

**October 22, 2012****AltaCorp's Oil Sands Survey — Spending Expectations Running Ahead of Reality**

**Over the Course of September/October, We Conducted Our 4<sup>th</sup> Annual Survey Regarding the State of the Oil Sands Sector:** We asked a number of companies that are involved in the design, engineering and construction of these projects how they view the current environment. We were specifically interested in the overall activity level, whether the level of ongoing spending matches expectations from a year ago, how oil price volatility has impacted project awards and clients' main concerns at this point.

**Oil Sands Spending Levels Are Lagging Expectations:** Contrary to the previous 3 editions of our Survey, the reality has caught up to expectations as this is the first time since 2009 that capital spending is running behind E&C industry's forecasts. Don't get us wrong, the cumulative spending over the next 10 years is still expected to be colossal – close to \$200bn, but the message is fairly clear that despite what we deem to be economic pricing for pushing SAGD and mining projects forward, cost awareness (not schedule) is the primary concern for our surveyed companies' clients. As a result, construction awards cycle is slower and is being pushed to the right, at least for the local Canadian players.

**Can We Go Back to Fixed Price Work? With International Competition and the Drive to Control Costs from E&P's, It Could Happen Again:** One of the more surprising (and worrying to be honest) answers we received was on whether we can revert back to fixed-price environment. Some of our respondents said yes. Recall that we have not seen a release of a fixed-price field construction contract since Saipem (SPM IM, Not Covered) won the Sunrise job for Husky (and that was in December 2010).

**What Are Clients Most Concerned About? Oil Price, Labour Availability and Pipeline Takeaway Capacity:** Not surprisingly (and in line with last year's survey) cost overruns are at the top of E&P's list of concerns, followed by the volatility of oil price. Pipeline capacity (or lack of it, more precisely) is a new worry for the E&C industry's clients. On the last point specifically, based on CAPP forecasts, new takeaway capacity will be required as early as 2014 (Figure 7).

**Bottom Line - Buy ENTREC as a Second Derivative Play on Oil Sands:** Oil Sands are an attractive market from E&C's companies' perspective, but it is not the bonanza it once was. Our preference lies with taking a second derivative view on the Oils Sands Capex spending and looking towards the transportation part of the investment equation. We recommend investors to consider ENTREC Corp. (ENT-V; \$1.64, Outperform; \$2.50 target), a provider of heavy-haul transportation services that has an 80% exposure to the end-market. While a transportation business model can be as cyclical as that of E&C entities, ENTREC's margin profile is materially superior while the competitive landscape is less ferocious given the fact that only 2-4% of total capital spending is allocated towards the transportation vertical. Last year, we recommended Flint as our top idea for playing the Oil Sands cycle (it ended up being acquired by URS Corp in Feb 2012). At some point, an enterprising foreign party is bound to take a look at ENTREC as well, a similar dynamic to ENTREC's management's prior vehicle – Eveready – that was taken out by Clean Harbours Inc. in 2009.

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## AltaCorp's Oil Sands Survey — Spending Expectations Running Ahead of Reality

Over the course of September/October, we conducted our 4<sup>th</sup> annual survey regarding the state of the Oil Sands sector, asking a number of companies (public and private) which are involved in the design, engineering and construction of these projects how they view the current environment.

We were specifically interested in the overall activity level, whether the level of ongoing spending matches expectations from a year ago, how oil price volatility has impacted project awards, the types of projects currently preferred by clients (mining versus in-situ) and E&P' main concerns at this point.

Our findings are summarized in Figure 1. Contrary to the previous 3 editions, the reality has caught up to expectations as this is the first time since 2009 that capital spending is running behind E&C industry's forecasts. Don't get us wrong, the cumulative spending over the next 10 years is still expected to be colossal – close to \$200bn, but the message is fairly clear that despite what we deem to be economic pricing for pushing SAGD and mining projects forward, cost awareness (not schedule) is the primary concern for our surveyed companies' clients. As a result, construction awards cycle is slower and is being pushed to the right, at least for the local Canadian players. Based on public commentary from the likes of Fluor, Jacobs and Saipem, Oil Sands are a growth market on a relative basis. As a result, even the slower release schedule is still a win for the foreign players, while the Canadian players will continue to face increased competitive pressures.

