

# PRIVATE EQUITY SUBCONTRACTOR DEALS PROPEL CONSTRUCTION MARKET M&A GROWTH

CONSTRUCTION SERVICES SECTOR UPDATE | AUGUST 2025



**CAPSTONE  
PARTNERS**

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# Construction Services

## Private Equity Subcontractor Deals Propel Construction Market M&A Growth

### KEY SECTOR TAKEAWAYS

Capstone Partners' Building Products & Construction Services Group is pleased to share its Construction Services report. Legislative tailwinds and stable backlog levels have supported contractor optimism and a positive Construction Services sector outlook despite headwinds. This durability—coupled with long-term tailwinds such as pent-up demand for affordable housing—has seen sector merger and acquisition (M&A) activity accelerate through year-to-date (YTD) 2025. Despite headwinds, this M&A momentum is expected to persist for the foreseeable future as sector participants and private equity (PE) firms prepare for a rebound in commercial and residential construction activity. Several key report takeaways are outlined below.

1. M&A activity in the Construction Services sector has continued its three-year expansion, rising 33.8% year-over-year (YOY) from 272 deals to 364 in YTD 2025.
2. Looming headwinds from tariff-induced input cost acceleration and lost energy transition momentum have threatened to exacerbate ongoing pressures related to the higher-for-longer interest rate and inflationary environment. At the same time, data center-driven backlog growth and legislative-based financial tailwinds have kept contractors' optimistic outlook intact for the remainder of 2025.
3. Labor shortages—that have pressured contractors' production output, project timelines, and profit margins—will likely persist for the foreseeable future, particularly if interest rate cuts materialize and residential and commercial construction activity picks up at a pace that outruns net labor growth.
4. Expectations for an eventual rebound in residential construction have continued to propel PE sector M&A to date, particularly within the highly fragmented Subcontractor segment.
5. Construction services equity financing deal activity has accelerated YOY, underpinned by investments in homebuilding projects and mechanical, electrical, and plumbing (MEP) subcontractors.

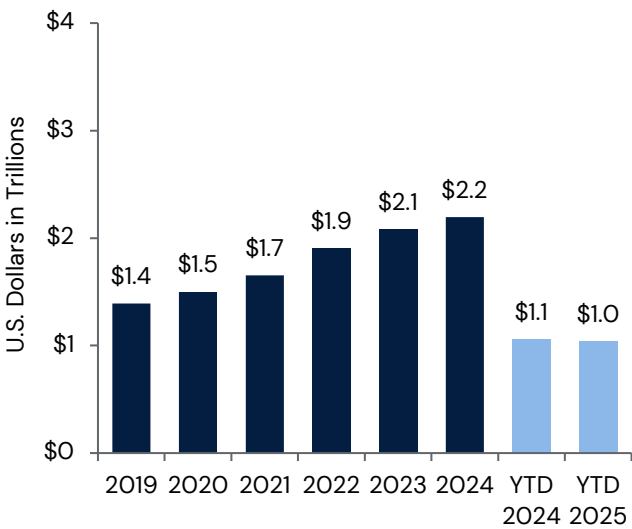
Capstone Partners has developed a full suite of corporate finance solutions to help privately-owned businesses and private equity firms navigate through each stage of a company's lifecycle. These solutions include financial advisory services, merger and acquisition advisory, debt advisory, equity capital financing and employee stock ownership plan (ESOP) advisory.

To learn more about Capstone's wide range of advisory services and Construction Services sector knowledge, please [contact us](#).

# CONTRACTORS REMAIN OPTIMISTIC DESPITE TARIFF HEADWINDS

Construction activity has remained strong despite recent headwinds that have started to slow sector spending. While total construction spending has fallen 2.2% YOY through June 2025, average backlog levels in the first half of 2025 have continued to rise (+0.2 months YOY), according to the U.S. Census Bureau and Associated Builders and Contractors (ABC).<sup>1,2</sup> Moreover, contractors have remained optimistic, with the majority (60.1%) anticipating sales growth and more than a third expecting profit margin expansion in the latter half of 2025. In addition to durable and growing project backlog levels, U.S. construction activity has been upheld YTD by booming data center construction as the artificial intelligence (AI) race continues to heat up. In the first half of 2025, data center construction spending totaled \$18.8 billion, a 36.4% YOY increase compared to \$13.8 billion in YTD 2024. Despite ongoing and looming headwinds, this data center momentum will likely continue propping up Construction Services sector activity through year-end.

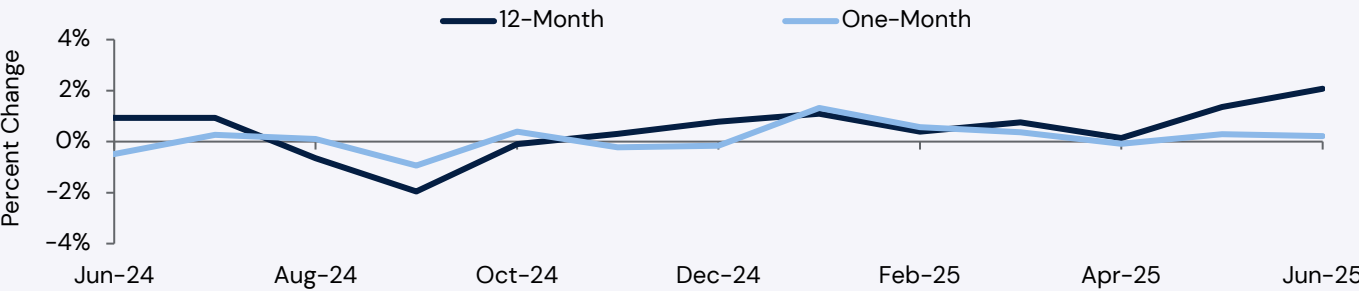
U.S. Construction Spending Sees Slight Year-Over-Year Contraction in First Half of 2025



Year to date (YTD) ended June 30  
Source: U.S. Census Bureau and Capstone Partners

Federal funding and tax credit reductions under the One Big Beautiful Bill (OB BB) as well as recent trade policy updates have exacerbated ongoing sector pressures. In June, construction input costs rose 0.2% month-over-month and 2.1% YOY, with nonresidential input prices up 6% at an annualized rate through the first half of 2025, according to the Bureau of Labor Statistics (BLS).<sup>3</sup> This input inflation is expected to continue to rise, as many inputs—like the recent steel import duty rising from 25% to 50% in June—have yet to materially see price increases from new tariff rates. Additionally, pullbacks in tax incentives and unobligated Inflation Reduction Act (IRA) funds following the OB BB’s July ratification will likely derail ongoing momentum for energy transition projects that have helped prop-up construction activity amid the higher-for-longer interest rate environment. However, the OB BB is expected to help free up cash flow for contractors through a 100% bonus depreciation clause that enables immediate deductions of asset costs in the year they are placed. The OB BB has also increased tax credits for semiconductor manufacturing construction, introduced 100% expensing of newly constructed factories, and expanded 529 accounts for skilled trades training. Lastly, a provision that raises the low-income housing tax credit (LIHTC) to 12% permanently and lowers the bond-financing threshold to 25% is anticipated to help finance more than one million affordable homes in the U.S., according to an Affordable Housing Finance article.<sup>4</sup> These OB BB stipulations will likely help offset rising input costs and diminishing energy transition momentum, propping up construction activity in select pockets of the market.

