

PerspECCtive

ECC 2019

Michael Dudas
Analyst
Vertical Partners

Theme:

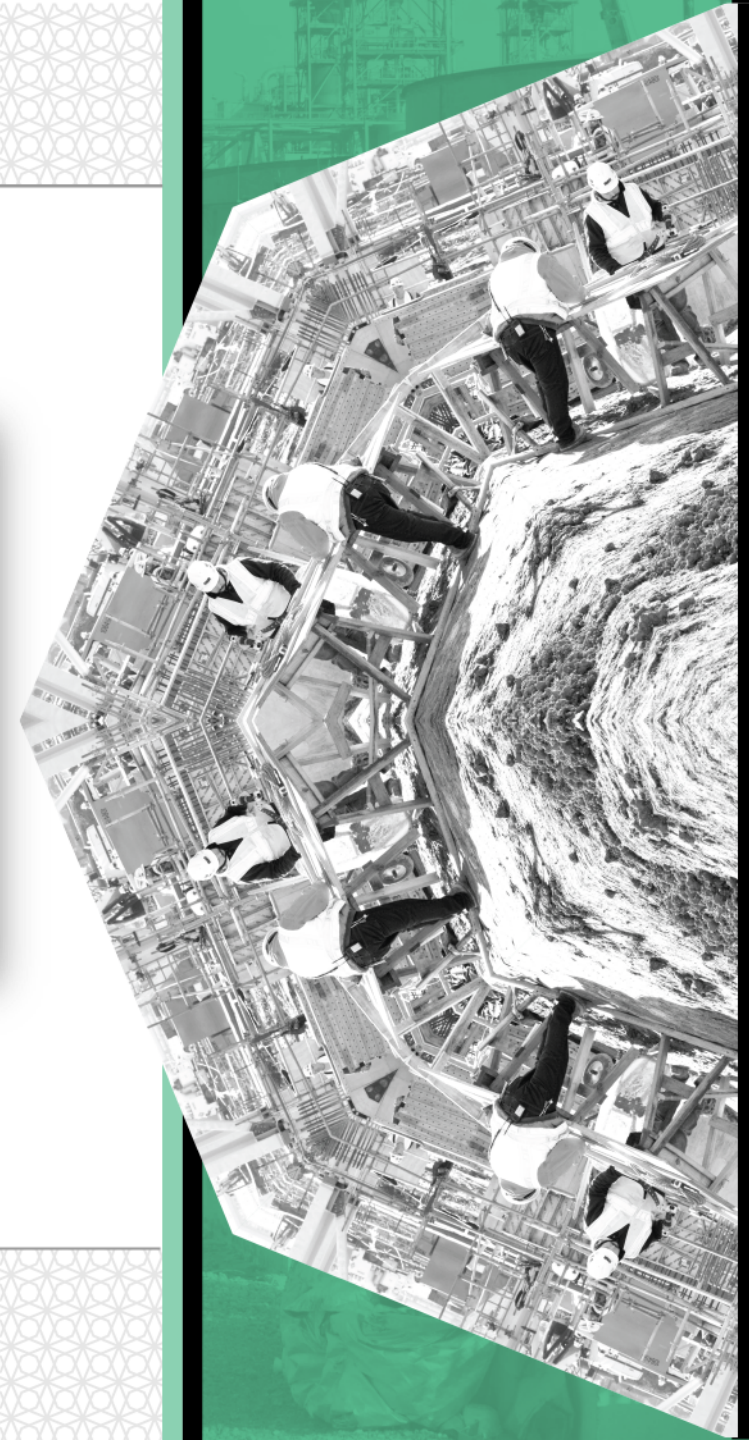
Win Together to Share Success NOW!



Year:
2019

Date:
Aug. 28-31

Location:
**The Broadmoor
Colorado Springs, CO**





Topics to Cover

1. What I Do
2. Changes
3. C-Suite
4. I-Suite
5. Outlook
6. Message

How Contractors, Vendors, Owners and Investors Win

What I Do

- Company ↔ Investor
- Writing, Modelling, Webbing, Travelling, Calling, Emailing
- Mosaic Theory – Piecing It Together.

