

SEPTEMBER 2022 – CONSTRUCTION MATERIALS & BUILDING PRODUCTS

Executive Summary

The **Domestic Coverage Group** closed this month, down 7.4%. **Fletcher Building Limited** recorded the largest movement, down 14.2%

The average **LTM EV/EBITDA** multiple for the domestic sector closed at 7.7x while the average **NTM EV/EBITDA** is projected to be 7.3x

The **International Coverage Group** closed this month, down 1.5%. **Buzzi Unicem S.p.A.** recorded the largest movement, down 8.8%

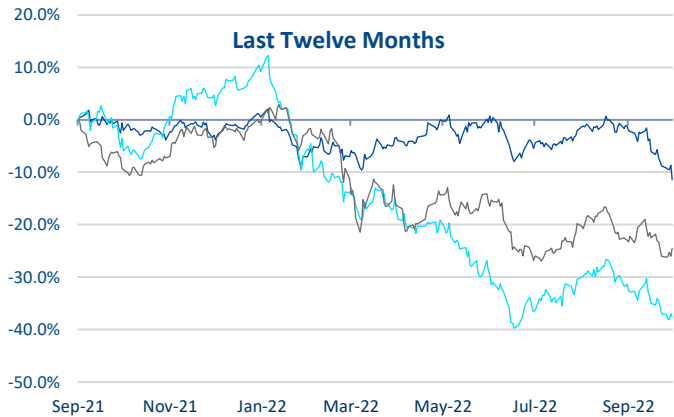
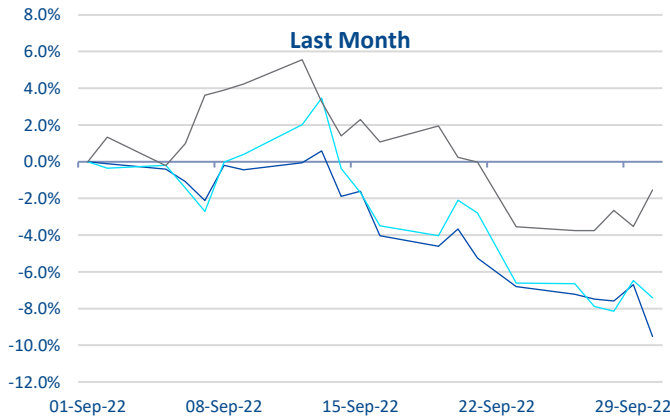
The International sector average **LTM EV/EBITDA** multiple closed at 7.6x, whilst the **NTM EV/EBITDA** multiple is projected to be 7.4x

Key Developments

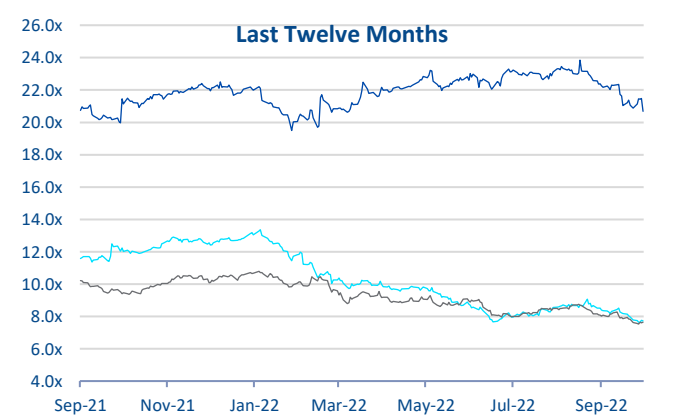
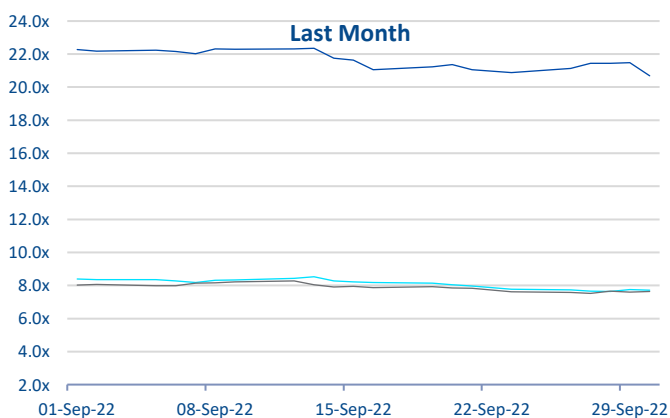
- **Companhia Siderúrgica Nacional**, **Endeavour Trade and Investment Ltd** and **Compagnie de Saint-Gobain S.A.** all completed acquisitions last month

