

UTILITY SERVICES SECTOR CASE STUDY

Primoris Announces Acquisition of PLH Group

M&A Advisory | Growth Capital | Recapitalizations | Board Advisory | Strategic Evaluations



July 2022

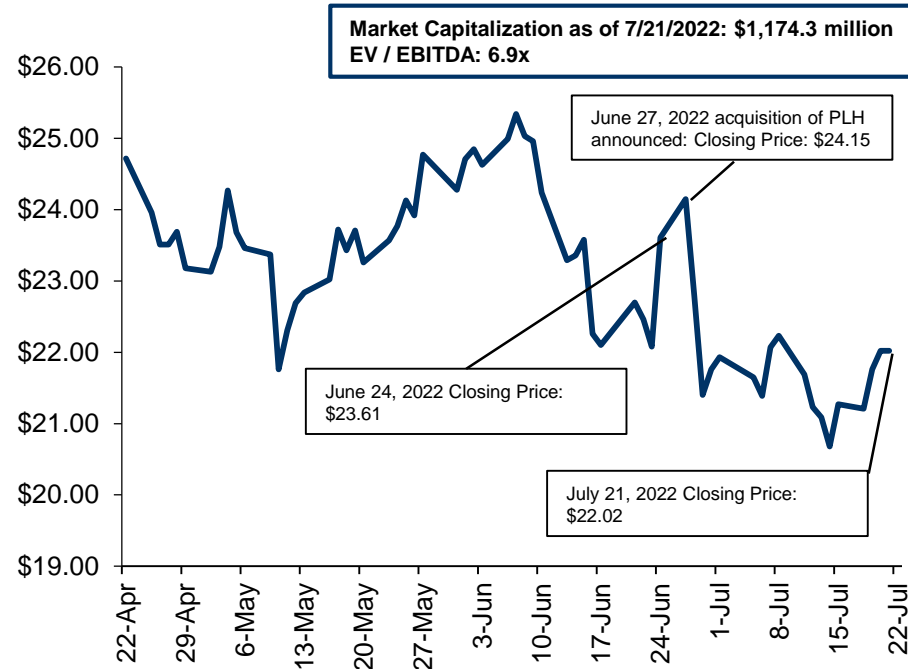
CASE STUDY: PRIMORIS SERVICES CORPORATION (“PSC”) ACQUIRES PLH GROUP (“PLH”)

Transaction Overview

- **Announced: June 27, 2022**
- **Status: Pending; expected to close in Q3 2022**
- **Acquiror: Primoris Services Corporation (“PSC”)**
- **Enterprise Value: \$470.0 million at close**
 - All cash transaction
 - 8.7x LTM Adj. EBITDA of ~\$54.0 million ⁽¹⁾
 - The transaction will be funded via issuance of a new incremental term loan and a partial draw on an upsized revolver
- **The acquisition of PLH helps PSC accelerate its growth plans**
 - Doubles PSC’s Power Delivery business and increases its Utilities segment to over 50.0% of pro forma revenue
 - Accelerates PSC’s ongoing portfolio transition towards higher-growth, higher-margin end markets and recurring Master Service Agreement (MSA) revenue
 - Enhances presence in highly attractive Sunbelt and California regions as well as establishes a presence in New England
 - Provides access to a highly skilled and scalable labor force
- **PSC expects to achieve ~\$10.0mm of cost synergies (overhead, equipment rental, and shared services)**
- **PSC expects the acquisition to be accretive to earnings in the first 12 months**
- **PSC is a specialty contractor providing a range of construction, fabrication, maintenance, replacement, and engineering services to the Utility, Energy/Renewable, and Pipeline end markets**

(1) Excludes ~\$10.0 million of expected synergies
Sources: Company press releases, investor presentations, public filings, and Capital IQ