What I Do

AUDIENCE Question #1

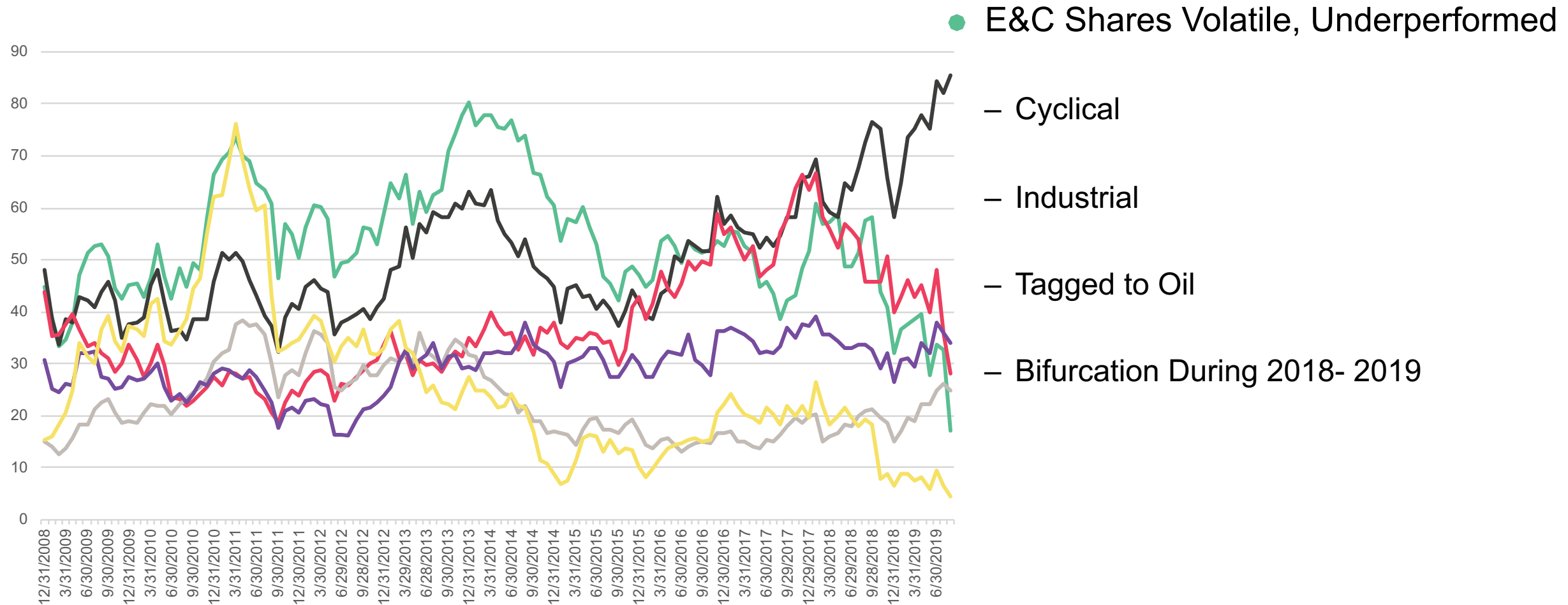
- Do you currently own common shares of a publicly traded E&C/Owner/Vendor stock in your personal or retirement account?
 - Yes
 - No

What I Do

AUDIENCE Question #2

- Do you currently own common shares of any one of the “FANG” stocks?
 - Yes
 - No

