

FMI's 2018 M&A Trends for Engineering and Construction



Table of Contents



Introduction	1
E&C Mergers and Acquisitions: A Snapshot in Time	2
2018 M&A Trends Survey	8
Notable Deals in 2017	14
Public Company Summaries	16
Engineering and Construction	16
Architecture/Engineering/Environmental	17
Specialty Contractors	18
Civil Contractors	19



“2017 was another active year for M&A activity in the engineering and construction industry. Based on our most recent survey, industry participants believe the momentum will continue into 2018. Nearly three-quarters of all respondents believe M&A activity will increase in 2018 compared to 2017, and nearly 70% of respondents indicated that acquisitions are “a part of (their) current strategy,” compared to 60% last year.”

Each year, we attempt to capture what is driving buyer activity, including strategic trends and market conditions that affect acquisition strategies. In 2018 this includes conducive capital markets, forecast demand for traditional infrastructure and increased interest from international and private equity buyers. It should be noted, however, that a major driver of M&A activity in the industry also relates to the demographic need for owner succession due to retiring baby boomers. In FMI’s 2017 [“Ownership Transfer and Management Succession Survey.”](#) only 32% of all respondents indicated they plan to pass the business on to the next generation, down from 52% in 2013. The demographic succession needs in the industry (fueled by baby-boomer retirements), coupled with increased buyer interest, are resulting in a robust M&A market for engineering and construction companies.

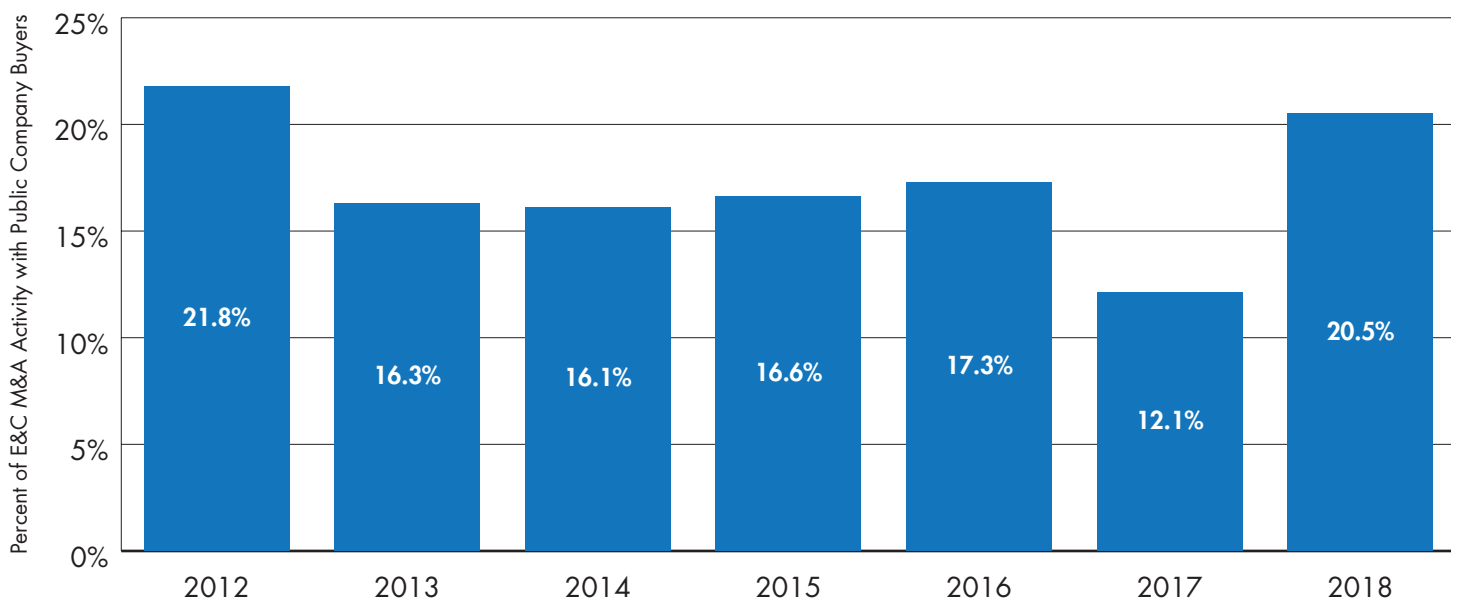
**Alex Miller, Managing Director
FMI Capital Advisors, Inc.**

E&C MERGERS AND ACQUISITIONS: A SNAPSHOT IN TIME

Capital Markets Create Conducive M&A Environment

Last year we wrote that, “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.” We did, in fact, see public companies prioritize acquisitive growth and ramp up their M&A efforts. More than 20% of all M&A transactions in the E&C industry last year had a public company buyer, the highest level since 2011. This has continued into 2018 with multiple announced deals, including Granite Construction and Layne Christensen Company’s announced \$565 million transaction.

Percent of E&C M&A Activity With Public Company Buyers



Source: Capital IQ, FMI

We expect this trend to continue further into 2018. Multiple public companies in the E&C space have recently completed share buybacks and shelf offerings that provide access to capital for select purposes. This implies that companies view their cost of equity as low and believe that they can use equity to grow their businesses—potentially through acquisition. We have also seen new public companies emerge, including Infrastructure and Energy Alternatives (a portfolio company of Oaktree Capital Management), which entered into a definitive agreement with M III Acquisition Corp. (a special purpose acquisition company), with the intent of executing an organic and acquisitive growth strategy as a public company.

In addition to public company buyers, market conditions have improved for all buyers. In our survey, over 60% of all respondents indicated that their ability to finance a transaction (either through available cash or access to financing) has increased in the last 12 months, and over one-third of all respondents said this increased ability to finance a transaction would increase the likelihood that they would make an acquisition.

Continued Consolidation Among Design Firms and Integration of E&C

In 2017 we saw flashbacks to 2014, when three large deals in the E&C space (AECOM/URS; Amec/Foster Wheeler; SNC/Kentz) reshaped the engineering and integrated E&C sector. In 2017 we again saw multiple \$1 billion-plus transactions return to the engineering and integrated E&C sectors, such as:

- Acquisition of CH2M by Jacobs Engineering Group, Inc.
- Acquisition of Amec Foster Wheeler plc by John Wood Group PLC
- Acquisition of WS Atkins plc by SNC-Lavalin Group Inc.
- Announced merger between McDermott International, Inc. and CB&I

These deals are representative of a broader, ongoing consolidation throughout the A/E industry, as midsized and smaller firms look to expand capabilities and geographic reach as well. In our survey, 94% of firms that identified themselves as “Design/Engineering/Architecture” said acquisitions were a part of their current strategy, and nearly half said that they had completed an acquisition during the past year. “Architecture and engineering firms are leveraging stronger balance sheets and access to capital to execute on acquisition strategies,” says Greg Powell, managing director at FMI Capital Advisors and head of the firm’s Architecture, Engineering and Environmental Services practice. “These firms are looking to M&A for multiple reasons, including acquisition of talent, broadening geographic presence and service offerings, and keeping pace with acquisitive competitors.”

In addition to the consolidation within the A/E sector, large firms continue to enhance their integrated project delivery capabilities through acquisition. As David Dickson, president and CEO of McDermott, said in reference to the merger with CB&I, “Customers worldwide increasingly seek a single company that can offer end-to-end solutions.” One unique example in 2017 of vertical integration was AECOM’s acquisition of Shimmick Construction, a civil contractor based in California. Building upon the integration of design and construction in other segments, AECOM’s acquisition of construction capabilities in traditional civil projects is a bet that it will “capture a greater share of the market spend, especially as clients increasingly procure services on an integrated basis.”



M&A Activity Driven by Forecast Demand for Traditional Infrastructure Services

In 2014 the transformational deals referenced above were largely driven by expanding capabilities in the industrial (i.e., oil and gas) sector. In 2017, in addition to industrial capabilities, buyers referenced acquiring capabilities in traditional infrastructure markets such as water and transportation. In announcing the acquisition of Atkins, Neil Bruce, president and CEO of SNC-Lavalin, said, “This acquisition (...) (strengthens) our position globally to develop and capitalize on the infrastructure, rail and transit, nuclear and renewables markets.” Similarly, in its announcement of the acquisition of CH2M, Jacobs highlighted that the acquisition enhanced the company’s “position in infrastructure, including water and transportation.”

Recent reports estimate that the world will need to spend \$94 trillion on infrastructure by 2040 to meet demand, which would require a significant increase in annual spending levels. As Jacobs stated when announcing the CH2M acquisition, investment in transportation infrastructure “hinges on population growth and unprecedented demands for infrastructure development and improvement in all transportation modes and geographies.” In the United States, specifically, prospects of a federal infrastructure plan are driving acquisition interests. In our survey, 55% of all respondents said the passing of a federal infrastructure plan would impact M&A activity and over 20% said just the “prospect of a plan” would impact activity.



International Interest in U.S. and Canadian Markets Continues to Grow

The need for infrastructure spending in the U.S. and Canada is among the leading contributors to sustained international interest in our domestic E&C markets. In 2016 the FMI article [“History Repeats Itself: A New Wave of International Interest in the U.S. Infrastructure Market.”](#) described the rise of international buyers from emerging markets, alongside traditional players from developed markets. In 2017 we saw a prime example of this interest as Aecon Group, Inc. signed an agreement to be acquired by CCCC International Holding Limited (CCCI), a subsidiary of China Communications Construction Company Limited, the fourth-largest Chinese construction firm, according to ENR’s Top 250 Global Contractors.

