TD&Co.
THOMPSON DAVIS & CO.

ESTIMATE CHANGE

March 14, 2024

# NORTH AMERICAN CONSTRUCTION GROUP LTD. | NOA-TSE

*Q4'23/Q1'24 Results Slightly Weaker Than We Hoped; Reiterate $60 Target*

PRICE CAN$31.84

PRICE TARGET CAN$60.00


*Engineering & Construction*

**ADAM R. THALHIMER, CFA**
(804) 644-9949
athalhimer@thompsondavis.com

**KEVIN GAINEY**
(804) 644-6389
kgainey@thompsondavis.com


## KEY TAKEAWAY

NOA reported Q4'23 EBITDA of $101M (+18% yr/yr), which was in line with our forecast but modestly below consensus of $107M. NOA generated strong results in its wholly owned segments, where gross profit came in well above our forecast ($66M vs. $51M). However, this was partially offset by lower joint venture profit ($9M vs. $14M). Several mining projects at its Nuna joint venture underperformed during Q4, but we believe these are nearly complete. NOA maintained its 2024 guidance ranges; however, the company sees Q1 results falling short of our prior expectations. To be conservative, we are lowering our 2024 outlook to the low end of the range. Our EBITDA estimate goes from $450M to $430M (versus guidance of $430M–$470M). We reiterate our CAN$60 12-month price target.

## KEY POINTS

**Reports Q4'23 results in line with our model but below consensus.** North American Construction reported Q4'23 adjusted EBITDA of $101M (+18% yr/yr) versus our estimate of $101M and consensus of $107M. Lower combined revenue ($403M versus our $415M) was offset by higher margins. NOA generated an adjusted EBITDA margin of 25.1% in Q1'24, which was 70 bps above our forecast.

**Solid wholly owned results, offset by weaker joint ventures.** Wholly owned gross profit smashed our Q4'23 forecast ($66M versus our $51M). However, this was partially offset by weaker joint venture profit, which came in at $9M versus our $14M. Management blamed the JV underperformance on Nuna, which was negatively impacted by three underperforming mining jobs in Canada during Q4. These projects are now nearly complete, we believe.

**Solid Q4 free cash flow, leverage below target.** Based on our calculations, NOA generated Q4'23 free cash flow of $75M ($2.80/sh), which was up from $63M last year but below our $90M forecast. Based on management calculations, the company ended 2023 with net debt leverage of 1.7x versus its target of 1.8x. For 2024, management noted that its priority is to pay down debt.

**Combined backlog up at year-end, heading higher.** NOA's combined backlog finished 2023 at $2.7B, including MacKellar, which is up from $782M at the end of Q3'23. After recent awards, management noted that its pro forma backlog is now ~$3.3B. The company appears particularly bullish about bidding in Australia, we believe. Guidance now includes costs to move assets from Canada to Australia.

**Guidance maintained, re-setting expectations.** Management maintained its 2024 adjusted EBITDA guidance of $430M–$470M. However, it expects Q1 EBITDA to be $86M–$94M versus our prior forecast of $120M. Given the slower start to the year, we are lowering our full-year forecast from $450M to $430M. For 2025, our estimate declines modestly from $482M to $464M (+8% yr/yr).

**Reiterate CAN$60 target.** It continues to surprise us that NOA—which generates strong margins, free cash flow, and returns on capital—trades at 3.8x our 2024 EV/EBITDA forecast. In 2024, we forecast adjusted EBITDA margin of 26%, free cash flow of $116M ($4/sh), and ROIC of 10%. We reiterate our $60 price target, which is based on 5.6x our 2025 EV/EBITDA forecast.

**COMPANY STATISTICS**

| | |
|---|---|
| 52-Week Range | $21.14-$34.87 |
| Market Capitalization (M) | $1,051 |
| Average Daily Volume (000s) | 137 |
| Debt/Total Cap | 66% |
| Dividend | $0.40 |
| Shares Outstanding (M) fd | 33.0 |
| Estimated 3-yr EPS Growth | 26% |
| Enterprise Value (M) | $1,655 |
| Float (M) | 29.9 |

