

## Index

1. *TMG Overview / M&A Market Performance*
2. *Defense & Government*
3. *Security*
4. *Critical Infrastructure*
5. *Maritime*
6. *2021 Outlook*

## 2020 CAPITAL MARKETS REVIEW

*The McLean Group is the premier middle-market investment bank providing strategic and financial advice on mergers & acquisitions as well as business and asset valuations to the Defense & Government, Security, Critical Infrastructure, and Maritime markets*

## Industry Focus



Defense & Government



Security



Critical Infrastructure



Maritime



2020 will be a year to remember. The pandemic's widespread impact on markets, business, and our daily lives led to substantial changes and new norms. As we reflect on the year, TMG has highlighted the following market observations:

## 1 *Resiliency of Defense and Government Services Market*

- *The federal government budget is historically less volatile than consumer spending, which has helped federal contractors largely insulate themselves from broader market downturns. This held true in 2020 as federal contractors fared relatively well compared to other industries, despite limitations working on government sites and a difficult recruiting/onboarding environment*

## 2 *Relatively Seamless Transition to Remote Work*

- *The pandemic forced most workers in our covered market segments to "WFH" and generally this transition was more seamless than many anticipated*
- *While defense and government M&A activity and valuations were largely unaffected by the pandemic, segments of the security and critical infrastructure markets saw major first and second order disruptions, such as a decline in physical security and an increase in cyber security*
- *The remote work environment provided further justification for federal IT and cyber spending initiatives*

## 3 *Attractive Market Valuations, Low Interest Rates, and Availability of Capital*

- *Consolidation of service offerings through M&A continued in 2020, despite a slowed M&A market largely in the 2nd quarter*
- *A unique buying environment with low interest rates, availability of debt capital, and increased "dry powder" from private equity sparked significant M&A activity in all market sectors we cover, with an emphasis on Security and Government Services*

## 4 *Elevated Private Equity Activity with New Market Entrants*

- *New private equity funds with a focus on the DGS, Security, and CI markets have emerged over the past few years; the relative resilience of valuation in these sectors during the pandemic has further encouraged new entrants into these markets bringing "dry powder" and looking for deals to an all-time high*
- *While many strategic buyers stayed on the sidelines during Q2 and Q3, private equity (especially at the portfolio company level) filled this gap in M&A activity; across our segments PE activity accounts for approximately 40% of deal activity, compared to 34% in 2019*

## 5 *Positioning Around Capital Gains and Estate Tax Policy*

- *In anticipation of significant capital gains and ordinary income tax increases over the next few years from the new administration, many businesses turned to M&A markets for liquidity. We saw similar activity in Q3 and Q4 of 2012 as the promise of tax increases likely pulled future M&A activity into the current year*
- *Potential sunseting of estate tax exemptions continues to drive significant business valuation and asset appraisal activity within our firm (and the market as a whole) as owners employ gifting strategies*

## 6 *SPAC and IPO Activity; Headwinds in a Dynamic ESOP Environment*

- *Equity capital market activity was extremely active, with IPO and specifically SPAC volume near all-time highs - evidenced by the 242 SPACs that were introduced in 2020, four times the amount raised in the previous year*
- *ESOP activity declined even for healthy companies; regulatory pressure as well as COVID-19 concerns have put pressure on trustees and made these transactions more difficult to complete*



Looking ahead to 2021, we are optimistic and think that there are significant opportunities for companies and investors within our covered markets. A few trends we are following:

## 1 *Pandemic Recovery - Impact of Vaccine and Pace of Roll-Out*

---

- *There remains uncertainty around the timing for a broad rollout of the COVID-19 vaccine*
- *It appears that the status quo could extend longer than we would have liked or anticipated*
- *It is clear is that the COVID-19 pandemic has permanently changed the way people work and consume – leading to structural changes in our covered industries*

## 2 *Workforce Changes – Does This Open New Government Centers of Gravity?*

---

- *Within the federal market specifically, the pandemic has resulted in technology upgrades and changes in agency operations to accommodate remote work*
- *With the exception of certain areas of the intelligence community (IC) where on-site is required for security reasons, remote work at scale now appears to be a permanent fixture within agency operations*
- *This trend could open new opportunities and “centers of gravity” in the competition for talent. With recruiting no longer confined to the DMV and other government/DOD centers, tier-two markets with lower cost of living and highly-skilled employees could flourish in the Defense and Government sector*

## 3 *Continued Focus on IT Modernization, Cybersecurity, and Supply Chain Security*

---

- *Remote work necessitated IT modernization and justified the continuation of these initiatives*
- *The pandemic clearly highlighted cybersecurity, and supply chain vulnerabilities, with cyber attacks estimated to have increased by 400% during this period*
- *The cybersecurity industry is continuing to try to understand the damage from the SolarWinds hack, which was absolutely devastating and has permanently changed the market and broader industry’s view of best practices*

## 4 *Availability of Capital – How it’s Deployed Now Could Impact the Next Decade*

---

- *Private equity and debt capital allocated to our core markets is at an all-time high, and industry professionals are “on the clock” to deploy this capital in smart ways that will yield superior returns for investors*
- *How this money is invested in 2021 could define “winner and losers” within our covered sectors and shape the direction of these industries over the next decade. Do we see continued digital convergence in the security market? What critical infrastructure initiatives and upgrades receive industry funding? Does the availability of capital paired with budget headwinds lead to further consolidation in the defense / government markets?*

## 5 *Political Considerations – New Administration, Long-Term Budgets, Tax Policy*

---

- *While it is not currently clear that there will be a major shift in government spending priorities with the new administration, once the vaccine has been rolled out and the COVID-19 pandemic is stabilized, we might anticipate a renewed focus on budget priorities that could put pressure on defense spending overall*
- *What is clear is that there will be a push to increase taxes, which will potentially impact M&A activity as well as valuations in the equity capital markets*
- *Additionally, the combination of reduced tax revenues during the pandemic as well as the trillions of dollars spent on pandemic stimulus packages will put pressure on budgets as a whole going forward*

# THE MCLEAN GROUP OVERVIEW



## Overview

The McLean Group is a middle-market investment bank that provides objective strategic and financial advice on mergers and acquisitions (M&A) as well as business and asset valuations. Our investment banking advisory and valuation services are built on comprehensive industry knowledge, extensive transaction experience, senior-level attention to every client engagement, and a real-time understanding of industry-specific value drivers. By partnering with clients and providing strategic advice through every phase of a company's development, the McLean Group is uniquely positioned to support our clients' long-term success in the following core industry verticals:



## Core Businesses

Investment Banking	Valuation Advisory	Growth Capital
<b>Strategic Advisory Services</b> <ul style="list-style-type: none"><li>Sell-Side M&amp;A</li><li>Buy-Side M&amp;A</li><li>Debt / Equity Placements</li><li>Special Situations</li><li>Valuations and Opinions</li><li>Other Advisory Services</li></ul>	<b>Valuations &amp; Opinions</b> <ul style="list-style-type: none"><li>"Fair Value" Financial Reporting</li><li>Equity Incentive Plans</li><li>Litigation Support</li><li>Fairness Opinions</li><li>PEG Portfolio Valuations</li><li>ESOP Transactions</li><li>Estate and Gift</li></ul>	<b>Capital Infusion</b> <ul style="list-style-type: none"><li>Selectively provide growth capital to clients pursuing inorganic growth initiatives</li></ul>

## Key Statistics

<b>140+</b> Closed Transactions Since 2010	<b>&gt; 300</b> Annual Valuation Clients	<b>&gt; 20</b> 23-Year Track Record of Success	<b>6</b> Growth Capital Investments	<b>&gt; 80%</b> Sell-Side M&A Engagements	<b>&gt; \$4B</b> Total Transaction Value Since 2010
--	--	--	---	---	---

## Representative Engagements





## Top 10 Situations When an M&A Transaction May Need a Fairness Opinion

1. Selling a company with numerous shareholders (i.e., publicly traded companies or private companies with expansive capitalization tables)
2. Transaction involving related parties with common ownership
3. Significant divestiture or recapitalization
4. Selling a company with an unsolicited offer and lack of an investment banking process
5. Selling a company with an employee stock ownership plan (ESOP)
6. VC/PE-backed companies with different classes of equity in which minority shareholders with junior equity classes receive a minimal (or no) share of the proceeds in the sale
7. Going private transactions
8. Reverse stock splits
9. Deals with multiple bids of varying forms of purchase price consideration (cash, stock, notes, earnouts, etc.)
10. Deals in which directors' and shareholders' interests are not identically aligned

## Why Would the Directors of a Company Require a Fairness Opinion?

For certain merger and acquisition (M&A) transactions, a fairness opinion should be obtained by an independent third-party financial advisor to help protect a company's directors against potential deal-related litigation, which they may be held personally liable.

A fairness opinion provides protection under the "Business Judgement" Rule, a legal business principle which confirms the directors of a corporation acted on an informed basis, in good faith, and in the honest belief that business decisions were made in the best interests of the company. A fairness opinion, issued by a third-party independent advisor, helps directors fulfill their fiduciary duties of loyalty and due care as well as increases the likelihood of protection under the "Business Judgement" Rule.

A fairness opinion is an opinion which states whether or not a proposed business transaction "is fair, from a financial point of view, to the shareholders of the company". In order to render a fairness opinion, a financial advisor would perform standard valuation methodologies as well as analyze the financial terms of the transaction. It is extremely important for any board to be able to document its process in evaluating the merits of any significant corporate action.

## These TMG Clients Completed IPOs or M&A Transactions in 2020



## Contact Information

Andy Smith  
McLean, VA  
(703) 827-0233  
asmith@mcleanllc.com

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

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



**CONTACT US**  
*We would love to talk to you about your business.*

# INDUSTRY COVERAGE OVERVIEW



Coming off a strong 2019, the M&A market slowed in 2020 due to the COVID-19 pandemic. Despite substantial declines in Q2 transactional volume, the market fought back to only end the year down 24%, compared to the prior year. Notably, the Security industry proved resilient to the pandemic's widespread impact and outperformed the S&P 500 by 16%.



## Defense & Government

*Includes defense, intelligence, and fedciv 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.*



## 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

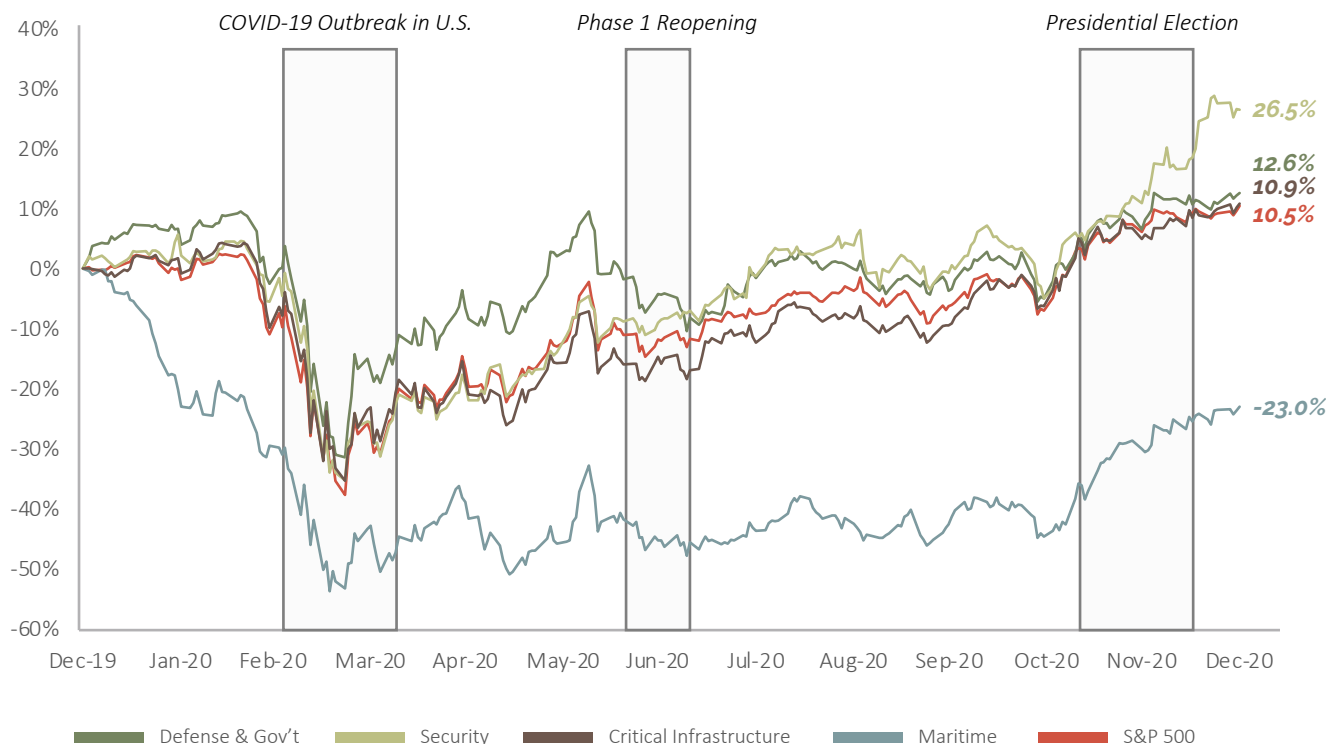
*Comprised of firms that provide solutions, components, and services to the commercial, industrial, municipal, and agriculture markets. This sector is less volatile and will see fewer ebbs and flows as the market fluctuates.*



## Maritime

*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.*

## Custom Index Performance

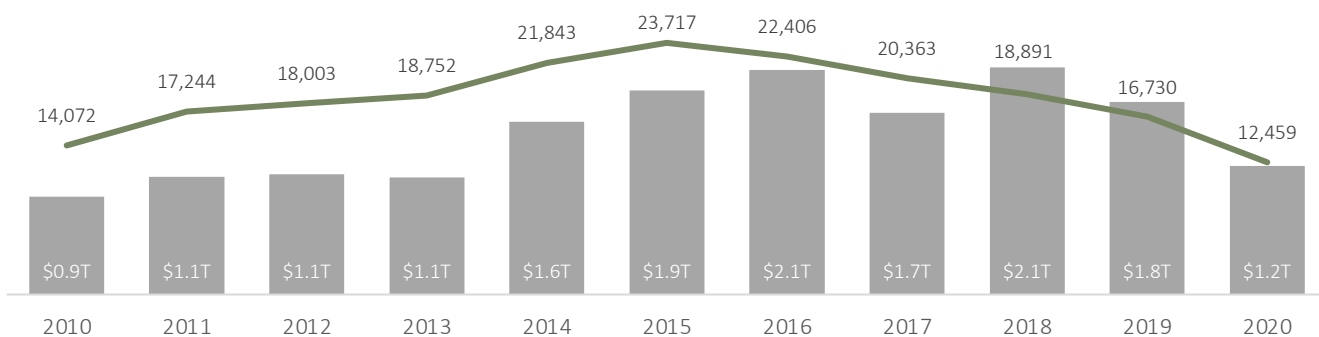




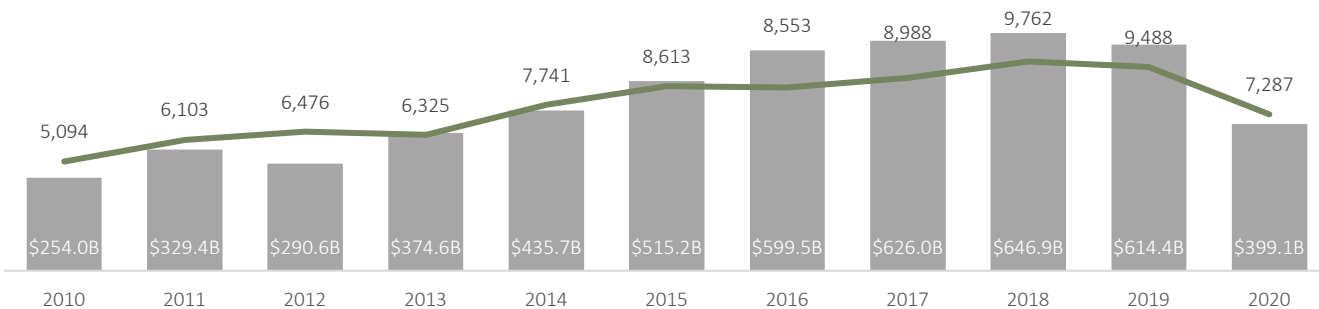


In early 2020, M&A activity continued at the robust levels that we have been observing for the last several years, but as the pandemic developed, U.S. M&A activity declined significantly. Activity remained depressed for roughly a quarter as many deals were put on hold or canceled due to financial constraints, market uncertainty, and the increased difficulty of closing deals virtually. In particular, the M&A market experienced a drought of mega deals, with a disproportionate number of smaller deals occurring around the onset of the pandemic. Around the beginning of the third quarter, M&A activity picked back up and volume is now above pre-pandemics levels. Pent-up deal appetite after the onset of the pandemic as well as a rush to complete transactions before possible tax hikes in 2021 may have bolstered M&A activity.

