

M&A Rumor and Activity

The Australian market finished the week 2.21% higher with the S&P / ASX 100 ending at 4612 points, as commodity prices continue to increase and the sharemarket in the US reaching fresh all-time highs. The Australian dollar decreased 0.12% for the week to end at US74.51 cents, following weaker than expected third-quarter GDP figures (the Australian economy contracted for the first time in five years) and the continued strengthening of the US dollar.

NRW Holdings Limited (NWH.AX) announced that it expects to complete the acquisition of Hughes Drilling's East Coast coal production drilling operations on 9 December 2016 for a purchase consideration of \$11 million (subject to certain completion adjustments). Hughes Drilling's East Coast operations, which generates annual revenue of around \$40 million, comprise of a fleet of 35 large drill rigs and approximately 140 employees.

CIMIC Group Limited (CIM.AX)'s has successfully achieved a relevant interest of more than 77.09% in **UGL Limited (UGL.AX)** and has extended its unconditional takeover offer for UGL for 14 days until 21 Dec 2016.

Following the announcement by CIM that it has received 77.09% of relevant interest under its off-market takeover bid of \$3.15 per UGL share, the UGL board said on 8 December 2016 that it strongly recommends that UGL's shareholders accept CIM's offer.

Sichuan Yahua Industrial Group Co Ltd ("Yahua") of China planned to acquire **Caruana Mining Services Aust Pty Ltd**, a Queensland-based provider of mining and drilling services. Concurrently, Yahua planned to acquire Caruana Explosives Pty Ltd and Caruana Holdings Pty Ltd. The three transactions have an estimated combined value of \$4.3 million.

The Australian Financial Review reported on 7 December 2016 that the Commonwealth Bank of Australia has sold its debt exposure of approximately \$93 million in mine site trucking company **Bis Industries** for 66.5 cents in the dollar to SC Lowy. It is also understood that UBS has also offloaded its \$33.5 million debt exposure for about 66.5 cents in the dollar while BNP Paribas is preparing to auction its \$43 million debt exposure.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
CIM	Completed the divestment of its remaining 29% investment in Nextgen Group, with total proceeds expected to be in the range of \$190m to \$210m	OTC	Increased its banking facilities from \$17.3 million to \$36.8 million
CIM	Thiess, CIM's global mining services provider, through its 60% share in Majwe Mining Joint Venture, has secured a 2-year contract with Debswana Diamond Company's Jwaneng mine in Botswana. The contract is expected to generate revenue of c.\$370m	NWH	Successfully closed its \$60m-70m senior secured corporate note offering launched on 6 December 2016
CIM	Denies proper basis of claim for a class action filed on 26 Nov 2016 by Maurice Blackburn in Federal court of Australia	UGL	Notified by LendLease Bouygues Joint Venture that it has terminated the NorthConnex Project Alliance Agreement with UGL following a change of control in UGL