Tariff Headwinds Heat Up as Construction Input Prices Rise



Source: U.S. Bureau of Labor Statistics and Capstone Partners





# LABOR SHORTAGE CONCERNS REMAIN TOP OF MIND

Sector backlogs have continued to rise following years of construction spending growth and elevated data center demand. However, backlog expansion has also been linked to skilled labor shortages that have stalled project timelines. Projections for an 8.3% increase in construction laborer employment between 2023 and 2033 will likely help ease this burden, according to a BLS report.<sup>5</sup> However, labor shortage pressures are expected to persist, particularly if interest rate cuts materialize and residential and commercial construction activity picks up at a pace that outruns net labor growth.

## CONSTRUCTION LABOR SHORTAGE IMPACTS, BY THE NUMBERS:

**500k–750k**  
Construction worker shortage

### Construction Spending Continues to Outpace Labor Growth

The U.S. Construction industry's labor shortage of ~500,000 to 750,000 will likely need to attract ~439,000 net new workers in 2025 as demand rises, according to reports from ABC and the American Institute of Architects.<sup>6,7</sup>

**+2 Months**  
Average timeline increase

### Labor Shortages Push Residential Construction Timelines Up

Residential construction timelines have increased by an average of two months due to labor shortages, according to a 2025 study from the National Association of Home Builders (NAHB) and Home Builders Institute (HBI).<sup>8</sup>

**+4.6% YOY**  
Hourly wage growth

### Labor Wage Growth Top Concern for Contractors in 2025

Construction workers' average hourly wages grew 4.6% YOY in June to \$37.2 an hour; rising labor wages were cited as contractors' top concern in 2025, according to reports from Associated General Contractors (AGC).<sup>9,10</sup>

**78%**  
Report difficulty hiring

### More than Three-Fourths of Contractors Struggle to Fill Positions

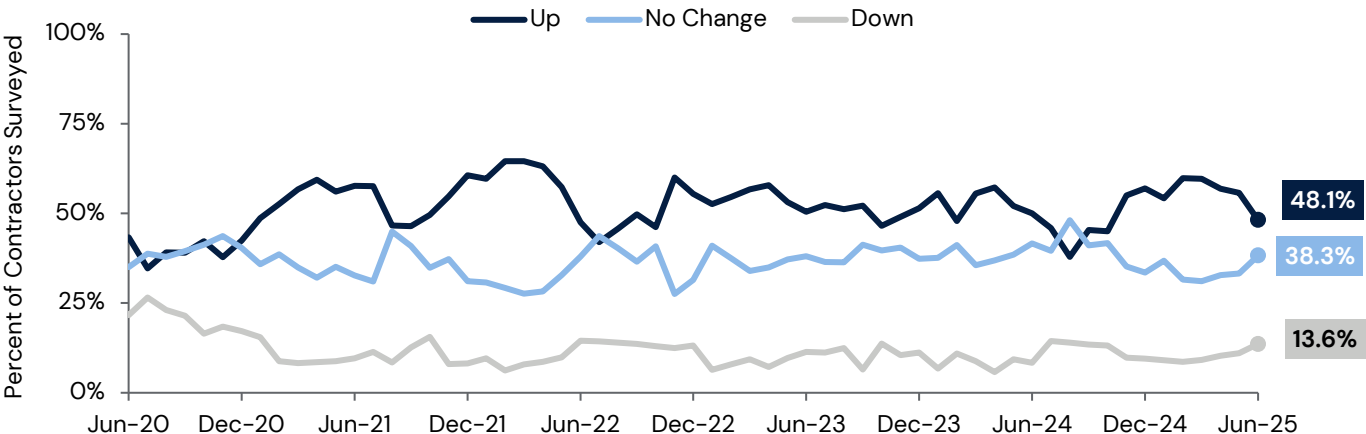
The majority (78%) of contractors have reported difficulty filling some or all open positions, citing a shortage of workers or subcontractors as their secondmost concern for 2025, according to the AGC 2025 outlook report.

**\$8.1 Billion**  
Estimated economic loss

### Labor Shortages Lead to Substantial Economic Loss

Labor shortages were estimated to have caused an economic loss of \$8.1 billion due to unfulfilled production of single-family housing starts in 2024—approximately 19,000 homes—according to the NAHB and HBI report.

## Contractors Historical Staffing Level Expectations (Six-Month Outlook)



Source: Associated Builders and Contractors and Capstone Partners

## LONG-TERM TAILWINDS UPHOLD M&A MOMENTUM AS DEAL FLOW RISES

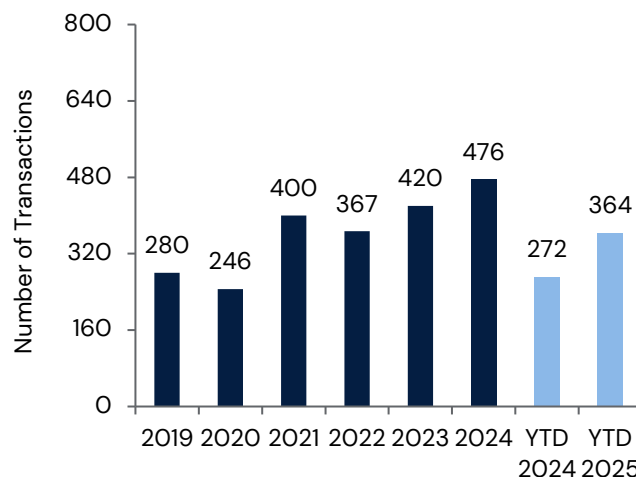
M&A activity in the Construction Services sector has continued to build on the growth seen in the past two years, with YTD volume rising 33.8% YOY to 364 deals. The increase has been underpinned by durable backlog levels amid booming data center construction activity and long-term growth tailwinds like the affordable housing shortage that has created pent-up demand for new residential construction. These tailwinds have encouraged sector participants to ramp up acquisitions of businesses that expand market share or broaden service capabilities across key end markets.

While both financial and strategic deal activity has risen YTD—up 66.7% and 7.9% YOY, respectively—the majority (73.4%) of M&A volume growth in YTD 2025 has stemmed from PE deal flow. Fueled by new platform formations and aggressive roll-up activity from existing portfolios, the increase has followed years of consecutive PE M&A growth. As a result, financial buyers have surpassed strategics to represent the majority (54.9%) of total sector deal flow in YTD 2025. See page eight for more details on PE M&A activity and strategies.

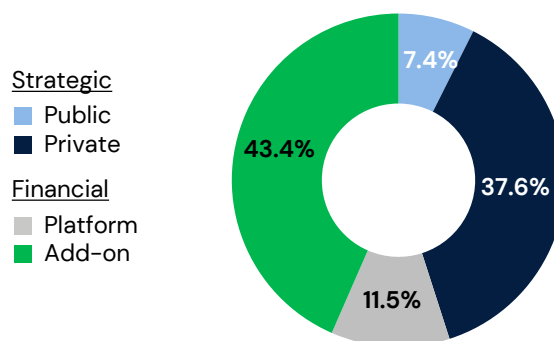
In YTD 2025, private strategic M&A activity has risen 26.9% YOY while public strategic deal flow has fallen 38.6% YOY. The public strategic M&A pullback was most prevalent in Q2 2025, with deal volume down 46.2% on a quarter-over-quarter basis as recent tariff-based macroeconomic uncertainty has encouraged buyers to pause or defer transactions. In contrast, private strategics—benefitting from fewer stakeholders, greater operational flexibility, and largely cash-based deal financing—have continued to pursue inorganic growth opportunities to date. As trade policy settles, public strategic acquisition activity will likely rebound—evidenced by TopBuild (NYSE:BLD), Installed Building Products (NYSE:IBP), and other public players outlining heavily M&A-based growth strategies in recent earnings calls.

