

# INDUSTRIALS & MANUFACTURING

## Q3 2022 MARKET UPDATE

G2 Capital Advisors is pleased to present its Industrials & Manufacturing industry update for Q3 2022, providing commentary and analysis on M&A and market trends within the Industrials & Manufacturing sectors.

A historic, \$1.2T of funding has been approved to invest in aging infrastructure nationwide through the Infrastructure Investment and Jobs Act (“IIJA”), coupled with additional investment of \$52B through the CHIPS Act and \$700B through the Inflation Reduction Act. Construction services firms have been buoyed by the news of the injections, promising years of bumper backlogs and a reliable end customer in the U.S. government. Unfortunately, new investment can’t conjure up a much-needed base of skilled laborers, as the war for talent rages on. Only 80% of the 1MM construction workers who lost their jobs at the beginning of the pandemic have returned, in the face of an estimated 1MM additional workers required in the near term to keep up with high demand. Firms have been forced into bidding wars and are providing more clearly defined career trajectories to attract new workers. As the U.S. hovers over a recessionary state, pressure on wage growth should ease more broadly, but will likely remain an acute issue for the construction services industry as demand is supported by government policy. With spending under the infrastructure law expected to peak in 2027-28, the labor strain is set to become a longer term, structural issue.

The \$700B Inflation Reduction Act includes a rejuvenated solar power incentive, increasing the existing tax rebate from 26% to 30% for a period of ten years through 2032. Originally scheduled to phase out between 2020 and 2023, the reboot will be partially financed by a 15% alternative minimum tax on some large U.S. corporations and a 1% excise tax on certain corporate share repurchases. The Biden administration aims to further increase investment and development of renewable energy alternatives, providing a significant boon to developers and investors. This backdrop of robust demand has allowed firms to pass inflationary pressures on to end customers, offsetting the impact on their businesses.

While demand for the construction services and renewable energies sectors will remain robust, supported by extraordinary government funding, industry players will need to combat persistent labor shortages likely to endure through a forecasted recession.

BUILDING PRODUCTS











CONTAINERS / PACKAGING

METALS / MATERIALS

NICHE MANUFACTURING

DISTRIBUTION

## SELECT INDUSTRY DEALS

ACQUIRER	TARGET	DESCRIPTION	ENTERPRISE VALUE	REVENUE	EBITDA
		Primoris, a top specialty contractor, acquires PLH Group, nearly doubling its power delivery business and growing its utilities segment	\$470MM	0.6x	8.7x
		Sensata, a global industry technology company, acquires Dynapower and accelerates its electrification growth sector	\$580MM	-	-
		Alta Equipment Group acquires Yale Industrial Trucks, allowing it to extend their industrial operations into an international market	\$26MM	0.7x	3.6x
		Arcosa, a construction materials and service provider, acquires Recycled Aggregate Materials Company, further advancing its portfolio of construction products	\$75MM	-	7.8x
		MasTec acquires Infrastructure and Energy Alternatives, expanding their renewable power generation services to further increase sustainable energy sources across the nation	\$1,161MM	0.5x	4.0x

Source: S&P Capital IQ, Construction Dive, CNN, Reuters, US Department of Energy

# SELECT ONGOING G2 PROJECTS

Power Generation & Maintenance

## PROJECT SUPREME

Buy-Side

**About the Mandate:**

G2 is currently serving as the buy-side advisor to a power generation, infrastructure, and industrial manufacturer parent company which specializes in the wind and hydropower space. G2 is assisting the company with acquisition expansion into the North American market.

Seafood Processor / Distributor

## PROJECT COD

Sell-Side

**About the Mandate:**

G2 is currently serving as the sell-side advisor to an importer, distributor and manufacturer of fresh, frozen and premium value-added seafood products. The Company supplies North American retailers, distributors, and foodservice operators with a vast array globally-sourced fresh and frozen seafood products

Consumer Products

## PROJECT ROUGHNECK

Sell-Side

**About the Mandate:**

G2 is currently serving as the sell-side advisor to a leading provider of consumer plastics solutions. The company develops and sells plastic storage and organization products under both national consumer and private label brands.

Communications & Connectivity Infrastructure

## PROJECT RIVER

Sell-Side

**About the Mandate:**

G2 is serving as the exclusive sell-side advisor to a provider of high-speed internet solutions and satellite television to MDU/MTUs (multi-dwelling/tenant units) such as apartment complexes, condos, student housing, office parks, and office high rises.

Dental Waste Management Services

## PROJECT CLEAN

Buy-Side

**About the Mandate:**

G2 is currently serving as the buy-side advisor to a manufacturer and distributor of amalgam separators and provider of environmental compliance and waste management services for the dental industry. G2 is assisting the company's executive leadership team with identifying and executing add-on acquisition opportunities.

Commercial HVAC Design Build

## PROJECT GLACIER

Sell-Side

**About the Mandate:**

G2 is currently advising on the sale of a provider of design, build, and construction services for large, commercial HVAC projects. The Company designs and manufactures complex HVAC solutions for industries including healthcare, retail, educational, and hospitality