What I Do



Changes

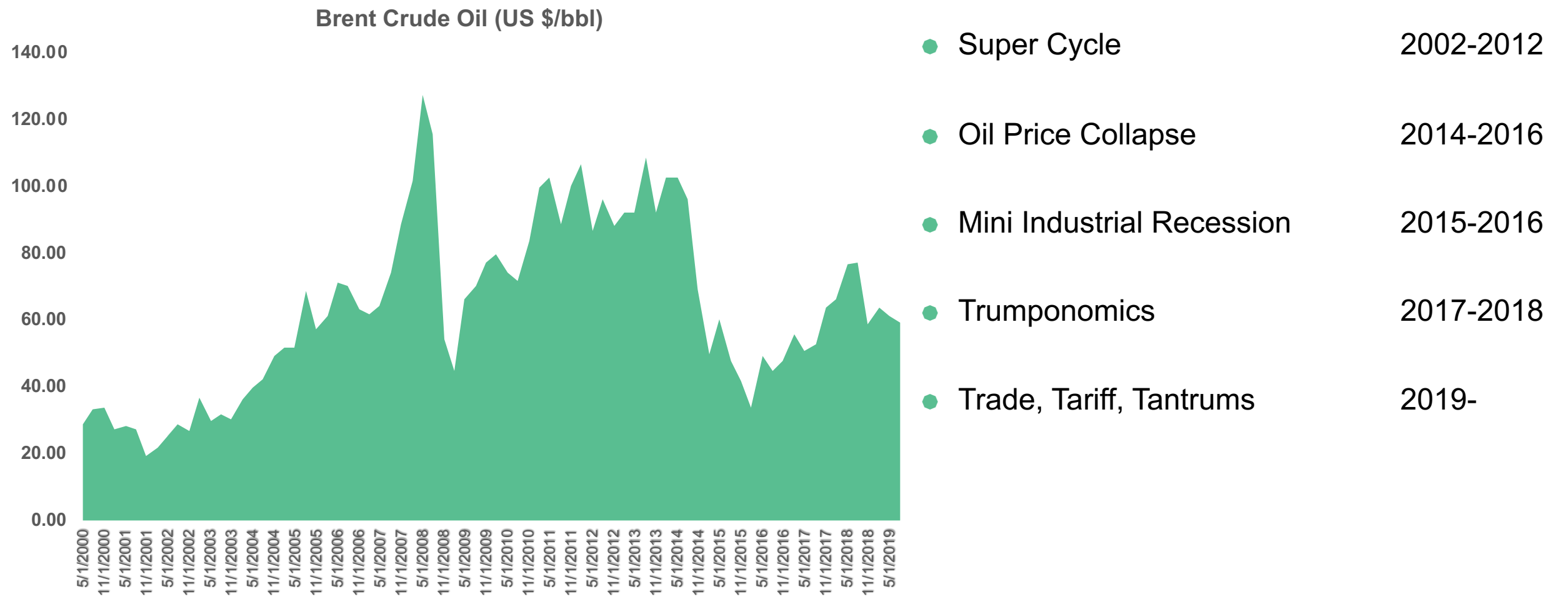
Topic		2009		2019
Billboard #1 Song		Boom Boom Pow		Old Town Road
Most Watched TV Show		American Idol		Big Bang Theory
Super Bowl Champs		New York Giants		New England Patriots
Colorado Governor		Bill Ritter		Jared Polis
Gallon of Gasoline		\$1.80		\$3.05
Gold Price		\$920 per ounce		\$1,525 per ounce
Dow Jones		\$9,450		\$26,036
Amazon Stock		\$64		\$1,750

Changes

AUDIENCE Question #3

- What is your prediction for WTI Crude Oil Prices over the next 12 months? – Currently @ \$54/barrel
 - >\$70
 - \$60 - \$70
 - \$50 - \$60
 - \$40 - \$50
 - <\$40

Changes



Changes

Buyer	Seller		Buyer	Seller	
CB&I	Shaw Group	2013	WSP	Louis Berger	2018
AMEC	Foster Wheeler	2014	Worley	Jacobs ECR	2018
SNC -Lavalin	Kentz	2014	McDermott	CB&I	2018
AECOM	URS Corp	2015	Granite Construction	Layne Christensen	2018
Technip	FMC	2016	KBR	SGT	2018
KBR	Wyle	2016	Jacobs	Wood Nuclear	2019
WSP	Parsons Brinkerhoff	2017	Jacobs	KeyW	2019
Quanta Services	Stronghold	2017	???	AECOM - Govt Services	2019
Wood Group	AMEC	2017	???	McDermott - Tank Bus	2019
SNC -Lavalin	WS Atkins	2017	???	SNC -Lavalin - Resources	2019

- Risk
- Commoditization
- Vendor Consolidation
 - Scale
 - Geography
 - Necessity
 - Labor, Financial, Growth
- Exiting Cyclical, Risk Markets

