

# JANUARY 2020 - ENGINEERING & CONSTRUCTION

## Executive Summary

The **Mining, Oil and Gas Services** sector closed down 0.1% from last month with **Matrix Composites & Engineering Ltd** decreasing 14.1%

The **Construction and Maintenance** sector closed the month down 8.8%. **Saunders International Limited** recorded the largest movement, up 56.3%

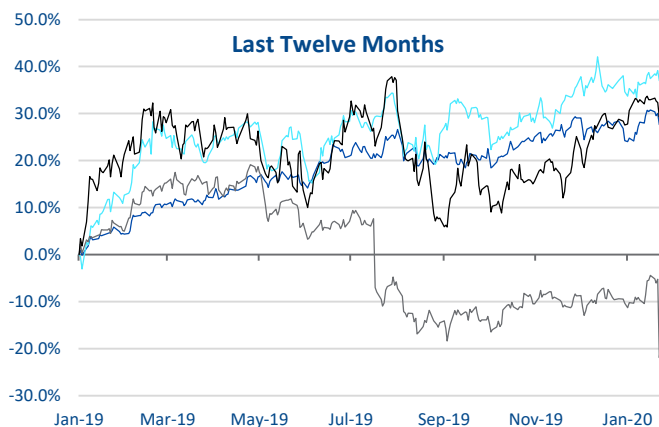
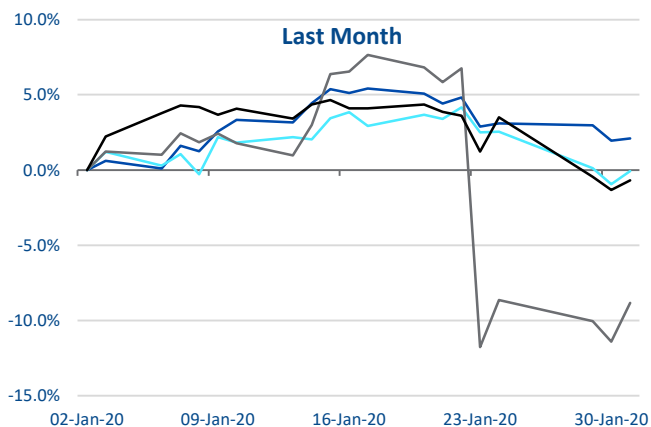
The **Engineering and Construction Management** sector closed down 0.7%. **Cardno Limited** recorded the largest movement, down 16.8%

The overall sector average **LTM EV/EBITDA** closed at 8.7x whilst the **NTM EV/EBITDA** multiple closed at 6.2x

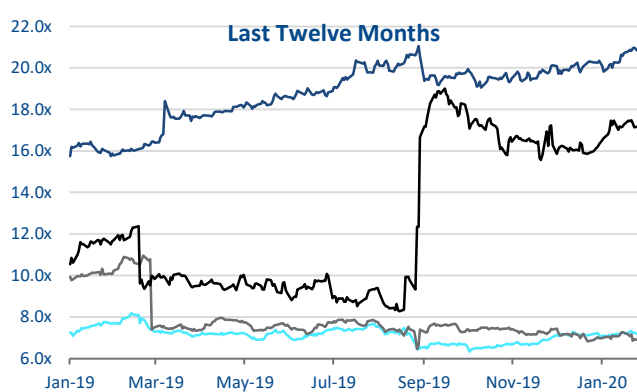
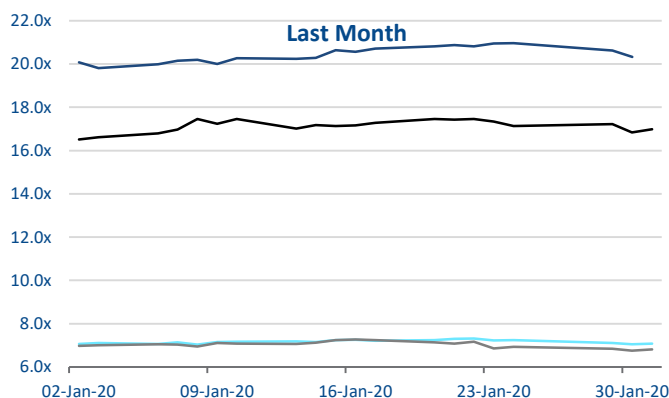
## Key Developments

- **Emeco Holdings Limited** entered into an agreement to acquire Pit N Portal Mining Services Pty Ltd for \$73 million
- **Index Limited** completed its acquisition of Flexidrill Limited and Flexidrill Construction Limited
- **CIMIC Group** performs strategic review of BIC Contracting
- Enviropacific is currently seeking an ASX initial public offering

