PerspECtive

ECC 2019

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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
AUDIENCE Question #2

Do you currently own common shares of any one of the “FANG” stocks?

- Yes
- No
What I Do

- E&C Shares Volatile, Underperformed
  - Cyclical
  - Industrial
  - Tagged to Oil
  - Bifurcation During 2018-2019
## Changes

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

- Super Cycle 2002-2012
- Oil Price Collapse 2014-2016
- Mini Industrial Recession 2015-2016
- Trumponomics 2017-2018
- Trade, Tariff, Tantrums 2019-
Changes

<table>
<thead>
<tr>
<th>Buyer</th>
<th>Seller</th>
<th>Year</th>
<th>Buyer</th>
<th>Seller</th>
</tr>
</thead>
<tbody>
<tr>
<td>CB&amp;I</td>
<td>Shaw Group</td>
<td>2013</td>
<td>WSP</td>
<td>Louis Berger</td>
</tr>
<tr>
<td>AMEC</td>
<td>Foster Wheeler</td>
<td>2014</td>
<td>Worley</td>
<td>Jacobs ECR</td>
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<tr>
<td>SNC-Lavalin</td>
<td>Kentz</td>
<td>2014</td>
<td>McDermott</td>
<td>CB&amp;I</td>
</tr>
<tr>
<td>AECOM</td>
<td>URS Corp</td>
<td>2015</td>
<td>Granite Construction</td>
<td>Layne Christensen</td>
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<tr>
<td>Technip</td>
<td>FMC</td>
<td>2016</td>
<td>KBR</td>
<td>SGT</td>
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<tr>
<td>KBR</td>
<td>Wyle</td>
<td>2016</td>
<td>Jacobs</td>
<td>Wood Nuclear</td>
</tr>
<tr>
<td>WSP</td>
<td>Parsons Brinkerhoff</td>
<td>2017</td>
<td>Jacobs</td>
<td>KeyW</td>
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<tr>
<td>Quanta Services</td>
<td>Stronghold</td>
<td>2017</td>
<td>???</td>
<td>AECOM - Govt Services</td>
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<tr>
<td>Wood Group</td>
<td>AMEC</td>
<td>2017</td>
<td>???</td>
<td>McDermott - Tank Bus</td>
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<tr>
<td>SNC-Lavalin</td>
<td>WS Atkins</td>
<td>2017</td>
<td>???</td>
<td>SNC-Lavalin - Resources</td>
</tr>
</tbody>
</table>

- 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

A Wall Street PerspECCtive
How Contractors, Vendors, Owners and Investors Win
Market Outlook

Global Chemical Spending

- 2018: $581
- 2019: $604
- 2020: $634
- 2021: $668

Global LNG Forecast

- LNG Supply Under Operation
- LNG Supply Under Consideration
- Demand Forecasts

US DOD Budget

- FY15, FY16, FY17, FY18, FY19, FY20, FY21, FY22

US Transportation Spending


Actual Budgets
Requested Budgets
Market Outlook

● Washington DC

  – Bi-Partisan Accomplishment?

  – Trade Impact
    • Hesitancy, Deferrals, Delays, Sentiment

● Most Importantly….Question 4…
AUDIENCE Question 4

- Who will be elected US President in November 2020?
  - President Trump
  - BWSHYBOKCGHOH
  - Other
## Market Outlook

### Predict-It Results

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

<table>
<thead>
<tr>
<th>Candidate</th>
<th>Occupation</th>
<th>Bid</th>
<th>November 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Warren</td>
<td>Senator</td>
<td>$0.29</td>
<td><strong>Presidency</strong></td>
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<tr>
<td>Biden</td>
<td>Vice President</td>
<td>$0.28</td>
<td>Trump $0.46</td>
</tr>
<tr>
<td>Sanders</td>
<td>Senator</td>
<td>$0.13</td>
<td>Warren $0.20</td>
</tr>
<tr>
<td>Harris</td>
<td>Senator</td>
<td>$0.11</td>
<td><strong>Control House</strong></td>
</tr>
<tr>
<td>Yang</td>
<td>Business</td>
<td>$0.10</td>
<td>Democrats $0.72</td>
</tr>
<tr>
<td>Buttigieg</td>
<td>Mayor</td>
<td>$0.08</td>
<td>Republicans $0.31</td>
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<tr>
<td>Booker</td>
<td>Senator</td>
<td>$0.04</td>
<td><strong>Control Senate</strong></td>
</tr>
<tr>
<td>Gabbard</td>
<td>Congresswoman</td>
<td>$0.03</td>
<td>Republicans $0.69</td>
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<tr>
<td>O'Rourke</td>
<td>Congressman</td>
<td>$0.02</td>
<td>Democrats $0.31</td>
</tr>
<tr>
<td>Klobuchar</td>
<td>Senator</td>
<td>$0.01</td>
<td></td>
</tr>
</tbody>
</table>
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