C-Suite

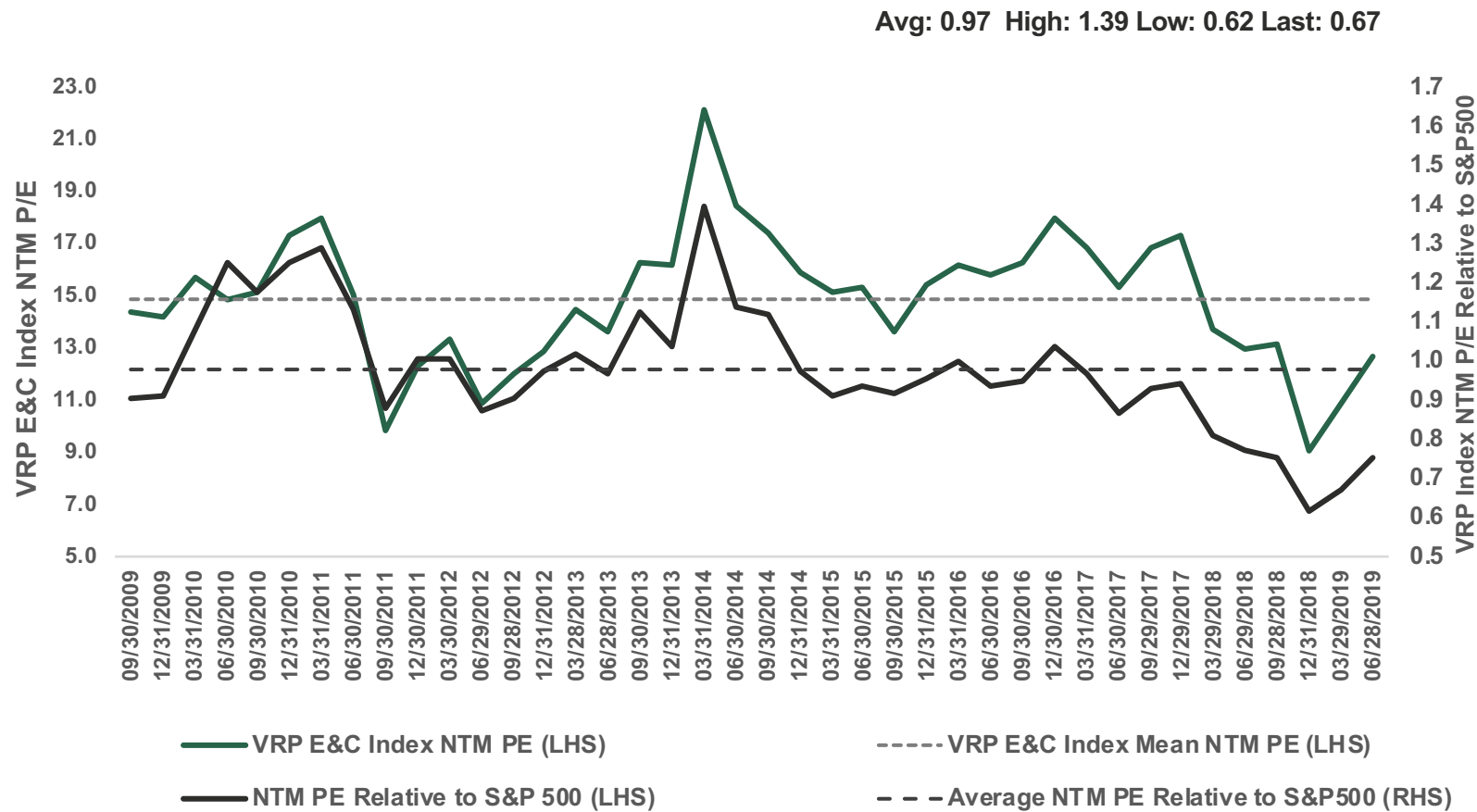
- CEO Message

- Culture
- Accountability
- Imbalances

- How To Win?

