The McLean Group

For Institutional Use Only

July 2024

M&A Insider Report



Defense, Government & Intelligence | Physical & Cyber Security | Critical Infrastructure | Maritime Transport & Facilities

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Securities transactions conducted through McLean Securities, member FINRA/SIPC

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FIRM OVERVIEW

- Founded in 1997 and headquartered in Northern VA; 27-year history of transaction success
- Comprised of 50+ financial professionals across five offices
- Team includes career investment bankers, CPAs, certified business valuation professionals, and former industry executives



INDUSTRY FOCUSED M&A

Government Services
- Government Services and Products
- Federal Civilian Services
- State and Local Government

Physical & Cyber Security
- Physical Security Services
- Integrators
- Cyber Security

Critical Infrastructure
- Water & Wastewater
- Energy Infrastructure
- Critical Communications

Maritime
- Vessels
- Tier Two & Three Services
- Ports & Facilities

CORE BUSINESS

Investment Banking
Strategic Advisory Services
- Sell-Side M&A
- Buy-Side M&A
- Debt / Equity Placements
- Employee Stock Ownership Plans
- Leveraged Transactions
- Other Advisory Services

Business Valuation
Valuations and Opinions
- "Fair Value" Financial Reporting
- Equity Incentive Plans
- Fairness Opinions
- PEG Portfolio Valuations
- ESOP Transactions
- Estate and Gift

360 FINANCIAL COVERAGE

150+ Closed Transactions Since 2010	> 400 Annual Valuation Clients
> 27 yrs. Track Record of Success	50+ Financial Professionals
>90% Portion of Deals that are Sell-Side M&A	> $8B Total Transaction Value Since 2010

Major News Stories



September Rate Cut Could Interfere With Presidential Election

- Inflation dropped to 2.5% in June, down from 7.1% two years ago, and closer to the Fed's historical target of 2.0%.
- As a result, the Fed is poised to cut interest rates in September, a move which could shift markets and thus affect voter sentiment heading into the election in November.
- Rate cuts in an election year are not without precedent; for example, the Fed launched a new quantitative easing initiative in 2012 and slashed rates in response to the housing market crisis in 2008.



Economic Growth in the Second Quarter of 2024, Forecasts Revised Downward

- Gross domestic product, adjusted for inflation and seasonality, rose at an annual rate of 2.8% in the second quarter of 2024, compared to 1.4% in the first quarter of the year.
- Household spending on goods, supported by rising incomes, helped drive growth in the second quarter.
- However, growth for subsequent quarters has been revised downward as companies observe customers seeking value as they continue to feel the burden of stubbornly high inflation and borrowing costs.



Consumer Credit Card Spending and Mortgage Initiations Slow Down

- Despite overdue credit card balances declining in the first quarter, total credit card debt has reached its highest level since 2012. At the same time, however, the downturn in consumer spending has led to lower credit card account openings through the first seven months of 2024 than through the same period of last year.
- The Philadelphia Fed notes a decline in mortgage demand due to high interest rates and home purchase prices, and this demand pattern could persist even if the Fed decides to cut rates in the near term.



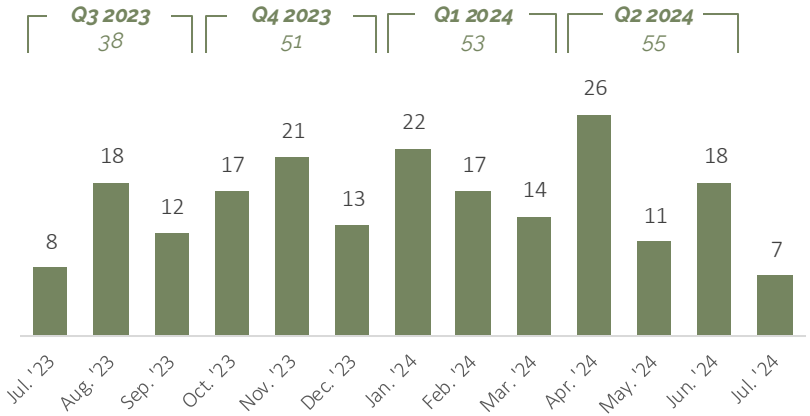
U.S to Arm Ukraine's F-16 Jets with Advanced Weapons

- The Biden administration has agreed to arm dozens of F-16 fighter jets being sent to Ukraine with American-made missiles and other weapons systems.
- The weapons the U.S. is sending include AGM-88 HARM air-to-ground missiles, the extended range versions of Joint Direct Attack Munition (JDAM) kits, Advanced Medium-Range-Air-to-Air Missiles (AMRAAM), and AIM-9X short-range air-to-air missiles.

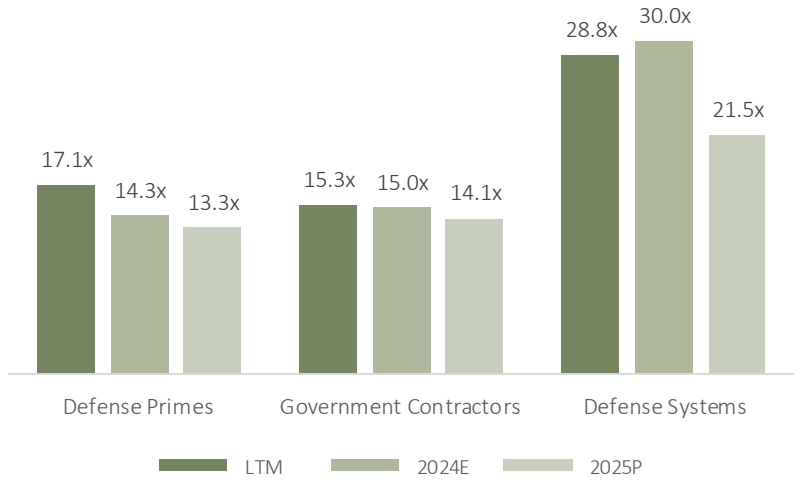
Sources: Wall Street Journal

- On July 11, President Joe Biden announced a new $225 million aid package for Ukraine that includes a Patriot missile system to improve air defenses against Russian airstrikes. The $225 million package includes Stinger anti-aircraft missiles, ammunition for High Mobility Artillery Rocket Systems, or HIMARS, and more 155mm and 105mm artillery rounds, among other munitions.
- On July 12, The U.S. military announced plans to award an estimated $3 billion multi-year contract for commercial data and analytics services to monitor potential threats across the Indo-Pacific region, a focal point of global geopolitics and a priority theater for the Department of Defense. The contract's size indicates the U.S. military's growing demand for commercial sources.
- On July 29, the U.S. announced it will provide $1.7 billion in military aid to Ukraine that include munitions for air defense systems, artillery, mortars and anti-tank and anti-ship missiles. This military aid provision includes $1.5 billion which will fund long-term contracts through the Ukraine Security Assistance Initiative, and $200 million immediately taken from Pentagon stockpiles.
- On July 30, the US announced that it will boost its alliance with the Philippines by sending $500 million in funding to improve the Philippines' external defense by modernizing the military and coast guard. There was also progression on a military intelligence-sharing pact as both allies discussed their concerns over China's amplifying aggressive actions in the Indo-Pacific region.

