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Infrastructure Industry Insight

June 2019

Infrastructure Industry Update

Infrastructure categories continue to see strong M&A activity

Select Recent Notable Publicly Announced M&A Transactions

Date	Status	Target	Transaction Size	Buyer
May-2019	Announced	Pioneer Railcorp	$72 million	Brookhaven Capital Partners
May-2019	Announced	Buckeye Partners, L.P.	$10.5 billion	ifm investors
May-2019	Announced	Fraser Surrey Docks	Undisclosed	DP World
May-2019	Announced	andeavor logistics	$3.3 billion	MPLX Energy Logistics
Apr-2019	Announced	Long Beach Container Terminal	$1.8 billion	Macquarie
Feb-2019	Closed	Billy Bishop Toronto City Airport	Undisclosed	J.P.Morgan Asset Management
Jan-2019	Closed	Tallgrass Energy	$3.2 billion	Blackstone

Public Trading Comparables by Sector

Selected Infrastructure Public Trading Comparables

($ in millions) Company Name	Market Cap	Enterprise Value	Enterprise Value / Revenue	Enterprise Value / EBITDA	Enterprise Value / EBIT	Forward P/E Ratio	Gross Margin %	EBITDA Margin %
Energy & Utilities								
NextEra Energy, Inc.	$95,174	$138,100	8.1x	15.8x	29.6x	23.8x	57%	51%
NRG Energy, Inc.	62,474	123,966	5.1x	12.1x	22.8x	17.2x	45%	42%
Dominion Energy, Inc.	60,354	103,776	7.5x	16.4x	26.8x	17.6x	46%	45%
Kinder Morgan, Inc.	45,071	82,958	5.9x	11.5x	17.2x	19.3x	52%	45%
American Electric Power Company, Inc.	42,282	69,659	4.3x	13.5x	23.0x	20.8x	39%	31%
Sempra Energy	35,876	65,289	5.4x	15.3x	24.1x	20.2x	34%	33%
The Williams Companies, Inc.	31,870	56,682	6.6x	13.8x	23.5x	26.4x	51%	43%
Xcel Energy Inc.	28,500	49,498	4.0x	12.6x	20.5x	19.4x	51%	31%
Consolidated Edison, Inc.	29,439	48,464	4.1x	13.1x	25.6x	21.8x	38%	31%
FirstEnergy Corp.	21,784	42,170	3.7x	11.0x	17.6x	16.1x	68%	34%
ONEOK, Inc.	26,350	36,829	3.0x	14.9x	18.1x	20.3x	27%	19%
NiSource Inc.	10,238	20,235	3.9x	29.5x	185.6x	21.1x	20%	13%
Targa Resources Corp.	9,092	18,286	1.8x	14.2x	41.2x	NM	22%	12%
Chesapeake Utilities Corporation	9,158	15,395	1.6x	10.3x	15.7x	7.6x	23%	16%
Equitrans Midstream Corporation	5,253	13,708	9.1x	10.4x	12.6x	9.2x	89%	81%
EnLink Midstream, LLC	5,203	11,398	1.5x	10.2x	21.3x	33.7x	22%	14%
Antero Midstream Corporation	6,290	8,678	43.7x	56.3x	86.2x	12.1x	92%	0%
Matrix Service Company	518	470	0.4x	11.8x	22.0x	13.3x	8%	3%
Energy & Utilities Median	**$24,067**	**$39,499**	**4.0x**	**12.9x**	**22.9x**	**20.2x**	**39%**	**31%**
Railway								
Union Pacific Corporation	$120,807	$146,880	6.5x	13.7x	17.2x	18.4x	52%	47%
CSX Corporation	62,718	77,046	6.2x	12.0x	15.1x	17.7x	51%	51%
Canadian National Railway Company	65,629	75,852	6.9x	13.8x	17.3x	19.2x	53%	50%
Norfolk Southern Corporation	53,156	65,022	5.6x	12.3x	15.7x	18.2x	45%	45%
Canadian Pacific Railway Limited	32,324	39,027	7.0x	13.5x	16.2x	17.8x	54%	52%
Kansas City Southern	11,803	14,880	5.4x	11.2x	15.2x	17.1x	48%	48%
Genesee & Wyoming Inc.	5,559	8,272	3.5x	12.1x	19.5x	22.0x	36%	29%
Railway Companies Median	**$53,156**	**$65,022**	**6.2x**	**12.3x**	**16.2x**	**18.2x**	**51%**	**48%**

Source: Capital IQ, as of May 2019

Public Trading Comparables by Sector (cont.)