M&A multiples in the Construction Services sector have averaged 12.5x EV/EBITDA from 2023 through YTD, outpacing the broader Building Products & Construction Services industry average (10.1x) in the same period. The average Construction Services' EV/EBITDA multiple has continued growing since 2019, propelled by years of margin expansion and healthy construction activity. This momentum will likely persist in the near-term as competition for quality targets continues to rise.

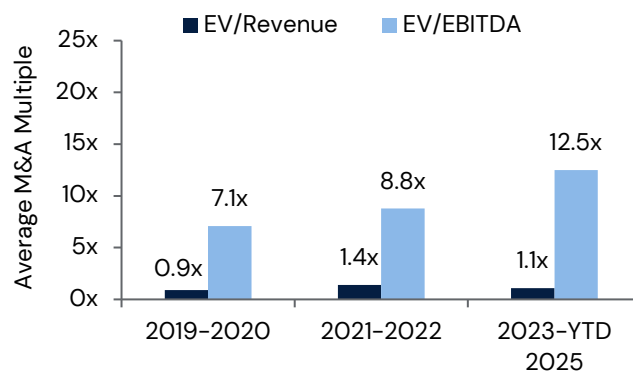
**Long-Term Tailwinds Underpin Construction Services M&A Momentum**



**Financial Buyers Comprise the Majority of Construction Services M&A in YTD 2025**



**EBITDA Deal Multiples in the Construction Services Sector Continue Rising**



Year to date (YTD) ended August 12  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

# SUBCONTRACTOR DEALS UNDERSCORE RISING PRIVATE EQUITY M&A

PE M&A activity in the sector has dramatically expanded YTD, largely driven by heightened appetite in the Subcontractor segment. Sponsors have expressed interest in the segment's fragmented market, recession resilient services, and easily scalable operations—rolling up businesses either horizontally or vertically to expand market share or bolster end market service capabilities. This trend will likely persist in the near-term as PE buyers compete for quality assets. Sponsors have prioritized businesses operating in Residential, Energy, Data Center, and other end markets exposed to tailwinds like the affordable housing shortage, government funding, tax incentives, and AI demand.

KNOX-LANE

HighGround

In March 2025, PE firm Knox Lane Partners acquired HighGround Restoration—a fire and water damage restoration subcontractor—from Trivest Partners for an undisclosed sum. Since its initial investment (February 2020, undisclosed), Trivest exited the portfolio company after 13 add-on acquisitions and more than 10.3x and 12x employee and revenue growth, respectively, according to a press release.<sup>11</sup> Knox Lane plans to continue scaling the residential services platform through both organic and inorganic means.

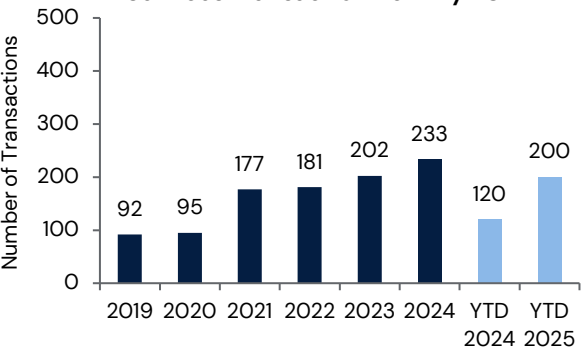
Private Equity M&A Growth

In YTD 2025, PE M&A in the Construction Services sector has continued its expansion, rising 66.7% YOY from 120 to 200 deals. The YOY increase is reflective of a years-long trend; between 2019 and 2024 PE M&A in the sector accelerated at a 20.4% compound annual growth rate (CAGR).

Private Equity Deal Type Breakdown

To date, there have been 42 platform formations and 158 sponsor-backed transactions in the Construction Services sector. Platform M&A has grown 31.3% YOY through YTD 2025 while add-on transactions have jumped 79.5% YOY.

Financial Buyers Accelerate Construction Services Transaction Activity YOY



Year to date (YTD) ended August 12  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

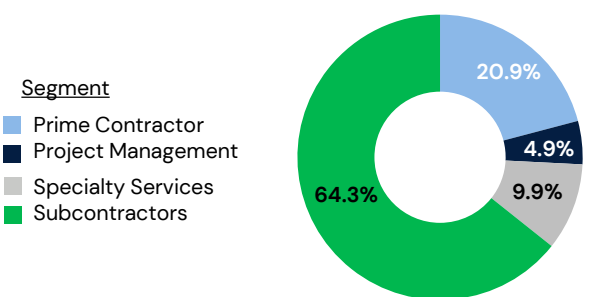
Construction Services M&A by Segment

To date, the Subcontractor segment has comprised the majority (64.3% ) of M&A activity within the Construction Services sector, a jump from 55.1% in YTD 2024. The segment has witnessed substantial growth to-date; with deal volume up 56% YOY from 150 deals to 234 in YTD 2025.

Subcontractor Segment Buyer Breakdown

Financial buyers have comprised the majority (61.5%) of Subcontractor segment M&A in YTD 2025; this represents a significant YOY leap from the 43.3% of segment M&A seen in YTD 2024.

Subcontractors Comprise the Majority of YTD 2025 Construction Services M&A



Year to date (YTD) ended August 12  
Source: Capital IQ, FactSet, PitchBook, and Capstone Partners





## CAPSTONE ADVISES ICKLER ELECTRIC IN RECAPITALIZATION ESOP DEAL

Capstone Partners advised Ickler Electric—a leading electrical contractor—on its recapitalization via an ESOP transaction with Mosaic Capital Partners (April 2025). Terms of the deal are confidential. The transaction highlights the ongoing and rapid rise of private equity roll-ups in the Contractor and Subcontractor areas.

Ickler is a leading electrical contractor in San Diego, California serving commercial clients in mission-critical industries including Biotechnology, Pharmaceuticals, Data Centers, and Labs. Founded in 1985, the company offers differentiated prefabrication capabilities, prioritizing efficiency, safety, convenience, and quality for customers, while differentiating themselves from competitors. Ickler prides itself on its early design and preconstruction abilities, focusing on solutions-based outcomes and working collaboratively with clients and tailor services to their unique needs. The ESOP creation will allow Ickler to retain and attract top talent in a labor-constrained industry.

Mosaic is a PE firm focused on investing in lower middle market companies (\$3–\$12 million EBITDA) through an ESOP transaction. Mosaic has created and supported more than 3,000 employee owners through 13 platform investments with aggregate capital commitments of \$230+ million. Ickler represents Mosaic's first and preeminent platform investment in electrical contracting. Mosaic combines both the compelling attributes of PE with employee ownership in the firm's unique investment approach.

Capstone touts a successful history navigating ESOP transactions and representing construction services' businesses, including electrical contractors. This experience helped enable a highly beneficial result for both Mosaic and Ickler.



