

# AUGUST 2020 – CONSTRUCTION MATERIALS & BUILDING PRODUCTS

## Executive Summary

The **Domestic Coverage Group** closed this month, up 12.7%. **Reliance Worldwide Corporation Limited** recording the largest movement, up 42.5%

The average **LTM EV/EBITDA** multiple for the domestic sector closed at 11.6x while the average **NTM EV/EBITDA** is projected to be 11.1x

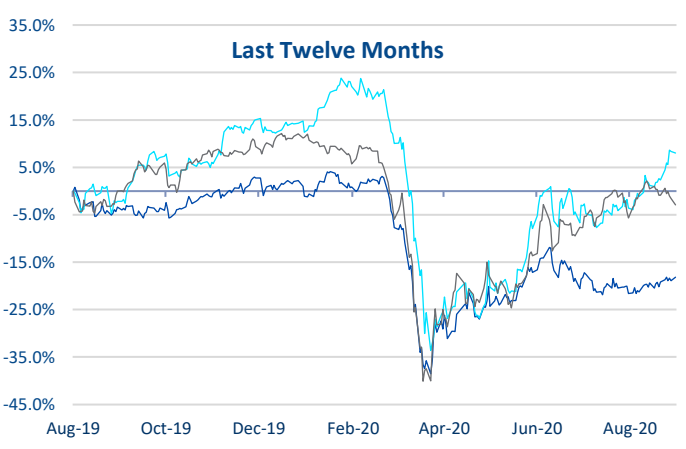
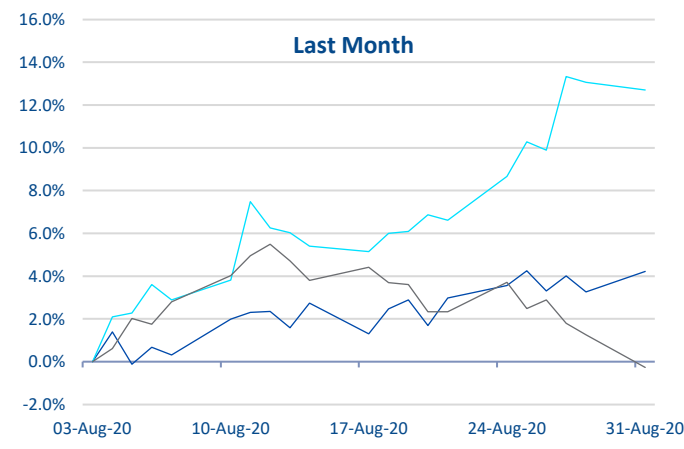
The **International Coverage Group** closed this month, down 0.3%. **Heidelberg Cement AG** recorded the largest movement, up 13.4%

The International sector average **LTM EV/EBITDA** multiple closed at 8.6x, whilst the **NTM EV/EBITDA** multiple is projected to be 9.4x

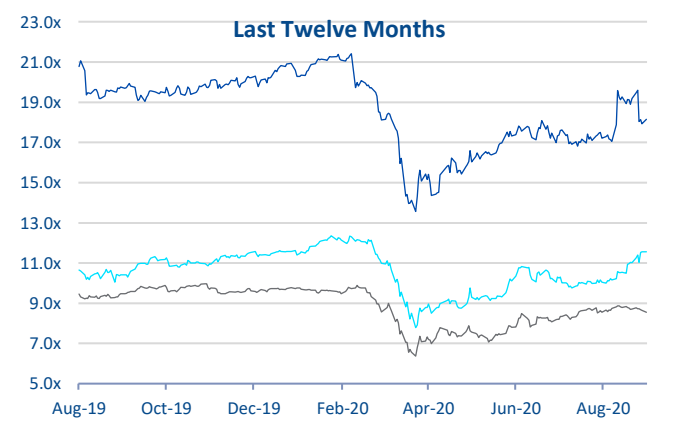
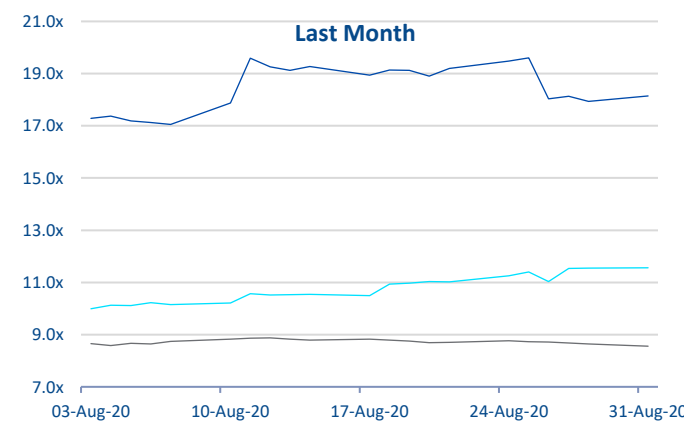
## Key Developments

- **Vulcan Materials Company** will seek M&A opportunities as mentioned during the second quarter earnings conference call
- **CRH plc** has suspended its share buyback programme and will look for merger and acquisitions although they will be more cautious going forward due lack of visibility about the future
- **DuluxGroup (New Zealand) Pty Ltd** acquired business assets from **Admil Adhesives Pty Ltd** and **Admil NZ Limited**

