

FMI's 2017 M&A Trends for Engineering and Construction



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“ As we enter 2017, we identified three trends that we believe could be factors in driving increased M&A activity for the year: The first is speculation over increased infrastructure spending. The second is sustained international interest in the U.S. E&C market. And the third is what could be a shrinking gap between seller and buyer valuation expectations. ”

Alex Miller, Director
FMI Capital Advisors, Inc.



INTERESTING THINGS WE SAW IN 2016

2016 was another robust year of M&A activity in the E&C industry, with notable deals including Stantec's acquisition of MWH Global and the acquisition of J. Fletcher Creamer & Son by APi Group. FMI believes we will continue to see significant M&A activity in 2017, driven by current market trends and the demographic need for owner succession.

This year FMI started what we hope becomes an annual survey of large E&C firms to assess their appetite for acquisitions in the next year. Based on our survey, it appears that in addition to the number of sellers looking to transition ownership, many large firms view acquisitions as a key component to their current growth strategy.

M&A activity remains robust without “megadeal” activity

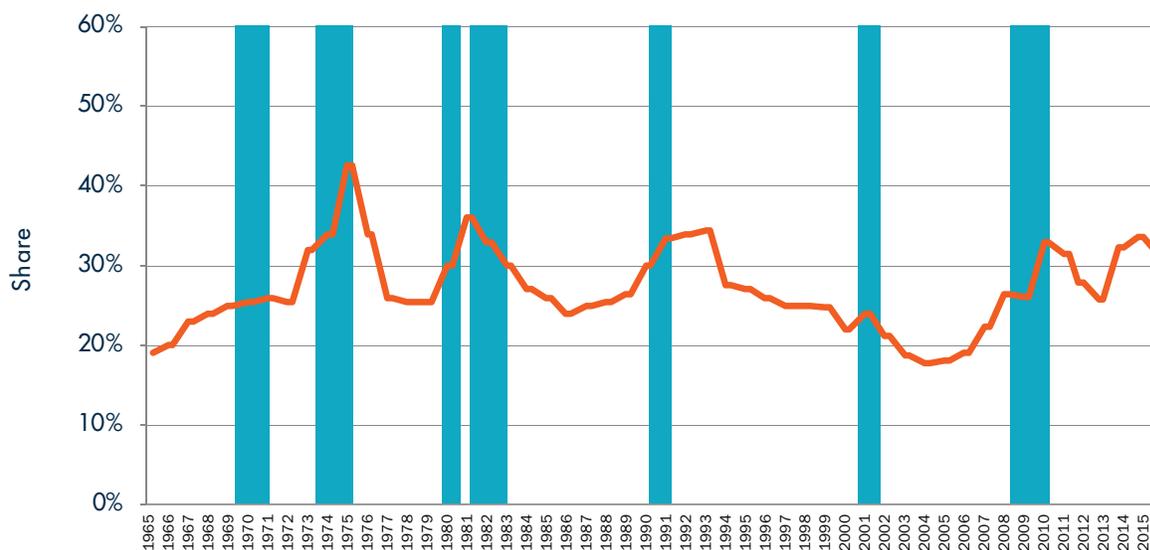
FMI tracked nearly 400 E&C transactions in the United States and Canada in 2016 and found activity to be roughly on pace with that of 2015 and 2014. The difference in 2016, especially when compared to 2014, was that the activity lacked the large megadeals that defined the past few years. The average disclosed deal size in 2016 was \$44 million, less than half of 2014's average deal size, when transactions like AECOM's acquisition of URS and WSP's acquisition of Parsons Brinckerhoff skewed the average deal size higher. In 2016 buyers remained active but focused their attention on niche acquisition. In our survey (see page 11), “pursuing small strategic deals” was rated the highest in terms of best describing a firm's strategy for companies that indicated acquisitions were a current component of their strategy. In addition to large firms pursuing “tuck-in” acquisitions, mid-sized firms that enjoyed a few years of improved operations and cash flow turned to acquisitions in 2016 to grow strategically or to protect their current markets from larger firms, as seen in the next trend.

The continued bifurcation of the industry between very large and smaller niche firms drives M&A activity

As project sizes grow, and as the share of megaprojects rises as a percent of total construction put in place, the demand for large, technically sophisticated firms has increased. Coupled with this is the continued integration of design and construction, both in terms of project delivery and business models. Both trends have led large E&C players to increase their acquisition activity, especially

engineering and design firms. In our survey (see page 9), 79% of firms with over \$1 billion in revenue stated that acquisitions were a current part of their strategy, compared to 42% of firms with less than \$500 million in revenue. Similarly, of the nearly 4,000 M&A transactions FMI has tracked since 2007, roughly 5% were acquisitions by eight firms, primarily large engineering-led companies such as Stantec, WSP Global and AECOM. This trend is less pronounced on the construction side, where competitors are more fragmented, projects are delivered locally, and economies of scale are less pronounced. In the past few years, the ENR 400 has accounted for roughly one-third of all construction put in place in the U.S., a ceiling it has not topped since the 1970s. Despite this, we are seeing increased buyer appetite in the construction segment, especially among self-performing contractors.

ENR 400 SHARE OF TOTAL CONSTRUCTION PUT IN PLACE



Source: ENR; FMI

Self-performing contractors and engineering/consulting firms draw interest, in part due to demand for labor

Much has been written about the battle for skilled employees in our industry, and this demand has caused many firms to turn to acquisitions as a solution. In addition to the higher margins, the barriers to entry created by employing a skilled labor force create a compelling investment profile for self-performing contractors and engineering firms. As an example, EMCOR, the largest specialty contractor in ENR's Top 600 Specialty Contractors, made two sizable acquisitions in 2016 (including the acquisition of Newcomb & Company) after a three-year acquisition hiatus. As Tim Huckaby, president of FMI Capital Advisors, wrote in his article "*Hire or Acquire*," "Although there

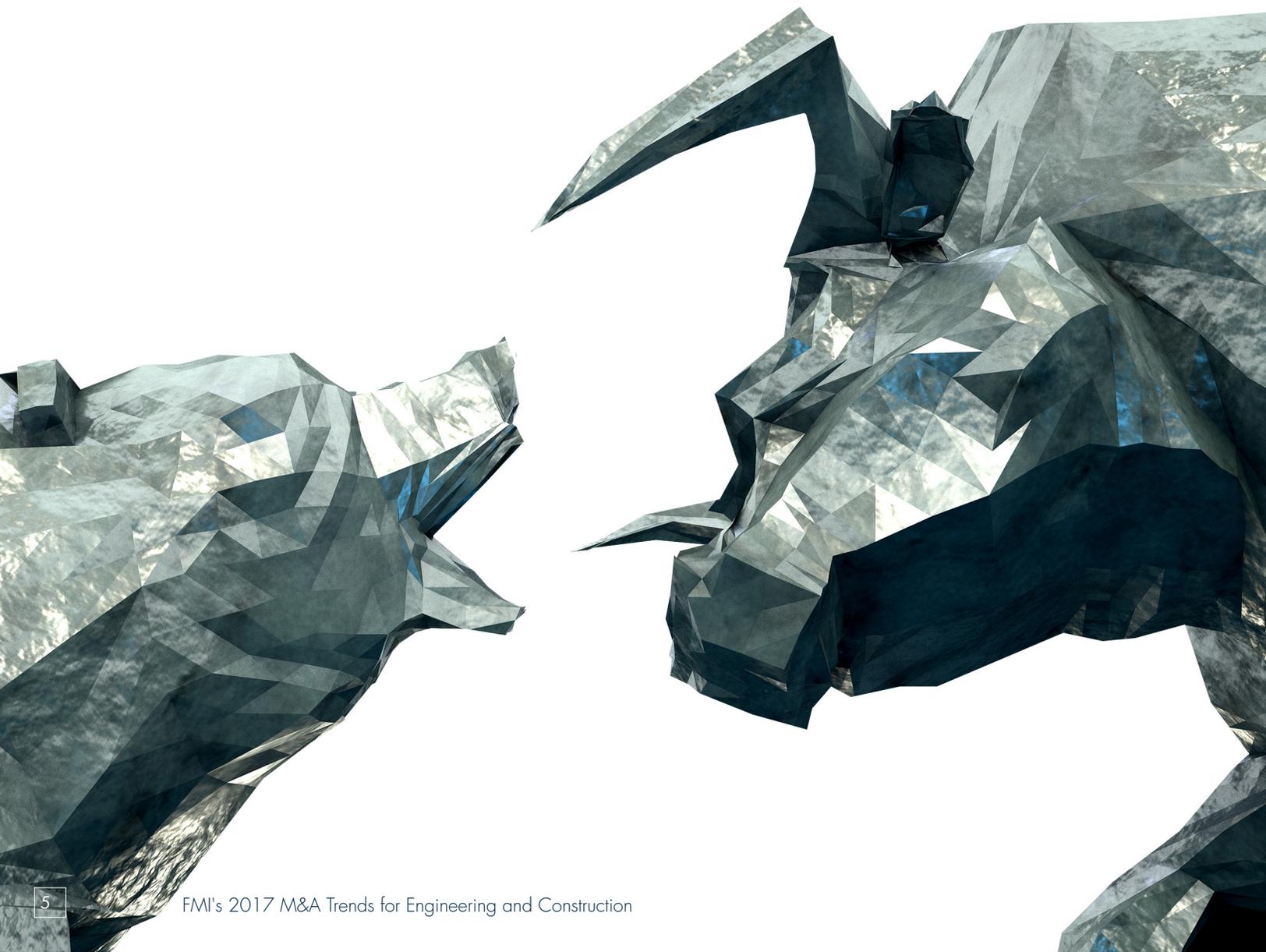
are usually multiple reasons for an acquisition, buyers are placing increasing importance on the acquisition of talent. Among other things, acquisitions can provide buyers immediate access to a large, well-functioning, skilled and tenured employee base.”