*“Capstone was a trusted advisor and sounding board to us through every phase of the transaction. We appreciate their professionalism and expertise navigating the transaction process so we could continue to grow the company at a rapid pace.”*

**Randy Minnier**  
Owner, Ickler Electric



**Crista Gilmore**  
Managing Director

*“We are honored to have represented Ickler Electric in this transaction. Ickler Electric is a market leader in the Electrical Services industry by thinking outside the box on delivering solutions for their clients. Randy has transformed the company significantly over the last decade, and we are looking forward to seeing Ickler Electric accelerate its growth with Mosaic Capital Partners.”*

## NOTABLE M&A TRANSACTIONS



In June 2025, Sterling Infrastructure (Nasdaq:STRL) announced its acquisition of CEC Facilities Group for an enterprise value of \$589.8 million, equivalent to 1.6x EV/Revenue and 12.6x EV/EBITDA. CEC offers electrical and mechanical contracting services. At closing, CEC will join Sterling's E-Infrastructure segment, expanding its service capabilities to cover the full project lifecycle. More than 80% of CEC revenue and backlog comes from mission-critical end markets including Semiconductor, Data Center, and Manufacturing, according to a press release.<sup>12</sup>



New Home, a portfolio company of Apollo Funds (NYSE:APO), acquired Landsea Homes (Nasdaq:LSEA) for an enterprise value of \$1.2 billion, equivalent to 0.7x EV/Revenue and 18.8x EV/EBITDA (May 2025). Landsea is a Texas-based residential homebuilder. The transaction combines two previously sub-scale operators into a national platform. At \$11.3 per share, the take-private transaction represents a 61% premium to Landsea's closing share price as of May 12, 2025, according to a press release.<sup>13</sup> The combined entity now ranks as a top-25 national homebuilder.



Lower middle market PE firm Strength Capital Partners acquired excavation and civil construction services firm, Kelchner, from the Scotland-based consulting firm John Wood Group (LSE:WG) for an enterprise value of \$30 million (May 2025). Strength Capital cited Kelchner's leading market share across Ohio, Michigan, and Colorado as key deal motivation. The Kelchner acquisition marks the formation of a new platform company which Strength Capital intends to grow through both organic initiatives and strategic acquisitions of related sector businesses.



In April 2025, infrastructure solutions provider, Peak Utility Services, acquired three Mammoth Energy Services (Nasdaq:TUSK) subsidiaries—5 Star Electric, Higher Power Electrical, and Python Equipment—for an enterprise value of \$108.7 million. The subsidiaries generated more than \$90 million in combined revenue in 2024, representing a ~1.2x EV/Revenue multiple, according to a press release.<sup>14</sup> The deal provides Peak with a full suite of infrastructure solutions, including maintenance and repair, across the Natural Gas, Electrical Infrastructure, and Telecommunications areas.



Infrastructure services firm, EMCOR (NYSE:EME), acquired Miller Electric for an enterprise value of \$850.2 million, equivalent to 1.1x EV/Revenue and 10.6x EV/EBITDA (January 2025). Miller Electric offers energy and technology infrastructure solutions. The acquisition bolsters EMCOR's electrical services offerings, most notably in the Data Center, Healthcare, and Manufacturing markets. Miller also expands EMCOR's geographic footprint into the Southeast regions and is expected to be modestly accretive to its 2025 earnings per share, according to a press release.<sup>15</sup>



## SELECT M&A TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
07/31/25	Dynamic Systems	Quanta Services (NYSE:PWR)	Offers turnkey mechanical, plumbing and process infrastructure solutions and services.	\$1,566.0	-	-
07/08/25	Progressive Roofing	TopBuild (NYSE:BLD)	Provides roofing installations, maintenance, repairs, and design build services in the U.S.	\$810.0	1.9x	9.1x
06/17/25	CEC Facilities	Sterling Infrastructure (Nasdaq:STRL)	Offers electrical, mechanical, plumbing, facility, and preventative maintenance services and solutions.	\$589.8	1.6x	12.6x
06/02/25	Artisan Design Group	Lowe's Companies (NYSE:LOW)	Provides flooring procurement, installation, and project management services.	\$1,325.0	0.7x	-
05/12/25	Landsea Homes (Nasdaq:LSEA)	The New Home Company	Designs, constructs, markets, and sells suburban and urban single-family detached and attached homes.	\$1,155.9	0.7x	18.8x
05/08/25	Greenwood Industries	Dunes Point Capital	Offers roofing contracting services.	-	-	-
04/25/25	Kelchner	Strength Capital Partners	Provides excavation contracting services to Heavy Civil Construction and Energy Field Services sectors.	\$30.0	-	-
04/17/25	Ickler Electric	Mosaic Capital Partners	Offers electrical construction services to Biotech, Electronics, and Mission-Critical industries.	CF	CF	CF
04/14/25	Three Mammoth (Nasdaq:TUSK) Units	Peak Utility Services Group	Comprises electrical construction, maintenance, and repair service operations.	\$108.7	~1.2x	-
03/31/25	CMG Services	Willow Creek Partners	Provides construction project, program and rollout management, and coordination services.	-	-	-
03/17/25	M.L.C. Plumbing	Kingsway Financial (NYSE:KFS)	Offers plumbing services to Residential and Commercial industries.	\$6.3	-	-
03/10/25	Strata	Knife River (NYSE:KNF)	Provides aggregates, concrete construction, and asphalt paving contracting services.	\$454.0	-	-
03/10/25	HighGround Restoration	Knox Lane	Offers water and fire damage restoration services.	-	-	-
03/10/25	United Services Group	Pelican Energy Partners	Operates as a full-service welding, machining, and fabrication contractor.	CF	CF	CF
03/05/25	Lionmark Construction	Breedon Group (LSE:BREE)	Provides construction materials and surfacing solutions with a focus on Road Infrastructure.	\$238.0	1.0x	7.7x
03/04/25	Assets of Seal-rite Insulation	TopBuild (NYSE:BLD)	Offers insulation distribution and installation contracting services.	\$23.0	-	-
02/19/25	Lane Supply	Gibraltar Industries (Nasdaq:ROCK)	Manufactures, supplies, and installs canopies and related components.	\$115.7	1.0x	6.9x
01/15/25	ICS Holdings	Stellex Capital Management	Provides electrical and instrumentation construction, preconstruction, and contracting services.	-	-	-
01/14/25	Miller Electric	EMCOR Group (NYSE:EME)	Operates as an electrical contractor that designs and builds electrical and technology infrastructure.	\$850.2	1.1x	10.6x
01/08/25	Latite Roofing and Sheet Metal	Sun Capital Partners	Provides roofing services to professional builders and homeowners in South Florida.	CF	CF	CF
01/03/25	Overland	Construction Partners (Nasdaq:ROAD)	Offers construction and rehabilitation services for public and private heavy civil infrastructure.	\$121.1	-	-
12/02/24	Consolidated Mechanical	Limbach Holdings (Nasdaq:LMB)	Provides mechanical contracting services.	\$23.0	-	-

Blue shade indicates Capstone advised transaction; CF = confidential  
Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