Selected Infrastructure Public Trading Comparables

($ in millions) Company Name	Market Cap	Enterprise Value	Enterprise Value / Revenue	Enterprise Value / EBITDA	Enterprise Value / EBIT	Forward P/E Ratio	Gross Margin %	EBITDA Margin %
Environmental Services								
Waste Management, Inc.	$45,543	$56,242	3.7x	13.4x	20.8x	24.4x	38%	28%
Republic Services, Inc.	26,907	35,500	3.5x	12.9x	21.6x	25.1x	38%	28%
Waste Connections, Inc.	24,512	28,408	5.7x	18.0x	32.3x	32.2x	41%	31%
Veolia Environnement S.A.	12,647	24,673	0.8x	7.4x	14.5x	15.1x	16%	11%
Stericycle, Inc.	4,154	7,312	2.1x	10.8x	17.6x	12.8x	39%	20%
Clean Harbors, Inc.	3,578	5,097	1.5x	10.4x	26.7x	35.2x	30%	15%
Advanced Disposal Services, Inc.	2,858	4,770	3.0x	12.2x	47.3x	53.3x	35%	25%
US Ecology, Inc.	1,302	1,644	2.8x	13.8x	22.0x	24.2x	29%	21%
Environmental Services Median	**$8,401**	**$15,993**	**2.9x**	**12.6x**	**21.8x**	**24.7x**	**37%**	**23%**
Engineering and Construction								
Jacobs Engineering Group Inc.	$10,091	$12,760	2.1x	5.4x	8.6x	14.5x	19%	6%
AECOM	5,220	8,347	2.3x	4.2x	8.2x	8.9x	9%	9%
Quanta Services, Inc.	5,007	6,330	0.6x	7.3x	10.1x	10.5x	13%	8%
Fluor Corporation	4,024	3,982	1.2x	4.7x	9.8x	11.7x	4%	0%
Tetra Tech, Inc.	3,652	3,911	1.7x	15.9x	18.4x	20.3x	17%	11%
MasTec, Inc.	3,506	5,321	0.8x	7.1x	10.2x	9.8x	14%	10%
McDermott International, Inc.	1,123	5,041	0.6x	13.5x	39.4x	3.2x	8%	4%
Primoris Services Corporation	971	971	0.5x	21.4x	9.9x	10.7x	11%	7%
Tutor Perini Corporation	750	1,574	0.4x	5.9x	7.3x	6.0x	11%	6%
Matrix Service Company	518	470	0.4x	11.8x	22.0x	13.3x	8%	3%
Team, Inc.	440	39	0.7x	54.8x	NM	45.4x	26%	1%
Sterling Construction Company, Inc.	318	13	0.3x	8.3x	8.3x	10.0x	11%	4%
White Group Public Company Limited	81	44	1.3x	6.9x	7.9x	0.0x	27%	19%
Orion Group Holdings, Inc.	65	172	0.3x	NM	NM	NM	3%	1%
Engineering and Construction Median	**$1,047**	**$2,743**	**0.7x**	**11.8x**	**10.0x**	**10.0x**	**10%**	**7%**