- Discipline
- Digitization
- Empowerment
- Inclusion

I-Suite



Pressures

- Active vs Passive
- Old vs New
- ESG
- M-T-M Daily

Desires

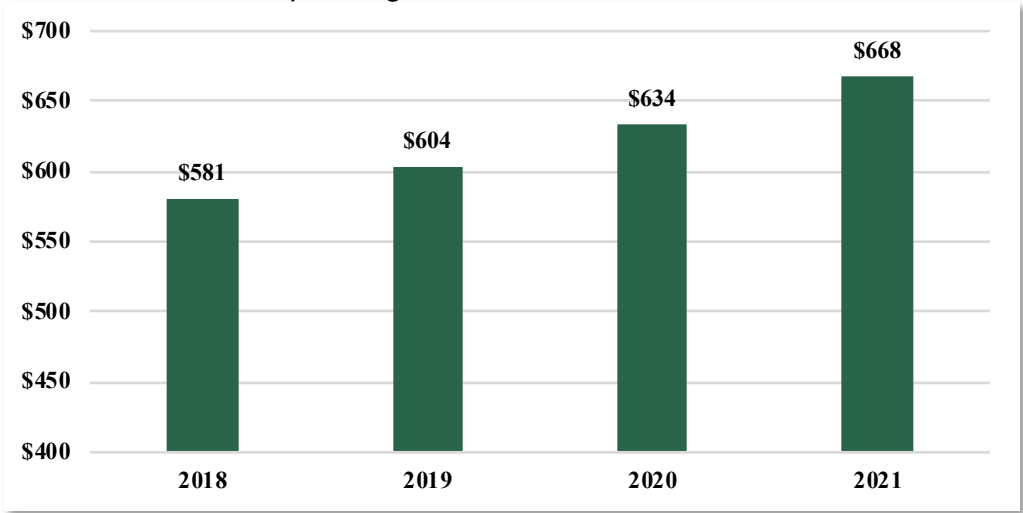
- More Visibility and Stability
- Less At-Risk
- Prudent Growth, Returns on Assets
- Balanced Capital Allocation

Market Outlook

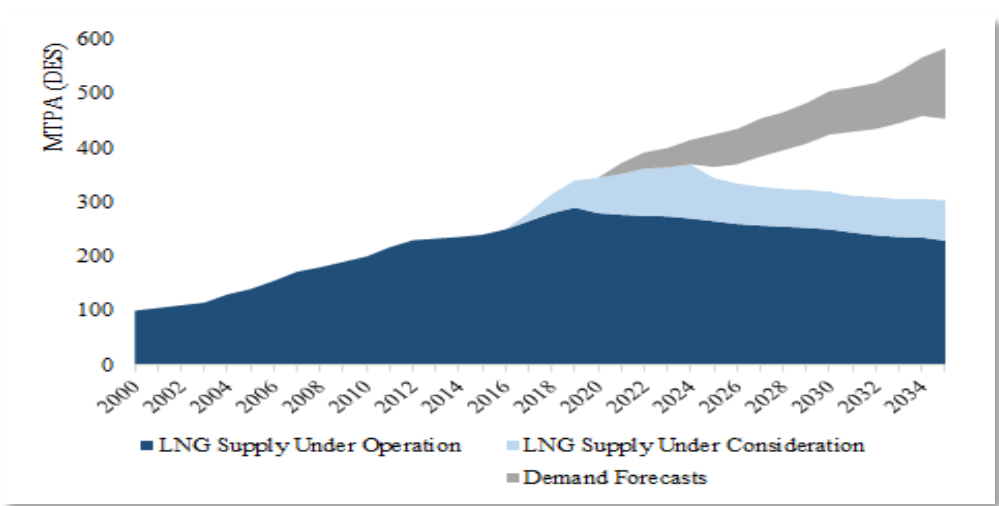
- Macro Drivers
 - Global Wobble
 - Central Bank Acceleration
 - Trade, Tariffs, Yield Curve Inversion
 - Ten-Year Economic Recovery
 - Supply & Demand
 - Capital Spending

