

M&A Rumor and Activity

The Australian market finished the week 1.09% lower with the S&P / ASX 100 ending at 4512 points, following a broad sell-off of shares triggered by the reversal of the mining rally. The Australian dollar increased 0.4% for the week to end at USD74.60 cents, remaining relatively steady despite an OPEC deal to limit oil production (which boosted crude oil prices), and renewed selling in bonds as higher oil prices increased expectations for a higher global inflation.

NRW Holdings Ltd (NWH.AX) announced on 1 December 2016 that it had provided a proposal to the administrators of **Hughes Drilling Limited (HDX.AX)** to acquire HDX's east coast coal production drilling operations for an undisclosed value. The operations generated unaudited revenue of approximately \$40 million for the financial year ended 30 June 2016. It was reported by *The West Australian* that private equity firm Allegro Funds will take control of JSW Australia, another one of HDX's business unit, with the pair (Allegro and NRW Holdings) paying a total of \$20 million for the two businesses (although no breakdown of value was provided).

Emeco Holdings Limited (EHL.AX) announced on 1 December 2016 that it has satisfied a number of conditions precedent required to implement the recapitalisation and merger transaction with Orionstone and Andy's Earthmovers. The approvals required from the Treasurer of the Commonwealth of Australia under the Foreign Acquisitions and Takeovers Act 1975 for the issue of new EHL shares pursuant to the transaction have also been obtained.

Hitachi Construction Machinery Co. Ltd gave notice that it has received the ACCC informal clearance and fulfilled the FIRB condition in relation to its off-market takeover bid for **Bradken Limited (BKN.AX)**, on 28 November 2016 and 30 November 2016, respectively.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
BSA	Signed a Deed of settlement in relation to its contract on the new Royal Adelaide Hospital project in Adelaide, which provides for the resolution on a number of outstanding claims and dispute to date	DSB	Successfully retained a majority of contract works at South 32's Appin Mine in the Illawarra. DSB also increased employee numbers at another existing contract at a mine in the Illawarra and new contracts in both the Hunter Valley region of NSW and the Bowen Basin in Queensland
BYL	Expects to deliver stronger earnings in 1H17, with NPAT of c.\$5m (1H16: \$0.6 million)	EAL	Mr David Kligberg AO, a Non-Executive Director, has retired from the Board
CIM	Middle East-based contractor HLG, in which CIM has a 45% investment, has been awarded a contract valued QR580m (\$215m) for the Construction of Al Mutahidah Towers by United Development Company	OTC	OTOC Ltd has changed its name to Veris Limited, with a new ASX code of VRS
CIM	Habtoor Leighton Group ("HLG") completed the transfer of HLG shares from one of its shareholder (Al Habtoor Holding LLC) to another shareholder (Riad Al Sadik). CIM's shareholding in HLG is unchanged	OTR	Undertaking a share purchase plan at an issue price of \$0.38 per share to raise a maximum of \$6m
DOW	Awarded the Sydney Growth Trains contract by Transport for NSW valued at c.\$1.7b (25 double deck trains option for additional 45 sets, and a 25-year maintenance of the trains for 25 years, with 2 optional 5-year extensions)	WTP	Completed arrangement for a new \$170 million syndicated bank guarantee facility with domestic and international banks, reflecting a \$50m increase in WTP's bank guarantee issuing capacity