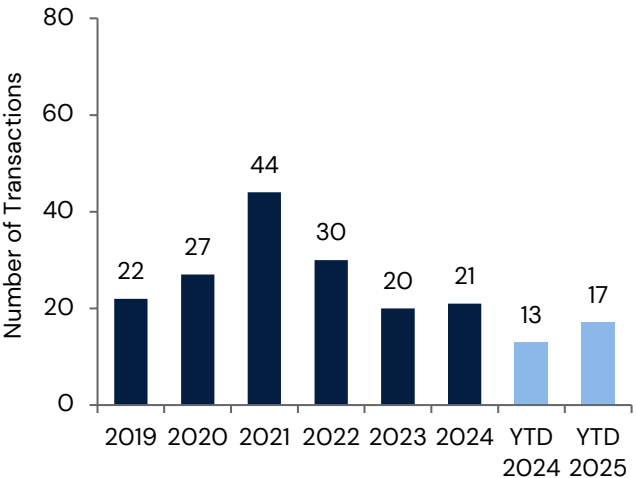




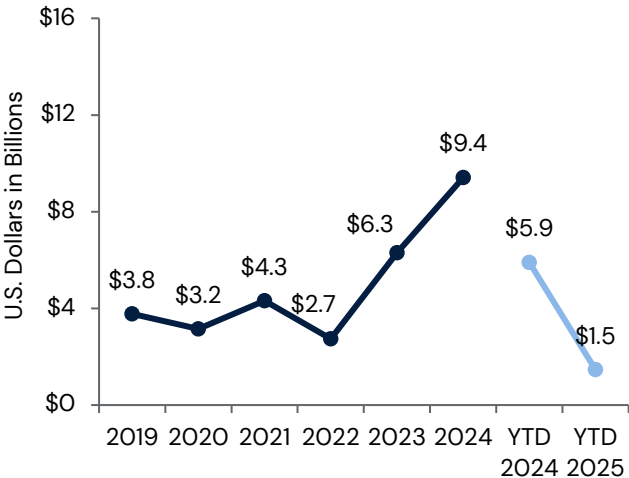
# SECTOR GROWTH CAPITAL INVESTED FALLS, DEAL VOLUME RISES

Equity financing deal activity across the Construction Services sector has accelerated YOY in YTD 2025; investments in residential homebuilding projects and MEP subcontractors have underpinned the YOY gain. To date, growth capital deal volume has increased by four deals YOY, up from 13 in YTD 2024 to 17 in YTD 2025. In contrast, total capital invested in the sector has decreased 75.2% YOY from \$5.9 billion in YTD 2024 to \$1.5 billion in YTD 2025. The YOY drop-off has largely reflected fewer large-scale financing deals in data center projects and energy infrastructure services providers to date. This has been evidenced by the sector’s median pre-money valuation dropping to \$67.4 million in YTD 2025 from \$118 million in the prior year period. Long-term tailwinds—namely the national housing shortage, ongoing energy transition projects, and flourishing data center construction—will likely continue driving equity financing activity in the space, particularly as interest rates fall and project financing costs ease.

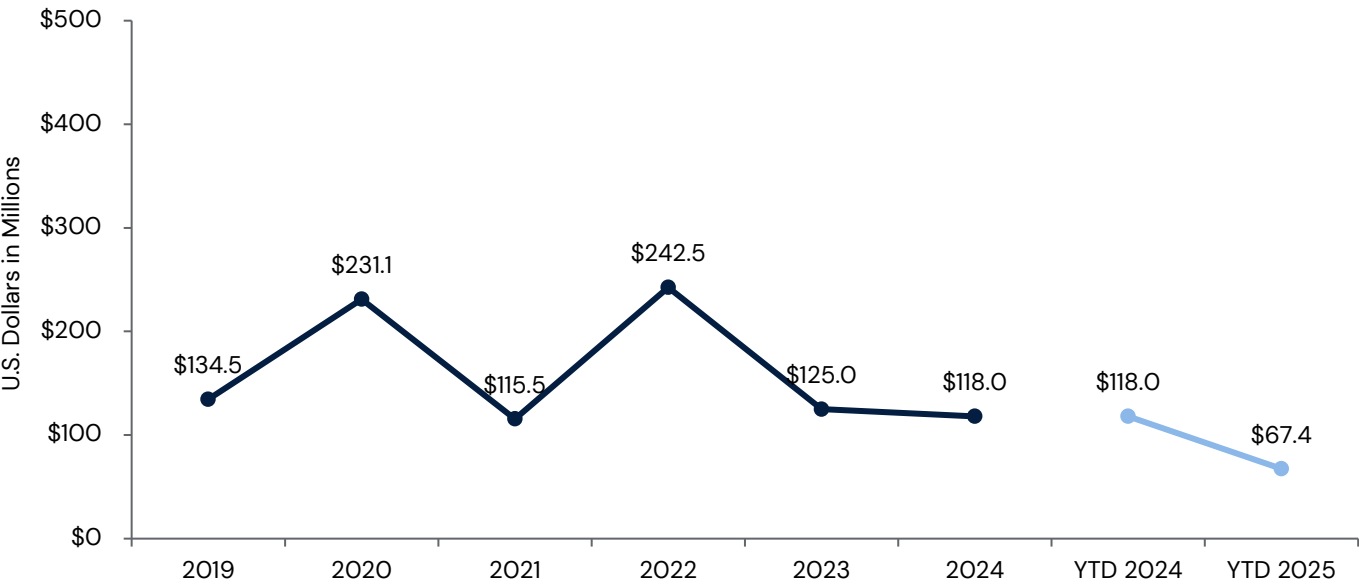
Sector Equity Financing Deals Tick Up



Sector Growth Capital Investment Falls



Construction Services Median Pre-Money Valuation Drops in YTD 2025



Data excludes deals less than \$20 million; Year to date (YTD) ended August 12  
Source: PitchBook and Capstone Partners

## NOTABLE FINANCING ROUNDS



**\$182 Million**  
PE Growth/Debt  
June 2025

In June 2025, the Latigo Group secured \$182 million of combined private equity growth funding and debt financing to support its Hillcrest Apartment multifamily development project in Thousand Oaks, California. Affinius Capital led the transaction and provided \$54.7 million in equity financing. The deal was also supported by a \$117.2 million senior loan from Bank OZK.



**\$42.5 Million**  
PE Growth/Debt  
May 2025

In May 2025, Doral raised \$42.5 million of combined debt and equity development capital led by private equity group, Main Street Capital, as part of the minority recapitalization transaction. Doral operates as a contractor providing rigging, millwrighting, steel fabrication, machinery moving, and material handling installation services to Supply Chain, Food, and Wastewater sector clients.



**\$40 Million**  
Series A  
April 2025

In April 2025, homebuilding platform, Villa Homes, raised \$40 million in Series A financing. Unless led the round alongside returning investors Tectonic Ventures and Atomic. Half of the funds will be used to scale operations; the other \$20 million of equity capital has been allocated to the newly launched joint venture (PropCo) with Unless for entry-level home development, according to a press release.<sup>16</sup>



**\$40 Million**  
PE Growth  
March 2025

Mechanical, electrical, plumbing, and fire suppression (MEPF) trade contractor, Kassel Mechanical, raised \$40 million in growth funding from private equity firm Paceline Equity Partners (April 2025). Kassel secured the equity investment as part of a broader recapitalization initiative to help fund its acquisition of electrical contractor Arrow Electric (April 2025, undisclosed).



**\$61.1 Million**  
PE Growth/Debt  
February 2025

In February 2025, electrical contracting firm Professional Electrical Contractors of Connecticut (PEC) raised \$61.1 million in combined debt and equity financing from Alaris Equity Partners. The investment from Alaris represents \$37 million in debt and preferred equity and a \$24.1 million minority common equity ownership investment, according to the press release.<sup>17</sup>



**\$45 Million**  
Capital Raise  
January 2025

Telecommunications infrastructure developer, Harbor Link, secured \$45 million in capital raise funding from infrastructure investment firm Millenium and ROC Venture Group. The funds will be used to help complete the construction of Harbor Link's fiber optic network project along the I-95 corridor from Baltimore to Washington D.C., according to a press release.<sup>18</sup>

### EQUITY CAPITAL MARKETS GROUP

The Equity Capital Markets Group focuses on raising equity capital financing for growth-oriented companies and is active in the Construction Services sector. Our team works closely with our Building Products & Construction Services Group to help our clients secure equity capital to fund growth initiatives, recapitalize the balance sheet (often including shareholder liquidity), and to finance M&A transactions.

