

NOVEMBER 2020 - ENGINEERING & CONSTRUCTION

Executive Summary

The **Mining, Oil and Gas Services** sector closed this month, up 24.1%. **Monadelphous Group Limited** recording the largest movement this month, up 39.9%

The **Construction and Maintenance** sector closed this month, up 17.5%. **Southern Cross Electrical Engineering Limited** recorded the largest movement, up 20.5%

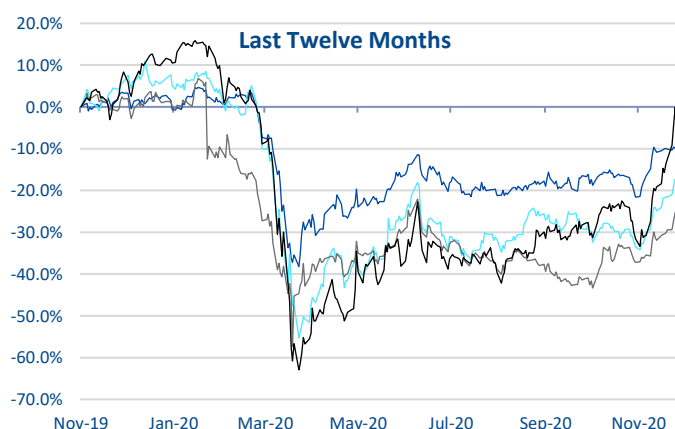
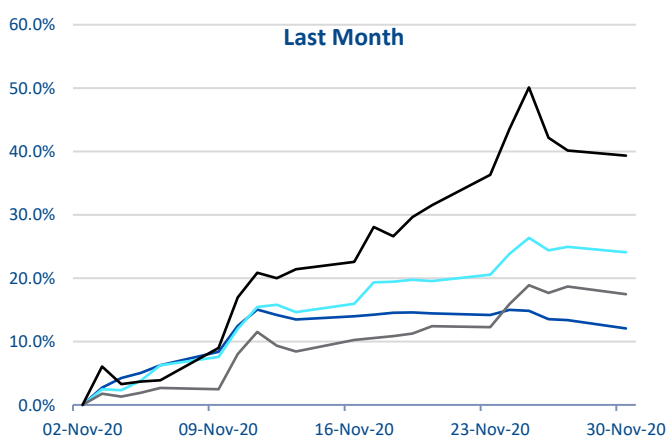
The **Engineering and Construction Management** sector closed this month, up 39.3%. **Worley Limited** recorded the largest movement, up 37.1%

The overall sector average **LTM EV/EBITDA** closed at 6.3x whilst the average **NTM EV/EBITDA** multiple is projected to be 5.8x

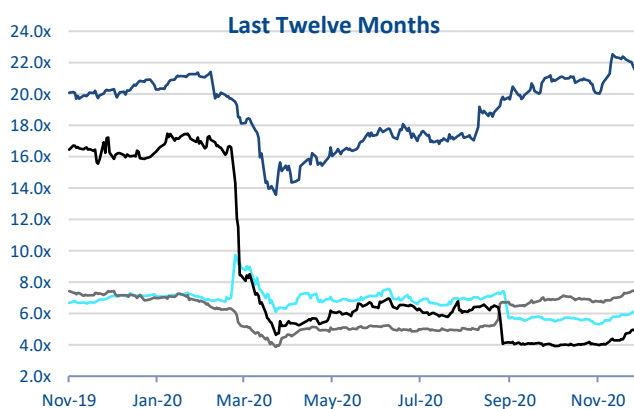
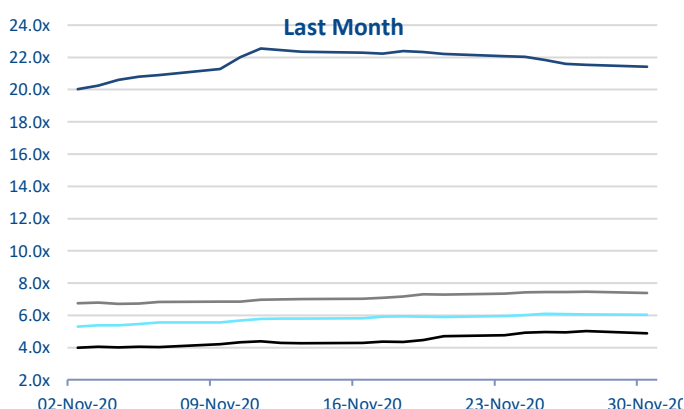
Key Developments

