

# MARCH 2020 - ENGINEERING & CONSTRUCTION

## Executive Summary

The **Mining, Oil and Gas Services** sector closed this month down, 41.7%. **Emeco Holdings** recording the largest movement this month, down 55.5%

The **Construction and Maintenance** sector closed this month, down 17.3%. **Decmil Group** recorded the largest movement, down 68.3%

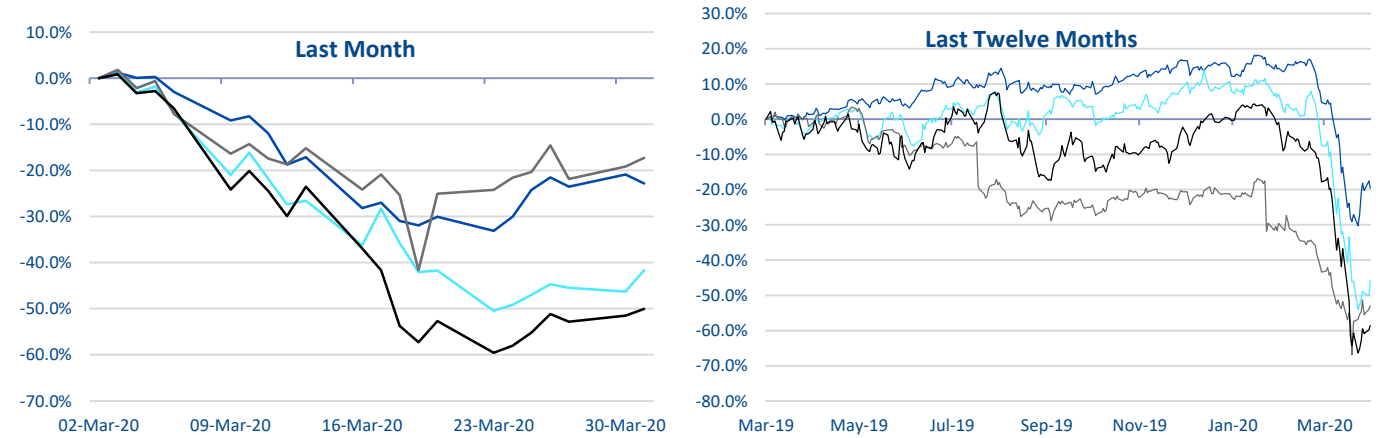
The **Engineering and Construction Management** sector closed this month, down 50.0%. **Worley Limited** recorded the largest movement, down 50.9%

The overall sector average **LTM EV/EBITDA** closed at 5.9x whilst the average **NTM EV/EBITDA** multiple is projected to be 4.0x