# KEY I&M TRADING STATISTICS

Sector	Number of Companies	Median Enterprise Value (\$MM)	LTM <sup>1</sup>			
			Median Revenue Growth	Median EBITDA Growth	EV / Revenue	EV / EBITDA
Aerospace Manufacturing	17	\$5,521	0.0%	0.8%	1.6x	9.8x
Building Products	15	\$6,456	3.6%	4.1%	1.3x	7.8x
Chemicals	19	\$15,732	3.8%	1.8%	1.2x	7.1x
Construction	12	\$5,285	2.1%	5.5%	0.9x	11.0x
CPG	11	\$19,696	0.9%	0.0%	2.7x	15.2x
Electrical Equipment	11	\$13,098	3.6%	3.9%	2.9x	13.9x
Food	13	\$31,013	2.2%	-1.3%	2.2x	13.6x
Industrial Technology	10	\$35,278	1.8%	2.9%	3.3x	14.4x
Materials	15	\$16,766	3.9%	0.7%	2.6x	8.7x
Metals	12	\$6,065	6.1%	9.1%	0.5x	2.5x
Packaging	12	\$13,931	3.4%	3.7%	1.4x	8.6x
Plastics	11	\$2,781	5.5%	9.3%	0.7x	5.6x

1) LTM September 2022  
Source: S&P Capital IQ

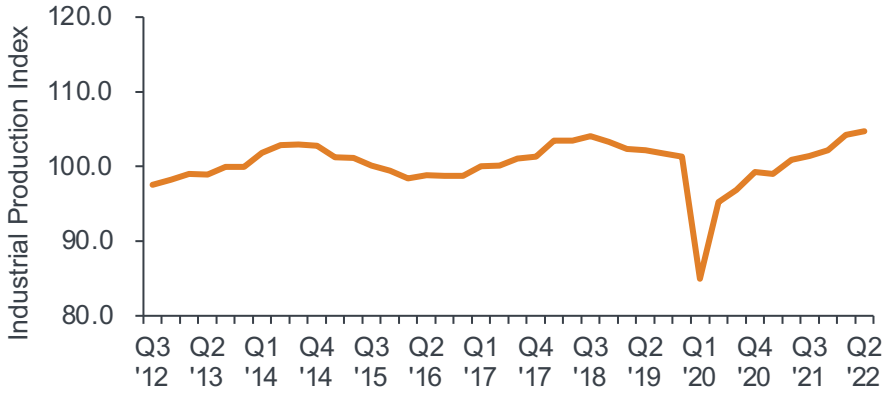
# Q3 2022 M&A TRANSACTIONS

DATE	ACQUIRER	TARGET	DESCRIPTION	ENTERPRISE VALUE	REVENUE	EBITDA
Sept- 2022	Trimble	B2W Software	B2W Software provides construction software, services, and solutions for the heavy construction industry.	-	-	-
Sept-2022	SunVest Solar	Illinois Community Solar Projects	The community solar projects are in Glenwood, IL, Mazon, IL, and Elba, IL. The acquired solar projects were funded by state incentives and programs.	-	-	-
Sept-2022	Primoris Services Corporation	PLH Group	PLH Group and its subsidiaries provide construction and related services to the electric power line, pipeline, oil field, electrical, and industrial markets in the United States and Canada.	\$470.0	0.6x	8.7x
Sept-2022	Enbridge	Tri Global Energy	Tri Global Energy is a utility-scale renewable energy developer specializing in wind and sun energy projects.	\$270.0	-	-
Sept-2022	Builders FirstSource	Trussway	Trussway provides pre-fabricated roof and floor trusses, building components and services for the multi-family construction sector.	\$179.5	-	-
Sept-2022	Brookfield Renewable	Scout Clean Energy	Scout Clean Energy is a renewable energy developer and owner-operator company with expertise in renewables, project development, power marketing, and construction.	\$1,000.0	-	-
Aug-2022	Kinzler Construction Services	Comfort Solutions	Comfort Solutions is an HVAC company offering maintenance, insulation services, energy audits, and air sealing systems.	-	-	-
Aug-2022	Enphase Energy	GreenCom Networks	GreenCom Networks integrates distributed energy assets including battery storage and residential solar panels.	-	-	-
Aug-2022	ABM Industries	RavenVolt	RavenVolt designs and installs customized microgrid solutions and onsite power generation solutions for solar and microgrid systems.	\$450.0	-	-
Jul-2022	Onward Energy	Global Atlantic Financial Group	Global Atlantic Financial Group has a solar portfolio comprised of eleven projects across eight states.	-	-	-
Jul-2022	Sensata Technologies	Dynapower Company	Dynapower provides energy storage and power conversion solutions including custom transformers for renewable energy generation, green hydrogen production, and electric vehicle charging stations.	\$580.0	-	-
Jul-2022	Nelnet	GRNE Solar	GRNE designs and installs residential, commercial, and utility-scale solar systems in the Midwest region.	-	-	-
Jul-2022	International Designs Group	Construction Resources Holdings	Construction Resources Holdings is a Southeast-based distributor of design-oriented surface materials, architectural specialty products, and appliances.	-	-	-
Jul-2022	Alta Equipment Group	Yale Industrial Trucks Montreal	Yale Industrial Trucks Montreal provides material handling products and services, as well as construction equipment across Ontario and Quebec.	\$25.6	0.7x	3.6x
Jul-2022	Arcosa	Recycled Aggregate Materials Company	Recycled Aggregate Materials Company manufactures recycled aggregate materials for the construction industry.	\$75.0	-	7.8x
Jul-2022	MasTec	Infrastructure and Energy Alternatives	Infrastructure and Energy Alternatives provides engineering, procurement, and construction services for renewable energy and civil infrastructure industries within the United States.	\$1,161.1	0.5x	4.0x

