Duff & Phelps

Infrastructure

Services & Products

December 2012

Inside

Despite lingering uncertainty in the domestic and global economies, the outlook for infrastructure-related spending remains cautiously optimistic. Construction backlog, a leading economic indicator, shows some signs of improvement. Private spending on non-residential construction is up on a year-over-year basis and has absorbed the contraction in public spending levels. Additionally, the industry registered the largest two-month increase in demand for design services since late 2010.

However, meaningful improvement in overall non-residential construction spending is likely to remain modest and even constrained given the numerous uncertainties and challenges facing both domestic and international economies, ranging from the U.S. fiscal cliff and the budget deficit to the European sovereign debt crisis. China's slowing growth was a concern through the summer but economic data, especially lately, points to growth stabilizing and gradually improving. With no changes in Washington, DC following the elections – Republican-controlled House, Democrat-controlled Senate and the re-election of President Obama – there is no clear consensus yet on a fiscal path forward. The Obama administration will need to move quickly to secure agreement on avoiding the fiscal cliff and raising the debt ceiling.

Infrastructure investment is critical to both the long-term economic recovery of the U.S. and its ability to sustain future growth. Engineering and construction activity has been slow to reflect the moderate macro-economic improvement as the availability of project funding continues to trail demand.

Concerns remain as to whether the government can promptly and effectively address the budget gap between planned and necessary infrastructure investment levels.

Key Report Takeaways

Economic Indicators – Real GDP advanced at an annual rate of 2.0% in Q3 from 1.3% in Q2, while seasonally adjusted annual spending on non-residential construction increased 2.6% YoY to $545 billion, reflecting five months of consecutive declines. Despite the slowdown in overall growth, private sector spending is up 8.8% YoY with power and water/wastewater projects leading the way. Average backlogs rose 3.5% in the third quarter, the second consecutive quarterly increase.

In the Spotlight – Favorable industry dynamics within the power sector are expected to continue to lead growth in the near term. With approximately 90% of power projects funded by private investment, spending on power made up for shortfalls in many other non-residential construction sectors.

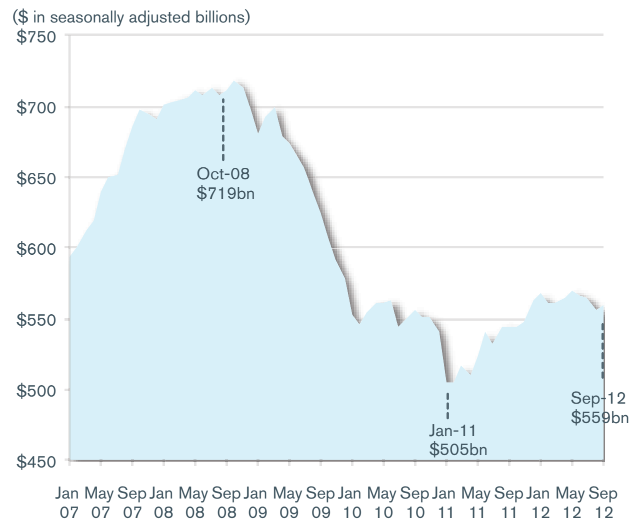
M&A Activity – Significant investment in infrastructure abroad and increased competition domestically will continue to shift business models and drive globalization and further consolidation in the industry.

Public Company Metrics – Since January 2010, the S&P 500 Index has outperformed all but one of the Duff & Phelps Infrastructure Services & Products Indices. EBITDA multiples continue to be ahead of year-ago levels and approximately in line with levels seen six months ago.

Key U.S. Economic Indicators

Non-Residential Construction Put-in-Place

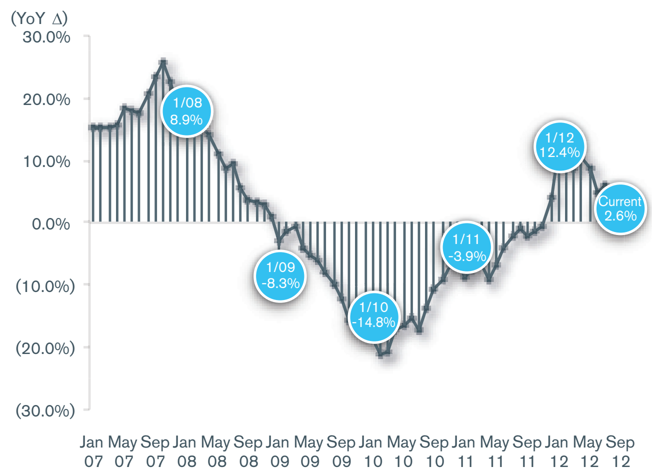
YTD September 2012 non-residential construction spending increased 7.4% to $421 billion from $392 billion during the same period a year ago, due in part to an unusually mild winter which allowed projects to progress more quickly; spending in power and manufacturing sectors led the way. The seasonally adjusted annual rate of non-residential construction portrays a much different story, increasing a smaller 2.6% to $559 billion in September 2012 from $545 billion in September 2011, and reflecting five months of consecutive declines due to tepid economic conditions. In addition, based on the U.S. Department of Commerce's 16 non-residential construction subsectors, six posted seasonally adjusted annual increases in spending in September compared to August, with transportation, communication, power and manufacturing making up almost 90% of the total.



