

Industrial

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Industry Brief

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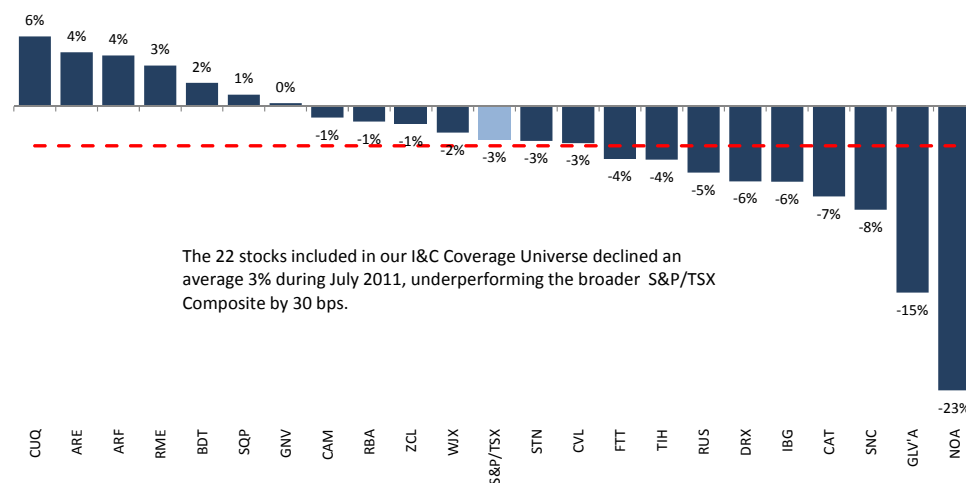
Infrastructure & Construction

The Infrastructure & Construction Monthly Monitor: August 2011

Our Monthly Monitor publication is designed to provide a quick overview of sector news flow, share price performance, and key macro data trends that are relevant to our universe of infrastructure and construction (I&C) related stocks. Compared to the 2.7% decline in the TSX index last month, our I&C index fell 3.0%. Short of offering a debate on the future of the global economy, fiat currency, and government debt, there is little we can say at a highly uncertain time like this other than to restate some of the key sector trends that we continue observe in the I&C space:

- ◆ Data from the US I&C market continues to be very depressed. The ABI index, for example, fell sharply (again) in June. The outlook does not bode well either, especially following the major government cuts that are looming under the parameters of the debt deal that President Obama secured on August 1. The only potential silver lining that we see at present is the increased talk of embracing the P3 model as a means of funding the country’s growing (and alarming) infrastructure deficit.
- ◆ The Canadian I&C market, by contrast, continues to outperform. Its heavy exposure to the resource industry remains a driving force behind this trend. The very dramatic correction in key commodity prices over the past few weeks does, however, raise legitimate concerns about how long such unfettered growth can prevail. Canada’s resilience will also be challenged as the federal and provincial governments increasingly embrace the new *Age of Austerity*.
- ◆ Demand for construction equipment appears to remain on firm ground. Of the OEMs and dealers that have reported 2Q11 results to-date, almost all have generated strong top line growth and, in some cases, increased their dividends.
- ◆ We have observed the news flow turn more positive for the general contractors in recent months, as the July gains in the share prices of Churchill, Aecon Group, and Bird Construction can attest. With this comes a palpable optimism that an improved operational performance for the group is achievable in 2012.

Exhibit 1: Stock Price Returns for RJL’s I&C Coverage Universe (July)



Source: Capital IQ, Raymond James Ltd.

INDUSTRY NEWS

Value of Canadian Building Permits Rises 2% in June

Source: *Statistics Canada, August-05-11*

Event: On the heels of last month's 21.0% increase, the value of Canadian building permits rose 2.1% in June. Increased industrial and institutional buildings in Ontario and multi-family dwellings in British Columbia fuelled the growth. Residential permits rose 1.5%; non-residential permits increased 3.0% as gains in the industrial and institutional components (up 78.7% and 23.1%, respectively) negated a 16.5% decline in commercial intentions.

Potential Sector Implications: Sustained growth of building permits has positive implications for the Canadian I&C sector. Notwithstanding the sequential decline in commercial intentions (recall commercial intentions increased 81% in May reaching its highest level since May 2008), we continue to believe growth in said segment will help soak up excess capacity in construction markets and drive an improvement in bid margins.

Stocks Impacted: Coverage Universe

Article Link: <http://www.statcan.gc.ca/daily-quotidien/110805/dq110805b-eng.htm>

Concrete Slab Collapses in Montreal Tunnel

Source: *CBC News, July-31-11*

Event: A 15-metre block of concrete in the Ville-Marie tunnel fell near the City Hall exit, forcing the indefinite closure of the eastbound lanes of the Montreal expressway and a partial closure of the westbound lanes. A construction crew that was performing upgrades to the tunnel's walls nearby told CBC the vibrations resulting from their work may have caused the concrete slab, which acts as a sun screen, to fall. Fortunately, no one was injured in the incident. In 2006 a similar event caused the death of five motorists in Laval, on the outskirts of Montreal.

Potential Sector Implications: This article underscores just how old and dangerous Quebec's civil infrastructure has become in spite of the commendable investments the province has made in recent years. The silver lining to Quebec's crumbling infrastructure, in our view, is that it should benefit the I&C firms domiciled or with significant presence in the province.

Stocks Impacted: ARE, CAM, GNV, IBG, SNC

Article Link: <http://www.cbc.ca/news/canada/montreal/story/2011/07/31/ville-marie-closed.html>

Architectural Billings Index Continues to Slide

Source: *The American Institute of Architects, July-20-11*

Event: The Architectural Billings Index (ABI) for June declined again falling to 46.3 from 47.2 in May (see Exhibit 3). This represents its 4th consecutive decline and the index is now sitting at its lowest point since July-2010 (any score below 50 indicates a decrease in billings). The ABI is demonstrating that the anticipated recovery in US markets for 2011 is (at best) looking like a 2012 phenomenon.

Potential Sector Implications: We continue to believe the poor ABI reading is reflective of the weakening broader economy, ongoing state budget constraints and lack of credit support by from financial institutions. This has obvious negative implications for the US commercial construction sector, which typically lags engineering and design activity by nine to twelve months.

Stocks Impacted: CAM, CAT, DRX, IBG, STN,

Article Link: <http://www.aia.org/press/releases/AIAB090371>

The Global Top 200

Source: *International Construction, July-August 2011*

Event: International Construction's latest ranking of the world's 200 largest construction companies shows that three Chinese firms took the top spots, while another two made the top 10 list. The five contractors, all of which are controlled by the state,

generated combined revenues of US\$260 bln for 2010. South Korean and Indian contractors also showed strong gains, while most of the losses were seen among US contractors (especially those specializing in residential buildings). Canadian contractors fared better than their US counterparts: SNC-Lavalin and Aecon Group moved five and 30 spots, respectively, to the 53rd and 156th positions, while privately-owned PCL Construction slipped five spots to the 60th position.

Potential Sector Implications: The national trends for both climbers and fallers speak to just how inherently tied the fortunes of construction firms (and the I&C sector's for that matter) are to the gyrations of their domestic markets.

Stocks Impacted: Coverage Universe

Article Link: <http://edition.pagesuite-professional.co.uk/launch.aspx?referral=other&pnum=&refresh=Ec20a1B41R6g&EID=b10c2ccf-4dfd-401e-8b62-6a857f0e9726&skip=> (subscription required)

Regional Report on Latin America: Powering Forwards

Source: *International Construction*, July-August 2011

Event: This article provides a comprehensive overview of the outlook for the construction sector in Latin America. According to IHS Global Insight data, South America will be a central force behind a forecasted 3% growth in global construction growth this year. Rising public budgets coupled with the start of large infrastructure projects indicate that regional construction activity will remain very robust. Brazil is expected to lead the continent's growth, fuelled in part by the preparations for the 2014 World Cup and 2016 Olympic Games. Argentina and Chile are also identified as stand-out markets due to growing infrastructure activity and large mining investments.

Potential Sector Implications: Latin America is an important market for a handful of I&C companies that we cover in Canada. The favourable outlook for the region that IHS Global Insight provides is very positive for the growth potential of these companies.

Stocks Impacted: CAT, FTT, SNC

Article Link: <http://edition.pagesuite-professional.co.uk/launch.aspx?referral=other&pnum=&refresh=Ec20a1B41R6g&EID=b10c2ccf-4dfd-401e-8b62-6a857f0e9726&skip=> (subscription required)

Ontario Teachers' Ups Chile Water Utility Stakes

Source: *Ontario Teachers' Pension Plan*, July-15-11

Event: Teachers' has increased its stakes in two Chilean water utilities after making successful bids in government-held auctions. The pension fund notably increased its ownership in Essbio and Esval to 89.6% and 94.2%, respectively, from 51.1% and 69.8% at a cost of approximately \$541 mln.