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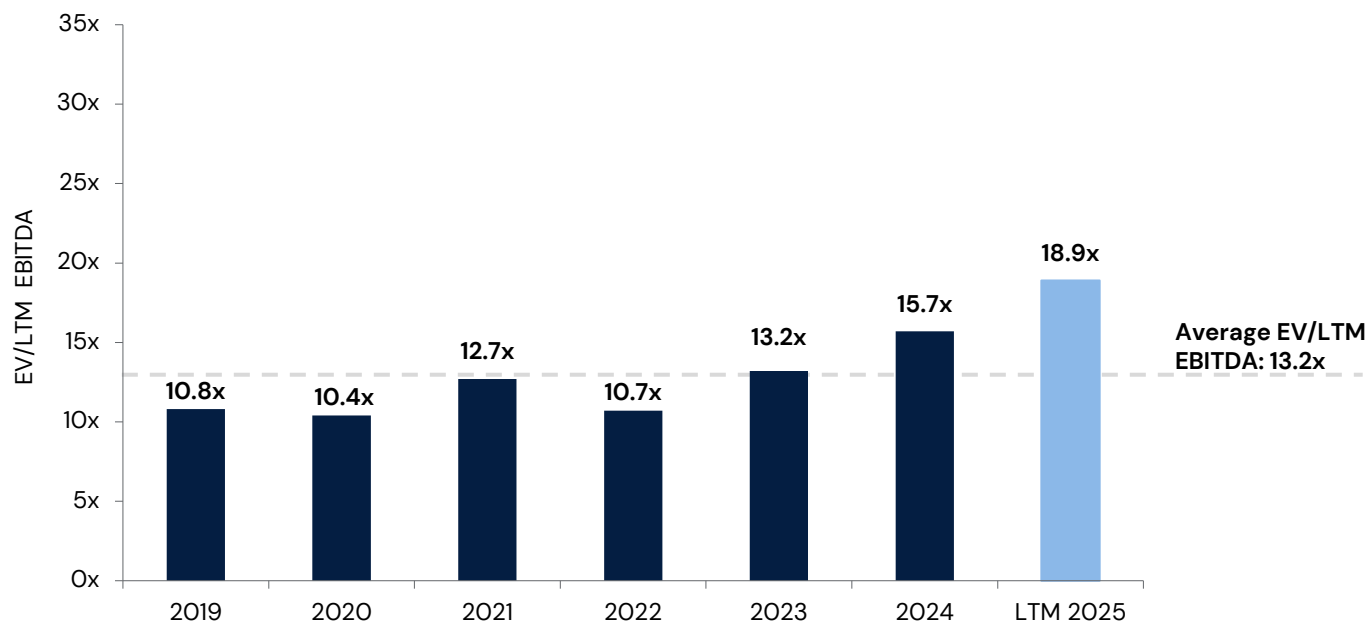
## PUBLIC EBITDA MULTIPLES EXPAND FOR THE THIRD CONSECUTIVE YEAR

Company	Price	% 52 Wk	Market	Enterprise	LTM			EV/LTM	
	08/12/25	High	Cap	Value	Revenue	EBITDA	Margin	Revenue	EBITDA
Comfort Systems USA, Inc.	\$718.61	99.8%	\$25,296.8	\$25,269.1	\$7,684.8	\$1,076.0	14.0%	3.3x	23.5x
EMCOR Group, Inc.	\$632.57	94.7%	\$28,316.5	\$28,509.0	\$15,638.7	\$1,654.5	10.6%	1.8x	17.2x
IES Holdings, Inc.	\$353.71	95.4%	\$7,022.7	\$6,968.1	\$3,249.4	\$401.4	12.4%	2.1x	17.4x
Installed Building Products, Inc.	\$263.18	99.5%	\$7,148.6	\$7,826.8	\$2,955.9	\$478.0	16.2%	2.6x	16.4x
MYR Group Inc.	\$192.55	87.5%	\$2,988.9	\$3,099.9	\$3,451.8	\$176.5	5.1%	0.9x	17.6x
Quanta Services, Inc.	\$391.57	92.1%	\$58,346.3	\$62,955.4	\$26,052.9	\$2,288.8	8.8%	2.4x	27.5x
TopBuild Corp.	\$429.66	99.9%	\$12,021.1	\$13,261.0	\$5,216.2	\$1,019.0	19.5%	2.5x	13.0x
Tutor Perini Corporation	\$58.77	91.9%	\$3,099.7	\$3,107.8	\$4,770.8	\$2.0	NM	0.7x	NM
							<b>Mean</b>	<b>12.4%</b>	<b>2.1x</b>
							<b>Median</b>	<b>12.4%</b>	<b>2.3x</b>
							<b>Harmonic Mean</b>	<b>10.5%</b>	<b>1.6x</b>

EV = enterprise value; LTM = last twelve months  
 \$ in millions, except per share data  
 NM = Not Meaningful

### Capstone's Construction Services Index Average LTM EBITDA Multiple

Public construction services firms have demonstrated significant margin strength to date; the index's average EBITDA multiple has grown by more than two turns each year since 2022. The average LTM 2025 EBITDA multiple has reached a record 18.9x, significantly surpassing the index average of 13.2x.



Construction Services Index includes: BLD, EME, FIX, IBP, IESC, MYRG, PWR, TPC;  
 Trading multiples are market cap weighted; annual data as of December 31; Last twelve months (LTM) 2025 as of August 12  
 Source: Capital IQ and Capstone Partners

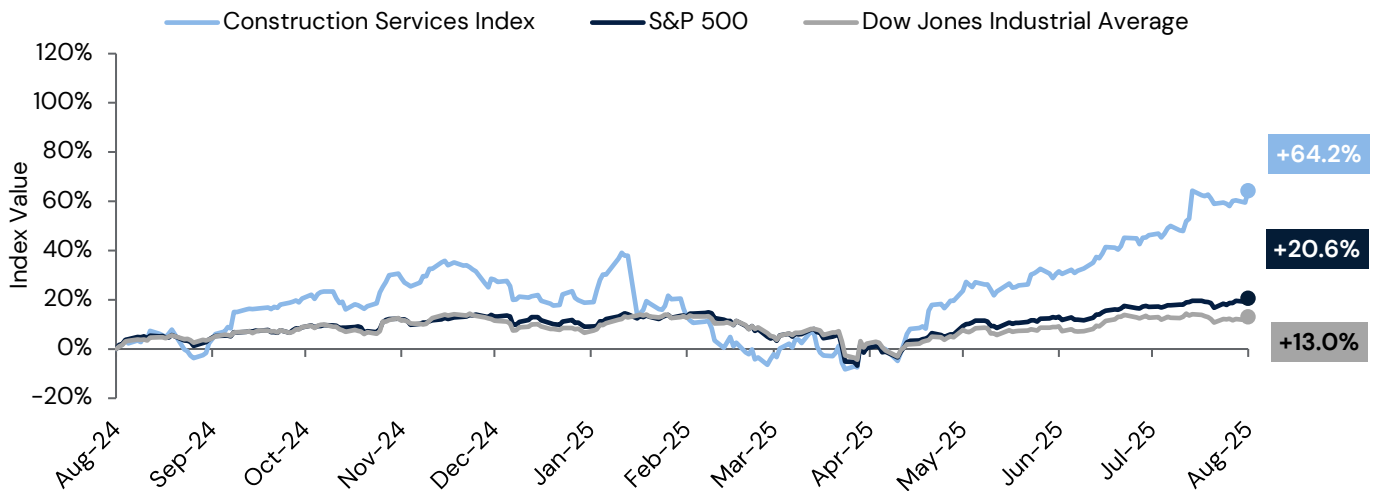


## CAPSTONE'S CONSTRUCTION SERVICES INDEX OUTPACES S&P 500

### Public Equity Market Takeaways

1. Healthy backlogs, spending growth, and steady construction demand have underscored strong returns in public equity markets through YTD 2025.
2. Capstone's Construction Services Index has outperformed broader market indexes YTD, up 64.2% YOY compared to 20.6% and 13% for the S&P 500 and Dow Jones Industrial Average, respectively.
3. Public players have prioritized inorganic growth opportunities YTD, rolling up targets that expand service capabilities or those exposed to growth tailwinds, like pent-up demand for residential construction.