Buyers from both emerging and developed markets continue to look to the U.S. and Canada for global expansion. This is particularly relevant in traditional civil and transportation markets, where experience in project financing and concessions can be advantageous, considering the unprecedented amount of private investing in public infrastructure currently projected in the federal infrastructure plan.

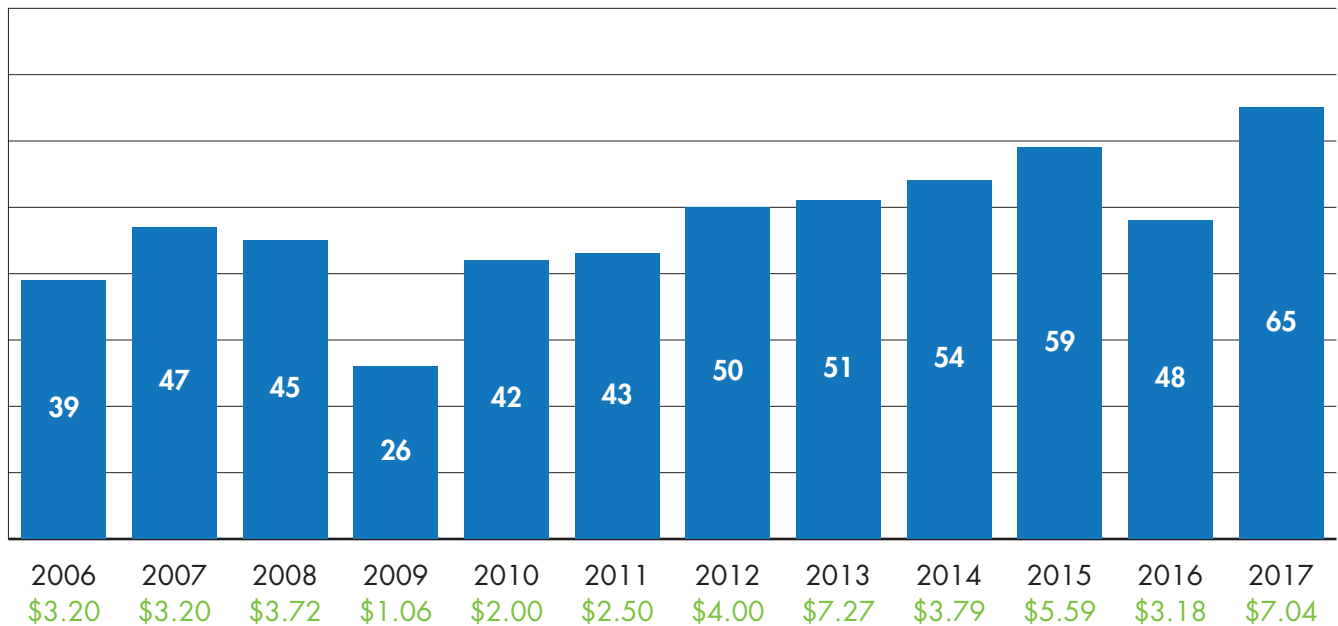
M&A Activity Increases Significantly Among Construction Firms

In addition to civil infrastructure, 2017 saw increased activity among other contractor segments. One such segment was mechanical and electrical construction and service, driven by multiple consolidating platforms in the HVAC and refrigeration service space (many backed by private equity, as noted below) and the convergence of energy services (or ESCOs) and traditional mechanical and electrical construction and service.

Buyer activity was also robust last year in the utility construction segment, with transactions such as VINCI Energies’ acquisition of PrimeLine Utility Services from First Reserve (a private equity firm) and Centuri Construction Group, Inc.’s acquisition of New England Utility Constructors Inc.

Private Equity in Engineering and Construction

E&C Firm Deals by Total Number Closed and \$ Value (\$B)



Source: Pitchbook

“The utility transmission and distribution and communication distribution industries remain in a multiyear investment cycle driven by the need to repair, replace and upgrade the transmission and distribution infrastructure across the United States,” says Dan Shumate, director of FMI Capital Advisors’ Utility Transmission and Distribution group. “Couple this investment with growing demand for broadband network speed and an aging investor-owned utility workforce, and there are robust long-term tailwinds that will continue to drive growth for third-party construction companies.”

Finally, following the recovery in oil prices from their decline in 2015, there is renewed buyer activity in the downstream industrial sectors, including both EPC and maintenance-oriented firms.

Increased Private Equity Interest Across E&C Sector

One trend we see in several transactions mentioned in this article is the increased presence of private equity firms through the E&C industry. While last year saw notable private equity exits (i.e., IEA/Oaktree Capital; Primeline/First Reserve), it also saw increased private equity acquisition activity. As ENR pointed out in [“Private Equity Investors and Industry Firms Find New Links,”](#) “Private equity investors have been fueling deals in the design and construction sector since the dot-com bust in the early 2000s. But with more investor cash within a booming economy, PEs are ramping up investments and seeking new niches that are helping industry firms to change corporate directions.”



Notable private equity transactions in 2017 included:

- Oaktree Capital's GFI Energy Group's acquisition of NAPEC Inc.
- Oaktree Capital's GFI Energy Group's acquisition of Sachs Electric Company
- New Mountain Capital's acquisition of TRC Companies, Inc.
- AE Industrial Partner's acquisition of CDI Corp.
- Warburg Pincus' acquisition of Service Logic, LLC

As mentioned earlier, one notable area where private equity interest has increased is in maintenance and service-based companies, such as HVAC and refrigeration services.. While the recurring revenues provided by maintenance contracts have always been of interest to financial investors, deal activity in this space has accelerated in recent years as buyers recognize the opportunity provided by future aftermarket needs of the recent new construction expansion.

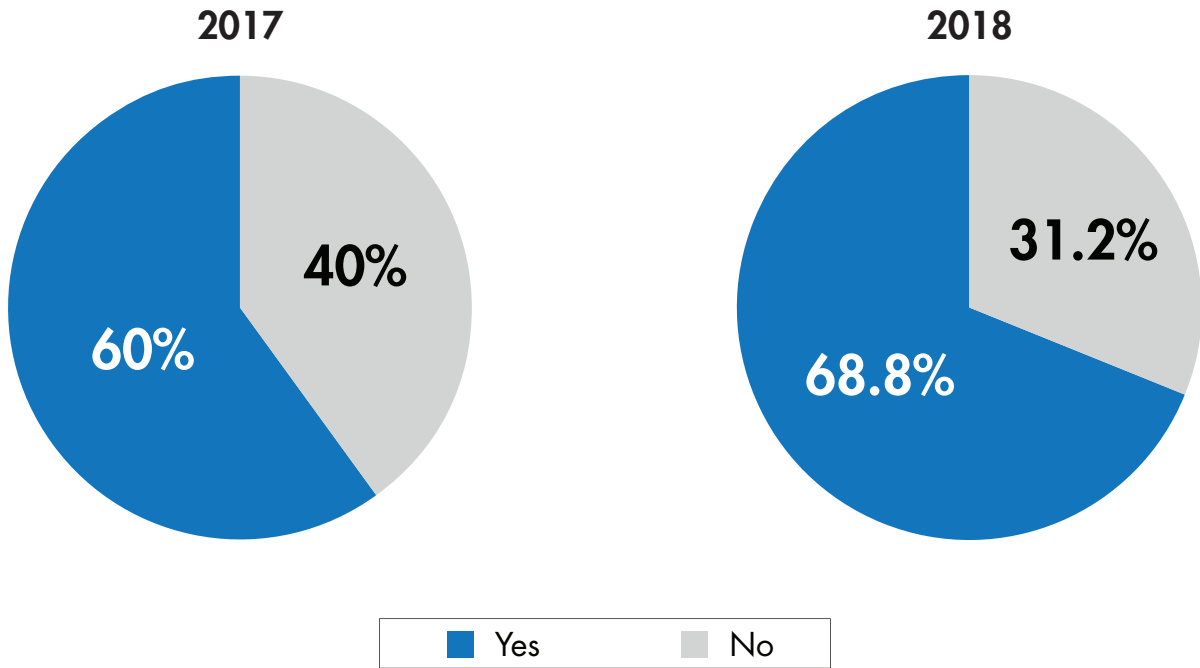
Rise of ESOPs as an Alternative to M&A

In addition to traditional mergers and acquisitions, we are seeing increased interest in employee stock ownership plans (ESOPs) as an alternative exit strategy. In FMI's recent ["Ownership Transfer and Management Succession Survey"](#) respondents indicating they planned to sell their equity to an ESOP increased from 4% in 2007 to 12% in 2017. For some firms, an ESOP transaction creates a market where acquisition interest is limited. However, numerous E&C firms are considering ESOPs as an alternative to M&A, given the inherent benefits, such as remaining independent, providing economic benefits to employees and potentially leveraging preferential tax structures.

"Given the labor challenges and rapid pace of technological advancement in the construction industry, it's now more important than ever for business owners to have a succession plan in place," says Matt Drake, director at FMI Capital Advisors and head of FMI's ESOP Advisory Practice. "Whether they sell to a third party, to management or to an ESOP, owners should weigh all of their options to ensure they are making a fully informed decision. Over the past few years, ESOPs have become a more popular exit vehicle for owners of construction companies, not only due to the significant tax and economic incentives for the sellers, but also because of the cultural, legacy and employee benefits an ESOP can offer."