Source: U.S. Census Bureau

YoY % Change in Non-Residential Construction Put-in-Place

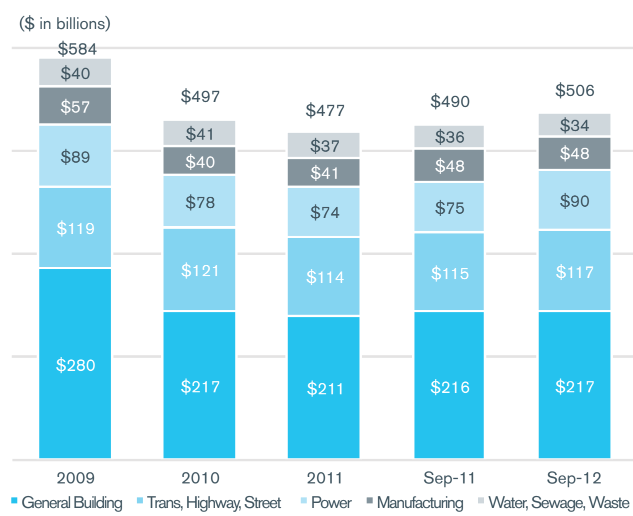
Non-residential construction spending, which went negative on a YoY basis beginning in January 2009, reversed its downward course beginning in January 2010, driven by stimulus-induced spending on transportation and water/wastewater infrastructure projects; broke into positive territory in December 2011 and has since decelerated beginning in January 2012 due primarily to domestic and global economic malaise. Despite the slowdown in overall growth during 2012, private non-residential construction spending is up 8.8% September YoY with power projects leading the way, compared to a contraction of 3.6% September YoY for public construction, driven primarily by reductions in educational and waste/wastewater spending, reflecting tight local and state governmental budgets.



Source: U.S. Census Bureau

Non-Residential Construction Put-in-Place

The five major subsector groupings in the graph on the right comprise roughly 90% of total non-residential construction spending. The September 2012 seasonally adjusted annual rate of spending increased 6.0% over calendar 2011, fueled by private-sector spending on power and manufacturing-related construction projects.

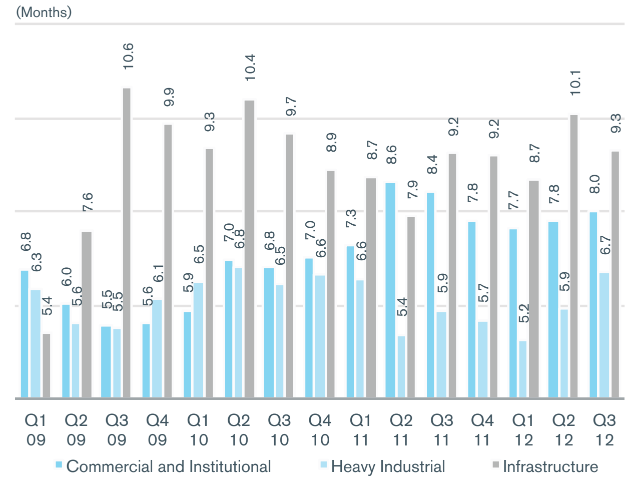


Source: U.S. Census Bureau

Key U.S. Economic Indicators

Average Construction Backlog

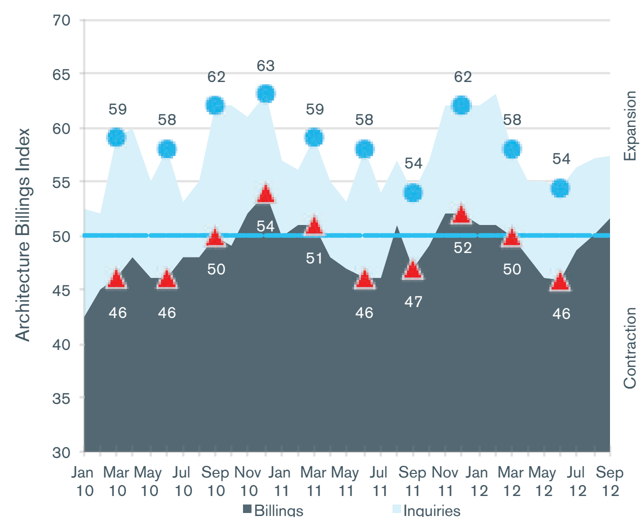
Backlog rose by 3.5% in the third quarter of 2012 due to gradual acceleration in non-residential construction spending. This represents the second such consecutive increase, after registering back-to-back declines in Q4 2011 and Q1 2012. While a favorable development, Q3 2012 is still 4.2% below the same period in 2011. Meaningful improvement in overall non-residential construction spending is likely to remain modest and even constrained given the numerous uncertainties and challenges facing both domestic and international economies, ranging from the U.S. fiscal cliff (combined impact of both tax increases and spending cuts) and the budget deficit, to the European sovereign debt crisis.



