CONFIDENTIAL

IDEAS ON PRE-LISTING STRATEGIES FOR LAING O’ROURKE

SEAMUS FRENCH, CEO

LAING O'ROURKE

January 31st 2022

THINK BIG PARTNERSHIP
PROMOTION & ADVICE ON TRADE & INVESTMENT

www.thinkbigpartnership.com

PROFESSIONAL ADVICE TO THE CONSTRUCTION INDUSTRY

MERGERS & ACQUISITIONS SPECIALISTS

Laing O'Rourke Contact: Ray O'Rourke, CEO, Laing O'Rourke Plc,
Bridge Place, Anchor Boulevard, Admirals Park, Crossways, Dartford, Kent, DA2 6SN

INFORMATION MEMORANDUM

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PROJECT ALPHA-BETA

INVESTMENT OPPORTUNITY

IN UK CONSTRUCTION CONTRACTING SECTOR

www.thinkbigpartnership.com

NOVEMBER 5th, 2021

Think BIG Partnership
PROMOTION & ADVICE ON TRADE & INVESTMENT

What We Do


Plc Corporate Advice to CEOs
Company Audit & Reviews
Corporate Governance
Mergers & Acquisitions
Corporate Strategy
International Business Development
think big

Our Key Contacts

THINK BIG PARTNERSHIP – KEY CONTACTS

KEY CONTACTS:

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ABOUT US:

The *Think Big Partnership* is a Management Consultancy Business offering a confidential Corporate Advisory Role exclusively to Group Chief Executives, on matters of Corporate Development, Sales & Business Development, and M&A Strategies for Profitable Growth in Multi-Sectors in the UK and Overseas.

We work with International Clients and are committed to placing an ethical approach to business at the core of our activities, promoting Anti-Corruption policies, increased Transparency and Good Governance in International Business Development.

Our aim is to use our Global Experience and Contacts with Sources of International Finance, to find innovative ways to help businesses develop and diversify to generate sustainable and profitable growth.

Our Regions of focus are UK, USA, Iberia and Latin America

THE PARTNERSHIP:

The Think Big Partnership is a Private General Partnership established in April 2016 and operating in accordance with the laws of England and Wales - between Gregory Malpass, British Citizen, and Spanish Resident, based in London, England and Malaga Spain, and Aleksandar Petrovich, American and Peruvian Citizen, based in Fort Lauderdale, Florida, USA, and Lima Peru. The Partnership is led by its Managing Partners from bases in London (UK), Malaga (Spain), Miami (USA) and Lima (Peru); and operates through Affiliates, when required, in Abu Dhabi (UAE) and Singapore.

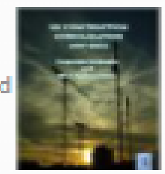
Think BIG Partnership
PROMOTION & ADVICE ON TRADE & INVESTMENT

Leadership – Europe & Americas

MANAGING PARTNERS – EUROPE & THE AMERICAS

CURRENT RESEARCH PROJECTS (London Office)

- Launch and Management of British Trade International as UK Trade Ambassador (Postponed due to Coronavirus)
- Review of options for Global Capital as catalyst to M&A transactions & UK Construction Consolidation



GREG MALPASS
MBA | Civil Engineer

International Strategy & Business Development Executive- Greg has a Bachelor of Science Degree in Civil Engineering from City University London and an MBA from London Business School and New York Graduate School of Business Administration. He has 40 years experience working for Plc Groups and their CEOs in Corporate Strategy, Mergers & Acquisitions, International Trade and Investment, with particular focus on Infrastructure Sectors having worked with both International Construction Companies and The British Government's UK Trade & Investment as an International Trade Adviser. He has experience working in the UK, Mainland Europe, the Americas, the Middle and Far East. Greg heads up Client Relationships and Assignments in the UK and Spain, and the Lead Partner for Construction Industry Clients worldwide.

CURRENT RESEARCH PROJECTS (Miami Office)

- Reviewing the Potential for a British Infrastructure PPP Group in PERU
- Review of Anglo-American M&A opportunities in the construction sector.

ALEKSANDAR PETROVICH
Abogado | Attorney at Law

International Lawyer, an FLC Florida Bar Member and Member of the Florida Bar International Law Section, Member of the Madrid and Lima Bars; with practices in Latin America, Spain and the United States. He has a Doctorate in Law from Universidad Carlos III de Madrid; and has a strong International Litigation and International Trade & Business background. He has wide experience of Corporate Advice and Business Development in USA, Spain and Latin America. Aleks heads up Client Relationships and Assignments in the US and Latin America , and acts as the Partnership's Attorney.

Think BIG Partnership
PROMOTION & ADVICE ON TRADE & INVESTMENT

Leadership – MENA, Southeast Asia & Australasia

AFFILIATE DIRECTOR & NON-EXECUTIVE PRESIDENT – MENA, SOUTHEAST ASIA & AUSTRALASIA

LEFTY PANAYIOTOU
Director I Affiliate

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CURRENT RESEARCH PROJECTS (Abu Dhabi Office)

- Search for Strategic Investors & Global Capital from the MENA, Southeast Asia, and Australasia Regions Region as catalyst to M&A transactions & UK Construction Consolidation
- Review of Options for Cooperation in Technology and Manufacturing Joint Ventures

An Interim Chief Executive, Non-Executive Director, Managing Director, Chief Operating Officer, Turnaround Director and Program Director. An acknowledged Infrastructure industry leader and expert (in the construction, transport, oil and gas, power generation, water and waste, maritime, broadcasting, life science, advanced technology, and high-tech sectors.

Lefty has a BSC in Civil Engineering from Portsmouth University, a Diploma in Company Direction from the Institution of Directors of which he is a Fellow Member, and a Postgraduate in Financial Management from the M Ross School of Management University of Michigan. He is a Member of the Institute of Civil Engineers, Member of Institute PE (Aust), Fellow of the Institutes of Engineers Australia FIEAust CPEng and FIEAust NPER.

He has international reputation having held roles as Interim CEO M+W Group Germany; Executive Managing Director Doosan Power Systems; Senior Vice President EES Alstom Power; Managing Director Costain International; Executive Managing Director Walter Bau; and held Project Management Wimpey Plc during the 1980's.

Think Big Partnership - Website

WE WORK WITH BOTH PUBLIC & PRIVATE CLIENTS WORLDWIDE

London Stock Exchange FTSE

ADVICE
YOU CAN RELY ON

Aleksandar Petrovich, Partner & Attorney at Law- Spain, USA & Peru.
"We put a Global perspective on Mergers & Acquisitions and Corporate Governance"

Greg Malpass, Managing Partner, UK
" The UK construction Industry needs new vision and leadership. Global capital may be the catalyst"

INVESTMENT

PROMOTION & ADVICE ON
INTERNATIONAL TRADE & INVESTMENT

SPECIALISING IN THE CONSTRUCTION SECTOR

Greg Malpass
Managing Partner
&
Author

TRADE

SEE- CURRENT PROJECTS

INTERNATIONAL TRADE PROMOTION
ALL SECTORS

Think BIG Partnership
PROMOTION & ADVICE ON TRADE & INVESTMENT

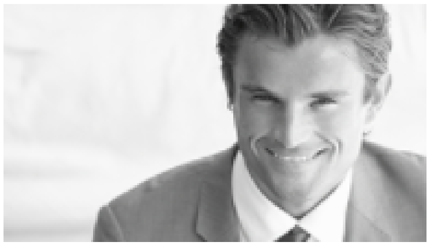
How We Work

SERVICES

CORPORATE ADVISORY PROFESSIONAL SERVICES ARE PROVIDED DIRECTLY TO GROUP CHIEF EXECUTIVES, ON TERMS OF STRICT CONFIDENTIALITY , WITH A MANAGING PARTNER ACTING AS A "RETAINED CONSULTANT", CHARGED ON A MONTHLY FEE BASIS, PLUS EXPENSES, AND COMPLETION SUCCESS FEE IF APPROPRIATE, UNDER CONTRACT WITH THE CLIENT, TO AN AGREED BRIEF AND TIMESCALE.

WE FOCUS ON DEVELOPING M&A OPPORTUNITIES IN CONSTRUCTION BUT OUR CLIENTS AND PROJECTS ARE GLOBAL AND MULTI-SECTOR.

WELCOME



We offer a strictly confidential Corporate Advisory Role exclusively to Group Chief Executives, on matters of Corporate Development, Sales & Business Development, and M&A Strategies for Profitable Growth through Company Transformation in Multi-Sectors globally, with special focus on construction.

We are committed to placing an ethical approach to business at the core of our activities, and encourage the spread of a doctrine of Anti-Corruption, increased Transparency and Good Governance in all our areas of service provision.

OUR APPROACH

We undertake in-depth Company Research, Financial & Market Analysis. Working with world-class clients, and bringing the best global experience, we focus working with Group Chief Executive Officers to help them deliver positive impact, and generate sustainable profitable growth for their companies.

We focus on 'Big Ticket' items delivering Quantum Business Change with new strategic thinking, often via radical M&A.

The Partnership has bases in London and Miami with Affiliates in Spain, Peru, UAE, and Singapore, and special focus on M&A and Investment in the UK and USA, Iberia and South America.

WHAT WE DO

PLC CORPORATE ADVICE TO GROUP CEO

CORPORATE DEVELOPMENT & NEW "OUTSIDE-THE-BOX" THINKING AND M&A SOLUTIONS IN GLOBAL CONSTRUCTION.

COMPANY REVIEWS AND NEW BUSINESS DEVELOPMENT

WORKING WITH COMPANY OFFICIALS, KEY EMPLOYEES, CUSTOMERS AND INVESTORS TO HELP CREATE NEW STRATEGIES AND BUILD MARKET SHARE & PROFITABILITY IN PRIORITY SECTORS

CORPORATE GOVERNANCE

MINIMIZING YOUR RISKS ALONG THE WAY IN GLOBAL BUSINESS

Message to Ray O'Rourke – The Personal Approach

Re: Plans to List Laing O'Rourke in a non-traditional way

Dear Ray,

Introduction

By way of background - we have never met personally, although our paths have crossed over the years. I personally worked for Lehrer McGovern Bovis in 1986 when we interviewed Ray O'Rourke & Sons and Burke Brothers for Concrete Sub-contracts in the booming London Management Construction market. We went on to promote the use of offsite fabrication, bathroom and kitchen pods from the Lloyds building in 1985, to London Bridge City, Chelsea Harbour, Canary Wharf, and others before the recession hit in 2001. I knew Martin Laing and my brother-in-law was drafted in as Project Manager to try and salvage the Cardiff Millennium Stadium project prior to your purchase of Laing Construction in 2001. During the early 1990's I worked for Sir Neville Simms at Tarmac and was head of the M&A Department which purchased Crown House and Expanded Piling, and Carillion subsequently acquired Barclay Mowlem. You of course subsequently acquired these businesses from Carillion in the early 2000's. I personally had moved on to work for Wimpey and promoted/initiated the Tarmac-Wimpey asset swap in 1995.

Roger Robinson was a business colleague of mine at the time who joined Laing O'Rourke as was Paul Sheffield for whom I worked at Kier in 2010 when he became Chief Executive and later went on to join Laing O'Rourke in 2014. While at Costain working for Andrew Wyllie, I liaised closely with your management and particularly with your client Adar in Dubai in 2006.

What the Industry Needs

The industry needs leadership, a commitment to M&A and Investment in offsite manufacturing, new technologies and sustainability. Following the demise or near demise of so many other significant contractors, in November 2021 we launched the campaign for consolidation in the industry, and a call for investment in new technology. We think Laing O'Rourke is best placed to provide the leadership. It is an exciting time for Laing O'Rourke to potentially list and create the means to grow exponentially. You are reported as having said that the company might *not* do a listing in *"the traditional way"*.

Our Proposal

Our Proposal is one which buys into the concept of floating your business on the stock exchange at potentially a considerably enhanced value, given an expectation for growth and investment around the industry embracing new technologies. We trust you will consider our input valuable in its deliverance, as a 'behind-the-scenes-advisor' and facilitator, on a nominal success fee basis. I look forward to your reply, in strictest confidence.

Best Regards

Greg

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INTRODUCTION

Dear Potential Investor/ Strategic Partner/ Advisor / Seller

Reference Acquisition Opportunities in UK Construction Sector 2021/22

Since the Carillion bankruptcy- with Brexit and Covid-19 - there have been further companies going into administration including Interserve. Other 'Majors' like Kier, Galliford Try, Costain and Amey have been forced to sell off profitable divisions or seek new financing to survive.

But Boris Johnson has announced a £600bn infrastructure spending spree over next 10 years, and Balfour Beatty, Laing O'Rourke and Morgan Sindall are only three groups who are currently financially fit enough to bond up major projects and entertain ambitious growth. Meanwhile company market valuations remain very depressed.

Think Big Partnership's view on all this is that 'Now is the most opportune time for a non-UK contracting entity to make a strategic investment or seek a strategic alliance to establish a significant position in the future UK construction sector'.

The opportunities are wide but there may be particular interest from Sovereign Wealth Funds or Corporate Conglomerates in the Middle East; Private Equity Firms; or European Majors in the Construction and Related Sectors seeking to secure or consolidate a post-Brexit integrated position in the UK contracting market.

Think Big Partnership has established links into would-be International Investors/ Partners, the CEOs of the main UK Construction Companies, and their Advisors. Where there is investor and/or Seller appetite, we are the best route to make confidential approaches, without first declaring the identity of the interested parties from either side.

Best Regards

Greg Malpass
Managing Partner
November 22nd, 2021

EXECUTIVE SUMMARY

The Prediction is that changing trends in industry consolidation & diversification will lead to UK Construction Groups merging, acquiring, being acquired, or seeking new investors. A consolidated industry will then focus on investment in new technologies and higher margin businesses.

The Position currently in the industry is best illustrated by examining company rankings, market structure, trends & prospects. The analysis leads to the conclusion that the UK construction companies, current market structure, trends & prospects all point to significant potential opportunity for M&A. Resultant consolidation and subsequent investment in technology & diversification will enable the large, recapitalized companies to benefit from a UK infrastructure spend of £600 bn over next 10 years.

The Potential is to become involved in the booming industry. Laing O'Rourke provides the best partnership options - understanding its competitor positioning, examining its financial position & concentrating on the future importance of its role in developing new technologies in the industry – confirms this. Laing O'Rourke, with a strategic partner/investor could become the no. 1 UK construction group and lead the industry in the 'offsite revolution'.

The Prime Importance for the industry's future will be technology advancements in robotics, artificial intelligence, & offsite fabrication. It will amount to a revolution in construction. Technology advancement will lead to general contractors' service offering becoming commoditized. Leading contractors will expand their offsite capabilities and become 'end-to-end providers' becoming asset-heavy, vertically integrated generalists, and participate all along the value chain. Leading Companies of this type will have their own design and engineering departments; manufacture and preassemble many components in their own factories; and actively manage the final onsite assembly.

This diversification will require significant investment which poorly capitalized general contractors may be unable to raise or risk. However, numerous sophisticated investors, not just from the industry itself in the UK and Europe but also from venture capital, private equity, global conglomerates, diversified groups and technology firms will emerge.

The Proposal, as an overall conclusion to this information memorandum is to focus on Laing O'Rourke as the company best placed to capitalize on the expected changes in the industry. It should seek international investors involved in or interested in new technologies and integrated services as a way to seek profitable UK geographical expansion. Laing O'Rourke is at a crossroads with executive succession and retiring shareholders. The CEO has expressed interest in listing the company more as a recapitalization transaction to help fund future growth, rather than seeking an outright trade sale just as an exit strategy for shareholders. It is concluded therefore that an international investor, or partner with interest in integrated services and technology could provide the equity for recapitalization prior to listing. This strategy will significantly enhance Laing O'Rourke attractiveness for public investors at flotation and as a future highly valued technology stock in the construction sector, and 'Potential Investors and Deal Structures' should be considered.

The Preferred Option for M&A, based on the analysis in this Information Memorandum, is for a Tarmac Holdings UK/ Laing O'Rourke Merger in 2022, followed in 2023 by an IPO/ Listing, after a short period of business and management integration.

- The Valuation (Market Capitalisation) of combined business would be expected to be circa £3bn depending on market conditions at the time of Listing. Anglo American sold its 50% in Lafarge Tarmac for c. £900m in 2013. CRH subsequently bought Lafarge Tarmac and other assets for £4.6bn in 2015, but this included a European-wide business with £3.8bn turnover and EBITDA of £564m. Tarmac UK's operations in 2022 are probably worth c. £1bn and £1.3bn if CRH transfer the business with net cash of £300m prior to merger. Laing O'Rourke's value is estimated at £820m prior to merger, so Laing O'Rourke's shareholders would derive 38.7% share of the merged operation. If the merged business was subsequently capitalized at £3bn, Laing O'Rourke shareholding at the time of Listing might be worth 1.2bn. in 2023.

- The Conclusion: A Merger with Tarmac might be the most strategic option for creating an integrated contractor/ material supplier in the UK to assume competitive advantage and maximum value in the future - as the lead construction group in the UK, embracing offsite manufacturing and material manufacturing and integrated project services and product delivery.

November 2021
FOCUS ON

A Revolution in Construction

LAING O'ROURKE

A Future Industry Leader in Industry Consolidation & Investment in Technology

1. THE PREDICTION - CHANGING TRENDS IN INDUSTRY CONSOLIDATION & DIVERSIFICATION

UK CONSTRUCTION GROUPS WILL MERGE, ACQUIRE, BE ACQUIRED OR SEEK NEW INVESTORS.
A CONSOLIDATED INDUSTRY WILL THEN FOCUS ON INVESTMENT IN NEW TECHNOLOGIES.

Top firms must merge to break industry's vicious cycle

With some of the UK's largest contractors having posted massive losses in recent years, you'd be forgiven for thinking, 'Here we go again'.

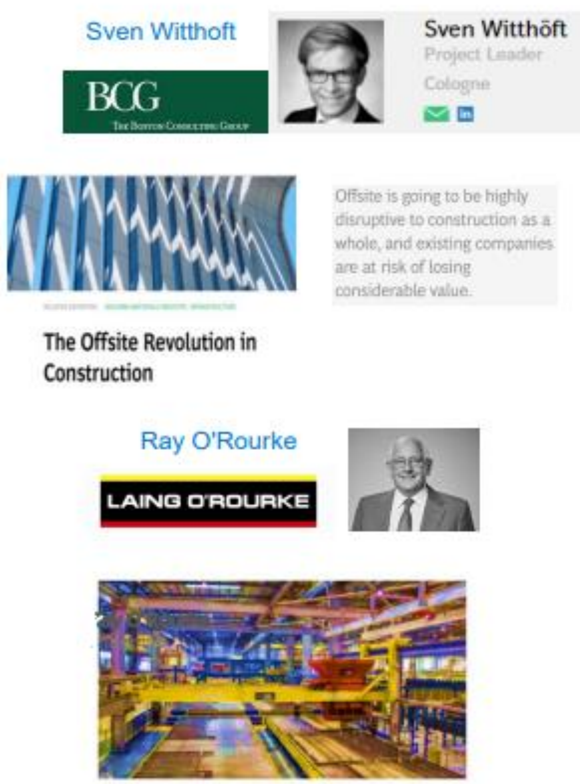
Greg Malpass

CN Construction News

With some of the UK's largest contractors having posted massive losses in recent years, you'd be forgiven for thinking, 'Here we go again'.

The industry's cyclical nature, fragmented structure, low margins and project risk make sustained financial resilience challenging.

A few mainland European groups may disagree. They created and benefited from consolidation in their home markets, then proactively diversified their businesses. The combined market capitalisation of the top three French and top six Spanish is more than twice that of the top 13 UK construction groups; their combined turnover is threefold.



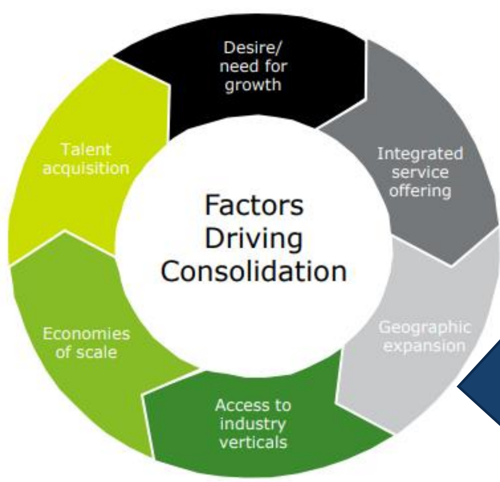
Laing O'Rourke chief executive Ray O'Rourke has warned that construction remains in the "dark ages" and has urged the sector to move to more offsite manufacturing.

The mandate for change and technological adoption in construction has never been stronger, and financial and strategic investors continue to fuel a rapid expansion of the construction technology industry.

