



M&A Rumour and Activity

The Australian market finished the week 0.16% lower with the S&P/ASX200 ending at 5730 points, mainly due to lower commodity prices. The Australian dollar decreased 0.98% for the week to end at US75.94 cents due increased expectations of an interest rate hike by the US Federal Reserve in their next meeting in March.

Southern Cross Electrical Engineering (SXE.AX) announced on 28 February 2017 a \$54.1 million deal to acquire east coast electrical contractor **HeyDay5**. We expect to see more action in "electrical" including both acquisition of smaller specialist contractors that service Renewables projects, and larger private players with exposure to recurring electrical services revenue streams such as PE backed **Trivantage Group Pty Ltd**.

Saunders International (SND.AX) announced on 27 February 2017 that it has entered into an agreement to acquire the business and various assets of the **Civilbuild group of companies**, which specialises in the design, precasting and construction of bridges for road and rail infrastructure. The consideration for the acquisition will be c.\$6.2 million, comprising cash and shares with additional deferred payments.

MMA Offshore Ltd (MRM.AX) announced on 28 February 2017 that it has entered into an agreement with **Toll Group** for the sale of its Dampier and Broome Supply Base assets. **MRM** said it would realise \$44.1 million from the sale of the Dampier Supply Base asset and \$8.7 million from its 50% interest in the Toll Mermaid Logistics Broome Supply Base.

