



# Australian Engineering, Contractors & Service Providers

Edition 202 for the week ending 17 March 2017 | Published 20 March 2017 WWW.LCCAPAC.COM

## M&A Rumour and Activity

The Australian market finished the week 0.42% higher with the S&P/ASX200 ending at 5800 points, mainly due to a rebound in the resources sector, led by stronger commodity prices, a weaker US dollar and attractive valuations. The Australian dollar increased 2.10% for the week to end at US76.98 cents mainly due to the weakening of the US Dollar.

The US Federal Reserve increased its key rate by 25 basis points on Thursday, but its monetary statement was not accompanied by any plans to accelerate the pace of monetary tightening as many had expected, leading to a fall in the US Dollar. It is anticipated now that there will be a further 2 tightenings this year, down from the previous expectation of an additional 3 tightenings.

**Seymour Whyte Ltd (SWL.AX)** announced on 16 March 2017 that it received an indicative, non-binding and conditional proposal from **VINCI Construction International Network** to acquire 100% of the issued shares of SWL for an indicative price range of \$1.36 to \$1.43 per share. The move by Vinci, a French construction group, continues the recent trend of foreign bidders looking to make moves in the Australian marketplace.

**Bradken Limited (BKN.AX)** announced in a filing on 17 March 2017 that **Hitachi** had reached circa 68% shareholding in its takeover proposal for the Company.

**Emeco Holdings Limited (EHL.AX)** announced on 15 March 2017 that the Federal Court of Australia approved the Scheme of Arrangement giving effect to the recapitalisation of EHL and the merger with **Andy's** and **Orionstone**.

*The Australian* reported on 13 March 2017 that underground mining contractor **Barmingo**, which is controlled by private equity firm Gresham, is believed to looking at an initial public offering on the ASX or a trade sale, and may potentially be valued up to \$400 million.

## Additional Commentary

LCC has seen an ongoing increase to inbound inquiry for assets in the Sectors, with the strategies underlying those inquiries breaking out into a number of traditional areas including market expansion, acquisition of mining & engineering services technology that can be levered cross border into additional markets, and the acquisition of platform assets for further expansion into near Asian markets.

The shift in market sentiment for commodities definitely appears to be filtering through into the services sector, as Resource & Renewable project sponsors (as examples) revisit CAPEX & OPEX Budgets. Fresh capital is trickling back into projects, and an ongoing maintenance of current Commodity prices should see that trend continue.

There is also an ongoing trend in the seeking of "cross over" assets that enjoy market overlap into such areas as Renewables with a particular focus on Solar Farms where LCC is doing considerable work at present in advising on financing and development.

## News Headlines and Key Sector Developments

Ticker	News/Event	Ticker	News/Event
<b>CIM</b>	Awarded a construct only contract by <b>Roads and Maritime Services</b> to deliver the M1 Pacific Motorway widening project between Tuggerah and Doyalson in the Central Coast region of NSW  The contract will generate revenue of approx. \$145 million	<b>RCR</b>	Awarded a Solar Farm Contract
<b>EHL</b>	Notes that Moody's has downgraded EHL's 2019 senior secured 144A notes to a rating of "Ca"	<b>WOR</b>	Awarded a long term multi-regional agreement with <b>Chevron</b> for engineering and procurement services