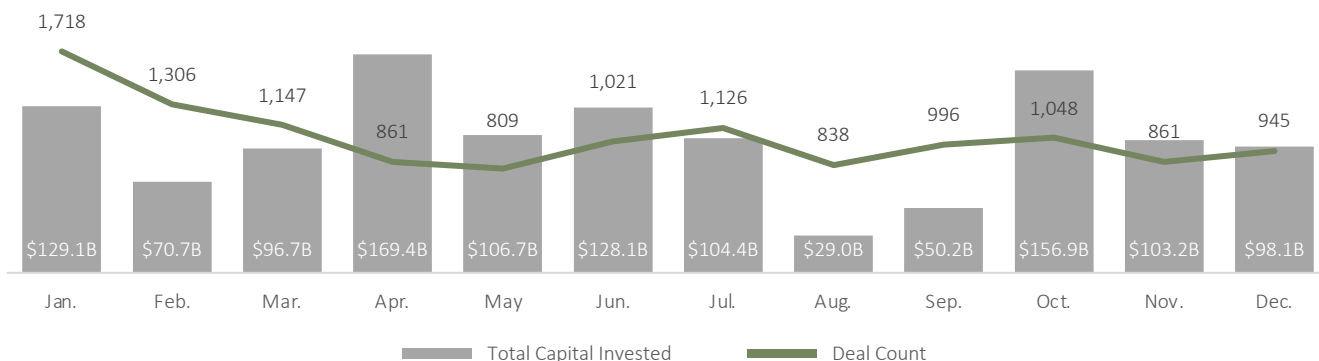
## Historic M&A Activity



## Historic Private Equity Deal Volume



## 2020 M&A Activity by Month





## 1. The Run-Up

- Driven by war on terror and OCO spend
- Rapidly rising valuations
- Significant consolidation of companies with \$50 - \$500M of revenue
- Transactions pursued in all major categories of services and defense electronics

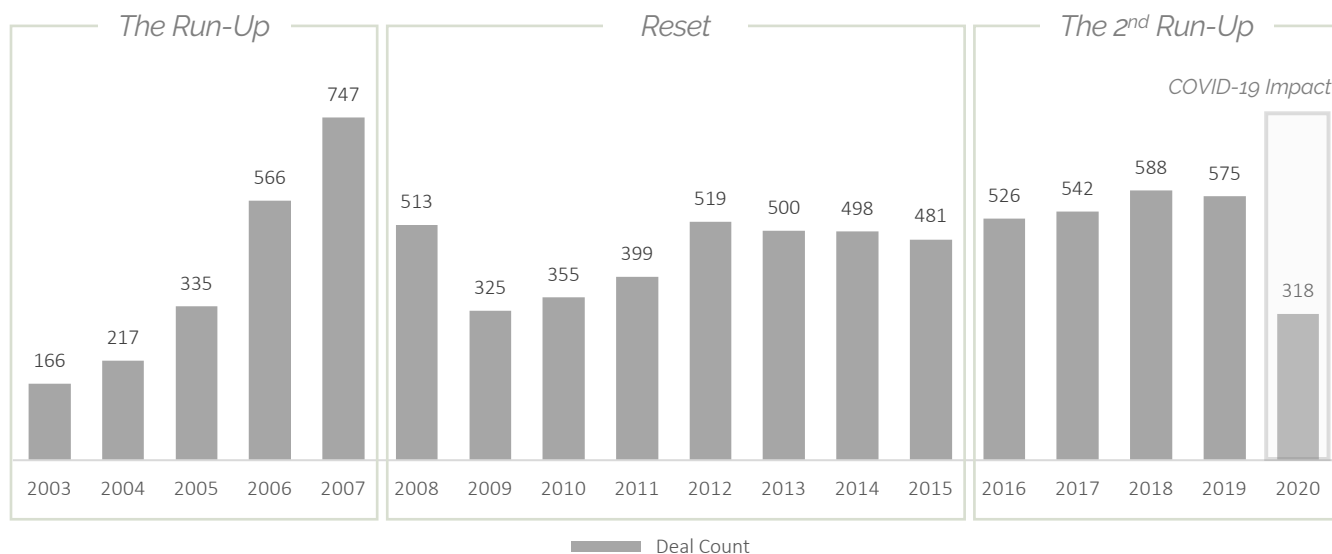
## 2. Reset

- Downturn from "Great Recession" and decreasing defense OCO budget
- Increasingly discerning buyers
- Transactions of scale no longer as attractive as targets who offered unique positioning and/or differentiated capabilities
- Bifurcated valuation environment that rewards highly specialized businesses with premium valuations, all others transact at lower multiples – "barbell shape"
- Small business regulation change significantly slows acquisitions of SBSA contracts
- 2012 spike due to year-end increase in capital gains
- Decrease in 2013-2015 due to budget sequestration, which resulted in automatic spending cuts to many federal outlays

## 3. The 2<sup>nd</sup> Run-Up & COVID-19

- Robust buyer appetite
- Increasing valuation environment
- Longer-term M&A prospects buoyed by budget clarity and customer funding expectations
- Acquisitions of scale and specialization are increasingly sought
- 2020 COVID-19 and election impact

## Transaction Volume



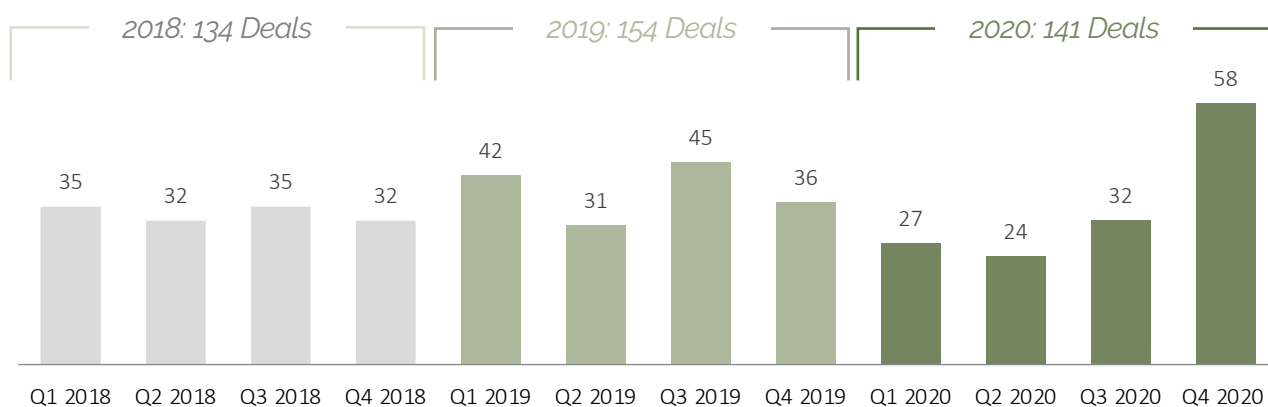




## Key Activity Summary

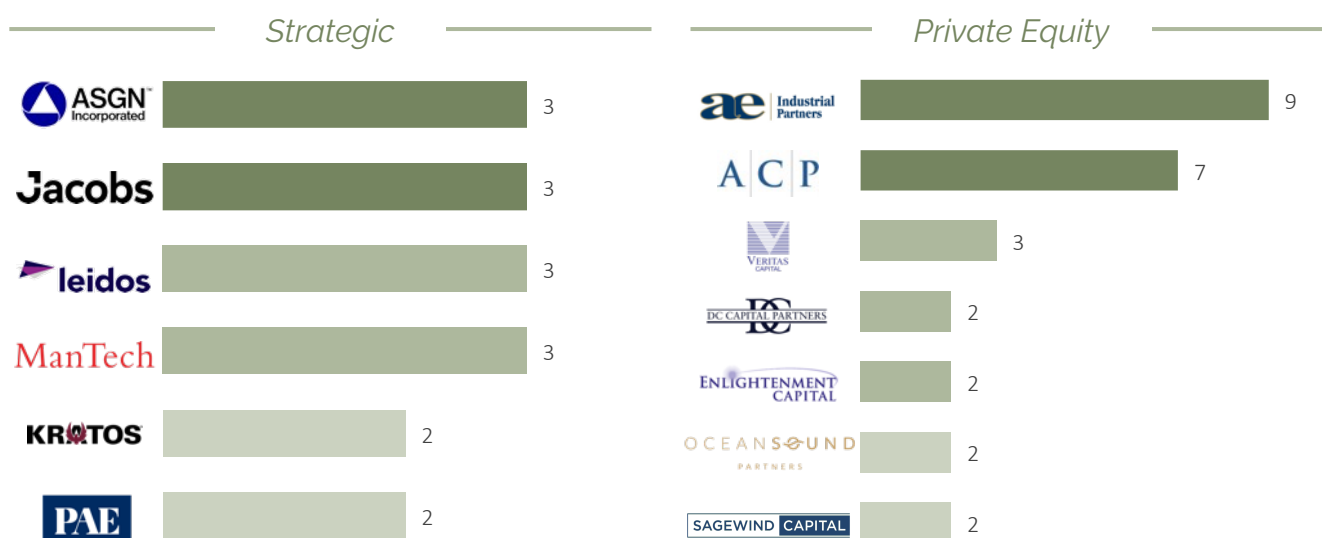
- Prior to COVID-19, M&A activity in the Defense and Government Services (DGS) industry was occurring at record levels, having experienced three years of continuous growth in volume and increases in valuations
- DGS M&A activity experienced a sharp decline as a result of the pandemic, with Q2 activity down 22% year-over-year. However, this decline was less severe than the 34% decline that the general M&A market experienced over the same period
- DGS M&A activity has since resumed at pre-pandemic levels as Q3 and Q4 deal count and transaction value returned to normal, signaling an optimistic outlook for 2021
- Throughout the year, the primary sources of market uncertainty were the COVID-19 pandemic, and the potential impact of a new administration's policies. These concerns have largely subsided with the delivery of a vaccine and the view that changes to spending priorities and tax policy are projected to be moderate

## Transactions by Quarter



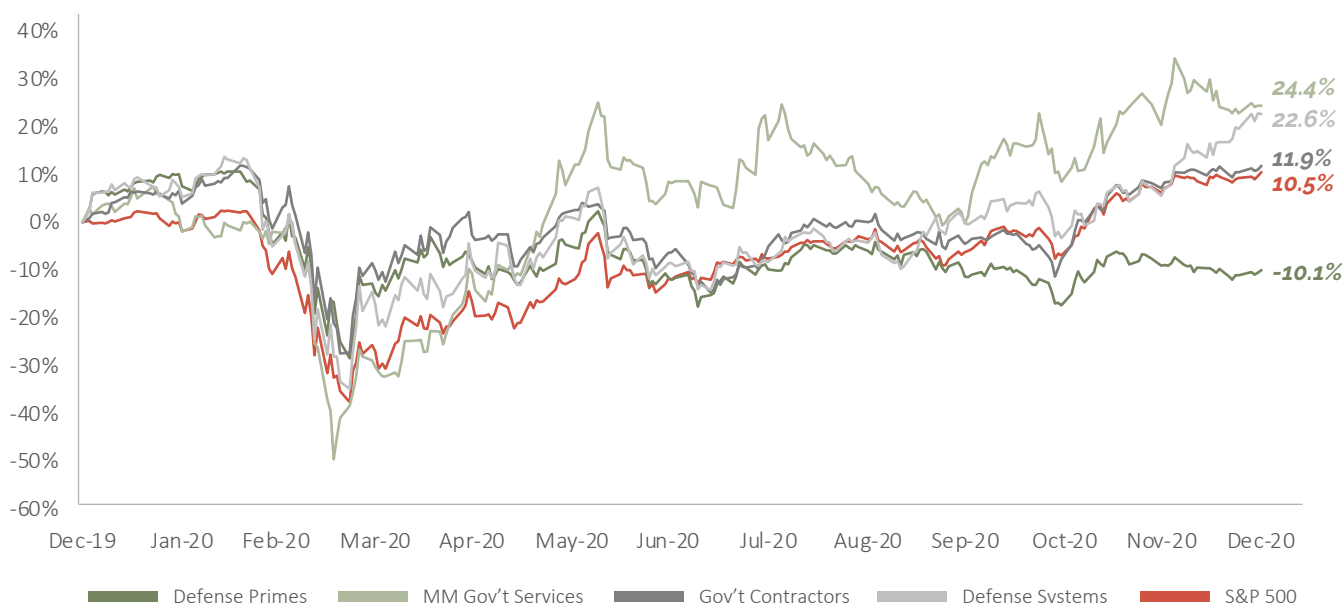
Parameters: North America

## Selected Industry Acquirers in 2020





## Custom Index Performance



## Commentary

All TMG custom Defense and Government Services indices have experienced significant volatility in 2020. Most have since recovered, primarily driven by the insulation that the federal sector provides as government spending has remained strong despite an economic downturn. Government software companies have performed particularly well as they are further insulated by their subscription business models in addition to benefitting from robust government technology spending.

### Defense Primes

*In general, Defense Primes continue to lag behind the recovery of the general market. This is due in large part to their exposure to aerospace, which was hampered by the decrease in travel and oil demand. However, the Defense Primes' other business segments outside of aerospace have performed relatively well. Defense Primes will likely continue to be held back by aerospace going into 2021 as other business units continue to excel.*

### Gov't Contractors

*Government Contractors generally performed well in 2020, evidencing the insulated nature of the sector. Companies, particularly tech-enabled ones, greatly benefited from strong government spending on emerging technologies and IT modernization. The robust government spending in these areas is expected to continue and as a result, many companies will try to position themselves accordingly.*

### Middle Market Gov't Services

*Although TMG's Middle Market Government Services sector is up 24.4% in 2020, it has largely been carried by a few stocks that have had a stellar year. Going forward, this segment is expected to benefit from a stable budgetary environment as both political parties will likely be more focused on larger issues, rather than budget cuts, such as pushing for a return to normalcy after a turbulent 2020.*

### Defense Systems

*Throughout the pandemic, defense spending has remained strong and the 2021 budget proposal calls to increase the defense budget to \$740.5B. DoD continues to progressively change its procurement approach, including utilizing other transaction authorities, contract vehicles, SBIRS, and other rapid solicitation and technology access vehicles which provide Defense Systems with multiple avenues for securing contracts.*



## Select Precedent Transactions



**Date:** January 31, 2020  
**Size:** \$2.4B  
**EBITDA Multiple:** NA

### Transaction Details

AECOM's Management Services Business, which provides an array of services to government clients, was acquired by American Securities and Lindsay Goldberg. The acquired business is a proven industry leader with distinctive expertise that plays a vital role in supporting governments around the world to execute programs of critical importance. The deal is one of several large divestitures in 2020 in which a major player in the DGS industry sold a sizeable business unit to a private equity firm.



**Date:** July 31, 2020  
**Size:** \$1.9B  
**EBITDA Multiple:** NA

### Transaction Details

The acquired business is highly complementary to BAE's priority growth area of precision guided munitions (PGM) in their Electronic Systems division. Additionally, the company has strong growth potential as a result of its technological strength and is well positioned to participate in the next cycle of generational upgrades across its sizeable installed base. The deal further highlights the sizable number of DGS divestiture mega deals in 2020.



**Date:** November 23, 2020  
**Size:** \$92.0M  
**EBITDA Multiple:** NA

### Transaction Details

The acquisition of Metis helps PAE continue to bolster their offerings to the Intelligence and Defense Communities by strategically positioning them with new customers and contract vehicles. This is PAE's second major acquisition in 2020 after completing an IPO via a SPAC earlier in the year, illustrating the versatility and financial benefits that SPAC's can provide to companies.



**Date:** March 13, 2020  
**Size:** \$1.2B  
**EBITDA Multiple:** 13.0x

### Transaction Details

With Unisys Federal, SAIC gains an attractive portfolio of scalable and repeatable IT solutions, greater customer access, a commercial-like service delivery model, and expanded relationships with strategic alliances. The acquisition will allow for SAIC to capitalize on federal agencies' continued migration to the cloud. SAIC is one of the many federal contractors trying to profit from massive government spending on IT modernization.



**Date:** November 20, 2020  
**Size:** \$208.0M  
**EBITDA Multiple:** NA

### Transaction Details

The acquisition of CENTRA expands PAE's addressable market into new, attractive, mission-critical business areas, opening up important higher growth and margin market areas for the worldwide PAE enterprise. The combination of PAE's and CENTRA's capabilities and experience will position PAE to bid on a significantly expanded pipeline of opportunities that were previously not actionable to PAE. The deal represents a large shift in PAE's business strategy towards Intelligence Community-related work.



**Date:** Pending  
**Size:** \$3.4B  
**EBITDA Multiple:** NA

### Transaction Details

Veritas announced the acquisition of Northrop Grumman's Federal IT and Mission Support Services Business, which they plan to merge with their existing portfolio company, Peraton, in order to create a scaled, technology-enabled services platform that is well-positioned for long-term growth. The large divestiture to a PE firm illustrates the continuing trend of divestitures by major companies as well as the current buying power of PE firms.



