

FEBRUARY 2020 – CONSTRUCTION MATERIALS & BUILDING PRODUCTS

Executive Summary

The **Domestic Coverage Group** closed the month down 9.0%, with **Reliance Worldwide** recording the largest movement, down 24.9%

LTM EV/EBITDA multiple for the domestic sector closed at 11.5x while the **NTM EV/EBITDA** is projected to be 10.3x

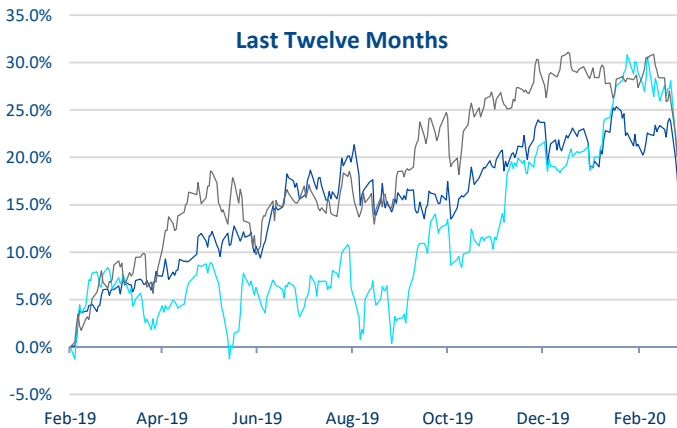
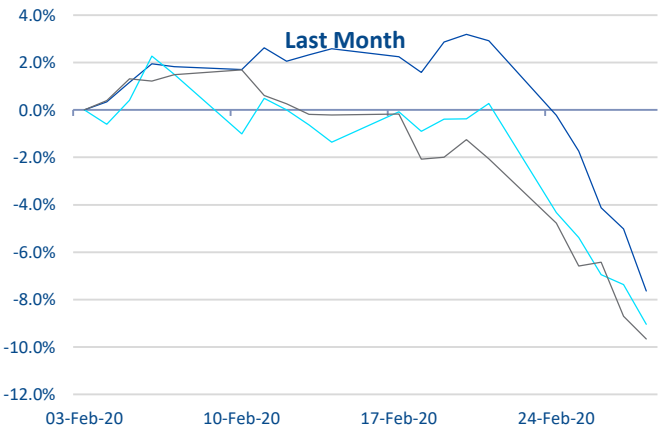
The **International Coverage Group** closed down 9.7% from last month. **CEMEX** recorded the largest movement, down 17.7%

International sector average **LTM EV/EBITDA** multiple closed at 8.5x, whilst the **NTM EV/EBITDA** multiple closed at 8.5x

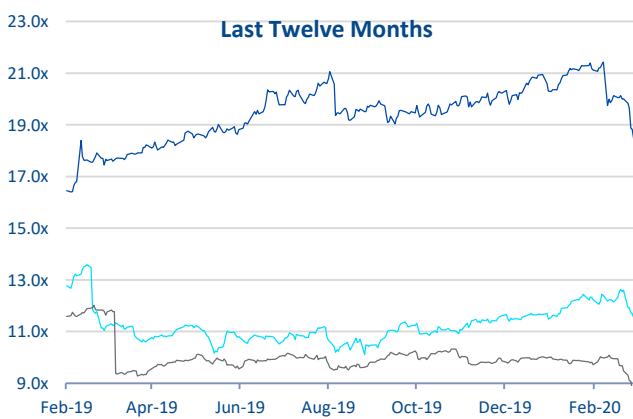
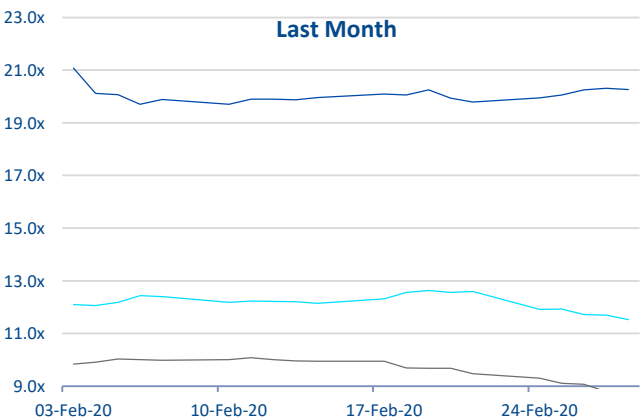
Key Developments

