

# AUGUST 2020 – TRANSPORT & LOGISTICS

## Executive Summary

The **Airlines Group Sector** closed this month, up 17.5%. **Qantas Airways Limited** saw the largest increase of 22.0%

The **Airlines Group Sector** average **LTM EV/EBITDA** multiple was 6.4x, whilst the **NTM EV/EBITDA** multiple is projected to be 11.3x

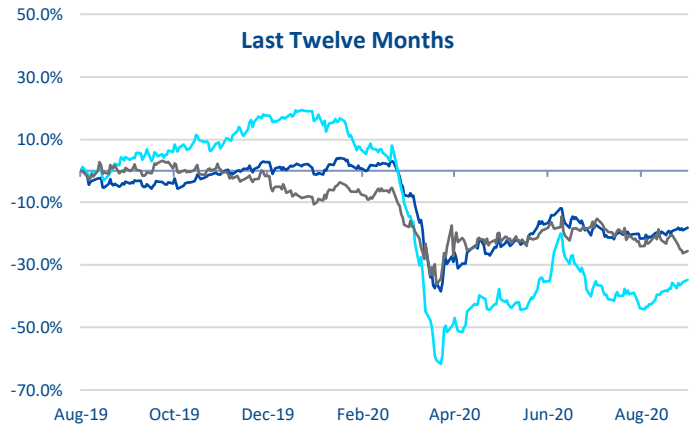
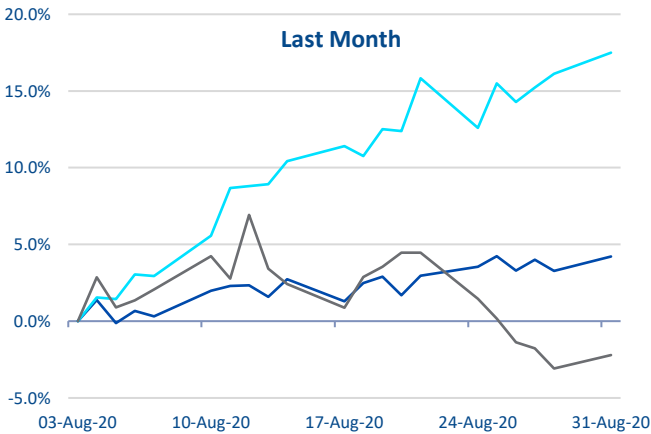
The **Road & Rail Group Sector** closed this month, down 2.2%. **Aurizon Holdings Limited** saw the largest decrease of 2.2%

The **Road & Rail Group Sector** average **LTM EV/EBITDA** multiple was 6.0x, whilst the average **NTM EV/EBITDA** multiple is projected to be 7.1x

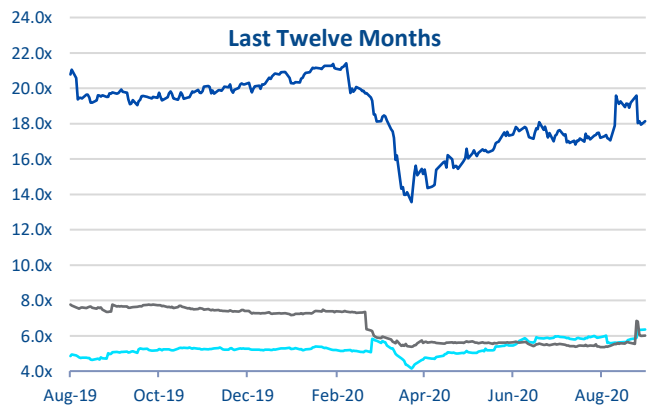
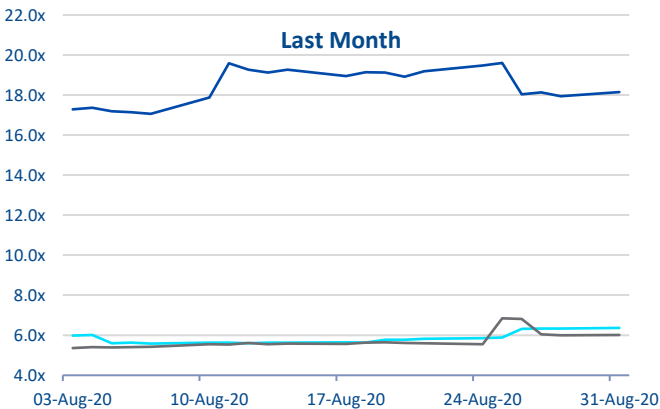
## Key Developments