TRANSACTIONS BY MONTH



EBITDA VALUATION MULTIPLES [1]



Sources: AP News, ABC News, Space News
1. For composition of indices, see page 21

Spirit Aerosystems acquired by Boeing

Date: 07/01/2024*
EV: $8.2B
EV/EBITDA: 14.2x

Transaction Details

Spirit Aerosystems (NYSE: SPR) designs and manufactures aerostructures, including fuselages for Boeing's 737 and 787 models. Boeing has faced intense scrutiny from Congress, increased oversight from the FAA, and criminal investigation from the DoJ after a panel blew out on an Alaska Airlines flight in January. Management from both companies stated that the acquisition would allow for closer quality control and thus safer planes.

everbridge acquired by THOMABRAVO

Date: 07/02/2024
EV: $1.5B
EV/EBITDA: 14.9x

Transaction Details

Everbridge offers critical event management and national public warning software-as-a-service (SaaS) to government and commercial customers. Everbridge's management commented that the take-private transaction will help the Company achieve long-term growth objectives and better serve its customers in addressing a constantly changing and increasingly complex threat landscape.

The SM&P business of: Ultra Maritime, a portfolio company of Advent International, acquired by ESCO Technologies

Date: 07/08/2024*
EV: $550M
EV/EBITDA: NA

Transaction Details

The Signature Management & Power (SM&P) business of Ultra Maritime provides magnetic and electric field countermeasures for mine detection and ultra-quiet motors for submarines and surface vessels to the U.K. and U.S. navies. ESCO Technologies (NYSE: ESE) offers highly engineered products and solutions for the aviation, Navy, space, and industrial markets worldwide. The transaction expands ESCO's naval product portfolio and adds over 400 employees.

LinQuest, a portfolio company of MDP, acquired by KBR

Date: 07/16/2024*
EV: $745M
EV/EBITDA: ~11.0x

Transaction Details

LinQuest provides space systems, engineering, data analytics, and digital integration solutions to the defense and intelligence communities. KBR provides science, technology, and engineering solutions to government and commercial customers. The acquisition expands KBR's portfolio of high-end technology solutions and mission capabilities for U.S. government customers, and adds 1500+ employees, 75% of which hold security clearances, to KBR's workforce.

Axient, a portfolio company of Sagewind Capital, acquired by Astrion, a portfolio company of Brightstar Capital Partners

Date: 07/24/2024*
EV: NA
EV/ EBITDA: NA

Transaction Details

Axient provides specialized engineering solutions including multi-domain test and analysis, mission engineering and operations, and advanced technologies to defense and federal civilian customers. Astrion, a portfolio company of Brightstar, provides cyber security, mission support, and science & engineering solutions to DoD and civilian customers. The transaction represents Astrion's first bolt-on acquisition since the platform was formed with the roll-up of Oasis Systems and ERC in December 2023.

Bren-Tronics, Inc. acquired by EnerSys

Date: 07/26/2024
EV: $208M
EV/EBITDA: 8.7x

Transaction Details

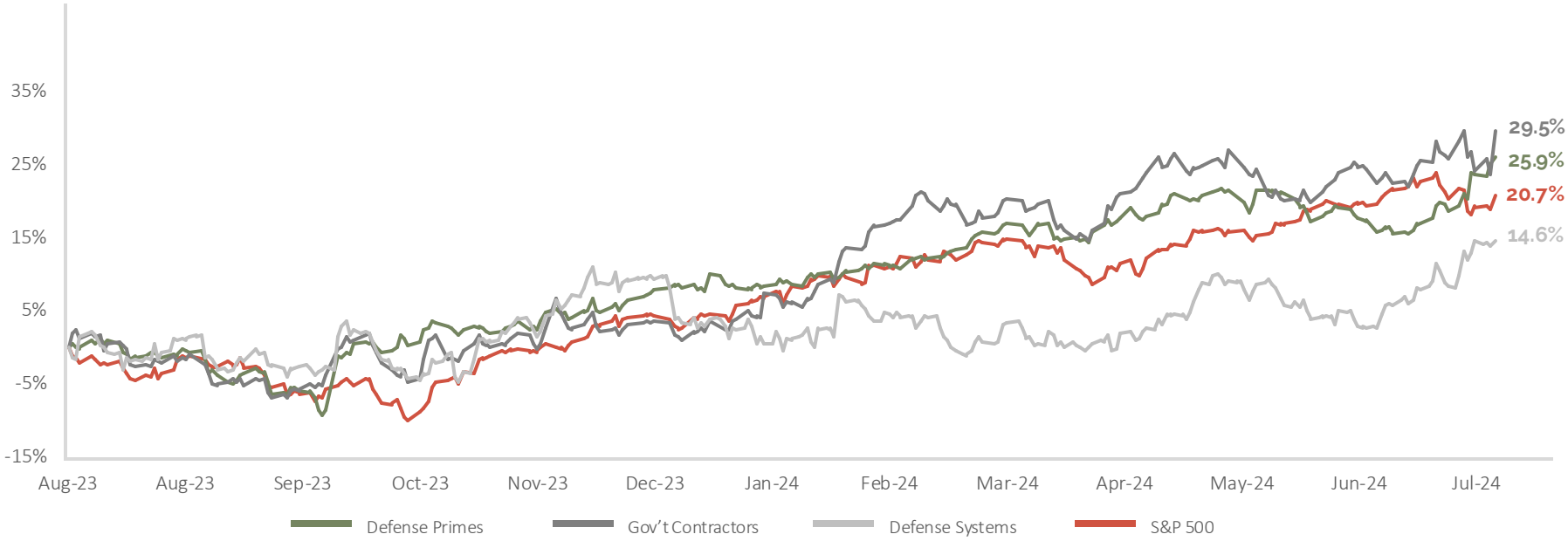
Bren-Tronics manufactures portable power solutions, including lithium batteries and charging solutions, for defense customers. EnerSys (NYSE: ENS) provides stored energy solutions for a wide range of industrial applications worldwide. The acquisition expands EnerSys' engineering capabilities and product portfolio, accelerating the Company's lithium products growth initiative.