Source: Associated Builders and Contractors

Architecture Billings Index (ABI)

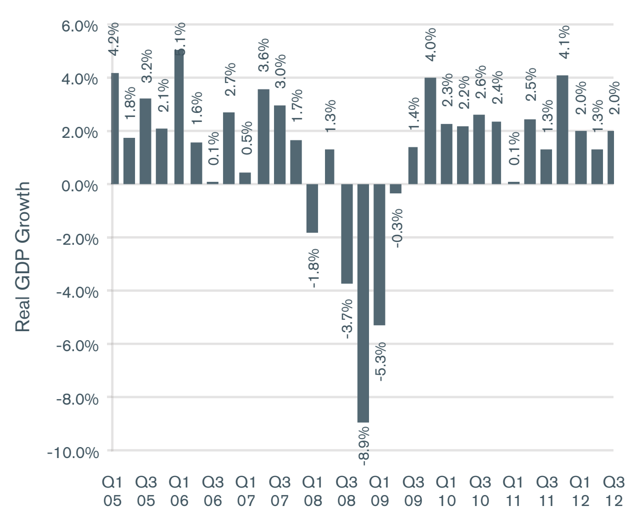
The American Institute of Architects (AIA) reported that the September ABI increased to 51.6 from 50.2 in August, reflecting the largest two-month increase in demand for design services since late 2010. The new projects inquiry index was approximately flat at 57.3, compared to 57.2 in the previous month. While billings at architecture firms in September increased at their fastest pace since late 2010, the softness in design activity is reflective of the slow pace of the economic expansion. Concerns over the economy continue to result in project delays and impact the availability of financing for these projects.



Source: The American Institute of Architects

Real GDP Growth

Economic recovery continues to be slow since the depths of the 2009 recession. Real GDP advanced in the third quarter of 2012, increasing at an annual rate of 2.0% which was up from an annual rate of 1.3% in the second quarter. The rate of growth in the third quarter was due largely to an increase in personal consumption expenditures, and federal government and residential construction spending, partly offset by negative contributions from exports, non-residential construction and inventory investment.



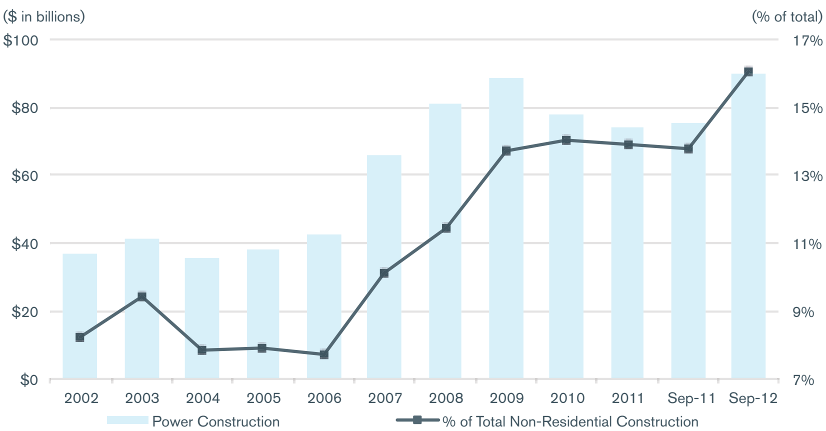
Source: U.S. Census Bureau

In the Spotlight

Power Construction Leads Sector Growth

Power construction includes spending for oil, gas, electricity generation and distribution projects. The seasonally adjusted annual rate of spending for power, approximately 90% of which is funded by private investment, totaled $89.7 billion in September 2012, increasing 19.2% YoY. More importantly, of those non-residential construction subsectors registering an increase in YoY spending, power accounted for 64% of the total increase, significantly offsetting the contraction in other construction sectors as well as in public spending levels. With about half of U.S. generating capacity over 30 years old, and major required investment in transmission infrastructure, spending on power is expected to lead non-residential construction spending for the next several years.

Spending on power projects accounted for a seasonally adjusted 16.0% of total non-residential construction spending as of September 2012.



Source: U.S. Census Bureau

Subsector	Sep-12	Sep-11	$ Δ	% of Total $Δ
Increase in Spending ($ in millions)				
Power	$89,731	$75,283	$14,448	64.0%
Transportation	38,516	34,709	$3,807	16.9%
Lodging	11,230	8,981	$2,249	10.0%
All Other	185,860	183,803	2,057	9.1%
Subtotal			$22,561	100.0%
Decrease in Spending				
Highway and Street	$78,532	$80,308	(1,776)	21.1%
Water Supply	12,438	14,240	(1,802)	21.4%
Educational	83,815	86,626	(2,811)	33.4%
All Other	59,279	61,304	(2,025)	24.1%
Subtotal			($8,414)	100.0%
Total	$559,401	$545,254	$14,147	

The emergence of abundant shale-deposit gas reserves and new drilling technologies, along with tightening EPA legislation surrounding emission and hazardous air pollutant standards, is driving an increase in retirement, retrofit, and other regulatory control projects by utilities as well as a shift in demand to natural gas projects. Compared to the average air emissions from coal-fired generation, natural gas produces much less carbon dioxide, nitrogen oxides, and sulfur oxides at the power plant.

