



M&A Rumour and Activity

The Australian market finished the week 1.94% higher with the S&P/ASX200 ending at 5865 points, boosted by \$8 billion in dividends distributed to shareholders over the past week and a recovery in the resources sector with commodity prices bouncing back from the recent selloffs. The Australian dollar increased 0.08% for the week to end at US76.28 cents, mainly due to rebound in the commodity prices and weakening of the US dollar following US Federal Reserve's comments that the central bank is in no rush to tighten monetary policy.

On 31 March 2017, the Takeovers Panel received an application from **Spotless Group Holdings Limited (SPO.AX)** in relation to the off-market takeover bid for the company by Downer EDI Ltd (DOW.AX). Spotless submitted that DOW's bidder's statement contains a number of material defects and misleading and deceptive statements, including in respect to the offer price premium, DOW's post-acquisition intentions, certain terms of the offer, Dow's funding arrangements and the conditions of the offer. Spotless sought interim orders to restrain the dispatch of DOW' bidder's statement (and any supplementary bidder's statement) pending resolution of the application, requiring DOW to produce relevant board papers to the Takeovers Panel on a confidential basis, and to prepare a replacement bidder's statement remedying the submitted deficiencies.

Hitachi Construction Machinery Co. Ltd ("**Hitachi**") announced on 27 March 2017 that it has achieved the compulsory acquisition threshold for its recommended takeover offer for **Bradken Limited (BKN.AX)**. On 31 March 2017. BKN also announced changes to its Board of Directors as part of the takeover of the company by Hitachi, with non-executive director Mr David Smith resigning from the Board while Mr David Harvey and Mr Kenji Ota were nominated by Hitachi to the Board.

Seymour Whyte Ltd (SWL.AX) announced on 28 March 2017 that it has agreed to provide VINCI Construction International Network (VINCI), a subsidiary of Vinci SA (SGEC.PA) with access to due diligence information, and has agreed to a period of exclusivity, and a matching right, on customary terms with VINCI to allow it to undertake due diligence to determine whether a transaction capable of Board recommendation can be developed and presented to shareholders.

Komatsu Ltd (6301.T) said on 31 March 2017 that it has acquired MineWare Pty Ltd, a technology solutions provider for mining equipment in Australia, for an undisclosed value.

Emeco Holdings Ltd (EHL.AX) announced that the recapitalisation and mergers with Orionstone and Andy's was completed on 31 March 2017.

Nicholas Assef spoke at *Mining Investment Asia Conference* in Singapore during the week on M & A Activity in the Mining Services & Engineering Sectors (www.mininginvestmentasia.com). His presentation can be downloaded from *Slideshare* (linked) and Nicholas has also been quoted in a *Reuters* article on the conference (also linked)

Slideshare: <https://www.slideshare.net/NicholasAssef/nicholas-assefmininginvestmentasiamarch2017>

Reuters: <http://www.reuters.com/article/us-column-russell-mining-asia-idUSKBN1720M6>

News Headlines and Key Sector Developments

| Ticker | News/Event | Ticker | News/Event |
|--------|---|--------|---|
| DCG | Announced that it has entered into a memorandum of agreement with an Australian subsidiary of the leading US based solar developer SolarReserve to develop and construct a utility grade ~70MW solar PV project in NSW | VMX | Awarded new government infrastructure contracts in WA as well as additional works for current customers in the East Coast gas sector with total awards of c.\$12 million (including a \$6m contract for Water Corporation for the construction of pump facilities at its Stirling Dam operations) |
| EHL | S&P Global Ratings downgraded EHL's company rating to "SD" and its 2019 senior secured 144A notes (2019 Notes) to a rating of "D" | VRS | Announced the resignation of Mr. Simon Thomas as the CEO of the company. Current Executive Director Mr Adam Lamond has been appointed as MD |
| RCR | Awarded a c.\$85 million contract by Manildra Prop Pty Ltd to design and construct the 48.5MW Manildra Solar Farm in NSW | | |

Source: Thomson Reuters, Company Announcements, LCC research



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Australian Engineering, Contractors & Service Providers

