

Engineering & Construction M&A Market Q4 2015



Q4'15
\$12.9 billion ↓
Q3'15
\$13.4 billion

The **global** engineering & construction deal value was \$12.9 billion, down from \$13.4 billion in Q3'15. The number of transactions decreased from 451 in Q3'15 to 446 in Q4'15



The **U.S.** engineering & construction deal value decreased by 20% to \$1.6 billion in the quarter from \$2.0 billion in Q3'15. The number of transactions also decreased to 119 from 124 in Q3'15



26.7%

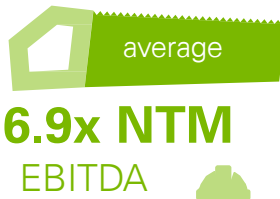
The U.S. accounted for ~26.7% share of global M&A in Q4'15, a slight decrease as compared to Q3'15

SECTOR PERFORMANCE



Diversified Engineering & Construction Providers

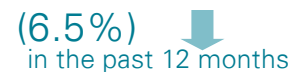
Stock prices of public companies included in our index of this sub-sector have decreased by 11.3% in the last 3 years and dropped by 9.9% in past 12 months



Specialty Engineering & Construction Firms



Stock prices of public companies included in our index of this sub-sector have decreased by 2.0% in the last 3 years and decreased by 6.5% in the past 12 months



Valued at an average of 6.4x NTM EBITDA at the end of Q4'15



6.4x NTM
EBITDA



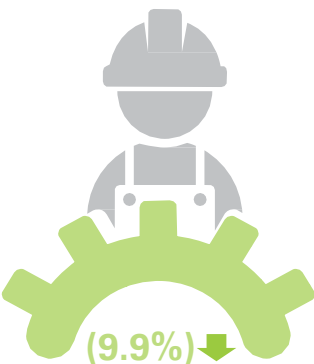
Construction Contractors

Stock prices of the public companies included in our index of this sub-sector have increased by 0.4% in the last 3 years and decreased by 11.4% in the past 12 months



