



Australian Engineering, Contractors & Service Providers

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M&A Rumour and Activity

The Australian market finished the week 0.51% higher with the S&P/ASX200 ending at 5776 points, with rising global bond yields providing a boost to the banking sector. The Australian dollar decreased 0.48% for the week to end at US75.40 cents due increased anticipation of a strong US jobs report paving the way for an interest rate hike by the US Federal Reserve in their next meeting in March.

Downer EDI Limited (DOW.AX) announced on 8 March 2017 that it has agreed to acquire the construction, infrastructure and project management businesses of Hawkins, a New Zealand company, from the McConnell Family for an undisclosed amount.

Service Stream Limited (SSM.AX) announced on 6 March 2017 that it is proposing to acquire TechSafe, the largest independent electrical inspection company in Australia, for a deal value of \$19 million with an additional payment of up to \$1.0 million, subject to meeting certain financial targets in FY18. The transaction values TechSafe at approximately 6.7x forward EV/EBITDA.

On 9 March 2017, **ACCIONA S.A (ANA.MC)**, a Spanish conglomerate group primarily engaged in the renewable utilities sector, announced that it has acquired Geotechnical Engineering (Geotech) to expand its presence in Australia under a new ACCIONA subsidiary, ACCIONA Geotech Holding. The transaction values Geotech, an Australian engineering and construction group, at \$262 million and includes a cash consideration of \$197 million for Geotech's existing shareholders and a 17.6% stake in ACCIONA Geotech Holding for three key Geotech management shareholders.

On 8 March 2017, **Bradken Limited (BKN.AX)** advised that its largest shareholder, CHAMP Private Equity, will accept the takeover offer by Hitachi Construction Machinery Co. Ltd ("HCM"). On 9 March 2017, HCM waived the 50% minimum acceptance condition with the consent of BKN. Accordingly, HCM's recommended takeover offer for BKN is now unconditional.

On 6 March 2017, CIMIC Group Limited (CIM.AX) submitted an application to the Takeovers Panel, seeking interim and final orders for the reversal of or rights to rescind on-market purchases of **MacMahon Holdings Limited (MAH.AX)**'s shares since the release of MAH's target statement and for corrective disclosure. MAH is currently subject of an off-market takeover bid from CIMIC Group Investments Pty Limited. On 7 March 2017, the Takeovers Panel declined to conduct proceedings on CIM's application.

On 10 March 2017, **SML Corporation Limited (SOP.AX)** entered into an agreement to acquire Synertec Pty Ltd, an Australian multi-disciplined engineering consulting firm, for \$5 million in shares (representing 48.55% of pro forma share capital structure) and \$5 million in cash.

News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
EAL	Announced its intention to delist from the ASX. The proposal will be put forward for shareholder approval at EAL's general meeting on 12 April 2017	HIL	Announced that it is finalising a distribution agreement with Connected IO Ltd (CIO.AX) for launching CIO's "Body Camera" in both Australia & the US
GCS	Awarded a \$27.5 million contract by Scentre Group to supply and install formwork and concrete for Stage 1 of the Westfield Carousel Shopping Centre redevelopment. The work will be carried out over a 9 month period which is due to commence at the end of March 2017	RDG	Central Systems Pty Ltd, a subsidiary of RDG, has been awarded a contract valued at \$27 million with property developer Blue Ocean Enterprises for the redevelopment of a beachfront site known as "Oceanfront Development", situated immediately south of South Beach, Fremantle, Western Australia
GNG	Announced that Dacian Gold Ltd (DCN.AX) has issued a conditional letter of intent for awarding GNG an EPC contract for its 100% owned Mt Morgans Gold Project in Western Australia	RUL	Launched its latest enterprise product –Operations Manager TM

