

INDUSTRIAL

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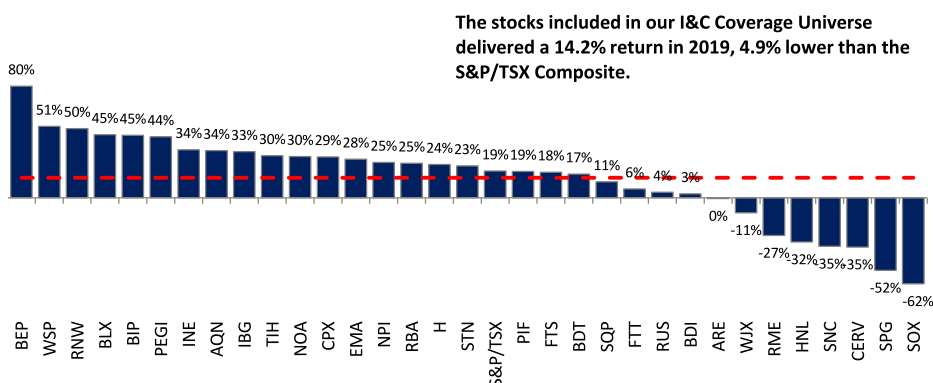
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INDUSTRY BRIEF

Infrastructure & Construction Monthly Monitor: December 2019

Our Monthly Monitor is designed to provide an overview of sector news flow, share performance, and key macro trends that are relevant to the infrastructure and construction (I&C) companies we follow. A much calmer December capped off a solid year for our coverage universe and the broader markets. The group added 4% during the month to bring its total gain for 2019 to 14%. The TSX was flat for December, but edged our I&C stocks for the year with a 20% increase. The key sector developments we highlight this month are as follows:

- SNC-Lavalin scandal comes to an end.** The beleaguered E&C giant settled criminal charges related to its work in Libya in a far less damaging fashion than initially contemplated. Had Premier Justin Trudeau only let Canada's justice system do its work instead of lobbying aggressively for a deferred prosecution agreement (DPA), perhaps he would have saved himself months of personal and political tribulation.
- On-again off-again trade talks.** US President Donald Trump closed out 2019 by tweeting that Phase 1 of his trade deal with China would be signed on Jan-15-20. Not surprisingly, considerable confusion remains about the details of the agreement. Even if Trump and Chinese leader Jinping finally agree to some sort of truce, our view is that the world still needs to treat high tariffs as the new normal.
- Pipelines to stay topical in 2020.** Crews have broken ground on the section of the Trans Mountain Pipeline expansion closest to Edmonton. That does not mean the controversial project will face less pushback from environmental activists or indigenous groups in the year ahead. As a case in point a coalition of First Nations argued in court mere weeks ago that the federal government had not adequately consulted them before approving the 1,150 km-long pipeline.

Exhibit 1: Stock Price Returns for our I&C Coverage Universe (2019)

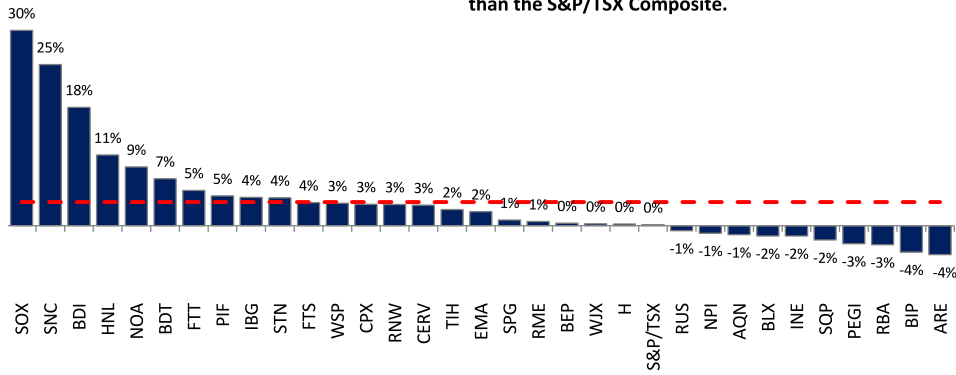


Source: Capital IQ, Raymond James Ltd.

Please read domestic and foreign disclosure/risk information beginning on page 20 and Analyst Certification on page 20.

Exhibit 2: Stock Price Returns for Our I&C Coverage Universe (December 2019)

The stocks included in our I&C Coverage Universe delivered a 3.7% return in December, 3.6% higher than the S&P/TSX Composite.



Source: Capital IQ, Raymond James Ltd.

INDUSTRY NEWS

AMERICA'S UTILITIES ARE ON A RECORD BORROWING SPREE THIS YEAR

Source: *Financial Post*, Dec-23-19

Event: U.S. utilities are borrowing in record numbers in 2019, selling more than \$90 billion in bonds for the first time ever. The historically low interest rate environment has spurred this activity as utilities look to take advantage of cheap financing. Utilities are in the midst of a transformation to modernize grids and decrease emissions by replacing coal plants with wind, solar and cleaner-burning natural-gas generators. The cheap cash from bonds is making that possible for utilities like Duke Energy Inc. and NextEra Energy Inc. According to a study performed by industry group Edison Electric Institute, net debt for utilities in the S&P 500 index rose to an average 5.4x EBITDA, up 34% from five years ago.

Takeaway: Low rates and the increasing need to implement renewable energy sources, has created a perfect opportunity for utilities to upgrade grid infrastructure and renewable energy technology by issuing debt. While utility credit ratings remain strong, they could take a hit if current levels of spending and borrowing continue.

[Article Link](#)

ARCHITECTURE BILLINGS INCREASE IN NOVEMBER

Source: *American Institute of Architects (AIA)*, Dec-18-19

Event: Demand for design services in November increased at a modest pace for the second month in a row, according to a new report today from The American Institute of Architects (AIA). AIA's Architecture Billings Index (ABI) score of 51.9 for November reflects an increase in design services provided by U.S. architecture firms (any score above 50 indicates an increase in billings). During November, both the new project inquiries and design contracts scores were positive, posting scores of 60.9 and 52.9 respectively. The uncertainty surrounding the overall health of the economy is leading developers to proceed with more caution on new projects, said AIA Chief Economist, Kermit Baker, Hon. AIA, PhD. We are at a point where there is a potential for an upside but also a potential for things to get worse.

Takeaway: Although billings have started to soften stateside, we continue to view the US market more favourably than the Canadian market in terms of increased private sector building and economic activity.

[Article Link](#)

US LAWMAKERS STIFF SOLAR, WIND GETS MODEST VICTORY IN TAX DEAL

Source: *GreenTech Media*, Dec-17-19

Event: Months of lobbying gave the clean energy industry minimal tax credit extensions. The \$1.37 trillion deal will give wind technologies just one extra year of incentives with solar coming out empty-handed. If the full deal wins congressional passage, wind developers can qualify for the production tax credit through 2021 — rather than through 2020 — and receive 60% of the Production Tax Credit (PTC) if they bring those projects online by the end of 2024. This will benefit onshore developers, but offshore developers would not get same benefits as they typically opt for the Investment Tax Credit (ITC). The solar industry was left out of the deal along with incentives for electric vehicles.

Industry groups, apart from wind, widely decried the spending agreement. Clean energy boosters view tax credits, which generally enjoy bipartisan support, as common-sense policy to fight climate change in a political environment where Democrats and Republicans are at odds on long-term solutions. The ITC will phase down to a permanent 10% for developer-owned systems in 2022.

Takeaway: Although an extension in the legislation would have benefited the solar industry, we believe increasingly competitive economics will continue to help solar spread.

[Article Link](#)

US HOUSING STARTS RISE IN NOVEMBER

Source: *US Census Bureau*, Dec-17-19

Event: US housing starts in November came in at a seasonally adjusted annual rate of 1,365,000, 3.2% above the revised October estimate of

1,323,000, and 13.6% above the November 2018 rate of 1,202,000. By region, yearly increases were seen in the South (15.6%) and the West (6.8%), while yearly decreases occurred in the Northeast (1.1%) and the Midwest (6.4%). Separately, building permits—a sign of future construction activity—came in at a seasonally adjusted rate of 1,482,000, which is 1.4% above the revised October rate of 1,461,000, and 11.1% above the November 2018 figure of 1,334,000.

Takeaway: While demand for US home building begins to slow, a shortage of construction workers continues to weigh on the construction industry, and in some parts of the country a short supply of land to build on is also a factor.

[Article Link](#)

WITH 2 WEEKS TO GO, BUILDERS BRACE FOR CALIFORNIA'S 2020 HOME SOLAR MANDATE

Source: *Greentech Media, Dec-16-19*

Event: California's new 2020 home solar mandate now requires all new constructed homes to come topped with solar installations; up from the mandate of 2/5 newly constructed homes to come with solar panels. Multifamily units below three stories must also adhere to the mandate. Some houses aren't suitable for solar, and builders say larger, community-sited projects provide similar local benefits to rooftop solar while leveraging economies of scale. Sacramento Municipal Utility District (SMUD) stated that community solar projects can offer more economic solar power and provide compliance for homes that may not be able to install rooftop solar because of shading or other constraints. SMUD's proposal to subscribe customers to existing solar projects—which included utility-scale projects—was not accepted by the solar community as it was seen as a threat to the entire mandate. A regulatory commission decision on SMUD's proposal has been postponed until sometime next year. Additionally, the solar industry and the state energy commission dispute claims that the mandate's costs will be prohibitive for home buyers. Advocates of the mandate argue those costs will be outweighed by solar savings over the course of a 30-year mortgage.

