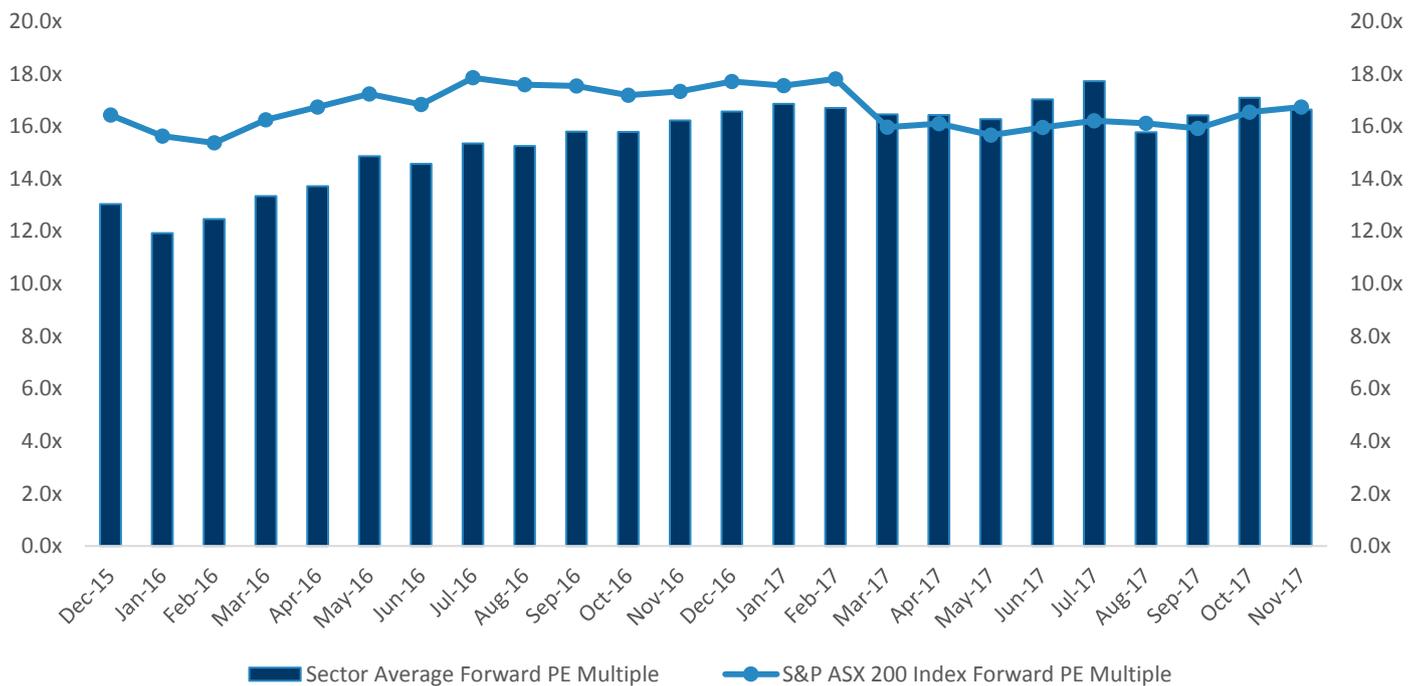


Engineering & Construction

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.11.17)¹ Source: FactSet Research Systems Inc.

Multiples in the Engineering & Construction (E&C) sector decreased over the period. At the end of November, the E&C sector traded on a forward PE of 16.6x, in line with the ASX200 multiple of 16.7x.



Average Values and Trading Multiples (as at 18.12.17) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Building Products	5,797	10.9x	13.0x	18.8x
Professional Services	4,355	9.2x	11.7x	16.7x
Freight & Logistics	19,265	12.3x	20.5x	20.5x
Construction Materials	24,072	10.2x	13.7x	17.3x
Engineering & Construction	19,890	8.3x	11.4x	17.5x
Industrial Machinery & Products	40,241	7.2x	11.7x	15.6x
Homebuilding	261	7.1x	10.5x	15.7x

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: Unknown



Seeley International, the Australian air conditioning manufacturer, is acquiring commercial and industrial HVAC business **Integrated Comfort Inc (ICI)**, a leading Sacramento-based manufacturer of highly efficient patented evaporative pre-cooling products. The value of the transaction is unknown.



Value: \$414m



Listed Japan-based **Daiwa House Industry Co.** is acquiring **Rawson Group**, a residential housing construction and land development business in Sydney. The deal was reportedly valued at \$414m. **Rawson Group** is a 40-year-old private corporation focused on land development and the construction of single-family homes. **Rawson Group** is the parent entity of **Rawson Homes**, **Thrive Homes** and **Rawson Communities** and had revenue of \$544m in the year ended June.



Value: \$116.3m



Dar Group, the international multidisciplinary consulting organization in engineering, architecture, planning, environment, project management, and economics, has acquired another 7.5m shares of ASX-listed engineering consultancy firm **WorleyParsons** for \$116.3m to raise its stake to 22.9%. **Dar Group** paid \$15.50 for each share in an off-market trade. The 22.9% stake secured by **Dar Group** includes a 19.9% stake held in the form of actual shares, in addition to 2.97% stake via a swap.



Value: Unknown



Surbana Jurong, a Singapore-based infrastructure and real estate company, has acquired **Robert Bird Group**, an Australian engineering company. The value of the deal is unknown. In 2016, **Surbana** acquired **SMEC**, an Australia-based infrastructure consultancy firm with 6,000 employees, for approximately USD 298m.



Value: Unknown



ASX-listed **Big River Industries** has completed the earnings accretive acquisition of **Ern Smith Timber & Hardware**. **Ern Smith** has been established for 50 years, and complements the **Big River** expansion strategy to directly supply the trade segment of the building and construction industry across Australia. Annual sales revenue of **Ern Smith** is approximately \$8m, and further growth is expected through the distribution of related Big River products in this market. The value of the transaction is unknown.

Scuttlebutt...

- **Ventia**, the Australia-based services business, could interest listed entities **Engie** or **Ferrovial**. **Lendlease** has rejected suggestions that it is a potential buyer for **Ventia**, and **Wesfarmers** is believed to have lost interest. **Apollo Global Management** is selling its 50% stake in **Ventia**, while co-owner **CIMIC** could also add its stake to the auction.
- **Australian Crane & Machinery (ACM)**, a privately owned Australian manufacturer and hirer of truck mounted elevated work platforms, is looking to raise up to \$20m in equity. The Melbourne-based company expects interest from international private equity firms, as well as strategic players.
- **Buckeridge Group of Companies (BGC)**, the Australia-based building materials business, has received interest from private equity suitors. **BGC** is believed to have been in talks with a private equity fund, which has led to speculation that at least part of the group could be put on the market next year. **BGC** is among Australia's 10 largest privately-owned businesses and employs 3,500 workers.
- **Aurecon**, a privately owned Australian engineering consultancy, could make bolt-on acquisitions, especially within its advisory business. Within advisory, **Aurecon** helps clients improve the productivity of their asset portfolios. Advisory is a main growth area for **Aurecon**, currently accounting for 10%-15% of the company's business.

- **Stevenson Construction Materials**, the privately owned New Zealand-based building materials business, is considering strategic options, including a possible sale to mid-market private equity players outside of Australia.

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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