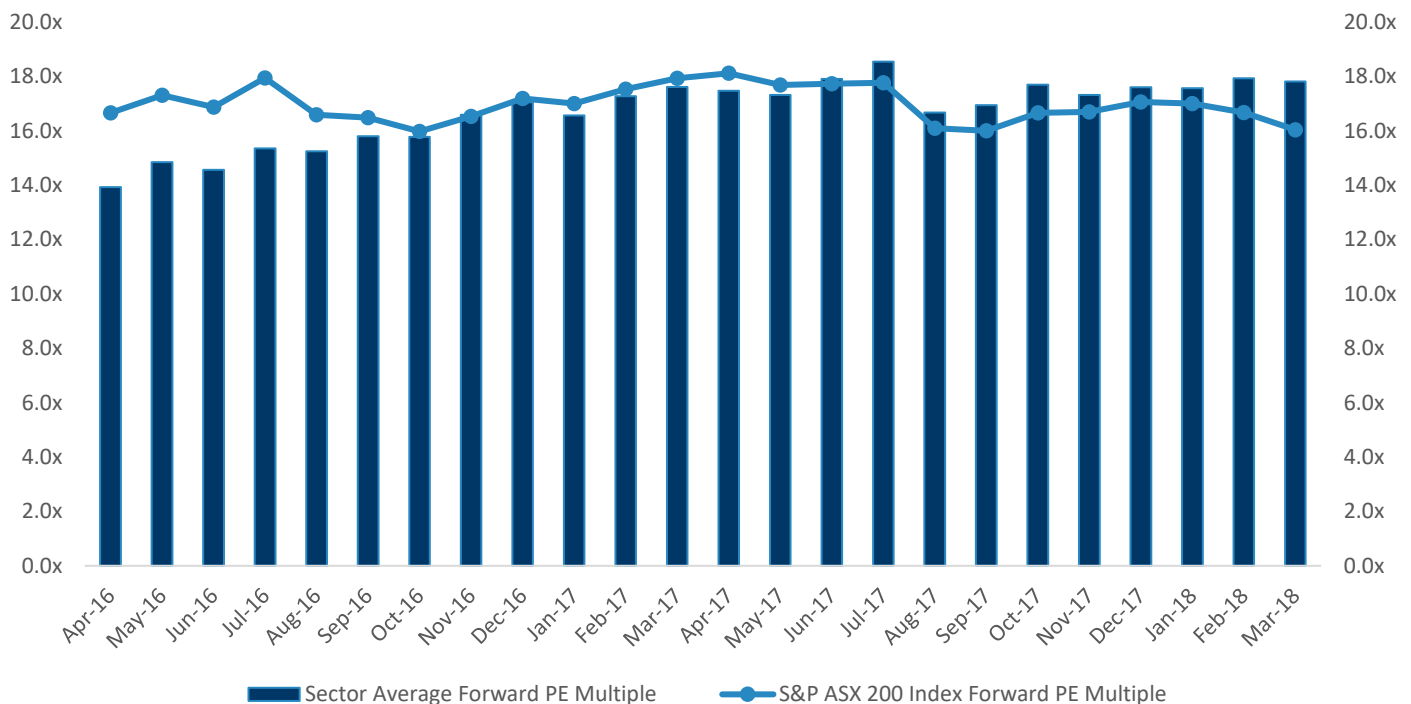


Engineering & Construction

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.03.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Engineering & Construction (E&C) sector decreased slightly over the period. At the end of March, the E&C sector traded on a forward PE of 17.8x, above the ASX200 multiple of 16.0x.



Average Values and Trading Multiples (as at 16.04.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Building Products	6,596	11.9x	13.9x	19.9x
Professional Services	5,785	10.2x	12.4x	19.0x
Freight & Logistics	17,325	10.2x	18.0x	15.4x
Construction Materials	24,264	13.9x	13.9x	16.4x
Engineering & Construction	36,047	8.5x	11.6x	15.3x
Industrial Machinery & Products	23,234	9.5x	15.8x	22.8x
Homebuilding	287	9.9x	15.7x	16.3x

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2018. The constituents have been refreshed this month to ensure the sector groups and companies included are current.