Macmahon Holdings Ltd (MAH.AX) released its Target Statement 27 February 2017, advising its shareholders to reject **CIMIC Group Ltd's (CIM.AX)** takeover offer. The independent expert has concluded that CIMIC's offer of \$0.145 per MAH share is neither fair nor reasonable, assessing the value of MAH's share to be in the range of \$0.177 to \$0.203. On 1 March 2017, MAH announced that it signed a heads of agreement with PT Amman Mineral Nusa Tenggara ("**AMNT**") for a transaction that involves a life of mine, alliance style contract for the Batu Hijau copper-gold mine in Indonesia, as well as the acquisition by MAH of certain assets from AMNT for c.US\$150 million, which will involve the issuance of new MAH shares equivalent to 40% to 50.1% of MAH's expanded share capital post completion to AMNT.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
AIE	Reported its 1HFY17 results with revenue of \$1.5m (up 373.1% from pcp) and NLAT of \$1.5m (up 16.6% from pcp)	MAH	Reported its 1HFY17 results with revenue of \$168.3m (up 7.0% from pcp) and NLAT of \$23.3m (up 799% from pcp)
ASB	Reported its 1HFY17 results with revenue of \$649.0m (down 13.1% from pcp) and NPAT of \$9.3m (down 44.1% from pcp)	MBO	Reported its 1HFY17 results with revenue of \$2.3m (down 26.0% from pcp) and NLAT of \$0.7m (down 8.0% from pcp)
ASL	BTP Equipment, a subsidiary of ASL secured a 24 month extension to its existing contract with Peabody Energy Australia, valued at A\$70m	MIL	Reported its 1HFY17 results with revenue of \$100m (up 310.1% from pcp) and NPAT of \$2.2m (up 185.8% from pcp)
BKN	Announced that Hitachi Construction Machinery further extended the offer period for its recommended takeover offer for Bradken Ltd to 24 March 2017	MRM	Reported its 1HFY17 results with revenue of \$119.7m (down 56.0% from pcp) and NLAT of \$323.6m (up 5,113.0% from pcp)
BLY	Reported its 1HFY17 results with revenue of \$0.6m (down 12.6% from pcp) and NLAT of \$0.1m (down 18.0% from pcp)	MSV	Reported its 1HFY17 results with revenue of \$20.8m (up 13.0% from pcp) and NLAT of \$0.7m (down 77.0% from pcp)
BYL	Reported its 1HFY17 results with revenue of \$76.4m (down 39.0% from pcp) and NPAT of \$3.7m (down 9.0% from pcp)	SND	Reported its 1HFY17 results with revenue of \$18.6m (down 9.9% from pcp) and NLAT of \$0.3m (down 78.2% from pcp)
CDD	Reported its 1HFY17 results with revenue of \$575m (up 0.6% from pcp) and underlying NPAT of \$6.5m (up 121.7% from pcp)	SPO	Reported its 1HFY17 results with revenue of \$1.5bn (down 9.4% from pcp) and NLAT of \$358.1m (down 100.0% from pcp)
CIM	Pacific Partnerships and CPB Contractors have been selected by the New Zealand Government as the proponents to deliver the third New Zealand School's PPP initiative, with a contract value of c.NZ\$200m	STS	Reported its 1HFY17 results with revenue of \$118.4m (up 46.0% from pcp) and NPAT of \$4.7m (up 131.0% from pcp)
DCG	Reported its 1HFY17 results with revenue of \$155m (down 10.0% from pcp) and underlying NLAT of \$1.5m (up 97.0% from pcp)	SWK	Reported its 1HFY17 results with revenue of \$64.8m (down 1.0% from pcp) and NLAT of \$0.2m (down 81.0% from pcp)
DOW	Announced that Sydney Trains had exercised its option to extend Downer's maintenance of the Millennium passenger trains for a further 10 years. The contract is valued at c.\$225m	SWL	Reported its 1HFY17 results with revenue of \$232.8m (up 39.9% from pcp) and NPAT of \$0.4m (up 100.0% from pcp)
DSB	Reported its 1HFY17 results with revenue of \$31m (down 13.0% from pcp) and NLAT of \$1.7m (up 252.0% from pcp)	SXE	Reported its 1HFY17 results with revenue of \$61.4m (down 55.2% from pcp) and NLAT of \$2.9m (up 177.0% from pcp)
EAL	Reported its 1HFY17 results with revenue of \$72m (down 11.0% from pcp) and NLAT of \$1.8m (up 41.0% from pcp)	TPP	Reported its 1HFY17 results with revenue of \$81.4m (up 3.0% from pcp) and NPAT of \$5.4m (down 19.0% from pcp)
EHL	Reported its 1HFY17 results with revenue of \$87.8m (down 19.5% from pcp) and NLAT of \$31.3m (down 70.8% from pcp)	TPS	Reported its 1HFY17 results with revenue of \$4.6m (up 68.5% from pcp) and NPAT of \$0.6m (down 114.0% from pcp)
GNG	Reported its 1HFY17 results with revenue of \$106m (down 16.7% from pcp) and NPAT of \$7.8m (down 9.71% from pcp)	VRS	Reported its 1HFY17 results with revenue of \$55.0m (down 12.0% from pcp) and NPAT of \$0.2m (down 98.6% from pcp)
GNG	Announced that its wholly-owned subsidiary, Upstream Production Solutions has entered into a maintenance services contract with Eni Australia, the operator of the Blacktip Gasfield	WOR	Confirmed it received a confidential and indicative proposal on 14 Nov 2016 from Dar Group to acquire all of the shares in WOR by way of a scheme of arrangement for \$11.80 per WOR share
LLC	Reported its 1HFY17 results with revenue of \$7.9bn (up 8.2% from pcp) and NPAT of \$394.8m (up 11.6% from pcp)	ZGL	Reported its 1HFY17 results with revenue of S\$47.8m (down 29.2% from pcp) and NLAT of S\$1.3m (down 152.7% from pcp)

Source: Thomson Reuters, Company Announcements, LCC research



CONTRIBUTES TO





Australian Engineering, Contractors & Service Providers

Edition 200 for the week ending 03 March 2017 | Published 06 March 2017 WWW.LCCAPAC.COM

