

NOVEMBER 2020 – CONSTRUCTION MATERIALS & BUILDING PRODUCTS

Executive Summary

The **Domestic Coverage Group** closed this month, up 8.1%. **Fletcher Building Limited** recording the largest movement, up 38.6%

The average **LTM EV/EBITDA** multiple for the domestic sector closed at 12.5x while the average **NTM EV/EBITDA** is projected to be 12.2x

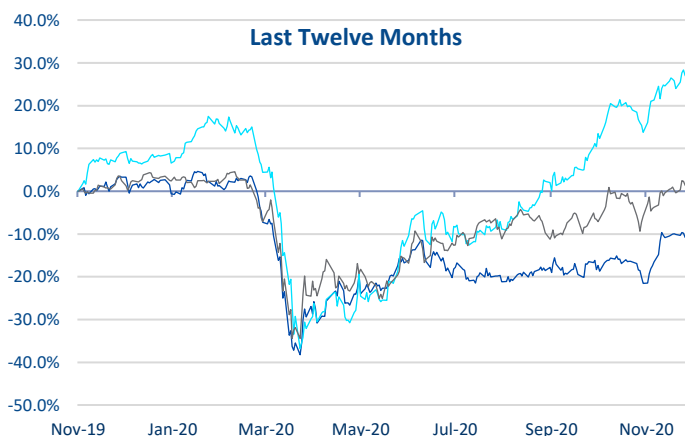
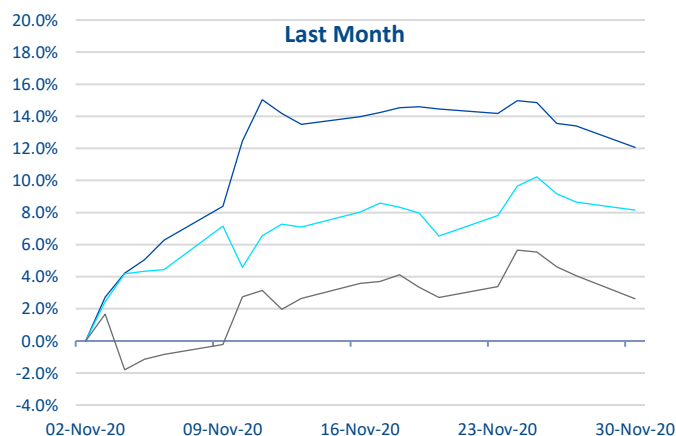
The **International Coverage Group** closed this month, up 2.6%. **HeidelbergCement AG** recorded the largest movement, up 19.9%

The International sector average **LTM EV/EBITDA** multiple closed at 9.1x, whilst the **NTM EV/EBITDA** multiple is projected to be 9.7x

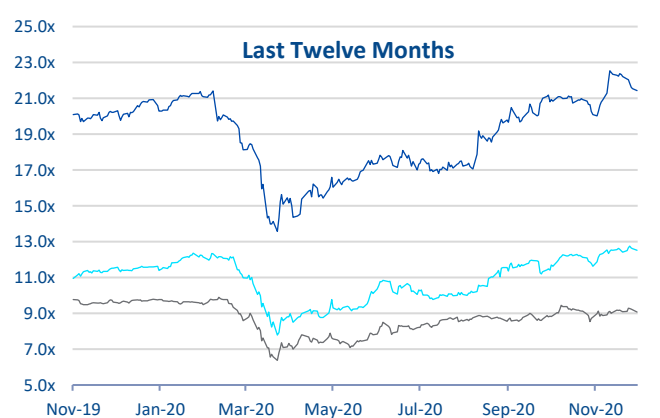
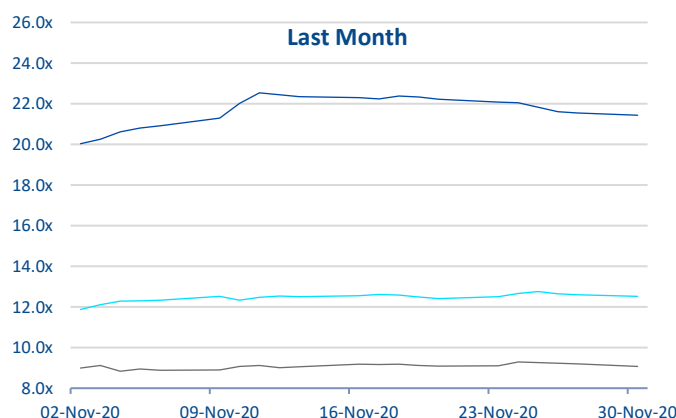
Key Developments

- Suez Cement Company SAE made a tender offer to acquire the remaining 28.07% stake in the Egyptian Tourah Portland Cement Company for circa EGP 140 million
- Suez Cement Company SAE completed the acquisition of an additional 18.5% stake in Egyptian Tourah Portland Cement Company for EGP 95 million
- Washington H. Soul Pattinson and Company Limited and a financial party made a non-binding indicative proposal to acquire Regis Healthcare Limited
- **Compagnie de Saint-Gobain S.A.** announced that it has entered into exclusive negotiations with Mutares SE & Co. KGaA for the sale of its subsidiary, Lapeyre SA

