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*FocalPoint Partners is a middle market investment banking firm serving the construction services industry. Dan Conway, FocalPoint Managing Director, shares his insights into the market forces which are shaping the construction services industry.*

## When is the Best Time to Sell?

The construction market finally peaked in 2006 but the M&A environment remains robust, creating an ideal environment for sellers of construction services businesses. If you are considering selling your business, now may be your best opportunity to maximize value.

After several consecutive record-setting years, McGraw-Hill Construction expects construction starts to decline in 2007. Starts peaked at \$672 billion in 2006 and are expected to decline to \$668 billion in 2007. The residential market, in particular, is experiencing a dramatic downturn. Single family home starts are expected to drop 5% in 2007, continuing a downturn which began in the second quarter of 2006.

Other building sectors such as commercial and public works remain stable for now, but are expected to lag residential as in past cycles. McGraw-Hill Construction estimates that the construction of retail store square footage will fall by 7% in 2007.

Despite these signs of a downturn, the M&A environment remains relatively robust. Large construction services companies are still making acquisitions, selectively buying regional players to extend geographic reach and increase service offerings while achieving cost and revenue synergies. In addition to these "strategic" buyers, the privately equity and hedge fund communities, which are flush with capital, have been very active buyers.

The competition to acquire strong regional companies is intense. Often there are multiple buyers bidding for the same property, enabling sellers to close with certainty at attractive valuations. This may be the best opportunity to sell your business for some time to come.

## Industry News

### Brand Energy & Infrastructure Services to Be Acquired by First Reserve

Brand Energy & Infrastructure Services and the private equity firm First Reserve Corporation announced they have signed a definitive agreement to acquire Brand from J.P. Morgan Partners, LLC. Brand Energy & Infrastructure Services is the largest North American provider of scaffolding services.

### The Brock Group Acquires Xserv, Inc.

The Brock Group has agreed to acquire Xserv Inc., a majority owned portfolio company of Mezzanine Management. With this acquisition, Xserv will be merged into Brock, combining the capabilities of two of the nation's leading multi-craft specialty services providers. The acquisition is being funded with equity provided by Lindsay Goldberg & Bessemer and the Brock family as well as debt provided by Bank of America and JPMorgan.

### Harsco Acquires MyATH

Harsco Corporation announced that it has acquired the Santiago, Chile-based company Moldajes y Andamios TH S.A., or MyATH, one of Chile's top three suppliers of rental formwork and scaffolding and related services to the construction, infrastructure and building maintenance sectors.

### Wynnchurch Capital Acquires SafeWorks, LLC

Wynnchurch Capital Partners, a Chicago-based middle market private equity firm, announced it has acquired SafeWorks, LLC. Headquartered in Seattle, SafeWorks is a manufacturer and distributor of powered suspended access and safety solutions. SafeWorks will be the second platform acquisition for Wynnchurch Capital Partners II, L.P.

**If you would like to discuss selling or raising growth capital for your construction services business, please call or email Dan Conway at FocalPoint Partners.**

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## Selected Construction Services M&amp;A Transactions