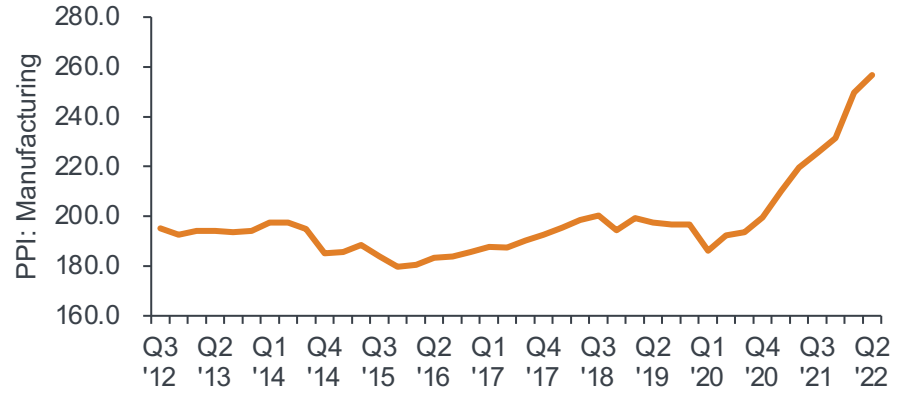
Source: S&P Capital IQ, company websites

# MARKET INDICATORS

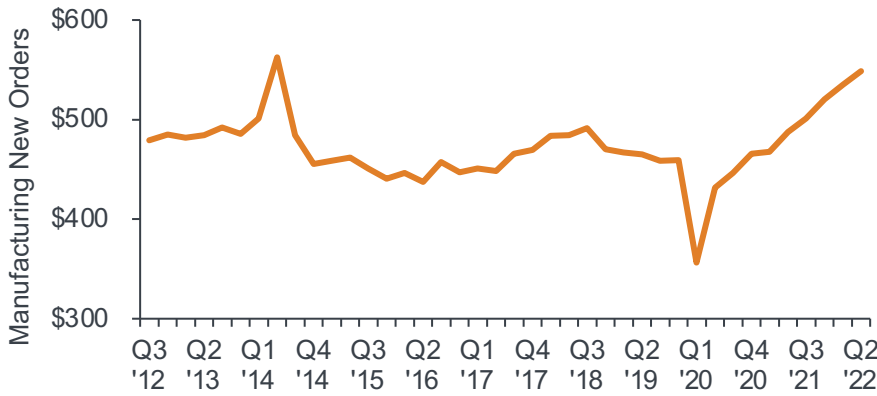
Industrial Production Index



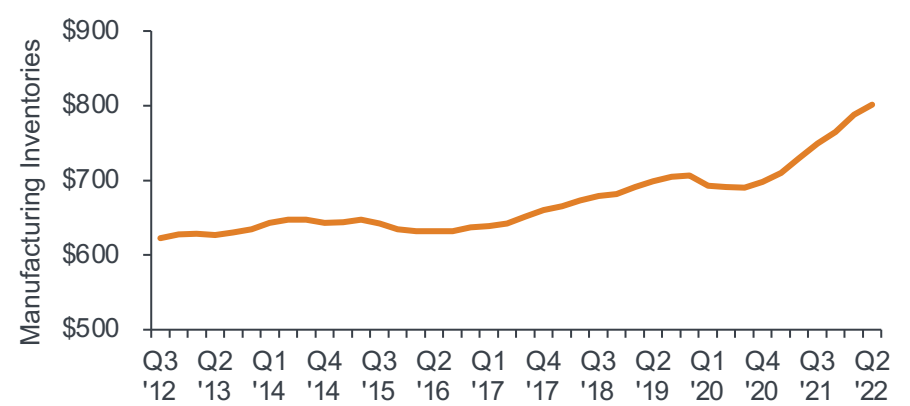
Producer Price Index: Manufacturing



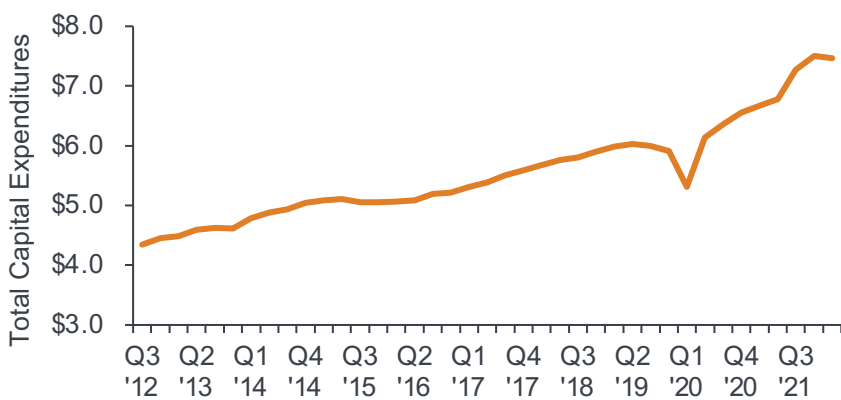
Manufacturing New Orders (\$B)



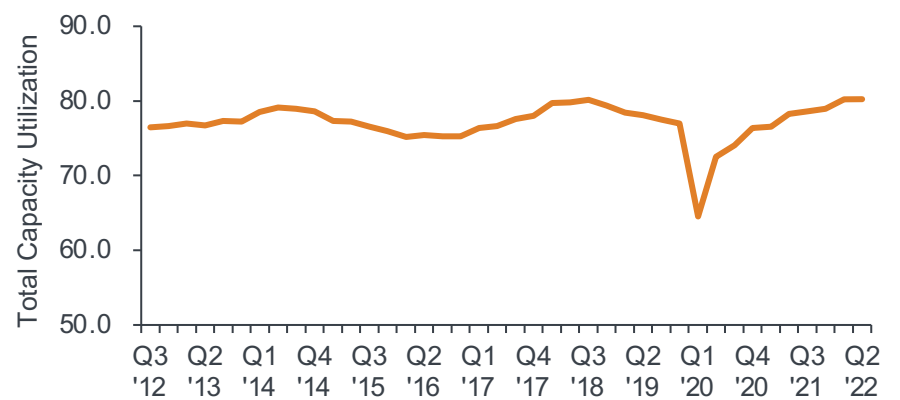
Manufacturing Total Inventories (\$B)



