

M&A Rumor and Activity

The Australian market finished the week 1.60% lower with the S&P / ASX 100 ending at 4667 points, as investors remained cautious in a week dominated by political headlines internationally, including President Trump's decision to impose a 90-day travel ban on seven countries. The Australian dollar increased 1.73% for the week to end at US76.83 cents, following the release of positive trade surplus for December (on the back of surging commodity prices) and the weakening of the US Dollar following the release of data on Friday showing smaller-than-expected increase in wage growth in the US in January.

Hitachi Construction Machinery Co Ltd ("Hitachi") announced on 2 February 2017 that it has extended the offer period for its recommended takeover offer for **Bradken Limited (BKN.AX)** to 24 Feb 2017. Hitachi also announced that its \$3.25 per share offer for Bradken is final and will not be increased. As at 1 February 2017, Hitachi has an 8.6% relevant interest in Bradken.

The Australian Financial Review reported on 2 February 2017 that underground mining contractor **Barmenco** is looking to list on ASX in 2017. Barmenco is 70% owned by private equity firm Gresham, and is currently looking to refinance its US\$299.7 million high-yield bonds maturing May 2018 ahead of an IPO.

The Australian reported on 3 February 2017 that **CIMIC Limited (CIM.AX)** may be required to commit to asset sales to secure the approval from the Australian Competition and Consumer Commission (ACCC) to acquire **Macmahon Holdings Limited (MAH.AX)**.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
AJL	Cuadrilla Resources Holdings Limited, in which AJL has a 45% interest, received the final planning consent from the UK government to drill and hydraulically stimulate up to four horizontal wells at the Preston New Road exploration site in Lancashire, UK	DOW	Reported 1H17 results with EBIT of \$120.8m (up 6.7% from pcp) and NPAT of A\$78.2m (up 8.5% from pcp)
CIM	Announced that it been selected by Main Roads WA to deliver the northern section of NorthLink WA, which includes the designing, and construction of a free-flowing dual carriageway between Ellenbrook and Muchea. The contract is expected to generate revenue of c.\$175m	MSV	Provided the quarterly report for the period ending Dec 2016 with positive operating cash flow of \$1.06m and a \$158k increase in cash
DCG	Provided guidance for FY17 with 1H17 revenue expected to be c.\$150m (versus \$167m in 1H17) and 2H17 revenue in the range of \$175m - \$200m (versus \$133m in 2H16)		

