
Institutional Investor Perspective: Engineering & Construction

Investors' Short Attention Span in a Cyclical/Volatile Industry

October 4, 2011

Please refer to slide 18 of this presentation for detailed disclosure and certification information.

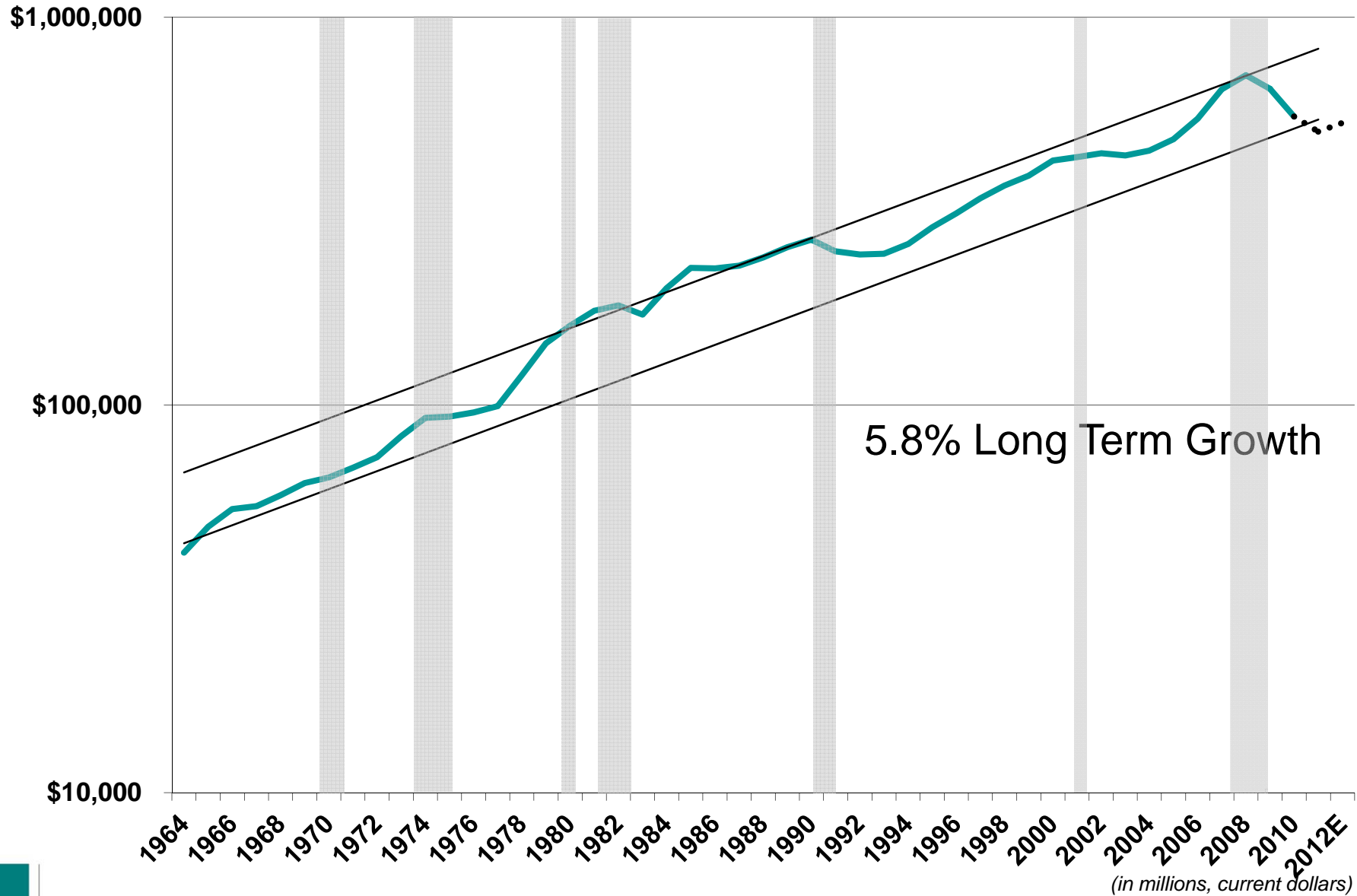


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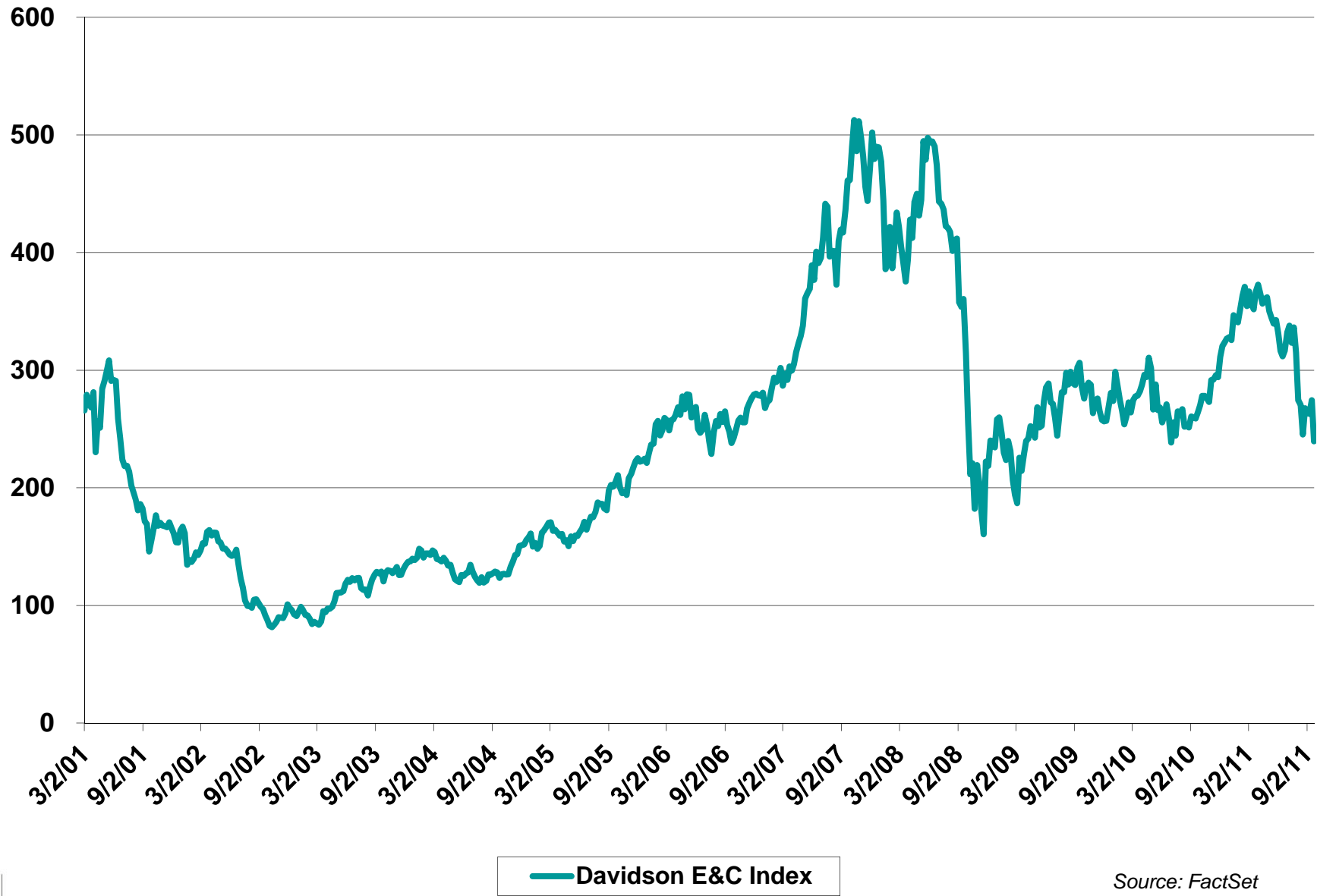
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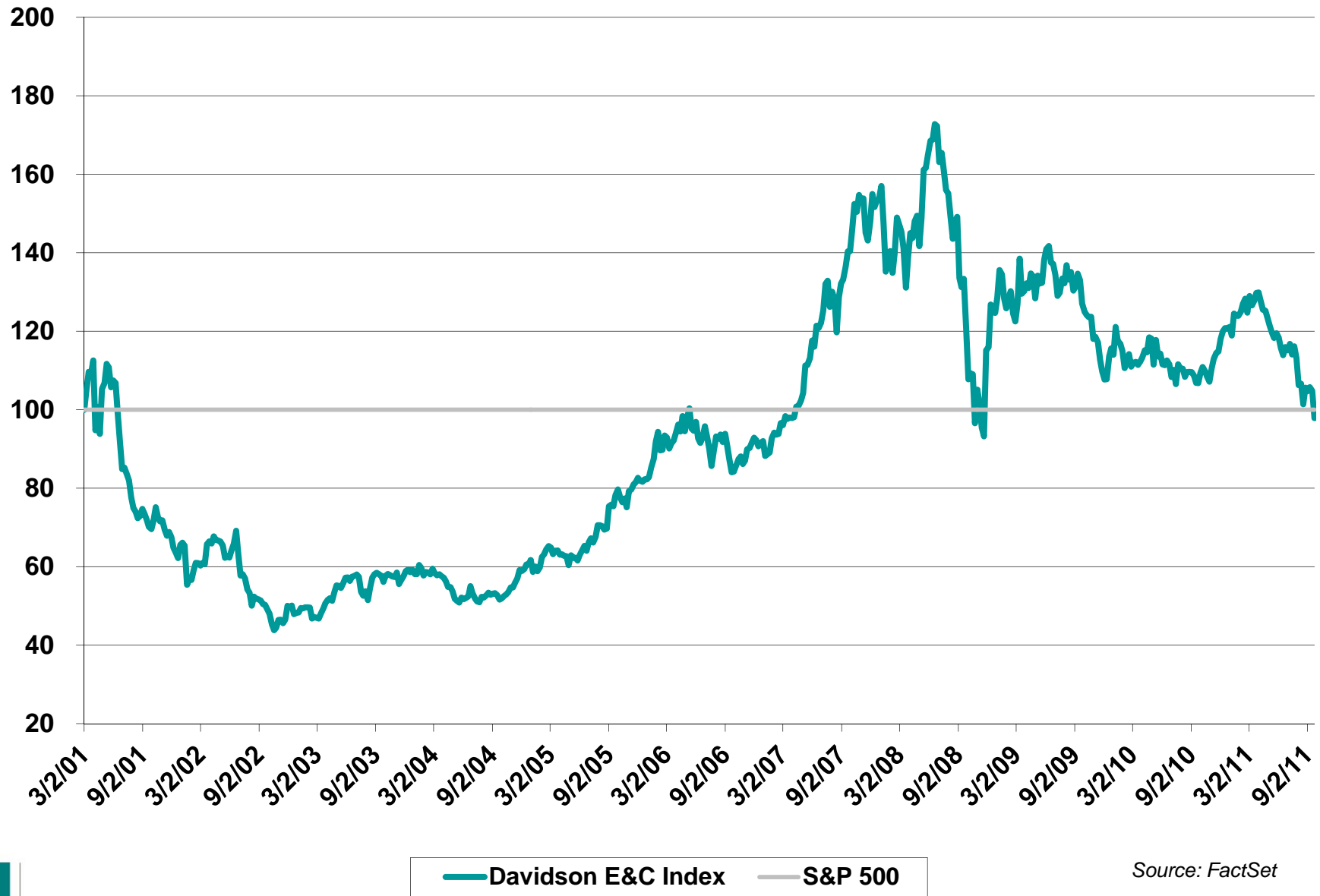
Value of Non-Residential Construction



