

## M&A Rumour and Activity

The Australian market finished the week 0.06% lower with the S&P / ASX 100 ending at 4485 points, with the local sharemarket buoyed by bank and resource stocks as healthcare and gambling stocks fell. The Australian dollar decreased 0.12% for the week to end at US76.02 cents, initially increasing above US77 cents earlier in the week following a surge in oil prices, before dropping sharply following the release of poor jobs figures (unemployment rate was steady at 5.6%, but the number of full-time employees fell while part-time jobs increased).

It was reported by the *Australian Financial Review* that GSO Capital Partners, KKR & Co and Platinum Equity are among the private equity buyers that have submitted a bid to acquire Arrium Limited (ARI.AX)'s **Moly-Cop** mining consumables business. It was noted that a stapled debt package of US\$800 million to US\$900 million (worth 5.5x to 6.0x forecast EBITDA) was offered to prospective buyers. It was also reported that Moly-Cop is pushing ahead with a potential IPO, with pricing anticipated at 8.5x to 9.5x earnings.

**UGL Limited (UGL.AX)** has postponed its AGM to 7 November 2016 (originally scheduled on 27 October 2016), as the Board of Directors of UGL is assessing the unsolicited takeover offer from CIMIC Group Limited (CIM.AX). Postponing the AGM will enable the Board to complete their evaluation and provide shareholders with a considered recommendation.

## News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
CIM	Appointed Mr Adolfo Valderas as CEO (previously deputy CEO). Current CEO Mr Marcelino Fernandez Verdes will continue as Executive Chairman	LYL	MND and LYL announced that they have incorporated a joint venture, MONDIUM Pty Ltd, to target and deliver EPC projects in the mineral processing sector
CIM	Appointed Mr Nigel Lowry as additional Company Secretary	MAH	Mr Sybrandt van Dyk has resigned as CEO. Mr Michael Finnegan will be appointed as CEO
CIM	Released 9M16 results, with revenue increasing 8% q-o-q, while EBIT was 16% lower compared to previous corresponding period	MND	Secured a \$58m contract to supply, install and commission a 130km water pipeline in New Zealand for Amuri Irrigation Company Limited
EGN	Mr Donald Hector will retire as non-executive Director	MND	MND and LYL announced that they have incorporated a joint venture, MONDIUM Pty Ltd, to target and deliver EPC projects in the mineral processing sector
EHL	Released 1Q17 operational update, generating \$42.5m in revenue and underlying EBITDA of \$16.0m	MRM	Released trading update and expects to record operating EBITDA of \$20-25m for FY17
IMD	Received commitments for placement of 4.2m shares at \$0.55 per share (representing the shortfall from the recently announced share purchase plan)		

