

# FEBRUARY 2020 - ENGINEERING & CONSTRUCTION

## Executive Summary

The **Mining, Oil and Gas Services** sector closed down 10.4% from last month with **Boart Longyear** recording the largest movement, down 39.3%

The **Construction and Maintenance** sector closed the month down 17.9%. **Downer EDI** recorded the largest movement, down 23.1%

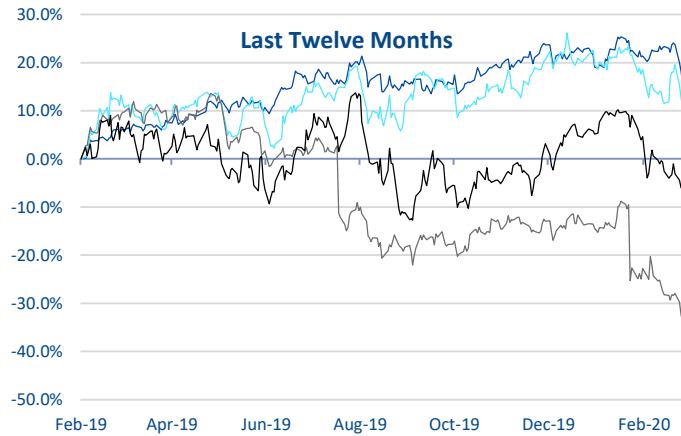
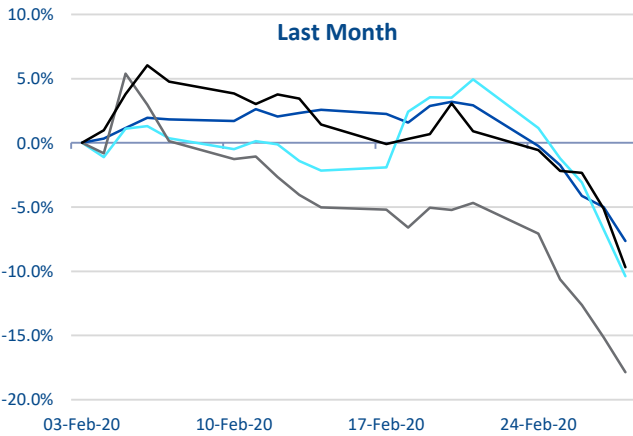
The **Engineering and Construction Management** sector closed down 9.7%. **Worley Limited** recorded the largest movement, down 17.8%

The overall sector average **LTM EV/EBITDA** closed at 8.2x whilst the **NTM EV/EBITDA** multiple closed at 5.2x

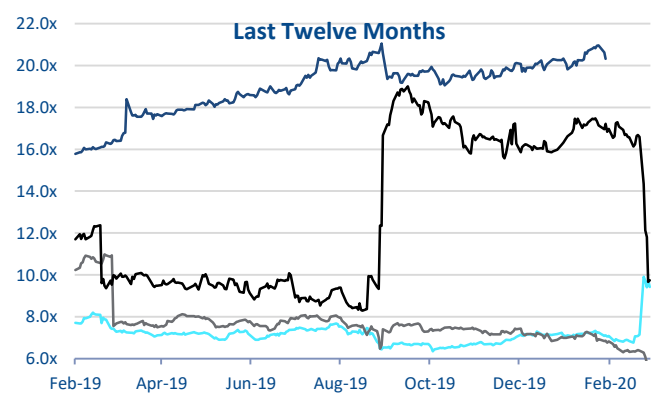
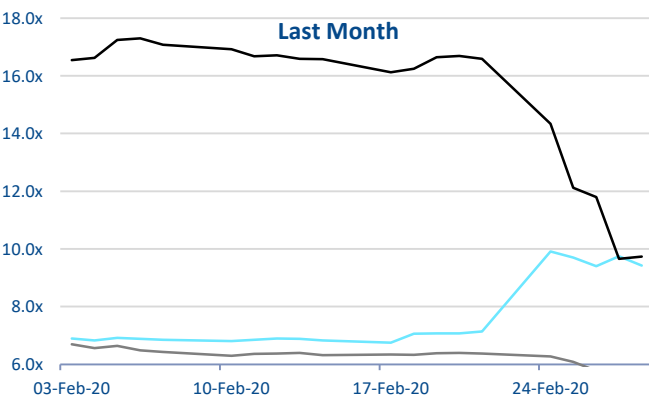
## Key Developments

