

Industrial

September 9, 2011

Industry Comment

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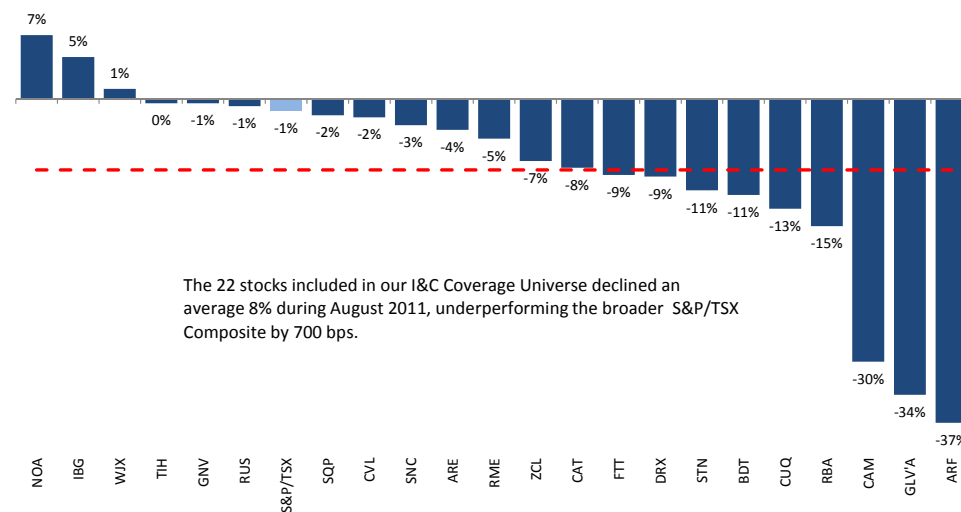
Infrastructure & Construction

The Infrastructure & Construction Monthly Monitor: September 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. Given the inherently cyclical nature of construction markets, it should be no surprise that the stocks exposed to this sector underperformed in August. Specifically, our I&C index fell 8.0% compared to the 1% drop in the TSX index last month. Although recent political events and macroeconomic trends provide legitimate cause for investor concern about the outlook for construction activity in 2012, all is not lost, in our view. On the contrary, there are still a number of positive factors that suggest a cautious and selective degree of optimism can be justified for the industry next year. Most notably, they are as follows:

- ◆ Despite the recent volatility in financial markets, commodity prices remain well above investment threshold levels. This should support continued capex and construction activity in the related markets (mining, energy, ag, etc.) for at least the next 6-12 months.
- ◆ Canada’s economy is in much better shape than most other developed countries. This is true for the construction sector in particular where employment levels have fully recovered to pre-recession levels (i.e. 2008). In the US, by contrast, job growth in construction remains very depressed.
- ◆ The expiration of stimulus funding in Canada has had a visible impact on some (smaller) project activity. However, there are still plenty of large infrastructure projects with long gestation periods underway in many regions of the country. The political landscape—and any related action on deficits—is due to change imminently this year with a number of provincial elections on the horizon (not to mention a majority government in session this fall). However, it appears that, for the time being, no one is targeting drastic cuts to investments in public infrastructure. This too is in stark contrast to the situation in the US and Europe.

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



Source: Capital IQ, Raymond James Ltd.

INDUSTRY NEWS

Value of Canadian Building Permits rise 6% in July

Source: *Statistics Canada, September-08-11*

Event: Overall building permits increased for the third consecutive month coming in 6.3% higher sequentially. By segment, a 14.6% increase in residential permits managed to offset a 4.5% decrease in non-residential permits. On the non-residential side, a 40.1% decrease in industrial permits overshadowed a 17.1% gain in institutional permits as well as a modest increase in commercial permits.

Potential Sector Implications: Continued strength in building permit data is encouraging for the Canadian I&C sector. Despite the decline in non-residential permits, the overall long-term trend continues to display positive characteristics and should help soak up excess capacity while improving bid margins moving forward (see Exhibit 2).

Stocks Impacted: Coverage Universe

Article Link: <http://www.statcan.gc.ca/daily-quotidien/110908/dq110908b-eng.htm>

Hold Your Shovel: So far, No Case for Stimulus in Canada

Source: *The Globe and Mail, September-06-11*

Event: Employment continues to grow in Canada's construction market with the number of jobs in the industry back up to the levels recorded before the recession. Specifically, according to Statscan data, sector employment in July rose 5.3% Y/Y and 2.4% M/M. With this kind of activity, it appears unlikely that another round of stimulus spending focused on infrastructure will be necessary. This is in stark contrast to the situation in the US.

Potential Sector Implications: The strong (and full) recovery of the job market in construction has been a generally positive development for the companies we follow. Although it has, once again, led to a tighter labour market, this development reflects the underlying strength of the market's demand for construction products and services. The prevalence of this trend right through July conflicts with the market's recent concern about an imminent and drastic slowdown for the sector in 2012 (as reflected in recent share price volatility).

Stocks Impacted: Coverage universe

Article Link: <http://www.theglobeandmail.com/report-on-business/economy/economy-lab/stephen-gordon/hold-your-shovel-so-far-no-case-for-stimulus-in-canada/article2154454/>

Preferred Bidders Selected for 2015 Pan Am Games Athletes' Village, New Humber River Hospital

Source: *Infrastructure Ontario, September-02-11*

Event: Infrastructure Ontario selected Dundee Kilmer Development Limited, a team that includes EllisDon and Ledcor as Design-Builders, as the preferred proponent for the Athletes' Village project located in the West Don Lands. Separately, the crown organization chose Plenary Health Care Partnerships to design, build, finance and maintain a new acute care hospital in north Toronto. The health care facility will have increased patient capacity from 549 beds up to 656 beds, enabling Humber River to provide a more comprehensive range of acute care services and support for inpatient and outpatient hospital programs. PCL will act as the consortium's general contractor.

Potential Sector Implications: Humber will be one of the last comprehensive hospital P3s to break ground in Ontario, as many of the province's health care projects have reached substantial completion, or are currently underway. We expect transportation-based P3s (i.e., road and public transit projects) to become more prevalent in the years to come, which may benefit firms with strong civil construction capabilities in the province.

Stocks Impacted: ARE, GNV, IBG, SNC, STN, TIH

Article Link: <http://www.infrastructureontario.ca/templates/News.aspx>

July Used Equipment Values Increase 1.3%

Source: *Rousse Asset Services, August-30-11*

Event: According to Rousse Asset Services, the industry's leading appraiser of rental and dealer construction equipment, the orderly liquidation value (OLV) of used construction equipment in North America rose 1.3% in July. For the six months ending July 31, 2011, average index values increased 10.4%. Ten of the top fourteen category indices had one-month increases ranging from 0.2% for Excavators to 4.7% for Skid Steer Loaders. OLV is expressed as a percentage of replacement cost (average cost paid for a new equipment unit by large rental companies and dealers) for the average age of equipment sold within that category.

Potential Sector Implications: Higher used equipment prices reflect the very tight demand-supply conditions that have prevailed in the industry for most of this year. They generally benefit the equipment dealers, who regularly sell used machines that they take on trade-ins, and are very positive for auction values. OEMs also track used equipment prices closely as they serve as a barometer of the market's willingness to absorb price increases on new machines. Notably, Rousse's data follows some comments that Ritchie made in its 2Q11 conference call about used equipment prices flattening out.