Sources: S&P Capital IQ, DACIS, PR Newswire, GovCon Wire, AP
*Announced, not closed

Contract Value ($M)	Award Date	End Date	Customer	Awardee	Type	Contract Scope
$3,669	07/18/2024	08/28/2029	U.S. Army	Vertex Aerospace, LLC	Cost Plus Award Fee	Provide training support services and TADSS operation and maintenance
$2,438	07/15/2024	07/14/2029	U.S. Navy	Deloitte	Cost Plus Fixed Fee	Identify and develop solutions to broader submarine and industrial workforce challenges
$2,280	07/01/2024	05/30/2048	NASA	Lockheed Martin	Cost Plus Award Fee	Design and deliver 3 Geostationary Extended Observations (GeoXO) spacecrafts
$2,089	07/31/2024	11/30/2028	U.S. Army	Raytheon	Firm Fixed Price	Produce Lower Tier Air and Missile Defense Systems (LTAMDS)
$1,456	07/19/2024	03/31/2029	U.S. Navy	Northrop Grumman	Firm Fixed Price	Manufacture nine E-2D Advanced Hawkeye Aircraft
$1,353	07/19/2024	07/18/2029	U.S. Army	ManTech	Cost Plus Award Fee	Provide intelligence and cyber operations solutions across NSIN
$738	07/12/2024	06/30/2030	U.S. Navy	BAE Systems	Firm Fixed Price	Produce MK 41 Vertical Launching System (VLS) canisters
$579	07/03/2024	01/31/2029	U.S. Army	BAE Systems	IDIQ	Manufacture Self Propelled Howitzer, Carrier Ammunition Artillery
$417	07/16/2024	07/15/2029	U.S. Navy	Laurel Technologies	IDIQ	Deliver Technology Insertion Hardware for the SWFTS family of systems

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

TRAILING TWELVE MONTHS (TTM) PUBLIC EQUITY INDEX CHART [1]



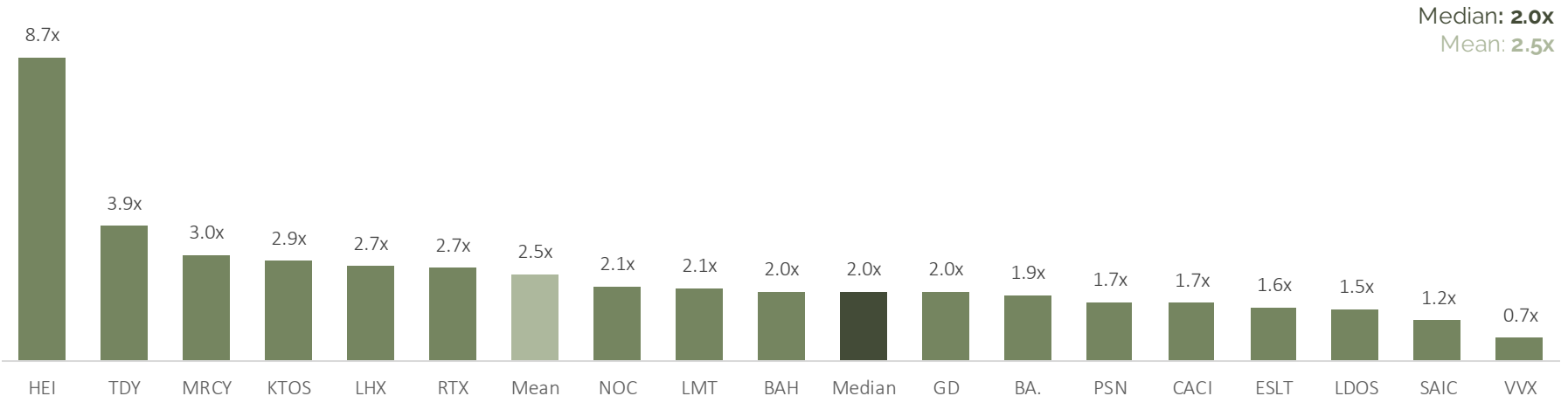
Market Commentary

- The McLean Group's custom indices have continued to straddle the S&P 500 with the Government Contractors index leading the way, providing a return of 29.5% over the TTM period. These positive returns were led by the performance of Parsons who achieved an EPS of $0.67, more than 13% above analyst projections, leading to an individual TTM return of 84%.
- Despite a decline in the overall market, the Defense Primes and Defense Systems indices have performed strongly over the last two months as tensions continue to rise between Palestine and Israel and more military support is provided.
- The S&P500 saw a slight decline in returns towards the end of July as multiple tech companies reported disappointing earnings leading to widespread selling of stocks like Alphabet, Tesla, Visa, and others. The Defense Systems index was most significantly impacted by the broader market decline, resulting in a dramatic dip in value in the following days, before bouncing back.

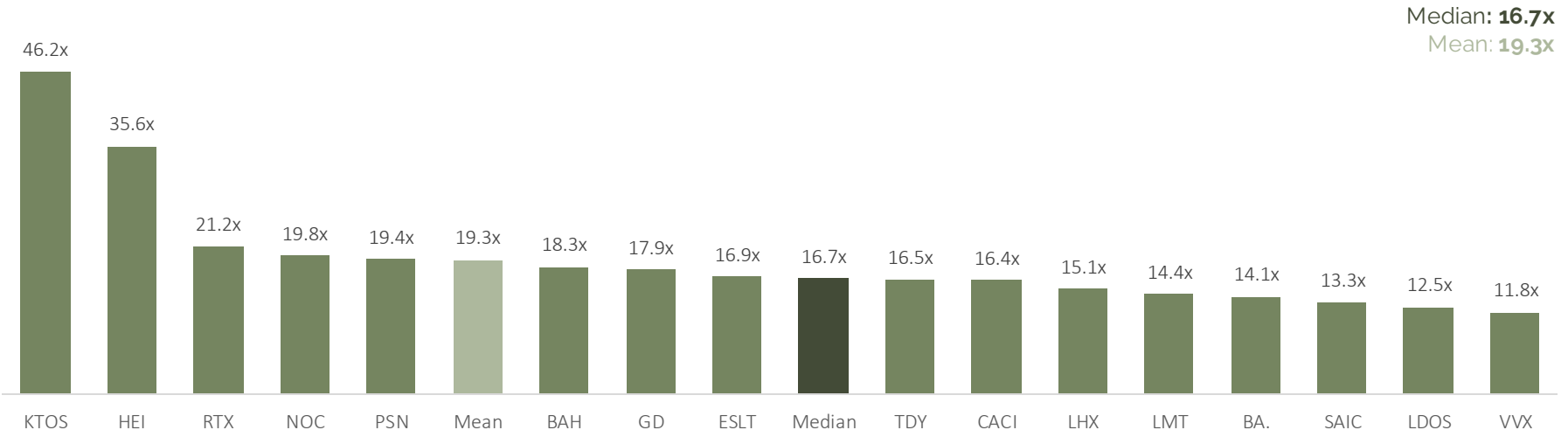
Sources: S&P Capital IQ, Bloomberg, Seeking Alpha, Financial Times

1. For composition of indices, see page 21

LTM REVENUE VALUATION MULTIPLES



LTM EBITDA VALUATION MULTIPLES[1]



Sources: S&P Capital IQ, Bloomberg, Seeking Alpha
1. MRCY has been excluded from this analysis

