



THINK BIG. ACT BIGGER.

The graphic includes silhouettes of two superheroes, a male and a female, standing with their hands on their hips and capes flowing. They are positioned in the upper right quadrant. Below them, three lines radiate from a small silhouette of two people standing together, extending upwards towards the bottom of the 'ACT BIGGER.' text, suggesting a transition from a small scale to a larger one.

Spring Conference – April 7-9, 2022 • Marriott Marquis San Diego Marina Hotel

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2022 Spring Conference

Christopher Lee

Ownership transition success: Private Equity (“PE”) as an attractive option



PE has recently demonstrated a strong interest in the consulting engineering and science practices that will only continue to grow as industry tailwinds persist



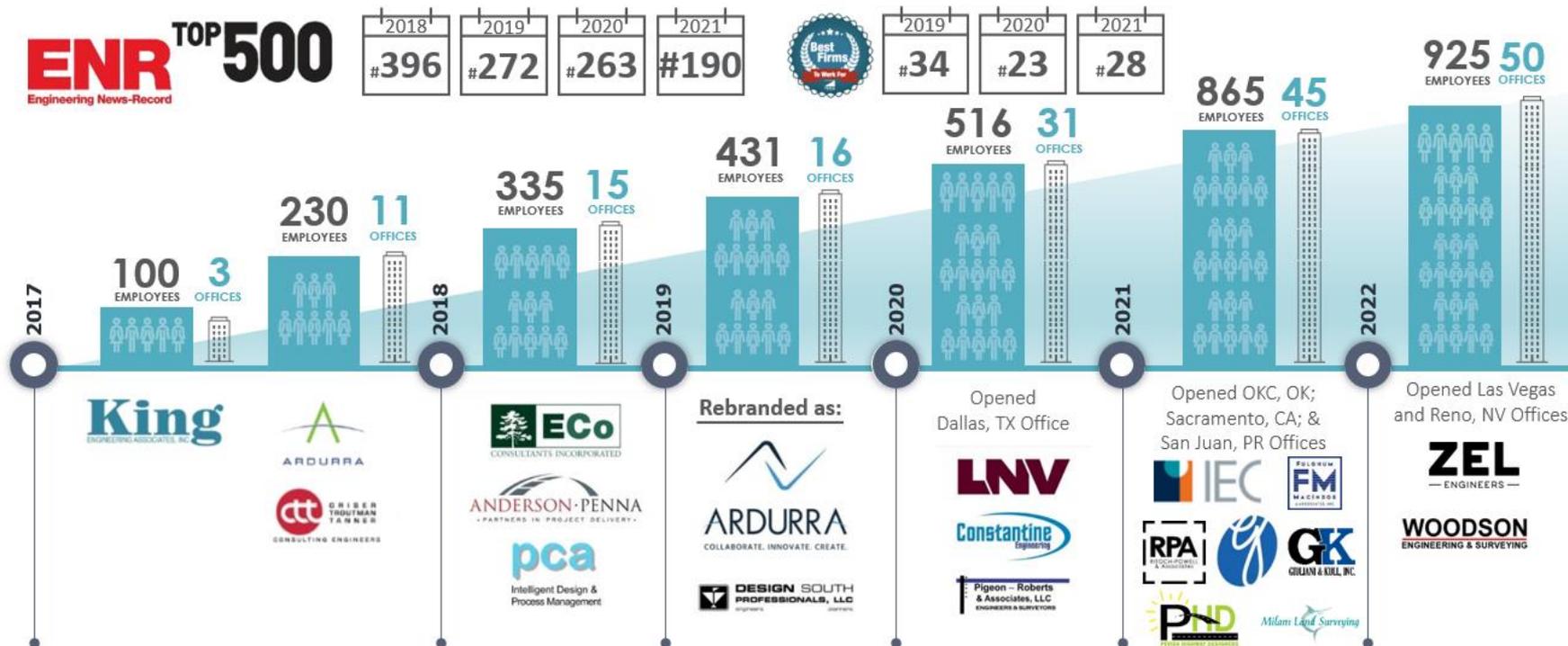
PE can provide additional optionality in ownership succession that mitigates many of the risks associated with traditional exit options, while maximizing current and future value



PE can create growth opportunities for employees through internal capital infusion while further accelerating overall firm growth by executing additional strategic acquisitions