**FINANCIALS**

| FYE Dec | | 2022A | 2023A | 2024E | 2025E |
|---|---|---|---|---|---|
| P/E Ratio | | 13.2x | 11.2x | 7.5x | 6.7x |
| EV/EBITDA | | 6.7x | 5.6x | 3.8x | 3.6x |
| Revenue (M) | | $1,054 | $1,274 | $1,633 | $1,680 |
| Gross Inc (M) | | $151 | $204 | $300 | $322 |
| EBITDA (M) | | $245 | $297 | $430 | $464 |
| | | | | | |
| EPS | Q1 | $0.51 | $0.96 | $0.71 | $1.00 |
| | Q2 | $0.17 | $0.47 | $1.16 | $1.25 |
| | Q3 | $0.65 | $0.54 | $1.38 | $1.45 |
| | Q4 | $1.10 | $0.87 | $1.00 | $1.08 |
| **Total** | | **$2.40** | **$2.83** | **$4.25** | **$4.78** |
| **Consensus** | | --- | --- | **$4.41** | **$4.89** |

*Consensus estimates from Visible Alpha; Revenue and Gross Income are for NOA's combined operations, EBITDA and EPS are adjusted.*

*Note: All figures throughout this report are in CAN$ unless otherwise noted.*


Thompson Davis & Co., Inc.
9030 Stony Point Parkway | Suite 100
Richmond, VA | 23235
Main: (804) 644-6380


**Please see analyst certification and important disclosures on page 4 of this report.**

**Valuation.** On an EV/EBITDA basis, NOA shares are trading at 3.8x our 2024 EV/EBITDA forecast. Over the past five years, the company has traded at 3.9x forward EV/EBITDA, on average. Our $60 price target is based on 5.6x our 2025 EV/EBITDA forecast. While this implies multiple expansion, we believe that this is warranted due to NOA's high margins, cash flow, and returns on capital. Note that based on current exchange rates, our US$ price target would be ~$44 (shares are currently trading at $23.46).

**Risks.** Risks to the stock and to the achievement of our price target include macroeconomic conditions, government regulations, labor availability, acquisition integration risks, declining backlog, and large project execution risks. Additionally, while NOA's business is not directly impacted by oil prices, the stock could be negatively impacted by significant commodity price weakness, we believe. Finally, should the MacKellar acquisition fail to perform in line with expectations, our FY'24 and FY'25 estimates could prove aggressive.

## North American Construction Group
**Earnings Model**

*Adam R. Thalhimer, CFA - athalhimer@thompsondavis.com - (804) 644-9949*
*Kevin Gainey - kgainey@thompsondavis.com - (804) 644-6389*