Total Capital Expenditures (\$TN)



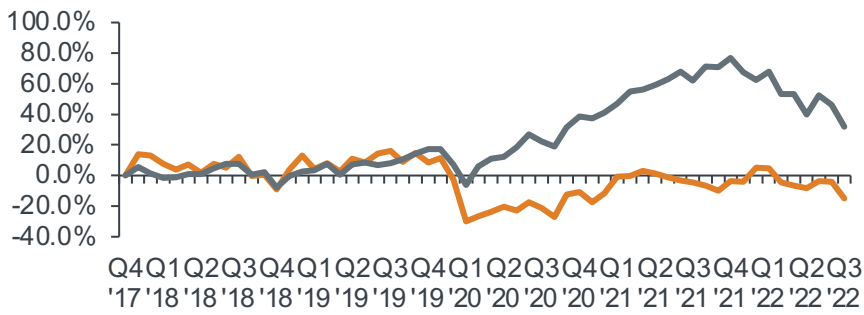
Total Capacity Utilization



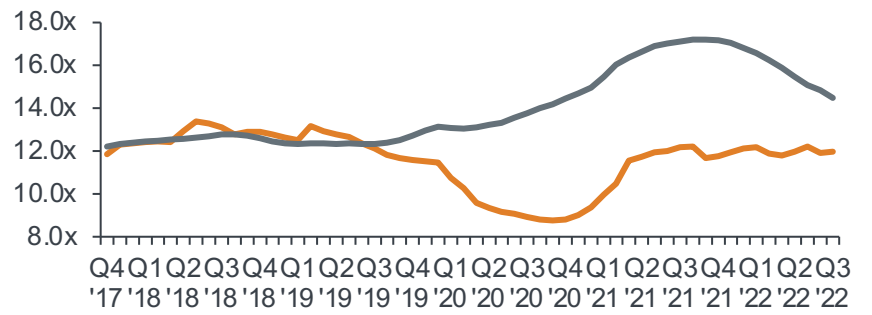
Source: Federal Reserve Economic Data

# MARKET INDICATORS

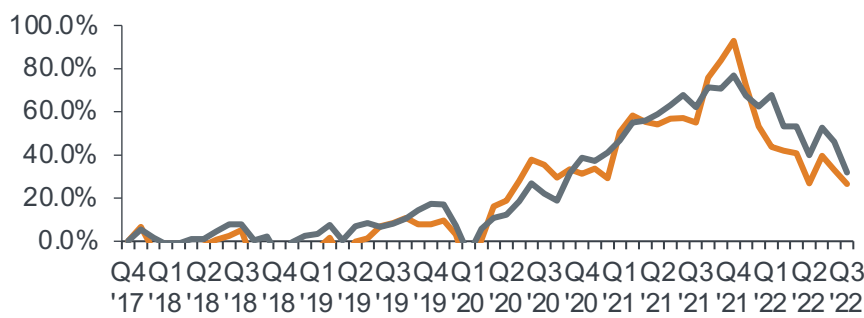
Aerospace Manufacturing Market Cap



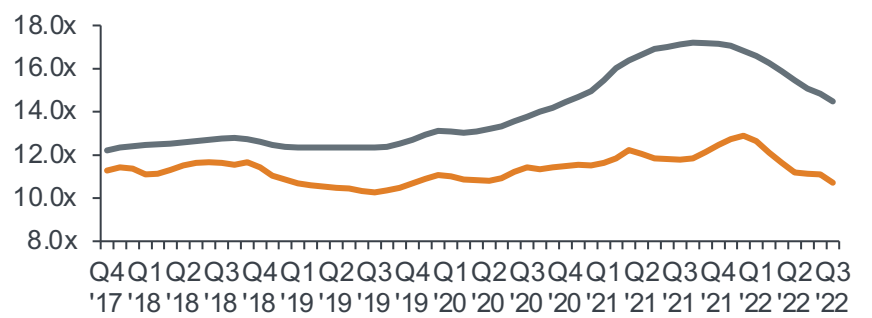
Aerospace Manufacturing EV / EBITDA



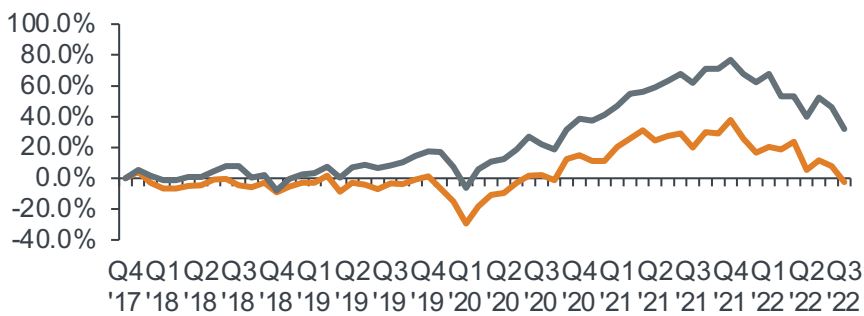
Building Products Market Cap