Source: Capital IQ, as of May 2019

Selected Infrastructure Industry Transactions

Selected Infrastructure Transactions

Date	Target / Issuer	Transaction Size ($mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
05/17/2019	Pioneer Railcorp, Inc. (OTCPK:PRRR)	$72	Related Infrastructure; Brookhaven Rail Partners	-	Related Infrastructure and Brookhaven Rail Partners, LLC entered into a definitive agreement to acquire Pioneer Railcorp, Inc. (OTCPK:PRRR) from Heartland Rail Investments LLC and other shareholders for $72.4 million on May 17, 2019.
05/10/2019	Buckeye Partners, L.P. (NYSE:BPL)	$10,502	IFM Global Infrastructure Fund	18.6x	IFM Global Infrastructure Fund entered into an agreement to acquire Buckeye Partners, L.P. (NYSE:BPL) for $6.5 billion on May 10, 2019. Under the terms, IFM Global will pay $41.50 in cash for each partnership unit of Buckeye.
05/10/2019	Fraser Surrey Docks Terminal	-	DP World	-	DP World will be acquiring Fraser Surrey Docks terminal from a Macquarie Group fund. The deal is expected to close in the first half of 2019.
05/08/2019	Andeavor Logistics LP (NYSE:ANDX)	$3,276	MPLX LP (NYSE:MPLX)	11.8x	MPLX LP (NYSE:MPLX) entered into a definitive agreement to acquire 36.4% stake in Andeavor Logistics LP (NYSE:ANDX) for $3.3 billion on May 7, 2019.
04/30/2019	LBCT LLC	$1,780	Macquarie Infrastructure and Real Assets	-	Macquarie Infrastructure Partners IV, L.P. of Macquarie Infrastructure and Real Assets and others entered into the sale and purchase agreement to acquire LBCT LLC from Long Beach Container Terminal, Inc. and OOCL LLC for approximately $1.8 billion.
03/25/2019	Enviva Wilmington Holdings, LLC	$166	Enviva Partners, LP (NYSE:EVA)	-	Enviva Partners, LP (NYSE:EVA) entered into a contribution agreement to acquire an unknown stake in Enviva Wilmington Holdings, LLC from Enviva Development Holdings, LLC for approximately $170 million on March 21, 2019.
03/18/2019	Williams Ohio Valley Midstream/Utica East Ohio Midstream, LLC	$1,304	Canada Pension Plan Investment Board	-	Canada Pension Plan Investment Board entered into a definitive agreement to acquire 35% stake in Williams Ohio Valley Midstream and Utica East Ohio Midstream, LLC from The Williams Companies, Inc. (NYSE:WMB) for approximately $1.3 billion.

Source: Capital IQ, as of May 2019

Selected Infrastructure Industry Transactions (cont.)

Selected Infrastructure Transactions

Date	Target / Issuer	Transaction Size ($mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
02/25/2019	Nieuport Aviation Infrastructure Partners (Billy Bishop)	$90,502	J.P. Morgan Asset Management	-	InstarAGF Asset Management has sold its interest in Nieuport Aviation Infrastructure Partners GP, the owner and operator of the passenger terminal at Billy Bishop Toronto City Airport. Terms weren't disclosed.
01/31/2019	Tallgrass Energy GP, LLC	$3,200	The Blackstone Group L.P. (NYSE:BX); GIC Pte. Ltd.; Enagás, S.A. (BME:ENG)	-	The affiliates of Blackstone Infrastructure Partners, L.P. managed by The Blackstone Group L.P. (NYSE:BX), GIC Pte. Ltd and Enagás, S.A.
01/17/2019	Environmental Materials, LLC	$186	Ply Gem Industries, Inc.	-	Ply Gem Industries, Inc. entered into a unit purchase agreement to acquire Environmental Materials, LLC from a consortium of sellers for approximately $190 million on January 12, 2019.
12/31/2018	EQGP Holdings, LP	$222	Equitrans Gathering Holdings, LLC	12.7x	Equitrans Gathering Holdings, LLC exercised the limited call right to acquire an additional 3.7% stake in EQGP Holdings, LP (NYSE:EQGP) from Vicky A. Bailey, Kenneth M. Burke, Margaret K. Dorman, Phillip D.
12/19/2018	Coach USA Administration Inc	$271	Variant Equity Advisors, LLC	-	Variant Equity Advisors, LLC agreed to acquire Coach USA Administration Inc. from Scusi Limited for an enterprise value of approximately $270 million on December 19, 2018.
11/08/2018	Western Midstream Operating, LP	$12,548	Western Midstream Partners, LP (NYSE:WES)	14.4x	Western Gas Equity Partners LP (NYSE:WGP) (WGP) entered into a merger agreement to acquire the remaining 67.15% stake in Western Gas Partners LP (NYSE:WES) (WES) from Anadarko Petroleum Corporation (NYSE:APC) (APC) and public shareholders.
11/08/2018	Remaining Midstream Assets of Anadarko Petroleum Corporation	$4,148	Western Gas Partners, LP (NYSE:WES)	-	Western Gas Partners, LP (NYSE:WES), and others entered into contribution agreement to acquire substantially all of the remaining midstream assets from Anadarko E&P Onshore LLC, APC Midstream Holdings, LLC and WGR Asset Holding Company, LLC for $4.1 billion on November 7, 2018.

