

Infrastructure Services and Products



January 2014

With backlogs registering a mixed performance for the last two quarters and the Architectural Billings Index dipping below the expansionary mark for the first time since Apr 2013, industry executives remain cautious, although they are warming to the signs of a measured expansion as a signal for a more sustainable and longer-term recovery, as opposed to the last boom, which ended abruptly. Public sector spending continues to remain the weak link in the construction recovery given federal, state, and municipal budget woes.

In Dec a two-year bipartisan budget deal was signed into law, and although containing no material provisions to reduce the deficit, it reduces the political uncertainty of another government shutdown generated by ongoing budget battles and eases steep sequester-related spending cuts previously slated for this year. Passage of the budget leaves just one more significant fiscal policy hurdle during the current year – an increase in the federal debt limit. Collectively, these may pave the way for much-needed visibility across industry.

According to the U.S. Department of Commerce, real GDP expanded at an annual rate of 4.1% in Q3 2013, the fastest quarter for economic growth since Q4 2011 (+4.9%). Given the economy grew at a far slower rate in the first half of the year, various economists expect growth to come in closer to 2.5% for 2013 overall, below 2012's 2.8% and in a similar range seen for much of the last

three years. The latest data comes at a time when other signs are also pointing to improved economic performance this year.

Key Report Takeaways

Economic Indicators – After stalling in the mid-\$540s during Q1 2013, the seasonally adjusted annual rate of spending on non-residential construction experienced general upward momentum through Nov 2013 and, based on preliminary estimates, increased to \$583 billion in Nov 2013, representing a slight improvement compared to Nov 2012. The seasonally adjusted YoY% change in non-residential construction spending, however, decelerated over the last several months, after a mixed performance for most of 2013. A fairly tepid recovery has made YoY% growth choppy and elusive in some months.

Private non-residential construction spending has continued to offset weakness in public spending over the last two years. With the exception of Oct 2013, the seasonally adjusted YoY% increase in private spending has outpaced public spending since May 2011. Notable areas of strength include private spending on general building projects (e.g., lodging, office, commercial), as well as in the manufacturing sector, which have offset weakness elsewhere. Rising occupancy rates, declining vacancy rates, general improvement in retail sales and increased manufacturing activity in North America are all driving growth.

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Key Report Takeaways (cont.)

In the Spotlight – Introduced in May 2013 and continuing to move along through the legislative process is Congressman John Delaney’s Partnership to Build America Act, which if passed is expected to make a dent in the oft-cited grade D+ U.S. infrastructure and related \$3+ trillion investment needed by 2020. The act proposes to finance \$750 billion in infrastructure investment and relies on persuading businesses to purchase \$50

billion in below-market-rate, unsecured 50-year Infrastructure Bonds.

M&A Activity – The industry continued its pace of M&A activity as numerous complementary bolt-on and tuck-in acquisitions were announced in the back-half of 2013. Trends remain unchanged headed into 2014.

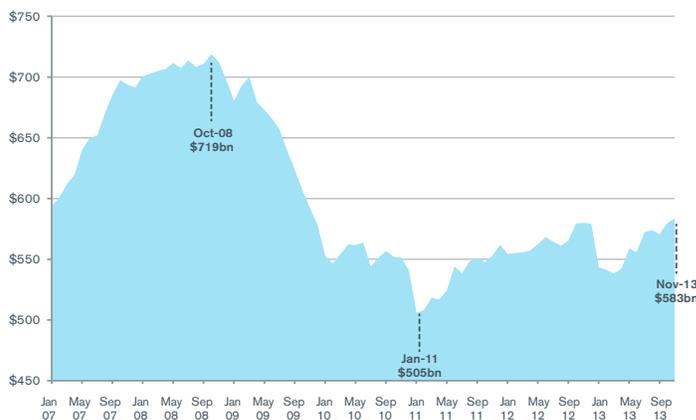
Public Company Metrics – Median stock prices for the Duff & Phelps’ Infrastructure Services and Products Indices are trading at approximately 90-95% of their 52-week highs. Current median EBITDA multiples for the indices are generally trading at or ahead of their respective 1-, 3- and 10-year averages.

Key U.S. Economic Indicators

Non-Residential Construction Put-in-Place

After stalling in the mid-\$540s during Q1 2013, the seasonally adjusted annual rate (SAAR) of spending on non-residential construction experienced general upward momentum through Nov 2013 and, based on preliminary estimates, increased to \$583 billion in Nov 2013. This represents a slight improvement compared to Nov 2012. Actual year-to-date spending through Nov 2013, however, reflects a 1.1% reduction compared to year-ago spending levels. Recall that spending in 2012 increased 6.6% over the prior year, and was the first such annual increase in spending since 2008. And while the final numbers for calendar 2013 are not yet available, a flat YoY% comparison for a non-residential construction recovery which has been long in the making may be a welcome sign.

Non-Residential Construction Spending – Seasonally Adjusted Annual Rate (\$ in billions)



Source: U.S. Department of Commerce

YoY% Change in Non-Residential Construction

The seasonally adjusted YoY% change in non-residential construction spending decelerated over the last several months after a mixed performance for most of 2013, which began with six straight months of YoY% contractions in spending levels. For Nov 2013, SAAR spending increased 0.6% to \$583 billion from \$580 billion for the same period a year ago. A fairly tepid recovery has made YoY% growth choppy and elusive in some months. Various economists and industry executives are warning to the measured expansion as a signal for a more sustainable and longer-term recovery, as opposed to the last boom, which ended abruptly.

YoY% Change in Non-Residential Construction – Seasonally Adjusted Annual Rate



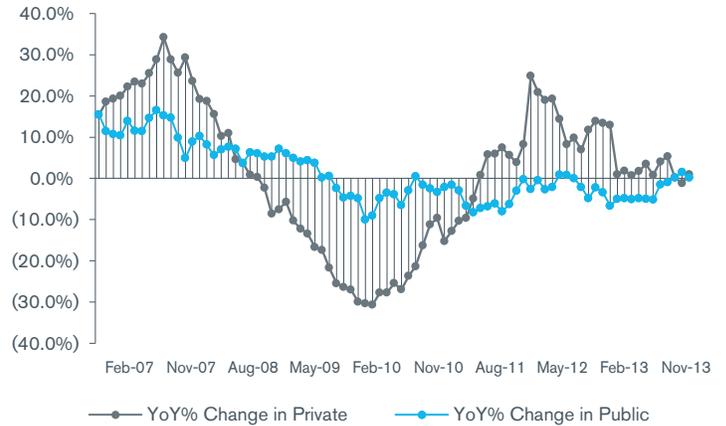
Source: U.S. Department of Commerce

Key U.S. Economic Indicators

YoY% Change in Public vs Private Non-Residential Construction

Not surprising, private non-residential construction spending has continued to offset weakness in public spending over the last two years. With the exception of Oct 2013, the seasonally adjusted YoY% change in private spending has outpaced public spending since May 2011. During this time, private spending levels, largely driven by power-related construction activity, offset constrained public sector spending. More recently, YoY% growth in private spending on general building projects (e.g., lodging, office, commercial) as well as in the manufacturing sector have offset a YoY% decline in spending on power-related construction projects. As illustrated in the graph, public sector construction spending remains the weak link in the construction recovery given federal, state, and municipal budget woes.