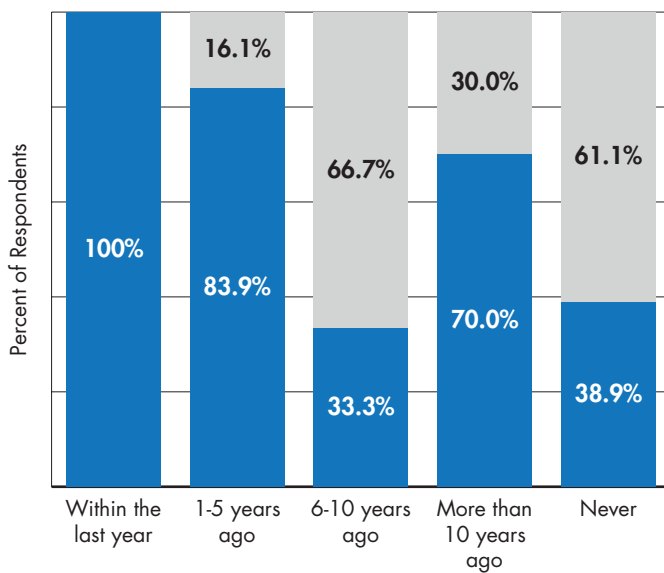
2018 M&A TRENDS SURVEY

Are acquisitions a part of your current strategy?

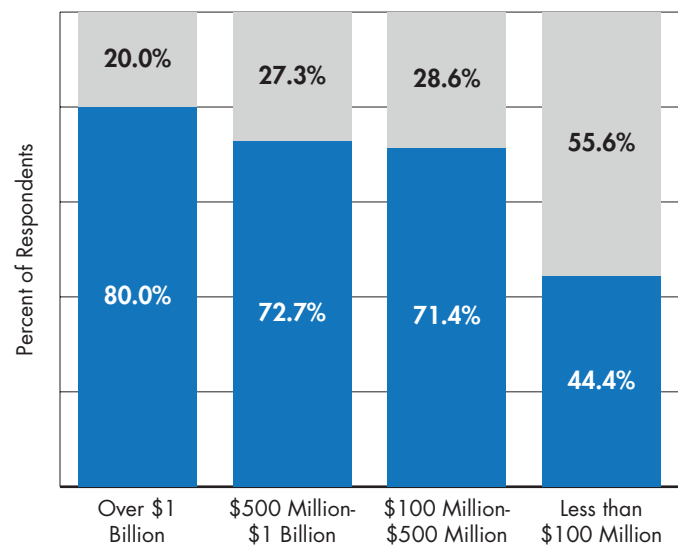


Are acquisitions a part of your current strategy?

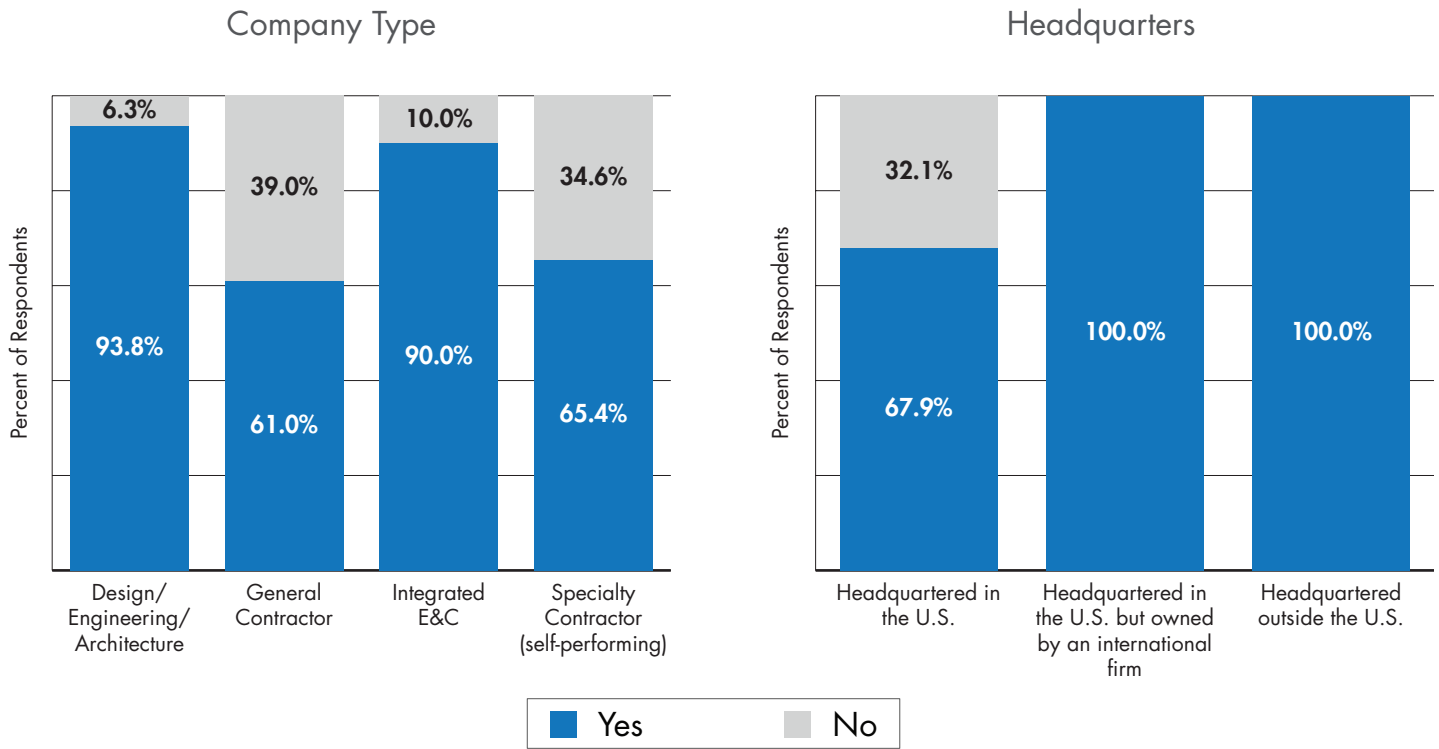
Recent Activity (timing of most recent acquisition)