- An undisclosed buyer acquired a 50% stake in My Home Industries Pvt. Ltd
- ACProducts, Inc acquired Masco Cabinetry LLC from **Masco Corporation**
- DuluxGroup Limited acquired Paint Spot Pty Ltd
- CertainTeed Gypsum & Ceiling USA, Inc. acquired Continental Building Products, Inc
- Raysut Cement Company SAOG agreed to acquire a 75% stake in LH Maldives Ltd

INDEXED SHARE PRICE PERFORMANCE



VALUATION PERSPECTIVES (LTM EV/EBITDA)



EAC Partners has constructed a market capitalisation weighted index for the Domestic and International coverage groups. The charts shown are the indexed share price performance for the constituent companies of the EAC coverage group and the ASX200 Industrials Index.

ASX 200 Industrials Sector Index (dark blue line)
EAC Domestic Coverage Group (cyan line)
EAC International Coverage Group (brown line)

CONSTITUENTS

Domestic	Ticker	Closing Price	Monthly Movement	Market Cap (AUD)	EV (AUD)	EV / EBITDA (LTM)	EV / EBITDA (NTM)	P / E (Trailing)	P / E (Forward)	ND / EBITDA (Trailing)	Div Yield (Trailing)
Adelaide Brighton Limited	ABC	3.00	(17.6%) ▼	1,955.2	2,468.5	10.2x	9.5x	41.7x	17.9x	2.4x	1.7%
Brickworks Limited	BKW	17.92	(10.0%) ▼	2,686.2	1,721.2	9.2x	10.5x	13.6x	15.8x	2.2x	3.2%
Boral Limited	BLD	4.52	(9.2%) ▼	5,298.9	8,011.5	10.0x	7.6x	31.4x	15.1x	2.4x	5.1%
CSR Limited	CSR	4.19	(13.8%) ▼	2,059.2	2,184.4	7.9x	7.7x	17.1x	16.0x	NM	4.8%
Fletcher Building Limited	FBU	4.98	(7.1%) ▼	4,093.6	6,560.5	8.7x	7.6x	23.9x	14.9x	0.4x	5.8%
GWA Group Limited	GWA	3.27	(8.7%) ▼	863.1	1,082.4	13.1x	10.4x	20.2x	16.2x	1.7x	5.7%
James Hardie Industries plc	JHX	28.23	(11.2%) ▼	12,505.9	14,417.4	16.2x	13.8x	37.2x	20.6x	2.4x	2.0%
Reece Limited	REH	11.50	3.3% ▲	6,449.5	8,779.8	15.7x	14.5x	28.1x	23.8x	3.0x	1.8%
Reliance Worldwide Corporation Lin	RWC	3.38	(24.9%) ▼	2,645.5	3,154.6	12.7x	11.3x	22.7x	17.6x	1.8x	3.4%
Average - adjusted to exclude outliers			(9.0%)			11.5x	10.3x	26.2x	17.5x	2.0x	3.7%
International											
Buzzi Unicem S.p.A.	BIT:BZU	33.46	(4.2%) ▼	6,869.6	7,660.0	6.3x	6.3x	10.2x	10.8x	1.5x	NM
CEMEX, S.A.B. de C.V.	BMV:CEMEX CPO	0.49	(17.7%) ▼	7,447.5	24,725.9	6.9x	6.4x	93.4x	10.7x	4.3x	3.1%
HeidelbergCement AG	DB:HEI	90.95	(10.2%) ▼	NM	37,271.6	6.6x	NM	NM	NM	3.1x	NM
Compagnie de Saint-Gobain S.A.	ENXTPA:SGO	53.50	(5.6%) ▼	29,084.2	47,461.1	5.2x	5.4x	12.2x	8.9x	2.0x	4.4%
CRH plc	ISE:CRG	51.58	(8.1%) ▼	40,456.8	52,862.7	7.7x	7.2x	15.2x	13.2x	1.7x	2.7%
Masco Corporation	NYSE:MAS	63.61	(10.3%) ▼	17,666.2	21,445.4	10.8x	11.2x	18.8x	16.5x	1.8x	1.3%
Martin Marietta Materials, Inc.	NYSE:MLM	350.26	(11.0%) ▼	21,785.8	26,789.4	12.6x	12.4x	23.4x	19.9x	2.3x	1.0%
Vulcan Materials Company	NYSE:VMC	185.13	(12.4%) ▼	24,510.0	29,021.6	14.3x	13.1x	25.8x	21.6x	2.2x	1.1%
LafargeHolcim Ltd	SWX:LHN	71.11	(6.5%) ▼	43,032.5	63,828.2	6.3x	6.2x	12.1x	11.7x	1.7x	4.5%
Average			(9.7%)			8.5x	8.5x	26.4x	14.2x	2.3x	2.6%
Coverage Group Average						10.0x	9.5x	26.3x	16.0x	2.2x	3.2%