Announced	Buyer	Seller	Unit Sold	
Q1 2007	19-Jan-07	Wheeling-Pittsburgh Corp.	Mittal Steel Co. NV	Mittal Steel USA /Tin Mill Products Bus
	17-Jan-07	Brock Holdings, Inc.	Xserv, Inc.	
	10-Jan-07	WellDynamics, Inc.	Halliburton Co.	Halliburton Co. /Reservoir Performance Monitoring Bus
	5-Jan-07	Harsco Corp.	Excell Minerals, Inc.	
	3-Jan-07	First Reserve Corp.	JPMorgan Chase & Co., Inc.	Brand Energy & Infrastructure Services, Inc.
Q4 2006	29-Dec-06	WHX Corp.	Illinois Tool Works, Inc.	Illinois Tool Works, Inc./Mechanical Roofing Fastner Bus
	29-Dec-06	Erico Global Co. /Management/	Erico Global Co.	
	28-Dec-06	Reliance Steel & Aluminum Co.	Encore Metals	
	19-Dec-06	Smorgon Steel Group Ltd.	Industrial Metal Recyclers	
	15-Dec-06	Harsco Corp.	Taylor Wharton Cryogenics	Taylor Wharton (Beijing) Cryogenic Equipment Co. Ltd.
	13-Dec-06	Quanex Corp.	Maxco, Inc.	Atmosphere Annealing, Inc.
	8-Dec-06	Samuel Son & Co. Ltd.	ESCO Corp.	ESCO Corp. /Engineered Metals Group
	7-Dec-06	Schmolz + Bickenbach AG	A. Finkl & Sons Co.	
	6-Dec-06	Reliance Steel & Aluminum Co.	Industrial Metals & Surplus, Inc. /Athens Steel	
	1-Dec-06	Brand Energy & Infrastructure	Safeway Steel Scaffolds Co. of Pittsburgh	
	30-Nov-06	Commercial Metals Co.	Brnhler Stahlhandel GmbH	Brnhler Stahlhandel GmbH /Rousslau Saxony-Anhalt Ops
	21-Nov-06	Harsco Corp.	Technic Gum SA	Technic Gum SA /Conveyor Services
	20-Nov-06	Elm Street Capital Partners LLC	Superior Pipeline Services	
	20-Nov-06	Harsco Corp.	Moldajes y Andamios TH SA	
	14-Nov-06	DSI Holding GmbH	American Commercial, Inc.	
	13-Nov-06	LE+N, MAYER & Co.	MasTec, Inc.	MasTec, Inc. /DOT Service Business
	10-Nov-06	ONEX Corp.	Mill Services Corp.	Tube City IMS Corp.
	7-Nov-06	Aircorn Manufacturing, Inc.	Theron, Inc.	Medivative Technologies LLC
	2-Nov-06	Reliance Steel & Aluminum Co.		Crest Steel Corp.
	30-Oct-06	Aduddell Industries, Inc.	Brent Anderson & Associates, Inc.	
	27-Oct-06	Noble International Ltd.	Arcelor Mittal SA	Arcelor Mittal SA /Laser Welding Operations
	26-Oct-06	Greif, Inc.	Blagden Packaging	Blagden Packaging /Steel Drum Ops in Europe & Asia
	25-Oct-06	Wheeling-Pittsburgh Corp.	Companhia Siderurgica Nacional SA	Companhia Siderurgica Nacional SA /North America
	20-Oct-06	Dycom Industries, Inc.	H.I.G. Capital Management, Inc.	Cable Express, Inc.
	16-Oct-06	Martinrea International, Inc.	ThyssenKrupp Budd Co.	Thyssenkrupp Budd /Automotive Body & Chassis
	25-Sep-06	Net Perceptions, Inc.	CRC Acquisition Co. LLC	
	22-Sep-06	Brand Energy & Infrastructure	West Coast Crane	
	20-Sep-06	H.I.G. Capital Management, Inc.	K&k Iron Works Inc	
	12-Sep-06	Nucor Corp.	Verco Manufacturing Co.	
	8-Sep-06	Competition Pools, Inc.	Polyair Inter Pack, Inc.	Cantar Pool Products Ltd. /Pool Equipment
	6-Sep-06	Wynnchurch Capital	SafeWorks, LLC	
	1-Sep-06	International Metal Enterprises, Inc.	Stein Ferroalecciones SA	
1-Sep-06	O'Neal Steel, Inc.	Ferguson Metals		
Q3 2006	21-Aug-06	Northern Lights Recreation Co.	Polyair Inter Pack, Inc.	Cantar Pool Products Ltd. /Above Ground Pool Business
	18-Aug-06	Castle Harlan, Inc.	Greenville Tube Co.	
	16-Aug-06	Worthington Industries, Inc.	PSM Acquisition Corp	Precision Specialty Metals, Inc.
	11-Aug-06	RF Technologies, Inc.	Jentronics, Inc.	
	8-Aug-06	Brass Ring Capital, Inc.	American Finishing Resources, Inc.	
	7-Aug-06	Dong Nai Youth Enterprises Joint Stock Co.	Cheerfield Rama Co. Ltd.	
	3-Aug-06	Brand Energy & Infrastructure	Interstate Scaffolding, Inc.	
	1-Aug-06	Building Materials Holding Corp.	Davis Brothers Framing, Inc.	
	17-Jul-06	Wheeling-Pittsburgh Corp.	Esmark, Inc.	
	10-Jul-06	Charys Holding Co. Inc.	Cotton Cos	
	29-Jun-06	Integrated Micrometallurgical Systems, Inc.	ECZ, Inc.	
	28-Jun-06	ThyssenKrupp Safway, Inc.	Beeche Systems Corporation, Inc.	QuikDeck™ Suspended Access System
	5-Jun-06	Trio Industries Group, Inc.	UTEK Corp.	Advanced Powder Coating Technologies, Inc.
	1-Jun-06	Black Dragon Resource Cos., Inc.	Gemini Explorations, Inc.	