YoY % Change in Non-Residential Construction – Seasonally Adjusted Annual Rate

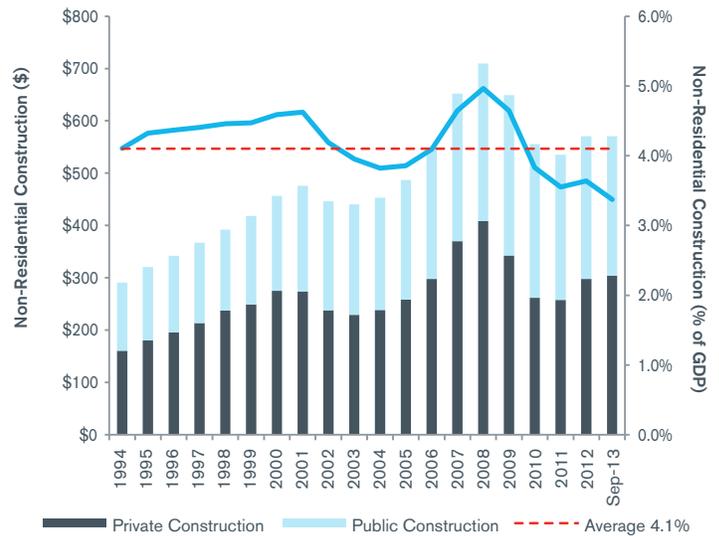


Source: U.S. Department of Commerce

Non-Residential Construction as a % of Current Dollar GDP

Q3 seasonally adjusted annual non-residential construction spending as a percentage of Q3 GDP was 3.4% and continues to tread below its approximate 20-year average of 4.1%. With backlogs registering a mixed performance for the last two quarters and the Architectural Billings Index dipping below the expansionary mark for the first time since Apr 2013, industry participants are cautious and still awaiting a more accelerated recovery.

Non-Residential Construction as a % of Current Dollar GDP (\$ in billions)



Source: U.S. Department of Commerce

Key U.S. Economic Indicators

Non-Residential Construction Put-in-Place – Sub-Sector Analysis

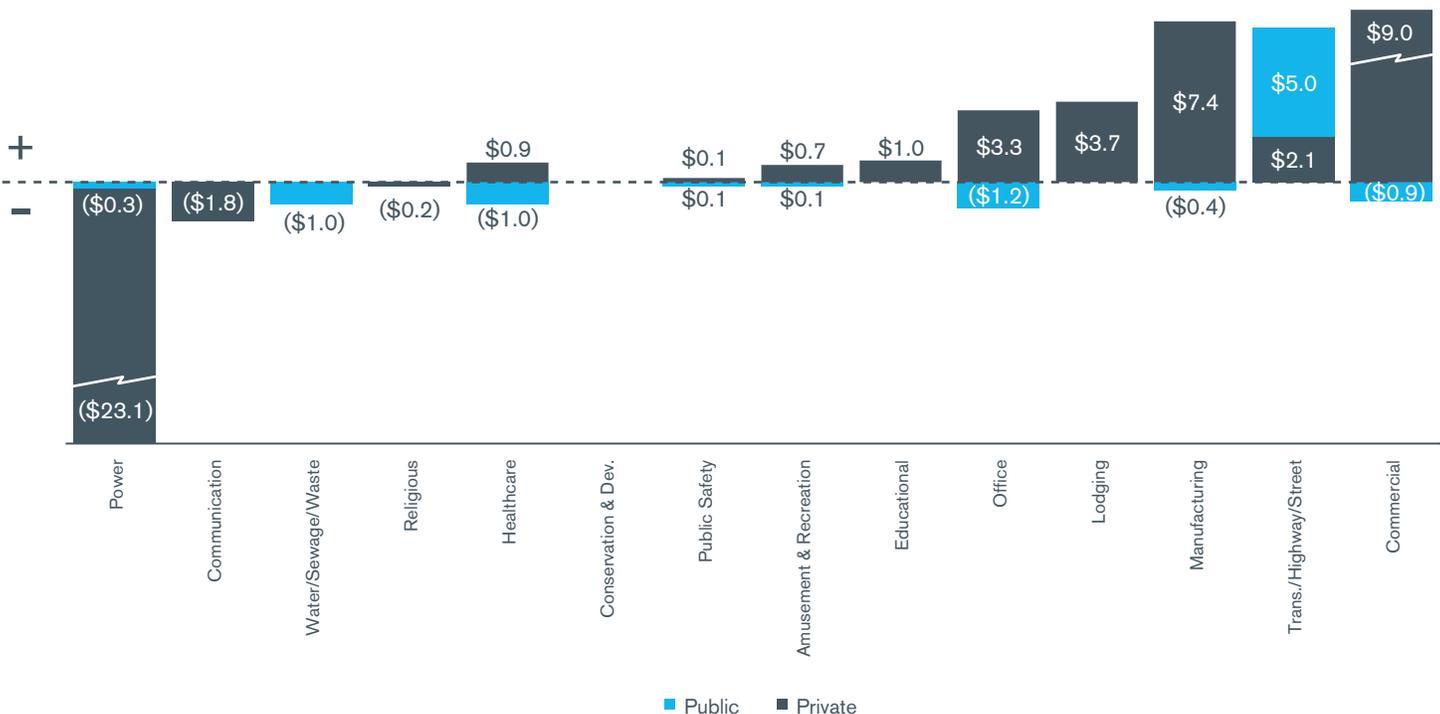
Seasonally adjusted annual spending in the largest sub-sector – transportation / highway / street (which is driven by public spending and accounted for almost 21% of total non-residential construction spending in 2012) – increased 5.9% to \$125.6 billion in Nov 2013 compared to \$118.5 billion in Nov 2012. While the two-year \$120 billion transportation reauthorization bill (MAP-21) signed into law in Jul 2012 provided some stability by maintaining then current spending levels, a longer-term solution is still required to address major current transportation funding shortfalls.

Seasonally adjusted annual spending on power projects, the second largest sub-sector, (which is driven by private spending and accounted for almost 17% of total non-residential construction spending in 2012) – registered a 21.4% YoY decline in Nov 2013, which is not surprising given the record spending on power projects in 2012. To maintain perspective, SAAR spending on power projects totaled \$85.5 billion in Nov 2013, and while down from record levels a year ago, is still moderately ahead of the average monthly SAARs for the last five years of approximately \$83 billion, and well ahead of the average monthly SAARs of \$52 billion for the preceding five-year period. Given aging U.S. generating capacity, rising shale-gas drilling and production, and tightening EPA legislation, spending on power is expected to remain strong.

