Company A

Transaction Type / Process	• Sale • Generational Capital Markets (xxx@xxx.com)
Ownership	• Mr. A (President) owns a XX% interest, Mr. B (CEO) owns XX%, Mr. C (CFO) owns XX, and the Mr. D (General Partner) owns XX%. • XXX is owned 100.0% by Mr. A, Mr. B, and Mr. C

Company Overview / Business Model	• Provides pipeline maintenance (62.0%) and construction (38.0%) services, as well as pipe and vessel coating and insulation services to oil and gas companies along the XXX and XXX
	• Founded in March of 2008 as a XXX limited partnership
	• Divides its primary services between:
	    • **Mechanical services (XX% in 2016):**
	        • Pipeline maintenance and integrity (XX% in 2016)
	        • Capital Projects (XX% in 2016): Pipeline construction, compressor station, interconnects, metering stations
	    • **Soft crafts (XX in 2016%):** Coatings, insulation, scaffolding, abatement
	    • **Process solutions (XX in 2016)**
	• Owns its headquarters and primary operating facility, property is ~140 acres, but management estimates only 10 acres are currently being used
	    • Headquarters includes a fabrication shop (20,000 sq. ft.), painting shop (8,000 sq. ft.), and 5 smaller mobile office buildings
	    • Utilizes (no rent expense) another facility near XXX which has direct access to the deep water channel of the XXX and a 3,000 sq. ft. office
	• Major suppliers include XXX, XXX, XXX, XXX

Revenue Model	• Projects associated with pipeline maintenance and integrity are the main driver of its business
	  • Contributed ~XX% of 2015 revenues and XX% of YTD 2016 revenues
	• Remainder of revenues are allocated to capital projects (new construction)
	• Derives the majority of its revenue from customers in XXX (95.0%) with the remaining revenue (5.0%) derived from the XXX
	• Maintenance services are recurring, integrity based maintenance
	  • These services are required regularly by internal customer quality controls and government regulation, making them both recurring services and independent of commodity prices
	• 35 key customers with repeat business accounting for approximately 90.0% of revenues
	• Realizes a large portion of its business through existing relationships and referrals
	• Offers a service called XXX which is a process whereby it provides sampling solutions directly to the refinery lines and pull samples without having to shut the refinery down
	  • Service was started in 2014, and, while growing, has not become a significant portion of revenues

Key Customers / Customer Concentration	• Companies that deal in gas, liquid gas and other related products are its primary target customers • Target customers are midstream oil and gas companies in the XXX and XXX that a) own and use pipelines as a means for transporting their product, and b) companies that use facilities to store their product • Top four customers are expected to represent 62.0% of sales in 2016 and have been associated with Company A an average of 6 years • Currently has a five year maintenance agreement with one of its top customers, XXX (renewing in 2019) • Key clients include XXX (4 yrs), XXX (8yrs), XXX (3yrs), XXX (8 yrs), XXX (2yrs), XXX (8yrs), XXX (8yrs), and XXX (5yrs)

Growth Plan Overview	• **Larger Capital Projects:** With more invested capital and proof of greater financial resources, the management believes it can compete for the larger-scale projects in its area
	• **Geographic Expansion:**
	  • Opportunities in Minnesota, Michigan, Alabama, Mississippi and other states along the East Coast
	  • Increase its sales through geographic expansion

Competition	• Two main competitors
	  • **XXX:** Estimated annual revenues of $XXM and a larger geographic footprint, XXX competes directly with Company A while offering a wider variety of services
	  • **XXX:** Estimated revenues of $XXM, XXX provides a wider variety of services to a larger mix of customers

Industry Overview / Market Share	• The oil and gas pipeline construction industry exhibits a low degree of market concentration
	  • The four largest operators are expected to account for 24.7% of industry revenue
	• According to the "*US Census Bureau County Business Patterns*", only 15.4% of companies employ more than 100 people, including 2.7% of companies employing more than 500 people
	  • This is largely influenced by the heavy reliance on subcontracted work in the industry
	• The oil & gas industry is forecasted to generate revenue at a CAGR of 5.7% to $51.1B in the five years to 2021
	• Over the five years to 2016, the oil and gas pipeline construction industry has experienced strong yet erratic demand due to volatile investment in energy-related infrastructure
	• The number of major projects dipped in 2012, causing revenue to fall 16.0%. Since mid-2014, crude oil and natural gas prices plummeted. This impacted the industry, leading revenue to fall an annualized 5.7% to $38.8B in the five years to 2016, including an expected 11.4% fall in 2016
	• According to *IBISWorld,* the construction of oil and gas pipelines represents the largest revenue segment, generating about 57.8% of industry revenue in 2016
	• The number of industry operators is expected to fall at an annualized rate of 0.3% to 1,818 in the five years to 2016
	• Private-sector clients account for about 88.0% of activity in the industry
	  • This trend is anticipated to continue in the five years to 2021
	• **Regional breakdown:** The largest states in terms of establishments are XXX (26.8%), XXX (6.6%), XXX (5.9%) and XXX (5.5%)
	• The oil and gas pipeline construction industry's revenue is projected to grow at an annualized rate of XX% $XXB in the five years to 20XX, including an 8.9% rebound over 20XX

Company A

Investment Highlights	• **Core of Maintenance Revenue:** Maintenance services revenue is far less susceptible to commodity pressures and industry downturns • **Adaptive Service Mix:** Offers a mix of maintenance and capital construction services to its customers • **Low Employee Turnover:** 75% employee retention rate over the last three fiscal years • **Strong and Established Client Relationships:** 90% of its revenues come from repeat clients • **Capacity for Growth:** Invested heavily in fixed assets and human resources during 2014 and 2015 • **Strategic locations:** The regional footprint it operates in contains ~21% of all oil pipeline companies, 25% of all natural gas pipeline companies, and 31% of all pipeline companies for other refined petroleum • With almost 200 employees, Company A is a **larger than average company** located in one of the most active regions in the industry
Preliminary Questions / Key Risks	• Dependent on steel, oil & gas commodity prices • Strict regulations that makes it difficult for companies to begin and complete projects quickly • Fluctuations in crude oil and natural gas prices, alongside regulatory uncertainty, are expected to continue injecting volatility in the industry • Why have the revenues declined?

Key Financial Statistics / Forecast

($M)	2013A	2014A	2015A	2016	2017P	2018P	2019P	CAGR (2013-15)
Total Revenue								
% Growth								
Gross Profit								
% Margin								
EBITDA								
% Margin								
Working Capital								
% Margin								
CapEx								
% Margin								