Trading at an average of 6.9x NTM EBITDA at the end of Q4'15

6.9x NTM
EBITDA

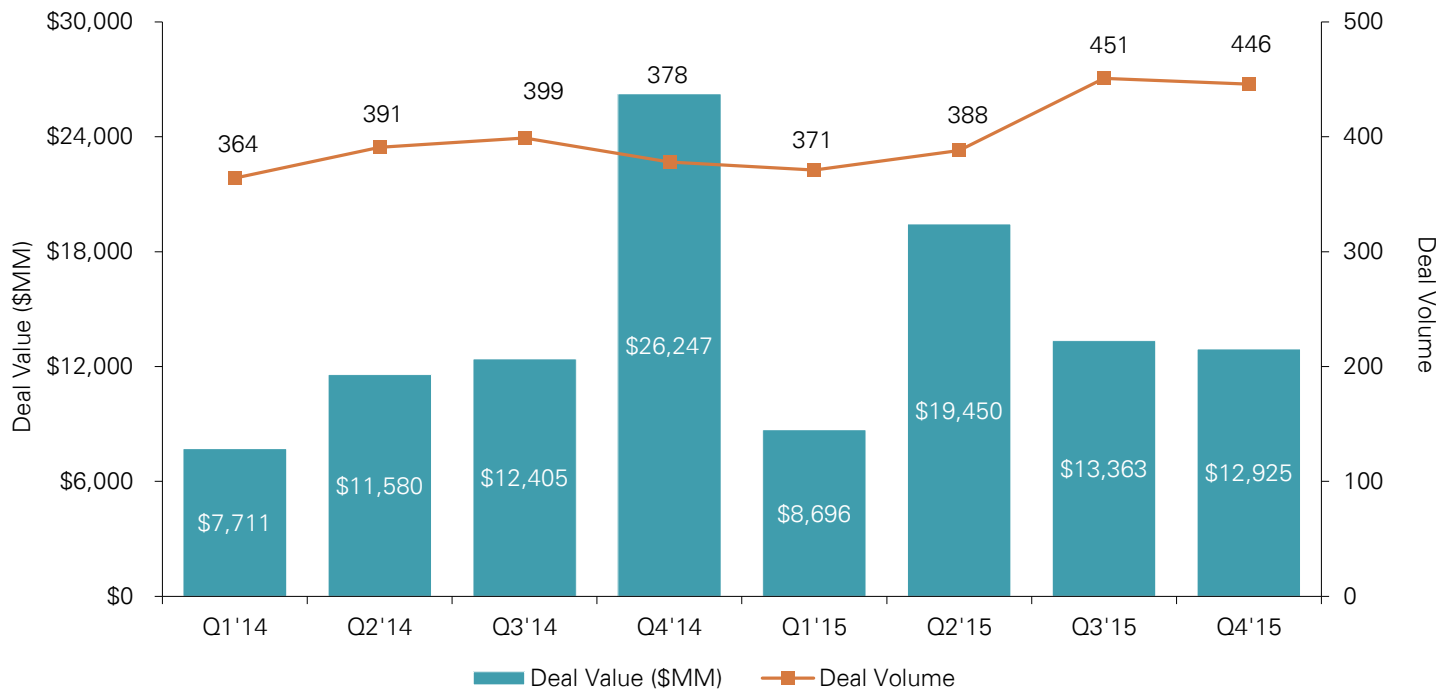