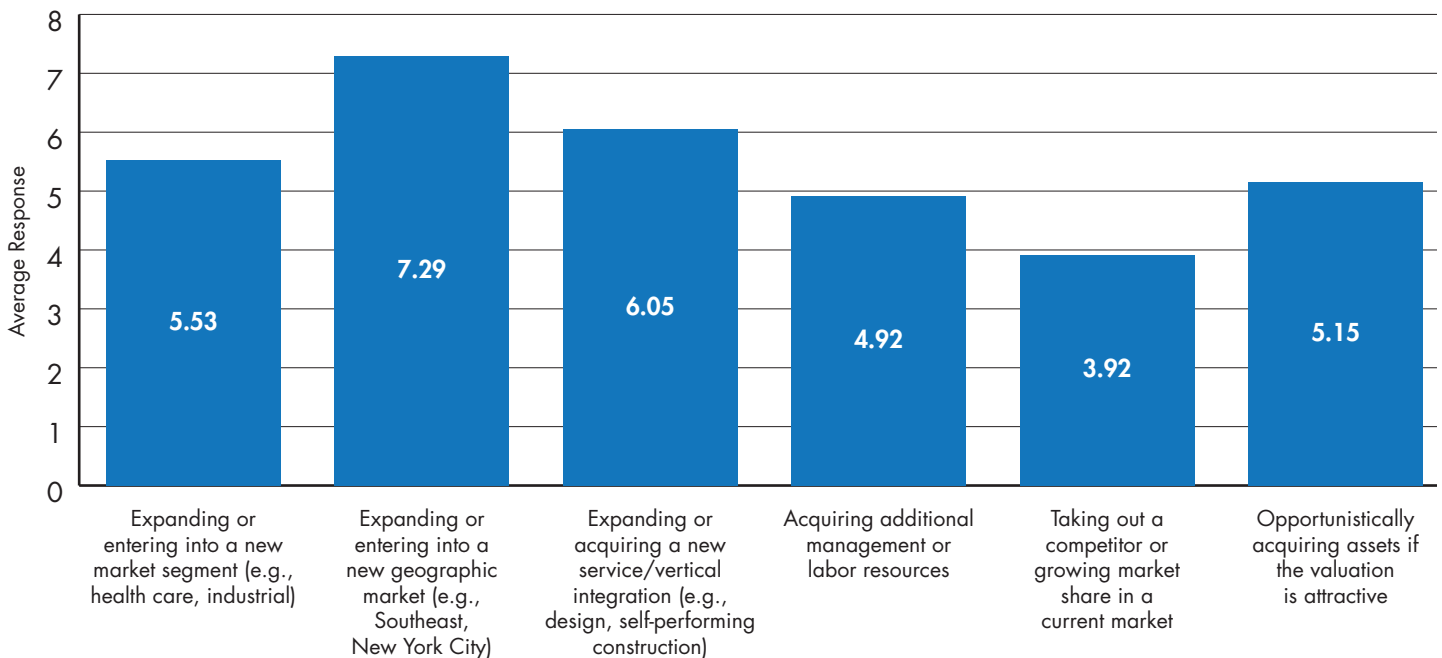
Revenue Size



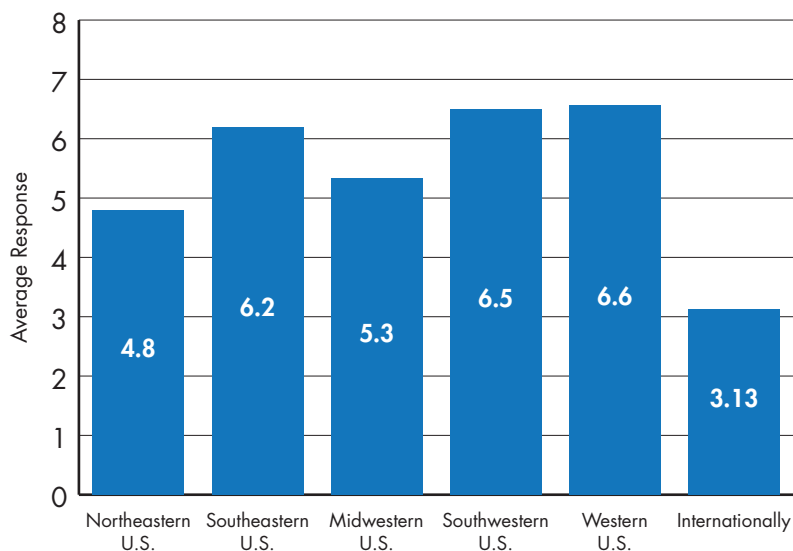
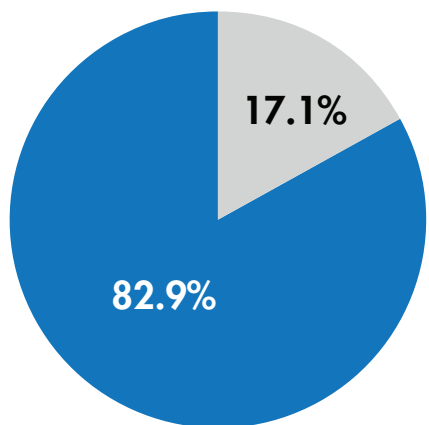
Are acquisitions a part of your current strategy?



If you were to consider an acquisition, how likely are the following to be strategic drivers for the acquisition? (10 = most important)

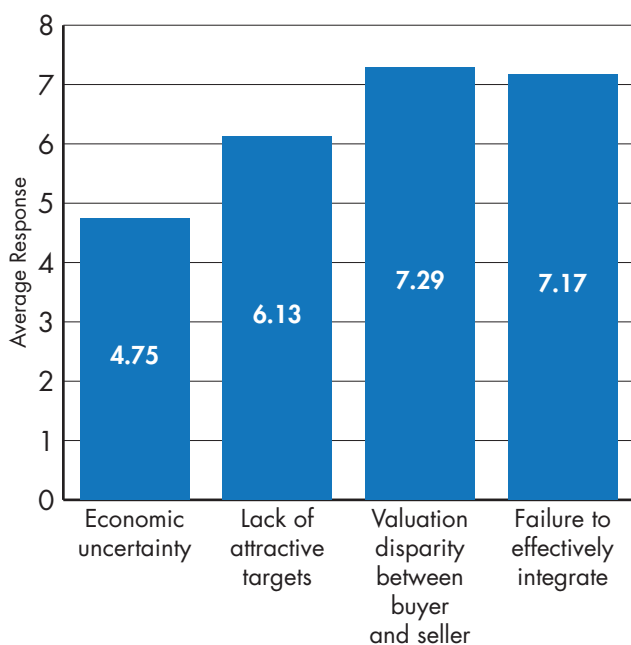


Is geographic expansion part of your acquisition strategy? If so, please apply a value to each of the geographies based on their strategic importance. (10 = most important)

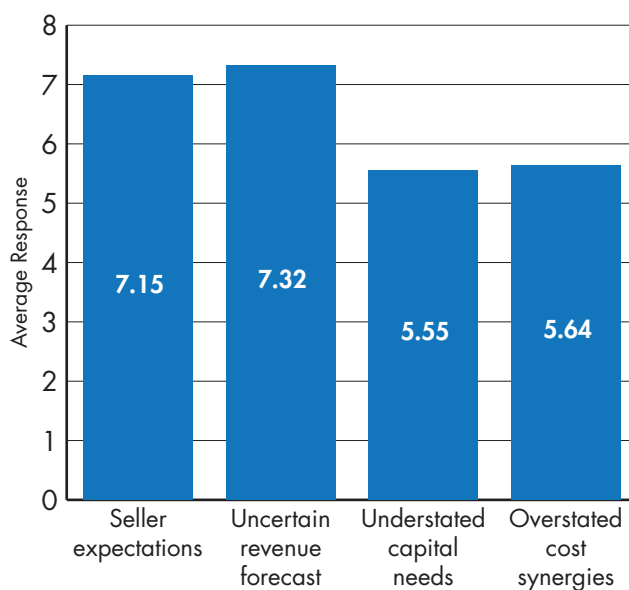


How impactful are the following issues? (10 = most impactful)