- An unknown buyer completed the acquisition of a 2.1% stake in PK Group Limited from Robin Levison and Dale McNamara
- NRW Holdings Limited** entered into a bid implementation agreement to acquire Primero Group Limited from Perennial Value Management Limited, Mitsubishi UFJ Financial Group, Inc. and others for AUD 94.3 million
- Southern Cross Electrical Engineering Limited** executed a share purchase agreement to acquire Trivantage Pty Ltd from Paul Chisholm and others for AUD 53.5 million

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	0.16	6.7% ▲	92.8	95.4	4.9x	4.0x	20.8x	9.4x	0.2x	3.8%
Perenti Global Limited	PRN	1.31	24.9% ▲	919.1	1,481.0	3.7x	3.3x	37.7x	7.9x	1.4x	5.4%
Boart Longyear Limited	BLY	0.35	(9.1%) ▼	31.0	1,211.8	12.7x	NM	NM	NM	8.4x	NM
Emeco Holdings Limited	EHL	1.04	36.8% ▲	558.6	991.3	4.3x	4.0x	5.2x	8.2x	1.9x	NM
Imdex Limited	IMD	1.37	13.3% ▲	541.2	550.5	9.4x	9.9x	25.0x	29.7x	0.2x	1.2%
Macmahon Holdings Limited	MAH	0.26	6.3% ▲	534.1	595.0	2.6x	2.4x	8.5x	8.7x	0.3x	2.7%
Matrix Composites & Engineering Ltd	MCE	0.14	(6.9%) ▼	13.8	27.3	NM	NM	NM	NM	NM	NM
Monadelphous Group Limited	MND	12.79	39.9% ▲	1,211.0	1,094.6	12.8x	9.6x	33.2x	21.6x	NM	2.0%
MACA Limited	MLD	0.99	19.4% ▲	264.0	336.1	4.0x	2.5x	84.9x	7.1x	0.8x	5.1%
Mastermyne Group Limited	MYE	0.72	(10.1%) ▼	75.9	65.1	2.3x	NM	6.6x	NM	NM	11.2%
NRW Holdings Limited	NWH	2.65	21.6% ▲	1,138.5	1,278.1	5.4x	4.3x	14.7x	11.6x	0.6x	3.0%
Swick Mining Services Limited	SWK	0.19	(5.1%) ▼	55.3	75.3	4.2x	NM	NM	NM	1.1x	3.2%
Average - Adjusted to exclude outliers			24.1%			6.0x	5.0x	26.3x	13.0x	1.6x	4.2%
Construction and Maintenance											
AJ Lucas Group Limited	AJL	0.03	(10.5%) ▼	40.7	151.9	6.4x	NM	NM	NM	4.4x	NM
BSA Limited	BSA	0.30	1.7% ▲	127.8	106.6	6.7x	4.1x	16.3x	11.8x	NM	3.4%
CIMIC Group Limited	CIM	25.57	18.9% ▲	7,959.8	10,021.2	4.3x	4.8x	NM	11.6x	0.0x	NM
Decmil Group Limited	DCG	0.68	5.5% ▲	86.9	89.4	NM	11.0x	NM	NM	NM	NM
Downer EDI Limited	DOW	5.20	18.2% ▲	3,635.1	6,186.3	8.7x	6.4x	NM	14.0x	3.2x	NM
Fleetwood Limited	FWD	2.11	17.9% ▲	199.6	157.1	4.4x	4.1x	NM	13.5x	NM	2.4%
Saunders International Limited	SND	0.60	3.5% ▲	61.2	52.2	15.4x	8.6x	49.6x	19.8x	NM	NM
Service Stream Limited	SSM	2.26	12.4% ▲	926.1	940.0	9.4x	8.9x	18.7x	16.2x	0.1x	4.0%
Southern Cross Electrical Engineering Limited	SXE	0.53	20.5% ▲	131.5	82.2	3.8x	3.3x	11.9x	10.2x	NM	5.7%
Average - Adjusted to exclude outliers			17.5%			7.4x	6.4x	24.1x	13.9x	2.0x	3.9%
Engineering and Construction Management											
Cardno Limited	CDD	0.33	13.8% ▲	132.3	248.8	3.5x	5.8x	NM	6.8x	1.6x	NM
LogiCamms Limited	LCM	0.19	5.7% ▲	37.0	29.8	3.5x	NM	14.2x	NM	NM	NM
Lycopodium Limited	LYL	4.75	14.7% ▲	188.8	88.9	3.6x	4.3x	16.0x	18.8x	NM	2.1%
Worley Limited	WOR	12.90	37.1% ▲	6,747.7	8,627.7	8.9x	9.0x	39.4x	19.2x	1.9x	3.9%
Average - Adjusted to exclude outliers			39.3%			4.9x	6.4x	23.2x	14.9x	1.8x	3.0%
Coverage Group Average						6.3x	5.8x	25.2x	13.7x	1.7x	3.9%

