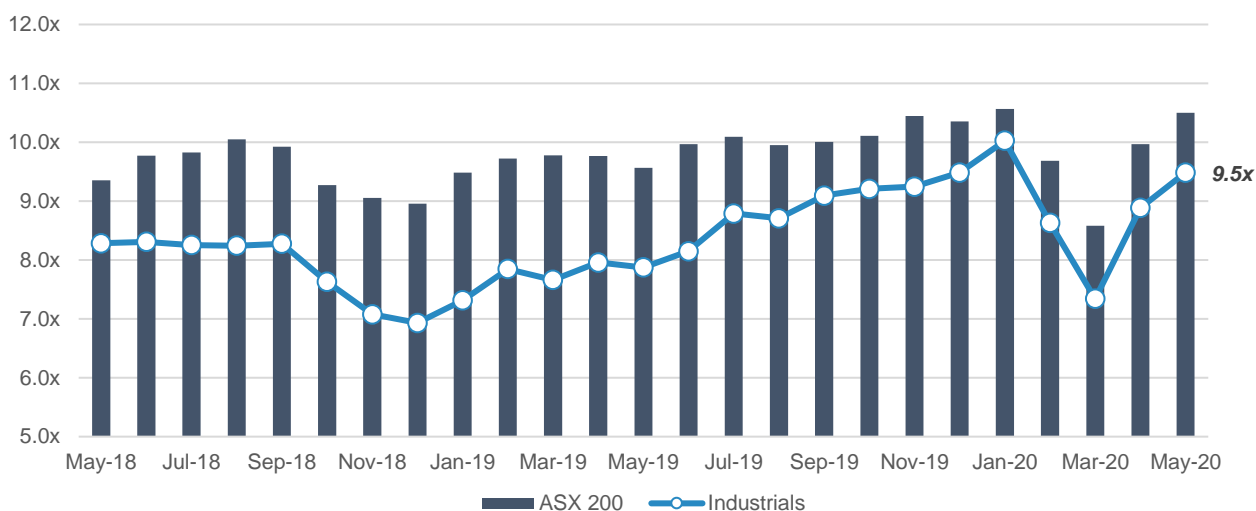


VALUATION MULTIPLES

Forward EV / EBITDA Multiples (monthly to 31/05/2020) Source: FactSet Research Systems Inc.

Multiples in the Industrials sector have increased over the period. At the end of May, the sector traded on a forward EV / EBITDA multiple of 9.5x, compared to the ASX200 on 10.5x.



Average Values and Trading Multiples (as at 1/07/2020) Source: FactSet Research Systems Inc.

Subsector	Enterprise Value (\$ m)	EV/EBITDA FY2020	EV/EBIT FY2020	Price / Earnings FY2020
Chemicals and Plastics	17,369	9.0x	NA	18.2x
Construction and Building Materials	51,088	9.0x	13.5x	18.9x
Engineering Services	15,714	5.6x	9.0x	12.7x
Packaging	4,350	11.9x	NA	18.4x
Industrials	174,138	9.3x	13.9x	17.2x

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.

SCUTTLEBUTT...

