the right due to COVID-19; an increased sense of urgency to sell ahead of potential capital gains tax rate increases in 2022; and low interest rates, which resulted in an advantageous cost of capital from a financing perspective. Looking ahead to 2022, we are expecting to see the M&A market remain active, but the underlying factors, which resulted in a record-breaking 2021 may not be quite as strong or prevalent.

2021 M&A Activity by Month



Source(s): S&P CapIQ

As noted above, the rampant 2021 M&A activity was largely driven by a combination of factors. As a result, there wasn't a monthly or quarterly trend / spike in terms of deal activity, but rather a consistent level of activity across the entire year. The increase in Nov-21 and Dec-21 was largely driven by year-end closing considerations as well as the push to close transactions ahead of a potential capital gains tax increase on January 1, 2022. Concerns around the tax issue have since subsided but there were several outcomes at play throughout the year, which fueled activity.



DEFENSE, GOVERNMENT & INTELLIGENCE

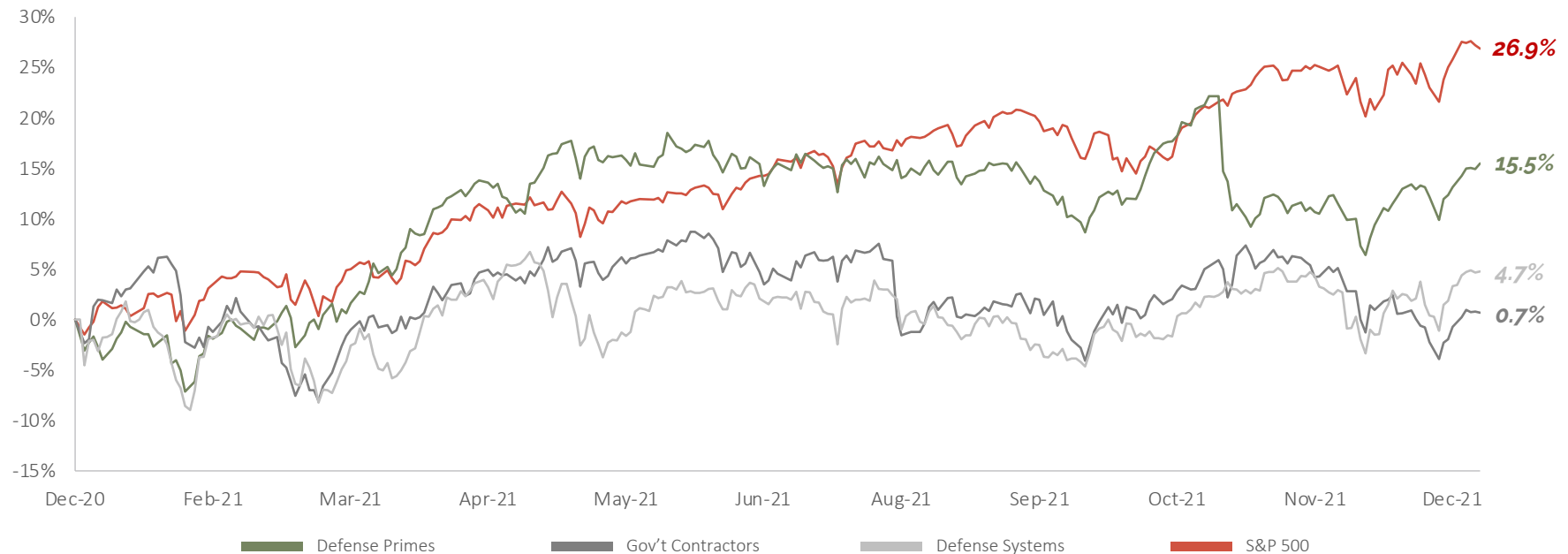
Key Trends / Takeaways

- **A decision on the JWCC contract closes in.** The JEDI contract, which supports the modernization of the military's cloud computing system, was awarded to Microsoft in October 2019 and valued at up to \$10.0B over 10 years. Amazon Web Services (AWS) protested the award and a multi-year battle ensued. The DoD decided to end the JEDI contract due to "evolving requirements" and released the Joint Warfighter Cloud Capability (JWCC) contract, a separate multi-billion-dollar, multi-cloud, multi-vendor contract. The DoD plans to solicit proposals from Microsoft, AWS, and other CPSs such as IBM, Google, and Oracle with an anticipated award decision in April 2022. Contract protests have been increasing in recent years and are beginning to hamper the government's ability to efficiently procure goods and services as well as contractors' ability to efficiently win work. The CIA and the NSA are also making significant strides in establishing procurement vehicles for their cloud development initiatives as well.
- **Lawmakers reached a compromise on the long-awaited defense bill.** On December 27, 2021, President Biden signed the National Defense Authorization Act for FY2022, where the House voted 363-70 and authorized \$25.0B more in defense spending than requested by the Biden Administration. The bill also contains a provision to create a commission on the War in Afghanistan, as well as supporting a wide-ranging level of DoD spending.
- **In early November, Congress approved the \$1.2T infrastructure bill** after months of uncertainty and delay in the House. The passing of this bill was paramount to President Biden's domestic agenda. The legislation provides tremendous opportunities for government contractors to pursue across the federal and state level – it also opens the door for many small business who many not be as experienced in the federal procurement process. The largest priorities include roads / highways (\$110B), passenger rail systems (\$66B), broadband internet access (\$65M), national electric grid upgrades (\$65B), and water / wastewater improvements (\$55B).
- **The growing political risk environment as a result of ongoing international affairs have led to unexpected contract terminations.** The Biden administration's withdrawal from Afghanistan in August and current Russia / Ukraine tensions have led to an increase in terminations of federal contracts for convenience.
- **The Department of Defense established a supply chain resiliency group** with a common goal of addressing systemic barriers currently limiting supply chain visibility, conducting resiliency assessments, and developing effective mitigation actions. The DoD is also exploring a new BPA to support efforts related to supply chain data and information sharing. It also plans to release an RFI in late July 2022 seeking to build a software platform for automated vendor, supply chain, and affiliated entity vetting.

Source(s): Wall Street Journal, New York Times,
Womble Bond Dickinson



DEFENSE, GOVERNMENT & INTELLIGENCE

Trailing Twelve Months (TTM) Public Equity Index Chart ¹

Commentary

- For much of the past twelve months, the TMG custom DGI indices have trailed the S&P 500 due to events including the Afghanistan withdrawal, growing Russia / Ukraine tensions, and a potential government shutdown, with extended funding leading to a partial recovery.
- Historically, Defense Primes have had a greater exposure to the aerospace market relative to other DGI indices. As a result, Defense Primes have tracked the S&P 500 more closely during COVID as the overall market was tied largely to a return to normalcy and therefor a return of air travel.
- DGI indices' relative underperformance can be understood as a rebalancing; all DGI indices outperformed the S&P 500 in both 2019 and 2020.

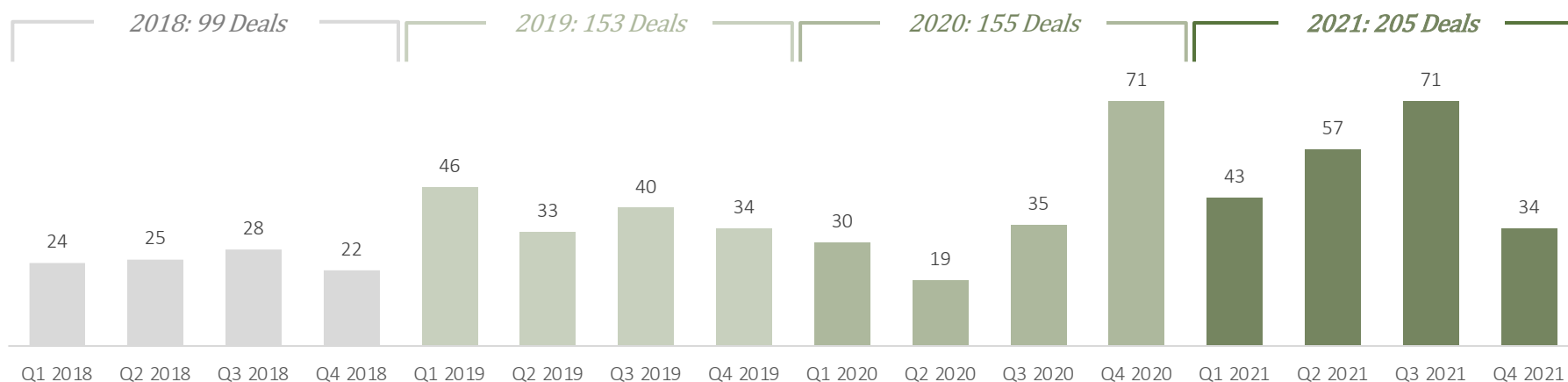
Source(s): S&P CapIQ

¹. For index composition, please see page 42



DEFENSE, GOVERNMENT & INTELLIGENCE

Transactions by Quarter

Top Acquirers in 2021¹

Source(s): DACIS, Proprietary Research

1. Only includes transactions in DGI market



Represents TMG deal partner

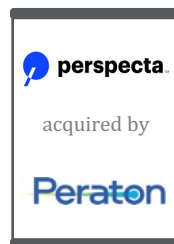


DEFENSE, GOVERNMENT & INTELLIGENCE

Select Precedent Transactions

**Date:** 1/14/21**Size:** \$214.0M**EBITDA****Multiple:** N/A*Transaction Details*

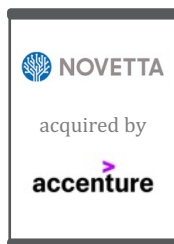
1901 Group is a leading provider of managed IT services and cloud solutions to the private and public sectors. Leidos will look to leverage 1901 Group's 400 technical experts as well as the Company's cybersecurity and enterprise solutions to drive modernization efforts for its clients. 1901 Group will operate as a wholly owned subsidiary of Leidos.

**Date:** 5/6/21**Size:** \$7,273.2M**EBITDA****Multiple:** 11.3x*Transaction Details*

Perspecta is recognized as a leading U.S. government services provider. The Perspecta acquisition marks yet another major purchase for Peraton, who acquired Northrop Grumman's integrated mission support and IT solutions business earlier in the year (Feb-21). The Perspecta acquisition strengthens Peraton's position as a leading mission integrator and enterprise IT services provider.

**Date:** 5/25/21**Size:** \$3,477.1M**EBITDA****Multiple:** 14.7x*Transaction Details*

Cubic supplies training technology to the U.S. Army and its allied forces and develops software for public transportation companies. Veritas Capital, who partnered with Evergreen Coast Capital Corp. on the deal, successfully outbid Singapore Technology Engineering. Veritas will look to leverage its expertise in the government technology market to accelerate Cubic's product development.

**Date:** 8/19/21**Size:** \$1,000.0M**EBITDA****Multiple:** N/A*Transaction Details*

Novetta provides expertise in analytics, intelligence, cloud engineering, and cyber services. Accenture Federal Services, a subsidiary of Accenture, will utilize the acquisition of Novetta to add a national security portfolio to its business, which will provide highly specialized, mission solutions in the domains of analytics, intelligence, cloud engineering, and cyber. The deal will add 1,300 Novetta employees to Accenture Federal Services' 11,000-person workforce.

**Date:** 10/18/21**Size:** N/A**EBITDA****Multiple:** N/A*Transaction Details*

Dovel is a trusted government partner that blends domain expertise with advanced technologies and focuses on health IT, life sciences, public safety, and grants management. Guidehouse will gain more than 1,900 new employees along with a breadth of new capabilities and solutions – the combined enterprise is expected to generate over \$2.0B in annual revenue.

**Date:** 10/25/21***Size:** \$1,912.9M**EBITDA****Multiple:** 8.7x*Transaction Details*

PAE delivers agile and steadfast solutions to the U.S. government with a global workforce of approximately 20,000 people. They focus on supporting military readiness, peacekeeping missions, nation building activities, personnel recruitment and training, and disaster relief services. The acquisition of PAE complements Amentum's growth into the intelligence and technology market and deepens its relationships with several federal agencies.