### AltaCorp's Oil Sands Survey - October 2012

Activity level pulse	Aggregate response
1 In comparison to same period last year, do you believe oil sands spending is on track in 2012 and 2013?	On balance, no
2 What factors do you believe are leading to slower release of construction awards?	Slower engineering and inflation containment
3 Will clients adhere to staged construction schedule in order to avoid the inflationary environment we witnessed in 2006-2008?	Yes
4 At what US\$/bbl oil price do you anticipate to see projects being postponed /cancelled by explorers/producers?	\$60-\$75/bbl for SAGD, \$80-\$85 for mining
<b>Mining or in-situ?</b>	
5 Is spending a result of more in-situ projects or mining projects?	More in-situ
<b>Bidding/contract-type trends</b>	
6 Cost-plus environment is back. Any indication from E&P companies to revert back to fixed-price contracts?	Surprisingly, the answers are split 50/50
<b>Competitive landscape</b>	
7 In light of the emergence of Asian players, is there the potential for them to use their own craft labour force?	No (for most part)
8 Do you believe additional out-of-Canada construction/engineering players can enter the market (e.g. Snamprogetti, URS, etc.)?	Yes (only minority believe the trend is finished)
9 Has competitive pressure intensified as oil sands are being perceived as a growth market relative to the rest of oil & gas space?	Split 50/50
<b>Labour trends</b>	
10 Are you losing people to large oil sands operators who are looking to bring more of certain functions in-house?	No more than usual
11 Is there still slack capacity in fabrication yards?	Split 50/50
12 Has there been increased amount of fabrication completed outside of Alberta?	Yes
13 For jobs completed outside of Alberta, do you see better cost control?	Split 50/50
14 Is labour supply tightening?	Yes
15 Do you expect any union labour wage contracts to expire soon?	No
16 Do you expect labour cost inflation in 2013?	Yes (range 3%-6%)
17 Do you believe labour productivity has reached its most efficient point relative to post-crisis cuts?	No (mostly)
<b>What are clients saying?</b>	
18 What are clients' biggest concerns now? (Financing availability, oil price, environmental regulations).	Commodity volatility, labour and pipeline capacity

Figure 1. AltaCorp's Oil Sands Survey — October 2012

Source: AltaCorp Capital



**Bitumen Forecasts are Calling for Straight Line Increase. New Capex Spending, However, Can be More Volatile:** Even during the financial crisis producing operators sustained their output (re-start costs are simply too prohibitive, hence a linear production profile for the Oil Sands – Figure 2). However, new capital spending and even partially built projects that were not close to first oil were scaled down materially or mothballed altogether.

As a result, 2009 was the bottom of the cycle in terms of capital outlays in the Oil Sands sector (approximately \$11bn spending in 2009). While industry-wide forecasts from independent 3<sup>rd</sup> parties are all pointing to F2013 being the year when new Oil Sands Capex spending will supersede the previous peak of \$18.1bn achieved in 2008 (Figure 3), it certainly does not feel like that given what we are hearing from our questionnaire respondents.

On balance, the spending appears to be below expectations for 2012/2013 time frame. This means that there are 2 implications: 1) Awards will simply pick up in F2013, and/or 2) International competitors are taking increasing market share from the domestic players, both on the engineering and construction side of the business. The truth is likely to be somewhere in between. Please note, for example, that international engineering giants such as Fluor and Jacobs specified in their most recent public comments at investor conferences that a pickup in FEED (Front End Engineering and Design) should eventually lead to increased field construction work 6-12 months down the road. In that instance, the likes of SNC-Lavalin, URS (via Flint Energy Services), Aecon and Churchill Corp. are bound to see some additional contract awards next year.

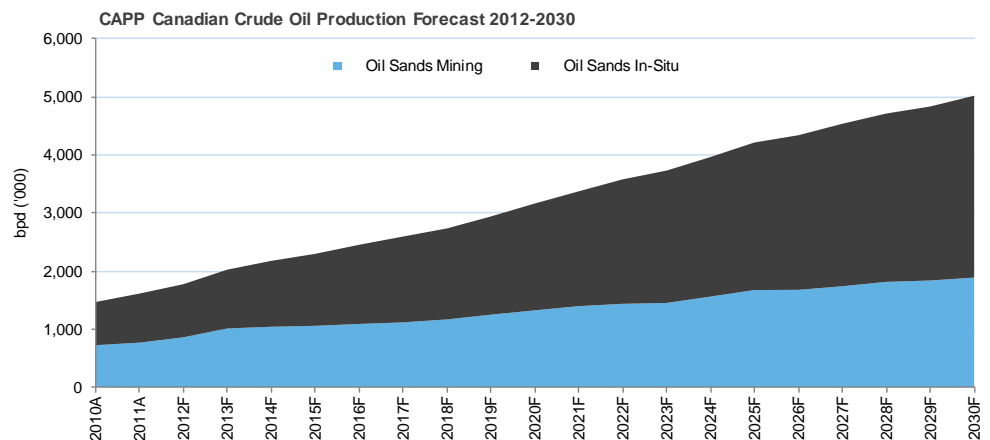


Figure 2. CAPP Canadian Crude Oil Production Forecast 2012-2030  
Source: AltaCorp Capital, Canadian Association of Petroleum Producers (CAPP)

