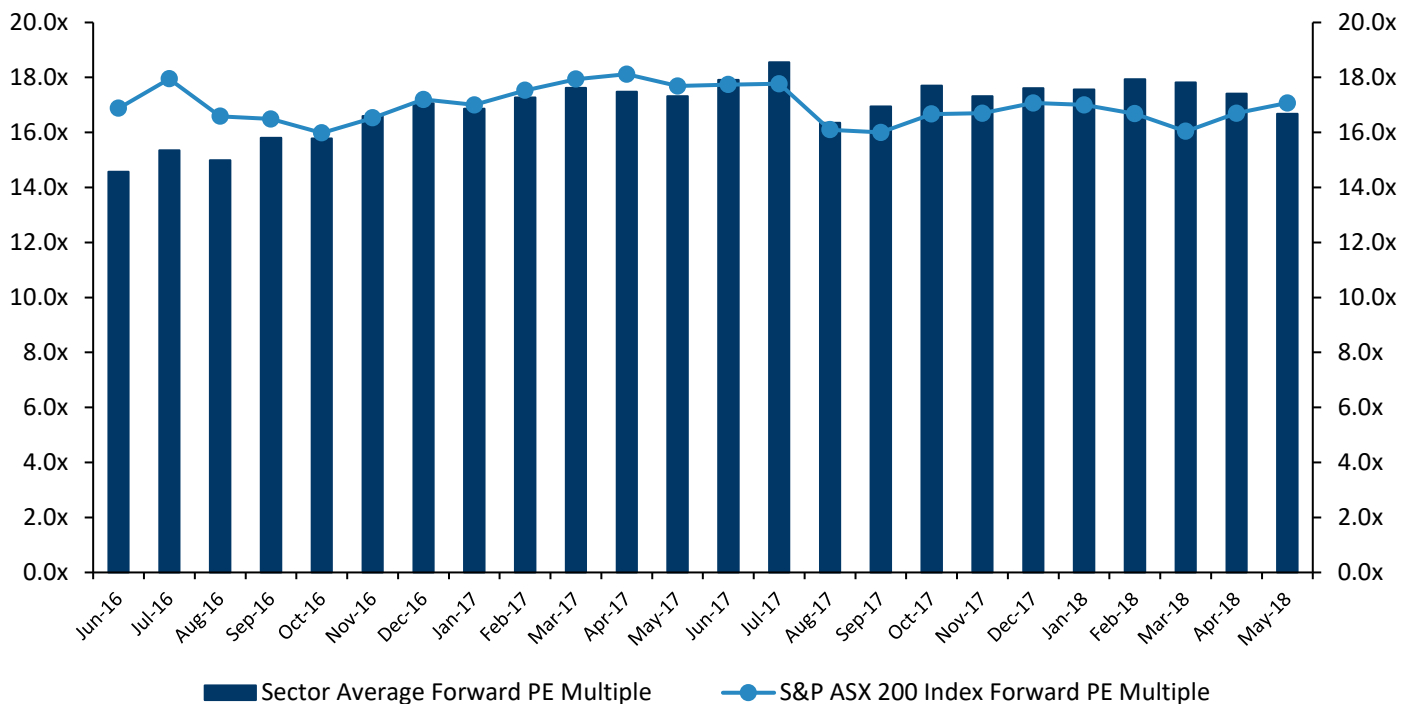


Engineering & Construction

Pricing Multiples

Forward Price Earnings Multiples (monthly to 31.05.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Engineering & Construction (E&C) sector decreased over the period. At the end of May, the E&C sector traded on a forward PE of 16.7x, below the ASX200 multiple of 17.1x.



Average Values and Trading Multiples (as at 26.06.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Building Products	6,870	12.8x	14.9x	14.5x
Professional Services	6,373	14.1x	17.8x	22.4x
Freight & Logistics	17,646	10.7x	18.9x	15.6x
Construction Materials	24,315	10.7x	14.1x	16.7x
Engineering & Construction	35,886	8.5x	11.3x	16.3x
Industrial Machinery & Products	22,666	9.8x	15.1x	17.7x
Homebuilding	253	12.9x	N/A	N/A

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.

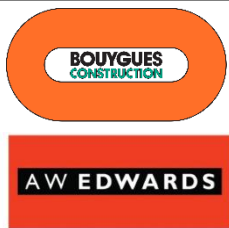
¹ The InterFinancial E&C Index set is an unweighted index comprising E&C related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from FactSet Research Systems Inc.