Source(s): CapIQ
* announcement date



DEFENSE, GOVERNMENT & INTELLIGENCE

| Closed Date | Acquirer(s) | Target(s) | Target Description | EV (\$M) | Enterprise Value / | |
|-------------|-----------------------------|---|--|-----------|--------------------|--------|
| | | | | | Revenue | EBITDA |
| 1/14/2021 | Leidos Holdings | 1901 Group | Delivers leading cloud, cybersecurity, and enterprise-scale digital modernization services | \$214.0 | NA | NA |
| 2/1/2021 | Peraton | Northrop Grumman (Federal IT & Mission Support Services Business) | Provides advanced technology solutions to defense, intelligence, space, and fedciv customers | \$3,400.0 | NA | NA |
| 3/2/2021 | Jacobs Consulting Solutions | PA Consulting Group | Offers innovative and transformative consulting services to respond to current-day challenges | \$2,458.2 | NA | NA |
| 4/26/2021 | Serco Group | Whitney, Bradley & Brown (WBB) | Delivers transformation, modernization, and sustainment services for national security program | \$288.0 | 1.36x | 9.93x |
| 5/6/2021 | Peraton | Perspecta | Provides enterprise IT services to the federal technology services market | \$7,273.2 | 1.62x | 11.26x |
| 5/14/2021 | Teledyne Technologies | FLIR Systems | Provides thermal imaging sensors and solutions for public safety, search and rescue, inspections, etc. | \$7,986.8 | 4.15x | 17.11x |
| 5/25/2021 | Veritas Capital | Cubic Corporation | Delivers secure military communication systems / develops payment & IT systems for transportation | \$3,477.1 | 2.34x | 14.67x |
| 5/28/2021 | MAXIMUS Federal Services | Veterans Evaluation Services (VES) Group | Provides medical disability examinations and other independent clinical assessments to the VA | \$1,400.0 | NA | NA |
| 6/1/2021 | Graham Corporation | Barber-Nichols | Supplies special turbomachinery, pumps, and electronic drives that address critical applications | \$70.1 | 1.25x | 11.00x |
| 6/11/2021 | Booz Allen Hamilton | Liberty IT Solutions | Delivers robust, modern software development capabilities including Agile, DevOps, and APIs | \$725.0 | NA | NA |
| 7/2/2021 | CAE USA | L-3 Link Simulation & Training / AMI Instruments / L3 Doss Aviation | Offers platform-agnostic training and simulation services for global defense and security markets | \$1,050.0 | 2.00x | NA |
| 7/2/2021 | SAIC | Halfaker And Associates | Provides digital services, data analytics, and cybersecurity in support of federal health (VA) | \$214.0 | 1.29x | NA |

Source(s): S&P CapIQ, DACIS, Proprietary Research



DEFENSE, GOVERNMENT & INTELLIGENCE

| Closed Date | Acquirer(s) | Target(s) | Target Description | EV (\$M) | Enterprise Value / | |
|-------------|-------------------------------------|------------------------------|---|-----------|--------------------|--------|
| | | | | | Revenue | EBITDA |
| 7/6/2021 | Parsons Government Services | BlackHorse Solutions | Delivers best-in-class capabilities in cyber, digital operations, AI/ML, and full-spectrum operations | \$203.0 | NA | NA |
| 7/15/2021 | Avantus | Occam's Razor Tech | Provides cyber tools and integrated software platforms to DoD, IC, national security agencies | NA | NA | NA |
| 7/16/2021 | ECS Missions Solutions | IndraSoft | Offers digital transformation, DevSecOps, and cybersecurity solutions to USAF, DISA, Army Intel | NA | NA | NA |
| 8/3/2021 | IntelliBridge | U.Group | Supports homeland security, defense, and fedciv customers using tech. / human-centered designs | NA | NA | NA |
| 8/19/2021 | Huntington Ingalls Industries (HII) | Alion Science and Technology | Delivers ISR military training and simulation services for defense and IC customers | \$2,056.5 | 1.93x | 24.95x |
| 8/19/2021 | Accenture Federal Services | Novetta Solutions | Applies insights and disruptive technologies to transform DoD, IC, and LE operations | \$1,000.0 | NA | NA |
| 9/22/2021 | Peraton Corporation | ViON (as-a-service business) | SaaS business providing AI, storage, computing, networking solutions for federal gov't | NA | NA | NA |
| 10/1/2021 | CGI Federal | Array Holding Company | Provides enterprise application and digital services to the DoD (USAF and Space Command) | NA | NA | NA |
| 10/18/2021 | Guidehouse | Dovel Technologies | Delivers advanced data analytics, AI, enterprise digital modernization services to HHS primarily | NA | NA | NA |
| 10/25/2021* | Amentum Government Services | PAE | Supports military readiness, peacekeeping missions, nation building, and disaster relief | \$1,912.9 | 0.64x | 8.72x |
| 12/2/2021 | Capgemini Government Solutions | VariQ | Provides software development, cybersecurity, and cloud services for federal agencies | NA | NA | NA |
| 12/10/2021 | ManTech International | Gryphon Technologies | Delivers model-based systems engineering, predictive analytics, cloud engineering solutions | \$350.0 | NA | NA |

Source(s): S&P CapIQ, DACIS, Proprietary Research

* announcement date



DEFENSE, GOVERNMENT & INTELLIGENCE

| | Stock Price | Enterprise | CY2021E | | | CY2022E | | | TEV /2021E | | TEV/2022E | |
|------------------------|-------------|------------|------------|-----------|--------|------------|-----------|--------|------------|--------|-----------|--------|
| | 12/31/21 | Value | Revenue | EBTIDA | Margin | Revenue | EBITDA | Margin | Revenue | EBITDA | Revenue | EBITDA |
| Defense Primes | | | | | | | | | | | | |
| Lockheed Martin | 355.41 | 106,964.3 | 67,023.7 | 10,374.9 | 15.5% | 66,409.9 | 10,258.7 | 15.4% | 1.60x | 10.31x | 1.61x | 10.43x |
| Northrop Grumman | 387.07 | 71,051.2 | 36,058.0 | 6,133.8 | 17.0% | 37,145.6 | 5,168.2 | 13.9% | 1.97x | 11.58x | 1.91x | 13.75x |
| General Dynamics | 208.47 | 70,281.8 | 38,892.0 | 5,044.2 | 13.0% | 40,406.7 | 5,309.8 | 13.1% | 1.81x | 13.93x | 1.74x | 13.24x |
| L3Harris | 213.24 | 48,685.1 | 17,938.0 | 3,796.3 | 21.2% | 18,192.2 | 4,006.2 | 22.0% | 2.71x | 12.82x | 2.68x | 12.15x |
| Average | \$291.05 | \$74,245.6 | \$39,977.9 | \$6,337.3 | 16.7% | \$40,538.6 | \$6,185.7 | 16.1% | 2.02x | 12.16x | 1.98x | 12.39x |
| Government Contractors | | | | | | | | | | | | |
| Jacobs Engineering | 139.23 | 21,537.2 | 14,355.4 | 1,332.3 | 9.3% | 15,650.2 | 1,473.0 | 9.4% | 1.50x | 16.17x | 1.38x | 14.62x |
| Leidos | 88.90 | 17,725.2 | 13,771.8 | 1,523.1 | 11.1% | 14,483.9 | 1,535.7 | 10.6% | 1.29x | 11.64x | 1.22x | 11.54x |
| Booz Allen Hamilton | 84.79 | 13,736.6 | 8,214.5 | 891.0 | 10.8% | 9,056.3 | 933.2 | 10.3% | 1.67x | 15.42x | 1.52x | 14.72x |
| CACI | 269.21 | 8,259.6 | 6,136.9 | 652.7 | 10.6% | 6,513.9 | 710.3 | 10.9% | 1.35x | 12.66x | 1.27x | 11.63x |
| SAIC | 83.59 | 7,418.7 | 7,383.2 | 675.8 | 9.2% | 7,610.7 | 676.7 | 8.9% | 1.00x | 10.98x | 0.97x | 10.96x |
| Parsons | 33.65 | 4,002.0 | 3,658.6 | 304.6 | 8.3% | 3,872.3 | 346.2 | 8.9% | 1.09x | 13.14x | 1.03x | 11.56x |
| ManTech | 72.93 | 2,924.3 | 2,565.8 | 260.7 | 10.2% | 2,658.9 | 249.2 | 9.4% | 1.14x | 11.22x | 1.10x | 11.73x |
| VSE Corporation | 60.94 | 1,095.7 | 745.5 | 78.5 | 10.5% | 872.9 | 102.1 | 11.7% | 1.47x | 13.95x | 1.26x | 10.74x |
| Vectrus, Inc. | 45.77 | 654.2 | 1,779.3 | 87.7 | 4.9% | 1,860.0 | 97.0 | 5.2% | 0.37x | 7.46x | 0.35x | 6.74x |
| Average | \$97.67 | \$8,594.8 | \$6,513.5 | \$645.2 | 9.4% | \$6,959.4 | \$680.4 | 9.5% | 1.21x | 12.51x | 1.12x | 11.58x |

Source(s): S&P CapIQ
\$USD, Millions besides Stock Price



DEFENSE, GOVERNMENT & INTELLIGENCE

| | Stock Price | Enterprise | CY2021E | | | CY2022E | | | TEV /2021E | | TEV/2022E | |
|---------------------------|-------------|-------------|------------|------------|--------|------------|------------|--------|------------|--------|-----------|--------|
| | 12/31/21 | Value | Revenue | EBTIDA | Margin | Revenue | EBITDA | Margin | Revenue | EBITDA | Revenue | EBITDA |
| Defense Systems | | | | | | | | | | | | |
| Teledyne | 436.89 | 24,434.6 | 4,598.7 | 1,019.2 | 22.2% | 5,492.0 | 1,332.7 | 24.3% | 5.31x | 23.97x | 4.45x | 18.33x |
| HEICO | 144.22 | 18,758.5 | 1,946.0 | 512.6 | 26.3% | 2,192.6 | 600.6 | 27.4% | 9.64x | 36.60x | 8.56x | 31.23x |
| Elbit Systems | 173.30 | 9,084.6 | 5,223.0 | 579.0 | 11.1% | 5,414.0 | 609.0 | 11.2% | 1.74x | 15.69x | 1.68x | 14.92x |
| Mercury Systems | 55.06 | 3,309.6 | 954.9 | 191.4 | 20.0% | 1,070.2 | 237.3 | 22.2% | 3.47x | 17.29x | 3.09x | 13.95x |
| Kratos Defense & Security | 19.40 | 2,434.9 | 809.4 | 82.3 | 10.2% | 925.2 | 99.0 | 10.7% | 3.01x | 29.60x | 2.63x | 24.59x |
| Average | \$165.77 | \$11,604.4 | \$2,706.4 | \$476.9 | 18.0% | \$3,018.8 | \$575.7 | 19.2% | 4.63x | 24.63x | 4.08x | 20.60x |
| | | | | | | | | | | | | |
| Low | \$19.40 | \$654.2 | \$745.5 | \$78.5 | 4.9% | \$872.9 | \$97.0 | 5.2% | 0.37x | 7.46x | 0.35x | 6.74x |
| Mean | \$159.56 | \$24,019.9 | \$12,892.5 | \$1,863.3 | 13.4% | \$13,326.8 | \$1,874.7 | 13.6% | 2.34x | 15.80x | 2.14x | 14.27x |
| Median | \$114.07 | \$11,410.6 | \$5,679.9 | \$664.3 | 11.0% | \$6,003.0 | \$693.5 | 11.1% | 1.63x | 13.54x | 1.56x | 12.69x |
| High | \$436.89 | \$106,964.3 | \$67,023.7 | \$10,374.9 | 26.3% | \$66,409.9 | \$10,258.7 | 27.4% | 9.64x | 36.60x | 8.56x | 31.23x |

Source(s): S&P CapIQ
 \$USD, Millions besides Stock Price



PHYSICAL & CYBER SECURITY

Key Trends / Takeaways

- **The FBI published its 2020 internet crime report** in March 2021. Per the report, the FBI saw a 69% increase of complaints in 2020 compared to 2019. Total losses related to internet crime grew from \$3.5B in 2019 to \$4.2B in 2020. Complaints of phishing-related crimes more than doubled in 2020 with losses related to compromised corporate email phishing totaling \$1.8B in 2020. The increasing prevalence of attacks and losses related to targeting personnel within an organization will remain an ongoing focus of security professionals. The FBI also noted thousands of complaints from individuals and businesses pertaining to the CARES Act stimulus funds, specifically targeting unemployment insurance, PPP loans, and Small Business Economic Injury Disaster Loans (EIDL).
- **Cyber criminals have recently begun targeting the infrastructure sector** and interfering with operations. Sizeable breaches include:
 - On March 21, a criminal organization gained access to the networks of the computer manufacturer, Acer. The organization demanded a \$50M ransom payment to avoid the publishing of the compromised data
 - Puerto Rico's primary power distributor suffered a cyber attack that left >900,000 people without power. The denial-of-Service (DoS) attack flooded servers with close to 2 million hits per second
- **Chip shortages and 5G threaten to disrupt smaller alarm and security services firms.** Many security service and alarm companies provide systems to their commercial and residential customers that communicate using 3G technology. AT&T has announced it would phase out 3G service in Feb. 2022 to free up the spectrum range for 5G, while Verizon is giving customers until the end of the calendar year (2022). For many security and alarm companies, this trend means their equipment will not have a connection after February 2022. The systems can be updated to utilize 5G, however chip shortages have made it difficult for smaller security and alarm providers to procure the equipment needed to update systems.
- The October job openings and labor report revealed a record 4.3M American workers quit their jobs in August and the number of job openings is just slightly down from the July high of 10.4M. The shortage of laborers has led businesses, including security services, to take dramatic measures to attract talent. In a survey conducted by Morgan Stanley, **51% of business owners noted job openings they could not fill, and 42% of companies said they have raised compensation as a result.** Rising labor costs, which comprise around half of S&P 500 companies' expenses, have compressed corporate profits, particularly for in person security service providers.