- **Emeco Holdings Limited** acquired Pit N Portal Mining Services Pty Ltd and Pit N Portal Equipment Hire Pty Ltd
- **Emeco Holdings Limited** completed a Follow-on Equity Offering
- **Cardno Limited** announced a share repurchase program
- **Downer EDI Limited** will seek acquisitions
- **AJ Lucas Group Limited** acquired an additional 45.4% stake in Cuadrilla Resources Ltd

## INDEXED SHARE PRICE PERFORMANCE



## VALUATION PERSPECTIVES (LTM EV/EBITDA)



EAC Partners has constructed a market capitalisation weighted index for the Mining and Oil & Gas Services, Construction and Maintenance and Engineering and Construction Management sub-sectors: 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 Industrial Index  
 Mining, Oil & Gas Services  
 Construction & Maintenance  
 Engineering & Construction Management

# CONSTITUENTS

Mining and Oil & Gas Services	ASX 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)
Austin Engineering Limited	ANG	0.16	(26.2%) ▼	89.7	94.8	8.2x	3.9x	NM	10.0x	1.3x	NM
Perenti Global Limited	PRN	1.35	(12.1%) ▼	926.6	1,560.1	3.8x	3.4x	NM	7.2x	1.8x	5.2%
Boart Longyear Limited	BLY	0.91	(39.3%) ▼	79.8	1,166.8	12.3x	NM	NM	NM	11.5x	NM
Emeco Holdings Limited	EHL	1.90	(17.0%) ▼	668.2	1,128.3	5.3x	4.1x	12.7x	7.7x	2.3x	NM
Imdex Limited	IMD	1.56	6.8% ▲	605.4	619.5	10.5x	8.7x	19.1x	17.2x	NM	1.8%
Macmahon Holdings Limited	MAH	0.28	1.8% ▲	586.6	710.1	3.6x	2.9x	11.8x	10.3x	0.3x	1.8%
Matrix Composites & Engineering Ltd	MCE	0.30	(1.6%) ▼	30.7	42.8	38.0x	NM	NM	NM	NM	NM
Monadelphous Group Limited	MND	14.42	(17.8%) ▼	1,361.0	1,282.7	12.7x	9.4x	28.2x	19.1x	NM	3.1%
MACA Limited	MLD	0.90	(5.8%) ▼	241.2	325.1	3.2x	2.9x	10.0x	8.4x	1.0x	5.6%
Mastermyne Group Limited	MYE	0.84	(13.0%) ▼	85.9	90.2	3.9x	2.9x	9.7x	5.8x	NM	4.8%
NRW Holdings Limited	NWH	2.40	(23.3%) ▼	1,024.0	1,310.5	7.5x	4.2x	24.9x	9.6x	0.2x	2.1%
Swick Mining Services Limited	SWK	0.18	2.9% ▲	54.9	74.0	4.0x	NM	NM	NM	0.8x	3.3%
<b>Average - Adjusted to exclude outliers</b>			<b>(10.4%)</b>			<b>9.4x</b>	<b>4.7x</b>	<b>16.6x</b>	<b>10.6x</b>	<b>2.4x</b>	<b>3.4%</b>
<b>Construction and Maintenance</b>											
AJ Lucas Group Limited	AJL	0.07	(6.9%) ▼	79.9	174.6	9.8x	10.1x	NM	NM	5.4x	NM
BSA Limited	BSA	0.36	(12.2%) ▼	155.4	152.0	6.0x	5.8x	13.6x	10.7x	NM	1.4%
CIMIC Group Limited	CIM	23.84	(18.6%) ▼	7,717.6	7,754.1	3.6x	3.4x	NM	9.4x	0.0x	NM
Decmil Group Limited	DCG	0.41	-	98.1	19.1	0.8x	0.6x	6.5x	4.6x	NM	9.8%
Downer EDI Limited	DOW	5.70	(23.1%) ▼	3,377.1	5,811.4	7.0x	5.8x	16.4x	12.2x	1.3x	4.9%
Fleetwood Corporation Limited	FWD	1.82	(13.2%) ▼	171.7	168.2	5.0x	4.1x	14.9x	10.0x	NM	NM
Saunders International Limited	SND	0.50	(1.0%) ▼	50.9	43.6	NM	NM	NM	NM	NM	NM
Service Stream Limited	SSM	2.10	(20.2%) ▼	855.7	893.9	8.7x	7.7x	16.2x	12.7x	NM	4.5%
Southern Cross Electrical Engineering Limited	SXE	0.53	(14.5%) ▼	131.2	82.8	3.5x	3.3x	9.2x	9.5x	NM	5.7%
<b>Average - Adjusted to exclude outliers</b>			<b>(17.9%)</b>			<b>5.5x</b>	<b>5.1x</b>	<b>12.8x</b>	<b>9.9x</b>	<b>2.2x</b>	<b>5.2%</b>
<b>Engineering and Construction Management</b>											
Cardno Limited	CDD	0.42	6.3% ▲	187.6	356.2	5.3x	8.2x	NM	9.3x	1.7x	NM
LogiCamms Limited	LCM	0.19	(2.6%) ▼	37.2	37.1	12.2x	NM	47.6x	NM	NM	NM
Lycopodium Limited	LYL	5.50	(12.0%) ▼	218.5	116.5	9.6x	4.5x	13.0x	15.5x	NM	5.5%
Worley Limited	WOR	12.52	(17.8%) ▼	6,527.8	8,702.8	11.8x	7.7x	34.5x	13.9x	3.9x	3.2%
<b>Average - Adjusted to exclude outliers</b>			<b>(9.7%)</b>			<b>9.7x</b>	<b>6.8x</b>	<b>31.7x</b>	<b>12.9x</b>	<b>2.8x</b>	<b>4.3%</b>
<b>Coverage Group Average</b>						<b>8.2x</b>	<b>5.2x</b>	<b>18.0x</b>	<b>10.7x</b>	<b>2.4x</b>	<b>4.2%</b>