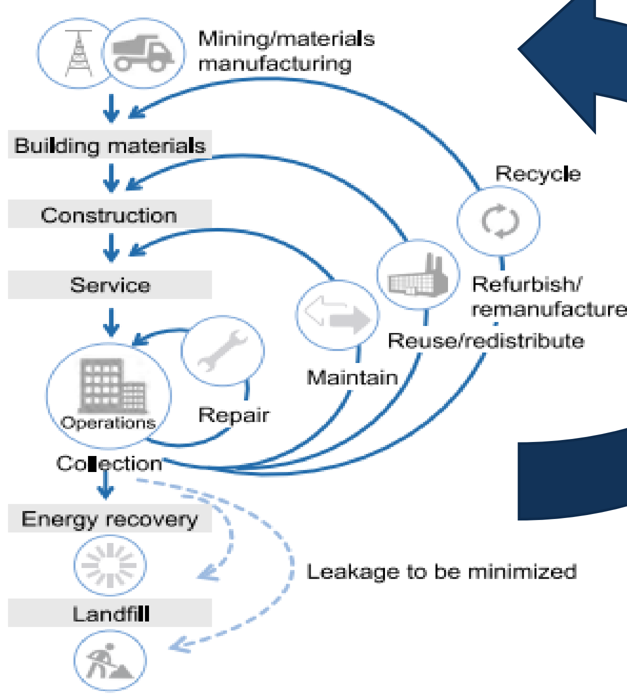
Major Industry Consolidation followed by…

A Technology Revolution for the Forward Thinkers

Factors driving Consolidation, Integration and Expansion



Environmental & Sustainability Factors driving Technology Changes in Construction Value Chain



The UK's Leading Construction Groups

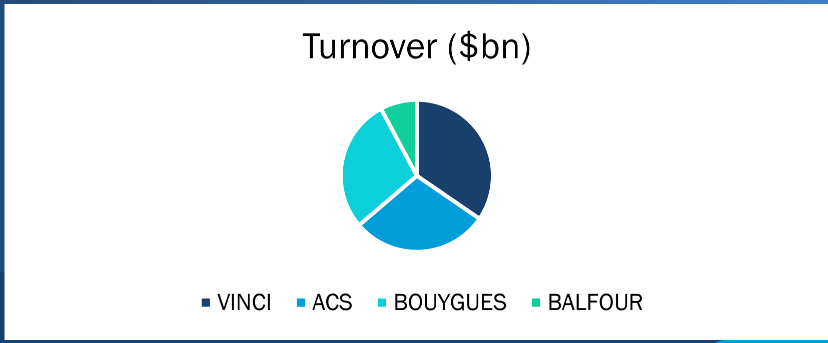
2. THE POSITION - COMPANY RANKINGS, MARKET STRUCTURE, TRENDS & PROSPECTS

THE UK CONSTRUCTION COMPANIES, CURRENT MARKET STRUCTURE, TRENDS & PROSPECTS ALL POINT TO POTENTIAL OPPORTUNITY FOR M&A, CONSOLIDATION, INTEGRATION AND INVESTMENT IN TECHNOLOGY & DIVERSIFICATION DURING THE UK INFRASTRUCTURE SPEND OF £600 BN OVER NEXT 10 YEARS

COMPANY RANKINGS (Based on 2020 Figures where available)

Latest Rank By Turnover	Latest Rank By Profit	Company	Reporting Period	Latest Turnover (£m)	Previous Turnover (£m)	Change (%)	Latest Pre-tax Profit (£m)	Previous Pre-tax Profit (£m)	Chan (%)
1	4	Balfour Beatty plc	Dec-20	8593.00	8411.00	2.20	48.00	138.00	-65.2
2	100	Kier Group plc*	Jun-20	3475.60	4106.00	-15.40	-225.30	-229.50	1.80
3	2	Morgan Sindall Group plc	Dec-20	3034.00	3071.30	-1.20	60.80	88.60	-31.4
4	95	Interserve plc*	Dec-19	2552.20	3159.80	-19.20	-46.90	-128.00	63.40
5	98	Amey UK plc*	Dec-20	2406.80	2546.70	-5.50	-98.00	-109.20	10.30
6	82	Tarmac Trading Ltd	Dec-19	2128.90	2129.80	0.00	-3.10	28.70	-110.
7	1	Keller Group plc	Dec-20	2062.50	2300.50	-10.30	63.80	51.60	23.60
8	38	ISG plc	Dec-20	2043.10	2589.70	-21.10	8.90	44.20	-79.9
9	6	Mace Ltd	Dec-19	1782.30	2315.30	-23.00	35.30	23.80	48.40
10	33	Laing O'Rourke plc	Mar-20	1651.90	1932.30	-14.50	10.50	32.70	-67.9
11	10	Skanska UK plc	Dec-20	1456.30	1789.80	-18.60	22.40	14.30	57.40
12	74	Wates Group Ltd	Dec-20	1449.20	1634.40	-11.30	0.80	34.60	-97.6
13	5	Homeserve plc	Mar-21	1304.70	1132.30	15.20	47.20	137.90	-65.8
14	16	M Group Services Ltd	Mar-20	1301.30	1174.30	10.80	18.80	13.20	42.40
15	34	Willmott Dixon Holdings Ltd	Dec-20	1191.20	1246.40	-4.40	9.80	29.20	-66.5
16	8	VolkerWessels UK Ltd	Dec-19	1180.00	984.00	19.90	31.70	29.00	9.60
17	94	Galliford Try plc	Jun-20	1121.60	1400.10	-19.90	-34.60	-64.50	46.40
18	35	J Murphy & Sons Ltd	Dec-20	1115.90	880.20	26.80	9.50	7.00	35.60
19	3	Bowmer & Kirkland Ltd	Aug-20	1110.40	1069.80	3.80	53.20	73.10	27.20
20	97	Costain Group plc*	Dec-20	978.40	1155.60	-15.30	-96.10	-6.60	-1356.

Source: TheConstructionIndex



European Construction Groups Dominate

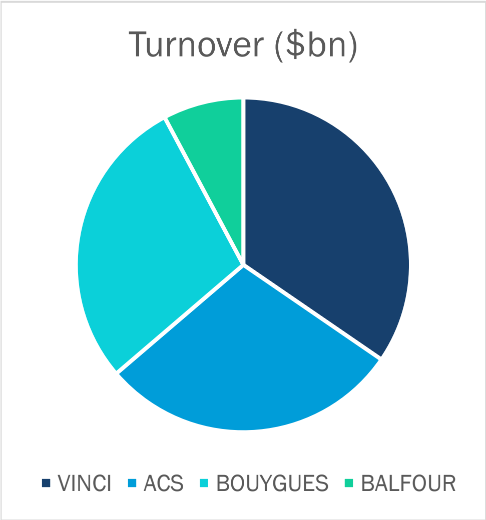
MARKET STRUCTURE

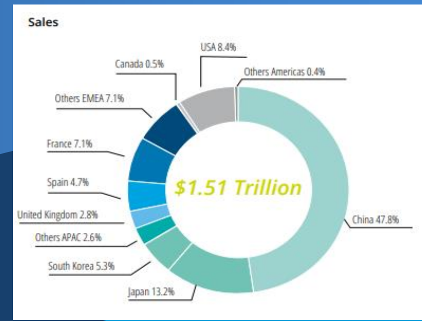
Balfour Beatty is the UK largest contractor in terms of Turnover and among the top in Profit. Several of the others have continued to struggle since 2019/20, exacerbated by the Covid effects on the industry. Across the Top 100 UK construction companies, 48 companies either traded at a loss or suffered from reduced profitability in 2019/20, before Covid-19 hit. The prediction then was that unless there was further action to consolidate there were going to be further insolvencies. There have been numerous liquidations in 2020/21 and Groups such as Kier, Galliford Try, Costain and Amey have had to seek cash or new equity through disposals or cash calls to survive.

The key conclusion is that 'Size Matters' particularly in terms of cash positions in difficult times. Balfour Beatty's Turnover at US$11.5 bn in 2019/20 compared to Europe's largest contractor- France's Vinci US$ 50bn. The Market Structure is best explained by making comparisons with the Top Twenty Global and European construction groups:

Six of the Top Ten are Chinese Giants. One is Japanese and the other Top Three are European (French and Spanish) Construction Companies, which were formed via M&A in the 1990's & 2000's. Their Turnovers and Profits in 2019/20 were as follows:

Company	Turnover (US$bn)	Pre-Tax Profit (US$bn)
Vinci	50	3.9
ACS	40	1.1
Bouygues	40	1.7
Balfour Beatty	12	





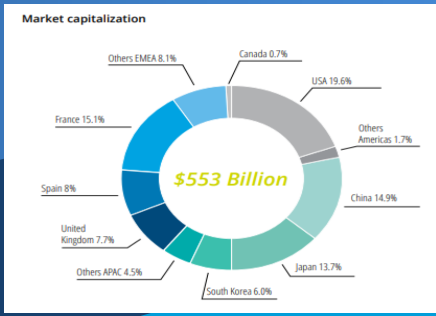
UK Construction Groups - 3% of Global Sales

Top 20 Global and European construction groups by Turnover:

Include European Groups Vinci, ACS, Bouygues, Skanska and Strabag

Rank 2020	Company	Country	Sales 2020 (MN $)
1	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD. (CSCEC)	CHINA	233,919
2	CHINA RAILWAY GROUP LTD. CREC)	CHINA	141,180
3	CHINA RAILWAY CONSTRUCTION CORP. LTD. (CRCC)	CHINA	131,851
4	CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD. (CCCC)	CHINA	90,452
5	METALLURGICAL CORPORATION OF CHINA LTD (MCC)	CHINA	57,952
6	VINCI	FRANCE	49,382
7	DAIWA HOUSE INDUSTRY CO.	JAPAN	40,288
8	ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A. (ACS)	SPAIN	39,905
9	BOUYGUES	FRANCE	39,627
10	SHANGHAI CONSTRUCTION GROUP (SCG)	CHINA	33,505
11	SAMSUNG C&T CORP.	SOUTH KOREA	25,595
12	LENNAR CORP.	USA	22,489
13	SEKISUI HOUSE	JAPAN	22,149
14	LARSEN & TOUBRO LTD. (L&T)	INDIA	21,255
15	DR HORTON	USA	20,311
16	OBAYASHI CORP.	JAPAN	19,067
17	EIFFAGE, S.A.	FRANCE	18,642
18	KAJIMA CORP.	JAPAN	18,494
19	SKANSKA AB	SWEDEN	18,232
20	STRABAG	AUSTRIA	16,847

Source: Deloitte Global Powers of Construction



UK Construction Groups - 8% of Global Value

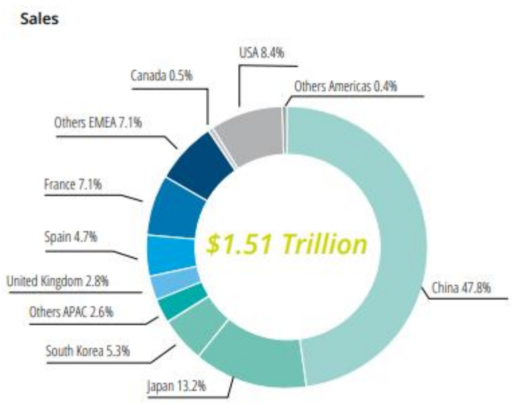
Top 20 Global and European construction groups by Market Capitalization:

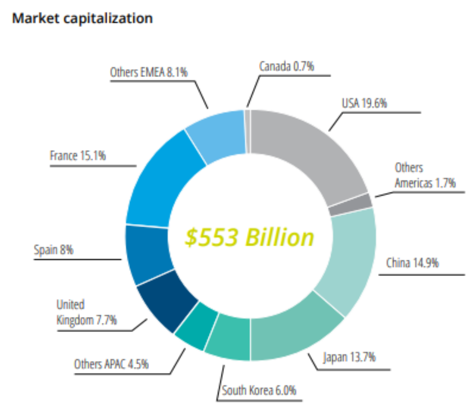
Include European Groups Vinci, Ferrovial, Bouygues, Persimmon, Skanska ACS, Eiffage and Taylor Wimpey.

Rank	Company	Country	2020 market capitalization (USD million)
1	VINCI	FRANCE	58,756
2	CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD. (CSCEC)	CHINA	30,975
3	DR HORTON	USA	27,529
4	LENNAR CORP.	USA	23,721
5	SAMSUNG C&T CORP.	SOUTH KOREA	20,718
6	FERROVIAL	SPAIN	20,249
7	DAIWA HOUSE INDUSTRY CO.	JAPAN	16,496
8	BOUYGUES	FRANCE	15,663
9	NVR	USA	15,077
10	LARSEN & TOUBRO LTD. (L&T)	INDIA	15,059
11	SEKISUI HOUSE	JAPAN	13,131
12	JACOBS ENGINEERING	USA	12,227
13	CHINA FORTUNE LAND DEVELOPMENT (CFLD)	CHINA	12,151
14	PERSIMMON PLC	UK	12,048
15	PULTEGROUP	USA	11,490
16	CHINA RAILWAY GROUP LTD. (CREC)	CHINA	10,838
17	SKANSKA AB	SWEDEN	10,521
18	ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A. (ACS)	SPAIN	9,461
19	EIFFAGE, S.A.	FRANCE	9,358
20	TAYLOR WIMPEY PLC	UK	8,251

Source: Deloitte Global Powers of Construction

European Groups STRABAG, ACS & SKANSKA in top 20 by Margin





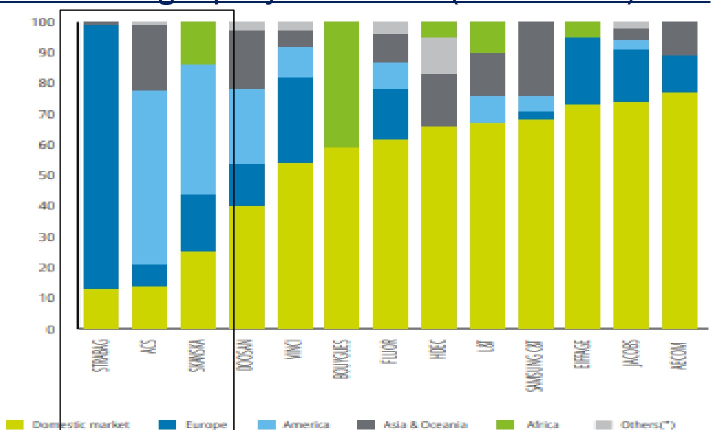
Top 20 Global and European construction groups by Margin:

	EBIT* / Sales					
	Construction activities		Other activities		Total	
Company	2020	2019	2020	2019	2020	2019
LENNAR CORP.	14.2%	12.0%	32.7%	18.6%	15.5%	12.5%
DAITO TRUST CONSTRUCTION	14.0%	15.7%	4.9%	3.2%	8.1%	8.0%
DR HORTON	13.6%	11.1%	47.7%	48.6%	14.7%	12.1%
SEKISUI HOUSE	12.8%	15.4%	6.8%	5.7%	8.5%	8.8%
DAIWA HOUSE INDUSTRY CO.	10.3%	10.9%	(7.3%)	(2.7%)	8.7%	9.0%
TAISEI CORP.	9.6%	9.3%	9.9%	9.0%	9.6%	9.3%
CHINA FORTUNE LAND DEVELOPMENT (CFLD)	8.0%	21.7%	0.0%	(111.4%)	7.9%	21.4%
SHIMIZU CORP.	7.6%	7.5%	10.4%	10.1%	7.9%	7.8%
LARSEN & TOUBRO LTD. (L&T)	7.5%	7.8%	15.2%	15.1%	11.2%	11.2%
CHINA STATE CONSTRUCTION ENGINEERING CORP. LTD. (CSCEC)	7.4%	7.6%	(2.0%)	(2.7%)	5.9%	5.9%
OBAYASHI CORP.	7.0%	7.3%	12.9%	14.1%	7.4%	7.6%
IIDA GROUP HOLDINGS	6.1%	7.3%	2.3%	2.9%	6.0%	7.2%
KAJIMA CORP.	5.7%	6.8%	13.4%	11.3%	6.6%	7.2%
AVERAGE	**5.4%**	**5.5%**	**6.5%**	**8.8%**	**5.6%**	**6.1%**
CHINA COMMUNICATIONS CONSTRUCTION GROUP LTD. (CCCC)	5.2%	5.8%	8.5%	9.6%	5.5%	6.2%
SAMSUNG C&T CORP.	4.5%	4.6%	1.8%	1.7%	2.8%	2.8%
STRABAG	4.3%	3.8%	5.9%	5.3%	4.3%	3.8%
CHINA RAILWAY GROUP LTD. (CREC)	3.8%	2.3%	2.3%	18.6%	3.7%	4.0%
ACTIVIDADES DE CONSTRUCCION Y SERVICIOS, S.A. (ACS)	3.5%	3.9%	7.0%	11.5%	4.2%	5.4%
SKANSKA AB	2.5%	2.4%	45.8%	27.5%	7.9%	4.3%

Source: Deloitte Global Powers of Construction

European Groups ACS, STRABAG & SKANSKA in top 20 by Geographical Diversification

Top 20 Global and European construction groups by International (non-domestic) Sales



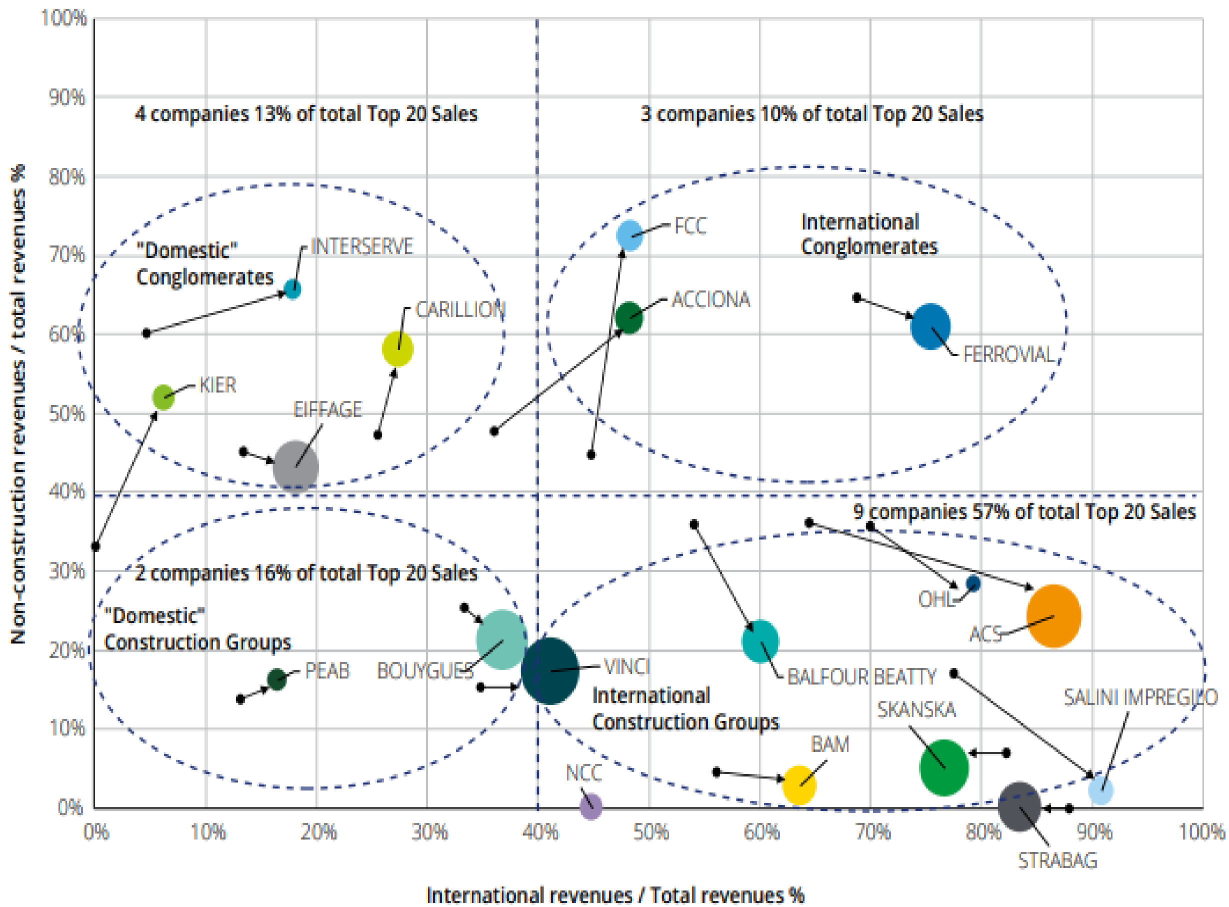
Rank	Company	Country	International sales (USD million)	Domestic sales (USD million)	International sales as % of total sales
1	ACS	SPAIN	34,259	5,646	86%
2	VINCI	FRANCE	23,212	26,170	47%
3	BOUYGUES	FRANCE	16,324	23,303	41%
4	STRABAG	AUSTRIA	14,675	2,172	87%
5	CCCC	CHINA	14,272	76,180	16%
6	SKANSKA	SWEDEN	13,747	4,485	75%
7	CSCEC	CHINA	12,983	220,936	6%
8	DOOSAN	SOUTH KOREA	9,221	6,061	60%
9	SAMSUNG C&T	SOUTH KOREA	8,135	17,460	32%
10	L&T	INDIA	7,023	14,232	33%
11	CREC	CHINA	6,820	134,360	5%
12	FLUOR (a)	USA	5,862	9,806	37%
13	CRCC	CHINA	5,606	126,245	4%
14	EIFFAGE	FRANCE	4,939	13,703	26%
15	HDEC	SOUTH KOREA	4,883	9,492	34%
16	OBAYASHI	JAPAN	4,348	14,719	23%
17	KAJIMA	JAPAN	4,329	14,165	23%
18	SEKISUI	JAPAN	3,576	18,573	16%
19	JACOBS	USA	3,408	10,159	25%
20	AECOM	USA	3,102	10,138	23%

Caveat: Strabag Non-Domestic Sales are mostly Germany &Europe

Sources: Deloitte Global Powers of Construction

History shows Diversification has been the route to Stable Profitable Growth for Major European Groups

Top 20 Global and European construction groups variation by International & Non-Construction Sales (2010-2018)



Conclusion: Diversification is the route to Stable Profitable Growth for the Major European Groups. The demise of UK Groups like Carillion and Interserve or divestment of higher margin non-construction divisions of Kier and Galliford Try have impaired their positions. Major European Groups like ACS, Strabag, Skanska, VINCI and Balfour Beatty are best placed to make acquisitions in non-construction activities to become better diversified 'International Conglomerates' like Ferrovial.

Future diversification will lead to integration and link formerly separate firms and production processes

MARKET TRENDS

The largest construction companies have been pursuing diversification strategies, mindful that the construction industry has been subject to great pressure, and there has been a need to improve profitability and reduce risk. They have diversified their portfolios to perform activities throughout the entire infrastructure cycle from project finance and concessions to design, project management, construction, maintenance, and facilities management. Many contractors re-focused on becoming ‘support services’ companies. Some of the businesses became characterized by higher margins, shorter life cycles and more recurrent revenues with term contracts. However, construction is a sector of low capital intensity and groups are characteristically thinly capitalized. As a result, higher diversification usually led to greater indebtedness where diversification was driven by acquisitions but not complemented with new equity funding.

Increased indebtedness, and cash crises, led to several high-profile liquidations such as Carillion and Interserve, disposals of diversified higher margin businesses by Kier and Galliford Try and cash calls from groups like Amey and Costain. As a result, the UK construction sector returned to focus on its core contracting businesses.

But future trends of the largest Construction Companies such as Balfour Beatty, Morgan Sindall and Laing O’Rourke will continue to align with size. Major and more complex projects will require large companies with the financial, human, and technical resources to compete, perform, and occasionally weather losses or downturns.

Meanwhile technology innovations and the rising concerns of environment are becoming major factors that will shape the future trends of the global construction industry. Leading companies in the industry are already making significant investments in the application of new digital technologies, data analysis techniques, robotization, drones, wearables, artificial intelligence and document management, which will have a profound impact on the industry.

Only the largest construction companies have the resources in new technologies such as, for example, autonomous construction machineries, often equipped with digital sensors, cameras and GPS, to improve productivity. Meanwhile, many building and construction companies are increasingly adapting green construction techniques using sustainable building materials and construction processes to create energy-efficient buildings with minimal environmental impact. This itself will encourage Building Material Groups to align closer with or integrate with contractors and project delivery.