## 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)
ADBRI Limited	ABC	2.55	15.4% ▲	1,663.3	2,169.6	8.6x	8.7x	17.7x	17.0x	2.4x	3.8%
Brickworks Limited	BKW	17.96	10.0% ▲	2,675.6	2,023.7	12.9x	13.7x	23.7x	21.0x	2.2x	3.2%
Boral Limited	BLD	4.01	11.7% ▲	4,914.9	7,489.8	11.2x	9.0x	NM	24.8x	3.6x	NM
CSR Limited	CSR	3.66	4.9% ▲	1,776.5	1,942.2	6.5x	6.7x	14.4x	14.7x	0.4x	NM
Fletcher Building Limited	FBU	3.28	6.2% ▲	2,694.5	4,927.3	10.2x	7.3x	NM	18.1x	4.6x	NM
GWA Group Limited	GWA	2.53	(11.2%) ▼	667.8	888.4	9.9x	10.7x	15.3x	16.8x	2.5x	4.5%
James Hardie Industries plc	JHX	30.83	6.4% ▲	13,667.8	15,251.8	16.5x	16.5x	59.1x	25.6x	2.0x	NM
Reece Limited	REH	12.20	22.1% ▲	7,881.0	9,413.9	14.6x	14.4x	30.6x	33.7x	2.4x	1.0%
Reliance Worldwide Corporation Limited	RWC	3.82	42.5% ▲	2,991.8	3,402.8	13.7x	13.0x	33.5x	21.1x	1.7x	1.8%
<b>Average - adjusted to exclude outliers</b>			<b>12.7%</b>			<b>11.6x</b>	<b>11.1x</b>	<b>27.8x</b>	<b>21.4x</b>	<b>2.4x</b>	<b>2.9%</b>
<b>International</b>											
Buzzi Unicem S.p.A.	BIT:BZU	33.24	6.8% ▲	6,832.4	6,877.3	4.6x	6.3x	9.0x	11.6x	0.8x	NM
CEMEX, S.A.B. de C.V.	BMV:CEMEX CPO	0.43	2.9% ▲	6,379.8	22,807.4	6.9x	7.7x	208.9x	NM	4.7x	2.9%
HeidelbergCement AG	DB:HEI	86.19	13.4% ▲	NM	34,113.2	6.2x	NM	NM	NM	2.7x	NM
Compagnie de Saint-Gobain S.A.	ENXTPA:SGO	55.05	9.0% ▲	29,985.1	46,414.3	6.4x	6.6x	64.8x	14.2x	2.0x	NM
CRH plc	ISE:CRG	50.22	0.8% ▲	39,411.6	51,826.7	7.9x	8.4x	16.6x	16.9x	1.7x	2.6%
Masco Corporation	NYSE:MAS	79.01	2.0% ▲	20,663.2	23,391.2	13.3x	13.0x	24.5x	20.7x	1.8x	0.9%
Martin Marietta Materials, Inc.	NYSE:MLM	274.93	(2.1%) ▼	17,119.5	21,400.6	11.1x	12.3x	20.4x	20.2x	2.3x	1.1%
Vulcan Materials Company	NYSE:VMC	162.62	2.2% ▲	21,539.2	25,479.0	13.5x	14.4x	25.4x	25.6x	2.2x	1.1%
LafargeHolcim Ltd	SWX:LHN	64.46	(0.3%) ▼	39,559.3	59,779.7	7.0x	6.9x	16.8x	14.3x	1.8x	4.7%
<b>Average</b>			<b>(0.3%)</b>			<b>8.6x</b>	<b>9.4x</b>	<b>48.3x</b>	<b>17.6x</b>	<b>2.2x</b>	<b>2.2%</b>
<b>Coverage Group Average</b>						<b>10.1x</b>	<b>10.3x</b>	<b>38.7x</b>	<b>19.8x</b>	<b>2.3x</b>	<b>2.5%</b>

# KEY DEVELOPMENTS

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## Activity

- **Vulcan Materials Company (NYSE:VMC)** will seek M&A opportunities as mentioned during the second quarter earnings conference call
- DuluxGroup (New Zealand) Pty Ltd acquired business assets from Admil Adhesives Pty Ltd and Admil NZ Limited
- **CRH plc (ISE:CRG)** said it will be more cautious with mergers and acquisitions going forward, as it suspended its share buyback programme. The CEO stated that while the company is always looking at mergers and acquisitions (M&A), the issue at the moment is the lack of visibility about the future
- Huaxin Cement Co., Ltd. announced an increase in equity buyback by CNY 485 million thereby bringing the upper limit of total authorization to CNY 610 million
- **Buzzi Unicem S.p.A. (BIT:BZU)**'s has completed the repurchase of 415,732 shares, representing 0.2% for €7.3 million under the buyback announced on March 26, 2020

# EAC PARTNERS

EAC Partners is an independent corporate advisory firm providing a full suite of mid-market merger, acquisition, divestment, capital structure and corporate finance services to private and public companies, located within Australia and abroad

## 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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