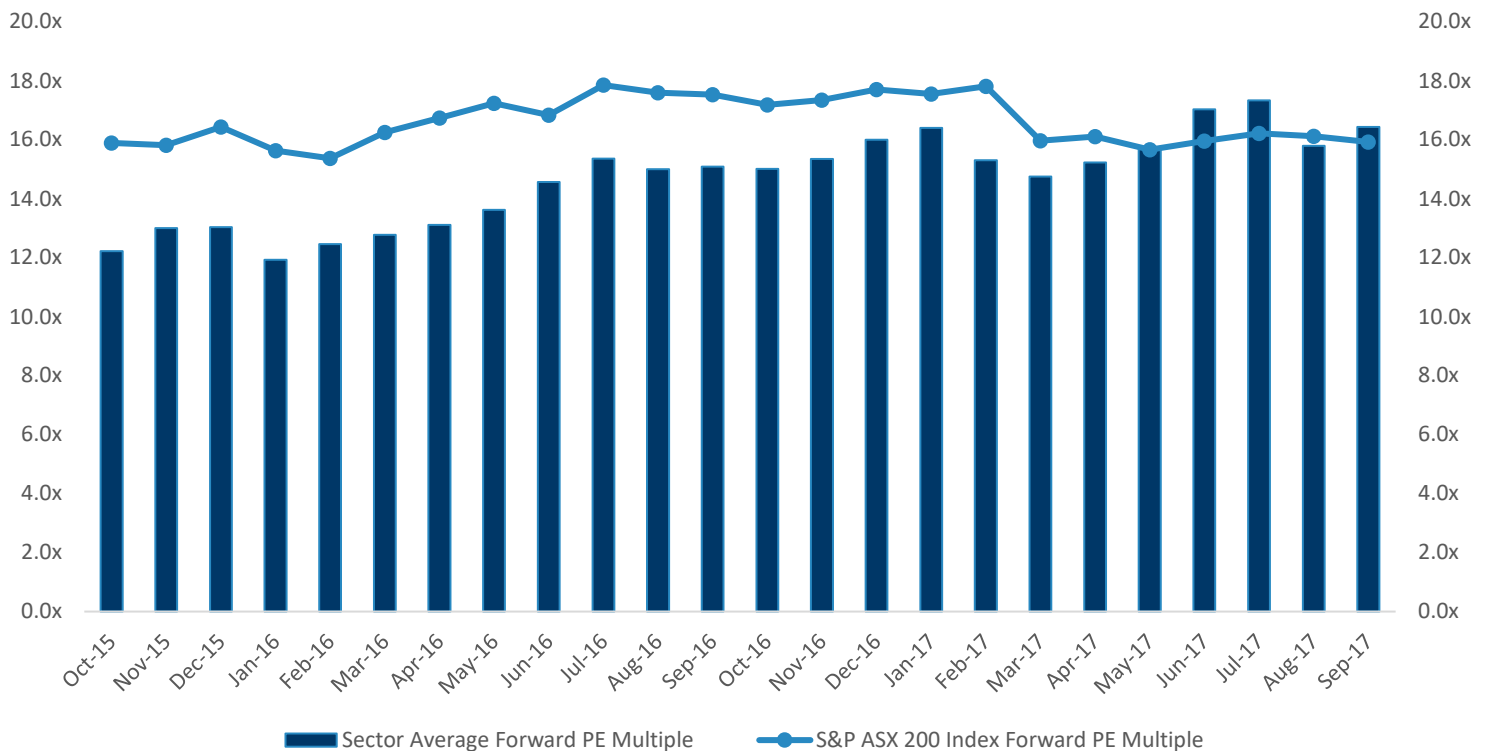


Engineering & Construction

Pricing Multiples

Forward Price Earnings Multiples (monthly to 30.09.17)¹ Source: FactSet Research Systems Inc.

Multiples in the Engineering & Construction (E&C) sector increased over the period. At the end of September, the E&C sector traded on a forward PE of 16.4x, above the ASX200 multiple of 15.9x.



Average Values and Trading Multiples (as at 24.10.17) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value	EV/EBITDA FY2018	EV/EBIT FY2018	Price / Earnings FY2018
Building Products	5,737	10.5x	12.6x	18.1x
Professional Services	5,011	10.0x	12.8x	18.4x
Freight & Logistics	18,448	9.9x	18.0x	16.4x
Construction Materials	23,233	9.5x	12.5x	15.7x
Engineering & Construction	18,040	8.4x	11.5x	17.4x
Industrial Machinery & Products	39,453	7.1x	11.2x	15.4x
Homebuilding	272	6.3x	8.8x	13.2x

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

SRG Limited, the ASX-listed complex services company, has formed a 50/50 joint venture with US-based **Traylor Bros.** The agreement will target the dam strengthening market in the US and Canada. The JV will utilise **SRG's** global market leading position in dam strengthening and **Traylor Bros'** 70 years' experience in complex civil infrastructure projects in North America.



Value: Unknown

J Murphy and Sons, the UK-based engineering and construction company, announced the sale of its 50% stake in Australia-based pipeline and energy construction business **Murphy Pipe and Civil (MPC Group)** to **Viburnum Funds / SCF Partners** for an undisclosed sum. The UK company acquired its stake in **MPC** in 2011.



Value: Unknown

Viadux, the Australia-based pipe business, has been acquired by **Reece Limited**. **Viadux** is a complementary business to **Reece Civil** as the two businesses operate in different customer segments of the same market. **Viadux** has over 100 staff, more than 1400 customers, and over \$100m in revenue. The acquisition was funded by cash reserves.



Value: Unknown

NMR Services Australia, the Australia-based diagnostic tools business, has been acquired by **Qtec**. The chairman and CEO of **Qtec** believes that the acquisition of the West Australian borehole magnetic resonance (BMR) tool specialists **NMRSA** would lead to considerable expansion of **Qtec's** bottom line and will provide a springboard into several overseas markets.

Scuttlebutt...

- **HiQA Geotechnical**, the Northern Territory-based geotechnical services provider, is considering taking on a financial investor to accelerate its expansion in either Western Australia or Timor-Leste in the next 12-24 months.
- **Rio Tinto** is considering a sale of the Dunkerque aluminium smelter in Northern France. The smelter has the capacity to annually produce 270,000 metric tonnes and has been attracting interest from private equity firms.
- **Hawker Pacific**, the Australia-based aviation parts and servicing business, is available for sale and has sent a teaser document to private equity players and industry groups.
- **Nicheliving**, the Australia-based property business, is planning to list on the ASX to raise \$12m. **Nicheliving** will issue 24m shares at \$0.50 per share.

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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