- Japan Post Holdings Co., Ltd. is considering selling Australian logistics unit Toll Holdings Limited
- Aurizon Holdings Limited** announced a share repurchase program. Under the program, the company will repurchase up to AUD 300 million worth of its shares
- Qantas Airways Limited** has completed a Follow-on Equity Offering in the amount of AUD 71.55 million

## INDEXED SHARE PRICE PERFORMANCE



## VALUATION PERSPECTIVES (LTM EV/EBITDA)



EAC Partners has constructed a market capitalisation weighted index for the Airlines and Road & Rail 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    Road and Rail Group  
Airlines Group

# CONSTITUENTS

Airlines	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)
Alliance Aviation Services Limited	AQZ	3.68	17.9% ▲	590.5	554.4	6.8x	6.8x	21.0x	20.0x	NM	NM
Qantas Airways Limited	QAN	3.94	22.0% ▲	7,334.1	12,352.1	4.8x	11.6x	NM	NM	1.9x	NM
Regional Express Holdings Limited	REX	1.10	0.5% ▲	120.1	124.3	3.1x	NM	8.3x	NM	NM	11.1%
Virgin Australia Holdings Limited	VAH	0.09	-	726.0	4,908.4	10.7x	15.1x	NM	NM	3.7x	NM
Air New Zealand Limited	NZSE:AIR	1.28	4.5% ▲	1,436.7	4,418.9	6.4x	11.6x	NM	NM	4.5x	NM
<b>Average</b>			<b>17.5%</b>			<b>6.4x</b>	<b>11.3x</b>	<b>14.6x</b>	<b>20.0x</b>	<b>3.4x</b>	<b>11.1%</b>
<b>Road &amp; Rail</b>											
Aurizon Holdings Limited	AZJ	4.35	(2.2%) ▼	8,322.3	12,122.1	8.3x	8.5x	14.1x	16.5x	2.6x	6.4%
CTI Logistics Limited	CLX	0.55	13.5% ▲	40.9	149.7	5.9x	6.2x	40.9x	NM	3.1x	NM
K&S Corporation Limited	KSC	1.27	5.8% ▲	163.6	259.8	3.3x	NM	14.4x	NM	1.2x	4.7%
Lindsay Australia Limited	LAU	0.34	-	100.3	293.0	6.6x	6.8x	18.8x	11.8x	4.3x	4.5%
<b>Average</b>			<b>(2.2%)</b>			<b>6.0x</b>	<b>7.1x</b>	<b>22.0x</b>	<b>14.2x</b>	<b>2.8x</b>	<b>5.2%</b>
<b>Coverage Group Average</b>						<b>6.2x</b>	<b>9.5x</b>	<b>19.6x</b>	<b>16.1x</b>	<b>3.1x</b>	<b>6.7%</b>

# KEY DEVELOPMENTS

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## Activity

- Japan Post Holdings Co., Ltd. (TSE:6178) is considering selling Australian logistics unit Toll Holdings Limited, informed sources said. Japan Post asked major securities firms this week to present proposals on the matter, according to the sources. It is looking at a wide range of options, including the sale of some Toll operations, they said
- **Aurizon Holdings Limited (ASX:AZJ)** announces a share repurchase program. Under the program, the company will repurchase up to AUD 300 million worth of its shares. The purpose of the plan is capital management. The repurchase program is valid till August 24, 2021. As of August 10, 2020, the company has 1,914,642,832 shares in issue
- **Qantas Airways Limited (ASX:QAN)** has completed a Follow-on Equity Offering in the amount of AUD 71.55 million

# 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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