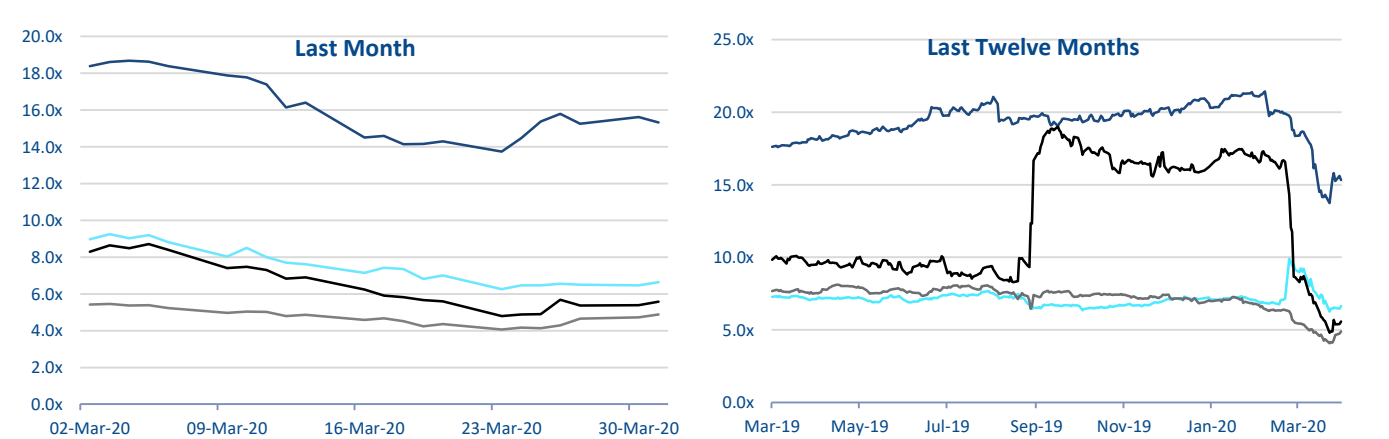
## Key Developments

- **Perenti Global** suspends interest in buying **Downer's** mining services arm
- Pacific Equity Partners agreed to acquire Zenith Energy Limited
- MJH Group has acquired Weeks Building Group from parent company Weeks Group Pty 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	0.12	(22.6%) ▼	69.5	74.5	6.5x	2.9x	NM	6.8x	1.4x	NM
Perenti Global Limited	PRN	0.61	(54.8%) ▼	418.7	1,052.2	2.6x	2.4x	NM	3.5x	1.8x	11.5%
Boart Longyear Limited	BLY	0.46	(49.5%) ▼	40.4	1,127.4	8.7x	NM	NM	NM	8.4x	NM
Emeco Holdings Limited	EHL	0.85	(55.5%) ▼	297.2	757.3	3.5x	3.0x	5.6x	3.8x	2.3x	NM
Imdex Limited	IMD	0.89	(42.9%) ▼	345.4	359.5	6.1x	5.6x	10.9x	11.0x	NM	3.1%
Macmahon Holdings Limited	MAH	0.19	(33.9%) ▼	387.6	511.1	2.6x	2.1x	7.8x	6.8x	0.3x	2.7%
Matrix Composites & Engineering Ltd	MCE	0.19	(36.7%) ▼	19.4	31.5	28.0x	NM	NM	NM	NM	NM
Monadelphous Group Limited	MND	10.28	(28.7%) ▼	971.3	892.9	8.8x	7.0x	20.1x	14.3x	NM	4.3%
MACA Limited	MLD	0.64	(28.9%) ▼	171.5	255.4	2.5x	2.3x	7.1x	6.0x	1.0x	7.8%
Mastermyne Group Limited	MYE	0.61	(27.4%) ▼	62.4	66.7	2.9x	2.1x	7.1x	4.2x	NM	6.6%
NRW Holdings Limited	NWH	1.26	(47.7%) ▼	535.5	821.9	4.7x	2.7x	13.0x	5.0x	0.2x	4.0%
Swick Mining Services Limited	SWK	0.10	(44.4%) ▼	30.5	49.6	2.7x	NM	NM	NM	0.8x	6.0%
Average - Adjusted to exclude outliers			(41.7%)			6.6x	3.3x	10.2x	6.8x	2.0x	5.7%
Construction and Maintenance											
AJ Lucas Group Limited	AJL	0.04	(47.8%) ▼	41.9	136.6	7.3x	7.9x	NM	NM	5.4x	NM
BSA Limited	BSA	0.29	(19.4%) ▼	125.3	121.9	4.8x	4.7x	10.9x	8.7x	NM	1.7%
CIMIC Group Limited	CIM	23.25	(2.5%) ▼	7,501.4	7,537.9	3.5x	3.3x	NM	9.7x	0.0x	NM
Decmil Group Limited	DCG	0.13	(68.3%) ▼	31.1	16.9	NM	NM	NM	NM	NM	NM
Downer EDI Limited	DOW	2.98	(47.7%) ▼	1,765.6	4,199.9	5.0x	4.3x	8.6x	6.8x	1.3x	9.4%
Fleetwood Corporation Limited	FWD	1.24	(31.7%) ▼	117.3	113.8	3.4x	2.8x	10.2x	6.9x	NM	NM
Saunders International Limited	SND	0.38	(23.2%) ▼	39.1	31.8	NM	NM	NM	NM	NM	NM
Service Stream Limited	SSM	1.82	(13.3%) ▼	741.6	779.8	7.6x	6.7x	14.0x	11.2x	NM	5.2%
Southern Cross Electrical Engineering Limited	SXE	0.44	(17.0%) ▼	109.0	60.5	2.5x	2.4x	7.6x	7.9x	NM	6.8%
Average - Adjusted to exclude outliers			(17.3%)			4.9x	4.6x	10.3x	8.5x	2.2x	5.8%
Engineering and Construction Management											
Cardno Limited	CDD	0.25	(41.7%) ▼	109.4	278.1	4.2x	6.4x	NM	5.4x	1.7x	NM
LogiCamms Limited	LCM	0.14	(24.3%) ▼	28.1	28.0	6.1x	NM	34.7x	NM	NM	NM
Lycopodium Limited	LYL	4.05	(26.4%) ▼	160.9	58.9	4.8x	2.4x	9.6x	12.1x	NM	7.4%
Worley Limited	WOR	6.15	(50.9%) ▼	3,206.6	5,381.6	7.3x	4.8x	16.9x	7.4x	3.9x	6.5%
Average - Adjusted to exclude outliers			(50.0%)			5.6x	4.5x	20.4x	8.3x	2.8x	7.0%
Coverage Group Average						5.9x	4.0x	12.3x	7.6x	2.2x	5.9%

