

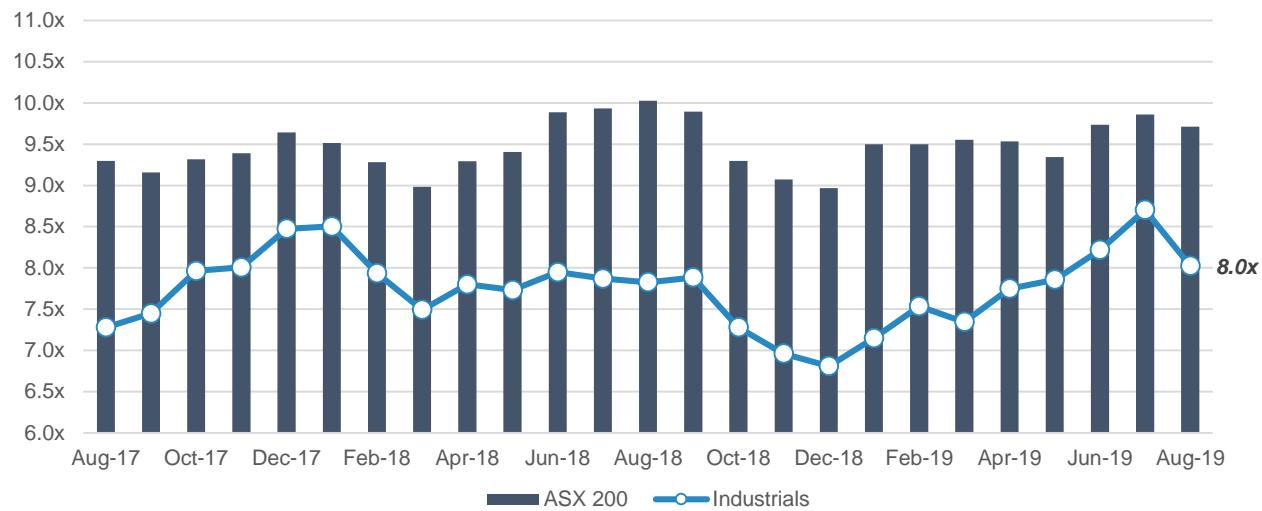
Australian Industrials

INDUSTRY UPDATE – 25 September 2019

VALUATION MULTIPLES

Forward EV / EBITDA Multiples (monthly to 31/08/2019) Source: FactSet Research Systems Inc.

Multiples in the Industrials sector have decreased over the period. At the end of August, the sector traded on a forward EV / EBITDA multiple of 8.0x, compared to the ASX200 on 9.7x.



Average Values and Trading Multiples (as at 25/09/2019) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2020	EV/EBIT FY2020	Price / Earnings FY2020
Chemicals and Plastics	21,953	11.1x	19.0x	29.4x
Construction and Building Materials	60,930	8.7x	11.6x	15.7x
Engineering Services	19,973	5.7x	8.7x	12.1x
Packaging	31,360	7.9x	11.3x	14.0x
Industrials	189,734	8.3x	12.2x	17.9x

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2020. Difference in forward EV/EBITDA multiples between Figure and Table are representative of the timing difference between month-end result, and current day result.

¹ 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: Undisclosed

Precision Buses, an Australia-based manufacturer of buses, has agreed to acquire **Bustech**, an Australia-based bus builder, for an undisclosed consideration. The deal will enable both the companies to focus on enhancing their capacity and technical abilities. Post-acquisition, **Precision Buses** and **Bustech** will come under **Australian Bus Corporation** which will be a holding company, wholly owned by **Fusion Capital**.



Value: \$11.2m (80% stake)

Ashley Services Group has entered into agreements to acquire a major stake in the **CCL Group**, which comprises **Construction Contract Labour (VIC)**, **Complete Traffic Services (VIC)** and **CCL Filcon**.



Value: USD 532.5m

Boral, an Australian building materials business, has entered into an agreement with **Gebr Knauf KG** to form an expanded 50:50 plasterboard joint venture in Asia and for Boral to return to 100% ownership of **USG Boral Australia & New Zealand**. The **USG Boral JV** will acquire **Knauf Asia Plasterboard**, which includes China and South East Asia for USD 532.5m and will see the Middle East business to **Knauf** for USD 50m, resulting in an expanded **USG Boral Asia JV**. The JV will provide USD 262m to partially fund the USD 532.5m acquisition, while Boral and Knauf will each contribute USD 135m to equally fund the balance.

SCUTTLEBUTT...

- **MLG Oz**, an Australian logistics and site services business, is considering listing on the ASX.
- **Infrabuild Australia**, Sanjeev Gupta's Australian steel manufacturing operation, is planning to undertake a debt raising to refinance existing loans. A partial ASX listing is under consideration following the debt refinancing.
- **Incitec Pivot's** fertilizer business is likely to interest rival operators, such as **Wesfarmers**, **Yara International**, **Elders** and **Landmark**, should it become available for sale.
- **Fulton Hogan**, the New Zealand-based engineering and construction group, has decided not to proceed with the potential sale of its Australian civil construction business.
- **Cleanaway Waste Management** reportedly has an appetite to complete more acquisitions following its acquisition of **Tox Free Solutions** in May 2018.
- **Fleetwood**, the Australian vertically integrated modular manufacturing business, may consider acquisitions for expansion.
- The Melbourne-based Barro family is believed to have been considering a deal to merge **Adelaide Brighton** and the **Barro Joint Venture Independent Cement and Lime (ICL)** in a scrip-based transaction since last year.
- **Pro-Pac Packaging**, the Australian packaging group, is continuing to focus on identifying and executing on operational efficiency opportunities including the extraction of acquisition synergies.
- **Southern Cross Electrical Engineering**, a Western Australia-based electrical and instrumentation contractor, is eyeing significant acquisition opportunities in the short to medium term.
- **Lendlease** expects to shortlist the final bidders for its struggling engineering and services division in the next few months.
- **SRG Global**, the Australian construction and mining services company is eyeing selective acquisitions.
- **Big River Industries**, an Australian supplier of building materials is continuing to assess several acquisitions.
- Commercial parking operator, **Smart Parking**, has rejected an unsolicited non-binding indicative offer from UK-based parking management services company **ParkingEye Ltd** at a price of AUD 0.284 in cash per share.
- **Sims Metal Management**, an Australian metal recycling business, may be preparing to announce an acquisition or asset sale. **Sims** has a market capitalisation of AUD 2.55 bn.

CONTACT DETAILS

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