

M&A Rumor and Activity

The Australian market finished the week 0.59% lower with the S&P / ASX 100 ending at 4488 points, after mining and bank stocks fell following analyst downgrades on the resources sector and as investors prepare for an imminent rate hike in the US by the end of the year. The Australian dollar increased 0.48% for the week to end at US76.11 cents, following better than expected inflation data from China, in spite of the US dollar increasing strongly against most major currencies as the release of the US Fed's September meeting minutes made an interest rate hike in December looking more likely.

CIMIC Group Limited (CIM.AX), through its wholly owned subsidiary **CIMIC Group Investments No.2 Pty Limited**, had on 10 October 2016 launched an unconditional and final cash offer to acquire the remaining 86.16% interest (143.5 million ordinary shares) which it did not already own in **UGL Ltd (UGL.AX)**, a Sydney-based engineering services provider, for \$3.15 per share. The offer represents a premium of 47.2% to UGL's last traded share price prior to the announcement of the offer. CIMIC had on 8 October 2016 and 9 October 2016 acquired a 13.84% interest in UGL.

Bradken Limited (BKN.AX) announced on 12 October 2016 that it has received separate conversion notices from CHAMP Private Equity and Sigdo Koppers to convert all of their Redeemable Preference Shares (**RPS**) in Bradken, which will result in the issuance of 35 million ordinary shares at \$2.00 per share. It was reported by the *Australian Financial Review* that CHAMP Private Equity and Sigdo Koppers (which are working separately) has yet to decide on whether to accept Hitachi Construction's \$3.25 per share offer for Bradken.

Global Construction Services (GCS.AX) announced on 14 October 2016 that it has entered into a binding agreement to sell its 50% interest in **SmartScaff Pty Ltd ("SmartScaff")**, a specialist scaffolding hire and sales company, to the remaining shareholders in SmartScaff for \$10.5 million in cash. Upon settlement, GCS will also receive a further \$7 million from SmartScaff as repayment from an outstanding loan.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
ANG	Appointed Mr Peter Forsyth as CEO	MAH	Announced that it has terminated its contracts in Calabar, Nigeria, and is incurring losses at the Telfer project since February 2016
BYL	Awarded an \$8.1m contract by Multiplex to construct car parks and access roads for the Perth Stadium Contract	MCE	Appointed Mr. Brendon Cocks as Joint Company Secretary
CIM	Advised that its subsidiary, CPB Contractors, and its Alliance partners, has reached a contractual close with Main Roads Western Australia to deliver the Roe 8 project in Perth. The contract is expected to generate revenues of \$235m for CPB Contractors over the next three years	VDM	Announced that exploration activities has commenced at its 65%-owned copper project located in the Republic of Angola
CIM	Announced that through its subsidiary Leighton India Contractors, it has entered into an alliance agreement to build 937 residential apartments for the Ten BKC project in Mumbai, India. Revenue to Leighton India from this project is expected to be c.\$140m		