Source(s): Wall Street Journal, New York Times, Morgan Stanley



PHYSICAL & CYBER SECURITY

Trailing Twelve Months (TTM) Public Equity Index Chart ¹

Commentary

- The Cyber Security index has outperformed the S&P 500 as organizations look to defend themselves from the increasing threat of cyber attacks.
- The Security Solutions index had tracked the S&P 500, performing strongly alongside the market for much of the year. However, recent labor shortages have negatively impacted operations.
- Security Services have underperformed in Q4 as a result of the rising cost of employment, labor shortages, and the recent spread of the COVID-19 Omicron variant, which threatens key industries including travel.

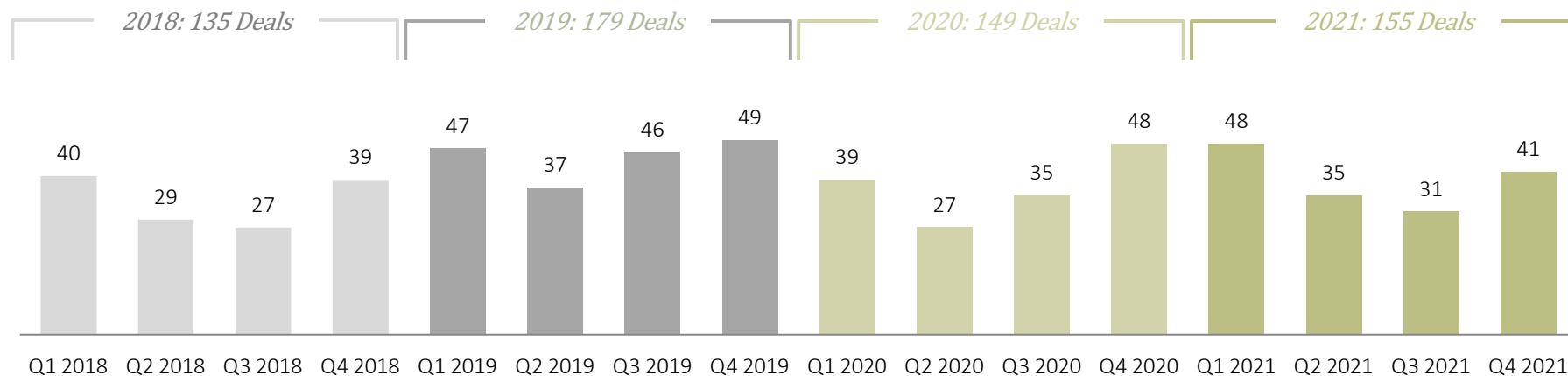
Source(s): S&P CapIQ

¹. For index composition, please see page 42



PHYSICAL & CYBER SECURITY

Transactions by Quarter



Top Acquirers



Commentary

2021 saw a large number of M&A transactions with many companies, particularly private equity firms, expanding their cybersecurity offerings to meet the increasing threat of cybersecurity attacks. Strategic buyers, partially driven by rising labor costs, have focused their M&A activity on cybersecurity and security technology targets to develop a full suite of security offerings.

Source(s): S&P CapIQ



PHYSICAL & CYBER SECURITY

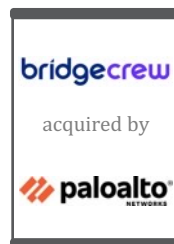
Select Precedent Transactions



Date: 1/11/21
Size: \$1,100.2M
Revenue
Multiple: 1.7x

Transaction Details

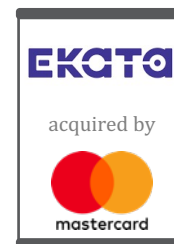
Forcepoint is a leading provider of cybersecurity solutions for critical data. The acquisition of Forcepoint from Raytheon will allow Francisco Partners to accelerate the adoption of its Secure Access Service Edge architecture and further grow the Company's portfolio of technology and technology enabled businesses.



Date: 3/2/21
Size: \$151.2M
Revenue
Multiple: N/A

Transaction Details

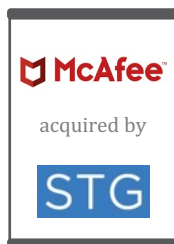
Bridgecrew, a startup business out of Israel, automates the process of network monitoring and security remediation by translating feedback into code. The acquisition will enable "shift left" security with Prisma Cloud, Palo Alto Network's cloud security platform, and will also deliver security across the full application lifecycle.



Date: 6/9/21
Size: \$861.0M
Revenue
Multiple: N/A

Transaction Details

Ekata is a leading provider of identity verification services that help businesses make more informed decisions during digital interactions. With the acquisition of Ekata, Mastercard will be able to advance its identification capabilities and keep up with the rapid digital transformation in online commerce.



Date: 7/27/21
Size: \$4,000.0M
Revenue
Multiple: 3.1x

Transaction Details

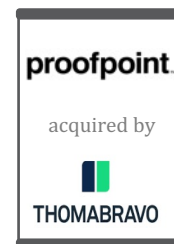
McAfee Corporation, a global leader in online protection, sold certain assets of its Enterprise Business to a consortium led by STG. The private equity firm combined McAfee's Enterprise Business with its \$1.2B acquisition of FireEye to create a standalone enterprise team, which will address the evolving needs of its commercial and government clients.



Date: 7/29/21*
Size: \$85.6M
Revenue
Multiple: 2.2x

Transaction Details

Protection One is a market leader in remote technology-driven security solutions and electronic security. Securitas, a protective services partner, will utilize the acquisition to enhance its technology offering, contributing to its strategy of doubling sales by 2023.



Date: 8/31/21
Size: \$11,489.4M
Revenue
Multiple: 10.6x

Transaction Details

Proofpoint is a leading cybersecurity and compliance company that protects organization's people with an integrated suite of cloud-based solutions. Private equity group, ThomaBravo, took the company private in a deal worth \$11.5B and will look to leverage its experience investing in software companies to continue Proofpoint's innovation and growth.

Source(s): CapIQ
 * announcement date



PHYSICAL & CYBER SECURITY

| Closed Date | Acquirer(s) | Target(s) | Target Description | EV (\$M) | Enterprise Value / | |
|-------------|-----------------------------------|---|--|-----------|--------------------|--------|
| | | | | | Revenue | EBITDA |
| 1/11/2021 | Francisco Partners Management | Forcepoint | Provides software solutions to protect users' data and networks against threats | \$1,100.0 | 1.67x | NA |
| 2/11/2021 | Equifax | Kount | Develops fraud prevention solutions | \$640.0 | NA | NA |
| 3/2/2021 | Palo Alto Networks | BridgeCrew | Enables developers to codify cloud-security by automating deployment | \$151.2 | NA | NA |
| 3/10/2021 | Fortinet | ShieldX Networks | Develops network and cloud security software for cloud infrastructure and applications | \$10.8 | NA | NA |
| 3/10/2021 | ADT | SAFE Electronics | Provides fire alarm and suppression systems, security alarms, and access control systems | NA | NA | NA |
| 4/1/2021 | The Brink's Company | Payment Alliance International | Complete ATM management solutions | \$213.0 | 2.24x | NA |
| 5/6/2021 | Forcepoint | Cyberinc Corporation | Provides solutions to prevent web, email, and document-based threats | \$9.6 | NA | NA |
| 5/12/2021 | Fidelis Cybersecurity | CloudPassage | Develops on-demand server and workload security platforms | NA | NA | NA |
| 5/20/2021 | AE Industrial Partners | Cross-Fire & Security | Designs, installs, maintains, and monitors life safety systems | NA | NA | NA |
| 6/9/2021 | Mastercard | Ekata | Develops digital identity verification solutions | \$861.0 | NA | NA |
| 7/20/2021 | Quantum Corporation | Video Surveillance Portfolio and Assets of Pivot3 | Operates intelligent hyperconverged infrastructure | \$7.8 | NA | NA |
| 7/22/2021 | Bain Capital / Crosspoint Capital | ExtraHop Networks | Provides real-time wire data analytics | \$900.0M | NA | NA |
| 7/27/2021 | Symphony Technology Group | Certain Assets of Enterprise Business of McAfee | Device to cloud cybersecurity solutions based in the UK | \$4,000.0 | 3.08x | NA |

Source(s): S&P CapIQ



PHYSICAL & CYBER SECURITY

| Closed Date | Acquirer(s) | Target(s) | Target Description | EV (\$M) | Enterprise Value / | |
|-------------|-------------------------------------|--|---|------------|--------------------|---------|
| | | | | | Revenue | EBITDA |
| 7/29/2021* | Securitas AB | Protection One GmbH | Provides remote surveillance and monitoring services | \$85.6 | 2.18x | NA |
| 8/3/2021 | Deloitte & Touche | Industrial cybersecurity business of Applied Engineering Solutions | Frameworks, methodologies and technology-enabled tools for (ICS/OT) security | NA | NA | NA |
| 8/31/2021 | Janus International | Access Control Technologies | Offers installation and maintenance services for access control, CCTV, and security | \$10.7 | NA | NA |
| 8/31/2021 | Thoma Bravo | Proofpoint | Offers protection against advanced and targeted cyber threats | \$11,489.4 | 10.56x | 258.47x |
| 9/17/2021 | Elastic | CmdWatch Security | Security platform providing control of cloud workloads | \$85.0 | NA | NA |
| 10/1/2021 | Tenable Holdings | Accurics | Security platform to protect full cloud native stack | \$160.0 | NA | NA |
| 10/4/2021 | HP | Teradici Corporation | Develops workstation virtualization protocol solutions | \$275.0 | NA | NA |
| 10/5/2021 | Nice S.p.A. | Nortek Security & Control | Security control systems for residential and commercial properties | \$285.0 | NA | NA |
| 10/26/2021 | Corbett Technology Solutions | AFA Protective Systems | Leader in the design, installation, and service of state-of-the-art fire and security systems | \$131.8 | 1.59x | 22.85x |
| 10/28/2021 | SUSE S.A. | NeuVector | Provides full lifecycle container security that delivers end-to-end security | \$133.3 | NA | NA |
| 11/5/2021 | NetApp | CloudCheckr | Cloud optimization platform providing insights to lower costs / optimize resources | \$348.0 | NA | NA |
| 12/1/2021 | Transunion Interactive | Sontiq | Identity theft protection and mobile cyber security | \$638.0 | NA | NA |
| 12/1/2021 | Delta International Holding Limited | March Networks Corporation | Provides video and data solutions for surveillance | \$114.0 | NA | NA |