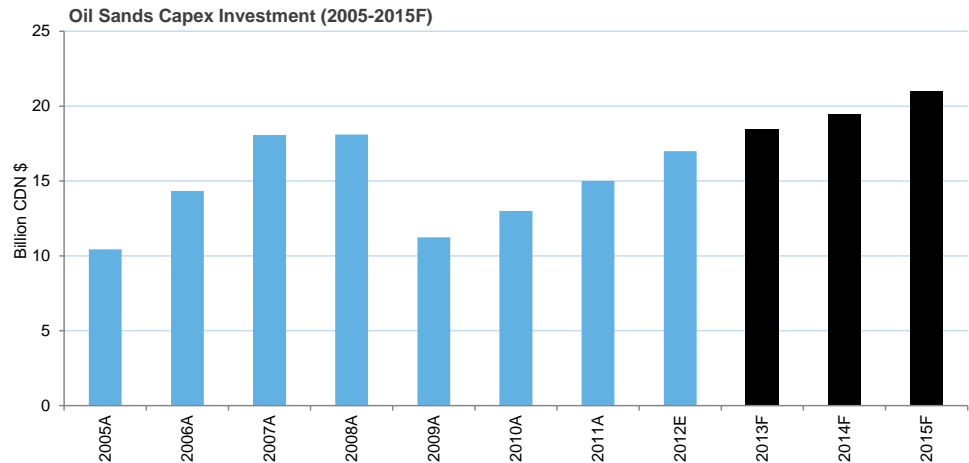


Figure 3. Oil Sands Capex Investment — Historical and Forecasts

Source: AltaCorp Capital, Canadian Association of Petroleum Producers (CAPP)

**Sustaining Capital Trajectory Looks Strong:** The bright spot from the spending perspective remains sustaining capital required simply to operate the installed base of projects. Please note that from 2008 level of \$1.5bn, industry forecasts are now calling for almost double of that amount as early as F2016 (Figure 4). As a result, we see a number of companies such as Fluor, URS, ENTREC, Churchill and SNC-Lavalin all trying to address the maintenance market. While the margins are not spectacular in that business, this is steady work, something other parts of the oil & gas chain cannot boast of.

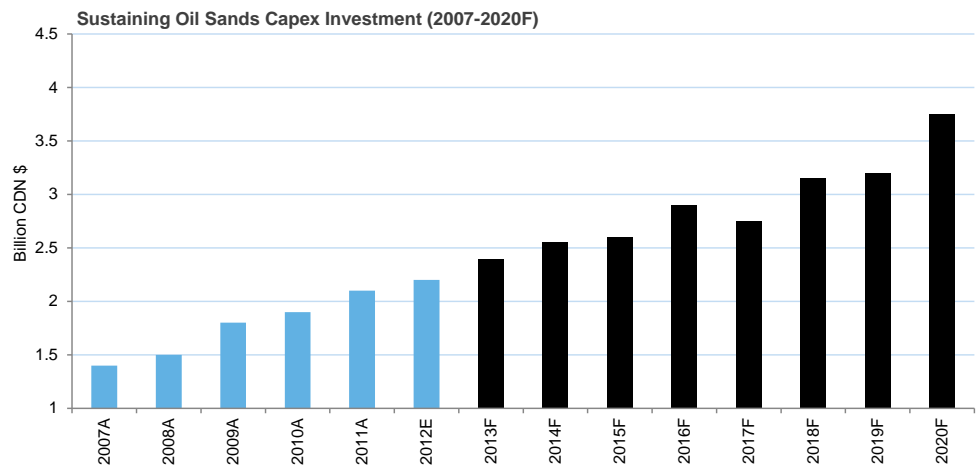


Figure 4. Sustaining Oil Sands Capex Investment

Source: AltaCorp Capital, CERl



**Can We Go Back to Fixed Price Work as Producers Push Back on Price and Risk Transfer? With International Competition and the Drive to Control Costs from E&P's, It Could Happen Again:** One of the more surprising (and worrying to be honest) answers we received was on whether we can revert back to a fixed-price environment. Some of our respondents said yes. Recall that we have not seen a release of a fixed-price field construction contract since Saipem (SPM IM, Not Covered, i.e. its Canadian subsidiary, Snamprogetti Canada) won the Sunrise job for Husky (and that was in December 2010).

Recall that due to an overheated Oil Sands sector over the 2006-2008 timeframe, many contracts were carried out on a cost-plus basis as the engineering process was often not even fully completed before construction of certain projects would commence. This dynamic would make it almost impossible to ask contractors to work in a fixed-priced environment, as constantly changing schedules and alterations would make such contracts very difficult to price and manage. As producers are now pushing for a more manageable and staged project execution, technically, there is more certainty when it comes to cost and schedule, which is opening the door for some fixed-price work, especially in light of international competition that has carried out massive projects under the same structure in other parts of the world. As a result, they feel they can do the same in Canada. Saipem, for instance, in its latest quarterly presentation is showing that it is investing heavily in engineering and fabrication capabilities as we speak (Figure 5). We are certain that Saipem is not the only entity thinking that the Oil Sands market represents a lot of opportunities now. As a result, we disagree with some of our respondents that the influx of foreign competition (either organic or M&A-driven) is behind us (please refer to Questions 8 and 9 in Figure 1). That being said, we believe that for projects where the project scope is difficult to define, cost-plus is still the logical model to employ. As such, we should expect fab work to continue being done on a fixed-price basis (it's much easier to control productivity in a shop environment) while field work will likely remain mostly a cost-plus proposition for the time being, assuming that oil prices hold up at current levels.

