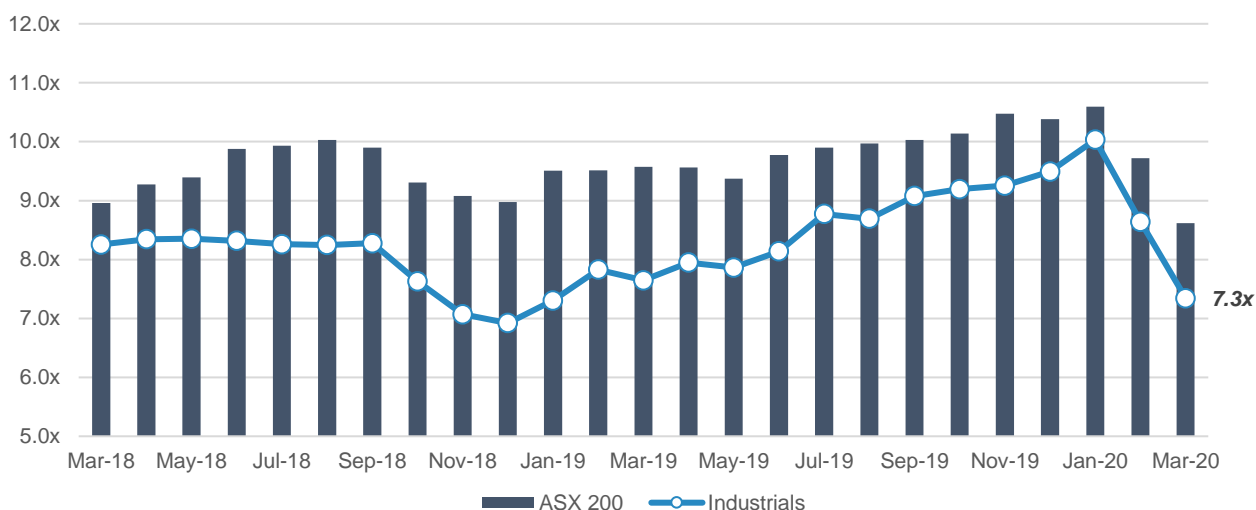


### VALUATION MULTIPLES

**Forward EV / EBITDA Multiples (monthly to 31/3/2020)** Source: FactSet Research Systems Inc.

Multiples in the Industrials sector have decreased over the period. At the end of March, the sector traded on a forward EV / EBITDA multiple of 7.3x, compared to the ASX200 on 8.6x.



**Average Values and Trading Multiples (as at 20/04/2020)** Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2020	EV/EBIT FY2020	Price / Earnings FY2020
Chemicals and Plastics	17,834	9.0x	17.3x	15.8x
Construction and Building Materials	48,591	8.6x	12.6x	16.5x
Engineering Services	15,020	5.1x	10.7x	16.7x
Packaging	4,472	11.4x	16.9x	19.4x
<b>Industrials</b>	<b>171,600</b>	<b>8.5x</b>	<b>15.1x</b>	<b>16.8x</b>

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. Composition of companies in Sector Dashboards are updated every 6 months. Most recent update: February 2020.

## MERGER & ACQUISITION NEWS...

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Value: NZD 53m

**Aorere Resources** has entered into an agreement to acquire an Australian company, **All Industrial Network Limited (AIN)** for NZD 53m, to be paid through an issue of new AOR shares. AIN was established in 2019 for the purpose of acquiring businesses in the mining, engineering and construction services sector. At completion of the acquisition AIN will own two businesses:



- **SMW**, a diversified mining support and industry services provider based in Rockhampton, Queensland. SMW has been operating since 2010 and employs over 320 staff. SMW has three key business divisions covering heavy fabrication and engineering, field services and abrasive blast and paint.



- **BAE Engineering** - BAE is based in Mackay, Queensland and has been operating since 2011. It provides specialised mining support services, mineral processing equipment and solar power to the mining and construction industries. BAE has over 70 staff working in two principal divisions – maintenance field services and fabrication, design and drafting.

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## SCUTTLEBUTT...

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- **Downer** is increasingly expected to sell **Spotless Laundries** at a discounted price. The field of buyers for Spotless Laundries is believed to be narrowing and suitors are thought to be looking at how much they could pay for the asset without using any debt. The deal would normally be financed with mix of cash and debt, but debt is likely to be hard to come by in the current environment.
  - **Boral** announced on 14 April that it has canceled the transaction with **Knauf** related to its **USG Boral joint venture**. Boral said that obtaining necessary regulatory approvals required to allow the transaction to be implemented as signed in August 2019, is not achievable by the 30 June sunset date. Boral announced in August 2019 that it had entered into an agreement with Knauf 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.
  - **Incitec Pivot** is currently exploring market interest in its fertiliser business.
  - **Reece** is well positioned for acquisitions following its AUD 600m equity raising. Reece decided to raise capital to enhance its balance sheet so that it can pursue deals from a position of strength once the coronavirus crisis passes.
  - **Green Distillation Technologies**, a Melbourne-based Australian unlisted public tyre recycler, is going ahead with an AUD 30m capital raise despite market turmoil in the wake of the coronavirus. Green Distillation has developed world-first technology to turn end-of-life tyres into oil, carbon and steel.
  - **InfraBuild** has offered to acquire **Best Bar Pty Ltd**, an Australia-based steel distribution business. InfraBuild is a **Liberty Steel Group** company, part of the **GFG Alliance**. GFG Alliance is an international group of businesses, founded and owned by the British Gupta Family. The Australian Competition and Consumer Commission (ACCC) began an informal review of the deal on 25 March. Best Bar has nine distribution centres across Australia and over 350 employees.
  - **Closed Loop**, a privately held Australian environmental solutions company, is planning to enter Taiwan in 2020 as part of international growth plans. The Melbourne based company, which specialises in environmental packaging and recycling solutions that turn waste back into products that re-enter supply chains, is targeting Taiwan as the first market entry in its overseas expansion plans. Other countries it will seek to enter include Thailand, China, Hong Kong, Singapore, Malaysia and, the United Arab Emirates.
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## CONTACT DETAILS

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