Stocks Impacted: Equipment Dealers, CAT, RBA

Article Link: <http://www.forconstructionpros.com/online/Construction-News/Rouse--July-Used-Equipment-Values-Increase-1.3-percent/4FCP21262>

Canadian Housing Market to Remain Steady in 2011

Source: *CMHC, August-24-11*

Event: According to the Canada Mortgage and Housing Corporation's third quarter outlook, housing starts are expected to remain steady for 2011 and 2012. Notwithstanding the recent uncertainty in financial markets, the fundamentals underpinning the Canadian housing sector—stable employment, immigration growth and low mortgage rates—remain intact.

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

Stocks Impacted: Equipment Dealers, GNV, IBI, STN

Article Link: <http://www.cmhc-schl.gc.ca/en/corp/nero/nere/2011/2011-08-24-0815.cfm>

Possible Contractors Named for Royal Alberta Museum

Source: *Journal of Commerce, August-23-11*

Event: The contract for the new \$340 mln Royal Alberta Museum in Edmonton, Alberta will be awarded this September to one of four design-build teams, EllisDon, Graham Construction, Ledcor and PCL Construction. A smaller project version was awarded to Bird Construction in 2007, but ultimately terminated earlier this spring after several years of delay. The new 36,000-square-metre museum will be double the size of the existing museum and feature twice as much gallery space, direct access to public transit and links to the downtown arts and theatre district. The project is targeting a minimum LEED Silver certification and is expected to open in 2015.

Potential Sector Implications: This marks a setback for Bird, which submitted a bid for the revised project.

Stocks Impacted: BDT

Article Link: <http://www.ioconl.com/article/id46352>

Ontario Closes Air Rail Link Extension Proposals Request

Source: *Infrastructure Ontario, August-19-11*

Event: Metrolinx, the Ontario government and Infrastructure Ontario announced that the request for proposals (RFP) stage has closed for the Air Rail Link in Toronto. The project will be a three-kilometre spur connecting an existing track to Pearson International Airport in Mississauga, plus a station at the airport. Bids were received from four short-listed teams, including two

groups led by SNC-Lavalin and Aecon Group. The successful bidder will be announced in early 2012, with construction expected to begin shortly after.

Potential Sector Implications: The province of Ontario continues to provide one of the world's biggest pipelines of P3 projects. This healthy backlog of work has mixed implications for the domestic construction sector to the extent it attracts the interest of large global players. In the case of Toronto's Air Rail Link, SNC-lavalin and Aecon are not only competing against each other, but also facing stiff competition from the likes of Hochtief's Flatiron Constructors and a Canadian subsidiary of the ACS Group.

Stocks Impacted: ARE, SNC

Article Link: <http://www.newswire.ca/en/releases/archive/August2011/19/c4955.html>

Architectural Billings Index Continues Downward Spiral

Source: *American Institute of Architects, August-16-11*

Event: The Architectural Billings Index (ABI) for July came in at 45.1 (see Exhibit 3) representing its fifth consecutive monthly decline and is the lowest reading since February 2010. Also, July's reading marks the first Y/Y decline in the index since August 2009. Given the current economic climate, coupled with the fact that the index began to recover in 2H10, we believe the trend of Y/Y index declines will continue for the remainder of 2011.

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 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/practicing/AIAB090594?dvid=&recspec=AIAB090594>

Domestic Fleet Replacement Boost Heavy Equipment Sales

Source: *Engineer News-Record, August-09-11*

Event: On balance, construction machinery suppliers posted strong 2Q11 results driven by demand in Asia and Latin America, as well as strong replacement demand in developed markets. The aforementioned trend of robust results was evident amongst our Canadian equipment dealer coverage universe with all of the companies reporting earnings results that met or exceeded consensus expectations.

Potential Sector Implications: The strong 2Q11 results reported by the dealers were, for the most part, overshadowed by overall stock market pessimism driven by fear that the world may be headed towards another recessionary environment. Notwithstanding the current 'doom and gloom' outlook, we believe that the fundamentals driving the strong 2Q11 results will remain for the balance of 2011.

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

Article Link: <http://enr.construction.com/products/equipment/2011/0809-domesticfleetreplacementboostsheavyequipmentsales.asp>

UK Hit by Public Spending Cuts

Source: *Construction Europe, August-08-11*

Event: Public spending cuts announced by the UK government last fall are beginning to trickle down into the UK construction industry. The steepest declines were seen in the education and health sectors. A slower-than-expected rebound in private sector activity coupled with inflating materials costs have only served to intensify challenging industry conditions. According to the Construction Products Association, tough times in the UK will persist—the Association forecasts construction output will decline in 2012.

Potential Sector Implications: Forecasted industry contraction has negative implications for Caterpillar and Finning's UK operations.

Stocks Impacted: CAT, FTT

Article Link: <http://www.khl.com/magazines/construction-europe/detail/item66341/UK-hit-by-public-spending-cuts/>

Gov. Scott wants Florida to Accelerate Road Construction with more Tolls

Source: *Engineering News-Record*, August-06-11

Event: Florida Governor Rick Scott announced a major transportation plan that calls for speeding up road projects and relying more on new tolls to help pay for them. The plan includes moving ahead with \$1.8 bln worth of Florida's Turnpike projects to relieve congestion and address the state's growing infrastructure deficit. The government also sees this as a means of stimulating the languishing jobs market. In order to fund this ambitious plan—dubbed the Florida Transportation Vision for the 21st Century—the state will rely on more tolls.

Potential Sector Implications: Although there has been a wide acknowledgement of a growing infrastructure deficit in the US, funding any initiatives designed to address the problem has created an enormous dilemma for politicians, particularly in this new "Age of Austerity". The acceptance of more toll roads as a solution is thus an encouraging development for the construction industry. There are also growing signs that the US is willing to embrace the P3 model as a means of financing large infrastructure projects. This would bode well for a number of the stocks in our coverage universe with experience in P3s and/or exposure to the US infrastructure markets.

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

Article Link: http://enr.construction.com/yb/enr/article.aspx?story_id=162157577

China Treads on New Turf

Source: *Wall Street Journal*, August-06-11

Event: Chinese construction-equipment makers are burrowing into Caterpillar Inc.'s backyard by counting on local North American dealers help them to do so. Dealers looking to expand their product lines or move into new geographic regions but are unable to obtain the somewhat exclusive distribution rights to the big names, including Caterpillar, are starting to turn to the likes of Liugong and Sany to do so. To date, Liugong has signed up 17 dealers, in 18 mostly northeastern states, Ontario and Quebec.

Potential Sector Implications: As indicated by this article amongst others, the presence of Chinese OEMs in North America (and worldwide) has increased more notably in the last few years. At present, the Chinese product competes primarily on price and has yet to achieve any meaningful market share in North America. That said, dominant OEMs and their dealers will inevitably face increased competition from the Chinese manufacturers in the future, which is not unlike the entrance of Japanese and Korean manufacturers to the market in the past.

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

Article Link: <http://online.wsj.com/article/SB10001424053111904823804576502470230542978.html>

COMPANY SPECIFIC NEWS

Joy Global F3Q11 Results

Source: *Wall Street Journal*, August-29-11

Event: Joy Global (JOYG-NASDAQ) reported F3Q11 EPS of \$1.61 vs. last year's \$1.13 for the quarter ending July 29. Sales and bookings were strong and the company also increased their guidance for the year.