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	152	0.40	0.39	0.39	0.37	▼ (9.3%)	█ - - - -	15.6x	1,330.7x
ASL.AX	Ausdrill Ltd	410	1.18	1.31	1.26	1.11	▲ 10.1%	- - █ - -	5.0x	11.2x
AAX.AX	Ausenco Ltd	79	0.40	0.40	0.40	0.40	— 0.0%	- - █ - -	n.m.	n.m.
ANG.AX	Austin Engineering Ltd	113	0.20	0.20	0.20	0.18	— 0.0%	- - █ - -	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	118	0.13	0.13	0.13	0.12	▲ 4.2%	- █ █ █ █	n.m.	n.m.
BKN.AX	Bradken Ltd	660	3.20	3.20	3.19	3.19	▲ 0.3%	- - █ - -	4.2x	4.2x
BYL.AX	Brierty Ltd	15	0.12	0.12	0.12	0.12	▲ 4.3%	█ █ █ -	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	51	0.11	0.11	0.11	0.11	▼ (2.3%)	█ - - - -	9.4x	n.m.
BSA.AX	BSA Ltd	148	0.36	0.35	0.36	0.33	▼ (2.8%)	█ █ - - -	11.4x	26.4x
CDD.AX	Cardno Ltd	466	0.95	0.97	0.95	0.94	▲ 2.1%	█ █ █ - -	19.9x	n.m.
CIM.AX	CIMIC Group Ltd	10,407	30.45	32.06	30.90	30.10	▲ 2.6%	- - - - █	8.1x	12.8x
DCG.AX	Decmil Group Ltd	191	1.08	1.11	1.10	1.05	▲ 3.7%	- - █ █ █ █	20.3x	76.2x
DSB.AX	Delta SBD Ltd	15	0.24	0.26	0.24	0.24	▲ 8.3%	█ - - - -	4.5x	7.9x
DOW.AX	Downer EDI Ltd	2,585	6.05	6.08	6.00	5.89	▲ 1.0%	- - - - █	5.1x	9.6x
EAL.AX	E&A Ltd	10	0.07	0.07	0.07	0.07	▲ 1.4%	- - █ - -	n.m.	n.m.
EGN.AX	Engenco Ltd	45	0.15	0.15	0.15	0.15	— 0.0%	█ - - - -	6.2x	14.4x
EHL.AX	Emeco Holdings Ltd	44	0.07	0.07	0.07	0.07	▲ 1.4%	- - █ - -	7.0x	n.m.
FWD.AX	Fleetwood Corp Ltd	120	1.95	1.97	1.95	1.92	▲ 0.5%	- - - - █	11.6x	154.3x
GCS.AX	Global Construction Services Ltd	107	0.51	0.54	0.51	0.48	▲ 7.0%	- - - - █	4.4x	7.0x
GNG.AX	GR Engineering Services Ltd	221	1.35	1.45	1.44	1.30	▲ 10.3%	- █ - - -	6.6x	7.1x
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	0.54	0.58	0.57	0.54	▲ 2.7%	█ - - - -	14.2x	42.5x
LCM.AX	LogiCamms Ltd	31	0.38	0.38	0.38	0.36	▲ 1.3%	- - █ - -	n.m.	n.m.
LYL.AX	Lycopodium Ltd	107	2.70	2.70	2.75	2.70	▼ (1.8%)	- - █ - -	5.0x	5.6x
MLD.AX	MACA Ltd	379	1.54	1.63	1.56	1.47	▲ 4.2%	█ █ - - -	4.6x	20.8x
MAH.AX	Macmahon Holdings Ltd	117	0.10	0.10	0.10	0.10	▼ (3.0%)	- █ - █ █	1.6x	11.3x
MYE.AX	Mastermyne Group Ltd	39	0.45	0.43	0.45	0.39	▼ (3.4%)	█ █ - - -	15.0x	n.m.
MIN.AX	Mineral Resources Ltd	2,284	11.84	12.20	12.27	11.79	▲ 2.4%	- █ - - -	7.5x	14.5x
MCE.AX	Matrix Composites & Engineering Ltd	37	0.40	0.40	0.40	0.38	▼ (1.3%)	- - █ █ █	3.9x	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	1,065	11.00	11.34	11.34	10.97	▲ 2.5%	- - █ █ █	7.6x	9.2x
MRM.AX	MMA Offshore Ltd	101	0.29	0.27	0.27	0.27	▼ (5.3%)	█ █ - - -	5.9x	n.m.
MSV.AX	Mitchell Services Ltd	58	0.04	0.04	0.04	0.04	▼ (4.9%)	- - █ - -	130.3x	n.m.
NWH.AX	NRW Holdings Ltd	201	0.55	0.63	0.60	0.53	▲ 16.8%	- - - █ █	5.4x	10.8x
OTR.AX	Onterran Ltd	21	0.39	0.37	0.39	0.35	▼ (5.1%)	- - █ - -	n.m.	n.m.
OTC.AX	OTOC Ltd	81	0.26	0.25	0.26	0.24	▼ (3.8%)	- - █ █ -	5.3x	8.3x
PRG.AX	Programmed Maintenance Services Ltd	457	1.63	1.78	1.75	1.61	▲ 8.9%	- █ - - -	7.1x	10.7x
RCR.AX	RCR Tomlinson Ltd	404	2.59	2.88	2.82	2.58	▲ 9.5%	- - - █ █	13.1x	32.8x
RDG.AX	Resource Development Group Ltd	17	0.03	0.03	0.03	0.03	▼ (10.0%)	█ - - - -	0.2x	0.3x
RUL.AX	Rungepincockminarco Ltd	112	0.51	0.53	0.53	0.50	▲ 5.0%	- - █ - -	n.m.	n.m.
SND.AX	Saunders International Ltd	44	0.55	0.55	0.55	0.54	▲ 1.9%	- - █ - -	7.0x	8.2x
SSM.AX	Service Stream Ltd	355	0.92	0.97	0.97	0.90	▲ 4.3%	- - █ █ -	8.8x	11.2x
SWL.AX	Seymour Whyte Ltd	76	0.83	0.86	0.84	0.81	▲ 4.5%	█ - - - -	6.9x	21.5x
SXE.AX	Southern Cross Electrical Engineering Ltd	81	0.50	0.51	0.50	0.50	▼ (3.8%)	- - - █ █	3.3x	5.6x
STS.AX	SRG Ltd	93	1.65	1.46	1.52	1.38	▼ (14.4%)	- █ █ █ -	5.1x	8.0x
SWK.AX	Swick Mining Services Ltd	55	0.27	0.26	0.27	0.26	▼ (1.9%)	- - █ - -	5.4x	n.m.
TPP.AX	Tempo Australia Ltd	44	0.24	0.22	0.23	0.21	▼ (6.4%)	█ - - - -	4.6x	4.6x
UGL.AX	UGL Ltd	534	3.15	3.15	3.15	3.15	— 0.0%	- - - █ █	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	2,381	9.55	9.66	9.60	9.47	▲ 0.7%	█ █ - - -	7.8x	9.9x
WTP.AX	Watpac Ltd	159	0.89	0.86	0.90	0.86	▼ (3.9%)	- - - █ █	(3.9x)	n.m.

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