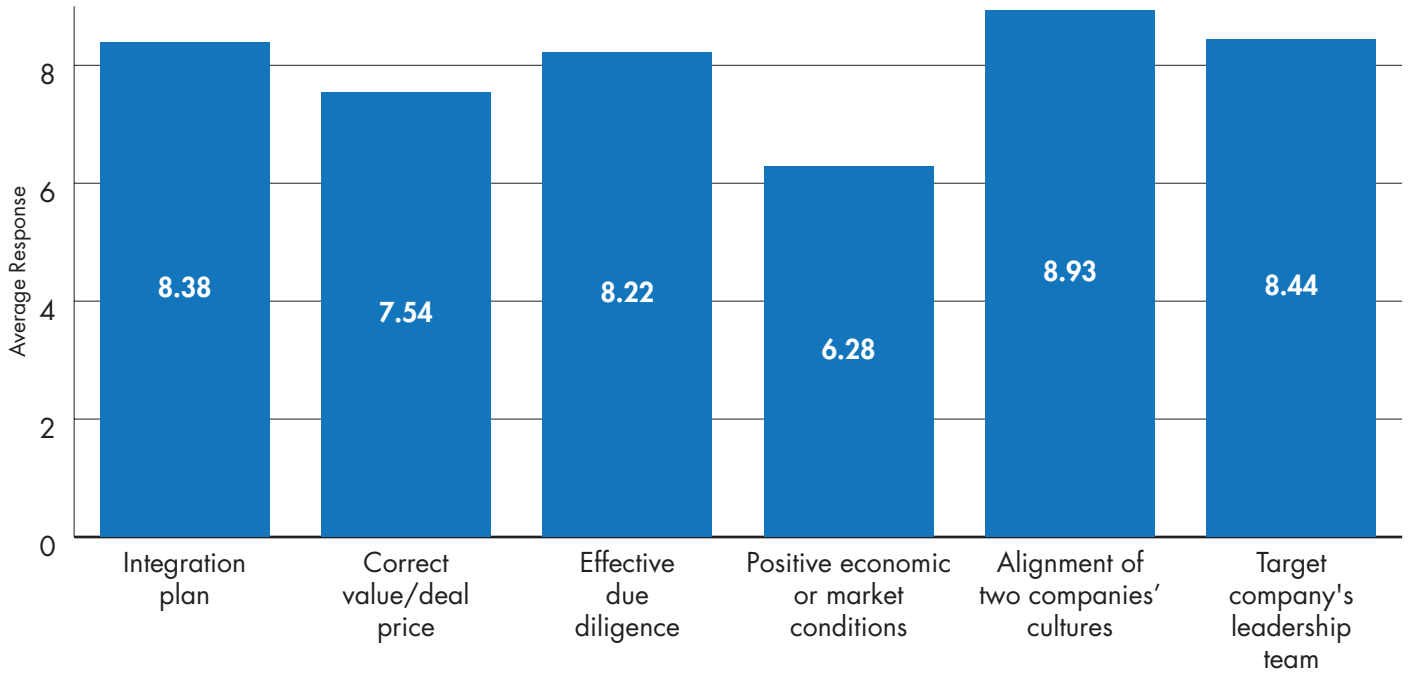
Achieving a Successful M&A Transaction



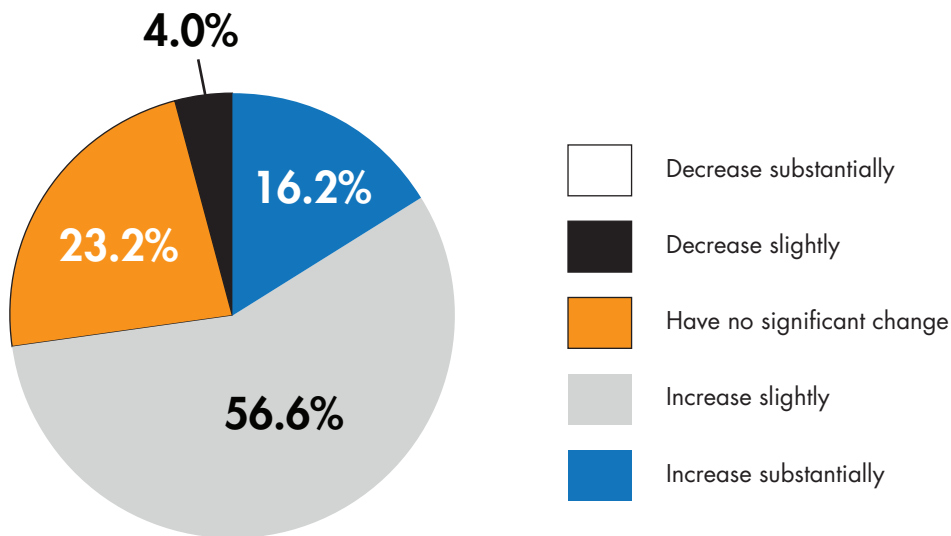
Determining Valuation



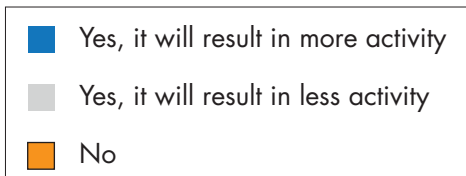
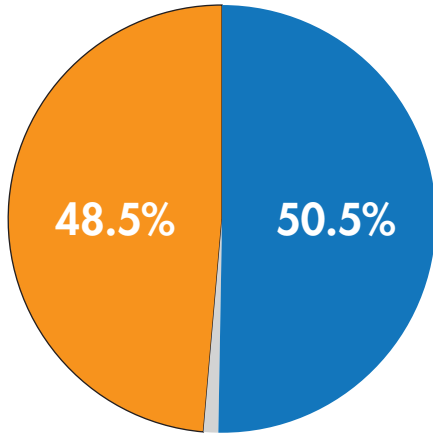
How impactful are the following issues in ensuring a successful acquisition?
(10 = most impactful)



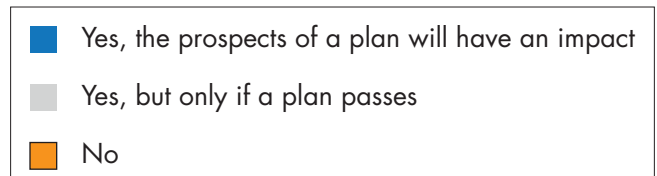
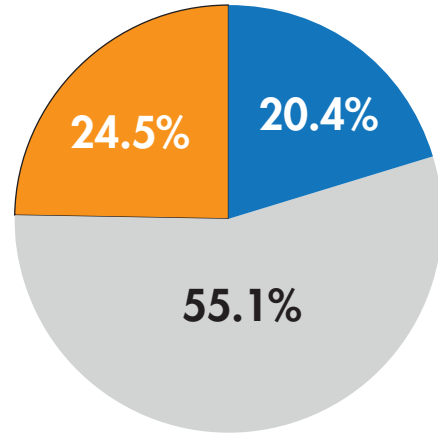
Comparing 2017 to 2018, do you believe that M&A activity in the E&C industry will:



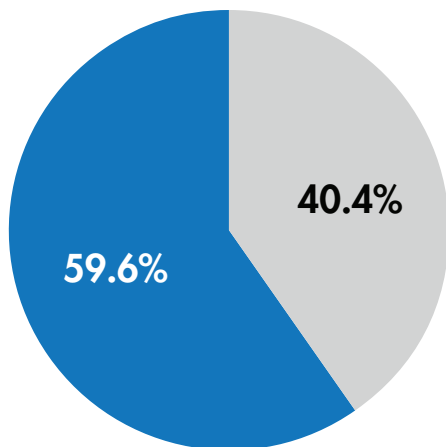
Do you believe that recent changes in the tax code will have an impact on M&A activity in the E&C industry?



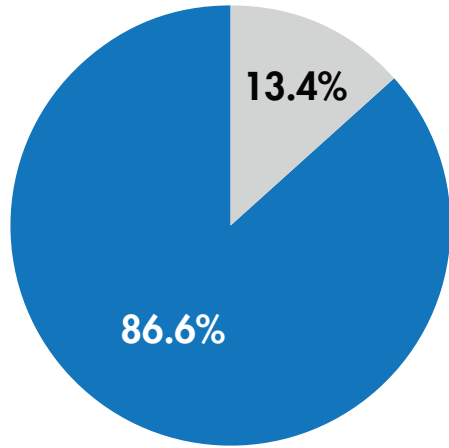
Do you believe that recent discussions concerning a federal infrastructure plan will have an impact on M&A activity in the E&C industry?



Has your ability to finance a transaction (either through available cash or access to financing) increased in the last 12 months?

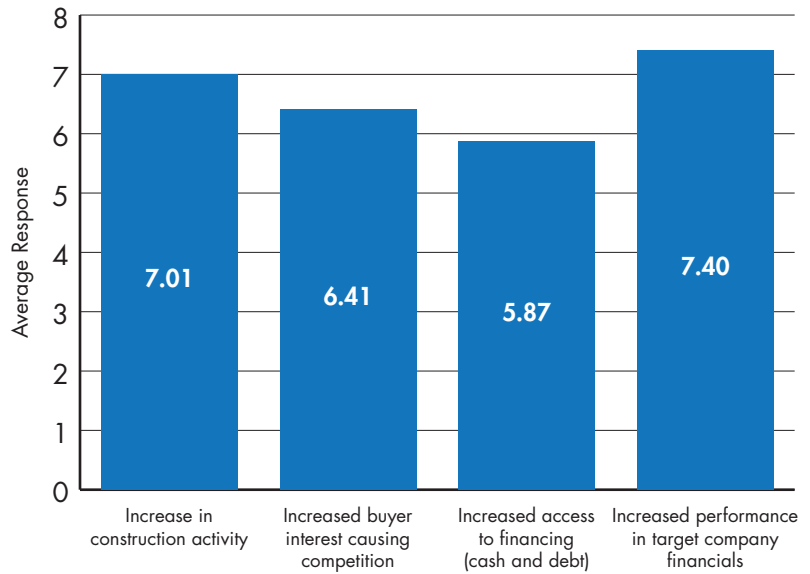


Do you believe valuations in the E&C industry have increased in the past 24 months?

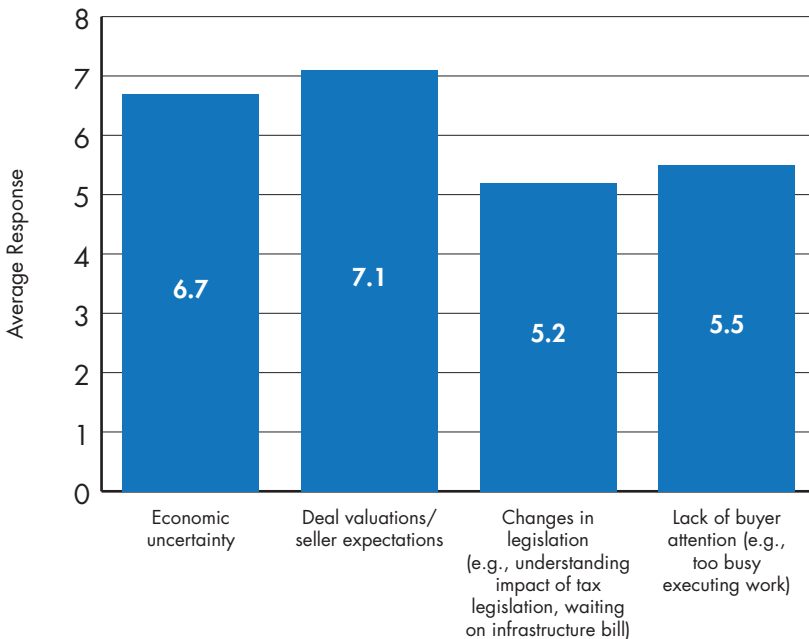


■ Yes ■ No

Rate the following in terms of their importance in raising valuations (10 = most important):



How likely is it that the following issues could result in a slower rate of M&A activity in the E&C industry? (10 = most likely)