Not to be overlooked is interest and activity in nuclear power generation, although expectations for a global nuclear renaissance have largely been sidelined due to lower natural gas prices and concerns over safety. Lower natural gas prices since 2009 have put the economic viability of some of these projects in doubt. Additionally, there are increased concerns over safety following the March 2011 earthquake and tsunami in Japan that led to disastrous meltdowns of four nuclear reactors at the Fukushima plant in northern Japan. New plants will have safety features that will prevent a disaster like the one that occurred at Fukushima while existing plants may undergo similar modifications. With nuclear power representing over 20% of total electrical output, utilities are expected to continue to push for new reactors in the future. Currently, utilities including Georgia Power, South Carolina Electric & Gas and Santee Cooper are building four new nuclear units in Georgia and South Carolina with an estimated cost of approximately $23 billion. In the U.S., the last nuclear reactor came on line in 1996 and the Nuclear Regulatory Commission previously had not issued a new license to build a new reactor since 1978.

The long-term outlook for spending on power infrastructure is the catalyst behind Chicago Bridge & Iron's pending acquisition of Shaw Group. According to CB&I, the number and size of major power-related projects has increased consistently since 2009, with the number of $1 billion or larger projects increasing substantially. CB&I believes that the combined company will be the most complete energy infrastructure-focused technology and engineering, procurement, fabrication, and construction company globally with 50,000 energy infrastructure-focused employees. CB&I expects that the combined company would be able to capitalize on CB&I's global footprint to selectively pursue and execute combined cycle gas-fired power projects as well as have greater ability to build nuclear power projects in conjunction with nuclear partners.

In the Spotlight

Public Funding

On July 6, 2012, a new two-year transportation reauthorization bill – Moving Ahead for Progress in the 21st Century Act ("MAP-21") – was signed into law. The $120 billion bill, which is the first long-term highway bill passed since 2005, will fund construction projects for domestic roads, bridges, and mass transit systems over the next 27 months. Although the passing of the transportation bill was necessary to maintain current transportation funding levels, it did not provide the more stable long-term solution that many sought. As a result, medium-size or smaller projects that won't require more than two years of funding stand to most likely benefit. Public infrastructure helped many infrastructure firms weather the onset of the recession and has now stalled due to governmental budgetary constraints. Private construction has more recently masked the decline in public spending levels, with private non-residential construction spending up 8.8% YoY compared to a contraction of 3.6% YoY for public construction.

Crowded Bidding and Margin Compression

One of the most challenging issues plaguing U.S. contractors is the run-off of higher-margin backlog generated during the pre-recession period of robust construction, and replacement with lower-margin backlog. As macroeconomic conditions weakened and construction activity slowed during the recession, the competitive environment has heated up considerably, with new projects attracting more bids. Larger firms with scale are pursuing atypical project sizes and competing directly with local and regional contracting firms. Additionally, the supply-demand imbalance has further intensified competition by drawing foreign firms into the market as well as contractors from slower sectors that bid on jobs where they may not necessarily be as well qualified, but nonetheless serve to lower pricing. The bidding frenzy has resulted in margin compression for many construction and specialty contractor firms. With shrinking profits, there has been a new wave of subcontractor defaults creating additional problems in the industry; some general contractors are also beginning to struggle. Further consolidation is expected.

Regulatory Environment

Increased levels of regulatory requirements from the EPA regarding tighter emission control and hazardous air pollutant standards are resulting in substantial compliance costs for those affected by the new regulations. These regulations have a significant impact on a range of services, including installation and maintenance of emission control systems, retrofit solutions, environmental, compliance, and feasibility studies. Those most affected by this regulatory environment include coal-fired power plants, cement manufacturers, steel mills, oil refineries, solid waste landfills, electricity-generating facilities, and wastewater treatment plants. While additional EPA mandates will create revenue opportunities for infrastructure services providers, stringent regulation and complex government approval processes may restrict construction and development activities, specifically in the private sector.

Mergers and Acquisitions Activity

The outlook for deal activity among engineering and construction services firms for the remainder of 2012 and into 2013 remains largely correlated to macroeconomic conditions and legislative progress. Increased domestic competition, a robust and growing international market, ample cash reserves and greater acceptance of inorganic growth strategies continue to drive deal activity in the industry. Complementary bolt-on acquisitions have remained popular in 2012, and firms are expected to continue to pursue strategic acquisitions of smaller and mid-sized companies to capture more parts of the value chain, round out their geographic footprint, diversify their end markets, expand their capabilities and drive growth. Moving forward into 2013, there will be opportunity for further consolidation in the industry.