Edition 204 for the week ending 31 March 2017 | Published 03 April 2017

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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 | 117 | 0.25 | 0.30 | 0.30 | 0.25 | ▲ 20.0% | █ | 30.7x | n.m. |
| BOL.AX | Boom Logistics Ltd | 55 | 0.12 | 0.12 | 0.12 | 0.12 | — 0.0% | █ | 12.1x | n.m. |
| BSA.AX | BSA Ltd | 148 | 0.37 | 0.35 | 0.36 | 0.35 | ▼ (6.7%) | █ | 18.0x | 100.1x |
| BYL.AX | Brierty Ltd | 13 | 0.10 | 0.11 | 0.11 | 0.10 | ▲ 5.0% | █ | n.m. | n.m. |
| CDD.AX | Cardno Ltd | 614 | 1.18 | 1.28 | 1.27 | 1.17 | ▲ 8.5% | █ | 45.7x | n.m. |
| CIM.AX | CIMIC Group Ltd | 11,669 | 35.94 | 35.93 | 36.22 | 35.47 | ▼ 0.00 | █ | 11.3x | 16.9x |
| DCG.AX | Decmil Group Ltd | 162 | 0.95 | 0.95 | 0.94 | 0.93 | — 0.0% | █ | 72.6x | n.m. |
| DOW.AX | Downer EDI Ltd | 3,443 | 5.59 | 5.79 | 5.85 | 5.53 | ▲ 4.3% | █ | 7.1x | 13.0x |
| EAL.AX | E&A Ltd | 7 | 0.06 | 0.05 | 0.06 | 0.05 | ▼ (5.5%) | █ | n.m. | n.m. |
| EGN.AX | Engenco Ltd | 62 | 0.23 | 0.2 | 0.23 | 0.20 | ▼ (14.9%) | █ | 6.2x | 11.5x |
| GCS.AX | Global Construction Services Ltd | 117 | 0.58 | 0.59 | 0.59 | 0.57 | ▲ 2.6% | █ | 3.3x | 4.6x |
| GNG.AX | GR Engineering Services Ltd | 241 | 1.64 | 1.58 | 1.63 | 1.56 | ▼ (1.6%) | █ | 8.4x | 9.1x |
| LCM.AX | LogiCams Ltd | 29 | 0.36 | 0.36 | 0.36 | 0.36 | ▼ (4.1%) | █ | n.m. | n.m. |
| LLC.AX | LendLease Group | 9,090 | 15.26 | 15.58 | 15.62 | 15.11 | ▲ 0.01 | █ | 11.8x | 13.2x |
| LYL.AX | Lycopodium Ltd | 123 | 3.25 | 3.10 | 3.25 | 2.98 | ▼ (4.9%) | █ | 2.2x | 2.3x |
| MCE.AX | Matrix Composites & Engineerin | 50 | 0.51 | 0.53 | 0.56 | 0.53 | ▲ 0.9% | █ | 5.8x | n.m. |
| MND.AX | Monadelphous Group Ltd | 1,157 | 12.35 | 12.33 | 12.45 | 12.02 | ▼ (0.4%) | █ | 9.3x | 11.5x |
| OTR.AX | Onterran Ltd | 20 | 0.32 | 0.32 | 0.32 | 0.32 | — 0.0% | █ | n.m. | n.m. |
| RCR.AX | RCR Tomlinson Ltd | 442 | 3.23 | 3.16 | 3.20 | 3.13 | ▼ (1.9%) | █ | 17.8x | 69.8x |
| RDG.AX | Resource Development Group L | 11 | 0.02 | 0.02 | 0.02 | 0.02 | ▼ (21.7%) | █ | (0.1x) | (0.2x) |
| SND.AX | Saunders International Ltd | 43 | 0.50 | 0.53 | 0.54 | 0.49 | ▲ 7.1% | █ | 10.7x | 13.9x |
| SSM.AX | Service Stream Ltd | 420 | 1.18 | 1.15 | 1.15 | 1.12 | ▼ (0.4%) | █ | 9.1x | 10.9x |
| SWL.AX | Seymour Whyte Ltd | 114 | 1.29 | 1.30 | 1.30 | 1.26 | ▼ (0.4%) | █ | 15.9x | 79.4x |
| SXE.AX | Southern Cross Electrical Engin | 83 | 0.50 | 0.52 | 0.52 | 0.50 | ▲ 4.0% | █ | 12.0x | n.m. |
| STS.AX | SRG Ltd | 99 | 1.51 | 1.55 | 1.55 | 1.49 | ▲ 3.0% | █ | 5.5x | 8.3x |
| TPP.AX | Tempo Australia Ltd | 47 | 0.21 | 0.20 | 0.21 | 0.19 | ▼ (11.4%) | █ | 3.4x | 3.5x |
| VMG.AX | VDM Group Ltd | 5 | 0.00 | 0.00 | 0.00 | 0.00 | — 0.0% | █ | n.m. | n.m. |
| VRS.AX | Veris Ltd | 50 | 0.16 | 0.16 | 0.15 | 0.13 | ▼ (6.1%) | █ | 4.4x | 10.6x |
| WOR.AX | WorleyParsons Ltd | 2,719 | 10.50 | 11.01 | 10.71 | 10.32 | ▲ 6.0% | █ | 10.2x | 13.5x |
| Mining Services | | | | | | | | | | |