Selling to a private equity firm can be a great option for all stakeholders

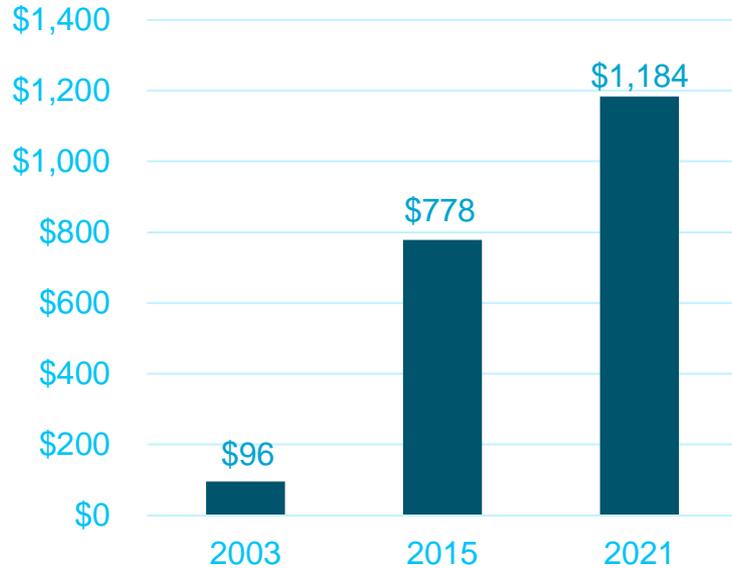
Case study of RTC platform in AEC (Ardurra)



Over five years with RTC's partnership, the company has grown from a regional player into a highly-diversified, nationwide organization while maintaining single digit voluntary turnover

The market today: investor capital continues to pour into PE

Private market fundraising at an all-time high (\$ in bn)