Select Mergers and Acquisitions Activity April 1st, 2012 through September 30th, 2012

($ in millions) Date Closed	Target Name	Sector	Acquirer Name	Enterprise Value	EV / Revenue	EV / EBITDA
Pending	Kromav Engenharia Ltda.	Engineering & Design	AMEC plc	$25.0	-	-
Pending	Suporte Consultoria e Projetos Ltda.	Integrated E&C	Genesis Oil and Gas Consultants Ltd.	-	-	-
Pending	The Shaw Group Inc.	Integrated E&C	Chicago Bridge & Iron Company N.V.	$1,900.0	0.32x	7.0x
9/14/12	Symbiotic Engineering, LLC	Engineering & Design	ICF International Inc.	-	-	-
8/31/12	The Shaw Group Inc., Substantially All of Business of the Energy and Chemicals Business Segment	Integrated E&C	Technip	$298.0	-	-
8/30/12	Langdon & Seah Indonesia PT	Construction	Davis Langdon & Seah Singapore Pte Ltd.	-	-	-
8/24/12	CIMARRON Engineering Ltd.	Engineering & Design	Stantec Inc.	-	-	-
8/6/12	ETEP Consultoria, Gerenciamento e Servicos Ltda.	Engineering & Design	Arcadis NV	-	-	-
8/1/12	WSP Group plc	Engineering & Design	GENIVAR Inc.	$547.7	0.48x	8.1x
7/31/12	Team Maroc SA	Integrated E&C	Jacobs Engineering SA	-	-	-
7/30/12	Koontz-Wagner Holdings LLC	Specialty Contracting	Global Power Equipment Group Inc.	$31.5	0.93x	-
7/19/12	BMG Engineering AG	Engineering & Design	Arcadis NV	-	-	-
7/12/12	Westcon, Inc.	Integrated E&C	Bilfinger Berger SE	-	-	-
7/2/12	EM-Assist, Inc.	Engineering & Design	Cardno Limited	$14.3	-	-
7/2/12	Marshall Miller & Associates, Inc. (nka:Cardno MM&A)	Engineering & Design	Cardno Limited	$31.0	-	-
7/2/12	UC Synergetic, Inc.	Engineering & Design	Pike Enterprises, Inc.	$70.0	0.97x	-
7/2/12	Royal Haskoning B.V.	Engineering & Design	DHV Holding B.V. (nka:Royal HaskoningDHV)	-	-	-
6/30/12	CRA Engenharia Ltda., Brazilian Mining Engineering Practice	Engineering & Design	Tetra Tech Inc.	-	-	-
6/29/12	Serco Technical Consulting Services	Engineering & Design	AMEC plc	$214.9	1.96x	-
6/28/12	MCC Holdings, Inc., Houston Service Center	Integrated E&C	Furmanite America, Inc.	$9.3	-	-
6/19/12	North 46 Architecture Inc.	Engineering & Design	PBK Architects Inc.	-	-	-
6/19/12	R.W. Armstrong & Associates, Inc.	Engineering & Design	CHA Consulting, Inc.	-	-	-
6/6/12	Rooney Engineering, Inc.	Engineering & Design	Tetra Tech Inc.	-	-	-
5/31/12	Costa Fortuna del Uruguay S/A	Construction	Layne Christensen Co.	$43.7	0.88x	3.1x
5/31/12	Charron Construction Consulting, Inc.	Integrated E&C	Versar Inc.	$3.5	-	-
5/30/12	Unidel Group Pty Ltd.	Engineering & Design	AMEC plc	$39.9	-	-
5/25/12	ABMB Engineers, Incorporated and PHB Group Inc.	Engineering & Design	Stantec Inc.	-	-	-
5/14/12	Flint Energy Services Limited (nka:URS Flint)	Integrated E&C	URS Corporation	$1,488.7	0.91x	11.0x
4/30/12	EN Engineering L.L.C.	Engineering & Design	CIVC Partners, L.P.; CIVC Partners Fund IV, L.P.	-	-	-
4/11/12	Davis Langdon & Seah Singapore Pte Ltd.	Engineering & Design	Arcadis NV	-	-	-
4/5/12	FYFE Asia Pte. Ltd.	Infrastructure Products	Aegion Corporation	$39.4	1.53x	9.2x
4/1/12	CRS Engineering Inc.	Engineering & Design	SSOE, Inc.	-	-	-