Valued at an average of 6.9x NTM (next twelve months) EBITDA at the end of Q4'15

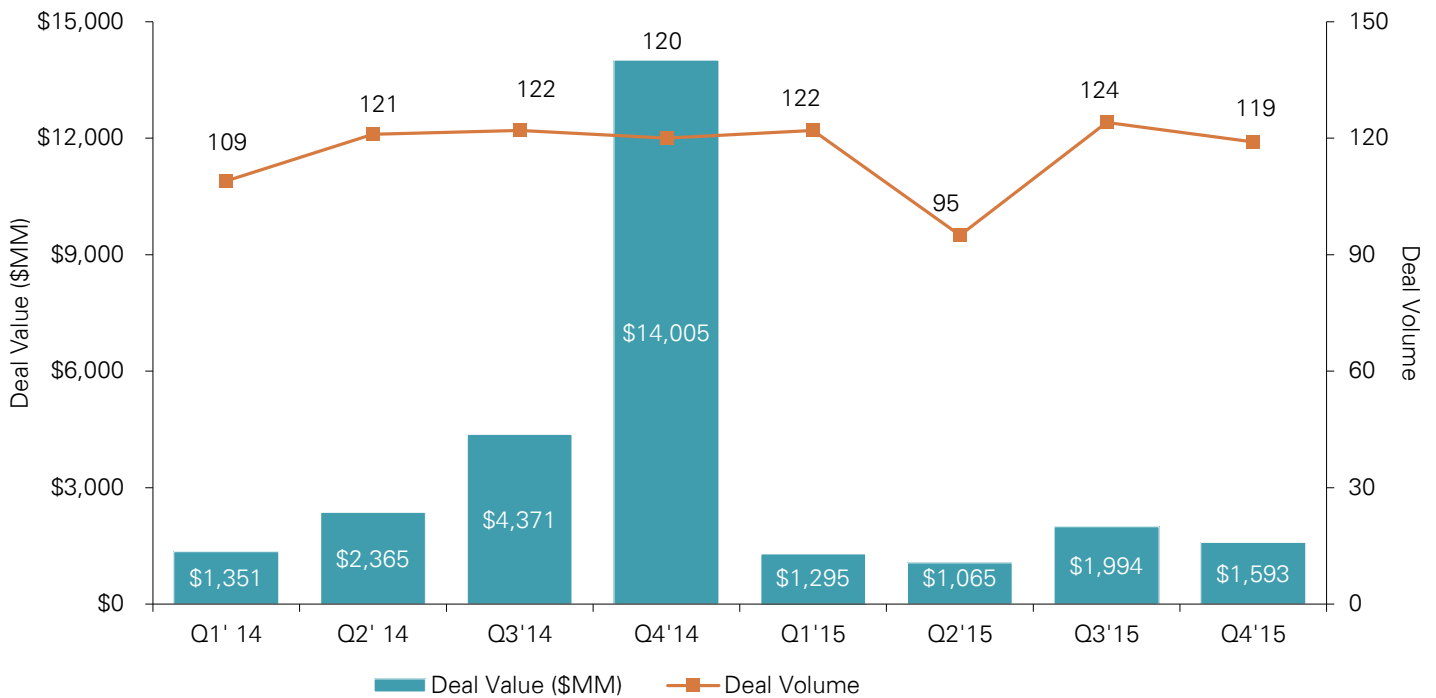
Source: Capital IQ.