NOTABLE DEALS IN 2017

Announced Date	Target	Buyer/Investor
Jan-17	American Fire Protection Group, Inc.	CHA Consulting, Inc.
Jan-17	United Subcontractors, Inc.	Trilantic Capital Management LLC
Jan-17	Broken Arrow Communications, Inc.	Blue Sage Capital
Jan-17	Enovity, Inc.	Veolia North America, LLC
Jan-17	NELSON & Associates Interior Design and Space Planning, Inc.	NewSpring Capital, Pine Street Capital Partners, Salem Investment Partners
Jan-17	Zephyr Construction Management, LLC	Broadway Construction Group, LLC
Jan-17	Aquenta Consulting Pty Ltd.	Jacobs Engineering Group Inc.
Feb-17	Apache Industrial Services, Inc.	Quantum Capital
Feb-17	Westinghouse Electric Company LLC	Toshiba Corporation
Feb-17	BCH Holdings, Inc.	Comfort Systems USA, Inc.
Feb-17	Sega Inc.	POWER Engineers, Incorporated
Mar-17	Ambitech Engineering Corporation	Zachry Holdings, Inc.
Mar-17	CCI Mechanical, Inc.	EMCOR Building Services, Inc.
Mar-17	Horizon Services, Inc.	Sun Capital Partners, Inc.
Mar-17	Church Services, Inc.	Service Experts Heating & Air Conditioning, LLC
Mar-17	Tealstone Residential Concrete, Inc. and Tealstone Commercial, Inc.	Sterling Construction Company, Inc.
Mar-17	Amec Foster Wheeler plc	John Wood Group PLC
Mar-17	Safway Services, LLC	Brand Energy & Infrastructure Services, Inc.
Mar-17	Structure Tone, Inc.	Global Infrastructure Solutions Inc.
Mar-17	Katerra Inc.	Multiple Investors
Mar-17	TRC Companies, Inc.	New Mountain Capital, LLC
Mar-17	Chester Engineers, Inc.	Hatch Ltd.
Apr-17	WS Atkins plc	SNC-Lavalin Group Inc.
Apr-17	Welsh Companies, LLC	Colliers International Group Inc.
Apr-17	Caltrop Corporation	TRC Engineers Inc
Apr-17	Tony Bagliore Concrete, Inc.	T.A.S. Commercial Concrete Construction, LLC
Apr-17	ASI Constructors, Inc. (nka:ASI Construction)	Shaft Drillers International, LLC
Apr-17	Academy Fire Protection, Inc.	Audax Group, Inc.
Apr-17	Coast Crane Company	Maxim Crane Works, L.P.
Apr-17	United Renovations, LLC	Katerra Inc.
Apr-17	Marcum Electric, Inc.	Miller Electric Company, Inc.
May-17	Inventrix Engineering, Inc.	Stantec Inc.
May-17	George Young Company	Mammoet Holding B.V.
May-17	CEC Controls Company, Inc.	John Wood Group PLC
May-17	Texstar Enterprises, Inc.	Dycom Industries, Inc.
May-17	Primoris Distribution Services	Primoris Services Corporation
Jun-17	Midas Utilities, LLC	Palm Beach Capital
Jun-17	Katerra Inc.	Foxconn Venture Pte, Ltd.
Jun-17	Therma Corporation	Gemspring Capital LLC
Jun-17	LRI, LLC	Triangle Capital Corporation
Jul-17	Dente Engineering, P.C.	Terracon Consultants, Inc.
Jul-17	Halmar International, LLC	Itinera Usa Corp.
Jul-17	Shimmick Construction Company, Inc.	AECOM
Jul-17	Sachs Electric Company	GFI Energy Ventures LLC
Jul-17	Envirovac	Audax Group, Inc.

NOTABLE DEALS IN 2017

Announced Date	Target	Buyer/Investor
Jul-17	Retro-Tech Systems, Inc.	LRI, LLC
Jul-17	INTREN, Inc.	OEP Capital Advisors, L.P.
Jul-17	Stronghold Ltd.	Quanta Services, Inc.
Jul-17	CDI Corp.	AE Industrial Partners, LLC
Jul-17	Service Logic, LLC	Warburg Pincus LLC
Aug-17	CH2M HILL Companies, Ltd.	Jacobs Engineering Group Inc.
Aug-17	Varsity Contractors, Inc.	Kellermeyer Bergensons Services, LLC
Aug-17	Aquilex Holdings LLC	PSC Industrial Holdings Corp.
Aug-17	All-Safe LLC	Safway Atlantic LLC
Aug-17	CE Reeve Roofing LLC	Tecta America Corp.
Aug-17	Bartlett Holdings, Inc.	AE Industrial Partners
Aug-17	Willoughby Engineering LLC	WSP Parsons Brinckerhoff, Inc.
Aug-17	Community Asphalt Corp.	Obrascón Huarte Lain, S.A.
Aug-17	Judlau Contracting, Inc.	Obrascón Huarte Lain, S.A.
Aug-17	Keating Consulting, LLC	Gilbane Building Company, Inc.
Aug-17	Consolidated Electrical Contractors & Engineers Inc. and Proformance Group, Inc.	Amteck LLC
Aug-17	Blue Canopy Group, LLC	Jacobs Engineering Group Inc.
Sep-17	Leggette, Brashears & Graham, Inc.	WSP Global Inc.
Sep-17	Summit Fire Protection Co., Inc.	CI Capital Partners LLC
Sep-17	Six Northeast Energy Services Companies	ENGIE North America Inc.
Sep-17	Florida State Elevator, LLC	Oracle Elevator Company
Sep-17	Energy Initiatives Group, LLC	EN Engineering, LLC
Oct-17	Glumac Inc.	Tetra Tech, Inc.
Oct-17	Westinghouse Electric Company LLC	Toshiba Corporation
Oct-17	TRP Construction Group, LLC	MSouth Equity Partners, LLC
Oct-17	Heery International, Inc.	CBRE Group, Inc.
Oct-17	Williams Electric Company, Inc.	Parsons Corporation
Oct-17	Aecon Group Inc.	CCCC International Holding Limited
Oct-17	The Brock Group, Inc.	American Industrial Partners
Oct-17	Certified Refrigeration & Mechanical, Inc.	CoolSys, Inc.
Nov-17	The Truesdell Corporation	Woodlawn Partners
Nov-17	GeoCapitol Engineering LLC And GeoConcepts Engineering, Inc.	Terracon Consultants, Inc.
Nov-17	Sky Industrial Services, LLC	AXIOS Industrial Group, LLC
Nov-17	Infrastructure & Energy Alternatives, LLC	Oaktree Capital Management, L.P., M III Acquisition Corp.
Nov-17	American Refrigeration Company Inc.	Southfield Capital Partners
Nov-17	New England Utility Constructors, Inc.	Centuri Construction Group, Inc.
Nov-17	Moreland Altobelli and Pavetex Engineering and Engineering Testing Services	Bernhard Capital Partners Management LP
Dec-17	NAPEC Inc.	Oaktree Capital Management, L.P.
Dec-17	EMR Group LLC	Mead & Hunt, Inc.
Dec-17	Woolpert, Inc.	Long Point Capital
Dec-17	DDS Companies Inc.	Feeney Brothers Excavation LLC
Dec-17	Chicago Bridge & Iron Company N.V.	McDermott International, Inc.
Dec-17	PrimeLine Utility Services	VINCI Energies S.A.
Dec-17	U.S. Power & Industrial Engineering Services Division of Altran Technologies S.A.	CriticalPoint Capital, LLC
Dec-17	Skyscene, LLC	NV5 Global, Inc.

Source: Capital IQ, FMI

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/Revenue	EV/EBITDA ¹	P/E ²	P/B ³
ACS, Actividades de Construcción y Servicios, S.A.	\$ 14,355	\$ 36.18	\$ 45.32	\$ 32.89	\$ 41,888	24.12%	\$ 2,347	27.85%	13.38%	0.3x	6.1x	11.4x	2.4x
AECOM	9,093	36.30	39.90	30.15	18,756	7.35%	793	-9.58%	1.37%	0.5x	11.5x	14.4x	1.4x
Alstom SA	9,679	41.25	46.08	31.27	8,855	10.21%	669	14.01%	51.66%	1.1x	14.5x	23.2x	2.0x
Balfour Beatty plc	3,000	3.78	4.31	3.49	9,348	9.36%	58	N/A	12.71%	0.3x	51.6x	91.4x	2.6x
Bouygues SA	22,357	50.19	56.70	44.48	39,690	17.86%	3,455	27.54%	27.99%	0.6x	6.5x	13.5x	1.7x
Chicago Bridge & Iron Company N.V.	4,209	18.01	31.69	9.55	6,673	-22.40%	(202)	N/A	-42.11%	0.6x	NM	NM	25.6x
Fluor Corporation	7,802	57.17	62.09	37.04	19,521	2.54%	672	-24.39%	4.65%	0.4x	11.6x	42.0x	2.4x
Granite Construction Incorporated	2,122	60.17	68.58	45.14	2,990	18.89%	158	8.21%	17.50%	0.7x	13.4x	35.2x	2.5x
Helix Energy Solutions Group, Inc.	1,151	6.23	8.70	4.82	581	19.24%	101	24.74%	-15.70%	2.0x	11.4x	31.2x	0.6x
Jacobs Engineering Group Inc.	10,071	59.61	72.18	49.31	10,221	-4.18%	662	3.14%	5.17%	1.0x	15.2x	31.0x	1.4x
John Wood Group PLC	6,387	8.72	11.48	7.65	5,394	30.91%	272	-11.49%	-5.71%	1.2x	23.5x	NM	1.4x
Kajima Corporation	10,294	9.40	12.24	6.78	17,011	13.20%	1,686	12.90%	46.96%	0.6x	6.1x	7.9x	1.6x
KBR, Inc.	2,251	15.61	21.70	13.36	4,171	-2.27%	243	N/A	8.03%	0.5x	9.3x	5.1x	1.8x
LendLease Group	8,363	13.91	14.59	11.71	13,595	19.80%	600	-3.18%	22.09%	0.6x	13.9x	13.2x	1.6x
McDermott International, Inc.	2,322	7.53	9.07	5.56	2,985	13.23%	434	39.45%	15.67%	0.8x	5.4x	12.0x	1.2x
Obayashi Corporation	10,088	11.04	15.16	9.55	16,960	9.15%	1,339	8.59%	22.58%	0.6x	7.5x	8.4x	1.2x
Primoris Services Corporation	1,434	26.00	30.00	21.83	2,380	19.18%	172	33.94%	5.26%	0.6x	8.3x	18.6x	2.4x
Skanska AB (publ)	8,051	20.33	26.42	18.48	19,287	20.44%	530	-24.66%	-14.43%	0.4x	15.2x	16.9x	2.5x
SNC-Lavalin Group Inc.	9,534	44.01	45.93	38.89	7,443	18.03%	647	56.24%	9.67%	1.3x	14.7x	24.3x	1.9x
Tutor Perini Corporation	1,670	22.80	32.70	21.15	4,757	-4.34%	231	-14.05%	-24.88%	0.4x	7.2x	7.8x	0.7x
VINCI SA	74,517	100.06	109.51	85.55	49,324	20.80%	7,866	22.78%	34.92%	1.5x	9.5x	16.5x	2.5x
Mean										0.8x	10.4x	17.1x	1.8x
Median										0.6x	11.4x	16.5x	1.8x