As noted earlier, increased private spending on general building projects (e.g., lodging, office, commercial), as well as in the manufacturing sector, offset weakness elsewhere. In aggregate, seasonally adjusted annual private spending on lodging (due to rising occupancy rates), office (due to declining vacancy rates) and commercial projects (due to general improvement in retail sales) increased 19.1% YoY in Nov 2013 to \$99.9 billion from \$83.9 billion for the same period a year ago.

Seasonally adjusted annual spending on manufacturing-related construction, which is driven by private spending, increased 15.6% YoY in Nov 2013 to \$54.6 billion from \$47.2 billion in Nov 2012. Increased manufacturing activity in North America generated higher demand for facilities expansion and operations and maintenance services. According to the Federal Reserve, manufacturing capacity utilization edged up to 76.8% in Nov 2013, and is now a full percentage point above Nov 2012 levels. For perspective, it reached a low in 2009 of 64.0%. The historical long-run average is 78.7%, indicating more room for growth.

November 2013 YoY Change in Annual Value of Non-Residential Construction – Seasonally Adjusted Annual Rate (\$ in billions)

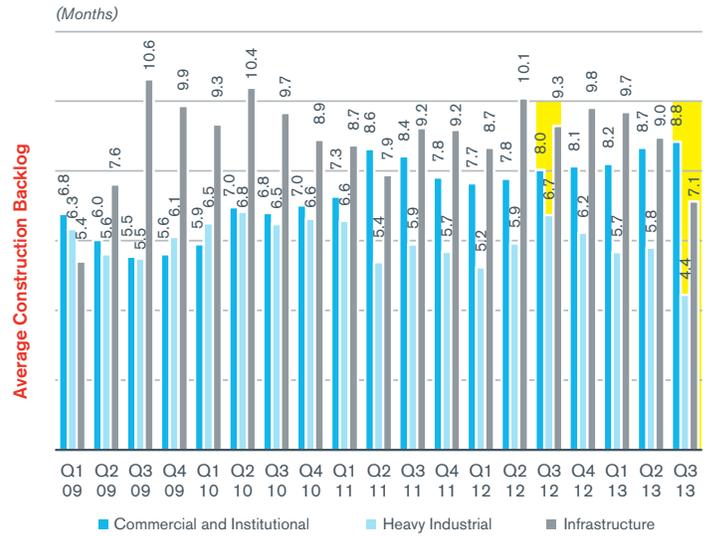


Source: U.S. Department of Commerce

Key U.S. Economic Indicators

Average Construction Backlog

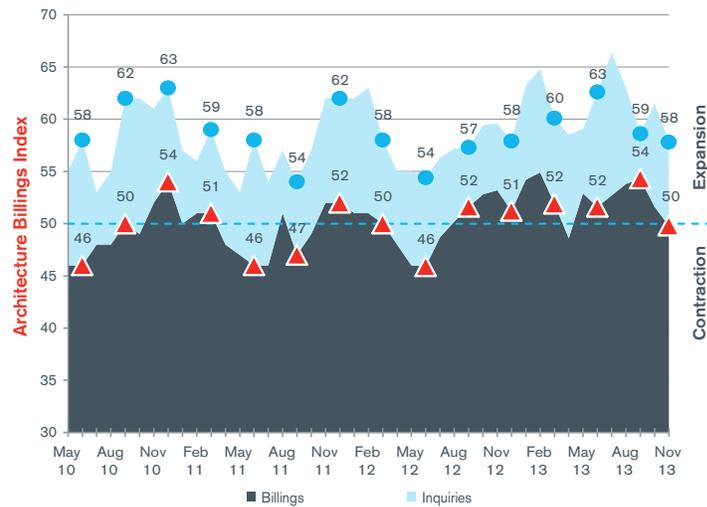
According to Associated Builders and Contractors (ABC), overall construction backlog for Q3 2013 was approximately flat at 8.2 months compared with Q2, and up from 8.0 months in Q3 2012. Notably, the three ABC construction backlog segments registered a mixed performance over the last four quarters. Commercial and Institutional backlog has steadily increased as the economy has improved, driven by rising hotel occupancy rates, declining office vacancy rates and rising consumer outlays. Heavy Industrial backlog declined fairly meaningfully in Q3 2013, which may either be an aberration or else reflective of the decline in spending on power-related construction projects during 2013. Infrastructure backlog declined for the third straight quarter, due primarily to continued federal, state and municipal budget woes.



Source: Associated Builders and Contractors

Architecture Billings Index (ABI)

As a leading economic indicator of construction activity, the ABI reflects the approximate 9 to 12 month lag time between architecture billings and construction spending. For the first time since Apr 2013, the ABI dipped slightly below the expansionary mark of 50 in Nov 2013, recording a 49.8 for the month compared with 51.6 and 54.3 in Oct 2013 and Sep 2013, respectively. As was the case with the last reading below 50 (Apr 2013), the American Institute of Architects suggests that the slight dip may only reflect a temporary lull in the progress of current design projects.



Source: The American Institute of Architects

Key U.S. Economic Indicators

Real GDP Growth

In its final estimate, the U.S. Department of Commerce indicated that real GDP expanded at an annual rate of 4.1% in Q3 2013 (that is, over Q2 2013). This compares to increases of 2.5% in Q2 2013 and 1.1% in Q1 2013. It was the fastest quarter for economic growth since Q4 2011 (+4.9%).

Larger inventories accounted for about 40% of the economic growth during Q3 2013, and that boost may prove unsustainable. Economists expect weaker GDP in Q4 2013, as businesses draw down those inventories and as a result of the impact on the economy from the 16-day government shutdown.

Given the economy grew at a far slower rate in the first half of the year, growth is expected to come in closer to 2.5% for 2013 overall, below 2012's 2.8% and in a similar range seen for much of the last three years. In 2013, economists correctly surmised that increased taxes and sequester-driven reductions in federal spending would drag on growth at the start of the year, and gradually fade. The consensus among economists surveyed by The Wall Street Journal last Jan called for GDP to grow 2.4% in 2013, which looks close to where it could end up.

The latest data comes at a time when other signs are also pointing to improved economic performance next year, including more robust manufacturing activity, some job growth, a climbing stock market and gains in the housing market. Additionally, in Dec a two-year bipartisan budget deal was signed into law. And although containing no material provisions to reduce the deficit, it reduces the political uncertainty of another government shutdown generated by ongoing budget battles and eases steep sequester-related spending cuts previously slated for this year. While the budget deal does not mean an end to fiscal austerity, its passage leaves just one more significant fiscal policy hurdle during the current year – an increase in the federal debt limit. Collectively, these may pave the way for much needed visibility across industry.