Source(s): S&P CapIQ

* announcement date



PHYSICAL & CYBER SECURITY

| | Stock Price 12/31/21 | Enterprise Value | CY2021E | | | CY2022E | | | TEV /2021E | | TEV/2022E | |
|-----------------------------|-------------------------|---------------------|------------------|------------------|--------------|------------------|------------------|--------------|--------------|---------------|--------------|---------------|
| | | | Revenue | EBTIDA | Margin | Revenue | EBITDA | Margin | Revenue | EBITDA | Revenue | EBITDA |
| Security Services | | | | | | | | | | | | |
| Securitas | 13.79 | 6,831.7 | 11,851.8 | 904.7 | 7.6% | 12,443.1 | 977.2 | 7.9% | 0.58x | 7.55x | 0.55x | 6.99x |
| The Brink's Company | 65.57 | 5,763.9 | 4,176.3 | 662.7 | 15.9% | 4,595.8 | 771.5 | 16.8% | 1.38x | 8.70x | 1.25x | 7.47x |
| Prosegur | 2.63 | 2,821.1 | 3,956.5 | 448.9 | 11.3% | 4,282.7 | 538.3 | 12.6% | 0.71x | 6.28x | 0.66x | 5.24x |
| Loomis | 26.62 | 2,298.8 | 2,160.8 | 422.3 | 19.5% | 2,318.5 | 482.6 | 20.8% | 1.06x | 5.44x | 0.99x | 4.76x |
| Average | \$27.15 | \$4,428.9 | \$5,536.4 | \$609.6 | 13.6% | \$5,910.0 | \$692.4 | 14.5% | 0.93x | 6.99x | 0.86x | 6.12x |
| Security Solutions | | | | | | | | | | | | |
| Honeywell International | 208.51 | 153,947.1 | 34,522.6 | 8,759.9 | 25.4% | 36,991.8 | 9,609.8 | 26.0% | 4.46x | 17.57x | 4.16x | 16.02x |
| Johnson Controls | 81.31 | 66,238.3 | 24,138.6 | 3,627.8 | 15.0% | 26,129.5 | 4,231.2 | 16.2% | 2.74x | 18.26x | 2.54x | 15.65x |
| Motorola Solutions | 271.70 | 50,390.4 | 8,181.5 | 2,387.7 | 29.2% | 8,755.1 | 2,621.0 | 29.9% | 6.16x | 21.10x | 5.76x | 19.23x |
| ADT | 8.41 | 16,832.8 | 5,245.8 | 2,172.1 | 41.4% | 5,450.7 | 2,272.9 | 41.7% | 3.21x | 7.75x | 3.09x | 7.41x |
| Allegion | 132.44 | 12,901.4 | 2,836.5 | 619.3 | 21.8% | 3,049.5 | 722.1 | 23.7% | 4.55x | 20.83x | 4.23x | 17.87x |
| Vivint Smart Home | 9.78 | 4,531.5 | 1,458.9 | 657.2 | 45.0% | 1,615.2 | 712.3 | 44.1% | 3.11x | 6.89x | 2.81x | 6.36x |
| Alarm.com Holdings | 84.81 | 4,020.9 | 728.2 | 138.5 | 19.0% | 789.7 | 148.7 | 18.8% | 5.52x | 29.02x | 5.09x | 27.04x |
| Napco Security Technologies | 49.98 | 881.6 | 126.3 | 25.5 | 20.2% | 143.7 | 33.0 | 23.0% | 6.98x | 34.54x | 6.13x | 26.70x |
| Arlo Technologies | 10.49 | 745.3 | 427.9 | (11.6) | -2.7% | 475.8 | 8.7 | 1.8% | 1.74x | NA | 1.57x | NA |
| Average | \$92.49 | \$34,498.8 | \$8,629.6 | \$2,041.8 | 23.8% | \$9,266.8 | \$2,262.2 | 25.0% | 4.27x | 19.50x | 3.93x | 17.03x |

Source(s): S&P CapIQ
\$USD, Millions besides Stock Price



PHYSICAL & CYBER SECURITY

| | Stock Price 12/31/21 | Enterprise Value | CY2021E | | | CY2022E | | | TEV /2021E | | TEV/2022E | |
|-----------------------|-------------------------|---------------------|------------------|----------------|--------------|------------------|----------------|--------------|--------------|---------------|--------------|---------------|
| | | | Revenue | EBTIDA | Margin | Revenue | EBITDA | Margin | Revenue | EBITDA | Revenue | EBITDA |
| Cyber Security | | | | | | | | | | | | |
| Fortinet | 359.40 | 56,729.4 | 3,339.4 | 946.7 | 28.3% | 3,965.9 | 1,101.2 | 27.8% | 16.99x | 59.93x | 14.30x | 51.52x |
| Check Point | 116.56 | 11,673.2 | 2,153.8 | 1,061.4 | 49.3% | 2,230.1 | 1,076.8 | 48.3% | 5.42x | 11.00x | 5.23x | 10.84x |
| Tenable | 55.07 | 5,691.9 | 536.7 | 58.9 | 11.0% | 639.2 | 75.1 | 11.7% | 10.61x | NA | 8.91x | NA |
| Varonis Systems | 48.78 | 4,724.0 | 385.6 | 32.5 | 8.4% | 476.0 | 51.5 | 10.8% | 12.25x | NA | 9.92x | NA |
| Mandiant | 17.54 | 4,426.2 | 482.1 | (46.8) | -9.7% | 570.8 | (59.7) | -10.5% | 9.18x | NA | 7.75x | NA |
| SolarWinds | 14.19 | 3,542.5 | 714.9 | 299.9 | 42.0% | 741.4 | 304.6 | 41.1% | 4.96x | 11.81x | 4.78x | 11.63x |
| NetScout Systems | 33.08 | 2,386.1 | 848.9 | NA | NA | 868.6 | NA | NA | 2.81x | NA | 2.75x | NA |
| SecureWorks | 15.97 | 1,164.5 | 536.5 | 10.1 | 1.9% | 532.3 | (3.0) | -0.6% | 2.17x | NA | 2.19x | NA |
| Average | \$82.57 | \$11,292.2 | \$1,124.7 | \$337.5 | 18.7% | \$1,253.0 | \$363.8 | 18.4% | 7.15x | 27.58x | 6.98x | 24.66x |
| Low | \$2.63 | \$745.3 | \$126.3 | -\$46.8 | -9.7% | \$143.7 | -\$59.7 | -10.5% | 0.58x | 5.44x | 0.55x | 4.76x |
| Mean | \$76.27 | \$19,930.6 | \$5,181.4 | \$1,158.9 | 20.0% | \$5,574.5 | \$1,283.8 | 20.6% | 5.08x | 17.78x | 4.51x | 15.65x |
| Median | \$33.08 | \$4,724.0 | \$2,153.8 | \$534.1 | 19.3% | \$2,230.1 | \$625.3 | 19.8% | 4.46x | 11.81x | 4.16x | 11.63x |
| High | \$359.40 | \$153,947.1 | \$34,522.6 | \$8,759.9 | 49.3% | \$36,991.8 | \$9,609.8 | 48.3% | 16.99x | 59.93x | 14.30x | 51.52x |

Source(s): S&P CapIQ
 \$USD, Millions besides Stock Price



CRITICAL INFRASTRUCTURE

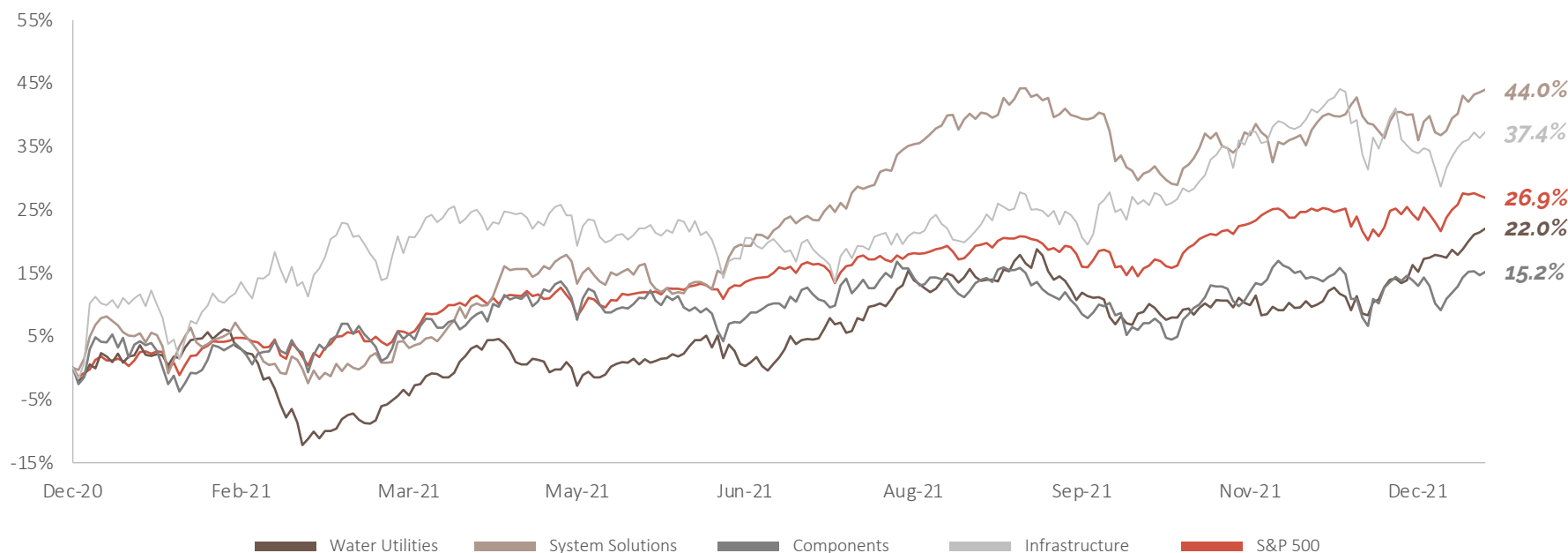
Key Trends / Takeaways

- Through the initial months of his administration, President Biden made it clear that he planned to **increase focus on renewable energy spending and curb oil consumption**. On his first day in office, President Biden revoked the Keystone XL Pipeline's permit, a clear sign that the oil industry will not receive the same level of support that it did under the Trump Administration. At the same time, President Biden has set the goal of 100% renewable energy in the power sector by 2035. This endeavor will require massive investment, with WIRES estimating that it will cost \$30.0B - \$90.0B to build the necessary transmission infrastructure alone.
- On July 9th, President Biden signed an executive order meant to limit the dominance of large corporations. The order specifically targeted **combating the impact of consolidation within the ocean shipping and railroad industries**. The executive order encourages the Surface Transportation Board to mandate reciprocal or competitive switching and also asks the maritime commission to take steps to reduce the ability of large shipping companies to charge high fees. The executive order illustrates the Biden administration's opposition to consolidation within the critical infrastructure industry, which has the potential to hamper M&A. However, President Biden asserts that his administration's actions will benefit small and medium sized companies.
- The U.S. Department of Transportation has selected **24 transportation infrastructure projects in 18 states** to share \$905.3M of funding in the latest round of its popular Infrastructure for Rebuilding America (INFRA) grant program. These grants provide a portion of the project costs and are further funded by local governments. This round of grants targeted areas of historical under investment, such as rural areas, which received 44% of the funding.
- Like many areas of the economy, the **critical infrastructure industry continues to struggle with labor shortages**. According to Associated General Contractors, 89% of contractors have difficulty finding craft workers. The construction industry labor force continues to lag pre-pandemic levels despite largely leveling off over the past year. The continued labor shortage within the critical infrastructure industry has the potential to hamper growth going forward.
- Water rates have risen by **43% since 2012, and cities are having to raise rates to combat infrastructure inefficiencies in water and wastewater facilities**. Earlier in December, the EPA began allocating funds over 5 years in the amount of \$50.0B for water and wastewater infrastructure improvement.

Source(s): Wall Street Journal, Global Newswire, US Chamber of Commerce, Environmental Leader



CRITICAL INFRASTRUCTURE

Trailing Twelve Months (TTM) Public Equity Index Chart ¹

Commentary

- TMG's Infrastructure and System Solutions indices largely tracked the S&P 500 for the first half of 2021, eventually outperforming the index due to tailwinds including the \$1.2T bipartisan infrastructure bill passed by the Biden Administration in November 2021.
- Utilities including the TMG custom Water Utility index have lagged the S&P 500 for the majority of 2021 due to the attractiveness of other assets including rising bond yields and investors' shifted focus towards growth stocks linked to economic recovery.
- Component suppliers have been negatively affected by rising input costs and supply chain shortages, causing the index to underperform.