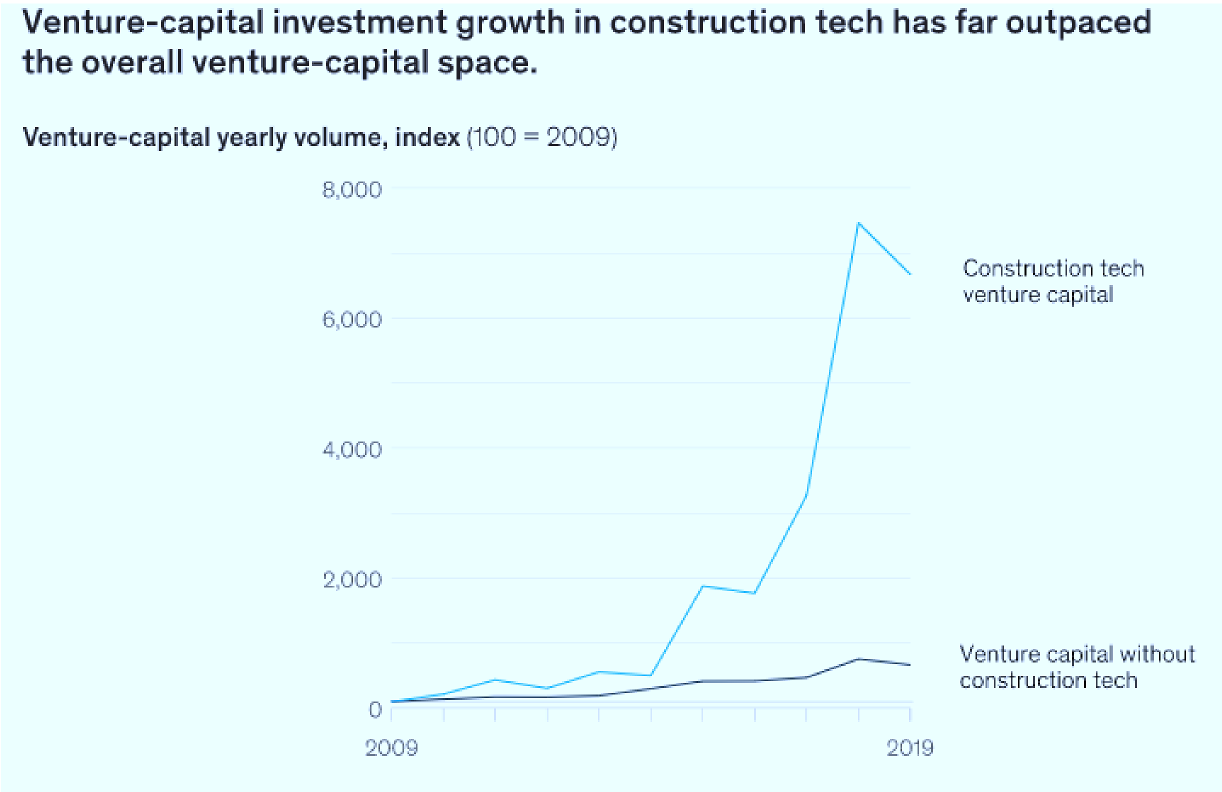
Off-site fabrication is also a growing trend, being pioneered by companies like Laing O’Rourke. The Boston Consulting Group refers to it as a future *revolution* in its 2020 Report- ‘The Offsite Revolution in Construction’

The Trend in Construction Investment is in Technology

INVESTMENT IN TECHNOLOGY

Leading companies are battling against traditionally low industry profitability by investing in new technologies, industrializing construction processes and increasing risk control in tendering processes.

Source: Deloitte Powers of Construction Report 2020



Source: McKinsey & Co

A Digital Future & Offsite Revolution in Construction

Boston Consulting Group

The Boston Consulting Group claims: “The momentum is unstoppable. Companies that emphasize the opportunities rather than the challenges, and quickly consolidate their base of talent and technology, will enjoy a competitive advantage. That is something that smart investors recognize. Venture capital is pouring in, and two startups, Katerra and Revolution Precrafted, have already attained “unicorn status,” with valuations exceeding $1 billion each. Private equity funds run by Bain Capital, PIMCO, and others have invested hundreds of millions in offsite companies such as Consolis and Polcom Modular. The veteran UK contractor Laing O’Rourke is hurriedly building yet another offsite manufacturing plant. Even Google has invested $300 million in offsite construction to produce homes for its employees. All the signs are that this wave of investment will grow even stronger.”

It goes on to predict: “General contractors will feel the impact most intensely. Their service offering will become commoditized. The pool of value that they can access will shrink as construction sites diminish in size and complexity; their current labour model, equipment, and subcontractor/supplier relationships will become redundant; and they will come under greater pressure than ever to reduce costs and delivery times. Global competition will sharpen: Poland’s Polcom Modular, for instance, is able to deliver offsite-built hotels around the world. The best survival strategy for contractors is to expand their offsite capabilities, in ways such as those being developed by Laing O’Rourke and Skanska. Contractors are well-positioned to make this switch because they oversee the entire value chain—but they need to act quickly.”

The favoured corporate strategy to achieve this end is to become an ‘end-to-end providers’ becoming asset-heavy, vertically integrated generalists, which participate all along the value chain. Companies of this type will have their own design and engineering departments; manufacture and preassemble most components in their own factories; and actively manage the final onsite assembly. Among the leading examples are Katerra in the US, Laing O’Rourke in the UK, and Daiwa House and Sekisui House in Japan. The main risk is the worry of having underutilized factories whenever business takes a downturn, although industry wide off-take agreements may mitigate this.

This diversification will require significant investment which poorly capitalized general contractors may be unable to raise or risk. However, numerous sophisticated investors, not just from the industry itself but also from venture capital, private equity, and global conglomerates and technology firms will emerge. Building materials companies in particular have related businesses and the option to move downstream: acquiring an established contractor, for example, or partnering with one, or creating an end-to-end offering of their own, rather like the integrated Tarmac Group of the 1980’s.

10 Year National Infrastructure Pipeline £650bn

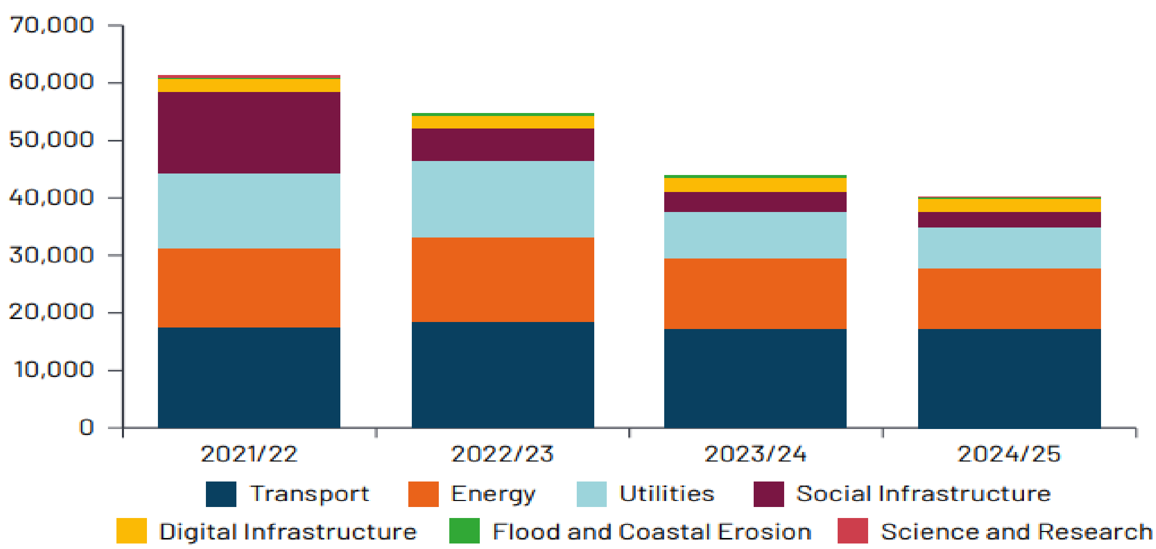
MARKET PROSPECTS

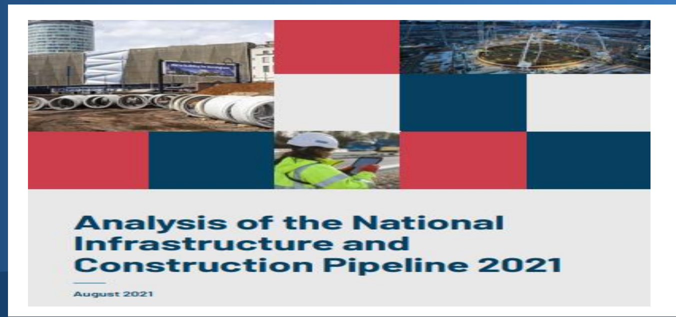
An assessment of the future UK market prospects requires an analysis of the national infrastructure & construction pipeline. The Construction Industry in the United Kingdom creates about £123 billion in buildings and infrastructure every year. This means that it is contributing around 7% of GDP.

Although the top 10 construction contractors have a combined turnover of approximately £33 billion, there remain very few well capitalized major contractors left and the industry comprises small companies with poor financial strength to deliver major projects, hence the prevalence already of European Majors on projects like Thames Tideway, Crossrail, HS2 and Hinkley C. With the advent of Brexit, it is likely that mainland European Groups will want to consolidate their subsidiary positions in the UK public sector market no longer open to EU bidding.

Despite the effects of Covid-19 and Brexit, the outlook for the sector is looking very bright with Boris Johnson's government announcing last year that it would spend £600bn on infrastructure over ten years. It is therefore considered an opportune moment to make strategic investment in the UK construction sector while companies (active in these sectors) remain relatively poorly capitalized, and under-valued, compared with European competition.

<u>Annual Profile of Planned Pipeline by Sector (£m)</u>



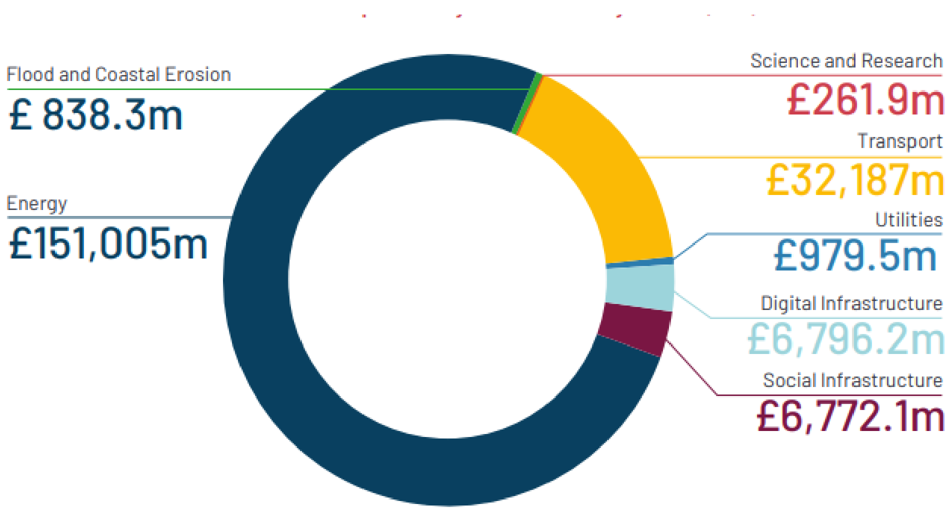


HMG Forecasts £600bn Investment over next 10 years

Planned Investment in the Pipeline 2021/22 to 2024/25 by Sector (£m)

Sector	2021/22	2022/23	2023/24	2024/25	Total 2021/22 to 2024/25
	(£'m)	(£'m)	(£'m)	(£'m)	(£'m)
Transport	17,403	18,274	17,046	17,229	69,952
Energy	13,696	14,777	12,384	10,438	51,295
Utilities	13,186	13,382	8,084	7,165	41,817
Social Infrastructure	14,188	5,532	3,570	2,587	25,876
Digital Infrastructure	2,177	2,425	2,387	2,376	9,365
Flood and Coastal Erosion	234	268	266	215	984
Science and Research	364	229	178	130	901
Total	**61,247**	**54,887**	**43,915**	**40,140**	**200,190**

Planned Investment in the Pipeline Beyond 2024/25 by Sector (£m)



Source: Infrastructure & Projects Authority Published August 2021

Construction Sector needs Investment & an M&A Strategy To Consolidate around a few Major Players

Target Sectors 2021-2025 are: Transport (£70bn), Energy (£51bn) & Utilities (£42bn). And in planned Investment Sectors 2024 and beyond Target Sectors are: Energy &£151bn) & Transport (£32bn).

Most UK Construction Groups are undercapitalized and need to secure significant investment funds to diversify and invest in new technologies to meet the needs of the industry and its planned infrastructure investment over the next ten years. The Top Ten Candidates for Investment and/or M&A in the UK General Contracting Sectors of Transport-Rail-Highways, Energy & Utilities are included below. Laing O'Rourke is considered the prime target as the lead company in construction technology and forward thinking and its plans to list on the stock exchange by 2024. Securing a Strategic Partnership and substantial new cash, prior to listing, will enhance expected market value and set the new business up to achieve growth in new technology sectors.

Potential investors in Laing O'Rourke include large European, and International Construction Groups from within the industry; Venture Capital/ Private Equity Firms; Major Companies from related Building Materials, Machine Manufacturers or Housing/Property sectors; Global Conglomerates and Technology firms; Royals, Billionaires and Sovereign Wealth Funds. The Top Ten List of Entities with possible focused interest in new investment in the UK Market, Technology and Diversification are included below, purely as examples.

- Amey
- Balfour Beatty
- Costain
- Galliford Try
- Interserve
- Kier
- Laing O'Rourke
- Morgan Sindall
- Tarmac Trading
- Keller Group

1. ACS (Spain)
2. Strabag (Austria)
3. Skanska (Sweden)
4. CCCI (Hong Kong)
5. CRH-Tarmac Trading (Ireland/UK)
6. Georg Strumpf (Austria)
7. Bain Capital (USA/UK)
8. Permira (UK); Oaktree, Apax (USA)
9. Qatar Investment Authority (Qatar)
10. Alghanim (Kuwait)

Industry Leadership

Ray O'Rourke

3. THE POTENTIAL - FOCUS ON LAING O'ROURKE, COMPETITOR POSITIONING, FINANCIAL POSITION, VALUATION & ITS ROLE IN INDUSTRY TECHNOLOGY

LAING O'ROURKE, WITH A STRATEGIC INTERNATIONAL PARTNER/INVESTOR COULD BECOME THE NO. 1 UK CONSTRUCTION GROUP AND LEAD THE INDUSTRY IN THE 'OFFSITE REVOLUTION'.

LAING O'ROURKE

Laing O'Rourke is a multinational construction company headquartered in Dartford, England. It was founded in 1978 by Ray O'Rourke. It is the largest privately owned construction company in the United Kingdom.

The company was founded by Ray O'Rourke in 1978. It was originally based in East London and was known as R. O'Rourke & Son. In September 2001, R. O'Rourke bought Laing Construction from John Laing plc for £1. Laing's construction business had been making significant losses, in part due to additional costs on the Cardiff Millennium Stadium project. The name of the company was changed to Laing O'Rourke.

Laing O'Rourke has operations in two major geographic hubs, Europe, and Australia. European operations span Abu Dhabi, Canada, Dubai, and the United Kingdom. Australian operations cover Australia, Hong Kong, New Zealand, and Southeast Asia. The company operates in building construction, infrastructure construction, investment & development, modular manufacturing, engineering expertise and support services.

Its projects span a range of sectors including, building, transport, power, water & utilities, mining & natural resources, and oil & gas.

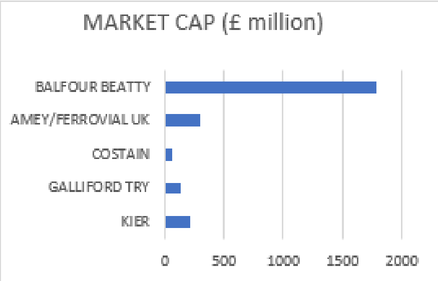
Laing O'Rourke reported earnings before interest and tax for the financial year ended 31 March 2021 (FY21) of £69.9m (FY20: £72.9m), delivering a Group profit before tax of £41.4m (FY20: £45.5m) with an ongoing order book of £7.9bn (FY20: £8.2bn). Turnover was £2.5bn (FY20: £2.4bn). The company has negotiated an unsecured Revolving Credit Facility for £35m with long-time supporter HSBC. Its funding arrangement incentivizes or penalizes Laing O'Rourke depending on its progress against key sustainability metrics: reducing carbon intensity, diverting waste from landfill, and increasing the number of women in project delivery.

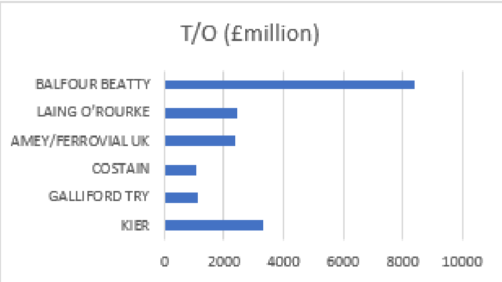
Comparative Performance

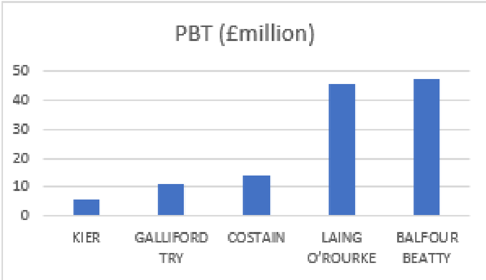
COMPETITOR POSITIONING

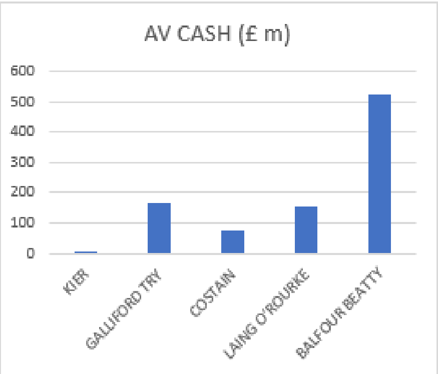
COMPETITOR FINANCIALS (Latest Comparable Figures Available YE2020)

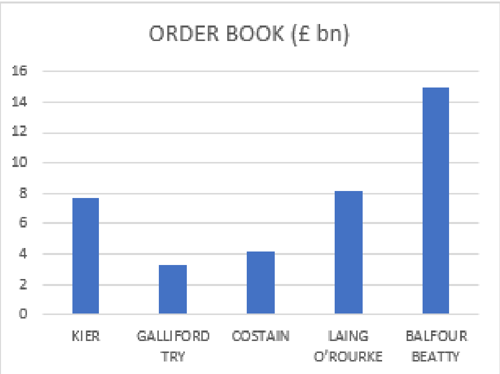
COMPANY	MARKET CAP (£ million)	T/O (£million)	PBT (£million)	AV CASH (£ m)	ORDER BOOK (£ bn)	Pension Deficit (£ m)
KIER	209	3329	5.6	3	7.7	41.0
GALLIFORD TRY	130	1125	11.4	164	3.3	0
COSTAIN	58	1070	13.9	74	4.2	4.5
AMEY/FERROVIAL UK	300	2400	-	-	-	-
LAING O'ROURKE	-	2448	45.5	155	8.2	0
BALFOUR BEATTY	1785	8400	48.0	527	16.0	116

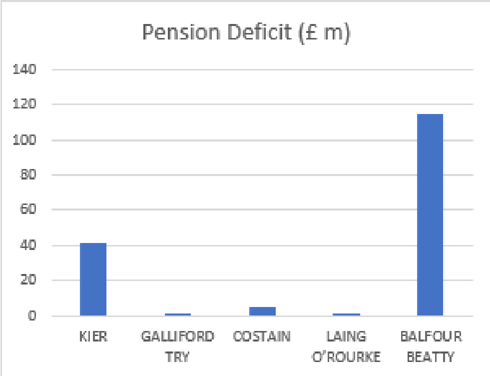












A Post Covid-19 Depleted and Financially Weak UK Construction Sector

COMPETITOR COMMENT (Based on YE2020 performance)

- Kier had a cash crisis with net debt of £432m prior to sell offs of housing division, etc to return to positive cash position of £3m. Healthy order book at £7.7bn but still has £41m pension deficit (unless reduced by housing division sell-off?)
- Galliford Try incurred similar problems to Kier and had to sell its housing division to Bovis and revert to its core contracting business. Of its £1125m turnover, £789 (70%) and of its £3.27bn order book, £1.92bn (59%) is in building sector rather than civil engineering. No pension liabilities. Average cash at £164m is higher than current market value of £130m.
- Costain also had cash crisis and had to raise £92m via a rights issue, and Dubai contractor ASGC invested £25m of this take-up to secure a 15% equity stake. Average cash at £74m is now higher than market value at £58m. Order book at £4.2bn and future prospects in more favourable Civils and Environmental sectors.
- Amey has had to endure losses of £98m, £109m, £189m, £428m over last 4 years but problem contracts behind it and some attractive contracts (Maintaining defence estate, 60 prisons, power development for HS2 etc.)- means there will be interest in pending sale by Ferrovial of Spain. Buchthorn and one other bidder thought to be in discussion with Morgan Stanley in charge of sale.
- Balfour Beatty is the industry Tiger with exposure to public sectors of infrastructure which will benefit most from future public spending. It has high levels of average cash of £611m up from £527m reported at half year, and a £16bn order book. Pension liabilities at £116m are manageable, and BB is currently the 4th most profitable group in the sector after Morgan Sindall but has more exposure to heavy civils and less focus on Fit-Out and the Building Sector.
- Other construction sector players are considered of less interest as M&A targets: ISG is in Fit-Out and has US owner; Keller is Groundwork specialist; Tarmac Trading is focused on related higher margin aggregates/black top and ready-mix but is part of CRH; MACE is private and essentially a Programme Manager; Skanska-BAM-Vinci-VolkerWessels-Hochtief have UK businesses and are subsidiaries of European Groups; Homeserve is a Repair Services group; Willmott Dixon is private and in less attractive sectors for the infrastructure spend; Interserve is in administration and in hands of Creditors while it rebrands as Tilbury Douglas (although probably acquirable); and Bowmer Kirkland is Sheltered Housing specialist.