| | 2023A | | | | | 2024E | | | | | 2025E | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Mar | June | Sept | Dec | Dec | Mar | June | Sept | Dec | Dec | Mar | June | Sept | Dec | Dec |
| (CAN$ millions) | Q1 | Q2 | Q3 | Q4 | Year | Q1 | Q2 | Q3 | Q4 | Year | Q1 | Q2 | Q3 | Q4 | Year |
| Excluding Joint Ventures | | | | | | | | | | | | | | | |
| Revenue | $242.6 | $193.6 | $194.7 | $326.3 | $957.2 | $310.0 | $330.0 | $340.0 | $320.0 | $1,300.0 | $330.0 | $335.0 | $345.0 | $330.0 | $1,340.0 |
| Cost of sales | 165.3 | 147.7 | 139.8 | 218.9 | 671.7 | 217.3 | 214.0 | 216.1 | 215.0 | 862.4 | 219.8 | 213.8 | 215.8 | 215.7 | 865.1 |
| Depreciation | 36.4 | 24.4 | 28.6 | 42.0 | 131.3 | 40.0 | 50.0 | 52.5 | 45.0 | 187.5 | 47.5 | 52.5 | 55.0 | 50.0 | 205.0 |
| Gross profit | 40.9 | 21.5 | 26.3 | 65.5 | 154.2 | 52.7 | 66.0 | 71.4 | 60.0 | 250.1 | 62.7 | 68.7 | 74.2 | 64.4 | 269.9 |
| SG&A | 8.2 | 7.2 | 6.9 | 18.7 | 41.0 | 14.0 | 14.0 | 14.0 | 14.5 | 56.5 | 15.0 | 15.0 | 15.0 | 16.0 | 61.0 |
| Stock-based comp. exp. | 5.9 | 4.8 | 5.6 | (0.5) | 15.8 | 5.0 | 5.0 | 5.0 | 5.0 | 20.0 | 5.0 | 5.0 | 6.0 | 6.0 | 22.0 |
| Other operating expense | 1.2 | (0.7) | (0.3) | 1.5 | 1.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Operating income | 25.5 | 10.3 | 14.1 | 45.8 | 95.7 | 33.7 | 47.0 | 52.4 | 40.5 | 173.6 | 42.7 | 48.7 | 53.2 | 42.4 | 186.9 |
| Interest expense, net | 7.3 | 7.5 | 8.1 | 14.0 | 36.9 | 14.5 | 14.5 | 14.0 | 13.5 | 56.5 | 13.0 | 13.0 | 13.0 | 13.0 | 52.0 |
| Equity earnings in affiliaties | (9.5) | (9.4) | (4.5) | (2.4) | (25.8) | (4.2) | (8.8) | (11.4) | (7.7) | (32.2) | (5.3) | (9.1) | (11.7) | (7.7) | (33.8) |
| Other, net | (2.5) | (1.9) | (2.6) | 5.6 | (1.4) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Pre-tax income | 30.2 | 14.0 | 13.1 | 28.6 | 86.0 | 23.4 | 41.3 | 49.8 | 34.7 | 149.3 | 35.0 | 44.8 | 51.9 | 37.1 | 168.7 |
| Income taxes | 8.4 | 1.8 | 1.7 | 10.9 | 22.8 | 6.8 | 12.8 | 15.4 | 10.4 | 45.5 | 10.7 | 13.9 | 16.1 | 11.3 | 51.9 |
| Net income (cont. ops.) | 21.8 | 12.3 | 11.4 | 17.6 | 63.1 | 16.6 | 28.5 | 34.4 | 24.3 | 103.8 | 24.3 | 30.9 | 35.8 | 25.8 | 116.8 |
| Net income attr. to non-controlling | | | | | | | | | | | | | | | |
| Interest from convertibles | 1.5 | 1.5 | 1.5 | 1.5 | 5.9 | 1.5 | 1.5 | 1.5 | 1.5 | 6.0 | 1.5 | 1.5 | 1.5 | 1.5 | 6.0 |
| Diluted net income (cont. ops.) | 23.3 | 13.7 | 12.8 | 19.1 | 69.0 | 18.1 | 30.0 | 35.9 | 25.8 | 109.8 | 25.8 | 32.4 | 37.3 | 27.3 | 122.8 |
| **GAAP EPS** | **$0.71** | **$0.42** | **$0.39** | **$0.58** | **$2.09** | **$0.55** | **$0.91** | **$1.09** | **$0.78** | **$3.33** | **$0.78** | **$0.98** | **$1.13** | **$0.83** | **$3.72** |
| Shares outstanding (diluted) | 32.9 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 | 33.0 |
| Stock-based comp. exp. | $5.9 | $4.8 | $5.6 | ($0.5) | $15.8 | $5.0 | $5.0 | $5.0 | $5.0 | $20.0 | $5.0 | $5.0 | $6.0 | $6.0 | $22.0 |
| Other | (0.9) | (3.5) | (1.2) | 7.6 | 2.1 | (1.5) | (1.5) | (1.5) | (1.5) | (6.0) | (1.5) | (1.5) | (1.5) | (1.5) | (6.0) |