- **Perenti** [ASX:PRN] is said to be slowly working through the sale of its earthmoving parts business **Best Tractor Parts (BTP)**. The business could be worth AUD 100m to AUD 200m. **Seven Group Holdings** [ASX:SVW], which owns **WestTrac**, has been named as a potential suitor. BTP's used parts and maintenance operations would likely fit well with Westrac. However, the group's equipment hire operations could be attractive to **Emeco** [ASX:EHL]. **H-E Parts** could also be a logical buyer for BTP. Perenti considers BTP non-core, but it is not desperate to sell the operations.
- **LVX Global**, an Australian engineering solutions business, has told fund managers that it hopes to list in around 12 months. LVX has launched a pre-IPO raising to fund M&A, new hiring, and sales capacity. The group is offering shares at AUD 0.011 each, which implies a market cap of AUD 18.2m for LVX.
- Sanjeev Gupta has suspended plans to partially list **GFG Alliance's** Australian operation **Infrabuild**. Reportedly, Gupta had been planning to partially list InfraBuild late last year, but weak economic conditions due to the coronavirus pandemic and wider cost cutting efforts across the group have seen those plans put on hold. Infrabuild employs around 4500 workers.
- **Valspar** is believed to be exploring the sale of its Australian paint business **Wattyl** which could sell for around AUD 100m. Private equity groups are considered the most likely buyers for Wattyl, with trade groups such as **Fletcher Building** [NZX:FBU, ASX:FBU] and **Metcash** [ASX:MTS] unlikely to be interested in acquisitions. Wattyl is thought to be targeting EBITDA of AUD 10m this year and could be considered a potential turnaround opportunity.
- **Black Sky Aerospace (BSA)**, an Australian provider of launch vehicles and propulsion systems to the aerospace industry, will seek an investment of up to AUD 50m in the next two to three years to develop its orbital program.
- **Dynamic Drill and Blast**, an Australia-based mining services business, is considering listing on the ASX to finance its growth ambitions.
- **O-I Glass** [NYSE:OI] is expected to revive the sale of its Australian and New Zealand operations when COVID-19 disruptions ease. The company was close to selling its Australia and New Zealand assets last year to **Visy Industries**, but the deal did not materialise. **Pacific Equity Partners (PEP)** was the underbidder for the assets.
- **Probuild**, an Australia-based construction business, is believed to be subject to an offer from a Chinese buyer. Reportedly, one of either **China State Construction Engineering** [SHA: 601668] or **China Rail Construction Corporation** [SHA:601186, HKG:1186] is thought to be bidding for Probuild. Probuild is thought to have been on the market for around a year and could be worth over AUD 200m. South Africa's **WBHO**, which owns Probuild, said this week that it has received an offer for Probuild.
- **Fletcher Building** [ASX:FBU] appears to be moving forward with plans to sell its Australian concrete products business **Rocla**.
- **Seven Group Holdings Ltd.** [ASX:SVW] disclosed in a notice of initial substantial holder filed with the Australian Securities Exchange that it, along with its subsidiaries and related companies, now holds a combined 10% stake in building material supplier **Boral Ltd.** [ASX: BLD].

CONTACT DETAILS

If you are interested in specific information regarding mergers and acquisitions in the Industrials sector, please contact Mark Steinhardt or Brad Shaw.

Name	Position	Phone	Email
Sharon Doyle	Executive Chair	(07) 3218 9122	sdoyle@interfinancial.com.au
Paul Keehan	Non-Executive Director	(07) 3218 9100	pkeehan@interfinancial.com.au
Ted Marchant	Non-Executive Director	(07) 3218 9100	tmarchant@interfinancial.com.au
Mark Steinhardt	Head of M&A	(07) 3218 9105	msteinhardt@interfinancial.com.au
Brad Shaw	Director – M&A	(07) 3218 9100	bshaw@interfinancial.com.au
Brent Wall	Director – M&A	(07) 3218 9102	bwall@interfinancial.com.au
David Hassum	Director	(07) 3218 9108	dhassum@interfinancial.com.au
Andrew Wheeler	Director	(07) 3218 9107	awheeler@interfinancial.com.au
Michael Kakanis	Associate	(07) 3218 9106	mkakanis@interfinancial.com.au
Lachlan O'Rourke	Analyst	(07) 3218 9104	lorourke@interfinancial.com.au

DISCLAIMER

This information has been sourced from the ASX, Mergermarket.com and various other public information sources. Forecasts are consensus forecasts sourced from FactSet Research Systems Inc.

Important Disclaimer – This may affect your legal rights: Because this document has been prepared without consideration of any specific person's financial situation, particular needs and investment objectives, a financial services licensee or investment adviser should be consulted before any investment decision is made. While this document is based on information from sources which are considered reliable, InterFinancial, its directors, employees and consultants do not represent, warrant or guarantee, expressly or impliedly, that the information contained in this document is complete or accurate. Nor does InterFinancial accept any responsibility to inform you of any matter that subsequently comes to notice, which may affect any of the information contained in this document. This document is a private communication to clients and is not intended for public circulation or for the use of any third party, without the prior approval of InterFinancial. This report does not constitute advice to any person.

Disclosure. InterFinancial has no interest in any of the securities mentioned in this publication. However, its directors, executives or consultants may have an interest in some of the securities, directly or indirectly, which are mentioned.

InterFinancial is a member of Clairfield International, an international corporate finance firm that provides advisory services in crossborder mergers and acquisitions. Clairfield is represented by over 400 people across 22 countries, closing over 100 transactions each year.

InterFinancial
Corporate Finance Limited
ABN: 49 136 962 966
AFSL: 341675
Level 2, 201 Charlotte Street
GPO Box 975
Brisbane Queensland 4001
(07) 3218 9100
admin@interfinancial.com.au
www.interfinancial.com.au

