

MAY 2020 - ENGINEERING & CONSTRUCTION

Executive Summary

The **Mining, Oil and Gas Services** sector closed this month, up 18.1%. **Perenti Global Limited** recording the largest movement this month, up 33.0%

The **Construction and Maintenance** sector closed this month, up 7.3%. **Fleetwood Corporation Limited** recorded the largest movement, up 17.8%

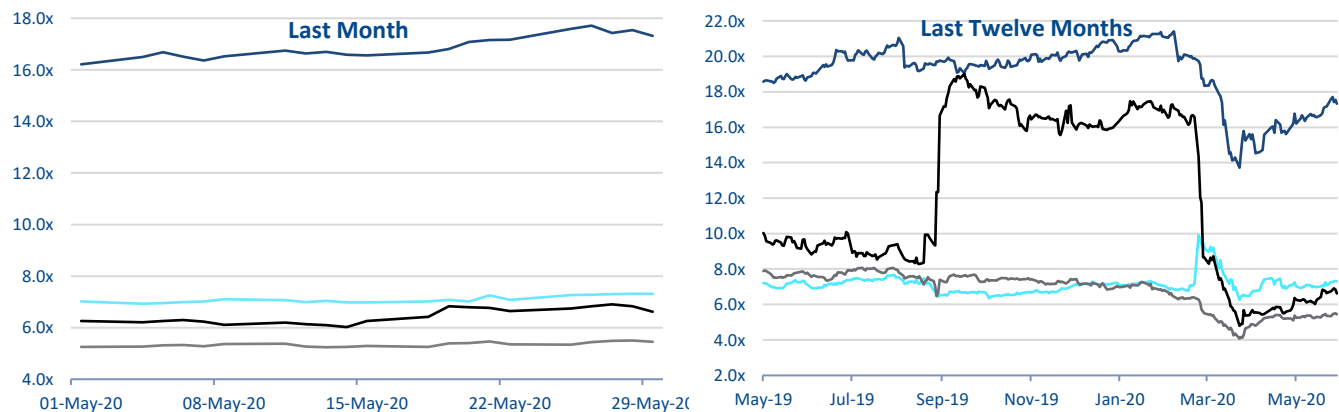
The **Engineering and Construction Management** sector closed this month, up 2.2%. **Cardno Limited** recorded the largest movement, up 17.6%

The overall sector average **LTM EV/EBITDA** closed at 6.6x whilst the average **NTM EV/EBITDA** multiple is projected to be 5.1x