Use of third-party capital to facilitate internal transactions, with two notable examples in the building sector

Transferring ownership to family members or employees remains a predominant factor in the E&C industry. In 2016 we saw companies increasingly use third-party capital to facilitate these transactions. Two notable examples were the acquisitions of Clark Construction Group and Structure Tone by their respective management teams. In the case of Structure Tone, select company managers and four outside industry executives invested in the firm to facilitate a transition to all-employee ownership while still providing capital needed to fund growth opportunities, including geographic expansion. In addition to these large examples, smaller firms also are increasingly looking to outside capital as an alternative to seller-financed transitions, leveraging tools such as SBA loans. Firms consider whether this approach makes sense for them, given the issues that can arise from bonding requirements and project-based revenue. ■

“ Buyers today are prioritizing smaller niche acquisitions as opposed to the mega, strategic, industry-defining deals that we've seen in prior years. ”

Alex Miller, Director
FMI Capital Advisors, Inc.

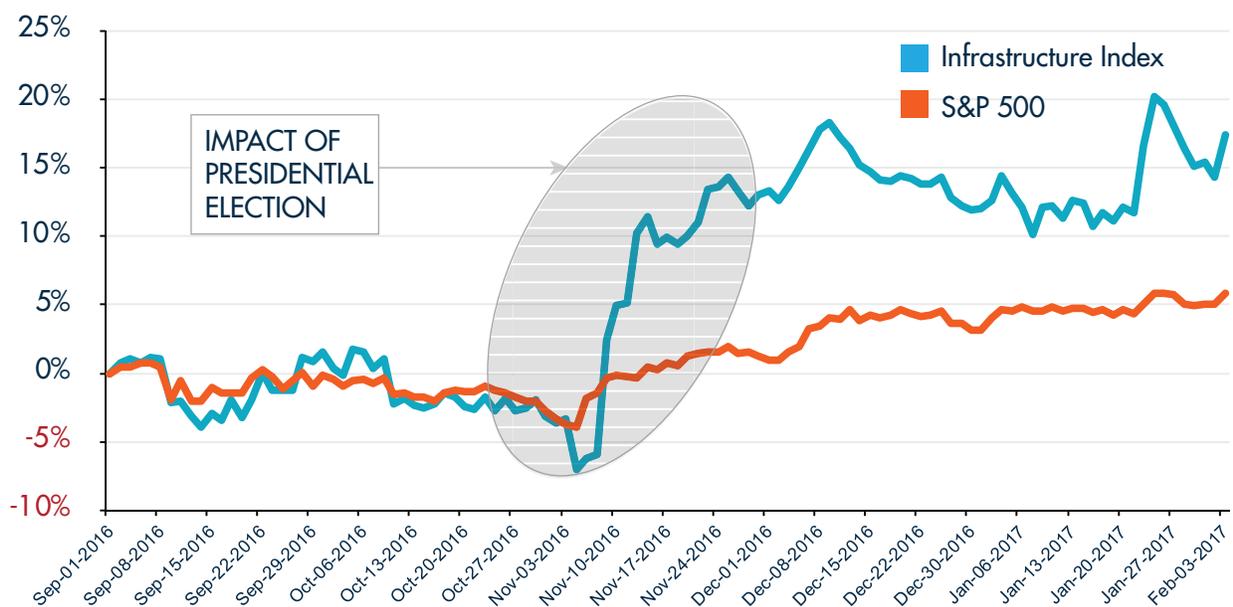


WHAT COULD DRIVE INCREASED M&A ACTIVITY IN 2017?

Speculation from the new presidential administration may lead to increased M&A activity

If public stocks are an indicator of future acquisition activity, then the E&C industry is poised for a robust M&A market in 2017. Following the presidential election, stocks for publicly traded E&C companies tied to the U.S. infrastructure rose dramatically. Investors are speculating that the administration's commitment to national infrastructure upgrades should support increased investments, specifically in civil construction. In addition to increased spending, investors believe reduced regulations will pave the way for increased activity, including in the oil and gas environment where projects such as the Keystone XL and Dakota pipelines should lead to additional midstream buildouts. And while any tangible results from a new infrastructure spending plan would not likely flow through the system until 2019–2020, the speculation over future spending (including increased private capital through public-private partnerships or P3s) may lead large firms to acquire capabilities in advance of forecasted projects. This is especially true of international firms looking to enter or expand in the United States.

INFRASTRUCTURE INDEX VS. S&P 500



Source: Capital IQ FMI

Sustained international interest in the United States should finally result in actual acquisition activity

International interest in the United States infrastructure market has been prevalent since the 1970s, when firms first began entering the market in a significant way. In recent years, the only impediment to increased international acquisitions has been the lack of sellers in specific segments, such as large civil contractors. The evolving nature of procurement (including increased design-build and P3 projects) is causing more firms to consider the benefit of joint venturing or partnering with larger firms that bring significant resources, including project finance capabilities that are often lacking in midsized U.S. firms. For more on this subject, visit our FMI Quarterly article ["History Repeats Itself: A New Wave of International Interest in the U.S. Infrastructure Market."](#)

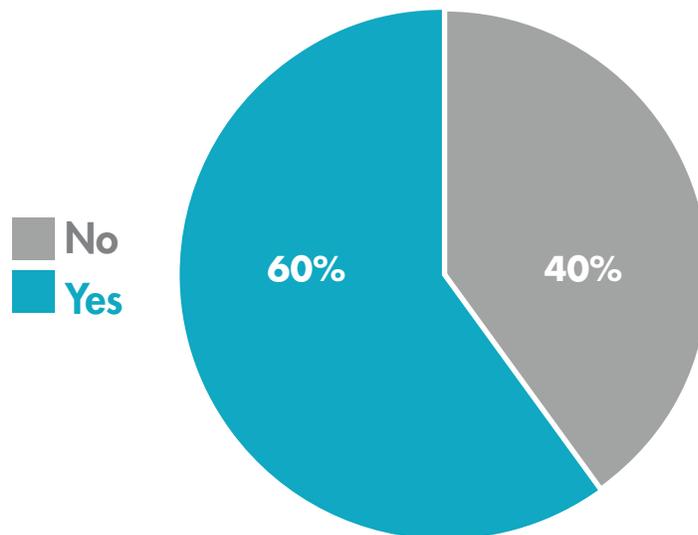
A shrinking gap between buyer and seller expectations would lead to more activity

One of the largest impediments to recent M&A activity is the gap between seller and buyer valuation expectations. In our survey (see page 13), “seller expectations” was rated as the top concern for buyers when determining a valuation. While this remains a predominant factor, many firms have enjoyed a few years of positive performance and now have the earnings to support an increased valuation. If buyers are bullish on the foreseeable future, the expectation of future earnings—and the sustained recent financial history of targets—should result in smaller discrepancies between buyer and seller valuations. ■

2017 M&A TRENDS SURVEY

FMI surveyed CEOs and CFOs of large general contractors (over \$500 million in revenue), specialty contractors (over \$100 million in revenue), and engineering and integrated E&C firms (over \$100 million in revenue) about their current acquisition strategies. We found that acquisitions are a component of most participants' current strategy, with many firms prioritizing small strategic deals over major transformational acquisitions. For those firms currently considering an acquisition, the ability to integrate effectively was identified as the most important factor in achieving a successful transaction.