Potential Sector Implications: With operations around the world, JOYG results provide a timely insight into mining equipment fundamentals. The company noted that while slowing is underway in developed economies, corporations are in much better shape than in 2008. The company believes that fundamentals will remain solid due to the fact that there is very little excess mine capacity versus current production levels. JOYG customers are reportedly not just completing older projects, but also advancing more recent projects. Despite recent market volatility, no signs have surfaced of projects being deferred, delayed or de-prioritized and mining capex remains strong.

Stocks Impacted: CAT, FTT, TIH, WJX

Article Link: <http://investors.joyglobal.com/releasedetail.cfm?ReleaseID=602343>

Caterpillar Continues Aggressive Expansion Plans in China

Source: *Caterpillar Inc.*, August-24-11

Event: Caterpillar announced that it is expanding its operations in China. The company will be building a proving ground and a large wheel loader manufacturing facility in Tongzhou, Jiangsu Province. The large wheel loader manufacturing facility will produce a new model of wheel loader that is being developed to meet customer demand in China and other growth markets.

Potential Sector Implications: This development is consistent with CAT's goal to become a 'Leader' in the Asia-Pacific region and its aggressive capacity expansion plans to achieve this end.

Stocks Impacted: CAT, FTT, TIH

Article Link:

<http://www.caterpillar.com/cda/files/3008920/7/082411+Caterpillar+Continues+Aggressive+Expansion+Plans+in+Chine+ap+proving+ground+and+lwl+facility.pdf>

EllisDon Purchases Ontario-based Looby Construction

Source: *EllisDon*, August-23-11

Event: EllisDon announced the acquisition of Looby Construction—an Ontario-based firm that has successfully completed over 1,000 heavy civil projects throughout the province since its inception in 1904. Looby, which specializes in bridge, culvert and dam construction and repair, will operate as a standalone entity within EllisDon's civil division.

Potential Sector Implications: The transaction supports EllisDon's corporate goal of continuing to expand its presence in civil work and new markets in the Ontario bridge industry. Recently, other publicly-traded contractors (Aecon, Bird Construction and Churchill) have similarly used acquisitions to bulk up their civil capabilities, which tells us this sub-segment of the Canadian construction market will continue to exhibit above-average growth in the years to come.

Stocks Impacted: Contractors

Article Link: <http://www.ellisdon.com/news/?i=770>

Asian Manufacturers Target Brazil

Source: *KHL*, August-17-11

Event: Four Asian equipment giants - Doosan, Hyundai, Sany and XCMG - will invest a total of US\$610 mln to set up factories in Brazil over the next two years.

Potential Sector Implications: This article illustrates the expanding presence of Chinese OEMs globally and in South America in particular. At present, the Chinese product competes primarily on price and has had more success achieving market share in developing countries vs. more developed markets such as North America (see Article above “China Treads on New Turf”).

Stocks Impacted: CAT, FTT

Article Link: <http://www.khl.com/magazines/international-construction/detail/item66453/Asian-manufacturers-target-Brazil/>

Deere's 3Q Profit up 15%, Outlook Improves

Source: *MSNBC*, August-17-11

Event: Deere & Co. (DE-NYSE) reported a 15% increase its fiscal third-quarter net income and boosted its 2011 outlook. The company benefited from strong sales, the weak dollar and price increases. Equipment sales outside the US and Canada grew by 49% and inside of the US and Canada they grew by 10%. Despite turmoil in financial markets, Deere officials stated that they still feel good about the outlook for farming worldwide, which should translate into strong demand for the company's tractors, combines and other equipment.

Potential Sector Implications: Deere's results provide a positive data point for the companies in our dealer universe that sell equipment at large, and ag equipment and/or Deere equipment in particular (i.e. Rocky Mountain ag and Cervus Deere agricultural equipment).

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

Article Link: http://www.msnbc.msn.com/id/44172504/ns/business-personal_finance/t/deere-q-profit-percent-outlook-improves/

Titan Machinery Announces Agreements to Acquire Two Dealerships

Source: *Titan Machinery*, August-10-11

Event: Titan Machinery (TITN-NASDAQ), a CNH dealer, entered into definitive agreements to acquire two agricultural dealerships in Nebraska, Virgl Implement Inc. (Virgl) and Victors Inc. (Victors). Combined, Virgl and Victor reported revenues of ~\$45 mln in their most recent fiscal years.

Potential Sector Implications: This article highlights the trend of consolidation that we continue to see in the equipment dealer universe.

Stocks Impacted: Equipment dealers

Article Link: <http://phx.corporate-ir.net/phoenix.zhtml?c=214897&p=irol-newsArticle&ID=1595052&highlight=>

China's HNA Bids for Hochtief Airport Assets

Source: *Reuters*, August-09-11

Event: HNA Group, the parent of China's fourth-largest airline (Hainan Airlines), has joined the fray in bidding for Hochtief AG's airports business. The latter is valued at over €1 bln and consists of stakes in the Athens, Budapest, Dusseldorf, Hamburg, Sydney and Tirana airports. Other bidders having made offers for the assets reportedly include Fraport AG and Vinci SA.

Potential Sector Implications: This development builds on HNA's recent offer to take over a shipping container leasing business with Bravia Capital of Hong Kong. It is also consistent with: (i) the strong appetite Chinese authorities have demonstrated for commodities and hard assets, and (ii) the increased competition SNC-Lavalin and many Canadian pension funds will face as they seek to invest globally.

Stocks Impacted: SNC-Lavalin

Article Link: <http://www.reuters.com/article/2011/08/09/us-hna-hochtief-idUSTRE7780M020110809>

UPCOMING RJ EVENTS

September 20: Russel Metals (RUS-TSX), Company Marketing, Toronto
October 19-20: 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!](#)

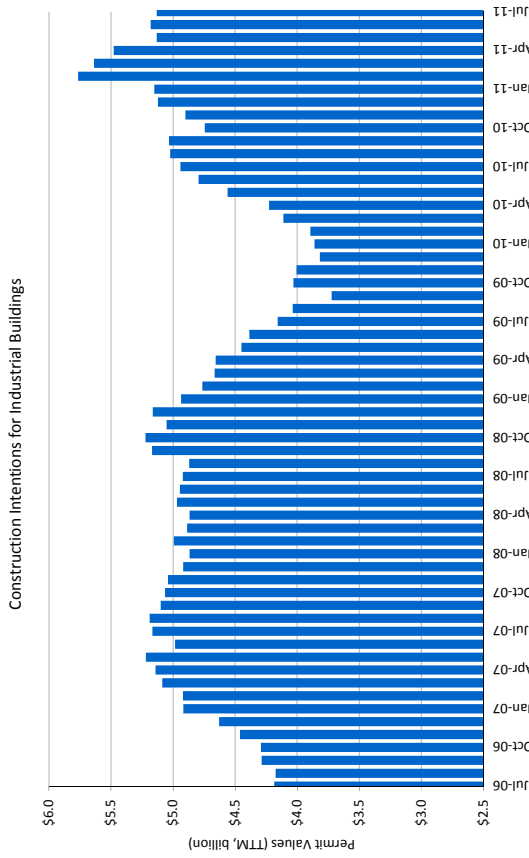
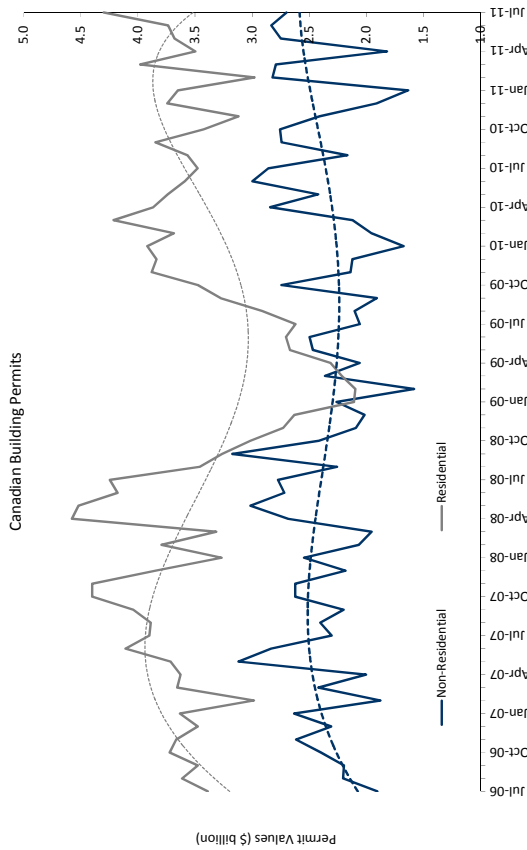
Quarterly Results