# KEY DEVELOPMENTS

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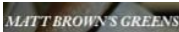










## Activity

- **Perenti Global Limited (ASX:PRN)** has suspended its interest in acquiring the mining services arm of **Downer (ASX:DOW)**. The proposed enterprise value of the deal was reportedly AUD \$700 million
- Australian private equity investment firm Pacific Equity Partners (PEP) has agreed to acquire Zenith Energy Limited (ASX:ZEN) for AUD \$150.9 million. The offer price of \$1.01 per share represented a premium of 45.3% over Zenith’s closing share price as of March 6<sup>th</sup>, 2020. Zenith Energy believes that the strong capital backing from PEP will facilitate an acceleration in growth
- The MJH Group acquired the Weeks Building Group from Weeks Group. Weeks Building Group is an Australian based company specialising in home and residential construction

# EAC PARTNERS

EAC Partners is an independent corporate advisory firm focussed on mid-market mergers & acquisitions, divestments and corporate finance advisory services

## Transaction Experience

	<b>Sibelco:</b> Advised on the divestment of their sand mining operations to Holcim Australia		<b>mpower:</b> Advised on the sale of the Australian and New Zealand products distribution businesses
	<b>Zentree:</b> Advised on takeover panel application regarding equity rights issue by ERA, underwritten by Rio Tinto		<b>Safe Direction:</b> Completed a strategic and capital structure review
	<b>Batchfire:</b> Advised in relation to a AUD25M equity rights issue		<b>Running Bare:</b> Completed a strategic review
	<b>Matt Brown's Greens:</b> Advised on its sale to MorCo Fresh		<b>Yello:</b> Advised in relation to its series A capital raising
	<b>ATL:</b> Advised on its USD500M investment grade bond offer Advised on their finance plan, which included rating advice		<b>Smollen Group:</b> Advised Australia's largest real estate franchise on its AUD70M sale to McGrath Limited
	<b>Enviropacific Services:</b> Advised on the divestment of 44% of the shares to Adexum Capital		<b>Holcim:</b> Strategic review of two non-core assets
	<b>Moko:</b> Advised in relation to an acquisition and capital raise		<b>Freemantle Media:</b> Advised on the takeover of a listed media business
	<b>APSEZ:</b> Advised on acquisition of Abbot Point Bulkcoal from Glencore Advised on its inaugural USD650M investment grade bond offer		<b>Sibelco:</b> Advised on the acquisition of an industrial minerals producer
	<b>Adani:</b> Advised on the AUD1.25B refinance of Adani Abbot Point Terminal		

## 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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