Saipem (Snamprogetti Canada) - Adding Capacity On Engineering and Fabrication Front

- >400 engineers to date
- Local office provides full service for projects execution on:
  - Upstream
  - Pipelines
  - Refining
  - Oil Sands processing
  - Shale gas
- Dedicated local construction company
- Mastered local project execution requirements:
  - Modularization
  - Harsh Climate
  - Logistics

Edmonton Pre-Fabrication Yard:

- 30 Hectares North East of Edmonton, Alberta
- Capacity 14,000 Tons/year (140 standard Modules)
- Workforce: 400 employees
- Currently under development: 1<sup>st</sup> module delivery in Nov.2012



Figure 5. Saipem (Snamprogetti Canada) - Adding Capacity On Engineering and Fabrication Front  
Source: Saipem SpA Company Reports



**Projects are Being Pushed to the Right. Why? Explorers & Producers are Showing More Discipline in Releasing Projects this Time Around:** In order to avoid a repeat of the cost escalation we saw in 2006–2008, E&Ps appear to be much more focused this time around on controlling costs. Recall that during the last boom, projects proceeded to the construction phase before engineering work was fully completed, leading to expensive subsequent design modifications and cost overruns. This cycle, we are seeing E&Ps spend more time on the engineering phase (which has also led to slower release of field construction awards). Additionally, E&Ps have signalled their willingness to proceed in a staged approach in order to reduce project risk (for example, the expansion of Suncor's [SU-T, Not Covered] Firebag in-situ project with the planned addition of stages 4-6). Such an approach makes these projects more manageable and easier to halt if cost inflation does become an issue. It also appears that engineering work is taking longer to complete on a number of projects, something that has a follow-through impact on scheduling and awards releases.

**Commodity Volatility not Resulting in Project Cancellations, Yet:** Despite the volatility in the commodity market, both engineering and construction firms that we surveyed noted that the aforementioned trend has not resulted in Oil Sands project delays/cancellations so far. However, potential deterioration in the oil price will undoubtedly start to undermine the economics of these projects. Respondents' view of a comfortable range at which the projects are economic was wide - US\$65-\$85/bbl. Industry sources that segregate SAGD vs. mining projects suggest that for the former a US\$47-\$64/bbl level makes sense (ourselves we think CERI's forecast makes sense from a psychological anchoring perspective). A brand-new mining project commissioning would likely require north of US\$80/bbl level assuming a 10% IRR (Figure 7).

Supply Costs Comparison - WTI Equivalent Supply Costs (US\$/bbl)

	CERI *	ERCB	NEB
SAGD	\$64/bbl	\$47-57/bbl	\$50-60/bbl
Integrated Mining & Upgrading	\$91/bbl	\$88-102/bbl	\$85-95/bbl
Stand-alone Mine	\$81/bbl	\$63-81/bbl	\$65-75/bbl

\* Assumes a 10% (real) rate of return

Figure 6. Supply Costs Comparison - WTI Equivalent Supply Costs (US\$/bbl)

Source: AltaCorp Capital, CERI, ERCB, NEB

**Labour and Productivity Trends — A Tightening Market but Productivity Still has Room to Improve:** In terms of labour, many in the survey cited an already tightening market (particularly for certain skilled trades) with shortages likely to loom in 2013/14. Note, however, that the saving grace this time around is the pool of labour available south of the border and from other relatively weaker Canadian sectors, such as manufacturing. That being said, the typical supply of East-based labour will not be as abundant as in the past given eastern oil & gas offshore developments and shipbuilding contracts (on both sides of Canada, with Seaspan and Irving carrying out almost \$30bn-worth of work over the next 20 years) that will require a lot of skilled trades. As a result, Oil Sands inflation on the labour front should be at least in the ~3-6% range over the upcoming several years.

**What Are Clients Most Concerned About? Oil Price, Labour Availability and Pipeline Takeaway Capacity:** Not surprisingly (and in line with last year's survey) cost overruns are at the top of E&Ps list of concerns, followed by the volatility of oil price. Pipeline capacity (or lack of it, more precisely) is a new worry for the E&C industry's clients. On the last point specifically, based on CAPP forecasts, new takeaway capacity will be required as early as 2014 (Figure 7). In the meantime, moving oil by rail offers a swing capacity alternative. While being more expensive (please refer to Gibson Energy [GEI-CN,



Not Covered] presentation Figure 8), roughly 2-3.5x what it could cost to move the crude by pipeline, the rail option at least offers some breathing room while mid-stream companies are pushing through their CAPEX projects.