# KEY DEVELOPMENTS

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## Activity

- **Emeco Holdings Limited (ASX:EHL)** completed the acquisition of Pit N Portal Mining Services Pty Ltd and Pit N Portal Equipment Hire Pty Ltd for AUD \$72 million. The acquisition is on a cash free, debt free basis. For the year ended June 30, 2019, Pit N Portal incurred revenue of approximately AUD \$101 million and EBITDA of AUD \$20 million
- **Emeco Holdings Limited (ASX:EHL)** completed a Follow-on Equity Offering in the amount of AUD \$65 million
- **Cardno Limited (ASX:CDD)** announced a share repurchase program of up to 44,701,785 shares, representing 10% of its ordinary shares
- **Downer EDI Limited (ASX:DOW)** are seeking acquisitions. **Downer** is struggling with higher costs arising from loss-making construction contracts due to weak global business investment and a stuttering Australian economy
- **AJ Lucas Group Limited (ASX:AJL)** acquired an additional 45.4% stake in Cuadrilla Resources Ltd from Riverstone Holdings LLC. **AJ Lucas'** stake in Cuadrilla will increase to approximately 93%

# 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:

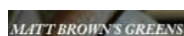
## Transaction Experience



**Batchfire:** Advised in relation to a \$25m equity rights issue



**Safe Direction:** Completed a strategic and capital structure review



**Matt Brown's Greens:** Advised on its sale to MorCo Fresh



**Running Bare:** Completed a strategic review



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



**Yello:** Advised in relation to its series A capital raising



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



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



**Sibelco:** Advised on the acquisition of an industrial minerals producer



**Holcim:** Strategic review of two non-core assets



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



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



**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



**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"

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