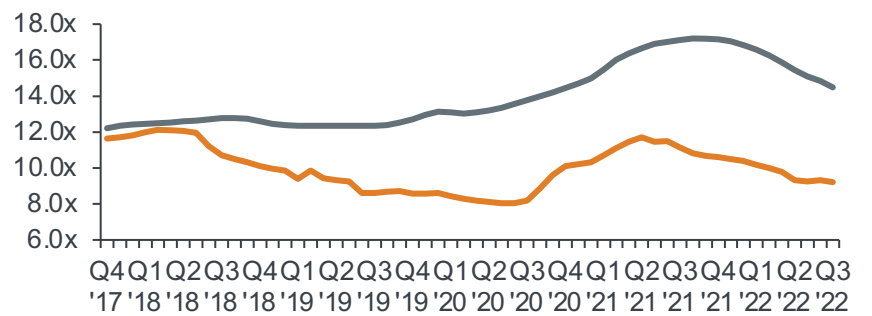
Building Products EV / EBITDA



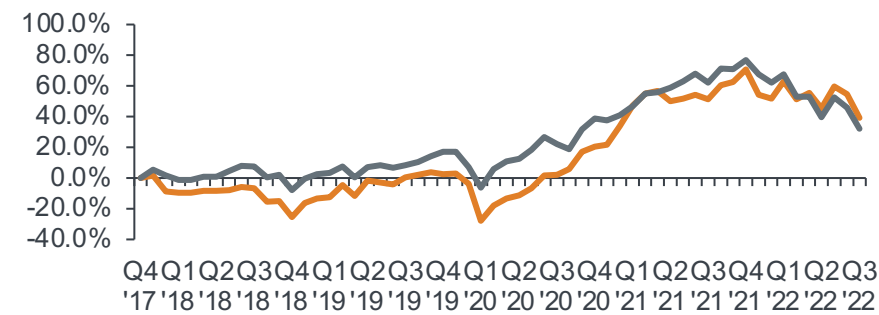
Chemicals Market Cap



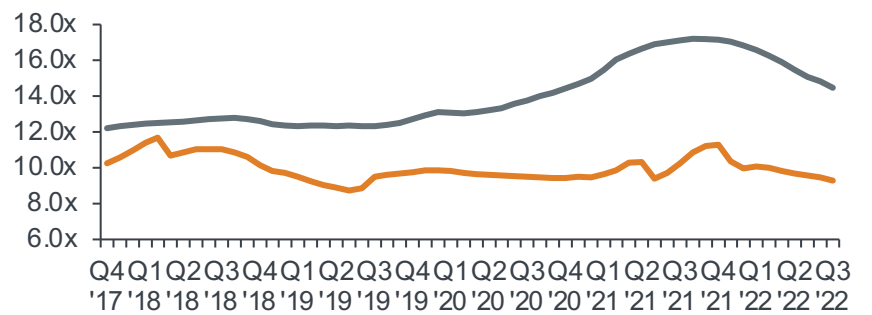
Chemicals EV / EBITDA



Construction Market Cap



Construction EV / EBITDA

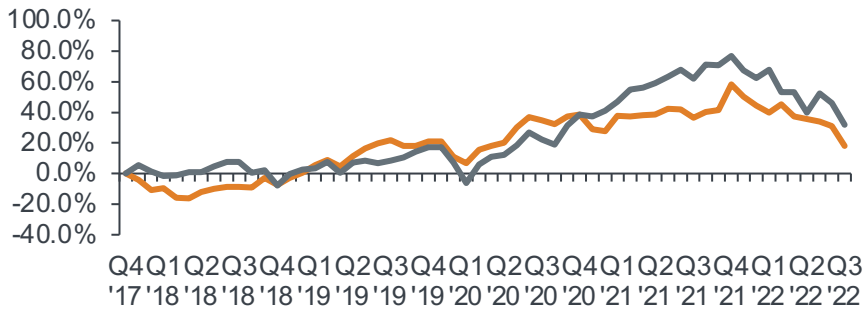


I&M Sector S&P 500

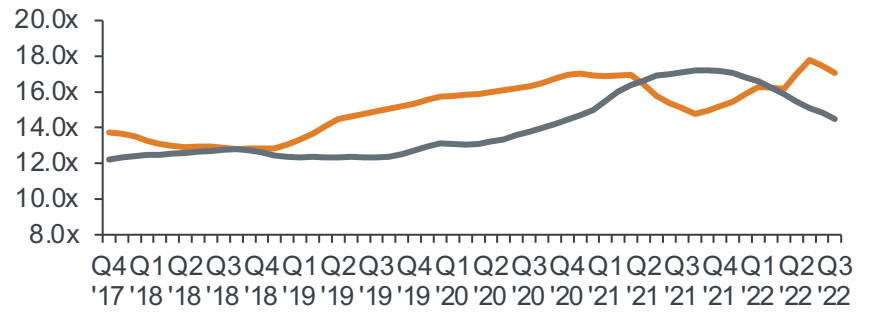
Source: S&P Capital IQ as of trading on September 30, 2022  
Past performance is no guarantee of future results