Sept-07-2011: [DRX: Firm Goes About Its Business in F2Q12; Stock Screams Value](#)
Aug-15-2011: [IBG: Tops 2Q11 Expectations; Organic Growth Back in the Spotlight](#)
Aug-13-2011: [TIH: 2Q11 Results: The End of a Great Parade](#)
Aug-12-2011: [GLV.A: More of the Same in F1Q12; Trimming Target](#)
Aug-12-2011: [FTT: 2Q11 Results: The Beats Go On](#)
Aug-11-2011: [GNV: Progressively Better 2Q11 Meets Expectations](#)
Aug-11-2011: [ZCL: 2Q11 Results: Encouraging Progress; Unfortunate Timing](#)
Aug-10-2011: [CUQ: Back-to-Back Quarterly Earnings Misses Warrant Downgrade](#)
Aug-10-2011: [RME: 2Q11 Results: Delivers Weatherproofed Growth](#)
Aug-10-2011: [CVL: 2Q11 Results: A Healthy Serving of Growth](#)
Aug-10-2011: [ARF: Perfect Storm Yields Disastrous 2Q11 Results](#)
Aug-09-2011: [BDT: Grounded But Ready to Take Flight](#)
Aug-09-2011: [SQP: 2Q11 Results: The Turnaround Continues](#)
Aug-08-2011: [SNC: Infrastructure Segment Comes Up Short in 2Q11](#)

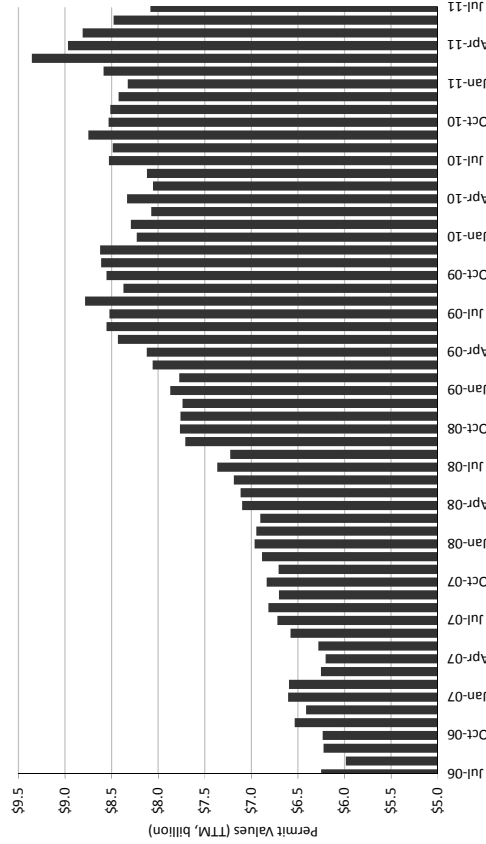
Other Company Comments

Sept-01-2011: [NOA: New Contract Announcement; Old Contract Update](#)
Aug-30-2011: [CUQ: Adds More Work to Growing Backlog](#)
Aug-29-2011: [GNV: Ties the Knot with ARCOP](#)
Aug-25-2011: [SNC: Argentina Exhibits a Can-Do Attitude](#)
Aug-24-2011: [CAT: Quality Name Brand at Clearance Prices](#)
Aug-23-2011: [SNC: Stick to the Best-In-Class \(Redux\)](#)
Aug-16-2011: [SNC: What Comes Around Goes Around; Secures EMAL II EPCM Job](#)

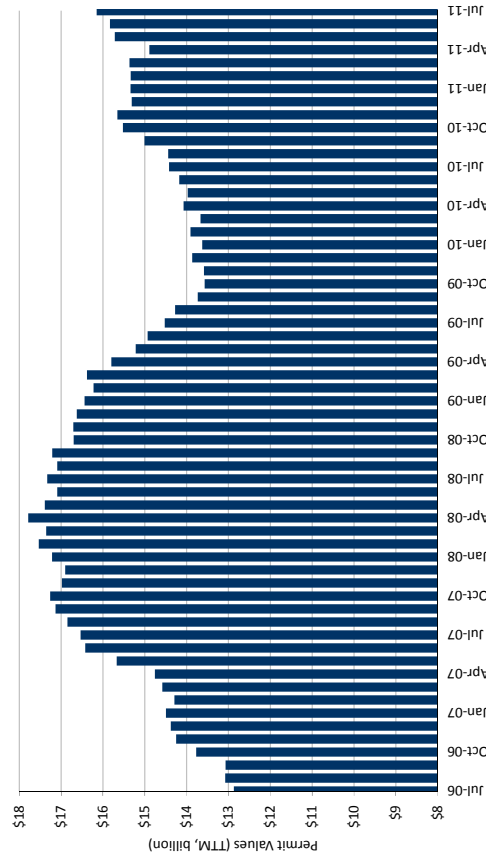
Exhibit 2: Value of Canadian Residential and Non-Residential Building Permits