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 7/31/2024	Enterprise Value	CY2024E Revenue	CY2024E EBTIDA	CY2024E *Margin*	2025P Revenue	2025P EBITDA	2025P *Margin*	TEV/2024E Revenue	TEV/2024E EBITDA	TEV/2025P Revenue	TEV/2025P EBITDA
Defense Primes												
RTX	117.49	195,287	79,389	12,656	*16%*	83,986	13,880	*17%*	2.46x	15.43x	2.33x	14.07x
Lockheed Martin	541.92	145,905	71,255	9,740	*14%*	73,884	10,218	*14%*	2.05x	14.98x	1.97x	14.28x
Northrop Grumman	484.32	85,393	41,333	5,709	*14%*	42,923	6,131	*14%*	2.07x	14.96x	1.99x	13.93x
General Dynamics	298.71	91,704	48,128	5,985	*12%*	49,678	6,524	*13%*	1.91x	15.32x	1.85x	14.06x
BAE	16.65	53,550	36,018	4,849	*13%*	38,840	5,316	*14%*	1.49x	11.04x	1.38x	10.07x
L3Harris	226.89	55,811	21,237	3,917	*18%*	22,077	4,231	*19%*	2.63x	14.25x	2.53x	13.19x
Average	**$281.00**	**$104,608**	**$49,560**	**$7,143**	***15%***	**$51,898**	**$7,717**	***15%***	**2.10x**	**14.33x**	**2.01x**	**13.27x**
Gov't Contractors												
Leidos Holdings	144.40	23,847	15,956	1,680	*11%*	16,707	1,772	*11%*	1.49x	14.19x	1.43x	13.46x
Booz Allen Hamilton	143.31	21,841	10,604	1,165	*11%*	11,431	1,258	*11%*	2.06x	18.74x	1.91x	17.36x
CACI International	461.48	12,143	7,701	848	*11%*	8,145	895	*11%*	1.58x	14.33x	1.49x	13.57x
SAIC	124.40	8,511	7,434	690	*9%*	7,654	719	*9%*	1.14x	12.34x	1.11x	11.83x
Parsons	91.37	10,688	5,655	498	*9%*	5,905	538	*9%*	1.89x	21.45x	1.81x	19.87x
V2X	52.13	2,804	4,079	304	*7%*	4,272	328	*8%*	0.69x	9.24x	0.66x	8.56x
Average	**$169.52**	**$13,306**	**$8,572**	**$864**	***10%***	**$9,019**	**$918**	***10%***	**1.48x**	**15.05x**	**1.40x**	**14.11x**

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

DEFENSE GOVERNMENT & INTELLIGENCE

	Stock Price 7/31/2024	Enterprise Value	CY2024E Revenue	CY2024E EBTIDA	CY2024E *Margin*	2025P Revenue	2025P EBITDA	2025P *Margin*	TEV/2024E Revenue	TEV/2024E EBITDA	TEV/2025P Revenue	TEV/2025P EBITDA
Defense Systems												
Teledyne	421.86	22,096	5,621	1,357	*24%*	5,911	1,470	*25%*	3.93x	16.28x	3.74x	15.03x
HEICO	241.34	31,746	3,977	1,039	*26%*	4,272	1,122	*26%*	7.98x	30.55x	7.43x	28.28x
Elbit Systems	179.40	9,364	6,463	617	*10%*	6,527	666	*10%*	1.45x	15.18x	1.43x	14.06x
Mercury Systems	35.55	2,668	855	48	*6%*	904	116	*13%*	3.12x	55.95x	2.95x	22.94x
Kratos Defense & Security	22.54	3,357	1,108	104	*9%*	1,236	122	*10%*	3.03x	32.19x	2.72x	27.42x
Average	**$180.14**	**$13,846**	**$3,605**	**$633**	***15%***	**$3,770**	**$699**	***17%***	**3.90x**	**30.03x**	**3.65x**	**21.55x**
Low	$16.65	$2,668	$855	$48	*6%*	$904	$116	*8%*	0.69x	9.24x	0.66x	8.56x
Mean	**$211.99**	**$45,689**	**$21,577**	**$3,012**	***13%***	**$22,609**	**$3,253**	***14%***	**2.41x**	**19.20x**	**2.28x**	**16.00x**
Median	**$144.40**	**$22,096**	**$7,701**	**$1,165**	***11%***	**$8,145**	**$1,258**	***13%***	**2.05x**	**15.18x**	**1.91x**	**14.06x**
High	$541.92	$195,287	$79,389	$12,656	*26%*	$83,986	$13,880	*26%*	7.98x	55.95x	7.43x	28.28x

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

Closed Date	Acquirer(s)	Target(s)	Target Description	EV ($M)	EV / Rev.	EV / EBITDA
07/01/2024*	Boeing	Spirit Aerosystems	Manufactures aerostructures for defense and commercial clients	8,248.4	1.3x	14.2x
07/02/2024	Thoma Bravo	Everbridge	Provides critical event management and national public warning software	1,517.0	3.4x	14.9x
07/08/2024*	ESCO Technologies	The SM&P Business of Ultra Maritime	Offers mine detection capabilities and ultra-quiet motors to naval customers	550.0	NA	NA
07/10/2024	IFS	EmpowerMX	Offers AI-powered aviation maintenance software	NA	NA	NA
07/11/2024	Main Capital Partners	Flexagon	Provides DevOps solutions to government and commercial customers	NA	NA	NA
07/16/2024*	KBR	LinQuest	Provides advanced engineering and technology services to DoD and IC clients	745.0	NA	~11.0x
07/17/2024	Bowman Consulting	FCS Group	Offers utility consulting and financial planning services to state and local governments	NA	NA	NA
07/19/2024*	Loar Group	Applied Avionics	Designs and builds avionics interface products for military and commercial uses	385.0	NA	NA
07/24/2024*	Astrion	Axient	Provides engineering solutions and test and analysis services to fed. government clients	NA	NA	NA
07/26/2024	EnerSys	Bren-Tronics	Provides lithium battery power solutions for defense applications	208.0	2.1x	8.7x
07/30/2024*	CGI Federal	Aeyon	Provides data and analytics, AI, and digital transformation services to federal customers	NA	NA	NA
07/31/2024*	Parsons	BlackSignal Technologies	Provides cybersecurity, AI, and electronic warfare capabilities to DoD and IC clients	200.0	NA	NA

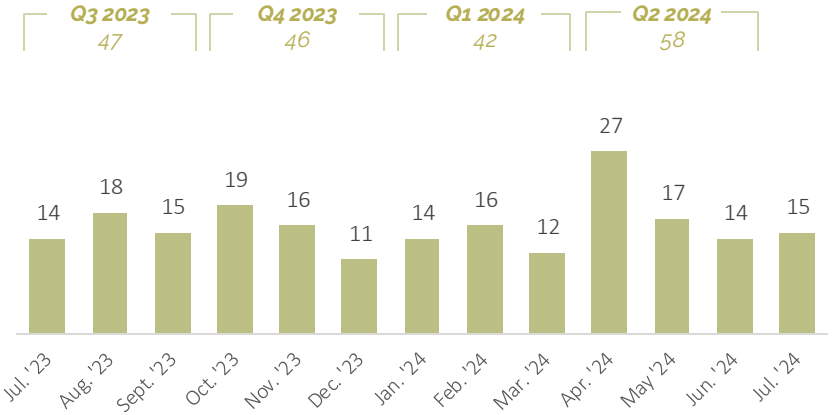
Sources: S&P Capital IQ, DACIS, PR Newswire, GovCon Wire
*Announced, not closed

