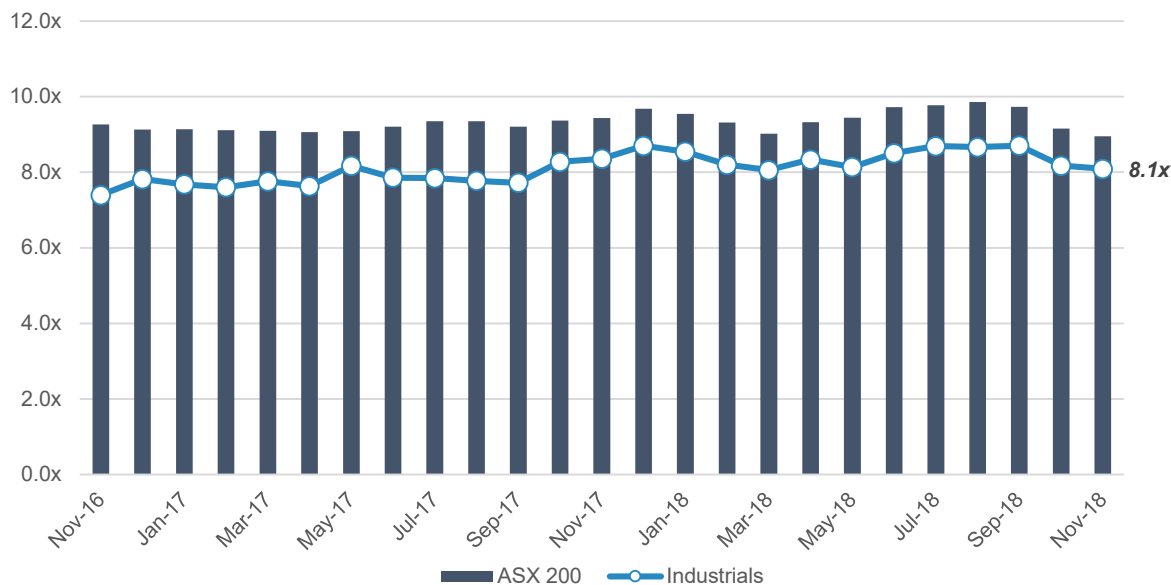


## VALUATION MULTIPLES

### Forward EV / EBITDA Multiples (monthly to 30/11/2018) Source: FactSet Research Systems Inc.

Multiples in the Industrials sector have decreased over the period. At the end of November, the sector traded on a forward EV / EBITDA multiple of 8.1x, compared to the ASX200 on 9.0x.



### Average Values and Trading Multiples (as at 17/12/2018) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$m)	EV/EBITDA FY2019	EV/EBIT FY2019	Price / Earnings FY2019
Chemicals and Plastics	19,107	7.8x	11.2x	15.1x
Construction and Building Materials	54,815	7.7x	9.7x	13.4x
Engineering Services	16,052	6.0x	9.0x	12.7x
Industrial Products and Services	114	9.0x	12.2x	17.4x
Infrastructure	46,605	24.1x	38.0x	65.4x
Packaging	26,847	8.6x	11.9x	14.8x
<b>Industrials</b>	<b>163,618</b>	<b>7.7x</b>	<b>10.7x</b>	<b>15.0x</b>

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2019. Difference in forward EV/EBITDA multiples between Figure and Table are representative of the timing difference between month-end result, and current day result.

<sup>1</sup> The InterFinancial Industrials Index set is an unweighted index comprising Industrials sector related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from FactSet Research Systems Inc.

### MERGER & ACQUISITION NEWS...



Value: \$21.6m

**Cardno**, an Australian professional infrastructure and environmental services company, announced that it had agreed to acquire **TGM**, an engineering services firm based in Victoria, for up to \$21.6m. **TGM** is expected to contribute approximately \$23m in revenue over the next twelve months. The acquisition of TGM provides Cardno with a stronger regional footprint in Victoria, which is comparable to its Queensland and New South Wales activities.



Value: Not disclosed

**WSP Global Inc.**, a Canadian professional services firm, announced that it has acquired **Irwinconsult**, a 210-employee Australian engineering company specializing in property and buildings. The acquisition was financed using **WSP's** available cash and credit facilities. The acquisition will bolster **WSP's** presence in Australia by increasing its expertise in property and buildings.



Value: \$161.7m

**Service Stream Ltd.** has entered into a binding agreement to acquire **Comdain Infrastructure Pty Ltd.**, a provider of engineering and asset management services to the gas and water utility sectors in the Australian eastern states, for \$161.7m.



Value: Not disclosed

**Fujitsu General Limited** acquired **Precise Air Group**. **PAG** is one of Australia's leading national providers of HVAC, fire and bundled MFEP (mechanical, fire, electrical and plumbing) maintenance services. **PAG** services a diverse range of Australia's largest companies, government entities, property owners and property managers.