PSC (NasdaqGS: PRIM) Historical Stock Price Performance



PLH Overview

- **PLH is a specialty contractor providing construction and related services to the electric power line, pipeline, oil field electrical, and industrial markets in the U.S. and Canada**
- **PLH has been a portfolio company of Energy Capital Partners, a private equity firm, since 2009 and completed 12 acquisitions through 2014**
- **LTM May 2022 Revenue: \$733.0 million**
- **LTM May 2022 Adj. EBITDA: \$54.0 million**
- **LTM May 2022 Free Cash Flow Conversion: ~72.0%**

Transaction



acquired by



Executive Commentary

“We’re excited about the opportunities Primoris provides for both our customers and employees. Primoris’ wide range of services allow us to offer new capabilities to our existing customers while we continue to advance our core values of safety, integrity, professionalism, and teamwork. Further, Primoris’ size and expanded footprint will give the PLH teams access to greater career mobility and more diverse job opportunities in the future.”

- Peter Sandore, Chief Executive Officer of PLH Group

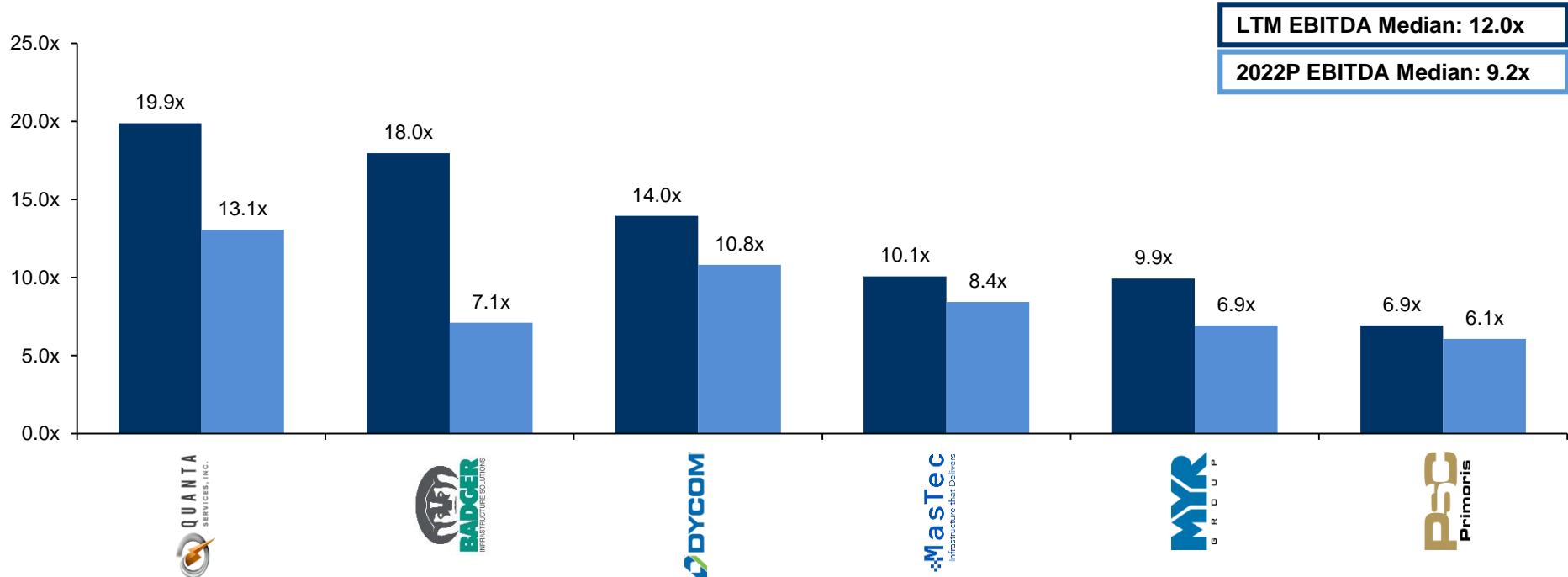
“This acquisition aligns solidly with our strategic focus on higher-growth, higher-margin business segments. It expands our footprint for Power Delivery services at a time when improvement and expansion of our domestic electric grid is driving massive capital investment in this market.”