Potential Sector Implications: There continues to be significant interest in global infrastructure assets coming from various Canadian pension funds. Teachers', in particular, sees tremendous opportunities in the Chilean economy and in its ability to generate predictable returns over the foreseeable future. This has positive, albeit indirect implications on the firms operating or selling equipment in the country.

Stocks Impacted: CAT, FTT, SNC

Article Link: http://www.otpp.com/wps/wcm/connect/otpp_en/home/newsroom/news+releases/2011/teachers+increases+stakes+in+chile+water+utilities

The Transport Bill: Rocky Road

Source: *The Economist*, July-14-11

Event: This short article provides an excellent analysis of what is at stake with the ongoing politics of America's Transport Bill. The impasse' latest stage involves a Democratic proposal in the Senate to extend current funding levels for another two years (which is a watered down version of Obama's initial 2012 budget proposal to double funding over six years). The Republicans, by

contrast, are pushing a full six-year reauthorization in the House with no new funding source. The related 33% cut in federal spending would be made-up by increased private sector involvement (P3s) according to the plan.

Potential Sector Implications: Increased private sector involved in the US through P3s would open up large opportunities for the Canadian I&C companies that have developed expertise in this area. The funding cuts that the Republicans propose, however, would be very large and likely a net negative for the sector. Either way, a resolution to the Transport Bill appears unlikely in the current political climate, which only adds to the uncertainty in the sector south of the border.

Stocks Impacted: CAM, CAT, IBI, STN

Article Link: http://www.economist.com/node/18958665?story_id=18958665

Canadian Combines, Small Tractor Sales Climb in June

Source: *AgriMarketing*, July-14-11

Event: AEM reported that sales of all tractors were up 18% y/y for June 2011. For the month, sales of two wheel drive tractors (under 40 HP) were up 13% and 40 and under HP were up 32%. Sales of two wheel drive 100+ HP tractors increased 29% y/y. Meanwhile, sales of four wheel drive tractors were down 17% y/y.

Potential Sector Implications: The sale of larger, high horsepower tractors is relevant to our ag dealer stocks. Therefore the increase in two wheel drive 100+ HP tractors is positive, but the decrease in four wheel drive tractors is negative.

Stocks Impacted: CVL and RME

Article Link: <http://www.agrimarketing.com/ss.php?id=68350>

Request for Proposals Out on Quebec's Sainte-Justine

Source: *Project Finance Magazine*, July-11-11

Event: The Government of Quebec and the Centre Hospitalier Universitaire Sainte-Justine have released a RFP for the hospital's modernization project. Five bidders prequalified for the design-build-finance project, including Fengate/Hunt, Pomerleau/Dessau, ACS/BTL, OHL and SNC-Lavalin. The consortiums have until the middle of 4Q11 to respond. The central features of the project include a new research centre, an underground parking garage and a new heat and power centre.

Potential Sector Implications: This project may potentially benefit SNC-Lavalin, the lead proponent on another hospital-based P3 project in Quebec (MUHC's Glen Campus), as well as other engineering and design services firms established in the province.

Stocks Impacted: GNV, IBG, SNC, STN

Article Link: <http://www.projectfinancemagazine.com/Article/2862935/RFP-out-on-Quebecs-Sainte-Justine.html?LS=EMS546319> (subscription required)

June 2011 Housing Starts Rise

Source: *CMHC*, July-11-11

Event: According to the Canada Mortgage and Housing Corporation, the seasonally adjusted annual rate of urban housing starts in Canada increased by 2.2% to 174,600 units in June. June's seasonally adjusted annual rate of urban starts increased by 24.1% in Ontario, and by 5.6% in the Atlantic region. British Columbia posted a decrease of 27.6% over the same period, while urban starts decreased 3.6% in Quebec, and by 1.2% in the Prairie region. Canadian housing starts for April and May 2011 were also revised up. CMHC expects these growth trends to moderate in the future.

Potential Sector Implications: Direct exposure to the residential construction markets is fairly limited in our coverage universe, but for these companies the growth trends reported in June are positive. Housing starts also have some broader indirect sector implications related to capacity utilization rates, supply of labour and materials, etc.

Stocks Impacted: Equipment Dealers, IBI, STN

Article Link: <http://www.cmhc-schl.gc.ca/en/corp/nero/nere/2011/2011-07-11-0815.cfm>

First Nations On Board to Develop New Manitoba Hydro Station

Source: *Daily Commercial News and Construction Record*, July-05-11

Event: Manitoba Premier Greg Selinger said Manitoba Hydro, in partnership with four Keeyask Cree Nations, will begin to develop the 695 MW Keeyask hydropower project this summer, starting with the construction of a 25-kilometer access road to the site. KGS Acres performed the preliminary conceptual design for the generating station and infrastructure, but a consortium of AECOM, Dillon Consulting and SNC-Lavalin was awarded the final design for the infrastructure. Stantec, North/South Consultants and InterGroup Consultants have worked on the environmental assessments. Still pending is the selection of a final design for the generating station.

Potential Sector Implications: Preliminary work on the multi-billion dollar hydropower contract has already benefited two of the four engineering firms within our coverage universe. As the job progresses through final design and construction phases, other companies are poised to pick up a piece of the project pie.

Stocks Impacted: Coverage Universe

Article Link: <http://www.dailycommercialnews.com/article/id45122/profdevelopments>

Highway Construction Spending Contracts Sharply in May

Source: *Pit & Quarry*, July-05-11

Event: The Associated General Contractors of America reported that construction spending in the US dipped for the sixth consecutive month reaching an 11-year low as public sector cutbacks continue to outweigh growth in the private sector. Thus far in 2011, US construction spending is down 7% and 38% from its peak in March 2006. Of note, highways and educational construction (which account for more than half of public construction) each experienced notable declines in May. Looking ahead to 2H11, austerity measures at federal and local government levels are expected to keep overall construction growth relatively muted.

Potential Sector Implications: Companies with exposure to the US construction market continue to face some remarkable challenges, although the bad news appears to be decelerating.

Stocks Impacted: CAM, CAT, IBI, RBA, SQP, STN

Article Link: <http://www.pitandquarry.com/economics/news/highway-construction-spending-contracts-sharply-ma-2730>

UK Construction Sees Slower Growth

Source: *BBC News*, July-04-11

Event: According to Markit/Cips construction purchasing manager's index (PMI) activity levels in the UK are beginning to taper off. For June, the PMI fell from 52.0 to 51.3—its lowest reading in 21 months. June also saw the highest rate of job cuts in five months.

Potential Sector Implications: The decline in the PMI suggest that companies in the UK construction market are anticipating tepid business conditions over the next year. The tempered outlook does not bode well for Finning and its UK operations.

Stocks Impacted: FTT

Article Link: <http://www.bbc.co.uk/news/business-14014185>

Tapping Into Oil and Gas: New Energy Boom Creates Opportunity for Dealers on Multiple Levels

Source: *Construction Equipment Distribution*, June 2011

Event: This article profiles how the boom in North American unconventional energy production—including oil sands, extra heavy oil, biofuels, coal-to-liquids, gas-to-liquids, and shale oil and gas—is creating very favourable demand conditions for equipment dealers. Earth-moving machinery such as dozers, graders, and excavators is used intensively in site preparing for

drilling pads, collection systems, ponds, and roads to remote sites, A wide range of power generation equipment is also used in activities related to oil and gas drilling, including refining, fracturing, driving the drill bit, compression, and EPG for stand by and remote applications. Additionally, there is demand for pipe-laying equipment in related pipeline work and a wide range of mining machines in the oil sands. This article specifically profiles Finning (CAT), Titan (Case), and Cleveland Brothers Equipment (CAT) as examples of dealers that are prospering from this boom.

Potential Sector Implications: The high activity rates in unconventional oil and gas production provide a very positive outlook for the growth profile of many equipment dealers and manufacturers. We believe the direct and heavy exposure to this very capital intensive market is one reason why the equipment sub-segment of our I&C coverage universe is outperforming other sub-segments such as contractors and engineering firms.

Stocks Impacted: CAT, CVL, FTT, RBA, RME, SQP, TIH, WJX

Article Link: <http://digitalmagazinetechology.com/a/?KEY=constructionequipmentdealer-11-06june#page=31>

Construction Equipment Remains Hot—Construction Spending Not

Source: *Construction Equipment Distribution, June 2011*

Event: This article explains the disparity in strong construction equipment purchasing activity compared to very depressed construction spending levels in the US. Equipment purchases were cut well below the level of construction activity in the downturn and fleet owners are making purchases to upgrade their much smaller and older fleet. Spending is estimated to be at least 35-40%+ below prior peak levels and fleets remain relatively small and old. In addition to replacement demand, Tier 4 regulatory requirements and tax write-offs are expected to fuel demand going forward.

