



CORPORATE FINANCE

Valuation Update for the Engineering and Construction Industry

ADVISORY

September 30, 2008

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The markets have been experiencing unprecedented volatility. While selective transactions were completed across a range of industries in September and despite unified global central bank efforts at providing the market liquidity and reducing the cost of capital, risk aversion is rampant across all asset classes including both public and private securities, which is causing most buyers and investors to sit on the sidelines. We continue to monitor market events and their impact on transactions, valuations, and outlook, and to work closely with our clients to evaluate their options and opportunities in this market. Highlighted below are several transactions announced during the third quarter 2008.

- **General Finance Corporation** (AMEX: GFN) entered into a definitive agreement to acquire **Pac-Van, Inc.** from a group of investors led by Laminar Direct Capital, L.P. for approximately US\$153 million. Pac-Van, headquartered in Indianapolis, Indiana, provides modular buildings, mobile offices, and portable storage equipment. The company constructs modular buildings, such as churches, schools, homebuilder sales offices, and sports buildings. (Source: *Company Press Release and Capital IQ, July 28, 2008*)
- **MasTec, Inc.** (NYSE: MTZ) acquired **NSORO, LLC** for approximately US\$29.5 million. NSORO, based in Atlanta, Georgia, engages in designing, supplying, and supporting technology solutions for the commercial and government verticals. The company provides site modification and maintenance services, including lawn and grounds care, HVAC and generators maintenance, engineering and design, construction, maintenance, and project management services. The transaction implied a valuation multiple of 0.4x 2007 revenue. (Source: *Company Press Release and Capital IQ, July 31, 2008*)
- **URS Corporation** (NYSE: URS) completed two acquisitions in August. URS acquired Dallas, Texas-based **LopezGarcia Group, Inc.**, a provider of engineering design and environmental planning services. URS also acquired Anchorage, Alaska-based **Tryck Nyman Hayes, Inc.**, a provider of engineering and surveying services. The terms of the transactions were not disclosed. (Source: *Company Press Release and Capital IQ, August 18 and August 25, 2008*)
- **Kingspan Group plc** (ISE: KRX) acquired **Metecno USA** from Metecno S.p.A. for approximately US\$111 million. Metecno, based in Deland, Florida, manufactures insulated composite panels, and architectural single element metal wall and roof panels for the construction market. It offers Granitstone, a factory-applied acrylic aggregate finish with the architectural appearance of stucco. The transaction implied a valuation multiple of 0.8x 2007 revenue and 8.2x 2007 EBITDA. (Source: *Company Press Release and Capital IQ, August 22, 2008*)
- **Cardno Limited** acquired **TBE Group Inc.** for approximately US\$48 million. TBE, based in Clearwater, Florida, provides consulting engineering services. Its services include construction and civil engineering, environmental management, right-of-way acquisition and relocation, transportation planning and design, subsurface utility engineering, utility coordination and design, and land development. (Source: *Company Press Release and Capital IQ, September 15, 2008*)