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	164	0.47	0.43	0.47	0.43	▼ (7.5%)	█	16.4x	1,396.1x
ASL.AX	Ausdrill Ltd	442	1.47	1.42	1.44	1.27	▼ (5.7%)	█	5.3x	11.8x
AAX.AX	Ausenco Ltd	79	0.40	0.40	0.40	0.40	— 0.0%	█	n.m.	n.m.
ANG.AX	Austin Engineering Ltd	111	0.18	0.21	0.20	0.18	▲ 23.5%	█	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	131	0.15	0.14	0.14	0.14	▼ (3.4%)	█	n.m.	n.m.
BKN.AX	Bradken Ltd	554	3.22	3.24	3.23	3.22	▲ 0.3%	█	3.8x	3.8x
BYL.AX	Brierty Ltd	12	0.10	0.10	0.10	0.09	▼ (1.0%)	█	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	50	0.13	0.11	0.13	0.11	▼ (16.0%)	█	9.3x	n.m.
BSA.AX	BSA Ltd	135	0.30	0.32	0.32	0.30	▲ 6.7%	█	10.3x	23.8x
CDD.AX	Cardno Ltd	530	1.20	1.11	1.12	1.04	▼ (7.1%)	█	22.4x	n.m.
CIM.AX	CIMIC Group Ltd	9,980	27.89	30.69	30.01	27.45	▲ 9.4%	█	7.8x	12.2x
DCG.AX	Decmil Group Ltd	207	1.20	1.22	1.18	1.15	▲ 3.0%	█	22.2x	83.1x
DSB.AX	Delta SBD Ltd	13	0.24	0.23	0.23	0.23	▲ 2.2%	█	4.1x	7.1x
DOW.AX	Downer EDI Ltd	2,485	5.60	5.85	5.83	5.58	▲ 3.9%	█	5.0x	9.3x
EAL.AX	E&A Ltd	10	0.08	0.08	0.08	0.08	▲ 5.6%	█	n.m.	n.m.
EGN.AX	Engenco Ltd	37	0.14	0.12	0.14	0.12	▼ (14.3%)	█	5.1x	11.9x
EHL.AX	Emeco Holdings Ltd	41	0.07	0.07	0.07	0.07	▲ 9.5%	█	6.9x	n.m.
FWD.AX	Fleetwood Corp Ltd	119	1.98	1.95	1.95	1.92	▼ (1.5%)	█	11.5x	152.7x
GCS.AX	Global Construction Services Ltd	96	0.46	0.48	0.48	0.46	▲ 6.7%	█	4.0x	6.3x
GNG.AX	GR Engineering Services Ltd	303	1.91	1.99	1.98	1.85	▲ 3.9%	█	10.0x	10.9x
HDX.AX	Hughes Drilling Ltd	17	0.08	0.08	0.08	0.08	— 0.0%	█	3.1x	7.5x
IMD.AX	Imdex Ltd	192	0.55	0.59	0.56	0.48	▲ 6.3%	█	14.3x	42.7x
LCM.AX	LogiCamms Ltd	31	0.43	0.44	0.44	0.43	▲ 3.5%	█	n.m.	n.m.
LYL.AX	Lycopodium Ltd	107	2.68	2.68	2.68	2.66	▲ 1.1%	█	5.0x	5.5x
MLD.AX	MACA Ltd	412	1.90	1.77	1.86	1.72	▼ (6.8%)	█	5.1x	22.9x
MAH.AX	Macmahon Holdings Ltd	121	0.11	0.10	0.11	0.10	▼ (9.1%)	█	1.7x	11.9x
MYE.AX	Mastermyne Group Ltd	27	0.28	0.30	0.30	0.26	▲ 7.1%	█	11.5x	n.m.
MIN.AX	Mineral Resources Ltd	2,102	11.00	11.24	11.21	10.76	▲ 2.6%	█	6.9x	13.2x
MCE.AX	Matrix Composites & Engineering Ltd	39	0.42	NULL	0.42	0.41	▲ -	█	4.1x	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	922	9.77	9.82	9.70	9.49	▲ 0.4%	█	6.3x	7.7x
MRM.AX	MMA Offshore Ltd	119	0.35	0.32	0.33	0.32	▼ (8.6%)	█	6.1x	n.m.
MSV.AX	Mitchell Services Ltd	61	0.04	0.04	0.04	0.04	▲ 17.1%	█	135.6x	n.m.
NWH.AX	NRW Holdings Ltd	180	0.56	0.56	0.56	0.53	▲ 0.9%	█	5.0x	9.9x
OTR.AX	Onterran Ltd	26	0.42	0.45	0.45	0.42	▲ 7.1%	█	n.m.	n.m.
OTC.AX	OTOC Ltd	97	0.31	0.30	0.31	0.29	▼ (3.2%)	█	6.3x	10.0x
PRG.AX	Programmed Maintenance Services Ltd	401	1.53	1.56	1.54	1.53	▲ 2.0%	█	8.0x	11.4x
RCR.AX	RCR Tomlinson Ltd	385	2.72	2.75	2.74	2.63	▲ 0.4%	█	12.6x	31.5x
RDG.AX	Resource Development Group Ltd	18	0.03	0.03	0.03	0.03	▲ 7.4%	█	0.3x	0.4x
RUL.AX	Rungepincockminarco Ltd	112	0.56	0.54	0.54	0.54	▼ (0.9%)	█	n.m.	n.m.
SND.AX	Saunders International Ltd	45	0.54	0.57	0.56	0.54	▲ 5.6%	█	7.3x	8.5x
SSM.AX	Service Stream Ltd	447	1.13	1.23	1.24	1.13	▲ 6.5%	█	11.5x	14.5x
SWL.AX	Seymour Whyte Ltd	74	0.87	0.84	0.86	0.81	▼ (3.4%)	█	6.6x	20.6x
SXE.AX	Southern Cross Electrical Engineering Ltd	96	0.61	0.61	0.63	0.61	▼ (0.8%)	█	4.6x	7.8x
STS.AX	SRG Ltd	110	1.53	1.71	1.58	1.35	▲ 12.9%	█	6.2x	9.7x
SWK.AX	Swick Mining Services Ltd	54	0.24	0.26	0.25	0.22	▲ 2.0%	█	5.4x	n.m.
TPP.AX	Tempo Australia Ltd	50	0.26	0.25	0.26	0.24	▼ (5.8%)	█	5.2x	5.2x
UGL.AX	UGL Ltd	536	3.21	3.22	3.21	3.20	▲ 0.6%	█	n.m.	n.m.
VMG.AX	VDM Group Ltd	16	0.00	0.00	0.00	0.00	— 0.0%	█	n.m.	n.m.
WOR.AX	WorleyParsons Ltd	2,285	9.13	9.27	9.21	8.93	▲ 1.3%	█	13.3x	21.6x
WTP.AX	Watpac Ltd	166	0.90	0.89	0.89	0.88	▼ (0.6%)	█	(3.6x)	n.m.

Source: Thomson Reuters, LCC research



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