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
<b>Engineering Services</b>										
AJL.AX	AJ Lucas Group Ltd	95	0.25	0.25	0.25	0.23	— 0.0%	■ ■ ■	27.7x	n.m.
BOL.AX	Boom Logistics Ltd	59	0.13	0.13	0.13	0.12	— 0.0%	■ ■ ■	12.7x	n.m.
BSA.AX	BSA Ltd	159	0.35	0.38	0.37	0.35	▲ 8.7%	■ ■ ■ ■	19.6x	108.8x
BYL.AX	Brierty Ltd	13	0.11	0.11	0.11	0.10	— 0.0%	■ ■ ■ ■	n.m.	n.m.
CDD.AX	Cardno Ltd	552	1.18	1.15	1.15	1.11	— 0.0%	■ ■ ■ ■	41.1x	n.m.
CIM.AX	CIMIC Group Ltd	11,826	36.65	36.57	36.50	36.10	▼ 0.00	■ ■ ■ ■	11.5x	17.2x
DCG.AX	Decmil Group Ltd	161	0.96	0.94	0.95	0.91	▼ (2.1%)	■ ■ ■ ■	72.2x	n.m.
DOW.AX	Downer EDI Ltd	3,169	7.24	7.46	7.45	7.18	▲ 3.6%	■ ■ ■ ■	6.5x	12.0x
EAL.AX	E&A Ltd	8	0.06	0.06	0.06	0.06	▼ (12.5%)	■ ■ ■ ■	n.m.	n.m.
EGN.AX	Engenco Ltd	56	0.2	0.18	0.20	0.18	▼ (10.0%)	■ ■ ■	5.5x	10.1x
GCS.AX	Global Construction Services Ltd	120	0.60	0.60	0.60	0.59	▲ 0.8%	■ ■ ■ ■	3.4x	4.7x
GNG.AX	GR Engineering Services Ltd	229	1.50	1.50	1.46	1.45	▼ (4.2%)	■ ■ ■ ■	7.9x	8.5x
LCM.AX	LogiCamms Ltd	29	0.37	0.36	0.37	0.36	▼ (2.7%)	■ ■ ■ ■	n.m.	n.m.
LLC.AX	LendLease Group	9,089	15.41	15.59	15.59	15.12	▲ 0.01	■ ■ ■ ■	11.8x	13.2x
LYL.AX	Lycopodium Ltd	129	3.20	3.24	3.25	3.20	▲ 2.2%	■ ■ ■ ■	2.5x	2.6x
MCE.AX	Matrix Composites & Engineerin	48	0.53	0.51	0.56	0.53	▲ 0.9%	■ ■ ■	5.8x	n.m.
MND.AX	Monadelphous Group Ltd	1,207	12.73	12.86	12.95	12.63	▲ 0.9%	■ ■ ■ ■	9.7x	12.1x
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	3.39	3.32	3.22	3.12	— 0.0%	■ ■ ■ ■	18.6x	72.9x
RDG.AX	Resource Development Group L	14	0.03	0.02	0.02	0.02	▼ (12.0%)	■ ■ ■	0.2x	0.2x
SND.AX	Saunders International Ltd	43	0.52	0.54	0.54	0.52	▲ 0.9%	■ ■ ■ ■	10.9x	14.1x
SSM.AX	Service Stream Ltd	405	1.06	1.11	1.08	1.04	▲ 5.2%	■ ■ ■ ■	8.7x	10.5x
SWL.AX	Seymour Whyte Ltd	116	1.00	1.32	1.33	0.99	▲ 31.5%	■ ■ ■	16.2x	81.0x
SXE.AX	Southern Cross Electrical Engine	85	0.48	0.54	0.51	0.47	▲ 11.5%	■ ■ ■ ■	12.6x	n.m.
STS.AX	SRG Ltd	93	1.46	1.45	1.50	1.42	▼ (4.6%)	■ ■ ■ ■	5.1x	7.6x
TPP.AX	Tempo Australia Ltd	55	0.22	0.23	0.22	0.22	▲ 7.0%	■ ■	4.7x	4.8x
VMG.AX	VDM Group Ltd	5	0.00	0.00	0.00	0.00	— 0.0%	■ ■	n.m.	n.m.
VRS.AX	Veris Ltd	53	0.18	0.17	0.18	0.17	▼ (5.7%)	■ ■ ■	4.7x	11.3x
WOR.AX	WorleyParsons Ltd	2,564	10.32	10.39	10.36	10.16	▲ 0.3%	■ ■ ■ ■	9.8x	13.0x
<b>Mining Services</b>										