Notes: M&A growth analysis based on deals closed during the respective periods of Q4'15 vs. Q3'15. Deal value represents aggregate deal value for disclosed transactions only. The sub-sector performances are based on internally originated lists of public companies viewed as representative of the sub-sectors. The list of public companies selected in each sub-sector can be found on pages 4-5.

Global Engineering & Construction M&A Trend: Q1'14 – Q4'15



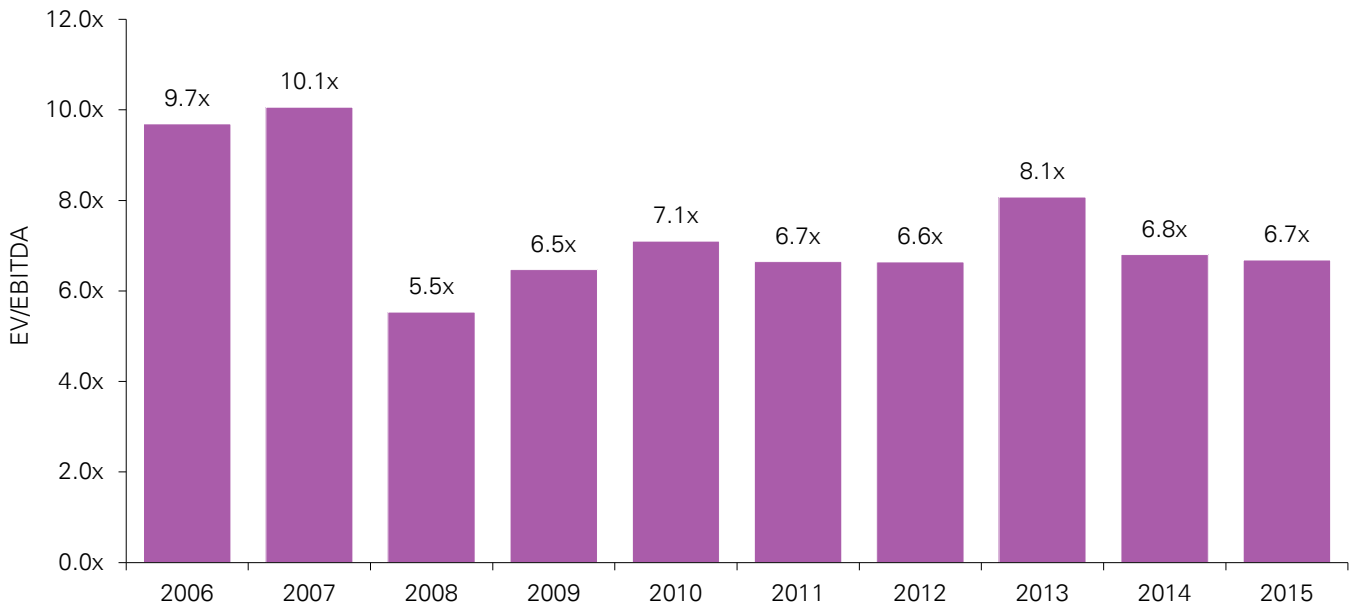
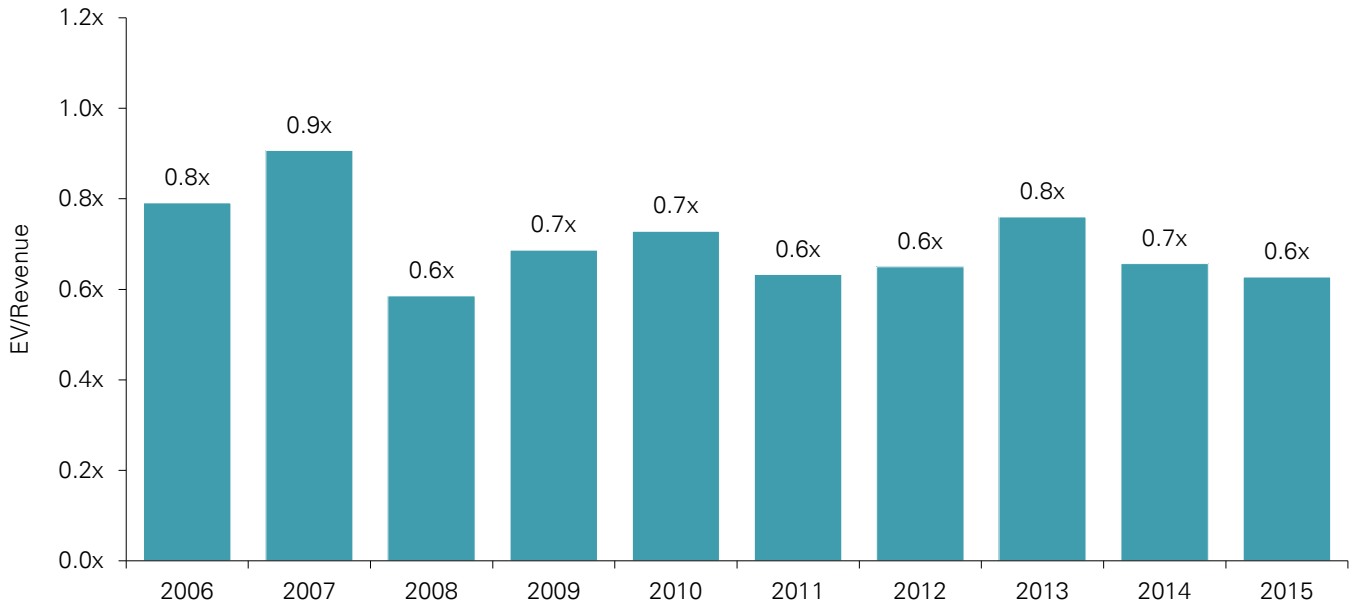
U.S. Engineering & Construction M&A Trend: Q1'14 – Q4'15