Potential Sector Implications: Replacement demand has been (and continues to be) a positive driving force of strong sales for the OEM and dealers of construction equipment in our universe. In addition to the US, we have seen replacement demand manifest in other developed markets including the UK and Canada.

Stocks Impacted: CAT, CVL, FTT, RBA, RME, SQP, TIH, WJX

Article Link: <http://digitalmagazinetechology.com/a/?KEY=constructionequipmentdealer-11-06june#page=47>

COMPANY SPECIFIC NEWS

AGCO Reports Record 2Q11 Results

Source: *Farm Equipment*, July-28-11

Event: AGCO reported net sales of \$2.4 bln in 2Q11, a 35% y/y increase resulting from healthy farm economics and increased demand for agriculture equipment. Along the same lines, reported EPS of \$1.35 nearly doubled the \$0.66 reported a year ago.

Potential Sector Implications: AGCO's results provide yet another positive data point for the upcoming releases of companies in our equipment dealer universe. Due to AGCO's concentration in ag markets, these numbers are particularly encouraging for our ag focused dealers—namely Rocky Mountain and Cervus Equipment.

Stocks Impacted: CAT, CVL, FTT, RME, SQP, TIH, WJX

Article Link: [http://www.farm-equipment.com/pages/Industry-News---AGCOs-Record-2Q-Sees-Net-Sales-Rise-353-to-\\$24-Billion.php](http://www.farm-equipment.com/pages/Industry-News---AGCOs-Record-2Q-Sees-Net-Sales-Rise-353-to-$24-Billion.php)

CNH Reports Strong 2Q11 Results

Source: *Farm Equipment*, July-25-11

Event: CNH Global reported strong 2Q11 results. Net sales increased 24% to \$4.9 bln and operating profit rose 58% to \$521 mln resulting from strong demand for ag equipment and increased construction equipment demand in every region. On the back of favourable operating conditions, CNH increased its full year guidance—revenue growth is expected to be in the 15-20% range and operating margin is expected to land at the upper end of its previously disclosed range of 7.1% to 7.9%. Following the strong 2Q11 results, CNH shares closed the day up ~12%.

Potential Sector Implications: We believe CNH's results serve as a strong affirmation of our views on pending results for our equipment universe. The most notable implications are for Rocky Mountain (RME), although the numbers speak to the robust conditions that currently exist in the equipment market.

Stocks Impacted: CAT, CVL, FTT, RME, SQP, TIH, WJX

Article Link: <http://www.equipmentworld.com/a-bigger-cat-ready-to-serve-mining-industry/>

Surrey Pretrial Expansion Agreement Signed

Source: *Partnerships BC*, July-19-11

Event: The Province of British Columbia has signed an agreement with Brookfield Partnerships Surrey—a consortium that includes DGBK Architects and PCL Constructors as the respective designer and contractor—to deliver the new high-security Surrey Pretrial Services Centre Expansion (SPSCE) project. This 216-cell project is the centrepiece of the province's historic \$185 million capital plan to expand correctional facilities and accommodate the growing remand population.

Potential Sector Implications: Canada's growing population is driving demand for additional detention facilities right across the country. However, it remains to be seen which procurement method, if any, will be chosen as the preferred solution. In contrast to the DBFM approach that will be on the Surrey-based project, Churchill's Stuart Olson Dominion is building the Edmonton Remand Centre using the construction management approach.

Stocks Impacted: ARE, BDT, CUQ, GNV, IBG, SNC, STN

Article Link: http://www.partnershipsbc.ca/documents/2011PSSG0092-000899_FINAL.pdf

65 and Beyond: Interview with JCB's Chairman, Sir Anthony Bamford

Source: *International Construction*, July-August 2011

Event: JCB, the venerable British OEM of small construction equipment, has celebrated its 65th year of operating as an independent private company. In this interview its chairman, Sir Anthony Bamford, son of the company's founder Joseph Cyril Bamford (JCB), discusses JCB's recent performance, strategy, and growth outlook. He notes, in particular, the promising

opportunities in India, where JCB has been established for over 30 years, as well as in developed economies such as the UK, where the construction markets are “in a stronger position than the press would give the lie to.” He says further that “I meet with UK customers regularly and they are generally very positive. Whereas 18 months ago they were very worried about the future, now they are re-equipping.”

Potential Sector Implications: JCB is a very formidable competitor of Finning’s in the UK. It is also represented in Canada by Wajax and Cervus.

Stocks Impacted: CAT, CVL, FTT, RME, SQP, TIH, WJX

Article Link: <http://edition.pagesuite-professional.co.uk/launch.aspx?referral=other&pnum=&refresh=Ec20a1B41R6g&EID=b10c2ccf-4dfd-401e-8b62-6a857f0e9726&skip=> (subscription required)

Liebherr Returns to Growth

Source: *International Cranes and Specialized Transport*, July-15-11

Event: Liebherr, the German manufacturer of construction and crane equipment, reported 9% global growth in 2010 and 14% growth for 1H11. By end markets, sales increased most robustly in the construction sector (up 16%); by region, the Far East was unsurprisingly the strongest market for Liebherr (up 41%) followed by the Americas (up 31%).

Potential Sector Implications: This provides yet another data point that the worldwide demand for construction equipment is in a strong recovery mode. This cycle is generally being fuelled by growing activity in the resource markets, healthy economic growth in emerging economies, and strong replacement demand in the developed world.

Stocks Impacted: CAT, CVL, FTT, RME, SQP, TIH, WJX

Article Link: <http://www.khl.com/magazines/international-cranes-and-specialized-transport/detail/item65784/liebherr-returns-to-growth/>

Joy Global to Buy Stake in China’s International Mining for \$583.6 mln

Source: *Bloomberg*, July-14-11

Event: Joy Global announced that it will pay \$584 mln for a 41% stake of China’s International Mining Machinery Holdings Ltd. (International Mining), a maker of coal-mining equipment. Subsequent to Chinese approval of the sale, under the Hong Kong take overs code, Joy will be required to make an offer for the rest of the company. The offer (HK\$8.50/share) represents a 30% premium to International Mining’s July 11 closing price.

Potential Sector Implications: China is the world’s largest coal-mining market. Joy’s increased exposure to China could help raise their market share thereby preventing CAT from gaining further scale in the country. This follows the recent purchase of LeTourneau Technologies which beefed up Joy’s mining product line and reputation as a ‘one-stop solution’ for mining customers and was seen as a response to CAT’s purchase of BUYC. Furthermore, Joy’s announcement represents another example of the sector consolidation theme that we have been highlighting in our research.

Stocks Impacted: CAT, FTT, TIH

Article Link: <http://www.bloomberg.com/news/2011-07-14/joy-global-to-buy-stake-in-china-s-international-mining-for-583-6-million.html>

Fluor Named by Quadra FNX to Perform Sierra Gorda Mining Work in Chile

Source: *Flour Corp.*, July-13-11

Event: Fluor Corporation announced that the company has won a contract from Minera Quadra Chile Limitada, a subsidiary of Quadra FNX Mining Ltd., to perform work at the company's Sierra Gorda project in Chile. Sierra Gorda is an open pit, green field conventional copper/molybdenum project located in Chile's Atacama Desert. Fluor's scope of work on the project will include providing engineering, procurement and construction management (EPCM) services for the mine's processing plant. Quadra FNX is targeting first production from Sierra Gorda in 2014.

Potential Sector Implications: Although the scope of Flour's contract is limited to engineering, procurement, and construction management services for the processing plant, the development of the Sierra Gorda mine in Chile will require considerable capital investments, including large earth-moving machinery.

Stocks Impacted: FTT, CAT

Article Link: <http://investor.fluor.com/phoenix.zhtml?c=124955&p=newsarticle&id=1584691>

Deere Fires Broadside at Emissions Path

Source: *Farm Weekly*, July-12-11

Event: In a special company release issued to its world-wide dealer network, John Deere announced recent official Nebraska tractor test results relating to its 8335R row crop tractor. Specifically, the company reported that "compared to competitive IT4 engines that require a second fluid, urea, which is often sold for more than \$US6 a gallon and can be consumed at rates around 7% of diesel use, John Deere's diesel-only approach results in lower operating costs while placing less burden on the operator." This test was designed to address on-going market "myths" that the engine technology Deere has chosen to deal with IT4 (Interim Tier-4) emissions standards results in large performance and efficiencies shortfalls compared to other emission solutions that competing products provide. Deere is the only OEM that uses Exhaust Gas Recirculation (EGR) engines in its product, as opposed to the Selective Catalytic Reduction (SCR) technology that is available in other brands.