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

Public Company Metrics

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

Engineering & Design

Company Information	Price at 11/12/12	% 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
	Market Data				LTM Performance					Multiples		
AECOM Technology Corporation	$21.76	89.6%	$2,461	$3,188	$8,218.2	$443.5	2.2%	(9.3%)	5.4%	0.39x	7.2x	5.8x
AMEC plc	$16.35	86.6%	$4,999	$4,540	$5,965.0	$509.8	26.6%	17.8%	8.5%	0.76x	8.9x	8.0x
Arcadis NV	$21.48	95.7%	$1,591	$2,059	$3,151.9	$232.9	23.9%	0.4%	7.4%	0.65x	8.8x	8.2x
GENIVAR Inc.	$19.99	70.2%	$1,021	$1,230	$926.9	$91.3	43.9%	3.6%	9.8%	1.33x	13.5x	10.6x
Michael Baker Corporation	$19.46	70.9%	$188	$121	$608.4	$35.0	21.0%	9.2%	5.8%	0.20x	3.5x	3.3x
Stantec Inc.	$37.22	97.8%	$1,708	$1,968	$1,536.8	$217.6	12.9%	9.1%	14.2%	1.28x	9.0x	8.7x
Tetra Tech Inc.	$25.03	89.4%	$1,598	$1,577	$2,022.1	$222.6	12.8%	10.2%	11.0%	0.78x	7.1x	6.8x
WS Atkins plc	$10.35	81.0%	$1,010	$855	$2,736.2	$194.6	9.4%	(1.8%)	7.1%	0.31x	4.4x	4.4x
				Mean	**$3,401.2**	**$255.0**	**19.1%**	**4.9%**	**8.7%**	**0.71x**	**7.8x**	**7.0x**
				Median	**$2,344.4**	**$225.3**	**17.0%**	**6.4%**	**8.0%**	**0.71x**	**8.0x**	**7.4x**

Integrated Engineering & Construction

Company	Price at 11/12/12	% 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
Balfour Beatty plc	$3.78	74.0%	$2,582	$3,458	$15,382.3	$447.0	7.3%	11.8%	2.9%	0.22x	7.7x	6.4x
Chicago Bridge & Iron Company N.V.	$37.50	78.6%	$3,630	$3,038	$5,203.0	$493.6	22.6%	21.1%	9.5%	0.58x	6.2x	5.8x
Fluor Corporation	$52.23	80.8%	$8,697	$6,807	$26,806.5	$1,248.0	19.7%	27.5%	4.7%	0.25x	5.5x	5.4x
Foster Wheeler AG	$22.47	86.2%	$2,383	$1,872	$3,808.1	$263.4	(16.6%)	10.0%	6.9%	0.49x	7.1x	6.0x
Jacobs Engineering Group Inc.	$39.29	81.6%	$5,098	$4,754	$10,893.8	$696.3	4.9%	10.6%	6.4%	0.44x	6.8x	6.6x
KBR, Inc.	$27.19	71.6%	$4,012	$3,238	$7,988.0	$445.0	(14.7%)	(15.1%)	5.6%	0.41x	7.3x	5.1x
McDermott International Inc.	$10.06	65.5%	$2,373	$1,879	$3,461.8	$382.8	9.3%	8.9%	11.1%	0.54x	4.9x	4.4x
SNC-Lavalin Group Inc.	$41.94	75.0%	$6,335	$7,482	$7,905.9	$665.2	12.8%	(19.0%)	8.4%	0.95x	11.2x	10.6x
URS Corporation	$34.74	73.7%	$2,670	$4,667	$10,393.0	$772.3	9.0%	27.3%	7.4%	0.45x	6.0x	5.1x
				Mean	**$10,506.2**	**$568.0**	**6.0%**	**9.2%**	**7.0%**	**0.48x**	**7.0x**	**6.2x**
				Median	**$7,988.0**	**$447.0**	**9.0%**	**10.6%**	**6.9%**	**0.45x**	**6.8x**	**5.8x**

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 November 12, 2012

Public Company Metrics

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

Company Information	Market Data			LTM Performance					Multiples		
Construction											
	Price at 11/12/12	% 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
Granite Construction Incorporated	$29.65	95.7%	$1,148	$980	$2,117.8	$149.3	12.2%	20.4%	7.0%	0.46x	6.6x	6.2x
Layne Christensen Co.	$21.44	80.0%	$418	$504	$1,145.1	$73.6	4.8%	(24.6%)	6.4%	0.44x	6.8x	4.9x
Primoris Services Corporation	$14.00	81.9%	$719	$719	$1,433.9	$132.9	1.0%	1.9%	9.3%	0.50x	5.4x	5.8x
Skanska AB (publ)	$15.34	82.3%	$6,320	$6,755	$19,684.3	$781.7	10.4%	(2.3%)	4.0%	0.34x	8.6x	8.1x
Sterling Construction Co. Inc.	$8.69	68.3%	$143	$121	$586.4	$25.4	11.7%	(53.1%)	4.3%	0.21x	4.7x	4.3x
Tutor Perini Corporation	$12.37	70.7%	$588	$1,105	$4,112.0	$208.7	25.0%	12.4%	5.1%	0.27x	5.3x	4.7x
				Mean	**$4,846.6**	**$228.6**	**10.8%**	**(7.5%)**	**6.0%**	**0.37x**	**6.2x**	**5.7x**
				Median	**$1,775.9**	**$141.1**	**11.1%**	**(0.2%)**	**5.8%**	**0.39x**	**6.0x**	**5.4x**