Takeaway: As the economics of solar technology continue to improve, home solar panel installations and community solar projects will increasingly be put on the forefront of community, legislative and regulator discussions in different regions like California..

[Article Link](#)

FORD GOVERNMENT CANCELS HAMILTON LRT

Source: *Toronto Sun & Engineering Consulting News, Dec-16-19*

Event: It's a move that has upset the city of Hamilton, the local chamber of commerce and union leaders — the Ford government has walked away from the steel city's LRT plan. Transportation Minister Caroline Mulroney said the planned LRT line would cost far more than promised and leave provincial taxpayers on the hook. "It is frustrating news, but the stark fiscal reality is that the project will actually cost five times more than the previous government led us all to believe," she said. The province claims the total project would cost \$5.5 billion — \$4.6 billion of which would be capital costs that the province would be expected to pay. Mulroney said the province can't fund such a project and has appointed a transit task force to look at more affordable options for the city and report back by the end of February.

The mayor of Hamilton, Fred Eisenberger, issued an open letter to Ontario's premier, Doug Ford, expressing disappointment over the provincial government's cancellation of his city's light rail transit (LRT) project and requesting information about the project's estimated costs. "Millions of dollars have been wasted doing advance engineering work and preparations," Eisenberger wrote. "[Transport agency] Metrolinx is now one of the largest landlords in the city after acquiring dozens of properties needed for the route." He called the result a betrayal, explaining the city only received preliminary cost estimates from the provincial ministry of transportation on Dec. 12 and had no opportunity to discuss them before transportation minister Caroline Mulroney canceled the procurement on Dec. 16. The three proponent teams were; CityLine Transit Group (ACS, Aecon, CRH, TIAA), Ei8ht Transit (EllisDon, Fluor, Bombardier), and Mobilinx (Astaldi, John Laing, Hitachi-Ansaldo, Amico, Transdev).

Takeaway: Risks associated with major construction projects.

[Ford Cancels Hamilton LRT | Hamilton Mayor Addresses LRT](#)

UN CLIMATE TALKS END WITH NO DEAL ON CARBON MARKETS

Source: *Engineering New-Record, Dec-15-19*

Event: Marathon international climate talks ended Sunday with major polluters resisting calls to ramp up efforts to keep global warming at bay

and negotiators postponing the regulation of global carbon markets until next year. Those failures came even after organizers added two more days to the 12 days of scheduled talks in Madrid. In the end, delegates from almost 200 nations endorsed a declaration to help poor countries that are suffering the effects of climate change, although they didn't allocate any new funds to do so. The final declaration called on the "urgent need" to cut planet-heating greenhouse gases in line with the goals of the landmark 2015 Paris climate change accord. That fell far short of promising to enhance countries' pledges to cut planet-heating greenhouse gases next year, which developing countries and environmentalists had lobbied the delegates to achieve. Negotiators in Madrid left some of the thorniest issues for the next climate summit in Glasgow in a year, including the liability for damages caused by rising temperatures that developing countries were insisting on. That demand was resisted mainly by the United States.

Takeaway: The international community lost an important opportunity to show increased ambition on mitigation, adaptation and finance to tackle the climate crisis.

[Article Link](#)

A NUCLEAR MILESTONE FOR CLIMATE

Source: *Wall Street Journal*, Dec-12-19

Event: Last week the Nuclear Regulatory Commission (NRC) for the first time extended a nuclear plant's license so it can operate for 80 years. The decision for the Turkey Point reactors in south Florida could encourage other plant owners to apply for renewals and extend the viability of the leading carbon-free energy source. A majority of the 58 nuclear plants now supplying power to U.S. homes and businesses were built in the 1970s and 1980s, when they were licensed for 40 years. Most plants have applied for and received 20-year extensions to bring their life spans to 60 years. Yet antinuclear activists use the license renewal periods to pressure plants to close, and until the Turkey Point decision it was an open question whether the NRC would approve *second* 20-year extensions. The federal go-ahead for Turkey Point comes at an important time for America's maturing nuclear fleet. The 2010s saw a wave of plant closures, and according to the Nuclear Energy Institute half of U.S. plants would shut down by 2040 without a second extension. Nine are seeking one so far. Because of the steep regulatory obstacles to building new nuclear plants, continued operation of existing plants is the best bet for keeping nuclear from declining below its current 19% share of U.S. electric power.

Takeaway: Environmentalists who say the climate is an existential crisis should be the most pleased at this indication that nuclear energy will stay on the grid.

[Article Link](#)

EQUIPMENT DEMAND FROM ABROAD ON THE DECLINE

Source: *OEM Off-Highway*, Dec-11-19

Event: U.S. Exports of Construction Machinery declined 13.8% during the third quarter. Demand from abroad is declining which may cause issues for domestic manufacturers. Farm machinery sales in the U.S. is likely to continue declining over the next one to two quarters, but a rise in U.S. Soybeans Futures Prices indicates a possible recovery in mid-2020. Europe's Leading Indicator is rising. However, global trends could hinder European export markets into mid-2020. This may delay recovery in Europe Industrial Production. Europe Agricultural and Forestry Machinery Production through September was down 4.0% and decline will likely persist into at least early 2020.

[Article Link](#)

CHANGES IN CONSTRUCTION MATERIALS PRICES NOT AN ISSUE FOR CONTRACTORS

Source: *ForConstructionPros.com*, Dec-11-19

Event: Construction input prices decreased 0.5% in November and are down 1.1% year over year, according to an Associated Builders and Contractors (ABC) analysis of the U.S. Bureau of Labor Statistics' Producer Price Index (PPI) data. Nonresidential construction input prices decreased 0.4% for the month and are down 1% since November 2018. "As predicted, construction materials prices largely remain a nonissue for many contractors," said ABC Chief Economist Anirban Basu. "Certain inputs continue to rise in price, including concrete, which is up 3% for the year, but many were down on a year-over-year basis and several were down or unchanged for the month. While the concrete that is used for domestic construction is produced virtually exclusively by American enterprises, other materials are susceptible to global economic forces. With the international economy remaining soft, those commodity prices have been flat to declining. "Even items impacted by tariffs, like steel, have fallen in price over the past year," said Basu. "For instance, the price of steel mill products has declined 15.1% compared to the same time last year. "Given ongoing trade disputes, sluggish growth in Europe and many other parts of the world and expectations for a sturdy U.S. dollar,

it is likely that downward pressure on materials prices will remain in place,” said Basu. “If that forecast proves accurate, it will help offset some of the impact of rising compensation costs in the U.S. nonresidential sector, a reflection of ongoing construction spending and a 50-year low in national unemployment. Were it not for sluggish materials prices, the cost of delivering construction services in America would be rising even an even faster rate.”

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DENMARK PLANS TO BUILD ARTIFICIAL ISLANDS FOR WIND FARMS

Source: *Engineering New-Record*, Dec-11-19

Event: Denmark is pursuing plans to build one or more artificial islands surrounded by offshore wind turbines with a capacity of 10 gigawatts, capable of supplying up to 10 million households, the climate and energy ministry has said. The country, which produced 41% of its energy from wind power in 2018, the highest level in Europe, last week passed an ambitious climate act which commits it to cut greenhouse gas emissions to 70% of 1990 levels by 2030 and achieve carbon neutrality by 2050, with new, legally binding targets every five years from 2020. The capacity of the new park, to be financed mainly by the private sector at a total cost of 200bn-300bn Danish kroner (£22.5bn-33.8bn), would be five times higher than Denmark’s current wind power output, the climate and energy minister Dan Jørgensen said. “If we are to realize the enormous potential of offshore wind, new technologies will have to be developed to convert green power into fuel for aircraft, ships and industry,” Jørgensen added. The ministry has allocated 65m kroner from its 2020 budget to research into storing and converting the energy coming into the new wind park to renewable hydrogen, since the power it generates will not all be used by Denmark’s 6 million inhabitants. A range of different locations were being explored for the project, including in the North Sea and the Baltic Sea, the ministry said.

Takeaway: Innovation in Renewable energy continues to fuel the rise of renewable projects around the world.

[Article Link](#)

CANADIAN BUILDING PERMITS DECREASED IN OCTOBER

Source: *Statistics Canada*, Dec-10-19

Event: The total value of building permits issued by Canadian municipalities decreased 1.5% to \$8.3 billion in October. Declines were reported in five provinces, with the largest decrease in British Columbia (-21.2% to \$1.3 billion). Quebec offset some of this decline, with the value of building permits in that province rising 12.3% to \$1.7 billion. The value of institutional permits rose 24.9% to \$765 million in October, largely due to gains in Manitoba (+\$79 million) and Ontario (+\$72 million). The value of commercial permits decreased 5.3% to \$2.0 billion. Gains were reported in eight provinces, led by Quebec (+\$161 million), but this was not enough to offset a sizable decline in British Columbia (-\$317 million). Industrial permits decreased 1.1% to \$604 million. Manitoba reported gains in all categories of permits in October, with the total value increasing 74.3% to a record high of \$438 million. This increase was largely attributable to high value permits issued in Winnipeg.