| Tax impact of the above items | (1.6) | (1.1) | (1.5) | (1.6) | (5.8) | (1.0) | (1.1) | (1.1) | (1.1) | (4.2) | (1.1) | (1.1) | (1.4) | (1.4) | (4.9) |
| Adjusted net income | $25.3 | $12.5 | $14.3 | $23.2 | $75.2 | $19.1 | $30.9 | $36.8 | $26.8 | $113.6 | $26.7 | $33.3 | $38.9 | $28.9 | $127.8 |
| **Adjusted EPS** | **$0.96** | **$0.47** | **$0.54** | **$0.87** | **$2.83** | **$0.71** | **$1.16** | **$1.38** | **$1.00** | **$4.25** | **$1.00** | **$1.25** | **$1.45** | **$1.08** | **$4.78** |
| Shares outstanding (adjusted) | 26.4 | 26.4 | 26.7 | 26.7 | 26.6 | 26.7 | 26.7 | 26.7 | 26.7 | 26.7 | 26.7 | 26.7 | 26.7 | 26.7 | 26.7 |
| EBIT (cont. ops.) | $41.0 | $21.8 | $24.1 | $48.1 | $135.0 | $40.4 | $58.3 | $66.2 | $50.7 | $215.6 | $50.4 | $60.2 | $68.0 | $53.2 | $231.8 |
| Change in fair value of cont. cons. | 0.0 | 0.0 | 0.0 | 4.7 | 4.7 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Equity earnings in JVs | (9.5) | (9.4) | (4.5) | (2.4) | (25.8) | (4.2) | (8.8) | (11.4) | (7.7) | (32.2) | (5.3) | (9.1) | (11.7) | (7.7) | (33.8) |
| Equity invesment EBIT | 10.0 | 9.6 | 4.2 | 1.8 | 25.5 | 5.0 | 8.5 | 11.5 | 8.0 | 33.0 | 6.0 | 9.0 | 12.0 | 7.0 | 34.0 |
| Wholly-owned D&A | 36.7 | 24.7 | 28.9 | 42.3 | 132.5 | 40.4 | 50.5 | 53.0 | 45.5 | 189.4 | 48.0 | 53.0 | 55.6 | 50.5 | 207.1 |
| Equity investment D&A | 4.9 | 4.1 | 5.2 | 5.1 | 19.2 | 5.0 | 5.0 | 5.0 | 5.0 | 20.0 | 5.0 | 5.0 | 5.0 | 5.0 | 20.0 |
| Tax effect, other items | 1.6 | 1.1 | 1.5 | 1.6 | 5.8 | 1.0 | 1.1 | 1.1 | 1.1 | 4.2 | 1.1 | 1.1 | 1.4 | 1.4 | 4.9 |
| **Adjusted EBITDA** | **$84.6** | **$51.8** | **$59.4** | **$101.1** | **$297.0** | **$87.6** | **$114.5** | **$125.4** | **$102.5** | **$430.0** | **$105.2** | **$119.2** | **$130.2** | **$109.4** | **$464.0** |
| | | | | | | 20% | 27% | 29% | 24% | | | | | | |
| Including Joint Ventures | | | | | | | | | | | | | | | |
| Revenue, wholly-owned | $242.6 | $193.6 | $194.7 | $326.3 | $957.2 | $310.0 | $330.0 | $340.0 | $320.0 | $1,300.0 | $330.0 | $335.0 | $345.0 | $330.0 | $1,340.0 |
| Revenue, joint ventures | 189.5 | 158.5 | 168.7 | 169.7 | 686.3 | 130.0 | 170.0 | 195.0 | 170.0 | 665.0 | 135.0 | 175.0 | 200.0 | 170.0 | 680.0 |
| Eliminations | (111.5) | (75.1) | (90.8) | (92.5) | (369.9) | (65.0) | (85.0) | (97.5) | (85.0) | (332.5) | (67.5) | (87.5) | (100.0) | (85.0) | (340.0) |
| Revenue, combined | 320.6 | 277.0 | 272.6 | 403.4 | 1,273.6 | 375.0 | 415.0 | 437.5 | 405.0 | 1,632.5 | 397.5 | 422.5 | 445.0 | 415.0 | 1,680.0 |
| Gross profit, wholly-owned | 40.9 | 21.5 | 26.3 | 65.5 | 154.2 | 52.7 | 66.0 | 71.4 | 60.0 | 250.1 | 62.7 | 68.7 | 74.2 | 64.4 | 269.9 |
| Gross profit, joint ventures | 14.8 | 14.7 | 11.5 | 8.7 | 49.6 | 6.5 | 13.6 | 17.6 | 11.9 | 49.6 | 8.1 | 14.0 | 18.0 | 11.9 | 52.0 |
| Gross profit, combined | $55.7 | $36.2 | $37.8 | $74.1 | $203.9 | $59.2 | $79.6 | $89.0 | $71.9 | $299.7 | $70.8 | $82.7 | $92.2 | $76.3 | $321.9 |
| **Backlog** | $445.3 | $289.3 | $233.2 | $2,194.5 | | | | | | | | | | | |