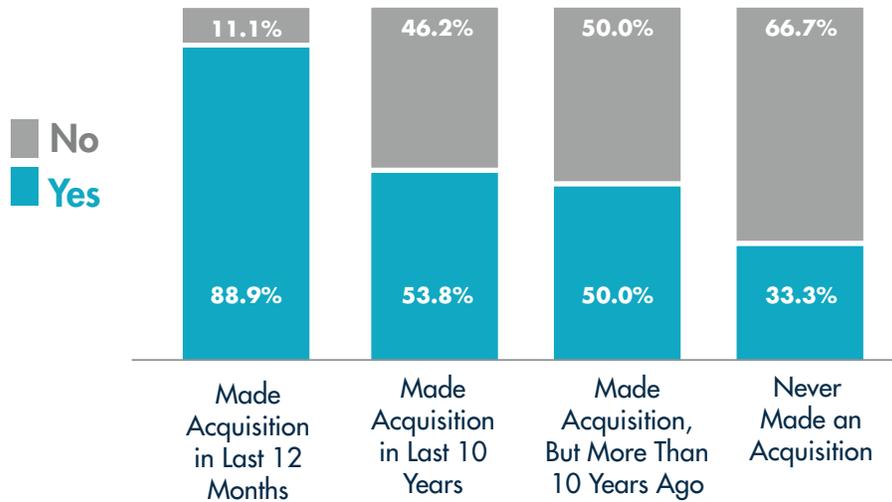
ARE ACQUISITIONS A PART OF YOUR CURRENT STRATEGY?



Source: 2017 FMI M&A Trends Survey

RECENT ACTIVITY

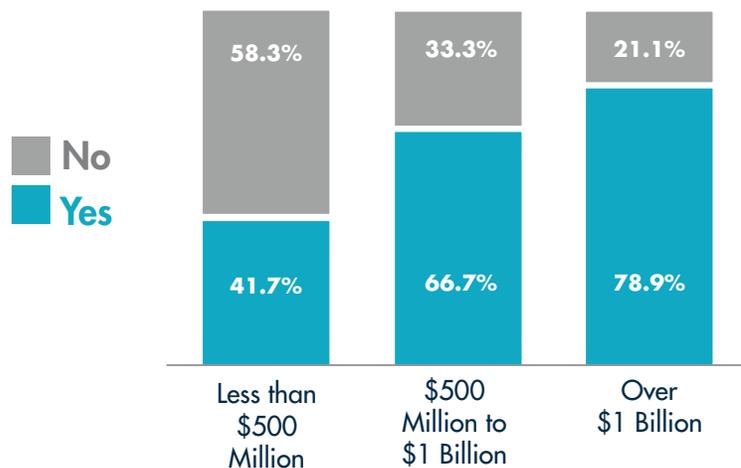
Firms that have made an acquisition in the past 12 months were much more likely to indicate that acquisitions are a current component of their strategy.



Source: 2017 FMI M&A Trends Survey

REVENUE SIZE

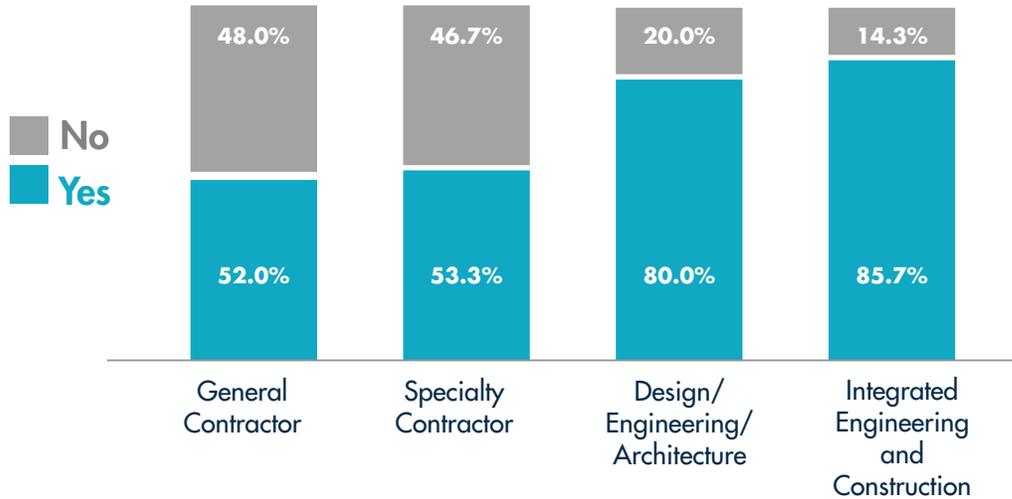
Larger firms are more acquisitive, with 79 percent of firms recording revenues over \$1 billion stating acquisitions are a current component of their strategy.



Source: 2017 FMI M&A Trends Survey

COMPANY TYPE

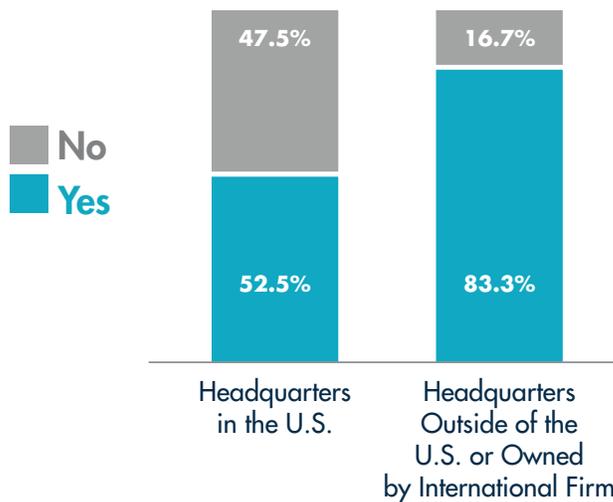
Mirroring recent deal history, engineering and integrated E&C firms indicated they were much more likely to be acquisitive in 2017, with 83 percent stating acquisitions were a current component of their strategy.



Source: 2017 FMI M&A Trends Survey

HEADQUARTER LOCATION

As stated earlier, international firms remain interested in entering the U.S. market through acquisition, with 83 percent of firms headquartered outside the U.S. or owned by an international firm indicating acquisitions were a current component of their strategy.



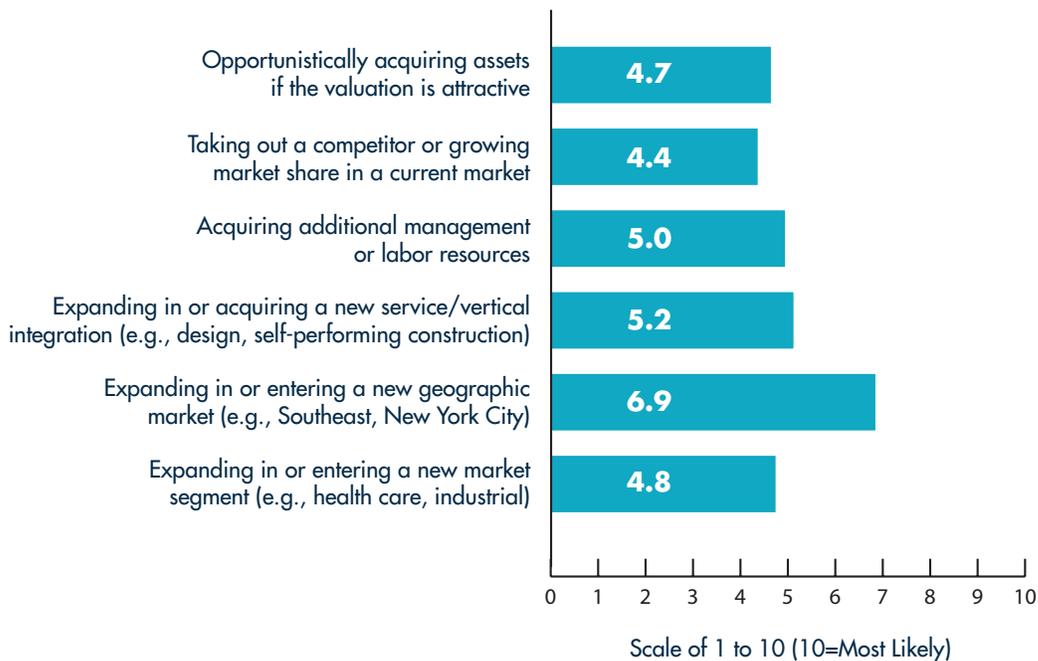
Source: 2017 FMI M&A Trends Survey

WHICH OF THE FOLLOWING BEST DESCRIBES YOUR ACQUISITION STRATEGY OVER THE NEXT 12-18 MONTHS?