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	3.09	9.2% ▲	2,015.5	2,521.8	10.0x	9.9x	21.4x	20.1x	2.4x	3.1%
Brickworks Limited	BKW	19.29	11.4% ▲	2,911.6	2,262.2	5.8x	16.3x	9.2x	28.7x	4.7x	3.1%
Boral Limited	BLD	4.91	7.7% ▲	6,018.0	8,592.9	12.6x	9.7x	NM	25.8x	3.6x	NM
CSR Limited	CSR	4.83	9.5% ▲	2,344.4	2,445.6	9.1x	7.8x	20.4x	16.6x	0.4x	3.5%
Fletcher Building Limited	FBU	5.35	38.6% ▲	4,397.3	6,730.4	13.3x	7.5x	NM	14.8x	4.6x	NM
GWA Group Limited	GWA	2.88	9.1% ▲	760.2	980.7	11.0x	11.7x	17.5x	18.9x	2.5x	4.0%
James Hardie Industries plc	JHX	39.45	14.1% ▲	17,513.3	18,799.2	20.2x	18.3x	85.7x	28.3x	2.0x	NM
Reece Limited	REH	13.52	(1.3%) ▼	8,733.7	10,266.6	15.9x	15.3x	33.9x	34.6x	2.4x	NM
Reliance Worldwide Corporation Limited	RWC	4.15	1.0% ▲	3,250.2	3,661.3	14.8x	12.9x	36.4x	21.0x	1.7x	1.7%
Average - adjusted to exclude outliers			8.1%			12.5x	12.2x	32.1x	23.2x	2.7x	3.1%
International											
Buzzi Unicem S.p.A.	BIT:BZU	33.19	7.9% ▲	6,822.2	7,006.5	4.7x	6.0x	9.0x	10.9x	0.8x	NM
CEMEX, S.A.B. de C.V.	BMV:CEMEX CPO	0.62	5.9% ▲	9,131.3	25,624.2	7.5x	7.4x	NM	15.2x	4.7x	2.2%
HeidelbergCement AG	DB:HEI	97.26	19.9% ▲	NM	36,285.4	6.5x	NM	NM	NM	2.7x	NM
Compagnie de Saint-Gobain S.A.	ENXTPA:SGO	64.76	16.7% ▲	34,531.5	51,024.8	7.0x	6.6x	76.0x	13.1x	2.0x	NM
CRH plc	ISE:CRG	53.38	6.5% ▲	41,888.0	54,351.5	8.3x	8.4x	17.6x	16.9x	1.7x	2.5%
Masco Corporation	NYSE:MAS	73.03	(4.1%) ▼	19,025.4	21,487.1	11.0x	10.9x	18.9x	16.6x	1.8x	1.0%
Martin Marietta Materials, Inc.	NYSE:MLM	361.47	(4.5%) ▼	22,510.2	26,572.6	13.8x	15.1x	24.8x	26.3x	2.3x	NM
Vulcan Materials Company	NYSE:VMC	190.04	(7.7%) ▼	25,181.9	28,782.8	15.2x	16.3x	30.3x	30.2x	2.2x	1.0%
LafargeHolcim Ltd	SWX:LHN	71.56	17.3% ▲	43,918.5	64,124.9	7.5x	7.1x	18.7x	14.1x	1.8x	4.2%
Average			2.6%			9.1x	9.7x	27.9x	17.9x	2.2x	2.2%
Coverage Group Average						10.8x	11.0x	30.0x	20.7x	2.4x	2.6%

KEY DEVELOPMENTS

Activity

- Suez Cement Company SAE (CASE:SUCE) made a tender offer to acquire the remaining 28.07% stake in the Egyptian Tourah Portland Cement Company (S.A.E.) (CASE:TORA) for approximately EGP 140 million on September 28, 2020. Suez Cement Company SAE will acquire 20.1 million shares at EGP 7.18 per share. Upon the execution of the tender offer, Tourah Portland will voluntarily delist its share from the EGX. Grant Thornton Financial Consulting for Marketable Securities S.A.E acted as the financial advisor to Egyptian Tourah Portland Cement Company
- Suez Cement Company SAE (CASE:SUCE) completed the acquisition of an additional 18.5% stake in Egyptian Tourah Portland Cement Company (S.A.E.) (CASE:TORA) for EGP 95 million on November 26, 2020. Suez Cement acquired 13.23 million shares
- Washington H. Soul Pattinson and Company Limited (ASX:SOL) (WHSP) and a financial party made a non-binding indicative proposal to acquire Regis Healthcare Limited (ASX:REG) on September 30, 2020. Washington H. Soul Pattinson and Company Limited and Ashburn Pty Limited submitted a revised non-binding, indicative proposal to acquire the remaining 72.76% stake in Regis Healthcare Limited for approximately AUD 410 million on November 19, 2020. The transaction represents an equity value of AUD 557 million and an enterprise value of AUD 773 million including a net debt of AUD 216 million
- **Compagnie de Saint-Gobain S.A. (ENXTPA:SGO)** announced that it has entered into exclusive negotiations with Mutares SE & Co. KGaA (XTRA:MUX) in preparation for the sale of Lapeyre SA, its subsidiary specialized in home improvements in France, on the basis of a firm and binding offer which follows a broad competitive process that began in September 2019. This important step launches a period of consultations and approvals which should result in a finalized transaction in the first quarter 2021. The proposed sale of Lapeyre is in line with Saint-Gobain's transformation plan, "Transform & Grow", which aims in particular to focus the Group's resources on its strategic activities

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"

Contact Details

Greg Quinn – Managing Director
+61 2 7910 8051
greg.quinn@eacpartners.com.au

Kevin Zhou – Analyst
+61 2 7910 8055
kevin.zhou@eacpartners.com.au

Harsha Pappu – Analyst
+61 2 7910 8053
harsha.pappu@eacpartners.com.au

Cameron Markey – Analyst
+61 2 7910 8053
cameron.markey@eacpartners.com.au

EAC Partners Pty Limited

Level 8, 56 Pitt St
Sydney NSW 2000
Australia
www.eacpartners.com.au



www.mergers-alliance.com