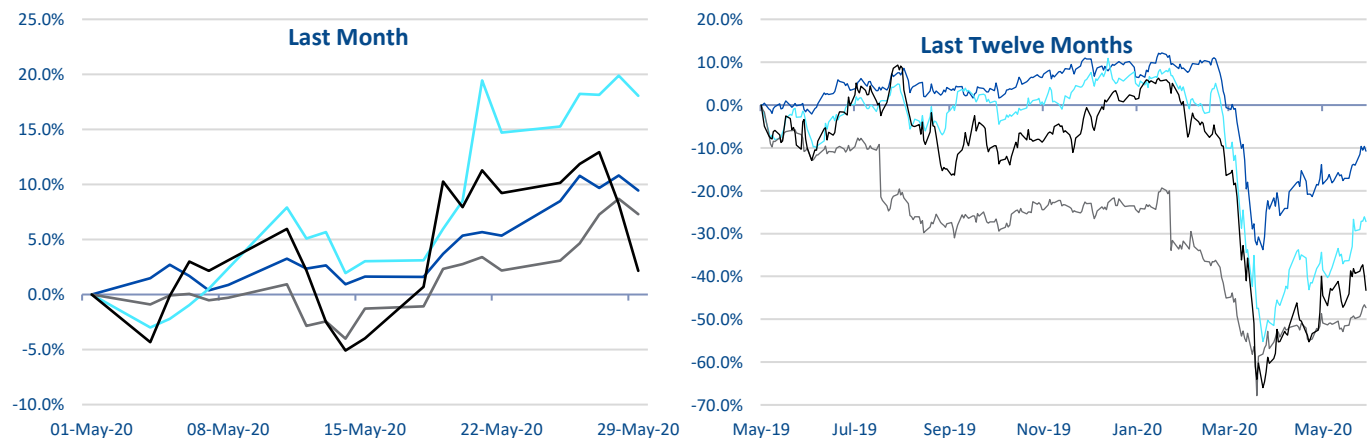
Key Developments

- **Boart Longyear Limited** announced that the company is proposing to pursue amendments to its Senior Secured Notes due December 2022 to preserve cash liquidity
- **Hastings Technology Metals Limited** cancelled the acquisition of 100 Bedrooms of Camp Capacity from Fleetwood Pty Ltd. on May 14, 2020
- **Decmil Group Limited** is said to have three strong offers for its Homeground Gladstone Accommodation Village, defying talk in the market that the sale had generated limited interest

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	0.14	3.7% ▲	81.1	86.1	7.5x	3.8x	NM	7.9x	1.4x	NM
Perenti Global Limited	PRN	1.19	33.0% ▲	834.7	1,468.2	3.6x	3.3x	NM	6.8x	1.8x	5.9%
Boart Longyear Limited	BLY	0.62	(6.8%) ▼	54.1	1,141.1	8.8x	NM	NM	NM	8.4x	NM
Emeco Holdings Limited	EHL	1.10	(1.8%) ▼	407.8	867.9	4.1x	3.5x	7.3x	5.6x	2.3x	NM
Imdex Limited	IMD	1.16	13.2% ▲	450.1	464.3	7.9x	8.2x	14.2x	18.4x	NM	2.4%
Macmahon Holdings Limited	MAH	0.26	18.6% ▲	534.2	657.7	3.3x	2.8x	10.7x	9.9x	0.3x	2.0%
Matrix Composites & Engineering Ltd	MCE	0.17	(10.5%) ▼	17.4	29.5	26.2x	NM	NM	NM	NM	NM
Monadelphous Group Limited	MND	11.82	22.5% ▲	1,116.8	1,038.4	10.3x	10.8x	23.1x	23.8x	NM	3.7%
MACA Limited	MLD	0.88	14.3% ▲	235.8	319.7	3.1x	2.9x	9.7x	8.3x	1.0x	5.7%
Mastermyne Group Limited	MYE	0.70	(3.4%) ▼	71.6	75.9	3.3x	2.8x	8.1x	6.0x	NM	5.7%
NRW Holdings Limited	NWH	1.94	21.6% ▲	827.8	1,114.2	6.4x	4.1x	20.1x	8.9x	0.2x	2.6%
Swick Mining Services Limited	SWK	0.14	12.5% ▲	41.1	60.2	3.2x	NM	NM	NM	0.8x	4.4%
Average - Adjusted to exclude outliers			18.1%			7.3x	4.7x	13.3x	10.6x	2.0x	4.0%
Construction and Maintenance											
Al Lucas Group Limited	AJL	0.05	(9.4%) ▼	57.4	152.1	8.2x	8.8x	NM	NM	5.4x	NM
BSA Limited	BSA	0.26	(5.5%) ▼	112.4	108.9	4.3x	4.7x	9.8x	9.5x	NM	1.9%
CIMIC Group Limited	CIM	24.94	5.8% ▲	7,951.1	7,987.6	3.7x	3.6x	NM	11.4x	0.0x	NM
Decmil Group Limited	DCG	0.20	(4.8%) ▼	47.9	33.6	NM	NM	NM	NM	NM	NM
Downer EDI Limited	DOW	4.51	13.6% ▲	2,672.0	5,106.3	6.1x	5.7x	13.0x	12.3x	1.3x	6.2%
Fleetwood Corporation Limited	FWD	1.72	17.8% ▲	162.7	159.3	4.8x	4.0x	14.1x	10.5x	NM	NM
Saunders International Limited	SND	0.46	(4.2%) ▼	47.3	40.0	NM	NM	NM	NM	NM	NM
Service Stream Limited	SSM	2.04	6.5% ▲	831.3	869.4	8.5x	8.1x	15.7x	13.8x	NM	4.7%
Southern Cross Electrical Engineering Limited	SXE	0.45	3.5% ▲	110.2	61.7	2.6x	2.4x	7.7x	7.9x	NM	6.7%
Average - Adjusted to exclude outliers			7.3%			5.4x	5.3x	12.1x	10.9x	2.2x	4.9%
Engineering and Construction Management											
Cardno Limited	CDD	0.30	17.6% ▲	134.0	302.6	4.5x	7.0x	NM	6.7x	1.7x	NM
LogiCamms Limited	LCM	0.13	(10.3%) ▼	26.1	26.0	5.6x	NM	32.2x	NM	NM	NM
Lycopodium Limited	LYL	4.87	12.0% ▲	193.5	91.5	7.4x	4.1x	11.5x	17.0x	NM	6.2%
Worley Limited	WOR	8.40	1.4% ▲	4,379.7	6,554.7	8.9x	6.3x	23.1x	11.8x	3.9x	4.8%
Average - Adjusted to exclude outliers			2.2%			6.6x	5.8x	22.3x	11.8x	2.8x	5.5%
Coverage Group Average						6.6x	5.1x	14.7x	10.9x	2.2x	4.5%