## Selected Government Services Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
Pending	Peraton [Veritas Capital]	Federal IT and Mission Support Services Business of Northrop Grumman	Provides a range of advanced technology solutions including cybersecurity, data analytics, cloud, and mission-critical application development	\$3,400.0	1.47x	NA
Pending	Leidos	1901 Group	Supplies IT-as-a-Service infrastructure, network, and security management services designed to alter the information technology service delivery model	\$215.0	NA	NA
12/31/2020	Vectrus	Zenetex	Offers technical and strategic services for mission readiness, performance, and enhanced protection for defense and national security	\$125.0	NA	NA
11/23/2020	PAE	METISolutions	Implements counter-threat finance, intelligence analysis, and training solutions	\$92.0	NA	NA
11/20/2020	PAE	CENTRA Technology	Provides intelligence analysis services intended for Intelligence Community and other U.S. national and homeland security customers	\$208.0	NA	NA
11/2/2020	Belcan [AE Industrial Partners]	TELESS	Offers technology services and solutions serving defense and civilian Federal Government customers	NA	NA	NA
10/26/2020	AE Industrial Partners	PQ	Provides cybersecurity, computer network operations, cloud, systems engineering, enterprise IT, and data analytics to the Federal Government	NA	NA	NA
10/1/2020	KBRwyle	Centauri	Provides engineering and software systems for the Intelligence and Defense Communities	\$827.0	NA	NA
9/30/2020	DLH	Irving Burton Associates	Specializes in research and engineering, technology, financial and audit services, and business support solutions	\$32.7	1.33x	10.55x
9/17/2020	T-Rex	Zot	Delivers system architecture, software engineering, virtualization architecture, network design, and data management to the Intelligence Community	NA	NA	NA
9/1/2020	ITA International	Innovative Decisions	Provides decision and risk analysis, operations research, and systems engineering, thereby helping businesses to integrate organizational values and deliver best-value solutions	NA	NA	NA
5/1/2020	Perspecta	Certain Assets of DHPC Technologies	Develops system engineering solutions intended to support the DoD and government agencies	\$53.0	NA	NA
3/31/2020	CGI Federal	TeraThink	Delivers information technology and management consulting services	\$101.3	NA	NA
3/13/2020	SAIC	Unisys	Provides information technology outsourcing solutions and technology products	\$1,200.0	1.74x	13.00x
3/6/2020	Accenture	Context Information Security	Offers specialist technical consultancy services for the cyber security market	\$139.4	NA	NA
2/10/2020	The Gores Group	PAE	Delivers a range of services to government clients and operates through two segments: Global Mission Services and National Security Solutions	\$1,550.0	NA	NA
1/31/2020	American Securities; Lindsay Goldberg	AECOM Management Services	Offers information technology consulting and management services as well as facilities management and environmental management services	\$2,405.0	0.65x	NA
1/31/2020	Leidos	Dynetics	Provides a satellite platform which supports remote sensing and communications payloads and also develops IT products	\$1,650.0	NA	NA
1/31/2020	ICF	Incentive Technology Group	Offers various services including, agile systems engineering, cloud-based platform implementations, and organizational change management	\$255.0	2.83x	NA
1/24/2020	ASGN	Blackstone Federal	Supplies information technology services including cloud technology, cyber security, communication, security and design, and enterprise software	\$85.0	1.93x	NA



## Selected Defense Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
Pending	Ebit Systems	Sparton Corporation	Manufactures electromechanical devices for domestic and foreign defense and commercial needs	\$380.0	NA	NA
12/30/2020	Mercury Systems	Physical Optics	Offers electronic, avionics solution systems for airborne, ground, maritime, and electronic warfare	\$310.0	NA	13.00x
12/2/2020	FLIR	Altavian	Manufactures unmanned aircraft systems created to facilitate precision data collection in scientific and engineering applications	NA	NA	NA
11/10/2020	TT Group	Torotel	Specializes in the custom design, manufacture, and sale of a wide variety of precision magnetic components	\$40.9	1.58x	22.06x
11/5/2020	Pacific Defense [HQ Equity]	Spear Research	Offers engineering R&D, electronic warfare, signals intelligence, autonomous command and control, and algorithm development services	NA	NA	NA
11/2/2020	Avon Protection Systems	Team Wendy	Designs and manufactures protective and impact-mitigating products and technologies intended to prevent accidental damages and brain injuries	\$130.0	2.94x	9.70x
11/2/2020	Curtiss-Wright	Pacific Star Communications	Provides focused hardware and software solutions intended for reliable advanced communications	\$400.0	3.33x	NA
10/29/2020	DC Capital	Hill Technical Solutions	Provides highly technical, full spectrum systems engineering, and integration services	NA	NA	NA
8/11/2020	OACI	Ascent Vision Technologies	Develops imaging systems, solutions, and software intended to serve the defense and aerospace industry	\$350.0	NA	NA
7/31/2020	BAE	Military Global Positioning System Business Of Collins Aerospace	Manufactures global positioning system for the military	\$1,925.0	NA	NA
7/31/2020	Summit Interconnect [HQ Capital]	ITL Circuits	Supplies printed circuit board fabrication services	NA	NA	NA
7/8/2020	Arlington Capital Partners	J&J Maintenance	Offers custodial, military base operations support, logistics, medical facilities operations, and construction services	NA	NA	NA
6/30/2020	Pine Island Capital Partners	Meggitt Training Systems	Provides integrated live fire and simulation weapons training systems for defense forces	\$146.0	1.06x	NA
6/30/2020	Kratos Defense	ASC Signal	Manufactures antennas and radio frequency electronics	\$35.0	NA	NA
6/23/2020	Redwire [AE Industrial Partners]	Made In Space	Supplies additive manufacturing services designed to work in zero gravity	NA	NA	NA
5/2/2020	BAE	Airborne Tactical Radios Business of Raytheon	Designs, manufactures, and supplies a range of mission-critical communication systems	\$275.0	NA	NA
3/26/2020	Huntington Ingalls Industries	Hydroid	Manufactures Autonomous Underwater Vehicles	\$376.0	NA	NA
2/29/2020	UDC USA	MAST Technology	Manufactures cartridges and bullets for government clients	NA	NA	NA
1/31/2020	AMETEK	Intellipower	Designs and manufactures uninterruptible power supplies	\$116.5	2.91x	NA
1/16/2020	Pacific Defense [HQ Equity]	Spectranetix	Develops advanced, military standards based modular open systems architecture (MOSA) solutions	NA	NA	NA



## Valuation Multiples Based on Current Capitalization

	Market Cap (\$M)	Ent. Value (\$M)	EV / Revenue			EV / EBITDA			Price / EPS		
			2019A	2020E	2021P	2019A	2020E	2021P	2019A	2020E	2021P
Defense Primes											
Lockheed Martin	99,317.6	108,440.6	1.81x	1.66x	1.60x	12.36x	10.94x	10.21x	15.94x	14.53x	13.60x
Northrop Grumman	50,801.7	62,801.7	1.86x	1.75x	1.68x	15.75x	12.32x	11.75x	22.60x	13.25x	12.72x
General Dynamics	42,609.3	55,931.3	1.42x	1.46x	1.44x	10.18x	11.10x	10.83x	12.23x	13.38x	12.96x
L3Harris	39,715.4	46,166.4	2.49x	2.50x	2.38x	12.98x	13.00x	11.31x	24.16x	27.99x	16.96x
Average	\$58,111.0	\$68,335.0	1.90x	1.85x	1.77x	12.82x	11.84x	11.03x	18.73x	17.29x	14.06x
Middle Market Gov't Services											
PAE	844.9	1,503.4	0.54x	0.57x	0.49x	23.82x	8.55x	7.34x	NA	27.55x	11.25x
VSE	425.4	701.2	0.93x	1.05x	1.02x	8.01x	12.55x	8.48x	11.49x	NA	12.89x
Vectrus	578.0	592.6	0.43x	0.42x	0.39x	10.03x	10.43x	8.38x	16.65x	18.49x	13.02x
DLH	116.8	206.4	1.15x	0.97x	0.88x	12.01x	9.42x	8.72x	22.53x	15.81x	12.63x
Average	\$491.3	\$750.9	0.76x	0.75x	0.70x	13.47x	10.24x	8.23x	16.89x	20.61x	12.45x
Gov't Contractors											
Leidos	14,960.8	19,646.8	1.77x	1.58x	1.41x	17.34x	14.81x	13.53x	22.43x	24.22x	19.41x
Jacobs Engineering	14,162.8	15,600.7	1.20x	1.15x	1.10x	15.97x	14.74x	13.41x	14.44x	38.26x	20.27x
Booz Allen Hamilton	12,022.1	13,513.4	1.86x	1.70x	1.58x	18.55x	16.42x	15.82x	27.74x	22.53x	22.29x
CACI	6,287.8	8,247.7	1.53x	1.39x	1.30x	16.44x	13.14x	12.22x	23.70x	17.51x	15.98x
SAIC	5,510.4	8,238.4	1.29x	1.15x	1.07x	14.82x	13.13x	11.73x	24.38x	27.14x	16.69x
ManTech	3,589.3	3,604.1	1.62x	1.44x	1.36x	18.44x	16.07x	15.09x	31.52x	30.05x	27.85x
Average	\$9,422.2	\$11,475.2	1.54x	1.40x	1.30x	16.93x	14.72x	13.63x	24.04x	26.62x	20.42x
Defense Systems											
Teledyne Technologies	14,456.9	14,929.7	4.72x	4.86x	4.58x	24.28x	25.06x	22.46x	35.94x	38.68x	33.58x
Mercury Systems	4,931.7	4,758.9	6.58x	5.66x	5.11x	35.43x	25.97x	23.07x	NA	NA	NA
Kratos Defense	3,367.2	3,392.0	4.73x	4.46x	3.92x	52.51x	43.66x	36.19x	NA	NA	NA
Cubic	1,955.8	2,777.6	1.83x	1.88x	1.78x	21.03x	17.57x	14.54x	54.77x	NA	33.37x
Average	\$6,177.9	\$6,464.5	4.46x	4.22x	3.85x	33.32x	28.06x	24.07x	45.35x	38.68x	33.47x



## Capital Markets Overview

\$ in millions except per share data

	Stock Price 12/31/20	Ent. Value	CY2020E			CY2021P			TEV /2020E		TEV/2021P	
			Rev.	EBTIDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Defense Primes												
Lockheed Martin	354.98	108,440.6	65,276.3	9,914.7	15.2%	67,987.3	10,616.0	15.6%	1.66x	10.94x	1.60x	10.21x
Northrop Grumman	304.72	62,801.7	35,838.7	5,098.6	14.2%	37,366.5	5,343.7	14.3%	1.75x	12.32x	1.68x	11.75x
General Dynamics	148.82	55,931.3	38,255.6	5,037.7	13.2%	38,941.3	5,162.3	13.3%	1.46x	11.10x	1.44x	10.83x
L3Harris	189.02	46,166.4	18,430.8	3,550.2	19.3%	19,410.3	4,080.9	21.0%	2.50x	13.00x	2.38x	11.31x
Average	\$249.39	\$68,335.0	\$39,450.4	\$5,900.3	15.5%	\$40,926.3	\$6,300.7	16.0%	1.85x	11.84x	1.77x	11.03x
Middle Market Gov't Services												
PAE	9.18	1,503.4	2,647.2	175.8	6.6%	3,046.8	204.9	6.7%	0.57x	8.55x	0.49x	7.34x
VSE	38.49	701.2	666.5	55.9	8.4%	687.5	82.7	12.0%	1.05x	12.55x	1.02x	8.48x
Vectrus	49.72	592.6	1,402.2	56.8	4.1%	1,518.0	70.7	4.7%	0.42x	10.43x	0.39x	8.38x
DLH	9.32	206.4	212.2	21.9	10.3%	234.8	23.7	10.1%	0.97x	9.42x	0.88x	8.72x
Average	\$26.68	\$750.9	\$1,232.0	\$77.6	7.3%	\$1,371.8	\$95.5	8.4%	0.75x	10.24x	0.70x	8.23x
Gov't Contractors												
Leidos	105.12	19,646.8	12,432.0	1,327.0	10.7%	13,954.7	1,452.5	10.4%	1.58x	14.81x	1.41x	13.53x
Jacobs Engineering	108.96	15,600.7	13,602.1	1,058.4	7.8%	14,158.8	1,163.6	8.2%	1.15x	14.74x	1.10x	13.41x
Booz Allen Hamilton	87.18	13,513.4	7,950.5	823.1	10.4%	8,553.5	854.1	10.0%	1.70x	16.42x	1.58x	15.82x
CACI	249.33	8,247.7	5,918.8	627.7	10.6%	6,342.3	675.0	10.6%	1.39x	13.14x	1.30x	12.22x
SAIC	94.64	8,238.4	7,136.9	627.5	8.8%	7,701.4	702.4	9.1%	1.15x	13.13x	1.07x	11.73x
ManTech	88.94	3,604.1	2,508.1	224.2	8.9%	2,659.8	238.9	9.0%	1.44x	16.07x	1.36x	15.09x
Average	\$122.36	\$11,475.2	\$8,258.1	\$781.3	9.5%	\$8,895.1	\$847.8	9.6%	1.40x	14.72x	1.30x	13.63x
Defense Systems												
Teledyne Technologies	391.98	14,929.7	3,069.5	595.8	19.4%	3,259.1	664.6	20.4%	4.86x	25.06x	4.58x	22.46x
Mercury Systems	88.06	4,758.9	840.8	183.2	21.8%	930.8	206.3	22.2%	5.66x	25.97x	5.11x	23.07x
Kratos Defense	27.43	3,392.0	761.0	77.7	10.2%	865.5	93.7	10.8%	4.46x	43.66x	3.92x	36.19x
Cubic	62.04	2,777.6	1,478.2	158.1	10.7%	1,561.3	191.0	12.2%	1.88x	17.57x	1.78x	14.54x
Average	\$142.38	\$6,464.5	\$1,537.4	\$253.7	15.5%	\$1,654.2	\$288.9	16.4%	4.22x	28.06x	3.85x	24.07x
Low	\$9.18	\$206.4	\$212.2	\$21.9	4.1%	\$234.8	\$23.7	4.7%	0.42x	8.55x	0.39x	7.34x
Mean	\$133.77	\$20,614.1	\$12,134.9	\$1,645.2	11.7%	\$12,732.2	\$1,768.2	12.3%	1.98x	16.05x	1.84x	14.17x
Median	\$91.79	\$8,243.0	\$4,494.2	\$611.6	10.5%	\$4,800.7	\$669.8	10.7%	1.52x	13.13x	1.42x	11.99x
High	\$391.98	\$108,440.6	\$65,276.3	\$9,914.7	21.8%	\$67,987.3	\$10,616.0	22.2%	5.66x	43.66x	5.11x	36.19x

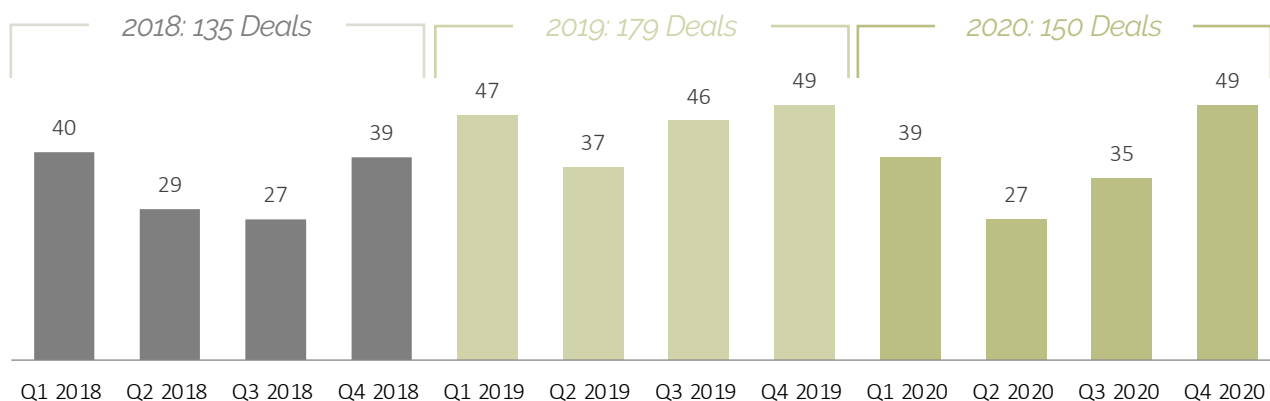




## Key Activity Summary

- Although the Physical Security & Security Solutions markets experienced a sharp decline in Q2 2020 transaction volume, they have since resumed at pre-pandemic levels with Q4 deal volume finishing tied for the highest of any quarter in the last three years with 49 deals
- Private equity bolt-on acquisitions to platform investments continue to be a popular strategy especially in the Security Services sector where GardaWorld (owned by BC Partners) and Allied Universal (backed by a consortium of private equity firms) have both been extremely acquisitive
- M&A activity has been robust due in part to an exponential increase in the potential surface area of a cyber-security attack as a result of the high demand for remote work provisions
- This trend is expected to continue through 2021 while incident response will likely increase as cyber intrusions become enumerated over the course of the year
- Recent attacks, such as the SolarWinds data breach in December 2020, have underscored the importance of strong cyber-security and have permanently changed the industry's view of best practices

## Transactions by Quarter



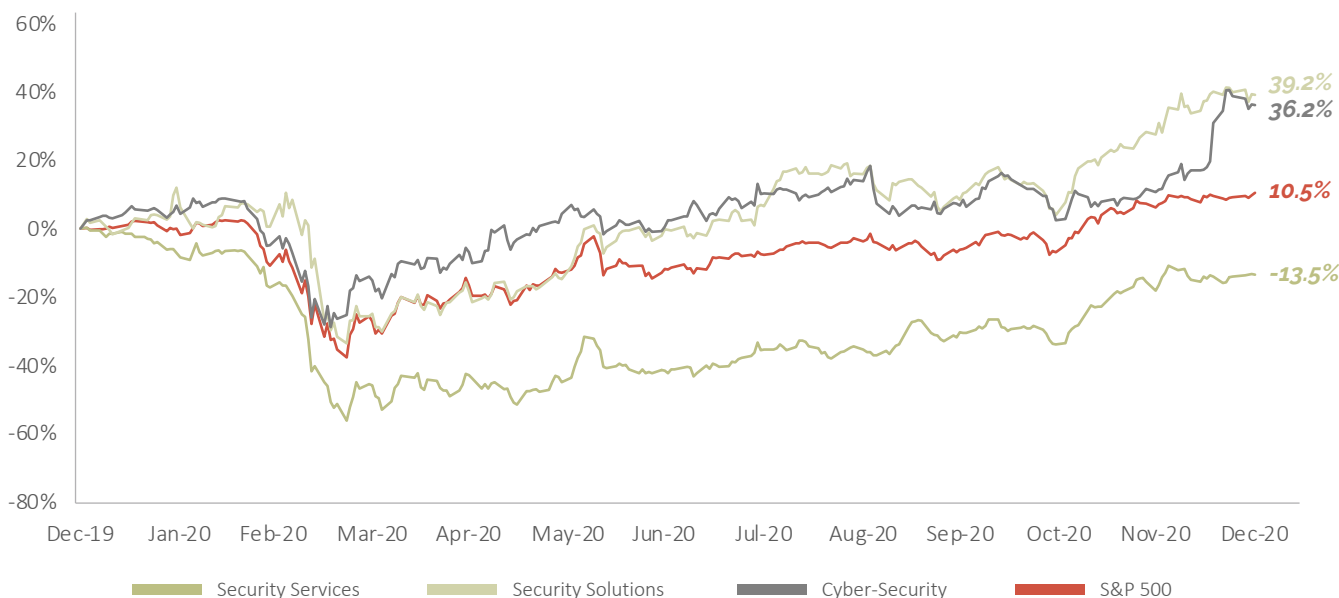
Parameters: US & Canada. S&P Capital IQ industry classifications: Security Doors, Security and Alarm Systems, Security Software, Network Security, Security Control Surveillance and Detection Equipment, Residential Security and Personal Safety Services, and Security and Alarm Services

## Selected Industry Acquirers in 2020





## Custom Index Performance



## Commentary

Similar to most other industries, the Security industry has largely recovered from the pandemic as companies adjusted to the altered operating environment. Generally, security solutions and technologies which can be delivered virtually or with limited human contact have performed well, while in-person security services have been adversely impacted due to social distancing and limited in-person contact. Despite these differences, the Security industry broadly has had a strong performance in 2020 as people and businesses continue to require protection for themselves, their assets, and their data.