- **Vulcan Materials Company** will look for acquisitions

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	1.84	(13.2%) ▼	1,200.8	1,838.9	8.5x	6.1x	11.2x	9.9x	2.3x	6.5%
Brickworks Limited	BKW	21.54	6.8% ▲	3,269.8	3,079.0	5.7x	9.0x	3.8x	11.9x	8.1x	2.9%
Boral Limited	BLD	2.67	(6.3%) ▼	2,945.2	3,421.6	10.9x	7.7x	NM	24.7x	1.6x	NM
CSR Limited	CSR	4.45	(0.4%) ▼	2,136.8	2,067.0	6.6x	5.1x	8.0x	10.4x	NM	7.1%
Fletcher Building Limited	FBU	4.26	(14.2%) ▼	3,312.1	5,386.8	5.6x	5.0x	9.6x	7.6x	2.2x	9.1%
GWA Group Limited	GWA	1.91	(3.5%) ▼	506.5	704.4	7.5x	7.1x	14.5x	9.9x	2.1x	8.4%
James Hardie Industries plc	JHX	30.84	(7.1%) ▼	13,744.0	14,912.4	10.0x	8.1x	18.9x	11.8x	0.8x	3.0%
Reece Limited	REH	14.02	(9.8%) ▼	9,056.7	10,739.1	13.0x	12.2x	23.1x	21.7x	2.0x	1.6%
Reliance Worldwide Corporation Limited	RWC	3.39	(10.3%) ▼	2,656.5	3,625.7	9.6x	8.7x	13.4x	11.7x	2.6x	6.2%
Capral Limited	CAA	7.21	(8.8%) ▼	128.1	189.6	2.9x	NM	2.6x	NM	0.9x	9.7%
Big River Industries Limited	BRI	2.15	(10.4%) ▼	178.2	222.1	4.8x	4.4x	8.4x	7.8x	0.9x	9.3%
Average - adjusted to exclude outliers			(7.4%)			7.7x	7.3x	11.4x	12.7x	2.4x	6.4%
International											
Buzzi Unicem S.p.A.	BIT:BZU	22.20	(8.8%) ▼	4,109.8	4,345.6	3.2x	3.6x	6.6x	6.0x	0.0x	2.7%
CEMEX, S.A.B. de C.V.	BMV:CEMEX CPC	0.54	(4.0%) ▼	7,769.1	21,312.4	6.2x	4.8x	16.6x	6.3x	3.0x	NM
HeidelbergCement AG	XTRA:HEI	62.18	(5.2%) ▼	11,963.3	24,392.9	4.2x	4.4x	5.0x	5.2x	1.5x	5.9%
Compagnie de Saint-Gobain S.A.	ENXTPA:SGO	56.39	(2.7%) ▼	29,172.7	42,426.8	4.1x	4.2x	6.6x	6.3x	1.2x	4.4%
CRH plc	ISE:CRG	50.33	(4.0%) ▼	NM	45,012.8	5.5x	NM	NM	NM	1.2x	NM
Masco Corporation	NYSE:MAS	72.47	(3.3%) ▼	16,343.9	21,621.4	8.6x	8.4x	13.0x	10.8x	1.8x	2.4%
Martin Marietta Materials, Inc.	NYSE:MLM	499.95	(1.1%) ▼	31,183.8	38,455.9	15.1x	13.4x	25.6x	21.9x	3.4x	NM
Vulcan Materials Company	NYSE:VMC	244.80	(0.2%) ▼	32,533.8	39,871.8	15.7x	14.1x	34.6x	24.9x	2.9x	1.0%
Holcim Ltd	SWX:HOLN	64.81	1.2% ▲	39,406.4	65,794.6	6.2x	6.4x	9.6x	9.8x	1.7x	5.4%
Average			(1.5%)			7.6x	7.4x	14.7x	11.4x	1.9x	3.6%
Coverage Group Average						7.7x	7.4x	12.8x	12.1x	2.1x	5.4%

KEY DEVELOPMENTS









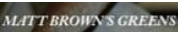









Activity

- Companhia Siderúrgica Nacional (BOVESPA:CSNA3) completed the acquisition of Brazil Business of Holcim from Holcim Ltd (SWX:HOLN) for an enterprise value of \$1.05 billion
- Endeavour Trade and Investment Ltd completed the acquisition of Holderind Investments Ltd. from Holderfin B.V.
- PT Semen Indonesia (Persero) Tbk (IDX:SMGR) agreed to acquire a 75.51% stake in PT Semen Baturaja (Persero) Tbk (IDX:SMBR) on September 21, 2022
- **Compagnie de Saint-Gobain S.A. (ENXTPA:SGO)** completed the acquisition of GCP Applied Technologies Inc. (NYSE:GCP) from a group of shareholders
- **Compagnie de Saint-Gobain S.A. (ENXTPA:SGO)** completed the acquisition of unknown minority stake in Megasol Energie Ag on September 28, 2022
- **Vulcan Materials Company (NYSE:VMC)** will look for acquisitions. Mary Carlisle, Chief Financial Officer said, "Our next priority is to deploy capital for growth through both acquisitions and greenfields"


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

	PSA: Advised on its sale to Reece Group		Adani: Advised on the AUD1.25B refinance of Adani Abbot Point Terminal
	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

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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