| % yr/yr change | -48% | -66% | -68% | 286% | | | | | | | | | | | |
| **Combined backlog** | $1,129.8 | $922.0 | $781.9 | $2,731.1 | | | | | | | | | | | |
| % yr/yr change | -31% | -43% | -49% | 112% | | | | | | | | | | | |
| **Percent of Sales:** | | | | | | | | | | | | | | | |
| Gross margin, wholly-owned | 16.9% | 11.1% | 13.5% | 20.1% | 16.1% | 17.0% | 20.0% | 21.0% | 18.8% | 19.2% | 19.0% | 20.5% | 21.5% | 19.5% | 20.1% |
| Gross margin, joint ventures | 7.8% | 9.3% | 6.8% | 5.1% | 7.2% | 5.0% | 8.0% | 9.0% | 7.0% | 7.5% | 6.0% | 8.0% | 9.0% | 7.0% | 7.6% |
| Gross margin, combined | 17.4% | 13.1% | 13.9% | 18.4% | 16.0% | 15.8% | 19.2% | 20.3% | 17.8% | 18.4% | 17.8% | 19.6% | 20.7% | 18.4% | 19.2% |
| Adj. EBITDA margin, combined | 26.4% | 18.7% | 21.8% | 25.1% | 23.3% | 23.4% | 27.6% | 28.7% | 25.3% | 26.3% | 26.5% | 28.2% | 29.3% | 26.3% | 27.6% |
| Pre-tax margin | 12.5% | 7.2% | 6.7% | 8.8% | 9.0% | 7.6% | 12.5% | 14.6% | 10.9% | 11.5% | 10.6% | 13.4% | 15.0% | 11.2% | 12.6% |
| Net margin (cont. ops.) | 9.6% | 7.1% | 6.6% | 5.9% | 7.2% | 5.8% | 9.1% | 10.5% | 8.1% | 8.4% | 7.8% | 9.7% | 10.8% | 8.3% | 9.2% |
| SG&A as a % of sales | 3.4% | 3.7% | 3.5% | 5.7% | 4.3% | 4.5% | 4.2% | 4.1% | 4.5% | 4.3% | 4.5% | 4.5% | 4.3% | 4.8% | 4.6% |
| D&A as a % of sales | 13.0% | 10.4% | 12.5% | 11.7% | 11.9% | 12.1% | 13.4% | 13.3% | 12.5% | 12.8% | 13.3% | 13.7% | 13.6% | 13.4% | 13.5% |
| Tax rate | 27.8% | 12.5% | 13.2% | 38.2% | 26.5% | 29.0% | 31.0% | 31.0% | 30.0% | 30.5% | 30.5% | 31.0% | 31.0% | 30.5% | 30.8% |
| **Yr/Yr Change:** | | | | | | | | | | | | | | | |
| Revenue, wholly-owned | 37.3% | 15.2% | 1.8% | 39.8% | 24.4% | 27.8% | 70.5% | 74.6% | (1.9%) | 35.8% | 6.5% | 1.5% | 1.5% | 3.1% | 3.1% |
| Revenue, joint ventures | 51.1% | 26.0% | 4.2% | (7.3%) | 15.1% | (31.4%) | 7.3% | 15.6% | 0.2% | (3.1%) | 3.8% | 2.9% | 2.6% | 0.0% | 2.3% |
| Revenue, combined | 35.5% | 21.5% | 1.1% | 26.0% | 20.8% | 17.0% | 49.8% | 60.5% | 0.4% | 28.2% | 6.0% | 1.8% | 1.7% | 2.5% | 2.9% |
| Gross profit, wholly-owned | 86.4% | 73.1% | 7.1% | 53.7% | 51.9% | 28.8% | 206.5% | 171.4% | (8.3%) | 62.2% | 19.0% | 4.1% | 3.9% | 7.3% | 7.9% |
| Gross profit, joint ventures | 40.4% | 56.0% | (23.9%) | (40.4%) | 0.1% | (56.1%) | (7.2%) | 52.8% | 37.3% | (0.2%) | 24.6% | 2.9% | 2.6% | 0.0% | 4.9% |
| Gross profit, combined | 71.5% | 65.7% | (4.7%) | 29.7% | 34.9% | 6.2% | 119.9% | 135.3% | (3.0%) | 47.0% | 19.6% | 3.9% | 3.6% | 6.1% | 7.4% |
| SG&A | 66.4% | 4.0% | 5.0% | 181.3% | 63.6% | 69.8% | 95.3% | 102.8% | (22.5%) | 37.7% | 7.1% | 7.1% | 7.1% | 10.3% | 8.0% |
| Adjusted EBITDA | 46.6% | 24.5% | (1.2%) | 17.8% | 21.0% | 3.5% | 120.9% | 111.3% | 1.3% | 44.8% | 20.1% | 4.1% | 3.8% | 6.7% | 7.9% |
| Net income | 55.3% | 52.8% | (40.8%) | (30.6%) | (5.8%) | (22.2%) | 118.8% | 179.1% | 34.9% | 59.2% | 42.3% | 7.9% | 4.0% | 5.7% | 11.8% |
| Adjusted EPS | 86.3% | 180.4% | (18.2%) | (21.2%) | 17.8% | (25.3%) | 144.7% | 157.0% | 15.5% | 50.0% | 39.8% | 7.7% | 5.8% | 8.0% | 12.5% |