### Security Services

Security services companies have struggled in 2020 as many of these companies provided guarding services to industries that were hit hard by the pandemic such as aviation. A sizeable amount of companies were also negatively impacted by a decrease in cash processing at the onset of the pandemic and may be impacted going forward as the accelerated global shift towards e-commerce continues.

### Security Solutions

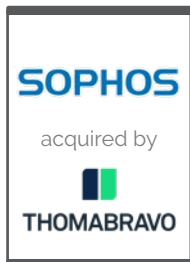
TMG's custom Security Solution sector increased 39.2% in 2020. Demand for security systems continues to be driven by a variety of factors including de-urbanization, household formation growth, increasing smart home adoption, and escalating consumer demand for security. Additionally, many security solutions companies operate using subscription models which help protect them from decreases in consumer spending.

### Cyber-Security

Cyber-security companies have been on an amazing tear in 2020, particularly towards the end of the year. Cyber-security has become even more important in 2020 as many people are forced to work from home. Additionally, there has been a record number of cyber attacks recently, which has further increased the need and demand for strong cybersecurity.



## Select Precedent Transactions



**Date:** March 2, 2020

**Size:** \$4.0B

**EBITDA Multiple:** 40.3x

### Transaction Details

Thoma Bravo took private, Sophos Group, a leading cybersecurity company. The acquisition will help Sophos's goal of transitioning to become a fully next-gen cybersecurity leader. As of Q4 2019, Sophos's next-gen product portfolio represented over 60% of their entire business and grew 44% year-over-year. This deal is one of nine cyber / security technology acquisitions that Thoma Bravo completed in 2020, illustrating the massive role of PE in this segment.



**Date:** March 2, 2020

**Size:** \$5.0B

**EBITDA Multiple:** NA

### Transaction Details

Veeam Software, a leader in backup solutions that delivers cloud data management, was acquired by Insight Partners, who has had an existing stake in the company since 2013. As a result of the deal, the company will move their HQ to the United States and will be able to accelerate their evolution toward hybrid cloud. The massive acquisition by a PE firm underscores the all-time high levels of PE dry powder in the market currently.



**Date:** May 4, 2020

**Size:** \$1.0B

**EBITDA Multiple:** NA

### Transaction Details

This acquisition will allow Leidos to accelerate their growth and enable them to offer the market a more comprehensive security platform. The deal also allows Leidos to further diversify their revenue streams by expanding their customer penetration into 75 additional countries. The divestiture by L3Harris is part of its strategy to reshape its portfolio after the merger of L3 and Harris while also allowing it focus resources on its core technologies.



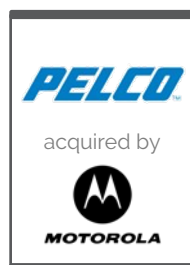
**Date:** July 10, 2020

**Size:** NA

**EBITDA Multiple:** NA

### Transaction Details

GardaWorld, with the backing of its financial sponsor, BC Partners, acquired WorldAware through its subsidiary, Crisis24. The deal allows GardaWorld to bolster its comprehensive intelligence and security risk management services and increase its expertise in risk management solutions. This is one of six acquisitions that BC partners made through GardaWorld in 2020, highlighting the continued popularity of bolt-on acquisitions by PE firms.



**Date:** July 31, 2020

**Size:** \$110.0M

**EBITDA Multiple:** NA

### Transaction Details

Motorola's acquisition of leading surveillance company, Pelco, will bolster Motorola's line of security products. Pelco has experienced some decline due to fierce competition and this acquisition will allow them to benefit from Motorola's customer set. This acquisition marks Motorola's third major video surveillance purchase in two years making it an increasingly influential player in the video surveillance business.



**Date:** September 1, 2020

**Size:** \$2.1B

**EBITDA Multiple:** NA

### Transaction Details

Dell sold cyber-security company, RSA Security, to AlpInvest Partners, the Ontario Teachers' Pension Board, and Symphony Technology Group (STG). RSA's customers and capabilities no longer aligned with Dell's strategy which focuses more on integrated innovation across technologies, while RSA focused more on risk, security, and fraud.



## Select Precedent Transactions Continued



**Date:** December 14, 2020

**Size:** NA

**EBITDA Multiple:** NA

### Transaction Details

The acquisition of Shooter Detection Systems expands the commercial solutions offered by Alarm.com and helps its partners outfit commercial and enterprise customers with a premier gunshot detection solution. The combined company will offer an industry-leading suite of interactive cloud-based video, access control, intrusion, and automation services. The deal will also allow Alarm.com to combat the persisting problem of mass shootings.



**Date:** Pending

**Size:** \$9.0B

**EBITDA Multiple:** 6.8x

### Transaction Details

Allied Universal and its various financial sponsors out bid BC Partners / GardaWorld to acquire G4S. The acquisition of G4S allows Allied Universal to partner and grow with its Fortune 500 customers on a global basis and creates a business with revenues of ~\$18B. The competitive bidding process between two large PE-backed companies underscores the role of PE portfolio companies in driving M&A activity.



## Security Services Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
Pending	Allied Universal Security	G4S	Offers a range of services from the supply of security personnel and response units to risk consulting and prison management	\$7,226.3	0.72x	6.85x
Pending	The Brink's Company	Cash Operations of G4S	Provides cash management services to a variety of customers across the world	NA	NA	NA
11/16/2020	Gateway Proven Strategies	My Security Firm	Offers a variety of security services to clients in the legal cannabis industry	NA	NA	NA
11/4/2020	AE Industrial Partners	Linkware / PRE	AE Industrial partners will combine the companies to create a full service travel and security solutions technology platform	NA	NA	NA
10/21/2020	Allied Universal Security	Safe Environment Business Solutions	Specializes in detective and armored car services	NA	NA	NA
10/15/2020	Wilson James	The Security Group	Delivers unified security services for the commercial, corporate, retail and construction markets	NA	NA	NA
10/1/2020	AEGIS Security	Platinum Protection Group	Provides detective and armored car services	NA	NA	NA
8/26/2020	Dunbar Security	Assets of Trust Security Services	Offers manned security solutions to an array of clients	NA	NA	NA
7/31/2020	Invicta Security [Cold Bore Capital]	Security Guarding Business	Delivers security guard solutions	\$1.8	NA	NA
7/31/2020	GardaWorld [BC Partners]	Chief Protection	Provides uniformed and licensed security officers	NA	NA	NA
7/14/2020	El Corte Inglés	Mega2 Seguridad	Provides security and general services to multinationals, private clients, and companies	\$31.9	NA	3.68x
6/30/2020	GardaWorld [BC Partners]	OtiGlobal Security	Offers a variety of services including cross walk security, boat security, video monitoring services, event security, and business venue staff monitoring	NA	NA	NA
6/15/2020	Loomis	Nokas Vardehantering	Delivers cash handling services to clients in Sweden	\$8.4	0.37x	NA
6/10/2020	GardaWorld [BC Partners]	Titan Global	Specializes in security operation and investigation consultancy	NA	NA	NA
5/31/2020	Patrol Protect Secure	Internal Security Associates	Delivers a cost-effective, customized solution package of physical and personnel security enhancements	NA	NA	NA
2/19/2020	The Brink's Company	TecnoSeg Group	Provides range of security services including transportation of valuables and armed surveillance	NA	NA	NA
1/7/2020	Securitas	Assets of MSM Security Services	Specializes in inspection and background investigation services	NA	NA	NA
1/2/2020	Tenex Capital	G2 Secure Staff	Delivers a range of solutions, including security services, to the aviation industry	NA	NA	NA
1/1/2020	GardaWorld [BC Partners]	Critical Intervention Services	Specializes in security and public safety consulting, investigations, and managing risks of targeted violence	NA	NA	NA
1/1/2020	GardaWorld [BC Partners]	Pro-Tect Security	Offers initial site survey, security plans, and security consulting in the residential, medical, and industrial sectors	NA	NA	NA



## Security Solutions Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
12/14/2020	Alarm.com	Shooter Detection Systems	Develops gunshot detection systems committed to protecting every facility against active shooters	NA	NA	NA
12/2/2020	ADT	CLSTechnology	Provides commercial fire alarm, CCTV, access control, intrusion, paging, K-12 intercom, and sound reinforcement systems	NA	NA	NA
12/2/2020	Altor Equity Partners; Sena Adactum	Gunnebo	Supplies security products, services, and software to a variety of customers	\$409.8	0.73x	10.53x
11/19/2020	Mountain Alarm	CEI Alarm	Provides security systems for home and business	NA	NA	NA
11/2/2020	Securitas	Electronic Security Businesses of STANLEY Convergent Security	Offers on-site, mobile and remote guarding, electronic security, fire, and safety services	\$55.5	0.67x	NA
11/1/2020	The Hiller Companies	A&D Fire Sprinklers	Provides fire protection systems and services to the airport, commercial buildings, healthcare, hospitality, and industrial industries	NA	NA	NA
10/14/2020	Per Mar Security	Martin Security Systems	Offers home security, business security, alarm systems, and fire alarm services	NA	NA	NA
9/17/2020	Minuteman Security Technologies	Synet Integrations	Offers security products and services with access control, video surveillance, and alarm systems	NA	NA	NA
9/15/2020	Westcoast Gate & Entry Systems	Automated Gate Services	Offers installation, repair, and maintenance services for commercial automatic gated entry systems and access controls	NA	NA	NA
8/31/2020	Allied Universal Security	Service Works	Specializes in video surveillance, access control, intercom and gate systems, turnstiles, intrusion alarm systems, information technology infrastructure, and audiovisual	NA	NA	NA
8/27/2020	TELUS	Price's Alarm Systems	Provides security alarm systems and monitoring services for commercial and residential clients	NA	NA	NA
8/19/2020	Fire Protection Service	Burgarello Alarm	Delivers security and investigation services, which includes commercial and residential security systems, fire alarm systems, video, managed access, and inspections	NA	NA	NA
7/31/2020	Motorola	Pelco	Develops professional video surveillance and security system products and technologies	\$110.0	NA	NA
7/28/2020	ATWEC Technologies	Level Three Security	Offers residential and commercial alarm services	NA	NA	NA
5/4/2020	Leidos	L3 Security & Detection Systems Business	Manufactures and supplies security detection systems in the United States and internationally	\$1,000.0	2.00x	NA
1/31/2020	Vimpex	Sigma Fire & Security	Delivers fire safety and security services to residential, industrial, commercial, and institutional sectors	NA	NA	NA
1/27/2020	Rapid Fire Protection [Boyne Capital]	Aegis Fire Systems	Engages in the design, fabrication, and installation of fire protection systems	NA	NA	NA
1/9/2020	Securitas	Fredon Security	Provides services related to CCTV, security cameras, alarms, and biometrics	\$22.0	0.86x	NA
1/8/2020	Securitas	Techoo Security	Provides access control, electronic surveillance, fire protection, GPS tracking, intrusion, and video surveillance systems	\$23.9	NA	NA
1/6/2020	ADT	Defenders	Offers residential security services in the United States	\$381.3	NA	NA



## Cyber-Security Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
12/1/2020	Ivanti Software	MobileIron	Provides a mobile IT platform that enables enterprises to manage and secure mobile applications, content, and devices	\$859.3	4.00x	NA
12/1/2020	Ivanti Software	Pulse Secure	Delivers mobile security services intended to improve visibility, protection, and productivity for customers	NA	NA	NA
10/7/2020	Arista Networks	Awake Security	Develops a network security and analytics platform designed to improve security team productivity	NA	NA	NA
10/1/2020	Fastly	Signal Sciences	Provides a web protection platform designed to make web applications more secure	\$775.0	NA	NA
9/30/2020	CrowdStrike	Preempt Security	Designs an enterprise security software meant to combat breaches and insider threats	\$96.0	NA	NA
9/30/2020	Check Point Software	Odo Security	Delivers network access and security software designed to allow the connection, configuration, and deployment to remote cloud environments	NA	NA	NA
9/21/2020	SecureWorks	Delve Laboratories	Provides autonomous security solutions designed to assess vulnerability	\$15.1	NA	NA
9/1/2020	AlpInvest Partners; STG Partners; Ontario Teachers' Pension Plan	RSA Security	Provides a broad array of cyber-security and risk management technology services	\$2,075.0	NA	NA
8/28/2020	HelpSystems	GlobalSCAPE	Offers computer software that provides secure information exchange, data transfer, and sharing capabilities for enterprises and consumers	\$219.7	5.44x	13.65x
8/14/2020	Advent International; Crosspoint Capital Partners	Forescout Technologies	Designs a network access control and policy compliance management platform that integrates network security, mobility, and IT management	\$1,607.5	5.02x	NA
7/22/2020	Fortress Investment Group	Finjan Holdings	Delivers a variety of different cyber-security solutions and services	\$14.0	0.82x	5.07x
7/20/2020	Fortinet	OPAQ Networks	Develops a cloud-based security-as-a-service management platform designed to facilitate, centralize, and secure mid-market users with enterprise-grade security capability	\$13.3	NA	NA
7/10/2020	GardaWorld [BC Partners]	WorldAware	Provides an array of business resiliency and risk management information services	NA	NA	NA
4/21/2020	Palo Alto Networks	CLOUDGENIX	Delivers a software-defined wide area network (SD-WAN) designed to revolutionize networking	\$394.4	NA	NA
3/2/2020	Insight Partners	Veeam Software	Provides software that manages all virtual, physical, and cloud-based workloads from a single console, as well as restores entire VMs, individual files and everything in between	\$5,000.0	NA	NA
3/2/2020	Thoma Bravo	Sophos Group	Offers simplified products to combat known and unknown IT security threats	\$3,925.1	5.40x	40.26x
2/11/2020	Insight Partners; CapitalG Management	Armis	Provides an agentless IoT security platform for enterprises intended to identify unmanaged devices and networks	\$1,100.0	NA	NA
1/24/2020	F5 Networks	Shape Security	Delivers enterprise-based application security technology designed to defend the web and mobile applications and APIs from fraud, abuse, and attack	\$1,028.0	17.13x	NA
1/21/2020	Apax Partners	Coalfire	Provides information technology audit, security assessment, and IT compliance services	\$350.0	NA	NA
1/15/2020	ZelnickMedia	Smeio	Offers end-to-end identity and access management services	\$240.0	NA	NA





## Valuation Multiples Based on Current Capitalization

	Market	Ent.	EV / Revenue			EV / EBITDA			Price / EPS		
	Cap (\$M)	Value (\$M)	2019A	2020E	2021P	2019A	2020E	2021P	2019A	2020E	2021P
Security Services											
Securitas	5,898.8	7,651.2	0.64x	0.58x	0.56x	9.98x	8.61x	7.71x	16.42x	18.14x	14.82x
G4S	5,358.1	7,554.9	0.74x	0.80x	0.77x	9.62x	9.55x	8.84x	NA	9.62x	17.70x
The Brink's Company	3,559.2	5,877.4	1.60x	1.61x	1.42x	14.92x	11.18x	9.05x	NA	36.73x	20.41x
Prosegur	1,501.8	2,912.3	0.62x	0.67x	0.63x	5.29x	5.90x	5.02x	11.75x	17.21x	11.85x
Loomis	2,071.9	2,492.4	1.11x	1.06x	1.02x	6.08x	5.53x	4.87x	11.76x	19.78x	11.18x
Average	\$3,677.9	\$5,297.6	0.94x	0.94x	0.88x	9.18x	8.15x	7.10x	13.31x	20.29x	15.19x
Security Solutions											
Honeywell	149,248.6	157,484.6	4.29x	4.90x	4.62x	18.33x	21.14x	18.83x	24.30x	30.51x	26.95x
Johnson Controls	33,726.9	41,887.9	1.74x	1.90x	1.80x	15.31x	13.28x	12.75x	6.16x	44.23x	19.03x
Motorola	28,829.1	33,736.1	4.28x	4.57x	4.21x	15.90x	16.74x	14.37x	33.21x	30.71x	24.43x
ADT	6,479.8	16,189.4	3.16x	3.06x	3.04x	6.98x	7.48x	7.25x	NA	NA	NA
Allegion	10,711.5	11,810.3	4.14x	4.41x	4.34x	18.55x	18.76x	18.41x	26.66x	33.08x	24.95x
Vivint Smart Home	4,118.3	6,724.5	5.82x	5.35x	4.85x	NA	11.59x	11.44x	NA	NA	NA
Alarm.com	5,080.6	5,003.3	9.96x	8.36x	7.88x	58.96x	43.62x	40.99x	NA	NA	NA
Napco Security	481.1	470.5	4.40x	4.88x	4.04x	26.88x	39.00x	19.79x	32.83x	NA	26.96x
Arlo Technologies	615.7	452.5	1.22x	1.28x	1.13x	NA	NA	NA	NA	NA	NA
Average	\$26,587.9	\$30,417.7	4.33x	4.30x	3.99x	22.99x	21.45x	17.98x	24.63x	34.63x	24.47x
Cyber-Security											
Fortinet	24,111.2	22,502.7	10.44x	8.77x	7.58x	55.45x	29.81x	25.95x	NA	50.78x	49.61x
Check Point Software	18,634.0	14,737.6	7.39x	7.16x	6.95x	16.37x	14.00x	13.82x	22.57x	22.07x	22.47x
Proofpoint	7,872.0	7,696.2	8.67x	7.37x	6.46x	NA	41.71x	40.14x	NA	NA	NA
SolarWinds	4,694.9	6,301.4	6.76x	6.18x	5.66x	28.77x	12.93x	12.08x	NA	NA	NA
FireEye	5,210.7	5,298.2	5.96x	5.68x	5.36x	NA	39.08x	36.44x	NA	NA	NA
Tenable Holdings	5,388.8	5,181.7	14.61x	11.86x	9.97x	NA	NA	NA	NA	NA	NA
Varonis	5,190.8	5,139.0	NA	18.23x	15.21x	NA	NA	NA	NA	NA	NA
NetScout	2,017.5	2,117.6	2.36x	2.50x	2.48x	13.75x	NA	NA	NA	NA	NA
SecureWorks	1,169.4	1,011.9	1.83x	1.81x	1.75x	NA	29.95x	32.98x	NA	NA	NA
Average	\$8,254.4	\$7,776.2	7.25x	7.73x	6.83x	28.59x	27.92x	26.90x	22.57x	36.42x	36.04x



