

Industrial and Construction Services News

2018 Construction Industry Employment Outlook

In February, the U.S. recorded its largest month-to-month increase in total employment in more than a year and a half, according to the latest Employment Situation report from the Bureau of Labor Statistics (BLS). The total U.S. jobs grew +313,000 in February with construction and manufacturing accounting for +92,000 jobs.

[2018 Construction Industry Employment Outlook](#)

Release of the Q1 2018 Commercial Construction Index

The recently released Q1 2018 USG Corporation + United States Chamber of Commerce Commercial Construction Index reveals nearly two-thirds of contractors are highly confident that demand for commercial construction will increase over the next year, however, there are continued concerns around labor shortages.

[Release of Q1 2018 Commercial Construction Index](#)

U.S. Rental Industry to Reach Nearly \$60 Billion by 2021

According to the American Rental Association Rental Market Monitor's five-year forecast, the U.S. rental market will grow 4.5 percent in 2018 to reach \$51.5 billion and is expected to grow 5.6 percent in 2019, 5.0 percent in 2020, and 4.4 percent in 2021.

[US Rental Industry to Reach Nearly \\$60 B](#)

Industrial and Construction Services Transactions

January 2018 – HD Supply to Acquire A.H. Harris

HD Supply Holdings, Inc. (Nasdaq:HDS), one of the largest industrial distributors in North America, announced that it has entered into a definitive agreement to purchase A.H. Harris Construction Supplies, a leading specialty construction distributor serving the northeast and mid-Atlantic regions. The purchase price is approximately \$380 million. The transaction is expected to close in HD Supply's first fiscal quarter of 2019.

February 2018 – Komatsu America Agrees to Acquire Pine Bush Equipment

Komatsu America Corp., through its subsidiary F and M Equipment Ltd., has entered into a purchase agreement to acquire the assets of PBE Group, which consists of Pine Bush Equipment Co. and East PBE Inc. The new entity, to be named later, will assume PBE Group's trade territory in southeastern New York state. The deal includes all Komatsu construction, mining and utility equipment sales and rentals, parts, service, and customer support activities.

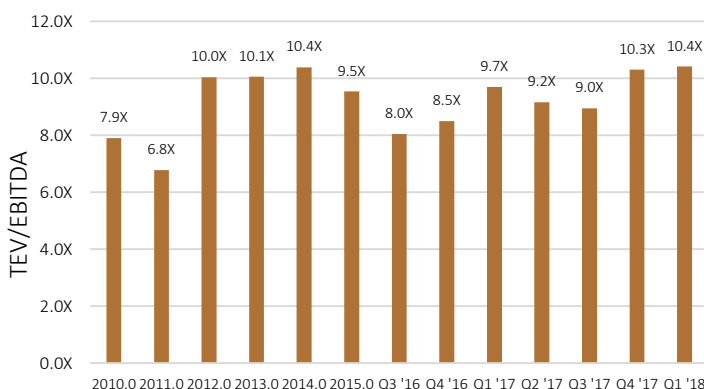
March 2018 – United Rentals Acquires Assets of Industrial Rental Services' Fleet

United Rentals has acquired the assets of Industrial Rental Services LLC from JMH Capital. Industrial Rental Services is a provider of two-way radio solutions and industrial blinds, primarily in the Gulf and West Coast regions. The acquisition expands the company's Tool Solutions specialty rental fleet by more than 35,000 isolation blinds, flanges, and racking systems for industrial applications.

TKO Miller Market Analysis

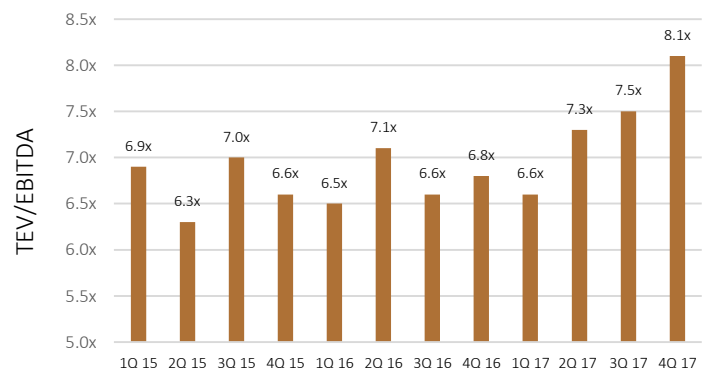
- Financial buyer interest in middle market companies across all sectors remains high, due to a strong demand for returns and historically high levels of private equity dry powder causing a continued trend of increased pressure to place capital. TKO Miller expects current market conditions (robust demand and elevated valuations) to persist for the next three to five quarters with the potential for increased activity in the middle market if the proposed federal tax cuts take effect.
- According to PWC, the engineering and construction sector is well positioned for a strong 2018 M&A environment, fueled by increasing demand for both domestic and cross-border new market opportunities, combined with existing housing and infrastructure demands globally. The U.S. specifically could experience favorable upside to existing positive trends in 2018 as the full impact of tax reform solidifies and if the long-debated U.S. infrastructure spending bill comes to fruition.
- 2017 saw a devastating hurricane season that led to an uptick in equipment orders from the impacted areas. This coupled with an increase in rental equipment to service affected areas will yield a greater need for equipment maintenance and service of these inventories.

Industrial and Construction Services Valuation Index



Companies with outlying multiples due to financial inconsistencies in Q4 have been excluded to avoid skewing the index.
Index Includes: FLR, JEC, DY, ACM, AEGN, STRL, TTI, HSC, CLH, SAWLF, SAPMF

Middle Market Valuation Multiples



Source: GF Data

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