According to Reuters, a Dec 2013 poll of more than 60 economists forecasts GDP growth stepping up to a 2.5% annualized rate in Q1 2014 (vs 1.1% in Q1 2013), and reaching 3.0% by year-end.



Source: U.S. Department of Commerce

In the Spotlight

The Partnership to Build America – Investing in Infrastructure

Perhaps old news, but worthy of highlighting, is Democrat Congressman John Delaney's Partnership to Build America Act (H.R. 2084) introduced in May 2013. The act proposes to finance \$750 billion in infrastructure investment using no appropriated funds and has 50 co-sponsors in the House of Representatives (25 Republicans and 25 Democrats). As of Jan 2014, the proposed legislation continues to move along through the legislative process, gathering support from members of both parties.

As described on Congressman Delaney's website, the Partnership to Build America Act would finance the rebuilding of our country's transportation, energy, communications, water, and education infrastructure through the creation of an infrastructure fund using repatriated corporate earnings as well as through utilizing public-private partnerships. The legislation would create the American Infrastructure Fund (AIF), which would provide loans or guarantees to state or local governments to finance qualified infrastructure projects. The states or local governments would be required to pay back the loan at a market rate determined by the AIF to ensure they have "skin in the game." In addition, the AIF would invest in equity securities for projects in partnership with states or local governments.

As reported by The Fiscal Times, the act relies on persuading businesses to capitalize the

proposed AIF with the purchase of \$50 billion in below-market-rate, unsecured 50-year Infrastructure Bonds. The trade-off is that for every dollar invested in the AIF, a company would gain the right to repatriate off-shore earnings tax-free. The exact exchange rate (i.e., dollars of investment to dollars repatriated) would be determined by auction. Delaney, the founder and former CEO of two New York Stock Exchange-traded public companies, estimates a likely ratio of about 1:4.

By way of example, a company that purchased \$1 billion in AIF bonds would gain the right to bring back \$4 billion in overseas profit tax free. That cash would otherwise have been subject to the 35 percent corporate income tax rate.

The AIF would leverage the \$50 billion of Infrastructure Bonds at a 15:1 ratio to provide up to \$750 billion in loans or guarantees.

According to The Fiscal Times, while other efforts to spur infrastructure spending, including President Obama's calls to create a national infrastructure bank in 2008 and 2010, have not found traction on Capitol Hill, Delaney's effort is unique in that it involves no direct spending by the government – meaning it neither increases taxes nor contributes to the deficit. Because participating companies would see their net tax liability on overseas profits reduced, the bill could be construed as a tax cut.

Proposed Benefits

- Creates a large-scale infrastructure financing capability with zero federal appropriations
- Creates significant jobs in the short term and helps U.S. competitiveness in the long term
- Allows for repatriation while ensuring U.S. corporations' tax savings are truly invested in the U.S. economy to grow quality jobs
- Pushes the project selection decisions down to state and local governments who have to have "skin in the game"
- Encourages and creates a framework for growth in public-private partnerships: at least 25 percent of the projects financed through the AIF must be public-private partnerships, for which at least 20 percent of a project's financing comes from private capital using a public-private partnership model

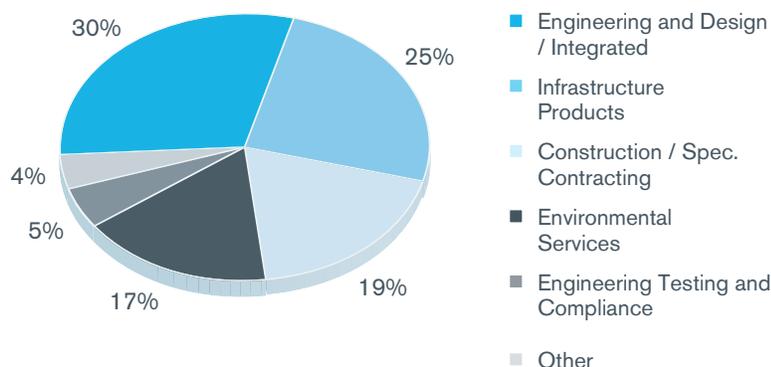
Mergers and Acquisitions Activity

Commentary on M&A Activity

The industry continued its pace of M&A activity as numerous complementary bolt-on and tuck-in acquisitions were announced in the back-half of 2013.

Trends remain unchanged involving both public and private suitors, activity spanning numerous end markets, and continued interest in building out capabilities and expanding into new geographic markets.

Sector Mix for M&A Activity Jul 1, 2013 – Dec 31, 2013



End Markets Legend:

GB – General Building	M – Mining	Tr – Transportation
H – Hazardous Waste	P – Power	W – Water / Sewer / Waste
IP – Industrial / Petroleum	O – Other	
Mfg – Manufacturing	T – Telecommunications	

Select Mergers and Acquisitions Activity July 1, 2013 through December 31, 2013

(in millions of \$)

Date Closed	Target Name	Sector	Major End Markets	Acquirer Name	Enterprise Value	EV / Revenue	EV / EBITDA
Pending	Plaza Construction Corporation	Construction	GB	China Construction America, Inc.	-	-	-
Pending	Williamsburg Environmental Group, Inc.	Environmental Services	Tr, IP, P	Stantec Inc.	-	-	-
Pending	Nuclear Safety Associates, Inc.	Engineering & Design	P	WS Atkins plc	-	-	-
Pending	TNT Crane and Rigging, Inc.	Infrastructure Products	IP, P	First Reserve Corporation	\$650.0	-	-
Pending	Brinkmann Constructors	Construction	GB	Company Employees	-	-	-
Pending	Memstar Pte. Ltd.	Infrastructure Products	W	United Envirotech Ltd.	\$219.7	-	-
12/26/13	Lehman Daman Construction Services, Inc.	Construction	GB	The Rudolph/Libbe Companies, Inc.	-	-	-
12/24/13	Architectural Testing, Inc.	Engineering, Testing & Compliance	GB	Intertek Group plc	\$95.0	-	-
12/13/13	Balfour Beatty WorkPlace Limited	Facilities Management	O	Cofely Ltd.	\$294.6	0.39x	-
12/12/13	A & B Rail Services Ltd.	Specialty Contracting; Infrastructure Products	Tr	TorQuest Partners, Inc.	-	-	-
12/12/13	Sinclair Knight Merz Pty Ltd.	Engineering & Design	GB, P, M, W	Jacobs Engineering Group Inc.	\$1,195.8	1.00x	7.2x
11/28/13	Cambria Gordon Ltd.	Environmental Services	W	Stantec Inc.	-	-	-
11/28/13	Lafarge Cementos S.A. De C.V.	Infrastructure Products	GB, O, Tr	Cementos Argos	\$572.8	-	8.6x