Digging for Deals...

Value: Not disclosed



Fulton Hogan, the Australia and New Zealand-based civil construction business, has agreed to acquire the quarrying and concrete assets of **Stevenson Group**, the family-owned New Zealand-based building materials company. The consideration for the deal was not disclosed. The sale includes the group's laboratory and transport assets as well as the quarrying and concrete businesses. In total, the businesses have 200 employees. **Stevenson** will be keeping its mining and property development operations.



Value: Not disclosed

Bouygues Construction is pursuing its development strategy in Australia and strengthening its position in the construction market with the acquisition of the Australian company, **AW Edwards Pty Limited**. **Bouygues Bâtiment International**, a subsidiary of **Bouygues Construction**, will purchase all the company's shares. Its brand name will be retained. The value of the deal was not disclosed. The deal is expected to complete in the summer of 2018. **AW Edwards** reported a revenue of \$277m in the year 2017 and employees around 250 people.



Value: ~\$11.5m

ASX-listed **Global Construction Services** will acquire the remaining 49% stake in **Gallery Facades**, formerly known as **Podium Glazing**, to take full control of the company via the issue of 11.1m ordinary shares of **Global Construction Services**. **Gallery Facades'** turnover is expected to increase by more than 20 per cent in fiscal 2019 to \$100 million and has an order book worth \$238 million. It designs, supplies and installs facades at commercial and residential projects nationally for tier one construction companies.



Value: Not disclosed

ASX-listed **Reece Group** has agreed to acquire the New Zealand plumbing business **Edward Gibbon** and the **Zip Plumbing Plus** stores in Christchurch and Takanini. Established in 1945, **Edward Gibbon** has grown to more than 110 employees and 10 stores in the main centres of New Zealand's South and North Islands, while **Zip Plumbing Plus** has 14 employees at its Christchurch and Takanini stores. The value of the deals were not disclosed.

Scuttlebutt...

- NZE and ASX-listed **Fletcher Building** has appointed an adviser to sell its laminates business **Formica**. Mid-market private equity players in the US are considered the most likely buyers. Trade players are also expected to take a look at **Formica**, which could be valued at around \$1bn.
- ASX-listed **Adelaide Brighton** is eager to progress with a formal merger with its 41% owner **Barro Group**.
- **Clough**, an Australia-based engineering and project services business, is near to making a small acquisition in the US. The company hopes to complete a deal by the end of calendar year 2018. The acquisition may open the door to engineering construction work on US LNG projects.
- **BGC Group**, the Australia-based construction company, will be put up for sale. The heirs of **BGC's** founder Len Buckeridge confirmed that the business would be sold to settle a family dispute over the late billionaire's estate. Buckeridge died in 2014 with an estate worth around \$2.5bn.
- Private equity firm **Pemba Capital** is looking to sell **Ausreo**, the Australia-based steel products and software business. **Ausreo** is anticipated to be sold in a two-part auction process and could be worth between \$175m and \$200m. The company has 272 employees and revenue of \$218m.
- **Primero**, an Australia-based engineering services business, is seeking to raise as much as \$25m via an initial public offering, according to a prospectus lodged with the ASIC. Upon the completion of the offer, the indicative market capitalization will be \$57.6m. **Primero** is an engineering contracting company specialising in providing engineering design and construction services to the minerals, energy and infrastructure sectors.
- ASX-listed companies **Global Construction Services** and **SRG** have announced a proposed merger of equals to create **SRG Global Limited**. The merger provides the platform to continue to build a leading global Specialist Engineering, Construction and Maintenance Group.

- **Mercury Capital** is involved in exclusive discussions to buy **Calibre Group**, the Australian mining services business. The company is seeking buyers for its major shareholder First Reserve, which owns around 65% of the company.
- ASX-listed **APA Group**, the Australian natural gas infrastructure company, has received an unsolicited proposal from a consortium led by **CK Infrastructure Holdings Limited** for an acquisition. The consortium comprises of **CKI**, **CK Asset Holdings Limited (CKA)** and **Power Assets Holdings Limited**. The price is \$11.00 cash per stapled security. The proposal also permits a distribution not exceeding 24.0 cents per stapled security payable in respect of the six months to 30 June 2018.

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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