



# Infrastructure Services INDUSTRY MARKET UPDATE



ACQUISITIONS  
DIVESTITURES  
FINANCINGS  
RESTRUCTURINGS

## Key Statistics

**D+, D-, & C-** were the grades given to waste-water, storm water, and drinking water infrastructure respectively, according to the ASCE in 2021

**>80%** of water utility providers identified aging infrastructure as their top challenge, according to Black & Veatch

**1/3** of the water sector workforce is eligible to retire in the next decade, potentially leading to a shortage of labor <sup>(1)</sup>

**50%** of U.S. sewer pipes are past their useful life, with the average age of pipes being 45 years old <sup>(2)</sup>

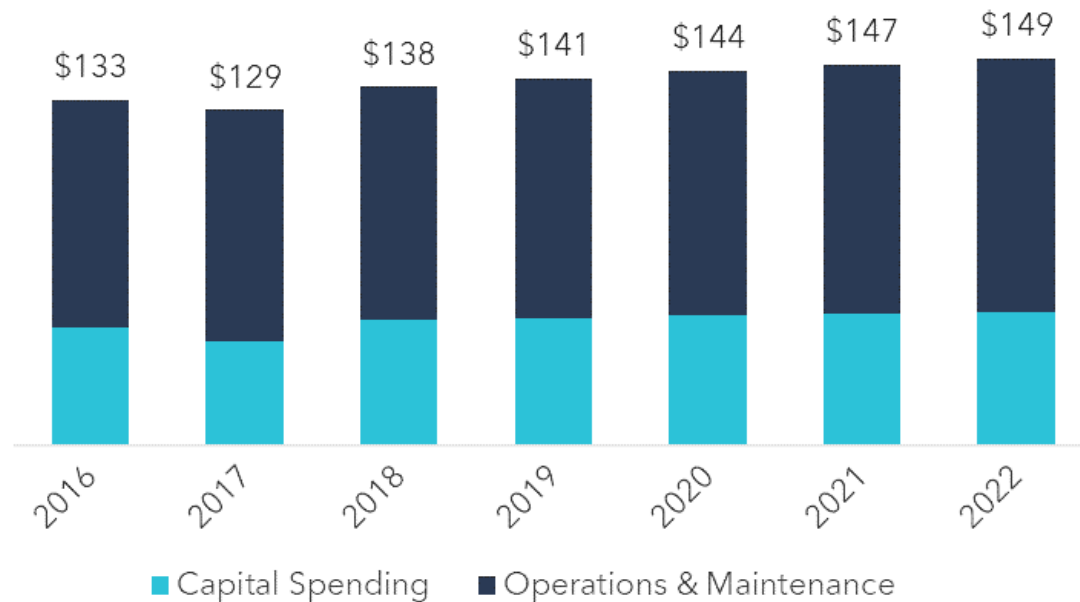
## Industry Overview

Infrastructure spending on water and sewer line construction, maintenance, and repairs is expected to remain steady through 2026, according to IBISWorld. With increasing regulatory pressures and urbanization of mid-size cities, the need for underground infrastructure solutions is at an all-time high. Additionally, municipal and state-level public investment is expected to rise after a drop during the pandemic. These tailwinds, coupled with an existing, aging infrastructure, will drive growth and consolidation in the underground infrastructure services industry.

## Annual U.S. Water Infrastructure Spending

(\$Billions)

American Society of Civil Engineers



(1) EPA, America's Water Sector Workforce Initiative: A Call to Action; (2) Water Finance & Management, Pipe Market Turns to New Materials to address Aging Water Infrastructure

# Key Trends



The Infrastructure Investment and Jobs Act, passed by Congress in 2021, added \$50 billion to the repair and replacement of aging drinking, waste, and storm-water infrastructure throughout the U.S.