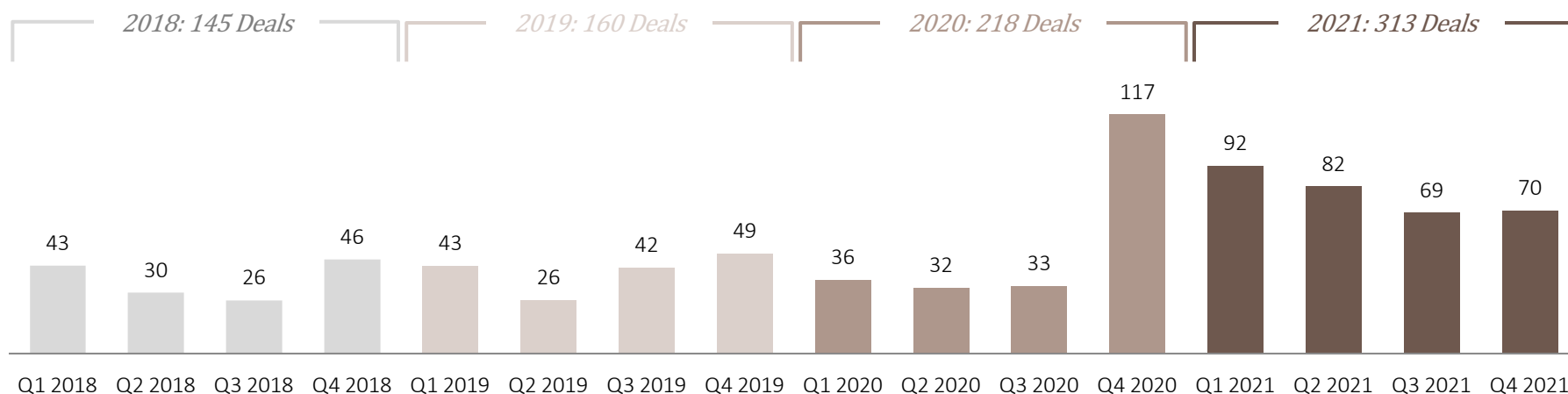
Source(s): S&P CapIQ

¹. For index composition, please see page 42

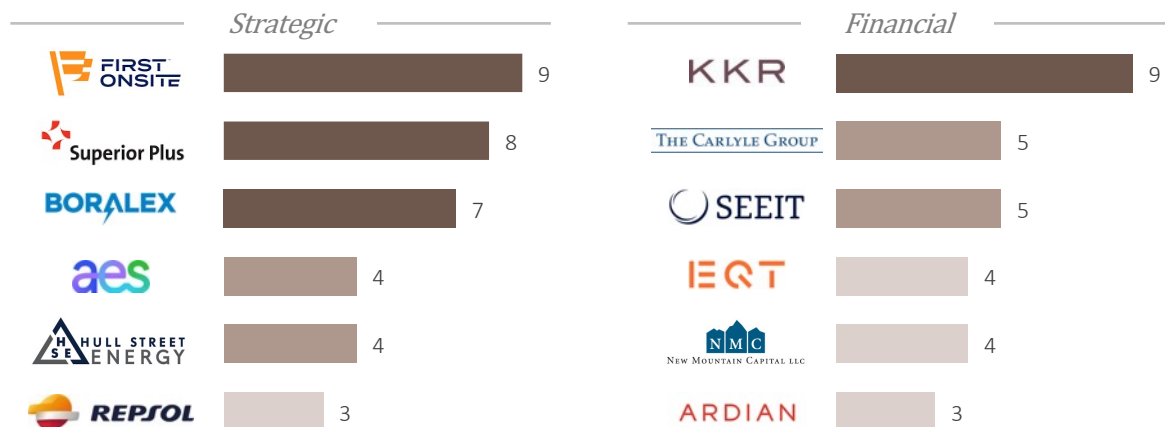


CRITICAL INFRASTRUCTURE

Transactions by Quarter



Top Acquirers



Commentary

The critical infrastructure industry experienced a large increase in M&A activity during 2021 as COVID related restrictions, which limited on-site visits, were lifted and dry powder for infrastructure funds increased. 2021 M&A largely focused on industries benefiting from government infrastructure investments as well as sectors rebounding from the pandemic including oil, gas, and aviation.

Source(s): S&P CapIQ

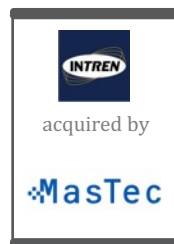


CRITICAL INFRASTRUCTURE

Select Precedent Transactions

**Date:** 4/6/21**Size:** \$288.0M**EBITDA****Multiple:** 9.9x*Transaction Details*

Whitney, Bradley & Brown (WBB) is a provider of program management and consulting services to the DoD and other federal agencies. The acquisition will strengthen Serco's position providing acquisition and program management services to the DoD, which has been a critical growth area for Serco in recent years. WBB also brings a physical presence at strategic locations that fit Serco's service offering.

**Date:** 5/4/21**Size:** \$420.0M**EBITDA****Multiple:** N/A*Transaction Details*

Intren is a premier utility specialty contractor primarily focused on providing electrical distribution network services. With MasTec's acquisition of Intren, the Company looks to expand its electricity distribution business as well as meet the evolving needs of its customers including grid modernization and increased electrification with last mile distribution logistics.

**Date:** 5/17/21**Size:** \$1,154.2M**EBITDA****Multiple:** 8.6x*Transaction Details*

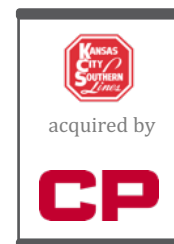
Aegion Corporation is a provider of infrastructure maintenance, rehabilitation, and protection solutions. As a result of the transaction, Aegion will become a private company and no longer be listed for trading on the Nasdaq.

**Date:** 11/9/21**Size:** \$5,250.0M**EBITDA****Multiple:** N/A*Transaction Details*

Solenis is a producer of specialty chemicals used in water intensive industries. Sigura Water is a Platinum Equity portfolio company, which has an industry leading position in the pool solutions market. The merger widens the Company's global footprint, which will now span 120 countries and more than 6,000 employees.

**Date:** 11/30/21**Size:** \$5,330.6M**EBITDA****Multiple:** 16.6x*Transaction Details*

Covanta is a world leading waste-to-energy provider operating facilities in North America, Europe, and the UK. EQT will take the Company private in a deal valued at \$5.3B, a 37% premium to Covanta's unaffected share price. EQT plans to grow Covanta by upgrading assets and expanding to more sustainable aspects of waste disposal.

**Date:** 12/14/21**Size:** \$31,329.0M**EBITDA****Multiple:** 20.8x*Transaction Details*

Kansas City Southern (KCS), provides rail transportation in North America. Canadian Pacific's acquisition will help create the first rail network connecting the United States, Mexico, and Canada. The combined network's new single-line offerings will deliver approximately 20,000 miles of rail transportation and employ close to 20,000 people.

Source(s): S&P CapIQ



CRITICAL INFRASTRUCTURE

| Closed Date | Acquirer(s) | Target(s) | Target Description | EV (\$M) | Enterprise Value / | |
|-------------|-------------------------------------|--|--|------------|--------------------|--------|
| | | | | | Revenue | EBITDA |
| 2/16/2021 | Partners Group AG | Resilient Infrastructure Group | Water distribution and wastewater solutions | NA | NA | NA |
| 2/22/2021* | Quikrete Holdings | Forterra | Manufactures pipes and precast products | \$2,791.6 | 1.75x | 10.21x |
| 4/1/2021 | The Solaray Corporation | Generator & Power Systems | Supplies generator and power systems | NA | NA | NA |
| 5/4/2021 | MasTec | INTREN | Offers design, construction, and management solutions for electric and gas utilities | NA | NA | NA |
| 5/17/2021 | Franklin Electric Co. | New Aqua | Manufactures commercial and industrial water treatment products | \$150.0 | 2.21x | NA |
| 5/17/2021 | New Mountain Capital | Aegion Corporation | Infrastructure rehabilitation and maintenance | \$1,154.2 | 1.46x | 8.64x |
| 5/21/2021 | SDCL Energy Efficiency Income Trust | RED-Rochester | Powerplant and lake water treatment facility | \$261.0 | NA | NA |
| 6/9/2021* | Industrie De Nora S.p.A. | Calgon Carbon UV Technologies LLC | Designs and manufactures wastewater UV disinfection systems | NA | NA | NA |
| 6/14/2021 | National Grid | PPL WPD Investments | Operates an electrical distribution network | \$20,080.9 | NA | NA |
| 6/16/2021 | Superior Plus Corp. | Assets of Freeman Gas | Retail propane distributor servicing about 67,000 residential and commercial customers | \$170.0 | NA | NA |
| 6/23/2021 | Versar | Environmental Services Business Unit of Black & Veatch | Provides environmental remediation and investigation services | NA | NA | NA |
| 9/16/2021 | Clearwater Systems | Clean Water Services | Engages in operation and management of water utilities | NA | NA | NA |
| 9/22/2021 | KKR & Co. | John Laing Group | Invests in social, transportation, and environmental infrastructure projects | \$3,039.1 | 85.86x | NA |

Source(s): S&P CapIQ

* announcement date



CRITICAL INFRASTRUCTURE

| Closed Date | Acquirer(s) | Target(s) | Target Description | EV (\$M) | Enterprise Value / | |
|-------------|----------------------------------|--|---|------------|--------------------|--------|
| | | | | | Revenue | EBITDA |
| 10/13/2021 | Quanta Services | Blattner Holding Company | Provides a range of construction and engineering services | \$2,399.6 | 1.01x | 8.24x |
| 10/25/2021* | KKR & Co. | Clearway Community Energy Development | Operates district energy, combined heat, power, and microgrids | \$1,900.0 | NA | NA |
| 11/2/2021 | Procore Technologies | Express Lien | Developer of software platform that processes and manages construction payments | \$499.0 | NA | NA |
| 11/9/2021 | Sigura Water | Solenis International | Producer of specialty chemicals for water intensive operations | \$5,250.0 | NA | NA |
| 11/29/2021 | KKR & Co. | Spark Infrastructure Group | Invests in internationally regulated utilities | \$4,575.7 | 24.85x | 26.79x |
| 11/30/2021 | EQT Partners | Covanta Holding Corporation | Provides waste and energy services to municipalities | \$5,330.6 | 2.68x | 16.55x |
| 12/1/2021 | Aquarion Company | New England Service Company | Engages in operation and management of water utilities | \$48.8 | 6.11x | 17.82x |
| 12/14/2021 | Canadian Pacific Railway Limited | Kansas City Southern | Provides domestic and international rail transportation services in North America | \$31,329.0 | 11.16x | 20.77x |
| 12/22/2021* | The Carlyle Group | Involta | Operates end-to-end infrastructure data centers | NA | NA | NA |
| 12/28/2021 | Indiana American Water Company | Lowell Water System in Northwest Indiana | Provides water utility services | \$24.5 | NA | NA |
| 12/30/2021 | MasTec | Henkels & McCoy Group | Delivers infrastructure engineering and construction services | \$593.0 | NA | 8.47x |
| 12/31/2021 | Monomoy Capital Partners | Trinity Highway Products | Supplier of commercial highway products | \$375.0 | NA | NA |

Source(s): S&P CapIQ

* announcement date



CRITICAL INFRASTRUCTURE

| | Stock Price 12/31/21 | Enterprise Value | CY2021E | | | CY2022E | | | TEV /2021E | | TEV/2022E | |
|--------------------------|-------------------------|---------------------|------------------|------------------|--------------|------------------|------------------|--------------|--------------|---------------|--------------|---------------|
| | | | Revenue | EBTIDA | Margin | Revenue | EBITDA | Margin | Revenue | EBITDA | Revenue | EBITDA |
| Water Utilities | | | | | | | | | | | | |
| American Water Works | 188.86 | 45,375.2 | 4,009.6 | 2,045.3 | 51.0% | 4,106.0 | 2,159.8 | 52.6% | 11.32x | 22.19x | 11.05x | 21.01x |
| Essential Utilities | 53.69 | 19,339.6 | 1,861.7 | 943.9 | 50.7% | 1,988.5 | 1,043.3 | 52.5% | 10.39x | 20.49x | 9.73x | 18.54x |
| California Water Service | 71.86 | 4,829.6 | 813.5 | 253.0 | 31.1% | 839.0 | 269.0 | 32.1% | 5.94x | 19.09x | 5.76x | 17.95x |
| American States Water | 103.44 | 4,427.5 | 504.3 | 176.0 | 34.9% | 524.7 | 189.0 | 36.0% | 8.78x | 25.16x | 8.44x | 23.43x |
| SJW Group | 73.20 | 3,737.7 | 619.8 | 211.8 | 34.2% | 645.8 | 245.1 | 38.0% | 6.03x | 17.64x | 5.79x | 15.25x |
| Middlesex Water | 120.30 | 2,430.3 | 145.0 | NA | NA | 154.0 | NA | NA | 16.76x | NA | 15.78x | NA |
| Consolidated Water | 10.64 | 129.9 | 66.8 | 9.1 | 13.6% | 75.3 | 16.1 | 21.4% | 1.95x | 14.28x | 1.73x | 8.07x |
| Average | \$88.86 | \$11,467.1 | \$1,145.8 | \$606.5 | 35.9% | \$1,190.5 | \$653.7 | 38.7% | 8.74x | 19.81x | 8.32x | 17.37x |
| System Solutions | | | | | | | | | | | | |
| Danaher | 329.01 | 260,454.9 | 29,028.6 | 9,992.5 | 34.4% | 30,788.0 | 10,477.4 | 34.0% | 8.97x | 26.07x | 8.46x | 24.86x |
| Dover | 181.60 | 28,468.7 | 7,832.8 | 1,614.1 | 20.6% | 8,313.2 | 1,765.0 | 21.2% | 3.63x | 17.64x | 3.42x | 16.13x |
| Xylem | 119.92 | 22,903.6 | 5,181.2 | 880.2 | 17.0% | 5,516.6 | 982.2 | 17.8% | 4.42x | 26.02x | 4.15x | 23.32x |
| IDEX | 236.32 | 18,465.9 | 2,755.9 | 762.8 | 27.7% | 2,954.9 | 837.3 | 28.3% | 6.70x | 24.21x | 6.25x | 22.06x |
| A. O. Smith | 85.85 | 13,128.4 | 3,507.6 | 685.0 | 19.5% | 3,948.2 | 796.8 | 20.2% | 3.74x | 19.16x | 3.33x | 16.48x |
| Pentair | 73.03 | 12,693.4 | 3,719.5 | 742.5 | 20.0% | 3,952.9 | 818.2 | 20.7% | 3.41x | 17.10x | 3.21x | 15.51x |
| Watts Water Technologies | 194.17 | 6,442.3 | 1,787.8 | 303.2 | 17.0% | 1,883.8 | 326.5 | 17.3% | 3.60x | 21.25x | 3.42x | 19.73x |
| Evoqua | 46.75 | 6,308.4 | 1,491.8 | 256.5 | 17.2% | 1,564.0 | 275.4 | 17.6% | 4.23x | 24.60x | 4.03x | 22.91x |
| Average | \$158.33 | \$46,108.2 | \$6,913.1 | \$1,904.6 | 21.7% | \$7,365.2 | \$2,034.8 | 22.2% | 4.84x | 22.00x | 4.53x | 20.12x |