*Source: Company reports and Thompson Davis & Co. estimates*

## IMPORTANT DISCLOSURES

### *Rating Definitions*

Thompson Davis & Co., Inc. (TD&Co.) uses the performance of the S&P 500 and the Russell 2000 against stock price performance to define its rating system.

**Buy:** Company/Industry has strong fundamentals, attractive valuation; outperforms the relevant indices in over the next 12–18 months

**Hold:** Stock is fairly valued; no compelling reason to buy or sell stock today; cautious about prospects over the next 6–12 months for industry or company; neutral performance relative to the relevant indices.

**Sell:** Fundamentals of industry or company are deteriorating; company not expected to have consistent earnings growth over next 12–18 months or business model is questionable; underperforms the relevant indices in the next 12–18 months.

### *Price Targets*

Price targets, when established, represent our best estimate of the market price of a stock in 12 months. A 12-month price target is highly subjective and the result of numerous assumptions, including company, industry, and market fundamentals, both on an absolute and relative basis, as well as investor sentiment, which can be highly volatile.

### *Analyst Certification*

I, Adam Thalhimer, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject company(ies) and its (their) securities. I also certify that I have not been, am not, and will not be receiving direct or indirect compensation in exchange for expressing the specific recommendation(s) in this report.

## OTHER DISCLOSURES

TD&Co. expects to receive or intends to seek compensation for investment banking services from all the companies that are a subject of this report in the next three months.

The following companies pay TD&Co. for a subscription to our building materials and construction research services, from which our research analyst is partially compensated: AZZ, Comfort Systems, Construction Partners, EMCOR Group, Great Lakes Dredge & Dock, MasTec, North American Construction, Primoris Services, Quanex Building Products, and Quanta Services.

The information and statistics contained herein are based on sources believed to be reliable but is neither all-inclusive nor guaranteed by TD&Co. opinions, if any, reflect our judgment at this time and are subject to change. TD&Co. does not undertake to advise you of changes in its opinion or information. In the course of our firm's regular business, we may be long or short in the securities mentioned and may make purchases and/or sales on them or options to purchase or sell them from time to time in the open market, as a market maker or otherwise, including purchases from or sales to customers on a principal basis. In addition, from time to time, TD&Co., its officers, or employees, including the analyst(s) who prepared this report, may have a position in the securities mentioned in this report. The information and opinions contained in this report are subject to change without notice. Past performance is not indicative of future results. TD&Co. follows some emerging growth companies, whose securities typically involve a higher degree of risk and more volatility that the securities of more established companies. The securities discussed in the reports included in TD&Co. research may be unsuitable for investors, depending on their investment objectives and financial situation and needs. No report, including TD&Co. research, is a recommendation that any particular investor should purchase or sell any particular security in any amount or at all, and is not a solicitation or any offer to purchase or sell from or to any particular investor. For additional information that may be available on the securities mentioned, please contact TD&Co.

Adam Thalhimer and/or family own shares of the following companies: CX, DY, EME, FIX, GLDD, KEYS, MLM, MTZ, NOA, and SLND.

TD&Co. is currently employing artificial intelligence (AI)–powered strategies created by a third party in certain retail accounts. Adam Thalhimer, his family, and/or his retail clients may be invested in these AI-powered strategies. These AI-powered strategies, which are chosen by TD&Co., may hold positions, or trade, in covered companies that are contrary to Mr. Thalhimer's ratings. TD&Co. and Mr. Thalhimer have the ability to choose from the broad type of AI-powered strategies offered by the third party, but they do not have the ability to limit or choose the individual securities that the AI-powered strategy may employ.

Additional information is available upon request. Any recipient of this report seeking further information regarding any securities in this report, or the disclosures for all companies covered in this report, should contact TD&Co. by phone at (866) 200-8002, visit our website, or write 9030 Stony Point Pkwy Ste 100 Richmond, VA 23235.

The securities sold, offered, or recommended are not a deposit, not FDIC insured, not guaranteed by a bank, not guaranteed by any federal government agency, and may go down in value. The opinions expressed are those of the analyst(s) and not those of Thompson Davis & Co., Inc., or its executives.

**DISTRIBUTION OF RATINGS**

Thompson Davis & Co., Inc., rating distribution by percentage (as of March 14, 2024):

| | **#** | **%** |
|---|---|---|
| **BUY** | 24 | 96 |
| **SELL** | 0 | 0 |
| **HOLD** | 1 | 4 |
| **TOTAL** | 25 | 100.0% |