PE is a meaningful part of global M&A volume



Source: Preqin, Harvard Law School Forum on Corporate Governance

PE interest in the AEC space has increased significantly

of US PE backed deals



Source: Morrissey Goodale LLC

Industry characteristics and tailwinds will continue to drive interest

Focus on the repair, modernization and construction of infrastructure



Growing federal and state funding sources



Renewed concern about the environment



Growing comfort with asset light businesses



Fragmented, mature industry with attractive financial characteristics

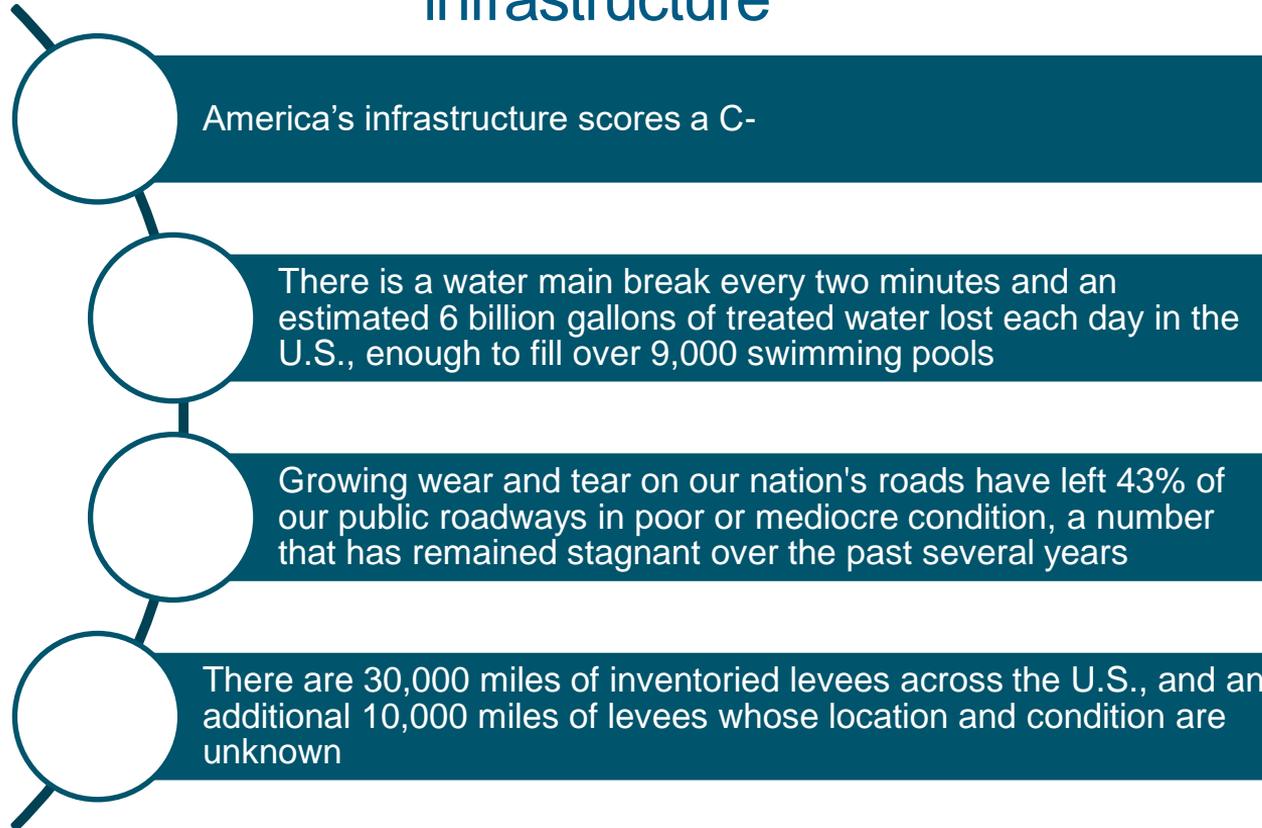


Leadership and ownership transition challenges





Focus on the repair, modernization and construction of infrastructure

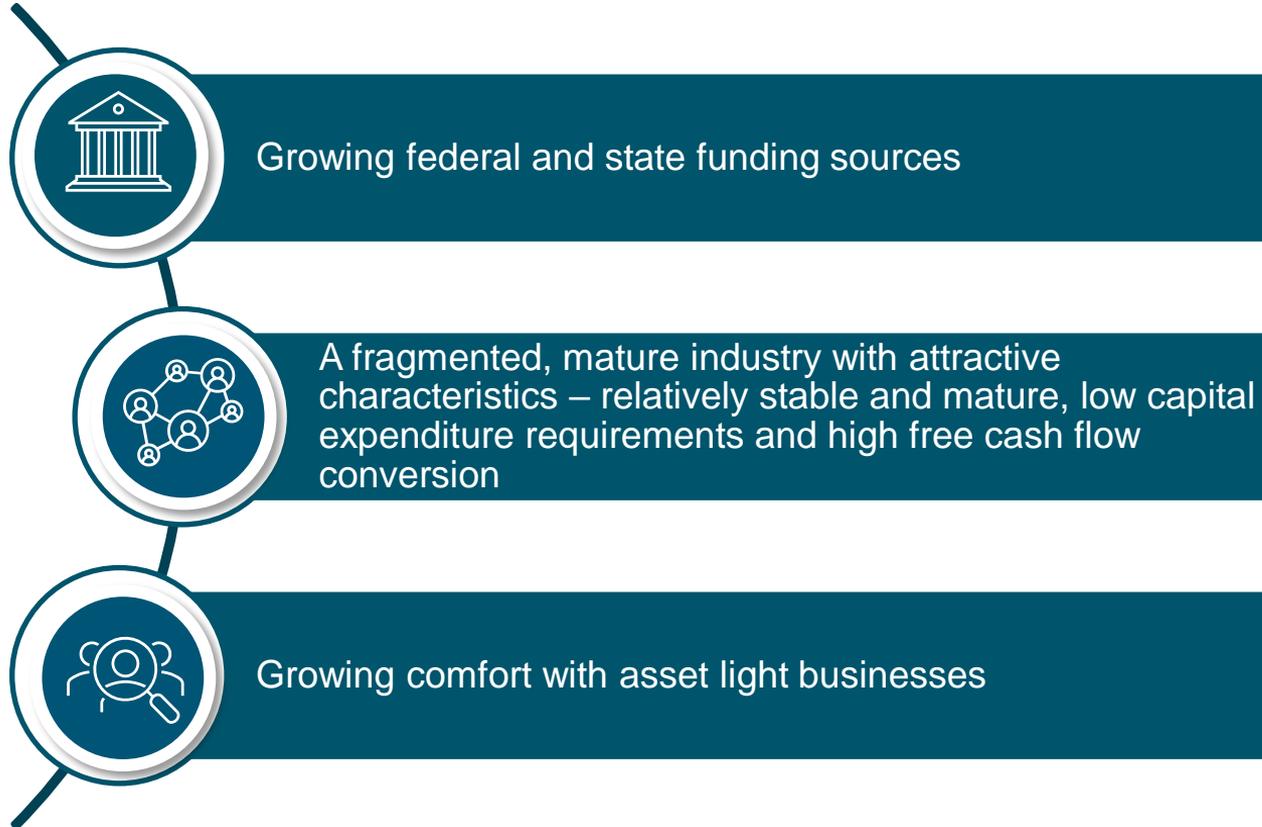




Renewed concern about the environment (ESG)



Investors are increasingly comfortable investing in the industry





PE sees an opportunity due to leadership and ownership transition challenges

A 2016 survey of small businesses in the United States indicated that 72% of small business owners don't have an exit plan and 54% intend to leave in 10 years

Changing demographics and perceptions of ownership

Owners are ready to cycle out

Not enough capital internally and inexperience with the debt markets

Private equity is an attractive alternative for selling owners



Maximize value and payback time + the “second bite of the apple”