Construction Intentions for Institutional Buildings

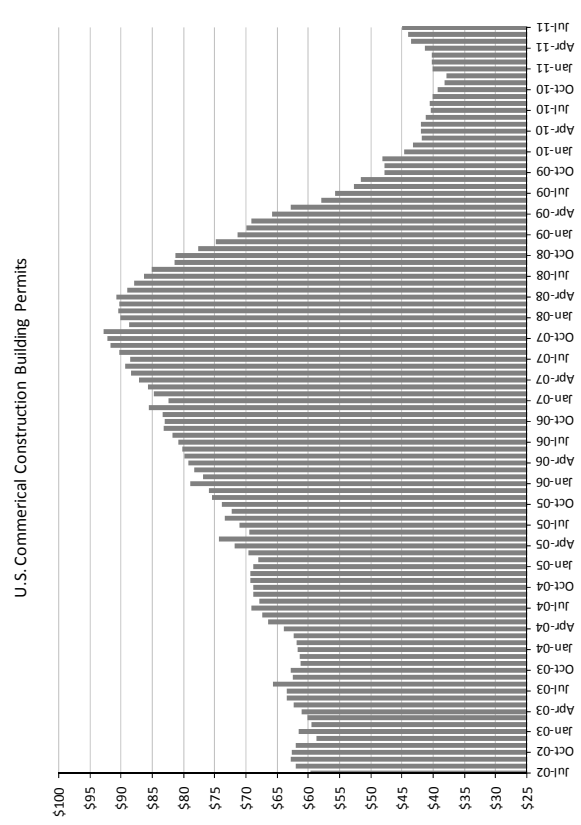
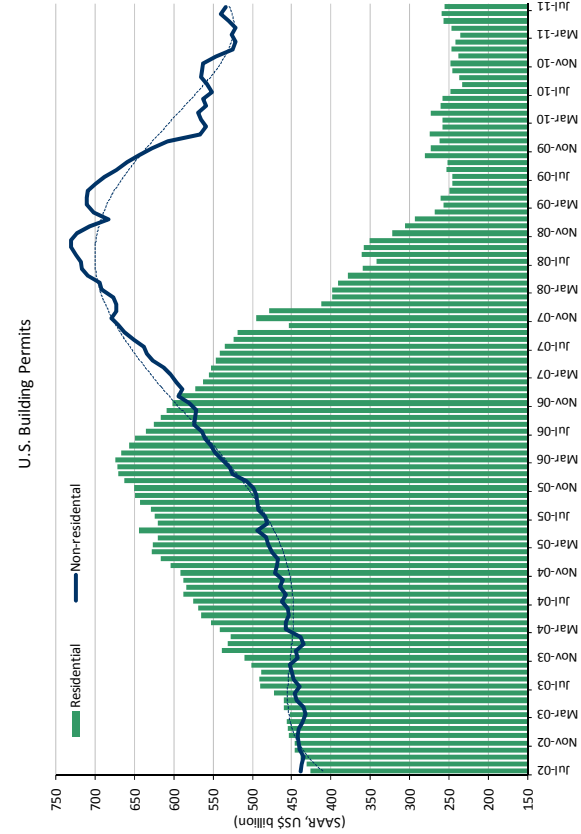
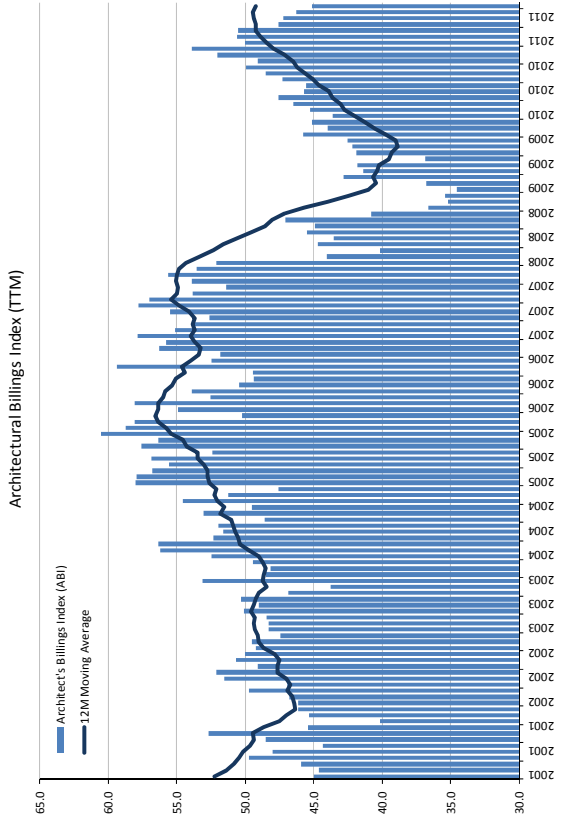
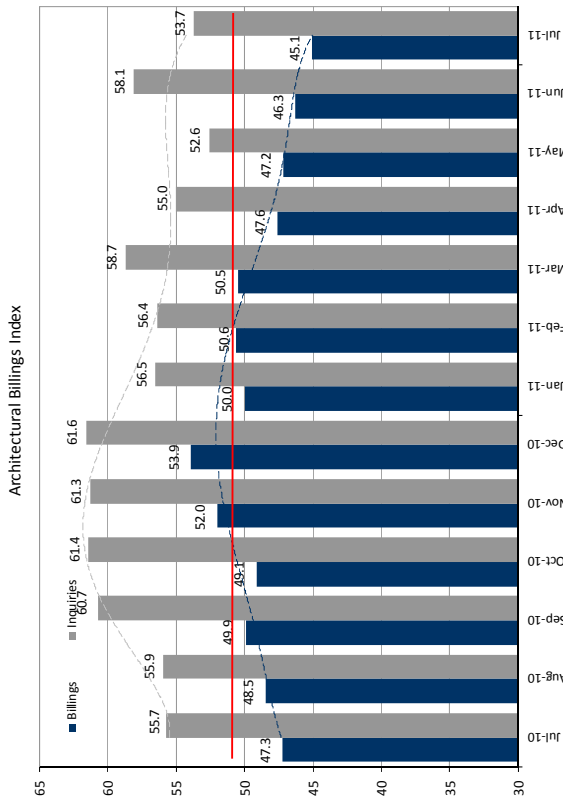