Takeaway: Following suppressed levels of private sector construction activity in Canada in 2018, largely on the back of declines in commodity-rich jurisdictions and delays in government infrastructure spending programs, we expect a pick-up in infrastructure related spending in 2019.

[Article Link](#)

CANADIAN HOUSING STARTS REMAINED FLAT IN NOVEMBER

Source: *CMHC*, Dec-09-19

Event: The trend in housing starts was 219,047 units in November 2019, compared to 218,253 units in October 2019, according to Canada Mortgage and Housing Corporation (CMHC). This trend measure is a six-month moving average of the monthly seasonally adjusted annual rates (SAAR) of housing starts. "The national trend in housing starts was essentially unchanged in November, reflecting slight increases in the national trends of both multi-family and single-detached starts" said Bob Dugan, CMHC's chief economist. "Vancouver saw a significant decline in the trend of multi-unit starts for a second consecutive month in November, following a period of elevated construction activity earlier in the year. However, this decline was offset by modest gains in the multi-unit trend in most other major markets, including Toronto." The standalone monthly SAAR of housing starts for all areas in Canada was 201,318 units in November, a slight increase of 0.3% from 200,674 units in October. The SAAR of urban starts increased by 0.4% in November to 188,559 units. Multiple urban starts increased by 2.3% to 141,753 units in November while single-detached urban starts decreased by 5.1% to 46,806 units.

Takeaway: We continue to see some risk in the Canadian housing market. While none of the companies in our universe derive material revenues from this segment, residential construction is an important component of overall industry activity levels and a large consumer of its labour and resources. It also directly impacts demand for urban design services and small earth moving machinery.

[Article Link](#)

VALLEY LINE GETS A RESET

Source: *Journal of Commerce*, Dec-06-19

Event: The city of Edmonton's Valley Line West is a proposed 14 km light rapid transit line with 14 stops and two elevated stations, along with interfaces to the city's existing commuter rail system. The project's procurement process was scrapped in November after two shortlisted teams withdrew from the project and the City of Edmonton's Valley Line director Brad Smid was at the Canadian Council of Public Private Partnerships (CCPPP) recent annual conference in Toronto to supply an update on progress. "We had three teams submit, they all pre-qualified and after we announced our shortlist but before we launched the request for proposals, two of those teams withdrew," Smid said. SNC-Lavalin pulled out of a number of projects including the Valley Line due to an expansive restructuring process, he said, and "that one was maybe less related to our specific project." The other team to withdraw was Urban Mobility Group, composed of Eurovia, Graham and Parsons. "They withdrew over concerns about vehicle delivery and systems integration risk, things that generally heavy civil contractors don't want to manage. They don't want to price it, they don't want to take on that risk," Smid said. After the two teams withdrew, he said, the City of Edmonton interviewed 24 different contractors through a market sounding process and the key theme that emerged was the risk involved with vehicle supply and integration. A new procurement process for the Valley Line will launch in early 2020 with a preferred proponent chosen by fall 2020.

Takeaway: Another example of the complexities of a P3 project and the push for more transparency between contractors and agencies.

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INFRASTRUCTURE BANK TO INVEST UP TO \$300 MILLION IN MONTREAL PORT EXPANSION

Source: *CTV Montreal*, Dec-04-19

Event: The Canadian Infrastructure Bank is pledging up to \$300 million in financing for a new container terminal project at the Port of Montreal, though regulatory approval is still pending. The project's total cost estimate runs between \$750 million and \$950 million, depending on how much of the site a future private operator chooses to develop. Though construction is scheduled to begin in 2021 and the terminal is expected to open in 2024, the Impact Assessment Agency of Canada has yet to give the green light. The port authority says the terminal -- which will sit upstream from Montreal in the city of Contrecoeur -- will add about 1,200 trucks a day to local traffic and two or three ships a week on the St. Lawrence River at the outset, and much more if the terminal reaches full capacity. Freight traffic at Canada's second-largest port rose nine per cent in 2018 to the equivalent of more than 1.6 million 20-foot containers for the fifth straight year of record volumes, prompting concerns the docks will be overloaded by 2022. The Contrecoeur terminal would add capacity of 1.15 million containers.

Takeaway: The hefty commitment will help attract private investors.

[Article Link](#)

2020 COULD SEE CONSTRUCTION GROWTH THROTTLED BY COSTS, LABOR AND BEARISH OWNERS

Source: *ConstructionDive*, Dec-02-19

Event: Next year could be a pivotal one for commercial construction, according to two of the industry's top economists. The question is, though, which way will it pivot? While there are several bright spots in the U.S. economy, including low interest rates, high consumer confidence and a pickup in residential construction, some indicators are pointing to a slowdown. For instance, the U.S. gross domestic product fell from 3% in the first quarter to 1.9% in the third. On the bright side, a recent AGC survey showed that 75% of U.S. construction companies expect to expand their workforce next year. "Contractors remain not just busy now but optimistic about the year to come," Simonson said. One worrying trend comes from the design side of the construction equation, Baker said. Although architectural billings this year are on par with last year, half of U.S. architecture firms' projects have been delayed, scaled back or canceled due to client concerns about business, economic or financial issues. A recent AIA survey found that about 15% of architecture firms in the U.S. have seen projects canceled, 40% have seen projects significantly delayed or put on hold and 30% have seen projects scaled back. In addition to nervousness about the economy, the main reason for client pullback, Baker said, involves construction costs that are well above what architects and owners anticipated. This sticker shock has led some owners to pull the

plug on projects before they begin.

Takeaway: In 2020, construction will continue to have an even greater challenge than other industries in finding workers.

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MODULAR MONITOR: WHY DOES OFFSITE CONSTRUCTION MATTER?

Source: *ConstructionDive*, Dec-02-19

Event: Hype for modular construction has hit a level of ubiquity. It seems like every month another prefabricated hotel tops out at a record height for the delivery model, or a city official lauds the practice as the panacea for affordable housing — and the labor pinch — or a new offsite-based startup follows Katerra in stacking up investment funds. Almost all buildings involve some prefabrication, or offsite production. But when it comes to full three-dimensional structures that are built almost entirely offsite, known as volumetric modular building, the segment has wrangled about 4% of the market and, in 2017, drove approximately \$7 billion worth of construction activity, according to the Modular Building Institute. There's potential for about 10% around the corner, some experts say. Despite the interest in modular building and offsite construction, the industry has been slow to adopt it because it is not ready for what it sees as a bonafide disruptor, the panel continued.

[Article Link](#)

SURVEY: CONTRACTORS GROSSLY UNDERUTILIZING TELEMATICS SYSTEMS

Source: *Equipment World*, Nov-25-19

Event: Monitoring your fleet with telematics tools is one of the best tools you can use—unless you don't use it. And, as it turns out, most contractors aren't doing much—or all that they could—with the technology. That's one of the key findings in a survey recently completed by Teletrac Navman. Even though 90 percent of the companies surveyed are using telematics, they are on average using only three out of the 12 features their systems offer. Most contractors tee up the basics: vehicle and equipment location (73 percent), speed (55 percent), and hours of service (51 percent). But when it comes to measurements that could save them money, the participation rate is less impressive. Only 22 percent monitor engine hours and 28 percent use telematics to manage maintenance. On the business end of things, just 38 percent use their telematics to increase profits and 37 percent use it to reduce operational costs. One of the biggest paybacks from telematics is the ability to monitor fuel use but only 21 percent of the respondents say they did that. Yet the respondents who did monitor fuel use reported an average decrease in fuel consumption of 13 percent.

[Article Link](#)

COMPANY NEWS

FORENSIC INVESTIGATION INTO \$80M BONDFIELD FRAUD DIGS DEEPER

Source: *Daily Commercial News*, Dec-19-19

Event: An iconic Toronto construction company teeters under bankruptcy protection while a forensic audit digs ever deeper into the alleged \$80 million trail of phony invoices. Court-appointed monitor Ernst and Young LLP's (E&Y) Oct. 30 Phase II report to the court overseeing the Companies' Creditors Arrangement Act (CCAA) proceedings at Ontario Superior Court, zeros in on millions of dollars in alleged fake invoices submitted and paid by Bondfield Construction Company Group to companies which allegedly mimicked the names of legitimate sub-contracts on several key projects. Those payments and other decisions led to the company's finances unravelling, to contractors stopping work and suppliers shutting down for non-payment and eventually to bankruptcy protection and the discovery of the alleged fraud which had been going on since at least 2011. Less than \$9 million has been traced, leaving questions about where the balance was secreted, who got what and what else it paid for in terms of a possible wider corruption in a conspiracy that appears to lead right to the top, according to court documents.

[Article Link](#)

ALTA EQUIPMENT PREPARES TO TAKE COMPANY PUBLIC

Source: *Rental Equipment Register*, Dec-13-19

Event: B. Riley Principal Merger Corp., a special purpose acquisition company sponsored by an affiliate of B. Riley Financial, Inc., and Alta Equipment Holdings Inc., a leading provider of premium industrial and construction equipment and related services including equipment rental, announced today that they have entered into a definitive merger agreement for a business combination transaction to create a leading publicly traded equipment dealership platform with an anticipated pro forma enterprise value of approximately \$550 million. In connection with the closing of the business combination, BRPM intends to change its name to Alta Equipment Group Inc. and intends to apply to list its shares of common stock on The New York Stock Exchange under the ticker symbol "ALTG." Alta Equipment is anticipated to have pro forma revenue of \$900 million for the year ended December 31, 2019, including the effect of the pending acquisition of two dealers by Alta. Founded in 1984, Alta owns and operates as one of the largest integrated equipment dealership platforms in the U.S., providing diversified product and service offerings across the industrial and heavy construction equipment markets for an array of manufacturers including Hyster-Yale Materials Handling, Inc., AB Volvo, and JCB, among more than 30 others. With broad end market coverage in the construction, logistics and warehousing, wholesale and retail trade, and manufacturing industries, Alta's business model consists of populating its geographies with new, used and rental equipment and contracting with its vast customer base to provide product support and services. Following the consummation of the business combination and the closing of the potential acquisitions, Alta Equipment will operate in 43 locations across Michigan, Illinois, New England, New York and Florida. The business combination is expected to accelerate Alta's acquisition strategy, including its geographical market expansion plans.