- Due to ongoing geopolitical tensions, the shipping industry has been experiencing an upward trend in cyber attacks. For reference, there were a total of 64 known cyber attacks on vessels in 2023, compared to only three in 2013. Additionally, while allowing for vessel automation and internet access at sea, new technology and greater interconnectedness provide more openings for cyber attacks. Analysts expect the shipping industry to increase spending on cyber security in the near- to mid-term.
- Cyber security company CrowdStrike was involved in a global Microsoft outage on July 19th, effecting millions of travelers, airlines, banks, and retail stores. CrowdStrike's platform was administering a scheduled security software update when the outage occurred. The cause of this event is reported to be from the update's code incompatibility with Microsoft's Windows operating system. Crowdstrike's stock has dropped nearly 50% in the past month, from a peak of ~$390 per share on July 8th to ~$218 as of August 2nd.

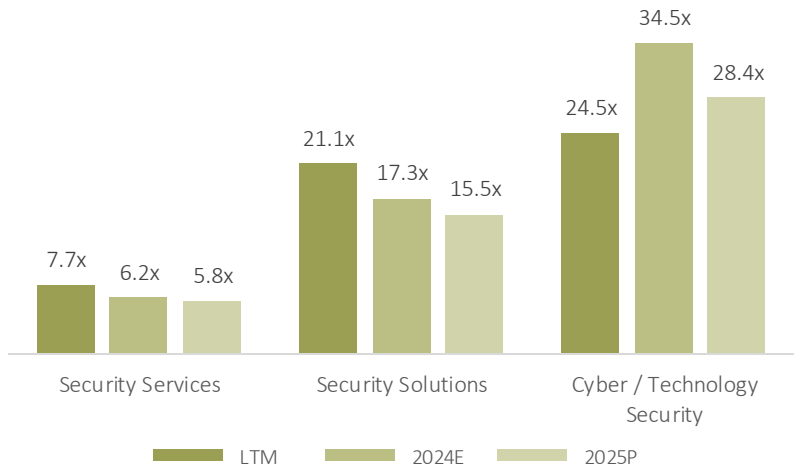
Select July Transactions

SydeLabs acquired by PROTECT AI	EMAGINED SECURITY acquired by NEOVERA	TRUENORTH solutions acquired by* accenture	SECURE ENGINEERING acquired by SIXGEN

TRANSACTIONS BY MONTH



EBITDA VALUATION MULTIPLES[1]



Sources: S&P Capital IQ, GovCon Wire, WashingtonExec, NBC News, Financial Times

1. For composition of indices, see page 21

* Announced, not closed

PHYSICAL & CYBER SECURITY

	Stock Price 7/31/24	Enterprise Value	CY2024E Revenue	CY2024E EBTIDA	CY2024E *Margin*	2025P Revenue	2025P EBITDA	2025P *Margin*	TEV/2024E Revenue	TEV/2024E EBITDA	TEV/2025P Revenue	TEV/2025P EBITDA
Security Services												
Securitas	10.74	10,177	15,127	1,371	*9%*	15,691	1,444	*9%*	0.67x	7.42x	0.65x	7.05x
The Brink's Company	111.29	7,786	5,139	962	*19%*	5,392	1,045	*19%*	1.52x	8.09x	1.44x	7.45x
Prosegur	1.86	2,820	4,892	557	*11%*	5,110	606	*12%*	0.58x	5.06x	0.55x	4.65x
Loomis	31.81	2,638	2,866	600	*21%*	2,949	627	*21%*	0.92x	4.40x	0.89x	4.21x
Average	**$38.92**	**$5,855**	**$7,006**	**$873**	***15%***	**$7,285**	**$931**	***15%***	**0.92x**	**6.24x**	**0.88x**	**5.84x**
Security Solutions												
Honeywell International	205.88	151,442	39,123	10,331	*26%*	42,083	11,320	*27%*	3.87x	14.66x	3.60x	13.38x
Johnson Controls	71.00	58,923	27,974	4,503	*16%*	29,221	4,498	*15%*	2.11x	13.09x	2.02x	13.10x
Motorola Solutions	399.32	71,316	10,693	3,323	*31%*	11,324	3,573	*32%*	6.67x	21.46x	6.30x	19.96x
ADT	7.82	14,874	4,882	2,558	*52%*	5,151	2,707	*53%*	3.05x	5.82x	2.89x	5.49x
Allegion	137.61	13,950	3,766	923	*25%*	3,916	966	*25%*	3.70x	15.11x	3.56x	14.45x
Alarm.com Holdings	70.94	3,390	924	165	*18%*	974	181	*19%*	3.67x	20.51x	3.48x	18.71x
Napco Security Technologies	55.43	1,926	200	64	*32%*	227	83	*36%*	9.64x	30.12x	8.50x	23.34x
Average	**$135.43**	**$45,117**	**$12,509**	**$3,124**	***29%***	**$13,271**	**$3,333**	***29%***	**4.67x**	**17.25x**	**4.33x**	**15.49x**

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

PHYSICAL & CYBER SECURITY

	Stock Price 7/31/24	Enterprise Value	CY2024E Revenue	CY2024E EBTIDA	CY2024E *Margin*	2025P Revenue	2025P EBITDA	2025P *Margin*	TEV/2024E Revenue	TEV/2024E EBITDA	TEV/2025P Revenue	TEV/2025P EBITDA
Cyber Security												
Palo Alto Networks	324.02	101,452	8,468	2,525	*30%*	9,773	2,957	*30%*	11.98x	40.18x	10.38x	34.31x
CrowdStrike	231.55	53,985	3,988	1,042	*26%*	5,008	1,375	*27%*	13.54x	51.83x	10.78x	39.25x
Fortinet	58.39	41,986	5,794	1,705	*29%*	6,534	1,950	*30%*	7.25x	24.63x	6.43x	21.53x
Zscaler	179.40	25,718	2,359	549	*23%*	2,879	696	*24%*	10.90x	46.82x	8.93x	36.96x
Cloudflare	77.26	25,555	1,654	300	*18%*	2,105	403	*19%*	15.45x	NA	12.14x	NA
Check Point	185.28	17,576	2,563	1,139	*44%*	2,704	1,204	*45%*	6.86x	15.43x	6.50x	14.60x
Okta	93.57	14,558	2,542	521	*20%*	2,847	606	*21%*	5.73x	27.97x	5.11x	24.04x
Average	**$164.21**	**$40,118**	**$3,910**	**$1,112**	***27%***	**$4,550**	**$1,313**	***28%***	**10.24x**	**34.48x**	**8.61x**	**28.45x**
Low	$1.86	$1,926	$200	$64	*9%*	$227	$83	*9%*	0.58x	4.40x	0.55x	4.21x
Mean	$125.18	$34,448	$7,942	$1,841	*25%*	$8,549	$2,013	*26%*	6.01x	20.74x	5.23x	17.79x
Median	$85.41	$16,225	$4,435	$1,002	*24%*	$5,059	$1,125	*24%*	4.80x	15.43x	4.36x	14.60x
High	$399.32	$151,442	$39,123	$10,331	*52%*	$42,083	$11,320	*53%*	15.45x	51.83x	12.14x	39.25x