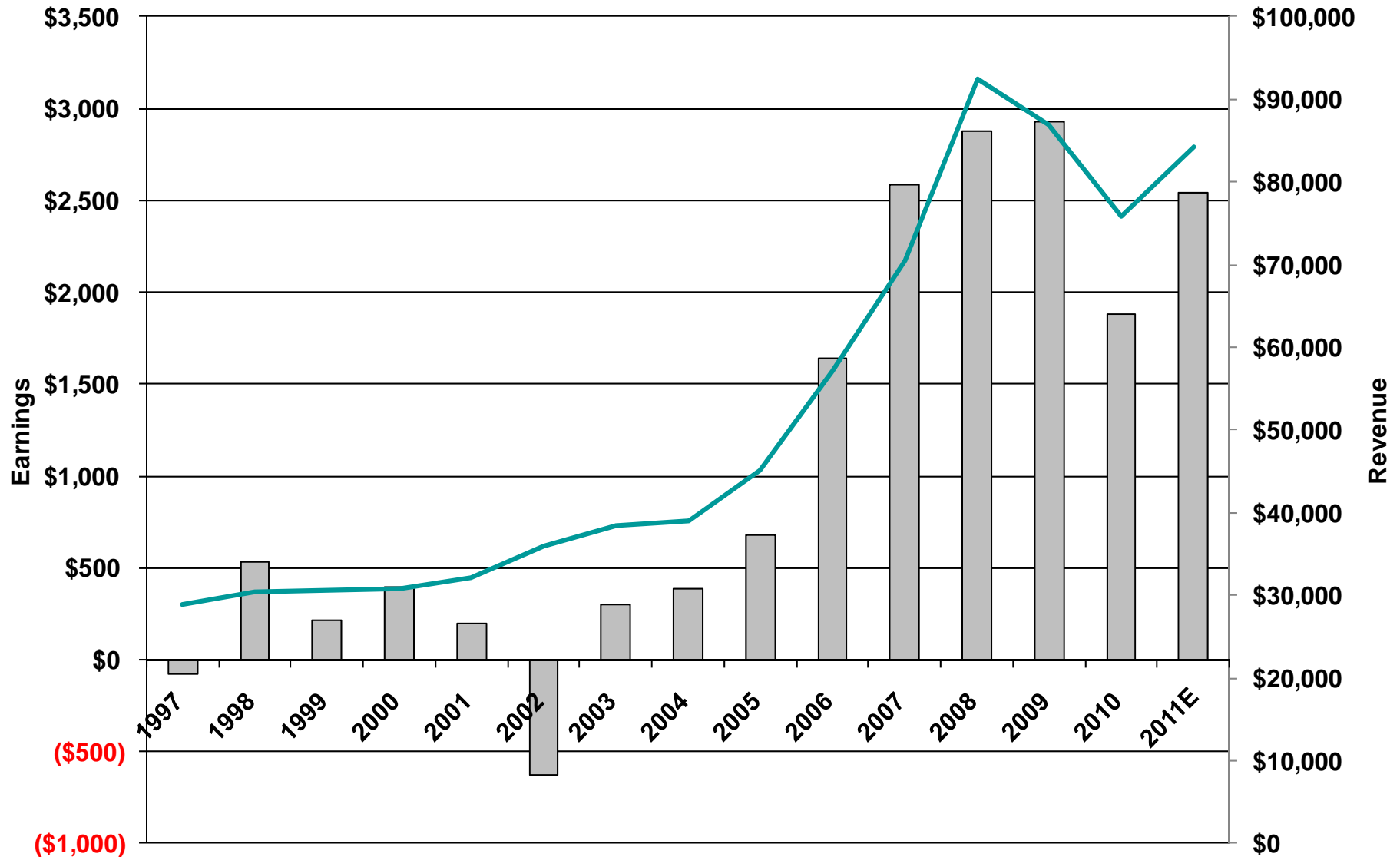
E&C Index Performance



E&C Index Relative Performance



Select Public Firms Aggregate Revenue & Earnings



■ Earnings — Revenue

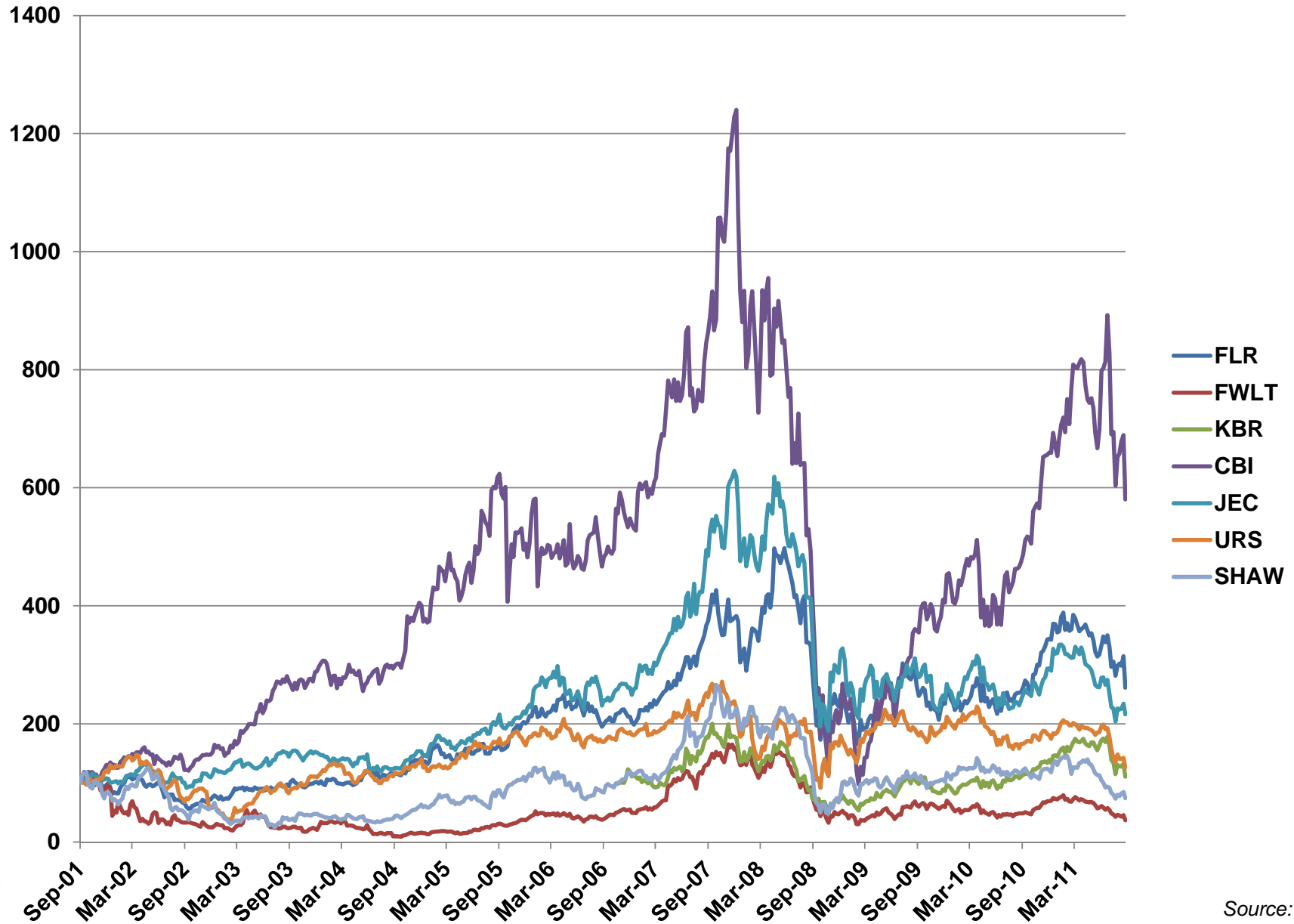


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Selected Firms: AECOM, CB&I, EMCOR, FLUOR, Foster Wheeler, Granite Construction, Jacobs Engineering, McDermott International, The Shaw Group, Tutor Perini, Tetra Tech and URS Corp.

