



Valuation Multiples by Industry

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SIC Sector: **(1500-1799) Construction**

Report Date: **31 March 2017**

Country: **United States of America (U.S.A.)**

Industry Valuation Multiples

The table below provides a summary of median industry enterprise value (EV) valuation multiples, as at the Report Date. The data is grouped by industry SIC code:

| | Max # | EV Multiple | | | | |
|---|-------|-------------|--------|-------|--------|--------|
| | | Rev | EBITDA | EBIT | TotAss | TanAss |
| Operative Builders (1531) | 20 | 1.06 | 11.17 | 11.54 | 0.88 | 0.92 |
| Heavy Construction Other Than Bldg Const - Contractors (1600) | 8 | 0.54 | 8.58 | 19.70 | 0.69 | 0.80 |
| Water, Sewer, Pipeline, Comm & Power Line Construction (1623) | 7 | 0.84 | 9.54 | 16.13 | 1.24 | 1.41 |
| Construction - Special Trade Contractors (1700) | 9 | 0.65 | 11.17 | 12.60 | 0.61 | 0.75 |

EV/Revenue Valuation Multiple

We provide additional data relating to industry EV/Revenue valuation multiples:

| | # | Average | Median | Std. Dev. | Std. Err. |
|---|----|---------|--------|-----------|-----------|
| Operative Builders (1531) | 20 | 1.06 | 1.06 | 0.32 | 0.07 |
| Heavy Construction Other Than Bldg Const - Contractors (1600) | 8 | 0.53 | 0.54 | 0.21 | 0.07 |
| Water, Sewer, Pipeline, Comm & Power Line Construction (1623) | 7 | 0.88 | 0.84 | 0.23 | 0.09 |
| Construction - Special Trade Contractors (1700) | 9 | 0.78 | 0.65 | 0.43 | 0.14 |

EV/EBITDA Valuation Multiple

We provide additional data relating to industry EV/EBITDA valuation multiples:

| | # | Average | Median | Std. Dev. | Std. Err. |
|---|----|---------|--------|-----------|-----------|
| Operative Builders (1531) | 17 | 12.34 | 11.17 | 2.90 | 0.70 |
| Heavy Construction Other Than Bldg Const - Contractors (1600) | 7 | 10.27 | 8.58 | 4.40 | 1.66 |
| Water, Sewer, Pipeline, Comm & Power Line Construction (1623) | 6 | 9.53 | 9.54 | 0.87 | 0.35 |
| Construction - Special Trade Contractors (1700) | 6 | 21.43 | 11.17 | 20.94 | 8.55 |

EV/EBIT Valuation Multiple

We provide additional data relating to industry EV/EBIT valuation multiples:

| | # | Average | Median | Std. Dev. | Std. Err. |
|---|----|---------|--------|-----------|-----------|
| Operative Builders (1531) | 17 | 12.91 | 11.54 | 3.01 | 0.73 |
| Heavy Construction Other Than Bldg Const - Contractors (1600) | 6 | 31.55 | 19.70 | 27.58 | 11.26 |
| Water, Sewer, Pipeline, Comm & Power Line Construction (1623) | 7 | 15.78 | 16.13 | 5.27 | 1.99 |

EV/Total Assets Valuation Multiple

We provide additional data relating to industry EV/Total Assets valuation multiples:

| | # | Average | Median | Std. Dev. | Std. Err. |
|---|----|---------|--------|-----------|-----------|
| Operative Builders (1531) | 18 | 0.88 | 0.88 | 0.13 | 0.03 |
| Heavy Construction Other Than Bldg Const - Contractors (1600) | 7 | 0.65 | 0.69 | 0.20 | 0.07 |
| Water, Sewer, Pipeline, Comm & Power Line Construction (1623) | 7 | 1.30 | 1.24 | 0.44 | 0.17 |
| Construction - Special Trade Contractors (1700) | 9 | 0.73 | 0.61 | 0.35 | 0.12 |

EV/Tangible Assets Valuation Multiple

We provide additional data relating to industry EV/Tangible Assets valuation multiples:

| | # | Average | Median | Std. Dev. | Std. Err. |
|---|----|---------|--------|-----------|-----------|
| Operative Builders (1531) | 18 | 0.89 | 0.92 | 0.14 | 0.03 |
| Heavy Construction Other Than Bldg Const - Contractors (1600) | 6 | 0.87 | 0.80 | 0.17 | 0.07 |
| Water, Sewer, Pipeline, Comm & Power Line Construction (1623) | 6 | 1.47 | 1.41 | 0.41 | 0.17 |
| Construction - Special Trade Contractors (1700) | 9 | 1.04 | 0.75 | 0.77 | 0.26 |

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OVERVIEW OF VALUATION MULTIPLES BY INDUSTRY

Our Valuation Multiples by Industry reports are based on valuation multiples data and financial information sourced by eVal, as at the time and date of producing this report. In determining our calculations, we have excluded negative multiples, outliers and NA data. For more information and data about the peer group companies that comprise this sector, and to review the underlying supporting data to this valuation multiples report, please visit <https://eval.tech/free-valuation-multiples> to review and download the industry or company valuation multiples data.

This Document relates to valuation multiples data for SIC industries which comprise a minimum of five entities. If there is a specific industry that has been excluded from this analysis that you would like to include, please contact us at admin@eval.tech.

Our sector reports include the following enterprise value valuation multiples: EV/Revenue, EV/EBITDA, EV/EBIT, EV/Total Assets, and EV/Tangible Assets. If you require additional information, or data relating to particular valuation multiples omitted from this Document, please go to <https://eval.tech/free-valuation-multiples>.