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

- California lawmakers have agreed to place a $10 billion climate bond on the ballot for November's election – with $3.8 billion designated for improving water resiliency across the entire state. The $3.8 billion package is split between water supply and quality ($1.9 billion), stormwater management ($1.1 billion), watershed protection ($600 million), stream flow enhancements ($1.5 million), grants for education/research ($20 million). The funding package will prove crucial given recent cuts made to the State's fiscal year budget. Together the bond is expected to cost California ~$650 million a year in interest for the next 30 years.
- Milliman released a study suggesting the costs associated with removing PFAS from U.S. drinking water could range from $120 billion to $175 billion. U.S. drinking water suppliers face continued pressure to test and treat PFAS following the EPA's new drinking water standards in April. The ramp up in regulation is expected to accelerate already rapidly growing litigation – the study reports that the number of PFAS-related lawsuits has grown to over 10,000, involving nearly 500 companies.

Select July Transactions

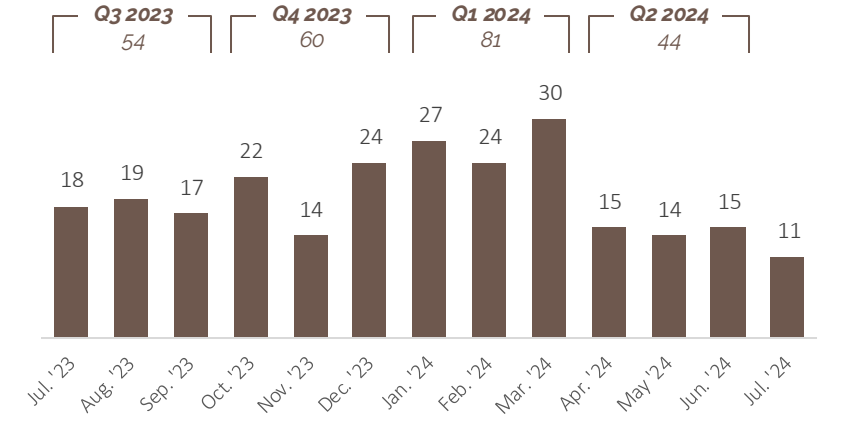
ONSITE ENGINEERING INC. acquired by FUSS & O'NEILL

mott MISSION CRITICAL PRECISION acquired by* IDEX CORPORATION

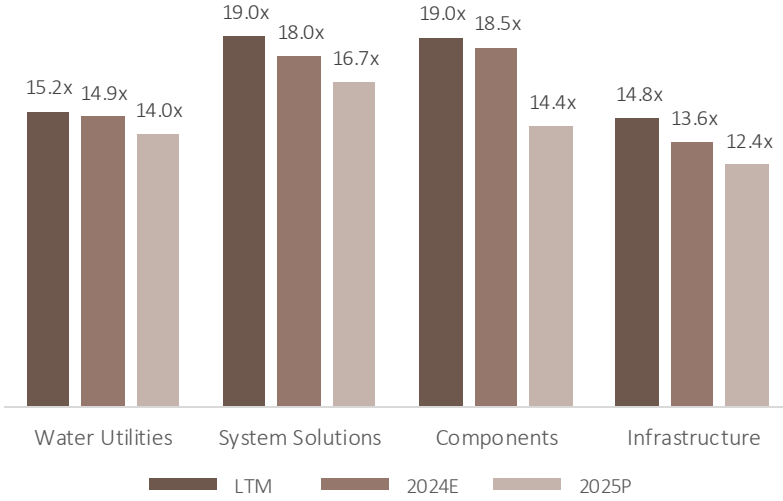
HOLLAND a portfolio company of XPV WATER PARTNERS acquired by WORKDRY INTERNATIONAL

Aqua Clara acquired by SMBC

TRANSACTIONS BY MONTH



EBITDA VALUATION MULTIPLES[1]



Source(s): Reuters, S&P Global, GWI
1. For composition of indices, see page 21
*Announced not closed

CRITICAL INFRASTRUCTURE

	Stock Price 7/31/24	Enterprise Value	CY2024E Revenue	CY2024E EBTIDA	CY2024E *Margin*	2025P Revenue	2025P EBITDA	2025P *Margin*	TEV/2024E Revenue	TEV/2024E EBITDA	TEV/2025P Revenue	TEV/2025P EBITDA
Water Utilities												
American Water Works	142.36	40,826	4,458	2,465	*55%*	4,743	2,711	*57%*	9.16x	16.56x	8.61x	15.06x
Essential Utilities	40.65	18,138	2,146	1,219	*57%*	2,395	1,323	*55%*	8.45x	14.88x	7.57x	13.71x
California Water Service Group	53.46	4,381	1,002	371	*37%*	961	333	*35%*	4.37x	11.80x	4.56x	13.17x
American States Water	82.53	3,977	599	233	*39%*	609	251	*41%*	6.63x	17.10x	6.54x	15.82x
SJW	60.61	3,736	705	287	*41%*	734	336	*46%*	5.30x	13.04x	5.09x	11.13x
Consolidated Water	29.06	421	144	29	*20%*	165	32	*19%*	2.92x	14.58x	2.55x	13.17x
Global Water Resources	12.93	419	53	26	*48%*	57	26	*46%*	7.84x	16.29x	7.34x	16.04x
Average	**$60.23**	**10,271**	**1,301**	**661**	***42%***	**1,380**	**716**	***43%***	**6.38x**	**14.89x**	**6.04x**	**14.02x**
System Solutions												
Danaher	277.08	215,952	23,782	7,643	*32%*	25,693	8,536	*33%*	9.08x	28.26x	8.41x	25.30x
Dover	184.26	28,171	8,677	1,865	*21%*	8,800	1,939	*22%*	3.25x	15.10x	3.20x	14.53x
Xylem	133.50	33,722	8,578	1,748	*20%*	9,040	1,926	*21%*	3.93x	19.29x	3.73x	17.51x
IDEX	208.48	16,378	3,319	919	*28%*	3,500	1,004	*29%*	4.93x	17.82x	4.68x	16.32x
Pentair	87.87	16,213	4,095	1,008	*25%*	4,293	1,100	*26%*	3.96x	16.09x	3.78x	14.74x
A. O. Smith	85.04	12,334	3,990	872	*22%*	4,150	915	*22%*	3.09x	14.15x	2.97x	13.48x
Watts Water Technologies	207.52	6,968	2,269	452	*20%*	2,327	467	*20%*	3.07x	15.42x	2.99x	14.92x
Average	**$169.11**	**47,106**	**7,816**	**2,072**	***24%***	**8,257**	**2,270**	***25%***	**4.47x**	**18.02x**	**4.25x**	**16.68x**