## Capital Markets Overview

\$ in millions except per share data

	Stock Price	Ent.	CY2020E			CY2021P			TEV /2020E		TEV/2021P	
	12/31/20	Value	Rev.	EBTIDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Security Services												
Securitas	16.16	7,651.2	13,268.7	888.2	6.7%	13,576.5	992.2	7.3%	0.58x	8.61x	0.56x	7.71x
G4S	3.47	7,554.9	9,393.6	791.0	8.4%	9,788.3	854.9	8.7%	0.80x	9.55x	0.77x	8.84x
The Brink's Company	72.00	5,877.4	3,651.3	525.7	14.4%	4,151.0	649.6	15.6%	1.61x	11.18x	1.42x	9.05x
Prosegur	2.98	2,912.3	4,370.0	493.8	11.3%	4,588.2	579.9	12.6%	0.67x	5.90x	0.63x	5.02x
Loomis	27.54	2,492.4	2,343.2	450.5	19.2%	2,439.0	512.1	21.0%	1.06x	5.53x	1.02x	4.87x
Average	\$24.43	\$5,297.6	\$6,605.4	\$630.5	12.0%	\$6,908.6	\$717.7	13.1%	0.94x	8.15x	0.88x	7.10x

**Security Solutions**

Honeywell	212.70	157,484.6	32,142.3	7,448.0	23.2%	34,060.5	8,365.4	24.6%	4.90x	21.14x	4.62x	18.83x
Johnson Controls	46.59	41,887.9	22,008.1	3,154.3	14.3%	23,235.5	3,284.4	14.1%	1.90x	13.28x	1.80x	12.75x
Motorola	170.06	33,736.1	7,383.3	2,014.9	27.3%	8,004.5	2,347.1	29.3%	4.57x	16.74x	4.21x	14.37x
ADT	7.85	16,189.4	5,290.2	2,165.5	40.9%	5,323.0	2,232.3	41.9%	3.06x	7.48x	3.04x	7.25x
Allegion	116.38	11,810.3	2,678.3	629.6	23.5%	2,718.4	641.5	23.6%	4.41x	18.76x	4.34x	18.41x
Vivint Smart Home	20.75	6,724.5	1,255.8	580.3	46.2%	1,386.9	588.0	42.4%	5.35x	11.59x	4.85x	11.44x
Alarm.com	103.45	5,003.3	598.6	114.7	19.2%	635.0	122.1	19.2%	8.36x	43.62x	7.88x	40.99x
Napco Security	26.22	470.5	96.3	12.1	12.5%	116.4	23.8	20.4%	4.88x	39.00x	4.04x	19.79x
Arlo Technologies	7.79	452.5	353.6	NA	NA	401.9	NA	NA	1.28x	NA	1.13x	NA
Average	\$79.09	\$30,417.7	\$7,978.5	\$2,014.9	25.9%	\$8,431.3	\$2,200.6	27.0%	4.30x	21.45x	3.99x	17.98x

**Cyber-Security**

Fortinet	148.53	22,502.7	2,567.2	754.8	29.4%	2,968.1	867.2	29.2%	8.77x	29.81x	7.58x	25.95x
Check Point Software	132.91	14,737.6	2,057.7	1,052.8	51.2%	2,119.3	1,066.4	50.3%	7.16x	14.00x	6.95x	13.82x
Proofpoint	136.41	7,696.2	1,044.2	184.5	17.7%	1,191.0	191.7	16.1%	7.37x	41.71x	6.46x	40.14x
SolarWinds	14.95	6,301.4	1,020.0	487.2	47.8%	1,112.6	521.7	46.9%	6.18x	12.93x	5.66x	12.08x
FireEye	23.06	5,298.2	933.4	135.6	14.5%	989.3	145.4	14.7%	5.68x	39.08x	5.36x	36.44x
Tenable Holdings	52.26	5,181.7	436.9	29.8	6.8%	519.5	47.8	9.2%	11.86x	NA	9.97x	NA
Varonis	163.61	5,139.0	281.9	NA	NA	337.9	1.5	0.4%	18.23x	NA	15.21x	NA
NetScout	27.42	2,117.6	845.5	NA	NA	853.2	NA	NA	2.50x	NA	2.48x	NA
SecureWorks	14.22	1,011.9	559.8	33.8	6.0%	578.3	30.7	5.3%	1.81x	29.95x	1.75x	32.98x
Average	\$79.26	\$7,776.2	\$1,082.9	\$382.6	24.8%	\$1,185.5	\$359.1	21.5%	7.73x	27.92x	6.83x	26.90x

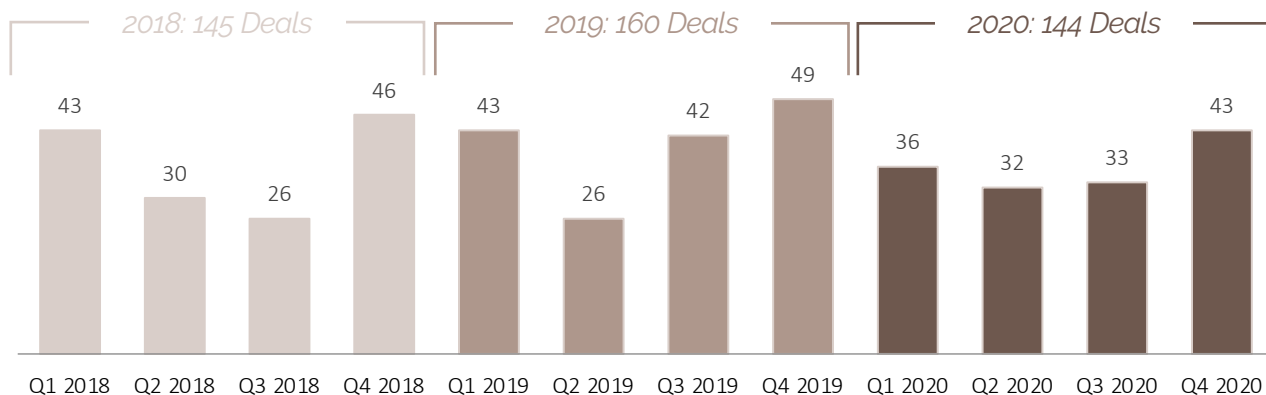
<b>Low</b>	\$2.98	\$452.5	\$96.3	\$12.1	6.0%	\$116.4	\$1.5	0.4%	0.58x	5.53x	0.56x	4.87x
<b>Mean</b>	\$67.27	\$16,097.1	\$4,981.7	\$1,097.4	22.0%	\$5,265.0	\$1,146.0	21.6%	4.91x	19.99x	4.42x	17.93x
<b>Median</b>	\$27.54	\$6,301.4	\$2,057.7	\$553.0	18.4%	\$2,119.3	\$588.0	19.2%	4.57x	14.00x	4.21x	13.82x
<b>High</b>	\$212.70	\$157,484.6	\$32,142.3	\$7,448.0	51.2%	\$34,060.5	\$8,365.4	50.3%	18.23x	43.62x	15.21x	40.99x



## Key Activity Summary

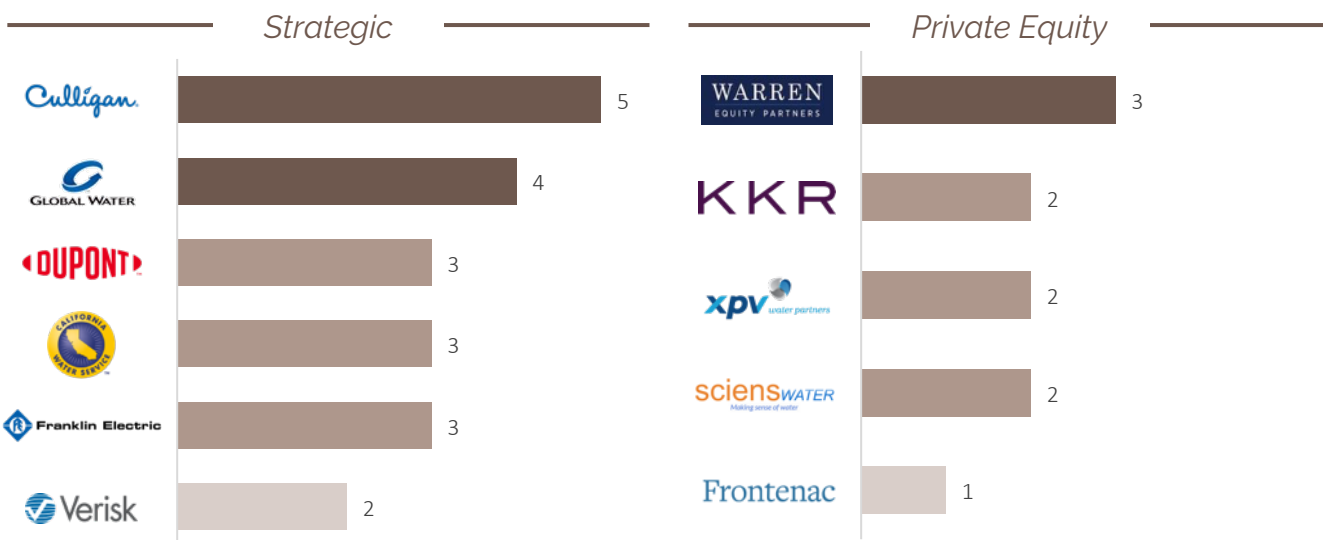
- Entering 2020, the Critical Infrastructure industry was at a five-year high in terms of deal count / value
- The industry's decline in 2020 transaction activity was offset partially by the strong performance of the Systems and Solutions sector in Q4 2020, which is expected to continue in 2021
- Despite the decline, the Municipal Utility Space subsector experienced strong transaction volume as large players such as American Water Works, California Water Service Group, Essential Utilities, and Global Water Resources continued to drive consolidation and activity
- Looking forward to 2021, expect a continued shift to decentralized wastewater treatment using distributed systems, which can better address localized contamination sources, provide water reuse for irrigation and drinking water, and recover biosolids
- Strong interest in smart digital water technology is expected as well, including sensors, satellites, drones, and machine learning, all of which improve asset management and system optimization

## Transactions by Quarter



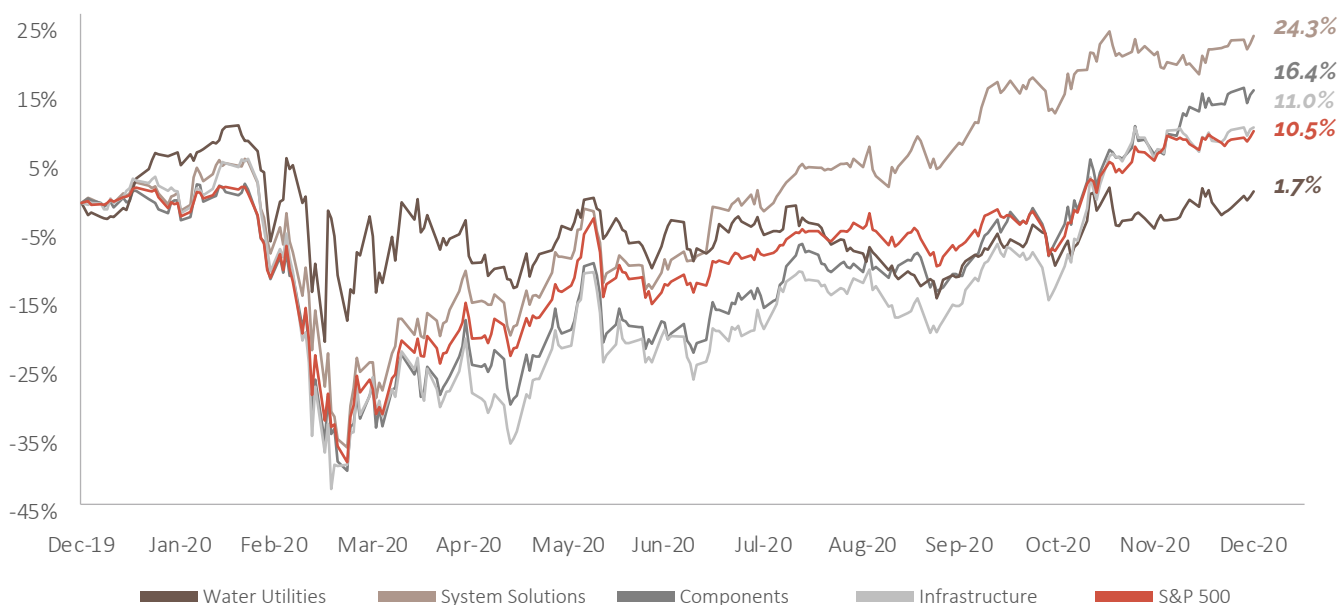
Parameters: US, S&P Capital IQ industry classifications: Water Treatment Chemicals, Water, Sewer and Pipeline Construction, Water Well Drilling, Water Appliances, Water Utilities, Water Purification, Water Testing, and Irrigation Systems

## Key Industry Acquirers in 2020





## Custom Index Performance



## Commentary

The Critical Infrastructure and Water industries were quite resilient this year, with most sectors closely tracking to the S&P 500. The industry's 2020 performance has varied across the four TMG custom sectors with the System Solutions and Water Utility sectors having outperformed the S&P 500 throughout the pandemic, as investors moved to more insulated investments. Additionally, certain sectors such as System Solutions benefited from their exposure to the healthcare markets. By the close of the year, most of the Critical Infrastructure industry had recovered with only the Water Utilities sector lagging behind the S&P 500.

### Water Utilities

*The Water Utilities sector has remained relatively stable throughout 2020. Utility companies saw a slight decrease from commercial customers as companies moved their workforces remote. This was partially offset by an uptick in residential water use. State orders to suspend collection as well as service suspension efforts have minimally impacted the sector.*

### Components

*Continued demand for smart digital water products and technologies helped to fuel growth in this sector in 2020. However, many component companies, which had exposure to the oil and gas industries, experienced revenue declines and project delays as demand for these resources decreased.*

### System Solutions

*By supporting critical industries such as healthcare and water utilities, the System Solutions sector fared well in 2020 as companies supplying fluid systems in the development of healthcare products experienced significant demand. This activity helped offset project delays seen in other end markets. Many companies also saw an increase in residential sales as customers invested in home improvement projects and pools.*

### Infrastructure

*Funding uncertainties as well as disruptions due to the pandemic led to project delays in the sector, creating a challenging 2020. Looking forward to 2021, the sector is well positioned for growth as U.S. infrastructure spending is expected to increase over the coming years.*



## Select Precedent Transactions



**Date:** March 18, 2019  
**Size:** NA  
**EBITDA Multiple:** NA

### Transaction Details

Dragos, the industrial infrastructure cybersecurity firm, acquired NexDefense, a cybersecurity company for the industrial controls market. Dragos believes the acquisition will further support its mission of providing security solutions to the industrial controls market. Further, this acquisition helped Dragos launch "Community Tools", a set of free industrial controls security assessment tools.



**Date:** January 9, 2020  
**Size:** NA  
**EBITDA Multiple:** NA

### Transaction Details

DuPont acquired Desalitech, an innovative manufacturer of closed-circuit reverse osmosis technology. Desalitech's technology lowers the lifecycle cost of water purification and reuse, delivering 90-98% water recovery to over 200 blue chip customers. Desalitech will be brought into DuPont's Safety & Construction business, which will compliment their line of FilmTec RO Membranes.



**Date:** March 30, 2020  
**Size:** NA  
**EBITDA Multiple:** NA

### Transaction Details

Seven Seas Water Corporation, an operating segment of Aqua Venture Holdings, was acquired by Morgan Stanley Infrastructure Partners. Seven Seas was sold after Aqua Ventures was acquired by Culligan International. Seven Seas is a leader in the rapidly growing centralized water market, focused specifically on Water-as-a-Service (WaaS) solutions. Morgan Stanley Infrastructure is a global infrastructure investment platform.



**Date:** September 9, 2020  
**Size:** \$160.0M  
**EBITDA Multiple:** NA

### Transaction Details

Verisk Analytics, a provider of risk analytics services to the utilities, insurance, and financial sectors, acquired Franco Signor, a Medicare secondary payer service provider. Franco Signor will become part of Verisk's ISO Claims Partners business unit. This acquisition will allow for greater sophistication in Verisk's existing analytics services and allow the company to offer an all-inclusive solution suite.



**Date:** October 5, 2020  
**Size:** \$3.9B  
**EBITDA Multiple:** 9.5x

### Transaction Details

Veolia Environment is a water, waste, and energy solutions firm which acquired a 30% equity stake in SUEZ, a water and wastewater cycle management firm. The equity stake was part of a broader takeover attempt, which is planned to occur after being approved by European regulatory authorities. Veolia is currently bidding €18 per share for the outstanding SUEZ shares. A SUEZ – Veolia merger would create an unrivaled global leader in environmental services.



**Date:** November 1, 2020  
**Size:** NA  
**EBITDA Multiple:** NA

### Transaction Details

Frontenac, a Chicago-based private equity fund, acquired Newterra, marking their first investment in the global water treatment market. Newterra was purchased from the water focused private equity fund, XPV, who has controlled the company since late 2013. Frontenac portfolio company CEO and Partner, Jim McGivern, will be joining the Newterra board. Frontenac plans for Newterra to be on its new growth platform in the water sector.