Source: Company Reports and
D.A. Davidson & Co. estimates

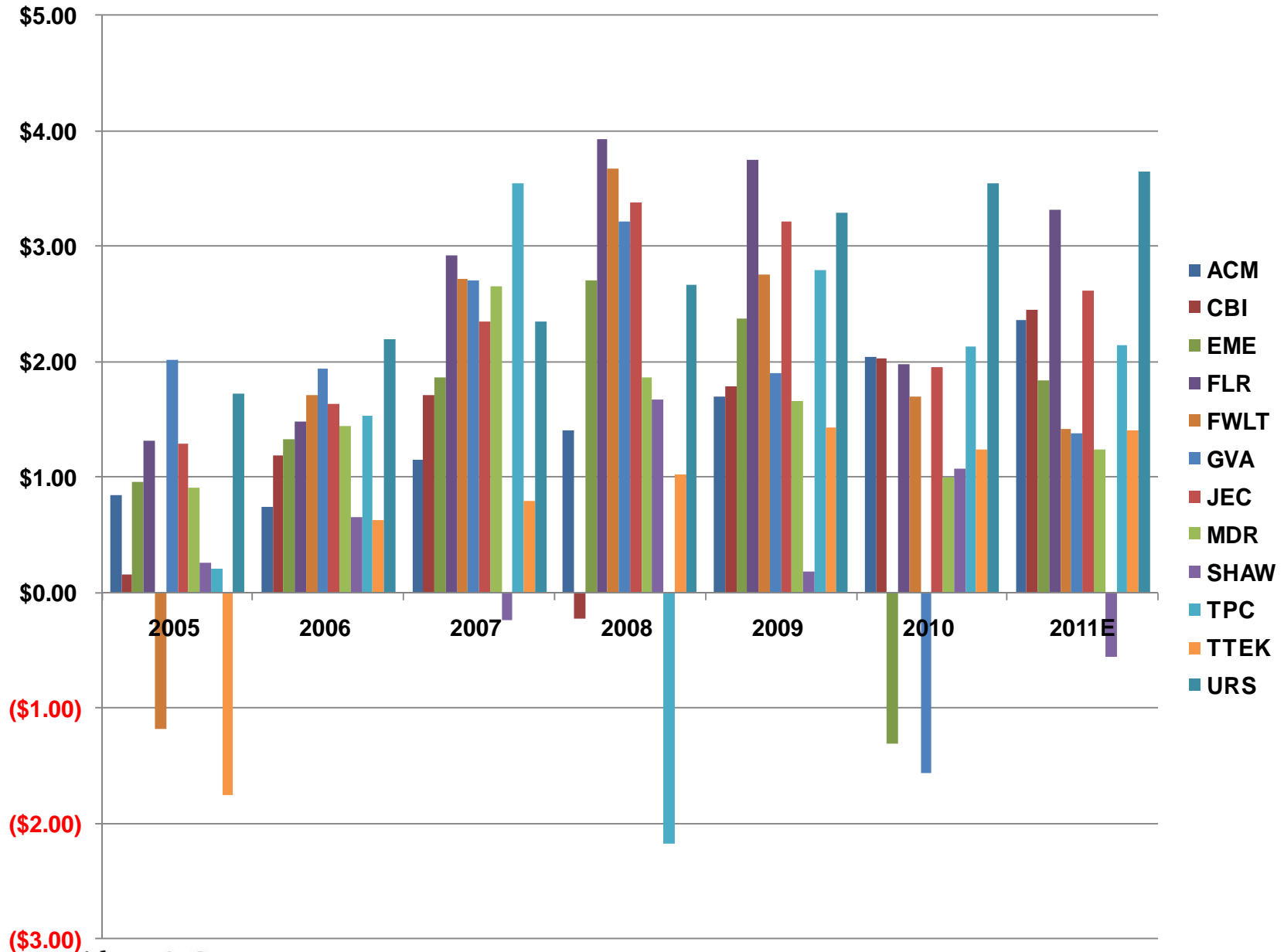
Large Diversified Group



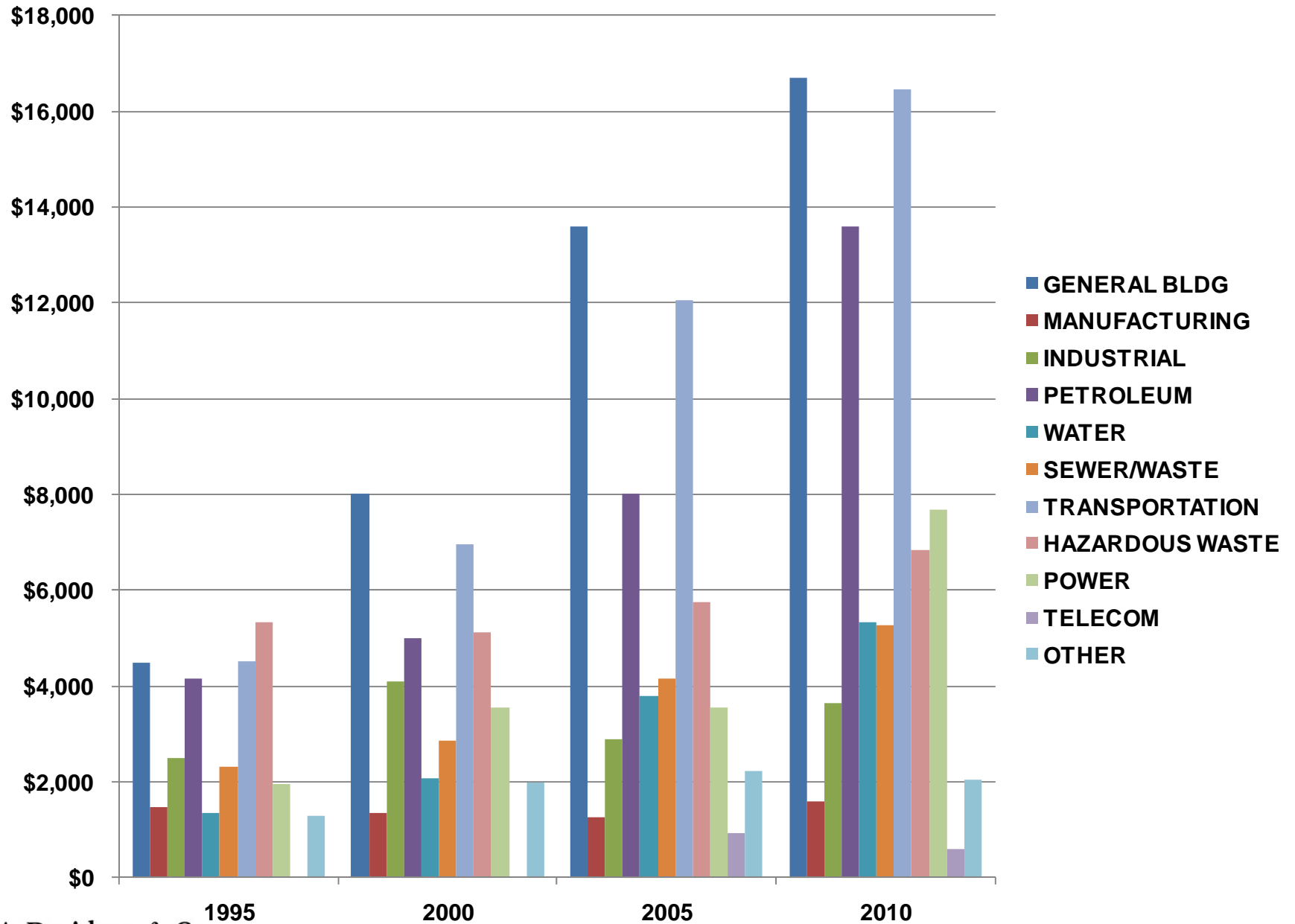
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Source: FactSet