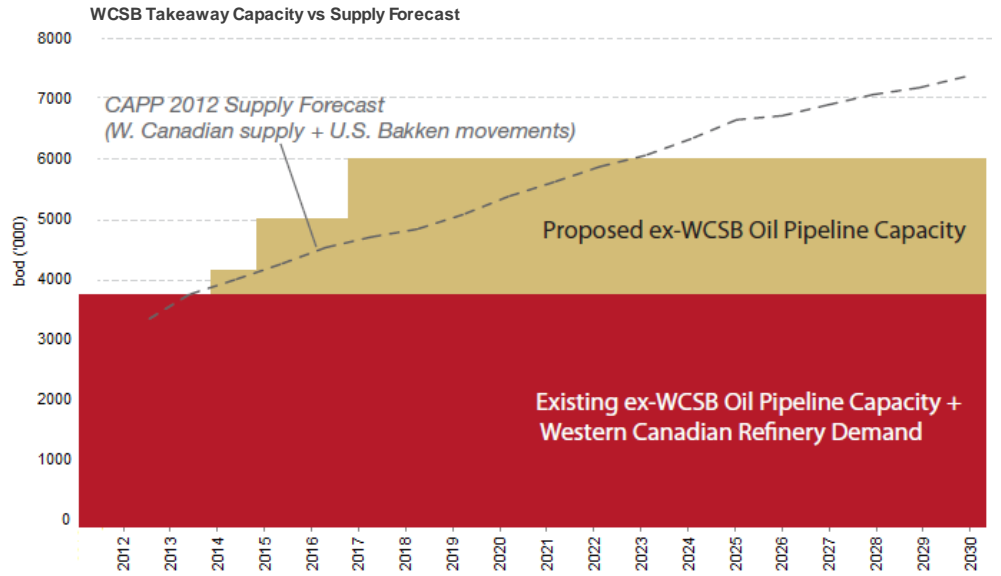


Figure 7. WCSB Takeaway Capacity vs Supply Forecast  
 Source: AltaCorp Capital, Canadian Association of Petroleum Producers (CAPP)



Gibson Energy Inc. — Approximate Costs For Moving Crude to Various Locations. Existing Constraints For Some Locations Make Pipeline Challenging

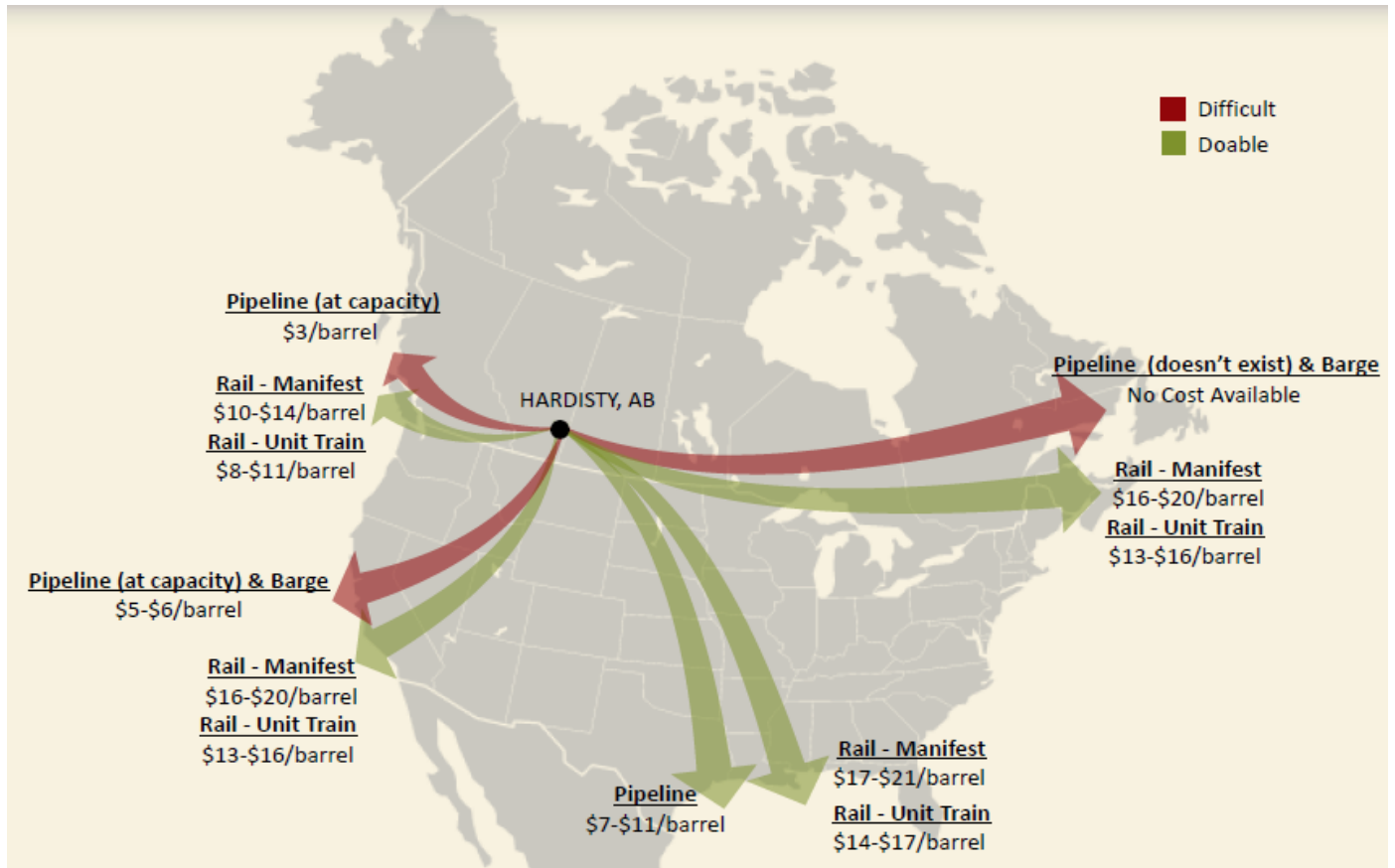


Figure 8. Gibson Energy Inc. — Approximate Costs For Moving Crude to Various Locations.  
 Source: AltaCorp Capital, Gibson Energy Presentation