Notes:

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

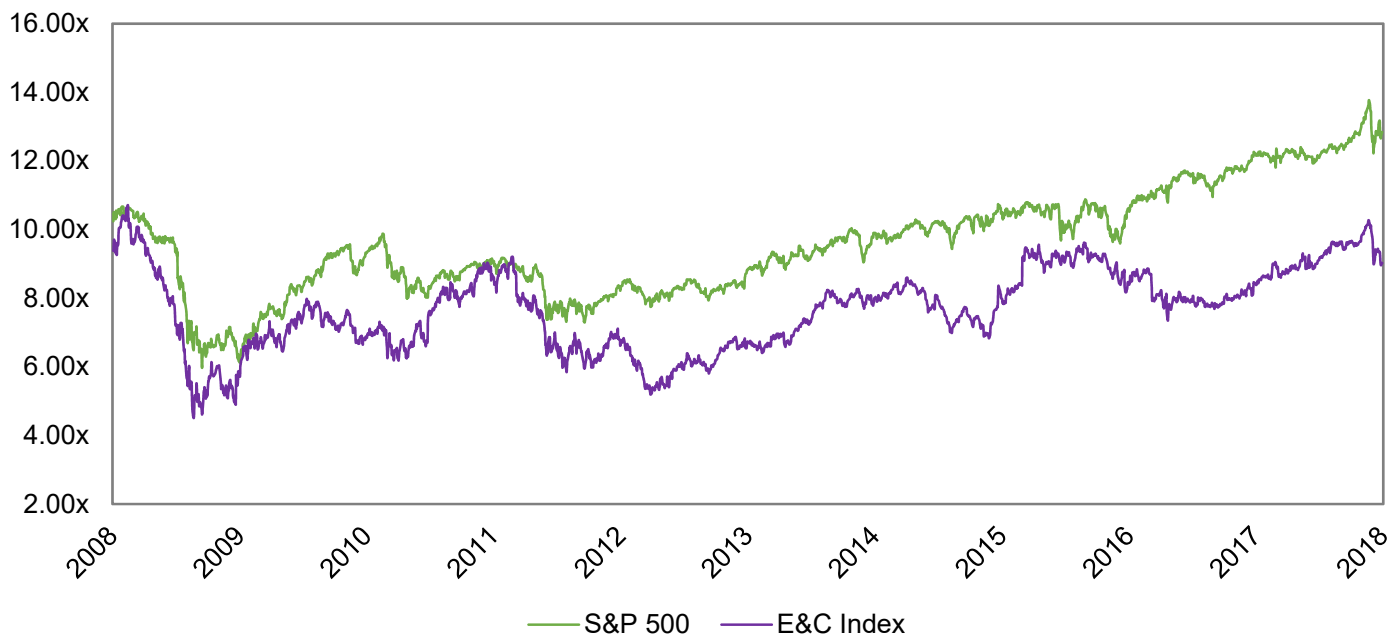
¹Total Enterprise Value/EBITDA > 20.0 not used in mean

²Price/Earnings > 40.0 not used in mean

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

Data as of March 8, 2018

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/Revenue	EV/EBITDA ¹	P/E ²	P/B ³
AECOM	\$ 9,093	\$ 36.30	\$ 39.90	\$ 30.15	\$ 18,756	7.35%	\$ 793	-9.58%	1.37%	0.5x	11.5x	14.4x	1.4x
Arcadis NV	2,458	22.48	24.74	15.91	3,865	9.99%	245	24.18%	66.34%	0.6x	10.0x	22.5x	1.6x
Fluor Corporation	7,802	57.17	62.09	37.04	19,521	2.54%	672	-24.39%	4.65%	0.4x	11.6x	42.0x	2.4x
Hill International, Inc.	443	5.90	5.90	3.70	413	-4.76%	2	-61.50%	26.88%	1.1x	203.3x	NM	3.7x
Jacobs Engineering Group Inc.	10,071	59.61	72.18	49.31	10,221	-4.18%	662	3.14%	5.17%	1.0x	15.2x	31.0x	1.4x
KBR, Inc.	2,251	15.61	21.70	13.36	4,171	-2.27%	243	N/A	8.03%	0.5x	9.3x	5.1x	1.8x
SNC-Lavalin Group Inc.	9,534	44.01	45.93	38.89	7,443	18.03%	647	56.24%	9.67%	1.3x	14.7x	24.3x	1.9x
Stantec Inc.	3,276	25.35	28.72	23.39	2,725	18.13%	277	11.34%	-0.90%	1.2x	11.8x	38.6x	2.0x
Tetra Tech, Inc.	3,140	51.30	53.40	38.85	2,089	4.58%	229	8.63%	26.67%	1.5x	13.7x	21.5x	3.0x
Mean										0.9x	12.2x	22.5x	2.1x
Median										1.0x	11.8x	23.4x	1.9x

Notes:

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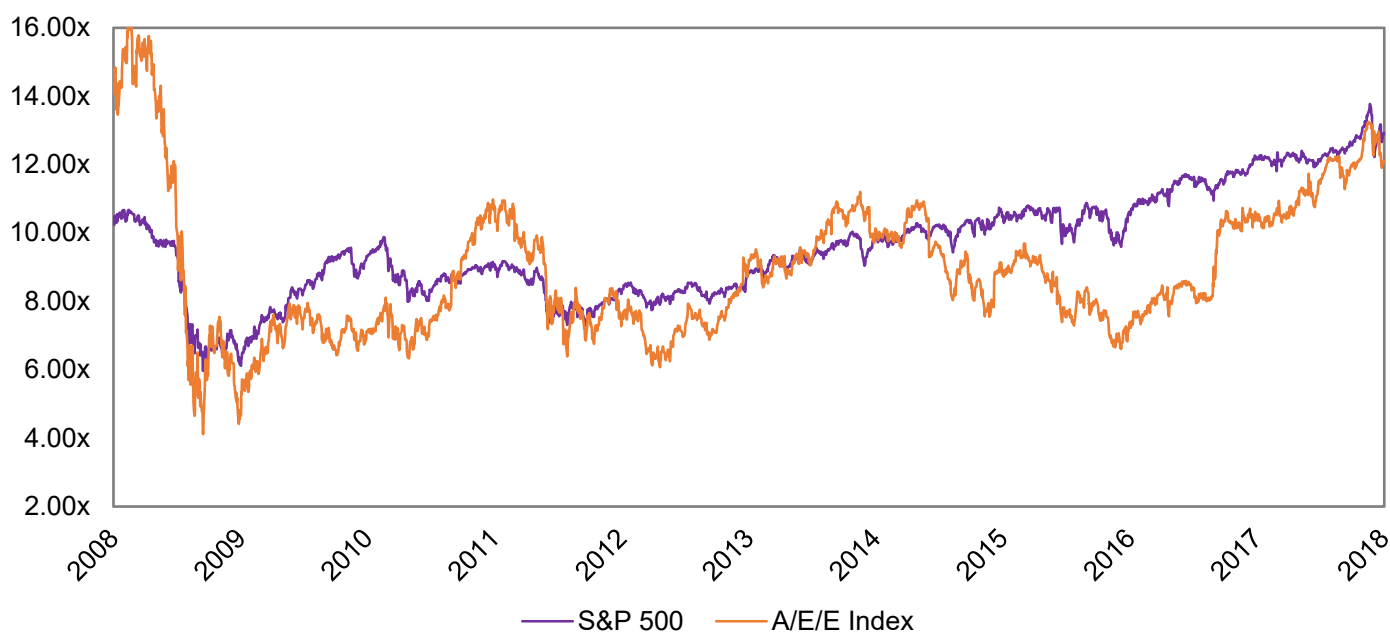
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Data as of March 8, 2018

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/Revenue	EV/EBITDA ¹	P/E ²	P/B ³
Comfort Systems USA, Inc.	1,571	41.70	44.80	31.90	1,788	9.40%	138	8.33%	15.03%	0.9x	11.4x	28.4x	3.7x
Dycom Industries, Inc.	4,093	109.96	123.99	73.95	2,823	-4.45%	290	-30.17%	15.61%	1.4x	14.1x	25.6x	4.7x
EMCOR Group, Inc.	4,403	78.11	85.08	59.76	7,687	1.79%	478	20.85%	23.34%	0.6x	9.2x	20.4x	2.7x
IES Holdings, Inc.	351	16.40	20.31	14.05	817	10.78%	26	-26.42%	-12.77%	0.4x	13.5x	NM	1.7x
Keller Group plc	1,194	12.11	14.82	10.92	2,799	27.34%	228	23.88%	12.86%	0.4x	5.2x	7.3x	1.3x
Limbach Holdings, Inc.	130	11.92	15.22	11.14	488	9.18%	11	-23.00%	-14.86%	0.3x	12.4x	NM	1.9x
MasTec, Inc.	5,495	51.15	55.53	36.40	6,607	28.67%	587	32.41%	29.49%	0.8x	9.4x	12.1x	2.9x
Matrix Service Company	387	15.30	20.25	7.80	1,096	-17.20%	18	-71.76%	-4.97%	0.4x	21.0x	NM	1.2x
MYR Group Inc.	687	37.01	43.77	23.00	1,403	22.83%	69	-9.96%	-1.80%	0.5x	9.9x	28.9x	2.1x
Primoris Services Corporation	1,434	26.00	30.00	21.83	2,380	19.18%	172	33.94%	5.26%	0.6x	8.3x	18.6x	2.4x
Quanta Services, Inc.	5,962	35.17	40.11	30.23	9,466	23.72%	657	20.79%	-6.19%	0.6x	9.1x	17.6x	1.4x
The Goldfield Corporation	129	4.90	8.65	4.00	114	-12.63%	17	-36.90%	-40.96%	1.1x	7.4x	16.2x	2.3x
Mean										0.7x	10.0x	19.4x	2.4x
Median										0.6x	9.6x	18.6x	2.2x