Potential Sector Implications: We have been hearing debates in the industry about Deere's IT4 technology and are thus encouraged to see some hard facts provided to settle the matter (albeit not from a totally objective source). Settling this matter should be marginally beneficial to Cervus, the Deere dealer that we cover, though there has not been any evidence to-date that this has been an issue for them in the market.

Stocks Impacted: CAT, CVL, RME, SQP, TIH, WJX

Article Link: <http://fw.farmonline.com.au/news/state/machinery-and-equipment/machinery/deere-fires-broadside-at-emissions-path/2218055.aspx?storypage=0>

A Bigger CAT Ready to Serve the Mining Industry

Source: *Equipment World*, July-11-11

Event: Subsequent to the close of their Bucyrus acquisition on July 8, CAT added ~120 models of surface and underground mining equipment to its product lineup. Importantly, many of the products acquired expand CAT's breadth of mining solutions into a part of the industry they previously hadn't occupied. With respect to CAT's dealer network, according to the article, "of the 188 current CAT distributors worldwide, 40-45 have 'substantial' mining businesses and are salivating at the opportunity to not only add the former Bucyrus products, but potentially former Bucyrus staff."

Potential Sector Implications: Undoubtedly, Finning and Toromont qualify as CAT dealers with 'substantial' mining businesses. We believe they stand to benefit from CAT's Bucyrus acquisition. That said, CAT has explicitly stated that rights to distribute the Bucyrus product line will come at a cost (yet to be determined). At the end of the day, benefits from adding the Bucyrus product will have to be weighed against the cost of doing so.

Stocks Impacted: CAT, FTT, TIH

Article Link: <http://www.equipmentworld.com/a-bigger-cat-ready-to-serve-mining-industry/>

UPCOMING RJ EVENTS

August 9-10: Bird Construction (BDT-TSX), Company Marketing, Toronto and Montreal
September 20: Russel Metals (RUS-TSX), Company Marketing, Toronto
October 19-10: 48 Hours in Edmonton Investor Conference

RECENT RJ RESEARCH

Industry Comments and Reports

Jul-20-2011: [Infrastructure & Construction: 2Q11 I&C Preview: A Dichotomy of Earnings Trends](#)

June-28-2011: [Steel Periodical VII: Uncertainty Reigning Over Sector](#)

May-03-2011: [Canada's Engineering Firms: Designing Impressive Shareholder Returns](#)

April-29-2011: [Equipment Distributors: Replacement Demand Alive and Kicking!](#)

Quarterly Results

Aug-05-2011: [RBA: 2Q11 Results: Not as Bad as They Appear](#)

Aug-05-2011: [STN: 2Q11 Results: Stable and Safe is Sometimes Sexy](#)

Aug-05-2011: [CAM: Early 2011 Hopes Fizzle; Recovery Still a Long Way Off](#)

Aug-04-2011: [RUS: Strong 2Q11 Results; Upgrade Warranted](#)

Aug-04-2011: [NOA: F1Q12 Results: Bad News Comes in Threes](#)

Aug-03-2011: [WJX: 2Q11 Results: Positive Momentum Continues](#)

Jul-25-2011: [CAT: 2Q11 Purr-fectly in-line; CAT's Still Got Room to Roar](#)

Other Company Comments

Aug-03-2011: [ARE: The Tides They Are A-Changin`](#)

Jul-29-2011: [FTT: Back to Business: B.C. Labour Disruption Comes to an End](#)

Jul-28-2011: [STN: Bulking Up with Bonestroo](#)

Jul-27-2011: [ARE: Wins Three Roadbuilding Jobs in Ontario; 2Q11 Earnings Preview](#)

Jul-25-2011: [BDT: Another P3 Contract Win in the Bag](#)

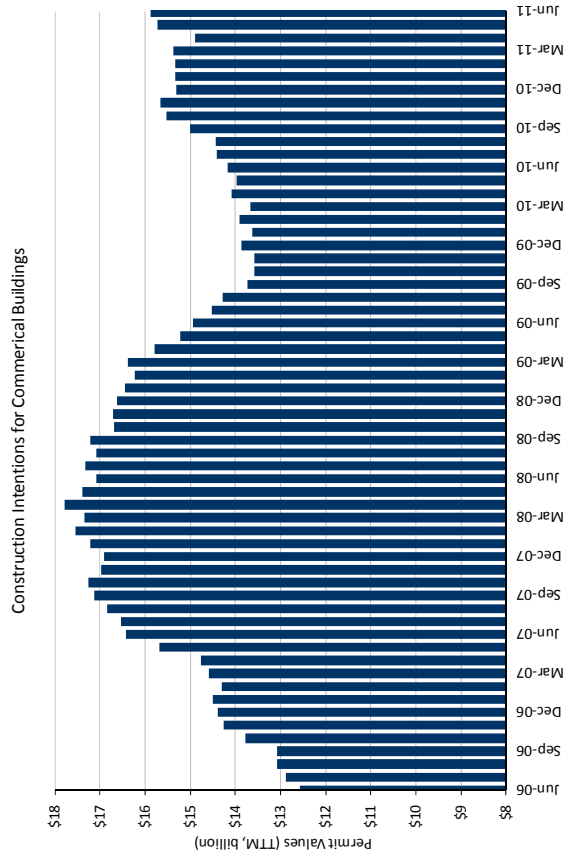
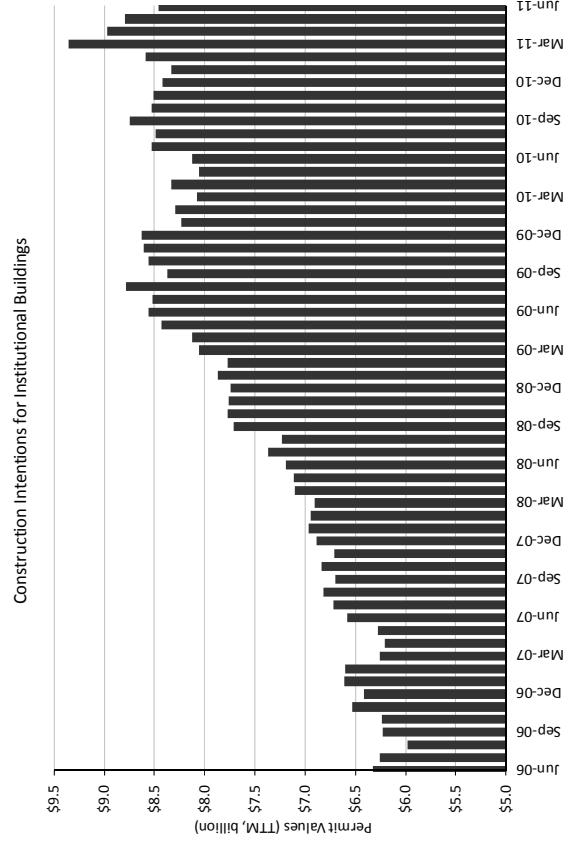
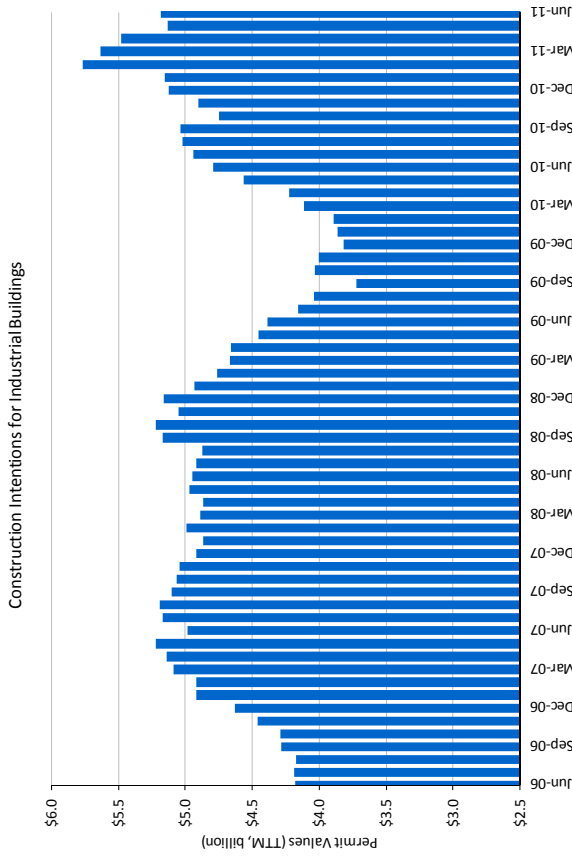
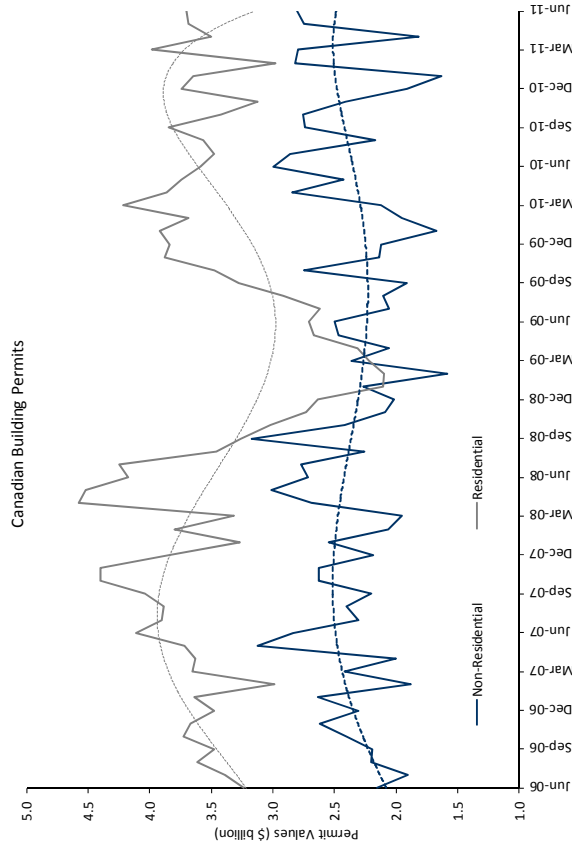
Jul-22-2011: [SNC: JV Squeezes in Eleventh-Hour Bid for Federal Naval Contracts](#)