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

CRITICAL INFRASTRUCTURE

	Stock Price 7/31/24	Enterprise Value	CY2024E Revenue	CY2024E EBTIDA	CY2024E *Margin*	2025P Revenue	2025P EBITDA	2025P *Margin*	TEV/2024E Revenue	TEV/2024E EBITDA	TEV/2025P Revenue	TEV/2025P EBITDA
Components												
Graco	85.05	13,749	2,152	707	*33%*	2,259	756	*33%*	6.39x	19.44x	6.09x	18.18x
Flowserve	50.55	7,627	4,577	626	*14%*	4,781	683	*14%*	1.67x	12.18x	1.60x	11.17x
Franklin Electric	106.62	5,007	2,063	325	*16%*	2,172	344	*16%*	2.43x	15.42x	2.31x	14.55x
Mueller Water Products	20.68	3,519	1,289	266	*21%*	1,332	274	*21%*	2.73x	13.23x	2.64x	12.85x
The Gorman-Rupp	41.31	1,444	669	124	*19%*	692	126	*18%*	2.16x	11.63x	2.09x	11.50x
Energy Recovery	14.58	747	146	19	*13%*	175	41	*23%*	5.13x	38.85x	4.26x	18.25x
Average	**$53.13**	**5,349**	**1,816**	**345**	***19%***	**1,902**	**371**	***21%***	**3.42x**	**18.46x**	**3.16x**	**14.42x**
Infrastructure												
AECOM	90.61	14,173	16,008	1,105	*7%*	16,700	1,193	*7%*	0.89x	12.83x	0.85x	11.88x
Tetra Tech	213.24	12,252	4,571	598	*13%*	4,670	655	*14%*	2.68x	20.48x	2.62x	18.70x
Clean Harbors	238.73	15,538	5,899	1,137	*19%*	6,282	1,245	*20%*	2.63x	13.67x	2.47x	12.48x
EMCOR Group	375.44	17,076	14,756	1,373	*9%*	15,817	1,483	*9%*	1.16x	12.44x	1.08x	11.51x
Arcosa	92.91	4,982	2,655	428	*16%*	2,876	475	*17%*	1.88x	11.65x	1.73x	10.48x
Primoris Services	56.47	4,189	5,984	398	*7%*	6,432	443	*7%*	0.70x	10.51x	0.65x	9.44x
Average	**$177.90**	**11,368**	**8,312**	**840**	***12%***	**8,796**	**916**	***12%***	**1.66x**	**13.60x**	**1.57x**	**12.42x**
Low	$12.93	$419	$53	$19	*7%*	$57	$26	*7%*	0.70x	10.51x	0.65x	9.44x
Mean	$115.06	$19,305	$4,792	$1,009	*25%*	$5,064	$1,101	*26%*	4.09x	16.26x	3.86x	14.46x
Median	$86.46	$9,940	$2,987	$612	*21%*	$3,188	$669	*22%*	3.17x	14.99x	3.10x	14.12x
High	$375.44	$215,952	$23,782	$7,643	*57%*	$25,693	$8,536	*57%*	9.16x	38.85x	8.61x	25.30x

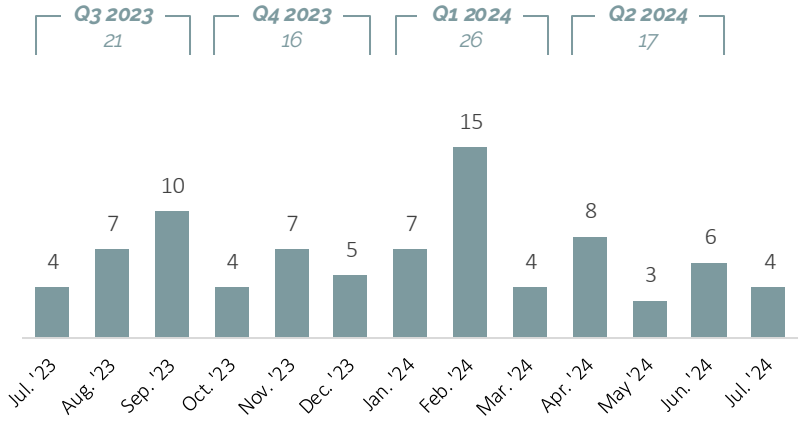
Sources: S&P Capital IQ
$USD, Millions besides Stock Price

- United States retailers are accelerating orders from foreign suppliers to prepare for peak shipping season and the potential for further shipping disruptions and increased freight rates. The ratio of inventories to sales for U.S. retailers rose to 1.31 in May, the highest level since May 2020. It represents a proactive but risky approach as retailers anticipate that they can sell all inventory amidst volatile consumer spending.
- Ocean carriers have sent additional vessels along Asia-Europe routes to support regular shipment schedules due to ongoing unrest in the Red Sea, which has reduced global vessel capacity and increased rates on major shipping lanes. The short-term contract rate to ship a container from Asia to the West Coast was $7,806 on July 17, more than four times the rate a year ago.
- Rising geopolitical tensions with China have created worries about further disruptions to the maritime industry. For example, electric vehicle orders are being expedited due to potential U.S. tariffs further straining the shipping industry.

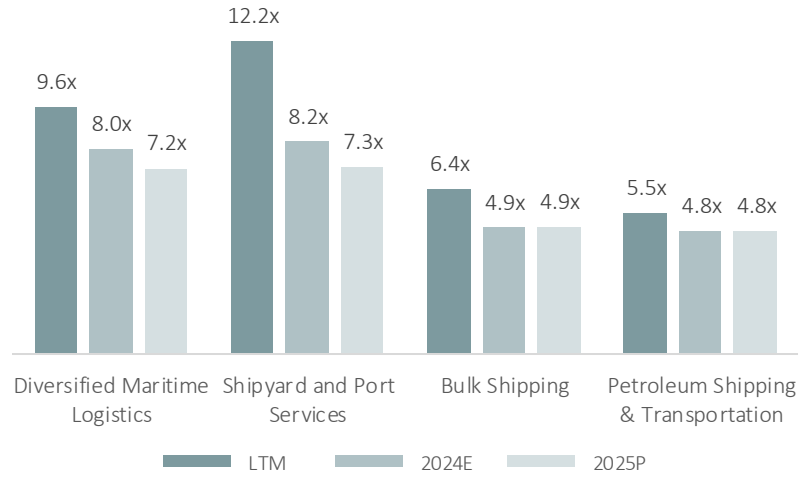
Select July Transactions

ANDRIE acquired by RAND LOGISTICS, INC.	BOLDOCEAN acquired by An Undisclosed Investor Group	Norlat Shipping Ltd. AS acquired by NORDEN	MAERSK SUPPLY SERVICE acquired by* DCF

