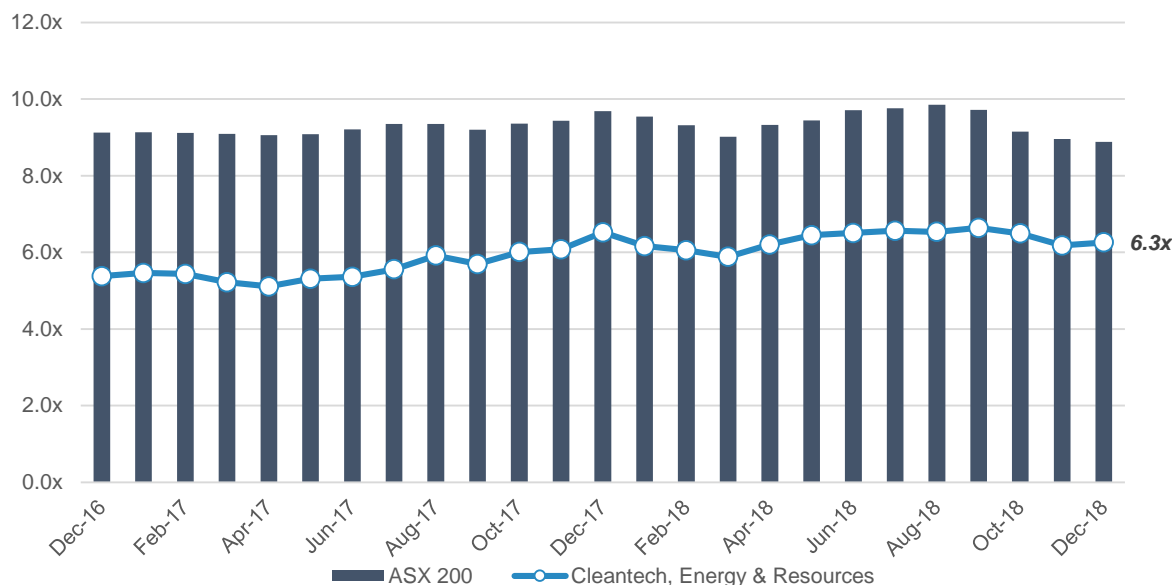


## VALUATION MULTIPLES

**Forward EV / EBITDA Multiples** (monthly to 31/12/2018) Source: FactSet Research Systems Inc.

Multiples in the Cleantech, Energy & Resources sector have increased over the period. At the end of December, the sector traded on a forward EV / EBITDA multiple of 6.3x, compared to the ASX200 on 8.9x.



**Average Values and Trading Multiples** (values as at 18/01/2019) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$m)	EV/EBITDA FY2019	EV/EBIT FY2019	Price / Earnings FY2019
Energy & Utilities	67,866	8.1x	13.5x	17.5x
Environmental Services	7,239	8.2x	12.8x	18.6x
Metals & Mining	205,001	5.9x	10.0x	15.2x
Natural Resources	319	8.7x	10.3x	12.8x
Oil & Gas	54,938	5.1x	7.7x	13.6x
<b>Cleantech, Energy &amp; Resources</b>	<b>335,363</b>	<b>6.4x</b>	<b>10.4x</b>	<b>15.5x</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 Cleantech, Energy & Resources Index set is an unweighted index comprising Cleantech, Energy & Resources sector related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from FactSet Research Systems Inc.

## MERGER & ACQUISITION NEWS...



Value: \$115m

**Highlands Pacific's** largest shareholder **Cobalt 27 Capital** has entered a scheme implementation agreement to acquire the remainder of the company. **Cobalt 27** currently owns 13% of **Highlands**. The scheme implies an equity value for **Highlands** of approximately \$115m.



Value: Not Disclosed

**Westgold Resources** has decided to accept an offer from **Cobalt 27 Capital** to acquire **Westgold Resources'** Mt Marion lithium royalty. Due to **Westgold Resources** entering into a conditional agreement with **SilverStream** in December, **Westgold** has agreed to accept the higher offer from **Cobalt 27** and will pay the minor termination costs associated with the conditional **SilverStream** agreement. The offer by **Cobalt 27 Capital** was \$250,000 and 200 metric tonnes of physical cobalt metal in a warranted LME warehouse.



Value: \$2.5m + \$6.5m (shares)

**Westgold Resources** announced on 24 December that it has signed a binding term sheet with **Doray Minerals** to buy its **Andy Well** and **Gnaweeda Gold Projects**. **Westgold** will pay **Doray** \$2.5m in cash and \$6.5m in shares at completion which is planned to occur on or about 15 February 2019.



Value: \$103.8m

**Mineral Resources** and **Ganfeng Lithium** have jointly acquired a combined 13.8% stake in the Mt Marion Lithium Project from **Neometals** for an aggregate \$103.8m in cash. The two bidders split equally the purchased 13.8% stake. The acquisition of the additional Mt Marion equity interest is consistent with **Mineral Resources'** strategy of identifying value-adding opportunities in the lithium sector.



Value: Not Disclosed

**Pacific Equity Partners (PEP)** is believed to have acquired **Macquarie Group's** smart meters business. The deal was agreed in late December.

## DRILLING FOR DEALS...

- **Newcrest Mining** could pursue a listing in North America. Bankers believe that a secondary listing would substantially increase **Newcrest's** funding capacity, especially if it is looking for an acquisition. A listing in North America would allow the business to offer potential targets local shares as part of an offer.
- **Batchfire**, an Australia-based miner, is seeking an equity investment of around \$25m. **Batchfire** is also considering raising debt of up to \$100m.
- Urgent expressions of interest are sought for the recapitalisation or sale of the business and assets of multi-utility services provider **Flow Systems** and related entities.
- **Pilbara Minerals** announced that China's **Jiangxi Ganfeng Lithium** and **Great Wall Motor Company** have agreed to cornerstone the Stage 2 funding package for the expansion of its Pilgangoora lithium-tantalum project. The funding package will include a \$35m offtake pre-payment facility provided by **Great Wall** and a \$35m equity placement to **Ganfeng**.

## DRILLING FOR DEALS...

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- **Codan**, an Australian provider of radio communications, metal detection and mining technology solutions, is conducting a global search for acquisition targets and could spend at least \$100m on acquisitions. The Adelaide, South Australia-based company would prefer targets based in English-speaking countries such as Australia, the US, or the UK, or culturally aligned European countries, but does not rule out any geographic regions.
- Australian miners **Genesis Minerals**, **Gascoyne Resources**, **MOD Resources** and **Paringa Resources** stand a high chance of becoming takeover targets. This is largely due to management changes, share price slides and project development opportunities.
- **Rio Tinto** could partner with a private equity player to pursue large copper producers. **Rio** could pursue an overseas copper producing business to build up its exposure to the commodity. **Anglo American**, **First Quantum** and **Freeport** have been listed as potential targets.
- **Northern Star Resources** has received written rejections from **Tribune Resources**, **Rand Mining**, and **Rand Exploration**, against **Northern Star Resources'** earlier offer to acquire a 49% stake in the **East Kundana Joint Venture** it does not already own. The deal was reportedly worth \$150m.
- **Navarre Minerals** and **Catalyst Metals** have reached agreement on the terms of the **Tandarra Joint Venture Agreement**. Drilling is likely to commence in the first quarter of 2019.

## CONTACT DETAILS

If you are interested in specific information regarding mergers and acquisitions in the Cleantech, Energy & Resources sector, please contact David Hassum or Tom Benham.

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