Market Outlook

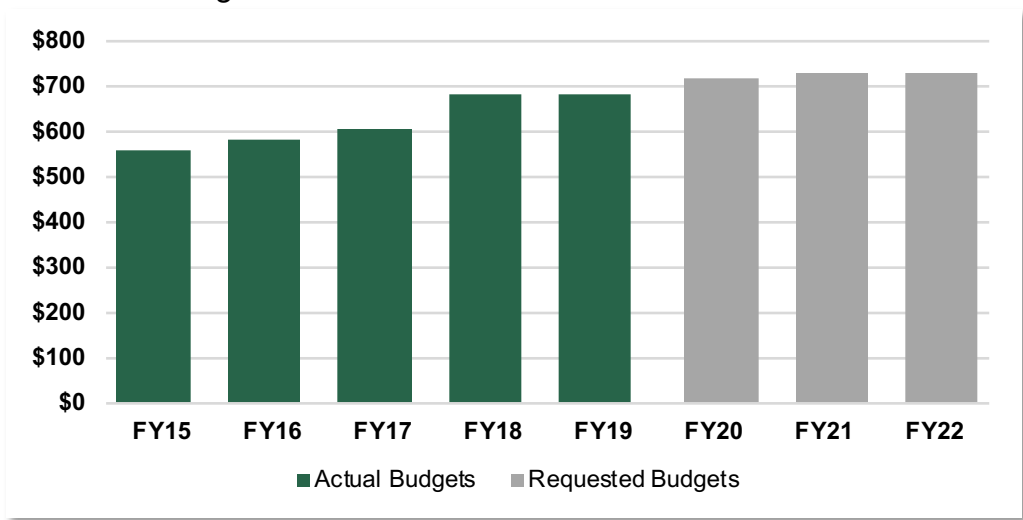
Global Chemical Spending



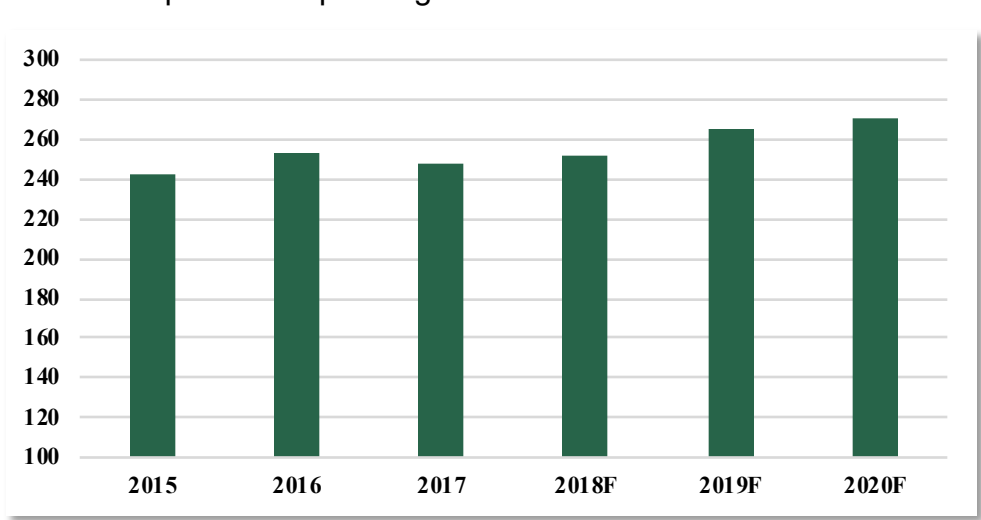
Global LNG Forecast



US DOD Budget



US Transportation Spending



Market Outlook

- Washington DC
 - Bi-Partisan Accomplishment?
 - Trade Impact
 - Hesitancy, Deferrals, Delays, Sentiment
- Most Importantly....Question 4...

Market Outlook

AUDIENCE Question 4

- Who will be elected US President in November 2020?
 - President Trump
 - BWSHBYBOKCGHOH
 - Other

Market Outlook

Candidate	Occupation	Bid
Warren	Senator	\$0.29
Biden	Vice President	\$0.28
Sanders	Senator	\$0.13
Harris	Senator	\$0.11
Yang	Business	\$0.10
Buttigieg	Mayor	\$0.08
Booker	Senator	\$0.04
Gabbard	Congresswoman	\$0.03
O'Rourke	Congressman	\$0.02
Klobachar	Senator	\$0.01

November 2020	
<u>Presidency</u>	
Trump	\$0.46
Warren	\$0.20
<u>Control House</u>	
Democrats	\$0.72
Republicans	\$0.31
<u>Control Senate</u>	
Republicans	\$0.69
Democrats	\$0.31

- Predict-It Results
 - Choose Correctly, Win \$1.00
 - Open trading, 24/7
 - Democrats \$0.55 to win White House



Messages

Seeking Relevancy

Change is Constant, Drives Opportunity

Risk Tolerance is Low, But Rewards of Success are High

Solutions Driven by Culture, Empowerment, Teamwork

More Fun Winning Together Than Losing Alone

How Contractors, Vendors, Owners and Investors Win