Source(s): S&P CapIQ
 \$USD, Millions besides Stock Price



CRITICAL INFRASTRUCTURE

| Components | Stock Price 12/31/21 | Enterprise Value | CY2021E | | | CY2022E | | | TEV /2021E | | TEV/2022E | |
|-------------------------|-------------------------|---------------------|------------------|----------------|--------------|------------------|----------------|--------------|--------------|---------------|--------------|---------------|
| | | | Revenue | EBTIDA | Margin | Revenue | EBITDA | Margin | Revenue | EBITDA | Revenue | EBITDA |
| Graco | 80.62 | 13,338.9 | 1,964.4 | 585.0 | 29.8% | 2,104.3 | 641.0 | 30.5% | 6.79x | 22.80x | 6.34x | 20.81x |
| Zurn Water Solutions | - | 5,149.1 | 900.7 | 213.7 | 23.7% | 1,006.0 | 252.1 | 25.1% | 5.72x | 24.10x | 5.12x | 20.42x |
| Flowserve | 30.60 | 4,873.6 | 3,577.3 | 407.1 | 11.4% | 3,816.8 | 483.5 | 12.7% | 1.36x | 11.97x | 1.28x | 10.08x |
| Franklin Electric | 94.56 | 4,550.2 | 1,600.4 | 226.4 | 14.1% | 1,725.2 | 266.5 | 15.4% | 2.84x | 20.10x | 2.64x | 17.07x |
| SPX FLOW | 86.48 | 3,729.9 | 1,534.5 | 224.8 | 14.6% | 1,618.0 | 275.4 | 17.0% | 2.43x | 16.59x | 2.31x | 13.54x |
| Badger Meter | 106.56 | 3,056.6 | 495.6 | 101.8 | 20.5% | 519.0 | 107.1 | 20.6% | 6.17x | 30.03x | 5.89x | 28.53x |
| Mueller Water Products | 14.40 | 2,507.8 | 1,126.5 | 197.5 | 17.5% | 1,191.3 | 225.0 | 18.9% | 2.23x | 12.70x | 2.11x | 11.14x |
| Energy Recovery | 21.49 | 1,128.0 | 102.4 | 22.7 | 22.1% | 132.7 | 40.3 | 30.4% | 11.02x | 49.77x | 8.50x | 27.97x |
| The Gorman-Rupp | 44.55 | 1,032.8 | 382.4 | 54.6 | 14.3% | 409.9 | 62.9 | 15.3% | 2.70x | 18.93x | 2.52x | 16.42x |
| Average | \$53.25 | \$4,374.1 | \$1,298.2 | \$225.9 | 18.7% | \$1,391.4 | \$261.5 | 20.7% | 4.58x | 23.00x | 4.08x | 18.44x |
| System Solutions | | | | | | | | | | | | |
| AECOM | 77.35 | 12,935.2 | 13,492.8 | 847.5 | 6.3% | 14,385.1 | 925.7 | 6.4% | 0.96x | 15.26x | 0.90x | 13.97x |
| Tetra Tech | 169.80 | 9,446.9 | 2,610.0 | 304.8 | 11.7% | 2,726.8 | 341.8 | 12.5% | 3.62x | 31.00x | 3.46x | 27.64x |
| EMCOR Group | 127.39 | 6,698.3 | 9,818.7 | 643.6 | 6.6% | 10,275.3 | 683.2 | 6.6% | 0.68x | 10.41x | 0.65x | 9.80x |
| Clean Harbors | 99.77 | 6,433.1 | 3,713.1 | 665.3 | 17.9% | 4,451.6 | 760.9 | 17.1% | 1.73x | 9.67x | 1.45x | 8.45x |
| Arcosa | 52.70 | 3,263.5 | 2,013.0 | 275.2 | 13.7% | 2,127.2 | 302.8 | 14.2% | 1.62x | 11.86x | 1.53x | 10.78x |
| Primoris Services | 23.98 | 1,951.7 | 3,521.9 | 285.8 | 8.1% | 3,704.9 | 308.3 | 8.3% | 0.55x | 6.83x | 0.53x | 6.33x |
| Average | \$91.83 | \$6,788.1 | \$5,861.6 | \$503.7 | 10.7% | \$6,278.5 | \$553.8 | 10.9% | 1.53x | 14.17x | 1.42x | 12.83x |

Source(s): S&P CapIQ
 \$USD, Millions besides Stock Price



CRITICAL INFRASTRUCTURE

| | Stock Price 12/31/21 | Enterprise Value | CY2021E | | | CY2022E | | | TEV /2021E | | TEV/2022E | |
|--------|-------------------------|---------------------|------------|-----------|--------|------------|------------|--------|------------|--------|-----------|--------|
| | | | Revenue | EBTIDA | Margin | Revenue | EBITDA | Margin | Revenue | EBITDA | Revenue | EBITDA |
| Low | \$10.64 | \$129.9 | \$66.8 | \$9.1 | 6.3% | \$75.3 | \$16.1 | 6.4% | 0.55x | 6.83x | 0.53x | 6.33x |
| Mean | \$97.30 | \$17,641.0 | \$3,672.7 | \$825.2 | 21.4% | \$3,915.0 | \$892.3 | 22.8% | 5.01x | 20.24x | 4.66x | 17.52x |
| Median | \$83.24 | \$5,728.8 | \$1,913.1 | \$303.2 | 17.9% | \$2,046.4 | \$326.5 | 20.2% | 3.69x | 19.16x | 3.44x | 17.07x |
| High | \$329.01 | \$260,454.9 | \$29,028.6 | \$9,992.5 | 51.0% | \$30,788.0 | \$10,477.4 | 52.6% | 16.76x | 49.77x | 15.78x | 28.53x |

Source(s): S&P CapIQ
 \$USD, Millions besides Stock Price



MARITIME TRANSPORT & FACILITIES

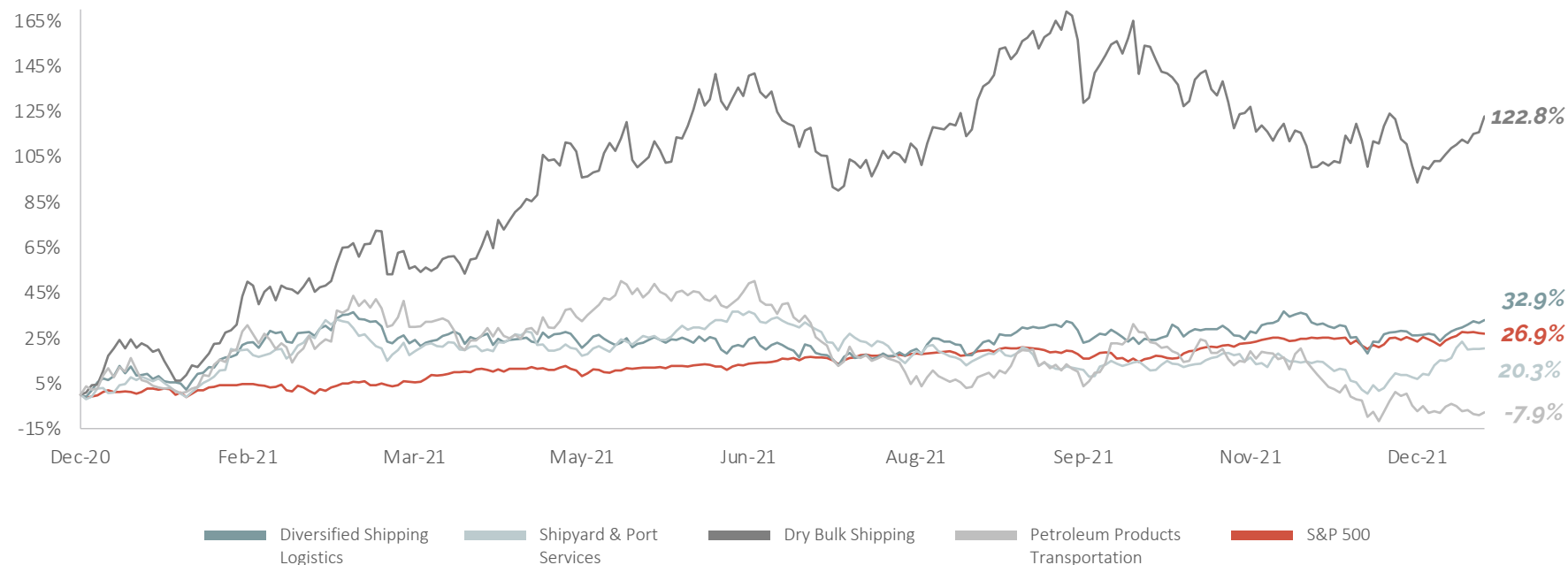
Key Trends / Takeaways

- **U.S. containerized imports continue to surge** due in part to increased e-commerce activity as a result of the pandemic - U.S. containerized imports increased 23% YoY as of February 2021. Many U.S. ports became overwhelmed due to increased shipping, which led to delays. By November 2021, the time it took for a packaged to be shipped from Asia to the U.S. had increased 43% from the previous year.
- **The U.S. Department of Transportation Secretary announced the award of more than \$241.0M** through the Maritime Administration's (MARAD) Port Infrastructure Development Program (PIDP). These grants demonstrate rapid action on commitments in the Biden-Harris Port Action Plan to strengthen our system and supply. These investments signify the importance of cleaner transportation and improving U.S. ports.
- The shipping sector represents about 3% of total CO₂ emissions, an amount that if unchecked could rise by as much as 50% by 2050. Noticing that some level of change is required, the **International Maritime Organization (IMO) has mandated emission reductions of 50% for all vessels by 2050**. Zero-emission fuels cost significantly more than conventional fuels, increasing the total cost of vessel ownership by 40% - 60%. In order to reach this goal, the industry will need to implement new strategies to accelerate decarbonization.
- **A variety of businesses and investors are looking for different shipping models** to deal with the global supply chain issues. Some retailers have begun chartering their own ships due to high freight prices and limited capacity among shipping companies. Walmart hired its own ship in August while Home Depot did the same in June. Additionally, volatility in the sector has led to an increase in alternative financing methods including convertible debt, private equity capital, and sale-and-leaseback arrangements. The entrance of new businesses and investors into the shipping market presents the possibility for market disruption.
- **Growth of freight rates accelerated in mid-July** as companies struggled to meet strong consumer demand for goods as a result of continued global supply chain issues. At the end of September 2021, the Freightos Baltic Index had increased 214% over the course of 2021 and is roughly 8x higher than it was pre-pandemic in March 2020. Freight rates are currently the highest they have been in over a decade, which has caused an increased demand for ships. Additionally, purchases of dry bulk carriers reached record levels for the year in Q3.