[Article Link](#)

CATERPILLAR RETAIL SALES SLOW**Source: *Woodford Times*, Dec-12-19**

Event: Caterpillar's retail sales for November have slowed, according to recent numbers from the Securities and Exchange Commission. The report shows a period of no growth in total machine sales, which equals the lowest point of 2019 for the company, according to Seeking Alpha. Resource industries have also declined six percent in the same period. There is progress in construction industry sales, where numbers have grown by two percent overall. On a per region basis, numbers were down across the board, including in the Asia-Pacific region, except for in North America, where total sales rose by five percent.

[Article Link](#)

DEERE SAYS NEW LAYOFFS DUE TO PROJECTED DIPS IN CONSTRUCTION**Source: *Construction Dive*, Dec-10-19**

Event: Heavy equipment maker Deere & Co. announced that it will lay off 57 workers at its Davenport, Iowa, manufacturing plant, citing reduced building activity that is expected to lower sales of its construction equipment by as much as 15% next fiscal year, according to the Des Moines Register. The company said it notified employees of the cuts about a week ago; they become effective Jan. 6. This marks the second round of layoffs in recent months for the Moline, Illinois-based company. In late September, Deere laid off about 50 employees at John Deere Harvester Works in East Moline, Illinois, and 113 employees at the Davenport plant. At that time, the company lowered its full-year sales and income expectations for 2019 due to "decreased customer demand."

[Article Link](#)

SUNBELT PARENT ACQUIRES CANADA'S LARGEST FILM PRODUCTION EQUIPMENT RENTAL COMPANY**Source: *Rental Equipment Register*, Dec-10-19**

Event: Ashtead plc, parent company of Sunbelt Rentals, has acquired William F. White International, Canada's largest film, TV and digital production equipment rental business. Ashtead paid C\$234 million for the company. White's customers include major Hollywood studios such as Warner Bros., Walt Disney, Universal Studios, MGM and Lionsgate, as well as Silicon Valley players like Amazon Prime and Apple as they enter the TV streaming industry and require original content, the Hollywood Reporter said. White operates out of 13 locations in Canada and has more than 400 employees. The company rents out six production studios in Vancouver and Toronto, where film production has been increasing significantly. "White significantly enhances our capability to provide equipment to the film and television production market where increased demand for content is driving high growth opportunities," said Ashtead Group CEO Brendan Horgan, who now becomes co-chairman of Whites along with

Whites CEO and chairman Paul Bronfman. To accommodate its Hollywood production boom, Ontario is seeing a record number of new studios being built, the Hollywood Reporter said. CBS Television Studios recently opened a 260,000-square-foot studio with six soundstages in Toronto after Netflix launched its own production hub in the city by taking long-term leases on eight soundstages at separate studios, Pinewood Toronto Studios and Cinespace Films Studios.

[Article Link](#)

PATTERN ENERGY ANNOUNCES EXPIRATION OF GO-SHOP-PERIOD

Source: *Pattern Energy*, Dec-09-19

Event: Pattern Energy (PEGI) announced the expiration of its "go-shop-period". Working with its financial advisors and board members, PEGI contacted 16 potential bidders, but was not able to secure any new offers. PEGI has now ceased in the pursuance of any other offer from third parties as per the merger term agreements with CPPIB. The acquisition transaction with CPPIB is expected to close by end of 2Q20 subject to shareholder approval, regulatory approval and other customary closing conditions.

Takeaway: We believe the transaction with CPPIB will commence and be approved; congruent with our recommendation in our most target price increase (\$26.75) in our most recent note ([link](#)), we recommend investors tender shares.

[Article Link](#)

PG&E REACHES \$13.5B SETTLEMENT WITH WILDFIRE VICTIMS, INCLUDING TUBBS, BUTTE AND CAMP BLAZES

Source: *Utility Dive*, Dec-09-19

Event: Pacific Gas & Electric (PG&E) and its parent company PG&E Corp. announced a \$13.5 bln settlement with wildfire victims. All claims related to the 2017 Northern California wildfires have been resolved. With the third and final settlement related to the fires completed, company officials now say they can focus on exiting Chapter 11 bankruptcy. The three settlements it has reached total \$25.5 billion.

Takeaway: The settlement moves PG&E closer to exiting bankruptcy. Additionally, we continue to believe there is little motivation on either the side of PG&E or its creditors to negate the PPA agreements with IPPs such as Atlantica.

[Article Link](#)

CALIFORNIA PROPOSAL REJECTS WILDFIRE PREMIUM IN PG&E, OTHER UTILITIES' ROE

Source: *Utility Dive*, Dec-04-19

Event: The California Public Utilities Commission (CPUC) has tentatively rejected utilities' requests to include a wildfire risk premium in their authorized return on equity (ROE). The CPUC believes that wildfire legislation and policies are already supportive to the wildfire risk faced by investors of California utilities. Several California state utilities asked for increases to their 2020 ROE to compensate investors for wildfire risks.

Takeaway: As utilities in California grapple with the increasing reality of wildfire risk, compensation for this increased risk will continue to be a topic of discussion—and possibly set precedent—in wildfire prone regions like southern California.

[Article Link](#)

UPCOMING RJ EVENTS

Jan-27/28-20: **Fortis (FTS)**, Company Marketing, Vancouver

RECENT RJL RESEARCH

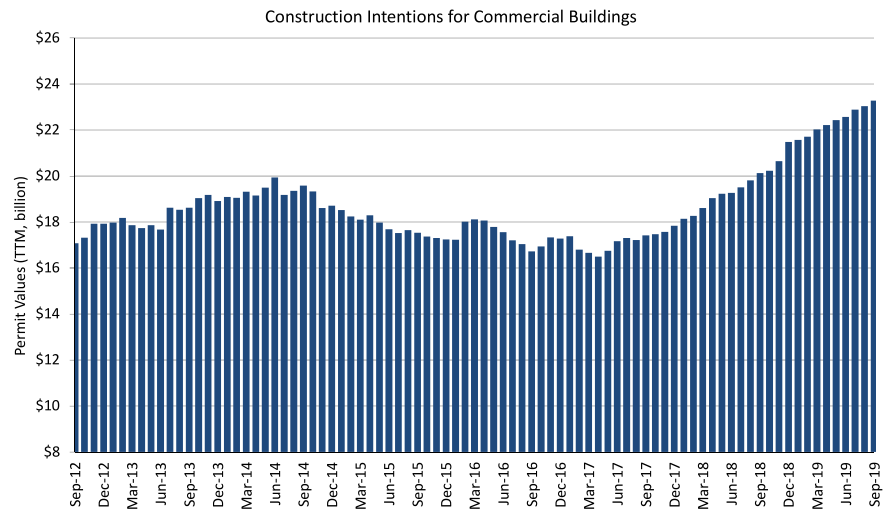
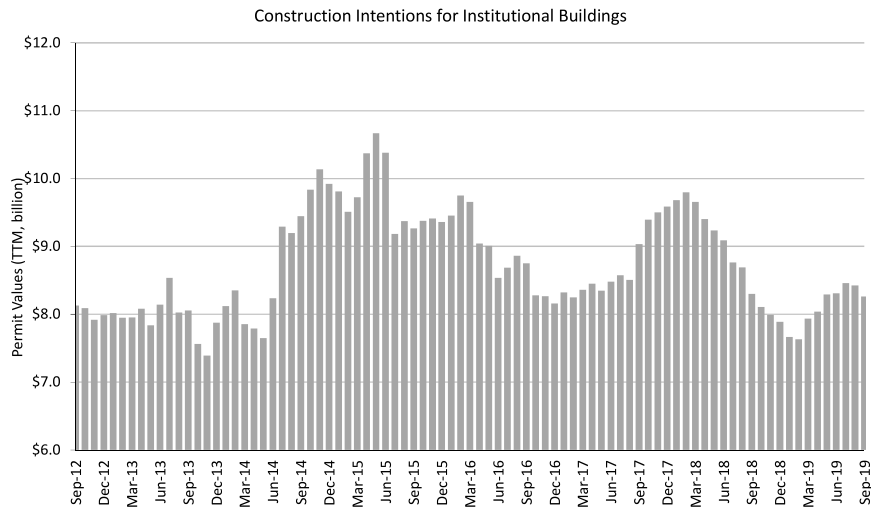
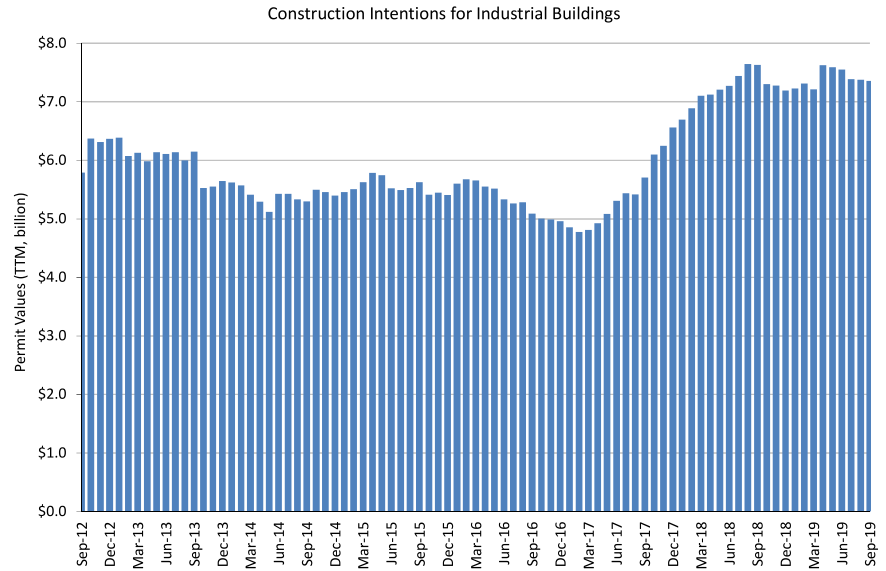
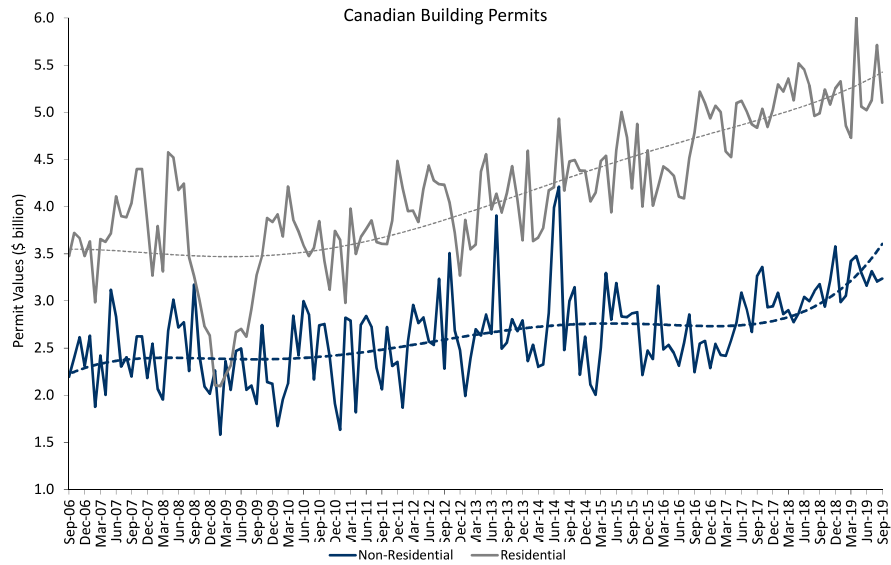
Research Comments and Briefs

