

NOVEMBER 2020 – TRANSPORT & LOGISTICS

Executive Summary

The **Airlines Group Sector** closed this month, up 20.3%. **Air New Zealand Limited** saw the largest increase of 30.0%

The **Airlines Group Sector** average **LTM EV/EBITDA** multiple was 7.2x, whilst the **NTM EV/EBITDA** multiple is projected to be 10.5x

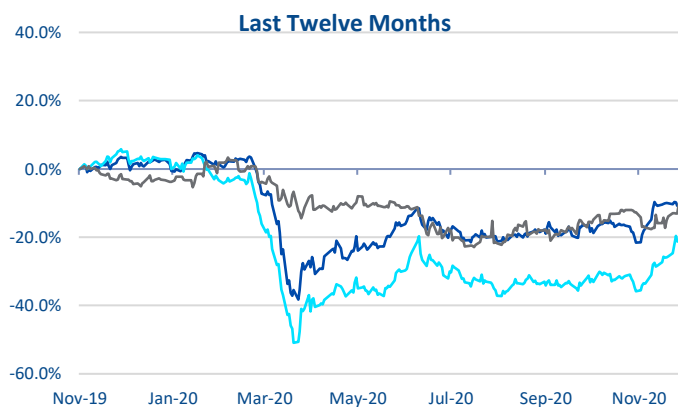
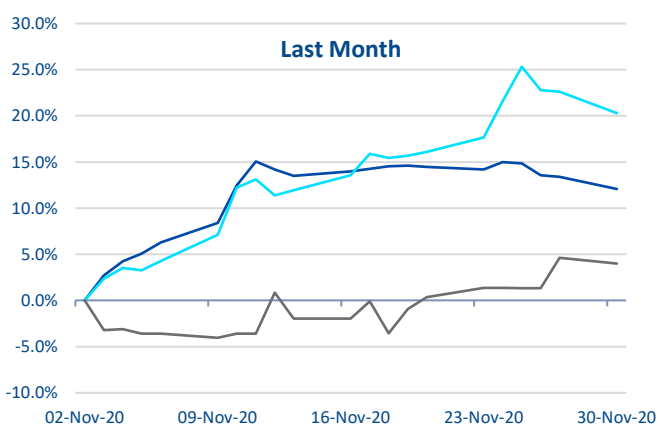
The **Road & Rail Group Sector** closed this month, up 4.0%. **CTI Logistics Limited** saw the largest increase of 29.3%

The **Road & Rail Group Sector** average **LTM EV/EBITDA** multiple was 5.9x, whilst the average **NTM EV/EBITDA** multiple is projected to be 7.2x

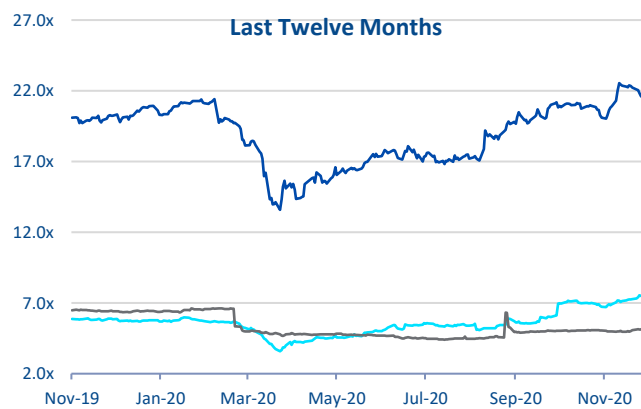
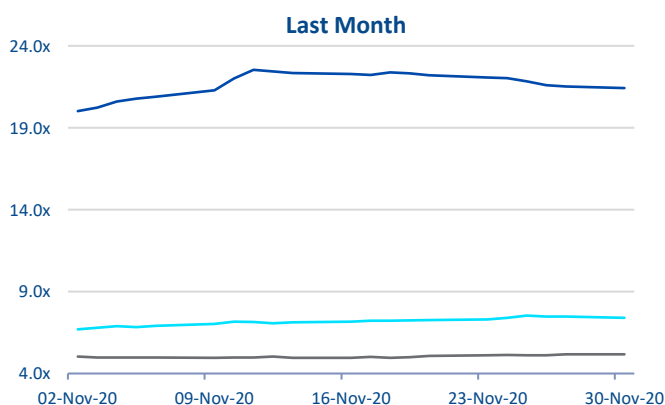
Key Developments

- **Regional Express Holdings Limited** announced a private placement of AU\$150M
- Bain Capital completed the acquisition of Virgin Australia Holdings Limited
- **Alliance Aviation Services Limited** signed a share sale and purchase agreement to acquire Toll Aviation Engineering Pty Ltd
- Japan Post Holdings Co., Ltd. is seeking to divest the Toll Holdings Limited freight transport business

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	3.46	5.2% ▲	555.2	519.1	6.4x	6.3x	19.7x	18.8x	NM	NM
Qantas Airways Limited	QAN	5.38	28.4% ▲	10,096.9	15,114.9	8.2x	13.6x	NM	NM	2.6x	NM
Regional Express Holdings Limited	REX	1.52	5.9% ▲	166.0	171.6	NM	NM	NM	NM	NM	NM
Air New Zealand Limited	NZSE:AIR	1.74	30.0% ▲	1,951.6	5,067.8	7.0x	11.5x	NM	NM	4.5x	NM
Average			20.3%			7.2x	10.5x	19.7x	18.8x	3.6x	NA
Road & Rail											
Aurizon Holdings Limited	AZJ	4.25	12.7% ▲	7,909.8	11,709.6	8.0x	8.2x	13.8x	16.4x	2.6x	6.4%
CTI Logistics Limited	CLX	0.75	29.3% ▲	56.3	150.5	5.5x	6.8x	NM	NM	3.5x	NM
K&S Corporation Limited	KSC	1.39	(0.7%) ▼	178.4	274.6	3.5x	NM	15.7x	NM	1.2x	4.3%
Lindsay Australia Limited	LAU	0.33	(4.4%) ▼	97.4	290.1	6.5x	6.7x	18.2x	11.5x	4.3x	4.6%
Average			4.0%			5.9x	7.2x	15.9x	14.0x	2.9x	5.1%
Coverage Group Average						6.4x	8.9x	16.9x	15.6x	3.1x	5.1%

KEY DEVELOPMENTS

Activity

- **Regional Express Holdings Limited (ASX:REX)** announced that it has entered into a subscription agreement for a private placement of convertible notes worth AU\$150M. The notes will be convertible into common shares of the company at a conversion price of AUD\$1.50 per share.
- Bain Capital, LP completed the acquisition of Virgin Australia Holdings Limited (ASX:VAH) from a consortium of foreign and domestic investors. Bain Capital is providing interim funding of AUD\$125M. VAH has subsequently been de-listed from the ASX.
- **Alliance Aviation Services Limited (ASX:AQZ)** signed a share sale and purchase agreement to acquire Toll Aviation Engineering Pty Ltd from Toll Holdings Limited. The strategic rationale behind the transaction is founded on the material expansion in engineering and maintenance facilities following the acquisition.
- Japan Post Holdings Co., Ltd. (TSE:6178) is seeking to divest the Toll Holdings Limited freight transport business as part of an effort to overhaul the struggling Australian logistics unit.

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



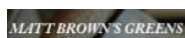
Safe Direction: Completed a strategic and capital structure review



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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