# MARKET INDICATORS

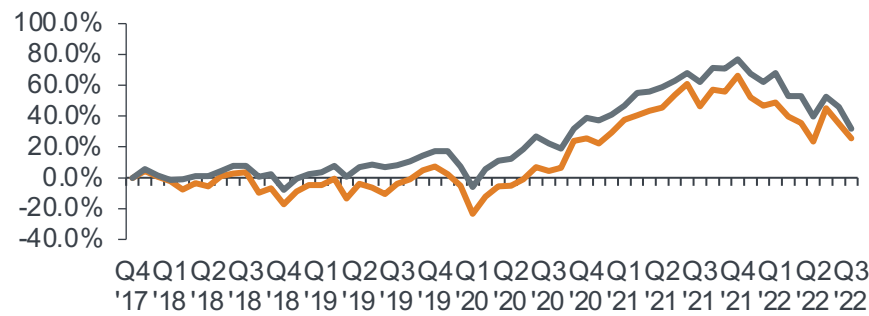
CPG Market Cap



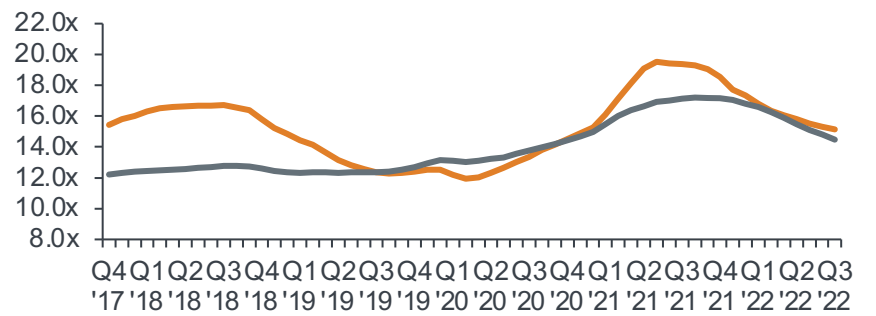
CPG EV / EBITDA



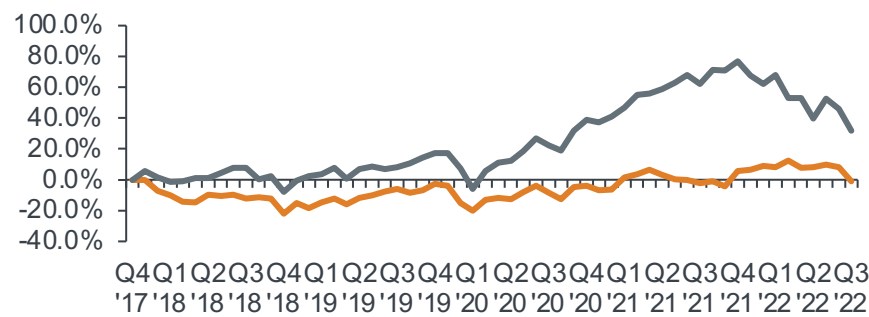
Electrical Equipment Market Cap



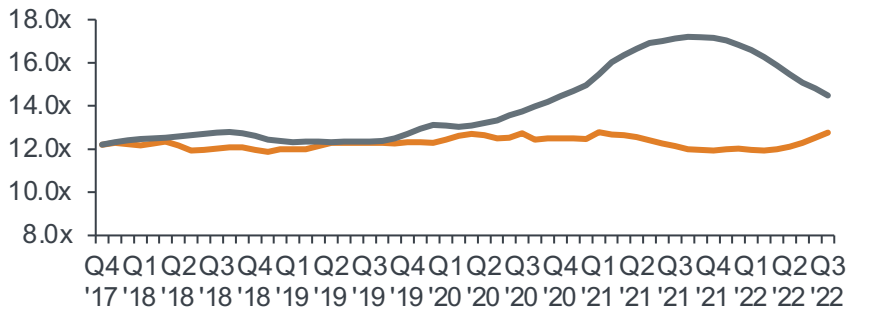
Electrical Equipment EV / EBITDA



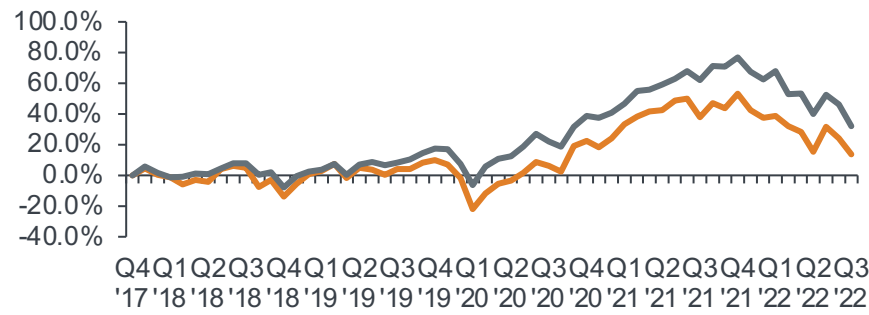
Food Market Cap



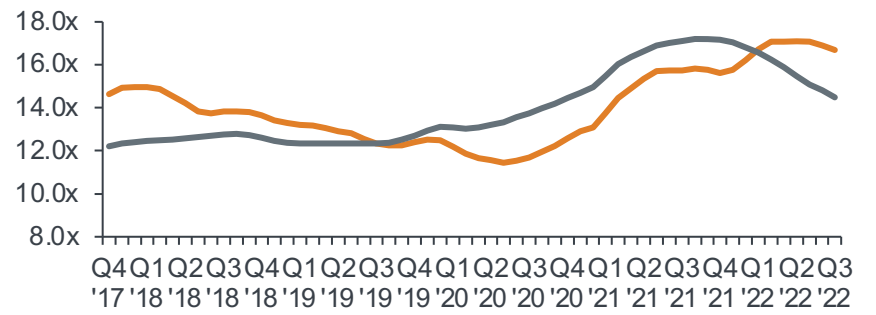
Food EV / EBITDA



Industrial Technology Market Cap



Industrial Technology EV / EBITDA

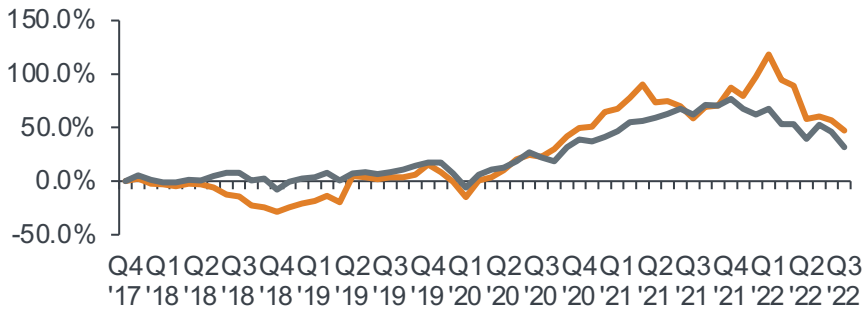


— I&M Sector — S&P 500

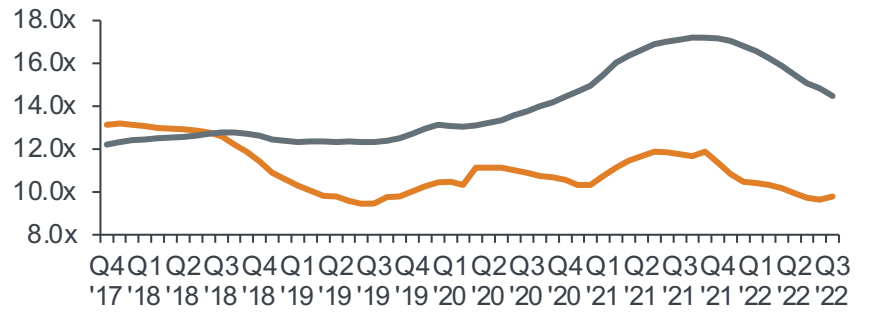
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# MARKET INDICATORS