KEY DEVELOPMENTS

Activity

- An unknown buyer acquired a 2.1% stake in PK Group Limited (ASX:PPK) from Robin Levison and Dale McNamara for AUD 10.1 million on November 27, 2020. Under the terms of the transaction, Robin Levison and Dale McNamara have sold a total of 1.845 million PPK shares (Levison will sell 0.345 million shares and McNamara will sell 1.5 million shares) at AUD 5.5 per share
- **NRW Holdings Limited (ASX:NWH)** entered into a bid implementation agreement to acquire Primero Group Limited (ASX:PGX) from Perennial Value Management Limited, Mitsubishi UFJ Financial Group, Inc. (TSE:8306) and others for AUD 94.3 million on November 24, 2020. Under the terms of transaction, Primero shareholders will receive AUD 0.28 cash plus 0.106 NRW shares for each Primero share. NRW intends to fund the cash component of the offer using available cash on balance sheet and an acquisition facility of AUD 50 million provided by Bankwest
- Enaex S.A. (SNSE:ENAEX) entered into an agreement to acquire Downer EDI Mining-Blasting Services Pty Ltd from **Downer EDI Limited (ASX:DOW)** for an enterprise value of AUD 62 million on November 18, 2020. The transaction is expected to occur before the end of March 2021. Macquarie Group Limited (ASX:MQG) acted as financial advisor to Downer EDI Limited (ASX:DOW)
- **Southern Cross Electrical Engineering Limited (ASX:SXE)** executed a share purchase agreement to acquire Trivantage Pty Ltd from Paul Chisholm and others for AUD 53.5 million on November 18, 2020. The consideration comprises of AUD 25 million in cash at completion, AUD 10 million in cash and AUD 5.5 million in 11.96 million shares of Southern Cross Electrical Engineering Limited upon confirmation that FY 2021 EBIT of Trivantage is greater than AUD 10 million, AUD 4 million in cash each dependent on EBIT of FY 2022 and 2023 and cash of AUD 5 million dependent on EBIT of FY 2022 and 2023. The consideration is on a debt free basis
- Primero Group Limited (ASX:PGX) and AMCI Group made an offer to acquire an unknown majority stake in Bryah Basin Manganese Joint Venture from Bryah Resources Limited (ASX:BYH) for AUD 5 million on November 18, 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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