Source: Capital IQ.

Notes: M&A analysis based on deals closed during the respective periods. Deal value represents aggregate deal value for disclosed transactions only for the time periods noted on the above graphs.

Global Engineering & Construction NTM Valuation Multiples Trend: 2006-2015



Source: Capital IQ.

Note: The Engineering & Construction valuation trend is based on an internally originated list of public companies viewed as representative of the sector. The list of public companies selected in each sub-sector can be found on pages 4-5. Graph depicts enterprise value as a multiple of revenue and EBITDA; respectively.

Engineering & Construction Performance Summary by Sub-sector (\$MM, except per share data)

Company	Market Cap ^{(1), (2)}	Share Price ⁽²⁾	% of 52-Wk High ⁽³⁾	Enterprise Value ⁽⁴⁾	Last Twelve Months (LTM)				EV/NTM Revenue ⁽⁶⁾	EV/NTM EBITDA ⁽⁷⁾
					Revenue	Rev Growth	EBITDA ⁽⁵⁾	EBITDA Margin		
Diversified Engineering & Construction										
AECOM	4,546.8	30.03	84.8%	8,469.8	17,989.9	115.3%	1,020.5	5.7%	0.5x	8.3x
Amec Foster Wheeler plc	2,466.6	6.33	42.8%	3,971.5	7,546.8	24.9%	518.9	6.9%	0.5x	6.9x
ARCADIS NV	1,670.6	20.16	59.2%	2,374.2	3,484.3	26.4%	248.0	7.1%	0.6x	7.3x
Balfour Beatty plc	2,735.6	3.98	98.3%	3,100.8	11,296.5	6.6%	(470.8)	(4.2%)	0.3x	NM
Fluor Corporation	6,686.9	47.22	75.8%	5,652.5	19,198.6	(14.2%)	1,216.1	6.3%	0.3x	5.4x
Hochtief AG	6,420.6	93.80	96.0%	6,393.1	24,775.1	16.1%	628.6	2.5%	0.3x	5.8x
Jacobs Engineering Group Inc.	5,162.8	41.95	86.9%	5,343.8	11,775.8	(8.1%)	557.8	4.7%	0.4x	7.6x
KBR, Inc.	2,440.9	16.92	81.5%	1,738.9	5,433.0	(18.0%)	(65.0)	(1.2%)	0.4x	5.5x
Quanta Services, Inc.	3,235.1	20.25	66.2%	3,536.5	7,804.8	3.5%	605.9	7.8%	0.5x	5.5x
SNC-Lavalin Group Inc.	4,438.6	29.64	86.8%	3,629.8	7,284.8	29.3%	342.0	4.7%	0.6x	6.8x
Stantec Inc.	2,333.8	24.74	90.1%	2,562.6	1,736.3	15.9%	226.0	13.0%	1.4x	9.8x
URSUS Spółka Akcyjna	32.9	0.61	64.5%	55.0	83.7	90.8%	6.8	8.1%	NA	NA
Diversified Engineering & Construction Mean			77.7%			24.1%		5.1%	0.5x	6.9x
Diversified Engineering & Construction Median			83.1%			16.0%		6.0%	0.5x	6.9x
Specialty Engineering & Construction										
Aegion Corporation	675.3	19.31	86.2%	864.9	1,355.0	4.6%	132.6	9.8%	0.6x	7.0x
Chicago Bridge & Iron Company N.V.	4,088.7	38.99	65.6%	6,183.4	13,026.2	3.4%	1,250.5	9.6%	0.5x	5.4x
Clean Harbors, Inc.	2,398.5	41.65	70.2%	3,614.4	3,407.1	(0.8%)	527.4	15.5%	1.2x	7.5x
Dycom Industries Inc.	2,272.4	69.96	77.0%	2,892.2	2,171.2	20.0%	291.2	13.4%	1.1x	7.7x
Eversource Energy	16,199.0	51.07	89.9%	26,045.4	7,954.8	2.8%	2,424.7	30.5%	3.3x	10.1x
Hill International, Inc.	200.1	3.88	70.5%	319.6	619.5	11.0%	42.1	6.8%	0.4x	5.1x
IBI Group Inc.	35.5	1.59	81.9%	169.2	236.8	7.4%	27.0	11.4%	0.7x	6.0x
Layne Christensen Company	104.0	5.26	50.0%	197.0	779.5	9.5%	7.7	1.0%	0.3x	5.9x
McDermott International Inc.	800.6	3.35	55.8%	1,020.4	3,209.3	59.5%	273.3	8.5%	0.4x	5.8x
MYR Group, Inc.	424.9	20.61	63.9%	394.5	1,041.5	9.9%	92.5	8.9%	0.4x	4.6x
North American Energy Partners Inc.	55.8	1.73	53.6%	105.4	245.9	(29.5%)	37.9	15.4%	0.5x	3.2x
Orion Marine Group, Inc	113.8	4.17	37.3%	244.5	411.9	7.0%	23.3	5.6%	0.4x	4.7x
Primoris Services Corporation	1,138.4	22.03	92.2%	1,303.9	1,919.9	(10.1%)	130.9	6.8%	0.6x	7.4x
Tetra Tech Inc.	1,535.9	26.02	92.3%	1,602.2	1,702.6	(6.1%)	182.8	10.7%	0.9x	7.6x
TRC Companies Inc.	285.3	9.25	75.2%	394.6	430.0	11.4%	43.8	10.2%	NA	NA
Willbros Group Inc.	167.0	2.69	38.2%	334.8	1,351.3	(35.1%)	(5.8)	(0.4%)	0.4x	7.7x
Specialty Engineering & Construction Mean			68.7%			4.1%		10.2%	0.8x	6.4x
Specialty Engineering & Construction Median			70.4%			5.8%		9.7%	0.5x	6.0x

Engineering & Construction Performance Summary by Sub-sector (\$MM, except per share data)