- Dec-03-19: [BDT | Notes from the Road: Program Migration Nearly Complete](#) (price \$6.66)
- Dec-03-19: [STN | Strategic Plan Update: Let the Results do the Talking](#) (price \$35.22)
- Dec-04-19: [AQN | Investor Day Highlights; Another 5 Years of Top Tier Growth](#) (price \$14.20)
- Dec-06-19: [CPX | Investor Day Highlights; Solid Growth Profile at Discounted Valuation](#) (price \$33.60)
- Dec-11-19: [WJA | Transaction Completed - Dropping Coverage](#) (price \$30.99)
- Dec-17-19: [SNC | Building the Nucleus](#) (price: \$24.79)
- Dec-18-19: [ARE | Santa Comes Early](#) (price \$17.62)
- Dec-19-19: [SNC | Comes Off the Naughty List](#) (price \$28.70)
- Dec-19-19: [ARE | Bridging Canada's Infrastructure Gap](#) (price \$17.86)
- Dec-24-19: [BIP | Sneaks Data Present Under the Tree](#) (price \$49.14)
- Dec-31-19: [XBC | Time to Gas Up for Trip to the Next Renewable Opportunity](#) (price \$2.16)

Industry Comments, Reports, and Briefs

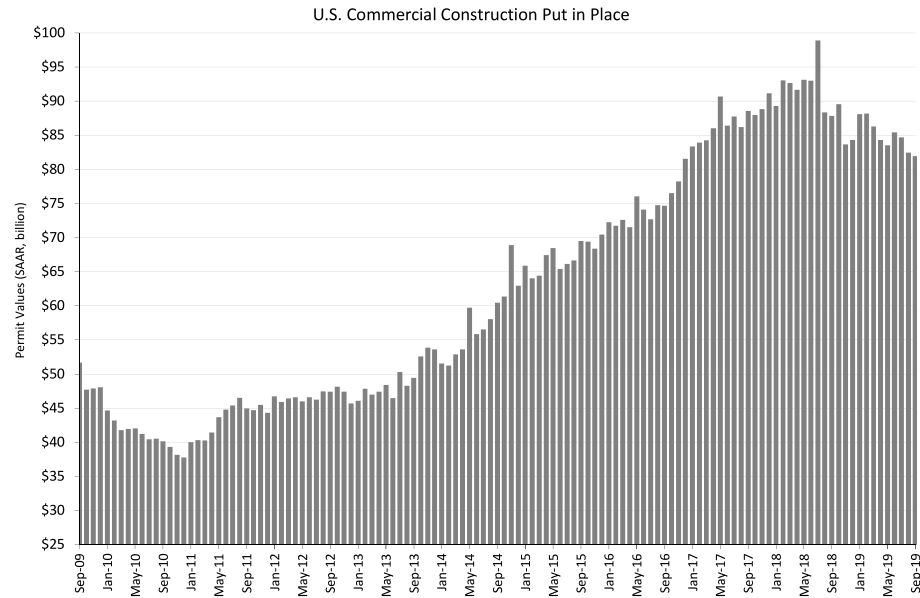
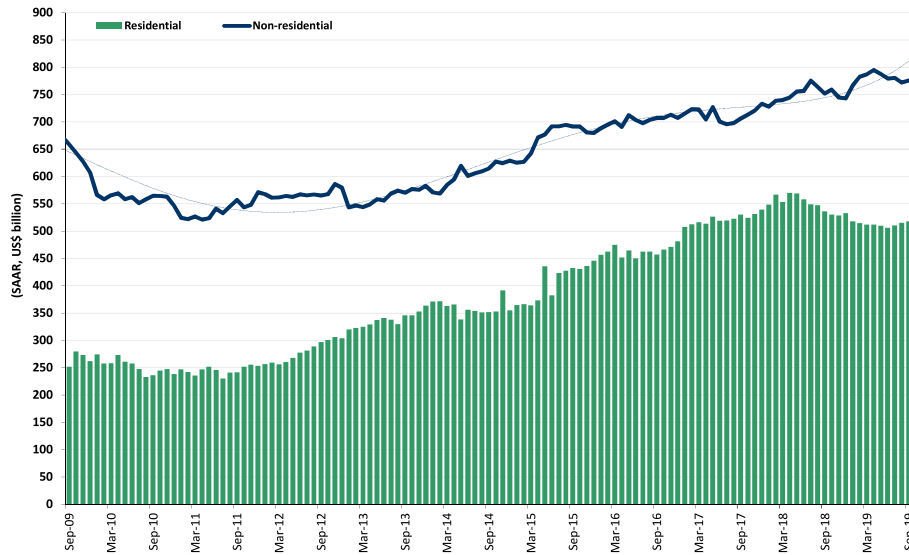
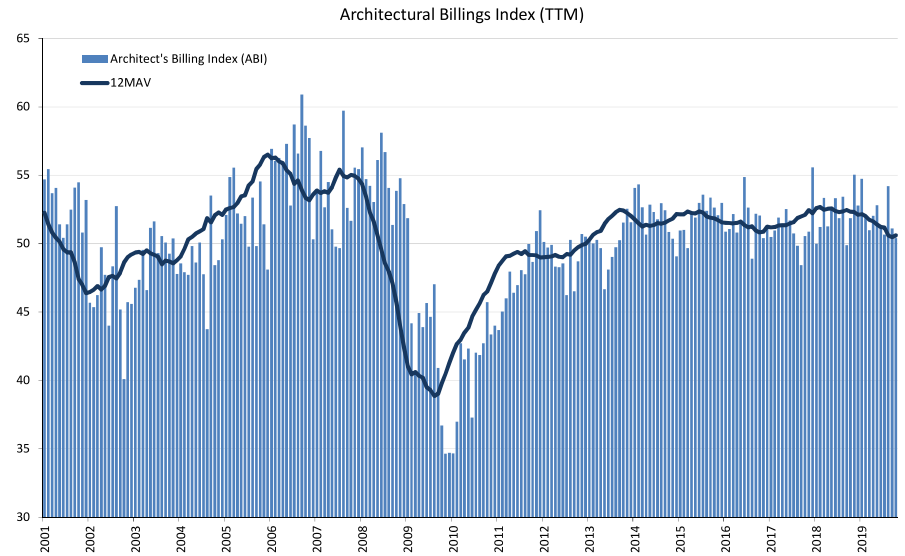
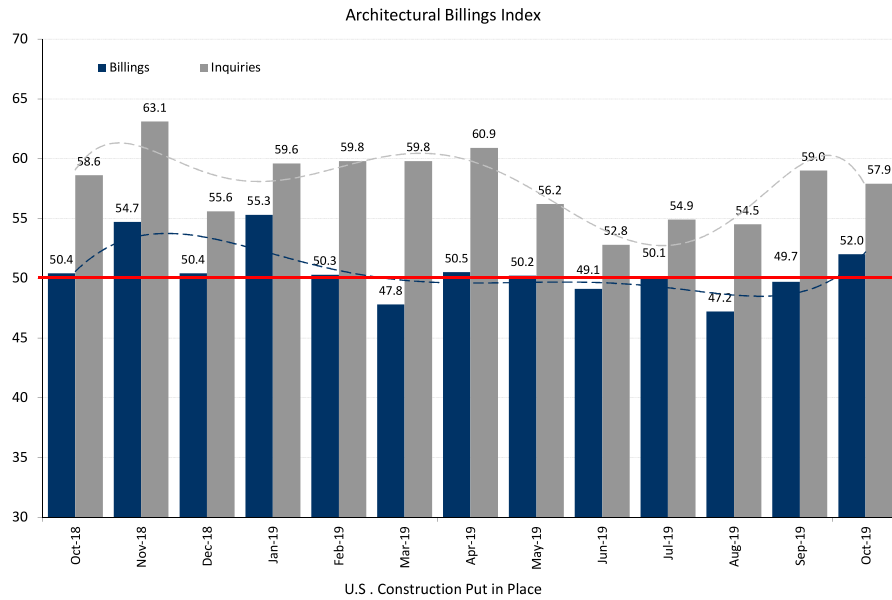
- Nov-28-19: [Machinery | OEMs Make Further Adjustments to 2020: Oh Deere!](#)
- Nov-15-19: [Power & Energy Infrastructure | EEI Conference Highlights: NA Utilities in the Early Innings of an Elevated Capex Cycle](#)
- Sep-06-19: [Machinery | Brandt Cuts "Trax" in the East](#)
- Jul-24-19: [Machinery | Dealer Implications from CAT's Results: Careful What You Wish For](#)
- Jul-19-19: [Diversified & Utilities | Addressing The Existential Question Facing the Renewable Power Sector](#)
- Apr-23-19: [Machinery | Product Realignment at Wajax; Seeing the Forest for the Trees](#)
- Apr-23-19: [Diversified & Utilities | Taking a More Neutral Stance on the Regulated Utilities](#)
- Mar-26-19: [Independent Power Producers | BEP Adds More Hydro \(Well, Eventually\)](#)
- Feb-13-19: [Diversified & Utilities | Sector Update: Opportunities Remain Despite Recent Rally](#)
- Jan-28-19: [Machinery | Putting the CAT Among the Pigeons](#)
- Jan-21-19: [Constructive on Construction](#)
- Jan-14-19: [Independent Power Producers | PG&E Chapter 11 Intentions Raise Concerns for Atlantica, Pattern](#)
- Jan-09-19: [Engineering | What's In Store for 2019](#)
- Dec-24-18: [New Year Will Bring a New Carbon Tax - As Canada's National Carbon Policy Takes Effect, What Will Be the Impact on the Power Sector?](#)