Jul-21-2011: [BDT: Engineers Highly Accretive Deal in Eastern Canada's North](#)

Jul-20-2011: [CAT and RBA Implications of United Rentals` 2Q11 Results](#)

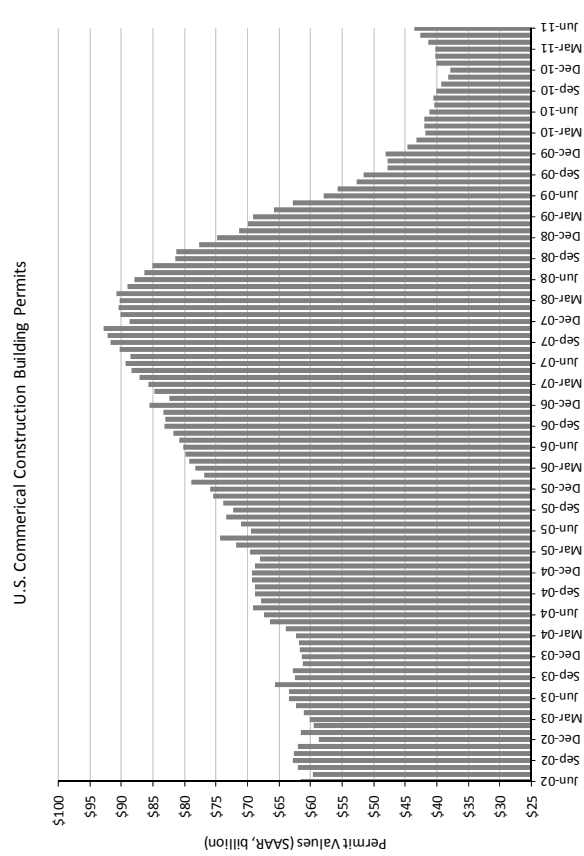
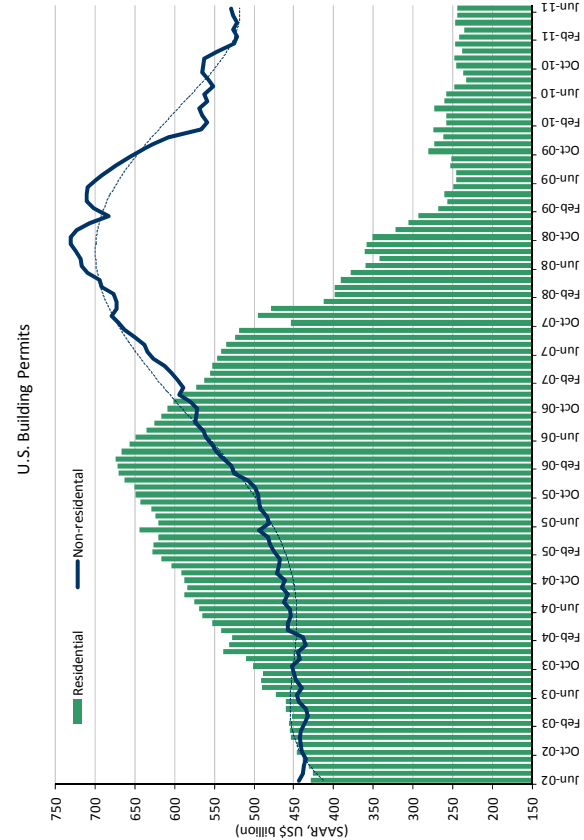
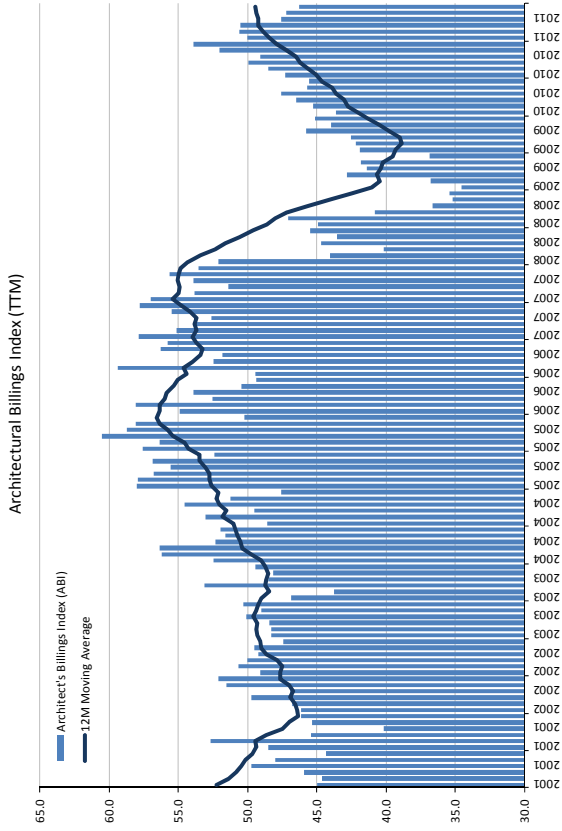
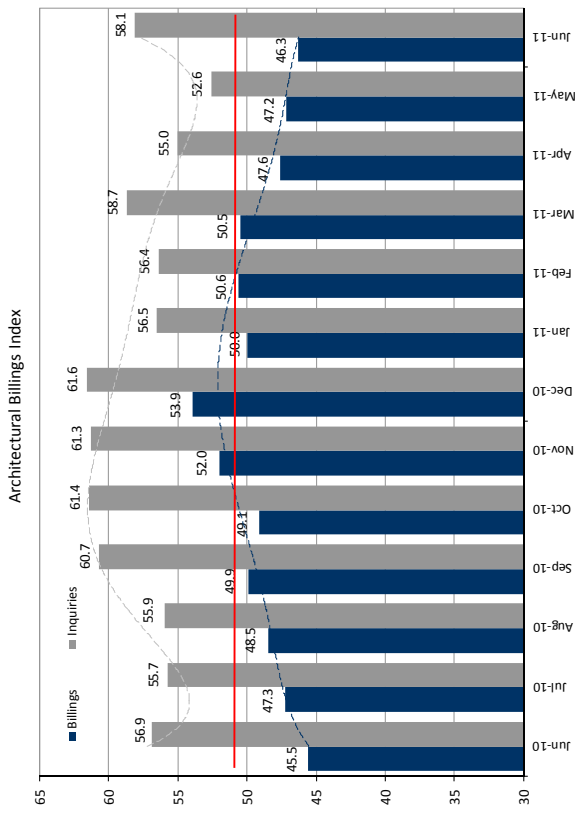
Jul-15-2011: [NOA: The Stampede Investor Tour: Time to `Giddy Up`!](#)

Exhibit 2: Value of Canadian Residential and Non-Residential Building Permits



Source: Statistics Canada, Raymond James Ltd.

Exhibit 3: Architectural Building Index and Value of U.S. Building Permits



Source: U.S. Census Bureau, American Institute of Architects, Raymond James Ltd.