### Capstone's Construction Services Index Outpaces Broader Market's



Construction Services Index includes: BLD, EME, FIX, IBP, IESC, MYRG, PWR, TPC;  
Trading multiples are market cap weighted; annual data as of December 31; Last twelve months (LTM) 2025 as of August 12  
Source: Capital IQ and Capstone Partners

### Construction Services' Public Players Detail Market Outlook, M&A Opportunities

"No doubt there's going to be some effects...as the tariffs come in...But the demand side from every one of our customers...is as strong as ever. And a lot of them are safe harbored well into 2028...the fact that data centers and technology continues to want power, capacity, solar battery and even wind provide value for both on the energy side as well as the capacity side. And so, we just believe it's going to continue to be a good market for us."

– **Jayshree Desai**, Quanta Services (NYSE:PWR) CFO, Q2 2025 Earnings Call<sup>19</sup>

"I think, for us it's finding the right acquisition...We see good activity out there, but it's just finding the right one. And, again, we're going to be disciplined in the price we'll pay for an acquisition...We've seen multiples come up significantly on the [Commercial and Industrial] side. But again, for the right company, we will pay a fair multiple for that company and we want somebody that's going to be with us long-term."

– **Richard Swartz**, MYR Group (Nasdaq:MYRG) President and CEO, Q2 2025 Earnings Call<sup>20</sup>



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Darin is an advocate for his clients, guiding them through the complex process of raising debt, equity or selling their company. During the past 25 years, Darin has led business owners and their board of directors through this process over 80 times. Courts, trade groups, and national publications recognize Darin's expertise where he provides testimony as an expert witness and speaks about topics involving mergers and acquisitions. Prior to joining Capstone, Darin started, operated, made acquisitions and sold three successful companies in construction, import and distribution, and commercial real estate management. Three sell side transactions that Darin performed are published and taught in business schools around the globe. Darin teaches these cases at the University of Denver, where he received his Bachelor of Science in Finance.

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Prior to joining Capstone Partners in 2011, Brian spent five years with a boutique investment bank performing sell-side transactions, financial modeling, and value-add client services. At Capstone, Brian is a member of the Building Products & Construction Services team assisting clients with sell-side, buy-side, and debt and equity raise transactions. Prior to his career in Investment Banking, Brian developed Construction industry and operations experience owning and managing a successful family-owned residential construction company. His education and industry expertise are resources used in all aspects of the transaction process. Brian graduated from the University of Northern Colorado with a BS degree in Finance and is a CFA Charterholder.

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Izzy serves as a Market Intelligence Associate at Capstone Partners covering the Transportation & Logistics, Building Products & Construction Services, and Agriculture industries. Prior to joining Capstone, Izzy was a Research and Insights Associate for the PR Agency Racepoint Global, where she conducted secondary research to help guide brand communication strategies for clients in industries such as Consumer Technology. Izzy graduated with a Bachelor of Arts degree in Business from Southwestern University.



# FIRM TRANSACTIONS IN MARKET

**CONFIDENTIAL, Project Geyser:**

The Company provides drilling and installation services for commercial heating and cooling systems.

**CONFIDENTIAL, Project Incline:**

The Company sells and installs commercial and multifamily smart locks and access controls systems.

**CONFIDENTIAL, Project Peak:**

The Company provides residential re-roofing services.

**CONFIDENTIAL, Project Pool:**

The Company manufactures above ground pools.

**CONFIDENTIAL, Project Production:**

The Company provides industrial maintenance and construction services including, rigging, mechanical contracting, electrical contracting, conveyor installation, carpentry, and concrete maintenance.

**CONFIDENTIAL, Project Silver:**

The Company designs and installs critical integrated systems including security, fire safety, data communications, and audio/visual/lighting.

To learn more about these opportunities, please contact Darin Good at:  
[dgood@capstonepartners.com](mailto:dgood@capstonepartners.com) or 303-549-5674

# FIRM AWARDS & ACCOLADES

Capstone Partners is consistently recognized as an elite middle market firm by multiple leading industry organizations. This has afforded our clients with immediate market credibility in the acquirer and investor communities. From 2016 to 2024, Capstone has received 22 “investment banking firm of the year” awards from organizations such as The M&A Atlas Awards, The M&A Advisor, M&A Today, and ACQ5. A sampling of Capstone’s recent awards is shown below.







# FIRM TRACK RECORD

Capstone Partners' [Building Products & Construction Services Team](#) has represented clients across various construction specialties. Our deep industry focus allows us to provide our clients with real-time transaction feedback and immediate access to key decision makers among the most active acquirers and investors in the Construction industry. A sampling of closed transactions is shown below.

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CORPORATION**

HAS BEEN RECAPITALIZED  
VIA AN ESOP BY

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**UNITED SERVICES GROUP**  
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a portfolio company of  
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TATA CONSULTING ENGINEERS LIMITED

**TSOI  
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**DLR Group**

**CARR  
COMPANY**

HAS BEEN ACQUIRED BY

AN EMPLOYEE STOCK  
OWNERSHIP PLAN  
(ESOP)