Source: Capital IQ, The Deal, SEC Filings, and company presentations

Mergers and Acquisitions Activity

Select Mergers and Acquisitions Activity July 1, 2013 through December 31, 2013

(in millions of \$)								
Date Closed	Target Name	Sector	Major End Markets	Acquirer Name	Enterprise Value	EV / Revenue	EV / EBITDA	
11/26/13	MARMAC Field Services Inc.	Integrated E&C	IP	Jacobs Engineering Group Inc.	-	-	-	
11/26/13	Brand Energy, Inc.	Infrastructure Products	IP	Clayton, Dubilier & Rice, Inc.	-	-	-	
11/26/13	Harsco Corporation, Infrastructure Division	Specialty Contracting	GB, IP, Mfg, Tr, O	Clayton, Dubilier & Rice, Inc.	\$525.0	0.56x	-	
11/22/13	The Crosby Group and Acco Material Handling Solutions	Infrastructure Products	IP, M, O	Kohlberg Kravis Roberts & Co. L.P.	\$1,010.0	2.49x	10.0x	
11/18/13	68West, Inc.	Engineering & Design	GB	NV5 Holdings, Inc.	-	-	-	
11/15/13	Automated Engineering Services Corp.	Engineering & Design	P	AMEC plc	\$29.0	0.97x	-	
11/12/13	Carmagen Engineering, Inc.	Engineering & Design	IP, P, Mfg, O	Mistras Group, Inc.	-	-	-	
11/8/13	Ball Winch LLC	Infrastructure Products	IP, M, W	LB Foster Co.	-	-	-	
11/5/13	Guimar Engenharia S.A.	Engineering & Design	IP, M, Mfg, O	Jacobs Engineering Group Inc.	-	-	-	
10/25/13	Utilities Services Associates, Inc.	Specialty Contracting	P	First Reserve Corporation	-	-	-	
10/15/13	TREC, Inc.	Environmental Services	IP, M, P, W	Woodard & Curran, Inc.	-	-	-	
10/8/13	Haynes Whaley Associates, Inc.	Engineering & Design	GB	Cardno Limited	\$22.3	1.11x	4.8x	
10/8/13	Michael Baker Corporation	Engineering & Design	Tr, GB, W, IP, H	KS International; Integrated Mission Solutions	\$313.2	0.54x	9.5x	
10/4/13	Confluence Project Management Pte. Ltd.	Engineering & Design	GB, W, O	WS Atkins plc	\$13.5	0.58x	-	
10/4/13	Enardo, LLC	Infrastructure Products	IP, Mfg, W	Emerson Electric Co.	-	-	-	
10/3/13	Sepro Membranes, Inc.	Infrastructure Products	W, Mfg, M	APTwater, Inc.	-	-	-	
10/1/13	Excel Engineering, Inc.	Engineering & Design	P	Ramboll Group A/S	-	-	-	
9/30/13	United States Infrastructure Corporation	Sub-surface Utility Services	O	Leonard Green & Partners, L.P.	-	-	-	
9/30/13	ICC Technologies LLC	Infrastructure Products	W	Infiltrator Systems, Inc.	-	-	-	
9/30/13	Team Four Architects	Engineering & Design	GB	Etegra Consulting, Inc.	-	-	-	
9/24/13	Apache Industrial Services, Inc.	Specialty Contracting	IP, P	MML Capital Partners	-	-	-	
9/19/13	Unitek S.A.	Infra. Products / Specialty Contracting	W, M, IP	RWL Water Group	-	-	-	

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GB – General Building	M – Mining	Tr – Transportation
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Source: Capital IQ, The Deal, SEC Filings, and company presentations

Mergers and Acquisitions Activity

Select Mergers and Acquisitions Activity July 1, 2013 through December 31, 2013

(in millions of \$)								
Date Closed	Target Name	Sector	Major End Markets	Acquirer Name	Enterprise Value	EV / Revenue	EV / EBITDA	
9/16/13	Corporate Energy Consultants Ltd.	Engineering & Design	GB	Henderson Engineers, Inc.	-	-	-	
9/14/13	Management and Technical Resources, Inc.	Environmental Services	IP, M	Apex Companies, LLC	-	-	-	
9/10/13	Russell Redi-Mix Concrete	Infrastructure Products	GB, Tr, O	Coco Group of Companies	-	-	-	
9/4/13	Stewart, Weir & Co. Ltd.	Engineering & Design	IP, P	Opus International Consultants Ltd.	\$85.9	0.99x	8.2x	
9/3/13	Martino Industries, Inc.	Infrastructure Products	IP, Mfg, P, W	RGF Environmental Group, Inc.	-	-	-	
9/3/13	Geo-Marine, Inc.	Integrated E&C	W	Versar Inc.	\$6.5	0.33x	-	
8/31/13	Ampelmann Operations B.V.	Infrastructure Products	P	IK Investment Partners	-	-	-	
8/30/13	Veolia Marine Services	Specialty Contracting	W	Harkand Group	-	-	-	
8/27/13	Eberle Design Inc.	Infrastructure Products	Tr	Brazos Private Equity Partners, LLC	-	-	-	
8/27/13	Met-Pro Corporation	Infrastructure Products	H, IP, Mfg, W	CECO Environmental Corp.	\$175.4	1.60x	12.0x	
8/23/13	Summit Environmental Consultants, Inc.	Engineering, Testing & Compliance	Mfg, O, Tr	S. W. Cole Engineering, Inc.	-	-	-	
8/22/13	Synagro Technologies, Inc.	Environmental Services	W, H	EQT Partners AB	\$465.0	-	-	
8/21/13	J&R Construction, Inc.	Construction	IP, P	Jwright Companies, Inc.	-	-	-	
8/20/13	Utilipath, LLC	Construction	T	NewSpring Capital; Violle, LLC	-	-	-	
8/19/13	Nordco, Inc.	Infrastructure Products	Tr	Greenbriar Equity Group LLC	-	-	-	
8/16/13	McDaniel Lambert, Inc.	Environmental Services	W, O	Intrinsik Inc.	-	-	-	
8/15/13	Dunn Environmental, Inc.	Environmental Services	W	NV5 Holdings, Inc.	-	-	-	
8/13/13	EarthFax Engineering Group, LLC	Engineering & Design	W	Pacific Western Technologies, Ltd.	-	-	-	
8/7/13	SGP Property & Facilities Management Ltd.	Facilities Management	O	Lyceum Capital Partners LLP	\$46.9	0.58x	-	
8/6/13	RKL Building Specialties Co., Inc	Infrastructure Products	GB	Hohmann & Barnard, Inc.	-	-	-	
8/5/13	Good & Roberts Inc	Construction	GB	C. W. Driver, Incorporated	-	-	-	
1/2/14	Permalok Corporation	Infrastructure Products	W, IP	Northwest Pipe Co.	-	-	-	
8/2/13	Controls Southeast, Inc.	Infrastructure Products	IP	Ametek Inc.	\$160.0	3.20x	-	