Consolidated Income Statement (YE March 2021)

LATEST FINANCIAL POSITION

	Note	Pre-exceptional items 2021 £m	Exceptional items (note 5) 2021 £m	Total 2021 £m	Re-presented Pre-exceptional items[1] 2020 £m	Exceptional items (note 5) 2020 £m	Re-presented[1] Total 2020 £m
Revenue	3	**2,503.7**	**–**	**2,503.7**	2,448.5	–	2,448.5
Cost of sales		**(2,267.2)**	**–**	**(2,267.2)**	(2,186.3)	(6.5)	(2,192.8)
Gross profit/(loss)		**236.5**	**–**	**236.5**	262.2	(6.5)	255.7
Administrative expenses		**(173.1)**	**(6.1)**	**(179.2)**	(174.9)	(4.2)	(179.1)
Other operating income	8	**8.4**	**–**	**8.4**	0.9	–	0.9
Profit/(loss) from operations		**71.8**	**(6.1)**	**65.7**	88.2	(10.7)	77.5
Profit on disposal of subsidiaries and joint ventures	9	**3.7**	**–**	**3.7**	0.4	–	0.4
Profit/(loss) on disposal of property		**5.8**	**–**	**5.8**	(0.1)	–	(0.1)
Share of post-tax losses of joint ventures and associates	15	**(5.3)**	**–**	**(5.3)**	(4.9)	–	(4.9)
Profit/(loss) before interest and tax	6	**76.0**	**(6.1)**	**69.9**	83.6	(10.7)	72.9
Finance income	10	**1.6**	**–**	**1.6**	1.9	–	1.9
Finance expense	11	**(30.1)**	**–**	**(30.1)**	(29.3)	–	(29.3)
Net financing expense		**(28.5)**	**–**	**(28.5)**	(27.4)	–	(27.4)
Profit/(loss) before tax		**47.5**	**(6.1)**	**41.4**	56.2	(10.7)	45.5
Tax	5, 12	**(14.4)**	**1.4**	**(13.0)**	(12.0)	1.4	(10.6)
Profit/(loss) for the year		**33.1**	**(4.7)**	**28.4**	44.2	(9.3)	34.9
Attributable to:							
Owners of the Parent		**33.2**	**(4.7)**	**28.5**	44.0	(9.3)	34.7
Non-controlling interests		**(0.1)**	**–**	**(0.1)**	0.2	–	0.2
		33.1	**(4.7)**	**28.4**	44.2	(9.3)	34.9

Consolidated Statement of Financial Position (YE March 2021)

LAING O'ROURKE

	Note	2021 £m	Re-presented[1, 2] Restated[3] 2020 £m
Assets			
Non-current assets			
Intangible assets	13	**334.8**	335.6
Investments in joint ventures and associates	15	**14.0**	15.4
Loans to joint ventures	15	**8.0**	15.3
Property, plant and equipment[1]	16	**111.5**	103.9
Right-of-use assets[1]	17	**177.3**	196.1
Deferred tax assets[3]	24	**40.5**	49.6
Trade and other receivables[2]	19	**21.7**	21.5
Contract assets[2]	18	**133.6**	142.1
Total non-current assets		**841.4**	879.5
Current assets			
Inventories	20	**19.3**	19.1
Contract assets[2,3]	18	**170.4**	183.0
Trade and other receivables[2]	19	**156.5**	152.1
Current tax assets		**9.7**	5.0
Cash and cash equivalents		**536.6**	460.8
Total current assets		**892.5**	820.0
Total assets		**1,733.9**	1,699.5
Liabilities			
Current liabilities			
Borrowings	21	**(266.1)**	(88.1)
Contract liabilities[2,3]	18	**(282.7)**	(257.3)
Trade and other payables[2]	22	**(599.5)**	(622.9)
Provisions	23	**(11.8)**	(3.5)
Current tax liabilities		**(3.7)**	(2.3)
Total current liabilities		**(1,163.8)**	(974.1)
Non-current liabilities			
Borrowings	21	**(130.4)**	(363.6)
Contract liabilities[2]	18	**(68.7)**	(8.8)
Trade and other payables[2]	22	**(15.7)**	(25.2)
Provisions	23	**(26.6)**	(44.2)
Deferred tax liabilities[3]	24	**(3.6)**	(4.9)
Total non-current liabilities		**(245.0)**	(446.7)
Total liabilities		**(1,408.8)**	(1,420.8)
Net assets		**325.1**	278.7
Equity			

Consolidated Statement of Cash Flows (YE March 2021)

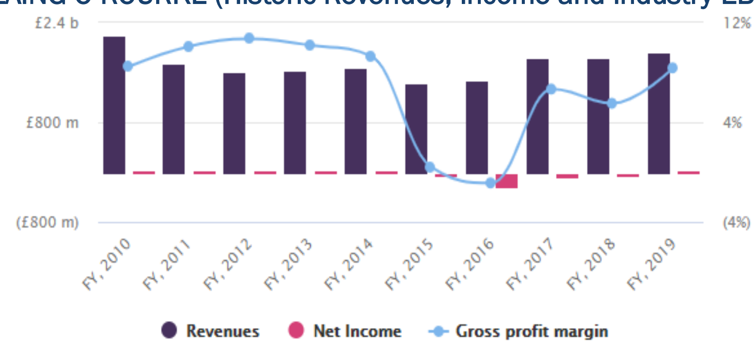
LAING O'ROURKE

	Note	2021 £m	Re-presented[1] Restated[1] 2020 £m
Cash flows from operating activities			
Profit before tax		**41.4**	45.5
Adjustments for:			
Depreciation and amortisation	6	**44.9**	48.7
Impairment of assets		**2.9**	5.1
Profit on disposal of property, plant and equipment and right-of-use assets	6	**(10.2)**	(7.3)
Profit on disposal of joint ventures	14	**(2.5)**	–
Net financing costs		**28.5**	27.4
Research and development expenditure credit	8	**(7.2)**	–
Share of post tax loss of joint ventures and associates	15	**5.3**	4.9
Decrease/(increase) in trade and other receivables[1]		**–**	(3.1)
Decrease in contract assets[1]		**26.8**	98.4
Decrease in inventories		**0.8**	1.5
Decrease in trade and other payables and provisions[1]		**(54.8)**	(145.1)
Increase in contract liabilities[1]		**81.4**	19.9
Other including profit on disposal of subsidiaries of £1.2m (FY20: £0.4m)		**(0.4)**	0.9
Cash generated from operations		**156.9**	96.8
Interest paid		**(16.9)**	(16.3)
Tax received		**0.4**	1.9
Net cash generated from operating activities		**140.4**	82.4
Cash flows (used in)/ generated from investing activities			
Purchase of property, plant and equipment and right-of-use assets		**(13.9)**	(23.9)
Purchase of intangible assets	13	**(3.5)**	(8.8)
Capital injections in equity investments	15	**–**	(6.0)
Proceeds from sale of property, plant and equipment and right-of-use assets		**27.0**	26.4
Disposal of intangible assets		**0.1**	–
Proceeds from disposal of joint ventures and associates	14	**2.5**	–
Loans to joint ventures and associates	15	**–**	(1.4)
Loans repaid by joint ventures and associates	15	**7.3**	0.2
Interest received		**1.6**	1.9
Distributions received from joint ventures and associates	15	**0.2**	1.1
Net cash generated from/(used in) investing activities		**21.3**	(10.5)
Cash flows used in financing activities			
Proceeds from new bank loans		**5.0**	9.8
Repayments of bank loans		**(63.7)**	(28.1)
Lease principal repayments		**(41.0)**	(41.9)
Net cash used in financing activities		**(99.7)**	(60.2)
Net increase in cash and cash equivalents		**62.0**	11.7
Cash and cash equivalents at beginning of year		**460.8**	460.4
Effect of exchange rate fluctuations on cash held		**13.8**	(11.3)
Cash and cash equivalents at end of year		**536.6**	460.8
Cash and cash equivalents comprise:			
Cash at bank and on hand		**487.3**	411.8
Short-term bank deposits	29	**9.3**	9.3
Restricted cash deposits[2]		**40.0**	39.7
		536.6	460.8

Laing O'Rourke Existing Valuation Range (2021)

VALUATION

LAING O'ROURKE (Historic Revenues; Income and Industry EBITDA Multiples)



Industry EBITDA Multiples

Source: Pomanda

EBIT and EBITDA:	Note	Pre-exceptional items 2021 £m	Exceptional items (note 5) 2021 £m	Total 2021 £m	Pre-exceptional items 2020 £m	Exceptional items (note 5) 2020 £m	Total 2020 £m
EBIT		**76.0**	**(6.1)**	**69.9**	83.6	(10.7)	72.9
Depreciation	6	**41.4**	**–**	**41.4**	45.3	–	45.3
Amortisation	6	**3.5**	**–**	**3.5**	3.4	–	3.4
EBITDA		**120.9**	**(6.1)**	**114.8**	132.3	(10.7)	121.6

2021
EBITDA £ 115m
Net Cash £276.1m
Net Income £33.1m

Industry Averages
EBITDA Ratio- 8.9
PE Ration- 12.7

Source: Annual Report Notes YE2021

VALUATION RANGE (Enterprise Value vs Indicative Market Capitalization)

Valuation (EBITDA)

£421.2m

Pomanda estimate of Enterprise Value based on an historic 2019 EBITDA of £63m and 2019's- 6.9x industry multiple (adjusted for size and gross margin)

Valuation (EBITDA)

£1,021.7 m

Think Big Partnership estimate of Enterprise Value based on 2021 EBITDA of £114.8m and 2021's- 8.9x industry multiple (adjusted for size and gross margin)

Sources: Annual Report YE March 2021

INDICATIVE MARKET CAPITALIZATION (RANGE: £421m - £1298m)

Enterprise Value/EBITDA = EV/ EBITDA Ratio
Mkt Cap (- Net Cash) = Enterprise Value
Net Income x P/E Ratio = Mkt Cap

EBITDA Ratio: 1022/115= 8.9
Enterprise Value: 1298 – 276 = £1022m

Maximum Mkt Cap: 33.1 x 39.2 = £1298m
(Based on derived PE of 39.2)
Minimum Mkt Cap: 33.1 x 12.7 = £ 421m
(Based on industry av PE of 12.7)

(Note: Average Cash rather than Year End Cash is better assessment of Net Cash Position in Enterprise Valuation)



Centre of Excellence for Modern Construction

4. THE PRIME IMPORTANCE – REVOLUTION IN CONSTRUCTION WITH TECHNOLOGY ADVANCEMENTS IN ROBOTICS, ARTIFICAIL INTELLIGENCE, & OFFSITE FABRICATION

TECHNOLOGY ADVANCEMENT WILL LEAD TO GENERAL CONTRACTORS' SERVICE OFFERING BECOMING COMMODITIZED. LEADING CONTRACTORS WILL EXPAND THEIR OFFSITE CAPABILITIES AND BECOME 'END-TO-END PROVIDERS' BECOMING ASSET-HEAVY, VERTICALLY INTEGRATED GENERALISTS, AND PARTICIPATE ALL ALONG THE VALUE CHAIN.

REVOLUTION IN CONSTRUCTION

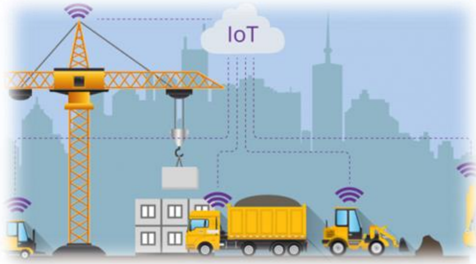
Leading Companies of this type will have their own design and engineering departments; manufacture and preassemble most components in their own factories; and actively manage the final onsite assembly.

This diversification will require significant investment which poorly capitalized general contractors may be unable to raise or risk. However, numerous sophisticated investors, not just from the industry itself but also from venture capital, private equity, and global conglomerates and technology firms will emerge.

Laing O'Rourke has taken the lead by investing in a pioneering offsite production approach, known as our DfMA 70:60:30, and bringing the benefits of manufactured components to bear on its projects around the world.

The DfMA 70:60:30 model used in its European projects, allows us to take 70 per cent of the construction offsite into a controlled environment, delivering a 60 per cent improvement in efficiency, and a 30 per cent improvement in project schedule.

The £200M Laing O'Rourke Centre of Excellence for Modern Construction (CEMC) in Nottinghamshire is Europe's most advanced concrete products manufacturing facility and employs 400 people, who work closely with digital engineers and project teams to design, and precision manufacture a range of components for use in major building and infrastructure projects. These include twin walls, floor slabs, pillars, high quality facades and new digital modular bridges to span roads and railways.



New Technology is the Future

TECHNOLOGY ADVANCEMENTS IN ROBOTICS, ARTIFICAIL INTELLIGENCE, & OFFSITE FABRICATION

Construction Technology to Watch and emulate so not to be left behind:

1. Augmented Reality
2. Construction Wearables
3. Construction Exoskeletons
4. Construction Robots
5. Drones
6. Artificial Intelligence and Machine Learning
7. Modular Construction
8. 3D Printing
9. Building Information Modelling
10. Block Chain

1. Augmented Reality:
Augmented reality (AR) is a digital layer of information that enhances a view of the real world. By using a mobile device with AR capabilities, construction professionals can look at a job site with additional information laid directly on top of the real world

2. Construction Wearables:
Construction wearables offer numerous benefits for productivity, but they may succeed in rapid adoption especially because of their upside for safety.

3. Construction Exoskeletons:
Construction exoskeletons, or exosuits, are wearable machines with motorized joints that provide extra support and power during repetitive movements like bending, lifting, and grabbing.

4. Construction Robot:
Construction robots are still a way off from completely taking over the industry, but a number of designs and proposals are on the table as the industry considers ways to deal with a labor shortage and the need for social distancing.



5. Drones:
Drones have already made an impressive contribution to construction, and their influence is set to grow in the coming year. Small, camera-mounted, flying drones can reduce the costs of processes that used to be extraordinarily expensive.

6. Artificial Intelligence and Machine Learning:
Artificial intelligence is the ability for technology to make decisions independent of human input, while machine learning is the ability for technology to “learn” from past experiences. Both technologies have massive implications for construction, where efficient and intelligent decision-making has notable effects on productivity and safety.

7. Modular Construction:
Modular construction is an alternative building method in which structures are constructed off-site, delivered in pieces, and then assembled by cranes.

8. 3D Printing:
3D printing involves layer-by-layer creations using machines. Like traditional printers, 3D printers take a digital design and render it in the physical world. Unlike traditional printers, however, 3D printers are not limited to a flat document, but can instead use a variety of materials to create objects or even entire structures.

9. Building Information Modeling:
Building information modeling (BIM) is the process of creating a digital representation of a structure (a “model”) prior to building it. An accurate representation of the building enables everyone involved in the construction to anticipate difficulties, eliminate risk, determine logistics and increase efficiency.

10. Blockchain:
Blockchain technology, first used for the online cryptocurrency “Bitcoin,” is a way of recording information that has broad applications for construction project management. Though difficult to understand at first, the importance of blockchain is that it is an intuitive way to increase project

Seek Strategic Investor in Laing O'Rourke Before Stock Exchange listing

5. THE POPOSAL -

SEEK INVESTORS FOCUSED ON TECHNOLOGY & UK GEOGRAPHICAL EXPANSION, POTENTIAL INVESTOR PROFILES, VALUATIONS AND POTENTIAL DEAL STRUCTURES

LAING O'ROURKE IS AT A CROSSROADS WITH EXECUTIVE SUCCESSION AND RETIRING SHAREHOLDERS. THE CEO HAS EXPRESSED INTEREST IN LISTING THE COMPANY AS A RECAPITALIZATION TRANSACTION IN PREFERENCE TO AN OUTRIGHT TRADE SALE. AN INTERNATIONAL INVESTOR WITH INTEREST IN TECHNOLOGY & UK GEOGRAPHICAL EXPANSION COULD PROVIDE THE EQUITY AND RECAPITALIZATION PRIOR TO LISTING; AND ENHANCE LAING O'ROURKE ATTRACTIVENESS AS A FUTURE TECHNOLOGY STOCK.

Laing O'Rourke is an attractive investment target and the second largest infrastructure contractor. Net cash of £155m. No pension liabilities and order book of £8.2bn and intention to list on the stock exchange in 2024 makes it an interesting candidate for the future of UK construction sector. It is committed to off-site manufacturing, and a new partner/cash injection prior to flotation would make it a very 'sexy' option for investors.

The immediate and ultimate parent company of Laing O'Rourke Corporation Limited is Suffolk Partners Corporation, a company incorporated in the British Virgin Islands. The interests in the share capital of Suffolk Partners Corporation are held in trusts, the beneficiaries of which are R G O'Rourke, H D O'Rourke and B A Dempsey.

Laing O'Rourke plans a 2024 listing on back of a company return to growth in the boom infrastructure sectors after it finds a successor to founder and chief executive Ray O'Rourke. O'Rourke said it might not do a listing in "*the traditional way*" but did not provide details. "People are now saying the day of the big investment banker putting it together may have to be done differently. There's a great opportunity to innovate around this," he said.

This may prove an opportune moment to approach Ray O'Rourke to see whether there is a more innovative way to list the company in partnership/co-ownership with a third-party investor and maximize the value at flotation. 'The City' and investors may see this as a sexy story, especially with Laing O'Rourke commitment to further investment in off-site manufacture/fabrication.

Potential investors in Laing O'Rourke include large European, and International Construction Groups from within the industry; Venture Capital/ Private Equity Firms; Major Companies from related Building Materials, Machine Manufacturers or Housing/Property sectors; Global Conglomerates and Technology firms; Royals, Billionaires and Sovereign Wealth Funds. The Top Ten List of Entities with possible focused interest in new investment in the UK Market, Technology and Diversification are included below, purely as examples, only a few might be approached by agreement.

Become a 'Big Fish' via Strategic Partnerships, Investment and M&A

POTENTIAL INVESTORS IN TECHNOLOGY & UK GEOGRAPHICAL EXPANSION

The Potential investors in Laing O'Rourke highlighted below are categorized as a) large European, and International Construction Groups from within the industry; b) Companies from diversified related Building Materials, Machine Manufacturers or Housing/Property sectors; c) Global Conglomerates and Technology firms. d) Venture Capital/ Private Equity Firms; e) Royals, Billionaires and Sovereign Wealth Funds

Sample Corporate Investors:

a) Large European, and International Construction Groups from within the industry

1. ACS or Acciona/ FCC
2. Strabag or BAM/ Vinci/Bouygues
3. Skanska or VolkerWessell
4. CCCI (Hong Kong) or Eiffage/Fluor/AECOM

b) Companies from related Building Materials, Machine Manufacturers or Housing/Property sectors

5. CRH-Tarmac Trading or JCB/Taylor Wimpey/Knauf

c) Global Conglomerates and Technology firms
12 Alghanim Group or Al Kharafi (Kuwait)/Easa Saleh Al Gurg/ Al Futtaim/ Al Jaber/GIBCA (UAE)/Shasky Group (Oman)/Bin Laden (KSA)

Sample Private Equity & Sovereign Wealth Investors:

d) Venture Capital/ Private Equity Firms/ Banks

6. Bain Capital or Carlyle/TPG/Blackstone/KKR/Warburgh Pincus/Oaktree/P4G/EQT
7. Permira or 3i/Oaktree/Terra Firma/Apax/BC/Charterhouse/Pantheon
8. Al Rajhi or Waha Capital/Goldman Sachs/UBS/Injaz Mena Investments/ Qatar International Islamic Bank

e) Royals, Billionaires & Sovereign Wealth Funds

9. Georg Strumpf or Oleg Deripaska/ Yelena Baturina
10. Royal Family of Sharjah or Crown Prince UAE
11. Qatar Investment Authority or China Investment Corp (CIC)/KIA/ADIA/OIA/PIF/Mubadala

The Top Players

GLOBAL LISTED PLAYERS & KEY UK POSITIONS

VINCI	16.08%	62 533
LARSEN & TOUBRO LIMITED	51.21%	36 878
CHINA STATE CONSTRUCTIO...	-8.05%	29 991
FERROVIAL, S.A.	20.26%	22 699
JACOBS ENGINEERING GRO...	32.63%	18 832
CHINA RAILWAY GROUP LIMI...	-1.90%	18 463
QUANTA SERVICES, INC.	64.14%	16 845
POWER CONSTRUCTION CO...	82.47%	16 776
WSP GLOBAL INC.	43.07%	16 264
CHINA COMMUNICATIONS C...	20.90%	15 309
BOUYGUES	-0.80%	14 780
CHINA RAILWAY CONSTRUC...	-8.61%	14 291
METALLURGICAL CORPORA...	44.53%	11 287
EIFFAGE S.A.	16.60%	10 588
SKANSKA AB	4.91%	10 566
AECOM	43.27%	10 274
ACCIONA, S.A.	34.70%	9 945
ACS, ACTIVIDADES DE CONS...	-14.51%	7 565
L&T TECHNOLOGY SERVICE...	117.71%	7 243
EMCOR GROUP, INC.	42.35%	7 020
STRABAG SE	34.62%	4 549

Source: 4-traders.com (Mkt Cap in US$ m)

Top 5 Foreign Players in UK

- Ferrovial/AMEY
- CRH/Tarmac
- Skanska
- BAM
- VINCI/EUROVIA

(Note: ISG is US Owned Private Co)

Top 10 UK based Contractors (2019 Pre-Covid Positions)

Latest Rank By Turnover	Latest Rank By Profit	Company	Reporting Period	Latest Turnover (£m)	Previous Turnover (£m)	Change (%)	Latest Pre-tax Profit (£m)
1	1	Balfour Beatty Plc	Dec-19	8,405.0	7,802.0	7.7	138.0
2	99	Kier Group Plc	Jun-19	4,479.4	4,512.8	-0.7	-244.9
3	98	Interserve Plc	Dec-18	3,225.7	3,666.9	-12.0	-111.3
4	4	Morgan Sindall Group Plc	Dec-19	3,071.0	2,972.0	3.3	88.6
5	3	Galliford Try Plc	Jun-19	2,862.5	3,132.0	-8.6	104.7
6	100	Amey UK Plc*	Dec-18	2,667.8	2,581.3	3.4	-428.0
7	9	ISG Plc	Dec-19	2,589.7	2,237.6	15.7	44.2
8	6	Keller Group Plc	Dec-19	2,300.5	2,224.5	3.4	51.6
9	15	Tarmac Trading Ltd	Dec-18	2,129.8	2,095.9	1.6	28.7
10	12	Laing O'Rourke Plc	Mar-19	1,932.3	1,841.6	4.9	32.7

Foreign-owned UK Subsidiaries in Top 25

Latest Rank By Turnover	Latest Rank By Profit	Company	Reporting Period	Latest Turnover (£m)	Previous Turnover (£m)	Change (%)	Latest Pre-tax Profit (£m)
6	100	Amey UK Plc*	Dec-18	2,667.8	2,581.3	3.4	-428.0
9	15	Tarmac Trading Ltd	Dec-18	2,129.8	2,095.9	1.6	28.7
12	30	Skanska UK Plc*	Dec-19	1,789.8	1,935.4	-7.5	14.3
19	27	Multiplex Construction Europe Ltd[2]	Dec-18	1,064.9	1,155.4	-7.8	18.0
20	14	VolkerWessels UK Ltd	Dec-18	984.0	870.4	13.1	29.0
21	23	BAM Construct UK Ltd*[3]	Dec-18	949.8	953.0	-0.3	19.4
22	28	VINCI Plc	Dec-19	909.2	873.3	4.1	17.1

Foreign-owned UK Subsidiaries in Top 50

Latest Rank By Turnover	Latest Rank By Profit	Company	Reporting Period	Latest Turnover (£m)	Previous Turnover (£m)	Change (%)	Latest Pre-tax Profit (£m)
26	39	ENGIE Regeneration Ltd[4]	Dec-18	758.8	665.8		14.0
27	17	BAM Nuttall Ltd	Dec-18	749.9	668.8		12.1
30	46	Lendlease Europe Holdings Ltd	Jun-19	673.3	532.3		26.5
36	24	Eurovia UK Ltd[5]	Dec-19	557.2	501.4		11.1
40	89	Bouygues (U.K.) Ltd	Dec-18	451.9	597.0		-24.3
48	97	Ferrovial Construction (UK) Ltd	Dec-19	345.4	295.7		16.8
51	31	Emcor Group (UK) Plc	Dec-19	331.3	319.9		3.6

Source: ConstructionIndex

Top 30 UK based Contractors and Foreign-owned Subsidiaries (2020)