## 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	0.21	(4.5%) ▼	121.6	136.0	7.6x	5.7x	78.5x	13.5x	0.8x	NM
Perenti Global Limited	PRN	1.54	(5.2%) ▼	1,053.5	1,589.3	5.1x	3.8x	5.1x	9.2x	1.8x	4.6%
Boart Longyear Limited	BLY	1.50	(8.0%) ▼	131.5	1,177.4	8.1x	NM	NM	NM	8.5x	NM
Emeco Holdings Limited	EHL	2.29	5.5% ▲	701.6	1,144.8	6.0x	4.6x	22.0x	9.1x	2.3x	NM
Imdex Limited	IMD	1.46	(1.0%) ▼	566.6	543.3	10.4x	8.9x	20.8x	17.1x	NM	1.9%
Macmahon Holdings Limited	MAH	0.28	(3.5%) ▼	574.3	627.0	3.8x	3.2x	13.0x	10.8x	0.3x	1.8%
Matrix Composites & Engineering Ltd	MCE	0.31	(14.1%) ▼	31.2	29.1	NM	NM	NM	NM	NM	NM
Monadelphous Group Limited	MND	17.54	5.2% ▲	1,655.5	1,531.0	15.5x	12.7x	32.7x	24.5x	NM	2.7%
MACA Limited	MLD	0.96	(9.0%) ▼	255.9	333.9	4.4x	3.2x	12.6x	8.6x	1.0x	4.7%
Mastermyne Group Limited	MYE	0.97	1.6% ▲	98.7	82.7	4.2x	2.7x	13.8x	7.3x	NM	2.1%
NRW Holdings Limited	NWH	3.13	(3.1%) ▼	1,335.5	1,371.0	9.7x	5.8x	37.3x	14.3x	0.2x	1.3%
Swick Mining Services Limited	SWK	0.18	(2.8%) ▼	53.4	71.7	3.2x	NM	40.7x	NM	0.8x	3.4%
Average - Adjusted to exclude outliers			(0.1%)			7.1x	5.6x	27.6x	12.7x	2.0x	2.8%
Construction and Maintenance											
AJ Lucas Group Limited	AJL	0.07	4.3% ▲	85.9	197.2	12.4x	11.4x	NM	NM	5.4x	NM
BSA Limited	BSA	0.41	3.8% ▲	177.1	160.9	7.4x	6.3x	16.3x	13.2x	NM	1.2%
CIMIC Group Limited	CIM	29.29	(11.6%) ▼	9,482.0	8,956.8	5.1x	4.1x	12.0x	12.0x	NM	5.4%
Decmil Group Limited	DCG	0.41	(16.3%) ▼	98.1	19.1	0.8x	0.6x	6.5x	4.9x	NM	9.8%
Downer EDI Limited	DOW	7.41	(9.3%) ▼	4,384.8	5,700.0	7.0x	7.0x	17.5x	17.4x	1.3x	3.8%
Fleetwood Corporation Limited	FWD	2.09	(0.5%) ▼	197.7	164.1	4.8x	4.9x	13.6x	9.6x	NM	NM
Saunders International Limited	SND	0.50	56.3% ▲	51.4	43.9	NM	NM	NM	NM	NM	NM
Service Stream Limited	SSM	2.63	(1.1%) ▼	1,071.7	1,061.2	12.5x	10.0x	20.4x	16.3x	NM	3.4%
Southern Cross Electrical Engineering Ltd	SXE	0.62	6.0% ▲	153.5	100.3	4.5x	4.2x	11.5x	11.5x	NM	4.8%
Average - Adjusted to exclude outliers			(8.8%)			6.8x	6.0x	14.0x	12.1x	3.3x	4.7%
Engineering and Construction											
Management											
Cardno Limited	CDD	0.40	(16.8%) ▼	176.4	270.1	5.0x	6.7x	NM	10.7x	1.7x	NM
LogiCams Limited	LCM	0.19	2.7% ▲	38.2	33.6	21.5x	NM	129.9x	NM	NM	NM
Lycopodium Limited	LYL	6.25	12.0% ▲	248.3	188.2	19.4x	8.5x	15.1x	14.7x	NM	4.8%
Worley Limited	WOR	15.24	(0.5%) ▼	7,946.0	9,671.0	22.0x	10.5x	42.1x	16.6x	3.9x	1.8%
Average - Adjusted to exclude outliers			(0.7%)			17.0x	8.5x	62.3x	14.0x	2.8x	3.3%
Coverage Group Average						8.7x	6.2x	28.1x	12.7x	2.3x	3.6%

# KEY DEVELOPMENTS

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## Activity

- **Emeco Holdings Limited** entered into an agreement to acquire Pit N Portal Mining Services Pty Ltd for \$73 million. Pit N Portal is a hard rock underground mining services company. The transaction is described by Emco as “highly strategic” as it will broaden its customer value proposition and increase business resilience, as well as allowing Emeco to enter the underground mining services market with a solid tender pipeline
- **Imdex Limited** completed its acquisition of Flexidrill Limited and Flexidrill Construction Limited, a New Zealand-based developer of drilling solutions. The unique technologies acquired will offer drilling productivity benefits and improved safety for IMDEX clients globally
- **CIMIC Group** has completed its strategic review of 45% in BIC Contracting, a company operating in the Middle East which offers engineering and infrastructure services. Discussions continue with a shortlist of potential bidders for all or part of BIC Contracting
- Enviropacific is currently seeking an ASX initial public offering in the first half of 2020. Established in 2001, Enviropacific provides soil and water treatment services to clients in infrastructure, property, defence and government industries. The firm is currently jointly owned by founder Cameron McLean and Adexum Capital, a mid-market PE firm

# 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:

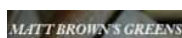
## Transaction Experience



**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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