ASL.AX	Ausdrill Ltd	426	1.38	1.37	1.35	1.28	▼ (1.4%)	■ ■ ■ ■	5.0x	10.6x
ANG.AX	Austin Engineering Ltd	104	0.18	0.18	0.18	0.17	— 0.0%	■ ■ ■ ■	n.m.	n.m.
BLY.AX	Boart Longyear Ltd	86	0.10	0.09	0.09	0.09	▼ (4.2%)	■ ■ ■ ■	33.8x	n.m.
BKN.AX	Bradken Ltd	679	3.24	3.25	3.24	3.24	▼ 0.3%	■ ■ ■ ■	8.0x	8.0x
DSB.AX	Delta SBD Ltd	11	0.20	0.20	0.20	0.19	▲ 2.6%	■ ■ ■	92.5x	n.m.
EHL.AX	Emeco Holdings Ltd	43	0.08	0.07	0.08	0.07	▼ (5.3%)	■ ■ ■	5.9x	120.9x
IMD.AX	Imdex Ltd	241	NULL	0.66	0.64	0.60	▲ 4.8%	■ ■ ■ ■	12.4x	30.0x
MAH.AX	Macmahon Holdings Ltd	180	0.15	0.15	0.15	0.15	▲ 3.4%	■ ■ ■ ■	5.4x	n.m.
MIN.AX	Mineral Resources Ltd	2,063	10.20	11.03	10.74	9.94	▲ 7.5%	■ ■ ■ ■	4.6x	7.1x
MLD.AX	MACA Ltd	431	1.72	1.84	1.69	1.62	▲ 5.1%	■ ■ ■ ■	4.7x	16.3x
MSV.AX	Mitchell Services Ltd	40	0.03	0.03	0.03	0.03	▼ (10.0%)	■ ■ ■ ■	17.6x	n.m.
MYE.AX	Mastermyne Group Ltd	27	0.28	0.30	0.30	0.27	— 0.0%	■ ■ ■	28.2x	n.m.
NWH.AX	NRW Holdings Ltd	248	0.71	0.77	0.74	0.71	▲ 6.2%	■ ■ ■ ■	5.4x	10.5x
RUL.AX	Rungepincockminarco Ltd	131	0.61	0.62	0.62	0.61	▲ 1.6%	■ ■ ■ ■	n.m.	n.m.
SWK.AX	Swick Mining Services Ltd	55	0.27	0.26	0.28	0.26	▼ (3.7%)	■ ■ ■	5.1x	n.m.
<b>Marine Services</b>										
ASB.AX	Austal Ltd	569	1.72	1.64	1.66	1.62	▼ -0.05	■ ■ ■ ■	n.m.	n.m.
MBO.AX	Mobilarm Ltd	12	0.02	0.03	0.02	0.02	— 0.0%	■ ■ ■	62.0x	n.m.
MRM.AX	MMA Offshore Ltd	80	0.23	0.215	0.23	0.22	▼ (6.5%)	■ ■ ■ ■	33.4x	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	84	0.63	0.65	0.65	0.63	▲ 1.6%	■ ■ ■	9.9x	12.3x
ZGL.AX	Zicom Group Ltd	30	0.15	0.14	0.15	0.14	▼ (6.7%)	■ ■	n.m.	n.m.
<b>Facilities Management</b>										
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	13,866	7.42	7.75	7.58	7.33	▲ 0.04	■ ■ ■ ■	49.5x	49.5x
HIL.AX	Hills Ltd	52	0.23	0.23	0.26	0.22	— 0.00	■ ■ ■ ■	8.9x	43.9x
MIL.AX	Millennium Services Group Ltd	71	1.65	1.54	1.63	1.54	▼ -0.06	■ ■ ■ ■	10.6x	13.3x
PRG.AX	Programmed Maintenance Serv	481	1.91	1.87	1.89	1.86	▼ -0.02	■ ■ ■ ■	7.3x	11.1x
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	796	0.77	0.73	0.76	0.71	▼ -0.05	■ ■ ■ ■	5.9x	9.7x
TPS.AX	Threat Protect Australia Ltd	17	0.03	0.02	0.03	0.02	▼ -0.08	■ ■ ■	21.7x	44.1x
UBN.AX	Urbanise com Ltd	32	0.10	0.10	0.10	0.09	▲ 0.11	■ ■ ■	n.m.	n.m.

Source: Thomson Reuters, LCC research



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