Latest Rank By Turnover	Latest Rank By Profit	Company	Reporting Period	Latest Turnover (£m)	Previous Turnover (£m)	Change (%)	Latest Pre-tax Profit (£m)
1	4	Balfour Beatty plc	Dec-20	8593.00	8411.00	2.20	48.00
2	100	Kier Group plc*	Jun-20	3475.60	4106.00	-15.40	-225.30
3	2	Morgan Sindall Group plc	Dec-20	3034.00	3071.30	-1.20	60.80
4	95	Interserve plc*	Dec-19	2552.20	3159.80	-19.20	-46.90
5	98	Amey UK plc*	Dec-20	2406.80	2546.70	-5.50	-98.00
6	82	Tarmac Trading Ltd	Dec-19	2128.90	2129.80	0.00	-3.10
7	1	Keller Group plc	Dec-20	2062.50	2300.50	-10.30	63.80
8	38	ISG plc	Dec-20	2043.10	2589.70	-21.10	8.90
9	6	Mace Ltd	Dec-19	1782.30	2315.30	-23.00	35.30
10	33	Laing O'Rourke plc	Mar-20	1651.90	1932.30	-14.50	10.50
11	10	Skanska UK plc	Dec-20	1456.30	1789.80	-18.60	22.40
12	74	Wates Group Ltd	Dec-20	1449.20	1634.40	-11.30	0.80
13	5	Homeserve plc	Mar-21	1304.70	1132.30	15.20	47.20
14	16	M Group Services Ltd	Mar-20	1301.30	1174.30	10.80	18.80
15	34	Willmott Dixon Holdings Ltd	Dec-20	1191.20	1246.40	-4.40	9.80
16	8	VolkerWessels UK Ltd	Dec-19	1180.00	984.00	19.90	31.70
17	94	Galliford Try plc	Jun-20	1121.60	1400.10	-19.90	-34.60
18	35	J Murphy & Sons Ltd	Dec-20	1115.90	880.20	26.80	9.50
19	3	Bowmer & Kirkland Ltd	Aug-20	1110.40	1069.80	3.80	53.20
20	97	Costain Group plc*	Dec-20	978.40	1155.60	-15.30	-96.10
21	90	Newarthill Ltd (Sir Robert McAlpine)	Oct-20	884.40	1054.60	-16.10	-14.40
22	20	Vinci plc	Dec-20	858.50	909.20	-5.60	16.20
23	30	BAM Nuttall Ltd	Dec-20	843.90	770.40	9.50	11.60
24	29	John Graham Holdings Ltd	Mar-21	808.90	853.30	-5.20	12.10
25	91	Mears Group plc*	Dec-20	805.80	881.50	-8.60	-15.20
26	25	BAM Construct UK Ltd*	Dec-20	793.10	930.50	-14.80	13.70
27	15	Eurovia UK Ltd[1]	Dec-19	753.60	699.40	7.70	19.20
28	23	Carey Group Ltd[2]	Sep-20	748.90	575.30	30.20	15.30
29	80	Engie Regeneration Ltd[3]	Dec-19	689.90	759.00	-9.10	-2.80
30	36	Winvic Group Ltd	Jan-20	686.00	628.20	9.20	9.40

Potential M&A Partners

SAMPLE CORPORATE INVESTOR PROFILES

Mr. Florentino Perez Rodriguez
Group Chairman & CEO

Mr. Ángel García Altozano
Group Corporate General Manager

ACS, Actividades de Construcción y Servicios, S.A. is a Spanish company dedicated to civil and engineering construction, all types of services and telecommunications. It is one of the leading construction companies in the world, with projects in many countries around the world. The company was founded in 1997 through the merger of OCP Construcciones, S.A. and Ginés Navarro Construcciones, S.A. The group has a presence in Germany, India, Brazil, Chile, Morocco, and Australia. The headquarters are in Madrid and the chairman is Florentino Pérez. Listed on the Bolsa de Madrid, the company's shares form part of the IBEX 35 stock market index. The company's business is divided into three segments- *Infrastructure & Construction* including civils, building, concessions, mining, and real estate; *Industrial Services* including engineering installation and maintenance of industrial infrastructure in energy, communications and controlling system sectors; and *Environment Services* including street cleaning, waste collection and transportation, waste recycling, commercial and industrial management of water circulation and urban gardening.

The company employs 180,000 people and is the ultimate example of formation of an international group via pursuit of an aggressive Mergers and Acquisition strategy since its foundation in 1997. Through its M&A the Group has acquired controlling interests in the leading construction groups of Spain (Dragados), Germany (Hochtief), USA (Turner) and Australia (CIMIC). Its stated 'Corporate Mission' is to "Pursuing global leadership by positioning itself as one of the main players in all those sectors in which it takes part as a means of boosting its competitiveness, maximizing value creation in relation to its clients and continuing to attract talent to the organization. Nevertheless, its operations in one of the leading construction markets in the world (UK), is restricted to nominal presence by subsidiaries Hochtief and Dragados, and this represents just 1.1% of the Group's geographical representation by sales, less than the company's interests in Peru.

Estimated financial data (e) EUR

Sales 2021	27 872 M	Sales 2022	29 391 M	Capitalization	6 534 M
Net income 2021	1 559 M	Net income 2022	618 M	EV / Sales 2021	0,21x
Net cash position 2021	731 M	Net cash position 2022	1 169 M	EV / Sales 2022	0,18x
P/E ratio 2021	8,83x	P/E ratio 2022	10,8x	Nbr of Employees	-
Yield 2021	7,58%	Yield 2022	7,77%	Free-Float	69,6%

ACS's History of M&A and current Geographical presence

Sales per Business

	2019		2020		Delta
Infrastructure	30 951.40	79.3%	27 558.70	78.9%	-10.96%
Industrial Services	6 521.46	16.7%	5 849.99	16.7%	-10.3%
Services	1 576.01	4%	1 554.65	4.4%	-1.36%

EUR in Million

Sales per region

	2020	
United States	15 746.20	45.1%
Australia	5 091.08	14.6%
Spain	4 943.45	14.1%
Others	1 997.04	5.7%
Canada	1 650.18	4.7%
Germany	955.05	2.7%
Peru	483.19	1.4%
United Kingdom	465.63	1.3%

Given Brexit and the loss of automatic rights to bid for UK Government contracts, European companies are consolidating their positions with UK subsidiaries. Taking a position in Laing O'Rourke and its future as a UK listed vehicle for growth ought to be very compelling. The Group is financially strong and, in a position to invest in the UK as a core growth market for the future, and leader in new technologies. We rank ACS as the third most attractive option for Laing O'Rourke with the expectation that it will assume its position as the UK's No 1 contractor in the future, maximizing value on Listing. ACS have invested in listed vehicles before (e.g., Hochtief) but may wish to acquire Laing O'Rourke as a Trade Purchase and choose not to list in on the London Exchange (See Later Strategic Ranking).

STRABAG

Thomas Birtel
CEO

Manuel Engelsthal
Head of M&A /
Corporate Development

STRABAG SE is an Austrian construction company based in Spittal an der Drau, Austria, with its headquarters in Vienna. It is the largest construction company in Austria and one of the largest construction companies in Europe. The company is active in its home markets Austria and Germany and in all countries of Central, Eastern and South-East Europe, in selected markets in Western Europe, on the Arabian Peninsula, as well as in Canada, Chile, China and India.

Also, the Parent Company Basalt-Actien-Gesellschaft maintains nationwide sales companies with a dense network of regional quarries, asphalt mixing plants and landfills. Ready-mix concrete, construction chemical products and the processing of building materials are also part of the range of services which complement the construction activities.

While STRABAG is Listed on the Vienna Stock Exchange, it only has a 21% Free Float. Current stakeholders remain Russian oligarch Oleg Deripaska's Cyprus based Rasperia Trading (previous holding 25%), Hans Peter Haselsteiner's Holding Company, the Raiffeisen-Holding Niederösterreich-Wien group, Raiffeisen Group and UNIQA Group. On November 8th, 2010, Oleg Deripaska agreed to buy back his 17 per cent stake in Strabag, for €373m ($520m), after a controversy over a default on the debt financed purchase of his original holding. Previously shareholdings were as follows:

Shareholders

Name	Equities	%
Hans Peter Haselsteiner	29,017,451	28.3%
Oleg Deripaska	28,501,000	27.8%
UNIQA Insurance Group AG	15,686,000	15.3%
Raiffeisen-Holding Niederösterreich Wien reg. Gen.mbH	14,520,000	14.2%
Strabag SE	7,400,000	7.21%
Norges Bank Investment Management	796,818	0.78%
Dimensional Fund Advisors LP	584,358	0.57%
Erste Asset Management GmbH	499,496	0.49%
The Vanguard Group, Inc.	361,588	0.35%
Ennismore Fund Management Ltd.	279,253	0.27%

STRABAG is the largest Construction Group in Austria, with substantial interests in Central, Eastern and South-East Europe, but it lacks a large presence in the UK. STRABAG does contract in the UK and is, for example, in joint venture with Costain and Skanska working on HS2 providing full detailed design and construction of Phase 1 of the UK's new high-speed railway in the southern section of the overall project.

However, STRABAG would probably benefit from a diversification strategy away from its current dependence on the Central, Eastern and South-East Europe markets, and the influence of its current shareholders to maximize its future growth potential and embrace the technological and environmental changes of the future.

STRABAG's Geographical presence and Financial Position

Sales per region

	2019		2020		Delta
Germany	7 517.55	48%	6 974.53	47.3%	-7.22%
Rest of Europe	4 587.78	29.3%	4 889.93	33.2%	+6.59%
Austria	2 800.75	17.9%	2 198.66	14.9%	-21.5%
Rest of World	762.49	4.9%	686.62	4.7%	-9.95%

EUR in Million

Managers

Name	Title	Age	Since
Thomas Birtel	Chief Executive Officer	67	2013
Christian Harder	Chief Financial Officer	53	2013

Estimated financial data (e) EUR

Sales 2021	15 149 M	Sales 2022	15 431 M	Capitalization	3 930 M
Net income 2021	380 M	Net income 2022	386 M	EV / Sales 2021	0,19x
Net cash position 2021	1 002 M	Net cash position 2022	786 M	EV / Sales 2022	0,20x
P/E ratio 2021	10,4x	P/E ratio 2022	10,2x	Nbr of Employees	72 942
Yield 2021	4,96%	Yield 2022	4,22%	Free-Float	21,4%

Thomas Birtel, CEO is quoted as saying "STRABAG sees itself as a technology partner for the construction of tomorrow. And we want to play a leading role in the process. To do so, we must deal with the big issues of the future: How do we make our ways of working fit for the future? How do we become even more attractive for our customers, for our shareholders? How do we accompany our colleagues through the upcoming transformations that digital-based technologies like robotics will present us with or that climate and resource protection demand of us? How do we continue to recruit the best for the tasks that lie ahead? How do we, as a large international and decentralized organization, handle our enormous, constantly growing expertise? In the future, entrepreneurial success will depend more than ever on the ability to recognize trends early on and to develop innovative solutions.

STRABAG is in a strong financial position. Partnering with Laing O'Rourke and sharing in its future as a listed UK Construction Major might provide the opportunity for STRABAG to become the lead contracting partner in the UK and technology partner for the construction of tomorrow.

SKANSKA


Anders Danielsson
Group CEO


Gregor Craig
CEO, Skanska UK

Skanska AB is a multinational construction and development company based in Sweden. Skanska is the fifth largest construction company in the world according to Construction Global magazine. The company's operations are divided into four operating segments: Construction, Residential Development, Commercial Property and Infrastructure Development. It operates in the Nordic countries, Poland, the Czech Republic, Hungary and the USA, as well as the UK, representing 10% of sales. It employs 32,000 people.

Sales per Business

	2019		2020		Delta
Construction	146 000.00	84.5%	130 301.00	81.3%	-10.75%
Commercial Property Development	17 773.00	10.3%	14 900.00	9.3%	-16.16%
Residential Development	12 431.00	7.2%	13 057.00	8.1%	+5.04%
Reconciling Items	-3 936.00	-2.3%	1 738.00	1.1%	-
Central	578.00	0.3%	348.00	0.2%	-39.79%

SEK in Million

Sales per region

	2019		2020		Delta
United States	72 240.00	41.8%	67 967.00	42.4%	-5.92%
Sweden	38 365.00	22.2%	39 444.00	24.6%	+2.81%
Other	21 704.00	12.6%	22 492.00	14%	+3.63%
United Kingdom	21 204.00	12.3%	16 864.00	10.5%	-20.47%
Norway	19 333.00	11.2%	13 578.00	8.5%	-29.77%

SEK in Million

Managers

Name	Title	Age	Since
Anders Danielsson	President & Chief Executive Officer	54	2018
Magnus Persson	Chief Financial Officer & Executive VP	44	2018

Skanska's Financial Position and Historical Geographical presence in the UK

Estimated financial data (e) SEK					
Sales 2021	142 B	Sales 2022	151 B	Capitalization	90 708 M
Net income 2021	7 188 M	Net income 2022	6 839 M	EV / Sales 2021	0,61x
Net cash position 2021	4 926 M	Net cash position 2022	9 576 M	EV / Sales 2022	0,54x
P/E ratio 2021	12,7x	P/E ratio 2022	13,4x	Nbr of Employees	29 584
Yield 2021	4,21%	Yield 2022	3,84%	Free-Float	84,4%

(Source: 4-traders; 1SEK = 10Euro)

Skanska's involvement in the UK market catapulted via Acquisitions. Its history goes back to investing in a 7% shareholding in Costain in 1997, with options to increase to 40% to trigger a full bid within 3 years. However, in 1996 Kvaerner had bought Trafalgar House which owned Cementation and Trollope & Colls. The acquisition provided Kvaerner with a broad-based portfolio of companies with 34,000 staff. In 2000 Skanska decided to acquire Kvaerner and divest of its shares in Costain. In the same year it launched Skanska UK.

- 2000 – Skanska acquired Kvaerner Construction and Skanska UK was born.
- 2006 – Skanska bought utilities business McNicholas which became part of the UK business.
- 2013 – Skanska acquired Atkins Highways Services.

Skanska's Market Capitalization is c. US$10bn with a substantial Net Cash position of US$560m despite its large presence in the capital-intensive business of private residence and property development. It's £1.7bn turnover in the UK already ranks the company as 12th largest in the UK by turnover. A strategic alliance with Laing O'Rourke could be achieved by a *Merger of Skanska UK with Laing O'Rourke* creating the jointly owned second largest contracting/technology entity in the UK, prior to its listing (IPO) on the London Stock Exchange to provide the capital for further growth and diversification, and opportunity for Skanska to increase its shareholding over time should it so desire.

Wang Tongzhou
Chairman, CCCC

Wang Haihuai
CEO, CCCC

Li Qiang
Acting Chairman, President, CCCI

Joe Barr
CEO, John Holland

The company was officially formed in 2005 by the merger of China Road and Bridge Corporation (CRBC) and China Harbour Engineering Company (CHEC), which focus on transportation infrastructure and marine infrastructure, respectively. In 2006, the company listed shares on the Hong Kong Stock Exchange, followed by a listing on the Shanghai Stock Exchange in 2012. The Company was the first large state-owned transportation infrastructure group entering the overseas capital market. CCCC has 133,000 employees. The Company and its subsidiaries are principally engaged in the design and construction of transportation infrastructure, dredging and heavy machinery manufacturing business. Business segments include: ports, terminals, roads, bridges, railways, tunnels, civil work design and construction, capital dredging and reclamation dredging, container cranes, heavy marine machinery, large steel structure and road machinery manufacturing, international project contracting, and import and export trading services. It is the largest port construction and design company in China, a leading company in road and bridge construction and design, a leading railway construction company, the largest dredging company in China and the second largest dredging company (in terms of dredging capacity) in the world. The Company is also the world's largest container crane manufacturer. The Company currently has 34 wholly- owned or controlled subsidiaries.

CCCC International Holdings Limited (CCCI) was established in Hong Kong on June 8, 2012, with a registered capital of US $500 million. Headquartered in Hong Kong, CCCI plays a significant role in serving as major investing and financing platform for CCCC overseas business. The core business of CCCC International includes multinational merger and acquisition(M&A) and post-acquisition management, infrastructure-related investment, real estate development, oversea financing and other forms of investment and capital operations that will generate good returns. The company owns 100% of Friede & Goldman (F&G) of the US, which is the world's leading offshore design company based in Houston, and John Holland acquired in 2015, which is the third largest engineering company in Australia.

83% of turnover is in Infrastructure Construction, with 17% outside China. The company's finances are strong and its ability to invest in the UK is unquestionable.

CCCC's Position as China's Lead International Contractor

Sales per Business

	2019		2020		Delta
Infrastructure Construction	549 974.00	87.8%	623 040.00	88.8%	+13.29%
Dredging Engineering	38 892.10	6.2%	43 771.40	6.2%	+12.55%
Infrastructure Design	38 455.40	6.1%	35 089.40	5%	-8.75%
Others	1 766.80	0.3%	3 314.12	0.5%	+87.58%

HKD in Million

Sales per region

	2019		2020		Delta
China	520 062.00	83%	593 829.00	84.6%	+14.18%
Other Countries	109 026.00	17.4%	111 386.00	15.9%	+2.16%

HKD in Million

Managers

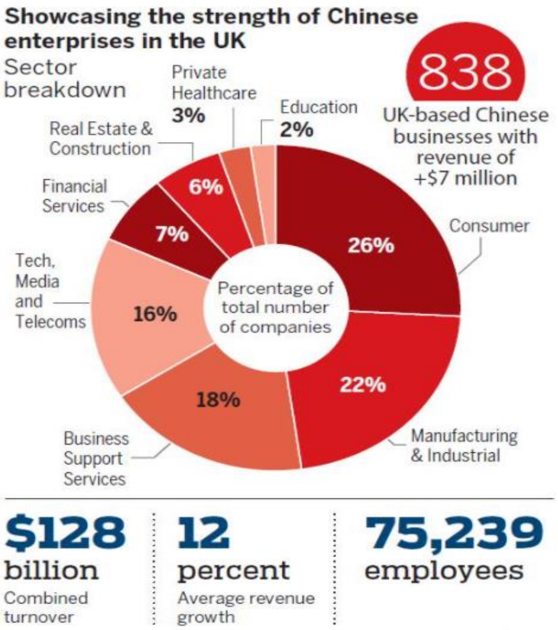
Name	Title	Age	Since
Hai Huai Wang	President & Executive Director	52	2021
Hong Biao Zhu	Chief Financial Officer	50	2019

Estimated financial data (e) CNY

Sales 2021	738 B	Sales 2022	812 B	Capitalization	121 B
Net income 2021	20 896 M	Net income 2022	24 123 M	EV / Sales 2021	0,56x
Net Debt 2021	292 B	Net Debt 2022	310 B	EV / Sales 2022	0,53x
P/E ratio 2021	3,32x	P/E ratio 2022	3,02x	Nbr of Employees	133 294
Yield 2021	5,70%	Yield 2022	6,22%	Free-Float	41,4%

Chinese Investment

The Chinese Investment Story in UK

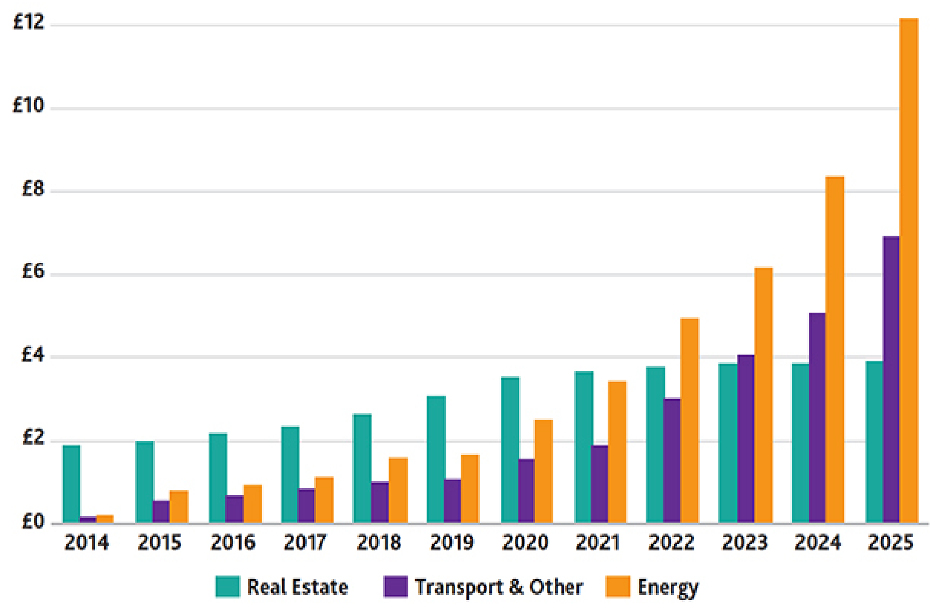


Source: TouTing report

China now owns £143bn in UK assets, from energy & nuclear power to manufacturing, transport and telecoms. Investors and businesses based in China or Hong Kong now own stakes in key infrastructure businesses such as Chinese state's sovereign wealth fund, China Investment Corporation (CIC), stake in Thames Water; and Chinese investments in Heathrow Airport (paying £450m to buy a 10% stake in airport in 2012), and UK Power Networks. CIC's interests extend beyond water to gas supply, too. It became one of the owners of Britain's gas pipeline system after joining a consortium of investors that acquired the business from National Grid in 2016. China National Offshore Oil Corporation (CNOOC) has for years been responsible for around a quarter of the UK North Sea's oil production, including output from the UK's biggest remaining oilfield. Beijing Construction Engineering Group is a major investor in Manchester Airport. Aluminium Corporation of China, better known as Chinalco, also owns almost 15% of Anglo-Australian miner Rio Tinto. The examples are numerous and the investment sums substantial.

As much as £57billion is also invested in FTSE 100 companies. But apart from equity investment, debt is also playing a major role. The Bank of China was among the lenders that came to the rescue of carmaker Jaguar Land Rover with £560m of loans after it struggled to get help from the British government.

Investment from China into UK Infrastructure 2014-2025 (£bn)



Source: Pinsent Masons, Cebr

China intent to invest more than £105bn in UK infrastructure by 2025 will spark a new wave of joint ventures with UK firms. £43.5bn will go into the energy sector and projects such as nuclear, wind and solar photovoltaic power generation. The property sector will receive £36bn and transport £19bn.

Four out of five of the world's largest construction and engineering companies are now Chinese with a growing appetite for infrastructure investment and with the potential to invest vast amounts of capital in advanced economies in Europe. City

CCCC has long established overseas positions in the Middle East, Africa, and the Far East, outside China, through its subsidiaries China Harbor Engineering Company (CHEC), and through its subsidiaries in the USA and Australia. A strategic investment in a Leading UK Construction company with ambitions to list would seem quite compelling given the prevalence of these Chinese Clients and wave of Investors in the UK.