## Water Utilities Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
12/4/2020	The York Water Company	Gettysburg Water and Wastewater Systems	Multiple water and wastewater facilities in Adams County PA	NA	NA	NA
11/20/2020	Global Water Resources	Francesca Water Company	Arizona-based water utility company	NA	NA	NA
11/1/2020	Frontenac Company	Newterra	Provider of decentralized water and wastewater treatment solutions	NA	NA	NA
10/13/2020	Algonquin Power & Utilities	ESSAL	Chilean provider of water and wastewater for residential and industrial markets	\$310.1	3.78x	9.60x
10/7/2020	Warren Equity Partners	Si Environmental	A water and wastewater service provider for Fort Bend, TX	NA	NA	NA
10/6/2020	Illinois American Water [American Water Works]	Jerseyville's Water and Wastewater Systems	Water / wastewater systems and facilities	\$43.3	NA	NA
10/5/2020	Veolia Environment	SUEZ	Global water cycle and waste cycle management business	\$24,843.6	1.42x	9.52x
9/11/2020	Verisk Analytics	Franco Signor	Medicare secondary payer service provider	\$160.0	NA	NA
9/8/2020	Valicor Environmental Services	Water Depot	Provider of wastewater treatment services	NA	NA	NA
8/3/2020	Artesian Water Company	Majority of Assets of Delaware City Water System	Facilities, property, and contracts of Delaware City's water system	\$2.1	NA	NA
7/20/2020	Magnolia Water Utility Operating Company	Multiple Water / Wastewater Facilities Across Louisiana	Multiple water and wastewater utility providers comprised of 14 local providers	NA	NA	NA
7/2/2020	H2O Innovation	Gulf Utility Service	Provider of wastewater management solutions	\$2.8	0.40x	3.93x
6/4/2020	Washington Water Service [California Water Service]	Water System Assets of Rainier View Water	Water utility facilities and pipelines	NA	NA	NA
6/1/2020	Hawaii-American Water [American Water Works]	Waimea Wastewater Company	Distributes drinking water to residential and commercial customers	NA	NA	NA
5/8/2020	Essential Utilities	Wastewater Utility System of New Garden Township, PA	Wastewater treatment plant and related infrastructure support	\$29.5	NA	NA
4/29/2020	Indiana American Water [American Water Works]	Riley Wastewater Systems	Operates a wastewater treatment facility	\$1.6	NA	NA
4/9/2020	Bernhard Capital Partners Management	Ascension Wastewater Treatment	Sewer utility company operating lift stations and sewer treatment plants	NA	NA	NA
3/2/2020	NW Natural Water [Northwest Natural]	TW Water Service	Provider of water utility services throughout Texas	NA	NA	NA
2/21/2020	Valicor Environmental Services	Affiliated Wastewater Environmental Services	Wastewater treatment facility for oily and heavy metal bearing wastewaters	NA	NA	NA
2/4/2020	California American Water Company	Fruitridge Vista Water Company	Water utility provider to Sacramento, CA	\$20.8	NA	NA
1/24/2020	Aqua Ohio [Essential Utilities]	Campbell Water System	Water treatment plant and distribution system of Campbell, OH	\$7.5	NA	NA



## System Solutions Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
11/17/2020	Integumen	Modern Water	Provides products and services to address the availability of fresh water and wastewater treatment	\$23.5	13.50x	NA
11/11/2020	Quench USA [Culligan International]	Sunnybrook Water Company	Manufactures and supplies water coolers, ice machines, and sparkling water dispenser system	NA	NA	NA
10/22/2020	Quench USA [Culligan International]	Dove Water	Manufactures and sells water coolers	NA	NA	NA
10/6/2020	Quench USA [Culligan International]	Pure Water Technology of San Diego	Manufactures and sells water purification systems for workplaces	NA	NA	NA
6/23/2020	PSP	Assets of PolyCera	Develops and manufactures membranes used for ultrafiltration, sold under the PolyCera Brand	NA	NA	NA
5/28/2020	Quench USA [Culligan International]	Scott Pure Water	Operates Pure Water Technology dealership, which sells water purification systems for workplaces	NA	NA	NA
3/30/2020	Morgan Stanley Infrastructure	Seven Seas Water Corporation	Offers outsourced Water-as-a-Service solutions and supplies	NA	NA	NA
3/30/2020	Culligan International	AquaVenture Holdings	Offers outsourced Water-as-a-Service solutions ( <i>Seven Seas</i> ) and point-of-use filtered water systems ( <i>Quench</i> )	\$1,130.8	5.87x	18.29x
2/28/2020	Cott Corporation	Primo Water Corporation	Provides multi-gallon purified bottled water, refill water, and water dispensers in the U.S. and Canada	\$773.4	2.44x	15.60x
1/13/2020	Quench USA [Culligan International]	Smart Water Solutions	Provider of water filtration services	\$1.2	NA	NA
1/9/2020	DuPont de Nemours	Desalitech	Designs, develops, and manufactures reverse osmosis systems for water purification	NA	NA	NA





## Components Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
11/30/2020	Waterlogic	Hidrospot	Manufactures mains-fed water dispensers	NA	NA	NA
11/30/2020	Miller Environmental Group	Monarch Environmental Services	Provides comprehensive wastewater removal services	NA	NA	NA
11/3/2020	Badger Meter	scan Messtechnik	Manufactures spectrometer and optical probes and other pivotal technologies for monitoring waters and liquids	\$27.0	2.09x	NA
11/2/2020	Franklin Electric	Waterite Technologies	Manufactures and distributes products for the water treatment, conditioning, and purification industries	NA	NA	NA
10/29/2020	Global Water Resources	Mirabell Water Company	Provides water connection services	\$0.1	NA	NA
10/29/2020	Shenandoah Industrial Solutions	Bay Area Environmental Services	Provides water and sewer pipeline cleaning, testing, and restoration services to governments and industry	NA	NA	NA
8/17/2020	GEF Capital Partners	Enviromix	Provides mixing technology solutions for municipal and industrial wastewater treatment plants	NA	NA	NA
7/31/2020	Industrial Water Treatment Solutions Corp Management	Industrial Water Treatment Solutions Corp	Manufactures and distributes chemical products for the industrial water services market	NA	NA	NA
7/1/2020	Element Solutions Inc	DMP Corporation	Designs and develops industrial wastewater treatment solutions for an array of industries	NA	NA	NA
7/1/2020	Carbon Neutral Ag Sciences	mOasis	Develops water retention and conservation technologies	NA	NA	NA
4/1/2020	Jack Tyler Engineering Incorporated	New Water Systems	Provides water and wastewater treatment, distribution, and collection services	NA	NA	NA
4/1/2020	METAWATER	Wigen Water Technologies	Manufactures and supplies custom membrane, media filtration and ion exchange systems	NA	NA	NA
2/6/2020	Cambrian Innovation	Baswood Corporation	Manufactures innovative wastewater treatment solutions	NA	NA	NA
2/3/2020	Franklin Electric Co	Product Lines and Assets of CPS Pumps	Manufacturing processes and product lines of line shaft turbines, split case, end suction, and ANSI-style pumps	\$6.3	NA	NA
1/24/2020	Consolidated Water US Holdings	Aerex Industries	Manufactures and installs water treatment systems for the water and wastewater industry	\$17.4	NA	NA



## Infrastructure Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
12/8/2020	TransAlta Corporation	EMG International	Engineering and consulting company specializing in wastewater treatment for the food and beverage industry	NA	NA	NA
12/1/2020	ERIS Information	Business Assets of GeoSearch	Provides environmental information to assess and manage environmental risk	\$8.2	NA	NA
10/27/2020	Denali Water Solutions	Veris Environmental / AWS Dredge	Professional residuals management service company providing services to municipal wastewater systems	NA	NA	NA
8/18/2020	Patriot Environmental	Transwater	Provides water management and drone surveying for the oil and gas, mining, solid waste, and related industries	NA	NA	NA
8/11/2020	Consolidated Water Co	PERC Water Corporation	Develops, designs, builds, operates, and manages water infrastructure	\$0.9	NA	NA
6/4/2020	Pace Analytical Services	Aerobiology Laboratory Associates	Provides environmental microbiology analytical services to industrial hygiene and building science industries	NA	NA	NA
4/6/2020	Groundwater & Environmental Services	Bluestone Environmental Services	Provides environmental consulting, compliance, and site remediation services	NA	NA	NA
1/29/2020	TPG Growth	Denali Water Solutions	Residuals management company that manages organic wastes for water and wastewater treatment facilities	NA	NA	NA
1/24/2020	Insituform Holdings	Insituform Pacific	Manages and controls sewer and water main lining projects on behalf of water and wastewater companies	NA	NA	NA
1/13/2020	Vortex Companies	Assets of Trenchless Pipe Repairs	Provides construction and engineering services	NA	NA	NA



## Valuation Multiples Based on Current Capitalization

	Market	Ent.	EV / Revenue			EV / EBITDA			Price / EPS		
	Cap (\$M)	Value (\$M)	2019A	2020E	2021P	2019A	2020E	2021P	2019A	2020E	2021P
Water Utilities											
American Water Works	27,819.8	38,030.8	10.53x	9.99x	9.52x	21.10x	19.57x	18.23x	44.80x	39.54x	36.15x
Essential Utilities	11,598.9	17,083.0	19.20x	9.66x	8.28x	33.25x	20.33x	17.78x	51.66x	29.13x	27.04x
California Water Service	2,692.9	3,761.6	5.26x	4.85x	4.76x	18.69x	15.09x	14.23x	42.67x	32.16x	31.65x
American States Water	2,933.0	3,469.6	7.32x	7.23x	7.01x	21.15x	20.66x	19.71x	34.78x	34.94x	33.54x
SJW Group	1,980.7	3,465.8	8.24x	6.52x	6.27x	25.01x	16.27x	14.56x	NA	34.59x	30.23x
Middlesex Water	1,266.0	1,547.0	11.49x	10.97x	10.60x	30.85x	NA	NA	37.36x	NA	NA
Consolidated Water	182.2	153.9	2.24x	2.02x	2.00x	9.65x	9.33x	9.62x	14.97x	33.13x	24.96x
Average	\$6,924.8	\$9,644.5	9.18x	7.32x	6.92x	22.81x	16.87x	15.69x	37.70x	33.92x	30.60x

### System Solutions

Danaher	157,803.3	178,155.6	NA	8.11x	7.06x	NA	29.03x	23.62x	NA	NA	NA
Dover	18,193.0	20,903.3	NA	3.16x	2.97x	NA	16.81x	14.95x	NA	NA	NA
Xylem	18,345.8	19,905.8	NA	4.15x	3.89x	NA	26.19x	21.71x	NA	NA	NA
IDEX	15,080.6	15,356.5	NA	6.57x	6.15x	NA	25.27x	22.76x	NA	NA	NA
Pentair	8,831.3	9,636.5	0.54x	3.24x	3.10x	2.16x	17.49x	15.93x	2.94x	2.61x	2.14x
A. O. Smith	8,851.7	8,502.6	1.19x	3.02x	2.84x	6.39x	16.69x	14.30x	13.06x	13.29x	11.46x
Watts Water Technologies	4,094.4	4,155.2	0.79x	2.79x	2.76x	4.36x	17.64x	17.53x	10.21x	17.69x	9.03x
Evoqua	3,191.1	3,964.2	1.59x	2.82x	2.70x	5.84x	16.65x	15.66x	7.50x	8.48x	7.49x
Average	\$29,298.9	\$32,572.5	1.03x	4.23x	3.93x	4.69x	20.72x	18.31x	8.43x	10.52x	7.53x

### Components

Graco	12,121.6	12,046.4	7.32x	7.50x	7.02x	25.72x	26.33x	23.25x	35.25x	40.32x	33.99x
Flowserve	4,800.2	5,787.1	1.47x	1.56x	1.63x	11.58x	12.35x	12.83x	18.92x	38.67x	24.47x
Rexnord	4,749.9	5,692.4	2.76x	2.91x	2.79x	13.30x	13.12x	12.45x	23.89x	31.60x	20.88x
Franklin Electric	3,197.7	3,203.8	2.44x	2.59x	2.44x	19.60x	19.59x	17.69x	33.49x	32.36x	27.25x
Badger Meter	2,738.7	2,652.2	6.25x	6.35x	5.79x	30.84x	29.25x	27.21x	58.05x	56.05x	50.92x
SPX FLOW	2,446.7	2,556.1	1.70x	1.96x	1.82x	15.14x	18.24x	14.50x	NA	NA	30.54x
Mueller Water Products	1,959.9	2,226.1	2.25x	2.30x	2.22x	11.50x	11.57x	10.56x	20.61x	26.32x	21.03x
The Gorman-Rupp	847.0	753.3	1.89x	2.12x	1.83x	13.19x	14.88x	11.58x	23.65x	32.26x	21.05x
Energy Recovery	765.2	677.3	NA	5.75x	6.71x	NA	17.89x	42.62x	NA	NA	NA
Average	\$3,736.3	\$3,955.0	3.26x	3.67x	3.58x	17.61x	18.14x	19.19x	30.55x	36.80x	28.77x



## Valuation Multiples Based on Current Capitalization Continued

	Market Cap (\$M)	Ent. Value (\$M)	EV / Revenue			EV / EBITDA			Price / EPS		
			2019A	2020E	2021P	2019A	2020E	2021P	2019A	2020E	2021P
Infrastructure											
AECOM	7,505.0	8,893.4	0.44x	0.67x	0.68x	9.37x	11.68x	10.81x	NA	NA	20.06x
Tetra Tech	6,226.3	6,637.7	2.71x	2.86x	2.68x	27.39x	25.07x	22.98x	37.97x	36.56x	32.93x
Clean Harbors	4,204.2	5,413.7	1.59x	1.72x	1.63x	10.32x	9.94x	9.96x	43.01x	35.81x	36.05x
EMCOR Group	5,024.0	4,879.9	0.53x	0.56x	0.55x	8.78x	8.62x	8.82x	15.45x	37.60x	15.76x
Arcosa	2,646.9	2,740.5	1.58x	1.42x	1.42x	11.48x	9.62x	9.92x	23.36x	22.82x	23.15x
Primoris Services	1,327.9	1,666.4	0.54x	0.49x	0.47x	7.36x	7.22x	6.73x	16.13x	14.23x	13.20x
Aegion	584.4	821.1	0.68x	0.77x	0.74x	8.55x	9.15x	8.20x	NA	NA	16.49x
Average	\$3,931.3	\$4,436.1	1.15x	1.21x	1.17x	11.89x	11.62x	11.06x	27.19x	29.40x	22.52x



## Capital Markets Overview

	Stock Price	Ent.	CY2020E			CY2021P			TEV /2020E		TEV/2021P	
	12/31/20	Value	Rev.	EBTIDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Water Utilities												
American Water Works	153.47	38,030.8	3,807.7	1,943.7	51.0%	3,996.6	2,086.6	52.2%	9.99x	19.57x	9.52x	18.23x
Essential Utilities	47.29	17,083.0	1,769.0	840.4	47.5%	2,063.6	960.8	46.6%	9.66x	20.33x	8.28x	17.78x
California Water Service	54.03	3,761.6	776.0	249.2	32.1%	791.0	264.3	33.4%	4.85x	15.09x	4.76x	14.23x
SJW Group	79.51	3,469.6	479.9	168.0	35.0%	494.7	176.0	35.6%	7.23x	20.66x	7.01x	19.71x
American States Water	69.36	3,465.8	531.3	213.0	40.1%	553.2	238.0	43.0%	6.52x	16.27x	6.27x	14.56x
Middlesex Water	72.47	1,547.0	141.0	NA	NA	146.0	NA	NA	10.97x	NA	10.60x	NA
Consolidated Water	12.05	153.9	76.3	16.5	21.6%	76.9	16.0	20.8%	2.02x	9.33x	2.00x	9.62x
Average	\$69.74	\$9,644.5	\$1,083.0	\$571.8	37.9%	\$1,160.3	\$623.6	38.6%	7.32x	16.87x	6.92x	15.69x
System Solutions												
Danaher	222.14	178,155.6	21,957.3	6,137.5	28.0%	25,222.7	7,543.2	29.9%	8.11x	29.03x	7.06x	23.62x
Dover	126.25	20,903.3	6,615.0	1,243.7	18.8%	7,030.5	1,398.2	19.9%	3.16x	16.81x	2.97x	14.95x
Xylem	101.79	19,905.8	4,792.4	760.2	15.9%	5,118.7	917.0	17.9%	4.15x	26.19x	3.89x	21.71x
IDEX	199.2	15,356.5	2,337.7	607.6	26.0%	2,498.9	674.6	27.0%	6.57x	25.27x	6.15x	22.76x
Pentair	53.09	9,636.5	2,970.9	550.9	18.5%	3,111.7	604.8	19.4%	3.24x	17.49x	3.10x	15.93x
A. O. Smith	54.82	8,502.6	2,814.5	509.6	18.1%	2,992.1	594.4	19.9%	3.02x	16.69x	2.84x	14.30x
Watts Water Technologies	121.7	4,155.2	1,490.8	235.5	15.8%	1,503.6	237.1	15.8%	2.79x	17.64x	2.76x	17.53x
Evoqua	26.98	3,964.2	1,406.0	238.1	16.9%	1,469.0	253.1	17.2%	2.82x	16.65x	2.70x	15.66x
Average	\$113.25	\$32,572.5	\$5,548.1	\$1,285.4	19.7%	\$6,118.4	\$1,527.8	20.9%	4.23x	20.72x	3.93x	18.31x
Components												
Graco	72.35	12,046.4	1,607.1	457.6	28.5%	1,717.1	518.1	30.2%	7.50x	26.33x	7.02x	23.25x
Flowserve	36.85	5,787.1	3,701.9	468.4	12.7%	3,546.3	451.2	12.7%	1.56x	12.35x	1.63x	12.83x
Rexnord	39.49	5,692.4	1,955.2	434.0	22.2%	2,037.8	457.1	22.4%	2.91x	13.12x	2.79x	12.45x
Franklin Electric	69.21	3,203.8	1,237.0	163.5	13.2%	1,313.7	181.1	13.8%	2.59x	19.59x	2.44x	17.69x
Badger Meter	94.06	2,652.2	417.8	90.7	21.7%	458.4	97.5	21.3%	6.35x	29.25x	5.79x	27.21x
SPX FLOW	57.96	2,556.1	1,304.6	140.1	10.7%	1,403.3	176.3	12.6%	1.96x	18.24x	1.82x	14.50x
Mueller Water Products	12.38	2,226.1	967.3	192.4	19.9%	1,002.3	210.9	21.0%	2.30x	11.57x	2.22x	10.56x
The Gorman-Rupp	32.45	753.3	355.7	50.6	14.2%	411.2	65.1	15.8%	2.12x	14.88x	1.83x	11.58x
Energy Recovery	13.64	677.3	117.8	37.9	32.1%	100.9	20.6	20.4%	5.75x	17.89x	6.71x	32.93x
Average	\$47.60	\$3,955.0	\$1,296.0	\$226.1	19.5%	\$1,332.3	\$242.0	18.9%	3.67x	18.14x	3.58x	18.11x