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Source: Capital IQ, The Deal, SEC Filings, and company presentations

Mergers and Acquisitions Activity

Select Mergers and Acquisitions Activity July 1, 2013 through December 31, 2013

(in millions of \$)								
Date Closed	Target Name	Sector	Major End Markets	Acquirer Name	Enterprise Value	EV / Revenue	EV / EBITDA	
7/31/13	Kodiak Fire Safety & Consulting	Engineering & Design	GB, O	Hughes Associates	-	-	-	
7/30/13	HSA Engineers and Scientists	E&C / Environmental Remediation	GB, IP, Mfg, P, W	Conestoga-Rovers & Associates	-	-	-	
7/30/13	Allstate Power Vac, Inc.	Environmental Services	H, IP, W, O	EQ - The Environmental Quality Company	-	-	-	
7/30/13	Insight Environmental Consultants, Inc.	Engineering, Testing & Compliance	IP, O	Trinity Consultants, Inc.	-	-	-	
7/29/13	Op-Tech Environmental Services Inc.	Environmental Services & Remediation	GB, H, IP, M, O	NRC US Holding Company LLC	\$12.8	0.40x	3.9x	
7/29/13	RepconStrickland, Inc.	Specialty Contracting	IP	EMCOR Group Inc.	\$455.0	1.14x	-	
7/28/13	New England EnviroStrategies, Inc.	Environmental Services & Remediation	W, IP, Mfg	Terracon Consultants, Inc.	-	-	-	
7/24/13	ENGlobal Gulf Coast Engineering Operations	Engineering, Operations & Maintenance	IP, P	Furmanite Corporation	\$21.5	-	-	
7/23/13	Sharon Greene + Associates, LLC	Engineering & Design	Tr	HDR Engineering, Inc.	-	-	-	
7/22/13	Utility Support Systems, Inc.	Engineering & Design	P	TRC Companies Inc.	-	-	-	
7/17/13	San Diego Project Management Services, LLC	Engineering & Design	GB	Cassidy Turley, Inc.	-	-	-	
7/16/13	BHE Environmental	Environmental Services	P, IP	POWER Engineers, Inc	-	-	-	
7/15/13	Boart Longyear, Infrastructure Drilling Operations	Envir. Consulting & Specialty Contracting	M, IP, Tr, Mfg, O	Cascade Drilling, L.P.	-	-	-	
7/12/13	Applied Consultants Inc.	Engineering, Testing & Compliance	P, IP	Nautic Partners, LLC; Triangle Capital	-	-	-	
7/11/13	Analytical Services, Inc.	Engineering & Design	P, Mfg, GB, IP, O	Sullivan International Group, Inc.	-	-	-	
7/9/13	Church & Trought, Inc.	Environmental Services	Mfg, M, IP, H	Trinity Consultants, Inc.	-	-	-	
7/9/13	Pitman, Hartenstein & Associates, Inc., Florida Division	Engineering & Design	T	NV5 Holdings, Inc.	-	-	-	
7/1/13	Brinderson, L.P.	Integrated E&C; Specialty Contracting	IP, P	Aegion Corporaton	\$150.0	0.65x	6.3x	

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Source: Capital IQ, The Deal, SEC Filings, and company presentations

Public Company Metrics

Select Company Performance (\$ in millions, except per share amounts)

Company Information	Market Data				LTM Performance					Multiples		
	Price at 1/2/14	% of 52-week High	Equity Value	Enterprise Value	Revenue	EBITDA	Revenue Growth	EBITDA Growth	EBITDA Margin	EV/LTM Revenue	EV/LTM EBITDA	EV/NTM EBITDA
Engineering and Design												
AECOM Technology Corporation	\$29.22	82.9%	\$2,869	\$3,495	\$8,153	\$456	(0.8%)	4.1%	5.6%	0.43x	7.7x	7.5x
AMEC plc	\$17.67	88.8%	\$5,259	\$5,223	\$6,277	\$518	8.6%	5.9%	8.3%	0.83x	10.1x	8.7x
Arcadis NV	\$34.40	98.1%	\$2,490	\$2,917	\$3,445	\$281	3.9%	23.7%	8.2%	0.85x	10.4x	9.4x
Stantec Inc.	\$60.53	89.0%	\$2,808	\$2,964	\$1,724	\$248	17.3%	19.6%	14.4%	1.72x	12.0x	10.8x
Tetra Tech Inc.	\$27.51	87.4%	\$1,765	\$1,846	\$2,025	\$137	0.1%	(34.2%)	6.8%	0.91x	13.5x	7.7x
WS Atkins plc	\$23.31	98.8%	\$2,270	\$2,075	\$2,922	\$199	7.2%	13.3%	6.8%	0.71x	10.4x	8.9x
WSP Global Inc.	\$28.69	94.6%	\$1,503	\$1,650	\$1,942	\$146	NM	47.2%	7.5%	0.85x	11.3x	9.5x
					Mean		6.1%	11.4%	8.2%	0.90x	10.8x	8.9x
					Median		5.6%	13.3%	7.5%	0.85x	10.4x	8.9x
Integrated Engineering and Construction												
Balfour Beatty plc	\$4.77	97.6%	\$3,266	\$4,522	\$14,231	\$380	(0.6%)	(44.4%)	2.7%	0.32x	11.9x	9.7x
Chicago Bridge & Iron Company N.V.	\$81.57	98.1%	\$8,769	\$10,294	\$9,632	\$815	85.1%	65.1%	8.5%	1.07x	12.6x	9.4x
Fluor Corporation	\$78.87	98.0%	\$12,884	\$10,861	\$28,083	\$1,080	4.8%	(13.4%)	3.8%	0.39x	10.1x	8.0x
Foster Wheeler AG	\$32.15	97.2%	\$3,163	\$2,840	\$3,209	\$265	(15.3%)	(2.1%)	8.2%	0.89x	10.7x	9.5x
Jacobs Engineering Group Inc.	\$62.88	97.8%	\$8,285	\$7,502	\$11,818	\$766	8.5%	9.3%	6.5%	0.63x	9.8x	8.4x
KBR, Inc.	\$30.91	84.2%	\$4,579	\$3,731	\$7,387	\$522	(7.5%)	(13.9%)	7.1%	0.51x	7.1x	5.0x
McDermott International Inc.	\$8.92	66.2%	\$2,110	\$1,986	\$3,138	\$31	(9.4%)	(91.8%)	1.0%	0.63x	NM	7.1x
SNC-Lavalin Group Inc.	\$44.52	95.0%	\$6,758	\$8,788	\$7,981	\$408	5.4%	(37.2%)	5.1%	1.10x	NM	10.8x
URS Corporation	\$52.34	93.8%	\$3,920	\$5,749	\$11,303	\$823	8.8%	6.6%	7.3%	0.51x	7.0x	7.0x
					Mean		8.9%	(13.5%)	5.6%	0.67x	9.9x	8.3x
					Median		4.8%	(13.4%)	6.5%	0.63x	10.1x	8.4x