**Bottom Line – Buy ENTREC as a Second Derivative Play on Oil Sands:** Our survey results show that despite tremendous absolute dollars directed towards the Oil Sands, the E&C industry mood suggests that the awards newsflow has been slower than anticipated, partially due to not yet fully finished engineering, clients' drive to control costs and overall volatile market environment. When adding aggressive foreign competition that is willing to sacrifice margins in order to gain a market foothold, the Oil Sands while being an attractive market from E&C's companies' perspective, is not the bonanza it once was. As a result, our preference on the industrial side lies with taking a second derivative view on the Oils Sands Capex spending and looking towards the transportation part of the investment equation. As a result, we recommend investors to consider ENTREC Corp. (ENT-V; \$1.64, Outperform; \$2.50 target), a provider of heavy-haul transportation services that has an 80% exposure to the end-market, much higher than the E&C companies under our coverage. While a transportation business model can be as cyclical as that of E&C entities, ENTREC's margin profile is materially superior while the competitive landscape is less ferocious given the fact that only 2-4% of total capital spending is allocated towards the transportation vertical. Last year, we recommended Flint Energy Services as our top idea for playing the Oil Sands cycle (it ended up being acquired by URS Corp in Feb 2012). At some point, an enterprising foreign party is bound to take a look at ENTREC as well, a similar dynamic to ENTREC's management's prior vehicle – Eveready – that was taken out by Clean Harbours Inc. (CLH-US, Not Covered) in 2009. Two other companies with substantial Oil Sands leverage are Horizon North Logistics (HNL CA) and Black Diamond (BDI, both covered by Dana Benner). HNL has roughly 60% top line leverage to the oil sands via its camp and matting businesses while BDI's is close to 25-30% (camps only).

Other entities under our coverage with exposure to the Oil Sands space include Aecon (~18% of top line; ARE-T, \$11.66; SP, \$14.00 target), Churchill Corp (~15% of top line; CUQ-T: \$8.22; OP, \$10.50 target), North American Energy Partners (~90% of top line, however mostly mining projects; NOA-T: \$3.09; SP, \$7.00 target) and SNC-Lavalin (1-2% to top line; SNC-T: \$38.25; OP, \$50.00 target).