## Capital Markets Overview Continued

	Stock Price	Ent.	CY2020E			CY2021P			TEV /2020E		TEV/2021P	
	12/31/20	Value	Rev.	EBTIDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Infrastructure												
AECOM	49.78	8,893.4	13,214.8	761.2	5.8%	13,112.5	822.9	6.3%	0.67x	11.68x	0.68x	10.81x
Tetra Tech	115.78	6,637.7	2,321.1	264.8	11.4%	2,474.5	288.8	11.7%	2.86x	25.07x	2.68x	22.98x
Clean Harbors	76.1	5,413.7	3,149.3	544.4	17.3%	3,327.7	543.7	16.3%	1.72x	9.94x	1.63x	9.96x
EMCOR Group	91.46	4,879.9	8,715.7	566.0	6.5%	8,813.6	553.2	6.3%	0.56x	8.62x	0.55x	8.82x
Arcosa	54.93	2,740.5	1,935.7	284.9	14.7%	1,926.7	276.2	14.3%	1.42x	9.62x	1.42x	9.92x
Primoris Services	27.61	1,666.4	3,425.9	230.9	6.7%	3,521.1	247.6	7.0%	0.49x	7.22x	0.47x	6.73x
Aegion	18.99	821.1	1,071.0	89.7	8.4%	1,102.6	100.2	9.1%	0.77x	9.15x	0.74x	8.20x
Average	\$62.09	\$4,436.1	\$4,833.3	\$391.7	10.1%	\$4,896.9	\$404.6	10.1%	1.21x	11.62x	1.17x	11.06x
Low	\$12.05	\$153.9	\$76.3	\$16.5	5.8%	\$76.9	\$16.0	6.3%	0.49x	7.22x	0.47x	6.73x
Mean	\$72.81	\$12,733.5	\$3,144.0	\$616.4	21.0%	\$3,333.5	\$699.1	21.3%	4.08x	17.05x	3.88x	16.03x
Median	\$57.96	\$4,155.2	\$1,769.0	\$274.8	18.3%	\$1,926.7	\$282.5	19.7%	2.91x	16.75x	2.79x	14.76x
High	\$222.14	\$178,155.6	\$21,957.3	\$6,137.5	51.0%	\$25,222.7	\$7,543.2	52.2%	10.97x	29.25x	10.60x	32.93x

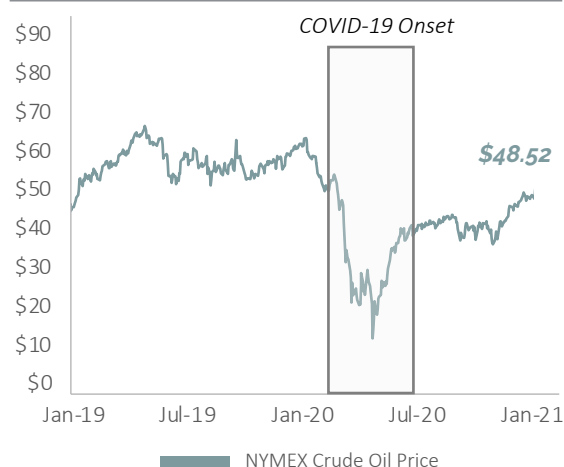
\$ in millions except per share data



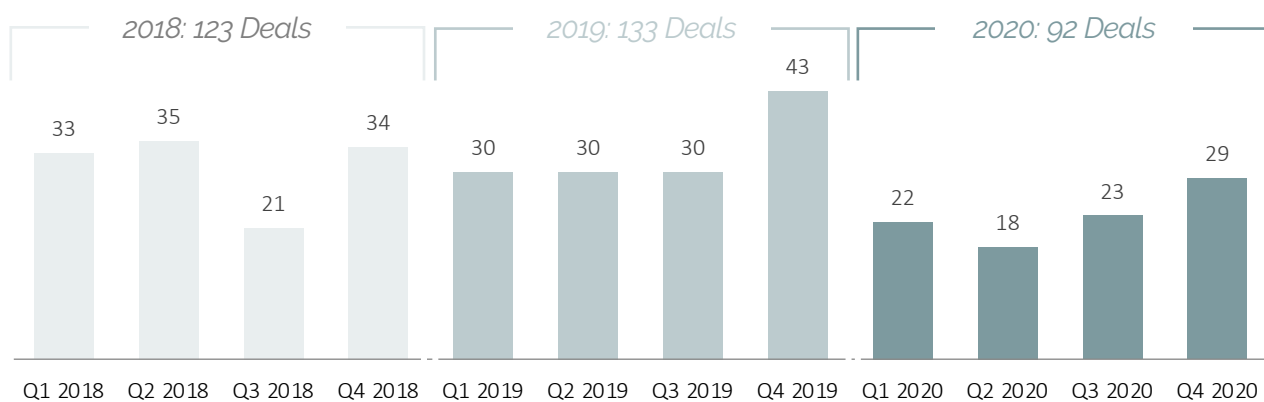
## Key Activity Summary

- Pandemic-related travel restrictions greatly hampered demand for oil, leading to significant decreases in crude oil prices and an excess capacity in the industry
- 2020 Maritime M&A was negatively impacted by the decrease in oil demand as deal volume fell ~31% YoY
- Those participating in M&A concentrated their efforts on organic growth as well as vessel sale and purchase (S&P) rather than typical corporate acquisitions
- Looking ahead to 2021, CO<sub>2</sub> and sulfur regulations are anticipated to be a major driver of M&A activity as regulatory navigation, corporate governance, and transparency will drive bank lending

## Crude Oil Prices



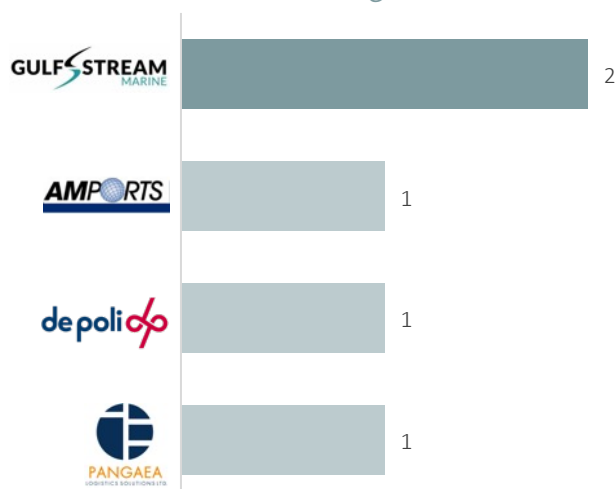
## Transactions by Quarter



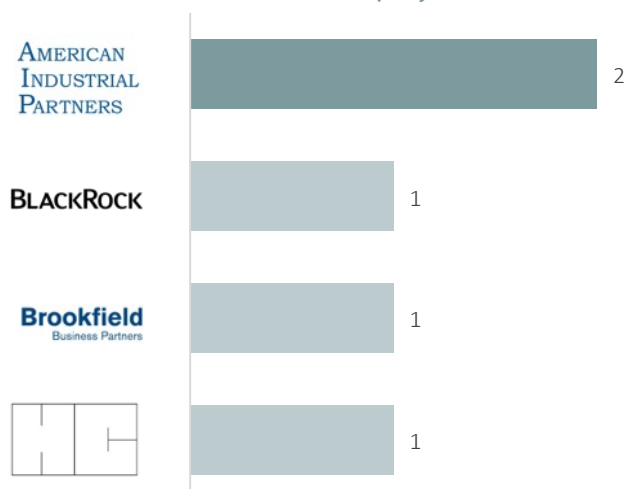
Parameters: North America, Canada, and Europe. S&P Capital IQ industry classifications: Marine and Marine Ports and Services

## Selected Industry Acquirers in 2020

### Strategic



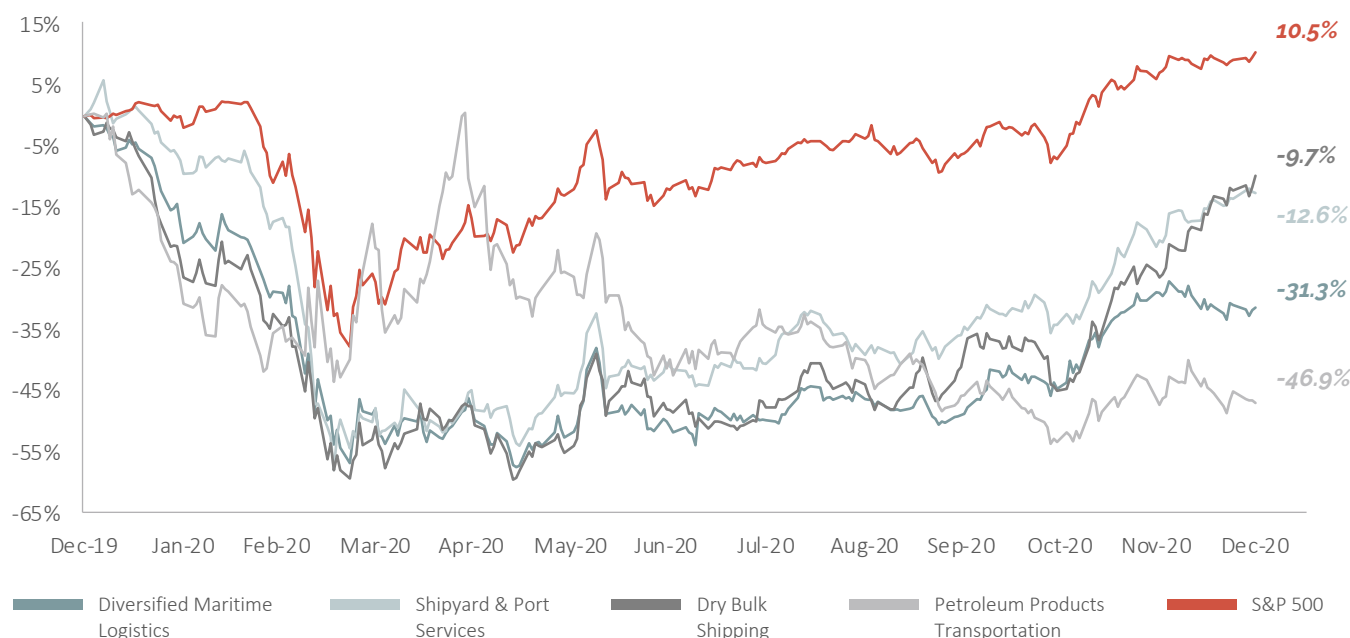
### Private Equity







## Custom Index Performance



## Commentary

As a result of the decline in oil demand, all the sectors of the Maritime industry underperformed the S&P 500 for most of 2020. This is largely due to the industry's involvement in the transportation of oil and gas and other bulk commodities, the trade of which suffered the sharpest decline in over 30 years.

### Diversified Maritime Logistics

Performance among Diversified Maritime Logistics companies has varied greatly. The pandemic has shifted consumer spending from travel towards e-commerce, which relies on transit between Asia and the U.S. This trend however, negatively impacted freight routes to tourist locations. Outlook for 2021 is positive with elevated e-commerce activity expected to continue and travel (both business and leisure) to gradually recover.

### Shipyard & Port Services

Shipyards and Port Services faced a challenging year due to volatility in the oil and gas markets, which resulted in many project delays. The sector has seen a positive trend related to infrastructure spending as firms and governments continue to increase their spending in preparation for hurricanes and tropical storms. The 2021 outlook is positive as the market recovers and projects resume.

### Dry Bulk Shipping

Dry Bulk Shipping companies faced significant headwinds in 2020. The pandemic affected supply chains of all cargos with Clarksons estimating total dry bulk tons to have contracted 2.7% and ton-miles by 2.3% in 2020. Activity from China has been positive with steel production and demand for grains and soybeans at record high levels. Outlook for 2021 is positive with Clarksons estimating dry bulk trade to rebound.

### Petroleum Products Transportation

Global decline in oil demand created a difficult year for the sector. The IEA estimates 2020 global oil demand to be 91.2 million barrels per day (mb/d), 8.8 mb/d lower than 2019, primarily due to weak demand for jet fuel/kerosene. 2021 outlook is positive with demand expected to increase to 96.9 mb/d and seaborne petroleum exports and ton-miles estimated to increase 6.1% and 6.4% respectively.



## Select Precedent Transactions



**Date:** April 2, 2020  
**Size:** \$278.0M  
**EBITDA Multiple:** NA

### Transaction Details

Kirby, the largest domestic tank barge operator, acquired Savage Inland Marine's barge fleet, consisting of 90 barges and 46 inland boats. The acquisition of Savage's diverse New Orleans operations will enable the strategic expansion of Kirby's ship bunkering services in Texas and Florida. Kirby is optimistic that the acquisition will drive economies of scale through greater utilization and operations rationalization.



**Date:** September 28, 2020  
**Size:** \$22.5M  
**EBITDA Multiple:** NA

### Transaction Details

U.S.-based maritime logistics and transportation company, Pangaea Logistics Solutions, acquired a controlling stake in Nordic Bulk Holding Company. The target owns six 1-A ice-class Panamax bulk carriers, which are time chartered to and operated by Pangaea's wholly-owned subsidiary, Nordic Bulk Carriers, in its Contractual Ice and Arctic businesses as well as in spot markets. This acquisition allows Pangaea to capture additional contract margin.



**Date:** October 28, 2020  
**Size:** \$65.0M  
**EBITDA Multiple:** NA

### Transaction Details

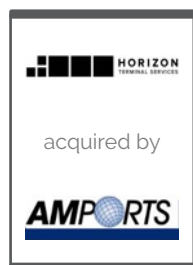
Henry Crown & Co. acquired a minority stake in the SaaS company, Outrider, which develops automation software for freight and transportation fleets. The Company also provides a team of technicians to monitor fleet performance remotely. Henry Crown & Co. along with five additional buyers acquired a stake in Outrider totaling \$65M. This capital will allow Outrider to further develop their autonomous fleet products.



**Date:** December 2, 2020  
**Size:** \$620.0M  
**EBITDA Multiple:** NA

### Transaction Details

BlackRock acquired three major port terminals from Dow. The port terminals are located on the Gulf Coast in Louisiana and Texas. The ports are part of a joint venture with BlackRock and Royal Vopak. The terminals will continue to be utilized by Dow as part of a long-term service agreement, delving additional operational efficiencies and opportunities for growth.



**Date:** December 3, 2020  
**Size:** NA  
**EBITDA Multiple:** NA

### Transaction Details

AMPORTS, the global automotive processor in North America, acquired the premier marine terminal operator, Horizon Terminal Services. Horizon provides a variety of services including vehicle and equipment processing, storage, and waterway transport. Notably, Horizon has the strategic capability to handle high and heavy, static, breakbulk, and project cargoes, which adds a significant additional range of services to AMPORTS.



**Date:** Pending  
**Size:** \$1.2B  
**EBITDA Multiple:** 11.3x

### Transaction Details

The private equity fund, American Industrial Partners, agreed to take SEACOR holdings private for \$41.50 per share, representing a premium of approximately 14% at announcement. American Industrial Partners has had significant prior success in growing industrial marine businesses and believes the employees and customers will benefit greatly from the transaction.



## Diversified Maritime Logistics Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
10/29/2020	Public Investment Corporation Limited	Trencor	Owns, leases, manages, and trades freight, tank, and refrigerated marine cargo	NA	NA	NA
10/20/2020	Vela Software Group PTY	SeaRoc Group	Marine consultancy and contracting company providing marine management services	NA	NA	NA
10/22/2020	Hillebrand	Braid Logistics	Provides freight solutions and niche market logistics worldwide	NA	NA	NA
9/15/2020	Wilh. Wilhelmsen	Edda Wind	Operates service vessels supporting the maintenance work of offshore wind parks	NA	NA	NA
9/8/2020	Econocom Group	Les Abeilles International	Provides marine environment pollution protection and prevention services	NA	NA	NA
8/11/2020	Kuribayashi & Co.	Kuribayashi Steamship	Transports cargo, including paper products, raw materials, waste, steel, and vehicles	NA	NA	NA
7/31/2020	Häfen Und Güterverkehr Köln	Shipping Business of Imperial Logistics International	Offers logistics services including inland and seagoing vessel	\$171.0	0.49x	NA
4/9/2020	Royal Boskalis Westminster	Ardent Americas	Marine emergency response services	NA	NA	NA
4/2/2020	Savage Inland Marine Barge Fleet	Kirby	Operator of tank barges and towboats in the U.S.	\$278.0	NA	NA

## Dry Bulk Shipping Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
10/5/2020	SAL Heavy Lift	Intermarine Americas	Provides sea transportation services for heavy lift and project cargo	NA	NA	NA
9/28/2020	Tuscany Shipping	Diana Shipping	Provides shipping transportation services	NA	NA	NA
9/28/2020	Pangaea Logistics Solutions	Nordic Bulk Holding	Owns six modern 1-A ice-class Panamax bulk vessels	\$52.5	NA	NA
9/8/2020	Grindrod	Grindrod Shipping Holdings	Provides freight and logistics services in South Africa and internationally	\$6,477.5	1.19x	16.60x
5/14/2020	Rand Logistics	American Steamship	Provides waterborne dry-bulk self-unloader transportation services on the Great Lakes	\$260.0	NA	NA