Source: Thomson Reuters, Company Announcements, LCC research

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Ticker	Company Name	Market Cap (A\$ m)	Open Price (A\$)	Close Price (A\$)	Week High (A\$)	Week Low (A\$)	Weekly change (%)	Volume Trend	EV/ EBITDA	EV/ EBIT
AJL.AX	AJ Lucas Group Ltd	176	0.46	0.47	0.40	0.36	— 0.0%	█	17.3x	1,471.4x
ASL.AX	Ausdrill Ltd	468	1.56	1.50	1.54	1.45	▼ (4.8%)	█	5.5x	12.3x
AAX.AX	Ausenco Ltd	79	0.40	0.40	0.40	0.40	— 0.0%	█	n.m.	n.m.
ANG.AX	Austin Engineering Ltd	89	0.14	0.17	0.18	0.14	▲ 21.4%	█	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	136	0.14	0.15	0.14	0.14	▲ 3.6%	█	n.m.	n.m.
BKN.AX	Bradken Ltd	552	3.22	3.23	3.24	3.22	▲ 0.3%	█	3.8x	3.8x
BYL.AX	Brierty Ltd	12	0.08	0.10	0.08	0.08	▲ 19.8%	█	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	59	0.13	0.13	0.13	0.13	— 0.0%	█	10.2x	n.m.
BSA.AX	BSA Ltd	127	0.31	0.30	0.31	0.29	▼ (4.8%)	█	9.5x	22.1x
CDD.AX	Cardno Ltd	571	0.89	1.19	1.18	0.87	▲ 35.2%	█	24.0x	n.m.
CIM.AX	CIMIC Group Ltd	9,047	28.00	28.06	27.79	27.16	▲ 2.7%	█	7.1x	11.1x
DCG.AX	Decmil Group Ltd	201	1.05	1.19	1.17	1.05	▲ 12.9%	█	21.5x	80.7x
DSB.AX	Delta SBD Ltd	13	0.20	0.23	0.23	0.20	▲ 12.5%	█	4.0x	7.0x
DOW.AX	Downer EDI Ltd	2,392	5.51	5.63	5.59	5.46	▲ 0.7%	█	4.8x	9.0x
EAL.AX	E&A Ltd	10	0.08	0.07	0.08	0.07	▼ (15.5%)	█	n.m.	n.m.
EGN.AX	Engenco Ltd	43	0.15	0.14	0.14	0.14	— 0.0%	█	6.0x	13.9x
EHL.AX	Emeco Holdings Ltd	38	0.07	0.06	0.06	0.06	▼ (4.5%)	█	6.9x	n.m.
FWD.AX	Fleetwood Corp Ltd	121	2.14	1.98	2.10	1.93	▼ (8.8%)	█	11.7x	155.1x
GCS.AX	Global Construction Services Ltd	90	0.46	0.45	0.47	0.45	— 0.0%	█	3.7x	6.0x
GNG.AX	GR Engineering Services Ltd	292	1.74	1.91	1.91	1.73	▲ 11.4%	█	9.6x	10.3x
HDX.AX	Hughes Drilling Ltd	17	0.08	0.08	0.08	0.08	— 0.0%	█	3.1x	7.5x
IMD.AX	Imdex Ltd	159	0.56	0.56	0.56	0.55	▼ (0.9%)	█	12.1x	36.2x
LCM.AX	LogiCamms Ltd	30	0.44	0.43	0.45	0.41	— 0.0%	█	n.m.	n.m.
LYL.AX	Lycopodium Ltd	105	2.62	2.65	2.66	2.62	▲ 1.1%	█	4.9x	5.4x
MLD.AX	MACA Ltd	442	1.73	1.90	1.88	1.73	▲ 10.8%	█	5.5x	24.7x
MAH.AX	Macmahon Holdings Ltd	132	0.12	0.11	0.12	0.11	▼ (8.3%)	█	2.0x	14.2x
MYE.AX	Mastermyne Group Ltd	26	0.22	0.28	0.27	0.22	▲ 47.4%	█	11.0x	n.m.
MIN.AX	Mineral Resources Ltd	2,050	11.09	10.96	11.11	10.75	▼ (1.4%)	█	6.7x	12.9x
MCE.AX	Matrix Composites & Engineering Ltd	39	0.45	0.42	0.43	0.41	▼ (2.3%)	█	4.2x	n.m.
MCS.AX	McAleese Ltd	7	0.03	0.03	0.03	0.03	— 0.0%	█	12.9x	n.m.
MND.AX	Monadelphous Group Ltd	918	8.93	9.78	9.81	8.83	▲ 10.0%	█	6.3x	7.7x
MRM.AX	MMA Offshore Ltd	131	0.35	0.35	0.36	0.34	▼ (4.1%)	█	6.3x	n.m.
MSV.AX	Mitchell Services Ltd	51	0.03	0.04	0.03	0.03	▲ 16.7%	█	119.6x	n.m.
NWH.AX	NRW Holdings Ltd	178	0.57	0.56	0.57	0.55	▼ (1.8%)	█	4.9x	9.9x
OTR.AX	Onterran Ltd	24	0.42	0.42	0.42	0.42	▲ 1.2%	█	n.m.	n.m.
OTC.AX	OTOC Ltd	100	0.31	0.31	0.31	0.30	— 0.0%	█	6.5x	10.3x
PRG.AX	Programmed Maintenance Services Ltd	394	1.54	1.53	1.55	1.48	▼ (1.0%)	█	7.9x	11.3x
RCR.AX	RCR Tomlinson Ltd	383	2.65	2.74	2.77	2.61	▲ 1.9%	█	12.5x	31.4x
RDG.AX	Resource Development Group Ltd	17	0.03	0.03	0.03	0.03	▼ (3.6%)	█	0.2x	0.3x
RUL.AX	Rungepincockminarco Ltd	112	0.53	0.54	0.56	0.53	▲ 0.9%	█	n.m.	n.m.
SND.AX	Saunders International Ltd	42	0.53	0.54	0.55	0.53	▼ (2.7%)	█	6.5x	7.7x
SSM.AX	Service Stream Ltd	420	1.20	1.15	1.23	1.13	▼ (3.8%)	█	10.7x	13.5x
SWL.AX	Seymour Whyte Ltd	77	0.79	0.87	0.87	0.79	▲ 10.1%	█	7.0x	21.9x
SXE.AX	Southern Cross Electrical Engineering Ltd	97	0.57	0.61	0.60	0.57	▲ 7.0%	█	4.7x	7.9x
STS.AX	SRG Ltd	97	1.72	1.52	1.67	1.47	▼ (10.9%)	█	5.3x	8.4x
SWK.AX	Swick Mining Services Ltd	53	0.26	0.25	0.25	0.23	— 0.0%	█	5.3x	n.m.
TPP.AX	Tempo Australia Ltd	52	0.26	0.26	0.26	0.25	▲ 2.0%	█	5.5x	5.6x
UGL.AX	UGL Ltd	533	3.16	3.20	3.20	3.16	▲ 49.5%	█	n.m.	n.m.
VMG.AX	VDM Group Ltd	16	0.00	0.00	0.00	0.00	▲ 50.0%	█	n.m.	n.m.
WOR.AX	WorleyParsons Ltd	2,255	8.88	9.15	9.08	8.50	▲ 4.3%	█	13.2x	21.4x
WTP.AX	Watpac Ltd	166	0.86	0.90	0.89	0.86	▲ 5.3%	█	(3.5x)	n.m.

Source: Thomson Reuters, LCC research



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