**LATITE  
ROOFING**  
ESTABLISHED 1993  
a portfolio company of  
**Lincolnshire  
MANAGEMENT**

HAS BEEN ACQUIRED BY

**SUN CAPITAL  
PARTNERS, INC.**

**LIFETIME QUALITY**

HAS BEEN ACQUIRED BY

**Trilantic**  
NORTH AMERICA

**RK  
ELECTRIC**

HAS BEEN ACQUIRED BY

**HURON  
CAPITAL**

**POULOS & BENNETT**

HAS BEEN ACQUIRED BY

**PAPE-DAWSON  
ENGINEERS**  
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 **PALM BEACH CAPITAL**

**ARTISTIC PAVER**  
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**BLUE RIDGE  
CONSTRUCTION CAPITAL**

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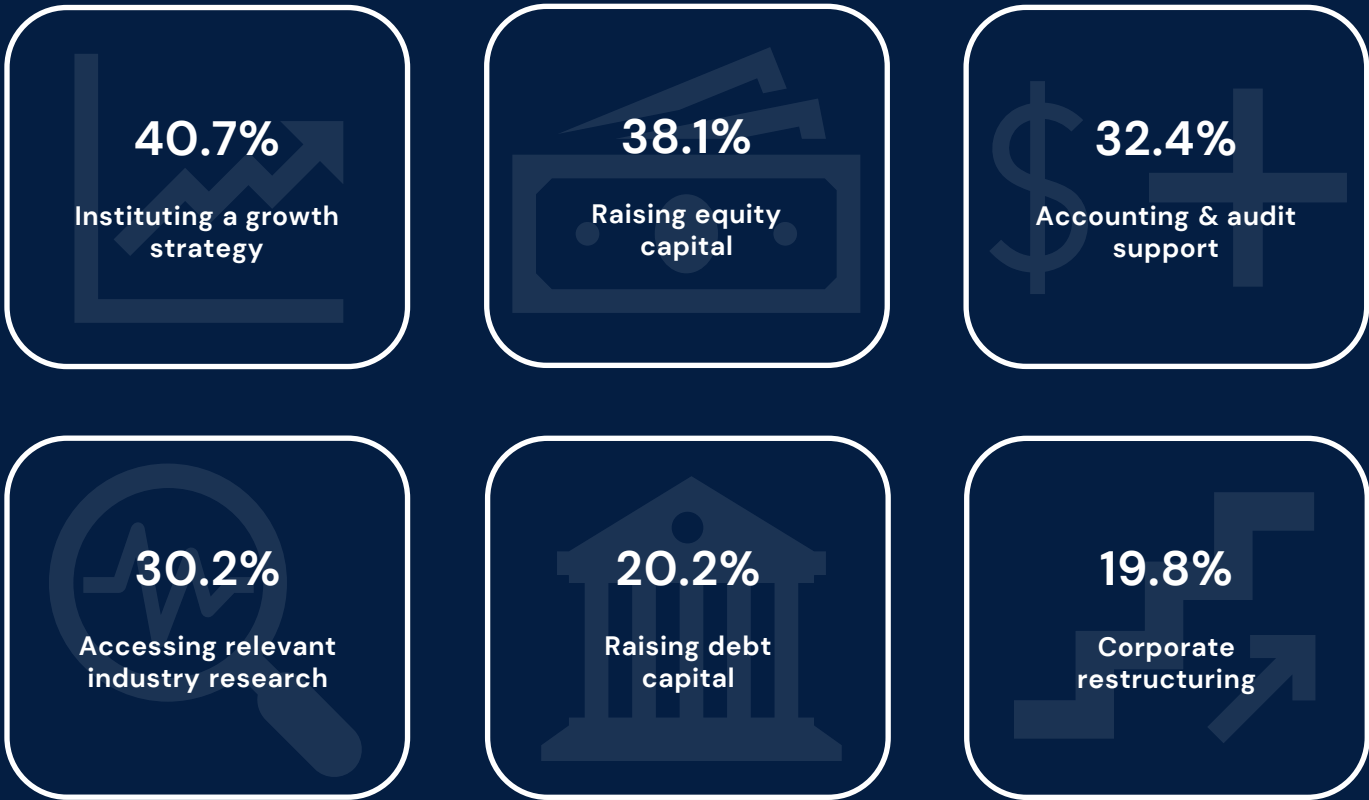
**LEGENCE**  
a portfolio company of  
 **Blackstone**

# CAPSTONE’S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The stage and initiatives of a business often dictate which financial services are in demand. As the bulk of CEOs polled in Capstone’s 2024 Middle Market Business Owners Survey indicated growth strategies are a priority for 2025, the lion’s share (40.7%) of owners anticipate a need for growth strategy support services. Similarly, 38.1% of CEOs require equity capital advisory services to support operational initiatives and business expansion. Nearly one-third of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, 30.2% of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company’s lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed specialty advisory practices to provide financial performance, buy-side, employee stock ownership plan (ESOP), and equity and debt services. All of these capabilities are supported by 12 industry banking groups, an active sponsor coverage group, and a dedicated Market Intelligence Team.

## Top Financial Services Required by Business Owners in 2025



Question: Have you ever had, or do you anticipate having, a need for any of the following services?  
Source: Capstone Partners’ Middle Market Business Owner Survey, Rebased Sample Size (N): 278



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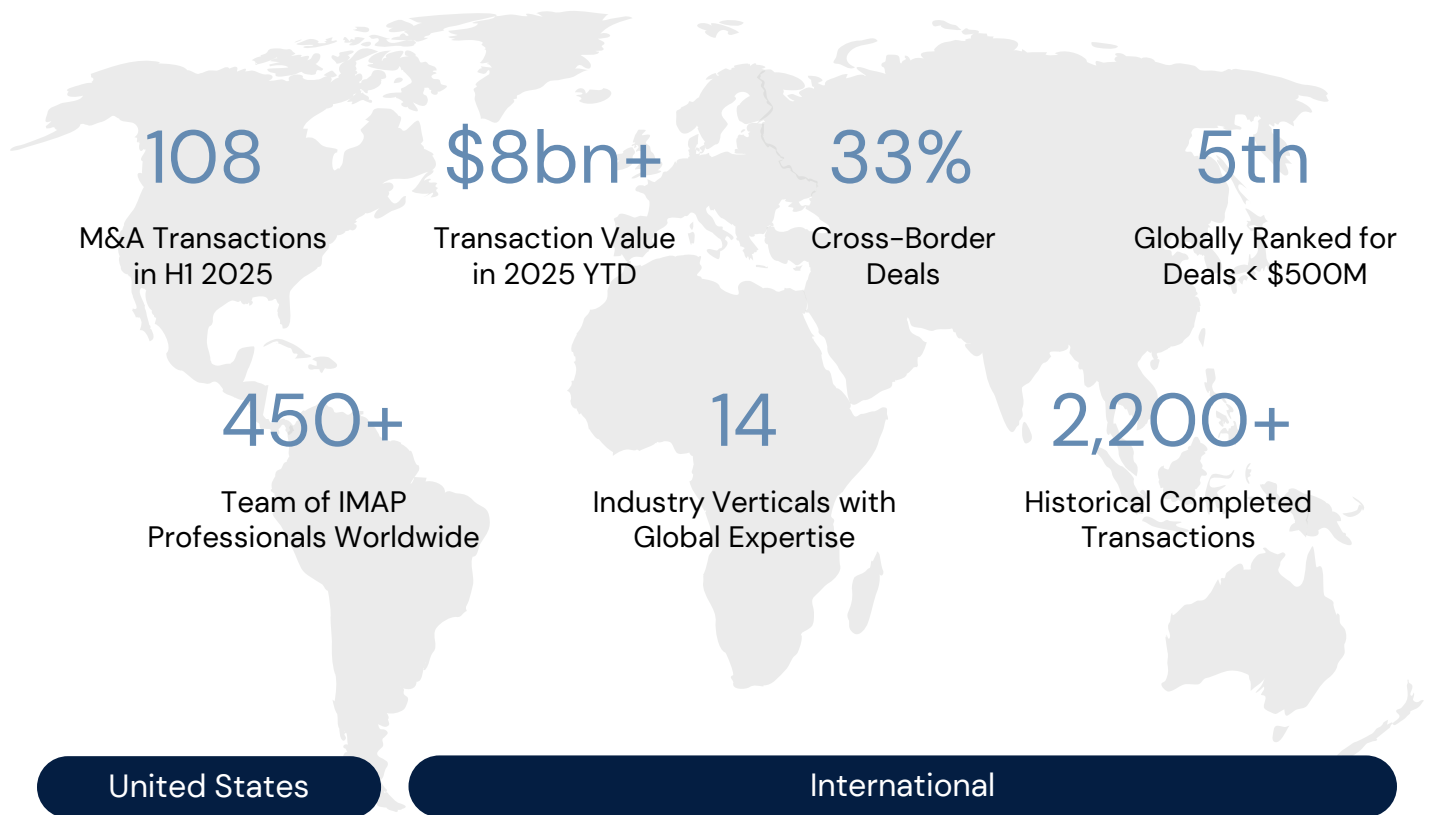
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## Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 51 countries.



~200 professionals  
8 offices

Boston • Denver • Chicago • Dallas  
Detroit • Irvine • New York • Tampa

450+ professionals  
60+ offices in 51 countries

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