Value: Not disclosed

**Anacacia Capital** has arranged a deal to merge its Australian electrical infrastructure products business **Acculec** with its rival **All Round Supplies (ARS)**. **ARS'** Chief Executive, Earl Palfrey, and other management will become major shareholders in the new group. The deal is anticipated to form a major Australian distributor of electrical infrastructure products with annual revenues of more than \$50m.



Value: Not disclosed

Paul Little has sold his controlling investment in **Little Projects**, an Australia-based development company, to directors **Leighton Pyke** and **Paris Lechte**. The sale of the group will enable him to focus on his other entities as well as potential new ones. Little will hand over control of the business on 1 January 2019. **Little Projects** has net profit after tax of \$10.3m.



Value: \$15m

**Bapcor**, an Australian automotive parts company, said it has signed an agreement to acquire a commercial truck parts group. The purchase cost of \$15m is deferred until 12 months after completion and is subject to certain conditions. **Bapcor** will purchase 5 companies that specialize in the sale of Japanese commercial truck spare parts, being: Don Kyatt Spare Parts, He Knows Truck Parts, I Know Truck Parts, H.I.M Spares and Japanese Commercial Spares.



Value: \$110m, EV / EBITDA: 8.7x

**Orora Limited** announced that it has acquired **Pollock Packaging (Pollock)** for approximately \$110m. The acquisition represents a multiple of 8.7x trailing EBITDA. **Pollock** is a market leading provider of packaging and facility supplies, headquartered in Texas.



Value: \$155m

**CSR** announced it has entered into an agreement to sell its **Viridian Glass** business to **Crescent Capital Partners** for a total cash consideration of approximately \$155m. This transaction includes the **Viridian** property site at Dandenong, Victoria. **CSR** will retain the property at Ingleburn, NSW which has an estimated market valuation in excess of \$60m.

## SCUTTLEBUTT...

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- **ABC Tissue Products**, an Australia-based privately-owned consumer tissue company, is considering its options and may be looking for a buyer. **ABC** did not necessarily initiate the process, but is reviewing its strategic options. **ABC** is expected to be valued around \$1bn.
- Australian logistics group **Brambles** has launched the carve-out of **IFCO**, a German supplier of reusable plastic containers (RPCs) for fresh foods. Sponsors **Advent, Apax, Apollo, Bain, BC Partners, Brookfield, Carlyle, CD&R, CVC** and **KKR** are all evaluating the business. First-round bids for **IFCO** are due 17 December. **IFCO** is expected to generate EBITDA of ~ USD 280m and is expected to reach a valuation of around 8.0x EBITDA.
- **Watpac** confirmed that it is in the process of negotiating with a prospective party in relation to the sale of **Watpac Civil & Mining Pty Ltd. Remagen Capital**, a Sydney, Australia-based investment firm, is thought to be interested in the **Watpac** unit.
- The Chilean-based **Sigdo Koppers** is thought to be in discussions to acquire **Downer Group's** mining division. **Downer** could be keen to sell the mining division so that investors will treat it more as an engineering and infrastructure services business. **Downer's** mining division has annual turnover of \$1bn.
- Three parties are believed to be vying for **Enviroacific**, an Australia-based waste management business. **Veolia** and **Suez** may be involved in the auction, along with an overseas private equity player. **Enviroacific**, which is owned by **Adexum**, could be worth between \$150m and \$200m.
- **Lendlease** is thought to be considering buying assets from failed Australian building business **Strongbuild**. **Strongbuild** is being sold by its administrator **BRI Ferrier**. The company employs ~150 staff.
- **BlueScope** is able to pursue investments and M&A opportunities due to strong cash flows. Upon the announcement of a \$250m share buyback, **BlueScope** announced it is looking to reinvest some of the cash in the business, acting on appropriate M&A, such as the acquisition of the **YKGI** assets in Malaysia, and delivering returns to shareholders.
- US-based railroad maintenance business **Loram** is thought to be a likely buyer for **Aurizon's** rail grinding business. **Aurizon** is thought to be seeking second round bids for the asset by the end of the month. **Loram** operates in the Australian rail grinding space and provides services to **Fortescue Metals**. The rail grinding asset is thought to have earnings of around \$25m with operations on Australia's west and east coasts. The rail grinding asset could be valued between \$200m and \$400m.
- **RCR Tomlinson**, a collapsed Australia-based engineering business, is most likely to be bought by the existing joint venture partner, Liang O'Rourke. **RCR's** administrator McGrathNicol is expected to quickly launch a sale process for **RCR's** assets. **RCR's** business is split into infrastructure, resources, and solar, with infrastructure and resources likely to be the most interesting.
- The family owners of **Buckeridge Group (BGC)**, an Australia-based building materials, mining services, construction, and real estate business, are looking to sell the business. An information memorandum is likely to be sent to potential suitors in the first half of 2019.
- **National Plant & Equipment**, an Australia-based mining equipment business, is seeking funding for a bolt-on acquisition. **National Plant** has sent a request for proposal (RFP) to bankers seeking the best terms for a new loan of \$110m. The funding would be used to pay for a bolt-on acquisition and new equipment.

## CONTACT DETAILS

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