## Shipyard and Port Services Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
12/3/2020	AMPORTS	Horizon Terminal Services	Owns and operates marine terminals providing comprehensive port services	NA	NA	NA
12/2/2020	BlackRock	Gulf Coast Marine and Terminal Operations and Assets of Dow	Comprises marine and storage terminal operations and production complex	\$620.0	NA	NA
11/14/2020	Delta Pleasure Cruise Company	Waterways Shipyard	Owns and operates shipyards that provide dry dock and shipbuilding services	\$344.4	NA	NA
10/30/2020	Sun Communities Operating	Safe Harbor Marinas	Owns and operates marinas as well as provides marina management services	\$2,133.0	NA	NA
10/28/2020	Henry Crown & Company; Five Additional Buyers	Outrider	Develops software to automate freight and fleet transportation and operations	NA	NA	NA
10/22/2020	Turn Services	Assets of Jubilee Towing	Operates towboats	NA	NA	NA
10/7/2020	Gulf Stream Marine	Alabo Street Terminal Operations at Port of New Orleans	Marine terminal operations	NA	NA	NA
9/24/2020	Southern Marinas	Inlet Harbor Marina	Full-service marina catering to large leisure craft	NA	NA	NA
9/14/2020	STX Pan Ocean (America)	EGT	Operates export grain terminals that transfer materials from barge to rail	NA	NA	NA
9/1/2020	Famous Holdings	Rotterdam Harbour Holding	Owns and operates the Rotterdam Harbour	\$28.4	NA	NA
8/5/2020	Enstructure	Ambassador Services	Marine terminal operator	NA	NA	NA
7/24/2020	Integrity Machining	JK Fabrication	Manufactures hydraulic deck equipment for the marine industry	NA	NA	NA
7/23/2020	AustralianSuper	Peel Ports	Owns and operates ports in the UK as well as shipping services throughout Western Europe	NA	NA	NA
7/16/2020	Gulf Stream Marine	Care Terminal at Port of Houston in TX and Port of Pascagoula in MS	Care terminal infrastructure providing terminal and stevedoring services	NA	NA	NA
5/29/2020	Transportation Infrastructure Partners	Carolina Marine Terminal	Owns and operates a marine cargo terminal	NA	NA	NA
3/20/2020	Buckeye Partners	Three Marine Terminals in Connecticut, Delaware, and Louisiana	Marine terminal infrastructure and operations	\$252.6	NA	NA
1/21/2020	Associated Terminals	New Orleans Bulk Terminal	Bulk materials transfer facility from barge to railcar	NA	NA	NA



## Petroleum Product Transportation Transactions

Date	Acquirer(s)	Target(s)	Target Description	EV (\$M)	EV /	
					Rev.	EBITDA
12/28/2020	BW Group	Navigator Holdings	Owner and operator of liquified natural gas vessels	\$1,294.8	4.03x	11.71x
11/25/2020	De Poli Tankers	Chemical Tanker Business of Team Tankers International	Provides ocean transportation and marine logistics services	NA	NA	NA
10/31/2020	S.D. Standard Drilling	Northern Supply	Owns and operates platform supply vessels	\$212.4	NA	NA
10/5/2020	Centerline Logistics	Ship Refueling Business of Saltchuk Marine Services	Ship to ship refueling and petroleum transportation business	NA	NA	NA
7/28/2020	Unilloyd	Boluda Tankers	Provider of fuel supply and petroleum transport services	NA	NA	NA
7/2/2020	Volga Shipping	North-Western Shipping	Provides water transport services in Russia and internationally	NA	NA	NA
4/30/2020	Carmelo Caruana	Oil and Gas transfer Support Services of Teekay Tankers	Oil and Gas Ship-to-Ship transfer support services business	\$27.1	NA	NA
1/22/2020	Brookfield Business Partners	Teekay Offshore Partners	Operates floating production, storage and offloading; shuttle tanker; floating storage services	\$4,190.4	2.99x	5.82x



## Valuation Multiples Based on Current Capitalization

	Market Cap (\$M)	Ent. Value (\$M)	EV / Revenue			EV / EBITDA			Price / EPS		
			2019A	2020E	2021P	2019A	2020E	2021P	2019A	2020E	2021P
Diversified Maritime Logistics											
Atlas	2,661.5	7,620.2	6.73x	5.33x	4.98x	10.74x	8.31x	7.94x	6.06x	6.76x	4.08x
Kirby	3,111.8	4,774.1	1.68x	2.20x	2.15x	10.33x	13.32x	12.47x	21.86x	NA	30.76x
Matson	2,454.2	3,501.6	1.59x	1.52x	1.45x	16.56x	9.55x	9.73x	29.68x	15.88x	16.85x
Navios Maritime	34.2	1,914.8	3.97x	NA	NA	10.97x	NA	NA	NA	NA	NA
SEACOR Marine	63.5	543.3	2.70x	3.16x	2.69x	26.37x	21.96x	16.06x	NA	NA	NA
Average	\$1,665.0	\$3,670.8	3.33x	3.05x	2.82x	15.00x	13.29x	11.55x	19.20x	11.32x	17.23x
Shipyard & Port Services											
Fortress Investors	2,008.6	3,778.1	6.53x	9.58x	6.87x	15.65x	14.36x	9.47x	8.92x	NA	36.34x
Great Lakes Dredge & Dock	855.7	1,015.7	1.43x	1.36x	1.34x	7.71x	6.60x	6.76x	17.34x	12.70x	13.07x
Tidewater	350.3	415.2	0.85x	1.07x	1.15x	10.96x	6.56x	7.62x	NA	NA	NA
Orion Group	150.9	236.6	0.33x	0.33x	0.34x	7.05x	4.49x	4.87x	NA	8.00x	12.54x
Gulf Island Fabrication	46.9	(4.6)	NA	NA	NA	0.20x	0.44x	NA	NA	NA	NA
Average	\$682.5	\$1,088.2	2.29x	3.09x	2.43x	8.31x	6.49x	7.18x	13.13x	10.35x	20.65x
Dry Bulk Shipping											
Costamare	1,006.0	2,484.0	5.20x	5.40x	4.68x	7.96x	7.74x	6.85x	10.16x	NA	5.12x
Star Bulk Carriers	848.3	2,261.6	2.75x	4.56x	3.69x	11.42x	10.72x	6.44x	NA	NA	6.03x
Golden Ocean Group	663.6	1,828.2	2.59x	4.07x	4.05x	8.57x	12.62x	8.23x	17.84x	NA	9.56x
Danaos	438.2	1,806.9	4.04x	4.04x	3.61x	6.07x	5.77x	4.99x	3.34x	NA	NA
Global Ship Lease	213.9	931.8	3.57x	3.30x	3.27x	6.08x	5.69x	5.48x	5.37x	5.24x	3.24x
Scorpio Bulkers	188.0	808.2	3.60x	5.04x	6.72x	11.53x	46.35x	16.23x	4.21x	NA	NA
Safe Bulkers	132.8	669.7	3.39x	3.70x	3.13x	7.10x	10.36x	5.76x	8.28x	NA	NA
Eagle Bulk Shipping	235.5	662.1	2.26x	3.67x	3.17x	17.02x	13.87x	7.53x	NA	NA	NA
Genco Shipping & Trading	307.7	646.5	1.66x	3.47x	3.31x	9.72x	9.23x	6.42x	NA	NA	14.66x
Diana Shipping	164.9	505.4	2.29x	3.21x	3.10x	6.03x	13.81x	8.12x	NA	NA	NA
Average	\$419.9	\$1,260.4	3.14x	4.05x	3.87x	9.15x	13.62x	7.61x	8.20x	5.24x	7.72x
Petroleum Products Transportation											
Scorpio Tankers	607.0	3,458.3	4.91x	3.72x	4.19x	11.87x	6.29x	7.30x	NA	4.81x	13.02x
International Seaways	457.0	902.1	2.46x	2.14x	2.93x	7.75x	3.59x	5.25x	NA	4.15x	8.72x
Teekay Tankers	371.5	890.7	0.94x	1.49x	2.35x	3.93x	2.61x	4.60x	8.98x	2.72x	29.75x
Overseas Shipholding Group	184.8	818.3	2.30x	NA	NA	11.86x	NA	NA	21.30x	NA	NA
Nordic American Tankers	445.9	717.6	2.26x	2.97x	3.53x	7.48x	4.51x	5.23x	NA	7.75x	19.25x
Ardmore Shipping	108.8	458.5	1.99x	3.21x	3.24x	9.46x	7.63x	7.35x	NA	33.06x	NA
Average	\$362.5	\$1,207.6	2.48x	2.71x	3.25x	8.72x	4.92x	5.95x	15.14x	10.50x	17.68x



## Capital Markets Overview

	Stock Price	Ent.	CY2020E			CY2021P			TEV /2020E		TEV/2021P	
	12/31/20	Value	Rev.	EBTIDA	Margin	Rev.	EBITDA	Margin	Rev.	EBITDA	Rev.	EBITDA
Diversified Maritime Logistics												
Atlas	10.84	7,620.2	1,430.9	916.6	64.1%	1,529.6	959.7	62.7%	5.33x	8.31x	4.98x	7.94x
Kirby	51.83	4,774.1	2,174.3	358.4	16.5%	2,221.8	382.8	17.2%	2.20x	13.32x	2.15x	12.47x
Matson	56.97	3,501.6	2,302.4	366.8	NA	2,419.9	359.7	NA	1.52x	9.55x	1.45x	9.73x
Navios Maritime Holdings	2.25	1,914.8	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
SEACOR Marine	2.71	543.3	172.0	24.7	14.4%	202.0	33.8	16.8%	3.16x	21.96x	2.69x	16.06x
Average	\$24.92	\$3,670.8	\$1,519.9	\$416.6	31.6%	\$1,593.3	\$434.0	32.2%	3.05x	13.29x	2.82x	11.55x
Shipyard & Port Services												
Fortress Investors	23.46	3,778.1	394.3	263.0	66.7%	549.8	399.0	72.6%	9.58x	14.36x	6.87x	9.47x
Great Lakes Dredge	13.17	1,015.7	747.1	153.8	20.6%	757.5	150.2	19.8%	1.36x	6.60x	1.34x	6.76x
Tidewater	8.64	415.2	386.5	63.3	16.4%	360.7	54.5	15.1%	1.07x	6.56x	1.15x	7.62x
Orion Group Holdings	4.96	236.6	719.0	52.7	7.3%	694.6	48.6	7.0%	0.33x	4.49x	0.34x	4.87x
Gulf Island Fabrication	3.06	(4.6)	279.5	(10.3)	(3.7%)	NA	NA	NA	NA	0.44x	NA	NA
Average	\$10.66	\$1,088.2	\$505.3	\$104.5	21.5%	\$590.6	\$163.1	35.8%	3.09x	6.49x	2.43x	7.18x
Dry Bulk Shipping												
Costamare	8.28	2,484.0	460.1	321.1	69.8%	530.9	362.5	68.3%	5.40x	7.74x	4.68x	6.85x
Star Bulk Carriers	8.83	2,261.6	495.8	210.9	42.5%	612.3	351.1	57.3%	4.56x	10.72x	3.69x	6.44x
Golden Ocean Group	4.63	1,828.2	449.5	144.9	32.2%	451.6	222.3	49.2%	4.07x	12.62x	4.05x	8.23x
Danaos Corporation	21.43	1,806.9	446.8	313.1	70.1%	500.5	361.8	72.3%	4.04x	5.77x	3.61x	4.99x
Global Ship Lease	11.89	931.8	282.5	163.9	58.0%	284.6	170.1	59.8%	3.30x	5.69x	3.27x	5.48x
Scorpio Bulkcarriers	16.93	808.2	160.3	17.4	10.9%	120.2	49.8	41.4%	5.04x	46.35x	6.72x	16.23x
Safe Bulkcarriers	1.30	669.7	180.9	64.6	35.7%	214.2	116.3	54.3%	3.70x	10.36x	3.13x	5.76x
Eagle Bulk Shipping	19.00	662.1	180.2	47.7	26.5%	208.7	88.0	42.1%	3.67x	13.87x	3.17x	7.53x
Genco Shipping & Trading	7.36	646.5	186.3	70.1	37.6%	195.5	100.6	51.5%	3.47x	9.23x	3.31x	6.42x
Diana Shipping	1.93	505.4	157.3	36.6	23.3%	163.0	62.2	38.2%	3.21x	13.81x	3.10x	8.12x
Average	\$10.16	\$1,260.4	\$300.0	\$139.0	44.0%	\$328.1	\$188.5	54.8%	4.05x	13.62x	3.87x	7.61x
Petroleum Product Transportation												
Scorpio Tankers	11.19	3,458.3	928.6	549.9	59.2%	825.3	473.5	57.4%	3.72x	6.29x	4.19x	7.30x
International Seaways	16.33	902.1	421.4	251.2	59.6%	307.4	171.9	55.9%	2.14x	3.59x	2.93x	5.25x
Teekay Tankers	11.01	890.7	595.9	341.7	NA	378.8	193.8	NA	1.49x	2.61x	2.35x	4.60x
Overseas Shipholding	2.14	818.3	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Nordic American Tankers	2.95	717.6	241.7	159.1	NA	203.5	137.3	NA	2.97x	4.51x	3.53x	5.23x
Ardmore Shipping	3.27	458.5	143.0	60.1	42.0%	141.6	62.4	44.1%	3.21x	7.63x	3.24x	7.35x
Average	\$10.66	\$1,207.6	\$466.1	\$272.4	53.6%	\$371.3	\$207.8	52.5%	2.71x	4.92x	3.25x	5.95x
Low	\$1.30	-\$4.6	\$143.0	(\$10.3)	(3.7%)	\$120.2	\$33.8	15.1%	0.33x	0.44x	0.34x	4.60x
Mean	\$12.55	\$1,678.64	\$580.67	\$205.89	38%	\$603.21	\$230.95	47.5%	3.42x	10.27x	3.30x	7.86x
Median	\$8.74	\$896.4	\$407.9	\$156.5	36.7%	\$378.8	\$170.1	52.9%	3.30x	8.02x	3.24x	7.30x
High	\$56.97	\$7,620.2	\$2,302.4	\$916.6	70.1%	\$2,419.9	\$959.7	72.6%	9.58x	46.35x	6.87x	16.23x



## McLean Group Events

2/18/2021 12:00 - 1:30  
CFO SERIES

### 2021 Innovations in Lending

**Pat Hutchison, Partner, Boundary Street Capital**  
**Sean Stone, Market Manager for Washington DC, Silicon Valley Bank**  
**April Young, Managing Director, Hercules Technology Growth Capital**  
**Matt Rodgers, Assurance and Advisory Partner, Baker Tilly US**

**\* McLean Sponsored Event**

McLean Group Event

## M&A and Valuation Summit

April 22nd 9am-1pm

8 Panel Discussions  
2 tracks  
Strategic Breakout Sessions  
*By Invitation Only*

## Industry Specific Events

Defense & Government		
Event	Description	Date
Air Force Contracting Summit	<i>Brings together leaders in the Air Force contracting industry</i>	Feb. 8 - 9
Human Systems Digital Experience	<i>Total of five Webinars related to Maximizing Human Readiness</i>	Mar. 2 - 30
SOFIC	<i>Premier conference for the SOF community</i>	May 17 - 21
SIA GovSummit	<i>Covers security topics affecting the government</i>	Jun. 8 - 9
Defense Manufacturing Conference	<i>Annual forum related to defense manufacturing industrial base</i>	Jul. 12 - 16
Sea-Air-Space	<i>The Navy League's global maritime exposition</i>	Aug. 1 - 4
DoDIIS Worldwide Conference	<i>Bring together a global consortium of IT professionals</i>	Dec. 5 - 8





## Industry Specific Events Continued

Security		
Event	Description	Date
FloCon	<i>Forum on data analytics in support of security operations</i>	Jan. 12 - 15
Gartner IAM Summit – Americas	<i>Provides advice on identity and access technologies / strategies</i>	May 11 – 12
RSA Conference	<i>Information security event with 2021 focus on resilience</i>	May 17 – 20
IAPSC Annual Conference	<i>Features networking and the latest security products &amp; services</i>	Jun. 7 – 9
ISC West	<i>Leading event for security and public safety community</i>	Jul. 19 – 21
Black Hat	<i>Learn about latest security research, developments, and trends</i>	Jul. 31 - Aug. 5
ISC East	<i>Leading event for security and public safety community</i>	Nov. 17 - 18

Critical Infrastructure		
Event	Description	Date
WWET Show	<i>World's largest annual trade show for wastewater and environmental service professionals</i>	Feb. 23 - 25
No-Dig Show	<i>The largest trenchless technology conference in North America</i>	Mar. 28 – 30
Global Water Summit	<i>Flagship annual summit catering to high-level industry executives at an international level</i>	May 16 - 18
WQA Trade Show	<i>The leading expo for the residential, commercial, industrial, and small community water treatment industries</i>	Jul. 28 – 30

Maritime		
Event	Description	Date
SMM	<i>The leading international trade fair of the maritime industry</i>	Feb. 2 – 5
Intermodal Asia	<i>Exhibition for leading container and intermodal industry decision makers</i>	Mar. 16 – 18
Seatrade Cruise Global	<i>International conference drawing leading professionals for the cruise industry</i>	Apr. 12 – 15
Europort	<i>The premier conference dedicated to innovation in port logistics and neighboring industries</i>	Nov. 2 – 5
Clean Gulf	<i>North America's largest annual spill prevention and response event</i>	Nov. 16 – 18



## Mergers & Acquisitions

---



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



Jeff Conn  
McLean, VA  
Security &  
Critical Infrastructure  
(703) 752-9024  
[jconn@mcleanllc.com](mailto:jconn@mcleanllc.com)



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



Paul S. Klick IV  
McLean, VA  
Technology &  
Critical Infrastructure  
(703) 752-9019  
[pklick@mcleanllc.com](mailto:pklick@mcleanllc.com)



Mitchell Martin  
McLean, VA  
Defense & Gov't Services  
(703) 752-9009  
[mmartin@mcleanllc.com](mailto:mmartin@mcleanllc.com)



Barbara Papas  
Dallas, TX  
Technology  
(214) 773-7068  
[bpapas@mcleanllc.com](mailto:bpapas@mcleanllc.com)



Andy Smith  
McLean, VA  
Valuation Advisory  
(703) 827-0233  
[asmith@mcleanllc.com](mailto:asmith@mcleanllc.com)



Jack Zollinger  
Sarasota, FL  
Critical Infrastructure  
(239) 595-5151  
[jzollinger@mcleanllc.com](mailto:jzollinger@mcleanllc.com)

## Business Valuation

---



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



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



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



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



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

## Maritime / Vessel Appraisal

---



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



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

## About The McLean Group

*The McLean Group is a 20+ year old boutique investment bank and financial services firm focused on the Defense & Government, Security, Critical Infrastructure, and Maritime 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, or merchant banking services, 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 expect the same from their financial advisor.*

The leading boutique financial advisory firm in the Defense & Government Services (DGS), Security, Critical Infrastructure, and Maritime markets

## CONTACT DETAILS



1640 Boro Place  
4th Floor  
McLean, VA 22102



(703) 827-0200



[www.mcleanllc.com](http://www.mcleanllc.com)

