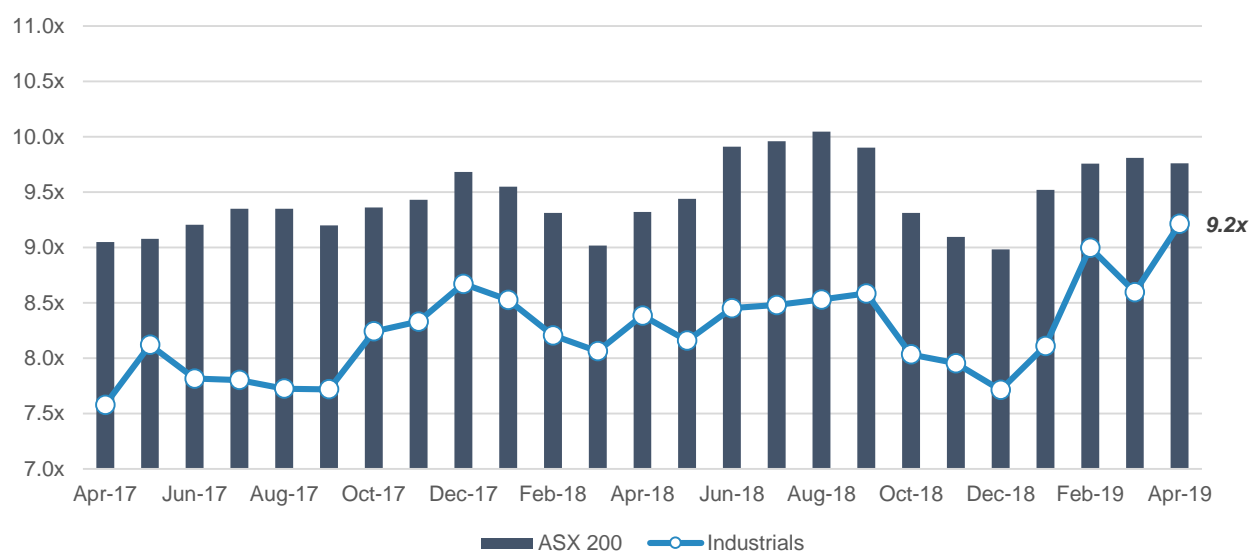


VALUATION MULTIPLES

Forward EV / EBITDA Multiples (monthly to 30/04/2019) Source: FactSet Research Systems Inc.

Multiples in the Industrials sector have increased over the period. At the end of April, the sector traded on a forward EV / EBITDA multiple of 9.2x, compared to the ASX200 on 9.8x.



Average Values and Trading Multiples (as at 16/05/2019) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2019	EV/EBIT FY2019	Price / Earnings FY2019
Chemicals and Plastics	19,115	8.7x	13.6x	19.6x
Construction and Building Materials	58,733	8.5x	10.8x	15.2x
Engineering Services	19,266	7.1x	10.6x	14.7x
Infrastructure	51,491	25.9x	46.2x	93.1x
Packaging	29,483	8.9x	12.4x	15.5x
Industrials	178,199	8.7x	16.6x	17.7x

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.

MERGER & ACQUISITION NEWS...



Japan Pulp & Paper Group

Ball & Doggett

Value: \$102m

Japan Pulp & Paper Co. has decided to take the full control of **Ball & Doggett Group**, which is at present 51% owned by the Japanese company. **Japan Pulp & Paper** will acquire the remaining 49% stake from existing shareholders **PagePack Limited Partnership, K.W. Doggett Properties** and **Ken Ardcowan** for JPY 8.178bn (\$102m).



Value: \$3.8bn

DuluxGroup has received a proposal to be acquired by **Nippon Paint Holdings** via a scheme of arrangement for \$9.80 per share in cash. This values **DuluxGroup's** equity at \$3.8bn and gives an implied enterprise value of \$4.2bn. It also represents a 16.1x FY18 EV / EBITDA implied acquisition multiple, which **Dulux** has not traded at since 2014. The offer has been backed by the board of **Dulux** and it is considered unlikely that a rival takeover offer will be received to counter **Nippon Paint's**.



JPW
JOHNSON PILTON WALKER

Value: Not disclosed

JPW Industries has announcement that it has acquired metal machinery and fabrication company, **Baileigh Industrial Holdings**. This movement allows the greater leverage of **JPW's** supply chain and customer services capabilities to improve the value proposition to their collective consumer base. The deal is rumoured to hold a \$215m value.

SCUTTLEBUTT...

- **Broadspectrum**, an Australia-based services business, is being sold by Spain's **Ferrovial**. **Broadspectrum**, which operates in Australia and New Zealand, accounts for 40% of **Ferrovial's** service business revenue. **Broadspectrum** brought in revenue of EUR 1.68bn in 2018 and EBITDA of EUR 61m. Meanwhile, **Ferrovial** is also believed to be considering entering the auction for **Hobart International Airport**, an Australian airport asset. The 51% stake could be valued at a minimum of \$250m. **Ferrovial** joins other interested parties such as **QIC** and **UniSuper**.
- **Buckeridge Group of Companies' (BGC)** contracting operations are expected to interest **CIMIC, NRW Holdings, MacMahon Holdings, and Ausdrill**. The operations will include **BGC's** mining services unit, **DIAB Engineering**, and the civil contracting operations. The majority of the group, which includes its building materials business, is expected to come to the market later this year. The contracting operations is the first unit to be put up for sale because it was the easiest to separate from the overall company. The contracting operations could sell for up to \$600m.
- **Fulton Hogan**, the New Zealand-based engineering and construction group, has decided to sell its civil construction business in Australia, known as **FHC**. The business employs about 900 workers, focusing on horizontal infrastructure projects including roads, bridges, airports, and railway lines.
- **Lendlease** is believed to be subject to takeover interest from a major Japanese suitor. The buyers' identity is unclear, but it is thought that it could be **Mitsui**. The item noted that the Japanese group is thought to be keen to break up **Lendlease** and sell various parts to different parties. No takeover approaches have been received yet.
- **Barro Group's** Raymond Barro has refused to rule out buying additional shares in **Adelaide Brighton**, an Australia-based construction business. Barro became chairman of **Adelaide Brighton** following the company's annual meeting. Barro said that there have not been any discussions about merging **Adelaide Brighton** with **Barro Group**, but there could be benefits from combining the two companies. **Barro Group** currently owns 43% of **Adelaide Brighton**.

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