Equity incentive plans and ownership interests for continuing employees



Maintain firm culture and legacy



Investment and reinvestment to amplify organic performance



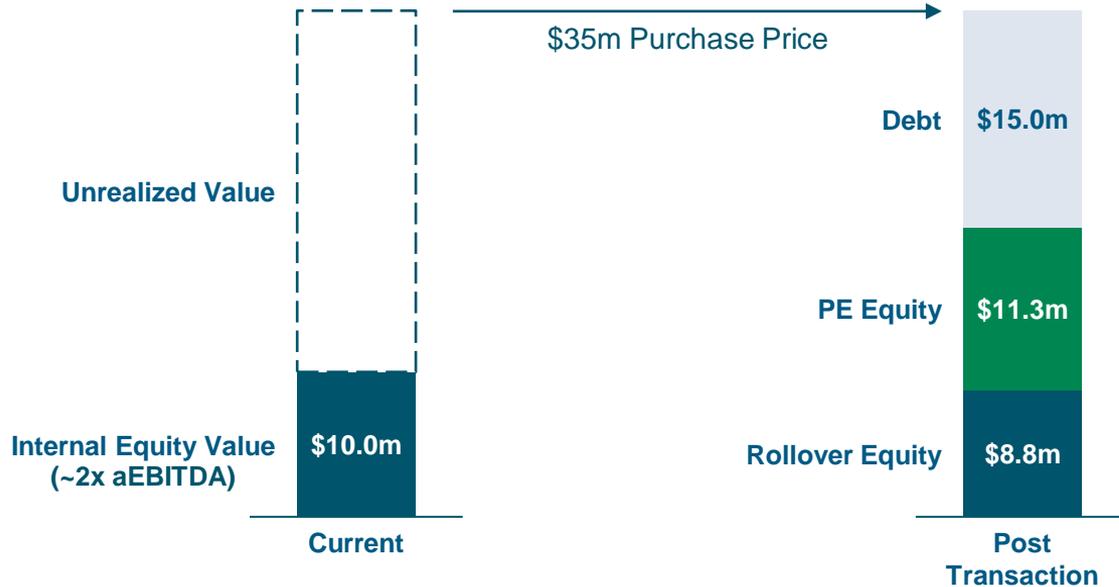
Ability to offer more internal leadership growth opportunities



M&A expertise to supercharge the bringing together of top talent and technical leaders

Illustrative PE Transaction

- \$30m Net Revenue firm with \$5.0m of Adjusted EBITDA
- Agreed upon Purchase Price of 7.0x of Adjusted EBITDA (\$35m)
- Selling shareholders roll over 25% of the Purchase Price as equity in the go-forward entity
- PE sponsors funds the Purchase Price with \$15m of debt (3x leverage) and \$11.25m of equity



Shareholders receive \$26.25m in cash at close of the transaction (~2.6x internal Equity Value) and still maintain \$8.75m in equity in the go forward entity

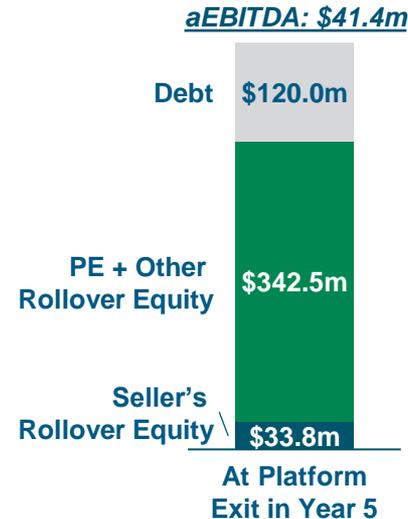
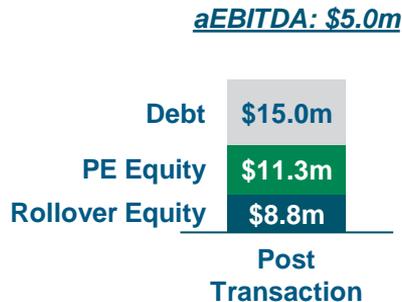
Illustrative PE Transaction (cont'd)

Assumptions over 5-year hold period

- \$10m of aEBITDA acquired per year over the next 36 months (additional \$30m total)
- Acquisitions are made at blended 7.0x purchase multiple with 3.5x leverage
- Shares are re-valued at 30% premium every year
- Annual organic growth of 8.0%
- Platform exits at 12.0x purchase multiple

Key value drivers

- Organic aEBITDA growth through both topline increases (supplemented by tailwinds from cross-selling) and margin improvement
- Acquiring strategic targets at disciplined multiples that allow platform to expand market share
- Ability to achieve higher, premium purchase multiple as organization professionalizes, diversifies, and scales



Purchase Price: \$496m

Shareholder's equity increased to \$33.8m (~3.9x Rollover of \$8.75m and ~31.0% IRR)

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Not all PE funds are the ideal partner, so due diligence is key

01

How will the fund collaborate and interact with management?

02

What differences will there be in economic rights?

03

What will the corporate governance and decision-making framework be?

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