Construction Intentions for Commercial Buildings



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 (min)	Market Cap (min)	Net Debt (min)	Ent. Value (min)	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	\$8.02	70.3	\$564	\$182	\$747	18.1	10.6	5.8	12.0	4.4	3.2	24.4	1.1	2.5
BIRD CONSTRUCTION	BDT.CA	CAD	DEC	\$10.30	42.2	\$434	(\$129)	\$305	11.0	18.0	9.0	5.4	7.7	3.6	n.m.	2.8	6.4
CHURCHILL CORP-A	CUQ.CA	CAD	DEC	\$14.37	28.4	\$408	\$23	\$431	7.3	11.5	6.7	5.0	5.4	3.7	5.4	1.4	3.3
FLINT ENERGY SERVICES LTD	FES.CA	CAD	DEC	\$10.91	45.9	\$500	\$153	\$654	15.2	22.5	7.0	5.0	5.3	3.3	23.4	0.9	--
NORTH AMERICAN ENERGY PARTNERS	NOA.CA	CAD	MAR	\$5.86	36.2	\$212	\$317	\$530	n.m.	n.m.	5.1	n.m.	6.3	3.6	59.9	1.6	--
									12.9	15.6	6.7	6.8	5.8	3.5			
U.S. CONTRACTORS																	
EMCOR GROUP INC	EME.US	USD	DEC	\$21.15	66.9	\$1,415	(\$253)	\$1,162	11.6	11.5	9.3	4.8	4.4	3.7	n.m.	n.m.	--
GRANITE CONSTRUCTION INC	GVA.US	USD	DEC	\$20.53	38.7	\$794	(\$94)	\$700	n.m.	22.0	13.9	n.m.	5.1	4.1	n.m.	1.0	2.5
HILL INTERNATIONAL INC	HIL.US	USD	DEC	\$4.85	38.5	\$187	\$66	\$253	13.5	n.m.	4.6	8.8	n.m.	2.6	26.1	n.m.	--
TUTOR PERINI CORPORATION	TPC.US	USD	DEC	\$14.16	47.3	\$670	\$216	\$886	6.6	6.8	5.9	4.3	4.1	3.4	24.4	0.5	--
QUANTA SERVICES INC	PWR.US	USD	DEC	\$18.42	211.3	\$3,893	(\$379)	\$3,514	n.m.	n.m.	16.0	8.7	8.6	6.2	n.m.	1.2	--
									10.6	13.5	9.9	6.7	5.5	4.0			
EUROPEAN CONTRACTORS																	
ACCIONA SA	ANA.ES	EUR	DEC	€ 63.44	63.6	€ 4,032	€ 6,668	€ 10,700	24.1	21.1	18.2	8.8	8.1	7.3	62.3	0.7	6.5
ACS ACTIVIDADES CONS Y SERV	ACS.ES	EUR	DEC	€ 27.16	314.7	€ 8,546	€ 9,609	€ 18,155	8.8	9.3	8.9	12.1	n.m.	n.m.	52.9	1.5	10.1
BALFOUR BEATTY PLC	BBY.GB	BNP	DEC	£2.46	687.2	£1,693	£92	£1,785	7.1	7.0	6.9	5.5	4.9	4.7	5.2	0.1	5.9
BILFINGER BERGER	GBF.DE	EUR	JAN	€ 56.52	46.0	€ 2,601	-€ 554	€ 2,047	12.2	11.1	10.3	4.0	4.0	3.7	n.m.	0.3	4.5
HOCHTIEF	HOT.DE	EUR	DEC	€ 45.63	77.0	€ 3,513	€ 846	€ 4,359	10.6	20.5	9.3	3.1	4.6	2.9	19.4	1.2	4.4
SKANSKA	SKAB.SE	SEK	DEC	92.55 kr	399.9	37,013 kr	-4,168 kr	32,845 kr	9.6	12.0	11.2	4.9	5.8	5.3	n.m.	1.9	13.0
VINCI SA	DG.FR	EUR	DEC	€ 34.26	564.2	€ 19,327	€ 14,701	€ 34,028	10.4	9.7	9.2	6.6	6.2	6.0	43.2	1.9	7.4
									11.8	13.0	10.6	6.4	5.6	5.0			
									11.8	14.0	9.1	6.6	5.6	4.2			
Blended Group Average																	
ENGINEERING																	
AECOM TECHNOLOGIES CORP	ACM.US	USD	SEP	\$21.52	119.4	\$2,571	\$815	\$3,385	10.5	9.2	7.8	8.1	6.3	5.6	24.1	1.2	--
AMEC	AMEC.GB	BNP	DEC	£9.06	332.2	£3,009	-£455	£2,554	14.5	13.1	11.3	9.7	8.1	7.0	n.m.	0.0	3.6
ARCADIS NV	ARCAD.NL	EUR	DEC	€ 12.85	68.8	€ 884	€ 286	€ 1,170	11.2	10.4	9.3	7.2	6.8	6.5	24.4	2.2	3.7
GENIVAR INC	GNV.CA	CAD	DEC	\$25.78	26.0	\$671	\$109	\$780	15.1	12.9	11.2	9.2	8.3	6.2	14.0	2.0	5.8
IBI GROUP	IBG.CA	CAD	DEC	\$13.36	24.1	\$322	\$83	\$404	12.0	14.9	8.9	9.5	8.1	6.5	20.5	2.3	8.2
STANTEC INC	STN.CA	CAD	DEC	\$23.33	45.9	\$1,070	\$0	\$1,070	11.8	11.3	10.4	6.7	6.8	5.9	0.0	0.0	--
TETRA TECH INC	TTEK.US	USD	NOV	\$19.18	62.5	\$1,198	\$17	\$1,216	15.5	13.5	11.8	7.7	6.1	5.7	1.4	1.6	--
									12.9	12.2	10.1	8.3	7.2	6.2			
INTEGRATED ENGINEERING & CONSTRUCTION																	
CHICAGO BRIDGE & IRON	CBI.US	USD	DEC	\$35.35	98.7	\$3,488	(\$290)	\$3,198	17.3	14.4	11.6	8.5	7.4	6.1	n.m.	3.3	0.6
FLUOR CORP	FLR.US	USD	DEC	\$59.86	173.8	\$10,404	(\$2,180)	\$8,224	n.m.	17.6	14.8	8.7	7.0	6.1	n.m.	1.1	0.8
FOSTER WHEELER AG	FWLT.US	USD	JAN	\$22.38	120.4	\$2,695	(\$865)	\$1,830	13.6	13.7	10.2	5.2	5.5	4.1	n.m.	4.7	--
JACOBS ENGR GROUP INC	JEC.US	USD	SEP	\$36.31	127.6	\$4,631	(\$223)	\$4,409	14.6	14.0	12.2	7.7	7.2	6.4	n.m.	1.6	--
KBR INC	KBR.US	USD	DEC	\$29.29	150.8	\$4,417	(\$610)	\$3,807	14.0	10.8	10.5	5.6	5.6	5.1	n.m.	2.0	0.7
SHAW GROUP INC	SHAW.US	USD	AUG	\$23.83	72.2	\$1,722	(\$104)	\$1,618	10.9	n.m.	10.6	4.5	n.m.	4.7	n.m.	1.3	--
SNC-LAVALIN (E&C Business only)	SNC.CA	CAD	DEC	\$49.94	152.0	\$7,589	\$936	\$8,525	12.2	14.6	10.5	6.4	7.2	5.6	11.0	3.9	1.7
URS CORPORATION	URS.US	USD	DEC	\$33.69	79.6	\$2,682	\$324	\$3,006	9.5	9.4	8.5	4.4	4.1	4.0	10.8	0.7	--
WORLEYPARSONS	WOR.AU	AUS	DEC	\$26.33	241.7	\$6,363	\$504	\$6,867	21.8	16.8	14.2	12.1	10.5	9.1	7.3	3.5	3.3
									14.3	13.9	11.5	7.0	6.8	5.7			
ENGINEERED PRODUCTS																	
ALBANY INTERNATIONAL	AIN.US	USD	DEC	\$19.42	31.2	\$606	\$263	\$869	14.6	10.7	9.6	5.9	4.9	4.7	30.3	1.8	2.6
ALFA LAVAL AB	ALFA.SE	SEK	DEC	118.60 kr	419.5	49,747 kr	4,753 kr	\$4,500 kr	16.2	13.8	12.5	10.5	9.3	8.3	8.7	3.7	2.5
ANDRITZ AG	ANDR.AT	EUR	DEC	€ 62.59	52.0	€ 3,255	-€ 1,116	€ 2,138	18.1	15.1	13.2	7.0	5.9	5.2	n.m.	4.3	2.7
ARMTEC INFRASTRUCTURE	ARF.CA	CAD	DEC	\$2.10	28.0	\$59	\$273	\$332	n.m.	n.m.	n.m.	6.8	n.m.	7.3	82.3	0.5	0.0
CALGON CARBON CORPORATION	CCC.US	USD	DEC	\$15.53	56.5	\$877	\$11	\$889	20.7	19.3	15.7	11.1	9.4	7.7	1.3	n.m.	--
FLOWERVE CORP	FLS.US	USD	DEC	\$89.42	55.7	\$4,984	\$301	\$5,285	13.0	11.6	9.9	7.7	7.2	6.3	5.7	2.3	1.4
GLV INC.	GLV/A.CA	CAD	MAR	\$4.00	44.1	\$176	\$68	\$244	n.m.	n.m.	8.0	11.8	8.1	4.9	27.7	0.7	--
ITT CORP	ITT.US	USD	JUL	\$44.11	185.3	\$8,174	\$268	\$8,442	10.0	9.3	8.6	5.3	5.1	4.9	3.2	1.8	2.2
KADANT	KAI.US	USD	DEC	\$21.14	12.3	\$261	(\$25)	\$236	14.3	9.7	8.3	7.3	4.9	4.4	n.m.	n.m.	--
KURITA WATER	6370.JP	JPY	MAR	JPY 1,971	132.8	JPY 261,749	-JPY 59,116	JPY 202,633	14.7	14.2	13.2	4.7	4.5	4.3	n.m.	1.3	1.9
METSO OYJ	MEI.VI.FI	EUR	DEC	€ 24.93	150.3	€ 3,748	€ 507	€ 4,255	11.9	10.4	8.7	6.8	5.8	5.1	11.9	1.8	6.2
NALCO HOLDING CO	NLC.US	USD	DEC	\$36.47	138.8	\$5,061	\$2,700	\$7,761	21.3	21.6	17.7	10.4	10.5	9.4	34.8	7.2	0.4
PALL CORPORATION	PLL.US	USD	JUL	\$44.03	116.3	\$5,122	\$146	\$5,267	15.9	13.4	11.7	n.m.	8.1	7.3	2.8	n.m.	1.4
PENTAIR INC	PNR.US	USD	AUG	\$32.59	98.8	\$3,219	\$1,339	\$4,558	16.3	13.2	11.4	10.9	8.7	7.7	29.4	1.5	2.4
WATTS WATER TECHNOLOGIES INC	WTS.US	USD	DEC	\$26.66	37.2	\$993	\$205	\$1,198	13.8	13.7	10.7	6.8	6.4	5.5	17.1	1.1	1.6
ZCL COMPOSITES INC	ZCL.CA	CAD	DEC	\$3.35	28.8	\$96	\$20	\$117	n.m.	18.0	9.6	n.m.	9.5	6.0	17.4	2.4	0.0