Company	Market Cap ^{(1), (2)}	Share Price ⁽²⁾	% of 52-Wk High ⁽³⁾	Enterprise Value ⁽⁴⁾	Last Twelve Months (LTM)				EV/NTM Revenue ⁽⁶⁾	EV/NTM EBITDA ⁽⁷⁾
					Revenue	Rev Growth	EBITDA ⁽⁵⁾	EBITDA Margin		
Construction Contractors										
Aecon Group Inc.	626.2	11.09	96.7%	935.3	2,064.8	(1.1%)	96.0	4.6%	0.4x	7.7x
Bird Construction Inc.	398.4	9.37	88.4%	284.3	1,061.5	6.3%	53.8	5.1%	0.3x	6.0x
Bovis Homes Group plc	2,011.4	14.97	84.2%	2,103.9	1,317.8	20.8%	224.6	17.0%	1.4x	7.8x
EMCOR Group Inc.	3,013.3	48.04	91.7%	2,889.6	6,655.7	4.7%	353.5	5.3%	0.4x	7.5x
Granite Construction Incorporated	1,689.9	42.91	96.6%	1,504.7	2,330.7	2.1%	145.9	6.3%	0.6x	7.8x
Great Lakes Dredge & Dock Corporation	239.4	3.96	45.8%	593.3	879.8	13.1%	85.2	9.7%	0.7x	6.0x
MasTec, Inc.	1,388.5	17.38	76.3%	2,558.7	4,412.2	(2.8%)	291.9	6.6%	0.6x	7.0x
Skanska AB (publ)	8,024.2	19.52	78.6%	6,954.3	18,130.3	6.8%	770.7	4.3%	0.4x	9.0x
Stuart Olson Inc.	108.4	4.10	75.1%	181.5	920.3	0.6%	30.5	3.3%	0.2x	5.1x
Tutor Perini Corporation	821.5	16.74	62.7%	1,556.9	4,921.5	12.1%	198.4	4.0%	0.3x	5.4x
Construction Contractors Mean			79.6%			6.3%		6.6%	0.5x	6.9x
Construction Contractors Median			81.4%			5.5%		5.2%	0.4x	7.2x
Total Mean			74.4%			10.9%		7.7%	0.6x	6.7x
Total Median			76.6%			6.7%		6.8%	0.5x	6.9x

Source: Capital IQ.

(1) Market Capitalization based on closing share prices as of December 31, 2015.

(2) Market Capitalization and Share Prices may be based on foreign exchange listed securities and converted to \$USD.

(3) Indicates percentage of current stock price compared to its 52 week high. Closing share prices as of December 31, 2015.

(4) Enterprise Value (EV) equals Market Capitalization plus Debt, Preferred Equity, and Minority Interest, minus Cash and Cash Equivalents.

(5) EBITDA equals Earnings before Interest, Taxes, Depreciation, and Amortization.

(6) EV/NTM Revenue is the multiple of Enterprise Value and the Next Twelve Months of Revenue.



(7) EV/NTM EBITDA is the multiple of Enterprise Value and the Next Twelve Months of EBITDA.

Selected recent transactions




has been acquired by

Jacobs Engineering

has been acquired by

PARSONS




has sold the DAS and Small Cell division to



Global Coverage. Industry Knowledge. Middle-Market Focus.

The Corporate Finance practices of KPMG International's network of independent member firms (KPMG) have been ranked collectively as a leading global mid-market advisor based on total deal volume announced in 2015, according to Thomson Reuters SDC. KPMG firms operate in 156 countries with over 2,600 professionals who are able to meet the needs of clients across the globe.

KPMG Corporate Finance LLC

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KPMG Corporate Finance¹ is a leading global M&A advisor in the Middle Market

20011-2015		No. of deals
1	PwC	1,970
2	KPMG CF¹	1,830
3	Ernst & Young	1,268
4	Deloitte	1,071
5	Rothschild	1,017

2015		No. of deals
1	PwC	433
2	KPMG CF¹	368
3	Goldman Sachs & Co	365
4	Morgan Stanley	345
5	Ernst & Young	305



has named

KPMG Corporate Finance LLC

Investment Bank of the Year 2015



Source: Thomson Reuters SDC; Middle market is defined as transactions less than US\$500 million.

¹ Represents the global Corporate Finance practices of KPMG International's network of independent member firms.

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