Exhibit 4: Infrastructure Peer Group Comparables (continued on next page)

Company Name	Ticker	Fx	FY END	Market Price	Shares O/S (mln)	Market Cap (mln)	Net Debt (mln)	Ent. Value (mln)	P / E			EV / EBITDA			Net Debt/ Cap (%)	Price /Book (x)	Div. Yield (%)
									2010A	2011E	2012E	2010A	2011E	2012E			
CONSTRUCTION																	
CANADIAN CONTRACTORS																	
AECOM GROUP (core business only)	ARE.CA	CAD	DEC	\$8.41	70.3	\$592	\$182	\$774	19.2	11.2	6.2	12.5	4.6	3.4	23.6	1.1	2.4
BIRD CONSTRUCTION	BDT.CA	CAD	DEC	\$11.20	42.2	\$472	(\$148)	\$325	12.0	17.4	9.8	5.8	7.3	3.9	n.m.	3.0	5.9
CHURCHILL CORP-A	CUQ.CA	CAD	DEC	\$16.59	28.6	\$474	\$9	\$483	8.4	10.7	6.9	5.6	5.3	3.9	2.0	1.4	2.9
FLINT ENERGY SERVICES LTD	FES.CA	CAD	DEC	\$12.02	45.9	\$551	\$156	\$707	16.7	n.m.	9.1	5.4	6.8	4.6	22.0	1.0	--
NORTH AMERICAN ENERGY PARTNERS	NOA.CA	CAD	MAR	\$5.63	36.2	\$204	\$317	\$521	n.m.	n.m.	4.9	n.m.	6.2	3.6	60.8	1.5	--
									14.1	13.1	7.4	7.3	6.0	3.8			
U.S. CONTRACTORS																	
EMCOR GROUP INC	EME.US	USD	DEC	\$24.65	66.9	\$1,649	(\$253)	\$1,397	13.5	13.7	10.7	5.8	5.4	4.4	n.m.	n.m.	--
GRANITE CONSTRUCTION INC	GVA.US	USD	DEC	\$19.98	38.6	\$772	(\$94)	\$678	n.m.	19.3	13.4	n.m.	4.6	3.8	n.m.	1.0	2.6
HILL INTERNATIONAL INC	HIL.US	USD	DEC	\$5.20	38.3	\$199	\$66	\$265	14.4	n.m.	4.6	9.3	n.m.	3.2	24.9	n.m.	--
TUTOR PERINI CORPORATION	TPC.US	USD	DEC	\$12.78	47.1	\$602	\$55	\$657	6.0	6.0	5.1	3.2	3.1	2.7	8.4	0.5	--
QUANTA SERVICES INC	PWR.US	USD	DEC	\$17.35	211.7	\$3,674	(\$379)	\$3,295	24.1	24.8	15.0	8.2	8.1	5.9	n.m.	1.1	--
									14.5	15.9	9.8	6.6	5.3	4.0			
EUROPEAN CONTRACTORS																	
ACCIONA SA	ANA.ES	EUR	DEC	€ 62.79	63.6	€ 3,990	€ 6,668	€ 10,659	23.9	20.6	18.4	8.8	8.0	7.3	62.6	0.7	6.6
ACS ACTIVIDADES CONS Y SERV	ACS.ES	EUR	DEC	€ 26.39	314.7	€ 8,302	€ 8,804	€ 17,106	8.6	9.1	8.7	11.4	11.4	n.m.	51.5	1.5	10.4
BALFOUR BEATTY PLC	BBY.GB	GBP	DEC	£2.67	687.2	£1,832	-£117	£1,715	7.7	7.4	7.1	5.2	4.6	4.4	n.m.	0.1	5.3
BILFINGER BERGER	GBF.DE	EUR	JAN	€ 59.95	46.0	€ 2,759	-€ 761	€ 1,998	12.9	10.7	10.9	3.9	3.9	3.6	n.m.	0.3	4.2
HOCHTIEF	HOT.DE	EUR	DEC	€ 47.12	77.0	€ 3,628	€ 511	€ 4,139	10.9	11.8	9.8	3.0	4.3	2.7	12.4	1.2	4.2
SKANSKA	SKAB.SE	SEK	DEC	91.40 kr	399.9	36,553 kr	-4,168 kr	32,385 kr	9.5	11.2	10.6	4.8	5.6	5.2	n.m.	1.9	13.1
VINCI SA	DG.FR	EUR	DEC	€ 35.28	564.0	€ 19,900	€ 13,250	€ 33,149	10.7	10.0	9.3	6.4	6.0	5.8	40.0	1.9	7.1
									12.0	11.6	10.7	6.2	6.3	4.8			
									13.5	13.5	9.3	6.7	5.9	4.2			
Blended Group Average																	
ENGINEERING																	
AECOM TECHNOLOGIES CORP	ACM.US	USD	SEP	\$20.35	119.2	\$2,426	\$766	\$3,191	9.9	8.6	7.4	7.6	6.0	5.2	24.0	1.1	--
AMEC	AMEC.GB	GBP	DEC	£9.00	332.1	£2,989	-£740	£2,249	14.4	12.8	11.0	8.5	7.1	6.2	n.m.	0.0	3.3
ARCADIS NV	ARCAD.NL	EUR	DEC	€ 13.50	68.8	€ 929	€ 255	€ 1,184	11.8	10.7	9.5	7.2	6.7	6.4	21.5	2.3	3.5
GENIVAR INC	GNV.CA	CAD	DEC	\$24.71	26.0	\$643	\$92	\$735	14.5	11.5	9.9	8.7	7.3	5.5	12.6	1.9	6.1
IBI GROUP	IBG.CA	CAD	DEC	\$11.36	24.1	\$273	\$83	\$356	10.2	12.6	7.6	8.4	7.2	5.7	23.3	1.9	9.7
STANTEC INC	STN.CA	CAD	DEC	\$24.53	45.9	\$1,125	\$316	\$1,441	11.9	10.9	9.1	9.1	8.0	6.8	21.9	1.7	--
TETRA TECH INC	TTEK.US	USD	NOV	\$20.08	62.3	\$1,252	\$55	\$1,307	16.2	14.2	12.4	8.3	6.6	6.1	4.2	1.7	--
									12.7	11.6	9.6	8.3	7.0	6.0			
INTEGRATED ENGINEERING & CONSTRUCTION																	
CHICAGO BRIDGE & IRON	CBI.US	USD	DEC	\$34.44	98.7	\$3,399	(\$290)	\$3,108	16.9	14.0	11.4	8.3	7.1	6.0	n.m.	3.2	0.6
FLUOR CORP	FLR.US	USD	DEC	\$57.11	174.3	\$9,953	(\$2,180)	\$7,774	24.8	17.1	14.4	8.2	6.6	5.8	n.m.	1.2	0.9
FOSTER WHEELER AG	FWLT.US	USD	JAN	\$24.20	120.7	\$2,921	(\$872)	\$2,049	14.8	14.8	10.9	5.8	6.1	4.6	n.m.	4.6	--
JACOBS ENGR GROUP INC	JEC.US	USD	SEP	\$35.64	127.6	\$4,546	(\$223)	\$4,323	14.4	13.8	11.9	7.5	7.1	6.3	n.m.	1.6	--
KBR INC	KBR.US	USD	DEC	\$30.46	151.6	\$4,616	(\$610)	\$4,006	14.6	11.4	11.0	5.9	5.9	5.4	n.m.	2.0	0.6
SHAW GROUP INC	SHAW.US	USD	AUG	\$23.39	72.2	\$1,690	(\$104)	\$1,586	10.7	n.m.	10.2	4.4	n.m.	4.7	n.m.	1.3	--
SNC-LAVALIN (E&C Business only)	SNC.CA	CAD	DEC	\$49.32	152.0	\$7,494	\$936	\$8,430	11.9	14.2	10.3	6.2	7.0	5.5	11.1	3.9	1.7
URS CORPORATION	URS.US	USD	DEC	\$36.29	78.6	\$2,854	\$207	\$3,061	10.3	10.0	9.0	4.5	4.2	3.9	6.8	0.7	--
WORLEYPARSONS	WOR.AU	AUS	DEC	\$24.21	241.7	\$5,851	\$534	\$6,385	20.6	19.3	15.7	12.3	11.8	9.8	8.4	3.2	3.1
									15.4	14.3	11.6	7.0	7.0	5.8			
ENGINEERED PRODUCTS																	
ALBANY INTERNATIONAL	AIN.US	USD	DEC	\$22.00	31.3	\$688	\$282	\$969	16.5	10.6	9.9	6.6	5.4	5.0	29.0	2.0	2.4
ALFA LAVAL AB	ALFA.SE	SEK	DEC	118.50 kr	419.5	49,706 kr	4,753 kr	54,459 kr	16.1	13.8	11.7	10.5	9.2	7.9	8.7	3.7	2.5
ANDRITZ AG	ANDR.AT	EUR	DEC	€ 58.77	52.0	€ 3,056	-€ 1,297	€ 1,759	17.0	14.3	12.3	5.7	4.9	4.2	n.m.	4.0	2.9
ARMTEC INFRASTRUCTURE	ARF.CA	CAD	DEC	\$2.67	23.9	\$64	\$290	\$354	n.m.	n.m.	5.4	7.2	8.5	5.6	82.0	0.3	0.0
CALGON CARBON CORPORATION	CCC.US	USD	DEC	\$15.79	56.5	\$892	\$11	\$903	21.1	19.5	16.0	11.3	9.2	7.8	1.2	n.m.	--
FLOWSERVE CORP	FLS.US	USD	DEC	\$88.61	55.8	\$4,947	\$299	\$5,246	12.9	11.5	9.8	7.7	7.2	6.2	5.7	2.3	1.4
GLV INC.	GLV/A.CA	CAD	MAR	\$4.89	44.1	\$216	\$58	\$273	n.m.	n.m.	9.8	13.2	8.3	5.5	21.1	0.9	--
ITT CORP	ITT.US	USD	JUL	\$48.73	185.3	\$9,030	\$268	\$9,298	11.0	10.2	9.5	5.9	5.6	5.4	2.9	2.0	2.1
KADANT	KAI.US	USD	DEC	\$21.42	12.3	\$264	(\$26)	\$237	14.5	9.7	8.2	7.4	5.0	4.4	n.m.	n.m.	--
KURITA WATER	6370.JP	JPY	MAR	JPY 2,115	132.8	JPY 280,873	-JPY 59,116	JPY 221,757	15.8	15.1	14.2	5.1	4.9	4.7	n.m.	1.4	1.8
METSO OYJ	MEO1V.FI	EUR	DEC	€ 26.63	150.3	€ 4,004	€ 507	€ 4,511	12.7	10.8	8.3	7.2	6.1	5.1	11.2	1.9	5.8
NALCO HOLDING CO	NLC.US	USD	DEC	\$32.82	138.7	\$4,553	\$2,700	\$7,253	19.2	19.7	15.9	9.7	9.9	8.8	37.2	6.5	0.4
PALL CORPORATION	PLL.US	USD	JUL	\$44.54	116.3	\$5,181	\$146	\$5,326	21.0	15.4	13.5	11.0	9.0	8.1	2.7	4.4	1.6
PENTAIR INC	PNR.US	USD	AUG	\$33.53	98.8	\$3,312	\$1,339	\$4,651	16.8	13.6	11.5	11.1	8.9	7.8	28.8	1.6	2.4
WATTS WATER TECHNOLOGIES INC	WTS.US	USD	DEC	\$29.05	37.2	\$1,081	\$205	\$1,286	15.1	14.7	11.3	7.3	6.9	5.8	16.0	1.2	1.5
ZCL COMPOSITES INC	ZCL.CA	CAD	DEC	\$3.29	28.8	\$95	\$12	\$107	n.m.	n.m.	13.3	n.m.	15.0	6.2	11.2	2.5	0.0
									16.1	13.8	11.3	8.5	7.8	6.2			

