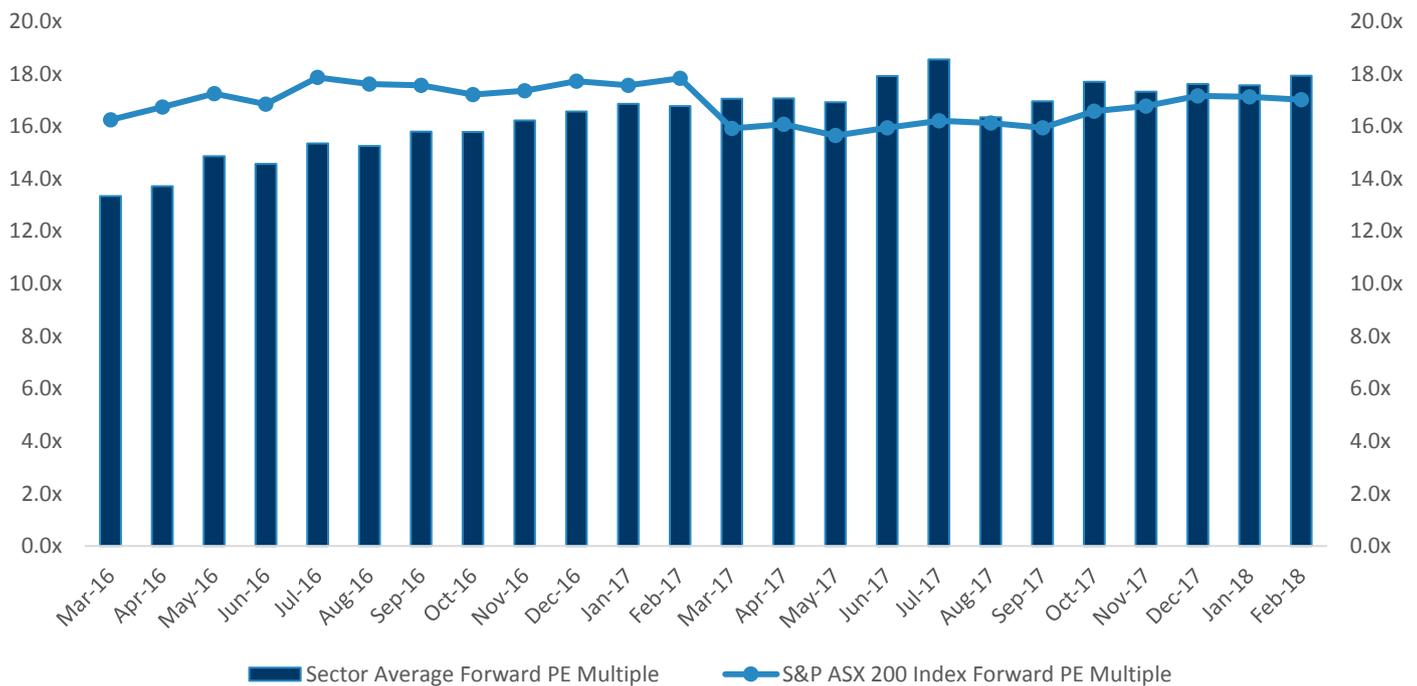


Engineering & Construction

Pricing Multiples

Forward Price Earnings Multiples (monthly to 28.02.18)¹ Source: FactSet Research Systems Inc.

Multiples in the Engineering & Construction (E&C) sector increased over the period. At the end of February, the E&C sector traded on a forward PE of 17.9x, above the ASX200 multiple of 17.0x.



Average Values and Trading Multiples (as at 19.03.18) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Building Products	6,487	11.7x	13.8x	19.7x
Professional Services	5,801	10.3x	12.5x	19.2x
Freight & Logistics	18,198	9.2x	15.2x	14.3x
Construction Materials	24,602	14.3x	14.6x	17.6x
Engineering & Construction	22,393	8.3x	11.9x	18.1x
Industrial Machinery & Products	30,177	8.6x	13.4x	18.7x
Homebuilding	286	10.2x	16.1x	16.7x

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: Not disclosed

Aurecon, a privately owned Australian engineering consultancy, announced it has acquired digital agency **Studio Magnified**, formerly known as **Squint Opera Australia**. **Studio Magnified** has a team of 25 digital designers and creative strategists renowned for their work in infrastructure and the built environment. **Aurecon's** new digital design team will ramp up the firm's existing digital and visualisation services currently in demand globally.



Value: \$1.48bn

ASX-listed **Macquarie group** has won its bid to acquire nine completed highway projects in India, with a total bid value of \$1.48bn to purchase the projects under the Toll Operate Transfer (TOT) model from the Indian government. **Macquarie's** bid for the assets was almost 50% higher than the Indian government's expectation. **Macquarie's** local operations and maintenance partner for the projects will be **Ashoka Buildcon**, the Indian construction and engineering company.



Value: Not disclosed

Colas, a heavy construction company, part of French-listed diversified group **Bouygues**, has acquired **Topcoat Asphalt Contractors**, a company based in Adelaide, Australia. Specialized in bitumen products manufacturing and road construction, **Topcoat** operates in South Australia and the Northern Territory, with a 2017 revenue of \$25m and a workforce of 45 employees. This acquisition enables **Colas** to deliver its products and services nationwide and increases its footprint in the road products and construction segment in Australia. In 2017, revenue at the **Colas Australia Group** amounted to \$400m, in bitumen products manufacturing and distribution as well as road construction, with a workforce of 400 employees.



Value: \$84.4m

ASX-listed **Watpac Limited** has agreed with its major shareholder **BESIX Group SA** (BESIX) to be majority owned, as **BESIX Group** will acquire a further 36% stake in **Watpac** to raise its stake to 64.1%. **BESIX Group** will acquire the stake for \$0.92 per share. The proposal values **Watpac** at \$168.7m on an equity value basis.



Value: Not disclosed

Crescent Capital Partners has agreed to sell **Steel-line**, an Australia-based garage door business, to Japan's **Bunka Shutter**. **Steel-line** has annual earnings of around \$15m to \$20m and a national presence in Australia. **Crescent** has owned **Steel-line** since 2007.

Scuttlebutt...

- ASX-listed **GWA Group** is seeking first-round offers for its **Door & Access Systems** business in late April. The asset is expected to interest private equity groups and trade players. The division, which has 299 employees, reported revenue of \$95m for the 2017 calendar year.
- ASX-listed **Adelaide Brighton** could buy the cement business of its major shareholder, the **BarroGroup**. **Barro's** cement business could be valued at nearly \$500m. **Barro** currently owns 40% of **Adelaide Brighton** and its Managing Director Raymond Barro has gained a seat on the group's board. **Barro** has been considered a potential buyer for **Adelaide Brighton**, but some sources believe that **Adelaide Brighton** could instead buy **Barro** assets.
- NZX-listed **Fletcher Building** is increasingly speculated to be considering the sale of its **Formica** unit in the US to a private equity buyer. **Fletcher** added to the speculation that it could sell the **Formica** unit after it reported an NZD 273m loss for the six months ended 31 December. **Fletcher** is thought to be fielding offers from trade suitors for its Australian assets, primarily those held within its **Tradelink** division.

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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