

Nuclear Project Trouble, Seeks Recovery

Under the leadership of CEO Stuart Binstock, Chicago Bridge & Iron (CB&I) is a company points out, a major subcontractor to a nuclear structure powerhouse. Binstock recently announced retire-
 ments to his successor, Patrick Mullen, and CB&I's ambitions. The stock price has plummeted to about \$90 a share three quarters ago. While the company has taken a toll, CB&I is first by the cash drain and uncertainties surrounding nuclear-plant subcontracts. Problems with a pair of construction projects, and quarter profits, have

led to a better understanding of the market. Binstock will take in the coming quarter to bolster its balance sheet. A recent report by Moody's says CB&I is a noncore asset. But further complicated by the Westinghouse problem projects,"

CB&I could get its struggling construction office off the ground, agreeing, in 2015, to Westinghouse, for protection from bankruptcy court. In nothing up front, to cover the cost of clear plants CB&I in Carolina and Georgia to Westinghouse. At least three years of operation over budget.

Things headed further downhill last year, when CB&I claimed Westinghouse still owed it \$428 million from the deal. Westinghouse claimed it was owed an additional \$2 billion to cover liabilities related to the nuclear-plant projects that were not disclosed at the time the deal was signed.

CB&I filed suit and is currently in a court-ordered arbitration with Westinghouse. The outcome remains unclear.

While a CB&I spokesman said the company remains confident of a positive outcome, CB&I investors are split about what comes next. Short sellers smell blood, according to comments made on the website TalkMarkets. However, the CB&I spokesman pointed to positive signs for future growth, with an increase in new business, including a \$1.3-billion engineer-procure-construct contract from Total for an ethane cracker in Texas.

Another source of optimism is CB&I's healthy \$19-billion backlog.

"Regarding the current litigation with Westinghouse, we remain confident in our position and expect a decision from the Delaware Supreme Court in the near future," the company's spokesman wrote in an email. "A favorable ruling will move us one step closer to what we believe will be a positive resolution."

The optimists haven't run out of reasons yet for the vindication of Asherman's view of the company. They believe that Asherman, one of the highest-paid executives in construction, was a builder of long-term value, rather than one who took too much risk.

In an analysis posted on the financial website Seeking Alpha, Daniel Jones, who started bulking up on CB&I stock when it was still more than \$50 a share, said he has not lost faith. "I believe its true value lies, once the market recovers, at a price not too far off the highs it saw in 2014." ■

By Scott Van Voorhis

CONFERENCES

CFMA-Goers Talk Roads, Staffing

Uncertainty around federal infrastructure spending continues to hinder states from having the confidence to proceed with large infrastructure projects, economist Anirban Basu told attendees at the Construction Financial Management Association's 36th annual conference.

With FAST Act funding tied up in appropriations and the Highway Trust Fund approaching a funding "cliff" in 2020, "it's time to get things done," Basu says. "But I don't hear any talk out of Washington, D.C., about replenishing the Highway Trust Fund."



NOT SO FAST Basu says the lack of fund appropriation by Congress slows highway work.

Stuart Binstock, CFMA president and CEO, says the group's members "are a cautious group, and political uncertainty is never something that they like to see."

Held in Phoenix on June 3-8, the conference provided 1,300 financial professionals with networking opportunities and educational sessions, centered on risk management, accounting, technology and human resources. New attendees comprised about 30% of the record-setting attendance, says Binstock.

Despite political unknowns, staffing shortages were front and center for most CFMA members at the conference. "It's the top concern among our members by about five-fold over any other issue," Binstock says.

The job market's competitive atmosphere creates risk around the hiring process, says Kathy Cole, president of executive search firm DK Cole Co. "Learning [at the conference] about rapid changes in salary and benefit plans is a really critical issue for companies," she notes. ■

By Scott Blair