Source(s): Business Insider, U.S. Department of Transportation, McKinsey



MARITIME TRANSPORT & FACILITIES

Trailing Twelve Months (TTM) Public Equity Index Chart ¹

Commentary

- TMG's Dry Bulk Shipping index and to a lesser degree Diversified Shipping Logistics, outperformed the S&P 500 by a wide margin due to COVID related port delays that drove higher freight rates and record-breaking profits for the industry. These market catalysts had an opposite impact on the port and shipyard industries, which saw lower than usual port activity, leading to a decline relative to the overall market.
- Petroleum Products Transportation companies tracked the S&P 500 for the first half of 2021, eventually declining as investors feared the spread of new COVID variants and associated lockdowns, which would ultimately reduce demand for transportation fuels.

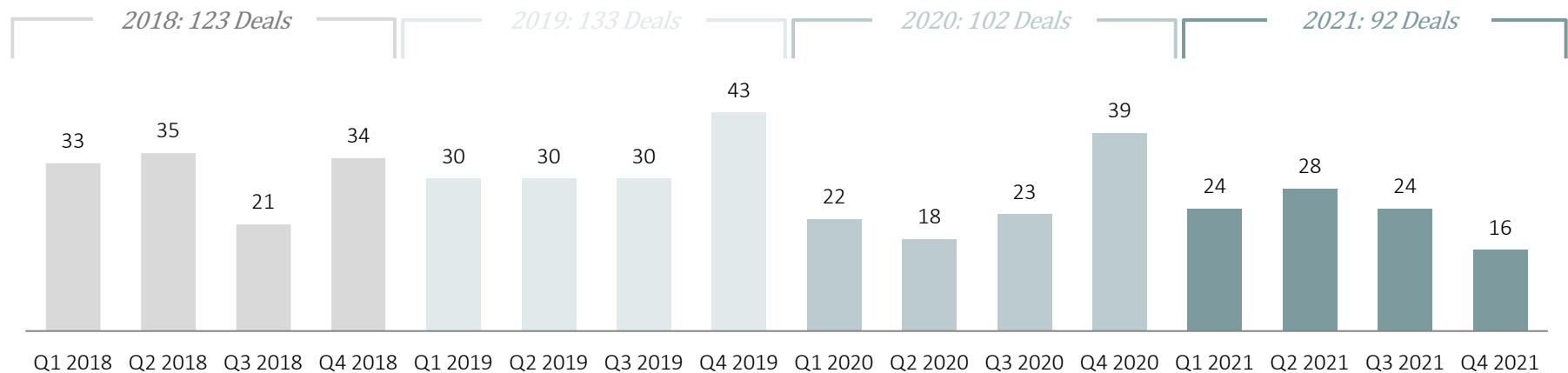
Source(s): S&P CapIQ

¹. For index composition, please see page 42

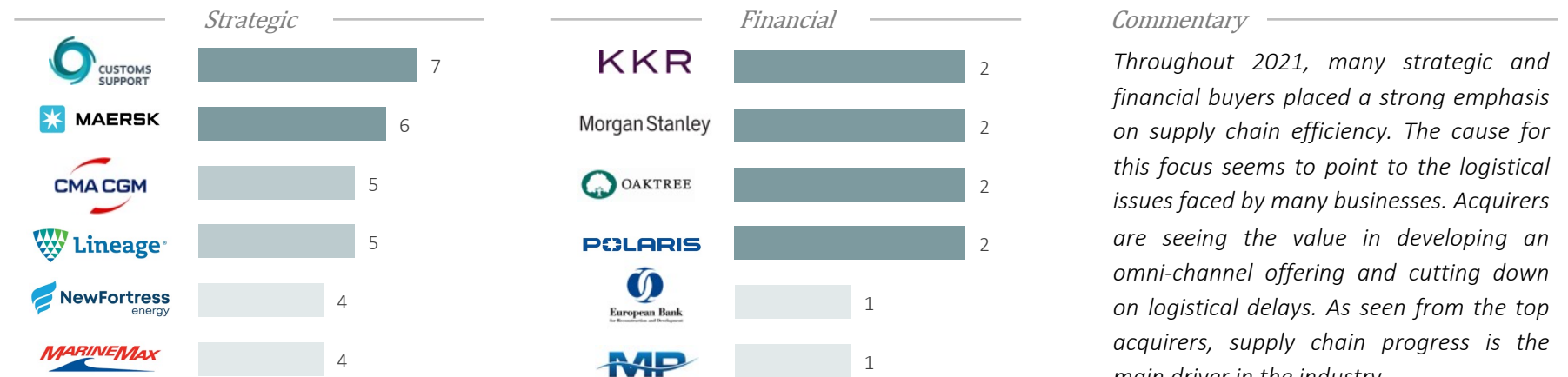


MARITIME TRANSPORT & FACILITIES

Transactions by Quarter



Top Acquirers



Source(s): S&P CapIQ



MARITIME TRANSPORT & FACILITIES

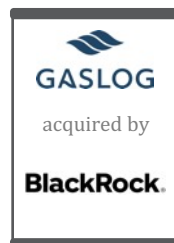
Select Precedent Transactions



Date: 3/19/21*
Size: \$550.5M
EBITDA
Multiple: 35.82x

Transaction Details

2GO Group is a transportation and logistics company with businesses include shipping, freight forwarding, warehousing, and express delivery services. SM Investments will offer a robust ecosystem and will help 2GO recover losses incurred during the COVID-19 pandemic. SM Investments acquired minority shares in 2GO in 2017 but has since bought out all shareholders.



Date: 6/9/21
Size: \$5,235.4M
EBITDA
Multiple: 11.28x

Transaction Details

GasLog is an international owner, operator, and manager of liquified natural gas (LNG) carriers that provide support to international energy companies. BlackRock's Global Energy & Power Infrastructure team (GEPIF) acquired GasLog and plans to facilitate the growing global demand for LNGs, particularly in Asia.



Date: 7/1/21*
Size: \$1,200.0M
EBITDA
Multiple: N/A

Transaction Details

Syncreon is a U.S.-based global logistics provider that specializes in the design and operation of complex supply chains. The acquisition will allow DP World to deliver end-to-end solutions to cargo owners. Syncreon brings strong long-term relationships with cargo owners, which fits with DP World's vision to provide smart tech-led supply chain solutions.



Date: 7/16/21
Size: \$1,025.7M
EBITDA
Multiple: 9.04x

Transaction Details

Diamond S Shipping is one of the world's largest energy shipping companies providing seaborne transportation of petroleum products. The merger of Diamond S with International Seaways (INSW) will enhance capabilities in both the crude and products markets. The merger will create the second largest US-listed tanker company by vessel count and the third largest by deadweight.



Date: 8/2/21
Size: \$838.0M
EBITDA
Multiple: N/A

Transaction Details

Visible is a U.S.-based leading B2C/eCommerce logistics and parcel delivery company. This acquisition allows Maersk to further expand its offering across the entire supply chain and will enable its customers in the B2C segment to reach 75% of U.S. consumers within 24 hours.



Date: 11/5/21
Size: \$2,223.5M
EBITDA
Multiple: 15.73x

Transaction Details

OceanYield is a Norwegian shipowner with a fleet that includes oil tankers, liquefied natural gas carriers, container ships, and offshore vessels. Kohlberg Kravis Roberts (KKR) will take the Company private for a 26% premium and will look to build a leading ship-leasing company by providing access to long-term capital.

Source(s): S&P CapIQ
 * announcement date



MARITIME TRANSPORT & FACILITIES

| Closed Date | Acquirer(s) | Target(s) | Target Description | EV (\$M) | Enterprise Value / | |
|-------------|---|--|--|-----------|--------------------|--------|
| | | | | | Revenue | EBITDA |
| 2/11/2021 | Titan Acquisition Holdings | The San Diego Shipyard | Full-service ship repair facility | NA | NA | NA |
| 3/19/2021* | SM Investments | 2GO Group | Provides shipping, logistics, and distribution services | \$550.5 | 1.54x | 35.82x |
| 4/15/2021 | New Fortress Energy | Golar LNG Partners | Operates floating storage units | \$1,732.1 | 6.08x | 8.43x |
| 4/16/2021 | Hidrovias do Brasil | South American shipping business of Imperial Logistics | Freight shipping | \$100.0 | NA | NA |
| 4/19/2021 | SPX Corporation | Sealite Pty | Designes and manufactures navigation equipment | \$81.6 | NA | NA |
| 5/3/2021 | MarineMax | KCS International | Offers yacht and boat building services | \$56.7 | 0.76x | NA |
| 6/1/2021* | International Container Terminal Services | Manila Harbor Center Port Services | Operates a port facility for handling and storing bulk cargo | \$51.3 | NA | NA |
| 6/9/2021 | Blackrock Alternatives Management | GasLog | Operates liquified gas carriers | \$5,235.4 | 7.77x | 11.28x |
| 7/1/2021 | Danaos Corporation | Gemini Shipholdings | Ship holding company with a fleet of five container ships | \$200.6 | NA | NA |
| 7/1/2021* | DP World | Syncreon.Us | Supply chain management | \$1,200.0 | 1.09x | NA |
| 7/8/2021 | Hapag-Lloyd Aktiengesellschaft | Nile Dutch Investments | Provides container shipping services | NA | NA | NA |
| 7/16/2021 | International Seaways | Diamond S Shipping | Operates crude tankers and product carriers | \$1,025.7 | 2.16x | 9.04x |
| 7/16/2021* | Mitsui O.S.K. Lines | Waterfront Shipping Company | Marine transportation company | \$362.5 | NA | NA |

Source(s): S&P CapIQ
* announcement date



MARITIME TRANSPORT & FACILITIES

| Closed Date | Acquirer(s) | Target(s) | Target Description | EV (\$M) | Enterprise Value / | |
|-------------|--------------------------|---|---|-----------|--------------------|---------|
| | | | | | Revenue | EBITDA |
| 8/2/2021 | Maersk | Visible Supply Chain Management | B2B supply chain solutions | \$838.0 | NA | NA |
| 8/3/2021 | Repsol | Canaport LNG | Operates a liquified natural gas receiving terminal | NA | NA | NA |
| 8/9/2021 | MPC Container Ships | Songa Container | Operates a fleet of container vessels | \$296.3 | 6.90x | 117.55x |
| 9/15/2021 | Maersk | HUUB | Logistic and supply chain management platform | NA | NA | NA |
| 10/10/2021 | Customs Support Group | UK Customs Solutions | Provides marine related customs clearance services | NA | NA | NA |
| 11/3/2021* | CMA CGM | Fenix Marine Services | Operates container terminals | \$2,300.0 | NA | NA |
| 11/5/2021 | KKR | Ocean Yield | Vessel owning company | \$2,223.5 | 13.74x | 15.73x |
| 11/11/2021 | The Carlyle Group | International Marine & Industrial Applicators LLC | Provides surface protective applications to maritime businesses | NA | NA | NA |
| 11/15/2021 | Ocean Power Technologies | Marine Advanced Robotics | Develops and manufactures autonomous surface vehicles | \$14.5 | NA | NA |
| 11/30/2021 | Spire Global | ExactEarth | Provider of maritime vessel data for ship tracking | \$149.4 | 8.21x | 203.78x |
| 12/6/2021* | Höegh LNG Holdings | Höegh LNG Partners | Owns and operates floating storage units | \$711.9 | 5.04x | 5.46x |
| 12/8/2021 | Evergreen Logistics | Round-The-World Logistics | Non-vessel freight forwarding company | \$15.0 | NA | NA |