KEY DEVELOPMENTS

Activity

- An undisclosed buyer acquired a 50% stake in My Home Industries Pvt. Ltd., from CRH plc (ISE:CRG) for €300 million. The consideration will be deferred and will be paid in several agreed tranches
- ACProducts, Inc. acquired Masco Cabinetry LLC from **Masco Corporation (NYSE:MAS)** for \$1 billion. The purchase price consists of \$850 million in cash at closing and preferred stock issued by ACProducts Holdings, Inc. Masco Cabinetry reported net sales of \$950 million, operating profit of \$86 million and EBITDA of \$99 million for the year 2018
- DuluxGroup Limited acquired Paint Spot Pty Ltd for an undisclosed sum
- CertainTeed Gypsum & Ceiling USA, Inc. completed the acquisition of Continental Building Products, Inc. (NYSE:CBPX) for \$1.3 billion. The transaction represents an enterprise value of \$1.4 billion and a multiple (before synergies) of approximately 11.0x Continental Building Product's 2019E adjusted EBITDA
- Raysut Cement Company SAOG (MSM:RCCI) agreed to acquire a 75% stake in LH Maldives Ltd from Cementia Trading AG. The Board of Directors of Raysut has provided an in-principle approval for the acquisition, subject to final terms

EAC PARTNERS

EAC Partners is an independent corporate advisory firm based in Sydney. Our services include Mergers and Acquisitions, Divestments, Corporate Finance and Capital Raisings. Below is a brief snapshot of our recent experience:



Smollen Group: Advised Australia's largest real estate franchise on its \$70m sale to McGrath Limited



APSEZ: Advised on acquisition of Abbot Point Bulkcoal from Glencore
Advised on its inaugural USD650m investment grade bond offer



Sibelco: Advised on the acquisition of an industrial minerals producer



Enviropacific Services: Advised on the divestment of 44% of the shares to Adexum Capital



Adani: Advised on the AUD1.25Bn refinance of Adani Abbot Point Terminal
Advised on its USD150m maiden USPP issue
Advised on its AUD100m 6 year AMTN issue



Yello: Advised in relation to its series A capital raising



ATL: Advised on its USD500m investment grade bond offer
Advised on their finance plan, which included rating advice



Holcim: Strategic review of two non-core assets



Freemantle Media: Advised on the takeover of a listed media business



Moko: Advised in relation to an acquisition and capital raise

Awards



EAC Partners received the 2018 award for "Best M&A Advisory Firm – Australia"



EAC Partners received the 2018 award for "Most Client-Focused Corporate Advisory Firm – NSW"



EAC Partners received the 2018 award for "Corporate Advisory of the Year – Australia"



EAC Partners received the 2014 award for "Divestment Advisory Firm of the Year – Australia"

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