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



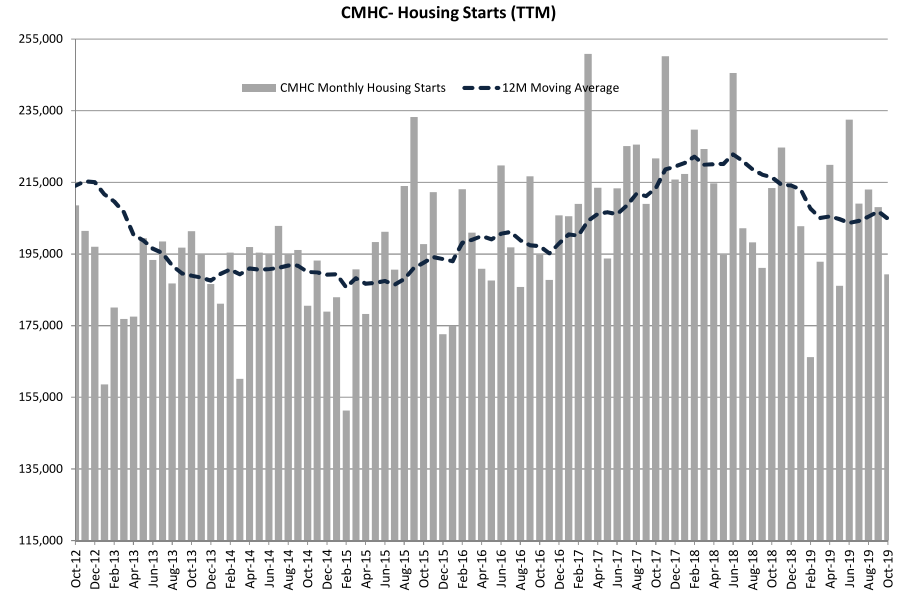
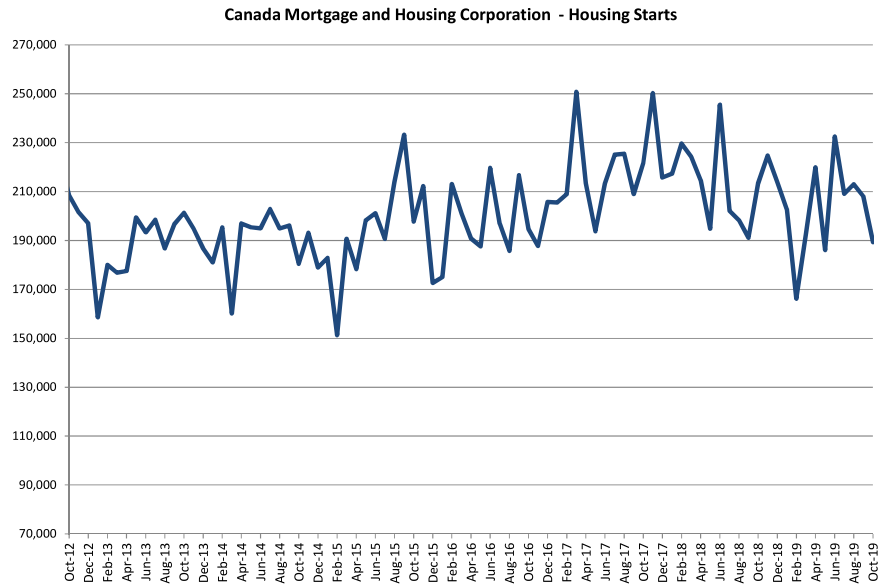
Source: Statistics Canada, Raymond James Ltd.

Exhibit 3: Architectural Building Index and Value of U.S. Construction



Source: U.S. Census Bureau, American Institute of Architects, Raymond James Ltd.

Exhibit 4: Canadian Mortgage and Housing Corporation Housing Starts



Source: Canadian Mortgage and Housing Corporation, Raymond James Ltd.

Exhibit 5: Top 10 Largest Construction Project Starts in Canada - November 2019

REGION (EAST TO WEST)	TYPE OF CONSTRUCTION	DESCRIPTION	SQ. FT. 000S	DOLLARS 000,000S
Ontario				
Markham	Residential	Vendome Markham - Condominiums (2 structures; 18 storeys; 530 units) 1 Clegg Rd H&W Developments	780	\$140
Toronto	Residential	Mirabella Condominiums - East and West Towers (3 structures; 38 storeys; 725 units) 1926 Lake Shore Blvd W Diamante Development Corp	622	\$112
Burlington	Residential	Valera Apartment Buildings, Townhouses (2 structures; 10 storeys; 414 units) 4880 Valera Rd ADI Development Group Inc	345	\$61
Concord	Residential	Charisma Condos - Phase One (3 structures; 26 storeys; 587 units) 8946 Jane St Greenpark Homes	270	\$48
Manitoba				
Winnipeg	Commercial	True North Square - Sutton Place Hotel & Residences (4 structures; 31 storeys; 418 units) 220 Carlton St True North Sports & Entertainment/Northland Properties	400	\$67
Alberta				
Fort McMurray	Industrial	Suncor - Coke Boiler Replacement Project (2 structures) AB-63 Suncor Energy Corporate Head Office	*	\$1,400
British Columbia				
Hudson's Hop	Engineering/Civil	Highway Number 29 - Halfway River (1 structure) BC-29 BC Ministry of Transportation and Infrastructure	*	\$105
Richmond	Residential	Galleria Mixed Use Phase One - Da Vinci Collection (3 structures; 14 storeys; 165 units) 8555 Capstan Way Concord Pacific	250	\$46
Mission	Residential	Wren + Raven Hillside Homes (4 structures; 4 storeys; 131 units) 31802 Hillcrest Ave Elevate Development Corp	223	\$41
Maple Ridge	Residential	ERA in Maple Ridge Multi-Residential Development - Phase 1 (2 structures; 6 storeys; 173 units) 22255 Dewdney Trunk Rd SwissReal Group	200	\$36
TOTALS:			3,090	\$2,056