EPS Variability



End Market Variability



Oil Prices

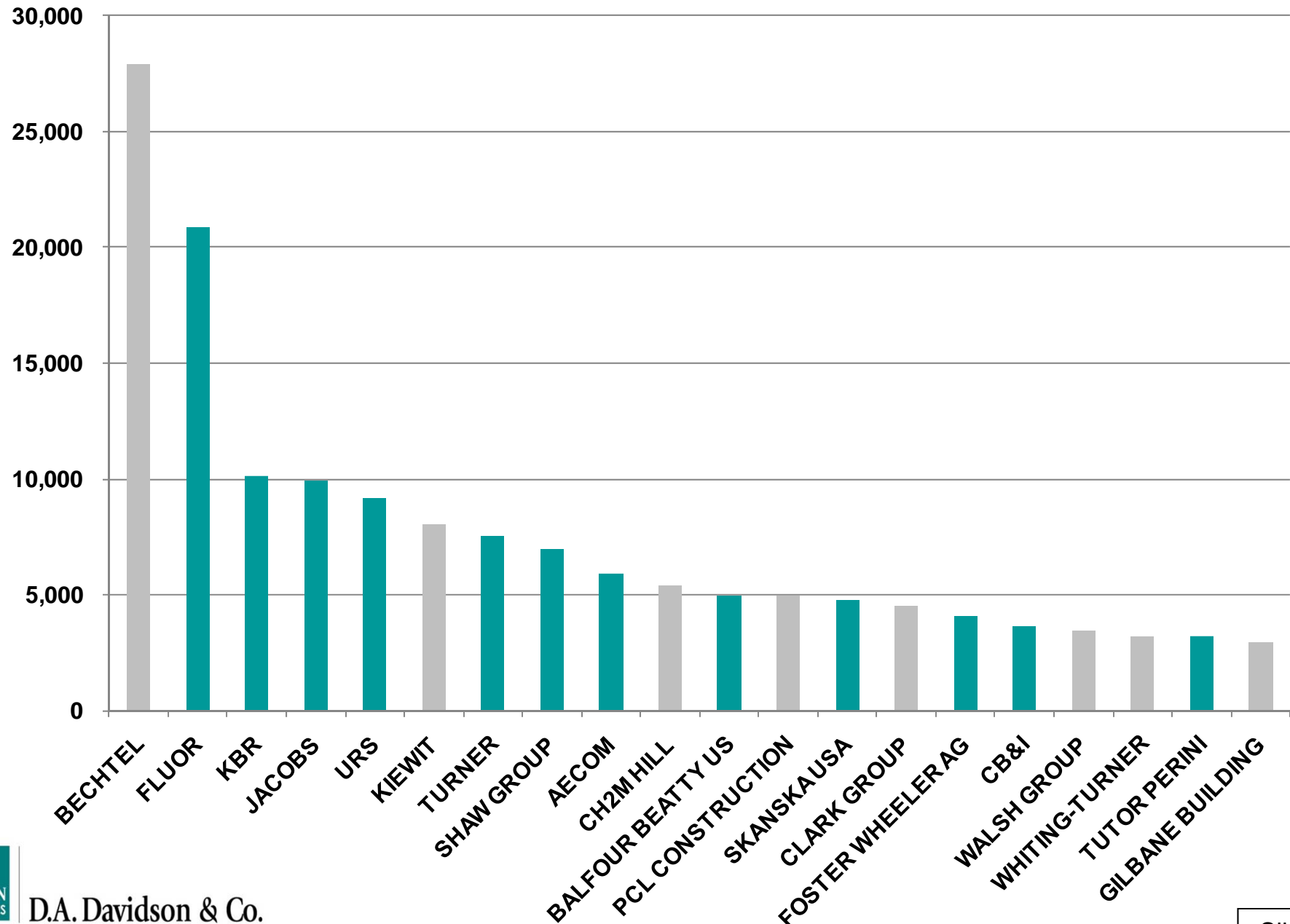


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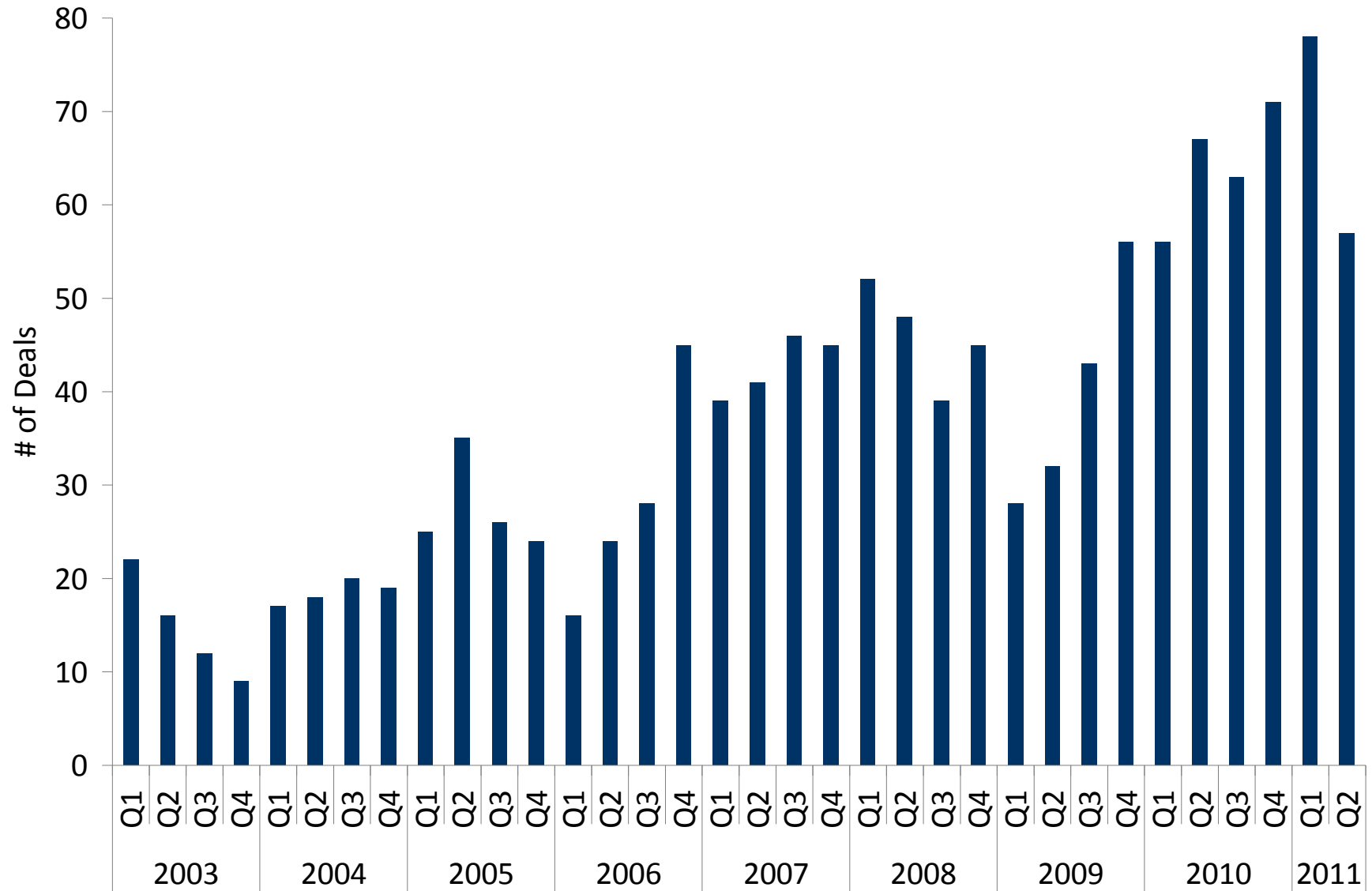
— Davidson E&C Index — Oil Spot

Source: D.A. Davidson & Co. estimates & FactSet

Top 20 E&C Companies (Revenue in millions)