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
Engineering Services										
AJL.AX	AJ Lucas Group Ltd	101	0.27	0.26	0.29	0.25	▼ (10.3%)	■	12.3x	1,043.8x
BOL.AX	Boom Logistics Ltd	66	0.13	0.14	0.13	0.13	▲ 7.7%	■	13.5x	n.m.
BSA.AX	BSA Ltd	144	0.35	0.34	0.35	0.33	▼ (4.2%)	■	17.4x	96.6x
BYL.AX	Brierty Ltd	13	0.19	0.10	0.18	0.09	▼ (44.4%)	■	n.m.	n.m.
CDD.AX	Cardno Ltd	552	1.17	1.15	1.13	1.03	▼ (9.9%)	■	41.1x	287.4x
CIM.AX	CIMIC Group Ltd	12,074	37.70	37.35	37.48	37.13	▼ -0.01	■	11.7x	17.6x
DCG.AX	Decmil Group Ltd	157	0.91	0.92	0.95	0.91	▲ 0.5%	■	70.2x	64.9x
DOW.AX	Downer EDI Ltd	3,029	6.99	7.13	7.12	6.94	▲ 2.6%	■	6.3x	11.5x
EAL.AX	E&A Ltd	9	0.07	0.07	0.07	0.06	▲ 4.6%	■	7,422.0x	n.m.
EGN.AX	Engenco Ltd	51	0.18	0.165	0.18	0.15	▼ (8.3%)	■	5.9x	16.5x
GCS.AX	Global Construction Services Ltd	124	0.60	0.62	0.61	0.60	▲ 3.3%	■	3.6x	4.9x
GNG.AX	GR Engineering Services Ltd	248	1.60	1.62	1.65	1.38	▼ (5.0%)	■	8.7x	9.4x
LCM.AX	LogiCamms Ltd	31	0.37	0.38	0.38	0.37	▼ (1.3%)	■	n.m.	n.m.
LLC.AX	LendLease Group	8,739	15.30	14.99	15.27	14.89	▲ 0.01	■	11.4x	12.8x
LYL.AX	Lycopodium Ltd	124	3.07	3.12	3.11	3.07	▲ 1.0%	■	6.3x	6.9x
MCE.AX	Matrix Composites & Engineerin	50	0.50	0.54	0.56	0.53	▲ 0.9%	■	5.8x	n.m.
MND.AX	Monadelphous Group Ltd	1,213	12.69	12.93	12.81	12.45	▲ 2.5%	■	9.8x	12.2x
OTR.AX	Otterrann Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	462	3.27	3.30	3.22	3.17	▲ 0.6%	■	18.5x	72.5x
RDG.AX	Resource Development Group L	16	0.03	0.03	0.03	0.02	▼ (7.4%)	■	0.2x	0.2x
SND.AX	Saunders International Ltd	44	0.58	0.55	0.58	0.53	▼ (9.1%)	■	11.3x	14.7x
SSM.AX	Service Stream Ltd	438	1.20	1.20	1.19	1.17	— 0.0%	■	9.5x	11.5x
SWL.AX	Seymour Whyte Ltd	83	0.93	0.94	0.93	0.79	▼ (2.1%)	■	10.2x	51.3x
SXE.AX	Southern Cross Electrical Engine	78	0.56	0.49	0.55	0.47	▼ (10.9%)	■	11.0x	5.4x
STS.AX	SRG Ltd	98	1.53	1.54	1.53	1.49	▼ (1.0%)	■	5.4x	8.5x
TPP.AX	Tempo Australia Ltd	53	0.23	0.22	0.20	0.19	▼ (2.2%)	■	4.3x	4.4x
VMG.AX	VDM Group Ltd	11	0.00	0.00	0.00	0.00	▲ 100.0%	■	n.m.	n.m.
VRS.AX	Veris Ltd	52	0.18	0.16	0.16	0.14	▼ (20.0%)	■	3.3x	5.3x
WOR.AX	WorleyParsons Ltd	2,551	7.84	10.34	10.30	7.75	▲ 30.2%	■	9.7x	12.9x
Mining Services										
ASL.AX	Ausdrill Ltd	457	1.56	1.47	1.52	1.45	▼ (6.1%)	■	5.3x	11.1x