Albert Manifold
CEO

Juan Pablo San Agustín
Exec Dir. Strategy and M&A

CRH Plc operates building materials businesses in North America and heavy side materials business in Europe. Its products are used in construction projects ranging from foundations, to frame and roofing to fitting out, to on-site works and infrastructure projects, including roads and bridges. Its products include cement, lime, aggregates, ready mixed and precast concrete, asphalt products, architectural products, shutters and awnings, perimeter protection, network access products, general merchants and sanitary, heating and plumbing contractors, and DIY customers. The group employs 77, 0000 people.

Sales per Business

	2019		2020		Delta
Americas Materials	9 111.11	41.3%	10 021.40	46.6%	+9.99%
Europe Materials	7 452.07	33.8%	8 126.07	37.8%	+9.04%
Building Products	5 483.33	24.9%	6 376.58	29.6%	+16.29%

GBP in Million

Sales per region

	2019		2020		Delta
United States	12 083.30	54.7%	13 746.10	63.9%	+13.95%
Rest of Europe	4 707.77	21.4%	5 185.36	24.1%	+10.14%
United Kingdom	2 916.26	13.2%	2 966.49	13.8%	+1.72%
Rest of World	1 845.91	8.4%	2 064.19	9.6%	+11.83%
Ireland	513.24	2.3%	561.83	2.6%	+9.47%

GBP in Million

Managers

Name	Title	Age	Since
Albert Manifold	Chief Executive Officer, COO & Executive Director	57	2014
Jim Mintern	Director & Finance Director	53	2021

TARMAC
A CRH COMPANY

CRH Financial Strength and Geographical Focus

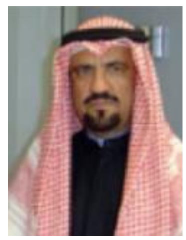
CRH is a Major European based Materials Group with a Market Capitalization of almost €34 billion. Its long-term strategy for the UK remains unclear. Despite 2019/20 poor results due to Covid-19, CEO Albert Manifold stated, "The UK remains an important market for us." Nevertheless, there may be strategic options open for its development as a fully integrated construction materials/ contractor in the UK, as was Tarmac Group Plc in the 1980's.

Estimated financial data (e) EUR					
Sales 2021	25 717 M	Sales 2022	26 957 M	Capitalization	33 876 M
Net income 2021	1 984 M	Net income 2022	2 149 M	EV / Sales 2021	1,49x
Net Debt 2021	4 566 M	Net Debt 2022	3 272 M	EV / Sales 2022	1,38x
P/E ratio 2021	17,4x	P/E ratio 2022	15,9x	Nbr of Employees	77 100
Yield 2021	2,41%	Yield 2022	2,57%	Free-Float	98,2%

Tarmac Trading Ltd

Tarmac Trading is a UK based business delivering roads & services infrastructure, highways maintenance and off-site manufacturing. Tarmac Trading is also a supplier of construction products such as aggregates, asphalt, cement, lime, and ready-mix concrete. Experienced in civil engineering works for local authorities, highways, infrastructure, airfields, ports and harbours, Tarmac Infrastructure is a leading supplier to National Highways and HS2 contractors. As a civil engineering and road contractor is owns subsidiaries *Riney*- a civil engineering, design and build, improvement schemes, surfacing, term maintenance and street lighting in London and the Southeast; and *Griffiths*- a civil engineering and construction contractor based in Wales and the Southwest of England. Neither are major contractors in their field, even though Tarmac Trading's turnover was £2.13 billion in 2019/20, ranking it 6th in the UK, employing around 7,000 staff over 400 sites. In 2019 it posted a loss of £3.10m due to Covid related reduction in demand.

A scenario that would not commonly occur is that of a materials group (cement or asphalt company) acquiring a large construction contractor (although the reverse scenario might readily occur). The building materials industry and its analysts tend to regard construction contracting businesses as those who suffer from three serious drawbacks: lower margins, higher risks, and an unfamiliar business model. In fact, cash generating contracting business can be a good partner for higher margin, higher capital-intensive materials manufacturers, and fit well with a future where integrated businesses move to further offsite manufacturing and new technologies in product design. As such a Merger of Laing O'Rourke and Tarmac Trading (perhaps with cash injection from CRH prior to merger) could represent considerable added value as a lead UK construction group for future listing. The UK is an island and independent market. Material imports from Europe are unlikely to be competitive in the future – there is much credence to having an integrated contractor/ material supplier in the UK to assume competitive advantage. We rank Tarmac as the second most attractive financial option for Laing O'Rourke's shareholders with the expectation that it will assume its position as the UK's No 1 integrated contractor and material manufacturer and supplier in the future, maximizing sustainability and maximizing its value on Listing, with Laing O'Rourke shareholders share being £1.2bn. (See Later Strategic Ranking).



Fayad M.T. Alghanim
Executive Chairman

The Group is one of the largest corporations in Kuwait with interests in engineering construction, power, oil and gas, automotive, investment, trading, shipping, aviation, telecom, hospitality and real estate. Its EPC and Contracting businesses include: Alghanim International, Fluor Kuwait, Advance Energy, Al-Ahla Integrated Co, and Alghanim International – Qatar GNDO.

The Group is already present in 15 countries and sees an investment in a major UK Construction Group as an attractive investment opportunity.

As with most Middle Eastern based Groups direct person-to-person contact at Chairman level is required to open dialogue in confidence.

Potential Private Equity Investors

SAMPLE PRIVATE EQUITY & SOVEREIGN WEALTH INVESTORS

Venture Capital/ Private Equity Firms/ Banks:

Despite a continuing influx of VC-funded participants, the industry has seen significant consolidation over the past five years. From 2015 to 2020, investors poured $25 billion into engineering and construction (E&C) technology, up from $8 billion over the previous five years. Of this $25 billion, $17 billion in transactions involved either M&A activity or private equity (PE) investment. There likely remains appetite from global PE firms in UK Construction, where there is a technology edge to the investment.

Bain Capital

Bain Capital, LP is one of the world's leading private multi-asset alternative investment firms with approximately $150 billion of assets under management.

Private equity funds run by Bain Capital, PIMCO, and others have already invested hundreds of millions in offsite companies such as Consolis and Polcom Modular.

Permira

Permira is a global private equity firm founded in Europe in 1985, which operated under the Schroder Ventures name. After raising its first pan-European fund in 1997, the firm evolved into Permira in 2001. Today Permira is an international investment firm with more than 360 people in 15 offices spanning Europe, North America and Asia, and its 17 buyout and growth funds have secured €44bn of committed capital and backed more than 280 businesses around the world.

Oaktree and Apax are large US Private Equity firms who showed interest in UK Construction Sector in the past (eg. Taylor Wimpey in 2008).

Al Rajhi Capital

Al Rajhi Capital is the fully owned investment banking subsidiary of Al Rajhi Bank, one of the largest Islamic banks in the world with assets of SAR 469bn. Capitalizing on this world-class experience and through the expertise of its investment teams, Al Rajhi Capital is a market leader in the delivery of bespoke financial and investment solutions

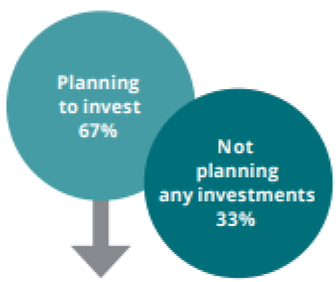
Royals, Billionaires & Sovereign Wealth Funds

Georg Strumpf

Georg Stumpf is, like his father, an Austrian building contractor and investor in industrial holdings and real estate. Georg Stumpf started the Stumpf Group in 1994 with a $35,000 loan from his father. Its biggest asset is M+W Group, a high-tech EPC construction firm based in Stuttgart, Germany that specializes in semiconductors. He also built the Millennium Tower, the tallest building in Vienna, and sold it to German fund MCP in 2003.

Royal Family of Sharjah

The Family Offices of members of the Ruling Families in the Middle East continue to be a driving force in the development and growth of Middle East and International investment. In terms of private wealth, a total of 67% of families intend to invest in the next 12-18 months with opportunities in distressed and tecnology businesses among the most coveted, alongside opportunities that offer greater diversification



Qatar Investment Authority

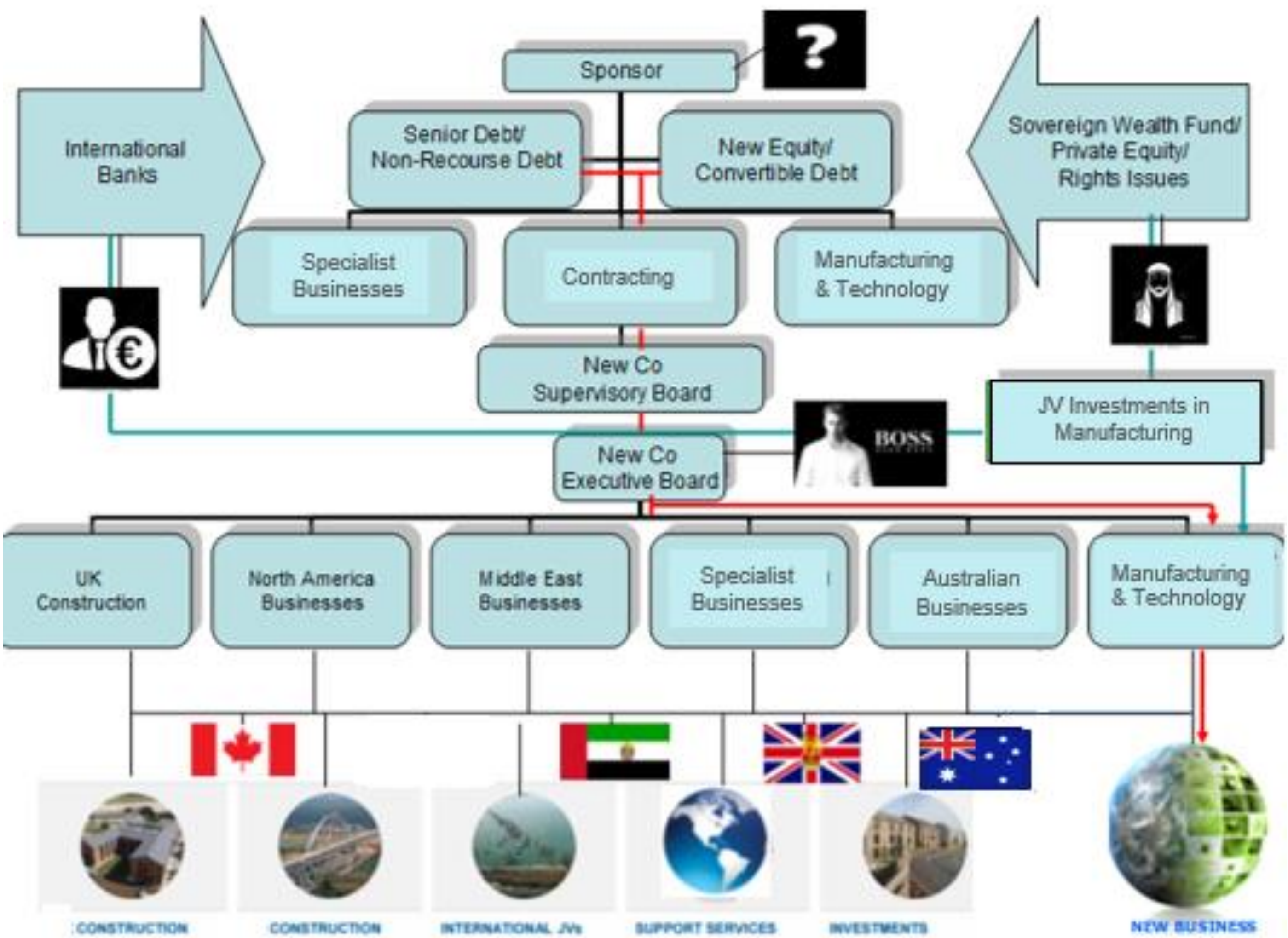
The Qatar Investment Authority is Qatar's sovereign wealth fund. The QIA was founded by the State of Qatar in 2005 to strengthen the country's economy by diversifying into new asset classes. In 2021, the QIA had an estimated $300 billion of assets. Qatar Investment Authority holds stakes in construction and E&C groups- Hochtief, Technip, Vinci, GDF Suez, Veolia, Vivendi, Canary Wharf Group Investment Holdings, and Heathrow Airport.

We rank having a Middle East Sovereign Wealth Fund (SWF) as the most attractive financial option for Laing O'Rourke's shareholders with the expectation that it will enhance the company's position in the Middle East, offer the largest initial Cash Injection and prospects of future investment in Technology - assume Laing O'Rourke's position as the UK's No 1 technology-based contractor in the future, maximizing value on Listing, with Laing O'Rourke shareholding at the time of Listing worth 1.4bn. in 2023 (See Later Strategic Ranking).

Possible Structure with SWF Investor

Example Organizational Structure
(Depending on Profile of Strategic Partner/Investor)

Solicit interest of International Strategic Equity Partner, International Technology Conglomerate, Private Equity or Sovereign Wealth Fund Investor.



Valuations - Peer Company Comparisons

VALUATIONS

In Section 3 - 'The Potential' subsection on 'Valuation' - a range of indicative Stock Market Valuations (Market Capitalization) were calculated for Laing O'Rourke based on historic, and derived PE ratios and (Enterprise Valuations) based on normalized industry average Enterprise Value/EBITDA ratios in 2019, prior to the effects of Covid-19. Applying Net Cash figures (albeit at inflated year end levels), Enterprise Values were converted into Indicative Market Capitalizations. These valuations are based on comparison as though Laing O'Rourke were already listed.

The Results gave Indicative Market Capitalization Valuations in the <u>Range £421m to £1,298m</u>

INDICATIVE MARKET CAPITALIZATION
(RANGE: £421m - £1298m)

Enterprise Value/EBITDA = EV/ EBITDA Ratio
Mkt Cap (- Net Cash) = Enterprise Value
Net Income x P/E Ratio = Mkt Cap

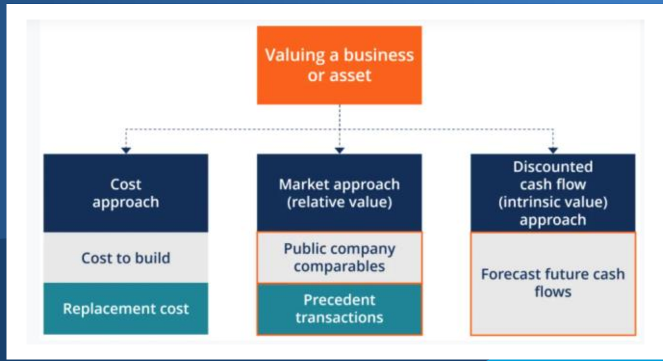
EV/EBITDA Ratio: 1022/115= 8.9
Enterprise Value: 1298 – 276 = £1022m

<u>Maximum Mkt Cap: 33.1 x 39.2 = £1298m</u>
(Based on ambitious derived PE of 39.2)
<u>Minimum Mkt Cap: 33.1 x 12.7 = £ 421m</u>
(Based on realistic industry av PE of 12.7)

(Note: Average Cash rather than Year End Cash is better assessment of Net Cash Position in Enterprise Valuation)

For the purposes of assessment of the likely Market Valuation of a Listed Laing O'Rourke, it is considered more relevant to make relevant comparisons with Balfour Beatty, Morgan Sindall, and Keller Group Plc's which have proved more resilient to Covid-19 and have avoided the turmoil of large disposals or cash calls; and adjusted accordingly.

Company	Historic PE	Historic EV/EBITDA	Historic Mkt Cap (£m)	Current PE	Current Mkt Cap (£m)
Balfour Beatty	13.9	5.1	1789	29.2	1786
Morgan Sindall	10.6	4.7	724	14.6	1005
Keller Group	13.6	4.2	651	12.7	566
Average	12.7	4.7	1055	18.8	1119



Indicative Market Value - based on Peer Performance

ADJUSTED INDICATIVE MARKET CAPITALIZATION

Based on 2021 Laing O'Rourke Figures

EBITDA £ 115m
Net Cash £276.1m
Net Income £33.1m

Based on Peer Company Averages
EBITDA Ratio- 4.7
PE Ration- 18.8

Formulae
Enterprise Value/EBITDA = EV/ EBITDA Ratio
Mkt Cap (- Net Cash) = Enterprise Value
Net Income x P/E Ratio = Mkt Cap

EV/EBITDA Ratio: 541/115= 4.7
Enterprise Value: 819 – 276 = £541m

Adjusted Mkt Cap: 541 + 278 = £819m
(Based on peer average EV/EBITDA of 4.7)

Adjusted Mkt Cap: 33.1 x 18.8 = £622m
(Based on peer average PE of 18.8)

ADJUSTED INDICATIVE MARKET CAPITALIZATION
RANGE: £622m - £819m

ASSUMED LIKELY MKT CAP ON LISTING - £820m

(Assuming no strategic investment prior to listing)

Cash Injection & Strengthened Balance Sheet/ Recapitalization Prior to Listing

POTENTIAL DEAL STRUCTURES

In 2020/21 the Company still had total March 2021 year-end borrowings of nearly £400m. However, bank debts have reduced by a total of £182m in the last 18 months enabling the company to replace a multi-bank finance deal with a single £35m credit facility from HSBC which has cut interest payments. Shareholders Ray and Des O'Rourke also wrote-off £58m in loans made to the company by converting them to equity in the business. There was a significant net cash improvement during the year of £120.9m, and at FY21 year-end net cash was £276.1m

21 BORROWINGS

	2021 £m
Amounts expected to be settled within one year:	
Bank loans	**178.0**
Other loans (note 31)	**55.8**
Lease liabilities	**32.3**
	266.1
Amounts expected to be settled after more than one year:	
Bank loans	**11.9**
Other loans (note 31)	**–**
Lease liabilities	**118.5**
	130.4
Total borrowings	**396.5**

11 FINANCE EXPENSE

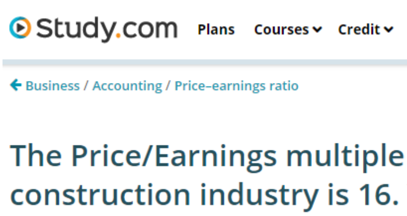
	2021 £m
Interest payable on bank loans and overdrafts	**15.4**
Interest payable on leases	**6.7**
Other interest payable and similar charges	**8.0**
	30.1

Even if borrowing have reduced to c. £215m, with increased net cash, the finance expense of servicing borrowings is still likely to be in the order of £15m. If an investor were to inject £300m of cash for equity or convertible debt, these costs would not be incurred. Furthermore, the re-capitalized balance sheet would come with story of intent to fund future diversification and growth in the group's technology and asset-based fabrication businesses.

And Strategic Partnership leading to Enhanced Market Value with Growth Expectation

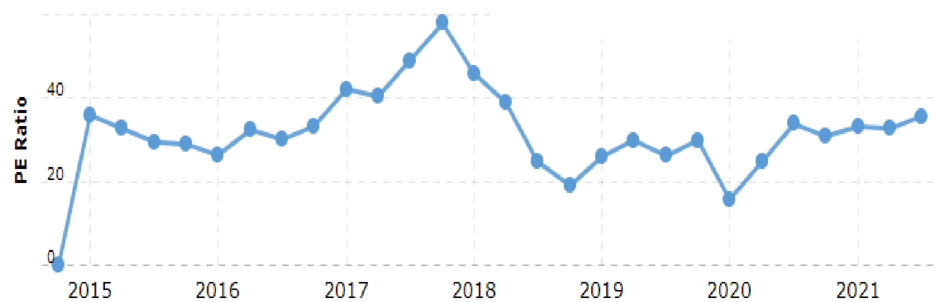
PE Ratios

Generally, companies with high growth potential, such as material technology companies, have high PE ratios. These companies may not have significant current earnings, but there is an expectation for much greater income in the future. As a result, the denominator, earnings, is currently depressed, but the numerator (price) is inflated to account for projected income.



Study.com state that while average PE ratios in the general contracting sector are typically 16, the installed materials sector has fluctuated between 17 and 30 since 2020.

Even lower tech heavy construction materials companies like CRH typically have had PE ratios between 25-30. It is not unreasonable for a new issue like Laing O'Rourke with a higher tech story than is normal for the sector, to expect a forward PE of 30+.



Assuming Net Income at Laing O'Rourke increases before listing by at least £30m to £63.1m and EBITDA by £20m to £135m; and the forward PE ratios for the more capital-intensive business is priced at 30 - Market Capitalization Value derived by PE would increase to £1,893m. A 6% growth in the first year would give Laing O'Rourke a £2bn Market Capitalization, and strong base for future growth. Even the EV/EBITDA ratio-based valuation for a more capital intensive, higher margin business might be expected rise to 10, giving an Enterprise Value of (135 x 10) £1350m. With £300m more net cash the Market Capitalisation at flotation would be at least £1,650.

Assuming a 2022 (PE or SWF) Strategic Equity Investment of £300m, and a 2023 stock market listing, it is anticipated that the Group would trade with a Market Capitalization of £2bn by 2024.

The strategy is to improve the capitalisation, liquidity, and growth profile ("sexiness") of the business BEFORE LISTING to tell this story on the Roadshow and derive a higher company valuation/ appetite of investors before the Initial Public Offering (IPO). Private Equity firms may seek to realise a profit on listing by selling shares, while Strategic Trade Investors/Industrial Conglomerate or foreign Technology Firms may prefer to accept the offering of new shares, rather than sale of their own - and stay as shareholders for the long-haul. The intent of the Investors will be important for the value-added to the company.

Shared Added Value

Recapitalised Group's likely Value on Listing

<u>ASSUMED (AMBITIOUS) MKT CAP/VALUE ON LISTING - £1893m</u>

<u>(Assuming a strategic investment of £300m cash prior to listing)</u>

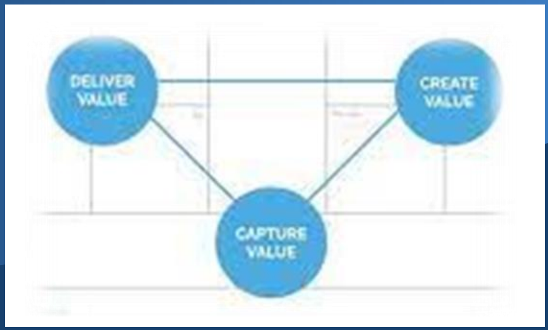
Equity Share and Valuation

	Assumed 2023 Valuation at Listing (£m)	Shareholding (%)	Shareholding Value (£m)
Total Stock	820		
Existing Laing O'Rourke Shareholders		100	820
Strategic Investor (£0m)		0	0
Assumed Net Cash	276		

Value Added by Strategic Investor: New Investor injects £300m, in return for a 25% equity position in the combined business [(300/(820+300))= 26.7%]. Subsequent Value of Original Shareholders holdings enhance by £600m, from £820m to £1420m. The Strategic Shareholders equity value would be £473m on listing, a £173m premium to the £300m equity investment in 2022.