Source: Capital IQ, as of May 2019

Selected Infrastructure Industry Transactions (cont.)

Selected Infrastructure Transactions

Date	Target / Issuer	Transaction Size ($mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
10/22/2018	EnLink Midstream Partners, LP	$11,356	EnLink Midstream, LLC (NYSE:ENLC)	12.1x	EnLink Midstream LLC (NYSE:ENLC) entered into an agreement to acquire the remaining 75.25% stake in EnLink Midstream Partners LP (NYSE:ENLK) ('ENLK') from Global Infrastructure Partners ('GIP') and other shareholders on October 21, 2018.
10/09/2018	Antero Midstream Partners LP	$7,360	Antero Midstream Corporation (NYSE:AM)	11.6x	Antero Midstream GP LP (NYSE:AMGP) entered into a definitive agreement to acquire Antero Midstream Partners LP (NYSE:AM) from Antero Resources Corporation (NYSE:AR) and other shareholders for $7.4 billion on October 9, 2018.
09/28/2018	American Midstream Partners, LP (NYSE:AMID)	$1,506	ArcLight Capital Partners, LLC	13.4x	ArcLight Energy Partners Fund V, L.P., a fund managed by ArcLight Capital Partners, LLC made a non-binding offer to acquire the remaining stake in American Midstream Partners, LP (NYSE:AMID) on September 27, 2018.
09/18/2018	DesertXpress Enterprises, LLC	$120	Virgin Trains USA LLC (NasdaqGM:VTUS)	-	Virgin Trains USA LLC (Brightline) entered into an agreement to acquire DesertXpress Enterprises, LLC for $120 million on September 17, 2018.
08/23/2018	U S Rail Holdings LLC	$5	United Rail, Inc. (OTCPK:URAL)	-	United Rail, Inc. acquired U S Rail Holdings for $4.5 million on August 23, 2018.
06/06/2018	White Pass & Yukon Route Rail and Port Operations Of TWC Enterprises Limited	$290	Royal Hwy Tours Inc.	-	Royal Hwy Tours Inc. entered into an agreement to acquire White Pass & Yukon Route rail and port operations based in Skagway, Alaska from TWC Enterprises Limited (TSX:TWC) for $290 million on June 6, 2018.
05/07/2018	American Roads LLC	$220	DIF	-	DIF Infrastructure V, managed by Dutch Infrastructure Fund B.V. entered into an agreement to acquire American Roads LLC from Pike Pointe Holdings, LLC for $220 million on May 7, 2018.