Source: 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	£1.47	503.3	£741	£848	£1,589	n.m.	16.5	11.8	5.6	4.9	4.4	53.4	1.7	2.3
CERVUS EQUIPMENT CORP.	CVL.CA	CAD	DEC	\$14.90	15.1	\$225	\$9	\$233	16.9	10.7	8.7	9.5	6.4	5.3	3.8	1.3	4.8
FINNING INTERNATIONAL INC	FTT.CA	CAD	DEC	\$24.20	172.5	\$4,174	\$1,245	\$5,419	20.3	12.9	10.7	11.9	8.7	7.4	23.0	3.2	2.1
H&E EQUIPMENT SERVICES INC	HEES.US	USD	DEC	\$9.60	35.1	\$337	\$329	\$666	n.m.	n.m.	13.3	8.3	5.2	3.9	49.4	1.3	--
RITCHIE BROS AUCTIONEERS INC	RBA.US	USD	DEC	\$21.66	107.0	\$2,317	(\$52)	\$2,265	n.m.	n.m.	18.9	17.2	13.7	10.2	n.m.	3.7	1.9
ROCKY MOUNTAIN DEALERSHIPS	RME.CA	CAD	DEC	\$9.40	21.5	\$202	\$195	\$397	11.3	7.8	6.3	11.7	7.9	6.2	49.1	1.8	1.9
RUSH ENTERPRISES INC	RUSHA.US	USD	DEC	\$10.26	27.2	\$279	\$514	\$793	16.0	8.1	5.8	13.8	7.4	5.5	64.8	0.8	--
SPEEDY HIRE PLC	SDY.GB	BPN	MAR	£0.25	517.2	£132	£115	£246	n.m.	14.2	n.m.	4.3	3.5	3.1	46.5	0.0	0.0
STRONGCO CORP.	SQP.CA	CAD	DEC	\$5.25	13.2	\$69	\$107	\$176	n.m.	6.0	5.5	7.8	4.7	3.8	60.7	1.2	0.0
TITAN MACHINERY INC	TITN.US	USD	JAN	\$22.89	20.7	\$473	\$428	\$902	18.6	14.0	12.7	17.0	13.0	11.6	47.5	n.m.	--
TOROMONT INDS LTD	TIH.CA	CAD	DEC	\$17.25	77.6	\$1,339	\$115	\$1,453	18.1	14.5	13.3	9.2	8.1	7.4	7.9	3.6	2.3
UNITED RENTALS INC	URI.US	USD	DEC	\$16.75	61.1	\$1,023	\$2,918	\$3,941	n.m.	11.7	6.4	5.8	4.6	3.8	74.0	n.m.	--
WAJAX CORP.	WJX.CA	CAD	DEC	\$34.58	16.9	\$585	\$94	\$679	16.9	10.0	9.9	10.4	7.0	7.0	13.8	2.7	6.9
									16.9	11.5	10.3	10.2	7.3	6.1			
ORIGINAL EQUIPMENT MANUFACTURERS																	
AGCO CORP	AGCO.US	USD	DEC	\$42.59	96.5	\$4,109	\$155	\$4,263	18.4	10.4	9.3	n.m.	5.5	5.0	3.6	1.5	--
CATERPILLAR INCORPORATED	CAT.US	USD	DEC	\$87.04	667.2	\$58,073	\$23,667	\$81,740	20.8	12.9	9.7	13.1	8.8	7.0	29.0	4.6	2.0
CNH GLOBAL NV	CNH.US	USD	DEC	\$31.13	238.4	\$7,422	\$12,109	\$19,531	15.0	9.3	8.2	n.m.	11.0	10.0	62.0	1.0	--
DEERE & COMPANY	DE.US	USD	OCT	\$77.26	413.9	\$31,980	\$22,855	\$54,835	16.6	12.0	10.6	12.7	12.5	11.4	41.7	5.2	2.1
DOOSAN INFRACORE	042670.KR	KRW	DEC	KRW 23,100	168.6	KRW 3,893,644	KRW 4,888,438	KRW 8,782,082	n.m.	7.8	6.6	n.m.	n.m.	n.m.	55.7	n.m.	--
HARSCO CORP.	HSC.US	USD	DEC	\$22.43	80.7	\$1,810	\$860	\$2,670	24.6	15.8	11.1	5.6	5.1	4.5	32.2	1.3	3.6
HITACHI	6305.JP	JPY	MAR	JPY 1,352	215.1	JPY 290,836	JPY 272,830	JPY 563,666	n.m.	12.8	9.7	n.m.	5.6	4.8	48.4	0.9	1.5
TEREX CP	TEX.US	USD	DEC	\$14.45	109.6	\$1,584	\$470	\$2,054	n.m.	n.m.	6.9	n.m.	6.8	3.4	22.9	0.7	--
VOLVO AB	VOLVB.SE	SEK	DEC	73.05 kr	1,461.9	106,790 kr	93,933 kr	200,723 kr	13.6	8.1	7.1	7.3	4.8	4.4	46.8	2.0	3.4
									18.2	11.1	8.8	9.7	7.5	6.3			
STEEL RELATED STOCKS																	
FABRICATORS & PROCESSORS																	
ADF GROUP INC.	DRX.CA	CAD	JAN	\$1.49	33.4	\$50	(\$21)	\$29	13.7	13.4	9.6	2.7	2.9	2.3	n.m.	0.5	1.3
CANAM GROUP INC	CAM.CA	CAD	DEC	\$4.25	45.4	\$193	\$253	\$445	n.m.	n.m.	21.1	n.m.	n.m.	9.6	56.7	0.5	0.0
GIBALTAR INDUSTRIES	ROCK.US	USD	DEC	\$8.89	30.4	\$270	\$206	\$476	n.m.	13.1	10.0	11.2	5.7	4.4	43.2	n.m.	--
NCI BUILDING SYS INC	NCS.US	USD	DEC	\$8.98	19.8	\$178	\$78	\$256	n.m.	n.m.	n.m.	n.m.	n.m.	3.0	30.5	n.m.	--
VICWEST INC.	VIC.CA	CAD	DEC	\$9.44	17.2	\$163	\$87	\$250	12.1	12.7	7.0	11.7	8.5	5.5	34.9	2.9	11.8
									12.9	13.1	11.9	8.5	5.7	4.9			
SERVICE CENTERS																	
AM CASTLE & CO.	CAS.US	USD	DEC	\$11.11	23.0	\$256	\$55	\$311	n.m.	17.0	8.1	n.m.	8.0	4.9	17.6	0.8	--
CARPENTER TECHNOLOGY CORP.	CRS.US	USD	JUN	\$49.06	44.2	\$2,167	(\$16)	\$2,151	n.m.	19.0	13.0	13.2	8.2	6.4	n.m.	n.m.	1.4
RELIANCE STEEL & ALUMINUM CO.	RS.US	USD	DEC	\$39.73	74.9	\$2,975	\$1,020	\$3,995	15.2	8.8	7.4	8.3	5.5	4.8	25.5	1.1	1.2
RUSSEL METALS	RUS.CA	CAD	DEC	\$22.57	66.8	\$1,509	(\$100)	\$1,409	19.4	11.9	10.7	9.5	6.5	6.0	n.m.	1.7	5.3
WORTHINGTON INDS INC	WOR.US	USD	MAY	\$14.78	72.6	\$1,073	\$337	\$1,411	9.9	8.4	7.4	7.9	6.3	7.0	23.9	1.5	3.1
									14.8	13.0	9.3	9.7	6.9	5.8			
STEEL PRODUCERS																	
AK STEEL HOLDING CORP.	AKS.US	USD	DEC	\$8.64	110.3	\$953	\$880	\$1,833	n.m.	17.3	6.8	12.0	5.6	3.8	48.0	1.5	2.2
ALLEGHENY TECHNOLOGIES	ATI.US	USD	DEC	\$46.06	106.3	\$4,898	\$1,283	\$6,181	n.m.	16.9	10.4	n.m.	8.1	5.5	20.8	2.2	1.5
COMMERCIAL METALS COMPANY	CMC.US	USD	AUG	\$11.09	115.5	\$1,281	\$1,140	\$2,422	n.m.	n.m.	7.3	n.m.	8.9	4.8	47.1	1.0	4.2
NUCOR CORPORATION	NUE.US	USD	DEC	\$34.30	316.1	\$10,841	\$2,096	\$12,937	n.m.	13.1	9.7	12.4	6.1	4.9	16.2	1.5	4.2
OLYMPIC STEEL INC.	ZEUS.US	USD	DEC	\$18.93	10.9	\$206	\$89	\$295	n.m.	8.2	6.9	13.4	4.9	4.0	30.1	0.8	0.4
STEEL DYNAMICS INCORPORATED	STLD.US	USD	DEC	\$11.63	218.7	\$2,543	\$2,102	\$4,645	17.4	8.0	6.2	7.7	5.1	4.3	45.2	1.2	3.3
US STEEL CORP.	X.US	USD	DEC	\$29.01	144.0	\$4,177	\$3,508	\$7,685	n.m.	18.9	6.8	14.0	5.5	3.9	45.6	1.1	0.7
									17.4	13.7	7.7	11.9	6.3	4.4			
									n.m.	13.3	9.7	9.1	6.3	5.1			
Blended Group Average																	