ANG.AX	Austin Engineering Ltd	104	0.18	0.18	0.19	0.17	▼ (2.7%)	■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	94	0.13	0.10	0.12	0.09	▼ (20.0%)	■	34.0x	n.m.
BKN.AX	Bradken Ltd	661	3.24	3.21	3.24	3.21	▼ (1.2%)	■	7.9x	7.9x
DSB.AX	Delta SBD Ltd	13	0.26	0.23	0.26	0.23	▼ (16.4%)	■	3.5x	5.5x
EHL.AX	Emeco Holdings Ltd	46	0.08	0.08	0.08	0.08	▼ (5.0%)	■	6.0x	121.6x
IMD.AX	Imdex Ltd	218	0.68	0.66	0.67	0.66	▼ (2.9%)	■	11.2x	27.1x
MAH.AX	Macmahon Holdings Ltd	186	0.15	0.16	0.16	0.15	▲ 3.3%	■	5.7x	n.m.
MIN.AX	Mineral Resources Ltd	2,056	11.16	10.99	11.17	10.80	▼ (2.7%)	■	4.6x	7.1x
MLD.AX	MACA Ltd	438	1.89	1.87	1.88	1.85	— 0.0%	■	4.8x	16.6x
MSV.AX	Mitchell Services Ltd	47	0.03	0.03	0.03	0.03	▼ (3.0%)	■	111.6x	n.m.
MYE.AX	Mastermyne Group Ltd	33	0.39	0.36	0.39	0.36	▼ (7.7%)	■	32.2x	n.m.
NWH.AX	NRW Holdings Ltd	232	0.76	0.72	0.74	0.71	▼ (3.4%)	■	5.1x	9.9x
RUL.AX	Rungepincockminarco Ltd	138	0.63	0.65	0.64	0.63	▲ 0.8%	■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	55	0.27	0.26	0.26	0.23	▼ (8.8%)	■	5.1x	n.m.
Marine Services										
ASB.AX	Austal Ltd	616	1.78	1.77	1.83	1.65	▲ 0.01	■	n.m.	n.m.
MBO.AX	Mobilarm Ltd	12	0.02	0.03	0.02	0.02	— 0.0%	■	71.7x	n.m.
MRM.AX	MMA Offshore Ltd	82	0.31	0.22	0.31	0.21	▼ (29.0%)	■	33.5x	n.m.
NMS.AX	Neptune Marine Services Ltd	69	1.12	1.12	1.12	1.12	— 0.0%	■	121.5x	n.m.
VEE.AX	VEEM Ltd	83	0.65	NULL	0.65	0.64	▲ -	■	10.6x	14.0x
ZGL.AX	Zicom Group Ltd	31	0.13	0.15	0.15	0.13	▼ (3.3%)	■	6.4x	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	53	0.35	0.34	0.35	0.34	▼ -0.03	■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	13,615	7.56	7.61	7.51	7.46	▲ 0.00	■	48.7x	48.7x
HIL.AX	Hills Ltd	50	0.23	0.22	0.23	0.22	▼ -0.04	■	8.6x	42.5x
MIL.AX	Millennium Services Group Ltd	73	1.84	1.60	1.84	1.55	▼ -0.11	■	8.2x	10.3x
PRG.AX	Programmed Maintenance Serv	490	1.73	1.91	1.80	1.73	▲ 0.09	■	7.4x	11.3x
SKS.AX	Stokes Ltd	10	0.33	0.34	0.33	0.33	▲ 0.03	■	22.0x	28.8x
SPO.AX	Spotless Group Holdings Ltd	901	0.93	0.82	0.93	0.75	▼ -0.12	■	6.2x	10.3x
TPS.AX	Threat Protect Australia Ltd	20	0.03	0.03	0.03	0.03	▼ -0.04	■	n.m.	n.m.
UBN.AX	Urbanise com Ltd	32	0.13	0.10	0.13	0.10	▼ -0.13	■	n.m.	n.m.

Source: Thomson Reuters, LCC research



CONTRIBUTES TO



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.