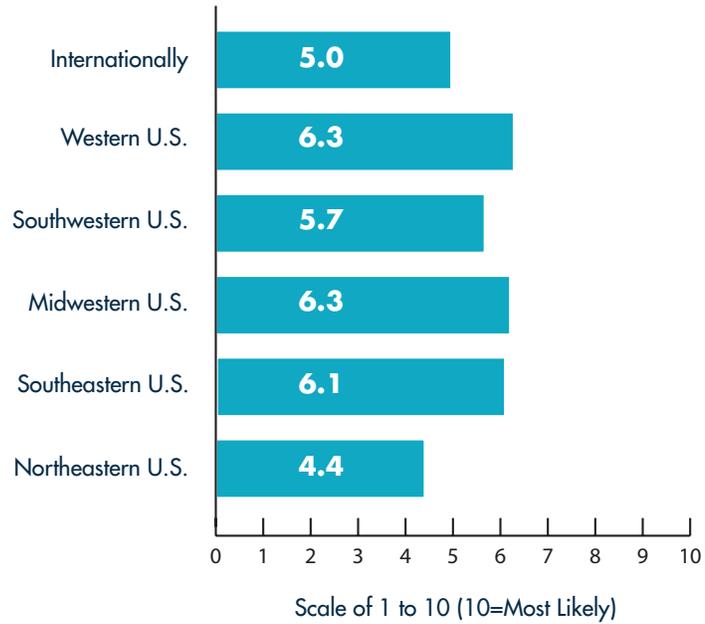
Source: 2017 FMI M&A Trends Survey

IF YOU WERE TO CONSIDER AN ACQUISITION, HOW LIKELY ARE THE FOLLOWING TO BE STRATEGIC DRIVERS FOR THE ACQUISITION?



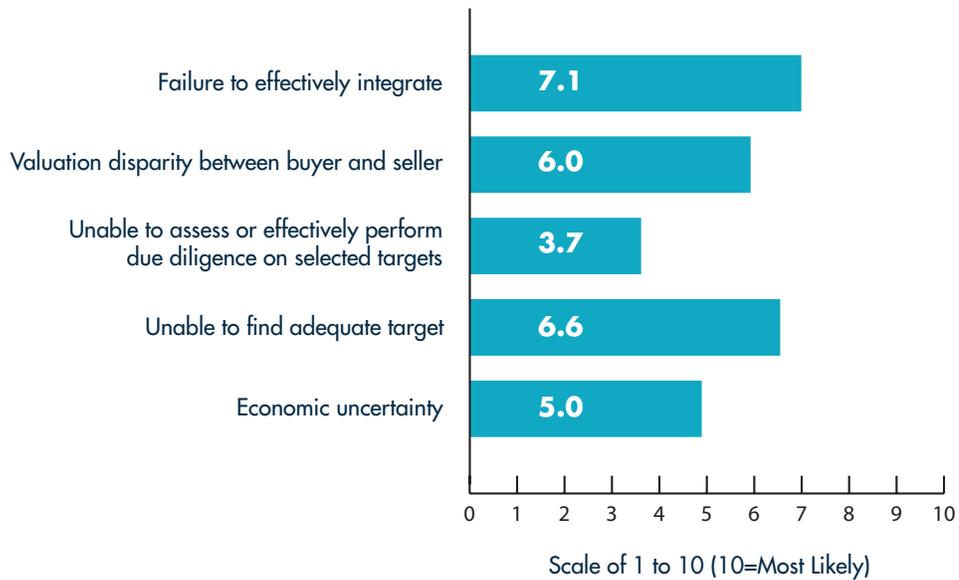
Source: 2017 FMI M&A Trends Survey

IF GEOGRAPHIC EXPANSION IS PART OF YOUR ACQUISITION STRATEGY, PLEASE APPLY A VALUE TO EACH OF THE GEOGRAPHIES BASED ON THEIR STRATEGIC IMPORTANCE.



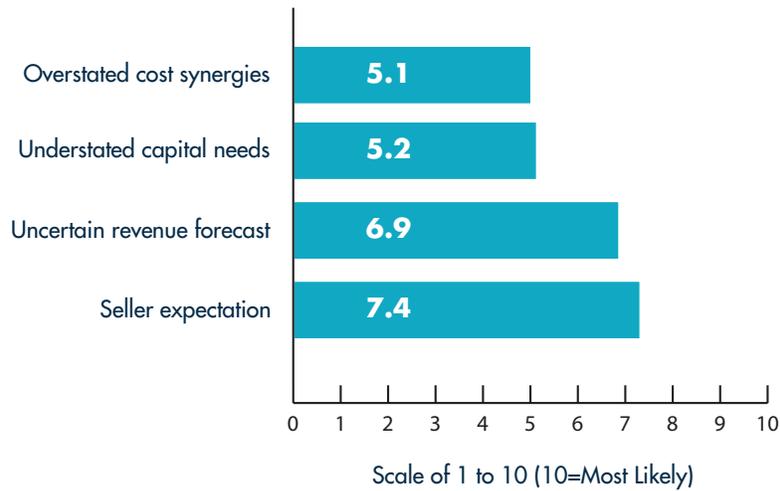
Source: 2017 FMI M&A Trends Survey

HOW IMPACTFUL ARE THE FOLLOWING ISSUES TO ACHIEVING A SUCCESSFUL M&A TRANSACTION?



Source: 2017 FMI M&A Trends Survey

HOW IMPACTFUL ARE THE FOLLOWING ISSUES IN DETERMINING A VALUATION?



Source: 2017 FMI M&A Trends Survey

HOW IMPACTFUL ARE THE FOLLOWING ISSUES IN ENSURING A SUCCESSFUL ACQUISITION?



Source: 2017 FMI M&A Trends Survey

RECENT FMI E&C TRANSACTIONS

STRUCTURETONE
Organization *

Shareholders, management and employees have partnered with

GIS
Global Infrastructure Solutions
to complete an ownership transition

GIS was recently formed by industry executives to partner with existing stakeholders to create effective ownership transitions

FERREIRA

has acquired certain assets of

Marks Brothers, Inc. *

Enovity
Higher Performance Places *

has been acquired by

VEOLIA

res

a portfolio company of

KKR

has merged with

ANGLER
ENVIRONMENTAL *

BRIGADIER PIPELINES INC.
A CENTURI COMPANY
a subsidiary of

CENTURI
CONSTRUCTION GROUP

has acquired selected assets of

ETI *

A CENTURI COMPANY

J. FLETCHER CREAMER & SON
ORGANIZAÇÃO E PROGRESSO *

has been acquired by

API Group, Inc.

Groom energy *

has been acquired by

dk energy
GROUPE EDF

KOVACH
BUILDING ENCLOSURES *

has been recapitalized in partnership with

AVCapital

NEWCOMB and Company
Your comfort is our business. *

has been acquired by

EMCOR
Build. Power. Service. Protect.

TRAYLOR
TRAYLOR BROS., INC. *

acquired an interest in

Felker Sterling Holdings *

(includes Sterling Boiler and Mechanical, L.L.C., A&D Constructors, L.L.C. and SMGF, L.L.C.)

ost energy *

has been acquired by

Edif ERA

E.S. Boulos Company
ESB
Electrical Contractors

a subsidiary of

Northeast Generation Services, Inc. *

an Eversource company

has been acquired by

MYR GROUP

PARIC
EXPERIENCE. EXCELLENCE. *

has purchased select assets from

HENNING
HENNING CONSTRUCTION CO., LLC
SINCE 1924

and

We Lease, L.C.