	Assumed 2023 Valuation at Listing (£m)	Shareholding (%)	Shareholding Value (£m)
Total Stock	1893 (ambitious)		
Existing Laing O'Rourke Shareholders		75	1420
Strategic Investor (£300m)		25	473
Assumed Net Cash	576		

	Assumed 2024 Valuation post Listing(£m)	Shareholding (%)	Shareholding Value (£m)
Total Stock (including liquid float)	2000		



Business Model

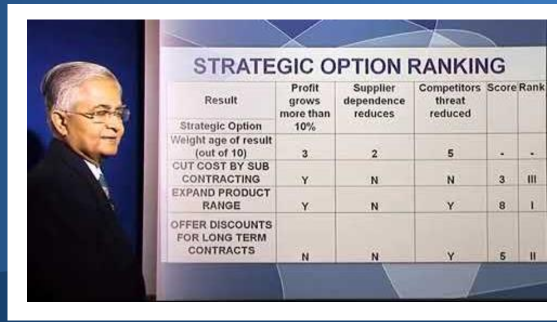
Model of Combined Business and Resource/ Possible Organizational Structure

The re-capitalized company with its stronger balance sheet and Strategic Investment Partner would ideally exhibit the following characteristics moving forward to enhance its value and growth prospects.:

- Large Revenue Base, a construction company with the Capacity to undertake Mega Projects.
- Geographically Diversified (Australia Hub, UK & Europe & separate Middle East Hubs – depending on home market of chosen investor)
- Diversified outside Construction General Contracting (PFI, Support Services, M&E, Piling, Plant Holdings, Offsite Manufacturing, Materials Supply and Property Development)
- Strong Balance Sheet, low Gearing, Ability to Raise Finance
- Above average industry Profit Margin
- Substantial Human Resources/ Professional Skills Sets
- Strong Market Capitalisation to Net Book Value Ratio
- Higher than industry average Price to Earnings Ratio due to expectation of growth
- Above average Return on Equity
- Disciplined Operating Model
- Recurring Revenue Streams, Long Term Contracts
- Low Overhead to Turnover Percentage Ratio
- Balanced Portfolio Cash Flow, self-funded Growth Potential as well as option for future Rights Issues
- Strong Blue-Chip, Global Customer Base
- Ability to further Internationalise Capabilities & Presence leveraging off Strategic Partner relationships
- Strong Corporate Strategy backed by further M&A plans
- Strongly Monitored Working Capital Performance, Project Auditing
- Manageable Revenue Risks & Flexibility to Change & Economic Cycles: Regional Economies, Customers, Market Sectors, Competition, Pricing
- People Management as a Priority

Investment Priorities

- Areas of Synergy with Strategic Partner
- Future Focus on more Manufacture and Assembly Facilities, and Offsite Manufacturing
- Further Diversification by Direct Investment and/or M&A in Selected Specialist Fields
- Further Geographical Expansion, where appropriate in Joint Venture



Ranking of Options in Strategic Terms

	Laing Tarmac Plc	Laing O'Rourke (SWF) Plc	ACS – Laing O'Rourke Ltd
1. Much Larger Revenue Base (Ranking in Turnover)	√		
2. Geographically Diversified (Separate Middle East Hub)		√	
3. Immediate Diversification outside General Contracting (Materials Manufacture & Supply)	√		
4. Strong Balance Sheet (Low Gearing, Ability to Raise Finance)	√	√	√
5. Above average industry Profit Margin	√		
6. Substantial Human Resources (Diversified Professional Skills Sets)	√		√
7. Strong Market Capitalisation (Ratio to Net Book Value Ratio)	√	√	
8. High Price to Earnings Ratio (Due to expectation of growth)	√	√	
9. Leveraging off Strategic Partner relationships (Investment & Influence/ Areas of Synergy)	√	√	
10. Strong Corporate Strategy (Backed by further M&A plans)		√	

	Laing Tarmac Plc	Laing O'Rourke (SWF) Plc	ACS – Laing O'Rourke Ltd
11. Future Focus on more Manufacture & Technology (Assembly Facilities, and Offsite Manufacturing)	√	√	
12. Further Diversification Priority (By Direct Investment and/or M&A in new Technology)		√	
13. Further Geographical Expansion (Where appropriate in Joint Venture)		√	
14. Competitive Positioning (Relative Competitive Advantage over Peers)	√	√	√
15. Sustainability/ Carbon Footprint (Prefabricating Materials in Controlled Environments;	√		
Construction Waste Management;	√	√	√
Managing the Site for Improved Environment;	√	√	√
Lean Manufacturing to Reduce Energy;	√		
Material Selection.) of growth)	√		
	15 √	12 √	5 √
RANKING	1	2	3

A Merger is a Different Option/ Business Model

Merged Operations & Assumed Potential Normalized Trading Prospects & Market Capitalizations (2023/24)

(£M)	LAING O'ROURKE	TARMAC A CRH COMPANY	LAING TARMAC	Balfour Beatty
TURNOVER	2750	2250	5000	8000
PBT	55	130	185	140
EMPLOYEES (Nos)	10,000	13,000	23,000	26,000
NET CASH	300	300	600	600
MKT CAP	-	-	3000	2300

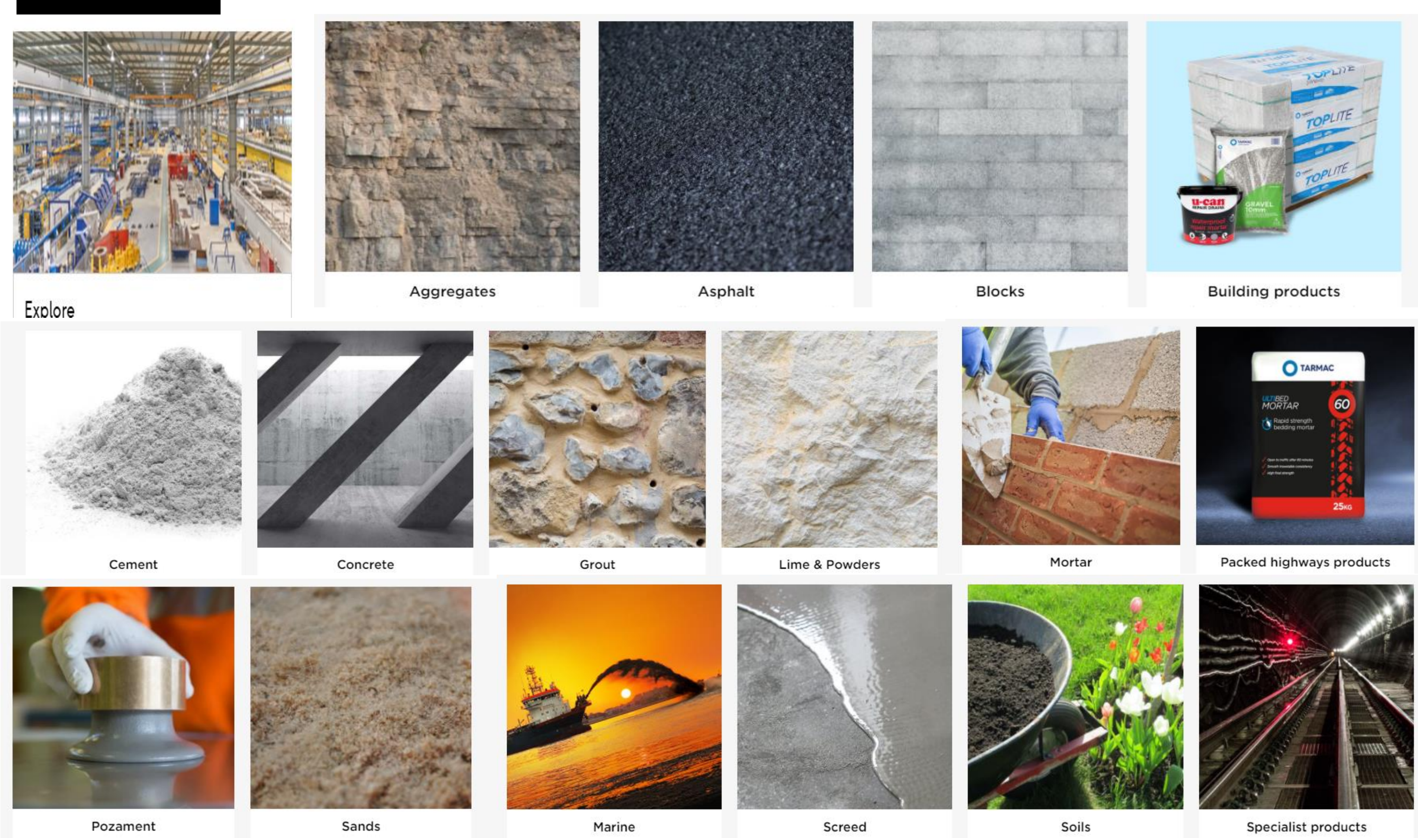
Anglo American sold its 50% in Lafarge Tarmac for c. £900m in 2013. CRH subsequently bought Lafarge Tarmac and other assets for £4.6bn in 2015, which included a European-wide business with £3.8bn turnover and EBITDA of £564m. Tarmac UK's operations in 2022 are probably worth c. £1bn and £1.3bn if CRH transfer the business with net cash of £300m prior to merger. Laing O'Rourke's value is estimated at £820m prior to merger, so Laing O'Rourke's shareholders would derive 38.7% share of the merged operation. If the merged business was subsequently capitalized at £3bn. Laing O'Rourke shareholding at the time of Listing might be worth 1.2bn. in 2023.

Conclusion: A Merger with Tarmac might be the most strategic option for creating an integrated contractor/ material supplier in the UK to assume competitive advantage and maximum value in the future - as the lead construction group in the UK, embracing offsite manufacturing and integrated service and product delivery.

Possible Structure with Tarmac Merger

- Manufacturing & Products
- Construction Services
- Specialist Services

Manufacturing & Products



LAING TARMAC

Construction Services

LAING O'ROURKE

ACCOMMODATION
- High-rise
- Single-unit Residential
- Multi-unit Residential
- Social Housing

COMMERCIAL
- Commercial Offices
- Retail & Mixed-use
- Data Centres
- Industrial
- Science & Research
- Sport & Leisure
  - Hotels
  - Stadia
  - Leisure Complexes

SOCIAL INFRASTRUCTURE
- Defence
- Education
- Healthcare
- Law & Order

ECONOMIC INFRASTRUCTURE

Mining & Natural Resources
- Coal & Minerals Processing
- Heavy-haul Rail
- Labour Accommodation
- Industrial Equipment Installation

Oil & Gas
- Labour Accommodation
- LNG & CSG Terminals
- Pipelines & Pump Stations
- Processing Plants
- Storage
- Water Treatment

Power
- Generation
- Networks
- New Nuclear
- Renewables

Transport
- Aviation
- Highways
- Marine
- Commuter Rail

Water & Utilities Networks
- Utility Networks
- Waste Treatment
- Water Treatment

EUROPE HUB
- Canada
- Saudi Arabia
- United Arab Emirates
- United Kingdom

AUSTRALIA HUB
- Australia
- Hong Kong
- New Zealand
- Southeast Asia

LAING O'ROURKE

Specialist Services


Expanded


Crown House Technologies


Select Plant Hire


Vetter

GRC

Asphalt2go collect asphalt


Business Partnership


Highway Services

Collect concrete


National Road Planing

SafetyDeck


Small load concrete delivery


Sitebatch concrete

Pre- Covid 19 Valuations

APPENDIX -
COMPETITOR HISTORIC VALUATIONS & PROFILES

HISTORIC VALUATIONS

Balfour Beatty

Current Mkt Cap = £1785m

Sales 2021	**7 250 M**	Sales 2022	**7 239 M**	Capitalization 2021	**1 576 M**
Net income 2021	**149 M**	2022	**178 M**	EV / Sales 2021	**0,15x**
Net cash position 2021	**504 M**	osition 2022	**568 M**	EV / Sales 2022	**0,14x**
P/E ratio 2021	**11,1x**	P/E ratio 2022	**9,08x**	Nbr of Employees	**25 684**
Yield 2021	**3,04%**	Yield 2022	**3,61%**	Free-Float	**99,3%**

BALFOUR BEATTY		Pre Covid Norm				
Fiscal Period: December	2018	2019	2020	2021	2022	2023
Capitalization	1 695	1 789	1 856	1 576	*1785*	-
Entreprise Value (EV)	1 358	1 277	1 275	1 072	1 008	-
P/E ratio	12,8x	13,9x	61,4x	11,1x	9,08x	8,65x
Yield	1,93%	2,45%	0,56%	3,04%	3,61%	3,91%
Capitalization / Revenue	0,22x	0,21x	0,22x	0,22x	0,22x	0,22x
EV / Revenue	0,17x	0,15x	0,15x	0,15x	0,14x	0,15x
EV / EBITDA	5,80x	5,13x	8,50x	4,13x	3,42x	3,61x
Net sales	7 802	8 405	8 587	7 250	7 239	7 320
EBITDA	234	249	150	259	294	310
Operating profit (EBIT)	205	221	51,0	169	204	214
Operating Margin	2,63%	2,63%	0,59%	2,34%	2,82%	2,93%
Pre-Tax Profit (EBT)	123	138	48,0	138	177	193
Net income	135	133	30,0	149	178	182
Net margin	1,73%	1,58%	0,35%	2,05%	2,47%	2,49%
Net Debt	-	-	-	-	-	-
Net Cash position	337	512	581	504	568	457
Leverage (Debt / EBITDA)	-1,44x	-2,06x	-3,87x	-1,94x	-1,93x	-1,47x
Free Cash Flow	-168	191	241	49,9	117	192

Source: 4-traders.com

Valuation (based on 2019 Pre-Covid Norm)

Net Income x P/E Ratio = Mkt Cap
Mkt Cap + Debt – Cash (ie. -Net Cash) = Enterprise Value
Enterprise Value/EBITDA = EV/EBITDA Ratio

Mkt Cap:	128.7 x 13.9 =£1789m
Enterprise Value:	1789 – 512 = £1277m
EBITDA Ratio:	1277/249= 5.13

(Note: Average Cash rather than Year End Cash is better assessment of Net Cash Position)

Morgan Sindall

Current Market Cap = £1005m

Sales 2021	**3 292 M**	Sales 2022	**3 252 M**	Capitalization 2021	**1 060 M**
Net income 2021	**102 M**	Net income 2022	**95,1 M**	EV / Sales 2021	**0,22x**
Net cash position 2021	**324 M**	Net cash position 2022	**363 M**	EV / Sales 2022	**0,21x**
P/E ratio 2021	**10,7x**	P/E ratio 2022	**11,5x**	Nbr of Employees	**6 600**
Yield 2021	**3,80%**	Yield 2022	**4,01%**	Free-Float	**89,8%**

MORGAN SINDALL		Pre Covid Norm				
Fiscal Period: December	2018	2019	2020	2021	2022	2023
Capitalization	473	724	704	1 060	*1005*	-
Entreprise Value (EV)	266	532	423	736	698	676
P/E ratio	7,42x	10,6x	15,6x	10,7x	11,5x	11,1x
Yield	5,03%	3,64%	3,98%	3,80%	4,01%	4,18%
Capitalization / Revenue	0,16x	0,24x	0,23x	0,32x	0,33x	0,32x
EV / Revenue	0,09x	0,17x	0,14x	0,22x	0,21x	0,20x
EV / EBITDA	2,56x	4,65x	4,67x	4,81x	4,80x	4,43x
Net sales	2 972	3 071	3 034	3 292	3 252	3 348
EBITDA	104	114	90,5	153	145	153
Operating profit (EBIT)	85,5	93,1	68,5	131	123	130
Operating Margin	2,88%	3,03%	2,26%	3,98%	3,79%	3,88%
Pre-Tax Profit (EBT)	80,6	88,6	60,8	127	119	126
Net income	66,8	71,2	45,4	102	95,1	103
Net margin	2,25%	2,32%	1,50%	3,10%	2,92%	3,08%
Net Debt	-	-	-	-	-	-
Net Cash position	207	193	282	324	363	384
Leverage (Debt / EBITDA)	-1,99x	-1,68x	-3,11x	-2,12x	-2,50x	-2,51x
Free Cash Flow	64,3	36,3	174	67,1	80,0	96,0

Valuation (based on 2019 Pre-Covid Norm)

Net Income x P/E Ratio = Mkt Cap
Mkt Cap + Debt – Cash (ie. -Net Cash) = Enterprise Value
Enterprise Value/EBITDA = EV/EBITDA Ratio

Mkt Cap: 68.3 x 10.6 = £724m
Enterprise Value: 724 – 193 = £531m
EBITDA Ratio: 531/114= 4.66

(Note: Average Cash rather than Year End Cash is better assessment of Net Cash Position)

Source: 4-traders.com

Kier
Current Market Cap = £209m

Sales 2022	**3 599 M**	Sales 2023	**3 858 M**	Capitalization 2022	**486 M**
Net income 2022	-	Net income 2023	-	EV / Sales 2022	**0,12x**
Net cash position 2022	**49,0 M**	Net cash position 2023	**110 M**	EV / Sales 2023	**0,10x**
P/E ratio 2022	**8,52x**	P/E ratio 2023	**7,03x**	Nbr of Employees	**11 302**
Yield 2022	**-**	Yield 2023	**-**	Free-Float	**99,0%**

Valuation (based on assumed 2022)

Net Income x P/E Ratio = Mkt Cap
Mkt Cap + Debt – Cash (ie. -Net Cash) = EV

Mkt Cap: 57 x 8.52= £486m
Enterprise Value: 486 - 49 = £437m

Keller
Current Market Cap = £566m

Sales 2021	**1 993 M**	Sales 2022	**2 129 M**	Capitalization 2021	**651 M**
Net income 2021	**45,4 M**	Net income 2022	**61,8 M**	EV / Sales 2021	**0,42x**
Net Debt 2021	**182 M**	Net Debt 2022	**144 M**	EV / Sales 2022	**0,37x**
P/E ratio 2021	**13,6x**	P/E ratio 2022	**9,94x**	Nbr of Employees	**9 000**
Yield 2021	**3,99%**	Yield 2022	**4,28%**	Free-Float	**95,4%**

Valuation (based on 2021)

Net Income x P/E Ratio = Mkt Cap
Mkt Cap + Debt – Cash (ie. +Net Debt) = EV

Mkt Cap: 47.9 x 13.6= £651m
Enterprise Value: 651 + 182 = £833m

Galliford Try
Current Market Cap = £130m

Sales 2022	**1 291 M**	Sales 2023	**1 410 M**	Capitalization 2022	**225 M**
Net income 2022	-	Net income 2023	-	EV / Sales 2022	**0,00x**
Net cash position 2022	**225 M**	Net cash position 2023	**249 M**	EV / Sales 2023	**-0,02x**
P/E ratio 2022	**14,6x**	P/E ratio 2023	**11,6x**	Nbr of Employees	**2 512**
Yield 2022	**2,81%**	Yield 2023	**3,28%**	Free-Float	**94,8%**

Valuation (based on assumed 2022)

Net Income x P/E Ratio = Mkt Cap
Mkt Cap + Debt – Cash (ie. -Net Cash) = EV

Mkt Cap: 15.4 x 14.6= £225m
Enterprise Value: 225 - 225 = £0m

Source: 4-traders.com

Competitor Profiles

No1. Balfour Beatty www.balfourbeatty.com

Profile: Balfour Beatty remains the leading international infrastructure group. Their turnover for the period ending 2019 was £8.45 billion – almost double that of the 2nd largest construction contractor.

Balfour Beatty finance, develop, build and maintain innovative and efficient infrastructure. They employ around 26,000 people and operate mainly in the UK, Ireland and North America.

Notable projects include Thames Tideway Tunnel, HS2 and Crossrail.

Recent Review: Latest 2021 Half-year financial results for the firm revealed a slight rise in turnover to £4.154m, compared with £4.118m for the same period last year, while its "strong" cash performance continued with average net cash at £611m (FY 2020: £527m).

The firm said a "strong" support services performance benefited from end of contract gains and exit from gas and water sector, but construction services have been negatively impacted by private sector property projects in central London.

The group's order book of £16.1 billion is only slightly down on the £16.4bn from six months previous, while the UK Construction order book stands at £6.2bn, driven largely by infrastructure projects.

Current Value: £1,786m

Balfour Beatty PLC (BBY)

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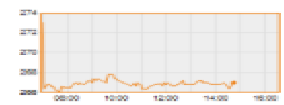
Share Price



MID

267.0p

+0.6p (+0.23%)

Bid: 0.0p Offer: 330.0p

As of: 15 Oct 2021 17:30

Market Capitalisation:	£1,785.74 million
Shares In Issue:	689.74 million
PE:	29.24
Dividend Yield:	0.56

graph last 2 years

2 year high:	320.8p on 28-Apr-21
2 year low:	84.7p on 31-Jan-20

Source: citywire.com

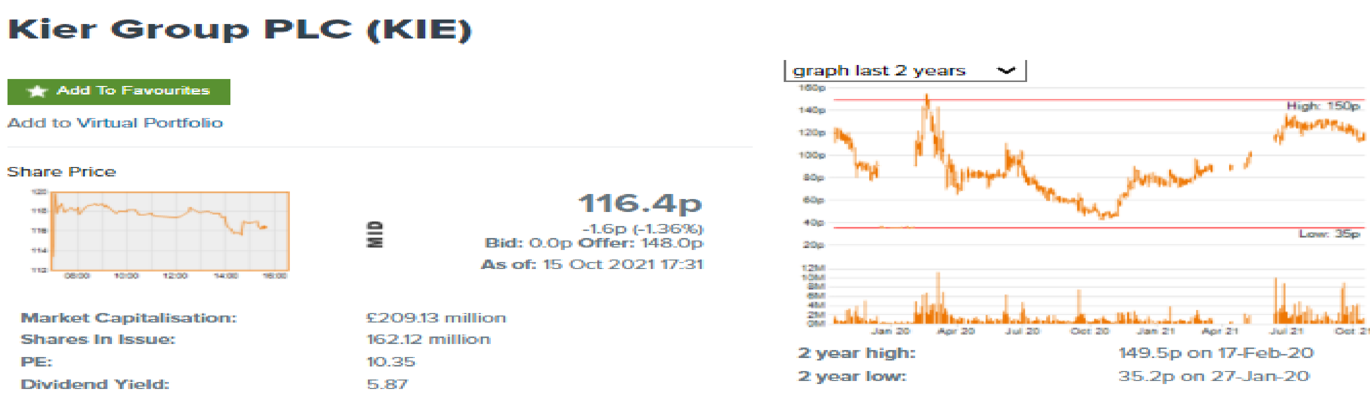
No.2 Kier Group www.kier.co.uk

Profile : Despite its near demise in 2019/2020 Kier Group remains a leading provider of construction and infrastructure services, providing specialist design and build capabilities. The group turned over £4.49 billion in 2019 across all its construction subsidiaries. Kier employs around 19,000 people operating mainly in the UK. Notable projects include Hinkley Point, Deephams Wastewater Treatment Plant and Luton Direct Air-Rail Transit.

Recent Review: Following the January 2018 collapse of rival Carillion, Kier was briefly ranked, by turnover, as the second biggest UK construction contractor, behind Balfour Beatty. It was then a constituent of the FTSE 250 Index. However, its share price plunged following a failed rights issue in late 2018, and by mid-2019 was suffering such deep losses that analysts considered Kier might "go bust". After an extensive restructuring, debt reduction, cost-cutting and disposals programme, which included shedding 1,700 employees and selling its Bedfordshire headquarters and its public and private housebuilding arm, Kier Living, the company scraped back into profit in 2021.