Notes:

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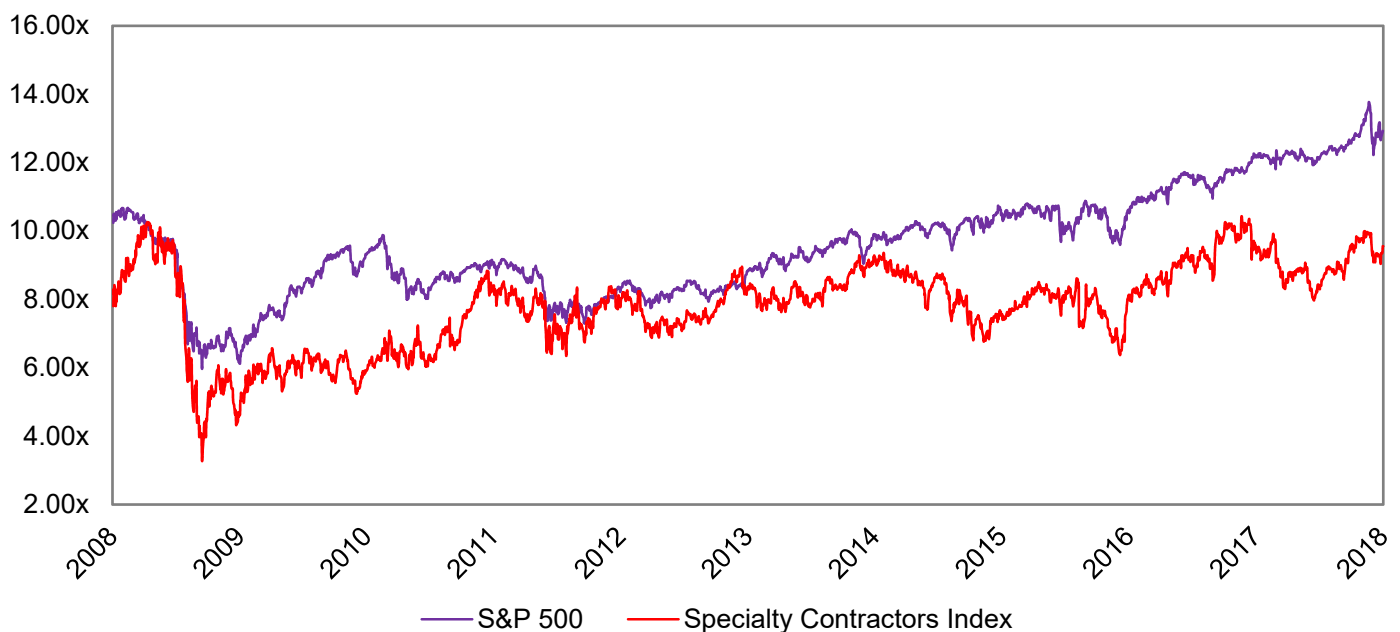
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Data as of March 8, 2018

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/Revenue	EV/EBITDA ¹	P/E ²	P/B ³
ACS, Actividades de Construcción y Servicios, S.A.	\$ 14,355	\$ 36.18	\$ 45.32	\$ 32.89	\$ 41,888	24.12%	\$ 2,347	27.85%	13.38%	0.3x	6.1x	11.4x	2.4x
Ferrovial, S.A.	21,271	21.21	25.66	20.53	14,659	29.08%	1,083	8.80%	12.11%	1.5x	19.6x	27.7x	2.3x
Fluor Corporation	7,802	57.17	62.09	37.04	19,521	2.54%	672	-24.39%	4.65%	0.4x	11.6x	42.0x	2.4x
Granite Construction Incorporated	2,122	60.17	68.58	45.14	2,990	18.89%	158	8.21%	17.50%	0.7x	13.4x	35.2x	2.5x
Obrascón Huarte Lain, S.A.	5,176	4.60	6.73	2.84	3,862	9.46%	(71)	N/A	26.52%	1.3x	NM	NM	0.5x
Primoris Services Corporation	1,434	26.00	30.00	21.83	2,380	19.18%	172	33.94%	5.26%	0.6x	8.3x	18.6x	2.4x
Salini Impregilo S.p.A.	3,122	3.15	4.65	2.91	7,133	17.30%	304	-43.58%	-7.21%	0.4x	10.3x	17.0x	1.1x
Sterling Construction Company, Inc.	349	12.49	18.90	8.42	958	38.81%	35	972.48%	35.91%	0.4x	9.9x	29.0x	2.4x
Tutor Perini Corporation	1,670	22.80	32.70	21.15	4,757	-4.34%	231	-14.05%	-24.88%	0.4x	7.2x	7.8x	0.7x
Mean										0.7x	10.8x	13.7x	1.9x
Median										0.4x	10.1x	23.2x	2.4x

Notes:

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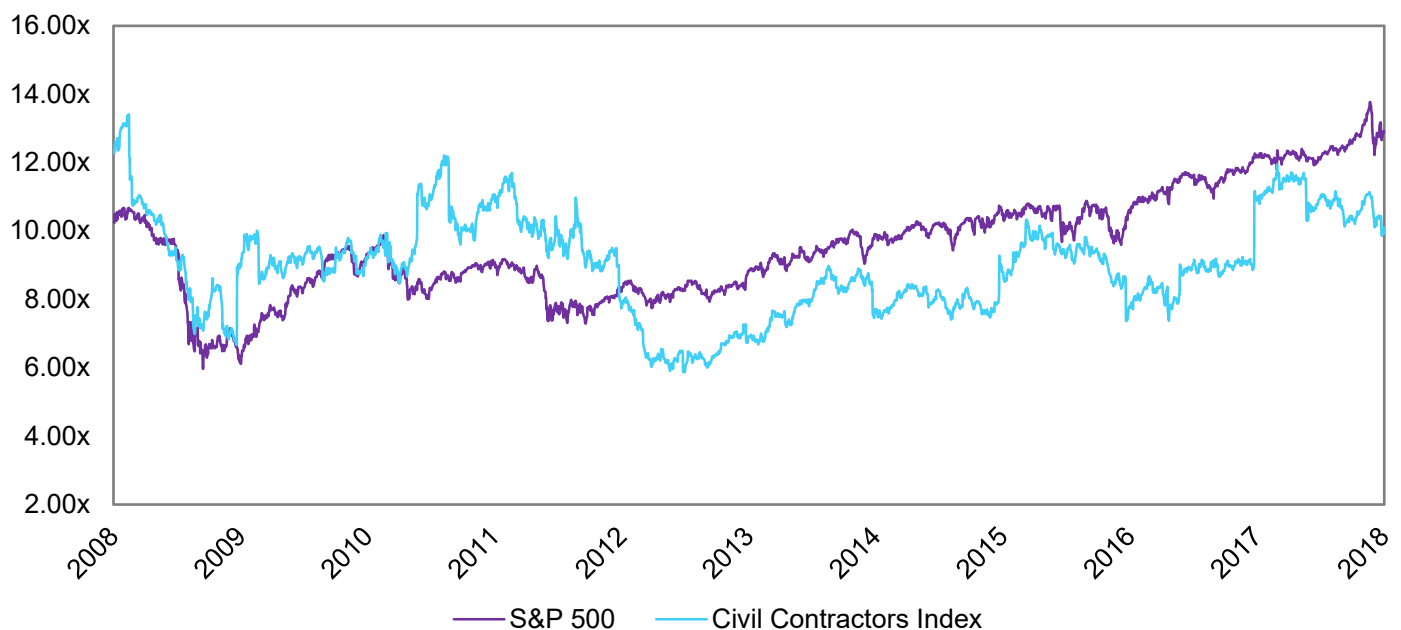
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Data as of March 8, 2018

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





D. Alex Miller

Managing Director

Alex Miller is a managing 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 mergers 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.

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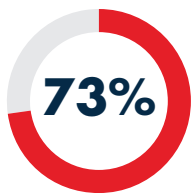
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About FMI Capital Advisors

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.

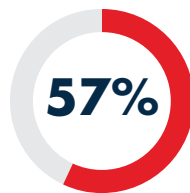
FMI Client Highlights



of the ENR
Top-400
LARGEST
CONTRACTORS



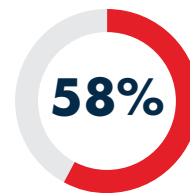
of the ENR
Top-200
SPECIALTY
CONTRACTORS



of the ENR
Top-100
DESIGN
FIRMS



of the ENR
Top-200
ENVIRONMENTAL
FIRMS



of the ENR
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