Source: Construct Connect - CanaData

Exhibit 6: I&C Insider Buying/Selling

Company	December 2019 Monthly Net Insider Buying/Selling					Total Net
	CEO	CFO	Other Officers	Directors	Other	
Power & Energy Infrastructure						
Algonquin Power & Utilities Corp.	-	-	-	-	-	-
Boralex Inc.	\$ 1,144,747	-	\$ 90,803	\$ 106,636	-	\$ 1,342,186
Brookfield Infrastructure Partners L.P.	-	-	-	-	\$(160,102)	\$(160,102)
Brookfield Renewable Energy Partners L.P.	-	-	-	-	\$ 590,800	\$ 590,800
Capital Power Corp.	-	\$(392,034)	-	-	-	\$(392,034)
Emera Inc.	-	-	-	-	-	-
Fortis Inc.	\$ 153,566	\$ 20,109	\$ 157,914	\$ 131,848	\$ 624,427	\$ 1,087,863
Hydro One Ltd.	-	-	-	-	-	-
Innergex Renewable Energy Inc.	-	-	-	-	-	-
Northland Power Inc.	-	-	-	-	-	-
Pattern Energy Group Inc.	-	-	-	-	-	-
Polaris Infrastructure Inc.	-	-	-	-	-	-
TransAlta Renewables Inc.	-	-	-	-	-	-
Construction						
Aecon Group	\$ 37,190	-	\$ 5,346	\$ 36,627	-	\$ 79,163
Bird Construction Inc.	-	-	-	-	-	-
North American Construction	-	-	-	-	-	-
Stuart Olson Inc.	-	-	-	-	-	-
Engineering						
IBI Group Inc.	-	-	-	-	-	-
SNC-Lavalin	-	-	-	-	-	-
Stantec Inc.	\$ 208,750	\$ 99,980	\$(46,418)	\$(356,250)	\$(54,142)	\$(148,080)
WSP Global	-	-	-	-	-	-
Machinery						
Cervus Equipment Corp.	-	-	-	-	-	-
Finning International	-	-	\$(14,373)	-	-	\$(14,373)
Ritchie Bros. Auctioneers	-	-	-	-	-	-
Rocky Mountain Dealerships Inc.	-	-	-	-	-	-
Strongco Corp.	-	-	-	-	-	-
Toromont Industries	-	-	\$(101,100)	-	-	\$(101,100)
Wajax Corp.	-	-	-	-	-	-
Related Products & Services						
Black Diamond Group	-	-	-	-	-	-
Horizon North Logistics	-	-	-	-	-	-
Russel Metals	-	-	-	\$(205,320)	-	\$(205,320)

Notes:

(1) Includes public market, private, prospectus, buyback, redemption, or cancellation & exercise of options/warrants/rights/derivative transactions.

(2) 'Other' category includes issuers or subsidiaries, holders of >10%, subsidiary executives and other deemed insiders.

Source: INK Research, NASDAQ, Raymond James Ltd.

CONSTRUCTION EQUIPMENT RENTAL

ASSTEAD GROUP PLC	AHT.GB	GBP	\$24.14	452.7	\$10,928	\$5,237	\$16,165	n.m.	n.m.	n.m.	9.3	7.7	6.6	32.4	3.8	1.7
HERTZ GLOBAL HOLDINGS INC	HTZ.US	USD	\$15.75	142.1	\$2,238	\$19,240	\$21,478	n.m.	11.6	9.3	n.m.	n.m.	n.m.	89.6	1.2	--
UNITED RENTALS INC	URI.US	USD	\$166.77	75.2	\$12,534	\$12,300	\$24,834	10.2	8.6	8.2	6.5	5.7	5.5	49.5	3.5	--
								10.2	10.1	8.8	7.9	6.7	6.0			

MODULAR SOLUTIONS & WORKFORCE ACCOMODATION

BLACK DIAMOND GROUP LTD	BDI.CA	CAN	\$2.15	55.5	\$119	\$94	\$213	n.m.	n.m.	n.m.	7.3	5.5	4.7	49.8	0.5	--
HORIZON NORTH LOGISTICS INC	HNL.CA	CAN	\$1.23	165.4	\$203	\$131	\$335	n.m.	n.m.	n.m.	9.3	10.5	6.5	39.2	0.6	6.5
McGRATH RENTCORP	MGRC.US	USD	\$76.54	24.3	\$1,859	\$309	\$2,168	25.3	20.1	19.0	11.2	9.4	8.9	14.3	3.0	2.0
MOBILE MINI INC	MINI.US	USD	\$37.91	43.7	\$1,657	\$989	\$2,645	22.7	19.5	17.2	12.2	11.0	10.4	37.4	2.1	2.9
WILLIAM SCOTSMAN	WSC.US	USD	\$18.49	108.8	\$2,011	\$1,725	\$3,736	n.m.	n.m.	n.m.	n.m.	10.4	8.7	46.2	3.2	--
								n.m.	n.m.	n.m.	10.0	9.1	7.6			

ORIGINAL EQUIPMENT MANUFACTURERS

AGCO CORP	AGCO.US	USD	\$77.25	75.5	\$5,834	\$1,708	\$7,542	20.4	15.3	14.5	9.6	8.8	8.3	22.6	2.0	0.8
ATLAS COPCO AB	ATCOA.SE	SEK	373.60 kr	1,216.5	454,470 kr	9,568 kr	464,038 kr	n.m.	n.m.	25.3	18.7	17.6	16.7	2.1	9.0	1.7
CATERPILLAR INC	CAT.US	USD	\$147.68	552.7	\$81,617	\$32,227	\$113,844	12.7	13.5	13.8	10.0	11.3	11.7	28.3	5.5	2.8
CUMMINS	CMI.US	USD	\$178.96	151.3	\$27,077	\$1,255	\$28,332	12.9	12.0	13.7	7.9	7.6	8.6	4.4	n.m.	2.9
DEERE & COMPANY	DE.US	USD	\$173.26	313.3	\$54,278	\$42,226	\$96,504	18.2	17.5	18.5	18.2	17.4	18.1	43.8	4.8	1.8
DOOSAN INFRACORE	042670.KR	KRW	\$5,550	208.2	\$1,155,292	\$3,428,831	\$4,584,123	3.9	4.4	4.2	4.1	4.3	4.2	74.8	0.5	--
HARSCO CORP.	HSC.US	USD	\$23.01	78.6	\$1,809	\$751	\$2,559	18.2	16.6	14.4	8.0	7.9	7.3	29.3	n.m.	--
HITACHI	6305.JP	JPY	JPY 3,285	212.7	698,570	345,212	\$1,043,782	13.3	10.8	12.3	8.4	7.2	7.6	33.1	1.5	3.0
KOMATSU LTD	6301.JP	JPY	JPY 2,642	944.4	2,495,061	835,708	\$3,330,769	13.2	9.9	12.6	8.8	6.3	7.6	25.1	1.4	4.2
MANITOWOC CO. INC	MTW.US	USD	\$17.50	35.3	\$619	\$289	\$907	n.m.	9.4	11.9	8.1	5.8	6.8	31.8	1.0	--
OSHKOSH CORP	OSK.US	USD	\$94.65	68.3	\$6,461	\$371	\$6,831	15.7	11.8	12.3	9.0	7.6	8.2	5.4	2.5	1.3
PACCAR INC.	PCAR.US	USD	\$79.10	345.9	\$27,359	\$6,282	\$33,641	12.9	11.5	14.4	12.1	11.0	13.4	18.7	2.7	4.5
SANDVIK AB	SAND.SE	SEK	182.65 kr	1,254.4	229,114 kr	17,519 kr	246,633 kr	17.6	17.2	16.4	10.6	10.2	10.1	7.1	3.6	2.3
TEREX CP	TEX.US	USD	\$29.78	71.3	\$2,123	\$832	\$2,955	11.2	9.6	12.7	7.5	7.2	8.8	28.2	2.4	1.5
VOLVO AB	VOLVB.SE	SEK	156.90 kr	2,032.9	318,964 kr	116,824 kr	435,788 kr	11.4	9.4	12.4	8.1	6.8	8.2	26.8	2.4	3.2
WACKER NEUSON SE	WAC.DE	EUR	€ 16.90	0.0	€ 0	€ 575	€ 575	9.9	11.2	9.8	2.5	2.3	2.1	100.0	1.0	--
								13.7	12.0	13.7	9.5	8.7	9.2			

AUCTIONEERS

EBAY INC	EBAY.US	USD	\$36.11	813.5	\$29,376	\$5,326	\$34,702	15.7	13.0	12.4	9.6	9.4	9.2	15.3	9.0	1.6
COPART INC	CPRT.US	USD	\$90.94	232.5	\$21,139	\$360	\$21,499	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	1.7	11.0	--
KAR AUCTION SERVICES	KAR.US	USD	\$21.79	128.8	\$2,806	\$3,231	\$6,037	7.4	19.0	14.9	6.8	11.8	11.2	53.5	1.7	3.5
RITCHIE BROS AUCTIONEERS INC	RBA.US	USD	\$42.95	109.4	\$4,698	\$386	\$5,083	n.m.	n.m.	29.6	19.6	17.5	16.2	7.6	5.6	1.9
								11.6	16.0	19.0	12.0	12.9	12.2			