TRANSACTIONS BY MONTH



EBITDA VALUATION MULTIPLES



Sources: Wall Street Journal, Xeneta, St. Louis FED
For composition of indices, see page 21
* Announced not closed

MARITIME TRANSPORT & FACILITIES

	Stock Price 7/31/24	Enterprise Value	CY2024E Revenue	CY2024E EBTIDA	CY2024E *Margin*	2025P Revenue	2025P EBITDA	2025P *Margin*	TEV/2024E Revenue	TEV/2024E EBITDA	TEV/2025P Revenue	TEV/2025P EBITDA
Diversified Maritime Logistics												
Algoma Central Corporation	10.65	745	552	152	*28%*	573	157	*27%*	1.35x	4.90x	1.30x	4.76x
Matson	132.71	5,190	3,212	584	*NA*	3,329	530	*NA*	1.62x	8.88x	1.56x	9.79x
Kirby Corporation	122.88	8,184	3,305	685	*21%*	3,521	785	*22%*	2.48x	11.95x	2.32x	10.43x
ArcBest Corporation	126.20	3,090	4,308	399	*9%*	4,621	492	*11%*	0.72x	7.75x	0.67x	6.29x
Diana Shipping	2.54	769	240	122	*51%*	259	157	*61%*	3.21x	6.31x	2.97x	4.89x
Average	**$78.99**	**3,596**	**2,324**	**388**	***27%***	**2,461**	**424**	***30%***	**1.87x**	**7.96x**	**1.76x**	**7.23x**
Shipyard & Port Services												
International Container	6.10	15,686	2,637	1,690	*64%*	2,834	1,808	*64%*	5.95x	9.28x	5.54x	8.68x
Great Lakes Dredge & Dock	9.43	1,055	749	132	*18%*	803	145	*18%*	1.41x	8.00x	1.31x	7.26x
Tidewater	98.96	5,482	1,416	640	*45%*	1,638	799	*49%*	3.87x	8.57x	3.35x	6.86x
Orion Group	8.21	408	786	49	*6%*	857	57	*7%*	0.52x	8.40x	0.48x	7.12x
DEME Group	180.30	5,161	4,017	739	*18%*	4,336	811	*19%*	1.28x	6.99x	1.19x	6.37x
Average	**$60.60**	**5,558**	**1,921**	**650**	***30%***	**2,093**	**724**	***31%***	**2.61x**	**8.25x**	**2.37x**	**7.26x**
Dry Bulk Shipping												
Costamare	14.82	3,459	1,400	674	*48%*	1,108	655	*59%*	2.47x	5.13x	3.12x	5.28x
Star Bulk Carriers	22.54	3,546	1,085	653	*60%*	1,173	712	*61%*	3.27x	5.43x	3.02x	4.98x
Golden Ocean Group Limited	12.43	3,766	824	550	*67%*	810	564	*70%*	4.57x	6.84x	4.65x	6.68x
Danaos Corporation	86.49	1,668	963	737	*77%*	810	561	*69%*	1.73x	2.26x	2.06x	2.97x
Global Ship Lease	26.42	1,462	699	482	*69%*	695	442	*64%*	2.09x	3.04x	2.10x	3.31x

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

MARITIME TRANSPORT & FACILITIES

	Stock Price 7/31/24	Enterprise Value	CY2024E Revenue	CY2024E EBTIDA	CY2024E *Margin*	2025P Revenue	2025P EBITDA	2025P *Margin*	TEV/2024E Revenue	TEV/2024E EBITDA	TEV/2025P Revenue	TEV/2025P EBITDA
Dry Bulk Shipping												
Safe Bulkers	5.06	967	314	184	*59%*	310	177	*57%*	3.07x	5.25x	3.12x	5.47x
Pangaea Logistics Solutions	7.26	537	490	94	*19%*	558	105	*19%*	1.10x	5.69x	0.96x	5.12x
Genco Shipping & Trading	19.41	939	311	166	*53%*	301	162	*54%*	3.02x	5.67x	3.12x	5.79x
Average	**$24.30**	**2,043**	**761**	**442**	***56%***	**721**	**422**	***57%***	**2.67x**	**4.91x**	**2.77x**	**4.95x**
Petroleum Products Transportation												
Scorpio Tankers	76.68	4,597	1,411	981	*70%*	1,274	862	*68%*	3.26x	4.68x	3.61x	5.33x
International Seaways	56.00	3,204	1,062	723	*68%*	1,022	704	*69%*	3.02x	4.43x	3.14x	4.55x
Teekay Tankers	65.44	1,862	848	568	*67%*	844	552	*65%*	2.20x	3.28x	2.21x	3.37x
DHT Holdings	11.75	2,212	452	357	*79%*	513	418	*81%*	4.89x	6.19x	4.31x	5.29x
Nordic American Tankers	3.73	1,016	271	178	*66%*	314	217	*69%*	3.75x	5.72x	3.23x	4.68x
Ardmore Shipping	21.68	933	303	208	*69%*	255	169	*66%*	3.08x	4.49x	3.66x	5.52x
Average	**$39.21**	**2,304**	**724**	**502**	***70%***	**704**	**487**	***70%***	**3.37x**	**4.80x**	**3.36x**	**4.79x**
Low	$2.54	$408	$240	$49	6%	$255	$57	7%	0.52x	2.26x	0.48x	2.97x
Mean	$46.99	$3,164	$1,319	$489	*49%*	$1,365	$502	*50%*	2.66x	6.22x	2.62x	5.87x
Median	$20.55	$2,037	$836	$516	*59%*	$827	$511	*61%*	2.75x	5.70x	3.00x	5.40x
High	$180.30	$15,686	$4,308	$1,690	*79%*	$4,621	$1,808	*81%*	5.95x	11.95x	5.54x	10.43x

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

Defense, Government & Intelligence

Defense Primes

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

Government Contractors

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

Defense Systems

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

Physical & Cyber Security

Security Services

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

Security Solutions

Honeywell International	HON
Johnson Controls International	JCI
Motorola Solutions	MSI
ADT	ADT
Allegion	ALLE
Alarm.com Holdings	ALRM
Napco Security Technologies	NSSC

Cyber Security

Palo Alto Networks	PANW
CrowdStrike	CRWD
Fortinet	FTNT
Zscaler	ZS
Cloudflare	NET
Check Point	CHKP
Okta	OKTA

Critical Infrastructure

Water Utilities

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

System Solutions

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

Components

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

Infrastructure

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

Maritime Transport & Facilities

Diversified Maritime Logistics

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

Shipyard & Port Services

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

Dry Bulk Shipping

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

Petroleum Products Transportation

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

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