Foster: Thomson ONE, Raymond James Ltd.

Exhibit 4: Infrastructure Peer Group Comparables

Company Name	Ticker	Fx	FY END	Market Price	Shares O/S (mln)	Market Cap (mln)	Net Debt (mln)	Ent. Value (mln)	P / E			EV / EBITDA			Net Debt/ Cap (%)	Price /Book (x)	Div. Yield (%)
									2010A	2011E	2012E	2010A	2011E	2012E			
EQUIPMENT DISTRIBUTORS																	
ASHTAD GROUP PLC	AHT.GB	BPN	APR	£1.22	503.3	£616	£776	£1,392	n.m.	16.0	10.4	4.9	4.4	3.9	55.7	1.4	2.8
CERVUS EQUIPMENT CORP.	CVL.CA	CAD	DEC	\$15.20	14.7	\$223	\$9	\$232	17.3	10.9	8.9	9.4	6.4	5.3	4.0	1.3	4.7
FINNING INTERNATIONAL INC	FTT.CA	CAD	DEC	\$24.06	172.5	\$4,150	\$838	\$4,988	20.2	13.3	11.5	11.0	8.0	7.1	16.8	3.3	2.2
H&E EQUIPMENT SERVICES INC	HEES.US	USD	DEC	\$10.14	35.0	\$355	\$317	\$672	n.m.	n.m.	12.8	8.4	5.2	3.8	47.2	1.4	--
RITCHIE BROS AUCTIONEERS INC	RBA.US	USD	DEC	\$23.90	107.0	\$2,556	(\$52)	\$2,505	n.m.	n.m.	20.8	19.0	15.1	11.3	n.m.	4.1	1.8
ROCKY MOUNTAIN DEALERSHIPS	RME.CA	CAD	DEC	\$8.99	18.7	\$168	\$201	\$370	10.8	7.8	6.2	10.9	7.6	6.2	54.5	1.6	2.0
RUSH ENTERPRISES INC	RUSHA.US	USD	DEC	\$10.28	27.1	\$278	\$514	\$792	16.1	8.1	5.6	13.8	7.4	5.4	64.9	0.8	--
SPEEDY HIRE PLC	SDV.GB	BPN	MAR	£0.27	517.2	£141	£115	£255	n.m.	15.6	n.m.	4.4	3.6	3.1	44.8	0.0	0.0
STRONGCO CORP.	SQP.CA	CAD	DEC	\$5.04	12.7	\$64	\$113	\$176	n.m.	9.1	7.8	7.8	4.9	4.3	63.8	1.2	0.0
TITAN MACHINERY INC	TITN.US	USD	JAN	\$22.58	20.7	\$467	\$314	\$781	18.4	13.9	12.5	14.7	11.3	10.0	40.2	n.m.	--
TOROMONT INDS LTD	TIH.CA	CAD	DEC	\$17.35	77.5	\$1,344	\$46	\$1,390	18.2	14.6	13.3	8.8	7.8	7.1	3.3	3.7	2.3
UNITED RENTALS INC	URI.US	USD	DEC	\$17.65	61.1	\$1,078	\$2,918	\$3,996	n.m.	12.2	6.6	5.8	4.6	3.8	73.0	n.m.	--
WAJAX CORP.	WJX.CA	CAD	DEC	\$36.45	16.9	\$617	\$94	\$710	17.8	10.6	10.4	10.9	7.3	7.3	13.2	2.9	6.6
									17.0	12.0	10.6	10.0	7.2	6.0			
ORIGINAL EQUIPMENT MANUFACTURERS																	
AGCO CORP	AGCO.US	USD	DEC	\$39.74	94.8	\$3,768	\$155	\$3,922	17.1	9.7	8.7	8.1	5.2	4.6	3.9	1.4	--
CATERPILLAR INCORPORATED	CAT.US	USD	DEC	\$90.99	667.2	\$60,709	\$23,667	\$84,376	21.7	13.5	10.2	13.5	9.1	7.2	28.0	4.8	1.9
CNH GLOBAL NV	CNH.US	USD	DEC	\$32.13	238.4	\$7,661	\$12,109	\$19,770	15.4	9.5	8.5	n.m.	11.2	10.1	61.2	1.0	--
DEERE & COMPANY	DE.US	USD	OCT	\$72.66	419.7	\$30,496	\$22,610	\$53,106	15.6	11.4	9.8	12.3	12.1	10.6	42.6	4.9	2.3
DOOSAN INFRACORE	042670.KR	KRW	DEC	KRW 23,500	168.6	KRW 3,960,925	KRW 4,493,963	KRW 8,454,888	n.m.	7.9	6.8	n.m.	n.m.	n.m.	53.2	n.m.	--
HARSCO CORP.	HSC.US	USD	DEC	\$22.25	80.7	\$1,795	\$853	\$2,648	24.5	15.7	11.0	5.5	5.1	4.5	32.2	1.3	3.5
HITACHI	6305.JP	JPY	MAR	JPY 1,633	215.1	JPY 351,283	JPY 272,830	JPY 624,113	n.m.	15.7	11.8	n.m.	6.3	5.3	43.7	1.1	1.2
TEREX CP	TEX.US	USD	DEC	\$18.39	109.6	\$2,016	\$470	\$2,485	n.m.	n.m.	8.5	n.m.	8.2	4.0	18.9	1.0	--
VOLVO AB	VOLVB.SE	SEK	DEC	81.85 kr	1,459.3	119,441 kr	93,933 kr	213,374 kr	15.3	9.0	7.2	7.8	5.1	4.4	44.0	2.3	3.1
									18.3	11.5	9.2	9.4	7.8	6.3			
STEEL RELATED STOCKS																	
FABRICATORS & PROCESSORS																	
ADF GROUP INC.	DRX.CA	CAD	JAN	\$1.43	33.4	\$48	(\$17)	\$30	13.1	9.3	7.2	2.8	2.4	1.6	n.m.	0.5	1.4
CANAM GROUP INC	CAM.CA	CAD	DEC	\$4.90	45.4	\$222	\$253	\$475	n.m.	n.m.	24.3	n.m.	n.m.	10.2	53.2	0.6	0.0
GIBRALTAR INDUSTRIES	ROCK.US	USD	DEC	\$8.80	30.4	\$268	\$206	\$473	n.m.	13.6	9.9	11.2	6.1	5.0	43.5	n.m.	--
NCI BUILDING SYS INC	NCS.US	USD	DEC	\$9.08	19.8	\$180	\$72	\$252	n.m.	n.m.	n.m.	n.m.	n.m.	2.8	28.7	n.m.	--
VICWEST INC.	VIC.CA	CAD	DEC	\$12.88	17.2	\$222	\$54	\$276	16.5	15.3	8.6	12.9	8.7	5.6	19.6	4.0	8.3
									14.8	12.7	12.5	9.0	5.7	5.0			
SERVICE CENTERS																	
AM CASTLE & CO.	CAS.US	USD	DEC	\$13.33	23.0	\$307	\$55	\$361	n.m.	17.9	9.6	n.m.	11.7	6.0	15.1	1.0	--
CARPENTER TECHNOLOGY CORP.	CRS.US	USD	JUN	\$48.77	44.0	\$2,147	(\$15)	\$2,132	n.m.	18.1	13.0	n.m.	8.2	6.4	n.m.	n.m.	1.4
RELIANCE STEEL & ALUMINUM CO.	RS.US	USD	DEC	\$42.44	74.8	\$3,175	\$1,020	\$4,196	16.2	9.1	7.3	8.7	5.8	4.9	24.3	1.1	1.1
RUSSEL METALS	RUS.CA	CAD	DEC	\$22.00	66.8	\$1,471	(\$100)	\$1,371	18.9	11.6	10.5	9.3	6.3	5.8	n.m.	1.7	5.5
WORTHINGTON INDS INC	WOR.US	USD	MAY	\$17.78	74.3	\$1,321	\$337	\$1,658	11.9	9.3	8.2	9.2	7.5	7.5	20.4	1.8	2.6
									15.7	13.2	9.7	9.1	7.9	6.1			
STEEL PRODUCERS																	
AK STEEL HOLDING CORP.	AKS.US	USD	DEC	\$9.12	110.3	\$1,006	\$880	\$1,886	n.m.	14.4	6.5	12.3	5.4	3.7	46.7	1.6	2.2
ALLEGHENY TECHNOLOGIES	ATI.US	USD	DEC	\$48.50	106.1	\$5,147	\$1,283	\$6,430	n.m.	17.8	10.7	n.m.	8.4	5.6	20.0	2.3	1.5
COMMERCIAL METALS COMPANY	CMC.US	USD	AUG	\$12.31	115.5	\$1,422	\$1,140	\$2,563	n.m.	n.m.	7.6	n.m.	9.2	4.9	44.5	1.1	3.8
NUCOR CORPORATION	NUE.US	USD	DEC	\$34.95	316.1	\$11,046	\$2,013	\$13,059	n.m.	13.0	9.3	12.5	6.2	4.8	15.4	1.5	4.1
OLYMPIC STEEL INC.	ZEUS.US	USD	DEC	\$22.58	10.9	\$246	\$78	\$324	n.m.	9.6	7.8	14.7	5.4	4.6	24.1	0.9	0.4
STEEL DYNAMICS INCORPORATED	STLD.US	USD	DEC	\$13.52	218.4	\$2,953	\$2,102	\$5,055	20.2	8.9	6.6	8.4	5.4	4.4	41.6	1.4	2.9
US STEEL CORP.	X.US	USD	DEC	\$33.24	144.0	\$4,786	\$3,508	\$8,294	n.m.	18.9	7.2	15.2	5.6	4.0	42.3	1.2	0.6
									20.2	13.8	7.9	12.6	6.5	4.6			
Blended Group Average									n.m.	13.2	10.1	9.0	6.7	5.3			