## Appendix 1: Engineering and Construction Comps

AltaCorp Capital — Diversified Industries E&C Comps  
19-Oct-12

ALTA CORP  
CAPITAL

Ticker	Rating	Trading Currency	Local Price	Target Price	Dividend Annual	Total Yield	% Off 52- wk High	Market Cap (\$mm)	EV (\$mm)	EPS		P/E		EBITDA (\$mm)		EV/EBITDA			
										2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E		
<b>Canadian comps</b>																			
SNC-Lavalin Group Inc. (*)	SNC-CA	OP	CAD	\$38.25	\$50.00	\$0.88	2.3%	33%	-32%	\$5,777	\$5,782	1.99	\$2.55	12.5x	6.7x	\$656.6	\$769.3	4.4x	3.2x
Aecon Group Inc. (*)	ARE-CA	SP	CAD	11.66	14.00	0.28	2.4%	22%	-15%	615	1,076	0.93	1.19	7.5x	6.7x	178.5	198.8	5.7x	5.1x
Churchill Corp.	CUQ-CA	OP	CAD	8.22	10.50	0.48	5.8%	34%	-49%	200	329	0.04	0.76	191.8x	10.8x	41.0	65.1	8.1x	5.1x
Stantec Inc.	STN-CA	SP	CAD	34.71	35.00	0.60	1.7%	3%	-2%	1,587	1,873	2.59	2.83	13.4x	12.3x	222.1	242.9	8.4x	7.7x
IBI Group Inc.	IBG-CA	SP	CAD	9.49	11.50	1.10	11.6%	33%	-39%	194	395	0.89	1.12	10.7x	8.5x	50.9	63.4	7.8x	6.2x
GENVAR Inc.	GNV-CA	SP	CAD	21.52	23.50	1.50	7.0%	16%	-24%	1,091	1,295	1.22	1.70	17.6x	12.6x	120.6	187.3	10.7x	6.9x
Bird Construction Inc.	BDT-CA	NR	CAD	14.40	NA	0.66	4.6%	NA	-7%	607	532	0.99	1.35	14.5x	10.7x	77.5	94.8	6.9x	5.6x
North American Energy Partners Inc.	NOA-CA	OP	CAD	3.11	7.00	0.00	0.0%	125%	-62%	113	434	0.18	0.74	16.9x	4.2x	89.9	124.5	4.8x	3.5x
<b>Median</b>							<b>3.5%</b>	<b>33%</b>	<b>-28%</b>					<b>14.0x</b>	<b>9.6x</b>			<b>7.3x</b>	<b>5.3x</b>
<b>U.S. comps</b>																			
Fluor Corp.	FLR-US	NR	USD	57.16	NA	0.50	0.9%	NA	-12%	9,544	8,071	3.77	4.33	15.1x	13.2x	1,236.7	1,395.8	6.5x	5.8x
AECOM Technology Corp.	ACM-US	NR	USD	21.34	NA	0.00	0.0%	NA	-12%	2,413	3,093	2.29	2.54	9.3x	8.4x	489.9	535.0	6.3x	5.8x
Foster Wheeler AG	FWLT-US	NR	USD	22.97	NA	0.00	0.0%	NA	-12%	2,478	1,893	1.62	2.05	14.2x	11.2x	292.8	340.8	6.5x	5.6x
Jacobs Engineering Group Inc.	JEC-US	NR	USD	39.62	NA	0.00	0.0%	NA	-18%	5,140	4,760	2.91	3.32	13.6x	11.9x	689.0	785.9	6.9x	6.1x
KBR Inc.	KBR-US	NR	USD	30.78	NA	0.20	0.6%	NA	-19%	4,535	3,811	2.68	3.07	11.5x	10.0x	615.0	757.6	6.2x	5.0x
Shaw Group Inc.	SHAW-US	NR	USD	46.00	NA	0.00	0.0%	NA	4%	3,036	2,219	2.70	2.52	17.0x	18.3x	289.8	339.9	7.7x	6.5x
Tetra Tech Inc.	TTEK-US	NR	USD	25.00	NA	0.00	0.0%	NA	-11%	1,591	1,607	1.65	1.92	15.2x	13.0x	222.1	247.5	7.2x	6.5x
URS Corp.	URS-US	NR	USD	35.35	NA	0.00	0.0%	NA	-25%	2,717	5,074	4.27	4.69	8.3x	7.5x	863.8	978.6	5.9x	5.2x
<b>Median</b>							<b>0.0%</b>	<b>-12%</b>						<b>13.9x</b>	<b>11.6x</b>			<b>6.5x</b>	<b>5.8x</b>
<b>International comps</b>																			
WorleyParsons Ltd.	WOR-AU	NR	AUD	27.40	NA	1.09	4.0%	NA	-9%	6,656	7,302	1.40	1.70	19.6x	16.1x	624.7	732.7	11.7x	10.0x
Leighton Holdings Ltd.	LEI-AU	NR	AUD	19.12	NA	1.45	7.6%	NA	-28%	6,445	8,287	1.34	1.88	14.3x	10.2x	1797.3	2076.8	4.6x	4.0x
AMEC PLC	AMEC-GB	NR	GBP	11.21	NA	0.30	2.7%	NA	-6%	3,462	3,409	0.77	0.93	14.6x	12.0x	344.0	395.6	9.9x	8.6x
Tecnicas Reunidas S.A.	TRE-ES	NR	EUR	37.54	NA	1.08	2.9%	NA	-3%	2,098	1,374	2.50	2.65	15.0x	14.1x	163.2	174.2	8.4x	7.9x
Acciona S.A.	ANA-ES	NR	EUR	49.00	NA	3.28	6.7%	NA	-32%	2,806	10,581	2.78	2.64	17.6x	18.5x	1,394.0	1,424.6	7.6x	7.4x
<b>Median</b>							<b>4.0%</b>	<b>-9%</b>						<b>15.0x</b>	<b>14.1x</b>			<b>8.4x</b>	<b>7.9x</b>

(\*) Trading multiples are adjusted for concession investments; AltaCorp estimates for SNC, ARE, CUQ, STN, IBG, NOA and GNV; All others are FactSet consensus estimates