Source: Capital IQ as of January 2, 2014; for definitions, see page 14

Public Company Metrics

Select Company Performance (\$ in millions, except per share amounts)

Company Information	Market Data				LTM Performance					Multiples		
	Price at 1/2/14	% of 52-week High	Equity Value	Enterprise Value	Revenue	EBITDA	Revenue Growth	EBITDA Growth	EBITDA Margin	EV/LTM Revenue	EV/LTM EBITDA	EV/NTM EBITDA
Construction												
Aecon Group Inc.	\$14.93	98.6%	\$838	\$1,306	\$3,066	\$149	14.9%	11.5%	4.9%	0.43x	8.8x	6.4x
Granite Construction Incorporated	\$34.06	90.2%	\$1,313	\$1,212	\$2,175	\$56	2.7%	(61.8%)	2.6%	0.56x	NM	7.6x
Primoris Services Corporation	\$30.58	97.2%	\$1,577	\$1,623	\$1,887	\$163	31.6%	28.2%	8.6%	0.86x	9.9x	8.8x
Skanska AB	\$20.16	99.0%	\$8,294	\$8,770	\$20,860	\$905	3.5%	13.1%	4.3%	0.42x	9.7x	8.5x
Sterling Construction Co. Inc.	\$11.28	91.2%	\$188	\$204	\$588	(\$6)	0.3%	NM	NM	0.35x	NM	9.0x
Tutor Perini Corporation	\$25.24	95.5%	\$1,214	\$1,862	\$4,191	\$248	1.9%	19.9%	5.9%	0.44x	7.5x	6.5x
					Mean		9.2%	2.2%	5.3%	0.51x	9.0x	7.8x
					Median		3.1%	13.1%	4.9%	0.44x	9.2x	8.1x
Specialty Contracting												
Comfort Systems USA Inc.	\$19.10	91.2%	\$713	\$693	\$1,343	\$65	2.5%	47.7%	4.8%	0.52x	10.7x	9.7x
Dycom Industries Inc.	\$27.45	86.5%	\$927	\$1,397	\$1,798	\$198	49.2%	53.6%	11.0%	0.78x	7.1x	6.8x
EMCOR Group Inc.	\$41.86	95.2%	\$2,810	\$2,784	\$6,366	\$293	1.8%	0.5%	4.6%	0.44x	9.5x	7.7x
Furmanite Corporation	\$11.39	97.1%	\$427	\$461	\$390	\$38	23.8%	91.3%	9.8%	1.18x	12.0x	9.4x
Great Lakes Dredge & Dock Corporation	\$8.95	88.9%	\$532	\$788	\$748	\$50	17.0%	(8.6%)	6.7%	1.05x	NM	8.3x
MasTec, Inc.	\$32.44	91.9%	\$2,506	\$3,341	\$4,098	\$410	16.2%	48.7%	10.0%	0.82x	8.1x	6.5x
Matrix Service Company	\$24.11	97.5%	\$632	\$554	\$909	\$54	16.7%	22.6%	6.0%	0.61x	10.2x	7.9x
MYR Group, Inc.	\$24.71	90.5%	\$523	\$460	\$896	\$85	(9.1%)	17.5%	9.5%	0.51x	5.4x	5.4x
Pike Corporation	\$10.52	66.0%	\$335	\$552	\$867	\$98	14.4%	31.7%	11.3%	0.64x	5.6x	7.3x
Quanta Services, Inc.	\$31.29	99.0%	\$6,754	\$6,456	\$6,379	\$695	19.7%	32.8%	10.9%	1.01x	9.3x	8.5x
Team, Inc.	\$41.80	89.6%	\$862	\$922	\$727	\$70	12.9%	(6.5%)	9.7%	1.27x	13.1x	10.5x
The Churchill Corporation	\$8.70	86.0%	\$216	\$325	\$1,069	\$36	(16.5%)	(19.1%)	3.4%	0.30x	9.1x	7.0x
					Mean		12.4%	26.0%	8.1%	0.76x	9.1x	7.9x
					Median		15.3%	27.2%	9.5%	0.71x	9.3x	7.8x

Source: Capital IQ as of January 2, 2014; for definitions, see page 14

Public Company Metrics

Select Company Performance (\$ in millions, except per share amounts)

Company Information	Market Data				LTM Performance					Multiples			
	Price at 1/2/14	% of 52-week High	Equity Value	Enterprise Value	Revenue	EBITDA	Revenue Growth	EBITDA Growth	EBITDA Margin	EV/LTM Revenue	EV/LTM EBITDA	EV/NTM EBITDA	
Infrastructure Products													
Aegion Corporation	\$21.19	81.2%	\$799	\$1,084	\$1,058	\$104	5.6%	(7.9%)	9.9%	1.02x	10.4x	7.2x	
Eagle Materials Inc.	\$75.51	94.5%	\$3,770	\$4,215	\$804	\$194	43.7%	72.6%	24.1%	5.25x	NM	12.1x	
Harsco Corporation	\$27.85	96.1%	\$2,247	\$3,271	\$2,982	\$427	(3.0%)	(6.7%)	14.3%	1.10x	7.7x	7.6x	
LB Foster Co.	\$46.30	92.6%	\$478	\$382	\$582	\$51	2.3%	13.1%	8.8%	0.66x	7.5x	6.4x	
Martin Marietta Materials Inc.	\$99.54	87.6%	\$4,604	\$5,709	\$2,119	\$337	8.6%	(4.4%)	15.9%	2.69x	NM	12.6x	
Mueller Water Products, Inc.	\$9.19	97.4%	\$1,461	\$1,938	\$1,121	\$156	9.5%	23.6%	13.9%	1.73x	12.4x	10.1x	
National Oilwell Varco, Inc.	\$79.02	93.3%	\$33,828	\$34,934	\$22,382	\$4,090	20.2%	(0.4%)	18.3%	1.56x	8.5x	7.6x	
Northwest Pipe Co.	\$37.97	95.8%	\$359	\$437	\$497	\$49	(1.8%)	23.4%	9.9%	0.88x	8.9x	11.0x	
Texas Industries Inc.	\$66.16	87.9%	\$1,893	\$2,504	\$756	\$80	25.7%	183.3%	10.5%	3.31x	NM	NM	
Trinity Industries Inc.	\$54.15	95.1%	\$4,229	\$7,126	\$4,122	\$912	14.4%	33.2%	22.1%	1.73x	7.8x	6.8x	
Valmont Industries, Inc.	\$147.78	89.6%	\$3,959	\$3,959	\$3,291	\$560	10.9%	32.8%	17.0%	1.20x	7.1x	7.1x	
Vulcan Materials Company	\$58.68	97.6%	\$7,628	\$9,905	\$2,699	\$418	4.9%	2.9%	15.5%	3.67x	NM	NM	
							Mean	11.8%	30.5%	15.0%	2.07x	8.8x	8.8x
							Median	9.0%	18.3%	14.9%	1.64x	8.2x	7.6x