“We are the best owner for this business, and its scope complements ours both in end markets and geographic coverage, advancing us along our strategic path. We look forward to welcoming the PLH team to the Primoris family of companies.”

- Tom McCormick, President and Chief Executive Officer of Primoris

PUBLIC COMPARABLES: UTILITY SERVICES

EV / EBITDA Multiples



COMPANY	STOCK PERFORMANCE AND COMPANY DATA					MARGINS		VALUATION DATA				
	Price	30 Day	YTD	Market Value	Enterprise Value	Gross Profit	EBITDA LTM	EV / Rev	EV / EBITDA		P / E	
	7/21/2022	% Change	% Change	(\$mm)	(\$mm)	% Margin	% Margin	LTM	LTM	2022	LTM	2022
Quanta Services, Inc.	133.14	11.7%	16.1%	19,133.4	22,981.23	14.9%	8.1%	1.6x	19.9x	13.9x	50.1x	21.1x
Badger Infrastructure Solutions Ltd.	23.47	7.0%	(6.6%)	809.2	941.65	20.8%	10.8%	1.9x	18.0x	9.2x	N.M.	32.1x
Dycom Industries, Inc.	96.73	8.8%	3.2%	2,858.6	3,556.48	15.8%	7.8%	1.1x	14.0x	14.5x	69.4x	67.9x
MYR Group Inc.	91.99	8.0%	(16.8%)	1,564.2	1,632.03	12.9%	6.4%	0.6x	10.1x	9.2x	22.8x	17.8x
MasTec, Inc.	73.27	(0.5%)	(20.6%)	5,437.6	7,402.05	13.6%	9.2%	0.9x	9.9x	8.7x	31.2x	16.8x
Primoris Services Corporation	22.02	(3.0%)	(8.2%)	1,174.3	1,813.35	11.3%	7.6%	0.5x	6.9x	6.6x	13.4x	8.7x
Overall Group Mean		5.3%	(5.5%)	5,162.9	6,387.8	14.9%	8.3%	1.1x	13.1x	10.4x	37.4x	27.4x
Overall Group Median		7.5%	(7.4%)	2,211.4	2,684.9	14.3%	7.9%	1.0x	12.0x	9.2x	31.2x	19.4x
Overall Group Max		11.7%	16.1%	19,133.4	22,981.2	20.8%	10.8%	1.9x	19.9x	14.5x	69.4x	67.9x
Overall Group Min		(3.0%)	(20.6%)	809.2	941.6	11.3%	6.4%	0.5x	6.9x	6.6x	13.4x	8.7x



has been acquired by



a portfolio company of



Advisor to Seller



has been acquired by



a portfolio company of



Advisor to Seller



a portfolio company of



has been acquired by an entity formed by



Advisor to Seller



a portfolio company of



has been acquired by



Advisor to Seller



has been acquired by



Advisor to Seller



a portfolio company of



has been acquired by




Advisor to Seller




has completed a debt recapitalization with




Advisor to Easton Coach Company




has been acquired by




Advisor to Seller



has divested certain assets of



to



Advisor to Seller

M&A Advisory

Growth Capital

Recapitalizations

Board Advisory

Strategic Evaluations

B. Andrew Schmucker
 Managing Partner
 484.533.6313
 aschmucker@delanceyllc.com

Patrick E. Dolan
 Managing Director
 484.533.6311
 pdolan@delanceyllc.com

William J. Filip
 Managing Director
 484.533.6312
 wfilip@delanceyllc.com

Steven D. Higgins
 Managing Director
 484.533.6308
 shiggins@delanceyllc.com

James R. McNaughton
 Managing Director
 484.533.6307
 jmcnaughton@delanceyllc.com

Shane Carroll
 Vice President
 484.533.6316
 scarroll@delanceyllc.com

Sean T. Cincotta
 Vice President
 484.533.6314
 scincotta@delanceyllc.com