Figure 9. Diversified Industries Comps  
Source: AltaCorp Capital, FactSet



## Appendix 2: Transportation Comps

### AltaCorp Capital — Transportation Services Comps 19-Oct-12



	Ticker	Rating	Trading Currency	Local Price	Target Price	% off 52- w High	Mrkt. Cap (\$mm)	Ent. Value (\$mm)	EPS		P/E		EBITDA (\$mm)		EV/EBITDA	
									2012E	2013E	2012E	2013E	2012E	2013E	2012E	2013E
<b>Canadian Transportation</b>																
TransForce Inc.	TFI-CA	SP	CAD	\$17.48	\$19.00	-9%	\$1,671.8	\$2,798.9	\$1.43	\$1.72	12.3x	10.1x	\$399.6	\$433.1	7.0x	6.5x
Aveda Transportation and Energy Services Inc	AVE-CA	OP	CAD	2.64	4.25	-26%	28.2	60.0	0.22	0.51	11.8x	5.2x	13.5	20.1	4.6x	2.7x
ENTREC Transportation Services Ltd.	ENT-CA	OP	CAD	1.64	2.50	-6%	127.3	216.7	0.21	0.29	7.6x	5.7x	34.2	55.3	6.1x	3.8x
Trimac Transportation Ltd.	TMA-CA	NR	CAD	5.40	5.63	-5%	112.9	237.7	0.48	0.53	11.4x	10.2x	42.9	46.9	5.5x	5.1x
Contrans Group Inc.	CSS-CA	NR	CAD	9.47	11.25	-5%	305.6	428.5	0.81	0.92	11.7x	10.3x	71.4	74.5	6.0x	5.7x
Vitran Corp. Inc.	VTN-CA	NR	CAD	6.13	9.40	-32%	100.4	188.8	-0.48	0.61	nm	10.0x	12.8	37.5	14.7x	5.0x
Mullen Group Ltd.	MTL-CA	SP	CAD	22.81	26.00	-5%	1,850.9	2,277.1	1.67	1.86	13.6x	12.3x	314.0	332.6	7.3x	6.8x
<b>Median</b>						<b>-6%</b>					<b>11.7x</b>	<b>10.1x</b>			<b>6.1x</b>	<b>5.1x</b>
<b>U.S. Truckload</b>																
Heartland Express Inc.	HTLD-US	NR	USD	13.46	14.35	-13%	1,150.7	943.8	0.71	0.78	19.1x	17.3x	147.7	156.6	6.4x	6.0x
J.B. Hunt Transport Services Inc.	JBHT-US	NR	USD	57.33	61.25	-6%	6,779.7	7,535.0	2.58	3.00	22.2x	19.1x	757.3	849.1	9.9x	8.9x
Knight Transportation Inc.	KNX-US	NR	USD	14.57	16.62	-23%	1,161.5	1,214.1	0.87	0.97	16.8x	15.0x	196.9	214.5	6.2x	5.7x
Swift Transportation Co.	SWFT-US	NR	USD	9.13	11.68	-29%	794.7	2,705.2	0.90	1.03	10.1x	8.9x	528.3	564.8	5.1x	4.8x
Werner Enterprises Inc.	WERN-US	NR	USD	22.06	25.56	-17%	1,607.8	1,602.2	1.40	1.57	15.7x	14.1x	338.9	365.0	4.7x	4.4x
<b>Median</b>						<b>-17%</b>					<b>16.8x</b>	<b>15.0x</b>			<b>6.2x</b>	<b>5.7x</b>
<b>U.S. Less-than-truckload</b>																
Arkansas Best Corp.	ABFS-US	NR	USD	7.60	11.39	-67%	194.7	268.3	-0.06	0.84	nm	9.1x	86.1	124.8	3.1x	2.2x
Con-Way Inc.	CNW-US	NR	USD	28.08	37.59	-28%	1,570.7	1,923.7	2.16	2.65	13.0x	10.6x	470.6	527.6	4.1x	3.6x
Old Dominion Freight Line Inc.	ODFL-US	NR	USD	30.37	34.21	-8%	2,616.8	2,873.8	1.93	2.22	15.8x	13.7x	398.1	449.1	7.2x	6.4x
<b>Median</b>						<b>-28%</b>					<b>14.4x</b>	<b>10.6x</b>			<b>4.1x</b>	<b>3.6x</b>
<b>Packages and Courier</b>																
United Parcel Service Inc.	UPS-US	NR	USD	72.30	84.47	-12%	52,513.6	76,052.3	4.56	5.17	15.9x	14.0x	8,930.2	9,878.3	8.5x	7.7x
FedEx Corp	FDX-US	NR	USD	92.11	105.14	-5%	28,930.8	28,722.8	6.38	7.81	14.4x	11.8x	5,600.2	6,445.3	5.1x	4.5x
<b>Median</b>						<b>-8%</b>					<b>15.1x</b>	<b>12.9x</b>			<b>6.8x</b>	<b>6.1x</b>
<b>Waste Management</b>																
Progressive Waste Solutions Ltd.	BIN-CA	NR	CAD	20.01	23.61	-16%	2,305.8	3,705.3	1.04	1.23	19.2x	16.3x	520.7	551.0	7.1x	6.7x
Republic Services Inc.	RSG-US	NR	USD	28.34	33.36	-10%	10,352.0	17,498.9	1.91	2.04	14.8x	13.9x	2,407.9	2,511.7	7.3x	7.0x
Waste Management Inc.	WM-US	NR	USD	32.53	33.00	-11%	15,079.5	25,001.9	2.12	2.34	15.4x	13.9x	3,331.9	3,489.9	7.5x	7.2x
Waste Connections Inc.	WCN-US	NR	USD	31.49	36.92	-12%	3,879.7	4,768.8	1.41	1.71	22.3x	18.5x	512.7	616.9	9.3x	7.7x
<b>Median</b>						<b>-11%</b>					<b>17.3x</b>	<b>15.1x</b>			<b>7.4x</b>	<b>7.1x</b>
<b>Peer Group Median</b>						<b>-11%</b>					<b>15.1x</b>	<b>12.9x</b>			<b>6.2x</b>	<b>5.7x</b>

\* AltaCorp estimates for AVE, ENT & TFI; AltaCorp target prices for AVE, ENT, TFI and MTL; All others are FactSet consensus estimates; AVE, ENT & TFI covered by Maxim Sytchev; MTL covered by Dana Benner

Figure 10. Transportation Comps  
Source: AltaCorp Capital, FactSet



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