STEEL RELATED STOCKS

FABRICATORS & PROCESSORS																
ADF GROUP INC.	DRX.CA	CAD	\$1.30	32.6	\$42	\$29	\$71	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	40.2	0.4	1.5
GIBRALTAR INDUSTRIES	ROCK.US	USD	\$50.44	32.3	\$1,628	(\$109)	\$1,519	24.4	19.6	18.5	12.3	11.7	10.5	n.m.	2.5	--
								24.4	19.6	18.5	12.3	11.7	10.5			
SERVICE CENTERS																
CARPENTER TECHNOLOGY CORP.	CRS.US	USD	\$49.78	47.7	\$2,376	\$656	\$3,032	21.0	14.9	12.5	9.9	8.4	7.4	21.6	1.5	1.6
RELIANCE STEEL & ALUMINUM CO.	RS.US	USD	\$119.76	66.7	\$7,983	\$1,677	\$9,660	12.5	12.5	13.9	7.9	8.2	9.0	17.4	1.6	1.8
RUSSEL METALS	RUS.CA	CAD	\$22.17	62.1	\$1,377	\$451	\$1,828	6.3	13.8	10.3	5.0	8.4	6.7	24.7	1.4	6.9
WORTHINGTON INDS INC	WOR.US	USD	\$42.18	55.1	\$2,324	\$668	\$2,992	13.8	15.3	15.7	9.3	10.6	11.9	22.3	2.8	2.3
								13.4	14.1	13.1	8.0	8.9	8.8			
STEEL PRODUCERS																
AK STEEL HOLDING CORP.	AKS.US	USD	\$3.29	316.4	\$1,041	\$2,212	\$3,253	5.5	9.7	15.2	5.7	7.1	8.2	68.0	7.7	--
ALLEGHENY TECHNOLOGIES	ATI.US	USD	\$20.66	126.1	\$2,605	\$1,111	\$3,716	13.3	17.1	11.8	7.3	7.8	6.7	29.9	n.m.	--
COMMERCIAL METALS COMPANY	CMC.US	USD	\$22.27	118.6	\$2,642	\$1,052	\$3,695	16.0	11.6	9.6	10.1	7.1	6.2	28.5	1.6	2.2
NUCOR CORPORATION	NUE.US	USD	\$56.28	303.2	\$17,065	\$2,521	\$19,586	7.4	14.0	14.3	4.8	7.4	7.9	12.9	1.6	2.9
OLYMPIC STEEL INC.	ZEUS.US	USD	\$17.92	11.0	\$197	\$247	\$444	5.5	n.m.	18.7	5.7	13.2	10.3	55.6	0.6	0.4
STEEL DYNAMICS INCORPORATED	STLD.US	USD	\$34.04	215.5	\$7,334	\$1,297	\$8,631	6.3	11.2	12.9	4.1	6.6	7.3	15.0	1.8	2.8
US STEEL CORP.	X.US	USD	\$11.41	170.0	\$1,940	\$2,336	\$4,276	n.m.	n.m.	n.m.	2.4	6.4	5.8	54.6	0.5	1.8
								9.0	12.7	13.8	5.7	7.9	7.5			
Blended Group Average								15.6	15.5	15.1	8.7	9.5	8.9			

Notes:

- 1) Estimates for ARE, BDT, BDI, CERV, FTT, IBG, RBA, RME, RUS, SNC, SOX, SQP, STN, TIH, and WJX are from Raymond James Ltd.; all other estimates are consensus from Capital IQ.
- 2) Net debt (cash) positions for ARE, BDT and SOX exclude non-recourse project debt and restricted cash balances; net debt (cash) positions for engineering firms (WSP, IBG and STN) include balances of purchase price payable.
- 3) 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 \$12.74per share.
- 4) Our net debt calculations for RME and CERV include our estimate of the interest bearing portion of their floor plan financing
- 5) Our EV/EBITDA multiples for STN and WSP exclude the impact of IFRS 16 for 2019 and 2020

R = Restricted

Company Name	Currency	Market Price	Shares O/S (mln)	Market Cap (mln)	Net Debt (mln)	Ent. Value (mln)	EV/EBITDA			P/CFPS			Dividend Yield	Debt/Cap (%)	Net debt/EBITDA
							2018A	2019E	2020E	2018A	2019E	2020E			
INDEPENDENT POWER PRODUCERS															
CANADIAN RENEWABLE POWER															
BORALEX INC.	CAD	24.46	97.1	2,376	3,089	5,483	15.5	11.8	11.1	10.2	7.9	7.6	2.7	82.3	6.6
BROOKFIELD RENEWABLE PARTNERS L.P.	USD	46.63	311.2	14,512	8,530	23,875	18.0	16.9	15.7	21.6	20.0	18.2	4.4	39.3	6.0
CAPITAL POWER CORPORATION	CAD	34.39	105.2	3,617	3,481	8,093	11.4	8.9	8.4	8.9	6.7	6.7	5.6	54.0	3.8
INNERGEX RENEWABLE ENERGY INC.	CAD	16.86	133.4	2,249	3,758	6,588	15.2	13.9	12.6	10.0	10.0	8.2	4.0	80.6	7.9
NORTHLAND POWER INC.	CAD	27.20	187.8	5,109	5,826	11,609	13.0	11.9	9.4	6.4	5.7	4.9	4.4	84.4	6.0
POLARIS INFRASTRUCTURE INC.	CAD	12.25	16.8	206	201	407	5.3	5.1	4.5	n.m.	n.m.	n.m.	6.0	49.0	3.4
SPARK POWER GROUP INC.	CAD	1.20	52.9	64	94	158	8.0	7.0	4.2	n.m.	n.m.	6.0	NA	23.0	4.2
TRANSALTA RENEWABLES INC.	CAD	15.52	264.0	4,097	876	5,017	11.7	11.3	11.0	13.5	14.0	13.9	6.1	23.0	2.0
							12.3	10.9	9.6	11.8	10.7	9.4	4.7	54.4	5.0
US YELDCOS															
ATLANTICA YIELD PLC	USD	26.39	101.6	2,681	4,919	7,804	9.1	9.4	8.2	15.4	14.8	11.9	6.2	78.0	6.2
NEXTERA ENERGY PARTNERS, LP	USD	52.65	60.8	3,202	4,588	12,171	18.8	11.3	9.2	23.9	23.4	23.4	3.9	43.6	4.3
PATTERN ENERGY GROUP INC.	USD	26.76	97.6	2,611	2,395	6,046	16.3	16.3	11.8	7.2	8.2	8.8	6.3	59.9	6.5
TERRAFORM POWER, INC.	USD	15.39	97.4	1,499	6,292	8,442	14.1	11.1	10.4	15.1	11.7	n.m.	4.9	72.4	8.3
							14.6	12.0	9.9	15.4	14.5	14.7	5.3	63.5	6.3
Blended Group Average							13.4	11.4	9.8	13.6	12.6	12.0	5.0	59.0	5.6
DIVERSIFIED & UTILITIES															
DIVERSIFIED															
BROOKFIELD INFRASTRUCTURE PARTNERS L.P.	USD	49.99	398.5	19,921	9,854	30,710	16.2	14.2	14.2	14.7	13.3	12.2	4.1	50.7	5.1
ENBRIDGE INC.	CAD	51.63	2023.9	104,495	67,616	183,247	14.4	13.7	13.3	9.3	19.4	19.5	6.3	48.5	9.7
KINDER MORGAN, INC.	USD	21.17	2265.0	47,949	36,941	86,532	11.5	11.4	11.3	n.m.	21.8	20.1	4.7	51.4	5.1
TC ENERGY CORPORATION	CAD	69.16	934.4	64,623	48,197	118,443	14.4	12.6	12.5	10.4	16.7	17.0	4.3	61.1	7.3
							12.5	11.3	11.3	15.2	17.8	17.4	5.8	49.6	5.6
REGULATED UTILITIES															
Company Name	Currency	Market Price	Shares O/S (mln)	Market Cap (mln)	Net Debt (mln)	Ent. Value (mln)	P/E Ratio			Dividend Yield	EPS Payout (%)	Net debt/EBITDA			
							2018A	2019E	2020E						
ALGONQUIN POWER & UTILITIES CORP.	USD	14.15	497.7	7,043	4,163	12,283	15.3	15.1	14.3	21.4	22.4	20.3	3.6	81.0	5.1
ALTAS GAS LTD.	CAD	19.78	278.0	5,499	7,405	14,372	14.2	11.5	11.0	23.3	18.6	15.7	4.7	204.8	6.0
CANADIAN UTILITIES LIMITED	CAD	39.17	272.7	10,681	8,113	20,464	10.9	10.7	11.2	18.8	17.8	18.6	4.3	71.5	4.2
EMERA INCORPORATED	CAD	55.79	242.4	13,523	15,242	29,805	12.5	12.5	11.7	19.4	21.3	19.4	4.4	93.5	6.4
FORTIS INC.	CAD	53.88	460.0	24,785	24,864	52,856	14.7	12.2	12.4	21.5	21.3	19.7	3.5	75.4	5.7
HYDRO ONE LIMITED	CAD	25.08	599.0	15,024	11,951	27,472	12.8	11.8	11.2	18.6	16.6	17.9	3.9	63.8	5.1
							13.3	12.2	11.9	20.2	19.2	18.5	4.0	93.4	5.4

Notes:

1) Estimates for AQN, AY, BEP, BIP, BLX, CPX, EMA, FTS, INE, NPI, PIF, RNW, PEGI, and H are from Raymond James Ltd.; all other estimates are consensus from Capital IQ.

Source: Capital IQ, Raymond James Ltd.

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