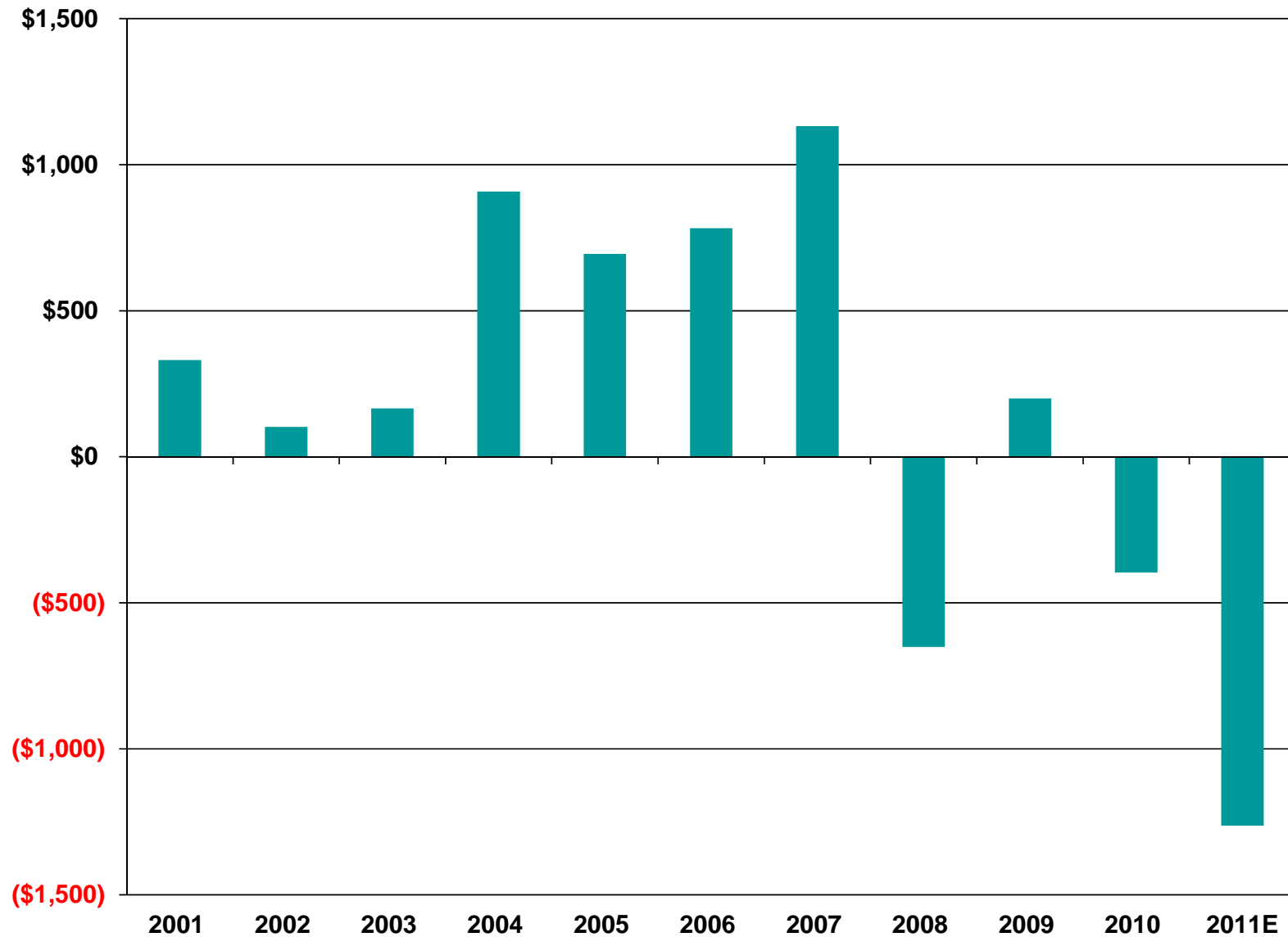
M&A Increasing



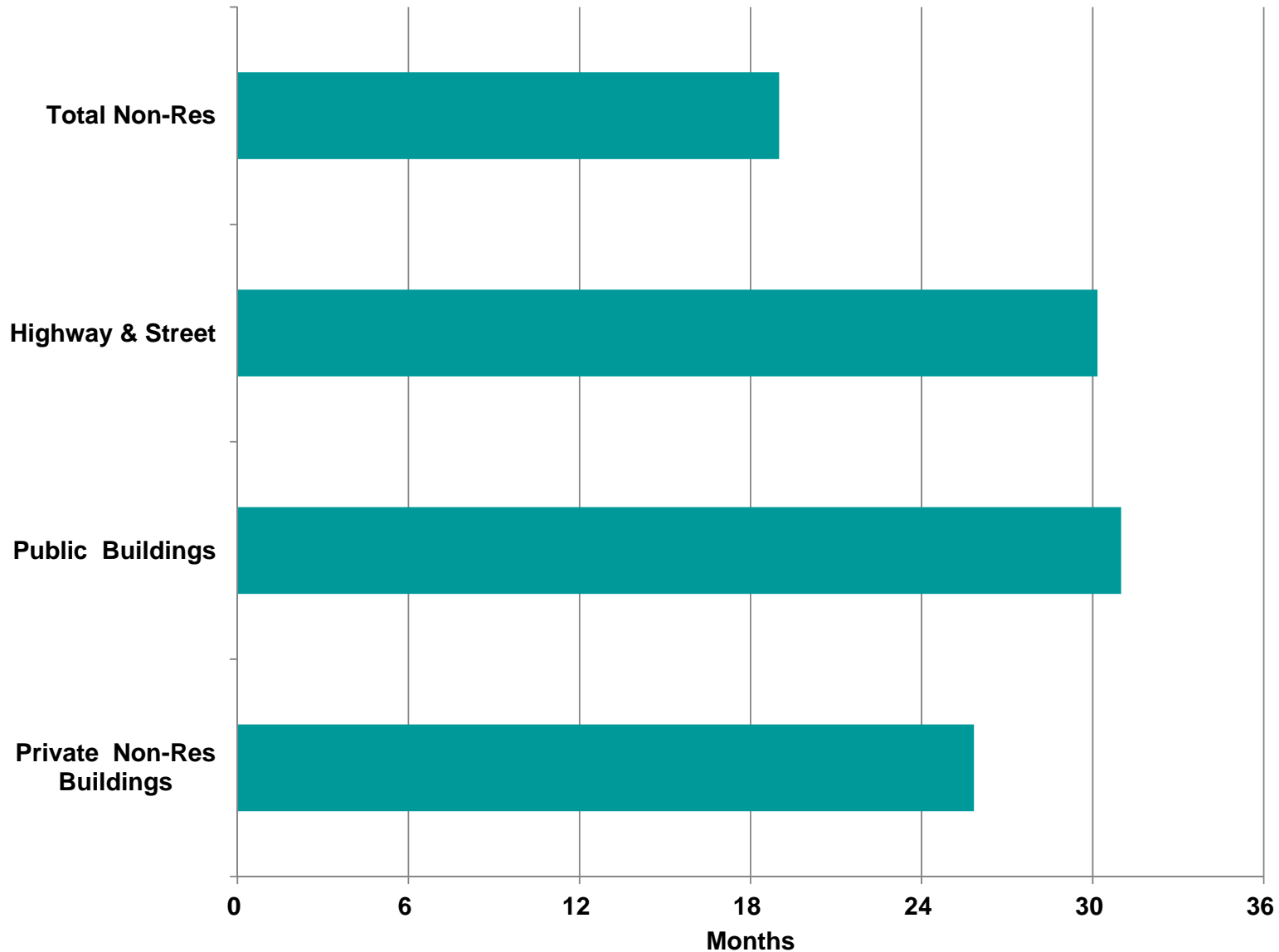
Source: D.A. Davidson & Co. estimates



Repurchase Activity



Late Cycle Industry – Post Recession Recovery

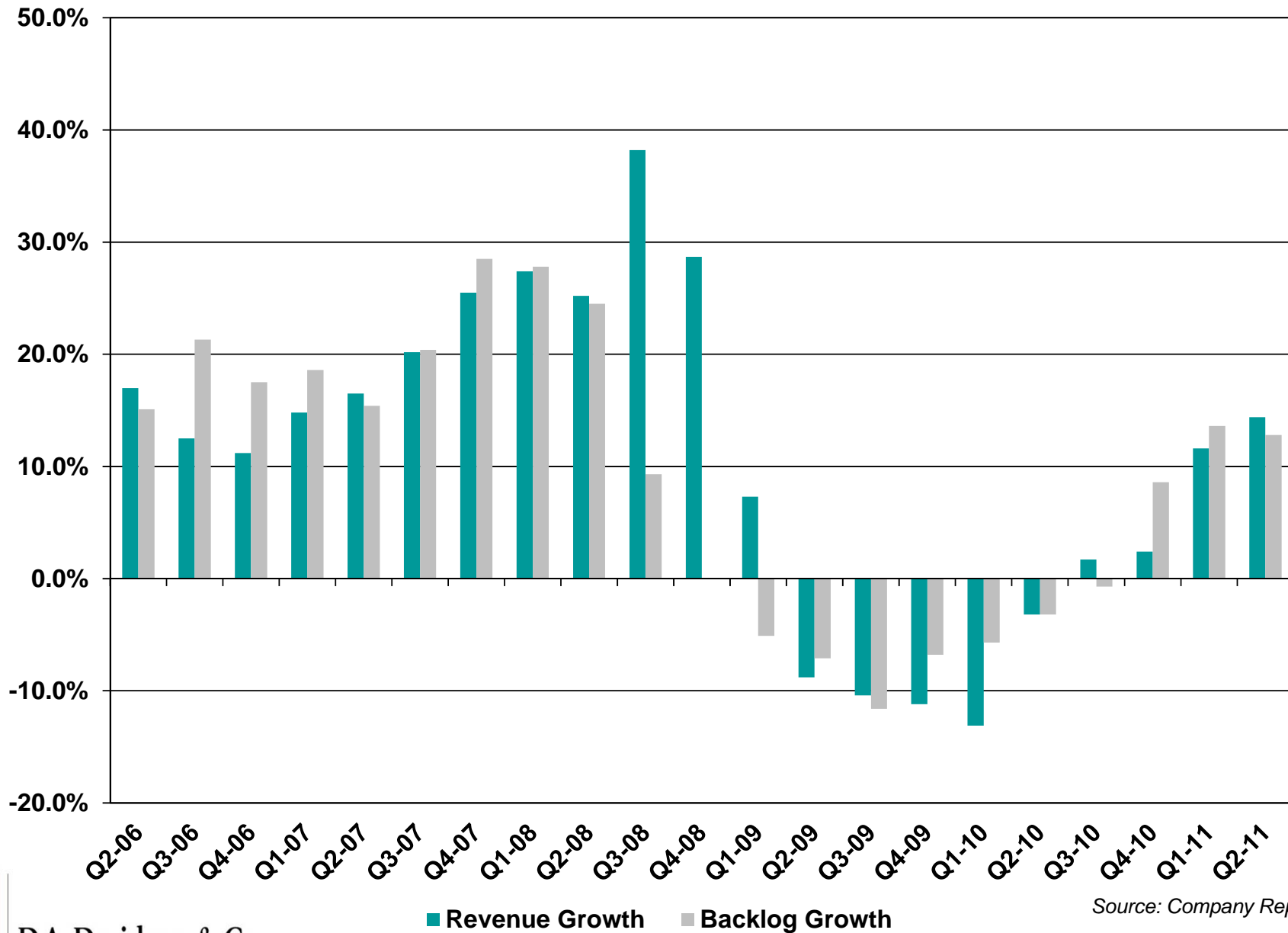


Equity Cash Flows for E&C Coverage (in millions)

Source: D.A. Davidson & Co. estimates



Revenue and Backlog Turning

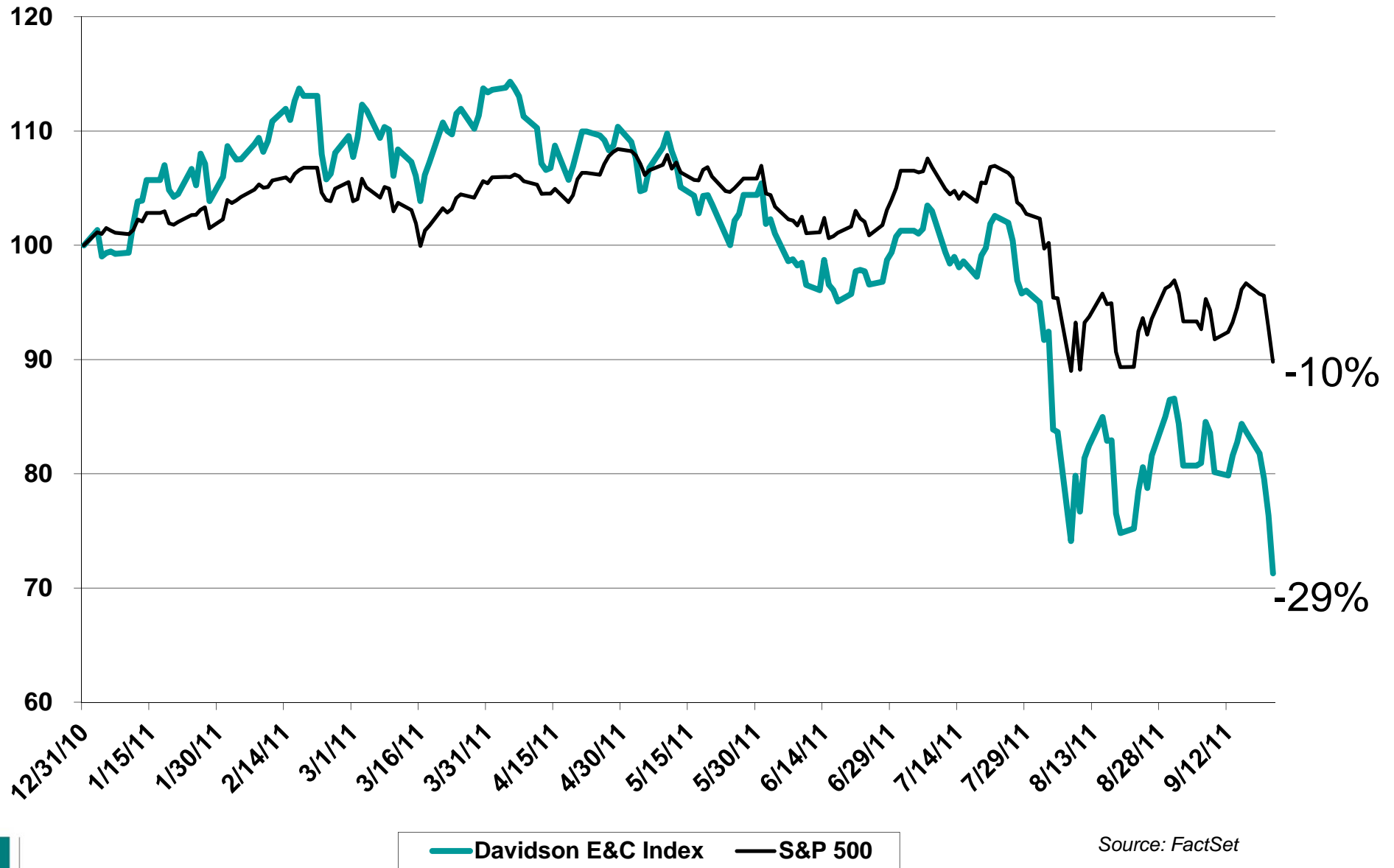


Source: Company Reports



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Recent Davidson E&C Index Performance



Uncertainty/Risk Across Market Segments

- Civil Infrastructure
 - State & Local Budget Issues
 - Lack of long term transportation bill