NATIONAL HVAC SERVICE

has been acquired by

ServiceLogic *

Building Efficiency and Sustainability

Funds managed by

OAKTREE
GFI Energy Group

made an investment in

KIRLIN *

* Represented by FMI Capital Advisors

NOTABLE DEALS IN 2016

Announced Date	Target	Buyers/Investors
Jan-16	Target Engineering Group, Inc.	Keystone Capital, Inc.
Jan-16	Kovach, Inc.	AV Capital Holdings, LLC
Jan-16	Nova Group, Inc.	Quanta Services, Inc.
Jan-16	TOPCOR Services, LLC	Structural Group, Inc.
Jan-16	Marvin Stein & Associates LLC	NELSON & Associates Interior Design and Space Planning, Inc.
Jan-16	Petrin Corporation	Brown & Root Industrial Services LLC
Jan-16	Trademark HITT	HITT Contracting Inc.
Jan-16	Source Refrigeration & HVAC, Inc.	Audax Group, Inc.
Jan-16	Kennedy Consulting Inc	Johnson, Mirmiran & Thompson, Inc.
Jan-16	Uniti Fiber	Communications Sales & Leasing, Inc. (NasdaqGS:CSAL)
Jan-16	Cortel Inc. and TowerCom Technologies LLC	Ridgmont Equity Partners; SR Capital Advisors, LLC
Jan-16	Triangle Surveying & Mapping, Inc.	Maser Consulting P.A.
Jan-16	Summit Mechanical	Harris Contracting Company
Jan-16	EPN Group LLC	Pennoni Associates Inc.
Jan-16	Weatherly Inc., Plinke GmbH and Chematur Ecoplanning Oy	KBR, Inc. (NYSE:KBR)
Jan-16	Clark Construction Group, LLC	Management
Jan-16	LCR Contractors, Inc.	Sand Oak Capital LLC
Jan-16	Solarrus Corporation	Oaktree Capital Management, L.P.
Jan-16	Katerra Inc.	Icreate Investments Limited
Jan-16	Slayden Constructors, Inc.	MWH Constructors, Inc.
Feb-16	Genesys Engineering	Willdan Group, Inc. (NASDAQ:WLDN)
Feb-16	ShoffnerKalthoff Family of Companies	Comfort Systems USA, Inc. (NYSE:FIX)
Feb-16	OpTerra Energy Group, Inc.	Cofely USA Inc.
Feb-16	Genesys Engineering, P.C.	Willdan Energy Solutions, Inc.
Mar-16	Preble Rish, Inc.	The Dewberry Companies Inc.
Mar-16	Parker, Messana & Associates, Inc.	Barry-Wehmiller Design Group, Inc.
Mar-16	Lithko Contracting, Inc.	The Pritzker Organization
Mar-16	Leidos Constructors LLC and Select Design Assets	The Haskell Company
Mar-16	Sunnova Energy Corp.	Energy Capital Partners
Mar-16	Ardent Services, L.L.C. and Rabalais Constructors, LLC	EMCOR Group, Inc. (NYSE:EME)
Mar-16	AV Rail Contracting Ltd.	Allied Track Services Inc.
Mar-16	Abengoa Vista Ridge LLC	Garney Holding Company, Inc.
Mar-16	Limbach Holdings LLC	Limbach Holdings, Inc. (NasdaqCM:LMB)
Mar-16	Sanexen Environmental Services Inc.	Logistec Corporation (TSX:LGT.B)
Mar-16	MWH Global, Inc.	Stantec Inc. (TSX:STN)
Mar-16	American Scaffold Inc.	J.F. Lehman & Company, Inc.
Apr-16	Newcomb and Company	EMCOR Group, Inc. (NYSE:EME)
Apr-16	The Van Dyke Technology Group, Inc.	Jacobs Engineering Group Inc. (NYSE:JEC)
Apr-16	Alpine Insulation Co., Inc.	Installed Building Products, Inc. (NYSE:IBP)
Apr-16	Pepper-Lawson Construction, L.P.	Webber, LLC
Apr-16	Sheehan Pipe Line Construction Company	Ritchie Bros. Auctioneers (America), Inc.
Apr-16	Parfab Industries, LLC	Trive Capital
Apr-16	Sentinel Group, LLC	Signal Holdings, LLC
Apr-16	Sitewise Corporation	Track Utilities, Inc.
May-16	Sterling Boiler & Mechanical, LLC	Traylor Bros, Inc.

NOTABLE DEALS IN 2016

Announced Date	Target	Buyers/Investors
May-16	Stevenson & Associates, Inc.	JENSEN HUGHES, Inc.
May-16	Bovis Lend Lease LMB, Inc., (N.Y. and Raleigh)	LeChase Construction Services, LLC
May-16	Wyle Inc	KBR Holdings
May-16	Southern Air & Heat Holdings, LLC	MSouth Equity Partners
Jun-16	J. Fletcher Creamer & Son, Inc.	APi Group, Inc.
Jun-16	Darg, Bolgrean, Menk, Inc.	Barr Engineering Company
Jun-16	Resource Environmental Solutions, LLC	KKR & Co, LLC
Jun-16	Merritt & Harris, Inc.	Jones Lang LaSalle Incorporated (NYSE:JLL)
Jun-16	CNA, Inc.	EN Engineering, LLC
Jul-16	Enterprise Trenchless Technologies, Inc. and ETTI Holdings	Brigadier Pipelines Inc.
Jul-16	Hylan Datacom & Electrical Inc	TZP Group; Flexis Capital LLC
Jul-16	Coym, Rehmet, and Gutierrez Engineering, L.P.	LJA Engineering, Inc.
Aug-16	Rice Group Inc.	Harris Group Inc.
Aug-16	Critchfield Pacific, Inc.	Macquarie Infrastructure Corporation (NYSE:MIC)
Aug-16	ROC Geotechnical Consulting Engineers, PLLC	Terracon Consultants, Inc.
Aug-16	Nexamp, Inc.	Rising Sun Solar, LLC
Aug-16	Tecta America Corp.	ONCAP
Aug-16	Edwards & Zuck, D.P.C.	Stantec Inc. (TSX:STN)
Aug-16	Process Power & Control, Inc.	Loenbro, Inc.
Aug-16	HEPACO, LLC	Gryphon Investors
Sep-16	Clean Harbors Catalyst Services LP	Zachry Holdings, Inc.
Sep-16	J&G Concrete Operations, LLC	Hanson Pipe & Precast LLC
Sep-16	Americon Construction Inc.	HITT Contracting Inc.
Sep-16	Groom Energy Solutions LLC	DK Energy US LLC
Oct-16	Angler Environmental	Resource Environmental Solutions, LLC
Oct-16	Cumberland County Glass Inc.	The Dwyer Group, Inc.
Oct-16	Lighting Retrofit International, LLC	DFW Capital Partners
Oct-16	CCI Group Inc.	McIntosh Perry Consulting Engineers Ltd.
Oct-16	Nexus Corporation	Gibraltar Industries, Inc. (NasdaqGS:ROCK)
Oct-16	Terra Millennium Corporation	Court Square Capital Partners L.P.
Oct-16	Contech Holdings, Inc	Quikrete Holdings, Inc.
Oct-16	Cumming Construction Management, Inc.	Tailwind Capital Group, LLC
Oct-16	JBA Consulting Engineers, Inc.	NV5 Global, Inc. (NasdaqCM:NVEE)
Nov-16	So-Deep, Inc.	SAM-Construction Services, LLC
Nov-16	PCT Contracting LLC	NAPEC Inc. (TSX:NPC)
Nov-16	EnSite Solutions, LLC	Cushman & Wakefield, Inc.
Nov-16	Maintenance Enterprises, LLC	Brown & Root Industrial Services LLC
Dec-16	JB Roofing, a Tecta America Company, LLC	Tecta America Corp.
Dec-16	CHJ Consultants, Inc.	Terracon Consultants, Inc.
Dec-16	National EWP, Inc., Environmental Drilling Division	Cascade Drilling LP
Dec-16	AZCO, Inc.	Burns & McDonnell, Inc.
Dec-16	Houston Interests, LLC	Matrix PDM Engineering, Inc.
Dec-16	Swallow Acoustic Consultants Limited	Thornton Tomasetti, Inc.