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
Engineering Services										
AJL.AX	AJ Lucas Group Ltd	95	0.26	0.25	0.27	0.23	▲ 6.5%	■ ■ ■	27.7x	n.m.
BOL.AX	Boom Logistics Ltd	59	0.14	0.13	0.13	0.13	▼ (5.7%)	■ ■ ■	12.7x	n.m.
BSA.AX	BSA Ltd	146	0.34	0.35	0.35	0.34	— 0.0%	■ ■ ■	17.7x	98.3x
BYL.AX	Brierty Ltd	13	0.11	0.11	0.11	0.11	— 0.0%	■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	552	1.16	1.15	1.16	1.11	▲ 0.4%	■ ■ ■	41.1x	n.m.
CIM.AX	CIMIC Group Ltd	11,827	36.97	36.65	36.97	36.30	▼ -0.02	■ ■ ■	11.5x	17.3x
DCG.AX	Decmil Group Ltd	165	0.92	0.96	0.91	0.88	▲ 5.5%	■ ■ ■	73.9x	64.9x
DOW.AX	Downer EDI Ltd	3,058	7.18	7.20	7.15	7.08	— 0.0%	■ ■ ■	6.3x	11.6x
EAL.AX	E&A Ltd	9	0.07	0.06	0.07	0.06	— 0.0%	■ ■ ■	7,382.8x	n.m.
EGN.AX	Engenco Ltd	62	0.17	0.2	0.18	0.17	▲ 17.6%	■ ■ ■	6.2x	11.5x
GCS.AX	Global Construction Services Ltd	119	0.62	0.60	0.62	0.58	▼ (4.0%)	■ ■ ■	3.4x	4.7x
GNG.AX	GR Engineering Services Ltd	238	1.63	1.56	1.57	1.49	▼ (0.3%)	■ ■ ■	8.3x	8.9x
LCM.AX	LogiCamms Ltd	30	0.38	0.37	0.39	0.37	▼ (2.6%)	■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	8,961	15.06	15.37	15.27	14.89	▲ 0.02	■ ■ ■	11.7x	13.1x
LYL.AX	Lycopodium Ltd	126	3.12	3.17	3.14	3.10	▲ 0.6%	■ ■ ■	2.3x	2.5x
MND.AX	Monadelphous Group Ltd	1,197	12.94	12.75	12.81	12.38	▼ (0.6%)	■ ■ ■	9.6x	12.0x
OTR.AX	Onterran Ltd	20	0.32	0.32	0.32	0.32	— 0.0%	■ ■ ■	n.m.	n.m.
RCR.AX	RCR Tomlinson Ltd	465	3.30	3.32	3.32	3.24	▲ 1.8%	■ ■ ■	18.6x	72.9x
RDG.AX	Resource Development Group L	16	0.03	0.03	0.03	0.03	— 0.0%	■ ■ ■	0.4x	0.6x
SND.AX	Saunders International Ltd	43	0.55	0.53	0.56	0.53	▼ (3.6%)	■ ■ ■	10.7x	13.9x
SSM.AX	Service Stream Ltd	385	1.20	1.06	1.18	1.05	▼ (10.6%)	■ ■ ■	8.3x	9.9x
SWL.AX	Seymour Whyte Ltd	88	0.94	1.00	0.98	0.90	▲ 6.4%	■ ■ ■	11.2x	56.0x
SXE.AX	Southern Cross Electrical Engine	77	0.49	0.48	0.47	0.46	▲ 2.1%	■ ■ ■	10.6x	5.4x
STS.AX	SRG Ltd	97	1.55	1.52	1.54	1.49	▼ (1.9%)	■ ■ ■	5.4x	8.1x
TPP.AX	Tempo Australia Ltd	52	0.20	0.22	0.22	0.20	▲ 4.9%	■ ■ ■	4.1x	4.2x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	▼ (50.0%)	■ ■ ■	n.m.	n.m.
VRS.AX	Veris Ltd	57	0.16	0.18	0.17	0.16	▲ 6.1%	■ ■ ■	5.0x	12.0x
WOR.AX	WorleyParsons Ltd	2,556	10.16	10.36	10.13	10.07	▲ 1.3%	■ ■ ■	9.8x	12.9x
Mining Services										
ASL.AX	Ausdrill Ltd	433	1.47	1.39	1.33	1.29	▲ 1.8%	■ ■ ■	5.1x	10.7x