113 EPA-issued consent decrees over the past 10 years have mandated repairs and maintenance of water infrastructure systems



Extreme weather events have stretched capabilities of existing storm drainage and mainline sewer systems. Experts predict this will continue due to evolving climate trends

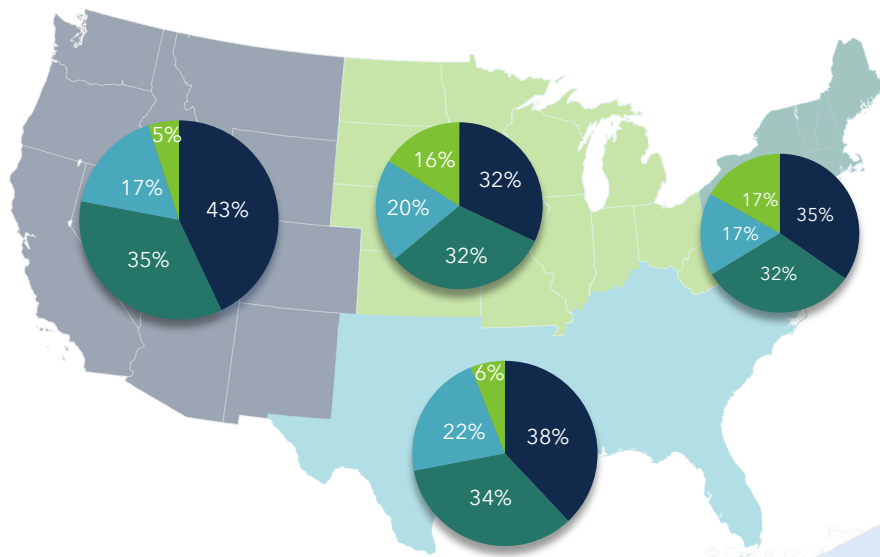


An increased level in downstream residential construction (due to migration towards warmer states) has spurred demand for new water and sewer infrastructure capabilities

# Average Age of U.S. Water Infrastructure

By Region

ASCE



■ < 30 yrs. 
 ■ 31 - 60 yrs. 
 ■ 61 - 100 yrs. 
 ■ > 100 yrs.



## Increased Investor Interest

A historic level of undeployed capital (\$1.7T) coupled a growing number of family offices and private debt funds results in a very competitive M&A environment within the underground infrastructure services industry.

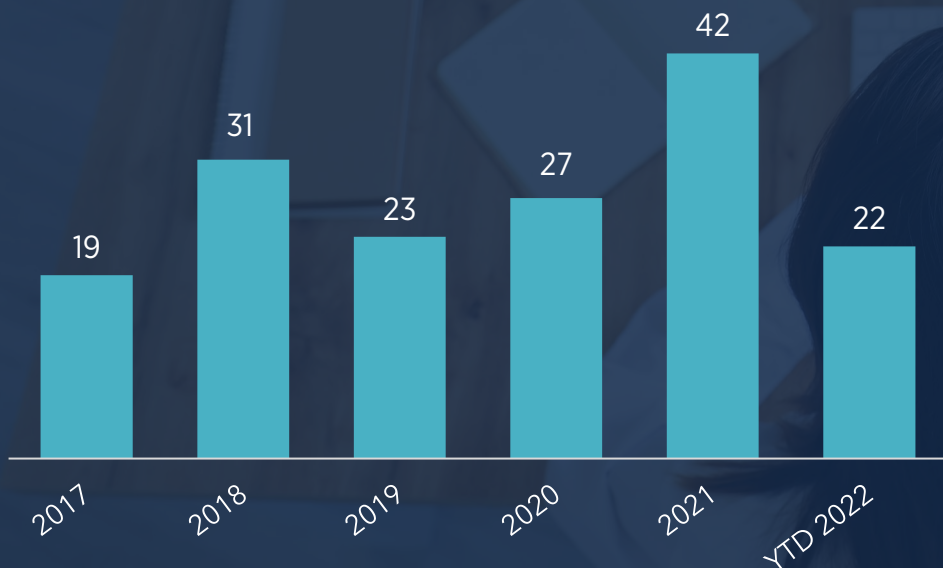
- » Opportunity for consolidation as the market is fragmented with most operators being local or regional, employing fewer than 15 people
- » Favorable tailwinds including urbanization, extreme weather events, tighter regulations, and higher residential construction activity
- » Increasing public-private partnerships representing additional funding and driving investments in water infrastructure