PUBLIC COMPANY SUMMARIES

Engineering and Construction

Figures in U.S. Dollars

(Millions except per share amounts)

Company	Enterprise Value	Share Price	52 Week High	52 Week Low	LTM Revenue	YoY Growth %	LTM EBITDA	YoY Growth %	Return on Equity %	EV to Revenue	EV to EBITDA ¹	P/E ²	P/B ³
VINCI SA	56,092	70.7	74.9	53.6	43,288	0.68%	6,488	2.92%	14.53%	1.3x	8.6x	18.1x	2.4x
Bouygues SA	18,567	36.8	40.0	26.6	35,786	-3.05%	2,646	42.15%	5.12%	0.5x	7.0x	25.9x	1.6x
Alstom SA	6,560	28.5	29.3	20.4	8,035	11.51%	439	-27.32%	-28.08%	0.8x	14.9x	59.5x	1.7x
HOCHTIEF Aktiengesellschaft	9,995	144.5	148.6	82.4	21,855	-12.42%	875	30.56%	13.52%	0.5x	11.4x	29.4x	4.7x
Kajima Corporation	7,930	6.9	7.5	5.5	17,500	2.53%	1,695	186.81%	21.95%	0.5x	4.7x	8.5x	1.7x
Obayashi Corporation	8,875	9.6	10.5	8.1	17,795	0.24%	1,359	54.96%	14.98%	0.5x	6.5x	10.8x	1.5x
SNC-Lavalin Group Inc.	5,959	42.7	45.5	29.8	6,785	-8.74%	469	40.23%	8.60%	0.9x	12.7x	35.7x	2.3x
Skanska AB (publ)	9,576	24.8	26.0	17.5	16,014	-5.02%	709	-0.86%	22.18%	0.6x	13.5x	20.4x	3.3x
Lendlease Group	6,863	11.0	11.4	8.8	11,240	13.61%	507	-19.23%	12.95%	0.6x	13.5x	21.0x	1.4x
Balfour Beatty plc	2,930	3.3	3.7	2.3	9,035	-5.06%	(115)	N/A	-8.06%	0.3x	-25.4x	NM	2.3x
Bilfinger SE	1,178	40.1	47.5	26.9	6,706	11.12%	573	N/A	24.01%	0.2x	2.1x	6.5x	1.0x
Helix Energy Solutions Group, Inc.	1,388	8.1	11.9	2.6	517	-30.60%	95	-40.02%	-28.63%	2.7x	14.6x	NM	.7x
McDermott International, Inc.	2,245	8.1	8.3	2.3	2,662	-17.06%	323	18.22%	1.13%	0.8x	6.9x	18.2x	1.3x
Aecon Group Inc.	832	12.5	14.6	10.0	2,470	17.22%	104	5.72%	9.20%	0.3x	8.0x	36.6x	1.3x
Tutor Perini Corporation	2,098	30.0	33.0	11.1	4,927	0.12%	223	13.44%	5.05%	0.4x	9.4x	20.1x	1.0x
Granite Construction Incorporated	1,958	53.9	62.2	36.1	2,478	6.33%	164	12.50%	9.32%	0.8x	11.9x	42.4x	2.5x
Primoris Services Corporation	1,390	24.5	25.3	16.1	1,892	-1.44%	125	-1.13%	5.32%	0.7x	11.1x	44.7x	2.6x
Willbros Group, Inc.	241	3.1	3.8	1.1	785	10.61%	(2)	N/A	-8.50%	0.3x	-119.9x	NM	1.3x
AECOM	9,382	37.2	40.7	22.8	17,411	-3.22%	926	-9.21%	4.55%	0.5x	10.1x	33.9x	1.7x
Chicago Bridge & Iron Company N.V.	5,243	32.9	41.4	26.1	11,414	-12.37%	1,010	-19.26%	16.30%	0.5x	5.2x	8.2x	1.5x
KBR, Inc.	2,477	16.6	18.0	11.6	4,158	-23.47%	105	N/A	8.02%	0.6x	23.6x	25.8x	2.1x
Mean										0.7x	9.6x	21.3x	1.9x
Median										0.5x	9.8x	20.4x	1.7x

Notes:

Some firms excluded from mean and median calculations due to outliers:

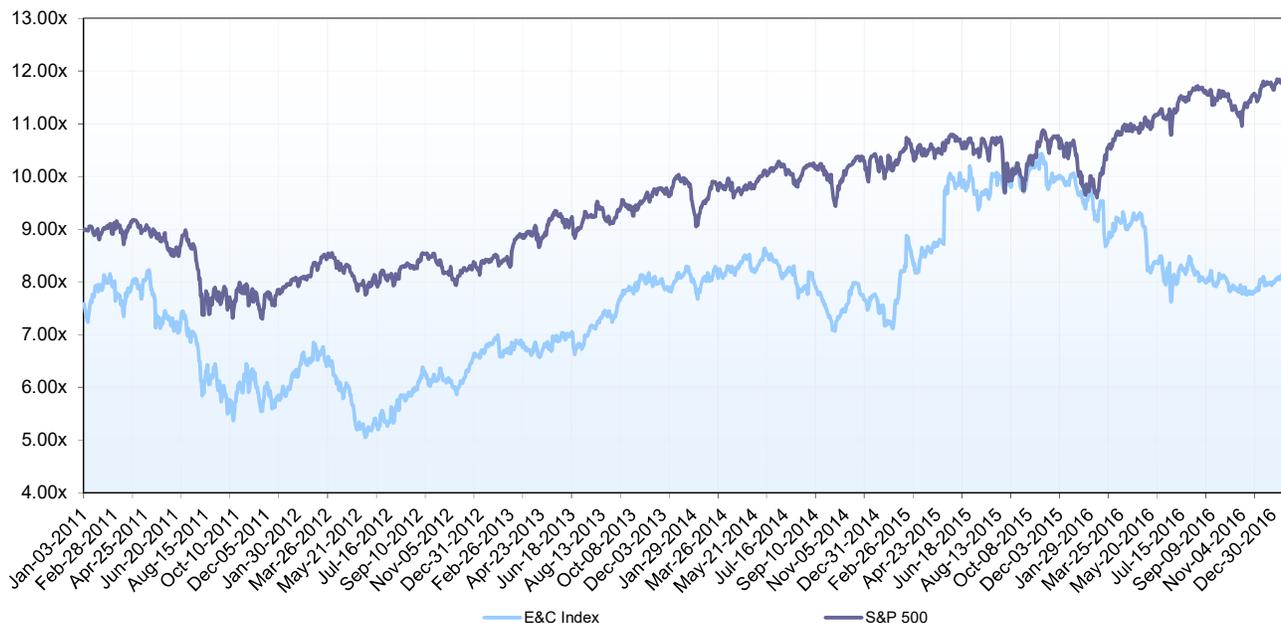
¹Total Enterprise Value/EBITDA and Total Enterprise Value/EBIT > 20.0 or < 0.0x not used in mean or median

²Price/Earnings >40 not used in median or mean

³Price/Book Value > 5.0 or < 0.5 not used in mean or median

Data as of February 6, 2017

TEV/EBITDA – E&C INDEX VS. S&P 500



PUBLIC COMPANY SUMMARIES

Architecture, Engineering and Environmental

Figures in U.S. Dollars

(Millions except per share amounts)

Company	Enterprise Value	Share Price	52 Week High	52 Week Low	LTM Revenue	YoY Growth %	LTM EBITDA	YoY Growth %	Return on Equity %	EV to Revenue	EV to EBITDA ¹	P/E ²	P/B ³
AECOM	9,382	37.2	40.7	22.8	17,411	-3.22%	926	-9.21%	4.55%	0.5x	10.1x	33.9x	1.7x
Amec Foster Wheeler plc	3,490	5.5	7.9	4.0	7,489	17.38%	437	-0.30%	-53.61%	0.5x	8.0x	15.8x	1.6x
ARCADIS NV	1,780	13.4	18.3	10.8	3,781	8.75%	261	10.98%	10.18%	0.5x	6.8x	13.5x	1.1x
Babcock & Wilcox Enterprises, Inc.	801	16.7	24.0	12.9	1,701	0.10%	23	-43.25%	-6.91%	0.5x	35.1x	N/A	1.3x
Ecology & Environment, Inc.	33	9.9	11.2	8.8	101	-18.13%	4	-54.75%	2.21%	0.3x	7.5x	18.4x	1.2x
Fluor Corporation	7,632	55.3	57.8	41.1	18,418	-4.07%	853	-29.84%	6.97%	0.4x	8.9x	25.6x	2.5x
Hill International, Inc.	397	5.1	5.7	2.0	619	-0.01%	35	-13.43%	-4.18%	0.6x	11.5x	40.8x	2.4x
Jacobs Engineering Group Inc.	6,948	59.2	63.4	34.8	10,964	-9.50%	655	-12.73%	4.94%	0.6x	10.6x	22.6x	1.7x
KBR, Inc.	2,477	16.6	18.0	11.6	4,158	-23.47%	105	N/A	8.02%	0.6x	23.6x	25.8x	2.1x
Tetra Tech, Inc.	2,636	41.5	44.9	24.9	1,998	17.34%	211	15.18%	10.16%	1.3x	12.5x	25.7x	2.7x
TRC Companies, Inc.	396	10.7	11.0	5.8	521	21.15%	45	2.62%	-0.39%	0.8x	8.8x	22.6x	2.1x
Stantec Inc.	3,776	26.8	28.1	21.3	2,168	22.34%	238	3.51%	7.90%	1.7x	15.9x	29.5x	2.1x
Mean										0.7x	10.1x	23.3x	1.9x
Median										0.6x	9.5x	24.1x	1.9x