ANG.AX	Austin Engineering Ltd	104	0.19	0.18	0.19	0.18	— 0.0%	■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	90	0.10	0.10	0.10	0.09	▼ (1.0%)	■ ■ ■	33.9x	n.m.
BKN.AX	Bradken Ltd	668	3.21	3.24	3.24	3.20	▲ 0.9%	■ ■ ■	7.9x	7.9x
DSB.AX	Delta SBD Ltd	11	0.20	0.20	0.22	0.20	▼ (2.5%)	■ ■ ■	3.0x	4.8x
EHL.AX	Emeco Holdings Ltd	46	0.08	0.08	0.08	0.08	▼ (6.2%)	■ ■ ■	6.0x	121.6x
IMD.AX	Imdex Ltd	207	0.66	0.63	0.64	0.61	▼ (3.8%)	■ ■ ■	10.6x	25.7x
MAH.AX	Macmahon Holdings Ltd	174	0.16	0.15	0.15	0.15	▼ (3.3%)	■ ■ ■	5.2x	n.m.
MIN.AX	Mineral Resources Ltd	1,919	10.87	10.26	10.86	10.08	▼ (6.7%)	■ ■ ■	4.3x	6.6x
MLD.AX	MACA Ltd	410	1.88	1.75	1.84	1.70	▼ (5.4%)	■ ■ ■	4.4x	15.4x
MSV.AX	Mitchell Services Ltd	44	0.03	0.03	0.03	0.03	▼ (6.3%)	■ ■ ■	19.1x	n.m.
MYE.AX	Mastermyne Group Ltd	27	0.37	0.30	0.36	0.30	▼ (16.7%)	■ ■ ■	28.2x	n.m.
NWH.AX	NRW Holdings Ltd	233	0.73	0.73	0.71	0.69	— 0.0%	■ ■ ■	5.1x	9.9x
RUL.AX	Rungepincockminarco Ltd	129	0.65	0.61	0.65	0.58	▼ (6.2%)	■ ■ ■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	57	0.27	0.27	0.28	0.26	▲ 1.9%	■ ■ ■	5.3x	n.m.
Marine Services										
ASB.AX	Austal Ltd	601	1.77	1.73	1.72	1.66	— 0.00	■ ■ ■	n.m.	n.m.
MBO.AX	Mobilarm Ltd	12	0.02	0.03	0.02	0.02	— 0.0%	■ ■ ■	71.7x	n.m.
MCE.AX	Matrix Composites & Engineerin	48	0.51	0.52	0.53	0.50	▲ 3.0%	■ ■ ■	n.m.	n.m.
MRM.AX	MMA Offshore Ltd	86	0.22	0.23	0.23	0.22	▲ 4.5%	■ ■ ■	33.8x	n.m.
NMS.AX	Neptune Marine Services Ltd	61	1	1	1.00	1.00	— 0.0%	■ ■ ■	104.2x	n.m.
VEE.AX	VEEM Ltd	83	NULL	0.64	0.64	0.64	▲ -	■ ■ ■	9.7x	12.1x
ZGL.AX	Zicom Group Ltd	33	0.15	0.15	0.15	0.15	▲ 3.4%	■ ■ ■	n.m.	n.m.
Facilities Management										
AEI.AX	Aeris Environmental Ltd	52	0.33	0.33	0.33	0.33	— 0.00	■ ■ ■	n.m.	n.m.
GMG.AX	Goodman Group Pty Ltd	13,275	7.61	7.42	7.59	7.34	▼ -0.03	■ ■ ■	47.6x	47.6x
HIL.AX	Hills Ltd	52	0.22	0.23	0.24	0.22	▲ 0.02	■ ■ ■	8.9x	43.9x
MIL.AX	Millennium Services Group Ltd	75	1.64	1.63	1.69	1.63	▼ -0.01	■ ■ ■	8.4x	10.5x
PRG.AX	Programmed Maintenance Serv	491	1.91	1.91	1.89	1.86	▲ 0.01	■ ■ ■	7.4x	11.3x
SKS.AX	Stokes Ltd	10	0.33	0.34	0.33	0.33	— 0.00	■ ■ ■	22.0x	28.8x
SPO.AX	Spotless Group Holdings Ltd	831	0.83	0.76	0.79	0.76	▼ -0.04	■ ■ ■	6.0x	9.9x
TPS.AX	ThreatProtect Australia Ltd	18	0.03	0.03	0.03	0.03	▼ -0.04	■ ■ ■	n.m.	n.m.
UBN.AX	Urbanise com Ltd	29	0.10	0.09	0.10	0.09	▼ -0.06	■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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