Source(s): S&P CapIQ

* announcement date



MARITIME TRANSPORT & FACILITIES

| | Stock Price 12/31/21 | Enterprise Value | CY2021E | | | CY2022E | | | TEV /2021E | | TEV/2022E | |
|---------------------------------------|-------------------------|---------------------|------------------|----------------|--------------|------------------|----------------|--------------|--------------|---------------|--------------|---------------|
| | | | Revenue | EBTIDA | Margin | Revenue | EBITDA | Margin | Revenue | EBITDA | Revenue | EBITDA |
| Diversified Maritime Logistics | | | | | | | | | | | | |
| Atlas | 14.18 | 9,843.6 | 1,648.2 | 1,095.8 | 66.5% | 1,788.6 | 1,140.6 | 63.8% | 5.97x | 8.98x | 5.50x | 8.63x |
| Kirby | 59.42 | 4,913.5 | 2,247.8 | 296.1 | 13.2% | 2,509.2 | 422.8 | 16.9% | 2.19x | 16.59x | 1.96x | 11.62x |
| Matson | 90.03 | 4,577.4 | 3,665.4 | 1,170.6 | 31.9% | 3,238.6 | 744.1 | 23.0% | 1.25x | 3.91x | 1.41x | 6.15x |
| Navios Maritime | 3.69 | 1,712.1 | NA | 338.0 | NA | NA | NA | NA | NA | 5.07x | NA | NA |
| SEACOR Marine | 3.40 | 399.4 | 169.0 | 1.0 | 0.6% | 195.0 | 8.0 | 4.1% | 2.36x | NA | 2.05x | 49.92x |
| Average | \$34.14 | \$4,289.2 | \$1,932.6 | \$580.3 | 28.0% | \$1,932.9 | \$578.9 | 26.9% | 2.94x | 8.64x | 2.73x | 19.08x |
| Shipyards & Port Services | | | | | | | | | | | | |
| Fortress Investors | 28.92 | 5,757.1 | 491.5 | 354.0 | 72.0% | 843.9 | 676.3 | 80.1% | 11.71x | 16.26x | 6.82x | 8.51x |
| Great Lakes Dredge & Dock | 15.72 | 1,232.8 | 741.2 | 121.7 | 16.4% | 769.5 | 151.4 | 19.7% | 1.66x | 10.13x | 1.60x | 8.14x |
| Tidewater | 10.71 | 470.4 | 360.3 | 29.7 | 8.2% | 404.4 | 67.0 | 16.6% | 1.31x | 15.87x | 1.16x | 7.02x |
| Orion Group | 3.77 | 180.3 | 578.7 | 21.0 | 3.6% | 632.0 | 39.5 | 6.3% | 0.31x | 8.57x | 0.29x | 4.56x |
| Gulf Island Fabrication | 4.01 | (7.8) | NA | 9.9 | NA | NA | (2.4) | NA | NA | NA | NA | 3.24x |
| Average | \$12.63 | \$1,526.6 | \$542.9 | \$107.3 | 25.1% | \$662.4 | \$186.4 | 30.7% | 3.75x | 12.71x | 2.47x | 6.30x |
| Dry Bulk Shipping | | | | | | | | | | | | |
| Costamare | 12.65 | 3,820.1 | 773.9 | 545.3 | 70.5% | 1,164.3 | 860.3 | 73.9% | 4.94x | 7.01x | 3.28x | 4.44x |
| Star Bulk Carriers | 22.67 | 3,534.2 | 1,145.3 | 848.9 | 74.1% | 1,086.6 | 789.7 | 72.7% | 3.09x | 4.16x | 3.25x | 4.48x |
| Golden Ocean Group | 9.30 | 3,138.8 | 940.1 | 609.7 | 64.9% | 827.4 | 514.1 | 62.1% | 3.34x | 5.15x | 3.79x | 6.10x |
| Danaos | 74.65 | 2,828.1 | 446.5 | 312.8 | 70.1% | 659.7 | 483.7 | 73.3% | 6.33x | 9.04x | 4.29x | 5.85x |
| Global Ship Lease | 22.91 | 1,825.2 | 396.9 | 247.4 | 62.3% | 576.2 | 405.8 | 70.4% | 4.60x | 7.38x | 3.17x | 4.50x |

Source(s): S&P CapIQ
 \$USD, Millions besides Stock Price



MARITIME TRANSPORT & FACILITIES

| | Stock Price 12/31/21 | Enterprise Value | CY2021E | | | CY2022E | | | TEV /2021E | | TEV/2022E | |
|--|-------------------------|---------------------|----------------|----------------|--------------|----------------|----------------|--------------|--------------|---------------|--------------|--------------|
| | | | Revenue | EBTIDA | Margin | Revenue | EBITDA | Margin | Revenue | EBITDA | Revenue | EBITDA |
| Dry Bulk Shipping | | | | | | | | | | | | |
| Safe Bulkers | 3.77 | 768.9 | 329.3 | 225.3 | 68.4% | 335.8 | 217.2 | 64.7% | 2.33x | 3.41x | 2.29x | 3.54x |
| Eagle Bulk Shipping | 45.50 | 995.1 | 473.5 | 288.8 | 61.0% | 411.7 | 254.9 | 61.9% | 2.10x | 3.44x | 2.42x | 3.90x |
| Genco Shipping & Trading | 16.00 | 895.9 | 380.2 | 251.4 | 66.1% | 359.6 | 240.7 | 66.9% | 2.36x | 3.56x | 2.49x | 3.72x |
| Diana Shipping | 3.89 | 608.4 | 208.9 | 105.2 | 50.4% | 299.8 | 201.6 | 67.2% | 2.91x | 5.78x | 2.03x | 3.02x |
| Average | \$23.48 | \$2,046.1 | \$566.1 | \$381.6 | 65.3% | \$635.7 | \$440.9 | 68.1% | 3.56x | 5.44x | 3.00x | 4.39x |
| Petroleum Products Transportation | | | | | | | | | | | | |
| Scorpio Tankers | 12.81 | 3,616.4 | 548.7 | 167.7 | 30.6% | 846.7 | 437.6 | 51.7% | 6.59x | 21.57x | 4.27x | 8.26x |
| International Seaways | 14.68 | 1,799.5 | 273.2 | 50.1 | 18.3% | 604.1 | 314.5 | 52.1% | 6.59x | 35.93x | 2.98x | 5.72x |
| Teekay Tankers | 10.90 | 949.6 | 227.9 | 2.6 | 1.2% | 424.8 | 178.3 | 42.0% | 4.17x | NA | 2.24x | 5.33x |
| Overseas Shipholding Group | 1.88 | 733.0 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Nordic American Tankers | 1.69 | 615.2 | 71.5 | (12.0) | -16.8% | 192.4 | 106.3 | 55.3% | 8.60x | NA | 3.20x | 5.79x |
| Ardmore Shipping | 3.38 | 469.3 | 106.2 | 19.7 | 18.5% | 141.0 | 59.5 | 42.2% | 4.42x | 23.83x | 3.33x | 7.88x |
| Average | \$7.56 | \$1,363.8 | \$245.5 | \$45.6 | 10.4% | \$441.8 | \$219.2 | 48.6% | 6.07x | 27.11x | 3.20x | 6.60x |
| Low | \$1.69 | (\$7.8) | \$71.5 | -\$12.0 | -16.8% | \$141.0 | -\$2.4 | 4.1% | 0.31x | 3.41x | 0.29x | 3.02x |
| Mean | \$19.62 | \$2,227.1 | \$737.5 | \$295.9 | 38.7% | \$832.3 | \$361.4 | 49.4% | 4.05x | 10.78x | 2.90x | 7.84x |
| Median | \$12.65 | \$1,232.8 | \$460.0 | \$236.3 | 41.2% | \$618.1 | \$254.9 | 58.6% | 3.21x | 7.98x | 2.73x | 5.79x |
| High | \$90.03 | \$9,843.6 | \$3,665.4 | \$1,170.6 | 74.1% | \$3,238.6 | \$1,140.6 | 80.1% | 11.71x | 35.93x | 6.82x | 49.92x |

Source(s): S&P CapIQ
\$USD, Millions besides Stock Price



Defense, Government & Intelligence

Defense Primes

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

Government Contractors

| | |
|-----------------------|------|
| Leidos | LDOS |
| Jacobs Engineering | J |
| Booz Allen Hamilton | BAH |
| SAIC | SAIC |
| CACI International | CACI |
| Parsons | PSN |
| ManTech International | MANT |
| Vectrus | VEC |
| VSE | VSEC |

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 |
| Mandiant | MNDT |
| 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 |
| Middlesex Water | MSEX |
| Consolidated Water | CWCO |

System Solutions

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

Components

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

Infrastructure

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

Maritime Transport & Facilities

Diversified Maritime Logistics

| | |
|-----------------|------|
| Atlas | ATCO |
| Kirby | KEX |
| Matson | MATX |
| Navios Maritime | NM |
| SEACOR Marine | SMHI |

Shipyard & Port Services

| | |
|---------------------------|------|
| Fortress Investors | FTAI |
| Great Lakes Dredge & Dock | GLDD |
| Tidewater | TDW |
| Orion Group | ORN |
| Gulf Island Fabrication | GIFI |

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 |
| Diana Shipping | DSX |

Petroleum Products Transportation

| | |
|----------------------------|------|
| Scorpio Tankers | STNG |
| International Seaways | INSW |
| Teekay Tankers | TNK |
| Overseas Shipholding Group | OSG |
| Nordic American Tankers | NAT |
| Ardmore Shipping | ASC |



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Illustrative Transactions



September 21, 2021: Criterion Systems acquired Protas Solutions, a provider of data science, software engineering, and management consulting services to the Intelligence Community (IC). Protas will operate as a wholly-owned subsidiary of Criterion, specifically within its Intelligence Solution business unit, which focuses on providing systems integration, software engineering, and cyber operations-focused services. Protas will join Realm Consulting to enable Criterion to deliver a broad range of innovative IT solutions to the IC. Both of Protas' owners will continue with the business via executive roles at Criterion.



November 1, 2021: AE Industrial Partners made a significant equity and debt investment in Fire Team Solutions, a leading provider of mission-critical technology services to the Intelligence Community (IC). Its core services include secure cloud architecture and analytics; software development and automation; and systems engineering and integration. Fire Team will leverage AE's operational support and industry relationships in order to continue its growth and development of state-of-the-art technology solutions. The investment from AE Industrial was made through its Structured Solutions I fund.



October 1, 2021: CGI acquired ARRAY in an effort to expand its federal division's footprint into the U.S. Air Force and Space Command markets. ARRAY is a leading application and digital services provider for the U.S. DoD and other government organizations. The merger will bring 275 ARRAY professionals to CGI and enhance the company's position as a leading provider of digital modernization services to meet public sector client needs. As a result of the acquisition, CGI Federal has decided to reorganize its operations by dividing its four previous sectors into seven separate business practices.



December 10, 2021: The KACE Company, an affiliate of MVM Security, acquired Cerilian, a leading provider of cloud engineering and big data solutions, cybersecurity, and software development services for the Intelligence Community (IC). The acquisition will further expand KACE's presence in the national security market by augmenting its legacy data, analytics, and mission IT solutions capabilities with new cloud architecture and design, DevOps, security, and machine learning capabilities. Cerilian's CEO, Josh Curry, will join KACE as the Director of Systems and Engineering.



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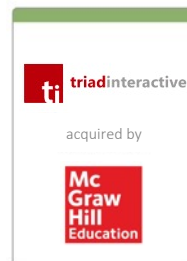
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Illustrative Transactions (cont.)



Fall 2021: Veritas Capital, a leading and longstanding investor in companies operating at the intersection of technology and government, recently launched the Vantage Fund, a \$1.8B fund focused on the middle market. The undisclosed seller is an AI-enabled linguistics analysis company focused on providing end-to-end digital data enrichment for a variety of federal, international, and commercial clients. The seller's SaaS-based model was developed around a suite of products which utilize open-source information across 200+ languages. This transaction marked Veritas' first platform investment in the recently launched Vantage Fund.



May 4, 2021: McGraw Hill, a leading provider of customized education content, acquired Triad Interactive, a developer of e-learning software for higher education establishments. The two companies have been longtime business partners on Triad's flagship program SIMnet. The combined entity will now work together to improve SIMnet through increased implementation and customer support, while also exploring new markets in order to bring the product to a wider audience.



April 6, 2021: Evoqua Water Technologies (NYSE: AQUA) acquired Water Consulting Specialists Inc. (WCSI), a leader in the design, manufacturing, and service of industrial high-purity water treatment systems. The acquisition will enable Evoqua to expand in key industrial markets including pharmaceuticals and healthcare as well as provide access to additional customers in the northeastern region of the U.S. WCSI's high-purity water filters complement Evoqua's product offering and allow the company to expand its digitally enabled water solutions.



December 31, 2021: Juvare, a global leader in critical incident preparedness and response technology, acquired homeland security and emergency management consulting technology company, Nusura. The acquisition will allow Juvare to offer an industry-leading preparedness training solution, SimulationDeck, and expand its presence across the defense and emergency management landscape. The combined entity will provide an unparalleled platform to streamline operations during crisis situations.



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Illustrative Business Valuation Engagements



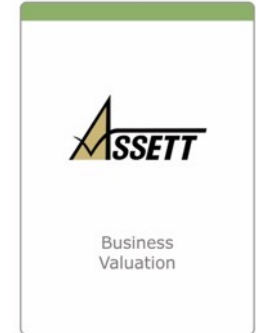
*GP Strategies
acquired by Learning
Technologies Group*



*Dovel acquired by
Guidehouse*



*B3 Group acquired by
Octo*



*ASSET acquired by
VTG*



Pre IPO Valuation



*Asymmetric acquired
by BlueHalo*



*McLean provided
fairness opinion*



*VariQ acquired by
Capgemini*

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