Source: Thomson Reuters, Company Announcements, LCC research

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	165	0.44	0.43	0.44	0.37	▼ (2.3%)	■ ■ ■	16.5x	1,407.9x
ASL.AX	Ausdrill Ltd	364	1.25	1.17	1.23	1.17	▼ (7.5%)	■ ■ ■ ■	4.7x	10.4x
AAX.AX	Ausenco Ltd	79	0.40	0.40	0.40	0.40	— 0.0%	■ ■ ■ ■	n.m.	n.m.
ANG.AX	Austin Engineering Ltd	119	0.18	0.21	0.18	0.18	▲ 13.9%	■ ■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	113	0.13	0.12	0.13	0.12	▼ (7.7%)	■ ■ ■ ■	n.m.	n.m.
BKN.AX	Bradken Ltd	657	3.18	3.19	3.19	3.18	▼ (0.3%)	■ ■ ■ ■	4.2x	4.2x
BYL.AX	Brierty Ltd	12	0.09	0.10	0.10	0.09	▲ 11.8%	■ ■ ■ ■	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	52	0.11	0.11	0.11	0.11	▼ (4.3%)	■ ■ ■ ■	9.5x	n.m.
BSA.AX	BSA Ltd	133	0.32	0.32	0.31	0.31	▼ (1.6%)	■ ■ ■ ■	10.1x	23.4x
CDD.AX	Cardno Ltd	456	1.01	0.95	0.99	0.95	▼ (4.0%)	■ ■ ■ ■	19.6x	n.m.
CIM.AX	CIMIC Group Ltd	10,184	30.74	31.51	31.39	30.07	▲ 2.6%	■ ■ ■ ■	8.0x	12.5x
DCG.AX	Decmil Group Ltd	195	1.11	1.14	1.12	1.10	▲ 2.3%	■ ■ ■ ■	20.8x	78.0x
DSB.AX	Delta SBD Ltd	11	0.23	0.20	0.23	0.20	▼ (9.3%)	■ ■ ■ ■	3.6x	6.2x
DOW.AX	Downer EDI Ltd	2,472	5.47	5.82	5.76	5.31	▲ 5.8%	■ ■ ■ ■	4.9x	9.2x
EAL.AX	E&A Ltd	10	0.08	0.08	0.08	0.07	▼ (6.2%)	■ ■ ■ ■	n.m.	n.m.
EGN.AX	Engenco Ltd	43	0.14	0.14	0.14	0.14	▼ (6.7%)	■ ■ ■ ■	6.0x	13.9x
EHL.AX	Emeco Holdings Ltd	43	0.07	0.07	0.07	0.07	— 0.0%	■ ■ ■ ■	6.9x	n.m.
FWD.AX	Fleetwood Corp Ltd	118	1.96	1.93	1.96	1.87	▼ (3.3%)	■ ■ ■ ■	11.4x	151.1x
GCS.AX	Global Construction Services Ltd	100	0.46	0.50	0.50	0.46	▲ 12.4%	■ ■ ■ ■	4.1x	6.6x
GNG.AX	GR Engineering Services Ltd	210	1.39	1.38	1.37	1.30	▼ (3.2%)	■ ■ ■ ■	6.1x	6.6x
HDX.AX	Hughes Drilling Ltd	17	0.08	0.08	0.08	0.08	— 0.0%	■ ■ ■ ■	3.1x	7.5x
IMD.AX	Imdex Ltd	182	0.56	0.55	0.55	0.54	▼ (4.3%)	■ ■ ■ ■	13.6x	40.6x
LCM.AX	LogiCamms Ltd	32	0.39	0.39	0.40	0.39	— 0.0%	■ ■ ■ ■	n.m.	n.m.
LYL.AX	Lycopodium Ltd	110	2.85	2.78	2.85	2.78	▼ (2.5%)	■ ■ ■ ■	5.3x	5.8x
MLD.AX	MACA Ltd	378	1.76	1.63	1.74	1.62	▼ (9.2%)	■ ■ ■ ■	4.6x	20.8x
MAH.AX	Macmahon Holdings Ltd	120	0.11	0.10	0.11	0.10	▼ (4.8%)	■ ■ ■ ■	1.7x	11.9x
MYE.AX	Mastermyne Group Ltd	44	0.42	0.48	0.47	0.41	▲ 14.3%	■ ■ ■ ■	16.4x	n.m.
MIN.AX	Mineral Resources Ltd	2,488	12.30	13.30	13.24	12.20	▲ 7.3%	■ ■ ■ ■	8.3x	15.9x
MCE.AX	Matrix Composites & Engineering Ltd	36	0.36	0.38	0.39	0.36	▲ 5.6%	■ ■ ■ ■	3.8x	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	1,053	10.13	11.22	11.06	10.13	▲ 11.0%	■ ■ ■ ■	7.5x	9.1x
MRM.AX	MMA Offshore Ltd	112	0.30	0.30	0.29	0.28	— 0.0%	■ ■ ■ ■	6.0x	n.m.
MSV.AX	Mitchell Services Ltd	68	0.04	0.05	0.04	0.04	▲ 21.1%	■ ■ ■ ■	149.0x	n.m.
NWH.AX	NRW Holdings Ltd	172	0.52	0.54	0.52	0.49	▲ 2.9%	■ ■ ■ ■	4.8x	9.6x
OTR.AX	Onterran Ltd	22	0.40	0.39	0.40	0.39	▼ (2.5%)	■ ■ ■ ■	n.m.	n.m.
OTC.AX	OTOC Ltd	84	0.24	0.26	0.26	0.24	▲ 8.3%	■ ■ ■ ■	5.4x	8.6x
PRG.AX	Programmed Maintenance Services Ltd	419	1.58	1.63	1.71	1.57	▲ 2.8%	■ ■ ■ ■	6.7x	10.2x
RCR.AX	RCR Tomlinson Ltd	333	2.52	2.38	2.45	2.33	▼ (6.7%)	■ ■ ■ ■	11.1x	27.8x
RDG.AX	Resource Development Group Ltd	20	0.03	0.03	0.03	0.03	▲ 14.3%	■ ■ ■ ■	0.4x	0.6x
RUL.AX	Rungepincockminarco Ltd	114	0.52	0.54	0.54	0.51	▲ 3.8%	■ ■ ■ ■	n.m.	n.m.
SND.AX	Saunders International Ltd	42	0.54	0.53	0.54	0.52	▼ (1.9%)	■ ■ ■ ■	6.6x	7.8x
SSM.AX	Service Stream Ltd	365	0.98	1.00	0.95	0.83	▲ 2.0%	■ ■ ■ ■	9.1x	11.6x
SWL.AX	Seymour Whyte Ltd	73	0.80	0.83	0.83	0.76	▲ 3.7%	■ ■ ■ ■	6.5x	20.2x
SXE.AX	Southern Cross Electrical Engineering Ltd	80	0.46	0.50	0.49	0.46	▲ 8.7%	■ ■ ■ ■	3.2x	5.4x
STS.AX	SRG Ltd	113	1.83	1.76	1.77	1.63	▼ (3.8%)	■ ■ ■ ■	6.4x	10.1x
SWK.AX	Swick Mining Services Ltd	56	0.27	0.27	0.27	0.26	— 0.0%	■ ■ ■ ■	5.5x	n.m.
TPP.AX	Tempo Australia Ltd	46	0.23	0.23	0.23	0.22	— 0.0%	■ ■ ■ ■	4.8x	4.9x
UGL.AX	UGL Ltd	525	3.15	3.16	3.15	3.15	▲ 0.2%	■ ■ ■ ■	n.m.	n.m.
VMG.AX	VDM Group Ltd	11	0.00	0.00	0.00	0.00	— 0.0%	■ ■ ■ ■	n.m.	n.m.
WOR.AX	WorleyParsons Ltd	2,267	8.65	9.20	9.01	8.58	▲ 5.9%	■ ■ ■ ■	13.3x	21.5x
WTP.AX	Watpac Ltd	162	0.85	0.87	0.85	0.83	▲ 2.4%	■ ■ ■ ■	(3.8x)	n.m.

Source: Thomson Reuters, LCC research

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