Specialty Contracting	Price at 11/12/12	% 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
Comfort Systems USA Inc.	$10.21	78.2%	$381	$385	$1,337.4	$39.3	8.1%	19.2%	2.9%	0.29x	9.8x	8.8x
EMCOR Group Inc.	$32.27	96.9%	$2,147	$1,822	$6,252.8	$292.9	15.9%	4.1%	4.7%	0.29x	6.2x	6.0x
Great Lakes Dredge & Dock Corporation	$8.33	98.7%	$494	$710	$646.8	$65.5	0.9%	(16.9%)	10.1%	1.10x	10.8x	8.2x
MasTec, Inc.	$22.94	94.0%	$1,743	$2,185	$3,703.7	$291.4	30.9%	1.9%	7.9%	0.59x	7.5x	6.5x
Matrix Service Company	$10.59	70.3%	$274	$261	$779.3	$44.4	20.9%	1.5%	5.7%	0.33x	5.9x	5.3x
MYR Group, Inc.	$20.80	88.5%	$430	$413	$985.5	$72.2	40.5%	51.7%	7.3%	0.42x	5.7x	5.3x
Pike Electric Corporation	$10.79	98.2%	$379	$585	$758.0	$74.6	19.0%	28.9%	9.8%	0.77x	7.8x	7.4x
The Churchill Corporation	$8.25	51.1%	$202	$319	$1,336.5	$46.7	(7.0%)	(41.6%)	3.5%	0.24x	6.8x	7.8x
				Mean	**$2,284.2**	**$134.3**	**16.1%**	**6.1%**	**6.5%**	**0.50x**	**7.6x**	**6.9x**
				Median	**$1,161.4**	**$68.9**	**19.0%**	**4.1%**	**7.3%**	**0.38x**	**7.2x**	**6.9x**

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 November 12, 2012

Public Company Metrics

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

Company Information	Market Data				LTM Performance					Multiples		
Infrastructure Products												
	Price at 11/12/12	% 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
Aegion Corporation	$17.81	81.0%	$687	$864	$1,010.1	$112.3	8.9%	27.9%	11.1%	0.86x	7.7x	7.1x
Eagle Materials Inc.	$53.08	98.1%	$2,597	$2,806	$559.1	$112.3	23.2%	120.4%	20.1%	5.02x	NM	NM
Harsco Corporation	$19.15	78.2%	$1,543	$2,461	$3,072.4	$458.2	(6.0%)	(6.8%)	14.9%	0.80x	5.4x	5.2x
LB Foster Co.	$36.91	97.9%	$374	$274	$597.1	$34.0	1.3%	(35.4%)	5.7%	0.46x	8.1x	NA
Martin Marietta Materials Inc.	$85.41	91.1%	$3,921	$5,024	$1,954.7	$312.5	22.9%	(12.5%)	16.0%	2.57x	NM	13.5x
Mueller Water Products, Inc.	$4.99	92.1%	$783	$1,352	$1,023.9	$127.5	(23.5%)	33.1%	12.5%	1.32x	10.6x	9.8x
National Oilwell Varco, Inc.	$70.79	78.7%	$30,221	$30,157	$18,615.0	$4,106.0	37.2%	26.1%	22.1%	1.62x	7.3x	7.0x
Northwest Pipe Co.	$21.38	78.9%	$201	$286	$505.5	$39.8	2.7%	(4.0%)	7.9%	0.57x	7.2x	6.9x
Texas Industries Inc.	$45.63	97.1%	$1,279	$1,877	$657.1	$37.1	4.1%	296.3%	5.6%	2.86x	NM	NM
Trinity Industries Inc.	$30.10	83.4%	$2,376	$5,174	$3,832.7	$690.8	39.3%	27.6%	18.0%	1.35x	7.5x	6.6x
Valmont Industries, Inc.	$130.66	93.9%	$3,480	$3,599	$2,967.2	$425.7	18.3%	32.3%	14.3%	1.21x	8.5x	8.3x
Vulcan Materials Company	$47.03	94.1%	$6,095	$8,664	$2,573.5	$409.2	1.5%	30.2%	15.9%	3.37x	NM	NM
				Mean	**$1,369.6**	**$192.8**	**10.8%**	**44.6%**	**13.7%**	**1.83x**	**7.8x**	**8.1x**
				Median	**$1,017.0**	**$119.9**	**6.5%**	**27.8%**	**14.6%**	**1.34x**	**7.6x**	**7.1x**