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	154	0.40	0.40	0.42	0.39	▼ (4.8%)	■ ---	15.8x	1,341.7x
ASL.AX	Ausdrill Ltd	440	1.43	1.41	1.42	1.40	▼ (5.4%)	■ ---	5.3x	11.8x
ANG.AX	Austin Engineering Ltd	104	0.19	0.18	0.19	0.18	▼ (2.7%)	■ ---	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	118	0.14	0.13	0.14	0.12	▼ (7.4%)	■ ---	n.m.	n.m.
BKN.AX	Bradken Ltd	661	3.23	3.21	3.22	3.20	▼ (0.3%)	■ ---	3.8x	4.5x
BYL.AX	Brierty Ltd	18	0.13	0.15	0.15	0.13	▲ 7.4%	■ ---	n.m.	n.m.
BOL.AX	Boom Logistics Ltd	54	0.12	0.12	0.12	0.12	▼ (4.2%)	■ ---	9.8x	n.m.
BSA.AX	BSA Ltd	144	0.34	0.34	0.36	0.34	▼ (1.4%)	■ ---	13.8x	48.1x
CDD.AX	Cardno Ltd	566	1.08	1.18	1.21	1.06	▲ 9.8%	■ ---	23.8x	n.m.
CIM.AX	CIMIC Group Ltd	11,288	34.70	34.94	34.67	33.74	▲ 0.0%	■ ---	8.9x	13.9x
DCG.AX	Decmil Group Ltd	172	1.05	1.00	1.03	0.99	▼ (3.8%)	■ ---	17.7x	68.4x
DSB.AX	Delta SBD Ltd	15	0.24	0.27	0.27	0.24	▲ 12.5%	■ ---	4.0x	6.3x
DOW.AX	Downer EDI Ltd	2,914	6.39	6.86	7.01	6.16	▲ 8.0%	■ ---	6.1x	11.1x
EAL.AX	E&A Ltd	10	0.07	0.07	0.07	0.07	▲ 7.6%	■ ---	7,451.3x	n.m.
EGN.AX	Engenco Ltd	51	0.15	0.17	0.16	0.15	▲ 13.8%	■ ---	5.9x	16.5x
EHL.AX	Emeco Holdings Ltd	58	0.09	0.10	0.09	0.08	▲ 11.5%	■ ---	7.3x	n.m.
FWD.AX	Fleetwood Corp Ltd	115	1.95	1.89	1.91	1.88	▼ (1.0%)	■ ---	11.2x	147.9x
GCS.AX	Global Construction Services Ltd	115	0.57	0.58	0.58	0.56	▲ 0.9%	■ ---	4.6x	7.4x
GNG.AX	GR Engineering Services Ltd	240	1.58	1.57	1.58	1.53	▼ (1.9%)	■ ---	7.4x	8.0x
IMD.AX	Index Ltd	236	0.68	0.72	0.72	0.67	▲ 0.7%	■ ---	5.3x	6.8x
LCM.AX	LogiCamms Ltd	30	0.39	0.37	0.39	0.37	▼ (5.1%)	■ ---	n.m.	n.m.
LYL.AX	Lycopodium Ltd	104	2.64	NULL	2.64	2.60	▲ -	■ ---	4.8x	5.3x
MLD.AX	MACA Ltd	382	1.64	1.63	1.63	1.58	▼ (3.6%)	■ ---	4.6x	21.0x
MAH.AX	Macmahon Holdings Ltd	177	0.15	0.15	0.15	0.15	▼ (1.7%)	■ ---	4.1x	n.m.
MYE.AX	Mastermyne Group Ltd	36	0.39	0.40	0.40	0.37	▼ (3.7%)	■ ---	14.1x	n.m.
MIN.AX	Mineral Resources Ltd	2,357	12.21	12.60	12.43	12.04	▲ 1.6%	■ ---	7.8x	14.8x
MCE.AX	Matrix Composites & Engineering Ltd	46	0.46	0.50	0.48	0.46	▲ 7.6%	■ ---	5.1x	n.m.
MND.AX	Monadelphous Group Ltd	977	10.80	10.41	10.61	10.31	▼ (2.3%)	■ ---	6.8x	8.3x
MRM.AX	MMA Offshore Ltd	104	0.29	0.28	0.29	0.27	▼ (1.8%)	■ ---	5.9x	n.m.
MSV.AX	Mitchell Services Ltd	47	0.03	0.03	0.03	0.03	▼ (5.9%)	■ ---	111.6x	n.m.
NWH.AX	NRW Holdings Ltd	227	0.74	0.71	0.72	0.70	▼ (3.4%)	■ ---	5.9x	11.9x
OTR.AX	Onterran Ltd	22	0.32	0.35	0.35	0.31	▲ 11.1%	■ ---	n.m.	n.m.
OTC.AX	Veris Ltd	74	0.25	0.23	0.25	0.23	▼ (6.1%)	■ ---	4.8x	7.7x
PRG.AX	Programmed Maintenance Services Ltd	476	1.90	1.85	1.89	1.83	▼ (2.9%)	■ ---	7.3x	11.0x
RCR.AX	RCR Tomlinson Ltd	435	2.97	3.11	3.10	2.84	▲ 8.0%	■ ---	14.2x	36.7x
RDG.AX	Resource Development Group Ltd	19	0.03	0.03	0.03	0.03	— 0.0%	■ ---	0.4x	0.5x
RUL.AX	Rungepincockminarco Ltd	112	0.56	0.53	0.56	0.53	▼ (4.5%)	■ ---	n.m.	n.m.
SND.AX	Saunders International Ltd	47	0.59	0.58	0.61	0.55	▼ (1.7%)	■ ---	7.6x	8.9x
SSM.AX	Service Stream Ltd	431	1.16	1.18	1.16	1.11	▲ 1.3%	■ ---	11.0x	13.9x
SWL.AX	Seymour Whyte Ltd	78	0.92	0.89	0.89	0.86	▲ 0.6%	■ ---	7.3x	22.7x
SXE.AX	Southern Cross Electrical Engineering Ltd	88	0.58	0.55	0.57	0.55	▼ (2.7%)	■ ---	3.9x	6.5x
STS.AX	SRG Ltd	93	1.50	1.45	1.46	1.44	▼ (2.7%)	■ ---	5.0x	7.9x
SWK.AX	Swick Mining Services Ltd	67	0.31	0.32	0.32	0.30	▲ 3.3%	■ ---	6.3x	n.m.
TPP.AX	Tempo Australia Ltd	56	0.25	0.24	0.24	0.23	▼ (6.0%)	■ ---	6.0x	6.0x
VMG.AX	VDM Group Ltd	8	0.00	0.00	0.00	0.00	▲ 50.0%	■ ---	n.m.	n.m.
WOR.AX	WorleyParsons Ltd	2,402	10.12	9.74	10.01	9.68	▼ (5.1%)	■ ---	7.8x	10.0x
WTP.AX	Watpac Ltd	140	0.75	0.75	0.75	0.73	▲ 1.4%	■ ---	(5.0x)	n.m.

Source: Thomson Reuters, LCC research

IMPORTANT DISCLAIMER

This report has been prepared by LCC Asia Pacific Pty. Limited ("LCC"). The research is based on information obtained from sources believed to be accurate and reliable. LCC does not guarantee the accuracy, reliability, completeness or suitability of any such information and makes no warranty, guarantee or representation, expressly or impliedly about this research. LCC accepts no obligation to correct or update the information. No opinion or recommendation is made within this research. This report is not intended to be, nor should it be relied on, as a substitute for professional advice. This report should not be relied upon as the sole basis for any investment decision or planning, and LCC does not accept any responsibility on this basis for actions made.