Notes:

- 1) Estimates for ARE, ARF.UN, BDT.UN, CAM, CAT, DRX, CVL, CUQ, FTT, GLV.A, GNV.UN, IBG.UN, NOA, RBA, RME, RUS, SNC, STN, TIH, WJX.UN and ZCL are from Raymond James; all other estimates are consensus from Thomson One.
- 2) Net debt (cash) positions for the contractors (ARE, BDT and CUQ) exclude non-recourse project debt and restricted cash balances; net debt (cash) positions for the engineering firms (GNV, IBG and STN) include balances of purchase price payable.
- 3) Net debt (cash) position for Aecon is shown proforma of the Cow Harbour asset purchase, Cross Israel Highway interest sale, proceeds from the sale of its 15% interest in Churchill, and \$92 mln convertible debt offering.
- 4) 2010 P/E calculations for Bird Construction, Cervus Equipment, Genivar, IBI and Wajax are tax effected to provide more accurate comparisons between companies.
- 5) P/E and EV/EBITDA calculations for Aecon have been adjusted to reflect the company's interest in the Quito International Airport concession, which we currently estimate at \$1.39 per share.
- 6) P/E and EV/EBITDA calculations for SNC-Lavalin are for the engineering and construction business only; they exclude the company's Infrastructure Concession Investments, which we currently estimate at \$21.65 per share.
- 7) Our target price for CVL includes the present value of tax losses that amount to ~\$3.50/share
- 8) Our net debt calculations for RME and CVL include our estimate of the interest bearing portion of their floor plan financing

Source: Thomson ONE, Raymond James Ltd.

Company Citations

Company Name	Ticker	Exchange	Currency	Closing Price	RJ Rating	RJ Entity
ADF Group Inc.	DRX	TSX	C\$	1.72	2	RJ LTD.
Aecom Technology Corp	ACM	NYSE			NC	
Aecon Group	ARE	TSX	C\$	8.53	2	RJ LTD.
Armtec Infrastructure Inc.	ARF	TSX	C\$	4.39	2	RJ LTD.
Bird Construction Inc.	BDT	TSX	C\$	11.65	3	RJ LTD.
Canam Group	CAM	TSX	C\$	6.56	2	RJ LTD.
Caterpillar Inc.	CAT	NYSE	US\$	110.08	1	RJ LTD.
Cervus Equipment Corp.	CVL	TSX	C\$	17.25	1	RJ LTD.
Finning International	FTT	TSX	C\$	28.87	2	RJ LTD.
Fluor Corporation	FLR	NYSE			NC	
Genivar Inc.	GNV	TSX	C\$	26.80	2	RJ LTD.
GLV Inc.	GLV.A	TSX	C\$	6.60	2	RJ LTD.
IBI Group Inc.	IBG	TSX	C\$	14.18	2	RJ LTD.
Joy Global Inc.	JOYG	NASDAQ			NC	
North American Energy Partners	NOA	TSX	C\$	7.25	3	RJ LTD.
Quadra FNX Mining Ltd.	QUX	TSX	C\$	\$13.45	UR	RJ LTD.
Ritchie Bros. Auctioneers	RBA	NYSE	US\$	27.42	2	RJ LTD.
Rocky Mountain Dealerships Inc.	RME	TSX	C\$	9.87	2	RJ LTD.
Russel Metals	RUS	TSX	C\$	24.60	3	RJ LTD.
SNC-Lavalin	SNC	TSX	C\$	57.68	2	RJ LTD.
Stantec Inc	STN	TSX	C\$	28.49	2	RJ LTD.
Strongco Corp.	SQP	TSX	C\$	5.25	2	RJ LTD.
The Churchill Corp.	CUQ	TSX	C\$	18.30	1	RJ LTD.
Titan Machinery Inc.	TITN	NASDAQ			NC	
Toromont Industries	TIH	TSX	C\$	19.40	2	RJ LTD.
Wajax Corp.	WJX	TSX	C\$	37.84	2	RJ LTD.
ZCL Composites	ZCL	TSX	C\$	3.62	3	RJ LTD.

Notes: Prices are as of the most recent close on the indicated exchange and may not be in US\$. See Disclosure section for rating definitions. Stocks that do not trade on a US national exchange may not be approved for sale in all US states. NC=not covered.

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