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Company	Market Cap ¹	Share Price ¹	52 Week Low	52 Week High	Price % Change 1 Mo	Price % Change 3 Mo	Price % Change 1 Yr	EV ² /Sales	EV ² /EBITDA ⁴
DIVERSIFIED ENGINEERING & CONSTRUCTION									
AMEC PLC ³	3,747.06	11.32	10.16	17.09	-26.5%	-35.2%	-25.1%	0.6x	9.6x
ARCADIS NV ³	1,041.36	17.21	14.54	27.82	-16.4%	-21.6%	-27.9%	0.6x	6.6x
BAKER (MICHAEL) CORP	307.40	34.80	19.36	53.22	20.8%	42.5%	-29.0%	0.4x	5.3x
BALFOUR BEATTY PLC ³	2,548.86	5.34	5.22	9.32	-39.8%	-34.9%	-44.9%	0.2x	3.8x
FLUOR CORP	9,970.36	55.70	46.19	101.37	-20.0%	-41.8%	-22.6%	0.4x	8.3x
JACOBS ENGINEERING GROUP INC	6,648.41	54.31	46.49	103.29	-32.4%	-32.9%	-28.1%	0.6x	9.3x
URS CORP	3,096.30	36.67	30.75	64.19	-9.0%	-13.5%	-35.0%	0.5x	8.3x
SNC-LAVALIN GROUP INC ³	5,453.60	36.15	32.02	58.20	-17.7%	-34.0%	-19.0%	1.0x	12.0x
STANTEC INC ³	1,090.75	23.94	20.48	37.67	-27.5%	-6.5%	-27.0%	1.4x	10.0x
<i>Diversified Engineering & Construction Mean</i>					-18.7%	-19.8%	-28.7%	0.6x	8.1x
<i>Diversified Engineering & Construction Median</i>					-20.0%	-32.9%	-27.9%	0.6x	8.3x
SPECIALTY ENGINEERING & CONSTRUCTION									
DYCOM INDUSTRIES INC	512.36	13.02	11.12	34.13	13.8%	-9.1%	-57.5%	0.5x	5.0x
ENGLOBAL CORP	361.83	13.27	7.60	18.37	43.8%	-4.9%	16.3%	0.9x	11.3x
HILL INTERNATIONAL INC	567.23	13.85	8.89	19.71	8.6%	-16.4%	53.9%	2.1x	20.7x
SHAW GROUP INC	2,564.97	30.73	25.48	77.30	-52.3%	-50.7%	-47.1%	0.5x	9.1x
TETRA TECH INC	1,430.22	24.06	13.89	30.15	27.5%	6.7%	13.9%	1.2x	12.3x
TRC COMPANIES INC	59.37	3.11	2.18	12.71	-38.7%	-28.2%	-70.5%	0.4x	16.2x
WILLBROS GROUP INC	1,038.19	26.50	22.16	47.93	-22.7%	-39.1%	-22.1%	0.7x	7.8x
<i>Specialty Engineering & Construction Mean</i>					-2.8%	-20.2%	-16.2%	0.9x	11.8x
<i>Specialty Engineering & Construction Median</i>					8.6%	-16.4%	-22.1%	0.7x	11.3x
CONSTRUCTION CONTRACTORS									
AECOM GROUP INC ³	553.59	10.88	9.55	21.89	-39.0%	-31.0%	-29.8%	0.3x	6.8x
EMCOR GROUP INC	1,719.96	26.32	18.25	36.05	9.3%	-6.2%	-16.1%	0.2x	5.2x
GRANITE CONSTRUCTION INC	1,371.23	35.82	26.64	57.37	18.6%	11.2%	-32.4%	0.5x	4.6x
MASTEC INC	893.30	13.29	6.96	16.00	52.6%	29.2%	-5.5%	1.0x	12.8x
PERINI CORP	1,297.65	25.79	21.42	66.75	-31.2%	-19.3%	-53.9%	0.2x	5.7x
PIKE ELECTRIC CORP	489.32	14.73	12.75	21.16	13.9%	-12.9%	-21.5%	1.1x	7.2x
QUANTA SERVICES INC	4,738.20	27.01	18.38	35.39	13.1%	-18.4%	2.1%	1.5x	14.6x
SKANSKA AB ³	4,642.54	11.14	10.82	20.63	-42.7%	-19.3%	-43.7%	0.2x	3.4x
<i>Construction Contractors Mean</i>					-0.7%	-8.3%	-25.1%	0.6x	7.5x
<i>Construction Contractors Median</i>					11.2%	-15.6%	-25.6%	0.4x	6.2x
TOTAL ENGINEERING AND CONSTRUCTION INDUSTRY MEAN					-8.1%	-16.1%	-23.9%	0.7x	9.0x
TOTAL ENGINEERING AND CONSTRUCTION INDUSTRY MEDIAN					-17.1%	-18.8%	-27.4%	0.5x	8.3x

Source: Capital IQ and company filings

- Market Capitalization amounts are in millions, based on closing Share Prices as of September 30, 2008
- Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents
- Market Capitalization and Share Prices are based on foreign exchange listed securities and converted to US\$
- EBITDA equals Earnings Before Interest, Taxes, Depreciation, and Amortization

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