¹ The InterFinancial E&C Index set is an unweighted index comprising E&C related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from FactSet Research Systems Inc.

Digging for Deals...



Value: Not disclosed

InEight, an Arizona-based developer of construction project management software, has agreed to acquire Australian-based **QA Software**. This includes **QA Software's** flagship product, **TeamBinder**, the comprehensive document management and collaboration solution for the engineering and construction industry. The acquisition combines **InEight's** project management solutions with **QA Software's** comprehensive document management tools, creating world-class solutions for key project stakeholders including contractors, owners and engineers.



Value: Not disclosed

Premier Tech, a Canadian agricultural and industrial equipment company, acquired **Kockums Bulk Systems**, an Australia-based packaging equipment and bulk powder handling firm. No financial terms were disclosed. The deal allows **Premier Tech** to expand its geographic presence in Oceania and be closer to its Australia and New Zealand clients. **Kockums Bulk Systems**, in business for 68 years, offers services that range from concept design of industrial equipment through engineering, manufacture, installation, commissioning, operator training and after sales support.



Value: \$70.0m (rumored)

Colinton Capital Partners has acquired **Australian Maritime Systems Group**, the marine engineering and maintenance business. **Colinton** and its co-investors will take a 92.8% stake in the business as part of the \$70m deal. **Colinton** will buy the stake from **Australian Maritime Systems'** existing shareholders, including its chief executive and founder John Sugarman. Sugarman will remain with the business.

Scuttlebutt...

- **Project Group**, an Australia-based builder, has entered voluntary administration. The company, which has around 100 employees, owes \$22m in debt, including \$7m in secured debt and unsecured debt of \$15m. The administrator is reviewing the group's overall financial position and the status of projects to determine which may be able to be completed.
- **Powermaster Marine**, a privately held Chinese marine equipment manufacturer, is seeking acquisitions of propulsion and unmanned maritime systems manufacturers in the Nordics, the UK, France, Germany, Israel and Australia.
- **Kumagai Gumi**, a Tokyo-based construction company, announced it will pursue M&A and alliances as part of its new three-year business plan. The company will pursue M&A and alliances of overseas construction companies in Asia, North America and Australia.
- **Hiway Group**, the New Zealand-based pavement construction and stabilisation group, is seeking potential suitors. **Hiway Group** is a market leader in New Zealand and has been working on expanding its Australian operations. The company's management is thought to be seeking a partner to accelerate its growth efforts. **Hiway Group** is anticipated to be valued at \$100m.
- ASX-listed **Adelaide Brighton** has not reached any transaction agreement with **Barro Group**, the company said (6 April) in a response to recent media speculation. **Adelaide Brighton** has proposed to **Barro** at various times a combination of the two companies' respective businesses. However, no agreement has been reached on any such transaction.
- **Homebase**, the UK-based DIY retailer, has attracted interest from the UK-based discount retailer **B&M** and private equity firms **Endless**, **Hilco** and **Lion Capital**. **Homebase's** parent company **Wesfarmers** began sounding out potential buyers last week. The Australian group acquired **Homebase** for \$680m two years ago.
- **Fulton Hogan**, the Australia and New Zealand-based civil construction business, is close to buying **Stevenson Group**, the family-owned New Zealand-based building materials company. **Stevenson** could be valued at up to NZD 300m.

If you are interested in specific information regarding mergers and acquisitions in the Engineering & Construction sector, please contact Chris Munday, Sharon Doyle or Mark Steinhardt.

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This information has been sourced from the ASX, Mergermarket.com and various other public information sources. Forecasts are consensus forecasts sourced from FactSet Research Systems Inc.

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