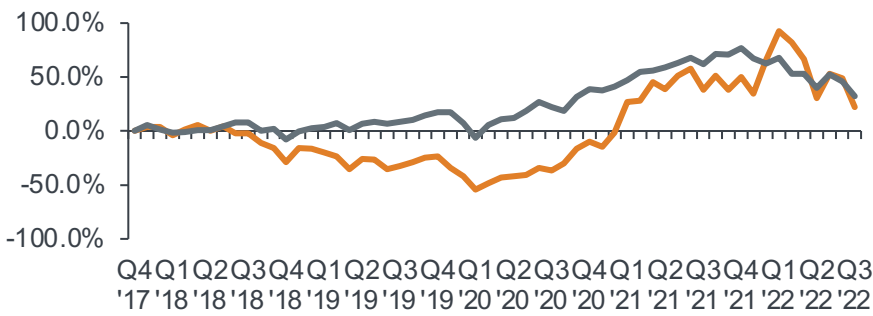
Materials Market Cap



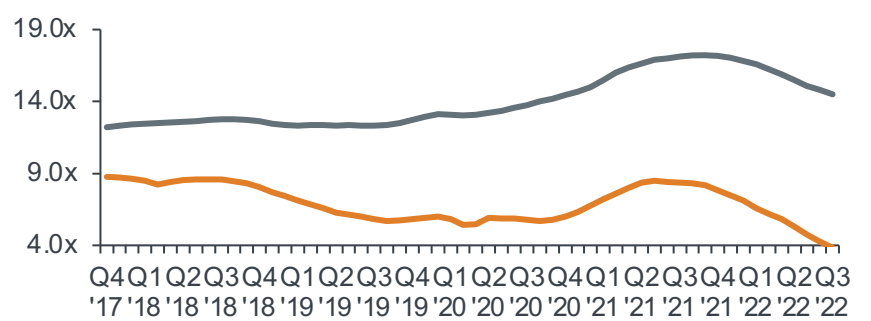
Materials EV / EBITDA



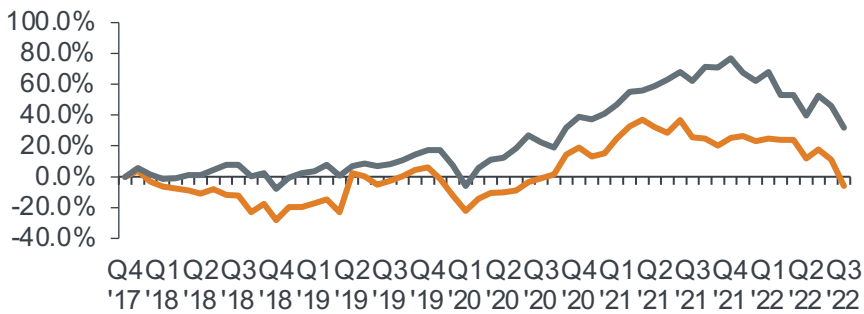
Metals Market Cap



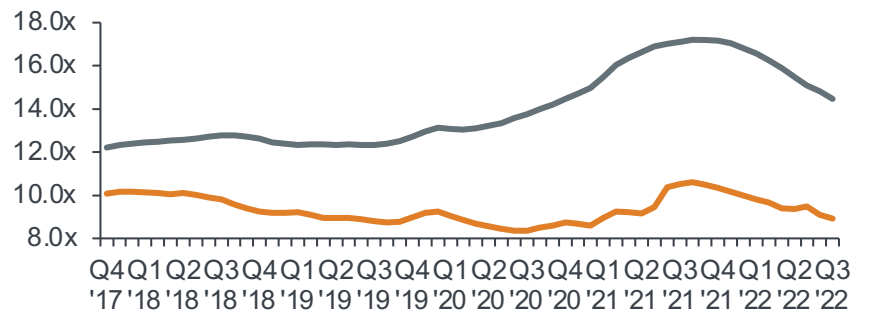
Metals EV / EBITDA



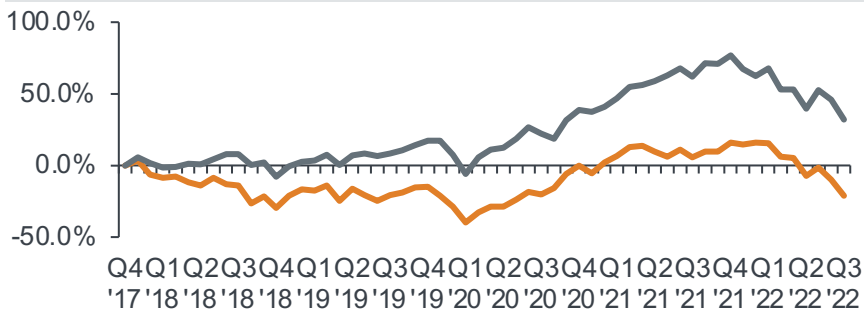
Packaging Market Cap



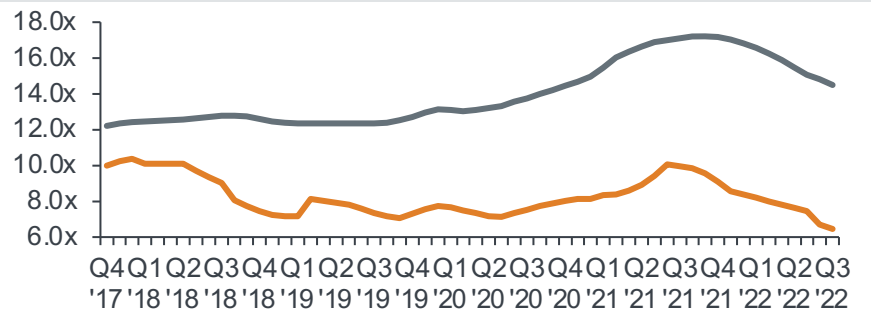
Packaging EV / EBITDA



Plastics Market Cap



Plastics EV / EBITDA



— I&M Sector — S&P 500

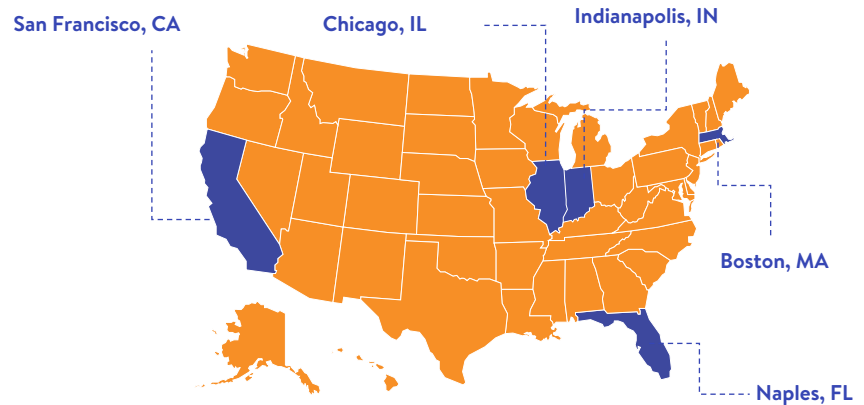
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# G2 FIRM OVERVIEW

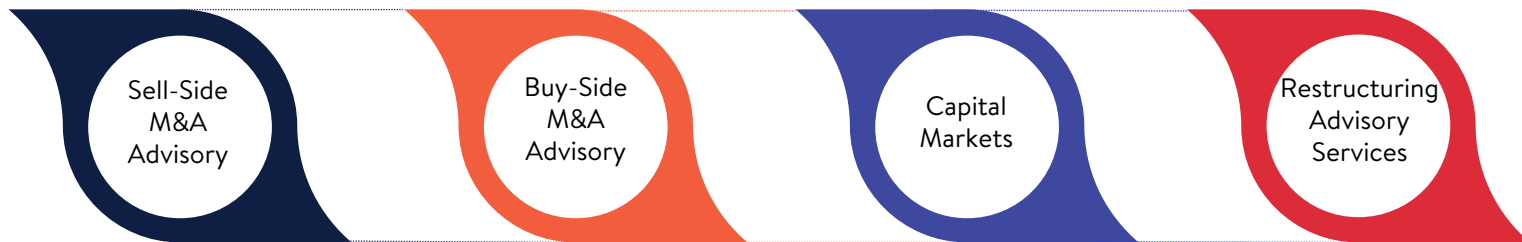
## Overview:

- 400+ mandates in 12 years
- \$4B total executed transaction value
- Extensive industry experience
- Robust strategic and sponsor relationships
- Active touchpoints with logical sellers and buyers



## A Multi-faceted Platform:

Focused on crafting bespoke operational and financial advisory solutions for our corporate and investor clients. G2 works with clients across a range of situations.



## Sector Expertise:



Transportation & Logistics

### T&L Focus Sectors:

- Freight Forwarding
- Trucking / Final Mile
- Warehousing / Distribution
- Third Party Logistics (3PL)
- e-Commerce Fulfillment



Industrials & Manufacturing

### I&M Focus Sectors:

- Building Products / Construction
- Metals / Materials
- Container / Packaging
- Niche Manufacturing
- Distribution



Technology & Business Services

### TBS Focus Sectors:

- Tech-enabled Services
- BPO
- Managed Services
- Internet & Digital Media
- Business Services



Consumer & Retail

### C&R Focus Sectors:

- Fast Moving Consumer Goods
- Retail & E-Commerce
- Quick Serve Restaurants
- Fast Casual Dining
- Marketing Services

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