Definitions

Enterprise Value: Market Capitalization + Total Debt + Preferred Equity + Minority Interest – Cash and Short-Term Investments

EBITDA: Earnings Before Interest, Taxes, Depreciation, and Amortization

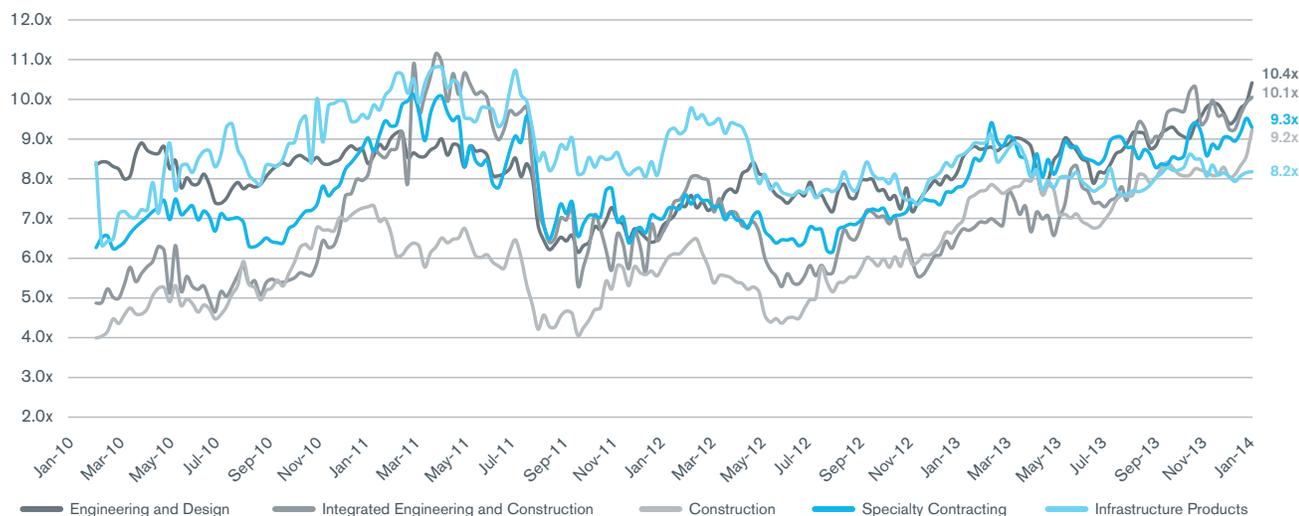
LTM: Last Twelve Months

NTM: Next Twelve Months

Source: Capital IQ as of January 2, 2014

Public Company Metrics

Duff & Phelps' Infrastructure Services and Products Indices – Median EV / EBITDA January 2010 – December 2013



Source: Capital IQ

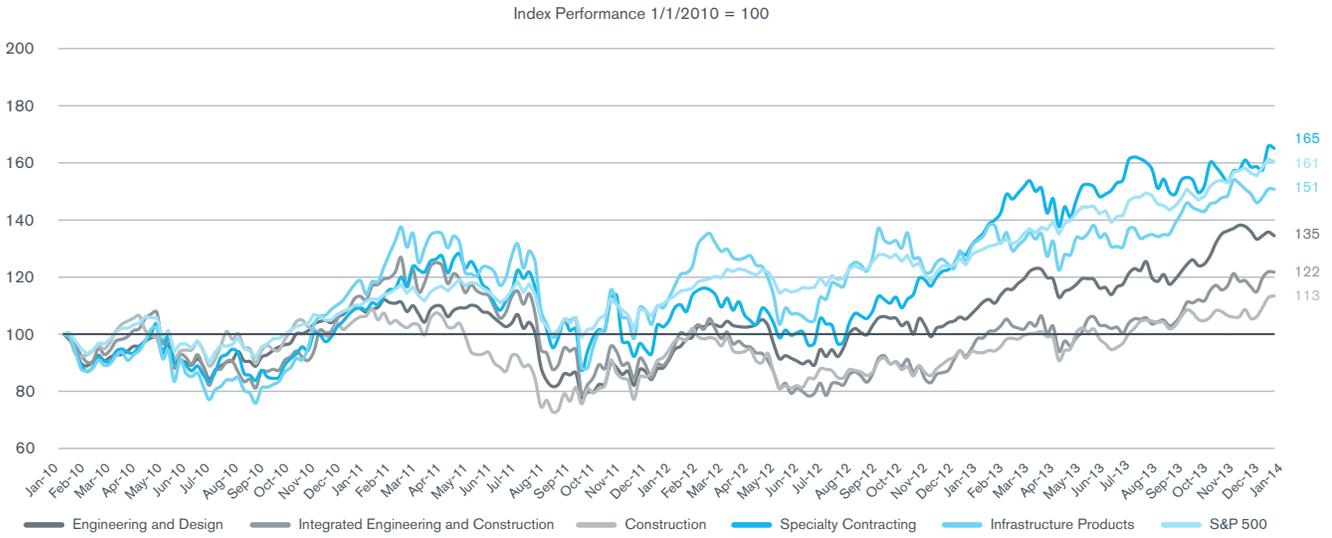
Summary Public Company Metrics

Public Company Group	Median EV/EBITDA Multiples						LTM Median EBITDA Margin	Median Stock Price as a % of 52-Week High
	10-Yr Avg.	3-Yr Avg.	1-Yr Avg.	6-Mo Avg.	Current	NTM		
Engineering and Design	8.6x	8.1x	8.9x	9.2x	10.4x	8.9x	75%	88.9%
Integrated Engineering and Construction	9.6x	7.7x	8.2x	9.1x	10.1x	8.4x	6.5%	97.2%
Construction	6.4x	6.4x	7.7x	8.0x	9.2x	8.1x	4.9%	96.3%
Specialty Contracting	8.8x	8.0x	8.7x	8.8x	9.3x	7.8x	9.5%	90.8%
Infrastructure Products	8.9x	8.6x	8.2x	8.1x	8.2x	7.6x	14.9%	93.9%

Source: Capital IQ

Public Company Metrics

Selected Duff & Phelps' Infrastructure Services and Products Indices vs. S&P 500 Index, January 2010 – December 2013



Source: Capital IQ

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