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

EBITDA
Earnings Before Interest, Taxes, Depreciation, and Amortization

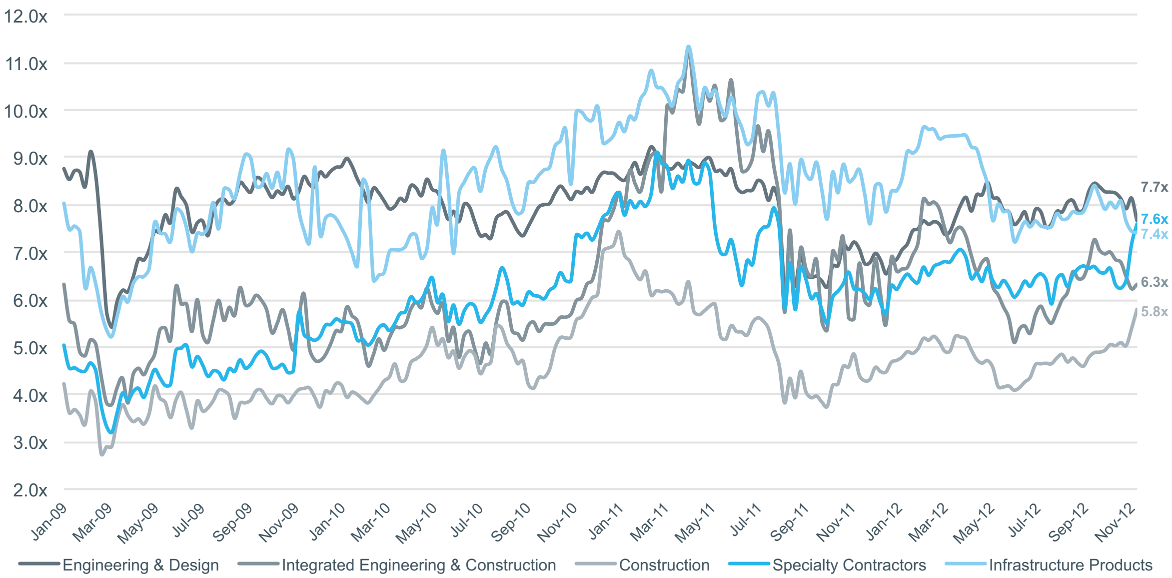
LTM
Last Twelve Months

NTM
Next Twelve Months

Source: Capital IQ as of November 12, 2012

Public Company Metrics

Duff & Phelps' Infrastructure Services & Products Historical Indices EV/EBITDA January 2009 – November 2012



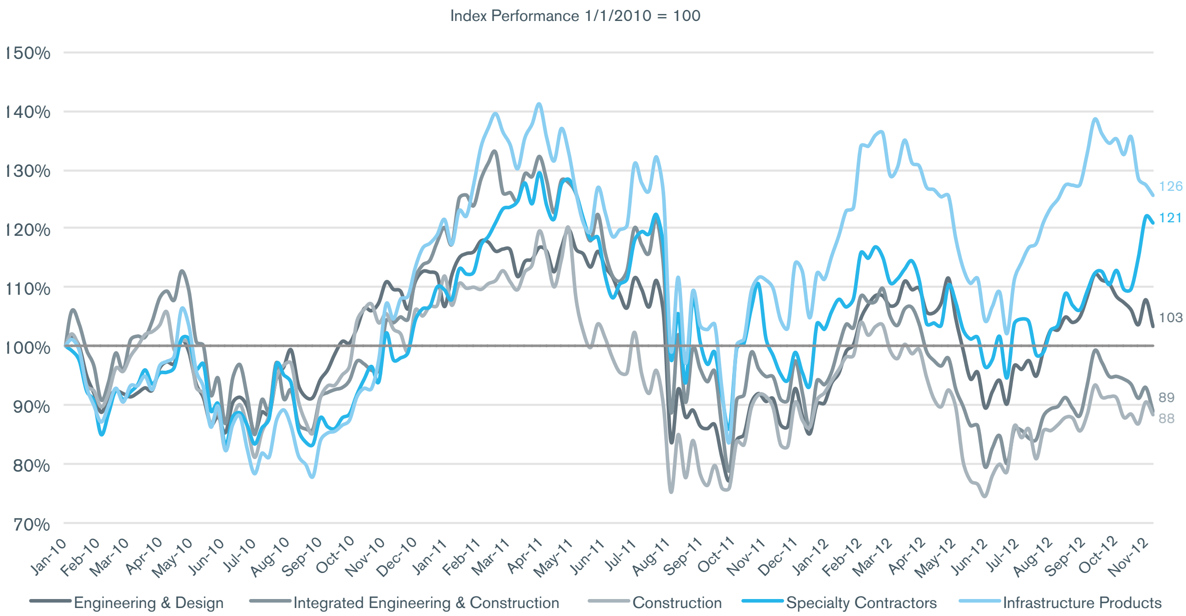
Source: Capital IQ as of November 12, 2012

Median EV/EBITDA Multiples

Public Company Group	3 Years	1 Year	6 Months	Current
Engineering & Design	8.1x	6.5x	8.1x	7.4x
Integrated Engineering & Construction	5.7x	5.4x	7.2x	5.8x
Construction	3.8x	3.9x	5.1x	5.4x
Specialty Contracting	4.7x	5.6x	6.9x	6.9x
Infrastructure Products	8.3x	8.0x	9.4x	7.1x

Public Company Metrics

Duff & Phelps' Infrastructure Services & Products Indices vs. S&P 500 Index January 2010 – November 2012



Source: Capital IQ as of November 12, 2012

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