Notes:

Some firms excluded from mean and median calculations due to outliers:

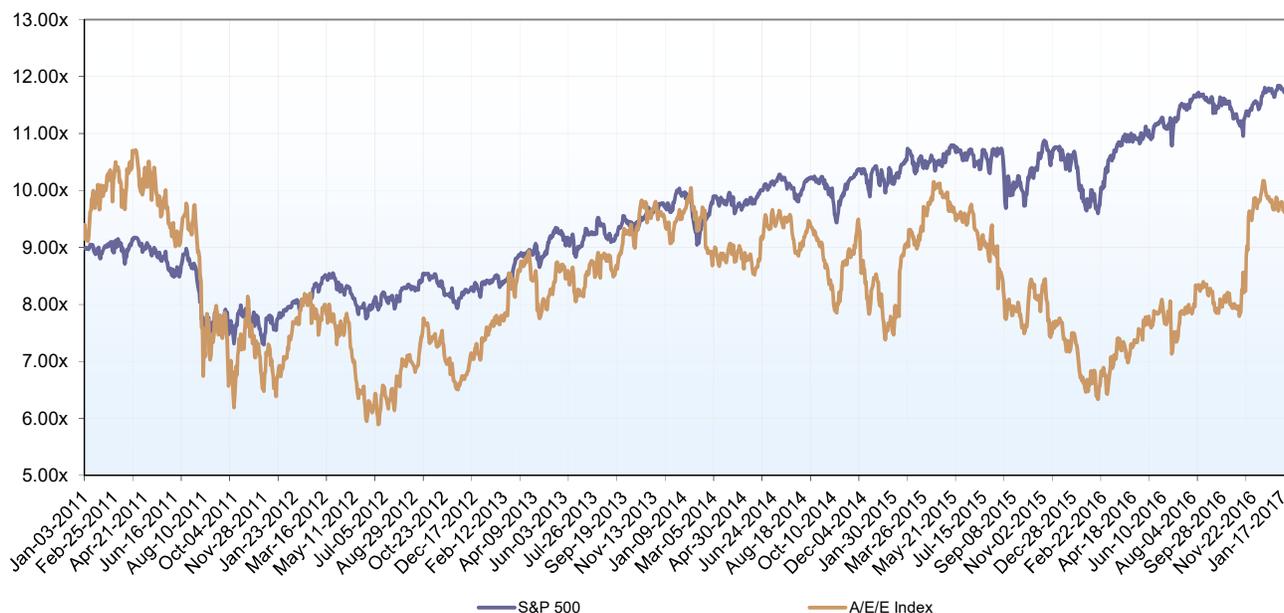
¹Total Enterprise Value/EBITDA and Total Enterprise Value/EBIT > 20.0 or < 0.0x not used in mean or median

²Price/Earnings >40 not used in median or mean

³Price/Book Value > 5.0 or < 0.5 not used in mean or median

Data as of February 6, 2017

TEV/EBITDA – A/E/E INDEX VS. S&P 500



PUBLIC COMPANY SUMMARIES

Specialty Contractors

Figures in U.S. Dollars

(Millions except per share amounts)

Company	Enterprise Value	Share Price	52 Week High	52 Week Low	LTM Revenue	YoY Growth %	LTM EBITDA	YoY Growth %	Return on Equity %	EV to Revenue	EV to EBITDA ¹	P/E ²	P/B ³
Aegion Corporation	1,029	23.2	26.1	16.4	1,231	-9.17%	106	-16.44%	-3.73%	0.8x	9.7x	31.5x	1.3x
Black Box Corporation	221	9.2	17.1	7.9	872	-6.63%	25	-48.22%	-30.15%	0.3x	8.9x	130.1x	1.0x
Chicago Bridge & Iron Company N.V.	5,243	32.9	41.4	26.1	11,414	-12.37%	1,010	-19.26%	16.30%	0.5x	5.2x	8.2x	1.5x
Comfort Systems USA, Inc.	1,241	33.6	35.3	24.2	1,626	4.70%	125	21.01%	17.45%	0.8x	9.9x	21.4x	3.4x
Dycom Industries, Inc.	3,225	78.0	98.5	47.1	2,812	29.54%	396	36.94%	25.74%	1.1x	8.1x	17.8x	4.0x
EMCOR Group, Inc.	4,220	69.3	73.4	41.8	7,379	10.87%	402	13.54%	12.47%	0.6x	10.5x	21.9x	2.7x
The Goldfield Corporation	179	6.8	7.4	1.1	128	7.26%	27	207.42%	32.64%	1.4x	6.5x	13.3x	3.8x
Great Lakes Dredge & Dock Corp.	671	4.9	5.5	3.1	777	-11.70%	79	-6.87%	-0.80%	0.9x	8.5x	NM	1.2x
IES Holdings, Inc.	419	19.6	23.0	9.8	696	21.28%	32	52.91%	74.02%	0.6x	13.0x	26.9x	1.9x
Layne Christensen Company	290	10.1	11.4	4.9	632	-10.09%	23	N/A	-25.46%	0.5x	12.6x	NM	1.8x
MasTec, Inc.	4,114	37.7	41.9	12.4	4,820	9.25%	351	20.13%	0.11%	0.9x	11.7x	35.4x	3.0x
Matrix Service Company	554	21.6	23.5	14.1	1,334	-0.48%	62	61.58%	8.02%	0.4x	8.9x	20.7x	1.8x
North American Energy Partners Inc.	218	5.6	5.7	1.4	165	-34.45%	36	-5.96%	-0.39%	1.3x	6.0x	75.5x	1.3x
Orion Group Holdings, Inc.	394	10.3	11.1	3.4	596	44.64%	45	92.63%	1.82%	0.7x	8.8x	120.2x	1.2x
Quanta Services, Inc.	5,919	36.7	38.1	16.8	7,448	-3.29%	476	-17.38%	3.36%	0.8x	12.4x	35.8x	1.7x
WPCS International Incorporated	4	1.5	2.0	0.9	15	-29.30%	(3)	N/A	-58.78%	0.3x	-1.4x	NM	2.7x
Mean										0.7x	9.4x	23.3x	2.1x
Median										0.7x	8.9x	21.6x	1.8x

Notes:

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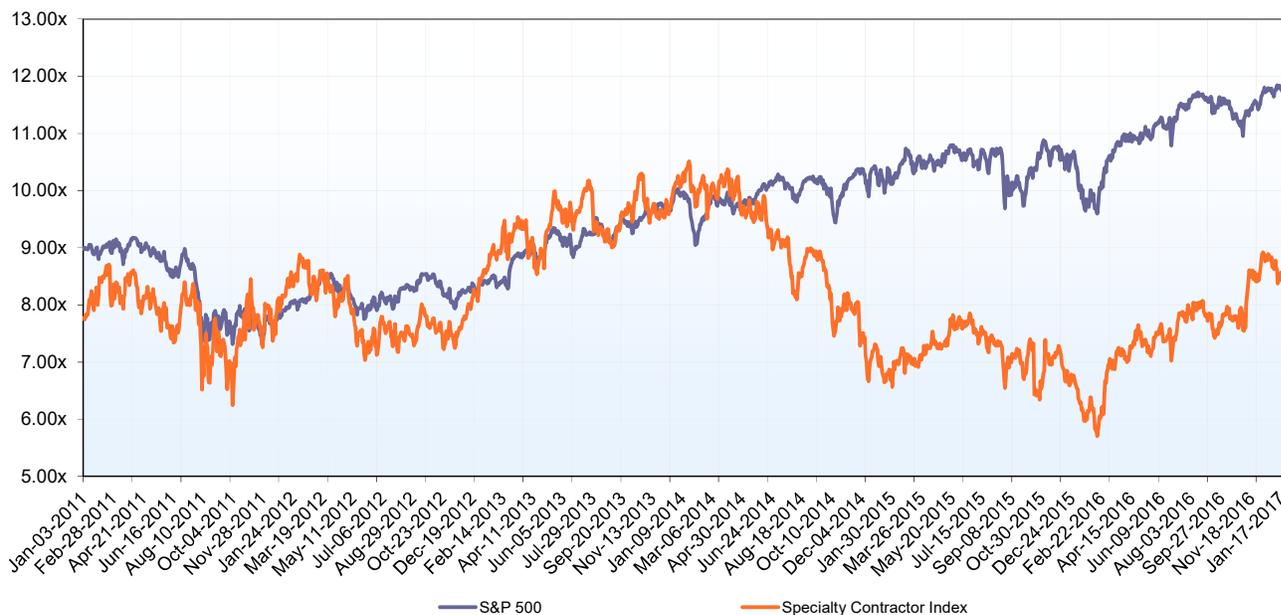
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Data as of February 6, 2017

TEV/EBITDA – SPECIALTY CONTRACTOR INDEX VS. S&P 500



PUBLIC COMPANY SUMMARIES

Civil Contractors

Figures in U.S. Dollars

(Millions except per share amounts)

Company	Enterprise Value	Share Price	52 Week High	52 Week Low	LTM Revenue	YoY Growth %	LTM EBITDA	YoY Growth %	Return on Equity %	EV to Revenue	EV to EBITDA ¹	P/E ²	P/B ³
Ferrovial, S.A.	20,722	18.2	21.0	16.3	11,427	6.49%	958	-21.71%	7.25%	1.8x	21.6x	63.7x	2.2x
ACS, Actividades de Construcción y Servicios, S.A.	13,975	30.7	33.1	20.7	37,281	-4.14%	2,255	29.41%	13.52%	0.4x	6.2x	19.9x	2.6x
HOCHTIEF Aktiengesellschaft	9,995	144.5	148.6	82.4	21,855	-12.42%	875	30.56%	4.55%	0.5x	11.4x	29.4x	4.7x
AECOM	9,382	37.2	40.7	22.8	17,411	-3.22%	926	-9.21%	4.55%	0.5x	10.1x	33.9x	1.7x
Skanska AB (publ)	9,576	24.8	26.0	17.5	16,014	-5.02%	709	-0.86%	22.18%	0.6x	13.5x	20.4x	3.3x
Fluor Corporation	7,632	55.3	57.8	41.1	18,418	-4.07%	853	-29.84%	6.97%	0.4x	8.9x	25.6x	2.5x
Tutor Perini Corporation	2,098	30.0	33.0	11.1	4,927	0.12%	223	13.44%	5.05%	0.4x	9.4x	20.1x	1.0x
Granite Construction Incorporated	1,958	53.9	62.2	36.1	2,478	6.33%	164	12.50%	9.32%	0.8x	11.9x	42.4x	2.5x
Primoris Services Corporation	1,390	24.5	25.3	16.1	1,892	-1.44%	125	-1.13%	5.32%	0.7x	11.1x	44.7x	2.6x
Aegion Corporation	1,029	23.2	26.1	16.4	1,231	-9.17%	106	-16.44%	-3.73%	0.8x	9.7x	31.5x	1.3x
Aecon Group Inc.	832	12.5	14.6	10.0	2,470	17.22%	104	5.72%	9.20%	0.3x	8.0x	36.6x	1.3x
Bird Construction Inc.	189	7.0	10.8	5.5	1,198	10.60%	39	-29.32%	18.46%	0.2x	4.8x	15.1x	2.4x
Stuart Olson Inc.	181	4.2	5.4	3.9	742	-21.00%	22	-38.94%	-0.39%	0.2x	8.3x	35.1x	.7x
Mean										0.6x	9.5x	26.7x	2.2x
Median										0.5x	9.6x	27.5x	2.4x

Notes:

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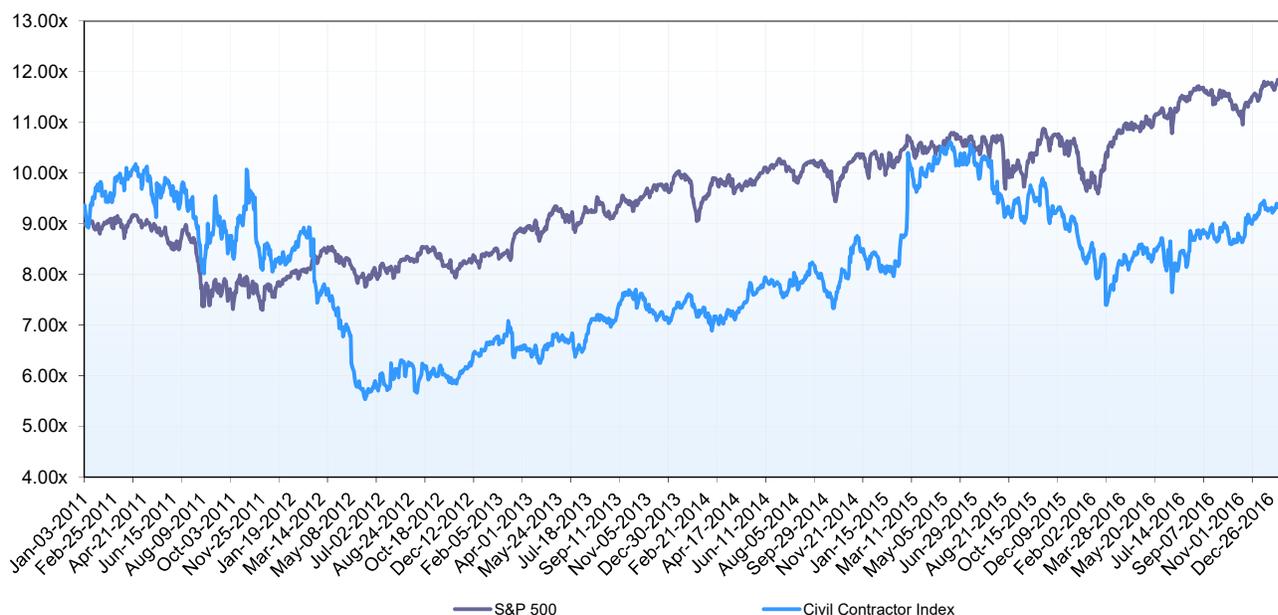
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Data as of February 6, 2017

TEV/EBITDA – CIVIL CONTRACTORS INDEX VS. S&P 500





D. Alex Miller

Director

Alex Miller is a director with FMI Capital Advisors, Inc., FMI Corporation's registered Investment Banking subsidiary. Alex works with engineering and construction industry firms across the country and internationally, focusing on merger and acquisitions (seller and buyer representation), growth strategy, ownership transfers and valuations. Alex has written numerous articles on mergers and acquisitions trends in the E&C industry and speaks often to industry groups about overall industry trends, mergers and acquisitions, international interest in the U.S. construction market, and ownership transfer issues.

Prior to joining FMI, Alex was with River Capital, a middle market private equity firm based in Atlanta, where he was responsible for sourcing and executing acquisitions of privately held companies and serving on the board of the firm's portfolio companies. Prior to River Capital, Alex was with Raymond James' Investment Banking Group, where he assisted private equity firms and middle market companies and was active in mergers and acquisitions, private placements and public offerings.

Alex received his bachelor's degree from the University of North Carolina. He also holds his Limited Representative-Investment Banking license (Series 79) and Uniform Securities Agent license (Series 63) from the Securities and Exchange Commission and FINRA.

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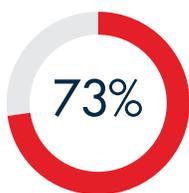
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About FMI Capital Advisors

FMI Capital Advisors, a subsidiary of FMI Corporation, is a leading investment banking firm exclusively serving engineering and construction, infrastructure and the built environment. With over 600 completed transactions, our unique industry focus enables us to provide our clients with valuable insight and advice. Clients gain access to our unparalleled network of industry contacts and relationships, deep market knowledge and technical expertise.

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