Following losses of £225 million in 2020 and £229m the previous year, the infrastructure and construction group posted pre-tax profits of £5.6 million for the year to the end of June. Its turnover fell slightly to £3.3 billion, from £3.5bn in 2019-20, with the figure reflecting the impact of the Covid pandemic, the company’s completion of several motorway upgrade projects and its withdrawal from “noncore and loss-making contracts”.

Current Value: £ 209m



Source: citywire.com

No.3 Interserve www.interserve.com

Profile: Interserve as a leading UK building, infrastructure, engineering and fit out company. They delivered vital projects across a range of sectors and specialize in design and build capabilities. The company turned over £3.23 billion in 2019 across all construction activities. Interserve employs over 60,000 people across 230 offices worldwide.

Interserve has recently rebranded to Tilbury Douglas for its construction and engineering services. Interserve has been particularly strong in the healthcare sector delivering over £227 million under the Procure 22 Framework.

Recent Review: The company was listed on the London Stock Exchange but fell into administration after racking up £735million of debt.

Financial issues including problem contracts in Interserve's energy-from-waste business led to profit warnings in 2017. The company was forced to restructure and refinance in March 2018. Its financial situation worsened in late 2018, and debt holders started discussing a further financial restructuring of the business. The debt-for-equity plan was rejected at an annual general meeting on 15 March 2019, and Interserve plc went into administration owing creditors over £100m. In a pre-pack deal, the rest of the group was immediately sold to a newly incorporated company owned by lenders, Interserve Group Ltd, with a break-up of the company to follow.
Interserve's facilities management business was then sold to Mitie in a deal completed on 1 December 2020. In March 2021, Interserve resurrected the Tilbury Douglas brand for its construction and engineering services businesses. Interserve's other remaining division, RMD Kwikform, was sold in October 2021 to a French group, Altrad.
Current Value: The business is no longer listed and is owned by its creditors. Value unknown.

No.4 Morgan Sindall www.morgansindall.com

Profile: Morgan Sindall is a leading Construction and Regeneration group comprising eight complementary subsidiary businesses. The group focuses on affordable housing, urban regeneration and infrastructure and construction investment. Morgan Sindall turnover in 2019 was £3.07 billion. They employ around 6,600 people and operate in the UK. Most notable projects include Tideway Super Sewer, Werrington Grade Separation and M5 Oldbury Viaduct.

Recent Review: Morgan Sindall Group plc remains a profitable (second most profitable in the sector) and leading British Construction & Regeneration group, and operating in the public, regulated and private sectors. It reports through six divisions of Construction & Infrastructure, Fit Out, Property Services, Partnership Housing, Urban Regeneration and Investments. It is listed on the London Stock Exchange and is a constituent of the FTSE 250 Index.

Current Value: £ 1,005m

Morgan Sindall Group PLC (MGNS)

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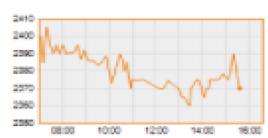
Share Price



MID

2370.0p

+25.0p (+1.07%)

Bid: 2000.0p Offer: 0.0p

As of: 15 Oct 2021 17:42

graph last 2 years

Market Capitalisation:	£1,005.24 million
Shares In Issue:	45.49 million
PE:	14.64
Dividend Yield:	2.99

2 year high:	2685.0p on 03-Sep-21
2 year low:	1030.0p on 30-Jul-20

Source: citywire.com

No. 5 Galliford Try www.gallifordtry.co.uk

Profile: Galliford Try is a leading UK construction group that states that it is working to improve the UK's built environment and local communities.

The company's attention is spent in delivering products and services in aviation, infrastructure, and buildings. Galliford Try turned over £2.86 billion in 2019 and employed over 3,000 staff. Notable projects include St Pancras Chambers restoration, Tottenham Hale development and Lincoln Eastern Bypass.

Recent Review: Formerly involved in housebuilding, it sold its housing businesses to Bovis Homes - subsequently renamed Vistry Group - in January 2020, to restructure its depleted balance sheet- and Galliford Try is today focused on the building, highways and environment markets. Prior to the sale of its housing arm, it was ranked fifth largest by turnover among UK construction companies in 2019. However, the company is back on track and remains a favourable target.

Current Value: £ 130m

Source: citywire.com

No.6 Amey www.amey.co.uk

Profile: Amey remains one of the top five support services suppliers for road and rail infrastructure projects in the UK. The company turned over £2.67 billion in 2019, employing over 16,000 people. Based in the UK, Amey has been involved in the delivery of Thames Tideway Tunnel, Heathrow Airport and National Grid Overhead Line Fittings. Recent Review: In June 2021, Amey reported a £98m pre-tax loss for 2020, hit by loss-making contracts in highways and waste treatment. Plans to sell its waste collection and utilities businesses were progressing, but no buyer for its waste treatment operations had been identified. Group revenue on continuing operations dropped 6% to £2.14bn. Parent Ferrovial planned to convert £112m in debt into equity to support the business, while also seeking to divest its services portfolio including Amey. A deadline for bids to buy Amey was set for August 2021. In September 2021, private investment firm Buckthorn, which includes former UK chancellor Philip Hammond among its partners, was reported to be among at least two bidders for Amey. Acquiring Amey would represent a diversification for Buckthorn, which is competing with at least one other as yet unidentified bidder. The Spanish infrastructure group, which owns a big chunk of London Heathrow Airport, has contemplated a sale of its entire global services business for some time, with Amey the subject of a standalone auction process.

Current Value: £300-400m
Amey is a subsidiary of Spanish company Ferrovial, listed on the Madrid stock exchange. City sources said that Amey could be worth between £300m and £400m, although uncertainties over its complex web of public and private sector contracts could mean the final purchase price falls outside that range.

The initial attempt to divest it was unsuccessful amid uncertainty about the future of a controversial £2.7bn roads contract in Birmingham. A dispute with the city's local authority was resolved in 2019, although Amey only finally extricated itself from the deal last year.

The tidying-up of Amey's business is likely to provide prospective buyers with a clearer view about the company's valuation in a sector which has been rocked by several prominent corporate collapses in recent years, including that of Carillion.

Morgan Stanley is now handling the auction of Amey.

No.7 ISG www.isgltd.com

Profile: ISG Ltd (formerly Interior Services Group) is a privately-owned, London, UK-based construction company. It employs around 2,800 people, mainly in Europe, the Middle East and Asia and has operations in 24 countries.
The business that became ISG was founded as Stanhope Interiors in 1989 by David King who led its management buyout from Stanhope Properties in 1995, when it was renamed Interior plc.

In 1997, the business, Interior Services Group, was floated on the Alternative Investment Market of the London Stock Exchange. It officially changed its name to ISG plc in April 2013.

ISG is now a leading specialist in fit out, technology, and construction in five distinct sectors – offices, technology, science and health, hospitality & leisure, and education & public sector. The company's turnover in 2019 was £2.59 billion and marked the significant milestone of being the first time ISG exceeded the £2 billion mark.

The business employs almost 3,000 staff that have been responsible for delivering construction projects worldwide. ISG has delivered some large scale fit out projects in the UK, with notable projects including Aldwych Quarter in London, Network Rail offices in London, and Allied World offices in London.

Recent Review: In May 2021, ISG reported its results for 2020, affected by the COVID-19 pandemic. Revenue was down 23% to £2.0bn (2019: £2.6bn); underlying EBITDA for the year was £37.6m (2019: £63.3m). Fit-out is ISG's biggest source of revenue (£1,042.3m in 2020), followed by construction (£690.8m) and engineering services (£293.3m).

Current Value: In March 2016, ISG was taken private by US-based Cathexis (the investment vehicle of Texan billionaire William Harrison), previously a substantial shareholder, in a £85m takeover. As such it is not possible to put a current value on the company. But with normalized profits over £40m per year, the value attributed by owner Cathexis is likely to be substantial, possibly over £1000m. With its focus on interiors/Fit Out t is not a target company as it has little exposure to Government funded infrastructure projects.

No.8 Keller Group www.keller.com

Profile: Keller Group plc is a large independent geotechnical solutions specialist. It is listed on the London Stock Exchange. Keller Group provides technically advanced solutions and services, relating to ground behaviour, to the construction industry.

Their operating activities include foundation support, ground retention, underground excavation, ground water control, conservation & rehabilitation and environmental protection.

The company turned over £2.33 billion in 2019 employing over 10,000 staff. Keller Group has worked on some landmark projects around the world as well as in the UK. Most notably, Crossrail C310, London Power Tunnels, and South Cliff Stabilization Scheme in Scarborough.

Recent Review: Keller remains a profitable, but specialist business and not a general civil engineering contractor.

Current Value: £566m

Keller Group PLC (KLR)

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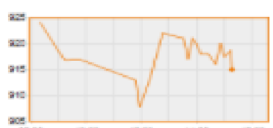
Share Price



MID

916.0p

-7.0p (-0.76%)

Bid: 560.0p Offer: 0.0p

As of: 15 Oct 2021 17:30

Market Capitalisation:	£565.75 million
Shares In Issue:	72.07 million
PE:	12.66
Dividend Yield:	3.89

graph last 2 years

2 year high:	1028.0p on 01-Sep-21
2 year low:	6.9p on 17-Dec-19

Source: citywire.com

No.9 Tarmac Trading www.tarmac.com

Profile: Tarmac Trading is a UK based business delivering roads & services infrastructure, highways maintenance and off-site manufacturing. Tarmac Trading is also a supplier of construction products such as aggregates, asphalt, cement, lime and ready-mix concrete.

Tarmac Trading's turnover was £2.13 billion in 2019, employing around 7,000 staff over 400 sites in the UK. Notable projects where Tarmac Trading has made key contributions include Silverstone, Wembley Stadium and The Shard.

Tarmac is Part of the Irish based Construction Materials giant CRH

Recent Review: Mr Manifold Chairman of CRH noted that the UK, where CRH doubled down in 2016 through its purchase of quarrying giant Tarmac as part of a large international deal, has been affected in recent years by a construction slowdown prompted by Brexit and, more recently, Covid-19. Still, he added- "The UK remains an important market for us." On this basis it is assumed that Tarmac Trading is unlikely to be acquirable, although the non-core UK supply and contracting operations maybe available to acquire and this assumption may be false, if such operations could be ring-fenced for sale. Such a move, if combined with a large UK contracting competitor could produce a fully integrated UK construction group rather like the Tarmac Group was in the 1980's.

No.10 MACE www.macegroup.com

Summary: Mace Group Ltd, commonly known as Mace, is a successful global consultancy and construction firm headquartered in London, United Kingdom, employing approximately 5,000 people, across five continents with a turnover having peaked in excess of £2 billion.

Mace was forecasting that the Covid pandemic would knock 20% from its targeted £2.1bn revenue for 2019. In fact, revenues were down 23% to £1.78bn but profits were up 48% to £35m ranking company in 9th position in 2020.

For three years Mace has been named in The Sunday Times HSBC Top Track 100 as one of the UK's top 25 private companies. The Top Track 100 is an annual league table of the UK's largest private companies, published annually in the Sunday Times and sponsored by HSBC and Linklaters.

As a private company it is available for purchase through direct negotiation with its owners. However, the firm operates as a Programme Manager more than a General Contractor.

No. 11 Costain_www.costain.com

Profile: Costain Group plc is a British technology-based construction and engineering company headquartered in Maidenhead, England. Founded in 1865, its history includes extensive housebuilding and mining activities, but it later focused on civil engineering and commercial construction projects.

Recent Review: In June 2019, a gloomy trading update following delayed and cancelled projects, led to Costain shares slumping. In December 2019, a court ruling increasing Costain's liabilities on a Welsh road project led the firm to cut its full year profit forecasts; its share price fell 19% in early trading.

On 11 March 2020, Costain announced a £100m rights issue, aiming to strengthen its balance sheet after it suffered a £6.6m pre-tax loss on revenues of £1.16 billion in 2019; the news sent Costain shares down 34%, with the plunge continuing the following day, dropping below £1 to 88p (representing an 80% fall). The company was also affected by the COVID-19 pandemic shutdown with major projects (amounting to a third of operating revenue) suspended. As a result, the board and senior leadership team agreed a 30% reduction in salaries and fees for up to three months, while also making other short-term economies. In early May, Dubai-based contractor ASGC Construction said it planned to invest £25m in Costain's £100m rights issue, giving it a 15% stake in the group. The rights issue was concluded in late May 2020, with ASGC becoming Costain's biggest shareholder, with both long term strategic shareholders Kharafi of Kuwait and UEM of Malaysia having exited by 2018.

Things are looking better this year, as Costain Group stock is now at 80% volume buy and 20% volume sell. This comes after the announcement that profits are up £9.1 million from a £92.3 million loss in 2020. Recent comments from the company haven't hurt either. It expects to benefit from the government's commitment to investing in infrastructure in the coming years.

A turnaround of fortunes is therefore expected. Costain CEO Alex Vaughan's announced that the company had "good visibility on the completion of contracts for the remainder of this year, which gives confidence in delivering full-year results in line with our expectations". Costain is an attractive target because of its low value and exposure and expertise in key infrastructure sectors.

Current Value: £ 58m

Costain Group PLC (COST)

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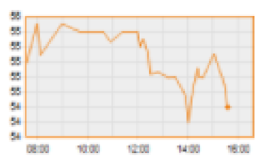
Share Price



MID

54.4p

-0.9p (-1.63%)

Bid: 0.0p **Offer:** 0.0p

As of: 15 Oct 2021 18:29

Market Capitalisation:	£57.88 million
Shares In Issue:	108.28 million
PE:	3.33
Dividend Yield:	9.59

graph last 2 years

2 year high:	207.5p on 17-Feb-20
2 year low:	32.7p on 30-Oct-20

Source: citywire.com

BUSINESS COMMENTARY

Costain in position to bounce back

Robert Lea | Tuesday September 15 2020, 12.01am BST, The Times

Costain worth a Look as a speculative Acquisition.

Suggested Agreement
Seller-Side Mandated Referrer/ Consultant

CONFIDENTIALITY/ REFERRAL AGREEMENT

REFERRER/ RETAINED CONSULTANT AGREEMENT

1. PARTIES

1.1 This Retained Consultant Agreement (hereinafter referred to as the "Agreement") is entered into on ____________________ (the "Effective Date"), by and between The Think Big Partnership , with an address of Studio 4, The Carltons, 32 Carlton Drive, London SW15 2BL (hereinafter referred to as the "Referrer/ Retained Consultant"), and __________________________, with an address of ______________________________ (hereinafter referred to as the "Client/Seller") (collectively referred to as the "Parties").

1.2 The Client/Seller is in the business of Civil Engineering and Construction Services and seeks investors, investment or strategic partnerships for the purpose of the Client/Seller's Business Development.

1.3 The Referrer/Retained Consultant is a Partnership named the Think Big Partnership engaged in Business Development and has contacts with UK and Internationally based Companies and Investors and Clients, and their Advisers interested in investing in UK Construction companies similar to the Client/Seller.

2. TERM AND TERMINATION

2.1 This Agreement shall be effective on the date of signing this Agreement (hereinafter referred to as the "Effective Date") and will continue in full force and effect for a period of 180 days from the date of this Referral Agreement (the "Term"), unless terminated by either Party upon 30 days prior written notice.

2.2 This Agreement may be terminated in case the following occurs:

- Immediately in case one of the Parties breaches this Agreement.
- At any given time by providing a written notice to the other party 30 days prior to terminating the Agreement.

3. RELATIONSHIP BETWEEN PARTIES

3.1 Hereby, the Parties agree that the Referrer/Retained Consultant in this Agreement is an independent contractor where the Referrer/Retained Consultant provides the services hereunder and acts as an independent contractor.

3.2 Under no circumstances shall the Referrer/Retained Consultant or any of its Managing Partners, Affiliate Directors or other Partnership Representatives be considered employees.

3.3 Whereas this Agreement does not create any other Partnership between the Parties.

4. SERVICES PROVIDED BY REFERRER, DUTIES AND RESPONSIBILITIES

4.1 The Referrer/Retained Consultant is engaged as a Business Development Advisor and will provide Corporate Advisory Professional Services directly to the group chief executive of the Client/Seller, or his/her appointees, on terms of strict confidentiality, in accordance with clause (10) of this Agreement.

4.2 The Referrer/Retained Consultant, in addition to providing Corporate Advisory Professional Services, agrees to act as an intermediary finder of leads and clients and advisers interested in investment or strategic alliance in the Client/Seller and its services, and to make introductions/referrals, as

Referrer/Retained Consultant, of the same leads or clients or advisers (the "Buyers") to the Client/Seller.

5. NORMAL PLACE OF WORK

5.1 The Referrer/Retained Consultant is based in London, and its Managing Partners and Affiliate Directors work from their respective homes in Malaga Spain, London UK, Fort Lauderdale USA and Lima Peru. Partnership Representatives shall be available for communication electronically and on Social Networking Sites, or with reasonable notice elsewhere as requested by the Client/Seller. The Referrer/Retained Consultant will be eligible for reimbursement of travelling expenses and subsidence for periods spent away from home, for any of its Representatives, where requested and pre-approved by the Client/Seller.

6. NON-EXCLUSIVITY

6.1 This Agreement shall not imply any Exclusivity and shall not be construed to be a commitment by either of the Parties to work exclusively with one another regarding referrals of potential new business contacts and clients or any other business or investment activities.

7. PAYMENT AND FEES

7.1 The Client/Seller will pay the Referrer/Retained Consultant a Retainer Fee ("the Retainer Fee") at the rate of £ ____________ per calendar month. The number of man-hours per day are expected to be as maybe required to meet the commitments of, and provide the Services required by, the Referrer/Retained Consultant in this Agreement.

7.2 In addition the Parties agree that the Client/Seller will pay the Referrer/Retained Consultant a (___)% Commission per Successful Referral (the "Referral Fee"). The Referral Fee shall apply only to Successful Transactions and the Commission percentage shall apply to the Value of the Investments, or merged value made by the Buyers or their affiliates or investor clients or advisors, where such Investments or Merger are made as a result of the Introductions/Referrals of the leads or clients, or advisers of the Buyers made to the Client/Seller or its relevant executives by the Referrer/Retained Consultant during this Agreement.

7.3 Successful Transactions shall be defined as any payments or investments, or merged added-value where applicable, whether raised as debt or equity or related party transaction, made by the Buyers and/or their retained affiliates or investor clients or advisers in any of the Client/Seller's businesses, subsidiaries, or their shareholders, where such payments or investments or mergers are made as a result of the Introductions/Referrals of the leads or clients, or advisers of the Buyers made to the Client/Seller or its relevant executives by the Referrer/Retained Consultant during this Agreement.

7.4 The Referrer/Retained Consultant will invoice the Client/Seller monthly in arrears for work done related to the Retainer Fee. Provided the Referrer/Retained Consultant has met all obligations of this Agreement, the Client/Seller will pay the invoiced amounts for the Retainer Fee within (7) days of receipt of invoices.

7.5 Referral Fee entitlements for Successful Transactions shall remain in force, post-Agreement, for Introductions/Referrals made during the Term of the Agreement, regardless of whether the Agreement Term has expired, or the Agreement terminated.

7.6 Upon determination of Referral Fees due, the Referrer/Retained Consultant shall issue separate invoices to the Client/Seller and payments shall de due thirty (30) days from the dates of the Invoices.

7.7 The Parties agree that the means of payment will be via cheque or bank transfer to nominated bank accounts. Cheques shall be made payable to The Think Big Partnership.

8. EXPENSES

8.1 The Client/Seller will reimburse the Referrer/Retained Consultant for pre-agreed travelling and other expenses reasonably incurred by its Representatives in the proper performance of the Referrer/Retained Consultant's duties, provided that receipts or other evidence of actual expenditure is provided. The level and type of expenses eligible for reimbursement will be in accordance with the general policies of the Client/Seller company.

9. NON-CIRCUMVENTION

9.1 During the Term of this Agreement, the Client/Seller will not attempt to do business with, or otherwise solicit any Buyers or Investors or Mergers found or otherwise referred by the Referrer/Retained Consultant to the Client/Seller for the purpose of circumventing, the result of which shall be to prevent the Referrer/Retained Consultant from realising or recognising a Retainer and/or Commission/ Referral Fee. If such circumvention shall occur the Referrer/ Retained Consultant shall be entitled to any Retainer Fee and/or Commission/Referral Fee due on any such transactions pursuant to this Agreement.

10. CONFIDENTIALITY

10.1 The Referrer/Retained Consultant shall not disclose any confidential information belonging to the Client/Seller, its own clients, contractors or suppliers. All such information whatever its content is confidential, and the Referrer/Retained Consultant has a personal responsibility to protect and maintain confidentiality of Client/Seller’s information. The Referrer/Retained Consultant must not, except as authorized or required by law, reveal any confidential information relating to the Client/Seller or any group company or any of its suppliers or clients.

10.2 All written terms and conditions of this Agreement and any written materials provided during the term of the Agreement must be returned to the Client/Seller upon termination of the Agreement, and where not written, kept confidential by the Referrer/Retained Consultant after termination of the Agreement unless the disclosure is required pursuant to the process of law.

10.3 Disclosing or using this information for any purpose beyond the scope of this Agreement, or beyond the exceptions set forth above, is expressly forbidden without the prior consent of the Client/Seller.

11. LIMITATION OF LIABILITY

11.1 Under no circumstances will either party be liable for any indirect, special, consequential, or punitive damages (including lost profits) arising out of or relating to this Agreement or the transactions it contemplates (whether for breach of contract, tort, negligence, or other form of action) in case such is not related to the direct result of one party’s negligence or breach.

12. GOVERNING LAW

12.1 This Agreement shall be governed by and construed in accordance with the laws of England and Wales.

13. SEVERABILITY

13.1 In an event where any provision of this Agreement is found to be void and unenforceable by a court of competent jurisdiction, then the remaining provisions will remain to be enforced in accordance with the Parties' intention.

14. ENTIRE AGREEMENT

14.1 This Agreement contains the entire Agreement and understanding among the Parties hereto with respect to the subject matter hereof, and supersedes all prior agreements, understandings, inducements and conditions, express or implied, oral or written, of any nature whatsoever with respect to the subject matter hereof. The express terms hereof control and supersede any course of performance and/or usage of the trade inconsistent with any of the terms hereof.

15. AMENDMENTS

15.1 The Parties agree that any amendments made to this Agreement must be in writing where they must be signed by both Parties to this Agreement.

15.2 As such, any amendments made by the Parties will be applied to this Agreement.

16. SIGNATURE AND DATE

16.1 The Parties hereby agree to the terms and conditions set forth in this Agreement and such is demonstrated throughout by their signatures below:

REFERRER/RETAINED CONSULTANT

Name: ________________________________

Position: __________________, Think Big Partnership

Signature: ______________________________

Date: __________________________________

CLIENT/SELLER

Name: ____________________________

Position: ______________________________________

Signature: ______________________________

Date: __________________________________

NOTES