Background to Valuation Multiples

The multiples method in corporate and business valuation is categorised as a market-based valuation approach. Establishing an indicative estimation of firm value using the multiples method involves applying a synthetic market valuation multiple (e.g. EV/Revenue or EV/EBITDA), to an associated value driver of the firm being valued (e.g. the target firm's Revenue or EBITDA). As a consequence of the role of financial structuring in private equity, the IPEV Guidelines recommends the use of Enterprise Value multiples in the determination of Fair Value: “... multiples should be used to derive an Enterprise Value for the Underlying Business.”

The EV/Revenue multiple (the “Revenue Multiple”) is generally useful for valuing firms with negative earnings. The multiple is less susceptible to accounting distortions and is not readily or easily available for manipulation by firm management. The traditional Revenue Multiple approach in valuation is typically useful for valuing cyclical businesses and firms operating in mature industries.

The EV/EBITDA multiple (the “EBITDA Multiple”) is one of the most widely used valuation multiples, and probably the most commonly used enterprise value multiple. The EBITDA Multiple is frequently employed as an alternative to the Price/Earnings ratio (the “P/E” ratio), because EBITDA is regularly applied as an indicator of company financial performance and is generally viewed as an alternative to recorded earnings. EBITDA strips out the effects of a company's cost of debt, tax, depreciation and amortisation; consequently, EBITDA is useful for evaluating firms with different capital structures, tax rates and depreciation policies.

The EV/EBIT multiple (the “EBIT Multiple”) is similar to the EBITDA Multiple, although it includes the non-cash accounting effects of firm depreciation and amortisation. EBIT commonly assesses the earnings generated by a company from normal operations and is often used as a proxy for firm operating profit. EBIT represents a company's capacity to generate earnings from normal operations, by excluding the effects of taxation, interest expense, and capital structure.

The EV/Total Assets multiple (the “Total Asset Multiple”) is commonly utilised for industries which are asset-intensive; although, like the Revenue Multiple, the Total Asset Multiple is also useful for valuing firms with negative earnings. Using the Total Asset Multiple is particularly advantageous where a business is predominantly asset-driven, and where return-on-assets (ROA) is largely consistent, as this allows base assets to serve as a proxy and appropriate indicator of future cash flows.

The EV/Tangible Assets multiple (the “Tangible Asset Multiple”) is similar to the Total Asset Multiple; however, the Tangible Asset Multiple excludes recorded goodwill and other intangible assets from the denominator in its calculation. Tangible assets include customary fixed assets such as machinery, land and buildings; and also current assets, such as firm inventory. Utilising the Tangible Asset Multiple instead of the Total Asset Multiple can help remedy some of the drawbacks associated with the Total Asset Multiple, namely, the inclusion of goodwill and other identifiable intangible assets on the balance sheet.

DATA OVERVIEW

SIC Industries (SIC Code):

General Bldg Contractors - Residential Bldgs (1520), Operative Builders (1531), General Bldg Contractors - Nonresidential Bldgs (1540), Heavy Construction Other Than Bldg Const - Contractors (1600), Water, Sewer, Pipeline, Comm & Power Line Construction (1623), Construction - Special Trade Contractors (1700), Electrical Work (1731)

Companies (Ticker):

AEGION CORP (AEGN), ARGAN INC (AGX), AMERESCO, INC. (AMRC), AV HOMES, INC. (AVHI), TOPBUILD CORP (BLD), BIOPHARMX CORP (BPMX), BEAZER HOMES USA INC (BZH), CALATLANTIC GROUP, INC. (CAA), CHINA ADVANCED CONSTRUCTION MATERIALS GROUP, INC (CADC), CHICAGO BRIDGE & IRON CO N V (CBI), CENTURY COMMUNITIES, INC. (CCS), COMSTOCK HOLDING COMPANIES, INC. (CHCI), HORTON D R INC (DHI), DYCOM INDUSTRIES INC (DY), EMCOR GROUP INC (EME), FORTUNE BRANDS HOME & SECURITY, INC. (FBHS), COMFORT SYSTEMS USA INC (FIX), FLUOR CORP (FLR), GREAT LAKES DREDGE & DOCK CORP (GLDD), GRANA & MONTERO S.A.A. (Foreign) (GRAM), GREEN BRICK PARTNERS, INC. (GRBK), GOLDFIELD CORP (GV), GRANITE CONSTRUCTION INC (GVA), HOVNANIAN ENTERPRISES INC (HOV), INSTALLED BUILDING PRODUCTS, INC. (IBP), IES HOLDINGS, INC. (IESC), JACOBS ENGINEERING GROUP INC (JEC), KB HOME (KBH), KBR, INC. (KBR), LAYNE CHRISTENSEN CO (LAYN), LENNAR CORP (LEN), LGI HOMES, INC. (LGIH), LIMBACH HOLDINGS, INC. (LMB), MDC HOLDINGS INC (MDC), M I HOMES INC (MHO), MERITAGE HOMES CORP (MTH), MATRIX SERVICE CO (MTRX), MASTEC INC (MTZ), MYR GROUP INC. (MYRG), NVR INC (NVR), NEW HOME CO INC. (NWHM), ORION GROUP HOLDINGS INC (ORN), PULTEGROUP INC (PHM), PREFORMED LINE PRODUCTS CO (PLPC), PRIMORIS SERVICES CORP (PRIM), QUANTA SERVICES INC (PWR), REAL GOODS SOLAR, INC. (RGSE), STERLING CONSTRUCTION CO INC (STRL), TAYLOR MORRISON HOME CORP (TMHC), TOLL BROTHERS INC (TOL), TUTOR PERINI CORP (TPC), TRI POINTE GROUP, INC. (TPH), WILLIAM LYON HOMES (WLH), XINYUAN REAL ESTATE CO., LTD. (Foreign) (XIN)