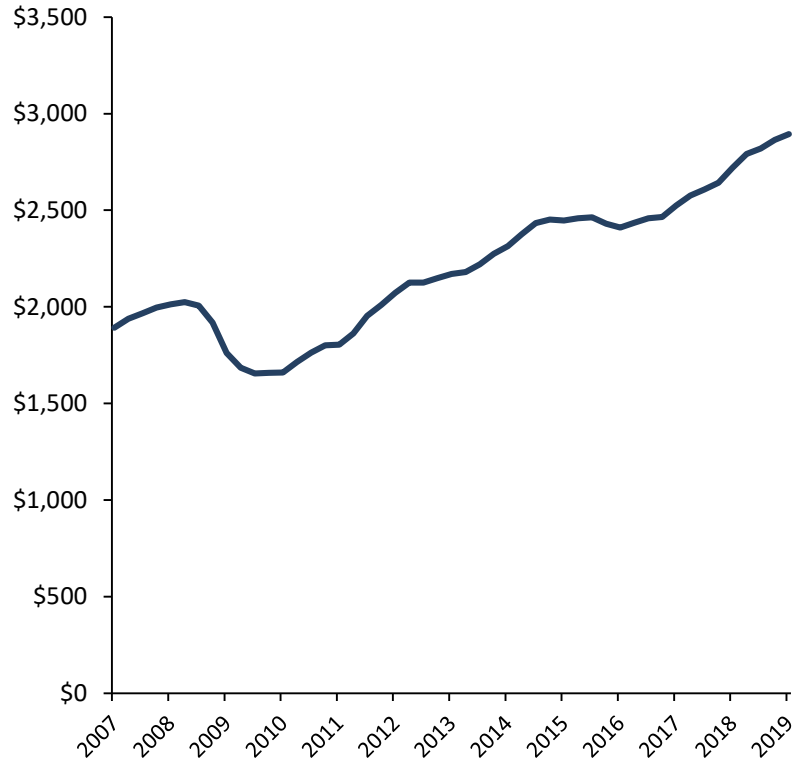
Source: Capital IQ, as of May 2019

U.S. Infrastructure Industry – Key Sector Drivers

Infrastructure related end markets continue to rebound from the 2008 – 2009 recession

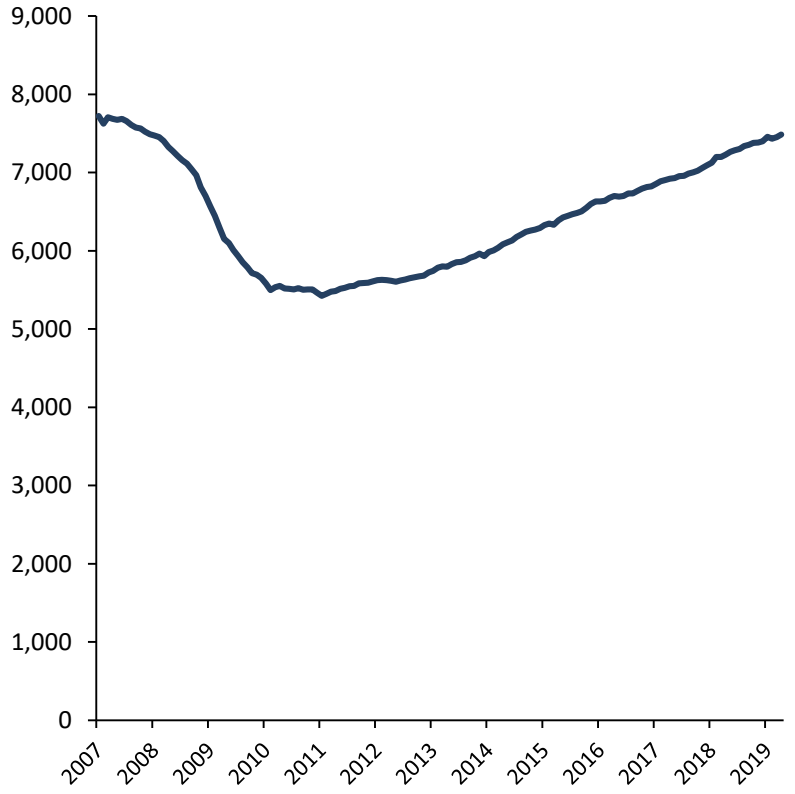
U.S. Private Nonresidential Fixed Investment

(*$ in billions*)



U.S. Construction Employees

(*thousands of persons*)



Source: Federal Reserve Bank of St. Louis

Infrastructure Industry Expertise

Peakstone principals have completed infrastructure and government transactions totaling $10+ billion in value

M&A Advisory

Purple Line P3 Transaction
Maryland Economic Development Corporation
Sell-Side Advisor

Acquisition of Billy Bishop Toronto City Airport Passenger Terminal
Buy-side Advisor

Melford International Terminal Financial Advisor to marine terminal developer
Sell-Side Advisor

& Consortium
Acquisition of Montreal Gateway Terminals from Morgan Stanley Infrastructure Partners
Buy-side Advisor