- Federal Government Contracting
 - Political Pressure to Reduce Spending
 - Troop Withdrawals
- Industrial/Commercial Infrastructure
 - Owner Uneasiness
 - Excess Capacity
- Oil & Gas Development
 - Price concerns
 - Political/Environmental Regulations
- Power Generation
 - Nuclear Safety
 - Regulation of Emissions

Q&A

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D.A. Davidson & Co. Institutional Research Ratings	Buy	Neutral	Underperform
Risk adjusted return potential	Over 15% total return expected on a risk adjusted basis over next 12-18 months	>0-15% return potential on a risk adjusted basis over next 12-18 months	Likely to remain flat or lose value on a risk adjusted basis over next 12-18 months
Distribution of Ratings (as of 6/30/11)	Buy	Hold	Sell
Corresponding Institutional Research Ratings and Distribution	Buy 56%	Neutral 40%	Underperform 4%
Corresponding Individual Investor Group Ratings and Distribution	Outperform 62%	Market Perform 38%	Underperform 0%
Distribution of Combined Ratings	56%	40%	4%
Distribution of companies from whom D.A. Davidson & Co. has received compensation for investment banking services in last 12 mos.			
Institutional Coverage	4%	2%	10%
Individual Investor Group Coverage	0%	10%	0%
Distribution of Combined Investment Banking	4%	3%	10%

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