KEY DEVELOPMENTS







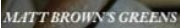










Activity

- **Boart Longyear Limited (ASX:BLY)** announced that the company is proposing to pursue certain amendments to its Senior Secured Notes due December 2022 to preserve cash liquidity subject to the receipt of ASX. The principal amount outstanding as at that date was USD 217M and accreted interest was USD 36.6M. The current rate of interest of the notes is 10%. The interest entitlement for those who agree to payment-in-kind will be 12.0% and 14.5% for 30 June 2020 and 31 December 2020 respectively
- **Hastings Technology Metals Limited (ASX:HAS)** agreed to acquire 100 Bedrooms of Camp Capacity from Fleetwood Pty Ltd. on May 14, 2019. Hastings Technology Metals Limited cancelled the acquisition of 100 Bedrooms of Camp Capacity from Fleetwood Pty Ltd. on May 14, 2020
- **Decmil Group Limited (ASX:DCS)** is said to have three strong offers for its Homeground Gladstone Accommodation Village, defying talk in the market that the sale had generated limited interest. The workforce accommodation village was last valued at \$85.4M in the company books and is up for sale through Resolute Advisory as Decmil remains in strife over contracts
- Radbyrn Pty Ltd reached an agreement to acquire Scaffold and Blast & Paint Services from Mastertec Industrial and Maintenance Pty Ltd. for approximately AUD 6M on May 17, 2019. Radbyrn Pty Ltd competed the acquisition of Scaffold and Blast & Paint Services from Mastertec Industrial and Maintenance Pty Ltd. on May 17, 2020

EAC PARTNERS

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

Transaction Experience

	Sibelco: Advised on the divestment of their sand mining operations to Holcim Australia		mpower: Advised on the sale of the Australian and New Zealand products distribution businesses
	Zentree: Advised on takeover panel application regarding equity rights issue by ERA, underwritten by Rio Tinto		Safe Direction: Completed a strategic and capital structure review
	Batchfire: Advised in relation to a AUD25M equity rights issue		Running Bare: Completed a strategic review
	Matt Brown's Greens: Advised on its sale to MorCo Fresh		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		Smollen Group: Advised Australia's largest real estate franchise on its AUD70M sale to McGrath Limited
	Enviropacific Services: Advised on the divestment of 44% of the shares to Adexum Capital		Holcim: Strategic review of two non-core assets
	Moko: Advised in relation to an acquisition and capital raise		Freemantle Media: Advised on the takeover of a listed media business
	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
	Adani: 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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