## M&A Drivers

Owners considering an M&A transaction can drive value by focusing on:

- » Diversification to other related services, ensuring protection from seasonality and potential fluctuations in public funding
- » Keeping attrition low by retaining and developing skilled workers while diversifying recruiting approaches
- » Building a backlog and ability to price bids effectively to win and at the same time, ensuring sufficient margins
- » Maintaining a strong reputation to drive referrals and recurring revenues

## M&A Transactions



## Select Private Equity Groups

Private Equity Fund	Portfolio Company		Add-On Acquisitions
Center Oak Partners	HK Solutions Group		Infra Track Hemen Mobile Wash Turner Lining Company
IGP	Hydromax USA		Miller Pipetech
Altamont Capital Partners	Douglas Products	Duke's Root Control	Municipal Sales HydroStructures Midwest Water Pipetech Infrastructure Services Underground Infrastructure Services
Orix Capital Partners	National Underground Group	Accumark Subsurface Utility Services	Tri-State Utilities ProPipe Professional Pipe Services

## Recent M&A Activity

DATE	TARGET	ACQUIRER
Jul-22	Rowland	Calvert Street Capital Partners
Jul-22	Graham Utilities Hydrovac Services	Ambipar Holding Canada
May-22	George Plumbing	Concentric Equity Partners
May-22	Bandera Utility Contractors	Argonaut Private Equity
Apr-22	Newman Regency Group	H.I.G. Capital; United Flow Technologies
Mar-22	EcoClean (Maine)	MPK Equity Partners; Zoom Drain
Feb-22	Pro-Vac	Gallant Capital
Jan-22	Utility Resource Group	Partners Group; U.S. Infrastructure Corp.
Dec-21	DrainXpress Sewer and Drain Services	MPK Equity Partners; Zoom Drain

# Select Transactions

**Sell-Side Advisor**

A large commercial paving and infrastructure company has partnered with




**HRS MANAGEMENT**

**Sell-Side Advisor**


**UIS** UNDERGROUND INFRASTRUCTURE SERVICES

has been acquired by



DUKE'S  
ROOTED IN INNOVATION

a portfolio company of




COMVEST  
PARTNERS

Learn more about the transaction here.

**Sell-Side Advisor**


**PIPETEK** INFRASTRUCTURE SERVICES

has been acquired by



DUKE'S  
ROOTED IN INNOVATION

a portfolio company of



COMVEST  
PARTNERS

Learn more about the transaction here.

**Buy-Side Advisor**



NSF


has acquired



#/JANA


Learn more about the transaction and view NSF's Cascade Difference testimonial here.

**Financing**



PPS | PACIFIC POWER & SYSTEMS

has completed a minority recapitalization and acquisition financing with



WHITEWOLF  
CAPITAL LLC

Learn more about the transaction here.

**Sell-Side Advisor**



WATER  
WATCH  
CORPORATION

has been acquired by



CONSERVICE

a portfolio company of



TA ASSOCIATES

Learn more about the transaction in the case study here.

# About Cascade Partners

Cascade Partners is a boutique investment banking firm focused on middle-market businesses in industrials, healthcare, business services and manufacturing. Manufacturing and related business services are passions and specialties at Cascade Partners.

With more than 250 years of combined experience, we work with business owners and shareholders to achieve their objectives and explain the impact and opportunity of their options. Our experience extends beyond just being transaction advisors, too. We have been operators, served on boards and made personal investments in services firms. From buy-side and sell-side advisory services to securing growth financing, restructurings or recapitalizing your business, our expertise and insight goes deeper than the economic factors of a deal.

We recognize and respect the long-term impacts of a transaction on our clients' company, employees, family, wealth and personal lives and are committed not only to creating long-term value for companies but to creating transformative solutions for people.

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