Navy Base Container Terminal Project
Sell-side Advisor

Divestiture of LCRA Water & Wastewater Systems
Sell-side Advisor

Sale of Blue Creek Terminal
Sell-side Advisor

Advisor to Bidder
Chicago Midway Privatization
Buy-side Advisor

Illinois International Port District Implement Use Agreement(s) Process
Sell-side Advisor

Virginia Port Authority Port Concession Bid
Buy-side Advisor

Kitimat Marine Liquid Bulk Terminal
Sold to Royal Dutch Shell PLC, Korea Gas Corp, China National Petroleum Co & Mitsubishi Corp
Sell-Side Advisor

Minority Stake in Carrix Inc.
Sold to Goldman Sachs
Goldman Sachs Infrastructure Partners
Buy-side Advisor

Financing

$500 million
Dominican Republic Punta Catalina Power Station Senior Notes Due 2027
Joint Bookrunner

Undisclosed
Senior Facility
Joint Bookrunner

$875 million
6.75% Senior Secured Notes
$275 million
9.75% Senior Notes
Co-Lead Manager

$405 million
Senior Secured PIK Toggle Notes due 2019
Co-Lead Manager

$1.8 billion
General Obligation Bonds Tax-exempt Series
Joint Bookrunner

$416 million
City of Chicago General Obligation Bonds
Senior Manager

$249 million
Maryland Economic Dev Corp Seagirt Marine Terminal Acquisition and CapEx Financing
Co-Senior Manager

Infrastructure Industry Expertise

Peakstone Infrastructure Team

Patrick Sandercock – Managing Director
psandercock@peakstone.com

- 10+ years M&A & capital markets experience
- Prior to Peakstone, Pat worked for BMO Capital Markets and a boutique NY investment bank
- Significant experience in infrastructure advisory and public-private partnerships
- Pat is a Coast Guard Academy graduate

Terri Smalinsky – Managing Director
tsmalinsky@peakstone.com

- 30+ years M&A & capital markets experience
- Prior to Peakstone, Terri worked for Ziegler, Stern Brothers and ABN AMRO
- Advised or placed $6+ billion domestic and international infrastructure projects

Eric Zampol – Managing Director
ezampol@peakstone.com

- 15+ years M&A & capital markets experience
- Prior to Peakstone, Eric worked for Goldman Sachs, BMO Capital Markets and a boutique NY investment bank
- Over $30 billion successful M&A advisory / lead managed capital markets experience

Select Principal Infrastructure Experience

Energy
- Advised Cenovus Energy Inc. on its sale of the Kitimat Marine Terminal (BC) to Royal Dutch Shell and its LNG partners
- Advised Walter Energy on its sale of the Blue Creek Terminal

Utility
- Advised on the divestiture of LCRA Water & Wastewater Systems

Transport - Port
- Melford International Terminal – Sellside financial advisor to marine terminal developer
- Buyside advisor for acquisition of Billy Bishop Toronto City Airport Passenger Terminal
- Advised South Carolina Ports on the Navy Base Container Terminal Project
- Buyside advisor in the Chicago Midway privatization project
- Advised Highstar Capital - Ports America on multiple projects, including most notably the Seagirt Marine Terminal in Baltimore
- Advised Axium Infrastructure on its acquisition of Montreal Gateway Terminals
- Co-senior managing underwriter for the Maryland Economic Development Corp's $249 million Seagirt financing
- Advised the Port of Chicago (IIPD) on P3/concession redevelopment initiative (ongoing)

Transport - Rail
- Co-lead debt manager on the $1.15 billion Florida East Coast Railway and Industries financings
- Co-lead manager on a $400 million All Aboard Florida financing
- Lead debt manager for the City of Reno's $191 million ReTRAC rail corridor financing
- Sellside advisor to Maryland Economic Development Corporation on the Purple Line P3 Transaction
- Advisor to Desert Ranch Railway

Multi/Gen Govt
- Lead underwriter for the City of Chicago's $416 million bond issuance supporting infrastructure and other general government needs
- California Energy and Earthquake Bonds

Peakstone Momentum

Contact Us

About Peakstone

Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com.

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