- Notes:**
- 1) Estimates for ARE, ARF, BDT, CAM, CAT, DRX, CVL, CUQ, FTT, GLV.A, GNV, IBG, NOA, RBA, RME, RUS, SNC, STN, TIH, WJX 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	Ticker Primary	Ticker Secondary	Current Price	Target Price (6-12 months)	Dividend Yield	Total Return To Target	Rating
Construction							
Aecon Group	ARE-TSX		C\$8.05	C\$12.50	2%	54%	Outperform 2
Bird Construction Inc.	BDT-TSX		C\$10.35	C\$15.00	6%	47%	Outperform 2
North American Energy Partners	NOA-TSX	NOA-NYSE	C\$6.00	C\$6.75	NM	9%	Market Perform 3
The Churchill Corp.	CUQ-TSX		C\$14.40	C\$21.00	3%	44%	Outperform 2
Original Equipment Manufacturers							
Caterpillar Inc.	CAT-NYSE		US\$88.69	US\$135.00	2%	30%	Strong Buy 1
Engineering							
Genivar Inc.	GNV-TSX		C\$25.49	C\$33.00	6%	40%	Outperform 2
IBI Group Inc.	IBG-TSX		C\$13.19	C\$16.50	9%	42%	Outperform 2
SNC-Lavalin	SNC-TSX		C\$50.15	C\$60.00	2%	24%	Strong Buy 1
Stantec Inc.	STN-TSX	STN-NYSE	C\$22.71	C\$33.75		32%	Outperform 2
Materials & Engineered Products							
Armtec Infrastructure Inc.	ARF-TSX		C\$2.09	C\$3.00	0%	20%	Market Perform 3
GLV Inc.	GLV.A-TSX		C\$4.00	C\$8.00	0%	78%	Outperform 2
ZCL Composites	ZCL-TSX		C\$3.35	C\$3.75	NM	17%	Market Perform 3
Equipment Distributors							
Cervus Equipment Corp.	CVL-TSX		C\$15.00	C\$20.00	5%	32%	Strong Buy 1
Finning International	FTT-TSX		C\$24.73	C\$32.50	2%	33%	Outperform 2
Ritchie Bros. Auctioneers	RBA-NYSE	RBA.T-TSX	US\$21.96	US\$30.00	2%	29%	Outperform 2
Rocky Mountain Dealerships Inc.	RME-TSX		C\$9.50	C\$15.00	2%	75%	Outperform 2
Strongco Corp.	SQP-TSX		C\$5.10	C\$9.50	NA	94%	Outperform 2
Toromont Industries	TIH-TSX		C\$17.20	C\$22.75	3%	31%	Outperform 2
Wajax Corp.	WJX-TSX		C\$34.74	C\$45.50	6%	25%	Outperform 2
Steel Processors & Building Components							
ADF Group Inc.	DRX-TSX		C\$1.40	C\$2.50	1%	80%	Outperform 2
Canam Group	CAM-TSX		C\$4.35	C\$5.50	0%	12%	Market Perform 3
Russel Metals	RUS-TSX		C\$22.59	C\$27.00	5%	24%	Outperform 2

Raymond James Ltd.

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	Coverage Universe Rating Distribution			Investment Banking Distribution		
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