| ASL.AX | Ausdrill Ltd | 443 | 1.50 | 1.42 | 1.45 | 1.39 | ▼ (4.7%) | █ | 5.2x | 10.9x |
| ANG.AX | Austin Engineering Ltd | 96 | 0.17 | 0.17 | 0.17 | 0.16 | ▼ (2.9%) | █ | n.m. | n.m. |
| BLY.AX | Boart Longyear Ltd | 78 | 0.09 | 0.08 | 0.08 | 0.08 | ▼ (8.9%) | █ | 33.5x | n.m. |
| BKN.AX | Bradken Ltd | 679 | 3.24 | 3.25 | 3.25 | 3.24 | ▲ 0.3% | █ | 8.0x | 8.0x |
| DSB.AX | Delta SBD Ltd | 11 | 0.20 | 0.20 | 0.20 | 0.20 | — 0.0% | █ | 92.5x | n.m. |
| EHL.AX | Emeco Holdings Ltd | 66 | 0.09 | 0.08 | 0.09 | 0.08 | ▼ (4.5%) | █ | 6.3x | 127.8x |
| IMD.AX | Imdex Ltd | 239 | 0.67 | 0.65 | 0.66 | 0.64 | ▼ (3.0%) | █ | 12.3x | 29.8x |
| 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 | 2,011 | 10.63 | 10.75 | 10.75 | 10.26 | ▲ 0.3% | █ | 4.5x | 6.9x |
| MLD.AX | MACA Ltd | 357 | 1.63 | 1.53 | 1.58 | 1.44 | ▼ (6.4%) | █ | 3.8x | 13.1x |
| MSV.AX | Mitchell Services Ltd | 47 | 0.03 | 0.03 | 0.03 | 0.03 | ▲ 18.5% | █ | 20.1x | n.m. |
| MYE.AX | Mastermyne Group Ltd | 27 | 0.30 | 0.30 | 0.30 | 0.28 | — 0.0% | █ | 28.2x | n.m. |
| NWH.AX | NRW Holdings Ltd | 216 | 0.70 | 0.67 | 0.69 | 0.66 | ▼ (5.0%) | █ | 4.8x | 9.3x |
| RUL.AX | Rungepincockminarco Ltd | 127 | 0.61 | 0.60 | 0.61 | 0.59 | ▼ (2.5%) | █ | n.m. | n.m. |
| SWK.AX | Swick Mining Services Ltd | 59 | 0.27 | 0.28 | 0.28 | 0.27 | ▲ 3.7% | █ | 5.4x | n.m. |
| VMX.AX | Valmec Ltd | 11 | 0.13 | 0.14 | 0.13 | 0.13 | ▲ 3.8% | █ | 6.1x | 11.8x |
| Marine Services | | | | | | | | | | |
| ASB.AX | Austal Ltd | 605 | 1.66 | 1.73 | 1.70 | 1.64 | ▲ 0.04 | █ | 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 | 82 | 0.22 | 0.22 | 0.22 | 0.21 | ▲ 2.3% | █ | 33.5x | n.m. |
| NMS.AX | Neptune Marine Services Ltd | 58 | 1 | 0.95 | 1.00 | 0.95 | ▼ (5.0%) | █ | 97.0x | n.m. |
| VEE.AX | VEEM Ltd | 83 | 0.65 | 0.64 | 0.65 | 0.64 | ▲ 0.8% | █ | 9.7x | 12.1x |
| ZGL.AX | Zicom Group Ltd | 32 | 0.14 | 0.15 | 0.15 | 0.14 | ▲ 3.6% | █ | n.m. | n.m. |
| Facilities Management | | | | | | | | | | |
| AEI.AX | Aeris Environmental Ltd | 46 | 0.34 | 0.29 | 0.33 | 0.29 | ▼ -0.12 | █ | n.m. | n.m. |
| GMG.AX | Goodman Group Pty Ltd | 13,848 | 7.51 | 7.74 | 7.81 | 7.50 | ▲ 0.00 | █ | 49.4x | 49.4x |
| HIL.AX | Hills Ltd | 49 | 0.23 | 0.21 | 0.22 | 0.21 | ▼ -0.05 | █ | 8.5x | 41.8x |
| MIL.AX | Millennium Services Group Ltd | 77 | 1.63 | 1.68 | 1.65 | 1.63 | ▲ 0.03 | █ | 11.4x | 14.2x |
| PRG.AX | Programmed Maintenance Serv | 482 | 1.88 | 1.88 | 1.86 | 1.84 | ▼ -0.01 | █ | 7.3x | 11.1x |
| SKS.AX | Stokes Ltd | 10 | 0.33 | 0.33 | 0.33 | 0.30 | — 0.00 | █ | 21.6x | 28.2x |
| SPO.AX | Spotless Group Holdings Ltd | 1,194 | 1.05 | 1.09 | 1.09 | 1.05 | ▲ 0.02 | █ | 7.3x | 12.0x |
| TPS.AX | Threat Protect Australia Ltd | 18 | 0.03 | 0.03 | 0.03 | 0.03 | — 0.00 | █ | 23.4x | 47.6x |
| UBN.AX | Urbanise com Ltd | 32 | 0.09 | 0.10 | 0.10 | 0.09 | — 0.00 | █ | n.m. | n.m. |

Source: Thomson Reuters, LCC research

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